

Domestic capital lacking for development

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*Panelists at yesterday's public education seminar on *The Critical Role of Insurance in Everyday Living—Nothing Moves Without Insurance* Mariano Browne, left, Lloyd Ince and Marlene Murray. Photo: SHIRLEY BAHADUR*

Andre Worrell

There is not enough domestic capital available in T&T to support local development says the former Minister in the Ministry of Finance, Mariano Browne, who spoke yesterday at a conference hosted by the Department of Management Studies of the University of the West Indies, St Augustine.

The event was a collaborative effort by the T&T Insurance Institute (TTII), the Association of T&T Insurance Companies (ATTIC) and UWI held at the Daaga Auditorium at the St Augustine Campus.

Browne's presentation had the theme Insurance, Savings and Capital Allocation. He said there is a greater need for investments by local firms if the country's development objectives are to be achieved.

"The cost of a methanol plant, the cost of an energy sector plant, is roughly US\$250 million. In rough translations we're talking about TT\$1.3 billion. At any one point in time, to invest in any specific plant it means we would have to use the entire capital contribution of the insurance sector in any one year just to finance one plant," he said.

Browne added that the way insurance companies, particularly pension funds, are regulated effectively rules them out from making any “greenfield” investments that require taking on greater risks.

“In a developing country looking to move forward, looking to develop itself from an international perspective, we need to talk about the changes that need to be made from a private sector business orientation. Immediately, those investment criteria are very conservative,” he said.

“If we are to move forward there is need for additional domestic investments.”

Browne warned that that continued dependence on foreign investment poses serious risk to the country’s development objectives.

He explained: “As long we continue to depend on foreign direct investment, we will not be able to control the flow of finances and the practical application of the things being done. A country develops by developing its people and their individual capacities.”

Other presenters at the conference were Lloyd Ince, principal at Consulting Interface Limited; Marlene Murray, university lecturer in insurance and risk management and Sookdeo Beepath, ATTIC director.

The objective of yesterday seminar was to educate the public on the critical role of the Insurance Industry and it was planned as a catalyst for future outreach initiatives to raise the image of the sector.

Source:

<http://www.guardian.co.tt/business/2016-02-27/domestic-capital-lacking-development>