

**Hailu Zeleke 2007. *Insurance in Ethiopia: Historical Development, Present Status and Future Challenges*. Addis Ababa: Master Printing Press.**

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**Reviewed by Mulugeta Abebe (PhD).**

There has hardly ever been any work in insurance business in Ethiopia that delved into the historical and factual aspects of the industry. Hailu's work: *Insurance in Ethiopia: Historical Development, Present Status and Future Challenges* explores the historical trajectories, thoroughly examines its emergence and the tortuous path it has gone through ever since the inception of insurance industry in early twentieth century in Ethiopia. Having taught and researched in the field for several decades at Addis Ababa University, Hailu is indeed well equipped with the tools of scientific enquiry as well as the theoretical insights to unravel delicate and complex issues surrounding the insurance business in this country.

Informed by a good deal of data and empirical literature, the book examines the past and present performance of insurance business, reflects on the type and nature of insurance policies, the legal and public policy context in which the insurance industry has been operating under different regimes, identified the plethora of critical problems that the industry faces, and underscores domestic and global challenges that insurance business is likely to grapple with in the future. Furthermore, not only does it see the formations of Association of Ethiopian Insurers (AEI) and Society of Insurance Professionals (SIP) as newly emerging positive developments contributing significantly towards articulating and safeguarding the interests of personnel involved in the insurance business, but also the couple of linked associations serve to promote professionalism in the insurance industry.

Primarily, the first two chapters appear to have laid down a sound conceptual framework that sets a stage for comprehensive analysis of the insurance business in Ethiopia. In here, the book raises vital theoretical and conceptual postulates pertinent to risk

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and insurance, which are by and large conspicuous in the mainstream insurance and risk management literature.

*Insurance in Ethiopia: Historical Development, Present Status and Future Challenges* has attributed the pioneering work done in insurance business in Ethiopia since early twentieth century to European entrepreneurs who came from Great Britain, Italy, France and others. Although the 1960s saw a significant interest in and surge of insurance industry, foreign investors owned the lion share of the investments in insurance (Hailu, 2007: 41-47). Jointly owned by the Emperor, his entourage and foreign companies, the first domestic insurance company, namely, Imperial Insurance Company started issuing policies in fire, life and general accident since 1951. But it was not that big in comparison to foreign insurance entrepreneurship in the country.

It also underscored a watershed in the history of insurance business that culminated in the issuance of the Commercial Code of Ethiopia in 1960. Four chapters of the Commercial Code of Ethiopia are devoted to providing a legal framework in the insurance industry (ibid: 46-47).

Continuing on the historical trail of insurance business in this country, not only *Insurance in Ethiopia: Historical Development, Present Status and Future Challenges* documented the most recent developments that prevailed during the Derg regime, but it also examines the resurgence of private insurance business under the rubric of market oriented economy. This would thus mean it registered the downturns and the major roadblocks to the industry, although this was not something peculiar to the latter. Hailu (2007: 84) summed up:

the insurance sector during the command economic system was characterized by monopoly of the sector by the government, lack of dynamism and innovation, volatile premium growth rates ... and reliance on a couple of classes of insurance business (motor and marine) for much of gross premium income. The nationalization of private insurance companies, the restrictions imposed on private business ventures, and management of the insurance sector... had significant adverse impact on the development and growth of Ethiopian insurance industry.

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*Insurance in Ethiopia: Historical Development, Present Status and Future Challenges* sees the 1990s as a defining moment in the checkered history of insurance business in this country. Not only did it end the 19 year-old state monopoly over the industry, but it also imparted competitiveness to the industry that marked the efficacy of new global economic order. More particularly, Proclamation No. 86/1994 ushered a new era in the history of insurance business in which 'Ethiopian insurance market has become an arena where the public and private insurance companies contest to grab a large chunk of the market' (ibid: 86). The provisions in the legislation and the bold actions taken subsequently have certainly transformed the industry. Hailu used a plethora of data and information to demonstrate the remarkable growth of the insurance sector for over a decade now, although the latter's performance is a lot to be desired compared to its counterparts in the other parts of Africa.

Finally, *Insurance in Ethiopia: Historical Development, Present Status and Future Challenges* identified the daunting challenges that the Insurance industry has recently faced and its future in the era of globalization, the remarkable achievements it has attained over the past decade and outlined what appeared to be plausible recommendations to forge a better future for the sector. All in all, the book is both informative and educative, and is worth reading indeed.

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