

# News & Views

Marsh India Newsletter

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# Message from the CEO



Dear all,

I am pleased to share the latest issue of our Newsletter – News & Views, which provides an insight into the current developments during the quarter as well as a succinct review of the key facets surrounding the key risks, preparedness, and risk management solutions in India.

Despite the challenges of hardening rates and shrinkage in capacity, the insurance market in India has been resilient in the first half of the current financial year (April-September).

The growth momentum for the general insurance industry has continued so far in the current financial year (2022-23). According to the data published by the Insurance Regulatory Development Authority of India (IRDAI), during the April-August period the general insurance industry premium collection rose to INR 1.02 trillion, up 18.6% compared to the previous financial year. This was mainly aided by a strong growth from the standalone health insurers who recorded a growth of 27% on year in the same period.

In this edition of the Newsletter, we have tried to analyze the latest trends in the cyber insurance space and the latest commercial insurance price trend in Asia.

## Feature: State of Cyber Resilience

According our latest report, although 70% of the companies are confident of their cyber resilience, but nearly half (48%) admit that there is still room for improvement when it comes to cyber hygiene measures essential to managing cyber risks. The findings of the report suggest that Asian companies are not as well-prepared as they might think they are, with data showing the lack

of cybersecurity risk controls in place - a requirement for insurance programs.

## Feature: MMB People Risk Report 2022

The latest issue of the People Risk report indicates that cybersecurity and data privacy is now ranked as the top people-related risk by companies in India, followed by the risk of administration and fiduciary risks, and changing nature of work. The report, which surveyed over 2,500 human resources and risk professionals in 25 countries globally and includes data from over 600 respondents from Asia, showed that respondents in India have higher awareness of risks in areas include health and safety, governance and financial, accelerated digitization, talent practices, as well as environmental and social, compare with their global and Asia counterparts.

The current edition also includes the latest price trends of the commercial insurance market. According to Marsh's quarterly **Global Insurance Market Index (GIMI)** Asia's commercial insurance pricing rose by 3% year-on-year in the second quarter of 2022, as rate rise continue to moderate. The rise in rates is driven by financial and professional lines. Meanwhile, the global commercial insurance prices rose 9% in the same period marking the sixth consecutive quarter in which the pace of increase moderated.

**Marsh events are back!** Events play an important role in our engagement with clients. As the COVID-19 situation eased across the country, Marsh India re-started the in-person events after more than two years with the OPD report launch in September. This edition also captures some moments from the recently concluded events.

We aim to make this newsletter a forum for discussion on issues relevant to the insurance industry and hope you find it informative and insightful. We welcome your feedback and encourage you to share it with us.

Warm regards,

**Sanjay Kedia**  
Country Head and CEO  
Marsh India

# 64% of companies in Asia have been impacted by cyberattacks, privacy breach tops the list of cyber concerns: Marsh, Microsoft Survey

In Asia, nearly 7 in 10 companies are confident about their cyber resilience despite rapid digital transformation, rising number of cyberattacks, and increasing modes of cyber threats. However, nearly half (48%) admit that there is still room for improvement when it comes to cyber hygiene measures essential to managing cyber risks. This is according to a new report published today by Marsh in association with Microsoft Corp.

The report, [The State of Cyber Resilience](#), questioned over 660 cyber risk decision makers globally and analyses how cyber risk is viewed by various functions and executives in leading organisations, including cybersecurity and IT, risk management and insurance, finance, and executive leadership.

The report revealed that over 3 in 5 companies (64%) in Asia have been impacted by cyber attacks. Among various forms of cyber threats, nearly 7 in 10 respondents (68%) called out privacy breach as their top concern, followed by ransomware (58%). When asked about the reasons that put their organisations at risk of cyber attacks, over half (57%) of the respondents in Asia stated 'home and remote working', followed by 'personal devices or apps used by employees' (52%), 'use of cloud infrastructure and platforms' (46%) and 'customer-facing digital products, apps, eCommerce platforms used by their organisations' (46%). Our findings suggest that Asia companies are not as well-prepared as they might think they are, with data showing the lack of cybersecurity risk controls in place - a requirement for insurance programs.

"It is worrying to see that 1 in 3 of organisations in Asia do not have endpoint detection and this would place those organisations' potential insurability on the line. More than ever before, organisations need to place more emphasis on controls to help mitigate their cyber risks," said Faizal Janif, Head of Cyber Advisory Asia Pacific, Marsh Advisory.

Further, many organisations are still struggling to understand the risks posed by their vendors and digital supply chains as part of their cybersecurity strategies. Globally, only 36% of respondents stated that they have fully audited and verified the technical and operational measures taken by their vendors or supply chain. Asia businesses displayed higher levels of awareness of the risks associated with their vendors and digital supply chains, with

1 in 2 respondents (56%) conducting the full audit on their vendors or supply chain. stated that they have fully audited and verified the technical and operational measures taken by their vendors or supply chain. Asia businesses displayed higher levels of awareness of the risks associated with their vendors and digital supply chains, with 1 in 2 respondents (56%) conducting the full audit on their vendors or supply chain.

## Other findings from Asia include:

- Only 12% of companies quantify financial exposure to cyber risk, less than half the global average of 26% and the lowest among all geographies.
- Among the companies in Asia that do not measure cyber risk, 4 in 5 (80%) cited the lack of talent and over half (53%) thought lack of data was the reason.
- Companies in Asia tend to take a more passive approach when evaluating new technology for cyber risks. More than 1 in 3 respondents in Asia (35%) conduct the evaluation only when a cyberattack or incident has occurred, compared to 17% globally.
- Although 95% of cyber breaches are primarily caused by human error, 30% of respondents in Asia said their organisations do not currently have cybersecurity awareness and training.
- Compared to the global average (35%), companies in Asia (62%) place a stronger emphasis on conducting post-mortem incident review, resiliency study and business interruption valuation after a cyberattack in the past 12 months.

## Companies in Asia view cybersecurity and data privacy as top people-related risk: MMB People Risk Survey

According to a new report by Mercer Marsh Benefits (MMB), cybersecurity and data privacy is now ranked as the top people-related risk by companies in India, followed by the risk of administration and fiduciary risks, and changing nature of work.

MMB's report, People Risk: Resetting priorities to manage risks for workforce and business resilience, surveyed over 2,500 human resources and risk professionals in 25 countries globally and includes data from over 600 respondents from Asia. As well as analyzing the top 25 people risks, the report identifies the main barriers these organizations face in addressing these threats. The report showed that respondents in India have higher awareness of risks in areas include health and safety, governance and financial, accelerated digitization, talent practices, as well as environmental and social, compare with their global and Asia counterparts.

In line with Asia and global findings, employee health and well-being is now considered as the Top-5 people risk in India. Although 90% of organizations in India say they are currently addressing risks associated with employee health and wellbeing, only 55% of Indian firms report having effective policies, practices, environments and communication in place to support a culture of employee health and well-being. Cybersecurity and data privacy is the other top risk in India based on severity and intensity. However, only 57% of organizations in India say they have mitigation measures in place regarding cybersecurity policies, controls and support systems (such as multi-factor authentication, training, vendor management and/or data encryption). While this figure is low, it is significantly higher than found globally (44%) or across Asia as a whole (48%).

Rising costs amid economic uncertainty - along with greater scrutiny on governance of total rewards - have also brought administration and fiduciary risk to the fore as a top risk this year. While wage inflation and rising healthcare costs continue to put pressure on budgets, only 62% of companies in India believe they have an effective, articulated cost containment strategy encompassing plan design, health risk management, and insurance placement to manage short- to mid-term benefit costs.

Nearly 95% of cybersecurity issues are due to human error, so reskilling and upskilling needs to be prioritized to ensure employees are

keeping up with the technological development and changing world of work. A large part of human error can be attributed to employee burnout and fatigue due to ongoing pressure and anxiety caused by the pandemic, as well as antiquated systems and lack of proper cyber training.

The report also notes the changing nature of work has come to sharp focus along with the pandemic. New business challenges with regards to workforce management, inequities associated with flexible working, as well as technology adoption and growth mindset can be potential sources of risk. Against this backdrop, however, only 52% of respondents stated that they have effective policies and support systems in place to enable remote, hybrid or other flexible ways of working and have effective competitive employee value proposition which includes reward practices (54%).

Further, less than half (47%) have clear, transparent and measurable plans in place to advance DE&I and only 55% have effective policies, practices, environments and communication in place to support a culture of employee health and well-being.





# Asia Perspective: MMB People Risk Survey

According to report 48% of respondents in Asia believe that their organization has effective cybersecurity policies, controls and systems in place such as multi-factor authentication and data encryption.

Nearly half (45%) of respondents cited the 'lack of skilled resources to understand and address risks' as the main barrier to managing cyber risks. Further, while 76% of respondents in Asia stated that their organization is addressing HR technology obsolescence, fewer than half (45%) believe that they have suitable processes in place to manage digital-first benefits administration and talent management.

As parts of Asia continue to follow strict COVID-19 measures, respondents in the region still view pandemics as a top risk. Despite this, only 47% of respondents stated that they have effective policies and support systems in place to enable remote, hybrid or other flexible ways of working and support a culture of employee health, wellbeing and safety (46%).

Rising costs amid economic uncertainty - along with greater scrutiny on governance of total rewards - have also brought administration and fiduciary risk to the fore as a top risk this year.

While wage inflation and rising healthcare costs continue to put pressure on budgets, only 45% of companies in Asia believe they have an effective, articulated cost containment strategy in place for the next three years.



# Asia Composite Pricing up 3% in Q2 2022

Driven by financial and professional lines, Asia's commercial insurance pricing rose by 3% year-on-year in the second quarter of 2022, as rate rise continue to moderate, according to Marsh's quarterly **Global Insurance Market Index (GIMI)**. The global commercial insurance prices rose 9% in the same period marking the sixth consecutive quarter in which the pace of increase moderated.

Started in 2012, Marsh Global Insurance Market Index is a proprietary measure of the global commercial insurance premium pricing changes at renewal. It represents the world's major insurance markets and comprises nearly 90% of Marsh's premium.

Driven by cyber, Financial and professional lines pricing in Asia increased 13%, the same as in the prior quarter. In Singapore, prices increased by 24%, the largest pricing increase compared to 16% in the previous quarter. The cyber insurance market continued to be affected by hard market conditions, claims, systemic risk concerns, geopolitical tensions, and ransomware, which put upward pressure on rates. Insurers continued to manage cyber risk while growing their respective portfolios. We are still seeing rate increases averaging in the 25% to 50% range, and higher, including for loss free accounts with effective controls.

The average pricing increase for directors and officers (D&O) liability insurance ranged from 10% to 15%, with retentions stabilizing. For the financial institution (FI) sector, pricing increases began to moderate; however, insurers continued to cautiously manage capacity and retention levels.

Property pricing in Asia increased by moderate 2% in the quarter. This is the fifteenth consecutive quarter where the property insurance price recorded an increase in Asia, however, the moderation of price increases continued across the region, although the complexity of property programs, insurer capacity constraints, and a generally low level of competition continued to have an impact. Clients with poor loss histories generally experienced higher pricing increases. Clients with natural catastrophe risks continued to see pricing increases above the average.

Casualty pricing was flat, following increases of 2% in the prior two quarters. .

## Global Pricing -

Global commercial insurance prices rose by 9% in the second quarter of 2022. This was the nineteenth consecutive in which composite pricing rose, continuing the longest run of increases since the inception of the index in 2012. In the second quarter of 2022, a slower pace of increase in financial and professional lines contributed to a moderation of pricing in most geographies.

### Box Item - Key Trends:

- Pricing increased in all three major product lines - property, casualty and financial and professional liability - for the second quarter
- Property insurance pricing increased by 6%
- Casualty pricing increased by 6%
- Financial and professional liability rose by nearly 16%
- Geographically, composite pricing increased in all regions for the fifteenth consecutive quarter





# Marsh in the Media

**IRDAI's move to allow insurers to design new policies expected to bring in innovation**

**The Financial Express - May 16, 2022**

Sanjay Kedia, Country Head and CEO, Marsh India was quoted by the Financial Express, on the IRDAI's recent guideline allowing the general insurance companies to design new and customised products for dwellings, micro and small enterprises for fire and allied perils.

Welcoming the new guidelines, Sanjay said, it will provide more choice to the policyholders and allow product competition. He also added that the regulator should also allow insurance companies and intermediaries to bundle allied services to truly extend solutions to customers and not just insurance products. "A case in point is that already for Motor insurance allied services of Road Side Assistance is allowed to be sold along with insurance," Sanjay said.

[Read More](#)

**Cyber cover gets costlier on surge in attacks**

**Financial Chronicle - May 17, 2022**

Sanjay Kedia, Country Head and CEO, Marsh India was quoted by The Asian Age and Financial Chronicle, in an article titled, "Cyber cover gets costlier on surge in attacks". The article talks about the recent trends in the Indian cyber insurance market.

"Based on our experience from the recent April 1 renewals, we expect a further hike in premium rate as reinsurers are concerned with ransomware attacks and expect increased ransom payments going forward," Sanjay said.

[Read More](#)

**Insurance brokers explain why premium rates on term policies are skyrocketing**

**ETBFSI - May 19, 2022**

Sanjay Kedia, Country Head and CEO, Marsh India was quoted by the ETBFSI in an article titled, "Insurance brokers explain why premium rates on term policies are skyrocketing". The article explores the reasons behind increasing premiums for term life insurance policies.

According to Sanjay, given the life insurance market is strongly inter-linked with the global reinsurance despite the COVID situation improving in the last few months, the term life policies may continue to see hardening premium rates, however with fewer policy restrictions.

[Read More](#)

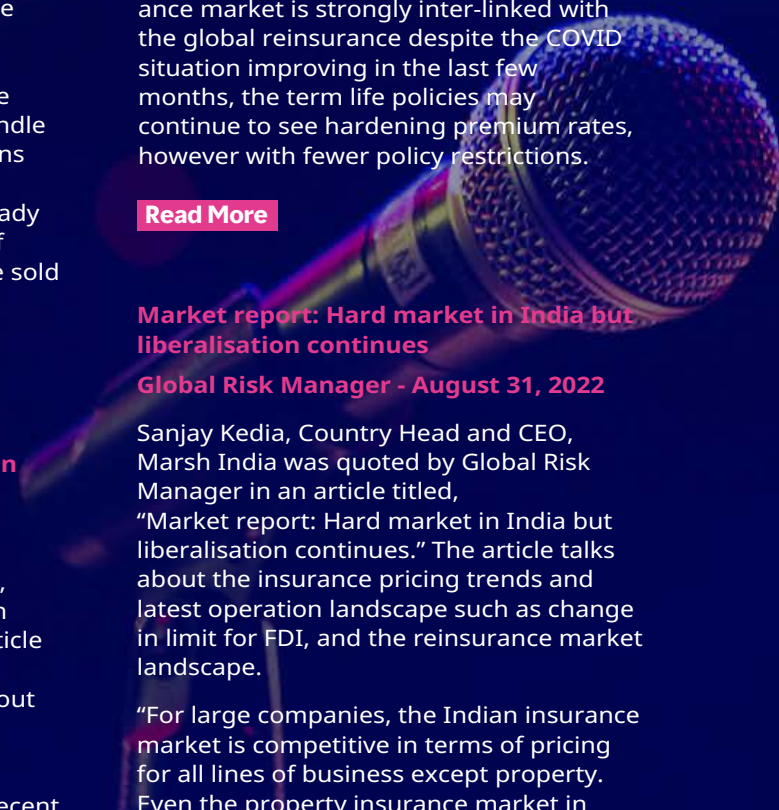
**Market report: Hard market in India but liberalisation continues**

**Global Risk Manager - August 31, 2022**

Sanjay Kedia, Country Head and CEO, Marsh India was quoted by Global Risk Manager in an article titled, "Market report: Hard market in India but liberalisation continues." The article talks about the insurance pricing trends and latest operation landscape such as change in limit for FDI, and the reinsurance market landscape.

"For large companies, the Indian insurance market is competitive in terms of pricing for all lines of business except property. Even the property insurance market in India was highly competitive till 2019. In 2019, the national reinsurer prescribed a minimum mandatory re-insurance price for the insurers to cede their risk in the treaty, which brought the fixed pricing regime back and made the Indian market behave like a tariff market. Consequently, the Indian insurance market has no price competition in the fire and engineering insurance line of business." Sanjay said.

[Read More](#)



# Marsh Events

## Marsh events are back!

Events play an important role in our engagement with clients. They allow us to understand our clients better, provide an avenue to share insights and experiences, and to further develop relationships. Marsh events often act as a platform to exchange ideas and feedback between clients and other stakeholders such as industry bodies and regulators.

As the COVID-19 situation eased across the country, Marsh India re-started the in-person events after more than two years with the OPD report launch in September.

Here are the snapshots:

## Paradigm shift in Insurance: Spotlight on OPD - Gurugram, September 19, 2022

Emerging trends like OPD solutions are increasingly becoming important for companies to adapt to the demands of a dynamic workforce and providing relevant and innovative benefits to them. Considering these aspects, Marsh India organised a seminar on "Paradigm shift in Insurance - Spotlight on OPD" to promote and assist clients on the emerging trends of OPD benefits.

The event was a grand success with clients across NCR attending the session.





## Paradigm shift in Insurance: Spotlight on OPD - Bengaluru, September 21, 2022

The second city to host the OPD Report launch was Bengaluru. This too was much appreciated and attended by leading risk managers and HR leaders from across companies based in Bengaluru.











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## About Marsh

A global leader in insurance broking and innovative risk management solutions, Marsh's 35,000 colleagues advise individual and commercial clients of all sizes in over 130 countries. Marsh is a wholly owned subsidiary of Marsh & McLennan Companies (NYSE: MMC), the leading global professional services firm in the areas of risk, strategy and people. With annual revenue over US\$15 billion and nearly 75,000 colleagues worldwide, MMC helps clients navigate an increasingly dynamic and complex environment through four market-leading firms. In addition to Marsh, MMC is the parent company of Guy Carpenter, Mercer, and Oliver Wyman. Follow Marsh on Twitter @MarshGlobal; LinkedIn; Facebook; and YouTube, or subscribe to BRINK.

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