

THE GLOBAL INSIDER

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From the Chairman's Desk



Mr. Prabodh Thakker
Chairman & Executive Director

It gives me immense pleasure to extend heartfelt greetings to the readers of the first issue of "The GLOBAL Insider" exclusively curated for our esteemed clients, associates and partners. In line with our Vision to "Empower businesses and communities through responsible, judicious and futuristic risk solutions", this newsletter is a small, yet significant contribution towards our larger objective to empower businesses and communities to be "disaster ready".

Uncertainty is the fabric of today's society worldwide. Be it natural disasters where no scientific or technological developments can wield any control like the hurricanes, tsunamis, monsoon conditions or man made threats like fire, terrorism, lapse in security measures, financial frauds,

burgeoning scale of claims or even technology generated uncertainties like cyber attacks, businesses are exposed to unprecedented scale of risks. The fire that broke out at Kamla mills, Mumbai recently is one such example. Not only did it impact the outfit where the actual fire incident took place but it caused huge damages to other offices operating in the same building; resulting in loss of business in addition to the logistical and administrative disruptions. Unsure how "disaster ready" they were. These incidences are eye openers or jolt to the otherwise prevalent thought process, "Accidents happen only to others".

Additionally, with ever evolving business landscape the nature and relevance of risk contours is undergoing a substantial shift too. With power of social media increasing, employees are becoming influencers that can promote or destroy corporate brands. Thus, organisations are becoming more employee-oriented and focusing on themes like health and wellness, workplace safety, etc. On the financial accounting end too, we have observed introduction of new accounting standards or taxation practices that have changed the way businesses operate. Even regulatory framework is adapting to these emerging trends thereby adding to the ambiguity. These developments are

changing the way insurance is looked upon. In fact, increasingly "risks and readiness" are becoming a Board Room discussion topic too.

Observing these trends, we at GLOBAL, decided to introduce this newsletter for our key stakeholders. I am proud to mention that we have exclusively tapped the huge pool of knowledge, experience and expertise that GLOBALites possess. Through The GLOBAL Insider, we aim to give you a flavor of upcoming trends across industries, which in turn, will equip you to stay tuned to the latest developments that have potential to increase the Risk Quotient in your businesses. We are committed to delivering value to you and are certain that our insights will add value to your decision making proficiency.

I appreciate and applaud the efforts of our contributors and newsletter team.

Any opinions and encouragement will be welcome by the editors.

Regards,
Prabodh Thakker

An essential organizational strategy

Puja Parekh, Wellness Lead

As India pursues a pathway of accelerated economic development, growth in industrial and service sectors offers more employment opportunities. Promotion of employee health should be recognized as a prioritised need, as it represents a prudent investment for enhanced productivity and also signs responsible corporate conduct. The growing realization that health and economic growth have a bi-directionally reinforcing relationship is now beginning to foster investment in workplace wellness in many countries.

In the preamble to the Constitution of the World Health Organization (1948), health is defined as “a state of complete physical, mental and social well-being and not merely the absence of disease and infirmity”. Health and wellness refer to a state of physical, mental, social and spiritual balance, and the ability to make choices that help achieve or maintain such a state of balance. Workplace wellness in this sense refers to all those activities that are designed to help and support employees and their families follow healthy lifestyles that are conducive to achieving such a state of well-being.

The workplace becomes a powerful environment to influence and inculcate positive behavior change, given that individuals spend maximum waking hours in the workplace. By investing in health promotion and incentives, employers can create a healthier workforce by rewarding behavior modification including better utilization of care, better healthcare choices, and healthier lifestyle choices. These behaviors will result in reduced risk of chronic disease, lower medical costs, lower absenteeism and improved productivity.

Even with adequate commitment towards workplace wellness, identification of focus areas and a strategy to address them is key. Claims data, health risk assessments and global and national disease trends can provide important direction. A rapid rise in non-communicable diseases has been a global trend, and India is no exception. While infectious diseases have declined with advances in medicine, chronic and non-communicable diseases have increased steadily in the last two decades (Figure 1). This number is expected to rise even further, causing major concern in the public health community. Cardiovascular diseases today account for a quarter of all Indian deaths. Compared to other countries, India suffers a very high loss in productive years lost in those aged 35-64. A whopping 9.2 million years were lost in 2000 and 18 million are predicted to be lost in 2030. The contribution of CVDs is predicted to further rise to 36% by 2030, accounting for 19 million years of productive life lost (YLL). Further, nearly 40% of Indian adults have pre-hypertension, a precursor condition which has a very high likelihood of converting to hypertension if left unchecked. Hypertension accounts for 10% of all deaths. Most people suffering from NCDs incur high out of pocket costs for their treatment. According to estimates, nearly 45% of the total cost is medicine cost. In 2004, the annual income loss in working adults from out of pocket expenses towards NCD treatment was \$4bn (INR 251 bn). The cost of this burden cannot be ignored.

Another area of significant concern emerging in corporate India is depression and mental illness. According to estimates, nearly

42.5% of the Indian workforce suffers from depression, which has a tremendous impact on productivity. It is important that wellness programs focus on overall wellbeing, incorporating these silent trends even if claims experience may show no incidence yet.

Even as corporates are increasingly realizing the importance of investing in workplace wellness programs, the biggest barrier to success is in the way it's success is measured. Wellness programs are often abandoned because of an “unsatisfactory ROI”. It is important to bear in mind that while program effectiveness is difficult to directly measure, evidence suggests that effective wellness programs that focus on improving lifestyle behaviors such as reducing smoking, improving diet and increasing physical activity can reduce long term healthcare costs. Most programs must be in force for at least five years before achieving measurable health benefits exceeding program costs.

In the initial years, it may be wise to focus on participation alone. In year 2-3, it is fair to expect to see behavior change, and savings only in years 4-5. It is essential to focus on the Value of Investment, not just ROI.

Workplace wellness programs are no longer an added benefit, but a corporate necessity as well as responsibility. The fitness for duty principle states that healthier workers make happier and more productive workers. This makes it a true win-win for employee and employer both, with significant positive gains on HR, Finance, Health and Safety, Productivity, all of which are the cornerstones of a sustainable organizational strategy.

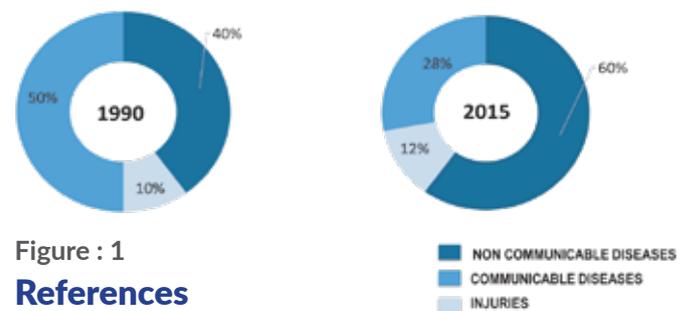


Figure : 1
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we repeat them, And how we can learn from them

Pronob Mukherjee, Consultant, Global Risk Consulting

News from the press reports from leading dailies of fire accidents during the past few months.

- 17th October, 2017 a minor fire broke out in the premises of the Prime Minister's Office in South Block.
- 17th October, 2017 a blaze started at a chemical plant located at the Turbhe, Navi Mumbai.
- 19 October 2017, a massive fire broke out at a multi-storey commercial building in central Kolkata. The fire was first seen on the 15th floor of the building and it spread to three other floors very quickly.
- 2 November 2017, at least 29 people were killed and as many as 100 injured in a blast at a coal-fired power plant in north India's Uttar Pradesh state.
- 5 November 2017, at least 15 labourers were injured, seven of them seriously, when a fire broke out in an oil mill following an explosion in an oil tank on Hisar-Tohan road near Hisar.
- 4 December 2017, a minor fire erupted inside a server room in Mantralaya, Mumbai. The fire erupted from the server room on the first floor. The fire was put out within minutes by the control room staff using portable fire extinguishers.
- 12 December, 2017, A major fire broke out at a refinery located at Odisha.
- 19 December, 2017, twelve migrant labourers were charred to death after a fire broke out at a snack-making unit at Sakinaka in Andheri (East), Mumbai.
- 29 December, 2017, 14 people died in the fire at a trendy rooftop pub in Mumbai's Kamala Mills complex. There were over 150 people on the top floor of the building when the fire broke out around 12.30 am. The flames, spread very fast due to combustible materials present. Most of the persons died due to asphyxiation. They tried to save themselves by taking shelter in a rest room which was filled with smoke. Escape routes were not adequate and fire safety issues were not addressed as per norms.

Improving fire safety can be quite simple if we go back to the basics. By analyzing fire accidents that have occurred, we can learn more from these accidents and thus be better able to prevent them occurring again. If we have not always prevented fire accidents in the past could be due to lack of knowledge and certainly not due to lack of desire.

We know for sure that there is no 'quick fix' to the problem of preventing fire accidents. Each accident is different and complex. There is no single cure for the lot. Each requires action at various levels, action to prevent the events that occurred immediately beforehand, action to remove the hazard and action to improve the management systems. Therefore, the following needs attention:

1. Recognized And Generally Accepted Good Engineering Practice" (RAGAGEP): are engineering, operation, or maintenance activities based on established codes, standards, published technical reports or recommended practices (RP) or a similar document. RAGAGEPs detail generally approved ways to perform specific engineering, inspection or mechanical integrity activities, such as fabricating a vessel, inspecting a storage tank, or servicing a relief valve.

What is it NOT...it is not a historical practice at a facility that has been done for many years and "has not killed us yet". We still see facilities doing tasks and practices that are "the way we have always done it" and cannot be traced back to any RAGAGEP and in some cases, we can demonstrate there is a RAGAGEP that shows their practice is UNSAFE.

2. Violations (non-compliance to statutory requirements): we do not live in a society where people will follow the rules just because they are told to do so. We must therefore explain to an individual why the job should be done the correct way. In addition, we should check from time to time to see that the correct methods are being used. Incorrect methods can often be followed for months or years before an accident occurs. Think for yourself, how many times have you exceeded your car speed limit without being stopped or fined?
3. Mismatches: between the job and the ability of the person doing the job. Someone knew what to do but it was beyond his or her physical or mental ability.
4. Slips and lapses of attention: someone knew what to do, intended to do it and was able to do it but failed to do it or did it incorrectly. These are like the slips and lapses of everyday life but more serious in their consequences. Human nature being what it is, they are inevitable from time to time and there is little that we can do to prevent them except, when we can, to reduce stress and distraction.
5. Think of actions rather than looking for causes: ask 'How can we prevent this incident happening again?' rather than asking, 'What was the cause of the accident?'
6. Do not blame an individual and say it was your mistake: attributing accidents to 'human error' has often been an explanation in itself and something which is beyond the control of managers. This view is not acceptable. Organizations must recognize that they need to consider human factors as a distinct element which must be recognized, assessed and managed effectively to control risk. Global Insurance Brokers Private Limited has an enhanced ability to provide consistent risk management guidance for Property and Business Interruption exposures. We care for you and it would be our endeavor to assist you in managing your risks that can be achieved by relatively simple changes in safety practices at your work place.

Yusuf Kotwala, VP, Motor



Introduction:

The word “telematics” stems from the combination of telecommunications and informatics, and it was the joining of these two sciences that resulted in the field of telematics.

The term is now more commonly used to apply to vehicle telematics, where location information is used in different business applications.

What is Telematics:

Telematics is nothing but fitting a device in your car, known as “BLACK BOX”, about the size of a smartphone, which records speed, distance travelled and the time of day or night that you are on the road. The device also assesses your driving style by monitoring braking and cornering, acceleration during your course of driving.

It is a method of monitoring a vehicle by combining a GPS system & with on-board diagnostics it's possible to record and map – exactly where a car is and how fast it's traveling, and cross reference that with how a car is behaving internally.

Current scenario of Motor Insurance:

At present, Motor Insurance in India is being priced based on parameters like the Make and Model of the Vehicle, its capacity, the geographical use etc. There can be several other aspects to the use of a vehicle. For instance, customers who use their vehicles for lesser duration or lesser distances are prone to lesser risks and those who use their vehicles for longer durations and more distances are prone to more risks, but both sets of customers today pay the same premium for a vehicle. There are various parameters to be considered in the assessment of risks that a vehicle is exposed to such as upkeep of the vehicle, how frequently it is driven, what distance it is driven for, the quality of roads it is driven on, the driving habits of the driver and so on. Consideration of these factors will lead to a more meaningful risk assessment and

provide for a more accurate mechanism for pricing. Second there is no standard guideline on what all information can and will be made available, first OEM's (Original Equipment Manufacturers) that is Automobile Manufacturers must agree on making the exact basic information being made available for monitoring. Most auto OEM's have the info, but they rely on using their own diagnostics when the vehicle goes for Service station. OEM's need to agree to make information available to centralized agency. Then comes the ability to consolidate all information being available sent to the cloud to a centralized location which the regulator (IRDAI) then makes available to all insurer's. This can only be done if the regulator appoints an agency for centralized collection of data, makes OEM's comply to have information & mandates all insurers to use the same data which makes analysis in sync with all the stake holders, else if porting from one insurer to the other you will not be able to get the discount / or premium benefits which one is looking out for.

What is Telematics Insurance?

Telematics Insurance is also commonly termed worldwide as Usage Based Insurance (UBI), Pay as you drive (PAYD), & Pay How You Drive (PHYD). These products would enable insurers to attract safer & aware drivers who put a premium to their car and their family's safety, thereby providing insurance company with a better risk profile. Usage based Insurance (UBI) products would be used more by owner driven cars and owners who would want to ensure their car is driven properly when they are driving, through the help of tracking speed, quality of driving by their respective drivers, made possible by the telematics device, The Black Box.

Insurance telematics is at an scence stage in India. World over some insurance companies are tr ing to tailor the premium on their policies on basis of the driving habits of prospect Insured. First & foremost, to even come up with standard method for assessing driving behavior in India is huge challenging task. Who decides what is considered Safe Driving Practice, what if they run errand at peak traffic hours? or what if an animal comes across the road & the driver needs to slam the brakes? Should their insurance premium fluctuate on that basis?

Advantages of Telematics

(a) To Customers:

1. A careful driver who doesn't cover many miles and 1. drives predominantly during off-peak hours could see a reduction in the premium.
2. A customer will find the premium to be directly proportional to the performance and usage of his/her vehicles/s bringing in transparency and fairness.
3. If one has a black box, it can act as a tracking device—if the vehicle is lost or stolen, it can be found sooner (by the police). The black box system, called e-call, helps emergency services locate vehicles in the event of a repair.
4. Telematics also facilitates fleets to determine the most efficient routes, saving them costs related to personnel, fuel and maintenance.
5. Due to connectivity and increased monitoring of the vehicle, there will be increase in the security and longevity of the vehicle. Other services like speed alerts, engine and battery health alert, breakdown call, crash alert, emergency calls, other service alerts and notifications etc. can also be availed.

(B) To Insurers:

1. It will help insurers in better segmentation of customers by assessing the risk accurately.
2. Telematics helps insurers estimate more accurately, accident damages and reduce fraud by enabling analysis of driving data (such as hard braking, speed and time) during an accident.
3. The data received and compiled can provide insurers with Next Gen analytical insights through predictive analysis.
4. It can help improve profitability of insurer because of better risk segmentation and deliver higher levels of customer insight improving relationship management and increasing retention rates.
5. The insurer can use cloud capabilities to notify drivers of available garages, based on the driver's destination. It can warn policyholders when they enter areas where auto thefts are more common, or accident occurrences are high.
6. During accidents, Telematics can automatically send data to an insurance company immediately after the incident, providing the first notice of loss. By rapidly analysing data from sensors on brakes, air bags, seat belts and other systems, the insurer can estimate the severity of the accident. The insurer can then initiate a series of appropriate actions, such as calling emergency personnel, contacting an automobile club or towing service, reserving and delivering a rental car to the scene or sending a replacement fleet vehicle in the case of a commercial operation, if the product permits it.

Insurance Telematics in India: The Journey so far

With the government mandating all public transport vehicles with over six-seater capacity should have location tracking devices, insurance companies in India are best positioned to capitalise on this growth.

The new regulation, coming into effect from April 1, 2018, will be applicable for state transport buses, school vans, ambulance and other special purpose public carriers. And insurers like Bajaj Allianz, ICICI Lombard and Liberty Vide con have already live-tested telematics solutions on the road. In 2015, ICICI Lombard has developed telematics to arrest marine cargo losses. It has been able to track goods in real time during transit to ensure that carrier does not deviate from the designated course. As a result, it has been able to minimize hijacking incidents.

Currently, Bajaj Allianz General Insurance Co has launched its Telematics offering named as "DRIVE SMART, in April 2017 nearly 6,000 vehicles of its policyholders fitted out with telematics devices - which track vehicle location, driving pattern, provide geo-fencing, engine/battery health indicators, towing services and alert emergency services in case of accidents. While currently the policy is for cars, the company can adapt usage for light and heavy commercial vehicles too

The Road Ahead

The adoption of Telematics in Insurance industry has its own set of challenges. The reduction in premium is another big challenge in emerging markets like India. The industry is evolving & the Insurer's need to focus more on avoiding road accidents through driver behaviour, tariff incentives, ADAS (Advance Driver Assistance System) functions and data analytics. Indian Insurance companies need to invest in technology to offer Indian customers telematics enabled insurance programs that benefit them in long run. Adoption of technology must pass the litmus test of economic viability of all stake holders. The entire premise of technology is that it brings efficiency and cost savings wherever it is deployed, the big question is does it hold true of telematics and Usage Based Insurance programs in India?

IRDAI has already put up a discussion paper for all the stake holders seeking their comments on the subject, in days to come we may see Motor Insurance wordings change in line with Telematics Motor Insurance.

The GLOBAL Edge

Date : 05/01/2018 Location : One Forbes - Mumbai



We launched our maiden session of “GLOBAL Edge”- An interactive discussion forum that aims to bring to GLOBALites new ideas, developments and trends across industries worldwide. The session was addressed by well-known economist Padma Shri Dr. Nirupam Bajpai who in his conversational style engaged the participants and shared some very interesting insights..

IDRBT Cyber Insurance Guide

Date : 24/11/2017 Location : Bangalore



On the 24th of November 2017, during a Banking CISO meet hosted by Syndicate Bank in Bangalore a long gestating project that our some of our esteemed expert personnel were part of finally came to fruition when a Cyber Insurance guide was released by an academic institution formed under the aegis of the Reserve bank of India. that was prepared by a cross functional committee that was led by the Institute for Development and Research in Banking technology’s center of excellence for Cyber-Security

Training

Date : 18/12/2017 Location : One Forbes - Mumbai



Full day training session was conducted at our Corporate office at One Forbes, for our teams from branches for imparting training on Trade Credit Insurance, Political risk Insurance, Cyber Insurance.

Receivable Risk Management Seminar

Date : 28/07/2017 Location : FGI Business Centre, Sevasi, Vadodara



Receivables are an important item in the balance sheet of any seller as receivable is converted in cash flow once the payments are received from customers which in turn goes for repayment of short term/long term loans availed by the sellers from their leaders.

Segmentwise growth for the quarter June-Sept 2017

S. No	Segment	Growth
1	Crop	131%
2	Motor TP	26.80%
3	Personal Accidnet	25.90%
4	All Others	22.80%
5	Health	21.40%
6	Motor (Total)	20.90%
7	Fire	14.90%

S. No	Segment	Growth
8	Motor OD	14.50%
9	Liability	8.30%
10	Marine Cargo	3.60%
11	Engineering	2.90%
12	Aviation	0.20%
13	Marine (Total)	-3.20%
14	Marine Hull	-20.80%

* Source IRDAI Journal September 2017

About GLOBAL



Insurance



Reinsurance



Risk
Management



Employee
Benefits



Claims

Global is one of the leading providers of Insurance & Reinsurance broking, Risk Management and Claims Services. Global was established in 1973 with reinsurance expertise since 1978 and having 40 plus years of rich legacy in insurance and reinsurance domain.

Licensed by IRDAI as a Composite Broker, Global has 450+ highly skilled and experienced colleagues with expertise in multiple fields and across 13 locations in India, who with their combined expertise strive to offer customized solutions to best suit the clients' needs.

Our philosophy is accountability to the needs and recognition of the unique culture of our clients. Everything we do is focused on creating distinctive value for you, based on a deep understanding of your business and risk issues with an insightful analysis and followed by powerful execution.

We design a value driven strategic & technology combined solutions to assist our clients in advanced insurance and risk management services.

Products & Solutions



Affinity Solutions



Aviation & Space



Claims
Management



Employee Benefits,
Health & Wellness



Global Risk
Consulting



Global Network
Business (GNB)



Indian Multinational
(Global Outward)



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Marine Hull &
Cargo



Mergers &
Acquisitions



Motor



Oil, Energy
& Power



Property Damage
& Business
Interruption (PDBI)



Reinsurance



SME



Sports, Leisure
Entertainment (SLE)



Trade Credit &
Political Risks



Terrorism & Crisis
Management

450+

highly skilled and experienced employees with expertise in multiple fields and across

13 Locations

in India, who with their combined expertise strive to offer customized solutions to best suit the clients' needs.



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