



Insurers' Association of Mauritius

46th Annual General Meeting

Wednesday 27 March 2019 at 5 pm, Hotel Le Labourdonnais, Caudan Waterfront, Port Louis

Speech of Mr Derek Wong Wan Po, President

Media representatives are invited to check against delivery

Tel: 206 0012

Mr Harvesh Seegolam, Chief Executive, Financial Services Commission

Ms. Renu Audit, Director Supervision and Authorization, Financial Services Commission

Mr Aakash Mishra, Ass. Director Insurance & Pensions, Financial Services Commission

Mr Kevin Ramkaloan, Chief Executive Officer, Business Mauritius

Mr Pradeep Dursun, Chief Operating Officer, Business Mauritius

Representatives of Insurance Brokers and of Reinsurance Companies

Members of the Association

Members of the press

Guests from sister organizations of the private sector

Ladies and gentlemen

Good afternoon and a warm welcome to the 46th Annual General Meeting of the Insurers' Association of Mauritius.

I thank you for having kindly accepted to be in our midst today.

Before elaborating on the Association's activities during the past year, I would like to provide an overview of the industry performance during the year 2018.

In 2018, we continued to sustain growth in the long term insurance business. This is mainly due to proper market conduct, prudent management, good governance, customer centricity and efficient distribution by our members.

The general insurance business also continued to witness increasing growth in terms of net earned premium in 2018. However, in spite of this, the general insurance business was challenging as it is still dominated by the motor sector which accounts for more than 55% in terms of net premium, a rising number of motor claims and an increasing motor claims ratio of more than 70%.

In spite of these challenges, the positive performance of the industry in terms of underwriting profit is testament to the soundness of our risk management framework and regulations.

Having said this, the right reforms need to be undertaken to drive progress with a focus on strengthening the sector in terms of risk management framework, improving market penetration for both long term and general insurance, implementing existing and new initiatives to improve road safety and embracing technology and innovations.

We commend government and the FSC for the setting up of different task forces to look into regulatory matters, one of which is on insurance and pension. This is in line with the Blueprint implementation to transform the Mauritius IFC and at the same time to act as a channel between government and operators to align actions to tackle issues within the insurance and pension industry.

Coming back to the Association's activities during the past year, it will not be possible for me to detail every single activity that required our attention. I will therefore highlight on what I believe are key areas and milestones in which we played a part.

The Association has taken note that the FSC, pursuant to section 88 of the Insurance Act 2005, intends to introduce new insolvency sub-funds under the Insurance Industry Compensation Fund Regulations 2015.

We indeed acknowledge the need to ensure the soundness and

stability of the financial system in Mauritius and for the FSC to take measures for the better protection of consumers of financial services.

The Association strongly recommends that before considering the setting up of insolvency sub-funds that could add financial burden on soundly managed insurance companies, the policy makers should ensure public confidence in the sector, boost the sector with right reforms and incentives and ensure a level playing field within the sector.

To this effect we commend the Ministry of Good Governance and Financial Services for launching REFLEXES, a campaign aimed at sensitising various people including consumers, entrepreneurs, investors, employees, students and retired people on the need to adopt the right reactions while taking financial decisions.

The campaign is an initiative of the Ministry of Financial Services and Good Governance in collaboration with the Financial Services Fund to which the Association actively participated.

Its overall objective is to create “une nation d’investisseurs” and to spread information while educating the public on financial services and products including insurance, private pension plans, investment funds, amongst others.

On the general insurance business, during the year under review we once again devoted considerable time and effort aimed at improving many aspects of motor insurance and we continued to engage with government on the issue of road safety.

The Association acknowledges the need for reforms to improve road safety in Mauritius and ladies and gentlemen, road safety is not solely the concern of the Government or of independent benevolent associations, but that of one and all in our country.

We commend government for making an important move forward in tackling traffic hazards in Mauritius. The new penalty provisions will certainly encompass offences such as juvenile driving, drunken driving and over-speeding. Strengthening the legal provisions for regulating road users' behaviours while also focusing on road infrastructure and design, poor driving skills, awareness to traffic discipline and Police enforcement should contribute to the reduction of road accidents.

Moreover, the quality and fitness of vehicles also play a major role in road safety and people should become more aware of the safety conditions of their vehicles. We are strongly in favour of reforms with regards to total loss of vehicles and motor assessors but we recommend government to carefully consider the specificity of the market along with all financial implications and also to establish

after consultation with the industry clear definitions, procedures and accountabilities with respect to both structural and constructive total loss.

The Association also acknowledges that the role of a motor assessor is of high importance and fully support the need for motor assessors to be registered and approved.

However, a motor assessor council is premature given the local context of existing practitioners. In our opinion, it would be preferable to have a registration and approval committee at the level of the Ministry, comprising 50% of members appointed by the Ministry and authority including Police, NTA, FSC and MQA and 50% of insurance industry members appointed by the Association. This well-balanced committee structure will ensure sound governance for the registration of motor assessors with the required competencies and conduct.

On another related issue, the e-payment platform developed by NTA where motor vehicle owners can now pay their Motor Vehicle Licenses from the e-Service Portal of the NTA is definitely an important milestone where NTA will benefit from improved productivity, quality and service delivery. This is a win-win situation for both the NTA and public at large.

However, the digital transformation journey of NTA needs to be fast tracked as it will offer a wide range of opportunities. For example, a centralised record and database of the life history of all vehicles maintained at all time by NTA and accessible for verification by any insurance company for the purpose of insurance will go a long way towards improving efficiency and reducing fraudulent practices.

At our end, I have the pleasure to announce that we are today launching the motor claims recovery portal along with our new website. The motor claims recovery portal is an online tool for securely processing recovery of motor claims between two insurers. The swift, streamlined and secure electronic exchange of relevant documents pertaining to motor claims recovery between insurers aims to reduce operational costs and speed up the recovery process to the benefit of the insured.

As part of government action on road safety, it is proposed to introduce a new insurance system for drivers and vehicles known as the Bonus/Malus system in Mauritius. This rests on a system of incentives and penalties. It aims to empower the insured by rewarding financially 'good drivers', that is to say, those who do not cause accidents and penalizing the 'bad drivers'. This system could help the grounding of a speed driving culture while also reducing the number of accidents on the roads. Additionally, this new

system is expected to increase transparency, restore some form of market equity and also put an end to fraudulent practices.

During the year under review we continued our dialogue with the Law Reform Commission (LRC) on matters regarding victims of road accidents. The discussions were productive and LRC is currently looking into the proposal of the Association to review the mandate of the Hit and Run Fund to create a motor vehicle accident fund that will cover all victims of road accidents which do not fall under the ambit of an insurance policy. The fund will also ensure a fairer and more reasonable funding mechanism to the benefits of not only victims of road accidents but also road users and consumers in general.

On the long-term business, we must once again emphasize that fundamental changes are required in the light of an ageing and slowly declining population, higher public expectations and rising standards of living. In the light of these, we believe that a reappraisal of the balance between state and private pension provision with a prudent transfer of more of the responsibility for pension provision onto the private insurance sector is required. This is because life insurance companies are in the long term savings business and have developed well tested pension products.

There are indeed economic benefits that are derived from a dynamic life insurance industry. And it is important for government to stimulate the growth of our long term insurance industry through a sound but flexible system of regulation and supervision, the provision of tax incentives to individuals to save for the long term rather than consume, long term partnership in pension provision and encouraging better understanding of personal saving and financial planning through education.

Ladies and gentlemen, on another note allow me to thank on behalf of the Association and in my own name our good friend Axel who retired as the Secretary General of the Association in July 2018.

Axel joined us in 2002 as the first full time Secretary General of the Association and has been with us for 16 years until July last year. Thank you, Axel, for your immense contribution to the Association and to the industry.

I would wish to put on record that the Association appointed Mr Vasish Ramkhalawon as Secretary General from August 2018.

Vasish holds a degree in engineering from NIT, India and an MBA from the University of Hull, UK. He is a former Vice President of the Association of Small Shareholders of companies listed on the Mauritius Stock Exchange and a member of the Rotary Club of

Curepipe and Mahebourg. In addition to his exposure in various business sectors, he has experience in the insurance industry in Mauritius, having worked as a Country Operations Officer for Mauritius and Seychelles at the World Bank and having served as President of the Insurance and Risk Committee of Airports of Mauritius and General Manager of Poly-Expert Mauritius Ltd.

Internally within the Association, we have initiated 4 permanent working groups which will operate and report to our managing committee. They are:

1. Claims and other General Insurance Business
2. Long Term Insurance Business
3. ICT
4. Legal, Compliance and Policy

These are meant to support the President and Vice Presidents in discharging their duties and be focused and flexible enough to tackle the main issues facing the industry as well as grasping opportunities coming our way.

On behalf of the Managing Committee, I would like to thank all members of subcommittees and working groups and members who represent the Association on various boards and committees, for their contribution and active participation. Let's together continue

the good progress in 2018 and strive for greater success ahead.

Your active support is crucial in carrying out our shared objective for a progressive, productive and inclusive insurance sector.

On a personal note:

My two years term as President comes to an end today. It has been an honour serving as the President of the Insurers' Association of Mauritius.

It has been an enriching two-year journey which gave me the chance to know the industry better, meet people from different backgrounds and of course to interact regularly with you members of the association. I therefore put on record my deep appreciation for your continuous support and guidance.

The office bearers of 2019 are now known. Mr Bertrand Casteres has just been elected President of the Association for this year. We have also elected to serve as VP General insurance, Mr Percy Rose, as VP Long Term insurance, Mr Alan Goder and as treasurer, Mr Abdel Ruhomutally. I wish you all well for the year ahead.

Thank you once again for having kindly accepted our invitation to attend this annual general meeting.

Ladies and Gentlemen, thank you all for your attention.

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27 March 2019