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FIRST ON  
**PROTECTION**



**J. B. BODA**



**Years**

1943 - 2018

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## NEWS AT J. B. BODA



**Training our business partners from Bangladesh  
- 17<sup>th</sup> to 19<sup>th</sup> Sep 2018 - Mumbai**



**Agriculture Insurance Seminar in Cairo, Egypt on 24<sup>th</sup> & 25<sup>th</sup> Sep 2018  
Opening speech by Mr. Rohit Boda and senior industry leaders**



**Management and Seniors meet for 75<sup>th</sup> year event scheduled on 2<sup>nd</sup> Nov 2018  
- 25<sup>th</sup> Sep 2018 – Mumbai**





## ON “WRITE” SIDE

### Road traffic accidents represent a real scourge

Road traffic accidents represent a real scourge which could by 2030 become the fifth leading cause of death worldwide, with 2.4 million deaths per year.

#### **Road safety in 2017**

Road traffic accidents remain a real scourge. Despite improved road safety, particularly in developed countries, every year, road accidents claim the lives of 1.3 million people worldwide.

Low-income and middle-income countries account for 93% of the number of deaths, while the same countries account for only 54% of the global fleet.

#### **Road Safety in 2017: the World Health Organization report**

According to data from the World Health Organization published in July 2017, lack of road safety in the world:

- is the leading cause of mortality in low-income and middle-income countries,
- causes between 20 and 50 million injuries every year,
- is the leading cause of death among the 15-29 year-olds,
- causes the death of vulnerable road users: half of the people killed on the road are pedestrians, cyclists and motorcyclists,
- is costly to economy. It includes nearly 3% of the countries' GDP,
- is likely to be the seventh leading cause of death by 2030. In 2009, road accidents were ranked ninth in deaths.

#### **Road Safety in 2017: main risk factors**

Among the risk factors identified by WHO are the following ones in descending order :

- speeding,
- driving while intoxicated or under the influence of psychoactive substances,
- non-compliance or absence of safety provisions (helmet, seat belt, car seat for children ...),
- distracted driving due to the use of mobile phones,
- dangerous road infrastructure,
- failure to comply with the Highway Traffic Act,

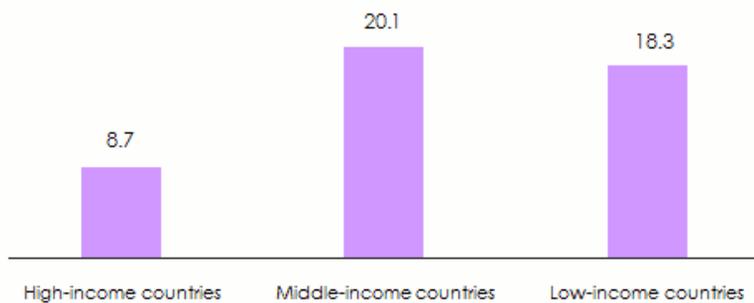
#### **Road safety: ranking of countries according to the mortality rate on roads**

Below is the 2015 ranking of countries according to the road mortality rate. This is the number of fatalities per 100 000 inhabitants.



The average mortality rate is highest in middle-income countries, that is 20.1, compared to 18.3 for low-income countries and 8.7 for high-income countries.

Average mortality rate on roads per 100 000 inhabitants



### Road safety in Asia: number of deaths and road mortality rate

Ranking	Country	Population 2015	GDP/capita 2015	Number of vehicles 2015	Reported number of deaths <sup>1</sup>	Adjusted number of deaths <sup>2</sup>	Mortality rate 2015 <sup>3</sup>	Mortality rate 2010
1	Thailand	67 959 360	16 340	15 490 000	13 650	24 237	35.66	38.1
2	Iran	79 109 270	-	14 130 000	17 994	24 896	31.47	34.1
3	Vietnam	91 703 800	6 034	2 170 000	9 845	22 419	24.44	24.7
4	Malaysia	30 331 010	26 950	13 300 000	6 915	7 129	23.5	25
5	China	1 371 220 000	14 450	162 845 000	62 945	261 367	19.06	20.5
6	Sri Lanka	20 966 000	11 763	1 470 000	2 362	3 691	17.6	13.7
7	India	1 311 050 530	6 100	28 860 000	137 572	207 551	15.83	18.9
8	Indonesia	257 563 820	11 057	22 500 000	26 416	38 279	14.86	17.7
9	Pakistan	188 924 870	5 010	3 220 000	9 917	25 781	13.64	17.4
10	South korea	50 617 040	34 647	20 990 000	5 092	5 931	11.71	14.1
11	Philippines	100 699 400	7 387	3 823 000	1 469	10 379	10.3	9.1
12	Japan	126 958 470	40 763	77 404 000	5 679	5 971	4.7	5.2
13	Singapore	5 535 000	85 382	813 000	159	197	3.55	5.1





## NATIONAL

### **Cabinet approves MoU with US in insurance regulatory sector**

The Indian union cabinet has approved the signing of a memorandum of understanding (MoU) between the IRDAI and the Federal Insurance Office (FIO) of the US.

#### Framework for cooperation and coordination

According to a statement issued by Press Information Bureau of Government of India, the MoU provides a framework for cooperation and coordination, including for the exchange of information and research assistance with respect to each regulator's overview and other lawful responsibilities. Under the agreement, both countries intend to share their experiences on various regulatory functions and to provide mutual assistance including training activities.

#### Collaboration in many areas of insurance sector

India and the US have also agreed to continue to facilitate cooperation on international standard-setting activities, financial stability and the development and implementation of consumer protection through sound prudential regulation of the insurance sector.

#### Opening up lots of possibilities for investment in Indian insurance

The US is one of the major contributors of foreign direct investment in India and many companies have set up joint ventures with US based insurers. With the foreign investment cap in Indian insurance sector at 49%, there is tremendous scope for foreign investments in Indian insurance sector particularly from US based companies. Hence the bilateral MoU between IRDAI and FIO holds lot of potential for the two countries.

### **New vehicle owners can buy long-term cover**

Buyers of new cars and two-wheelers must purchase upfront insurance cover for at least three and five years, respectively. Long-term premium payments would proportionately raise the initial outgo on new vehicles, but save consumers the trouble of yearly renewals.

As the practice of annual premium payments gets a quiet burial, the initial insurance cover on a new private car exceeding 1500 cc will be at least Rs 24,305 - up from abase of Rs 7,890 now. For bikes with an engine capacity beyond 350 cc, the buyer must pay Rs 13,024 against Rs 2,323 currently. Insurance premiums can vary across models.





The Supreme Court ordered that third-party insurance cover for new cars be for a period of three years, and five years for two-wheelers. The order would apply to all policies sold from September 1, 2018. The SC directed insurers to offer long-term, third-party covers because of lower penetration, although insurance is mandatory for all road-worthy vehicles.

### **‘MOVE TO HELP IMPROVE PENETRATION’**

As vehicles age and depreciation accelerates, many owners either tend to skip annual renewals, or buy policies that do not cover risk totally. This initiative goes toward improving penetration in the overall sector and more vehicles to be covered. The question of uninsured vs insured will go away. The extent of insurance cover on third-party vehicles will be bigger and better.

The government of India report (Road Accidents in India-2015) puts the daily accident count at 1,374 and road fatalities at 400. There is no legal time limit on insurance claims. Cases can be filed either in the area where the accident occurred or where the claimant or defendant resides.

The sum insured is unlimited in case of fault liability claims. Separately, the insurance regulator has asked insurers to apply their own underwriting principles and start distributing long-term products. Insurers can either offer the long-term package cover — ‘own-damage’ and ‘third-party’— or a combination of long-term third-party and one year for own vehicle damage.

The regulator has asked insurance companies to collect the premium for the entire term — three years for new cars and five years for two-wheelers — at the time of sale. The premium will be recognised on a yearly basis: For each year, the total premium divided by the coverage duration would be treated as gross written premium during that year, while the rest of the funds would be considered ‘premium deposit’ or ‘advance premium’.

The insurer or the policyholder cannot cancel third-party cover during the term, except in the case of double insurance, or when the vehicle is not in use anymore or is sold or transferred. Also, the no-claim bonus would be applicable on the own damage component only when the policy term has been completed. The regulator will separately prescribe the commission payable for long-term cover and the payment of commission in a year will be only on the gross written premium recognised for the year.





## **National census to collect info on insurance cover for the first time**

India's decennial Census exercise is likely to collect data on bank accounts per household as well as penetration of insurance services, for the first time ever.

The Census 2021 questionnaire is currently being finalised in consultation with various central ministries and departments. Sources in the Home Ministry told Times of India that as part of ongoing consultation for designing the questionnaire for houselisting/enumeration for the next census, the Finance Ministry has sought to refine the 2011 question of whether there was a bank account held by the household, to how many bank accounts are held by members of the household.

Another important information that the Finance Ministry wants collected is about insurance acquired by a household.

“The questionnaire is being redesigned to widen the scope of information being collected so that it can be applied to improve the delivery of various government schemes. The responses will be further codified so that collation of data is faster. We are looking at releasing complete data within three years of conducting the census,” said a Home Ministry official.





## **INTERNATIONAL**

### **Brazil's fire-ravaged National Museum had no insurance or own fire brigade**

The two centuries old National Museum of Rio de Janeiro, which was destroyed by fire, lacked insurance on its assets and did not have a fire brigade to combat possible sources of fire in the event of emergency, stirring public outrage over the lack of public funding for the museum's maintenance, while also pointing to problems of the building's infrastructure as other causes of the tragedy.

An insurance policy and the creation of a group of officials authorized to fight fires had been ruled out by the institution, as they were additional costs that could not be covered.

The 200-year-old building, which initially served as the imperial palace of Brazil, operated without a valid license of the local Fire Department.

According to preliminary reports, the flames devoured about 90 percent of the museum's collection, which was made up of some 20 million artifacts and documents, making the institution the largest of its kind in Latin America.

The government, which had for years reduced the budgets allocated to the museum, announced an emergency fund on Sunday which would be used for the reconstruction of the building and for the acquisition of a new collection.

### **More Infrastructure Needed for Arctic Sailings Insurance**

The position paper lists a number of considerations to be taken into account when assessing individual voyage risk. These include regional rescue and salvage facilities, potential places of refuge, expected weather conditions, experience of crew and the operational performance of the vessel itself.

“The marine insurance sector, like all sectors, wants to see enhanced safety for ships operating in Arctic waters. We would strongly encourage an improved infrastructure to provide the required level of search & rescue capacity alongside suitable places of refuge. We would also like to see updated surveys and more reliable charting of the region. This would assist marine underwriters to quantify the risks involved,” Helle Hammer, IUMI’s chair of its Policy Forum and co-author of the position paper, said.





Historical information, due to the current limited number of sailings and constantly changing ice conditions, is not available and this is forcing marine insurers to take a more cautious approach to risk assessment.

“When assessing risk for insurance purposes, historical loss data is a key factor, and that’s missing for Polar operations. This means that underwriters must assess each voyage on a case-by-case basis. Alongside the availability of suitable infrastructure, IUMI is encouraging insurers to consider the vessel’s Polar Ship Certificate and take into account the vessel operator’s level of preparedness and planning,” Hammer added.

### **Egypt: 3 key challenges facing establishment of national reinsurer**

Three main challenges need to be resolved before a national reinsurance company can be established in Egypt, according to Mr Alaa El-Zoheiry, managing director of Arab Misr Insurance Group Group (GIG) and chairman of the Insurance Federation of Egypt (IFE).

He said in an interview with Daily News Egypt, “First of all, the capital of the reinsurance company should not be less than \$200m or \$250m, which is a huge capital amount; hence you will need the entry of investors and banks to invest in the capital.”

He added, “Notably, the breakeven of reinsurance operations is around five or seven years, therefore no one will invest in it unless he understands and favours reinsurance, as most banks and investors will prefer other types of investments for which the breakeven point is reached more quickly.”

The second challenge relates to credit rating. There are some international insurance companies which have rules barring them from dealing with a reinsurer with a low credit rating.

“Finally, the last challenge, is the lack of trained, qualified staff who understand well pure reinsurance. In this situation, the Egyptian insurance sector has two options: the first, is to appoint employees from outside Egypt, which is costly; and the second is to train employees in Egypt on pure reinsurance, which will take a lot of time,” said Mr El-Zoheiry.

He added that the IFE would continue to support the idea of establishing a reinsurance company in Egypt. Moves to set up a national reinsurer had failed to take off with several stops and starts, since a committee was formed to oversee its establishment in 2014.



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- Non-Life & Life broking

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