



**Financial Services Commission
Mauritius**

**IAIS REGIONAL SEMINAR FOR SUB-SAHARAN AFRICA ON “*STRENGTHENING
INSURANCE SUPERVISION AND PROMOTING FINANCIAL STABILITY*”
8-10 NOVEMBER 2011**

*OPENING REMARKS BY MS C. AH-HEN, CHIEF EXECUTIVE,
FINANCIAL SERVICES COMMISSION, MAURITIUS
LA PIROGUE HOTEL, 08 NOVEMBER 2011*

Mr Said Lalloo, Chairman of the Financial Services Commission

Members of the Board

Ms G. Lovfendal, Financial Stability Institute

President of the Association of Insurers

Participants

Distinguished guests

Ladies and gentlemen,

It is with great pleasure that I welcome you to the 2011 IAIS Regional Seminar for Sub-Saharan Africa, jointly organised by the IAIS and the Financial Stability Institute. This is the second time that the Financial Services Commission, Mauritius is hosting such an event, the first IAIS Seminar was held in 2007.

The world is facing unprecedented economic challenges. The 2008 crisis and the global credit crisis we are presently in and which the world leaders have been trying to find innovative solutions for at the G20 meeting of last week will require strong and bold measures by governments. Not only do they have to deal with an unpredictable future, convince the population about the need to limit expenditure with acceptable limits, they need to also find avenues for economic growth and employment. This situation has also reinforced the widespread calls for changes in the regulatory system.

The immediate measures taken by the international community were focused on reinforcing our regulatory framework, strengthening enforcement actions, and implementation of international norms and standards. Whilst the importance of capacity building and talent retention by regulatory bodies have been debated, it nevertheless remained important but unfortunately of lesser priority on international agenda. As regulators face the constant external challenges, it is essential that investment in training and upgrading of skills of their staff be maintained since only through capacity building will regulators be equipped to provide a rapid response to a continually evolving financial system.

Theme for the seminar - Why Financial Stability?

Ladies and gentlemen,

The theme for this year's Regional Seminar is "**Strengthening Insurance Supervision and Promoting Financial Stability**" and focuses on:

- Macro-prudential surveillance and the role of the regulator;
- Supervisory intervention levels and tools, and policyholder protection schemes;
- Supervision of internationally active insurance groups;
- Risk management, including stress and scenario testing; and
- Regulation and supervision of captive insurers and reinsurers.

The IMF's report on 'Global Financial Stability' released last September highlights that, / I quote/ "*financial stability around the world has deteriorated for the first time since the collapse of Lehman Brothers*" ... "*... the euro crisis and US deficit battle have left the world's financial system and countries lurching towards financial instability.*"/ End of quote.

We can never emphasise enough the fact that development and growth can only happen where there is financial stability. The insurance industry in the Sub-Saharan region has

shown resilience and even shown in a few countries like Mauritius, growth over the past years, in spite of the global economic crisis.

The insurance sector worldwide has fared well in 2010, with the world insurance premium volume amounting to 4.3 trillion USD which represents a growth rate of 6% as compared to 2009. Gross premium for Africa increased by 16% to reach 66 billion USD in 2010.¹

The insurance industry in Mauritius has also followed an increasing trend in 2010 compared with 2009. Gross premium rose by 19%, representing 68% of life premiums and 32% of non-life insurance premiums. In 2010, the long-term insurance sector grew by 26% whereas general insurance sector grew by 11% as compared to 2009. Insurance penetration (premium as a percentage of GDP), at 5.86 per cent, has been growing in real terms, especially through continuing growth in the life insurance sector, and compares well with other emerging markets.²

The relatively good performance of the insurance industry in Mauritius and our regional positive growth however does not shelter us from future risks and instability.

The insurance regulators will face several major challenges:

- supervision of systemically important financial institutions;
- monitoring and mitigating risks – I wish to highlight that the FSC has graciously accepted the invitation of the Financial Stability Board to be a member of the regional committee. We welcome the creation of this committee which will consolidate our efforts to ensure financial stability in the region;

¹ Swiss Re- World Insurance in 2010, No. 2-11

² FSC Statistics Bulletin 2011

Finally another major challenge for us - in view of our limited resources - will be the

- implementation of the international norms and standards in our regulatory framework: Let me seize this opportunity to commend the efforts of the FSI and the IAIS in providing us the required support for keeping up with international developments through regular training tailor-made to the needs of our region.

Regional Cooperation – Adherence to IAIS principles

The FSC, like many organisations present today, is committed to implementing international norms and standards including IAIS Core principles.

We have recently volunteered to participate in an IMF-World Bank ROSC assessment of IAIS Core Principles and the recommendations are currently being looked into for an effective implementation.

Regional cooperation, ladies and gentlemen will be key to addressing many of the issues raised during the course of your discussions over the next few days. We look forward to constructive proposals on how to consolidate our relationship as IAIS members and as part of the Sub-Saharan region.

I once again thank the participants for their presence here today. It illustrates the willingness of sub-Saharan supervisors in enhancing mutual and beneficial working relations whilst sustaining financial stability and demonstrates our commitment to build on regulatory expertise through capacity building in Sub-Saharan Africa.

I wish you a successful seminar and stay in Mauritius.

Thank you.