

## Abstract

**The Insurance Sector and the Likely Implications of the General Agreement on Trade in Services : The Case of Trinidad and Tobago**

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In the wake of the Uruguay round and the push towards liberalisation in services, this thesis seeks to discover the possible implications of liberalisation for the Trinidad and Tobago insurance sector. The degree to which the local insurers are efficient will greatly determine their response to liberalisation, as well as their viability in a liberalised regime. Additionally, technological developments are changing the manner in which insurance services are produced and sold. Using a transcendental logarithmic cost function, an attempt was made to assess the efficiency of the local insurance sector. Overall, the firms in the industry are found to be operating close to their production frontier and, can thus be considered efficient. The analysis of the data also reveals that there are economies of scale which the firms can exploit by expanding their operations or merging with other insurance companies. Given the structure of the industry examined, and the nature of the service offered, liberalisation will require both the Government and the companies to reassess and readjust their activities. For the Government, the laws and regulations governing the insurance sector will have to be updated and improved. Companies will have to restructure their operations to improve their productive capacity and maintain profitability.

**Keywords:** Reshma Mahabir, Insurance, General Agreement on Trade in Services, Translog Cost

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