

NICO GENERAL INSURANCE COMPANY 2008 HIGHLIGHTS IN REVIEW

We are proud of our leadership position in the insurance market in Malawi, which has endured since the company was formed in the early seventies. As expected of a leader, we are committed to maintaining high level of service to our direct clients and those serviced through brokers and agents. We are devoted to attract policyholders and intermediaries, who are prepared to nurture long-term partnership with us with a view of ensuring long-lasting security and total peace of mind.

The year gone by, 2008, was one of the exciting years for NICO General Insurance Company. We continue to consolidate our grip on a number of new and old developments:

- We opened the year with our Premia Software Solution Suite, which we acquired in 2006, fully operational. Our system is designed to perform all functions of an insurance company namely; underwriting, claims and accounting management. It is top of the class and has indeed radically transformed our day to day operations.
- Our team of expert underwriters and claim personnel across the three profit centers, namely; Blantyre, Lilongwe and Mzuzu, continue to grow from strength to strength. Two members qualified as Associates of the Chartered Insurance Institute (ACII), bringing the number of qualified staff in the company to eight, the highest in the market, by far. With support and backing of those who qualified years gone by, these newly-qualified members have proved and demonstrated to be a force to reckon with in their roles. The team continues to offer clients the highest level of insurance expertise.
- In 2007, we provided our staff with tools of detecting fraudulent claims. The training paid dividend in the year under review (2008). Our staff has been vigilant, so to say. The reduction in fraudulent claims was significantly experienced and had noticeable impact on our claim profile as well as the pattern of reported losses in our books.
- To maintain strong relationship with garage service providers, we maintained tendering motor repair service in 2008. This has significantly reduced the number of firms doing motor repair work for our motor clients and has as expected, improved quality of service and turn-around period. The impetus of this is that other insurance companies are following suite, using our case as a template.
- To prove our innovativeness and being ahead of competition, in May we launched a bancassurance product with Opportunity International Bank of Malawi (OIBM). The name of the product is Mthunzi Insurance Policy.

What this means is that if one goes to OIBM as a loan client, OIBM will not ask one to provide them with collateral/security, because the loan one is looking for is already secured by Mthunzi Insurance Policy, whose underwriters are NICO

General. This is a new concept in Malawi. In 2009, we will be talking to other banks for similar arrangements. The product was launched in Lilongwe.

- June 2008 will go down in the history of NICO General Insurance Company as the year the company became the first and highest rated insurance company in Malawi.

Global Credit Rating Company, a reputable and leading full-process South African-based rating agency, assigned NICO General Insurance Company Limited a consolidated claim paying ability rate following evaluation of a number of our business-related factors.

With this rating, NICO General Insurance Company Limited becomes the first insurance company to be rated in the history of insurance in Malawi. The rate is **AA- (Double A Minus)** and is the highest in the Malawi insurance market.

The **AA- (Double A Minus) rate** is a domestic Malawi Kwacha currency claims paying ability. In essence, this means that NICO General Insurance Company Limited has a very strong claims paying ability. Protection factor is high and risk of insolvency is modest.

The rating rationale for NICO General Insurance Company Limited by Global Credit Rating Company Limited has been based on the following key factors:

- (1) NICO General's leading position on the Malawi short-term insurance market and access to technical guidance and expertise from our group international shareholders.
 - (2) The enhanced claims control and improved efficiencies, which facilitate a robust claim-servicing regime.
 - (3) The company's strong balance sheet supportive of comfortable solvency margin levels.
 - (4) The company's maintenance of a substantial cash balance in absolute terms underpinning sound liquidity levels.
- 2008 was also the year that a number of general insurance companies established branches and sub-offices in Mzuzu. This, of course, meant increased competition for the company. However, we are not disturbed as we are still enjoying first mover advantage in the region. Our network is high and intact. NICO General entered the region in 1978. We commemorated our 30 yrs of existence in Mzuzu with a golf competition in Sept, which has turned out to be an annual event.