



CENTRAL BANK OF THE GAMBIA

REMARKS BY GOVERNOR FAMARA L. JATTA

On the Occasion of the Educational Conference Organised by WAICA on the Theme “Deepening the Insurance Industry in West Africa” on 25 November 2004

- Mr. Chairman
- The President of the West African Insurance Companies Association
- Members of the WAICA Executive Committee
- Distinguished guests
- Ladies and Gentlemen

It is with a great sense of honour and privilege that I stand before you as Special Guest of Honour to deliver the opening address on this important occasion. First of all, I would like to congratulate WAICA for being one of the successful regional initiatives. The birth and continued survival of West African Insurance Institute (WAI) bears ample testimony to the efforts and commitment by its members to implementing this project which has contributed to economic integration in the ECOWAS Area.

Another example of a successful initiative in which the WAICA members continue to play a pivotal role is the ECOWAS Brown Card Scheme which seeks to provide cross border indemnity for motorists and their passengers. It stands as one of the most visible projects the ECOWAS countries have successfully implemented. I am also aware of the WAICA Pool regarding the organisation and conduct of your reinsurance business amongst your selves.

I therefore feel proud in associating myself with your efforts in all these projects.

The topic for this year’s conference could not have been more appropriate, timely and relevant coming in a period when significant progress is being made towards achieving economic and monetary union in the West African Monetary Zone leading to the establishment of a single currency which our member countries have agreed to name the ECO.

Distinguished Ladies and Gentlemen, the advantages of regional integration are too well known to need recounting here. It would suffice to recognise the benefits envisaged from the harmonisation of economic and monetary policies among the member countries so as to be able to galvanise the necessary resources to strengthen institutions for the establishment of bigger and mutually beneficial markets.

The important role that insurance plays in socio-economic development also needs no articulation in an august gathering of mostly insurance professionals. I would, however like to emphasise a point made about the importance of your business as that business on which all other businesses depend. The protection from the risks of damage and destruction of life, limb and property by way of indemnity is an important and key element in economic development. In a similar vein, insurance savings contribute significantly to the financing of development projects.

Ladies and Gentlemen, since the formation of ECOWAS in 1975, progress made in regional integration has been uneven. This is exacerbated by frequent political and social disruption. Thus we have not been able to benefit, to the extent envisaged by the founders of ECOWAS, from the fruits of economic integration. Significant progress still needs to be made in the areas of trade liberalisation, tourism, agriculture, integration of financial systems and the free movement of peoples.

It is because of the slow pace of progress in regional integration that some of the ECOWAS countries decided to adopt a fast track approach to the integration process. The Monetary Cooperation Programme adopted in 1987 initially envisaged the attainment of monetary union in 1990. This deadline has been pushed forward several times. Therefore, some ECOWAS member countries: The Gambia, Ghana, Guinea, Liberia, Nigeria and Sierra Leone have decided to modify the single-track approach to monetary integration by forming a second monetary zone to adopt a single currency by July 2005. The

second zone will eventually be merged with the CFA zone to create a single currency.

This will bring with it in the next few years significant changes in legislation, market size and the competitive environment. The West African insurance industry needs to start preparing for the challenges and the opportunities that these developments may present.

Given the link between macro – economic policy and the performance of the various sectors that operate under its influence, the dynamics and shaping of policy should also be the interest and concern of the insurance industry in West Africa. Therefore at policy level, the industry needs to positively influence socio-economic policies that our governments are pursuing whilst simultaneously reorganising and improving upon management and technical operations at company and individual country levels in order to maximise efficiency.

To enhance their operations and achieve the needed strength to withstand economic and financial shocks that go with the process of transformation, the insurance industry has to subject itself to corporate governance standards that would inspire public confidence thereby increasing insurance penetration. This will allow the industry to play its proper role in the growth of long-term savings for the financing of long-term investment. In this way, a strong insurance industry can contribute to the economic development of the ECOWAS area.

Although our governments have the lead role and ultimate responsibility in the creation of the requisite enabling environment for the implementation of sound economic policy, there are other specific things that the insurance industry itself has to do to achieve the objectives of deepening and widening the coverage of insurance. Key issues to be addressed include the following:

First, the industry has to study the insurance needs of our societies and create products which people will be responsive to.

Second, the industry needs to operate with adequate capital levels in order to reap the advantages of economies of scale. Where feasible they would have to merge, appoint independent but responsible management which would ensure enhanced shareholder value.

Third, there is need to increase training at all levels leading to the acquisition of the requisite know-how as well as the motivation of staff.

Fourth, is the introduction and utilisation of modern state of the art technology to enhance speed, accuracy and efficiency of service delivery to ensure survival in a competitive environment. I am sure this is already being done by many of you especially where premium collection and the meeting of premium volume targets are concerned. However, there is also the need to apply the same or faster procedures in the treatment and payment of claims. For far too long now, the industry has been sheltered by guaranteed high premiums from compulsory motor insurance. The rationale behind this policy is not in question but many players have misused the opportunity by failing to respond in a proper and timely manner to the most urgent needs of victims of motor accidents. This has to change and the leadership of the industry has to address the need for insurance to wear a more human face in dealing with clients in distress.

Fifth, the industry needs to establish a voluntary code of conduct with a view to achieving self-regulation. This will protect the industry from bad members and thereby improve its image. Statutory regulation, much as it is geared towards this aim, will not be enough in sanitising the insurance industry. The Code would govern relations between insurers, agents and policy holders and describe standards of good practice to be subscribed by companies and have fair mechanisms for the resolution of customer complaints.

Many of our governments have recently introduced or are preparing balanced insurance legislation to ensure a level playing field in the interest of all stakeholders. This legislation can be crucial in the deepening process if the

regulatory authorities are provided with adequate and relevant training for the acquisition of the knowledge and skills to implement them.

Distinguished Ladies and Gentlemen, these were some of the thoughts that I wish to share with you this morning, but I am sure there are greater issues that will occupy your time for deliberation, discussion and resolution as this conference proceeds. I am therefore looking forward to the conclusions and resolutions your conference will come up with that will help the process of economic integration in our region.

Finally, I beg your indulgence to allow me to once more congratulate WAICA for organising this important conference in The Gambia. I wish you a successful educational conference and thank you for your attention.