

FULCRUM

INSURANCE PREMIUM FINANCE

Zambia Expansion

13 June 2018

The Spice Trade

Der Spezery Handel



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ICE HARVESTING IN THE WAGON



SHIPPING AN OILY STEAMER



ICE HARVESTING & LOADING



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ICE
COLLECTION



THE
ORIGINAL
FRIDGE



THE
FLASH
FREEZER



THE
ELECTRIC
FRIDGE

Current Zambian Market

1) Annual policies

- Majority of Insurance premium's all payable in advance,

2) Renewal Admin

- Policies often rebrokered to cater for payment terms,

3) Inaccurate Insurance cover

- Clients with suboptimal or reduced insurance cover,

4) Outstanding premium duration,

- Majority of Insurers sitting with significant debtors books,

5) Solvency Status

- The Solvency status of Insurers is under significant stress,

What Is Premium Finance?

- **Definition**

- A finance mechanism provided to corporate and commercial client's for the payment of their annual insurance premium,

- **Benefits**

- Insurers – Receive money upfront,
- Clients – Pay off policy monthly, Additional source of cost effective finance, VAT Claimable upfront,

- **Example**

Annual Premium Obligation	K1,000,000.00
Finance Costs	K75,000.00
Total Finance obligation	K1,075,000.00
Number of Instalments	10 Instalments

- **Usage**

- Very popular product in developed insurance markets (USA, UK and Australia),
- Strong demand for product in growing Insurance markets (BRICS, Other Eastern Europe markets),

- **South African Market**

- Market Size – Approx 2bn,
- Used by over 20000 corporates,
- Product in force for over 20 years,

What benefits the product can introduce to Zambia?

- Enhanced cashflow for all Insured's,
- Insured's would have the correct insurance cover,
- Increased solvency status for insurers,
- Enhanced industry transparency,

What is needed to make it a reality?

- *Regulation*

- No finance provided by Insurers,
- Strict enforcement of “no premium, no cover” policies,
- Strong adherence to Solvency requirements placed on Insurers,

- *Payment flow*

- Regulation or Payment made directly to Insurers,

- *Pro-rated policies*

- Insurers and Reinsurers adopt strict pro rata policies,

ANY
QUESTIONS?



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THANK YOU

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