



YEAR 2009 IN REVIEW

2009. Yes, 2009 has been a successful year for NICO General. We continued to ride on the back of overriding excellent performance in all our business lines in 2008.

During the period, we introduced a number of products and initiatives.

One of the major events that stood out in 2009 was the presidential and parliamentary elections. Pockets of political violence were inevitable and showed up, especially during the run-up to the election day.

The down part of this is that damages or losses emanating directly or indirectly from political risks are excluded from insurance cover. This is a general exclusion on all insurance policies, universally. This put the insuring public in a fix. They had to foot replacement or repair costs of damaged property.

As NICO General, we viewed this as an opportunity and not a challenge. We introduced political violence insurance.

Political insurance covers losses as a result of politically charged events, such as riots and rooting, among others. This was the first of its kind in Malawi. we were overwhelmed by feedback. The insuring public responded positively by purchasing cover.

We are an innovative lot. In March, we rolled out another new product, crop insurance for tobacco growers. The name of the policy is Mtetezi.

It is gospel truth that Malawi is an agriculturally-driven economy where agriculture is not merely a way of life, but an occupation and investment for most people. Tobacco is the single major foreign exchange earner and backbone of the economy, contributing up to 61 percent of total merchandise exports and employing a large proportion of the country's population.

In spite of this, tobacco production is inherently a risky business, which calls for well-thought risk hedging option. Tobacco farmers face a variety of natural, social and market-related insurance risks. Given the uncertainty of their income each year, tobacco farmers must constantly worry about their ability to repay debt, meet overhead costs, and in many cases, even their ability to meet living costs of their families.

Until last March, it was observed that there was very little attention by insurance fraternity on tobacco insurance that specifically hedged against risks faced by tobacco growing and processing community.

Whereas minimum prices set by government have tried to offer tobacco farmers hope about their disposable income and stabilized price fluctuations at auction floors, there has been little action on the financing side vis-à-vis risk hedging and insurance vehicles.

It is against this background that NICO General, worked out a tobacco insurance scheme aimed at serving as surety for tobacco farmers on loans advanced to them by financial institutions and as indemnity vehicle in case of accidental damage, loss or theft of tobacco leaf.

Mtetezi, as the name suggests, protects tobacco farmers against loss of or damage to tobacco leaf whilst growing in the field as a result of hail, windstorm, floods and physical action of excessive rainfall. It also protects tobacco farmers, whilst in the process of picking, stringing, curing, bulking, grading, re-ordering and in transit until finally delivered to auction floors, as a result of fire, malicious damage, lightning, strikes, riots, theft and many more risks.

In June, we achieved yet another milestone in the history of insurance in Malawi. Global Credit Rating Company of South Africa re-confirmed and re-assigned us the highest claim paying ability rating in the market. The rate is AA- (Double A minus).

In October, we organized a three day conference for managers. The conference that was held at Kara O Mula, in Mulanje, was attended by managers drawn from all three branches of the company. It was opened by the company's Chief Executive Officer, Eric Chapola.

A renowned management consultant from Malawi Institute of Management, Wilfred Chinthochi, drilled managers on customer care.

Among other areas, the conference was arranged to look back at the company's eight month performance (January to August, 2009), review 2008 strategies, and formulate budget and strategy for 2010.

We also took off our business to be at leisure with our valued clients. We organized golf and squash tournaments for our customers.

In the year under review, we held two golf competitions at Nchalo and Mzuzu Golf Clubs, respectively. In both cases, the turn-out was overwhelming. This to us confirms that NICO General tournaments are a major as far golf and squash competitions in the country are concerned.

In November, we had an international squash tourney. The competition took place in Lilongwe and drew players from South Africa, Tanzania, Zambia, Zimbabwe and the host Malawi.

As enshrined in our vision, mission statement, corporate values, NICO General's emphasis is to provide long-term security backed by first class service. We are keen to forge relationships with clients and intermediaries who are prepared to nurture long-term partnership with us.

We have a number of exciting new products in store for 2010. However, remember to review sums insured of your property to cushion effects of inflation; report your claims timely and tip us of any acts of fraud that touches on our business, whether by our staff or outsiders.

All acts of fraud, corruption, dishonesty and any inappropriate workplace behaviour must be reported to tip-off anonymous through the following numbers: 847 (Zain and TNM); 8000 0847 (MTL) or write to P. O. Box 1726, Blantyre. You can, alternatively, email to reportqm@tip-offs.com; or fax to 01 832 137. We assure you, your identity will not be revealed!

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