Africa’s risk protection gap

Most people are exposed to insurable risks, yet many have no mechanisms to cope

Individual risk and coping mechanisms

- Use insurance
- Use other mechanisms
- None

<table>
<thead>
<tr>
<th>Country</th>
<th>Use insurance</th>
<th>Use other mechanisms</th>
<th>None</th>
</tr>
</thead>
<tbody>
<tr>
<td>Swaziland</td>
<td>5%</td>
<td>17%</td>
<td>78%</td>
</tr>
<tr>
<td>Zambia</td>
<td>3%</td>
<td>38%</td>
<td>59%</td>
</tr>
<tr>
<td>Botswana</td>
<td>4%</td>
<td>26%</td>
<td>70%</td>
</tr>
<tr>
<td>Malawi</td>
<td>1%</td>
<td>38%</td>
<td>61%</td>
</tr>
<tr>
<td>DRC</td>
<td>1%</td>
<td>23%</td>
<td>76%</td>
</tr>
<tr>
<td>Tanzania</td>
<td>2%</td>
<td>66%</td>
<td>32%</td>
</tr>
</tbody>
</table>

Risk protection gap = those unable to respond to risks

Source: FinScope Consumer Surveys
Africa’s risk protection gap

Many small and medium enterprises are exposed to insurable risks, but remain uncovered

Main business risks experienced by MSMEs in Malawi

- Drought, fire, floods: 41%
- Illness or death of business owner: 32%
- Theft of stock, equipment, livestock: 31%

Insurance take-up by MSMEs in Malawi

- Have insurance: 2%
- Don't have insurance: 98%

Source: FinScope MSME Surveys
Africa’s risk protection gap

Insurance needs to fit stage of development

Stage 1
Corporate assets

Stage 2
Group and bundled

Stage 3
Early retail

Stage 4
Diversified retail

GDP per capita

Life insurance penetration

Ethiopia 0.04%
Rwanda 0.08%
Uganda 0.10%
Tanzania 0.11%
Zambia 0.35%
Kenya 1.06%
Zimbabwe 2.20%
South Africa 10.9%
Mauritius 4.10%

Source: Chamberlain et al. 2017
Stages of development
Risk in an ecosystem

100 million of these people are pushed back into poverty globally
Out of Pocket Health Expenses in SSA amount to 35%

Only 10% of businesses are thought to have cyber-insurance

Cyber protection gap is 90% in the face of major climate disasters, and up to 87% due to hacks or vulnerable software

Only 0.1% of these were insured
Total losses from man-made disasters were $1.2bn in Africa in 2015

Thank you

Please engage with us:

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A not-for-profit membership-based association, the Microinsurance Network is driven by its vision of a world where people of all income levels are more resilient and less vulnerable to daily and catastrophic risks through improved access to effective risk management tools. Low-income consumers lie at the heart of our mission. We work with a broad range of stakeholders around the world to prioritise the needs, interests and well-being of our ultimate beneficiaries.
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