THE FULLCOVER

Risk & Insurance Magazine 16

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Editorial

As French poet Paul Valéry once said, "The problem of our times is that the future is not what it used to be." Although this quote is from 1937, it could have been said today, as it reflects the doubts and anguish we all feel when facing our, more and more uncertain, future. And although it is also said that knowing the future could be man's greatest curse, the pace of transformation today is so great that there's no way to prepare for what's in store other than to think about the future and anticipate how it will be. That's why in this edition of FULLCOVER we have a technical dossier dedicated to the future of insurance, where we take a look at the main trends that are driving our sector. A general overview of what's to come is followed by glimpses into the potential direction of insurance in the not-too distant future from parametric insurance to risk management in the digital world, to the new liabilities related to AI and IoT; to the development of embedded insurance and gamification in insurance; and to ESG in the insurance sector or the risk of satellites.

In our interview this year we focus on a leading insurance woman's perspective. Kadidja Sinz, Head of Central Region of Liberty Specialty Markets (LSM), shares her views on leadership, diversity, and her role in creating opportunities for women in the industry. She also talks about how LSM has evolved in recent years, her plans for the future and how and why sustainability is a strategic priority for the company along with a commitment to advance climate resilience.

FULLCOVER has also talked to the three CEOs of Ardonagh International, the newest platform of the Ardonagh Group: Des O' Connor (Ardonagh Global Partners), Conor Brennan (Ardonagh Europe) and Steve Hearn (Ardonagh Capital Solutions) about the business and its plans for the next 12 months.

As José Saramago, a Portuguese Nobel prize in Literature, said: "The Portuguese language is a body scattered all over the world". As a Group of Portuguese origin, we are proud of our heritage, particularly our language, which is spoken by around 300 million people across five continents. In this edition we provide an opportunity to learn more about the Portuguese language with a piece on Lusophony: the history, the economic potential and its diversity.

But that is not all – you will also find many more articles that will undoubtedly stir your interest including a focus on agricultural insurance, a line of business growing in importance; a look at the mysteries of quantum computing; analysis on the scourge of inflation; outlook for insurance and war and the success story that is Cell Europe and HighDome pcc.

There is so much more to discover in this edition of FULLCOVER. And even though the future has become harder to predict, at MDS we look at it with a mixture of curiosity and optimism. After all, according to Malcolm X, "The future belongs to those who prepare for it today". By reflecting on the future, looking at the main trends, and sharing them with our readers, we like to think we can all be better prepared.

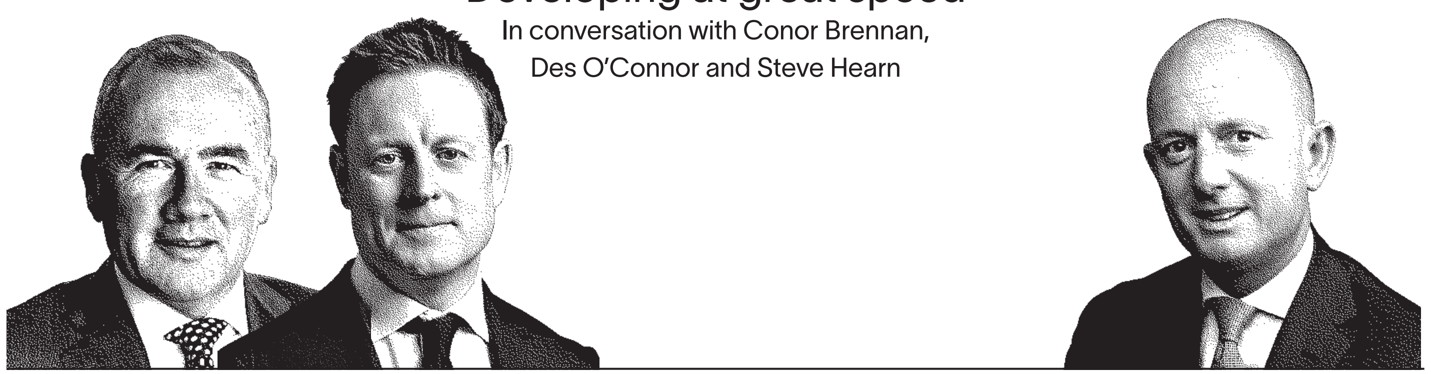
José Manuel Fonseca
MDS Group CEO

CONTENTS

CONTENTS

DOSSIER

A Look into the Future of Insurance



CONTENTS

THE FULLCOVER

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Head of the Central Region (Europe and MENA)
Liberty Specialty Markets

Kadidja Sinz

Leading with authenticity

FULLCOVER talked to Kadidja Sinz, of Liberty Specialty Markets (LSM) about her career in the insurance industry, her inclusive and collaborative approach to leadership, and her role promoting gender equality and creating opportunities for women in the talent pools. She also told us how the business has evolved and grown in the last years, the company's investment and expansion plans and LSM vision to advance resilience and inclusive growth.

Kadidja Sinz joined LSM in August 2016 and is currently Head of the Central Region (Europe and MENA). She is responsible for leading and directing LSM's European growth in corporate risk, offering a wide range of specialist covers for business of all sizes as well as leading the Central Region. Kadidja started her career in Financial Lines at Chubb in the US prior to joining AIG where she spent 14 years in underwriting and branch management roles before being in charge of business development for France and Europe. She later joined ACE with European responsibilities including Eastern Europe and then XL (which became XL Catlin) as Country Manager for France then Regional Operating Officer for Europe. Kadidja is the author of several articles on corporate governance and financial risk and is a frequent speaker at round tables on the subjects of risk, governance, distribution and management. Kadidja serves on the board of a leading French bank and a not-for-profit organization. Kadidja holds a DEA in Private International Law, is a graduate of Sciences Po in Paris and has aTrium MBA from HEC, LSE and NYU.

You joined Liberty Specialty Markets (LSM) in 2016. Before, you worked for several insurers. Tell us about your career and how it has unfolded.

I started my career at Chubb in the USA as a Financial Lines Underwriter. I then spent 14 years at AIG, in underwriting and management roles, lastly Business Development Manager for Continental Europe. In 2002, I joined ACE Europe where I was the Financial Lines Manager for Continental Europe, and later held a Business Development Manager role for Europe and Eastern Europe. I joined XL as Country Manager for France and went on to manage both France and the region from an operation and distribution point of view. In 2016, I joined Liberty to be the Head of the European region and I am now President of the Central (Europe and Middle East) region.

During my career, I always firmly emphasised lifelong learning. Every five years or so, I have spent time at INSEAD Business School, most recently doing a Trium (LSE/NYU/HEC) EMBA. Broadening my spectrum of knowledge is a key component of my career.

> "During my career, I always firmly emphasised lifelong learning. Every five years or so, I have spent time at INSEAD Business School, most recently doing a Trium (LSE/NYU/HEC) EMBA. Broadening my spectrum of knowledge is a key component of my career."

You were appointed Head of Central Region in February 2019, one year before the world was hit by a global pandemic crisis. What lessons do you think you have learnt as an organisation as a result of this?

I think, as an organisation, we came through the pandemic really well. It reiterated our view that it is imperative to put people first. We trusted that our employees would find a way to organise themselves and their work whilst fitting with their various personal commitments which emerged during lockdown. We happily found that our inclusive, collaborative environment was not limited to an office setting, but extended to a virtual one too. As employees, we made the transition to working autonomously in a virtual environment. We truly learnt the power and capabilities of technology and, when faced with no other option, discovered how quickly you can implement new ways of working that historically would have taken a long time to adopt across the business.

Since the beginning of the pandemic, we have had the opportunity to consider our work/life balance. Many of us believed that we had a good balance, others knew that they had a blind spot. A lot of people discovered that more ingredients were required to perfect that balance between a brilliant personal and professional life, and the challenge going forward remains working out what ingredients we keep and what we change. We are looking for the right adjustment, incorporating the lessons we have learnt over the past few years. I am hopeful that we will find this balance in an adaptable, efficient and caring way.

LSM is a specialty lines provider, ultimately part of Liberty Mutual. What lines of business do you write and what areas are you growing in?

LSM is a specialist player by name, part of the Liberty Mutual family. As a mutual, we are structured to be there to support our clients when they need us. Liberty Mutual has existed since 1912, giving us the longevity and continuity that has resulted in longstanding relationships. We attract new clients today, and we maintain some client relationships of decades, which is a wonderful position to be in.

We write a broad spectrum of products across more than 20 lines of business in the Central Region. We pride ourselves in our ability to provide expertise-led, tailored solutions to a wide-range of clients, in terms of size, industry and specialty, and provide each with a focused knowledge and understanding of their needs.

Alongside the areas of expertise that we have historically and continue to be known for, in the Financial Lines and Financial Institutions spaces, we are embracing new solutions and building out different areas of the business. Providing solutions to support the energy transition is an exciting space for us at the moment. We have a vertical offering with tailored risk financing solutions including multi-line, multi-year and flexible capacity for transitioning clients. We are looking at more innovative ways to have a positive impact on our clients' carbon footprint. In the last few years, we have launched into the M&A space in Europe and extended our Multi Buyer Trade Credit (MBTC) offering into the European and London markets. We are also in the process of further strengthening our teams such as Fine Art & Specie and Digital solutions, as well as expanding our Surety offering.

Kadidja Sinz @FERMA Forum 2022 · ©Courtesy of FERMA

LSM has been making a strong bet in the digital area, namely by strengthening its capabilities through hiring talented people. Tell us more about your strategy in this area.

We are making significant investments in this area. Talented people, like Carl Faulkner, our recently appointed Head of Digital Strategy for Continental Europe, continue to be attracted to our vision and are responsible for delivering our digital evolution across global markets.

We are making strides in the development of our bionic underwriting. This augmented process allows our underwriting teams to make decisions quickly and accurately. Digitization allows underwriters to do the human element of underwriting rather than administrative work that historically has taken up so much of their time, particularly in the specialty insurance area.

It's not only about what you sell, but also how you sell it. For us, in addition to expertise underwriting, focusing on the "how" is critical, because it's how our clients wish to interact with us. Our guiding principle is to find user-led solutions that are built on our experience and digital capabilities. We work with our clients and underwriters to identify problems or areas to improve on in our processes, and then with distributors, business partners, in the boardroom and across data management platforms to find solutions and explore where automation can streamline the business process and enhance our evolving capabilities.

"I have observed Brokerslink's unique model since its infancy and I was convinced from the outset. I like the network of independent, entrepreneurial companies that get together to build a unique franchise. I have been really impressed by the level of engagement it gets, the level of information shared and the commitment of the team."

LSM has had a close relationship with Brokerslink for some time now. How would you describe that relationship and what has it brought to LSM?

I have observed Brokerslink's unique model since its infancy and I was convinced from the outset. I like the network of independent, entrepreneurial companies that get together to build a unique franchise. I have been really impressed by the level of engagement it gets, the level of information shared and the commitment of the team.

The relationship brings us positive intellectual and business challenges, in order to meet their specific demands. We have also built friendships and a way to serve our clients that corresponds with international needs of globally operating companies. We hope that these ties continue to strengthen as the Brokerslink network continues to grow.

You recently mentioned LSM has a DNA of continuous leading with sustainability. Is ESG an important part of your business strategy?

The move to a world where green energy production is ubiquitous will be a transition. It is not possible to flick a switch to a net zero space and fossil fuels will continue to play a part in this transition. LSM is committed to helping its clients through their own stability journeys to improve their own footprint. This will include looking for meaningful changes to policies whilst making our customers more resilient. As an example, we have also introduced a flexible energy reinstatement clause which allows oil and gas refineries to build back greener rather than simply reinstate to previous location.

On the social aspect, we are proud to have a collaborative and inclusive approach. This includes continuing a meaningful and sustainable change towards closing the gender pay gap and ensuring we are increasing diverse representation throughout our company structure. We are proud to be able to provide coverage to these people in order to create a more stable environment for them.

Finally, we have set a responsible investment policy for LSM's main entities. We are committed to taking material actions through our ESG strategies and continue to monitor progress through our dedicated internal groups such as Responsible Business Forum and Climate Change Forum. LSM is aware of the importance of governance in any organisation as is made clear by our D&O coverage. Therefore, we hold the highest levels of governance across our business to ensure that we are continuing to work with clients and partners towards a better future for the insurance market and wider society, while maintaining a high degree of transparency.

> "On the social aspect, we are proud to have a collaborative and inclusive approach. This includes continuing a meaningful and sustainable change towards closing the gender pay gap and ensuring we are increasing diverse representation throughout our company structure."

LSM Booth was awarded Best Exhibition at FERMA Forum 2022 · ©Courtesy of FERMA

You are known for having a collaborative and inclusive approach. Can you tell us how you materialize this in your daily work?

LSM dedicates immense energy and commitment to DE&I. For me, this makes a difference. It makes a difference for the people who work in this organisation, and it makes a difference to how we approach things. It is important to me for people to bring whoever they are to work and to feel comfortable. LSM's values are very much in line with my personal beliefs. Having a proactive DE&I policy is not only the right thing to do, it also brings values to economies, and it helps us progress.

I feel deeply that everyone deserves a chance to fulfil their lives. My personal journey has brought me to being a board member of "Fondation La Vie au Grand Air | Priorité Enfance", a foundation which helps children who have encountered difficulty in their lives for whatever reason, whether it's migration, family conditions, and so on. I have great admiration for the people who support the cause every day, helping to provide opportunities to those who started life in unfavourable conditions.

In many cases, DE&I is a journey. We all have unconscious biases, long histories and different experiences and therefore need to work together to consciously implement each letter of Diversity, Equality and Inclusion.

You are also keen to support talented women and ensure awareness of bias against women who are starting families. What do you do to fight this situation?

As a manager, I have seen how important it is to create opportunities for women in the talent pools. Women juggling their careers with building a family are often suspected of being less interested in the former, which is simply not the case. We have to support these women and help them to pursue the great careers that they deserve alongside being a mother.

> "There is not one unique leadership style that works, but I think the one quality that is non-negotiable in a leader is authenticity."

> "Our guiding principle is to find user-led solutions that are built on our experience and digital capabilities. We work with our clients and underwriters to identify problems or areas to improve on in our processes, and then with distributors, business partners, in the boardroom and across data management platforms to find solutions and explore where automation can streamline the business process and enhance our evolving capabilities."

How would you describe your leadership style and what do you see as being key to effective leadership?

There is not one unique leadership style that works, but I think the one quality that is non-negotiable in a leader is authenticity. Leaders must be authentic, knowing themselves, the way they interact with others, their biases and so on. When you know yourself, you know how to be better at inclusion, and managing diverse opinions, because you know that reality can be seen from different angles. It's collective intelligence at work that creates success.

My commitment to lifelong learning extends to my team too, in that I encourage them to be constantly developing their skills and understanding of the diverse world of risk we operate in. I think it's important for underwriters to put themselves in their client's shoes to fully understand the changing environment of risk. As a company, we are risk aware, not risk averse, and it's vital to be curious about what risk is out there and how we can try to comprehend it. I encourage my team to collaborate and learn from their own smaller teams and other teams within the business. We are all part of a network of talented individuals from different backgrounds and with different experiences and we must ensure we tap into that and work together to optimise our offering.

Attracting and retaining talent is a major challenge these days and the insurance industry is not seen as one of the most appealing sectors to work in. What is your company doing to change this perception and entice in new talent?

What we do in this industry is really amazing. Insurance is useful – we help people to get on with their businesses and lives should a loss occur. We have a business that is always about trying to understand the future. You are asked to be curious about business models, technology, innovation, acquisitions and so on, so there is a variety of aspects. LSM's culture is at the heart of this, and what we do.

There is a good value proposition for young talent that wants to exercise a whole array of professions and skills. There are also many more options within the industry than becoming a broker or an underwriter that suit varied interests and skillsets. LSM has an increasingly diverse variety of competences, and we are a business that learns from each other. You can be internationally-minded; you can be curious; and you can find motivation from the passion that the many teams within LSM demonstrate.

This industry is one in which talented people can build a remarkable career.

What is your advice to young talent coming into the industry?

When I was starting out and working in the US market, I was told to go and speak to my first broker. I was nervous to do it alone and in broken English. My manager said to me, "You can do it." It gave me the courage to seize the opportunity. My recommendation: Trust the people who tell you that you can do it.

"What we do in this industry is really amazing. Insurance is useful – we help people to get on with their businesses and lives should a loss occur. We have a business that is always about trying to understand the future."

A long-term partnership

FULLCOVER spoke to Beatriz Protasio, the recently appointed Director of Distribution for Latin America and the US at Liberty Speciality Markets, about the long-term relationship between MDS and Brokerslink and plans to develop new synergies and business opportunities in the future.

The last few years have been really important in terms of consolidating Liberty Speciality Markets (LSM) presence in the Brazilian market. Despite the challenging panorama of recent years and the impact of external events such as the pandemic, the war in Ukraine, natural catastrophe losses and the increase in inflation, LSM recorded double digit growth. The business's focus is not however on increasing production per se but on ensuring that capital is fully optimised. In that regard, LSM achieved its objective as was able to start 2023 by celebrating its results from 2022.

MDS has been an important partner on our journey. This background of prosperity is true for all countries in Latin America, with consistent growth across the region, above all in underwriting, thanks to the constant, ongoing and vital support of our team of expert engineers. The result has been an excellent balance sheet in all business lines.

I believe the challenges will be even greater in 2023 as a result of the events already mentioned. The market has been impacted by raised contract renewal costs in retrocessions, and is also anticipating a reduction in available capacity for those countries prone to catastrophic events. If you add in the impact of inflation, we expect a really challenging year across property lines in the region.

This year we want to focus on strengthening the support we give to those clients that are committed to the arduous task of the transitioning to less contaminating energy sources. We want to support projects related to infrastructure development. We also plan to expand in parametric insurance bringing new creativity to wordings and conditions.

As Director of Distribution for LSM in Latin America, and the US, I'm facing this new challenge head-on with all my energy and want to continue increasing the value we bring to our clients. We have a division totally dedicated to clients, brokers and partners, which is aligned with our technical staff and partners with the other divisions in the Liberty Mutual Group, to ensure we always find optimal solutions for clients.

During this new period, we know we can count on the continued support of MDS, not only in Brazil, under the leadership of Ariel Couto - who is doing a remarkable job - but also in the rest of the region via the important Brokerslink distribution channels.

Beatriz Protasio
Director of Distribution for LSM
in Latin America and the US

Liberty Specialty Markets (LSM)

As part of the Liberty Mutual Insurance Group, LSM history dates back to 1912 when Liberty Mutual, then Massachusetts Employees Insurance Association (MEIA), began writing Workers' Compensation policies. As the international commercial, specialty and reinsurance business of Liberty Mutual Insurance Group, LSM are proud of their mutual insurance heritage. They're guided by doing what's right for their clients. They offer a breadth of world-class insurance and reinsurance services to brokers and insureds in all major markets. Their expert teams are resourceful, responsive and empowered to make decisions quickly. They create solutions and build relationships which stand the test of time and that help make the world a safer place in today's unpredictable world.

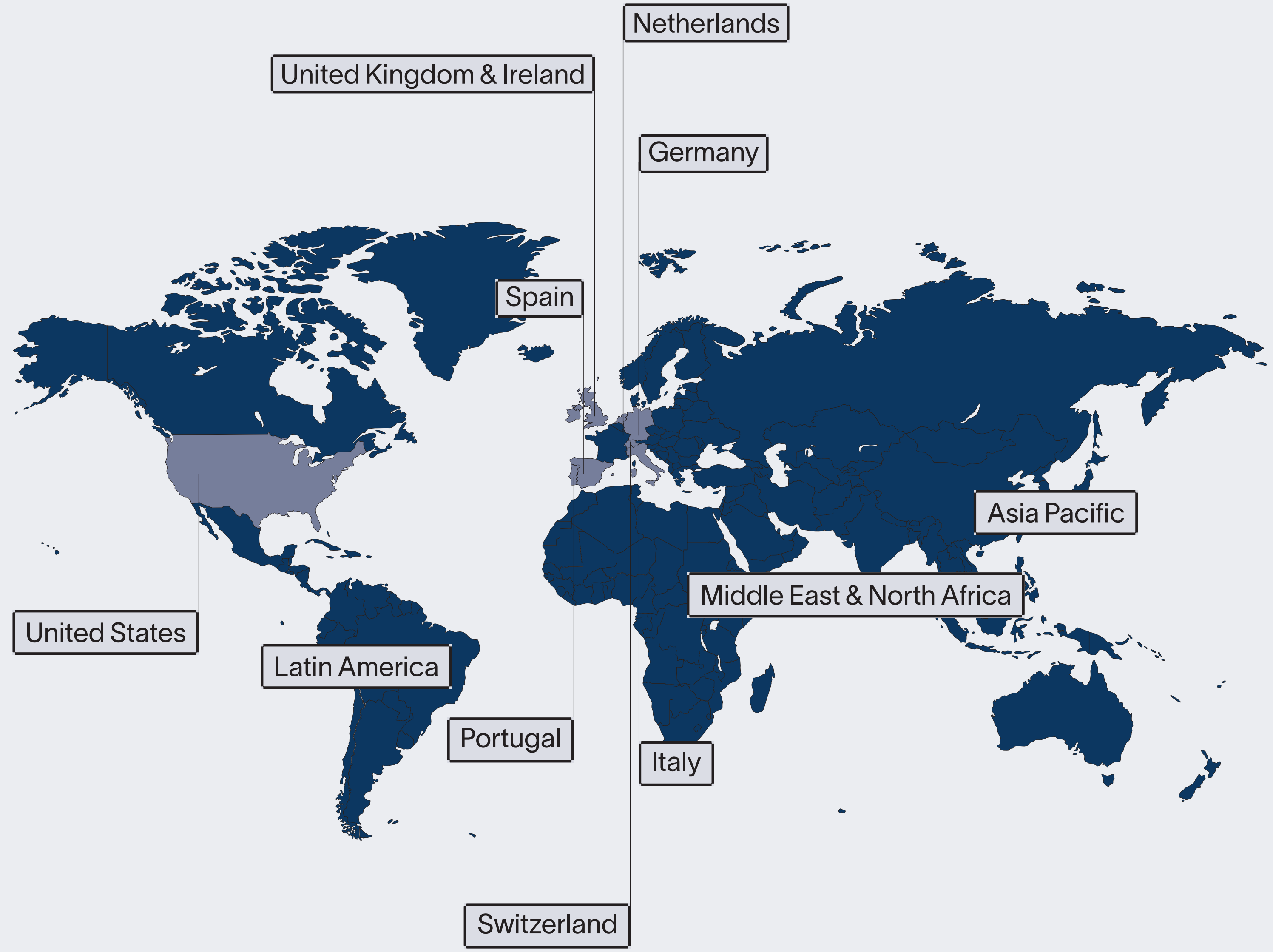
60 Offices

2000 People

20 Countries

4,785m Gross Written Premium in 2022

Global Overview



Awards

2023

- Gracechurch Service Quality Marque (SQM) → LSM, Claims

2022

- Marketing Team of the Year
- Best Exhibition Award at FERMA
- Top InsurTech Leaders → Parul Kaul-Green
- Women in Insurance → Emma Gros (Underwriting Professional of the Year)
- Women in Insurance → Irene Stavrou (Claims Professional)
- Best Large Stand at Airmic
- Insurance Business UK 5-Star Construction
- London's Leading Underwriters – Female Bench Strength Leader
- London's Leading Underwriters - Bench Strength Fastest Riser
- London's Leading Aviation & Space Underwriters → Bill Halligan, Meghan Walker and Dan Fulco
- The Insurer Lloyd's ESG survey
- Insurance Business UK Rising Star → Ella Davies
- Insurance Business UK Elite Women → Emma Pearce, Amanda Burnell & Jaya Handa
- Gracechurch Service Quality Marque (SQM) → LSM Claims

1912
Liberty Mutual was founded in 1912 as the Massachusetts Employees Insurance Association (MEIA)

1914
The first Liberty branch office was opened in 1914, and later that year, the company wrote its first automobile insurance policy

1917
MEIA was rebranded to Liberty Mutual Insurance Company

1939-45
Almost a third of the employees (over 1,500 men and women) served in the armed forces during the Second World War - over 70% continued to work at Liberty after the war

1958
Liberty Mutual established its first Assumed Re capability (later LM Re)

1994
Liberty Mutual Insurance Europe (LMIE) was formed – now the platform for the European business

1995-96
Liberty Mutual backs Lloyd's Syndicates 190 and 282

Liberty
Specialty Markets

1998
Liberty International Underwriters (LIU) is formed, later rebranding as Liberty Specialty Markets

2002
The Cologne Reinsurance office opens, the first Lloyd's syndicate to operate outside London

2004
Liberty Syndicate 4472 formed from merger of Syndicate 190 and 282 – the first syndicate at Lloyd's with 100% corporate capital

2013
Liberty Specialty Markets created, merging the Commercial, Specialty and Reinsurance businesses

2018
Liberty Mutual creates Global Risk Solutions, the B2B arm of Liberty Mutual. Ironshore International and LIU become part of LSM, creating a global business across Europe, LatAm, Bermuda, AsiaPac and the US

2019
Luxembourg headquarters of LMIE opened

2022
LM Re moved from LSM

2023: A confrontation with reality

by

Bernardo Pires de Lima
Research Fellow, IPRI NOVA University

The world cannot afford to lose focus or allow perception to be clouded as a result of incomplete analyses hampered by a lack of geographic scope. The year-long war in Ukraine tends to dominate geopolitical dynamics in the insatiable maw of mediatized information, even though other, more distant wars, are associated with the current armed conflict in Western Europe. It is a worthwhile exercise to journey across continents, oceans, parallel crises, leaders out of the spotlight, short- and long-term trends, and less obvious thinking to achieve a richer palette of contemporary international politics, eschewing monochrome visions of what is an increasingly complex, poorly understood reality.

War in Europe enters its second year

The global strategic environment has undergone a vertiginous transformation over the last few years. Competition among great powers, the erosion of multilateral order and the pandemic crisis all preceded the war in Ukraine, which itself marked the end of European peace and the harmony defined in the years that followed the end of the Cold War. Over thirty years, the reigning order sought to accommodate emerging powers, welcoming them into international organizations (China into the WTO), aligning interests in multilateral forums (Russia-NATO Council) or through agreements backed by the UN (Iran nuclear agreement; Paris Climate Agreement), growing alliances and organizations, extending them to former adversary nations (as happened with NATO and the EU to the east) under a logic of moving on from the rules and institutions that globalization and liberal international liberal order have relied on.

Today international politics is however largely being framed by polarization between those states that uphold, and those that contest, the principles that legitimize that order. Even the merits of democracy are being undermined through populist authoritarians with nationalistic views on free trade, immigrant integration or the role of institutional multilateralism. 2023 sees the world move forward with that systemic shock - and with Ukraine the epicenter for global impacts.

As the war enters its second year, after months of heroic resistance and territorial recovery, Kyiv is entering a new decisive period. On the one hand, it needs the rigors of winter to stay out of the way when it redeploys assets and troops in the more hostile areas of the Donbas. On the other, it must pray that Western faltering doesn't end up hampering the recovery of what Ukraine legitimately considers sovereign soil. It will need three hundred combat vehicles from the West plus a few tens of thousands of men trained in NATO countries, a substantial resupply of anti-missile defenses from the US, and will hope that Germany, Poland, France, the UK, and other allies are all able to co-ordinate better and faster. Failure will crystallize 20% of a strategic territory on the Russian side, benefiting the aggressor through a lasting solution, conditioning future bargaining and defining the future terms of security for the European continent and its democracies.

Security never centres

Whilst Europe's security imperative has its epicenter in Ukraine (although the Balkans deserve more thorough political scrutiny) the expanded analysis referred to earlier does not suggest that understanding of the war or other dynamics evolving on European soil should be frozen. Rather, it is imperative to look for nodes that connect to that geopolitical epicenter.

The most important situation is unfolding in Southeast Asia, namely in Japan. Motivated by Russian aggression, Japan has reviewed its core security and defence strategies, overhauling what had been a solidly defensive, non-belligerent doctrine since the end of World War II. If the Russian invasion of Ukraine has revived collective defensive instincts at NATO, accelerating investments and doctrinal reviews among allies and neighbours, it has also reignited security imperatives on Asian borders among countries with whom the Kremlin shares a history and latent strategic tensions.

Japan looks at its triple threat - Pyongyang, Moscow, and Beijing - and concludes that its post-war doctrine has been emptied of minimal guarantees of the country's independence and security. This interpretation of the reformist imperative appears aligned with a 70% approval rate from the population, converging on the notion that deterrent military power is indispensable if Tokyo wants to remain one of the world's great

Bernardo Pires de Lima

was born in Lisbon in 1979. He is a research fellow at the Instituto Português de Relações Internacionais (Portuguese Institute for International Relations) within Nova University of Lisbon, international policy analyst at Portuguese TV network RTP and radio station Antena 1, political consultant to the President of the Portuguese Republic, chairman of the Curators Council of the Fundação Luso-Americana para o Desenvolvimento (Luso-American Development Foundation), and an author, having published, among other titles, A Síria em Pedaços ("Syria Gone to Pieces"), Putinlândia ("Putinland"), Portugal e o Atlântico ("Portugal and the Atlantic", O Lado B da Europa ("Europe's B-side"), and Portugal na Era dos Homens Fortes ("Portugal in the Era of Strongmen". He has been a visiting fellow at the Center for Transatlantic Relations at Johns Hopkins University in Washington DC, associate researcher at the Portuguese National Defence Institute, columnist for newspaper Diário de Notícias and a commentator at TV network TVI. Between 2017 and 2020, he led the political risk and foresight practice at FIRMA, a wholly Portuguese investment consultancy. He's lived in Italy, Germany and the US, but he keeps coming back to Portugal.

> "2023 has what it takes to lead to an analytic convergence and, inevitably, a head-on collision with a hardening, complexifying reality which demands that there is a lot more scrutiny, knowledge-sharing, and common sense underpinning each decision-making process. Be it in government, organizations, companies, or as individuals all policy is international."

economies, a centre for technological excellence, regional stronghold for democracy and a staunch supporter of free maritime travel in an area abounding in congested straits, including the Taiwan strait. So Japan is set to invest $320bn over the next five years in new cybernetic capabilities, a sixth generation of fighter planes with backing from the UK and Italy, long-range American missiles supported by technologically advanced naval platforms, stabilizing its investment within the NATO standard of 2% GDP for Defence. It's no mere coincidence, but the explicit desire to share in doctrine and means with transatlantic allies with whom Tokyo has made common cause since day one, approving sanctions against Russia at the G7.

It's these two security complexes, European and Asian, which should hold our attention moving forward. Preferably in parallel, given the existence of a shared bulwark of security, the US. Russia's behaviour has materialized into an actual threat and China now figures as "the greatest strategic challenge". This year also marks the 40th anniversary of the Sino-Japanese Treaty of Peace and Friendship. It is key to preserve forums for dialogue that can relieve regional tension without settling into pacifist denial, neglecting the connection between credible military deterrence and more constructive diplomatic capabilities in a world which insists on reviving Hobbesian proclivities despite itself.

Old dilemmas in multilateral co-operation

Clearly the world's security troubles do not end with Europe and Asia. Unfortunately, the ongoing civil wars in the Middle East and Africa also contribute toward the deterioration of peace and stability between states. There are two aspects, however, that keep pulling our focus back to Europe and Asia. Firstly, these are regions where the parties in conflict (whether they trade ideological or physical blows) possess highly destructive nuclear capabilities and, secondly, because the Western political community has manifestly proven that its skill and cunning do little to resolve grievous security crises in the Sahel, Sub-Saharan Africa, the Horn of Africa, or the Levant. Which is to say, on top of the attrition to international security you can add an inability to co-operate in the resolution of lasting conflicts, which diminishes the merits of liberal order and its multilateral organizations.

But it is not just an inability to resolve conflicts. There is also the inability of governments and multilateral organizations to improve humanitarian management of deadly, forced migration that fills the Mediterranean with the bodies of those who fall victim to war, persecution, and organized crime. There is also the minimalistic approach to extremely short-term goals in the fight against climate change, often framing its lasting global impact as a need to adjust economic frameworks in the great industrialized nations, as if the effects of climate variations haven't long been threatening the survival of coastal states and peoples, brutal price hikes on staple foods and other essentials, armed conflict over natural resources, devastating civil wars and profound imbalance in biodiversity.

It is clear that there are no hermetically sealed subjects, compartmentalized dilemmas, individual solutions, infinite resources, or options that can be postponed. There is crisis piling onto crisis, uncertainty as to mapped-out trends, difficult strategic choices entailing global, local, business and individual impacts. All of which is why 2023 has what it takes to lead to an analytic convergence and, inevitably, a head-on collision with a hardening, complexifying reality which demands that there is a lot more scrutiny, knowledge-sharing, and common sense underpinning each decision-making process. Be it in government, organizations, companies, or as individuals all policy is international.

Insurance and War
A historical journey

by

MAPFRE

Firemen at work in bomb-damaged street in London after night raid during WW2 (circa. 1941)

Most insurance policies around the world exclude war-related damage by default, as such damage may prove too massive to insure.

The 20th century was a period of expansion and consolidation for insurance. It established itself as a fundamental component in a near-infinite number of economic sectors. But it was above all a time of profound political change which led to the greatest wars mankind had ever witnessed. Through the hardships of the first half of the century, insurance companies, which had experienced notable growth by offering risk protection to individuals and companies, found themselves at a crossroads. What should they do in the face of unprecedented destructive potential?

When the twentieth century began, the insurance sector had gained the most traction in commercial activities and general penetration in commodity transport, especially maritime transport. This is where insurers began to protect themselves against war-related risk and began to work with specific coverage for situations wherein damage or loss of ships had been caused by attacks from enemy states.

War risk is still a feature in marine lines. In these lines of business, purchasing war coverage is customary, although it involves specialist entities like GAREX, a syndicate MAPFRE forms a part of, and entails specific rules, terms, and usage.

However, other lines stopped working with war coverage decades ago. During the 1930s, major risks, such as war-related risks, were covered mostly in London, where major companies were already operating. Across other latitudes, this market was merely in its early stages. In 1938, the London market insurers, which had already defined measures to that end, agreed on a standard exclusion clause pertaining to war in non-marine lines. The rationale, which holds to this day, was that risks arising from armed conflict are simply too large to cover.

Clause NMA 464 excluded from coverage: "... loss or damage directly or indirectly occasioned by, happening through or in consequence of War, Invasion, Acts of Foreign Enemies, Hostilities (whether War be declared or not), Civil War, Rebellion, Revolution, Insurrection, Military or Usurped Power, or confiscation or nationalization or requisition or destruction of or damage to property by or under the order of any government or public or local authority."

The date, 1938, is no accident. Europe had come to a critical moment of rampant militarism that would lead to World War II the following year. 1938 was the year Adolf Hitler launched his annexation policy, beginning in Austria and the Sudetenland, taking Poland next. The Spanish Civil War was also factored decisively into the decision process. The war had begun in 1936 and it was the first conflict to demonstrate the devastating effects of indiscriminate mass bombings that targeted military as well as civilian targets and could affect people for miles and miles. And not forgetting the political violence that accounted for a number of casualties and property damage. This phenomenon had antecedents in other countries and motivated an expansion of insurance exclusions.

The definition on NMA 464 does not stop at war. It introduces terms like rebellion, revolution, or insurrection, or confiscation ordered by governments. All of this speaks to the volatile circumstances of the time - interwar Europe saw numerous uprisings and violent rebellions.

The war exclusion clause attained international scope under the premise that war-related destruction could not be used to invoke insurers' responsibilities. For decades, the greatest hurdle in policies that do cover such risk has stemmed from the fact that one cannot clearly establish the authorship/liability of an enemy military power or that damages do indeed arise from war or war-like conflict. Courts have in the meantime ruled on complex claims brought by multinational corporations that had suffered losses in countries at war.

There are a few curious cases. For example, two merchant vessels collided during WWI that were insured by a policy that excluded "risk of war." Both ships sailed with their lights off in the middle of the night and one had gone off course hours earlier when a submarine threatened it. Was the damage ascribable to risk of war and, therefore, should it be excluded from coverage? The Supreme Court of the United States understood that it should not, making clear over a century ago that this matter is a crossroads where numerous lines of thinking intersect.

MAPFRE is a global insurer, Spanish market leader and the largest Spanish insurer in the world. In 2021, it became the top insurer in Latin America and one of the top 6 in Europe for non-Life insurance based on underwritten premium. MAPFRE employs over 32,500 people and, in 2021, its earnings approached Euros 27,300m, posting net profits of Euros 765m.

MAPFRE

Getting more for less...

Rethinking the Welfare State

by

Ricardo Monteiro
Company Director, CNN Commentator

Ever since the Republican Revolutions of the XVIII century in the United States and France, society has come to expect all governments to respect the principle of equal rights for all. Soon, however, extending this principle to other aspects of social and political life led to the implementation of tools ultimately aimed at achieving full equality for every citizen in every alley of human existence. The role of the State thus evolved into becoming not only the warrantor of equal rights but also of the outcome of the exercise of such rights. Little by little, the many differences of human condition were meant to be erased so that a new society of full equality of race, religion, gender, economic status, etc., would emerge. This last stage of government organization would come to be known as the Communist State. Communism crumbled in 1989 without ever achieving full equality for a multitude of reasons including its total inability to satisfy the basic needs of society and its brutal attempts at imposing equality by coercion and the curtailment of the most fundamental freedoms. However, on trying to achieve full equality, many different reinterpretations emerged along the way. Social democracy and its offspring, the Welfare State, were the most successful. This iteration of political praxis incorporates and assimilates differences of condition, accepts individual freedoms and personal ambition but claims for itself and for the State the simpler role of a social modulator. Its obligation then becomes the redistribution of wealth through tax collection and the provision of a panoply of services, subsidies and subventions accessible to all. Nobody is left outside the protection it provides. Government gives up on its quest for full equality in exchange for a simpler, yet achievable, state of reduced disparity and increased welfare. Most western countries today live under this paradigm. Even the most liberal governments – by that meaning least interventionist, including the United States - assume that taxation is a necessity and that every state must go beyond simply providing its natural functions of territorial defense and administration of justice. The State must also care for the elderly, build infrastructure and provide public services for its citizens.

The question today is no longer whether or not the State should fulfil that role. Almost every state tacitly accepts it. The debate is now focused on the degree of intervention – by that meaning the weight of the tax burden – the state can be allowed to impose. Many will advocate that the Nordic countries in general set the best example. In those latitudes, the tax burden hovers at around 50% of GDP. The number of civil servants in Sweden stands at about 1.5 million people, more than double those in Portugal with a similar population. In the United States, the tax burden stands at around 30% of GDP and there are a mere 19 million civil servants for a population of 335 million. The civil servant/population ratio in these countries is of 15% in Sweden, 7.5% in Portugal and 5.7% in the US. In Portugal we stand closer to a full capitalist state than to Scandinavian "socialists".

The argument today also evolves around the good and bad management of public money by governments everywhere. As a consequence, it is asked if redistribution should take priority over investment or, in other words, if paying pensions, hiring doctors and teachers should be preferred over collecting less taxes and freeing more capital into peoples´ pockets thus generating more spending and investment for the benefit of society as a whole.

This question can only be addressed if we account for the real conditions in each country. In Portugal there are many examples of mismanagement of public (tax) money. Bailing out our banking system alone cost upwards of Euros 21 billion. It did achieve its purpose but it was clear to all that it benefited the guilty parties much more than the people who paid for it. The nationalization of TAP cost the taxpayer Euros 3.2 billion. The merits of such action in a country with Portugal´s particular characteristics is not the subject here, rather the fact that while Air France and Lufthansa benefited from reimbursable state loans, a capital increase was imposed on TAP. This was immediately absorbed by past debt and operating expenses. It will be impossible for the state to recover such an enormity of funds unless it reprivatizes TAP for an equal amount or stays around for decades collecting dividends to match –both improbable outcomes, at best. As for Portugal´s management of public services, one has only to look at the crumbling state of the SNS (our own National Health Service) to realize that the state, through government, is not exactly a good manager. Yet, sometimes, the private alternative looks worse. What to say of the ruinous contracts established by the very private EdP and successive Portuguese governments which, to this day, give Portugal some of the most expensive power bills in Europe? And what of the peculiar deals between the now gone BES and ex-Portugal Telecom, both pinnacles of private management? Those bills are still with us. And there is also the small matter of the brief private stint at TAP which, at a suspiciously high cost, decided to renovate TAP´s< entire fleet in one go. Or indeed the privatization of Cimpor that all but guaranteed its full dismantlement. In Portugal, bad management flows seamlessly from the public to the private sphere with no discernible difference among the two.

Consequently, to just wish for more state intervention in our lives would amount to gross oversimplification. Equally, asking for lower taxes to allow for more private investment seems, in good conscience, like placing our trust in unproven agents of change. Ideology permeates both options, off course, but the Portuguese people have systematically shown a preference for a model closer to Sweden´s rather than to the United States´. This cannot be ignored. What is needed is a careful mix of reforms and improvements that will create the conditions for the state to better deliver on its obligations. Here´s a breakdown of some proposals:

- To reform administrative and tax courts in order to expedite procedures and remove uncertainty from the relationship between individuals/companies, the tax authority and the state.
- To reform civil courts in order to expedite procedures and remove uncertainty from the corporate and professional lives of people and companies.
- To ensure that the cadres of our civil service are fully professionalized and made independent of political whim to guarantee continuity, coherence and stable management of services.
- To overhaul key management systems through the digital transformation of data management and information services.
- To implement a human resources recruitment and assessment system that will ensure people recruited or already on the public payroll are up to the tasks entrusted to them.
- To reform the VAT code, by definition a regressive tax that punishes those who have less.
- To reform the income tax framework by reducing the number of tiers and increasing thresholds to the amounts set in Spain, Portugal´s main export country and the world´s most intertwined economy with its own.
- To introduce wealth and inheritance taxes to compensate for the two prior measures.

Sweden has a nominal GDP of Euros 540.000m. Portugal's is 215.000m. It has an identical population count. The disparity is 2.5 to 1. Sweden generates a lot more wealth despite its extremely high tax burden. Between 2011 and 2021, Sweden's economy grew by Euros 85 bn in steady increments. Over the same period of time, Portugal grew by Euros 7.5 bn. Whereas the US economy grew by $4tn. What prevents Portugal's growth is the government's inefficiency, not its scale. It could grow more if it was overhauled to serve the people, rather than serve itself.

Ricardo Monteiro

is World Advisor with the communication agency LLYC, and commentator at CNN Portugal. He writes articles for a number of periodicals and is one of the founders of the Council for the Portuguese Diaspora of which he has been a member since 2012. Ricardo holds a degree in Public Administration and International Relations from the Université Catholique de Louvain in Belgium and began his career in 1981 as a management trainee at Lever in Portugal, becoming Director-general of Marketing and Sales for Lever / Elida- Gibbs in 1986. He was also Marketing Manager for Lever España from 1987 to 1988. In 1994 he became principal/Director-general of BBDO in Portugal and, in 1996, was appointed Chairman/CEO of the group as well as a member of the Board at TMP Portugal and Tempomedia. He has since held a number of key roles at the company including CEO of EuroRSCG Portugal group, Co-ordinator for the Nordic Countries, Vice-President of EuroRSCG Worldwide Europe and European New Business Manager. In December 2005 he became CEO EuroRSCG Latin America and member of the Executive Committee of EuroRSCG Worldwide in addition to the Executive Chairmanship of the Companies of the EuroRSCG Portugal group, and in 2007 CEO of EuroRSCG Brazil, adding to his other duties. Later, he would become Ibero-American CEO and, in 2012, Global Vice-President of EuroRSCG Worldwide. In January 2014 he was appointed Global Chairman of Havas Worldwide, with offices in 100+ countries and in 2016 became Global Chairman at Havas, with 20.000 employees on five continents. From 2016 to 2021 Ricardo worked as a news commentator on the TVI24 channel and served as non-executive administrator of Sonae MC between 2018 and 2022.
He was advisor to the newspaper Público, a Portuguese daily, and Sonae IM during the same period. He won the Career Award from the Lusophone Awards (Prémios Lusófonos) for Creativity in 2014 and the Career Award in 2016 from Meios & Publicidade marketing magazine. He was considered Personality of the Decade 2000-2010 by Meios & Publicidade.

The scourge of inflation

by

Andreas Berger
Chief Executive Officer, Swiss Re Corporate Solutions

The war in Ukraine and fallout from Covid-19 have sent inflation to record highs in many regions. We've seen huge price rises in energy and food, with pressures broadening to an increasing range of goods and services. Supply and demand for vital building materials, as well as for new car parts, have also been affected.

Materials and labour shortages have contributed to surging producer prices in construction – we expect them to average 18-20% higher in the US and Germany in 2022. This is also reflected in the vehicle industry, where we forecast that the increase in price of a new car will be up to almost 11% in the US.

These rising expenses are translating to insurance, as businesses face the risk of greater losses from claims in a more expensive environment.

Further, undervalued assets risk creating a significant gap between payouts and actual damage incurred, especially as business interruption can be exacerbated by logistics issues and supply chain disruption.

This rise in claim severity means the hard market will continue into 2023. Prices will increase for many business lines, including commercial property, cyber and liability coverages.

In response, many insurers, including Swiss Re Corporate Solutions, are seeing increasing demand for innovative risk solutions such as structured multi-year, multi-line solutions, as well as parametric insurance and virtual captive solutions.

Inflation to remain high

According to research by Swiss Re Institute, average inflation reached a peak in 2022. But after hitting 40-year highs this year in the US and euro area, it will remain a concern for businesses in 2023 and beyond, trending markedly above levels in recent decades. That's because medium- to long-term inflationary drivers will persist and remain volatile. Globalisation, the energy transition, changing demographics, elevated natural disasters and debt will contribute to a trend of rising prices.

This means pricing pressure and increasing claims costs will remain even as inflation starts to ease.

And as governments react with price caps and other policies, the ensuing volatility will create uncertainties for business. On top of this, we believe inflationary recessions are in the making for many key advanced economies.

This all combines to mean that the cost of covering business losses in the event of a claim is going up.

Insurers are being hit on both sides of their balance sheet – by high inflation and weaker economic activities. There is decreased demand for products in the face of reduced affordability, as well as increasing claim costs. The market volatility presents an extra challenge in underwriting terms as well as on profitability.

> "Alongside inflation, the rising volume and severity of claims has led to a continuation of the hard insurance market. This means premiums are rising for many, and others will find it harder to access insurance in select areas because insurers' risk appetites may be stricter."

Social inflation

Another form of inflation is also making its presence felt on corporates' bank balances.

Shifts in societal attitudes and anti-corporate sentiment, bigger jury awards and rising legal costs are raising the risks and costs for businesses of going to court. This "social inflation" is primarily driven by trends in the US, but is something businesses are increasingly having to contend with in other jurisdictions.

In addition, issues are taking longer to go through the courts – partly down to Covid-related backlogs. This means corporates face prolonged uncertainty and distraction.

Choices in a hardening market

Alongside inflation, the rising volume and severity of claims has led to a continuation of the hard insurance market. This means premiums are rising for many, and others will find it harder to access insurance in select areas because insurers' risk appetites may be stricter.

This is in part driven by rising catastrophic costs as a result of more frequent and severe natural disasters caused by climate change. But equally, property, vehicles and many assets are becoming more expensive to repair and replace.

And with supply chain issues persisting for some products and services, the risk of business interruption is greater.

Against this backdrop, businesses may well find that a like-for-like renewal is not the best option for cover.

The impact for corporates

The biggest immediate risk is for short-tail lines. Our forecasts suggest property lines and motor will see the biggest pressure on claims, largely down to rising construction costs. Lumber costs are up 85% this year, and steel and aluminum prices have risen significantly, which will push up claims severity. Medium- to longer-tail risks are not immune though – issues relating to general or product liability, including motor liability or casualty, will be affected by wage and healthcare inflation in the longer term.

And while pressure on areas like property and motor will likely ease, sticky inflation components such as wages mean costs and claims are likely to keep rising.

Businesses should also prepare for the fact that pricing adjustments will lead to delays in payouts, potentially exaggerating the impact of any business interruption. Renewal costs are also expected to rise as prices adjust to reflect rising claim severity.

How can businesses mitigate this risk?

There is a significant risk that undervaluation will create a gap between actual losses and the insurance payout. With inflation rates and the economy moving rapidly, it's vital that clients work with brokers and insurers to update asset values. This includes allowing for regional differences and the commodities companies use, to reflect the true value of losses or business interruption.

Data-led decisions will help corporates optimise their total risk. Here, our new Risk Data & Services solutions can help. It uses a digital twin to accurately map businesses' assets, then overlays them with expert data to model scenarios to inform prevention, mitigation or risk transfer strategies.

Risk managers need to start conversations with insurers and brokers early. Captives, parametrics and innovative risk solutions may be more cost-effective solutions for non-compulsory lines, but they take time to establish.

So, while next year may well take us past peak inflation, it will remain on the corporate agenda for some time. Important decisions need to be made now to avoid an undervaluation shortfall causing a nasty surprise later.

Andreas Berger

started his insurance career in 1995 as a leadership trainee at Gerling Group, followed by various leadership positions at Boston Consulting Group. He returned to Gerling in 2004 as Head of Commercial Business and International Programs and Affinity Business. When Allianz Global Corporate & Specialty SE (AGCS) was created in 2006, Andreas Berger became its Global Head of Market Management & Communication, where he established an overall market management function for the corporate client segment and served as AGCS spokesperson. In 2009, he was appointed AGCS Chief Executive Officer, Regional Unit London with responsibility for UK, Ireland, South Africa, the Middle East and Benelux. In 2011 Andreas Berger joined the AGCS Board of Management as Chief Regions & Market Officer (Central & Eastern Europe, Mediterranean, Africa and Asia). In addition, he assumed responsibility for the Global Broker Channel Distribution for the Allianz Group. Andreas Berger joined Swiss Re in March 2019 as Chief Executive Officer Corporate Solutions and member of the Group Executive Committee. He has a master's degree in Law, Justus Liebig University Giessen, Germany and a master's degree in Business Administration, Université de Paris-Dauphine (IX), France/ Justus Liebig University Giessen, Germany

Cell Europe and HighDome PCC, a success story

Vanessa Borges in conversation with Paula Rios

The connection between Worten and HighDome through Cell Europe has been a resounding success. Warranty extensions from the manufacturers of the products that Worten sells are placed in a risk cell as a form of insurance, rather than a service. This has helped Worten attain considerable improvements in efficiency. Providing an insurance solution also offers consumers added security, ensuring that everybody is a winner. With a focus on sustainable growth, Cell Europe plans to incorporate new solutions and to continue to invest in providing innovation and protection for its customers. Vanessa Borges, Head of Financial Services, B2B and Risk of Worten and Paula Rios, Executive Director of HighDome pcc share the history behind this joint venture with FULLCOVER readers.

What made the MDS Group create a company like HighDome? Was that a common thing to do, back then?

Paula Rios (PR)
HighDome was really born by chance. I was in London with a colleague attending a training session on captive insurers which included a presentation on protected cell companies (PCCs), a type of company that allows you to create captive solutions for smaller companies. The structure seemed interesting, not just for MDS customers but for the wider Brokerslink universe. When we got back to Portugal, we presented the idea and were asked to come up with a business plan. A decision was quickly made to move forward with the project. The experience is really a great example of how new ideas and innovation are always welcomed at MDS. The group decided to establish a company in a format that was unusual in the European Union at the time, but one that was immensely flexible and capable of providing solutions to companies which, due to their size, would not be able to set up their own captive insurer.

Vanessa Borges (VB)
Worten has been selling warranty extensions since 2008, following an initiative by my colleague, José Vieira de Almeida, to provide a high-value-added service to customers, enabling them to safeguard their appliances beyond the legal warranty schedule. This service proved to be very popular with Worten customers. However, in 2011, the European Union created a task force to standardize the industry, defining a future framework for warranty extensions as an insurance product, posing a threat to Worten's existing model. That said, the act of turning warranty extensions into insurance also created new opportunities:

- A significant improvement in terms of tax as insurance pays stamp tax (9%), not VAT (23%).
- We could also now sell related insurance products (for instance, warranty extensions plus damage & theft protection).

It was against this background that Worten approached MDS to investigate if there was a model where Worten could preserve its position in the value chain (product development, underwriting, pricing, in-store engagement) whilst guaranteeing compliance with European regulations. MDS responded in the same way it always does to a challenge: in the affirmative. It developed a solution that addressed exactly what Worten suggested - leading to the creation of a HighDome cell.

What is a Protected Cell Company (PCC)? How do they work?

PR PCCs are captive insurers and/or reinsurers with a unique structure: a single legal entity with two separate share classes. You have core shares, held by the owner of the PCC (with HighDome, it's the MDS Group) and cell shares, held by the entities that place their risk in the PCC. Each cell is completely independent of the core and the other cells. Cell assets and liabilities are protected from each other by law.

A PCC offers all the benefits of a pure captive, with the added advantage that required capital investment from cell holders is significantly smaller, as the minimum solvency requirements for an insurer are fulfilled by the PCC owner. Cells only need to meet the minimum solvency standard for the risk they take on.

In the European Union, this kind of company only exists in Malta. The concept is very innovative, and its structure highly flexible.

Tell us how the notion came about of creating a solution for Worten through a HighDome cell.

PR Worten had been an MDS customer for a very long time, and we knew them well. The type of warranty extension Worten offered customers as a service could also be turned into insurance. The advantage of doing this is that risk would not stay under Worten's purview but be transferred to an insurer – a regulated entity that meets very strict liquidity standards, providing added guarantees for consumers. HighDome sees this as the kind of risk that best fits our subscription appetite, because we're dealing with a large set of risks which are individually small, with no risk accumulation, and Worten manages their own risk painstakingly, ensuring claims control. So, we arrived at a solution that seemed advantageous to both parties.

What was the cell creation like? How long did it take? What were the main challenges you encountered?

PR It was a lengthy process that took several years to reach completion. It involved internal discussion and decisions at Worten and of course waiting for the insurance regulator of Malta to authorize the cell. The work touched on several areas: legal requirements, insurance processes, tax obligations, financial duties... Bit by bit, all the pieces fell into place, but I wouldn't call it an easy undertaking. Once we got the green light however things turned out for the best.

VB Inception was a challenging process. From the original idea to the first sale, it took three and a half years. Several Worten teams got involved (including José Faria and his team), MDS (Tiago Mora, Paula Rios, and their team), and Sonae – particularly Joni Marques's team.

The definition stage for the cell took about a year, from late 2011 through to late 2012. Four proposals were drafted and MDS, Worten and Sonae teams engaged. Topics such as trapped cash in Malta and what legal status Worten should sign up for (insurance mediator) were complex to broach. They evolved as proposals kept coming.

Once the cell was defined, we began the work of implementation between 2013 and May 2015. Several aspects had to fall in line – from the establishment of Cell Europe to more operational matters, such as the definition of sale and post-sale processes and technical solutions for each one.

At the end of the day, the decision to move forward (after an early-2015 pilot) was not an entirely risk-free one, as is always the case with major projects: the IT solution initially designed to address all HighDome's reporting needs fell short of expectations and it took all of José Faria's ingenuity to design and implement a tactical solution that enabled the project to roll out.

> "In the future, we'd like to bring other companies into HighDome. Worten has accrued immense expertise in the entire warranty extension value chain and its sales ratios for this type of insurance match the best international benchmarks. It is our goal to monetize that expertise by helping other companies professionalize this business in partnership with HighDome."

HighDome PCC, a company of MDS Group, is an insurance company, registered and established in Malta, created in 2011 and overseen by the Malta Financial Service Authority (MFSA) under the Companies Act Regulations 2004. HighDome is authorized to develop insurance and reinsurance business for risk such as accidents, land vehicles (own damage), commodity freight, fire, natural hazards, and other damage to property, diverse risk, and loss of business. The company derived its name from the high domes of Maltese cathedrals whose silhouettes form a striking part of the island's skyline, and is intended as homage to the indomitable spirit and innate strength of the Maltese people who, in over 5000 years of history, have survived harrowing moments such as the Turkish siege of 1565 and Italian bombings during WWII. HighDome's management team is comprised of professionals with vast experience in the insurance sector, both in underwriting and risk management at national and international level.

HIGHDOME PCC

The Highdome and Worten teams at the Highdome pcc tenth anniversary celebration dinner

After almost 10 years in development, what does this partnership mean to you, and how do you see it evolving in the future?

PR This has, without a doubt, grown into a solid partnership, and Cell Europe is a major success story. With careful, attentive risk management, new products have been developed, providing innovative solutions enabling Worten to diversify its warranty extension insurance offering. I hope Cell Europe continues to evolve and maintains the innovative capabilities it has demonstrated so far, coupled with technical stability and excellent outcomes. We hope, likewise, that it grows with Worten, because the cell has a lot of room to grow.

VB Warranty extensions are a core service at Worten. Sales have grown by over 40% since 2015 and are an extremely relevant part of how we guarantee coverage for our customers' appliances.

Partnering with HighDome allowed this line of business to exist and to professionalize its management processes within Worten. But it hasn't always been smooth sailing over the last seven years. Our partnership with HighDome and the fact that both companies believe in the project has, however, helped us overcome all our troubles.

In the future, we'd like to bring other companies into HighDome. Worten has accrued immense expertise in the entire warranty extension value chain and its sales ratios for this type of insurance match the best international benchmarks. It is our goal to monetize that expertise by helping other companies professionalize this business in partnership with HighDome. We are now closer to fulfilling that dream than we have ever been.

Worten is Sonae electronics' retail brand. At its core, it is a digital company, but one with bricks-and-mortar stores and a focus on the human touch. Market leader Worten's mandate is to bring the best technology (and more) to all customers, without exception.
It now offers over six million products across diverse categories, providing the best prices and convenience for shoppers on- or off-line.
In addition to appliances large and small, computer technology, telecommunications, sound, image, and entertainment, Worten is a national service leader, namely in repairs through the brand Worten Resolve; it also offers insurance cover so that customers can safeguard their purchases. Worten recently made a major push into toys, beauty products, health & wellness, sports, books, home & interior decor, DIY & gardening, and even pet products.
Worten's mission is to reassure customers that it sells everything - and more. With the largest e-commerce website in Portugal, plus 240 physical locations, Worten remains close to its customers, offering low prices, personal attention, product, and service variety. Everything is designed to meet their needs and expectations. Always.

worten

Quantum and the computers of the future

by

Carlos Fiolhais
Tenured Physics Professor, University of Coimbra

The invention of the transistor in 1947 was followed by extraordinary changes as computers' calculation powers increased. All of society was impacted as the world learnt how to fit ever more transistors into the same surface. But we're now reaching the limits of atomic scale in terms of transistors raising questions over whether it is possible to really harness much more computing power.

Quantum computing would suggest the answer is 'Yes.' Quantum computing is in fact the hot topic in science and technology, with at least ten articles being published every single day on the subject and the leading tech companies such as IBM, Google, Microsoft and others competing to reach the future before their rivals do. As when it comes to technological change, the past has often demonstrated that the winner really does take all.

So, what is quantum computing?

It is a new form of computation made possible by some of the inherent – but no less bizarre – traits of quantum theory, a framework that emerged in the early twentieth century thanks to the work of Max Planck, Albert Einstein and Niels Bohr, and evolved into its current form by the late 1920s thanks to Werner Heisenberg, Erwin Schrödinger, Max Born and Paul Dirac. When you look at conventional computing, which also relies on quantum theory, as transistors need to occupy energy levels on semi-conductive materials to function (usually silicon), information is digital, that it, it is codified into two states called bits: zero (0) and one (1). When it comes to quantum computing this is expressed as a superposition of two or more states of a particle (which could be an atom, an ion, an electron, a photon, etc.). So instead of a bit you have a qbit or qubit, which is a superposition of 0 and 1.

In quantum computing, qubits are processed by logical units necessarily different than those employed in conventional computing. When you read a qubit, the system "collapses" into one of its base states; the probability of any of them occurring is given by the coefficient or "weight" of the superposition.

Quantum computation also draws from a third aspect of quantum theory called entanglement. Research into entanglement brought the 2022 Nobel Prize in Physics to John Clauser, Alain Aspect, and Anton Zeilinger. If two quantum particles have interacted, they will be entangled forever in the sense that their qubits will be connected: reading the state of one will determine the state of the other, even though it may be at a far remove. If superposition permits a more compact representation of information than mere bits do, entanglement adds even more to the promise of capacity behind quantum computers.

The notion of developing a quantum computer goes back to another genius of the past century, Richard Feynman, 1965 Nobel Prize in Physics. In 1982, he said, "Nature is quantum, goddamn it! So, if we want to simulate it, we need a quantum computer." Half a dozen years elapsed, and MIT mathematician Peter Shor gave quantum computing a major push when he invented a quantum algorithm to factor large numbers. It proved much, much faster than classic algorithms. This had practical consequences, as the access codes used today are based precisely on factoring large numbers. To solve the problem people came up with quantum cryptography, secure communication using quantum processes, which has kept evolving.

Another remarkable step forward in quantum computing was the new search algorithm proposed in 1996 by Indian computer scientist, Lov Grover, then working at Bell Laboratories, which beat conventional search algorithms. Quite a few computer operations these days consist in searching databases…

The promise of quantum computing is that it will deliver a major acceleration of calculation processes. There is talk of so-called "quantum supremacy" – although some prefer to call it an "advantage." In 2019, Google claimed that its quantum computer, Sycamore, could outdo IBM's Summit, then the most powerful supercomputer in the world. Sycamore, it said, had completed in a mere 200 seconds a task that Summit would need ten thousand years to finish. The comparison was contested by IBM. In 2020, a group of Chinese researchers claimed for themselves the mantle of quantum supremacy. They announced that they had needed only 20 seconds to solve a particular problem that would take another supercomputer 600 million years to solve (China now has two of the world's top ten supercomputers).

There are multiple ways to put together a quantum computer. Sycamore is based on superconductor circuits, using 53 qubits, whereas the Chinese system alluded to above, which isn't programmable, is based on beams of light. But every rose has its thorns. Quantum systems are rather error-prone, and these errors arise from interacting with their surroundings. These systems need to be kept adequately isolated as they require very low temperatures to run. If this issue can be overcome by means of error-correcting algorithms, it is likely that many future computers will be quantum. Given the temperature restrictions however it won't be possible to carry them in a pocket. They will be accessible via the Internet, forming a part of cloud computing. IBM already makes some of its quantum computers available to interested parties. The future, be it in science, business (including insurance), or life in general, has truly begun!

Carlos Fiolhais

has a degree in Physics from the University of Coimbra and a Doctorate in Theoretical Physics from the Goethe University of Frankfurt. He is a retired tenured professor of Physics at the University of Coimbra and has been a visiting professor in Brazilian and US universities. He previously headed-up the Computer Centre (Centro de Informática) at the University of Coimbra and commissioned one of the first Portuguese supercomputers. Previous roles include director of the General Library of the University of Coimbra, co-ordinator of the Knowledge Area for the Foundation Francisco Manuel dos Santos and director of Rómulo – Centro Ciência Viva, which he founded. He edits the Ciência Aberta (Open Science) collection at the Gradiva publishing house. Carlos has authored over 60 books on science, education, and popular science, including the best-selling Física Divertida ("The Fun of Physics"), Obras Pioneiras da Cultura Portuguesa ("Pioneering Works in Portuguese Culture"), História Global de Portugal, ("Global History of Portugal") and História da Ciência em Portugal ("A History of Science in Portugal"), He has also won numerous awards including Mérito do MInistério da Ciência e Tecnologia (Merit Award of the Ministry for Science and Technology) (2022), SPA José Mariano Gago award (2018), Ciência Viva-Montepio (2017), Globo de Ouro de Mérito e Excelência em Ciência (Golden Globe of Merit and Excellence in Science) from SIC television (2005), Ordem do Infante D. Henrique (2005), Inovação do Forum III Milénio (2006) and Rómulo de Carvalho from the Universidade de Évora (2006).

4.0 industry:

The digital race will be won with 5G

by

Manuel Ramalho Eanes
Executive Director, NOS SGPS

Over the past decade, the industrial sector has gone through numerous disruptions. Customer preferences change quickly. Uncertainty and falls in demand defy models and systems of planning. Trade barriers and breakdowns in logistics force companies to find alternatives. Substantial fluctuations in demand force drastic cuts to operational budgets and capital in some areas, and sudden growth in others. Working from home and social distancing have also made companies redesign their processes and people management. Growing concerns over sustainability, global warming and the environmental impact of human activity are now leading them to rethink production strategies.

Technology must be seen as an aid, a powerful ally that can help address current challenges and prepare for future ones. Digital transformation is fundamental to growth across a number of sectors and for industrial businesses investment in digital transformation is key to sustained growth in productivity, efficiency and innovation.

National manufacturers are, as in many countries, the core engine of the economy. Portugal's 66,500 industrial businesses employ over 811,000 workers (17% of the total working population). And whilst it ranks third in terms of business volume, manufacturing comes first in GVA (gross value added) (20% of the total) and gross fixed capital formation (also 20% of the total). In fact it has been made clear by several economic studies from respected institutions that the value multiplier created by manufacturing is the highest across all sectors.

Industry has waited decades for a truly transformative technological leap forward that could impact the whole of the economy and society. That moment has now arrived thanks to 5G mobile networks, which allow unfettered expansion of digitalization and the Internet of Things (IoT), opening the door for Industry 4.0 and all kinds of innovation. In 5G, Portuguese industry can see the promise of efficiency, optimization and quality, which will enable companies of all sizes to stand out on the world stage.

The expansion of mobile connections is paving the way for all kinds of IoT sensors, which capture relevant information from each department or machine in any given industry. Growing sensor penetration with the consequential transmission of data all happens in real-time – terabytes of pictures and other data constantly circulating. The characteristics of 5G will facilitate the expansion of analytics, machine learning, and artificial intelligence (AI). They will turn all that information into better planning, production, and maintenance, more energy efficiently and at less cost.

It has become all too clear that manufacturing is an engine of economic growth, value, and employment, which needs to cultivate in order to grow. Technology works as an exponential multiplier for the impact of industrial companies, accelerating growth.

Industry 4.0 is a huge disruption to competitiveness

Technology reinforces productivity. The success of a business comes from the quantity and quality of its products, whether they are intended for end consumers or intermediate products for other companies. There are 14 million factories in the world. With 5G, any of these could adapt a mobile network to the specific needs of its business.

Industry 4.0 will lead to a huge disruption in productivity and competitiveness in industry. And the industrial sector will play an even more decisive role in the digital transformation of society thanks to its existence. The introduction of sensor technologies along with video and still picture analysis, automation, and analytics, will bring meaningful gains in efficiency and productivity in a very short period of time which will indisputably define the leaders of the pack.

Manufacturing faces a number of productivity-related challenges:

- Better management of plant and equipment.
- Right team and production line activated at the right moment.
- On-demand maintenance of equipment to minimize risk of malfunction or breakdown of production lines.

Despite major challenges, digital solutions have become more of an ally in efficiency. They enable companies to:

- Reinforce OEE (Overall Equipment Effectiveness) with performance indicators that give clear insight into productivity.
- Identify time and motive for each stop or breakdown.
- Identify equipment that has broken down or deteriorated via sensors.
- Conduct predictive and preventative maintenance based on real machine/ equipment use.
- Push notifications to maintenance personnel's mobile devices whenever a malfunction is detected.

We all know how much a single point of efficiency is worth to an industrial company. We're talking about fractional investments to yield these outcomes – vital to competition in this new era.

5G is the key to disruption

Through the innovations that 5G mobile networks make possible, manufacturers can identify new avenues for growth, modernization and adaptation to meet new consumer profiles, existing customer and supplier needs. At the same time, 5G reinforces resilience, efficiency and sustainability, both internally – in all the ways that affect its business – and makes for a better contribution to the environment.

Industry 4.0 is about investment in AI, automation and robotics, but it does not neglect employees' safety and training. Workers are increasingly specialized and essential to increasing productivity at factories and warehouses. NOS has demonstrated the capabilities of the fifth mobile generation via a set or real-implementation use cases, and offers a growing line of custom solutions that benefit all kinds of companies and industrial lines of business, from IoT to cybersecurity - including virtual and augmented reality. 5G is ready to help Portuguese companies stand out more, and become leaders in their chosen fields.

Again, 5G can help transform industrial processes and make supply and value chains more optimal, efficient, and secure. It elevates companies' efficiency and productivity to new heights. 5G will make industry 20% to 30% more productive, as industry and logistics present the most short-term return on investment potential. Its application will become the number one accelerator for what is known as Industry 4.0.

The future of industry is smarter and more sustainable and 5G is a catalyst for that transformation.

Manuel Ramalho Eanes

is Executive Director at NOS SGPS, leading the corporate lines in Portugal. He oversees the offering of ICT, IoT and cloud services, putting the company at the forefront of corporate transformation leveraged by 5G technology. Manuel Ramalho Eanes holds a degree in Business Management from the Portuguese Catholic University of Lisbon and an MBA from INSEAD.

"Industry 4.0 will lead to a huge disruption in productivity and competitiveness in industry. And the industrial sector will play an even more decisive role in the digital transformation of society thanks to its existence."

Advanced driver assistance systems

Back to the Future

by

Frederico Santos
Customer Director, Carglass® Portugal

Following a decade of accelerating technological developments, there is now solid proof that advanced driver assistance systems can play a major role in increasing road safety. To this end Carglass® has partnered with several insurance companies across Europe to understand the challenges facing automotive insurers with a particular focus on developments in Advanced Driver Assistance Systems (ADAS).

There has been a wealth of research on ADAS, its impact on road safety, comfort, and insurance claims. One of the earliest reports identified a 38% overall reduction in rear-end crashes for vehicles fitted with Autonomous Emergency Braking (AEB). More recent research from the Allianz Centre for Technology concludes that ADAS can contribute to up to a 50% reduction in rear-end collisions. There can be little doubt that ADAS can protect lives. "The increasing spread of assistance systems and their outstanding technical quality are enormously important for achieving even greater road safety," says Matthias Schubert, Executive Vice President Mobility at global mobility business TÜV Rheinland.

Further research looking at the implications of ADAS on claims costs came to the natural conclusion that they are considerably higher for ADAS-fitted vehicles. A 2018 study highlighted a substantial increase in claims costs in the Netherlands (from €1.4 to €1.65 bn) over a seven year period. Over €125m of this increase is due to ADAS related repairs, where claims display significantly higher costs. The same study indicated that, for instance, users of lane-control and parking assist contribute vastly to this increase in costs, particularly because of drivers relying excessively on the assistance of the system. In these cases, drivers do not control the vehicle, assuming full automation. Many cases have also been reported of higher usage of smartphones in ADAS-fitted vehicles and consequently, more accidents caused by drivers not staying fully engaged with the driving tasks. Moreover, there are also findings suggesting that some drivers switch off the system as they find the alerts annoying or bothersome.

ADAS is a vast topic and in addition to driver behavioural variables, there are some important technological aspects that contribute to the complexity of today's automotive insurance business. In many circumstances, ADAS and autonomous mobility are used interchangeably.

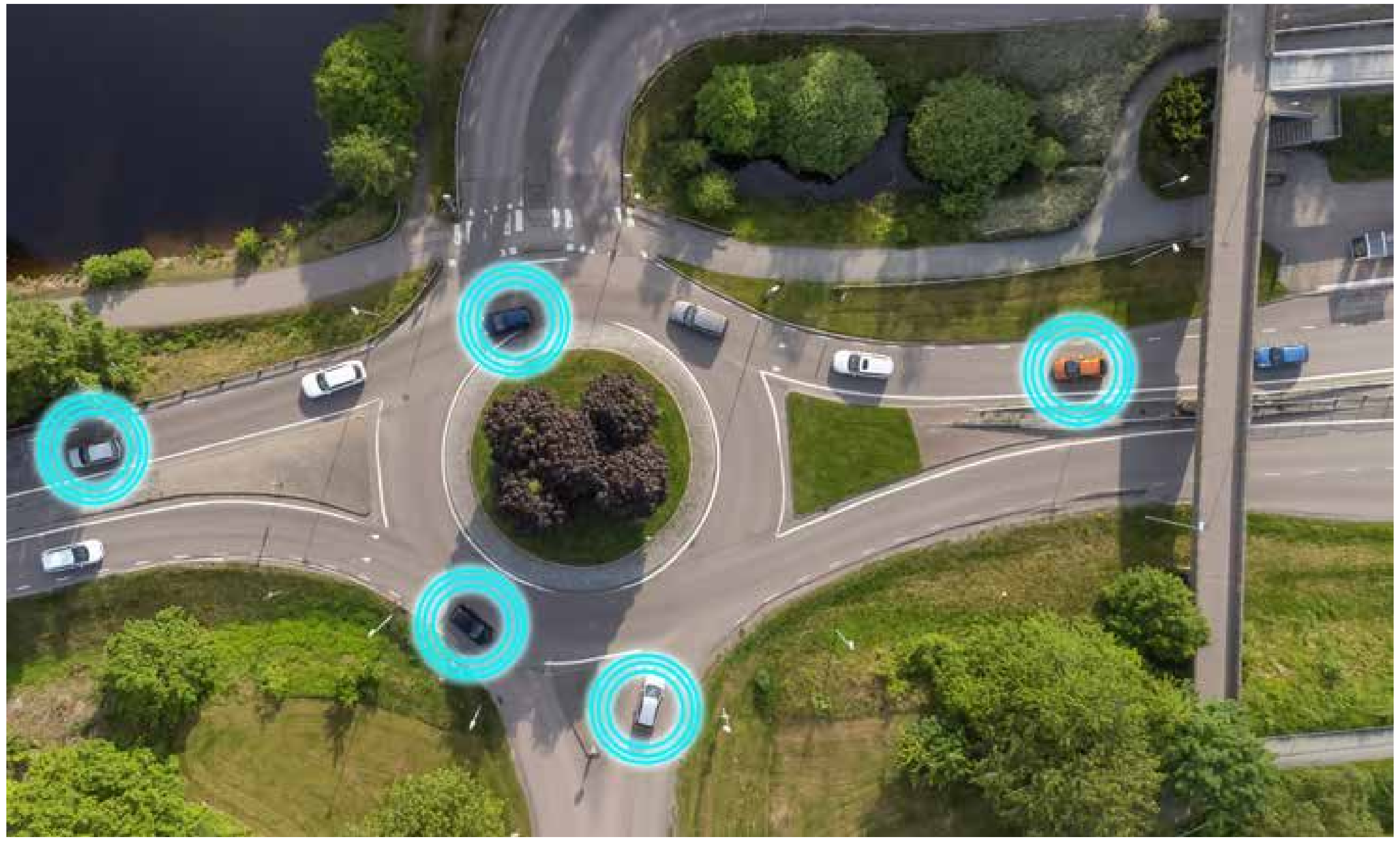
The table below indicates the terminology defined by the Society of Automotive Engineers (SAE) in relation to the levels of automation. Vehicles equipped with ADAS largely fall under the definition of Level 1 and Level 2 automation; in these cases, the driver is present and is assisted by the vehicle for some of the driving tasks, such as braking and/or steering in emergency situations or simply to increase comfort for the driver.

Frederico Santos

is Executive Customer Director at Carglass® Portugal, a role he has held since 2012. His mission is to guarantee that the business's "customer first" philosophy is translated into daily action and that every customer journey is as effortless as possible. Frederico oversees the operations, marketing, sales, business development and customer experience areas with a particular focus on the technological journey the vehicle glass repair, replacement and recalibration industry has undergone over the last decade. He has an MSc in Civil Engineering (Portugal) and a MSc from Imperial College, London (UK). He also has an MBA degree from the ESADE Business School (Spain) and studied the General Management Program at Harvard Business School.

SAE's Levels of Automation

0	1	2	3	4	5
No Automation	**Driver Assistance**	**Partial Automation**	**Conditional Automation**	**High Automation**	**Full Automation**
Zero autonomy; the driver performs all driving tasks.	Vehicle is controlled by the driver, but some driving assist features may be included in the vehicle design.	Vehicle has combined automated functions, like acceleration and steering, but the driver must remain engaged with the driving task and monitor the environment at all time.	Driver is a necessity but is not required to monitor the environment. The driver must be ready to take control of the vehicle at all times with notice.	The vehicle is capable of performing all driving functions under certain conditions. The driver may have the option to control the vehicle.	The vehicle is capable of performing all driving functions under all conditions. The driver may have the option to control the vehicle.



Level 3 is considered the “tipping point” between ADAS and autonomous vehicles. This is a hybrid level of automation where the driver is still present, but the vehicle takes over the driving task in specific situations, such as when driving on a motorway. Meanwhile, the driver can perform other activities and take back control when the vehicle requires it. The main takeaway is that autonomous vehicles are not the result of very advanced driver assistance systems, but a completely different technology on its own.

Another important issue to consider is that vehicles fitted with ADAS use essentially camera-based sensors; which has implications for maintenance and/or repair costs: a recalibration of the assistance and safety systems is compulsory following events such as a wheel alignment, windscreen replacement, change of suspension, fault code or other body repairs. And since ADAS is fairly new and evolving at a rapid pace, not all repairers are fully aware of this, nor properly prepared. In order to guarantee that repairs and recalibration are completed in line with manufacturers’ guidelines, specific supplier certification is an increasingly relevant topic for claims management. In other words, insurers need to make sure repairers comply with ADAS-specific procedures released by the Original Equipment Manufacturer (OEM). Professional bodies, such as The Institute of the Motor Industry, develop skills benchmarks and qualifications for the automotive sector and accredit the competence of individuals that operate in the sector. Certification is crucial if the industry is to instil trust and loyalty in drivers. The customer journey in any kind of automotive repair is for example significantly impacted by the ability of the technicians to demystify the complexity of performing a repair or even explaining the repair, particularly when it comes to the constantly evolving complexities of electric vehicles, radars, LIDAR[1], sensor fusion, high voltage, hybrid, plug-in and more.

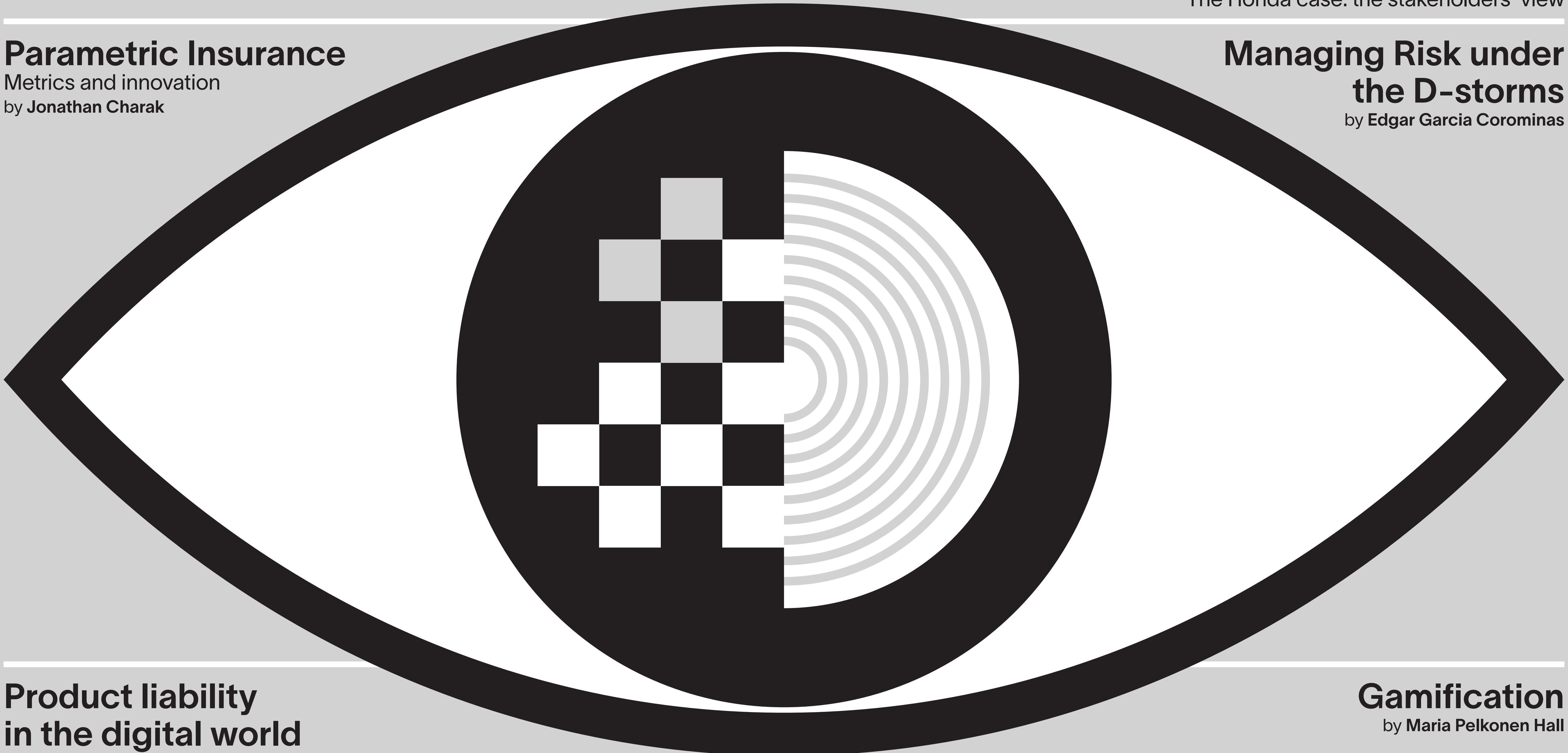
In 2021, experts from TÜV Rheinland and the British Transport Research Laboratory (TRL) looked into the lifetime performance of ADAS and concluded that it is crucial that regular check-ups and maintenance of the ADAS is undertaken. Inclusion in periodical technical inspections is becoming imperative at this point, otherwise the ADAS can become a “risk factor” itself.

It is to be expected that these challenges should raise valid questions for insurance companies on how to deal with all of these developments in terms of claims, underwriting, pricing, and customer experience management, not to mention liability. Carglass®’s research supports these general findings. In the early days of ADAS, there is clearly a trend of increased claims frequency with ADAS-fitted vehicles which, combined with increased claims costs, will result in a higher claims ratio. Claims frequency is now catching up with the general car parc, whilst claims costs continue to rise fast.

1 Short for Light Detection and Ranging, is a remote sensing technology that leverages laser light to measure distances and construct maps of the environment.

“More recent research from the Allianz Centre for Technology concludes that ADAS can contribute to up to a 50% reduction in rear-end collisions. There can be little doubt that ADAS can protect lives.”

A Look into the Future of Insurance



Insurance reimagined

Spotlight on trust, convergence and transformation

by

Mafalda Guia
Insurance Manager, PwC

The insurance industry has undergone significant transformation in the past decade, facing several business challenges that intensified with the Covid-19 pandemic. However, insurers came through the tests posed by Covid-19 remarkably well. The industry not only met its escalating obligations to policyholders, including increased life and health claims, but also went above and beyond by offering free insurance to first responders, premium forgiveness and refunds. Insurers dealt with unprecedented interruptions to their business by accelerating its digital transformation and they proved their relevance in a time of crisis, not only as an essential economic player but also as a provider of protection for businesses and individuals.

Now, as the economy continues its recovery from the impacts of the pandemic while facing new challenges such as historic inflation and war in Europe, it is time to assess where the industry is heading and determine what long-term changes are needed for insurance to serve a higher purpose in a fast-changing and uncertain world. In our study “PwC Insurance 2025 and beyond”, we outlined the key trends affecting the industry for the next few years and how insurers can respond to these trends.

The decreasing trust gap in an uncertain world is the first one. The erosion of trust, combined with lack of access and poor financial education, has made customers less likely to buy insurance and has led to wider protection gaps and higher economic losses. Since about 2000, the global protection gap has drastically widened, reaching US$1.4tn in 2020, and PwC analysis estimates this gap could reach US$1.86tn by 2025. To strengthen trust, some providers are focusing on creating a more inclusive social and business environment, working to bridge access and coverage gaps by educating customers, creating affordable products and forming partnerships to address financial asymmetries.

Another trend identified is the rapidly evolving customer needs and preferences. To remain competitive, insurers must reimagine how they serve customers and capitalise on new partnerships and innovative engagements to create sustainable business models that drive growth and enhance the customer experience. Take, for example, the rapid evolution of platform-based business models like marketplaces and embedded insurance. To serve customers in an evolving digital landscape, carriers are building up their non-traditional distribution models and fully digital ‘insurance-as-a service’ offerings.

Digital innovation, such as automation, AI and extended reality is also changing the way insurers interact with consumers. Recent advancements have included the growing usage of bionic advisers that integrate human and digital client experiences. Proliferation of data sources and analytical power will continue to unlock new capabilities, such as event and usage-based insurance, real-time pricing and claims processing. It is now possible to imagine that a life insurer can predict and intervene in health events based on a simulated digital twin of a customer.

The climate risk and the focus on sustainability are topics that need to be addressed urgently. Because of their inherent expertise in risk management, (re)insurers have an opportunity and obligation towards society to lead the way in fighting the climate crisis. Insurers can work with customers to better adapt to climate change by investing in more sustainable infrastructure and supply chains. However, meaningful change will require collective action across the industry, including partnerships with regulators, governments and

policymakers to mitigate climate risk such as developing holistic catastrophe risk models, investing in data collection and climate adaptation research, and fostering coherent and consistent climate policies and regulatory frameworks, among other initiatives.

Lastly, convergence, collaboration and competition are the words of the day. To reconnect with customers, insurers need to rethink their partnerships and collaborations to go beyond traditional industry and competitive boundaries and engage in ecosystems in which insurance is only a part of the customer value chain. Successful business models will drive increased collaboration with traditional competitors, insurtechs, big tech companies and adjacent industries like manufacturing, retail and healthcare.

Regardless of how insurers choose to address these trends, they need to envision the future and reimagine their place in the world. Now is the time to be bold and create an ambitious agenda. Though the scope of the change is broad and complex, PwC defined five interconnected and mutually reinforcing strategic imperatives for all insurers to consider as they embark on their next phase of growth.

Go on the offensive with digital is a strategic imperative. A significant portion of insurers’ current digital efforts is still focused on driving operational efficiency as opposed to creating new value for customers. Building a digitally led, data-driven organisation that combines customer insights, offerings, capabilities, employees and culture in a way that is distinct and hard to replicate is the key to pass to the next level.

Another important strategic driver is the creation of a customer-centric ecosystem to give an interconnected set of offerings allowing customers to fulfil a variety of their needs through an integrated experience. As insurers face an imperative to offer value beyond protection, they need to move faster to a customer-centric risk management model. This entails embedding risk prediction, prevention, intervention, and transfer in the customer journey and making insurance more relevant in customers’ work and lives.

Aligned with the trend of climate risk and focus on sustainability, insurers must establish their ESG credentials and make them a part of their purpose. To embed ESG deeply into the culture and values of the organisation and communicate that priority successfully to customers, insurers must demonstrate how ESG has a tangible impact for clients and helps accelerate positive outcomes for wider society.

Resources are a hot topic in the industry. High demand and short supply of qualified resources combined with disruptions driven by digital adoption make the talent crisis even more pronounced for insurers. Finding creative solutions through flexibility, mobility and upskilling while working on the organisational culture to unlock growth, productivity and employee engagement are the keys to win the talent race.

All these strategies will be successful if they are executed quickly and agilely. The fast-paced changes affecting the insurance industry are separating the winners from the rest. After strategic thinking and planning, what matters next is the ability to execute quickly and drive change at scale. Building transformation and change management as core competencies should be a top priority for senior management.

As expectations evolve and the industry transforms, insurers will need to choose their own path as they contribute to a bold new vision for the industry. Regardless of the chosen path, insurers that anchor their strategy around a social purpose, transform their business model to meet emerging customer needs, and develop an agile, tech-powered organisation will create distinct competitive advantages.

Insurance 2025 and Beyond
Access the report and know more about the five trends PwC sees affecting the future of insurance.

ABOUT PWC

PwC is a network comprising independent firms who are present in 152 countries with 327,000 employees; their shared goal is to provide quality audit, consultancy and tax advisory services. PwC employs crossdisciplinary professionals who can help (re)insurers convert their challenges to opportunities and support the development of key business functions, namely risk management, actuarial, internal audit and compliance. PwC has extensive experience in: business development strategies and management consultancy, assisting and implementing risk management and internal control systems, ORSA processes, process improvement, stochastic risk modeling, capital management policies, financial audit and advice, IFRS/IAS, IT audit, data analytics, tax advisory and transaction support etc, outsourcing internal audit and compliance functions and consultancy on regulatory matters relating to insurance activities (eg Solvency II, Personal Data Protection Regulations, IDD, PRIIPs, PEPPs etc). PwC also retains renowned financial reporting specialists, namely on IFRS 17 and IFRS 9. Only a highly knowledgeable organization such as PwC can add value to your operations. It has the best professionals in the sector to help you manage your business.

Parametric Insurance

Metrics and innovation

by

Jonathan Charak
Emerging Solutions Director, Zurich North America

Parametric insurance has grown in the last five years. While still a somewhat niche type of protection, it represents an exciting innovation for the industry.

Though it has been around since the 1990s (albeit in a limited role), parametric remains unfamiliar. Growth in data sets, thanks to satellites and other big-data sources, has expanded the possibilities of parametric insurance.

The name "parametric" helps define how the coverage is structured. Parametric insurance sets *parameters* around a specific set of *metrics*. A parametric policy establishes predetermined parameters and payments – agreed upon by both insurer and customer – for risks that can be objectively measured and verified by a respected third-party authority. Once an agreed-upon measurement is confirmed and triggered, and the customer can attest to or show losses from that trigger, the claim is paid. There are many advantages, including no lengthy claims settlement process, which can improve cash flow to help a customer get back to business.

Parametric insurance can fill some protection gaps that traditional policies cannot. Parametric insurance also allows insurers to provide coverage for economic losses from a triggering event, sometimes called Non-Damage Business Interruption.

Examples of parametric insurance

Consider a general contractor constructing a building. Wind, rain, snow and severe cold or heat may not inflict property damage, but they could sideline a crew. This, in turn, could cause financial hardship for the contractor because work stoppage can lead to expenses for various reasons: extended payroll costs, liquidated damages, fines for missed project deadlines, the need to rent additional equipment, etc. These items would fall under the concept of non-damage business interruption, giving rise to financial losses that are typically not covered by traditional property insurance. The contractor could, however, be covered if they had a Zurich Construction Weather Parametric Insurance policy covering the agreed-upon risks.

Three major benefits of parametric insurance

Parametric policies can offer many benefits, but three are especially important:

- Replaces subjectivity with objectivity: The agreed-upon parametric trigger brings an objective and independent measure to the insurance process. The event that triggers the payout and the mechanism used for payouts determine what will be paid to the customer, which is a clearer predetermined amount than with traditional solutions, where a claims adjuster needs to assess and determine damages.
- Quick claims processing: The claims payouts are agreed upon ahead of time, so the customer is typically paid in days or weeks, not months. Getting reimbursed sooner allows the insured to improve their liquidity and apply the funds to post-event emergency costs, restoring their business operations sooner.
- Provides a potential solution for climate resilience: As extreme weather events occur with greater frequency and impact, many businesses can use parametric insurance to help address these challenges. A recent quarterly report from the National Oceanic and Atmospheric Administration listed 20 weather/climate disaster events in the U.S. in 2021 with losses exceeding $1 billion each. And it doesn't take a billion-dollar event to wreak havoc. As the frequency and severity of volatile weather events continue to grow, it's harder to rely on historical weather data alone to predict future conditions. Weather parametric insurance can help.

Parametric possibilities continue to expand

Parametric insurance can cover a broad spectrum of risks, provided they can be objectively measured. As data analytics continues to expand, metrics for a growing number of risks will be available. Consider these relatively new approaches to parametric insurance:

- Parametric insurance for Natural Assets was recently purchased by the Quintana Roo Government (originally purchased jointly with The Nature Conservancy and the Quintana Roo Government) to help protect the coral reefs and beaches of Quintana Roo, Mexico, in the event of a hurricane damaging its coral reefs.
- Parametric policies for agriculture have long been a part of the U.S. Federal Crop Insurance Program and continue to be developed. Zurich's crop insurance business, which administers insurance products developed and regulated by the U.S. Department of Agriculture's Risk Management Agency, writes several federal parametric crop insurance policies, such as Dairy Revenue Protection, Margin Protection, Area Risk Protection and Rainfall Index.
- Parametrix, a United Kingdom-based company, has introduced a parametric insurance model to technology-dependent businesses. The index-based coverage pays out automatically when service goes down under certain parameters. Covered are cloud outages, network failures, third-party system crashes and other hazards that can cause IT service downtime. Parametrix was one of eight finalists in the 2020 Zurich Innovation Championship.

Digging deeper into parametric insurance

There are a few characteristics of parametric insurance to clarify:

- Customers still need to prove loss. Parametric insurance should not be confused with a financial derivative, where an investor puts money against a metric like weather. In the U.S., one way that we ensure that this is insurance (as opposed to a financial market wager) is that there needs to be an attestation of loss.
- Customers cannot receive payouts larger than the actual loss. Insurers cannot over-indemnify a customer. In other words, the customer must establish their costs and expenses relating to the risk they're insuring against, which would be the maximum the customer can be insured for.
- Parametric insurance is not necessarily more expensive than traditional insurance. The price of parametric insurance would depend on the subject of the insurance, and how the policy is structured. For instance, building in more deductible days will lower the cost of the insurance, but that might not give you the protection you need.
- Parametric insurance doesn't replace traditional insurance. Instead, it complements traditional insurance and can be part of a well thought-out and sound risk management strategy. Because it can expand coverage by addressing broader categories of risk, parametric insurance can supplement traditional insurance.
- Although parametric insurance is a novel type of insurance, expect to hear more about it as its applications grow. The burgeoning role of data analytics and the influx of insurtechs seeking ways to put that data to work for customers will continue to expand the reach and possibilities of parametric insurance.

Jonathan Charak

is Emerging Solutions Director at Zurich North America, where he identifies emerging risks, evaluates potential solutions, and creates teams to develop insurance propositions. He is a member of the North America Sustainability Underwriting Team since its inception in 2021. In 2020 Jonathan served as Zurich Canada's interim Chief Pricing Actuary. Prior to this Jonathan held multiple roles within the Zurich organization as an actuary (including interim Chief Actuary for Zurich Australia) as well as non-actuarial roles (including as part of the Innovation team as well as an operations team for a business unit). He has presented on various panels nationwide on emerging risk topics such as parametric insurance, autonomous vehicles, and ESG/Sustainability within the insurance industry. He further contributes to articles in national publications on emerging risk topics. Jonathan serves as vice-chair of the Autonomous Vehicle Task Force for the Casualty Actuarial Society since 2013. Further he continues to volunteer in multiple additional Casualty Actuarial Society including Learning Enhancement Process Mentor, University Liaison, and previously served on the Research Oversight Committee and multiple international committees. Jonathan has multiple actuarial industry publications on Autonomous Vehicles.

Product liability in the digital world

by

Matti Sjögren
Casualty RM Specialist, If P&C Insurance

Have you noticed that most colourful futuristic fantasies have been materializing in the technological development?

Digital transformation is sometimes described as the fourth industrial revolution. There have been many breakthroughs around data analytics, cloud services, connectivity of everything, ever faster wireless networks, and artificial intelligence (AI). The digitalization of factories, surgical procedures and even toasters is also raising questions around liability. Who is liable if an e-toaster burns down a home? What happens if the AI operating on a patient makes an erroneous decision?

Products we use every day aren't like they used to be. Everything is now labeled smart and being able to analyze and change functions accordingly. The appliances are connected through the internet-of-things, which in itself is a smart system enabling processing of all the data and producing – well, we don't always know what kind of surprising changes exactly IoT or AI may produce to our appliances in return. Your toaster is not probably getting too smart soon, but the development will not stop here.

Europeans are used to being protected by national product liability laws based on the 1985 European Product Liability Directive (PLD). Under these regulations the producer of a product is liable for any bodily injury or property damage caused to consumers by a safety defect of a product put into circulation. The directive has worked surprisingly well, with only one change over the years, especially considering that the products used today are often full of new digital technology. The producer of a physical product, such as an electric drill, is not the only one in the value chain potentially adding risk. But with new technologies the blame could also be put on providers of software, network or IoT based connected systems, users of the new technologies or, indeed, the creators of the AI technology used in the systems.

There are many definitions of AI. However, in essence these all reflect the ability of a program, system, device or robot to mimic human behaviour. AI does this through the utilization of diverse technologies and is also capable of learning and developing its skills independently, while performing tasks that are traditionally undertaken by human beings.

The EU has been working on a major overhaul of the PLD for a number of years, and a proposal for a new PLD - and a new Artificial Intelligence Civil Liability Directive (AILD) - was put forward in September 2022. In addition to responding to the development of new technology and network-based products the proposals would also change the present requirement that the consumer has to prove that a product was defective and that the defect caused the damage. Of course, liability only results in compensation being made after something has occurred. From a risk management perspective, the Commission is proposing to also revise product safety legislation such as the Machinery Directive and General Product Safety Directive to take new technology into account.

The Commission's proposal introduces provisions ensuring that there should always be a business or legal representative based in the EU that can be held liable for defective products bought directly from manufacturers outside of the EU.

Some of the main new features of the PLD are:

- AI systems, software and AI-enabled goods deemed as "products".
- Data loss, often not considered a property damage, will be compensable.
- Products upgraded or modified after the original sale (in circular economy) have the same protection as the original products.
- EU representative needed for claiming compensation for globally obtained products.
- Manufacturers must disclose evidence in order to ease the burden of proof on consumers.
- Failure to disclose evidence would lead to presumption of the product defect.
- 15 years limitation period for latent injuries instead of 10 years.
- The state-of-the-art defence will, however, be the rule; the member states may no longer derogate from the exemption afforded to manufacturers for scientifically and technically undiscoverable defects.

Matti Sjögren

is a casualty risk management specialist at If P&C Insurance. He has over 36 years' experience in commercial insurance and is an expert in claims, liability underwriting and liability risk management. Matti also holds a master's in law from Helsinki University.

Preparation for the AILD started out as a separate process within the EC due to the view that it was dealing with different liabilities to those in the PLD. This was because AI systems were seen as technology with a strong influence on society through the control and tracking of citizens, such as for ethnic screening, analysis of big data and in automatic decision-making processes, therefore requiring specific regulations to protect civil liberties. However, during the preparation of the two directives, it was clear there was substantial overlap in terms of liability for compensation and the use of AI in products. The initiatives are closely linked and form a single package in a holistic approach to AI.

AILD features:

- Presumption of causality with stricter rules for high-risk AI systems (high risk to health, safety or fundamental rights).
- Courts may order disclosure of relevant evidence related to the high-risk AI system.
- AILD proposal to be added to the list set in Annex I of the EU's Collective Redress Directive as an area where consumer representative actions must be implemented by member states.

> "Establishing a foundation for how liability will work with autonomous technology is a challenge. If a technology has, for example, been accepted for implementation into vehicles and, in addition, been approved to be used in a city centre, then who is ultimately liable in the event of an accident?"

An insurer's perspective

AI risks are present in many different insurance lines and there are several risks involved with AI and digitalized products and services.

Product liability insurance is the obvious one to cover the liability risks. But other insurance lines may also be exposed directly or indirectly. Accident and health policies could be triggered. Homeowners' policies are also the first line to cover any damage caused by consumer products. Is the damage caused by AI accidental as required by All Risks policies? The functionality of statutory Motor Third Party Liability insurance schemes will also be tested in the case of autonomous vehicles.

The complicated causal links and the possibility of there being several contributing parties to one claim add complexity from an insurance perspective and may result in a reluctance for any one insurer to take the lead on such risks. An accident may be caused by a combination of different products, be that for example those driving the connecting technology, the cloud services and others.

This complexity is compounded by the fact that these are new risks, with insufficient statistical data available to fully meet the requirements for insurable risk. If new allocation rules for liability between producers, digital service providers and owners and users of the equipment are implemented, it may turn out messy and expensive for the liability insurer of one alternative liable party to adjust the claim.

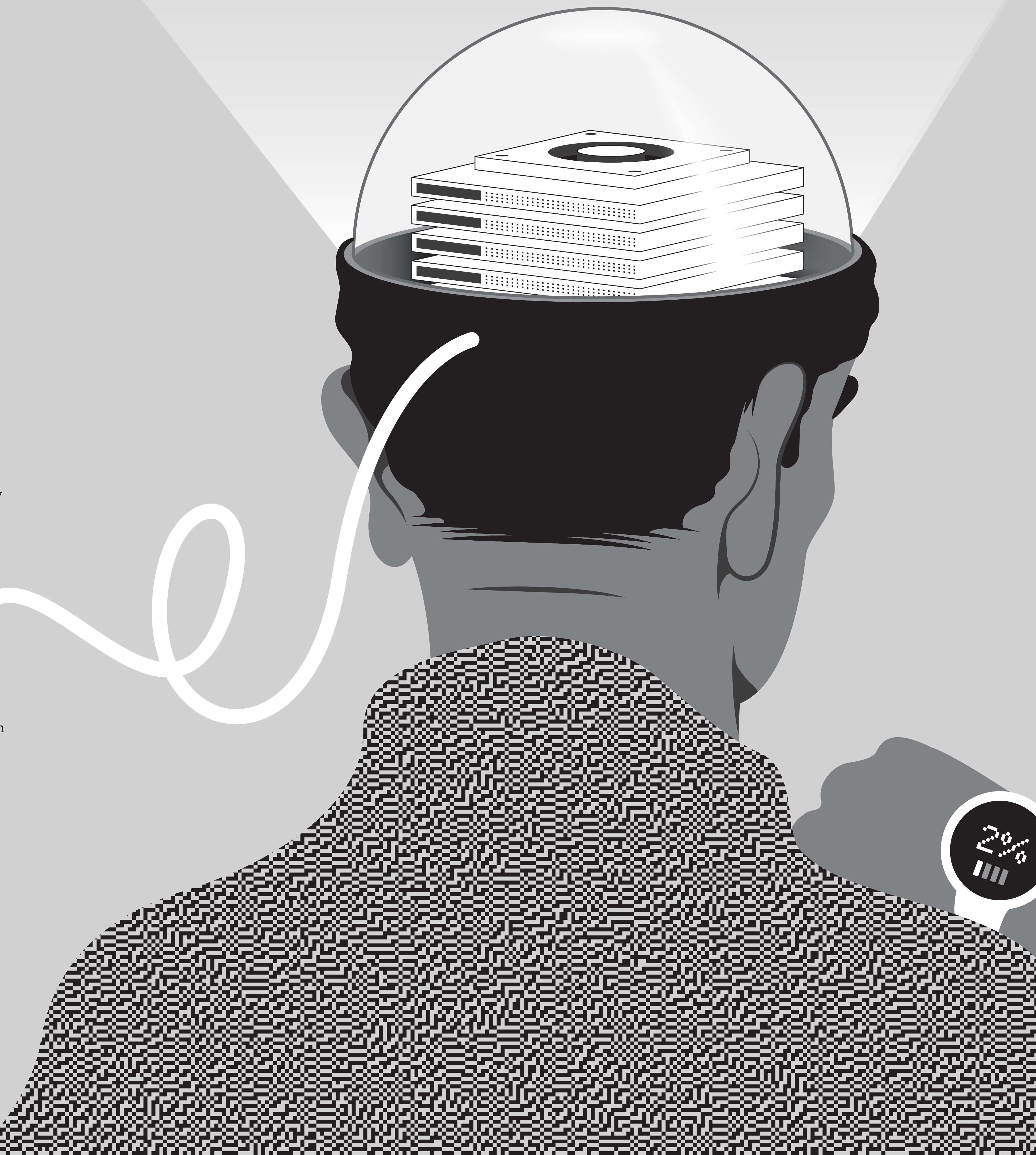
In business-to-business relationships product liability is based on contracts and sale-of-goods legislation and is as such not dependent on EU product liability legislation. However, in the case of bodily injury, product liability legislation does apply no matter if the product is being used in industry or in a domestic setting.

Establishing a foundation for how liability will work with autonomous technology is a challenge. If a technology has, for example, been accepted for implementation into vehicles and, in addition, been approved to be used in a city centre, then who is ultimately liable in the event of an accident?

Next steps

The proposed directives have not yet been finalized. However, it seems clear that these reforms will materialize. During the process comments from different sectors, including the European technology Industries, Orgalim, the Federation of European Risk Management Associations (FERMA) and from Insurance Europe, have been negative. These stakeholders have all reminded policymakers that there are existing liability regimes in place that already apply to any kind of injury or property damage cases and that the new rules would only have a negative impact on new product development as they would not be clear. They have also strongly rejected proposals for compulsory liability insurance requirements, for AI.

Of course, consumer representatives such as The European Consumer Organization (BEUC) believe that there is a need to update EU product liability laws and to extend them to digital contents, products and services.



Sustainability

Building a more resilient future

by

Suzanne Scatliffe
Global Sustainability Director, AXA XL

Sustainability is not just a good thing to do; it's good risk management. Integrating sustainability into business practices up and down a company will become even more important as companies seek to address the challenges of climate change, the changing priorities of their customers, and the risks they face. Suzanne Scatliffe, Global Sustainability Director at AXA XL, discusses how insurers can help clients to make sustainability a part of risk management and the steps AXA XL is taking to have sustainability at the heart of what they do.

Sustainability takes root; why sustainable business means better business

Risk management and sustainability go hand in hand. In our business of helping companies to withstand threats and build for the future we have a great oversight of how improving sustainability can reduce risks and promote resilience.

As companies across all industries address the challenges of a changing climate, macroeconomic turbulence, shareholder activism and increased competition – to name but a few, it's clear that incorporating sustainability into business practices is not just a good thing to do, it's vital.

Making sustainability a part of how a company operates and integrating sustainability into the day-to-day workings of a company, is now recognised as both a way to better manage risks and an opportunity for responsible growth.

Companies rely on prosperous communities and healthy ecosystems in order to thrive, but our world has only recently realized these interdependencies. It's now an imperative for businesses to stop perceiving natural and social capital as unlimited and instead consider how we can take a more balanced, and therefore sustainable, approach to operations and supply chains. Outdoor clothing company Patagonia Inc. has blazed a trail in encouraging customers to mend and reuse old clothes instead of buying new. Not only has the brand gained a cult following and increased brand recognition as a result, this has also translated to the bottom line.

In 2011, Patagonia launched its now famed "Don't Buy This Jacket" advertising campaign, encouraging consumers to repair old clothing rather than replace it. The company has subverted the so-called 'Black Friday' and 'Cyber Monday' discounts by encouraging consumers instead to think about the environmental impact of fashion. In 2016, when the brand pledged to give 100% of Black Friday sales directly to nonprofits working to protect air, water and soil, it saw record-breaking daily sales of some $10 million – great news for the nonprofits and a sustainable way to build brand awareness and loyalty.

Other companies too have seen the benefits of integrating sustainability into the way they educate and engage consumers. Mayonnaise brand Hellmann's, for example, has since 2018 had a focus on reducing global food waste and making sustainability a key differentiator in the customer's buying-decision. The brand's "Make Taste, Not Waste' campaign encourages customers to use up leftovers – by adding mayonnaise – and its website offers customers access to recipe hacks to use up food that would otherwise be thrown away.

Since it began its focus on reducing food waste, Hellmann's has seen sales increase; in 2020 year-on-year sales were up 10%, in 2021 this figure was 11%.

Hellmann's parent company, multinational giant Unilever, is making water sustainability a focus for the coming years. It plans to implement water stewardship programmes in all of the most water-stressed areas in which it operates by 2030. While this is a socially responsible action, it's also a move aimed at reducing the risks the company itself faces; 40% of all its global manufacturing sites are in water-stressed areas.

One example of a way Unilever is making water stewardship a part of its day-to-day business is at one of its ice-cream manufacturing plants in Turkey. The company is recycling and reusing the water needed for that plant in a bid to stop depleting groundwater levels.

The company is also trying to make it easier for consumers to use less water in their daily lives; by 2030 it is aiming for all of its product formulations to be fully biodegradable – which protects water resources – and it's producing products that don't require water for use at home, like a range of hair conditioners that do not need to be rinsed, making products accessible to customers in areas at risk of water stress.

These companies, and many others, have understood the link between sustainability, stakeholder engagement and management of risk. This is not a quick fix; however, building more sustainable businesses must be a continually evolving process.

Suzanne Scatliffe

is Global Sustainability Director at AXA XL, where she leads the global sustainability strategy and programs. Suzanne has 16 years' experience in CSR and sustainability roles in the insurance, technology, and education sectors, and is a certified Sustainability Practitioner (IEMA) and Fellow of the Institute of Corporate Responsibility and Sustainability (ICRS). She served as Chair of the Board of Directors of the Insurance Industry Charitable Foundation (IICF) UK from 2018-2021 and volunteers as a Heart of the City Mentor, helping small businesses in the UK develop CSR and Sustainability initiatives.

> "Making sustainability a part of how a company operates and integrating sustainability into the day-to-day workings of a company, is now recognised as both a way to better manage risks and an opportunity for responsible growth."

Avoiding greenwashing

While promoting sustainability credentials can be good for business, companies in all sectors are keenly aware of the need to avoid 'greenwashing' – the practice of making themselves appear to be more environmentally-friendly that they really are.

Greenwashing can take many forms – both deliberate and accidental – and can include hiding individual bad practices behind industry-wide standards of good practice, highlighting positive practices to draw attention away from less-environmentally-friendly elements, changing sustainability targets and goals before they have been met, and hiding sustainability data, among other things.

Several household name corporations have had accusations of greenwashing levelled at them in recent months by activists, stakeholders and 'citizen journalists' empowered by 24/7 social media activity. Companies are also now under increased scrutiny from regulators keen to ensure that these companies are making good on their sustainability pledges.

The UK Competition & Markets Authority last year announced its first official investigation into greenwashing, with an initial focus on the fashion industry.

Just as getting sustainability campaigns right can build a brand, greenwashing, on the other hand, can result in reputational damage.

The role of insurance

We recognise that as an insurance company we have a part to play in helping our clients on their journeys to better sustainability. Just as we work with them to understand their risks, we are aware of the need to integrate sustainability into that risk management framework. The two go hand in hand; indeed, sustainability is risk management.

Of course, we also need to practice what we preach – for the long-term sustainability and profitability of our own business, as well as to better help our clients. This month we have launched the next phase in our sustainability strategy.

Our 'Roots of resilience' strategy[1] has three main pillars; valuing nature, addressing climate change, and integrating environmental, social and governance (ESG) factors into our business operations.

We aim to protect and restore nature by increasing biodiversity awareness and by inspiring both our clients and our colleagues to have nature at the heart of their own plans.

We are working towards a net zero future by publishing a net zero roadmap, engaging colleagues across the business to develop sustainable products and solutions for clients, advancing thought-leadership on equitable transitions to a low-carbon economy, and investing in societal-led climate solutions.

We know that incorporating Environmental, Social and Governance (ESG) principles at every level of our business, from the bottom up, will increase our own resilience. We will be training our colleagues, working with our supply chains, and listening to internal and external partners to learn where ESG considerations can be better embedded across our company's processes and practices.

As a company we are continually learning – and so are our clients. We recognise the need to work alongside them to identify risks, both current and future, as well as opportunities to incorporate a sustainability mindset into risk management decisions. Only by working collaboratively can we promote a more resilient future.

Sustainability at AXA XL

Find out more about the company's 'Roots of Resilience' strategy that focuses on protecting natural ecosystems, addressing climate change, and embedding sustainable practices across our operations.

Embedded Insurance

Boosting distribution

by

André Figueiredo
Retail Business Director, MDS Portugal

Embedded insurance has become one of the hottest topics in the insurance sector for distributors, insurers, emerging insurtech firms and venture capital firms, who all see it as a potential revenue driver with high margins and high growth potential.

According to a recent InsTech report[1], the embedded insurance market should grow to US$722bn by 2030 – a sixfold increase. This growth will be largely driven by China and the United States which, together, are expected to account for over two thirds of global market share by 2030.

Put simply, the concept of embedded insurance means coverage or protection is offered in real time or at the point of sale sometime during the customer journey. Certain solutions come pre-packaged with the product or service: for example, when buying a new phone, the choice package includes theft protection, or when buying a motorcycle there will be a real-time insurance purchase suggestion at the moment of sale.

These formats enjoy a distribution advantage because they can be purchased where the customers are, through brands that they trust. They could become (often salient) features of a product, instead of something acquired on the side. They could leverage distinct types of data relevant to claims and underwriting. And because they form part of a wider selection, they can delight the customer upon delivery.

Globally, the concept of embedded insurance affords a competitive advantage and allows players in the insurance market to prosper in the current B2B2C environment, bringing down purchase costs.

Embedding insurance in the customer's journey also creates opportunities to grow the market. As the old adage goes: "Insurance isn't bought, it is sold." However, selling insurance isn't easy. But when you buy insurance at the right time everything becomes clearer and simpler. To many customers the notion of purchasing a single insurance policy to cover a new asset may sound like a needless and cumbersome step. So, insurance that comes pre-packaged with other product purchases lets customers protect their buys without the need for (any) prior involvement, providing increased peace of mind.

Once technological channels have embraced insurance functionality, embedded insurance lets any supplier/developer embed innovative insurance products in their customers' purchase journeys in a quick, low-cost, and streamlined fashion. The final benefit is a stronger value proposition for customers, building up brand preference and ultimately securing customer loyalty.

But the transition to embedded insurance is not merely a simple switch to a different distribution channel. Many things need to change.

Embedding insurance requires a simple product supported by clear explanations. Descriptions must be written out in plain language, rather than complex legal jargon. And products must set exclusions aside to become more accessible and foster more customer confidence.

Some policies are clearly easier to embed than others. Products requiring more detailed underwriting – such as life insurance, where health and lifestyle factors go into the underwriting calculus – as well as those which require understanding of customers behaviours (like cyber, where customers play a key role in preventative measures) or where multiple exclusions exist, could be more challenging to embed.

Embedded insurance is the next logical step for the insurance industry if it wants to reflect the fact that insurance is becoming more about real-time experiences than merely about assets.

1 Source https://www.instech.co/insight/insurance-to-embed-or-not-to-embed

André Figueiredo

is Retail Business Director, MDS Portugal. He has a degree in Business Management from the University of Minho, Braga, Portugal, and a Post-Graduation in Digital Marketing from the Portuguese Institute of Administration and Marketing (Instituto Português de Administração e Marketing). He is also a post-grad in Financial Analysis from the Porto University School of Economics. Professional highlights include co-ordinating the business, Seguros Continente: a pioneering concept in Portugal which, through a partnership with SonaeMC (food retail business of the Sonae Group), pursues mass market insurance sales through direct channels, both on-site and through call centres. His career started in 1998 as Lead of Cash Management for Sonae Turismo, Development Lead, Controller, and Customer Accounts Lead for Modelo Continente SGPS.

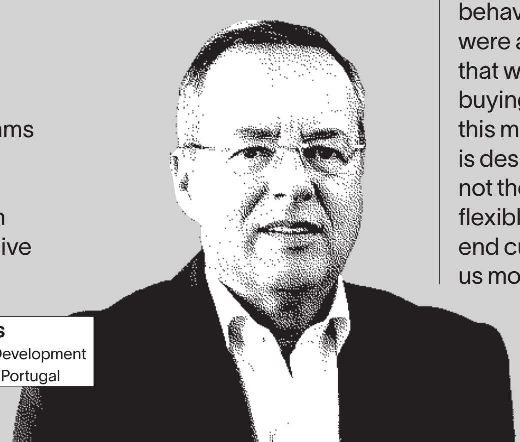
Embedded insurance has now arrived and looks set to play a major part in the future of insurance. MDS has also been developing solutions that embrace embedded insurance along with the whole customer journey, as the following case study with Honda clearly demonstrates. It also underlines just how important collaboration across all stakeholders in the customer journey is to success.

MDS Broker

This product runs on an innovative underlying technology introduced by MDS. What was the construction process like?
Once we'd overcome the first challenge, developing the solution with the insurance market, we faced yet another major hurdle - how to design a simple, intuitive process that would allow people to buy insurance for Honda motorcycles whilst still complying with Portugal's insurance distribution regulations. The solution was to use technology, and develop a digital tool based on a B2B2C logic: on one side there is MDS and the insurance solution and, sitting opposite, the end customer who has purchased a Honda motorcycle from an official dealership. Partnering with tech firm Think Future, MDS developed the app, Safe Go Premium, which enables the new owner to buy insurance for their Honda motorcycle – be that new or pre-owned - online, either at the time of purchase or at the annual inspection/maintenance at the official Honda dealership. The insurance documents are issued and delivered within seconds. As this is an innovative solution for Portugal, the success of the project lies with the perseverance of the IT teams at MDS and Think Future along with the entire team at insurer Lusitania, who in particularly deserve massive congratulations.

In terms of distribution, what initiatives has MDS developed to help this operation succeed?
The success of this operation rests with distribution, as the product is sold jointly with the motorcycle. To this end the sales team were brought into the fold right at the beginning of the project, as they would work with the partnership in the field. The outcome was very positive. The team got to know the entire process starting with the design phase, which now lets us keep up with, and assist all the needs of end customers, dealerships, and of course, Honda's. We attend commercial Honda events, visit dealerships and assign dedicated managers to customers.

The results have been very satisfying. The partnership's successful start is underlined by Honda's enthusiastic push to promote the new insurance solutions – Honda Base, Honda Protection, and Honda Protection Plus - and to emphasize just how simple it is to purchase them.



Rui Santos
Partnerships Development Director, MDS Portugal

Munich Re Reinsurer

What elements help this insurance product stand out? Is it coverage, simplicity, or something else?
The product developed by Honda, MDS and Munich Re brings together motorcycle buyers' coverage needs with truly attractive terms of sale.

From my point of view, one of the product's greatest advantages is how easy it is to insure a bike at the time of purchase and avoid any other processes, including those around buying insurance. Additionally, it's modular, which makes it flexible. Owners can buy the basic package or something more comprehensive. Finally, the seller quotes the price of insurance at the time of the motorcycle sale, in real time. That's yet more convenience for the customer.

In terms of pricing, we're looking at a flat rate. Can you explain what that's about?
Of course. The answer is simple. If you consider Honda's in-depth knowledge of the product to be insured (motorcycles), and how much MDS and Munich RE understand about the behaviour of insurance, we were able to design a product that will serve any customer buying a Honda product. What this means is, the insurance is designed around the bike, not the rider. That's more flexible and innovative for the end customer. And it makes us more efficient at process level, which in turn impacts pricing. We monitor outcomes constantly, so that they will serve everybody – customers and insurance vendors.

Oscar Adraos
Client Manager, Munich Re

Lusitania Insurer

What drew Lusitania to this business model?
We were attracted to the project due to the involvement of three prestigious companies: MDS/ Special-Insurance, Munich Re, and Honda.

In addition it would provide an opportunity to deepen our knowledge of a seemingly less desirable market segment, with apportioned risk and to tap into Munich Re's knowledge of the business.

The business potential, brand association with Honda, the traits of their Portuguese customers and terms of sale locked it in for us.

What are the underwriting terms that make this insurance product so attractive to end customers?
The insurance underwriting model combines a presentation of coverage, risk acceptance, draft policies, and delivery of contract documents through a quick, easy process, at very competitive rates.

In practical terms, Honda can add motor insurance when a motorcycle is sold, providing the end customer with a highly relevant service.

Ana Isabel Carvalho
Director of Motor and Assistance Insurance, Lusitania

Honda Manufacturer

What are the advantages of selling a product with associated insurance?
Honda always tries to create the best experience for its customers, so we find it very important to offer the best solutions and services.

We know that it takes more than supplying a high-quality motorcycle to guarantee customer satisfaction and loyalty. We also need to meet customers' complementary needs, whether during the purchase process or the time they will spend on their motorcycles. In this specific case, we believe it is very important to make insurance service available because we anticipate and facilitate a solution for a service that customers are legally obliged to purchase. In summary, the advantages are mostly experienced by our customers, who benefit from quality insurance tailored to their needs, offering a number of options and competitive rates, not to mention how easy it is to purchase cover through our dealerships.

What led you to MDS as a partner?
Honda is the largest motorcycle manufacturer in the world and a leader in the national market. It was all but mandatory to associate our image and strategy with a high-quality partner who could bring the scale, skill, and level of service we require to meet our goals.

The MDS group stands out internationally in the world of insurance and maintains a global presence. It specializes in numerous consultancy fields and leads the market in our country, so it was only natural to celebrate this partnership sustained by an excellent team of professionals who will certainly help us reinforce our leadership position in the motorcycle market in Portugal.

José Luís Correia
Director of Motorcycles, Honda Iberia

Customer

When you acquire a product, do you see embedded insurance as an advantage?
Yes, it's a great feature. The entire process was handled by the dealership – Wingmotor, in this case. I didn't have to move a finger, only provide the information they requested, and drove off the lot with my new bike as soon as they handed me the keys!

In your case, what was the determining factor that led you to purchase the insurance policy? How satisfied are you with the process?
The process was really quick, and the price was very competitive. I'm quite pleased.

João Veiga

Managing Risk under the D-storms

by

Edgar Garcia Corominas
Risk Internal Control & Compliance, Amazon

While having breakfast, you check on Twitter what is happening around the world. Connect your digital wallet to check your NFT. Get dressed and order an Uber to arrive to your coworking, where you share space with tens of unknowns. Time for a meeting, virtually connecting through Teams with your boss in Munich and your technical team in Bangalore to review KPIs of your digital media marketing campaigns. Have a break, post on Instagram and make some flirts on Tinder. Order some delivery. Play some videogames and fall asleep watching Amazon Prime. Your day ends with almost no human contact and in that moment, you realize how deeply we are connected to technology and data. Under a *Digital Storm (D-Storm)*, today's society is trading off its privacy for convenience, making data the gold of XXI century, the most valuable asset everyone is chasing to achieve their objectives. There is one big difference though: you can touch gold with your hands, but can't touch data. Back in 2009, The Institute of Internal Auditors (IIA) defined risk as: "*A process to identify, assess, manage, and control potential events or situations to provide reasonable assurance regarding the achievement of organization objectives*". In 2019, the ISO 3100 used the definition of *"the effect of uncertainty in objectives"*. Even if your organization's goal is to increase revenues, market share, gain customer trust or become a reference in your segment, you will have to capture and optimize data to achieve your objective, so now digital is in the floating line of risk management. Everyone is under the D-storm, so better have a look at the size and material of your risk umbrella.

Along the last years of digital revolution, companies have changed so much their models and structures that it's a big challenge to even quantify the value of a digital asset, a brand or a data set used for customer segmentation (much more effective than traditional mass targeting). The new *digital normal* is a challenge for the traditional scope of risk management in identifying and managing potential headwinds to achieve goals under a wild uncertainty. Taking COSO (Committee of Sponsoring Organizations) as a global for-reference framework, risks were tagged as operational, financial, strategics or governance (including legal & compliance), and traditionally digital and cybersecurity were classified as two operational risks. But what happens when data becomes the most valuable asset of a company? Is digital only an operational risk for companies that are born as pure digital players? When moved all their infrastructures to the cloud or have decentralized their operations? Even "brick and mortar" companies with productive sites are now in the race for managing the *D-storm*, with its opportunities and risks. Given the evolution and trend of markets, we should be thinking in treating digital (technology and data) as a new axis of our risk models and not just an isolated risk, as it impacts the three critical components of every company: people, processes and systems.

Processes under the digital environment already opened the pandora box of disruption. Multiplatform responsiveness in software requires processes flexibility. Climate change and disasters requires production processes to have business continuity and disaster recovery plans to avoid stopping productions. More competition demands more efficiency through standardization, metrics and data analytics control. Every transaction generates data that is stored and processed to profile strategies, products and rates. Processes are ruled by technology and data for everyone.

Systems are in the race to support growing digital processes, faster for companies that are pure digital players, almost without tangible assets (no offices, no factories). The internet of things (IoT) and the evolution of robotics and advance analytics enables artificial intelligence and machine learning to process in seconds what only few years back was costing weeks. Organized crime now targets our data and our crypto coins, not gunpoint bank offices assaults anymore. All your systems are interconnected, working with different languages, technologies and platforms. Technology obsolescence is now a big threat for companies when customers demand better, faster and cheaper products. Reading and interpreting massive amounts of data is now the new normal. Companies that will not invest in systems and cybersecurity will mid-term be at the edge due to risk materialization huge impacts.

And at last, people are everything. The pandemic has accelerated some years of digital transformation. Companies demand now pure digital skills like data scientist, while this talent demands flexibility and work-life balance. The risk of misaligned corporate culture and identity, sense of belonging and purpose beyond making money has never been so relevant to keep customers and employees engaged. There is not anymore space in risk maps for isolated HR risks. Now challenges are as granular as recruiting and retaining new talent, growing new skills in your already experienced teams, keeping your decentralized teams engaged, connecting with the new generations and, in the end, working toward the achievement of the strategic goals. People have never been so linked to digital risks.

As a result of what we have seen, regulatory pressure is pushing the accelerator to define the rules in this everyday changing game to protect individuals right in data privacy (GDPR), antitrust, corporate diligence and tax regulations. But regulation is not yet ready to manage the extremes of digitalization, like the metaverse which uses decentralized technologies (blockchain, Web3 and spatial computing) to provide a completely new space that expects to be transforming our physical reality into a parallel digital world for working, learning, buying and socializing (in summary, for living). By 2024, metaverse transactions are expected to raise up to $800bn. While companies are still assessing if taking the bet or not, the biggest risk challenge (and fear) of pure digital environments is how to guarantee identities, making sure no-one is acting on behalf of others while preserving individuals' mental health on the mid-term of a digital world.

All industries (ALL) are exposed to those new digital environments that provide risks and opportunities, like insurances for NFTs or digital avatars. Those are unique items that run under a decentralized not corruptible data. But can those be assured? For example, commercial property insurances don't fit this definition as the trigger for a property loss 'is the physical loss or damage of the tangible property', so they have to invent a way to make it.

Digital risks have evolved from a vector of operational risk to a complete layer that is present in most of transactions and corporate operations. The challenge for companies now is to transform digital risks into opportunities, and the data in a value-making-machine, as risk management becomes an asset when you manage better your risks than your competitors. So, don't try to fight the storm but find ways to embrace it!

Edgar Garcia Corominas

is born and raised in Barcelona. Holds a Computer Science Engineering bachelor's degree from the Universitat Politecnica de Catalunya (UPC) and a Business Administration & Management bachelor's degree from the Universitat de Barcelona (UB) plus a master's degree in Compliance from the Barcelona School of Management (UPF). During + 12 years, Edgar moved from consultancy roles in Deloitte to driving and leading leadership roles in internal control, internal audit, risk management and compliance functions for Naturgy (oil & gas) and GBfoods (FMCG), leading investigations in +10 countries across LATAM, Africa and Europe. Certified Fraud Examiner (CFE), Certified Compliance Professional (ASCOM) and Internal Control specialist (COSO-ERM), he is currently leading the Risk & Compliance function to support the biggest Amazon Transportation Middle Mile European program in Amazon Transportation Services. Edgar collaborates as lecturer with UB in risk & compliance expert programs.

"Technology obsolescence is now a big threat for companies when customers demand better, faster and cheaper products."

Gamification

by

Maria Pelkonen Hall
Digital Innovation Manager, Hannover Re UK Life Branch

Today's insurers need to go beyond satisfying the rational needs of consumers in order to gain competitive advantage. Consumers want more personalised and differentiated experiences that are engaging but also satisfy their emotional needs.

This is where gamification can step in. It is already used in many industries to stimulate consumer engagement with a product or service through task-based challenges that generate different types of rewards or incentives based on performance and achievement. The technique is not a children's pastime or sport, it's rather about the use of game mechanics to encourage a behaviour. It's about motivating people and driving business forward. With the help of data, we can identify different ways to create incentives and means to keep customers' engagement levels up, in parallel attracting today's and the rising generation of customers.

A study at the University of New Mexico, US[1] confirms the positive relationship between gaming and human behaviour. And today's digital applications to promote work-related health are an important part of the marketing mix. Gamification is used as an incentive to increase social cohesion at the workplace and physical activities with a competition element for engaging employees. Employee benefits and wellbeing platforms harness the latest trends in game mechanics and behavioural science to encourage employees to make proactive lifestyle changes, while also prioritising prevention by de-risking individuals through healthy activities. Gamification allows users to earn rewards by completing everyday wellness activities, adding value and engagement in the workplace, in turn helping businesses benefit from healthier and more motivated teams.

While gamification has not yet taken off in the insurance industry, it is being explored in several markets and insurers are looking closely at how gamified interactions can enhance engagement with customers, their insurance products and provide added value. Life and health insurance are areas where gamification can deliver benefits for insurers as well as customers. Traditionally, the interaction tends to occur only when customers apply for insurance or when making a claim – but during the period in-between there aren't many touchpoints unless there is a key life event such as having a child or buying a house. Gamification may provide opportunities for insurers to build long-term customer relationships and for claims prevention a health proposition may even be a better fit.

Gamification mechanics

People may be **motivated** by receiving a gift card or an item from time to time, but what really drives them is recognition, power and status. That's what Gabe Zichermann, co-author of the book *The Gamification Revolution*, claims.

Competition is usually what first comes to mind as a quick motivator but there are many other mechanics from gamification that can be used to engage customers.

Knowledge transfer to educate customers about physical and mental health but also provide a financial understanding of insurance will likely have a greater impact through gamification mechanics[2] like quizzes, challenges, rewards, and feedback. If customers improve their health-related behaviours and maintain this healthier lifestyle over a prolonged period, they could in principle earn a discounted life insurance premium. It means they understand that what they are doing is having a positive impact on their future health.

To coach people into changing behaviour or **maintaining healthy behaviour** is not only about motivating but also about paying attention: Gathering data and identifying the triggers for consumers to maintain their engagement levels requires monitoring and understanding their behaviour. This is another area where gamification can add value. As part of this, it's important to gain consent from the customer for data sharing and to provide the customer with a clear and transparent understanding of how their data will be used by the insurer to support their health.

Armed with user consent, the insurer can use this data to identify which type of motivation[3] is likely to generate the best results for the customer. For many people extrinsic rewards can be highly effective at encouraging change in the initial stages, but these often need to increase in intensity as their effects wear off over time. For others, appealing to intrinsic motivation by using goal setting or gamifying the health education process can be an effective strategy to build habits and sustain improvements in behaviour.

For example, **storytelling** is a method in gamification that can be used to set the mood, motivate the user and further build the brand of the insurance company.

A note of caution though: Finding ways to make customers **continuously** return to the modules/apps/tool by notifications, new challenges or resetting leader boards at regular intervals can have a negative effect if it's not carefully managed.

Through wearables and wellness apps with an extensive behavioural element in combination with gamification, the benefits of increased engagement, lower costs and loyal customers will quickly appear. To get the best out of gamification techniques, insurers should guide consumers to set milestones. Dream big, start small. Prioritize the purpose – better health – not the game or the rewards. And provide valid feedback by measuring the objectives continuously.

1 http://news.unm.edu/news/the-gamification-of-civilization
2 https://www.researchgate.net/publication/352441975_I_think_it's_quite_subtle_so_it_doesn't_disturb_me_Employee_Perceptions_of_Levels_Points_and_Badges_in_Corporate_Training
3 https://iopscience.iop.org/article/10.1088/1757-899X/917/1/012024/meta

Maria Pelkonen Hall

is a Digital Innovation Manager in Hannover Re's global Life and Health Digital Business Accelerator. She leverages her business, project, and consulting know how to support innovation in Life and Health insurance across Hannover Re's markets worldwide. Prior to joining the Digital Business Accelerator team, Maria was a Senior Project Manager for the development and implementation of one of Hannover Re's automated underwriting solution hr|ReFlex in the Nordic market where her passion for customer-focused solutions evolved. Additionally, she has 10 years of experience as Regional Manager of Hannover Re's reinsurance business in the Central Eastern European markets, CIS, Baltic states, Finland and Denmark. Before joining Hannover Re, Maria worked as a consultant in the financial sector for DXC Technologies (CSC at the time) and Valtech, where she held a management position in the executive team. After finishing her studies in Mathematics at Uppsala University, Maria early gained insurance market knowledge in property and casualty, having been an analyst at Skandia International's facultative P&C unit. Her entrepreneurial mind-set stems from growing up in Småland; the part of Sweden well-known for innovation and creativity, characterised by drive and entrepreneurship.

Further reading

Know more how wearable devices and linked apps can power the health and wellbeing of the insured population through gamified techniques.

Satellites in space

by

Russell Sawyer
Senior Partner, Piiq Risk Partners

Commercial satellite insurance does not rank high in most people's priorities, but the services these satellites provide – including communications, navigation and weather forecasting – have a palpable impact on our business and domestic lives. For satellite owners and operators, the risks involved in the potential disruption of these and other services make insurance a key part of business planning, financing and implementation. This article highlights the main features of the risk environment for satellites and other spacecraft, such as crew delivery capsules and in-orbit servicing spacecraft, and presents an overview of insurance-based solutions.

"Since Sputnik opened the Space Age in October 1957, the amount of debris produced by humans in Earth orbit has increased – to the point that there are now more than 27,000 trackable pieces of 'space junk' in orbits close to the Earth (collectively termed low Earth orbit or LEO). This is important because LEO is where the International Space Station (ISS), the China Space Station (CSS) and hundreds of automated satellites are based."

Russell Sawyer

is a Senior Partner in the Piiq Space and Aviation team. He is responsible for nurturing Piiq's relationships with Space and Aviation clients. Before joining Piiq, Russell was an Executive Director at Willis Towers Watson ("WTW") for 29 years. Russell's role there was to manage WTW's relationships with both satellite manufacture and satellite operation clients in the UK and in Asia. Russell began his insurance career developing and negotiating policy wordings and coverage issues and continued to put this skill to good use for the benefit of WTW's worldwide clients.

The space environment

We all know that science fiction movies present an exaggerated version of space exploration, in which a space station or astronaut shuttle is, as likely as not, destined to be destroyed by space rocks or uncontrolled satellite collisions producing clouds of space debris. But how close is this vision to reality? As usual, the answer includes the words "it depends".

Certainly, since Sputnik opened the Space Age in October 1957, the amount of debris produced by humans in Earth orbit has increased – to the point that there are now more than 27,000 trackable pieces of 'space junk' in orbits close to the Earth (collectively termed low Earth orbit or LEO). This is important because LEO is where the International Space Station (ISS), the China Space Station (CSS) and hundreds of automated satellites are based.

The debris-count itself depends on particle size. NASA and other space agencies calculate that there are half-a-million pieces of debris the size of a marble (about 1cm) and some 100 million millimetre-sized pieces in orbit. This doesn't seem to be much of a problem until one factors in the speed at which these particles are orbiting (about 15,000 mph depending on the orbit), which means that even the low-mass particles can do a lot of damage. This was proved by examination of the original solar arrays from the Hubble Space Telescope, which were returned to Earth by a Shuttle crew and found to be peppered with tiny holes. More scarily, detailed examination of a small crater in a Space Shuttle window revealed the chemical constituents of spacecraft paint, a speeding fleck of which had caused the damage.

So what does all this have to do with space insurance, which concentrates on commercial as opposed to government-owned assets? A current issue is the proliferation of so-called satellite constellations in LEO, some of them comprising thousands of individual satellites. For example, as of late October, Elon Musk's SpaceX had launched more than 3500 Starlink satellites to LEO; while 275 had already re-entered the atmosphere and burned up, 63 were unable to manoeuvre and thus represent a potential problem for the future. With numbers on this scale, it is easy to see how the Kessler Syndrome, proposed by scientist Donald Kessler as long ago as 1978, could become reality (in essence, a single collision creates debris which triggers other collisions in a cascade effect, ultimately making an orbit unusable).

Insurance solutions

Arranging satellite insurance policies is not going to solve the orbital debris issue; that is the remit of international bodies which issue operational guidelines and the active promulgation of industry best practice. But, as in any other field of human endeavour, insurance is a risk management tool that can reduce the commercial impact of accidental loss and provide continuity for a business.

Space insurance began in 1965, when the Intelsat I communications satellite (colloquially known as 'Early Bird') was covered for third party liability and pre-launch risks. It marked the beginning of a new strand in risk management services that has grown to the point where,

depending on market conditions, more than a billion dollars of instantaneous capacity may be available.

The coverage typically offered by insurance policies addresses the four main phases of a satellite's existence: manufacturing, pre-launch, launch and in-orbit coverage (although the similarity of risks in the manufacturing phase to other industries means that they are not placed in the space market). Beyond this, insurance contracts can also be arranged for project delays, service interruptions and other aspects of commercial operations.

Historically, the majority of policies have been written for communications satellites based in the high-altitude geostationary orbit (GEO) and, today, most commercial satellites are covered for launch and in-orbit lifetime (typically up to 15 years). LEO spacecraft (usually with lifetimes of 10 years or less) include imaging satellites that produce anything from crop surveys to the imagery used by Google Maps, and the automated capsules that delivery cargo and supplies to the ISS.

Importantly, in the past decade or so, the space industry has experienced a remarkable paradigm shift away from the dominance of large commercial companies and government-backed space projects towards smaller start-ups and private venture capital. One so-called NewSpace company now regularly fields rocket stages that return to Earth for refurbishment and reuse, sometimes up to 10 times (formerly unheard-of in the industry). Others are pioneering the field of in-orbit servicing (IOS), which challenges the 60-year paradigm that satellites, once launched, are out of reach. In February 2020, for example, a Mission Extension Vehicle (MEV) docked with the Intelsat 901 communications satellite in GEO (36,000km above the equator) and relocated it to a new position over the Atlantic Ocean.

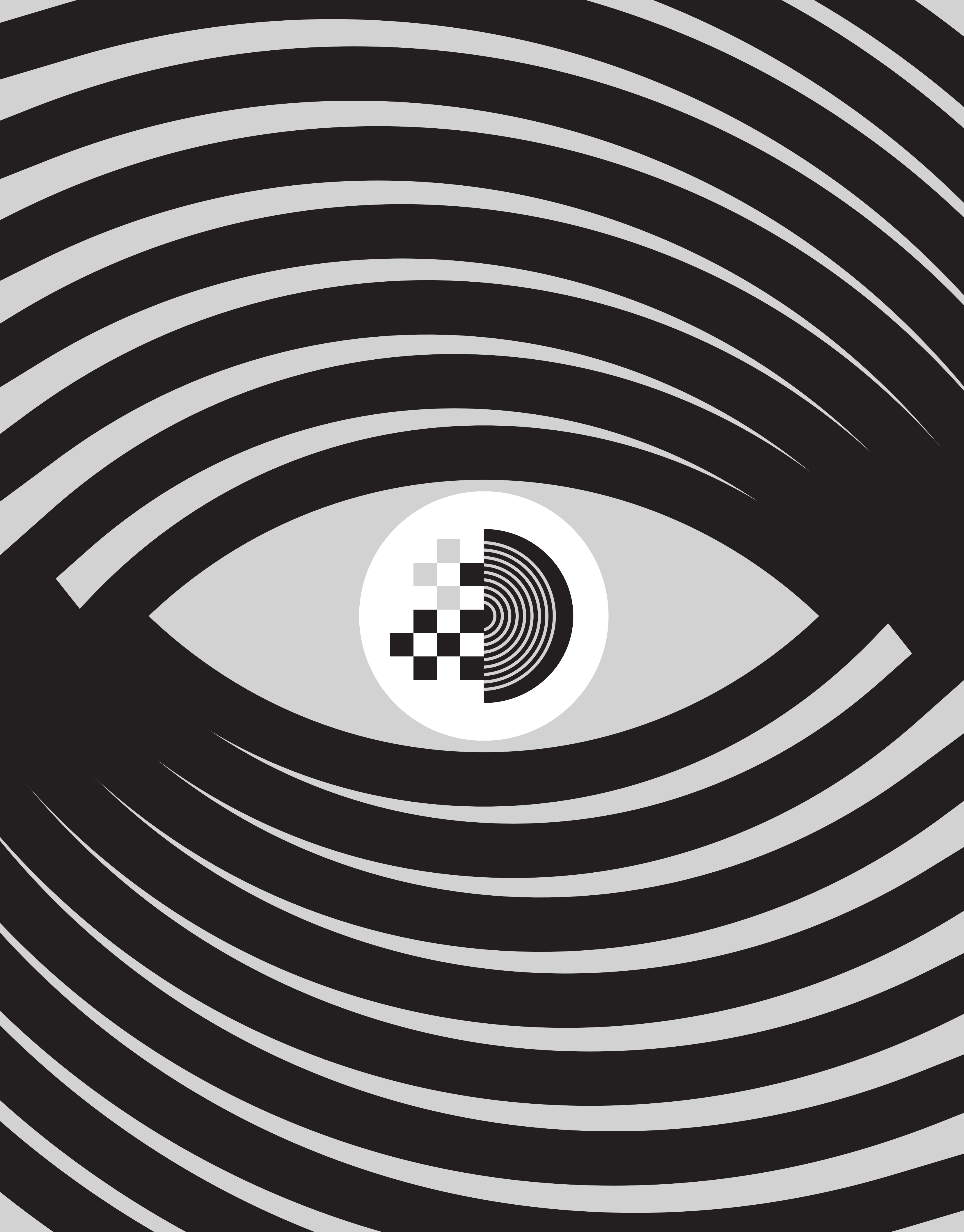
Although Piiq Risk Partners is a relatively new space brokerage, its key operatives have a wealth of experience in the space insurance industry, covering all services from policy and loss formula design to negotiation and placement (including, when necessary, claims). In a field where insurance is typically the third most expensive aspect of a commercial mission (after the satellite and the launch services), space insurance differs from its sibling sector of aviation. As such, a space insurance brokerage is a truly 'client-facing business' in a 'niche' or 'boutique' insurance sector.

> "Space insurance began in 1965, when the Intelsat I communications satellite (colloquially known as 'Early Bird') was covered for third party liability and pre-launch risks. It marked the beginning of a new strand in risk management services that has grown to the point where, depending on market conditions, more than a billion dollars of instantaneous capacity may be available."

From fiction to fact

Science fiction is a genre that attempts to predict the future and is often criticised for its dystopian and unrealistic predictions. The real world of space technology and insurance is, by contrast, firmly set on the fundamentally pragmatic foundations of science and business, but that doesn't make it any less exciting.

Science writer Arthur C Clarke first publicised the idea of geostationary satellites in a 1945 edition of *Wireless World* magazine – 12 years before Sputnik – and many writers since have postulated plans for crewed space stations, reusable rockets and automated spacecraft that refuel, relocate and salvage otherwise defunct satellites. Not only are these technologies - and businesses - now extant, they feature space insurance policies as a key part of their risk management strategies.



Credit Insurance, full speed ahead

by

Phillip Krinker
Founder & CEO, CredRisk Seguros

Trade credit insurance (TCI), or credit insurance, refers to a risk management tool that covers the payment risk involved with the purchase and delivery of goods or services. It is purchased to safeguard or overcome the financial losses in case of unforeseen insolvency, bankruptcy, or protracted default in payment. It protects manufacturers, traders, and service providers against losses from non-payment of a commercial trade debt.

The global trade credit insurance market

Size of the global trade credit insurance market

The global trade credit insurance market in 2021 generated approximately US$11bn in gross written premiums. The global market has grown on average 8% a year, over the last 10 years. The forecast is for the trade credit insurance to continue to grow between 8% and 13% annually over the next 10 years and could reach the US$20bn mark by 2030.

The trade credit insurance market has all the right ingredients to grow globally over the next 10 years due to geopolitical and economic uncertainties. Global trade will continue to grow in a more volatile scenario, which will incentivize the purchase of more trade credit insurance, rather than less.

Benefits of trade credit insurance

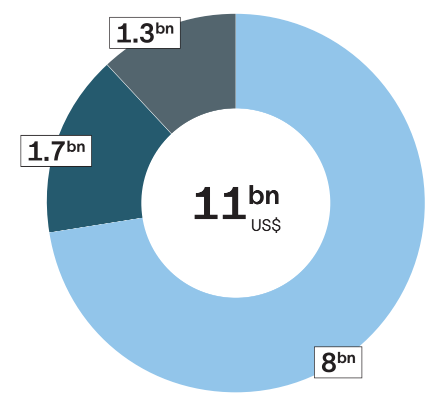
The principal benefits of credit insurance are:

a) Cash flow protection against risks of nonpayment of invoices by clients. Clients will demand that suppliers continue to extend credit payment terms due to a very competitive market environment. Credit insurance guarantees that suppliers will receive payment for goods or services delivered, as per the policy terms and conditions;
b) Credit insurance permits companies to reduce provisions for bad debt on their balance sheet;
c) Improves credit risk management and is considered a good corporate governance initiative by stakeholders, financial institutions and auditors;
d) Many credit insurers provide very important additional credit services in addition to underwriting the credit risks. These credit services are:

1. Advise on the appropriate credit limits for each debtor - client.
2. Monitor the debtors 24/7, and advise insured, in a timely fashion, should the debtor begin to delay or stop payments to other suppliers.
3. Handle the extra-judicial and judicial collection services for the insured.
4. The credit insurer is a valuable additional source of credit information. Most companies rely exclusively on credit bureaus.
5. The banks and financial institutions are reacting positively to credit insurance coverage as an excellent form of collateral on receivable discounting structures. This, consequently, reduces the interest rate offered by the financial institution.

Trade credit insurance market in numbers

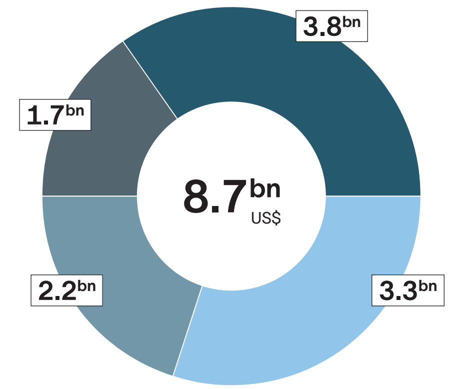
In 2021 the global trade credit insurance market generated approximately US$11bn in annual written premiums. These annual premiums can be subdivided as follows:



- **Large corporations** represented US$**8bn** of total written premiums.
- **Medium size companies** represented US$**1.7bn** of total written premiums.
- **Small enterprises** represented US$**1.3bn** of total written premiums.

Other related statistics show that the global domestic trade credit insurance market represented US$8.7bn in 2021, and the export credit insurance market US$2.3bn in written premiums.

The main sectors which purchased trade credit insurance in the global market in 2021 were:



- **Manufacturing** Accounting for US$**3.3bn** in written premium.
- **Construction** Accounting for US$**2.2bn** in written premium.
- **IT & Telecom** Accounting for US$**1.7bn** in written premium.
- Other sectors of the global economy accounted for US$**3.8 bn** in written premium.

The market expects average growth over the next 10 years to be between 8% and 13% annually. Premiums related to large corporations will grow slower, probably closer to the 8% figure, while growth in the small enterprise segment will be closer to the 13% mark.

> "The global trade credit insurance market in 2021 generated approximately US$11bn in gross written premiums. The global market has grown on average 8% a year, over the last 10 years. The forecast is for the trade credit insurance to continue to grow between 8% and 13% annually over the next 10 years and could reach the US$20bn mark by 2030."

Phillip Krinker

has a degree in Management from the Armando Alvares Penteado Foundation (FAAP) of São Paulo and has devoted his professional life to insurance broking in Brazil and abroad. He started his career at Adams & Porter insurance brokers, where he led work teams in "Elementary Lines" and "Life" for 16 years. In 1994, he took on the role of Statutory Director at Alexander & Alexander in Brazil, which was acquired by Aon Risk Services in 1996. He stayed at Aon Risk Services for 12 years, holding a number of roles including Commercial Director - Brazil, Affinity Insurance Director (specializing in Auto Manufacture Groups); Director of Infrastructure & Privatization; Director of Engineering and Property and Casualty Loss Control and, laterly, Director of Financial Lines. In 2007, he left Aon Risk Services to establish and become the main principal of CredRisk Seguros; an on-line insurance broker that specializes in, and focuses on, credit insurance and financial risk.

CredRisk Seguros
MDS Group Trade Credit Division

CredRisk Seguros was founded in 2007 and was one of the first successful, mono line, specialist trade credit insurance broking houses to be established in Brazil.

The idea to set up a mono line, specialized trade credit insurance broking operation came from founding partner, Phillip Krinker, who believed this line of insurance required a different broking professional, with an insurance and a financial background, knowledge not necessarily needed in other lines of insurance. Phillip was convinced that the brokers had to be 100% dedicated to this very complex and work intensive type of insurance, without any distractions from involvement in other lines of insurance. The broker must be permanently in contact with his client, the insured, to guarantee that the organizations sales objectives are being accomplished.

Over the last 15 years, CredRisk Seguros has satisfactorily settled over 3.000 credit claims for Brazilian and multinational clients. Today it has built up a wonderful client base including familiar brand names with insurable sales in excess of BRL 80 billion (around $16bn). Average client retention rates are around 98%, and most clients have been with CredRisk Seguros for over ten years.

In 2022 MDS decided to invest in a specialized trade credit insurance arm to strengthen its existing divisions and acquired 100% of CredRisk Seguros's shares. CredRisk Seguros, with approximately 20% of the Brazilian trade credit insurance market makes MDS one of the biggest trade credit insurance brokers in Brazil. The decision to join a larger general broking house like MDS enabled CredRisk Seguros to grow its credit insurance business in Brazil at a faster pace than on its own. MDS presently handles over BRL 4 billion (around $0,8bn) in written premium and has more than 5.000 clients in Brazil. The aim is for CredRisk Seguros to cross sell and up sell intensively into MDS's existing portfolio of clients.

Over the last three years CredRisk Seguros has doubled in size, and now, with the support of MDS, it plans to continue this growth cycle at a much faster pace. These are exciting times for the Brazilian trade credit insurance market and the macro-economic and political outlook for the coming years will certainly be an important factor in generating growth in this market. CredRisk Seguros - MDS Group is well prepared to take full advantage of these future opportunities.

Opportunities going forward

Trade credit insurance protects small and medium-sized (SME) businesses and suppliers of goods and services from non-payment by their clients. Furthermore, many businesses are looking for new ways to trade to expand their market share and expand their business abroad. Trade credit insurance is also gaining popularity as a way for these businesses to expand sustainably, prompting small business owners to seek financing through trade credit insurance as a safe way to trade. As a result, the rise in the number of SMEs seeking to expand into global commerce and the numerous benefits given by trade credit insurance are driving market growth.

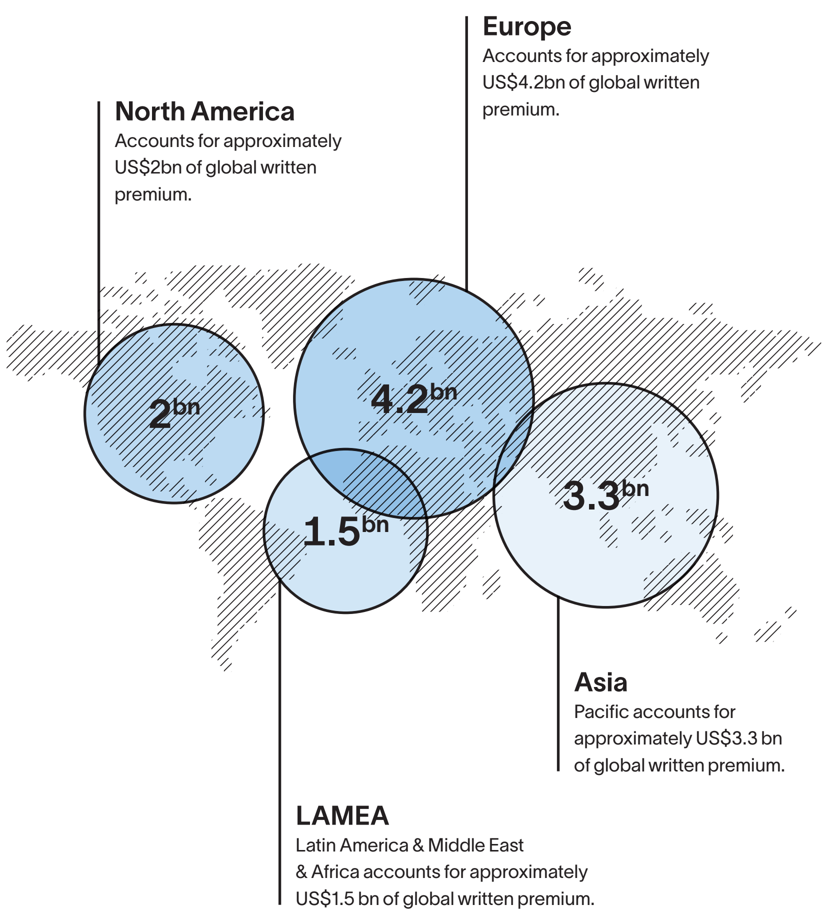
Regional analysis

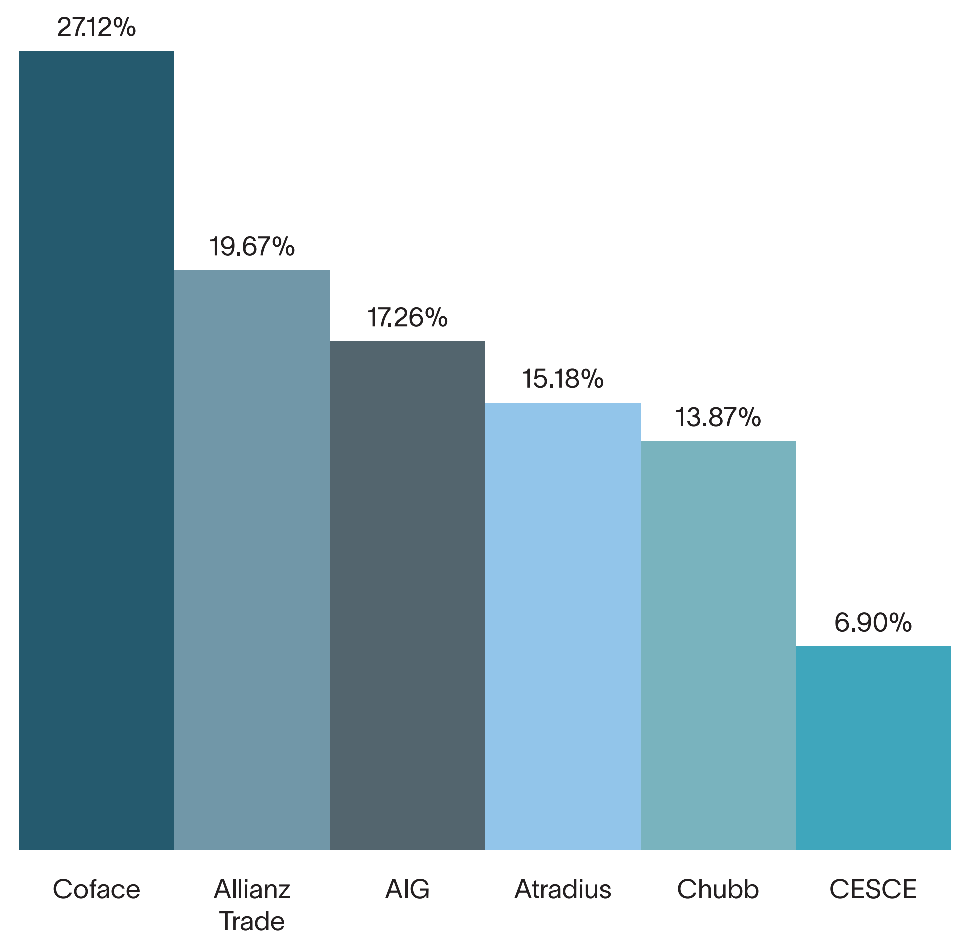
The global trade credit insurance market's annual premiums in 2021 can be sub divided into four main geographical regions (see below). The fastest growing region is the Asian - Pacific, followed by North America.

Competitive Players

The principal global trade credit insurers in 2021, in alphabetical order, were:

- AIG
- Allianz Trade
- Atradius
- CESCE
- Chubb
- Coface
- Credendo
- QBE
- SINOSURE
- Zurich





The Brazilian trade credit insurance market

Over the last ten years the Brazilian trade credit insurance market has grown steadily in written premiums from BRL 178.000.000,00 (around $34m) in 2011 to BRL 725.000.000,00 (around $140m) in 2021. This is an average annual compounded growth rate of 13%. During this period, it is important to take into consideration that in 2015 and 2016 the Brazilian economy was in recession. It is also important to recognize that the Brazilian and global recessions are becoming more frequent but shorter in duration than in the recent past.

Trade credit insurance can play an important role in bringing more stability to organizations financials in these volatile macro-economic times.

Trade credit insurance companies

Over the last decade the majority of the major trade credit insurers have entered the Brazilian market creating a national trade credit insurance market. The official 2021 trade credit insurer rankings, by written premium, published by the Brazilian regulator SUSEP shows:

There has also been a rise in the number of specialist trade credit insurance brokers in the Brazilian market over recent years, although the market is mainly serviced by the larger corporate brokers. The brokers union, SINCOR, acknowledges that this line of insurance requires brokers that are both specialist and proactive, and to that end is looking to grow the market by offering its members specific training.

The Brazilian trade credit insurance market mainly consists of large industrial corporate clients from across all sectors of the Brazilian economy. Nevertheless, there is a concentration of risk in a number of sectors including the agro-industry, white and brown goods retailers, iron and steel, pharmaceuticals, textiles, food, and drink.

There has also recently been significant growth in the banking and capital market sectors, as these institutions use credit insurance to enhance financial structures and mitigate credit risks.

There is also good growth potential is in the SME sector.

"The Brazilian trade credit insurance market mainly consists of large industrial corporate clients from across all sectors of the Brazilian economy. Nevertheless, there is a concentration of risk in a number of sectors including the agro-industry, white and brown goods retailers, iron and steel, pharmaceuticals, textiles, food, and drink."

> "Credit insurance is a perfect tool to help evaluate and protect companies from future credit losses and help protect the organizations unknown future credit risks."

Trade credit insurance - loss ratio

The trade credit insurance market has performed very well over the last ten years. The average annual loss ratio has been below 35%, except for 2015 and 2016, where the loss ratio rose to approximately 135% due to the macroeconomic recession.

Types of trade credit insurance in Brazil

The two-principal trade credit insurance products found in Brazil are "Domestic Credit Insurance" and "Export Credit Insurance." On average, over the last ten years, domestic credit insurance has accounted for about 90% of total written premium, whilst export credit insurance premiums have made up the remaining 10%.

In terms of the main types of coverage, over the last decade, "Traditional Whole Turnover Insurance" accounts for 70% of written premium, while "Excess of Loss Insurance" accounts for the remainder. In recent years there has also been a preference for "Excess of Loss" type programmes, due to the predictability in coverage, with non-cancellable credit limits, amongst the more qualified institutional buyers of credit insurance. That said, the "Risk Management" services offered by the traditional whole turnover credit insurers is a huge benefit for SMEs who have been able to take full advantage of the monitoring and collection services offered by the insurers to help them avoid internal credit and collection costs.

Future growth is expected to come from the purchase of trade credit insurance by organizations looking to mitigate their credit risks and balance sheet provisions in line with the IFRS-9 accounting norms introduced in 2018. Credit insurance is a perfect tool to help evaluate and protect companies from future credit losses and help protect the organizations unknown future credit risks.

An Introduction to Credit Insurance in Brazil

In 2022, Phillip Krinker, Executive Director at CredRisk Seguros, published Introdução ao Seguro de Crédito no Brazil ("An Introduction to Credit Insurance in Brazil") a book which details the main credit insurance products available in the Brazilian market and also delves into some aspects of risk management and policies.

The book was written in response to the exponential increase in demand for credit insurance and the lack of up-to-date literature on the subject. "To my surprise, when I looked for a book in Portuguese on credit insurance, I found out there was but one, published in Brazil."

Not only does he dive comprehensively into the key types of credit insurance available in the Brazilian market but he also includes domestic, export, political risk, single risk, single buyer, whole turnover, and excess of loss insurance. An entire chapter is devoted to the new statute on financial instruments (IFRS-9) which came into force on 1 January 2018; it explains how this type of insurance can minimize provisioning requirements in cases of bad debt. The author believes the book is an excellent aid to business professionals in insurance and securities, as well as university students interested in finance and credit.

Insuring events

Post-pandemic challenges

by

Jorge Ribeiro
Manager Corporate Risks, MDS Brazil

Although the event insurance market has now started to pick up with the return of live shows, tours, film production, and sporting events such as the recent Olympics and football World Cup, getting back to pre-pandemic normalcy will be a slow process for the insurance market. Many key players in the market have tightened their purse strings on underwriting for such risks. Chubb, for example, which only recently re-entered the sector – has now inserted changes to its contracts, and will no longer cover no-show and cancellation claims.

Even before the pandemic, a series of claims around large and mid-sized events had resulted in quite a few restrictions being put in place. After the pandemic, the market hardened even more. Expected losses soared to US$203bn in the insurance sector with US$107bn alone due to be in paid damages from the cancellation of sporting/cultural events and travel insurance claims. As tourism and entertainment are directly related businesses both in Brazil and the world, they demand even greater care. Compensation, in this case, goes beyond reimbursing ticket purchases to include other expenses claimed by the insured, such as travel, hospitality, and more.

Over this short period, several insurers left the market due to adverse events and those that remained downsized their capacity and raised their fees, leaving brokers with few or no options.

Today, those looking for coverage for major events will find a market offering lower limits than before, higher fees and demanding exacting underwriting terms, a reflection of new reinsurance contracts and underwriters' needs.

In 2022, almost all coverage saw higher rates, as insurers raised premiums to make up for the additional losses and expenses suffered during the pandemic. There was an average rise in fees of between 5% and 20% or more, depending on the line of business and the coverage requested (weather risk and cancellation, for example).

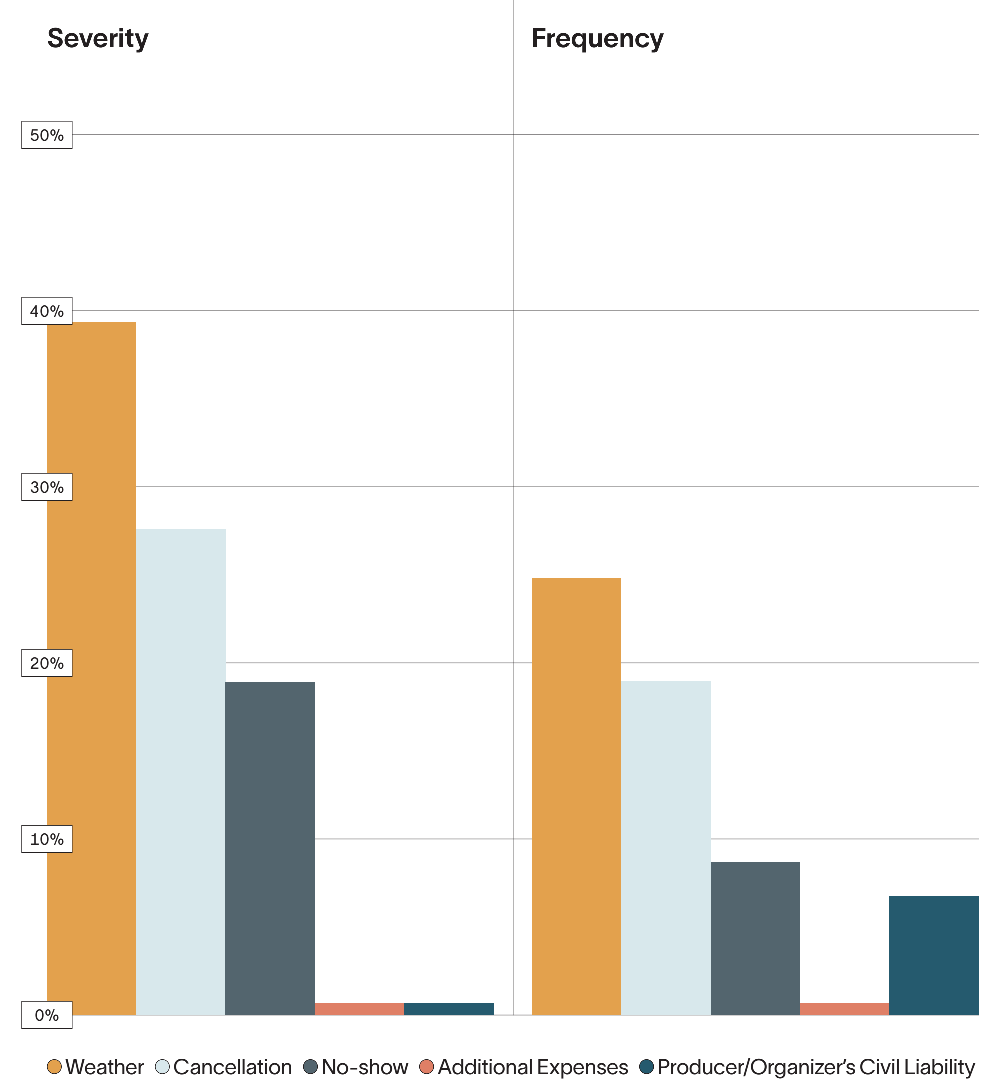
The contingency market for events saw the highest increases. During the pandemic, the global market suffered cancellation losses of US$6bn – US$8bn. As a result this coverage became even more restrictive and options on negotiation or purchase of cancellation coverage in cases of communicable disease, available in a few cases before the pandemic, disappeared. Some clients, however, still ask to purchase coverage for Covid-19, but at the moment this is just not possible.

The event sector took the biggest hit between 2020 and mid-2022 (around July). It was the first sector to freeze all activity and practically the last one to resume business.

In this time of recovery, it's important to note that insurers and reinsurers have become more selective with their analyses and underwriting. Embracing risk management for events and/or filming is now practically indispensable and event producers and organizers need to demonstrate that they are prepared in terms of safety & security – ensuring the best possible protection. Only by adopting such an approach will their risks be prioritized by underwriters, who may be able to offer different terms or more advantageous fees. This focus on risk management also requires that brokers have even more specialist knowledge to be able to design an insurance programme for each type of event.

Event production and/or organization carry a great number of risks. Coverage options with greater frequency and severity include **weather, cancellation, no-show, additional costs, civil liability of producers/organizers,** as per the figures below.

Top 5 Claims



Source: Circles Group

Jorge Ribeiro

has 34 years' experience in risk management, insurance, and the reinsurance of structured projects across a number of industry and trade sectors. He has worked at a number of large multinational brokers and joined MDS Brazil in 2020. He has strong negotiation experience in risk management, insurance and reinsurance, having been involved in many local and international projects, particularly in the entertainment sector. He has worked with major players in the sector such as Live Nation, Rock in Rio, Lotus Entretenimento, Netflix, HBO, Sony Entertainment, Discovery Channel and Conspiração Filmes. He has also worked with a number of events and audio-visual productions, including: Rock in Rio, Rio Olympics 2016, FIFA World Cup 2014, Cirque Du Soleil, Film Festivals, Black Mirror (Netflix), Tropa de Elite, and many others.

Wimbledon 2020, a cancellation claim

Wimbledon vs. Traditional Insurance

Wimbledon was scheduled for 29 June-12 July 2020, but it was cancelled for the first time since WWII because of the coronavirus pandemic.

As the global insurance and reinsurance markets knew, the wording in every insurance policy back then included traditional exclusions for any loss arising from avian flu (H1N1), Ebola, and any other unnamed epidemic.

The event organizer's risk and insurance policies

A risk and insurance policy for the entertainment industry is of extreme importance and must form a part of any major event producer or organizer's strategy. Knowing your insurable and uninsurable risk, you can then negotiate special clauses to guarantee non-traditional coverage, as well as any that may safeguard your budget (revenue, overhead, profit, marketing costs, box office, others).

The **All-England Lawn Tennis Club (AELTC)**, who organize the Wimbledon Championships, had a "special term" in place, which it had negotiated with the insurance/reinsurance market: a *force majeure* contract clause that might cover unexpected adverse events.

The cancellation of the Wimbledon Grand Slam caused a 98.7% drop in revenue during the reporting period ending 31 July 2020 for the organizer, All England Lawn Tennis Club (AELTC).

The AELTC's 2020 statement posts annual income of £3.81m (US$5.32m), a sharp contrast to the £292m (US$ 407m) in 2018/2019, before the pandemic.

However, losses were offset by the organization's insurance policy. The AELTC received £157m (US$ 219m) in 2020. Over £17m (US$23.7m) was deferred to tax year 2021.

It is worth remembering that, during the pandemic years, other indemnity was paid globally through judicial channels, as the insurance market had no clear definition of endemic illness and did not cite SARS-CoV2 (coronavirus).

As a result new clauses and terms were established by insurance and reinsurance markets across the world, which affected other, related products, such as travel insurance; several insurers, although they included exclusions in their contracts, guaranteed proper service to the insured as a way to protect society at large in times of extreme necessity, given the social function that the insurance market represents on the world stage.

Post-Pandemic Challenges in the Market

The insurance market is presently struggling to offer enough capacity for major events, especially for policies that include weather, cancellation and/or postponement and no-show. To negotiate capacities of this nature, the process needs to start well in advance of an event. Much more in-depth information is needed than previously about the kinds of risk involved, both insurable and non-insurable, and the depth of event risk management in place. It cannot be just a case of filling out questionnaires and surveys, as the demands on protection and event management are increasing. It is also important to bring in some standardisation to the events sector that is often unconventional if it is to be able to attract the wider insurance and reinsurance market.

Risk Management: Critical Components of Extreme Importance to a New Market

Safety and security have always been extremely relevant variables in risk underwriting for an event and/or film production but the post-pandemic market has been much more demanding.

Underwriters have upped their underwriting requirements, demanding ever more detailed information on security management, contingency and emergency plans, and inquiring whether adequate health and safety precautions will be put in place to minimize an event's general exposure.

What underwriters want to know is whether producers/organizers have effective risk management policies in place that create a secure, properly run environment which accommodates both attendees' comfort and public authorities' statutes and policies in each region.

One of the positive aspects to come out of the pandemic, and which has carried over to the recovery phase, is that producers and organizers now pay more attention to risk management and have made their events more secure, reducing overall exposure risk for the sector.

> "Despite the challenges to recovery, revenue forecasts for the entertainment sector in 2022 are in the order of US$29.35bn."

Perspectives on the entertainment industry both internationally and in Brazil (post-Covid-19)

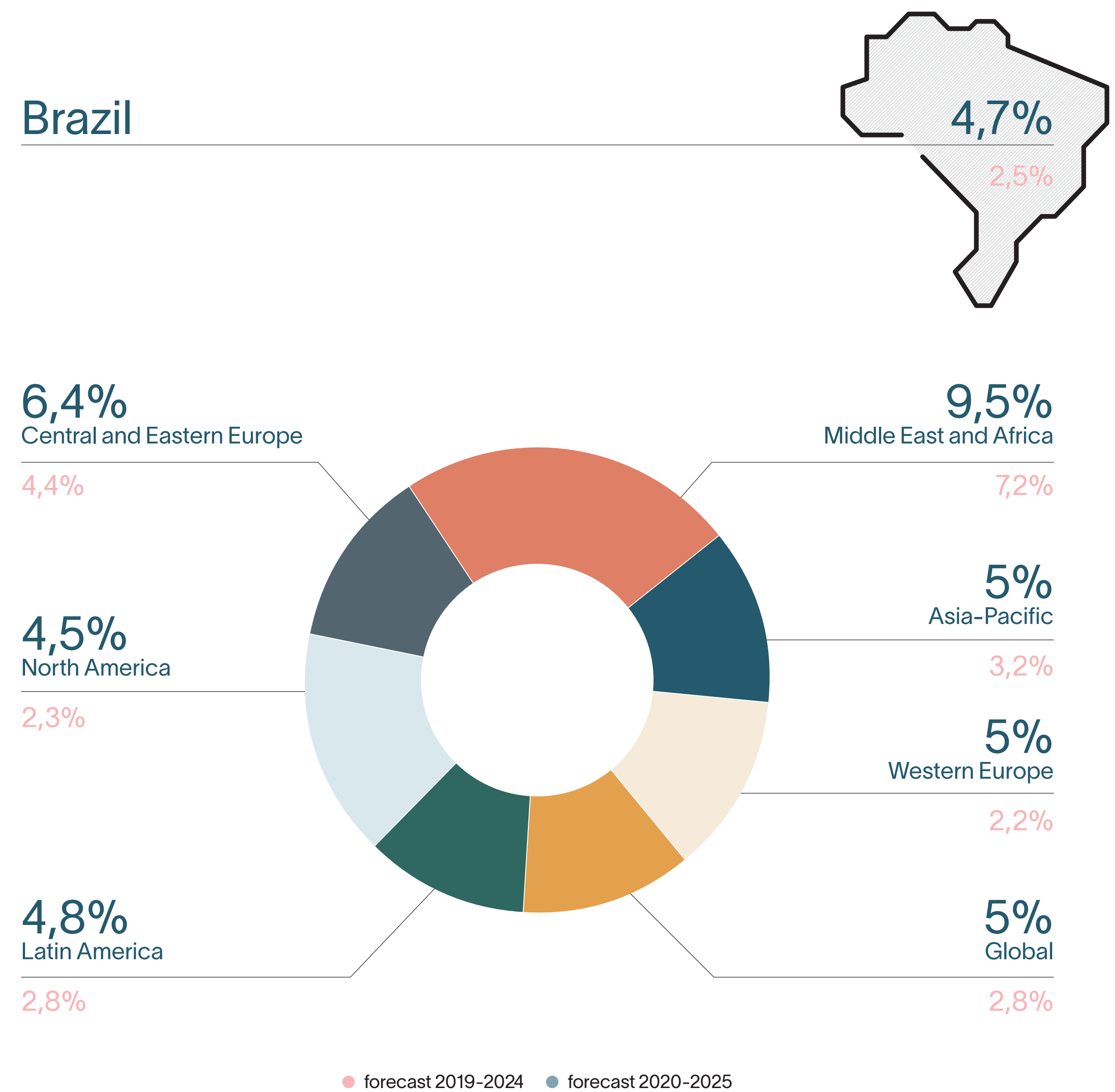
After the shock that was Covid-19, growth picks up across all regions.

Despite the challenges to recovery, revenue forecasts for the entertainment sector in 2022 are in the order of US$29.35bn.

The annual growth rate for total revenue is also expected to be around 8.54% from 2022 through to 2026, which would deliver a rise in market volume up to US$40.74bn by 2026.

In terms of the global insurance market, the entertainment industry is a potential growth leader with economic development and demand for leisure running in parallel to recovery in entertainment tourism. The global market for entertainment insurance is expected to reach a value of US$8bn by late 2027.

Compound Annual Growth Rate (CAGR) 2025
Prior CAGR (2019-2024)



Source: PwC | 22° Pesquisa Global de Entretenimento e Mídia Brazil 2021-2025 (22nd global survey on entertainment and media, Brazil, 2021-2025)

In Brazil

The media and entertainment market in Brazil is one of the most prominent in the world and one of the top ten for events. The industry has a strong presence in all the main regions of the country.[1]:

- 12.9% National GDP (economic movement); BRL 936bn (around $181bn) transacted in Brazil's economy in 2019;
- 4.9% Fluminense football club GDP – second GDP in the State of Rio, coming up behind oil and gas;
- 590,000 events a year in Brazil;
- 3.5 million direct and indirect jobs created;
- 1 in 4 Brazilians make a living off events and the tourist industry;
- 52 segments make up the events market (not including the insurance market);
- 10% of formal employment in Brazil is in the tourism/entertainment segments;
- Events moved BRL 32tn (around $6tn) throughout the world in 2019;
- Per the Getúlio Vargas Foundation, **"FGV Projetos"**: ROI: each BRL1 invested generated a return of BRL 14 (around $3) to BRL 17 (around $4) to the local economy.

In Brazil, the segments connected with event publicity and/or reliance on physical locations were negatively impacted by the pandemic. Not all of them will be able to make up for these losses in the coming years. The lines of business hardest hit by the pandemic were: movie theatres (-86%), live shows (-77%) and trade fairs (-74%). The media and entertainment industry in the country should also grow a little less than the global market in the 2020-2025 period: 4.7% and 5% per year, respectively.

The recovery of the sector has started with major sporting events, live shows, and major festivals like **Rock in Rio 2022**, one of the biggest music events on the planet.

Rock in Rio is known worldwide for its risk management system and benefited from clearly defined insurance policy following close collaboration with the insurance and reinsurance market at both a national and international level. The final round of negotiations were however quite challenging considering all the new risks brought in by the pandemic.

After months of hard bargaining, new solutions were designed, analysed and implemented to guarantee the security and success of the festival. Challenges included the lack of capacity in the market to guarantee the most important aspects of the coverage for a festival of its magnitude: cancellation, weather, and, of course, artist no-show.

The festival took place in September 2022 and exceeded all expectations for the entertainment market, shattering attendance records, number of bands, presentations, artists, tourism, employment, investment, social media engagement and the greatest economic movement in the state of Rio de Janeiro. It brought in a BRL 2bn (around $.0,4bn) increment in a mere seven days, having injected around BRL 5,1bn (around $1bn) in the state's economy over the past three festivals (2017, 2019, and 2022).

A few numbers and specifics about Rock in Rio:

- 700,000+ people attended over seven days;
- 420,000 national tourists (Brazilian);
- 270,000 in-state tourists (Rio);
- 110,000 tourists from 31 countries;
- Rock City: 385,000m2 and 22 areas for attendees;
- Rock City employed 28,000 people directly;
- Over 1255 artists, including singers, musicians, dancers, visual artists (VJs, graffiti artists, others);
- 300+ concurrent shows across several stages;
- 200+ activations for brands and restaurants, with 243,000 products for sale;
- 100+ broadcast cameras and 30 presenters; a total of 507 hours of entertainment;
- The "A NAVE" area featured 50 artists;
- The Uirapuru arena presented 30 dancers and 23 musicians;
- Two exclusive transportation methods: Rock Express and Primeira Classe (First Class). 160 Rock Express vehicles and 500 Primeira Classe buses;
- GamePay Arena once more set up a massive stage, 29 meters long at the front.

1 ABEOC – Associação Brasileira de Eventos (Brazilian Event Association) & Fundação Getúlio Vargas (Getúlio Vargas Foundation)

> "After months of hard bargaining, new solutions were designed, analysed and implemented to guarantee the security and success of the festival. Challenges included the lack of capacity in the market to guarantee the most important aspects of the coverage for a festival of its magnitude: cancellation, weather, and, of course, artist no-show."

MDS @Rock in Rio

After two difficult years, the world slowly started to make up for lost time, and in Brazil, Rock in Rio 2022 was undoubtedly one of the most anticipated events. MDS Brazil was the official insurance broker for last year's festival – undoubtedly the world's greatest music and entertainment event – which over the last 20 years has featured over 2300 artists, attracted 10,000 attendees, and created 237,500 jobs.

"Events Liability Insurance is the ideal solution for events of this magnitude as things can quickly get out of hand during festivals, shows, and trade fairs. The insurance is customized, meaning that it is possible to identify, manage, control and mitigate any incidents, and ensure shows and performances can continue, uninterrupted," explains Thiago Tristão, Vice-President of Corporate Risk at MDS Brazil and CEO Brazil of MDS Reinsurance Solutions.

MDS Brazil has built up vast experience in event management, handling the São Paulo Oktoberfest, the 2020 Vogue Ball, MAC 2020 Masquerade Ball, Rock in Rio 30 Anos, Road Tour Experience, World Youth Day Journeys, CONARH 2019, 19th Fórum Líder RH Brazil – Latin America, and Prêmio Geração Glamour – Women of The Year. In the sports segment, it has also supported events such as Disney Magic Run 2019, Rio Olympics 2016, AEP Golf Business CUP, Corrida OCP Jaraguá do Sul, the tennis tournament, Paineiras Tênis RP250, Camarote Maracanã, Camarote Benfica, Havan Liberty League of Legends, MolokaBRA Downwind, and Circuito Vitória Ecobike.

Watch the video
MDS @Rock in Rio

Civil Liability Insurance, Events or Audio-visual Production Coverage and Exclusions

Entertainment insurance has a policy model for civil liability designed to cover risk inherent in producers' and/or organizers' business. It offers coverage for material, moral, corporal, and aesthetic damages to third parties and protects all stages of an event, from set-up, assembly and commissioning to the event itself and the ensuing breakdown, ensuring that unforeseen occurrences are mitigated, protecting the producer/organizer against image and box office risks, among others. Filming insurance, or audio-visual production insurance, covers short and feature-length films, advertising, live feeds, TV shows, and others. It may include crews, sets, equipment, physical risk to the cast, weather, cancellation, lead artist no-show and/or director no-show, or protection against no-show by personnel key to production, pre-production, and distribution, among others.

Civil Liability Events Risk Cover

No-Show
Covers damages that the insured may incur on postponement, interruption, or cancellation of the insured production, should any person named in the contract (per policy specification) be prevented from continuing/completing their duties.

Examples:
- Death, bodily harm, illness, abduction;
- Sudden or unexpected death, illness, or accident of next of kin;
- Abduction/kidnap of next of kin;

Cancellation
Covers losses from cancellation, abandonment, interruption, transfer, or postponement, total or partial, of the insured event.

Examples:
- Venue unavailable due to fire, power failure, plane crash, more;
- Delays in returning leased venue for conduction of insured event;
- Delay in delivery, or non-delivery of material indispensable to the event.

Adverse Weather
Covers losses from cancellation, abandonment, interruption, transfer, or postponement, total or partial, of the insured event, due to adverse weather conditions that impede the event.

Examples:
- Relevant authority does not authorize event for security reasons;
- Winds in excess of 90kph;
- Over 40% of venue/precinct flooded;
- Natural disasters;
- Flood.

Civil Liability
Covers, on behalf of the insured, any amounts for which they may be found liable in court or settlement expressly authorized by the insurer relative to remediation for involuntary damages of a material or bodily nature to third parties.

Basic:
- Setup and assembly/disassembly
- Catering
- CL Product
- Cross Liability
- Moral Damages

Additional:
- Employer
- Third-Party Property
- Real Estate
- Vehicle in Service to Production
- Fireworks
- Vehicle Security

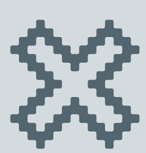
Multi-risk: Equipment
Covers damage to equipment essential to the conduction of the event, such as
- Sound and image equipment
- Exhibitor booth
- Display items
- Scenery, props, decoration
- Office supplies
- Baggage
- Animals
- Film copies
- Wardrobe and make-up
- Musical instruments
- Wedding gifts and wedding dresses
- Forced loss of audience
- Temporary pavilions or covers
- Theft or burglary of box office proceeds

Personal Accident
Sudden, involuntary, and violent external event that causes bodily harm and consequently death or permanent disablement and necessitates medical attention.

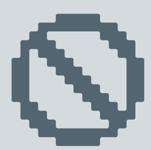
Coverage
- Accidental death
- Disablement, Permanent
- Medical Expenses

Insurable Groups
- Audience
- Assembly/disassembly personnel
- Service providers/vendors and promoters
- Amateur athletes

No-Show



Cancellation



Weather

Civil Liability

Civil Filming Events Risk Cover

No-Show
Covers damages that the insured may incur on postponement, interruption, or cancellation of the insured production, should any person named in the contract (per policy specification) be prevented from continuing/completing their duties.

Examples:
- Death, bodily harm, illness, abduction
- Sudden or unexpected death, illness, or accident of next of kin
- Abduction/kidnap of next of kin

Cancellation
Covers damages that the insured may incur upon cancellation, abandonment, interruption, transfer, or postponement of the insured broadcast.

Examples:
- Venue unavailable due to fire, power failure, plane crash, more;
- Delays in returning leased venue for conduction of insured broadcast;
- Delay in delivery, or non-delivery of material indispensable to the broadcast.

Support
Covers damages the insured may incur from material loss and/or damage caused to the insured's media, such as unused or exposed film, audio tape, audio tracks and audio-visual content, video tape, digital carriers, matrices, interpositive work prints, positives, and more.

Examples:
- Burglary or theft;
- Defective development, editing or processing;
- Accidental light exposure;
- Cutting, physical edits, or any other lab work, or accidental erasure of recordings on video tape (video or soundtracks).

Civil Liability
Covers on behalf of the insured any amounts for which they may be found liable in court or settlement expressly authorized by the insurer relative to remediation for involuntary damages of a material or bodily nature to third parties.

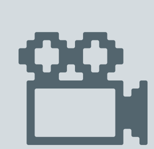
Basic:
- Setup and assembly/disassembly
- Cross Liability
- Moral Damages

Additional:
- Employer
- Third-Party Property
- Real Property
- Vehicle in Service to Production

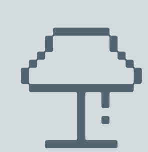
Multi-risk: Equipment
Covers damage to equipment essential to the conduction of the event, such as
- Sound and image equipment
- Scenery, props, models
- Office supplies
- Baggage
- Animals
- Theft or burglary of amounts in possession of person in the production's employ
- Extraordinary expenses
- Scene vehicles

Clause on Exclusion of Communicable Illness in CL Events Policies
Regardless of wording to the contrary in a policy, reinsurance contracts in this post-pandemic time have updated exclusions which further detail the definition of communicable illness, not covering any loss, damage, claim, cost or expense of any nature, direct or indirectly arising from, contributed by, resulting from, emerging from, or in connection with communicable illness independently or any other cause or event that may simultaneously contribute or in any other sequence of the same. This exclusion will apply regardless of any loss of use, occupation or functioning of the assets and places insured.
In addition, the following definition of communicable illness in the reinsurance contract must always be observed:
- Communicable illness: any illness or infirmity which propagates from one person to another via direct or indirect transmission by an agent or any other transmission organism, as well as any illness and/or infirmity propagated by other vectors and/or transmission agents, including, but not limited to, air, food, animals, people, instruments, blights and plagues, zoonosis, and others.

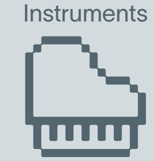
Equipment



Set and Props

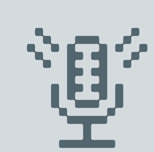


Musical Instruments



Personal Accident

Media



Agricultural insurance

a protective network against climate volatility and other hazards

by

Glaucio Toyama
Head Agro LATAM at Swiss Re Corporate Solutions

Feeding the world - bringing food to the consumer's table – and producing supplies for industry has been the point of agriculture from its outset. Looking at it through this lens underlines just how important an activity it is, having grown with humankind from its earliest days and undergone a massive transformation from the mid-twentieth century onwards. A broad segment of world agriculture has experienced rapid development, an evolution underpinned by agricultural insurance.

All kinds of rural producers, from large agribusiness to small family holdings, are exposed to different kinds of risk: climate change, blights and diseases, and drastic variations in pricing and production costs. This is where insurance steps in, helping to transfer these risks through policies designed specifically around the needs of this productive activity. These policies can mean the difference between sinking or swimming for producers. And when it comes down to business continuity, securing investments and protecting cash flow, insurance is the ideal financial mechanism.

Climate volatility, a recurring problem and one that is growing more and more severe, is a major global pain point affecting rural producers' decision-making process. Mitigating the impact of drought, heat waves, excess rainfall, morning frost, fires and other hazards have kept producers awake at night. What technology package, sowing window, preventative methods, or animal feed handling procedures should they go with? Each decision can mean the difference between a successful harvest or a failed crop. Insurance is there to mitigate this producer vulnerability and by extension that of entire populations; the chains at stake go far beyond the farm gates.

"This marriage of different production systems and ESG practice should yield excellent outcomes for all – producers, insurers, and other stakeholders, but especially for the environment."

Technology in Agricultural Insurance – a defence mechanism at producers' disposal

Work in the field evolves constantly. New technology arises every day, whether it targets animal and plant genetics, health protections, or digital transformation of management and business operations. The insurance market is closely following these rural performance changes and reinventing itself on a daily basis to ensure its programmes stay abreast of innovation. Not long ago, insurance operations would run on-site teams that conducted field assessments to analyse and evaluate risk. Today, insurers use remote sensing and analytical intelligence, optimizing expert assets on the ground in a more effective manner, reducing overheads.

Faced with failed crops and production collapse, the insurance culture has come a long way in Brazil. It is now safe to say that policies have driven the introduction of post-indemnity technology. As insurance policies protect business, rural producers' investment capabilities are preserved post-loss and so the ensuing productive cycles receive the technological application they need.

Rural insurance products also need to converge with ESG (environmental, social and governance) principles. In fact, it is highly likely that insurers will soon need to underwrite and price systems and producers who embrace more environmentally-friendly and climate-aware productive practices. This marriage of different production systems and ESG practice should yield excellent outcomes for all - producers, insurers, and other stakeholders, but especially for the environment.

Agriculture as a driver in Brazil

According to CNA (Brazil's Agricultural and Livestock Business Federation) its contribution to Brazil's GDP at the close of 2021 was 27.4%. The insurance market realized just how important the segment was, and its products grew to match. Agriculture insurance premiums collected that same year climbed to BRL 9,6bn (around $1,83bn). The amount exceeds the previous year's premium, BRL 6,9bn (around $1,32bn), by 40%. Meanwhile, the agricultural sector experienced a severe climate shock to its 21/22 harvest. La Niña punished the leading operators in South-Central Brazil and, given the scale of under-performing harvests, the insurance market accommodated a staggering number of claims: BRL 7,1bn (around $1,36bn), 94% more than in the prior comparable period.

For years, insurers have invested in operational structures and people and product development, but much remains to be done. Agricultural insurance is concentrated on a handful of grain crops (soy, maize and wheat); however animal protection products do not have high penetration in Brazil's national stock (bovine, porcine, birds) and neither is there sufficient protection for the thousands of agricultural/livestock rearing facilities nor the entire fleet of rural plant and machinery.

The insurance market is monitoring rural performance and reinventing itself on a daily basis to apply knowledge and new perspectives on the ground. The market now knows how to mine data and understands its importance in creating high-performing insurance products at prices rural producers deem competitive. Evidence also shows that producers have the potential to grow their own outcomes – creating new business to insure – generating a protective network that will expand until it grows beyond Brazilian borders.

Glaucio Toyama

joined Swiss Re Corporate Solutions in 2020 and is Head Agro LATAM. Toyama has more than 16 years' experience in the insurance sector. Between 2008 and 2020, he worked in roles such as Director of Financial and Agricultural Business at MAPFRE, Rural Insurance Director at the Bank of Brazil Insurance Group and Technical Director – Auto at MAPFRE. He has a degree in Agronomy from the University of São Paulo, and a Master's in Agronomy from the University of São Paulo. He has participated in the International Management Development Programme (IMDP) at Corporate University Madrid, Spain, and the Advanced Management Programme (AMP) of IESE Business School.

Tovese, a company of MDS Brazil, contributes to the advancement of agricultural insurance

Tovese, which became part of MDS Brazil in 2021, was originally established in 2006 as an agricultural insurance specialist. It was launched to support the country's agribusiness in the face of climate change and in the immediate aftermath of problems with the 2004/5 harvest in southern Brazil.

The brokerage was built on four core pillars which remain central to the business today. First, is to mitigate climate risk exposure for producers enabling them to maintain their rural properties. Secondly to avoid new debt, or debt structures that require payment based on future harvests. Thirdly, to work hard on driving cultural change with producers to protect their financial income. And finally, to provide consultancy support, including insurance knowledge and guidance on the best way to cover producers' risk exposures. Over the last 16 years, Tovese has contributed a great deal to the sector, helping to create innovative market solutions providing protection against evolving risks. The broker's team consists of professionals that act across all key states for agribusiness in Brazil, following the same strategy that brought it success in southern Brazil.

Tovese has established numerous partnerships with co-operatives, agricultural input vendors, technical assistance organizations, financial institutions, and others, all with the sole aim of providing specialist products via the different routes to market.

As a specialist in agricultural insurance, producers are confident in, and trust its expertise, as opposed to that available from more generalist brokers.

Tovese offers a number of insurance lines, including **named perils,** where producers select their priority, or more impactful, risk; **multi-risk**, which guarantees productivity; **costing** products to fund costing activities; and finally a new **parametric product,** which represents not only a major step forward for the market but the future for agricultural insurance. It covers a number of risks, including rainfall or vegetation mass in critical periods, especially during growth stages.

Agricultural insurance is an essential tool that enables rural producers to protect their businesses. Producers should always seek out robust guidance and purchase the best cover available, something that clients know they will get from the experts at Tovese.

Lusophony

a portuguese belonging

Facts & Figures

The Portuguese Language and Diaspora

The Diversity of the Portuguese Language

“My homeland is the Portuguese language”

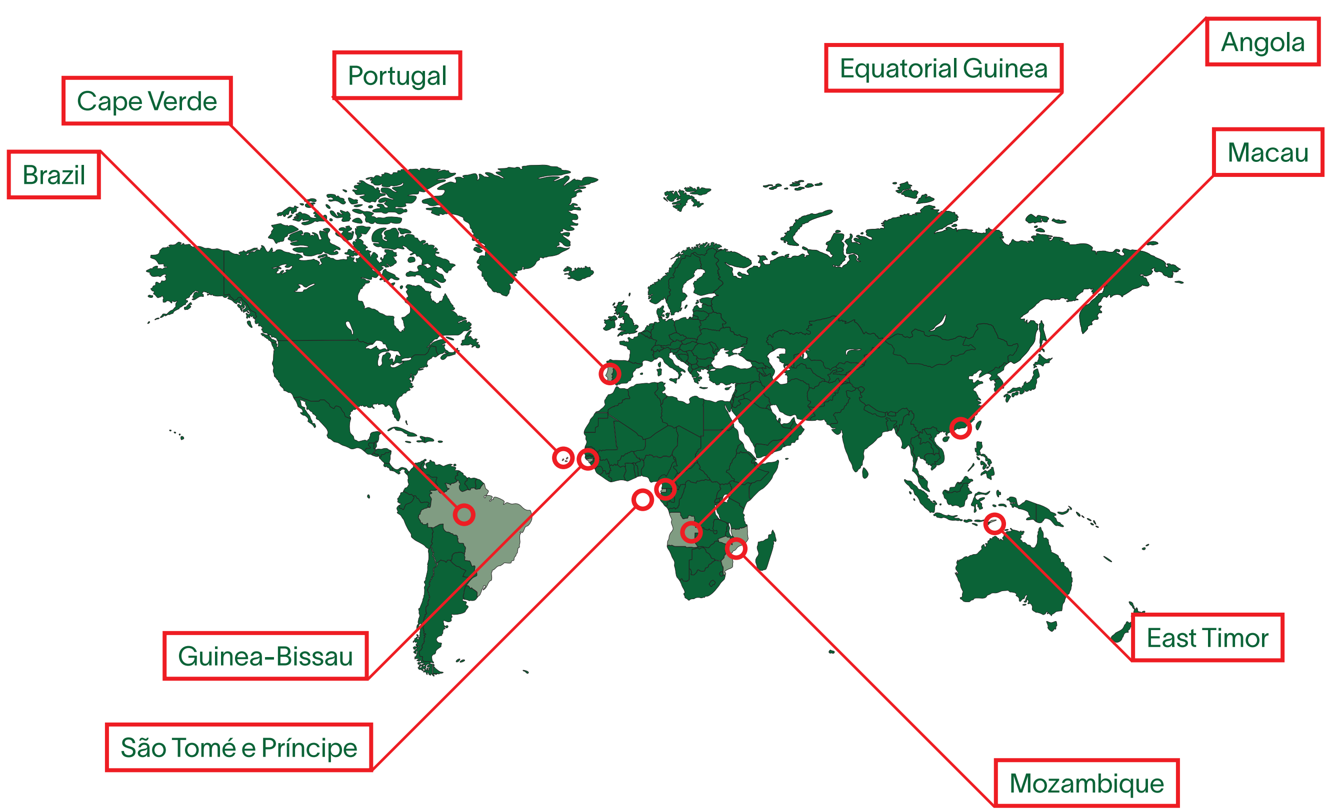
Fernando Pessoa
(*Book of Disquiet, by the poet’s semi-pseudonym*, Bernardo Soares)

“Lusophony, f. n. (from lusophone + suff. -y). **1.** The quality of being Portuguese and speaking Portuguese; that which pertains to Portuguese language and culture. **2.** Community formed by the countries and peoples for whom Portuguese is their native tongue or official language. **3.** Spread of Portuguese in the world.”[1]

The term lusophony, analogous with French geographer Onésime Reclus’s 1880 coinage, francophonie, relates to all of the Portuguese speakers across the world. It includes people from every country where Portuguese is an official language (Angola, Brazil, Cape Verde, Equatorial Guinea, Guiné-Bissau, Mozambique, Portugal, São Tomé and Príncipe, and East Timor), as well as speakers in the cities of Macau (China), Goa, Daman and Diu (India); and all members of the Portuguese diaspora (lusophones and their descendants) as shown in the map below.

The history of Portuguese began in Western Europe on the Iberian Peninsula, over 2000 years ago. It is a neo-Latin language with roots in colloquial Latin. During the Age of Discovery in the 15th and 16th centuries, it attained its peak as a *língua franca* - a common language of trade understood almost anywhere in the world, from West Africa to Japan. Despite a period where its popularity and use waned, Portuguese is now the fourth most spoken language in the world, thanks, in part, to the significant demographic and economic growth of Portuguese-speaking countries such as Brazil along with African nations where Portuguese is an official language. Portuguese also has enormous growth potential. Today, around 300 million people speak Portuguese, a figure which could rise to 500 million by the end of the century.

Portuguese has been one of the official languages of the European Union since 1986, the same year that the CPLP (Community of Portuguese-Speaking Countries) was established to increase co-operation amongst member countries, create new partnerships and advocate for the language.



Did you know that....

Language spoken by around **300 million people**
in 2100 it will be more than 500m!

Portuguese is the **4th** most spoken language in the world

3.7% of the world’s population speak Portuguese

3% of the population In the European Union speaks Portuguese

Portuguese-speaking countries represent

3.9% world’s wealth

16.3€ global fresh water supply

10.8 million km2 surface area

Together, the nine CPLP economies are worth about Euros **2.7tn**
which if they were combined into one single country would make it the sixth biggest economy in the world according to the FMI.

1st Laguage in the southern hemisphere

5th most common language used in the Internet
grew almost 2000% between 2000 and 2017

3rd most common on Facebook

3rd EU language most widely spoken in the world

It is one of the **24** official and working languages

Official or work language of **32** international organizations

56 universities in the People’s Republic of China
teach Portuguese as a foreign language and over 5,000 students attend those language courses.

Sources: RETO, Luis, coord – O potencial económico da língua portuguesa. Lisboa: Texto Editores, 2012. ISBN 9789724746074
PORTUGAL. Camões – Instituto da Cooperação e da Língua. [Online] Available at https://www.instituto-camoes.pt

The Portuguese Language and Diaspora

untapped potential

by

Luís Ferreira Lopes
Former Executive Director, Council for the Portuguese Diaspora

The economic potential of the worldwide network of Portuguese speakers, represented by CPLP (Community of Portuguese-Language Countries) members, should be a real asset to Portugal, and one of immense value. However, this potential is as yet, untapped, despite recent progress, supported by the Council for the Portuguese Diaspora to attract investment and improve strategies to co-ordinate economic diplomacy.

There are an estimated 15 million Portuguese if you add together the population of Portugal with migrant communities abroad, and their descendants. This variable, the number of Portuguese in the world, is increasingly relevant. In the short and mid-term, Portugal faces a demographic winter and a brain drain with the young leaving to seek out better standards of pay and to improve their lives.

As the number of Portuguese residing in the Iberian rectangle and the Atlantic islands shrinks, exacerbated by a birth rate that is one of the lowest in Europe, it is important to not forget the Portuguese and their descendants who live and work in other countries.

The question - "How many are we, exactly?" - is even more relevant if Portuguese speakers in Brazil, Angola, Mozambique and other member-states of the CPLP are factored in. That swells the number of people expressing themselves in Portuguese from 10-15 million to nearer 290 million. No wonder Portuguese is one of the top ten languages in the world according to 2021 data.

From a business perspective, the question is how can this potential asset be leveraged? Demographic data and indicators such as GDP, GNP or exports are of little use on their own – there needs to be a strategy to take advantage of the value generated by the talent and number of Portuguese speakers, creating synergies between states,

"The economic potential of the worldwide network of Portuguese speakers, represented by CPLP (Community of Portuguese-Language Countries) members, should be a real asset to Portugal, and one of immense value. However, this potential is as yet, untapped, despite recent progress."

communities, companies and networks that communicate in Portuguese. This is the old universal challenge: turning potential into outcomes. It applies equally to markets, companies, managers, employees, and even to professional athletes.

As a contribution to the debate on the real potential and value of Portuguese and the Diaspora, it is important to underline concepts and words such as synergy, network, confidence and co-opetition. As a former member of the Board of the Council for the Portuguese Diaspora and through previous roles as aid to the President of the Portuguese Republic for Companies and Innovation, Economics Editor for the TV channel SIC/SIC Notícias, author of several books, or teacher, it is clear that it is only through innovation, scale, unity, and collaboration that products, goods, or services can be made attractive and viable; the same applies to nations or peoples who share a common language.

One of the key factors for success is a mind-set for alignment, or an attitude to get everyone pulling in the same direction, more confidently, with sharper focus, to finally seize opportunities that have previously eluded Portugal's grasp. The challenge is that product offerings that would make Portugal stand out are balkanized as a result of excessive individualism, along with a stigma on those making headway and creating value outside of the country that birthed the Age of Discovery. These obstacles are stopping Portugal and its Diaspora from fulfilling its roles and potential to the utmost.

"Co-opetition" is another concept to think about. There should be a national conversation on Portugal's post-1500s past and the path that lies ahead. Does Portugal want, or not want to travel that path across the challenging 21st century? Co-opetition is a merger of concepts that should be more valued: co-operation and competition. There needs to be more co-operation, and more acting as a network if Portugal is take better advantage of synergies and economies of scale. Everyone competes simultaneously with themselves and others, always trying to improve, because there's always a competitor out there. In practice, if you need to co-operate with your direct competitors to win a bid in some foreign market or put up a front against a foreign competitor because that's the key to success, then you need strategies in place to accommodate co-opetition.

There are numerous examples of Portuguese companies going international and co-operating with their competitors, mostly in foreign markets. That happens in the hospitality and tourism industry, in construction and public works, and integrated product offerings spanning technology, consultancy, engineering, or architecture. For example, the Pestana and Vila Galé Groups take to foreign markets a number of vendors and producers of wine, olive oil, textiles, ceramics, and other services through their international channels. On the global level, setting aside for now other theoretical considerations on the concept of co-opetition, there are a number of examples of the virtue inherent in co-operation between competitors when it comes to win a bid or support ranks of vendors and customers - entrepreneurs and managers living and working in Spain, for example, are well aware of it.

This concept of co-opetition applies to several national economic sectors if only the reigning mentality changes - if the competitive strategy at sector and national level includes the proper valuation of whatever enables the

Luis Ferreira Lopes

is a journalist, editor, author, co-ordinator and presenter of the business and entrepreneur analysis programme "Sucesso.pt". He is a frequent speaker and moderator on Portuguese economics, international development strategies for companies, and entrepreneurship, and can regularly be seen online at SIC Notícias, Facebook, LinkedIn, and YouTube. He has specialised in covering economics since 1990, as both news anchor and commentator. He has been editor of Special Information Programmes at SIC since 2013, having previously been executive editor and economics editor at SIC and SIC Notícias (2000-2011), executive director of Angolan magazine, Rumo (2011-13), journalist at RTP (1992-99), Renascença radio station, and África Hoje. He started out at 16 working in regional press in the municipality of Vila Franca de Xira. Luís has lectured at university and co-ordinated a master's programme in Entrepreneurship and Innovation Management at Universidade Europeia (Laureate – Lisbon, 2009-11) and another one in Journalism. He holds a master's degree in International Economics from Lusíada University, a BA in Media from the Nova University of Lisbon (1992), several courses and specialty diplomas in Management, Finance, and Leadership from Insead and Instituto de Empresa, and is ex-GMF (German Marshall Fund). Book credits include: "Remar contra a maré - Sucesso.pt" (Going Against the Grain – Sucesso.pt, 2015); "Seja mais esperto que a crise" (Outsmart the Crisis, 2009), "Sucesso.pt - casos de excelência em português" (Excellence Case Studies in Portuguese, 2007), "Novos descobrimentos - do império à CPLP" (New Discoveries: From the Empire to the CPLP, 2006); and "Gás natural: ameaça do Islão - o impacto económico e geopolítico da introdução do gás natural em Portugal" (Natural Gas: The Threat of Islam – Economic and Geopolitical Impact of the Introduction of Natural Gas in Portugal, 2003).

country to stand out, such as things that pride can be taken in - if there be art and ingenuity to help everyone understand, in unison, that there is this invaluable asset that one must draw from smartly and deliberately. Portugal has population, territory, talent, good projects, tradition, innovation. It must stop making itself small. It is good and competitive on the world stage.

In Portugal, meaning the territory that borders Spain and not the *spiritual* Portugal scattered throughout the world that the President uses to leverage soft power through his diplomatic influence – all that is needed is more ambition. The country shouldn't be afraid of growth when compared to European, Asian or American markets. The Council for the Portuguese Diaspora is positive, and full of trust and hope for Portugal's future in 2023.

> "In Portugal all that is needed is more ambition. The country shouldn't be afraid of growth when compared to European, Asian or American markets."

The **Council of the Portuguese Diaspora** was established under the High Patronage of the President of the Portuguese Republic. The President is Honorary President of the Association and the Minister of State and Foreign Affairs is Honorary Vice-President.

Twenty-four founding members signed the deed of Constitution for the Council at the Palace of Belém on 26 December 2012. Then-President of the Republic, Aníbal Cavaco Silva, declared at its launch: "Consolidating relationships with Portuguese and Portuguese-descendant communities across the world has been a major priority of my tenure since day one. So, I can but applaud the constitution of the Council of the Portuguese Diaspora, an initiative by a group of Portuguese living and working abroad in roles of note.

"The Council of the Portuguese Diaspora works to mobilise Portuguese people of influence so that they can contribute to the improvement of Portugal's image and credibility abroad and reveal the potential of our country, embodying a particular mission: structuring a network of talent and skill that already exists in Portuguese communities under domains such as economics, culture, science, and citizenship.

"I express my sincere congratulations to those who have made it possible to create this Council of the Portuguese Diaspora, and especially to the founders, who have made themselves available to help Portugal."

The Council of the Portuguese Diaspora works along the following vectors:

- Promote and organise the creation of a contact network for the Portuguese and their descendants who reside abroad.
- Structure and coordinate a process of regular communication among network members.
- Foster and deepen ties and connection-building activities among members of the association and national institutions.
- Establish and deepen the association's ties with other Portuguese community networks abroad.

CONSELHO DA DIÁSPORA PORTUGUESA
World Portuguese Network

Promoting the diversity of the Portuguese language

The Museum of the Portuguese Language (Museu da Língua Portuguesa) re-opened on the 31st of July 2021 in the heart of São Paulo, Brazil's main metropolis. For this new phase of its existence, the museum, which has already welcomed over four million visitors, is placing more emphasis on the relationship between the countries that form the wider Portuguese-speaking community, through experiences such as the latest *Nós da Língua* (Ties of the Language).

The *Nós da Língua* experience is a digital encyclopaedia of sorts. Visitors can for example interactively discover the history, music, and literature of Mozambique, Angola, and Portugal. As a quote from José Saramago featured during the exhibit surmises: "There isn't one Portuguese language, there are languages in Portuguese. The Portuguese language is a body scattered all over the world."

The museum also highlights the diversity of Portuguese spoken across Brazil through a permanent exhibition supported by a range of temporary exhibitions, meet-ups, and guided tours organized by the Education Team for schools and several other groups.

One such display is *Falares* (Speeches), which includes statements by people from all walks of life and regions in the country on how they participate in society through language. The comments are presented using life-sized totems.

Other, pre-existing installations have been redesigned to embrace new technology and provide interactive opportunities. These include *Português do Brasil* (Brazilian Portuguese), which tells the story of the language beginning with the Roman Empire, travelling through colonization and contact with other cultural frameworks through to the present day, and how it has evolved for example through the way we connect with social networks. The installation *Palavras Cruzadas* (Crosswords), also guides us through the origin and meaning of dozens of words in the vocabulary that originated in other languages.

"Our goal is to show how the Portuguese we speak today is the result of influences from many other languages, especially indigenous ones, the languages of Africans who were enslaved and brought to Brazil, and those of the immigrants who came in the 20th century, producing a language that constantly mutates," claims Renata Motta, executive director of the *Museu da Língua Portuguesa*.

Temporary exhibits held since the re-opening, include *Língua Solta* (Loose Tongue, July-October 2021), *Sonhei em português!* (I Dreamed in Portuguese, November 2021-June 2022), and *Nhe' Porã: Memória e Transformação* (Memory and Change, currently on), and have and continue to put a magnifying lens on topics broached by the permanent exhibit.

"If *Língua Solta* already blurred the lines between folk and contemporary art using works by renowned artists and common household items, *Sonhei em português!* shone a light on the way immigrants still play a vital role in the ongoing metamorphosis of Portuguese. As to *Nhe' Porã*, it makes it plain that Brazil, contrary to expectations, is a multi-lingual country. Native peoples speak over 175 languages," offers Marília Bonas, technical director of the Museum.

Falares experience, main exhibition museum of the portuguese language ©Ciete Silverio

Ardonagh International

Developing at great speed

FULLCOVER talked to the three platform CEOs, **Conor Brennan** – CEO of Ardonagh Europe, **Des O'Connor**, CEO of Ardonagh Global Partners, and **Steve Hearn** – CEO of Ardonagh Capital Solutions, about the business to date and plans for the year ahead.

Ardonagh International is the newest platform of the $13 billion premium Ardonagh Group. It has grown rapidly since Ardonagh made its first acquisition outside the UK in 2020. Annual income is $362 million, with more to come as the business broadens its scope. The business prides itself on empowering and connecting local leadership teams who are experts in their respective markets.

On the face of it, there are some very different businesses within Ardonagh International. How did it all get started?

Des O'Connor (DC)

Ardonagh was a largely UK business, but growing into a truly global independent broker was always part of the plan.

Three opportunities – HWF, Resilium and AccuRisk came to fruition concurrently during 2021 – and it just became the perfect jumping off point to launch an international strategy with Ardonagh Global Partners.

They were indeed all very different businesses, in terms of specialism and location. What they shared was that they were at a very similar point of their evolution - in that they had all taken their business as far as they could go without third-party investment to help them get to the next stage.

Conor Brennan (CB)

Ardonagh Europe launched a few months later. We'd sold Arachas to Ardonagh back in 2020 and had enjoyed a terrific run of growth within the Group. The idea was to find more platform businesses across Europe that we could grow in a similar way.

Ardonagh International is a one-of-a-kind privately owned platform of local champions with a coordinated group of executives who are leaders in their respective markets.

Steve Hearn (SH)

That brings us to Capital Solutions - the newest part of Ardonagh International, gathering different parts of the Group under a new umbrella from January 2023. They're all insurer-facing services and activities, spanning reinsurance, captive management and Specialty MGA on a global scale. These businesses were brought together to set up a centre of excellence in the creation of innovative (re)insurance and capital solutions.

Ardonagh International is now the part of the Group that is growing the fastest, and which anticipates significant investment. The environment, structure and cadence of Ardonagh International is exactly the right place for fast-growing businesses.

> "It's always about fit and capability. The best leaders want to know how we're going to look after their people and customers, and support them to deliver their business plan. Price is one of the last things we talk about. That has to be right, too, but cultural alignment is the show stopper."

July 2020
Ardonagh completes the purchase of Irish broker Arachas, its first acquisition outside of the UK.

September 2020
Arachas acquires O'Driscoll O'Neil

December 2020
Ardonagh builds in ILS and captives market with Robus Group acquisition

Conor, can you give us some insight into those first conversations and why Arachas ultimately sold to Ardonagh?

CB There wasn't a big sell at the beginning. It was just getting to know each other so we felt comfortable, and that's something that's really important to me now that we're on the buying side. We weren't for sale then – but the following summer we officially launched a process. There was a lot of interest from US buyers and Ardonagh actually wasn't the highest bidder.

It came down to Ardonagh because they knew we could be trusted to run our own business. With the other potential owners there was a risk of being micromanaged – and that our independence might be challenged from an overseas headquarters.

We knew we had a good strategy and plan – we were only looking for the resources and funding to execute. We didn't need to be second guessed.

"It's always about fit and capability. The best leaders want to know how we're going to look after their people and customers, and support them to deliver their business plan. Price is one of the last things we talk about. That has to be right, too, but cultural alignment is the show stopper."

How has being part of Ardonagh helped the first international businesses to grow?

CB Plugging into Ardonagh in 2020 was like getting a turbo boost. We were able to do things quicker and use the leverage of the group when it came to product and capacity. It was transformative to us. We were doing acquisitions at the same time as achieving 12-15% organic growth.

We were number 16 in the Irish market in 2016, and sixth in 2019. We're now number one by a country mile - which is pretty extraordinary. We've essentially completed our five year plan in two years and are now onto the next phase of planning.

That kind of momentum is exactly what we're looking to replicate in other countries. For example, we are exploring new European territories and believe Italy has high potential in which to invest given the size of the insurance market and its level of sophistication. We have established Ardonagh Italia in 2022, led by Carlo Faina, who plays a key role in attracting the rich talent pool there.

DC It's been a similar story at this end. In 20 months HWF has opened new offices in France, Poland, Dubai and New York. They are now more than double the size they were – we pushed them to fulfil their ambitions and provided resources in terms of capital and in-house expertise to support their new offices.

AccuRisk has made two acquisitions and are expanding and growing.

Resilium has made seven acquisitions in its own right, and in November Ardonagh Global Partners announced another acquisition with Envest in Australia. The combination of those two businesses a real example of the sum being greater than the parts – Envest has several MGAs and broking businesses but a relatively undeveloped network proposition, and Resilium has a strong network business. Together we've jumped from nowhere to a top broking and distribution business in Australia and the largest independent.

What is the focus now of your early conversations with potential acquisitions?

CB It's always about fit and capability. The best leaders want to know how we're going to look after their people and customers, and support them to deliver their business plan. Price is one of the last things we talk about. That has to be right, too, but cultural alignment is the show stopper. We don't do a lot of it over Teams or Zoom, I think you get a much better connection with people face-to-face.

The businesses we're interested in see an exciting future in front of them. It's about who they choose to partner with to realise those ambitions - and protecting their independence in the face of consolidation.

DC For Global Partners it comes down to two themes, really. There are regional platforms, like MDS and Envest, where we can help them to go quicker and buy businesses themselves. And there are product specialists, like HWF and AccuRisk, which we can help to deeply accelerate organic growth.

It comes down to ambition rather than thinking of selling to Ardonagh as a time to step back and semi-retire.

SH Our conversations are more focused on hiring and opening in new territories, but the theme is similar – it's about finding very driven, talented individuals who will be empowered to grow as part of an independent global Group, with all the opportunities that come with that scale and diversification.

Have you ever walked away from a deal because it didn't feel right?

DC We walked away from one that strategically and economically made sense – but in the due diligence phase we quickly saw the real personalities in the business and knew it just wouldn't work. The cultural miscalibration, in terms of egos and obsession with reporting lines, was so exaggerated we had no choice but to pull the offer.

CB It's not uncommon for us to walk away from deals at all. We've built something very special in Ireland so we're highly selective about finding businesses which are a cultural fit and which we can really help on their journey. Maintaining M&A discipline is paramount.

What will be your focus over the next 12 months?

SH In Capital Solutions, the three businesses are at different stages of evolution. Inver Re has brought together a reinsurance team from different parts of Ardonagh and grown significantly year-on-year through having that team together in one organisation. We've a solid pipeline in place in terms of hires and sales – so 2023 is all about execution.

Specialty MGA – Globe Underwriting including Geo Political Violence and Cooper Gay - is coming together for the first time. The businesses have individual plans so it's now about looking at them in the round and identifying opportunities to grow together and learn from each other.

We'd like to support Robus to scale up and operate in more jurisdictions. The team is fantastic and we want to get their capabilities in front of more clients, including Brokerslink members.

What unifies all these plans is high investment and high growth for Ardonagh International. That's as true for our reinsurance aspirations as it is for retail insurance broking in Europe.

CB Ardonagh Europe hasn't been in a hurry to acquire businesses or EBITDA. It's about finding the right platform, and generally that takes a little bit longer because those businesses usually aren't for sale – in the same way that Arachas wasn't for sale. It takes a lot of discussion and time to feel comfortable, and then things speed up a little when they do actually start to think of selling.

January 2021
Arachas acquires MCM Insurance Brokers

February 2021
Entry to Australia with acquisition of Resilium, one of Australia's largest general insurance broker networks

March 2021
Investment announced in Hemsley Wynne Furlonge – a specialist M&A broker focused on transactional risks

April 2021
Ardonagh Global Partners is launched, following the acquisition of AccuRisk Solutions in a joint venture with Amynta Group, its first acquisition in the United States. The business is led by Des O'Connor and focused on acquisitions outside the UK and Europe.

May 2021
Arachas acquires BJP Insurance

Léons was the last business Ardonagh Europe bought, in 2022. What did you like about that business?

CB It's an amazing business with great history and tradition, all based around platinum customer service. It's a very high touch service and they're clear about what they do and what they don't do either. That made them quite attractive. They'd had multiple approaches and consistently said they weren't for sale - but we'd had a strong connection to them through José Manuel Fonseca and Brokerslink – which just goes to show the strength of Ardonagh International working together.

How did that conversation begin?

CB I first met Sunny and Nico in January 2022 in Amsterdam. Léons has been so fiercely independent, really the first conversation was about Sunny [Léons] deciding whether we were worthy of ownership. He felt a responsibility to give his superb management team the opportunity to grow and shine. He knew the world was changing with consolidation and that sometimes as a smaller player in the market you need to plug into something bigger.

What sort of development might we now see with Léons now in the Group?

CB We've been working really closely to look at how we can expand the service offering they have, bringing new products to market and plugging them into the bigger family in terms of placement capabilities. We've also been looking at developing their operating model to support scale too. At Arachas we grew from 100 to 700 people very quickly – we want to equip Léons to achieve something similar.

How does data feed into your strategy?

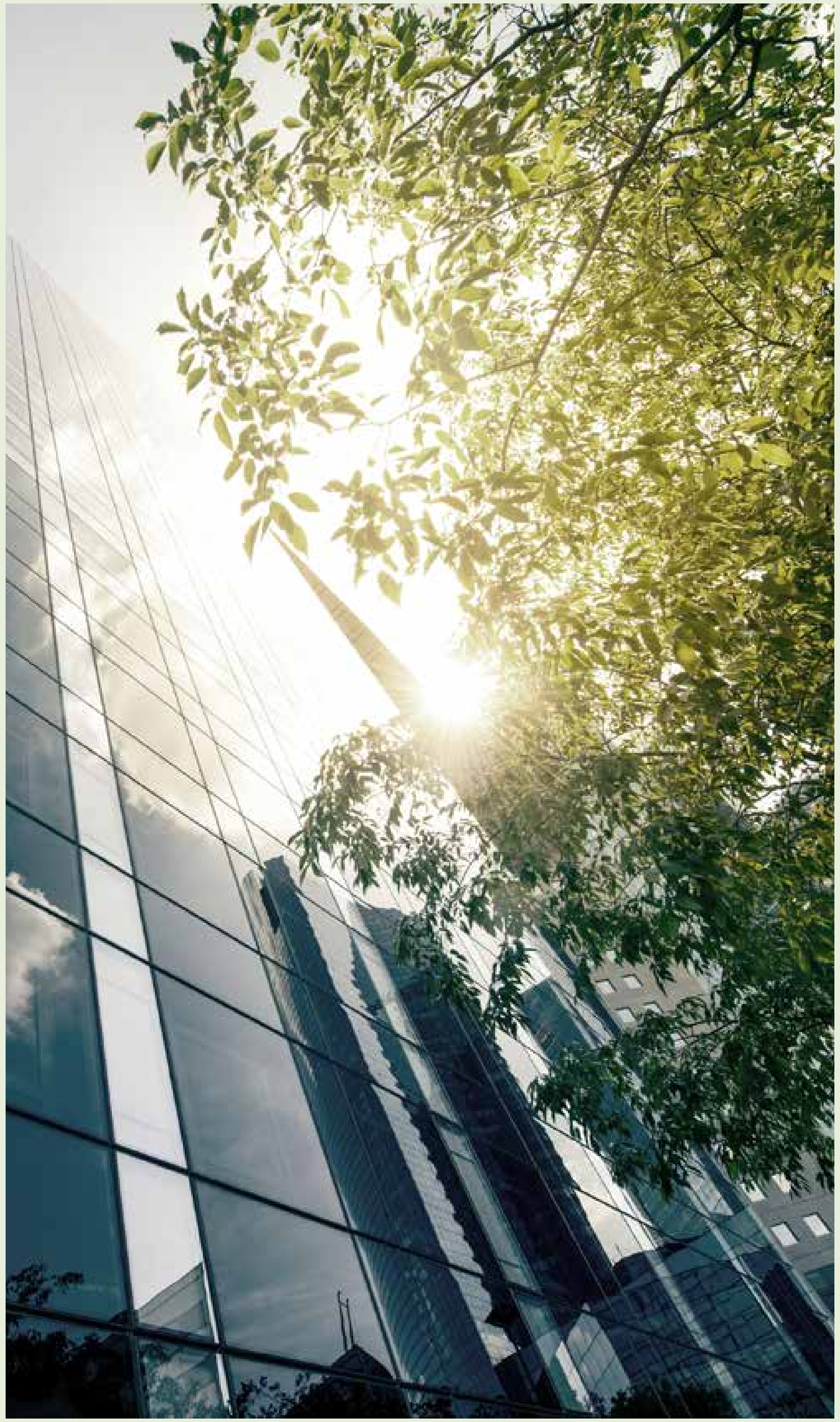
SH Ardonagh Portfolio Solutions has developed nicely with cross-class placement facilities for parts of the Specialty Business, but I believe we're at the tip of the iceberg in terms of opportunity.

When you gather together 10,000 colleagues and $13billion of premium, we're a different animal. There's an opportunity for us, on behalf of our customers, to create better solutions by acting as a more cohesive organism as we engage with the insurers we trade with.

That's also a huge opportunity for insurers as there are no other brokers with our scale, capability and ambition with the opportunity to create new and interesting placement solutions.

CB I agree there's a huge placement benefit from data. In Ireland we recently signed exclusive capacity with Berkshire Hathaway for fleet insurance, which Arachas will wholesale through our Capital Insurance Markets business. They don't do fleet insurance anywhere else in the world, but they did it with Ardonagh because of the quality of the data. We worked for a year to be able to show risk performance segment-by-segment and vehicle-by-vehicle.

Some of the work by the Ardonagh Analytics Lab in Ireland has been around product benchmarking, where we essentially evaluate how a client's insurance programme compares to best-in-class risk coverage amongst their peers. Being able to point to gaps in, say, D&O or cyber cover compared to other businesses in the same sector is a very powerful tool to support account directors - and that's a relevant resource for other parts of the Group.



The acquisition of MDS completed in December. What is next for that business?

DC The first thing to say is that whatever happens will be led by the MDS management team. I was in Lisbon late last year for a planning session and we were quickly staring at MDS being three times the size it is today. We'll use our resources to go faster in Portugal, Brazil and Africa. Accessing Ardonagh Specialty, as the largest independent wholesaler in London, is also significant in terms of the choice of product and placement capability it brings to MDS and the broader Brokerslink membership.

"Some of the work by the Ardonagh Analytics Lab in Ireland has been around product benchmarking, where we essentially evaluate how a client's insurance programme compares to best-in-class risk coverage amongst their peers. Being able to point to gaps in, say, D&O or cyber cover compared to other businesses in the same sector is a very powerful tool to support account directors - and that's a relevant resource for other parts of the Group."

June 2021
Ardonagh Global Partners launches Ethos Broking Australia to drive M&A
Ardonagh Group launches Inver Re, a new reinsurance broker

July 2021
Ardonagh Europe launches, with Conor Brennan named CEO in addition to continuing as Arachas CEO

November 2021
Steve Hearn appointed Global CEO of Inver Re, following the acquisition of the insurance operations of BGC Partners

June 2022
Arachas acquires Stuart Insurances.
Ethos Broking Australia announces five acquisitions

July 2022
Arachas to acquire Glennon Insurances and Apex Insurance

Can a company get too big, do you think?

SH The beauty of Ardonagh is as a group we get all the benefits of being big when it comes to negotiating power, resources and expertise – but without what people might think of as some of the negative sides like a uniform way of doing things, and too many layers of management.

DC Agreed. It's why getting the right businesses and harnessing and sharing what makes them special is so effective.

CB The way Ardonagh International and the other parts of the Group operate independently mean that growing with the right partners ultimately creates more opportunities for the other parts of the Group.

What was your personal highlight of 2022?

DC The Brokerslink conference in Porto was sensational. It was such an international event and I'm really looking forward to the conference in São Paulo this year.

CB Getting Ardonagh Europe truly up and running. Going into different countries with different cultures, learning new market dynamics, and meeting the leaders I believe will be our future partners, has been really exciting.

SH The acquisition of MDS by Ardonagh. José Manuel has been a business partner of mine for seven years, a director of my business, and I have been his Deputy at Brokerslink. His business is an important client of mine, his colleagues important partners of ours, and he is a friend. To be part of the same Group, in the same leadership team with José Manuel, Des and Conor, completes that circle in a fantastic way.

José Luís Diogo, Ariel Couto, Steve Hearn, Des O'Connor, José Manuel Fonseca, Ricardo Pinto dos Santos, Steve Dando, Jorge Luzzi, João Alvadia & Tomos Ashfield @Brokerslink Conference 2022, Porto

Ardonagh International Board

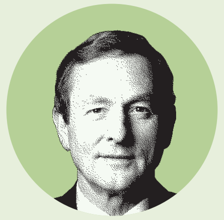
Board Members

Aurelio Cusaro
Chairman International*
Ardonagh Group CIO
*Interim

José Manuel Fonseca
Vice Chairman International

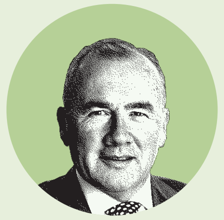
Diane Cougill
Ardonagh Group CFO

Pat Butler
Independent non-executive director



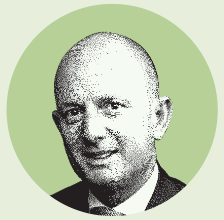
Enda Kenny
Independent non-executive director

CEOs



Conor Brennan
CEO Ardonagh Europe
CEO Arachas

Des O'Connor
CEO Ardonagh Global Partners



Steve Hearn
CEO Capital Solutions

"It's an honour to join the Board of Ardonagh International as Vice Chairman. Over the last two years Ardonagh has significantly grown its global footprint and remains committed to strengthening its international platform and attracting leading independent businesses from around the world. I'm looking forward to being part of such a great and highly-regarded team and to contributing to the Group's ambitious growth strategy over the coming years."

José Manuel Fonseca

September 2022
Inver Re launches reinsurance and capital solutions teams in Bermuda

October 2022
Acquisition of Léons Group completes

November 2022
Agreement to acquire Envest in Australia
Arachas acquires O'Malley-Griffin

December 2022
Acquisition of MDS completes
Arachas acquires D&D Insurances
MDS acquires Brokers in Brazil

2023
Capital Solutions joins Ardonagh International, including Inver Re, Robus, Cooper Gay and Globe Underwriting
Ardonagh International Board formed

Joining **Ardonagh** means being part of an international network of independent brokers leaders in their local markets

1 AccuRisk USA
Leading independent MGU specialised in the fast growing medical-stop loss segment

2 Arachas Ireland
A market leading broker, with a nationwide presence and a strong focus on SME and specialty lines

3 Ardonagh Retail and Specialty Australia, Bermuda, Brazil, Chile, China, France, Germany, Hong Kong, Malaysia, Peru, Singapore, South Africa, Turkey, UAE, UK, USA
Over 40 brands that are leading firms in their target segments. Retail focused on the UK, with Specialty managing worldwide incoming business

4 Cooper Gay France
MGA providing expert solutions for specialist risks e.g., sport, cyber, space

5 Envest Australia
An insurance investment and distribution business with a diverse portfolio of brands and Australian footprint

6 Geo Europe Netherlands
Specialist commercial and HNW insurance broker

7 Globe UK
An underwriting group providing risk solutions and niche products in Cyber, Engineering, Forestry, Marine & Transport and North American Property

8 HWF Partners UK, Dubai, France, Germany, Poland, USA
Specialist M&A insurance broker

9 Inver Re UK, Bermuda, USA
Inver Re brings a fresh perspective to reinsurance and a credible alternative in a market where choice and flexibility are increasingly limited

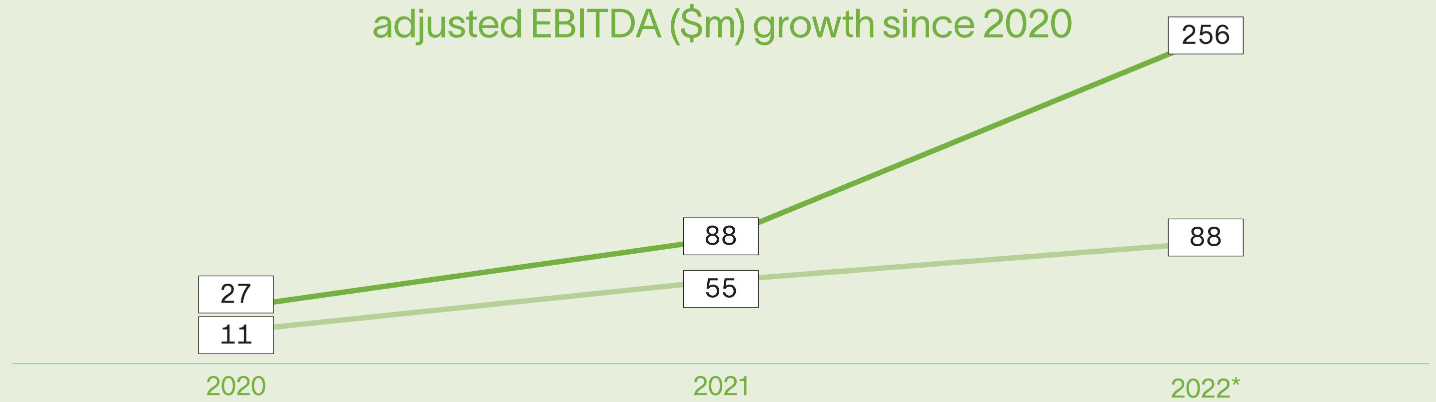
10 Léons Netherlands
Specialist commercial and HNW insurance broker

11 MDS Group Portugal, Brazil, Angola, Mozambique, Spain, Malta, Switzerland, Cyprus, Mexico, USA
Market leader in Portugal and Angola, the largest independent broker in Brazil. Founding member of Brokerslink

12 Resilium Australia
A market leading broker with a national footprint and relationships with over 100 insurers

13 Robus Guernsey, Gibraltar
Independent insurance management, fiduciary and financial advisory group providing services to captive insurers, open market (re)insurers, insurance intermediaries, and other corporate entities around the world

Ardonagh International income and adjusted EBITDA ($m) growth since 2020



Income ($m)
Adjusted EBITDA ($m)

* Reported result includes acquisitions from the completion date. (excludes Envest)

MDS GROUP

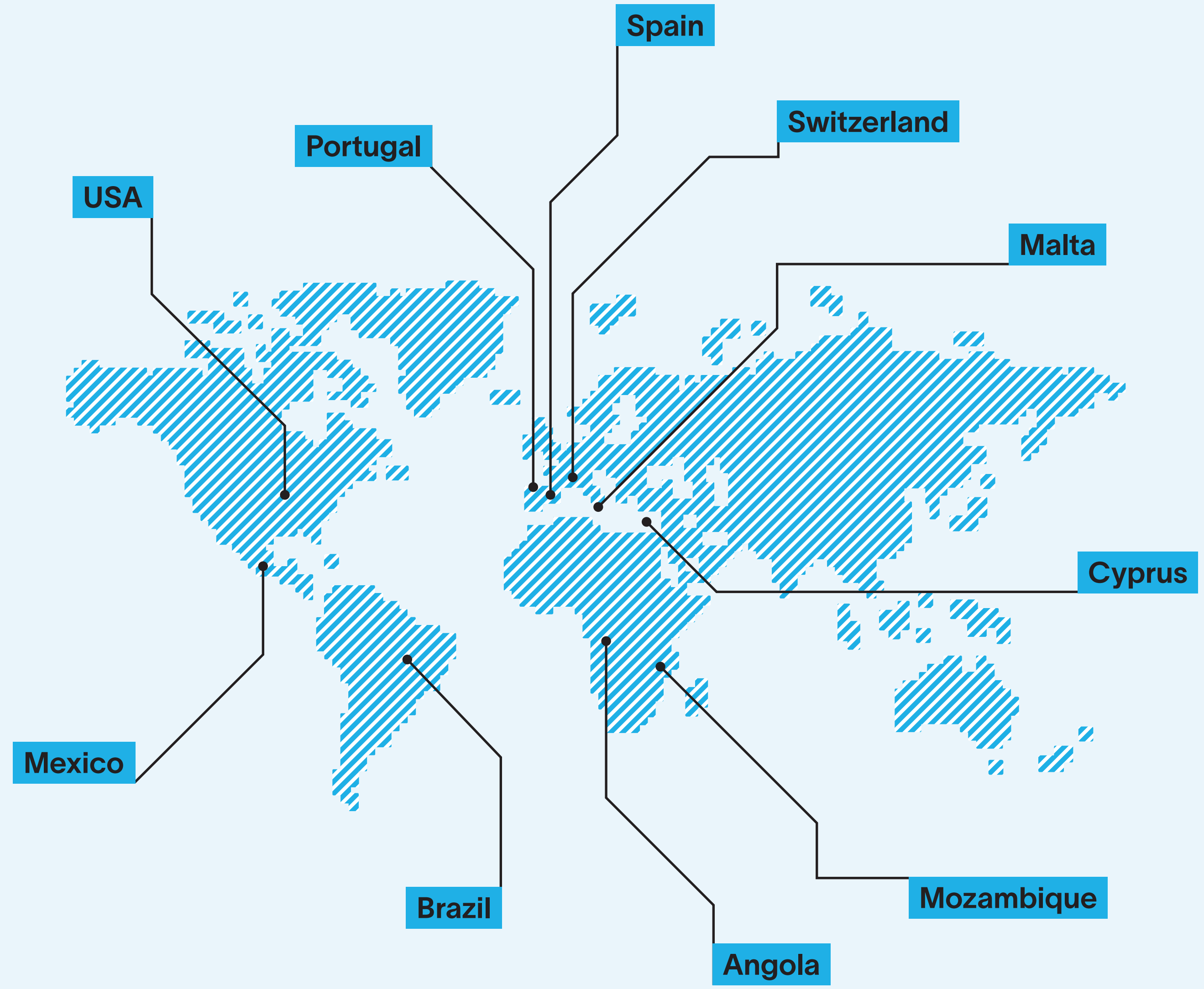
From Portugal to the world

"God wills it, man dreams it up, the work is born".
Fernando Pessoa

It all began with an idea. A pioneering vision for risk management. MDS was created in 1984 as a department within Sonae to manage the Sonae Group's insurance and risk policy. But ambition took it further. Motivated by the vision of its purposeful leadership, MDS built a global company that innovated processes and invested in multi-specialization, people, innovation and technology, developing its solution portfolio through a growth strategy of merger and acquisition - both national and international. From Portugal to the world stage: the group travelled beyond national borders to become an international broker supported by a globe-spanning broker network – Brokerslink, created by MDS in 2004, which now maintains a presence in over 131 countries. A market leader in Portugal and Angola, one of the top three in Brazil, a contender in Mozambique, and present in Spain, Malta, Switzerland, Cyprus, Mexico and USA. 2022 marked the beginning of a new chapter in the history of the MDS Group as The Ardonagh Group finalized its acquisition of the company. It is the largest independent insurance broking group in the UK and one of the top 20 brokers in the world. Ardonagh's interest in MDS demonstrates the broker's key position in the sector, a reputation hard won over the years. The alignment with Ardonagh will boost MDS' growth strategy, providing it with meaningful resources in terms of specialization, technology, and capital, translating into clear benefits for customers, partners, and employees.

Direct Presence in 10 Countries

+131 countries through Brokerslink



36 Offices

1100 Employees

1 Portugal Angola

3 Brazil

111m€ Turnover

1 bn€ Premiums under management

2000
- José Manuel Fonseca joins MDS as CEO

2001
- Acquisition of First Assur, an internet French broker, the first ever MDS acquisition

2002
- Purchase of 45% of the Brazilian insurance broker Lazam, owned by the Suzano Group

2003
- Investment in Pérouse, the French broker, giving rise to Pérouse-MDS

2004
- Creation of Brokerslink, in Porto, that grew to become a global broking company

2005
- Acquisition of Unibroker which positioned MDS as the leading broker in Portugal, until today

2007
- Purchase of 32% stake in London broker Cooper Gay becoming its largest shareholder and representing the biggest Portuguese investment in the international insurance industry

2008
- Establishment of Seguros Continente, in partnership with the biggest portuguese retailer Continente

2009
- Suzano Group acquires 49% of MDS Holdings
- Consolidation in Brazil with the purchase of ADDmakler and Miral, doubling its size
- First Global Brokerslink conference, held in Hong Kong
- Launch of FULLCOVER magazine, a creative project developed by the MDS team, recognised today as an important tool for sharing knowledge

2010
- Ricardo Pinto dos Santos, current CEO MDS Portugal, joins the group
- Second Global Brokerslink Conference, hosted by MDS in Lisbon
- Purchase of Brazilian broker Quorum
- Investment in Coral, creating MDS Auto, an auto specialised broker

2011
- João Alvadia, current CEO MDS Africa, joins MDS
- Foundation of HighDome pcc, a captive Protected Cell Company

2013
- Jorge Luzzi, one of the world's leading experts in risk management, joins MDS taking leadership of RCG (previously Herco)
- Beginning of MDS operations in Angola

2015
- Launch of MDS RE, a reinsurance broker operating in Portugal and Africa

2016
- Expansion into Mozambique
- MDS invests in Spain through a joint venture with Filhet-Allard

2018
- José Diogo Silva joined the Group
- Ariel Couto takes on the leadership of MDS Brazil as its CEO
- Acquisition of Reinsurance Solutions broker in Portugal
- José Manuel Fonseca named Broker Leader of the Year by FERMA

2019
- Acquisition of Brazilian brokers Ben's and Process

2020
- Purchase of Media Seguros in Angola

2021
- The Ardonagh Group reaches an agreement to acquire 100% of MDS Group
- José Manuel Fonseca named "Person of the Year" by the Portuguese Chamber of Commerce in São Paulo, Brazil
- Launch of MDS App, a tool for individual clients to manage their insurance and property portfolio
- Acquisition of Tovese and QH Consulting in Brazil
- Addition of Portuguese brokers Media+, Segurtime, Ex-Libris, Origem Segura, RJS & SJR
- Strategic partnership with Coverflex, a Portuguese start-up that offers flexible compensation solutions

2022
- Ardonagh completes acquisition of MDS Group
- MDS Angola becomes market leader
- Purchase of CredRisk, a specialised broker in Brazil

2023
- Acquisition of Renaissance broker in Cyprus
- Purchase of risk consulting company MRM in USA and Mexico
- Acquisition of Brokers, a Brazilian broker specialised in benefits
- Consolidation in the Portuguese market through purchase of Pacific Insurance and First Agille
- José Manuel Fonseca is appointed Vice-Chairman of Ardonagh International

Areas of Expertise

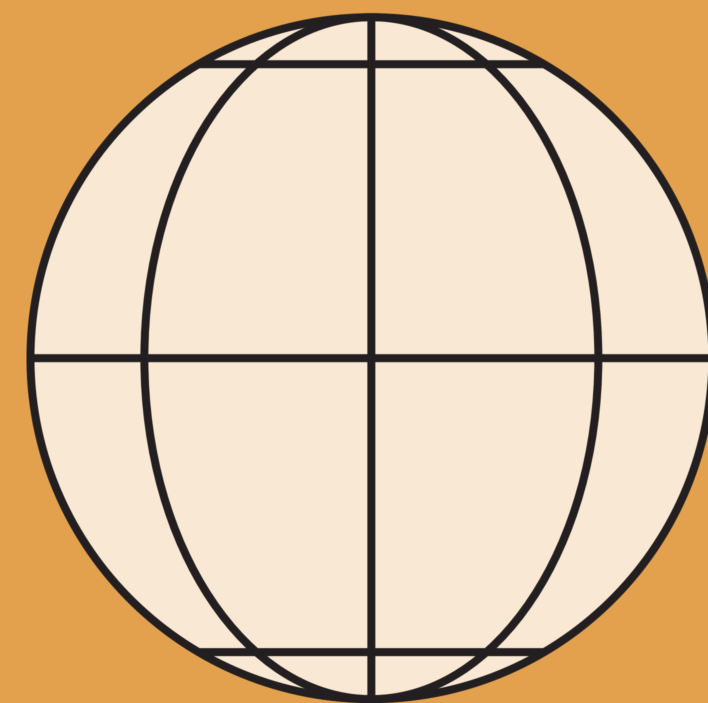
Insurance Broking
Portugal · Brazil · Spain
Angola · Mozambique · Cyprus
MDS

Risk Consulting
Iberia · Brazil · Africa
USA · Mexico
RCG Risk Consulting Group

Reinsurance Broking
Portugal · Brazil · Africa
MDS Re

Captives and Alternative Risk Transfer
Malta
HIGHDOME PCC


NOW MORE THAN EVER,
WE TAKE CARE OF
WHAT MATTERS TO YOU
This is our purpose. To be by your side, accompanying you to move forward with peace of mind, contributing to developing a more sustainable and more cohesive society.
Being your trusted insurer will always drive our values.
Learn more about our purpose at mapfre.com
MAPFRE
We care about what matters to you



Innovative Corporate Risk Management
A “boutique” insurance broker

ICRm is an insurance broking and risk consulting specialist founded in 2010 that provides in-depth expertise on property/casualty insurance, loss of profits protection and various professional liability exposures. ICRm’s main areas of expertise today are: Professional Indemnity, D&O, transactional liability, financial lines, food production, and renewable energy.

Ivica Vučetić
Managing Partner, ICRm

Founded
2010

7 Employees

2 Offices

over €5m of premiums under management

www.icrm.hr

Joining Brokerslink

Considering the extensive international experience of the original founders of the company, there was always an intention to expand across borders and share best practice from around the world with ICRm clients. Brokerslink not only warmly welcomed ICRm as a member of the Brokerslink global family but also provided it with the ability to offer professional support to clients looking to expand into other countries. Needless to say, the resources and solutions provided by the central Brokerslink team and other members definitely expanded its footprint and capabilities.

Challenges & opportunities for brokers

Croatia is still a developing market with less than 30% of GWP managed by brokers. There are a number of challenges within the domestic market, on top of which there is a lack of underwriting capacity and now a hardening market after a long period of declining rates.

The Croatian insurance and broking market development

After being fully integrated into the EU following the introduction of the Euro and the Schengen area at the beginning of 2023, it is expected that there will now be more aggressive growth in the average premium per capita and in overall premium volume. This will enable insurance brokers to become the normal corporate choice and will enable ICRm to focus on delivering tailor-made and specialty solutions.

Attracting and retaining talent

ICRm prefers to hire students that will hopefully become employees after graduation as the brokerage provides them with a very motivating and relaxed environment in which to develop their own insurance interests, skills, and abilities. And, of course, the opportunity to work on international insurance programmes with different countries and people from all around the world, is certainly something that appeals to the incoming generation of insurance brokers.

The beautiful waterfalls in the Plitvice Lakes National Park, Croatia’s largest national park covering almost 30,000 hectares

> “ICRm believes that insurance broking will always remain a predominantly “people’s business” regardless of the advance of technology and innovative solutions. However, the use of advanced technology definitely brings numerous benefits to the whole community including clients, partners, and employees.”

Trends and challenges on the horizon for the industry

ICRm believes that insurance broking will always remain a predominantly “people’s business” regardless of the advance of technology and innovative solutions. However, the use of advanced technology definitely brings numerous benefits to the whole community including clients, partners, and employees. For example, it will be interesting to see how AI will help brokers at a time when insurance companies are starting to use this more frequently.

ICRm’s vision for the future

Over the last 12 years ICRm has established itself as a “boutique” insurance broker with a strong reputation for managing complex and complicated risks. Moving forwards, it will continue to provide unique tailor-made solutions for clients through its distinctive combination of partnership and friendship.

How insurers are helping to counter inflation and build resilience

Insurance companies should be able to provide affordable coverage for low-income households. They can also offer financial literacy and debt management education whilst working with governments to develop new risk transfer mechanisms for those affected by price shocks. Such as index-based insurance that provides payouts when certain thresholds in price rises are reached. There is also a need for products specifically designed to protect from extreme weather events and other natural disasters.

Croatia, the edge of Europe

The beautiful country on the Adriatic Sea is becoming one of Europe's popular destinations for international tourism due to its long and scenic coastline, over a thousand islands and stunning natural landscapes, excellent cuisine and wine and reputation for great hospitality. It is a country where history and culture abound. In fact, Croatia has the highest number of UNESCO Intangible Goods of any European country – 14 to be precise. Any fans of Game of Thrones from across the globe will also recognize many places as the series was filmed along the coast of Croatia in Split and Dubrovnik.

View of Dubrovnik – Fortresses Lovrijenac and Bokar seen from the south old walls

Black risotto with cuttlefish, one of the tastiest Croatian recipes is an absolute must-try

What to see

With a diverse nature spanning from the high mountains, large forests, to the Mediterranean coast, Croatia is a haven for nature lovers. And as the country is quite small, visitors can easily enjoy all of the different sceneries within the same day. Croatia is a Mediterranean country. With a coastline of 1224 islands, the crystal clear Adriatic Sea is the real Croatian tourist attraction. Excellent connections between the coast and the islands makes Croatia one of the most beautiful summer vacation countries.

Where to eat

A journey through the variety of tastes and flavours of Croatia is, quite simply, a reason to visit the country in itself – from superb seafood to spit-roasted lamb, opulent stews, exquisite truffles and the seasonal bounty of wild asparagus, chestnuts and cherries. Head to Ston for fresh oysters, the forested mountains of Gorski Kotar for game dishes, Slavonia for stuffed cabbage leaves, and the Istrian hinterland for some of the best olive oils anywhere in the world.

Where to stay

Many towns in Croatia look like live museums, often walled like Zadar, Trogir, Šibenik, Korčula, and Dubrovnik. There are stunning Adriatic sunsets for those walking on the city walls. In continental Croatia, the medieval Trakošćan castle, baroque capital of Croatia – Varaždin, Tito's Ethno village, Baranja – the land of wine, or gold prospecting in Medjimurje all await visitors. Its cities - from Zagreb to Istria, Dalmatia, Lika, Slavonia, and Dubrovnik - have been the home for some of the most famous world travelers, inventors, scientists, and athletes in the world. In every corner of Croatia's old cities, it is possible to see the remains of Croatia's turbulent past with many archaeological sites dating back to the Roman Empire, such as Salona near Split or Vespasian's amphitheater in Pula.

Nart Insurance & Reinsurance Brokerage

Building a future based on technology and talent

NART was established in 1999 by Levent Nart, former CEO of Nordstein Allgemeine, UAP and Axa Turkey who also graduated from the University of Cologne. Through its involvement in international broker networks and partnerships with major broking firms, NART can place business worldwide, and provides its services to over 60.000 individual and corporate clients. Outside of Istanbul, the company has branch offices in Ankara, İzmir, Bursa Antalya, Diyarbakır and Gaziantep. NART's international knowledge and reinsurance capabilities has enabled it to win large global clients, and more than 50% of its turnover presently comes from international companies. NART´s core areas of expertise are energy, construction, heavy industry, pharmaceutical, textile, retail, risk management, logistics, food & beverage and claims advocacy.

Joining Brokerslink

NART joined Brokerslink in 2009 and took part in its first global conference held that year in Hong Kong. Levent Nart, the founder of NART Insurance & Reinsurance Brokerage and current President of the Supervisory board of NART attended that conference. At that time Brokerslink had 67 attendees at its global conference. The last Global Conference, held in Porto in 2022, hosted 361 participants from over 71 countries.

Brokerslink has grown immensely over the last few years, and this small group of 67 people has blossomed to become a company with a worldwide footprint in over 130 countries. NART has grown in parallel to Brokerslink and is now has the largest independent local brokerage in Turkey. Brokerslink enables NART to place business and deal with claims all over the world, providing confidence that wherever a client has an operation – be that a large production facility in North America or a mega construction project in South America – it has access to a strong partner that can provide help and assistance with local legislation, local policy placements and claims handling.

The network also provides deep insights into different market dynamics and company perspectives. This diversity also provides access to different markets, business models and insurance products which would otherwise not be available directly. Brokerslink brings strength and unity. Qualities and partnerships that in these difficult times of volatile financial markets, increasing mergers and acquisitions, and political uncertainty are more important than ever.

Challenges and opportunities for brokers

Global challenges, from economic and resource pressures and growing losses have impacted the global insurance industry. And as if those pressures weren't enough, rising inflation, interest rates and tax policy changes have added additional pressure on investment income.

All these factors look set to fuel a continuation of the hardening market in most countries. Dealing with these difficult market conditions is perhaps the greatest challenge facing brokers today, challenges which are also accompanied by changing customer expectations; lack of innovation; and an ageing workforce.

These signs of hardening create real challenges for brokers as well as clients. In the Turkish market insurers are increasing rates, reducing available capacity, lowering limits, and introducing Covid-19 and lockdown-related exclusions.

Denise Nart
Chairman of the Executive Board & Board Member, NART

Founded
1999

120 Employees

www.nart.com

The Turkish insurance and broking market development

In 2021, the Turkish market saw premium volumes of Turkish Lira 105bn (about US$ 10bn). The market itself is dominated by non-life (83%), with 36% of that accounted for by motor and motor liability insurance.

Competition is still extremely high in Turkey, with a very soft market over the last 10 years – although this changed abruptly in 2022. Rates and deductibles are now increasing and coverage is being reviewed with more scrutiny. Denise Nart, Chairman of the Executive Board & Board Member of NART, believes the market will harden even more in 2023 and that the upcoming five years are very difficult to predict. "I believe that in Turkey and all over the world, for the upcoming years we will see an increase in carrier consolidation. In fact, partnerships and deals have become a necessity for most carriers to focus on their core competencies and enhance technology. It is a challenging time for an industry that has been traditionally risk-averse, conservative, and slow to change. But insurance market players must now build new strategies, they must work on digital solutions, innovation and customer-oriented processes", she adds.

It is expected that the Turkish market will grow 20% - 25% on average in real terms in the next few years. There will almost certainly be growth in cyber, renewable energy, political risk, parametric insurance, risk management solutions, captive solutions and digital insurance solutions. Solutions for sharing economies will also become more and more important.

Attracting and retaining talent

There is without doubt growing talent gap in the insurance industry, one that is becoming critical as there are employees move closer to retirement than there are young people looking to join the profession. It is an unhealthy balance and one that will get worse if the market continues to focus on recruiting experienced underwriters, actuaries, and brokers in the war for talent rather than looking to attract and invest in the under 30s.

"Businesses need to commit" comments Denise, "to invest time and money in the young rather than rely on head hunting experienced staff. At NART, for example, we take 20 students from universities every year for a full day's programme, and then select 10-15 to join us for internships. And it works. Our construction energy head, who also now sits on our board, started as an intern, as did our head of claims and head of P&C. We like fresh blood and growing our own. It may be more effort in terms of training and career planning, but it is worth it – they are loyal, immersed in your company culture, and bring fresh ideas and thinking.

And she adds, "The future and what is about to come can be exciting. As the fight for talent hardens, I believe this will push a lot of companies to educate their own staff and invest in attracting the young."

> "It is a challenging time for an industry that has been traditionally risk-averse, conservative, and slow to change. But insurance market players must now build new strategies, they must work on digital solutions, innovation and customer-oriented processes."

View of the Golden Horn bay and the Suleymaniye mosque in Istanbul

Trends and challenges on the horizon for the industry

There are several technology trends in the market which could transform the very nature of insurance. To name just a few - big data, artificial intelligence, robotic devices, blockchain, drone technology, driverless vehicles, voice assistants, consumer economy, industry 4.0…

NART has been focused on the process of digitalization for a long time. A separate digital committee was established 8 years ago, led by the Digital Transformation Manager and reporting to the Board. This committee consists of 10 people, each working in a separate department within the company. As many employees as possible are involved in the process, because it is not only technology but a matter of management and people. "If you do not have a team that is actively involved in the digital transformation process the process is doomed to fail.," says Denise.

The focus lies on automatization of internal processes, faster and personalized Client Experience, and digital sales. And the biggest challenges are always around adapting in this everchanging environment. But as Darwin once said, "It is not the strongest species that survive, nor the most intelligent, but the ones most responsive to change."

NART's vision for the future

NART has been active in the market for more than 23 years and is the largest independent insurance and reinsurance brokerage firm in Turkey with 120 employees and six regional offices. NART 's main competitive advantages are: the specialization in complex and specie risks, with long experience in placing large, sophisticated risks in different international reinsurance markets including Lloyd's (being one of the 2 brokers in Turkey of the 120 in the market to who have a Lloyd's license); company culture; digital know-how and innovation; a very strong brand name & global footprint, through the Brokerslink international network. In the future NART will continue to focus on customer satisfaction, profitability, and digitalization. By developing their reinsurance capabilities, they also plan to expand their global footprint.

View of the Galata Tower, a medieval aged tower in the Galata Quarter of Istanbul

Turkish baklava with peanut and pistachio, one of the most famous desserts of Turkish cuisine

Turkey, the 'cradle of civilisation'

Turkey, home to NART, is an exotic country where East meets West, spanning Europe and Asia. It has a fascinating history, bustling cities, and intricate architecture, including the impressive palaces and mosques, along with beautiful beaches, mountains, friendly people, shopping, and excellent food.

What to see

In Istanbul see the Old Town and the Hagia Sophia and the Blue Mosque, go to the Basilica Cistern, wander inside the Topkapi Palace, take a cruise on the Bosphorus, shop at the Grand Bazaar, be amazed by a show of whirling dervishes, get a full body scrub at a traditional Hamam, visit Galatport for shopping and great views.

Where to eat

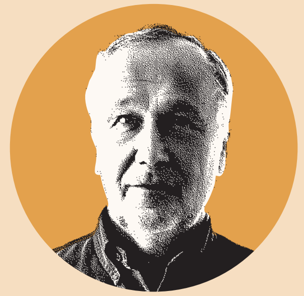
Mikla Restaurant, Turk Fatih Tutak, Neolokal, Before Sunset, 1924 Restaurant, Alaf Kuruçeşme, Aheste, Lacivert

Where to stay

Mandarin Oriental Kuruçeşme, Four Seasons Bosphorus, Ciragan Palace, Four Seasons Sultanahmet, if you are looking for a more boutique hotel experience, Sumahan on the Water is recommended.

RSG Corredores de Seguros y Reaseguros

A business of people



Andres Errázuriz Herrera
CEO, RSG

Founded
1982

54 Employees

1 Office

$40m of premium under management

www.rsgchile.cl

RSG was established in the early 1980s as a family brokerage which specialized in business insurance and which developed a reinsurance broking arm very early on. In the intervening 40 years it has incorporated the business and portfolio of four other brokers, some of its partners have retired and new partners joined. The brokerage has maintained long-term relationships with clients and staff and continued to serve the core business whilst developing niche insurance expertise and business as the country and opportunities evolved. RSG's core-business is corporate and business insurance which the brokerage believes will remain a "people business", where understanding a client's business and giving professional advice and service will remain key to providing suitable risk management and insurance solutions. RSG's main areas of expertise today are: industrial, corporate, construction and engineering insurance covering both non-life and life as well as surety and reinsurance.

Joining Brokerslink

The ability to team up with like-minded brokers in different parts of the world enables RSG Chile to provide an international service to clients with interests abroad whist providing local service to network partner clients with interests in Chile. RSG sees Brokerslink as an active organisation intent on growing while remaining flexible and maintaining its members individual identities.

Challenges & opportunities for brokers

As the worldwide economy continues to reel from the after-effects of Covid and political discontent, many companies are concentrating their efforts on cost reduction and efficiency, with many investment and infrastructure projects also on hold due to escalating costs and long-term uncertainty. In this scenario client decision makers are naturally more price orientated. Insurers are prioritising underwriting profitability as seldom before, driving up prices, precisely the news that clients don't want to receive.

As most Chilean companies do not have dedicated insurance or risk managers, insurance decisions in smaller companies are generally taken by the owners, whilst in larger companies this generally falls to the finance, purchasing or operations teams. Since these teams usually have little significant insurance or claims experience there is a tendency to over-simplify risk and insurance issues until there is a claim, at which stage sufficiency and scope of coverage rapidly become the main concern.

RSG Chile believes that as a broker it has to strike a delicate balance between empathising with clients' needs and maintaining realistic expectations about what can be achieved in the market. Ultimately, RSG strives to maintain a professional approach and help its clients make informed decisions.

The Chilean insurance and broking market development

The Chilean insurance market has been competitive since the reinsurance monopoly was eliminated in the 1980s. Retail and bank insurance products have become commonplace over the last 20 years meaning that most of the population has access to consumer insurance through their financial providers rather than via conventional independent insurance brokers. Technological platforms have also evolved to compete with the bank and financial institution providers.

The non-life insurance market will remain driven by a need for insurance against natural catastrophes, in particular earthquake, due to the seismic nature of the country which impacts all significantly inhabited areas of Chile.

The employee benefit sector will need to evolve in Chile in order to complement new in-coming social security regulations and as access to private healthcare becomes more dependent on private or corporate benefit programmes.

The insurance market will continue to be competitive, and the challenge will be to balance quality of coverage and price in a complex economic scenario.

Attracting and retaining talent

RSG is a company that has been operating in the market for 40 years. It has developed a style and corporate culture which is at its heart collaborative and team based rather than internally competitive. When recruiting RSG prioritises culture fit over immediate portfolio growth. It aims to attract people it believes will be a match with the teams' values and style and who will contribute to the talent pool and thrive together. Over the years the broker has incorporated younger people as partners giving them ownership in the business and its results. The ultimate aim is to maintain the "people business" nature of broking.

Trends and challenges on the horizon for the industry

In RSG's traditional portfolio of corporate and large client insurance, technology is considered to be a key tool, facilitating routine tasks and allowing work flexibility which only a few years ago would have been unimaginable. Whilst RSG does not see technology replacing professional service in areas of more complex insurance, it will increasingly dominate the sale of mass consumer products, particularly mandatory and standardised products. These types of insurance achieve cost efficiencies by reducing human intervention to a minimum. RSG strives to find ways of using technology which creates sustainable differentiation, adding genuine value to the client in a way consistent with the group's philosophy.

RSG's Chile vision for the future

RSG has a team of highly qualified professionals supported by experienced people who together form the core of the brokerage's staff. The team endeavours to reduce the number of contact points any client has to deal with, ensuring client-side interaction is focused on a relatively small number of people all of whom have a genuine knowledge of their business and current insurance and claims situation. The aim is to keep client relationships personal.

RSG's strategy is to continue to grow its core business organically, by developing niche businesses as opportunities arise and by integrating other brokers which match or complement its portfolio.

Rano Raraku was the main quarry for the massive monolithic sculptures, known as Moai, created by the Rapa Nui people

Adventure and nature in Chile

Chile is a long and narrow strip of land, surrounded by mountains and sea, with hundreds of parks and nature reserves, a long coastline with white sandy beaches and the driest desert in the world, making it a paradise for nature lovers and outdoor activities. In 2022, for the third time, Chile was recognised as the World's Best Green Destination at the WTAs, as well as the Best Romantic and Adventure Tourism Destination in South America.

Altiplanic Lagoons in Los Flamencos National Reserve, a nature reserve located in the Antofagasta Region of northern Chile

What to see

- San Pedro de Atacama, an oasis in the desert, is the centre of the Atacama culture and preserves its cultural and archaeological legacy. The surrounding area provides a uniquely beautiful landscape with rock formations, typical of volcanic activity and wind. Thanks to its clear skies, the area is one of the best places on the planet for stargazing and astronomy studies.
- Santiago, the capital, where the country's cultural, business and administrative activity is concentrated, is located in a valley surrounded by snow-capped mountains. The nearby ski resorts are an excellent option for those who enjoy winter sports while the wine tours are a great way to taste the wine of the Maipo and nearby valleys.
- Torres del Paine National Park, the most beautiful in Patagonia and a biosphere reserve, includes mountains, glaciers, forests and rivers, and is one of the most emblematic protected wilderness areas in Chile.
- Easter Island or Rapa Nui is a five-hour flight from the capital. It is famous for its archaeological sites and its gigantic and mysterious "moais", carved stone monoliths with human form.

Where to eat

There is a wide variety of world-class restaurants with a gastronomic offer that reflects the richness of local products; top quality meat, fish and seafood from the Chilean coasts, fruits and vegetables from the central zone, and the best wine produced in the country.

Where to stay

Chile has excellent hotels ranging from the finest five-star accommodation to affordable options for all budgets and tastes.

Cazuella de Pollo (Chicken soup) is one of the most traditional Chilean soups

The San Pedro de Atacama Church was built in 1745 and today is the most important architecture attraction of the region

Brokerslink

Year in Review

Brokerslink Chairman **José Manuel Fonseca** reflects on the key moments in Brokerslink's past, its challenges and opportunities, and looks forward to how the company will continue to grow and evolve into and beyond 2023.

Going global

Brokerslink was born back in 2004 when five friends came together with the idea of forming a global broking network. Brokerslink was a purely European network at the time, but the founding global ambition came to fruition in 2008 when three regional networks came together, with Brokerslink being joined by Pan Asian Alliance, from Asia and Alinter which covered LatAm, as well as a US broker.

From there the network grew, but it wasn't until the following year in 2009, that the first truly global conference took place in Hong Kong. This was perhaps when Brokerslink took its biggest step to become what it is today, bringing together partners and affiliates from all around the world, sharing ideas, knowledge and insights, with speakers such as the renowned former AIG International CEO, Nick Walsh.

The network continued to development and in 2015, a new chapter started with the forming of the incorporated enterprise you see today. A transformation from a pure network model to a global broking company, owning and operating a global broking business.

Political and regulatory change

Recent years have seen some moves to more protectionist policies and regimes, but it is an ever-moving feast. As administrations change, for example in the US and Brazil, or indeed the impact of Brexit, so does the level of protectionism and regulatory frameworks. But our industry is fluid and very capable to adapt and respond, advising and facilitating risk transfer. Across the network, there is the capability, through knowledge-sharing, to adapt to such changes and move forward.

Reflecting on recent years

As we look back at the impact of Covid, aside from the devasting human impact it had on so many people, from a business perspective there have been both up and down sides. As a global network, face to face and human interaction and relationships are very much part of Brokerslink's DNA. Maintaining these relationships clearly became more difficult over the last three years.

But from crisis can come opportunity, it provided a real shot in the arm when it comes embracing new digital communication channels. This often helped to widen audiences at events, albeit virtually, introducing new faces and ideas. Over the last two years, when you might expect Covid to restrict or indeed contract the network, Brokerslink has expanded into new geographies and markets, and now has a presence in over 130 countries around the world.

Regional face to face Brokerslink meetings in Casablanca, Panama, Zagreb and Saigon, and industry events are now very much back on the agenda. For Brokerslink, most pleasing of all was the success of the annual conference in Porto in May 2022, which saw a record number of global attendees come together once again, reaffirming our collective commitment to the Brokerslink purpose and ideals, coming out stronger than before.

Looking towards 2023

As we look forward, Brokerslink continues to evolve from simply a network of likeminded businesses to a company that owns and operates a network. That said, the focus on being a prime global broking company empowering a collaborative ecosystem remains the company's vision.

Brokerslink will continue to leverage the uniqueness and sophistication of its network. Operating and offering the services to and for partners and affiliates, developing business opportunities, harnessing and enhancing the power of the network's larger businesses.

Brokerslink will continue to grow, invest in its people and network, building on the engagement of key partners and affiliates to enable the flow of business across the network. It will continue to harness its collective strengths, maintaining founding principles and creating value for all.

2022: a year of record growth

Brokerslink has continued to expand its geographical footprint and the depth of its expertise. The network has been boosted with the addition of three new partners and twenty-one new affiliates across South America, Africa, Europe and the Middle East; technology specialists as part of the B.tech programme and specialised risk management experts.

Welcoming Ardonagh Specialty

At the beginning of 2023, **Ardonagh Specialty**, the largest independent specialty broker in the London market, became part of Brokerslink. The move brought the entire Ardonagh Specialty business to Brokerslink as partners, adding brands such as Price Forbes, Bishopsgate and Inver Re.

This marked a significant moment for Brokerslink, the new partners bring additional strenght and depth of speciality market expertise and broking solutions to the network's existing partners and affiliates. Thus facilitating greater access to the London and Lloyd's markets.

Spotligh on Gossler, Gobert & Wolters and Associated Insurance Consultants

In September 2022, Brokerslink welcomed the oldest insurance broker in continental Europe, **Gossler, Gobert & Wolters (GGW)** to the network. GGW was founded in Germany in 1758 and brings over 250 years of broking experience to the business. The broker has a wide range of core insurance lines including logistics, marine & yacht insurance, private lines and advertising & entertainment companies, and has teams of in-house lawyers, business management experts, economists and insurance experts providing customised offerings for medium-sized enterprises.

Also announced was the addition of **Associated Insurance Consultants (AIC)** to the network as the Middle East broker affiliate. AIC is based in the United Arab Emirates (UAE) and represents Brokerslink in Bahrain, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, the UAE, and Jordan. Its core lines of business include property, casualty, marine, engineering, and employee benefits. AIC also works across a range of personal lines including life and non-life products and specialty lines such as bloodstock, cyber and political risk.

The B.tech programme continues to grow

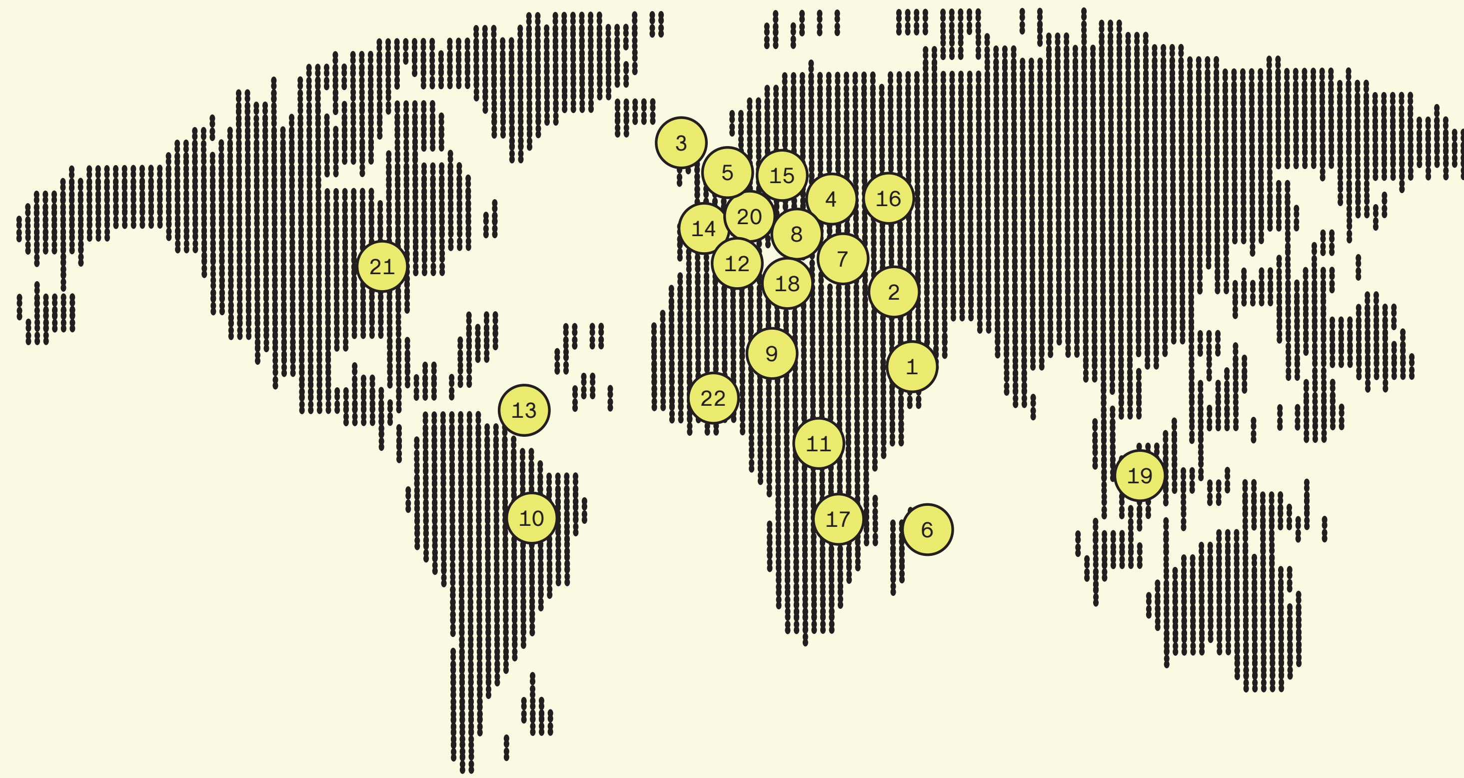
After the successful launch of Brokerslink's B.tech programme in early 2022, the network has grown its technology affiliates to eight highly innovative digitally focused firms.

IT Power sees digital transformation as the new frontier between businesses that thrive, and those that stagnate. Specializing in customizable solutions for large national and international players, Brazil-based business IT Power has over 25 years' experience providing insurance ecosystems that get results.

Uncharted is a technology company that provides brokers, MGAs, and insurers with access to a cloud-based digital insurance platform. Singapore-based Uncharted's core philosophy is to make digital insurance easy and fast no matter what the size of the client's company.

Xceedance is a global provider of digital transformation solutions and analytic services specialized in virtual assistance for the insurance industry. The US-based company is uniquely positioned to help network partners and affiliates navigate the challenges of the digital age and achieve their long-term business objectives

New partners & affiliates



1. **Addis** Ethiopia
2. **AIC** Bahrain, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, UAE, Jordan
3. **Ardonagh Specialty** (Bishopgate, Inver Re, Price Forbes) UK
4. **Destine** Romania & Moldovia
5. **GGW** Germany
6. **HVA Courtage** Reunion Island
7. **Instrade** Bulgaria
8. **Insurance Financial Solutions** Montenegro
9. **Intercora** Niger
10. **IT Power** Brazil
11. **LG Conseil** Congo
12. **Maher** Algeria
13. **PRFC** Trinidad & Tobago
14. **Sammy Free** Spain
15. **Satum** Czech Republic & Slovakia
16. **Status** Azerbaijan
17. **TIB** Zimbabwe
18. **Tripolis** Lybia
19. **Uncharted** Singapore
20. **Virtual-i** Switzerland
21. **Xceedance** USA
22. **YOA** Nigeria

Porto Conference: the most wanted Brokerslink event in 2022!

361 attendees **71** countries

36 speakers 28 sponsors 40 senior risk managers

After an enforced two year break due to the pandemic, the Brokerslink global conference returned.

The conference 2022 took place between the 26th and 27th of May in Porto and was a huge success! It was a fully face-to-face event, hosted by founding partner MDS Group, and included insightful sessions and speakers, dozens of meetings, lots of networking and great social moments.

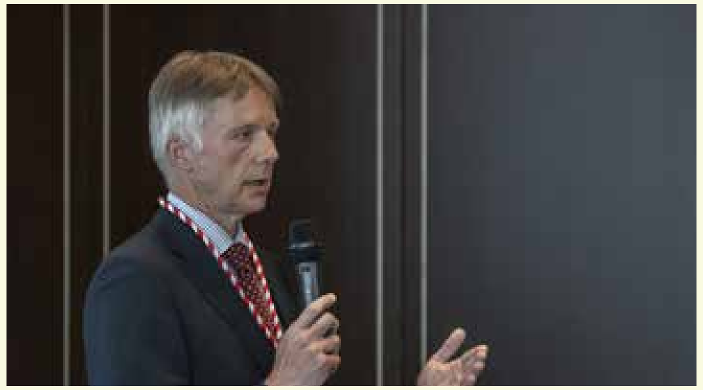
The event broke records. There were 361 attendees from 71 different countries, along with 40 senior risk managers as part of the Risk Managers Forum, 36 speakers and 28 sponsors.

There were amazing speakers on stage such as:

- Andreas Berger, Swiss Re Corporate Solutions
- Bernardo Pires de Lima, Foreign Affairs Analyst
- Laurent Freixe, Nestlé
- Marcel Chad, Piiq Risk Partners
- Mark Hue Williams, Piiq Risk Partners
- Martin Thormälen, Munich Re
- Rui Moreira, Porto Mayor
- Steven Braekeveldt, Ageas Portugal
- Tim Marshall, Journalist & Author

Stimulating discussions about the evolution of the insurance and world were promoted through sessions like:

- Understanding and leveraging from the DE&I ecosystem for greater impact
- The emerging risks and opportunities in the aviation industry
- Seven grand effects of great powers competition
- Technology trends reshape insurance business models – Embedded insurance and AI-supported underwriting are on the rise
- Profitable caring
- The power of geography in global politics



Dirk Wegener, President of FERMA and Global Head of Corporate Insurance of Deutsche Bank Group opening the Risk Managers' Forum

Laurent Freixe, Executive Vice President & CEO Latin America, Nestlé

José Manuel Fonseca toasts with delegates

Also included on the agenda was the 4th edition of the Risk Managers Forum. An exclusive event, leaded by Jorge Luzzi, APOGERIS President, which had the participation of 40 risk managers from the four corners of the world to discuss the changing risk landscape, and how to tackle these emerging challenges. This event also counted with the prestigious and special participation of the President of FERMA, Dirk Wegener.

The 2022 conference also introduced the first ever B.tech Hub, an area where attendees could meet innovative technology companies providing valuable solutions from cyber security through to claims management platforms.

Throughout the two-day-event, focused on exploring the challenges and opportunities facing the industry, there was also time for the social moments that the conference is known for. Guests experienced the most iconic locations in the beautiful city of Porto: a networking dinner and tour at Casa da Música, a glamourous gala dinner and world-class entertainment at Palácio da Bolsa and a final day to unwind at World of Wine (WOW Porto) before heading home.

São Paulo Conference 2023

2023 is set to be another exciting year with the annual conference to take place from 19–20th October in São Paulo, hosted by MDS Brazil.

With the world's 7th largest economy and 7th largest consumer market, São Paulo is not only a city where business is done, but one famed for its vibrancy and culture – offering some of the finest dining, shopping, and entertainment experiences in the world.

Brokerslink Risk Management Practice

The Risk Management Practice was created with the mission of meeting the Brokerslink network needs regarding a wide portfolio of risk consulting services.

Led by highly experienced risk management expert Jorge Luzzi, CEO of RCG – Risk Consulting Group, founders of the practice include Augustas Risk Services, B.Riley Advisory Services and RCG.

Reflecting the cooperative nature of the network, the three consultancies work together as a team to provide their services across a range of risk management disciplines. These include enterprise risk management (ERM), business continuity, insurance risk management, risk engineering, logistics & supply chain and cybersecurity. The specific services provided include risk assessment, risk inspection, ERM, risk analysis, loss control, and business continuity.

RIMS 2022

Brokerslink was thrilled to return and exhibit at RIMS – Risk World Annual Conference & Exhibition held in San Francisco from 10-13 April.

The Brokerslink exhibition booth#1701, centrally located within the Moscone Center, served as meeting place for all partners and affiliates allowing them to present their company, introduce their services and teams, while meeting and connecting with potential partners.

The famous Breakfast and Cocktail events hosted by the network were a tremendous success in attendance, conversation, and fun!

New addition to the team

Liliana Baptista joined the Brokerslink central team in October 2022. With 20 years' experience in marketing and event management at MDS Portugal, and a vast knowledge of the insurance industry, Liliana knows Brokerslink well and has closely followed it since its foundation in 2004, with a particularly strong involvement in planning and executing the successful Global Conferences produced every year by the team.

Based in Porto, Portugal, Liliana is now Marketing and Events Manager, coordinating and executing Brokerslink marketing-related initiatives and events.

MDS News

MDS is finally a part of Ardonagh Group

MDS became a part of The Ardonagh Group on the 2nd December 2022. Ardonagh is one of the world's top broking platforms recording US $1.7bn in revenue and employing over 10,000 people. The move will boost MDS's growth strategy, providing it with additional resources in terms of specialization, technology, and capital, translating into clear benefits for customers, partners and employees.

It's a new and exciting chapter for the MDS Group, which will maintain its own brand identity and management team. It will continue to focus on delivering sustained growth and offering innovative solutions with the highest standards of service to customers worldwide with the support of The Ardonagh Group's size, scale and resources.

Watch the video

MDS Group CEO joins the Board of Ardonagh International

José Manuel Fonseca was appointed Vice Chairman of the board of Ardonagh International. His experience and know how, combined with MDS and Brokerslink best practice and international expertise, will be instrumental to identify new opportunities, contributing to the Group's growth and success over the coming years.

Over the last two years, the Ardonagh Group has expanded its international footprint significantly, building a leading presence across Europe, Australia, the US, Africa and Latin America. Ardonagh International, the fastest growing part of the wider group, will continue to thrive to become a true powerhouse for talent around the world.

Promoting Lusophony in the World

MDS Group CEO José Manuel Fonseca was invited to join the advisory board of the Council of the Portuguese Diaspora. This Council was established under the High Patronage of the President of the Portuguese Republic, who is Honorary member of the Association. The Council of the Portuguese Diaspora is comprised of a team of leaders from several companies and institutions. Its mandate is to support the organization's new strategy, energize the Portuguese advisor network across the Portuguese diaspora and grow it so as to advocate for Portugal's reputation everywhere in the world. As a Portuguese-speaking broker operating in the Portuguese-speaking space, MDS is proud to advance Portugal's interests in the world.

José Manuel Fonseca addresses the EurAfrican Forum

The CEO of the MDS Group was a keynote speaker at the EurAfrican Forum, the annual event organized by the Council of the Portuguese Diaspora, which brings together agents of change from Africa and Europe to debate shared challenges and promote synergies. His address to the panel on corporate dialogue focused on the issue of EU-Africa alliances, discussing European perspectives with regard to business on the African continent and strategic investment in the market, plus its varied potential. José Manuel Fonseca also highlighted the importance of the insurance sector for sustainability and value creation in African economies, and pointed out how MDS, as a global broker with a strong presence on the continent has supported companies' operating in this geographical region.

Watch the video to find out more about the key topics under discussion

MDS at the 5th Angola-Portugal meeting

Represented by João Alvadia, CEO of MDS Africa, MDS attended the event organized by the Portugal-Angola Chamber of Commerce and Industry to promote synergies amongst entrepreneurs in both countries. The initiative aims to foster networking between Portuguese and Angolan entrepreneurs, contributing to growth and development of economic activities in the country. As a leading broker in Angola and other Portuguese-speaking countries, MDS plans to grow with the market and make an active contribution to its growth, adding value, sharing knowledge, and introducing innovation.

João Alvadia (CEO MDS Angola), João Luis Traça (President CCIPA) and Carlos Marques Santos (CEO Refriango)

Andrea Hausherr joins the MDS Group

With vast professional experience and deep knowledge of global markets, Andrea Hausherr became Head of Corporate Strategy of the MDS Group in November 2022 to support growth strategies and international consolidation for the group. Andrea has held a number of roles in multinational corporations including time at the Coca-Cola Company, Kraft Foods in Bolívia and SymphonyIR in Madrid.

In 2008 Andrea embraced strategic consulting, joining the Palladium Group to develop projects in Spain and the United Arab Emirates before moving to Arthur D Little. In 2013, Andrea Hausherr entered the world of insurance in Santiago do Chile, joining Axa Partners as Key Account Manager, later becoming lead for Commercial Excellence, Sales & Performance Efficiency, in Madrid.

Brokerslink Conference 2022 hosted by MDS

The 2022 Brokerslink Conference took place in Porto, the city the network was founded in 18 years ago before becoming the global broking business it is today. MDS hosted the 2022 event, which brought together over 360 attendees from 71 countries across five continents. Global trends and the future of the insurance sector and risk management drove the debate.

The MDS team was delighted to be able to welcome the Brokerslink family to Porto and to participate in such a big-tent event for the sector. Collaboration, team spirit and unity between the MDS and Brokerslink teams contributed towards what was a very successful conference.

São Paulo will be the next host city and, once again, MDS will be fully supporting this important event.

Together again

2022 saw the return of MDS's in person End of Year Party after two years of social distancing imposed by the pandemic. This was one of the most anticipated events for all employees in the territories where MDS operates. A chance to celebrate the joys, the victories, the ties that bind us, and provide a moment of recognition for those colleagues and teams that had excelled throughout the year.

At the world's largest music festival

Having built up considerable experience and knowledge around the protection of major entertainment operations, MDS Brazil once again became the official broker to Rock in Rio Brazil in 2022. Through civil liability insurance of events it guaranteed cover for all the personnel and equipment involved in what is the world's largest music festival.

MDS Brazil was also appointed as the official insurance broker for two other two major events: the Vogue Ball and São Paulo Oktoberfest. These initiatives form a part of the MDS Group's #MDSGO strategic pillar, which encompasses a number of pro-social activities that aim to support culture, sports and entertainment.

Watch the video
MDS @Rock in Rio

Innovative TechSafeGo solution launched

Taking yet another step forward in its digital transformation strategy, MDS partnered with Domestic & General and MunichRe to launch TechSafeGo, an innovative solution that covers a gap in the Portuguese market. It protects second-hand consumer electronics, uniting technology and insurance to provide a unique, entirely digital experience. Thanks to TechSafeGo, which can be downloaded from the Play Store and the Apple Store, customers can easily go online to buy insurance against theft protection, accidental damage or screen breakage pursuant to a real-time assessment of their phone by MDS-developed technology that relies on an AI-powered engine.

Download the App

Tackling mental health in the workplace

Praise is due for the recent launch of ASM (Aliança Portuguesa para a Promoção da Saúde Mental no Local de Trabalho), the Portuguese Alliance for the Advancement of Mental Health in the Workplace, a project initiated by Encontrar+se in partnership with ANJE (Associação Nacional de Jovens Empresários), the Portuguese Young Entrepreneurs Association. MDS is one of the founding members of this initiative which aims to support the adoption of work models that promote mental health and help organizations break through barriers of silence and stigma around mental illness. This is yet another example of important steps that MDS has taken to support and promote the topic of mental health, a social responsibility it has championed for a number of years, reflecting its concern for the welfare and happiness of its employees, and endeavouring to create a safe and healthy working environment whilst seeking to demystify the topic within the broader social context.

MDS App is now myMDS and it's everywhere!

2022 was a year of innovation for myMDS: a new name, a new design, and new features. This pioneering, innovative project developed by MDS Portugal gives customers a better experience managing their insurance policies and assets. Reflecting MDS's focus on continual improvement, customers can now use myMDS to request insurance quotes for uninsured belongings, better manage their policies through interactive reports, get an overview of all their policies under MDS management, and so much more. Customers can also now access all of the app's features via their PC or tablet through the myMDS customer area at the MDS website. The app also, importantly, provides customers with access to a network of partners offering special terms on the purchase of products and services – as varied as travel, technology, sports, health, leisure, home, auto, banking, insurance, and lots, lots more.

Download MDS App

Brazil and Portugal operations record growth

MDS and Brokers teams sign acquisition contract

In 2022, the MDS Group pursued its growth and consolidation strategy, both organically and via acquisition, reinforcing its leadership in core segments.

In Brazil, MDS acquired **Brokers**, a boutique consultancy which offers innovative, customized benefits solutions geared toward the medium-sized enterprise segment. Having operated for 32 years, the Brokers portfolio includes over 120,000 insured lives and premiums in the order BRL 280m (around €50m). The acquisition makes MDS one of the largest brokers for that sector in the country. Meanwhile, in Portugal, MDS acquired a 100% stake in the broker **Pacific Insurance** further advancing its leadership in the Portuguese market and broadening its geographic scope. With a 4000 plus customer portfolio, in 2022 Pacific Insurance managed insurance premiums to the order of Euros 4m, closing the fiscal year at a profit of Euros 700,000.

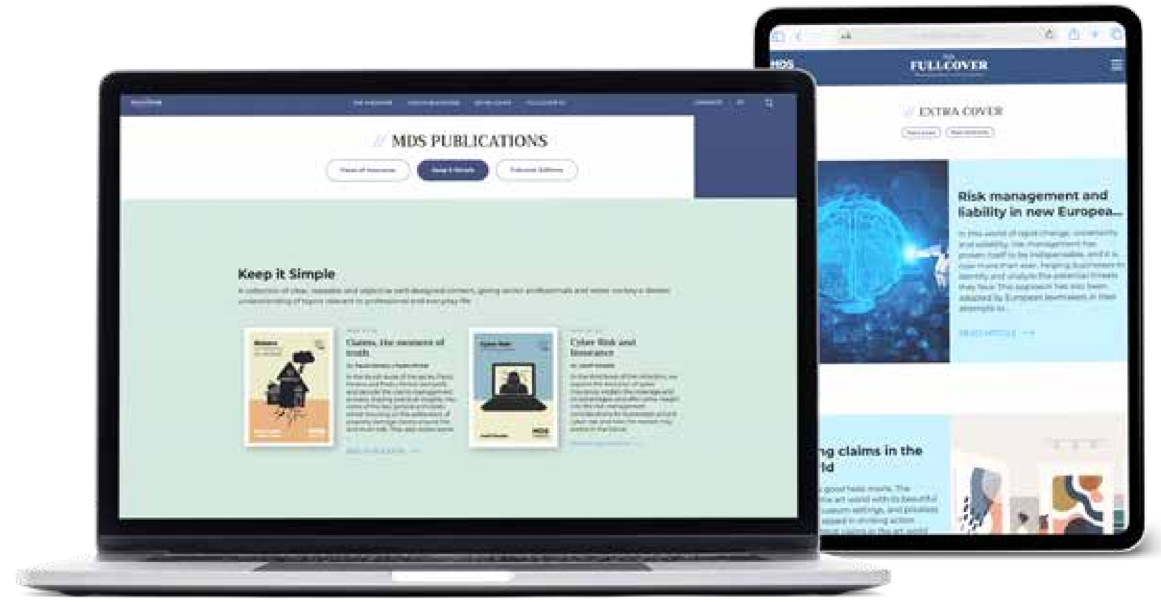
MDS bolsters international footprint

At the start of 2023, MDS entered a new geography through the acquisition of **Renaissance**, a leading broker in Cyprus that specializes in risk management, employee benefits and corporate risk. Renaissance has posted double-digit growth for the past four years despite the pandemic and against the trend in its local market - in 2022, it posted a profit of Euros 1.8m. The acquisition underlines that the MDS Group will continue to focus on international growth and entering new territories, with a particular focus on Latin America and Africa.

Christos Gavriel (Managing Broker and founder of Renaissance), José Manuel Fonseca (CEO MDS Group) & José Diogo Silva (CFO MDS Group)

FULLCOVER goes digital

FULLCOVER was born in 2009, out of a clear desire and calling to share knowledge about risk and insurance with the broader market. Since then, the magazine has consolidated its position as a widely respected – and anticipated – publication with a broad outlook which has even been heralded in some quarters as "a true object of worship" and "the Vogue of insurance" – both descriptions we can only love!



Over the years, FULLCOVER has reflected the market's insatiable curiosity, its creativity, and its capacity for innovation. Our pages have brought you the opinions and insights of insurers, reinsurers, risk management specialists, experts as well as those of strategists, scientists, politicians, doctors, jurists, technology experts, and so many others who've contributed original content and shared their visions of the future.

And when it comes to design and layout, we have always challenged ourselves to improve with every issue, come up with impactful and disruptive covers, and bold, eye-catching quality designs.

The paper edition of the magazine comes out once a year and represents a great deal of work from a small but highly resilient team. However, we felt the need to extend our knowledge-sharing throughout the whole year, to "prolong" FULLCOVER in some way, and make it even more accessible whilst increasing its reach.

And that was why we launched FULLCOVER online.

But thefullcover.com is much much more than just the magazine website. Yes, it provides an archive of past offline issues. But that's not all. You'll also find all the other MDS Publications including Faces of Insurance, our series of book-length interviews depicting the lives and careers of stand-out personalities in the insurance and risk management sector, and Keep it Simple, our collection of small handbooks presenting basic concepts in specific areas of risk and insurance using plain, accessible language - as the very title of the collection highlights. What's more, through EXTRA COVER, we are able to publish, every week, new content, articles, interviews and features on risk and insurance, in addition and supplementary to the wide variety of themes touched on in the paper edition, to keep you up to date on the state of our world.

So, FULLCOVER, whilst maintaining its core, indispensable, iconic edition, every spring, is in a sense also "live" all year, enabling us to constantly stay in touch with our readers and pursue our knowledge-sharing mandate. After all, it is FULLCOVER's purpose to be available to readers, and now it fulfils that purpose all year round.

Access the website and enjoy the reading!

Legal Corner

Artificial Intelligence and Insurance

by

Angélica Carlini
Carlini Sociedade de Advogados

Artificial intelligence (AI) has drawn a substantial amount of attention from academics from different areas of expertise. A debate has arisen that almost always focuses on the uses, benefits, and risks inherent in technology.

AI is of particular interest to insurance because the sector is living through a time of adjustment to digital innovation, seeking service efficiencies, trying to cut down on management costs and create new products to grow its markets.

AI is a computational process developed from algorithms yet so far, no unanimous definition of AI has been established. Perhaps it is more useful to know what features it possesses. It is important to remember that algorithms, essential components of AI, are problem-solving tools based on computational logic. Creating an algorithm is like drawing a problem-solving roadmap or putting together a set of steps to accomplish a specific task. AI uses a vast number of algorithms concurrently to solve predetermined problems, which guarantees speed and efficiency.

Algorithms have made AI viable which, in turn, has made machine learning possible – machine learning is a software structure that uses the immense quantities of data available from a host of different digital sources. It has become viable thanks to big data. Massive stores of data have become accessible as computational systems gained widespread acceptance and utilization, especially in the case of smart phones.

Reasoning is exclusive to our species, but computers can analyse and organize astronomical quantities of data and enable us to achieve new outcomes.

Data certainly isn't scarce in contemporary societies. It's available everywhere. Everyone leaves digital footprints in many places, intentionally or not, especially across social networks, in messages exchanged daily over the Internet, via websites browsed or the search engines uses systematically every day.

Two aspects of this activity are of particular relevance to the insurance sector: First of all, digital footprints can be used for statistic calculation; and secondly, this is public, not personal data, so it's not covered by the European Union's General Data Protection Regulation.

A few examples of digital footprints include the times that consumers access online stores; frequent search topics and the browsers or portals people use; the kind of entertainment they seek out, the music they play, the products they habitually buy, the time they exercise, or spend in transit/commuting; amongst so many other possibilities made available in the digital world to anyone who has the time, skill and patience to look for, and organize such data. Using this information could be an efficient risk prevention tool and could also be useful in identifying the need for new types of coverage.

Risk is an essential element in the insurance business, but risk should be known, predetermined. There should be studies that allow the market to measure frequency and severity.

Predetermining risk is essential. AI and machine learning could be optimal for risk underwriting, superseding the era where applicants' and future insured's statements along with preliminary inspection at risk sites were the main tools for assessment of underwritten risk.

Using these new technologies could facilitate decision-making on the part of risk underwriters and also drive analysis of different data on the same risk through more in-depth studies to determine coverage and compensation limits.

These technologies may also allow the market to better address specifics for each insured – it'll be possible for example to serve everyone's exact risk profile because insurers will be able to more fully understand the risks and consequences from data collected all over the world.

No less importantly, the insurance sector must also look to develop coverage for potentially faulty AI decision-making. For example, if AI misunderstood and misinterpreted a rise in temperature at a data centre and set off a cooling tower, depleting all the available water, triggering a significant temperature spike and a disruption to data relays for companies all over the world, the financial damage would be immense! Insurance cover must be created to deal with such a possibility. One thing is certain: in the very near future, claims regulation could fall under the remit of programmers or data scientists. Just wait and see!

At this historic moment, the European Parliament is working on the Commission's proposal on AI which was originally presented on 21st April 2021, with the final report having been approved in May 2022. The project upholds that, fundamentally, rules – which are still to be approved on the use of AI - will place the protection of human beings at the centre of all decisions; that civil liability be established to address damages arising from the use of AI; and, finally, that ethical principles be followed when legislating on the matter.

In Brazil, laws on the use of AI are presently going through the Senate of the Republic. It created a committee of jurists, led by Minister Ricardo Villas Boas Cueva of the Supreme Court, to analyse drafts and it eventually issued a final report, which was approved on the 1st December 2022 at a session of the Special Committee of Jurists. It is now up to the presidency of the Senate of the Republic to expedite the drafts and it is widely expected that Brazil will soon have a legal framework on the use of AI across social and economic sectors.

“Risk is an essential element in the insurance business, but risk should be known, predetermined.”

Angélica Carlini

is a lawyer and member at Carlini Sociedade de Advogados. She is a specialist in Insurance Law, Consumer Relationships, Innovation, and Supplementary Health. Other roles include CNSeg consultant for Consumer Relationships, Fenasaude consultant on legislative analysis, teacher at Paulista University – UNIP at the Administration PPG and Co-ordinator of the Law department at the Escola de Negócios e Seguros (School of Business and Insurance) – ENS. Member of the Scientific Council of the Ibero-Latin American Committee of the International Association for Insurance Law – CILA/AIDA. Angelica is an advisor in the Brazilian section of AIDA. She is vice-president of the Brazilian Institute of Contract Law – IBCONT. She holds a post-Doc in Constitutional Law, Doctorate in Political and Economic Law, Doctorate in Education, Master's in Civil Law and Masters in Contemporary History and a Post-Graduate in Digital Law from ITS/UERJ.

Insurance within Incoterms® 2020

by

Margarida Lima Rego
Professor & Dean, Nova University

Incoterms® are sets of general, standardized contract clauses that have been codified, developed, and published under the aegis of the International Chamber of Commerce. The first edition came out in 1936, and the latest in 2020[1]. These are meant to form a part of international commodity sale and purchase agreements. They do not offer comprehensive templates for contracts and schedules – they merely regulate a few aspects of said contracts and leave others out. Nor do they govern the most significant parts of such contracts, as they exclude matters of high relevance, including pricing commodities.

They do however deal with matters arising from geographical distance between parties to a contract necessitating transportation of commodities from A to B. The clauses govern task assignment, risk apportionment, and costs associated with transportation and the physical delivery of goods, describing who does what, where and how one can determine that the seller has legally delivered commodities to the buyer, meaning, where and at which moment the risk of loss or damage to commodities is transferred from the seller to the buyer and, finally, who pays for what.

Incoterms® do not govern commodity transport contracts. These matters are regulated by two symmetrical series of ten articles, respectively identified as A1 to A10 and B1 to B10. For greater ease of reference, each set of contract clauses is identified by a series of three letters. The parties need merely to include those letters in their contracts to ensure that the entire set of clauses indicated by the three-letter references will form a part of the contract.

There are currently eleven rules or sets of Incoterms® clauses. From the most burdensome to the least so for the purchasing party: (1) *Ex Works*, at point of origin (place of delivery named), abbreviated EXW; (2) *Free Carrier*, (place of delivery named), abbreviated FCA; (3) *Free Alongside Ship* (port of shipping named), abbreviated FAS; (4) *Free On Board* (port of shipping named), abbreviated FOB; (5) *Carriage Paid To* (destination/place of delivery named), abbreviated CPT; (6) *Carriage and Insurance Paid To* (destination/place of delivery named), abbreviated CIP; (7) *Cost and Freight* (destination port named), abbreviated CFR; (8) *Cost, Insurance and Freight* (destination port named), abbreviated CIF; (9) *Delivered at Place* (destination named), abbreviated DAP; (10) *Delivered at Place Unloaded*, (destination named), abbreviated DPU; and (11) *Delivered Duty Paid* (destination named), abbreviated DDP.

All Incoterms® are compatible with cargo insurance. However, of the eleven rules only two establish a contractual obligation to enter into an insurance contract: CIP and CIF. This owes to the fact that, per the other nine rules, the party that decides to purchase insurance is the one bearing the risk of loss or damage to commodities. This means that buying insurance or not is their problem and they are free to choose. That does not only happen under CIP and CIF. These indicate that risk of loss or damage to commodities transfers from the selling to the purchasing party as soon as the commodities are delivered to the transporter (CIP) or shipped (CIF). However, not only must the selling party organize, contract, and pay for commodity transport to their destination but they must also purchase insurance to cover the risk of loss and damage to the commodities they ship. Given how, at that moment, risk has already been transferred, the insured under the policy of which the seller is the policyholder is actually the purchasing party, so this is a contract that benefits a third party. Where the party that needs protection is not the same as the party that must be protected, it is reasonable to create this contractual obligation requiring the purchase of an insurance policy.

Up to the 2010 edition, articles A5 of Incoterms® CIP and CIF demanded that the selling party obtain, at their own cost, cargo insurance compliant with the coverage indicated by the *Institute Cargo Clauses (C)* (or equivalent)[2]. Insurance had to cover at least the price on the contract plus 10%. And it must cover commodities from the point of origin to their final destination. The latest edition, Incoterms® 2020, introduced an important distinction between CIP and CIF rules. While CIF remained as it was, CIP now demands insurance with the kind of coverage stated on *Institute Cargo Clauses (A)* (or equivalent).

The main difference between the *Institute Cargo Clauses (A)* and *Institute Cargo Clauses (C)* becomes evident in their respective first clauses, which define what risks are covered. ICC A indicates all-risks insurance, thereby providing the widest possible range of coverage out of the three modes on the *Institute Cargo Clauses* (in addition to A and C, there is an intermediate mode, as one might expect: B).

So, under ICC A obligations, insurance must cover all risks of loss or damage to insured commodities except when such risk is named in an exclusion.

As to ICC C and ICC B, these touch on named perils insurance. In order to determine that certain damages are covered by insurance, it must be demonstrated that the claim fits into one of the risks or perils named in the wording, whereas in the previous mode the discovery of the root cause for the claim was of interest to the insurer, as they must demonstrate that the cause fits into any exclusion. ICC C rules are the mode presenting the shortest list of coverages. This is then the mode that grants the least amount of protection to the insured.

In short, until 2010, Incoterms® only mentioned the modality of *Institute Cargo Clauses* which offers the least degree of protection to the insured. The 2020 edition comes with a rule, CIP, which steps up prior demands including the acquisition of an insurance policy in compliance with the more robust modalities of the *Institute Cargo Clauses*.

Both modes, ICC A, and ICC C, have been given a stamp of approval by the International Chamber of Commerce, in a manner of speaking. ICC C has for example not been completely side-lined; C is still in demand when the parties choose CIF. This is however a significant change, pointing to a growing recognition of the importance of cargo insurance and an evolution of best market practice towards increased exigency on matters of insurance. People have mostly moved on from the mode formerly held up as the standard, as its insufficiencies under certain circumstances have become apparent. The subtext to Incoterms® 2020 is that if you now seek the highest standard of protection for commodities in transit you should go with ICC A. That will be the case, namely, on sales of costlier goods. For low-priced commodities, parties may still prefer ICC C.

1 Cf. https://iccwbo.org/resources-for-business/incoterms-rules/. Cf. also *Incoterms® 2020. ICC rules for the use of domestic and international trade terms*, © 2019 International Chamber of Commerce (ICC).

2 Cf. https://www.lmalloyds.com/LMA/Underwriting/Marine/JCC/JCC_Clauses_Project/Cargo_Clauses.aspx

Margarida Lima Rego

Is full professor at, and dean of NOVA School of Law, NOVA University, Lisbon, where she has lectured regularly since 2005. As an academic, she has taught different courses and published in a wide range of topics within Private Law, with a special focus on Contract Law. She is scientific coordinator of the School of Law's PhD Programme in Law and, until June 2022, she also coordinated its Master's in Law and Financial Markets, a degree that she co-founded in 2015. She is currently in charge of the courses of Law of Obligations and Hard Cases (undergraduate), she is the holder of the Jean Monnet Module in EU Insurance Law: Challenges in the SDG Era (master's), and is responsible for the seminars on Private Law (PhD). Margarida Lima Rego is an active researcher at CEDIS, the School's R&D Unit, where she founded and coordinates the NOVA Knowledge Centre for Data-Driven Law. Margarida's main areas of practice are civil and commercial law. She has been a member of the Board of Appeal of the European Supervisory Authorities since December 2021. Previously, she was Of Counsel to Morais Leitão, where she headed the insurance, reinsurance and pension funds cross-practice team, having left the firm in July 2019 to pursue her academic career on a full time basis. She is still an active legal consultant who is regularly sought on varied subject matters of Portuguese and Lusophone Law, having contributed to dispute resolutions before the courts of several jurisdictions in Europe, Africa and North and South America. Margarida was a member of the Portuguese Bar between 2002 and 2019. Current positions include: President of AIDA Portugal; member of the Executive Committee and Scientific Committee of AIDA Europe; of the Scientific Committee of CILA; of the Presidential Council of AIDA World. She's chairwoman of the Commercial Law and Practice Commission of the Portuguese chapter of the International Chamber of Commerce. She holds a Law Degree from Lisbon University, a MJur in European and Comparative Law, a MPhil in Contract Law from Oxford University and a PhD in Private Law from NOVA University.

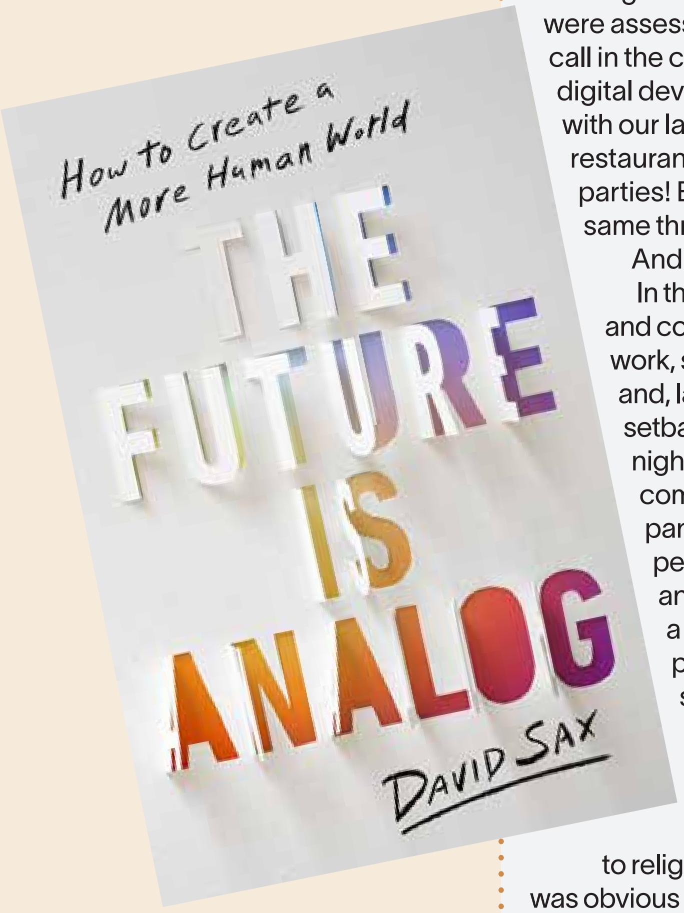
READINGS

This is a book about how mankind dreamt of a digital world but woke up realizing it could be a nightmare.

The Future is Analogue
how to create a more human world

David Sax

New York: PublicAffairs, 2022.
ISBN 978-1541701557



According to the author, up until 2020, we believed in the certitude of a digital future. This belief was based on a rapid innovation in digital technology that would eventually usher in an entirely new way of existing. We would live, work and play anywhere and have whatever we desired brought to our door with a flick of a finger. Conversations wouldn't be bound by space, ending divisions across borders, faith, creeds and colours. This future made possible by artificial intelligence, big data, mobile computing, the internet, electric cars, virtual reality, and blockchain, would make us happier, healthier, smarter and richer.

And then, along with the pandemic, our digital future arrived. One day we were dropping our kids off at school, heading into the office, going out to lunch, and the next we were assessing food supplies at home, taking a conference call in the closet and getting our kids to do school through digital devices. The new normal meant working from home with our laptops, ordering food instead of going to the restaurant, doing Zoom meetings and even Zoom cocktail parties! Each task was just another interaction on the same three screens: TV, laptop, phone.

And it was terrible, the author says.

In this book he takes us on a journey through the pros and cons of digital vs analogue, from the perspective of work, school, commerce, the city, culture, conversation and, last but not least, the soul. He highlights the setbacks of working from home all the time, the nightmare of virtual school, the transformation of commerce, the emptying of cities during the pandemic, culture manifestations limited to digital performances, and then shows us that there is another way of doing things; that true innovation in a city can be analogue. Such as a public library in a park or the unique feeling of going to a live concert, soaking in the mix of sound and smell - the feeling of getting people together that is simply unobtainable in digital form. Even conversations are different online, not creating the same empathy as when in person. And when it comes to religion, he notes, the power of the church's physicality was obvious when services resumed after the pandemic.

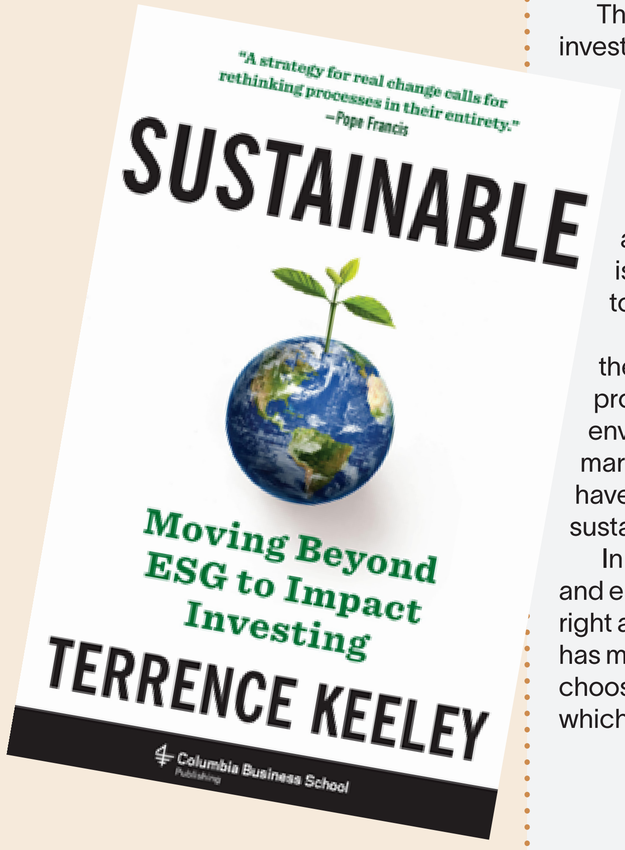
In the end, the author concludes that, no matter how remarkable the speed and transition to digital is and how digital our lives may become – digital still cannot wholly replace the physical world. As the book's title suggests, the future is analogue, because human beings are analogue, not digital.

This book analyses the promises and perils of ESG, providing insight into what the solutions may be.

Sustainable
moving beyond ESG to impact investing

Terrence Keeley

New York: Columbia University Press, 2022.
ISBN 978-0231206808



It seeks to add clarity and substance to the "stakeholder capitalism" debate. Today, there is a broad consensus that businesses should do more than look out for the financial interests of their shareholders. They have responsibilities to their employees, their suppliers, the communities in which they operate, and the environment.

It also attempts to demystify and elucidate the phenomenon of ESG investing, which is the newest, most sophisticated, and fastest-growing tool that the financial services industry has created to help solve the world's most pressing problems. If finance is going to be a crucial part of the solution instead of the problem, ESG investing has got to work.

Finally, the author highlights and drives home the principle of comparative advantage. A fundamental premise of the book is that finance and business have essential roles to play in fashioning more inclusive, sustainable growth, but they cannot and will not succeed on their own. If more inclusive, sustainable growth is, which the author believes it should be, the ultimate objective, then business and finance need regulators, public policies, private corporations, civil society, and individuals, to play specific, complementary roles. Comparative advantage helps us understand how to assign the right roles to the appropriate agents.

The book also mentions some of the challenges ESG investing faces, including the limited efficacy of the "cost-of-capital transmission mechanism," the risk of investment bubbles, the growing possibility of unwanted corporate activities shifting from public listed corporations to private or state-owned hands, gross capital miscalculation, and the dangerous obfuscation of the roles that regulatory and consumer behaviours play. If ESG is to deliver all that is being asked, explains the author, these perils all need to be addressed.

The final chapters of the book focus on solutions: the importance of civic society and several of the most promising investment techniques that produce better environmental and social outcomes whilst also producing market-related returns. It highlights a number of NGOs that have proven, scalable solutions for promoting more inclusive, sustainable growth as examples of hope.

In the end, concludes the author, solving our ongoing social and environmental challenges is a question of mobilizing the right amount and types of investment. Collectively, humanity has more than enough capital to solve all the problems we choose to address – it's a question of reallocating assets, which can both be easier and harder than it sounds.

This practical self-help guide aims to help readers optimize their performance when working in an intercultural environment.

Bridge the Culture Gaps
a toolkit for effective collaboration in the diverse, global workplace

Robert Gibson

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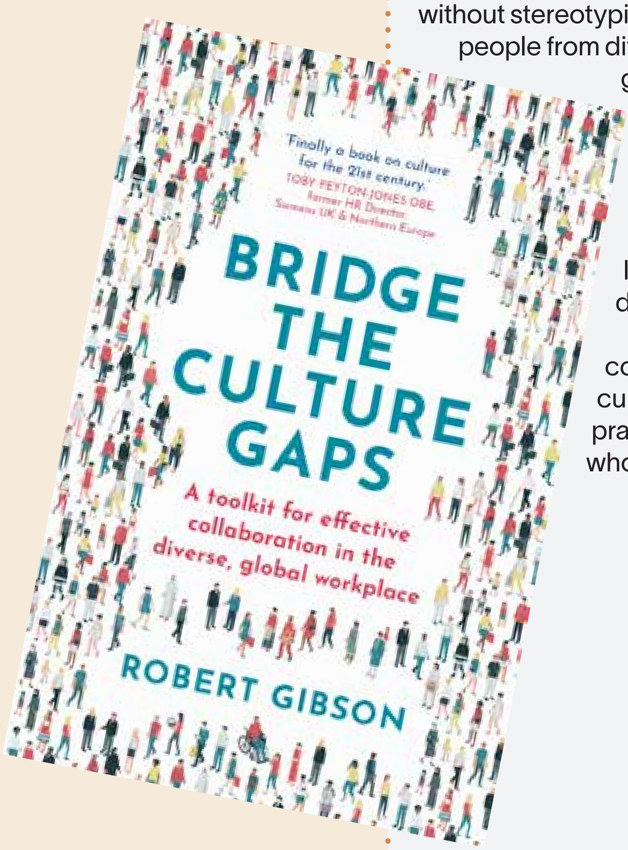

The purpose is to help them increase their awareness of differences but also to find new ways of using them to positive effect. It also helps readers understand the impact of culture and diversity on business, and to mitigate bias to help create an inclusive workplace, work more effectively in diverse, global teams and, finally, leverage difference for business success.

Culture, in a business context, is defined as a shared system of attitudes, beliefs, meanings, values and behaviour. More simply, "the way we do things around here". Working across cultures is highly complicated as the book highlights.

The author takes us on a journey through the many aspects of cultural differences and the difficulties they create when there is contact between different cultures. Each chapter begins with initial questions and exercises, and goes on to explain in depth. It covers the importance of cultural differences and the concept of being "interculturally competent"; the importance of diversity for international business when it comes to mitigating the negative effects of bias, and of talking about cultural differences without stereotyping. It looks at communicating effectively with people from different cultures; and the challenges faced by global teams that have to collaborate and how leadership styles differ across cultures. It also highlights how cultural factors' impact cross-borders mergers and acquisitions and the opportunities and risks of working abroad. Finally, it looks at the importance of learning how to cope effectively with cultural differences.

This guide shows very clearly the complexities involved in bridging gaps between cultures in a very simple, straight to the point and practical way. Certainly, a must-read to all those who work with and across different cultures.

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