Can insurtech unlock new opportunities for insurance in Africa?

A Tap Away: the new way insurance works in Africa

September 2019
Over 46 million adults are within reach of insurance, of which 12.5 million have insurance, indicating that there is opportunity for insurers to scale
The market for insurance is large and diverse

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<thead>
<tr>
<th></th>
<th>&gt;5$ a day</th>
<th>Salaried employee</th>
<th>Banked</th>
<th>Urban</th>
<th>Mobile phone</th>
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<tbody>
<tr>
<td>Existing market</td>
<td>X</td>
<td>X</td>
<td>X</td>
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<tr>
<td>Easy to reach</td>
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<td>Moderate to reach</td>
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<td>Hard to reach</td>
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There are opportunities across the market segments for insurtech to have impact

Most of the existing market is underserved with voluntary insurance.

The easy-to-reach are mostly served with embedded or compulsory insurance offered through mass distribution channels.

The moderate-to-reach are mostly unserved. Where they are served, it is with informal insurance.

The hard-to-reach are unserved, with few exceptions where donors or governments intervene.

Source: Cenfri 2019
Insurtech is emerging as a potential way to realise these opportunities in Africa

292 insurtechs in 85 countries

Source: Cenfri 2019
## Variety of applications of insurtech in Africa

<table>
<thead>
<tr>
<th>Category</th>
<th>Count</th>
</tr>
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<tbody>
<tr>
<td>Digital platforms: Consumer facing</td>
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<tr>
<td>Digital platforms: Provider facing</td>
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<tr>
<td>New data and analytics</td>
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<tr>
<td>Technology-enabled partnerships</td>
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<tr>
<td>Parametric insurance</td>
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<td>Peer-to-peer insurance</td>
<td>3</td>
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<tr>
<td>Demand-based</td>
<td>2</td>
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</tbody>
</table>

Source: Cenfri 2019
And impacting African insurance markets in different ways

- Including new consumers: 75%
- Reducing cost of serving consumers: 63%
- Enabling transformative products: 18%
- Improving insurance usage and behavior: 9%

Source: Cenfri 2019
Giving rise to new investable opportunities for insurance in Africa

Impactful niche solutions
Tech solutions that solve part of the insurance puzzle

Growth opportunities
Tech developed or leveraged by insurers to grow their insurance base

Eco-system development
Tech companies or digital platforms that leverage insurance as part of their ecosystem

Source: Authors own
Thank you

Please engage with us:

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About Cenfri
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.