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Insurance in sub-Saharan Africa: growth stutters, but fundamentals are strong



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Executive summary

SSA hosts around 13% of the world's population, but accounts for just 1.5% of global economic output.

The insurance market in SSA is still very small, but the outlook for sector development is positive.

SSA has faced a challenging economic environment in recent years, but growth remains strong, particularly across East Africa.

In real terms, insurance premiums stagnated in 2016, mainly because of contraction among the oil exporting countries.

In recent years, medical insurance has been growing rapidly. Overall, life premiums have been growing faster than non-life.

Key barriers for insurance market growth are being tackled.

There are strong growth opportunities in agriculture, medical and life insurance.

Sub-Saharan Africa, excluding South Africa (SSA)¹, has a population of more than 910 million, around 13% of all people in the world. In terms of share of gross domestic product (GDP), however, the region accounts for just 1.5% of global economic output. The discrepancy is starker still with respect to SSA's contribution to the world insurance business: just a little over 0.2% of global insurance premiums come from the region.

SSA is the least economically developed region of the world, so the small size of the insurance market today is not surprising, and the outlook for industry development is positive. Economic activity is expected to recover and, with a continuation of the trend of decreasing poverty, there will be more people with insurance needs. In addition, specific barriers to insurance market development in the region are being tackled, which will further foster sector growth. The key opportunities for insurers lie in agriculture, medical and life covers.

After strong momentum in the preceding years, in 2014 economic growth in SSA slowed due to the commodity price downturn. Growth is estimated to have fallen to 1.4% in 2016, the slowest rate since 1994. However, there were large variations among the 47 countries of the region. For example, in the oil exporting countries, which account for more than half of SSA economic output, real GDP was down 1.2% in 2016. Meanwhile, growth in non-resource-intensive countries, particularly in Eastern Africa, has remained solid since 2014.

Insurance premium growth in SSA came to a halt in 2016. On an annual average basis, insurance premiums increased by a robust 4.2% from 2010 to 2016 in real terms (ie, adjusted for local inflation), but this was well below the 7.3% annual average between 2000 and 2010. The slower growth since 2010 reflects the weak economic environment in the region's two largest oil producers, Nigeria and Angola. In the other resource-intensive countries, insurance premium growth remained strong (7.5%), as was true also in the non-resource-intensive economies (6.4%). Although still positive, real premium growth for the region overall slowed notably from 2014 during the period of weak commodity prices. In USD terms, however, premium volumes have contracted since 2014 due to exchange rate movements.

Insurance penetration (premiums/GDP) in SSA remains low (0.9% in 2016) compared to the emerging market average (3.2%). In non-life, the three largest markets are Kenya, Nigeria and Angola with a 40% share of SSA premiums. Motor is largest segment, followed by property, but medical insurance has been growing most rapidly in recent years (15% annually since 2010 vs 3.5% for non-life total). At the aggregate level, life insurance premiums have grown more quickly than non-life, by 7.4% annually since 2010. A key facilitator in the extending the reach of insurance in SSA in recent years has been mobile money platforms and digital technology.

Key challenges remain in the SSA insurance markets, some of which are already being tackled. Foremost are shortage of skilled labour, lack of insurance awareness and trust, a high share of unpaid premium payments and sometimes cultural hurdles. However, the long-term outlook is favourable, on the expectation of a recovery of economic activity and with a continuation of the trend of decreasing poverty. Economic growth and wealth creation should be boosted by the region's very young population, with 40% of the population below the age of 15. This offers the prospect of a demographic dividend, but also poses significant challenges.

The key growth opportunities for the insurance sector in SSA are agriculture, health/medical and also life/funeral insurance. Governments and other stakeholders, including insurers themselves, need to raise risk awareness through education and outreach programmes to further extend the reach of risk protection covers. Insurers should also tailor products to specific cultural and life circumstances, and further leverage mobile technology for insurance distribution.

¹ In this report, SSA refers to the region excluding South Africa, except where there is explicit mention of the latter. Otherwise the definition follows International Monetary Fund standards. Sudan is also excluded, it being considered to be part of North Africa.

Introduction

Revisiting the SSA growth story: in 2016 GDP growth was the lowest it has been since the 1990s ...

... but economic performance has varied considerably among the region's countries.

Insurance markets in some countries have been affected by the economic downturn in SSA, but others have grown.

Excluding South Africa, SSA accounts for 17% of total premiums written in Africa, ...

The SSA region, excluding South Africa,² was hit hard by the collapse in commodity prices in 2014/15. Resource-intensive and oil exporting countries in particular were severely impacted, exposing the high reliance of these nations on the extraction (of non-renewable natural resources) industries. As a result, the narrative of the Africa growth story has come under close scrutiny. Before the commodity price collapse, expectations and ambitions were unrealistically high. Thereafter, the story has turned: in 2016, aggregate region growth was the lowest it has been since the 1990s, in large part due to Nigeria and Angola, two of the larger, and also oil-producing, economies in SSA.

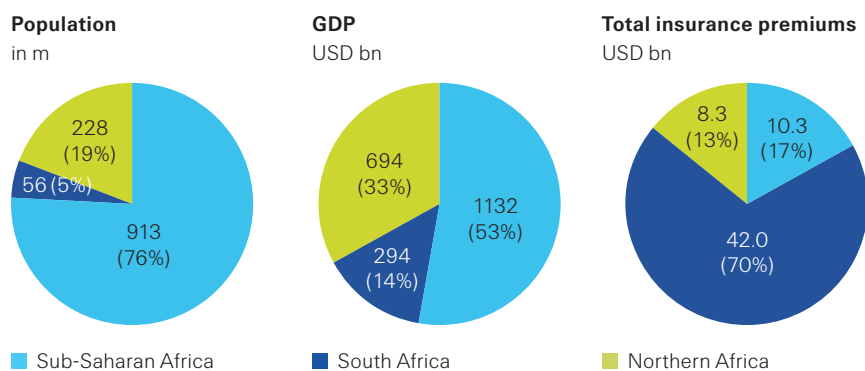
However, the story has not been all negative. Excluding South Africa, SSA is composed of 47 recognised states with unique economic structures and development profiles, and the growth performance of the different countries has varied considerably. Many non-commodity-intensive countries which are importers of oil continued to grow solidly from 2014, benefitting from the low oil prices and also from infrastructure investments and, in some cases, economic diversification.

The insurance sector in some SSA countries was affected by the economic slowdown and currency depreciations. In others, however, the sector and certain segments have continued to grow solidly. The rapid spread of mobile phones and mobile payment services has been a mainstay in extending the reach of insurance in SSA in recent years. At the same time, in many countries there have been improvements in regulatory frameworks and oversight, and global insurers continue to focus on the region, which has further supported sector growth.

This publication reviews recent developments in the SSA economy and insurance markets, and also the challenges and opportunities that lie ahead.³ South Africa is excluded from the narrative as its economy and insurance market are much more advanced than those of other SSA countries. In terms of market size, South Africa dominates: total insurance premiums there were USD 42 billion in 2016, around 70% of premiums written in the whole of Africa (see Figure 1). In the life sector, the South Africa share of the Africa total was higher still.

Figure 1

Africa population, GDP and insurance premiums by main regions, 2016



Source: Swiss Re Institute, IHS-Markit, Oxford Economics.

² In this report, SSA refers to the region excluding South Africa, except where there is explicit mention of the latter. Otherwise the definition follows International Monetary Fund standards. Sudan is also excluded, it being considered to be part of North Africa.

³ This report is an update of a 2012 Expertise Publication on the same region. See *Insurance in sub-Saharan Africa: gearing up for stronger growth*, Swiss Re, 2012.

... much lower than its share of Africa GDP and population. Nevertheless, the region presents new insurance opportunities.

Table 1

Key economic and insurance market indicators for Africa, and by main region, 2016

The other 47 SSA countries accounted for 17% of total premiums written in Africa in 2016. In these, non-life insurance dominates, accounting for 32% of all-Africa non-life sector premiums last year, almost double the share in 2000. The long-term outlook for insurance in the region is positive. As of 2016, SSA accounts for 76% of Africa's population, and 53% of economic output, both of which are set to grow in the coming years. The positive outlook is supported by the region's large, young and growing population, increasing urbanisation, and abundance of natural resources and arable land, all of which will yield new insurance opportunities.

	Northern Africa	SSA excl South Africa	South Africa	Africa	World
Gross domestic product					
USD billion	694	1 132	294	2 120	75 176
Real growth	3.0%	1.4%	0.3%	1.8%	2.5%
Real CAGR(2006–2016)	2.5%	5.4%	2.1%	3.8%	2.4%
Inflation rate					
2016	9.4%	12.1%	6.3%	10.5%	
Average (2006–2016)*	8.1%	9.3%	6.3%	8.4%	
GDP per capita in USD	3 047	1 239	5 244	1 771	10 139
Population, million	228	913	56	1 197	7 414
Age structure					
0–14	29%	43%	29%	40%	24%
15–64	65%	53%	66%	56%	65%
65+	6%	3%	5%	4%	10%
Insurance market					
Premiums, in USD billion					
Non-life	5.3	6.4	8.1	19.8	2 125.6
Life	2.6	4.0	33.9	40.4	2 616.2
Total	7.9	10.3	42.0	60.2	4 741.8
Share in world market					
Non-life	0.3%	0.3%	0.4%	0.9%	
Life	0.1%	0.2%	1.3%	1.5%	
Total	0.2%	0.2%	0.9%	1.3%	
Insurance penetration, %					
Non-life	0.8%	0.6%	2.7%	0.9%	2.8%
Life	0.4%	0.3%	11.5%	1.9%	3.5%
Insurance density, USD					
Non-life	23.4	7.0	143.9	16.5	286.7
Life	11.2	4.3	604.2	33.7	352.9

*excluding Zimbabwe; Note: Some numbers may not add up due to rounding.

Source: Swiss Re Institute, IHS-Markit, Oxford Economics.

This report is based on most-recent available data, supplemented where necessary with Swiss Re Institute estimates.

The market data in this report are based on information published by supervisory authorities and regional/national insurance market associations, complemented by select data from individual companies. Data quality and timeliness from the SSA countries has improved in the last few years, but for many markets data is still only available with a large time lag, and can also contain inconsistencies. In such instances, the data has been supplemented with Swiss Re Institute estimates.

Economic and political developments

SSA has a population of 910 million, and the youngest demographic profile of any region globally.

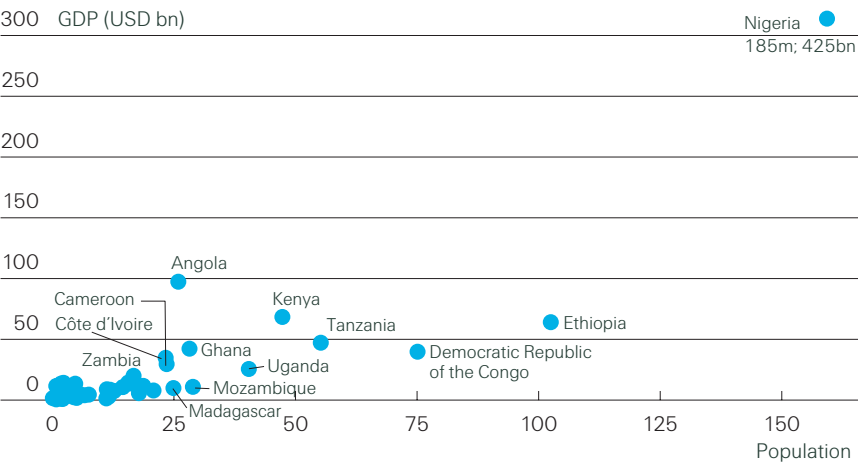
It is also the least economically developed region in the world.

Overview

SSA encompasses all countries south of the Sahara desert, including those in West and East Africa. It is a huge landmass of 22.8 million km², equivalent to the size of the US, China and India combined. The region is abundant in natural resources such as arable land and non-renewable commodities, and very diverse in many aspects including climate, geography, culture, economic structure and development. Excluding South Africa, it consists of 47 recognised states and in 2016 had a population of more than 910 million, one eighth of the global total. Despite its large population, GDP from the region was USD 1.1 trillion in 2016, just 1.5% of total global economic output. GDP per capita (at market exchange rates) was roughly USD 1200, the lowest of any region globally.

SSA remains the least economically-developed region in the world. Efforts to boost intra-regional trade have been made in recent years, for instance with a reduction in duties. However, non-tariff, regulatory barriers and weak transport infrastructure continue to raise transaction costs and hinder trade, and thus also the economic growth potential that could derive from increased cross-border flows and investment in higher value-add activities.⁴ Fragmentation and such barriers also limit the development of regional insurance companies, except in the francophone countries of West Africa which share a common regulatory framework.⁵

Figure 2
Population size vs size of economy (GDP) for SSA countries



Source: Swiss Re Institute, Oxford Economics, IHS-Markit.

⁴ *De-Fragmenting Africa: Deepening Regional Trade Integration in Goods and Services*, The World Bank, 2012, pp. 1–3.

⁵ The insurance sectors of the 14 member countries of the Conférence Interafricaine des Marchés d'Assurances (CIMA) are governed by the same insurance code.

Natural resources, agriculture productivity, FDI, services and infrastructure investment have contributed to growth since 2000.

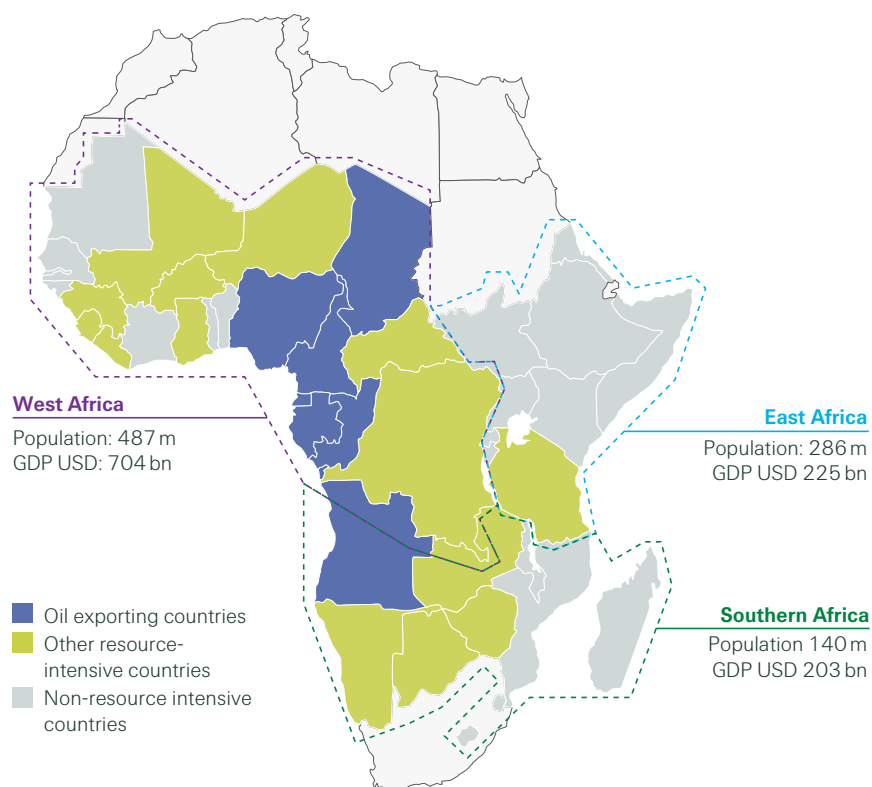
Its richness in non-renewable natural resources, and high commodity prices were a main driver of strong economic growth in SSA from the turn of the century to 2014/15. Foreign direct investment (FDI), productivity growth in the agriculture sector, growth in the services sectors (retail, telecom, financial, tourism), and increasing investment in infrastructure were also part of the growth story. The analysis in this report groups the SSA countries according to degree of economic dependency on natural resources (oil and other), rather than by geography. There are three groups:

- Oil exporting countries (these are primarily located in western Africa).
- Other (ie, non-oil) resource-intensive countries (mostly in southern and western Africa).
- Non-resource-intensive countries, in which the extraction industries are not the main economic activity (mostly in East Africa).

Figure 3 shows the SSA countries by resource-dependency and geography.⁶

Figure 3

SSA countries by region and resource dependency, 2016



Source: Swiss Re Institute, Oxford Economics, IHS-Markit.

⁶ The definitions are based on those of the International Monetary Fund. The full list of countries can be found in the appendix.

In 2016, growth in SSA overall was the weakest since 1994. Performance was strongest in the non-resources intensive countries.

The recession in Nigeria and stagnation in Angola led to GDP contraction for the oil exporters.

Other resource-intensive countries grew more slowly in 2016 too. A few were more resilient.

Non-resource intensive countries continue to grow, but their public debt levels are rising.

Recent economic developments

The economic environment in SSA was very challenging in 2016. Real GDP slowed to an estimated 1.4% (see Figure 4) following the commodity price slump of 2014/15, the weakest it has been since 1994. However, the aggregate figure masks large differences among the different types of economy. Oil exporting countries, which account for 53% of the region's GDP showed the weakest result, with real GDP down 1.2% in 2016. Economic growth in the non-resource-intensive countries was much stronger due to continuous investment in infrastructure and strong domestic demand.

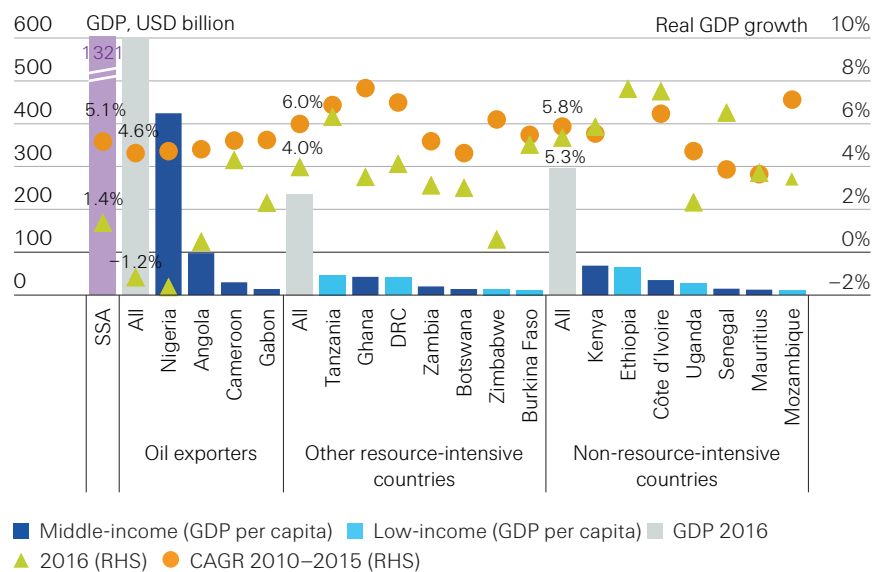
Oil prices remained below 50 USD per barrel in 2016 and oil exporting countries were under stress from the related drop in government and export revenues. In Nigeria, SSA's largest economy, GDP contracted by 1.75%. The revenue shock, which was accentuated by declines in oil production due to terror attacks on oil facilities, also affected non-oil sectors. In Angola meanwhile, its little-diversified economy stagnated in 2016 due to lower production quotas agreed by OPEC and cuts in government spending. Currency devaluations in Angola and Nigeria fed into inflation but as exchange rate adjustments were insufficient, central banks rationed access to hard currency. This put further upward pressure on import prices and negatively impacted capital inflows. Growth in the smaller oil exporting countries was much lower also, with some slipping into recession.

Growth in the other resource-intensive countries was 4.0% last year, down 2 percentage points (ppt) from the preceding 5-year average. These countries too struggled with lower government and export revenues, but other factors intensified the slowdown. In southern Africa, acute drought reduced agricultural output in many countries, while in Ghana, declining oil production, weak activity in a range of sectors and a high government fiscal deficit weighed on growth. Things were more promising in other countries. For example, Tanzania continued its solid expansion based on the services and the mining sectors. And in Mali and Burkina Faso, accommodative monetary policy and investment spending boosted growth.

In contrast, the non-resource-intensive countries continued to grow solidly in 2016. GDP was up 5.3%, only a little less than the 5.8% average of the previous 5 years. As net importers of oil, the countries benefitted from low oil prices. In countries like Côte d'Ivoire, Ethiopia, Kenya and Senegal, growth was further driven by strong domestic demand and high levels of public spending, particularly on improving infrastructure, enhancing productivity in agriculture and on economic diversification into the manufacturing and the services sectors. While government debt-to-GDP ratios have been increasing across all of SSA, this is a greater concern for this group of countries as the accumulation has been happening in a period of strong growth.

Figure 4

GDP and real GDP growth in major SSA countries, 2010–2015 and 2016



Source: Swiss Re Institute, IHS-Markit, Oxford Economics.

Political and socio-economic state of play, and outlook

Good governance supports economic growth and development ...

Structural challenges will likely delay rapid socio-economic development in SSA overall, but good governance and sound economic policy will support growth in individual countries. The region's rich natural resources has sometimes created institutionalised vested interests which thrive at the expense of overall socio-economic development. For instance, governments which have revenues based on rents instead of taxes tend to be less accountable to their citizens, and sometimes this has fuelled ethnic and regional conflicts.⁷ Representative, democratic political institutions can tackle this by incentivising rulers and elites to provide physical and social infrastructure, economic diversification and good governance.

... and there has been positive progress in this regard in SSA countries since 1990.

A significant increase of multi-party elections in SSA since 1990, more frequent peaceful government change via the ballot box, like in Nigeria in 2015 and Ghana in 2016, and fewer large-scaled civil wars on the continent since the turn of the century are positive trends in this regard. In the last decade, the number of successful coups has fallen to seven, down from 17 in the 1990s and 20 in the 1980s. And the number of countries experiencing peaceful succession of government through the elective process is increasing.

The number of civil wars in SSA has declined, but terrorism risk remains in the west and Horn of Africa.

That said, while a number of civil conflicts have ended in recent years (Sierra Leone, Liberia, Côte d'Ivoire, Angola), others remain ongoing (South Sudan, Central African Republic, Democratic Republic of Congo (DRC)). The number of deaths resulting from Boko Haram terrorism in Nigeria and its territorial spread have fallen significantly since peaking in 2014, after the start of the multi-nation military campaign. Likewise, the overall threat level of Al-Qaeda-affiliates Al-Shabaab and Al-Hijra has decreased in Kenya since 2015. But after French military intervention in Mali in 2013/2014, risks for retaliatory attacks by Islamist terrorists affiliated with the Al-Qaeda in the Islamic Maghreb (AQIM) franchise have increased in Mali, Burkina Faso and other West African countries such as Côte d'Ivoire.

⁷ M. Ross, "Does Oil Hinder Democracy?" *World Politics*, vol 53, 2001, pp 325–361.

The Tripartite Free Trade Area (TFTA) should improve pan-Africa cooperation.

On the business front, efforts to promote regional integration and cooperation in Africa have gained momentum in recent years. For example, in 2015 the Tripartite Free Trade Area (TFTA) was signed. The aim is closer cooperation among three economic community bodies -- the Common Market for Eastern and Southern Africa (COMESA), the Southern African Development Community (SADC) and the East African Community (EAC).⁸ The TFTA should reduce the complexity of doing business in the 26 member countries with different cultures and regulations. In East Africa, the EAC is planning a monetary union among its members by 2024.

Rapid population growth has created a continent of young people.

Social risks and opportunities

Africa is on the cusp of a demographic transformation, supported by improvements in economic and political governance. The median age in SSA is almost 12 years below the global median (29.4) and lower than on any other continent. In 2016, there were an additional 90 million people under the age of 15 in SSA than 10 years earlier, and 130 million more between the age of 15 and 64 – a figure that will increase by another 90 million by 2026.⁹

The demographics of Africa represent economic potential but also development challenges.

The demographic trend has large economic potential, but it also presents daunting challenges. As today's young Africans grow older and become better educated, they will move to cities, seeking jobs and participation in the political process. The creation of new employment opportunities will require countries to diversify into more labour-intensive sectors, and as societies grow more affluent, demand for better public health services and expectations for accountable government and less inequality will continue to grow.

Outlook

SSA is forecast to have a modest economic recovery in 2017.

SSA is expected to see modest economic recovery in 2017, with regional GDP growth forecast to rise to 2.8% from 1.4% in 2016 (see Figure 5). The expectation for this just muted upswing is based on ongoing weakness in the oil-exporting countries, with oil prices remaining at around USD 50 per barrel, and because non-oil commodity prices (metals, minerals and agricultural output) are not expected to rebound much either. Further ahead, the recovery in SSA is expected to be slightly stronger than the average forecast for the emerging markets (excluding China).

Growth is likely to gradually improve in the oil-exporting countries.

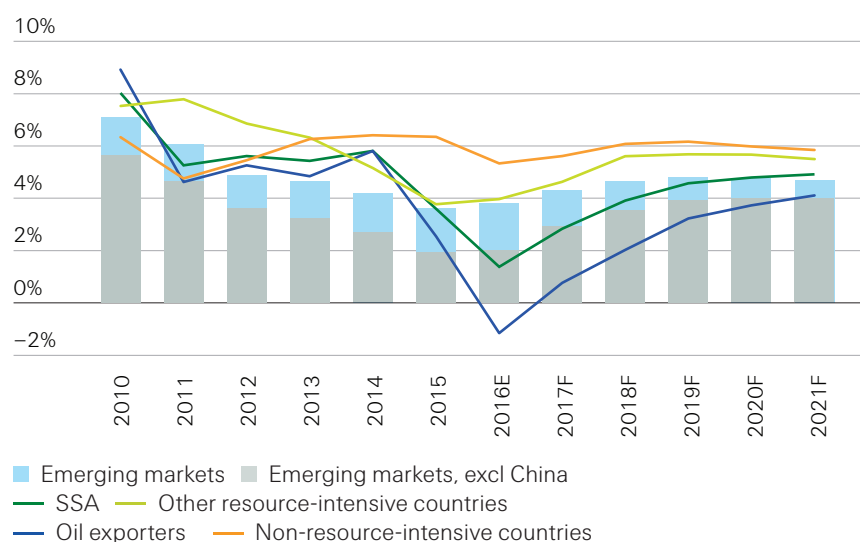
The oil exporting countries are projected to grow by just 0.8% in 2017, and see a gradual improvement over the next five years based on the assumption of stagnant oil prices. Nigeria emerged from recession in the second quarter of 2017 with GDP barely growing 0.6% (compared to previous year) as the oil sector expanded slightly, while growth in agriculture remained strong. Survey indicators signal improving consumer and business confidence in Nigeria and Angola, despite high inflation, power outages and prevailing (but easing) hard currency shortages. In both countries, the oil sector faces risks of further terror attacks and the inability to attract investment to lift output from aging oil fields. Among the other oil exporters, fiscal consolidation and its spill over to non-oil sectors will temporarily weaken growth in 2017, but this will lessen after this year.

⁸ M. Sow, *Foresight Africa 2016: Regional integration in sub-Saharan Africa*, Brookings, 2016, <https://www.brookings.edu/blog/africa-in-focus/2016/01/12/foresight-africa-2016-regional-integration-in-sub-saharan-africa/>

⁹ *World Population Prospects 2017 revision*, United Nations Department of Economic and Social Affairs.

Figure 5

Real GDP growth outlook for SSA overall and the country groups, 2010- 2021F



Source: Swiss Re Institute, IHS-Markit, Oxford Economics.

The prospects for the other resource-intensive countries are brighter.

Normalised rainfall conditions have improved harvests and agricultural output, except in some parts of southern and eastern Africa where drought prevails. At the same time, strengthening demand for diamonds, copper, and other metals has boosted the mining sector. All this will support economic growth in resource-intensive countries (eg, Botswana, Namibia, Mali, Malawi, Tanzania and Zambia). Easing drought conditions should also help inflation to trend lower, but some parts of eastern and southern Africa remain affected by drought conditions. Ghana's GDP growth is expected to accelerate over the next two years, to 5.3% in 2017 and 6.0% in 2018. Activity in key service sectors could receive a boost from improved investor sentiment as the new government implements business-friendly reforms and a rebounding cocoa harvest supports stronger agricultural output.

The non-resource intensive countries will continue to outperform.

Pockets of strong growth remain among the non-resource-intensive countries of SSA including in Ethiopia, Côte d'Ivoire, Senegal, Tanzania, Kenya and Rwanda. The Ethiopian economy is expected to grow at a robust 7%+ pace over the next two years because of normalisation in agricultural output, stronger exports and a rebound in foreign direct investment. Côte d'Ivoire's real GDP growth is projected to grow by around 7% in 2017 and 2018, based on supportive macroeconomic policy, structural reforms to improve the business climate, and investments in natural resource extraction and infrastructure. Senegal's strong growth performance is expected to continue, fuelled by solid crop harvests, public investment in infrastructure and efforts to boost the energy sector. The Kenyan economy is expected to expand more quickly on the back of public infrastructure projects, but adverse developments in global financial market in the year ahead could slow progress on those projects, given Kenya's need for external financing.

There are a number of up- and downside-risks to the near-term outlook.

Commodity prices will remain a key factor for development in many SSA countries. There are a number of risks to the region's economic outlook: rising interest rates in the US, volatility from Brexit, adverse weather conditions, political instability and security/terror issues. A hard landing in China could have negative impact via lower commodity prices and weaker trade, as well as reduced financing from China. The Ebola epidemic remains a risk in West Africa as well, with new cases reported in Sierra Leone recently.

Natural resources and a young population make for promising growth prospects in the longer term.

SSA countries are improving in terms of human development indicators, but many still score low.

The region's demographic dividend could yield significant growth gains, assuming certain prerequisites.

Long-term trends are favourable

The vast areas of arable land, abundance of non-renewable natural resources, an emerging middle class and the young demographic profile of SSA are some of the fundamental factors that could boost economic growth in the longer term. The SSA population will increase more rapidly than elsewhere in the world. According to United Nations estimates, the region's population is projected to expand by 30% (280 million) by 2026, and by more than 300 million in the following decade.

On average, SSA scores on human development indicators (eg, health, education and standard of living) lag other emerging regions. Most of the countries in SSA (34) still score in the category of "low human development", but average outcomes have improved over the past two decades.¹⁰ Between 2009 and 2014, there were improvements in 22 countries but in the others, indicators were unchanged or worsened.

The working age population will grow over-proportionally as the young generation moves into the working age group (15 to 64 years). The potential demographic dividend resulting from lower dependency ratios (65+ and below 15, divided by working age population) and a growing labour force, increased savings and investments (less money needed to care for dependents), and increased human capital, could generate significant economic growth.¹¹ This effect is more pronounced the more rapid fertility rates (number of children/woman) decline because the dependency ratio falls faster. Labour force growth will likely make SSA more competitive globally, but education and skillset development will be needed to capture this opportunity. A solid business environment is another prerequisite. Insurers can play a key role to support economic growth and development, including by helping to reduce poverty and facilitating inclusive growth.¹²

¹⁰ *African Human Development Report 2016: Accelerating Gender Equality and Women's Empowerment in Africa*, United Nations Development Programme, 2016.

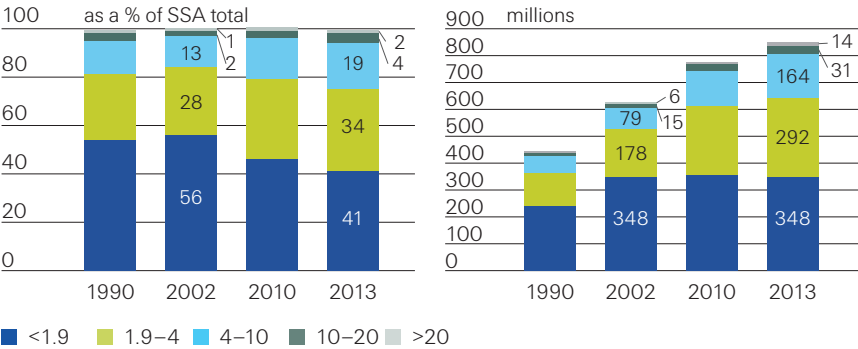
¹¹ See for example *Demographic Dividend*, United Nations Population Fund, <http://www.unfpa.org/demographic-dividend>

¹² See *sigma* No 4/2017: Insurance: adding value to development in emerging markets, Swiss Re Institute.

The middle class in SSA has expanded in relative and absolute terms since 2000.

With solid economic growth since the early 2000s, the middle and upper classes (> 4 USD at purchasing power parity per day) in SSA more than doubled from 2002 to an estimated 210 million people by 2013 (see Figure 6). However, while poverty in SSA has fallen in relative and in absolute terms since 2002, three quarters of the population still live on less than USD 1.9 per day (the formal definition of poverty), or belong to the floating class (USD 1.9–4 per day). For the latter, (micro)insurance can play a key role in avoiding falling back into poverty due to death, illness or other events. The Sustainable Development Goal 1 (SDG1) of the UN is to eradicate poverty by 2030. Only the future will tell by what degree this will be achieved, but it is likely that the progress made under the previous Millennium Development Goals (MDG) as shown in Figure 6 will continue. If the share of the population living in poverty is halved by 2030, this would translate into roughly 200 million people moving out of poverty. Even under a more pessimistic assumption where the income class distribution of today is maintained, population growth would translate into an additional 70 million people with an income of more than USD 4 per day, which is still a large pool of people with potentially substantial insurance needs.

Figure 6
Percent of SSA population in various income categories (USD purchasing parity per day) and the population number in those categories, in millions



Source: World Bank PovcalNet.

SSA insurance market review

Total direct premiums in SSA were USD 10.4 billion in 2016, a small but growing portion of the global insurance market.

Non-life dominates, which is typical for emerging insurance markets.

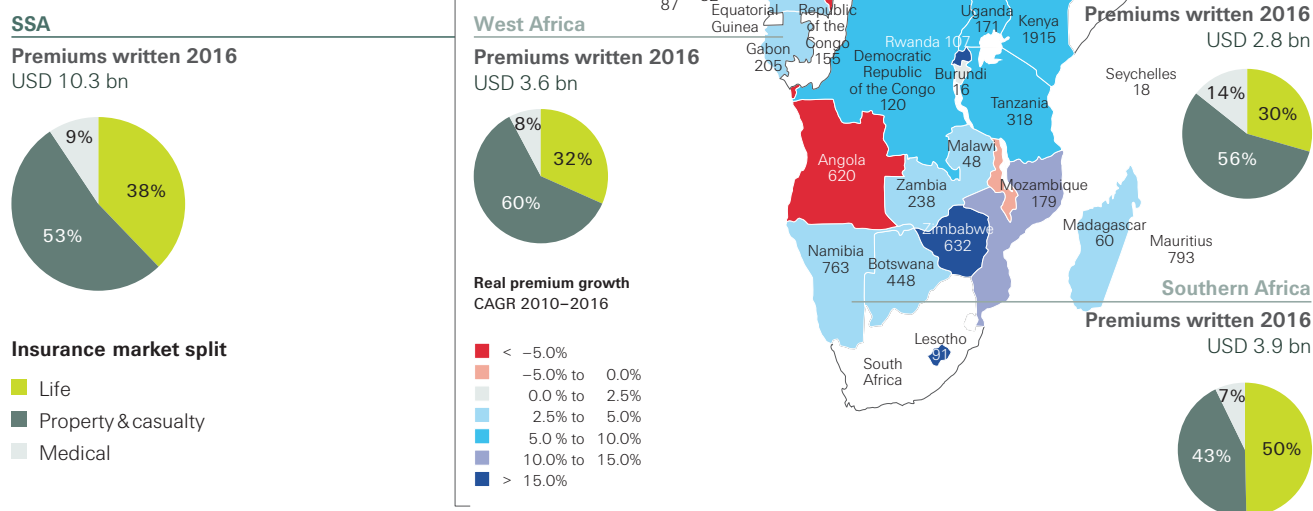
Regional overview

Total direct premiums written in the 38 SSA countries for which insurance market data are accessible were USD 10.3 billion in 2016.¹³ The SSA insurance market accounted for just 0.22% of the USD 4.7 trillion premiums written globally last year. Nevertheless, that was a significant increase from the 0.12% share of global premiums written in 2006. Furthermore, these figures may underestimate the size of overall market because: (1) data are not available for all SSA markets; and (2) despite regulators' efforts to localise more business, a mostly unknown share of special lines business (ie, engineering, marine, aviation and energy) flows to the international market, with no involvement of local insurers.

Non-life classes (Property & Casualty (P&C) plus medical insurance (medex)) counted for 62% (USD 6.4 billion) of the total premiums of the SSA insurance market in 2016. This is significantly higher than the world and emerging market averages (both 45%). Commercial P&C lines usually develop first in emerging economies, driven by construction of public infrastructure and natural resource extraction projects, the requirements of foreign trading partners/investors, and the arrival of international insurance brokers.¹⁴ Medex has increased in importance lately, particularly in East Africa (14% of total premiums).

Figure 7

Total direct premium growth in SSA, 2010–2016, total premium volumes, 2016 (numbers below country names, in USD millions)



Note: Medex is an estimate for select markets and does not include medical funds/HMO in some. Figures may not add up due to rounding.

Source: Swiss Re Institute.

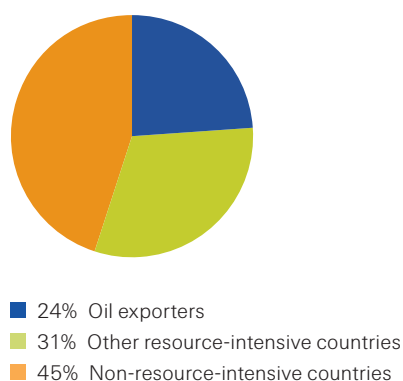
¹³ This includes estimates by Swiss Re Institute for the years where no official market figures are available. Due to these estimates, the figures mentioned in this report are more comprehensive than in the world insurance sigma / www.sigma-explorer.com.

¹⁴ *sigma* No 4/2017 op. cit.

The life sector typically develops at a later stage. In southern Africa, however, life insurers already account for about 50% of total premiums.

Insurance sector growth in the SSA region overall stalled in 2016 due to economic contraction in large oil-exporting countries.

Figure 8
Real premium growth, 2000–2016;
premium volume by country group



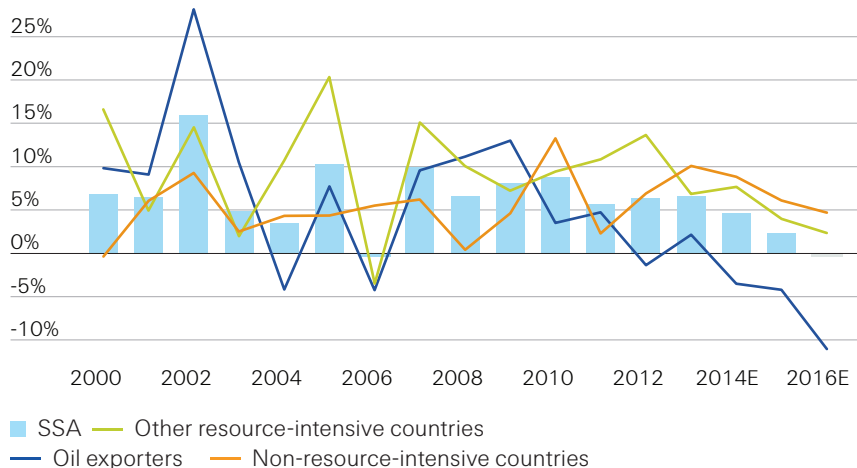
Premium growth in the non-oil intensive economies has been stronger.

Formal life insurance markets typically develop later in emerging economies, because the life sector is relatively more dependent on the rise of a middle class (and financial literacy), and the existence of liquid capital markets. That said, in southern Africa the life insurance market is more developed, currently accounting for around 50% of total premiums compared to roughly 30% in West and East Africa, according to Swiss Re Institute estimates. This is mostly due to the involvement of more advanced insurers from South Africa.

Industry growth trends

Premium growth since 2000

Real premium¹⁵ growth in SSA is estimated to have come to a halt in 2016, a continuation of the slowing growth trend of previous years (see Figure 8). Between 2010 and 2016, premiums were up 4.2% in compound annual growth rate (CAGR) terms. Although robust, that was slightly less than economic growth (4.5%) average of the same years, and significantly below the 7.3% CAGR in premiums from 2000 to 2010. Comparing market projections as of 2012 with actual results, it becomes clear that the insurance sector in SSA only started to trend to lower growth after the commodity price crash, and that it had been on track before. The slowing growth dynamic reflects the recessionary economic environment and high inflation in the region's two largest oil producers Nigeria and Angola, which led to a 2.3% (CAGR) contraction in total premiums among oil producing countries in 2010–2016.



Source: Swiss Re Institute.

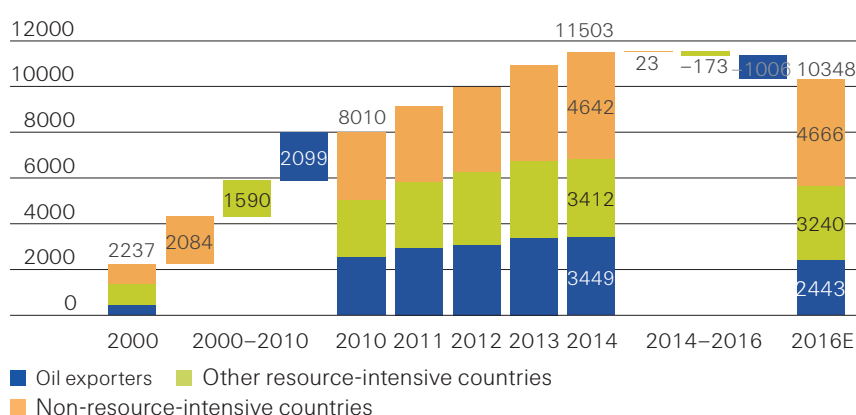
Insurance markets in the other resource-intensive countries have performed much better, with annual premium growth averaging 7.5% since 2010. That is significantly faster than overall economic growth and only slightly below the 8.9% CAGR of premiums in 2000–2010. The insurance sectors in non-resource-intensive countries have expanded solidly by more than 6% annually since 2010, benefitting from a healthy economy environment in those markets. The insurance sector growth in these markets outpaced the economic growth averages, but to a lesser extent than in the resource-intensive countries.

¹⁵ All premium growth figures quoted in this study are in real terms (ie, adjusted for local inflation), unless otherwise stated.

While in real terms the SSA market overall has continued to grow since 2014, currency weakness has eroded USD-denominated premium volumes.

Figure 9

Nominal premium development by country group (USD millions) since 2000



Source: Swiss Re Institute

Some currencies have gained ground, but other markets may be in for further depreciation.

The negative exchange rate movement may only be temporary in some countries. For example, FX rates have recovered in Zambia, Mozambique and Mauritius, as commodity prices have regained some ground, capital inflows have resumed and economic policy has been adjusted, sometimes with support from the IMF. In Nigeria or Angola, however, a persistent differential between official FX and parallel/black market rates indicate there is still room for currency depreciation.¹⁷

Insurance market penetration

Insurance market development is typically measured by the insurance penetration rate, defined as a country's total insurance premiums as a percentage of GDP. It provides a numerical basis for international comparison, although it does not show how many people have insurance. At 0.9% in 2016, insurance penetration in SSA is well below the emerging market and global averages. The oil exporting countries in SSA have the lowest penetration rate of the region (see chart on the left), primarily due to the very low level in Nigeria, the largest economy.

Since 2006, total insurance penetration in SSA has increased only marginally due to stagnation in the non-life sector, in which penetration has remained at 0.6%. There has been increased penetration on the life side in most markets, but the SSA-aggregate penetration rate in life remains very low at 0.3%. The low penetration rates relative to other countries is often cited to highlight the large catch-up potential in SSA. But one-to-one comparisons are not very meaningful as they do not take into account the strong correlation between economic and insurance market development. In other words, that outlays on insurance tend to increase as incomes rise.

Total insurance market penetration in SSA (2016, premiums/GDP)



¹⁶ The sigma infographic *World insurance in 2015 – strong or weak?* illustrates the relationship between inflation, real and nominal growth. See http://media.swissre.com/documents/3_2016_infographic.pdf

¹⁷ See *Regional Economic Outlook: Sub-Saharan Africa – Restarting the Growth Engine*, International Monetary Fund, 2017, p. 6.

Outlays on insurance tend to increase as incomes rise: the S-Curve.

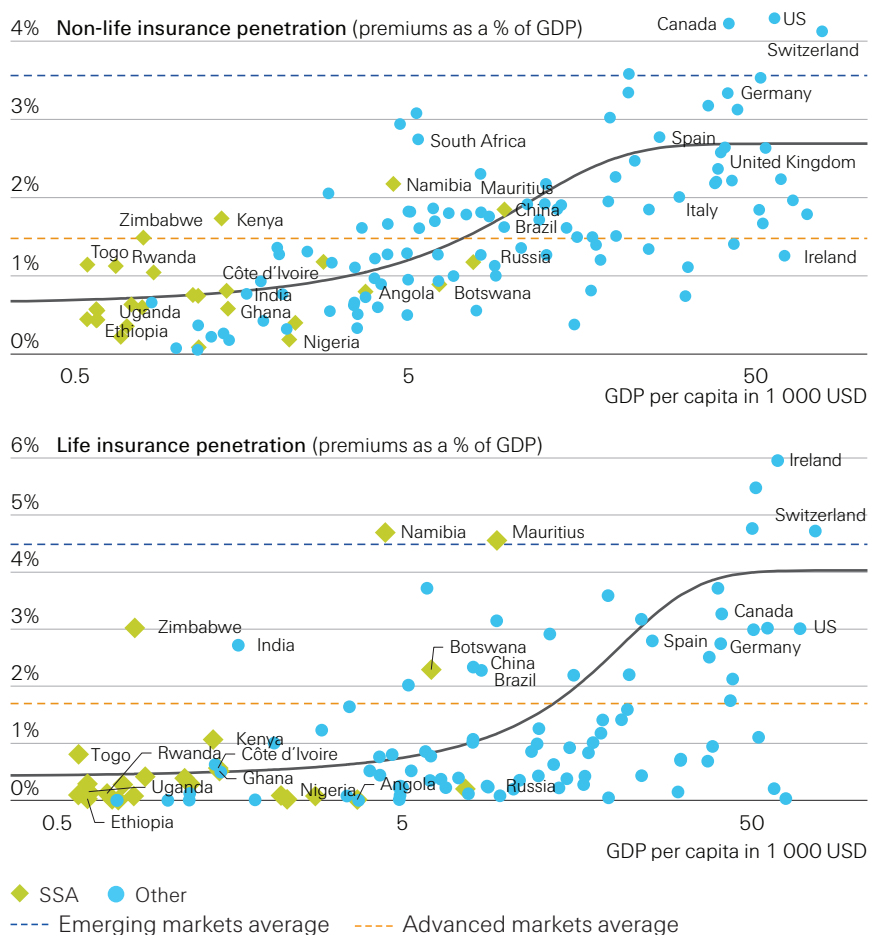
Accordingly, the S-Curve suggests significant insurance market expansion potential in many SSA countries.

The S-Curve describes this relationship. It indicates expected insurance outlays at a given income level. It is an empirically-estimated relationship between economic development (represented by per capita GDP) and insurance market development (represented by total premiums as a percent of GDP (ie, insurance penetration)). It reveals that countries with a higher per capita income tend to spend a higher share of their income on insurance, and also that this relationship is S-shaped.¹⁸ For low-income countries, expected penetration is low and increases only slowly as incomes rise. Penetration rises rapidly when countries attain middle-income status, before levelling off again in high-income countries. The S-Curve is the black line in Figure 10, and shows that most SSA countries are in the low-income section of the curve. In this section, insurance penetration increases only slowly as incomes rise: the real accelerator sets in at the middle-income section, before levelling off again in the high income section.

On average, SSA countries are at the level of insurance penetration that would be expected given their income status. There is significant insurance market expansion potential in those countries below the S-Curve, where insurance penetration is below average for that income. The curve itself is not the upper limit of penetration, but is the benchmark or average for an income level. Non-life penetration in countries like Mozambique and Kenya, for instance, far exceeds the benchmark rate for low income countries (see upper panel of Figure 10).

Figure 10

The S-Curve for non-life (top) and life insurance (bottom panel)



Source: Swiss Re Institute.

¹⁸ This finding is presented in Swiss Re *sigma* No 5/1999, Swiss Re, and Enz, Rudolf, "The S-Curve Relation Between Per-Capita Income and Insurance Penetration", *The Geneva Papers on Risk and Insurance, Issues and Practice*, vol. 25, July 2000.

Non-life line of business structure

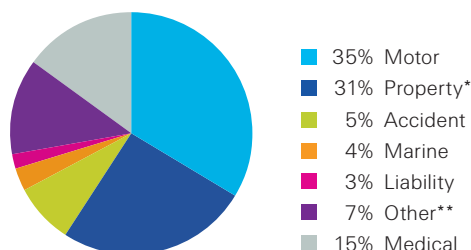
Non-life insurance

The non-life sector in SSA is dominated by three markets: Kenya is by far the largest with premiums of USD 1186 million, while Nigeria and Angola had more than USD 600 million each in 2016, making a combined market share of 40% in SSA. The rest of the region's premiums are widely spread across many smaller-sized markets. The largest line of business across SSA is motor, followed by property and medex.

Oil exporting countries have been the main reason for weak growth in the non-life sector in SSA in recent years as the largest economies in the region (Nigeria and Angola) have contracted in the low oil price environment. Both markets have lost more than a third of their premium volumes in USD terms due to exchange rate depreciation and negative real growth rates. In Nigeria, there has been broad-based weakness across most lines of business. This is true also in Angola, with the exception of medex which accounts for an estimated 40% of non-life premiums there.

Figure 11

Non-life line of business structure, 2014–2016



*includes engineering, energy

**includes credit, aviation and other lines¹⁹

Source: Supervisory authorities, Swiss Re Institute.

Non-life insurance premium growth in other resource-intensive countries slowed to 2% in 2016.

The non-life markets in the non-oil resource-intensive countries are estimated to have grown by around 2% in 2016, well below the 2010–2015 annual average of 6.6%. Tanzania continued its solid performance, driven by broad-based growth across all lines of business. Increased adherence to the requirement of taking out insurance locally also had a positive effect. In Zimbabwe, growth fell in most lines of business except motor, which benefitted from the elimination of fake insurance covers. And in Namibia, non-life premiums declined due to weakness in commercial insurance, even though there was growth in personal lines business.

Among the non-resource intensive countries, premiums were up 2.6%.

In the non-resource-intensive economies, non-life premium growth slowed to 2.6% in 2016, much lower than the 5-year average of almost 7%. Premiums dropped by 7.8% in Uganda in 2016, while in Mozambique and Kenya growth slowed notably, to less than 3%. In Kenya, non-life premiums grew 2.5%, a slowdown from the solid growth trend of 2011 to 2015. The growth was driven mainly by medex, up 25%, while aggregate P&C lines contracted by more than 3%. Personal fire and motor lines grew but all commercial lines, with the exception of liability, contracted.

There has been strong growth in medex in many countries in SSA.

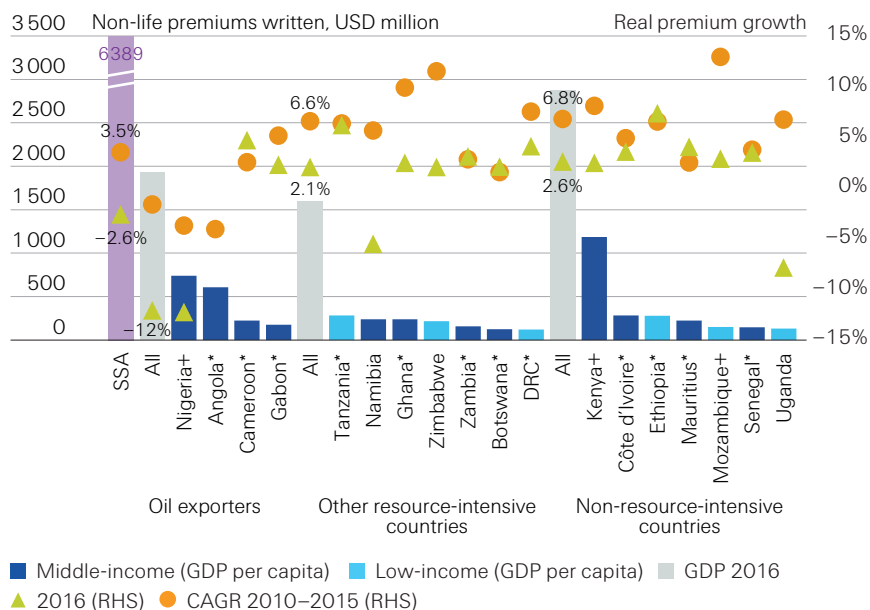
Medex has been a key growth area across all the three SSA country groups, for several years. Premiums are estimated to have grown by 15% annually between 2010 and 2016. Medex is often offered as an employment benefit and will likely continue to grow given the inadequate coverage of public healthcare schemes in many SSA countries. Underwriting results in medex are often negative, however. But some improvements are taking place such as in Kenya, where the industry has come together to address fraud issues that have been undermining results.

¹⁹ The estimate is based on a sub-sample of markets with consistent available information.

Underwriting results have been worsening, as competition puts pressure on commercial line rates.

Figure 12

Non-life direct premiums written in SSA, volume 2016 and real growth in 2016 and in 2010–2015 (CAGR)



Source: Supervisory authorities, Swiss Re Institute.

Kenya, Mauritius and Namibia are the largest life insurance markets in SSA. There has been solid growth across the region.

In oil-exporting countries, life markets are very underdeveloped.

Life insurance

The life insurance markets of Kenya, Mauritius and Namibia each had premium volumes of more than USD 500 million in 2016. The other markets in SSA are much smaller. The eight largest life markets have a combined share of almost 84% of premiums, substantially higher than in non-life (60%). Overall, the life sector is less developed than non-life, but there has been solid growth across the region in recent years. Between 2010 and 2015, life premiums are estimated to have expanded by more than 8% annually. And in 2016, despite economic weakness and elevated inflation in many markets, the sector grew by about 3.5%. The life insurance markets in SSA are typically characterised by group and credit life cover, but funeral and other life insurance lines – for lower income groups – are growing in importance.

Among oil-exporting countries, the life segment is very underdeveloped. In the three largest life markets of this grouping (Nigeria, Cameroon and Gabon), life premiums grew by between 4–8% between 2010 and 2015, but with significant volatility. In Nigeria, the life sector proved more resilient to economic downturn, and the individual life business actually gained some traction. However, overall life premiums have been contracting since 2014, and the market remains very small for a country with such a large economy.

Zimbabwe's life market has rebounded after a period of hyperinflation.

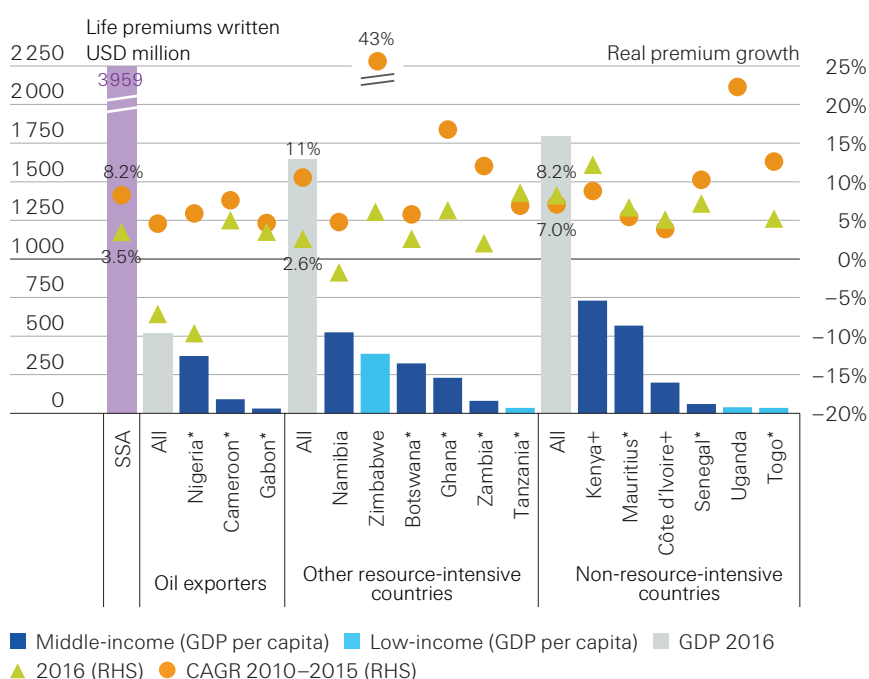
Kenya has outperformed among the non-resource intensive countries.

Zimbabwe showed the highest average growth in life premiums among the other resource-intensive countries in 2010–2015 (43% CAGR), although momentum was lost last year. The sector rebounded strongly driven by savings business and recovery from a period of hyperinflation (prices peaked in 2008). Premium growth was strong in the other markets of the non-oil resource-intensive countries in 2010–2015 also, averaging 11% per annum. In 2016, however, growth was significantly weaker. Premiums were down in Namibia last year, where single premium business weakened notably.

Among the non-resource-intensive countries, the Kenyan life market continued its broad based solid performance in 2016 with premiums up 12%, outpacing the 8.8% average of the previous five years. Kenya outperformed the average of all non-resource-intensive countries, which was 7% CAGR between 2010 and 2015, and an estimated 8.2% in 2016.

Figure 13

Life direct premiums written in SSA, volume 2016, and real growth in 2016 and in 2010–2015 (CAGR)



+ provisional; * estimated

Source: Swiss Re Institute, Supervisory authorities.

Several factors are limiting the development of the insurance sector.

Challenges and opportunities

Challenges

A number of factors limit insurance sector development in SSA, in addition to the expectation of just modest economic recovery in 2017 and 2018.

- **Lack of insurance awareness** is a global issue and not limited to SSA. Lack of awareness is a critical barrier to insurance demand. Relatedly, so too are lack of financial literacy and acumen. Due to relatively low levels of education, this issue will require innovative solutions to be addressed.
- **Cultural factors:** Various cultural factors can act as barriers to insurance demand, sometimes in very specific contexts. For example, in Burkina Faso and Uganda, saving or pre-paying for healthcare is seen as attracting disease. Hurdles can also come from religious beliefs. This has led to the creation of Takaful insurance to overcome Islamic religious concerns about the finances in traditional insurance.²⁰
- **Policyholder fraud and insurer malpractice:** Misbehaviour on the side of policyholders and insurers is a common issue across SSA, and has drawn increased attention from regulators and industry associations. The extent of fraudulent claims is disputed. For example in Kenya, the estimated share of fraudulent medex claims ranges from less than 4% to 35% of total claims.²¹ Misconduct is common on the insurer side also, as complaints over failure or delayed payment of legitimate claims show. Malpractice, both on the side of insurers and policyholders, needs to be addressed at an industry-wide level. While individuals can benefit by not complying with the rules, ultimately policyholders end up shouldering the costs in the form of higher premium rates. And in turn, this leads to customer distrust in the industry overall.
- **Lack of trust:** Numerous studies based on qualitative responses note that lack of trust in insurance providers is a major barrier to demand, also in SSA.²² On the one hand, this may be based on expectations of non-performance arising from past experience of non-payment of valid claims, but also fear of insurer bankruptcy. It could also be related to basis risk, which is when insurance pay-outs are not well-correlated with underlying losses. This can be the case for index-based insurance products, particularly in the agricultural space.

²⁰ *sigma* No 4/2017 op. cit.

²¹ Insurance Regulatory Authority Kenya presentation on fraud. See <http://www.ira.go.ke/attachments/article/136/IFIU%20PRESENTATION%20-KITALE.pdf>; Association of Kenya Insurers

²² S. Dercon, J. Gunning, A. Zeitlin, *The demand for insurance under limited trust: Evidence from a field experiment in Kenya*, Stanford Institute for Theoretical Economics, 2015, https://site.stanford.edu/sites/default/files/dgz_201503.pdf

- **Premium collection:** The collection of premiums from policyholders is still an issue in a number of markets, even though regulators have introduced “cash and carry” / “no premium, no cover” systems under which a policy may only be issued after payment (eg, in Kenya, Nigeria, Ghana, Gambia or Zambia). Still, in Zambia it has been estimated that up to half of premiums are not collected. And in Kenya, the amount of outstanding premiums is still substantial at 27% of premiums written in 2016, according to the Insurance Regulatory Authority. There are signs of improvements in other markets. For example, in Nigeria data from the regulator show a strong decline in the share of unpaid premiums. Unpaid premiums threaten the long-term sustainability of the insurance industry. Increased use of mobile money solutions help to lower the cost of premium collection and also improve payment performance.
- **Shortage of skilled labour:** A key bottleneck for sustainable industry growth in SSA is the limited availability in local markets of talent with insurance knowledge (this is also true for most other industries).²³ Lack of actuarial and underwriting expertise also limits the amount of risk that can be retained locally.

These challenges will require the industry and regulators to work together.

Some of these factors need to be tackled at an industry-wide level. Establishing trust, raising awareness and education are on the agenda of supervisors and insurers across SSA, but the associated programmes will take time to yield tangible results. Addressing specific cultural circumstances with targeted product developments (eg, Takaful) is a key growth opportunity for the sector.

²³ A recent survey by Swiss Re among clients has shown that this is an issue in many markets.

Large commercial risks will remain a key growth area for insurers in SSA, particularly in the short to medium term.

Mobile technology is extending the reach of insurance to the low income population also.

Insurance can increase the productivity and resilience of subsistence farmers.

However, many people in SSA still need education to understand the usefulness of insurance.

Opportunities

Insurers in SSA are still very much geared towards serving commercial and upper-income individuals, those with sizeable insurable assets or income. Given the need for improved infrastructure and the number projects to explore non-renewable natural resources, this segment of the market is likely to remain a key growth area, particularly in resource-intensive countries, especially after economic activity regains momentum. However, these segments typically also require specialised underwriting skills and a broad capital base, which companies in SSA often lack. Over the past several years, regulators have taken steps to keep more of this type of business locally such as in, for example, Kenya recently with marine cargo business. Such actions will support growth opportunities for domestic insurers.

Mobile technologies are spreading rapidly in SSA, enabling cost-efficient distribution of insurance. The number of mobile money platforms in Africa has grown rapidly over the past decade, and SSA is at the forefront globally in terms of the number of platforms. While only 24% of adults in SSA had an account at a financial institution in 2014,²⁴ an additional 9% have gained access to financial services through mobile money accounts since 2011. Mobile money and mobile communication in general are the foundation to provide insurance cover to the low income population (microinsurance) and can be combined in innovative ways with other technology tools. Geospatial technologies can be used to track behaviour such as driving, risk accumulation, weather, etc. Parametric insurance products relying on weather stations for data can make automated claims payments using mobile money technology. In addition, with mobile data collection, insurers can monitor the quality of their agent communications, build consumer trust and check for fraud attempts on medical insurance cover.²⁵

Agricultural insurance is another growth area. Here insurers can make a tangible contribution to economic development in SSA as a vast majority of people are low-income subsistence farmers, and also because of the expectation of strong population growth. With insurance, farmers are more able to afford fertilisers and invest in crop productivity. Examples that leverage mobile technologies are the Pioneering Kilimo Salama, or the more recent Kenyan Lifestock Insurance Program (KLIP).²⁶ Kilimo Salama insures farmers' inputs against drought and excessive rain, and uses mobile technology for registry and payments. KLIP uses mobile and satellite technology to provide farmers with insurance so that they need not sell their cattle in times of drought. Index-based agriculture products, and complementing offers in medex and life/funeral covers, are a big growth opportunity for insurers in SSA.

A supportive regulatory framework that facilitates creation of and experimentation with innovative mobile-enabled solutions is a prerequisite to extend the reach of insurance in SSA. In many markets efforts are underway to build a foundation for completely digital transactions, or to at least allow them to exist. In several countries in SSA (eg, Kenya, Mauritius Uganda or Zambia) the possibility for formal acceptance of digitally issued policies is established or allowed by the regulator. However, ultimately the saying that "insurance is sold, not bought" remains valid. In SSA, a great many people have no concept of the utility of insurance. Governments and other stakeholders, including insurers, need to raise risk awareness through education programmes to further extend the reach of risk protection covers.

²⁴ Data from World Bank global index database. See <http://datatopics.worldbank.org/financialinclusion/region/sub-saharan-africa>

²⁵ *Mobile insurance distribution in emerging markets: African Innovations spreading globally*, Swiss Re, 2015.

²⁶ *sigma* No 4/2017 op. cit.

Conclusion

Premium growth in SSA is expected to outpace overall economic expansion.

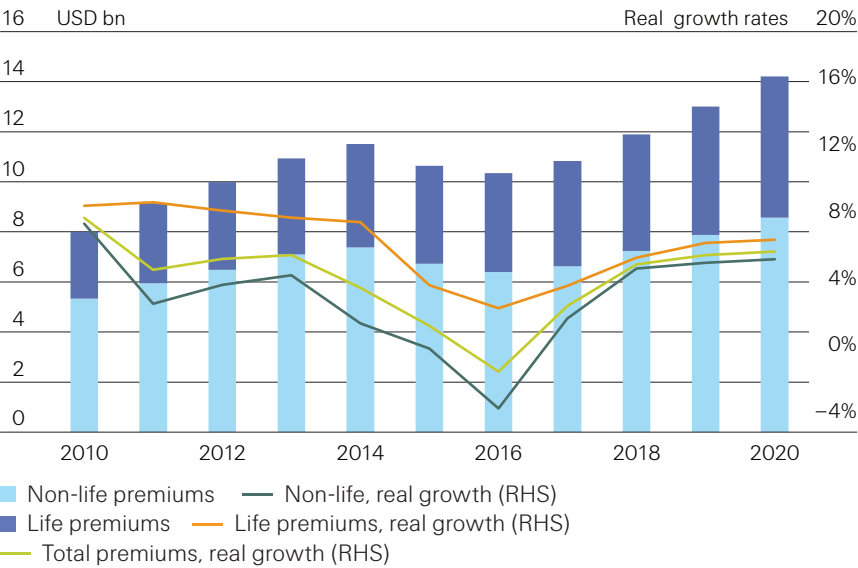
Total insurance premiums are forecast to rise to USD 14 billion by 2020.

Outlook

Insurance premium growth in SSA is expected to outpace economic growth in the coming years, particularly in the life sector, where existing levels of insurance ownership are very low. Slow economic recovery in oil exporting countries will reduce overall premium development in those states, particularly in non-life.

Total premium volumes in SSA are estimated to increase to around USD 14 billion by 2020, up from around USD 10 billion in 2016. Aggregate SSA insurance sector development could accelerate if oil and other commodity prices rebound more robustly than currently projected, and if personal lines penetration, particularly in life, increases from greater awareness and improved access. Leveraging the full distribution potential of the rapidly-expanding mobile technology will be key to making insurance accessible to more of the population. And in the longer-term, as countries reach middle-income status, the growth trajectory of insurance penetration in both life and non-life will likely accelerate rapidly.

Figure 14
Real premium growth and premiums volumes in SSA, 2010–2020F



Source: Swiss Re Institute.

Appendix

Table 2

Allocation of countries to regions and analytical groups

Country allocation to regions and analytical groups

	Oil exporters	Other resource- intensive countries	Non-resource- intensive countries
East Africa			
Burundi			X
Djibouti			X
Eritrea			X
Ethiopia			X
Kenya			X
Rwanda			X
Somalia			X
South Sudan	X		
Tanzania		X	
Uganda			X
Southern Africa			
Angola	X		
Botswana		X	
Lesotho			X
Madagascar			X
Malawi			X
Mauritius			X
Mozambique			X
Namibia		X	
Seychelles			X
Swaziland			X
Zambia		X	
Zimbabwe		X	
West Africa			
Benin			X
Burkina Faso		X	
Cameroon	X		
Cape Verde			X
Central African Republic		X	
Chad	X		
Comoros			X
Congo	X		
Côte d'Ivoire			X
DRC		X	
Equatorial Guinea	X		
Gabon	X		
Gambia			X
Ghana		X	
Guinea		X	
Guinea-Bissau			X
Liberia		X	
Mali		X	
Mauritania			X
Niger		X	
Nigeria	X		
São Tomé and Príncipe			X
Senegal			X
Sierra Leone		X	
Togo			X

Source: International Monetary Fund.

Data appendix

Table I

Premium volume in USD million

		Life premiums	Real CAGR	Non-life premiums	Real CAGR	Total	Real CAGR
	Country	2016	2010–16	2016	2010–16	2016	2010–16
Oil exporters	Angola	12	-23.1%	608	-8.5%	620	-9.0%
	Cameroon	91	8.6% *	223	3.5% *	313	4.8%
	Chad	2	na. *	22	na. *	24	na.
	Equatorial Guinea	na.	na.	12	na. *	na.	na.
	Gabon	30	5.4% *	175	5.7% *	205	5.6%
	Nigeria	372	3.7%	741	-6.2%	1 112	-3.5%
	Republic of the Congo	9	7.2% *	145	19.9% *	155	18.8%
	Total	516	2.5% *	1 927	-3.4% *	2 443	-2.3%
Other resource-intensive countries	Botswana	323	6.3% *	125	2.0% *	448	5.0%
	Burkina Faso	35	9.1% *	68	8.8% *	103	8.9%
	CAR	0	na. *	5	na. *	6	na.
	DRC	1	13.7% *	119	8.4% *	120	8.5%
	Ghana	230	18.2% *	239	10.5% *	469	13.8%
	Guinea	7	73.6% *	34	16.7% *	41	20.6%
	Liberia	na.	na.	na.	na.	na.	na.
	Mali	13	11.0% *	50	6.1% *	62	7.0%
	Namibia	524	4.4%	239	4.5%	763	4.4%
	Niger	9	11.0% *	44	8.5% *	53	9.0%
	Tanzania	36	8.6%	282	7.7%	318	7.8%
	Zambia	80	12.4% *	157	3.5% *	238	6.0%
	Zimbabwe	385	35.9%	216	9.9%	601	21.8%
	Total	1 648	9.2% *	1 592	5.8% *	3 240	7.5%
Non-resource-intensive countries	Benin	25	6.6% *	57	5.0% *	82	5.5%
	Burundi	5	na. *	11	na. *	16	na.
	Cape Verde	1	4.1% *	23	0.3% *	24	0.5%
	Comoros	na.	na.	na.	na.	na.	na.
	Côte d'Ivoire	198	4.9%	282	5.7%	480	5.3%
	Djibouti	na.	na.	na.	na.	na.	na.
	Eritrea	0	na. *	19	na. *	19	na.
	Ethiopia	17	7.1%	277	8.1%	294	8.0%
	Gambia	1	na. *	6	na. *	7	na.
	Guinea-Bissau	na.	na.	na.	na.	na.	na.
	Kenya	729	11.3%	1 186	8.7%	1 915	9.6%
	Lesotho	29	na. *	62	na. *	91	na.
	Madagascar	14	5.7% *	46	2.2% *	60	3.0%
	Malawi	13	2.1%	35	-1.6%	48	-0.7%
	Mauritania	15	na. *	4	na. *	19	na.
	Mauritius	568	6.8% *	225	3.4% *	793	5.7%
	Mozambique	29	14.1%	149	13.6%	179	13.7%
	Rwanda	10	2.8% *	97	24.3% *	107	20.9%
	Senegal	60	11.8% *	146	4.5% *	205	6.3%
	Seychelles	4	na. *	13	na. *	18	na.
	Somalia	na.	na.	na.	na.	na.	na.
	Swaziland	na.	na.	51	2.1% *	na.	na.
	Togo	36	13.8% *	51	6.7% *	87	9.3%
	Uganda	39	28.1%	132	5.0%	171	8.3%
	Total	1 794	7.2% *	2 871	6.0% *	4 666	6.4%
SSA		3 959	7.4% *	6 389	2.4% *	10 348	4.2%
South Africa		33 890	4.1% *	8 072	2.9% *	41 962	3.9%
Africa		40 404	4.6% *	19 784	2.4% *	60 188	3.9%
Emerging markets		505 580	6.2% *	437 110	8.6% *	942 690	7.3%
World		2 616 166	1.4% *	2 125 600	2.9% *	4 741 766	2.0%

*Estimate

CAR: Central African Republic; DRC: Democratic Republic of Congo

Source: Swiss Re Institute.

Table II

Insurance density: premiums per capita in USD in 2016

	Country	Life business	Non-life business	Total business
Oil exporters	Angola	0.5	23.5	24.0
	Cameroon	3.9 *	9.5 *	13.4 *
	Chad	0.1 *	1.5 *	1.7 *
	Equatorial Guinea	na.	14.9 *	na.
	Gabon	17.1 *	99.4 *	116.5 *
	Nigeria	2.0	4.0	6.0
	Republic of the Congo	2.0 *	30.6 *	32.6 *
	Total	2.0 *	7.5 *	9.5 *
Other resource-intensive countries	Botswana	140.4 *	54.2 *	194.5 *
	Burkina Faso	1.9 *	3.6 *	5.5 *
	CAR	0.0 *	1.1 *	1.1 *
	DRC	0.0 *	1.6 *	1.6 *
	Ghana	8.2 *	8.5 *	16.6 *
	Guinea	0.6 *	2.7 *	3.2 *
	Liberia	na.	na.	na.
	Mali	0.7 *	2.8 *	3.5 *
	Namibia	208.3	95.3	303.6
	Niger	0.5 *	2.1 *	2.5 *
	Tanzania	0.7	5.1	5.8
	Zambia	4.8 *	9.4 *	14.2 *
	Zimbabwe	24.1	13.5	37.6
	Total	5.8 *	5.6 *	11.5 *
Non-resource-intensive countries	Benin	2.2 *	5.1 *	7.3 *
	Burundi	0.4 *	0.9 *	1.4 *
	Cape Verde	2.2 *	43.5 *	45.7 *
	Comoros	na.	na.	na.
	Côte d'Ivoire	8.5	12.1	20.6
	Djibouti	na.	na.	na.
	Eritrea	0.0 *	3.5 *	3.5 *
	Ethiopia	0.2	2.7	2.9
	Gambia	0.7 *	2.7 *	3.4 *
	Guinea-Bissau	na.	na.	na.
	Kenya	15.4	25.1	40.5
	Lesotho	13.5 *	28.7 *	42.2 *
	Madagascar	0.6 *	1.8 *	2.4 *
	Malawi	0.7	2.0	2.7
	Mauritania	4.0 *	1.2 *	5.1 *
	Mauritius	450.0 *	178.1 *	628.1 *
	Mozambique	1.0	5.2	6.2
	Rwanda	0.9 *	8.1 *	9.0 *
	Senegal	3.8 *	9.3 *	13.2 *
	Seychelles	46.3 *	135.2 *	181.5 *
	Somalia	na.	na.	na.
	Swaziland	na.	39.4 *	na.
	Togo	4.8 *	6.8 *	11.6 *
	Uganda	1.0	3.3	4.2
	Total	4.8 *	7.7 *	12.5 *
	SSA	4.3 *	7.0 *	11.3 *
	South Africa	604.2 *	143.9 *	748.1 *
	Africa	33.7 *	16.5 *	50.3 *
	Emerging markets	79.4 *	68.6 *	148.0 *
	World	352.9 *	286.7 *	639.6 *

*Estimate

CAR: Central African Republic; DRC: Democratic Republic of Congo

Source: Swiss Re Institute.

Appendix

Table III

Insurance penetration: premiums in % of GDP in 2016

	Country	Life business	Non-life business	Total business
Oil exporters excl North Africa	Angola	0.0%	0.6%	0.6%
	Cameroon	0.3% *	0.8% *	1.1% *
	Chad	0.0% *	0.2% *	0.2% *
	Equatorial Guinea	na.	0.1% *	na.
	Gabon	0.2% *	1.3% *	1.5% *
	Nigeria	0.1%	0.2%	0.3%
	Republic of the Congo	0.1% *	1.1% *	1.1% *
	Total	0.1% *	0.3% *	0.4% *
Other resource- intensive countries	Botswana	2.3% *	0.9% *	3.2% *
	Burkina Faso	0.3% *	0.6% *	0.9% *
	CAR	0.0% *	0.3% *	0.3% *
	DRC	0.0% *	0.3% *	0.3% *
	Ghana	0.5% *	0.6% *	1.1% *
	Guinea	0.1% *	0.4% *	0.5% *
	Liberia	na.	na.	na.
	Mali	0.1% *	0.4% *	0.5% *
	Namibia	4.6%	2.1%	6.7%
	Niger	0.1% *	0.5% *	0.7% *
	Tanzania	0.1%	0.6%	0.7%
	Zambia	0.4% *	0.8% *	1.2% *
	Zimbabwe	2.8%	1.6%	4.4%
	Total	0.7% *	0.7% *	1.4% *
Non-resource-intensive countries	Benin	0.3% *	0.6% *	0.9% *
	Burundi	0.2% *	0.4% *	0.5% *
	Cape Verde	0.1% *	1.4% *	1.5% *
	Comoros	na.	na.	na.
	Côte d'Ivoire	0.6%	0.8%	1.4%
	Djibouti	na.	na.	na.
	Eritrea	0.0% *	0.4% *	0.4% *
	Ethiopia	0.0%	0.4%	0.5%
	Gambia	0.2% *	0.6% *	0.8% *
	Guinea-Bissau	na.	na.	na.
	Kenya	1.1%	1.7%	2.8%
	Lesotho	1.5% *	3.2% *	4.7% *
	Madagascar	0.1% *	0.5% *	0.6% *
	Malawi	0.2%	0.6%	0.8%
	Mauritania	0.3% *	0.1% *	0.4% *
	Mauritius	4.7% *	1.9% *	6.5% *
	Mozambique	0.3%	1.4%	1.6%
	Rwanda	0.1% *	1.1% *	1.3% *
	Senegal	0.4% *	1.0% *	1.4% *
	Seychelles	0.3% *	0.8% *	1.1% *
	Somalia	na.	na.	na.
	Swaziland	na.	1.4% *	na.
	Togo	0.8% *	1.1% *	1.9% *
	Uganda	0.2%	0.5%	0.7%
	Total	0.6% *	1.0% *	1.6% *
	SSA	0.3% *	0.6% *	0.9% *
	South Africa	11.5% *	2.7% *	14.3% *
	Africa	1.9% *	0.9% *	2.8% *
	Emerging Markets	1.7% *	1.5% *	3.2% *
	World	3.5% *	2.8% *	6.3% *

*Estimate

CAR: Central African Republic; DRC: Democratic Republic of Congo

Source: Swiss Re Institute.

Table IV

Macroeconomic indicators in 2016

	Country	Population	Gross domestic product		GDP per capita	Real GDP growth	
		(millions)	USD billion	Real change	(thousands)	2010-16	2017-22
		2016	2016	2016	2016		
Ranking by GDP Oil exporters excl North Africa	Angola	25.9	97.4	0.5%	3.8	4.1%	2.7%
	Cameroon	23.5	29.6	4.3%	1.3	5.0%	4.7%
	Chad	14.5	10.7	-1.1%	0.7	3.6%	4.7%
	Equatorial Guinea	0.8	11.6	-9.9%	14.1	-1.4%	-0.8%
	Gabon	1.8	13.6	2.3%	7.7	4.7%	3.6%
	Nigeria	186.2	424.5	-1.6%	2.3	3.6%	3.7%
	Republic of the Congo	4.7	13.5	-3.2%	2.8	2.5%	4.7%
	Total	257.4	600.9	-1.2%	2.3	3.6%	3.5%
Other resource- intensive countries	Botswana	2.3	14.2	3.0%	6.2	4.3%	4.5%
	Burkina Faso	18.7	11.7	5.0%	0.6	5.4%	6.1%
	CAR	5.0	1.8	4.5%	0.4	-4.9%	5.4%
	DRC	75.1	39.8	4.1%	0.5	6.5%	7.1%
	Ghana	28.2	42.3	3.5%	1.5	6.9%	5.2%
	Guinea	12.7	7.5	3.6%	0.6	2.4%	4.2%
	Liberia	4.4	2.4	-0.9%	0.6	3.6%	5.5%
	Mali	18.0	11.5	5.3%	0.6	3.8%	4.5%
	Namibia	2.5	11.4	0.2%	4.5	4.6%	4.8%
	Niger	20.8	7.9	6.0%	0.4	5.9%	6.8%
	Tanzania	55.2	47.2	6.3%	0.9	6.8%	6.7%
	Zambia	16.7	20.0	3.1%	1.2	4.8%	4.8%
	Zimbabwe	16.0	13.7	0.6%	0.9	5.2%	1.9%
	Total	282.2	235.6	4.0%	0.8	5.6%	5.6%
Non-resource- intensive countries	Benin	11.2	8.9	3.7%	0.79	4.4%	6.4%
	Burundi	11.6	2.9	-0.5%	0.25	2.1%	1.7%
	Cape Verde	0.5	1.6	3.2%	3.10	2.1%	4.2%
	Comoros	0.8	0.6	2.2%	0.70	2.4%	4.1%
	Côte d'Ivoire	23.3	34.8	7.5%	1.50	6.6%	6.1%
	Djibouti	0.9	1.9	6.5%	2.11	6.0%	4.2%
	Eritrea	5.4	5.4	3.7%	1.00	5.3%	3.0%
	Ethiopia	102.5	64.1	7.6%	0.63	9.8%	7.0%
	Gambia	2.1	0.9	2.2%	0.43	2.2%	3.7%
	Guinea-Bissau	1.8	1.2	5.2%	0.64	3.4%	4.4%
	Kenya	47.3	68.4	5.8%	1.45	5.6%	5.9%
	Lesotho	2.2	1.9	2.0%	0.90	3.6%	3.8%
	Madagascar	24.9	9.9	3.5%	0.40	2.5%	4.6%
	Malawi	17.8	5.7	2.7%	0.32	3.9%	5.1%
	Mauritania	3.8	4.7	1.5%	1.24	4.1%	4.3%
	Mauritius	1.3	12.1	3.7%	9.61	3.6%	3.7%
	Mozambique	28.9	10.9	3.4%	0.38	6.5%	6.9%
	Rwanda	11.9	8.5	5.9%	0.72	6.9%	7.0%
	Senegal	15.6	14.4	6.5%	0.92	4.3%	6.7%
	Seychelles	0.1	1.6	4.0%	16.82	4.8%	3.7%
	Somalia	11.1	1.4	2.2%	0.13	2.5%	2.1%
	Swaziland	1.3	3.7	-0.6%	2.84	1.8%	1.6%
	Togo	7.5	4.5	5.2%	0.59	5.4%	5.4%
	Uganda	40.4	25.6	2.3%	0.63	4.3%	6.3%
	Total	373.9	295.5	5.3%	0.79	5.8%	5.9%
SSA		913	1 132	1.4%	1.2	4.5%	4.7%
South Africa		56	294	0.3%	5.2	1.9%	2.0%
Africa		1 197	2 120	1.8%	1.7	2.9%	4.2%
Emerging markets		6 370	29 717	3.8%	4.8	4.5%	4.8%
World		7 414	75 176	2.5%	10.1	2.7%	3.1%

*Estimate

CAR: Central African Republic; DRC: Democratic Republic of Congo

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