



Pakistan Insurance Institute Quarterly Newsletter

INSURE

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PII

Pakistan Insurance Institute
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**CONFERENCE
SPECIAL**



Our World - Our Turn Climate Change & Emerging Risks

Conference 2017 Karachi, Pakistan



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International Insurance Conference ‘Climate Change & Emerging Risks’

April 9 ~ 11, 2017

Karachi

Pakistan Insurance Institute (PII) organized an international insurance conference on the topic of ‘Climate Change & Emerging Risks’ 9 ~ 11 April, 2017. The conference brought together renowned foreign and local speakers / moderators of the insurance industry to share their expertise on climate change and its implications which are already being felt by populations and businesses around the globe. In addition, with the fast changing world of technology insurance industry will have to deal with the resultant emerging risks such as cyber crime, driverless cars etc. The speakers highlighted the challenges for the insurance industry in relation to climate change and emerging risks and to find workable solutions to overcome these challenges.

More than 400 international and local delegates attended the conference.

Conference Day 1

April 10, 2017

Inaugural Session

Conference commenced at 9:00 am with the recitation from the Holy Quran. This was followed by the national anthem and an interesting documentary on Pakistan.



Mr. Taher Sachak Chairman, Pakistan Insurance Institute in his short welcome address mentioned that PII plays an important role in human resource development for the insurance industry and for the continuous professional development of individuals involved with the industry. As part of its contribution the Institute also organizes seminars and international conferences every two years, this being the fourth in the series.



Mr. Fida Hussain Samoo, Commissioner Insurance Division, SECP was invited as Guest of Honour and he enlightened the audience with the initiatives taken by the Government with regard to climate change.

In conclusion, he reiterated that SECP is committed to provide full support in the capacity of regulator and enabler for insurance in Pakistan.





Mr. Hasanali Abdullah, MD, EFU General Insurance and Chairman Insurance Association of Pakistan (IAP) gave a brief of the insurance sector in Pakistan. He said that the size of the total insurance sector in Pakistan was Rs 253 billion premium out of which two third was for life. He suggested that government should take up steps to make health insurance & workmen's compensation insurance compulsory.



Keynote speaker Mr. Javed Jabbar Former Federal Minister, Government of Pakistan eloquently spoke on the topic of endangered species and what needs to be done at both social and political level.

Working Session I

Resilience during & after Large Cat Events

Mr. Gianni Testa

Vice President, Claims Expert Middle East, Swiss Re



Mr. Testa commenced his presentation with a question 'Ready for the next catastrophic event?' and continued with citing examples and lessons learnt from the natural disasters in New Zealand and Canada.

With improvements in technology high-resolution satellite images are becoming useful tools for Nat. Cat and man-made disasters.

Satellites images are used for the big pictures as this is a non-invasive technique, covers large area and is independent on access granted by authorities with faster reaction time.

Drones assist for the details, are less dependent on the transparency of the atmosphere, with a higher resolution provides different viewing angle.

In conclusion, Mr. Testa pointed out

- A Nat Cat post mortem is critical following each event
- Reputational risk can be mitigated with best practices and training
- A gap analysis of existing catastrophe response plans make a difference

Opportunities in a Changing Landscape: Climate, Demographics & Emerging Risks

Mr. Brad Weir

Head of Aon Benfield Analytics, Aon Benfield Asia



Mr. Weir in his presentation highlighted Climate Change and Catastrophes and stated that weather related catastrophe losses are increasing above the rate of inflation with an estimated contribution to losses < 15%. Economic growth, exposure and urbanization account for ~ 85% of increased loss trend.

In a slide on urbanization in Pakistan he shared statistics of total population in Pakistan which grew by about 400% from the 1950s to 2010, while the total urban population increased by 700%. It is estimated that by 2025, nearly 50% of the population will be urban dwellers, up from about a third currently of the 190 million countrywide population.

Highlighting rapid change of the risk landscape due to the impact of urbanization Mr. Weir discussed subsidence, floods, cyclone risks, tsunami following an earthquake etc.

Risk Management: what can be done?

Continual risk management and monitoring is critical to increase the understanding and mitigate or protect the risk and history can provide an insight but one has to be mindful of what has changed, utilization of available resources and tools. Clear understanding of limitations around current risk assessment and most importantly local underwriting knowledge is a key component to any risk management assessment.



Panel Discussion:

Moderator: Mr. Ali Jameel
CEO, TPL Trakker Limited



In response to a question of use of technology the panelists responded that nowadays every one has a smart phone and the first hand information of any loss is easily available.

Following lunch a short entertainment program was held which was a tap dance performance by a group.

The group performed with perfect symmetry and use of props was commendable.



Working Session II

Teleconnections for Peril Drought between Pakistan & Surrounding Countries

Mr. Iakovos Barmpadimos
CAT Analyst Agriculture Risk Modeling, SCOR, Zurich



In his presentation Mr. Barmpadimos discussed how rainfall in Pakistan is linked to rainfall in other Asian countries and how these links have changed in the last few decades.

Rainfall in Pakistan has strong seasonal variation. Wheat is the most important crop in the country, both from a production and from consumption point of view and rainfall can affect wheat production both in terms of drought and in terms of excess / unseasonal rainfall, which causes water logging.

An estimated 83% of cultivated land is irrigated and 17% is rain fed. Irrigation limits the consequences of drought to a large extent.

In general, winter rainfall in Pakistan is un-correlated or anti-correlated with the rest of Asia. Correlation exists mainly with neighboring areas in Afghanistan and NW parts of India.

Winter rainfall in Pakistan is shaped by Western Disturbances, which in turn are influenced by two remote climate patterns: El-Nino and the North Atlantic Oscillation.

In the absence of reliable / enough insurance data, correlation analysis of weather data can reveal potential risk accumulations as well as potential opportunities for risk diversification.





Global Warming & the Changing Insurance Landscape

Dr. Jagath Alwis

Director (Technical) / Chief Technical Officer
Ceylinco General Insurance Plc, Colombo, Sri Lanka.



Addressing the impact of global warming Dr. Alwis discussed the possible impact on the insurance industry and listed them as follows:

- Impact on the net account will result in allocating more capital for affected classes especially where “Risk Based Capital” is in force
- Impact on the Reinsurance Treaties - Stage 1 -3 where additional statistics with regard to Nat Cat premium, limits, addition of loss participation clauses restricted wordings etc., etc., will be required
- Cat Modelling



Dr. Alwis shared possible solutions and suggestions to protect the environment and various initiatives that have taken place towards developing a “green world”.

In conclusion he posed a question ‘Can the Industry work towards green insurance?’ which would mean:

- Abstain from underwriting obvious risks which are polluting the environment.
- Abstain insuring motor vehicles which have high carbon dioxide emission levels.
- Encourage discounts for environmental friendly projects and reward energy saving initiatives.
- Highlight environmental issues during risk inspections.

Emerging Risks in Emerging Markets

Mr. Yassir Albaharna

CEO, Arig, Bahrain



Mr. Albaharna highlighted the key emerging risks in insurance such as climate change, cyber attacks, terrorism, driverless cars, big data, UK exit from EU, air pollution, longevity, drones, chronic diseases, nanotechnology, pandemic risks, sovereign debt crisis, power blackouts, crowd-funding, internet of things, telemedicine, 3D printing, e-cigarettes, artificial intelligence, internet fragmentation and genetic engineering.

His presentation covered the areas of identification, classification and quantification and stressed upon the following:

- Effective Identification
- Emerging risks perceived by ERM / Board
- First line involvement
- Focus on risks to the strategy over medium term
- A framework for emerging risk classification/categorization (e.g. by source/types/risk characteristics)
- Categories: Economic/Environmental/Geopolitical/Societal/Technology
- Likelihood vs impact



In conclusion Mr. Albaharna advised:

- Not to be constrained in thinking and consider carefully risks embedded in organization’s culture. Focus on drivers and sources of risks as well as actual ones and questioned whether we should be adaptive or reactive?

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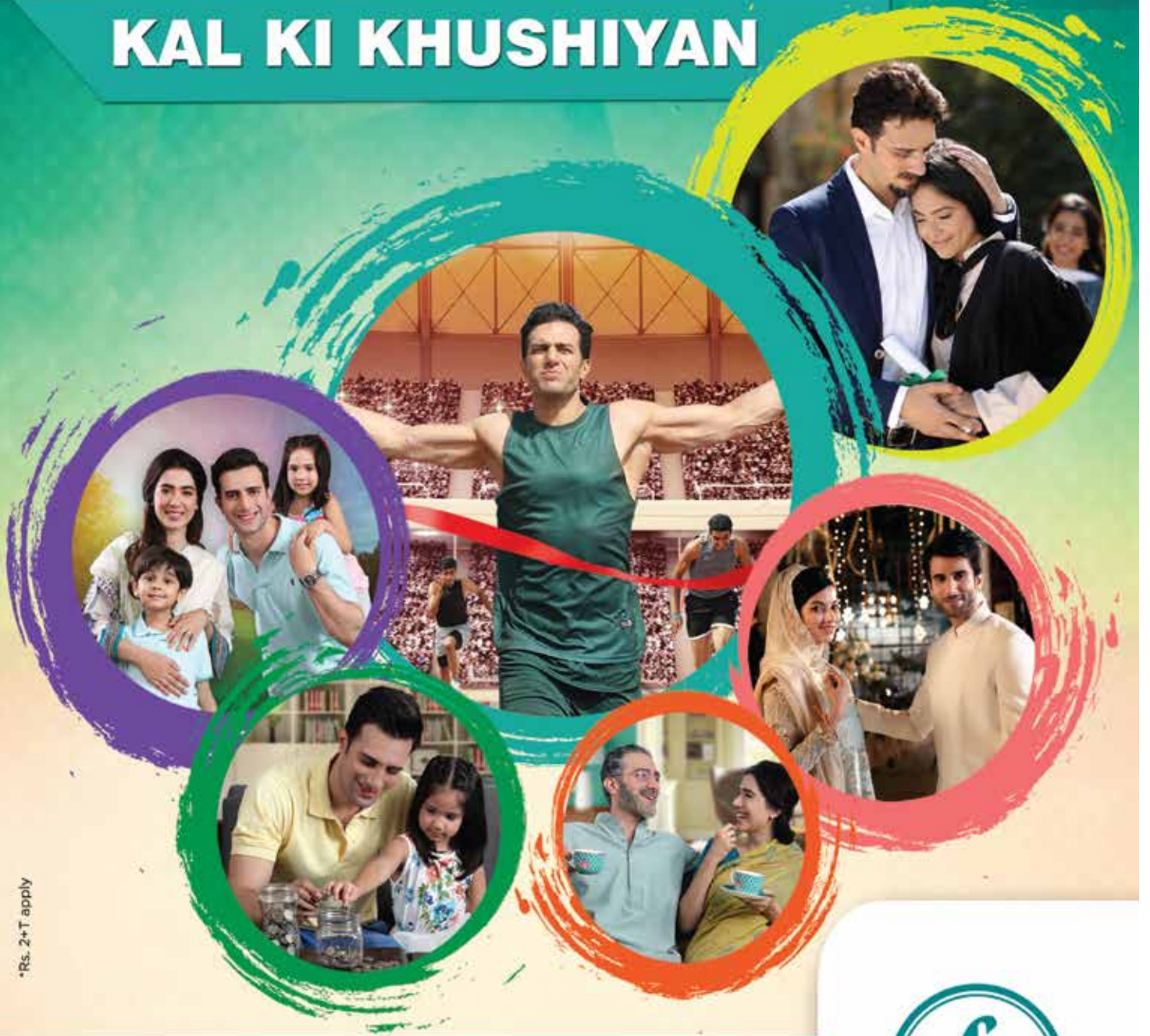
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Panel Discussion:

Moderator: Mr. Tahir Ahmed

MD & Chief Executive Jubilee General Insurance



Gala Dinner & Musical Evening

Gala Dinner with Pakistani theme comprised of sumptuous regional food of all the provinces followed by captivating performances by Yousuf Kerai with his ensemble & a popular artist Zoe Viccaji.

Both the performances were thoroughly enjoyed by the audience.



Conference Day 2

April 11, 2017

Working Session III

Shielding your Digital Risks with Cyber Edge

Mr. Alexander Pieter Blom

Head of Financial Lines, MENA

AIG, Dubai, (Courtesy: Crescent Global)



Mr. Blom commenced his presentation by citing the impact of Cyber Risks

- \$3trillion: cost to the global economy from cyber crime in 2015. Likely to double by 2021
- Cyber insurance premiums to reach \$20 billion by 2026
- 60% of UK small businesses experienced a cyber attack in 2014, at an average cost of £90,000
- Hiring a botnet costs \$38/hr and the average cost to a target company is \$55,000
- Top 5 sectors: healthcare, manufacturing, financial services, government, transport
- Most common attack methods: Insider, DDoS, Malware

Explaining Cyber Risk in the Financial Services Sector Mr. Blom listed them as:

- Theft or Loss of Data
- Data Destruction
- Communication Disruptions
- Theft of Monies, Securities, Funds, etc.

In conclusion, Mr. Blom listed and elaborated the 7 simple steps to achieve Cyber Resilience.





Emerging Risks & Life Insurance

Mr. Tobias Frenz

Managing Director Life & Health Reinsurance (South East Asia) & Retakaful Munich Re



Mr. Frenz covered the topic of 'Emerging Risks & Life Insurance' extensively and elaborated on factors of obesity, longevity, improvement in rate of mortality etc. etc and how these impact life insurance.

An Overview of Agriculture & Climate Change

Mr. Xiaoliang Liu

Agricultural Risks
Hannover Re, (Courtesy: J B Boda)



Mr. Liu commenced his presentation by stating that global food supply is facing enormous challenges and by the year 2030 demand for food will grow by 40%. Improving the productivity of the agricultural sector is vital for food security.

Agricultural insurance complements other risk management instruments and ensures long-term stability and growth of agriculture

- Reducing the negative impacts of natural catastrophes
- Preventing farmers from selling of household assets or savings
- Stabilizing producer incomes
- Facilitating farmers' access to credit
- Improving farmers' ability of credit repayment
- Encouraging farmers to move from current "low risk low return" to higher productivity practices

Elaborating on Government support Mr. Liu mentioned that most of agricultural insurance programs are supported by governments; Private-Public-Partnership (PPP) is the one common feature. Premium

subsidies are the most popular way of government support to agricultural insurance. However there are issues of moral hazard, inefficiency and shifting of government responsibilities to insurers (lack of risk layering).

Powering the Future – Risky or Not?

Mr. John Nolan

Regional Director
Lockton, MENA



Mr. Nolan commenced his presentation by stating that future will be sustainable renewable energy and listed these as Solar, Wind, Bio Mass, Waste to Energy, Mini Hydro, Hydro, Ocean Wave, Nuclear and Geothermal.

Advantages of Renewables is that these are flexible, affordable, environmental; however is waiting for legislation to catch up.

Electric cars, pedestrian safety, autonomous vehicles, centralized control failure / hack, multiple incidents around the world from single failure, global / regional control and P.I. exposure were some insurance implications that need to be addressed.

Mr. Nolan in his concluding remarks stated that with the change in risk profiles the future holds for us new challenges, new risks, new rating models, and new thinking.

Following tea break a short program featuring Saleem Javed who entertained the audience with his powerful performance and the participants were seen singing along, clapping and dancing.



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Climate Change & Emerging Risks – Communicable Diseases Case Study

Mr. Jean Louis Piquet

Head of Life & Health Reinsurance
Trust Re



A tropical disease dengue fever is popularly known as the break bone disease, not a life threatening disease however early diagnosis is very important and most of the times patients need to be hospitalized. Transmitted to humans by the bite of infected mosquito clinical signs for dengue fever are influenza type symptoms which include fever, rash, myalgias and arthralgias with a febrile period lasting between 2 and 10 days. Humans have an average incubation period of 4 ~ 7 days. No vaccine is presently licensed.

Elaborating on Climate Change and its impact on dengue fever Mr. Piquet shared a slide showing the change in temperature could result in

- Boosting the speed of development of mosquitoes' larva to adult stage;
- Females bite more frequently;
- Increasing the survival period;
- Warmer winters enable mosquitoes to survive in areas formerly too cold;
- Increase in the number of mosquitoes;
- Shortening the time it takes for the virus inside the mosquito to develop and becoming infective;

Panel Discussion:

Moderator: Mr. Arshad P Rana

CEO, Atlas Insurance Limited



Interestingly a large number of participants were present till the last on the second day.





Honouring a Legend - an interactive session with Mr. Saifuddin N Zoomkawala

Moderator: Mr. Tahir Ahmed

MD & Chief Executive Jubilee General Insurance



To honour a living legend Mr. Saifuddin N Zoomkawala Chairman, EFU General Insurance Ltd of the Pakistan insurance industry, Pakistan Insurance Institute organized an interactive session which was moderated by Mr. Tahir Ahmed MD & CEO Jubilee General Insurance.

In response to a question of his journey of over 50 years in the insurance industry Mr. Zoomkawala considered himself lucky to have decided to make a career in insurance. He found the experience very satisfying and rewarding. While talking about the success, achievements and challenges he said that the toughest job is managing people as they come from different backgrounds and each has his own perception. One has to understand that every individual has a different way of perceiving your actions. Mr. Zoomkawala emphasized the importance of customer service in the insurance industry and customer expectations and professionalism in handling clients. Customer service at every level is vital for success.

Being the only son in his family he never wanted to be away from his family. He was not happy with EFU decision when they decided to send him to Dubai to head their operations there. Through this opportunity, he gained a lot of experience and when he was transferred to Pakistan to head EFU General Insurance Ltd. he recalled the thought that coming back to Pakistan was the best decision in his life.

Having been associated with life, non life and health business of the insurance industry for the last five decades, Mr. Zoomkawala shared his experiences and was optimistic of the progress and advancement of the insurance industry of Pakistan.



The session ended with a standing ovation to a living legend.



Case Study & Elocution Contest

To encourage participation in the activities of the Institute the winners of the 'Case Study Competition' and 'Elocution Contest' were invited to the international insurance conference and were awarded certificates on the 2nd day of the conference.

Case Study Competition

In 2016 a case study competition was organized by PII. The competition carried two cash awards of Rs.35,000 for 1st prize and Rs.15,000 for 2nd prize. The competition was judged by a panel comprising of Mr. Samee ul Hasan Dr. Mumtaz A. Hashmi and Ms. Farzana Siddiq.



M. Ali Nathani
Junior Business Analyst
EFU Life Assurance Limited



Waqas Mehmood Danish
Assistant Manager
IGI Insurance Limited

Elocution Contest

The insurance industry of Pakistan celebrated the 5th insurance day, which was organized by the Insurance Association of Pakistan (IAP). As part of the Insurance day activities the IAP held an elocution contest. The topic selected was 'Emerging Risks'. The contest was decided by a panel of judges from the industry namely Ms. Zehra Naqvi, Mr. Darius H. Sidhwa and Mr. Azfar Arshad.



Owais Nawaz Khan
Vice President
EFU General Insurance



Farrukh Khan
Manager Operation
Jubilee General Insurance



Mehlub Usmani
Manager
Jubilee General Insurance

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AMAN HUSSAIN

AGM - Head of Marketing
EFU Life Assurance Ltd



"Interesting & informative! An interactive conference with an opportunity to share & exchange ideas with peers from the insurance fraternity."

I would like to congratulate the entire team of PII for organizing such a wonderful event. It was a clear symbol of passion, dedication and hard work. The conference covered all aspects i.e. knowledge sharing as well as entertainment. The theme of Pakistan culture was excellent considering the participation of foreign delegates to let them know about the heritage and the beautiful places of Pakistan. The topic "Climate Change & Emerging Risks" was excellent. All speakers had good command on their subjects and shared their experience and knowledge wholeheartedly. Panel discussion moderated by senior executives of the insurance industry was very well conducted. I am sure PII shall continue to organize such interesting events in future which will not only benefit the insurance industry it will also help in creating insurance awareness in the masses which will ultimately result in higher insurance penetration in the country.

ARSHAD P. RANA

Chief Executive Officer
Atlas Insurance Ltd



I would like to congratulate Pakistan Insurance Institute for successfully conducting the conference which doubtlessly very well managed, extremely impressive and well attended too. Great efforts which definitely helped building not only Pakistan Insurance Industry image but also country image as well.

This conference was perfectly managed and I would specially like to mention that during three days the interest level was maintained. The selection of MC was perfect as she was very confident and did a wonderful job of hosting.

During this conference we had the opportunity to learn wide range of knowledge essential for a professional working in the insurance industry.

I really appreciate and congratulate PII for organizing this great and successful event.

ZAFAR BASHIR

Head of Marketing
Chubb Insurance Pakistan Limited



Congratulations to PII for organising such a splendid event. The conference theme and contents were indeed enlightening, as they brought to the fore leading thoughts and concepts relating to contemporary and future risks. Among the presentations, there was a good balance between topics addressing high level macro-environmental changes impacting the planet, and the more granular, new perils emerging from current and future technological innovations. The participants came away from the conference better educated on how climatic and technological changes are necessitating innovation in insurance. This enhanced awareness should spur creativity in new product development in our market, and also help with better informed underwriting. Kudos to the organisers for the choice of conference theme, and for flawless execution of the programme!

AMNA SARFRAZ KHAN

General Manager &
Head of Marine
Adamjee Insurance Co. Ltd



SHAHEENA ASHFAQ

Vice President - HRD
EFU General Insurance Ltd



