

engaging you



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Hello and Welcome!

For those of you that don't know me yet, my name is Graham Edwards and I took over as President and CEO of Jardine Lloyd Thompson Insurance Brokers, Inc. in June 2011.

Jardine Lloyd Thompson (JLT), is an international group of Risk Specialists and Employee Benefits Consultants and one of the largest companies of its type in the world. We help our clients with their business risk assessment, risk management and insurance program negotiation and placement. We have been operating in the Philippines for over 30 years and through the Jardine Matheson Group, in Asia since 1836.

We have launched *Engaging You* as a way of sharing our insurance and risk management knowledge and expertise with our clients, prospective clients and business partners. It is our way of helping to lift the profile of risk management and insurance in the Philippines and creating more awareness of the important contribution it makes to business. So much of the progress made in the modern world today is enabled by the risk management measures implemented by companies, and because of the insurance protection they have purchased in case something goes wrong.

You will receive this publication on a quarterly basis. If you find it useful, please feel free to share it with your co-workers, friends and wider business network. Depending on the size of your company, insurance and risk management may be the responsibility of a dedicated risk and insurance manager, the CFO, the HR director or even the purchasing department – all may find this publication helpful. Because we are targeting

a wide audience, the understanding of insurance, reinsurance and risk management issues will vary greatly, so in terms of content what we want to deliver is a publication that is equally relevant to all readers, underpinned always by useful information, news and practical advice. *Engaging You* will have a distinctly "glocal" feel, meaning we will provide information that is Philippines specific, but at the same time, sharing developing trends in the global risk and insurance markets.

We are truly privileged in this first edition to feature a Q&A with the Republic of the Philippines' Insurance Commissioner, Atty. Emmanuel F. Dooc. The commissioner shares a little background on himself and outlines what he sees as the main challenges facing the Philippines insurance industry. I hope you find this interview of interest.

Finally, we welcome your feedback and ideas. If you find our publication useful, please do let us know, and, if there is any particular insurance or risk management issue that you would like to read about, please send me an email at: graham_edwards@jltasia.com.*



Graham Edwards

President & CEO
Jardine Lloyd Thompson
Insurance Brokers, Inc.

Insurance Commissioner: Hon. Emmanuel F. Dooc

INTERVIEW



Q1 How did you first enter the insurance industry and why?

Insurance laws have always fascinated me since I was a law student. As a young lawyer, I initially dabbled in tax practice but eventually wound up working in an insurance company where I have been stuck for more than a quarter of a century doing claims, policy owners' administration, life underwriting, compliance, corporate governance and legal.

Q2 What are the most valuable business lesson(s) you have learned personally in your insurance career?

A good claims person is the best salesman of an insurance company.

Q3 What is the proudest achievement in your business career?

Getting appointed by the President of the Philippines as my country's Insurance Commissioner, after spending the best years of my life in the industry. As Chairman of the insurance industry's Legal and Legislative Committee for several years, I had been instrumental in undertaking several industry initiatives which greatly

benefited the industry and the policy owners, including the drafting of tax relief measures which were enacted into law. There were others who helped in getting the law passed and I am proud to be part of the team.

Q4 What are the key challenges which you feel the general insurance industry in the Philippines is facing?

Amending our antiquated Insurance Code to make its provisions relevant to the rapidly changing business environment; developing insurance products that will address the needs of our people, i.e. catastrophe insurance and micro-insurance; and increasing the level of capitalization of the industry players.

Q5 What changes have you made and plan to make?

Succeeded in having the life insurance taxes reduced; introduced in Congress the draft bill seeking to amend our Insurance Code; institutionalized micro-insurance and bancassurance, pursue reorganization of the Insurance Commission; promote more inclusive insurance industry; support the mandatory OFW insurance program;

provide a fixed term of six years to the Insurance Commission to insulate it from politics, hire three more deputy commissioners, automate certain processes such as licensing of agents and financial reporting and capacity-building within the Insurance Commission and raise the competence level of our examiners and supervisors up to global standards.

Q6 Do you see the role of insurance brokers increasing in the future in the Philippines?

Yes, most particularly in general insurance where their expert services are acutely needed.*

A good claims person is the best salesman of an insurance company.

JLT IN ACTION

JLT sponsors the 48th PMAP Annual Conference

For the second year running, Jardine Lloyd Thompson Philippines sponsored the 48th Annual Conference of PMAP (People Management Association of the Philippines), a professional organization composed of Human Resource (HR) professionals who represent their respective companies.

The three-day conference, usually held in major cities outside Metro Manila, was this year held at Cagayan De Oro City, also known as the City of Golden Friendship, one of the most peaceful cities in Mindanao. This year's theme revolved around the HR Mandate in the New World, focusing on emerging Asian markets, high speed technological developments, shifting societal values and employee engagement in preserving the natural environment.

As principal sponsor, JLT Philippines operated two booths at the PMAP Expo, showcasing its services and hosting existing and prospective clients. JLT's Benefit Solutions teams from Manila and Cebu were joined by JLT Philippines President & CEO, Mr. Graham Edwards, who enjoyed meeting other delegates visiting the JLT booth. Graham commented: "PMAP is a very worthwhile event, and it is a great forum to share ideas and hear what other companies are doing in the HR area – we are



proud to be a principal sponsor this year".

This year, Mr. Chris Chiu, Regional Director for JLT Benefit Solutions Asia, was a guest speaker during the session "Staying in Line: Aligning Employee Benefits with Organizational Objectives."

This session was attended by more than 300 delegates who were very enthusiastic to learn about the essential components of a solid Employee Benefits (EB) strategy and the roadmap to developing a successful EB program.*

MASTERCLASS

The role of the loss adjuster

“Adjusting” a claim is the process of establishing the proper liability of an Insurer for a loss within the terms and conditions of the policy.

Insurance companies often engage loss adjusters to do this work. Loss adjusters are impartial claims specialists who act predominantly (but not exclusively) on the instructions of insurance companies. The adjuster’s fee is paid by the Insurers, so it is not true to say that he is independent, but the intention is that they should be and be seen to be entirely impartial and expected to report all the facts to the Insurer.

The adjuster’s first duty is to investigate the facts to determine if, and to what extent, there is a policy liability. In other words, is the loss or damage caused by one of the perils insured by the policy? In so doing, they will also investigate any facts that will limit the Insurers’ liability, such as the operation of policy conditions or warranties.

Working with the Insured and their insurance broker, he must at the earliest opportunity, agree on a course of action to mitigate the loss under the policy. For

example, salvaging will be undertaken and procedures agreed with the Insured for the replacement/repair of property and continuation of the business to limit any claim for business interruption.

The adjuster will report to the Insurers immediately after the initial visit and thereafter as necessary, to ensure that they are kept fully advised. Their reports will incorporate facts, opinions and, when appropriate, recommendations.

Once a claim is presented (it is the duty of the Insured, not

the adjuster, to present the claim), it must be checked for quantity, description and pricing, as well as any necessary amendments agreed with the Insured. Once an agreement has been reached, the adjuster will make a recommendation to the Insurers for the settlement of the claim. A signed settlement acceptance form confirming the amount of settlement will be received from the Insured, providing underwriters approve the adjuster’s recommendation.

Additional tasks undertaken by an adjuster may include investigating the possibility of recovering the Insurers’ outlay from any third party under subrogated rights. Facts pointing to such potential recoveries would be highlighted during the initial investigation.

If you would like more information about the role of loss adjusters or other insurance information, please contact your JLT service manager.

Our thanks to Crawford & Company Philippines Inc, who contributed this article.*

The adjuster’s first duty is to investigate the facts to determine if, and to what extent, there is a policy liability.

PHILIPPINES MARKET WRAP

BPO INSURANCE PACKAGE

Chartis Philippines has just launched a new insurance package specifically designed to address the various needs of BPOs – called simply “BPO”. It combines Professional Liability, Directors & Officers Liability, Fidelity Insurance, Property Insurance – Material Damage, Property Insurance – Business Interruption, Comprehensive General Liability/Public Liability, ATM Rider, Accident & Health and Corporate Business Travel. The bundled product includes special policy enhancements exclusive to BPOs, provides ease in administration and minimizes the potential of gaps in cover.

Contact JLT for more details.

QBE AQUA

Insurer QBE has recently launched a new insurance product for pleasure craft vessels. “Aqua” covers loss or damage to the hull, machinery and navigational equipment, as well as liabilities to third parties i.e. bodily injury to persons outside the boat or third party property (including other boats). Various other benefits are also included. Contact JLT for more details.

TICKET PROTECT

JLT, working in conjunction with Chartis Philippines and Ticketworld, has just launched a unique insurance product to protect event ticket purchasers in case they are unable to attend the event due to a range of insured circumstances. This product is offered only by Ticketworld and is the first of its kind in the Philippines.*

PSE/JLT financial risks seminar

JLT Philippines and the Philippine Stock Exchange (PSE), the national stock exchange of the Philippines and one of the oldest stock exchanges in Southeast Asia, co-hosted their first Professional and Executive Risks seminar at the PSE Brokers' Lounge, Ayala Triangle, Makati City on November 4, 2011.

The seminar "Financial Risks in the IPO Environment" was attended by more than 50 participants, mainly composed of senior executives, legal counsels and chief financial officers, either of listed corporations or of underwriters of IPO contracts in the Philippines.

Key officers of both institutions graced the event. JLT President and CEO, Mr. Graham Edwards, and PSE Director, Mr. Edgardo

Lacson, delivered the opening remarks. Mr. William Seccombe, Regional Director for JLT Professional and Executive Risks (ProEx) in Asia, was the keynote speaker.

William skillfully outlined the benefits, coverages and possible claim scenarios of different kinds of ProEx insurance products, including: Directors and Officers (D&O) Liability Insurance, Public Offerings of Security Insurance



(POSI), also called Initial Public Offering (IPO) Insurance, and Professional Indemnity (PI) Insurance.

Further seminars are being planned in conjunction with the PSE in 2012.*

JLT Philippines volunteers for charity building project



Fifty-eight employees of JLT Philippines recently joined Habitat for Humanity Philippines' Juan Builds Program – a meaningful community service project. From September 22 to 23, the volunteers eagerly participated in build and community service activities at BayaniJuan, approximately 90 minutes south of Manila.

The JLT volunteers hauled more than 3,000 Concrete Interlocking Blocks (CIBs) and painted nine houses over the two days. In addition, they planted 58

rambutan and Indian mango seedlings and ended each day with a storytelling session to 200 local children (organized by Alitaptap Foundation). Other

activities included lessons on health and nutrition, art and craft, and the distribution of nutritional food packs to children.

Beyond their time and energy, volunteers were focused on motivating the children, as well as contributing to their happiness and education. One of the children interviewed said: "I am so happy. I hope they visit us again and tell us more stories. I'll practice reading and drawing so that when they come back, Ate (meaning "elder sister", in reference to a JLT volunteer) will be impressed."

JLT's choice of activities reflected their employee principles of innovation, creativity, and dedication. "We came here to give or to share something that we have, but I think we are the ones who have learned from this experience," commented one JLT employee.

Graham Edwards, President and CEO of JLT Philippines, said: "This year we wanted to do more than just raise and donate

money for a charity – we wanted to give our time and effort – it is certainly something we will be committing to again in 2012!"

*About Juan Builds, the Power of One: Juan Builds is a unique employee engagement program from Habitat for Humanity Philippines, providing corporations and organized groups with opportunities to contribute to nation building. Juan Builds accomplishes this by focusing on raising employees' social consciousness, through packaged volunteer and community development activities.**



MASTERCLASS

Flood safety guidelines

JLT Philippines' Risk Management department regularly works with clients to develop Flood Emergency Response (FERP) Plans. An FERP is more than just a checklist, it helps to reduce the potential for a flood-related loss at your facility. Once you have an FERP in place, it is advisable on an annual basis, to review the plan, as well as to conduct one or more drills.

An FERP helps you in the following ways:

- Gain a thorough understanding of how a potential flood event could affect your facility;
- Make your emergency response team (ERT) and/or other personnel aware of their roles during such an event; and
- Ensure you have adequate resources on hand.

Here are some steps to take before and after a flood hits your facility:

When a flood is imminent

When a flood threatens your facility, ERT members and employees should take the following actions (where appropriate):

- Monitor flood conditions and keep the ERT leader updated. This should be done by a person specifically designated.
- Relocate the following items to a safe area:
 - Stocks, particularly high-value items or those critical to the continued operation of the business.
 - Equipment – i.e. portable electronics, computers, testing and quality-control devices, dies and patterns.
 - Vehicles that will be needed after the flood, such as plant trucks, forklifts, tractor-trailers, etc.
 - Critical drawings, records, files, computer tapes.
- Reduce the chance of a fire during a flood by:
 - Shutting off electricity and gas to prevent short-circuiting of electrical equipment thereby lessening the fire hazard of ruptured gas lines. (If the facility's fire pump is electricity-driven, have a diesel-driven pump available as backup.)
 - Installing barriers around sprinkler risers, yard valves and hydrants to protect them from floating debris.
- Shut down and drain flammable liquid piping systems.
- Make every effort to keep fire protection systems operational during a flood.
- Fill sandbags and place them around possible entry points and vital protection

equipment, such as the fire-pump house.

- Install flood doors and shields.
- Secure or anchor any outside storage or equipment that cannot be moved to another location.
- Cover large stationary machines with water-displacing, rust-preventive compounds. (If you have machinery in an area that is prone to flooding, consider permanently relocating the equipment to higher ground.)
- If you expect machinery to be exposed to condensation dripping from the ceiling, cover them with large plastic sheets.
- Fill empty storage tanks – including above ground and buried tanks – to prevent them from floating.
- Give sump pumps a final check to make sure they are operational.
- Close hand-operated valves on drain piping to prevent backflow through floor drains or plumbing fixtures.
- Check roof, floor and yard drains to see if they are clear, and then continuously monitor them to make sure they remain clear.
- Consider increasing security and facility surveillance.
- Place contractors and equipment-repair companies (already identified in your FERP) on alert.
- Make sure a salvage crew is on alert and prepared to take actions outlined in your FERP.

After a flood

As soon as possible after a flooding incident, the ERT and other personnel should begin salvage procedures, starting with the immediate drying of equipment and dehumidifying areas of critical importance. Also:

- Keep fire protection systems in service. This is vital because cleanup activities undertaken can result in the buildup of large piles of combustible material, a potential fire hazard.
- Return any impaired fire protection systems, including alarm notification

A Flood Emergency Response Plan (FERP) helps to reduce the potential for a flood-related loss.

- systems, to service promptly. Test any system potentially affected by the flood.
- Conduct cutting and welding repairs using the Hot Work Permit System (an engineering procedure that ensures safety in carrying out metal cutting and welding processes) to prevent a fire.
- Assess the actual impact of the flood, determine what needs to be done and initiate cleanup, repair and business-resumption services in a planned manner.
- Check flooded buildings for structural stability before starting the cleanup.
- Check for spilled flammable liquids, contaminants, etc., and eliminate them before other work begins.
- Remove standing water from the facility.
- Clean and dry affected equipment, giving attention to the most vital or susceptible pieces first (these should have been identified in your FERP).
- Check, clean and test all electrical distribution equipment and system components exposed to flood water or humidity.
- Dehumidify damp areas, dry wet insulation and building material.
- Separate and discard wet materials damaged by the flood.

Contact JLT's Risk Management head, Mr Raymund Torres, for advice on developing your own FERP. Email: raymund_torres@jltasia.com *



In addition to negotiating the most competitive employee benefits insurance program for you, JLT also provides clients with a range of wellness solutions and advisories. A focus on prevention is the quickest way to bring down your utilization costs.

Ergonomics: the answer to lower back pain

Four of five young adults experience significant lower back pain at some point during their lives, a phenomenon as prevalent as the common cold. So “who” or “what” is the culprit behind this invisible discomfort? Maybe it’s the new office chair you love to slouch in, a poorly sprung mattress or it could be simply the result of aging. All of these and more may be the cause of lower back pain, but for young adults who lose workdays over this discomfort (and for their employers), ergonomics may provide the remedy to “au re voir” these pains away.

Ergonomics is defined as “the science related to man and his work, embodying the anatomic, physiologic, and mechanical principles affecting the efficient use of human energy.” Understanding the basic principles of ergonomics can help an office worker to maintain his back health and become more efficient at work – something that Human Resource Directors will greatly welcome!

As with all illnesses, we must first understand the pathophysiology of lower back pain before we diagnose it and draw up a treatment plan to achieve “back painless” days.

Understanding the basic principles of ergonomics can help the sufferer remain healthy and become more efficient at work.

The lower or lumbar spine is a complex structure that connects the upper body (including the chest and arms) to the lower body (including the pelvis and legs). This important part of the spine provides both mobility and strength. The lumbar spine is a very critical part of our body that allows us to function and do the things we do on a daily basis. All bones lose strength over time, and the lumbar vertebrae, particularly in postmenopausal women, can be fractured or compressed, as a result of a fall,

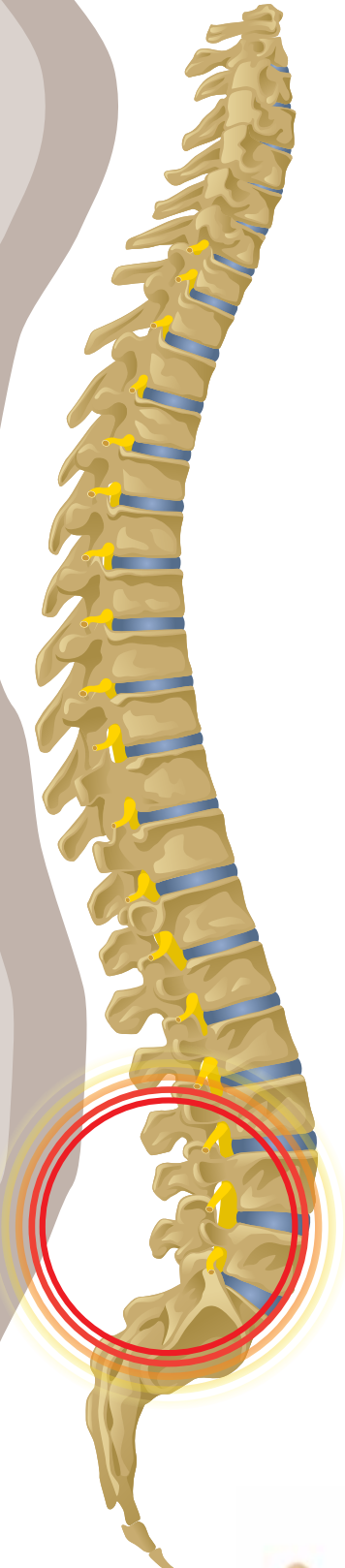
or after experiencing stress from lifting things regularly. Pain in the lower back can restrict one’s activities, reduce his/her work capacity and generally affect one’s quality of life.

Now that we have an overview of our lower back structure, let us consider scenarios in the office that may contribute to the development of lower back pains.

One scenario is when we run out of space for our folders and papers, and we end up using the floor area near our workstation, forcing us to bend to pile them or pick them up. The “lazy” way to place or pick up files on or from the floor is to bend your back, either from a seated or standing position. Ergonomics tells us that this method of picking things up from the ground is wrong. Instead of bending your back, we should follow these steps:

How to lift without hurting your back

- 1** Stand close to the load and center yourself over it with your feet spaced shoulder-width apart.
- 2** Tighten your abdominal muscles.
- 3** Keep your back straight, bend your knees and squat on the floor.
- 4** Grasp the load with both hands.
- 5** Keep the load close to your body and use your leg muscles to stand up.
- 6** Your back should remain straight throughout lifting, using only the leg muscles to lift the load.
- 7** Do not twist your body when moving the load. Instead, take small steps, with your feet turning to get into the correct position, before moving.
- 8** Placing the load: Again, bend your knees using only your leg muscles and place the load in the appropriate spot.



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JLT offers Ergonomics as part of its Preventive Medicine Campaign to its Benefit Solutions clients, aimed at reducing time lost in the office from back-related injuries and improving the productivity of our client's workforces.

While this habit of picking up things may seem minor, prolonged and continuous perpetuation of such bad habits can contribute to lower back pain in the long term.

There is so much more we can learn from the study of ergonomics, like our sitting position, how to place our monitors, keyboards and office supplies in such a manner that will not add tension to our lower backs, etc. All these contribute to a healthier and more productive "you" in the office.

If to date you have not taken care of your back, it is still not too late. In most cases, lower back pain is effectively treated. However, first, a doctor will need to examine you, and prescribe a period of activity modification, as well as medication to relieve the pain and diminish the inflammation. Although a brief period of rest

is helpful, most studies actually show that light activity facilitates faster healing and recovery. Most of the time, it is not necessary to discontinue all activities, including work. Instead, the focus should be on adjusting the level of your physical activities, as recommended and guided by your physician.

JLT offers Ergonomics as part of its Preventive Medicine Campaign to its Benefit Solutions clients. This free service is a value-add wellness offering, aimed at reducing time lost in the office from back-related injuries and improving the productivity of our client's workforces.

This is not rocket science – all it takes is a few adjustments in our office workspace and more thought to how we go about our daily activities... ergo, the term ergonomics.



For more information on how JLT's Employee Benefits Solutions can protect your workforce and cut your costs, contact Rhea Ablan: rhea_ablan@jltasia.com

Source: U.S. Department of Labor, Occupational Safety & Health Administration, "Computer Workstation Safety Checklist," <http://www.osha.gov/SLTC/etools/computerworkstations/checklist.html>, 1 January 2008.

Practical tips to preventing lower back pain:



Exercise

One of the best preventive measures. It does not have to be a training program for the Navy Seals, you just need enough to strengthen the muscles that support your back and make them flexible.



Lifting and Moving

Always employ the correct lifting and moving techniques.



Ideal Body Weight

Strive to achieve and maintain your ideal body weight. Dieting does not mean depriving yourself of food, but regulating your food intake to achieve an optimal amount of calories, as well as a good balance of minerals and vitamins.



Avoid smoking

This is harmful to overall health, not just to the bones in our lower back.



Proper Posture

When we were young, our elders reminded us of this. Their wisdom was borne out of experience. Be aware of your standing and sitting postures at all times.*

Stephen Boddington (Hong Kong)



Regional Managing Director, Construction
T: (852) 2864 5565
E: Stephen_Boddington@jltasia.com

Qualifications:

- 24 years insurance broking experience
- 18 years construction/engineering experience

Profile/Relevant Experiences:

Stephen has worked for JLT offices in Australia, London and Hong Kong.

While in London Stephen was involved in the management of annual and project-specific insurance programmes for international onshore/offshore construction and engineering contractors. Clients included Aker Kvaerner, Skanska, Multiplex and John Brown Hydrocarbons. Through these clients Stephen developed valuable experience in the coordination of global programmes, particularly concentrating on construction and professional indemnity lines and complex project specific placements.

In Sydney Stephen was responsible for the management of the insurance programmes of a number of Australia's largest listed organizations. Stephen has also been involved in the negotiation, placement and provision of advisory services in connection with Public Private Partnership (PPP) projects dealing with government agencies, project companies, contractors and financial institutions.

Stephen moved to Hong Kong in July 2008 to head up JLT Asia's regional construction practice.

Recent project experience in Asia includes:

- Mariveles Power Plant (2 x 300MW coal fired), Philippines – US\$600 million
- JG Summit Naphtha Cracker Plant project, Philippines – US\$600 million
- Myanmar – China Gas Pipeline project, Myanmar – US\$4 billion
- Asia Gas Pipeline (1,600km gas pipeline), Kazakhstan and China – US\$6 billion
- CNOOC North Pars Gas Field Development, Iran – US\$2.9 billion
- CNOOC North Pars LNG Project, Iran – US\$10 billion
- Donggi Senoro LNG plant, Indonesia – US\$1.8 billion

Sheila Sebastian (Philippines)



Manager, Professional & Executive Risks
Corporate Risk Solutions, JLT Philippines
T: (63-2) 706 8520
E: Sheila_Sebastian@jltasia.com

Professional Qualifications:

- Licensed Lawyer
- Member, Integrated Bar of the Philippines (IBP) – Makati City

Profile/Relevant Experiences:

Sheila started her legal career as a litigation lawyer in 2005. She also served as a lawyer-consultant with PriceWaterhouseCoopers Philippines (Isla Lipana & Co.), in its Tax and Legal Services Division.

Sheila obtained her Bachelor of Laws at San Beda College of Law in 2004 and immediately passed the bar exams in the same year. Before pursuing law, she finished her Bachelor of Arts degree with distinction, as part of the College Council at the University of the Philippines – Diliman.

Her experience as a litigation lawyer, working for both law firms and for private corporations, introduced Sheila to various fields of Philippines law, making her uniquely qualified to advise and work with JLT's Professional & Executive Risks clients, as well as to negotiate suitable insurance protection for them. Her ProEx clientele ranges from banks, financial institutions to private firms, as well as institutions in the health sector.

Roles and Responsibilities:

(Professional & Executive Risks Lines)

- Directors and Officers Liability Insurance
- Professional Indemnity Insurance
- Public Offering of Securities/Initial Public Offering of securities Insurance
- Kidnap and Ransom Insurance
- Medical Malpractice Insurance
- Mergers and Acquisitions Insurance
- Trade Credit Insurance
- Claims Management

ABOUT JLT PHILIPPINES

Jardine Lloyd Thompson Insurance Brokers, Inc. (JLT Philippines) is a market leader in insurance and reinsurance broking. We offer the full range of insurance management and consultancy services, with strong focus on risk and claims management advisory services. We also have a dedicated risk management specialist.

Our history in the Philippines goes back more than 30 years. We have a diverse range of long-standing clients, clients that are involved in business processing & outsourcing, hotels, manufacturing, mining, oil & gas, petrochemicals, pharmaceuticals, power, and transportation.

Our specialist areas include:

- Casualty
- Construction
- Crime
- Employee Benefits
- Energy
- Professional & Executive Risks (ProEx)
- Major Corporates
- Marine
- Mining
- Petrochemicals
- Power/Refining
- Risk Management

What makes us different is our people – we are client focused, innovative and results driven.