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Review of developments in the field of insurance in developing countries during the period 1971 - 1972

Report by the UNCTAD secretariat

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Note

The designations employed and the presentation of the material in this document do not imply the expression of any opinion whatsoever on the part of the secretariat concerning the legal status of any country or territory or of its authorities, or concerning the delimitation of its frontiers.

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INTRODUCTION

i. This review of developments in the field of insurance and reinsurance in developing countries during the period 1971-1972 has been prepared by the secretariat of UNCTAD in accordance with the instructions given by the Committee on Invisibles and Financing related to Trade at its second session. 1/

ii. In carrying out this task the secretariat has been guided by information obtained directly from those Governments of developing countries which were good enough to reply to a note verbale addressed to them in November 1972. However, in some cases, the secretariat depended on information collected from other sources, such as insurance and financial periodicals. For this reason, the secretariat would like to emphasize that the review, far from constituting an exhaustive catalogue of events that have taken place in the developing countries, reflects only the major events which came to the secretariat's notice either through the Governments concerned or through other channels.

iii. The review consists of two chapters. Chapter I deals with developments at the level of the national insurance markets and covers developments in the field of insurance supervision and measures modifying the structure of the insurance markets, such as participation of the State in domestic insurance concerns, nationalizations, etc. Chapter II deals with regional co-operation in insurance and reinsurance and provides information about the activities of various regional insurance organizations.

1/ See the Committee's report on its second session in Official Records of the Trade and Development Board, Fifth session, Supplement No. 3 (TD/B/118/Rev.1), Annex I, section A (Insurance), para.6.

Chapter I

DEVELOPMENTS AT THE LEVEL OF NATIONAL INSURANCE MARKETS

1. During the period under review, many developing countries took legislative, administrative and other measures to strengthen the national insurance markets, with a view to making these markets capable of providing the general public with adequate insurance services, and at the same time of contributing most effectively to meeting the more general national economic interests. State intervention in insurance may take many forms, the mildest being an external control through insurance legislation and supervision, the most stringent that of State monopoly extending to the entire insurance industry. The situation in which the State establishes a national insurance institution whose activities, although the institution may enjoy certain special prerogatives, parallel those of other insurance concerns operating in the market, may be considered as a middle course between these two extremes.

A. Developments in the field of insurance supervision

2. Through insurance supervision the Government regulates the operations of the insurance concerns transacting business in the national territory, first by imposing through appropriate insurance legislation rules and conditions which must be observed if a concern is to be permitted to transact business in the country, secondly, by setting up the supervisory organs responsible for enforcing the insurance legislation. Insurance supervision generally responds to a situation in which the State supervises the activity of a number of commercial insurance enterprises which are free to operate provided that they observe the rules laid down. In the case of a State monopoly in insurance, the traditional system of insurance supervision is not applicable, and the State control has to be exercised in a different way.

3. Insurance legislation, which generally comprises a fundamental insurance law and numerous governmental decrees or administrative rules, covers, inter alia, three main fields: the basic conditions which an insurance concern must fulfil in order to be authorized to operate, the solvency prescriptions it must observe in the course of its operation, and the principles it must respect in its relations with the public. So far as relations with the public are concerned, supervision may have to be extended to cover not only the insurance concerns but also the various insurance intermediaries (agents, brokers, etc.) constantly in touch with the insured public.

4. During the years 1971-1972 many developing countries introduced new or revised their existing insurance legislation. The new Ethiopian insurance legislation (Proclamation No. 281 of 1970), the essential characteristics of which were described in the previous review by the UNCTAD secretariat, 1/ came into force on 8 January 1971. In addition to laying down the conditions which insurance enterprises must satisfy (i.e. conditions regarding capital and deposit, investments,

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1/ See TD/B/C.3/99, paragraphs 2-4.

reinsurance arrangements, etc.) in order to be authorized to operate in Ethiopia, the new law provides for the formation and functioning of an Insurance Council invested with extensive consultative powers regarding general policy in insurance matters.

5. A further development in the field of insurance supervision has taken place in Argentina where, by virtue of Decree No. 6345 of 1971, a national consultative insurance committee has been set up within the Ministry of Finance. This committee will be responsible for carrying out studies and programmes with the aim of controlling and modernizing the country's insurance and reinsurance organs. The members of this committee will include a Government official and representatives of the insurance and reinsurance industry.

6. Regarding the conditions for commencing insurance transactions, various new rules or amendments have been adopted in a number of developing countries. In most of these cases, minimum capital requirements were laid down for insurance concerns. Such legislation has been enacted in Ethiopia, Chile, Ghana, Guyana, Kenya, Libya, Madagascar, Nicaragua, Philippines, Portugal and the Republic of Viet-Nam. Most of these countries have fixed minimum capital requirements without making any distinction between the various kinds of insurance business transacted by the concerns. However, in Ethiopia and Nicaragua the capital requirements have been fixed according to the class of insurance business which an insurance enterprise wishes to transact and the volume of business which it is aiming to achieve. In Guyana, where the Insurance Act, 1970 (No.25) provides for the registration of any company carrying on in the country insurance business other than motor vehicle, transit, marine and aviation insurance, a deposit of G$ 250,000 is required in order to engage in long-term insurance business or property insurance.

7. In the Philippines, under Presidential Decree No. 63 of 1972, certain sections of the Insurance Act have been amended. Under one of these amendments the domestic insurance companies' paid-up capital has to be increased four-fold.

8. The legislative measures taken in some developing countries stipulate that insurance business can only be carried on by an insurance enterprise the majority of whose shares are owned by nationals of the country or by national companies operating therein. Under the insurance control legislation of Ethiopia, for example, at least 51 per cent of the share-capital of non-life insurance companies must be owned by Ethiopian nationals or national companies. In Nicaragua, on the other hand, in article 3 of the new insurance law promulgated on 26 December 1970, a national company is defined as being an enterprise whose capital must be at least 65 per cent owned by Nicaraguan citizens or foreigners having a minimum residence in Nicaragua of ten years.

9. As regards another aspect of insurance control legislation, namely the rule regarding initial and other deposits, it is noteworthy that under the new draft insurance law of Iran all foreign insurance companies operating in that country will be required to establish minimum deposits equivalent to $500,000 to write life

insurance and £250 000 to write other classes of insurance business. However, before any [illegible] abroad may be made, these deposits must be doubled, and even then, yearly remittances will be limited to 10 per cent of the deposit. 1/

10. [illegible]

[illegible] technical reserves [illegible] insurance [illegible] companies.

11. In Guyana, since the enactment of the Insurance Act 1970, all life insurance concerns are required by law to establish a statutory fund known as the long-term insurance fund, in respect of their liability and contingency reserves for all the policies issued in the country. Moreover, the new insurance law stipulates that 95 per cent of this fund must be invested in assets in Guyana.

12. In Nicaragua, the Superintendent of Banks and other Institutions has recently laid down new regulations which provide for the establishment of technical reserves for both life and non-life insurance business. The technical reserves for life insurance are now calculated on the technical bases utilized for the calculation of the life insurance premiums; those bases have to be approved by the Nicaraguan insurance supervisory authorities. As regards the non-life insurance sector, it has been decreed that the technical reserves for unexpired risks must amount to 40 per cent of the premiums written. Besides, new regulations have also been laid down in respect of the reserves for outstanding claims and for statistical deviations. In addition, the valuation of the assets of insurance companies has become subject to stricter controls.

13. [illegible] insurance companies [illegible] Colombia [illegible] additional regulations to those of 1967 have been introduced specifying certain percentages of the underwritten premiums that have to be retained by the country's insurance concerns, according to the class of business transacted. Furthermore, insurers are no longer authorized to cede reinsurance abroad in response to more favourable conditions than those obtainable on the national insurance market; and a new commercial code has been enacted in Colombia which contains [illegible] insurance companies and their [illegible]

14. Four developing countries - Ethiopia, Malawi, Colombia and Fiji - introduced new rules concerning the activity of insurance intermediaries. In Ethiopia, prescribed forms have been established for applications for licences to operate as an insurer, insurance broker or loss adjuster. For both life and non-life insurance business these intermediaries are required to file with the Controller their balance sheets, revenue and other accounts and returns as well as profit and loss accounts and certificates of solvency. In Malawi, in the light of other amendments introduced in the country's insurance legislation, the law relating to the registration of agents and brokers has had to be amended accordingly.

15. In Colombia, Decree No. 361 lays down the conditions which insurance brokers have to satisfy in order to be allowed to transact insurance business. New conditions have also been introduced regarding the brokers' share-capital. Furthermore, the decree stipulates the qualifications which the insurance intermediaries must hold to be admitted into the Colombian insurance industry. This enactment does not, however, make a clear distinction between agents and brokers. On 21 December 1972 the Parliament of Fiji approved Act No.33, which may be cited as the Insurance Agents and Brokers Act, giving the country's Minister of Finance full powers to regulate and control the carrying on of the business of the insurance agents and brokers. From the date of entry into force of the Act all insurance agents and brokers will have to be licensed. The Minister of Finance has further been empowered to grant or revoke any licence, to charge annual fees and to lay down the regulations applicable to any person wishing to transact insurance business as an agent or broker.

16. In a number of developing countries, foreign exchange regulations for international insurance transactions have been introduced during the period under review. In Peru, for instance, the National Bank has announced measures aimed at the gradual cancellation of all foreign reinsurance treaties. As from the beginning of the year 1972 all insurance enterprises based in Peru have been obliged to place with the Banco de la Nación, in national currency, all their reinsurance contracts, save the facultatively reinsured risks for which an extension has been granted until 31 December 1972 at the latest. In Colombia, the approval of the Superintendent of Banks is required before the country's insurance companies can remit foreign exchange abroad for the purpose of foreign reinsurance contracts.

17. Two developing countries, Brazil and Ghana, have decided that all insurance relating to imported goods must be effected with companies established in the importer's country. Consequently, both Brazil and Ghana have ceased to import on a CIF basis; it has been estimated that, in Brazil, for example, this measure will increase the annual premium of the national insurance market by approximately US$ 20 million. 1/

18. In the field of practical insurance supervision many developing countries have decided to vest greater powers in their insurance supervisory authorities for the purpose of controlling and supervising insurance enterprises. For instance, in the Philippines, the Insurance Commissioner now has the power to adjudicate claims and complaints involving any loss, damage or liability for which an insurer may be liable under any kind of policy or contract of insurance, or for which such an insurer may be liable under any contract of guaranty or suretyship, where the amount of any such loss, damage or liability being claimed or sued upon does not exceed 100,000 pesos.

19. In general, the role of supervisory authorities in many developing countries is growing considerably because of the highly technical nature of insurance and reinsurance business. Although some developing countries still prefer to subordinate their insurance supervisory services to the jurisdiction of other

1/ The Review, 14 May 1971, London.

financial institutions such as their national or State banks, there is a growing general tendency for insurance supervisory authorities to become more independent and autonomous bodies, usually responsible to a principal Minister, such as the Minister of Justice or of Finance. For example, under the recently amended insurance legislation of the Philippines, the Insurance Commissioner, in addition to his power to suspend or revoke the licence of an insurance company, now also has the power to appoint an administrator to manage the affairs and property of such company, in lieu of instituting the usual rehabilitation proceedings.

20. However, it should be emphasized here that there is at present a great shortage of suitably trained and qualified staff, especially at the high executive and managerial level, who can be recruited for employment in the developing countries' supervisory authorities. There is an urgent need, therefore, to increase the training facilities for such personnel in order that developing countries can successfully promote the sound growth of their domestic insurance and reinsurance markets.

B. Measures modifying the structure of insurance markets

21. In addition to enacting legislation to promote an adequate system of insurance supervision, several developing countries have also found it necessary to take more direct action with a view to effecting a structural change in their national insurance markets. The Governments of some developing countries, for instance, have eliminated or reduced certain foreign interests in their insurance markets by becoming shareholders in existing insurance concerns or by establishing new national insurance institutions, partly or wholly State-owned. A few other developing countries have resorted to the most far-reaching form of intervention, namely to the complete take-over of the entire insurance industry, which became *de jure* or *de facto* a State monopoly.

22. The Revolutionary Command Council of the Libyan Arab Republic issued a legislative decree in 1971 which nationalized four foreign insurance companies. In this connexion, it was proposed to pay compensation in cash for the amount of the net value of the four companies' assets. Furthermore, all branch offices of foreign insurance companies are being obliged to wind up their business in the Libyan Arab Republic, and the compulsory domestic insurance of all the country's funds, property and imports, has been imposed.

23. Another insurance market which has undergone a radical structural change during the period under consideration is that of India. In May 1971 the Central Government of India decreed the taking-over of 112 general insurance companies (the life insurance business sector having been monopolised by the State many years ago). These 112 companies, Indian and foreign-owned, were managed on a temporary basis on behalf of the Government by specially appointed custodians whilst the General Insurance Business (Nationalisation) Bill, 1972, was passing through the Indian Parliament. The new Act was approved and given the President's assent in the course of 1972.

24. Moreover, under the Companies Act, 1956, the General Insurance Corporation of India has been formed and entrusted with the task of supervising, controlling and carrying on the business of general insurance in India. Existing Indian insurance

companies have become subsidiaries of the Corporation and have been amalgamated into four groups, with the result that ultimately only four insurance companies will be transacting general insurance business in the country. It has also been proposed that these four groups be allowed to carry on reinsurance business, in accordance with the guidelines laid down by the General Insurance Corporation of India, with the principal objective of increasing the capacity of the Indian insurance market.

25. In Zambia measures were announced which in effect obliged private insurers to close down by preventing them from issuing any new or renewing existing policies as of January 1971. As a result, the Zambian insurance market's structure has been radically transformed from a market in which both the Government and private insurers transacted business to an industry now completely monopolized by the State. In Uganda, where the insurance market comprises one wholly State-owned insurance institution and four private companies with State majority holdings in each of them, reports have been circulating of a further State take-over tending towards a complete monopoly; however, to date, the Government has made no such move.

26. In Malawi measures were taken on 31 December 1971 to de-register 38 existing insurance companies, all of which were operating either on a very small scale, or not at all, with the principal aim of rationalizing the Malawi insurance market. Hence, there are now only thirteen companies registered as authorized to transact insurance business in Malawi. In Liberia, the first national insurance company has been set up. This enterprise, the Insurance Company of Africa, commenced its operations in 1971. Although it is described as a national insurance company, it is in fact, partly financed by foreign interests. During the period under review as many as three State insurance companies, one of which specializes in the transaction of life insurance business, have been created in the Ivory Coast.

27. In the field of reinsurance, in Ghana the Insurance (Amendment) Decree 1972 has laid down regulations governing the Ghana Reinsurance Organization established under the provisions of the National Redemption Council (Establishment) Proclamation 1972. This Organization's capital has been subscribed in its entirety by the Government of Ghana. For every insurance policy issued on or after 1 October 1972, every insurer has had to cede 20 per cent to the Organization. The percentage may be increased or reduced by the Commissioner responsible for the Organization's finance. Insurers, after having satisfied their treaty obligations, may offer facultatively to the Organization any remaining reinsurance they may wish to place. Further provisions stipulate that the Commissioner has to determine the rates for reinsurance commission (no profit commission) and that the Organization can oblige the insurers to modify the underwriting terms or to cancel the risks ceded.

28. In the Sudan, the principal object of the recently established Sudanese Reinsurance Corporation will be to absorb a part of the reinsurance premiums which have hitherto had to be ceded abroad and to assist the national companies in reducing their overall costs for reinsurance. The Corporation, which was due to commence its operations in January 1973, will be controlled by the Government through a 51 per cent shareholding; the remaining 49 per cent of the company's shares will be owned by the private insurance sector. The Sudanese Government has requested and been granted technical assistance from the United Nations Development Programme (UNDP) in the form

of the services of an adviser who will, for the first three years of the Corporation's existence, actively participate in and advise on the setting-up and management of the Company. His functions will include the training of the Corporation's staff in reinsurance methods.

29. During the period under consideration, new national reinsurance companies have been formed in two more developing countries, namely in Kuwait and in the Republic of Viet-Nam.

30. As already mentioned in paragraph 16 above, in Peru the National Bank has been appointed the sole reinsurer of the country. The relevant decree lists among the reasons for establishing a Government reinsurance monopoly the need for "planning, directing and controlling" the national programme for regulating the foreign exchange market, including the centralization of the remittance abroad of foreign currency for reinsurance purposes; and the expectation that this centralization at the Banco de la Nación will make it possible to reduce the cost of reinsurance. 1/

31. As regards life insurance, the Governments of both Bangladesh and Pakistan have decided to take over and nationalize all life insurance business in their countries. As far as can be ascertained at the present time, the Government of Bangladesh will gradually nationalize (among other enterprises) all the life insurance companies. For the time being, it is assumed that only Pakistan-based insurance companies have been excluded from transacting life insurance business in Bangladesh and that other foreign insurers will be permitted to continue their operations in this market. Nonetheless, the Government order is very broad in scope and the possibility of future changes in the structure of the Bangladesh domestic insurance industry cannot be excluded.

32. The Presidential Order promulgated in Pakistan on 19 March 1972 became effective immediately, with the result that all life insurance business has been vested in the central Government. For the purpose of nationalizing life insurance, several corporations have been newly formed in order to take over the business from the thirty-nine Pakistani and four foreign life insurance companies. Article 34 of the Presidential Order provides for the payment of compensation to the foreign companies affected the amount of such compensation to be determined by the central Government in accordance with "the assets brought into Pakistan by the insurer for the purpose of building up his life insurance business in Pakistan". 2/

1/ Legislative Decree No. 18961, as published in International Insurance Monitor Research Service, September 1971.

2/ Presidential Order dated 19 March 1972, article 34.

Chapter II

REGIONAL CO-OPERATION IN INSURANCE AND REINSURANCE

33. As has been stated repeatedly, regional co-operation could be a vehicle for promoting the economic growth of developing countries. In the fields of insurance and reinsurance, regional co-operation can be interpreted in two senses: first, in the sense of a broader co-operation, taking the form of regional meetings for exchanging information and experience, collective training facilities for a given region, joint studies covering a number of countries in a particular area, etc.; second, in the strictly operational sense, i.e., the establishment of multinational insurance and reinsurance institutions, regional pools, etc. It is clear that while the first form of co-operation is very useful indeed, the latter is much more important because of its direct bearing on the retention capacity of the local insurance markets and on the outflow of foreign exchange from a developing region caused by insurane and reinsurance bought abroad.

A. Regional insurance conferences, congresses, etc.

34. The International Conference of African, French and Malagasy States on Insurance Supervision (CICA) is an intergovernmental body established in 1962 to secure co-operation in the supervision of insurance concerns operating in the participating French-speaking African States.1/ At the organization's twenty-fifth session, which took place in Paris in December 1972, a very important decision was taken, marking a turning point in the history of the CICA, namely to proceed immediately with its "Africanisation", to which effect a new convention is to be signed shortly. France will cease to be a member of CICA but will continue to serve it in a consultative capacity, as well as providing technical and financial support. Thus, having achieved the principal objectives for which it was established in 1962, CICA is to be modified in order to be better equipped to meet the changing needs of its member States' insurance markets whose technical rules and control modalities are to be harmonised.

35. Another important development which took place during the course of the period under consideration was the decision of the CICA General Assembly, at its meeting in December 1971, to create an International Insurance Institute at Yaoundé, Cameroon, for the purpose of providing training facilities for the insurance personnel of the French-speaking countries of Africa. The Institute is due to be officially inaugurated and commence its operations in October 1973, i.e. at the beginning of the 1973-74 academic year. Thus, a project of regional co-operation is about to be implemented which should satisfy an urgent need to increase the number of adequately trained and competent insurance personnel in the member States of CICA and so assist in promoting the sound and effective development of their national insurance markets. The UNDP has been requested to provide financial assistance to the Institute. Other French-speaking African States, non-members of CICA, have been informed that the Institute will reserve yearly a certain number of places for their trainees, a fact which enhances the Institute's international character.

1/ For the membership and objects of CICA see TD/B/C.3/99, paras. 40 and 41.

36. The General Arab Insurance Federation (GAIF),[1] has made in its eight years of existence (1964-72) considerable headway in many aspects of regional co-operation. A non-governmental organization, its members now include fifty insurance and reinsurance companies from fourteen Arab countries. According to the Federation's Charter, at least 51 per cent of the total paid-up capital of the member companies must be owned by Arab nationals. Apart from establishing specialized committees on life, fire, engineering and marine insurance, the GAIF has been most active in the field of insurance pools (see section B below). At the Seventh General Conference of the GAIF held at Rabat, Morocco, in 1972, a number of resolutions and recommendations were adopted. These concerned co-operation with regard to the insurance of Arab ships and aircraft and the coverage of the related risks in international markets, the newly created Arab Reinsurance Company, the Arab Reinsurance Pools, the proposed increase of the facultative reinsurance exchange between Arab markets, especially for large risks, the preparation of Arab insurance policies and Arab life tables and the organization of seminars concerning specialized insurance subjects to be conducted by insurance experts.

37. The Federation of Afro-Asian Insurance and Reinsurers (FAIR), which was also established in 1964, provides an example of co-operation in the fields of insurance and reinsurance at an inter-regional level.[2] It has, in fact, become a recognized forum for discussion of broader insurance interests of African and Asian countries. During the period under consideration, the Federation has been publishing regularly the "FAIR Review" which appears once every three months and which contains many informative studies concerning insurance markets in African and Asian countries. The third General Meeting of the FAIR took place at Instanbul in September 1972. At that meeting among the topics treated were problems of professional training of insurance personnel, loss prevention in marine and non-marine insurance, problems of life insurance in Africa and Asia, livestock insurance in developing countries and reports by member companies on their national insurance markets. The meeting provided an opportunity for initiating and reinforcing business relations among the participants. The creation of an Afro-Asian Reinsurance Pool was also discussed.

38. During the period under review the First African Insurance Conference was held in Mauritius in 1972. This Conference, which is a non-governmental body, paved the way for further such meetings in future years. It achieved its principal aim, that of providing a forum in which some of the outstanding problems of African insurance and reinsurance could be discussed. Delegates from 26 African countries participated in the Conference, together with observers from the world's major insurance markets, as well as representatives from several international insurance organizations. The African delegates expressed a strong desire for the promotion of national insurance concerns and for increased regional co-operation.

1/ For a summary of the objectives of GAIF, see TD/B/C.3/99, para. 46.

2/ For particulars of the membership and activities of FAIR see TD/B/C.3/99, paras. 53 to 57.

39. Specially prepared papers were delivered by experts in various fields of insurance at this Conference after which the following main subjects were discussed:

(a) Regional and sub-regional co-operation in the fields of insurance and reinsurance (paper submitted by the UNCTAD secretariat);

(b) Foreign help to African self-development (paper submitted by the UNCTAD secretariat);

(c) Capacity problems in Africa (in particular those related to large or hazardous risks);

(d) Education and training of African insurance staff;

(e) Foreign insurance operations in Africa.

40. One of the most valuable achievements of the Conference was the organization of three practical seminars which dealt with life insurance, marine cargo insurance and crop insurance. Moreover, the Conference provided the opportunity for each of the African countries represented to submit a report on its individual insurance market. In the ensuing debate the participants were able to exchange information and experience. Two sub-committees were set up, one to discuss the ways and means of implementing regional and sub-regional co-operation in insurance and reinsurance within the African context, and the other to deliberate on matters related to the education and training of African insurance personnel. Their findings are to be submitted in the form of reports to the Second African Insurance Conference, which is to be held at Nairobi, Kenya, in June 1973.

41. As far as Asia is concerned, another document submitted to the Committee for information1/ refers in detail to the "Round Table Meeting of Asian Insurance Commissioners and other Senior Government Officials in charge of Insurance Supervision" which was held at Bangkok from 3 to 12 July 1972, and which was organized jointly by UNCTAD and by the Economic Commission for Asia and the Far East (ECAFE) within the framework of the UNDP. The meeting was organized in pursuance of paragraph 3g(iii) of Conference resolution 42 (III) on insurance and reinsurance. The discussions during the meeting covered the following subjects: the scope of insurance supervision, authorization to transact insurance business, control of solvency of the individual insurance concerns, control of contracts offered to the public and of tariffs applied, control of terms and conditions of reinsurance arrangements and regional co-operation among Insurance Commissioners. The meeting, attended by high-ranking Government officials in charge of insurance supervision from sixteen Asian developing countries, was judged by all the participants to have been a great success.

42. In September 1972 the East Asian Insurance Congress (EAIC) held its Sixth General Conference at Kuala Lumpur, Malaysia.2/ This important East Asian non-governmental organization, members of which are insurance companies of many East Asian countries, seeks, inter alia, to promote and foster sub-regional co-operation and development in

1/ TD/B/C.3/L.90.

2/ For the basic aims and objectives of EAIC see document TD/B/C.3/99, para. 58.

insurance matters. The theme chosen for this biennial Conference was "National and regional development through better insurance management", specifically because national development has been given high priority by the Governments of the participating members.

43. In Latin America, an important international insurance meeting took place at Buenos Aires in November 1972. This was the Latin American Seminar of Co-operative Insurers, sponsored by several international organizations and co-operative bodies. The main purposes of the seminar were to promote through existing co-operative organizations the development of co-operative insurance in Latin American countries where this service is not yet available and to improve existing co-operative insurance through the exchange of experience. Nineteen Latin American countries were invited to participate at this Conference. Papers were read on the various aspects of co-operative insurance. A general evaluation was made concerning the theoretical and practical phases of co-operative insurance, with particular reference to the scope for its development in the different Latin American markets.

B. Regional insurance and reinsurance pools

44. The four pools of the General Arab Insurance Federation, namely the Aviation, Fire, Engineering and Marine-Cargo Insurance Pools, continued their activities by accepting shares of insurance business that exceeded the domestic markets' capacities in the Arab countries. As a further step towards increased operational co-operation among Arab countries, GAIF established in 1972 the Arab Reinsurance Company whose capital was subscribed by forty-four Arab organizations, insurance and reinsurance companies, banks and Governments and which has its head office in Beirut. It is expected that in years to come the Arab Reinsurance Company will play an important part not only in the reinsurance markets of Arab countries but also in the transaction of international business.

45. The East African Community, comprising Kenya, Tanzania and Uganda, was set up in 1967 under the Treaty for East African Co-operation with the principal objective of strengthening and regulating the industrial, commercial and other relations of its partner States. A unanimous resolution of the East African Legislative Assembly at its meeting in November 1969 called for the establishment by the Community of an East African Reinsurance Corporation or Pool. In this connexion, a Reinsurance Adviser was appointed in December 1971, on a UNDP technical assistance assignment, to undertake a three-month mission during which he carried out a detailed study of the insurance market of each of the three member countries of the Community, assessed the possibilities, advantages and disadvantages of establishing in the region either an East African Reinsurance Corporation or an East African Reinsurance Pool and submitted his findings and final recommendations in the form of a report. Concrete proposals regarding the setting-up of a pool and/or a reinsurance corporation have been made and it is hoped that this project can be implemented once the approval of the Governments concerned has been secured.

46. Some progress also can be reported from the Caribbean region. As a result of the conclusions contained in a feasibility study prepared recently by a United Nations insurance expert and with the assistance of the UNCTAD secretariat, the Caribbean Meteorological Council at its eleventh meeting held in July 1971 recommended to all

the Governments of the Caribbean region that they should take appropriate action to establish a regional hurricane insurance scheme. This important regional project has therefore already reached a fairly advanced stage and, if governmental support can be secured, is expected to be implemented shortly..

47. The Asian Reinsurance Pool Building at Manila was inaugurated on 14 July 1972. The Pool comprises companies from ten East Asian countries and is expected to commence business very shortly. Meanwhile five of these countries, namely those participating in the Association of South-East Asian Nations (ASEAN),1/ are considering establishing their own sub-regional reinsurance pool, as well as an export credit insurance scheme. The UNCTAD secretariat is associated with the feasibility studies for these two ASEAN projects.

1/ Indonesia, Malaysia, Philippines, Singapore and Thailand.