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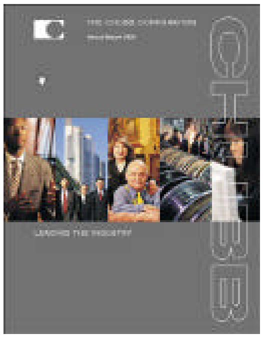
Chubb Announces Withdrawal From Indonesia

The major U.S. insurer "Chubb", made a formal announcement on May 5th of their intention to immediately withdraw from the Indonesian insurance market and go into run-off of existing policies effective June 1st 2003. This is sad news for the market in the light of the RSA withdrawal in 2001/2002, as any loss of international market capacity is a loss to the Indonesian market as a whole.



HIGHLIGHTS

- Chubb Announces Withdrawal From Indonesia
- Understanding Terrorism Exposures - Part Two
- Natural Disasters - Floods In Indonesia
- Shrinking Capacity For Marine Hull and Cargo Insurance in Indonesia
- Bermuda Reinsurance Capacity - A Solution For Indonesia ?
- New Labour Law And Regulations
- Are You A Kidnap Target ?
- Pressure Vessel Explosion - Is It Covered ?

Chubb started business in December 1998 and concentrated primarily on marine and liability risks. They were not a significant player in major capacity property risks but contributed both capacity and expertise in the special liabilities areas of D&O and Professional Indemnity.

Chubb, was of course, one of the companies who resisted entry into the earthquake pool recently and it could be assumed that this is a major contributing factor to their decision to leave Indonesia, although not an official one.

We sincerely hope that this trend does not continue. The advent of the AFTA agreement which technically came into effect in January 2003 should of course lower the cross border barriers and open up the market as a whole. Chubb's decision is counter to stated policy and this is a concern.

Understanding Terrorism Exposures - Part Two

Brian J. Dallamore, ACII - Technical Advisor - Reinsurance Services

In our last issue we set the scene on the standard cover afforded under the Munich Re wording and how the terrorism exclusion has been fundamentally expanded (i.e. lesser coverage) since the introduction of the NMA 2918/2920 clauses now included in all policies.

We were principally concerned about the untested and seemingly open-ended scope of these exclusions insofar as they could be applied to just about any event giving rise to a riot-related claim. The riots that occurred in Indonesia in 1998, would almost certainly be outside of policy cover now available, and there would seem to be a potential conflict between the very broad impact of the new clauses and the cover afforded under what was previously, the standard Indonesian war exclusion clauses, i.e. RSMD 4.1A plus civil commotion.

Since the new NMA 2918/2920 clauses were introduced, there has been some confusion for both ceding insurance companies and the insuring public alike as to the cover which is provided. In our opinion, the best way to sum this up is to say that if an act of riot or malicious damage is directed exclusively towards an insured party specifically and is not something which is wider in nature (e.g. anti-government protest, etc.) it is probably covered. If, however, the same act is general in its nature and affects more than the specific

insured party, then it is almost certainly not covered. Such acts are for insurance purposes deemed to be acts of Sabotage and Terrorism born out of the World Trade Center loss on September 11th 2001 in that they are politically or ideologically motivated.

The background of this area of exclusion was discussed in our February issue. This article is focused more on the availability of Sabotage and Terrorism cover in the global insurance markets to insure the risk described above. This is generally known as Political Risk Insurance although it is far from an accurate term since true political risk coverage includes many other risk areas which we are not particularly concerned with here.

What is now available?

Since the market difficulties have come into play, various specialist insurance carriers have emerged offering coverage for Sabotage and Terrorism losses, notably through the more technical underwriters such as Lloyds, AIU and Swiss Re, whose capacity is commonly found in the Asian region. The cover afforded by these policies is in nearly all cases following the London T3 policy wording, which seeks to fill-in the gap left by the property market exclusions. It is known by all to be S&T cover.

S&T cover provides tailor-made policy protection for loss or damage caused by person or persons unknown which is motivated by or carried out with political, religious or ideological intent. Cover is available for physical damage losses and business interruption arising therefrom up to significant capacity levels of US$400 million and above.
The main problem has been that it has been extremely expensive to buy, especially for Indonesian risks, and as such very little has been sold. There have, however, been many quotations given to interested parties over the past 2 years since this type of coverage was withdrawn from the commercial marketplace. The main driver for S&T insurance has come principally from lenders who have been understandably concerned about the increased exposure they have taken through withdrawal of S&T from commercial property policies. They have placed significant pressure on borrowers to buy coverage for assets assigned to banks and this has met with some resistance from the insureds, on the grounds of cost.

One problem and major weakness of S&T coverage has been the 30-day notice of cancellation included in such policies which allows the insurers to cancel coverage whenever the political temperature increases. There was evidence of this in the recent Bali bombing in October last year where some policies were given notice of insurers' intention to cancel. This reason alone has caused a number of policies not to be taken-up by the insuring public.

However, as the market begins to level off, which it is clearly now doing, the 30-day notice of cancellation clause has been steadily eroded away and full 12-month 'lock-in' coverage is now available. IBS Group sees this as a major improvement and an increased buying incentive. Equally, slightly more generous wordings are now available affording more flexible coverage than the somewhat restrictive "T3" which emerged in the London Insurance market immediately after the WTC loss.

As prices begin to come down (and there is every indication that they will) as the lack of take-up rate continues, these policies will become more affordable and can provide a very useful comfort factor for lenders and major asset owners alike.

*For further information, please contact **Brian Dallamore** at Reinsurance Group.*

Natural Disasters - Floods In Indonesia

Peter Phillips, CIP - Technical Advisor - Risk Services

The Sigma report always makes interesting reading and is produced annually by Swiss Re Group, with whom IBS Group has a particularly strong business relationship. The 2002 report is no exception.

In spite of the insurance market perception of 2002 as a difficult year, the cost to insurers of losses from natural catastrophes and man-made losses was below the 20-year average at US$ 13.5 billion. The number of such events recorded by Sigma for 2002 was 344 of which 130 were natural catastrophes and 214 man-made disasters. Natural disasters claimed more than 24,000 lives, over 4,000 of which died as a result of floods worldwide. Man-made disasters were responsible for 10,000 fatalities worldwide, with 7,300 people dying in transport-related accidents; the downside of increased mobility.

For those who like statistics, the level of insured losses in 2002 arising from man-made disasters was at US$ 2.1 billion, was well below the 15-year average of US$ 6.1 billion; the situation is reversed for natural disasters. Economic losses (as opposed to insured losses) were estimated at US$ 42 billion, again below the annual average.

Where did the natural catastrophe losses come from?

The answer, says Sigma, lies in the vast increase in flood exposure around the world. "Flood" they say "has long played a subordinate role in the insurance industry, rated far below earthquake and storms on the loss scale. However, a new reality has set in as insurers have had to contend with new loss records on an almost annual basis”. We know this only too well from the disastrous Jakarta floods of February 2002, where flood losses are estimated at over US$ 250 million. Floods are a burden on the economy representing 30% of the total economic losses over the past 30 years and on a par with those incurred by earthquakes and storms.

However, where flood is concerned, the economic losses far outstrip the insured losses due to low penetration of flood cover in the developing world, including Indonesia. Whilst this offers development potential for insurers, they would also be wise to brace themselves for increased future losses. The inter-governmental panel on climate change (IPCC) views an increase in the intensity of rainfall in the 21st century as “extremely likely in a lot of cases” based on observations and model simulations. There is little doubt that climate

change will influence the frequency and intensity of flooding in the new millennium. The exposure is aggregated by the concentration of insured values in highly-exposed areas in developed countries.

This leads on to one final and interesting statistic. In 2002, Asia accounted for 45% of recorded catastrophes but only 5% of insured losses. Sigma concludes that “the high proportion of insured losses in Europe and North America stem from their high insurance densities. At the same time, the low number of victims are proof of the effectiveness of personal protection and rescue measures. In developing countries, unfortunately, the reverse is true, where the low percentage of insured losses indicates that little cover is economically available, whereas the large number of victims indicate a lack of disaster control.” This represents a real challenge for insurers, risk managers and governments in developing countries, Indonesia included.

Hopefully Indonesia has been spared flood disasters this time around as we approach the end of the rainy season but undoubtedly more effective town planning, land utilisation and flood mitigation measures are required to avert a recurrence of the 2002 floods and their adverse effect on the Indonesian economy.

*For further information, please contact **Peter Phillips** at Risk Services Group.*

Shrinking Capacity For Marine Hull and Cargo Insurance in Indonesia

James White, ACII - Technical Advisor - Risk Services - Marine

2003 has seen further reductions in quality underwriting capacity for marine hull and cargo risks within the Indonesian insurance market. 2002 started badly with the withdrawal of Royal and Sun Alliance (RSA), a major player in the marine cargo market and one of the leading joint venture insurers here in Indonesia for many years. The market now has the withdrawal of Chubb (PT Asuransi Chubb Indonesia) with effect from June 1st 2003 and so a further loss of quality security and strong marine cargo expertise. Although Chubb has a smaller operation than many other joint venture insurers (Allianz, AIG or Zurich for example), they do write a sizable marine cargo book and so their withdrawal does further limit choice for the customer and potentially reduce competitive pressure within the joint venture market for marine cargo business.

In addition to the loss of Chubb and RSA, the marine cargo market has seen a tightening of underwriting capacity and standards from the overseas reinsurers that have historically given Indonesian insurers much of their capacity. Many more restrictions have been set as far as types of cargo, quality of vessels used for shipment and scope of coverage given. This has made it harder for the local insurers to offer terms that would have been the norm only 2 years ago.

Given that a very high proportion of capacity for local insurers is generated through reinsurance (often 90% to 95% of a risk is reinsured), the local insurers have little control over the terms (e.g. premium and deductibles) offered. Singapore, in particular, controls a great deal of reinsurance for Indonesian insurers and there is currently little sign that they will allow rates to reduce or cover to broaden.

The remaining players for marine cargo insurance are few and even fewer for marine hull insurance. For cargo, IBS Group believes there are roughly five joint venture insurers with sufficient capacity that are willing to offer competitive terms and just 5 local insurers that have sufficient reinsurance support. For hull, the choice is even more restricted.

Although joint venture insurers have traditionally not written hull business, many local insurers are now reducing their involvement in this class of business. Some have simply stopped writing business due to the poor loss ratios and generally deteriorating quality of Indonesian vessels. These include Asuransi Bintang and Sinar Mas as recent examples.

The result of less capacity is less competition and so higher rates and more restrictive cover. This is being seen in particular in the hull market where rate rises of 50% are not uncommon in addition to reduced cover (often total loss only for vessels over 20 years old) and higher deductibles. The cargo market has also seen rates and deductibles rise, but not on the scale of hull business. This is partly due to the fact that many local insurers can offer cargo cover as often the sums insured per vessel are low and so no reinsurance is required.

This does have the general effect of ensuring that the market remains competitive.

To achieve the best possible deals in terms of price, coverage and security, IBS Group has devoted significant resources in a number of ways. The Marine Division of IBS Group now has 12 dedicated staff handling nothing but marine cargo and hull business for over 100 customers. IBS Group have a placing (‘broking’) team of 7 people, including an expatriate technical advisor and 2 senior staff recruited from underwriting positions within joint venture insurers. Our claims team has 4 dedicated staff, 2 of whom have been recruited from marine claims management positions within joint venture insurers.

A recent valuable addition to the team is a marine surveyor who will work with both the broking and claims teams. He will work on risk management programmes for customers, survey claims and assist in negotiation with loss adjusters. In addition, he will also provide valuable risk information when discussing rating, coverage and deductibles to insurers.

*For further information, please contact **James White** at Marine Group.*

Bermuda Reinsurance Capacity - A Solution For Indonesia ?

Gregory K.McCoy, AFF.AII - Technical Adviser - Risk Services

In the continual search for new or additional insurance capacity during this current hard market cycle, much attention has been focused on the new Property reinsurance capacity that has developed recently in the Bermuda market,

a traditional source of treaty, catastrophe and specialty reinsurance support for Captive Insurance Companies established in the tax-friendly environment.

Following September 11th 2001 attacks and the restriction in capacity and hardening of terms in the following December reinsurance renewals, a number of major insurers (and even some brokers) established new reinsurance underwriting arms in Bermuda, to take advantage of the demand for increased facultative (non-treaty, per-risk reinsurance) capacity at heavily increased rating levels. Indeed, some leading Lloyds of London syndicates also joined the party, including Wellington, Goshawk and Catlin.

But how exactly is this capacity being utilized and can it be of benefit to our Indonesian clients?

The facultative/direct primary markets in Bermuda are basically Allied World Assurance Company or AWAC, a joint venture between major North American insurers American International Group and Chubb Group, who can provide up to US$ 5 million primary layer capacity, as well as Everest Re Group who can provide up to US$ 10 million primary layer capacity (although more likely only US$ 5 million for risks located in Asia/Indonesia).

Together, AWAC and Everest Re currently like to offer primary layers for U.S.A risks of around US$ 5 million, but will consider both smaller layers and as high as US$ 10 million layers on occasion, including 100% limits for Catastrophe Perils, generally with flood and earthquake aggregated. The Insurers will provide capacity both on an all risks basis but also for catastrophe perils only, something which may be of assistance to our Indonesian clients when considering the implications of the new Earthquake Insurance Pool, discussed in the February IBSNEWS.

The Excess of Loss market in Bermuda is also very active. ACE Insurance Bermuda (with their own Bermuda capacity of US$ 50 million) and Montpelier Re (with USD50 million but say US$ 25 million outside the U.S.) generally participate in layers well above normal primary levels, however, there are a number of underwriters prepared to participate in the layers immediately above the primary layers of US$ 5–10 million discussed earlier, also in various ways, be it specific Catastrophe Perils Only, Quota Share or Excess of Loss.

In total, the Bermuda Property market offers about US$ 25 million primary facultative capacity, US$ 250 million quota share and about US$ 300 million excess of loss capacity in all risks as well as catastrophe perils only.

To date, this capacity has been provided mainly to U.S. risks only and for this reason underwriters, AWAC and Everest Re included, are looking to supplement their business with risks outside of the U.S., to better spread their risk and avoid accumulation problems.

As European risks rarely fetch similarly high premiums, underwriters in Bermuda are looking at risks in Asia to generate income. So far, they have taken large slices of risks in Taiwan, Thailand, Vietnam, Hong Kong (and other areas of China) away from the London and European markets and are still looking for other sources of business that are available.

However, the problem lies in the pricing required by these underwriters and their willingness to release this capacity for Indonesian risks. Whilst premium rates have increased dramatically in the Asia region and particularly Indonesia, the increases have been consistent across the globe. Reinsurers are therefore able to obtain similar premium rates for their capacity in countries perceived as subject to less hazardous catastrophe peril risk than Indonesia, such as Korea, Thailand and Vietnam, for example. Why commit capacity to higher risk areas when similar premiums can be obtained elsewhere?

Further, minimum prices required by the Bermuda market make the capacity attractive only to very large and hazardous risks, with large premium spends. With the professional quota share and excess of loss reinsurance markets operating out of Singapore and Hong Kong still offering more competitive terms for all risks coverage, the Asian regional underwriters remain the most comprehensive and cost-effective markets for medium-to-large Indonesian risks.

What Bermuda may offer is a risk transfer option for the increasingly difficult catastrophe perils market, particularly with the very large increase in self-insurance now borne by clients for earthquake, volcanic eruption and tsunami risk under the new Earthquake Insurance Pool regulations.

IBS Group will continue to test the Bermuda market as an alternative source of competitive capacity for our clients, as well as investigating alternative markets and forms of program structure to reduce costs.

*For further information, please contact **Greg McCoy** at Risk Services Group.*

New Labour Law and Regulations

Sonny S.C. Cheah, MBA, FCII - Technical Advisor - Healthcare Management

One of the major flaws in the "KEPMEN 150" regulation lay in the perception that it was unfairly weighted towards one party. The employers felt it was too generous in terms of increased benefits for retrenchment and retirement and inequitable in relation to voluntary resignations and dismissal for wrongdoing. The employees, on the other hand, felt the benefits were not adequate to meet their future needs.

As a result, the government decided to table a new manpower bill, which became law in March 2003 (UU/13/2003) and effectively repealed KEPMEN 150/2000. The major features of the legislation are:

- an increase in retirement and severance benefits
- additional compensation to employees whose company already has a pension fund, provided their pension fund is less than the statutory requirement
- provision to restructure pension fund arrangements to comply with the new manpower bill
- reduction in employers' financial obligations to employees in event of voluntary resignation

Many employers now realize that in order to avoid future shortfall, they need a prudent financial instrument to fund their obligations. IBS Healthcare Management has been busy developing a number of options to help employers meet these obligations. One option is to establish a savings plan to match the defined benefits under the law. It is vital that contribution levels are carefully designed and regularly reviewed to match benefits payable at maturity. Traditional defined contribution plans do not meet this need. It is also important to ensure that tax issues are taken into consideration in developing a suitable programme.

*For further information and details of the specific scales and benefits, please contact **Nanny Nusalim**, who heads this specialist Employee Benefit team at Healthcare Management Group.*

Are You A Kidnap Target ?

Every so often, the media report a threat to kidnap a rich and famous celebrity. The alleged plot to kidnap Victoria Beckham was the most recent. Some such reports are just tabloid hype, but others are genuine, and real fear exists. It is not, therefore, surprising that more and more executives, celebrities, sportsmen and other people in the public eye are asking themselves and their organizations whether they might become a target.

Internationally, in the currently unsettled political climate, kidnap remains a dangerous threat, and presents a serious risk for individuals who need to travel to high-risk areas. Traditionally, South America has been regarded as a high-risk area for kidnap and extortion. Now, many countries in Africa, South East Asia and Eastern Europe are also on the list.

Kidnap is an extraordinarily dangerous and complex offence. There are high levels of risk at the time of capture, and at later stages if hostage takers have underestimated the difficulty of holding captives for protracted periods, or have been careless in allowing their faces to be seen by their victims. The release process may also heighten kidnappers' tension. The resulting risk of death or serious injury is extremely high.

Given these dangers and the saturation levels of media coverage, not to say sensationalism, that kidnappings attract, it is understandable that people from certain professions, or those who happen to occupy high profile roles, have become concerned. Knowing that a general level of risk of kidnap exists is one thing, but assessing the real level of threat to an individual or to a group representing a company, is another.

Security consultants have a role in providing pragmatic, contemporaneous and bespoke advice to clients without creating unnecessary anxiety. The underpinning philosophy must always be that the protective measures must be less intimidating than the threat. 'Do not go out, have guards around you at all times and avoid public places after dark' is not a strategy for risk reduction; it is an unrealistic recipe for creating a recluse.

Risk assessment is almost a cliché in the world of security, but nevertheless remains the fundamental basis on which any protective risk reduction plan should be constructed. Effective risk assessment requires a continuing survey of the subjects, set against the geographical, social and political environments in which they are required to live and work.

Protective measures, which are not founded on a thorough and continuing assessment of the risk profile of an individual, group or organization, are at best likely to be a waste of money and at worst may actually heighten the real risk.

An individual's role within an organization often generates most risk. Modern business operates on a global scale, and business travel is a part of modern commercial life. Although an executive may seem to be the original 'anonymous suit', leading a quiet and unprovocative commercial life, once away from the office, he may perhaps attend contentious sporting or social events, or be involved with political groups that attract radical opposition. Even charitable contributions to religious causes have been used to identify potential targets. There are many other activities that can elevate the risk profile.

Risk Management can help to reduce an executive's profile and determine what protective measures might be put in place. Often individuals themselves can modify their behaviour in ways that will significantly reduce risk. This collaborative approach is essential in ensuring the client believes in, and takes ownership of, any protection scheme. The approach seldom needs to be dramatically life-changing, but it should make the client feel, and be, more secure.

For clients assessed to be at high risk, prevention measures need to be tailored to fit the lifestyle and to be as discrete as possible. Apart from the latest technology-driven defensive measures that can be considered, detailed forensic profiles of those at high risk can be constructed. For high risk subjects, DNA profiles are obtained.

But the role of risk management should not end there. Advice on surviving any attempt at hostage taking should be provided. It should encompass the initial danger of the seizure, through to the techniques for surviving protracted detention and dealing with release.

Source: Strategic Risk by Roy Ramm

*The IBS Financial Services Group provides Kidnap & Ransom insurance to Indonesia's leading executives. For further information, please contact **Greg McCoy** at Financial Services Group.*

Pressure Vessel Explosion - Is It Covered ?

Jacob Kosasih, Bsc, AAIK - President Director - Risk Services

Part of the hard market phenomena has been greater emphasis on the part of some reinsurers regarding policy cover, especially where claims are concerned. In the past, reinsurers tended to be more flexible when it came to interpretation of the policy, something previously left to issuing insurers who drew-up the contract. The opinion of the insurer as to whether or not cover applied was sacrosanct. This is no longer the case and the advent of the reinsurers control of claims via 'claims cooperation' and/or 'claims control clauses' as part of the reinsurance contract is now very much commonplace.

IBS Group is concerned about this development since reinsurers are in a position to greatly influence the process of claims without being a party to the underlying insurance contract and often operate not within the same jurisdiction as the policy under which a direct insurer is negotiating a loss. This remoteness from the claim process can and often does lead to fundamental problems in communication between the insurer and the insured. Reinsurers do of course have reasonable rights that need to be respected. However, the principle of 'follow the fortunes of the underlying policy' may become overly prejudiced and needs careful consideration.

Take for example, the issue of pressure vessel explosion and its treatment in the Indonesian insurance market. Given the fact that unlike Singapore, Malaysia and those other territories based on the UK Basic Fire Form, the Indonesian Standard Fire policy has for many years given full explosion cover to all insured property including pressure vessels. The UK wording, however, limits explosion cover to domestic boilers only i.e. non-industrial items of plant.

The problem arises in interpreting the cover given under all risk policies which have grown out of the underlying Standard Fire policy form. Whereas the normal perils policy actually defines its intent to cover all pressure vessel explosion risks the all-risks form does not. It merely states that it covers all physical loss or damage unless otherwise excluded. In the Indonesian insurance market, we all understand what is intended here. The all risks form is an expansion of the Fire Form and not a lesser coverage compared to what is provided under the standard Indonesian fire policy.

Potential problems have been reflected in the way claims for these types of losses have been dealt with in Indonesia and supported by reinsurers both in Indonesia and abroad in the past. You will not find specific pressure vessel explosion covers in this market as you do elsewhere. There is no need for them given the scope of cover afforded under the standard fire policy and all-risk policies used in Indonesia.

However, in the new and stricter insurance market environment, some overseas reinsurers are failing to differentiate between Indonesian market practice and that of other insurance markets. There is a tendency to apply policy interpretation under the UK form or that prevailing in continental Europe, which is that standard policies do not extend to pressure vessel explosion of non-domestic boilers etc. For that matter, neither do breakdown insurers who see pressure vessel explosion as not forming part of their cover. When the control of claim lies with the reinsurer, this can lead to a very difficult situation for local insurers who have a legal liability to pay claims within the interpretation given to them under Indonesian jurisdiction. Not so with reinsurers. The consequences are obvious.

Despite the difficult market conditions, IBS Group believes it is essential that reinsurers keep within the spirit of their contracts and continue to treat their cedants interpretation of the covers issued by them as the basis of the reinsurance contract.

We will keep you further advised as the situation develops.

*For further information, please contact **Jacob Kosasih** at Risk Services Group.*

Industry Updates

Quake Risk For Jakarta "Very High". In the event of a strong earthquake with its epicenter near Jakarta, the damage to buildings and resulting casualties would be far worse than in cities such as Tokyo or Vancouver, a report from the Agency for the Assessment and Application of Technology (BPPT) shows.The Global Earthquake Safety Initiative (GESI) report shows that in terms of "potential for buildings to kill people in a strong earthquake", Jakarta's risk-rating was "very high". Jakarta ranked 11th out of the 21 earthquake-prone cities surveyed around the world (No.1 the most dangerous, 21 the safest), with Tokyo at 18 and Vancouver at 20. The Jakarta Post, May 23.

Southeast Asia a likely target for new terror attack. A new terrorist attack in Southeast Asia in the coming months is a real possibility, analysts warn, as a fresh worldwide campaign by militant Islamic groups appears to be underway. Asian-based groups such as Jamaah Islamiyah (JI) are poised to strike again, the analyst say. "It is almost certain that there will be more attacks in Asia – it's happened before, in Bali, so why shouldn't it happen again? … I think that without question there will be more attacks in Indonesia – JI is far from hurt by the arrest of the suspected Bali bombers… " Dr. Andrew Tan of the Institute of Defence and Strategic Studies in Singapore. The Jakarta Post, May 21.

New Swiss Re publication describes terrorism risks and insurability post September 11th 2001 . Swiss Re today launched "Terrorism risks in property insurance and their insurability after September 11th 2001", a brochure aimed at identifying the perimeters of terrorism, assessing risk related to terrorism, how risk has changed and how the risk community is dealing with those changes. This latest publication in Swiss Re's Risk Perception Series also compares the insurability of terrorism before and after September 11th 2001, and demonstrates a global perspective of the initiatives and schemes taken by various countries. Swiss Re Press, May 20.

Singapore insurers 'wary' of Sars cover. Companies in Singapore affected by the spread of severe acute respiratory syndrome (Sars) could face difficulties when making insurance claims. A report in the Strait Times has suggested the "business interruption" clause in a number of policies does not include infectious diseases, making it difficult for firms affected by the virus to recover lost funds. BBC News, May 16.

Swiss Re appeals brief details Silverstein's concocted case to cover his error of underinsuring the World Trade Center Complex for a maximum payout of $3.5 billion. In a brief filed today with the United States Court of Appeals for the Second Circuit, Swiss Re provides detailed, unequivocal evidence not previously presented to the public that within 24 hours after the tragic loss of nearly 2,800 lives, World Trade Center leaseholder Larry Silverstein developed plans to spin the facts for the sole purpose of maximizing his personal financial gain. With the aid of his lawyers and his publicist, Silverstein, within several days of the disaster, determined that the best way to benefit financially was to attempt to rewrite the history of the WTC insurance placement in order to seek double the insurance recovery. Swiss Re Press, Feb 4.

For further information about any of the articles or to learn more about IBS Group expertise & services, please contact IBSNEWS@ibsrisk.com or call the authors at +62 21 515 3131.

IBS Group is Indonesia's largest and leading Risk Services provider, delivering the country's only truly integrated insurance and risk management service capability. With more than 25 years of experience, **IBS Group** provides competitive and comprehensive insurance protection, risk solutions and claims management to the highest international standards, delivered through 5 operating companies: Risk Services, Risk Management Services, Reinsurance Services, Healthcare Management and Technology.

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"If I had my way I would write the word insurance above the doors of cottages of every public man because I am convinced for sacrifices small, families and estates can be protected against catastrophes which may otherwise smash them up forever. It is our duty to arrest this ghastly waste."

Winston Churchill