

Mary C Nkosi: Insurance broking services in Malawi

Speech by Mrs Mary C Nkosi, Deputy Governor of the Reserve Bank of Malawi, at the Official Opening of SWIFT Insurance Brokers, Mzuzu Branch, 20 March 2008.

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The Chief Executive of Mzuzu City Assembly, Mr. Chirwa

The President of the Malawi Chamber of Commerce and Industry, Mr. Harrison Kalua

The General Manager of Swift Insurance Brokers & Consultants, Mr. Penwell Nkhwazi

Distinguished guests

Ladies and gentlemen

I am very delighted and honoured to be here tonight to witness this special occasion not only for Swift Insurance Brokers but also the people of Mzuzu and surrounding areas. First of all, on behalf of the Governor of Reserve Bank of Malawi, who is the Registrar of Insurance in Malawi and indeed on my own behalf, I would like to congratulate Swift Insurance Brokers & Consultants for its visible effort to make insurance broking services available to all people in a manner that is convenient to them. This is evidenced by the rapid growth (expansion) that the company has undergone within the short period of three years. This, I must say, is quite commendable and I would like to applaud both Management and staff of Swift Insurance Brokers & Consultants for their efforts and hard work.

As regulators, our primary objective is to safeguard the interests of the policyholder. This is why we take keen interest in projects that aim to serve the public better. The function tonight manifests Swift Insurance Brokers' commitment to achieving this cause. On our part, we try to achieve this by, among other things, constantly monitoring the safety and soundness of insurance market players. This is why we put great emphasis on your adherence to our reporting requirements. I am glad to acknowledge here tonight efforts made by Swift Insurance Brokers in trying to comply with our requirements in this area noting that a number of insurance brokers have, generally, not done well in observing this requirement over the past years. For this reason, this year, we are embarking on a serious compliance monitoring exercise for all brokers to ensure that these regulatory requirements are fully complied with.

Ladies and gentlemen, I think I would be failing in my duty if I do not recognize and appreciate that Swift Insurance Brokers is a truly local entity. It is always pleasing to see local Malawians offering dedicated and professional services to people as Swift Insurance Brokers is doing at the moment. You will agree that not so long ago these services were a domain of foreign companies but things have turned around now. I therefore can only encourage this positive development which is also a good sign that our insurance market is thriving, broadening and deepening for the benefit of the Malawian public.

Ladies and gentlemen, let me also commend Swift Insurance Brokers for their decision to open an office in Mzuzu. I would like to agree with Mr. Mwaisimba that indeed there has been a gap in the delivery of broking services in this part of the country. This opening will offer the residents of Mzuzu and certainly other parts of this region a rare opportunity to access broking services within their vicinity. I am sure most of you will agree that insurance products are not as straightforward to understand as is the case with other financial products like banking products. By its nature, insurance is a lot more difficult for a layman to understand and appreciate. This is why it is important to have professionals to advise and properly inform the public before they commit their resources to buying insurance cover. As insurance brokers, you are therefore entrusted with this noble responsibility that will help build public confidence in our insurance market. I was interested in the presentation by the Business Development Manager, Mr. Mwase, particularly on the role of insurance brokers to the insured. I think there is need to emphasize that the broker largely represents the insured

as opposed to the insurer unlike an agent whose role is vice versa. Overall, however, let us partner each other and strive to attain a stable and viable insurance market.

Ladies and gentlemen, it is important, however, to realize that this ultimate goal can only be achieved if companies conduct themselves in an ethical and professional manner. As a Supervisory Authority, the Reserve Bank will endeavour to level the playing field for all market players and ensure that everyone is playing by the rule i.e. within the framework of the law and RBM regulations. It is our intention to promote fairness, soundness and stability in the market and this we will do. Perhaps the only set back currently is the insurance law. As you are aware, the Act is very old having been enacted in 1957. Certainly it has been overtaken by events to the extent that its administration is almost ineffective in most aspects. We, however, are hopeful that the Insurance Bill which is pending tabling in Parliament will address this challenge.

Finally, once again, let me congratulate Swift Insurance Brokers & Consultants for leading the way in bringing insurance broking services to the people of Mzuzu and the surrounding area. Distinguished guests, ladies and gentlemen, I now have the pleasure to declare the Mzuzu Office of Swift Insurance Brokers & Consultants officially opened.

Thank you and God bless you all.