

IF'S RISK
MANAGEMENT
MAGAZINE
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Risk Consulting

Insights into risk management and loss prevention

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years in
Ukraine

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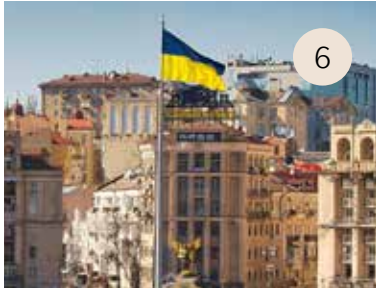
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Editorial



Solid relationships foster efficiency

Returning from my recent visit to Asia, where I visited with some of our long-lasting partners, I was left fascinated by the technological advancements as well as by the authentic and kind, relationship-oriented culture. Equally, I was reassured about our way of working with an established partner network globally.

WE GO WHERE OUR CLIENTS GO

If's unique international network covers more than 200 countries and territories through 225 fronting partners globally, serving our clients on all continents.

The wide and versatile network of our carefully selected partners enables locally compliant services and provides readiness for If to support customers wherever needed. Each country has their own, often widely varying regulatory framework, alongside social and cultural differences, that can affect the business environment and daily operations.

In this regard, we work differently compared to our main competitors. Instead of opening our own offices around the world, at If Insurance we decided to seek out the leading experts on each continent and in the country in question, which enables us to offer broader services with the best available local expertise.

A WORLD-CLASS NETWORK

Across the Nordics, If is a forerunner in providing a wider and experienced international network at this scale. We are able to offer services, almost anywhere in the world.

With the intelligence gained through our partner network, we have the ability to offer diverse and value-adding insights to our clients. Operating in this way, we are able to efficiently deliver the most important services. In developing solid relationships with our partners, it is important that we work together with our clients, which allows us to provide the best possible service and know-how to succeed in their ventures and objectives in different parts of the world.

I hope you will enjoy reading our international issue of Risk Consulting Magazine with articles on the challenges in maritime connections between Asia and Europe, insights into the Ukrainian insurance market, trends in the Asian markets and learning more about how you can navigate risks around the world. □



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Voices from the local markets

Asia stands out as a vibrant and dynamic market for Property and Casualty insurance (P&C), marked by its expanding economies, rising incomes, and increasing urbanisation. However, recent trends indicate a slowdown in growth and rising challenges for insurers in the region, such as emerging risks like climate change and cyber threats.

By Vilma Torkko, If

Over the past decade, P&C insurance premiums in Asia grew by about 5 percent annually, fuelled by economic expansion and increased awareness of insurance benefits. However, growth slowed in the latter half of the decade, with a compound annual growth rate dropping to 3 percent. This slowdown is

in contrast with the Americas, which experienced a 6.5 percent compound annual growth rate during the same period.

Mia Himberg, Head of International Services at If P&C Insurance, highlights that partners in Asia have generally grown in the corporate segment. Multinational Client Companies expect a good local standard

to cover their risks locally. New emerging risks, such as vulnerability to the impacts of climate change and rapid electrification, among others, require that local policies address these risks accordingly. At the same time, local insurance legislation must set clear demands for locally compliant coverage.

Despite strong economic growth, P&C insurance remains low in Asia, reaching only an estimated 2 percent in developed markets and 1 percent in emerging markets over the past decade. Factors contributing to this include limited awareness, accessibility, and affordability of insurance, particularly in emerging markets. Additionally, high savings rates among Asian consumers often lead them to prioritise savings over insurance premiums.

“This is mainly due to an unmaturing private insurance market”, Himberg states. “In our experience, P&C insurance on corporate and SME segments are based on another reality and especially regarding global clients, which If Insurance is focused on, who value the support on multiline coverages. Close discussions with our Insurance Network Partners have also broadened our perspective on how the local players want to provide lifelong support to their clients. In the private segment, this would be built strongly on the health and nursing services, whereas for the commercial side, it is embedded insurance to various services, full policy and claims transparency, and smooth digitalisation for all contact points.”

Insurers in Asia are dealing with increasing combined ratios, particularly in emerging markets. With combined ratios exceeding 100 percent annually from 2017 to 2022, driven primarily by higher expense ratios, insurers face growing pressure on underwriting results. Factors such as high inflation and low interest rate, intensified by the COVID-19 pandemic, have contributed to rising claims costs and operational challenges.

OPPORTUNITIES FOR GROWTH

While auto insurance historically constituted a significant portion of P&C premiums in Asia, growth has slowed down in recent years, aligned with disruptions in the automotive sector due to the pandemic. On the contrary, liability insurance has seen significant growth, with a compound annual growth rate of 12 percent from 2017 to 2022. This contrast highlights the changing priorities of consumers and the evolving risk landscapes in the region.

The P&C insurance market in Asia shows different levels of integration between developed and developing markets. In developed markets like Australia and Japan, large domestic players dominate, posing challenges for new entrants. On the other hand, emerging markets like India and Malaysia witness a stronger presence of multinational companies, which hold a substantial market share. Nevertheless, the overall presence of multinational companies in the P&C industry in Asia remains less vigorous compared to the life insurance sector.

Himberg highlights that the presence of Nordic companies is increasing in the South-East Asian market, and we are experiencing more requests for local support in countries such as Malaysia, Vietnam, and Thailand. This is in line with the global trade flows where Asian countries are chosen as favourable greenfield investment territories for EU member states alongside with US and Canada.

At the same, it can be stated that there is a general trend to have investments within the countries which are geopolitically closer to each other. In praxis, the US invests more in Mexico and EU, whereas China invests in Brazil and other developing countries worldwide. Companies within EU countries have significantly increased investments within the Union member states.

In conclusion, while Asia's P&C insurance industry remains dynamic and promising, it faces significant challenges in sustaining growth, expanding market reach, and navigating evolving risk landscapes. Insurers must adapt to changing consumer trends, technological advancements, and regulatory environments to capitalise on emerging opportunities and drive future success in the region.

“At If Insurance, we offer comprehensive international services to more than 200 countries and territories through 225 fronting partners. As we partner with major local insurance companies, our clients are always locally serviced by large domestic insurers with understanding of the corporate needs. With some 30 000 International claims handled per year, 3 900 local policies as a part of a global programme, and some 400 international risk surveys completed annually, our team is in daily contact with valued partners around the globe”, Himberg summarises. □



Meet our expert

Mia Himberg
Head of International Services



Thirty years in Ukraine

Insurance Company INGO has 30 years of insurance expertise in Ukraine, running a network of about 25 branches across the country. As one of the largest insurance organisations in Ukraine, in terms of premiums written and owned capital, INGO possesses 29 licenses for different types of compulsory and voluntary insurance for corporate and retail clients.

By Kristian Orispää, If

With over 500 experts, we provide services in all regions of Ukraine. Today, INGO is focused on the implementation of the RMP (Risk Management Program). The objective is to implement an effective tool to all levels of company management, to support decision-making within core activities of the company and focus on the bottom line", highlights Andrii Semchenko, Chief Underwriting Officer, INGO.

Once a part of the Russian Ingosstrakh group, INGO was divested at the start of the Crimean War. Today, the company is wholly owned by the Ukrainian business group DCH, which is one of the leaders of the Ukrainian market. The business group has a strong connection with Ukraine and its values for

which it is fighting against the Russian aggressor. INGO continues its underwriting, antirecessionary philosophy concentrating on results, customer focus, employees, technical skills, and defensive underwriting strategy (risk assessment).

DEVELOPING THE INSURANCE MARKET

INGO started working in independent Ukraine as one of the first insurance companies, creating this market in the young state. "Several decades ago, about 300 insurers operated in the unregulated market. It was difficult to work in such conditions, but INGO had ambitions not only to remain in the Ukrainian market, but also to develop it following the best global traditions," Andrii Semchenko says. "The company has always contributed to the creation and

adaptation of market legislation and supported the implementation of best practices."

In the end, Ukraine took new measures, in particular, added a number of requirements to insurers regarding the solvency and riskiness of operations, which became an important factor for deepening international relations and cooperation with global business. As the market developed, new and reliable partners such as If, FM Global and others entered Ukraine. This created an active network, and built lasting relationships that included sharing knowledge to provide the best service.

From July 1, 2020, the National Bank of Ukraine (NBU) took over the functions of the regulator of the non-banking financial services market, which included the insurance market. This made it possible to reboot the insurance sector. Today, together with leading insurers, the NBU continues to bring the market closer to European Union standards to increase its stability, in particular the introduction of risk-oriented supervision, strengthening of consumer rights protection, introduction of clear requirements for the organisation of the corporate governance system and internal control. At the same time, the opportunities of non-banking financial companies are expanding thanks to the improvement of licensing rules.

Andrii notes that, "Over the years, INGO has worked to be the eyes of our partners, we work to find or create the best solutions that support our international partners' clients. In most cases, we

offer as broad a cover as requested, however this can be tricky to implement in Ukraine, as insurance products and services are limited in the local market. This means we need to be creative, work with brokers, and ask questions – why is something important? What is really needed?"

LESSONS LEARNED

During COVID-19, like elsewhere in the world, Ukrainians had to switch to work from home. In those early months, there was great uncertainty about the virus, and it was difficult to assess what would happen.

Andrii Semchenko notes, "Due to the COVID-19, we were better prepared. For those two years, we increased our share in the market and received substantial business from companies that had foreign stakeholders. While other insurance companies shut down for a period, we continued to work remotely and focus on delivering services to our clients. As we had proven that we can deliver, even when working from home we were able to continue our daily work after Russia's initial attack in 2022."

Besides companies, which are already present in Ukraine, INGO is able to support clients who plan to enter Ukraine even under the current circumstances. "Besides two other local insurers, INGO can cover War Risks, although with a limited capacity. Using data, we provide our partners and other stakeholders with confidence that doing business in Ukraine is possible. For us, this is not about the money, but a matter of meeting our social responsibility."



Andrii highlights that there is an important 'social function' or duty as an insurer. "We work not only in the B2B segment, but also continue to provide insurance services for private individuals: we offer car, health and home insurance. INGO is a part of the critical infrastructure of Ukraine, we support our citizens, businesses operating in Ukraine, and we support our state."

"Ukraine's rebuilding will require the active involvement of insurance: already today various plans for renovation and investments are being formed. We participate in a wide range of projects, from energy to construction," Andrii notes.

The rebuilding of Ukraine is attracting European companies, including insurers and reinsurers, as everyone will take part in this. At INGO, we are doing our best to be ready for this, as we recognise already that this wave is inevitable. We are well-positioned now to help and support partners, including Nordic companies looking to participate in the massive undertaking that lies ahead.

NOT JUST INSURANCE

INGO also owns and operates multiple medical centres in Ukraine.

Andrii explains, "this was a vision from our CEO, Igor Gordienko, to have our own assets in the form of our own clinic. There are currently two INGO clinics in Kyiv. Before the war, we had plans to open additional medical centres in other cities. Kharkiv was to be the first priority. For objective reasons, we suspended the project, although we did not abandon it. INGO will definitely continue to develop in this direction as soon as possible."



Andrii Semchenko, *Corporate Business Director*



Igor Gordienko, *CEO*

And now the director of INGO clinic, besides his main work, offers voluntary support to Ukrainian troops in the form of medical aid. "We provide medicine and food to help people living and fighting in Zaporizhzhia and Donetsk region, and have personally witnessed some of the horrors of war during these trips. Being forced to flee and take cover, we saw the battle with our own eyes, people dying in front of us, medical specialists trying to help the wounded, and so on. Away from the frontlines, most people are living a regular life. People work, relax, visit theatres, movies, and shopping centres. The difference is massive when you come back to Kyiv. It is a very strange contrast, a surrealistic picture."

RESILIENCE AND DETERMINATION

"A normal day is to sleep and wake up without rockets. We try to have a regular life. The most difficult is when the air raid takes place at night. Today, I am careful not to give any forecast or prediction on the war. Even though we were prepared for the last big attack, the war did not end a year ago as many had hoped. Things have changed and the war is no longer about tanks – it is a war of drones. I expect that, when we receive ammunition and rockets that support long distance attacks, it will really make a difference in our favour", he explains.

Andrii concludes, "the solution to this conflict will come on the battlefield, not in a negotiation room. You cannot find a solution when the enemy only understands power. Again, support from USA will be critical, we need more military equipment, more Patriot missiles and ammunition for HIMARS. If we do not get this support, we will need more from the European Union. For those who are thinking 'this is not my war' it is important to realise that Russia will not stop in Ukraine." □



Navigating risks in global trade

In global commerce, business is conducted where business is, from bustling city centres to the most remote corners of the world. For some, maintaining operations in foreign countries is the norm, not the exception. At If, we understand that while such locations can present unique transportation risks, it is often a risk worth taking.

By Kimmo Hattunen, If



Business in the Nordic regions has shown a trend of expanding operations into previously unfamiliar territories. When branching out, it is vital to grasp the risks and to devise the strategies to manage and mitigate them effectively. Get an overview of the typical risks encountered and how If's Cargo Insurance can help support businesses in navigating these complexities.

RESEARCH, INSPECT AND PARTNER UP

Companies must anticipate all the many types of challenges they face when entering less familiar markets. Taking cargo as an example, occasionally significant investments are allocated to areas with extreme weather conditions. This can impact the feasibility of transportation during certain seasons or over certain terrains, such as ice roads.

Furthermore, local infrastructure—or the lack thereof, including roads, bridges, and harbours—can introduce additional risks to timely deliveries. Choosing experienced and reliable transportation partners or local subcontractors is essential, as unproven partners can introduce surprising and unwanted additional risks as well as uncertainties to the logistics chain.

However, when a company enters into new and remote markets, there are normally no or few sub-contractors available, which are known either to the companies themselves or to other co-operation partners. Even if it is possible to find more than one there is no guarantee that it is possible to find the required special equipment from more than one service provider. When this happens, it is of vital importance that inspections are carried out both at the point of departure of the transportation as well as at the other end of the sea voyage.

A dual-check system helps confirm the condition of goods pre- and post-transport, and ensure that loading and unloading procedures meet the highest standards. In addition, checking the transportation equipment before, e.g., a demanding inland transportation is a prerequisite for ensuring goods arrive at their destination intact.

LOCAL LEGISLATION AND COMPLIANCE

The complexities of international trade laws necessitate a deep understanding of local insurance regulations. Many developing countries mandate that only domestic insurers cover risks within their borders. In the same way reinsurance is primarily only given exclusively to domestic insurers.

In cases where domestic insurers and reinsurers are completely or partially unable to underwrite the risk or in fact do not want to underwrite the risk, it is possible to resort to foreign capacity. If has established a vast network capable of arranging compliant



insurance coverage in over two hundred countries, ensuring seamless integration into global transportation insurance programs.

EXPERTISE IN PIONEERING NEW MARKETS

Insurance considerations should parallel the initial stages of trade negotiations, regardless of the industry or scale of the project. Early engagement ensures sufficient time to ascertain whether existing global cargo insurance programs suffice or if local insurance solutions are necessary. Pre-shipment surveys, cargo risk assessments, and equipment inspections are part of the comprehensive services we provide to reflect on and manage transportation risks.

As economic trade channels follow geopolitical trends, Nordic industrial enterprises venture into territories around the globe, including South Amer-



ica, former CIS countries, Asia, and more. We are committed to supporting our clients in conquering markets wherever they are, leveraging our extensive experience in risk surveying and insurance provision to the more distant locations of the world.

CONSIDERATIONS FOR TRANSPORTATION TO FARAWAY LOCATIONS

- Anticipate risks: Engage in thorough risk assessment prior to market entry.
- Get to know the infrastructure: Understand local transportation conditions and seasonal limitations.
- Base decisions on knowledge: Utilise our comprehensive network for pre-shipment and destination surveys.
- Acquire reliable partnerships: Vet and select transportation partners and subcontractors.

- Make cargo integrity a priority: Implement stringent inspection processes at all transit points.
- Comply with local laws: Navigate local insurance legislation with the necessary support.
- Have a proactive insurance strategy: Integrate insurance planning early in trade negotiations.

We encourage you to consult the detailed lists of high-risk areas and countries with restrictive insurance legislation available on our website. These resources are invaluable when setting out to navigate and conquer the complex landscapes of faraway markets. [□](#)

Managing maritime connections between Asia and Europe

Global trade is facing multifaceted challenges causing longer delivery times, increased risks, and significant increases in costs.

By Caroline Bødkerholm, If



In the Red Sea, a series of Houthi attacks on vessels have led most major shipping companies to reroute around Africa, avoiding the Suez Canal. On the other side of the world, a severe drought is significantly impacting cargo through the Panama Canal. Independent of location, the cyber risk landscape is growing increasingly sophisticated, posing a substantial risk to shipping companies worldwide.

In this article Markus Hytönen, Cargo Risk Engineer with If Insurance, provides examples of concrete risk mitigating factors that shipping com-

panies should consider, with a focus on the maritime connections and shipping routes between Asia and Europe.

REROUTING AROUND THE SUEZ CANAL

According to the Guardian, more than 100 container vessels have rerouted from the Suez Canal to avoid Houthi attacks. The alternative route via Cape Town prolongs the transit time to Europe by approximately 10 days, and poses further risks, as cargo is exposed to more rough seafaring.





Markus says, “the current situation in the Red Sea will have long-term consequences on global trade. Even if the situation were to cease today, uncertainty will remain in the future and potentially influence many shipping companies to continue rerouting to avoid the risk of an attack.”

PANAMA CANAL DROUGHT CAUSES GLOBAL DISRUPTION

One of the world’s key shipping channels is running at reduced capacity due to a severe drought. With water levels below normal, only 24 vessels can cross per day, causing delays and higher shipping costs. Before the drought, as many as 38 vessels per day passed through the Canal. The drought comes as a combination of the El Niño effect and the dry season in Panama. The rainy season is predicted to begin in late April, which can impact the situation positively.

CYBER ATTACKS

According to the Economist, the maritime industry is expected to go through a digital transformation over the coming decade, driven by the technological adoption, the climate agenda and intensifying geopolitical and macroeconomic shifts. The industry is becoming increasingly reliant on artificial intelligence and the opportunities Big Data, and the Internet of Things have to offer. These new technological developments come with an increased risk of potential cyber-attacks, which has already materialised for several large shipping companies.

One example occurred in July 2023, when one of Japan’s busiest ports, Nagoya, was hit by a cyber-attack, affecting its ability to load and unload containers from ships. The ransomware variant caused two days of downtime for the port, which had a significant impact on Toyota’s imports and exports, as Nagoya is the main route for auto exports for Japan’s car industry.

Markus Hytönen says, “The need for cyber resilience is more important than ever before. We see many seaports being attacked and, in some cases, they are forced to shut down operations for several days causing huge financial losses. Cyber security measures must be up to date and improved continuously.”

THE SHIPPING INDUSTRY IN TRANSITION

The intensifying geopolitical situation in Red Sea, the drought in Panama Canal and the escalating cyber landscape will undoubtedly have far-reaching impacts on the future shipping industry. The current situation causes increases in transit rates, which will impact prices, ultimately impacting consumers. Vessels therefore need to be more cost-efficient, which can lead to the use of larger vessels with fewer transports.

Hytönen says, “The issue with larger vessels is that already now, only specific ports allow the bigger container vessels to enter where containers are then unloaded and reloaded to minor vessels, which can go to smaller seaports. This increases complexity



GETTYIMAGES

in supply chains and will cause even more delays in transit.”

Markus continues, “Another development on the rise, is autonomous vessels. For example, YARA has an autonomous container vessel carrying fertilisers on the south coast of Norway. The autonomous vessels have more cargo capacity as no space is needed for crew or cabins. However, significant cyber measures must be taken into consideration, to avoid, for example, a full takeover of the vessel.”

CONCRETE RISK MITIGATING FACTORS

Looking at the maritime transportation to and from Asia, there are some general considerations companies need to keep in mind when doing business along these trade routes.

Markus Hytönen explains, “some of the common challenges shippers face concerns the adequate packaging and cargo securing methods for the long transit time. Additionally, the changing weather conditions should be taken into account as more frequent and extreme weather events are causing widespread impacts onshore as well as offshore. Shippers as well as consignees should prepare for additional costs and, in this regard, also longer transit times.”

UNDERSTANDING THE RISKS

As we are monitoring all these risks and situations closely, If Insurance works to keep our clients up to date on their risk management and loss prevention efforts by offering suggestions or solutions on how to better protect their transported goods.

We are also communicating on an ongoing basis with our clients, for instance, regarding geopolitical risks and their existing insurance coverage. We provide guidance on alerts and warnings, and across critical areas relating to shipping. □



Meet our expert

Markus Hytönen
Cargo Risk Engineer

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PARTNER



Challenges in maritime connections between Asia and Latin America

The following article has been re-published with consent from Mapfre Global Risks, a valued If Insurance global partner.

Asia-East Coast of South America' is the sixth global ocean route by volume of mobilized containers. Connections between the continents have fourteen direct services between the main ports of both regions, although there is still a long way to go.

Since the expedition of Fernando de Magallanes and Juan Sebastian Elcano managed to circumnavigate the globe between 1519 and 1522, there is one theme that obsesses merchants and governments around the globe: optimizing maritime routes to seek max efficiency in world trade. For centuries, empires and nations have navigated the globe by turning oceans into true highways for goods. Today, sea transport functions as a gigantic network with established routes or lines, stopovers, and transshipments, from which any goods can be shipped from one point to another on Earth.

According to ranking data from the World Shipping Council, the global association that brings together the world's leading shipping freight operators:

- The 'Asia-North America' route is number one in terms of volume transported with 26.57 million TEUs (20-foot containers, usual unit of measure in sea transport) mobilized.
- 'Asia-Northern Europe' exchanged 15.06 million TEUs.
- 'Asia-Mediterranean', 91 million TEU.
- 'Asia-Middle East', at 7.74 million, ranks fourth.
- Fifth would be 'Northern Europe-North America', at 5.40 million.
- Sixth is the 'Asia-East Coast of South America' route with 2.07 million TEUs.

“ *This is a highly concentrated sector, where the world's first seven freight vessel operators concentrate 75.7% of market.* ”

It is precisely the latter that, due to its enormous potential and development capacity, has raised the interest of the ECLAC (Economic Commission for Latin America and the Caribbean), a UN-dependent body that has prepared a recent report on "Sea Freight Connections between Asia and the Pacific and Latin America", where it analyzes the main maritime connections of containers and the challenges that must be faced on the routes between both continents.

"COLONIAL" BUSINESS MODEL

The ECLAC study focuses on bilateral maritime trade relations of the most active countries on both continents over the past five years, with China, Japan, South Korea or Australia (on the Asia Pacific side) and Argentina, Brazil, Colombia and Peru (on the Latin American side). It is noteworthy that, apart from nuances, there are common traits in all of them. The Asian countries, for example, primarily export manufacturing, with particular importance of electronics and technology products. Meanwhile, Latin American exports are mainly concentrated in raw materials and agricultural products.

The current relationship between these regions closely resembles the colonial period between the Americas and Europe, where metropolises imported raw materials that transformed and processed and then resold in the form of higher-value-added manufacturing to the colonies themselves. This generated an unbalanced trade balance in favor of the old continent at the time-and today it generates an unbalanced trade balance in favor of Asian countries which, for the same volume of exported cargo, receive much more income for the type of product sold.

Another of the particularities that mark these relationships is the very nature of global sea transport. This is a highly concentrated sector, where the world's first seven freight vessel operators concentrate 75.7% of market share and they decide which types of routes connect the main ports on each continent. In addition to this situation, there is also another key element: the narrow chokepoints through which a large number of goods circulate, and which become bottlenecks for global trade, such as the Suez Canal, the Malacca Strait or the Panama Canal. With these circumstances and conditions, Asia and Latin America are currently connected by fourteen direct services: four from Asian ports to ports on the East Coast of Latin America (which concentrate the greatest traffic of goods) and ten to the South American West Coast, by the Pacific.

CHALLENGES AND THE PATH FORWARD

Taking into account the population of the regions that link these routes - more than 1.5 billion people - we are talking about a very small number of direct services and volume of goods even with respect to their potential. This is mainly due to a poor infrastructure network in Latin America, whose main challenge is to improve port facilities and, above all, logistics infrastructure in the hinterland -the area behind ports- of stops and destinations. Services at the plant of origin, plant-to-port transport, services at the origin port, services at the destination port, transport to the destination plant or services at the destination plant are especially important. Logistics infrastructure includes railroads, rivers, roads, and nodes linking these, such as ports, airports, logistics platforms, and border points.



UNFINISHED BUSINESS IN THE AMERICAS

Another challenge is to improve bureaucracy and legislation on both sides of these “maritime highways” as they are very restrictive in the case of Asian countries and unreliable on the Latin American side. Waiting times and customs optimization are another key consideration when reducing marketing costs and increasing transaction volume. Thus, the ECLAC study also includes a sample of interviews with traders and logistics operators, who jointly point out, among other things, the paths to follow:


- Digitalization in all sections of the chain, mainly in customs processes.
- The development of waterways for the transport of goods in Latin America, as a cheaper and more sustainable alternative to roads.
- The need to establish direct services with ports in Southeast Asia, which can currently only be reached with a stopover.

“ *Asia and Latin America are currently connected by fourteen direct services.* ”

Ultimately, the big challenge in increasing the ability to exchange goods on sea routes between Asia Pacific and Latin America lies in improving the commercialization models between stakeholders, creating trust and predictability in transactions and the development of policies by the countries for the planning of long-term infrastructure both in ports and in the hinterland. □

Vibrant insurance market in Singapore





Singapore is a hub for insurance and international trade.

Several If Insurance clients have a presence in Singapore, for example, substantial marine cargo fronting policies are handled there by If partners. There have also been some large losses and we have gained experience in large claims handling together with our Singaporean fronting partners.

By Lisbeth Norrgård-Eklund and Sofia Åström, If

Singapore is a significant regional head-quarter for insurance services in the Asia Pacific region, with many of our Network Partners located on the island. A strong partner network in Singapore is of high importance for If, also in cases where there is a request to approach the partners' sister companies in the region.



Today Singapore is recognised as the leading global logistics hub and its PSA port is one of the world's largest hubs for container shipments, while Changi Airport is one of Asia's largest cargo airports.

SINGAPORE IN A NUTSHELL

Despite its compact size, with a land area of approximately 726 square kilometres, Singapore is the home country to a population of some 5.7 million inhabitants, making it one of the most densely populated nations in the world. Compared to, for example Finland, which is 465 times larger than Singapore in terms of land area, it still shares the same number of inhabitants.

Singapore's strategic location at the crossroads of global trade routes has shaped its history. From its humble beginnings as a fishing village, Singapore evolved into a thriving port city under British colonial rule in the 19th century. Its strategic significance continued to grow, culminating in its emergence as an independent nation in 1965. Since then, Singapore has undergone rapid industrialisation, transforming into a global financial hub and an example of economic success.

The country represents a dynamic cultural landscape, prosperous economy, and rich history. Culturally, Singapore is a melting pot of ethnicities, languages, and religions. Its diverse population, consisting of Chinese, Malay, Indian, and various other

communities, contributes to a mixture of traditions, festivals, and cuisines. The vibrant street markets, such as Chinatown, Little India, and Kampong Glam, offer a glimpse into this rich cultural mosaic.

Singapore's tropical climate, characterised by hot and humid weather throughout the year, shapes its lush greenery and abundant flora. The island experiences two distinct monsoon seasons: the Northeast Monsoon from December to March and the Southwest Monsoon from June to September. Despite occasional heavy rainfall, Singapore enjoys a consistent temperature range of 25°C to 32°C year-round.

GREENER CITY

Pollution from transportation is a central national issue in urban areas and there was a time when Singapore was among countries with the highest level of industrial carbon dioxide emissions. Currently, for example, electric vehicles are not a typical sight on the streets of Singaporean cities. There is however a substantial push for new office building construction projects to increase focus on sustainability, with green certificates considered to be important

“ *If has extensive experience in working with network partners in Singapore.* ”

milestones.

The energy business is still very traditional in Singapore and there are few initiatives ongoing for the development of solar, wind, or hydrogen energy production. Due to the landscape, some renewable energies are unsuitable for Singapore. Specifically, the lack of land area for development of such projects, also the country has very active port operations which complicate offshore wind production.

PARTNERING FOR SUCCESS

This spring If's International Network team members had the great opportunity to directly meet with MSIG Insurance and Sampo Insurance and their contact persons in underwriting, policy production and claims services, as well as with local CEOs with our valued partners.

“MSIG Insurance and Sampo Insurance are established, large players with a proud history in the local market,” Network Manager, Lisbeth Norrgård-Eklund notes. “Today, the companies are our partners, also

in other Southeast Asian countries, in addition to Singapore. Both being able to provide most of the services and lines of businesses according to the standards and requests of If and our clients.

When considering the insurance market in Singapore, Property has the largest market share, followed by Marine & Cargo and Liability. Property can be split further into Engineering and Energy, where construction projects are the biggest players.

Our partners have a strong focus on digitalisation, although many of the initiatives are more focused on the private segment to smoothen the customer journey, as opposed to the commercial segment. However, both partners are willing to decrease the number of repetitive emails sent back and forth, and instead, together with us, take a digital leap.

If has extensive experience in working with network partners in Singapore. Together, we are able to deliver insurance services to clients, offering a variety of solutions to fit specific needs and requirements. □



Meetings with MSIG, from left Sofia Åström, Carol Phua, Lisbeth Norrgård-Eklund, Kenny Yap



India's economic surge

India's emergence as a global economic powerhouse is reminiscent of the rise previously seen in China. Now positioned as the world's fifth-largest economy, India offers a rich landscape for investment, especially appealing to Nordic countries keen on expanding their international presence. The growing Indian economy, coupled with an upsurge in the insurance market, presents valuable opportunities. This growth is primarily driven by an increase in insurance penetration in the private sector, creating a supportive environment for Nordic businesses to prosper.

By Vilma Torkko and Katja Curtze, If

According to Deepthy Prakash, DVP – International Business Group, at ICICI Lombard, “India is on the cusp of economic growth. India has set itself a very ambitious growth target of becoming a developed economy with a GDP of 30 trillion USD by 2047. Strong economic growth, innovation and regulatory support is driving the growth of the insurance market in India with the general insurance industry delivering a year-on-year Gross Domestic Premium Income (GDPI) growth of 12.8% for the FY2024. GDPI growth for ICICI Lombard stood at 17.8% at INR 247.76 bn.”

“The strong infrastructure push from the Government of India to build roads, railways, airports, and ports has resulted in the rapid demand for construction policies which was the fastest growing sector in commercial lines at 26% excluding health insurance in the last financial year. With more and more global multinationals investing in India due to the favour-

able investment environment, the Indian insurance sector is poised to be one of the fastest growing markets in the world.”

Deepthy also notes significant growth in various industries, “We are seeing huge demand in sectors like global data processing centres, renewable energy, semiconductor manufacturing, defence, shipping, life sciences and automobile manufacturing. There is a growing demand for insurance cover which is more in line with global coverage enjoyed by these large multinational corporations in their home countries particularly on the P&C side.”

Deepthy Prakash adds, “After the pandemic, the health & personal accident insurance sector has also shown considerable growth with the increased awareness on personal well-being and wellness. With the Indian airspace becoming one of the busiest in the world, we are seeing rapid growth in the demand for both personal accident and travel insurance.”

LOOK INTO THE INSURANCE MARKET

Whilst witnessing this substantial growth and continuous development, some of the Indian insurance sector's characteristics pose unique challenges to insurers while implementing global programmes. Non-admitted insurance not being allowed and regulatory requirements affecting the coverage, pricing, payment terms and reinsurance cessions abroad, call for special attention from all the stakeholders involved.

“ The growing Indian economy, coupled with an upsurge in the insurance market, presents valuable opportunities.

The regulation around property insurance is particularly strict. The Insurance Information Bureau (IIB) sets guideline rates that, although not mandatory, are universally followed due to mutual market agreement concluded between the local insurers although there are exceptions for mega risks, i.e., cases in which a single location's sum insured exceeds INR 25,000,000,000 (approximately 300 million USD).

With the new property de-tariff guidelines effective April 1, 2024 and the ease in the product

filing guidelines, the Indian fire market is expected to evolve with new wordings and rating structures customised to suit client requirements.

Historically, up to 2006, India maintained a tariff market which was de-tariffed in 2007 to allow insurers greater flexibility and competition in pricing risks. This shift led to significant reductions in premiums and contributed to instability following increased losses from natural catastrophes. By 2019, it became necessary to reintroduce tariffs for certain

types of occupancies and by April 2020, the group of these originally ten occupancies were increased to 300 and applied to all property policies, including those part of global programmes.

MANAGING GLOBAL PROGRAMMES

Based on over 15 years of experience in the Indian insurance market, Deepthy Prakash states that, “Global programmes work well as they usually have broader coverage as compared to locally adminis-



tered policies across product lines. However, the challenge arises when it comes to high deductibles from the master programme (usually in dollar terms) which is to be applied in the local policy. Indian clients are always concerned that this would result in most small value claims being denied.”

“Local programs are always issued on full sum insured basis. However, global policies follow a loss limit basis which is another concern voiced by insureds. India is a cash before cover country, hence having the final terms bound well before risk inception is necessary to avoid any gap in cover. Premium collection well in time is a very important aspect of delivering a successful global programme. Occasionally, lack of clear communication between the local clients and the global parent may result in non-acceptance of terms locally and hence non-payment”, Deepthy highlights.

Implementing successful global insurance programmes in India demands careful planning and execution. It is vital to ensure active participation from local clients, as their engagement is crucial for the seamless integration of such programmes. Moreover, effective communication among all stakeholders is necessary to ensure the smooth operation of local insurance policies in India. Adhering to the strict regulations set forth by IRDAI, such as the limitations on using foreign loss adjusters unless they have local representation and registration, is also a significant aspect of regulatory navigation.

Looking ahead, it is crucial to maintain ongoing conversations with ICICI Lombard to fully grasp the nuances of possible de-tariffication and its broader impact on the market. Furthermore, delving into master coverage solutions with insights from experienced property underwriters will enhance our understanding and may unveil new opportunities for Nordic companies in India.

“De-tariffication should be seen as an opportunity for the Indian market to evolve into a mature insurance market. We do foresee initial challenges involving pricing pressure, with every company trying to compete and garner maximum market share from competition. However, since the reinsurance market continues to be a hard market for property, we expect the rates to stabilise soon after the initial disruption of the first quarter”, Deepthy notes.

“The change in regulations also gives Indian insurers an opportunity to develop market appropriate wordings as per the risk profile of the customer. This will also lead to the evolution of risk management services offered by insurers like ICICI Lombard as clients will be soon rewarded for a positive risk profile”, she adds.



Deepthy Prakash, DVP, ICICI Lombard

IMPORTANCE OF RELIABLE PARTNERS

For Nordic investors, the evolving Indian market along with its complex regulatory framework, presents both substantial opportunities and notable challenges. By tapping into detailed insights about regulatory shifts, fostering strong relationships with local stakeholders and smoothly navigating the multifaceted insurance landscape, Nordic companies are well-positioned to thrive in India's dynamic environment.

To succeed in the Indian market, it is important to have reliable insurance partners when starting business operations in the country. Deepthy emphasises that, “Using a credible insurance carrier and broker is of paramount importance to implementing a successful global programme. There have been past instances of erroneous/non-complaint policies being issued which have resulted in disputes at the time of claims.”

We would also like to take this opportunity to warmly congratulate ICICI Lombard on their recent achievement at Axco's Global Insurance Awards, where they were honoured as the Regional Specialist in Global Programmes of the Year 2024. □



Digital risk mitigation with Ping An

Ping An Insurance is a valued partner of If Insurance, supporting our clients in their operations in China daily. Ping An started to establish the risk management system since 1995 and received ISO9000 certification of risk control system in 2016 and inaugurated its first fire risk lab in 2018, now becomes the first to conduct research and educate clients in this field in China.

By Oona Seppä, If

The adoption of risk management tools at Ping An has been remarkable. By aiming to better serve clients locally and develop cutting-edge tools, the company has empowered almost 500 full-time and certified part-time risk engineers, and other industry experts with ample Chinese data samples to enhance their understanding of domestic risks. Consequently, insurers and clients benefit from reduced economic losses, improved efficiency, and optimised operations offered by the digital risk system.

PREVENTING LOSSES

The Digital Risk System (DRS) aims to minimise economic losses, improve efficiency, and optimize operations. Its primary value lies in disaster prevention capabilities for the Chinese territory. Beyond functioning as a risk management map, the DRS integrates with Ping An's business systems, including underwriting, sales, and survey management. Ping An utilises the system to manage cumulative risks, develop and price catastrophe (Cat) products, and conduct online surveys and facilitate claims processing.

Customers in China benefit from the combined capabilities of this integrated business system, such as streamlining on-site surveys.

Ping An collects data through natural hazards labs and remote sensing data labs and collaborate with a satellite company, gathering essential information for the Digital Risk System. The DRS includes a digital risk map that provides insights into 11 different disaster types and provide remote sensing service for on-line surveys, subsidising risk assessment and claim settlement evidence collection. These insights, combined with rating and analysis reports, can be shared with clients. Moreover, the maps generated by the system serve as valuable guidelines and models for underwriters as well.

PREDICTING RISKS

Thanks to real-time data, Ping An's alert capabilities are significantly enhanced. The model offers warnings of 18 types of natural disaster up to 3 days forecasting and prediction with accuracy rate higher than 70 %. For instance, when a windstorm approaches Shanghai, the model can provide forecast up to three days ahead the national alert is 12 hours ahead. Additionally, this tool integrates with various client service apps, allowing to reach clients promptly with critical information and guide them in minimising potential losses.

Ping An is transitioning from DRS2 to the new tool, DRS3. Hence, DRS3 will not only focus on natural catastrophes but also provide IoT technologies for safety production monitoring. This enhancement underscores Ping An's ability to add value to business systems. The information gathered is then disseminated through various apps, empowering clients to serve efficiently, and supporting experts in their work.

Mia Himberg, Head of International Services at If Insurance, explains, "For our customers, having a partner like Ping An is extremely valuable. Our clients benefit from the advanced risk management services such as the DRS, which provide an additional layer to preventing losses and mitigating risks in their operations in China."



Short news

IF INSURANCE AT AXCO AWARDS

If has a world-class International Network which was recognised by a jury of representatives from competitors, partners and other stakeholders worldwide resulting in a nomination as a finalist for the Axco Award 'The Network Management of the Year 2024'.

Mia Himberg, Head of the International Services noted: "Being a finalist for this Axco Award was fantastic recognition for the work being done in the International Network Team.

The Axco Awards ceremony was held in London, offering a wonderful opportunity to connect with over 200 insurance and network professionals from around the world.

"Being in a runner up position side by side with the global giant Allianz and just behind Australian insurer QBE, the winner of the category, is just remarkable. This gives us strong testimony of our capabilities in delivering leading global network services," Mia Himberg concludes.

If Nordic Health report 2024

In our latest report we discuss stress levels and work-life conditions.



FERMA FORUM 2024

We are pleased to announce that If Insurance will be exhibiting at Europe's largest risk management conference from 20-22 October 2024 in Madrid, Spain.

The FERMA Forum offers a glimpse into the future of risk management and loss prevention, exploring global trends and their impact on Europe.

Be sure to stop by our booth **73** in the Marketplace for inspiring discussions and good coffee.

Don't miss the next issue

Subscribe to Risk Consulting magazine and If Insights at
www.if-insurance.com



Risk Consulting is If's professional magazine on risk management and loss prevention, and is one of the first client magazines in the Nordic countries.