

THE  
FULLCOVER

**TEMPORARILY  
CLOSED**  
DUE TO COVID-19  
PANDEMIC

# THE FULLCOVER

Breaking boundaries  
in risk and insurance

## Director

**José Manuel Fonseca**

Editor in Chief

**Paula Rios**

Associate Editor

**Susana Neiva**

Copy Editor

**Carla Gonçalves**

Design Coordination

**Rodrigo Esteves**

Advertising

**Liliana Baptista**

Content Associates

**Ana Santos**

**Carla Alves**

**Kauê Garcia**

**Luciana Gonçalves**

**Mariana Carravilla**

## Title

**The FULLCOVER**

Edition Number

**#14**

Publisher

**MDS Group**

Place of Publication

**Porto**

Date of Publication

**May 2021**

Circulation

**3500**

Design

**www.studiodobra.com**

Printing & Finishing

**Lidergraf Sustainable Printing**

Legal Deposit

**374241/14**

ISSN

**2184-1136**

## Contributors

**Adriana Thom Zimmermann**

**Adriano Campos Henriques**

**Alessandro De Felice**

**Alex Wise**

**Ana Isabel Pedroso**

**André Augusto Pfuetzenreiter**

**Ant Gould**

**António Gameiro Marques**

**Ariel Couto**

**Bernardo Pires de Lima**

**Berta Cunha**

**Carlos Ferreira Quick**

**Carlos Moreno**

**Carlos Suárez**

**Cristina Casalinho**

**Devadas Krishnadas**

**Edoardo Leusciatti**

**Enrique Schoch**

**Graça Pais**

**Helena Tapp Barroso**

**Henry Bexson**

**Jeroen Kuiper**

**João Alvalá**

**João Duque**

**João Rangel Vieira**

**John Donald**

**Jorge Luzzi**

**Jorge Magalhães Correia**

**Jorge M. Machado**

**Jose Luis Escrivá**

**Jose Núñez**

**Julian Boffa**

**Laurent Montador**

**Lino Santos**

**Ludovic Subran**

**Luiz Rizzo Vicente**

**Magda Cocco**

**Marcopolo**

**Marília Frias**

**Mathew Bianchi**

**Miguel Abecasis**

**Nick Hedley**

**Nuno Figueiredo**

**Paolo Marini**

**Patricia McCarthy da Cunha**

**Patrick Chan**

**Paula Covey**

**Paulo Palha**

**Pedro Pinhal**

**Paulo Pereira**

**Pedro Simas**

**Philip Lobatto**

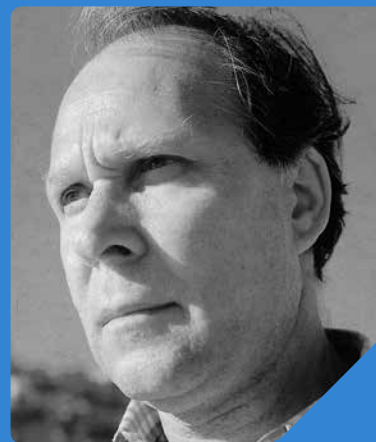
**Philip Smaje**

**Poppy Jaman**

**Ralph Mucerino**

**Santiago Arechaga**

**Sheldon Kenton**



Eugénio de Andrade, Porto, 1954. Photo by A. Lopes Fernandes  
©Fundação Eugénio de Andrade. In the book Eugénio de Andrade: o amigo mais íntimo do sol. Coordination by José da Cruz Santos

**Eugénio de Andrade** (1923–2005) is one of the greatest names of 20th century Portuguese poetry. Philosopher and essayist Eduardo Lourenço describes his work as the first poetry of our poetry. Portuguese Nobel laureate José Saramago says that Andrade's poetic oeuvre, essentially lyrical, is a poetry of the body, a body with the potential of light, continually purified, that seeks out the word as a means of ascension and Marguerite Yourcenar compares his poetry to Bach's musical composition a well tempered clavier.

Andrade's poetry has received a number of national and international awards, with 55 of his works translated into over 20 languages.

Among the dozens of books he has had published, some in particular stand out, including *As Mãos e os Frutos* (1948), *Os Amantes sem Dinheiro* (1950), *As Palavras Interditas* (1951), *Ostinato Rigore* (1964), *Escrita da Terra* (1974), *Matéria Solar* (1980), *Rente ao dizer* (1992), *Ofício da paciência* (1994), *O Sal da Língua* (1995) and *Os Lugares do Lume* (1998).

Editor's Note: The poem Waiting is a translation by Alexis Levitin, from FORBIDDEN WORDS, copyright © 2003 by Eugénio de Andrade, translation © 2003 by Alexis Levitin. Reprinted by permission of New Directions Publishing Corp.

30

**Pandemic  
and corporate  
wellbeing**

*by* Paolo Marini

6

**Jorge Magalhães Correia**

A titan of the Portuguese market

38

**Credit and  
political  
risk today**

*Talking with*  
Nick Hedley

46

**Dossier – Sick New World**

Geopolitics & Economics

Medicine & Health • Cities & Urbanism

Aviation • Cyber • Insurance

143

**SRB Brokerslink  
in Switzerland**

174

**Retirement,  
so what?**

*Talking with* Ralph Mucerino



## Editorial

If you've ever read Astérix, then you'll certainly remember how often the fearless Gauls mentioned their one single fear: that the sky would fall on their heads. The sky did fall on our heads in 2020, with the blow coming in the guise of Covid-19. A year on, we have still barely understood and processed this pandemic which has destroyed millions of lives. It has attacked the human body, wrecked ways of life, annihilated jobs, impacted mental health, and cast a shadow over hope in the future. To better understand this phenomenon, we are providing you with a 360° overview of the cross-cutting impacts that have befallen our lives: from the way we work and relate to each other in private and public spaces to the struggle for reinvention within industries such as aviation. From doctors to scientists, from economists to geopolitics experts, and many more, we bring you views on pandemic management and the consequences thereof, such as the search for a more restrained form of capitalism where human beings regain their proper worth. But life kept going, despite everything that happened in 2020, something underlined by our interview with Jorge Magalhães Correia, Chairman of Fidelidade, the leading insurer in Portugal. He discusses the Group's evolution and its unique contribution to the market, which did not stop for the pandemic. It is still too early to understand the full ramifications of the Covid-19 pandemic, but one thing is certain — you can't bring back the pre-pandemic world. I, like many others, think we have an opportunity to create a new world - a more sustainable, fairer one, a place of increased solidarity. The question is, can we as human beings take that step forward? Plunged as we are into an unprecedented global crisis, any answer to this question can only be speculative at this point. However, knowledge of the issues on the table will certainly afford a deeper understanding of what is at stake. And our contribution to widening understanding is through this new FULLCOVER issue. Once the heavy clouds in this sky that has fallen on our heads disperse, and we get to see the sunshine anew, then, and only then, perhaps we can remove our masks — and look forward to finally “reopening”.

**José Manuel Fonseca**  
**MDS Group CEO**



AN INSURANCE COMPANY  
THAT PROTECTS ITS EMPLOYEES  
AND YOUR BUSINESS?

NOW WE'RE  
TALKING MAPFRE.

 MAPFRE Business Insurance Solutions

MAPFRE is present in over 100 countries across 5 continents.  
And for every company, we have a product that's a perfect fit.

Talk to your insurance broker or access [mapfre.com.br](http://mapfre.com.br)



**MAPFRE**

Your trusted global insurance company.



# Do you have what you need to navigate a complex world? You can.

AIG's multinational capabilities go beyond insurance, helping you achieve your risk and contract certainty objectives. Our global network of over 215 territories is backed by over 500 dedicated multinational experts. In every country you do business, you can count on expert local knowledge and insights. Our innovative technology and unique solutions unlock benefits like expert program design, streamlined process, and global visibility of your claims trends. And our service is unmatched. Let's get your AIG multinational program going. Visit [www.AIG.com/multinational](http://www.AIG.com/multinational)



AIG Europe S.A., é uma Companhia de Seguros com o número R.C.S de Luxemburgo B 218806 com sede em 35D de Avenue John F. Kennedy, L-1855, Luxemburgo, <http://www.aig.lu/>. AIG Europe, S.A. está autorizada por Ministère des Finances de Luxemburgo e é supervisionada por Commissariat aux Assurances cuja direcção é 7, boulevard Joseph II, L-1840 Luxemburgo, GD de Luxemburgo, Tel.: (+352) 22 69 11 - 1, [caa@caa.lu](http://www.caa.lu/), <http://www.caa.lu/>. AIG Europe S.A. Sucursal em Portugal, com sede na Av. da Liberdade, 151-Piso 5, 1250-140, Lisboa, registada na CRC de Lisboa sob o número 980609089, registada e autorizada ao exercício da atividade na Autoridade de Supervisão de Seguros e Fundos de Pensões sob o n.º 1200 cujos contactos são Av. da República, 76, 1600-205 Lisboa \* Telefone: (351) 21 790 51 00 \* Fax: (351) 21 795 85 68 \*, [tp://www.asf.com.pt](http://www.asf.com.pt).

## CONTENTS

### 06 **Jorge Magalhães Correia**

Interview with the chairman of Fidelidade, the leading insurer in Portugal



### 01 **Editorial**

*by* José Manuel Fonseca



### 32 **Renewable energy risks**

*by* Adriana Thom Zimmermann & André Augusto Pfuetzenreiter, RCG

### 36 **Pandemic heats up the insurance market**

*by* Carlos Ferreira Quick, Pottencial

### 38 **Credit and political risk today**

*with* Nick Hedley, Ascent Underwriting



### 26 **Customer journey going digital**

*by* Philip Lobatto & Jeroen Kuiper, Microsoft

### 30 **Pandemic boosts corporate wellbeing**

*by* Paolo Marini, Zurich



## CONTENTS

# 46 Dossier Sick New World

### Geopolitics & Economics

- 48 **Post-Covid Transitions**  
Bernardo Pires de Lima
- 52 **Coping with Covid**  
Devadas Krishnadas
- 54 **The case of developed economies**  
Cristina Casalinho
- 57 **Governance in a time of pandemic**  
*in conversation with* José Luis Escrivá
- 60 **Catastrophe falls on a fragile Europe**  
João Duque
- 62 **A new social contract**  
Ludovic Subran
- 64 **WEF - The great reset initiative**

### Medicine & Health

- 70 **Coronavirus pandemic - doctors' view**  
*with* Pedro Simas, Adriano Campos  
Henriques & Ana Isabel Pedroso
- 76 **Tackling the next emergency**  
Miguel Abecasis
- 78 **High speed vaccine**  
Luiz Rizzo Vicente
- 80 **Mental Health - a new business priority**  
Poppy Jaman
- 82 **Insurers' Roundtable -  
Building back stronger**  
*with* Paula Covey, Santiago Arechaga  
& Sheldon Kenton

### Cities & Urbanism

- 88 **Climate, covid and city living**  
Carlos Moreno
- 92 **Green rooftops**  
Paulo Palha
- 95 **Living Labs**  
Carlos Suárez

### Aviation

- 100 **Back on air**  
Magda Cocco & Marília Frias
- 104 **Action drives opportunity**  
Philip Smaje & Henry Bexson

### Cyber

- 108 **Security by design**  
António Gameiro Marques  
& Lino Santos

### Insurance

- 114 **Pandemic (re)insurance pool**  
Laurent Montador
- 117 **Working together  
for vaccine distribution**  
José Núñez

## CONTENTS

**122 A new reporting sustainable & inclusive**  
*by Nuno Figueiredo, Deloitte*

**128 Managing risk and exposure in today's world**  
*by Alessandro De Felice, Prysmian & Jorge Luzzi, RCG & HighDome pcc*

**126 Marcopolo**  
Innovating through bio-security

**132 Iconic claims**  
*by Pedro Pinhal, MDS & Paulo Pereira, Advanta*

**Beirut 2020 – Walking in a loss adjuster's shoes**  
*by John Donald, Advanta Global Services*



## CONTENTS

## 143 SRB Brokerslink @ Switzerland

- Personal. Anytime. Anywhere
- The insurance market in Switzerland
- The city of Zurich, a cosmopolitan buzz



## 154 Brokerslink News: a year in review

## 164 MDS News

## 170 MDS People

Around the World

## 172 MDS goes digital

by João Rangel Vieira, MDS



## 174 Retirement, so what?

with Ralph Mucerino

## 178 Legal Corner

- Insurance Broking in a Protected Cell World  
by **Mathew Bianchi** & **Julian Boffa**, Ganado Advocates
- HighDome PCC the clever choice
- Tracing apps vs data protection  
by **Helena Tapp Barroso**, Morais Leitão Law Firm

## 183 Remembering Jo Willaert

## 184 Readings



Chairman Fidelidade

# Jorge Magalhães Correia

A titan of the portuguese market

**Despite the ongoing pandemic, FULLCOVER had the pleasure of interviewing Jorge Magalhães Correia, Chairman of Fidelidade, the major multinational insurance group of Portuguese origin which operates across Europe, Africa, Asia and South America. Although success can never be assigned to a single individual, there clearly is a leader in all of this – in this case, an insurance professional widely renowned by his peers, with a caring and compassionate view of business and the important role insurance plays for both customers and society at large.**

**Despite mandatory social-distancing, Paula Rios of MDS and Jorge Magalhães Correia were able to sit down to talk about the past, the present and the future with our host’s customary joviality and humour shining through.**

Born in 1957, **Jorge Magalhães Correia** holds a degree in Law by the University of Lisbon. He was Professor of Law at the same university and is a member of the Portuguese Bar Association. He has worked at the Ministry of Finance (Inspeção Geral de Finanças) and at the Portuguese Securities Market Commission (CMVM). Magalhães Correia joined Fidelidade Group in 1994 and holds, since 1998, positions as Executive Board Member at different companies of the group, both in the insurance area and in the hospital area. Currently he is Chairman of Fidelidade, Chairman of Luz Saúde, Vice-President at APS (Portuguese Insurers Association) and member of The Geneva Association.

**“ Our international presence has expanded, leading to a quadrupling of its relative weight. ”**

**You studied Law and taught at Law School for nine years. What prompted you to move into the insurance sector?**

It wasn't a direct transition. Before joining the insurance sector, I worked in several different areas, often all at the same time. These included my university teaching, practising law and working as a government auditor and in the field of capital market oversight. These experiences provided me with an understanding of the financial system, from different perspectives, so I suppose you could say I was predisposed to insurance.

**In 1995 you joined Mundial-Confiança. How did that happen?**

It happened by chance. But the truth is, chance has a habit of getting it right.

The Champalimaud Group, led by the insurer, Mundial-Confiança, was looking to enhance its position in the banking system and needed multi-skilled staff with knowledge of capital markets. I was going through a period of professional uncertainty at the time, so when I was approached by a mutual friend I immediately related to the project and especially to the people on the team.

**Since 1998 you have held Board positions at several Group companies. How would you describe the Group's evolution over the past two decades?**

In short, there were two major periods. For the first ten years, we sought to take advantage of every growth opportunity available, which resulted in the unification of three market-leading brands: Mundial-Confiança, Império-Bonança and Fidelidade. The team had the foresight to understand that scale is a determining factor in the insurance business, as it leads to better risk management and more diversification.

The second period, the last decade, can be summed up by the word *progress*, in the broadest sense of the term.

That is, it was a period of sustained and consistent growth. The priority was to get Fidelidade ready to face the challenges of a new economy in terms of products and services, technology, people, and processes. Modesty aside, I believe we have been successful.

**What were your main achievements?**

For the last five years our profit has exceeded € 1.2bn, our non-life proceeds have risen by about 40%, with over €400 million in additional premium, which is almost the equivalent of some insurers that have been operating in Portugal for many years. Our shareholders' equity rose 65% and operational profitability has gone up every year. Assets under management increased by over 20% and our international presence has expanded, leading to a quadrupling of its relative weight. The group branched out into the hospital business through the Luz Saúde Group. We have also rejuvenated our employees by bringing in 850 new hires, without affecting the overall number of employees.

Perhaps most importantly, Fidelidade has consistently been recognised for having the best reputation, being the most innovative, and having the best products and customer satisfaction reports and, we now know that the number of complaints made to the ASF (Insurance and Pension Fund Supervisory Authority) is well below the market average.

**Could you share your recipe for success?**

I can tell you what the main ingredients are. First of all, a generous dose of responsibility, acting prudently, as a natural market regulator which, more often than not, means rowing against the tide. Then add service quality to make the difference. Thirdly, add innovation, and thinking more globally and openly, beyond the limits of insurance and time-honoured industry practice. Fourthly, fold in the human touch: spare a word or a smile, or shake people's hands when they need it most. Finally, have a multi-skilled team and serve the dish hot. Have them rally around the same values and ensure each member knows exactly what is expected of them at every moment.

**Among your trophies there is one few other people can claim. You led a company that started out public and later went private. Notably, before it was acquired by a private group, Fidelidade already stood out for innovation and *de facto*, rather than just *de jure*, leadership, demonstrating that public ownership need not be a constraint.**

We have always operated in a highly competitive private marketplace under competition laws and we have always been able to attract and retain the best professionals. This was largely possible because the state-owned Portuguese bank GCD, despite the limitations imposed upon it, was highly sensitive to the needs and specific characteristics of the insurance business. I must add that going private was a natural and frictionless process for us. And maybe that is explained by genetics. It was like going back to your roots. The insurers that were incorporated into Fidelidade, that is, Fidelidade itself, Império-Bonança and Mundial-Confiança, had been private for most of their history. If we add up all the years these companies were held by private shareholders, you get a combined total of 500 years. That is five times longer than their existence in the public sector.

Paula Rios and Jorge Magalhães Correia





**You have taken on leadership roles for more than 20 years. What would you say makes a good leader?**

I really don't know how to answer that. My general perspective on leadership has evolved a great deal over the years and has involved some pleasant surprises and some disappointments. We all know there are different takes on the qualities required for good leadership. And we all also know successful leaders that do not fit those patterns. But the opposite is also true. Not all situations require the same leadership style, but I think a sense of humour is important. It helps you see situations in relative terms and not take yourself too seriously. Finally, I would say that ethics can be the line between a leader and a "good" leader.

**Fidelidade is undergoing a transition in leadership. How is the process going?**

Yes, three years ago we embarked on a leadership transition programme. In 2017, Rogério Campos Henriques became Vice-President of the Executive Committee before being made CEO, and that committee has also been strengthened and renewed.

As part of that process, I stepped down as executive leader but remain Chairman of the Board. I have also retained some specific duties. Our aim is to ensure continuity for our strategic agenda. In our business, where we work with external distribution networks, unlike in banking, the main value our partners see in us is stability — and to that end there must be predictability and trust that we will maintain stable policies over time. By demonstrating that principle of stability through our management team, we are able to ensure loyalty from our network and our partners through these difficult times.



## Succession planning in action

The Fidelidade executive team has been renewed and strengthened over the years as part of a group policy designed to ensure strategic continuity. The recent appointment of Rogério Campos Henriques as CEO of Fidelidade underlines this philosophy as he took on the role after having been executive committee vice-president for the past three years.

**What is the greatest challenge you have faced at Fidelidade?**

In terms of business, the decision with probably the most impact on the Fidelidade we have today was the one we made in 2005 — not to join the “pricing war” that had taken root, and accept that the decision would necessarily lead to a considerable loss in market share. We did not take the easy way out with pricing, focusing instead on delivering a quality service and creating an exclusive distribution network that would value that approach.

It was a risky decision, because losses would be certain and immediate, whereas the benefits were uncertain and would be further down the line. And, as predicted, we saw the competition grow whilst we did not. I remember how some people smiled patronisingly when they saw the near 10-point market share loss we knowingly subjected ourselves to in Workers’ Compensation, but what they didn’t realise was that we were only “loaning out” some of our market share and sooner or later it would return to us. Which is exactly what happened.

**In 2005 we witnessed the greatest merger of all time in the Portuguese insurance sector — between Fidelidade Mundial and Império Bonança, companies which had themselves been formed from earlier mergers. How do you explain the successful outcome of such an operation?**

I believe the main factor was good operational integration driven by the back office, complemented by an inclusive brand strategy from our distribution partners. We had two very strong brands and our goal was to merge the distribution networks aligned with each brand and anchor them onto a single operational platform with better service, which created the operational basis for the launch of the Fidelidade brand.

**You are known as a very caring manager who puts people first and recognises their dedication to the company. Throughout the process we just discussed, people remained a constant focus for you. Would you like to explain what it has been like to deal with people in the course of your career?**

I try to be an accessible, decent person, that is all. Because I believe that virtue, although it may be difficult to describe, is important. Decency is the aesthetics of ethics. In truth I have never had much of a taste, or patience, for the more formal aspects of work and your typical agenda requirements. But I try to make up for it with a genuine gregarious feeling of the “Fidelidade family”. Which is not difficult because, at this company, we believe that insurers can differentiate themselves based on their people and not just technology. All companies will inevitably end up using the same technology.

**Fidelidade has been a part of the Fosun universe of companies since 2014. What was it like transitioning to that group?**

It was a very good transition. Although the transaction was massive in scale and complexity, there were no incidents, unforeseen events, or nasty surprises. Fidelidade is a company that traditionally has a high level of reserves and technical provisions, and the seller, CGD, lived up to its impeccable reputation. At management level, it was possible to create trust in a short period of time, and a relationship based on availability, willingness to take on challenges, sincerity, and transparency.

When you establish a relationship with another culture, whatever it may be, there are three possible courses of action. One is confrontation, thinking you are right all the time, which tends to create insurmountable barriers. Or you can complain systematically, which creates bubbles that isolate you. Or you can adapt and benefit from the different perspectives. I believe that, in general, Portuguese people, and Portuguese managers, have a competitive advantage in this. They know how to observe, learn and accept others’ behaviour and adapt their own.



1808 - Companhia de Seguros BONANÇA. First policy issued in September 30th 1808, original, handwritten by the founder of the company, José Diogo de Bastos

#### What is it like to co-exist with CGD and Fosun?

The ownership structure following privatisation gave us the opportunity to continue to take advantage of CGD's commercial capabilities and reputation in the Portuguese market, and, at the same time, broaden our horizons, benefiting from Fosun's vision and experience. I remember that, in October 2014, only six months after privatisation, Fidelidade management had the support of the shareholders to undertake a strategic investment of Euros 460 million, namely the acquisition of the Luz Saúde hospital group. It was a major sign of trust from Fosun and something that would have been almost impossible previously.

#### Fidelidade prizes social responsibility, having developed numerous related initiatives over the years. Would you like to point out a few?

We see social responsibility as something more than a fad. It is a structural lever for improvement and a platform for intergenerational dialogue within the company. Fidelidade's purpose is to be a high-tech and high-touch company, technologically apt but truly compassionate and an example of corporate citizenship. That is where our social responsibility programme comes in, operating under the brand Fidelidade Comunidade ([www.fidelidadecomunidade.pt](http://www.fidelidadecomunidade.pt)).

The programme has an internal axis that serves our employees and an external focus on inclusion of people with disabilities, the ageing population, prevention in health and culture. Our aim is to have an approach that is consistent with our business and avoid random and disjointed initiatives. The most significant initiative is the *Fidelidade Comunidade* prize, which not only supports but also partners with non-profit organisations that operate in the first three areas I mentioned above.

**“ For the last five years our profit has exceeded € 1.2bn, our non-life proceeds have risen by about 40%, with over €400 million in additional premium.”**



Jorge Magalhães Correia

**Digital transformation has changed our society and economy over the past few decades. The Fidelidade Group has played an active role, supporting tech start-ups. How do you see these impacting on the insurance sector?**

For me, there are two kinds of digital transition. The positive kind and the not so positive kind. The positive kind is anything that brings efficiency, lower costs and better customer service. The not so positive kind includes digital business models that increase competition whilst sacrificing customer service and that may never become profitable.

Fortunately, Fidelidade always has something to fall back on. Our non-life distribution operation is based on an extensive network of agents and brokers, who are our first line of defence and are highly committed to customers. We are very proud of the value our partners and our physical offices have provided during the pandemic.

**In 2015, you were appointed Global Partner at Fosun, becoming one of a select number of company leaders that the Group invested in worldwide and who work as an advisory group on growth strategy. What does this appointment mean to you?**

It means two things. It means that Fosun has recognised the importance of both Fidelidade and Portugal to it. On a personal level, it is an opportunity to get more insight into a different reality and take part in the development of a global group.

**As part of a group of Chinese origin, you have a strong connection with China, which you have often visited. Personally, what most impresses you about present-day China?**

Maybe the constant search for innovation in every space, or the genuine appreciation for Portugal, based on the historical experience of Macau, and their project delivery capability.

**You recently stated that “Fidelidade is an ambitious company, but not a greedy one.”**

**Would you like to elaborate on that?**

I said that back in 2018, but it has gained new relevance in the pandemic. As a principle, we avoid acting on economic considerations alone. I believe that is evident. Otherwise, why would we pay for Covid-19 tests and bear treatment costs when health insurance does not cover them anywhere? Why would we support less fortunate accident victims, going well beyond contract obligations, through our WeCare programme, which the EFMA selected as the best sustainable economic initiative among 500 applicants from all over the world? This mind-set has become an embedded trait within Fidelidade.

**During the pandemic, Multicare, a company in the Fidelidade Group, was the only insurer in the Portuguese market to waive pandemic-related exclusions, thus ensuring coverage for their customers if they got Covid-19 and required admission to hospital. Would you care to comment?**

That response is in line with what I said earlier. Multicare could not stop supporting its customers and partners when the Portuguese National Health Service refused to take on costs for patients being assisted in private hospitals who had not been sent there by a doctor in the public healthcare network.

We did what we thought was best for the national health system, both public and private, and thus for the country. Through telemedicine and a Covid-19 symptom checker, we tried to lighten the burden on the national health service and also wanted to strongly signal our support for the private care network, which has improved the care provided to our people and been critical in making up for delays in treatments put off by the pandemic.

**Over the past few years, Fidelidade has embarked on a significant international path, moving into Africa – a common growth market for Portuguese companies – but also Latin America (Peru, Bolivia, Paraguay) and Asia (Macau), places that Portuguese companies do not typically go for. Would you like to discuss this adventure into new geographies?**

Fidelidade is a major player in Portugal, but small on the international scale. We have been looking to secure new avenues for growth in order to mitigate the risk of focusing too much on a single market. Added to that, a deficit in scale would harm our capacity to invest in technology, innovate, and find partners willing to share their skills with us. And the truth is that going international, whilst not free of difficulties and risk, is now easier than in the past, because new technologies allow us to replicate products and services in a much swifter and simpler way.

**And how is that going?**

It is going rather well. On the whole, the international business made a very positive contribution to the Group’s profitability in 2019 and, as I said, amounted to over 20% of our non-life profit compared to three years ago, when it accounted for only 5%.

**Are there new projects in your portfolio?**

That is something that Fidelidade’s CEO and executives are following very closely. There is a road map ahead to consolidate our current operations, but we remain open to new opportunities that make sense, fit our strategic vision and match our capabilities.

# Growing and expanding together

MDS and Fidelidade have a long-standing relationship going back several decades. As Fidelidade expanded its international footprint into new geographies (including Africa, Asia and Latin America), this partnership naturally extended into these countries where MDS Group also has a strong presence. FULLCOVER talked to the leaders in the region to find out more about this burgeoning relationship.



AMERICA



“

Fidelidade's decision to invest in the Latin American market as part of its international strategy was well received. The acquisition of La Positiva has enabled the Portuguese insurer to bring its knowledge, products and full range of capabilities to markets in Peru, Bolivia, Paraguay and, more recently, Chile. I hope the company will thrive in these markets and that it will continue to grow, and expand into other countries in the region in the near future!”

**Ariel Couto**  
CEO MDS Brazil and Americas  
Regional Manager for Brokerslink

AFRICA



“

The relationship between Fidelidade and MDS in Africa continues the two companies' historical partnership across all the geographies where we have a presence. We also hope to develop outside of direct insurance, such as into reinsurance broking.”

**João Alvaldia**  
CEO MDS Africa

ASIA



“

Nova Insurance Consultants' Macau branch has a business relationship with Fidelidade Macau and I have also have a close personal relationship with their Executive Director Ivan Cheung. Two of their branches have now been authorised to write life insurance including private pension funds, having been writing personal and commercial non-life insurance business in the Macau Special Administrative Region since 1999. In 2015, the company set up a local subsidiary Fidelidade Macau – Insurance Co to write non-life business and in 2020, they established Fidelidade Macau Life - Insurance Co. In January 2021 Moody's assigned an A3 Insurance financial strength rating to Fidelidade Macau - Insurance Co, making it the first non-life insurer in Macau to receive a credit rating from Moody's.”

**Patrick Chan**  
Director and General Manager  
Nova Insurance Consultants  
Brokerslink Board Member



Berta Cunha, João Alvalá, Jorge Magalhães Correia, José Manuel Fonseca, Benedetta Cossarini & Jorge Luzzi @MDS Meets The Market, 2019

**“ Portugal is a highly competitive and yet concentrated market. So, I do not see much room for consolidation, although that does not exclude a few outlying cases.”**

**MDS and Fidelidade have enjoyed a close relationship spanning many years, both in Portugal and in locations where MDS has a direct presence or is represented through its subsidiary Brokerslink. How do you see this partnership and how it might evolve?**

It is, as you say, a long-standing and close relationship, but also a fruitful one. MDS and Fidelidade are companies with distinct personalities but they share a vision of the market with regard to their international agendas, appetite for innovation and how they value the role brokers play in risk mitigation. The quest to create value for customers has led us to work together to streamline processes and improve operational efficiency, but also to establish preventative and monitoring mechanisms for large clients' accident rates. This has been possible thanks to a close, trusting relationship that I hope will grow in the future.

**“ There is a road map ahead to consolidate our current operations, but we remain open to new opportunities that make sense, fit our strategic vision and match our capabilities.”**

Fidelidade has recently purchased the iconic London building Smithson Plaza for £160m (€177m), the former and longstanding head office for The Economist. Smithson Plaza is actually made up of three units – Smithson Tower, Denham, and Bank, with a total surface area of 7,525m<sup>2</sup> intended for office space, residential accommodation and commerce.





**How do you see the role of distribution in the insurance market, and that of brokers especially?**

In terms of brokerage, I believe that traditional boundaries will start to fade and both brokers and insurers will become a part of the same value chain, an ecosystem as people call it now, in which the broker will play a key role in risk advisory and mitigation.

Customers will still value knowledge and specialisation. They will place higher value on those who have a 360-degree vision, especially at a time when complex, non-commoditised risks are tending to increase — whether they be catastrophe, health, property, environmental, cyber or liability risks, or others.

**How do you see the consolidation of the insurance sector, not just in Portugal, but at a global level?**

Portugal is a highly competitive and yet concentrated market. So, I do not see much room for consolidation, although that does not exclude a few outlying cases. There are perhaps too many generalist companies and few specialised ones. At the European level, the situation is different, depending on each market, but it is true that we have 2,900 insurers and mutual insurers competing in this space, which seems excessive.

**“ I believe we will exit the crisis with a greater emphasis on digital but also much closer to our partners and customers.”**

**After the demands of Solvency II, the insurance sector now faces another challenge in adapting to the new IFRS 17 accounting rules, which entail making adjustments to processes, systems, data, and people. Do you believe the Portuguese market is ready to accommodate yet another obligation, such as this one?**

Implementation projects are in progress, but at different speeds, I believe. We are aware that this process entails major change and there are considerable operational challenges regarding, for example, the availability and quality of data, and the organisation of resources. The Insurance and Pension Fund Supervisory Authority, the ASF, is making a remarkable effort to ensure inclusive and homogeneous implementation which, in some areas, may prove difficult.

**The pandemic crisis brought several changes, namely to the way many of us now work from home. What has changed in relationships? How do you see the changes in work paradigms and the impact this has had?**

When this acute stage comes to an end, when we come back to the new normal, we'll all need plenty of hugs, as the gregarious species that we are, the only animal species that creates group bonds with the most diverse and unexpected motivations. I do not believe in a future where relationships are tamped down, or where you can forgo personal contact in the same physical space. Perhaps the forms and intensity will be different. For now, it seems evident that we will not need premises as large as before, and schedules can be more flexible, without the hassle that office-based overtime presents to our employees. Looking at it from our customers' and partners' perspective, I believe we will provide a better service and will be able to satisfy even the most demanding customer. Paradoxically, I believe we will exit the crisis with a greater emphasis on digital but also much closer to our partners and customers.

**“ I do not believe in a future where relationships are tamped down, or where you can forgo personal contact in the same physical space. Perhaps the forms and intensity will be different.”**

**Will the announced new head office for Fidelidade take the new normal into account?**

The pandemic has confirmed that we are on the right path and has shed greater light on certain aspects. In a few years, we will look back and see a before and after Covid. Our future head office will be a next-gen building. Environmentally sound, healthy, with better air, benefiting from the natural and cultural space designed for Entrecampos, where the Lisbon Amusement Park (*Feira Popular*) used to be, with a well-balanced social and community aspect to it, where people can engage in a number of activities and even do things they cannot do at home. These attributes are now of real significance because no one wants to work in a glass and concrete box. We are not talking about money; we are talking about a healthy attitude toward resource management.

**We know classic cars are one of your hobbies. We imagine you have an interesting collection. Are there any favourites? What made you fall in love with vintage cars?**

I don't really consider myself as a classic car collector, I just have a few classics, the oldest is 65 years old and the youngest 45. It is the aesthetic I am most interested in. I see them as works of art that you can go for a drive in. The power of an automobile is not entirely bound up with its mechanical performance, it comes from its wider visual and emotional appeal that has been lost as these days we all drive these sort-of household appliances with the same specs.

**Another hobby of yours is music. Do you still play the guitar in your spare time?**

Rarely. I can go for months without touching the piano or my guitars. And that is not because I lack time or material. It is just that interest and opportunity rarely coincide. When I feel like playing, I can't. When I can, I don't feel like it.



# A new head office for the future

The largest Portuguese insurance group, whose employees, prior to the pandemic, were scattered across a number of buildings in Lisbon, including the offices in Largo do Calhariz, in Alexandre Herculano, and in Olaias near Areeiro, will have a new head office, according to its Chairman, Jorge Magalhães Correia. "When we acquired the grounds of the old Lisbon Amusement Park (at Entrecampos, on the New Avenues quarter), we decided to build our headquarters there. It'll be a fantastic project, probably the leading post-Covid construction project in any European capital," he explains.

Several architecture firms were approached, including Norman Foster and Souto Moura, with an American firm finally being chosen. In addition to the head office, the complex will include residential and commercial spaces.

The Chairman adds: "This project is extremely important to us, as we are

scattered across town. We see it as a sort of living ambassador of our brand with the community. It'll feature great openness: nestled between several surrounding universities, it'll be open to the public and certainly a place offering the best working conditions."

"It'll be environmentally sustainable, with natural ventilation, fresh air; it will let people focus on work but also allow them to relax, collaborate and associate; it will ensure contact with the Fidelidade brand and also become a cultural beacon at several levels." The company is working with the consultants to bring these goals to fruition, and the building will occupy 40,000m<sup>2</sup>. To start with, and in order to accommodate the entire workforce, only 30,000m<sup>2</sup> will need to be used; in addition, considering working from home as a new factor, the spatial needs will be reassessed and some of the premises will be assigned to other functions. The occupation rate

must be flexible and take changing needs into account, as in the Chairman's view, working from home is here to stay to some extent and, he adds, surprisingly, it has demonstrated a high rate of productivity – in some cases surpassing even so-called "normal" work.

When asked about the current head office at Largo do Calhariz, he comments that the two buildings it takes up, the Palmela Palace and the Sobral Palace, converted 19th-century buildings, may be beautiful but they are not at all functional. There is a lot of wasted space and they do not accommodate modern-day needs, namely technological ones. He believes the teams will trade up, leaving Downtown for what has become a new city centre, with ease of access and a large garden, not to mention all the building specifics stated above. The goal is to turn the surroundings into a more human-sized, pedestrian-friendly area with points of engagement to make it more attractive. Having seen, first-hand, pictures of the new Fidelidade building it is easy to share the Chairman's enthusiasm. It will be hard to wait until 2023, the expected completion date for the construction works. But time moves quickly, and the future is just around the corner.

# Fidelidade around the world

Fidelidade boasts a 200-year history and has grown following the merger of several leading Portuguese insurers. It is the insurance market leader in Portugal, with a market share of 26%, and has international operations in Angola, Cape Verde, Mozambique, Spain, and Macau. It recently established a foothold in Latin America through the acquisition of La Positiva. It is owned by the Fosun group, a Chinese investment group, and Caixa Geral de Depósitos, Portugal's largest financial institution.



<sup>1</sup> Customers of insurers in the Fidelidade Group (excl. direct)

<sup>2</sup> Excl. Goodwill; Note: 2019 data. Excl. La Positiva.

## Awards in Portugal

### 2019

**Consumer Choice**  
Best satisfaction and quality of products and services

**Reader's Digest Trusted Brands**  
Most trusted insurance company for the 18th consecutive year

**Portugal Digital Awards**  
Best Digital Product

**Superbrands**  
Top-of-mind insurance brands in Portugal

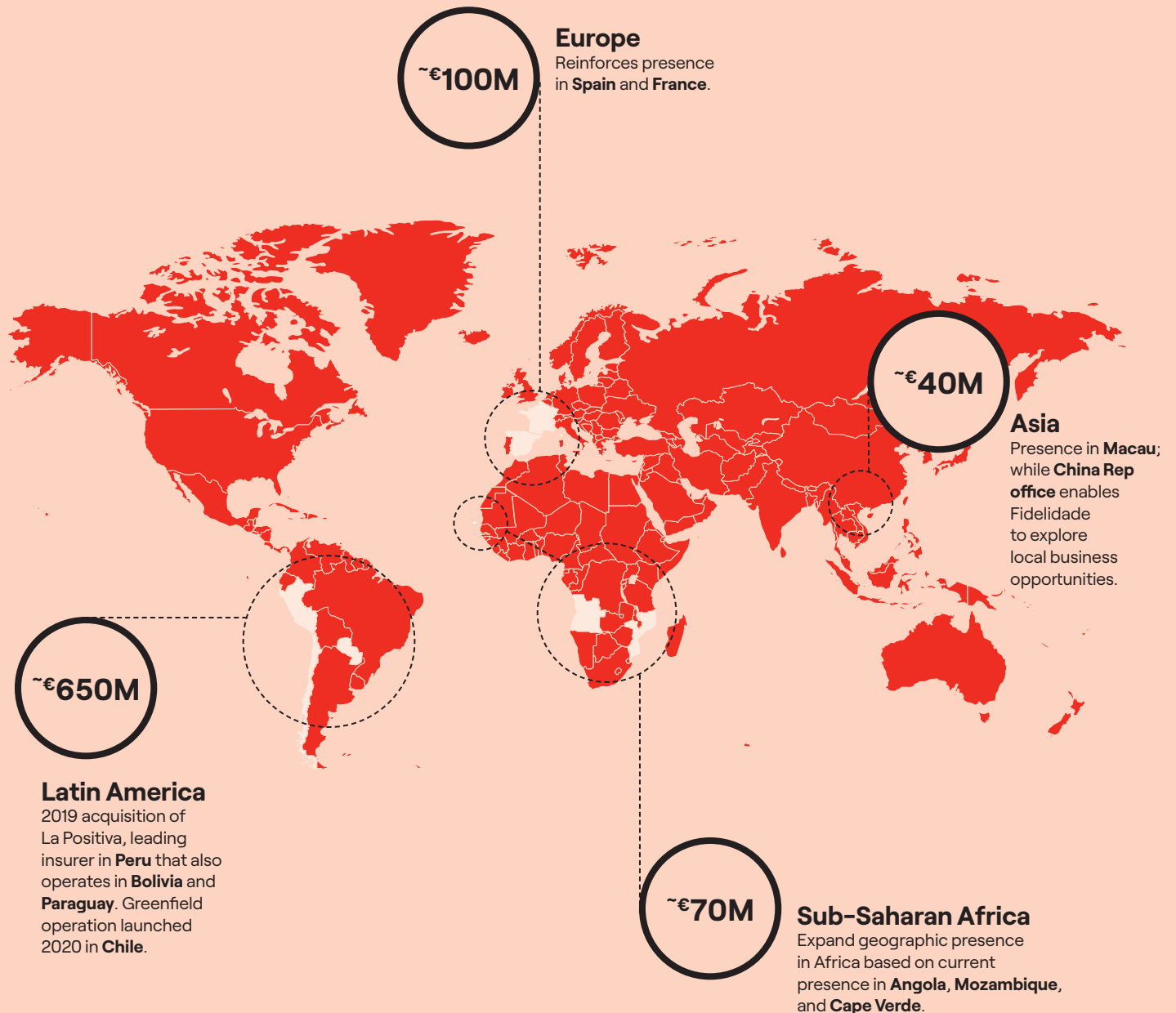
### 2020

**Marktest Reputation Index**  
Best reputation of any insurer in Portugal; general assessment, health insurance and remote (online) channels

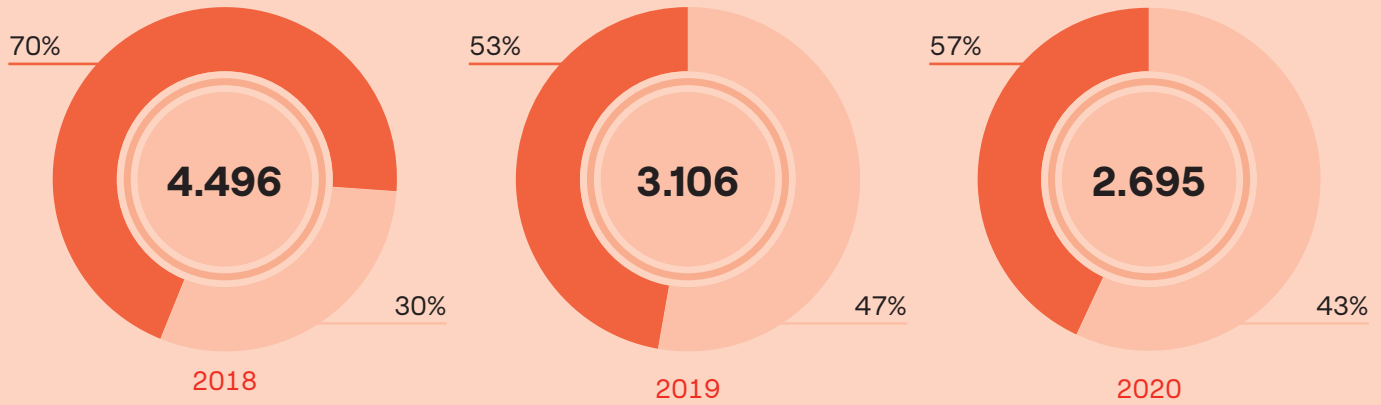


## A clear international growth ambition, materialized through the exploration of 4 regional clusters

€860m Gross written premiums in 2020 across international operations



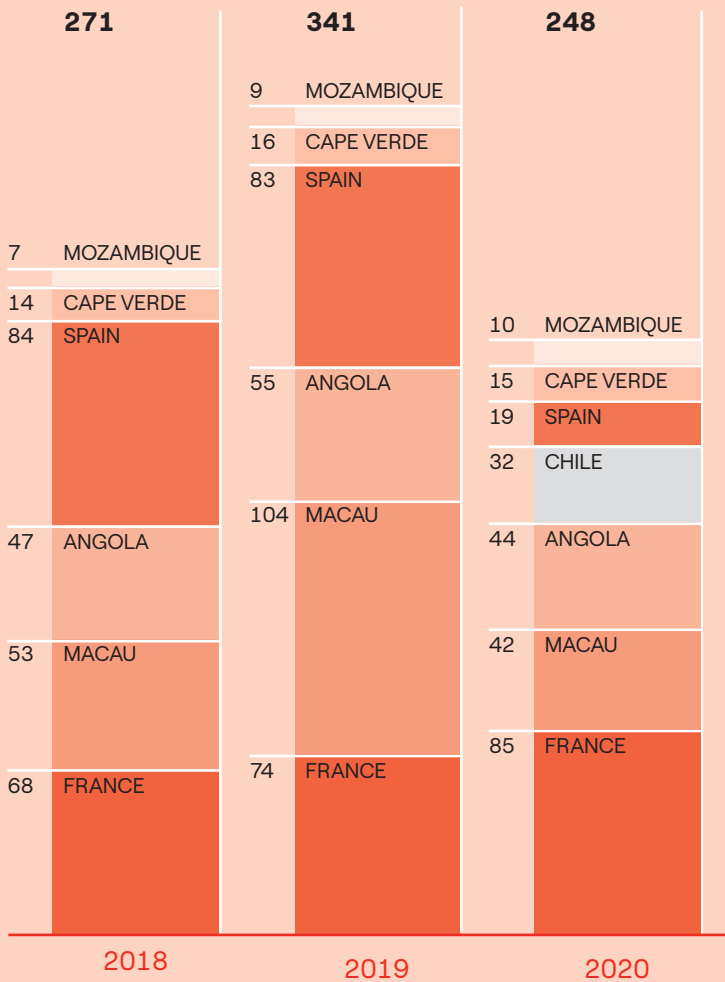
Premiums for Activity in Portugal (€m)



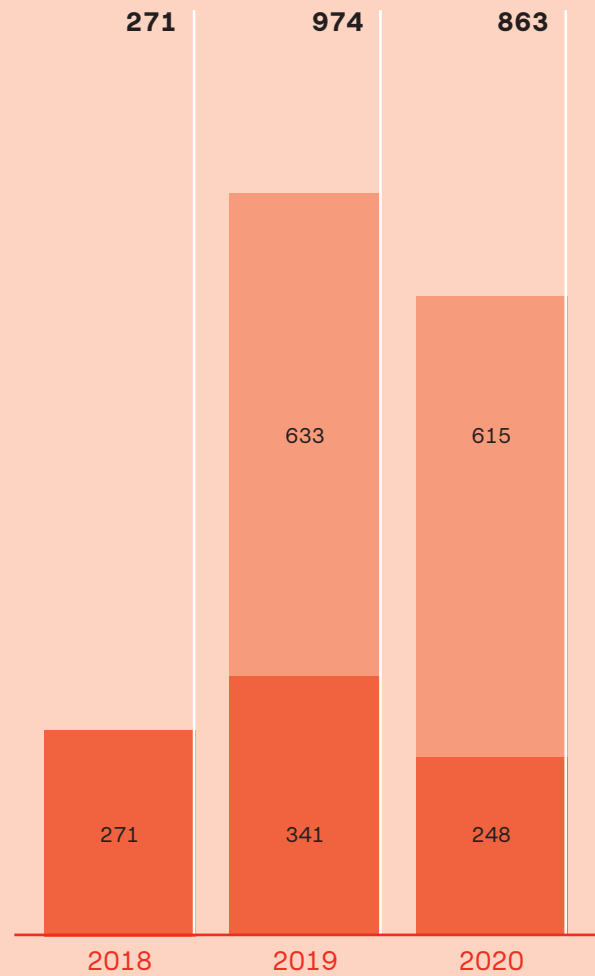
Life ● Non-Life ●

Source: internal data; ASF

Premiums for International activity (€m)



Premiums incl. La Positiva (€m)



Source: internal data; 1. Excl. La Positiva

La Positiva ● Other intl. markets ●



**XL Insurance**

# **This is not a chair**



It's a seat at a table that can change the way you think about your business. At AXA XL we believe in the power of co-creation. Harnessing the strengths of our risk experts, your business stakeholders, cutting-edge technology and data analytics, we develop customised solutions to your most complex risks. Because fresh perspectives require collective effort.

**Know You Can**

Find out more at [axaxl.com](https://www.axaxl.com)

AXA XL is a division of AXA Group providing products and services through three business groups: AXA XL Insurance, AXA XL Reinsurance and AXA XL Risk Consulting. AXA, the AXA and XL logos are trademarks of AXA SA or its affiliates. ©2021

# Customer journey going digital

by **Philip Lobatto** Senior Industry Executive for Insurance  
& **Jeroen Kuiper** Senior Technology Strategist,  
Microsoft



Philip Lobatto



Jeroen Kuiper

Let's be fair – generally speaking, the insurance industry hasn't blazed a trail in digital transformation. But that's understandable. At Microsoft, besides new entrants in the market, many of our customers have a long history in the insurance business and have grown by acquiring other insurers. So they're constantly grappling with diverse distribution structures, differing processes, legacy systems and even federated business models.

However, the majority of end-customers don't know or care about any of that. They're getting too accustomed to one-click shopping, lifechat, live streaming and instant customer service to notice. And voices have begun to ask the question: 'Why can't I get the same seamless experience from my insurer or insurance agent?'

That's not to say that digital transformation isn't happening in the insurance sector – especially post-Covid-19. The will is unquestionably there. And even though our professional backgrounds are quite different, we both firmly believe that the industry has the potential to go from strength to strength in the coming decade. To that end, we'd like to share our three essential pieces of advice for all insurers and brokers in the future.



## SHIFT TO THE CLOUD

**Philip:** You might think this is obvious, but we're talking about much more than a lift and shift here. Once your data is in the cloud, you're not only moving from CAPEX to OPEX and becoming more agile – you can do so much more with your data too. You can extend what you already have with information from third parties, and leverage AI to create valuable customer insights. You can differentiate your pricing. You can improve conversion and retention. You can even personalize an omni-channel customer conversation using Microsoft cloud capabilities, straight out of the box.

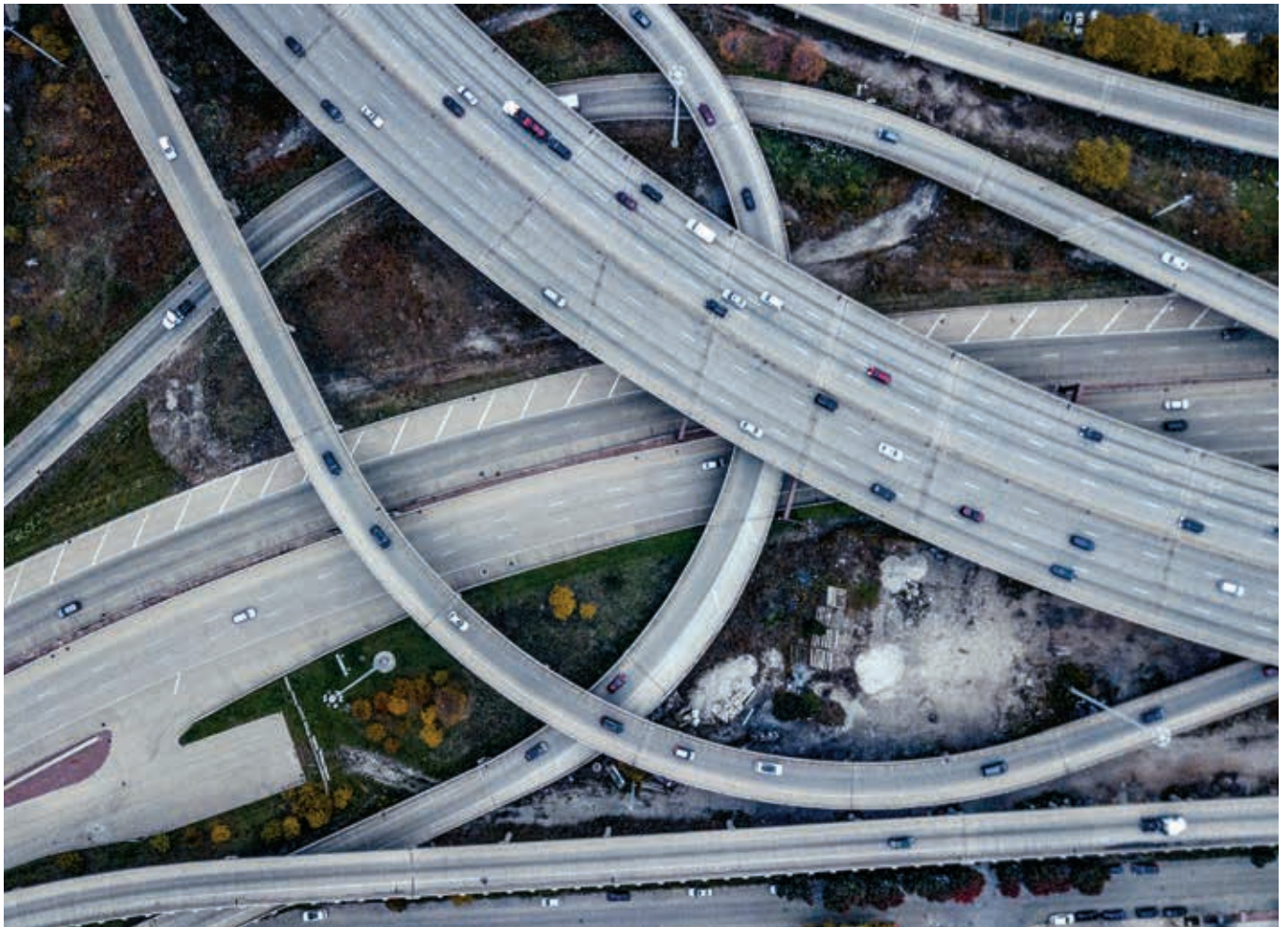
Once you've moved away from on-premises infrastructure, you'll be free to experiment, fail fast and improve your business. You can reduce your time-to-market and outsmart your competition by implementing new products and services faster. You'll be able to embrace innovations like AI, natural language understanding, object recognition, digital agents (bots) and Low Code/No Code application development. And with the Microsoft Azure cloud, you can leverage the online marketplace with ready-to-go insurance solutions.

**Jeroen:** With regards to risk modelling and financial decision making, we've worked with MetLife to migrate their data to our Azure cloud platform. And

they've found they can do far more complex calculations and iterate faster than ever before. That's giving them better insights and a clearer view of their risk position. That means they now outperform the market with attracting the good risks and leaving the bad risk to the competition.

Insurers like MetLife carry huge funds, and they need to make sure they're using them in the most intelligent ways possible, of course. But in this period of extremely low interest rates, that's becoming more and more difficult. Cloud technology enables insurers to start leveraging AI and machine learning to aid in that critical decision making, make shrewder and sustainable investments and stay ahead of the market.

Singapore highway ©Microsoft





Big data: a growing priority for business

**“ Human interaction will become an important differentiator in future, and technology can help your business apply it even more effectively.”**

### RE-THINK YOUR ENTIRE CUSTOMER JOURNEY

**Philip:** The industry is still wrestling with disparate and semi-automated processes, continuing manual paperwork, and emails perpetually going back and forth between insurers/brokers and their customers. Quite simply, the answer is to re-think the entire customer journey from scratch.

Why bother digitalizing a paper form using OCR, if it's still the same form, only on a screen? Think about creating a digital customer journey that is re-imagined from start-to-end. And then explore how that strategy could help you simplify your product portfolio and boost personalization.

**Jeroen:** This is about removing unnecessary steps using technology. For example, it is now possible to acquire data from all manner of sources and integrate it into your processes – do that and you'll be able to reduce the number of questions you need to ask your customers before offering them a policy. I've seen some of our customers shift from asking people twenty questions to asking just three or four. Start using data more cleverly and you can do the same.

Another way to enhance the customer journey is to blend both human and automated communication. Some of our most impressive AI capabilities today are in the customer service space. That means lots of interaction can be handled by bots, with real agents jumping in and out as required.

Insurance is sometimes an emotional business, especially when people are making a claim. So it's important to maintain that human understanding with customers – but digital technology can take away the repetitive tasks to free up human capacity to help the customers even better.

We're also beginning to experiment with something called 'sentiment analysis', which can analyse how a person is feeling when they phone you with a question or complaint, and then advise your agents accordingly. Human interaction will become an important differentiator in future, and technology can help your business apply it even more effectively I.e. by making an automated transcription and summary of a customer conversation with next best actions.

## “ Why can’t I get the same seamless experience from my insurer or insurance agent?”

### THINK ABOUT YOUR ECOSYSTEM

**Jeroen:** Insurers don’t have to be constantly playing catch-up. There’s plenty of scope to anticipate change, and get ahead of the game. And the way to do this is to think in terms of ecosystems. Take car insurance as an example: there are so many parties involved. There’s the car manufacturers, the repair shops, there’s traffic information, weather forecasts, the cars themselves, the drivers and even law enforcement. That’s your ecosystem. But instead of orchestrating your own ecosystem you can also participate in another eco-system I.e. by adding insurance to a retail basket while shopping online for a mobile phone.

**Philip:** Thinking about what your ecosystem means considering factors which may affect your business, and taking steps to prepare. Sticking with car insurance, the technology already exists for cars to call for help automatically when they’re in an accident. So you can easily imagine

a world where the car also logs the damage, uploads pictures and even makes an assessment. The car might even book an appointment with a body shop and share it with the insurance company / broker without prompting. How might such innovations affect your pricing, customer service and claims handling?

You may even look at a post Covid-19 world, with increasing digitalization and more digital online insurers entering the market, and ask: ‘What is your position in the ecosystem and how to leverage cloud technology to differentiate yourselves in the eyes of your end-customer?’

These are pressing questions, and they begin by looking at your ecosystem. ///

**Philip Lobatto** is the Senior Industry Executive for Insurance at Microsoft. Philip holds a Master’s Degree in Law and has worked in the tech industry for more than 22 years. He is a fifteen-year veteran at Microsoft and subject matter expert on the Insurance Industry, focusing on large enterprises across twelve European countries. He works closely with local sales teams during their CxO’s engagements and advises insurers on everything Microsoft and its partners can contribute to accelerate their digital transformation journey. He leads the insurance community in his region and creates business value assessments for both non-life and life insurers.

**Jeroen Kuiper** is a Senior Technology Strategist, Financial Services at Microsoft. Jeroen has more than 26 years of experience in the financial industry space, and in 2008 founded Allsecur insurance, a subsidiary of Allianz, which he managed for 11 years as CEO. Jeroen joined Microsoft 2 years ago, and his primary role is to advise the boards of Microsoft’s major financial institutes in the Netherlands to envision their digital transformation journey leveraging Microsoft cloud technology.

Find out more about Microsoft and digital transformation in the insurance industry.



# Pandemic boosts corporate wellbeing

by **Paolo Marini** Global Head of Customer & Distribution CLP, Zurich

Paolo Marini speaking at Brokerslink Conference 2009, Hong Kong



Although Covid-19 constitutes an unprecedented challenge to workers' health, employers can respond constructively, both on and off work.

More than ever, wellbeing is central to a successful employer - employee engagement.

Mental wellbeing was already a concern for some time due to evolutions in employment practices, lingering consequences from the financial crisis and pervasiveness of technology.

Because of the pandemic, mental health is of even greater importance now as job insecurity, income volatility, health hazards, caregiving duties and adjustment to virtual work inflict prolonged strain on people's lives worldwide.

Maintaining at the same time the physical, social and financial health of today's multi-cultural, multi-generational and remote workforce makes the employer's role harder.

Companies appreciate the need for holistic solutions but, as boundaries between professional and private life blur, they often struggle to define wellbeing, let alone deliver it to all employees no matter where they work from.

Ensuring the office, factory or, increasingly, home is a healthy and effective place to work is a strategic priority for corporate functions from HR, to risk management, finance and, ultimately, the board.

How far can organizations go in their responsibility for employees' wellbeing, particularly mental health? There's a fine line between duty of care and intrusion, and it shifts according to age, gender, country, culture, as well as the law.

Even basic concepts as "working hours" are no longer straightforward but surely maintaining income is a prerequisite for one's overall wellbeing, not just financial health.

While in the past the role of employers in offering financial advice had been very limited, that attitude started to change before the onset of Covid-19.

Our survey of employers in Australia, Brazil, Germany, Spain, Switzerland and UK identified room for improvement in staff's financial literacy, rated at a median 7 out of 10, and found over two thirds believe enhanced financial education would benefit their employees.

We also found that close to 60% of companies experienced increased demand for advice on financial wellbeing in the past three to five years while 68% of employers plan to increase both scope and frequency of their financial literacy programs.

Financial acumen will grow ever more important for many reasons: from pension reforms diminishing states' provision of old age income, to the gig economy causing more fragmented careers and therefore preventing a linear accumulation of occupational savings.

Non-standard employment contracts are relied upon because of their favorable impact on companies' costs and flexibility. However, they often fall short when mobilization and engagement are required across the entire organization, just as in a crisis.

Covid-19 has cast a light on the vulnerability of arrangements that allow freedom and control on where, when and how to work while traditional employment forms, with their stability and employer-sponsored benefits, have recovered some of their shine.

The sudden transition to Work from Home intensified and extended the fatigue of jobs which, as they can be performed remotely, can count on a much wider pool of candidates as workers are no longer tied to a given location.

Such new kind of globalization may translate into depressed compensation at a time when people need as much income as they possibly can earn.

Past recessions, such as the financial crisis erupted in 2008, show that the skill sets as well as the size of the workforce are quickly revisited when the survival of an organization is at stake.

This time around technology will allow even more drastic decisions than in the past.

Today, stress and uncertainty abound, especially for the more fragile categories of workers who can only maintain competitiveness on the talent market by re-training and re-skilling.

As workers turn to their health, protection and savings packages for peace of mind, employers have an excellent opportunity to improve their employees' commitment and loyalty by addressing these sources of anxiety.

Ensuring balanced attention to employees' physical, mental, social and financial wellbeing is challenging at the best of times but it assumes exceptional urgency and importance today. ///



**Paolo Marini** is Global Head of Customer & Distribution at Zurich. He began his insurance career in 1990 at Generali where he held positions in Italy, USA, Hong Kong and Belgium, lastly as director for sales, marketing and communications in the employee benefits network. In 2011, Paolo joined Zurich to develop customer management and strengthen cooperation with general insurance. In 2019, his remit was enlarged to include responsibility for distribution. His expertise include global employee benefits solutions, domestic and international pension and protection. Paolo is a frequent contributor to industry events and a thought leader on issues ranging from income protection, to aging and demographics or the changing nature of work. Paolo holds a degree in Political Sciences from the University of Trieste.

## The Future of Work

This article draws on Zurich's multi-year research collaboration with the Smith School at University of Oxford about workforce protection. Insights are based on comprehensive surveys of 19,000 workers across 17 countries and 1,200 businesses in six major economies, as well as in-depth interviews with decision-makers from several corporations.

Access full research



# Renewable energy risks

## A greener future

by **Adriana Thom Zimmermann** Director of Risk Inspection and Insurance  
& **André Augusto Pfuetzenreiter** Director of Enterprise Risk Management,  
Risk Consulting Group

In 2020, the International Energy Agency (IEA) shared its Sustainable Recovery Plan with governments to stimulate economic growth and cut down carbon emissions. The plan calls for an annual investment of a trillion dollars over the next three years, which amounts to 0.7% of world GDP.

In a joint study with the International Monetary Fund (IMF), the IEA stated that implementing clean energy technologies can be accelerated if governments align their energy policies with responses to the economic crisis caused by the coronavirus pandemic.

The recovery plan covers six key sectors: power, transportation, industry, construction, fuel, and emerging low-carbon technologies. The plan aims to boost world economic growth by some 1.1% a year between 2021 and 2023. The goal is to direct resources, in addition to renewable energy projects, to other investments that will improve energy efficiency and reduce greenhouse gas emissions.

### THE RISKS OF RENEWABLE ENERGY

Given the expected investments in renewable energy, risk management will be vital to the sector, focusing on business continuity, loss prevention and identifying opportunities.

Effective risk management requires companies to anticipate risk and develop a policy that predicts scenarios that could impact or influence their day-to-day operations, taking a preventative rather than corrective approach. In the wind energy sector, for example, challenges include:

- Developing quieter turbine fans, reducing noise, and protecting the birds and bats that fly into the blades. Research groups are looking at how these problems can be addressed during the production process; particularly as excess noise is a problem for neighbouring communities and industrial sites. It is like having

a plane flying over your house 24 hours a day, and the noise increases proportionally to generator size.

- Reducing the number of animal collisions with turbine fans. National and international guidelines recommend wind farms are commissioned outside migratory flight paths which, as Saab points out, does not always happen in Brazil.
- Considering material fatigue, logistics and economic viability.
- Listing company activities and functions impacted by a shutdown.
- Analysing interruptions to the power supply.
- Drafting maintenance documents for key plant and equipment.
- Testing fire hazard equipment and systems to ensure they are functional at all times and recommending maintenance tasks.
- Identifying solutions when there is less operational support.

With biomass-based production, where ethanol is extracted from sugarcane or corn, fire and explosion hazards are significant. It is therefore important to detail all the steps necessary to secure the raw material plantations (corn or sugarcane) and ethanol, which is highly flammable, and safely handle waste, which comprises combustible organic matter.

**“ Given the expected investments in renewable energy, risk management will be vital to the sector, focusing on business continuity, loss prevention and identifying opportunities.”**

## RISK MANAGEMENT

When assessing renewable energy risks, climate factors are highly relevant. Electricity production, for example, largely relies on the availability of natural resources, as the climate is the main determining factor in hydro, wind, and photovoltaic power, which collectively represent 90% of all renewable energy production. Wind and sun-based energy suppliers no longer sit on the side-lines; they have become mainstream industry players.

But, when mentioning risk, opportunities as well as losses must be considered. Living through the Covid-19 epidemic has led to massive changes in consumption and work habits.

During lockdowns, oil prices fell as consumption dropped and stocks grew. People working from home increased their power consumption, motivating investment in solar energy generation units.

RCG Herco provides specialist risk management support for renewable energy companies, with qualitative and quantitative risk analysis and risk assessments. Its risk mitigation plans reduce the impact of any risks to a business and avert likely threats. From a corporate perspective, the plan must be part of the company's general strategy and linked to its risk prevention policy.

There are new opportunities in renewable energy. Companies keen to seize the moment without excessive risk exposure must structure a risk management policy that identifies, assesses, and processes the risks associated with new enterprises, thus paving the way for entrepreneurs' and societal goals to be achieved. ///



**Adriana Thom Zimmermann**

is Director of Risk Inspection and Insurance at RCG. She has a Master in Chemical Engineering in the field of Chemical and Biotechnological Process Development from the Federal University of Santa Catarina, USFC, Brazil and a post-graduate in Workplace Safety Engineering from the SOCIESC, Santa Catarina Educational Society under the Getúlio Vargas Society (FGV).



**André Augusto Pfuetzenreiter**

is Director of Enterprise Risk Management at RCG. He has a Degree in Workplace Safety Engineering from the Regional University of Blumenau and another in Electrical Engineering from the Regional University of Blumenau, Brazil.

# RCG

## 50 years managing risk



Jorge Luzzi

**“ Celebrating 50 years of a company that builds its core around the daily management of diverse risks is a major achievement, even more so in this challenging moment for companies worldwide.”**

2021 marks the 50-year anniversary of RCG - Risk Consulting Group. It was originally established in 1971 under the trade name Herco, in order to run the risk management programme for one of Brazil's largest fabric company's, the Hering Group. Herco quickly made a name for itself thanks to its advanced technical accuracy, technological sophistication, and innovative approaches.

It did not take long for Herco to diversify into other market segments and in the early 2000s Herco Portugal was established. In 2013 the organisation invested

in expansion into new geographical territories (Europe, Africa, and North America). A few years later, in 2018, with a consolidated presence in five continents, Herco made way for RCG - Risk Consulting Group, with the rebrand underlining the organisation's increasingly global scope. In 2020, RCG again qualified for the ISO 9000 e 9001, the inarguable proof of quality.

In addition to a host of ongoing projects in Europe, Latin America, and Africa, RCG continued to pursue international expansion and opened branch offices in Mexico, the US and Asia.

“Celebrating 50 years of a company that builds its core around the daily management of diverse risks is a major achievement, even more so in this challenging moment for companies worldwide” comments Jorge Luzzi, RCG CEO. He adds: “Our team has the experience, expertise and technical acumen to identify, prevent and mitigate the threats that exist in any business. We will continue on our path to success, persisting in innovation and development of new solutions and products that address the needs of our customers anywhere in the world.”



# SUNU GROUP

- Since **1998**
- In **15 countries**
- **15 non-life** insurance companies
- **8 life** insurance companies
- **1 bank** company
- **1 regional hub** in Abidjan (Côte d'Ivoire)



[www.sunu-group.com](http://www.sunu-group.com)

**Benin - Burkina Faso - Cameroon - Central Africa**  
**Côte d'Ivoire - DR Congo - Gabon - Ghana - Guinea - Liberia**  
**Mali - Niger - Nigeria - Senegal - Togo / *Insurance, our business.***

# Pandemic heats up the insurance market

*by* Carlos Ferreira Quick Vice President, Pottencial

**“ Our position as Brazil’s largest insurtech enabled us to record the best year in our history even in an atypical scenario.”**

There is no doubt that the pandemic has had a negative, and still immeasurable, impact on both health and the economy. It has however, also resulted in new opportunities and growth for some businesses, such as Pottencial Seguradora, Brazil’s largest insurtech, that were both well placed and had a clear strategic vision.

Our robust structure, which combines the agility of a startup with the solidity of a market leader, enabled us to record the best year in our history despite the pandemic. We maintained our leadership in Surety Bonds for the fourth consecutive year, with a market share of over 18%, and a 30.6% growth in net

income, jumping from R\$84m in 2019 to R\$110m in 2020. We have also strengthened our pioneering position in the market, making us the first Brazilian insurance company to perform the electronic registration of Surety Bond policies with the Operations Registration System (SROs) at B3, one of the companies approved to operate this tool.

These achievements reflect our commitment towards our customers, based on an increasingly flexible and simple service. The existence of our highly competent and dedicated team was also instrumental in ensuring that we could thrive even under such adverse conditions.

## RECORD GROWTH FOR POTTENCIAL ALUGUEL (LEASE BOND)

The growth in **Pottencial Aluguel** (Lease Bond) last year is also worth highlighting, with an increase of 296% compared to the previous year. This type of insurance replaces other guarantees for property leases and protects the owner in the event of non-payment of rents and/or charges by the tenant. Amidst an unprecedented economic crisis, the Lease Bond represents everything a lessor is looking for, namely security, stability, and peace of mind.

The economic impact of Covid-19 has also caused companies to seek recovery of deposits made in lawsuits, also known as Court Bonds, to support their cash flow. As a result, we saw a soaring demand for **Court Bonds – Appeal Bonds** (replacement type). The company recorded a policy issuance volume 200% higher than in 2019. This type of insurance allows court deposits to be replaced by a policy, providing an important impetus to businesses, especially to small and medium-sized companies at this delicate time in the economy.

## INVESTMENTS IN TECHNOLOGY

To make a difference in a market dominated by large national and multinational companies, we understand the importance of making constant investments in technology, simplifying connections with brokers and partners, and providing flexibility and quality in the service to the insured. Today, it is optimism that is driving Pottencial forwards. 2021 is looking very promising for the company, with plans to launch two new products in the coming months for individuals and legal entities, as part of our portfolio diversification strategy: **Businessowners** and **Homeowners** insurance. Pottencial also plans to open three new offices in the Brazilian capital cities and increase the number of employees by at least 50%.

## THE INSURANCE MARKET IN BRAZIL

We believe that this time of total economic instability and uncertainty over the future has helped Brazilians embrace the importance of insurance to help mitigate the risks they face and prevent losses. The national market has seen an irreversible move towards adopting an insurance culture, one that is already consolidated in more advanced countries, where the recurrence of natural disasters, among other factors, contributes to increased demand.

The product areas expected to see the greatest demand are those related to civil construction. Although the sector was strongly impacted last year, projections for the coming years show it gaining momentum, motivated in particular by advances in regulatory frameworks – such as sanitation and electric power – and the new Bidding Law, which will boost demand for infrastructure-related insurance. We believe there will be a rise in demand for some products intended for construction companies, such as the **Bid Bonds** and **Performance Bonds**.

After the pandemic, the market will be different, as will consumer behaviour. The sector tends to get stronger with new customers' demands, but it is up to insurance companies to adapt to this scenario. Investing in technology, optimising, and simplifying processes is, for Pottencial, the smartest way to attract new customers and consequently take an even larger market share in a highly competitive but equally promising market. ///



**Carlos Ferreira Quick** holds a Degree in International Business from the Centro Universitário UNA (2006) and a Financial Specialisation from Fundação Dom Cabral – FDC (2010). He was involved in the foundation of Pottencial Seguradora; was a Commercial Director of Pottencial from 2010 to 2017, when he took the position of Vice President that he still holds.

# Credit and political risk in an uncertain world

Nick Hedley in conversation with Berta Cunha



**As the credit risk market, which was severely impacted by the 2008 credit crunch, faces up to another crisis, Nick Hedley, head of political risk and trade credit, Ascent Underwriting, talks to Berta Cunha, MDS Group advisor on credit insurance, about the state of the market, the outlook for the future and the impact of the coronavirus pandemic.**

Berta's opening question is on the ongoing pandemic and lockdown measures and how these are affecting different economies, world trade, economic growth, and the development of new projects, and, of course, what impact the pandemic is having on the credit and political risk market. Nick's response is perhaps unexpected, as he states that in the "medium to long term, it will have very little effect."

However, there are, he adds, some obvious short-term challenges. "If we look back over the last 40 years, we see that every ten years the market faces some serious threat to its existence. The market has successfully traded through these challenges, and come out the other side stronger than it went in. At the start of the 1980s, we had the first debt crisis when Mexico defaulted on its debt and caused mayhem in the sovereign credit market. There were also very severe recessions in many European countries, including the UK.

"Fast forward ten years, to the 1990s, and there was the breakup of the Soviet Union, the start of the Yugoslavian civil war, the Iraqi invasion of Kuwait, and

in the UK a fairly deep credit recession. If you then jump forward another ten years to the turn of the millennium you get the Asian crisis, Russian devaluation, quickly followed by 9/11 in the US, all of which had pretty serious consequences for the market."

We are talking history; you always have to look to the past to fully comprehend the present. Nick continues. "Ten years later, give or take 18 months, we had the financial crisis; and now, forward another ten years and we have the Covid-19 crisis. So, every ten years our market experiences, generally, a cluster of unrelated events, which together have the potential to be very serious. However, the present crisis, Covid-19, is really just one event as we haven't so far seen any other political events."

Focusing on the credit insurance market, Nick again looks to the lessons of the past: "Looking back over the last four decades, I would say that in each of those crises, the credit and the risk market performed pretty well. Claims were paid. And as a result of the lessons learned, the products evolved slightly, and new types of coverage appeared."

**COVID-19 REACTION –  
THE ROLE OF GOVERNMENTS**

Returning to the present day, Nick reflects on the action taken by governments. "I think that in terms of the Covid-19 crisis, we are benefiting from some very useful lessons that were learnt in 2008 and 2009. The failure of governments at that time to put together a valuable, workable credit insurance backstop led to credit insurers cancelling cover and not supporting clients. I think the situation in 2020 has been completely different. I was initially very sceptical that the UK government's credit reinsurance backstop would actually do anything. I was completely wrong. It has prevented insurers from cutting credit limits, it has ensured the continuity of cover, and all the insurers I have spoken to say it has made a huge difference. I believe the same is generally true across the European Union, as well.

"So, what does this mean for the market? I would say that in the immediate short term, the credit insurance market has benefitted from the backstop that has been made available by the authorities.

Governments have also benefitted because we have not seen the wave of insolvencies that we probably expected to see. And that has been largely due to government support schemes, generous lending, access to finance, furlough schemes, etc., which have prevented companies failing that would otherwise have gone under. So, in the immediate short term, it has been quite benign. I think that much will depend on how governments manage the removal of the backstops and the generous lending facilities. That is going to be the challenge. When those come to an end, what's that going to mean?"

Berta asks if Nick thinks there is a risk that these temporary stimuli will become permanent or lead to an increased role for government, with export credit agencies being more active and influential. Yes, it is a risk says Nick, "I say risk because that would be unhelpful in the longer term. I don't think we want governments to be interfering too much in the credit insurance market, the political insurance market, particularly not in short-term conventional trade credit. I think there is a danger it could become more permanent, because it's going to be difficult to wean the credit insurers off the support in an orderly manner."

## SOVEREIGN CREDIT RISK

The conversation moves on to the issue of sovereign credit risk. "We've spoken so far about the corporate, commercial sector. I think the danger is that when you are looking at sovereign credit risk, the danger is potentially even more acute. A lot of Sub-Saharan African countries are heavily dependent on oil prices. If the oil price remains heavily depressed because of Covid-19, it is questionable whether many of them will be able to pay their sovereign debt. The fact is that all of the loan agreements for infrastructure projects, financed via credits between governments, multinationals, and banks, have cross-default clauses, which means that if the respective Ministry of Finance

**" Looking back over the last four decades, I would say that in each of those crises, the credit and the risk market performed pretty well."**

defaults to one particular bank, it is simultaneously deemed to be in default to every other loan it has taken out. All of which means that you have a potentially systemic crisis. If for example Country A defaults for these reasons, there is a chance that Country B, Country C and Country D will as well."

Returning to the original question on the impact of Covid-19, Nick comments: "In the short term and in the trade credit insurance market, it's probably going to be fairly benign. We have got the support of governments and that support is probably not going to be withdrawn in an arbitrary or too aggressive manner. Hopefully, it will continue, and be gradually taken away in an orderly manner as the situation recovers. But if you then look at sovereign credit risks, the "Contract Frustration" class as we call it in our market, I think the potential is much greater. You have the potential for these cross-default clauses to be evoked and contagion across other countries with a similar GDP and export base. To stop that from becoming a catastrophe we would need a package of measures and support from international institutions and credit agencies which would look very similar to the support that EU governments have given to short-term credit insurers.

"If for instance, the multinationals, the African Development Bank, the World Bank, and the Asian Development Bank, provide relief support to sovereign credit, a severe problem could be avoided. However, I fear that is where the danger of something' going badly wrong for our market lies, and it could go badly wrong. I think the short-term traditional

multi-buyer trade credit problem has a much shorter-term horizon in terms of how the problem rolls out. The support being provided by governments is clearly working. It is the potential for a real crisis in the sovereign credit area that worries me more. Is it likely to happen? Probably not, as vaccines have been developed, and African countries do seem to be more resilient to the pandemic than some Western countries. So, I think it is a low probability, but if the problem were to arise it would certainly be highly severe."

What is the situation, asks Berta, for developments in Latin America compared to African countries? The same rationale will apply to any country that has a fragile economic base, responds Nick, although he adds: "Latin America has made great progress in the last 20 years in terms of creating a wealthy middle class. Africa, is not there yet, I think it is 20 years behind Latin America. Therefore, I think the potential for political instability, regime change, and coup d'états are much more worrying there than in Asia, or Latin America. We have already seen, for instance, in Ethiopia, a significant deterioration in political stability, and we are watching what is going on in the Ivory Coast. Africa is poorer and does not have an established middle class, because prosperity is much more thinly spread over the population. I think the danger there is that there isn't the social infrastructure to cope with a big reduction in GDP or in export earnings, and that's why you have this potential for instability."

## NEW OPPORTUNITIES FOR CREDIT INSURERS

At a moment in time when we are facing the restructuring of global supply chains, and an increase in digitalisation across our personal and professional lives, Berta says she believes new opportunities for credit insurers may arise. She asks Nick for his views on the possible emergence of different risk profiles and changing client needs that may require new solutions, and what the innovation trends in the credit insurance market are.

There has been a lot of innovation in the credit insurance market over the last 20 years, agrees Nick. However he says that he struggles to see what else can be done over the next ten years. "If we look back over the last 10, 15, 20 years, the credit insurance market has become quite heavily digitalised. Most underwriters have facilities for clients applying for cover online and provide instant answers, and you do not need to do it in the old-fashioned way. I imagine the credit insurance market will continue to evolve. I think bigger ticket business – export finance and political risk business – is still quite an inefficient market, unlike the credit insurance market. Risks still tend to be placed, you know, using pen and ink, and stamps. I think and hope that is where we might see innovation in the next five years and try to make that an easier line of business to handle."

## SUSTAINABILITY IS THE WORD

To recover economic resilience, Berta stresses that countries will have to embrace structural reforms, such as target investments, sustainable infrastructures, and the transition to a low-carbon economy. Does Nick anticipate that the credit and political risk markets will also have to follow this path?

Yes, responds Nick, an increase in demand for renewable, sustainable business can be expected. "We're

certainly seeing, and I'd say this is particularly true in political risk insurance, a big increase in renewable energy-type projects, and we're seeing a lot of support for that." However, he adds: "We still see enquiries, regularly, for coal mines and traditional carbon-intensive industries. Even if, more and more, we find that these risks are harder and harder to place. That said, we are certainly seeing a trend; the market is interested in renewable energies, sustainable business, etc., and that is where the capacity is now going, whereas a traditional US energy firm or coal mine or similar, will be struggling to find support. It's still available but proving more difficult, and I think that's going to become increasingly more difficult as we go on," he concludes.

"As for environment and sustainability being criteria to access this kind of coverage in the future, export credit agencies already have some rules regarding this, and the private market is also following this approach, because governments are more and more of a mind that investments should be linked to the impact they have on the environment

**Nicholas Hedley** is Head of Political Risk and Trade Credit at Ascent Underwriting LLP, part of the Optio Group, a leading MGA organisation headquartered in London but with operations also in the EU and in the USA. Prior to joining the Optio Group he was a founder partner and President of Latin American Underwriters, a specialist MGA that was purchased by Allied World Assurance Company (AWAC) in 2015 following which he became SVP for AWAC's credit and Political Risk division. Prior to forming LAU, he worked at Jardine Lloyd Thompson for 13 years, latterly as Managing Director of the Financial Risk Division. Prior to JLT he spent ten years underwriting credit and political risk at AIG and before that five years at Trade Indemnity plc as a domestic UK credit underwriter, now part of Euler Hermes group. In total, (apart from 18 months at AIG writing Kidnap & Ransom Insurance) Nick has forty years' experience in the market.



and sustainability,” he says. “However, as I see it, the private market will always be more flexible than the Export Credit Agencies (ECAs) in terms of continuing to support old-fashioned investments in ‘dirty energies. That is a much longer-term solution, so the private market is prepared to support that, but I don’t think the ECAs or the multinationals would have done that because it would have breached the ‘we don’t do coal’ rule. So, I think the private market will always be more flexible than the State sector.”

**“ The cover [of political risks] has never been more important.”**

**“ (...) an increase in demand for renewable, sustainable business can be expected.”**

#### WHAT ABOUT SMES?

Political risk covers are mostly bought by large corporates, but can SMEs look forward to having the same kind of support for their investments or exports to risky countries? That, says Nick, is an interesting question, “because the product we have developed at Ascent is specifically targeted at smaller companies. It is a product that will provide not just political risk insurance to indemnify the insured, in the event they lose their investment; equally importantly, it comes with a support package provided by a crisis management response company, which will work with the insured in a crisis situation to try and alleviate the effect of the crisis. If it is a political crisis, they will help the insured negotiate with the government; if it is a physical security-type crisis, they will advise the insured on how best to preserve the safety of their employees; and if one of their staff has been seized by the government or rebels, they will help negotiate the release.

“So,” he adds, “we have a real interest in working with smaller companies to provide them with political risk protection, which includes not just paying out in the event they lose their investment, but more importantly, providing them with the tools they need to either manage the problem or mitigate it, and avoid a total loss. There are a number of other underwriters in the political risk market who share

that same view. It allows you to get to know the client very well and having the crisis management support provided alongside the insurance goes some way to mitigating any insurer fears that smaller clients will not be able to manage a deteriorating political situation, compared to a larger company with an established crisis management procedure.

“As I say, I think there is a general recognition that if you’re working with smaller companies, providing the crisis management response tool, alongside the indemnity tool, goes a long way to mitigating that problem.”

And we are not just talking about the larger SMEs but the really small ones. “The smallest insured that we have taken on this year had an annual revenue of around £5m. They have proprietary technology, which is employed to clean up wastewater from hydrocarbon facilities. They recently attracted a substantial new shareholder, so while the revenue, historically, has been very small, they now have more substantial resources. And whilst they have one particular project in the Middle East, the project that we insured, they now have other contracts with other Middle Eastern oil producers, for an identical type of water treatment plant. That company will grow rapidly, so the existence of political risk insurance was critical, for them to be able to proceed with that first investment. We are presently looking at a similar size company for a telecoms risk.”



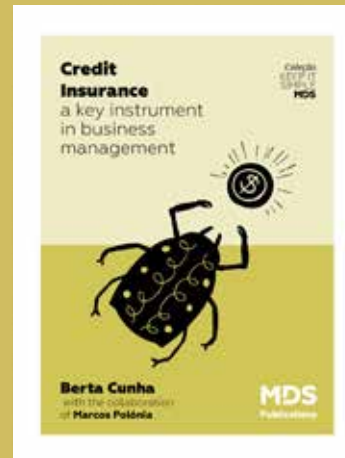
## HOPING FOR THE BEST, PREPARING FOR THE WORST

As the conversation comes to an end, Berta asks if there are any further insights Nick would like to share with FULLCOVER's readers. As a final reflection, he says – while acknowledging that it is a bit of a cliché – “we should expect the unexpected; I mean, nobody foresaw Covid-19. And on the political side, I can see that there are many areas of potential danger at the moment – China and Taiwan could for example be a problem. China is becoming increasingly more assertive.

“All the problems I mentioned at the start of this conversation, covering the last 40 years, not one of them were forecast. I think that simple fact reinforces the need for both credit insurance and political risk insurance. It should force a reassessment of clients who do not currently buy this insurance, as to whether that is the appropriate thing to do.

“I take the view that the cover has never been more important. I think the way it has performed during 2020 with Covid-19 is another powerful argument as to why it's a good product that performs well and does provide real benefits, real assistance, and real protection in the event things go badly wrong.”

Well, we all hope they don't go wrong. Still, hope for the best and prepare for the worst – although had we followed this principle then maybe 2020 would be remembered differently by history. ///



## MDS Publications releases second book in its **Keep it Simple** Collection

The MDS Group has now launched the second volume in its Keep It Simple Collection, this time focused on credit insurance. Throughout this new book, MDS consultant Berta Cunha, in collaboration with Marcos Polónia, director of Credit and Bonds at MDS Portugal, details this insurance line in a straightforward, accessible manner without sacrificing the finer technical points needed to fully understand this particular form of risk coverage.

Credit insurance is a vital tool in the enterprise management toolbox, especially during crises, such as the one we are now living through. Not only does credit insurance enable you to manage your credit risk, but it also protects your company's cash flow and lets your business grow securely and sustainably. As the present crisis unfolds, we may well see a significant increase in reported insolvency this year and if so, we know that statistically a quarter of those will originate from customers defaulting. With that in mind there is no better time to publish this new book to help support MDS customers, either existing or prospective, and increase understanding of this kind of protection.

The authors explain exactly what credit insurance is, the scope of different coverage options, the main advantages of each and how they work in practice with the use of concrete examples. You will also get to learn about the origins of credit insurance and how it has evolved up to the present day, as well as the current state of the market and the main insurers.



Access and download  
the digital editions



**Behind  
you**

**for  
what's  
ahead**



# SECURE THE FUTURE.

Leading with technology to help businesses stay in business.



Learn more at [argogroup.com](http://argogroup.com)

  
**ARGO**  
GROUP

# Sick

## Medicine & Health

70  
**Coronavirus pandemic – doctors' view**  
with Pedro Simas,  
Adriano Campos Henriques  
& Ana Isabel Pedroso

76  
**Tackling the next emergency**  
Miguel Abecasis

78  
**High speed vaccine**  
Luiz Rizzo Vicente

80  
**Mental Health - a new business priority**  
Poppy Jaman

82  
**Insurers' Roundtable – Building back stronger**  
with Paula Covey, Santiago Arechaga & Sheldon Kenton

## Geopolitics & Economics

48  
**Post-Covid Transitions**  
Bernardo Pires de Lima

52  
**Coping with Covid**  
Devadas Krishnadas

54  
**The case of developed economies**  
Cristina Casalinho

57  
**Governance in a time of pandemic:**  
in conversation  
with José Luis Escrivá

60  
**Catastrophe falls on a fragile Europe**  
João Duque

62  
**A new social contract**  
Ludovic Subran

64  
**WEF: the great reset initiative**

## Cities & Urbanism

88  
**Climate, Covid and city living**  
Carlos Moreno

92  
**Green rooftops – a Portuguese case study**  
Paulo Palha

95  
**Living Labs**  
Carlos Suárez

# New

## Aviation

---

100

### Back on air

Magda Cocco & Marília Frias

104

### Action drives opportunity

Philip Smaje & Henry Bexson

## Cyber

---

108

### Security by design

António Gameiro Marques  
& Lino Santos

## Insurance

---

114

### Pandemic (re)insurance pool - right move, wrong time

Laurent Montador

117

### Working together for vaccine distribution

José Núñez

# World

# Post-Covid Transitions

by Bernardo Pires de Lima Associate Fellow, IPRI-NOVA University



Bernardo Pires de Lima

**In the wake of the 2008 financial crisis, we have seen the disintegration of the international order, the inefficacy of multilateralism, nationalist agendas dominating elections, and demographic explosions in major cities impacting public health responses, mobility, and housing. We have also seen the effects of economic growth on the surrounding environment, unregulated globalisation, vulnerable supply chains, increasing inequality from the technological revolution, inequity in economic models and the explosive growth of conspiracy theories putting more and more pressure on science, journalism, and politics.**

**Whilst these trends had all been identified prior to Covid-19, the pandemic has provided all the ingredients needed to help accelerate a response to this malaise in three major areas: re-industrialisation and environmental ambition; regulated, moral digitalisation; and geopolitical balance and ascendancy. The conditions are in place for an optimistic outlook on the near future.**

**“ The digitalisation of social, consumption and work habits goes back more than a decade, but the pandemic and its associated lockdowns have accelerated this process.”**

**Bernardo Pires de Lima** is an associate fellow at the Portuguese Institute of International Relations, IPRI-NOVA University. He is also an international politics analyst for the national Portuguese television channel RTP, for radio station Antena 1 and the Portuguese daily *Diário de Notícias*. He chairs the Luso-American Development Foundation's (FLAD) Curators Council and has been a Research Fellow at the Johns Hopkins Center for Transatlantic Relations in Washington DC and at the National Defense Institute in Lisbon, Portugal. He has penned eight books on contemporary international politics, the most recent being *Portugal na Era dos Homens Fortes: Democracia e Autoritarismo em Tempos de Covid* (Portugal in a time of strongmen: Democracy and authoritarianism in a time of Covid), published by Tinta-da-China in September 2020. He has been a political advisor to the Presidency of the Portuguese Republic since March 2021.

#### **REINDUSTRIALISATION AND ENVIRONMENTAL AMBITION**

The decline of globalisation is being cited as a possible side effect of the pandemic. However, the statistics highlight that the process was already underway with the worldwide flow of direct foreign investment and international trade already diminishing. The assault on globalisation started with the great financial crisis of 2008, followed by the alarming effects of the climate crisis and, more recently, the trade clash between the US and China. In addition to this decline in globalisation there has been a resurgence in regionalism, including the deepening of European integration - in the context of major Covid-related financial programmes - and Asian integration as demonstrated by the major Asia-Pacific free trade agreement signed in 2020.

In the case of Europe, interlinking intra-European technological and industrial innovations will define the economy over the next few decades, supported by competitiveness and sustainability. The European Union has the necessary elements in place - a space for co-ordination, rules, regulation, and financial capability - to enable its member-states to advance, together, along the route

of reindustrialisation, commercial diversification, trust in supply chains and global political influence. But this alignment in values, which is also geopolitical, relies on the generation of sufficient momentum to overcome challenges such as the fickleness of authoritarian regimes (such as Russia) and conflict-prone regions (such as the Middle East). The way forward must be supported by a coherent infrastructure network that will not isolate any member state, either in the as yet unbuilt energy pipelines or rail and maritime connections.

One competitive advantage, within Europe, and between the EU and the rest of the world, stands out, and that is the evolution of a balanced and sustainable relationship between existing natural resources (most of them untapped) and new, highly innovative industrial players with a worldwide presence. The sustainability of a thriving internal market in Europe, as the basis for an equitable social market economy, will rely more on internal than external actions, connecting the development of skills to manage increasingly important raw materials (lithium, cobalt, rare earth metals, and more) with their correct integration in local communities, industry, commerce, economy, and consumption. Opportunities abound.

“ One of the dividends from the pandemic and climate traumas may be the establishment of a trans-Atlantic stage that will build bridges with Beijing.”

**REGULATED, MORAL DIGITALISATION**

The digitalisation of social, consumption and work habits goes back more than a decade, but the pandemic and its associated lockdowns have accelerated this process. Companies have adapted their offerings for online trading, a move that has kept pace with changing consumption patterns. Work relationships have also, for the most part, moved to digital platforms – similarly with education – resulting in companies such as Zoom now having as much market value as the world’s 15 largest aviation carriers. The transition of press and political communication to digital, has not only increased the influence of social media, turning social networks into an important connection point with readers and voters but has also fuelled the proliferation and spreading of lies and fake news.

The political impact of the digital manipulation of information had already proven its influence on electoral outcomes, pre-Covid, as demonstrated by the rise to power of Bolsonaro in Brazil, Trump in the US and in the Brexit referendum in the UK that shocked the world.

Post-Covid, the political electoral cycle needs to tackle digital deregulation and give it a sense of integrated, moralised governance. The infodemic laid bare through the pandemic has turned digital anarchy into a universal security issue and a public health imperative. There are, however, some positive signs emerging.

The Euro-Atlantic agenda proposed in late 2020 by the European Commission has placed digital governance, tax equality and data security as fundamental pillars of globalisation, recommending the creation of a Common EU/US Trade and Technological Council to fast-track legislation and maximize influence beyond geographical borders. This initiative will in effect be a major siege of big tech, especially tax-wise, where they presently operate in a space of accumulated privilege without a hint of shame, depriving states, and societies of financial resources. This attack will be an exercise in fiscal justice, and one that is indispensable to the health of capitalism and democracies.

After the symptoms of the Western model’s illness had been laid bare by the 2008/2009 financial crisis, slow and timid palliative measures were put in place. Any corrective action now, to restructure the West, must be more fundamental and should include the channelling of resources raised from the taxation of unregulated and ascendant big tech to the four remarkably unshielded areas throughout this endless pandemic crisis — education, culture, press, and civic participation. The ability of the Euro-Atlantic to influence this and other international issues would also, once again, put democracies at the forefront of solutions, saving them from the spectre of decline, at least for a while.



### GEOPOLITICAL BALANCE AND ASCENDANCY

In recent years, leading world powers have engaged in competition without diplomatic checks. The space for the sensible handling of matters of common interest having seemingly vanished and the authoritarian exertion of power defining international politics. However, it is important to note that liberal democracies are the historical exception, and not the rule, and their persistence comes from a security guaranteed by leading powers, a stability indispensable to the consolidation of the democratic grid, without which the liberal order would be fatally at stake, or decline.

This moment in time is not, therefore, to be taken lightly.

China is recovering faster than other world economies. Nationalism around the vaccine is strengthening its position, and the lack of co-operation with World Health Organisation (WHO) investigators early in the pandemic provided it with time to deploy some of the tactics that have aided its rise over the years: namely soft power (shaping the preferences of others through appeal and attraction rather than coercion), leading to a perception of harmlessness and general enchantment, military modernisation without matching moves from other countries, and unparalleled financial capabilities which it leverages with timing and methods tailored to each weakened target.

Accommodating Chinese power has become the leading global strategic issue, validating alliances in pursuit of equilibrium, rather than more aggressive methods, or more diplomatic approaches. Each country or group of countries is trying to find the magical formula that will help it deal with Beijing. The evolution of Chinese-American relations and Europe's positioning will dictate much of the dynamic in globalisation. The forecast is unclear.

The climate crisis shows that increased trans-Atlantic ambition toward carbon-free economies does not necessarily mean alienating China's contribution; one which is after all indispensable in reaching environmental goals. Gaining the advantage in this debate presupposes a double ambition with associated political risks: outwardly, to use COP26 in Glasgow later this year to set more ambitious goals for the next few decades; inwardly, to accelerate essential energy and economic developments to prepare for the future. Building a wide union of states helps overcome both constraints and to that end it is important, once again, to have China on board. In other words, one of the dividends from the pandemic and climate traumas may be the establishment of a trans-Atlantic stage that will build bridges with Beijing.

That said, the technological area opens up ample room for grievance. The adoption of a common EU-US agenda assumes a more robust line on data protection, anti-monopolist legislation, models of fiscal justice to govern major digital service corporations, and an online platform for moderation and

counter-disinformation. In parallel, trans-Atlantic capacity-building for 5G, in preparation for 6G, capable of influencing good and more transparent market practices that safeguard individual rights is essential. Tension with the Chinese project is evident and perhaps incompatible. What must be avoided is naivety at the European level, inequality on the trans-Atlantic stage and a permissive attitude toward the Asian giant.

A permanent forum for dialogue between the EU, the US and China for governance of the digital sector could be a step toward defusing distrust, insecurity and private or state vulnerability. If ever there was a dynamic accelerated by Covid, in addition to digitalisation of commerce, consumption, financial services and labour, it is that of international relations.

In coming years, those who reinforce diplomacy as a priority of public policy will be at the forefront of the joint resolution of major global dilemmas. It will be necessary to anticipate them, plan responses and articulate strategies. But the best may be yet to come. ///

**“ Any corrective action now, to restructure the West, must be more fundamental and should include the channelling of resources raised from the taxation of unregulated and ascendant big tech to the four remarkably unshielded areas throughout this endless pandemic crisis – education, culture, press, and civic participation.”**

# Coping with Covid

by Devadas Krishnadas CEO, Future-Moves Group

2020 is a year which will not soon be forgotten. Covid-19 brought international travel to a halt, posed a significant and real public health risk, and imposed dire economic impacts globally. No country was exempt or outside its reach.

Not only is Covid a global pandemic, but it is here to stay. The welcome news that more than one vaccine has proven effective is tempered by the reality of the challenging logistics of deploying the vaccine, and the unwelcome development that the virus has mutated into a more infectious strain.

However, it is evidentiary that different countries did better and for others, far worse in coping with Covid.

At the raw level, the difference in performance seems to be differentiated between the East and West, with countries in the East coping much better than countries in the West.

China, Hong Kong, Singapore, New Zealand, and Taiwan are examples of countries which have coped well with Covid while Italy, Spain, the United Kingdom and most notably the United States have not managed to get their Covid situations under control.

But the differentiation is not geographic. Countries such as South Africa have also done poorly, as have Japan and South Korea which have experienced multiple waves of infections.

What explains the differences?

The first answer lies with the quality of governance. Governance refers to more than government; it also involves the roles of businesses and the community.

In countries with a strong 'trust compact', there was more effective policy action and greater compliance with precautions. Policy action was also evidence-based and swift. Tolerance for non-compliance with precautionary measures, both at the official level and the social level, was low. Such countries did well.

Conversely, where the 'trust compact' was low, policy action was chaotic, incoherent, belated, and public compliance was low. This led to spiralling infection rates and comparatively high fatality rates.

The second answer lies in the quality of national leadership. Leaders such as New Zealand's Prime Minister Jacinda Ardern, Singapore's Prime Minister Lee Hsien Loong, and Taiwan's President Tsai Ing-Wen showed themselves to be empathetic leaders who were also open and held themselves accountable. This gained public trust and cooperation.

In contrast the bumbling and blame-assigning by President Trump and Prime Minister Johnson of the

United Kingdom degraded public trust. In the case of Trump, he also promoted conspiracy theories and undermined his own officials struggling to manage Covid.

The third answer lies in multilateral cooperation and focusing on the challenge apolitically. Countries which cooperated with the World Health Organisation (WHO) and the public-private initiatives it led, such as the Friends of COVAX, contributed and benefited from information-sharing and building of Government-to-Government trust. These laid the foundation for amenable agreements on prioritisation, coordination, and cooperation in vaccine development and deployment.

In contrast, Donald Trump chose to politicise the challenge of Covid. He accused it of being caused by China, withdrew the United States from the WHO and withheld \$400 million dollars in annual funding to the WHO. Consequently, US officials had to struggle on their own to find solutions to Covid.

The fourth answer lies in countries having faith in science and those which treated the virus as a hoax or as a 'China virus'. Those countries which undertook science-based policy action also acted more swiftly and cogently.

Whereas those countries such as the United States and Brazil, whose leaders ignored the developing crisis – even when they had time to prepare a response – and spun conspiracy theories instead of focusing on the evidence, saw much worse outcomes for their populations.

It is ironic that in December 2020, the United States, the global superpower, had the highest number of infections and highest number of fatalities and highest fatality rate.

The fifth answer lies in education. Countries which have high median levels of education had populations which could better understand the complexities of the challenge posed by Covid and were more accepting of the precautionary measures, as they could relate to the science behind them.

Countries with low median education levels, including many States within the United States – typically Republican controlled and rural, saw a pattern of treating the virus as a hoax and an indulgence in conspiracy theories. This persisted even as they endured, when compared to peer States with higher education levels, far higher infections and fatalities.

The sixth answer lies in political will. Countries which had leaders who had the political will to take and stick with hard calls such as imposing lockdowns, conducting surveillance for compliance and enacting penalty regimes for non-compliance fared far better than those whose leaders acted timidly, ignored the crisis, or who were inconsistent in their policies.

The final answer lies in whether countries had a historical record in investing in public health services. Those which did so, such as New Zealand and Singapore, had the capacity and capability to rapidly respond to Covid whereas countries which neglected their public health services, such as Italy, the United States and South Africa, fell behind the curve of the contagion.

Thus, explaining the differences in country experience with Covid is as complex as the virus itself. However, it is not a secret and the answers are visible. The only question that remains is whether countries will draw and apply the lessons in a timely enough manner to be better prepared to deal with the next pandemic. ///



**Devadas Krishnadas** has more than 20 years of experience in the public and private sectors. As CEO of Future-Moves Group, Devadas brings to the table his expertise in foresight, strategic planning and public policy formulation, implementation and evaluation. He has held senior positions in the Singapore government, such as in the Prime Minister's Office, Ministry of Finance and Ministry of Home Affairs. *Confronting Covid-19: A Strategic Playbook for Leaders and Decision Makers* is his fourth book.



## Confronting Covid-19

As a truly global crisis, the coronavirus has been one of the greatest challenges that the world has faced in nearly a century. The book from Devadas Krishnadas launched in 2020 – *Confronting Covid-19: A Strategic Playbook for Leaders and Decision-Makers* – offers a forensic analysis of the Covid-19 pandemic, and fearlessly investigates international responses to the crisis through the lens of public health, politics, and the economy. With detailed examination of the pandemic's path globally, country case studies, recommendations and an envisioned 'post-Covid' world, the book provides valuable insights to leaders and decision-makers across public, private and community sectors alike.

# The case of developed economies

*by* **Cristina Casalinho** Chair of the Board, Treasury and Public Debt Agency



Cristina Casalinho

**One year on from the outbreak of Covid-19, it is clear that the world was not ready. And whilst the degrees of unreadiness varied among regions, Asia took the lead in effective containment of the disease due to its previous experience.**

The pandemic and its consequences are both cause and effect of the economic, political, and social context and Covid-19 will serve to accelerate a number of ongoing dynamics. As with a traditional economic crisis, there will undoubtedly be a growing number of bankruptcy filings, rising unemployment, the emergence of new businesses and a change in the productive fabric based on the Schumpeterian capitalist theory of creative destruction and renewal.

Regardless of the past, this crisis is unparalleled, due to both the speed and gravity of the recession, and to the extreme uncertainty as to recovery. A safe and speedy recovery relies on the newly developed vaccine, but many questions still remain over the efficacy and efficiency of the vaccine, and issues around production, distribution, and accessibility.

Before the pandemic, developed economies had witnessed several trends that have since accelerated:

**Cristina Casalinho** has a degree in economics from the Portuguese Catholic University School of Economics and Business Science and a Master's degree in business and management from the Nova University of Lisbon. In September 2014, she became chair of the board at the Portuguese Treasury and Public Debt Agency and prior to this was, lead economist at BPI Bank for nine years.

### 1. STAGNATION OR DECLINE IN GLOBALISATION

Globalisation, which accounted for solid world growth over the last 25 years, has stagnated since 2008. During the early stages of the pandemic, disruptions to the supply of industrial parts and components and difficulty accessing medicine and health equipment produced exclusively in Asia made it more urgent to control the production/value chain in Europe and the US. This process of "reindustrialisation", however, precedes Covid-19, driven by the diminishing competitive advantages of production facility relocation due to the proliferation of automation and a focus on reducing the distance between where goods are produced and where they are consumed. This call for local production has been driven by consumer demands for more sustainable, personalised consumption, concerns over environmental footprints and a desire for fair labour practices.

### 2. TECHNOLOGICAL EVOLUTION

The growth in the adoption of automation, digitisation, robot-driven production, and Artificial Intelligence has been with us for more than a century now. As a result of these changes, industries have developed that are less focused on labour cost and more reliant on worker qualifications and skills, access to research funds, equipment, and training. The pandemic has accelerated this process due to the growing demand for communication and information technology services. However, the caveat is that the development of giant tech companies also brings with its side-effects including declining competition, stifled innovation, and wealth concentration.

### 3. SOCIAL INEQUALITY

With wages stagnating, the gap between the skilled and the unskilled has widened with a loss of income for those engaged in more physical and in-person work. Unemployment in the Covid-19 era disproportionately affects the young, women and less skilled. Income inequality also takes on a new dimension — as job security and health security, both connected and amplified in remote working (for more qualified workers), also hinders social mobility.

### 4. CHANGES IN THE PRODUCTIVE FABRIC

Developed economies have combined reindustrialisation and automation causing some services to recede. With the pandemic, e-commerce has taken-off (from meal delivery to media and entertainment), as has logistics; social and professional contacts also now happen online more than ever, and a technological financial revolution, namely with payment services, is underway. At the other end of the spectrum, local commerce, hospitality, transportation (especially air travel), art and culture, and tourism, have suffered greatly. Such industries will get customers back, but a part of the previous demand will go over to other channels. Our needs remain the same, but support is changing, favouring the pre-pandemic tendency to consume by yourself, aseptically, at home.

**5.  
ORGANISING LABOUR  
AND ZONING**

Working from home to maintain business and preserve cost efficiency can amplify inequalities and undermine rights. A hybrid model may in the end prevail, with a combination of working from home and regular travel to a collective workspace. Companies still need offices to on-board new employees, strengthen relationships and culture and disseminate knowledge. The new ways of organising work will challenge cities, which must reinvent themselves to draw in new demographics, such as the young who had previously been driven away by the high cost of living.

**6.  
STRENGTHENING THE  
ROLE OF GOVERNMENT**

The State has faced increasing calls for intervention to correct market oversights and flaws, including demands to rein in monopolies, especially technological ones, to protect data, combat inequalities, and strengthen institutions and the rule of law. Globally, governments responded promptly and assertively to the pandemic, safeguarding people’s incomes, companies, and jobs, facilitating the road to recovery. There is a possibility that governments may embrace more interventionism to tend to the scars of the current crisis and promote a frictionless transition to a new economic order. The indefinite maintenance of support for some businesses may however delay recovery if inviable enterprises are kept on life support.

**7.  
HISTORIC RECORD-  
BREAKING DEBT**

Debt soared to record levels in 2020, placing greater stress on resource allocation. Proportionally, governments took on a greater debt load whereas the private sector was more cautious. The central banks in developed economies have expanded their use of quantitative measures, facilitating capital market absorption of growing funding needs arising from worsening public deficit. Interest rates have stayed at historical lows, ensuring acceptable costs for government debt.

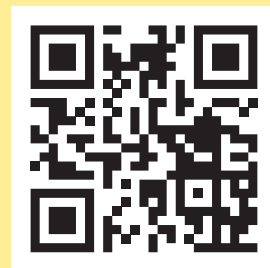
Europe learned from its mistakes and responded in a prompt and robust manner, strengthened by a sense of solidarity. The European Central Bank played an instrumental role combating financial fragmentation and guaranteeing conditions for the application of anti-cyclical budget policy. The European Council agreed on new budgetary mechanisms.

The Next Generation EU programme is bold and encouraging, due to its

common debt issuance mechanism, and its allocation of support based on crisis impacts, in an effort to mitigate imbalances. It will also drive the technological, sustainable repositioning of Europe.

Portugal will greatly benefit from this new European crisis management approach, having been one of the hardest-hit countries, partly due to its reliance on tourism. The challenges facing Portugal, post-Covid-19, are very much the same as before with a need to improve training and competitiveness in the work force and strengthen its institutions. Given the geographical proximity of end markets, Portugal may also benefit from the European effort to “deglobalise”, the adoption of modern technologies, and the call for sustainable, inclusive development. However, for all this potential to bear fruit it is essential that Portugal makes progress in connectivity (data, commodities, and people), the cost and efficiency of its digital and energy infrastructure and the introduction of more competition in commodity markets and services. ///

In 2020, MDS had the pleasure to talk to Cristina Casalinho on the impact of the global pandemic on the portuguese economy.



Watch the video of the 2nd MDS Talks

# Governance in a time of pandemic

## the Spanish experience

*Interview with José Luis Escrivá, Ministry for Inclusion,  
Social Security and Migration*

**The Covid-19 pandemic has intensified the problems of contemporary societies and put pressure on governments around the world to react quickly and decisively. Enrique Schoch, General Manager of Filhet-Allard MDS, in Spain, talked to José Luis Escrivá, Ministry for Inclusion, Social Security and Migration about the lessons learned and a vision for the future.**

**Spain and Italy were among the first European countries to be touched by the pandemic, and especially hard hit. Why do you think that was the case?**

I believe that, more than differing behaviours among countries, what happened was a distinct temporal dynamic. However, as trends between Spain and the surrounding countries have shown a convergence in case numbers, perhaps it would be more useful to study countries that have done better, such as Germany.

**How does one make such a difficult, unprecedented decision to implement a lockdown and shut down a whole country? How did it feel to be a part of government back then? What was going through your mind?**

The decision was indeed difficult, but we had no other option. The most immediate, significant concern was to protect citizens' health as Covid-19 was spreading quickly. Being in government when you have to manage a pandemic is very interesting, as feelings collide. On the one hand, there is evident concern for societal impacts and, on the other hand, the overwhelming responsibility of managing a crisis of this nature to the best of your abilities.



José Luis Escrivá and Enrique Schoch

**“ The most immediate, significant concern was to protect citizens’ health as Covid-19 was spreading quickly.”**

It is important to note that the Cabinet used a constitutional mechanism, with the sole aim of protecting the health of its citizens, to contain the pandemic and to prevent the public health system from breaking.

**The economy, and society at large, have endured significant damage from these short-term lockdowns, and it seems this will continue over the mid- and long term. In light of the outcomes, do you think it was wise to shut down the whole country or would you say other paths were viable?**

As lawmakers we had to make decisions at a time of maximum uncertainty. And when we declared a state of emergency, there was a lot we did not know about the coronavirus that we now do.

Regardless of that, I would say the decision we made, at a time when health authorities and international organisations were warning of the gravity of the disease and the impending collapse of hospital networks, was the right one. That said, experience gained over recent months shows that in the face of a health crisis like this one, there are other, less drastic measures we could deploy to contain a pandemic.

**When it came to containing the first wave, Portugal did quite well. However, Spain had a very rough time of it. For the third wave, on the other hand, the outcomes in Portugal have turned out much worse than in Spain, considering that we’re neighbouring countries with the same habits. Do you have any thoughts as to why impacts differed so much between the two?**

As I said earlier, almost every country in our region has converged toward similar levels and the same’s happened in Portugal over recent weeks.

**We are living through a third wave, with more cases than the first, but not all European governments are pondering another lockdown, coming up with more targeted measures instead. Do you think this is as a result of what we have learned about the disease so far, and the need to balance the impacts on both health and the economy?**

Over recent months, living with the pandemic, we have learned a lot and now, fortunately, have more knowledge to base our decisions on. This is enabling us to design measures with less of an economic and social impact. We can now also focus our efforts because we have reinforced our test and trace system, allowing us to make different decisions for areas with different epidemiological profiles. These changes mean the situation is quite unlike the spring lockdown.

**It is said that, for the first time in human history, a humanist vision prevailed over economic goals – to save the oldest and frailest, we curtailed the future for the young. Would you care to comment?**

It is important to remember that this is a time-bound affliction and therefore I do not think we have curtailed the future for our young people. However, last spring the priority was indeed to save the lives of the most vulnerable and of those with greatest exposure to the virus. There is nothing more valuable to a society than the lives of its members and that is why we acted the way we did.



**“ There is nothing more valuable to a society than the lives of its members and that is why we acted the way we did.”**

**What is Spain doing as a country to help its citizens overcome the crisis, which is more than a health crisis, but also an economic and social upheaval? What strategies have been designed to have tackle these aspects?**

At no time has the government given up on its citizens and it has worked to the best of its capabilities. From the very first minute, it reacted promptly, and measures were put in place to protect health first, and then the incomes of those affected. The Ministry I run has taken steps, thanks to a consensus formed with other political parties and representatives of civil societies, to help the most vulnerable, working people, and SMEs with the ERTE<sup>1</sup> (Expediente de Regulación Temporal de Empleo) furlough scheme, payments to the self-employed, and special Covid-19 sick leave. All of these income safeguards together supported almost six million people.

The number has gone down and at the moment ERTE is dealing with around 900,000 people and about 400,000 self-employed are being targeted for monetary assistance, which probably best demonstrates how well people adapt to administrative restrictions. Things evolve differently within each autonomous community because the steps taken are themselves distinct.

Furthermore, we surmised that the time was right to implement Vital Basic Guaranteed Income as a structural measure designed to combat poverty. In fact, we have sped up the process so it could be in place as early as June this year.

**All of Europe has been affected by the virus. What might cause vulnerability to the second and third wave throughout European countries?**

The whole world's been touched, not just Europe. It may be that other countries collect less data than we do, and we certainly get that feeling. What has happened here is that, logically, as you resume your daily life, opportunities for infection also increase. The point is that what matters is that you protect the most vulnerable and above all focus our efforts on vaccination. Right now, the priority is to get every vulnerable person vaccinated and continue the vaccination process laid out by the Ministry of Health. We need to have all our resources in place when vaccine doses get here in higher numbers. We at the Ministry for Inclusion are working with the insurers who collaborate with Social Security so that they may take part in the vaccination process.

**What impact do you think the pandemic will have on future trends in European pension and welfare systems? Are company-channelled pension systems one possible solution?**

Because this is a temporary affliction, I do not think it will greatly affect the retirement and pension system. Where Spain is concerned, the government will undertake a reform over the coming months, but we've been working on that for a long time, waiting for broad consensus in Parliament, which we have recently achieved. That aside, the centrality of the public pension system in Spain is not in peril.

**How do you see the pandemic evolving? And the post-Covid world?**

The early data we're getting from the vaccination process makes us believe that vaccines are very effective in individuals that have taken the two doses and all the signs point to an increase in shipping and the near-future availability of single-dose vaccines. One would suppose, and

we all trust that vaccination plans at national level, plus the number of people who already have antibodies, will lead to a high percentage of the population achieving immunity in a relatively short period of time.

With regard to the post-Covid world, I do not think we will see massive changes, although some kinds of business will change, with people increasingly working from home and business travel reduced. The last few months have taught us a lot and it is likely we will retain some of that learning once the pandemic is behind us.

**As always, there will be lessons learned and some good in all of this. Considering remote working and the rising importance of sustainability, how do you envision the future?**

I believe there will be a clear before and after in some activities and working from home is one of them. In countries like Spain, working remotely was not much of a habit. We have now recognised that certain types of work can be undertaken from a distance without any trouble. Sometimes there are even productivity gains. This could save us travel money and be beneficial with regard to infection or help combat the population exodus from rural areas. We will have to wait and see what the permanent effects are, but I would not be surprised by the above. ///

<sup>1</sup> Temporary labour regulation to minimize the impact of the pandemic

# Catastrophe falls on a fragile Europe

by João Duque Professor, Lisbon School of Economics & Management

If there is any lesson to be learned from the crisis surrounding the pandemic, it is that we need to change economic, financial, scientific, and human processes. With regard to geopolitical and geo-economic evolution, it is clear that over the last few decades there has been a gradual breaking down of economic, financial, technological, and human borders. One notable exception to this systematic increase in integration has been in the jurisdictional area.

Economically, the world has seen exponential growth in international business. According to Statista, world exports of commodities grew from US\$ 61 billion to US\$ 19 trillion between 1950 and 2019. It has been the same story with service exports. The embracing of economic theories of integration has created a network of global interdependency and a focus on low-cost manufacture and efficient production for a number of goods and services.

This focus on cheaper, and more efficient production using fewer resources has driven a growth in the production of more and more products and services across the globe, increasing their accessibility. This process has also helped to drive up and sustain high levels of employment and economic development.

This international integration has also been a fact in the financial world. The liberalisation of financial markets led to an extraordinary easing

of capital flows between international financial trading institutions, a shift accelerated by technological development and integration. Today, it is possible to invest capital in Tokyo which will then be used to invest in Beijing, followed by Hong Kong, or Singapore, and then in Moscow, Zurich, Frankfurt, London or Paris, New York, Chicago, or Sydney, and then back to Tokyo. This freedom of capital movements is almost total and immediate and has supported the speed in capital allocation for projects.

The integration and interconnection of the financial system is almost total thanks to technology. Aside from China and a few countries in the East, anyone can now be digitally connected with anybody else. This helps to sustain an international network of fully integrated, lightning-fast international communication.

In human terms, we have also seen unprecedented levels of travel. Today, people cross the world in record numbers, be it for business, pleasure, or to live.

Despite all this international integration, individual countries have maintained their jurisdictional, legal, and political borders. And whilst companies have become multinational and families have scattered throughout the world, political and electoral borders have persisted and, in some





cases, became more starkly defined. And with the rapid spread of Covid-19 they closed almost overnight. This time, the closure of borders has been for health reasons, but there will no doubt be other reasons in the future.

This abrupt stop has helped the world to wake-up to how much its basic economic independence depends on the political decisions of governments. Recent events have helped to underline the dangers of the over-concentration of production of goods and basic services. And whilst we all share a belief in human goodwill, the fact that 80% of low-priced medicine is now manufactured in one place, China, has raised questions over whether it is not time to re-evaluate the cost-benefits against the independence we lose.

The fact that basic life-support equipment originates mostly from another continent, emphasises how exposed we are to the politically motivated decisions of others. But it is also an issue of geography, as we can all remember how Europe brought commercial aviation to a halt when an Icelandic volcano erupted and darkened the continent's skies.

Obstacles do not necessarily need to originate with politics.

So, it is time to give a serious thought to whether Europe should reconsider its autonomy in terms of production of goods and services, even if that could result in higher prices and losses of efficiency. Because one thing is to do without t-shirts or rubber-soled gym shoes, but another one entirely different to not have ventilators or medicine for serious illnesses.

The pandemic has made Europe to wake up to its over-reliance on external jurisdictional and political blocs. In the interest of a safer, more peaceful existence in Europe, where so many wish to live, Europe must now rethink its independence and progress integrating the European plans for recovery and resilience. ///



**João Duque** has a degree in audit accounting and administration from the University of Lisbon and a doctorate from Manchester University. He is a tenured professor in finance at the Lisbon School of Economics and Management where he oversees the Master's programme in finance, lecturing on derivatives, financial engineering, and financial markets. He also manages the post-grad financial analysis programme at Porto Business School, teaching complex options and financial products. He is a member of the General Council and Oversight Board of the Caixa Central de Crédito Agrícola Mútuo, chair of the REN Compensation Committee, and chair of the Tax Board at Novabase Capital.

# A new social contract

by Ludovic Subran Chief Economist, Allianz

With the onset of the pandemic, the expectation prevailed that Covid-19 would be the great equalizer: after all, no one is safe from the virus. This expectation has turned out to be fundamentally wrong. Covid-19 has exacerbated existing inequalities: Death rates are higher among minorities (U.S.); the economic consequences are generally more severe for women; the home office is primarily the privilege of well-educated high-income earners; the already wealthy benefit from the Corona boom on the stock markets. These observations are not likely to be snapshots in the lockdown, but long-term consequences are to be feared, for example labor market scarring; the young unemployed face a higher risk of the type of prolonged joblessness that can render them unemployable over the medium and longer term.

But it is not only within countries that the pandemic revealed and deepened cracks. Major differences have also emerged between countries in the

way they have dealt with Covid-19 and managed the economic crisis. On the one hand, there is China, which clocked growth of 2.3% in 2020; on the other, there are many European countries which contracted on average by around 7%. Are these differences due to different social governance systems? Are they even evidence of the superiority of the Chinese system?

In fact, there is a trade-off in the pandemic between individual freedoms and the public good of general health. Authoritarian states with extensive surveillance are more likely to enforce strict mobility restrictions with punitive measures than liberal and open societies with their focus on protecting individual rights and privacy. Thus, authoritarian states have a “natural” advantage in dealing with the pandemic. But it falls short to attribute the different successes solely to the form of society.

A look at Russia and Turkey, for example, shows that authoritarianism alone is no guarantee of an effective

pandemic strategy. Moreover, China's success is by no means unique: Taiwan, New Zealand, Australia and, to a lesser extent, Korea and Japan were similarly successful – all democratic, liberal states. The secret of their success? Preparation thanks to experience with SARS and MERS, consistent use of technology (especially Korea) and strong social norms (especially Japan). The last point is likely to be crucial: The willingness to join collective action and make sacrifices for the common good is certainly stronger in these societies – including China – than in individualistic Europe or America.

This leads to the real Achilles' heel of Western societies: not their liberal constitution, but the increasing polarization into different groups with particular interests, fostered by social media. Keywords for which are identity politics and populism: what counts is belonging to one's own group or bubble, exchange or even

reconciliation with others hardly takes place anymore. The sad irony: social media has brought the social contract on its knees. The events in Washington on January 6 are only the most extreme display of this polarization which is by no means only an US phenomenon.

The problem is that Covid-19 is likely to reinforce this polarization, which began long before the pandemic. By deepening inequality the crisis is likely to undermine the social fabric further and fuel greater political bifurcation and populism down the

social places – after “cancel culture” has increasingly taken hold at universities – where people with different convictions and cultures, experiences and values come together – to achieve success together. Precisely this diversity is the key to build a successful company, which can thus act as an important role model for an inclusive society.

But being a role model is only a good start; it is not sufficient. Companies should spearhead a reinforced pivot to sustainability and equality. If anything, Covid-19 demonstrates the fragility of

“

## To emerge stronger from the crisis, companies will have to play a central role in the new social contract post Covid-19.

”

road. Repairing the social contract is therefore a mammoth task for the coming years.

In doing so, simply relying on more government and social benefits is certainly not enough – and could even be counterproductive: The antagonism between the so-called establishment and anti-establishment would only intensify. This is especially true of the universal basic income, which would cement social dependence and ignore the dignity of one’s own performance. The guiding principle of a new social contract should not be alimentation, but rather resilience, the ability to bounce back after setbacks. Massive investments must be made in this resilience, e.g. through an expansion of educational opportunities at all levels. The ultimate goal is to reduce inequality, but not by giving mildly, but by strengthening the capabilities of each and every individual.

In this process, companies, as modern social units, have an important role to play. They represent the few

modern life. The economic rebuilding after Covid-19 might represent the last chance to accelerate the global transition to a net zero society. Many companies, not least in the finance industry, have already embraced this macroeconomically connoted “E” in ESG (environment, social, governance). In future, however, the more microeconomic “S” will be equally important: equality of opportunity. That is why more and more companies support movements such as BLM (Black Lives Matter) or LGBTQ (Lesbian, Gay, Bisexual, Transgender, Queer). Financial companies, in particular, can strengthen societal resilience through their business model, using both sides of their balance sheet: Impact investments on the asset side, and social sustainability of products on the liability side.

To emerge stronger from the crisis, companies will have to play a central role in the new social contract post Covid-19. ///



**Ludovic Subran** is the Chief Economist of Allianz, Europe’s leading insurer and investor. He is also Chief Economist of the credit insurer Euler Hermes. The Economic Research at Allianz SE and Euler Hermes is a unique team that bridges top-notch research on countries, sectors, capital markets and trends to provide clients with best-in-class knowledge. Prior to joining the private sector, Ludovic worked for the World Bank, the United Nations World Food Programme, and INSEE. Ludovic teaches economics at HEC and Sciences Po. Young Global Leader of the World Economic Forum, ranked by the Choiseul Institute and Le Figaro as one of the 100 French leaders of tomorrow, Foreign Trade Advisor, Ludovic also sits on several boards of directors and advisory boards. He has contributed to numerous books: *La Faim et les Marchés* (2006), *Désordre dans les Monnaies* (2015), and *Je comprends enfin l’Économie* (2019 and 2020). Ludovic is a graduate of the École Nationale de la Statistique et de l’Administration Économique and of Sciences Po Paris.

# World Economic Forum **The Great Reset Initiative**



On January 1 2020, people around the world celebrated the dawn of a new decade with fireworks, celebrations, embracing, kissing, and cheering to a new year, unaware of the disease that would irrevocably change our way of life. Covid-19 quickly spread across continents, closing nations and borders, confining almost four billion people to their homes, paralysing businesses and destroying economies and communities.

**“ The pandemic represents a rare but narrow window of opportunity to reflect, reimagine, and reset our world to create a healthier, more equitable, and more prosperous future.”**

### **WHAT FUTURE AFTER COVID-19?**

A year on the fight has still not been won. Vaccines have brought hope, and a faint light at the end of the tunnel, but there's still a long way to go. We are all wondering: Will we ever recover? What will the world be like after this pandemic? And what will the next “normal” be?

However, there are some who believe the pandemic has provided a unique opportunity to think about the kind of future we want. One of those advocates is the founder and executive chairman of the World Economic Forum (WEF), Klaus Schwab. Over the last few years he has warned that the world economy is in deep trouble – something that has been exacerbated by the pandemic's effects on society and which has highlighted the ongoing technological revolution and climate crisis: “The Covid-19 crisis has shown us that our old systems are not fit any more for the 21st century. In short, we need a great reset.”

### **THE GREAT RESET INITIATIVE**

In 2020 the WEF launched The Great Reset initiative<sup>1</sup> bringing some of the world's best minds together to help to build a better, fairer, greener, and healthier planet after the pandemic.

“The pandemic represents a rare but narrow window of opportunity to reflect, reimagine, and reset our world to create a healthier, more equitable, and more prosperous future.”, says Schwab. It is widely accepted that Covid-19 has heightened existing economic and social inequalities which, if left unaddressed, will make the world “even less sustainable, less equal, and more fragile. We must build entirely new foundations for our economic and social systems”, he adds.

But to be successful, society, governments and businesses around the world must work together to build a better society. “To achieve a better outcome, the world must act jointly and swiftly to revamp all aspects of

our societies and economies, from education to social contracts and working conditions. Every country, from the United States to China, must participate, and every industry, from oil and gas to tech, must be transformed. In short, we need a ‘Great Reset’ of capitalism”, he says.

The pandemic has certainly shown there is potential to do this. “Populations have overwhelmingly shown a willingness to make sacrifices for the sake of healthcare and other essential workers and vulnerable populations, such as the elderly. And many companies have stepped up to support their workers, customers, and local communities, in a shift toward the kind of stakeholder capitalism to which they had previously paid lip service.” Schwab argues that we will need stronger and more effective governments and private-sector engagement every step of the way to “build a new social contract that honours the dignity of every human being.”



Adapted from the World Economic Forum

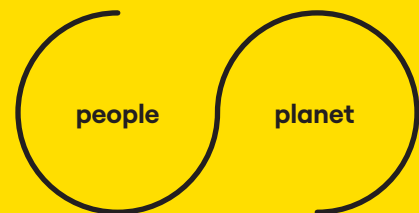
**THE DAVOS AGENDA 2021**

In January 2021, due to the pandemic, the WEF’s annual Davos Forum took place virtually under the theme “A crucial year to rebuild trust”. Its focus related to the “great reset” vision, an effort to find a response to the current crisis “that goes beyond economic reforms, the great reset outlines an ambitious vision for an inclusive, cohesive and sustainable world.”

**STAKEHOLDER CAPITALISM**

The WEF, along with many other economists around the world, has long defended the idea that the old capitalism - focused on the premise of maximum profit for shareholders - no longer works in today’s world. It’s time for stakeholder capitalism, in which companies seek long-term value creation by taking into account the needs of all their stakeholders, and society at large.

The stakeholder concept is not new. It has been discussed for more than five decades and broadly adopted in Northern and Western European countries such as Sweden, Denmark, Finland, the Netherlands, Belgium, and Germany. Over time the concept has naturally evolved, and it now entails a more global and comprehensive approach, with two primary stakeholders at the centre: People and Planet.



The simplified stakeholder model  
Source: “Stakeholder Capitalism”, Klaus Schwab and Peter Vanham, 2021

**A THREE DIMENSIONAL AGENDA**

According to WEF, the Great Reset agenda would have three main components:

1. **Steering the market toward fairer outcomes**  
“To this end, governments should improve co-ordination (for example, in tax, regulatory, and fiscal policy), upgrade trade arrangements, and create the conditions for a “stakeholder economy.” At a time of diminishing tax bases and soaring public debt, governments have a powerful incentive to pursue such action.”
2. **Ensuring that investments advance shared goals, such as equality and sustainability**  
“Rather than using the large-scale spending programmes that many governments are implementing, as well as investments from private

entities and pension funds, to fill cracks in the old system, we should use them to create a new one that is more resilient, equitable, and sustainable in the long run. This means, for example, building “green” urban infrastructure and creating incentives for industries to improve their track record on environmental, social, and governance (ESG) metrics.”

3. **Harnessing the innovations of the Fourth Industrial Revolution**  
“...to support the public good, especially by addressing health and social challenges. During the Covid-19 crisis, companies, universities, and others have joined forces to develop diagnostics, therapeutics, and possible vaccines; establish testing centres; create mechanisms for tracing infections; and deliver telemedicine. Imagine what could be possible if similar concerted efforts were made in every sector.”



**“ To achieve the Great Reset will take a change in mindset. Now, it’s up to all of us to do our part.”**

### TOWARDS A NET-ZERO ECONOMY

The deepening climate crisis did not magically go away during the pandemic and cannot be far from the WEF’s concerns. We only have one planet, and it is at risk of dying.

2020 was, along with 2016, the joint hottest year on record, ever. We also saw floods, arctic temperatures rising twice as normal, tropical storms and wildfires (such as in Australia and California). So, as Dominic Waughray, Managing Director, WEF says: “It is no surprise then that the WEF Global Risks Report 2021 identifies climate action failure, extreme weather and biodiversity loss, alongside infectious diseases, as the top global risks for the next decade in terms of impact and likelihood.”

An important step forward was the decision by US President Biden to rejoin the 2015 Paris accord on mitigating climate change. However, that’s not enough. There must be co-operation between countries and true political action to distribute the economic and social costs of moving away from carbon use within and across nations. As Waughray says: “We have only until 2030 to get things on track for a net-zero and nature-positive economy – this should sharpen our minds for action.”

### LAYING THE FOUNDATIONS OF A NEW ECONOMY

However, Kristalina Georgieva, IMF Managing Director, believes we can take inspiration from previous generations. “They forged a better world in the worst possible moment, in the midst of war. We need the same spirit now for the post-pandemic world - build one that is more inclusive and more resilient.”

We must galvanize what we learned from this pandemic to improve and innovate, building a better world. In the words of Saadia Zahidi, Managing Director, WEF: “While no nation has emerged unscathed from the pandemic, countries with advanced digital economies and digital skills, robust social safety nets and previous experience dealing with epidemics have better managed the impact of the pandemic on their economies and citizens. As the recovery takes shape, a new toolbox of macroeconomic targets beyond GDP growth is required to shape economic development in a direction that considers the planet, people, and institutions.”

She believes that governments and businesses have a role to play in helping to mend the existing social fractures and earn back trust in institutions. How? She mentions four aspects: “The first is formulating analytical frameworks that take a system-based view of risks and their impacts. It is not enough to create frameworks and shelve them for later use: they must be constantly tested and challenged to unearth potential cascading effects and blind spots. Second, governments must invest in high-profile risk champions. These stakeholders should encourage innovative thinking and act as liaisons between experts and decision-makers. The third opportunity is in risk communications – and, specifically, combating misinformation. More can be done at both community and government levels to understand and tackle its spread. Finally, exploring new forms of public-private partnership on risk preparedness can help maximize efficiencies and expedite recovery.”

We will, however, only be successful through co-operation. As Børge Brende President, WEF says: “The direction we need to head is toward greater dialogue, co-ordination and collective action. Global co-operation is not a luxury; it is the necessary ingredient for recovery today and resiliency tomorrow.” And the truth is that this pandemic has showed us that people and governments are willing to come together towards a common goal and we have seen clear signs of transatlantic, transpacific, or Sino-European global initiatives.

One lesson that should be learned is that we all depend on each other and whether it is a pandemic, climate change, or inequality, we will either swim or sink together. There isn’t a fixed solution for the problems that are plaguing our society; each context will demand a specific strategy. But the principles are the same: fairness, transparency, and accountability.

To achieve the Great Reset will take a change in mindset. Now, it’s up to all of us to do our part. ///

#### References

SCHAWB, Klaus, Vanham, Peter – Stakeholder capitalism: a global economy that works for progress, people and planet. London: Wiley, cop. 2017. ISBN 978-1119756132

BORGE, Brende – How to orient toward global cooperation. Available <https://www.weforum.org/agenda/2021/01/how-to-orient-toward-global-cooperation/>

ZAHIDI, Saadia – How to build more resilient countries after the Covid-19 pandemic. Available <https://www.weforum.org/agenda/2021/01/how-to-build-more-resilient-countries-after-the-covid-19-pandemic/>

WAUGHRAY, Dominic – Why we must build a net-zero, nature-positive partnership. Available <https://www.weforum.org/agenda/2021/01/2021-the-year-the-real-economy-must-start-building-a-net-zero-nature-positive-partnership/>



# Zurich Digital Protection: your company's reputation under your domain.

Zurich Digital Protection helps you deal with cyber threats, by hiring specialists, extortion negotiating, damage to reputation, business interruption, civil liability and more.

Learn about some of the distinct features of **Zurich Digital Protection**:



**Risk Engineering Team:** highly trained professionals introduce the company's cyber risk analysis and proposed solutions.



**Incident Response Service:** offers assistance with renowned specialists to deal with events involving the violation of network security or data privacy.



**GDPA Processes:** coverage for the General Data Protection Act (GDPA) in the event of improper leakage of personal data. Includes attorney costs, fines and penalties.

Learn about this and other insurance solutions for your company at [zurich.co.uk](https://zurich.co.uk)





# Coronavirus pandemic doctors' view

We've always needed them, but never so much and so explicitly as we have during this long year. Doctors and health professionals were there, on the front line, from the very first minute. They took chances that were difficult to gauge, but seemed significant right from the start. Being human, just like everybody else, they had to rise to the occasion, because on the war front they had no choice. Sacrificing personal and family life, overcoming doubt, trying to raise their cautious, not always welcome concerns, warning us of danger and trying to stay calm at all times, at least outwardly, there is so much we owe these new heroes who in general believe tomorrow will be better, despite the many uncertainties they face. In this issue it was inescapable to hear from them. So, we did. We talked to an epidemiologist, Dr. Pedro Simas, a family GP, Dr. Adriano Campos Henriques and an intensive care practitioner, Dr. Ana Isabel Pedroso who shared their experiences of this unforgettable year and their views of what the future might hold.

# Dr. Pedro Simas

## Epidemiologist

Institute of Molecular Medicine João Lobo Antunes



### How do you feel the pandemic has been managed in Portugal?

There has been a lot of resistance to the use of scientific knowledge in this new situation. One of the factors behind our limited success in containing the second wave was probably the lack of efficient testing. Testing is essential in preventing the virus's spread and we've known that for almost 100 years. Even with mitigation measures in place we were unable to bring the number of new infections down below the 3000 per day mark (on a 7-day average), which is in itself still a very high number. Even a more severe lockdown would not have prevented a high risk of infection over the festivities, as in addition to the anticipated increase in people travelling, people took advantage of the relaxation in measures to gather for meals.

### What could have been done differently to avoid the third wave?

We should have adopted a total lockdown to avoid the third wave, starting one week before Christmas and lasting into the New Year, covering the whole school break.

### How do you see vaccination and the way vaccination plans are being rolled out?

The vaccination plan is being implemented within the realms of what is possible due to the scarcity of vaccine doses. Things could improve if we widened the period between the first and second jab, so as to cover as many

people in as short a time as possible, thus saving more lives. The first stage of the plan prioritises the vaccination of at-risk demographics over 50. This is a smart strategy that protects the most vulnerable. The second stage is also very important, as it includes a medium-risk group. It is, however, extremely important to identify high-risk groups under 50. They do exist and cannot be forgotten or excluded from the first vaccination stage. When we hit our targets, we will have achieved almost 100% immunity in the at-risk groups, eliminating serious illness and preventing SARS-CoV-2 deaths.

### Is vaccination the solution to this pandemic?

Yes.

### Could this become an annual ritual, like the flu jab?

Yes, that's possible, but scientifically it doesn't make much sense. Both the natural infection and the vaccine bestow cellular immunity which protects against serious illness and is long-lasting; also, the normal process of reinfection by endemic viruses, which occurs every 2 or 3 years, will maintain that immunity. Coronaviruses do not mutate in the same way as flu viruses: with the antigen variation and major impacts on vaccine effectiveness protecting against serious illness or death. So annual re-vaccination, as happens with the flu, would never be necessary.

### Some specialists maintain that Covid-19 will become a part of our lives, as with flu. Do you agree?

I agree that it'll become part of our lives, as do all other coronaviruses that affect the respiratory system. I disagree it'll be like the flu. Coronaviruses and flu viruses are very different.

### Over a year in, when do you see the pandemic coming to an end?

When we reach 100% immunity in at-risk groups, through vaccination, we will have cracked the pandemic. When we reach 60%-70% herd immunity in the general population, be it through vaccination and/or natural infection, the virus will go from pandemic to endemic.

**“ When we reach 100% immunity in at-risk groups, through vaccination, we will have cracked the pandemic.”**

**Might we ever go back to the “old normal”?**

Yes, but in real life the future doesn't repeat the past. We keep learning and humanity keeps evolving, it's always been that way.

**Are there any messages you'd like to share with our readers?**

There has never been a greater risk of a fourth wave, as we estimate that almost 70% of the population does not have immunity and contagion numbers, though falling, are still high. That said, we haven't been this close to the finishing line before, as we are conducting vaccination. Until we've got 100% of the people vaccinated in at-risk groups, we can't let our guard down. We'll need to keep wearing masks and maintain social distance. We will not be stuck with vaccines. We will not be stuck with masks. The final part of all test is the most important, as it is that which leads to success. ///

**Dr. Pedro Simas** is Principal Investigator at Institute of Molecular Medicine João Lobo Antunes, a biomedical research institute. He is also Professor of Virology at Lisbon School of Medicine and Head of Biomedical Research at the Catholic University of Portugal Medical School. He has a PhD on Virology from Cambridge University, where he initiated research in understanding basic molecular mechanisms involved in herpes virus infections associated with specific forms of cancer like lymphomas.

# Dr. Adriano Campos Henriques

## Family General Practitioner

**It could be said that SARS-CoV-2 is the first major virus of the 21st century. In your opinion, was it unexpected or inevitable?**

We all watched in disbelief as SARS-CoV-2 made its entrance, quickly overwhelming the world. No country or government was truly prepared for this nightmare, a threat we have had to learn to face up to very swiftly.

We have already faced AIDS, Ebola, and H1N1 viruses, but SARS-CoV-2 has, due to its impact on both health and economies, become the major virus of the 21st century, and has already caused over three million deaths worldwide.

I do not however think this virus was wholly unexpected and we know that humankind has, in the past, been ravaged by great epidemics.

**The pandemic has forced the national health service to refocus, concentrating all its efforts on the fight against Covid-19, resulting in prevention and treatment of other illnesses and conditions taking a lower priority, with predictably serious consequences for the population. What's your perspective on this, and what could be done to mitigate the effects of such a strategy?**

The Portuguese NHS has made a tremendous effort to reorganise and create specific centres to treat acute respiratory disease, and to route all suspected Covid-19 cases through to these centres.

At the same time, Health Centres are still dealing with child health, maternal health, daily emergency care, sick leave, prescriptions for chronic conditions, phone appointments and the monitoring of Covid-positive patients through the TRACE platform.

Over time people have been able to regain access to appointments with their general practitioner and can now, once again undertake routine tests and follow-ups on their chronic conditions.

**Do you feel this context has changed the doctor-patient relationship? If so, how?**

I believe that throughout this pandemic most patients have gained a wider appreciation of the dedication and tireless efforts of their doctors, which will in the long run benefit the doctor-patient relationship.

**Fear, disinformation, uncertainty, pessimism, despair, exhaustion. Most people have experienced these feelings over the past months and citizens' mental health is expected to deteriorate to a concerning degree. How can health professionals help detect and tackle this issue?**

Over these long months, during both emergency and routine appointments, all general practitioners have dealt with patients' insecurity, pessimism, and depressed spirits.



**Is the Portuguese NHS ready to face this reality, on-boarding treatment for these patients — something it hadn't done until now?**

A sizable proportion of these cases are assessed, and patients supported with anti-anxiety and antidepressant medication. More complex cases are also being offered access to psychology and psychiatric consultations.

**On the whole, do you agree with the way the pandemic's been managed in Portugal? What would you do differently?**

The management of the entire crisis has had its ups and downs. Little by little, health professionals and the general public have however found ways to adapt and gain more confidence.

Today we know more about the disease and how we need to behave in order to feel more secure.

**What are your expectations around the vaccine? Will the vaccine solve the crisis? Or might there never be a vaccine at all?**

With regard to the much-awaited vaccine, I must admit to some personal reticence. In my opinion, it has not been tested long enough and I doubt it will protect against the emerging strains. That said, I do believe that, in time, the Covid-19 vaccine will be similar to the flu shot and every year its composition will be adjusted to combat new strains.

**Without a vaccine, how do you see the matter of herd immunity? How do you build up such immunity?**

I do not see herd immunity being built any other way than through mass vaccination, but at different speeds on different continents. It is expected that the US for example will achieve herd immunity by the second quarter of 2021 and the whole of the West in the third quarter of this year.

**As an alternative to the vaccine, is there effective treatment (such as we currently possess for HIV)? If not, do you expect such treatment to come about?**

We have two promising products to combat the illness, Dexamethasone and Remdesivir.

**How do you see the pandemic evolving in Portugal and throughout the world? Do you believe we are now better equipped to face new pandemics?**

I believe that, in the future, governments, health professionals, and the general public will know how to collectively respond to global threats of this nature in a more knowledgeable way. ///

**“ I believe that throughout this pandemic most patients have gained a wider appreciation of the dedication and tireless efforts of their doctors, which will in the long run benefit the doctor-patient relationship.”**

**Dr. Adriano Campos Henriques** graduated in Medicine and Surgery from the Lisbon School of Medicine. He holds a Specialist Degree in General and Family Practice and General Practice Consultant. Currently, he works at the Queluz Health Centre (USF Monte da Luz), having worked at Fernando da Fonseca Hospital, Hospital Particular de Lisboa, the CUF Descobertas Hospital, the HPP – Hospital de Cascais, HBA, the Loures Hospital and the Europa clinic of the Joaquim Chaves Group.

# Dr. Ana Isabel Pedroso

## Intensive Care Practitioner



**“ During the first lockdown, I chose to relocate outside my home. Nobody quite knew what the virus was like or how it was spreading. ”**

**One could say that SARS-CoV-2 has been the first major virus of the 21st Century. In your opinion, was it unexpected or was it just a matter of time?**

I believe it was wholly unexpected. Naturally, the scientific community has always known that we were at risk of new diseases arising, new epidemics, biological warfare, and more. But nobody expected something on this scale, with this kind of impact.

**What’s it like, being on the other side of the pandemic, on the front line?**

It’s about being able to contribute with your knowledge and labour to fight a virus on the global stage. It’s about enjoying victories on a patient-by-patient basis. It’s about not focusing on the fact that there is wave after wave, and you are working every day. It’s being exhausted but not letting up. Keeping that team spirit going and knowing the country is counting on us.

**Health professionals not only face increased exposure to contagion but are also under immense pressure due to excessive overtime under highly adverse conditions. This goes beyond wearing PPE (Personal protection equipment) for hours – it takes a toll on your personal life including separation from your family. Would you like to share your experience?**

During the first lockdown, I chose to relocate outside my home. Nobody quite knew what the virus was like or how it was spreading. For fear of getting sick and infecting my family, I moved out. I lived in a hotel room for two months. The hotel was secured by the town council and the hospital I worked at, and many other health professionals had taken up residence there. It was hard to only see my children from way up on a balcony, and to not be there for them at Easter, and not hold them on Mother’s Day. It was really hard.

**Does this disease change the relationship with patients due to the fact that they are in isolation?**

We try not to make it different but really, the use of personal protection equipment that conceals you behind a mask, visor, goggles, and a body suit makes everything more impersonal. Patients will never however be isolated from me or the other health professionals. They’re not just going to be left alone in a hospital.

**Fear, disinformation, uncertainty, pessimism, despair, exhaustion. Most people have experienced these feelings over the past months. What message would you like to convey to the public? And how can health professionals help detect and address these feelings among the population?**

Personally, I’ve taken an active role in health communication — I’ve taken part in TV interviews, written articles, and been active on social media... We need to inform, inform, inform, but not lapse into an infodemic. Stick to essentials. We don’t want to upset people but inform them of the reality. When health professionals explain what’s going on, they make people feel more confident. An old Portuguese proverb states, “Those who live in the convent know its business best.”

**On the whole, do you agree with the way the pandemic’s been managed in Portugal? What would you do differently?**

It’s been a challenge on so many levels, and management is one. Decisions haven’t always been the most correct, but they were decisions. What would I do differently? I would place health professionals closer to the teams that make the big decisions.

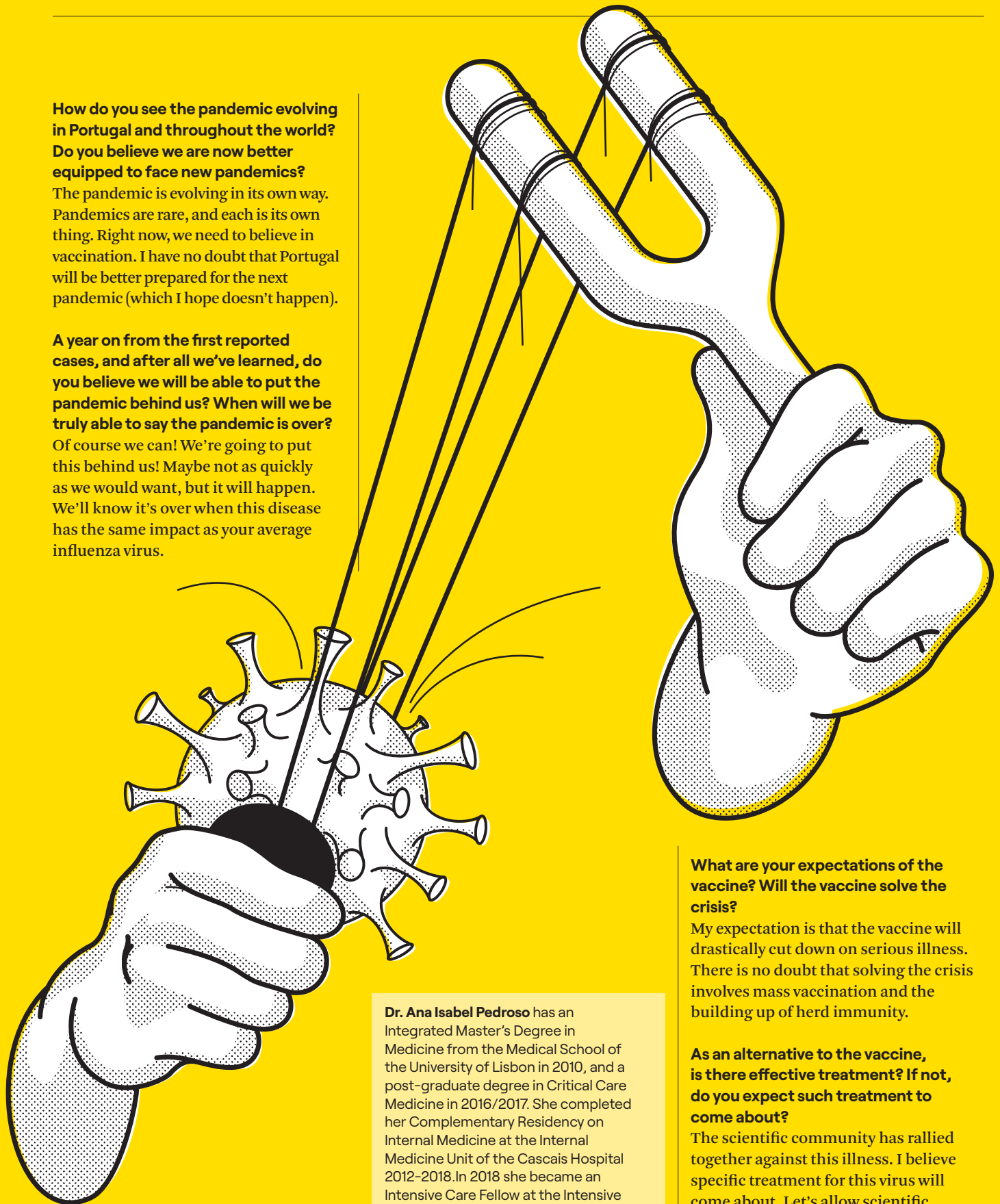


**How do you see the pandemic evolving in Portugal and throughout the world? Do you believe we are now better equipped to face new pandemics?**

The pandemic is evolving in its own way. Pandemics are rare, and each is its own thing. Right now, we need to believe in vaccination. I have no doubt that Portugal will be better prepared for the next pandemic (which I hope doesn't happen).

**A year on from the first reported cases, and after all we've learned, do you believe we will be able to put the pandemic behind us? When will we be truly able to say the pandemic is over?**

Of course we can! We're going to put this behind us! Maybe not as quickly as we would want, but it will happen. We'll know it's over when this disease has the same impact as your average influenza virus.



**Dr. Ana Isabel Pedroso** has an Integrated Master's Degree in Medicine from the Medical School of the University of Lisbon in 2010, and a post-graduate degree in Critical Care Medicine in 2016/2017. She completed her Complementary Residency on Internal Medicine at the Internal Medicine Unit of the Cascais Hospital 2012-2018. In 2018 she became an Intensive Care Fellow at the Intensive Care Unit of the Cascais Hospital.

**What are your expectations of the vaccine? Will the vaccine solve the crisis?**

My expectation is that the vaccine will drastically cut down on serious illness. There is no doubt that solving the crisis involves mass vaccination and the building up of herd immunity.

**As an alternative to the vaccine, is there effective treatment? If not, do you expect such treatment to come about?**

The scientific community has rallied together against this illness. I believe specific treatment for this virus will come about. Let's allow scientific progress to take place. ///

# Tackling the next emergency

by Miguel Abecasis Managing Director & Senior Partner,  
Boston Consulting Group (Lisbon)

The coronavirus pandemic (Covid-19) has shaken the world and will shape it for years to come. Appearing in late 2019 in central China, it rapidly spread across the world, starting with nearby Asian countries. Europe was aware of the first cases in the northern region of Italy in late February and by early April, official European Covid-19-related daily deaths peaked at over 5,000<sup>1</sup>. In less than 3 months, the virus had reached every country in the world.

Although incidences of the pandemic have varied between countries and continents, Covid-19 has challenged the status quo of all of them. Uncertainty and restriction measures have damaged economies, destroying jobs and dropping consumption to all-time lows. Health care systems have struggled to face the avalanche of cases, especially when protocol treatments were not defined. As important, panic, lack of knowledge and medical means left non-Covid-19 cases unattended, with 90%

of non-urgent surgeries of European patients being postponed during the first wave of Covid-19<sup>2</sup>.

The Covid-19 outbreak has shaken deeply the global health community. Once again, a high consequence pathogen infected humans and overwhelmed health care systems before the medical community could figure out how to contain it, similarly to what we have seen globally with HIV and are still seeing locally with Ebola outbreaks. Critical health system gaps and deficiencies were made blatant. Health workforce shortages, broken supply chains, fragmented services and siloed information systems are a few of the problems that hindered the response in the early days. The rapid spread of coronavirus showed how a major outbreak can quickly overwhelm the health systems even in regions that have made enormous strides in economic development and health preparedness.

The Covid-19 outbreak—and other contagions that will inevitably follow — could be managed, even without a vaccine; however, this requires holistic planning, collaboration, and a comprehensive, systemic approach.

**Early detection** is key, and scientists are making impressive strides in their ability to identify new pathogens. Improved digital tools can be deployed to detect future outbreaks more quickly. Local and international agencies should form partnerships with telecom companies, online media companies, pharmacies, and other sources (e.g. city sewage) to aggregate data and detect emergencies earlier **through predictive analytics**. Faster detection of pathogens and understanding of how they work might also mitigate the adverse health and economic impact of contagions.

Public cooperation through clear communication is the base of a proper health emergency strategy. Transparent, fact-based public

**“ The Covid-19 outbreak—and other contagions that will inevitably follow – could be managed, even without a vaccine; however, this requires holistic planning, collaboration, and a comprehensive, systemic approach. ”**

communication, to all audiences, can help contain a pathogen once it arrives at certain populations. Communication strategy should be prepared in advance, considering all audiences (from general public to health care providers), always be two way, and address holistically the impact of the disease, including social and economic implications. Contingency plans should be developed for shutdowns of schools and extended closures of factories and other workplaces, for example<sup>3</sup>.

**A clear setting of public and private partnerships** should be designed and provide a proper legal framework. Health care assets, from doctors to hospital beds, public, private or military, should clearly understand and respect how they will articulate to serve the population needs in health care emergencies.

As the health community develops new treatments and countermeasures, **work on delivery must also gain greater urgency**. Considerable improvement is needed in the global health infrastructure. Authorities should systematically ensure the resiliency and redundancy of global supply chains on which patients depend on for critical drugs. Health systems need a plan to quickly ramp up health care workers to meet the crushing demands of a modern epidemic. Government agencies should design a logistical resilience for delivery of essential treatment and supplies into their emergency preparedness plans, including commercial partnerships. This should include medical services, drugs, food, medical supplies, water, and other basic needs.

Once the coronavirus outbreak subsides, there should be a period of reflection on the lessons learned—and how those lessons can be incorporated into future preparedness plans. European healthcare systems need to build on the learnings from Covid-19 to drive future changes.

Covid-19 has had some positive impacts in several dimensions, from increased innovation in care delivery to increased efficiency and effectiveness of overall activity. In fact, a Covid-19 side effect is that it has increased willingness by patients for digital<sup>4</sup>, strengthened multi-disciplinary cooperation (public-private, clinical & social care, cross-agencies), reinforced national leadership and forced an agile way of making new policies for care guidelines, funding & incentives and data regulation. Finally, it has also highlighted the importance of data infrastructure, interoperability, collaboration, sharing & standards for future resilience.

It is key for healthcare systems to embed Covid-19-driven transformation leveraging as a momentum for change to deliver better value and build resilience for future waves/pandemics. ///



**Miguel Abecasis** is Managing Director & Senior Partner of the Lisbon office of The Boston Consulting Group. He has a degree in Business Management from the Catholic Lisbon School of Business and Economics and an MBA from Harvard Business School, having joined BCG in 1998.

1 Statista  
 2 Elective surgery cancellations due to the Covid-19 pandemic; May 2020; BJS Society  
 3 Whitepaper – A holistic approach to managing outbreaks (BCG – Feb2020)  
 4 World Health Organization (WHO)

# High speed vaccine

by Luiz Rizzo Vicente  
 Executive Director,  
 Albert Einstein Jewish Institute  
 for Education and Research



The Covid-19 pandemic has presented the human race with a number of scientific and ethical challenges, from the pursuit of adequate treatment and vaccines through resource allocation and transmitting information. The response to the scientific challenges has yielded good results so far.

It has been over a year since China accepted it had an epidemic on its hands yet there is still much we do not know about SARS-CoV-2's biology or its interactions inside the human body. And as with any virus that has taken a leap across species, it has been adapting and developing variants which have also made the front pages of scientific and generalist publications.

This virus, which originally adapted to infect wild animals, has only recently engaged in the mass infection of *Homo sapiens*. Interspecies leaps among infectious agents are unusual, but not quite rare, and we know from other similar events, that the process of adaptation to a new host can take a number of years and its evolution is generally benign. However, this is the first time such a process has been on a global scale.

Reflecting on the nature of the modern world, a study by Ribeiro *et al.*<sup>1</sup> illustrates the connection between airline flight corridors and massive conurbations to the dissemination and lethality of Covid-19. These findings and other data, combined with the Italian government's recent reassessment that the index case for the illness in Italy goes back to November 2019, suggest that national health authorities must be more transparent in the future if we are to maintain a world order that protects all the world's inhabitants.

There is no room in our globalised world for the concealment of health data. The free flow of people and the economic value that it brings, relies on all national health authorities being transparent and independent. A failure in this regard will mean that humanitarian catastrophes of this nature will recur, and people will no longer be able to move freely between countries, resulting in economic loss of incalculable proportions across the world. Leaving such controls up to the World Health Organization (WHO) has been shown to be ineffective.

Science has, so far, responded positively to the challenge of Covid-19. Although the number of low-quality papers published on the virus has surpassed the quantities seen under any other circumstances<sup>2</sup> it is undeniable that our knowledge of Covid-19 has greatly increased. Up until the emergence of new mutations, such as the UK strain, the percentage of deaths per diagnosed patient, per symptomatic patient, per hospitalised patient, or per ventilated patient, had dropped by nearly 80%. Whilst the presence of new variants calls for better analysis on their influence on morbidity and mortality rates, the reality is that as the number of infected grows exponentially, evolutionary pressure will mount and, consequently, the chances that a more lethal variant will emerge increase.

The development of SARS-CoV-2 is an area where science has performed well. However, despite records being broken with over 64 vaccines

undergoing trial and six being approved for emergency use in different countries, there has been some suspicion by non-scientists over the speed of these developments. The key facts however are that out of the ten years it normally takes to develop a vaccine, almost half are spent on regulatory proceedings. At this juncture in the Covid-19 crisis, regulatory agencies suspended many of their overly stringent demands to certify vaccines. Most of the new vaccines have also been based on existing technologies and even the new technologies being used had been under development for other means for over twenty years. As a case in point, Sputnik V is based on a vaccine developed for SARS early in the twenty-first century and RNA vaccines (Moderna and Pfizer) are based on technologies developed for use in cancer and autoimmune diseases.

There are other positive signs. In addition to the vaccines undergoing clinical trial, or already approved, there are another 174 vaccines in pre-clinical stages (according to the WHO, January 15, 2021). One third of these use vaccination strategies never before used on human beings because they were not economically competitive with existing vaccines.

There is now a reasonable chance that, despite the unprecedented health crisis we are living through, comparisons with the Spanish flu will prove invalid. The challenge now is to use these new technologies and master them for use in both vaccines and in other areas. There is now, a small light at the end of the tunnel of pain we have, and are going, through. ///

1 Ribeiro SP, Dáttilo W, Barbosa DS, Coura-Vital W, Chagas IASD, Dias CP, Silva AVCCE, Morais MHF, Góes-Neto A, Azevedo VAC, Fernandes GW, Reis AB. Worldwide Covid-19 spreading explained: traveling numbers as a primary driver for the pandemic. *An Acad Bras Cienc*. 2020 Sep 16;92(4):e20201139. doi: 10.1590/0001-3765202020201139. PMID: 32965306.

2 Covid-19 Clinical trials: Quality matters more than quantity. Bonini S, Maltese G. *Allergy*. 2020 Oct;75(10):2542-2547. doi: 10.1111/all.14409. Epub 2020 Jun 19.



**Dr Luiz Rizzo Vicente** is Executive Director of the Albert Einstein Jewish Institute for Education and Research. He oversees a team of 178 staff and is responsible for the organisation's educational programme (including its undergraduate Nurse School and specialist training for physicians and health professionals), training (for all the institute's 7,200 employees), research, library services and website design. Professor Rizzo is highly regarded and has worked at several well-known institutions around the world. From 1995 to 1998 for example he was Acting-Chief of the Clinical Immunology Section of the National Eye Institute in the US and in 1998 he was Visiting Professor at McGill University in Montreal, Canada. In 2002 he was Visiting Professor in the Department of Neurology of Brigham and Women's Hospital (Harvard Medical School) and from 1998 to 2010 he was Professor of Immunology at the University of São Paulo, heading up a 15-strong team devoted to Human Immunology. He is a renowned speaker having participated in over 236 events and he has also published numerous articles and books. He is a Doctor of Medicine, having been awarded his MD by the University of Brasília and he holds a PhD from the University of São Paulo, Brazil.

# Mental Health

## a new business priority

by Poppy Jaman CEO, City Mental Health Alliance

Two years before the impact of Covid-19 was felt, the Lancet Commission was pointing to mental illness being on the rise in every country in the world. The Commission estimated that the cost to the global economy will hit \$16 trillion by 2030, while the human cost would be immeasurable. Now, the unprecedented global pandemic has the potential to make the situation worse.

The impact of Covid-19 on the mental health of the world was instant. Countries, including the US and the UK, saw an immediate increase in demand for mental health services. UK helplines reported a 300% increase in traffic just a few weeks into the country's first lockdown. The pandemic has created a perfect storm, with the World Health Organisation reporting that the Covid-19 pandemic has disrupted or halted critical mental health services in 93% of countries worldwide while the demand for mental health has increased.

I believe that, if every part of society is thoughtful about how we can take positive action on mental health, we can avert a crisis. And businesses and workplaces, the cornerstone of any society, can play an absolutely crucial

role. A UK study on the way people accessed mental health support during the lockdown shows that 49% did so through our national health service and 9% through workplaces. I found that last statistic heartening. It shows that workplaces are realising the opportunity they have, and the responsibility, to help support the positive health and wellbeing of their people. Importantly, workplaces are well placed to offer mental health support at an early stage of poor mental health, and we know that early intervention can stop people from reaching crisis point.

The City Mental Health Alliance (CMHA) is a membership organisation, formed nearly a decade ago, and now established as the international community for mentally healthy businesses. CMHA members, predominantly from the insurance, financial, legal and tech sector, have led the way on supporting the mental health and wellbeing of their people during these challenging times. Businesses moved quickly to provide mental health interventions such as remote access to counsellors, mental health awareness training for line managers, creating buddy systems for those people

who needed extra companionship in lockdown, and updating and introducing bereavement policies to support those who needed it.

Importantly, Board level executives and managers were quick to speak openly about how the pandemic was impacting on their mental health in order to challenge mental health stigma and create a mentally healthy culture. Creating a mentally healthy culture is not only important for ensuring psychological safety, where people feel more comfortable to ask for arhelp. This culture also builds trust, increases morale and supports people to thrive. Those organisations who invest in their people now will be more likely to have an engaged and productive workforce, which will help them to build back better in the coming years.

I have also heard more businesses talk about what they can do to support those key workers in businesses also known as the ‘unseen’ workforce. Those people who are behind the scenes in routine, service and manual roles - such as security, cleaning and transport. Those that arrive early and go home last to help our cities and towns operate and run smoothly in normal time. The data shows us that this hidden workforce is at higher risk of contracting Covid-19, lowest paid and are often in insecure jobs with minimum benefits. They don’t have access to mental health and wellbeing employee benefits. The hidden workforce is most often living in multigeneration overcrowded households, where social distancing from older relatives is impossible. The stresses on them over the last six months have been intense. Large businesses all employ or contract people that fit these demographics. I want to see more organisations extend their responsibility for supporting positive mental health beyond their “frontline workforce” to this “unseen workforce”. On a human level, this is the right thing to do. Also, it’s good for reputation and investment opportunities, as mental health becomes a key tenet of Environmental Social and Governance (ESG) credibility.

**“ Workplaces are realising the opportunity they have, and the responsibility, to help support the positive health and wellbeing of their people.”**

And I also see that more businesses are recognising the power they have, and the positive role that they can play, in wider society. For example, in the first lockdown it became clear that smaller, local UK charities that provide support to the most vulnerable people were themselves at high risk due to lack of funding because of the pandemic. In response, the CMHA collaborated with CEO’s of mental health charities and CMHA member businesses. We established the Mental Health Sustainability Fund, which is a lifeline for smaller, grassroots mental health charities. Goldman Sachs providing the cornerstone funding, and Bupa, Deloitte and PwC committed to providing skilled volunteers to build the initiative. This is an example of collaboration between private and charity sectors for social good.

Covid-19 means that businesses, workplaces and practices are being reshaped. We must seize this opportunity to do things better. In planning the next phase, I am calling on businesses to be radical and unrelenting in their high expectations of themselves, their communities and organisations. Consider the whole picture. Mental health matters and we must include it in every aspect of our planning if we are going to effectively build back better. ///



**Poppy Jaman OBE** is the CEO of the City Mental Health Alliance, and an internationally respected mental health advocate, policy advisor and social entrepreneur.

# Pandemic impact

# **Building back stronger**

A year on from the Covid-19 outbreak that began in China and rapidly turned into a global pandemic, life as we knew it has changed irrevocably. Going to dinner with family or friends, a night out, a weekend vacation or a trip to another country have become luxuries of the (recent) past. But the pandemic has not only impacted our lives and our health but also our economy and finances. All around the world borders were shut, lockdowns were imposed, schools, colleges and businesses were closed, travel restricted and mass gatherings such as sporting, and music events were banned. To understand the full impact of Covid-19 on the health insurance industry FULLCOVER talked to Paula Covey, Allianz Partners; Santiago Arechaga, Swiss Re Iberia & Sheldon Kenton, Bupa Global, to discuss how Covid-19 fundamentally disrupted the landscape and forced insurers to think creatively in order to face the unprecedented challenges brought by the pandemic.



## INSURERS' ROUNDTABLE



**Paula Covey**  
Chief Marketing Officer Health,  
Allianz Partners



**Santiago Arechaga**  
CEO, Swiss Re Iberia



**Sheldon Kenton**  
Managing Director, Bupa Global

## How are you responding to the challenges brought by the pandemic?

**Paula Covey:** The pandemic has challenged us – and most businesses – in numerous ways over the past year, from changing how we work, to how we engage with customers, brokers and other key stakeholders. From a communications perspective, at the start of the pandemic we put together a steering team for customer communications. What we wanted to make sure was that all our brokers, group clients and members knew we were there for them.

We started a Covid-19 webinar series where we got experts together to talk about different Covid-19 related topics. This worked particularly well because although there was a lot of information available publicly, our customers needed help to understand what information they should believe. Following that, we ran different types of mental health webinars, essentially providing a support mechanism for our members. In addition, we had lots

of questions coming directly from our brokers who were supporting their clients along with those coming from webinars. We took all the questions that were being asked and populated a Covid-19 FAQ section on our website for people to refer back to.

We also launched a happiness campaign last year which will continue into this year. Basically, there's a happiness expert that we have partnered with who is helping us to write content, do videos, and we've created a happiness calculator to try and help people take ownership of their own happiness. We've done lots of things on social media too, providing information around things like how to social distance, and how to wear a mask. Over time those messages evolved into things like nutritional fitness information. Now we're in the third wave, we're again following the trends and pulling out content that plays into those trends to keep our social channels current.

We offset many customer concerns by making some temporary amendments to our services, such as extending the period of cover for emergency medical treatment for those trapped outside their normal region of cover – from 6 weeks to 21 weeks – to counter restrictions caused by lockdown and travel bans etc. We continue to keep a close eye on how Covid-19 restrictions are impacting customers and their ability to travel for care.

Internally, one of the biggest impacts of the pandemic has been the adoption of working from home. However, as an international health partner, we have a robust business continuity plan in place, so work from home was not difficult to establish, as most of our employees were already set up to do this. Since the new normal of WFH, our priority has been to ensure all staff feel supported and connected, through regular team meetings and touchpoints, online training and 'social' events.

**Sheldon Keaton:** Ensuring the safety and wellbeing of our employees is our number one priority. As a health and care company, we're very cognisant of the impact of the pandemic on our colleagues' wellbeing, so we're supporting them with information, guidance, and services such as mental health support. Like other organisations, we have moved to working from home in line with government advice.

Equally important are the needs of our customers – from companies looking for support in keeping their people healthy and well, to individuals and their families. As the health landscape is ever-changing, we have had to rapidly adapt to the new and emerging needs of our customers. To do so, we have significantly expanded telehealth and digital delivery of care with new initiatives such as Global Virtual Care, a smartphone app that provides confidential access to international doctors by telephone or video call.

We're also encouraging customers to use online resources such as MembersWorld, our members' portal and our Healthline service, which offers general medical information on Covid-19 and other medical conditions (mental and physical). It also provides advice from health professionals and referrals for a second medical opinion.

**“ Ensuring the safety and wellbeing of our employees is our number one priority. ”**

Sheldon Keaton

**“ With lockdowns forcing us to spend most of our time at home, many services have had to adapt to grant online access. ”**

Paula Covey

**“ The pandemic emphasised the importance of resilience and sustainability for the reinsurance industry. ”**

Santiago Arechaga

**Santiago Arechaga:** The pandemic emphasised the importance of resilience and sustainability for the reinsurance industry. Our focus was to maintain a strong balance sheet and establish the necessary reserves. As we've pointed out on several occasions over the years, pandemics are not always an insurable risk, so it's important to develop and promote public-private partnership solutions to address such uninsurable risks that are widening the global protection gap. This has always been, and continues to be most importantly now, a core driving factor for us. As the low interest rate environment is expected

to remain for longer, we must increase our focus on underwriting margins and gradual strategic asset allocation repositioning. The crisis also highlighted the importance of business automation and digitisation to avoid business disruption. In our operations, we have clearly benefited from our investments in automation and virtual ways of working and were able to switch to working from home and continue delivering on our duties without disruption. This was not the first and probably won't be the last pandemic humanity will face. We must take actions today to strengthen the pillars of our society, so we can respond firmly to future crises.

## What do you think has changed for health insurance and what may be the impact(s) in the near future?

**Paula Covey:** For a long time, there has been a presumption around ease of mobility and access to services. The last year has disrupted this presumption and forced us to change how we live and how we work. This was never more prominent than in the growth and demand for digital health services. With lockdowns forcing us to spend most of our time at home, many services have had to adapt to grant online access. As a result of this, we've seen exponential development and adoption of telehealth and other remote health services over the past 12 months. Our online symptom checker for Covid-19 symptoms was also very popular.

Even after the pandemic is under control, we expect demand for digital health services to continue to grow, due to its inherent speed and convenience. Over the coming 18 months, Allianz Partners will continue to expand its telehealth services to different regions to meet this need and further strengthen our digital capabilities.

**Sheldon Keaton:** From a wellbeing perspective, the pandemic has brought mental health to the fore more than ever. Our own research from the Bupa Global Wellbeing Index, commissioned among almost 2,000 high net worth individuals (HNWIs) and senior executives internationally, showed that the mental health toll of the pandemic on senior leaders around the world has been high. Eight in 10 experienced poor mental health, and for many, this was a new experience. I think we'll continue to see increasing demand from businesses and individuals alike for greater support in this area.

In addition, people are beginning to realise the importance of their health now as well as their health in the longer-term. This is making them reconsider their insurance needs. We've adapted our healthcare offering to what we expect will stay long after the pandemic, such as the move to digital delivery of care, as well as continuing to be agile and respond to our customers' needs.

**Santiago Arechaga:** One important aspect is the impact Covid-19 containment measures have had on one's ability to seek preventive care. As part of the most vulnerable constituencies, critical illness patients were obliged to shelter in place and social distance from family and their usual support networks. They were deprived of preventive care and the emotional support such patients need throughout their journey. How will this affect mental health and extra mortality in the future? For the moment, statistics are not available to confirm trends one way or another. More data is necessary to assess the relevance of such impacts and whether they warrant further adjustments to mortality tables in addition to those already put in place to reflect Covid-19. What is certain today is that the Covid-19 crisis has highlighted the importance of health coverage. The insurance industry has a role to play in mitigating the suffering of critical illness patients with the development of innovative and affordable products that can alleviate some of the pain critical illness patients go through during a sanitary crisis, hence bridging potential coverage gaps. ///

**Paula Covey** is Chief Marketing Officer Health for Allianz Partners and member of the Global Executive Committee of the International Health Business of Allianz Partners. Over 30 years of experience in healthcare, 20 of which were in international health.

**Santiago Arechaga** took the helm of Swiss Re's Iberia operations in March 2018. As CEO Iberia, Santiago is responsible for the company's reinsurance operations in both Life and non-Life segments in Spain and Portugal. He boasts more than 20 years of actuarial, economics and consulting experience in the sector. Santiago joined Swiss Re after 11 years with Aegon Seguros where he took on various leadership roles in the areas of risk and actuaries and later assumed the role of Technical Director. Santiago transitioned into the financial and insurance sector after 8 years in the field of consulting, which included stints with Tillinghast-Towers Perrin (presently Willis Towers Watson), Ferroviaria and Arthur Andersen (presently Deloitte). He earned degrees in Financial & Actuarial Sciences and Economics & Business Administration and attended the Executive Development Programme at IESE.

**Sheldon Kenton** is Managing Director of Bupa Global, and Chief Executive Officer of GeoBlue. As Managing Director of Bupa Global, Sheldon Kenton leads Bupa's international private medical insurance business, which specialises in offering IPMI to globally-minded and globally-mobile customers. Within this capacity Sheldon also holds the position of President and CEO at GeoBlue, a key part of Bupa Global's solution in North America, which offers comprehensive and compliant international healthcare solutions for employees who travel or work internationally. Sheldon joined Bupa Global in December 2015 as Global Commercial Director. In this role he had global responsibility for commercial operations including global corporate sales. Prior to joining Bupa Global he had an 18 year career with the Cigna Corporation based initially in Europe and then North America, in senior leadership roles such as Chief Commercial Officer, North America and Managing Director of EMEA. Sheldon also served as a board member of the Cigna Life Insurance Company of Canada.

# TRAN QUILI DADE



## NA MELHOR COMPANHIA

Desde o início da nossa atividade no Porto, faz agora 150 anos, que temos uma ideia muito clara: para termos sucesso, precisamos dos melhores parceiros ao nosso lado.

Essa busca levou-nos primeiro a Lamego, onde tivemos o primeiro correspondente, depois mais para leste e norte, para mais tarde seguirmos para o centro, sul e ilhas. E agora fazemos parte do grupo Generali, presente em 50 países.



Hoje temos mais de 2500 Parceiros.

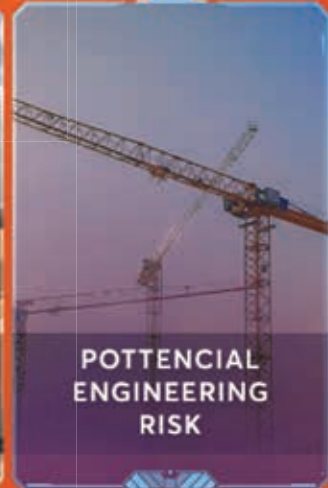
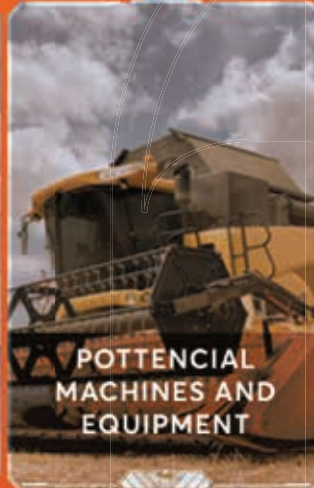
Corretores. Agentes. Colegas. Amigos.

Não podíamos estar mais satisfeitos. E é assim, juntos, que acreditamos que podemos vencer os desafios que num ano como este não são poucos.

Tem sido um gosto fazer esta viagem na vossa companhia.



# No worries, we take care of what's most important for you!



**POTTENCIAL IS THE LARGEST INSURTECH  
AND SURETY MARKET LEADER\*!**



Scan our QR code and  
get to know more about us



 **Pottencial**  
SEGURADORA

+55 (31) 2121-7777 | 0800 606 7688  
[www.pottencial.com.br](http://www.pottencial.com.br)



\*Surety market leader, with 18,1%, market share  
Rating Fitch A (bra)

Pottencial Seguradora S.A. - CNPJ: 11.699.534/0001-74  
This information contains limited information. The registration of this plan at SUSEP does not imply, on the part of the Autarchy, an incentive or recommendation for this acquisition. The rights and conditions are established in the general conditions. Created March/2021. Ombudsman: [ouvidoria@pottencial.com.br](mailto:ouvidoria@pottencial.com.br)

# Climate, Covid and City living

*by* Carlos Moreno Senior Professor, Sorbonne Business School

**The effects of a twofold crisis - climate change and the global Covid-19 pandemic - are unfolding before our very eyes. Together, they are upending our daily lives and exacerbating the consequences of growing urbanisation. In a world of depleted resources and stretched services, Covid-19 has exposed how badly fractured the world's socio-economic fabric has become, highlighting just how vulnerable our lives really are. On top of all of this there are the effects of significant - and often unplanned - urban spread, adding to city dwellers daily struggles, along with rising poverty and precariousness.**



Carlos Moreno

I have been firmly convinced for many years now that the fragility of urban living is a major issue, whether we are talking about cities with a high population density or areas of average or low density. In our highly urbanised world being able to keep services up and running in times of crisis is more than a challenge: it is an absolute necessity.

Since the start of the Covid-19 crisis, I have repeatedly warned that it is, above all, a socio-territorial crisis that calls into question the way we live, work, consume and travel. Indeed, the restrictive measures implemented to combat viral spread have turned the daily lives of millions of people upside down. In every corner of the globe, the pace of urban life has slowed and its configuration has changed. The heart of its organisation and its functioning have been shaken to the very core. Nevertheless, despite claims that our cities are emptying as a result of this crisis, urban life is here to stay, and I have no doubt that the city will remain at the centre of our day-to-day life. That said, the city is not made up of one single universe, but a series of different age groups, from childhood to adolescence through to adulthood to old age, which co-exist, whilst largely ignoring one another. This anonymity of city life and the co-existence of different types of isolation, often charged with anxiety and stress, along with the fragility of the elderly and of children, are the consequences of this disembodied lifestyle. We are where we are and failing a mass exodus, we must take a very long, hard look at what living in a city really means. These twin crises of climate and health also raise questions as to how we can live with these threats and what the meaning of resilience is; a commonly used term, but one that is not always converted into action and sustainable plans.

I also believe that resilience is not the best or fastest means of helping ourselves. We need to absorb the world we live in and take an overview of our living conditions in their entirety; it is

about understanding our history, our past, the context, the developments and the transformations that have taken place in our cities so that we can propel ourselves towards the future and anticipate it. If we are to meet urban and territorial needs, the most important thing is to embrace an approach on uses and services that we must prioritise in order to create new relationships between the times and the spaces we live in. We must also learn to live with the unknown, the unpredictable, whose appearance always unsettles us, no matter how well prepared we are. And this is precisely the inner meaning of what we call the sensitive city, the living city.

Thought and action at city and local level during these current difficult times have demonstrated the paramount importance of understanding these structural vulnerabilities on three levels: environmental, economic, and social, because therein lies the key to the analyses that will spot the faint signals of future “black swans”. In light of these vulnerabilities, indicators, and actions – namely relational ones – must be built upstream, with a view to achieving better life as a community and pride in belonging to an area, both of which are vital to drive the urban fabric onward towards the future.

This is precisely what happened with the Covid-19 crisis which brutally plunged us all into the harshest health crisis of modern times. Paradoxically, this global threat has also served to reveal one of this century’s major facts: the strength of our cities. For the first time, we must think about and act upon citizens’ health, not only providing them with healthcare but also proposing a different pace of life, a different sociability.

More than ever, the construction of a better community life depends on the place that cities occupy in our lives, their attractiveness, and the quality of their governance. The living city, our urban intelligence, will only be that which is capable of understanding the paramount importance of its

**“ Since the start of the Covid-19 crisis, I have repeatedly warned that it is, above all, a socio-territorial crisis that calls into question the way we live, work, consume and travel.”**

**Carlos Moreno** is Senior Professor at the University of Paris 1 Pantheon Sorbonne – IAE (Sorbonne Business School), Paris. He is a researcher of international renown and recognised as a scientist with an innovative mind, pioneer works and his unique approach on urban issues. He is also a scientific advisor of national and international figures of the highest level, including the Mayor of Paris Smart City Special Envoy. He works at the heart of issues of international significance as a result of his research, bringing an innovative perspective on urban issues and offering solutions to the issues faced by the cities, metropolises and territories during the 21st century. Some of his concepts traveled the world: the Human Smart City, the 15mn City, the Territory of 30mn. Carlos Moreno received the Foresight Medal by the French Academy of Architecture (2019).

**“ This decentralisation of the city is a roadmap towards an ecological and humanistic future that offers a new urban horizon.”**



### **Droit de cité – de la ville monde à la ville du quart-d’heure**

by **Carlos Moreno** (French version only available at the moment)

From the “city world” to the “fifteen-minute city”, this is an essay which, in 179 pages takes the reader on a journey around the urban and territorial world in the Anthropocene era. The author deciphers the key issues and the mutations accelerated by the urbanisation and metropolisation of the world, at a time when normal life is threatened by climate change, human activity and new diseases. It launches a much-needed debate and presents solutions for the challenges currently facing the world’s cities.

Watch the author’s presentation  
<https://www.youtube.com/watch?v=fPxyNMBx10>



### **Urban life and proximity at the time of Covid-19?**

by **Carlos Moreno**

Climate change, manifested by the increase in heatwaves and air pollution, has serious repercussions on urban health, as well as for nature, water, and biodiversity. The viral spread of Covid-19 has simply increased the imperative for change in how we all live. The key question, which comes up time and time again, is what type of city do we want to live in? The concept of the 15-minute city, a city of proximity, is one that is based on a vast network where everything is interconnected and close by, enabling more quality time for living. It is a different way of consuming, of working, of being in the city. It means rethinking how people move around, cross the city, explore it, discover it. The concept has garnered interest around the world, and the 15-minute city is now at the heart of debate and reflections on both present, and future, urban planning. This book details the concept and examines its various facets.

vulnerability and will strive from the outset to be capable of strengthening its resilience every day, with the aim of achieving a better standard of daily life.

Urban life has been paced in such a way that people go “faster and farther” from one place to another, with no control over their productive time. This constant toing and froing, which takes up time that we could be spending with our nearest and dearest, is wearying and, for some, results in a certain mistrust, or fear, of others and of difference. We must change, here and now; this pandemic obliges us to take a different approach to reconciling the home and the workplace, and, similarly, to rethink this way of life of production and consumption that ignores our neighbours.

This crisis is forcing us to exist closer to home and is creating an opportunity for us to think differently, and focus not on the city, but on life in the city, to appreciate the benefits of proximity and to develop as many services as possible closer to home. And our relationship to time is changing too: by spending a quarter of an hour doing some type of mobile activity, such as walking, cycling, or scootering, we are encouraging “multipurpose proximity”.

We are rediscovering our neighbourhoods and looking for peaceful, spruced-up public spaces with trees and plants, that are places of life, conviviality, and encounters. The aim is that the street “rediscovered its eyes”, as activist and city philosopher Jane Jacobs put it, so that beyond forms, the city is shaped by how it is used.

One place, various uses, and for each use new possibilities: that is the polycentric city, the quarter-of-an-hour city, in line with Pascal’s claim that “Nature is an infinite sphere of which the centre is everywhere and the circumference nowhere”.

The suggested uses and polymorphous infrastructures are infinite. A discotheque that serves as a sports hall in the afternoon; a sports centre that serves as a venue for school support activities; repair workshops in neighbourhood stores; a theatrical





Carlos Moreno riding a bike in Paris

play performed in an apartment; people singing in chorus at their windows, as we witnessed during periods of lockdown marked by a plethora of citizens' initiatives.

This is another virtue of such an approach: citizens actively participating to allow this proximity to be experienced, so that every one of us can access essential social functions close to where we live – have somewhere to live, work, buy supplies, take care of ourselves, get an education and flourish.

This decentralisation of the city is a roadmap towards an ecological and humanistic future that offers a new urban horizon. A city where people can once again enjoy time that is useful and creative for both themselves and their loved ones.

This vision is within reach of every city, as long as they establish a road map. The city of proximities, the “quarter-of-an-hour” city in a compact area and the “half-hour” territory in areas of average and low density make it possible to rebuild solidarity and mutual aid, which are the true cornerstones of happy lives. This is essential today if we are to remedy the fragility of the urban fabric and the relationships of the inhabitants with their local area.

Tomorrow, when these troubled times are behind us, we must keep this momentum going and remind ourselves that going to work every day – and sometimes travelling a long way to get there – is more

a question of maintaining an imposed reporting structure than a real functional need.

When the only solution is to silence a certain way of life, it also becomes apparent that the city of proximities is an opportunity to live differently. This is essential today if we are to remedy the fragility of the urban fabric and the relationships of the inhabitants with their local area. It is another reading of life in the city, which through happy proximity in a polycentric, interconnected, multipurpose city, prompts us to think that the metamorphosis towards the common good is the challenge of the forthcoming decade, both here and elsewhere. ///

# Green rooftops

## a Portuguese case study

*by Paulo Palha* CEO, Neoturf



Paulo Palha

**One of the first green roofs in Portugal was built over a hundred years ago in an ancient water reservoir located in the area known today as Parque da Pasteleira in Porto. This 19th Century green roof was constructed using the traditional green roof system and it remains a great example of this technique in Portugal.**



Rooftop of the Emporium building before and after the intervention

The European green deal, and the recently approved “Green Renovation wave” form part of the European Commission’s strategy to combat the economic crisis caused by Covid-19. These include a focus on green roofs and vertical gardens which are also part of Europe’s overall efforts to embrace decarbonisation, drive energy saving and combat energy poverty.

This excellent initiative will enable cities to benefit from the immense ecosystem services that roofs and vertical gardens can bring, in particular:

- Improved rainwater retention capacity which reduces flooding problems during peaks of precipitation
- An improvement in the microclimate and consequent reduction of the heat island effect
- Better air quality, through the capture of CO<sub>2</sub>, the production of oxygen, and the retention of dust and particles suspended in the air
- Decreased noise
- The promotion of biodiversity
- A reduction in energy costs, and

energy poverty, due to the thermal insulation the green roofs provide to buildings

- A reduction in building maintenance costs by protecting and increasing the life expectancy of waterproofing
- The possibility of producing fresh local food
- An increase in useful space in the city, and
- An increase in real estate values.

If all buildings have a roof, the question is, why do we still have millions of square meters of roofs in cities that bring no benefits to residents? The Portuguese government has now come into alignment with wider European thinking, and the recently established environmental fund provides financial incentives for the installation of facades and green roofs.

The green roof market has been growing in Portugal for the last years. However, the spread of green roofs, initially in Europe and later around the world, has only been possible due to the adoption of various incentive policies promoting their construction,

based on research findings supporting their environmental, economic, and social benefits. Without political will, it will be difficult for green roofs to be built on a large scale in cities, and without large-scale implementation the benefits to the urban environment will not be significant.

The Porto Fifth Façade Project (PQAP), developed by the Portuguese association for green roofs, ANCV, along with Porto’s municipality, is a very good example of how local authorities can help to drive a change in attitude to how buildings should serve people. This year long project was designed to identify which models the municipality of Porto should follow in order to embrace green roofs into the urban planning, environmental and climate change strategy of the city. The municipality enthusiastically backed the project, and the co-operation between ANCV is an example of a successful case study.

One of the most important parts of the project related to the performance of the green roof in the development of the policy proposal.



Emporium building, Porto

For many years, the focus in Europe had been on creating incentive policies but these invariably did not distinguish between the different types of green roofs available. The lens should now be sharply focused on what kind of green roofs we want in our cities, taking into consideration the services they can offer and each city's different environmental needs. Policies should reflect each city's individual needs and should, on a case-by-case basis, detail which characteristics and benefits are needed to meet their specific needs.

Fortunately, the importance of green roofs is no longer just recognised by policy makers in nations or cities. In several countries around the world, especially in Europe, real estate developers have now realised the enormous earning potential that a building that offers a garden to residents (even without having land for it) can bring.

Recently, Neoturf took part, as landscape architects and later as the green roof contractor, in a project led by the architect Duarte Morais Soares, in the historic centre of Porto. The reconstruction of the Emporium building is an excellent example of what can be achieved. The iconic building, located at Rua Sá da Bandeira, is well known in the city and includes the Café and Restaurant Cunha, on the ground floor.

Built in 1948 to be a highly prestigious building, it did not offer its residents any garden area. ///

**Paulo Palha** has a degree in Agronomic Engineering from the University of Trás-os-Montes e Alto Douro, UTAD, and has worked in landscape architecture, specialising in the construction and maintenance of gardens, green roofs, and vertical gardens since 1999. He is currently CEO of Neoturf and a founder and head of research and development at Landlab. Paulo recently established *NBS + ES Soluções com Base na Natureza*, which uses a patented system to recycle plastic waste captured in the ocean to help form vertical gardens. Throughout his career he has developed a number of garden and green roof projects, and co-ordinated the works for the majority of these projects, in Portugal and abroad. One of the founders of the Portuguese green roof association, ANCV ([www.greenroofs.pt](http://www.greenroofs.pt)), he now chairs its board. He is also vice-chairman of the European Federation of Green Roof and Wall Associations, the EFB, and represents Portugal as part of the World Green Infrastructure Network (WGIN).

# Living Labs

by Carlos Suárez Deputy Director-General, VICTORIA

**Many of us, have, from time to time, heard people express their confusion over what role insurance plays in society. The information in the 2019-2020 *Insurance Europe* report certainly helps answer that question.**



Carlos Suárez

In addition to employing over 900,000 people, the insurance sector gave back, in the form of settlements and remedial action, over €1bn. It also held investment portfolios valued at almost €10,200bn, making it the largest institutional investor in Europe, accounting for 7.5% of the Euro zone's Gross Domestic Product.

However, there are many initiatives outside of the insurance sector's core business that underline its role and value to wider society. The VICTORIA insurance brand has, for example, over a number of years now, had a strong focus in its communications strategy on the concept of ecosystem — that is, the free interaction of a group of actors from different backgrounds, with differing value propositions, around a common interest.

This strategy relies on the development of lasting partnerships, many of which are innovative in the sector, all driven by a desire to acquire and share knowledge and position the brand beyond just being a product

or a solution provider but part of a wider eco-system. Being part of the construction and property ecosystem, for example, means having access to the trends, concerns and needs prevalent among city builders, in the broadest possible sense of the phrase, the economic and government agents who will build the cities of tomorrow, where environmental and human sustainability will be a priority. This means we are informed about the new pathways that will drive new practices in existing dwellings and offices in built spaces, and what is needed to adapt to these changes. This is all about understanding society and developing solutions that will provide it with value, well beyond the traditional role of risk transfer that you would expect from an insurer.

As part of this drive to increase the VICTORIA brand's involvement and visibility in different ecosystems, inspired by our philosophy of sharing and knowledge acquisition, we were delighted to establish a

## Listening to the other members of the partnership

**Today, the role of health as a qualifying vector in all knowledge verticals, societal domains and economic activities is especially important and is embodied in the work of the Living Lab APPII SI: Saúde & Imobiliário powered by VICTORIA Seguros. It is this drive for innovation and constant improvement that underpins the NOVA Medical School, and form the basis for the development of u.me, its exponential medicine unit. U.me has a cross-cutting structure designed to outline and advance multidisciplinary projects in health, and enable it to act as a centre for collaborative intelligence for scientific exchange, knowledge sharing, conversations and networking based on information. The aim is to help shape sustainable practices and develop tools for the accelerated development of innovative interventions in health, creating value and saving human lives”,**

claims Jaime da Cunha Branco, tenured professor and Scientific Director of the exponential medicine unit and Director of Nova Medical School

**The qualification of the built space in terms of health-related optimisation processes and zoning improvements will be essential for a post-crisis repositioning and reaffirmation of the positive role safety and quality play, enabling it to benefit from the opportunity created by a shift in demand,”**

states Hugo Santos Ferreira, Vice-President of APPII

three-way partnership in 2020 with the Portuguese Association of Real Property Project Owners and Investors, (APPII) and the Nova Medical School (NMS), underlining our desire to contribute to the forging of links between academia and society. Out of this collaboration, thanks to the expanding NMS medicine unit, came the Living Lab APPII Saúde & Imobiliário, supported by VICTORIA. This interdisciplinary lab is a hub for collaborative intelligence, dialogue, and networking, which is designed to make the most of the potential of technological convergence to define and promote projects that will shape sustainable practice and develop tools for health and sustainability in built spaces.

With regard to our property & health ecosystems we have also established the VICTORIA Seminar on Healthy Building; to explore the conjugation of property development and health; understand the relationship between built spaces and the welfare of the people living in them or using them; understand the junction between scientific research and building practice; research the implementation of new synergies in the field of healthy buildings; and finally, analyse the materialisation and access to public and private spaces that will support quality of life and health for their occupants.

As a direct result of the above initiative, the Living Lab has enabled us to participate in the development of a new process, known as the *co/vida 20* qualification. This is based on scientific evidence and is part of a global sustainability strategy which allows for the identification and designation of a property project or built space as a “Healthy Building”. This is designed to recognise and support the development of projects that put in place health-promoting strategies to optimise the functionality and health of occupants, specifically with regard to floor plans, technical requisites, management-maintenance protocols, and behavioural use/intervention policies.

Our commitment to being on top of modern developments means that we not only understand but were able to take up and implement the exacting recommendations issued by the Living Lab, based on biomedical evidence. This has resulted for example in the adaptation and implementation of our Contingency Plan in the wake of the Covid-19 pandemic, which resulted in our head office premises in Miraflores being awarded the first *co/vida 20* qualification for a building in Portugal.

We are talking about a new paradigm in which, in addition to concerns over the quality of life and the promotion of health for VICTORIA employees, we have also managed to create a resilient community in which every employee, based on the best practice within our Contingency Plan, becomes, both on-site and off, a health agent, working to minimise risk to their family and everybody else. ///

**Carlos Suárez** is Deputy Director-General of VICTORIA Seguros, a role he has held since September 2012. Prior to joining Victoria, he held a number of roles at Spanish insurer Asefa, over a period of 11 years, including Regional Manager and National Sales Manager. He had previously worked at Leroy Merlin as commercial sector manager having been Head Resident advisor at Hartwick College from 1992 to 1994. He has a BA in Economics from Hartwick College (New York) and completed an Advanced Management Programme at the Portuguese Catholic University and the Kellogg School of Management, Chicago in 2014.



In 2020, the Victoria Seguros Building in Miraflores became the first property in Portugal to receive the *co/vida20* award from NOVA Medical School.

**INSURANCE**  
doesn't have  
to be **grey.**



**Innovarisk**  
UNDERWRITING  
ESPECIALIZADOS. POR SI.

Innovarisk Lda – Av. Duque de Loulé, 106 - 7th and 8th floor, 1050-093 Lisbon, Portugal  
T +351 215 918 370 E geral@innovarisk.pt <https://innovarisk.pt>  
NIF 510624138



## Advanta Offices

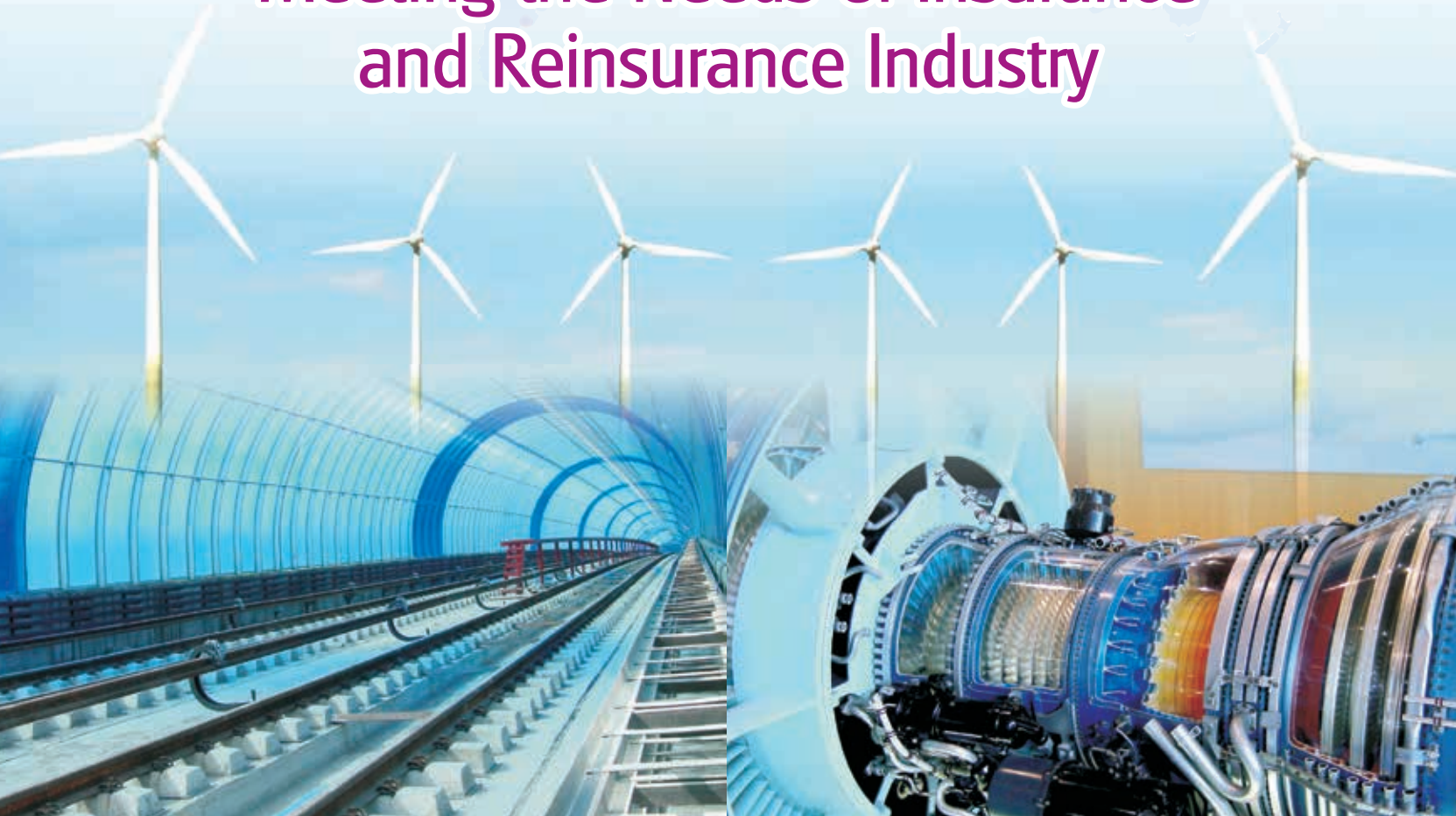
United Kingdom  
Germany  
Spain  
Portugal  
Argentina  
Mexico  
Israel  
UAE

# advanta

GLOBAL SERVICES

[www.advantaglobal.com](http://www.advantaglobal.com)

## Meeting the Needs of Insurance and Reinsurance Industry



Our team is made up of highly specialised adjusters with extensive experience in dealing with major international claims through our present network of offices in London, Munich, Zurich, Madrid, Porto, Dubai, Israel, Buenos Aires, Mexico and Associated Offices.

Our fields of expertise are: Engineering; Industrial All Risks; Construction & Erection; ALOP-DISU Monitoring / Risk Surveys; Oil, Gas & Petrochemicals; General & Product Liability; Banks and Financial Institutions; Business Interruption; Consultancy.

### London

A Wakefield House, 41 Trinity Square, London EC3N 4DJ  
T + 44 (0) 20 7702 4000 | F + 44 (0) 20 7702 4000  
E [uk@advantaglobal.com](mailto:uk@advantaglobal.com)

Somos uma equipa formada por peritos altamente qualificados com ampla experiência na gestão de sinistros internacionais através da nossa rede de escritórios em Londres, Munique, Zurique, Madrid, Porto, Dubai, Israel, Buenos Aires, México e Gabinetes Associados.

As nossas áreas de especialização englobam: Engenharia; Riscos Industriais; Construção; Monitorização ALOP-DISU / Análise de Riscos; Petroquímica; Responsabilidade Civil Geral de Produtos; Banca e Instituições Financeiras; Perdas de Exploração; Consultadoria.

### Porto

M Rua Simão Bolívar, 239 - 8º andar - Sala 1, 4470-214 Maia  
T + 351 229 446 650 | F + 351 229 488 824  
E [oporto@advantaglobal.com](mailto:oporto@advantaglobal.com)

# Back on air

by **Magda Cocco** Partner & Responsible for the Aerospace Sector  
& **Marília Frias** Managing Associate for the Aerospace Sector  
Vieira de Almeida & Associados Law Firm



Magda Cocco



Marília Frias

Almost a year after the global emergence of Covid-19, the future of aviation remains mired in uncertainty. However, once the pandemic subsides, we may be left with a more resilient, technologically oriented and greener sector.

The normally resilient aviation sector has been severely hit by Covid-19. The pandemic caused a steep drop in demand for air travel, which, in turn, caused serious financial repercussions throughout the sector. And while the vaccine brings hope, it is difficult to envision how and when demand will finally return. That said, there do seem to be some signs of renewal and potential for the sector to emerge “healthier” from this crisis.

**“ The pandemic seems to have also bolstered global sentiment on the need to invest in environmentally sustainable solutions for the aviation sector.”**

In late November 2020, the International Air Transport Association (IATA) reviewed its performance forecasts for the airline industry in 2021. It expects global revenue to be 45% down on 2019<sup>1</sup> (assuming that some national borders reopen by mid-2021 due to testing or the growing availability of vaccines) and passenger demand to only return to 2019 levels by 2024 at the very earliest.

In addition to the obvious financial difficulties, the pandemic has brought a new reality characterised by a long period of near-total paralysis for aviation worldwide and a complex public health landscape. Traditional legislation for the sector was not designed for the challenges imposed by this new reality. Therefore, international bodies such as the International Civil Aviation Organization (ICAO), regional bodies like the European Union Aviation Safety Agency (EASA) and national bodies (such as civil aviation authorities) have adopted a number of rules and/or recommendations to try to address the issues posed by the pandemic.

In Portugal, the National Civil Aviation Authority (Autoridade Nacional da Aviação Civil - ANAC) has, for example, allowed exceptional extensions to the validity period of aeronautical personnel licenses<sup>2</sup>, of recommendations issued by training organisations (ATOs) for theoretical examinations<sup>3</sup> and of the training of aeronautical personnel<sup>4</sup>.

The European Union has amended several key pieces of legislation, including Regulation (EC) No. 1008/2008<sup>5</sup>, to avoid the suspension or revocation of operating licenses on the grounds of financial difficulties caused by the pandemic and to add flexibility to the maintaining or hiring of ground service providers. It also amended Council Regulation (EEC) No. 95/93<sup>6</sup> in order to temporarily set aside the ‘use it or lose it’ rule for slots, thus avoiding unnecessary flights. EASA, together with the European Centre for Disease Prevention and Control, also approved numerous guidelines to help the industry to continue to work within the limitations of new public health demands, including the Covid-19 Aviation Health Safety Protocol. ICAO has even set up a dedicated platform

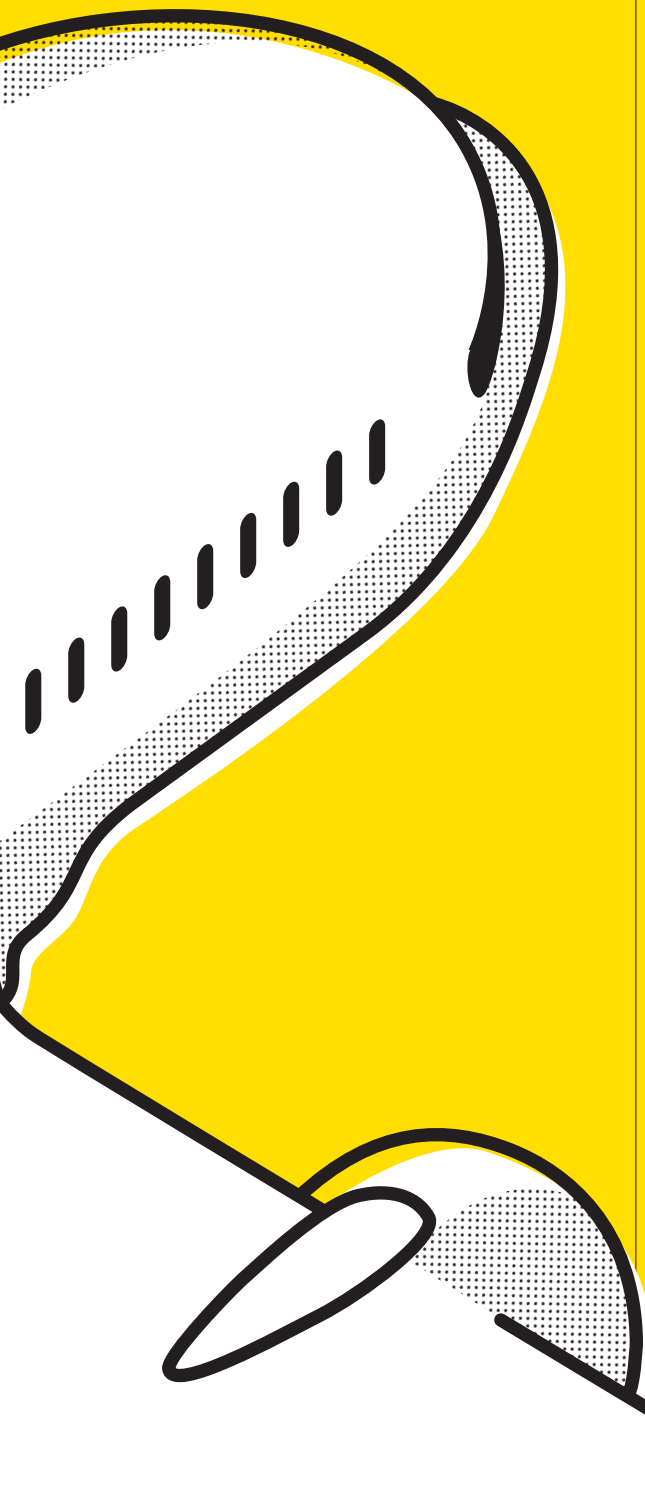
to support States in their response to Covid-19 related challenges and has issued specific guidance for air travel through the Covid-19 public health crisis.

However, as previous crises have demonstrated, besides difficulties and challenges, they can also create new paths and opportunities.

One of the challenges in the coming months will certainly still be related to indebtedness and the need for financial support, despite the efforts made by several governments to support some of the players of the aviation sector. These challenges have already required the taking of various measures, including redundancies and restructurings. However, considering the time lapse that a recovery could still take and the uncertainties related to the return of passenger demand, there may well be other significant changes to the market’s configuration to come. For instance, the market shares held by major players may be affected, some companies may vanish altogether, and new players may come to the fore. Although future developments remain unclear at the time of writing, the aviation market as we knew it in 2019 is expected to undergo transformation.

“ The market shares held by major players may be affected, some companies may vanish altogether, and new players may come to the fore.”





In addition to these pressures, the regulatory environment may become denser, particularly with respect to public health issues. And whilst some of the rules and guidelines introduced during the pandemic were solely intended to respond to temporary needs, others may end up becoming permanent as the sector works to enhance its resilience in the face of possible future crises of a similar nature.

The aviation sector will also be forced to step up its cybersecurity capabilities, not only to adequately respond to the growing cyber threats, but also to fulfil the additional compliance obligations arising, in the case of European airlines, from the new NIS 2 directive on measures promoting high levels of cybersecurity across the Union, the proposal of which was disclosed in late December.

On the other hand, restrictions on social contact have accelerated the sector's digital transformation, a process already underway before the pandemic. Digitalisation is essential for the use of touchless technologies (particularly important in pandemic times) or to allow innovations such as the IATA Travel Pass<sup>7</sup>, a mobile app that helps travellers manage their trips according to government Covid-19 testing or vaccination requirements. Technologies such as artificial intelligence, the Internet of Things and blockchain, among others, will also be key to ensuring a more efficient and profitable management of the aviation value chain.

Finally, the pandemic seems to have also bolstered global sentiment on the need to invest in environmentally sustainable solutions for the aviation sector. An interesting example of this is the recently announced ZEROe, the Airbus concept aircraft, which is a zero-emission aircraft expected to see the light of day in 2035<sup>8</sup>. This initiative is aligned with the ICAO's Carbon Offsetting and Reduction Scheme for International Aviation (CORSA), which is being progressively implemented.

In conclusion, despite the huge costs of the current crisis (especially those related to the redundancies and layoffs seen across the industry), the aviation sector remains indispensable for global development, and is thus sure to recover. In fact, there seems to be reasons to believe that the post-pandemic world will bring a greener, more resilient, technologically oriented, and perhaps even more competitive aviation sector than before. ///

- 1 Cf. <https://www.iata.org/en/pressroom/pr/2020-11-24-01/>, retrieved 19.12.20.
- 2 Cf. Circular de Informação Aeronáutica ("CIA") no. 18/2020, of 31 July.
- 3 Cf. CIA no. 13/2020, of 23 July, corrected by CIA no. 22/2020, of 29 October 2020.
- 4 Cf. CIA no. 16/2020, of 30 July 2020.
- 5 Regulation (EC) no. 1008/2008 of the European Parliament and of the Council, of 24 September 2008, on common rules for the operation of air services in the Community, as amended.
- 6 Council Regulation (EEC) no. 95/93, of 18 January 1993, on common rules for the allocation of slots at Community airports, as amended.
- 7 Cf. <https://www.iata.org/en/pressroom/pr/2020-12-16-01/>, retrieved 22.12.20.
- 8 Cf. <https://www.airbus.com/innovation/zero-emission/hydrogen/zeroe.html>, retrieved 22.12.2020.

**Magda Cocco** is Partner and Head of Practice of Information, Communication & Technology and responsible for the Aerospace Sector with Vieira de Almeida & Associados, Sociedade de Advogados, SP RL (VdA).

**Marília Frias** is Managing Associate of Information, Communication & Technology Practice Area and of the Aerospace Sector with Vieira de Almeida & Associados, Sociedade de Advogados, SP RL (VdA).

# Action drives opportunity

by Philip Smaje CEO  
& Henry Bexson Associate Partner  
Piiq Risk Partners



Philip Smaje



Henry Bexson

Covid has created significant challenges for many industries, but aviation has undoubtedly been disrupted more than most. As a necessarily international industry aviation is particularly impacted by the variety of travel restrictions / quarantines being imposed and maintained around the world. This article will illuminate some of the key Covid related obstacles that aviation entities are striving to overcome before assessing how well equipped the aviation insurance market is to support the aviation industry wide recovery endeavour. Finally, this article will touch on how despite the somewhat competing interests between aviation entities and aviation insurers there remains an opportunity for aviation entities to drive opportunity within the sphere of insurance through thoughtful action.

**“ The uniqueness of the Covid challenge for the aviation industry is that it has proved to be both a demand side and a supply side shock.”**

#### CHALLENGES FACED BY AVIATION ENTITIES

The uniqueness of the Covid challenge for the aviation industry is that it has proved to be both a demand side and a supply side shock. Passenger confidence and wealth erosion has reduced consumer demand while government-imposed travel restrictions have curtailed the ability of the industry to supply services. The extent of this challenge is underlined by the fact that according to IATA 2020 saw a 65.9% year on year reduction in total revenue passenger kilometers (RPKs).

This impact, while at the front line shouldered by operators, reverberates through the entire aviation supply chain. If fewer passengers fly there is decreased airport footfall, a reduced need for related service providers and decreased demand for OEM (original equipment manufacturers) products / services. Covid truly is an industry wide challenge.

This continued crisis has put strain on company liquidity buffers, as such cash preservation, balance sheet protection and the use of unencumbered assets to unlock capital have all been commonplace. This action has often been accompanied by a relentless focus on fixed cost reduction.

While these measures help industry participants to mitigate immediate threats to survival there are substantial medium-term issues to overcome. What are the cost implications of compliance with the inevitable health related measures that relevant authorities will impose? Beyond this, and perhaps more fundamentally, what will the shape of industry recovery be? Can the industry reasonably expect aviation activity to revert to 'as before' in both size and shape?

It is important that the aviation insurance community, who provide an essential service to aviation entities, appreciate the scale of both current and future industry challenges when defining their offering to aviation clients.

#### CHALLENGES FACED BY AVIATION INSURERS

While aviation entities are responding to an extended shock crisis brought about by the impact of Covid, aviation insurers themselves are responding to their own nuanced set of challenges. At the simplest level, aviation insurers articulate that 7 out of the last 10 years have been unprofitable on a pure premium vs claims basis (before operational and reinsurance costs are taken into account). As such even pre-Covid there was sentiment suggesting overall market premium was insufficient.

While Covid induced aviation inactivity has resulted in fewer claims (particularly at the attritional level), the market continues to be impacted by large scale deterioration on prior losses. This is compounded by premium base erosion as a consequence of adjustable on exposure policies in some market sub-sectors.

The challenge for aviation insurers then is how to thoughtfully respond to and support aviation clients in a time of need while simultaneously ensuring the long-term sustainability of the market and their own portfolios. Aviation clients need support and favourable treatment in the short-term, but also require a sustainable insurance marketplace with which to engage in the medium to long-term.

This conundrum is complicated further by the Reinsurance market, which as a response to the aforementioned loss deterioration is imposing large premium increases on direct insurers.

There is no one-size fits all policy that will conclusively resolve this dilemma and while aviation insurers will evolve their offering to remedy some of the above there is also an onus on aviation clients to 'help insurers to help them'.



“

**At Piiq Risk Partners, we are cognizant of the challenges our clients face and are ready, willing and incredibly well equipped to partner with them to ensure that they outperform broader market trends.”**

**NAVIGATING THROUGH THE TURBULENCE**

Noting the size of the challenge and the need to strike a balance between the needs of all parties it is more crucial than ever that clients and their brokers are thoughtful about how they bring renewals to market to help insurers offer their participation at the best possible terms.

Not taking action leaves open the possibility of aviation clients becoming beholden to the push and pull of market forces. In such a scenario the only certainty is that a market beating result will not be achieved.

Those aviation clients that engage most successfully with the aviation insurance market will likely be those who are able to redefine their programmes to suit the new operating environment and the circumstances of their own business.

What ‘success’ looks like will vary on a client by client basis and be dependent on what core drivers define strategy,

but clients should ask themselves ‘is my current level of risk transfer fit for purpose? Am I transferring the appropriate quantum of risk into the market?’

The answers to these questions will help to formulate thoughts on what an optimal program looks like moving forward in an environment where insurance is purchased on a loss occurring basis and exposure is expected to be suppressed for the medium term.

Overall, anything that a client can do to alter the risk profile being taken to market will serve to mitigate the impact of simply being ‘indexed’ against expiry and help insurers to differentiate their risk and offer the best available terms and conditions ///

**Philip Smaje** Is CEO of Piiq Risk Partners with a broad range of industry leading experience and skills, including sales, client management, broking, claims and operations. Philip worked for Willis Towers Watson (WTW) for over 30 years during which he held a number of senior positions, most recently Global Head of Broking for the Insurance segment. The majority of Philip’s career has been spent in Aerospace insurance during which he gained significant experience in providing risk management solutions and managing large and complex placements and claims. He is a skilled negotiator for his clients, calm under pressure and an effective problem solver. Philip has recently returned to the Aerospace sector to co-lead Piiq Risk Partners, focused on challenging the status-quo in an effort to provide greater value for clients. Philip is an Associate of the Chartered Institute of Insurance.

**Henry Bexson** Is an Associate Partner at Piiq Partners. He joined Piiq’s London Office in February 2020 and has a background in analytics and market intelligence, as well as client service delivery. Henry occupies a multi-faceted role for Piiq and is therefore well placed to deliver valuable strategic insight to aviation clients. He has particular experience in the Airline and Manufacturing sectors and a sophisticated understanding of the aviation insurance market. In his previous role at Marsh Henry was responsible for the Analytics function of the Aviation Practice alongside engagement around placement and renewal strategies for major airline and manufacturing accounts.



# Looking for complete solutions for corporate risks?



Flexible coverages



Wide acceptance



High reinsurance capacity



Own risk management team



Specialist areas by industry



Agility and ease from quotation  
to claim regulation

# SOLVED

With over 40 products in its portfolio, Tokio Marine is ready to meet the most demanding needs in various industries with property, logistics, indemnity or financial line insurances. Whenever you need it, Tokio has the solution.

**Talk to your broker  
to find out more.**

A complete Insurance  
company, so you can  
go further.



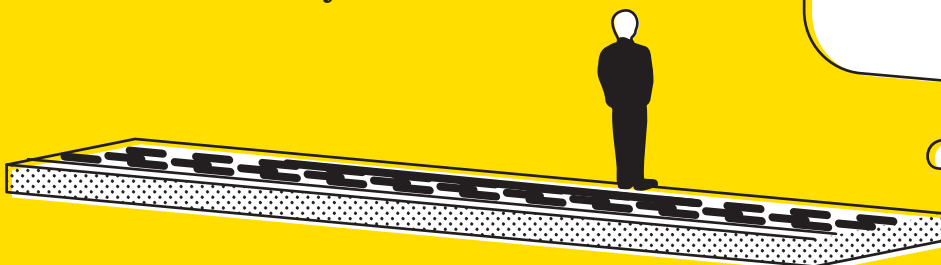
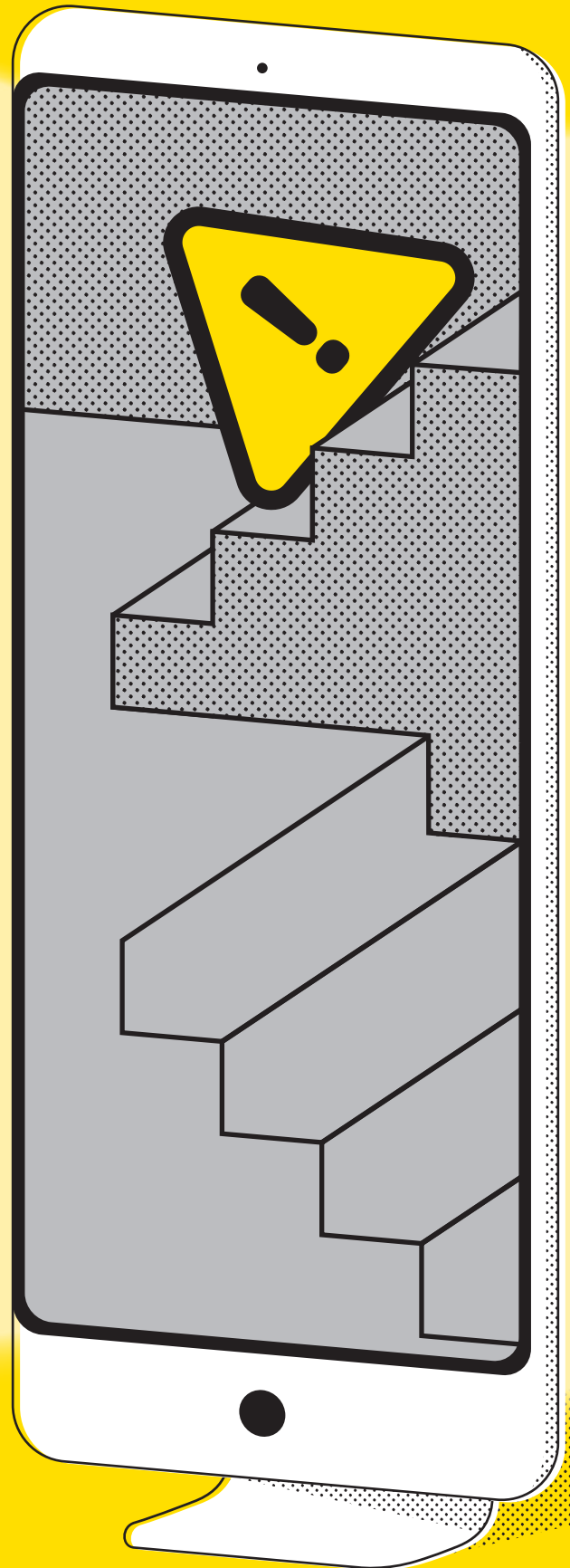
**TOKIOMARINE  
SEGURADORA**

NOSSA TRANSPARÊNCIA, SUA CONFIANÇA

# Security by design

by **António Gameiro Marques** Director General  
& **Lino Santos** Coordinator  
National Security Office

On June 27th, 2017, employees in over 80 global companies turned on their computers only to face a screen reading “Your important files have been encrypted”. The announcement was followed by a demand for bitcoin payment, and only then would the inaccessible files be decrypted. As the day rolled on, the C-suite began to realise the breadth and impact of the situation affecting their companies. The malware had infected central servers to such an extent that global operations had come to a standstill, crippling communication between enterprise hubs, access to work documents and connections with industrial control systems.



**“ We need a change in mindset: cyber security must be treated as a strategic matter.”**

This sums up what happened as a result of the NotPetya cyber attack, a worm that propagated thanks to the update of a software package popular in Eastern Europe. It caused economic damage worldwide in excess of US\$ 10 billion in sectors including transportation, energy, pharma, food production and other processing industries.

However, despite examples of devastating cyber attacks of great scale and reach, and an increasing reliance on digital operations, there's evidence that many large companies remain unconcerned about cyber security. Although their leadership may recognise cyber security as an important IT issue, they do not appreciate its broad and strategic importance, nor the need for it to be discussed at Board level.

On the other hand, executives who have managed to successfully handle the impacts of cyber attack, do understand that cyber security is both a high-level strategic priority and an opportunity and not just a threat. Importantly, they have also recognised that their greatest mistake prior to attack was treating cyber security as an exclusively technical/operational matter and not a strategic one.

Experience shows that the best way to mitigate inherent risk from cyber attack is to maximize corporate preparation across the entire organisation, as every aspect of the business can be critically affected by an attack; including a company's reputation which can lead to a bad turn on its stock market value.

So, we need a change in mind-set: cyber security must be treated as a strategic matter, not just an operational one. It must be seen as an opportunity, not just as an expenditure.

When seen as an opportunity, the outcome is a solid cyber security strategy, focused on identifying the risks associated with assets critical to business procedures and most importantly, on how to handle and mitigate such risks. A strategic approach will also lead to the



Rear Admiral António Gameiro Marques



Lino Santos

identification of other benefits, including new insights into the organisation's key strengths and weaknesses, and improved operational resilience.

Cyber security has evolved from being a predominantly technical issue, centred on the protection of networks and technology, to something of wider significance impacting customers, clients, and society as a whole. Security in cyber space is increasingly essential for the maintenance of a resilient digital society and for the preservation of the integrity of the social processes and interconnected businesses, which sit at the heart of complex modern social ecosystems. Cyber security is growing in importance, and cyber attacks are now seen as one of the greatest risks presently faced by the global economy.

TOP THREATS 2019-2020		Assessed Trends	Change in Ranking
1	Malware	--	--
2	Web-based Attacks	--	↗
3	Phishing	↗	↗
4	Web application attacks	--	↘
5	Spam	↘	↗
6	Denial of service	↘	↘
7	Identity theft	↗	↗
8	Data breaches	--	--
9	Insider threat	↗	--
10	Botnets	↘	↘
11	Physical manipulation, damage, theft and loss	--	↘
12	Information leakage	↗	↘
13	Ransomware	↗	↗
14	Cyberespionage	↘	↗
15	Cryptojacking	↘	↘

**Trends**  
 ↘ Declining  
 -- Stable  
 ↗ Increasing

**Ranking**  
 ↗ Going up  
 -- Same  
 ↘ Going down

“ Despite examples of devastating cyber attacks of great scale and reach, and an increasing reliance on digital operations, there's evidence that many large companies remain unconcerned about cyber security.”

**THE CONTEXT**

The pandemic has seen a much wider take up and use of digital technology, and many commentators have warned that cyber attacks will become more frequent and complex, more sophisticated, and far-reaching. In addition, there is an increasing threat from disinformation, due to a mixture of enhanced data analysis, machine learning algorithms and deep fakes, all of which can lead to entirely skewed perceptions of reality by unwary consumers.

The European Union Agency for Cybersecurity (ENISA) lists the 15 greatest threats (Fig. 1) in its latest overview<sup>1</sup>, many of which have been bolstered by the pandemic we are living through, as exposure to cyber attacks has increased

due to the extensive use of digital platforms to run our daily business.

In Portugal, according to figures published last summer by the official cyber security watchdog, *Observatório de Cibersegurança*,<sup>2</sup> (developed under co-ordination by the National Center of Cybersecurity (in the original CNCS)) malware infections under Risk and Conflict<sup>3</sup> accounted for 16% of incidents making them the second most reported incident after phishing, at 36%. This is a rise on the 2019 statistics, which showed malware incidents at 14% and phishing at 31%. In this regard it is important to note that phishing is often a delivery channel for malware; it is less visible and may impact victims more insidiously, taking their compromised devices hostage and making them vulnerable to all kinds of illegal exploitation.

Figure 1 - ENISA's cyber threat overview  
 (Source: The year in review, ENISA Threat Landscape)

**ACTORS AND INCIDENTS**

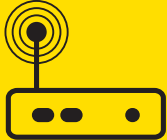





	<p>Companies and individuals in Portugal report fewer cybersecurity incidents than EU average in 2019 (Eurostat).</p>	<p><b>8%</b></p>	<p>Of Portuguese Companies <sup>(13% in the EU)</sup></p>
		<p><b>27%</b></p>	<p>Portuguese citizens <sup>(37% in the EU)</sup></p>
	<p>Major corporations and telecommunications companies in Portugal and the EU report the most ICT incidents in 2019 (Eurostat).</p>	<p><b>14%</b></p>	<p>Of Major Portuguese Companies</p>
		<p><b>17%</b></p>	<p>Portuguese Telecommunications Companies</p>
	<p>Fewer companies in Portugal purchase ICT insurance than EU average (Eurostat).</p>	<p><b>10%</b></p>	<p>In Portugal</p>
		<p><b>21%</b></p>	<p>In the EU</p>
	<p>In 2019, the most reported Internet incident while on private business, in Portugal, is phishing (Eurostat).</p>	<p><b>18%</b></p>	<p>In Portugal</p>
		<p><b>28%</b></p>	<p>In the EU</p>
	<p>In 2019, Portuguese citizens aged 25-34 and those with higher education tend to report security incidents more than others who are using the Internet for private business (Eurostat).</p>	<p><b>35%</b></p>	<p>Ages 25-34</p>
		<p><b>18%</b></p>	<p>Ages 65-74</p>
		<p><b>40%</b></p>	<p>With Higher Education</p>
		<p><b>17%</b></p>	<p>Without Higher Education</p>
	<p>Phishing and malware (including ransomware) are the most frequently reported incidents to CERT.PT and RNCSIRT</p>	<p>AT CERT-PT</p>	
		<p><b>31%</b></p>	<p>Phishing</p>
		<p><b>16%</b></p>	<p>Malware infections</p>
		<p>AT RNCSIRT</p>	
<p><b>13%</b></p>	<p>Phishing</p>		
<p><b>13%</b></p>	<p>Malware infections</p>		

Figure 2 - Actors and incidents. A national perspective.  
 (Source: Relatório Riscos e Conflitos, Observatório de Cibersegurança, June 2020)

**CHALLENGES AND OPPORTUNITIES FOR PORTUGAL**

To address the challenges arising from technological evolution and the growing number and sophistication of cyber attacks, Portugal has, through the CNCS and other national partners, deployed a number of initiatives. These are all aligned with the relevant European Union directives designed to ensure harmonised public policy that is also adaptable to each member state's national context.

According to the Digital Economy and Society Index (DESI 2020<sup>4</sup>), Portugal ranks 19th overall among member states. The indicators where Portugal diverges the most from the European average is in digital literacy (Fig. 3), which is why one of the most important ongoing initiatives in Portugal is focused on increasing knowledge and awareness of digital safety and security.

This ongoing activity translates into a number of general EU cyber security competitions and thematic workshops, not to mention wide-ranging participation in conferences and seminars. In that context one should highlight the CDAYS2020<sup>5</sup> conference, where presenters dealt with security in cyber space as a theme that cuts across all aspects of society and highlighted the need to build societal capacity in digital, and cyber, security.

The work of the CNCS has a wide impact and its activity is aligned with structural initiatives stemming from the EU Cybersecurity Act da EU,<sup>6</sup> and the NIS (Network and Information Security) directive<sup>7</sup>, designed to guarantee shared high levels of security for networks and information. The NIS directive has been incorporated into Portuguese law, through the Portuguese Legal Framework for Cyberspace Security<sup>8</sup>, and a number of cyber security schemes, with counterparts in the Union, have been put in place in order to help identify key service providers and their respective cyber security obligations.

At the same time as the EU Cybersecurity Act came into force on June 27th, 2019, development began on a national cyber security certification system for products and services that would be valid across the EU. The aim was to embrace the concept of “security by design” and improve the security of connected products, Internet of Things devices and consumer-critical infrastructure. The Cybersecurity Act is designed to generate trust in the digital market and the devices we all use every day, ensuring compliance with high levels of cyber security through rigorous assessments conducted by an independent certification body.

For SMEs, this system presents a number of opportunities to certify their innovative products and make significant savings as they will no longer have to pursue certification beyond national borders. A single certification valid across the EU will also remove barriers to market entry and provide real incentives for companies to invest in cyber security for their products. This is also a way for the EU to bolster its low-profile digital sovereignty. It is taking the same approach as it did with regulations for the protection of private user data and intends to impose the new obligations on all device builders and IT service providers, regardless of their national origin.

**DESI 2020 – RELATIVE PERFORMANCE INDEX**

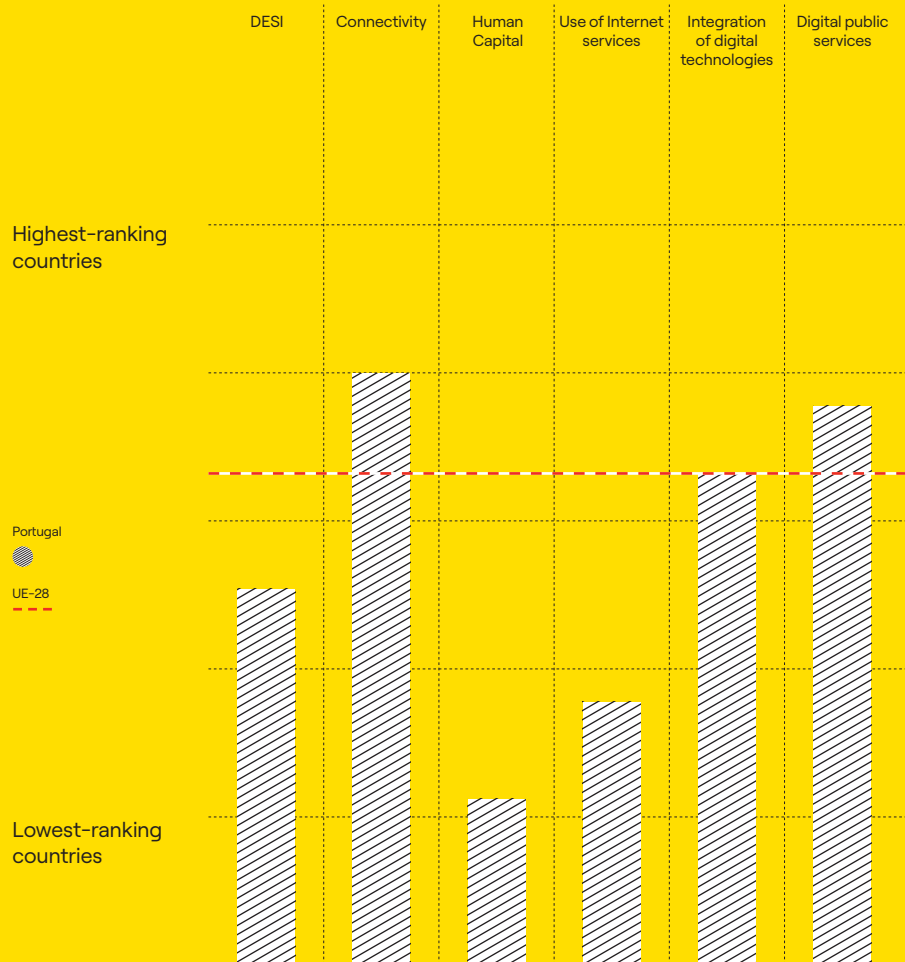


Figure 3 – DESI 2020, Portuguese performance per aspect observed. Source: DESI 2020

**“ In the near future, companies that prioritise cyber security risks will enjoy a significant competitive edge as vendors and partners factor in cyber security capabilities to their decision making.”**

## CONCLUSION

In the near future, companies that prioritise cyber security risks will enjoy a significant competitive edge as vendors and partners factor in cyber security capabilities to their decision making. Equally, potential customers will also increasingly look to select companies that rate best on digital resilience, as they seek out to buy from trustworthy businesses.

Cyber security really is a strategic opportunity for companies. Improving cyber security ratings and closing vulnerability gaps in society that stem from increasing digitalisation will only however be achieved through continual awareness-raising and capacity-building, combined with regulations that demand that companies apply

security measures that guarantee a high tier of cyber security in the services they provide. To make that happen we need committed leadership that understands the strategic value of cyber security for both organisations and society at large and to demystify and normalise cyber security in the day-to-day affairs of us all. ///

### References

- 1 <https://www.enisa.europa.eu/publications/year-in-review>
- 2 <https://www.cnscs.gov.pt/observatorio/>
- 3 <https://www.cnscs.gov.pt/observatorio/relatorios/>
- 5 <https://ec.europa.eu/digital-single-market/en/desi>
- 6 <https://www.c-days.cnscs.gov.pt/>
- 7 <https://ec.europa.eu/digital-single-market/en/eu-cybersecurity-act>
- 8 <https://www.cnscs.gov.pt/transposicao-da-diretiva-nissri/>
- 9 <https://dre.pt/application/conteudo/116029384>

### Rear Admiral António Gameiro

**Marques** has a degree in Naval Military Science, Navy Class. He has served on several national fleet vessels and, having attended a specialist naval communications course, completed his Master's in Electrical and Computer Engineering at the Naval Postgraduate School, Monterey, California. He was part of a project team working on the Portuguese Navy's Vasco da Gama-class frigate combat systems and a member of the international certification team for the same vessels in the UK. Having attended the NATO Defence College in Rome in 2003, he was naval military advisor to the Portuguese Ambassador with the Atlantic Alliance, NATO Headquarters, Brussels, from October 2004 to October 2007. He also represented Portugal on the NATO Consultation Command and Control Board, the organisation managing all information and communication technology issues. He was promoted to rank of Rear Admiral on November 27, 2008 and served as the Portuguese Navy's Chief Information Officer for four years. He was Assistant Secretary-General to the Minister for National Defence for the following three years and, since September 2016, has been Director-General of the National Security Office (GNS), part of the National Security Authority. The National Centre for Cybersecurity sits within the GNS structure. In 2013, he attended the 39th senior corporate management programme run by AESE/IESE, and further sessions in 2016 and 2017.

**Lino Santos** has a Master's degree in Law and Security from the Law School, Nova University of Lisbon, and a degree in Informatics and Systems Engineering from the University of Minho, is a coordinator at the National Cybersecurity Centre and a member of the board at the European Union Agency for Network and Information Security (ENISA). He was director of Community Security and Services at the (National Foundation for Scientific Computation), director of IT security incident response CERT.PT, national liaison officer with ENISA and a member of the founding committee of the National Cybersecurity Centre (CNCS), Portugal.

# Pandemic (re) insurance pool right move, wrong time

by Laurent Montador Deputy CEO, Caisse Centrale de Réassurance (CCR)



Laurent Montador

As we all appreciate, the first Covid-19 lock-down severely impacted European economies, particularly small and medium-sized enterprises, and sectors such as leisure, tourism, and transportation. Larger corporations also suffered. In fact, many would not have survived 2020 if public authorities had not taken some exceptional measures. The French Government for example promptly supported 70% of SME's payrolls by introducing fast-track unemployment regulation and low interest, fully state-backed and guaranteed bank loans (between 1%-2%).

The insurance industry came under huge pressure on a number of fronts. Firstly, from clients to explain and confirm the scope of any

insurance coverage. Insurers also faced political pressure to voluntarily contribute to a public 'solidarity fund' designed to support SMEs impacted by the pandemic, and to make far greater contributions than other industries (€400 million). And finally, the insurance industry has been subject to a wave of litigation on various legal grounds challenging its policy wordings.

The fact is, when any business is in danger, entrepreneurs will, quite understandably, look for potential sources of relief which in this case entailed a call on governments and insurers for a tangible and speedy response, including a focus on Business Interruption (BI) insurance.



BI cover is not often taken up by SME's and even when it is, it is usually related to the impact of physical damage. Some insurers had offered an extension to traditional BI cover, which includes an 'administrative closure' trigger but with limited geographical scope. It is fair to say that no one could have reasonably anticipated such a 'global closure' or series of closures for a large time period as resulted from Covid-19. The global pandemic also means that one of the funding blocks of insurance – mutualisation, or the spreading of risk - is no longer valid as all the risks are hit at the same time and the onus for help has to fall on public bodies. It is similar to the picture in wartime, where it is fully understood by the insurance market that war is excluded from insurance contracts, except if explicitly stated so (Art 121-8 French Insurance Code).

Insurance is in essence a contract and one that in the event of the pandemic needed to be reviewed for clarity, understandability, and coverage. The French regulator quickly rose to the challenge and checked the different policy wordings in force for the sectors most impacted. It issued a public report as early as June 2020 stating that 93% of the policies excluded the BI element from Covid-19 administrative closures, 4% of the policies were not so clear and 3% of the policies specifically included BI protection.

### LOOKING FORWARDS TOGETHER

As soon as the first lockdown was put in place, insurers, governments, SME's, and large corporations' representatives began working on a public private partnership (PPP) with the aim of providing some indemnification for companies in the event of another future enforced global lockdown.

It soon became clear that any scheme would not be applicable to the Covid-19 event, as the pandemic was still developing. Secondly, there were discussions as to whether it should be mandatory for all companies to join a new insurance PPP regime. However, the largest players showed little interest in a mutually shared scheme across all types of businesses and that plan was dropped. Insurers also wanted the scheme to apply to other perils that could force businesses to shut including as a result of strikes, riots, civil commotion (SRCC) and terror risks. Their logic was to not only kill several birds with one stone, but to increase the likelihood that any funds accrued by the PPP scheme in years of no loss could be accessed. Last but not least, the Government was keen to obtain a sizeable financial involvement from private insurers and reinsurers, before any public reinsurance stop loss would be triggered as the capital potentially at stake could be in the tens of billions of Euros if it were not limited by any cover.

One of the many interesting proposals from the industry related to the creation of a resilience capital cover, which would have a double trigger, such as a pandemic alongside an immediate decrease in turnover of 50% for the first month and a cumulative decrease in annual turnover of over 8%. This cover would be paid quickly, 20 to 30 days after the first claim declaration, for a maximum cumulative period of three months for total or partial closure. The proposal included setting a maximum amount per company (and per pandemic) of €500 000. For companies with a turnover of less than €100 000, there would be a fixed flat premium whatever the sector. For companies with turnover over €20 million, the premium would be capped for an equivalent €20 million turnovers, depending on the sector.

The proposed pricing structure for the plan was not fully disclosed, but the idea was to set a global premium between 50% to 75% of the Nat Cat premiums for companies (the premium of the Nat Cat PPP scheme in France is 12% of the property damage insurance premium –excluding motor).

So, what would this lump-sum payment, designed to provide resilient capital be? The aim was for it to result in a payment that while not amounting to full indemnification, would still be a substantial proportion such as 50% of the gross margin, after the deduction of benefits and gross pay roll. The plan was to achieve this by the way of a fixed amount derived through a simple rule; that is, defining the fixed amount as a multiple of the premium paid. It could be a unique multiple or a multiple defined by sector, depending on the size of the companies. The main challenge from this approach was how to set the pricing structure but despite the inherent difficulties the plan was, in theory, feasible.

**“ The main reason the proposal for a PPP scheme did not succeed is very simple – money.”**

**“ The global pandemic also means that one of the funding blocks of insurance – mutualisation, or the spreading of risk – is no longer valid as all the risks are hit at the same time and the onus for help has to fall on public bodies.”**

### **SO, WHY DID THE SCHEME NOT SUCCEED?**

One of the first issues is that Covid-19 is not yet over, and companies are financially weak – with many still frustrated and unhappy with the insurance industry over the lack of coverage and support. They have also benefited from the cash protection scheme activated by the government, even if the call for reimbursement could start as early as April this year. There is also resistance to any compulsory PPP scheme, which is simply perceived as a new tax.

Another reason the scheme has not been taken forwards is that the government has taken a number of exceptional and substantial measures, accelerating non-standard budgetary policies, in order to amortise the immediate shock that would have occurred just after the shutdown. The government wanted the insurance market to provide cover of up to €4-5 billion. However, insurers were only

willing to take a risk up to €1 billion, with another €1 billion borne by reinsurers. The calculations and models suggested by the insurers also led to discussions on the issue of risk premium burden sharing between insurers, reinsurers, and a public reinsurer.

The main reason the proposal for a PPP scheme did not succeed is very simple - money. Companies do not want to pay an additional premium, and they do not presently have the money to support it. That is their overall view at the moment. Full stop.

So, is the PPP project totally over? For the short-term, and for this government's term in office, quite probably yes. The answer to the lack of coverage for companies from a pandemic, for now, lies with self-insurance and the tax-free provisions that accompany the establishment of captives, and potentially with the right legislation, domestic captives. And of course, part of any captive could be reinsured by the private sector! An opportunity not totally missed. ///

**Laurent Montador** has been serving CCR as deputy CEO since 2014. A seasoned professional in management, underwriting, actuarial risk and finance, highly motivated by digital and human resources transformation topics, he participated actively in the creation of CCR Re, the daughter company dedicated to international reinsurance markets. He previously occupied various senior positions in areas of actuarial and underwriting management on French and international markets for major insurance and reinsurance companies. Member of the French Institute of Actuaries, he is also a member of the OECD High-Level Advisory Board on the financial management of natural disasters, as well as member of the World Forum of Cat Programs and International Forum for Terrorism Risk (Re) Insurance Pools (IFTRIP). He is also a member of BRGM Scientific Committee, French Geoscience institution for sustainable Earth. He was a lecturer at the University of Paris Dauphine on analytics and AI and contributes regularly on conferences on the risks facing our industry.

# Working together for vaccine distribution

by José Núñez CEO, Lloyd's Iberia



José Núñez

No one could have predicted the complexity, scale and severity of Covid-19. Over the course of 2020, we have seen first-hand the expected and unexpected ways in which a pandemic can impact upon systems globally. As the world's specialist insurance and reinsurance market, risk is at the heart of everything we do at Lloyd's, and our deep understanding of risk, coupled with technology-led products means we have a key role to play in supporting the supply of the Covid-19 vaccine to developing countries.

The Lloyd's market has a strong track record of delivering innovative products that evolve with societal and business needs. In order to catalyse our drive for innovation, Lloyd's launched the Lloyd's Lab as a platform for diverse and exciting start-ups to bring new ways of thinking to the market and combine this with the underwriting expertise that the market is so well-known for. In October 2018, the Lloyd's Lab welcomed its first cohort of start-ups. Amongst these fresh faces was Parsyl, a supply chain

data platform which developed an IoT solution to better harness data analytics to help shippers understand, mitigate and insure risks to perishable goods as they move through the supply chain.

Fast forward to 2020, and a global pandemic where developing markets have been disproportionately impacted and doubly challenged by the complexity of getting vaccines that require transport in extreme cold to the places and people who need them. That complexity, driven by poor infrastructure, challenging access to tracking data and limited risk management knowledge, brings the added difficulty of high premiums and unfavourable terms and conditions. The consequence might be critical shipments moving through the supply chain with inadequate coverage or even no coverage at all.

To tackle this, Lloyd's has been working with Parsyl and an alliance of insurance and technology partners to create the Global Health Risk Facility, a solution aimed at providing insurance coverage and risk mitigation services

**“ At Lloyd’s, we are driven by sharing risk to create a braver world. As risk continues to become increasingly complex, we will keep pushing ourselves to identify solutions that help make this vision a reality.”**

**José Núñez** has studies of Philology and an Executive Direction Programme Degree (IESE Business School). José is the current CEO of Lloyd’s Iberia and is based in Madrid. He brings more than 30 years of experience and a deep understanding of the Iberian (re)insurance markets, having worked in several management roles at Commercial Union, Gerling & Catlin. He is also chairman of ASASEL (the Spanish Association of Lloyd’s Coverholders). Most recently José held the position of National Commercial Director at Asegrup S.A. in Spain. He is fluent in English and German.

to support the effective distribution of Covid-19 vaccines. By applying and adapting Parsyl’s existing technology, this innovative solution enables underwriters to track shipment-level data and provides local health workers with temperature-related data and insights to help them not just minimise, but mitigate losses of valuable doses of vaccines. Without this facility, communities could face extra challenges in the distribution of potentially life-saving testing equipment, treatments and vaccines.

I am immensely proud of this cross-industry collaboration at such a critical time, a collaboration that strongly reflects the longstanding ingenuity and adaptability of the Lloyd’s market and all of our fantastic partners. In conversation with Ben Hubbard, Parsyl’s CEO, he told me that *‘Crises can accelerate progress, and this solution exemplifies how collaboration across the global insurance market can come together with technology and data to deliver an innovative new model that solves a complex global risk challenge,’* and I firmly agree.

The Global Health Risk Facility is an important landmark in demonstrating how the global insurance market can come together with data and supply chain experts to make a significant, long-lasting difference for our communities and our society, even in the face of a major catastrophe. It also demonstrates the pivotal role insurance can play in helping society to recover and rebuild in times of need. And it shows the role that Lloyd’s plays, as a hub of underwriting expertise, innovative thinking and technology, in bringing together the best of our industry to learn from the experts outside of insurance to collaborate so that the industry can react and deliver solutions quicker than ever before.

At Lloyd’s, we are driven by sharing risk to create a braver world. As risk continues to become increasingly complex, we will keep pushing ourselves to identify solutions that help make this vision a reality. And we believe that these steps demonstrate how our industry can help solve societal challenges to the benefit of communities around the world. ///



**THE END**

**VICTORIA**  
Uma empresa do Grupo Segurador **SMA**

There are risks you  
don't need to take.

We take them for you.

Competence, accuracy and know-how?  
These are the values that we deliver  
in every solution we offer.



[www.victoria-seguros.pt](http://www.victoria-seguros.pt)  
VICTORIA - Seguros, S.A., sociedade anónima, com sede na Av. da Liberdade, n.º 198/200, em Lisboa, matriculada na Conservatória do Registo Comercial de Lisboa sob o número único de matrícula e pessoa coletiva 506 333 027, com o capital social de 34.850.000 Euros e VICTORIA - Seguros de Vida, S.A., sociedade anónima, com sede na Av. da Liberdade, n.º 198/200, em Lisboa, matriculada na Conservatória do Registo Comercial de Lisboa sob o número único de matrícula e pessoa coletiva 502 821 060, com o capital social de 8.500.000 Euros. Não dispensa a consulta da informação pré-contratual e contratual legalmente exigida.



> HDI Global Seguros

# WE ARE GLOBAL.

Discover our industrial insurance solutions! We are here for you... worldwide!

[www.hdi.global](http://www.hdi.global)  
[www.hdiglobalbrasil.com.br](http://www.hdiglobalbrasil.com.br)



# A new reporting sustainable & inclusive

by **Nuno Figueiredo** Partner, Deloitte



Nuno Figueiredo

**The pandemic caused by SARS-CoV-2 has affected economies and financial markets worldwide. Virtually every industry and every government are facing challenges associated with economic contraction, which affects in a non-homogeneous manner every economic activity and has cross-cutting impacts on interpersonal relationships due to social distancing and restrictions placed on travel and business.**

Such impacts have a transformative effect on organisations, in the way one works, or organises socially, many of which though potentially positive in the long term, in the short term, doubtless contribute to a deterioration in social equality.

Most governments have put in place support initiatives to mitigate the negative impacts of the present situation. However, as the pandemic evolves, most entities find themselves exposed to challenges associated with the contraction of economic activity, increased volatility in financial markets, erosion in market value, downturns in activity, deteriorating

credit risk and dwindling liquidity, among others, which have fed the more pessimistic scenarios on economic recovery.

Growing uncertainty forces organisations to think carefully when preparing their accounts and annual reports, which must now take on board extra complexities with regard to judgements and estimates. In terms of disclosures, complexity is not reduced. Stakeholders must be able to clearly see the impacts on an organisation's reported assets, liabilities, liquidity, and solvency, as well as the potential uncertainty associated with the going concern.



Crisis scenarios usually raise questions on accounting rules and how these contribute to the anticipation of risk or, perhaps, accentuate its impact. That debate took place during the financial crisis in the first decade of this century. Crises heighten concerns with the long term, to the detriment of quarterly reports, which prioritise short-term concerns.

As a result of the last crisis, we saw the introduction of reforms on financial reporting, namely on financial instruments, resulting in the introduction of the expected credit loss model, anticipating the recognition of impairment, or revisiting the use of fair value on the measurement of financial instruments and, more recently, the completion of the standard on leases which gives more visibility on the leases responsibilities, which were previously off the balance-sheet.

“Traditional” financial reports have so far responded to the obligations imposed by one stakeholder — the shareholder — by focusing analysis on the short term and being, fundamentally, backward-looking. Although a long-term view is indispensable to a relevant set of judgements, be it on fair value or impairment, the fact is that financial reports cannot explain, with clarity, a company’s long-term strategy. That’s not its purpose. What is needed is additional ways of reporting to provide more transparency on an organisation’s long-term vision and the concrete steps that are in place to achieve those. That said, even traditional financial reports, often blamed for not taking into account factors such as sustainability and the long term, have paid more attention to these recently.

One example is climate change, a subject that is not even defined by the IFRS standards. The IFRS is based on principles, so it envisions that reports and quantitative impacts are based on risks faced by organisations. But climate risk is not placed outside the bounds of analysis. Perhaps that is why we’ve recently seen the reporting of relevant

impairments of assets, for example in oil extraction caused by the continuing descent of oil futures which has not only been aggravated by the pandemic but arises from a growing concern that we should transition to an emission-free economy and increased awareness of the related impacts on valuation of organisational assets.

Climate change can influence relevant assessments, such as an asset’s useful life, measurement of impairments by estimation of greater cost or diminishing demand, or valuation of assets. The TFC<sup>1</sup> has singled out some industries as specifically affected by such risks, recommending that scenarios be disclosed with regard to their impacts. There is also increasing pressure from investors, through initiatives such as the Institutional Investors Group on Climate Change, a pan-European group representing liquid assets in excess of €35tn, which has demanded that organisations be consistent with the principles outlined by the Paris Agreement on zero net emissions and that financial reports reflect the impact of the steps they have taken to meet these targets.

In order to address public demands for insights on organisations long-term contributions to all stakeholders, and not just shareholders, and in recognition of the fact that financial reporting alone cannot address this information need, most companies, following a 50-year trend, have gone on to include Environment, Social and Governance (ESG<sup>2</sup>) aspects relevant to their investors<sup>3</sup> and employees.

A Deloitte study from last January<sup>4</sup>, based on input from over 2000 CXO across more than 19 countries, demonstrates an evolution in the outlook of capitalism. Up to 60% of those surveyed said they hoped that Industry 4.0 will bring about positive impacts to society. That compares to two years ago when the figure was only 35% of executives. Several studies also show that long-term profitability tends to be higher in organisations that take on ESG concerns.

**“ What is needed is additional ways of reporting to provide more transparency on an organisation’s long-term vision and the concrete steps that are in place to achieve those.”**

The creation of global, standardised, quantified ESG criteria that can be independently audited and used by investors or other market agents to efficiently assess information and integrate it into their decision-making process is becoming a priority, helping to avoid greenwashing or even purpose-washing. This is a crucial step towards reinforcing ESG reporting, and the embracing of stakeholder capitalism as opposed to a system that is exclusively or preferentially centred on the shareholder.

In September 2020, the five largest standards bodies for ESG<sup>5</sup> published a memorandum of understanding confirming their intention to define a holistic system of corporate reporting based on three sections: i) matters that reflect companies’ impact on economy, environment, and people; ii) subset of matters of sustainability material to the creation of value for the company; and iii) financial reporting.

When analysing the corporate community's commitment to this issue, it is important to single out an initiative by the International Business Council of the World Economic Forum which culminated in September 2020 with the report, "Measuring Stakeholder Capitalism: Towards Common Metrics and Consistent Reporting of Sustainable Value Creation", with inputs from Deloitte, EY, KPMG and PwC. This report proposes a key set of metrics that will allow companies to measure and report on the creation of sustainable value under four pillars: Principles of Governance, Planet, People and Prosperity.

This is yet another form of ESG measurement, aligned with the UN's Sustainable Development Goals, but one that lays the foundation for the creation of a global system of measurement for matters that are themselves global.

It is possible that financial reports will increasingly echo ESG reports, particularly given the trend within some governments to impose external costs on organisations, and because the reinforcing of ESG matters and their measurement will drive greater awareness on these topics and their impacts. Another factor driving long-term reporting, is that the IFRS Foundation, responsible for IFRS, is also taking steps to become the global standard-setter on ESG matters.

The development of these two aspects of reporting must be run in parallel, in order to provide a holistic vision enabling multiple stakeholders to benefit from comparable, auditable, useful, and consistent information in their decision-making.

## STAKEHOLDER CAPITALISM

The pandemic crisis and factors in social inequality have caused companies to take a new, holistic approach to their purpose in society, highlighting the importance of ESG principles as central to business and strategic risk, as well as to consolidating organisations'

credibility before investors and the general public. We might be witnessing a paradigm shift, leading us away from Milton Friedman's dictum, from over 50 years ago, that "There is one and only one social responsibility of business — to use its resources and engage in activities designed to increase its profits." We are now moving towards a model of stakeholder capitalism where companies focus on the fundamental economic problem of allocating scarce resources but do not make it about one single resource, because there may be other stakeholders who represent equally scarce resources, be it talent or the environment.

More than the short-term hunt for profit, a company's medium- and long-term purpose becomes fundamental in this new model.

Companies will certainly face difficult decisions when trying to manage and balance their different, and not necessarily aligned, stakeholder interests. However, proactive monitoring, transparency, and rigor in ESG measures and their goals should bring about stronger credibility, resilience, and future success. Balanced approaches have to date demonstrated positive impacts on organisational performance, benefiting every stakeholder, including shareholders.

- 1 Task Force on Climate-related Financial Disclosures
- 2 Per recent research, 90% of consumers expect organizations are able to establish standards beyond return on investment for their shareholders.
- 3 Recently, Morgan Stanley declared that ESG positioning will define the next decade in investment. No less the now famous annual letters from Blackrock's CEO (the largest asset manager in the world) to other CEOs in 2020 and 2021 where it is referred that ESG-related steps will bring changes in resource allocation from organizations with greater ESG risk to those with less risk, and in their 2021 letter stating that Blackrock would no longer invest in companies with high sustainability risk.
- 4 Readiness Report, Deloitte, 3rd Edition  
– "The Fourth Industrial Revolution: At the intersection of readiness and responsibility"
- 5 The five largest ESG standardization bodies for reporting purposes are: CDP – Disclosure Insight Action; CDSB – Climate Disclosures Standards Board; GRI – Global Reporting Initiative; IIRC – Integrated Reporting Council, and SASB – Sustainability Accounting Standards Board

**Nuno Figueiredo** is Partner at Deloitte. He is a Chartered Accountant with more than 20 years experience serving various organisations including roles in auditing and as IFRS specialist for capital market operations in Portugal. He holds a degree in Economics from Porto University and an executive MBA in finance from Porto Business School.

seguros  
**empresas**

Your company  
deserves  
a world  
of protection.



ColorADD

**Ageas Seguros is side by side with companies and offers a range of different insurances that meet the needs of each sector.**

**Because protected companies are successful companies.**



**PAR** prevenção  
e análise de risco

A service that consists of risk analysis and identification of prevention measures, recommendation and training to reduce the risks inherent to your company's activity.



a world to  
protect yours

**Ageas Portugal, Companhia de Seguros, S.A.**

Headquarters: Rua Gonçalo Sampaio, 39, Apart. 4076, 4002-001 Porto. Phone 22 608 1100.

Registered at the Commercial Registry Offices of Oporto under the registry ad tax sole number 503 454 109. Share capital of 7 500 Euros.

PUB. (03/2021). Do not waive consultation of pre-contractual and contractual product information.

[www.ageas.pt](http://www.ageas.pt)

# Marcopolo

## Innovating through bio-security

**In response to the Covid-19 pandemic, Marcopolo, Brazil's leading bus and coach manufacturer, recently launched a number of bio-security solutions to prevent viral and bacterial contamination.**

Marcopolo BioSafe Bus



### MARCOPOLO

Founded 71 years ago in Caxias do Sul (RS, Brazil), Marcopolo is Brazil's leading bus and coach manufacturer and one of the largest globally. In order to provide passenger transport solutions worldwide, the company continually invests in its development, technology, design, and growth plans. Marcopolo has factories on five continents and its vehicles are used in over 100 countries.

Watch the video





Entrance checking via facial recognition equipment in the buses

The company's innovations include:

- Entrance checking via facial recognition: a camera detects whether passengers have a mask on and measures their temperature in seconds (this may also be used at bus depots).
- Hand sanitiser: accommodating up to 500 uses, passengers can sanitise their hands at bus access points.
- Disinfectant mats: clean passengers' shoes as they access vehicles.
- Seats and support rests treated with an antimicrobial finish: included during their manufacture, these additives eliminate microbes, making it safer for passengers to touch them. The materials contain nanoparticles that release ions which destroy microorganisms' cellular membranes.
- Distancing: stickers on the bus floor indicate the safe distances between passengers.
- Disinfecting air conditioning with UV-C: ultraviolet radiation disinfects air circulating in the cabin and on the vehicle's surface, effectively deactivating viral and bacterial genetic material.
- Greater air circulation: a new frame allows air intake through sliding windows on the vehicles, following World Health Organisation guidelines on cabin air circulation. The air is renewed every three minutes.
- Protection kit for driver and ticket supervisor: glass barriers, easy to clean and sanitise, may be adapted, and fitted into different vehicles. Another solution is fitting antimicrobial curtains.
- International Pharmaceutical Federation-approved sanitiser onboard: a dry mist application with nano-particles covers 100% of surfaces and prevents virus and bacteria growth.

Of the 1500 vehicles already produced and fitted with at least one of the Marcopolo BioSafe innovations, 734 were exported, namely to countries in Latin America (including Peru, Argentina, and Chile), Africa (Angola and Ghana) and the United Arab Emirates. ///

# Managing risk and exposure in today's world

*by* **Alessandro De Felice** Chief Risk Officer, Prysmian  
& **Jorge Luzzi** CEO, Risk Consulting Group (RCG)  
& Executive Director, HighDome pcc



Alessandro De Felice

**For decades, insurance brokers, insurers, reinsurers, and risk management consultants have advised organisations on their exposure to the risk of business interruption. And in light of the impact of the Covid-19 pandemic on business around the world, how this type of risk exposure is managed going forwards needs to evolve.**



Jorge Luzzi

**“ With the development of increasingly complex business architectures the role of risk management and business continuity professionals has never been so important.”**

For decades, insurance brokers, insurers, reinsurers, and risk management consultants have advised organisations on their exposure to the risk of business interruption. And in light of the impact of the Covid-19 pandemic on business around the world, how this type of risk exposure is managed going forwards needs to evolve.

It is often said that humans, and the organisations, businesses and institutions they lead, mostly learn from making mistakes. A case in point is the global financial (mortgage) crisis of 2008 when many businesses not only suffered from significant economic losses due to the interruption of their businesses, but also saw their capacity for resilience reduced. This lesson was however apparently forgotten too quickly.

### **OPERATIONAL INTERRUPTION OR BUSINESS INTERRUPTION?**

Operational interruption is a very generic term and refers to any interruption of a process that causes the interruption of an operation. However, not every operational interruption automatically generates a business interruption. So, what is the difference between business interruption and just disruption?

According to the international standards body, the ISO<sup>1</sup>, disruption is defined as an “event, whether anticipated or unanticipated, that causes an unplanned, negative deviation from the expected delivery of products or services according to an organisation’s objectives”. So, for an operational interruption to be a business interruption, the operational interruption must additionally generate a negative deviation (reduction) of the expected delivery of an organisation’s products and/or services. This reduction should exceed any planned delivery tolerance levels within the operation’s business model. because a business interruption event may not always result in any operational interruption of internal processes.

### **BUSINESS IMPACT ANALYSIS (BIA)**

To assess if an operational interruption will generate a business interruption an organisation should undertake a Business Impact Analysis (BIA). This can identify which products and/or services would be most impacted from a decrease in delivery to customers and/or beneficiaries and would have the potential to negatively impact the organisation’s objectives. The BIA entails identifying the specific and essential processes that are directly related to production and are critical to its operations. Once the BIA is completed, a business can be clear as to which of its processes are critical, and what operational interruption across all its critical processes has the potential to result in a business interruption loss.

### **BUSINESS CONTINUITY**

Many larger organisations use a Business Continuity Management System to help them manage business interruption events. Business continuity is defined<sup>2</sup> as “the capability of an organisation to continue the delivery of products or services at acceptable predefined levels following a disruption”.

For business continuity to be of benefit and to provide a reasonable guarantee of protecting the delivery of products and or services, it must be embedded within an organisation’s culture and the concept fully embraced during its development, implementation, and operation. Business Continuity Management itself is defined<sup>3</sup>, as a “holistic management process that identifies potential threats to an organisation and the impact those threats, if realised, can cause on business operations, and provides a framework for building organisational resilience with the capability of an effective response that safeguards the interests of key interested parties, reputation, brand and value-creating activities”.

A well-structured Business Continuity Management System should have the following components<sup>4</sup>:

- a. A policy.
- b. People with defined responsibilities.
- c. Management processes relating to
  - 1) policy;
  - 2) planning;
  - 3) implementation and operation;
  - 4) performance assessment;
  - 5) management review and
  - 6) improvement.
- d. Documentation providing auditable evidence; and
- e. Any business continuity management processes relevant to the organisation

## BUSINESS CONTINUITY RISK MANAGEMENT

To manage business interruption risks, organisations should establish, implement, and continuously maintain a formal and documented process of business continuity risk management. This systematic approach enables a business to analyse, evaluate, treat, and monitor all the business interruption risks and exposures it could face. Crucially business continuity risk management should not be undertaken in isolation but should fit within the framework of the organisation's Enterprise Risk Management (ERM) programme. Some of the business continuity risks identified within the framework will require action to a) reduce the probability of interruption events occurring; b) reduce the period of interruption and c) to limit the impact of any interruption on critical products and services. Any action taken will however need to fit with the organisation's overall risk tolerance and risk appetite.

**“ With the development of increasingly complex business architectures the role of risk management and business continuity professionals has never been so important.”**

## BUSINESS CONTINUITY PLAN (BCP)

The most popular way of addressing business continuity risks is through the development of Business Continuity Plans (BCP's) defined<sup>5</sup> as “documented procedures that guide an organisation to respond, recover, resume and restore itself to a pre-defined level of operation following a disruption (typically this covers resources, services and activities required to ensure the continuity of critical business functions).

There are however many different types of BCP's covering a broad spectrum of risks from people, processes, technology through to corporate governance. Solutions can range from the use of mirror Datacentres to reduce downtime associated with technology platform issues, through to personnel succession plans for key staff and roles.

## CONCLUSION

There is no doubt that as organisations' mature they have more insight into the strategic, tactical, and operational importance of business continuity management. And in an increasingly complex and global world, with technology advancing at exponential speed, with supply chains with matrix components and customers anywhere in the world, the need for an efficient and reliable business continuity management approach is as high as ever. With the development of increasingly complex business architectures the role of risk management and business continuity professionals has never been so important. ///

1 ISO 22300 Social Security: 2018 - Terminology standard

2 Social Security: 2018 - Terminology

3 Social Security: 2018 - Terminology

4 ISO 22301: Societal security -- Business continuity management systems -- Requirements

5 ISO 22301: Societal security -- Business continuity management systems -- Requirements

**Alessandro De Felice** is Chief Risk Officer of Prysmian S.p.A, responsible for implementing risk reporting to the Chief Executive Officer and the Board of Directors, assessing the risk appetite and the risk culture throughout the organization, supervising risk analysis activities, guaranteeing and verifying the adequacy of the applied methodologies and the operational effectiveness of the ERM model. He previously worked in the Pirelli Group Risk Management structure, and in insurance brokerage in Marsh and Sedgwick. He is President of ANRA (Italian Risk and Insurance Managers Association), and he has been Vice President of FERMA, and General Secretary of IFRIMA (International Federation of Risk Management Associations).

**Jorge Luzzi**, CEO of RCG and Executive Director at HighDome pcc, began his career in the insurance market with Marsh, and Risk Management with Ciba Geigy. In 1988 he joined Pirelli and, in 2005, became the group Global Risk Management Director, staying until 2013. Jorge Luzzi's track record shows a sustained contribution toward the development of new skills in Risk Management, as skill development is key to grow the profession at a global scale. His involvement with sectorial associations began in Brazil, where he led the Brazilian and South-American Risk Management Associations. He also presided over IFRIMA – International Federation of Risk and Insurance Management Associations; and, between October 2011 and October 2013, FERMA – Federation of European Risk Management Associations. Jorge Luzzi holds a degree in Administration from the University of Belgrano, a BA from ECEA, a postgraduate diploma from Saint Gallen and is a fellow at the National Academy for Insurance and Welfare in Brazil. He completed specialization courses at Mapfre and the Milan Polytechnic. He is chairman of Apogeris, the Portuguese Association of Risk Management.





# You are one step closer to enter the future

Discover a more modern, agile, digital and personal service experience.  
**Lusitania Concept Store.**  
At Amoreiras Shopping Center, in Lisbon.

 **LUSITANIA**  
Seguros juntos

[lusitania.pt](https://lusitania.pt)

# Iconic

---

*by* **Pedro Pinhal** Technical and Claims Director, MDS Portugal  
& **Paulo Pereira** Director, Advanta

The progress of human civilization has accelerated significantly in the last 200 years, impacting everything from how we build our homes and cities to how we interact, communicate, and live our day-to-day lives. However, we are still susceptible to unforeseen events, whether they are caused by human error or nature.

# claims

---

Harmful events are as old as humankind, and so is our need for security. The insurance industry is there to help bridge the gap between known and unknown risks, and to provide a level of comfort to society, enabling it to cope with the unexpected and continue to advance despite these setbacks. Technological advancement cannot prevent disaster and insurance remains critical to minimising the impact these events have on both people and businesses.

Disaster and insurance are intertwined, with the former justifying its existence through the need to remedy or mitigate damage from an adverse event.

When an insured acquires a policy, they are buying a promise of security; an assurance that, if a given event takes place and certain requisites are met, the insurer will, in return for a fee, pay out a given amount. In the world of insurance, disaster is the moment of truth.

Any claim, regardless of origin or gravity, can have a serious impact on people's lives and/or a company's and society's business in general. The first aim of claims management is to enable those who have suffered to piece their lives back together after a disastrous event, eliminating or at least mitigating its financial impact; and so, allow people to go back to their business, and get back to their normal.

## A COMPREHENSIVE TASK

Claims management is complex with a number of actors on the scene playing key roles. The cast includes the insurer that took on the risk, the experts in damage assessment and mitigation, and the broker, the knowledgeable consultant able to support the client through the necessary, but not-always easy, exchanges with their insurer.

Some claims are extremely technical in their complexity but the management of opposing expectations notwithstanding, both experts and brokers have a shared goal of achieving a settlement acceptable to the insurer and the insured that honours the terms of the contract they entered into. The focus in this process should not be the monetary amount of compensation *per se*, but on the detail behind any final sum. Teamwork is an essential part of ensuring the right outcome from what is often a turbulent process.

Even simple claims involving limited material damage can be complex, as the moment an accident occurs is always disruptive to those involved. And this is even more so in the wake of major catastrophes that devastate territories, wipe out populations, destroy the environment or simply bring the world to a standstill, changing it forever.

In this article we reflect on some of the key claims over the centuries that have, given their severity, traits and the damage caused, made a mark on world history, and on the insurance sector. They can hardly be forgotten, and for that very reason we have termed them *iconic*.



**Pedro Pinhal** is Technical and Claims Director at MDS Portugal, having joined the business in 2016. He has a degree in Law, and post-graduate degrees in Insurer and Pension Fund Management and Forensic Medicine. He began his career as a lawyer before joining insurer Tranquilidade in 2003 where he started as a liquidation - bodily injury expert, before being promoted to Responsible of Claims Services for Bodily Injury.



**Paulo Pereira** has over 20 years' experience working in the insurance sector as a loss adjuster. Before joining Advanta in 2005, he held a number of directorial positions with leading claims management companies. Paulo's specialities include industrial all risks, machinery breakdown and energy.

# Disasters that made history

1666

## The Great Fire of London\* A city burnt to the ground

On September 2, 1666, a fire started at Thomas Farriner's bakery in Pudding Lane near London Bridge. A maid had failed to put out the ovens at the end of the night. The heat created by the ovens caused sparks to ignite the wooden home. Once it started, the fire spread quickly. Although fires were quite common in those days, the unseasonably hot summer created ideal conditions for this tragedy to occur.

Over 300 houses quickly collapsed and strong winds fanned the flames. Efforts to bring the fire under control failed and, as the fire raged, people tried to leave the city by boat on the River Thames. Suddenly, the city was thrown into chaos and two days later half of London was ablaze.

As people attempted to escape the city, St. Paul's Cathedral was caught in the flames and subsequently collapsed. Eventually the fire was brought under control, and by the September 6 it had been completely extinguished. Only one fifth of London remained undamaged. Almost all civic buildings were destroyed along with over 13,000 private dwellings. Despite such widespread devastation there were only six recorded fatalities.

It is estimated that the property losses caused by the fire were around £5m-£7m. As a result, fire protection management significantly changed in London. The Fire Office, the first insurance company, which still exists today but under a different name, was set up and within ten years, one in ten houses in London were insured.

1755

## The Great Lisbon Earthquake\* All Saints' Day

On November 1, 1755, All Saints Day, three quakes, which may have ranked 9.6 on the Richter scale, with their epicentre out on the Atlantic, shook Lisbon to its foundations. Although the quakes lasted for about ten minutes, they originated a sequence of tsunamis with waves over six meters in height in Lisbon and twenty in Cádiz, Spain.

The catastrophe swept across the city tearing down over two thirds of it, washing away buildings and bridges and ships and monuments. Fires followed, ignited by candles left unattended in multiple homes. Ironically, the city's most infamous district remained intact.

Historians estimate that about 200,000 people lived in Lisbon at the time, and that between 30-40,000 died, along with a further 10,000 in Morocco. The number of fatalities grew as a consequence of the panic that spread that morning. Many Lisboners, faced with collapsing buildings, attempted to escape by moving toward the Tagus river and by getting onto boats, only to be engulfed by the tsunami.

The Great Lisbon Earthquake marks a significant milestone in the development of science and risk management. Natural disasters were previously deemed acts of God that could not be avoided, nor their outcomes managed and mitigated, but the earthquake fostered a search for understanding of the underlying causes through the application of scientific methods.

As Europe moved into the age of reason a new science saw the light of day: seismology. Lisbon was rebuilt with innovation in mind, adopting unprecedented principles of planning and organisation. New construction methods were employed, and the city centre was resurrected based on geometric plans with broad streets and avenues.

### THE GREAT LISBON EARTHQUAKE

Copper engraving of the city of Lisbon after the earthquake of 1755. Original in the City Museum, Lisbon



\* Although these disasters meant great losses of lives and property, they did not impact the insurance industry as there was no insurance in place.



Underground mine fire warning sign in Centralia, Pennsylvania

1962

## Centralia coal mine Long-lasting fire wipes city off the map

Centralia, Pennsylvania was once a bustling mining centre, but a hidden, underground fire has turned it into a smouldering ghost town.

In May 1962, the city council proposed cleaning up the local landfill in time for Centralia's Memorial Day festivities. Though competing theories exist about what sparked the fire, it is thought that the Centralia dump fire sparked a much larger mine fire beneath the town.

Soon, a fire raged in a coal seam beneath Centralia. It spread to mine tunnels beneath town streets, and the local mines closed due to unsafe carbon monoxide levels. Multiple attempts were made to excavate and put out the fire, but all of them failed.

As the years went on, the ground beneath the city itself became hotter and hotter, reaching over 900 degrees Fahrenheit (482.222 °Celsius) in some locations. Smoke poured from sinkholes and gas filled basements. Residents started to report health problems and homes began to tilt.

Rather than put out the fire, the US Congress decided to buy out its residents, paying them to move. Then, in 1992, Pennsylvania moved to kick the holdouts out for good. All of Centralia's buildings were condemned; its ZIP code was eliminated. Seven residents remained via court order; they are forbidden from passing down their property or selling it.

Fifty years on, Centralia still burns as one of 38 known active mining fires in Pennsylvania. According to the state's Department of Environmental Protection, the fire could burn for another century if left uncontrolled.

1799

## HMS Lutine A notorious shipwreck

HMS LUTINE

The wreck of the HMS Lutine in 1799 is one of the most notorious maritime disasters of all time.

On that day, the HMS Lutine sailed under the English flag and carried large quantities of gold and silver from London to Hamburg.

On October 9, 1799, both the ship and all but one of the 240 crewmen vanished somewhere off the Dutch coast during a raging storm.

The Lutine's valuable cargo was covered by Lloyd's of London. That much gold and silver was worth around £1.2m at the time, around €95m today.

Lloyd's paid out the claim in full only two weeks after the wreck.

Numerous attempts were made to recover the ship's cargo, none of which succeeded. In 1859, however, the ship's bell was retrieved. It has since been hung in the rostrum at the Underwriting Room of Lloyd's of London where it used to be rung once for bad news (such as the loss of a ship) or twice for good, such as a missing vessel coming home safe and sound. The idea was that the ringing of the bell would reach all stakeholders of the vessel at the same time. The tradition was however discontinued when the bell developed a crack. Nowadays, it is rung only to mark especially meaningful occasions, such as the death of a member of the royal family.

CENTRALIA COAL MINE

1984

## Bhopal

### The worst industrial disaster

The Bhopal Disaster began with an overnight gas leak on December 2/3, 1984 at the Union Carbide India Limited (UCIL) pesticide factory in Bhopal, a central India city with over 1.4 million residents. It is considered the worst industrial disaster in history. Over 500,000 people were exposed to methyl isocyanate (MIC). This highly toxic gas struck several smaller towns located around the factory.

The final death toll was estimated to be between 15,000 and 20,000. Some half a million survivors suffered respiratory problems, eye irritation or blindness, and other maladies resulting from exposure to the toxic gas, upwards of 20,000 people have died since from related conditions; many were awarded compensation of a few hundred dollars.

The factory owner paid \$470m (\$929m adjusted for inflation in 2017) to settle the claims arising from the disaster, a value out of proportion with the scale of the disaster.

In June 2010, seven former employees, including the former chairman of UCIL, were convicted in Bhopal on charges of causing death by negligence and sentenced to two years' imprisonment and a fine of \$2,000 each, the maximum penalty allowed by Indian law.

BHOPAL

Construction workers on ground zero of the demolished World Trade Center, NYC



## 9/11 The day that changed the world

On the morning of September 11, 2001, the US was targeted in an attack by terrorist organisation Al-Qaeda. Nineteen terrorists hijacked four commercial airliners.

Two of them, American Airlines 11 and United Airlines 175, collided with the Twin Towers: South at 8.03 and North at 8.46 in the morning, respectively. A third plane, American Airlines 77, crashed into the Pentagon at 9.37. Finally, the fourth, United Airlines 93, crashed at 10.03 in Pennsylvania after passengers rose up and attempted to regain control over the aircraft to prevent terrorist action. In the ensuing conflict, the terrorists caused the plane to crash.

These attacks caused almost 3,000 casualties and over 6,000 injuries.

Insurers bore claims in the order of \$40bn spanning several lines and types of insurance: material damage, loss of business, life insurance, liability, workers' compensation, life, aviation. A total of \$3tn in costs had been estimated.

The event had a profound impact on the way we travel and on the world of insurance.

In the wake of the attack, coverage for acts of terrorism was redefined, and so were the thresholds for the amounts made available by the insurance market, putting limits in place that we still follow. It is important to note that the attacks were defined as acts of terror and not acts of war.

Before 9/11, most insurance policies taken out on property covered terrorism, either through the explicit inclusion of coverage in the policy or by not mentioning it in its roster of exclusions. On the other hand, it was not uncommon to have high or even open-ended amounts of liability coverage.

After September 11, insurers began to assess the risk of terrorism and their own capabilities, which brought severe limitations to their offerings.

Some countries, concerned with limited availability of coverage of terrorist acts post-9/11, advanced legislative schemes that established public and public-private instruments to insure such risk.



2004

## Earthquake and Tsunami Tragedy on the Indian Ocean

The earthquake and tsunami in the Indian Ocean in 2004 was an underwater earthquake that occurred on December 26, 2004. The scientific community has dubbed it the Sumatra-Andaman Earthquake.

On December 26, 2004, an underwater earthquake took place in the Indian Ocean with its epicentre off the west coast of Sumatra, Indonesia, at a depth of 30 kilometres.

The earthquake presented a magnitude between 9.1 and 9.3 on the modified Mercalli intensity scale, making it one of the largest quakes ever recorded by a seismometer. The quake had the longest duration of faulting ever observed, between eight and ten minutes.

The earthquake caused one of the deadliest tsunamis on record. The Indonesian province of Aceh was hit hardest, but waves of destruction washed upon Sri Lanka, India, and Thailand. The tsunami then bounded across the Indian Ocean to reach the shores of East Africa. The tsunami was in likely observed in South Africa, producing other, smaller tsunami along the west coasts of North and South America.

This natural disaster caused at least 227,898 deaths and 1.5 million people lost their homes. Indonesia suffered the most, tallying 170,000 casualties. The economic impact of the disaster was in itself devastating. Affected countries suffered major losses in tourism and fisheries.

The world's insurance and reinsurance industry paid out about \$4bn as a result of claims across several lines, especially in property and loss of business in tourism, plus travel and life-related claims. However, the damage to economies in the region was exponentially harmful as insurance penetration in the affected areas was relatively low at the time.



2001

2005

## Katrina Most devastating of hurricanes

The 2005 Atlantic hurricane season was the most catastrophic in recorded history. It was in fact an annus horribilis, with 15 hurricanes causing 3,913 deaths.

The biggest, deadliest, most violent of them all was Katrina. Even now it is still cited by insurers and reinsurers across the world as the most expensive natural disaster ever.

Katrina was a tropical storm beginning late August 2005 in the Gulf of México, reaching category 5 intensity, with winds topping 280 km/h and bringing floods that caused significant loss of life and devastating damage to the coastal southern US, hitting Louisiana and Mississippi the hardest.

The destructive force of wind and water affected a highly risk-prone area — much of it below sea level, between the Mississippi River, Lake Pontchartrain and a complex network of dams and levees, some of them huge in scale.

According to the National Hurricane Center, Katrina caused 1,833 deaths directly or indirectly (1,577 in Louisiana, 238 in Mississippi, 14 in Florida, two in Georgia and two in Alabama).

Katrina gave rise to upward of 1.7 million claims. Most of which, about 1.2 million, related to personal property, such as houses and the contents therein. People also filed 346,200 claims relating to damaged vehicles.

As for claims filed by companies, they comprised 156,600 property claims, and the amounts submitted consumed about half the total loss taken by insurers. Additionally, insurers paid out another \$8bn to offshore power plants in the Gulf of Mexico.

There was also an additional \$16.3bn in damage borne by the Federal Emergency Management Agency's (FEMA) National Flood Insurance Program, which provides coverage where it is not available from the private sector.



Fire boats battle a fire at the offshore oil rig Deepwater Horizon

KATRINA

2010

## The Deepwater Horizon Massive environmental tragedy

On April 20, 2010, in the Gulf of Mexico, the offshore drilling platform Deepwater Horizon exploded and was engulfed in flames. Following the explosion, the platform sank, killing the workers on site.

What happened next caused one of the greatest environmental disasters on record. A spill affected fishing vessels, beaches, and coastal wetlands. It also endangered birds, sea turtles, sea mammals, fish, oysters, and other marine creatures. Not to mention the fisheries and tourist operations around the Gulf of Mexico.

It is estimated that the equivalent of 53,000 crude barrels was spilled daily until BP plugged the well on July 15. Spilled crude oil contaminated around 400 sq. miles of the ocean bottom and 2,100 miles of coast along the Gulf.

The impact and scale of the disaster far outdid that of the Exxon Valdez spill in 1989.

BP paid out over \$60bn in indemnity, criminal damages, damage to natural resources and cleaning/remediation costs.

This spill, by virtue of the massive criminal, civil and environmental damages, also became a watershed moment and marked the start of an era of multi-billion criminal and civil damages arising from environmental crimes.

THE DEEPWATER HORIZON



2010

## Eyjafjallajökull Skyborne ash and gas

The word Eyjafjallajökull, which most people may struggle to pronounce, means something like "island volcano glacier".

Seismic activity initiated in late 2009 gave way to a volcanic eruption which began on March 20, 2010. The eruption went into a second phase on April 14, 2010, generally halting air travel in Europe, affecting thousands of flights with a domino effect across the world.

While some of the ash floated off to uninhabited parts of Iceland, the wind carried much of it westward, clouding mainland Europe. Gas and ash, as we know, reduce visibility and, when they penetrate plane engines, they can cause them to stall. So, in accordance with instrument flight rules (IFR), a large set of European countries, including Finland, Germany, Austria, Belgium, Denmark, Slovakia, Slovenia, Estonia, the Netherlands, Hungary, Ireland, Latvia, Luxembourg, Poland, Portugal,

the United Kingdom, Romania, and Switzerland, stopped air traffic altogether. The International Air Transport Association (IATA) estimated a loss of up to €148m per day due to this business interruption to commercial aviation.

The complete shutdown of air traffic over most European countries took place between April 14 and 23. During that week, over 100,000 flights were cancelled, affecting seven million passengers, and resulting in a total of \$1.7bn in lost revenue to airlines according to an analysis by Oxford Economics.

The shutdown was unprecedented and impacted air traffic worldwide more severely than the terrorist attacks of September 11, 2001 in the US.

The loss from the Eyjafjallajökull eruption, according to IATA estimates, was substantial – and uninsured. With business interruption, aviation insurance policies usually only come into effect when preceded by damage to the insured object. This was not the case here.

### EYJAFJALLAJÖKULL

Volcano eruption in Eyjafjallajökull in Iceland



# Beirut 2020

# Walking in a loss adjuster's shoes

by John Donald Director, Advanta Global Services

Working as an International Loss Adjuster for over 30 years I have experienced many exciting, rewarding and often challenging scenarios. That day, whilst writing another Preliminary Report for Underwriters, breaking news of a large explosion in the Port of Beirut popped up on my laptop. I initially thought of the poor souls who may have lost their lives been injured or could have been locally affected in terms of losing loved ones, their jobs, homes and the general disruption this incident could cause in the immediate aftermath. I also realised at that moment that thousand of properties would have been affected.

With that in my mind contact was immediately made to my local Middle East office to find out what resources we had in the area, who we knew in terms of local Adjusters and of most importance who the local Insurers were. Delighted with the response the start of another Adjusting Adventure began.

Mobilising a small expeditionary team of Adjusters to immediately fly into Beirut was the first action. As the World was in the grips of the Covid-19 epidemic flights to the area were limited. However within 48 hours of the blast four of our Specialist Team had arrived in the country.

Challenge number one, the Covid test at the Airport. Not a pleasant experience but a necessary one to gain entry. Whilst navigating their way through the airport the Regional office were working on finding accommodation. Not an easy task as most of the hotels usually used for business had been extensively damaged by the blast and were shut. With a pioneering spirit one was found, damaged but open.

Whilst admin matters were underway (set up computer systems and a link to the Company IT Hub, amongst others) many telephone calls to local insurers, brokers, local adjusters and the international reinsurers in Europe commenced. Getting the message out to insurers and reinsurers was of most importance. This was by no means an easy task. What became quickly apparent, was that the country was in a state of shock, offices had been ordered to close down and a Beirut lockdown was in force. For this reason, the local team worked tirelessly to reach out to the markets directly or via the local adjusters to assure them of our joint effort to assist and take the pressure off a once in a lifetime crisis. In respect

of the reinsurers, with the help of the local markets these players were then identified and dialogue with them in respect of reporting the on the ground situation and magnitude of the crisis. Communication with all involved at this time was key! Social media also played a very important part to let our clients know that we were on the ground, set up and ready to accept instructions working in tandem with local adjusters.

Whilst all of this logistical work was being performed, we were also conscious of the local Governmental Insurance Committee rules for international adjusters operating in Lebanon. With the help of local lawyers and our own corporate legal department and UK based lawyers within only a short time the appropriate licenses were granted.

Instructions started to be received, many coming via the local insurers, some from local adjusters who were overwhelmed and others directly from the reinsurers who ultimately held the most significant exposures. More adjusters were deployed as the size of the task was now in plain view to all involved. More logistical and adjuster management and introductions to the local players to be undertaken.

The economical fact opened up further challenges as Lebanon faces extreme currency devaluation. Exchange rates alter significantly by the day and banks limiting cash withdrawal together with black market exchange rates created a minefield for the adjusters on the ground. This is not uncommon in some countries, however makes the adjustment process even more complex in real time.

As the site surveys progressed Initial Reports started to be generated, the real adjusting work has just begun: capturing information, plans, drawings, contracts, supplier lists, repair contractors, consultants, architects, lawyers, accountants and experts, to name but a few.

Three months of hard work in an ever-changing environment confused by Covid-19, local civil unrest, political uncertainty, currency collapse, short-term lockdowns and curfews.

Nonetheless, the international Nat Cat experience we carry has put us on the road to providing the professional service demanded during such a high profile set of catastrophic events as we have seen in Beirut.

From the adjusters' perspective, early response, resources, communication, adaptability, ingenuity, experience, support and flexibility are all key to successfully navigate the muddy waters of the aftermath of a devastating event such as the one occurred in Beirut in August 2020.

Last, but not least, one should always remember that in such extreme events there is a human consequence. Humility, respect, support and sympathy should never be far away when entering another country to adjust losses. We are, at the end of the day, part of a process, part of the team and therefore part of the solution. ///



**John Donald** has joined Advanta Global Services as Director – Global Energy. He has worked as an energy loss adjuster for over 30 years, initially in the Middle East before transferring to London in 1990. In recent years he acted as Managing Director and Chairman of The Energy & Natural Resources division of a major loss adjusting firm. He has wide international experience in the onshore and offshore energy markets. John has managed the adjustment of many complex energy claims throughout the world. He also has a wealth of experience in the adjustment of construction claims, hurricane-related losses, property damage, well control and OEE losses, Loss of Production Income (LOPI) and Business Interruption (BI). In his early career he worked at British Steel and on engineering projects in UK-based Petrochemical facilities.

Beirut's harbour devastated after the explosion





**MDS**

# Risk is opportunity.

We will be there. ■

Wherever you are on your journey, fulfilling a dream, starting or restarting, reinventing yourself or rebuilding, MDS is there. Portugal's leading broker for insurance and business risks.

[mdsgroup.pt](http://mdsgroup.pt)

Broker at LLOYDS

**Brokerslink**  
Partner

MDS - Corretor de Seguros, S.A., com sede na Av. da Boavista 1277/81, 2º, 4100-130 Porto. Mediador de seguros inscrito em 27/01/2007 na ASF - Autoridade de Supervisão de Seguros e Fundos de Pensões, com a categoria de corretor de seguros, sob o número nº 607095560/3, com autorização para os Ramos Vida e Não-Vida, verificável em [www.asf.com.pt](http://www.asf.com.pt). Capital social €1.000.000,00, matriculada na CRC Porto sob o número único de matrícula e pessoa coletiva 501 469 460. A MDS está autorizada a celebrar contratos de seguro em nome do Segurador e a receber prémios de seguro para serem entregues ao Segurador. **A MDS não assume a cobertura de riscos, que são integralmente assumidos pelo Segurador.**

SRB Assekuranz Broker AG

# Brokerslink Switzerland

Personal. Anytime. Anywhere  
The insurance market in Switzerland  
The city of Zurich, a cosmopolitan buzz

# Personal. Anytime. Anywhere



Edoardo Leusciatti, a partner and member of the board of directors of SRB Assekuranz Broker AG and a Brokerslink board member, talked to FULLCOVER about the origins of the business, the scale and scope of the operations, its international programme expertise and what it means to partners and affiliates.

**25**  
Number of  
employees



**180**  
Number of clients  
(with about 1,000  
subsidiaries worldwide)



**€138m**  
Serviced  
premium volume



## HOW IT ALL STARTED

Founded in 1980, SRB provides insurance broking, risk management and risk engineering consultancy. At the time of its launch, this combined service approach was unique in Switzerland, so the business enjoyed rapid growth, and what started with a handful of employees partnering with insurance specialists and engineers has grown into a team of almost 30 people.

In 2003, five members of the management team undertook a management buy-out, re-structuring the business to give it greater flexibility and further growth potential. Four of the MBO team are still with SRB.

“For more than 40 years, we have been committed to meeting the individual needs of our customers. Our team of experienced insurance specialists and risk engineers has more than 250 years of combined experience in national and international insurance solutions. Service quality and personal contact are our top objectives when supporting our customers in the areas of manufacturing, trade and services”, explains Edoardo.

## AREAS OF EXPERTISE

SRB services some 200 programmes representing over 1000 global subsidiaries. Predominantly manufacturing companies (with many supplying the automotive industry), the firm also supports businesses across numerous sectors including medical, pharma, biotech, machinery, retail, sales, construction and financial. Clients range in size from SMEs to multi-national groups, operating locally and internationally.

SRB's sector specialists have decades of experience of both advising clients and handing negotiations between the various parties. They actively support them in the planning and implementation of their risk and insurance policies and meet with insurers annually to exchange information about market developments as well as product optimisation. The knowledge and experience held within these core centres of excellence also flows into publications, trade groups and specialty conferences.

Every two years SRB organises a conference for clients, insurers, employees, and other stakeholders, covering topical issues such as environmental and economic developments.

Two organisations, Batisec and the USIC Foundation which represent around 500 engineering companies, have outsourced their risk and/or insurance management to SRB. For USIC this involves providing a framework contract for liability insurance. SRB provides a broad range of support and services including:

- Administration and support of 6500 member companies
- Management of insurance, premium collection, monitoring premium revision declarations

- Monitoring the claims process and providing feedback
- Developing industrial solutions and scrutinising market developments to ensure the insurance contracts meet the beneficiaries' needs
- Advice on all aspects of risk engineering and risk finance
- Audits, accounting, and tax declaration
- Updating information on websites
- Supporting the promotion of new insureds
- Organising some 70 training sessions and courses and supporting further education and information-sharing events
- Board administration

In addition, clients are also able to benefit from SRB's Environment, Health and Safety (EHS) and inhouse Risk Engineering services, supporting their security and sustainability strategies, whilst also ensuring legal compliance. Through application of the practice-proven and reliable solutions of the ASA/Risk Engineering Team, they are also able to implement highly effective loss prevention.

“Our services are not limited to those of a classic insurance broker. The risk engineering team supports the brokerage and claims management areas, helping companies plan and implement their risk management strategies. Our environment, health and safety/risk engineering team ensure clients meet their safety, security and sustainability commitments and so are legally compliant, and our ASA (OSHA)/risk engineering team offers tried-and-tested risk prevention solutions.”, comments Edoardo.

## CLIENT EXPECTATIONS

SRB offers clients 24-hour emergency support. This, together with a commitment to follow ISO 9001 standards since 1995, demonstrates the quality of its customer service. In 2008, in response to increasingly stringent international compliance regulations, SRB set up a subsidiary in Lichtenstein, providing greater flexibility for servicing multi-national clients.

SRB's clients expect a neutral, objective, and highly sophisticated approach to their company's risks and its team meet these expectations

through adopting a personal approach with clients. This enables clients to focus on their core competences whilst SRB handles the risk and insurance matters. The trust in SRB's staff is based on their very high standard of insurance competence and know-how, market development insights and commitment to continual learning.

"We invest considerable money in the war for talent and in employee retention. Our office is fully digitalised. Every employee can work from home. In this field we are looking for excellence and best support in order for our employees to work efficiently. Our clients have on-line access to all information", adds Edoardo.

## THE FUTURE OF INSURANCE BROKING IN SWITZERLAND

Since March 2020, there has been a worldwide focus on handling the Covid-19 pandemic. This means however that other global threats have been neglected or not had the same focus as before – most notably climate change. On the other hand, a stronger focus has been brought to bear on cyber and extortion risk due to risks associated with new working patterns. As a result, SRB has seen more demand for insurance coverage and loss prevention programmes to manage cyber threats.

Few new lines of business have been developed in recent months or are even in the pipeline to be released, according to Edoardo, who adds that in the last couple of years, it has seen a bigger demand from clients for cover of pure financial losses (such as due to product failure) and supply chain risks. M&A products have also been very popular recently.

When asked about the emerging trends or risks in Switzerland, Edoardo comments: "We have seen partially rising premiums and insurers leaving the market in areas such as accident & health and pension funds coverage. We are also seeing reducing market capacity as a result of stringent underwriting guidelines and the impact of merger and acquisition activities among insurers and brokers."

From left to right: Bettina Huber, Member of the Executive Management; Edoardo Leusciatti, Partner/Account Executive; Stephan Egli, Partner/Account Executive; Ralph Mannhart, Member of Management; Dr. Matjaz Ros, Partner/Executive Management







Brokerslink Board members @ Global Conference Bordeaux, 2019. From left to right: Stefan Müller, Patrick Verlinden, Edoardo Leusciatti, Roger Potts, Youness Rhallam, Grégory Allard, José Manuel Fonseca, Francisco Valdés, Patrick Chan, Jamie Crystal & Rohan Stewart

## FUTURE CHALLENGES AND OPPORTUNITIES

“We have been in a soft insurance market since 2003. Over the last two years the market has slightly turned, and in some areas insurance capacity has increased. In the last couple of months, however, there has been a worldwide acceleration of this hardening of the insurance market. Most global players reduced their capacity due to a reduction of capitalisation as a result of negative technical results. Many insurers have recorded loss ratios around 100% or higher. “Traditionally, insurers have

been able to compensate negative technical results with earnings from the stock market. However, with today’s low interest rates and volatile stock markets, the situation has changed, and it is important for the carriers to have a robust insurance book and operate the business with positive technical results. Risk management and loss prevention programmes have become more and more important for our clients, policies with high loss frequencies and/or big losses have seen an adaption of terms and conditions which means higher deductibles and premiums, restrictions in coverage and exclusions in wordings. Keystone is to focus on loss prevention.”

## BROKERSLINK, MORE THAN A BUSINESS RELATIONSHIP

“In 1983, SRB launched its international broker division and developed a network of partners. Over time, they realised that in order to survive in the international area and keep up with the larger players, they needed to expand this network. They tested a few options but were never satisfied with the concept.

“In 2007, at RIMS in New Orleans, Richard Snow, a long-time friend of mine and José Manuel Fonseca, approached SRB. We were thrilled to be involved with the Brokerslink concept – the idea of an international network,

working with the best independent brokers worldwide, was exactly what we'd been looking for", recalls Edoardo.

SRB presented its business at the conference in Athens and was accepted the same year. "We still celebrate that day and being a proud founder member of this broker organisation," adds Edoardo. "Brokerslink allows us to serve our customers worldwide, offering the same service standards we have in Switzerland, ensuring clients' expectations are met."

Since its launch, SRB's main focus has been to operate internationally. Over the years, the firm has managed more than 500 international insurance programmes for larger clients and this expertise extends to Brokerslink partners. In addition, SRB's risk engineering team can support clients in all aspects of risk management.

"Serving before earning' is our motto. It's often the case that foreign companies appear small and unattractive to third-parties. With Brokerslink however, it's possible to provide the best possible service for these companies too. We're not only a network; we're colleagues and good friends who help each other even if sometimes, there is nothing to earn for the individual. Those small customers can develop into sought-after ones", explains Edoardo.

"Being a member of Brokerslink is extremely important to us. Today a broker dealing with international domiciled companies needs a state-of-the-art worldwide presence. And given that a significant selection of our clients have subsidiaries around the world, Brokerslink facilitates SRB with all the know how it needs to give its clients and their subsidiaries the best of knowledge they deserve worldwide."

## Milestones

- 1980 Establishment of SRB Schweizerische Stiftung für Risikoberatung (SRB stands for the Swiss Foundation of Risk Consulting)
- 1983 Establishment of SRB Assekuranz Broker AG, formation of SRB International Broker Organization and first discussions with initial network partners
- 1995 First certification to ISO-Standard 9001
- 2003 As part of the management buyout on 1 January the members of the executive management Roland Ebert, Stephan Egli, Johann Faeh, Edoardo Leusciatti and Dr Matjaž Roš, took over SRB Assekuranz Broker AG
- 2007 Strategic co-operation with the broker network Brokerslink - Global Insurance Partnership in addition to the existing network SRB International Broker Organization
- 2008 Founding of the subsidiary in Liechtenstein
- 2011 Move to Luggwegstrasse 9, Zurich Altstetten
- 2017 Johann Faeh retires and sells his shares to partners Edoardo Leusciatti, Stephan Egli, Roland Ebert and Dr Matjaž Roš
- 2019 Merger with Ebert SRB Assekuranz Broker AG, Uznach
- 2020 SRB celebrates its 40th birthday! (Due to Covid-19 the anniversary celebrations had to be postponed.)  
  
 Roland Ebert retires and sells his shares to partners Edoardo Leusciatti, Stephan Egli and Dr Matjaž Roš

# The insurance market in Switzerland

According to the FINMA report, in 2019 the Swiss insurance sector improved its overall risk capacity. However, there are various challenges that could, in the near future, impact risk and profitability, including persistently low interest rates, increasing life expectancy and possible turbulence on the overheated real estate market for life and health insurers.

The number of life insurance providers remained the same in 2019. In the non-life insurance sector, two were granted licenses in the year, while one was released from supervision. In 2019, one professional reinsurer was granted a license for insurance activities, while two reinsurers and two reinsurance captives exited the market (partially connected to mergers).

Swiss insurance companies achieved aggregate annual profits of CHF 15.2bn in 2019, which represents a 44% increase over the previous year. Life insurers reported a moderate increase in their annual profits up 8% to CHF 1.5bn, but non-life insurers experienced a real increase in profits of CHF 3.3bn or 49% to CHF 10.1bn. Reinsurers increased their annual profits from CHF 2.4bn in 2018 to CHF 3.6bn in 2019 (a 49% increase).

## Supervised insurance companies and sectors

Overview of supervised insurance companies and sectors 2018–2019

	2019	2018
<b>Life insurers, including</b>	19	19
insurance companies domiciled in Switzerland	16	16
branches of foreign insurance companies	3	3
<b>Non-life insurers, including</b>	118	114
insurance companies domiciled in Switzerland (of which 18 supplementary health insurance companies [2018: 18])	72	70
branches of foreign insurance companies (of which 2 supplementary health insurance providers [2018: 2])	46	44
<b>Reinsurers (total)</b>	50	54
Reinsurers	25	27
Reinsurance captives	25	27
General health insurance companies offering supplementary health cover	11	12
<b>Total number of supervised insurance companies and general health insurance companies</b>	198	199
Insurance groups and conglomerates	6	6

## LIFE INSURANCE

Gross premium volume had a slight increase of 0.9%, while payments for insurance cases increased by 57.5%. Expenditure for insurance operations increased by 0.9% following two years of lower numbers (2018: minus 0.5%; 2017: minus 2.0%). There was a better investment income in 2019, up by 15.6%, that explains the improvement in annual profit which showed an increase of 8.6%.

## Key figures of life insurers

(in CHF thousands)	2019	2018	+/- in %
<b>Gross premiums written</b>	32,021,906	31,733,080	0.9
Claims paid out	53,552,911	33,993,630	57.5
Cost for the change in technical liabilities	-18,586,892	-2,147,410	n/a
Cost for the change in other actuarial liabilities	1,661,206	-575,212	n/a
Costs for underwriting	2,189,347	2,169,110	0.9
Taxes	586,285	280,750	108.8
Gains/losses from investments	8,644,577	7,475,529	15.6

## NON-LIFE INSURANCE

Premiums increased by 2.3% (gross) compared with 2018. Both direct and indirect business has grown. By contrast, the claims expenditure (net) remained stable in 2019, with a slight fall in payments for insurance claims of 1.2%, compensating for a lower release of provisions than in 2018.

## Key figures for non-life insurance companies

in CHF thousands	2019	2018	+/- in %
<b>Gross premiums written</b>	45,857,578	44,825,577	2.3
Claims paid out	25,414,158	25,726,462	-1.2
Cost for the change in technical liabilities	-3,302,673	-3,344,342	-1.2
Cost for the change in other actuarial liabilities	797,990	457,412	74.5
Costs for underwriting	9,127,575	8,630,573	5.8
Taxes	790,467	623,437	26.8
Gains/losses from investments	9,550,221	5,318,343	79.6

# The city of Zurich

## a cosmopolitan buzz

**Edoardo Leusciatti believes his country is “the best place on earth! Switzerland has the best chocolate, cheese and ski slopes – definitely worth a visit.”**

**SRB is located in the fast-growing trendy western section of municipal Zurich. More and more insurance companies, banks, industrial companies and start-ups are opening offices in this part of the city. The cosmopolitan and creative city of Zurich, on the shore of the lake, is abuzz with activity day and night. And for those after rest and relaxation, the Swiss mountains are less than an hour away.**

### HISTORY

Zurich was already a prosperous centre of commerce in the Early Middle Ages. The 1519 Reformation gave the economy such a boost that the city rapidly became Switzerland’s financial centre. This has remained unchanged to the present day and is why you’ll find the Swiss National Bank in Zurich along with the world-famous Bahnhofstrasse, one of the most luxurious shopping strips around.

Nowadays, Zurich is Switzerland’s centre of economic life and education. Located in the heart of Europe, the city offers all the modern amenities of a cosmopolitan metropolis, without sacrificing its natural side. Zurich has ranked for years as one of the world’s top cities in terms of quality of life. It is a boutique city that offers everything that implies, albeit in small and exquisite format.

“ Zurich has ranked for years as one of the world’s top cities in terms of quality of life.”



View of historic Zurich city center with famous Fraumunster Church, Limmat river and Zurich lake from Grossmunster Church, Switzerland



Shores of the Upper Zurich Lake, Schwyz, Sankt Gallen, Switzerland

## EDUCATION AND ARTS

Zurich is avant-garde: it was not only home to Dada<sup>1</sup>, but also the place where the Freitag bag and world-renowned Helvetica typeface originated. Researchers at the revered Swiss Federal Institute of Technology (ETH) and companies such as Google and Disney Research produce one innovation after the next. Creativity is also in abundance thanks to one of the biggest universities in Europe devoted to the arts – Zurich University of the Arts (ZHdK) - and further establishments such as the Kunsthaus Zurich.

## GASTRONOMY HIGHLIGHTS

Zurich’s inhabitants don’t just eat *Birchermuesli* and *Zueri Gschnaetzlets* (sliced beef). They are veritable cosmopolitans and love sophisticated delicacies from across the globe. They do their utmost to embrace trends immediately – with creativity and delight. And this earns them awards: Zurich has one of the highest numbers of Michelin-starred restaurants per inhabitant in Europe. The city’s rustic pubs, street food festivals and pop-up restaurants in empty factories are also enjoying a great degree of popularity. When visiting Switzerland never forget to eat the famous Cheese Fondue and Raclette.

<sup>1</sup> An art movement formed during the First World War in Zurich in negative reaction to the horrors and folly of the war. The art, poetry and performance produced by dada artists is often satirical and nonsensical in nature. (In <https://www.tate.org.uk/art/art-terms/d/dada>)

Raquel, 26

Spends a lot of time  
in the computer

Loves to  
do yoga

Does a lot of  
online shopping

Eats healthy  
food

Cooking is her  
favorite hobby



Get to know your  
customers better

### CRM for Intelligent Customer Management:

- Lead Management
- Intelligent Segmentation
- Sales Collaboration
- Marketing Automation
- Omnichannel Support



[bizdirect.pt](https://bizdirect.pt)

Transforming Technology in Valuable  
Business Outcomes to Customers

# BROKERSLINK

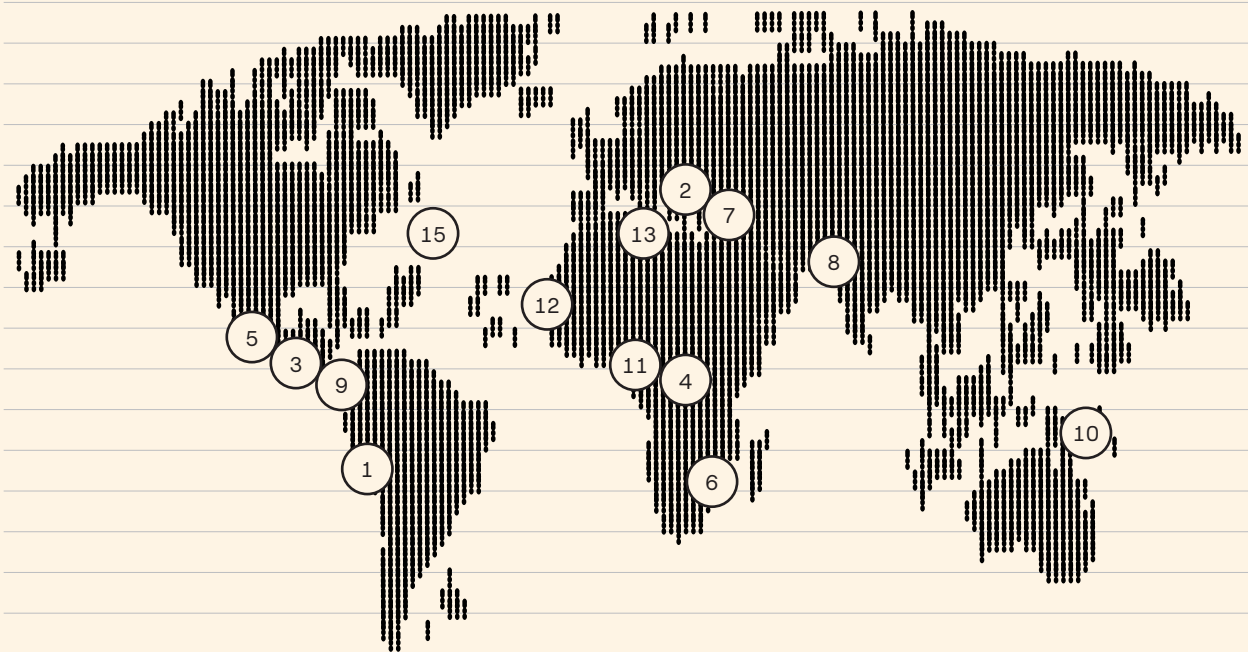
## year in review

**Brokerslink and its network across the globe continued to collaborate and share knowledge, insights and business opportunities despite the challenges brought by the pandemic. A mixture of investment in, and leveraging of technology, combined with expansion of the global network has resulted in the Brokerslink community going from strength to strength, enabling its partners and affiliates to successfully support clients through these troubled times.**



# Brokerslink expands global footprint

Over the last year, Brokerslink has expanded its global footprint with the addition of 16 new affiliates across 14 countries. It now has a presence in 122 countries around the world.



- 1 Bolivia**  
Asescor S.R.L Corredor de Seguros
- 2 Bosnia and Herzegovina**  
Advantis Insurance Brokers
- 3 Costa Rica**  
UNISERSE Correduría de Seguros
- 4 Democratic Republic of the Congo**  
Juasur
- 5 El Salvador**  
CyR Consultores

- 6 Eswatini**  
ENSURE Brokers
- 7 North Macedonia**  
JDB Broker
- 8 Pakistan**  
Risk Management Services
- 9 Panama**  
Corporación Continental
- 10 Papua New Guinea**  
Kanda International
- 11 Republic of the Congo**  
Gramon

- 12 Senegal**  
Fidelia
- 13 Tunisia**  
Karé Kamoun
- 14 B. Riley Advisory Services**  
Specialized broker
- 15 Ed Bermuda**  
Wholesale and reinsurance broker
- 16 Piiq Risk Partners**  
Specialized broker

## Boosted Central Services

Brokerslink’s central team, which manages the network, develops business and relationships with strategic insurers, was boosted with two key appointments in 2020.



**Ana Santos** joined in January, as Communication Assistant with a focus on content development, communications and social media management. Ana has a degree in Communication Sciences from the Nova University of Lisbon and is currently finishing her Master’s in Marketing from the ISCTE Business School.

**Pedro Moura** Ferreira joined as Business and Placement Director in April. Pedro’s focus is on strengthening the network and supporting multinational business opportunities, collaborating with partners and affiliates to increase the growth and development of new products and specialized risk management services. He has previously worked at insurers Mapfre, Império-Bonança, Tranquilidade, Commercial Union and Victoria Seguros and at brokers including Contacto - Corretor de Seguros, Patris Seguros and MDS Portugal.



## Appointment of new regional managers for 2021-2023

To implement the Brokerslink objectives and strategy for the regions and to facilitate exchanges between all stakeholders, Brokerslink has a series of regional managers across the world. This year it welcomed three new Brokerslink regional managers covering Africa, Asia-Pacific, and Europe. Each appointment is for a two-year period which recognises the enormous commitment for senior colleagues to take on the regional manager role in addition to their normal day jobs.

Au Quang Hien representing the network in Vietnam, Laos and Cambodia, has taken on the role of Asia-Pacific Regional Manager, previously held by Sid Garcia, founder and Chairman of Trinity Insurance Brokers.

Benjamin Boudeau-Raimbault, based in Ivory Coast, is now the Africa Regional Manager; succeeding Tiago Mora, Executive Director of MDS Re.

And Denise Nart, from Turkey was also appointed as Europe Regional Manager; the role previously held by Christos Gavriel, founder of Renaissance Insurance Brokers.

## New regional managers for 2021-2023

### Meet the people behind the role

#### Au Quang Hien

Asia-Pacific



After completing his higher studies at the University of Central England, over 30 years ago Au Quang entered the world of insurance and took on a number of roles representing major UK insurance firms in different Asian countries. With considerable experience in risk and insurance management, he has worked extensively on multinational corporations, global accounts and large projects advising clients on risk co-ordination and placement strategy. In 2002 he founded his own insurance broker, AEGIS. Under his leadership as CEO, the Vietnamese company has become one of the top firms in the country. Outside of work, Au Quang Hien is passionate about the sky, with a special interest in aviation and astronomy. He also enjoys the simple pleasures in life including reading a good book or listening to his favourite album next to his two beautiful daughters.

#### Denise Nart

Europe



Denise has a bachelor's degree in management from Sabanci University. During the course of her studies she gained experience in industrial multinational companies and completed internships at London based insurance-focused companies. She soon joined the family business, NART Insurance & Reinsurance Brokerage taking on a number of roles before becoming Head of Global Accounts, Reinsurance and Business Development and Vice President of the Executive Board. Alongside of her functions at Nart, Denise is a passionate and active ambassador of the women and youth communities in the insurance industry. She is founding member and Board member of KASIDER – the Turkish Women's Insurer Association, Board member of GYIAD – the Young Professionals and Businessmen Association, and a former Board member of the Turkish Insurance and Reinsurance Broker Association. Denise grew up in a multicultural environment and is fluent in English, German and her native language, Turkish. In her free time, she enjoys sailing in Southwest Turkey and travelling the world. She also loves art and is always up for a good meal.

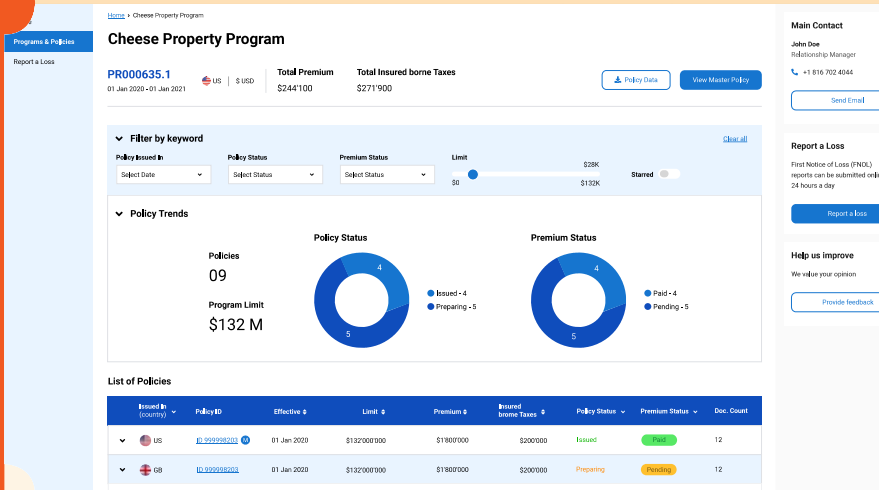
#### Benjamin Boudeau-Raimbault

Africa



Benjamin's interest in the insurance industry and the African continent have been present from an early stage. He completed a master's in insurance management at the École Supérieure d'Assurances in Paris with his thesis focused on the African brokerage market. His professional career started at an insurance company in France, but soon became tied to Africa. Benjamin is presently based in Ivory Coast having spent the last 10 years living in various African countries. He has many years of insurance experience and an incredible understanding of the continent, maintaining close contact with both Anglophone and Francophone markets – leveraging from his fluency in both languages. He is also, what we can call a citizen of the world, having travelled to all continents. Benjamin is General Director at Brokerslink affiliate Filhet-Allard Africa. In his free time, he likes to play a round of golf or take part in a good rugby game!

# Digital innovation investment



Space B client dashboard

Brokerslink launched a new international programme administration platform, Space B IPA, in November 2020, in close collaboration with Swiss Re Corporate Solutions, to drive the continued growth and digitalisation of its international portfolio across the organisation's broker network.

This significant investment by Brokerslink was a response to the growth in popularity of international insurance programmes with insureds, not only due to the coverage and confidence that they bring, but due to the associated convenience, cost savings and consistency for all involved.

The new platform was developed specifically to meet the needs of Brokerslink's brokers in 122 countries, to manage and deliver structured and compliant international and cross-border programmes for multiple policies and insurers from a single bespoke digital platform. It facilitates international collaboration across the network

allowing brokers to aggregate and consolidate all types of risk and insurance information including policies, premiums, deductibles, and coverages, in addition to risk assessment and management details.

Pedro Moura Ferreira, Brokerslink Business and Placement Director, commented: "Space B IPA is a huge differentiator in the market and provides a major commercial advantage for all our partners and affiliates, delivering excellence and added value quality services to our clients. Space B IPA enables our brokers to achieve greater consistency and continuity in the management of international and cross-border business, leveraging optimised processes and automation to increase productivity and performance, improve service delivery and provide clients with greater transparency and reduced volatility in their insurance programmes."

Major benefits and capabilities include:

- Full overview of client's assets and exposures worldwide, including exposure per country.
- Management of locations and exposure: centralised and streamlined customer data collection process across the global network.
- Structured programme based on locations and submission data validated by automated checks for compliance and regulations.
- Manage submissions: produce programme submissions and send data to carriers in document or electronic format. Track quote process of carriers.
- Co-ordinate and collaborate workflow management that facilitates a clear understanding of the tasks to be performed by producing and servicing brokers.
- Conditions and premium: capture detailed policy terms and conditions, premium allocation, taxes, and fees.
- Manage policies and reports: centrally manage policies linked to a programme or an account; report dashboard at portfolio, programme, and policy.
- Manage platform: independent and very secure.

Space **B** IPA

# Digital transformation forges ahead despite Covid-19

## A sense of community



Brokerslink’s relationship management platform, Agora, came into its own over the last year with an over 50% hike in active users across the network. This significant growth in use directly reflects the will to stay connected and the need for partners and affiliates to reach out across international borders, in the quest to provide support to clients, share knowledge and collaboration.

This upward trend in engagement has helped partners and affiliates share both their concerns and opportunities as the world moved through the pandemic. From new business opportunities to technical information and market updates, Agora has become the go-to place for the Brokerslink community.

Social distancing and travel restrictions as a result of the global pandemic may have stopped the world in its tracks but it did not stop Brokerslink from forging ahead with investment in its digital capability or from providing its partners and affiliates with informative, community-building, and business-focused events. Virtually of course.

The cancellation of the ever-popular Brokerslink Global Conference and other recurrent encounters resulted in channelling energy into organising and hosting a range of virtual webinars – from virtual regional meetings to strategic partner presentations as Brokerslink strove to keep its network, and community of brokers from 122 countries connected.

The move to virtual did however have some benefits, with an impressive and record number of delegates registering for events over the last year. By its very nature communication by video is more intimate and personal than sitting in a larger audience, evidenced by the video screens of enthusiastic smiling faces at events. It was not just a case of ‘adjusting’ to digital; but about creating a virtual, connected environment.



# Destination Porto: the global conference is back!

November  
11-12

The charming city of Porto, in Portugal, famous for its sweet Porto wine and iconic bridges, will be the home for the next Brokerslink Global Conference, happening between 11th and 12th of November.

The location was chosen with attendees' comfort and safety in mind: Portugal is considered the best country to visit in Europe in 2021. Porto was also named as the most family friendly city to live in Europe in 2021 and European city of the year in 2020.

Beyond these enticing facts, Porto is a special city for Brokerslink, as it was the place

where 'it all started' making it very apt to host this amazing event in this fascinating location. The conference will, as always, attract a range of prestigious and renowned panellists from across the insurance and risk management market all around the world. Full details will be revealed on the Brokerslink website and social media soon – stay tuned!

[www.brokerslink.com](http://www.brokerslink.com)



[linkedin.com/  
company/brokerslink](https://linkedin.com/company/brokerslink)



[@brokerslink](https://twitter.com/brokerslink)





Reinsurance  
Solutions

Whenever you need to deepen your analysis of the risks and seek new alternatives, you can count on our service excellence.

Our global operations mean we can deliver expertise in tailored consulting and reinsurance placement for traditional and emerging risks across the world. We are ready to manage all your business's reinsurance needs and requirements with a continuous focus on stabilization and driving business results.

Learn more about  
MDS Reinsurance Solutions  
[mdsgroup.com/en/mds-world/reinsurance/](https://mdsgroup.com/en/mds-world/reinsurance/)



**Porto – Portugal**  
Av. Boavista, 1277/81  
2º andar - 4100-130  
+351 226 082 410  
+351 226 082 461

**Lisboa – Portugal**  
Praça Marques de Pombal, 3A  
4º andar - 1250-161  
+351 210 108 100

**São Paulo – Brasil**  
Av. Dra. Ruth Cardoso, 8501  
29º andar - 05425-070  
+55 (11) 3027-5013

**Rio de Janeiro – Brasil**  
Rua São Bento, 01  
23º andar - 20090-010  
+55 (21) 2131-8888

**Luanda – Angola**  
Av. de Portugal, Edifício  
Vernon, 18-20  
5º piso - Ingombota  
+244 927 213 253

**Maputo – Moçambique**  
Av. Friedrich Engels, 149  
2º Andar – Maputo  
+258 82 0070 372

# WE ARE NUMBER 1

---

**bwd**  
digital transformation

At **bwd** we are specialists in technology for operational efficiency.

We support organisations by automating and optimising business processes through their redesign and the application of RPA solutions.

**That's why clients like MDS trust us.**

**Digitization of data and documents**

**Digital archive**

**Business intelligence**

**Business process management**

**Business process outsourcing**



# 100 ANOS EM PORTUGAL

Somos uma Seguradora Especialista  
em Seguros de Vida

## **PARTICULARES**

Crédito Habitação  
Previdência da sua família

## **EMPRESAS**

Employee Benefits

Conheça as nossas soluções.  
Visite-nos em [unaseguros.pt](https://unaseguros.pt)

Contratos de seguro comercializados pela Una Seguros de Vida S.A.  
Não dispensa a consulta da informação pré-contratual e contratual legalmente exigida.

**una**  
seguros  
preserving people

# MDS News

## New Head of Marketing for MDS Portugal



With almost 20 years' experience in financial marketing, Rodrigo Esteves has been appointed Head of Marketing and Communications at MDS Portugal.

Over his career he has worked at credit insurer Cofidis, headed up marketing at GE Money and been Director of Marketing and Communication at Liberty Seguros, a role he held for a decade.

His experience and knowledge of the insurance sector will further strengthen the MDS business and brand positioning.

## New General Manager for Corporate Risks



Having joined MDS over 20 years ago, Andreia Dias has now taken on the newly created role of Director General for Corporate Risk with MDS Portugal.

The promotion recognises Andreia's successful career at MDS and how her customer management and business development skills have made a decisive contribution to MDS's market leadership.

## Nuno Rodrigues appointed Property & Engineering Manager



Nuno Rodrigues is the new Director of Property and Engineering Risk at MDS Portugal.

With a long career in the insurance market, Nuno is a renowned specialist in risk management and placement, having amassed over twenty years international experience at Generali Group, working across Portugal and the United Kingdom. Before he joined MDS, he led the corporate, property and engineering department at Generali for 13 years.

His experience in property risk, engineering and the preparation of global insurance programmes will both compliment and boost the existing technical capabilities of the MDS team.

Nuno is entitled with the Level 3 Certificate in Insurance by The Chartered Insurance Institute and is a Chartered Risk Surveyor by the Associação Portuguesa de Seguradores.

### Ricardo Nogueira dos Santos takes over Retail for MDS Brazil



Ricardo Nogueira dos Santos has a wide and in-depth knowledge of the insurance market having worked at major insurers in Brazil since he started his insurance career in 1994. In his new role at MDS Brazil he will be head of product and service management and development, strategic planning, and oversee the creation of innovative new insurance solutions.

### Claudia Leite Silva appointed Commercial Manager of Health and Benefits at MDS Brazil



MDS Brazil has hired Cláudia Leite to reinforce its Health & Benefits team. With over 20 years' experience in team management and a solid career in finance, customer service, communications and health, she will help drive forward innovative product solutions for this sector.

### Bruno Ronda joins MDS Mozambique



Bruno Ronda has joined the MDS team in Mozambique as Head of Placement. With over 10 years' experience in insurance, reinsurance, direct underwriting, and international business coupled with in-depth knowledge of the market, he will play a key role in the development strategy for the region.

He completed a specialty course in energy & marine underwriting with Lloyd's of London in 2017 and is presently studying for his Chartered Insurance Institute professional qualifications.

## MDS consolidates position in the Angolan market

The acquisition of Média Seguros, a major broker in the Angolan market, will enable MDS to reinforce its presence in the country, expand its distribution network and customer portfolio, and add experienced and reputable professionals to its team. The 2020 acquisition means that MDS's Angolan operation will become one of the top three insurance brokers in the country this year.



## A stronger point of connection

To confirm the connection between its various companies, products and services, the MDS Group has launched a new brand architecture. This includes standardisation of the MDS visual identity with the addition of a dot to its logos to represent the union of all practice areas within the group, as well as their different viewpoints.

The uniting of the different visions creates a stronger point of connection for the Group as it looks to face the new world head on, a world which brings many challenges and opportunities.

Watch the campaign video #háumpontoquenoslga:



## José Manuel Fonseca at the Asia Brokers' Summit



The MDS Group CEO and Brokerslink Chairman delivered the opening speech at this virtual event which had over 100 participants from countries across the continent. José Manuel Fonseca highlighted how brokers addressed the challenges brought by the pandemic and implemented working from home strategies as a result of the investment over recent years in technological innovation. These responses ensured the sector was able to quickly adapt and remain close to all stakeholders.

Watch the video



## Institutional campaign, We See Hope

MDS has chosen to be a voice for good and believes that even the most daunting of times can be changed by people, for people. Under that premise, and in order to value and support the workers who, given their jobs and activities, have sacrificed themselves for the collective good, the MDS Group launched the We See Hope campaign.



Watch the video



## New portal *De bem com a vida*

In a year where information about health and the need to take good care of yourself became more important than ever, MDS Brazil overhauled its portal *De bem com a vida* (meaning Living is Easy). The addition of new technical capabilities and the updated design, resulted in an increase in customer use and social engagement, helping provide support, and promote prevention, and health advocacy.

## Omni-channel communication in the pandemic

At the start of pandemic, MDS implemented a strategic plan to ensure the safety and security of its employees, business continuity and responsiveness to customer needs.

One essential strand to this strategy was omni-channel communication with all stakeholders — employees, customers, partners, and others; sharing useful information, of which the MDS Talks stand out and were used to highlight topical themes, such as the Portuguese economy in times of pandemics and the challenges posed by Covid-19 to the clinical

analysis sector, companies, and the population at large.

At an internal level, with teams working remotely, it was important to maintain proximity and, thanks to ongoing technological investment, transition to a digital environment was managed swiftly and easily.

MDS also held numerous digital events to promote well-being, and sessions on cultural topics, training activities, talks with the CEO, and even “trips” to the many regions where MDS is present. These demonstrated how it is possible to feel close to each other despite physical distance.

## The MDS building – designed for the future

As part of its growth strategy, MDS has invested in the expansion and remodelling of its Portuguese offices, a project which places well-being, sustainability, and technology at its heart. MDS has redefined working spaces, creating individual working areas in an open plan setting, new meeting rooms that further creativity and collaboration, and dedicated spaces for socialisation.

Designed to address the demands of the future, these new, upgraded offices will provide both customers and partners with the very best in terms of comfort and safety.



## MDS Brazil new offices

Throughout 2020, MDS Brazil continued to invest in its physical infrastructure. In addition to finalising its new headquarters in the city of São Paulo, which take up over 2000 square metres and can host upward of 300 people, three new offices were commissioned in the cities of Salvador, Belo Horizonte, and Porto Alegre. MDS currently employs around 600 people across its 12 branches in the country.

# Evolving technologies during agile times

- ✓ BPMS
- ✓ ECM-OCR
- ✓ ERM
- ✓ Modeller
- ✓ Machine Learning
- ✓ RPAs
- ✓ Chatbots
- ✓ Imaging Processing

Meet IT Power, a team of specialists in **business processes, RPAs, digital transformation technologies** and solutions enabling your company's evolution, contributing to the operations scalability

## FINANCIAL AREA

Tools that enable product delivery and add value to your operations, maximising your portfolio: **credit score, automatic collection, mortgages credit score, call centre solutions, onboarding technologies.**

## INSURANCE AREA

Experience developing and implementing systems such as (CMP) **Claims Management Platform and underwriting** in the following insurances areas: life, pension, unemployment, cars, among others.



www.itpower.co

Go to [www.itpower.co](http://www.itpower.co) and contact our global service team, we will assess your needs and challenges in this new era of the accelerated digital transformation.

### Europe

Lisboa (PT)

joao.esteves@unitedchannels.net  
351. 911.050.897

### Europe

London (UK)

roberto@itpower.co  
44.7340.205062

### North America

Boston (US)

vinny@itpower.co  
+1 (781) 929-3795

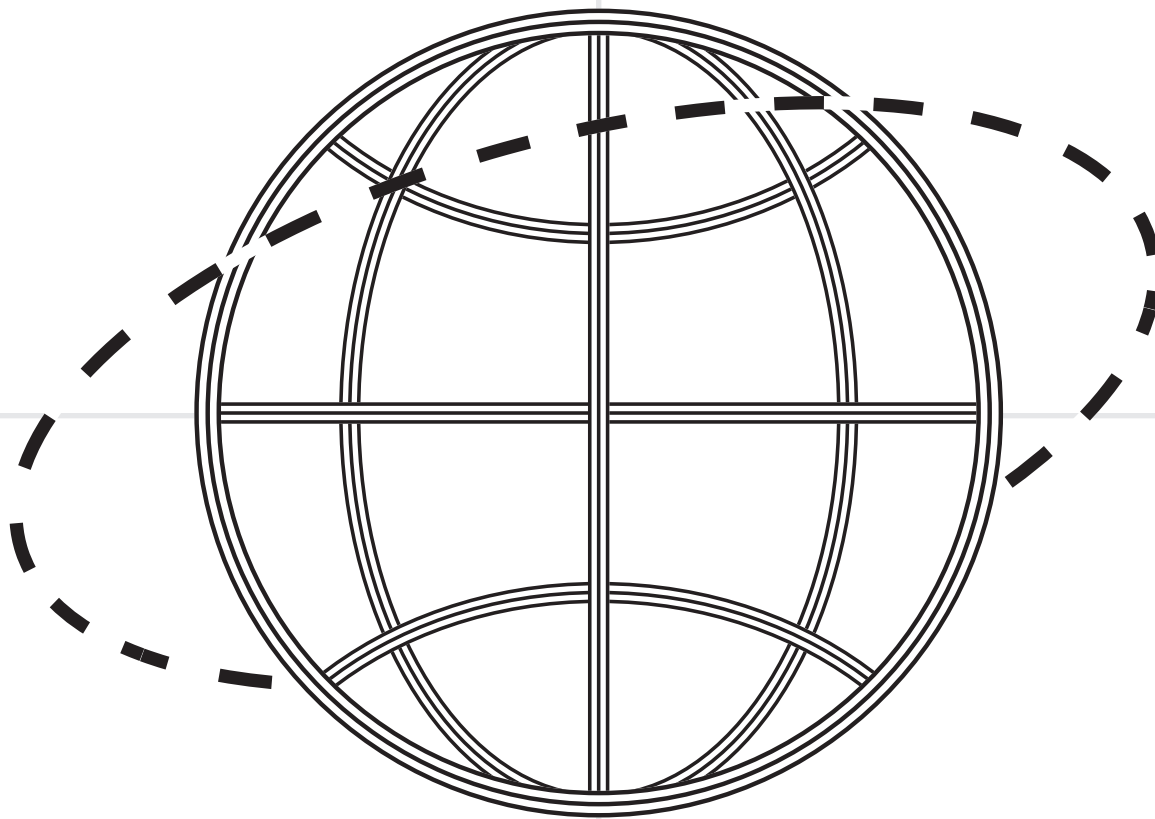
### South America

São Paulo (BR)

henaldo@itpower.com.br  
55.11.94190.4777

# MDS People

## Around the World



**For over 40 years, MDS has grown and consolidated its operations across the many regions it operates in through investment in its teams' knowledge, skills, and expertise, whose contribution has been an invaluable part of MDS's journey. Below are some insights into a few of the key people behind this success.**



## Cláudia Monteiro Africa Calling



In 2020, after over ten years with MDS Portugal, Cláudia Monteiro took on an instrumental role coordinating and developing MDS Africa's international practice and managing the significant partnership with Willis Tower Watson in Angola and Mozambique.

"The experience has been very enriching at both a personal and professional level. It has provided me with the opportunity to work with people from different cultures across diverse business areas and regions and establish MDS Africa as a key contender in this market."

For Cláudia, the pandemic and the rising number of natural disasters that have been witnessed over recent years and that have brought to the fore both risk and daily uncertainty, have made health and welfare a top priority. "I believe current insurance offerings will be reinvented. New, demographically targeted products will be developed to address new market needs. MDS will, as always, follow global market trends and maintain its close relationships with, and care for, customers."

## Marjorye Hoejenbos The Globetrotter



Marjorye Hoejenbos began her career with the Hong Kong Chamber of Commerce, before joining a technology company in Washington DC, in the US. She eventually returned to Brazil, where she built up experience in the reinsurance sector, and joined MDS Reinsurance Solutions in 2019. She recently took on duties as a reinsurance superintendent.

Her international career has given her insight into a range of other markets and cultures, in addition to her global business experience.

Marjorye believes the coming years will be complex in the face of a hardening market (conditions and capacity). However, she adds: "MDS has a highly skilled team and a customer-focused approach, operating with transparency and working closely with the reinsurer (typically distant from the insured), always bearing in mind the goal, which is to find the best solutions for the kind of risks our customers bring us. We keep evolving our methods and market knowledge, which allows us to develop new solutions and stay relevant."

## Marco Tolentino From Swiss Re to MDS



Marco Tolentino joined MDS Reinsurance Solutions in 2020, having previously worked at Swiss Re and Fidelidade, reinforcing the existing know-how and technical skill within MDS Group's reinsurance pillar.

In his opinion, two trends will dominate the sector: the consolidation of traditional operators in the quest for efficiency and scale, and the emergence of new companies to address the niche needs arising from emerging risks as a result of societal evolution. "MDS, given its history, scale and

international scope, has a good vantage point when it comes to identifying and proposing solutions that can address these concerns."

# MDS goes digital

by **João Rangel Vieira** Director-general of Operations and Information Systems, MDS Portugal & Brazil

Digital transformation is a similar process to that of building a house: first of all you have to lay solid foundations so that it will all hold together. You also need to establish a dedicated professional team.

At MDS, the process was no different. We created a strong project management structure and reinforced our capabilities in technology, alongside business and market intelligence, all underpinned by our culture based on people and their knowledge - structural pillars that are the fundamental foundations of our business wherever we operate in the world. This broad, inclusive approach is essential as digital transformation is not just something for IT and project management, it needs engagement and contributions from across the whole of the organisation.

Implementation of the MDS strategy focused on five key areas: operational efficiency, an omni-channel approach, ecosystem integration, customer experience, co-operation, and communication.

## OPERATIONAL EFFICIENCY

We streamlined our administrative operation, removing a host of repetitive and time-consuming tasks in order to free up staff to focus on value-added activities.

This was achieved with the introduction of robots at the beginning of 2020, to undertake the slower, more mechanical tasks, saving upwards of 1.500 hours per year in administrative work to date. Another example, following the Covid-19 lockdown, was the commissioning of a document management system that enables employees working from home to access documents from their remote stations.

Another innovation, focused on reducing the time spent requesting quotes from insurers, was the development of an automated quote platform with leading insurers. In the first instance this was for retail auto lines, with the platform due to be extended shortly to include homeowners' and health insurance.

Hi, I'm Will



MDS has designed Will as a virtual assistant that optimises customer service. Will speeds up several tasks on his own — if you're a private customer, he can help you look up and update your auto, multi-risk, health and life policies without having to go through a human agent. But Will can also connect you with a human policy manager via online chat, or make an appointment at a time and date of your choosing.

## A cutting-edge app

Exclusive to customers, the MDS app gives individual clients a hub where they can look up and manage all their insurance details — property, policies, expiration dates, claims management, points of contact for direct support, news, and a lot more.



## OMNI-CHANNEL APPROACH

Our existing client portfolio covers a diverse range of businesses and, naturally, their needs are all different. We've always favoured working closely with others, something that has become even more essential in the present climate. To that end we have developed a number of digital tools that allow 24/7 contact, such as a B2B/B2C and B2B2C relationship portal, a marketplace, live chat, chatbot ("Will", who lets you talk to an MDS manager or schedule a conversation), Whatsapp bot and click-to-call and, more recently, the MDS App, which enables individual customers to manage all their insurance and property through a single app on their phone.

## ECOSYSTEM INTEGRATION

We believe that customers will have better experiences the deeper the digital integration with insurers and so we have therefore been working with the market's leading insurers to integrate online services related to policy information and data transfer.

## CUSTOMER EXPERIENCE

Our strategy is not based on what we believe is best for the customer but on what they tell us they want and need. That is why we implemented NPS methodology and a culture that focuses on customer experience in every geography and business area we work with. Customer feedback on the quality of our service has been positive but perhaps more importantly it has been key to identifying where we can improve and enabling us to create action plans to ensure ongoing improvement to our customer experience.

## COLLABORATION AND COMMUNICATION

Communication is one of the core pillars of our business. We know it's not possible to grow a collaborative company without efficient communication and engagement from all employees. In 2020 we launched a new intranet platform to be the main communication channel for all company employees, designed to further communication, collaboration and information and knowledge sharing across the organisation in a straightforward and fully integrated fashion.

Having been a part of this journey of transformation at MDS, I know that technology, no matter how important, really only provides the finishing touches to the house we're trying to build. It's people who make transformation real.

We are living through a unique moment in time, with advanced and easily accessible technology, but the major challenge for organisations lies not in procuring this technology but in empowering their teams for implementation and ensuring productivity and efficiency gains.

MDS is supported by a multi-disciplinary team with the qualifications and collaborative spirit to work towards one goal: to bring about digital transformation and make its mark on 35 years of success and company history. ///



**João Vieira** is Director-general of Operations and Information Systems for MDS Portugal and Brazil. His main role is to ensure MDS remains a leader in customer experience through technological innovation and operational efficiency. With a degree in Corporate Management from the University of Évora and a master's degree in Management from the IUL ISCTE (Lisbon University Institute), João began his career at Zurich Portugal, where he filled a number of claims roles. He started as controller before taking the lead on a number of organisational and operational transformations. He served as a leader in claims, operations, business intelligence, quality, and vendor management. After a two-month stint with Zurich Brazil in 2014, he transferred to Zurich Latin America, first working out of São Paulo, and then moving to Santiago de Chile in 2017. In São Paulo, he worked as Head of Claims Development & Delivery Latin America and, in Santiago, combined his regional role with that of Deputy Chief Claims Officer with Zurich Chile. In 2018, João joined Chubb America Latina, based in Santiago, as Head of Claims - Digital, and Accident/Casualty, Travel and Life. In January 2020 he joined the MDS group in Porto to take on an international role across Portugal and Brazil.



# Retirement, so what?

**A few months after his forty-one years at AIG came to a close, Ralph Mucerino talks to FULLCOVER about his longstanding relationship with MDS Group and Brokerslink, as well as his plans for a very active retirement.**

## PART OF THE BROKERSLINK STORY

We meet by video conference – what else? Ralph looks in great shape, with the youthful look that never leaves him, even more vital than usual if that is possible. We joke about retirement suiting him well, and he admits this may be the case, but clearly shows he has absolutely no intention of reducing his busy schedule. It just means doing different things, in his very own same way.

We begin with his long-lasting relationship with MDS, recalling that Ralph was the first personality featured in the *Faces of Insurance* Collection, a publication by MDS Group that brings to the market the life and experiences of major players in the sector. Ralph recalls how honoured he was. “It was overwhelming,” he says “my family was thrilled. I was very proud to distribute copies of that book to all my close associates”. And he adds: “I have a picture taken at RIMS when the book came out with Brian Duperreault, and I’m holding the book up in front of us, because Brian was very happy at the time as well, that one of his executives was being honoured this way. And, you know, it made its way around AIG and the industry.

“Of all the people you could have chosen, you chose me. I’m very thankful for that and humbled by it, and you know, in my forty-one years with AIG, that has to be one of the single most important recognitions that I ever received, maybe the most important, because it came from the brokers whom I served, my customers.” And that’s true as Ralph always saw brokers as his customers, and he believes that Brokerslink made it very easy for him to do that.

Ralph reflects on the early days of his relationship with MDS. “I would say that the MDS relationship started at a very personal level with José Manuel. It was at the very beginning of the network and he painted a very compelling picture of Brokerslink’s mission”.

He continues. “We developed a rapport. I think it’s very important to put that in perspective. If you think about the insurance business, the essence of that business is building a series of personal relationships that allow you to conduct business. I think of my relationship with José Manuel as very personal as opposed to corporate. It was a personal bond.”

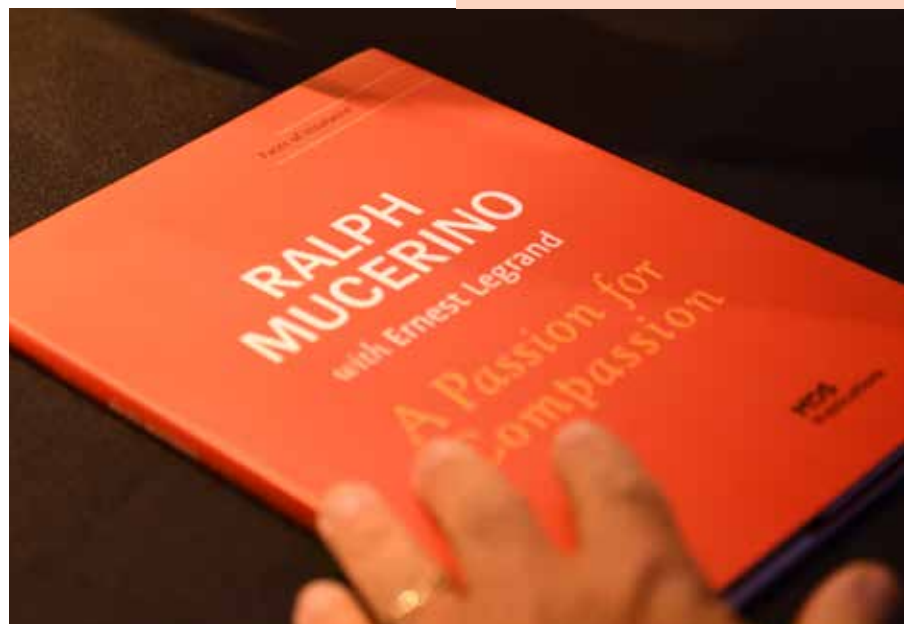
When Brokerslink started to implement its strategy “AIG was there from day one,” Ralph says.

As Brokerslink grew, so did the relationship. “We played an important role, I think, as a link between Brokerslink and the AIG network. It was a lot of fun doing that because Brokerslink was a different type of network: all of the people that began relationships with Brokerslink are part of this circle of personal relationships”, he adds.

## A Passion for Compassion

In 2018 the MDS Group launched the book “A passion for compassion: Ralph Mucerino in conversation with Ernest Legrand”. The first title of the *Faces of Insurance* Collection was a well-deserved tribute to a highly-regarded and influential International business leader. Ralph tells us about the lessons he has learned and the wisdom he has gained over the years, as well as the importance of the “human factor” in making business decisions. The book had a second edition launched in 2019.

Access and download the book



## ACTIVE RETIREMENT

Ralph retired from AIG on 1 October last year. “It’s been roughly four months now. I would say retirement hasn’t necessarily gone the way I’d hoped, because of Covid-19. My plan was always to set up an advisory business, but only after I had the opportunity to relax and go travelling. But I had to put all of that on hold because of the pandemic. So, I’ve spent the early stages of my retirement trying to set up an advisory service.” Although not looking to work full time he asked himself: “What would I like to do now?”

“A lot of it relates to how I’ve built relationships over the years. For example, I am part of a group, something that is sponsored by corporate business around the US, where I serve as a mentor to military officers who are retiring and making their transition into private life. These are very accomplished senior officers, usually colonel and above, and it has given me an appreciation for the quality of the people in the military. It is up to me to help them channel that experience into a role in the private sector. So that’s part of what I’m doing now. But I’ve also continued to mentor many executives from AIG with whom I had personal relationships. There are a few whom I’m actively engaged in regular conversations, such as giving them advice on their careers, etc; there are even a couple from other companies”, he explains.

His enthusiasm is palpable. “Part of my plan going forward is to have time to coach and mentor others. A part of the work of the advisory company is dedicated to executive coaching.” But Ralph will not stop here.

He is also developing a programme of work for corporate and governmental customers, on how to get people to think entrepreneurially. “It’s in its very early stages and consists of thinking about innovative ways to perform our jobs and our tasks and to build a business; it’s not just a matter of putting up capital and setting up a new business, but how do we go about managing ourselves.”

In addition, Ralph is also working with the International Insurance Society (IIS) Executive Insights Group. “My focus is on customer experience. I’m setting up some webinars and interviewing different folks to talk about innovation and how data and technology touch upon the customer experience. It is exciting to be able to share my thoughts with the rest of the industry on the basis of my extensive career in insurance. And the IIS is an interesting group because it’s not just about property & casualty insurance; it’s also life and health - and it’s global.”

But there are several other projects on his radar that keep him busy and, of course, intellectually occupied. “So much for retirement” he jokes.

## THE LEGACY

With such a rich career, that includes product development, country general management experience, regional general management experience, distribution experience, operations, and IT, we wanted to find out about his legacy and if perhaps he would be considering writing a book about his career and life experiences.

Ralph doesn’t seem surprised by our question. “It’s funny. A good friend of mine asked the same question just the other day. I ask myself - do I want to perform some kind of formal teaching, inside of a university or technical programme, or do I want to write about my experiences? This could either take the form of a book, or it could be a series of essays on specific topics, like some of the challenges that I went through in my career. I think about the history of AIG and the various crisis points, like the financial crisis and some of the shifting strategies that we had because of results, but I could also write about the experience that I had in establishing a direct marketing business in Israel, where I went with just my briefcase to meet with a partner to say, OK, well, how do we set up this business?”

“So, I think the long answer to your question is: yes, I am thinking of writing, but it’s a question of what am I going to write. To some extent I’m using the IIS experience as a testing point, where

## RPM Consulting: the new business adventure



After leaving AIG, Ralph Mucerino founded RPM Strategy and Management Consulting LLC, a consultancy company focused on management challenges and business strategy. His vast experience driving global business operations, as well as leading re-structuring and expansion efforts offers curated consultancy to leaders and businesses steering them through adverse conditions and times of financial crisis, ultimately positioning them to thrive and remain fully operational and profitable. His primary focus is insurance companies and distribution channels and Insure-tech or related service companies.

I'm writing about customer experience. And that may lead into something more extensive and ambitious. There are some interesting experiences that I have had internationally, like my first trip to Pakistan, where I landed in Karachi at something like 3:30 in the morning. And yet when I got off the plane, the visual was not anything I ever expected – the airport was crowded at that hour as people were moving back and forth because of the Hajj.

“But the most important thing”, says Ralph, “is to share what I have learned from my experiences. So, yes, I do want to teach, and I want to write.”

### THE “NEW NORMAL”

Before finishing it was inevitable to talk about the “new normal” and what will happen to business travel, the workplace, society, and so on.

As an advisor Ralph is doing some serious thinking about this. “What does the workplace of the future look like? Perhaps it is more of a home where people have a casual ability to work remotely, as opposed to a fixed responsibility. Although I think companies are investing and setting people up at home to do call centre work. And so there may never be a call centre again. It'll be interesting to see how things develop, and I'd definitely like to play a part in working with companies in establishing what that new normal is. So that's going to be something else I'll focus on.”

Ralph believes socialisation is key to establishing business relations, but he also thinks business travel will undergo many changes.

“Of all of them, I think the one that you may see change the most are internal visits. Let's say, for example, an insurance company executive visiting a field office. I think that type of travel is going to be reduced and there is going to be much more contact like this. And, you know, companies are going to be very selective in sending an executive to travel internationally. I think it will



all come down to good sense; business travel will be reduced, but events, for instance, like the Brokerslink conference, they still have to be held, because that's where people meet, bonds are established, friendships are made, team spirit is built - I think it's not possible to substitute them.” We tend to agree.

We don't say goodbye to Ralph, a living example that you can still dream, and build a new career, at any time in your life. We just say, “see you soon” and hope that we can get together in a few months, in person, and raise a toast to new beginnings. ///

**Ralph Mucerino** began his career in insurance with The Travelers and joined AIG in 1979. In his distinguished forty-one-year career with American International group, Ralph led multiple diverse businesses which highlighted his leadership, vision, creativity, adaptability, and emotional intelligence. He retired in October of 2020 as Senior Vice President of AIG.

# Legal Corner

## Insurance Broking in a Protected Cell World

by **Julian Boffa** Insurance Regulatory Advisor,  
& **Matthew Bianchi** Partner & Head of Insurance  
and Pensions, Ganado Advocates

Whilst certainly not the newest kid on the block, Protected Cell Companies (PCC) have now gained a lot of traction and momentum, with interest and new set-ups growing exponentially over the last couple of years. Malta, in particular, was certainly forward-looking when, back in 2004, it became the first (and till now the only) EU country to introduce a protected cell regime in its legislative framework. Whilst originating from a primarily “captive insurance” background, the Maltese experience is steadily showing that PCC structures are also excellent platforms for third party business. Such structures permit segregation between the shareholding of main structure of the company, known as the “core”, and the different cells within the company. The assets of each individual cell are

protected from the liabilities of the other cells and the core, whereas the core assets are exposed to the liabilities of all its cells. Together with all the cells within the “platform”, however, the core would be looked at and legally recognised as one legal person. This also applies in relation to the capital requirements, which are therefore covered by the core and cell assets as a whole, with only notional capital requirements applying at cell level. The core would also cater for all the governance requirements of the whole structure.

Today we discuss PCC structures with Matthew Bianchi and Julian Boffa of Ganado Advocates, which has been at the forefront in terms of providing assistance to companies setting up PCC structures in Malta from the very beginning.

### ECONOMIES OF SCALE

Let us not beat about the bush.... PCCs are synonymous with economies of scale. A key factor and advantage of PCC structures is that they allow for the sharing of resources between the core and different cells, particularly capital, governance and human resource, with the added benefit of the segregation between cells. This, therefore, acts as a key to market access, particularly for those ventures (such as start-ups) which struggle to cover the base expenses or own fund requirements considering their initial low volumes. PCC structures are also ideal for business ventures which need to “dip into” the insurance expertise and know-how of market professionals, possibly because the venture promoters come from a non-insurance background. This happens either through the expertise of the PCC core or the outsourcing of functions to an insurance manager, or a mixture of the two. So, does this mean that established insurance operators cannot benefit from the advantages a PCC structure has to offer? Absolutely not. Whilst every business model needs to cater to its own specific situation, PCC structures are, for instance, ideal for large insurance groups or broker networks, including those targeting



mergers and acquisitions particularly where there is a need to consolidate various operations across the EU into one structure, whilst at the same time maintaining segregation between the various “projects” or “portfolios”. Such segregation could be required because of different shareholding structures, or for the want of protecting a “stable” portfolio from a more “volatile” one.

Insurance brokers considering investing in a PCC venture can look at a number of alternatives. First and foremost, the choice needs to be made as to whether the required structure is of a full PCC company, or whether to go for individual cells within existing PCC platforms. Once that call is made, the next decision is whether to retain the vests of an insurance broker, or whether to dip one’s toe into a risk-carrier’s role. Both are possible, including maintaining both structures concurrently to enjoy the best of both worlds.

### CONCENTRATING ON THE BUSINESS

The big advantage at a cell level is that the working capital required is minimised to the notional own funds or capital requirement of the cell’s own business. It does not have to meet the legal minimum requirements, since these are already covered by the core. Therefore, the use of existing PCC platforms, such as for example, Highdome PCC Ltd, MDS Group’s insurance and reinsurance company, enables rapid set-up and almost literally a “hop-on” service. Furthermore, having the governance functions, including finance, already also covered by the core, a cell operation can really concentrate on the business itself.

Both Ganado Advocates and Highdome PCC can assist companies in exploring their PCC options and advantages in more detail. If you are considering a new venture or a restructuring, PCCs should be definitely on your feasibility checklist. ///



**Julian Boffa** is an Insurance Regulatory Advisor within the Insurance and Pensions team of GANADO Advocates, focusing mainly on re/insurance, corporate governance and regulatory matters. He regularly advises and assists insurance and reinsurance operations with their licence applications and other ongoing requirements.



**Matthew Bianchi** is the Partner heading the firm’s insurance and pensions legal and regulatory team. As a leading specialist in insurance, he regularly advises insurance and reinsurance companies, insurance managers, captive insurers, protected cell companies (PCCs) and insurance intermediaries established in Malta or offering their services there. He is also active in the field of insurance securitisation and assisted with the establishment of the first ILS structures. Matthew sits as the Secretary General of the Malta Association of Insurance Brokers and the Malta Insurance Managers Association and represents the Maltese insurance industry as a Governor on the Board of FinanceMalta. As head of the pensions team, Matthew was instrumental in the development of a market for pensions in Malta and now supports and advises most of the pension trustees. He was also a founder of the Association of Pension Administrators.

**“ Whilst originating from a primarily “captive insurance” background, the Maltese experience is steadily showing that PCC structures are also excellent platforms for third party business.”**

The captive alternative

# HighDome

## Protected Cell Company – the clever choice

Current market conditions present a major opportunity for insurance captives to demonstrate their lasting value to their owners and the global insurance industry as a whole.

The MDS Group's service portfolio includes an alternative risk funding service via the establishment of a captive insurance vehicle. This alternative funding service can help clients navigate some of the challenges that clients are facing when dealing with the traditional insurance market. The protected cell captive (PCC) service is provided by HighDome PCC, headquartered in Malta.

The main drivers behind establishing a captive insurance solution through a PCC in Malta are:

- To help combine insurance costs with company (or group) experience so that good claims histories are rewarded;
- Enable greater risk retention leading to a reduction in the cost of risk transfer via policy purchases;
- Allow for price stability, providing a degree of protection from the insurance market's cycle and the risk of large price fluctuations;
- Optimise risk management strategies by introducing heightened corporate awareness of the general cost of risk;
- Obtain bargaining power through a mechanism that can apply pressure on traditional insurance markets.

In the current business environment, the insurance market is seeing reduced capacity, rising premiums, increased exemptions and deductions, limits to coverage, and loss of protection for traditionally insurable risks.

Captives have been offering flexible solutions to help clients manage the impacts of changing market conditions for many years. At this stage of the insurance cycle there are clear benefits for companies that use their captives in a proactive way. These include:

- mitigating the rise in fees and tariffs imposed by the insurance market through higher exemptions;
- making up for the lack of insurance capacity, which may be due to the economic unviability of available capability or, simply, insufficient capacity at any price;
- re-establishing the scope of coverage that had been scaled back as a result of market dynamics;
- increasing profit potential for captives including new coverage on risk that isn't traditionally insurable;
- acquiring a stop-loss programme to enable general price stability and bring certainty to loss expectations, including coverage for exposure to non-traditionally insurable risk, whenever possible, so that the captive will become a true risk partner and a source of revenue.



# Tracing apps vs data protection

by **Helena Tapp Barroso** Partner,  
Morais Leitão Law Firm



A few days after the World Health Organisation confirmed the Covid-19 outbreak was a pandemic, the chair of the European Data Protection Board (EDPB) predicted 'digital tracing' would be used to monitor the progress of the virus and help prevent it spreading.

In an EDPB statement<sup>1</sup> it was noted that in addition to following GDPR personal data processing guidelines, the processing of location data must adhere to ePrivacy Directive regulations, namely: *'In principle, location data can only be used by the operator when made anonymous or with the individual's consent. However, ... the ePrivacy Directive enables member states to introduce legislative measures to safeguard public security. Such exceptional legislation is only possible if it constitutes a necessary, appropriate, and proportionate measure within a democratic society'*, adding that it should also be strictly limited to the duration of the ongoing emergency.

A statement from the Council of Europe<sup>2</sup> acknowledged collecting location information detailing peoples' movements in highly infectious Covid-19 areas would not be prevented by data protection guidelines, but stressed there were exceptions, such as the need to limit it to a specific period of time, with special attention given to data bases containing health-related information and those tracking or profiling individuals.

Within this context, our attention should focus on the many global Covid-19 tracing and tracking apps, and in particular the Portuguese contact tracing and warning app, STAYAWAY COVID<sup>3</sup>.

In the EU, several documents were issued advising what criteria to follow during this 'digital tracing' phenomena. In April 2020, the European Commission recommended a common approach be taken when using technology and data, in particular with mobile apps and tracking people's movements. Its 'common toolbox' sets out how digital can fight and release us from the pandemic<sup>4</sup> and outlines practical ways to effectively use technology and data, focusing on a *'pan-European approach for the use of mobile applications'*.

When the first version of the 'common toolbox' was released<sup>5</sup>, it was soon followed by European Commission Guidance on Apps (and their development) and the use of data protection in the fight against Covid-19<sup>6</sup>.

In April, the EDPB also adopted guidelines on the use of location data and apps for contact tracing purposes and alerts to break the infection transmission chain<sup>7</sup>. Recommendations covered the functional requirements of apps and the essential principles applicable to personal data processing, including data minimisation<sup>8</sup>. It suggested tracing applications: (i) do not need to track the location of individual users (proximity data may be used instead); (ii) can function without the direct identification of individuals; and (iii) must avoid data extraction and privilege access solutions where the collected information remains on the users' smart phones.

Before issuing regulation 52/2020 of August 11, which determines the data controller in the STAYAWAY COVID system is the Portuguese health authority (DGS), certain operational data processing evidence was put under public scrutiny to ensure the app followed European guidelines and recommendations<sup>9</sup>. This regulation accepts the exceptional and transitional nature of the processing of personal data under the app (*'only while this epidemiological situation... justifies the need to keep processing'*) and limits its data processing scope<sup>10</sup>.

In mid-October, as the crisis intensified, there was a public debate on whether legislation should be drafted making it mandatory for the app to be downloaded and used across the business and educational sectors, alongside triggering infection alerts based on information it held.

In contrast, regulation 52/2020 explicitly referred to the app as being *'a complementary and voluntary instrument, responding to the epidemiological situation'*. When sharing feedback on this regulation, the Portuguese supervisory authority (CNPD) considered the voluntary element to be consistent with European recommendations and *'an essential requirement to guarantee the rights and freedoms of citizens, when discussing the use of this type of application'*. The government withdrew its mandatory proposal before it reached parliamentary discussion and vote, and subsequent legal rulings only 'recommend' use of the app.

By the end of 2020, STAYAWAY COVID had around three million registered users, but the number of notified positive cases generating alerts did not reach 1% of Portugal's total infected population. Recent reports indicate that more than half of STAYAWAY COVID users have now uninstalled the app.

Without discussing how effective proximity digital tracing is in detecting the infection chain, this type of app could create inequality<sup>11</sup> and potentially enable the constant tracking of user location and movement. This raises issues around tracking individuals' habits and storing private life data which may explain the earlier low user figures<sup>12</sup>.

STAYAWAY COVID uses the PathCheck Google Apple Exposure Notification (GAEN) system and its Application Programming Interface (API) for tracking user proximity. And this was one of the concerns of the CNPD; it summarised the system would negatively impact privacy due to its data processing being beyond the full control of the DGS, risking unauthorised access or data use, which in certain cases, could include health-related information. The negative impact of STAYAWAY COVID is mitigated by several features:

- Implementation follows a decentralised approach (contact information is generated and kept in the user's phone)<sup>13</sup>;
- Contact information is sourced via proximity sensors using Bluetooth Low Energy (BLE) technology, rather than location data or geographical coordinates<sup>14</sup>.
- Proximity data is pseudonymised, protecting the user's identity (it can only be attributed to a specific person if additional information that is kept separately and subject to protective technical/organisational thresholds, is shared)<sup>15</sup>.
- And it is worth remembering, it is voluntary. ///

- 1 Statement by the EDPB Chair on the processing of personal data in the context of the Covid-19 outbreak | Comité Europeu para a Proteção de Dados (europa.eu) and EDPB (europa.eu)
- 2 Joint Statement from the Chair of the Committee of Convention 108 and the Data Protection Commissioner of the Council of Europe 16809e09f4 (coe.int) and a second joint statement issued in April (16809e3fd7 (coe.int)).
- 3 Amongst numerous publications listing and analysing Covid-19 tracing apps we would mention the *briefing* from the European Parliament (National Covid-19 contact tracing apps (europa.eu)) and the report issued by the Council of Europe «*Digital Solutions to Fight Covid-19*» (16809fe49c (coe.int)). The MIT Technology Review keeps this read-only spreadsheet covering information on a large number of Covid-19 Tracing Apps.
- 4 Commission Recommendation (EU) 2020/518 of 8 April 2020 on a common Union toolbox for the use of technology and data to combat and exit from the Covid-19 crisis, in particular concerning mobile applications and the use of anonymised mobility data – Publications Office of the EU (europa.eu)
- 5 *Common EU Toolbox for Member States da EHealth* (15/04/2020) (covid-19\_apps\_en.pdf (europa.eu)), followed (13/05/2020) by a set of interoperability guidelines for approved contact tracing mobile applications in the EU (contacttracingmobileapps\_guidelines\_en.pdf (europa.eu))
- 6 [https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020XC0417\(08\)&from=PT](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020XC0417(08)&from=PT)
- 7 EDPB Guidelines 04/2020 [https://edpb.europa.eu/sites/edpb/files/files/file1/edpb\\_guidelines\\_20200420\\_contact\\_tracing\\_covid\\_with\\_annex\\_en.pdf](https://edpb.europa.eu/sites/edpb/files/files/file1/edpb_guidelines_20200420_contact_tracing_covid_with_annex_en.pdf).
- 8 Limiting data to those adequate, relevant, and strictly necessary for the purposes for which they are processed.
- 9 Particularly, the publicly available data protection impact assessment (DPIA): version v.2.0 (11/08/2020) (AIPD\_STAYAWAY\_v2.0\_11\_08\_2020.pdf (stayawaycovid.pt)) and the Portuguese supervisory authority decision CNPD/2020/277 of June 29 (CNPD).
- 10 Particularly, the publicly available data protection impact assessment (DPIA): version v.2.0 (11/08/2020) (AIPD\_STAYAWAY\_v2.0\_11\_08\_2020.pdf (stayawaycovid.pt)) and the Portuguese supervisory authority decision CNPD/2020/277 of June 29 (CNPD).
- 11 Being an issue that is interdependent of the mobile equipment features it is a potential for exclusion of those in worse social and economic situations and digitally under literate.
- 12 Even in the case of solutions that resort to *Bluetooth* technology, and only processes user proximity information (and do not use location data)
- 13 The risk calculation and alerts are operated on the user's equipment. In the centralised approach, the data is uploaded by the app to a remote centralised server where the contact matches are made, and the warnings are issued if a user is diagnosed with Covid-19.
- 14 The app instances only keep information on proximity contacts with other phones.
- 15 The *contact tracing* systems developed in the context of the pandemic may be grouped, based on the type of data used to assess proximity: location data (GPS data and phone metadata); movement data (aggregate GPS data and phone metadata) and contact data (proximity sensors, e.g. *Bluetooth*).
- 16 Different from anonymisation, where it is not possible to reach the identity of the specific data subject the information refers to and which, therefore, does not qualify as personal data, being out of scope of GDPR provisions.

**Helena Tapp Barroso** is partner at Morais Leitão. Member of both the Data Protection and the Employment and Pension legal teams, she also co-chairs the firm's Insurance and Reinsurance Practice. In her legal practice, Helena has extensive experience in employment, insurance, technology, e-privacy and data protection issues. She serves as Data Protection Officer at Fidelidade, being *IAPP Certified Information Privacy Professional/ Europe* since 2017. Holding a Master of Laws Degree in Commercial Law, she was assistant professor at the Lisbon University Law School, being a regular speaker at specialised conferences and postgraduate studies.

# Remembering Jo Willaert

FERMA President (2015 - 2019)

*by Jorge Luzzi*

CEO Risk Consulting Group (RCG) & Executive Director HighDome pcc



I met Jo many years ago. At the time, he was VP Risk Management for AGFA in Belgium and I was working for Pirelli in Italy.

He was always an active member of Belrim, the Belgian Association of Risk Managers, so it was only natural for me to invite him to be part of the FERMA board of directors during my presidency. For two years – 2011-2013, we worked together, facing many challenges. After he was elected president, it was his turn to invite me to the board, and again we

worked side by side, with the rest of the team, furthering and developing risk management across Europe.

Those were years of great activity for FERMA and together we organised the Maastricht and Stockholm congresses, which, dare I say, were among the most successful of all.

Jo had a vision of a united association without political sides where all efforts were focused on the development of the profession in Europe and across the world.

Working with Jo was a real pleasure, but also a source of learning – from the very first day we worked together it was clear that he was interested in sharing both his knowledge and his life experiences.

Jo also actively participated in the Alarys and Apogeris conference held in Porto in 2018, with participants from all over the world.

Above all Jo was a good friend, a kind, cultured person. We had many laughs together as well as many technical conversations, alongside discussions about history and the political realities in Europe, always with a sense of humour and *joie de vivre*. Jo was always happy to mediate in any conflict.

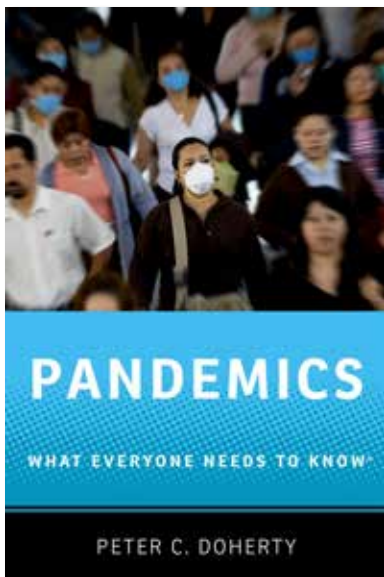
My dear Friend, you will always be in my memory and in my heart, as well as in those of the many friends we have shared.

# READINGS

## Pandemics: what everyone needs to know

Peter C Doherty

New York: Oxford University Press, 2013.  
ISBN 978-0-19-9898121.



This book, written back in 2013, is an essential source of information on a subject that currently has humankind on its knees: pandemics.

Throughout its 200 pages, the author highlights how important it is to differentiate between viruses and bacteria when it comes to pandemics – particularly as antibiotics can fight bacteria but not viruses. He explains the difference between outbreaks, epidemics, and pandemics, and how one can progress to the other, such as with SARS back in 2002. What began as an outbreak, turned into an epidemic and, according to some, became the first pandemic of the 21st century. The author adds that was a warning and it was sheer luck that SARS did not spread worldwide. Unfortunately, now we know it was seen as such by those with responsibilities in the field.

In addition to SARS, the author runs through several diseases we will have all heard about over the last few decades, including Ebola, HIV/AIDS and “Mad Cows” disease, all of which may have haunted our dreams but none of which had the same impact on our lives compared to the shutting of the world with Covid-19.

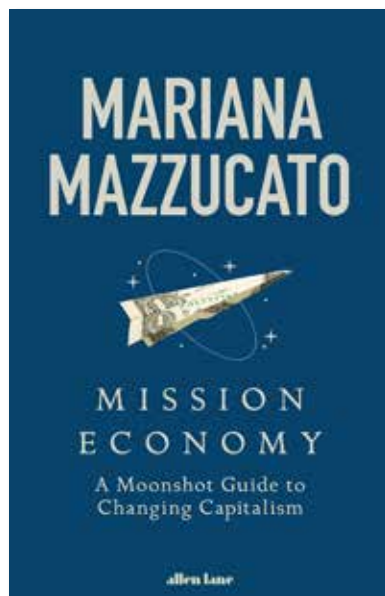
The author’s conclusions, however, feel like scary predictions, such is their accuracy. For example, he states that “modern air travel links us all in a very immediate, physical way. Any pathogen that spreads readily from human to human

(particularly by aerosols) can no longer be confined to a particular landmass.” Another forecast is that “the level of risk is increased when rapid forest clearing, odd culinary practices, and adventurous lifestyles bring wildlife species and humans in close contact”. Does this ring a bell?

As if predicting 2020, the author also concludes that “while viruses that spread via the respiratory route are the most likely cause of any future pandemics, only the most draconian and immediate restrictions on human travel are likely to limit the spread of infection, and then only briefly”.

Still, not all of his conclusions are depressing. One is that “No pandemic is likely to wipe out the human species” and another “as seen following the 1918-1919 influenza catastrophe, pandemic pathogens tend to evolve to lesser virulence with time.” While believing “our capacity to deal and live through pandemic situations is continually improving,” the author adds a final warning about how “infectious diseases are no respecters of wealth, power, or personal merit ... with a fast-spreading respiratory virus, for example, everyone is ultimately in the same boat”.

Don’t we now know this all too well, as we reflect on the longest year of our lives eight years on from the publication of this remarkable book, whose warnings it seems no one paid any attention to.



London: Allen Lane, 2021.  
ISBN 978-0-241-41973-1

# Mission Economy

## a moonshot guide to changing capitalism

Mariana Mazzucato

Published in early 2021 after almost a year of the pandemic, this book reflects on how Covid-19 has shone a harsh light on many of the problems that already existed, including health, inequality, and the environmental crisis, and how capitalism has offered no solutions for them.

The author, who has brought together leaders from public organisations from across the world, aims to rethink capitalism through rethinking the state. The state, and ultimately governments, will only be effective, she says, if they have the capacity to act, and for that they should invest in their own improvement in areas such as productive capacity, procurement capabilities and, most of all, public-private collaboration.

The author does not see the state as a mere fixer of market failures or as an outsourcer, but envisions governments transforming themselves from within, and strengthening their systems for health, education, transport, and the environment. For progress to be made there is a need to foster collaboration between public and private organisations, who should work together symbiotically.

Collaboration and a common purpose should come together in a structured way, as they would for a mission, says the writer, making comparisons to the Apollo space missions, and citing them

as examples of successful public-private collaboration and complex problem solving. In her opinion, only a similar "mission thinking" will be able to restructure capitalism and allow for balanced and resilient growth. She goes further, saying that the type of crisis we are going through is exactly the moment to reimagine the type of society we want to build.

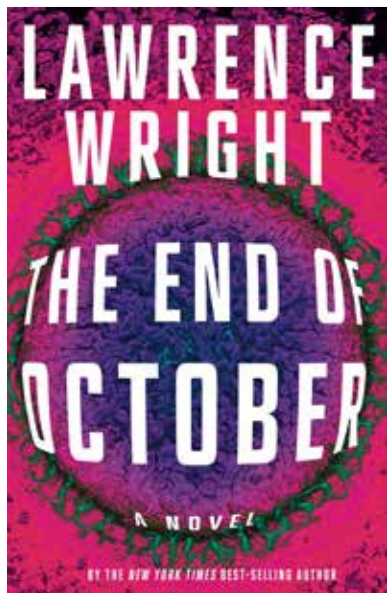
From the myths that impede progress (one of them being that businesses create value and take risks while governments only de-risk and facilitate) to the great challenges to be tackled today – the 17 United Nations sustainable goals – the author takes us on a mission she sees as possible, identifying seven key pillars for a better political economy. However, this comes with a warning: vision and purpose cannot be forced; they require charisma on the part of leaders, but also real engagement with society. And "mission-oriented thinking also requires being open to uncertainty and experimentation". In the end, "change can only happen if we are convinced that a better life is possible".

**Mission Economy** is well-worth the journey to space in search of better solutions for life on Earth, whose last year might well be considered one of the darkest in Human history.

# The end of October

Lawrence Wright

New York: Knopf, 2020.  
ISBN 978-0-525-65865-8



Research for this thriller began well before 2020, and the book came out only a few months before news of the pandemic broke. **The End of October** paints a terrifying picture of a pandemic evolving on the world stage over a matter of weeks — something we ended up witnessing in the real world about a year ago.


Whilst not based on real events, the book does draw inspiration from several disease outbreaks — such as Ebola — over the past few decades. What is most startling is that it anticipates realities that the average person would never have dreamed of: lockdowns, social distancing, general use of masks, ongoing hygienic clean-up everywhere. It goes down certain imaginative avenues of course, because it is a work fiction; the virus it describes, a highly aggressive strain of the flu virus, is extremely lethal and sweeps across populations and institutions, plunging the so-called civilised world into near-total anarchy.

From the dangerous inception of the virus in a lab — reflecting the eternal human temptation to play God — to the realisation that the modern, globalised world provides ideal conditions for pathogens to spread, the book makes plain the strong connection between climate change and the emergence of new diseases, as well as the high

likelihood — certainty, even — that new pandemics will rise. The author, a Pulitzer prize winner, takes us on a fascinating journey from Indonesia to Mecca, from the United States to the bottom of the ocean, and finally to the Arctic Ocean, where we find the most disturbing answer to our questions. An answer nobody believed possible, and yet, there it is.

A hard read pre-Covid, and perhaps an even more hair-raising one post-Covid. But a compelling read all the same, as it is not only an exhilarating story, but its pages include lessons for those of us willing to look. It remains to be seen however whether we're in time to learn these lessons and stop our world from turning into the scenario the book describes which, sadly, now seems not so entirely impossible.





Will you rise to the challenge to adopt a **healthier lifestyle** and win prizes?

**Multicare Vitality** is the programme that will help you adopt a healthier lifestyle and win prizes, smartwatches and other perks. All this through an App.

**Will you rise to the challenge?**

- **Learn more** about your health
- Live a **healthier life**
- **Win prizes and bonuses** on your insurance premium

HEALTH INSURANCE

**multicare.pt**



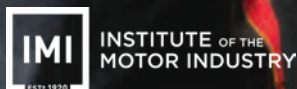
The information on this flyer shall not preclude the reading of the legally required pre-contractual and contractual information.

Fidelidade - Companhia de Seguros, S.A. - NIPC e Matrícula 500 918 880, na CRC Lisboa - Sede: Largo do Calhariz, 30, 1249-001 Lisboa - Portugal  
Capital Social EUR 509.263.524 | [www.fidelidade.pt](http://www.fidelidade.pt) • English Customer Helpline: T. 217 948 745 • E. [apoioingles@fidelidade.pt](mailto:apoioingles@fidelidade.pt)  
Personalized telephone service from Monday's to Friday's 8:30 am to 6:00 pm. • [www.multicare.pt](http://www.multicare.pt)



# CALIBRAÇÃO OK

Técnicos Carglass® certificados em calibração ADAS pelo



**Numa viatura com câmara no pára-brisas, substituir o vidro não chega.  
É preciso calibrar!**

Na Carglass® a **Calibração do Sistema Avançado de Assistência ao Condutor (conhecido por ADAS)** é executada por técnicos especializados e certificados pelo **Institute of Motor Industry** e com recurso à mais recente tecnologia.

Por isso, uma Calibração Carglass® é garantia de segurança e de que todo o sistema funciona com correcta leitura da câmara.

**E quando todo o sistema funciona, está tudo ok!**



[carglass.pt](http://carglass.pt)

**808 23 53 53**

We know well  
the weight of your  
responsibilities

 REAL VIDA  
SEGUROS

The Insurance Company of your Life

Life, Health, Personal Accident, Investment and Savings Insurance

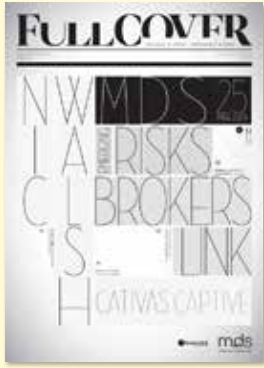
[realvidaseguros.pt](http://realvidaseguros.pt)

Avenida de França, 316, 5º, Edifício Capitólio, 4050-276 Porto  
Rua Duque de Palmela, 37, 1250-097 Lisboa

Follow us



#1



**“FULLCOVER magazine is an established publication in our market, with a global and consistent focus. I've always found the printing quality, the editorial standards and high-value articles very impressive. My favorite issue is the one with a collection of interviews with global insurance leaders. Simply amazing! A beacon for professionals in our segment.”**

Angelo Colombo  
CEO, Swiss Re Corporate Solutions Latin America

#5



#2



#3



#4



#7



**“The insurance market is extremely dynamic and undergoing a moment of major transformation. Having a publication like FULLCOVER is essential to maintaining debate on relevant topics”**

Antonio Trindade  
Chairman, Chubb Brazil  
Chairman, Fensseg

#6



# 8



# 11



# 12



**“FULLCOVER is insightful, inspirational and personal. It perfectly COVERS the evolving risk landscape of customers in all sectors from the perspectives of trusted and experienced leaders in the industry.”**

Loredana Mazzoleni Neglén  
Global Head Customer and Distribution and Innovative Risk Solutions, Swiss Re Corporate Solutions

# 9



# 10



# 13



**“I first got in touch with FULLCOVER when José Manuel sent me a hard copy after our first call and I was instantly amazed by the insights provided and the caliber of persons interviewed. This is the highest standard of broker publications I am aware of. I am looking forward to the 2021 issue!”**

Jonathan Höh  
Group Sales & Market Coordinator, GrECo International Holding AG

# 14



“ Opportunities for companies looking to leverage new approaches to the traditional insurance and risk financing process. ”



**Jorge Luzzi**  
HighDome CEO

HighDome is a PCC (Protected Cell Company) specializing in helping companies build its own captive solution. Based in Malta, operating to European Union regulations and standards, we offer solutions to insureds, insurers, brokers and cell promoters, owners and sponsors to reduce the total cost of risk – and optimize their risk transfer. If you are looking for a more sophisticated and sustainable financing for your risks, trust HighDome.

# FAST FORWARD

Speeding up the Customer Experience.  
Advancing Corporate Insurance Together.



**Swiss Re**  
Corporate Solutions

Speed. Simplicity. Service. Not your typical description of a commercial insurer. But Swiss Re Corporate Solutions is anything but typical. For a start, we want to improve the customer experience. That's why we work with you to understand your needs, and provide tailored, state-of-the-art risk management solutions, without the hassle. We also know the world is changing and you need a partner who anticipates the future. At Swiss Re Corporate Solutions, we're relentlessly addressing industry inefficiencies and customer pain points to transform corporate insurance. By combining fresh, innovative perspectives with tech-driven solutions and applied expertise, we're leading the industry forward. We're rethinking corporate insurance with you in mind.

[corporatesolutions.swissre.com](https://corporatesolutions.swissre.com)

Swiss Re Corporate Solutions offers the above products through companies that are allowed to operate in the relevant type of financial products in individual jurisdiction including but not limited to insurance, reinsurance, derivatives, and swaps. Availability of products varies by jurisdiction. This communication is not intended as a solicitation to purchase (re)insurance or non-insurance products. © Swiss Re 2020. All rights reserved.

## Espera

*Horas, horas sem fim,  
pesadas, fundas,  
esperarei por ti  
até que todas as coisas sejam mudas.*

*Até que uma pedra irrompa  
e floresça.  
Até que um pássaro me saia da garganta  
e no silêncio desapareça.*

## Waiting

*Hours, hours without end,  
thick, deep,  
I will wait for you  
till all that is is still.*

*Till a stone bursts forth  
and blossoms,  
Till a bird flies from my throat  
and, into silence, disappears.*

## Eugénio de Andrade

Portuguese poet, 1923-2005