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J. B. BODA GROUP

MEDIAN

Issue 87

September 2014

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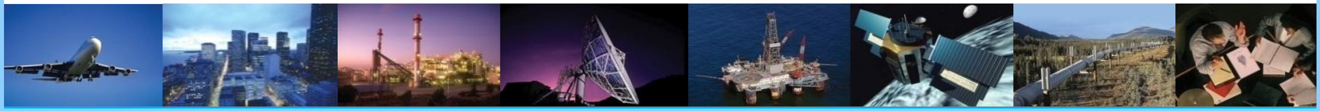

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INTERNATIONAL

Six ways not-for-profits can get value from risk management

Many not-for-profits lack the resources to implement a holistic approach to risk across the enterprise. So it's no surprise that they often lag behind public companies in implementing enterprise risk management (ERM).

Indeed, just 13% of not-for-profits responding to a recently released survey said they have complete formal enterprise-wide risk management processes in place. By comparison, 52% of public companies and 43% of financial services companies participating in the Current State of Enterprise Risk Oversight survey performed by North Carolina State University's ERM Initiative for the AICPA have formal enterprise-wide risk management processes. Almost all of the organizations surveyed are based in the U.S.

Meanwhile, 24% of not-for-profits have no enterprise-wide risk management in place, compared with just 6% of public companies.

But experts say not-for-profits are paying a lot more attention to risk.

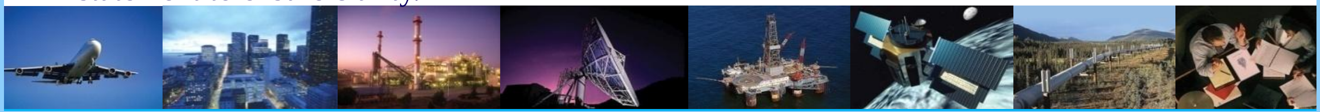
"Some of them are doing that [risk management] kind of on the back of the envelope because they don't want to pay a consultant $25,000 to come in and say, 'I'll take the inventory for you,' " said Mike Burns, CPA, who is based in Boston and heads the not-for-profit and education practice for CBIZ & Mayer Hoffman McCann.

Some not-for-profits are turning to ERM as a marketing tool to attract discerning donors who are concerned about good stewardship of their contributions, said Bob Cummings, CPA, consulting partner at WeiserMazars in New Jersey, who helps businesses implement ERM.

"The different online sources that people can go to and investigate where their money is going, they're going to start asking for this," Cummings said. "Because if you look at the donors, they often come from successful public companies. So they want to see that their money is being well spent."

Six factors are critical for organizations in implementing and maintaining ERM, according to a presentation Cummings helped give at the AICPA Not-for-Profit Industry Conference in Washington last month. They are:

1. **Have a risk management governance structure.** The structure should be aligned with organizational strategy and goals, with clear management roles and responsibilities, Cummings said. Organizations can define a risk appetite and maintain a risk policy statement to ensure clarity.



2. **Follow a risk management framework.** The 2004 ERM Framework created by the Committee of Sponsoring Organizations of the Treadway Commission (COSO, which includes the AICPA), is one such framework. The International Organization for Standardization's ISO 31000 is another.

3. **Continuously identify risk and the risk event universe.** Risk surveys, board-level and management interviews and brainstorming sessions, and comparison to similar organizations can help identify risks. Material and realistic risk events should be emphasized, Cummings said.

4. **Create and manage a risk profile.** A risk register can be used to define risk tolerance, quantify potential risk events, and identify risk event triggers, consequences, and indicators, according to Cummings.

5. **Establish risk responses.** An organization can choose to accept, share, or avoid risks. Implementing procedures and responses to mitigate the impact of risks can help an organization minimize the damage when a risk event occurs. Communicating the plan for these situations is a critical element.

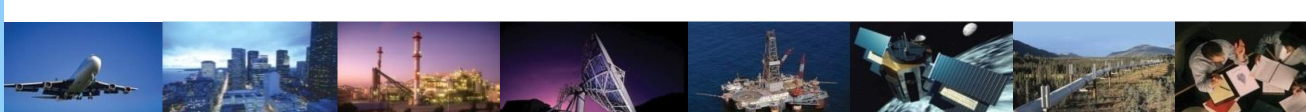
6. **Monitor and report.** Key risk indicators and key performance indicators may be a part of these reports. Internal audit can participate in monitoring, and the board should be informed in the reporting, according to Cummings.

"ERM, when it's properly implemented, will further the achievement of your business objectives," Cummings said, "and this is all about aligning your strategy to your day-to-day activities and making sure that everything going on in your organization is pursuing that strategic goal."

Not-for-profits that are not formally implementing ERM are at least asking many of the right questions about risk, Burns said. He said risk-focused activities he is seeing with greater frequency from not-for-profit clients include:

Audit committee review with insurance brokers, every three years, of insurance coverage. In one case, the board at a private school with an expensive art collection raised the level of coverage to $250 million after management proposed $200 million.

Fearful of technology and cyber security risks, audit committees are hiring IT consultants to assess their risks and plug holes in this area.



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Effective Compliance in Fiscal Risk Management

Risk Management in Financial Services will elaborate on examining the latest Anti Money Laundering trends & Indicators.

As technological changes are ever effecting the fiscal industry, operating modifications and patterns in work functions are continually being changed. As complexities increase in understanding, implementation process of the changing work functions, there lies scope of increased risk options. Owing to these complexities arises the scope of internal risk due to the widespread reach across geographies, product classes, segments and functional departments.

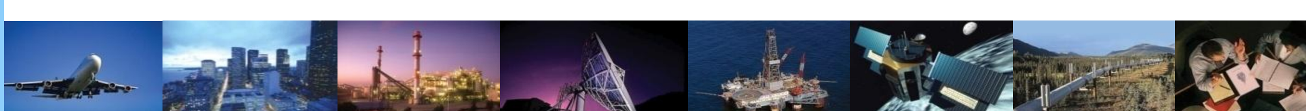
Proper risk management methods and models must be executed which should also be changing along with the change in operating functions. This requires establishing risk management function from scratch, managing "Reluctance to Change" among employees, implementation of Basel requirements; identifying and eradicating any challenges and obstacles.

Hesham Hamdy, Chief Risk Officer - Arab International Bank- Egypt, will elaborate in details the operational issues pertaining to Establishing risk management function in Middle East Region, at the Risk Management in Financial Services conference.

Taking place on the 7 - 8th of September 2014, The Diplomat Radisson Blu Hotel, Manama - Bahrain, aim to provide a clear understanding of the region's risk management initiatives pertaining to the financial sector.

Banks operate in an extremely rapid and volatile work culture, where work functions are increasingly changing to cope with the competitive global markets. The ability to manage risk indeed becomes very challenging for the senior management which needs to be addressed at an organizational level so that a structured model is ready to cope with any possible or speculated threat.

Dr. Mohammed Belgami, Head of Credit and Risk Management - Bahrain Islamic Bank, in a dedicated session, will share detailed knowledge on counter party credit risk. In an exclusive session titled Examining the Latest AML trends & Indicators, Deepa Chandrasekhar, Senior Vice President, Chief Compliance Officer - United Gulf Bank will focus on new types of Money Laundering: Bitcoin, mobile banking, football clubs and other digital games. New trends and indicators or money laundering and terrorist financing in the Middle East & North Africa Region, will also be featured in this session.



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Its very crucial to understand the effectiveness of compliance models that are operating for risk elimination. Understanding the challenges involved in promoting compliance is very important. Analysing if the new news are effective, drawing a comparison between the Middle East and global market, and evaluating the pitfalls and being ready with a strategy to face them are all crucial BV Balaji, Chief Risk Officer - Citibank will enlighten the participants on such issues related to compliance management in his presentation.

Along with the sponsors, Loxon (Associate Sponsor) and Finesse (Exhibitor), this conference will be joined by participants from Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), Liquidity Management Center, Al Rajhi Bank, Kuwait Finance House, Doha Bank, Abu Dhabi Commercial Bank, Emirates NBD Bank, National Bank of Fujairah, Gulf One Investment Bank B.S.C.(c), Bank Nizwa, Alubaf Arab International Bank, Warba Bank, BMI Bank and many more.

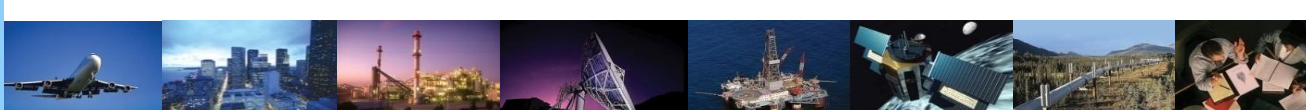
Global: Macroeconomic disruptions top emerging risk list

Economic and financial risks, especially macro-economic disruptions and mismanagement of public debt and budget deficits, will have the highest impact on society in the next five to 10 years, according to the 2014 Emerging Risks Acumen report released by Paris-headquartered global insurer AXA.

29% of AXA’s experts estimated that these are the most significant risks, followed by social and political risk (24%), environmental (19%), technological (14%), medical (10%) and others (4%). AXA asked about 200 internal experts (Risk Management, Underwriting & Claims, Marketing & Distribution, Legal, Finance, IT) to determine which emerging risks would have the highest impact on society at large.

In more detail, the top 10 emerging risks in the next five to 10 years cited by AXA experts are:

1. Macroeconomic disruptions (Economic & Financial)
2. Mismanagement of public debt & budget deficit (Economic & Financial)
3. Social & political unrest (Social & Political)
4. Mismanagement of population aging and demographic changes (Social & Political)
5. Natural hazards (Environmental)
6. Evolving terrorism (Social & Political)
7. Market risks (Economic & Financial)
8. Geopolitical imbalances (Social & Political)
9. Pollution (Environmental)
10. Cybercrime & cyber sabotage (Technological & IT)



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On Social & Political risks, Mr Christian Thimann, AXA Group Head of Strategy & Public Affairs, said: “There are a number of drivers in the global economy that give rise to social and political risks, potentially, both at a global and regional level. One important driver is rising discrepancies - not just in terms of income and wealth, but also inequality of access to education, basic goods and health…Another very important driver is population ageing and the possible mismanagement of that process...Every year, life expectancy rises by 1-2 months. This will change our society very profoundly.”

On Environmental risks, David Cadoux, AXA Group P&C Chief Risk Officer, commented: “Our society as a whole could become more vulnerable for two main reasons. First, there is an urbanisation phenomenon leading to an accumulation of population and wealth in mega cities that tends to amplify pollution problems and consequently global warming. Second, this concentration is mainly observed in coastal areas that could be the first regions affected by climate change impacts, notably rising sea levels.”

On Technological & IT risks, Vincent Lambert, AXA Global P&C Chief Operating Officer, said: “This type of risk poses new concerns to societies, especially regarding the security of data storage and data privacy. These trends will continue to evolve in the future and to accelerate.”

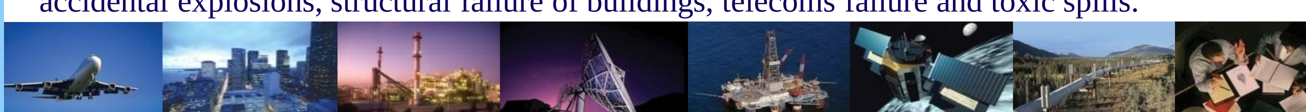
SMEs must guard against external shocks

Local companies, especially small and medium-sized enterprises (SMEs), must look beyond existing insurance covers and disaster recovery plans and put in place an effective business continuity management plan that will shield them against risks and other unexpected external shocks, says David Brocke, PwC's Director of Risk Assurance Services.

Speaking at a business breakfast meeting to create awareness on how businesses can be positioned to become more resilient and sustainable in the wake of turbulence and other business-related risks, he said it is highly important for business managers to always be on the lookout for potential threats to their business and act to mitigate their occurrence.

He said companies that have disaster recovery plans and insurance cover are better-placed because such companies can get some money back to be in business; but preparing the business to become more resilient and continue to be in business after experiencing turbulence or shocks is better because it will increase clients and stakeholders confidence and belief, and also add to the company's bottom-line.

"There are numerous possible threats to businesses, both natural and human; such as fire outbreaks, flooding as well as fraud and epidemics. We also have technical threats; mostly accidental explosions, structural failure of buildings, telecoms failure and toxic spills.



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"The most exposed are SMEs and local businesses who tend to think that mitigating risk is only about insurance and the availability of disaster recovery plans. Big companies tend to be aware of the need for business continuity management because they are exposed to the foreign markets, and also some of them are multinational: that means such decisions are taken at the centralised level.

"Insurance will pay you back some money to be in business, but will that sustain the company and win back the confidence of clients and stakeholders? It is therefore imperative for SMEs to employ business continuity management processes to cushion their operations," he told B&FT in an interview.

Mr. Brocke said business resilience is an ongoing process, for which reason business continuity management plans need constant updates to fit needs of the prevailing environment -- adding that the most worrying is when some companies are aware of the potential shocks but fail to develop mechanisms to curtail their occurrence.

"There are various levels of awareness regarding the need for business continuity management. Aside from those who think they are safe under insurance cover and also have in place disaster recovery mechanisms, there are also those who think that their operations are backed by IT infrastructure.

"The issue is even those businesses are sometimes exposed to these threats but treat them with a 'business as usual approach', and therefore expose their businesses to shocks and risks," he said.

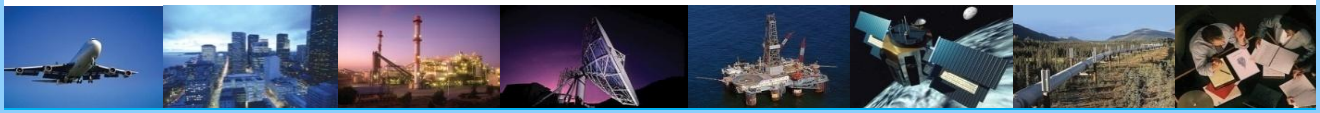
Thomas Keegan, PwC's Enterprise Resilience Leader for the Middle East, backed the argument for business resilience: saying it is more costly when businesses fail to plan against risks as such failures usually come with loss of staff and assets, loss of reputation and supply, as well as infrastructural disruptions.

"Business resilience allows companies to bounce back from failure and still be able to run profitably; it is basically about an organisation's ability to adapt and evolve in a changing environment, seizing opportunities and protecting shareholder perception."

He said for an effective business resilience plan, management must address the core disciplines of enterprise risk management, crisis management, and business continuity management.

$18 billion in insured losses from natural disasters for first half of 2014

Insured losses from natural disasters during the first six months of 2014 were below average at US$18 billion, while reinsurance capital grew to US$555 billion by the end of the first quarter, Aon Benfield said in a recent report.



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"Despite a number of newsworthy events during the first six months of the year, overall first-half natural disaster losses in 2014 were below normal from the recent 10-year average (2004-2013)," stated Aon Benfield, the reinsurance intermediary and capital advisor division of Aon plc, in its Reinsurance Market Outlook for June and July.

The $18 billion in insured losses for the first six months were 37% less than the "recent average" of $27 billion, Aon Benfield added. All figures are in United States dollars.

More than two-thirds (68%) of those insured losses were from convective thunderstorm and winter weather, Aon Benfield noted. Insured losses "attributed to ice, snow and sub-zero temperatures" were about $5.2 billion.

Meanwhile reinsurance capital grew to $555 billion by the end of the first quarter, up 2.7% from the end of 2013, according to the report.

"Terms and conditions for June and July renewals also improved, continuing a trend from the beginning of the year," Aon Benfield added. "Property catastrophe renewals saw movement in traditional reinstatements, occurrence definitions, and terrorism language. While the movement was not uniform for all insurers, this further highlights traditional reinsurers' desire to directly compete with the capacity provided by alternative markets.“

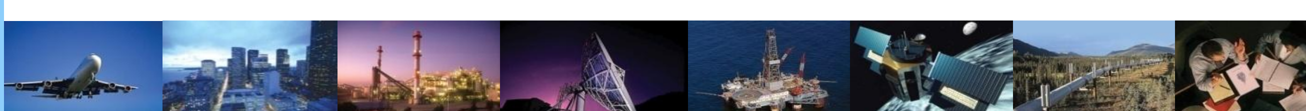
The use of alternative capital was "robust," Aon Benfied noted, with 12 cat bond issuances completed in the second quarter.

"Investors were presented with a variety of risks in the second quarter with particular emphasis on Florida hurricane," according to the report, which noted there were five transactions with a total of $2.1 billion issued, covering Florida only.

Aon Benfield included a chart listing cat bond issuances. The largest was $1.5 billion issued by Everglades Re Ltd. on behalf of Citizens Property Insurance Corp., with an interest spread of 7.5%, covering Florida hurricane.

"Also of note, meteorite impact and volcanic eruption are two new perils that have been included in United Services Automobile Association's multi-peril catastrophe bond Residential Reinsurance 2014 Limited.“

Meanwhile, Kilimanjaro Re Ltd. made two issuances on behalf of Everest Re. One, for $250 million, covers southeast hurricane with an interest spread of 4.75%. The other, for $200 million, covers North American hurricane with an interest spread of 4.5%.



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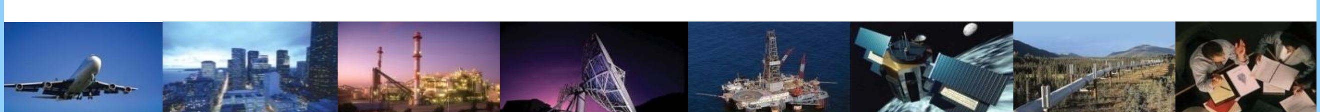
"Heading into the second half of 2014, the expectation of a developing phase of El Niño continues to become more prevalent," Aon Benfield stated. "During an El Niño phase, suppressed tropical cyclone activity is typically expected in the Atlantic Basin; while enhanced tropical cyclone activity occurs in the Eastern Pacific Basin.“

According to the report, the U.S. National Oceanic and Atmospheric Administration (NOAA) "increased the likelihood of a developing El Niño phase" to 80% for summer and 80% for fall.

"The general consensus from the latest forecast computer model projections suggests that this will be a moderate El Niño event,” Aon Benfield stated. “While not expected to rival the intensity of the El Niño of 1997/98, this could be one of the strongest phases since that time."



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Managing risks in credit markets

Managers must be flexible in order to manage risk.

It is imperative that credit managers recognise the profound structural changes to the credit markets since the financial crisis and find ways to manage the new and rising risks.

Although there is less systemic default risk and lower volatility within credit markets, the structural changes have opened up new risks to performance: liquidity, evolving bond structure, duration and idiosyncratic risks.

To better manage these risks, managers need to be flexible.

One of the risks in today's low volatility market is the crowded trade at the front of the credit curve, where one finds short duration and shortening maturity. Predicated on fears of imminent rate rises, investors have heavily allocated to short-duration credit, allowing the pendulum to swing in the issuers' favour.

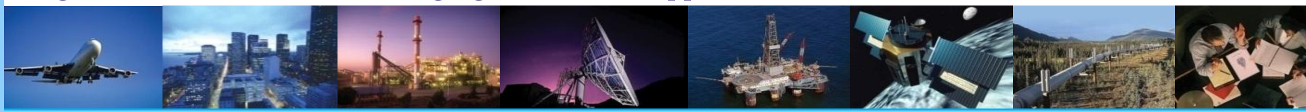
In the high-yield market, this 'demand pull' to feed these mandates has led to a surge in issuance of shorter-maturity, short-call bonds. Many of these have come from smaller companies that were once the staple of the loan market, but because of bank deleveraging and demand, they have refinanced loans in the bond market.

But with more securities subject to shorter non-call periods, achieving long-term, equity-like returns with less volatility is more difficult. In addition, whatever idiosyncratic risks may exist in these names could be magnified given the paucity of trading liquidity compared to pre-crisis levels.

As for the risk of rising rates, making use of a broader set of debt instruments can mitigate these risks. For example, by hedging or using credit default swaps, one can effectively manage for rising rates without having to enter potentially risky positions.

Finally, because the dearth of liquidity will magnify any sell-off, compression in the spreads between low- and high-quality names can be managed by shifting to better credit quality, as one is not adequately compensated for the additional credit and liquidity risks.

An effective way to compensate for not trading down in credit risk for yield is to manage on a global basis and look to emerging markets for opportunities.



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One can find spread-equivalent securities in higher-quality global emerging market names. These tend to be globally diversified, high-quality BB large-cap names, with revenue in US dollars. There is, of course, some inherent emerging market risk but this is offset by the high quality of the firms investors are gaining exposure to.

Contingent convertibles (Cocos) have been receiving much interest of late. And, while one can appreciate their merits, their inherent structure raises some concerns regarding whether many of these securities are priced appropriately.

For US banks, preference shares perform a similar role to Cocos and are favoured by the Federal Reserve as a means of building capital buffers. The securities are typically callable after 10 years, have non-cumulative coupons, and are issued out of the holding companies overseeing banking groups.

Why home insurance schemes get lukewarm response in India

CHENNAI: While general insurers have been lobbying for benefits for home insurance under the Income Tax Act in the run up to the budget, the home insurance market in India still continues to be highly under-penetrated at less than 2%.

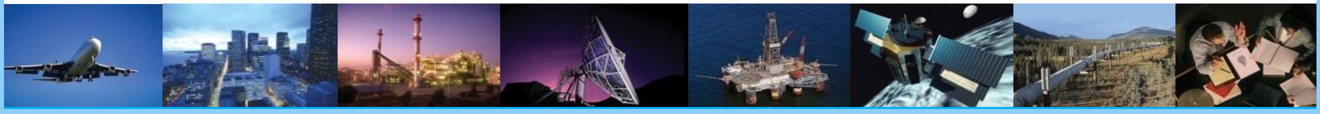
"A benefit for home insurance under the Income Tax Act would give fillip to the home insurance business just like health insurance with Section 80 D," Milind Kharat, chairman and managing director, United India Insurance, said.

Section 80 D provides for deduction from the total taxable income for the payment (by any mode other than cash) of medical insurance premium paid by an individual or HUF (Hindu undivided family). This tax deduction is available over and above the deduction of Rs 1 lakh under Section 80 C.

While general insurance companies have a home insurance offering, insurers are quick to point out that such covers only cover insured perils, i.e., losses due to terrorism and natural calamities like earthquake. Such covers would not come into force in the case of man-made disasters, which include substandard quality of construction.

Another reason hampering the growth of the home insurance business are valuation issues with many homeowners unwilling to quantify the type and price of valuables at home.

In addition, there is a lack of push for such products from insurance agents and distributors on account of the low commissions attached to the product. The policy size in home insurance is calculated on the cost of construction of the property.



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"When it comes to property insurance in India, the most comprehensive cover continues to be fire as that covers all damages due to natural causes as well as other social risks such as riots," Rahul Aggarwal, chief executive officer, insurance advisory, Optima Insurance Advisors, said.

Nevertheless, insurers are looking to push home insurance. Bajaj Allianz recently introduced an all-risk home insurance cover that covers apartments on an agreed value basis.

Six different plans are available under this policy along with eight add on covers. Similarly, Tata AIG also has covers for fire and allied perils, covers for burglary and theft, a policy for breakdown of electronic items and an all-risk cover for jewellery and other portable equipment.

United India Insurance too has a householder insurance policy where the building is covered for loss due to earthquake, fire and storm and contents in the household are covered for burglary.

Using spreadsheets to manage risk is risky business

Spreadsheets should be banned from the risk management process as they are no longer up to the job says Keith Ricketts.

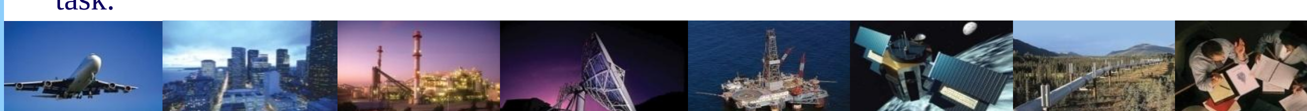
[Using spreadsheets to manage risk is risky business]

Using spreadsheets to manage risk is risky business

Spreadsheets are universally loved. Why, because they give everyone their own version of the truth, with complete autonomy to update and amend them as often as they like. However, while spreadsheets might be a great tool at an individual level they are completely unscalable, and therefore totally unsuitable for compiling and analysing important information such as Risk data, either at enterprise or individual project level.

Here are the main reasons that the spreadsheet approach doesn't work:

Lack of integrity therefore easily manipulated.
No audit trail and no guarantee of the provenance of data.
Deadlines missed as no workflows/processes built-in.
No consistency so each time a new spreadsheet formatted differently.
Difficult to compile information risk management information could be held within hundreds of spreadsheets across the organisation. Compiling them is a long and arduous task.



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Risk management is too important to leave to a spreadsheet

A mature approach to risk management pays dividends. Whether it's increased profitability, on-time delivery, more accurate forecasting or better strategic planning, effective risk management provides a competitive differentiator and drives top and bottom line results.

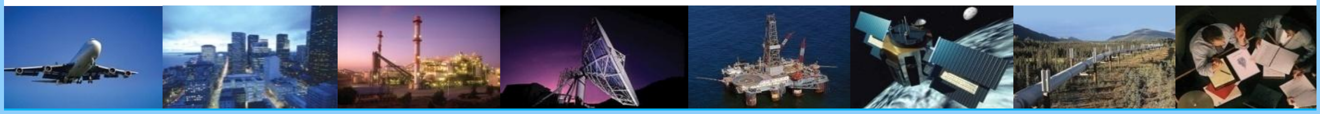
Increasingly risk management is no longer a standalone function. Taking a more proactive approach is becoming ever more critical to success and can deliver major benefits including:

- ❖ Improved EBITDA up to three times, according to the Ernst & Young study in 2012
- ❖ Improved visibility - enhanced visibility and accountability builds confidence in the risk management process
- ❖ Actionable information supports more effective strategic planning and decision making
- ❖ Better resource allocation - across the enterprise leads to better asset utilisation
- ❖ Achieve goals - Increased ability to deliver capital projects on time and on budget
- ❖ Better relationships with insurance providers, regulators and stakeholders

Comparing spreadsheets with enterprise risk management software

Modern risk management for both project and the enterprise has evolved way beyond what spreadsheets and emails are capable of handling. Information must be easily accessible, understandable and actionable. Risk management necessarily involves every department and asset within the business.

Enterprise and project risk management solutions bring the risk management process to life. They can help to identify emerging risks that may otherwise go unnoticed, enable best practice for mitigating risk, and highlight opportunities that can help organisations to reach goals, win more business and increase revenue/profitability.



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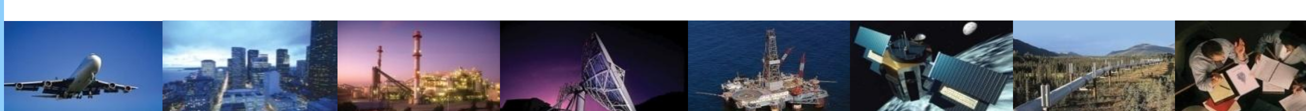
Web-based ERM software	Using spreadsheets for risk management
Consistent capture of data validated at input	Little or no data entry validation
Sophisticated simulations and probability assessments	Easy to corrupt formulas and calculations
Data is always up to date 24/7	Data is not real-time
Processes more robust and secure	Data on laptops, tablets and USB sticks can be easily lost or stolen.
Full audit trail provides transparency	No audit trail and difficult to share information
Standardised metrics and automated reports streamline the review and handling of risks at all levels of management	The ‘beautification' of information for management can introduce errors
A single system provides the ‘true picture' of risks and opportunities	Information is fragmented and can become out of synch.
Risks can be linked to related information such as controls, mitigation plans and losses	No full overall picture
Aids compliance with standards such as ISO 31000, COSO, AS/NZS 4360, SOX and PmBok	Makes compliance to standards difficult to achieve

Making a difference to the bottom line

Manual methods and spreadsheet solutions have become the high-risk option for managing risks and are no longer up to the job. Only a true enterprise risk-management solution will capture consistent data, provide a single version of the truth, allow access to real-time, trustworthy information and provide the reports required to proactively manage risk and opportunities.



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INDIA – CONSUMPTION OF ANTIBIOTICS

India has emerged as the world's largest consumer of antibiotics with a 62% increase in popping habits over the last decade.

As the world braces for its worst ever threat in the last century - global antibiotic resistance due to unnecessary and unregulated popping of antibiotics, an average Indian has been found to be popping over 11 antibiotic pills a year.

India's antibiotic use went up from 8 billion units in 2001 to 12.9 billion units in 2010.

The study "Global Trends in Antibiotic Consumption, 2000-2010," by scientists from Princeton University has found that worldwide antibiotic use has risen a staggering 36% over those 10 years, with five countries — Brazil, Russia, India, China and South Africa (BRICS) — responsible for more than three-quarters of that surge.

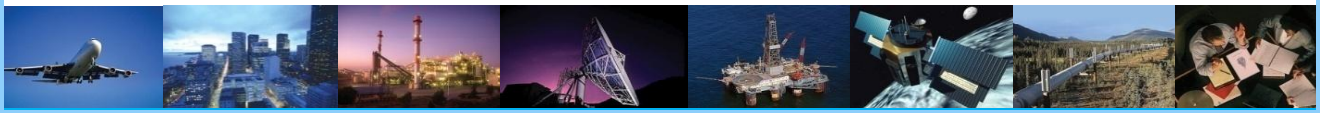
Among the 16 groups of antibiotics studied, cephalosporins, broad-spectrum penicillins and fluoroquinolones accounted for more than half of that increase, with consumption rising 55% from 2000 to 2010.

The study quantifies the growing alarm surrounding antibiotic-resistant pathogens and a loss of efficacy among antibiotics used to combat the most common illnesses.

The study has also confirmed an increasing resistance to carbapenems and polymixins, two classes of drugs long considered the last resort antibiotics for illnesses without any other known treatment.

Speaking to TOI, one of the authors Ramanan Laxminarayan said "Indians consume around 11 antibiotic tablets per year. That's five days of antibiotics for every person in the country which is much lesser than the Chinese or Brazilians. An average Chinese popped 7 antibiotic pills a year. However both India and China's numbers are lesser than the Americans who on average pop 22 antibiotic pills a year. The paper confirms that global use of antibiotics is surging and specially in India".

"This is both good news and bad news. It means that more Indians are able to access antibiotics, which are particularly important for those who previously died of easily treatable infections. However, the massive increase in use, both appropriate and inappropriate, is leading to increases in drug resistance. Antibiotic use is the single most important reason for resistance. Also use of last resort drugs like carbapenems has gone up significantly in India, and it is difficult to justify why such powerful antibiotics are being used so much more frequently".



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Laxminarayan added "We have to remember that before we had antibiotics, it was pretty easy to die of a bacterial infection. And we're choosing to go back into a world where you won't necessarily get better from a bacterial infection. It's not happening at a mass scale, but we're starting to see the beginning of when the antibiotics are not working as well".

"This paper breaks new ground with the comparative antibiotic consumption data by country of the first decade of the 21st century," said Professor Dame Sally Davies, chief medical officer for England and chief scientific adviser for the Department of Health, London. "There is a direct relationship between consumption and development of antibiotic resistance, so the data is key for us all developing a 'National Action Plans Against Antimicrobial Resistance' as set out in the World Health Assembly Resolution in May".

The study noted that antibiotic use tended to peak at different times of the year, corresponding in almost every case with the onset of the flu season.

In the northern hemisphere, for example, consumption peaked between January and March, while in the southern hemisphere it peaked between July and November. One notable exception was India, for which usage peaked between July and September, correlating with the end of the monsoon season.

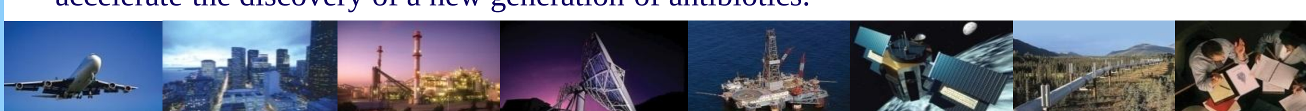
The scientists said that programs promoting rational use of antibiotics should be a national and global priority. That process has to begin with the BRICS countries, which are experiencing the highest rates of increase in antibiotic consumption.

Dr Arjun Srinivasan, associate director at Centres for Disease Control and Prevention in Atlanta recently said humans and livestock have been overmedicated to the point that bacteria have grown so resistant to antibiotics that we are now in "the post-antibiotic era". He has added "There are patients for whom we have no therapy, and we are literally in a position of having a patient in a bed who has an infection, something that five years ago even we could have treated, but now we can't".

British prime minister David Cameron recently jumped into the global fight against superbugs and has warned that the world could be "cast back into the dark ages of medicine" where people die from treatable infections because deadly bacteria are becoming resistant to antibiotics.

Cameron has now announced an independent review led by world renowned economist Jim O'Neill to identify why the international market has failed to bring forward new antibiotics.

The PM called for governments and drug companies around the world to work together to accelerate the discovery of a new generation of antibiotics.



The review will set out a plan for encouraging and accelerating the discovery and development of new generations of antibiotics, and will examine: the development, use and regulatory environment of antimicrobials, especially antibiotics, and explore how to make investment in new antibiotics more attractive to pharmaceutical companies and other funding bodies.

About 25,000 people die annually across Europe because of infections that are resistant to antibiotic drugs, Cameron said.

"Growing numbers of bacterial and viral infections are resistant to antimicrobial drugs, but no new classes of antibiotics have come on the market for more than 25 years. Lack of new drugs which are capable of fighting bacteria has been described by the World Health Organization as one of the most significant global risks facing modern medicine," Cameron said.

The PM said "The full scale of the economic burden of drug resistant infections - and the cost of a failure to take concerted action to address it - is not yet fully understood. Resistance to antibiotics is now a very real and worrying threat, as bacteria mutate to become immune to their effects. If we fail to act, we are looking at an almost unthinkable scenario where antibiotics no longer work and we are cast back into the dark ages of medicine where treatable infections and injuries will kill once again".

Professor Davies added "The soaring number of antibiotic-resistant infections poses such a great threat to society that in 20 years' time we could be taken back to a 19th century environment where everyday infections kill us as a result of routine operations".

Resistance to antibiotics was declared a major global threat to public health by the World Health Organization (WHO).

WHO revealed that resistance is occurring across many different infectious agents specially in seven different bacteria responsible for common, serious diseases such as bloodstream infections (sepsis), diarrhoea, pneumonia, urinary tract infections and gonorrhoea.

The results are cause for high concern, documenting resistance to antibiotics, especially "last resort" antibiotics, in all regions of the world.

Antibiotic resistance causes people to be sick for longer and increases the risk of death. For example, people with MRSA (methicillin-resistant Staphylococcus aureus) are estimated to be 64% more likely to die than people with a non-resistant form of the infection. Resistance also increases the cost of health care with lengthier stays in hospital and more intensive care required.

"Without urgent, coordinated action, the world is headed for a post-antibiotic era, in which common infections and minor injuries which have been treatable for decades can once again

kill," says Dr Keiji Fukuda, WHO's Assistant Director-General for Health Security. "Effective antibiotics have been one of the pillars allowing us to live longer, live healthier, and benefit from modern medicine. Unless we take significant actions to improve efforts to prevent infections and also change how we produce, prescribe and use antibiotics, the world will lose more and more of these global public health goods and the implications will be devastating."

Antibiotic resistance-when bacteria change so antibiotics no longer work in people who need them to treat infections-is now a major threat to public health.

Budget 2014: Budget brings Rs 7,300-crore tax relief for Employees' State Insurance Corporation

Finance minister Arun Jaitley's maiden budget has set aside a Rs 7,300-crore service tax demand imposed on the state-run healthcare scheme for formal sector workers by granting the Employees' State Insurance Corporation. (ESIC) an exemption from the tax with retrospective effect.

In late 2013, tax authorities had raised a service tax demand on the scheme by taking the view that it's running a general insurance business. Though the labour and employment ministry had urged Jaitley's predecessor, P Chidambaram, to sort out the tax tangle, the issue wasn't resolved in the interim budget for FY15 that he presented earlier this year.

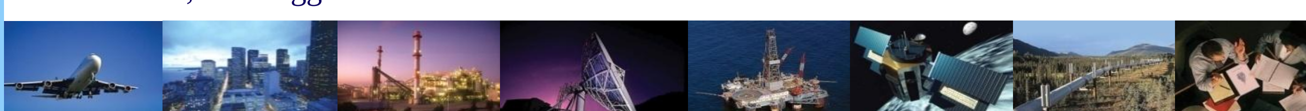
The labour ministry had pointed out that ESIC is not a corporate body carrying on an insurance business, but an organisation constituted by an Act of Parliament to discharge social security benefits to workers.

"Services provided by the Employees' State Insurance Corporation for the period prior to July 1, 2012 is being exempted," Jaitley said towards the end of his budget speech on July 10.

The retrospective provision of the exemption was prompted by the fact that the finance ministry had, in fact, put ESIC's operations in the negative list for service tax through a notification issued on July 1, 2012, said a senior government official. Despite that exemption, the Service Tax Commissionerate had argued that ESIC was liable to pay service tax dues for the period before 2012.

In two separate tax demands, it charged the corporation with "suppression of facts" and "intent to evade payment of service tax" and sought Rs 3,400 crore dues and interest for the period between 2005-06 and 2009-10, a penalty of around Rs 1,950 crore and another Rs. 1,900 crore as service tax dues for the period from 2010-11 till the date of exemption.

ESIC had filed an appeal with the concerned tribunal against the tax authorities' demand cum showcause notices and the previous two labour ministers, the late Sis Ram Ola and Oscar Fernandes, had flagged the issue to Chidambaram.



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