



African Insurance Organisation

Annual Report 2022

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African Insurance Organisation

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FOREWORD

It gives me great pleasure to present the latest annual report of the African Insurance Organisation (AIO). The purpose of this report is to provide our valued members and supporters with regular updates on the state of African insurance markets and the changing challenges and opportunities, not to mention our achievements and upcoming activities.

The last two years have undoubtedly been challenging for the global and African insurance industry. The increasing impact of climate change, the pandemic and subsequent lockdowns have disrupted the global economy and supply chains and sent the financial markets on a rollercoaster ride. As if that were not enough, Russia's invasion of Ukraine has created new ripples around the world, the economy is showing signs of a renewed slowdown, and inflation is on the rise - all this and much more will test our industry. But the African insurance sector has proven time and again that it is resilient and resourceful in finding new solutions.

For the AIO, 2022 was an important year. In June, we held our 48th General Assembly and Annual Conference celebrating our 50th anniversary in Nairobi, Kenya. This six-day event was packed with speeches from distinguished leaders, insights from seasoned professionals, workshops and a great opportunity for over 1,500 participants to celebrate and network together.

As the new President of the AIO, I am delighted to take on this role and at the same time very honoured and proud to support what will be another successful year for our organisation. I would also like to take this opportunity to express my sincere gratitude to all those who have contributed to the success of the golden jubilee and for all important milestones the AIO has achieved this year.

Looking to the future, a great responsibility rests on the shoulders of the AIO to lead actions towards harmonisation within the African insurance industry, harnessing the momentum of the African Continental Free Trade Area. Among our goals is to promote the integration of new technologies and use them to increase insurance market penetration and improve the general perception of insurance. To be successful in all these pursuits, we need the full backing of our members, including the necessary financial support.

We hope you enjoy reading this edition of annual report of the AIO and find its insights useful.

Yours,

Dr Ben Kajwang
President of the African Insurance Organisation (2022-2023)



Dr. Ben Kajwang
President of the AIO

EXECUTIVE SUMMARY

Celebration of the 50th anniversary of the AIO in 2022

The year 2022 was an important one for the African Insurance Organisation (AIO). In June, we held our 48th General Assembly and Annual Conference in Nairobi, Kenya, celebrating our 50th anniversary. This six-day event was filled with speeches from distinguished leaders, insights from seasoned professionals, workshops and a great opportunity for the over 1,500 participants to celebrate and network together.

AIO's agenda for 2023 will offer new highlights to its members

- ⇒ 49th AIO Conference and Annual General Meeting in Algeria
- ⇒ 27th Reinsurance Forum in Libreville, Gabon
- ⇒ Launch of the AIO Leadership Programme
- ⇒ New capacity building programmes (seminars/webinars)
- ⇒ Finalisation of the curricula for the AIO certification programmes
- ⇒ Strengthening collaboration with our international partners
- ⇒ Continuation of research on current issues

Africa's GDP rebounds in 2021, but growth varies between countries and regions

In 2021, Africa's GDP is estimated to have grown by 6.9%, according to the African Development Bank. This represents a strong recovery from the pandemic-related decline of 1.6% in 2020. The rebound is due to rising oil prices and global demand, as well as the revival of private consumption and investment in many countries after containment restrictions were eased.

African insurance recovers strongly with premium growth of close to 20% in 2021

Supported by the economic recovery, African insurance markets rebounded strongly in 2021 after the Covid-19 pandemic in 2020. In 2021, direct premiums written increased by 19.89% to USD 74.2 billion, compared to USD 61.9 billion in 2020, while total insurance penetration (defined as the ratio of premiums written in a given year to GDP) increased to 2.7% in Africa, compared to 2.5% in 2020, according to Swiss Re. In Africa, life insurance premiums increased by 22.68% from USD 41.83 billion in 2020 to USD 51.31 billion in 2021, while non-life insurance premiums increased by 14.08% from USD 20.1 billion in 2020 to USD 22.9 billion in 2021. Together, the six largest African insurance markets in 2021 – South Africa, Morocco, Egypt, Kenya, Nigeria and Algeria – accounted for a rounded 87% of total insurance premiums, or USD 64.4 billion. South Africa, the continent's largest insurance market, alone accounted for 69% of total premiums written or USD 51.2 billion, representing 0.7% of global insurance premiums and making it the 19th largest insurance market in the world.

Highlight topic: expectations on the insurance sector to address ESG issues are high

The role of the insurance industry in facilitating the proper functioning of the economy as a risk manager, risk taker and investor contributes to inclusive and sustainable growth. The importance of building resilient infrastructure, advancing industrialisation and promoting innovation is increasingly recognised. As a result, the expectations of governments, regulators and other stakeholders in the insurance sector to address ESG challenges are high. Many insurers are already taking action by assessing and changing their underwriting and investment standards in line with ESG principles. But ESG is also a major challenge for insurers as they have to act on two fronts at the same time. Not only do they have to figure out how to help others manage ESG risks, but they also have to assess how ESG will affect their own business.

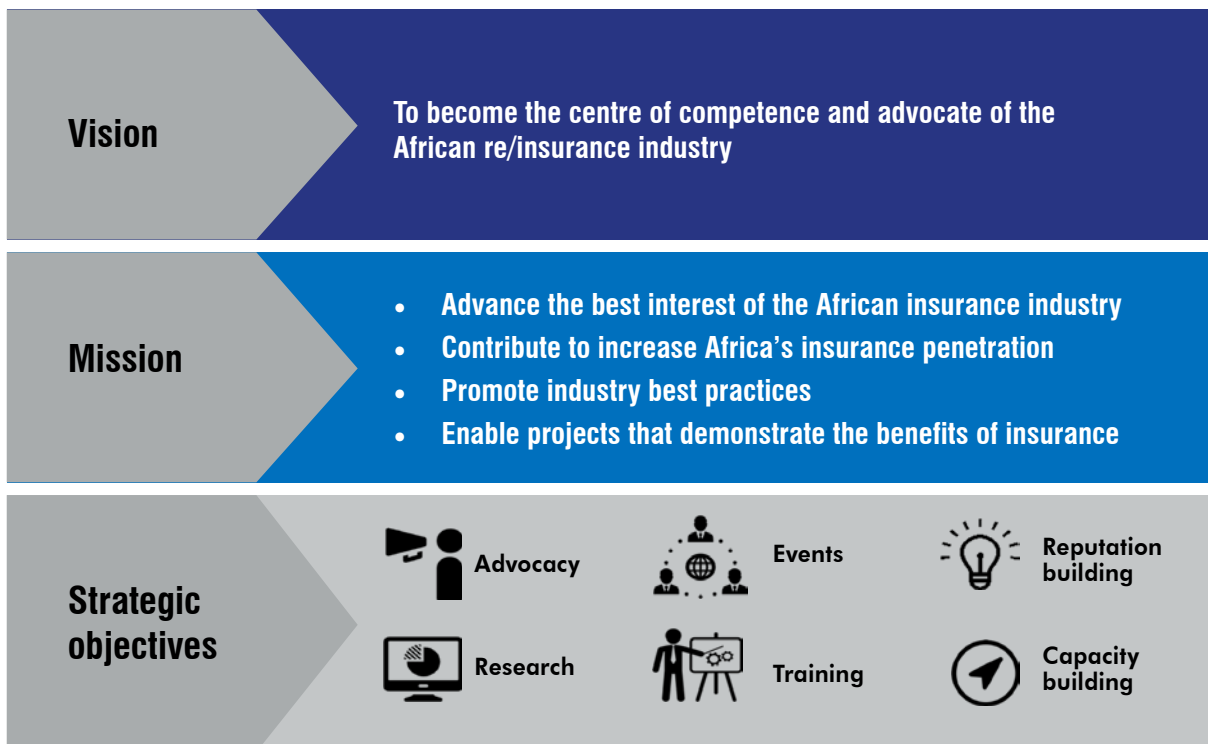
AFRICAN INSURANCE ORGANISATION'S HIGHLIGHTS IN 2022

The AIO is the natural body to represent the interests of the African insurance sector.

The AIO was founded in 1972 to support the development of a healthy insurance industry and promote inter-African cooperation in the sector. In 2019, the AIO conducted a comprehensive survey to better understand and meet its members' evolving needs. One key finding of the survey was that members uniformly view the AIO as the natural body representing the interests of the African insurance sector.

Based on this vote of confidence, the AIO set out a new and comprehensive strategic plan for 2019–2024 to become the centre of excellence and advocacy for the African insurance industry. To achieve this, the AIO must advance the industry's interests, help increase insurance penetration, promote best practices and initiate projects that demonstrate the benefits of insurance to policyholders, policymakers and regulators. The AIO's vision, mission and six strategic objectives will guide the organisation's priorities and activities.

AIO strategic plan 2019-2024, including the vision, mission and strategic objectives



Advocacy



The AIO promotes the policy interests of the African insurance industry. Key objectives:

- The AIO will become the primary point of contact for governments and other stakeholders to learn about the benefits of insurance in Africa
- The AIO will establish a roadmap to advance the positions of its members
- The AIO will advocate for the common position of its members

Over the years, the AIO has developed new partnerships or consolidated existing collaborations with international and regional organisations such as the African Development Bank (AfDB), the African Continental Free Trade Area (AfCFTA), the United Nations Development Program (UNDP), the United Nations Environment Program Finance Initiative Fund (UNEP FI), Africa Risk Capacity (ARC), ILO's Impact Insurance Facility (ILO), Access to Insurance Initiative (A2ii) and others. These partners assist the AIO, especially in capacity building and in its advocacy mission.

In 2022, the AIO started working with UNDP, AfDB, A2ii and ILO, focusing on inclusive insurance and sustainable development. UNDP hosted a panel discussion on Promoting climate and disaster risk finance in Africa during the 48th AIO Conference. In addition, the UNEP-FI organised a panel discussion on Sustainable insurance and COP27 in Africa.

On 27 January 2022, the AIO signed a partnership with ARC to strengthen the resilience of the agricultural sector against climate change and to develop new weather-related risk products. In addition, the AIO is working closely with AfCFTA on insurance integration. The AIO Secretary General was invited to speak at a retreat for senior trade officials in the financial service sector in Mombasa, Kenya.

Another milestone was the signing of the Nairobi Declaration on Sustainable Insurance by the AIO. The Declaration was officially launched at the 4th Africa Summit of the UNEP PSI¹ in Nairobi in April 2021. Together with 11 institutions, the signatories of the Declaration have sought to bring together high-level leaders to accelerate solutions to the grand challenges of sustainability - from climate change and ecosystem degradation to poverty and social inequality. The Secretary General of the AIO issued the following statement after signing the Declaration: «The AIO is proud to be among the signatories of the Nairobi Declaration. The insurance sector in Africa is, in a sense, the continent's risk manager. The insurance sector is uniquely positioned to help Africa protect itself against climate risks and support the transition to a resilient and emission-free Africa.»

Finally, as part of the AIO's lobbying efforts, the Secretary General visited key countries such as Tanzania, Kenya, Togo and Zimbabwe with the aim of publicising the AIO's new strategic plan, supporting the AIO's position paper on AfCFTA and recruiting new members. During these meetings, the AIO entered into partnerships with the Federation of Afro-Asian Insurers and Reinsurers (FAIR) and the Insurance Federation of Egypt (IFE). As of next year, the AIO will extend this network to all regional insurance organisations, regulators and national associations.

¹ UNEP FI Principles for Sustainable Insurance

Box : Key findings of the position paper on climate change

Climate change will have a profound impact on the African continent. In June 2022, the AIO published a position paper on climate change, together with our recent publication *Climate Change and its Impact on the African Insurance Sector*. With the publication of the position paper and several presentations, the AIO aims to shed more light on this important topic and stimulate discussion that may even lead to better risk management solutions. Some of the key findings of the position paper are summarised below:

1. African countries will be disproportionately affected by extreme weather and climate change due to their high vulnerability, low adaptive capacity and widespread poverty

Addressing climate change should be a priority for governments on a continental level, as it requires the integration of mitigation and adaptation strategies across borders. With its extensive knowledge of climate risks, the African insurance sector is ideally positioned to contribute to the discussion and work towards solutions. Disaster risk management solutions can range from prevention and mitigation to risk financing instruments.

2. The African insurance sector is seeking new avenues to improve the insurability of weather-related risks

The insurance sector can help develop and implement relevant risk transfer solutions to address disaster risks, especially in regions where insurance is still in its infancy. Building on the experience of mature markets with public and private-public pooling schemes, some vulnerable countries, with the support of development agencies and donors, have joined their scarce financial resources in regional risk-sharing institutions. Compulsory insurance is another measure to improve insurance penetration and awareness. However, governments need to ensure that the law is adequately enforced. The insurance sector is a valuable partner in supporting the decarbonisation of African economic development. Insurers' coverage to secure the steep increase of investments in renewables presents an enormous business opportunity for the re/insurance companies active on the continent.

3. A timely and harmonised regulation related to climate risk management would strengthen the insurance role as an effective risk manager

The African insurance sector would greatly benefit from timely and harmonised regulations related to climate risk management that would strengthen the insurance's role as an effective risk manager.

4. ESG plays an essential role in strengthening sustainability efforts in Africa

We strongly encourage the relevant African standard-setting bodies to take practical steps towards a harmonised ESG disclosure framework for the insurance sector, facilitating wider insurance penetration to protect African communities and economies from the impacts of climate change. Although the African continent is one of the smallest contributors to global greenhouse gas emissions, most African countries suffer widespread losses due to man-made climate change. The African insurance sector, through its insurance, investment and advisory functions, plays an important role in understanding and addressing climate change in all its complexity. By working closely with key public partners, the insurance sector is uniquely positioned to help Africa better protect itself against climate risks and become more resilient.

Capacity building



The AIO facilitates solutions that meet the needs of the underinsured segments of society, thus promoting greater insurance penetration. Key objectives:

- AIO will evaluate its existing pools and discuss the need for new solutions with its members
- AIO may test the viability of new insurance solutions through lighthouse projects

To help members build their risk capacity, the AIO has established several insurance pools and associations since its foundation in 1972.

1. The African Aviation and African Oil & Energy Pools

With the gradual relaxation of Covid-19 restrictions, most African countries experienced moderate economic growth in 2021, after a very difficult 2020. While pool managers took advantage of opportunities in a better business environment, they also seized the opportunity to address the profitability issues of previous years, as explained in our previous report. The Board Committee and Annual General Meetings were held on 26 June 2022 for both pools. The main outcomes are listed below:

- African Aviation Pool (AAP):** Aiming to address the African Aviation Pool's past profitability issues, which were mainly due to adverse global market conditions, the pool managers initiated a turnaround strategy that resulted in lower premium income with improved underwriting results. In 2021, membership remained stable at 52 insurers, with an underwritten capacity of USD 8.11 million. Gross insurance capacity was maintained at USD 17.5 million. The African Aviation Pool saw a decrease in premium income from USD 1.93 million in 2020 to USD 1.37 million in 2021, due to efforts to streamline the portfolio. However, the operating loss of USD 2.09 million in 2020 improved to an operating profit of USD 441,616 in 2021. The turnaround measures have started to bear fruit. However, it is important that members increase their support to enable the pool to grow profitably as turnover remains low.

AAP Management Committee

The following companies designate members for the AAP Management Committee:

- CCR Algeria (Chairman)
- Misr Insurance Company
- Sheikan Insurance Company Limited
- CICA Re
- SCR Morocco
- National Insurance Company of Tanzania
- Ensure Insurance Plc
- Libya Insurance Company
- Consolidated Hallmark Insurance Plc

b. African Oil & Energy Pool (AOEP): The number of members remained stable at 51 in 2021, with an underwriting capacity of USD 8.86 million. Gross underwriting capacity was also maintained at USD 90 million. In 2021, AOEP recorded a slight increase in premium income to USD 28.69 million, compared to USD 28.25 million in 2020, reflecting a slight economic recovery in most countries where the pool operates. Operating income improved to USD 2.88 million compared to a loss of USD 10.09 million in 2020. Again, the pool's management hopes for stronger support from members of the AIO to achieve sustainable profitable growth in the future.

AOEP Management Committee

The following companies designate members to form the Management Committee of the AOEP:

- Custodian & Allied Insurance Company Limited, Nigeria (Chairman)
- Misr Insurance Company, Egypt
- CCR, Algeria
- Leadway Assurance Company Limited, Nigeria
- Sheikan Insurance & Reinsurance Company, Sudan
- AXA Mansard Insurance Plc, Nigeria
- Chanas Assurances S.A., Cameroon
- Tunis Re, Tunisia
- Assurances Reassurances Omnibranches, Madagascar

2. The African Insurance Brokers Association (AIBA)

At the AIBA meeting during the 47th AIO General Assembly in Lagos in September 2021, it was decided that a seminar for AIBA members should be organised during each AIO conference. In line with this decision, the first annual seminar for African insurance brokers was held during the 48th AIO Conference in Nairobi, Kenya. The theme of the seminar was The use of technology to improve the distribution of insurance products.

The seminar was well attended by AIBA members and participants. The keynote speaker was James Kuria Mbithi from Britam General Insurance Company, Kenya.

During 2022, the AIBA held four virtual board meetings. The primary focus of the meetings was to plan for the seminar held at the 48th AIO Conference. Another important focus was to encourage the national associations of insurance brokers in Africa to join the AIBA. This will enable them to better inform their members in each country and make them aware of the benefits of membership in the continental organisation. By 2024, the AIBA Board's goal is to have a total of 100 members.

| AIBA Executive | |
|--------------------------|---------------|
| Babajide Olatunde-Agbeja | Chairman |
| Shaibu Ali | Vice-Chairman |
| Ekeoma Ezeibe | Secretary |
| Yombo Bammeke | Treasurer |
| Nelson Omolo | Ex Officio 1 |
| Shola Tinubu | Ex Officio 2 |

3. The AIO Life Committee

The AIO Life Committee held several meetings after the 47th AIO Conference in Lagos, Nigeria, focusing on preparation for the 2022 AIO Life Seminar to be held during the 48th AIO Conference in Lagos, Nigeria. At the same time, the Committee welcomed a new member, Nkwenti Mbelli Njah, Group Head, Life & Health Operations, Continental Re.

The committee agreed on two topics for the seminar, namely the impact of climate change on life insurers: mortality, morbidity and insurance premiums, and how to attract millennials to the life insurance industry to help grow African economies. In addition, the Committee set out new strategies for working with the AIO Secretariat to increase membership and improve the visibility of the Association. The 2022 AIO Life Seminar in Nairobi was a success. The committee is already working towards the 2023 edition to be held in Algeria.

| AIO Life Committee Executive | |
|-------------------------------------|--------------------|
| Yetunde Ilori | Outgoing Chair |
| Ritin I Chauhan | Outgoing Secretary |
| Agnes Chakonta | Incoming Chair |
| Andrew Fiifi Simpson | Incoming Secretary |
| Ruth Ncube | Member |
| Mohy Eldeen Fayadh | Member |
| Pauline Gathuri Mbugua | Member |
| Joseph Luc Foding | Member |
| Félix Issembe | Member |
| Salaheddine Aji | Member |
| Jean Baptiste Ntukamazina | Permanent Member |
| Nkwenti Mbelli Njah | Member |

4. The Organisation of African Insurance Supervisory Authorities (OAIISA)

In 2021, the OAIISA Executive Committee held two virtual meetings and organised a General Assembly in a hybrid format in Lagos. For 2022, OAIISA organised two Executive Committee meetings, an Extraordinary General Assembly by video conference and an Ordinary General Assembly on 25 June 2022 in Nairobi, Kenya.

During the General Assembly, the OAIISA reviewed and adopted the revised Constitution of the Association. The most important change concerns the new name. Instead of an association, it is now an organisation, which brings it in line with Cameroonian regulations. The Executive Committee also looked at the status of the application for a headquarters agreement with the State of Cameroon and held the election of the Executive Committee and the renewal of the mandates of the President and Vice-President.

For the rest of 2022, the organisation intends to hold two statutory meetings, move forward with the signing of the Headquarters Agreement with Cameroon and prepare a strategy to collect data on insurance regulations in Africa to create a database that will be housed on the website set up for this purpose. To fulfil its mandate, the Executive Committee has decided to build relationships with regional and international organisations and organise capacity building events for insurance regulators on topical issues. Existing relationships with our stakeholders will also be strengthened. Finally, the Executive Committee will launch a new website at the next General Assembly in 2023.

| OAIISA Executive Committee of the Organisation | |
|---|--|
| Boubacar Bah | President |
| Pa Alieu Sillah | Vice-President |
| Siham Ramli | Representative of the North Africa/Member |
| Dr. Justice Ofori | Representative of the West Africa/Member |
| Simplice Roger Kouakou Bah | Representative of the West Africa/Member |
| Godfrey Kiptum | Representative of the East Africa/Member |
| Sonia Lukama | Representative of the East Africa/Member |
| Fanny Gbelima | Representative of the Central Africa/Member |
| Erna Motinga | Representative of the Southern Africa/Member |
| Dr. Grace Muradzikwa | Representative of the Southern Africa/Member |
| Blaise Ezo'o Engolo | Representative of the Sub-regional organisation/Member |
| Pa Alieu Sillah | Vice-President |

5. The Association of African Insurance Educators and Trainers (AAIET)

The AAIET members met in Nairobi to formulate new goals for 2023. Here are some of the main decisions:

- Develop a formal work plan and strategies to facilitate the Committee’s implementation of its mandate;
- Submit a proposal to amend the AAIET Constitution;
- Reconstitute the Association’s Board to ensure accountability and formalisation of structures;
- Determine new Board members and their term of office. For the time being, it was decided to form an interim committee to oversee the activities of the Council and put in place appropriate structures until the next AIO Conference;
- Determine the themes and sub-themes that will guide the presentations at the AIO Conference;
- Proposal to hold a Training of Trainers (TOT). AAIET will launch a TOT before the AIO conference in 2023; and
- Submit a proposal to develop a framework for setting standards or criteria to harmonise the various insurance training curricula in Africa and develop a roadmap to accomplish this task.

| AAIET Interim Executive Committee | |
|--|---|
| Saul Sseremba | Chairman |
| Ancellmi Anselmi | Secretary |
| Dr. Yeside Oyetayo | Member (representative West Africa) |
| Panganai Sanangurai | Member (representative Southern Africa) |
| Driss Rhafes | Member (representative Northern Africa) |

6. The African Centre for Catastrophe Risks (ACCR)

ACCR’s mandate is to develop re/insurance capacity for disaster risks in Africa and to promote prevention and protection against these risks. In 2021, the ACCR achieved the following:

1. Redesigned the ACCR website and implemented a new graphic charter on <https://africatnat.com/>;
2. Established a knowledge management platform¹ giving the opportunity for ACCR users to interact and ask questions on different topics. The platform contains data on earthquakes in Africa in addition to studies as well as a selection of publications from international organisations;

¹ Knowledge management platform: <https://new.edmodo.com/joincg/j9m72c>; access code: j9m72c

3. Implemented a study on microinsurance, with the objective of increasing the appetite of various insurance and reinsurance companies on the African continent to develop affinity products;
4. Prepared a price study for an insurance product for earthquake protection in Rwanda. The preliminary version will be published on the knowledge management platform;
5. Implemented a simulation tool of a total/partial loss following earthquakes in Morocco relating to the law 110-14; and
6. Participated in the realisation of the National Strategy of Risk Management of Disaster Management Strategy 2020-2030 for Morocco.

| ACCR Management Committee | |
|----------------------------------|------------------------|
| Youssef Fassi Fihri | President of ACCR |
| Youcef Benmicia | Vice-President of ACCR |
| President of AIO | Member |
| Secretary General of AIO | Member |
| Jadiah Murungi Mwarania | Member |
| Dr. Corneille Karekezi | Member |
| Amine Ryane | Manager of ACCR |

Events



AIO provides its members with renowned networking platforms such as the General Assembly and the Reinsurance Forum. Key objectives :

- ➔ AIO will continue to provide high-quality networking events
- ➔ AIO aims to strengthen the relevance of the events as platforms to inform about market trends
- ➔ AIO will also use the events to inform and report back to its members on progress toward its goals.

The AIO 50th Anniversary in Nairobi, Kenya – celebrating the golden jubilee

The AIO held its 48th Conference, Annual General Meeting and 50th Anniversary Celebration in Nairobi, Kenya from 25 to 30 June 2022.

The event opened with the AIO's 50th Anniversary Celebration at the Edge Convention Centre, College of Insurance, Nairobi. The 50th anniversary was celebrated under the theme The AIO at 50: A Call for African Insurance Renaissance.

The opening ceremony was presided over by the Chief Administrative Secretary of the Kenyan Ministry of Finance and Planning, Erick Wafukho Simuyu. In his welcome address, the Chairman of the Local Organising Committee and Vice President of the AIO, Dr. Ben Kajwang, expressed his pride in welcoming more than 1,500 participants. AIO President Tope Smart congratulated the organising committee and the AIO Secretariat for their combined efforts and the resulting world-class event. He paid tribute to the Kenyan market and insurance stakeholders as well as the Kenyan government for creating the conditions to host the AIO flagship event and golden jubilee.

The first part of the golden jubilee celebrations featured keynote speeches, the unveiling of a 50th anniversary book and the screening of a 25-minute documentary film on the AIO's origins, journey and prospects, followed by a symposium on The AIO at 50: A Call for African Insurance Renaissance. The panel examined the African insurance industry under the AIO over the past 50 years and looked ahead to the next half-century.

The second part of the golden jubilee celebrations was marked by special awards and recognitions during the 50th Anniversary Gala Dinner:

- Top 50 Women in Insurance in Africa, awarded by the Professional Insurance Ladies Association (PILA) and the AIO.
- Special Award to Bakary Kamara for his outstanding contribution to the growth of the AIO.

- Special Award of Gratitude to Chanas Assurances S.A. Cameroon for outstanding support in the establishment of AIO in Cameroon.
- Five special recognitions for the speakers at the 50th Anniversary Symposium.
- Five special recognitions to key individuals who have shaped the AIO over the past 50 years: former AIO General Secretaries Yoseph Aseffa, Prisca Soares and Abdallah Badaoui, founding AIO member Robert Woorthorpe-Browne and member of the organising committee of the pioneer conference Shiamdass Appannah.

The conference was held under the theme: Insurance and climate change: Harnessing growth opportunities in Africa. This theme was explored through the following seven sub-themes:

1. Insurance and climate change: an African perspective (keynote)
2. Building resilience through data-driven insurance solutions
3. Agricultural technology and insurance development: future prospects in the face of climate change
4. Implementing ESG standards: Challenges and opportunities for the African insurance sector
5. Creating opportunities for insurance penetration in Africa through improved consumer education
6. Sustainable insurance and COP27 in Africa
7. Promoting climate/disaster risk finance in Africa

Speakers

The AIO Secretariat and the local organising team selected renowned speakers and panellists for the conference:

1. Dr. Al-Hamndou Dorsouma, Director, Climate and Green Growth Division, African Development Bank on Insurance and climate change: Harnessing opportunities for growth in Africa (delivered by Davinah Milenge);
2. Gili Smadja, Actuarial Consultant, Munich Re Global Consulting Unit, on Building resilience through data-driven insurance solutions;
3. Edward Kiarie, Business Developer, Munich Re, on Building resilience through data-driven insurance solutions;

4. Godfrey Kiptum, CEO, Insurance Regulatory Authority Kenya, panelist on Sustainable insurance and COP27 in Africa;
5. Patty Karuaihe-Martin, AIO Executive Committee Member, Managing Director, Namib Re, panelist on Sustainable insurance and COP27 in Africa;
6. Mark Napier, CEO, FSD Africa, panelist on Sustainable insurance and COP27 in Africa;
7. Dr. Caesar Mwangi, CEO, ICEA LION Insurance Holdings, Nairobi – Kenya, panelist on The implementation of ESG standards: Challenges and opportunities for the African insurance sector;
8. Linet O. Macharia, Regional Specialist – Sub Saharan Africa, Insurance and Risk Finance Facility, Finance Sector Hub, United Nations Development Program, panelist on Promoting climate/disaster risk financing in Africa;
9. Ekoa Asemani-Oku, Allianz Ghana, replacing Delphine Traore on the panel Promoting climate/disaster risk financing in Africa;
10. Lesley Ndlovu, CEO, Africa Risk Capacity Ltd, spoke on two panels, Promoting climate/disaster risk financing in Africa and The implementation of ESG standards: Challenges and opportunities for the African insurance sector;
11. Tuga Alaskary, Technical Specialist, Risk Financing, UNDP, panelist on Promoting climate/disaster risk financing in Africa;
12. Beat Strebel, Market Executive, Middle East & Africa, and CEO Swiss Re Africa Ltd panelist on Promoting climate/disaster risk financing in Africa;
13. Nkwenti Mbelli Njah, Group Head, Life & Health Operations, Continental Reinsurance Plc. Lagos – Nigeria, speaker for the life seminar. His presentation focused on how to attract millennials to the life insurance industry to influence the growth of African economies;
14. Vernon Lidava, Kenya Re, the second speaker at the life seminar on Implications of climate change for life insurers: Mortality, morbidity and insurance premiums;
15. Hope Murera, Managing Director, ZEP RE Ltd, Nairobi – Kenya, presenting the paper on agri-tech and insurance development: Perspectives for the future in the face of climate change;
16. Edgar Aguilar, Social Finance Officer, ILO Regional Office for Africa, speaker at the microinsurance workshop.
17. James Papa, APA Insurance, speaker at the microinsurance workshop;

18. Enock Singoei, Head of Market Development and Digital Innovation, Syngenta Foundation, Kenya, speaker at the microinsurance workshop;
19. David Maslo, Head of Business Development, Africa Risk Capacity Ltd., speaker at the microinsurance workshop;
20. Latimer Kagimu Mukasa, Managing Director, MUA Insurance Uganda Ltd., speaker at the microinsurance workshop;
21. Sarfraz Shah, Director, Insurance Operations, Pula Advisors, speaker at the microinsurance workshop;
22. Souvik Banerjee, Managing Director, Continental Reinsurance Ltd, Nairobi - Kenya, moderator of the panel The implementation of ESG standards: Challenges and opportunities for the African insurance sector;
23. Thomas Wiechers, Financial Sector Deepening Africa - FSD Africa, panellist on The implementation of ESG standards: Challenges and opportunities for the African insurance sector;
24. Shingie Maramba, Director, Wealth and Insurance Solutions, MEA EQUISOFT, co-presenter on the topic Creating opportunities for insurance penetration in Africa through improved consumer education;
25. Dr. Crepin Andrew Gwodog, Managing Director, SCG RE, Gabon, panellist on Sustainable insurance and COP27 in Africa;
26. Youssef Fassi Fihri, Director General, SCR Maroc, co-presenter on Creating opportunities for insurance penetration in Africa through improved consumer education.

Outlook for the 26th African Reinsurance Forum in Lomé, Togo

Lomé, capital of the Republic of Togo, will host the 26th African Reinsurance Forum on 1-5 October 2022. The event returns to its birthplace, where the idea began in 1995. The Forum is being held under the overarching theme Sustainable growth: the role of African reinsurers in economic growth and development.

The Forum provides a unique opportunity to network with African and international industry leaders, discuss the upcoming renewals and current challenges facing the reinsurance industry and develop solutions. The timing of the Forum is perfect as it takes place after the start of renewal negotiations at the Rendez-Vous de Septembre in Monte Carlo, Monaco, and before the summit in Baden-Baden, which are among the leading industry conferences for reinsurers in the run-up to the important 1 January 2023 renewal round.

Reputation building



The AIO strengthens the positive perception of the industry as a facilitator of economic and societal progress. Key objective :

➔ Although the AIO believes awareness building for the benefits of the insurance sector is a task best served by national institutions, the AIO will provide support by developing an online repository of articles and publications for members to use

On 10 June 2022, the AIO signed the revised Headquarters Agreement (Accord de Siège) with the Government of Cameroon. The President of the AIO travelled to Cameroon for an official signing ceremony at the Ministry of External Relations. Also present at the signing were the Cameroonian Minister of Finance, the heads of the diplomatic missions and representatives of the Cameroonian insurance market. The revised Headquarters Agreement brings several benefits to AIO, such as holding funds in local currency or maintaining bank accounts in foreign currency, the ability to transfer AIO funds or currency or convert currency held by the AIO into any currency, tax exemptions, immunity and protection for foreign employees and benefits for local employees.



2022 AIO Hall of Fame Awards

Sammy Makove is the winner of the individual category

The winner for 2022 was Sammy Makove, Director of Financial & Regulatory Affairs at Kenbright and former Commissioner of Insurance and Chief Executive of the Insurance Regulatory Authority of Kenya. He is an Associate Member of the Chartered Insurance Institute of the UK [ACII], Associate of the Insurance Institute of Kenya [AIK], Member of the Chartered Institute of Arbitrators, Member of the Institute of Directors [Kenya Chapter], and an Honorary Fellow of the Institute of Certified Public Secretaries of Kenya. He is an expert in policy, governance, corporate risk management, strategy formulation and implementation and regulatory affairs. Sammy entered the insurance industry as an underwriter in 1983 and later joined the regulatory office in 1987, rising through the ranks to become the Commissioner in 2001. He joined Kenbright as a Director of Financial & Regulatory Affairs in 2017. He was honoured for his exemplary service by the President of the Republic of Kenya, the Actuarial Society of Kenya, the Association of Kenya Insurers and the Institute of Certified Public Secretaries of Kenya for exemplary service to the insurance industry of Kenya. He holds an executive master's in Business Administration, is a member of the Institute of Directors of Kenya and has over 37 years' experience in the financial services industry.

Sammy is an expert in regulatory compliance and liaison, corporate risk management, corporate governance, insurance management and strategy. He is also a council member of the Africa Re Foundation.

Waica Reinsurance Corporation Plc is the winner of the company category

WAICA Re

WAICA REINSURANCE CORPORATION PLC

WAICA Re is one of the fastest-growing reinsurance companies in Africa. WAICA Re was established in March 2011 with premiums of USD 35,000 increasing to USD 153 million in 2021. WAICA Re is headquartered in Freetown, Sierra Leone and operates through four regional offices across Africa, namely in Lagos, Nigeria; Accra, Ghana; Abidjan, Côte d'Ivoire; and Tunis, Tunisia. It also has four subsidiaries, namely WAICA Re Zimbabwe Limited in Harare (Zimbabwe), WAICA Re Kenya in Nairobi (Kenya), investment company WAICA Re Capital in Accra (Ghana) and WAICA Re (United Kingdom). WAICA Re is rated by A.M. Best with a financial strength rating of B+ and a long-term issuer rating of «bbb-» with a stable outlook.

Research



The AIO contributes to decision-making and industry recognition by providing thought leadership and market insights. Key objectives :

- ➔ The AIO will offer and develop a collection of data on African insurance markets
- ➔ AIO will analyse the data, identify trends and translate these into key themes and thought leadership contributions
- ➔ AIO will use the issues and thought leadership for agenda-setting in advocacy

As part of the AIO's 50th anniversary, a special anniversary book was published and a documentary film was produced, which not only trace our major milestones but also cover important issues in the African insurance sector.

Since 2016, the AIO has published 12 research papers in English and French as part of its efforts to advance African re/insurance markets, and since 2021 we have introduced the AIO Annual Report, which gives an update of the AIO activities and successes but also provides an annual analysis of the insurance market and focuses on a topical issue for our insurance industry.

The AIO's first publication in 2022 focused on climate change as one of the world's greatest challenges. Clear scientific evidence, more frequent and severe weather events and increased public awareness have put climate change high on the global political agenda, including ours.

In October 2022, we published the second annual report focusing on the development of insurance markets and the profitability of insurance markets.

The full publications can be found on AIO's website: www.african-insurance.org

AIO 50th Anniversary – the book

On the occasion of its 50th anniversary, the AIO published a book entitled *AIO Golden Jubilee: Celebrating the African Insurance Torchbearer*. The book not only traced the history of the AIO, but also covered some important topics such as insurance and inter-African cooperation, the development of the insurance market in Africa by sub-region, the role of insurance in trade and development in Africa, insurance market development in Africa: Perspectives on drivers and barriers, the impact of technology on the insurance development, regulation and growth of the African insurance industry, the development of insurance education over the last 50 years, insurance and financial inclusion and the role of women in insurance development.



[AIO 50th Anniversary – the documentary](#)



The AIO produced a documentary film to mark its 50th anniversary. The purpose of the documentary was to trace the history of the AIO by capturing the views of the pioneers on the purpose of establishing such a pan-African organisation. The documentary also presents the views of key players in the industry who spoke on the objectives, functioning and achievements of the AIO. Finally, the film also highlights the AIO's new strategic plan and presents selected future projects.

[2022 Africa Insurance Pulse: Climate Change and its Impact on the African Insurance Sector](#)



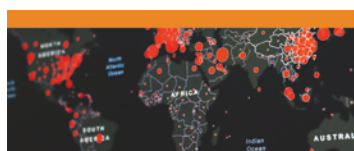
Africa Insurance Pulse 2022

Climate change and its impact on
the African insurance sector

Published by
African Insurance Organisation

Africa will be disproportionately affected by climate change, according to the latest edition of the Africa Insurance Pulse. The research report concluded that developing countries in Africa are particularly vulnerable to the impacts of climate change due to their high exposure to extreme weather conditions, low adaptive capacity and widespread poverty. African insurers, reinsurers and brokers will play an important role in assessing, managing and proposing solutions to protect against the effects of global warming on the continent.

[2021 AIO Annual Report](#)



African Insurance Organisation

Annual Report 2021

Published by
African Insurance Organisation

The AIO published its first annual report on 1 December 2021. This report outlines the performance of African insurance markets in 2020, including an outlook for 2021. Due to the slow pace of Covid-19 immunisation on the continent and the limited fiscal support African governments can provide to support their economies, the recovery of African insurance markets is expected to be delayed until after 2022, slower than in other emerging markets. The report further presents the AIO's strategy and key activities over the past 12 months, as well as key trends in African insurance regulation.

2022 AIO Book Award

Each year, the AIO promotes scientific research among its members and recognises an outstanding contribution by awarding the AIO Book Prize. At the request of the Book Prize Committee, the AIO doubled the prize money from USD 5,000 to USD 10,000. For the 2022 edition of the award, four books were submitted:

1. Elijah Owusu Agyeman, *Insurance Implications of Market Fires in Ghana*
2. Anselmi Ancellmi, *Dealing with Climate Crisis in Africa: Strategies for Agricultural Insurance*
3. Anselmi Ancellmi and Saqware Baghayo, *Innovation in Insurance for Africa: Alternative Distribution Channels*
4. Reja Guesh Nur-Hussein, *Introduction to Insurance*

In 2022, the committee, chaired by Eddie Efekoha with members Dr. Yeside Oyetayo, Dr. Saul Sseremba and Moki Charles representing the AIO, met in Nairobi, Kenya on 28 June to evaluate the four finalists. Based on the evaluation criteria, the committee recommended Mr. Ancellmi's book, on *Dealing with Climate Crisis in Africa: Strategies for Agricultural Insurance* for the AIO Book Award 2022. However, following the 2021 decision to reward the efforts of authors who achieved the minimum score of 50%, the committee proposed that the prize be divided among the authors of three books. It therefore recommended that the winner of the prize receive USD 5,000 (50%), while the runners-up would receive 30% and 20% of the prize money respectively. The AIO General Assembly Committee endorsed this recommendation.

Training



AIO sets standards and highlights best practices by providing insurance knowledge. Key objectives :

- ⇒ The AIO shall analyse and define the training needs of its members
- ⇒ The AIO shall select providers and courses that meet the training needs of the African insurance industry
- ⇒ If necessary, the AIO will not only set standards but also develop new training courses for its members

Based on the needs of its members, the AIO supports the development of the future workforce and provides training on key topics, but also develops new training programmes. In 2022, the AIO has developed concepts for all major AIO training projects, such as the Leadership Programme, the AIO Certification Programme, the Mortality and Morbidity Facility and the Data Warehouse. Currently, the AIO's secretary office is working on defining the specific curricula for each training programme, which should be completed by the end of the year.

I. AIO Chartered Insurance and Certification Programmes

The skills gap that exists in the insurance industry across the continent, the heavy reliance on foreign certifications such as the Chartered Insurance Institute (CII) that do not fully address African issues and the need for a harmonised insurance education in Africa in French and English to facilitate trade and mobility of professionals are just some of the many reasons for joint African insurance education programmes. These will help future professionals entering the insurance world, support professional development and enhance the career potential of existing professionals as well as increase public confidence in the insurance profession in Africa. The AIO Chartered Insurance Programmes aim to address these skills gaps and issues.

II. Integrated Insurance Data Warehouse

The importance of an Integrated Insurance Data Warehouse (IDWH) cannot be overstated. The need for such a project ranges from data for climate and catastrophe risk modelling to data to create underwriting guidelines, develop more capacity, microinsurance, new businesses or companies looking to invest in Africa. The aim of this project is to build a central data repository for the African insurance industry. It will collect and store data on all insurance sectors across the continent in an orderly manner. It will also make this data available on request from individual members, compile statistics, provide risk models and risk mapping for the entire continent. Given the availability of expertise and funding, we thought it would be useful to start the AIO's IDWH project with climate-related risks and agricultural risks in partnership with the African Risk Capacity (ARC). Later, it will be extended to other key risks for the sector.

III. AIO Leadership in Insurance and Finance

The weak performance of many insurance companies, especially local insurance companies, can be attributed, among other things, to ineffective leadership. In addition to skilled professionals and good managers, the African insurance industry also needs leaders who will help achieve the set visions and goals. The AIO Leadership in Insurance and Finance programme aims to equip current leaders with the right leadership skills needed to succeed and prepare future leaders to ensure sustainability and smooth transitions.

IV. AIO Insurance Mortality Table Facility

Life and health insurance pricing is a major challenge in African markets and has significantly impacted the growth potential of life insurance in most markets. The development of an aggregated mortality (and morbidity) table for Africa will enable AIO members in each country to access local mortality (and morbidity) data so that they can price life (and health) insurance products accurately and fairly, thereby increasing insurance acceptance.

During a strategic retreat in Kigali, Rwanda, attended by the AIO Secretariat and its partner, the African College of Insurance and Social Protection, priorities for the roll-out of these projects were identified, taking into account time, resources (human and capital) and industry needs. The priority projects have been defined as follows:

- a) AIO Leadership in Insurance and Finance
- b) AIO Certification Programmes:
 - Microinsurance
 - Agriculture Insurance
 - Insurance Regulations and Supervision
 - InsurTech and Innovation

3.

INTERVIEW WITH JEAN BAPTISTE NTUKAMAZINA, SECRETARY GENERAL OF THE AFRICAN INSURANCE ORGANISATION



Jean Baptiste Ntukamazina
Secretary General

Congratulations on the 50th anniversary of the AIO! How has the role of the AIO changed from its beginnings to today?

The AIO was originally established to facilitate the development of a healthy insurance industry and insurance cooperation in Africa. However, today's world is a very different one. The AIO's current strategic plan includes a new role adapted to the needs of its members today, which can be grouped around the following six strategic pillars:

1. Advocacy: The AIO is committed to promoting the policy interests of the African insurance industry.

2. Events: The AIO will continue to provide excellent networking platforms for industry players and maintain its leadership role as host of the most important and widely attended industry events in Africa.
3. Capacity building: The AIO will promote technical solutions that contribute to higher insurance penetration (reaching the uninsured and underinsured) and prevent premium evasion.
4. Education and training: The AIO will set the standards for education and training in the African re/insurance industry.
5. Research: The AIO will use thought leadership to facilitate decision-making and strengthen recognition of the value of the industry through its publications.
6. Awareness and reputation: The AIO will continue to raise awareness and enhance the reputation of the African insurance industry.

In addition, the AIO also needs to address emerging issues such as climate change, ESG, digitalisation, continental insurance integration, etc.

What will the AIO bring to African insurance markets in the next 50 years?

There is a great responsibility on the shoulders of the AIO to lead action working towards standardisation and harmonisation within the African insurance industry, especially in the context of the African Continental Free Trade Area (AfCFTA). We have learned lessons from the past that we can apply to strengthen the African insurance sector in the future. Some of our goals for the future will be to promote the integration of new technologies and use them to increase market penetration and improve the overall perception of insurance.

We will also create and promote more inclusive discussion platforms on the challenges and opportunities of our industry, such as climate change, ESG, sustainability, agricultural insurance, microinsurance, etc., to find new and good solutions. AIO will also use strategic partnerships to promote the interests of the industry.

What are the challenges the AIO will face in implementing its mission?

Our key challenge remains insufficient funding, in particular our dependence on external funding. A second challenge is the lack of political will of African states to support the development of our industry, combined with possible political and economic instability of some African states.

From your personal perspective, what were the main highlights of this anniversary year?

The 50th anniversary of the AIO was a moment of retrospection, introspection and reflection. It was a moment to review the genesis of the AIO, analyse the road travelled so far and to look ahead to the future. The symposium on *The AIO at 50: A call for African insurance renaissance* was one of the main highlights. The fact that one of the founders shared his experiences after 50 years was another major highlight.

To preserve the milestones of the past 50 years, we have produced a documentary on the AIO and captured the views of the pioneers on the purpose of establishing such a pan-African organisation.

The documentary also features key industry players who have spoken out about the AIO's goals, functioning and successes.

Most importantly, the AIO pays tribute to several stakeholders, including key traditional partners, former secretaries-general, founding fathers and influential women in the African insurance industry.

Another key theme of the 48th Annual AIO Conference and General Assembly was *Insurance and climate change: Seizing opportunities for growth in Africa*. How would you summarise the main outcomes of these important discussions?

The last two years have been very challenging for the world because of the Covid-19 pandemic. But even before the pandemic, humanity had to deal with an even bigger and more dangerous problem, climate change. The effects of climate change have led to increasingly frequent natural disasters.

Although Africa has contributed only marginally to the impacts of climate change, according to the World Meteorological Department four out of ten of the worst climate disasters in 2021 occurred in Africa.

As risk managers for the continent, it was time for us to look at climate change from an insurance perspective, especially the opportunities it could offer the continent for growth. The conference focused on how the insurance industry can help countries mitigate the effects of climate change through very enriching presentations and roundtable discussions. So we had an African perspective on a global issue.

The conference was an opportunity for African insurers to explore strategies on how to align their business to support environmental, social and governance (ESG) issues.

It was also an opportunity to lay the groundwork for COP27 in Africa and strengthen relationships with some strategic partners such as UNDP, African Development Bank and International Labour Organisations. With the help of UNEP FI, we also discussed insurance sustainability and COP27 in Africa. All of our strategic partners either gave presentations or participated in panel discussions during the event.

We believe that awareness of the impacts of climate change, the role insurers should play in mitigating these impacts and the opportunities they present has increased globally.

Nine resolutions were passed at the 47th Annual General Assembly of the AIO - what concrete measures have resulted from them? And what were the main resolutions of the 48th AIO Annual General Assembly? And what will you focus on first?

We are starting first with key resolutions in 2021. The 47th General Assembly called on the AIO Secretariat to work with respective governments to ensure that insurance companies can contribute directly and effectively to the economy and to promote cross-border cooperation to improve insurance penetration and growth while proactively and collectively adopting the AfCFTA. This is one of the most important resolutions that requires stronger lobbying on the ground. We are very pleased to announce that the AIO is working closely with the AfCFTA. The AIO Secretary General was invited to speak at a retreat for senior trade representatives in the financial services sector in Mombasa, Kenya. The AIO position paper was presented together with the expectations of the African insurance industry.

Another important decision of the 47th conference was to invest in quality education for both practitioners and the whole population, especially in the field of financial education, as well as the establishment of schools and scholarships and others. We are pleased to announce that our AIO leadership programme will soon be up and running as well as the AIO certification programmes.

One of the resolutions called on the AIO to encourage the active participation of all women insurance professionals in the activities of the Professional Insurance Ladies Association, PILA Africa, to facilitate effective networking and growth of the African insurance industry.

During the AIO's 50th anniversary celebration, the AIO in collaboration with PILA honoured 50 outstanding women in the African insurance industry over the past 50 years.

In 2022, some 15 resolutions were adopted at the 48th Conference and this will continue in the future. It is worth mentioning the inclusion of the Young Insurance Professionals, YIPs, and the Pan African Insurance Agents Association (PIAA) as new bodies of the AIO. We will work closely with these two organisations to prepare the next generation of African insurance leaders and increase insurance penetration on the continent.

Some other resolutions were purely internal, relating to the internal management of our members. These resolutions are currently being implemented, and we can already see some positive results.

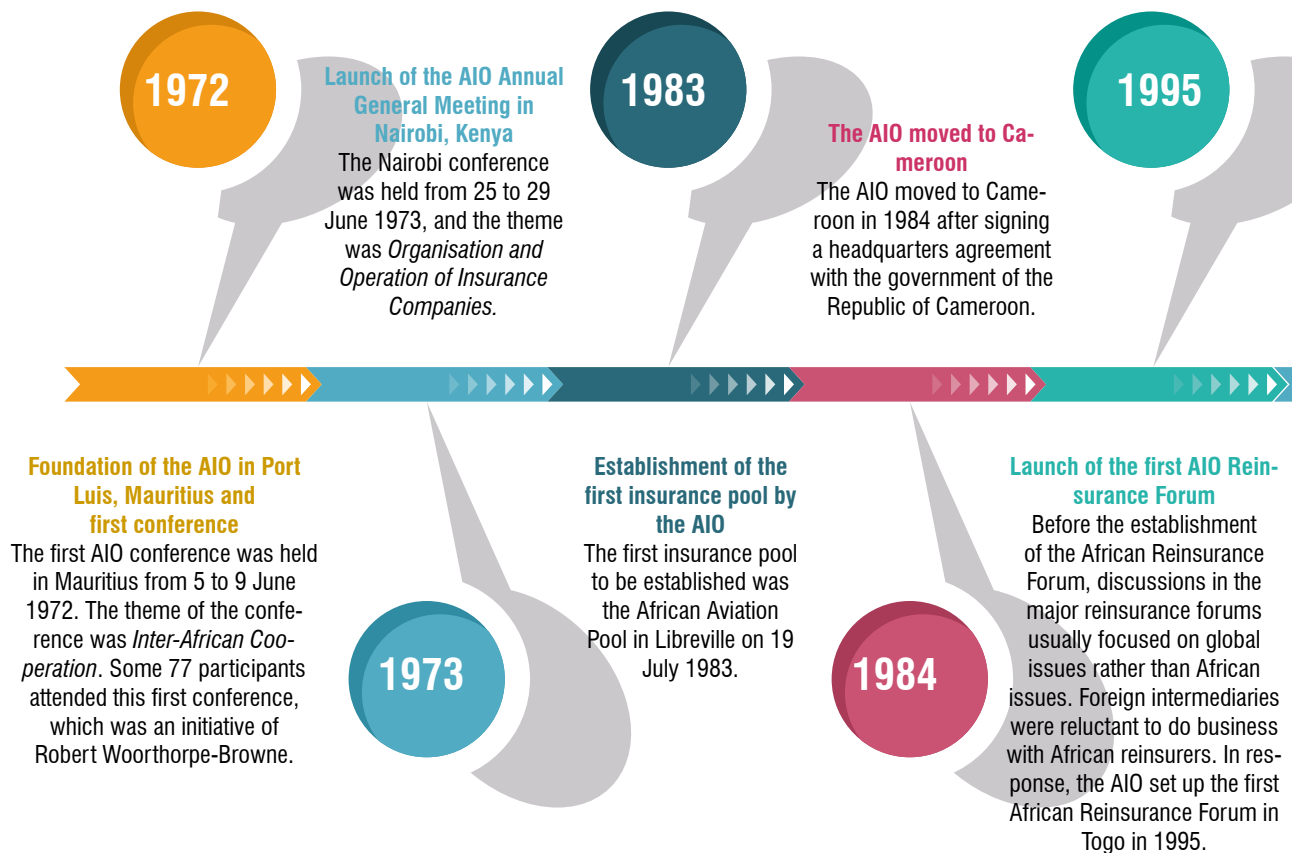
What specific events and initiatives can your members look forward to in 2023?

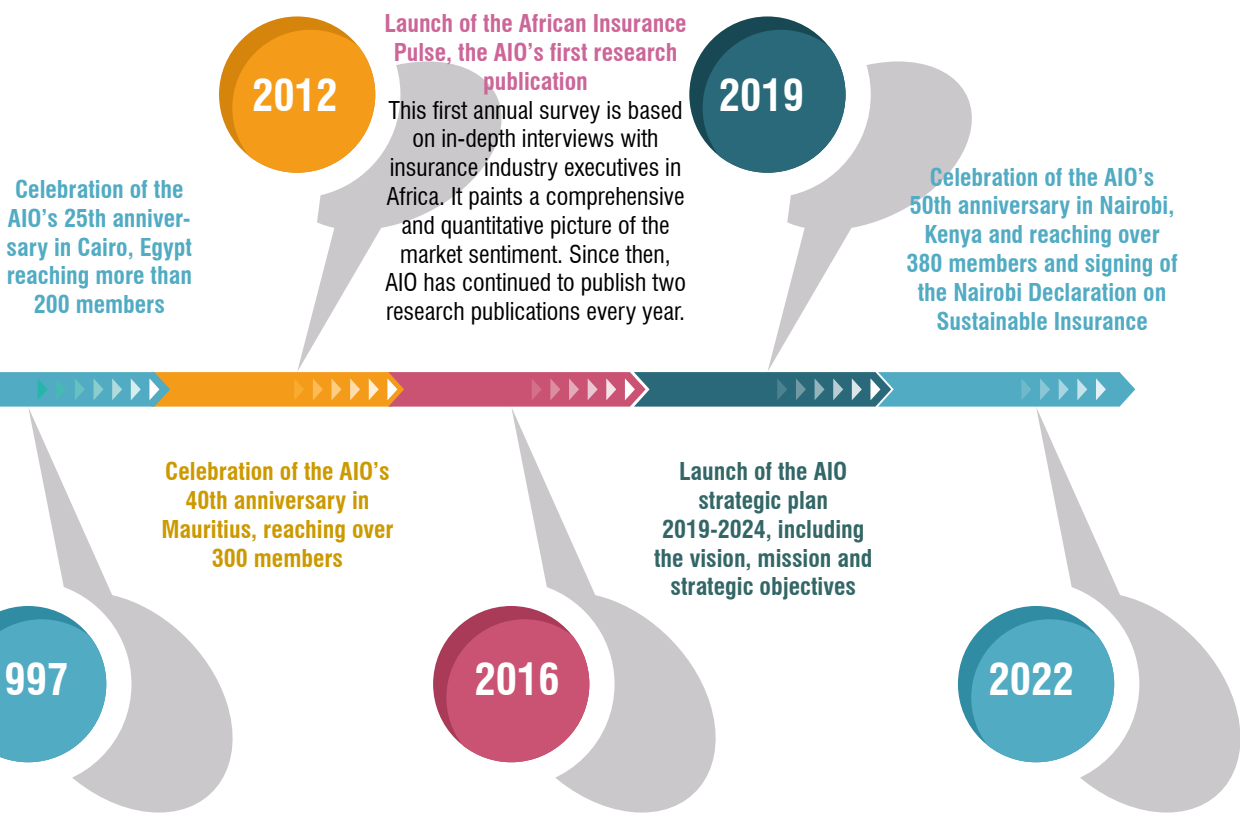
In the year 2023, AIO members can look forward to many exciting events and initiatives:

- 49th AIO Conference and Annual General Assembly in Algeria
- 27th Reinsurance Forum in Libreville, Gabon
- Launch of the AIO Leadership Programme
- New capacity-building programmes (seminars/webinars)
- Finalisation of the curriculums of the AIO Certification Programmes
- Strengthening collaboration with our international partners
- Continuation of research on topical subjects

50TH ANNIVERSARY OF AFRICAN INSURANCE ORGANISATION –

AN OVERVIEW OF KEY MILESTONES SINCE ITS BEGINNINGS IN MAURITIUS





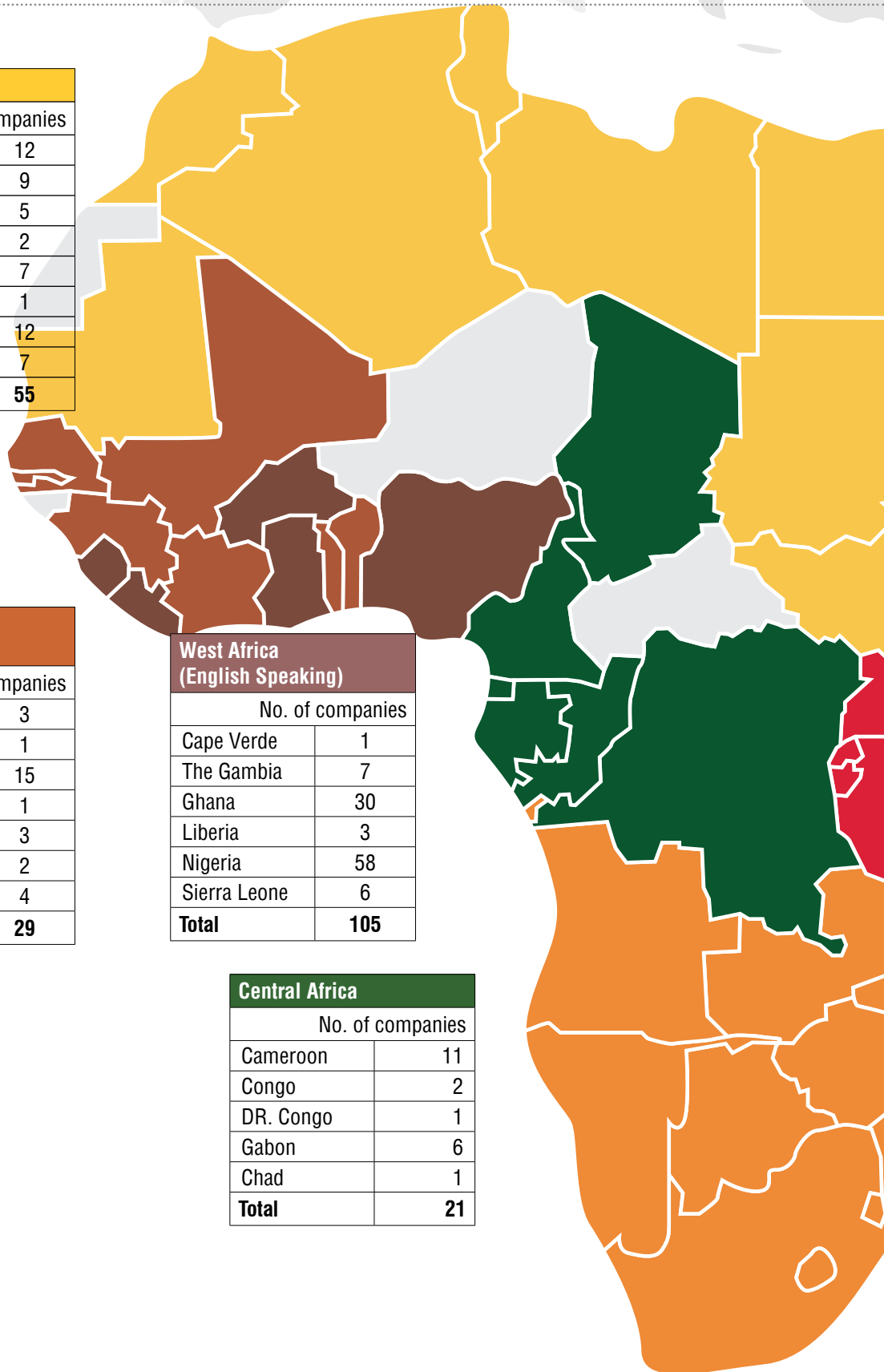
AFRICAN INSURANCE ORGANISATION MEMBERS – AN OVERVIEW

| North Africa | |
|------------------|-----------|
| No. of companies | |
| Algeria | 12 |
| Egypt | 9 |
| Libya | 5 |
| Mauritania | 2 |
| Morocco | 7 |
| South Sudan | 1 |
| Sudan | 12 |
| Tunisia | 7 |
| Total | 55 |

| West Africa (French Speaking) | |
|----------------------------------|-----------|
| No. of companies | |
| Benin | 3 |
| Burkina Faso | 1 |
| Cote d'Ivoire | 15 |
| Guinea | 1 |
| Mali | 3 |
| Senegal | 2 |
| Togo | 4 |
| Total | 29 |

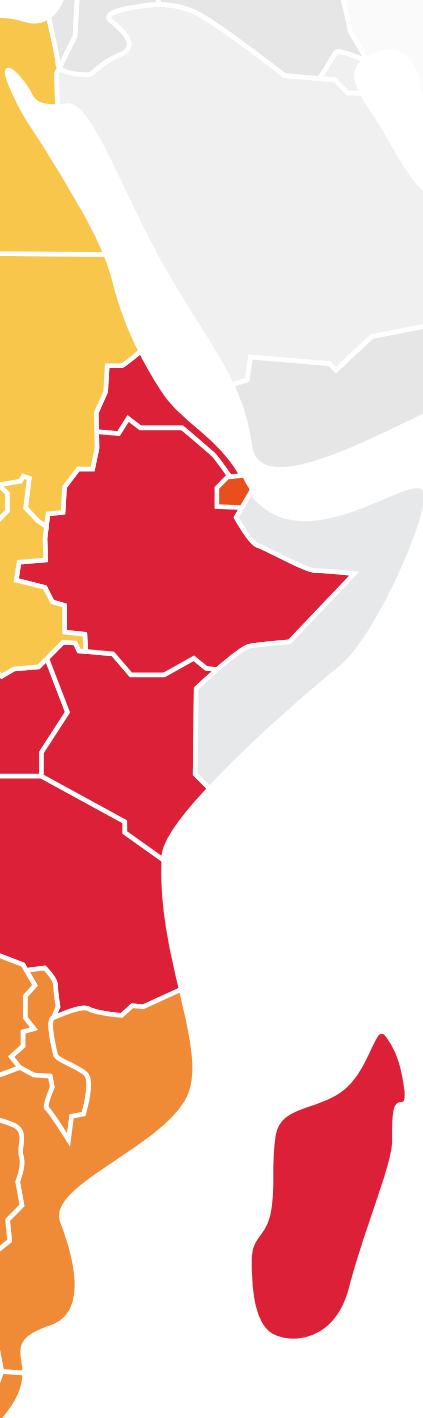
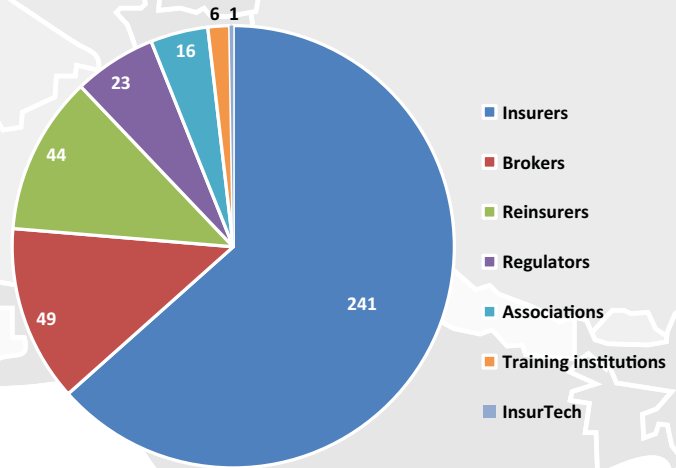
| West Africa (English Speaking) | |
|-----------------------------------|------------|
| No. of companies | |
| Cape Verde | 1 |
| The Gambia | 7 |
| Ghana | 30 |
| Liberia | 3 |
| Nigeria | 58 |
| Sierra Leone | 6 |
| Total | 105 |

| Central Africa | |
|------------------|-----------|
| No. of companies | |
| Cameroon | 11 |
| Congo | 2 |
| DR. Congo | 1 |
| Gabon | 6 |
| Chad | 1 |
| Total | 21 |



The AIO is a truly African institution with 380 members from 47 African countries and 12 non-African countries (June 2022).

AIO's membership structure by type



| East Africa | |
|--------------------|-----------|
| No. of companies | |
| Burundi | 4 |
| Djibouti | 1 |
| Eritrea | 2 |
| Ethiopia | 14 |
| Kenya | 21 |
| Madagascar | 2 |
| Mauritius | 7 |
| Rwanda | 10 |
| Seychelles | 2 |
| Tanzania | 8 |
| Uganda | 8 |
| Total | 79 |

| Southern Africa | |
|------------------------|-----------|
| No. of companies | |
| Angola | 2 |
| Botswana | 4 |
| Lesotho | 1 |
| Malawi | 5 |
| Mozambique | 4 |
| Namibia | 4 |
| South Africa | 18 |
| Swaziland | 2 |
| Zambia | 10 |
| Zimbabwe | 21 |
| Total | 71 |

| INTERNATIONAL ASSOCIATES | |
|---------------------------------|-----------|
| No. of companies | |
| Australia | 1 |
| Bahrain | 2 |
| France | 1 |
| Germany | 1 |
| India | 3 |
| Ireland | 1 |
| Jordan | 1 |
| Oman | 1 |
| Portugal | 1 |
| Russia | 1 |
| Switzerland | 1 |
| United Kingdom | 6 |
| Total | 20 |

AFRICAN INSURANCE ORGANISATION'S – MANAGEMENT & EXECUTIVE COMMITTEE

AIO MANAGEMENT



Jean Baptiste Ntukamazina
Secretary General



Moki Charles Linonge
*Head of Communication
and General Affairs*



Tala Ndze
Technical Manager, Head of Operations



Marie-Florence Ndok
Administrative Assistant



Nathalie Kamga
Finance and Accounting Officer



Lisette Din
*Events, Membership and
Procurement Officer*



Madeleine Edimo
Assistant Accounting Officer

EXECUTIVE COMMITTEE OF THE AIO FROM JUNE 2022 TO JUNE 2023



Dr. Ben Kajwang
Current President

CEO and Director of the
College of Insurance Nairobi

Kenya



Benhabiles Chérif
Vice President

Managing Director, Caisse
Nationale de Mutualité Agricole

Algeria



Tope Smart
Immediate Past President

Group Managing Director and
CEO, NEM Insurance Plc.

Nigeria



Dr. Corneille Karekezi
Member

Group Managing Director and
CEO, African Reinsurance
Corporation

Nigeria



Georges Léopold Kagou
Member

Managing Director, Société
Africaine d'Assurances et de
Réassurances

Cameroon



Dr. Andrew Crépin Gwodog
Member

Managing Director, Gabonese
Commercial Reinsurance
Compagnie

Gabon



Aretha Duku
Member

Managing Director, Ghana
Union Assurance Company
Ltd.

Ghana



**Alhaj Kaddunabbi Ibrahim
Lubega**
Member

CEO, Insurance Regulatory
Authority

Uganda



Bachir Baddou
Member
 CEO, Compagnie d'Assurance
 Transport
 Morocco



El Haji A.W. Seybatou
Member
 Chairman and CEO, AVENI-RE
 Ivory Coast



Lamia Ben Mahmoud
Member
 CEO, Tunis Re
 Tunisia



Patty Karuaihe-Martin
Member
 Managing Director, Namibia
 National Reinsurance Corpo-
 ration
 Namibia



Thomas Olorundare Sunday
Member
 Commissioner for Insurance,
 National Insurance Commis-
 sion
 Nigeria



Oumar Gouda
Member
 Managing Director, Misr Insu-
 rance Company
 Egypt



Thusang Mahlangu
Member
 CEO, Allianz Global Corporate
 & Specialty
 South Africa



David Nyabadza
Member
 CEO, NicozDiamond Insurance
 Zimbabwe

AFTER THE GENERAL ASSEMBLY IN JUNE 2022, THE AIO WELCOMES THE FOLLOWING NEW MEMBERS TO THE EXECUTIVE COMMITTEE



Eddie Efekoha
Member

Managing Director and CEO,
Consolidated Hallmark Insurance Plc.

Nigeria



Pa Alieuh Sillah
Member

Commissioner of Insurance,
Central Bank of the Gambia



Peter Maina
Member

CEO, East Africa Reinsurance
Company Limited

Kenya



Raymond H. S. Macauley
Member

Managing Director, Aureole
Insurance Company

Sierra Leone



Boubacar Bah
Member

Director of Insurance
Supervision

Republic of Guinea



Abdallah Benseidi
Member

CEO, Compagnie Centrale de
Réassurance - CCR

Algeria

THE AIO THANKS THE MEMBERS OF THE EXECUTIVE COMMITTEE WHOSE MANDATES ENDED IN SEPTEMBER 2021 OR JUNE 2022 FOR THEIR VALUABLE CONTRIBUTION



Delphine Traorè
Member

CEO, Allianz Africa
Côte d'Ivoire



Leopold Keita
Member

Managing Director, Les Assurances Bleues (CNAR)
Mali



**Hassan El Sayed
Mohamed Ali**
Member

Managing Director, The Sudanese Insurance and Reinsurance Company
Sudan



Steven O. Oluoch
Member

Former Managing Director, ICEA LION
Kenya



Chabala Lumbwe
Member

Managing Director, Madison General Insurance Company
Zambia



Sam O. Mintah
Member

Senior Vice President and Deputy General Manager, Insurance Company of Africa
Liberia

AFRICA'S INSURANCE SECTOR IN FIGURES

7.1. Economic overview

Africa's GDP recovered strongly in 2021, growing by 6.9%, but growth varies widely across countries and regions

In 2021, Africa's GDP is estimated to have grown by 6.9%, according to the African Development Bank (ADB). This represents a strong recovery from the pandemic-related decline of 1.6% in 2020. The rebound is due to rising oil prices and global demand, as well as the revival of private consumption and investment in many countries after containment restrictions were eased.

Growth was highest in North Africa at 11.7% benefiting from easing political tensions in Libya and the associated lifting of the oil export blockade at the end of 2020, which combined with an oil price increase led to an unexpectedly strong expansion of the region's GDP through the base effect.

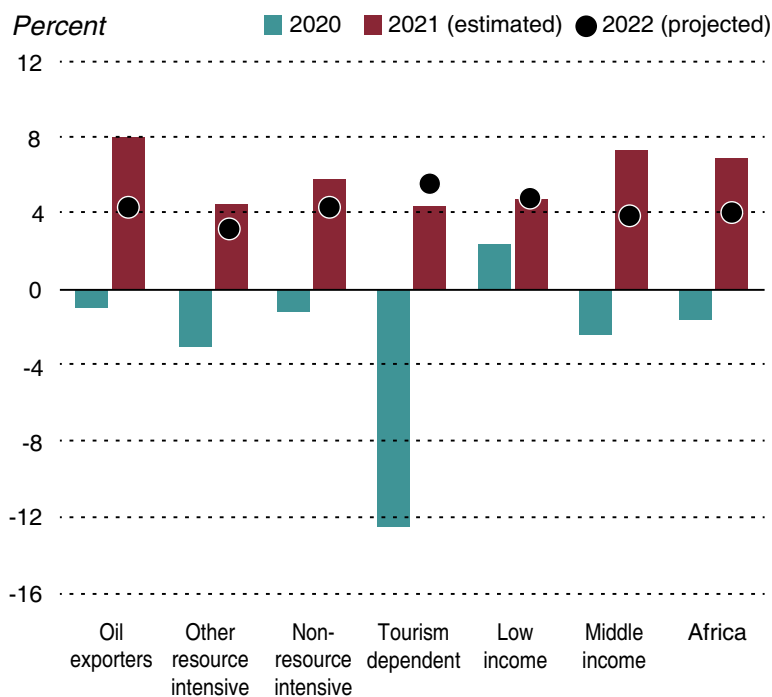
East Africa grew by 4.8%, thanks to economic diversification that saved the region from the 2020 pandemic shock, supported by continued public spending on infrastructure projects. Closer trade ties within the region and a strong agricultural performance were key to the region's sustained growth. GDP is expected to stabilise at 4.7% in 2022, according to the ADB.

Growth in West Africa was driven largely by Nigeria, the region's largest economy. Average growth in the region stood at 4.3% in 2021 and is projected to remain strong at 4.1% in 2022.

Southern Africa recorded the strongest recovery, with growth estimated at 4.2%, following a previous contraction of 6.0%, supported by strong recoveries in Botswana (12.5%), Zimbabwe (6.3%) and South Africa (4.9%). The recovery was mainly driven by rising commodity prices and global demand, as well as the introduction of Covid-19 vaccinations, which helped support growth in tourism.

Across all country groups, tourism-dependent economies saw the most significant turnaround compared to 2020, growing by 4.4% in 2021, led by Seychelles and Cabo Verde. The easing of travel restrictions was crucial to growth for this group of countries.

Chart 1: GDP growth in Africa, by region and country grouping, 2020-2022



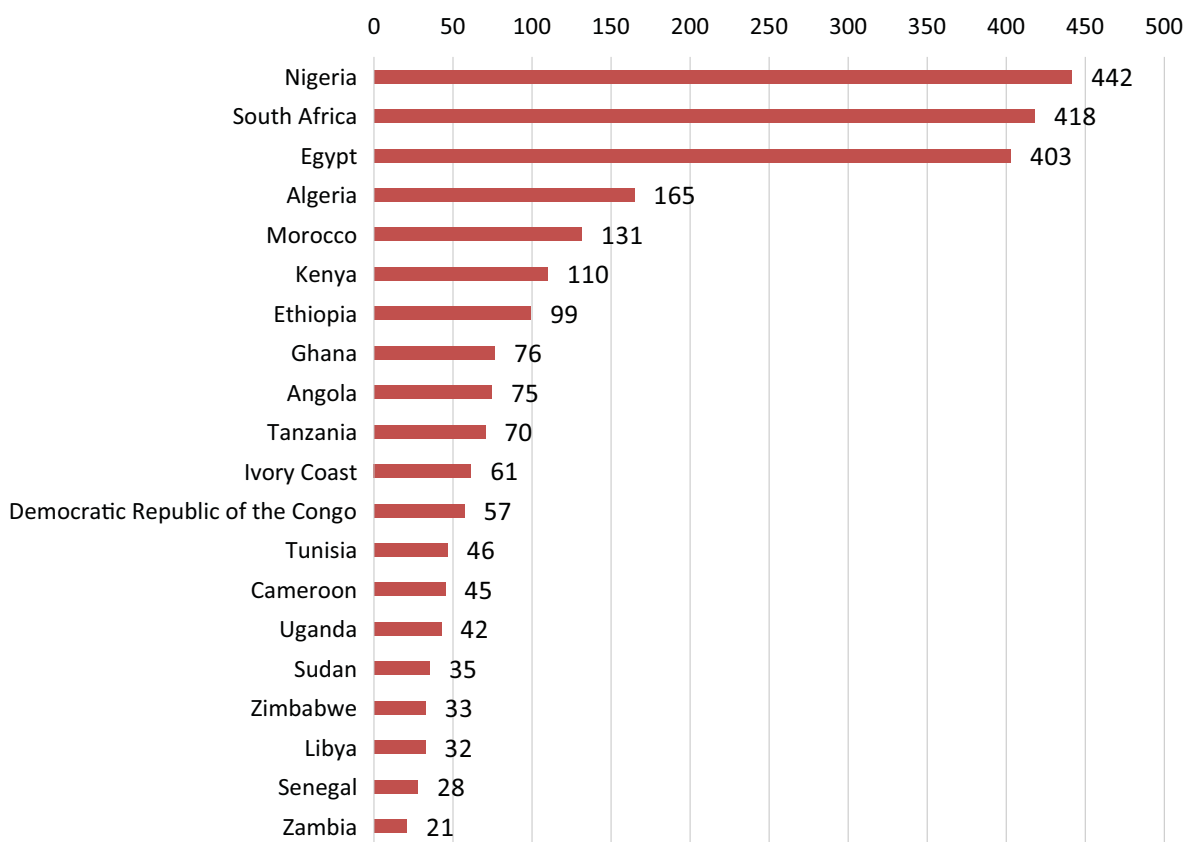
Source: African Development Bank statistics

Looking at individual countries, Nigeria's GDP in 2021 is around USD 442 billion, the highest in Africa. Nigeria's economy grew by 3.6% in 2021, faster than forecast, after contracting by 1.8% in 2020, supported on the supply side by a 4.4% expansion in the non-oil sector against an 8.3% contraction in the oil sector. Non-oil growth was driven by agriculture (2.1%) and services (5.6%). On the demand side, public and private consumption contributed to GDP growth.

In Egypt, economic growth moderated from 3.6% in FY 2019/20 to 3.3% in FY 2020/21. Growth was driven on the supply side by solid performance in construction, communications and agriculture, and on the demand side by private and public consumption as well as public investments (mainly in social protection and service projects). However, tourism and manufacturing remained vulnerable to Covid-19 measures.

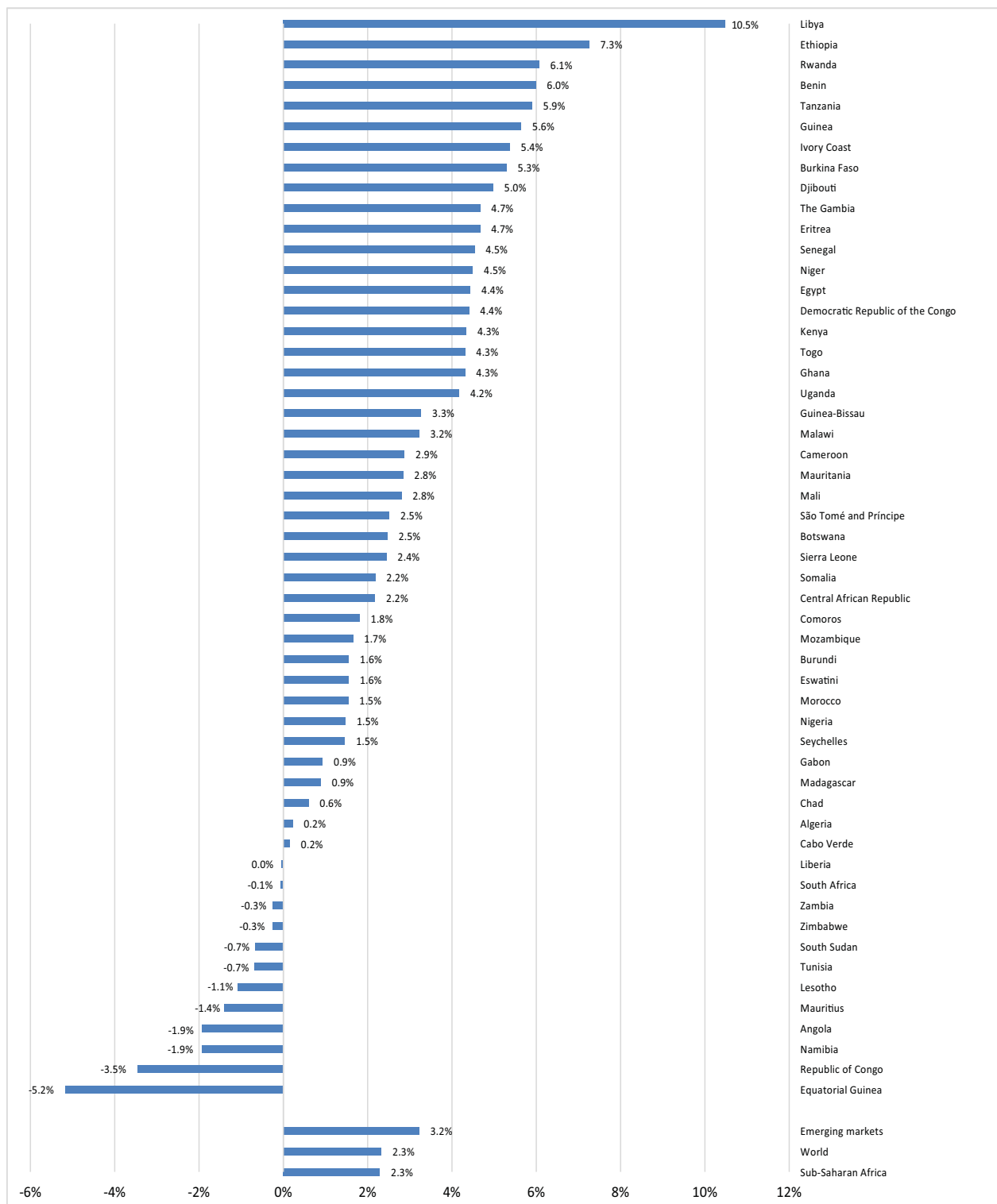
The Angolan economy grew by only 0.7% in 2021, down from 5.4% in 2020, and dropped three places in the table of the 20 largest African economies. Per capita income contracted by 2.6% in 2021 due to slower GDP growth and high population growth, estimated at 3%. Modest GDP growth was boosted by a sharp increase in oil prices to an annual average of USD 65.69 per barrel, exceeding assumptions for the national budget by almost 100%. Oil accounts for 95% of Angola's exports, and the sector struggled during the Covid-19 pandemic when the price fell to USD 42.40 per barrel.

Chart 2: 2021 GDP, current prices, largest 20 African economies (in USD billion)



Source: IMF, World Economic Outlook, April 2022. Estimates start after 2019 (Ivory Coast, Ghana, Senegal, Zimbabwe, Sudan), 2021 (Egypt, Ethiopia, South Africa, Tanzania) and 2020 (for all other countries)

Chart 3: Real GDP growth (2017 - 2021, compound annual growth rates, in %)



Source: IMF, World Economic Outlook April 2022. Estimates start after 2016 (Liberia), 2017 (Central African Republic, Chad, Guinea-Bissau), 2018 (Comoros, Djibouti, Eritrea, South Sudan, Madagascar), 2019 (Angola, Burundi, Côte d'Ivoire, Ghana, Guinea, Mali, Republic of Congo, Rwanda, Senegal, Zambia, Zimbabwe), 2021 (Egypt, Ethiopia, Tanzania) and 2020 (all other countries).

The macroeconomic fundamentals for Africa generally improved in 2021 compared to the previous year, but 2022 will remain challenging due to two main factors:

1. The continuing impact of the pandemic, with low vaccination rates in Africa of 15.3% as at the end of March 2022, hampering faster economic recovery and exacerbating the health impact of Covid-19; and
2. The uncertainty and volatility caused by the Russian invasion of Ukraine, which has triggered a global economic shock that is hitting Africa at a time when the political ability to respond to a renewed economic downturn would be minimal to non-existent.

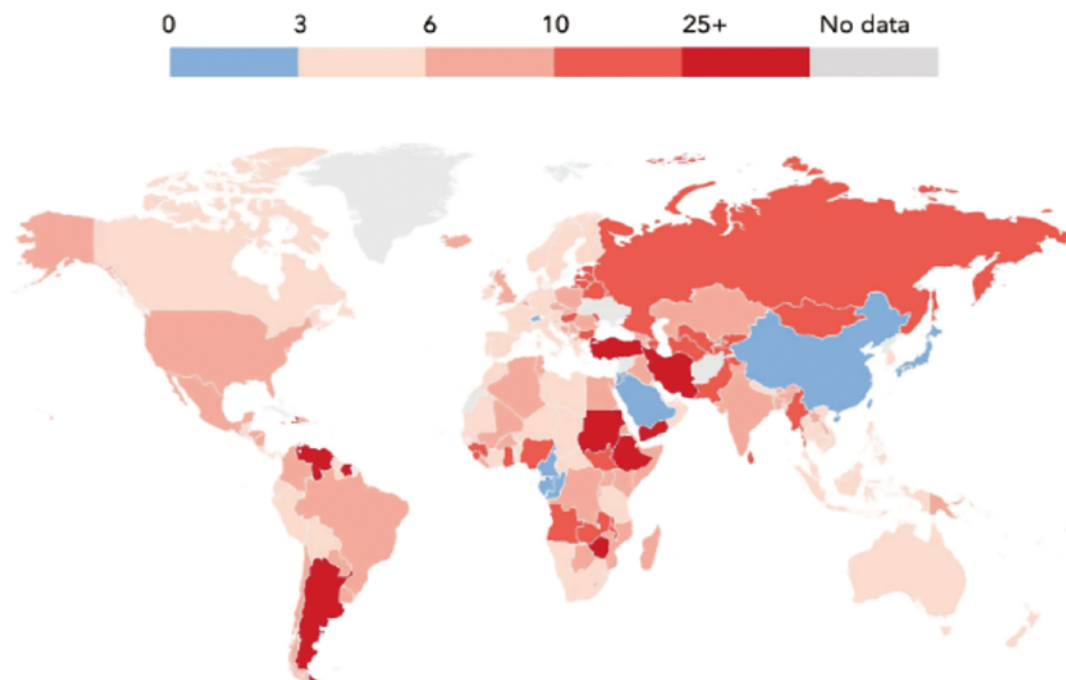
According to the ADB, Africa's fiscal deficit is projected to decline to 4.0% of GDP in 2022 from 5.1% in 2021, reflecting the unwinding of Covid-19-related measures and strengthening domestic revenues.

The current African account deficit is projected to fall to 2.0% of GDP in 2022 from 2.4% in 2021, due to the expected decline in the trade deficit and current transfers.

Exchange rate volatility has declined in most countries in 2021, supported by higher foreign exchange inflows. The evolution of exchange rate dynamics in 2022 and beyond is uncertain and depends on developments in international financial markets, especially in the context of the Russia-Ukraine conflict.

Average inflation is expected to accelerate from 13.0% in 2021 to 13.5% or more in 2022, as Russia's invasion of Ukraine triggers a sharp increase in commodity prices, especially for energy and food, which weighs on the external and fiscal balances of commodity-importing countries and heightens concerns about food security in the region.

Chart 4: Price pressures (inflation projections 2022, average consumer price, annual percentage change): the war in Ukraine and a broadening of price pressures are expected to elevate inflation for longer than previously forecast.



Sources: IMF, World Economic Outlook (April 2022)

Box: Russia–Ukraine conflict and impacts on Africa

The Russian invasion of Ukraine has triggered a costly humanitarian crisis that requires a swift and peaceful resolution. The subsequent sanctions against Russia have contributed to this. An acceleration of inflation and volatility in the global economy is transmitted through three main channels: rising prices for energy and non-energy commodities, supply chain disruptions and a tightening of financial markets. Price pressures are expected to reinforce inflation for longer than predicted.

Both Russia and Ukraine are major players in the global market for agricultural products. This dominance poses a major challenge for Africa. In 2020, wheat and maize accounted for 41.6% (or USD 3.5 billion) of Russia's USD 8.5 billion worth of commodity exports to Africa. In the case of Ukraine, wheat, maize and vegetable fats and oils accounted for 58% (or USD 3.8 billion) of exports to Africa.

As a result of disruptions in the production and transportation of agricultural commodities from both countries, food prices have risen to record levels. In April 2022, world wheat prices were 72.5% higher than in the same period in 2021, and maize prices increased by 21.9%. In Africa, where food accounts for 50%-70% of household expenditure, disruptions to agricultural production and the supply chain have implications for food security, as well as poverty. Inflation is particularly felt in low-income countries that depend on Russia and Ukraine for imports of food and other agricultural products. The rise in food prices has led to inflationary pressures that could exacerbate malnutrition and poverty among poor populations in Africa.

However, African energy-exporting countries benefitted from higher-than-forecast prices, provided these countries had excess production capacity. For energy and food-importing countries, higher energy and other commodity prices combined with a prolonged disruption of global supply chains have increased inflationary pressures. As most African countries are net energy importers - exporting crude oil and importing refined petroleum products due to a lack of domestic refining capacity - the macroeconomic impact tends to be negative.

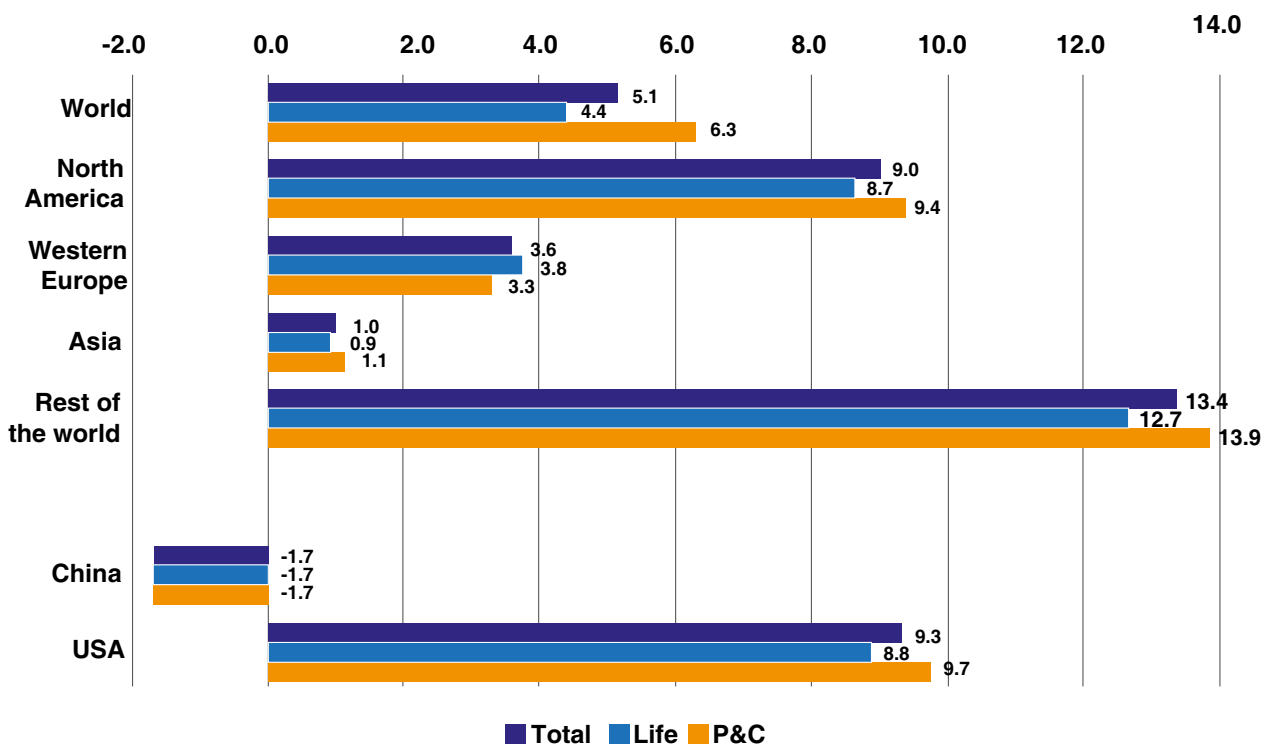
In addition to energy and commodity prices, both Russia and Ukraine are major exporters of commodities such as platinum group elements, nickel and neon gas, which are crucial for the production of parts for the automotive industry, consumer electronics and renewable energy equipment. In Morocco and South Africa, vehicle production and exports are likely to be affected by ongoing global shortages of automotive parts such as semiconductor chips and catalytic converters, while shipments of chip-dependent consumer electronics products could face delays and higher prices.

7.2. Re/insurance market overview

Global insurance premiums recover strongly but remain below global economic growth in 2021

Global insurance premiums grew 5.1% in 2021, with life insurance growing by 4.4% and property insurance by 6.3%, while the global economy grew 6.1%. Growth benefitted from strong economic tailwinds, rising risk awareness and record savings fuelled by booming economic markets. 2021 stands out due to the composition of its premium growth. More than two-thirds of the growth was generated in Western Europe and North America, with the US market alone accounting for half of the increase. Thus, 2021 represents an unusual end to the past decade, in which growth was much lower (+3.6% per year on average) and driven by Asia, which accounted for 40% of all additional premiums, more than half of which were written in China.¹ By client segments, global commercial insurance premiums grew by 4.4% in real terms last year, after a 2.6% gain in 2020. This was on the back of rate hardening across all major lines of business except commercial motor. Premiums in personal lines were up 0.7% in 2021 (flat in 2020) with weak growth in motor, which accounts for 60% of global personal lines business.²

Chart 5: Gross written premium growth, 2021 by region in %



*Note: Excluding health, the conversion into EUR is based on 2021 exchange rates

Sources: National financial supervisor authorities, insurance associations and statistical offices, Refinitiv Datastream, Allianz Research

1 Allianz Insurance Report 2022, A decisive decade, May 2022

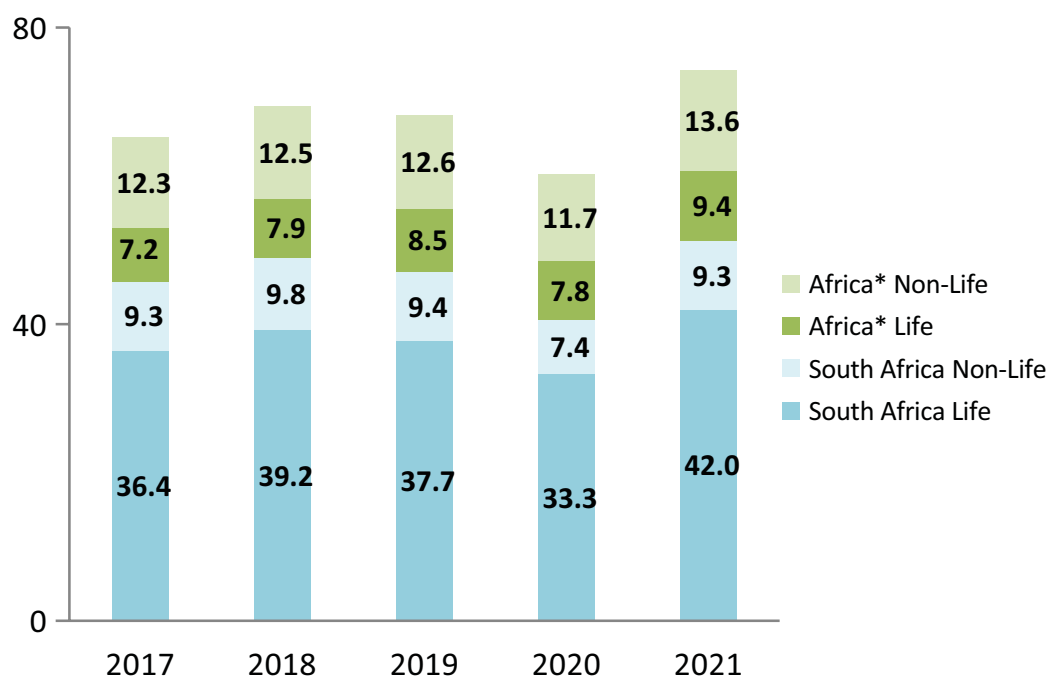
2 Swiss Re, sigma 4/2022, World insurance: inflation risks front and centre, June 2022

According to Allianz, a comparison of global life and non-life premium growth with the growth of global economic output over the last ten years shows that insurance has not kept pace with economic development. While aggregate GDP grew by an average of 4.9% p.a. from 2011 to 2021, global premium volume increased by an average of 1.3% in the same period. For insurance penetration (i.e. the ratio of premium income to nominal economic output), this resulted in a decline from 5.9% in 2011 to 5.4% in 2021, driven by developments in the life insurance segment.

African insurance recovers strongly with premium growth of close to 20% in 2021

Supported by the economic recovery, African insurance markets rebounded strongly in 2021 after the Covid-19 pandemic in 2020. In 2021, direct premiums written increased by 19.89 % to USD 74.2 billion, compared to USD 61.9 billion in 2020, while total insurance penetration (defined as the ratio of premiums written in a given year to GDP) increased to 2.7% in Africa, compared to 2.5% in 2020, according to Swiss Re. In Africa, life insurance premiums increased by 22.68% from USD 41.83 billion in 2020 to USD 51.31 billion in 2021, while non-life insurance premiums increased by 14.08% from USD 20.1 billion in 2020 to USD 22.9 billion in 2021.

Chart 6: African insurance premiums by type (2017-2021, life versus non-life, in USD billion)



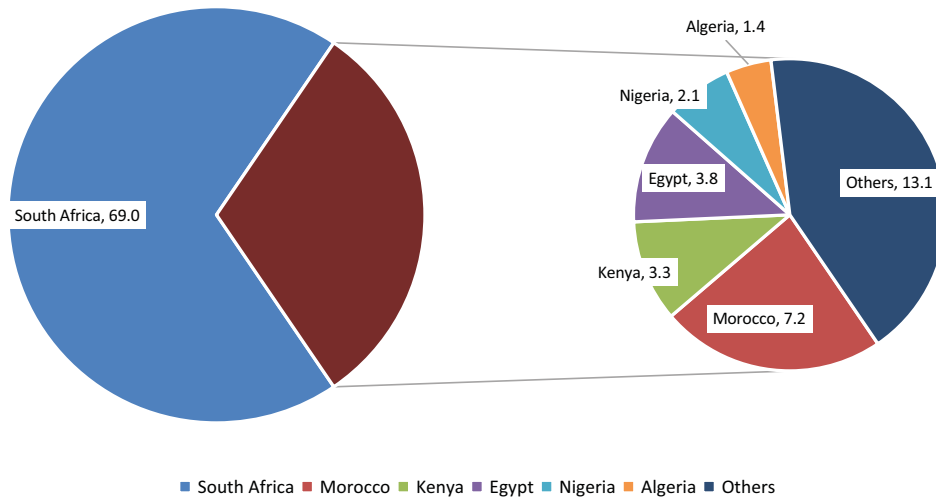
**Excl. South Africa*

Source: Faber Consulting AG, based on Swiss Re Institute, sigma-explorer.com

The six largest African insurance markets – South Africa, Morocco, Egypt, Kenya, Nigeria and Algeria – together accounted for a rounded 87% of total insurance premiums, or USD 64.4 billion. South Africa, the continent’s largest insurance market, alone accounted for 69.0% of total premiums written or USD 51.2 billion, representing 0.7% of global insurance premiums or the 19th largest insurance market in the world. This

represents an inflation-adjusted increase of 7%. In contrast, Morocco, the second largest African insurance market, ranks 49th in the world with a share of 0.1% and total premiums of USD 5.3 billion, representing an inflation-adjusted increase in premiums of 4.5%. Egypt, the third largest insurance market, recorded premium volume of USD 2.8 billion in 2021, corresponding to an inflation-adjusted increase of 10%.

Chart 7: Geographical split of total African insurance premiums in 2021, USD billion*



Source: Faber Consulting AG, based on Swiss Re Institute, sigma-explorer.com

7.2.1 Life insurance

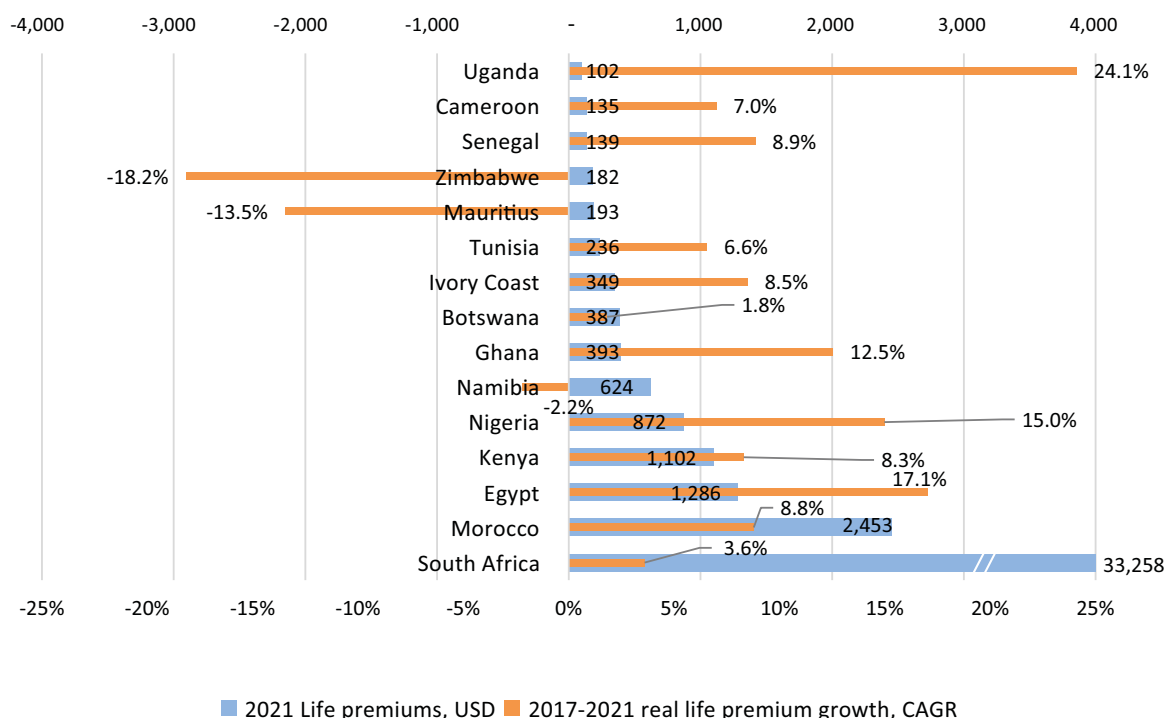
In 2021, global life insurance premiums soared by 4.5% to USD 2.9 trillion compared to a decline of 4.2% in 2020, due to the economic turnaround. Life insurance premiums in advanced markets grew by 5.4% in 2021, after contracting by 5.8% in 2020. Strong premium growth in 2021 was supported by an increase in asset values and recovery of the labour market, which boosted demand for savings-linked products. Regulatory developments and a tax law change boosted sales of annuity products in the US, leading to real premium growth of 2.7% in 2021. In Western Europe, insurers' continued efforts to shift their business portfolios to capital-efficient products supported growth in life insurance premiums, which increased by 10.4% in real terms last year.

In emerging markets, life insurance premiums grew by 1.5% in 2021, well below the historical trend. The main reason was subdued income growth in China. The sector's performance was better in other emerging markets. Improved economic conditions after the pandemic-related slump, increased risk awareness due to Covid-19 and low insurance penetration boosted demand for life insurance.

In Africa, life insurance premiums increased by 22.7% (or 7.1% adjusted for inflation) from USD 41.83 billion in 2020 to USD 51.31 billion in 2021. South Africa with USD 41.95 billion in life insurance premiums recorded a 7.1% increase, adjusted for inflation. Morocco, the second largest life insurance market in Africa, with premiums of USD 2.45 billion experienced an increase of 6.6%, adjusted for inflation. Egypt's life insurance premiums increased by 10% while Kenya saw growth of 11.5%, all adjusted for inflation. In

2021, Algeria, Angola and Libya were replaced by Senegal, Uganda and Zimbabwe in the top 15 largest life insurance markets in Africa.

Chart 8: Life premiums 2021 (in USD million) and life premium compound annual growth rate 2017-2021* (in %), top 15 markets



Source: Faber Consulting AG, based on Swiss Re Institute, sigma-explorer.com

7.2.2 Non-life insurance

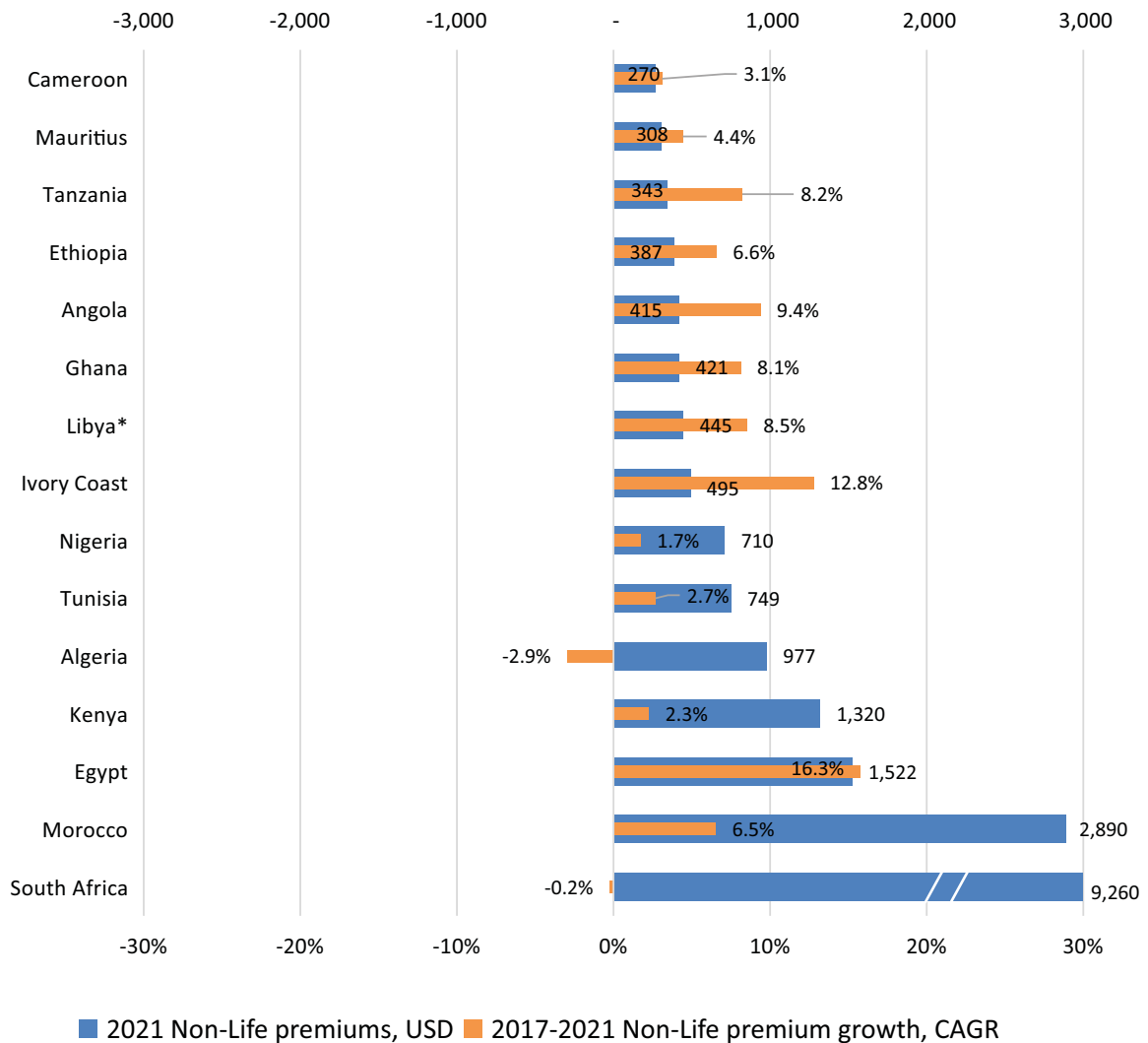
Strong growth in global non-life premiums in 2021 was driven by an economic recovery from the pandemic-related recession in 2020. In 2021, non-life premiums grew by 2.6% in real terms. Premium income rose to USD 3,863 billion, an increase of 8.3% in nominal US dollar. In advanced markets, premiums increased by 2.9% in real terms, mainly due to harder rates in commercial lines. In the US and Canada, premiums increased by 3.5%, followed by the advanced EMEA region with growth of 1.6% and the advanced Asia-Pacific region with 1.4%.

In emerging markets, premiums grew by 1.5% in real terms in 2021. The slower overall growth rate compared to advanced markets was mainly due to a 0.7% decline in premiums in China. The emerging markets aggregate growth, excluding China, was stronger with a 4.1% increase in premiums. Premium growth in Latin America improved by 3.7% (1.8% in 2020), and by 3.6% (-0.2% in 2020) in emerging Europe and Central Asia, while in emerging Asia premiums declined by 0.4% (3.2% in 2020).

In Africa, non-life insurance premiums increased 4.4% adjusted for inflation from USD 20.1 billion in 2020 to USD 22.9 billion in 2021.

South Africa, with premiums of USD 9,260 million, recorded a nominal premium increase of 6.4% adjusted for inflation. Morocco, the second largest life insurance market, with USD 2,890 recorded an increase of 2.7%, adjusted for inflation. Egypt increased non-life premiums by 10% to USD 1,522 million and Kenya saw a 4.1% increase in non-life premiums to USD 1,320 million. In 2021, Namibia and Botswana were replaced by Ethiopia and Tanzania in the top 15 league of non-life insurance markets in Africa.

Chart 9: Non-life premiums 2021 (in USD million) and non-life premium compound annual growth rate (in %) 2017-2021*

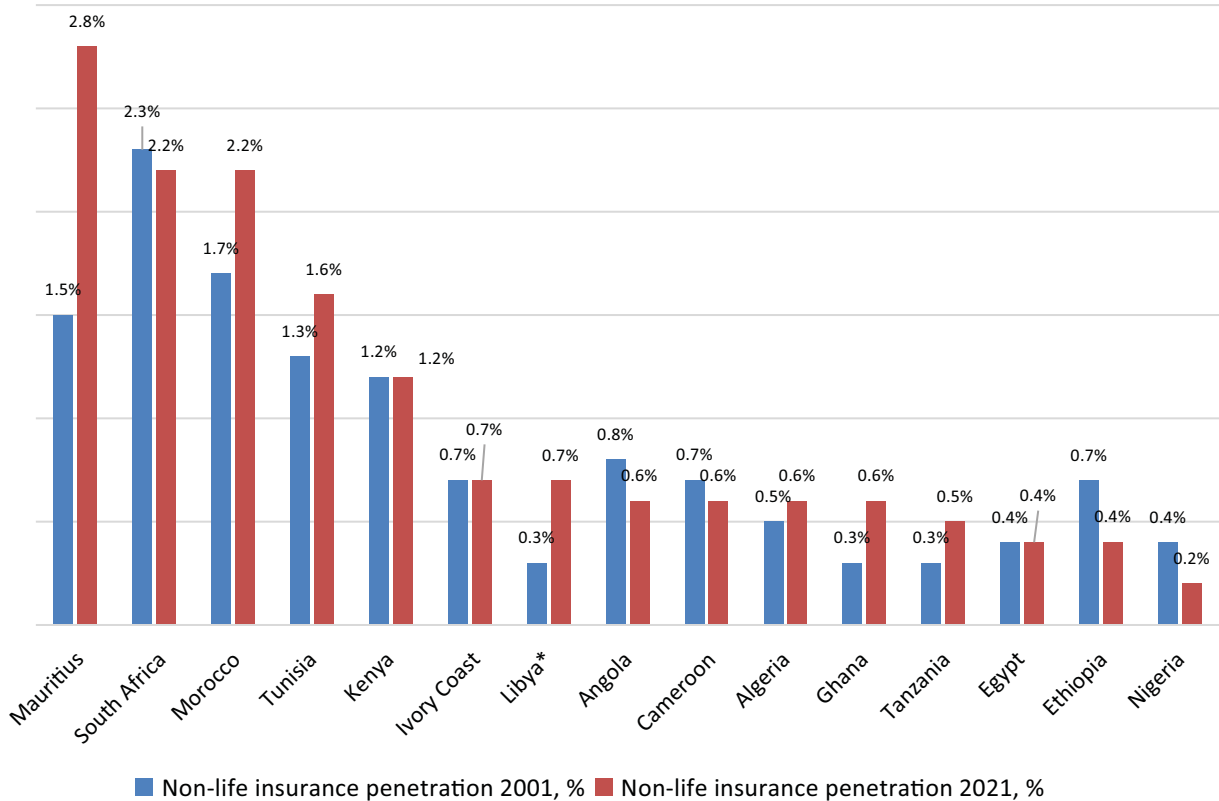


*Libya: 2019 non-life insurance premiums

Source: Faber Consulting AG, based on Swiss Re Institute, sigma-explorer.com

Over the past decades, insurance penetration growth in Africa’s top 15 non-life insurance markets has been disappointing. Only seven countries – Algeria, Ghana, Libya, Mauritius, Morocco, Tanzania and Tunisia – have increased their insurance penetration rates since 2001. In Egypt, Ivory Coast and Kenya, insurance penetration remained stable. In the remaining markets – Angola, Cameroon, Ethiopia and the two largest markets Nigeria and South Africa – penetration declined over the ten-year period.

Chart 10: Non-life insurance penetration (in %), 2021*



*Libya: 2017 and 2019 figures

Source: Swiss Re sigma Explorer

7.2.3. Reinsurance

2021 was a strong year for the global reinsurance sector, with robust capital and premium growth and significantly improved combined ratios and returns. While Covid-19 continued to impact daily life, it barely registered in terms of insured losses. However, the sector had to absorb a high burden of natural catastrophes.

According to Aon's 2021 reinsurance report on 22 leading reinsurers³, total gross written premiums (GPW) increased by 15% to USD 339 billion, following growth of 6% to USD 294 billion in 2020. In 2021, property and casualty premiums increased by 18% to USD 265 billion. The net combined ratio improved to 96.2%, down from 103.3% in 2020, due to a significantly lower impact of Covid-19-related claims. Underwriting profit amounted to USD 7.6 billion before tax.

Life and health reinsurance GPW remained unchanged at USD 54 billion in 2021. In this segment, composite reinsurers had significant additional pandemic-related losses, mainly due to excess mortality.

The total investment return increased by 20% to USD 33.0 billion pre-tax, a return of 3.7% on nearly USD 0.9 trillion of cash and investments. Total capital rose by 1% to USD 273 billion, with equity USD 211 billion (unchanged) and debt USD 62 billion (+6%). Capital adequacy remained high according to regulatory and rating agency capital models. Finally, net income of USD 22.8 billion represented a return on equity of 10.9%, bringing the five-year average down to 6.0%. Return on assets was 8.1% (with a five-year average of 4.5%). Aon further estimated that global reinsurers' capital will total USD 675 billion, representing an increase of USD 25 billion compared to the end of 2020, mainly due to retained earnings.

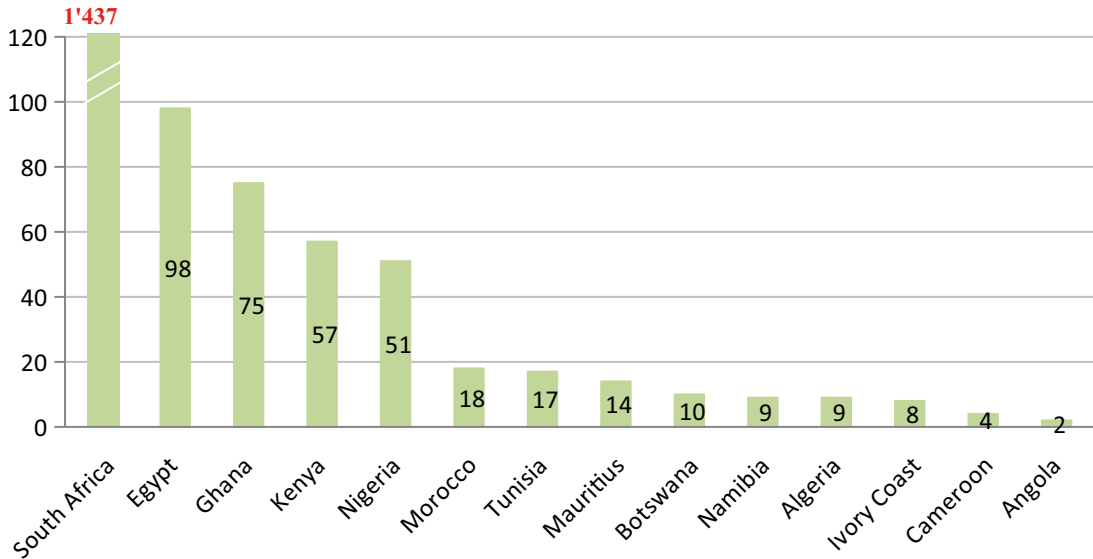
Despite some new entrants and robust capitalisation, global non-life reinsurers are experiencing the strongest pricing dynamics in recent history, according to Aon. Increased underwriting discipline and significant cumulative rate growth have improved underwriting opportunities for almost all reinsurers. Increased demand for reinsurance capacity on a global scale has led to a greater role for smaller reinsurers than in the past.

African life reinsurance premiums increased slightly to USD 1.8 billion due to higher cessions in South Africa

The African life reinsurance market for the 14 largest markets increased slightly by USD 42 million year-on-year to USD 1.81 billion in 2021, up from USD 1.77 billion in 2020. The growth results from an increase in South African life reinsurance premiums from USD 1.39 billion in 2020 to USD 1.44 billion in 2021. South Africa accounts for 79% of the total life reinsurance market in Africa. The five largest markets account for 95.0% or 1.72 billion, which also includes Egypt, Ghana, Kenya and Nigeria, in addition to the market leader. Compared to 2020, the position and composition of the group of 14 leading countries remained stable.

³ Aon, Aon's Reinsurance Aggregate, May 2022

Chart 11: Estimated size of life reinsurance in selected African markets 2020/2021* (in USD million)**



Sources: Regulatory authorities, industry research and own calculations

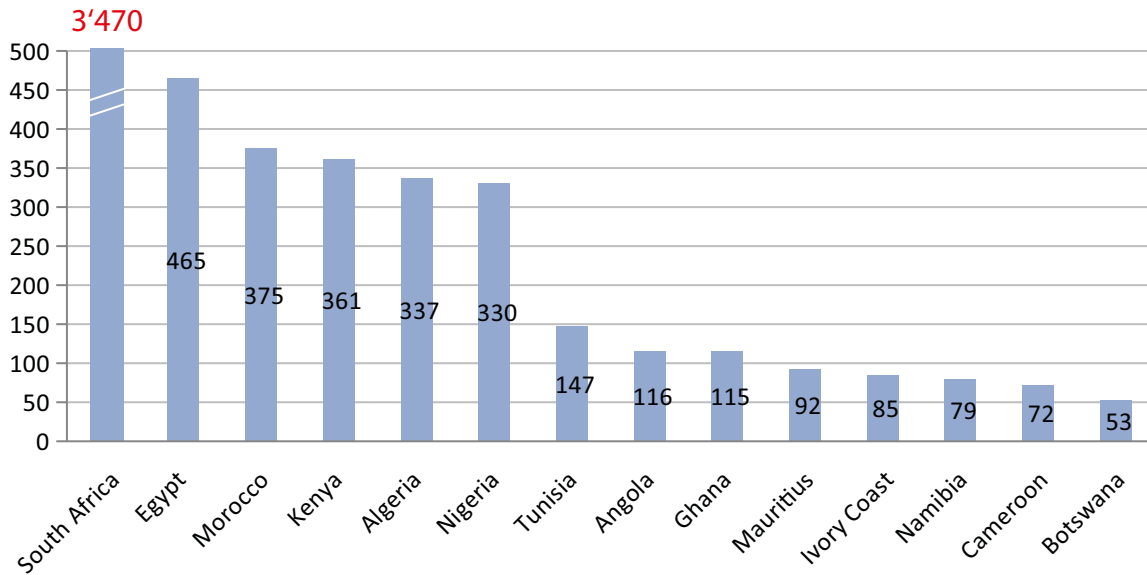
*2021 figures for South Africa, Mauritius, Morocco; 2020 figures for Botswana, Kenya, Nigeria, Tunisia, all other countries 2019 figures

**Includes Health/Medical reinsurance in some markets

African non-life reinsurance premiums exceed USD 6.1 billion in 2021

The African non-life reinsurance market for the 14 largest markets increased by USD 242 million year-on-year to USD 6.1 billion in 2021, up from USD 5.86 billion in 2020. The increase is mainly due to South Africa’s non-life reinsurance premiums rising by USD 128 million from USD 3.34 billion in 2020 to USD 3.47 billion in 2021. South Africa accounts for 57% of the total non-life reinsurance market in Africa, stable compared to 2020. The six largest markets account for 87.6% or USD 5.34 billion, which as well as South Africa includes Egypt, Morocco, Kenya and Algeria and Nigeria. Compared to 2020, there was more movement in this group. Morocco moved up to third position compared to 2020 based on a premium increase of USD 113 million, a gain of around 43%.

Chart 12: Estimated size of non-life reinsurance in selected African markets 2010/2021* (in USD million)*

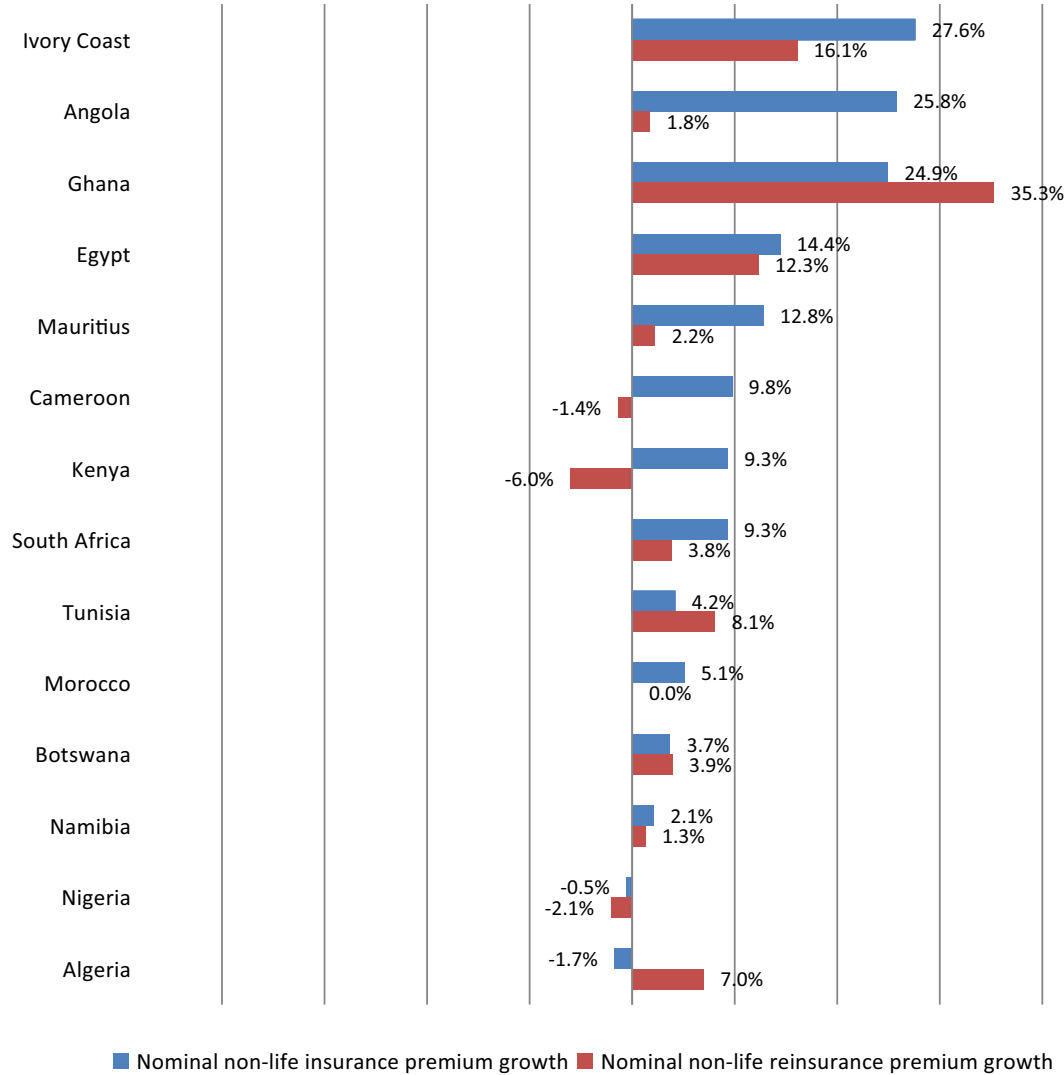


Sources: Regulatory authorities, industry research and own calculations

*2021 figures for South Africa, Mauritius, Morocco; 2020 figures for Botswana, Kenya, Nigeria, Tunisia, all other countries 2019 figures

In local currency, Ghana recorded substantially faster growth in its non-life reinsurance premiums over its primary premiums in 2021, by 10.4%. Other non-life reinsurance markets to outpace their insurance markets were Algeria (+8.7%), Tunisia (+3.9%), and Botswana (+0.2%). The more favourable development of reinsurance over primary insurance is due to rate hardening in commercial lines as well as tighter regulatory requirements. By contrast, non-life insurance premiums outgrew reinsurance in all other markets.

Chart 13: Local currency nominal non-life insurance and reinsurance premium growth rates 2020/2021*



Source: Regulatory authorities; Swiss Re sigma explorer

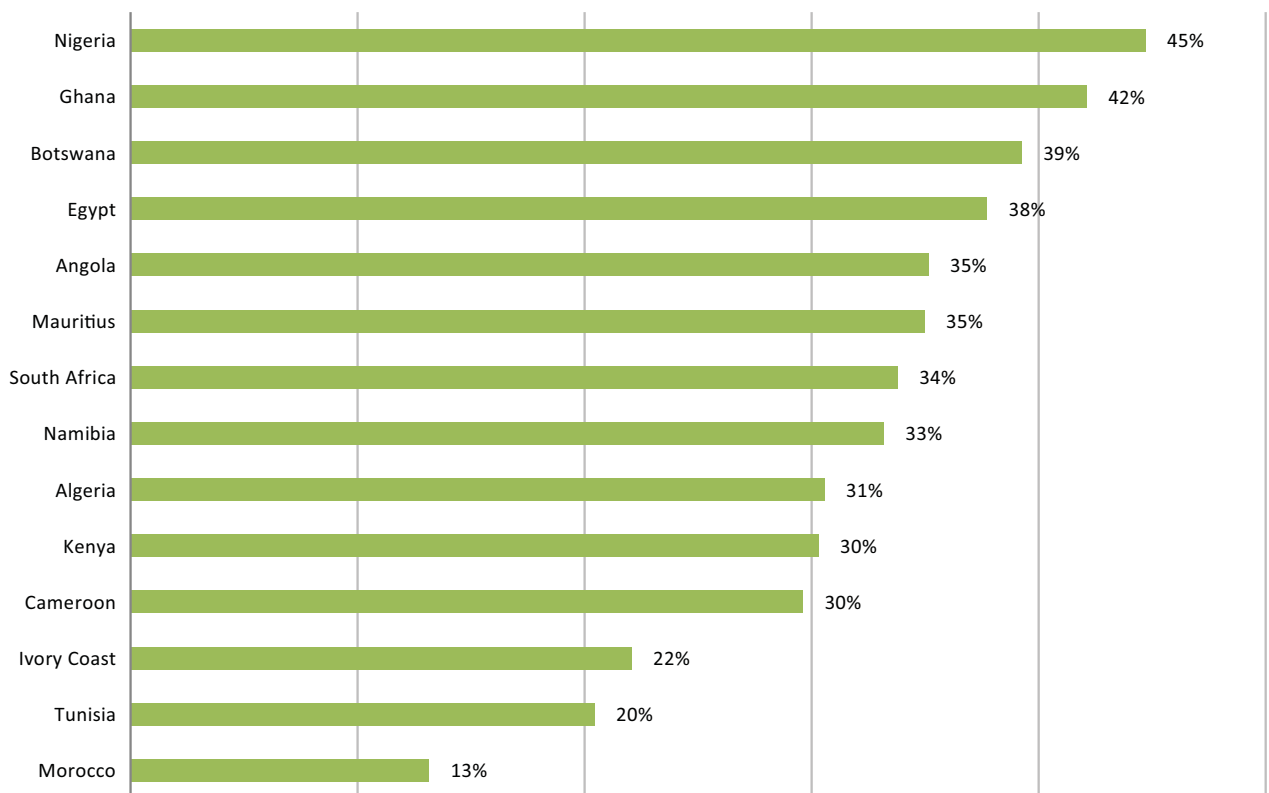
*Insurance growth rates: 2021 figures for all markets; reinsurance growth rates: 2021 figures for Mauritius, Morocco and South Africa; 2020 figures for Angola, Botswana, Ivory Coast, Kenya, Namibia, Nigeria, Tunisia and South Africa; all other countries 2019 figures

Rising cession rates in many African countries contribute to steep reinsurance growth

In 2020, cession rates in non-life reinsurance increased or remained stable for about 64% of all African markets compared to the previous year. One of the main reasons was the depreciation of local currencies against the dollar, as reinsurance contracts are often paid in US dollars while primary insurance is mainly collected in local currencies. The introduction of risk-based solvency regimes has also contributed to an increase in cession rates.

Compared to 2020, cession rates increased in Angola, Ghana and Nigeria. By contrast, South Africa, Namibia, Egypt and Ivory Coast saw a reduction in cession rates, which could be an indication for an increasing risk-bearing capability in these markets.

Chart 14: Estimated non-life reinsurance cession rates of selected African markets 2020/2021*



Sources: Regulatory authorities, Swiss Re sigma Explorer and own calculations

**2021 figures for Mauritius, Morocco and South Africa; 2020 figures for Angola, Botswana, Kenya, Namibia and Nigeria; all other countries 2019 figures*

8.

8. REGULATORY INSURANCE MARKET DATA – BACK TO BASICS?

The availability of data is crucial in insurance. Insurers use data to accurately underwrite, price and incentivise risk mitigation, improve customer experience, increase marketing efficiency by tailoring products to individual preferences, increase operational efficiency by streamlining the claims process, improve claims handling and reduce fraud through better identification techniques, to name a few aspects. Indeed, it is not only the company's internal data that is crucial, but also the insurance sector data provided by regulators.

Following the 2008 global financial crisis, insurance regulators tightened supervision and demanded that insurers improve their governance, risk management and control mechanisms. As the complexity of insurance markets further evolved, the mandate of the supervisory authorities in ensuring market security and consumer protection has become more demanding as well. While an insurer's solvency ratio and risk management procedures are still areas of key importance, provisions for systemic risk such as climate change or the pandemic, but also ESG, digitisation or product developments are areas that also require regulatory oversight, guidance and possible approval processes.

The International Association of Insurance Supervisors (IAIS) defines the role of regulators in macroprudential supervision in its Insurance Core Principles as follows: "The supervisor identifies, monitors and analyses market and financial developments and other environmental factors that may impact insurers and the insurance sector, uses this information to identify vulnerabilities and address, where necessary, the build-up and transmission of systemic risk at the individual insurer and at the sector-wide level."⁴ As part of its macroprudential supervision, the supervisory authority conducts a quantitative and qualitative analysis of the insurance sector, taking into account both historical trends and the current risk environment, and considering both domestic and foreign risks.

Another important task of the supervisory authority is the publication of relevant data and statistics on the insurance sector⁵. The transparent publication of data and statistics by the supervisory authority can increase market efficiency by enabling market participants to make informed decisions and reduce the cost to the public of obtaining information about the insurance sector. In addition, the publication of data can serve as a mechanism of market discipline by facilitating comparisons between an individual insurer and the sector as a whole. The supervisory authority should provide access to sufficiently detailed data either by publishing data itself or by providing appropriate means for others to publish this information.

Faber Consulting was commissioned by the AIO to identify claims data for the 10 largest insurance markets in Africa for 2021. Faber focused on data provided by insurance regulators that is publicly available. In short, Faber found that the insurance data published by the various African insurance regulators is scarce and largely inconsistent across different markets. While for Mauritius and Kenya the available data was good, most markets neither report consistently nor regularly on the development of claims, which presents an important retribution of our market back to policyholders and society at large.

The remainder of this section presents the currently available data that Faber collected from various regulatory websites for the following countries: Mauritius, Kenya, Namibia, Nigeria, Tunisia and Ghana.

⁴ IAIS, Insurance Core Principles and Common Framework for the Supervision of Internationally Active Insurance Groups

⁵ IAIS, Application Paper on Macroprudential Supervision

Mauritius

Chart 15: Gross written premium split 2021

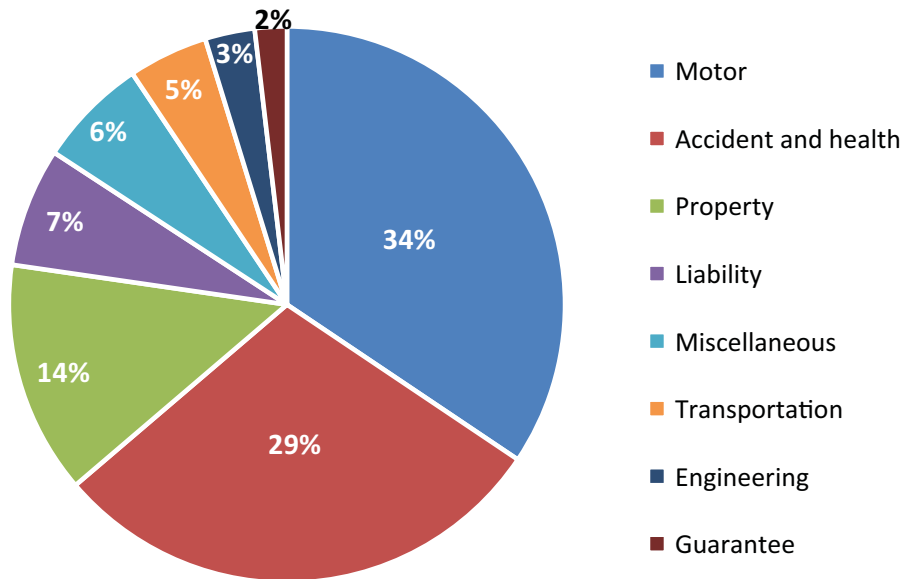


Chart 16: Non-life primary insurance loss ratios, 2021

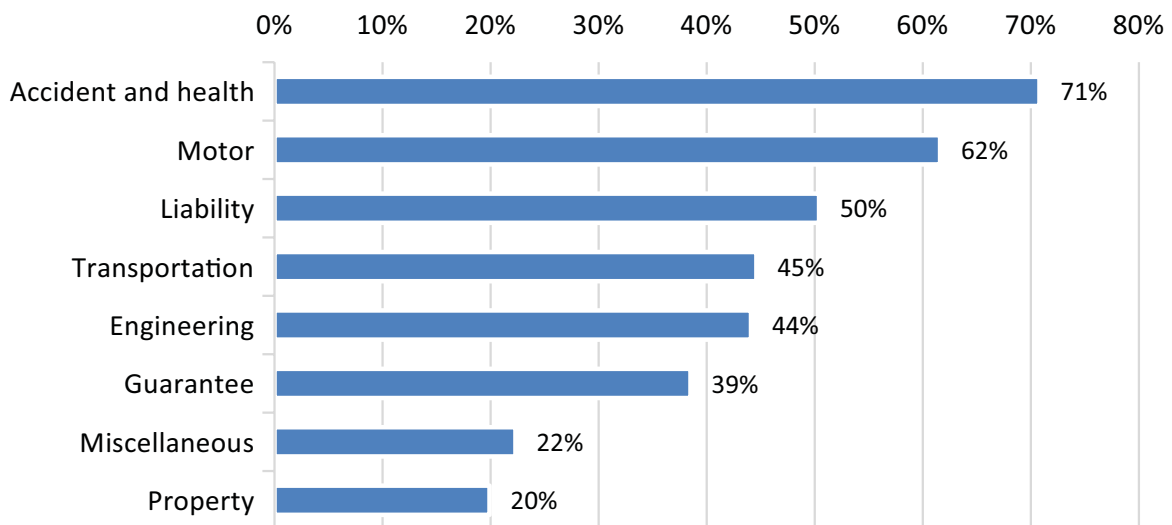
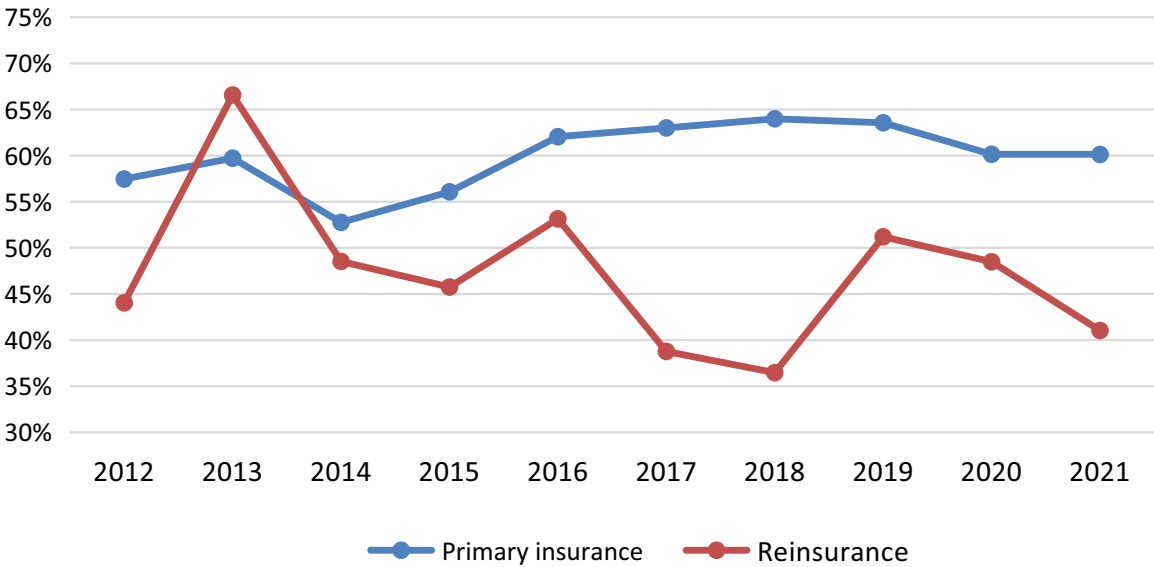


Chart 17: Non-life primary and reinsurance market loss ratios, 2012-2021



Kenya

Chart 18: Gross written premium split 2020

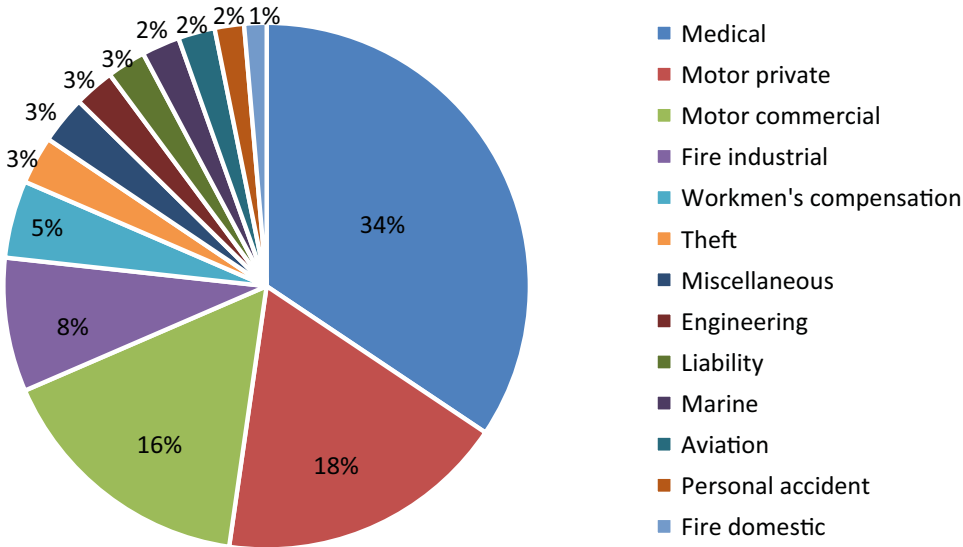


Chart 19: Non-life primary insurance loss ratios, 2020

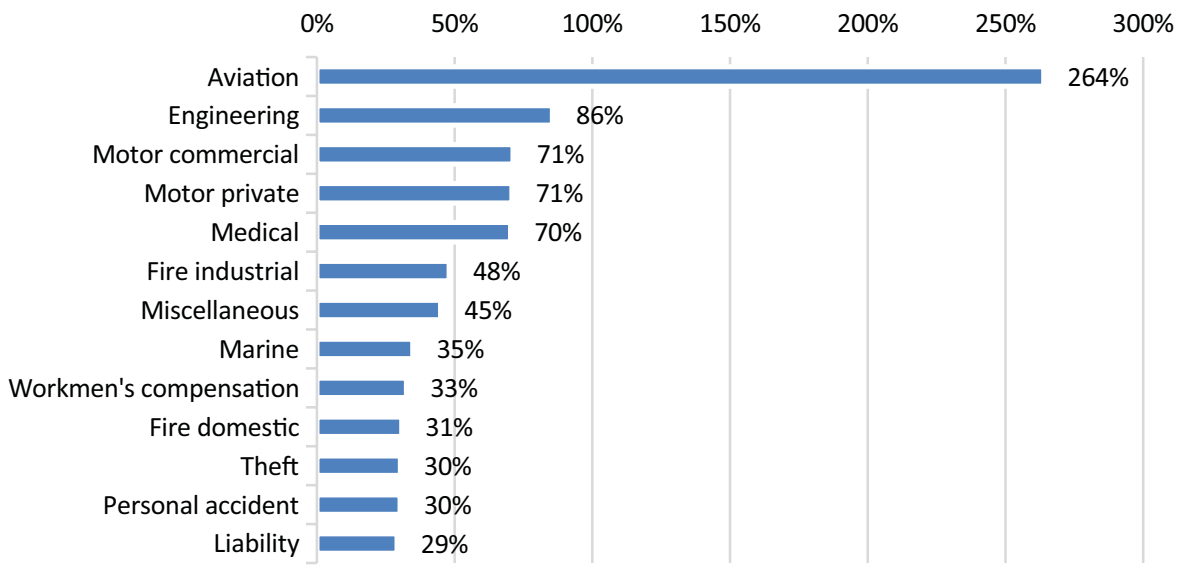
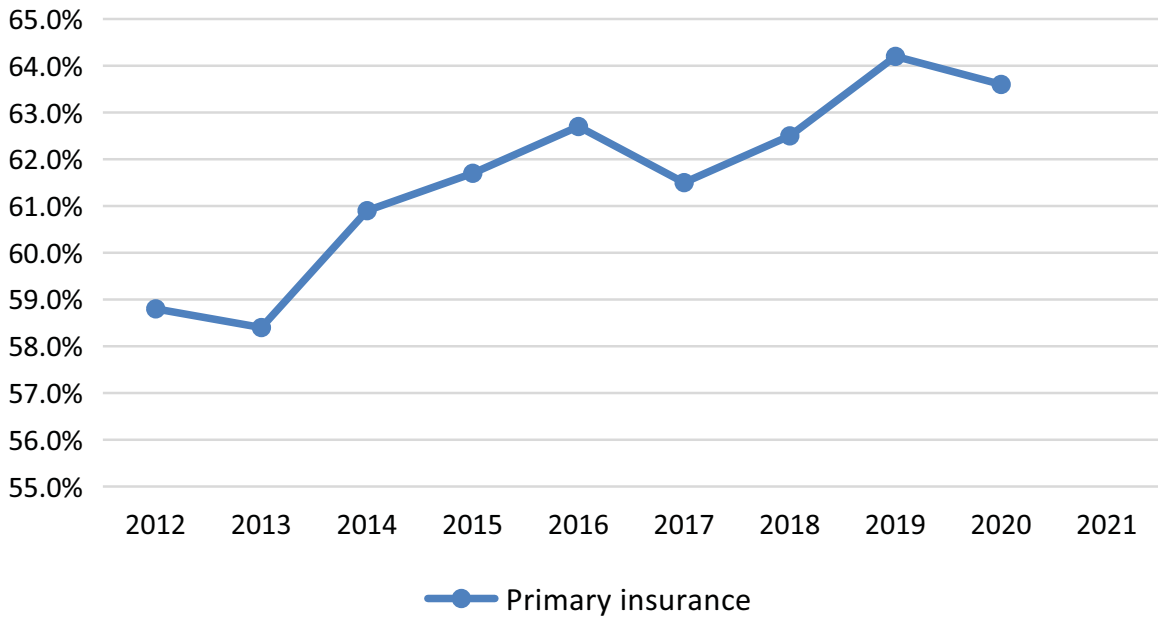


Chart 20: Non-life primary market loss ratios, 2011-2020



Namibia

Chart 21: Gross written premium split 2020

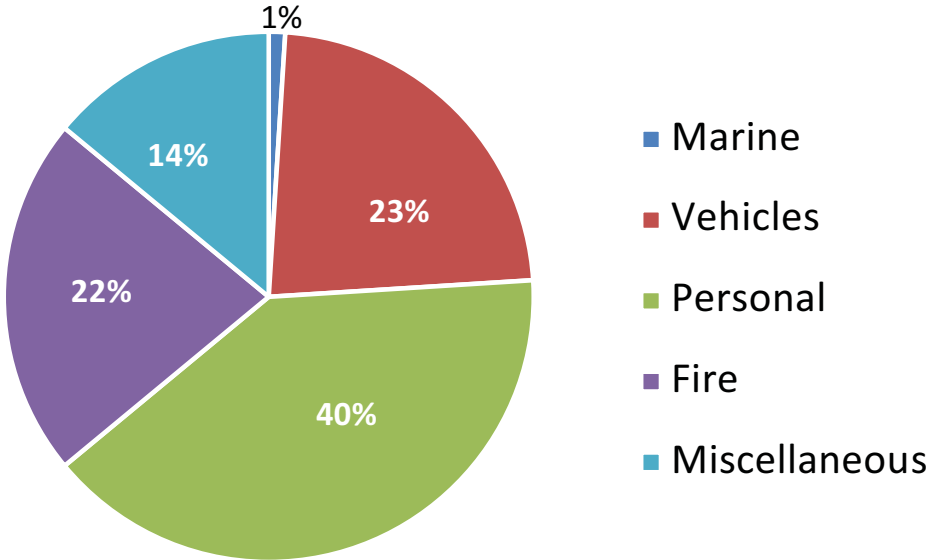


Chart 22: Non-life primary insurance loss ratios, 2020

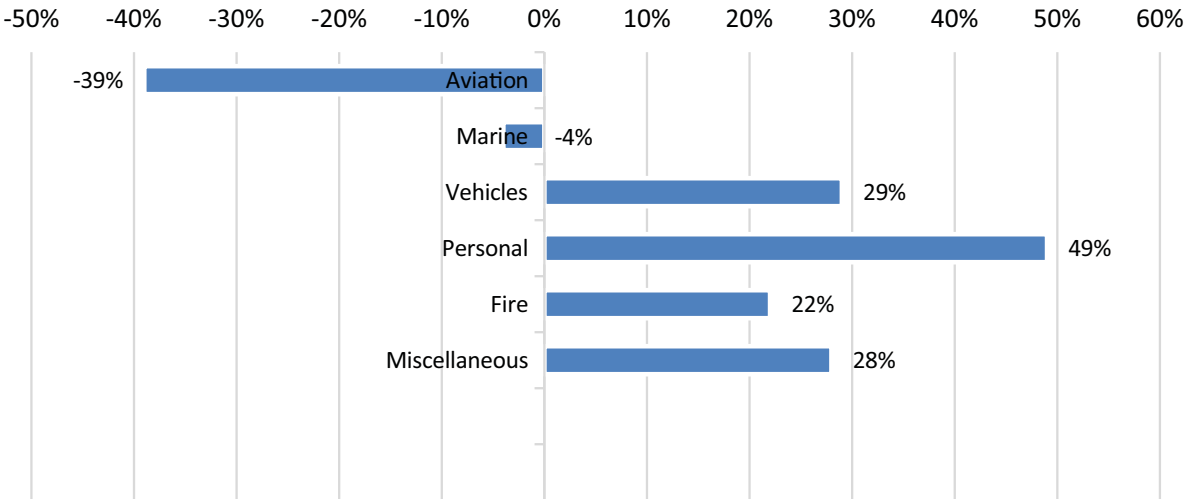
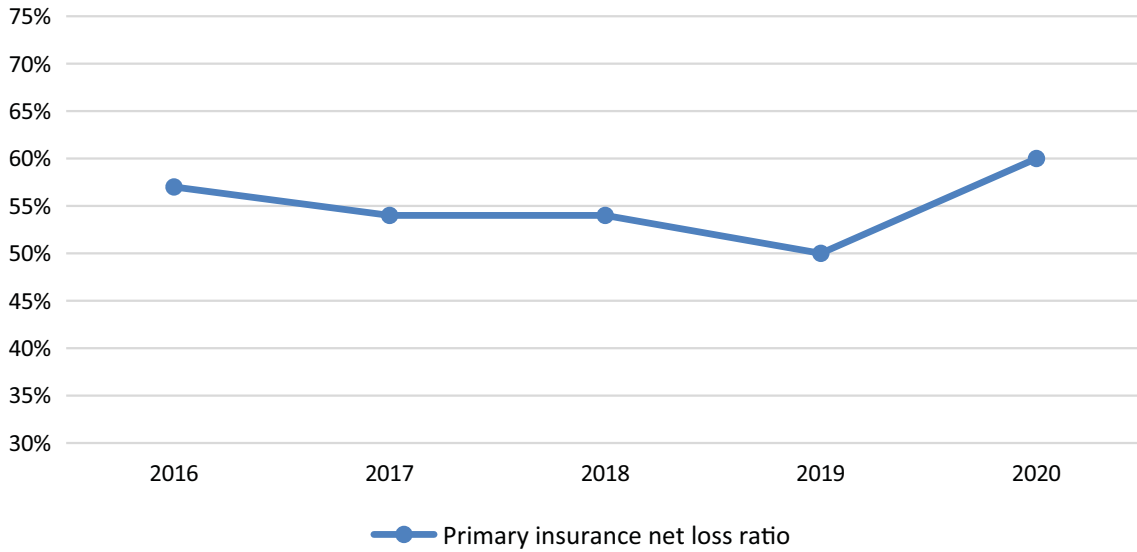


Chart 23: Non-life primary market loss ratios, 2016-2020



Nigeria

Chart 24: Gross written premium split 2021

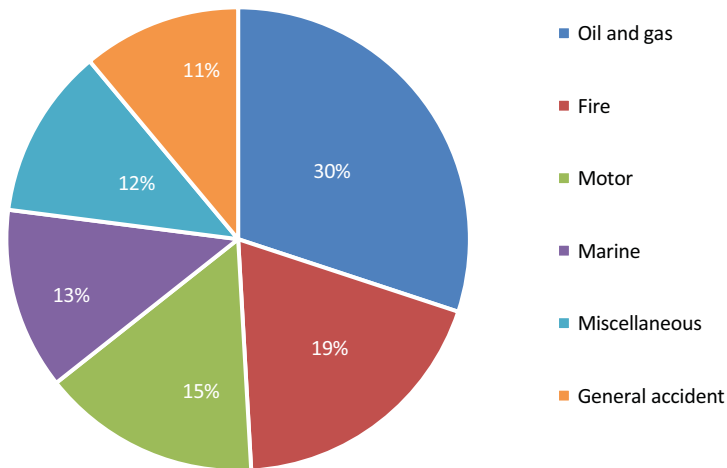
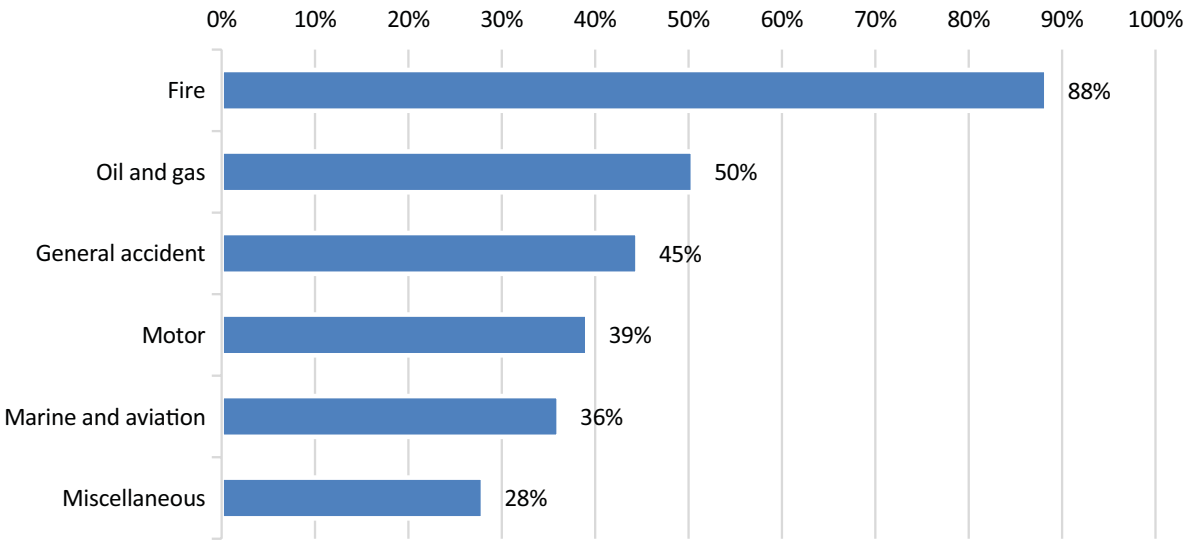


Chart 25: Non-life primary insurance loss ratios, 2020



Tunisia

Chart 26: Gross written premium split 2021

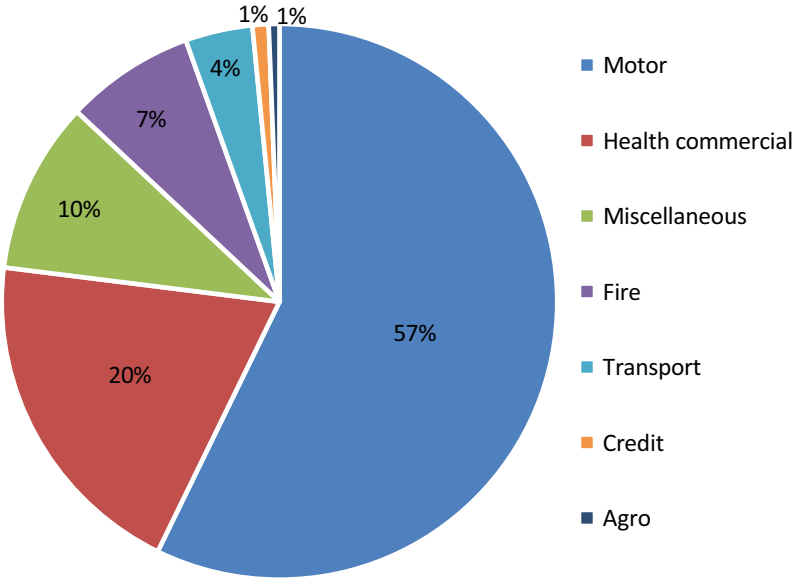
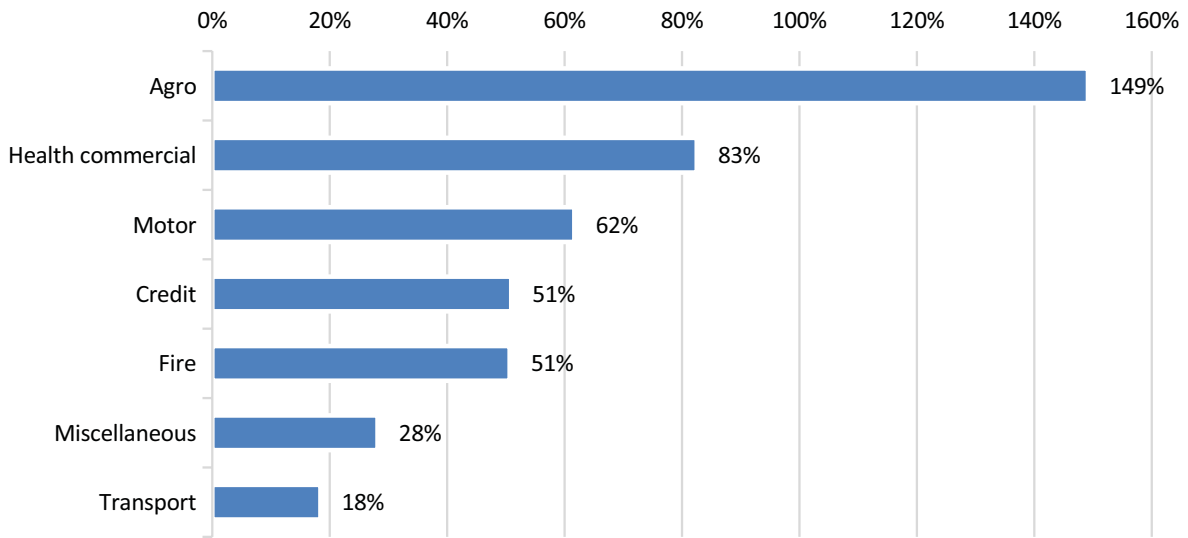
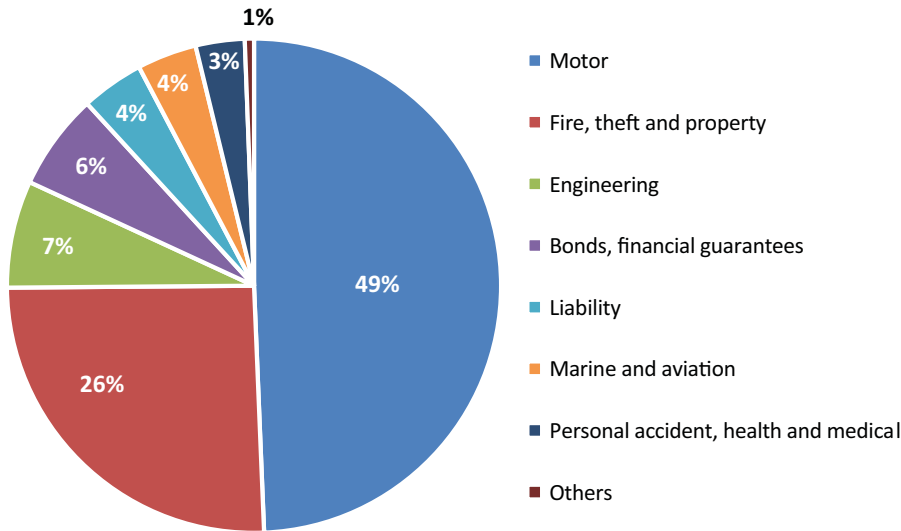


Chart 27: Non-life primary insurance loss ratios, 2020



Ghana

Chart 28: Gross written premium split 2021



HIGHLIGHT TOPIC OF THE YEAR: ESG IN AFRICA

1. ESG fundamentals - a holistic view of the factors that contribute to sustainability

Environmental, social and governance (ESG) parameters assess companies against a broad range of socially desirable objectives⁶. The goal of ESG is to capture non-financial risks and opportunities inherent to a company's operations. Today, more and more market pundits, particularly asset managers, analysts and rating agencies, are convinced that companies that excel in "solving the world's biggest challenges are better positioned to grow and to pioneer better ways of doing business"⁷, according to Blackrock, the world's largest asset manager.

Key ESG factors (non-comprehensive list)



Source: The Impacter, illustration of ESG factors:

<https://investorpolis.com/wp-content/uploads/2020/09/ESG-Factors-1-953x1024.png>

6. Harvard Law School Forum on Corporate Governance – An introduction to ESG

7. Blackrock on ESG, see <https://www.blackrock.com/ch/individual/en/themes/sustainable-investing>

2. ESG trends – the methods for assessing companies and markets in terms of ESG are not harmonised

Investor and other corporate stakeholder's interest in ESG issues has increased significantly in recent years, and the current crises on climate changes, public health, socio-political tensions and widening social inequality have intensified this focus.

ESG has rapidly become a highly desirable investment strategy for investors as well as a source of considerable growth for investment managers. According to Bloomberg Intelligence⁸, ESG assets surpassed USD 35 trillion in 2020 and may exceed USD 50 trillion, or one-third of total assets under management globally, by 2025. As the upward trend in ESG is expected to continue, regulators are taking steps to ensure investors are well protected as they tackle the risk of greenwashing.

However, in the absence of international consensus on ESG disclosure and taxonomies, several frameworks and indices have emerged to guide companies' disclosure. Leading international frameworks include the Global Reporting Initiative's standards, the Sustainability Accounting Standards Board (SASB) standards, the United Nations Principles for Responsible Investment, and the United Nations Sustainable Development Goals, to name just a few. ESG indices, ratings and rankings from Morgan Stanley Capital International, FTSE Russell, specialised companies such as Sustainalytics and rating agencies have also proliferated over the past decade.

3. ESG impact on the economy – pressure from various key stakeholders on corporations

As our world faces many global challenges, investors, regulators, clients and employees are increasingly demanding that companies should not only manage their financial capital well but assume their environmental and social responsibility and document its processes and measures transparently. As more and more investors incorporate ESG elements into their investment decisions, ESG exerts significant influence on the ability to access capital, both debt and equity.

Several central banks and regulators, particularly in Europe, have imposed disclosure requirements on how companies identify, monitor and manage their climate-related risks (along with broader ESG risks). For instance, the European Commission published its action plan on sustainable finance in 2018, with the aim of creating a roadmap for sustainable finance⁹.

More specifically, on climate risk, demand for increased disclosure has grown in recent years. Investors, regulators and lawmakers have acknowledged that these risks can be financially material and threaten financial stability. In 2021, AM Best's ESG survey of European and Asia-Pacific re/insurers noted that regulators demanded financial institutions systematically evaluate their ESG risks and opportunities. Regulatory requirements have encouraged re/insurers to improve their understanding of the potential ESG risks facing their organisation, strengthening the insurance industry's sustainability.

8. Bloomberg: ESG May Surpass \$41 Trillion Assets in 2022, But Not Without Challenges, Finds Bloomberg Intelligence, 24 January 2022

9. For more information please follow this link: <https://www.euronext.com/en/news/esg-laws-regulation>

4. Chasing the ESG opportunities in Africa

African insurers and financial institutions are currently evaluating how to best implement ESG. However, public data suggests that Africa still has a long way to go in meeting ESG standards. Nevertheless, efforts are being made at various levels, as Africa's insurers and banks are under pressure to advocate a more sustainable future for Africa:

- **At government/country level:** Over 50 African countries signed the Paris Climate Agreement in 2016¹⁰ and Egypt will host the next UN Climate Change Conference (COP27) in November 2022.
- **At capital market level:** As capital continues to accumulate in ESG funds, Africa is likely to be one of the beneficiaries - especially as many countries in the region have strengthened their sustainable bond markets. Ghana, for example, announced plans to issue USD 2 billion worth of green and social bonds in 2021, the proceeds of which will be used to finance development programmes. Other African markets are also following the example of Europe, some Asian and North American markets that demand listed companies disclose their ESG information.

Senior insurance managers interviewed for the recent AIO publication *Climate Change and its Impact on the African Insurance Sector* pointed out that they see positive dynamics emerging at various levels to strengthen sustainability efforts in Africa.

Climate change is gaining momentum and it has become a relevant issue for Africa's regional and local insurance supervisors. But this has not yet translated into ESG-related regulations in Africa. The main challenges seem to be other more pressing priorities, the lack of data and capabilities to set rules and guidelines and the lack of international standards or common methodologies (e.g. stress tests) to follow.

African re/insurers are making significant efforts to integrate ESG into their operations. Some re/insurers have also signed the UNEP FI Principles for Sustainable Insurance.

The ESG framework encourages re/insurers to increase insurance penetration and provide protection to those parts of society who are not yet insured. Microinsurance initiatives, for instance, support the «S» pillar of ESG, strengthening financial inclusion and the population's resilience. Investing in or insuring renewable energy projects is another business opportunity for insurers.

Global re/insurance partners providing frontline capacity to cover large property risks play a leading role in adopting strong ESG frameworks. While it is becoming increasingly difficult to find capacity for projects with a negative ESG rating, there are also good examples of re/insurers launching crop insurance policies that provide cover to SMEs and smallholders.

Finally, international investors - shareholders in many African insurers and reinsurers - are also advocating the integration of ESG principles. In response to their lenders and shareholders, investors are demanding companies they invest in comply with ESG standards to avoid negative implications for their brand and reputation.

10. United Nations, List of Parties that signed the Paris Agreement on 22 April 2016

Box : Is a fair transition for oil- and gas-rich African economies possible?

In 2021, Africa supplied 8% of global oil production. In 2022, Africa's share could rise further as Russia's gas supply declines. The question is how these markets will be affected by a decarbonisation agenda, as advocated by ESG.

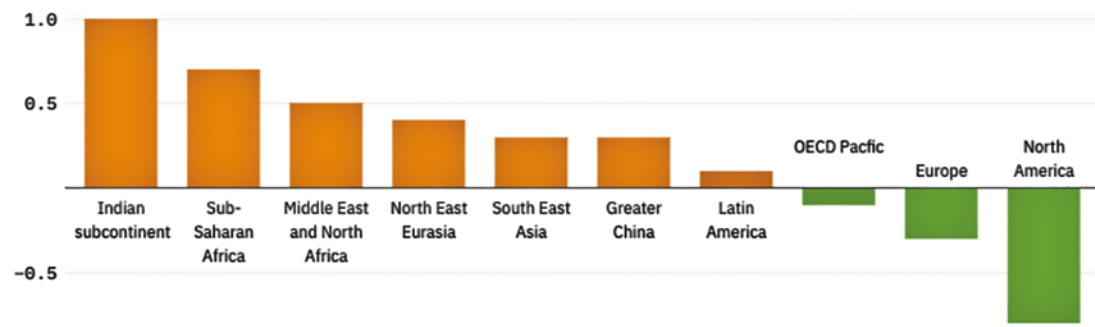
In particular, Western investors - including governments, developmental finance institutions, pension funds, private equity groups and multinational companies - have adopted or are adopting ESG strategies, and directing their investments towards renewable energy projects.

African governments of oil and gas producing countries are concerned about this trend and the future economic development of low-income and emerging economies. Since the earliest days of industrialisation, development has clearly been pursued through the use of human and natural resources, including fossil fuels, which is now being challenged by the «green economy» approach.

Reducing oil production without long-term compensatory financing would be economically catastrophic for many African countries. For example, South Sudan was one of the last countries in Africa to gain independence in 2011 and is one of the lowest contributors to greenhouse gas emissions due to its lack of large industries and modern agriculture. However, it is almost entirely dependent on oil revenues (90%) to make ends meet.

Concerned parties therefore recommend a fairer transition towards decarbonisation, giving them more time to build up renewable energy capabilities. This alternative transition proposal stems from DNV, a Norwegian advisory, certification and classification company, which released a net-zero pathway at the COP26 Summit that suggests different regions should decarbonise at different rates, as illustrated in the chart below.

2050 energy-related CO₂ emissions after carbon capture and storage, in DNV net-zero scenario (gigatonnes of CO₂)



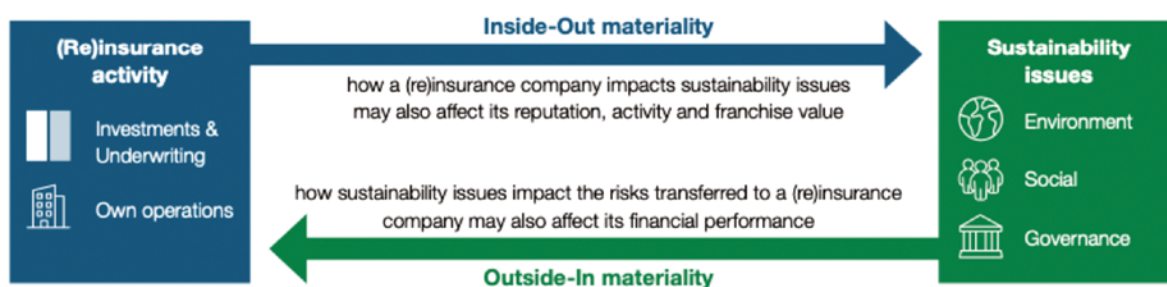
Source: DNV, in Energy Monitor, Is 1.5°C possible without rich countries reaching net zero before 2050?

African governments of oil and gas producing countries further argue that gas is crucial to keep African economies going and enable an effective transition. According to the UN Economic Commission for Africa, a doubling of gas-fired power generation would allow a 38-fold increase in investments in solar and wind power in these markets. The corresponding increase in global emissions would be less than 1%. Deploying natural gas could also help to gradually shift poor Africans off the use of biomass - especially fuelwood - that is destroying the region's forests.

5. Impact of ESG on insurance – How to tackle this challenge?

The insurance industry's role in facilitating the proper functioning of the economy as a risk manager, risk taker and investor contributes to inclusive and sustainable growth. The importance of building resilient infrastructure, advancing industrialisation and fostering innovation are increasingly recognised. Therefore, the expectations of governments, regulators and other stakeholders in the insurance sector for managing ESG challenges are high.

Many insurers are already taking action by assessing and changing their underwriting and investment standards in line with ESG principles. But ESG is also a major challenge for insurers, as they must operate on two fronts simultaneously. Not only do they have to figure out how to help others manage ESG risks (inside-out materiality), but they are also assessing how ESG will affect them (outside-in materiality).



Source: CRO Forum, *Mind the Sustainability Gap*

But how should insurers approach ESG? This is a real challenge, especially for small and mid-sized insurers that lack devoted resources and expertise. According to McKinsey, the simple answer is to make ESG considerations a core feature of an insurers' business model.

Fully-integrating sustainability into re/insurers' risk management frameworks will enable them to manage sustainability risks associated with their investments, underwriting and operations. In addition, ESG may help insurers to manage their strategy and reputation more effectively, whilst at the same time contributing to a more sustainable economy and society. However, McKinsey points out that ESG encompasses many issues, but only a handful are of most significant importance to an individual re/insurance company. Using climate risk as an example, McKinsey suggests five simultaneous actions: stress testing overall exposure to projected climate hazards; building resilience and rebalancing portfolios; helping organisations mitigate climate risks; developing innovative products to address climate-related risks; and revising investment strategies.

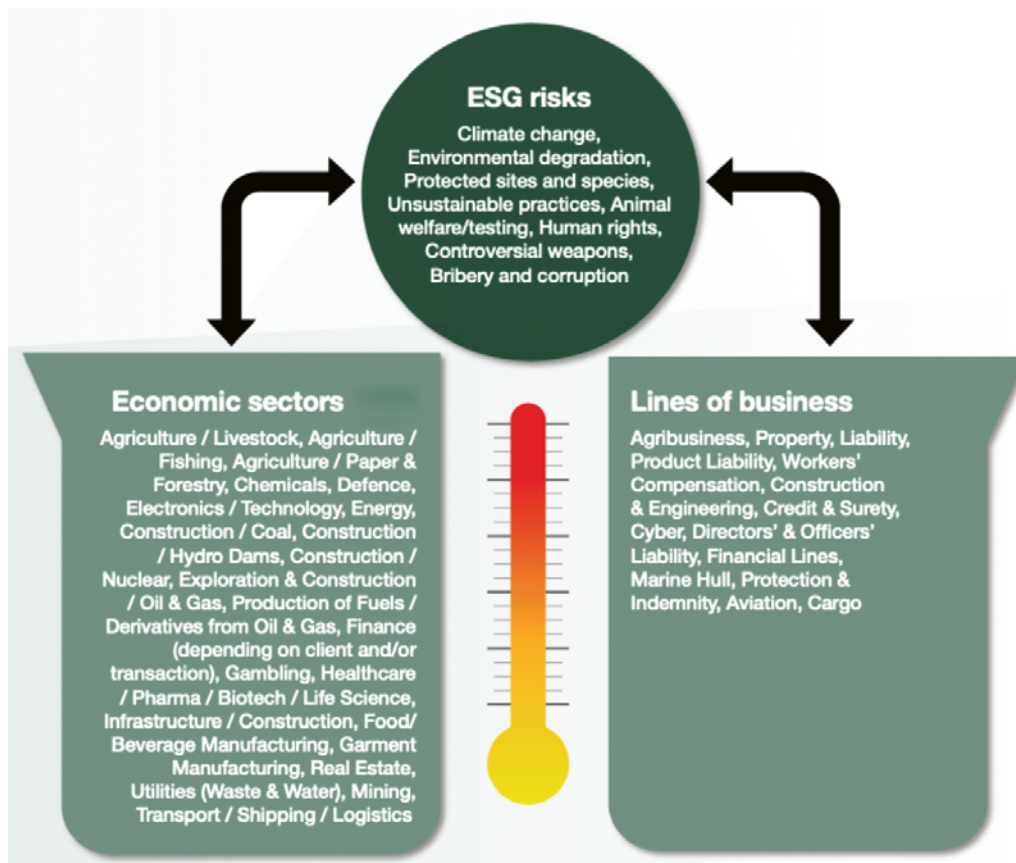
A more detailed recommendation was developed in June 2020 by the UN Environment Programme (UNEP), which issued the first ESG guide for non-life insurance, *Managing Environmental, Social and Governance Risk in Non-Life Insurance Business*. The main goal of this guide was to provide some guidance to insurers as they developed approaches to assess ESG risks in non-life insurance business transactions, mainly in industrial and commercial insurance business.

In the guide, the UNEP recommends eight steps to manage ESG risk, illustrated below:



Source: UNEP Report: *Managing environmental, social and governance risks in non-life insurance business*

The guide includes two high-level, optional “heat maps” - one spanning economic sectors, the other spanning lines of insurance business.



Source: UNEP Report: Managing environmental, social and governance risks in non-life insurance business

A second publication followed in June 2022, the first ESG guide for the global life and health insurance industry. The life and health guide aims to better understand the key challenges and opportunities in risk management and insurance, especially in a post-Covid world increasingly affected by climate change, natural damage, pollution and growing social inequality. The guide recognises that every insurance company is unique due business models, specific business lines, size and geographic footprint. Therefore, the guide is an optional tool to assist insurance companies, especially those with limited ESG knowledge. Again, UNEP recommends a similar process for managing ESG risks during the life and health insurance business, as well as a heat map showing the potential impact of a number of ESG risks on the four most significant risks of the life and health insurance business – mortality, longevity, morbidity and hospitalisation.



African Insurance Organisation