

INTERVIEW WITH GENERAL MANAGER ON CLAIM PAYING ABILITY RATE

Global Credit Rating Company Limited ("GCR"), a South African-based leading rating agency in Africa recently accorded NICO General a claim paying ability rate based on a number of factors pertaining to the company's business activities and balance sheet.

GCR accounts for approximately 81% of all claims paying ability ratings assigned on the African continent and boasts rating coverage ratio of up to 95% in certain markets. In this interview, General Manager (GM) of NICO General Insurance Company, Eric Chapola, traces the background, excitement and significance of the rating to the company and the market as a whole:

Congratulations for being the first insurance company in Malawi to be rated.

GM: Thank you very much. I appreciate.

Why did you decide to have your company rated?

GM: There are several reasons why we decided to have our company rated, principle among them:

- we wanted to show that NICO General is now an international player. We felt this can only be openly verified through claim paying ability rating process.
- to be transparent about our financial stability.
- to disclose our claims paying ability.
- to lead the market in this noble initiative.

What rate were you assigned?

GM: We were assigned **AA- (Double A Minus)**. It is a very high and respectable rate as there is just one more rate above it for us to finally go for.

Do you feel this rate gives a true reflection of your company and why?

GM: Certainly, it does. NICO General is the leader on the short-term insurance sector in Malawi. We have the strongest balance sheet in our market. We have maintained substantial cash balances in absolute terms and our claim service is seamless and paramount by all measures. NICO General boasts the highest number of qualified and chartered insurers in the market.

Our secret in being ahead of competition lies in our product innovativeness and impeccable customer service that borders on personal attention. The **ONE SIZE FITS ALL PRINCIPLE** does not hold at NICO General. We treat every customer according to his particular requirements.

What does this rate mean to NICO General as a company?

GM: This rate means a lot to us as NICO General. Firstly, policyholders will now have confidence in us as a rated company. We have provided the public with a standard and prudent measure of selecting the best insurance company. Secondly; international players are now coming to us to front risks due to this high rate. Thirdly, we have been transparent to existing and prospective clients about our high claims paying ability.

In what ways, if any, do you see this rating being of mutual benefit to the Malawi insurance fraternity?

GM:

- Our claims paying ability has been disclosed, therefore, no worries to the insuring public.
- Confidence by the public that we are a solid player on the market.
- Other players in the market will follow (at least those that understand what we have done) and so it will be good for the market as a whole.

There are two types of rates that GCR use - international and domestic currency rating. Why did you opt to be rated on a domestic/local currency considering that most of the reinsurers, which you deal with be on your treaties and facultative, are foreign-based and the fact that markets are becoming more and more global?

GM: Ours is a domestic claims paying ability rate. We are only trading in Malawi as NICO General; so our rate can only be a domestic national rate.

What main challenges and opportunities have the company gone through since being rated and how has been your response?

GM: This is an annual rate. The challenge is to maintain this high rate and aim for the highest rate.

Opportunities are there and will always be there. As at now, without going into specifics, we are a preferred local company to front multinational risks. We expect this trend to continue, considering the so many requests we have had since we got rated.

The claims paying ability rate is subject to change any time. What mechanisms have you put in place to make sure that you do not slip but go up the ladder to reach the pinnacle?

GM: Good corporate governance is in place in NICO General. The security and peace of mind of our clients are our top priority. We shall strive to remain focused in this regard.

We will also make sure that the quality of management always remains high. NICO General provides an enviable top class people resource that ensures that our clients' business continues to optimize performance, whatever the ebb and flow of their business accidental misfortunes.

New robust IT system is in place. We now have a new module-integrated Premia Insurance Software Solution Suite that allows us to process clients' information and transactions faster than before.

Our business model is highly adaptable and scalable. This ensures that our clientele have tailor-made services and are delivered at the point in time they are required.

Certainly, the rating must have brought low ebb-tide to your day-to-day business activities. What do you see as your major challenge as the first and highest rated insurance company in Malawi?

GM:

- Maintenance of the rate and going for a higher rate.
- Seeing to it that no other player matches us.

What advice do have for insurance companies, broking houses and reinsurance companies that are not yet rated, in this market and elsewhere?

GM: Follow the leader! It will be good for the insuring public, the country and our international partners at large.