

ASSESSMENT ON THE OPERATIONS OF THE INSURANCE SECTOR IN ETHIOPIA

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** (PHD SCHOLAR, FULL-TIME REGULAR PROGRAM)

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ABSTRACT

Analysis on the operations of the insurance industry in Ethiopia for the period 2000-2014 is conducted in this study. This is to provide insight in to the operations of the Ethiopian insurance sector. Data for the analysis were obtained from National Bank of Ethiopia (NBE), insurance supervision division. Trend and descriptive analysis was employed in the study. The specific issues considered and analyzed are: gross premiums, claims incurred, reinsurance and retention rate, and loss ratio. The results of the analysis are presented in tables and figures of trend analysis. The major findings in this study indicated that in the Ethiopian insurance sector, during the period under consideration, there was a significant and consistent increment in the gross premiums underwritten; the non-life insurance had been generating the largest proportion of the gross premiums underwritten where the motor policy had the lions share. A relatively high amount of risks were transferred and reinsured to foreign reinsurers. However, a significant percentage of the premiums were applied to settle claims. The study concludes by recommending on areas where improvements need to be made to strengthen and enhance the operations of the insurance sector in Ethiopia.

KEY WORDS: Claims, Ethiopian Insurance, Loss Ratio, Premiums, Reinsurance.

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