

## Development Finance Working Paper Series<sup>1</sup>

# Determinants of Life Insurance Penetration in SADC

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<sup>1</sup> **Note:** The findings from this working paper does not in any way reflect the views of the Development Finance Centre (DEFIC). The views are only representative of the authors.

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# Determinants of Life Insurance Penetration in SADC

**Leonard Nkotsoe & Abdul Latif Alhassan**

## **Abstract**

The paper investigates factors that explain life insurance consumption in 15 Southern African Development Community (SADC) member states, using panel data for the period 1995 to 2013. Using the fixed effects and system general methods of moments estimation techniques, the paper identifies health expenditure, corruption control, regulatory quality, inflation, health expenditure, age dependency and voice accountability as the significant factors in explaining life insurance consumption in the SADC region. Based on the results, the paper recommends that Southern African Development Community countries should advance the variables that influence the demand for life insurance, and that policies for the protection of life insurance growth should be developed to grow a healthy insurance sector.

**Keywords:** Life insurance | SADC | Africa |