Connecting the dots...

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Standing on the shoulders of giants in search of inspiration

As I was lining my ducks in a row for the launch of Nyaradzo in the first quarter of 2001, a slew of exciting developments were sweeping across the entire insurance sector, effectively lighting a fire under my feet.

The liberalisation of the financial services sector that had started about a decade earlier was, to a large extent, causing the winds of change to blow across the insurance industry like never seen before.

A few educated black executives were springing up amongst the movers and shakers that were being appointed to high-pressure jobs in some of the long-established insurers such as Southampton Assurance, now called ZB Insurance.

At the same time, there were well-calculated moves by indigenous entrepreneurs to participate in the less capital intensive sub-sectors of the industry, either as Agents or Insurance Brokers.

Government itself had also stepped up to the plate by initiating the formation of the Zimbabwe Reinsurance Corporation (ZimRe) in order to establish a firm grip on the industry and dilute the influence of multinational insurance companies, which it viewed with suspicion.

As the indigenous bankers were doing their thing – inking lucrative deals and commencing start-ups that were upsetting the status quo in the financial services sector – their peers in the insurance sector could not be left behind as they were also claiming their seats at the top table, among them Phillip Baki Mutasa.

A man of many firsts, Phillip Baki Mutasa left a well-paying job at AON Zimbabwe, which had been operating in the country since 1947, to join a team that had been put together by Albert Nduna to establish a unit of ZimRe called the Zimbabwe Insurance Brokers (ZIB), in 1985.

My namesake, who scored a first when he became the first black chairperson of the Zimbabwe Insurance Brokers Association for three years, would leave the ZimRe subsidiary in the same year to form Capitol Insurance Brokers, which he has been leading ever since.

As indigenous players were swooping on opportunities like ducks taking to water, it became evident to all and sundry – including the hitherto doubting Thomases – that the train had left the station and that there was no going back in changing the complexion of the insurance industry.

Seeing the boat had been burnt, my burning desire to try my hand in the insurance industry would be lifted upon realising that those who had taken the leap of faith in business were really not doing anything that I could not do. That alone was enough to convince me that no matter what the prophets of doom and gloom said, I had an equal chance to become more than a hewer of wood and a drawer of water given the opportunity and the right environment to pursue my dream.

Despite the economic challenges that were beginning to show at the time, the environment provided a perfect setting for those who dared to dream. In the years leading up to the liberalisation of the country's economy in the 1990s, the government had awoken to the reality that there was a lot that the insurance sector could do to contribute towards driving Zimbabwe's misfiring economic turbines.

Apart from becoming an active participant in the industry through ZimRe, government's eyes had also opened to the truism that it is much easier to transmit and realise its national objectives by opening opportunities to the locals who did not have much say at the time on how foreign-owned insurers that dominated the industry were being run. The black executives in these foreign-owned colossi were themselves getting impatient with playing second fiddle to their white expatriate bosses, some of whom were not even qualified for the posts they occupied.

As such, the ground was fertile for a revolution in the insurance sector, especially after the government established ZimRe through an Act of Parliament of 1983 with a clearly-defined objective of using premiums generated locally to develop the industry and the country's economy as a whole.

In establishing ZimRe, the government had been motivated by the fact that a central feature in all the countries that have done well in turning around their economic fortunes had been their ability to sweat their insurance assets to fund long-term infrastructure and capital needs.

ZimRe would grow to have a huge influence on the country's economy, thanks to none other than the inspiring and forthright Albert Joel Nduna who, until his retirement from the Zimbabwe Stock Exchange (ZSE) listed concern in November 2016, had been instrumental in transforming what used to be a no-name brand into a holding company with an interest in reinsurance, re-assurance, short-term insurance and property.

To many people, Albert Nduna was an accidental leader at ZimRe who turned out to be the idiomatic knight in shining armour. The thinking in the court of public opinion had been that the soft-spoken public servant was destined to spend his entire working life fighting red tape and bureaucratic sloth in government which he was known to dislike during the years he spent in government as the Registrar of Building Societies; Under-Secretary in the Ministry of Finance and Economic Development and later on as Deputy Secretary for Domestic and International Finance.

After looking around for candidates to get ZimRe up and running, it is said that the then Minister of Finance, Tichaendepi Robert Masaya, became a frustrated man after he failed to find outsiders with the pedigree to steer the ship. As a stop-gap measure, Masaya decided to assign Albert Nduna to hold the fort in the interim while he combed through the job market in search for a suitable candidate.

To Masaya's surprise, Nduna hit the ground running as Managing Director-designate. Within a short time, he had proved to be the best fit for the position, if not the best the industry had ever had in the sub-region on account of his abundant talent and exposure to different working environments as well as his immense leadership skills.

Albert Nduna had started his working life while in his twenties. He worked as an Accountant at Xerox Corporation in London in 1978, and had the privilege of being invited to Sudan around 1979/80 as a Visiting Lecturer in Business Finance at the prestigious University of Khartoum.

He would come back to his motherland and joined Delta Corporation as a Corporate Planner, before taking up an opportunity in the public sector, where he worked in the Ministry of Finance.

With a BSc Degree in Accounting and Finance from the University of Lancaster and a Master in Business Administration from the University of Bradford in the United Kingdom, Albert Nduna would go on to spend over thirty years at the helm of the listed insurer, after convincing sceptics that he was the right man for the job.

One of the key highlights of his career has been his ability to build institutions from the ground up and sustain the momentum despite the threatening changes the country's economy has gone through over the years.

His background in government was an added advantage which enabled him to cut through the bureaucracy to get things done. Another key takeaway from his legacy at ZimRe was his ability to know when to make subsidiaries assume their own lives like he did when he unbundled NicozDiamond, which joined the local bourse in 2002 before it was acquired by First Mutual Life (FML) in September 2018.

He did the same when he unbundled Fidelity Life and listed it on the ZSE in June 2003. Fidelity Life Assurance had emerged after ZimRe acquired the local long-term assurance business of Legal and General (Private) Limited in 1988 and changed its name to Fidelity.

In 1999, ZimRe would list on the ZSE after the insurer had been successfully privatised – giving Albert Nduna another feather in his cap. Thereafter, ZimRe would unbundle Fidelity, resulting in its separate listing. ZimRe has since upped its stake in Fidelity by acquiring a parcel from the pay-as-you-go National Social Security Authority (NSSA) in November 2020.

Out of Legal and General's short-term business also emerged Heritage Insurance Company. This was from the amalgamation of Legal and General's two short-term insurance companies, the Legal and General Assurance Society Limited and the Norwich Union Fire Insurance Society Limited.

To put this into context, Norwich Union had commenced its business in 1898, while Legal and General started in the United Kingdom in 1836. Legal and General would open its doors for business in Rhodesia in Bulawayo around 1935/36, dealing in life, pension and short-term insurance.

The Head Office for Rhodesia would be transferred to Salisbury in the late 1930s. Up until the early 1950s, short-term insurance was conducted on an agency basis. In 1953 the Fire and Accident Department was created. In April 1954, the Norwich Union opened a branch in Salisbury to manage their insurance business.

In the mid-1970s the Legal and General operations were split into two. The new company, Legal and General Assurance of Rhodesia Limited, took over the life and pensions business, while the original company continued to manage the fire, accident, motor and marine portfolio.

In 1977 the Legal and General and the Norwich Union Fire in Southern Africa merged their operations. Both companies ran joint offices in the four main centres, including staff and the insurance portfolios. However, both operated separate accounts, pension funds and staff-benefit schemes. The formation of Heritage Insurance Company in 1982 merged the two companies into one whole.

As Oliver Chidawu and his consortium were building Heritage, Albert Nduna was also consumed in his mission to make a difference at ZimRe. Under his watch, not only did ZimRe thrive, it became a Pan-African giant with interests in Botswana, Zambia, Mozambique, South Africa, Malawi and Uganda, earning him worldwide recognition.

His knack for building businesses from the ground-up saw him being involved in the establishment of other financial institutions such as the Zimbabwe Development Bank (now the Infrastructure Development Bank of Zimbabwe), and NSSA, which was created by an Act of Parliament in 1989 to provide social security.

To this day, there are several landmarks throughout the country that speak loudly of his enduring legacy, among them the medium-density suburb of ZimRe Park, which is situated about eighteen kilometres to the East of the capital city; ZimRe Park in Masvingo and the popular Eastview Gardens, close to Clyde Shopping Centre in Eastlea, Harare.

For his sterling contributions to his country and the insurance industry, in particularly, among his awards haul was the recognition he got from the Zimbabwe Institute of Management which selected Albert Nduna as Manager of the Year in 2000; the First Achievers' Award and Manager of the Decade by Business Tribune in 2003 and the Life Time Achievement Award conferred on him by the Insurance Institute of Zimbabwe in 2009.

He served as President of the African Insurance Organisation (AIO) for seven consecutive years up to 1994; President of the Federation of Afro-Asian Insurers and Reinsurers in 2003 and 2004; Deputy President of the Association of Insurance and Reinsurance companies in developing countries – covering Africa, Asia and Latin America – and President of Rotary Club of Harare Central Business District.

Albert Nduna is also passionate about education and this can be seen from the roles he has occupied at some of the country's top universities, amongst them the University of Zimbabwe (where he served in the institution's council); the Zimbabwe Open University (where he is the Vice Chairperson) and Africa University (where he was Director and Chairman of the Audit Committee).

During Nyaradzo's formative years, I would marvel at Albert Nduna's many achievements and how he used to inspire his second-in-command at ZimRe, Solomon Tembo (former Chief Operating Officer), and the likes of Simon Chapereka (the late former Managing Director at Fidelity Life) and Grace Muradzikwa who was in charge of NicozDiamond before its acquisition by the Douglas Hoto-led FML.

Grace Muradzikwa, who is now the principal regulator at the Insurance and Pensions Commission (IPEC) made history when she became the first black female executive to list and head a publicly-traded company in the country following the listing of NicozDiamond in 2002.

She had begun her illustrious stint in the insurance industry at ZimRe in 1984 where she was credited with establishing the personnel department, administrative systems and conditions of service.

A decade later, she was promoted to Assistant General Manager (planning and marketing), focusing on spearheading ZimRe's external strategic thrust.

In recognition of her sterling work at ZimRe, she moved to Diamond Insurance Company in 1995 as General Manager, tasked with the onerous responsibility of turning around a company's fortunes, which ranked number twelve out of thirteen insurers.

By 1997, she had achieved the near impossible by transforming Diamond Insurance Company from a lowly ranking to position three out of Zimbabwe's twenty companies. She was then mandated to oversee the merger of Nicoz and Diamond Insurance Company in October 2002, which resulted in NicozDiamond – one of the largest short-term insurance companies in the country at the time. She was appointed Chief Executive Officer (CEO) of the merged entity – NicozDiamond Insurance Limited.

At IPEC, the decorated insurance executive's path would once again cross with that of her former boss, Albert Nduna. It pleases me that even at the age of seventy, the authorities recalled him from retirement to serve as Chairman of the insurance regulator because the country still needs his vast knowledge and experience in building businesses under volatile macro-economic conditions.

Around the same time that Albert Nduna rose from obscurity in government to gain prominence at ZimRe, there were seismic changes at Southampton Assurance, where black executives were assuming strategic positions, among them Victor Muchatuta (now late), who became CEO of Southampton Life and Paul Mkondo, who was elevated to the position of General Manager.

These changes were significant, considering the insurer's long and rich history. Southampton had started off as African Life Assurance Society, established by Isidore William Schlesinger at the end of 1904 with the £20,000 he had earned from the development of the suburb of Parkhurst, Gauteng, South Africa. During its first year in business, African Life sold over two-thousand policies worth £1 million – a record for a new business in the industry at the time.

In 1905, Isidore William Schlesinger bought the then financially struggling Robinson South African Bank, founded by Sir Joseph Benjamin. He converted it into the Colonial Banking and Trust Company, which specialised in small business loans. About six years later, he founded the African Guarantee Corporation (AGIC) to provide all types of insurance. The company had branches and agencies in the Union and in Khartoum, Assouan, Syria, Cairo and Alexandria.

In 1912, AGIC expanded its operations to Natal and amazement was expressed at the large volumes of new business it generated. By 1925, the business was one of the four dominant insurance companies in South Africa, with interest, at some point, in Zimbabwe through Southampton Assurance.

Southampton would grow in the then Salisbury to become one of the insurers with a significant property portfolio which included a couple of multi-storey buildings. I still recall with nostalgia coming across an old copy of the Rhodesian News Review issued by the Office of the Rhodesian Affairs in Washington DC in May 1965 announcing Southampton's plans to build a fifteen-storey building in central Salisbury at a cost of about US$3 million. After independence in 1980, Southampton became one of the major insurance players to respond to the demands of the new environment, with personalities such as Paul Mkondo and Victor Muchatuta emerging from within its ranks to command powerful positions.

Born Paul Tangi Mhova Mkondo in December 1945, Paul Mkondo was a towering figure and larger than life character whose booming voice on the legendary radio programme on insurance, "Mari Nehupenyu Hwevanhu", changed many people's perceptions about insurance as back then, hedging against risk was often seen through the lens of fate. Protecting against misfortunes was perceived as tantamount to interfering with divine providence.

For his role, it would be a miscarriage of justice to write about Zimbabwe's political and economic history without mentioning the name Paul Mkondo. History will recall that he was part of the first group of Gonakudzingwa restriction camp political prisoners and was already in business from as early as the 1960s, operating Club Hideout 99 in Lochinvar, which became a meeting point for supporters of ZANU, and a place where ZANLA combatants would hide their weapons.

Throughout the 1960s, Paul Mkondo had worked as an Insurance and Financial Advisor for Southampton and ventured out to form his insurance broking firm, Paul Mkondo Agents (PMA); his own garage and taxi business. An incredible farmer who died in May 2013, Paul Mkondo had a colourful career. He was the first African insurance executive and financial advisor to be recognised with the elite Life Million Dollar Roundtable International and was the first African president of the Life Underwriters Association.

Along with Victor Muchatuta, they formed a formidable team at Southampton in the 1980s, where Muchatuta – born in 1957 – would be fondly remembered for achieving iconic status in the health delivery sector where he pioneered the establishment of affordable medical facilities that widened the delivery of health services to more indigenous people.

Among the facilities he was instrumental in setting up is the Suburban Medical Centre in Warren Park and West End Hospital in Harare's Avenues area. These facilities became alternative treatment centres to the private clinics and hospitals that had been established earlier and whose steep tariffs made them exclusivities for the elites.

At Southampton, Muchatuta saw the institution's transformation in 2002 to Intermarket Life Assurance after Nicholas Mugwagwa Vingirayi and his consortium comprising Michael Mahachi and Gibson Muringayi swooped on the last parcel of shares amounting to forty-nine percent which were previously held by Anglo American Corporation's Southern Life Association of South Africa. The deal shored up their interest in Southampton to fifty-seven percent, marking the localisation of the company.

Despite the changes, Muchatuta, who had trained as a Chartered Accountant, remained CEO until years later when Intermarket was taken over by the Financial Holdings Limited (Finhold), then led by former Secretary for Finance, Economic Planning and Development, Elisha Mushayakarara, before Finhold became ZB Holdings Limited.

Around the same time, many other black executives were climbing the ladder. The list included Luke Ngwerume; Paddington Zvorwadza and Ronnie Samuriwo who were having their place in the sun at Old Mutual.

At the time, the rumour mill was also running amok after the media had stumbled on information that Eric Muzanenhamo Kahari's Lion Insurance Company Limited, which was one of the largest short-term insurers in the country at the time, was on the cusp of negotiating a merger with TA Holdings Limited, through its insurance subsidiary, Zimnat Insurance Company.

Despite stringent denials by officials in both companies, the cat was out of the bag a few months down the line, after the merger was officially consummated in 1999, with the resultant entity being named Zimnat Lion Insurance Company, paving the way for its listing on the ZSE in the same year.

Still, Zimnat was not yet done with building a critical mass that strengthens the enlarged entity's underwriting capacity. A few years later in 2005, TA Holdings Limited which had been home to swashbuckling legends such as Ariston Chambati and Timothy Chiganze before Mutasa snapped up the asset, moving swiftly to strike another tie-up with AIG Insurance, leading to the subsequent merger between Zimnat Lion and AIG Zimbabwe. The merger would re-affirm Zimnat Lion as one of Zimbabwe's major short-term insurance companies.

To this day, the name that consistently looms large whenever I think of luminaries that changed the face of the insurance industry is that of Eric Kahari who was at the top of his game in the 1980s going into the 2000s. Born in 1939, his dynamism was an inspiration not only to me but many lawyers and non-legal practitioners alike after he re-invented himself from being a legal practitioner to an influential figure in the industry.

A holder of a Bachelor of Arts Degree from Wilberforce University, United States and a Juris Doctorate degree from Cleveland State University Law School, Eric Kahari reminds me of other business leaders who came from a similar background to make it big in business, amongst them Honour Mkushi; David Zamchiya (late); Tim Chiganze; Canaan Dube and Simplicious Chihambakwe.

Eric Kahari's profile gained public attention after he joined Lion of Zimbabwe Insurance Company in January 1987 as General Manager, before he rose through the ranks to become Managing Director in June 1987. While at Lion of Zimbabwe Insurance Company, he would occupy several other portfolios, amongst them Chairman of OK Zimbabwe Limited.

He was also part of a consortium led by Elias Rusike (late), which bought into Modus Publication, the publishers of the Financial Gazette, in early 2000. The other members of the consortium were Fanuel Muhwati, a former executive at Flexible Packaging, and Sylvester Saburi, an accomplished Medical Doctor who trained as a General Surgeon in Scotland. This was before former CBZ Bank CEO, Gideon Gono took over the country's business and financial weekly, which is now part of Jethro Goko's fast-expanding Jester Media Services Group.

Eric Kahari would retire from Zimnat Lion Insurance Company in May 2002 before meeting his death in November 2009, having set good examples that inspired those of my generation and others to come. As the story of Zimnat continues to unfold, no doubt Eric Kahari's name will continue to feature in their hall of fame.

Suffice to say for now, that just like Old Mutual's history which stretches as far back as 1902, when the John Fairbairn founded company first established the local office, Zimnat's journey is equally exciting; going as far back as 1946 when the Rhodesian National Insurance Company (RhoNat) was established in Salisbury in association with a London firm of Lloyds brokers and underwriting agents.

RhoNat would morph into the Assurance Company of Rhodesia in 1959, after ICR purchased TA Holdings in 1969, which was founded in 1935 as Tobacco Auctions Limited. In 1974, the non-life company was renamed the Rhodesia National Farmers Union Insurance Society, with its major line of business being farming, which is the mainstay of the country's economy.

As a result, the company was then known in informal sectors as RhoNat. After independence in 1980, the company's name changed to Zimnat Insurance Company, still under a composite license. In 1984, TA Holdings decided to split the composite license and from there, Zimnat Insurance Company Limited was born.

In 1997, Shingai Mutasa who had commenced his career in business as a commodity trader would gain entry into TA Holdings by acquiring a strategic stake that gave him the foothold to complete the take-over of the listed conglomerate, which he has since transformed into an investment company, renamed Masawara.

In 2017, the South African National Life Assurance Company, otherwise known as Sanlam, acquired a forty percent stake in Zimnat Lion Insurance, which led to the rise of the rebranded Zimnat General Insurance. Through this partnership, Zimnat has become a dominant player in the short term insurance space, which is evident in its most recent AA+ GCR credit rating of 2021.

Apart from Sanlam, other domineering insurance companies that set foot in the then Rhodesia included Pearl. Founded in 1857 as The Pearl Loan Company, the insurer would change its name to Pearl Assurance Company in 1914. On the 1st of April 1960, Pearl Assurance Company took over most of the British Commonwealth Insurance Company's activities in the Federation of Rhodesia and Nyasaland, including the business arising from the association with the Commonwealth and Commonwealth Permanent Building Societies in Southern and Northern Rhodesia.

The Pearl Assurance building, designed by a female Architect, was the first large building to be erected in Salisbury, and had several innovative features, including its sign, The Pearl, which is still there today, although the company is no more.

In 1990, the company was acquired by the Australian insurance group AMP, and in 2003, Pearl, NPI and London Life were demerged from AMP to become part of Henderson Group. In 2005, the Pearl Group was bought from Henderson Group by Sun Capital Partners and TDR Capital. It acquired Resolution Life in 2008 (including its Phoenix Assurance operations).

In 2009, the business was acquired by the Liberty Acquisition Holdings (International) Company, which subsequently renamed itself Pearl Group. In 2010, Pearl Group changed its name to Phoenix Group Holdings, while in March 2014 the business sold Ignis Asset Management to Standard Life Investments, the asset management arm of Standard Life.

While the Pearl Group disappeared from Zimbabwe's face, it has remained a symbol of its investments in the former British colony. The spectacular secular temple at the sixteen-storey Pearl House in Harare signifies its good old days in the then Rhodesia.

On its roof is a four-legged calliper clutching a light-of-the-world; it's often said that at ninety miles, the light-of-the-world easily picks out Mount Hampden, which is about ten miles to the west of the capital, the point at which the Pioneer Column thought they had arrived on that September day in 1890. Of course, the map was wrong.

The foregoing were some of the dynamics at play prior to the country's independence and some of the events that would capture my imagination in the two decades that followed the attainment of majority rule in 1980. In many ways, these and other developments helped transform an industry whose history predates medieval Europe when benevolent societies would provide insurance, often for people with a similar working background, such as members of fire societies who were obliged to help each other to secure goods from burning houses of fellow members.

Seeing my heroes such as Victor Muchatuta, Eric Kahari, Shingai Mutasa, Nick Vingirayi, Albert Nduna and many others set the tone for generations to come was one of the daily doses of encouragement I needed to boost my confidence ahead of launching Nyaradzo in 2001. I am happy that I was able to stand on their shoulders to see beyond my nose and invest in the industry which, prior to 1982, was dominated by subsidiaries of multinational insurance companies that only employed blacks as agents.

The dial shifted due to Government's realisation that by allowing indigenous players to join the insurance industry and bringing them more directly into the planning of their developmental goals, the authorities were in actual fact lessening their reliance on the national purse to fund the country's infrastructure, which effectively crowded out private investments at a time when the fiscus had no financial clout to bail out private businesses.

At the time, industries were desperately in need of capital to retool and expand their operations against a background whereby the government could not respond effectively to the provision of financial bailouts, including funding to expunge the burgeoning housing backlog particularly in the major towns of Bulawayo and Harare. This was reminiscent of the situation that the then Southern Rhodesia found itself in after the great depression of the 1900s in what would inspire the establishment of the Midlands Building and Investment Society in 1935, which became the first mortgage lender in the former British colony.

That meeting of minds between government and business on the need to share the burden of industrialisation and revamping the country's infrastructure needs to be watered continuously to sustainably build the insurance industry, which prides itself of a long history of being one of the chief sources of finance for all types of investment.

Undoubtedly, the insurance sector plays an essential role in the financial services industry through its contribution to economic growth, efficient resource allocation, reduction of transaction costs, creation of liquidity, facilitation of economics of scale in investment, and spreading of financial losses across a wider pool.

Several empirical studies suggest a strong correlation between the development of financial intermediaries and economic growth. According to Patrick (1966) there are two, possibly coexisting, relationships between the financial sector and economic growth. The first is the case where the financial sector has a supply-leading relationship with growth, and where economic growth can be induced through the supply of financial services. The second is a demand-following relationship where the demand for financial services can induce financial institutions' growth and assets.

Developing countries such as Zimbabwe, which aspire to become an upper middle-income economy by the year 2030 have supply-leading patterns of causality of development and have considered locally incorporated insurance institutions or state-owned monopolies an essential element of economic development. Recently, the economic importance of the insurance sector has been increasing in most developed countries and some developing ones, where insurance companies now form a growing part of the domestic financial sector. They have also become significant players in the international capital markets.

During the 1990s, the total assets of insurance companies in developed countries grew faster than banks' assets, mainly through mergers and acquisitions. Other reasons for the sector's increasing importance are the liberalisation of financial systems (including privatisation), financial consolidation, the growing use of contractual savings products and market-seeking approaches.

The insurance sector is also closely linked with macroeconomic factors (e.g. inflation, currency controls and the national income of a country), regulation and supervision, the achievement of national development objectives, and the international trade regime. Given its dual infrastructural and commercial role, the sector has attracted great interest in the context of privatisation and liberalisation.

There are several ways in which insurance services contribute to economic development. The first is that insurance promotes financial stability for both households and firms. Insurance services transfer and pool risks, thereby encouraging individuals and firms to specialise, create wealth and undertake beneficial projects they would not otherwise consider.

Second, life insurance companies mobilise and channel savings. They mobilise savings from the household sector and channel them to the corporate and public sectors. As the maturity of life insurance liabilities is generally longer than the maturity of bank liabilities, life insurers can play a significant role in the equity and bond markets. In addition, their portfolios are less prone to liquidity crises. Countries with higher savings rates tend to show faster growth.

Third, strong insurance can relieve pressure on the government budget. Because life insurance can play a crucial role in personal retirement planning and health insurance programmes, and to the extent that private insurance reduces demands on government social security and health programmes, it can relieve pressure on the government budget.

Fourth, insurance supports trade, commerce and entrepreneurial activity. Given the heavy reliance of all economic activities (e.g. manufacturing, shipping, aviation, medical, legal, accounting and banking services) on risk transfer, insurance services play a key supporting role. More broadly, insurance can give investors the financial confidence to make investments, since they know they will be able to recover their investment.

Fifth, insurance may lower the total risk faced by the economy, while last but not least, it improves individuals' quality of life and increases social stability. It does this through, for example, individual health and life insurance, pension funds and workers' compensation.

CREDIT

- *United Nations Conference on Trade and Development; Trade and development aspects of insurance services and regulatory frameworks; New York and Geneva, 2007*