



Insurers' Association of Mauritius

## 50<sup>th</sup> Annual General Meeting

Thursday 23 March 2023 at 11H15.

Speech of Ms Pamela Bussier, President

Honourable Mahen Kumar Seeruttun, Minister of Financial Services and Good Governance

Mr Dhaneshwar Thakoor, Chief Executive of the Financial Services Commission

Mr Vasish Ramkhalawon, Secretary General of the Insurers Association of Mauritius

Me Kivisha Goodar, Chairperson of the Insurance Industry Compensation Fund

Mrs Renu Audit, Director of Supervision, Financial Services Commission

Mr Akash Mishra, Ass. Director, Financial Services Commission

Members of the Association

Representatives of Insurance Brokers and of Reinsurance Companies

Guests from various organisations of the public sector

Guests from sister organisations of the private sector

Members of the press

Distinguished guests,

All Protocols Observed

Ladies and gentlemen

Good afternoon and a warm welcome to the 50th 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 a brief overview of the industry performance during the year 2022.

Despite the various global challenges as mentioned by the Secretary General, 2022 has been a year of recovery for the Mauritius economy at large. The good news is that the insurance sector has remained resilient and our members have sustained growth both in the long-term and general insurance business. This is mainly due to proper market conduct, prudent management, good governance, customer centricity and efficient distribution by our members.

The continued positive performance and trend witnessed by the insurance industry in terms of underwriting profit is not only testament to the soundness of our risk management framework and regulations but also shows our inherent resilience, agility and adaptability where we are leaving no stone unturned to continue to serve our customers, our employees and our communities.

Having said this, the right reforms need to be undertaken to continue to drive progress with a focus on strengthening the sector in terms of improving market penetration for both long term and general insurance and embracing technology and innovations.

We commend government and the FSC for their continuous dialogue with operators through the association to align actions to tackle issues within the insurance and pension industry.

Coming back to the association's activities during the year under review, 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.

On the long-term business, our main involvement during the year under review was on the tax reforms for long term insurance and pension.

We take this opportunity to thank the government for the increase of tax incentive in the last budget speech, in respect of an individual pension scheme after it was reintroduced a year before.

It has been noted that these budgetary measures have stimulated the market and encouraged citizens to actively purchase pensions plans with a view to reduce their dependence on government. This is proving to be mutually beneficial for both the citizens and government whereby the latter will gradually benefit from a reduced burden for welfare as citizens participate in available schemes and share the burden to become more self-sufficient and autonomous.

In this same spirit, the association would propose the reintroduction of tax incentives measures to subscribers of life insurance as well.

Another area where we focused our attention was on the issue of primary dealership. Since March 2017, insurance companies can no longer buy

government bonds directly from the Bank of Mauritius, and instead, they have to buy these instruments from primary dealers. In a nutshell, this means that insurance companies are required to buy the already low-yielding government bonds at further lower yields from the primary dealers.

Consequently, for insurance companies, low investment returns are impacting on their solvency levels.

It is fundamental, to allow insurance companies to buy and hold government bonds directly from the Bank of Mauritius. One should note that insurance companies are the ones who carry most of the investable assets in the country and are responsible for the pension and investment funds of all companies trading in Mauritius.

On the general insurance business, we would agree that claims losses in 2022 were manageable. However, moving forward inflationary pressures will continue to impact on multiple lines of business such as motor, travel, commercial property policies (including business insurance and business interruption coverage), director and officers liability policies, and health insurance.

However, despite the growth seen, the general insurance business remains very challenging as it is still dominated by the motor sector which accounts for more than 50% in terms of net premium and with a motor claims ratio of around 70% highly affected by inflation and the monopolistic situation with regards to vehicle repairs and spare parts.

In 2022, we once again devoted considerable time and effort aimed at improving many aspects of motor insurance and road safety such as reforms on total loss and motor surveyors, motor claims and recovery dispute resolution, increased consumer protection on spare parts amongst others.

The implementation by the FSC of a National Insurance Claims Database system to facilitate motor insurance claim and recoveries is a key reform and will also ensure the efficiency and effectiveness of other proposed reforms in this sector. We are all galvanising our efforts on this initiative.

Another important area which retained the attention of the association in 2022 is fair competition that would contain costs, improve quality, and discourage malpractices.

The exclusivity of spare parts by motor dealers may lead to a position of monopoly and anti-competitive behaviour. This is indeed a serious issue. Firstly, this can lead to significant increases in premiums. Secondly, and more worryingly, for repairs not falling under the ambit of an insurance policy, this can lead to manipulation of damaged or near to fit spare parts which is a very hazardous road safety issue.

The unavailability of spare parts on the local market is also a serious concern for insurers which eventually impacts on the claims process and cost of claims. It will unfortunately become increasingly difficult for insurers to meet the expected level of customer service while containing reinstatement costs.

Before concluding I would like to highlights some important activities of the association amongst others:

1. The initiation of a dispute resolution mechanism for motor insurance claim and recoveries to accelerate the process of recoveries and ensure better soundness of the industry
2. A detailed policy paper to make proposals to the Government for changes to be effected in the Road Traffic Act 1962 in line with the National Insurance Claims Database.
3. The participation of the Association in the Financial literacy week in Rodrigues which was a success not only in the organisation by the Ministry, the FSC, The FSF, the FSI, the MR, the Rodrigues Regional Assembly members and others but also in terms of participation and response from various stakeholders. This participation was very much in line with our objective to secure the advancement and promote the development of the industry on a sound basis to all.
4. An HR forum that will unite and offer the opportunity for the HR leaders/heads/managers of our members to discuss on areas of common interests and challenges associated with HR practice specially in the era of the new normal and regulatory requirements and also sharing ideas on innovative approaches that would elevate interest in our insurance sector and encourage necessary industry actions to the common interest and benefits of all our members.
5. The production of a series of 3 videos on life insurance as part of our literacy programme amongst many and which was combinedly viewed more than 40 times on social media.
6. The initiation of the Africa Network of Insurers Association (ANIA) with the Insurers Association of Mauritius was a founding member among six National Insurers Association namely, Mauritius, Uganda, Kenya, Tanzania, Zambia and Ghana whereby the Memorandum of

Understanding (MOU) which is intended to govern its operations was signed in Mauritius. This initiative started on the sidelines of the African Insurance Organisation (AIO) conference which was itself initiated in Mauritius 50 years ago.

7. the 50th Anniversary Celebration of the Insurers Association of Mauritius. 50 years is indeed a major milestone for an industry association. The 50th Anniversary Celebration was a solemn occasion to pause and look back at this fifty-year journey but also a moment to look ahead at the bright future that we want to achieve with our vision.

I would like to also reiterate that last year when we celebrated our great journey of 50 years, we were also confident and optimistic about the future of our industry.

Mauritius will definitely emerge stronger and our members are all committed to make the insurance industry a strong partner in this journey

As we have always been doing, we will continue to work closely with the government, the regulator and other industry stakeholders to drive the necessary reforms and further improve the insurance sector.

The association will continue to push for reforms to be undertaken to strengthen the insurance sector in order to improve market penetration for both long term and general insurance, to improve motor insurance practice and road safety and to drive progress through technology and innovations.

On behalf of the Managing Committee, I would like to thank Vasish Ramkhalawon, our Secretary General, Sabrina Claite, Personal Assistant, members of subcommittees and working groups for their contribution and



active participation. I would also like to put on record my appreciation to Mr Kiran Ancharaz, Mr Ashley Moti, Mr Reekesh Gowrea, and Mr Jean Philippe Henry for their time, efforts and dedications to the National Insurance Claims Database along with the FSC team. Let's all together strive for greater success ahead.

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 am forever thankful for your continuous support and guidance.

The office bearers of 2023 are now known. Dr Rishi Sookdawoor has just been elected President of the Association for this year. We have also elected to serve as VP General insurance, Ms Delphine Ahnee, as VP Long Term insurance, Mr Rahul Mathur 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.

Before ending, I also take this opportunity to thank the Minister of Financial Services and Good Governance and his Ministry team, the Financial Services Commission, the Ombudsperson for Financial Services, the Financial Services Institute and other government authorities for their

invaluable support during the year 2022.

I wish you all well for the year ahead.

Thank you all for your attention.