



SPEECH OF

Mr Dhanesswurnath Thakoor

CHIEF EXECUTIVE OF THE FINANCIAL SERVICES COMMISSION

AT THE VIRTUAL WORKSHOP ON

ENHANCING THE ROLE OF INSURANCE IN PROVIDING

FINANCIAL PROTECTION

15 OCTOBER 2021

REGIONAL CENTRE OF EXCELLENCE

IN COLLABORATION WITH

THE ORGANISATION FOR ECONOMIC CO-OPERATION AND

DEVELOPMENT

Ms Mathilde Mesnard, Acting Director of the Directorate for Financial and Enterprise Affairs of the OECD

Mr Antonio Gomes, Deputy Director of the Directorate for Financial and Enterprise Affairs of the OECD

Ms Flore-Anne Messy, Acting Deputy Director of the Directorate for Financial and Enterprise Affairs of the OECD

Board members of the FSC

Members of the RCE Governing Board

Distinguished speakers

Ladies and Gentlemen

All protocols observed

Good morning and Good afternoon to speakers as well as participants of this workshop. Today, we have on record 360 participants to this workshop from 43 different countries and this is testimony to the growing popularity and importance of the workshops organised by the FSC Regional Centre of Excellence (“the RCE”).

But before I dwell further, let me, on behalf of the Governing Board of the RCE, the Chairperson of the FSC and in my personal name, seize this opportunity, to congratulate Madam Mathilde Mesnard for her appointment as Acting Director of the Directorate for Financial and Enterprise Affairs of the OECD. Madam Mesnard, a very warm welcome to you to this RCE event and we look forward to a long and fruitful collaboration with the OECD under your guidance. Let me also acknowledge the work of the exiting Director, Mr. Greg Medcraft. He has been instrumental in the setting up of the Regional Centre of Excellence for Mauritius.

I would like to share that the Regional Centre of Excellence for the Financial Services Commission was set up on 15th March 2019 following the signature of a Memorandum of Understanding between the Government of Mauritius and the OECD. The MOU laid down the foundations for collaboration between the OECD and Mauritius to strengthen and support effective regulation, sound corporate governance and good conduct of business in the region. In this vein, the RCE has stood up to the expectations, and despite the challenges due to the pandemic, we are today hosting the 4th event of our calendar. We hope, with the lifting of travel restrictions, to host you physically here very soon.

Ladies and gentlemen,

The choice and timing of the theme of this workshop could not be more opportune than today. We are currently living at a time of unprecedented uncertainties led in the first instance, by the current COVID19 pandemic which adds to the growing list of challenges we are already facing. These uncertainties give rise to risks which insurance policies attempt to hedge. Therefore, insurance has got a very prominent, pivotal and important role to play in the coming years.

It is not a secret to anybody that insurance is a very important and systemic pillar of our financial system. According to Swiss Re's Sigma 2021 statistics, in year 2020, total global insurance premiums amounted to 6.3 trillion US Dollars and has predicted that total global premium volumes will surpass the 7 trillion US Dollars mark by the end of 2022. In Mauritius, gross premiums for Insurance Business stood at around 607 million US Dollars in 2020. The Insurance, Reinsurance and Pension sector represent around 2.8% of our GDP, and therefore entails a systemic importance. So, during these uncertain times, it is of utmost importance that the insurance sector now starts rethinking whether going forward the current traditional model will serve the new challenges, whether the current traditional model, as well

as the accompanying regulations are adapted for the future, and whether the current products, appeal to the customer base.

Ladies and Gentlemen,

Insurance will also face challenges from disruptive technologies such as Internet of Things, smart sensors and connected devices. These devices will churn lots of data on a person's behaviour leading to the need for highly personalised policies with proactive management of risks. The implications for the financial institutions will be that there will be a change from product based to longer term relationship, there will be need to have hub for customer data and the need to come up with the concept of connected insurance. While disruptive technologies are going to have imminent effects on the banking sector, it is predicted that it will have the greatest impact in the insurance sector.

Insurance companies will further need to adapt to the changing environment, by becoming more digital, opening up their systems for dynamic data exchange through APIs, so that in future, insurance as an embedded service can also be provided. For instance, micro financing should go hand in hand with micro insurance.

Ladies and gentlemen,

This leads me to the thinking we have done at the level of the Commission. We have come up with a plethora of measures, not only to address some of the challenges faced by our domestic insurance industry, but also going forward, bring some innovative products to complement the existing product range. The Commission will shortly launch a Structured Investment-Linked Insurance Business product commonly known as “Insurance Wrapper” which is a life insurance policy “wrapped” around the policyholder’s own investments and assets portfolio which may include cash, investment funds, securities, property, listed and non- listed investments.

We are also seeking to review our insurance regulations and laws to make them more adaptable and adopt a risk based approach going forward. We are also working on a number of technology platforms that will become central hubs on which insurance industry will lean to provide value added services. Our current undertaking, the national insurance claims database, is an example of such a platform that will not only allow insurance industry players to provide better customer service, but at the same time, serve a social purpose of trying to reduce the number of accidents, through so called “bonus malus” system.

So with these words, ladies and gentlemen, I would like to wish you a very fruitful deliberation ahead and thank you for your kind attention.

Dhanesswurnath Thakoor

15 October 2021