

Awareness Session on the National Insurance Claims Database

Speech of Mr Mardayah Kona Yerukunondu,

Chairperson, Financial Services Commission

07 September 2021

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

Mr Rajeshsharma RAMLOLL SC, Deputy Solicitor General, Vice Chairperson of the Financial Services Commission

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

Fellow members of the Board of the Financial Services Commission

Mr Dhanesswurnath THAKOOR, Chief Executive of the Financial Services Commission

Dr Koshik REESAUL, Road Transport Commissioner, National Land Transport Authority

Representatives of the Industry,

Friends of the Press,

Distinguished Guests,

Ladies and Gentlemen,

A very good afternoon to you.

I have the honour, on behalf of the Financial Services Commission, to welcome you all to this awareness event on the forthcoming National Insurance Claims Database on which the Bonus Malus System will draw. Among the activities which the FSC regulates, the Bonus Malus System is one for the insurance sector.

The Government had taken the commitment to introduce the Bonus Malus System in its 2020-2024 programme. The system was also announced in the last Budget Speech.

During my tenure of office as Ombudsperson for Financial Services, I together, I must say, with the total collaboration of The Insurers' Association of Mauritius caused The Insurance Code of Practice to be issued to provide clear and consistent standards for the insurance industry. Having heard so many disputes on insurance and also having listened to our fellow insurers, one thing becomes apparent to me – the proposed Bonus Malus System can only be beneficial to the country and address several issues which operators face.

The Bonus Malus System will be an electronic platform which records the insurance claims history of a person, the number of accidents he or she has committed etc. Before deciding on the amount of insurance premium to charge a customer, the insurer will consult this repository of information and decide on the premium the person will pay. Those who have a higher record of accidents will, depending on each individual insurer, pay a higher amount. Those with a lower or no record of

accidents will pay a lower amount. Hence, the name Bonus Malus. Ladies and Gentlemen, Bonus Malus derives from Latin. ‘Bonus’ means good and ‘Malus’ means bad.

The FSC will only host this platform. It will have no say in the amount of premium to be charged. The insurer will be sovereign on this. The digitalized database will benefit policyholders, claimants, beneficiaries and insurers alike. Some of those benefits are as follows:

- First, it will be difficult for total loss vehicles to be insured and reinstated on our roads.
- Second, it will reduce the number of fraudulent claims which are made every year.
- Third, it will play a preventive role as, potential premium increases will require drivers to be more careful on the road. This will in turn foster a culture of discipline amongst drivers and accordingly reduce the number of accidents. The implementation of the Bonus Malus System is also in line with the Government’s National Road Safety Strategy to reduce road casualties and to contain reckless driving.
- Fourth, it will foster the adjustment of insurance premia to reflect perceived risks.
- Fifth, the database is expected to enhance claims management as it will improve the timely processing of motor vehicle insurance claims. It will assist regulatory and dispute resolution bodies as they probe into the claims and take a decision leading to the settlement or repudiation of motor insurance claims.

- Last but not least, we can legitimately expect more transparency and competition in the motor vehicle insurance segment which constitutes a dominant share of the general insurance business.

Our national accounts statistics confirm the contribution of the insurance sub-sector in the economy. A resilient and trustworthy insurance market that services the needs of its customers is therefore essential.

Ladies and Gentlemen, the Bonus Malus System will be a premier in the history of the insurance sector in Mauritius.

With the collaboration of all insurers, we will soon have a system which balances the rights of all parties. As the regulator and supervisor for the insurance business, the FSC will keep a watchful eye on the insurance market. Allow me then to thank all industry representatives, especially The Insurers' Association of Mauritius and the Insurance sub-committee of the FSC for their collaboration in this project. Other projects are on track. We look forward to further enrich this partnership through insurers' engagement and continuous dialogue with the regulator.

The FSC has taken decisive steps to act coherently with the Government's policy to digitize the financial services sector and encourage innovation to address enduring issues in our insurance sector. Our efforts to implement this critical project in Mauritius has been acknowledged by our international counterparts, who have agreed to share with us their know-how on insurance claims databases implemented in their own countries, and with success.

A bit of history.

Bonus Malus Systems were introduced in Europe in the early 1960s. The very first Colloquium on the matter, it is said, was held in La Baule, France in 1959. It is also said that, when Générale de Gaulle became President of France in 1958, he ordered French companies to introduce a Bonus Malus System in automobile insurance. French actuaries convened the first meeting to that effect and this is where it is stated to have started. But there is controversy on this. Some claim that it first started in Switzerland. Unfortunately, in this case we can't have a paternity test!

Bonus Malus was also an Italian movie. It was released on the 7th of September 1993. Today we are the 7th of September! We may call it a coincidence or providence. The film was directed by Vito Zagarrio. I tried to make out what the film was about. I found that the actor was an inspector in an insurance company. There was nothing more about the story. On the other hand, I noticed that the actress was very beautiful.

Ladies and Gentlemen, let us work together towards making Mauritius a better place to conduct business and to live in.

I thank you for your kind attention.

Mardayah Kona Yerukunondu

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