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NEW YEAR – 2016**





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PRIME STORY

In depth: Uncertain prospects pose fundamental questions for reinsurers (PART – III / III)

Table 1: Selected reinsurers - investment income 2007-2014, \$m unless stated

	2007	2008	2009	2010	2011	2012	2013	2014
Munich Re (€m)	6,450	3,708	6,271	6,993	5,512	7,790	6,598	6,675
Swiss Re	8,893	7,331	6,399	5,422	5,469	4,473	3,947	4,103
Hannover Re (€m)	1,038	992	1,029	1,133	1,238	1,358	1,314	1,350
XL	2,249	1,769	1,320	1,198	1,138	1,012	958	919
Everest	682	566	548	654	620	600	549	531
PartnerRe	523	573	596	673	629	571	484	480
Scor (€m)	563	665	505	558	508	488	443	474
Axis	483	247	464	407	362	381	409	343
Arch	463	468	390	365	338	295	267	303
Renaissance Re	403	24	324	204	118	167	208	124

Source: Insurance Day database

Table 2: Selected reinsurers – realised investment gains/(losses) 2007-2014, \$m unless stated

	2007	2008	2009	2010	2011	2012	2013	2014
Munich Re (€m)	2,803	2,208	1,612	1,649	1,244	652	1,059	1,561
Swiss Re *(\$m)	(615)	(8,677)	875	2783	388	947	766	567
Hannover Re (€m)	174	(114)	113	162	180	228	144	183
XL	(603)	(962)	(921)	(271)	(188)	14	88	108
Everest	86	(696)	(2)	102	7	164	300	84
PartnerRe*	(73)	(531)	592	401	67	493	(161)	372
Scor (€m)	117	87	177	207	187	161	130	135
Axis	5	(85)	(312)	195	121	127	76	132
Arch	28	(185)	78	241	102	183	70	73
RenaissanceRe	1	(206)	82	119	48	81	*35	*41

*realised and unrealised result

Source: Insurance Day database



Table 3: Selected international insurance and reinsurance company underwriting performance, first six months

Company	Underwriting result as % of net premium		Underwriting result as % of net profit	
	2014	2015	2014	2015
Ace	10.4	10.0	60.0	54.7
AIG non-life	0.2	0.6	-	-
Alleghany	9.8	10.8	64.7	78.6
Amlin	8.7	5.6	99.2	63.3
Arch	13.3	12.6	68.2	57.5
Axis	8.8	6.6	71.7	66.1
Beazley*	19.4	24.7	150.9	163.2
Everest Re	17.3	17.1	72.4	79.0
Hannover Re	0.2	(0.5)	3.4	-
Hanover	2.1	3.2	37.2	46.0
HCC	26.4	22.9	161.4	171.7
Hiscox*	33.7	22.9	174.6	175.9
Lloyd's	10.9	9.2	74.0	93.2
Markel	1.8	9.6	32.0	70.2
Munich Re	7.1	7.4	98.8	95.7
OdysseyRe	11.7	11.6	18.1	-
PartnerRe	6.3	5.6	35.8	129.5
QBE	3.5	4.8	62.3	60.5
RenaissanceRe	31.5	24.6	92.3	93.4
Scor	9.3	9.4	173.0	167.1
Swiss Re*	5.7	6.8	49.5	49.9
XL	6.7	8.6	-	36.1

*underwriting result taken as net earned premium less losses and underwriting expenses

Source: company filings/Insurance Day database



Table 4: Selected primary insurance company retention rates, first six months, \$m except where stated

	Gross written premium		Net written premium		Retention (%)	
	2014	2015	2014	2015	2014	2015
Ace	11,380	11,826	8,744	8,860	76.8	74.9
Alleghany	2,693	2,568	2,343	2,237	87.0	87.1
CNA non-life	4,904	5,103	3,421	3,307	69.8	64.8
Hanover	2,832	2,891	2,449	2,509	86.5	86.8
Travelers	12,926	13,016	12,035	12,066	93.1	92.7
RSA (£m)	4,440	4,201	3,508	3,332	79.0	79.3
Ageas (€m)	4,618	4,731	*4,311	*4,476	93.4	94.6
Allianz (€m)	38,908	42,124	36,416	38,621	93.6	91.7
Delta Lloyd (€m)	2,208	2,265	1,936	2,165	87.7	95.6
Generali (€m)	35,288	38,172	*31,194	*34,467	88.4	90.3
QBE	8,481	8,692	7,007	6,208	82.6	71.4
Sampo non-life (€m)	2,812	2,760	2,225	2,180	79.1	79.0
Zurich	29,314	26,872	26,030	21,857	88.8	81.3

*earned

Source: company filings/Insurance Day database

Table 5: Munich Re gross written premium regional breakdown, first six months 2015

Region	% of total
Europe	52.9
North America	33.2
Asia and Australasia	9.5
Africa and Middle East	2.6
Latin America	1.9



Table 6: Swiss Re net earned premium regional breakdown, 2014

Region	% of total
Americas	39
Europe	36
Asia	25

Table 7: Hannover Re gross written premium regional breakdown, first six months 2015

Region	% of total
Europe	42.2
North America	27.9
Asia	15.6
Australia	6.2
Africa	2.9
Other	5.2

Table 8: Scor gross written premium regional breakdown, first six months 2015

Region	% of total
Americas	44.5
Europe, middle east & Africa	39.8
Asia-Pacific	

Source: Insurance Day



NATIONAL

General insurance penetration down to 0.70 percent in FY15

Penetration of general insurance in India has come down to 0.70 percent in 2014-15 from 0.80 percent in the previous fiscal despite an increase in per capita premium during the same period, according to data from the General Insurance Council. Industry has blamed the decline on slow economic growth during the period, apart from life insurance players snatching away some products from the general insurance industry like medical insurance. However, the general insurance density - per capita premium - went up slightly from Rs 664 to Rs 686 last fiscal. In fact, the insurance density has increased threefold from Rs 235 to Rs 686 over a decade. The dip in general insurance penetration was due to lower economic growth.

Source : Financial Chronicle

Insurance claims in TN to be settled in a month

Union Finance Minister said the insurance claims submitted by applicants in the flood-hit districts of Tamil Nadu will be settled in four weeks. During his meeting with Chief Minister to discuss about flood related issues of the state, said natural tragedies pose a challenge and insuring the life and property will help people to face the situation. Asking the insurance companies to settle the claims fast, he said so far 11,000 applications for claims have been received by insurance companies from IT and others of which 2,000 claims have been settled. Claiming that all the insurance firms, 27 public sector and 17 private sector banks, which had attended a meeting, have been asked to provide all assistance to the people in the flood-affected areas, including soft loans. Loans will be extended to those affected by the recent floods under the MUDRA scheme.

Source : Deccan Herald

Private jets, airlines peg losses due to Chennai flood at Rs 400 crore

Private jets parked at Chennai airport and commercial aircraft bore the brunt of Chennai floods at the airport. In all, eight private jets and 14 commercial planes were hit. So far, aviation losses have been pegged at Rs 4 billion based on insurance claims - Rs 2 billion is the claims from marine cargo. This takes the total claim estimations from the Chennai floods to around Rs 30 billion. The marine and aviation claims account for about 20 percent of the total claims value received so far. Insurers state that commercial and nationalised carriers take a comprehensive cover that includes passenger liability and cover for hull and other parts of the aircraft. Airline insurance is fairly complex with many insurers going in for reinsurance. Damage occurred to systems at the parking bay (that help in aircraft navigation and landing) and other auxiliary equipment, insurance survey and assessment company said.

Source : The Times of India





Indian Industries Association launches cost-effective health insurance scheme for MSMEs

Members of Indian Industries Association- the apex association of Micro Small and Medium Enterprises (MSMEs), employees of member MSMEs and their families will now benefit from a specially designed comprehensive group health insurance scheme that provides health insurance coverage at much attractive terms. The IIA Health Insurance scheme was launched and the scheme is being looked at as a landmark scheme in the area of social security for MSMEs and is focused to encourage the 'Make in UP & Make in India' initiative. For the purpose of rolling out the IIA Health Insurance Scheme across the state, an MOU was signed. Under the captioned scheme the IIA will facilitate the enrolment process and will guide the team of enrolling member of MSMEs.

Source : The Times of India

Property and catastrophe insurance premiums likely to shoot up in 2016

Rising incidents of natural catastrophes, such as cyclones and floods, could lead to a jump in property and catastrophe insurance premiums in the next calendar year, say industry experts. According to industry estimates, insurers are likely to face losses of around Rs 25 billion from the recent Chennai floods. Incidentally, in 2014, India witnessed the world's largest and third-largest catastrophes — Cyclone Hudhud and the Kashmir floods, respectively — in terms of overall damage and losses estimated at Rs 50 billion. Industry officials say that premium rates on property insurance declined as much as 80 percent during the last five years due to pricing war among insurers. However, in 2016, this trend will reverse. As part of mega policies, insurers, apart from fire, cover big industrial assets against business disruptions. These policies are primarily reinsurance-driven as insurance companies pass on part of their risk to re-insurers to mitigate risks associated with severe losses. The fall in re-insurance rates globally, arising from overcapacity (oversupply of capital), have helped insurers keep the premium low.

Source : The Hindu Business Line





INTERNATIONAL

Market pressures to dampen reinsurers' bottom lines: Moody's

The impact of excess capacity, benign losses, low interest rates, and heightened competition, combined with further rate declines at the upcoming renewal season will be evident in next year's reinsurance company results, according to Moody's Investors Service.

During the last 24 months the profitability of global reinsurance entities have been masked by a lack of catastrophe loss events, reserve releases, and growth in earned premiums, explains Moody's.

All of which has resulted in companies, and the sector as a whole reporting solid return on equity (ROE), and underwriting margin figures, which perhaps, aren't a true representation of the reinsurance industry's current state.

Ample capacity continues to flood the sector from both traditional and alternative reinsurance capital providers and, its influence on rates has been exacerbated by the low loss environment, which has seen primary players retain more risk and therefore require less reinsurance, a driver of the current supply/demand imbalance that's discussed so much in the space.

Source: Artemis.bm

Vietnamese enterprises lose \$40,000 for every cyberattack

The toll that every cyber attack takes on businesses in 2015 was on average \$38,000, or VND864 million, a survey by Kaspersky and B2B International has found. The amount of money includes expenses on hiring experts to fix the problems, expenses on missed business opportunities and damages caused by work delays.

The surveyors found that in the last year, 1/3 of polled small- and medium-sized enterprises (SMEs) had to delay their work and lost business opportunities, while 88 percent had to ask for help from third parties to fix the problems, which cost \$11,000 on average.

Meanwhile, the profit loss was estimated at \$16,000 and the damage to businesses' reputation \$8,000.

About 90 percent of businesses were affected by dangers from outside at least once a year, while 73 percent met internal dangers, such as vulnerabilities in software, a risk of employees losing mobile devices and a risk of data leakage.



More than 1/3 of the surveyed firms confirmed that they had lost 'sensitive' data in cyberattacks.

Businesses need to find solutions to two problems

- 1) safety – i.e. protecting data from being deleted due to attacks, mistaken operations, systematic and software errors, and
- 2) security – decentralizing the data management: who has the right to create and edit data.

Source: Vietnam Net Bridge

Legal changes could leave gap in insurance cover for North Sea oil and gas firms

North Sea oil and gas firms may be left with a gap in their insurance cover because of legal changes being introduced next year, law firm HBJ Gateley has warned.

Requirements being brought into law by the Insurance Act 2015 mean businesses will have to give a breakdown of any risks to make sure they have enough insurance cover for operations, it added.

A gap could be created if these risks are not adequately identified, leaving the insured party without proper cover, it said. The assumption that insurance policies will cover unforeseen risks is no longer one that companies working in the North Sea can afford to make.

A fair presentation of risks now has to be provided and disclosed in a manner that is reasonably clear and accessible so as not to leave the insured company exposed to exclusions or unexpected costs in the form of reduced claims payments.

Source: Energy Voice

Cyber-attacks on banks, government websites intensify over holidays

Turkey is suffering from a wave of cyber-attacks on financial and government websites which intensified over Christmas, reportedly resulting in the temporary disruption of credit card transactions. The attacks on Turkish servers have been persistent in recent weeks, but on Christmas day Turkish banks suffered a website outage and reportedly saw sporadic disruption to credit card transactions, local media reported.



The DDoS attacks on Turkey's ".tr" domain, were serious as they include domains of ministries, banks, and the military. The ministry asked Ankara's Middle East Technical University (ODTU), which operates the ".tr" domain to step up security measures. ODTU's analysis said that the attacks are coming from "organized sources" outside Turkey.

The banking sector is one of the fastest growing areas of online services in Turkey and equates roughly to 1.5-2 billion transactions daily. More than 85 percent of daily banking transactions in Turkey are carried out on digital platforms.

Special Cyber government security units within the Information and Communication Technologies Authority (ICTA) and the Telecommunications Directorate (TIB) have been deployed to stop the attacks.

Source: RT.com.

Aviation market remains soft as renewals approach peak

Aviation renewals remained soft in November, with a combined rate reduction of close to 19%, versus 11% for the year to date. Rates fell were more when compared to last year as a result of the high level of losses in 2014.

Market conditions are expected to remain soft in December, the busiest month for renewals. December sees around 90 placements producing more than 50% of the annual airline premium pot. It includes the largest placement in the market, with a combined expiring fleet valued at \$116bn.

Losses for the year to date have been less than the five-year average, with hull losses of \$445m and liability losses of \$433m. This compares to \$302m hull losses and liability losses of \$835m in 2014. However, there have still been a few high-profile incidents, including the loss of Germanwings Flight 4U 9525 in March and a TransAsia flight that crashed in Taiwan.

Last year's renewals fell short of aviation insurers' expectations. Despite a high loss year renewals were up only slightly or flat, with combined hull and liability rates up 2%.





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