

November 2021

Howden Insight



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About Howden:

Howden's broking operations in the UAE were established in 2008, when Howden Broking Group acquired a local broker and started its operations as Howden Insurance Brokers. In 2019, we reinforced our position in Abu Dhabi with the acquisition of Guardian Insurance Brokers, who have great reputation and market presence built over 22 years.

Today, we are a team of 140+ in the UAE. We have developed a formidable reputation as one of the leading independent brokers, assisting corporations and individuals. We have offices in Dubai & Abu Dhabi, and DIFC

We believe that an approach based on specialized teams with real industry insight is the key driver for innovative solutions and quality client service.

In short, our teams operate in your world.
We know your sector and speak your language.



Message from the editor's team

The excitement of our first issue...

Dear clients, business partners and colleagues,

We are pleased to present to you our very first edition of HOWDEN Insight UAE magazine.

We hope you will enjoy reading it and learn more about us and our different activities. To make your experience even better: please reach out to us and let us know your opinion and suggestions.

We would like to thank all our colleagues who helped to make Howden Insights first Issue, we could not have done it without your great support and enthusiasm.

Everyone has a voice at Howden. We are a dynamic group with a 'people first' philosophy, having its employees at its heart.

Together, we deliver the best service to our clients.

Sincerely,

Howden Insight Editorial Team

To contact us : enquiries@howdenuae.com

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Message from the regional CEO

Atınc Yılmaz
Howden Regional
CEO, Turkey, The
Middle East
and Africa

Howden- A challenger broker



I am very pleased to launch this inaugural edition of Howden Insight in the UAE.

More than ever, the insurance industry needs a credible broking challenger, and we believe we are just that. We have spent over 27 years building a group with a unique story to tell. One where entrepreneurship meets expertise and where culture is built on attracting and nurturing people with shared values and mindset. We now operate in more than 90 countries around the world with a premium volume of \$23bn and have positioned ourselves as one of the top 3 brokers in the region.

With the momentum we built over the last 4+ years, we are now emerging as a viable and sustainable alternative for our clients both in the UAE and in the TMEA region. I am also pleased to see that we are continuously attracting top talents from the industry.

Our independence lets us to move fast while making decisions for the long-term. We are 35% employee owned. This encourages long-term

thinking and acting, and it creates a culture of entrepreneurship that makes Howden a place where our people are driven to deliver for our clients, take responsibility for results and stay passionate about what they do.

We offer the best of both worlds. We have the creativity, flexibility and swift decision-making of a boutique specialist insurance broker with the global leverage of a major international insurance corporation. All that is guided by one – rather straightforward - philosophy: “we are here to serve our clients”.

I am proud of what we have achieved. We created unique risk solutions, programs, and facilities for a wide range of industries and risk classes.

Howden Insight gives you an overview of our business. And...it will not just be a one-time endeavor; we are going to publish this magazine quarterly, highlighting the things we do.

Message from the UAE CEO

Sajith Kumar
Howden
UAE CEO

A Moment of Opportunity



I started this exciting journey with Howden in 2018 and am glad that we have been attracting and developing wonderful talents. I can see that Howden has reached its defining moment in UAE. We are ready to play the role which the market, our clients, our people, and insurers want us to play.

All this has been achieved because we never lost sight of our values:

- 1. Proudly Independent:** As a strong employee-owned company, we have all the independence to deliver what is right for the client with full conviction and passion.
- 2. People First:** We have seen repeatedly that when we give our teams the space to perform and the support to grow, our clients reap the rewards.
- 3. Expertise and technology:** Risks are getting more complex every day. Our investment in technology allows us to make data-driven

decisions and our specialist teams have the global resources to manage even the most challenging risks.

4. Committed to simplicity: Our business is run by subject-matter experts focused on getting the right solutions to our clients. We go out of our way to provide an experience free of needless complexity – just the advice you need in a language you understand.

As a team our commitment to you is that we give you much more than just ‘the transaction.’ Whether this is ongoing ad hoc advice, thought leadership, claims advice or management support; we will ensure that you benefit from an initiative-taking broker service.

I am pleased to launch this inaugural edition of Howden Insight and look forward to staying in touch with you through this platform.



Aston Lark joins Howden to create a standout, full-spectrum British broker with unrivalled reach and access

Howden, the international insurance broking group, has announced that it has reached agreement to acquire Aston Lark from Goldman Sachs Asset Management and Bowmark Capital. Aston Lark is one of the UK's leading, independent, specialist complex commercial and private client brokers. The deal is subject to regulatory approval.

The highly complementary union completes Howden's UK broking business, with Aston Lark joining A-Plan Group and Howden UK to create a full-service broker unrivalled in its quality, scale and reach in the UK.

The transaction marks Howden's largest acquisition to date and creates a UK business managing over £6bn of gross written premium for more than 1.7 million policyholders who are served by over 5,000 employees from 160 locations in the UK and Ireland.

Aston Lark is one of the UK's largest independent insurance brokers specialising in complex commercial and private client insurance and employee benefit advice, placing over £1bn of gross written premiums for 200,000 clients, on behalf of the UK's leading insurers.

The partnership will enable Howden to build on its 27-year history of building leading positions across markets by partnering with independent, high-quality, high-growth businesses with a large employee shareholder base, a shared entrepreneurial culture and an ambitious but long-term and sustainable approach to growth.



Howden acquires Bermudian broker Forum

Acquisition offers clients on-island expertise and cements Howden's commitment to Bermuda. Howden, the international insurance broker, today announced the acquisition of Forum Brokerage Ltd., an independent (re)insurance broker based in Hamilton, Bermuda. This acquisition affirms Howden's commitment to the Bermudian market and provides clients with access to an expert team made up entirely of Bermudian nationals.

Forum is an independent (re)insurance broker that provides speciality brokerage services in Casualty, Energy, Professional Lines, Construction, Product Recall, Property and Healthcare lines predominantly to Fortune 1000 US clients requiring access to the Bermudian market. Forum complements Howden's existing expertise, distribution and product range, and offers clients a team of industry veterans with deep experience in the Bermudian market.

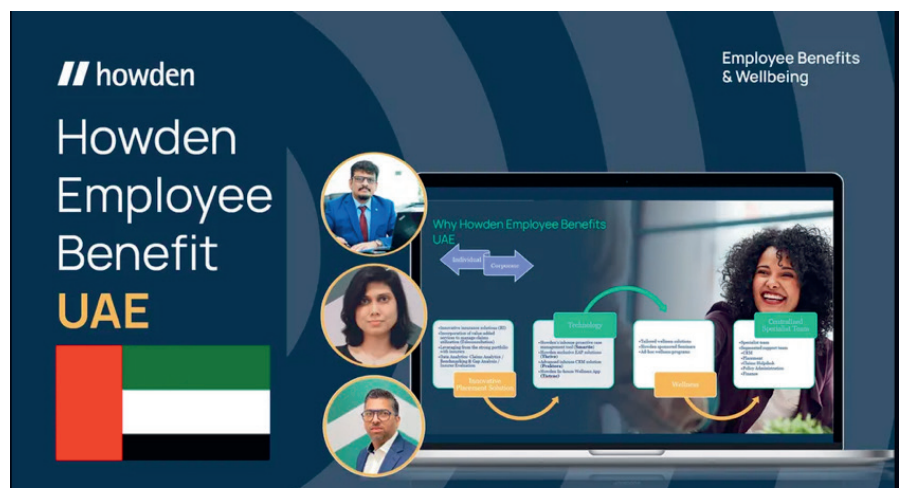
Paul Redgate, Deputy Chair, Howden Specialty, said: "Forum joining us reaffirms our strategy of giving clients access to all key markets via our global insurance market hubs. By providing clients with a significant on-the-ground presence

in Bermuda, this acquisition also underscores Howden's commitment to the Bermudian market by investing in on-island expertise to enhance our client offering and to build a leading position in the world's leading (re)insurance markets."

The acquisition of Forum reflects Howden's on-going strategy to deliver smartly optimised (re)insurance programmes that are tailored to clients' commercial priorities supported by strong hub offices in the world's major insurance and reinsurance markets. Forum's strong relationships with key markets in Bermuda will translate into solutions that are expertly adapted to clients' commercial, cultural and operational needs.

Robert Stubbs, President, Forum, said: "As part of Howden, our clients will benefit from the talent, product expertise and data & analytics capability of Howden's global speciality offering, enabling our company to deliver ever more advanced risk solutions to our clients. In Howden we have found a place which shares our values, allowing us to grow and to continue to focus on the client centricity and innovation for which we are known in the Bermudian market. "

Howden UAE Employee Benefits Spotlight



In 4 October, the Howden UAE Employee Benefits Spotlight webinar took place. Sajith Kumar, Garima Verma, and Quinton Menezes held an interesting talk, pointing out that the employee benefits landscape and the world of work have undergone unprecedented change. As a result, those responsible for global employee benefits within multinational businesses find themselves facing a wide range of challenges.

This session provided an in-depth look at the Employee Benefits trends and insights in the UAE, including:

- Introduction to our UAE business
- Key trends & challenges
- How COVID is impacting the UAE
- How our UAE team can support your Employee Benefit enquiries

SUSTAINABILITY: HOWDEN'S PARTICIPATION AT THE WORLD CLIMATE SUMMIT



Howden will bring together leading voices in the public, private and charity sectors to explore alternative methods of financing disaster relief projects at COP26 event

Howden, the international insurance broker, has announced its plans to drive forward the use of innovative financing models to help plug the c\$20bn* disaster relief funding gap by bringing the discussion to the fore at the 'World Climate Summit – the Investment COP' ('World Climate Summit' / 'the Summit').

Howden is an official partner of the World Climate Summit (7th - 8th November 2021), one of the industry events organised alongside COP26. At the Summit, Howden Group CEO, David Howden, presented the case for creating sustainable business models that provide more funding, more quickly and efficiently, and that can be applied to all kinds of disaster relief projects.

In his keynote address, David Howden shared his thoughts on how, by adapting existing models to respond



More details about howden's participation at the world climate summit

Howden is a partner to the official COP26 side event, World Climate Summit – The Investment COP, which took place in Glasgow from 7th – 8th November 2021. On 7th November at 11:30am (UK time), Howden Group CEO, David Howden, delivered a keynote speech ahead of the insurance industry panel session on the topic of investing for resilience. On 8th November at 10am (UK time), Howden hosted a panel session and group discussion session exploring the role of insurance and capital markets in addressing the disaster relief funding gap.

to emerging challenges, the insurance industry has the power to create markets that drive climate action and increase resilience in an increasingly volatile world.

Earlier this year, Howden collaborated with the Danish Red Cross and others on the world's first volcano catastrophe bond. Under this new model, humanitarian aid funds are raised in advance and stretch up to 20 times further than traditional funding methods, whilst offering



uncorrelated returns for investors.

Should any of the 10 named volcanoes covered under the bond erupt within the next three years, up to \$3 million will be released immediately to the Danish Red Cross. No time is lost assessing the cost of recovery; as soon as the parametric triggers are hit, the pre-agreed funds are released.

Charlie Langdale, Head of Climate Risk and Resilience at Howden, explains: "We're seeing a dramatic increase in the frequency and severity of climate-triggered disasters, and traditional forms of disaster relief financing simply can't keep pace. We believe the answer to plugging the funding gap lies in creating scalable, sustainable markets for funding disaster response by unlocking private capital for social good."

The Howden team also hosted discussion between leading voices from humanitarian organisations and experts from the public and private sector to explore the full potential this new model must transform the way disaster relief is funded.



Howden explains: "There is a lot of focus on the role of financial institutions in the climate resilience conversation, but comparatively little on the insurance industry. Insurance tends to come into focus in two principal areas: picking up the pieces after a disaster has happened, and the debate around whether insurers should continue to underwrite business for carbon intensive industries.

"What is missing in this conversation, and what our industry must get better at promoting, is the role insurance has to play in helping society to build resilience against climate risk. Whether that is by removing the financial barriers to sustainable energy projects; leveraging our data and risk modelling capabilities to help clients, industries and countries to better address emerging risks; or by transforming the way disaster relief is funded."

*Source: United Nations Office for the Coordination of Humanitarian Affairs' Financial Tracking Service.

P&I CLUB FINANCES AND 2022 RENEWALS, WHAT TO EXPECT?



**Bozidar
Ljubisavljevic**
Howden Regional
Marine Practice
Leader – TMEA

Zero. That was the cumulative US\$ total amount that was added to International Group Clubs' free reserves in 2020/21.

This outcome is significantly worse than many recent years, stretching back to the last time the P&I market had a significant and prolonged rate hardening some 20 years ago.



Insurance markets go through cycles, and it is rather unfortunate that in some cases the can had been kicked down the road for so long, resulting in what will likely be termed as “unavoidable” renewal directions by many P&I Clubs once renewal increases start being announced for 2022/23 P&I renewals.

We look forward to hopefully reading the Clubs’ succinct and transparently articulated positions ahead of 2022/23 P&I renewals. Shipowners may end up being disappointed with the explanations offered, and there are likely to be more ‘why’ questions raised at this renewal than in many previous years.

The usual reasons of churn, investment results (which have been a savior for Clubs this year), solvency, Brexit etc. will likely all come up. Ultimately - loss creep, several large claims, and increased contributions to the risk-sharing pool (claims between \$10m and \$100m) are all going to be cited this year as reasons for rises.

2021 CLUB FINANCES

We present numbers across all International Group P&I Clubs below. Following this client advisor, customized per-club analysis will be sent to our clients in the weeks to follow, as pre-prep for 2022 renewals.

2022 RENEWAL OUTLOOK

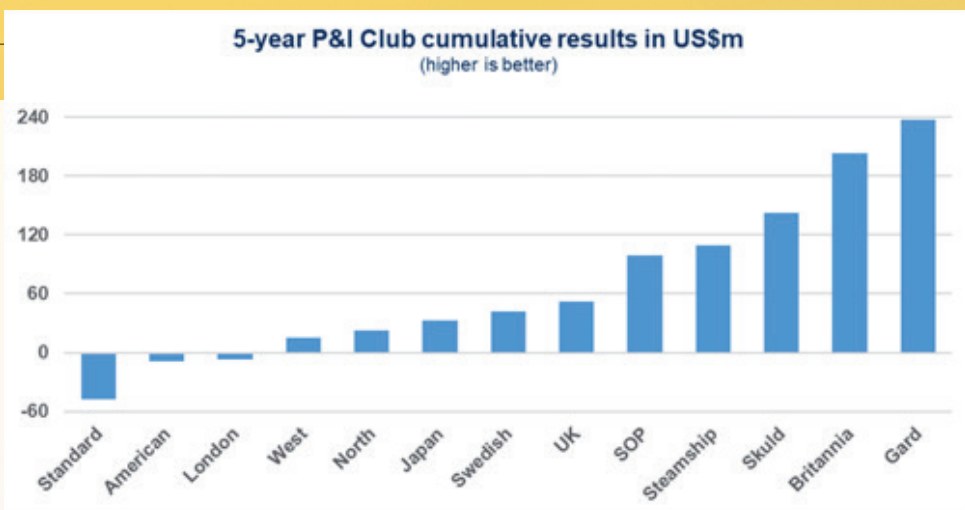
Expectations are for rate and deductible rises, which for many clubs are likely to be applied more firmly than in previous years.

Renewal direction announcements are likely to be grouped into 3 tiers. Those clubs that have opted for ‘individual assessment’ in the past will also fall in one of these tiers:

- The financially strong clubs that can afford to have minimal rises.
- Mid-table clubs genuinely needing a rise after a ‘hit’ last year, and with mid-year results not looking promising.
- Those whose financial resilience is significantly at risk.

Shipowners looking to review their P&I Club strategy may wish to ask the following questions:

- Do the P&I Club’s finances indicate



that the Club continues to be financially resilient, or are there worrying trends appearing?

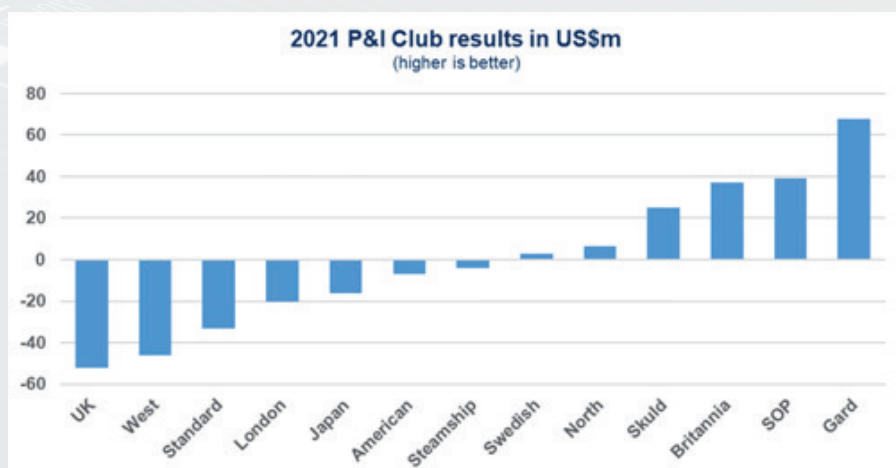
- Does the renewal offer make sense, how is deductible inflation managed and what might a 3-year premium direction look like? To what extent are each of these answers impacted by the Club’s short-term financial results?
- Has the club changed its attitude towards managing claims?
- Do the claims executives work in agreement as the assured and do they provide the right level of operational support?
- Is there continuity of underwriting and claims teams?
- Should the company think ahead towards a 2nd or 3rd Club to hedge cost impact and benchmark service.

WHAT’S NEXT

General increases will begin to be announced shortly.

The excess of loss reinsurance contract is also up for renewal this year, and it is almost certain that reinsurance rates will increase given the reinsurance program is coming off a long-term agreement.

Owners should also look-out for sub-limits relating to cyber risk (already sub-limited this year by most P&I clubs in respect of non-mutual parts of cover), and the introduction of a sub-limit in respect of transmissible disease risk.



HOWDEN UAE CYBER MARKET UPDATE

With increasing media headlines spotlighting cyber breaches around the world, it is rare to find an executive today who does not express concern about cyber risk. As a result, more companies than ever are assessing cyber insurance as an integral part of their cyber risk management strategy. However, the times of a surplus in cyber insurance capacity, low premiums and flexible cyber insurance terms and conditions are over. This market update will offer insights and commentary to the UAE cyber insurance landscape, reviewing the latest exposures to businesses, focusing on:

1. **Cyber Security**
2. **Regulation**
3. **Ransomware**
4. **Capacity Restrictions**

It's not a secret that cyber (re)insurers have entered a crossroads whereby they are weighing the delicate balance of growth against discipline in the face of surging claims and deteriorating profitability. It is evident that cyber-attacks are becoming more sophisticated and are perceived to be more lucrative than in the past. There has been a shift from rogue individual hackers to organized criminal gangs and possibly military units at the forefront of recent high level cyber-attacks. Thus, (re)insurers are now expecting the insured to have a minimum control system in place to even be able to obtain any form of cyber insurance.

SECURITY

The importance of being prepared for a cyber-attack cannot be overstated. Unfortunately, no matter how safe your cyber security is, this does not guarantee safety from all cyber security threats. Nevertheless, you can make sure that robust strategies are in place to respond to an attack.

Minimum requirements to obtain cyber insurance are now becoming



more rigorous with the inclusion of multifactor authentication for all remote access, implementation of ransomware and phishing training across the company and a strong patch management process being just some of the latest required minimum cyber security measures. However, these should not be considered as just a prerequisite to obtain insurance solely, but rather a way to ensure cybersecurity is adequately addressed across board level.

As previously discussed, companies with inadequate cyber security hygiene are not obtaining cyber insurance terms, yet this does not necessarily mean that having average cyber security hygiene is enough. Companies that only have average cyber security hygiene are not only still exposing themselves to disproportionate impacts to cyber-attacks but also to more punitive terms from (re)insurers.

REGULATION

Data laws, and data privacy are being addressed more rigorously across the Middle East with the influence of international best practices now becoming forefront in the region.

In the wake of recent developments in English case law and substantial recent fines for British Airways and Marriott for data breaches under the GDPR, the UAE is one territory which is addressing regulation of data law.

The introduction of the UAE Data Law is part of the first of such projects announced. This new law is the first UAE federal law to be drafted in partnership with major technology companies. The new UAE Data Law is intended to empower individuals to control how their personal data is used, stored, and shared to protect privacy of individuals and institutions and limit entities' use of personal data for profit.





RANSOMWARE AFFECTING PREMIUMS

The cyber insurance market is going through uncertain times that require serious retrospection, with one such action being the sharp increase of costs for cyber insurance renewal premium.

Globally, ransomware attacks alone have risen by an astonishing 715% in 2020 (Macintosh HD:Users:Share d:dd:4work:Bitdefender-PR-Whitepaper-AugustConnect-creat4699-en_EN:Bitdefender-PR-Whitepaper-AugustConnect-creat4699-en_EN.indd). With the lucrative reward available from successfully implementing malware, ransomware has become the go-to mechanism for threat actors in terms of generating profit.

With around 40% of all cyber risk ceded to the reinsurance market, the dynamics of the cyber insurance market are inextricably linked to the behaviors of their reinsurance partners.

Globally, (re)insurance companies are seeing ransomware attacks as the significant driving force of claims within the cyber market and, as a result, are enforcing both ransomware sub-limits and co-insurance to address the rising claims affecting their portfolio. However, this is not enough, as the damage via their net claims have already been sustained. Thus, the need to increase premiums in addition to ensure that money is pooled to pay for potential cyber insurance claims is a necessity.

CAPACITY RESTRICTION

Certain capacity providers are addressing how they deploy capacity, due to changes in treaty terms, changes in underwriting guidelines, and because capacity providers feel that the rates are still misaligned from the required

minimum premiums. As a result, there have been movements in how risks are structured from top to bottom.

Appetite for new business among carriers is next to nothing as underwriters hone their focus on remediating their existing books and keep one eye on their underwriting budget for the year.

There continues to be a noticeable reduction in capacity as several carriers have either withdrawn from writing cyber in certain regions or closed cyber altogether as it is seen as an unprofitable line. Those that remain have implemented a more disciplined approach to underwriting and international carriers are increasingly dictated to by global mandates from their headquarters, including not writing primary cyber insurance.

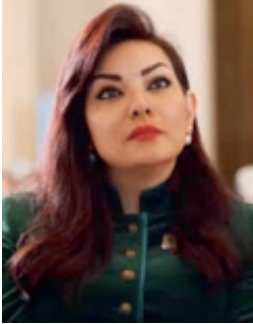
The placement process is now taking much longer to finalise, particularly for larger risks due to market wide changes in appetite, terms and conditions provided as well as constant global updates on cyber-attacks on companies worldwide.

CONCLUSION

Re-underwriting measures have gone much further than purely rate in this cyber remediation drive, with carriers pushing for improved cyber hygiene at insureds to obtain coverage. To negate through this hardening market a holistic approach to consistently improving cybersecurity measures is paramount. We can help organize cyber security education training, phishing awareness training and cyber security workshops. Furthermore, we can provide experts within incident response management, IT forensics, legal resources, public relations and more.

Our aim is to free people and businesses from the financial and mental burden of risk. To properly do this, you need tailored insurance, risk planning and claims support, from people who know your sector inside out. We employ a structured process to each placement and subsequent renewal based on three fundamental stages: plan, execute, review. We will agree objectives and develop a strategy for achievement; we will design a placement and product and dedicate our resources to delivering it to you. Finally, we will critically review the process and results achieved with you to refine the approach for subsequent renewals.

A PERSONAL TESTIMONIAL FROM THE UAE: **SUSTAINABILITY MATTERS!**



By Rasha
Moukayed
Managing Director
at Guardian
Insurance Brokers,
Abu Dhabi



People often believe sustainability is about recycling and renewable energy, but it's much more than that; it's about meeting the needs of today without compromising the next generation's future and quality of life. Our sustainability strategy started in 2008 by putting people first and sponsoring young talent and offering them careers in the insurance industry. We also initiated

a paper-free environment throughout the office by using automation more effectively.

Since the acquisition of Guardian in 2019 I am fortunate to work with the Howden Broking Group leadership and its sustainable business model inspired by making a positive difference in the world. The three pillars of sustainability—economic, social, and governance or ESG—are also known

as profit, planet, and people. To sustain our business, we have a strong ESG strategy, driven by talented people with strong governing values. We are a purpose-driven company with a strong connection with our customers. We do a lot for our UAE community, and we attract and retain the best talent. In the process, we achieve greater results and impact on our people, community, and environment.

An integrated and transformational leadership style encourages creativity and innovation. This is important in competitive environments where it is important to be able to quickly bring new products and services to the market.

We believe companies that lead with purpose and build around it can achieve loyalty, consistency, and relevance in the lives of customers and employees. The role of leadership is crucial to build sustainability by example and authenticity. Rather than simply talking the talk, leaders must also walk the walk by being transparent and accountable for everything we do. The leadership team must communicate the purpose, known as the mission statement, as well as the core values. We have witnessed many incidents of organizations misleading their people and not following through on their promises. A few years ago, I heard a comment from a peer that the organization's Code of Conduct is simply a document with no value. This is no longer the case. Internal policies are aligned with the mission of the organization, and it are communicated to all our people. The policies are reviewed and updated based on the changes in regulations and requirements of the leadership team. The Code of Conduct is now part of our DNA that unites our people.

To retain and attract talent, we put humans at the center of all decisions. Organizations leading with purpose often occupy a meaningful place in the hearts and minds of all people they touch. As a result, putting people first serves as the soil from which everything else grows, influencing and fueling life throughout the organization. We don't just say it—we embrace it. This was demonstrated when we decided to close the office early to foster a healthy environment during the Covid-19 pandemic. It is also shown through our strong diversity and inclusion (D&I) strategy. We have 13 nationalities and half of our employees are women. Like an orchestra, we complement each other through diverse sets of skills and knowledge. To strengthen our D&I strategy, we quarterly host culture days to understand the heritage, traditions, and cuisine of our colleagues. Learning and development plays a fundamental

role in the career growth of our people as they continue offering innovative solutions to manage risk, delivering on the promise to “guard and guide” our stakeholders based on “utmost good faith,” the main principle of insurance.

Guardian is one of the insurance brokers in the Emirate of Abu Dhabi to receive ADNOC's In-Country Value (ICV) certificate for social and environmental contribution. Several of our people volunteered to support front-liners during COVID-19. Another example: we went kayaking in a mangrove swamp in Abu Dhabi to plant trees in support of our ESG strategy (team building, supporting wellbeing, and protecting the environment) as part of the Group Global Giving Week 2021. The team's effort will save 5,565 pounds of carbon during the lifetime of the trees. We continue making a difference to our people, our community, and the environment, and nothing feels better than serving a worthy cause.

Also, Guardian is officially a plastic-free and smoke-free environment; energy and water efficient (using LED and natural light and filtered instead of bottled water); and 95% paper-free. Part of our waste management strategy is recycling electronics and energy. We capture and analyze energy usage data to evaluate its impact on the environment, such as a carbon emission report for all the flights booked for employees.

Overall: Why wait for the right moment when you can create it - Crescendo!



CONNECTED TO MORE

We go the extra mile to solve the most difficult challenges for our clients

We provide a range of specialist insurance solutions to clients around the world.

We combine the strength of a global business with the personal touch of a group with employee ownership at its heart.


It's our business, so delivering the best solutions for our clients is personal to us.



Controlling over
USD \$23bn*
premium
*including
HowdenOne

15,000+
professionals

90+
territories
with Howden One
partners



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