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J. B. BODA



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WE BELIEVE

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NEWS AT J. B. BODA

Knowledge Enrichment

Client's site - outskirts of Ahmedabad – 22nd May 2018

Attached are snaps displaying knowledge enrichment by our Mr. E. M. Thomas, one of our senior leaders, through a power point presentation on customized EB policies at the premises of one of our valued clients. Total 4 sessions were conducted, educating 250 plus employees. The presentation highlighted introduction of J. B. Boda Group, Features, Coverages, Exclusions and Claim Procedures. The sessions were very effective and well received.



Mumbai Office – 17th & 30th May 2018

Sessions at our Mumbai HO were conducted, covering areas of Reinsurance and the lines of business. The knowledge imparting vis-à-vis absorption by our young leaders in the pipeline with the dynamic and the changing scenario of the market turned out to be worth having supported by their seniors.





ON “WRITE” SIDE

Asia drives global insurance growth

While insurance growth in the west remains lacklustre, Asia continues to deliver on its promise. The region contributed three-quarters of global premium growth in 2017 and is projected to be a bigger insurance market than North America within five years.

The global insurance premium volume last year rose to a new record sum of €3.66 trillion (excluding health insurance), according to projections by a research unit. Compared to 2016, the nominal increase adjusted for exchange rate effects was just 3.7% globally and 12.7% in Asia ex-Japan.

Asia is setting the pace for insurance markets, particularly in life. The development is amazing as the region succeeded in transforming high growth rates into mass wealth. The Asian middle class is now not only driving insurance markets, but many consumer markets. Asian savers and shoppers are the growth engine for the world economy. Last year’s global premium growth totalled just under €130 billion. Asia ex-Japan accounted for 76% of the increase, with China contributing for more than two-thirds.

Globally, property-casualty insurance set the tone in 2017 with a growth rate of 5%, which was almost twice as fast as life insurance at 2.8% and the largest increase since 2012. The disparity between Asia and Europe is particularly striking. While property-casualty premiums in Western Europe rose by just 2%, they increased by 10.2% in Asia ex-Japan, led by India with growth of more than 30%.

However, life premiums remain the overwhelming driver of growth in China. Of the approximately €60 billion in additional premiums in life worldwide, around 80% were attributable to the Chinese market after a 23% rise in premiums. Much of this growth is driven by demand for investment opportunities in a country where there are too few options for savers outside of real estate and the stock market, both of which have been volatile. By comparison, property-casualty premiums in China grew 13% during 2017.

Indonesia saw even stronger growth in life premiums, with a 33% rise during 2017, again driven by demand for investment products.

Singapore emerges from the report as the world’s third biggest insurance market in terms of premiums per capita, behind Switzerland and Denmark, and just ahead of Taiwan. Korea is 10th.





Looking forward

As the global economy slowly returns to normal growth and inflation rates, the forecast is that the insurance markets will continue to recover, with premium growth forecast to reach around 6% in the next decade.

In Asia ex-Japan, growth will be almost double at close to 11% a year during the next decade. At the end of the 2020s, around 40% of global premium income should be written in the region whereas 10 years ago this figure was around 10%.

According to the projections for premium growth, China's 12.9% yearly expansion means that it will overtake North America as the world's biggest insurance market by the end of the 2020s. Global insurance markets are undergoing fundamental changes. However, from another point of view, this disruption also offers great opportunities. With the new technologies, insurance cover can be made accessible and tangible for more people, and insurance products can become more attractive. Succeeding in getting customers so enthusiastic about insurance that they would again spend as much of their income on insurance cover as before the crisis, global premiums could be about €1 trillion higher at the end of the next decade.

Indeed, one of the most striking figures in the report is the almost complete stagnation in Europe during the past decade, where global insurance premiums have inched up from €970 billion to just €972 billion. Growth in 2017 was 0.5%. This miserable performance only serves to make Asia's strong growth even more attractive to insurers based in Europe.

However, the lure of long-term growth in Asia has proved elusive for some thanks to high levels of competition, the difficult investment environment and the challenges of operating in emerging markets. But, increasingly, succeeding in Asia will be the key factor in determining which insurers dominate in the 21st century.





NATIONAL

Indian insurers enjoy big sales hike

Life insurers in India saw their sales surge 14% year-on-year to Rs 4.18 trillion (US\$64 billion) from Rs 3.66 trillion, according to latest data from the Insurance Regulatory and Development Authority of India (Irdai).

The sales growth among non-life players was even higher at 31% to Rs 1.3 trillion.

Irdai figures further showed that insurance density in the general insurance sector also improved to 13.20% in 2016-17 from 11% in 2013-14.

Life insurance density swelled to 46.5% in 2016-17, from 41% three years ago.

Still, insurance density, which is the ratio of premium (in US dollars) to total population, has fared poorly in India compared to other countries.

India has a premium average of US\$46.50 for every citizen, which lags behind China (US\$190), Thailand (US\$222), Brazil (US\$195.5), South Africa (US\$615), Japan (US\$2,803), UK (US\$3,033), and the US (US\$1,724).

India names new regulatory head

A new chairman for the Insurance Regulatory and Development Authority of India (Irdai), has finally been appointed.

Subhash Chandra Khuntia, the appointee, served in various government departments, as secretary at the Department of School Education and Literacy, and special secretary and financial adviser in the Ministry of Petroleum and Natural Gas. He has also held positions in Hindustan Petroleum Corporation and Indian Oil Corporation, as well as Karnataka chief secretary.

Based on a website release by the Department of Personnel and Training, Khuntia's appointment is for three years, according to the Appointments Committee of the Cabinet. He succeeds TS Vijayan, whose term ended on February 21 and rendered the position vacant for more than two months.





INTERNATIONAL

Catastrophe losses will hit US\$160bn a year in Asia by 2030

Losses arising from natural disasters in the Asia-Pacific region are increasing, but only 8% of those losses are covered by insurance, according to UN assessment.

The need to have more of the losses insured will prove to be more challenging than ever as the UN expects the figure to reach US\$160 billion yearly by 2030.

The ability of the private sector to expand its coverage for disasters in Asia-Pacific regions is now essential as natural disasters and weather catastrophes are becoming more prevalent.

“The time for establishing solutions to these complex emerging challenges is now,” said Shamshad Akhtar, Executive Secretary for the UN Economic and Social Commission for Asia and the Pacific, at a recent meeting at UN headquarters.

The economic toll of underinsurance in the Asia Pacific region has amounted to almost US\$1.3 trillion in disaster losses over the past 50 years.

Majority of Japanese health insurance societies loss-making

Most health insurance societies serving employees of major companies in Japan are expected to finish fiscal year 2018-19 in negative territory, based on a budget report released by the National Federation of Health Insurance Societies.

Of the 1,389 health insurance societies, more than 60% are expected to end the fiscal year in the red. The fiscal 2018 budget estimate report revealed that average premiums are also set to rise 0.051 points from the last fiscal year to 9.215%, the 11th straight year of increases.

Premium rates at 313 Kenporen-affiliated societies top the average 10% premium rate among societies of the Japan Health Insurance Association (Kyokai Kenpo), aimed at workers at small and medium-sized firms.

What is worrying is that those 313 societies are on the brink of dissolution. In Japan, health insurance society outlays have increased because of a corresponding rise in healthcare costs.



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“FIRST ON PROTECTION”

Head Office :

Maker Bhavan No. 1, Sir Vithaldas Thackersey Marg, Mumbai 400 020 (INDIA)

Telephone : + 91 22 6631 4949 / 6631 4917 * Telefax : + 91 22 22623747 / 22625112

E-Mail : jbbmbi@jbbodamail.com * Web : http://www.jbboda.net

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We value feedback at median@jbbodagroup.com

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