

# “TOWARDS RESILIENT & REINVENTING REINSURANCE PARTNERSHIP”

Jointly Organized by: Nepal Reinsurance Company Limited & J.B. Boda Insurance & Reinsurance Brokers

(June 1-2, 2022, Male)

Chairing: Dr. Rabindra Ghimire, Chairman, Nepal Reinsurance Company Limited

Chief Guest: Mr. Surya Prasad Silwal, Chairman, Beema Samiti

## Seat Taking

S.No.	Name	Company's Name	Designation
1.	Dr. Rabindra Ghimire	Nepal Reinsurance Company Limited	Chairman
2.	Mr. Dip Prakash Panday	Nepal Reinsurance Company Limited	Board Member
3.	Mr. Navaraj Mudvari	Nepal Reinsurance Company Limited	Board Member
4.	Mr. Madan Pokhrel	Nepal Reinsurance Company Limited	Board Member
5.	Mr. Sunil Ballav Pant	Nepal Reinsurance Company Limited	Board Member
6.	Mr. Shyam Prasad Acharya	Ministry of Finance	
7.	Mr. Shankar Kumar Rayamajhee	Nepal Reinsurance Company Limited	CEO

## Seat taking in the same place

S.No.	Name	Company's Name	Designation
1.	Mr. Sushil Dev Subedi	Bema Samiti	Director
2.	Mr. Kumar Bahadur Khatri Poudel	Ajod Insurance Limited	
3.	Mr. Kamal Gautam	Everest Insurance Limited	
4.	Mr. Ram Chandra Shrestha	GIC (Nepal)	
5.	Mr. Vijaya Bahadur Shah	HGI	
6.	Mr. Yugesh Bhakta Bade Shrestha	IGI	
7.	Mr. Noor Prakash Pradhan	Lumbini	

8.	Mr. Siddhartha Majumdar	National	
9.	Mr. Ashok Kumar Khadka	NECO	
10.	Mr. Sunil Ballav Pant	NLGI	
11.	Mr. Vinod Bhalchandra Ghate	Oriental	
12.	Mr. Sanchit Bajracharya	Prabhu	
13.	Mr. Bishwo Ram Timila	Premier	
14.	Mr. Shrawan Rawal	Prudential	
15.	Mr. Gyanendra Raj Ojha	Rastriya Beema Company	
16.	Mr. Dip Prakash Pnaday	Shikhar Insurance	
17.	Mr. Birendra Bahadur Baidawar Chhetry	Siddhartha Insurance Limited	
18.	Mr. Sudyumna Prasad Upadhayay	Sanima General	
19.	Mr. Damodar Bhandari	Nepal Reinsurance Company Limited	ACEO
20.	Mr. Bishnu Prasad Upadhayay	Nepal Reinsurance Company Limited	Reinsurance Expert
21.	Mr. Raju Raman Paudel	Beema Samiti	
22.	Mr. Sanjib Subedi	J.B. Boda	
23.	Mr. Chankhu Chhetry	Sagarmatha	
24.	Mr. Surya Prasad Silwal	Beema Samiti	
25.	Mr. Vinayek Jirafe	J.B.Boda	

### **A welcome speech by Chairman of Nepal Re**

Respected Chief Guest and Chairman of Beema Samiti Mr. Surya Prasad Silwal Sir, Special Guest Executive Director of Beema Samiti Mr. Raju Raman Paudel Sir, Guest President of Nepal Insurers' Association Mr. Chanki Chhetri, Director from Beema Samiti Mr. Sushil Dev Subedi, Board of Directors of Nepal Re, Representatives from the Ministry of Finance, Chairman of JB Boda Group Mr. Atul Boda jee, Our special guests and valued partners, Chief Executive Officers from different insurance and reinsurance companies, and ACEO of Nepal Re, Resource persons of the programs, Top level management of Nepal Re and staff of JB Boda presented over here.

Namaste and very warm good morning in the beautiful island of Maldives.

First of all, I would like to welcome all our distinguished guests and valued delegates in the two days seminar in Kafu Atoll at Paradise Resorts.

We are here to participate in two days seminar and the theme of the seminar is "Towards Resilient & Reinventing Reinsurance Partnership". The program is jointly organized by Nepal Re and JB Boda Reinsurance Brokers, India. The program aims to share the knowledge among the professionals and enrich the insurance industry in Nepal.

We feel honour and we are thankful to Chairman of Insurance Board of Nepal, Mr. Surya Prasad Silwal and his team for the gracious presence. We are grateful to the Chief Executives Officers of all general insurance companies of Nepal. Without your presence, the program would not be possible. On behalf of Nepal Re, I would like to thank to Mr. Atul Boda jee, Chairman of JB Boda Group, pathfinder of reinsurance market, and his entire team for their generous support, dedication, and hard work to make success the seminar.

We, being a national flagship company, first mover in Nepal, have a valuable support and backing from Ministry of Finance and Beema Samiti. We are so fortunate that, we have a long-term relationship with local insurance companies. We have received a sound technical support and build a trustworthy relationship with reinsurance companies and reinsurance brokers. Our human resource is proactive and result oriented. For all these reasons, Nepal Re is revitalizing, and searching the new opportunities, and ready to shouldering the challenges in the competitive global market. I want to give assurance to our insurers, that Nepal Re is ready for the quality services and support as per your requirement.

Our moto is promoting the insurance market through the professionalism. In insurance industry, knowledge sharing is most important including the developing the technical know how and expertise. In this context, this program would be a milestone event.

During our stay in Maldives, we will participate in four technical sessions. In first June, first session will be facilitated by Mr. Rajesh Edida from RMS on "Art of Catastrophe Risk Modelling- Mechanism and Way Forward" and Mr. Hitesth Joshi from GIC Re will deliver on "Market Development & Importance of Renewal Submission- Moving towards sustainable Reinsurance arrangement. In second June, two sessions will be held. The third session is related to "Synergy on Large Personal Accident Schemes" which will be conducted by Mr. Rajesh Sinha (AIG) and fourth session will be facilitated by Mr. Milind Naik ( JB Boda) and the topic of the session is "Mechanism of Structured Solutions"

I hope, these sessions will be valuable to all distinguish participants and will be helpful for the quality insurance services.

Finally, I would like to thanks to all respected guests for your valuable time, trust and affection towards us. Specially thanks to our resource persons. Thanks to JB Boda, coorganizer of this program and one of the flag broker since inception of Insurance Pool to date.

I hope your stay at Maldives will be unforgettable. I wish a very pleasant and safe stay during the program and safe journey to the destination after completion of the program. We expect same kind of support and relationship in future.

There are various issues we have to discuss are Risk Based Capital, climate changes, underinsurance, parametric insurance, over insurance, insurance fraud, and corporate governance etc.

Nepal Re is not the separate company, it is the establishment Nepalese insurers and they are the real owner. The success of the company depends on the support and cooperation of insurers.

Have a nice stay! thank you very much !

Rabindra Ghimire, PhD

Chairman, Nepal Re

Lankanfinolhu North, Maldives

June 1, 2022

**A welcome speech by CEO of Nepal Re in the seminar**

Dear Respected Chairman, and the Chairperson of the event, Chief Guest, Special Guests, Board of Directors, CEO and all other officials of Nepal Re and Representative of Ministry of Finance, Director of Beema Samiti, All CEOs of Nepal's Non-life cedants, Chairman of JBB Group and other presence officials.

It is my personal and institutional warm welcome to all of you in this beautiful capital of Maldives. Similarly, pleasure to see all of you in this international place to concentrated

“ Towards Resilient & reinventing reinsurance partnership.”

Staying at Male will be wonderful memory of some professional knowledge sharing and personal interaction about concurrent issues.

Our regulator, line ministry, BoDs, market executive and intermediary may able to pay more attention to make partnership for required ideal reinsurance service.

We are very thankful with Mr. Surya Prasad Silwal, Chairman of Beema Samiti, Executive Director Mr. Raju Raman Poudel and Director, head of reinsurance department Mr. Sushil Dev Subedi. Similarly, all board members, all CEOs of Nepalese Non-Life insurer and representative of Finance Ministry of GoN, Chairman of JBB and all officials and our Expert.

We hope staying in abroad and journey will be memorable. We will visit local areas. We also hope this time will be personal recreation and interaction opportunities.

Once again Welcome to you all.

Welcome! Welcome!! Welcome!!!

## **Welcome speech by Chief Guest Mr. Surya Prasad Silwal**

Respected organizers, Members of my team, CEOs of insurers, Ladies and Gentlemen;

Namaste,

Good Morning!

It's an honor and great pleasure for me to be here to share this important occasion with you. I extend my thanks to everyone present here in this program and thanks for the opportunity for inviting me here in the dais to say some words on behalf of Beema Samiti and Nepalese Insurance Industry.

I remember there was neither any insurance company's branch nor any insurance agent in my village even 20 years back. Now, I can see the scenario has completely been changed and the situation is getting better day by day.

I know you people have made many sacrifices to get this level of achievement in insurance. We have now reached near to 4% of total GDP and got access to 36% of the population. Your hard work, better understanding and eagerness toward perfectness is highly appreciated, however there is a long distance yet to travel and yet to widen our vision. None of us would be here today if we had not build this industry in such a way.

A resident of South Asian, we are facing similar types of problems in this industry. Some may have socio-economic problems, some may have geo-political problems, others may have legal or financial problems. But, as a regulator we are clear in our vision.

We believe in open market philosophy. Open competition and open exit from market has been granted. We believe in less intervening regulations and insist and motivate market to be resilient, We have 19 life insurance companies, 20 general insurance companies and 2 reinsurance companies, We have given license to the second reinsurance company last year to promote the competition in the local reinsurance market. We have recently issued reinsurance brokers' license to a few companies and also ready to grant license to foreign reinsurance brokers by establishing their branch in Nepal . We have amended our Reinsurance Guidelines so as to make insurers strong in terms of risk management.

We believe in cooperation with international regulators, international players and international intermediaries. So, I humbly request Monetary Authority of Maldives (MAM) to work together with Beema Samiti to further develop prudent regulating frameworks and regulation modality. The contribution made by JB Boda Reinsurance Broker for decades to enhance Nepalese insurance market is always remembered. I request JB Boda Reinsurance Broker for their continuous support in the areas of skills and competencies of Insurance professionals of Nepalese insurance market.

At the end, I would say realize your potential first and put all your honest efforts to uplift the people from vicious circle of poverty by applying insurance tools and enhance the economy of

the nation. Make your country proud, make yourself proud, the opportunity is literally in your hands. Finally, I extend my heartily thanks to the organizers for extending very warm welcome and hospitality to me my entire team.

Thanks again to all of you.

### Topics Discussed

#### 1. CatModeling and Advancements

##### Value of Cat Modelling

- Used by:
  - Insurers
  - Reinsurers
  - Brokers and Intermediaries
  - Others – financial institutions, corporations, etc.
- Allows for management of catastrophe risk
- “Quantifies” and “prices” risk
- Questions answered:
  - Should I insure this company or portfolio of risk and, if so, how much should I charge?
  - Can there be a bigger loss than 2015 Nepal EQ?
  - What would the event cost today, given that inventory, building and construction codes have changed?
  - How much risk should I retain vs. reinsure?
  - How can I diversify my business?
  - How much more risk can I write?
  - What is the impact of climate change?

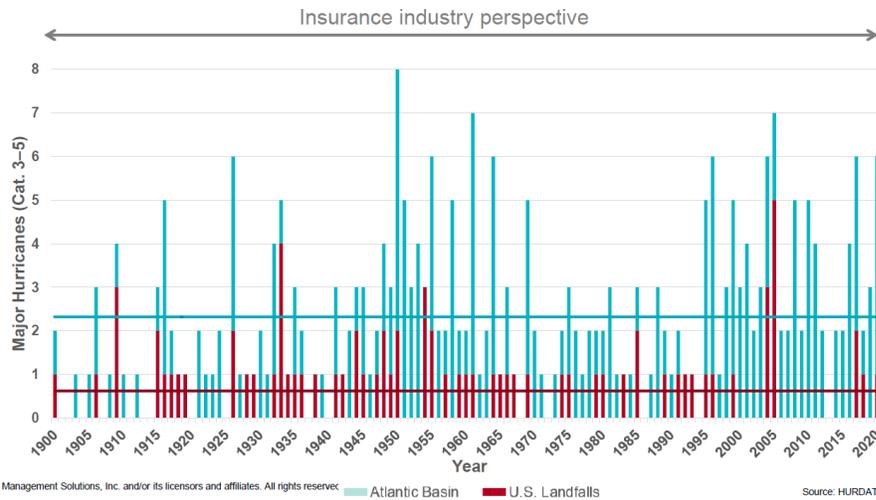
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##### What Is a Catastrophe Model?

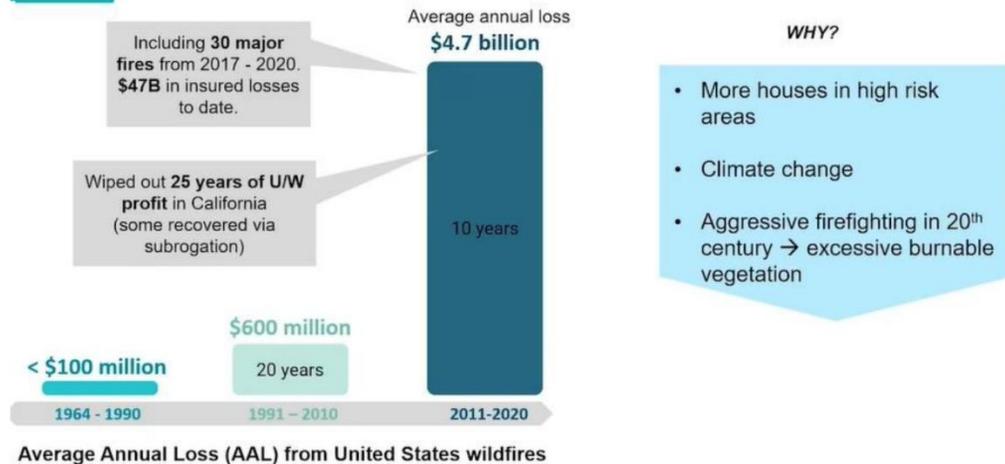


A description of catastrophic systems and events to assist understanding and reduction of risk through quantification of the range of plausible outcomes

## Why Use a Catastrophe Modeling Approach?



## Why Use a Catastrophe Modeling Approach? - Wildfire Severity



## What Questions Can Models Help to Answer?

Exposure concentrations

I want to know where I have risky exposure hot spots.  
I want to know where I could write more business.

Loss to a specific event

I want to know how bad a recent event might be for me.  
I need to report to regulators on specific event scenarios.

Statistics on loss potential from possible events

I want to know how much premium to charge my policyholders.  
I want to know how much capital I need to stay in business.

## 2. Synergies for PA and Travel Insurance Opportunities- Nepal Market

### Global digital program overview

Key Requirements	STAGE			
	Proposal	Negotiation	Onboarding	Launched
Number of deals	218	167	101	33
Major partners				
NPW (millions)	59	85	79	32

Note: NPW is based on best estimate from 1-year NPW, annualized 5-year NPW and manual inputs of potential premium.

## Customized PA Solution – NAC model with accumulative SI based on check-in activity



**Customer needs:**

- Incentivize new members to use gym service
- Provide insurance protection for VIP members against sports accidents

**Selling features:**

- The gym will pay the insurance cost for their members
- Insurance policy is effective immediately after members' check-in
- Provide insurance protection for members against whole-day sports accidents within the gym
- The sum insured will be accumulated when members finish check-in consecutively

**AIG offering:**

Coverage	Basic Cover (RMB)	Additional cover (RMB)
Accidental death & disability	100,000	3,000
Accidental medical cover 0 Excess Unlimited on social security pharmacy	10,000	300
Premium / person / day	1.00	0.05



## Nepal- Premium

- There are no separate figures for personal accident insurance. Premiums are reported as part of the miscellaneous accident class.



AR	2016	2017	2018	2019	2020
<b>TOTAL NON-LIFE Excluding PA &amp; Healthcare</b>					
Premiums NPR mn	15,040.6	19,027.67	22,138.4	27,647.46	29,765.2
<b>TOTAL PA &amp; HEALTHCARE</b>					
Premiums NPR mn	No statistics available for this class.				
<b>TOTAL NON-LIFE INCLUDING PA &amp; HEALTHCARE</b>					
Premiums NPR mn	15,040.6	19,027.67	22,138.4	27,647.46	29,765.2
Growth %	25.48%	26.51%	16.35%	24.88%	7.66%
Premiums USD mn	140.06	182.06	203.23	245.52	251.51
Growth %	19.66%	29.99%	11.63%	20.8%	2.44%

# Nepal insurers



2018	2018	NPR		%		2017	NPR mn
		NPR mn	USD mn	%	%		
1	Shikhar Insurance Company Limited	3,417.23	31.37	23.53%	15.44%	2,766.28	
2	Sagarmatha Insurance Company Limited	1,833.99	16.84	30.15%	8.28%	1,409.08	
3	Siddhartha Insurance Company Limited	1,789.3	16.43	19.08%	8.08%	1,502.54	
4	Neco Insurance Ltd.	1,659.89	15.24	n/a	7.5%	n/a	
5	Premier Insurance Company (Nepal) Limited	1,546.37	14.2	13.86%	6.98%	1,358.17	
6	NLG Insurance Company Limited	1,507.14	13.84	11.12%	6.81%	1,356.37	
7	Prudential Insurance Company Limited	1,371.69	12.59	8.99%	6.2%	1,258.6	
8	Lumbini General Insurance Company Limited	1,260.1	11.57	11.35%	5.69%	1,131.66	
9	Himalayan General Insurance Company Limited	1,190.95	10.93	(9.72)%	5.38%	1,319.24	
10	IME General Insurance Company Limited	1,009.2	9.26	n/a	4.56%	n/a	
11	Rastriya Beema Company Limited	938.28	8.61	11.54%	4.24%	841.23	
12	Prabhu Insurance Company Limited	900.33	8.27	7.5%	4.07%	837.49	

## Criteria to Identify Best Speciality Markets Opportunities

- Identifiable and legal group
- Current purchaser of insurance
- Identifiable buying needs
- Funding and payment vehicle exists to purchase coverage
- Large group that is growing
- Viable distribution source can reach group
- Minimal competition
- Profits are attainable at reasonable rates
- Underwriting and Administration burdens are not too great
- Risk can be kept most – if not all – on Net

### 3. Alternate Risk Transfer or Structured Reinsurance Solutions

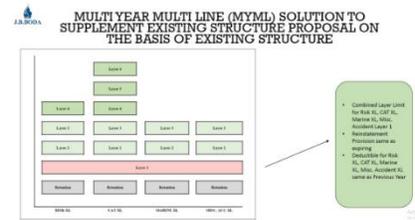
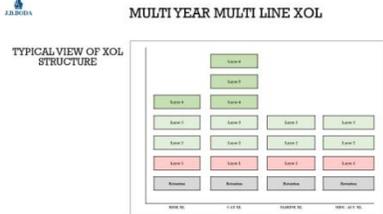
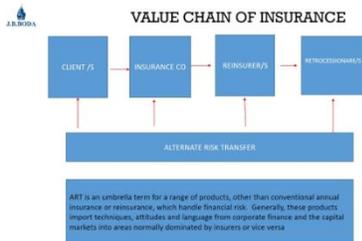


## ALTERNATE RISK TRANSFER

OR

## STRUCTURED REINSURANCE SOLUTIONS

J. B. BODA INSURANCE & REINSURANCE BROKERS PVT. LTD.  
MUMBAI



- ADVANTAGE OF MYML**
- Possibility of Reduction in up front premium possible (For combined Layer)
  - Reduction in cost of main programme possible as market will think reinsured retention is high as Combined Layer becomes non subscription placement
  - Profit Share potential if recovers low or nil
  - Guaranteed reinsurance capacity even after following loss
  - Annual Review Clause, easy exit/ Commutation option
  - Since terms are predefined in advance for next 3 years, no increase in cost or deductible even after frequency/severity of claims in a particular year
  - Since Combined overall limit, Individual layer losses higher than Reinstatement capacity can also be recovered.
  - In case of high frequency loss year term aggregate(3 or 5 year can be utilized in that year itself).
  - Cross benefit of No claims across all XOL possible
  - Generally by 'A' Rated Reinsurers, No Counter Party Credit Risks

Some glimpse of the event

