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NEWS AT JBB

THE GREATNESS OF THIS MAN WAS HIS SIMPLICITY - words spoken for the legend Mahatma Gandhi – birth place : city of Porbandar, Gujarat, India.

Our founders from Porbandar share the same simple values. The legend, Shri. Jagmohandas Bhagwandas Boda started his journey of SERVICE to the client and the industry amidst of WORLD WAR II (1 Sep 1939 – 2 Sep 1945) while the strong movement for independence in India was at its peak. The foothold by the legend then and where it stands now. The great WILL POWER and the VISION our founders fostered lead us on the journey from PORBANDAR to MUMBAI. From MUMBAI to LLOYDS and the journey continues… ruling half the globe around. Lets pay our tribute …

// जीवेम शरदः शतम् //

LIVE FOR 100 YEARS

PRIME STORY

Companies use kidnap insurance to guard against ransomware attacks

Companies without cyber insurance are dusting off policies covering kidnap, ransom and extortion in the world's political hotspots to recoup losses caused by ransomware viruses such as "WannaCry", insurers say.

Cyber insurance can be expensive to buy and is not widely used outside the United States, with one insurer previously describing the cost as $100,000 for $10 million in data breach insurance.

Some companies do not even consider it because they do not think they are the targets.

The kidnap policies, known as K&R coverage, are typically used by multinational companies looking to protect their staff in areas where violence related to oil and mining operations is common, such as parts of Africa and Latin America.

Companies could also tap them to cover losses following the WannaCry attack, which used malicious software, known as ransomware, to lock up more than 200,000 computers in more than 150 countries, and demand payments to free them up.

Pay-outs on K&R for ransomware attacks may be lower and the policies less suitable than those offered by traditional cyber insurance, insurers say. There will be some creative forensic lawyers who will be looking at policies, mentioned the chief underwriting officer at CNA Hardy, a specialist commercial insurer, in London. He added, however, that given that K&R policies are geared towards a threat to lives, the absolute preference is that people buy specific cover, rather than relying on insurance coverage that is not specific.

American International Group Inc, Hiscox Ltd and the Travelers Companies Inc have been receiving ransomware claims from some customers with K&R policies as ransomware attacks become more common, the companies said. They declined to comment on total claims, citing confidentiality and client security concerns. They have seen claims (over the past 18 months) but not a huge uptick those were within expectations and entirely manageable. They declined to say whether the firm had seen any such claims from the WannaCry attacks though Tom Harvey, an expert in cyber risk management at catastrophe modelling firm RMS. They said that the insurers with kidnap and ransom books will want to look closely at their policy wordings to see whether they are exposed.

A sharp rise in ransomware attacks in the past 18 months has driven companies to use K&R policies to cover some of their damages if they do not have direct cyber coverage or cannot meet initial cyber policy deductible costs, insurers said.

Symantec Corp, a cyber security firm based in Mountain View in California, observed over 460,000 ransomware attempts in 2016, up 36 percent from 2015, the company said. The average payment demand ballooned from $294 to $1,077, a 266 percent increase.

But as the threat mounts, K&R insurers are at risk from steeper claims than they had anticipated. They are responding by making changes to their policies, which were not designed around ransomware, insurance brokers said.

More damaging than kidnapping

Most of the computers affected by WannaCry were outside the United States, where companies have been slow to buy cyber insurance. Nearly 90 percent of the world's annual cyber insurance premium of $2.5-3 billion comes from the U.S. market, according to insurance broker.

Global companies typically buy K&R policies without ransomware in mind. But instances of high-tech hacks and online ransom demands can hit a company's business more than an executive being held hostage.

If the CFO (chief financial officer) gets kidnapped, the company could continue to function. But a piece of malware in the system, might have two factories that stop working. The actual damage is probably greater.

The K&R policies, which typically do not have deductibles, cover the ransom payments as well as crisis response services, including getting in touch with criminal and regulatory authorities. Still, K&R policies may provide only a quick fix since they were not designed for ransomware. Companies can add coverage for business interruption, but the upper limits for pay-outs are usually lower than for a cyber policy, insurers say.

K&R insurers have been adapting to ransomware-related claims - some are modernizing coverage by setting up Bitcoin accounts for clients to speed up ransom payments, brokers said.

But insurers are mindful of their own risks. Some have added deductibles. Some have reduced business interruption coverage for K&R policies to a $1 million maximum for cyber extortion events. Insurers didn't anticipate there would be this much ransomware activity.

NATIONAL

Insurance companies must play active role in investee firms' meetings: Irda

The insurance regulator has asked companies to play an active role in the general meetings of investee companies and engage with the management at a greater level to improve governance so as to increase returns on investments for insurers.

“Insurance companies are significant institutional investors in listed companies and the investments are held by them as custodians of policyholders," Insurance Regulatory and Development Authority (Irda) stated in a circular. “Therefore, it is felt that insurance companies should play an active role in general meetings of investee companies and disclosures relating thereto.

This will be applicable from next financial year.

The regulator said the state of governance at the companies where insurance companies have invested is important. It has also laid out a set of principles, which insurers will have to adopt. The principles are being uniformly adopted for institutional investors like mutual fund, pension funds, foreign portfolio investors and alternate investment funds.

Irda has also decided to implement a code of stewardship for insurers. The regulator said all insurers need to draw up a policy based on principles spelt out in stewardship code within six months from date of issue of these guidelines and the board of directors should approve the same.

Globally, companies are required to say which are the companies they have voted for and against in general meetings and disclose their stance.

Insured can't decide relevance of medical history info, rules court

The district consumer court has held that an insured person cannot determine the relevance of information relating to previous medical history sought by an insurance company in the proposal form for a life insurance policy. A bench of consumer court president V P Utpat and member Onkar G Patil on June 22, 2017 dismissed a complaint by a woman from Dattawadi, accusing the insurance company of wrongful repudiation of her claim following the death of her husband, who held a life insurance policy. The insurance company had argued that the insured had suppressed "material facts" (any fact that would influence the judgment of an insurer in deciding whether to accept the risk or not).

General insurance firms’ gross direct premium up 16 percent in May 2017

General insurance companies in India posted a growth of 16 percent in gross direct premium in May 2017. Senior officials in the insurance industry say that health, motor and fire insurance led the growth in the month of May. The data from the Insurance Regulatory and Development Authority of India (Irdai) shows that, in the first two months of the financial year, gross direct premium underwritten by the industry was Rs 218.0122 billion compared with Rs 187.9655 billion last May 2016, a growth of 16 percent. During April-May, private sector insurers grew at 23 percent and received Rs 99.8787 billion in gross direct premium. Public sector insurers saw lower growth compared to private peers at just 9.65 percent, receiving Rs 106.7547 billion in gross direct premium in April-May. Among the public sector insurers, New India Assurance and National Insurance saw double-digit growth at over 15.52 percent and 10.67 percent, respectively, in the current financial year. But Oriental Insurance and United India Insurance saw single-digit growth. All the four public sector insurers have a combined market share of 48.97 percent, while 18 private sector insurers have market share of 45.81 percent. Among the private players, ICICI Lombard leads with a market share of 9.85 percent, followed by Bajaj Allianz at 5.95 percent and HDFC Ergo at 5.24 percent, shows the data from Irdai.

In the last financial year, the general insurance industry had seen a record growth of around 32 percent, largely due to the success of crop insurance. Industry participants are hopeful that even this year the industry would register growth of 18-20 percent. “Though growth has been in the range of 15-20 percent in the first two months of the current fiscal and growth has been coming mainly from motor and health insurance, we are hopeful that in the next few months, when there will be renewal for crop insurance, the industry will see higher growth,” said a top insurance player. According to senior officials, the general insurance sector has received around Rs 220 billion from crop insurance and this financial year industry players are hopeful that the number will be around Rs 320-350 billion from crop insurance.

Motor insurance policy no claim bonus; here is how to get the greatest benefit

A motor insurance policy lasts for a year, and if you do not make any claim during the period, you are rewarded with No Claim Bonus (NCB) by the insurance company at the time of renewal. The percentage of NCB keeps increasing every year as long as no claim is made. In fact, NCB is a discount on the motor insurance premium, but it is given only on own damage premium, not on the third-party premium in a comprehensive motor insurance policy. And since own damage premium constitutes 80-90 percent of the total premium, NCB can save you a lot of money. However, there is a 50 percent cap on NCB.

Many farmers unaware of crop insurance, get no relief

Lack of awareness about crop insurance has robbed many distressed farmers of a golden opportunity to get some relief for their losses as the figures released by insurance companies show. While Tiruvarur district has claimed the lion's share of the money released, many Trichy farmers don't seem to have insured their crops at all. In all, the insurance companies have so far sanctioned 9.2812 billion for disbursal of crop insurance claims to drought-hit farmers who lost their samba paddy crops during 2016-17. Of this, Tiruvarur district received 4.89 billion while the farmers in Trichy district have claimed only 0.2 billion.

Farmers' organisations in the district admit that only a few farmers had reported having ever insured their crops. A majority of them were found to be unaware of the practice of insuring crops and that the facility was available for them or were not interested. Even Ramanathapuram farmers have claimed 3.55 billion as crop insurance. However, lack of knowledge about the importance of remitting the required premium has restricted Trichy farmers from availing the benefit, the leaders opined.

Banks have no liability for loss of valuables in lockers: RBI

Do not expect any compensation for theft or burglary of valuables in safe deposit boxes of public sector banks as the locker hiring agreement absolves them of all liability.

This bitter truth was disclosed in an RTI response by the Reserve Bank of India (RBI) and 19 PSU banks.

According to the information availed by the lawyer, the unanimous reason given by the 19 banks is that "the relationship they have with customers with regard to lockers is that of lessee (landlord) and lessor (tenant)". The banks have contended that in such a relationship, the lessor is responsible for his or her valuables kept in the locker which is owned by the bank. Some banks, in their locker hiring agreements, have made it clear that any item stored in the locker is at the customer's own risk and he or she may, in their own interest, insure the valuables.

The common feature of all locker hiring agreements states, "As per safe deposit memorandum of hiring locker, the bank will not be responsible for any loss or damage of the contents kept in the safe deposit vault as a result of any act of war or civil disorder or theft or burglary and the contents will be kept by the hirer at his or her sole risk and responsibility.

"While the bank will exercise all such normal precautions, it does not accept any liability or responsibility for any loss or damage whatsoever sustained to items deposited with it. Accordingly, hirers are advised in their own interest to insure any item of value deposited in a safe deposit locker in the bank," they have said.

Aggrieved by the responses, the lawyer raised questions before the CCI -- why not just keep the valuables at home after insuring them, instead of paying rent to the bank for a locker when it is not going to take any responsibility for the contents. The lawyer has sought a probe under the Competition Act into the allegation of cartelisation by the banks in respect of the locker service.

He has informed the CCI that the RTI response from the RBI has said it has not issued any specific direction in this regard or prescribed any parameters to assess the loss suffered by a customer.

He alleged that all these banks have formed a "cartel" to indulge in such "anti-competitive" practices. He further alleged that the bank by forming an association or cartel are "trying to limit the improvement of services which is directly affecting the competition in the market and interests of the consumer".

Stung by the revelation, the lawyer who had sought information under the transparency law has now moved the Competition Commission of India (CCI) alleging "cartelisation" and "anti-competitive practices" by the banks in respect of the locker service.

Even under the RTI response, all public sectors banks have washed their hands of any responsibility.

Irdai defers IndAS execution by 2 years

The Insurance Regulatory and Development Authority of India (Irdai) has deferred the implementation of Indian Accounting Standards (IndAS) by a period of two years and it will now be implemented by 2020-21.

INTERNATIONAL

Global shipping losses continue to decline but cost-savings & cyber security looms

Large shipping losses have declined by 50% over the past decade, largely driven by development of a more robust safety environment by ship-owners, according to Allianz Global Corporate & Specialty SE’s (AGCS) fifth annual Safety & Shipping Review 2017.

There were 85 vessels reported as total losses around the shipping world in 2016, down 16% compared with a year earlier (101). Last year set safety records in the sector with the lowest number of losses in the past 10 years, preliminary figures show. The number of shipping incidents (casualties) also declined slightly year-on-year, by 4% with 2,611 reported, according to the review, which analyses reported shipping losses over 100 gross tons.

“While the long-term downward loss trend is encouraging, there can be no room for complacency,” says Baptiste Ossena, Global Product Leader Hull & Marine Liabilities, AGCS. “The shipping sector is being buffeted by a number of interconnected risks at a time of inherent economic challenges.”

Environmental scrutiny is increasing with record fines for vessel pollution. New ballast water management rules that come into force in 2017 are welcomed, but the cost of complying could have a significant impact on already-stressed shippers.

Political risk is increasing, with activity in hotspots such as Yemen and the South China Sea having the potential to affect vessel routes. The threat of offshore cyber-attacks is also significant.

“A ‘perfect storm’ of increasing regulatory pressure combined with narrowing margins and new risks is gathering,” says Ossena.

More than a quarter of shipping losses in 2016 (23) occurred in the South China, Indochina, Indonesia and Philippines region – the top hotspot for the last decade. Loss activity remained stable but was still almost double the East Mediterranean and Black Sea region (12), which was the next highest. Loss activity was up in the Japan, Korea and North China; East African Coast; South Atlantic and East Coast South America; and Canadian Arctic and Alaska maritime regions.

Cargo vessels (30) accounted for more than a third of all vessels lost. Passenger ferry losses increased slightly (8), driven by activity in the Mediterranean and South East Asia. Standards remain an issue in some parts of Asia with bad weather, poor maintenance, weak enforcement of regulations and overcrowding contributing to loss activity.

The most common cause of global shipping losses remains foundering (sinking), accounting for over half of all losses in 2016, with bad weather often a factor. Meanwhile, over a third of shipping casualties during 2016 were caused by machinery damage. This was also responsible for driving a 16% uptick in incidents in the East Mediterranean & Black Sea region (563), enough to see it replace the British Isles as the top incident location over the past decade. Piracy incidents around the globe and shipping incidents in Arctic Circle waters declined year-on-year. However, risk challenges remain, such as the rise in crew kidnappings in parts of Asia and West Africa and the impact of an expected increase in Polar transits.

Thailand: Life business to push insurance growth in next 10 years

Global insurer Allianz expects life business to remain the major growth driver in the Thai insurance sector over the next decade, averaging around 9.3%.

Against the background of an ageing population, Thailand's old-age dependency ratio is set to leap from 15.2% now to 52.5% in 2050. Life insurance makes up 70% of total premium income in Thailand. This is in line with the results of a World Bank survey, in which 65% of adult respondents said they saved for old age, reported *The Nation*.

Dr Michael Heise, Chief Economist of Allianz SE Germany, the major shareholder of Allianz Ayudhya Assurance, said that since 2012, the insurance market has been losing some of its momentum.

For the fourth year in a row, premium income growth slowed in 2016, to 3.9%. According to preliminary figures, property and casual insurance shrank by 2.1% for the first time since 1999, while life insurance growth picked up slightly to 6.6%.

Premium income reached 4.9% of GDP in 2016, putting Thailand on par with Germany with respect to insurance market penetration.

Economic growth

Thailand's economic growth will remain resilient, at above 3% in both 2017 and 2018, according to Allianz Economic Research's latest analysis.

Dr Heiss said strong competitive advantages such as competitive prices and strategic location as well as rising foreign demand would support a rise in Thai exports and tourism-related revenues.
With public debt at 43% of GDP, the existing fiscal space will be used to support growth in the form of public investment. But lifting private confidence will be essential. For now, private expenditures are the main Achilles' heel of the economy with limited growth of private credit, weak corporate confidence and low inflows of foreign direct investment.

Majority of insured losses from Grenfell Tower to be borne by reinsurance

The Norwegian company responsible for insuring the Grenfell Tower, which burned down, said reinsurers will bear the majority of the claims costs.

Protector Forsikring said losses from the fire would not hamper its growth plans in the UK. The insurer won a tender to provide insurance to a Tri-borough group of London councils, comprising Hammersmith and Fulham; Westminster; and Kensington and Chelsea.

The insurance for Grenfell Tower came as part of the property and liability insurance sold to Kensington and Chelsea. The company said in a statement: “Large international re-insurers will cover the majority of the claim. The impact on Protector will be negligible both in the quarter and on an annual basis.”

The contract was the first major UK deal for Protector, which has a fast growing presence in Norway and Denmark, and last year established a small office in Manchester. Analysts raised concerns over the company’s venture into the UK market as potentially risky. However, the company said the incident would not prompt a withdrawal from the UK market.

“Will this loss impact Protector’s strategy in the UK? Not at all, the Nordic market leader is targeting a top three insurer in the public sector and a significant player in the commercial market for brokered based insurance [in the UK].” Protector said it is working with Cunningham Lindsey to process the claim. A spokeswoman for Cunningham Lindsey confirmed that. She added: “We can confirm that Cunningham Lindsey’s MCL Global [major and complex loss] team has been retained by Protector Insurance in relation to the major fire that has devastated the Grenfell Tower block in London.

Tech firm in blockchain tie-up with insurance advisory firm

U.S. technology company The Bitfury Group said on Friday it has formed a strategic partnership with advisory firm Risk Cooperative to use the blockchain digital ledger in the $60 billion insurance broking market.

Blockchain, a public record of all bitcoin digital currency transactions, can also be used to track assets across industries. Over the last two years, Bitfury has been helping national governments put data on a blockchain.

"Blockchain technology can bring transparency and security to the insurance industry, and can be a catalyst for new insurance business models," Bitfury Chief Executive Valery Vavilov said in a statement.

While the insurance industry writes more than $5.5 trillion in annual premiums worldwide, most natural, man-made and emerging risks remain unfunded or underinsured by established insurers using old systems and technologies.

The partnership will initially explore putting cyber insurance and political risk activities on a blockchain-based system, Risk Cooperatives founder and CEO Dante Disparte said in an email. "This system will speed up the underwriting process on a secure platform."

In April, Bitfury announced a partnership with Ukraine to put a wide range of government data on a blockchain platform. A year earlier, Bitfury signed an agreement with Georgia to pilot the first blockchain land-titling registry.

Watchdog Reviews Travel Insurance for Cancer Patients

LONDON - Britain's markets watchdog opened a public consultation to see if changes are needed to make it easier for people with cancer to get travel insurance. The Financial Conduct Authority (FCA) said it was also looking at the reasons for pricing differences in premiums quoted by insurers. The consultation is part of a wider look at problems some consumers can face when trying to buy insurance.

The FCA said insurance markets were becoming more segmented with the use of "big data" - or very detailed information about which customers pose the highest risk to insurers. Such customers may have to "navigate an increasingly complex and confusing market" to find insurers willing to cover them. "These issues are particularly apparent for those with, or recovering from, cancer," the FCA said.

The Association of British Insurers, an industry body, said travel insurance is widely available for people who have long-term and serious health conditions, including people who have cancer. But the Travel Insurance Facilities Group (tifgroup), which sells travel insurance, said customers with medical conditions have faced "eye watering premiums" or have had to buy cover with exclusions applied to specific conditions. "We are hopeful that the FCA's work will address some of the key insurance issues faced by those affected by illness and that the travel insurance industry adopts a more individual and inclusive approach to assessing the actual risk that these people actually present," managing director of tifgroup, said.

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