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



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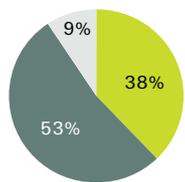
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**Figure 7**

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

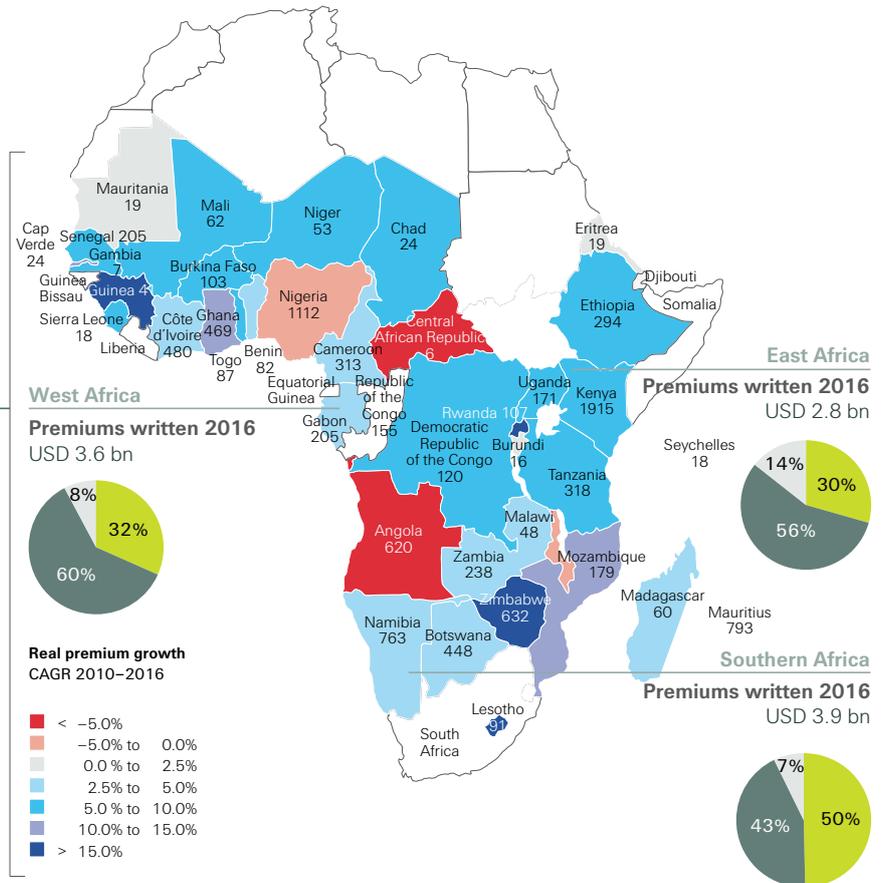
**SSA**

**Premiums written 2016**  
USD 10.3 bn



**Insurance market split**

- Life
- Property & casualty
- Medical



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.

# 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)<sup>1</sup>, 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.

<sup>1</sup> 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.

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