



AVIATION INSURANCE SYMPOSIUM 2018

aims to bring together stakeholders on a common platform to discuss issues of mutual interest and to make the Indian insurance capacity more acceptable to international stakeholders.

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DECODING THE AVIATION INSURANCE INDUSTRY

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Aviation and Insurance are one of the fastest growing sectors of the Indian Economy. In the aviation industry, choosing the right aircraft insurance is very important. Aviation insurance not only protect against loss of aircraft, spares but it also protects airlines against any third-party legal liabilities arising out of carriage of passengers, baggage, cargo and mail etc. Similarly, aviation insurance has tailor made products to cover various segments of aviation industry such as MRO, Ground Handling, Catering, Airport Operators. With an aim to create better understanding of the aviation insurance industry and to connect stakeholders from the industry, Global Insurance Brokers Private Limited, India's premier Insurance, Reinsurance and Risk Management broking house recently held the maiden edition of the Aviation Insurance Symposium in Mumbai. The symposium was organised by Global Insurance Brokers along with the partnership of GIC Re and New India Assurance.

With the Platinum Partnership with GIC Re and New India Assurance and Strategic Partnership with Oriental Insurance Company, the Aviation Insurance Symposium 2018 educated yet another large number of people on the importance of choosing the right aviation insurance, thereby securing the business and its clients. Having knowledge partners such as Altitude Risk Partner, Charles Taylor Adjusting, Clyde & Co., Kennedys, McLarens Aviation and ET Now as Media Partner, the symposium witnessed a unique confluence of expertise from key stakeholders of world aviation insurance industry.

contd. (page 2)

CHAIRMAN SPEAK

Prabodh Thakker, Chairman

Worldwide, governments are witnessing increasing trends of catastrophic risks to government assets either due to natural catastrophes or man-made disasters.



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The aim of the day and its programme was to bring all stakeholders together on a common platform to discuss issues of mutual interest and to make the Indian insurance capacity more acceptable to international stakeholders through sustained dialogues and exchanges. In his opening address to the audience, Prabodh Thakker, Chairman, Global Insurance Brokers Private Limited said, "One event, one moment, one entity cannot do what we want to do in the Aviation industry globally. Collective ideas and an ongoing exercise will help us better this sector. Airlines and operators across the world have one main objective - to safely transport their passengers and cargo. To fulfil this, the aviation industry needs to overcome various challenges. The airline industry, not only in India, but all over the world, generates millions of jobs, directly and indirectly. The insurance industry is inseparable from the aviation industry. It supports the industry overcome new and traditional challenges. Through this inaugural Aviation Insurance Symposium 2018, we wish to highlight the contribution of the Insurance Industry in supporting the growth of aviation and aerospace in India and to raise awareness about risk management."

The symposium touched upon various facets of the aviation industry, be it airlines, general aviation, airports, MRO's, aircraft manufactures, space research development bodies, defence, insurers, reinsurers, financiers, or technology players of international repute. Through a special address, Suresh Prabhu, Minister of Commerce & Industry and Civil Aviation shared, "I am very happy to see this symposium being organized for insurance in the aviation sector. It is a very important issue. We are trying to develop the aviation sector in a big way and are working on preparing a comprehensive aviation plan for 2035. We are working on the idea of DigiYatra, wherein facial recognition and biometrics will allow passengers to travel faster and more comfortably throughout the journey. The country's aviation sector would log the highest continuous growth in the next few years and we are happy to support new and innovative ideas in the sector."



Alice Vaidyan, CMD GIC Re



C Narambunathan
Jt. CMD New India Assurance



Prabodh Thakker
Chairman, Global Insurance Brokers

DECODING THE AVIATION INSURANCE INDUSTRY

Alice Vaidyan, CMD, GIC Re, while addressing the gathering said, "India is the third largest aviation market going by domestic air traffic and 6th largest for domestic and international passenger traffic. As the process of economic convergence continues apace whereby India does the catch up with middle income countries, aviation will easily be among the sectors most benefiting from this trend. While the insurance industry is fairly mature in terms of its growth trajectory, drones present a new paradigm. As innovation continues apace new applications and deployments of drones are on increase. This new micro-aviation field is bound to strike a significant space in emerging aviation insurance industry. Electrical transportation and electrical aviation is another exciting developing area."

Elaborating on the importance of skill development and training in the aviation sector in India, Harpreet A De. Singh, Executive Director & Chief of Flight Safety, Air India Limited said, "The skill sets that we require for the multiple job roles in the aviation sector are complex. A lot of focus needs to be made on the kind of syllabus we develop and what kind of motivation we give the general public who may choose to make a career in the field. The government is supporting the sector by setting up advanced training institutes to help skill students who wish to make a career in the industry. With the expansion in the aviation sector, the list of skill sets in workforce is ever-increasing but high attrition rate among ground staff remains a challenge."

Aviation insurance, in general, covers the risks associated with aviation operations of various industry segments including financiers and it provides coverage for human capital including Pilots, Engineers and Cabin Crew. Accidents can happen, we'll never know when. Hence, it is imperative to understand, adapt and insure in the aviation sector globally.

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EXPERT SPEAK

The Ministry of Civil Aviation & Tourism work together. We must work on last mile connectivity through alternate routes such as dedicated trains and bus routes on BRTS from the airport to the city.

Atul Joshi,
CEO Oyster Capital Management & Advisory LLP,
Independent Director Global Insurance Brokers

The Indian Aviation sector is the third largest domestic market and grew at the rate of 17.5% in 2017. India has registered 50 months of consecutive double digit growth in August 2018. The government is focusing on the growth of the civil aviation sector and is working on developing a positive aviation ecosystem.

GP, Gupta,
Chief Strategy Officer, Spice Jet Ltd.

Regarding air space operations, India is at par with the best in the world. We have our own satellite based navigation system known as Gagan, in collaboration with ISRO. The objective of Gagan is to establish, deploy & certify satellite based augmentation system for safe civil aviation applications in India.

Keshav Sharma,
Executive Director, Airport Authority of India
(Western Region)

Courtesy: ET NOW

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Chairman Speak

Prabodh Thakker, Chairman



Worldwide, governments are witnessing increasing trends of catastrophic risks to government assets either due to natural catastrophes or man-made disasters. India government institutions are no different to it from its world peers, as India continues to be accident / disaster prone society. Added complexity is due to rapid urbanization and ever-growing migration to urban city centers from rural areas.

This trend is irreversible and events like many high-rise fires in the recent past in Mumbai and other parts of India, gives grim reminder of potential catastrophic consequences for govt and society at a large which has potential to put enormous stress on the already under pressure financial resources of many state governments.

Many of the state government revenues are also at stake due to slow down of economic activities post striking of disasters, as both private and government institutions will take

time to bounce back. Economic impact is something which is equally important and can't be ignored by the Government in addition to real assets destruction.

Recent floods in the Kerala should provoke many state governments and central government to think about holistic approach towards protecting government assets and revenues through its various agencies – be it municipal corporations or various state boards etc. It's time for govt agencies to give a serious considerations to protects its assets and revenue through proper process of risk identification, evaluation, retention and transfer.

We have many such examples in the world where govt agencies are protecting the assets of states through structured risks management process and buying the insurance programmes for catastrophic risks like, floods, earthquake etc.

Chairman Speak

Prabodh Thakker, Chairman

Some of the states like Maharashtra, Gujarat, Rajasthan have its own state insurance funds, which covers some of government assets on selected basis, if not all. These are like captive's insurance companies for government and to an extent play of role of insurer to respective state governments.

We have seen from the recent central and state government initiatives, scheme like, Crop Insurance, Aayushamaan Bhart, PMJBY, insurance is being used as a social security and social empowerment tool to reduce the financial burden for the government institutions though effective risk transfer solutions.

The way government is thinking of covering its population for health, life and personal accident risks, its high time for the government to think of putting in place its assets and revenue protection plans.

Govt of India has recognized the importance of Disaster Management as a national priority and has enacted Disaster Management Act, which envisaged the creation of National Disaster Management Authority (NDMA), headed by the Prime Minister, and State Disaster Management Authorities (SDMAs) headed by respective Chief Ministers, to spearhead and implement a holistic and integrated approach to Disaster Management in India.

NDMA Vision

"To build a safer and disaster resilient India by a holistic, pro-active, technology driven and sustainable development strategy that involves all stakeholders and fosters a culture of prevention, preparedness and mitigation."

As mentioned earlier, if this vision is to fulfilled, financial protection of assets can be brought for the catastrophic risks either at state government level or through various bodies likes local municipal corporations. Key is going to be valuation of assets to begin with followed by risk retention and risk transfer strategy using insurance as a powerful and effective tool. We need to rope in the technology in a big way if these programmes were to run successfully in the long run and true benefits have to be achieved.

Clearly it sounds ambitious and very challenging to begin with, but as our cities continues to grow both in terms of its population and infrastructure, its better to move in this direction sooner than letter and before it becomes too late.

Earthquake – Reality Check

How prepared we are to deal with calamities like Earthquake (EQ)

Burzin Umrigar, Vice President,
Gurugram Branch Head



On 26th January 2001, a date etched into the minds of people residing in most parts of Kutch and North Gujarat in India. The ground shook with all its might and the Richter scale showed that a monster of Earthquake of 7.7 magnitude that left, over 13000 people, dead and destroyed nearly 400,000 homes in various cities including Gujarat's largest city Ahmedabad. In Ahmedabad alone, more than 50 multi-storied buildings collapsed, and several hundred lives lost. The ground shook for a whopping 90 seconds!! Ahmedabad faced this wrath even though it was more than 250 Km from the epicentre of the Quake.

The direct losses post the 2001 quake was close to USD 2097 Mn, the indirect losses i.e. Exports/imports, agricultural output, Industry/services output, health hazards were estimated at USD 635 Mn. Tertiary losses namely long-term development, overall investment climate, funds re-allocation, community migration etc. was pegged at USD 3200 Mn. This was the kind of destruction caused by a quake epicentred close to 250 KM away. Imagine a scenario if a similar EQ with an epicentre very near to our Metro cities: it will cause massive destruction and might send a city to Stone-age for a prolonged period.

Why this grim picture? What if you come to know that Mumbai itself is just a few Kilometers away from 4 Faultlines!!! Can our Economic system including our own Insurance industry withstand the devastation caused by an EQ epicentred just a few miles from our major Indian metros? Not likely.

Before we move on to major Indian cities at risk, let us understand the Enigma i.e. an Earthquake.

A Simple definition of Earthquake: An earthquake (also known as a quake, tremor or temblor) is the shaking of the surface of the Earth, resulting from the sudden release of energy in the Earth's lithosphere that creates seismic waves. In its most general sense, the word earthquake is used to describe any seismic event – whether natural or caused by humans – that generates seismic waves. Earthquakes are caused mostly by rupture of geological faults, but also by other events such as volcanic activity, landslides, mine blasts, and nuclear tests.

The important word here is “Faults”. A Faultline is a weak plane deep inside the earth surface or sometimes near the surface. A lateral or vertical

Earthquake – Reality Check

Burzin Umrigar, Associate Vice President, Gurugram- Branch Head

movement in this Faultline is what causes an Earthquake. So why are we using the word Enigma for EQ, despite the knowledge we have on quakes? because they cannot be predicted.

Mumbai: A recent study by IIT Mumbai, pegs a major Faultline in Panvel. The good part is, BMC has already formulated a plan to mitigate losses in Mumbai if this Faultline results in a major quake based on this study. However, unlike Delhi, apart from EQ risk, Mumbai also faces the risk of a Tsunami. For a Tsunami to hit Mumbai, you do not require a quake few Kilometers away. A tsunami can reach Mumbai even if the quake is thousands of miles away, say in the Middle East. Is Mumbai, prepared for such a catastrophe? Take the example of the San-Andreas fault in the state of California, which runs right through the city of San-Francisco. This Faultline has been studied in detail and help the residents in deciding where to construct buildings. Such in-depth study has been missing for Mumbai.

Delhi: Speaking of Delhi, the region is vulnerable to earthquakes mainly because of its location. Delhi is situated on top of few active seismic fault lines. Moreover, its proximity to other active seismic fault lines further worsens the situation. Fault lines close to Delhi are Mahendragarh fault line, Moradabad fault line, Delhi-Haridwar ridge zone, and the Sohna fault line. Add to that its proximity to the Himalayan region and the risk increases manifold. East Delhi is at maximum risk as close to 2.2 Million are packed in its corridors.

Kolkata: So how far is the nearest Faultline from Kolkata? 4.5 Kilometers!! This Faultline can become hyperactive and can trigger a quake with a magnitude of 6 or more. The fault is known as Eocene Hinge Zone and runs right below the city. It further extends to Bangladesh, Myanmar and Sumatra. Though the Faultline is inactive, currently it is accumulating a lot of stress due to the Indian tectonic plate pushing

towards the Eurasian plate at a rate of 40 mm per year. At some point in time, this stress built-up will be released in the form of an EQ.

We have mentioned earlier that our metro cities are not prepared to withstand a quake centred a few Kms away. We need to learn from Japan and the state of California, who perennially stay with earthquakes, on how to build a disciplined society, which can ensure EQ resistant buildings. This is the only solution to mitigate the loss of lives during a quake.

India so far has never experienced a temblor near to our megacities. This fact is very well known to the experts as well as the government, however, there has been no headway in forming a plan to save our cities from the devastation an EQ can bring on to us. As disastrous EQ does not only impact lives but also destroys businesses, it is imperative for business owners to look at disaster management from natural calamities as investments and not just cost. Insurance and risk consulting hence should be an integral part of business strategy.

Amitav Ghosh in his book “The Great Derangement” examines the limits of human thought when it comes to an event like an environmental catastrophe. He argues that if we can fathom the scenario in all kinds of our organization: Literature, history and politics & (I would also add Insurance) only after that we can draft our response to such an event. However, businesses in India are currently in a deranged mood which hinges more on the reactive approach rather than a pro-active approach. Think about it.

Cyber Insurance and Personal Data Protection Bill, 2018

Manoj Kumar AS,
Executive Vice-President, Head Liability



The recent spate of prolific events has made Privacy a point of household discussion; a necessary discussion that was bound to happen, nevertheless there couldn't have been a more opportune time. The dotcom bubble has reached its end and we are advancing to a new paradigm of prodigious technological marvels; the thoughts of which have been part of science fiction for a long time. Artificial Intelligence, Machine Learning and Blockchain populate the headlines and it is data that drives these new age technologies. Stringent Privacy regulations are nigh upon us with the GDPR, New York State Law, The pending Indian Data protection Law amongst others finally impose considerable onus on entities and strive to commence a new era in data privacy, one that puts control back in the individuals hands and holds entities accountable.

The Ministry of Information and Technology through the aptly appointed Justice Srikrishna committee recently released the Personal Data protection Bill of 2018. The bill has come at a truly opportune time in consideration of major international events like the Cambridge Analytica issue, the WannaCry and Petya attack, serious banking data theft and the advent of strong international privacy laws like the GDPR.

While the bill would take the natural course of time in terms of developing into an act, the present iteration of the bill largely showcases the intent and powers of the government with respect to privacy in India to put highly onerous and apt obligations on entities in India. The

enactment of the bill would lead to a major impact of the existing cyber insurance ecosystem in India.

While most entities have opted for cyber insurance in India in the past in order to get aspects like forensic costs, cyber extortion costs and other first party expenses covered, the advent of the strict regulations vide the proposed bill would lead to the data liability cover (that provides entities coverage for defense costs and damages incurred upon data subjects/principals filing a suit) being tested and the policy transforming itself to respond to the various obligations and liabilities arising from sections like that of 24-27 viz Rights of Data principals and Section 75 viz compensation, Sections 69-73 for penalties and remedies in particular.

The compulsory notification to the regulators commenced under the bill, the privacy notice and authority assessment obligations shall require entities to re-assess their cyber risk standing as well calibrate their cyber insurance in that regard. At Global Insurance Brokers we are already working on the modifications that would need to be made under existing cyber insurance programs in India. We are sure the bill will also lead to an already increasing market penetration of the product as well. At Present we have launched the "Global Digest to the Personal Data Protection Bill, 2018" which provides relevant impacts on the cyber insurance ecosystem in detail vis-à-vis the tenets of a bill, you can contact us for a copy of the same.

Leveraging Tech For Employee Wellness

Puja Parekh, Senior Vice President - Health & Benefits

Technology can give organizations access to aggregate health data which gives valuable insights and helps determine priority focus areas for wellness programs catered specifically for the employee population.

Wellness programs today have become a core component of HR strategy. In India too, as we brace ourselves for the epidemiological changes that will hit us, wellness programs are and will continue to also play an important role in cost control. Rising medical inflation, ever-increasing health insurance premiums and lifestyle trends amongst employees portend the urgent need for targeted, specific, evidence-based and effective programs that reduce health risk now more than ever. Technology can play an essential role in accomplishing this.

The wave of wearables, wellness apps, gamification technology, and even social media have definitely brought a lot of options to the table, and even helped bring elements of structure to wellness programs. But the market is flooded with vendors and it is essential to evaluate which ones will bring the most value to your organization.

Adopting Technology can help organizations in five key ways:

- **Gives insights on employee behavior**
Wearables and apps focused on behavior change can give valuable insights into employee lifestyles and behavior trends which push employees to intervene for positive behavior change.
- **Improves engagement & pushes participation**
Technology can enable organizations to reach out to employees regarding upcoming events, programs to boost participation and also use such platforms for health education.
- **Keeps employees motivated**
Leaderboards, interest groups and social media help employees connect with colleagues, track progress and stay on track towards achieving their personal health goals.

- **Helps identify priority areas for customization & course correction**

Technology can give organizations access to aggregate health data which gives valuable insights and helps determine priority focus areas for wellness programs catered specifically for the employee population. Big data can also give insights on what's working and what's not to guide future investments in wellness programs. However, there are new laws like GDPR that one needs to be cognizant of.

- **Can help influence influencers**

Family members are major influencers who contribute heavily to claims but are typically excluded in workplace wellness initiatives. Technology can increase the reach and effectiveness of wellness programs by including spouses/ parents by giving them access to tech platforms, which would otherwise prove difficult.

While the number of vendors in the Indian market today is aplenty, with each one offering a tech component, it is important to understand what it is solving for, as even impressive solutions may not always be the right one for your organization. Stitching together the right components that collectively give the desired result can only be achieved with a thoroughly thought out blueprint for program design. Going back to the drawing board will help clarify who brings the right synergies and will prove to be the right partners for your organization.

It is important here to remind ourselves that even while technology is a great enabler, wellness programs have been and will continue to be a combination of high tech and high touch because ultimately it is dealing with the most difficult task of changing human behaviour. Tech enablers will bring efficiency to a program, but the role of HR managers in defining, designing and directing programs remains at the core of successful wellness initiatives.



Industry Updates

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- ONLINE INSURANCE MART FORECAST
- HEALTH INSURANCE A GROWING SEGMENT
- WORLD BIGGEST HEALTHCARE SCHEME GIC
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