Can Interventions Spur Development of the Insurance Sector?

From Examples of World Bank Projects

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PREAMBLE

Insurance is an important part of the financial sector. It supports broader economic and general well-being in developed economies in a way that is so entrenched and accepted that it is not widely recognized. In less developed markets, insurance can remain nascent for many years and then pick up through a dynamic development phase and reach a more mature phase. Many actors contribute to this development. This report is part of an effort to understand the drivers of development in insurance sectors in a range of jurisdictions, especially the role of policy and project interventions.

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The authors are thankful for the active engagement of all who were involved in the discussions and in supporting the work. The team is grateful for guidance and comments throughout the process from Eugene N. Gurenko (Lead Financial Sector Specialist), Susan Holliday (Principal Industry Specialist), and Hanh Le (Senior Monitoring & Evaluation Specialist), although the resulting report remains the work of the authors and does not reflect all the views of reviewers.

This report has been funded by the UK government, although the views expressed do not necessarily reflect the UK government's official policies. The report was prepared as part of a broader program as part of the Centre for Global Disaster Protection.

Insurance for Resilience and Inclusive Growth

The goal of the overall project is to partner with countries to support development of their insurance markets by investigating the experiences of several selected countries. It incorporates assessments of regulatory and supervisory settings in comparison with a range of international standards as well as market circumstances to identify how these settings and contextual elements have contributed to growth and development. The analysis examined the insurance supply chain and considered demand and outcome-based metrics.

A parallel effort that includes quantitative analyses of a range of cross-country data sets[1] and a review of observance of the International Association of Insurance Supervisors' Insurance Core Principles in comparison with developmental metrics with a view to identifying priority Insurance Core Principles for development complements the country studies.

Overall learning is distilled from the deep-dive studies to present broader conclusions in a synthesis report.

[1] The quantitative analysis of a wide range of data sets as an initiative will be published as a set of short notes and a compilation by the World Bank.

Introduction

Insurance markets play a critical role in supporting and sustaining growth via two transmission mechanisms. First, it provides risk mitigation by helping households and firms protect their assets. Second, the insurance sector supports economic growth through the deployment of long-term capital in the real economy and contributes to capital market development. The World Bank's support for the development of insurance markets is directly related to the achievement of its twin goals of poverty reduction and shared prosperity. Toward the achievement of these goals, the World Bank has and continues to support the development of the insurance market in many countries around the world. This report seeks to analyze the effectiveness of World Bank support for insurance reform around the globe. Insurance regulators often need technical assistance (TA) because insurance and its regulations are intangible. Therefore, projects that the Financial Sector Reform and Strengthening (FIRST) Initiative has funded and the World Bank has implemented are used as a representative sample for the World Bank intervention, particularly TA.

Section 1 provides a broad overview of the nature and objectives of the projects. Section 2 contains an objective view of the effect of FIRST-funded projects on the growth in insurance markets as measured according to insurance market penetration. Rigorous data analysis was used to isolate factors other than the project intervention that may have led to a change in the insurance premiums as a percentage of gross domestic product (GDP). In section 3, the report showcases the dynamic view of and multipronged approaches to insurance market development by highlighting country case studies with different primary objectives, toward the overall goal of the insurance market development. The case studies also consider specific insurance market interventions that can stimulate wider financial sector development objectives. Applying the drivers and stages discussion as an analytical framework, Section 4 evaluates numerous interventions of the FIRST projects that the World Bank has implemented and extracts some key lessons learned that could be used as a guide to inform the design of future intervention in pursuit of insurance market development. Section 5 provides some overarching conclusions and takeaways.

General Overview

The World Bank has a long history of projects focused on financial sector development. The institution works with financial sector authorities such as central banks, regulators, and supervisors mainly in low- and middle-income countries to strengthen financial stability, expand financial inclusion, and deepen long-term finance. These three pillars are equally critical, interdependent, and mutually reinforcing and are necessary to achieving economic growth, poverty reduction, and shared prosperity.

Projects that the World Bank conducts enjoy a range of support, including the FIRST Initiative, a multidonor trust fund program. FIRST supports TA geared toward development of the financial sector around the world, including implementation of interventions that the Financial Sector Assessment Program (FSAP)[2] recommends. Launched in 2002 after the East Asian financial crisis, FIRST has funded more than 770 projects in approximately 120 countries, deploying more than USD181 million as of December 2018.

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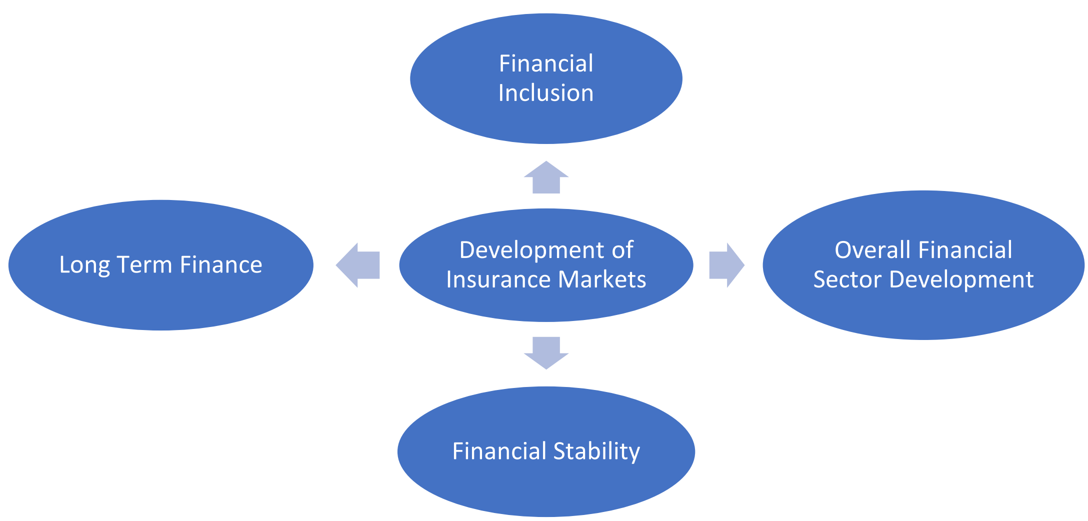
[2] FSAP is a joint program of the International Monetary Fund and the World Bank that provides a comprehensive framework to identify financial system vulnerabilities and develop appropriate policy responses.

FIRST's TA provides support in four specific areas: strengthening the legal, regulatory, and supervisory framework and institutional capacity; strengthening financial infrastructure; supporting development of new financial products; and catalyzing other donor and partner support to implement financial sector reforms. FIRST works in many subsectors within the financial sector, including banking, insurance, pensions, and capital markets.

Insurance Sector Development

FIRST has funded more than 100 insurance-related projects in more than 50 countries around the world (Annex 1).[3] Through FIRST projects, World Bank support for the insurance sector contributes to financial inclusion, financial stability and long-term finance, and consequently to the broader financial development agenda (figure 1). Specifically, work in insurance increases access for those otherwise excluded, thereby increasing financial inclusion; supports appropriate risk management and risk transfer for firms and households, thereby maintaining financial stability; and mobilizes long-term finance to meet countries' development needs as insurance companies (especially life insurance companies), as institutional investors, provide a rich source of long-term capital. Non-life insurance companies can provide liquidity as well as capital to the capital market. The projects have assisted policy makers in increasing access to insurance by expanding product options, developing the investor base, and increasing compliance with international principles and developing robust legal, regulatory, and supervisory frameworks to support financial stability and boost investor confidence. Projects have covered life and non-life segments of insurance markets.

Figure 1: Role of Insurance Market Development



[3] These projects are derived by choosing "Insurance Sector" that FIRST initiative categorized, and projects across multiple subsectors including insurance sector may be excluded.

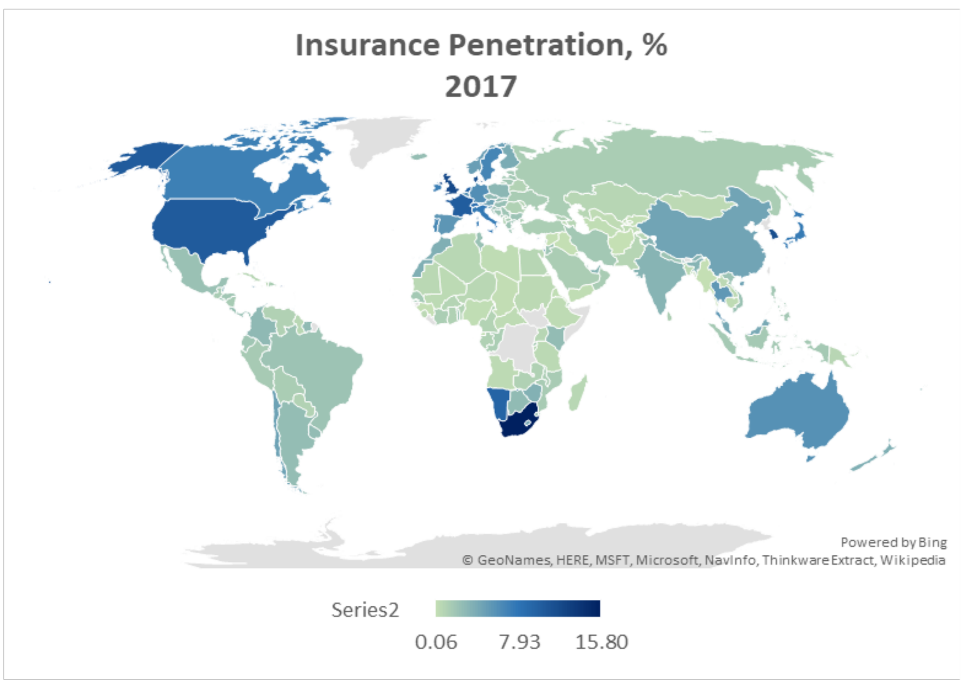
<u>Program Analysis</u>

Which World Bank projects have had an effect and why?

With the World Bank's track record of supporting insurance projects around the world, its database of World Bank FIRST-funded projects can provide insights into which TA interventions have the most effect. As each project measures and documents success according to its own framework's metrics, there has been no rigorous evaluation of the effect of the different measures that the various projects promote in diverse circumstances over the years. It is worthwhile examining the list of World Bank FIRST-funded insurance projects to see how the World Bank interventions have had effects on insurance market development.

Insurance markets take time to develop in size and sophistication. Insurance penetration (premium divided by GDP) is a well-recognized, frequently cited measure of sector development (figure 2). Insurance markets in many emerging economies remain stubbornly small.

Figure 2. Global Insurance Coverage

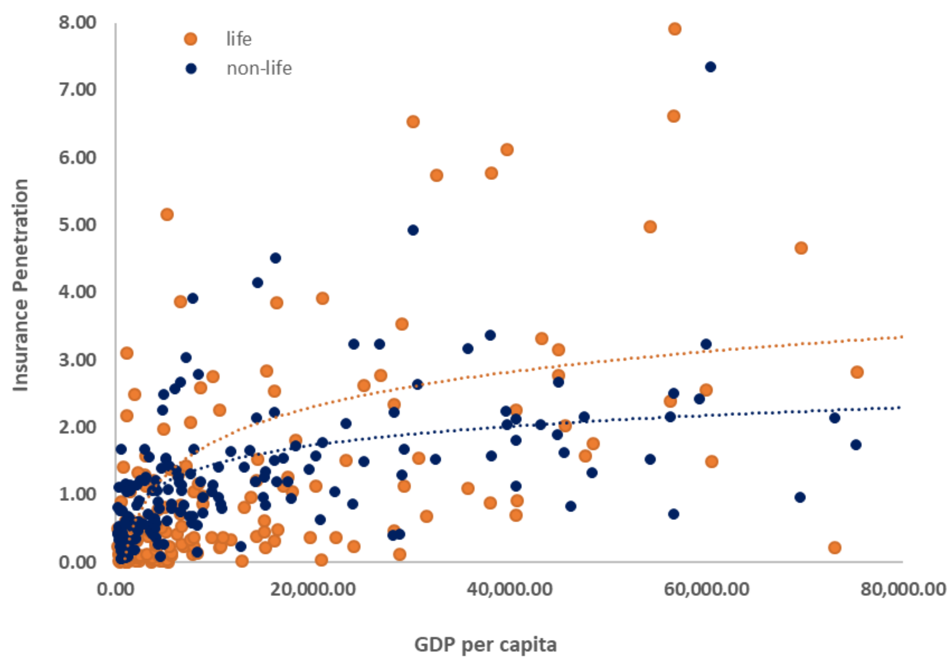


Source: AXCO Global Statistics

Insurance penetration can be expected to change as GDP per capita changes. Cross-country data (USAID 2006) show that, over the last 40 years, formal insurance penetration did not linearly correlate with economic growth but followed an S-curve (Rudolf 2000). Low levels of economic development are typically associated with low insurance penetration, and informal and traditional self-insurance mechanisms are not easily quantifiable. At GDP levels of approximately USD3,000 to USD5,000 per capita, insurance penetration rises faster than GDP, until the market becomes saturated to some extent. The S-curve concept has also had longstanding sector acceptance. It allows improvements in insurance penetration that would be expected as GDP per capita grows to be differentiated from those that are above such levels.

Some refinement of the S-curve shows differences between life and non-life insurance (figure 3). Although life insurance is casually linked to growth only in higher-income economies, non-life insurance makes a positive contribution in developing and higher-income economies.

Figure 3. Life and Non-Life Insurance, % in 2017



Source: AXCO Global Statistics

Although the correlation between insurance penetration and GDP per capita is observable, GDP per capita is not the only factor that increases insurance usage. There are other strong predictors of insurance market development, such as institutional quality and financial market development measures (Giné, Ribeiro, and Wrede 2019).

Although growth of a country's insurance market is not the only objective that the World Bank pursues (as discussed above, financial inclusion and stability also matter, as does long-term finance), the fact that FIRST projects are limited to low- and middle-income countries and that insurance markets in these regions tend to be underdeveloped in every respect, growth of these markets is generally a necessary precondition for inclusion, stability, and institutional investment. Although it can be difficult to measure insurance market growth, the analysis was conducted based on an increase in insurance penetration rates to establish whether any links between FIRST engagements and market development could be found.[4]

[4] There are different sources of data pertaining to insurance markets and their development. This report chose AXCO Insurance Information Services (AXCO) as s source. Although reports and statistics from AXCO are not freely available

In an attempt to compare the potential effect of FIRST projects[5] on market development, a number of filters have been applied to identify markets with outstanding growth.

- **The first filter** identifies countries whose insurance premium grew more strongly than its GDP. To level out any erratic short-term swings in economic development, compound annual growth rate (CAGR) of insurance premiums was compared with CAGR of GDP over multiyear periods from project start to 2017.

- **Second,** change in the country's insurance penetration since the FIRST project started was compared with the average change of insurance penetration in the country's income class.

- **Last,** to reflect the basis effect, which posits that growth is more vigorous when starting from a low base and less dynamic in more mature markets, the next filter used was whether a country's insurance premium had exceeded the average premium growth rate of the country class[6] as well as exceeding GDP growth during the same period.

Macro adjustments were made to assist the analysis. All calculations were made in local currency to eliminate swings in foreign currency exchange rates, converting premium volume figures that AXCO provided in USD using the exchange rate that AXCO also provided.[7] This process was conducted separately according to line of business: property and casualty, life, and total.[8] Although our analyses focused on premium growth and penetration change, those factors cannot capture all effects of interventions from FIRST projects.

Nevertheless, isolating a project's effect from broader macro trends is not fully possible. It is impossible to completely distinguish the effect of a World Bank project from the effects of other factors, such as economic conditions, political events, and other interventions, but this report attempts to remove the 'noise' of GDP growth and the natural trend of premium growth and penetration change in peer countries as much as possible. The approach focuses more on correlation than exact causality.

Results

Figures 4 to 6 demonstrate average CAGR of total insurance premium from each project start year to 2017 according to country income class for countries with FIRST projects and countries with no FIRST projects.

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without subscription (unlike, e.g., Organization for Economic Cooperation and Development data), the AXCO data are used in this report because they are available for a large number of countries in time series spanning decades and can be downloaded in formats amenable to further analysis.

[5] For this analysis, we covered FIRST projects from 2005 to 2015 with commitments of greater than USD30,000 and dropped projects that targeted several countries at once.

[6] The country classes are low, lower middle and upper middle income according to World Bank classification. High-income countries were excluded from the research, because FIRST projects do not usually target them.

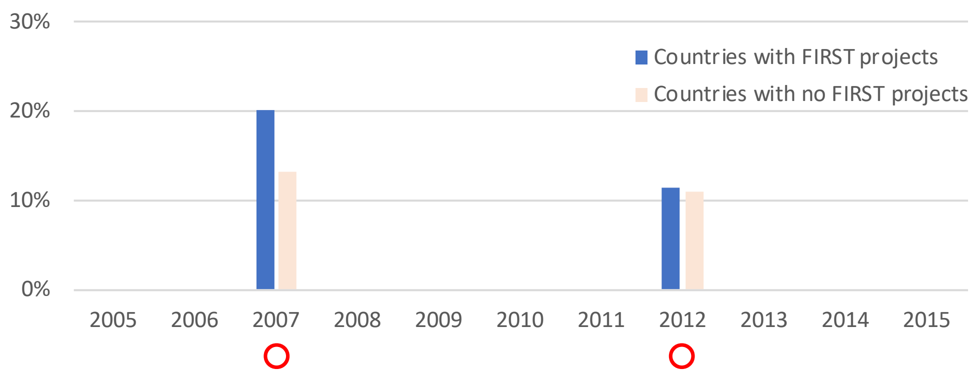
[7] Zimbabwe is not included in calculating the average to avoid the effects of hyperinflation.

[8] Accident and health business line was analyzed but constitutes such a small part of the overall insurance market in most emerging market and developing economies that it was not taken into consideration separately. For life insurance, growth of assets under management of insurance companies was also considered as an additional criterion, but the necessary data were not available in enough detail for enough countries.

Overall, FIRST project interventions have positively correlated with market development in most cases in terms of premium growth, although recent projects have not yet driven insurance market development much (especially in the upper middle-income class), which indicates that it takes time for some interventions to achieve significant effects.

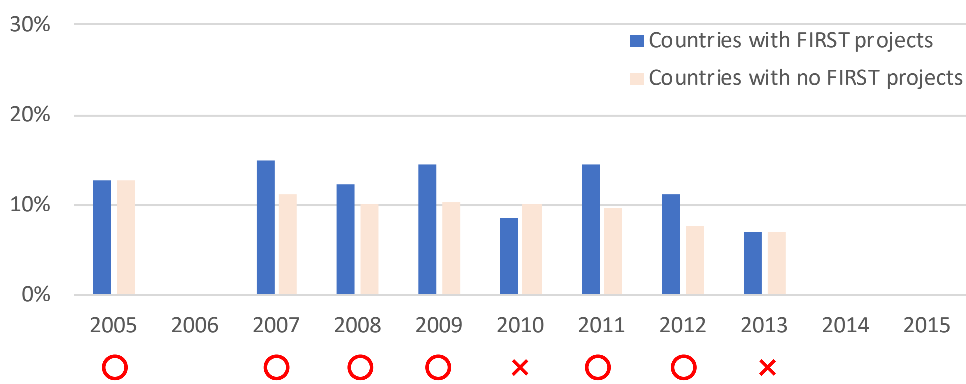
The analysis using insurance penetration change instead of premium growth had similar findings (Annexes 2 to 4). The detailed tables are presented in Annex 5.

Figure 4: Average compound annual growth rate (CAGR) of Premiums (Project Start Year to 2017) in Low-Income Countries with Financial Sector Reform and Strengthening (FIRST) Projects and No FIRST Projects[9]



Source: Authors, with AXCO and World Bank data

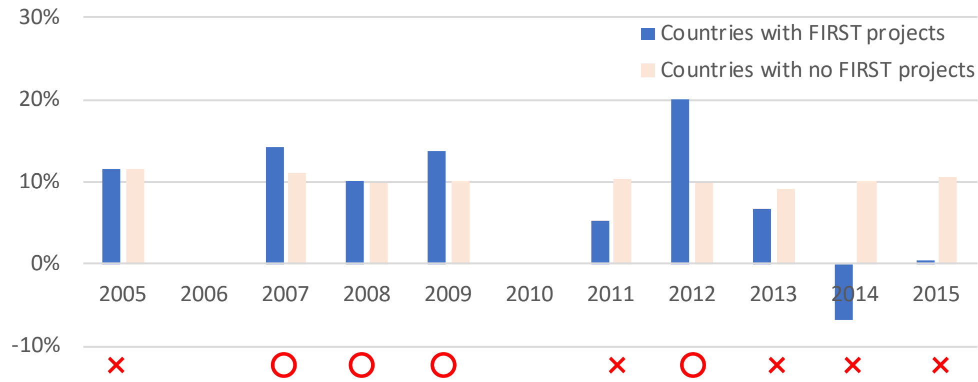
Figure 5: Average CAGR of Premiums (Project Start Year to 2017) in Lower-Middle-Income Countries with FIRST Projects and No FIRST Projects



Source: Authors, with AXCO and World Bank data

[9] Red circles indicate countries with FIRST projects outperform countries without FIRST projects, and red X signs indicate countries with FIRST projects do not outperform countries without FIRST projects in the figures 4 to 6 and the annexes 2 to 4.

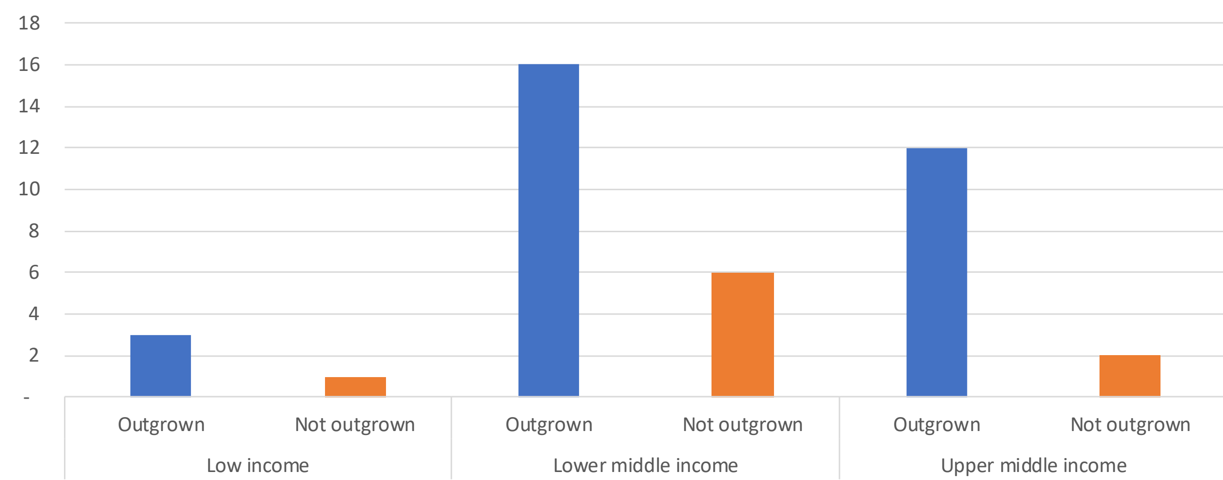
Figure 6: Average CAGR of Premiums (Project Start Year to 2017) in Upper-Middle-Income Countries with FIRST Projects and No FIRST Projects



Source: Authors, with AXCO and World Bank data

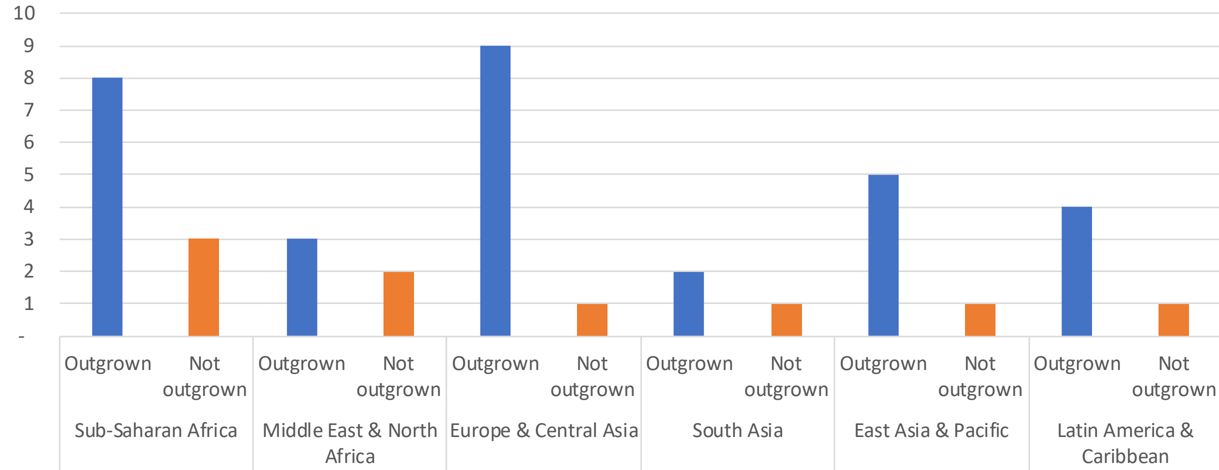
Figures 7 to 10 focus on FIRST project recipient countries. Figures 7 and 8 show the number of countries in which CAGR of total insurance premiums has outgrown CAGR of GDP (from project start year to 2017) and that of countries where CAGR of total insurance premiums has NOT outgrown CAGR of GDP in the same period. Countries are grouped according to income class and region. Approximately 80 percent of countries with FIRST projects have outperformed in terms of premium growth – with little difference according to country income class. Success rates are greater than 60 percent in all regions, with Europe and Central Asia scoring higher than other regions.

Figure 7: Number of Countries Where CAGR of Premiums Has or Has Not Outgrown CAGR of GDP (Project Start Year to 2017) in FISRT Project Recipients According to Country Income Class



Source: Authors, with AXCO and World Bank data

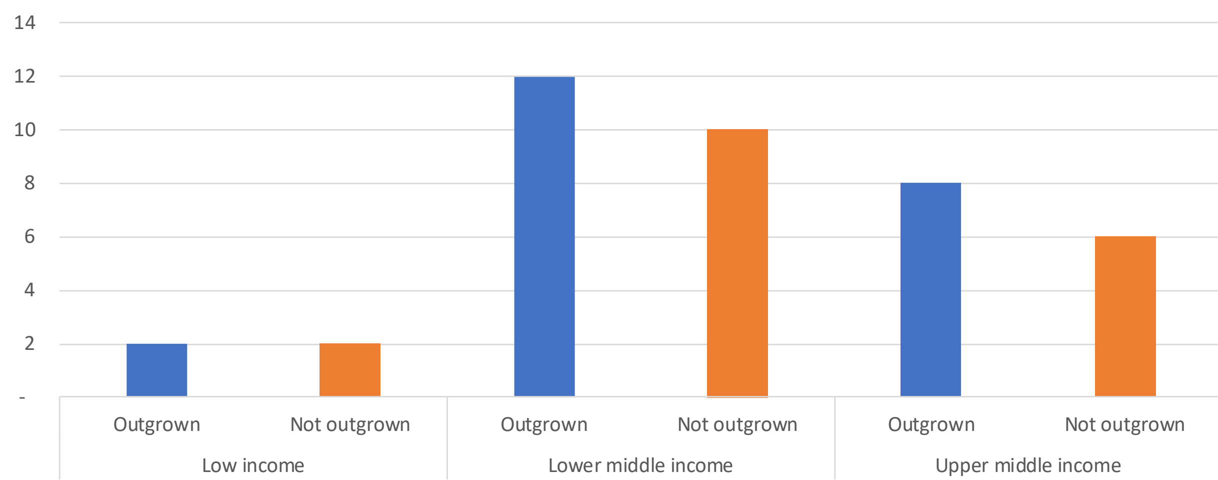
Figure 8: Number of Countries Where CAGR of Premium Has or Has Not Outgrown CAGR of GDP (Project Start Year to 2017) in FISRT Project Recipients According to Region



Source: Authors, with AXCO and World Bank data

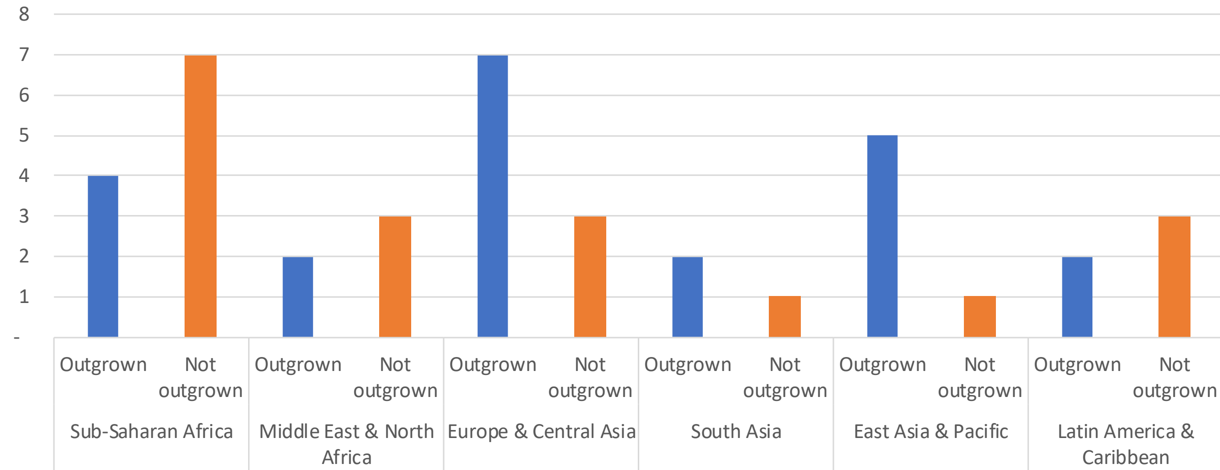
Figures 9 and 10 show the number of countries where penetration change has outgrown that of the same country income class (from project start year to 2017) in FIRST project recipient countries, grouped according to income class and region. Approximately 55 percent of countries with FIRST projects have outperformed the same country income class in terms of penetration. Growth rates have been strong in Europe and Central Asia and East Asia and Pacific but lagged in sub-Saharan Africa, Middle East and North Africa, and Latin America and the Caribbean.

Figure 9: Number of Countries Where Penetration Change Has of Has Not Outgrown That of the Same Country Income Class (Project Start Year to 2017) in FISRT Project Recipients According to Country Income Class



Source: Authors, with AXCO and World Bank data

Figure 10: Number of Countries Where Penetration Change Has or Has Not Outgrown That of the Same Country Income Class (Project Start Year to 2017) in FISRT Project Recipients According to Region



Source: Authors, with AXCO and World Bank data

Using this analysis, we compiled a list of FIRST TA recipient countries where insurance grew above the natural rate (Annexes 6 to 8). Annex 6 presents 21 countries as outperforming FIRST project recipient countries, out of 40 FIRST project recipient countries in the total insurance category (non-life and life). Table 1 shows the number of outperforming countries and underperforming countries according to project classification, although it is difficult to tell which types of projects perform well according to that simple classification.

Table 1: Number of Outperforming Countries and Underperforming Countries According to Project Classification[10]

Project classification	Outperforming countries	Underperforming countries
Motor third-party liability	1	0
Microinsurance	2	1
Solvency	3	1
Life and mortality table	2	0
Regulation, supervision, law	9	5
Catastrophe	3	0
Livestock	1	0
Total	21	7

Source: Authors, with AXCO and World Bank data

Table 2 compares outperforming countries with underperforming countries using some project-related indicators. It indicates that longer engagement might lead to more success in developing the insurance market.

[10] Underperforming countries are those that have underperformed in terms of premium growth and insurance penetration in the total insurance category and are not listed in Annexes 7 and 8.

Table 2: Project-Related Indicators

	Outperforming countries	Underperforming countries
Countries with only one FIRST Project, percentage of total	62	57
Average length of project, days	777	630
Median length of project, days	727	595

Source: Authors, with AXCO and World Bank data

These high-level observations have limitations due to sample size, project characteristics, and differentiation of causality from correlation. To compensate for technical difficulties in identifying enablers for insurance market development from aggregated data, deep-dive analyses of individual projects and countries are needed. Some FIRST projects will be discussed in more detail on the following pages, including their contribution to wider development goals and objectives.

Project Examples[11]

Insurance and Financial Inclusion

Financial inclusion has become increasingly prioritized on the agendas of developing and emerging countries as a means to reduce poverty. Approximately 50 countries have made measurable commitments to unlock the social and economic potential for 2.5 billion unbanked people through greater financial inclusion by adhering to the Maya Declaration. In the past 6.5 years (since Phase III of the FIRST initiative began), FIRST has funded more than 100 projects worth a total of USD30 million to promote financial inclusion, specifically in credit reporting, payment systems, small and medium-sized enterprise banking, partial credit guarantees, housing finance, microfinance, insurance, corporate bonds, and consumer protection. FIRST's commitment to financial inclusion is also reflected in its support of the development of insurance markets specifically geared toward microinsurance and developing affordable, innovative insurance products for micro, small, and medium-sized enterprises and households.

From 2003 to 2007, Pakistan's GDP was growing at 6 percent annually on average,[12] but its GDP growth deteriorated as a result of the global financial crisis, political turmoil, and devastating floods in 2010 and 2011. In 2010, 20 percent of the population lived below the poverty line; the agricultural sector employed 44 percent of the work force and contributed 21 percent of GDP. Monsoonal rains, resulting in floods, created havoc and had a dramatic effect on millions of lives. In 2012, the damage to agricultural land and infrastructure due to floods was estimated at Rs 250 billion, which became a major challenge for the government, as well as the insurance industry. The destructive floods in 2010 and 2011 showed that, in the absence of proper insurance coverage, the economic losses that people face can have a very adverse effect on their livelihoods.

Microinsurance products would have provided a risk management tool for the country's farmers if their crops and livestock had been insured against natural disasters, but the market for microinsurance in Pakistan was severely underdeveloped. The regulatory and supervisory system for insurance did not explicitly recognize microinsurance and hence did not address any of the special requirements needed to develop the market. The lack of suitable, well-designed products and of awareness about potential

[11] These project examples are also found in FIRST annual reports and on the FIRST website.
[12] See http://data.worldbank.org/country/pakistan

benefits of microinsurance are other reasons contributing to the underdeveloped state of the market. The Securities and Exchange Commission of Pakistan (SECP), approached FIRST in 2012 for TA in developing a legal and regulatory framework conducive to the development of a formal microinsurance sector. The project supported a diagnostic study and developed a national microinsurance strategy and a microinsurance regulatory framework.

In February 2014, SECP published the 2014 SEC (Microinsurance) Rules, which put a special focus on consumer protection, adequate disclosure requirements, and transparent regulatory reporting by insurers, to enable disciplined growth of the microinsurance segment. Today, there are more than 6 million microinsurance policyholders, and the number is growing[13]. The development of microinsurance as a means to enhance financial inclusion has become one of SECP's top priorities. Building on this momentum, SECP has recently sought TA from FIRST in modernizing the legal framework for the whole insurance sector and moving to risk-based supervision.

Improving livelihoods for the poor was a major challenge for the government of India during 2004 to 2009, when the poverty rate was between 30 percent and 40 percent. With two-thirds of the population dependent on agriculture for a livelihood, crop insurance is an important element of agricultural risk management. In 1999, the government established the National Agricultural Insurance Scheme (NAIS) to reduce farmers' vulnerability to natural disasters. By 2003, NAIS covered only 15 percent of farmers (18 million of 120 million). During the period, NAIS experienced claims in excess of 350 percent of premiums charged on a flat-rate basis, meaning that the program was not financially viable without heavy government subsidies. This system was not optimal for the government's budget management, and it delayed claims settlement, leading to distress among farmers and exposing them to a vicious debt cycle.

The Agriculture Insurance Company of India (AICI) sought TA from FIRST in developing microinsurance products that would be more affordable for small farmers and viable for the insurance company. The project aimed to develop an actuarially sound rating methodology and improve contract design to reduce delays in claim settlement; propose design and rating of new weather-indexed insurance products; conduct pilots of new products; and perform a risk assessment of AICI's insurance portfolio and suggest cost-effective risk financing solutions (including reinsurance). With TA from FIRST, eight pilot weather insurance projects were conducted, enabling the consultants and AICI to develop a new product design and rating methodology for the development of financially sustainable weather insurance products that do not require large government subsidies. Software was designed to help AICI estimate premium and payout parameters and develop weather insurance contracts. In 2013, the government of India replaced the subsidized program, NAIS, with the National Crop Insurance Program, which includes the Weather-Based Crop Insurance Scheme. As of May 2015, AICI has introduced new schemes for 35 crops for more than 30 million farmers in 19 states.

Insurance and Long-Term Finance

Long-term finance plays a fundamental role in delivering the ambitious Sustainable Development Goals (SDGs) by 2030. The annual SDG financing gap in developing countries is estimated to be approximately USD2.5 trillion (UNCTAD 2014), which would require new sources of capital. The availability of a long-term pool of funds from institutional investors, such as insurance companies, has become more critical in the context of development. Although insurance products are essential risk-mitigation instruments for

[13] See https://www.secp.gov.pk/document/annual-report-2014/?wpdmdl=4048

households and firms, insurance companies are also important sources of finance for long-term development, including infrastructure.

FIRST's TA in supporting the mobilization of long-term finance has been based on a comprehensive approach, including strengthening bond markets, building the legal foundation and capacity for regulators and supervisors, creating safe and efficient financial infrastructure, and developing the domestic institutional investor base.

FIRST assisted the Albanian Financial Supervisory Authority in developing the life insurance sector and improving the claims performance of motor third-party liability insurance. It also helped support introduction of a national catastrophic insurance program. Authorities have recently issued several regulations, including an amendment to the Motor Third-Party Liability Law, a regulation on actuarial principles for life insurance, a regulation on reinsurance, and a regulation regarding the risk-based solvency margin for the catastrophic insurance law. This project completed a parallel project that focused on development of the bond market in Albania. Both projects sought to strengthen the long-term finance market, with the insurance companies being targeted as institutional investors for the bond market.

Insurance and Financial Stability

FIRST has long assisted countries in strengthening insurance regulation and supervision. As financial sectors mature, functional, well-regulated insurance markets become a crucial component of financial sector stability and resilience. FIRST has enabled countries to strengthen their prudential frameworks for insurance supervision, leading to greater confidence in the sector and consequently increasing penetration of insurance markets in several countries.

In Mauritius, after assessment of adherence to the Insurance Core Principles that the World Bank conducted in 2012, FIRST TA supported the Financial Services Commission (FSC) in strengthening its prudential regulations, risk-based supervision, and resolution frameworks for the insurance sector. FSC used the TA in developing a market assessment and a supervisory manual for risk-based supervision and training FSC staff. In October 2016, FSC issued its Insurance Risk Management Rule, which required insurers to put in place a risk management function starting in 2017. Risk-based supervision is now fully implemented, with FSC staff assessing all insurers against upgraded requirements. By increasing FSC capacity to supervise, the government is improving risk management practices and moving toward financial soundness, which will help to ensure that the benefits of policyholders and claimants alike are protected.

SECP requested assistance in reforming and upgrading its legal, regulatory, and supervisory framework for insurance to increase stability and contribute to a more conducive environment for growth in the sector. SECP rationalized and harmonized the primary legal legislation for all insurance types and strengthened secondary rules and regulations. The legal and regulatory framework work spurred policy advice on reforming the state-owned insurance sector. The supervisory framework also shifted toward risk-based supervision, and the assistance developed SECP's capacity to move toward a more-forward-looking, on- and off-site supervision framework and practice. In 2017, SECP submitted a draft insurance bill for approval. The main objective was to enable a modern, flexible legal framework to permit new insurance products with adequate and commensurate supervision. A direct result of this support was corporatization of the State Live Insurance Corporation (SLIC), and adoption of a road map for reforming the remaining large state-owned insurance corporations was finalized. The SLIC Act, passed in 2016, provided a legal basis for the reorganization and conversion of the corporation into a public limited company.

The Insurance Board of Sri Lanka (IBSL) requested FIRST TA to develop and implement a risk-based capital (RBC) regime and strengthen IBSL's supervisory function by implementing a risk-based supervisory (RBS) framework. The project included development of RBS materials, including regulations and manuals for supervising insurance companies through a risk-based approach and enhancement of IBSL staff skills in critical risk management areas (credit, including related company risks; market; liability; reinsurance; operational risks). IBSL approved the final rules for the minimum RBC regime and the new RBS Framework and Supervision Manual. The final rules require insurance companies to manage their risks more effectively and cause these companies to put in higher-quality capital in line with the own level of risk. The RBC framework replaced the previous solvency margin requirements in 2016, which will enhance the financial soundness and security of insurance companies through better management and adequate and appropriate capitalization. Implementation of the RBS framework will also help IBSL to accurately assess the varying risk profiles of insurers and their effects on financial stability and to supervise them accordingly. At the end of the project, 75 percent of registered insurance companies were in compliance with the minimum RBC requirement.

Lessons Learned

Together with this note, the World Bank and other stakeholders have been conducting and will continue to conduct individual country diagnostics. Below are some early lessons learned from the case studies in this note and the individual country diagnostics.

Diagnose Appropriately and Prioritize Interventions

Different countries have different barriers to insurance market development, and it is necessary to understand a country's context. FSAPs have proven useful in identifying what interventions should be implemented in accord with a country's situation. Appropriate diagnosis can help deliver optimal interventions that are a high priority for a country. Although World Bank interventions range from enhancing regulation and supervision to liberalizing motor third-party liability insurance markets to development of a more granular product like index insurance, there are no one-size-fits-all solutions universally applicable to all countries.

In addition, international principles and standards should not be applied all at once in an immature market without considering the developmental stage and technical capacity within the regulatory authority and the industry. For instance, the Insurance Core Principles (ICP) that the International Association of Insurance Supervisors (IAIS) has developed provide a universally accepted set of norms for the regulation and supervision of the insurance sector and consist of a very wide range of modules. Each market needs to prioritize introduction of principles and standards like the ICPs to make them practically functional without overwhelming stakeholders in the market.[14]

Implement Optimal Interventions in an Appropriate Period Together with Capacity-Building Assistance

[14] The World Bank, International Monetary Fund, and IAIS are working on a subset of market development ICPs designed for emerging market reviews.

Regulatory authorities, particularly in developing countries, frequently lack not only financial but also human resources to implement interventions recommended in a diagnostic study and need appropriate capacity-building assistance. As in the Project Examples section above, the World Bank often supports capacity building, including training staff and developing supervisory manuals. Such assistance is needed especially when a regulatory authority introduces a new supervisory framework, such as RBS and RBC regimes. Using a framework without understanding would not accomplish its purpose and might delay market development.

Multiple kinds of TA can amplify the effects of interventions. In many countries where FIRST projects are considered to have contributed to insurance market development, several kinds of TA have been implemented effectively, including development of a strategy, legal reform, introduction of an RBS and RBC framework, and product and program development. Another recent World Bank study (Giné, Ribeiro, and Wrede, 2019) also demonstrates the importance of governance quality (e.g., rule of law) and financial market development (e.g., total domestic credit to private sector) for insurance market development in addition to GDP per capita.

When introducing a new regulatory framework, an abrupt change of the regulation should be avoided; an appropriate transition period, along with a roadmap, gives regulators and industry players enough time for capacity building. If multiple interventions are harmonized and accompanied by appropriate capacity building assistance in an adequate time frame, they can not only increase the soundness and stability of the insurance industry, but also contribute meaningfully to market development.

Lessons Learned from Country Diagnostic Programs that the World Bank, Financial Sector Deepening Africa, and Cenfri Have Conducted

The World Bank has been working on country diagnostics with Financial Sector Deepening Africa (FSDA) and Cenfri as part of a broader program that has the generous financial support of the United Kingdom Department for International Development (DfID). These country diagnostics identified six imperatives for developing the insurance market in Ghana, Nigeria, Kenya, and Rwanda (Cenfri 2019).

1. Ensuring visible and proactive policy leadership to unlock change;
2. Supervising risks rather than instituting rules to raise standards, such as minimum capital (encouraging a risk-based mindset);
3. Enabling comprehensive innovation to increase resilience;
4. Re-engineering compulsion products to deliver societal outcomes;
5. Unlocking risk management for enterprise development;
6. Investing insurance assets for development.

Although the above imperatives are derived from sub-Saharan African countries, World Bank experience supports their broad applicability to other countries or regions.

<u>Conclusion</u>

This note has tried to demonstrate how interventions such as TA from the World Bank have contributed to insurance market development using the FIRST projects dataset. Although it is difficult to fully differentiate an effect of a FIRST project from that of other factors, our analyses suggest that, on the whole, FIRST projects have been presumably beneficial to insurance premium growth and penetration change in recipient countries. This report also shows that many FIRST project recipient countries have outperformed the country income class average in terms of insurance premium growth, although outperformance in insurance penetration change was less often observed.

These quantitative analyses have limitations, which are high level and mainly focus on correlation rather than causality. Therefore, they should be complemented by and read together with project examples and individual country diagnostics. Several lessons learned from the qualitative research are outlined as initial conclusions. First, there is a need to diagnose countries appropriately and prioritize realistic interventions. Second, multiple interventions should be implemented in an appropriate timeframe, accompanying capacity-building assistance. In addition, the World Bank has tried to extract key imperatives for expanding the insurance market with Cenfri, FSDA, and DfID. The World Bank found a series of those works was helpful to refocus its efforts and ensure that it has even greater effect on insurance market development through future engagements.

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Annex 1: FIRST Insurance Sector Projects

No.	Countries	Regions	Project Title	Approval Date
1	Indonesia	EAP	Life Insurance Sector Reform	2/20/2008
2	Mongolia	EAP	Development of Insurance Supervisory Framework for Livestock Insurance	6/18/2003
3	Mongolia	EAP	Livestock Insurance 2	6/7/2007
4	Papua New Guinea	EAP	Risk-Based Capital Supervision for Non-Life Insurers	6/15/2007
5	Papua New Guinea	EAP	Enhancing Statistical Analysis and Public Reporting in the Insurance Sector	8/22/2008
6	Papua New Guinea	EAP	Implementing On-Site Supervision	10/27/2011
7	Philippines	EAP	Development and Implementation of Non-life Insurance Information System	1/20/2003
8	Philippines	EAP	Developing Microinsurance Reporting Framework	10/19/2011
9	Thailand	EAP	Enhancing Insurance Regulation and Supervision	2/5/2008
10	Vietnam	EAP	Vietnam International Standards for Supervising the Insurance Sector	4/19/2007
11	Albania	ECA	Effective Insurance Supervision and Legal Review in Albania	5/18/2008
12	Albania	ECA	Liberalizing MTPL Insurance Market	7/6/2011
13	Albania	ECA	Insurance Market Reform in Albania	6/17/2014
14	Armenia	ECA	Insurance Supervisory Restructuring and Strengthening	2/28/2003
15	Armenia	ECA	Assistance with Insurance Regulation Drafting and Capacity Building	5/21/2004
16	Armenia	ECA	Development of Insurance Sector	7/17/2006
17	Azerbaijan	ECA	Advice on Insurance Law	6/15/2007
18	Bosnia and Herzegovina	ECA	Liberalizing MTPL Insurance Market	1/23/2013
19	Bulgaria	ECA	Financial Services Commission	6/7/2007
20	FYR of Macedonia	ECA	Reform of Compulsory Motor Vehicle Insurance System	9/30/2003
21	FYR of Macedonia	ECA	Liberalizing MTPL Insurance Market	10/19/2011
22	Georgia	ECA	Insurance Supervisory Strengthening	3/25/2003
23	Kazakhstan	ECA	Insurance Sector Strategic Advice and Regulatory Assistance	11/10/2004
24	Kazakhstan	ECA	Strengthening Catastrophic Risk Transfer Supervision in Kazakhstan	8/17/2009
25	Kazakhstan	ECA	Support for the National Mandatory Catastrophe Insurance Scheme in Kazakhstan	2/27/2014
26	Kosovo	ECA	Strengthening Insurance Supervision	7/19/2004
27	Kosovo	ECA	Strengthening Third Party Liability Motor Insurance	10/5/2004
28	Kosovo	ECA	Technical Advisory Service to Strengthen Insurance Regulation	9/14/2009
29	Kyrgyz Republic	ECA	NBFI Capacity Building	12/11/2007
30	Lithuania	ECA	Insurance Supervision Strengthening	11/22/2002
31	Moldova	ECA	Strengthening Insurance Supervision	11/10/2004
32	Moldova	ECA	Insurance Market Reform Project in Moldova	10/27/2017
33	Tajikistan	ECA	Developing Insurance Market	9/20/2012
34	Turkey	ECA	Strengthening Solvency Supervision	5/24/2012
35	Ukraine	ECA	Assistance to the Nonbank Financial Institution Regulator	9/30/2002
36	Uzbekistan	ECA	Strengthening Insurance Supervision	10/9/2009
37	Global	Global	Technical Reserving for Non-Life Insurers	4/3/2006
38	Argentina	LAC	Insurance Risk Based Supervision along with Risk Based Capital (Solvency Modernization)	11/14/2012
39	Caribbean	LAC	ECCU Harmonizing Insurance Regulation and Supervision	2/4/2011
40	Caribbean	LAC	ECCU Harmonizing Insurance Regulation and Supervision	2/4/2011
41	Chile	LAC	Roadmap for Strengthening Solvency Control in the Insurance Industry	3/24/2005
42	Chile	LAC	TA for Risk-Based Supervision Model for Insurance Industry	8/17/2007
43	Colombia	LAC	Terrorism Loss Insurance Finance	11/12/2003
44	El Salvador	LAC	Insurance Sector Reform	1/23/2013
45	Guyana	LAC	Supervision of Non-Bank Financial Institutions	11/8/2011
46	Haiti	LAC	Strengthening Insurance Regulation and Supervision	2/4/2012
47	Latin America	LAC	Regional Insurance Supervisors Leadership Training Program	3/11/2004
48	Mexico	LAC	Developing Framework for the Issuance of Catastrophe Bonds	8/15/2005
49	Nicaragua	LAC	Design of MIS for Deposit Insurance Agency	6/30/2006
50	Regional Project	LAC	Regional Training Seminar for Insurance Supervision	9/27/2004
51	Regional Project	LAC	Workshop on Self-Assessment of Selected IAIS Core Principles	3/21/2005
52	Regional Project	LAC	Regional Training Seminar for Insurance Supervision	6/24/2005
53	Regional Project	LAC	AITRI Workshop on IAIS Insurance Core Principles	6/14/2007
54	Egypt	MENA	Upgrading MTPL Insurance Capacity	6/5/2007
55	Jordan	MENA	Actuarial Supervision Capacity Building of the Insurance Commission	6/26/2003
56	Jordan	MENA	Development of a Supervisory Ladder and Supervisory Strengthening	4/26/2005
57	Jordan	MENA	Strengthening Solvency Supervision	5/22/2012
58	Jordan	MENA	Restructuring MTPL Insurance Market	8/2/2012
59	Lebanon	MENA	Review and Advice on a New Insurance law	11/10/2003
60	Lebanon	MENA	Strengthening Regulation and Supervision of the Insurance Sector in Lebanon	3/13/2015

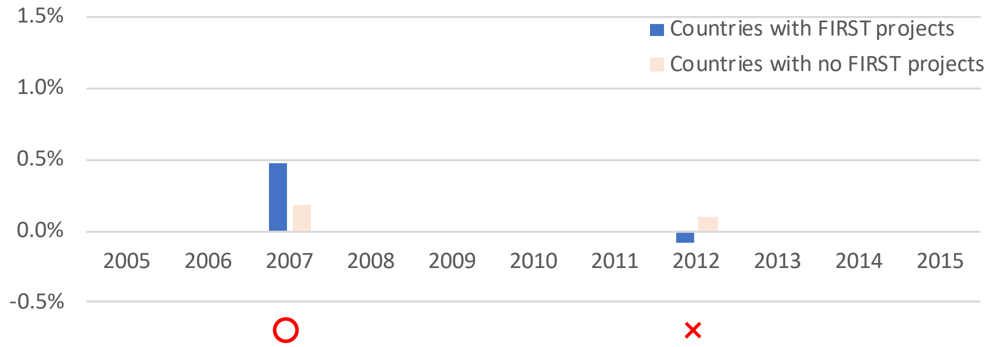
(Continued)

No.	Countries	Regions	Project Title	Approval Date
61	MENA Region	MENA	Strengthening Insurance Supervision in MENA Region	7/16/2013
62	Morocco	MENA	Supporting the Implementation of the Law on Catastrophe Insurance	12/13/2010
63	Tunisia	MENA	Restructuring Motor Third-Party Liability Insurance in Tunisia	9/10/2013
64	West Bank and Gaza	MENA	Strengthening Insurance Supervision in West Bank and Gaza	5/29/2015
65	Bangladesh	SA	Insurance Law Reform	9/8/2003
66	Bhutan	SA	Insurance Regulatory and Supervisory Frameworks in Bhutan	5/16/2018
67	India	SA	Insurance Tariff Advisory Committee: Capacity Building for Transition from Uniform Tariff System to Risk-Based Approach	3/18/2003
68	India	SA	Development of Crop Insurance	6/14/2007
69	Maldives	SA	Insurance Regulation and Supervisory Advancement	4/24/2008
70	Pakistan	SA	Microinsurance Regulation and Supervision	3/25/2011
71	Pakistan	SA	Strengthening Insurance Regulatory and Supervision Framework in Pakistan	8/15/2013
72	Sri Lanka	SA	Strengthening Actuarial Supervision Capacity	9/30/2003
73	Sri Lanka	SA	Risk Sensitive Capital Rule for Insurance Supervision	7/22/2009
74	Sri Lanka	SA	Implementation of Risk-Based Supervision	6/28/2012
75	Sri Lanka	SA	Implementation of Risk-Based Supervision (Insurance) in Sri Lanka	4/25/2013
76	Sri Lanka	SA	Insurance Supervision Capacity Building	7/15/2016
77	AFR Region	SSA	Botswana, Swaziland: Scoping Mission for NBFIs (IMF)	7/8/2004
78	AFR Region	SSA	SADC and East Africa: Training program for NBFI Regulators	11/3/2005
79	AFR Region	SSA	Africa Trade Insurance Agency: Development of Credit Risk Insurance Services	6/14/2007
80	AFR Region	SSA	SADC NBFI Regulator's Capacity Building Program	6/15/2007
81	AFR Region	SSA	SADC NBFI Regulator's Capacity Building Program	6/15/2007
82	AFR Region	SSA	Development and Implementation of a Risk Management Framework for the African Trade Insurance (ATI) Agency	5/14/2008
83	AFR Region	SSA	Improving Insurance Regulation and Supervision in CIMA Countries	4/23/2015
84	Angola	SSA	Project Formulation for Nonbank Financial Institutions (NBFI) Sector Technical Assistance (TA)	9/27/2004
85	Angola	SSA	Development of NBFI Regulatory and Supervisory Framework	6/13/2007
86	Botswana	SSA	Captive Cell Insurance	9/13/2011
87	Democratic Republic of Congo	SSA	Establishing Insurance Regulation and Supervision Framework in Democratic Republic of Congo	3/31/2016
88	Ethiopia	SSA	Regulatory and Supervisory Framework for Microinsurance	2/4/2012
89	Ethiopia	SSA	Developing and Structuring MTPL Insurance in Ethiopia	11/19/2014
90	Ethiopia	SSA	Promoting Inclusive Insurance in Ethiopia	6/17/2015
91	Kenya	SSA	Development of Mortality and Morbidity Tables	6/7/2007
92	Kenya	SSA	Strengthening the Regulatory and the Supervisory Capacity of the IRA and the RBA	9/1/2011
93	Lesotho	SSA	Insurance Sector Strengthening	10/1/2002
94	Lesotho	SSA	Developing NBFI Regulation and Supervision (DNRS)	11/14/2008
95	Lesotho	SSA	Strengthening Insurance Supervision	5/1/2011
96	Lesotho	SSA	Insurance and Pension Regulation & Supervision in Lesotho	4/17/2015
97	Liberia	SSA	NBFI Regulatory and Supervision Framework	4/5/2011
98	Madagascar	SSA	Payment Systems in Madagascar	10/24/2017
99	Mauritius	SSA	Strengthening Insurance Sector Regulation and Supervision in Mauritius	4/30/2014
100	Namibia	SSA	Strengthening Non-Bank Financial Institutions Supervision	9/30/2011
101	Rwanda	SSA	Strengthening Supervisory Capacity of Insurance Commission	6/14/2007
102	Rwanda	SSA	Implementing Risk-based On-site Inspection for the Insurance Sector	4/18/2011
103	Seychelles	SSA	Strengthening the Insurance Regulatory Framework	12/15/2010
104	South Africa	SSA	Implementing Microinsurance Supervisory Framework	2/7/2012
105	Swaziland	SSA	Insurance and Pension Supervision in Swaziland (IMF)	8/21/2013
106	Uganda	SSA	Non-Life Insurance Technical Reserving Pilot	6/14/2007
107	Uganda	SSA	The Motor Third-Party Liability Insurance Project in Uganda	6/30/2014
108	Zambia	SSA	Pensions and Insurance Supervisory Strengthening	5/18/2005
109	Zambia	SSA	Regulatory and Supervisory Framework for Microinsurance and Insurance Intermediaries	8/22/2011

* EAP: East Asia and Pacific, ECA: Europe and Central Asia, LAC: Latin America and Caribbean, MENA: Middle East and North Africa, SA: South Asia, SSA: Sub-Saharan Africa

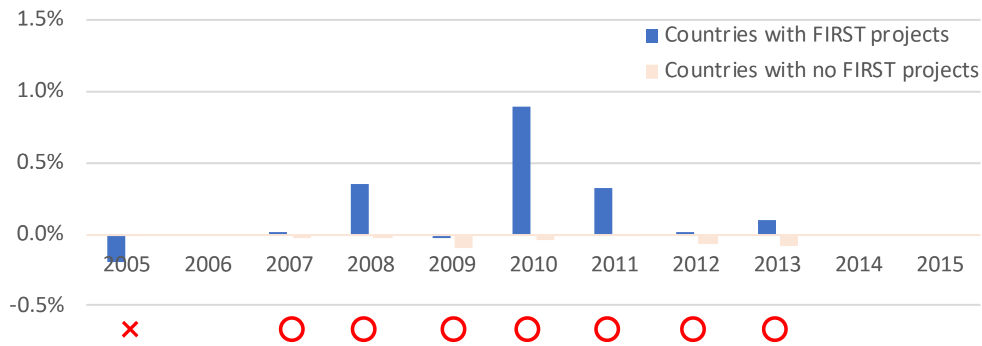
Source: FIRST website

Annex 2: Average Penetration Change (Project Start Year to 2017) in Low-Income Countries With and Without FIRST Projects



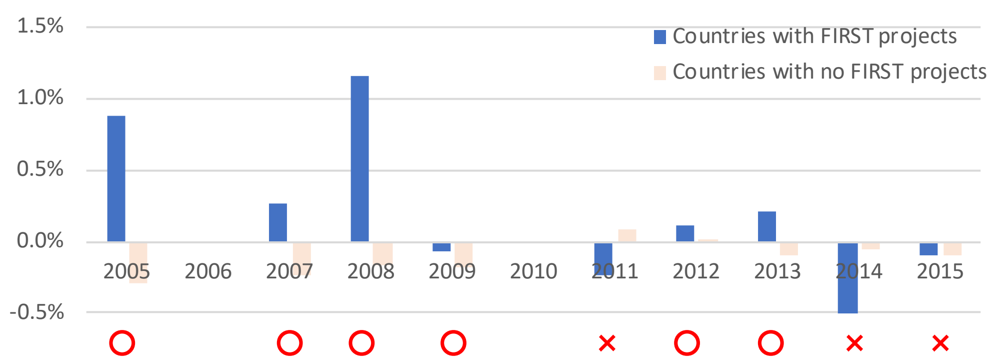
Source: Authors, with AXCO and World Bank data

Annex 3: Average Penetration Change (Project Start Year to 2017) in Lower-Middle-Income Countries With and Without FIRST Projects



Source: Authors, with AXCO and World Bank data

Annex 4: Average Penetration Change (Project Start Year to 2017) in Upper-Middle-Income Countries With and Without FIRST Projects



Source: Authors, with AXCO and World Bank data

Annex 5:

Average CAGR (Project Start Year to 2017) of Premiums in Countries With and Without FIRST Projects and According to Country Income Class

Lower income countries

Project start year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Countries with FIRST projects	-	-	20.1%	-	-	-	-	11.4%	-	-	-
Countries with no FIRST projects	-	-	13.3%	-	-	-	-	11.1%	-	-	-

Lower middle income countries

Project start year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Countries with FIRST projects	12.7%	-	15.0%	12.3%	14.5%	8.6%	14.6%	11.2%	7.0%	-	-
Countries with no FIRST projects	12.7%	-	11.2%	10.1%	10.3%	10.1%	9.7%	7.7%	7.0%	-	-

Upper middle income countries

Project start year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Countries with FIRST projects	11.5%	-	14.1%	10.1%	13.7%	-	5.2%	20.1%	6.8%	-6.8%	0.4%
Countries with no FIRST projects	11.7%	-	11.0%	10.0%	10.2%	-	10.3%	9.8%	9.1%	10.1%	10.6%

* Average CAGR of premium is calculated as average CAGR from each project start year to 2017 for countries with FIRST projects and countries with no FIRST projects.

Number of countries with FIRST projects by the income class and the project start year

Project start year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Lower income countries	-	-	2	-	-	-	-	2	-	-	-
Lower middle income countries	2	-	8	2	3	1	2	1	3	-	-
Upper middle income countries	1	-	1	2	1	-	3	3	1	1	1

* The first FIRST project is analized in case there are several FIRST projects in a country. Projects across several countries are also not included.

Average Penetration Change in Countries With and Without FIRST Projects and According to Country Income Class

Average penetration growth in countries with FIRST projects and countries with no FIRST projects by the income class

Lower income countries

Project start year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Countries with FIRST projects	-	-	0.47%	-	-	-	-	-0.08%	-	-	-
Countries with no FIRST projects	-	-	0.18%	-	-	-	-	0.09%	-	-	-

Lower middle income countries

Project start year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Countries with FIRST projects	-0.20%	-	0.01%	0.34%	-0.03%	0.89%	0.32%	0.00%	0.10%	-	-
Countries with no FIRST projects	-0.02%	-	-0.03%	-0.03%	-0.09%	-0.04%	-0.01%	-0.06%	-0.08%	-	-

Upper middle income countries

Project start year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Countries with FIRST projects	0.88%	-	0.27%	1.15%	-0.07%	-	-0.23%	0.12%	0.21%	-1.88%	-0.093%
Countries with no FIRST projects	-0.3%	-	-0.2%	-0.2%	-0.2%	-	0.1%	0.0%	-0.1%	-0.1%	-0.095%

* Average penetration growth is calculated as average difference from each project start year to 2017 for countries with FIRST projects and countries with no FIRST projects.

Source: Authors, with AXCO and World Bank data

Annex 6: Outperforming Beneficiaries of FIRST TA – All Insurance

	SUCCESS METRIC 1 Premium growth vs GDP growth **Project start** to 2017			SUCCESS METRIC 2 change in insurance penetration **Project start** to 2017			SUCCESS METRIC 3 HAS OUTGROWN BOTH GDP AND COUNTRY CLASS PREMIUM GROWTH					
	CAGR Premium	CAGR GDP	Outgrown GDP?	country	class	outgrown class?	2000-2017	2008-2017	2011-2017	2013-2017	TA start	TA objective (of the first TA in case of several)
Argentina	35.6%	25.4%	YES	0.32%	0.03%	YES	YES	YES	YES	YES	2012	Roadmap and action plan for the introduction of RBS and RBC regime
Indonesia	13.6%	10.8%	YES	0.22%	0.07%	YES	YES	YES	YES	YES	2008	Life insurance sector reform
Mongolia	23.7%	17.1%	YES	0.17%	0.06%	YES	YES	YES	YES	YES	2007	Deveroping livestock insurance
Pakistan	16.1%	8.0%	YES	0.24%	0.06%	YES	YES	YES	YES	YES	2011	Microinsurance regulation and supervision
Rwanda	21.3%	12.3%	YES	0.75%	0.19%	YES	YES	YES	YES	YES	2007	Strengthening supervisory capacity of insurance commission
Turkey	17.6%	10.7%	YES	0.16%	0.03%	YES	YES	YES	YES	YES	2012	Solvency supervision and Early Warning System
Uzbekistan	25.7%	19.0%	YES	0.07%	0.04%	YES	YES	YES	YES	YES	2009	Strengthening insurance supervision
Vietnam	19.7%	13.7%	YES	0.72%	0.06%	YES	YES	YES	YES	YES	2007	International standard for insurance supervision
Azerbaijan	14.1%	7.9%	YES	0.27%	-0.10%	YES	YES	YES	YES	NO	2007	Improving the Insurance Law
Uganda	18.9%	14.6%	YES	0.19%	0.19%	YES	YES	YES	YES	NO	2007	Strengthen reserving standards
Albania	9.6%	3.5%	YES	0.38%	-0.09%	YES	NO	NO	YES	YES	2008	Strengthening legal, regulatory and supervisory framework
Kazakhstan	13.7%	13.5%	YES	-0.07%	-0.11%	YES	YES	NO	YES	NO	2009	Strengthening catastrophic risk transfer supervision
Kenya	15.6%	12.8%	YES	0.42%	0.06%	YES	NO	YES	YES	NO	2007	Development of mortality and morbidity tables
Lesotho	11.0%	9.1%	YES	0.46%	0.07%	YES	YES	NO	NO	YES	2008	Strengthening insurance regulation and supervision
Philippines	13.0%	6.9%	YES	0.40%	0.06%	YES	NO	YES	YES	NO	2011	Developing microinsurance reporting framework
Sri Lanka	14.0%	11.9%	YES	0.05%	0.04%	YES	NO	NO	YES	YES	2009	Strengthening Risk-Based Supervision
Kyrgyzstan	18.4%	12.9%	YES	0.07%	0.06%	YES	NO	YES	NO	NO	2007	Amendments to the law on organization of insurance
Mexico	11.5%	6.4%	YES	0.88%	-0.25%	YES	NO	YES	NO	NO	2005	Developing framework for the issuance of catastrophe bonds
Morocco	8.6%	3.8%	YES	0.89%	0.06%	YES	NO	NO	NO	YES	2010	Supporting the implementation of the law on catastrophe insurance
Thailand	10.7%	4.6%	YES	1.93%	-0.09%	YES	NO	YES	NO	NO	2008	Enhancing insurance regulation and supervision
Tunisia	10.5%	4.7%	YES	0.30%	0.03%	YES	NO	NO	NO	YES	2013	Restructuring Motor Third Party Liability insurance

Source: Authors, with AXCO and World Bank data

Annex 7: Outperforming Beneficiaries of FIRST TA – Property and Casualty Insurance

	SUCCESS METRIC 1 Premium growth vs GDP growth **Project start** to 2017			SUCCESS METRIC 2 change in insurance penetration **Project start** to 2017			SUCCESS METRIC 3 HAS OUTGROWN BOTH GDP AND COUNTRY CLASS PREMIUM GROWTH					
	CAGR Premium	CAGR GDP	Outgrown GDP?	country	class	outgrown class?	2000-2017	2008-2017	2011-2017	2013-2017	TA start	TA objective (of the first TA in case of several)
Argentina	36.6%	25.4%	YES	0.34%	-0.08%	YES	YES	YES	YES	YES	2012	Roadmap and action plan for the introduction of RBS and RBC regime
Mongolia	23.1%	17.1%	YES	0.13%	-0.10%	YES	YES	YES	YES	YES	2007	Deveroping livestock insurance
Rwanda	31.2%	12.3%	YES	1.21%	0.06%	YES	YES	YES	YES	YES	2007	Strengthening supervisory capacity of insurance commission
Tajikistan	11.6%	8.5%	YES	0.01%	-0.03%	YES	YES	YES	YES	YES	2012	Developing insurance market
Turkey	17.0%	10.7%	YES	0.09%	-0.08%	YES	YES	YES	YES	YES	2012	Solvency supervision and Early Warning System
Uzbekistan	23.5%	19.0%	YES	0.02%	-0.07%	YES	YES	YES	YES	YES	2009	Strengthening insurance supervision
Albania	9.2%	3.5%	YES	0.31%	-0.04%	YES	NO	YES	YES	YES	2008	Strengthening legal, regulatory and supervisory framework
India	15.3%	12.2%	YES	0.10%	-0.10%	YES	NO	YES	YES	YES	2007	Development of crop insurance
Mexico	10.0%	6.4%	YES	0.26%	-0.04%	YES	NO	YES	YES	YES	2005	Developing framework for the issuance of catastrophe bonds
Philippines	10.6%	6.9%	YES	0.06%	-0.02%	YES	NO	YES	YES	YES	2011	Developing microinsurance reporting framework
Vietnam	15.2%	13.7%	YES	0.01%	-0.10%	YES	YES	YES	NO	YES	2007	International standard for insurance supervision
Kyrgyzstan	17.9%	12.9%	YES	0.04%	-0.10%	YES	YES	YES	NO	NO	2007	Amendments to the law on organization of insurance
Swaziland	7.8%	5.6%	YES	0.01%	-0.03%	YES	YES	NO	NO	YES	2013	Insurance and pension supervision
Egypt	14.4%	13.8%	YES	-0.07%	-0.10%	YES	NO	NO	NO	YES	2007	Upgrading MTPL insurance capacity
Pakistan	8.8%	8.0%	YES	-0.01%	-0.02%	YES	NO	NO	NO	YES	2011	Microinsurance regulation and supervision
Tunisia	8.5%	4.7%	YES	0.10%	-0.03%	YES	NO	NO	NO	YES	2013	Restructuring Motor Third Party Liability insurance

Source: Authors, with AXCO and World Bank data

Annex 8: Outperforming Beneficiaries of FIRST TA – Life Insurance

	SUCCESS METRIC 1 Premium growth vs GDP growth **Project start** to 2017			SUCCESS METRIC 2 change in insurance penetration **Project start** to 2017			SUCCESS METRIC 3 HAS OUTGROWN BOTH GDP AND COUNTRY CLASS PREMIUM GROWTH					
	CAGR Premium	CAGR GDP	Outgrown GDP?	country	class	outgrown class?	2000-2017	2008-2017	2011-2017	2013-2017	TA start	TA objective (of the first TA in case of several)
Azerbaijan	55.0%	7.9%	YES	0.25%	-0.19%	YES	YES	YES	YES	YES	2007	Improving the Insurance Law
Haiti	38.1%	8.0%	YES	0.09%	0.06%	YES	YES	YES	YES	YES	2012	Strengthening insurance regulation
Pakistan	19.8%	8.0%	YES	0.25%	0.06%	YES	YES	YES	YES	YES	2011	Microinsurance regulation and supervision
Turkey	20.3%	10.7%	YES	0.05%	0.02%	YES	YES	YES	YES	YES	2012	Solvency supervision and Early Warning System
Uganda	29.1%	14.6%	YES	0.11%	0.10%	YES	YES	YES	YES	YES	2007	Strengthen reserving standards
Vietnam	21.4%	13.7%	YES	0.56%	0.07%	YES	YES	YES	YES	YES	2007	International standard for insurance supervision
Kenya	17.1%	12.8%	YES	0.28%	0.07%	YES	NO	YES	YES	YES	2007	Development of mortality and morbidity tables
Albania	10.1%	3.5%	YES	0.03%	-0.13%	YES	YES	NO	NO	NO	2008	Strengthening legal, regulatory and supervisory framework
Indonesia	14.9%	10.8%	YES	0.26%	0.10%	YES	YES	NO	NO	NO	2008	Life insurance sector reform
Lesotho	13.4%	9.1%	YES	0.83%	0.10%	YES	YES	NO	NO	NO	2008	Strengthening insurance regulation and supervision
Philippines	16.1%	6.9%	YES	0.43%	0.06%	YES	NO	NO	YES	NO	2011	Developing microinsurance reporting framework
Zambia	20.9%	15.8%	YES	0.11%	0.10%	YES	NO	NO	YES	NO	2005	Pensions and Insurance Supervisory Strengthening

Source: Authors, with AXCO and World Bank data

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