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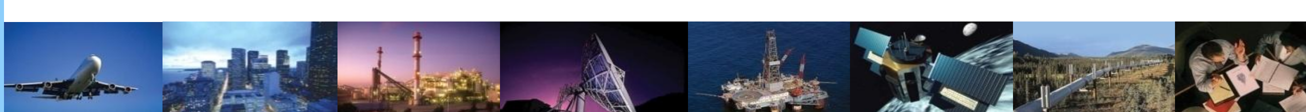

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ON "WRITE" SIDE

INSURANCE FACETS OF PROJECT PLANNING

The conventional way of procuring insurance coverages by an industrial corporate and project organisation, based on mere traditions on their own experience of any accidents / occurrences or through – compulsions from Banks or other Financial Institutions has undergone drastic change and during over three decades, considerable awareness has been created by Risk Management Philosophy Advocates to adopt its Principles and Practices in seeking insurance protection.

The concepts of 'Risk Management' have been welcomed by the industrial and project sectors. Risk Management is now forming an important integral part of Modern Management Philosophy of Commercial and Industrial world.

Insurance being a profession of 'Risk Assumption' has been very closely associated with the development of Risk Management Culture. Many large Industrial Groups and Multi-national Corporations have set up seperate Cells and have appointed 'Risk Managers' to coordinate and strengthen Risk Management activities.

Risk Management concepts are useful in dealing with the Insurance Aspects of Project Planning. As a first step in this direction, it would be necessary to identify various types of Projects. We broadly classify them into 'Groups' through Risk Management concepts, by taking into consideration, influence of prominent risks associated with Projects and varying intensities of these risks.

PROJECT PLANNING:-

CLASSIFICATION OF PROJECTS:-

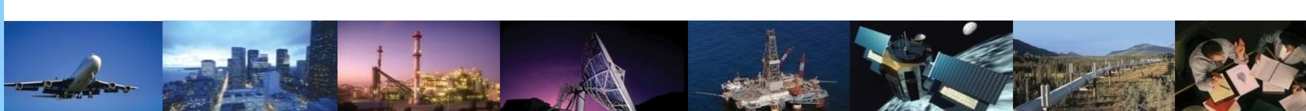
Projects can be classified under two major Groups:

Group 'A' – Projects involving major civil engineering works.
Group 'B' – Projects primarily engaged in setting up of industrial complexes.

The Group 'A' can be further classified into three categories:

(a) Projects like construction of Dams, Irrigation Canals, Reservoirs, Bridges, Water & Gas supply pipelines, Roads & Railway tracks.

(b) Construction or expansion of Docks, Air and Port Cargo handling terminals, Railway goods and Wagon terminals, Warehouses and large Transport godowns.



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(c) Commercial complexes, Departmental Stores, Hostels, Hospitals, Hotels and Multi-storyed building complexes.

The Second Group – B can be further classified into following categories:

(a) Industrial Projects like Nuclear Power plants, Oil Refineries, Petro-chemical complexes, Fertiliser plants, High concentrate pesticide plants.

(b) Thermal power stations, steel plants, cotton-textile and artificial yarn manufacturers, vegetable oil and solvent extraction plants, paper & pulp mills, chemical, dyestuff and paint industries.

(c) Metal manufacture & refining works, large engineering works, heavy duty electrical and mechanical equipments manufacturing units, plastic industries, cement, glass and ceramic industries, pharmaceutical works.

The next step that we would need to take would be Classification of Risks also by following the Risk Management Principles.

CLASSIFICATION OF RISKS – CATEGORY – I

Risks peculiar to the location or site but arising from Natural & Environmental Hazards such as :

a) Earthquake, subsidence, landslide, rockslide.

b) Lightning, storm, tempest, hurricane, snow fall, avalanche, drifting of ice, flood, torrential rains, tide waves and inundation.

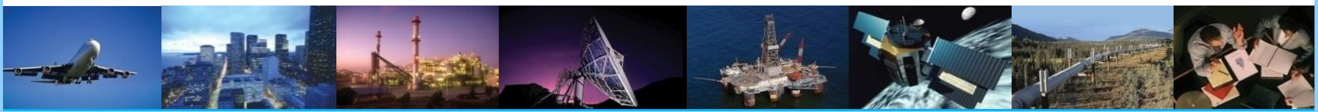
c) Sudden changes in climatic conditions such as excessive moisture and humidity, dew formation & effects from sultry weather.

CLASSIFICATION OF RISKS – CATEGORY – II

In this category, risks of fire, explosion and operational mishaps, assume special significance because of hazardous natures of these Projects.

This would comprise:

(a) Projects having plant and equipments operating at extra high states of temperatures and pressure conditions.



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b) Projects using inflammable, explosive, toxic or poisonous material, fluids, reactive acids and other agents including catalysts.

c) Projects involving complex processes – giving rise to unbalanced chemical reactions, from failure of cooling & heating systems in exothermic & endothermic reactions, failure of safety devices, interlock and temperature & pressure control systems.

d) Projects employing heavy duty and high speed rotating and stationary, mechanical and electrical equipments such as turbo compressors and generators, furnace and rectifier transformers, hydraulic presses, induction furnaces etc..

CLASSIFICATION OF RISKS – CATEGORY – III

Risks peculiar to the location, but arising from socio-economic and political reasons as well as behavioural pattern of human beings including human failures.

This comprises:

a) Sabotage, strikes & riots,

b) Terrorist and subversive activities, ethnic, linguistic and religious conflicts.

c) Theft, burglary, infidelity and malicious act.

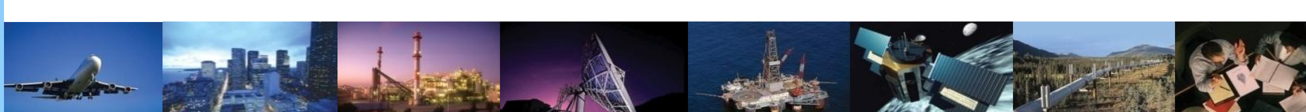
d) Lack of skill, carelessness, faulty instructions, lack of supervision, lack of training, faulty operation, lapses / failures of management.

CLASSIFICATION OF RISKS – CATEGORY – IV

In this category fall risks due to inbuilt deficiencies in design, construction and operation giving rise to mishaps or common accident events. This includes:

a) Defective material or casting, defective design, defects in welding, machining, forging, heat treatment, faults in assembly, erection, testing and operation.

b) Fire, explosion, collapse, physical deformations, electrical burnouts, and short-circuiting, insulation-failures, impact from external bodies or falling objects, collisions, failure of safety devices, effects of external disturbances etc..



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CLASSIFICATION OF RISKS – CATEGORY – V

Marine / transit & incidental storage risks.

The above Classifications of Risks and the pattern of Classification of Projects adopted on the basis of influencing factors of these Risks, when taken together, helps us in analysing the insurance needs of various Projects.

The Project Planning envisages two stages, first during the time of establishing or setting up of a Project and second stage, after establishment in post-operation or functional period. We would therefore have to look into insurance needs seperately during these two stages.

Insurance Markets in general and Indian Insurance Market in particular, is ‘structured’ one, having definite sets of Insurance Policies, with defined Scopes of Covers and there would be very little flexibility to get any tailor-made Policy, specially suitable for an Individual Project – except a Mega Project.

However, Insurance Covers have been framed in the structured set up, to cater to the needs of majority of Projects taken at large.

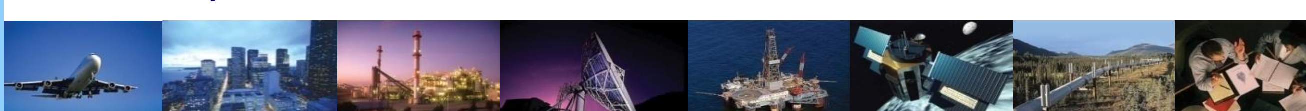
For the first stage, during the time of setting up a Project, very comprehensive Insurance Policies have been framed and these Policies fully satisfy the needs of both Groups of Projects – ‘A’ & ‘B’.

These Policies can provide cover right from the time, goods for the Project, leave from Suppliers’ Warehouse or Factory, during their voyage, storage at site, during erection, until completion of integrated testing operations.

These Policies are popularly known as, Marine-cum-Erection, Transit – cum – Erection or Erection All Risks (when Marine / Transit covers are taken separately).

For Group – A – Projects involving mainly Civil Engineering Projects, the Policy providing more or less identical cover as Erection All – Risks Policy is available and is called “Contractor’s All Risks Policy”. The nomenclature has been made in this manner for pure Civil Engineering Projects because, it is customary that Civil Engineering Contactors would usually procure this Policy.

In the second stage of Project Planning, i.e. during the functional / operational period of a completed Project, choice has to be made from different covers available to meet the insurance needs of a particular Project keeping in mind the complexity of Risks associated with the Project.



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Whilst looking into insurance needs of a particular Project, mere identification of Risks is not sufficient but most crucial factor which would influence decision on possible insurance protection from hazards or perils would be evaluation of gravity or severity of Risks from risk exposure point of view.

Risk Classifications provide us proper guidance in selection of Insurance Covers, in respect of both Project Groups, but the problems are usually of complex nature in extra-hazardous plants under group ‘B’ Projects.

After identification of Risks and determining Risks-Exposures, it would be possible to select the Insurance Policies suitable for a Project.

Risk Management Philosophy lays more emphasis on the aspects of Risk-elimination or Risk reduction & control. It is in this area that the application of Risk Management Principles, assumes paramount importance because, much can be done in economical way in taking Risk control measures right at the Planning stage.

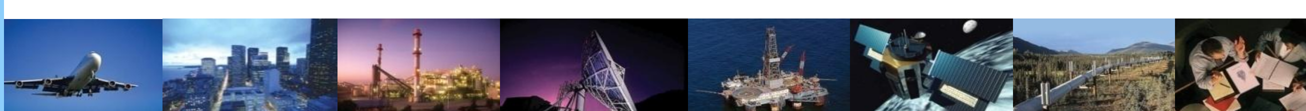
Much can be done right at the blue print stage itself to examine, whether Risk control or Fire protection measures can be incorporated even by some additional capital investment, particularly in respect of hazardous Projects thereby earning long-term benefits by way of lower premium rates, thereby effecting economy in insurance costs in addition to improved safety with reduction in the hazards.

It is convenient to take Risk control measures, right at the initial stages of Project working.

In addition to the importance of Risk control measures, there is also need for Review of “Insurance Policies” at regular intervals by Managements. This Review would have two fold objectives. In the first place, this would help to examine whether covers taken for hazardous processes / occupations are adequate & comprehensive in nature, indemnities selected are proper, there are no inadvertent omissions in selection of covers as well as proper care is taken for revaluation of assets to avoid Under – Insurance situations. The second objective of such Review would be to examine possibility of procuring covers with higher Excess amounts or Deductibles (a measure of Self Insurance to a certain extent) depending upon financial strength of the entity and also exercise on elimination of few Policies, if “Risk Appraisal Exercises” establish that some Risks are manageable without insurance protection.

By Mr. Sanjiv Shanbhag – Senior Executive Director, J.B.BODA Insurance Brokers Pvt. Ltd., Mumbai, India.

sanjiv@jbbodamail.com



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REINSURANCE

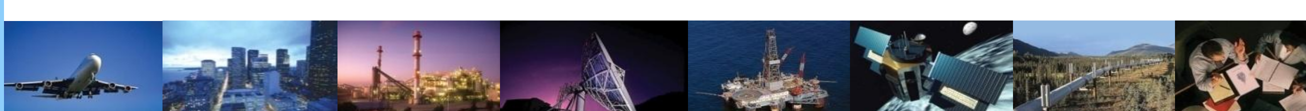
Reinsurance prices decline

Reinsurance prices fell by as much as 25 % in key markets mid-year as pension funds poured in money and demand for cover from insurers remained subdued. Reinsurers had been negotiating with insurers in the United States, Australia and Latin America to set the terms and prices for shouldering big risks like hurricane and earthquake damage in Contracts that took effect from July 1, 2014. The reinsurance industry, whose biggest players are Munich Re, Swiss Re and Hannover Re, was unable to halt a decline in its pricing power, dubbed a "soft" market in industry parlance.

The global slump in interest rates since the financial crisis has made it hard for reinsurers to earn a good return from investments. It has also tempted pension funds, institutional investors and high net-worth individuals to invest in capital market products that compete with traditional reinsurance, such as catastrophe bonds. Total catastrophe bond issuance in the first half of this year was 50 % higher than for the same period last year.

Insured Natural Catastrophe Losses in 2013

Insured losses may have dipped, but the loss of lives is staggering. Natural catastrophes quite often prove the most costly in terms of insured P&C losses, including a wide spectrum of triggers from auto and property damage to business interruption and even supply chain losses. Insured losses were roughly $45 billion U.S., down from $81 billion in 2012 and below the inflation-adjusted average of $61 billion for the previous 10 years, due largely to a benign hurricane season in the U.S., says Swiss Re in its latest Sigma report on natural catastrophes in 2013. In 2013 almost 26,000 people lost their lives or went missing due to natural catastrophes and man-made disasters, making the year the 20th most deadly on Sigma records. The number of lives lost was up 83% from the previous year but was well below the yearly average since 1990 of around 68,000 deaths. Globally, about 20,000 people were killed or went missing in natural disasters in 2013, the majority in storms, floods and other severe-weather events.



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INTERNATIONAL

Insurance premium growth slowed in 2013

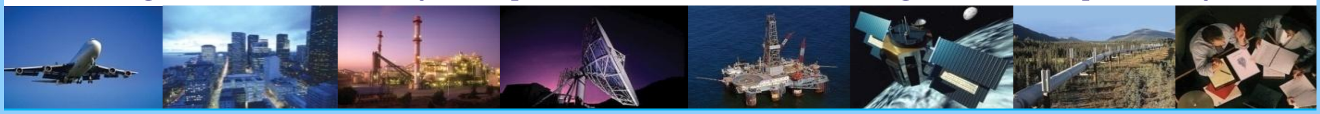
The growth rate of global non-life and life insurance premiums was slower in 2013, than the rate seen in 2012, but both are expected to strengthen during 2014, according to one of the world’s largest reinsurance firms Swiss Re. Swiss Re’s latest Sigma Report looks at the growth rate of insurance premiums around the globe. Last year the report found premiums rising at a faster rate and the reinsurer said it expected non-life premium growth to expand, but the growth spurt seems to be taking longer to kick in than perhaps expected. Global insurance industry premiums written in 2013 grew by 1.4% in real terms after a 2.5% increase in 2012. Swiss Re says the slowdown in premium growth is largely due to life insurance market weakness in advanced markets, however non-life premium growth also slowed. Global life premiums were up just 0.7% in 2013, with weak sales in North America and the advanced Asian markets offsetting a strong performance in Western Europe, Oceania and most emerging markets. Non-life premiums grew by 2.3%, also less than the previous year as growth slowed in the advanced and emerging markets. Overall profitability in both the life and non-life sectors improved, despite the impact of still low-interest rates on investment returns. Weaker global economic factors are to blame for a slide in non-life premium growth in some developing nations.

Middle East: Billion-$ buildings

The Middle East is home to 30% of the tallest 100 buildings in the world, with 20% of the tallest 50 buildings located in Dubai. The soon-to-be 'world's tallest building', the 3,280-ft Kingdom Tower is being built in Jeddah in Saudi Arabia, according to a report by engineering insurer, Allianz Global Corporate & Specialty (AGCS) titled "Supertall Buildings - Construction risk assessment in the 21st century”. With the latest generation of high-rise buildings reaching new heights, the supertall construction boom is bringing new challenges as projects are built higher, faster and with increasing complexity, said AGCS which is the re/insurer for many of the world’s tallest buildings, including Kingdom Tower.

The average height of the world’s tallest 100 buildings today (358m) has increased by 25% since the start of this century. The average height of the tallest 20 buildings in the world in 2020 is expected to be close to 600m. When the Kingdom Tower development (1km) is completed in 2019 it will mean the height of the world’s tallest building will have doubled in 10 years. These are being made possible by a combination of new technologies, innovative building materials and creative design elements.

AGCS engineering risk experts maintain that these projects are highly complex, as they can involve up to 10,000 workers and over 100 subcontractors. Outside of planning restrictions, limiting factors are efficiency and speed of elevators, new building materials to potentially



replace steel and concrete, safety measures and damping systems. Cost is the major obstacle preventing developers going much beyond the one-mile mark - at least not in the next few decades. Buildings like Kingdom Tower will remain the exception rather than the rule.

Increasingly complex high-rise building projects present significant risk challenges meaning insurance claims and risk consulting services are particularly important on a construction site.
The impact of any seismic or natural catastrophe activity, in particular, flooding during the construction stage; the threat posed by wind loads and fire; and choice of building materials, also represent key challenges.

Some significant technical issues including pumping and placing concrete at extreme heights; cranage and lifting items to such heights; and significant variation in wind speeds between ground level and higher levels that affects design and construction works. In addition, maintaining verticality as the building height increases; elastic shortening of constructed building elements as the imposed weight from the completed building increases; maintenance and repairs of inside and external elements; and building services provisions – electrical, water and sewer disposal.

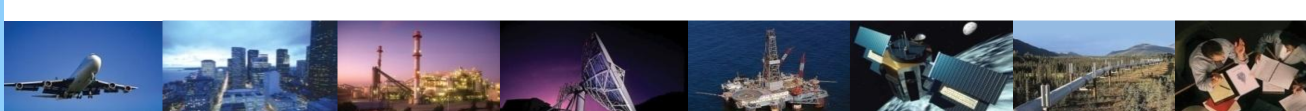
The insured values involved with supertall buildings are increasing with insurance playing a vital role in ensuring such projects advance past the design stage. Today’s newest and largest buildings easily exceed US$1 billion or more in value. Among them, the Kingdom Tower has a total insured value of US$1.5 billion.

For insurers, each project must be planned and assessed on its own merits and specific risks. Timelines may extend, design plans may alter and engineering challenges may arise. Regular sharing of accurate management information to all stakeholders is crucial. Close evaluation of past claims is essential in preventing future claims.

New risk challenges continue to emerge post-construction as demonstrated by increasing concerns over the potential impact of glass facades on the surrounding locality. Unexpected consequences of building so high with such materials highlights the need for ongoing risk mitigation.

Australia: Aussie insurance sector is world's best performer

Australia's insurance sector stands out as the best performing in the developed world with both the non-life and life sectors showing strong premium growth. This was shown by the Basel-headquartered Bank of International Settlements (BIS), the central bankers’ bank, in its 2013/2014 annual report released over the weekend. The report also showed that Australians are facing some of the biggest increases in insurance premiums in the developed world. The BIS found premiums in Australia grew by 7.1% for non-life products last year. Life insurance premiums among Australian firms rose by 12.1%. Returns on investment by Australian insurers were also the best, as measured by the BIS, at 5%.



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Supply Chain Risk Management

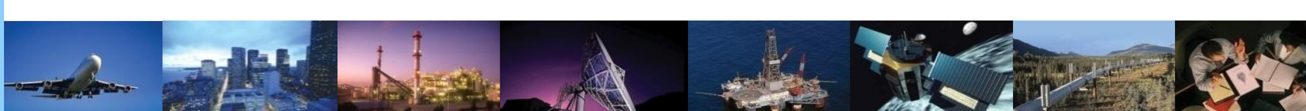
About three-quarters (76 %) of companies participating in the Survey described Supply Chain Risk Management as very important. The majority of companies see Supply Chain Risk Management as important to their business, but only 7 % are generating returns of more than 100 % on their Supply Chain Risk Management investments, according to a Study of more than 1,000 companies worldwide by Management Consulting and Technology Services specialist Accenture. However, the Survey also found nearly 70 % of leaders said their investments will generate a return of at least 100 % in the next two years, as opposed to 4 % of others. Industry leaders were nearly three times as likely as other companies to say they planned to boost their investment in risk management by 20 % or more in the next two years.

The top three sources of risks identified by senior operations executives are IT (39 %), cost and pricing factors (39 %) and the global economy (37 %). Natural disasters or unforeseen events, such as the Thai floods or the tsunami in Japan, were only cited by 17 % of the respondents, making that the least frequently flagged risk. The areas most frequently exposed to those and other risks in the corporate supply chains were quality (45 %), planning (39 %), supply chain skills and talent (38 %) and sourcing and procurement (37 %), according to the executives.

Legal Gaps in Disaster Risk Management

Findings from a new joint report from the International Federation of Red Cross and Red Societies (IFRC) and the United Nations Development Programme (UNDP) have underscored the urgent need for governments to establish stronger laws that protect at-risk communities from the threats posed by natural disasters. Disaster risks are increasing globally and over 40 % of annual disaster events occur in Asia Pacific. This trend is due to factors such as the increasing intensity of weather related disasters, growing urban populations with more people living in slums and hazard prone areas, and widening socio-economic disparities in the region. These factors increase the vulnerability of already risk-prone populations.

The ground-breaking report entitled, “Effective law and regulation for disaster risk reduction”, is an in-depth comparative study of disaster risk reduction legislation in 31 countries worldwide. It calls for greater focus on the implementation of existing legislation, including ensuring local authorities are equipped with the necessary skills and resources, and more participation of at-risk communities in the formulation of risk reduction laws and policies. The study is based upon extensive desk reviews, case studies and high-level consultations. It aims to support legislators, public administrators, and disaster risk reduction (DRR) and development practitioners and advocates, to prepare and implement effective legal frameworks for disaster risk management.



A number of countries from Asia Pacific feature in the report with Viet Nam, the Philippines and New Zealand being held up as positive examples of progress. These countries have strong disaster management laws and have made good progress in initiatives such as establishing effective early warning systems, promoting insurance to help people recover from disaster losses and pushing for greater DRR awareness and education for the public, particularly in schools. In Viet Nam, for example, legislation on early warning has contributed significantly to reducing risk and saving lives from floods and storms.

Compulsory Environmental Liability opposed

An EU-wide Compulsory Environmental Liability Insurance system would not benefit customers and so should not be introduced, according to Insurance Europe, the European insurance and reinsurance Federation. The Federation consists of 34 members, representing Europe’s national insurance associations. It includes all types of insurance and reinsurance undertakings – pan-European companies, monoliners, mutuals and SMEs.

It recently conducted a survey on the Environmental Liability Directive (ELD), which it said revealed that many different insurance solutions are already available in EU member states to cope with market demand. The survey also demonstrated that a voluntary free market in member states is already functioning in this challenging area, with different products and approaches available. An important conclusion drawn from the survey is that a ‘one-size-fits-all-approach’ at EU level would not be feasible. On the contrary, such an approach could impede the current encouraging development of insurance products in the member states.

Insurance Europe listed the” key findings” of the survey as follows:

- ❖ In most markets cover is available for all ELD risks (primary, complimentary and compensatory remediation measures).
- ❖ There is a diverse range of solutions, which reflects the various needs in different markets.
- ❖ Cover for ELD risks is provided either as part of general liability policies or as stand-alone environmental liability products that are provided by individual insurers or as environmental liability pools.
- ❖ The majority of ELD cover is between €1 million [$1.37 million] and €5 million [$6.85 million], with uptake dependent on market demand.
- ❖ Available capacity for environmental liability in some markets is up to €50m, or can be even higher on request.
- ❖ Different risks are covered by different markets, with some risks, such as environmental damage, being more standard across EU member states, whereas others, such as business interruption, vary.
- ❖ Over half of the countries surveyed offer products on a multi-national basis.
- ❖ There are few reports of ELD insurance claims.

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Risk Preparation & Crisis Planning

European board members are lagging behind their international counterparts in risk-preparedness, with only 26 % confirming they have clear crisis management procedures in place for a major risk incident or scandal, according to a new Report commissioned by leading international law firm Clifford Chance. This compares with 40 % of North American board members and 43 % in Asia-Pacific. These findings are featured in *View From The Top: A board-level perspective on current business risks,* a Report drawing on a global survey conducted by the EIU which canvassed the views of 320 board members of companies each with over half a billion dollars in annual revenue.

View From The Top: A board-level perspective on current business risks considered attitudes to other areas of risk and found further disparities between European attitudes and those of respondents from the rest of the world. These include:

Cyber Risk: Only 12 % of European board members include this risk in their top three areas of focus, compared with 23 % of North American boards. This highlights that US companies are at the forefront of awareness and prevention. But European boards are also starting to focus on this, driven by the globalization of security concerns and proposed European regulation that could dramatically change the European data privacy and cyber security landscape.

Corporate Culture: only 12 % of European respondents have implemented a review of corporate culture from a risk perspective. This compares with 26 % in North America and 29 % in Asia-Pacific.

Measuring Risk Management: only 20 % of Europeans in our survey have made risk management a measurable element of key personnel/staff rather than just the role of the compliance function. This compares with 33 % in North America and 44 % in Asia-Pacific.

New report on case for managing road risk at work

The European Transport Safety Council [ETSC] has just published a report targeting employers providing an overview of the business case for employers to invest in a Work-Related Road Risk Management (WRRRM) programme. The Health and Safety Authority participated in the multidisciplinary expert group that assisted in development of the report. The report outlines that financial and other benefits of managing work-related road risks could outweigh the costs of implementation. It details other benefits such as increasing efficiency in organisational management and administration.

The report shows that, by investing in Work-Related Road Safety (WRRS), employers can also gain a competitive advantage as well as fulfilling their legal compliance obligations. The

report covers a list of possible costs and the importance of introducing measures to reduce them. It looks at sources of funding including risk financing in co-operation with insurers. It also cites some examples where financial advantages can be gained by implementing measures such as journey management and vehicle maintenance.

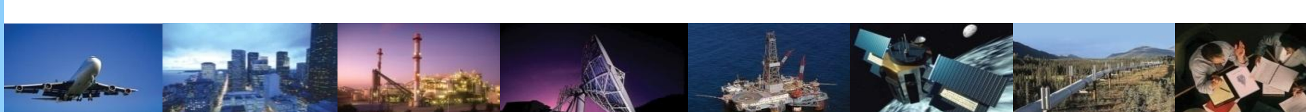
Ports at risk to cyber-crime

As the use of cyber technology spreads worldwide, ports and terminals are at greater risk to economic and commercial damage, says TT Club. The insurance and risk management services provider says while advanced IT systems provide greater opportunities for transport operators and cargo handling facilities to lessen their exposure to theft and fraud, such increased sophistication also benefits those with criminal intent. Yet, the most common targets are individuals' personal devices where cyber security is less adequate. Hackers often make use of social networks to target operational personnel who travel, and truck drivers to ascertain routing and overnight parking patterns. The type of information begin sought and extracted may be release codes for containers from terminal facilities or passwords to discover delivery instructions. Now, TT Club is advising operators to be vigilant and is calling for employees to be educated about the robust risk management policies designed to defend their organisation form cyber-crime.

Natural disasters doubled

The number of natural disasters has nearly doubled in the last three decades, with the cost of these events rising substantially–from around $50 billion annually in the 1980's, to just under $200 billion per year in the last decade. Understanding disaster risks is critical for countries to limit the human and financial impacts caused by floods, cyclones, earthquakes and any other potentially damaging natural events.

To better advance this understanding, over 800 disaster management practitioners and leaders from government, civil society, technology and financial companies from around the globe are in London this week for the third biennial Understanding Risk (UR) Forum—the premiere platform for collaboration, knowledge sharing and innovation in assessing disaster risk. As the data and recent events like the floods in the UK and other parts of Europe clearly show, the economic impact of disasters is on the rise. We must urgently invest more in managing such risks and build resilience to preserve hard won development gains. The Understanding Risk Forum offers an ideal platform to showcase innovative thinking in risk assessment as well as new products in areas like catastrophe risk and weather related insurance, encouraging partnerships and scale-up of sustainable solutions.



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Multiple service providers increase risk of data leakage

Many organisations collect, aggregate and use data more broadly, but face increased risk as they engage multiple service providers, a legal expert has warned. DLA Piper intellectual property and technology group partner Peter Jones said there was a -greater risk of potential disclosure through the use of multiple service providers. The more you divulge control to multiple organisations the more access points there are to that data. Or there can be, depending on how you structure your security arrangements.

When data storage/management was outsourced and specific analytics providers were engaged, control was limited. It is that issue of the multi-sourced environment where you have got a range of different service providers and where those service providers may be based in Australia, in India, in The Philippines, the US or -globally through things like cloud service platforms. All of those things do create some real challenges when you are looking at it from a legal and a risk-management perspective around what it is you need to put in place with those service providers to protect as much as you can that sort of data.

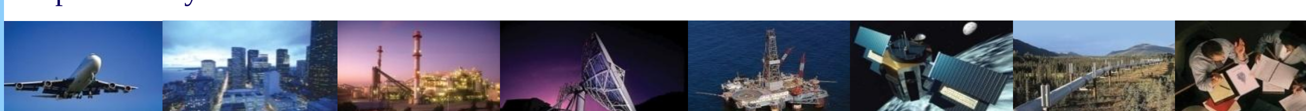
“Data leakage’’ could ultimately impact brand and result in a loss of customers, which affected revenue and profitability.

In January 2014, tens of thousands of South Koreans swamped banks and call centres to cancel credit cards following the unprecedented theft of the personal data of at least 20 million people. Organisations should ensure that they had in place sufficiently robust processes, contracts, service engagement requirements and audit rights to be in the best position to respond to a data leakage.

Accumulation in cyber risks

The interconnectivity of cyber risks makes accumulated losses a real possibility for insurers, with the potential of a chain reaction akin to the sub-prime mortgage exposure that fuelled the global financial crisis, according to panellists at a cyber liability event held in Singapore recently. Attendees at the Asia Cyber Liability Insurance Conference heard that while much of today’s discussion revolves around managing cyber exposures for individual organisations, insurers should also focus their attention on the systemic element of ‘cyber shocks’ that may cause disruption to supply chains amongst others. We’re all increasingly reliant on the same operating structures, the same cloud providers and so forth and it becomes a monoculture where everything is correlated.

Given the large scale of the risks involved, the focus should shift from protection to increasing the resilience of organisations to face these threats. Businesses should not just invest in IT but also invest in ways to hedge against cyber risks, and this includes strengthening resilience and putting in place things such as business continuity and crisis management plans. Insurers should encourage their insureds to have in place measures that would boost their resilience against potential cyber shocks.



Industrial accident claims on the increase

Industrial accident claims in India have been increasing, rising at 10-15% compared to last year. On the other hand, premiums have remained soft owing to a competitive market. On an average, yearly losses in the industrial risk segment have been in the range of INR800 million (US$13.3 million) to INR1 billion, and the combined ratio exceeds 100% since it is not a very profitable segment. However, since India has not seen major nat catastrophe events or major gas leaks or nuclear-energy related accidents except for a few minor reported incidents with low losses, premiums have stayed on track.

Insurance at every age

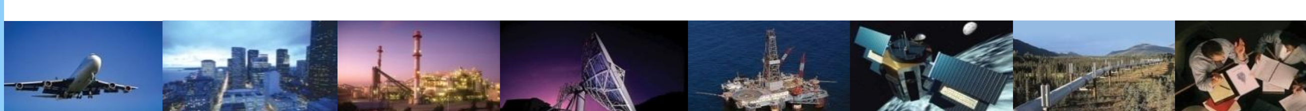
In Your 20s

Health Insurance. Healthcare is impossible to afford without insurance. Children can stay on their parents‘ Policies until they get occupied. One will need coverage immediately after that period. If you have a job, you can usually obtain it through your employer.

Auto Insurance (when you get a car). If you have a car, you need Auto Insurance.

Disability Insurance (when you get a job). Disability Insurance is meant to provide income should you be disabled and unable to work. If you're relying on your income to live, you should have Disability Insurance. Most people who are traditionally employed should be able to secure a Policy through their employer, while people who are self-employed will have to take out an individual Policy. Some people may prefer the increased coverage provided by buying private Policies to supplement those from their employers. This is even more important if you have dependents relying on your income.

Renter's Insurance (when you rent your own place). Renter's Insurance, while not a baseline requirement like Health or Auto Insurance, is something any renter will be glad to have in the case of a fire, leak, or storm. While policies differ, they're generally low cost and cover costs including the replacement of your personal property as well as a temporary living situation should you be unable to occupy your rented home.



Since 1943

In Your 30s

Life Insurance (when you get married and/or have children). Life Insurance, like Disability Insurance, is meant to replace your income for those relying on it should something go terribly wrong. There's one situation in which pretty much everyone agrees some type of Life Insurance is a good idea: When you have dependents, such as minor children or a spouse who doesn't work.

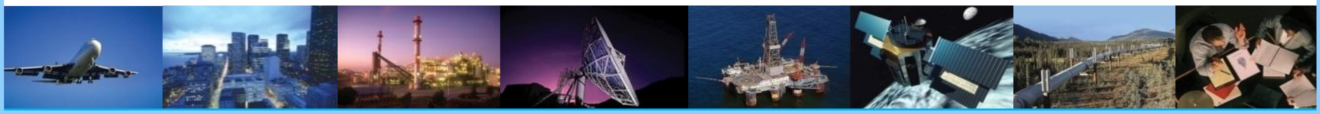
Many people will be able to get coverage through their employers, but not always as much as they need. Some experts recommend replacing up to 10 times your annual income.

Homeowner's Insurance (when you buy your own place). If you own a home, you need Homeowner's Insurance, which should cover everything from the structure itself to your belongings to liability should someone be injured on your property. If you live in an area that's subject to flooding, earthquakes, or other natural disasters, you may need to purchase additional coverage that isn't included in your primary Policy.

Pet Insurance (if you have a pet). Pet Insurance isn't necessarily a must-have, but if you're the type to shell out for your dog's surgery, it might be worth considering. Some plans even cover routine vet visits and vaccinations, and most will reimburse 80-90% of your vet bills for a medium premium.

In Your 40s

Long-term Care Insurance. Long-term Care Insurance is exactly what it sounds like: It covers care for people who are aging or disabled and need help with daily living, whether a nursing home or an attendant. This is the sort of thing people don't think about until they get older and realize this might be a reality for them, but of course, as you get older you get more expensive to insure. That's why it's a good idea to start looking at Long-term Care Insurance well before you need it.



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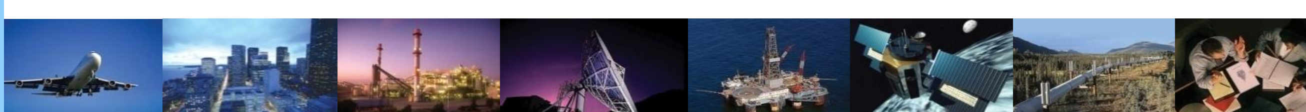
"FIRE" TIPS

A fire in a commercial building, where most offices are located, is a major threat to life and property. It always helps to be informed so that you can stay calm and handle a crisis effectively.

Here's a checklist of what you need to do:

- If there is a fire, the first thing to do is yell 'Fire'! as loudly as possible to alert your co-workers. Often employees think it may be a drill and lose precious moments for evacuation.
- Locate a fire extinguisher and pull the fire alarm switch. The two should be located close to each other.
- If you know where the mains are, immediately switch them off.
- Remember that hot air rises while cold air sinks. So, if there is smoke, stay low to the ground as this will reduce your exposure.
- If visibility is low, keep your hand on the wall so that you do not lose your way.
- Crawl to the nearest exit or stair-case. Never take the elevator when there is a fire, no matter what floor you are on.
- Always feel doors before entering a room. If the door or handle is hot, do not enter the room.
- If your clothes happen to catch fire : Drop and roll on the ground till the flames subside.



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Is your office safe?

Make sure you and your co-workers are prepared for a crisis by referring to this checklist:

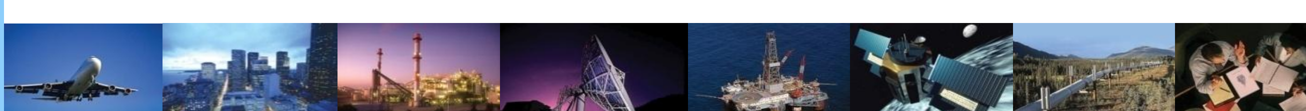
- ❖ Your office must have fire extinguishers in prominent places. You and your co-workers should be aware of where they are and how to use them.
- ❖ Encourage your office to have a fire drill that is mandatory every few months.
- ❖ Ensure your office doesn’t allow people to smoke in a closed room.
- ❖ Make sure there are no big piles of paper around your workspace. Schedule regular recycling programmes.
- ❖ Ensure that the walkways are clear at all times.
- ❖ Get the IT Department to check the computer cables every few months.

Don’t be a spectator

If you see a building on fire, don’t just stop and stare. Your immediate action can help save someone’s lives. Here’s what you should do:

- ❖ Call the Fire Department. Don’t assume someone already has.
- ❖ Make way for ambulances and fire engines on the road. They have right of way.
- ❖ Try to dissuade other civilians from entering the premises. This is very important since they may not be thinking rationally if they have loved ones trapped in the building.

Source: The Economic Times Panache



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Head Office :

Maker Bhavan No. 1., Sir Vithaldas Thackersey Road, 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

Team Co-ordinator : **Sanjiv Shanbhag**
sanjiv@jbbodamail.com
We value feedback at : median@jbbodamail.com
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