AFRICA'S 3RD INSURANCE & PENSION REGULATORS RETREAT 2024

Reflect • Relearn • Network

Transformation

sustainable insurance & pension strategies for africa

AFRICA'S 3RD INSURANCE & PENSION REGULATORS RETREAT 2024

Reflect • Relearn • Network

TRANSFORMATION

SUSTAINABLE INSURANCE AND PENSION STRATEGIES FOR AFRICA

THANK YOU OUR SPONSORS AND OUR MEDIA PARTNERS

MAYFAIR INSURANCE

Africa Re

ZEP-RE PTA REINSURANCE COMPANY

የኢትዮጵያ ብሔራዊ ባንክ NATIONAL BANK OF ETHIOPIA

CONTINENTAL REINSURANCE

Ethiopian Reinsurance

MIC Global Risks

WCF Workers Compensation Fund

GRAND RE Securing your tomorrow, together

African Risk Capacity

EXOS

MINERVA RISK ADVISORS

ASSOCIATION OF ETHIOPIAN INSURERS

POESSA

CIBE

COVER Knowledge Shared

JDWells.

Table Of Content

Page 40

Table Of Content

PRODUCED BY: WWW.COVER.CO.ZA

Welcoming Remarks by Mr. Sosthenes Kewe

Executive Chairperson of the Africa College of Insurance and Social Protection (ACISP)

The chairperson of ACISP expressed his gratitude and privilege to salute delegates on this date, Wednesday, the 24th of July 2024. On behalf of the Organizing Committee, on Behalf of Africa College of Insurance and Social Protection, he welcomed delegates to the 3rd and most prestigious Insurance and Pension Regulators Retreat for Africa. He was most profound and conveyed a message of appreciation to Chief Guest Governor, of the National Bank of Ethiopia, Mamo Esmelealem Mihretu for giving the insurance and pension industries in Africa such recognition and for gracing the third Insurance and Pension Regulators Retreat for Africa.

He said it was on the 25th of August 2023, when he wrote an email to Mr. Belay Tulu asking to discuss about an opportunity for Ethiopia hosting the 3rd Retreat. On Monday, November 6, 2023 at 10:57 AM he receive an email confirming that the NBE will host the 3rd Retreat. They then had a momentous opportunity to meet the Governor on 5th December 2023. As a result of the exemplary leadership of the Governor of the National Bank of Ethiopia today they are crystalizing the agenda they had agreed and shaped by great minds from the industry in Ethiopia.

In a very special way, he thanked Mr Belay, Director of Insurance Supervision at the National Bank of Ethiopia for his proactiveness, leadership, commitment, and guidance. It takes leaders of his caliber to deliver on big missions regardless of the circumstances. He gave all the support needed right from the time they expressed interest in hosting the 3rd Retreat to the date when they delivered it. It pleased him to note the presence of all Government and private sector Officials present at the opening of this Retreat. In his capacity as the Co-Chair of the Organizing Committee, he recognized the presence of industry leaders and private sectors from countries represented at this Retreat.

“Mr Belay, Director of Insurance Supervision at National Bank of Ethiopia, gave all the support needed right from the time we expressed interest in hosting the 3rd Retreat, to the date when we delivered it”

The Theme of our retreat is: **Transformation: Sustainable Insurance and Pension Strategies for Africa.** Discussions will focus, he said, on how regulators could facilitate the transformation of insurance and social protection for our Continent to benefit fully from an inclusive insurance and social protection. He believe that there is no better time that we can imagine the impact of innovation in our insurance and pension sectors than today. He was convinced that the Chief Guest is aware of the fact that the global Insurance and Pension sectors have been at the forefront of mitigating the impact of wide-ranging risks for centuries.

Insurers are well placed to seize structural opportunities ahead and become stewards of an orderly, sustainable economy and a better future for all. As we deliberate the needs of the society, this Retreat will deliver compelling Actions towards increasing the Penetration and Growth of Insurance and Social protection in our respective countries, given the complexity and diversity of risk exposures to be addressed for insurance and social protection to deliver better value to our society (SDGs), businesses, economy and to the government.

In partnership with NBE, ASSA and ACISP and with the support from the Government, insurance and Pension industry Associations in Ethiopia, we have been able to put this Retreat together as we believe in the transformation of our insurance and social protection in our continent. Our special thanks go to the Government and the Insurance and pension systems Players who are supporting the College’s initiatives. We appreciate your presence in our networks and thank you for your support in activities that enhance industry growth and professional enablement.

As he end his welcoming remarks, he acknowledged and applauded the efforts put into this Retreat: National Bank of Ethiopia, Ministry of Home Affairs (Visas, security), the embassies (Dar es Salaam and Addis Ababa), NBE Staff, ACISP staff, all the speakers and presenters, Sheraton Hotel and all the service providers. To the organizing Committee, they had done an amazing job he expressed his appreciation. Once again, he thanked the Government of the Republic of Ethiopia for allowing the Retreat to happen in Addis and for the hospitality. He finally, invited delegates to the Africa College of Insurance and Social Protection, head-quartered in Dar es Salaam, Tanzania, the pinnacle of peace, hope, and development.

The Vision of the College was Pan African he said, creating solutions that work for Africa through Research, Analytics, Innovation; Competence and Professionalisation; Advisory and Knowledge Management. We are committed to Deliver this ambition for the benefit of all people, businesses and governments through insurance and social protection transformation in Africa, and eventually deepening our economies that create wealth for our societies in the continent. Hence the Theme of this Retreat: Transformation: Sustainable Insurance and Pension Strategies for Africa.

Opening remarks by Ato Yared Mola

President of the Association of Ethiopian Insurers and the Local Organising Committee.

It is with immense pleasure and pride that I stand before you as the President of the Association of Ethiopian Insurers and representative of the local organising committee for this prestigious event.

On behalf of our association and the entire Ethiopian Insurance Community, I extend a heartfelt welcome to each one of you to Addis Ababa, the vibrant capital city of Ethiopia and Africa. I would like to begin by congratulating the Africa College of Insurance and Social Protection (ACISP), the National Bank of Ethiopia and the Africa Social Security Association for organising this important gathering.

Their tireless efforts have culminated in what promises to be a remarkable and impactful retreat. We are deeply honored that Ethiopia has been selected as a host country for the Africa's 3rd Insurance and Pension regulators retreat. This event represents a unique opportunity to deliberate and identify Africa's best practices in insurance regulation and pension markets.

We are confident that this retreat will serve as a platform doe exchanging valuable insights and fostering robust regulatory frameworks that will benefit every delegate and indeed, the entire continent. The presentations, discussions, and outcome of this gathering will undoubtedly contribute significantly to the advancement and harmonisation of insurance and pension standards across our diverse regions. Ethiopia is currently on the verge of establishing an independent regulator, a milestone that signifies the country's commitment to strengthen the insurance industry.

In this regard I would like to express our gratitude to the government of Ethiopia and in particular to the National Bank of Ethiopia and its esteemed governor Ato Mamo E.Mehretu. His support and visionary leadership have been instrumental in guiding us towards this pivotal transformation.

As we embark on these discussions, we encourage each of you to engage with an open mind and share the wealth of your knowledge and experience. This retreat is a great opportunity to forge new partnerships, explore innovative solutions, and contribute to a collective vision for a stronger, more resilient insurance and pension landscape in Africa.

Finaly, I wish all delegates a fruitful retreat filled with a meaningful exchange and memorable experience, your time in Ethiopia be as enriching as the discussion we will have. We hope you also explore our country's rich cultural heritage and the vibrant city of Addis Ababa. Let's take the insights from this retreat and turn them into actions, creating a legacy of excellence and impact on our industry.

Thank you once again for your presence and participation. Here is to a successful and inspiring retreat.


SAFETY
FIRST

"I would like to begin by congratulating the Africa College of Insurance and Social Protection (ACISP), The National Bank of Ethiopia and the Africa Security Association for organising this important event".

- Ato Yared Mola, President of the Association of Ethiopian Insurers

Director's training

Training Objectives

- **Enhance Understanding of Roles and Responsibilities:** Deepen participants' comprehension of the roles, responsibilities, and functions of board members in insurance and reinsurance companies.
- **Equip with oversight knowledge and skills:** Provide the knowledge and skills necessary for participants to effectively oversee the strategy, risk management, and governance of their organisations.
- **Insights into International Best Practices:** Offer insights into international best practices in insurance governance and board oversight to elevate organisational standards.
- **Explore AfCFTA Opportunities and Challenges:** Examine the opportunities and challenges presented by the African Continental Free Trade Area (AfCFTA) and equip participants with strategic thinking to capitalize on these opportunities.
- **Facilitate Peer-to-Peer Learning and Networking:** Promote peer-to-peer learning and networking among board members to foster collaboration and knowledge sharing.

MAYFAIR
INSURANCE

Your Trusted General Insurance Partner

You are in safe hands

www.mayfairinsurance.africa

Opening ceremony & keynote address

Director of Insurance Supervision, National Bank of Ethiopia, Belay Tulu.

It is an honour and privilege to welcome you all to the 3rd Insurance and Pensions Regulators Retreat for Africa. On behalf of the National Bank of Ethiopia, I extend our warmest greetings and sincere appreciation for your presence at this gathering. The National Bank of Ethiopia is delighted to support this retreat for several compelling reasons.

First and foremost, we firmly believe in the transformative power of the Insurance and Pension sectors in driving sustainable economic growth and social development in Africa. These sectors have the potential to protect individuals and businesses form unforeseen risks, provide long term financial security and contribute significantly to capital formation.

Secondly, as the continents landscape evolves, so do the challenges and opportunities facing our industries. This retreat offers an invaluable platform for regulators to share knowledge, experiences and best practices to address emerging issues such as climate change, technological advancements, and financial inclusion. By fostering collaboration and knowledge exchange, we can collectively enhance our regulatory frameworks and strengthern the resilience of our financial systems. Furthermore, the National Bank of Ethiopia is committed to promoting regional Integration and cooperation.

This retreat aligns perfectly with our vision of a united and prosperous Africa. By bringing together regulators from across the continent, we can build strong partnerships, harmonise regulatory approaches and create a level playing field for the insurance and pension industries. I am confident that this retreat will be a catalyst for positive change and contribute significantly to the development of a robust and sustainable insurance and pension ecosystem in Africa. We are honoured to host this event in Addis Ababa and look forward to engaging in fruitful discussions and collaborations with all of you.

Finally, allow me to extend my sincere gratitude to H.E. the Governor, Mr. Mamo E. Mihretu for readily accepting the invitation to host the 3rd Retreat, providing the required support and for his guidance in the realisation of this event. Thank You!

The history, status & trends of Insurance in Ethiopia

Ethiopia is one of the world's oldest countries, its territorial extent having varied over the millennia of its existence.

Ethiopia's capital Addis Ababa ("New Flower") is therefore often referred to as "the capital of Africa" for its historical, diplomatic, and political significance to the continent. Ethiopia as well is known for its world leading airline, Ethiopian Airlines, also termed as "Africa's Link to the World".

Ethiopia has offered a greater richness in archaeological findings and historical buildings which makes it a country of rich heritage. Thus, Ethiopia is regarded as the cradle of both mankind and civilization. With about 126 million people (2023), Ethiopia is the second most populous nation in Africa after Nigeria, and the fastest-growing economy in the region. Ethiopia aims to reach lower-middle-income status by 2025.

Insurance Sector

The essence of insurance is not new in Ethiopia. It's, rather, deeply rooted in the people's tradition. The traditional systems of "Iqub and Idir" are perhaps centuries old yet continue to play a vital role in Ethiopia's finance. Ethiopians are known for cooperation, risk-sharing, and mutual support at times of grief or work. EDIR- traditional (informal) community-based insurance services/mechanisms serve as a Funeral society. Nowadays, 'Edirs' evolved to serve the living as well as the dead. There are also financing and joint working schemes like Equb and Debo, Wonfel and Meredaja Mahber others, though the naming differs in different parts of the country.

Quantifying the magnitude of funds held in these systems, particularly "Edir/Iqub", is difficult, but they have wider coverage than banks and insurers. EDIR is a traditional form of insurance transaction very much related to life insurance. However, the modern insurance transaction could be said to have started in Ethiopia in 1905, by a foreign bank named The Egyptian Bank. Sources indicate that during the imperial regime, although the Ethiopian economy has been state-controlled through a series of industrial development plans during the Imperial Government of Haile Selassie, the insurance sector was dominated by foreigners (the leadership, ownership, and even service consumption).

Foreign ownership was allowed, and there were many participants, numbering up to 13 insurers at the end of the regime. Insurance supervision was under the then Ministry of Commerce and Industry which later incorporated under the State Bank or National Bank.During the Dergue Regime, which was known for a "Soviet style" centrally planned economy under a socialist government from 1976-1991, the assets and liabilities of those companies, still trading at the end of the imperial regime, were nationalised to form a state monopoly.

Only the Ethiopian Insurance Corporation was a sole player with limited insurance coverage. The sector was closed to foreigners and domestic private players.Even after the post-1991 government, to date the sector has remained closed to foreign operators. All Ethiopian insurers are confined to Ethiopian territory. In this regard, Ethiopia appears unique compared to its East African neighbors (namely Kenya, Tanzania, and Uganda) and other developing countries in Sub Saharan Africa (SSA) region, in that it has not yet opened its insurance sector to foreign participation.

The country follows a "Closed Door" policy, and the effort isolated the country from the rest of the world and the impact of "globalisation" is not felt to date. Ethiopia's financial sector remains closed and is much less developed than its neighbours'. After the Domestic- Liberalisation of the market, the privately owned domestic insurance companies penetrated the financial market and sliced the market share of Ethiopian Insurance Corporation from 100 % to as low as 30 % (June 30, 2023).

Although there are efforts to establish independent supervision, the supervisory organ is still operating under the National Bank of Ethiopia. As of June 2023, the total number of insurance companies has reached 18 of which one is state-owned. The total number of branches, brokers, and agents has reached 717, 65, and 2,126, respectively. There also exists one locally incorporated national reinsurer and two regional reinsurers that have local contact offices.

The industry's written premium for the period ended June 2023 reached Birr 23 billion ($ 416 million). The total assets and total capital of insurers have reached Birr 47 billion and Birr 14 billion, respectively which showed an increase of 4.6% and 20.9% respectively. Currently, Ethiopia's Insurance penetration stands at less than 0.4% and Insurance density at 3.3 USD.

The Way Forward

Although Ethiopia's insurance industry tends to grow in step with the broader economy, a lot is left to be desired in terms of penetration, density, and branch-to-population ratio as well as the sector's contribution to the GDP. There is still a lot of headroom for growth in Ethiopia as evidenced by the low insurance uptake.

The market by any means should be liberalised for foreign investors and prohibitions should be waived to those with a strong capital base, expertise, technology, and innovation. Opportunities should be given to those who are interested to invest in the least performing classes such as life, liability insurance, micro, and agricultural insurance, to mention a few. With 126 million plus, predominantly young population, the level of development of life insurance is insignificant.

A paradigm shift and structural changes should be introduced to change the industry's landscape in the areas of risk exposures, human capital development, creating a real and service-based competitive environment, and the use of technology and regulation. Introducing independent governance and a standalone supervisory authority structure that could properly foresee and create enabling regulatory framework should be considered instead of annexing the insurance supervision under the central bank.

3rd African Insurance & Pensions Regulators Retreat for Africa 2024 Opening remarks

by Mamo Mihretu, Governor of the National Bank of Ethiopia

Distinguished delegates, esteemed colleagues, ladies and gentlemen, It is an honor and privilege to address this gathering of insurance and pension regulators from sixteen countries from across the African continent and beyond.

Distinguished delegates, esteemed colleagues, ladies and gentlemen, It is an honor and privilege to address this gathering of insurance and pension regulators from sixteen countries from across the African continent and beyond. The 3rd Insurance and Pensions Regulators Retreat for Africa is a testament to our collective commitment to transforming the insurance and pension landscape in Africa. Ethiopia, as the host nation, extends a warm welcome to all of you. We believe that this gathering is not merely a conference but a useful platform to shape the future of our continent's financial ecosystem.

The theme, "Transformation: Sustainable Insurance and Pension Strategies for Africa," resonates profoundly with Ethiopia's aspirations. Our nation is undergoing a period of rapid economic growth and development, and a robust, inclusive, and sustainable insurance and pension sector is essential to underpin this progress. Insurance and pensions are the bedrock of financial security and social protection. They serve as crucial instruments for risk mitigation, income generation, and wealth creation. By fostering a thriving insurance and pension industry, we can empower individuals, businesses, and communities to build resilience and achieve their full potential.

The National Bank of Ethiopia is committed to supporting the growth and development of the insurance and pension sector. We recognize the pivotal role of regulators in creating an enabling environment that promotes innovation, competition, and consumer protection. This retreat offers a unique opportunity to share experiences, best practices, and challenges, thereby strengthening our collective capacity to address emerging issues. This Regulators Forum contributes to the AU Agenda 2063 - a continental 50-year agenda through a people-driven process outlining the Africa We Want.

Specifically, Regulators Retreat for Africa aims to:

1. Bring together regulators and industry players to unpack the opportunities for the future of the insurance and social protection industries.
2. Enable insurance and social protection fraternity to underscore the untapped opportunities in social insurance in the African continent.
3. Provide space for regulators to listen to the growth and transformation aspirations of the private sector players in the insurance and social protection space and design the policy and regulatory support and facilitation required for the growth aspirations in the insurance industry.
4. Enable policymakers and regulators to have their dialogue and devise responses and/or commitments for transforming the insurance and social protection whose potential is far from being adequately tapped in our continent.
5. Provide an avenue for stakeholders to learn and create networks for developing and growing value systems for their insurance businesses and social protection initiatives.

Ladies and Gentlemen,

We must work together to enhance financial inclusion by expanding insurance and pension coverage to underserved populations, including rural communities, women, and small and medium-sized enterprises. By leveraging technology and innovation, we can develop innovative products and delivery channels that cater to the specific needs of these segments. Furthermore, we need to strengthen the regulatory framework to ensure the solvency and stability of insurance and pension institutions. By promoting sound risk management practices and adequate capital levels, we can build a resilient and sustainable sector.

I urge all participants to engage in constructive dialogue, share knowledge, and forge partnerships to advance the insurance and pension agenda in Africa. Let us harness the collective wisdom of this gathering to develop actionable strategies that will drive positive change. I am confident that this retreat will yield tangible outcomes that contribute to the development of a robust and inclusive insurance and pension sector in Africa. Together, we can build a more resilient, prosperous, and equitable Africa for all. Thank you!

PROVIDING A SAFETY NET FOR BUSINESSES ACROSS THE SUB-SAHARAN AFRICAN REGION.

GRAND RE

Securing your tomorrow, together

Effective Corporate Governance Framework

A summary of the presentation by Ibrahim Muhanna, Muhanna Foundation

Building a Robust Corporate Governance Framework: Insights from Ibrahim Muhanna

In a compelling presentation by Ibrahim Muhanna of the Muhanna Foundation, the essence of effective corporate governance was explored, shedding light on the principles that underpin successful and sustainable organizational management. As businesses and institutions strive for longevity and integrity, understanding and implementing a solid governance framework is crucial. This article distills Muhanna's insights into actionable guidelines for achieving excellence in governance.

Understanding the Core Principles of Good Governance

Corporate governance is more than just a set of rules—it's a dynamic system that ensures organizations operate with integrity and accountability.

Muhanna outlined five key principles that define effective governance:

Transparency: This principle is the bedrock of trust. Transparent governance involves clear communication and open decision-making processes, allowing stakeholders to understand and scrutinize how decisions are made and resources are allocated.

Accountability: Accountability ensures that organizational objectives are met and provides mechanisms for addressing failures or misconduct. It establishes a framework for evaluating performance and implementing corrective actions when necessary.

Predictability: Consistency in decision-making helps build stakeholder confidence. Predictable governance processes reduce uncertainty and provide a stable environment for business operations.

Participation: Inclusive decision-making involves engaging stakeholders in the governance process. This participatory approach not only enhances decision quality but also strengthens stakeholder commitment and trust.

Dynamism: Effective governance must be adaptable. Organizations operate in a constantly evolving environment, and governance frameworks must be flexible enough to respond to changes and challenges.

The Role of Supervision and Regulations

Effective governance is underpinned by rigorous supervision and regulation. Board members play a critical role as self-regulators, ensuring that CEOs and senior management are held accountable for their actions. This internal oversight is vital for maintaining prudent management and achieving organizational goals.

Cultural and Environmental Adaptation

Governance structures cannot be one-size-fits-all; they must be tailored to the specific cultural, socio-economic, and regulatory contexts in which an organization operates. What works in one region may not be effective in another, making it essential to adapt governance practices to local conditions.

Governance Committees: Key Facilitators

Governance committees are instrumental in ensuring that organizations adhere to legal frameworks and best practices. These committees manage various functions, including administration, compliance, and reporting. They also play a crucial role in ensuring that stakeholder voices are heard and integrated into decision-making processes.

Duties of Board Members

Board members bear significant responsibilities. They must operate within legal boundaries, prioritize stakeholders' interests, exercise sound judgment, and avoid conflicts of interest. Their actions set the tone for organizational governance and influence its effectiveness.

Strengthening Governance Practices

To fortify governance structures, organizations should engage in regular benchmarking and strategic planning. This process involves comparing governance practices with industry standards and aligning them with organizational goals. Such proactive measures help ensure that governance frameworks remain robust and relevant.

Best Practices in Regulation

Regulatory frameworks should be customized to the specific needs of different sectors. For instance, in Malawi, the Reserve Bank oversees various financial sectors, balancing the need for transparency with the appropriate regulatory scope. This tailored approach ensures that regulations are effective and relevant.

Conclusion

Incorporating Ibrahim Muhanna's insights into corporate governance provides a roadmap for organizations aiming to build and maintain effective governance structures. By embracing transparency, accountability, predictability, participation, and dynamism, and adapting to cultural and environmental contexts, organizations can foster long-term success and trust. Effective governance is not just about adhering to regulations but about creating a culture of integrity and excellence that drives sustainable performance and stakeholder confidence.

Enhancing client value and sustainability in insurance: A strategic perspective

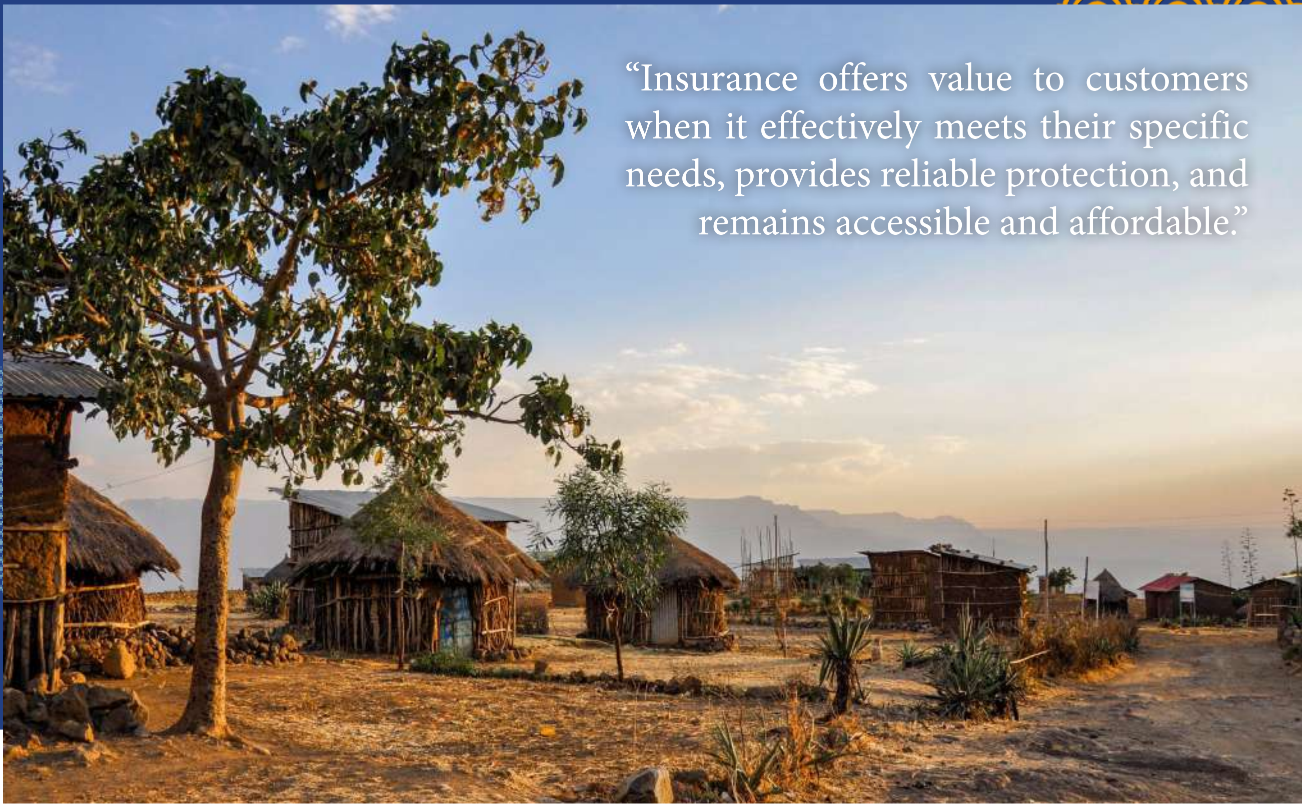
Pranav Prashad, Senior Technical Officer, ILO

The insurance industry is at a transformative stage, propelled by the growing demand for sustainable practices, innovative products, and a heightened focus

Insurers today find themselves at a crossroads where they must balance offering significant value to customers with ensuring the sustainability of their programs. This article delves into how insurers can provide client value under various circumstances, the steps required to enhance product and service value, ensuring the sustainability of insurance programs for stakeholders, and strategies to improve program viability through processes and tools. These discussions are guided by the UNEP Finance Initiative's (UNEP FI) Principles for Sustainable Insurance (PSI), which serve as a comprehensive framework for integrating environmental, social, and governance (ESG) considerations into the insurance business.

Does Insurance Provide Value to Customers? Under What Circumstances: Insurance offers value to customers when it effectively meets their specific needs, provides reliable protection, and remains accessible and affordable. The value of insurance becomes evident in high-risk situations where the potential for financial loss is significant, such as health, life, property, or agricultural insurance. For example, smallholder farmers in Africa benefit from agricultural insurance schemes that protect them against crop failure caused by unpredictable weather patterns, helping them manage risks that could otherwise devastate their livelihoods. However, the perceived value of insurance by clients hinges on several factors, including the clarity of policy terms, ease of the claims process, and the timeliness of payouts. When these elements are addressed, insurance becomes a powerful tool for financial security and resilience.

Improving Client Value through Innovation and Implementation: Enhancing client value is a dynamic process that involves continuous innovation in product design, delivery channels, and customer engagement. Insurers can improve the value offered to clients by focusing on several key strategies. Firstly, innovating product offerings is essential. Developing tailored products that cater to different customer segments ensures that clients receive coverage suited to their specific needs. For instance, microinsurance products are designed for low-income individuals, while parametric insurance can benefit smallholder farmers, offering coverage that directly addresses the risks they face. Leveraging technology and digital channels is another way to enhance client value. Digital platforms, mobile applications, and online customer service options make insurance more accessible, especially for clients in remote or underserved areas.



An example of this is using radio channels to provide agricultural information to smallholder farmers, increasing their understanding and access to insurance products, and promoting financial inclusion. Lastly, transparency and clear communication play a crucial role in building trust. By maintaining open lines of communication about coverage, exclusions, and the claims process, insurers can ensure clients fully understand their policies, leading to increased satisfaction and trust in the service provided.

Sustainability of Insurance Programs: Ensuring Viability for All Stakeholders: The sustainability and viability of insurance programs depend on balancing profitability with positive social and environmental impacts. Viable insurance programs consider effective risk management, cost efficiency, and active stakeholder engagement. The UNEP FI's Principles for Sustainable Insurance emphasize the integration of ESG criteria into decision-making processes, ensuring that sustainability remains at the core of the insurance business.

To achieve sustainable insurance programs, insurers must embed ESG considerations into their underwriting policies. By incorporating ESG factors, insurers can manage risks related to climate change, human rights, and governance issues, thus ensuring the long-term sustainability of their offerings. Collaboration with stakeholders is equally vital. Engaging with clients, governments, regulators, and other key players can help raise awareness about ESG issues and develop collaborative solutions. For example, insurers can work with partners to facilitate phased exit plans from non-sustainable practices, such as reducing investments in thermal coal.

Financial sustainability is also a key component. Maintaining adequate pricing strategies, efficient claims management, and effective risk pooling are essential for ensuring the financial health of insurance programs. Regularly reviewing and adjusting premiums based on risk assessments and market trends helps maintain a program's financial stability and longevity.

Enhancing Viability through Processes and Tools: Improving the viability of insurance programs requires a strategic focus on several key areas. One of the most important areas is demand enhancement. Understanding customer needs and preferences through market research and feedback sessions allows insurers to tailor products that resonate with their target audiences. This approach ensures that insurance products are designed with the customer in mind, making them more appealing and relevant. Developing innovative products that address emerging risks, such as climate change or cyber threats, can attract new customers while retaining existing ones.

Offering flexible products like usage-based insurance or add-ons can increase customer satisfaction by providing tailored coverage options. Effective distribution channels are another critical component. By utilizing various channels, such as digital platforms, mobile apps, agents, and partnerships with financial institutions, insurers can reach a broader market, especially in underserved areas. Training and staff engagement also play a significant role in enhancing viability. By equipping employees with knowledge about workplace health, safety, and sustainability, insurers ensure they deliver high-quality service and effectively promote the company's sustainable insurance agenda.

Principles for Sustainable Insurance: The UNEP FI Principles for Sustainable Insurance provide a global framework for managing ESG risks and opportunities within the insurance industry. These principles guide insurers in integrating sustainability into their operations. The first principle emphasizes the integration of ESG issues into decision-making processes, ensuring that environmental, social, and governance factors are considered in strategic planning. The second principle focuses on collaboration with clients and partners, working together to raise awareness of ESG issues and develop effective risk management solutions. The third principle encourages engagement with governments and regulators to promote policies and regulations that support sustainable practices within the insurance industry. Lastly, the fourth principle emphasizes transparency and accountability, requiring insurers to regularly disclose their progress in implementing the Principles for Sustainable Insurance and ensuring accountability to stakeholders.

Conclusion: The insurance industry plays a pivotal role in fostering a sustainable and resilient society. By aligning with the UNEP FI Principles for Sustainable Insurance, insurers can address ESG risks, innovate to meet client needs, and ensure the viability and sustainability of their programs. A proactive approach to enhancing client value through innovation, effective processes, and stakeholder engagement is crucial for the long-term success of the insurance sector.

The future of insurance lies in its ability to strike a balance between profitability and a commitment to social responsibility and sustainable development. By adopting sustainable practices and focusing on client value, the insurance industry can contribute significantly to building a more resilient and equitable society.


MAYFAIR
INSURANCE
You are in safe hands
Congratulations
On your 10 th Anniversary.
We are proud to be associated with you.
Mayfair Insurance is the Industry Leader in Construction and Engineering Insurance
Ranked
1
2016
GLOBAL CREDIT RATING
A
(KE)
MAYFAIR INSURANCE CO. LTD
KENYA
ZAMBIA
TANZANIA
RWANDA
UGANDA
DRC
NAIROBI (HEAD OFFICE)
Mayfair Centre, 8th Floor
Ralph Bunche Road,
+254 20 2999000,
+254 724 256925
+254 733 256925
info@mayfair.co.ke
MOMBASA
ELDORET
www.mayfair.co.ke
Regulated by the Insurance Regulatory Authority

Emerging Issues: State of Insurance, Pension & Reinsurance Development in Africa

by Dr. Anselmi Anselmi

Africa is currently experiencing rapid economic growth, with several countries standing out as some of the fastest-growing economies globally.

Despite facing geopolitical challenges, 11 African countries have achieved GDP growth rates higher than the global average, with some surpassing 5% growth. This economic momentum is reshaping the insurance, pension, and reinsurance sectors, which are essential for supporting sustainable development across the continent. As Africa continues to transform, these sectors are poised to play a crucial role in fostering financial resilience and security for its population.

State of Social Protection in Africa: Social protection is a fundamental pillar of economic stability and growth in Africa. Currently, about 47% of the African population has some form of social protection, with the continent investing approximately 12% of its GDP in this area, which is in line with global averages. However, only about one-third of the population enjoys adequate protection, indicating a need for further expansion. There is an ambitious target to increase social protection coverage to 40% by 2025. South Africa serves as a leading example in Sub-Saharan Africa, with 46% of its population having access to at least one form of protection. This demonstrates the potential for other African nations to improve their social protection systems and broaden their reach to vulnerable populations.

Insurance Landscape in Africa: The insurance industry in Africa is gaining significant momentum, holding a 3.8% share of the global insurance market. With a growth rate of 7%, Africa boasts the second-fastest growing insurance market worldwide. Life insurance constitutes the dominant share of the market, especially in countries like South Africa, while non-life insurance leads in other African markets. As economic development continues, the demand for diversified insurance products is expected to rise. This trend presents ample opportunities for both local and international insurers to introduce innovative products that cater to the evolving needs of African consumers.

Reinsurance Developments in Africa: The reinsurance sector in Africa is also undergoing notable changes. In the past year, traditional reinsurance premiums amounted to $600 billion, with alternative capital accounting for an additional $107 billion. Together, the Middle East and Africa hold 2% of the global reinsurance market. Although this share might seem modest, it underscores the potential for growth, particularly if supported by strategic policy interventions and a focus on developing local capacity. This growing sector provides a foundation for improving the financial resilience of African economies and managing risks associated with large-scale catastrophes and economic shocks.

Key Policy Imperatives for Insurance and Reinsurance Growth: To unlock the full potential of Africa's insurance and reinsurance sectors, several policy imperatives need to be addressed. One crucial aspect is strengthening the supply by enhancing local capacities in both insurance and reinsurance, which will contribute to market growth and stability. Another vital element is creating an enabling environment through supportive policies and regulations that encourage industry development and innovation.

Demand stimulation is also necessary to build public trust and interest in insurance products, thereby driving higher uptake. Resource mobilization is critical to securing the technical and financial resources needed to implement effective insurance programs. By addressing these key policy areas, African nations can lay the groundwork for a more robust and sustainable insurance and reinsurance market.

Aligning with Africa's Vision 2063: A Long-Term Perspective: The development of insurance, pension, and reinsurance strategies in Africa must align with the continent's broader goals outlined in Africa's Vision 2063. This vision envisions a prosperous and sustainable future for Africa, and to achieve this, a forward-thinking approach is required. Long-term planning, spanning decades and even centuries, will be necessary to ensure that the insurance and reinsurance sectors can support Africa's growth trajectory and provide financial security for generations to come.

Challenges in Social Protection and Pension Systems: Africa faces several challenges in extending social protection and pension coverage across the continent. Demographic changes, such as a growing and aging population, impact the sustainability of social protection systems. There is also a pressing need to extend protection to underserved groups, including rural populations, youth, women, and small-to-medium enterprises (SMEs).

Developing sustainable retirement solutions is another key challenge, particularly in addressing the "missing middle" – the underserved middle-class segments who often lack adequate pension coverage. Improving voluntary social protection solutions is essential, and this can be achieved by enhancing distribution systems and building capacity to expand coverage. Additionally, resource mobilization is crucial to ensure the funding required to provide sustainable social protection benefits.

Aligning social protection strategies with food security initiatives is another important consideration. This approach can help mitigate the risks related to poverty and malnutrition, ensuring that social protection efforts are comprehensive and effective. As Africa moves towards achieving its 2025 social protection strategy goal of reaching 40% coverage, there is also a need to prepare for emerging challenges, such as non-communicable diseases (NCDs) and the integration of new technological advancements.

Challenges in the Reinsurance Sector: The reinsurance sector in Africa faces several unique challenges. One of the main issues is the inverted market structure, where non-life insurance markets are currently larger than life insurance markets. This imbalance requires strategic interventions to promote more balanced growth. Improving local retention of reinsurance business is another critical challenge, as it would reduce dependency on external markets and enhance the continent's resilience to global market fluctuations. Entrepreneurial innovation is essential for developing demand-driven reinsurance products tailored to local needs. However, disjointed efforts and the challenge of upgrading legacy systems often hinder progress. Addressing these challenges requires a comprehensive strategy that considers the complexities of global reinsurance programs, intra-group operations, product suitability, and price competitiveness.

Opportunities and Threats in the African Insurance Market: Africa's insurance market presents numerous opportunities, despite the presence of significant threats. Among the threats are mega catastrophes, financial system shocks, and the risk of hyperinflation. However, Africa's growing and healthy population, coupled with a middle-income group of around 600 million people, presents a substantial opportunity for market expansion. Technological advancements offer a chance to streamline operations and improve efficiency, while expanding microinsurance and leveraging the African Continental Free Trade Area (AfCFTA) can drive growth. Adopting a holistic value chain approach will also help maximize efficiency and impact, ensuring that the insurance industry can capitalize on these opportunities.

Policy Recommendations for Driving Growth and Resilience: To foster growth and resilience in Africa's insurance, pension, and reinsurance sectors, policymakers should focus on several key areas. Shifting from data collection to strategic planning is essential for driving meaningful progress. Partnerships across sectors can enhance development and create synergies that benefit the industry as a whole. Using data to inform actionable insights will enable targeted interventions, while identifying and investing in key growth drivers can accelerate progress.

Conclusion

Africa's insurance, pension, and reinsurance sectors are poised to contribute significantly to the continent's socio-economic growth and stability. By addressing emerging challenges and strategically aligning development efforts with Africa's broader aspirations, these sectors can support the continent's journey toward a prosperous and sustainable future.

As the landscape continues to evolve, a proactive approach will ensure that Africa remains on track to achieve its long-term vision, and the insurance industry can play a pivotal role in building financial resilience for all its people.

Ethiopia's Insurance Market: Progress, Opportunities & Lessons Learned

By Fikru Tsegaye

In a recent session led by Fikru Tsegaye of EthioRe, we explored the dynamic landscape of Ethiopia's insurance market. Despite Africa's substantial population—approximately 16% of the global total—the insurance penetration across the continent remains low, ranging between 2.8% and 3.5%. This session provided a deep dive into Ethiopia's insurance sector, revealing both its challenges and the potential for significant growth.

Current State of the Insurance Market

The global insurance market is vast, with a Gross Written Premium (GWP) of USD 7.1 trillion in 2023. However, Africa's share of this market is minimal, holding only 1.4% of the global GWP and 2% of reinsurance GWP. Within Africa, insurance premiums are unevenly distributed. South Africa dominates the market, accounting for 70.6% of the continent's total premiums. In contrast, regions like Francophone Africa and East Africa contribute much less, at 3.9% and 4.8% respectively.

Insurance Penetration and Market Overview

Insurance penetration, which measures premiums as a percentage of GDP, varies widely across the globe. For instance, North America and Europe boast penetration rates of 7.3% and 7.5%, respectively, while Africa lags behind at just 2.8%. Within Africa, Nigeria's rate is a mere 0.3%, Angola's is 0.8%, and Kenya's is 2.9%. South Africa leads with a robust 14% penetration rate, highlighting the disparity within the continent. Ethiopia's insurance sector has undergone significant evolution.

Historically, during the Imperial regime until 1976, the industry was characterized by foreign ownership and minimal regulation. The Dergue regime nationalized insurance companies, establishing the Ethiopian Insurance Corporation (EIC) as a state monopoly. This monopoly persisted until 1994, when the EIC was restructured as a public enterprise, allowing local private investors to enter the market. Despite this, the sector remains highly concentrated, with the Ethiopian Insurance Corporation's market share decreasing from 100% to 30% by mid-2023.

Opportunities for Growth

Ethiopia's insurance market is ripe for development. The country's population is projected to grow from 129.7 million in 2024 to over 210 million by 2060, making it the second most populous nation in Africa and the 10th globally. This burgeoning population, predominantly young, represents a significant opportunity for insurance expansion. The working-age population constitutes 51%, while the elderly population is relatively small at approximately 2.6%. Demographic trends, such as aging populations globally, further stress the need for robust insurance solutions. The dependency ratios, including the Young-Age and Old-Age Dependency Ratios, highlight the pressures that insurance systems will face in the future. By 2050, one in six people worldwide will be over the age of 65, and the number of individuals aged 80 and above is expected to triple.

Prospects for Liberalization and Digital Transformation

Ethiopia's insurance sector faces potential benefits from liberalization. Opening up the market could lead to growth, improved efficiency, better risk diversification, and access to advanced technology. This would not only enhance competition but also improve service quality and reduce costs. Moreover, Ethiopia's digital transformation strategy, launched in 2020 and aligned with the country's 2021-2030 development plan, aims to revolutionize various sectors, including insurance. This strategy focuses on digital ID, digital payments, e-governance, e-commerce, and cybersecurity. Collaboration between the public sector, development community, and private sector is essential to provide ICT-based insurance services, enhance financial literacy, and improve accessibility.

Cultural and Market Considerations

Ethiopia's rich cultural and religious history, including its early adoption of Christianity and the oldest Muslim settlement in Africa, offers unique opportunities to expand insurance coverage, including innovative solutions like Takaful.

Capital Market Development & Challenges

The development of capital markets is another area where insurers can play a significant role as institutional investors. However, Ethiopia's insurance sector faces challenges, including a closed-door policy that isolates it from international markets, leading to limited access and low penetration. Additionally, the sector suffers from a scarcity of qualified professionals, with a lack of actuaries and a strong college of insurance contributing to the slow growth.

Conclusion

Ethiopia's insurance market is on the cusp of significant transformation. With its growing population, potential for liberalization, and digital advancements, the sector holds considerable promise. However, addressing current challenges—such as limited market access, low penetration, and a shortage of skilled professionals—will be crucial for unlocking this potential. By leveraging opportunities for growth and modernization, Ethiopia can build a more resilient and inclusive insurance sector that meets the needs of its population and contributes to broader economic development.

Insurance & Pension Frontiers: Long-Term Strategies Case Study

By Sosthenes Kewe

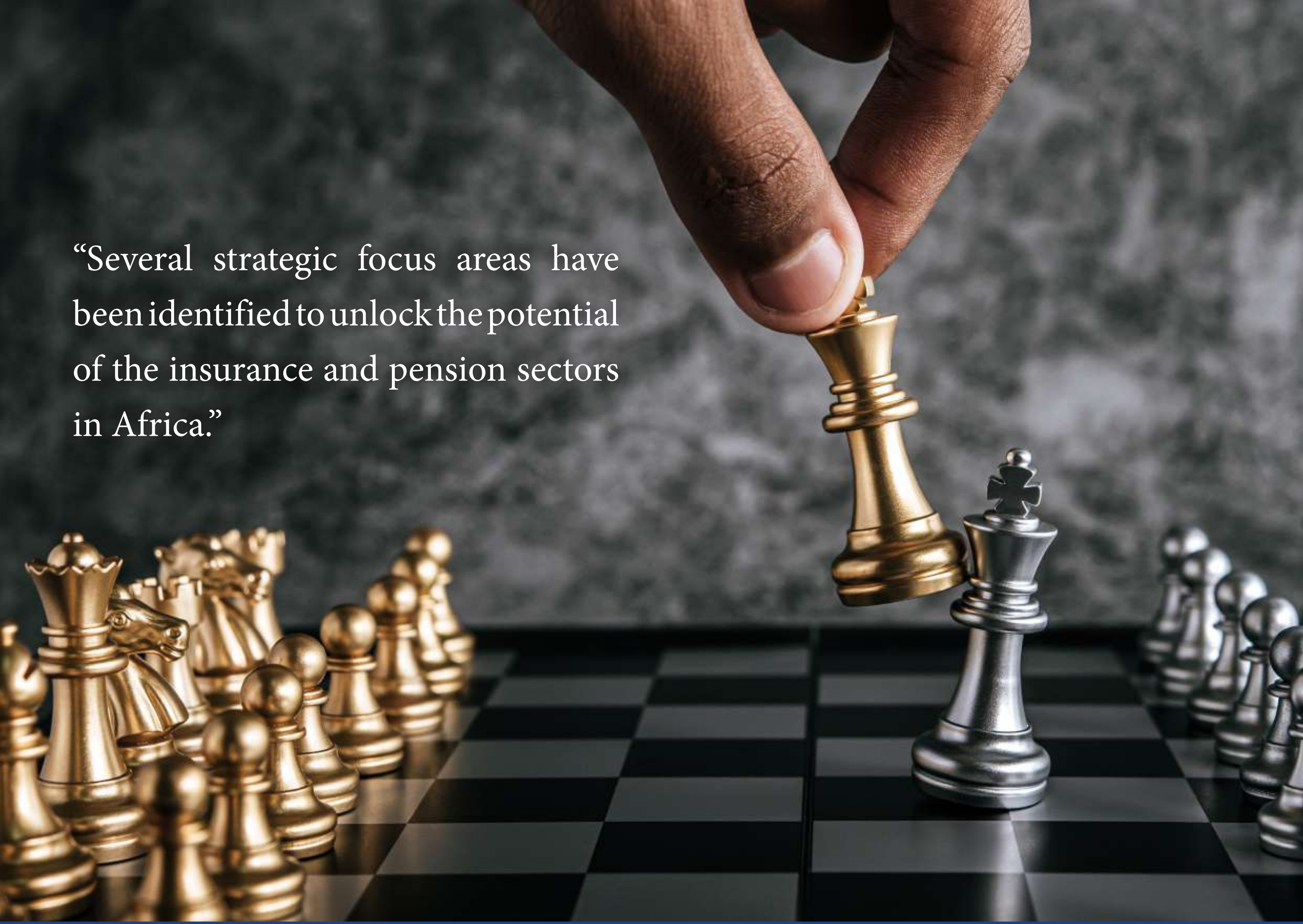
The insurance and pension sectors serve as foundational pillars of economic stability and social security, especially in regions with rapidly expanding populations like Africa. As we look toward the future, aligning our strategies with Africa's 2063 Agenda and other long-term goals becomes essential to ensure that these sectors contribute meaningfully to sustainable development.

Drawing insights from the Financial Sector Development Master Plan (FSDMP) 2020-2030, this article explores the long-term strategies required to navigate this journey and the opportunities and challenges that lie ahead.

Long-Term Strategies and Key Objectives: For the insurance and pension sectors to thrive, strong governance and leadership are critical. Boards, regulators, and senior managers must stay focused on their mission of building hope and security for Africa's 1.4 billion people. Achieving this mission requires strategic guidance, a commitment to hard work, and the readiness to adapt to change. By fostering a culture of adaptability, the sectors can better respond to evolving market demands, regulatory shifts, and economic changes, ensuring that they continue to serve the needs of Africa's growing population effectively.

The Strategic Importance of Change: Why It Is Imperative - Africa is endowed with immense resources, making it a potential global powerhouse. The continent holds 65% of the world's arable land, 10% of the planet's fresh water, and 30% of global mineral resources, including significant shares of natural gas, oil reserves, gold, chromium, platinum, cobalt, diamonds, and uranium. With its population projected to grow by 256% from 2017 to 2100, Africa is now the second-most populous region globally, home to approximately 1.4 billion people. However, to fully harness this demographic dividend, there is a pressing need to increase penetration in the insurance and pension sectors. Currently, Africa's insurance penetration stands at 2.8%, far below the global average of 6.1%, and pension coverage is only 5%, compared to a global average of 12%. This gap highlights the urgency for strategic interventions to expand coverage and make these sectors more accessible.

Strategic Focus Areas: Several strategic focus areas have been identified to unlock the potential of the insurance and pension sectors in Africa. One of the most promising opportunities is optimizing the African Continental Free Trade Area (AfCFTA). AfCFTA offers a significant growth prospect, with the potential to boost Africa's Gross Written Premium (GWP) from $70 billion in 2022 to $2.06 trillion by 2072. If fully implemented, AfCFTA could further accelerate this growth to $3.405 trillion. Additionally, Africa's GDP could expand from $3.4 trillion in 2022 to $66.4 trillion by 2072, potentially lifting 30 million people out of extreme poverty by 2035 and increasing consumer spending to $6.7 trillion by 2030.



Vision for the Insurance and Pension Sectors: The vision for Africa's insurance and pension sectors should be one that emphasizes competitiveness, inclusivity, sustainability, resilience, and efficiency. These sectors must develop the capability to absorb shocks through mechanisms such as reinsurance, ensuring their long-term stability and resilience. This forward-thinking approach will allow Africa's insurance and pension industries to adapt to changing economic conditions and provide meaningful support to their clients.

Sector Analysis and Future Vision: Success in the insurance and pension sectors requires a comprehensive understanding of demand conditions, firm strategies, industry structures, and the role of supporting industries. Adaptive governance is equally important, as it promotes growth through robust regulations, strategic alignment, and coordinated efforts across the financial ecosystem. A clear, long-term vision that is both flexible and responsive to market needs will help these sectors navigate challenges and seize emerging opportunities.

Imagining the Future: Vision for 2050: By 2050, success in Africa's insurance and pension sectors could be defined by several advancements. Regulatory advances will play a significant role, with countries like Ethiopia potentially establishing their own regulatory bodies for pensions, ensuring financial security and equitable schemes for all citizens. Technological integration will allow for tailor-made products and digitized services that better meet consumer needs, enhancing efficiency and accessibility. Market harmonization, built on the foundation of AfCFTA, could pave the way for the continent to move toward a World Free Trade Area, facilitating seamless market operations and cross-border growth. This harmonization would create a more inclusive and competitive environment, benefiting both consumers and industry stakeholders.

Actionable Insights for the Future: To realize this vision, several actionable insights must guide the evolution of the insurance and pension sectors. Financial literacy and confidence building are fundamental, as investing in ecosystem infrastructure is key to penetrating untapped markets and building trust among consumers. Innovation and research are essential for the continuous development of new insurance products and services that meet the diverse needs of Africa's population. Collaboration with complementary industries will also play a crucial role in driving sector growth, as will leveraging Africa's growing population to expand market reach, particularly among youth and emerging middle-class segments. Establishing conducive regulatory frameworks will encourage innovation and market growth, ensuring that the sectors remain competitive and responsive to changing demands.

Addressing Cultural and Societal Barriers: Overcoming cultural and societal barriers is another important aspect of expanding the reach of insurance and pension products. Early education and awareness initiatives are crucial for changing perceptions around pensions and insurance, which can help promote inclusive growth. By addressing cultural stereotypes and promoting the value of financial planning, industry players can enhance compliance, invest in research and development, embrace technology, and promote transparency and active governance.

Regulatory Innovation: Regulators have a vital role in shaping the future of Africa's insurance and pension sectors. They should focus on fostering a positive attitude toward change, relaxing overly restrictive regulations, and promoting strategic direction that encourages participation and innovation. Establishing clear governance structures, reducing political interference, and setting continental standards will be necessary for achieving long-term success. Leveraging technology to create platforms for awareness and innovation will further strengthen regulatory frameworks and promote growth.

Building a Resilient Future: The journey toward a resilient and thriving insurance and pension sector in Africa demands strategic foresight, collaborative efforts, and unwavering dedication. By leveraging Africa's vast resources, demographic advantages, and transformative initiatives like AfCFTA, the continent can build a future where financial security and prosperity are accessible to all. The road ahead may be challenging, but with the right strategies, Africa's insurance and pension sectors are poised for sustainable growth and global competitiveness.

Conclusion

Incorporating these strategies will be essential to achieving long-term stability, inclusive growth, and resilience in Africa's insurance and pension landscape. By addressing the challenges and opportunities outlined, these sectors can meet the needs of a rapidly changing and dynamic population. As we look toward 2050 and beyond, the insurance and pension sectors have the potential to play a transformative role in Africa's economic development, ensuring that financial security and prosperity are within reach for all its citizens.

With the right vision, strategies, and collaborative efforts, Africa can build a robust and resilient future for its insurance and pension sectors, contributing significantly to the continent's sustainable development.

WCF
Workers Compensation Fund

BENEFITS





1. Medical Aid
2. Temporary Disablement
3. Permanent Disablement
4. Rehabilitation Services
5. Constant Attendant Care Grant
6. Funeral Grant
7. Compensation to Dependant of Deceased Employee

Director General
Workers Compensation Fund,
P.O. Box 329,
Kambarage Road,
Kambarage Tower;
41104 DODOMA

"Adequate and Equitable Compensation"

0800 11 00 28| 29
info@wcf.go.tz
www.wcf.go.tz

Roundtable Discussion: Developing Insurance & Pension Markets in Africa

Prof. Melita Sawyer (Moderator), Belay Tulu, Ravi Shankar, Muhanna, and Carolyn McMahon.

A recent roundtable discussion brought together experts from various regions to explore the challenges and opportunities in developing insurance and pension markets in Africa.

The dialogue delved into the nuances of health insurance, agricultural insurance, social insurance, and the impact of technology and regulation on these sectors. The key insights from this discussion shed light on the need for tailored, innovative solutions to address Africa's unique insurance and pension challenges.

Health Insurance Coverage in Africa: Belay Tulu from Ethiopia kicked off the conversation by highlighting Ethiopia's progress in promoting inclusive insurance, especially in rural areas. Despite facing challenges in market readiness, Ethiopia has initiated several programs, such as agricultural insurance and the establishment of institutions to support these initiatives. However, many of these projects are still in the pilot phase, indicating that there is a long way to go before they reach their full potential. Tulu emphasized the importance of ensuring that insurance products meet the needs of the communities they are intended to serve.

Contributions to Policy Development: Ravi Shankar from India shared a personal experience that led to significant policy changes in life insurance in his country, ensuring that insurance covered both life and death. Drawing from India's experiences, he underscored the importance of collaboration between African countries, the harnessing of technology (such as mobile phones), and a strong focus on agriculture, which is a vital sector for the continent's economy. Shankar's insights underscored the importance of learning from other countries' successes while tailoring solutions to meet Africa's specific needs.

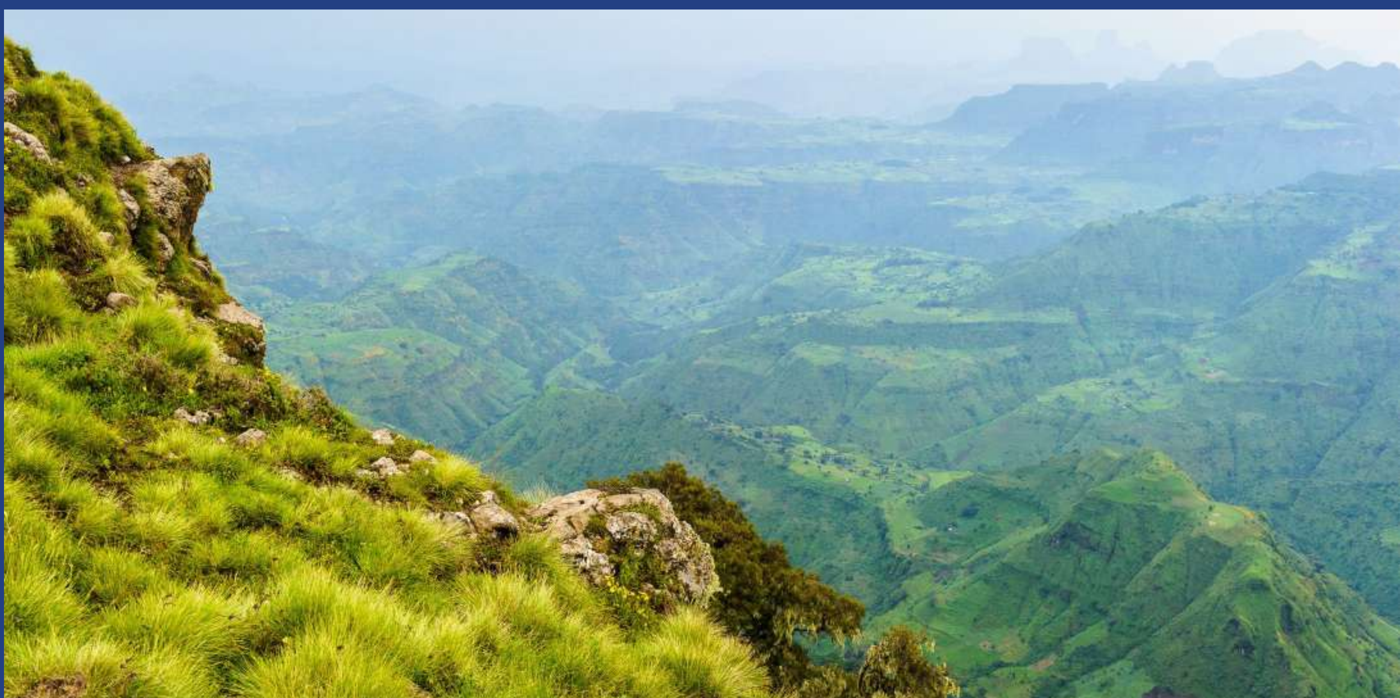
Muhanna addressed some misconceptions about social insurance in Africa, pointing out that many social security systems on the continent are actuarially unsustainable. He warned that the continent's growing population could exacerbate poverty levels if these systems are not strengthened. Improving healthcare was identified as a key factor in extending life expectancy and, ultimately, improving the sustainability of social insurance programs.

Carolyn McMahon from the USA added to the discussion by emphasizing the importance of understanding the human element in insurance and pension products. She stressed that the focus should not merely be on funeral insurance, which is prevalent in many African countries, but on developing products that genuinely meet people's broader needs. McMahon highlighted that insurance products should be designed with the end-users in mind, ensuring they provide real value and protection.

The Role of Regulators and Stakeholders: The role of regulators and stakeholders emerged as a central theme in developing insurance markets in Africa. The participants emphasized the importance of creating a supportive ecosystem that promotes the growth and accessibility of insurance products. A call was made for the establishment of frameworks, particularly in micro-insurance, that focus on marginalized communities and promote gender equity in the insurance space. Such frameworks would help ensure that insurance services are more inclusive and responsive to the needs of diverse population groups.

Agricultural Insurance: Agriculture plays a critical role in Africa's economy, and the discussion highlighted the importance of developing suitable insurance products for this sector. Ravi Shankar pointed out that micro-insurance might not be sufficient to address the risks faced by farmers. He advocated for learning from successful models in other countries and creating innovative solutions tailored to Africa's unique agricultural needs. Shankar cited India's experience, where agricultural insurance has surpassed auto insurance in scale, although it primarily covers bank loans rather than farmers' direct investments.

Belay Tulu expanded on this by discussing Ethiopia's long-standing focus on agricultural insurance. He noted that many insurance products are not always designed with the people's needs in mind, leading to a lack of engagement and understanding. He stressed the importance of recognizing insurance as part of a broader solution, which includes leveraging technology and acknowledging indigenous risk-sharing mechanisms that have existed for generations.



Funeral Insurance: Funeral insurance is a widely accepted and utilized form of insurance in Africa. However, Tulu pointed out that in Ethiopia, communities often come together to cover funeral expenses, reflecting a strong tradition of communal support. Instead of attempting to replace these existing systems, the insurance industry could explore ways to enhance them, perhaps through digital means, while ensuring their sustainability. This approach would help integrate traditional practices with modern insurance solutions, making them more accessible and effective.

Resolutions and Challenges: The discussion also touched on the critical role governments play in bridging the gaps in the insurance market. Proper risk pricing was highlighted as an essential factor for market growth and sustainability. Comparisons were made between health insurance models in the US and the aspiration for universal health insurance in Africa. The complexities and challenges of implementing universal health coverage were acknowledged, indicating that Africa must develop tailored solutions that address its unique socio-economic and healthcare landscape.

Final Thoughts and Reflections: The roundtable concluded with reflections on the capacity and capital required to manage complex risks in Africa's insurance and pension markets. Concerns were raised about the continent's rapid population growth and the sustainability of pension schemes, particularly in light of shifting demographics and economic uncertainties. Participants emphasized the need for innovative financial instruments, such as catastrophe (CAT) bonds and insurance-linked securities, to strengthen the market's resilience and mitigate the impact of large-scale risks.

Overall, the discussion highlighted several key takeaways for developing insurance and pension markets in Africa. There is an urgent need for tailored, innovative solutions that address the continent's diverse challenges, including the development of appropriate products, fostering collaboration among stakeholders, and leveraging technology to reach underserved communities. Furthermore, education and awareness were identified as critical components in building trust and encouraging greater participation in insurance and pension programs.

Conclusion

The roundtable discussion underscored the importance of a multi-faceted approach to developing Africa's insurance and pension markets. By focusing on collaboration, innovation, and the appropriate use of technology, the continent can create more inclusive and sustainable insurance and pension systems that cater to the needs of its rapidly growing and dynamic population. Regulators, policymakers, and industry stakeholders must work together to create an environment that supports growth, enhances access, and promotes resilience in the face of emerging risks and challenges.

Through such concerted efforts, Africa can unlock the full potential of its insurance and pension sectors, ultimately contributing to greater financial security and stability for all its citizens.

ZEP-RE
(PTA Reinsurance Company)

INTRO

ZEP-RE is a premier reinsurer in Africa and an institution of COMESA. We are dedicated to fostering the insurance industry's growth and development across the region and the broader African continent. In addition to providing reinsurance services, ZEP-RE is also advancing inclusive insurance and climate adaptation initiatives, marking a significant stride towards a resilient and sustainable future.

OUR BUSINESS

- Property
- Casualty
- Medical
- Life
- Micro-Insurance
- Political Violence & Terrorism
- Agriculture
- Motor
- Marine
- Aviation
- Collateral Replacement Indemnity

ZEP-RE IN NUMBERS

> USD 1.7 billion
Cumulative premiums written

USD over 1Bn
Cumulative claims paid

USD c500m
Assets

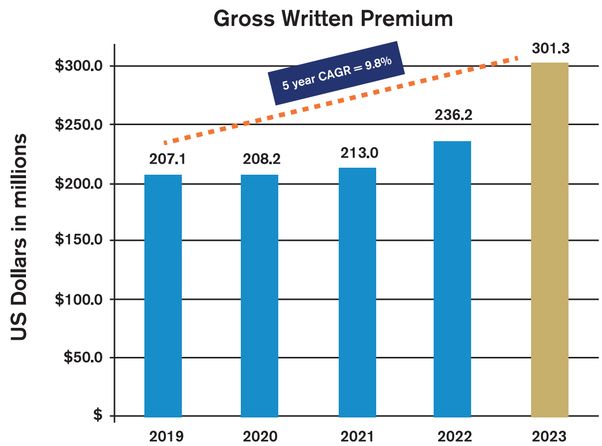
> 75%
Business from COMESA

50
Countries

>70
Primary Insurance companies

AM Best - B++
GCR - AAA
Ratings

> Over 90% of premiums invested in Africa



FINANCIAL INCLUSION INITIATIVES

De-risking, Inclusion and Value Enhancement (DRIVE) project

DRIVE is a regional project supporting pastoralists, currently implemented in four countries located in the Horn of Africa (HoA)

HORN OF AFRICA INITIATIVE

Project Objective
*To enhance pastoralists' access to **financial services** for drought risk mitigation, include them in the **value chains**, and facilitate the **livestock trade** in the Horn of Africa*

Project Financing
$360.5 million total project cost (IDA)
$28 million Component 1 Global Shield *(formerly GRiF)* grant

Current DRIVE Countries:

2 million pastoralists and their dependents impacted directly

Component Structure

1 Package of financial services for climate resilience ($179 Million)
Support the provision of an integrated package of financial services to build climate resilience
implemented by: ZEP-RE; AM BEST ICR (bbb+) | FSR (B++) "Very Strong Balance Sheet"

2 Livestock Value Chains and Trade Facilitation ($181.5 Million)
Better include pastoralists in the livestock value chain and facilitate trade in the Horn of Africa
implemented by: national agencies

In less than 2 years since its launch, ZEP-RE has fostered private sector engagement **raising over USD 100 million in private capital** and enhanced product development for resilience/fin inclusion with over 40 reinsurers, banks, cooperatives, and micro finance institutions.

De-risking small holder farmers' access to credit (ACRE AFRICA)

ACRE AFRICA is ZEP-RE's subsidiary that uses innovation to provide accurate and affordable insurance for farmers against climate risk.

ACRE AFRICA - Strong Shareholders to De-risk Farmers and Far-reaching Impact

Africa Climate Risk Enterprise Ltd (ACRE) was set up in 2009

A subsidiary of **Zep-Re** with additional shareholding by **Grameen Credit Agricole** and **Syngenta Foundation**

ACRE's aim is to use **innovation and technology** to radically enhance the livelihoods of smallholder farmers in Africa by **reducing the cost of insurance by 30% - 50%.** Provides solutions that de-risk the farmer at all stages by bringing stakeholders along the Agri-value chain to increase farmers production, through:

- Financial education
- Innovative Products e.g., soil moisture index, picture-based insurance, IBLI
- Innovative distribution e.g., digitally and village champions

3Mn+
Farmers insured since inception

ZEP-RE (PTA Reinsurance Company)
8th Floor, ZEP-RE Place, Longonot Road, Upper Hill,
P.O Box 42769-00100, Nairobi, Kenya Telephone: +254-709973000

AM BEST B++ **"Very Strong Balance Sheet"**

GCR RATINGS AAA **"Strong Financial Profile"**

Navigating the Landscape of IFRS17 Implementation: Challenges & Opportunities

By Hon. Alhaj Kaddunabbi Lubega, Chief Executive Officer of the Insurance Regulatory Authority of Uganda (IRA)

In a recent conference, Hon. Alhaj Kaddunabbi Lubega provided a comprehensive analysis of the challenges and opportunities that come with implementing IFRS17, the new international financial reporting standard for insurance contracts. This standard represents a significant change for the insurance industry and is already making an impact across Africa, including Uganda.

Regulatory Environment: The Insurance Regulatory Authority (IRA) of Uganda is committed to fostering a sustainable and reliable insurance industry. The implementation of IFRS17 has been a key focus in this regard, as the standard aims to enhance transparency and consistency in financial reporting. This transition marks a major shift for insurance companies, demanding adjustments in their financial practices and reporting methods to align with the new requirements.

Sector-Wide Impact: The introduction of IFRS17 has affected a wide range of players in Uganda's insurance sector, including 21 non-life insurers, 8 life insurers, 2 Health Maintenance Organizations (HMOs), and 2 reinsurers. The impact on revenue has been varied, with life insurance experiencing a notable 40% decrease and non-life insurance seeing a modest 4% decline. Overall, the insurance industry's revenue has decreased by an average of 17%.

Shareholder equity has also been impacted, with life insurance seeing a reduction of 4.3% and non-life insurance experiencing a 3% decrease, leading to an overall reduction of 3.1%. This decline in equity is largely attributed to a 15% decrease in total assets. However, despite these decreases, profitability in the industry has improved, with an overall profit increase of 6%. Life insurance profitability has risen by 12%, offsetting a 4% decline in non-life insurance profitability. This increase in life insurance profitability has been a key driver of the overall positive profi

Solvency and Capital Adequacy: The implementation of IFRS17 has also affected solvency ratios across the insurance sector. Life insurers have experienced an increase in solvency, indicating improved financial stability under the new standard. In contrast, non-life insurers have faced a decrease in solvency. The Capital Adequacy Ratio (CAR) has dropped from 298% under the previous IFRS4 standard to 266% under IFRS17, with non-life insurers experiencing a particularly significant decline. These changes underscore the need for insurers to adapt their capital management strategies to ensure long-term financial resilience.

Regional Implementation Insights: ***The adoption of IFRS17 has varied across different African countries, reflecting diverse approaches to implementation:***

- **Uganda:** All insurers have successfully reported under IFRS17, with the IRA conducting industry workshops to support the transition.
- **Rwanda:** Conventional insurers have complied with IFRS17, while special insurers have been granted a one-year extension to meet the standard.
- **Kenya:** All insurers are reporting based on IFRS17, aided by industry guidelines and workshops.
- **Tanzania:** Approximately 98% of insurers are reporting in accordance with IFRS17, with regulatory guidance provided to assist with returns.

These insights highlight the importance of regulatory support and industry collaboration in ensuring a smooth transition to IFRS17 across the region.

"These insights highlight the importance of regulatory support and industry collaboration in ensuring a smooth transition to IFRS17 across the region"

Regulatory Considerations and Best Practices: The transition to IFRS17 requires adjustments not only in accounting practices but also in regulatory and tax frameworks. Key considerations include changes to tax laws and the incorporation of entity-specific risk adjustments and future profits (known as the Contractual Service Margin) as part of capital requirements. To ensure successful implementation, best practices have emerged, such as developing robust data systems for seamless integration, enhancing actuarial expertise, and fostering collaboration between departments and engaging stakeholders. These practices can help insurers manage the complexities of IFRS17 and maximize its benefits.

Challenges Faced: Implementing IFRS17 has presented several challenges for the insurance industry. Data management is a significant issue, with the standard requiring granular data that is often difficult to obtain, especially when dealing with poor-quality historical data. Additionally, actuarial expertise poses a challenge, as there is a limited pool of local experts, leading to high costs and delays in producing actuarial reports. Model risk management is another concern, with the complexities of modeling and interpreting financial data introducing risks that need careful oversight. System implementation is also problematic, as many insurers struggle with outdated legacy systems, and the cost of necessary upgrades is high. Transitional adjustments further add to the complexity, as companies must ensure confidence in their transition results and accurately adjust their financial statements to comply with the new standard.

Opportunities Unveiled: Despite these challenges, IFRS17 presents numerous opportunities for the insurance industry. One of the most significant benefits is improved risk management, as the standard encourages enhanced practices that lead to greater profitability. More accurate asset and liability valuations provide insurers with better insights into their financial positions, enabling more informed decision-making.

IFRS17 also increases transparency, offering greater visibility into financial performance and helping identify weaknesses that need addressing. Improved collaboration across departments and with stakeholders fosters a more cohesive approach to financial reporting and risk management. Additionally, the implementation of IFRS17 has the potential to drive business automation, streamlining data processes and enhancing operational efficiency. Lastly, the ability to produce more comprehensive and compliant financial reports can provide insurers with a competitive advantage in the market.

Conclusion

The implementation of IFRS17 represents a significant shift for the insurance industry, presenting both challenges and opportunities. While the transition requires substantial adjustments in data management, actuarial expertise, and system upgrades, the potential benefits include improved risk management, transparency, and operational efficiency. As insurers across Africa continue to adapt to these changes, it is essential to focus on leveraging the opportunities presented by IFRS17 to enhance overall performance, financial stability, and competitive positioning.

By adopting best practices, engaging in continuous learning, and fostering collaboration across departments and with regulatory bodies, the insurance sector can navigate the complexities of IFRS17 and emerge stronger, more transparent, and better equipped to meet the evolving needs of the market.

The journey toward full implementation may be challenging, but the rewards in terms of improved financial reporting and risk management make it a worthwhile endeavor for the long-term sustainability of the insurance industry.

Ethiopian Reinsurance

Rising with Africa!

Ethiopian Reinsurance SC (Ethio-Re) is the first reinsurance Company incorporated under the provisions of Article 5(8) of the Insurance Business Proclamation No.746/2012. It commenced operation on 1st July 2016, carrying on both life and non-life businesses. Relying on a relatively strong initial capital base, plus sound retrocession protection afforded by world-renowned reinsurers, Ethio Re ventures to offer a comprehensive range of inward reinsurance cover to domestic insurers, in addition to accepting international business on a selective basis. Currently, our recognized services have crossed the Ethiopian borders and reached several countries in the sub-Saharan Africa region.


GCR RATINGS

Certifies that

Ethiopian Reinsurance Company (S Co)

Has a

Financial Strength Rating of

International Scale B- / Outlook: Stable

National Scale $AA_{(ET)}$ / Outlook: Stable

16-Nov-22

DATE

Group Head of Ratings

For three consecutive years in a row, Global Credit Rating (GRC) Affirms Ethio-Re's international and national scale financial strength ratings of B- and AA (ET), respectively with a stable outlook. Ethio-Re assures that the rating was one of the "Big Five Pillars" of the newly designed strategic plan "Vision 2030", and finalized as per its time scale.

Innovation & Product Development: The Role of the Board in Fostering Innovation

By Dr Anselmi Anselmi

"Innovation is seeing what everybody has seen and thinking what nobody has thought." This timeless quote In today's dynamic business environment, the role of a company's board in supporting innovation and developing new insurance products is more critical than ever. Boards are responsible for ensuring their organizations remain agile and responsive to shifts in the business landscape. By guiding strategic decisions, they can enable companies to capitalize on emerging opportunities and cultivate a culture of innovation that drives long-term success.

Innovation Myths and Realities: Before examining the role of the board in fostering innovation, it's important to address some common misconceptions about innovation itself. Contrary to popular belief, innovation is not solely about technology; it's fundamentally about finding new ways to serve customers better. Technology may facilitate innovation, but it's only one component of a broader, more comprehensive process. Another misconception is that innovation is simply about generating good ideas. In reality, innovation involves a multifaceted process that includes ideas, culture, action, and execution.

Furthermore, the notion that innovation is the product of a lone genius is largely a myth. Most successful innovations result from collective intelligence and collaboration, drawing on the diverse perspectives and expertise of different individuals. Many people also believe that innovation is about creating something entirely original. However, in many cases, innovation involves improving or refining existing solutions rather than starting from scratch. Similarly, being a first mover in the market is not always synonymous with being the most successful innovator. Often, fast followers—those who refine and improve upon existing concepts—can achieve even greater success.

Categories of Innovation: Innovation can take various forms, each contributing uniquely to business growth. Marketing innovation, for example, involves implementing new strategies in product design, packaging, promotion, or pricing. These changes can significantly reshape consumer perception and engagement, making products more appealing. Product innovation can be categorized as either radical or incremental. Radical innovation involves developing entirely new products that revolutionize the market, while incremental innovation focuses on making continuous improvements to existing products to enhance their value.

Process innovation is another important category, which involves leveraging scenario thinking and analysis to anticipate different futures and strategically prepare for them. Technological innovation plays a crucial role in creating new insurance products and processes or making significant technological advancements to existing offerings. By integrating technology into product development, companies can create more efficient, effective, and customer-centric solutions.

Essential Risk Management Solutions for Mass Markets: As innovation continues to evolve, developing risk management solutions that cater to mass markets is becoming increasingly important. These solutions should be affordable, ensuring they are accessible to customers with limited cash flows. They must also be easily obtainable at convenient and low-stress locations, making them accessible to a broader audience. Furthermore, risk management solutions should be appropriate, tailored to meet customers' priority needs with relevant benefits and minimal exclusions. Responsiveness is also crucial, as solutions must provide timely responses to customer needs and queries. Finally, simplicity is key; products should be straightforward and easy to understand, allowing customers to fully grasp the benefits and protections offered.

Differentiating Products: In a competitive market, product differentiation is essential for standing out and attracting customers. Successful differentiation strategies rely on simplicity, ensuring that products have clear and concise features that are easy for customers to understand. Tangibility is another important factor, as products should offer tangible benefits that resonate with customers and address their needs. Utilizing technology is a powerful way to differentiate products by enabling efficient distribution and streamlining enrollment and onboarding processes. By leveraging data-driven insights, companies can better understand their customers' preferences and behaviors, allowing them to tailor products and services more effectively.

Building an Innovation Ecosystem: A thriving innovation ecosystem is built on several pillars, starting with technology. Incorporating advanced tools like artificial intelligence (AI), robotics, the Internet of Things (IoT), blockchain, and cloud computing can drive quality innovation and help companies stay ahead of the curve. Knowledge is another fundamental pillar, requiring investment in research, development, human-centered design (HCD), and empathetic insights to better understand customers and their needs. Cultivating an innovation culture is essential for encouraging creativity, new ideas, and value creation. This culture should reward experimentation and risk-taking, allowing employees to explore innovative concepts without fear of failure.

Capacity systems are also crucial, as they ensure that the necessary systems and infrastructure are in place to support human, financial, and organizational growth. Sustainability is a key consideration for scaling innovations, which can be achieved through public-private partnerships (PPP) and leveraging existing infrastructure. Finally, an effective innovation management system, adhering to ISO 56000 standards, can help manage innovation processes efficiently and effectively, ensuring that ideas are turned into viable products and services.

A Call to Action for Boards: The role of the board in fostering innovation cannot be overstated. Boards must take proactive steps to ensure their companies remain competitive and responsive to market changes. Encouraging a culture of creativity and collaboration is a fundamental responsibility of the board. By championing an environment where innovative ideas are nurtured and cross-functional teamwork thrives, boards can create a space where employees feel empowered to contribute to the company's growth and success.

Supporting strategic initiatives is another critical action for boards. Investing in projects and initiatives that drive product development and align with the company's long-term vision can position the organization to capitalize on emerging opportunities. Boards must also provide the necessary resources and systems to support innovation, ensuring that the company has the right tools, talent, and infrastructure to innovate effectively.

Conclusion

Innovation is more than just a buzzword—it is a strategic necessity for businesses looking to thrive in today's rapidly changing world. By actively fostering a culture of creativity, boards can guide their organizations toward sustainable growth and success. Companies that prioritize innovation will be best positioned to seize new opportunities, meet evolving customer needs, and maintain a competitive edge in their industries.

Ultimately, the role of the board in driving innovation is about more than just overseeing product development; it's about setting a vision, creating an environment that encourages creativity, and providing the resources needed to turn ideas into reality. As the market landscape continues to evolve, boards that embrace their role as champions of innovation will ensure that their organizations not only adapt to change but also lead the charge in shaping the future.

By doing so, they can help their companies build a legacy of innovation, resilience, and success.

Transforming Social Protection & Insurance in Africa: Insights from the African Social Security Association

By Meshack Bandawe

In a momentous address at a pivotal conference in Ethiopia, Meshack Bandawe of the African Social Security Association (ASSA) expressed profound gratitude to the National Bank of Ethiopia, the African College of Insurance and Social Protection (ACISP), and all stakeholders involved in organizing this landmark event. His remarks underscored the significance of the conference and its role in advancing the insurance and social protection sectors across Africa.

Celebrating Collective Achievement

Bandawe began by commending the exemplary efforts of the National Bank of Ethiopia and the ACISP Secretariat for orchestrating a successful and well-organized conference. The event, held in the heart of Africa at the headquarters of the African Union, drew significant attention from key players in the insurance and social protection sectors. The robust attendance highlighted the collective commitment to advancing these crucial industries on the continent.

A New Era for ASSA

Originally established as the East, Central, and Southern Africa Social Security Association (ECASSA) in 2007, ASSA has evolved to broaden its mandate and membership base. Now headquartered in Arusha, Tanzania, often referred to as the "Geneva of Africa," ASSA represents a diverse array of members across the continent, including Kenya, Tanzania, Uganda, Rwanda, Burundi, South Sudan, Zambia, Zimbabwe, Malawi, and Sierra Leone.

The organization encompasses social protection regulators, pension funds, provident funds, health insurance funds, workers' compensation funds, insurance players, and actuaries. The rebranding from ECASSA to ASSA reflects a strategic shift to extend the association's reach and impact continent-wide. This change aims to foster collaboration among social security institutions and insurance entities, enhancing the development and effectiveness of the sector across Africa.

A Platform for Collaboration and Development

ASSA serves as a crucial platform for key players, including policymakers who influence regulatory frameworks and policy changes. The association's role extends to facilitating investments in strategic infrastructure projects that bolster the sustainability of social protection and insurance schemes, thereby contributing to economic growth and public welfare. Furthermore, ASSA operates a training institute based in Arusha, which is dedicated to capacity building for both members and non-members. The institute offers a range of courses designed to enhance knowledge and skills in the fields of insurance and social security.

Shared Interests and Collaborative Potential

Bandawe highlighted the similarities between social security institutions and insurance companies, noting that both sectors provide overlapping products such as life contingencies, retirement pensions, disability insurance, and unemployment benefits. These entities rely on similar economic and demographic assumptions, creating a strong basis for mutual collaboration. Recognizing the shared interests, Bandawe encouraged insurance companies and social security institutions to unite under the ASSA banner. By doing so, they can leverage collective experience and best practices to drive progress in the sector.

A Commitment to Sustainable Transformation

The conference theme, focusing on Sustainable Insurance and Pension Strategies for Africa, aligns with ASSA's vision for transformative change. To advance this agenda, ASSA will sign a Memorandum of Cooperation with ACISP during the conference. This agreement aims to set a roadmap for driving the social protection and insurance agenda forward, in alignment with the African Union's Social Security Agenda 2063.

Looking Ahead

Bandawe concluded his remarks by extending a warm invitation to the 14th Social Protection Policy Makers Conference for Africa, scheduled to take place in Arusha, Tanzania, from November 20th to 22nd, 2024. The upcoming conference promises to be a significant event for discussing and implementing strategies that will shape the future of social protection and insurance in Africa.

Echoing the words of Mwalimu Julius Kambarage Nyerere, Bandawe emphasized the importance of collective action: "It can be done, play your part." As the conference draws near, the call to action remains clear: stakeholders across Africa must collaborate to ensure that agreed-upon strategies are effectively implemented, securing a prosperous future for the continent's social protection and insurance sectors.

Reinsurance Strategies:
Comprehensive Approach to Risk Management & Capital Optimisation

By Ravi Shankar

Reinsurance, the practice of leveraging external capital to manage global risks, is crucial in the insurance industry. It diversifies risk and enhances capital efficiency, boosting profits and stabilising earnings. This article explores reinsurance strategies and their impact on risk management, capital allocation, and retention.

Core Principles

Effective reinsurance strategies center on risk and capital management. Insurers must decide whether to avoid, control, transfer, or accept various risks. Retention levels—how much risk an insurer keeps—are set based on factors such as company size, portfolio diversification, and market conditions. Larger companies with diversified portfolios and robust capital reserves can afford higher retention, adjusting strategies based on market phases (soft or hard). Other factors include capital position, loss volatility, and regulatory conditions.

Capital Management and Profit Optimisation

Reinsurance enhances capital efficiency by balancing the retention of risks and the costs of reinsurance. Strategies include earnings smoothing to minimize financial volatility, liquidity maintenance, and cost efficiency by assessing the frequency of large losses. Analytical tools like CRESTA help insurers manage catastrophic risks efficiently.

Retention Models and Protection Strategies

Retention models help companies decide the optimal amount of risk to retain versus cede. Models use capital, reserves, premium income, and liquid assets to set benchmarks. Adequate protection strategies, including umbrella covers, are essential to safeguard against catastrophic losses and maintain capital stability.

Credit Ratings' Role

Credit ratings influence capital and risk management decisions. However, international agencies often overlook local economic contexts, affecting investment in regions like Africa. Developing local rating agencies offers more accurate assessments and supports regional growth. Localised ratings, especially relevant with emerging financial shifts like the BRICS currency, are vital for context-specific risk evaluations.

Conclusion

Reinsurance is more than risk transfer; it's a strategic tool for capital management and profit optimisation. Insurers that prioritise resilient, context-sensitive strategies can maintain competitiveness and stability. This approach is crucial for the long-term growth of the insurance and reinsurance sectors, particularly in emerging markets like Africa.

Panel Discussion Blueprint for Risk Redistribution in Africa: Insights from the Panel Discussion

Panel discussion featuring Dr Abiba, Ravi Shankar, and Mirium Magala, a compelling blueprint for the redistribution of risk across Africa was outlined. This dialogue highlighted the continent's evolving insurance landscape and the necessity for unity, innovation, and regulatory alignment to effectively manage and redistribute risk.

Redefining Risk Redistribution for Africa

The panelists emphasized that traditional insurance structures, often modelled after systems from developed markets, are not always suitable for Africa's unique challenges and opportunities. To truly benefit from these structures, Africa must forge its own path, creating mechanisms that allow its institutions to absorb substantial risks while maintaining stability. As risks in Africa often transcend regional and continental boundaries before crossing international borders, a tailored approach to risk redistribution is essential.

Challenges and Opportunities

A primary challenge identified is the fragmentation of the regulatory landscape. Harmonization of regulations across African countries is crucial but remains hindered by the diversity of legal frameworks. The lack of a common regulatory framework can impede effective collaboration and risk management. In many instances, competition within the insurance industry overshadows the potential benefits of collaboration, leading to inefficient risk distribution.

Regional differences also present challenges. For instance, Ethiopia has high retention ratios, indicating a strong preference for domestic risk retention. Conversely, countries like Zambia exhibit lower retention ratios, reflecting a need for more effective risk management strategies. The panel discussed the potential of consortiums and pools as solutions to these disparities, allowing countries to share and manage risks collectively.

Innovative Solutions and Technological Advances

Innovation plays a crucial role in addressing these challenges. The discussion touched on the potential of parametric insurance, which offers a straightforward approach but often provides limited coverage. Catastrophe Bonds (CAT Bonds) and Insurance-Linked Securities (ILS) were highlighted as alternative instruments that could attract investment, especially from pension funds. These financial tools, though not traditionally linked to capital markets, offer opportunities for risk management and stability. However, the implementation of these innovations must be carefully managed. The panelists cautioned against over-reliance on such instruments without addressing the underlying regulatory and capacity issues. Effective collaboration between regional and continental bodies is necessary to ensure that these innovations are integrated smoothly into existing frameworks.

Addressing Setbacks and Encouraging Collaboration

The discussion also focused on overcoming setbacks that have historically hindered progress. The panelists stressed the importance of staying on track by fostering resilience and collaboration, much like the approach taken by mountaineers who focus on steady progress rather than competition. Countries like Rwanda and Zambia have implemented specific regulations for large risks and domestic capacity, respectively, showcasing different approaches to risk management. Collaboration between local insurers and international re-insurers, such as Africa Re and ZepRe, was cited as crucial for developing a more robust insurance market. Regulatory bodies must work together to create a conducive environment for growth, including setting minimum rating standards and establishing rating committees to address local capacity issues.

Future Directions

To advance the insurance sector in Africa, several steps are necessary:

1. **Capacity Development:** Enhancing local capacity through training and education is critical. This includes developing local actuarial expertise and expanding insurance education.

2. **Technological Integration:** Embracing technological advancements to improve efficiency and reach is essential. This includes digital transformation initiatives and innovative insurance products.

3. **Regulatory Evolution:** Regulations must evolve to support market development rather than hinder it. Harmonizing regulations and creating a supportive regulatory environment can drive growth and increase market penetration.

4. **Collaboration and Unity:** Fostering collaboration between insurers, regulators, and other stakeholders is vital for effective risk redistribution. By working together, Africa can build a more resilient insurance sector that meets the needs of its diverse populations.

The purpose of insurance in Africa extends beyond mere financial protection; it is about solidarity and mutual support in times of need. As the continent navigates its unique challenges and opportunities, embracing a blueprint for risk redistribution that incorporates innovation, collaboration, and regulatory alignment will be crucial for building a more sustainable and inclusive insurance market. The journey may be complex, but with unity and strategic planning, Africa can achieve significant progress in managing and redistributing risk across the continent.

At this 3rd Africa's Insurance and Pensions Regulators' Retreat held in Addis Ababa, Ethiopia from 24th to 26th of the month July in the year 2024, the Assembly resolved:

Resolution 1

a) Reaffirm the need for joint, multi-tiered, Strategic collaboration Institutional and Partnership in capability, capacity building, knowledge sharing, and exchange of best practices focus on unique market characteristics to address emerging issues.

Responsible - ACISP, ASSA

Resolution 2

a) Call for Unified cum Standardized regulatory requirements across the Continent.

b) Emphasize the need to create an enabling environment fostering innovation, competition, and consumer protection and avoid restricted entry to African Markets in the spirit of AfCFTA.

Responsible - Regulators, ASSA, OAISA, AfCFTA

Resolution 3

a) Call for Africanized people-driven solutions to address Africa's challenges.

b) Call to develop African-based technologies and innovations for Industry safety and advancement.

Responsible - Insurers, Reinsurers, ASSA, OAISA, Regulators, ACISP

Resolution 4

a) Call to strengthen regulatory framework to ensure the solvency and stability of Insurance and Pensions Institutions to ensure timely and adequate payment of benefits.

b) Call for the establishment of African Credit/Financial Rating Standards and reliable, independent, competent, and localized rating agencies.

Responsible - Regulators, ASSA, ACISP

Resolution 5

Reaffirm the need to shift from data to strategy for strategic planning to leverage and optimize opportunities presented by the AfCFTA including demographic dividend by investing on research for strategic advancement of Africa.

Responsible - Regulators, Insurers,Re- insurers

Resolution 6

a) Leveraging conventional cum private insurance products (microinsurance, agriculture insurance) and institutions to enhance the scope of Social Protection inclusivity.

b) Call for strategic initiatives to design products that are Africa demand-driven and relevant.

Responsible - Regulators, Insurers, Reinsurers, Pensions. ACISP

Resolution 7

a) Call to develop a unified plan to enhance industry education and professional development to promote peer-to- peer learning and networking among stakeholders.

b) Call for Boards to have in place training programs to guarantee creativity, effectiveness and Innovation.

Responsible - Regulators,Insurer, Reinsurance, Boards, ACISP.

Resolution 8

a) Call for establishment of an innovative blueprint to get out of low retention rat-race in the Continent and enable re-distribution of risks within the Continent such as Catbonds, ILS, Pools, Government/Sovereign Guarantee, portfolio retention levels analysis.

b) Call for developing, formalizing and implementing the blueprint for increased Retention of Reinsurance Premiums within Africa to provide capacity, recapitalization, and reinvestment to stabilize markets and sustain contribution to economies.

c) Call for the formation of regional and Continental Consortiums and Pools for complex and mega risks such as health insurance, agriculture insurance, oil and gas, and infrastructural projects to enhance underwriting capacity within the Continent.

Responsible - ASSA, ACISP, OAISA,

Resolution 9

Call for, unified approaches, shared vision, and dialogues within the Insurance, pension, and broader financial sector in the Continent in supporting Vision 2063 of the African Union of the "Africa we Want".

Responsible - Africans

Resolution 10

Resolve to, extend gratitude to Government of Ethiopia, NBE, AEI, and the peoples of Ethiopia for hosting the 3rd Africa's Insurance and Pension Regulators Retreat here in Addis from 22nd to 27th July of the year 2024.

Responsible - Delegates

"We see a new Ethiopia, a new Africa, stretching her hands of influence throughout the world, teaching man the way of life and peace, The Way to God."

- **Marcus Garvey**

AFRICA'S 3RD INSURANCE & PENSION REGULATORS RETREAT 2024

Reflect • Relearn • Network

TRANSFORMATION

SUSTAINABLE INSURANCE AND PENSION STRATEGIES FOR AFRICA

THANK YOU OUR SPONSORS AND OUR MEDIA PARTNERS

MAYFAIR INSURANCE

Africa Re

ZEP-RE PTA REINSURANCE COMPANY

የኢትዮጵያ ብሔራዊ ባንክ
NATIONAL BANK OF ETHIOPIA

CONTINENTAL REINSURANCE

Ethiopian Reinsurance

MIC Global Risks

WCF Workers Compensation Fund

GRAND RE Securing your tomorrow, together

African Risk Capacity

EXOS

MINERVA RISK ADVISORS

ASSOCIATION OF ETHIOPIAN INSURERS

POESSA

CIBE

COVER Knowledge Shared

JDWells.