

# UIB GROUP-OUTLOOK

## SWISS RE WARNS OF MAJOR DISASTER THREATS TO EAST ASIA

*The report, Mind the Risk, highlights that eight out of the ten most heavily exposed urban communities to natural disasters such as flooding, earthquakes, tsunamis and wind storms, are in East Asia.*

*The top four urban areas at risk are: Tokyo-Yokohama, Manila, the Pearl River Delta and Osaka-Kobe. These are followed by Jakarta, Nagoya, Kolkata (Calcutta), Shanghai, Los Angeles and Tehran.*

*The report noted: "Since most major cities developed along the sea or waterways, flood risk threatens more people than any other natural catastrophe. Across the 616 cities assessed, river flooding poses a threat to over 379m residents. Over 283m inhabitants could potentially be affected by earthquakes, and 157m people are at risk from strong winds. In many cases, urban populations must be prepared to cope with more than one hazard."*

### ZURICH CHAIRMAN STEPS DOWN FOLLOWING WAUTHIER DEATH

Zurich Insurance Group chairman Josef Ackermann has resigned from his post claiming that he felt pressure to step down following the death of chief financial officer Pierre Wauthier.

### UK INSURANCE: KEY FACTS 2013

UK insurers are now paying out £187 million every day to customers, according to figures published by the ABI. UK Insurance Key Facts 2013 highlights the vital role the insurance industry plays in people's lives and its contribution to the UK economy.

## THE ZURICH POINTS TOO “UNDER INSURANCE IN THE MAJOR LOSS SECTOR”

The company says: Under insurance is a perennial problem and it is difficult to understand why the issue seems to have such a low profile at executive board level when it poses such a threat to business survival and on-going success following a major loss.

Businesses that have the appropriate level of insurance recover faster than those who do not and they are more resilient at surviving both the initial impact of a major loss and the subsequent challenges it creates.

The insurance industry has sought to publicise the issue of underinsurance, but it remains an on-going problem. Too often businesses are unwilling to instruct professional valuations not believing just how problematic the wrong sums insured can be at the time of a major loss. However, in taking the time to work with brokers, insurers and other third party specialists, businesses can be confident that the sums insured in their insurance portfolio are an accurate reflection of what would be needed following a major loss. In turn this means they can be sure that their insurance will respond as they need it to.

For the full report see:  
<http://www.insuranceage.co.uk/insurance-age/news/2292810/insurance-infographic-under-insurance-in-the-major-loss-sector>

**SKULD APPOINTS ON CARGO**  
Marine insurer Skuld has bolstered its cargo operation with a new hire and an internal promotion. Andy Lane has been appointed class underwriter for cargo at Skuld syndicate 1897, while Kevin Campbell will add to his current role as risk manager at Skuld offshore with a new position of underwriter for Skuld's subsea and offshore operations.

## LLOYD'S CHAIRMAN WARNS ON 'SYSTEMIC RISK' OF CAPITAL RUSH

The chairman of Lloyd's of London has warned of the danger that a rush of capital into the insurance industry will cause "systemic problems" akin to those of the banking sector during the financial crisis.

John Nelson, head of the historic insurance market, spoke out about the risks of adverse consequences from non-traditional funding of insurance, which he said was occurring "on a scale not seen before".

"We all vividly remember the systemic problems which arose in the banking industry... where capital became detached from the underlying transaction of risk," he said. "The insurance industry must avoid these traps."

His comments come as low interest rates encourage mainstream investors stung by weak returns from traditional assets to pour capital into the insurance industry in a hunt for yield.

## COSTA CONCORDIA SALVAGE OPERATION: THE VESSEL IS RIGHTED!

The Costa Concordia, which capsized off the island of Giglio, Italy, has been raised in the biggest salvage operation of its kind in maritime history. On 18 September 2013 the vessel was declared vertical after a 19 hour operation which at times used force equal to 6,800 tons to get the vessel to this position.

The next stage is to assess and repair damage to the vessel before it will be floated away to an Italian dock to be scrapped although the tow is unlikely until early 2014.

## MORE CAPACITY!

Axis Capital has been given approval in principle to launch a £119m (\$180m) insurance-focused Lloyd's syndicate that will begin underwriting from 1 January 2014.

Axis Syndicate 1686 will be managed by Asta Managing Agency Ltd under a turnkey arrangement and will underwrite a "diversified and balanced" book of specialist classes including marine, energy, aviation, terrorism, property, casualty and professional indemnity. Mr Alastair Robson will be the active underwriter.

## RENAISSANCERE TO SELL WEATHER UNIT TO MUNICH RE

RenaissanceRe is selling its weather and weather-related energy risk management unit, RenRe Energy Advisors (REAL) to Munich Re. REAL's team of experts have more than 16 years of experience in covering and trading weather risks and its clientele consists mainly of energy companies in the US and of other markets requiring coverage against fluctuations in income due to adverse weather conditions.

Munich Re has been working successfully with REAL, which also includes the trading of commodity contracts in oil and natural gas, for over three years as a risk capacity provider. The new unit will enhance Munich Re's diversification in the field of weather derivatives, since it covers additional regions and sectors.

## INSURERS BACK FUND WITH FOCUS ON ASIA AND AFRICA

Six of the world's leading insurers are to invest in a new \$400m private equity fund being set up to back companies that sell financial services to individuals in developing countries.

MetLife, Prudential Financial and Swiss Re are among the companies backing the second fund being put together by specialist "microfinance" house, Leapfrog Investments.

## THE END OF A PUBLISHING ERA AS LLOYD'S LIST GOES DIGITAL

THE shipping and insurance industry newspaper "Lloyd's List", one of the oldest daily publications in the world, will cease printing to become an online-only service. The presses will stop rolling on 20th December 2013, ending the newspapers 279 year history in print.

## LLOYD'S BOXES CLEVER FOR CHARITY

Fighters from Lloyd's of London are traveling south of the Thames. 5 boxers from the market's broking community are training for Lloyd's charity bout against boxers from Bermondsey Boxing Club, to be held on 14th November 2013 at the Coronet Theatre, Elephant and Castle London. They are raising funds for "CARDIAC RISK IN THE YOUNG" and "THE MPS SOCIETY" see [www.lloydsboxing.co.uk](http://www.lloydsboxing.co.uk) for more detail.

