

# How can local content requirements help develop the insurance sector in Mauritania?



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## Definition

Local content requirements are legal constraints designed by policy makers to ensure the greatest benefits from natural resources for their economies.

## Abstract

This research addresses the development of the insurance sector in Mauritania via local content requirements. An examination of existing legal constraints and local content regulation in Mauritania led to identifying two strategies to tackle the issue.

## Introduction

The insurance sector in Mauritania has failed to contribute to the economy, decades after the first state-owned company was created in 1970. Thanks to its abundant natural resources, the country is attracting investors that must contribute to the local economy as required by local content regulation. There are two effective ways to remedy this situation: first, applying existing insurance laws and second, creating specific local insurance provisions.

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## Insurance Role

- Security
- Stability
- Growth

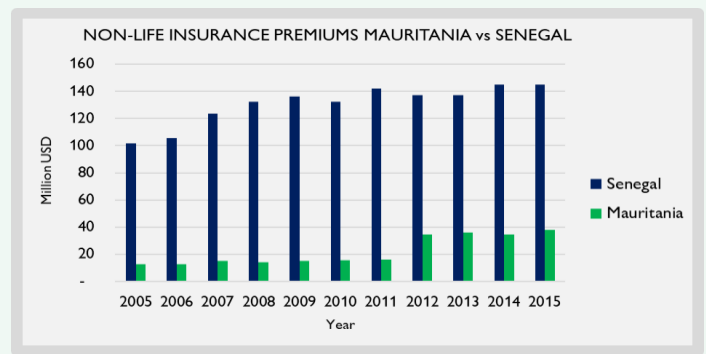
World Insurance Premium Volume (US\$ millions) in 2019	<b>6,292,600</b>
World Premiums per capita in 2019	<b>\$818</b>
World Premiums in % of GDP in 2019	<b>7.23%</b>
Worldwide, economic losses from natural and man-made disasters in 2019	<b>USD 146 billion</b>
The global insurance industry covered in 2019	<b>USD 60 billion</b>

Source: Swiss Re, sigma No. 4/2020.

## Context

### Insurance Industry in Mauritania

- An underdeveloped Insurance industry (Lim, 2010, p 67)
- Since 1970
- NON-LIFE



Source: World Bank retrieved from fred.stlouisfed.org

### A resource-rich country

- Natural gas: GTA, offshore Mauritania & Senegal (Economist Intelligence Unit, 2019).
- Oil, iron ore, gold, copper, gypsum



Source: World Bank Data

## Approach

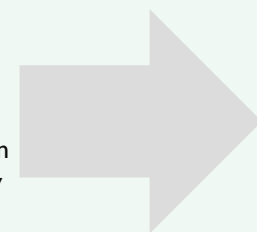
### Analyzing existing legal restrictions related to insurance in Mauritania (Insurance Code, 1993):

- Mandatory insurance contracts
- Local insurance obligation

### Analyzing existing local content requirements:

- Local companies should, in priority, benefit from the contribution of oil and gas companies in Mauritania provided they offer quality services (Code of Crude Hydrocarbons, 2010, Art. 34)

### Examining local content regulation for insurance in Nigeria



## Findings

### 1. Strict application of insurance existing obligations:

- Mandatory transportation insurance for imported goods
- Insurance policies related to risks located in Mauritania must be subscribed locally

### 2. Insurance specific provisions in local content requirements:

- Compulsory local insurance for oil & gas risks on Mauritanian soil.

## Conclusion

To develop the insurance sector in Mauritania, compulsory insurance policies along with local insurance constraints should be applied to the oil and gas industry. Equally important, local content requirements should include specific provisions for insurance. As local content requirements for GTA gas field are being evaluated (World Bank, 2018), it is now time for insurance professionals in Mauritania to act in collaboration with the Insurance Control Authority to enforce such provisions. Further analysis is necessary to determine the minimum local retention to be carried out for complex risks in the extractive industry.