

**GOVERNOR KEMPTHORNE**  
**2016 MOROCCAN FEDERATION OF INSURANCE AND**  
**REINSURANCE CONFERENCE (MERC)**  
**APRIL 13, 2016**

Monsieur President Bensalah. Monsieur Director General Baddou. All distinguished speakers of today.

How impressive it is to look out in this magnificent setting in Morocco and to see that you have representatives, business leaders, government leader from 32 nations throughout the world gathered here in Casablanca in this wonderful dynamic country.

When the American General George Patton was asked, “What do you think about Morocco?” He said I love it. It is a combination of the Bible and Hollywood.

And now for me to see Casablanca. It reminds me of Miami and San Diego. It is magnificent, it is a vibrant city. And this is a vibrant conference.

To my good friend Bachir, I want to congratulate you on putting together this magnificent conference.

I was in Marrakech last year for the annual meeting of the Global Federation of Insurance Associations. The meeting was a great success, and the Global Federation remains very grateful for all that Bachir and his team has done for the Global Federation

I also want to recognize the president of the Moroccan Federation of Insurance and Reinsurance companies, Mohamed Hassan Bensalah. Mohamed and Bachir visited me in Washington D.C. earlier this year. Mohamed, I was so honored that you came to my office and that you and Bachir personally invited me to be here today. I am so totally thankful you did. And I appreciate your leadership and what you mean for so many people.

I am also pleased to see that two of my very great friends and colleagues will be speaking here today as well. Bernard Spitz of the French Federation of Insurance Companies, who is truly one of the great thought leaders in Europe. I admire him greatly. And Michaela Koller as the Secretariat of the Global Federation is a highly respected voice for insurance markets throughout the entire world. I have the great honor and pleasure of serving with her in the leadership of the Global Federation.

I serve as the Chairman of the Global Federation. The Global Federation represents 40 member associations that account for 87 percent of total worldwide insurance premiums. Our newest member is the Moroccan Federation of Insurance and Reinsurance companies.

We were very honored that at that meeting in Marrakech, it was held under the High Patronage of His Majesty King Mohammed VI. His Majesty King Mohammed VI is a great and a beloved leader.

The ties between Morocco and the United States are deep and they are everlasting. As I mentioned in Marrakech last year, in 1777, just one year after our founding fathers declared independence from Great Britain, Morocco became the first country to recognize the United States of America. That treaty is still in force, making it the longest unbroken treaty in United States history.

I've been fortunate to visit Africa on a number of occasions.

I first came to Africa when I served in the United States Senate. In 1994, I traveled to Eritrea, shortly after it gained its independence from Ethiopia. I also visited U.S. troops in Mogadishu during the United Nations Operation in Somalia.

From 2006-2009, I was honored to serve as the Secretary of the Interior for President George W. Bush. President Bush was a great supporter of Africa. His plan for AIDS relief was the largest international health initiative for a single disease in history. He also spearheaded efforts to combat malaria and other tropical diseases. When President Bush took office, the annual budget for these causes was about \$550 million a year. It was \$6.5 billion when he left office. Primary school enrollment went up and mortality rates declined in Africa during the Bush administration.

In 2008 I led a U.S. delegation to a conference in Tanzania, which was attended by the presidents of Tanzania, Sudan, Rwanda, Kenya and Mozambique.

The previous year I visited South Africa. I toured Robben Island, where Nelson Mandela had been imprisoned. Our tour guide was a former prisoner with Nelson Mandela.

He told me something that I'll never forget. When he and the other prisoners were released, they wanted to get even with their captors. But Nelson Mandela said no. He said, "If we do that, we are simply like them."

After being unjustly incarcerated for 27 years, Mandela was not bitter when he got out of prison. He was benevolent.

While I was in South Africa I spoke to representatives from 70 nations to the Global Earth Observations Summit. We were discussing the use of satellite images of the Earth, which provide the best, the most consistent seasonal snapshots of our planet.

At the time you had to pay to the U.S. government for those images. After the Summit I decided that those images should be free. They should be made available to everyone around the world free of charge.

We went from distributing 25,000 images per year to 3 million images per year.

Now people and governments in Africa and all over the world can use these photos to make better informed decisions on a host of vital issues including sustainable agriculture, and investments in infrastructure and transportation and water resource management.

Water resource management is critical in many parts of the world.

We know that first hand at the American Council of Life Insurers. There is a great friend of ACLI named Jean Kabre. I see him every morning and he greets me in French. He works for our office building, He is from the village of Tintilou in Burkina Faso. A few years ago, members of my staff helped organize fundraising efforts to provide water through wells to that wonderful community.

I recently had dinner with the highly respected and impressive Moroccan Ambassador to the United States, Rachad Bouhlal and his wonderful wife, Fatiha Bennani Bouhlal. Fatiha established a foundation that helps underprivileged throughout Morocco. She's funded the foundation that now has provided 49 wells throughout this wonderful country.

Having access to clean water is essential. If you bring water to a rural village, the villagers will not have to walk the entire day to simply get clean water. And then the children, the boys and girls, will be able to stay in school and get an education.

Education is the best way to help people reach their full potential. As you know, many students come to the United States of America for higher education. Let me tell you about one, a young man from Rwanda whom I met when I was a U.S. Senator.

His name was Theo Mbabaliye, and he was studying at the University of Idaho. When violence erupted in Rwanda, Theo asked me to please help get his wife, Immaculee Mukakalisa, out of the country.

We were able to do so just before the rest of her entire family were killed. A few years later, Theo and Immaculee became parents to a little boy. I didn't know it at the time, but I later learned that they named their son, not the traditional family name of their family, but they named him with my family name to honor me for what I had done for that family.

A couple of years ago I got to meet their son, Douglas Kempthorne. A bright, impressive, wonderful young man. He's in his second year of studies at Gonzaga, and he's determined to be a doctor and to help people.

In my 23 years of public service, I strived to help people like Douglas and his family. That's why I was drawn to the insurance industry, because it exists to help people.

When a calamity strikes, insurers are there. When the head of a family dies too soon, life insurers are there. When older people stop working and they want to make enough so that in their later years they can maintain their independence and dignity for the rest of their lives, life insurers are there.

The issue of longevity, people living much longer. It can be a blessing, and it can be a challenge. It is an emerging risk in many parts of the world. Governments are facing serious questions about how to manage this longevity risk and make sure that their citizens will be able to live their lives later with dignity. Life insurers' challenge is how to educate policymakers of the vital role insurers can play to provide financial security for citizens everywhere.

Consider how much the world has changed. In 1950, five of the 12 largest countries by population were in Europe: Russia, Germany, the United Kingdom, Italy and France. None were in Africa.

By 2050, among the top 12 most populated countries none will be from Europe. Four will be in Africa: Nigeria, Ethiopia, the Democratic Republic of the Congo and Egypt.



Global insurers have taken note of this growth. Earlier this year U.S. insurer Prudential Financial announced a \$350 million dollar partnership with the LeapFrog private equity group to invest in life insurers in Nigeria, Ghana and Kenya. Others that have invested recently in Africa include insurers France's AXA and Prudential PLC of Great Britain.

Nearly 53 percent of Africa's population is less than 21 years of age. Your nations are some of the youngest, fastest-growing nations in the world.

And yet the life insurance market in most African countries is still small.

I know a country where insurers once faced a very similar challenge. Just like Africa today, the population there was very young, with 46 percent of its people under the age of 21. The insurance market was very small.

That country's insurers used a form of insurance that we now know as microinsurance to meet the needs of its young, growing population. Microinsurance is geared around small policies, designed to extend protections to people who historically have not had such protection.

That country that I'm describing? It was the United States of America in the year 1900. Life insurance boomed in America over the next century. The same, I believe, can and will happen here in Africa.

In the late 1800s and early 1900s, U.S. life insurance companies like Prudential Financial focused on selling policies with small death benefits called industrial life insurance to low-income, working class families. The growth in this market was huge, and Prudential went on to become one of the world's largest insurers.

Many of today's leading insurers started with small policies, including MetLife and John Hancock.

Much like the American industrial policies of the 19<sup>th</sup> and the 20<sup>th</sup> centuries, microinsurance is growing quickly throughout Africa. According to the Microinsurance Network, the number of people covered by life microinsurance in Tunisia grew 26 percent between 2011 and 2014. During the same period in Burkina Faso, the microinsurance industry grew 94 percent. Life microinsurance grew even faster in the Ivory Coast, in Algeria, Cameroon and here in Morocco.

In all of Africa, about 46 million people are covered by life microinsurance. This insurance can provide for a proper burial, pay off a valuable piece of farm equipment or make it possible for a child to remain in school.

Microinsurance is also an affordable way to cover other risks, such as property. Consider a farmer working a small parcel of land. Without insurance, he risks losing his life's savings if there is a disaster. But by transferring risk to an insurance company, if a flood or a drought were to hit, he can still afford to plant the crop the next season to the benefit of his family and his community.

Families want their children to have a better life. Life insurance products ensure that a loss of a parent need not mean the loss of the family's dreams.

One other quick story is about a friend of mine, a young friend in China named Michael.

He's an exceptional young man. He grew up in a poor, rural village. At age 18, he went to Beijing. He did not speak English and he had no money. But he learned English and he got a job.

His future was bright. But then his father back in his rural village grew ill. His family and his neighbors back home told him, “Michael, you must come home now and you must take care of your father or you are not a good son.” He was torn between building a better life for himself and fulfilling his responsibility to his family.

This young man was in tears having to deal a decision like that. I told this story to students at Peking University where I was the guest speaker, and many of them readily identified with Michael’s dilemma. Indeed, Michael’s dilemma is shared by millions of people all over the world.

But it doesn’t have to be this way. That’s where the life insurance industry can help.

When people save for their own retirements, they can make sure that in their later years, they won’t be a burden to their children. They can make sure that their children will be free to pursue their own dreams.

So what can be done to help people prepare for their future?

Consider what's being done in Turkey, which held the presidency of the G-20 last year. Like many countries here in Africa – and unlike many members of the G-20 - Turkey has a young population. Looking ahead, their government recognized that they need to start encouraging private retirement savings now.

So three years ago Turkey began allowing individuals to receive a matching 25 percent tax credit for contributions to private pensions. This tax credit is achieving significant results. After it was put in place in January of 2013, within two years the number of enrollees in the system increased more than 60 percent.

Here, in Morocco, your leaders have also recognized the importance of encouraging people to save for the future. Your tax system wisely allows taxpayers to deduct from their taxable income part of the insurance premiums paid as part of retirement contracts. It is vitally important that this tax deduction is preserved as it is an excellent incentive for personal savings for people who want to be self-reliant and not simply government-reliant.

In order to convince people to set aside money today for their future, insurance companies must be able to make their products affordable and attractive. However, the pervasive low interest rates in many markets since the financial crisis in 2007-2009 are making it more difficult for insurers.

Low interest rates are intended to generate economic growth. But they could have the unintended consequence of making it harder to save by the insurers and continue to offer their guaranteed products.

Indeed, unintended consequences of regulatory actions pose an emerging risk to our industry. Regulators are looking to increase the amount of capital some insurers must set aside. If regulators require companies to hold too much capital, it will have the unintended consequence of diminishing insurers' ability to make long-term investments and provide affordable products for families.

Regulators do a tremendous job. We must have regulation. We must never have overregulation. Our industry must make that case.

The insurance industry has a proud legacy all over the world. Insurers make investments that serve to raise standards of living and create employment. We are a key component of the world's economic infrastructure.

We provide valuable support for millions of families in need around the world. We supply peace of mind and financial security and dignity. Dignity for elders.

Insurance protects the dreams of fathers and mothers who want their children to have a better life than they had.

We must be vigilant to make sure that none of the risks emerging on the horizon prevent us from fulfilling our mission to help people reach their full potential.

I mentioned to Bachir last night at dinner a quote that I am very familiar with by Sir Winston Churchill. In 1909 he said:

“If I could, I would write the word ‘Insure’ over the doorway of every cottage. Because, for sacrifices so small, you can keep a family from being smashed up forever.”

May we all dedicate ourselves to helping our fellow citizens in our respective countries so that families will not be smashed up, but that families will have a future, and a better future for their children and the children that follow.

God bless you all.