<table>
<thead>
<tr>
<th>Time</th>
<th>Session</th>
</tr>
</thead>
<tbody>
<tr>
<td>09:00 – 09:15</td>
<td>Welcome and opening</td>
</tr>
<tr>
<td>09:15 – 11:00</td>
<td>Insights presentation</td>
</tr>
<tr>
<td>11:00 – 11:30</td>
<td>Tea break</td>
</tr>
<tr>
<td>11:30 – 12:30</td>
<td>Questions, discussion and closing remarks</td>
</tr>
<tr>
<td>12:30 – 13:30</td>
<td>Lunch</td>
</tr>
</tbody>
</table>
Why are we here?

How does – and can – the insurance market contribute to sustainable and inclusive growth in Ghana?
Three lenses

How does insurance affect growth and development?

- **Household resilience**
  - Risk transfer
  - Productive risk-taking
  - Peace of mind
  - Access to critical services

- **Business resilience**
  - Risk transfer
  - Risk management
  - Credit market development

- **Capital market development**
  - Mobilising capital
  - Pooling capital
  - Allocating capital
  - Building institutions

- **Welfare improvements**
  - Business growth, investment
  - LT investment allocations, incl. infrastructure

Source: Chamberlain et al. (2017) | 4
Commissioned by DFID, part of four-country project (including Kenya, Rwanda and Nigeria)

Method:
• 73-plus in-country consultations
• Desktop research

Purpose of workshop:
• To test insights and recommendations
Current contribution of insurance in Ghana

Market prognosis – early Stage 3 (Early voluntary):

- Limited current role but growing microinsurance and mobile insurance provision
- Low trust and poor perception of insurance limiting uptake
- Scope to expand provision to reachable groups

Business resilience

- Important role in corporate sector, bulk of non-life risk reinsured is offshored
- Bancassurance prohibited to corporates limits distribution to MSMEs
- Poor claims experience
- Limited role in risk management

Capital market development

- Current role in capital market development limited
- Small and short-term nature of liabilities limiting institutional investor role
- Lack of long term products for investment – 1 REIT, no infrastructure bonds
- Annuity/decumulation product or unit linked product potential
# Imperatives for market development

Cross-cutting market changes to promote insurance market development

1. Improve trust and value to consumers
2. Broaden distribution options
3. Digitise for efficiency and value
4. Improve enterprise risk management
5. Build long-term capital
6. Consider key policy and regulatory constraints
1. Improve trust and value to consumers
The need for insurance exists

16.9 million adults in Ghana

6.8 million adults (40%) experienced an insurable risk

Risks experienced

- Death of Family member or close relative: 25%
- Missed work due to sickness: 22%
- Crop damage, flood, drought, lay-off from work, or business failure: 13%

Source: FII (2015)
But use is limited

16.9 million adults in Ghana

6.8 million adults (40%) experienced an insurable risk

1 million adults (6%) have insurance

1% used insurance when faced with an unexpected shock

Coping mechanism used

66% Used savings
63% Borrowed
16% Decreased expenses
12% Sold assets
1% Claimed from insurance

A portion of adults are within reach of insurance

<table>
<thead>
<tr>
<th>Category</th>
<th>No. of adults (millions)</th>
<th>Mobile phone</th>
<th>Above poverty line</th>
<th>Have bank account</th>
<th>Ease of reach</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urban salaried employees</td>
<td>1.4</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>Easy</td>
</tr>
<tr>
<td>Urban self-employed</td>
<td>1.2</td>
<td></td>
<td></td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>Urban dependants</td>
<td>2.7</td>
<td>100%</td>
<td></td>
<td>100%</td>
<td>46%</td>
</tr>
<tr>
<td>Rural reachable</td>
<td>1.0</td>
<td>85%</td>
<td>56%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Difficult to reach (74% rural)</td>
<td>10.6</td>
<td></td>
<td></td>
<td>12%</td>
<td>Hard</td>
</tr>
</tbody>
</table>

Source: FII (2015)
But even uptake among them is limited

<table>
<thead>
<tr>
<th>Category</th>
<th># of Adults</th>
<th>Report having insurance</th>
<th>Ease of reach</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urban Salaried employees</td>
<td>1.4 million</td>
<td>22%</td>
<td></td>
</tr>
<tr>
<td>Urban self-employed</td>
<td>1.2 million</td>
<td>13%</td>
<td></td>
</tr>
<tr>
<td>Urban dependants</td>
<td>2.7 million</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>Rural reachable</td>
<td>1 million</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>Total reachable</td>
<td>6.3 million</td>
<td>11% (0.7 million adults)</td>
<td></td>
</tr>
</tbody>
</table>

Source: FII (2015)
Low trust and poor value of products play a role in low take-up

“We are dissatisfied in the services provided by the insurance companies. They take our monies to make themselves good. It is bad to delay in paying claims.”

Microinsurance consumer, Techiman

“The limit on third-party motor insurance (GHS2,000) can’t even buy four tyres for my car. How will it begin to cover the estimated damage of GHS42,000?”

Male, regular salary earner, Accra

Lack of trust

Claims ratios of 39% coupled with poor claims experiences

Low value

Compulsory third party not providing value, diminishing reputation of insurance

Limited data on consumers limits insurers’ ability to design products tailored to consumer needs.

But microinsurance is growing in terms of products, providers and lives covered

- **3.75m** policies (2017)
- **7.5 million** lives and property covered (2014)
- **32% Health**

**Products**

1. Agriculture
2. Personal accident
3. Hospitalisation
4. Credit life
5. Life

**Distribution**

- 60% mobile
- 38% by financial institutions

![Graph showing the growth of microinsurance products and lives covered from 2003 to 2014.](Source: NIC & GIZ (2015))
Microinsurance health products complement the NHIS

**22%** of adults missed work due to illness in the last year.

**40%** of the population is covered by the NHIS.

**36%** of all health expenditure in Ghana is out-of-pocket.

**Health** products such as loss-of-income and telemedicine can complement the NHIS and help individuals deal with health-related shocks.

Insurance that serves agriculture and disaster risk is limited

- 37.3% of the workforce is employed in the agricultural sector (3.3 million)
- The agricultural sector faces a **large number of risks**, which are insurable.

### Value chain

<table>
<thead>
<tr>
<th>Risk</th>
<th>Flood</th>
<th>Drought</th>
<th>Pest</th>
<th>Wildfires</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maize</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cocoa</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Palm oil</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fisheries</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Ghana Agriculture Insurance Pool (GAIP)
- 16 non-life insurers

- Three products offered (drought index, multi-peril and poultry)
- 4,000 policies
- Sustainability difficult as premiums not expected to cover sum assured

Some insurers see opportunity to better understand consumers

Focus on internal data for design, partner and government data potential

Source: Cenfri (Hunter et al, 2018)
Cooperative Insurance Company (CIC) of Kenya uses open government data for sales and claims processing

- Makes use of the **Kenyan Integrated Population Registration** (IPRS)

- The IPRS pools all personal data that is centrally held about an individual
  - Birth, death, registration of refugees, driver’s licence, national security fund, national hospital insurance fund, voter registration, SIM card, bank account

- The IPRS provides reliable, verifiable personal information on consumers

- Results in efficiency gains, lower costs and better understanding of consumers

Source: Cenfri (Hunter et. al) | 18
Opportunities

Improve trust and value to consumers

• Improve the **value of compulsory** products through regulation and enforcement

• **Improve claims experience** through timely payout, call centres, effective monitoring and recourse

• Collect and use internal and external **data to design** products that better meet consumer needs
2. Broaden distribution options
Largely an agent and broker-driven market

Source: EY (2016)
But mobile distribution is gaining traction

- 91% of adult population has a mobile phone.
- 27% of the adult population has a smartphone.
- 39% of the adult population has a mobile money account.

Mobile insurance introduced

- 2010
  - 1. Bima, TIGO, Prudential*

Second mobile insurance partnership

- 2011
  - 2. MFS Africa, MicroEnsure, MTN, UT Life**

Third mobile insurance partnership

- 2015
  - 3. MicroEnsure, Airtel, Enterprise Life

Mobile insurance guidelines

- 2017
  - Clearly states airtime permitted as legal tender

Fourth mobile insurance partnership

- 2017/2018
  - 4. aYo, MTN, Metropolitan Life

- Products mostly paid
- Health, loss of income, products more prevalent
- Shift towards mobile money deductions

*MicroEnsure initiated this partnership and product but is no longer involved

** This product is no longer on the market

Diversifying distribution necessary to reach individuals

Distribution channel:
- MFIs and RCBs
- Agents
- Mobile
- Bancassurance
- Web sales
- Brokers

Ease of reach:
- Easy
- Hard

Target market:
- Urban salaried (Not commonly utilised)
- Urban self-employed (More commonly utilised)
- Urban dependants
- Rural reachable
- Difficult to reach

Web sales limited due to lack of clarity on e-signatures
Mobile distribution limited by lack of clarity on airtime deductions
Diversifying distribution necessary to reach enterprises

Size of enterprise (No. of employees)

- **Large**: >100
- **Medium**: 31-100
- **Small**: 6-30
- **Micro**: 1-5

Distribution channel

- **Bancassurance**: Typically similar to personal needs
- **Mobile**: Bancassurance limited to retail insurance
- **Web sales**: Limited due to lack of clarity on e-signatures
- **Agents**: More commonly utilised
- **Brokers**: Not commonly utilised
- **Associations**: More commonly utilised

- **Mobile distribution limited by lack of clarity on airtime deductions**
Platforms an emerging opportunity

59 multi-sided platforms identified in Ghana

10 platforms offer financial services

5 platforms offer insurance

- Platforms either offer insurance directly to users (purchase) or facilitate or require users to have insurance (create market).

- Insurance facilitates trust on platforms between unacquainted individuals.

Source: Cenfri (forthcoming)
Extending to new groups is difficult

“Insurance is sold, not bought”

- 24% of the population earns a regular salary.
- 46% of the population is located in rural areas.
- Traditional broker and agent distribution is unsustainably expensive for smaller insurance policies and those located in rural areas.

- Less than 50% of adults made a digital payment within the last year.
- 99% of all consumers payments are still in cash.

Opportunities

Broaden distribution options

- Utilise alternative distribution channels such as mobile, platforms and associations
- Consider new distribution technologies as a complement to effective consumer experience, not a substitute
- Create certainty in the market regarding e-signatures and airtime deductions
- Allow bancassurance beyond retail sector
3. Digitise for efficiency and value
The cost of doing insurance business in Ghana is high

Cost drivers: Macro-economics, Legacy systems, expensive skills, management costs, nature of competition due to market structure
Insurtech can help to address challenges in insurance delivery

- Inadequate access to consumers
- Constrained business models
- Lack of information on consumers
- Different & new consumer needs
- Consumers inexperienced with formal financial services

Source: InsurTech for Development, 2017
Root Insurance (South Africa) eases the digitisation of insurance

• **Root** has developed an **Application Programming Interface (API)** that eases the administration of insurance digitally.
  - Enables **policy issuing**
  - Simplifies **premium collection**
  - Facilitates **claims payments**

• The interface has already been successfully used in the launch of **two cell captive** insurers in South Africa:

  ![Hero Life]( coeffe.com )  
  ![Car Sure]( coeffe.com )

Source: Root (2018) | 33
Opportunities
Digitise for efficiency and value

• Invest in the **necessary skills** and **infrastructure** to enable digitization
• Consider **cost-sharing structures** – intermediaries and cell captives
• Help build an enabling and **sound digital payment ecosystem**
4. Improve enterprise risk management
Risk management needs of corporates and SMEs

Business resilience

- Risk transfer
- Risk management
- Credit market development
Substantial number of enterprises in Ghana

<table>
<thead>
<tr>
<th></th>
<th>Large</th>
<th>Medium</th>
<th>Small</th>
<th>Micro</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of establishments</td>
<td>1,410</td>
<td>7,744</td>
<td>111,382</td>
<td>414,800</td>
<td>535,336</td>
</tr>
<tr>
<td>Number of persons employed</td>
<td>515,152</td>
<td>371,743</td>
<td>1,219,793</td>
<td>996,230</td>
<td>3,102,918</td>
</tr>
<tr>
<td>Total fixed assets (GHS, billion)</td>
<td>41.5</td>
<td>93.4</td>
<td>37.7</td>
<td>7.7</td>
<td>180.4</td>
</tr>
<tr>
<td>Revenue (GHS, billion)</td>
<td>132</td>
<td>97</td>
<td>146.5</td>
<td>81</td>
<td>457</td>
</tr>
</tbody>
</table>

Our focus

Foreign-owned enterprises account for a significant share of investment and drive exports, as they play a major role in the mining of gold and production of crude petroleum oils.
## Contributing to major sectors and value chains

<table>
<thead>
<tr>
<th>Sector</th>
<th>Contribution to real GDP</th>
<th>Key subsectors</th>
<th>Key value chains</th>
</tr>
</thead>
<tbody>
<tr>
<td>Services</td>
<td>52%</td>
<td>Transport and storage – 24%</td>
<td>Transport and logistics</td>
</tr>
<tr>
<td>Industry</td>
<td>24%</td>
<td>Construction – 35%</td>
<td>Oil and gas</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Manufacturing – 32%</td>
<td>Gold</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mining – 26%</td>
<td></td>
</tr>
<tr>
<td>Agriculture</td>
<td>23%</td>
<td>Crops – 74%</td>
<td>Cocoa</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Maize</td>
</tr>
</tbody>
</table>
Insurance is playing a limited role in the transport and logistics value chain

<table>
<thead>
<tr>
<th></th>
<th>Imports</th>
<th>Vehicle</th>
<th>Driver</th>
<th>Goods</th>
<th>Warehouse</th>
<th>Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Risk transfer</strong></td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td><strong>Risk management</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Access to credit</strong></td>
<td></td>
<td>✗</td>
<td></td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
</tr>
</tbody>
</table>

✗ = insurance is currently playing a role
Transport risk management solutions in South Africa

Use of technology to help with risk management

- Hire vetting companies to check **driver’s competency**

- Hire specialist driver-training firms ensures drivers received **adequate training**

- Prerequisite that all vehicles are roadworthy and if they are valued at more than USD20,000, they must be fitted with a **tracking device**

- Partnered with Ctrack, a firm that supplies fleet management solutions, to provide their heavy commercial vehicle clients with **insurance telematics solutions**

- Provides granular data on **driver behaviour** and whereabouts

Limited business case for domestic insurers to solve more complex risks

- Complex risk
  - Niche products to meet the needs of different value chains
  - Global risk pools, skills and data needed

- Simple risk
  - Broaden distribution through bancassurance, associations, platforms

- Small risk
- Large risk

Domestic market focus

- SMEs
- Large firms

Micro
Opportunities

Improve enterprise risk management

- Design products for SMEs, specifically for larger value chains
- Grow underwriting skills to serve more complex risks
- Improve claims experience
- Build business case for insurer as specialist risk manager
- Align localisation requirements to growth objectives
5. Build long-term domestic capital
Role in capital market development and investment

- Capital market development
  - Mobilising capital
  - Pooling capital
  - Allocating capital
  - Building institutions
## Insurers’ role in mobilising and pooling capital

Insurance sector plays a limited role as an institutional investor.

<table>
<thead>
<tr>
<th></th>
<th>Life</th>
<th>Non-life</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurer assets ((GHS, \text{bn}))</td>
<td>2.2</td>
<td>1.5</td>
<td>3.7bn</td>
</tr>
<tr>
<td>Insurer assets ((% of total FS assets))</td>
<td>1.7</td>
<td>1.1</td>
<td>2.8%</td>
</tr>
<tr>
<td>Gross written premiums ((GHS, \text{bn}))</td>
<td>0.859</td>
<td>1.07</td>
<td>1.9bn</td>
</tr>
<tr>
<td>Educational endowment policies ((% of long-term liabilities))</td>
<td></td>
<td></td>
<td>70-80%</td>
</tr>
</tbody>
</table>

**Private pensions**

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total AUM by corporate trustees ((GHS, \text{bn}))</td>
<td>4.1bn</td>
</tr>
<tr>
<td>AUM by trustees in insurance groups ((%))</td>
<td>54.7%</td>
</tr>
<tr>
<td>AUM by trustees in insurance groups ((GHS, \text{bn}))</td>
<td>2.2bn</td>
</tr>
</tbody>
</table>

Insurers’ allocation of capital

Bulk of assets allocated to short-term investments

- **Short-term investments** account for **75%** of all insurance sector assets.

Total insurance sector assets

- **49%** held in term deposits and cash
- **12%** held in land and buildings
- **10%** held in GoG securities

Source: NIC (2016)
Challenges for insurers to build long term capital

Asset liability matching

- Life insurers’ investment horizon matches their liability term
- Non-life insurers’ investment horizon exceeds their liability term

Gap in instruments to serve long-term investors

- GoG has started issuing longer-term securities (15-year bond)
- Only one REIT at present
- Infrastructure bonds largely absent
- Commodity instruments emerging

High returns on short-term instruments

- The interest rate on short-term government securities exceeded 20% in 2015 and 2016

Limited incentive for R&D

- Pension fund managers are able to earn a maximum of 0.56% of a pension fund’s assets per annum
- Pension fund managers compete on cost as opposed to returns

Tax incentives favour long-term term saving through pensions

- There are no tax incentives available for long-term insurance saving

Opportunities

Build long-term domestic capital

- **Act as a catalyst**
  - Build long-term liabilities through existing use cases such as educational endowment, voluntary pensions schemes and nascent annuities
  - Develop unit-linked or guaranteed products to pension funds
  - Build foundation for annuity market – regulation, skills, data
- **Serve as support**
  - Invest in diversified instruments such as infrastructure funds, REITs and commodity-linked products
  - Build professional skills and data to manage assets, provide governance and indemnity cover
- **Consider tax incentives for long-term savings through insurers**
- **Harmonise pension and insurance legislation**
6. Consider key regulatory and policy constraints
The market is fragmented and inefficient

**Life**
- Number of life insurers: 24
- Total market size: GHS 0.859bn
- Size of industry: 45%
- Herfindahl-Hirshman Index: 1,750
- Top 5 insurers expense ratio: 40%
- Rest of the market expense ratio: 75%

**Non-life**
- Number of non-life insurers: 27
- Total market size: GHS 1.07bn
- Size of industry: 55%
- Herfindahl-Hirshman Index: 819
- Top 5 insurers expense ratio: 78%
- Rest of the market expense ratio: 98%

Source: NIC (2016)
Compulsion is a key driver of the current industry

Dependence on compulsory third-party motor

In 2016, motor accounted for 48% of non-life premiums and 28% of total industry premiums.

Source: Author’s own based on NIC Annual Reports 2007-2015, base year 2007
Improving product value and enabling economic development

1. Effective rules and enforcement
2. Sound policy direction
3. Skills and data
Policy alignment for economic development

<table>
<thead>
<tr>
<th>Consideration</th>
<th>Nature of issue</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Compulsion criteria</strong></td>
<td>Third-party motor insurance, commercial building fire insurance and professional indemnity insurance are compulsory. Compulsory third-party motor currently provides limited value and fire and indemnity insurance are not consistently taken up.</td>
</tr>
<tr>
<td><strong>Market development mandate for regulator</strong></td>
<td>The NIC has implicitly assumed a market development role, but does not have the explicit power in the act. This should be amended and the NIC should identify, measure and report on market development indicators in line with policy targets.</td>
</tr>
<tr>
<td><strong>Localisation alignment</strong></td>
<td>Localisation requirements are in place to grow the domestic insurance market. Legislation requires insurers and reinsurers to exhaust local capacity before they take business offshore and all offshore contracts must be approved by the NIC. Bigger and more niche risks may be ineffectively covered by local providers, undermining business growth and resilience. Global providers are needed for larger or more niche risks and innovation sharing. Effective implementation is key.</td>
</tr>
<tr>
<td><strong>Grow digital payments ecosystem</strong></td>
<td>The digital payment ecosystem is not developed enough to effectively transition to premium payments to non-cash channels. Currently 99% of all consumer payments are still cash. Airtime as an interim measure thus must be leveraged while the payments ecosystem develops. While airtime deductions are legally permitted, there is uncertainty in the market regarding this.</td>
</tr>
</tbody>
</table>
Regulators play a role in shaping the market to ensure value is provided and there is room for innovation

<table>
<thead>
<tr>
<th>Consideration</th>
<th>Nature of issue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective risk-based supervision</td>
<td>NIC is transitioning to RBS, an important approach. Minimum capital has increased over time, but seldom effective as a primary risk management tool. Many insurers still struggle to report required data (20% were not included in the 2016 NIC report), including asset-liability matching.</td>
</tr>
<tr>
<td>Cost-sharing structures</td>
<td>There are limited skills in the Ghanaian market and many insurers that are too small to employee specialist skills. Cost sharing structures such as centralised services and cell-captives could help with this.</td>
</tr>
<tr>
<td>Encourage innovation</td>
<td>The NIC has encouraged innovation in the market through responsible digitisation and quick and flexible product approval but with sufficient safeguards in place. Innovation could be further encouraged through creating certainty around e-signatures and airtime deduction.</td>
</tr>
<tr>
<td>Effective regulatory coordination</td>
<td>A Financial Sector Regulators Forum exists, but has no legal status. An effective regulatory coordinating mechanism engrained in legislation could help regulators coordinate proactively and follow a consistent approach.</td>
</tr>
<tr>
<td>Improve claims experience</td>
<td>The NIC has put forward claims guidelines, which is a positive step. These guidelines need to be consistently monitored and enforced to improve claims behaviour.</td>
</tr>
<tr>
<td>Strengthen consumer recourse</td>
<td>Providers need to offer simple recourse and complaints structures. A dedicated consumer recourse unit is needed at the NIC or separate with it’s own contact centre if provider recourse fails.</td>
</tr>
</tbody>
</table>
Limited skills and data in the market

**Skills**

- **10** registered actuaries
- **2** loss adjustors

**Data**

**Consumer**
2. FinScope (2010)

**Enterprise**
1. Integrated Business Establishment Survey (2017)
2. Enterprise Survey (2013)
### Necessary to fill data and skills gap

<table>
<thead>
<tr>
<th>Consideration</th>
<th>Nature of issue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improve data collection and use for better measurement of insurance for development</td>
<td>An updated <strong>consumer survey</strong> of financial services is needed to identify key opportunities. The NIC collects market level data, but many providers struggle to report it and consumer information is limited (e.g. gender, retail vs corporate policies, claims ratios per product). <strong>Government data</strong> such a motor and death registers should be made accessible to the industry. <strong>Mortality and morbidity tables</strong> are needed, especially for emerging annuity markets. <strong>Value chain assessments</strong> are needed to identify niche products for growth. These would allow the regulator and policymaker’s to understand market gaps and trends and allow insurers to develop products tailored to the needs of consumers and enterprises.</td>
</tr>
<tr>
<td>Skills availability</td>
<td>Beyond actuarial skills, underwriting, cost management, product development, institutional and data science skills were highlighted as key gaps in the markets.</td>
</tr>
</tbody>
</table>
Opportunities

Consider key regulator and policy constraints

Policymaker

• Create a formal coordinating structure for regulators
• Build the digital payment ecosystem
• Harmonise pension, health and insurance legislation
• Consider tax incentives for long-term insurance savings
• Align localization requirements and set compulsion criteria

Regulator

• Consider allowing bancassurance for SMEs
• Consider opening up agricultural insurance beyond GAIP
• Create clarity in the market regarding e-signatures and airtime deductions
• Improve enforcement and recourse to build trust
• Improve quality of public supply side and regulatory data
• Consider cell-captives for innovation and risk management
Industry imperatives

1. Leverage data and digitization to deliver products that meet customer needs – especially voluntary health

2. Improve consumer claims experience through timely payout and simple recourse

3. Extend use of alternative distribution channels (mobile, platforms, associations) – link digital and personal to build awareness

4. Invest in skills (actuarial, underwriting, cost management)

5. Develop targeted products for SMEs along key value chains

6. Develop business case to act as risk manager

7. Support pensions as insurers or through groups – annuities, voluntary pensions and unit linked or guaranteed products for pension funds
<table>
<thead>
<tr>
<th>Recommendation</th>
<th>MoF</th>
<th>NIC</th>
<th>Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Create clarity in the market regarding e-signatures and airtime deductions</td>
<td></td>
<td></td>
<td>✓</td>
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<tr>
<td>Create formal coordinating structure for regulators</td>
<td>✓</td>
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<tr>
<td>Improve the value of compulsory products through regulation and enforcement</td>
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<tr>
<td>Collect and use internal and external data to better understand the needs of</td>
<td>✓</td>
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<td>✓</td>
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<tr>
<td>consumers and SMEs</td>
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<tr>
<td>Improve the claims experience through timely payout, call centres and through</td>
<td>✓</td>
<td>✓</td>
<td></td>
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<tr>
<td>regulation and enforcement</td>
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<tr>
<td>Review of sustainability of GAIP</td>
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<td></td>
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<tr>
<td>Use alternative distribution channels such as mobile, platforms and associations</td>
<td></td>
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<td>✓</td>
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<tr>
<td>Consider allowing bancassurance for SMEs</td>
<td>✓</td>
<td>✓</td>
<td></td>
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<tr>
<td>Consolidation of industry through exit of underperforming insurers and RBS</td>
<td></td>
<td></td>
<td>✓</td>
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<tr>
<td>Develop skills in the market (actuarial, underwriting, cost management)</td>
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<td>✓</td>
<td>✓</td>
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<tr>
<td>Harmonise pension and insurance legislation</td>
<td>✓</td>
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<td></td>
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<tr>
<td>Design products for SMEs, specifically for larger value chains</td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Consider cost sharing structures such as intermediaries and cell captives</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Align localisation requirements to growth objectives</td>
<td>✓</td>
<td>✓</td>
<td></td>
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<tr>
<td>Catalyse long-term capital market development by building long-term liabilities</td>
<td></td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>and developing unit linked or guaranteed products for pension funds</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Develop a sound payments ecosystem for digital premium and claims payment</td>
<td>✓</td>
<td></td>
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</tbody>
</table>
Thank you

Please engage with us:

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Jeremy Gray
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About Cenfri
The Centre for Financial Regulation & Inclusion (Cenfri) is a global think-tank and non-profit enterprise that bridges the gap between insights and impact in the financial sector. Cenfri’s people are driven by a vision of a world where all people live their financial lives optimally to enhance welfare and grow the economy. Its core focus is on generating insights that can inform policymakers, market players and donors who seek to unlock development outcomes through inclusive financial services and the financial sector more broadly.

About FSD Africa
FSD Africa is a non-profit company that aims to increase prosperity, create jobs and reduce poverty by bringing about a transformation in financial markets in sub-Saharan Africa (SSA) and in the economies they serve. It provides know-how and capital to champions of change whose ideas, influence and actions will make finance more useful to African businesses and households. It is funded by the UK aid from the UK Government. FSD Africa also provides technical and operational support to a family of 10 financial market development agencies or “FSDs” across SSA called the FSD Network.