



**SPEECH OF**

**Mr Dhanesswurnath Thakoor**

**CHIEF EXECUTIVE OF THE FINANCIAL SERVICES**

**COMMISSION,**

**AT THE AWARENESS EVENT OF THE**

**NATIONAL INSURANCE CLAIMS DATABASE**

**07 September 2021**

**FSC HOUSE**

**The Honourable Mahen Kumar SEERUTTUN, Minister of Financial Services and Good Governance**

**Mr Mardayah KONA YERUKUNONDU, Chairperson of the Financial Services Commission and First Deputy Governor of the Bank of Mauritius**

**Mr Sarwansingh PURMESSUR, Permanent Secretary of the Ministry of Financial Services and Good Governance and Board member of the Financial Services Commission**

**Board members of the Financial Services Commission**

**Dr Koshik Reesaul, Road Transport Commissioner**

**Representatives of the Industry**

**Members of the Press**

**Distinguished Guests present here and some 250 joining us virtually, including 16 from international counterparts**

**Ladies and Gentlemen,**

**All protocols observed**

**A very good afternoon to you all.**

**Introduction**

On behalf of the Financial Services Commission, I wish to extend a warm welcome to all the distinguished guests for your presence today, at this awareness session on the National Insurance Claims Database (in short 'NICD').

In its vision to ensure road safety, Government, in its 2020-2024 programme, announced the introduction of the Bonus Malus system. With a view to implementing this system, the Financial Services Commission in collaboration, with the Ministry of Financial Services and Good Governance took the initiative,

to setup the National Insurance Claims Database, which will be the basis for operationalising the Bonus Malus system. Subsequently, the setting up and hosting of the National Insurance Claims Database by the FSC was announced in the Budget speech 2021-2022.

Ladies and gentlemen, we are gathered today for this event which is special in so many ways.

First, your presence here makes it special.

You have heard from the speech of the Chairperson, that this system will be a premiere in Mauritius. This is the second reason why this event is also special. We require your participation, your views, your comments, your suggestions and your buy-in and this is the reason why we have involved you at an early stage of the development of the system.

Similar systems have been implemented in various countries such as the United Kingdom, Ireland and Singapore – to name a few, and have proved to be a powerful means to bring a culture of responsible driving. Once implemented, the system will bring a paradigm shift in the motor claims management process and on the life cycle of the claim - from initial notification to settlement. The introduction of a Bonus Malus system is aimed at reforming the vehicle - driver insurance system.

Ladies and Gentlemen, the current claims recovery process is already plagued with a deadlock. In many cases, policyholders and third-party claimants are exasperated and feel helpless when faced with the unacceptable delays incurred either when dealing directly with insurers or with dispute resolution bodies.

The recovery of insurance claims has always been a matter of concern for insurance companies. It is estimated that currently, hundreds of millions of Rupees are locked within inter-insurer recoveries. This inevitably increases the operational costs of insurance companies. Some drivers deceive the system after they are found to be at fault by changing insurance companies at the renewal stage of their policies. Despite the request of claims history from the former insurer, we all know that there are smart ways to steer away from this screening.

It is unfortunate that in many cases, we observe that the insurance premium paid by a policyholder reflects one averaged value. In a fair insurance market, the premiums paid by the good drivers should not have to cater for the losses incurred from the behaviour of a few bad drivers. This is exactly what the Bonus Malus System seeks to address.

Ladies and gentlemen, the Bonus Malus is a concept where the good drivers are rewarded and bad drivers are penalized. This system, will require data on the driver. We need a central system, to be trusted by all parties, where such data will be fed to, consolidated, and then disseminated back to insurance companies.

This database will be the National Insurance Claims Database - a repository for all motor insurance claims data, with the capacity to decipher and collate motor vehicle insurance claims. The FSC will design, host and administer the NICD platform.

As a new system that we are building, it is of utmost importance that we rethink, re-engineer areas that require improvement and now leverage on technology to bring efficiency in the claims management process.

We may, for instance, need to digitalise our documentation and processes for motor vehicle accidents. Insurers will be able to assess the worthiness of the driver on such parameters as the driver's claims pattern and age group, and then devise personalised quotes.

This system will possess embedded information security safeguards. We will ensure that consumers will have means to verify data stored in their names. This data will be confidential and it is exactly why a Regulator is also required.

We want to bring a novelty to the current practice by introducing the concept of clearing and settlement of claims similar to cheques and securities clearing processes.

### **Benefits of the System**

Ladies and gentlemen, we believe that the system will be a public good and will be for the benefit of the society at large.

**First**, it is going to benefit the policyholder by the fact that there would be transparency in claims process, personalized quotes and reward to those who drive well and malus to those who do not drive well.

**Second**, once the settlement mechanism is implemented, the insurers will also derive a number of benefits. Insurers will be able to recover the amount due in a timely manner and hence improve their cash flows. We want to ensure that insurers are afforded the desired visibility on claims history, to effect evidenced-based decisions on their underwriting process and overall risk selection.

**Third**, joining what the Chairperson said earlier, the system will not allow drivers to change insurers just because they have had a claim whereby they were at fault.

**Fourth**, the FSC as a Regulator will have a better visibility on the claims management process for the orderly growth of the insurance industry.

**Fifth**, through the data mining, the road safety unit can benefit from information to identify accident-prone areas, time and frequency of accidents and seasonal trends amongst others.

### **Concluding Remarks**

On the way forward for this project, we are setting up at the level of the Commission a Steering Committee, comprising of members of the insurers association, members of some insurance companies, the regulator, members of the Ministry, as well as representatives of the National Land Transport Authority. We are also benefiting from the assistance of our foreign regulatory counterparts.

This Steering Committee will come up with a concept paper on the NICD which will be released for public consultation.

This Steering Committee will also draw the specifications of the system and work on the rules governing the system.

I look forward to a successful implementation of this project which will enhance consumer confidence in our insurance sector, contribute towards the regulatory objectives of the FSC and facilitate the Bonus Malus System.

On this note, I thank you, ladies and gentlemen, for your kind attention.

*Mr Dhanesswurnath Thakoor*

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