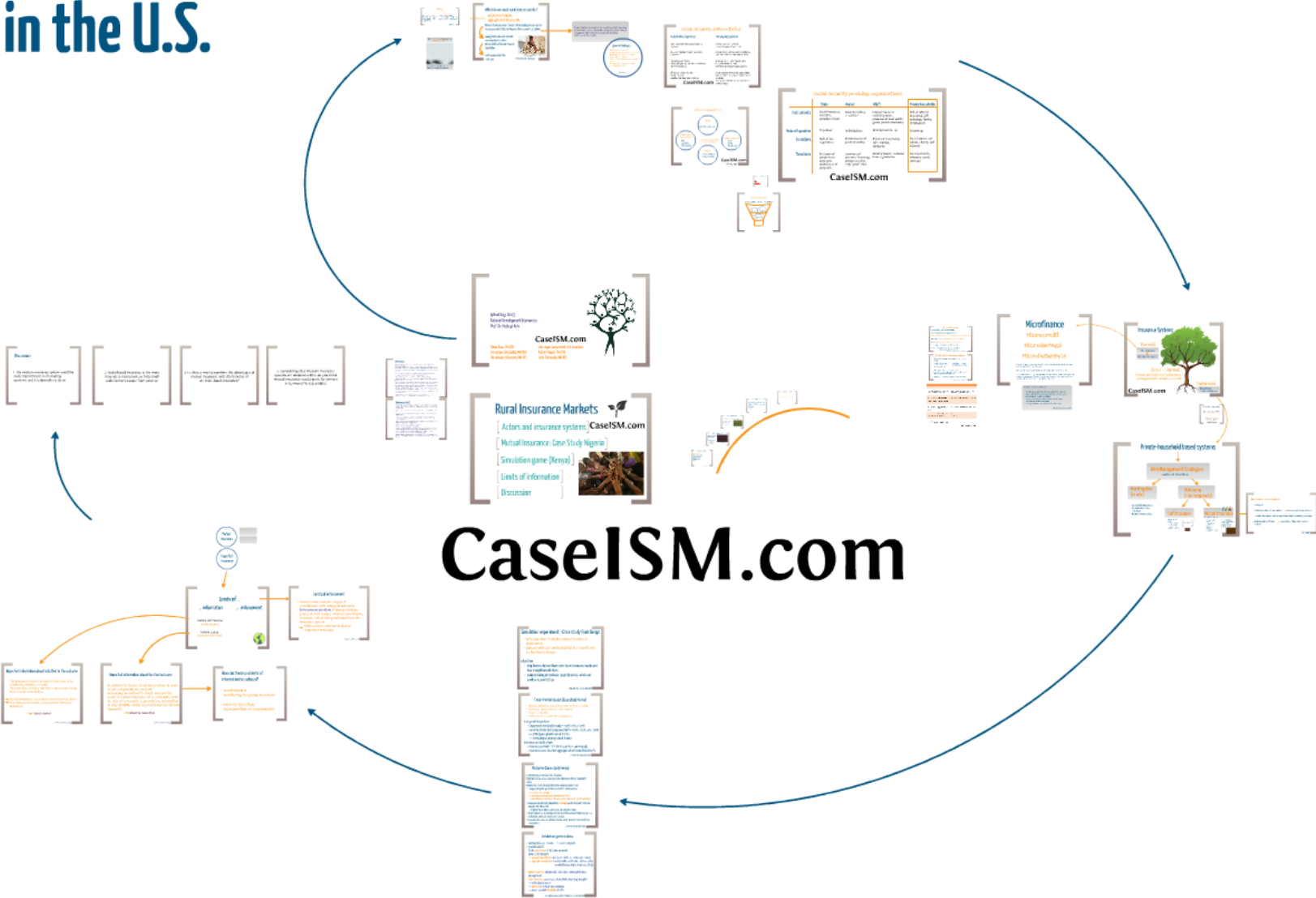
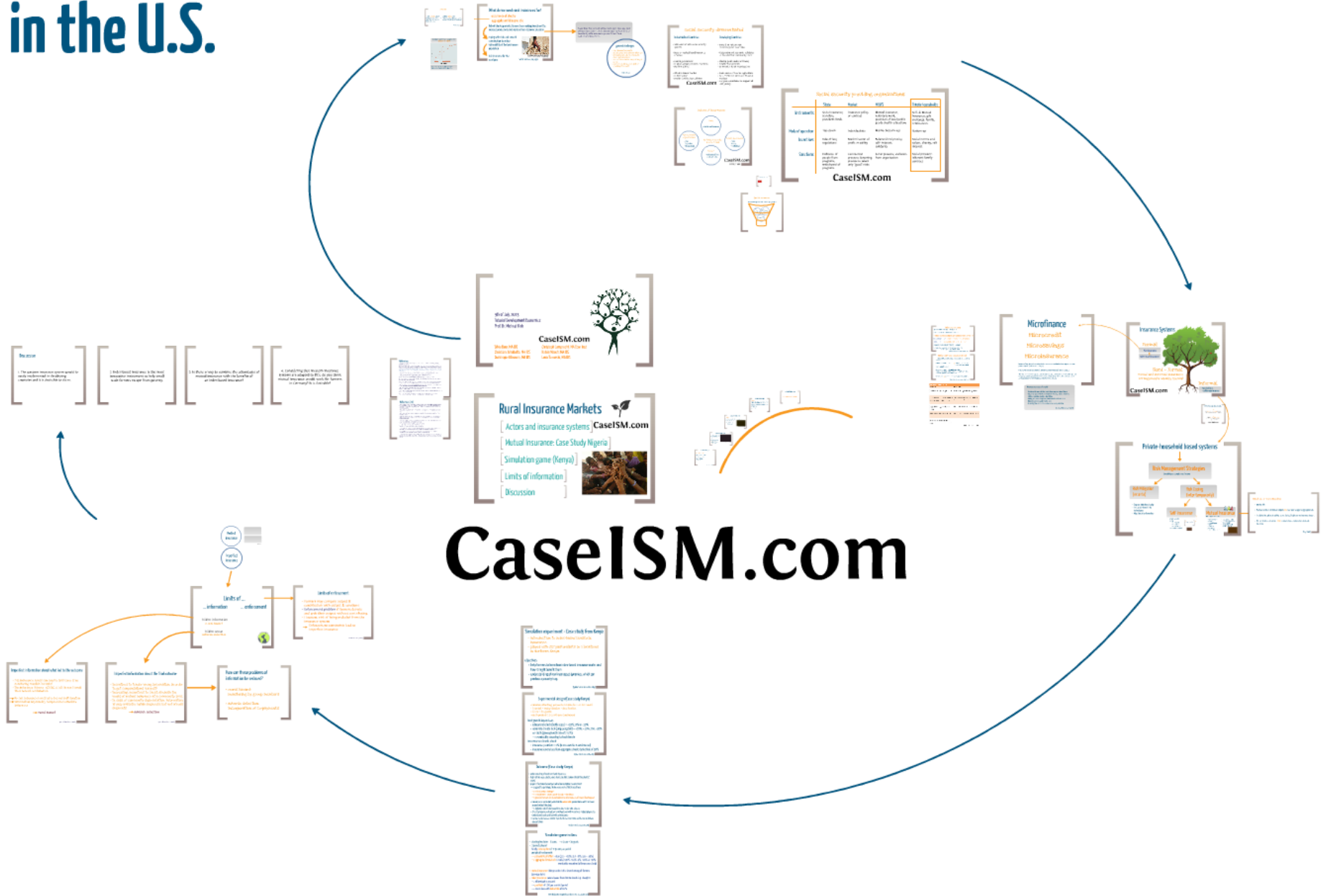


Note: Disclosure, Regulation, and Taxation of Hedge Funds versus Mutual Funds in the U.S.



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9th of July, 2013
Tutorial Development Economics
Prof. Dr. Michael Kirk

Silvia Baur, MA IDS
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Rural Insurance Markets



[Actors and insurance systems] **CaseISM.com**

[Mutual Insurance: Case Study Nigeria]

[Simulation game (Kenya)]

[Limits of information]

[Discussion]



Social security differentiated

Industrialized Countries

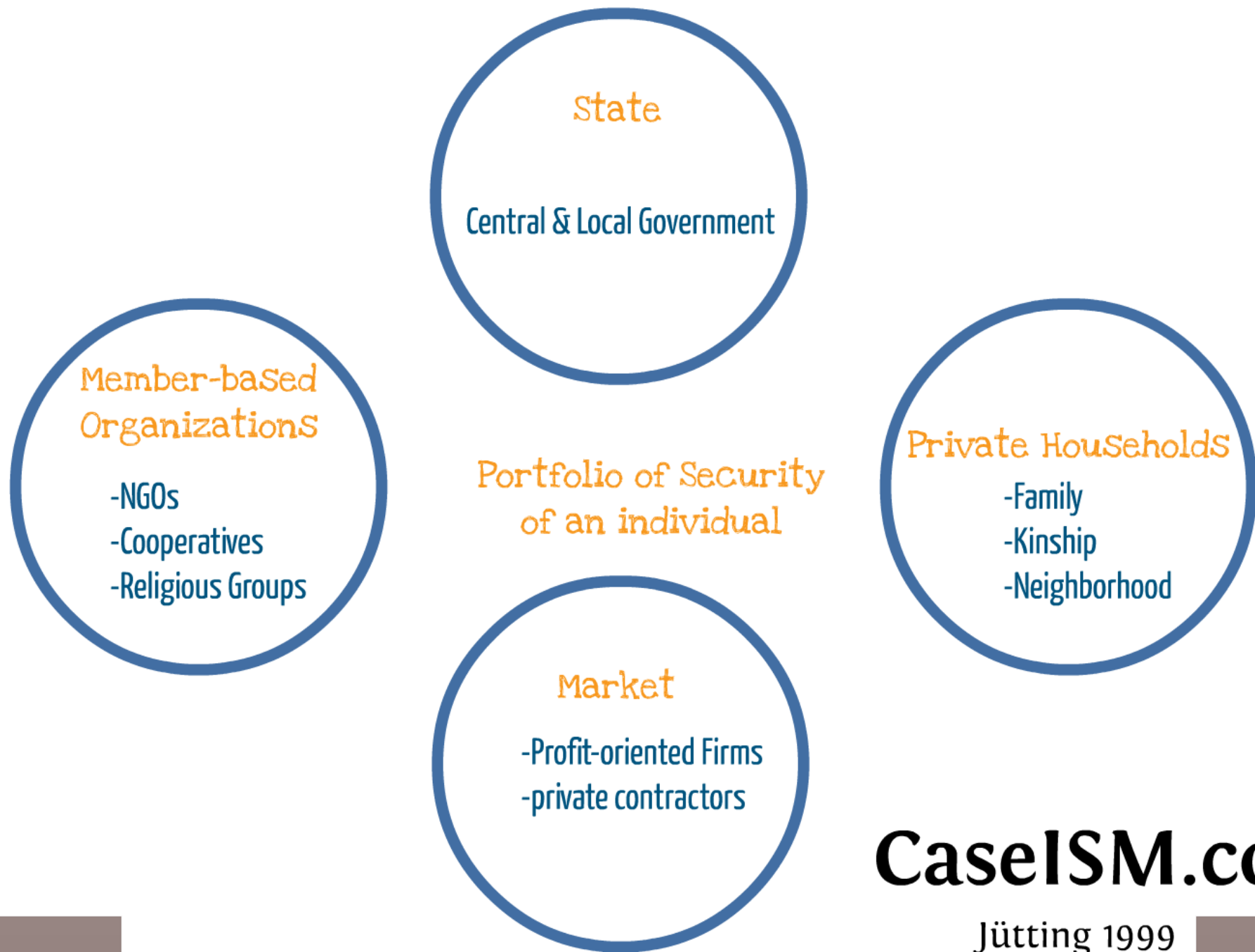
- 90% covered with social security systems
- State or market-based insurance schemes
- central government
- religious groups (muslim countries)
- the firm (China)
- effective labour market
- stable income
- smaller families, less children

Developing Countries

- more than 50% are not covered against basic risks
- Reciprocity and economic solidarity at household or community level
- Kinship (patri- and matrilinear)
- neighborhood, friends
- community based organizations
- main source of income: agriculture
- lack of effective labor and financial markets
- everyone contributes to support all (old, young)

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Actors of Insurances



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Jütting 1999

Social Security providing organizations

	State	Market	MBO'S	Private households
Instruments	Social insurance, transfers, provident funds	Insurance policy or contract	Mutual insurance, voluntary work, provision of local public goods (health education)	Self- & Mutual Insurance, gift exchange, family, remittances
Mode of operation	Top-down	Individualistic	Mainly bottom- up	Bottom-up
Incentives	Rule of law, regulations	Maximization of profit or utility	Balanced reciprocity, self- interest, solidarity	Social norms and values, charity, self interest
Sanctions	Exclusion of people from programs, withdrawal of programs	Commercial pressure, Screening process to select only "good" risks	Social pressure, exclusion from organization	Social pressure, inherent family contract

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Insurance Systems

Formal

Microinsurance

Index-based insurance

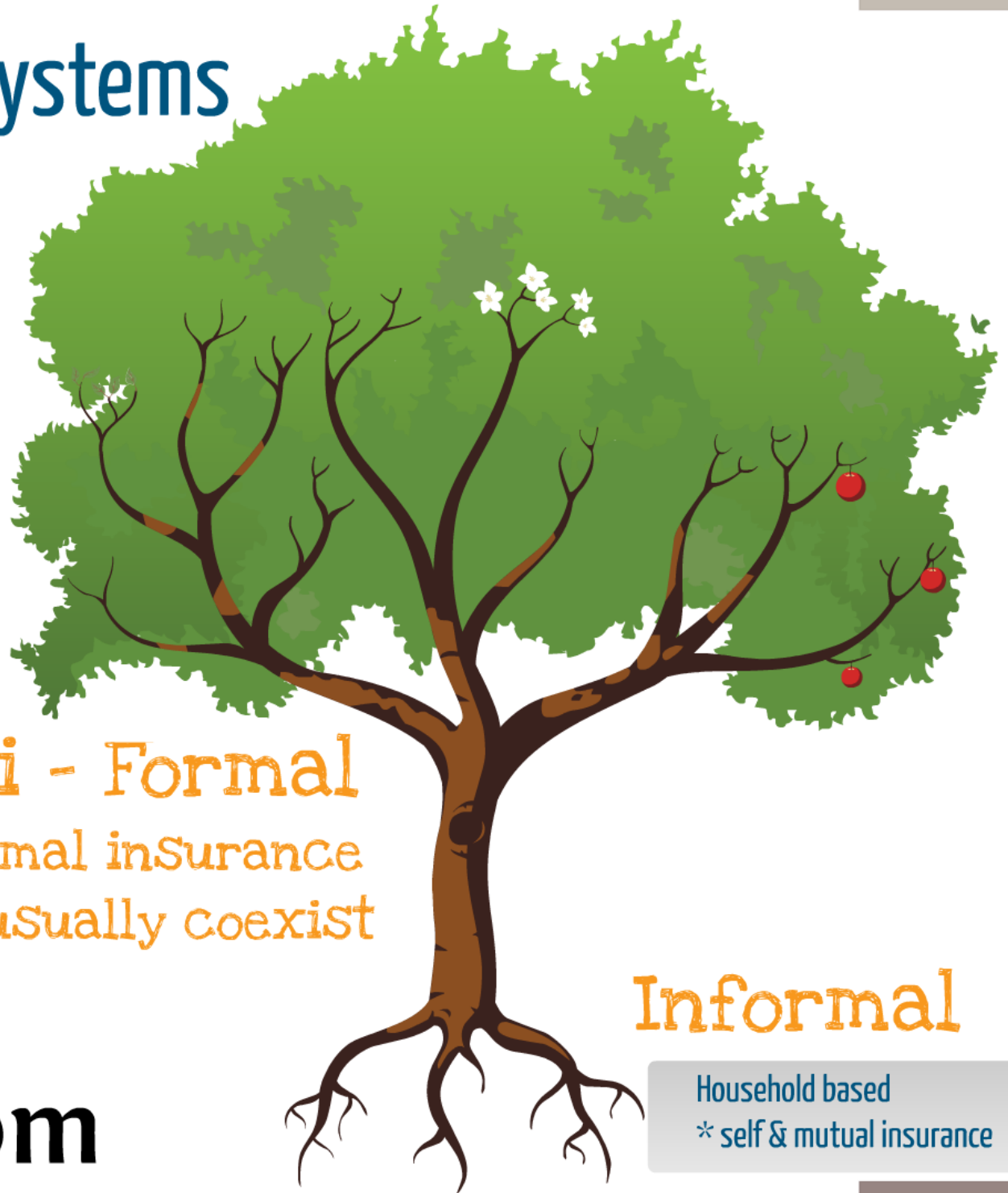
Semi - Formal

formal and informal insurance arrangements usually coexist

Informal

Household based

* self & mutual insurance



Private-household based systems



The **anchor** and the **backbone** for people living in rural areas in developing countries



apply **risk-diversifying strategies** in order to cope with income variation and expenditure shocks

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