



Financial Services Commission
Mauritius

Launching Ceremony of the Insurance Industry Compensation Fund
02 September 2016

**Speech of Mr. P.K. Kuriachen, Acting Chief Executive,
Financial Services Commission, Mauritius**

Hon. Roshi Bhadain, Minister of Financial Services, Good Governance and Institutional Reforms

Board Members of the FSC Mauritius

Mr. Ashik Ahmad Toorabally, Chairperson and other members of the Managing Committee of the Insurance Industry Compensation Fund (IICF)

Industry Representatives

Members of the media

Ladies and Gentlemen

Good afternoon

It is my utmost pleasure to welcome you to the FSC House in the context of today's event, which is the official launching of the Insurance Industry Compensation Fund. Before engaging you in my reflections on the subject, allow me to extend my warmest gratitude to the Honourable Roshi Bhadain for gracing us with his presence today.

Ladies and gentlemen, taking due cognizance of what's happening over the world nowadays, and having the best interests of Mauritius as a very well-regulated and supervised international financial centre at heart, the FSC Mauritius has engaged into a long and evolving process to be at par with the big ones. We are confident to state that the FSC Mauritius is now a little fish that has graduated from its fish bowl and can swim among big fishes and even have its way around sharks in the big ocean.

Adherence to international standards and benchmarking with the International Association of Insurance Supervisors ('IAIS') insurance core principles, and of the International Organisation of Pension Supervisors ('IOPS') represent the achievement of a long-held ambition to place our regulatory framework at an undisputed soundness pedestal that would cater for greater protection to policyholders and beneficiaries; and for fair market conduct of players.

Bolstering our framework in respect of the insurance market has occupied a centrally important seat in our policy discussions and initiatives have ensued in this direction in collaboration with respective stakeholders.

Insurance Compensation Fund Regulation

We are witnessing paradigms shifts that compel us to engage into scrutinising the manner in which we do business, and rethink how best can we improve to be more investor conducive and business friendly in an era where the onslaught of technology and innovation can provide menaces; unthought and unheard; which our legislation should be capable of capturing.

This obviously calls for the pooling of several minds to bring a result that would service the ends of each and every one. Given the nature of the functions we are called upon to fulfill, it is an indispensable pre-condition to partake of the expertise and benefit from the contribution of industry players in our endeavours to respond to evolving demands of the market and be proactive. In this vein, I wish to put on records the sustained collaboration of industry representatives with the FSC Mauritius in the drafting of the Insurance Compensation Fund Regulation which came into operation on 01 January 2016.

I wish to highlight that the best jurisdictions have been benchmarked; and we opted for a model more akin to that of the United Kingdom; and adapted the framework to our domestic insurance market. The Regulations were finalised in collaboration with the Attorney General's Office and gazetted in December 2015 and the Fund became effective on 01 January 2016. The Honourable Minister of Financial Services, Good Governance and Institutional Reforms has soon constituted the Managing Committee for the administration of the Insurance Industry Compensation Fund set up under Section 88 of the Insurance Act 2005 with effect from the 05 February 2016. The FSC

Mauritius is providing administrative and secretarial assistance to the Insurance Industry Compensation Fund.

The Fund provides for a 'Hit & Run' sub-fund which will be used for payment of compensation to victims of hit and run road traffic accident.

My colleague will present you a brief on the modus operandi of the Hit and Run sub fund.

Moving Forward

As we move forward, while the current Insurance Industry Compensation Fund is catering for Hit and Run cases only, we target the creation of new sub-funds under the Fund which will provide for insolvent insurers.

The FSC Mauritius in collaboration with the World Bank has already consulted stakeholders on the setting up of the new sub-funds for insolvent insurers in terms of contributions, eligible claims, claims' quantum payment and temporary continuity of cover.

The new sub-funds will further consolidate financial stability whereby insolvent insurers will be allowed to exit the market in a more structured way while minimising disruption to the market and economy.

The FSC Mauritius is thus now in the process of drafting new laws to supplement the IICF to include the proposed sub-funds for insolvent insurers. Consultation on same will subsequently be done by the Ministry of Financial Services, Good Governance and Institutional Reforms.

Concluding Remarks

Ladies and Gentlemen,

I am confident that we already have in place the right soldier to send to the battlefield. Manned with international standards that shroud us with recognition and their due and timely incorporation within

our domestic laws, shoed by the right dynamism to make steady steps and helmeted by the brilliance of concerted minds, the Mauritius IFC is fully equipped to bring the insurance and pension sectors to glorious days.

Thank you for your attention

P.K. Kuriachen

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