

Overview of the Insurance Market

NBFIRA - Botswana

October 2017

By Veronica Namate

Agenda

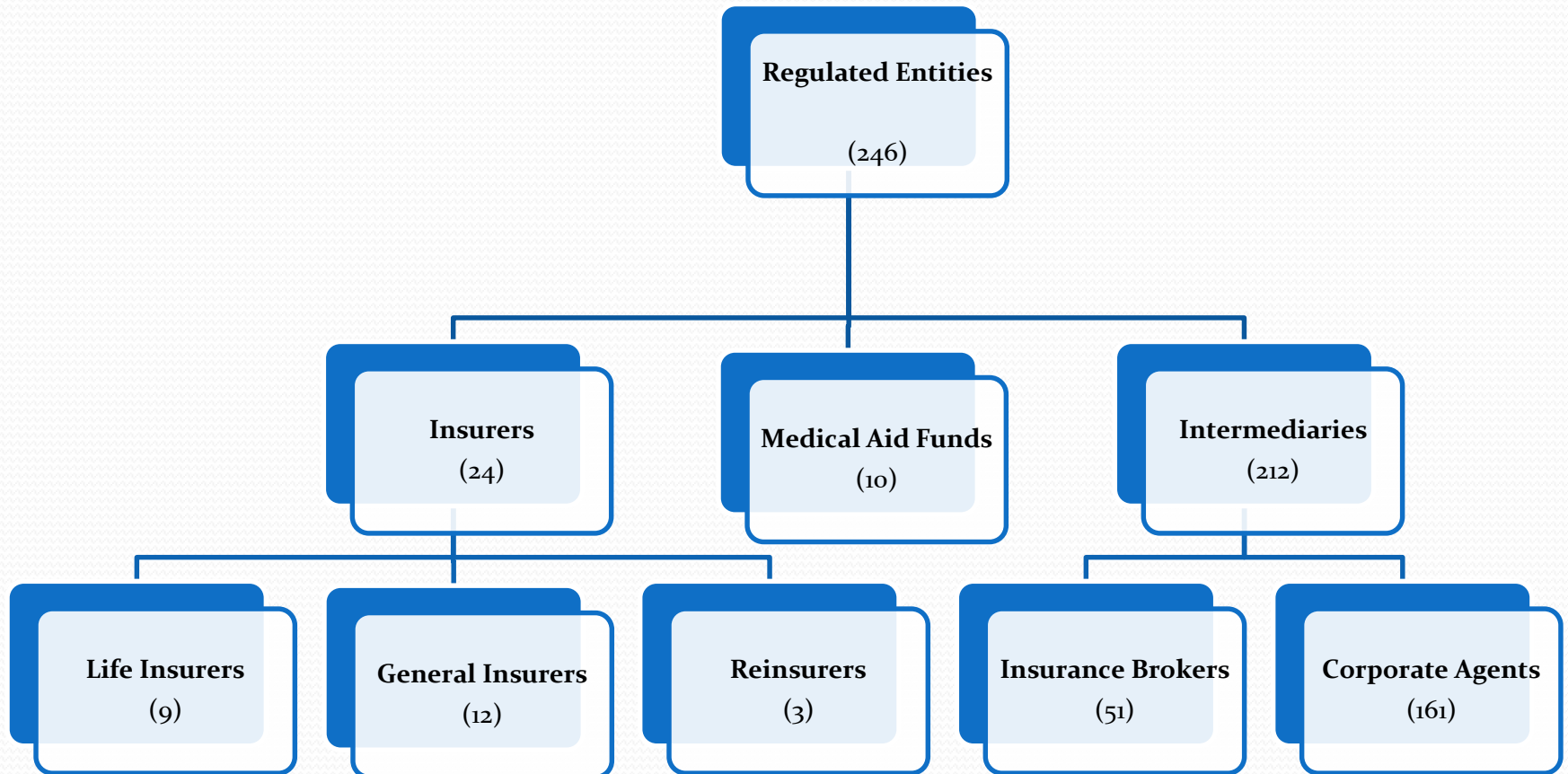
Structure of the Insurance Market

Governing legislation

Market Performance

Areas of interest

Structure of the Insurance market



Governing legislation - continues

- The Non Bank Financial Institutions Regulatory Authority Act (NBFIRA Act) –”Umbrella Statute” governing the supervisory processes and operational of NBFIRA in line with regional and international standards.
- The Insurance Industry Act and Regulations [Regulate the establishment, Licensing and operation of Insurance companies in Botswana]
- The Insurance Prudential Rules (IPRs) -Implemented in March 2012. Risk based supervisory framework linked with the Prudential Rules.
- Medical Aids are to be governed through separate legislation. Currently Medical Aid Funds Regulations in draft form.

Market Performance

Life Insurers

Gross Written Premium

- Insurance market generated P4.5 billion GWP in 2016
- Long term insurance contributed P3.2billion
- While Short term (non-life) insurance reached P1.3 billion.

Market performance - continue

Total Assets

- Total Assets Life Insurers stood at P19.3 billion.
- General (Non-life) insurers assets stood P1.9 billion.
- Reinsurers assets stood at P249 million

Split of GWP and Assets in the market (%) between Life and Non- Life

- Generally life insurers accounts for the largest share of gross written premiums. Life Insurers accounts for 71% of GWP while non-life (general) insurers accounts for the remaining 29%.
- Total Assets of the Insurance Market stood at P21.5 billion. (Insurers and reinsurers) Reinsurers assets stood at P249 million.
- Total Assets of Life Insurers stood at P19.3 billion while Non-life (general) insurers assets stood P1.9 billion.
- The contribution of Insurance sector in the economy stand at 3%

Reinsurance market (non-life)

- Currently the three Reinsurers are licensed to do non-life business.
- Currently no licensed Reinsurers doing life insurance business.
- The Insurance Industry Act does not allow composite Insurers.
- Reinsurers are relatively new in the market and currently takes a small proportion of premiums generated in the local market.
- However there is growth in the market. Current legislation protects local players against the placing of business outside Botswana (Section 104 and 105) of the Insurance Industry Act.
- Reinsurers currently absorbs a small proportion of GWP generated in the local market, generated GWP of P175 million as compared to the P1.3 billion generated by local non – life insurers.

Insurance Intermediaries - brokers

- Total revenue generated by insurance brokers stood at P384 million.
- Commission earned stood at P232 million
- Other revenue amounted to P152 million from other insurance related service.

NB: Figures taken from 36 out of the 51 brokers. Some have not submitted for various reasons.

Medical Aids schemes

- Ten (10) Medical Aid Schemes under the supervisory oversight of Insurance Department of NBFIRA.
- No regulations in place for the sector, however the draft regulations are in place.
- In the absence of legislation, exemption/waiver letters were issued to the Schemes to allow them to operate under the regulatory oversight of NBFIRA.
- At the moment no reliable data in place as half of the Schemes have not submitted their financials.

Areas of interest

- **Risk Based Supervision framework** - Interested in how the FSA is regulating the entities through this model and what sort of manuals, tools and frameworks are available to make this framework a success. To learn more about how the concept of risk based capital is applied.
- **Anti Money Laundering** - Interested in appreciating how Japan FSA carryout the inspections for AML and what **requirements / guidelines** are in place to aid the Supervisory Authority in ensuring compliance.
- **Micro insurance** -Would like to appreciate how sector is regulated and if there are specific requirements and specific licensing requirements for micro insurance business.

Areas of interest - continues

- **Regulation and supervision of Lloyds** - Would like to appreciate how this market is regulated and if there are specific requirements and specific licensing requirements for Lloyds.
- **Regulation of Intermediaries** - Would like to understand and appreciate the regulation Intermediaries, Brokers specifically Reinsurance Brokers. How Japan FSA has separated regulation of Insurance Brokers from Reinsurance Brokers.
- **Market conduct regulation** - Interested in understanding how Japan FSA is regulating the insurance sector in relation to market conduct. To understand the regulatory requirements. And appreciation of how FSA has separated prudential and market conduct regulation.

Areas of interest - continues

Others Areas of Interest include the following:

1. Interested in appreciating the Policyholder protection rules if any.
2. Financial literacy campaigns – how does Japan FSA ensure the consumers of financial products are adequately informed to make right choices and informed decisions.
3. How far has Japan embraced technology in assisting in the distribution and access to insurance products.

THE END

- **QUESTIONS ??????????**
- **THANK YOU**