

**Ad-Hoc Expert Meeting on**  
**CAPACITY-BUILDING**  
**FOR THE INSURANCE SECTOR IN AFRCA**

**23 February 2009**

**Turning Point?**

**Strategic issues for insurance in developed and  
developing markets**

*by*

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# Turning Point?

Strategic issues for insurance in developed and developing markets

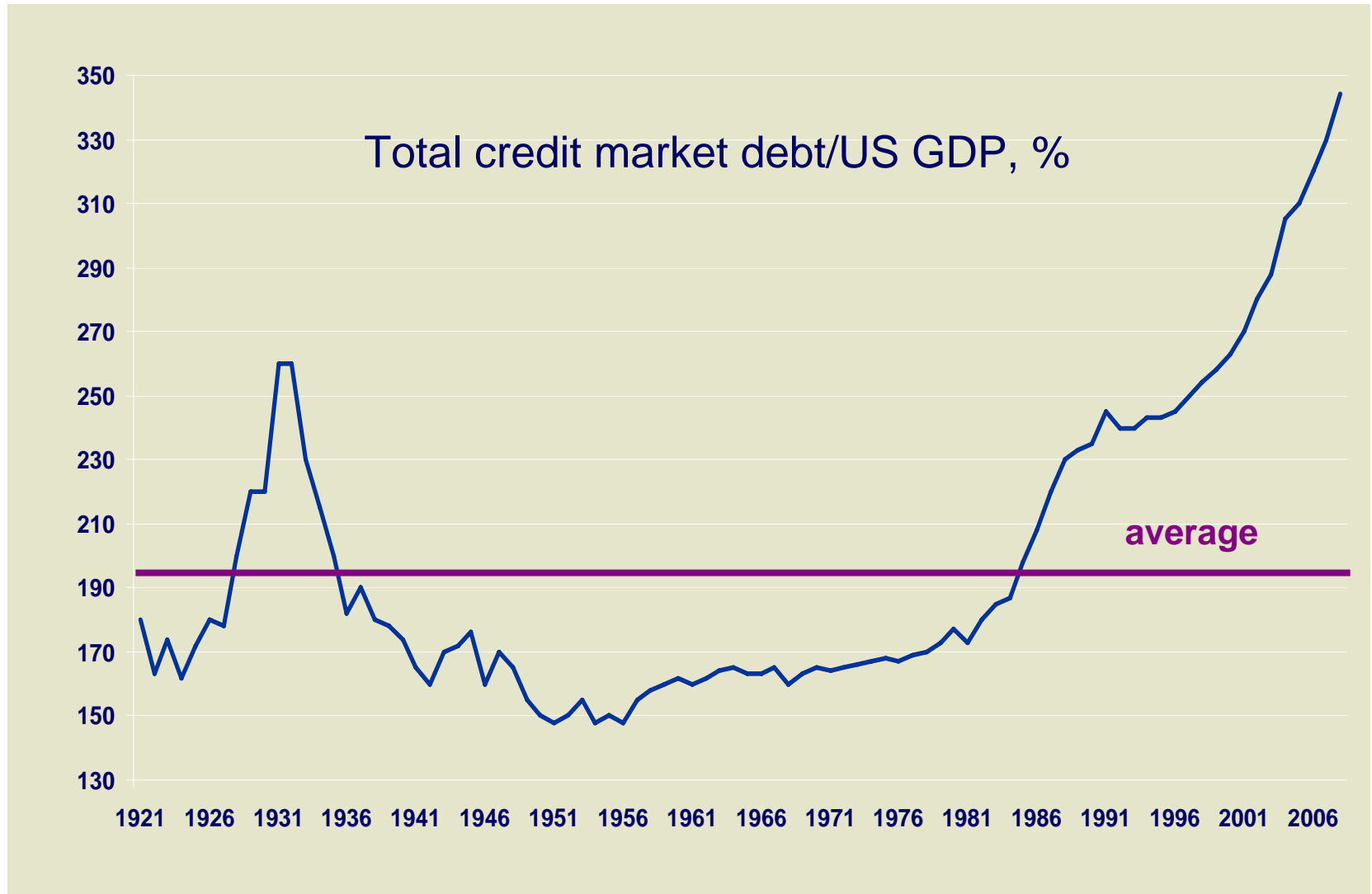
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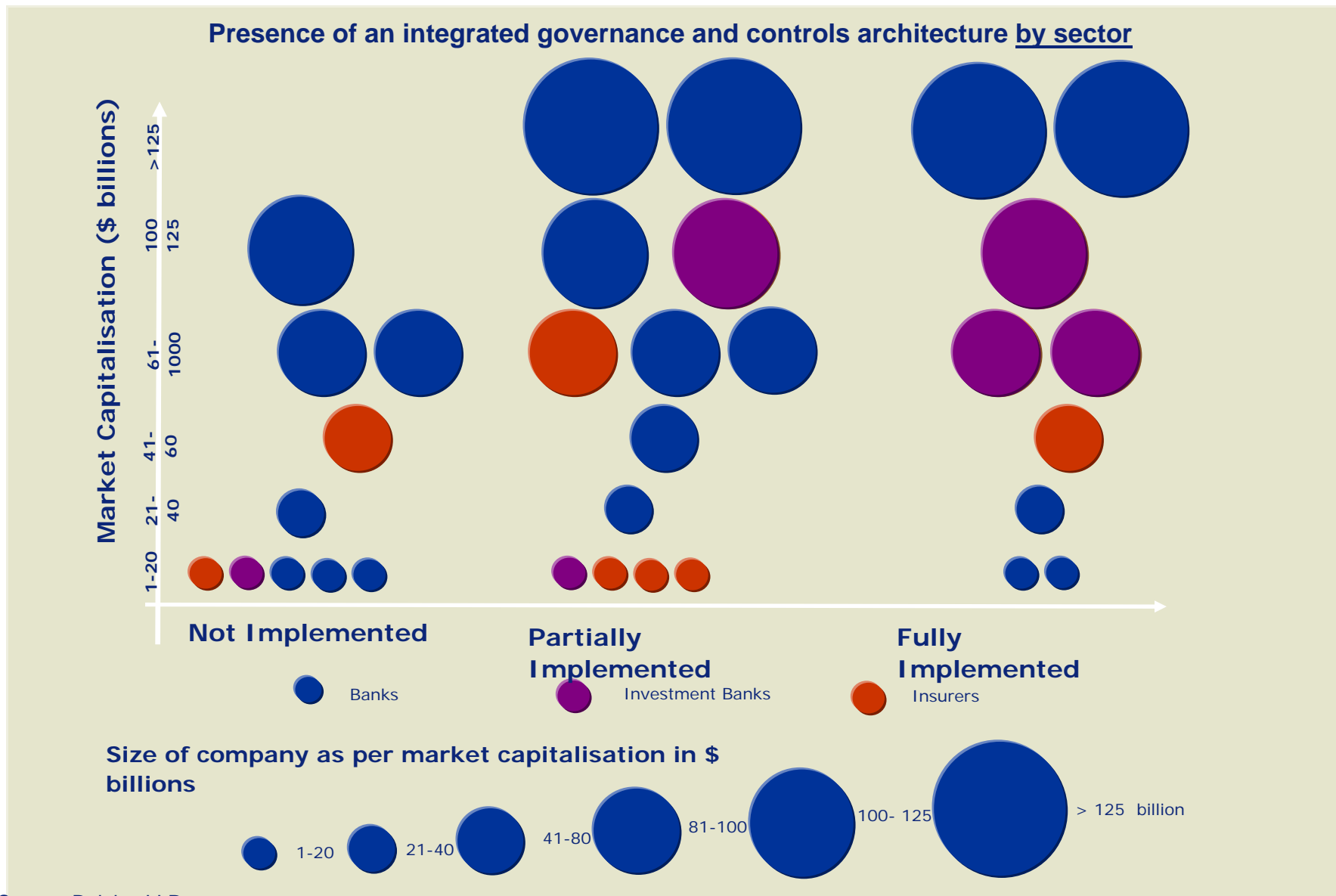


# Credit contraction in prospect



# All sectors struggling

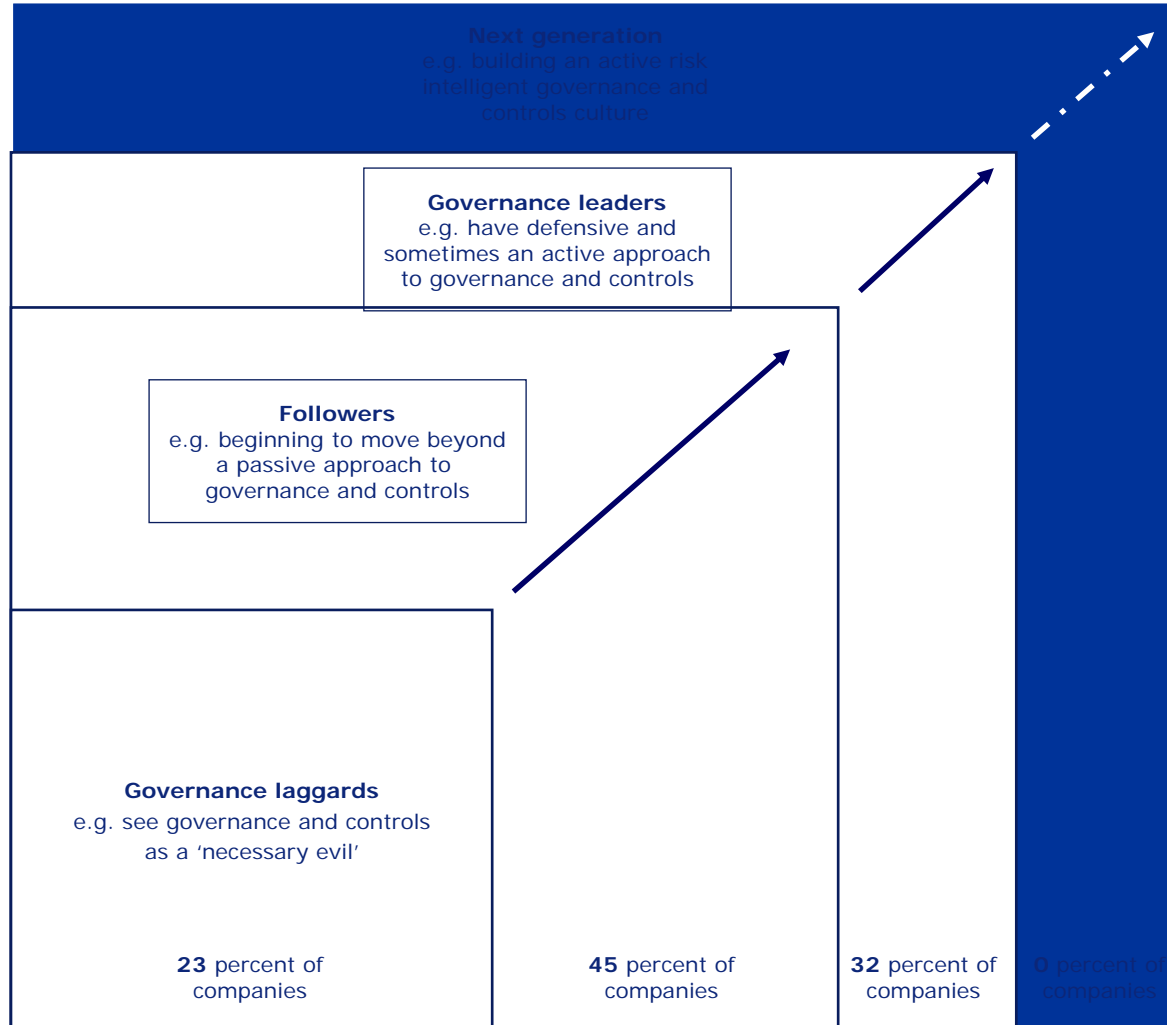
Insurance companies have not implemented a GRC architecture



# No financial institutions attained next generation status

## Best practice pioneers emerge

### Governance and controls performance



# New era demands a redesign of insurance companies

Financial and operating challenges ahead

- International business models must take account of new era
- Operating efficiency
- Balance sheet efficiency

# A new business model is needed

Models must facilitate navigation through the changing landscape.

- A multi-model approach is used by insurers.
  - New business models must incorporate flexibility in volatile environments. New global models must allow for a number of different models within its business units.
- Business models have been levered for revenue growth – not suited to needs of the new economic reality.
  - Analyst views – The landscape has changed and requirements for headline revenue growth have been superseded by the need for operational efficiency and balance sheet efficiency (especially transparency over finance and risk).
  - CEO views – CEOs are concerned with revenue growth, emerging market strategies, and now, operational costs.

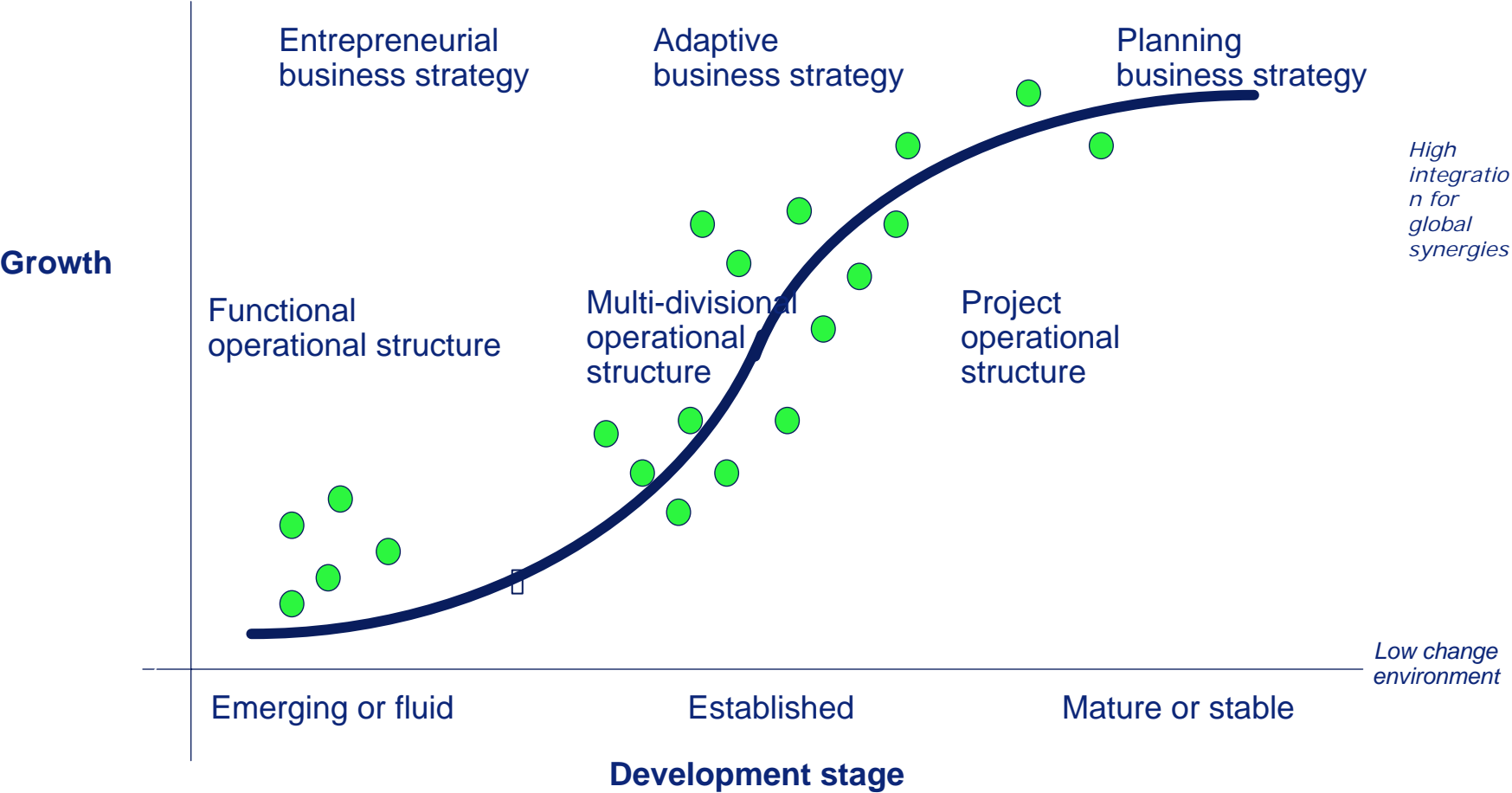
**New business models need to facilitate the changing landscape. They must facilitate improved operational and balance sheet efficiency.**



# New era, new business model

The right structure for the right strategy at the right time.

● = Illustration of relative position of business units within developed world insurers



# Going forward

## Implications for developed and developing world of insurance

- Investor concerns
- New business models in the West
- Developing markets build institutional frameworks
- Emerging markets organic growth
  - Micro-insurance

# Deloitte.