

Growth dynamics in emerging consumer insurance in Africa

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**African Insurance Distribution
& Bancassurance Conference**

Agenda

Drivers of scale in microinsurance

State of the market in Africa: an investor view

m-insurance sprinting ahead?

Conclusions

A range of microinsurance initiatives have reached scale globally - bancassurance dominates mainly with compulsory or automated products

Client Interface for Scale


Post Office 



MNO 



MNOS and Retailers account for less than 14% but growing fast

Funeral Parlour 



Retailer 



State 



Direct Sales 



Groups 

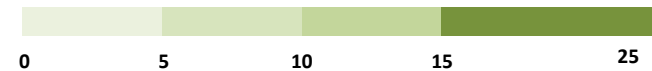
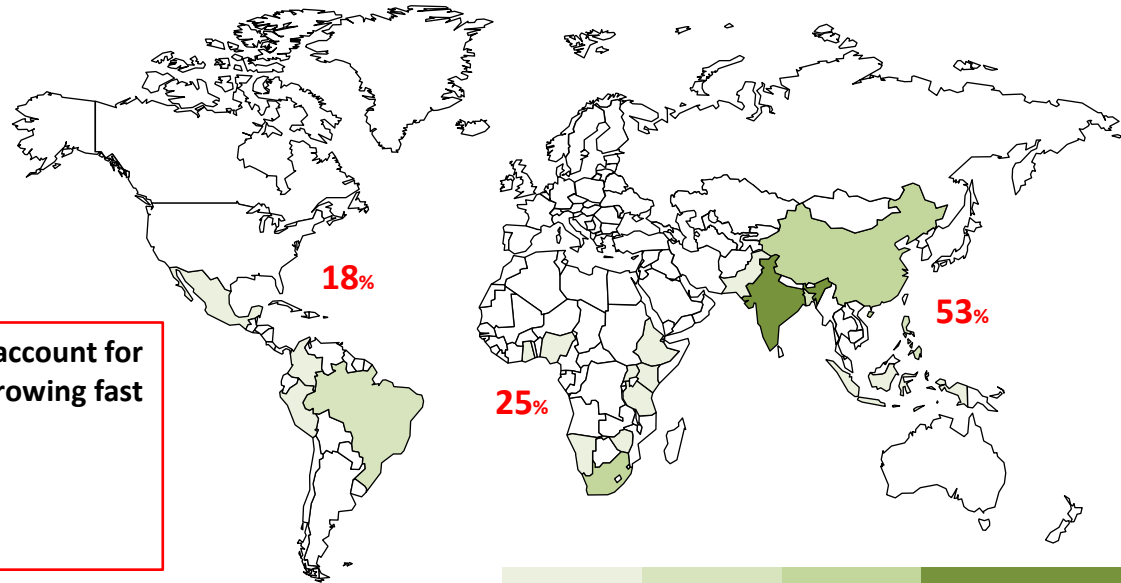


MFIs, groups and banks account for 52%

MFI 



Bank 



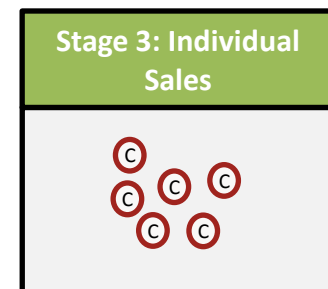
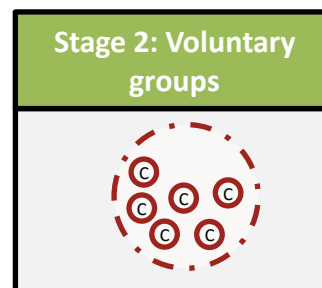
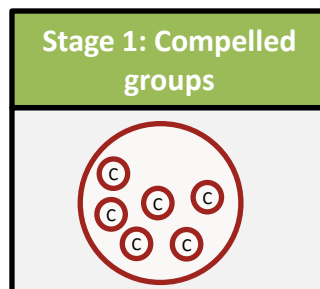
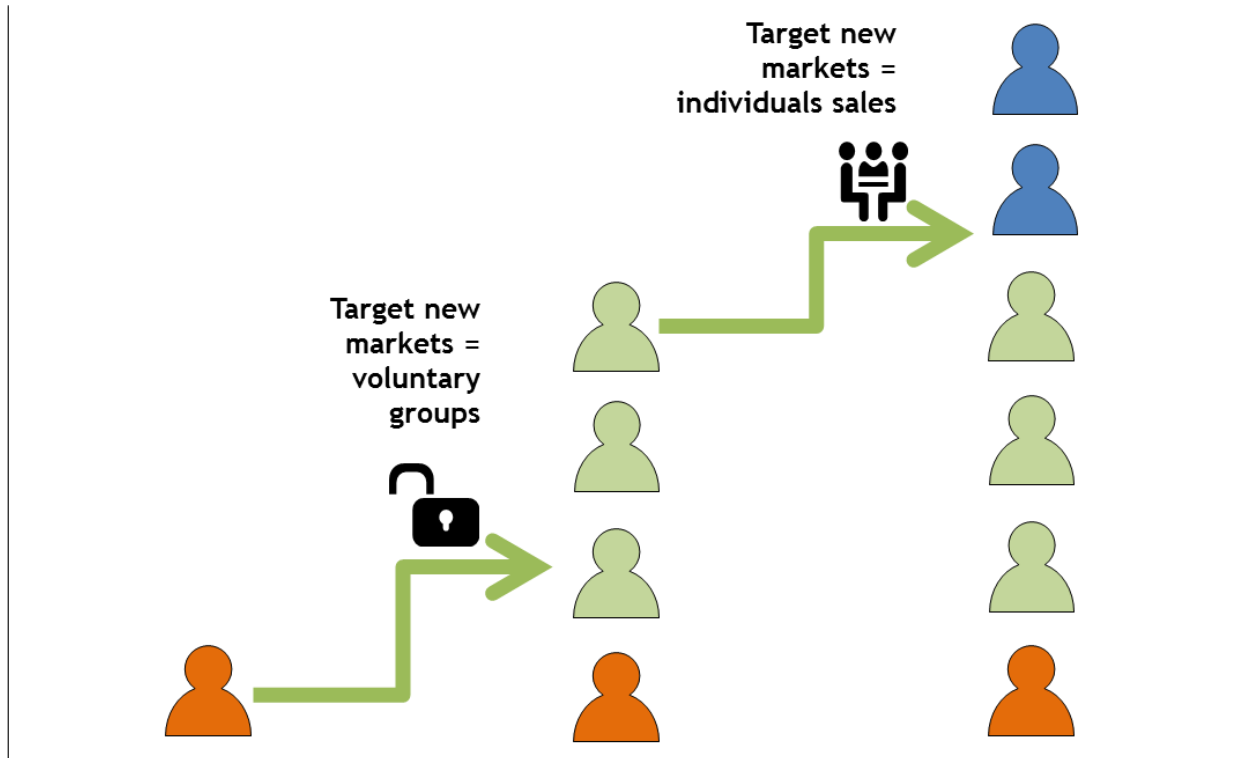
of schemes that have achieved scale

- Scale = >1m policies/ lives covered in Asia, Latin America
- Scale = >500k policies/lives covered in Africa

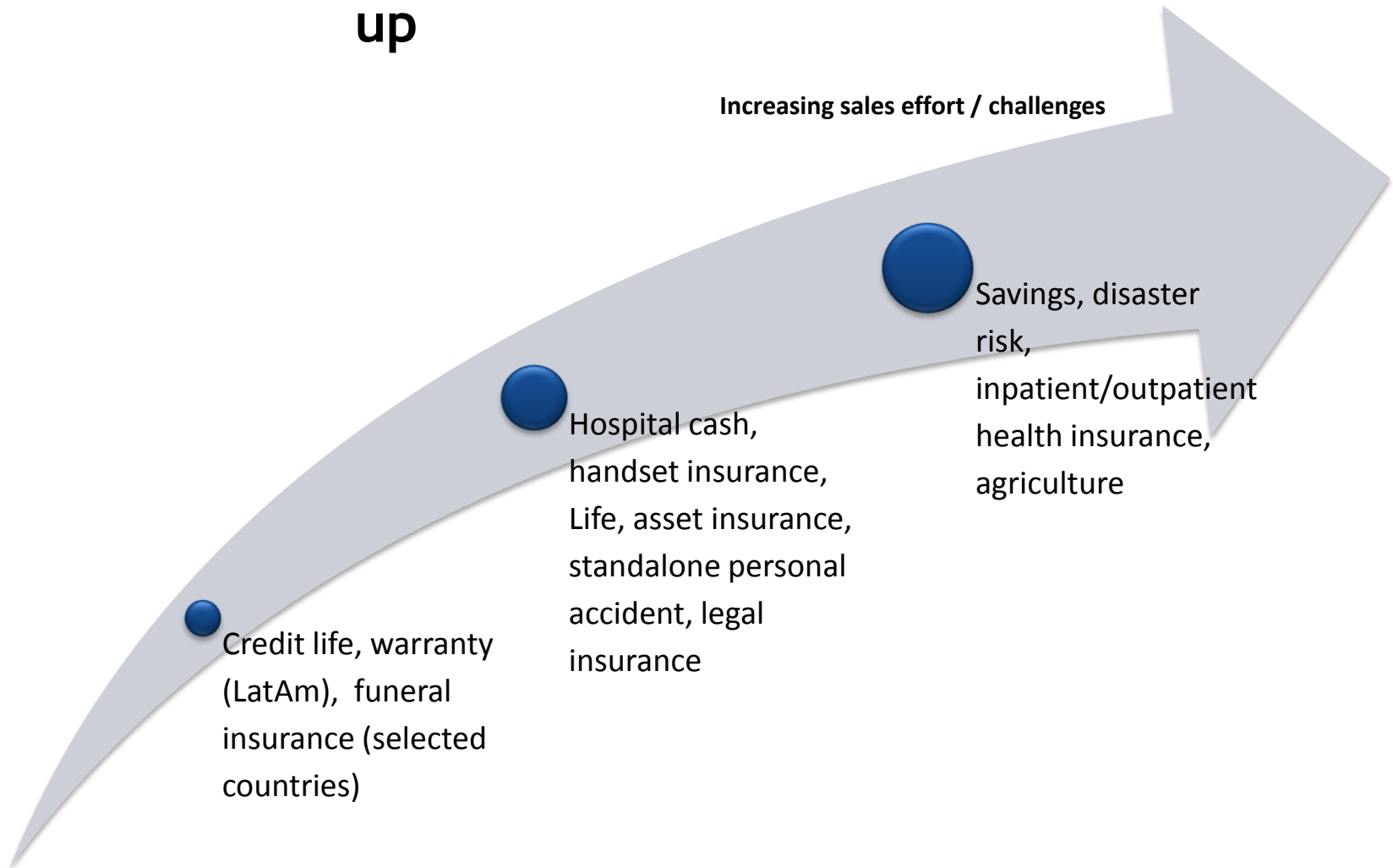
Number of initiatives: # 95 schemes

Source: Cenfri/ BFA

Scale has primarily been reached through compulsion before shifting to voluntary groups and individual sales



The success of micro-insurance products will vary by country; each product offers a different level of challenge in scaling up



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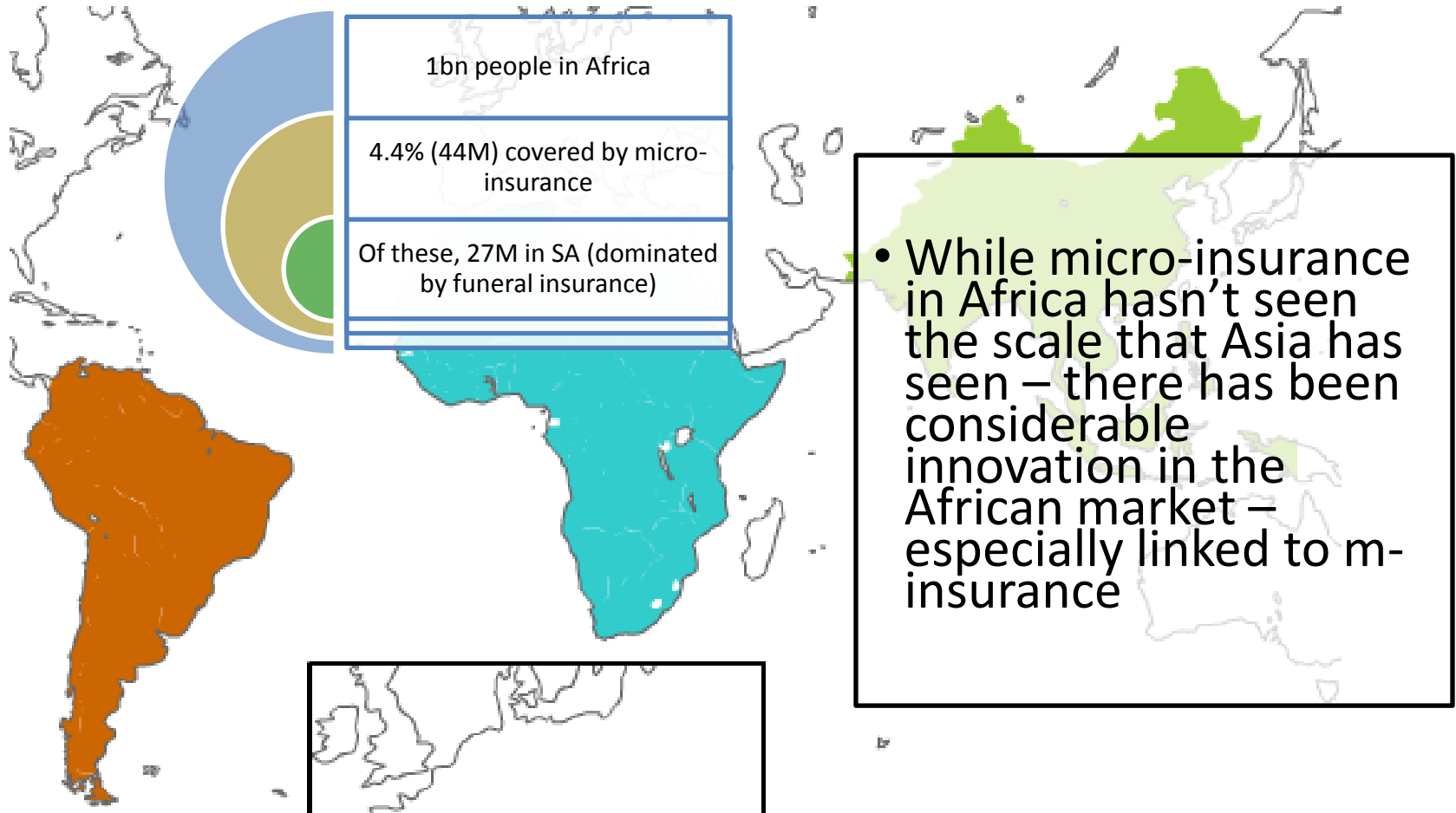
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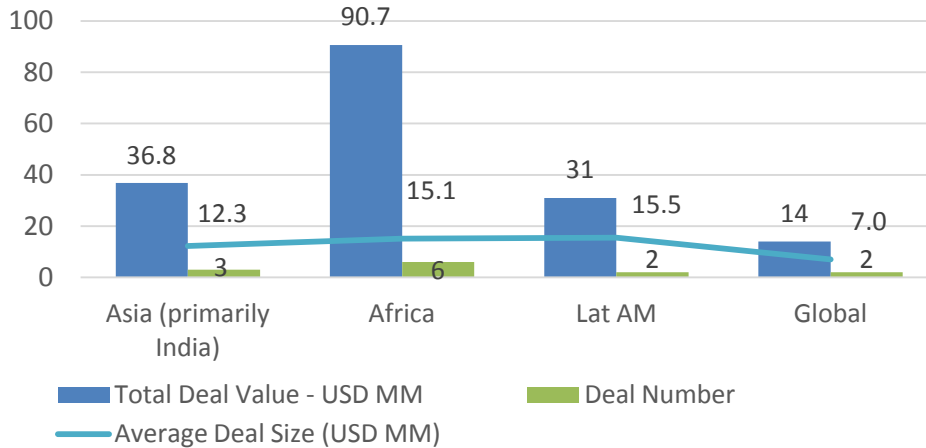
Africa is driving innovation and the next frontier of growth



Source: ILO, CGAP

Africa leads on the number of ‘micro-insurance’ investments and there is a growing number of global deals focused on Technical Service Providers

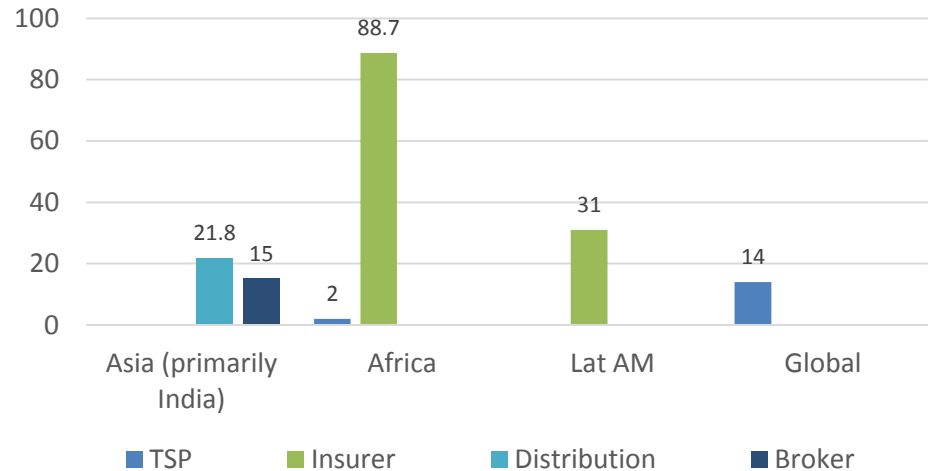
Geographic Mapping of Micro-insurance deals



- Strong deal activity in Africa
- Africa sees a higher number of deals – but with a smaller ticket size

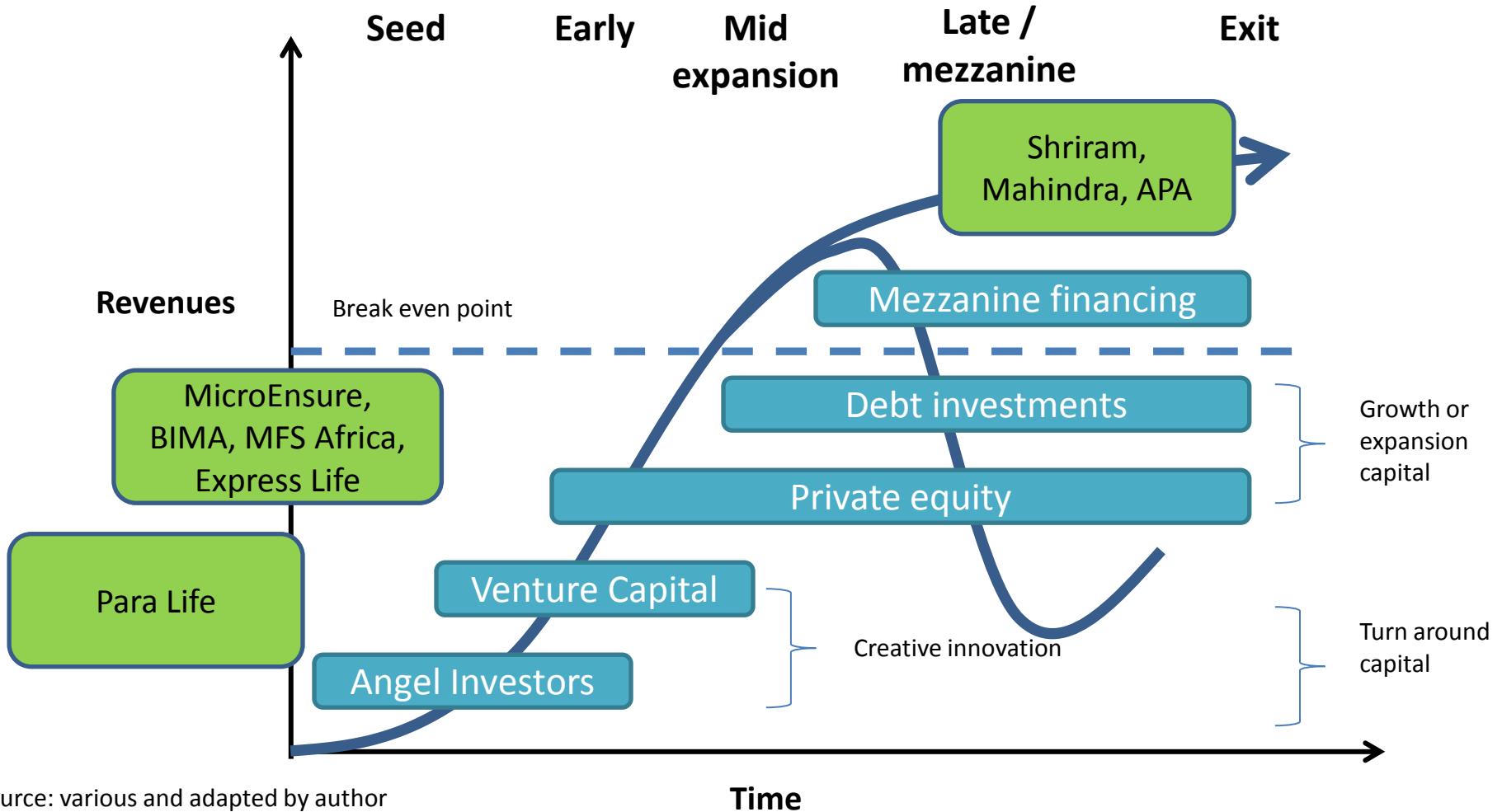
- Investments into Africa and Lat AM – sees investors backing insurers
- Investments in India seems to be typically around distribution and brokerage.
- Technical Service Provider (TSP) investments, focused mainly on m-insurance, understandably have a wider global focus – MicroEnsure, Bima, MFS Africa

Type of Micro-insurance Investees



Source: BFA

Overall, micro-insurance deals thus far tend to be bifurcated between early stage and late stage funding with little in between



Source: various and adapted by author

Time

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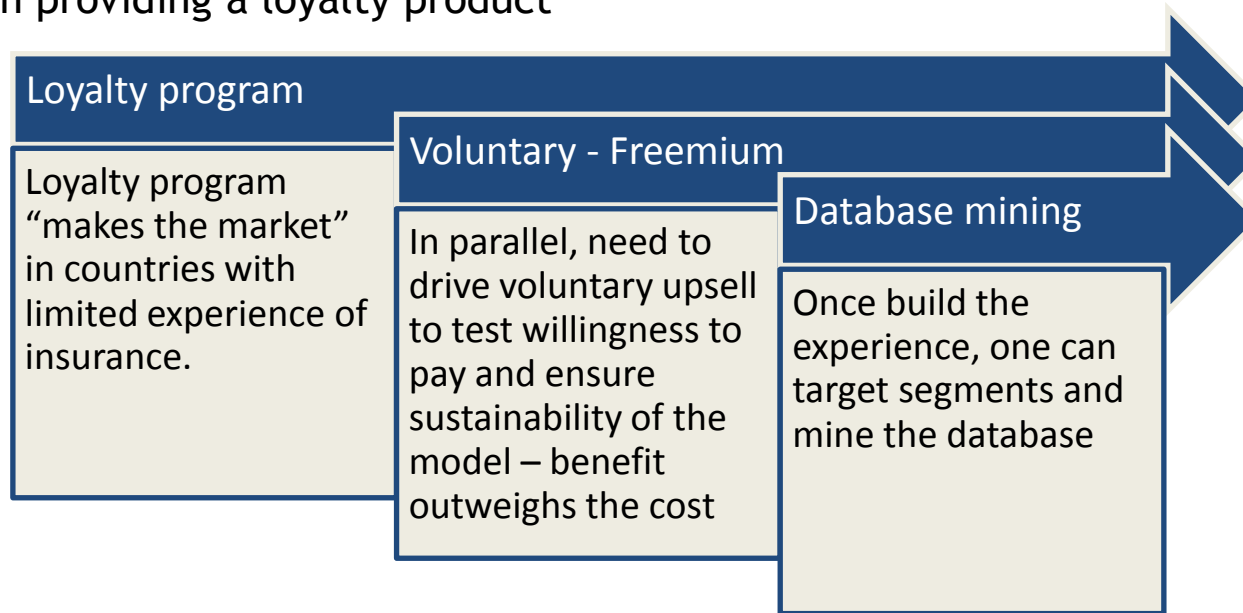
Conclusions

A number of m-insurance sprinters have exploded on the market showing the potential for rapid growth

| | | |
|---|--|----------------|
|  | EcoLife Zimbabwe reached 20% of the adult population in 7 months | Loyalty |
|  | Telenor Easypaisa Khurshal Pakistan reached 400,000 people in 2 months | Loyalty |
|  | Tigo Bima Ghana reached almost 1m lives in 3 years | Freemium |
|  | Leo Namibia reached 15% of the adult population | Loyalty |
|  | Airtel Zambia reached an estimated 2m at launch | Loyalty |
|  | Robi Bangladesh has reportedly hit 4m clients | Loyalty |
|  | MTN and Airtel in Nigeria sign up 100,000 clients a month | Voluntary Paid |

The m-insurance sprinters share some key success factors

- Strong brand and well-funded marketing campaign
- Launch of free product initially to ‘make the market’ in markets with limited or no experience of insurance; the cost of marketing a paid product is likely higher than providing a loyalty product



- Ease of sign up (paperless, on mobile device)
- Mix of digital registration with support from human interface (agents)
- Payment mechanisms dependent on state of payments in the country → airtime deduction → OTC → mobile money → debit orders



New m-bancassurance models could combine best of high touch and low touch models



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Insurance is taking off in Africa

- Scale is being reached in a large number of models:
 - bancassurance offers a strong base of growth
 - scale of m-insurance sprinters needs to be converted to profitability
 - m-bancassurance offers potential to bring both worlds together
- Success will depend on a combination of brand strength, data analytics, wise choices around products and distribution models
- Regulators will need to catch up with these models



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