

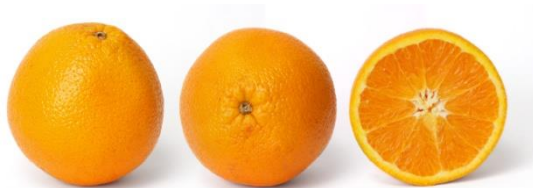
**INCLUSIVE AND SUSTAINABLE GROWTH OF THE
INSURANCE INDUSTRY IN DEVELOPING
COUNTRIES**

WELCOME

“Development is impacted by all of our actions or inactions. We are all agents of development”.

Two main parts:-

- Factors that influence sustainable growth
- Ways in which insurance and reinsurance brokers can contribute to growth.



The Theory

- The Neo-Liberal (or Free Market) view
- The Structuralist (or Market Protection) view

$$R_{ab} - \frac{1}{2}Rg_{ab} = \frac{8\pi G}{c^4}T_{ab}$$

The Neo-Liberal (Free Market) view

- Countries should only produce goods or services in which they possess a “comparative advantage”.



Neo-Liberalist key factors

- Financial Capital
- Human Capital
- Intellectual Capital/Technical Information
- Social Capital
- Economies of Scale
- Historical Inertia & Reputation
- “Technological Spillovers”
- Monetary & Economic Stability
- Social & Political Stability
- Culture & Tradition
- Regulatory Framework

The Structuralist (Market Protection) View

- The theory of protectionism occurs where governments, worried about the effects of international competition on the prosperity of domestic industries, try either to shield industries from foreign competition by placing limits on imports, or try to help them in world competition by subsidising exports.



Factors supporting the Structuralist argument

- Consumer Protection
- Economic Reasons
 - ❖ Local industry promotion
 - ❖ The infant industry argument
 - ❖ Balance of payments concerns
 - ❖ Enhancement of local capital market
 - ❖ Avoidance of destructive competition
 - ❖ The “national treatment” rule
 - ❖ Promote domestic employment



Factors supporting the Structuralist argument (Contd.)

- Socio-political reasons
 - ❖ Government philosophy
 - ❖ National security & sovereignty concerns
 - ❖ Religious & cultural beliefs
 - ❖ Vested business interests



How can the insurance/reinsurance broking community assist in development?

- Perform their role well, being “Persons who, acting with complete freedom as to their choice of undertaking, bring together, with a view to the insurance or reinsurance of risks, persons seeking insurance or reinsurance and insurance and reinsurance undertakings, carry out work preparatory to the conclusion of contracts of insurance, or reinsurance, and, where appropriate, assist in the administration and performance of such contracts, in particular in the event of a claim” (Article 2(1)(a) EEC Directive 1976).
- Assist in structuring an appropriate capital base & securing capital.
- Nurturing of human capital by offering training.
- Intellectual capital development.
- Social capital development.
- Risk advisory services.
- Prompt premium & claims settlements.
- Innovative risk protection methods to overcome religious & cultural beliefs.



**DO YOU HAVE THE WILL & DETERMINATION
REQUIRED FOR GROWTH?**

