



# Africa Re News

20th Edition

December 2019

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# AFRICAN INSURANCE AWARDS 2020 Edition

Opening date for the submission: 28th January 2020



## The objectives:

- To celebrate innovation, good corporate management and good leadership in the African insurance industry.
- To reward outstanding performance in the African Insurance industry

## Categories of Awards

- Innovation of the Year
- CEO of the Year
- Insurance Company of the Year
- Insuretech of the Year

- **Date of the award ceremony: 1<sup>st</sup> June 2020**
- **Venue of the Awards ceremony: Eko Hotel & Suites, Lagos, Nigeria**

[www.africaninsuranceawards.org](http://www.africaninsuranceawards.org) | [www.africa-re.com](http://www.africa-re.com)

## GMD/CEO's Message

Corneille Karekezi



**D**ear Readers

The "Game Changers", as we call the contemporary business enabling technologies, have penetrated the global business environment like visiting doctors in hospitals who come to treat specific pathologies that have hitherto resisted treatments.

Genomics, Robotics, Telematics, Telemedicine, Drones, IoT, Blockchain, etc. have brought into the global business environment a host of changes which can potentially enable the leapfrogging of efficiency and effectiveness in the entire value chain of almost each and every industry.

While waiting for one of the newest technologies, Blockchain, to settle well in the global insurance industry, we can begin to think of the level of relief we can get if we have solutions for challenges such as high cost of production, fraud, product innovation, secured database, reliable KYC...

It is quite interesting to know that the global insurance leaders are much involved in the effort of making this Blockchain technology to benefit the industry for the utmost satisfaction of all the insurance stakeholders. The Blockchain Insurance Industry Initiative (B3i), which was introduced in the industry by some global insurance industry leaders to test some possible solutions of Blockchain, is very encouraging and indicates more or less the next direction for the industry.

This 20th edition of your magazine, Africa Re News, contains some insightful articles that highlight some Blockchain solutions as related to insurance as well as a brief presentation of the blockchain as a technology.

I hereby thank the Ghanaian Commissioner of Insurance, Mr Justice Ofori, for his interview in this edition where he shed light on many relevant issues in the Ghanaian insurance market for the information of our readers. I also thank , our own Deputy Managing Director, Mr Ken Aghoghovbia for accepting to share his over 30 years of experience with our readers in an extensive interview in this edition.

The laying of the foundation stone of the future Head Office building of Africa Re in Abuja, Nigeria is also colorfully reported in this edition as well as our training programmes for technical capacity building in favour of our clients in various African markets.

Many other articles and write ups on Africa Re's participation in various industry forums are also documented therein.

Wishing you a pleasant reading and a prosperous 2020.

# The Case for

# BLOCKCHAIN

# Technology in the African Insurance Industry



**Oluseye Olakanmi**  
Strategy Management Office - Africa Re Headquarters

## A. INTRODUCTION

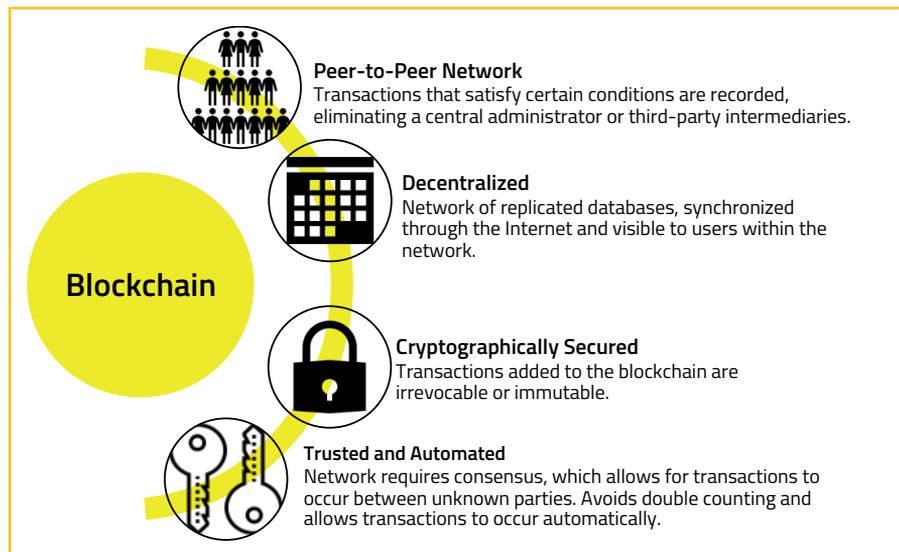
Over the years, the insurance industry has been one of the late adopters of technology across its value chain. However, this has improved in the recent past with the proliferation of insurtech initiatives in different parts of the world including Africa. There is a growing consensus among industry stakeholders that technology is one of the dominant forces that will shape the future of the industry considering the myriad of challenges begging for answers particularly high expense ratios and operational costs which have led to increasing pressure on profit margins. Today, the adoption of technology is no longer a luxury but a necessary business enabler across different industries and the insurance industry is not an exception. One of the technologies expected to bring significant value proposition to the insurance industry is blockchain/Distributed Ledger Technology (DLT).

The insurance industry has not yet been fully disrupted as the sector moves and evolves very slowly. Although the reinsurance sector has witnessed continued technological advancement, there has been little or no change in its core operating model. There is a growing acknowledgement that the insurance industry is at an inflexion point and that digitization / technology needs to be embraced to respond to the challenges at hand. In Africa, some of the issues of utmost concern to reinsurers are the high outstanding cedant balances, evolving regulatory environment, volatility of results and a very competitive marketplace. Different

companies and industry initiatives worldwide are exploring the business potential of blockchain /DLT technology across the (re)insurance value chain.

## B. BLOCKCHAIN AND SMART CONTRACTS

Blockchain is a distributed and tamper-proof digital ledger that provides a shared single source of the truth between multiple trustless parties using cryptographic technology to allow each participant to utilize the ledger in a secure way without a need for third parties. According to Frost and Sullivan, blockchain technology has the following properties:



*Figure 1: Properties of Blockchain*  
Adapted from Frost and Sullivan (2018)

These properties of blockchain are the differential value

1 Properties of Blockchain: [https://ww2.frost.com/wp-content/uploads/2018/03/Edited\\_Frost\\_Prospective\\_-\\_Role\\_Of\\_Blockchain\\_in\\_Precision\\_Medicine\\_2nd\\_March\\_PS.pdf](https://ww2.frost.com/wp-content/uploads/2018/03/Edited_Frost_Prospective_-_Role_Of_Blockchain_in_Precision_Medicine_2nd_March_PS.pdf)

proposition that makes it relevant today. What are the differences between Blockchain and Distributed Ledger Technology? On a Blockchain, everybody gets a copy of every transaction. When you make a deal on Distributed Ledger Technology, you can tailor smart contracts and send data only to those that need to know.

One of the most practical applications of Blockchain in the insurance industry is a smart contract also called "self-executing" contracts. A smart contract is a piece of software that stores rules for negotiating the terms of a contract, automatically verifies the contract and then executes the agreed terms when triggered by an authorized / agreed event encoded into the contract via its underlying blockchain on which it is stored. This is illustrated below in Figure 3 by eliminating the need for intermediaries as well as driving transparency in transactions.

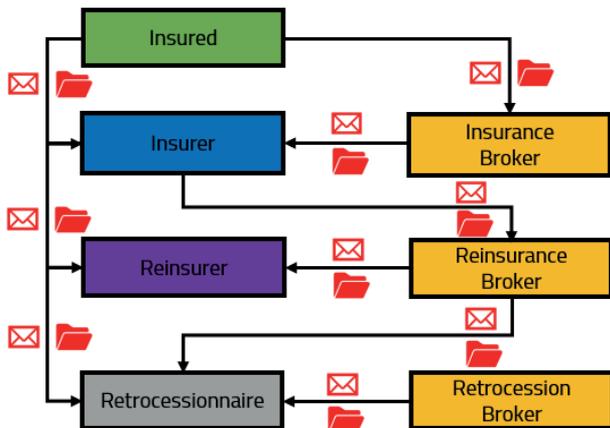


Figure 2: Traditional Value Chain in Reinsurance

The smart contract is an interesting innovation in the insurance/reinsurance value chain. The role of intermediaries will be redefined and it is expected that they will add more value to the process.

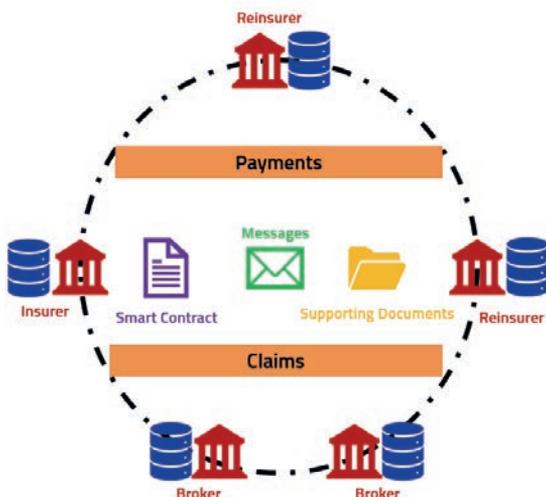


Figure 3: Redefinition of Value Chain using Blockchain

### C BUSINESS CASE FOR BLOCKCHAIN/DLT

The insurance industry is faced with numerous challenges across its value chain. These challenges fall into any of the following categories:

1. **Frictional costs:** The industry has significant frictional costs as it is largely paper based in many countries. Based on the illustration in Figure 2, the insured expresses the need for insurance which is sent to an insurer or insurance broker. An insurance contract is proposed in collaboration with the different parties to the contract up to the retrocessionaire. This contract negotiation process sometimes requires printing the contract multiple times and then sending via courier services for endorsement leading to cumbersome sign-offs. In the process, the latest versions of the document may not be the same across the value chain. In some cases, it is difficult to maintain an audit trail across the documents.

A practical example is having a large and complex risk involving multiple stakeholders. For instance, the risk is sourced by an African insurer and then placed by two (2) local insurance brokers with two (2) local co-insurers following the domiciliation of risk. The remainder of the risk is then placed by an international reinsurance broker with three (3) regional reinsurers and four (4) international reinsurers for the business to be fully booked. The administration could be prone to errors, cumbersome and expensive. Blockchain/DLT has demonstrated the potential to simplify the contract administration process throughout the contract cycle.

2. **Operational inefficiencies:** There are also significant process delays and since different stakeholders sometimes maintain different versions of documents, reconciliation is quite cumbersome. In Africa, most reinsurers have high receivable elements in their balance sheet due to the struggles with reconciliation. With the enactment of IFRS 9, the trend will no longer be sustainable for reinsurers. Process delays have significant impact on results especially in the area of claims notification which influences claims reserves.

A practical example is the inconsistency in statement of accounts as applicable to an insurance broker based in South Africa writing insurance business in East Africa through some local insurers. The insurers sometimes write business with a local reinsurer in East Africa

*Continued on page 23*



# Africa Re and IFC Conduct Agriculture Index Insurance Workshop In Lagos

By Duncan Mukonyi,  
Manager Underwriting and Marketing,  
Lagos, Nigeria



Participants of the workshop during the practical crop cut experiment on a rice farm in Badagry, Nigeria

The African Reinsurance Corporation (Africa Re) in collaboration with International Finance Corporation (IFC) recently organized a successful workshop on Agriculture Index Insurance which took place from 2 to 6 December 2019 at the Golden Tulip Hotel, Festac, Lagos.

The workshop attracted a total of 42 participants drawn from different sectors of the agriculture value chain including underwriters, aggregators, regulators, farmers' representatives and journalists. The training content was structured based on the market needs and key topics of interest included price index, digital solutions in the agriculture insurance space and practical crop cuts methodology exercises on a rice farm in the Badagry area

of Lagos, facilitated by experienced Africa Re staff and invited international experts on agriculture insurance.

Delivering his opening speech at the ceremony, Mr. Ken Aghoghovbia, the Deputy Managing Director/COO of the African Reinsurance Corporation pointed out that agriculture insurance underwriters in Nigeria target to provide cover for five million farmers in the next two years. Whilst citing the sad story of the Nigerian agriculture industry of the 70s where Nigerians neglected agriculture and opted for the booming oil and gas windfall, he expressed optimism that Nigeria still has immense economic potential thanks to the Federal Government initiatives that triggered the 2012 Agricultural

Transformation Agenda and set the ball rolling for the insurance industry to tap into this opportunity, through the provision of affordable insurance products to farmers whilst at the same time guaranteeing food security.

He stressed that Africa Re's role as the largest reinsurer in Africa has been put to test with the need to provide adequate reinsurance capacity to the Nigerian insurance industry, a feat that has seen the number of approved agriculture underwriters increase to fourteen as of today. "Initially, agriculture insurance products in Nigeria were provided on indemnity basis with the attendant high costs of administration and inherent risks of fraud. Thus Nigerian underwriters over the years have faced challenges in the implementation of indemnity based insurance contracts, a turn off to insurance penetration. In an attempt to address the challenges posed by indemnity products, underwriters sought to introduce index insurance in Nigeria," he posited. A breakthrough was achieved in 2017 when the first index program via NIRSAL rice scheme where four underwriters NAIC, AXA Mansard, Leadway and IGI provided insurance to the scheme supported by lead capacity from Africa

Re. A total of 14,589 farmers were covered during the wet season program. Since then, approximately 191,626 small scale farmers have been insured on six major index schemes.

Accordingly, underwriters still face challenges in the implementation of index insurance contracts for farmers. Key among them, he noted include basis risk outcomes, absence of reliable historical yield data sets, non-compliance by farmers to standard farm agronomy practices as well as policy terms and conditions, affordability of premiums by farmers, unreliable crop cuts assessments and inadequate reinsurance capacity.

In his closing remarks, Mr. Aghoghobvia pointed out that the IFC/GILF fund which Africa Re manages on behalf of the Nigerian agriculture industry stakeholders aligns with African Re's founding mission in addressing the above industry challenges. "Africa Re supported by its partners will continue to work with IFC to provide solutions to the Nigerian agriculture industry by assisting in providing adequate reinsurance capacity, training, digital solutions and product development", he concluded.



Ken Aghoghobvia DMD/COO of Africa Re addressing the participants



Mr Shadreck MAPFUMO Senior Financial Sector Specialist, World Bank Group from IFC addressing the participants during the workshop



Funmi Omokhodion, Regional Director, Lagos office of Africa Re (R) and some participants during the workshop



Participants on the rice farm during the practical session of the workshop

# Interview with the Commissioner of Insurance of Ghana

Interviewed by A. Adogbo



Mr. Justice Ofori, Commissioner of Insurance of Ghana

***The insurance penetration rate in Ghana stands at around 1%. This continues to be a source of concern for the Commission. Can you tell us about some of the measures that the Commission is putting in place to improve it?***

To improve the insurance penetration, the Commission is implementing a number of programs to grow the industry. These include the following:

- Seal the leakages from the motor insurance portfolio. Motor is the largest line of business but is currently bedevilled with fake motor insurance stickers which tend to siphon part of the premium income. The Commission is therefore working on an electronic motor insurance system which will serve as a digital database for all motor insurance policies as well as make it easy for the authenticity of any motor insurance policy to be verified. It is expected that this will help to significantly improve the motor insurance premium income.
- Since agriculture makes up a significant chunk of Ghana's GDP and employs over 60% of the Ghanaian population, the Commission is also working to improve the development and distribution of affordable insurance products to both small and large scale farmers.
- The annuities market is also being developed to complement our growing pensions market.
- There are also plans to make Group Life compulsory for all employers to protect the citizens and there by grow the Life sector.
- Lastly, we are collaborating with the relevant stakeholders to grow the marine insurance business. It is ironic that even though we import so much into the country, our marine insurance business is struggling. We are aiming at amending the laws and getting a more efficient institutional arrangement in place to ensure effective implementation.

***Your office has announced new Minimum Capital Requirement for the industry in 2021. What are your expectations? And how compliant are the companies so far?***

So far, a significant number of companies do not meet the new requirements. All companies have submitted their plans to meet the new requirements by June 2021 to the Commission. The Commission has in turn reviewed the

plans and provided feedback in writing. Our expectation is that each of our regulated entities will take advantage of the roadmap to take pro-active steps to meet the new requirements. We expect those companies which do not and individually cannot meet the new requirements to consider mergers to combine their resources to create bigger, better and stronger companies.

***The quality of underwriting seems to be deteriorating in the industry and this is witnessed by the underwriting losses experienced by the industry in recent years. How is the Commission addressing this challenge?***

Yes the Commission is aware of the rather unhealthy state of underwriting results of the industry. It is worth pointing out however that the situation is improving but has not been eliminated.

The need for the problem to be addressed has been increased given the downward trajectory of investment returns. This is because, previously, insurance companies could still post reasonable "profit after tax" figures because of the level of investment returns they made. With the current reduction in investment income, this cushion is being eroded.

The Commission works with industry bodies to set recommended minimum premium rates for various classes of business. The Commission undertakes some exercises to monitor if these are being implemented. One of the approaches used in the monitoring is 'mystery shopping'.

One of the submissions that insurance companies make to the Commission is the Financial Condition Report (FCR). A key aspect of the FCR is assessing the profitability of products sold. This provides useful information to insurance company about the profitability of their



Ghanaian Insurance Commission Office Accra

products and what they can do about it to improve their underwriting results. The review of the MCR was partly influenced by the need to have profitable Insurance companies.

***Your office recently sent a circular to the industry directing companies to desist from facultative exchanges among themselves and rather place facultative businesses with reinsurance companies. What was the rationale behind the directive? Is the market complying?***

Our records show huge amounts (both premium and claims recoveries) are owed among insurers partly due to the practice of direct insurers engaging in facultative reinsurance business among themselves. The practice threatens the NIC's bid to promote coinsurance since commissions for facultative business are usually higher. The NIC issues different licences which require different minimum capital levels. In our view, insurers are not adequately capitalized to engage in reinsurance business. To a large extent, the market is complying. Applications for overseas transfer show mostly reinsurers participating in risks.

***"No Premium No Cover" was introduced few years ago in the Ghanaian market. What assessment can you give of the measure few years down the line?***

The "No premium No Cover" has been one of the most instrumental policies on the Ghanaian insurance industry. Insurance companies have been able to do away with the tedious task of Credit Management and comparatively insurance companies are recording higher premiums in terms of physical cash compared to the days when insurance could be bought on credit. The amount of premium receivables on the balance sheet of insurance companies has reduced considerably to nil.

The Commission continues to monitor NPNC implementation. It has taken steps to sanction some companies who have been found to be undertaking

credit sales.

It is also worth pointing out that NPNC has other dimensions as well. It has specific directives on the length of time insurance companies should pay reinsurance companies, reinsurance premiums. This aspect is also being monitored.

The Commission has set up an industry body to review the NPNC directive and recommend if there is the need to consider whether premiums can be paid in instalments. The outcome of the work of the industry body will be reviewed by the Commission and adopted if appropriate.

***Some industry opinions refer to micro-insurance as an effective mode of taking insurance to the lower class citizen. Please what is your Commission doing to encourage the promotion and perhaps establishment of micro-insurance companies in Ghana?***

We started work on our microinsurance regime in 2010. Mainly, we built the capacity of our insurance companies to develop and sell microinsurance products, we designed a conducive regulatory framework, undertook consumer education and researched into issues to enable us to adopt informed approaches to finding workable solutions.

The regulatory framework we adopted restricted the underwriting of microinsurance products to the conventional insurance companies. We therefore do not have standalone micro insurance companies on our market. We however liberalised the distribution sphere in order to reach out to the target market. We also adopted a flexible definition for micro insurance which facilitates innovation. In addition to this, we use a test and learn approach with regards to both products and distribution system development. Currently, we are working on improving access to micro and small businesses as the next phase of our micro insurance market development.

***In most African countries, successive governments seldom take insurance of government assets as a priority. What is your Commission doing in this regard?***

We are currently discussing this issue with government. There have been some agitations to extend the compulsory insurance of motor and fire insurance to government vehicles and properties. But as is the case in most countries, government is able to self-insure to some extent. We are however discussing the possibility of government insuring selected and strategic national assets to ensure quick turnarounds and recovery should the unexpected happen.

## Interview

# Interview with Mr Ken Aghoghovbia, Deputy Managing Director/COO of Africa Re

Interviewed by A. Adogbo



**|| My career in the industry has been a fulfilling one. Not because I am brilliant or a workaholic but simply because of God's grace. ||**

Mr Ken Aghoghovbia during the interview with Africa Re News

***You are one of the rare insurers in Africa who made, from the beginning, the deliberate choice to go into insurance for a career. Can you tell our readers what prompted such a courageous decision over 3 decades ago when insurance was not, at that time, an attractive sector for any young prospective professional ?***

When I ventured into insurance over 30 years ago, the sector was not popular among young graduate employees. Most people then, would rather pursue careers, in Law, Engineering, Medicine and other sectors that looked more lucrative and prestigious. What would your professional title be called when you work in insurance? Indeed, when my neighbour, who was then an undergraduate, first proposed to me the idea of having a career in insurance, I immediately visualized a young man working with American International Insurance Company in Nigeria (now AIICO) who went about town in a Vespa motor bike selling insurance products. The thought of owning a bike was tempting and be like him even without having to attend a university.

However, after studying the industry well and through career guidance, I realized that the sector was not just about selling insurance but it had so much economic potential for Africa and hence there was a great need for people with a desire to develop the insurance market on the continent.

I started to feel the passion to work with other professionals towards developing insurance in Africa,

until it was adopted by consumers like any other financial planning tool to solve problems. When I discovered Africa Re and its mission to support African economic development through insurance operations, I was quick to recognize the Corporation as the best platform to enable me to exercise my new-found passion.

***Recently, you had the privilege to participate in the last Nigerian Economic Summit Group meeting. In light of the discussions that went on there, what is your forecast in terms of opportunities for the insurance industry in the Nigerian economic environment?***

It was truly a privilege to participate in the summit. Most of the meetings were quite robust and engaging. Some participants however wondered, on the sidelines, whether all the discussions and brilliant submissions would simply end up as mere discussions with no action. In my view, a high degree of seriousness was demonstrated at the summit even by senior government officials with the President himself setting the tone by arriving on time to flag off the summit – no African time.

Discussions focused on challenges facing the Nigerian economy and proposed strategies to address them. Key sectors reviewed include agriculture, oil and gas, power especially renewable energy and infrastructure. Growth in these sectors present great opportunities for the insurance industry.

**The insurance penetration rate in the continent is about 1%. In the over 3 decades you have spent in the industry, you definitely have your opinion about what was not rightly done and what can be done to improve the situation. Can you share your views with our readers?**

The insurance penetration of the continent has remained significantly low, compared to other continents. With the notable exception of South Africa, most of Africa is plagued with the same challenges retarding the growth in penetration. These include:

- Low confidence in insurance;
- Lack of suitable insurance products acceptable to the mass market;
- Slow pace in creating the necessary awareness of available products;
- Lack of suitable distribution channels;
- Low income and middle class;
- Low economic growth;
- Lack of harmonized insurance development.

A lot can still be done to improve the situation, such as:

- Legislation should be put in place to ensure that domestic insurers see every risk in their markets and that the insurance regulators discharge their role freely without any undue interference from government officials;
- Advantage should be taken of modern technology (mobile network, internet etc.) to access markets and enable distribution of products at reduced costs.
- Simple and cheap, mass market/micro/SMEs insurance products should be developed;
- More Engineers, Actuaries and other relevant professionals should be hired and be provided with the much needed training;
- Generally, governance should be improved in the industry.

**The mission of Africa Re is to foster the development of the African insurance industry. Can you give our readers some insight about how that mission is being accomplished by the Corporation?**

Africa Re has been involved in the development of insurance on the continent right from its inception. Various initiatives and projects have been undertaken by the Corporation in fulfilment of its mission. Below are just a few of them:

- Providing reinsurance capacity for all main classes of business, thus enhancing the local, regional and continental insurance underwriting capacity;
- Arranging periodic training for the African insurance

industry. Many trainings have been organized for our clients and even for non-clients through the Young Insurance Professional Programme (YIPP). The YIPP is a youth development programme that identifies and develops insurance talents around the continent through professional and structured training;

- Encouraging management excellence and innovation by industry players, along the insurance value chain, through sponsorship of the African Insurance Awards under the platform of the African Insurance Organisation (AIO) ;
- Managing the African Pools; Oil & Energy pool, Aviation pool;
- Supporting African economic development by partnering with other multilateral;
- institutions to grow key sectors like agriculture in a sustainable manner;
- Providing needed support to Regulatory authorities for the development of insurance in their countries.



Ken Aghoghovbia

**In your career, what branch of insurance would you say is your favourite?**

Reinsurance, don't ask me why.

**Any advice for the young generation who want to embrace a career in insurance like you?**

With the low penetration rate still persisting in most of Africa, there is now even a greater need for the young generation, with the required talents, to truly transform the landscape of the insurance industry.

As we start embracing what some call the 4th Industrial Revolution (Big Data, Internet of Things (IoT), Block Chain), I believe that it is this crop of professionals that can drive the new wave of economic growth and development by pursuing a rewarding career in insurance.

The end for all may, however, be different as each man has their own journey. My career in the industry has been a fulfilling one. Not because I am brilliant or a workaholic but simply because of God's grace.

**|| When I ventured into insurance over 30 years ago, the sector was not popular among young graduate employees. Most people then, would rather pursue careers, in Law, Engineering, Medicine and other sectors that looked more lucrative and prestigious. ||**

# Africa Re Lays the Foundation Stone of its New Head Office in Abuja

by A. Adogbo

The African Reinsurance Corporation (Africa Re) laid the foundation stone of its new head office in Abuja on Monday 18 November 2019. The Honourable Minister of the Federal Capital Territory, Alhaji Muhammad Musa Bello, was Guest of Honour of the ceremony, which was attended by Nigerian Government Officials, members of diplomatic corps, insurance industry captains, representatives of international institutions and dignitaries from various sectors.

The laying of the foundation stone of the new head office in Abuja signals the imminent relocation of the headquarters of Africa Re from Lagos to Abuja. This relocation, is in line with the practice which requires that diplomatic missions and international institutions should be located in the capital city of the host country. Africa Re's move to Abuja was delayed until now due to business considerations.

The building, whose foundation was laid on Monday 18 November is futuristic, with a unique and modern design. It comprises 7 main floors, designed to comply with international standards and uses strategies aimed at energy saving and water efficiency. Accordingly, its energy management system includes solar panels, which will make use of the Abuja sunlight as an alternative source of energy, thereby contributing to the reduction of the burden



GMD CEO Corneille Karekezi; FCT Minister Alhaji Muhammad Musa Bello; Chairman of Africa Re, Hassan Boubrik; Minister of Budget and National Planning, P. C. Agba



Minister of the Federal Capital Territory, Alhaji Muhammed Musa Bello (m) laying the foundation while builder David Ogbe of Africa Re (l) assisting with building materials



Chairman of Africa Re, Mr. Hassan Boubrik laying the foundation



Cross section of Ambassadors at the Foundation laying ceremony

on the national grid. The design also provides for a reduction in carbon dioxide emissions and improved indoor environmental quality. Addressing the audience during the ceremony, the Chairman of Africa Re, Mr Hassan Boubrik, stated: "Relocating to the seat of government is like a child moving closer to the parents to enjoy more attention,

as the Federal Republic of Nigeria is one of the founding fathers of Africa Re. In Abuja, Africa Re will certainly enjoy increased government attention in terms of immunities and privileges accorded by the Agreement establishing Africa Re and the Headquarters Agreement with the Federal Republic of Nigeria"



Vice Chairman of Africa Re, Jaime Aguinaldo laying the foundation



Dr. Mohamed Ahmed Maait, Minister of Finance of Egypt laying the foundation



GMD/CEO of Africa Re Corneille Karekezi laying the foundation



DMD/COO of Africa Re, Ken Aghoghovbia laying the foundation



L-R: Sunday Thomas, acting Commissioner of Insurance of Nigeria; H.E Paulette Adjovi Yèkpè, Ambassador of Republic of Benin; H.E. Stanislas Kamanzi, High Commissioner of Rwanda



L- R: David Muchai, Director of Finance; Linda Bwakira, Corporate Secretary GC; Seydou Kone, Director of Internal Audit; Corneille Karekezi, GMD CEO and Raphael Obasogie, Director of Administration and General Service



# Non-Life Insurance Seminar in Johannesburg, South Africa

by Colleen Kanniah, Manager Facultative,  
Johannesburg, Africa Re South Africa



Cross section of participants

Africa Re South Africa hosted African insurance professionals to a Non-Life Seminar in Johannesburg from 16 to 18 September 2019.

In keeping with the commitment to help raise professional standards on the African continent, African Reinsurance Corporation's Training Centre, together with its South African subsidiary, hosted some 85 delegates from all over the African continent, during its Non-Life Seminar held in Johannesburg, South Africa in September 2019. The program entitled "Designing a Reinsurance Program on a Risk-Based approach" lauded 15.5 Continuous Professional Development (CPD) hours, accredited by the Insurance Institute of South Africa (IISA).

The design and content of the program were aimed towards professionals to garner an in-depth level of understanding through a wide range of risk-based methodologies and mechanisms used in designing a reinsurance program. It was an opportunity for both facilitators and the participants to take a critical look at their own portfolios and glean insights on principles that will influence, reinforce and strengthen their approach to structuring programs within their own businesses. The framework of the topics and discussions was designed to inform overall fundamentals for establishing good governance and imperatives on the day-to-day execution of business. It was encouraging to see a good level of responsiveness, interaction and appreciation for the various topics as well as to note that delegates seized the opportunity to forge contacts and relationships. The participants, representing the industry in the various countries: Ethiopia, Ghana, Egypt, Zambia, Mozambique, Swaziland, Kenya, Mauritius, Lesotho, Botswana and our very own South Africa showed their satisfaction in various ways through the feedback received after the seminar: "the content was relevant and informative"; "a weeklong seminar is being advocated"; "high quality and delivery"; "very good organisation of seminar: .. to name but a few..

This was an important initiative in the interest of skills development on the continent, and ARCSA has made an

outstanding effort to promote and market this seminar throughout the continent. This speaks volumes to the level of expertise provided, both from an ARCSA output as well of that of our strategic partners, AON & Guy Carpenter

Invariably, the success of the event is attributed primarily to the vast effort from the ARCSA Marketing Committee, who drove this initiative par-excellence, living up to one of its multiple functions as the enabler of enhancement to ARCSA's positioning on the continent. We are indeed proud to have been associated with this critical initiative in fostering talent, empowerment and growth on the continent.



Group photograph of the participants of the Seminar in Johannesburg



Mr. Diomande Sory facilitating a session of the Seminar



# Insurance Market Training in Kinshasa, DR Congo, from 16 to 20 September 2019

September 2019

by Charly Benga Senior Manager, Underwriting & Marketing, Abidjan Regional Office.



Group photograph of participants

The Insurance Regulatory and Supervisory Authority (ARCA) in DR Congo solicited the assistance of AFRICA RE, 1st African reinsurer, to organize trainings for insurance controllers and insurers of the Congolese market. The Managing Director of ARCA, Mr Alain KANINDA, chaired the opening ceremony as well as the award of certificates of participation.

Topics discussed included insurance underwriting and reinsurance techniques (level 1) with the main objectives being:

- Understanding the usefulness and techniques of reinsurance to enhance the efficiency of ARCA supervisors in their mission.



Cross section of participants

- Study of fire insurance coverage, underwriting and fire prevention, mining and oil risks. The first three days were devoted to reinsurance and a short presentation of mining and oil risks. The prevention and underwriting of fire risks were reviewed during the two other days. There were over 25 participants representing ARCA, insurance companies and brokers from DR Congo and the neighboring Congo. The sessions were facilitated by Mr. Olivier Nguessan-

Amon (Regional Director) and Mr Charly BENGHA, (Underwriting Engineer) from the Abidjan Regional Office.



L-R: Mr. Olivier N'guessan, Regional Director of Africa Re and Mr. Alain KANINDA MD/CEO of ARCA (Insurance Regulatory body of D R Congo)



Group photograph of participants and the facilitator with the Management of Africa Re

# Reinsurance of Credit and Political Risks

On 14 November 2019, Africa Re hosted a half-day workshop at its headquarters in Lagos, under the theme “Reinsurance of Credit and Political Risks”. The session was facilitated by Mr. Joseph Vincent, a leading industry expert on Political and Credit risks and a member of the Africa Re Group Board of Directors representing the African Development Bank (AfDB). He previously served as Chief Underwriting Officer at the African Trade Insurance Agency (ATI) and as Senior Advisor Financial Products, at the International Agency for Renewable Energy (IRENA).

The session was held pursuant to the Corporation’s 2019–2023 Corporate Strategic Plan to explore possibilities for profitable growth in emerging risks and to strengthen internal expertise towards that objective. In recent years, the demand for credit and political risk insurance in our market has increased—keeping pace with rising global interest in Africa as an emerging market with attractive return on investment—as investors seek to manage the turbulent political challenges on the continent. The workshop was attended by Group Management, Central Directors, staff from the West Africa Regional Office and the Department of Central Operations and Special Risks.



## Seminar on the Effective Management of an Insurance Portfolio and Positioning for Growth in a Challenging Environment in Mombasa, Kenya

By Erastus Ochieng  
Assistant manager -Underwriting -Agricultural - Nairobi Regional office



Group photograph of the participants

Africa Re, East African Regional Office in Kenya conducted an international seminar targeting CEOs, Senior Executives, MDs, Directors and other top-level insurance/reinsurance staff at the Sarova Whitesands Hotel, Mombasa, Kenya from 24 to 27 September 2019. The seminar attracted 65 top executives from Burundi, Ethiopia, Kenya, Madagascar, Malawi, Malaysia, Mozambique, South Africa, Tanzania, Uganda, Zambia and Zimbabwe.

The seminar, which the participants appreciated to be quite relevant and informative, was organized to equip, improve and refresh their technical skills and knowledge in order to improve the portfolio performance of their organizations. Some of the key sessions handled included: natural catastrophe exposure and its impact on re/insurance, natural catastrophe modelling, risk survey & fraud management, recent changes in IFRS & impacts on the insurance industry, increasing agriculture

insurance penetration, and positioning for growth in a challenging environment.

Mr. Godfrey Kiptum, the CEO of the Kenya Insurance Regulatory Authority (IRA), graced the occasion by officially opening the seminar. In his opening speech, he detailed some of the challenges to the scale-up of insurance penetration as the ineffective use of technology, lack of innovation and the failure of many industry practitioners to adhere strictly to the rules of the game. He commended and called on Africa Re to continue leading on efforts to improve insurance penetration on the continent and pledged on behalf of IRA to continue providing a conducive environment for the industry to thrive.

The meeting was closed by the Regional Director, Nairobi Office, Mr Kiiza Bichetero and thereafter the participants were hosted to a dinner.

# Property Insurance Underwriting and Agriculture Insurance Seminar In Blantyre, Malawi

By Erastus Ochieng



Group photograph of the participants

Africa Re, East African Regional Office organized a 'Property Insurance Underwriting and Agriculture Insurance Seminar' as 12 to 14 November 2019 at the Protea Ryalls Hotel, Blantyre, Malawi. The aim of the seminar was to equip, improve and refresh the participants on technical skills and knowledge in underwriting of property as well as agriculture insurance for technical, underwriting and reinsurance managers. There were a total of 35 participants drawn from Ethiopia, Malawi, Tanzania and Zambia.

The Director, Financial Sector Regulation, Mr George Chioza officially opened the seminar by welcoming the participants and encouraging them to learn with an aim of implementing the knowledge and skills gained from the seminar. He commended Africa Re for organizing various capacity building initiatives and encouraged more of such initiatives to be organized for the market.

Under property insurance, the participants learnt about fire insurance and perils covered, types of

policies in property insurance, underwriting and risk assessment, and business interruption. On agriculture, they learnt about the various kinds of agriculture insurance, successful case studies within the African context and formation of successful partnerships for successful implementation of agriculture schemes.

The participants appreciated the training with 34 participants indicating its relevance to their immediate jobs. As a key highlight, the participants appreciated the refreshing of their skills and learning on property insurance, while others indicated rethinking their strategies in the implementation or rollout of agriculture insurance business in their organizations.

The closing ceremony was graced by the Regional Director Mr. Kiiza Bichetero who awarded certificates to the participants on 14th November and later on a cocktail was held, where CEOs and senior executives of the industry were hosted.

# Africa Re Partners with the Association of Kenya Insurers for a One Day Seminar on Marine Bulk Cargo Insurance

By Erastus Ochieng

Two staff from the East African Regional Office, Mr. Hassane Assoumana (Assistant Director, Underwriting and Marketing) and Mr. Mesfin Abebe (Senior Manager, Underwriting and Marketing) facilitated a day-long seminar on Marine Bulk Cargo Insurance. The seminar was organized by the Association of Kenya Insurers, Marine and Aviation Technical Committee. The seminar attracted 54 participants drawn from various insurance companies in Kenya.



Africa Re's Mr. Mesfin Abebe taking the participants through a session at the seminar

## Life Insurance Seminar In Mombasa, Kenya

By Erastus Ochieng



Regional life insurers congregated at Sarova Whitesands Hotel in Mombasa, Kenya for the Africa Re life seminar in conjunction with our retrocessionnaires, Partner Re, from 14 to 18 October 2019. The opening ceremony was officiated by the Nairobi Regional Director, Nairobi Office, Mr. Kiiza Bichetero. The seminar focused on balancing profitability and cost saving objectives of clients.

AFRICAN REINSURANCE CORPORATION - BALANCING PROFITABILITY AND COST SAVING OBJECTIVES OF CLIENTS SEMINAR AT SAROVA WHITESANDS BEACH RESORT AND SPA, MOMBASA, KENYA. 16<sup>TH</sup> - 18<sup>TH</sup> OCTOBER 2019.

The discussions in the seminar included the key personal attributes for excellent customer

service; pricing methodologies and considerations in Group life administration; distribution models for individual life and micro insurance products; emerging life product lines in the international markets; effective claims management techniques; application of predictive model in life assurance; and medical and non-medical aspects of life risk assessment. A total of 46 professionals from Burundi, Ethiopia, Eritrea, Rwanda, Lesotho, Nigeria, Zambia, Uganda, Tanzania and the host Kenya attended the seminar. Two staff from our retrocessionnaires, Partner Re also presented papers and participated in the seminar.

The Director, Life Operations declared the seminar officially closed, presented certificates to the participants and hosted the closing cocktail on Friday 18 October 2019.

# NEWS from **South Africa** ARCSA



by Colleen Kanniah, Manager  
Facultative, Johannesburg,  
Africa Re South Africa



Africa Re South Africa (ARCSA) workforce

## Africa Re South Africa Learnership Programme



Group photograph of the participants

Africa Re South Africa (ARCSA) successfully launched the INSETA (Insurance Sector Education and Training Authority) Learnership Program in 2018. Five learners on-boarded the Program. The main objective of the Program was to ensure skills transfer and it is believed that this was a milestone achievement for both historically and physically disadvantaged individuals. Due to the unique nature of the program itself, it goes without saying that ARCSA is a good platform to encourage the upskilling of young professionals. The 2018 Learnership Program proved to be an overall success and ARCSA is proud to have been instrumental in changing the future of these millennials, which, it is hopeful, will spur them on in the careers.

by Colleen Kanniah

# 3rd SOUTH AFRICAN ENGINEERING INSURANCE CONFERENCE FEEDBACK REPORT



Dlamini Dumisani  
Claims Manager (ARCSA)



Shelton Siwedza, (Assistant  
Facultative Manager (ARCSA)

The African Reinsurance Corporation (South Africa) Limited (ARCSA) attended the 3rd South African Engineering Insurance Conference at Kloofzicht Lodge & Spa, in Muldersdrift (South Africa) from the 4 to the 5 September 2019. ARCSA was represented by Shelton Siwedza and Dumisani Dlamini.

The topics covered ranged from a presentation on the Construction Industry Outlook and the current downturn in business, interesting claims and trends in the engineering insurance space, policy/legal terms and conditions changes as a result of the FIDIC 2017 Edition and the NEC4 Engineering & Construction Contract, the interesting changes to the risk and liability assumed by Contractors and Employers, and the resultant insurance obligations. The conference also covered the issue of water shortage and its impact on engineering insurance, Contractors Plant Hire (CPH) and what to look out for when underwriting the same, as well as the current energy projects across Sub-Saharan Africa. YG Energy Africa made a presentation on renewable energy plants/projects in Africa (i.e. wind, solar, CSP, Landfill Gas, Biomass & Hydro). There was also a special presentation on the importance of the use of drone technology in the construction industry and engineering insurance risk assessment and loss adjusting. Lastly, the conference also touched on Construction Bonds & Guarantees, with an emphasis on the need and importance of engineering insurance underwriters to work very closely with construction guarantees underwriters and leverage from each other in order to avoid or contain potential losses.



DMD/CTO, Mr. Sory Diomande  
& Exec. Dir. Ibrahim Ibisomi

## Activism for no violence against Women and Children in South Africa



by Simiso Ndlovu - Human  
Resource and Compliance office



Cebisa Moshao Manager  
Finance and Account ARCSA

In support of the fight against the abuse of women and children, fifteen members of staff led by the DMD/CTO, Mr. Sory Diomande, visited an orphanage called Home of Hope (HoH) in Kensington, Johannesburg.

HoH exists because one brave woman, Khanyisile Motsa ("Mam Khanyi"), was determined not to close her eyes to the reality of what she saw in the streets of Hillbrow/Berea. At great personal sacrifice, she took girls into her own home and put herself between them and the criminals who were using them. While she did her best to reconnect them with reliable family members, for many, this became the only sort of real family they had ever known. The number of girls grew. Mam Khanyi established HoH as a

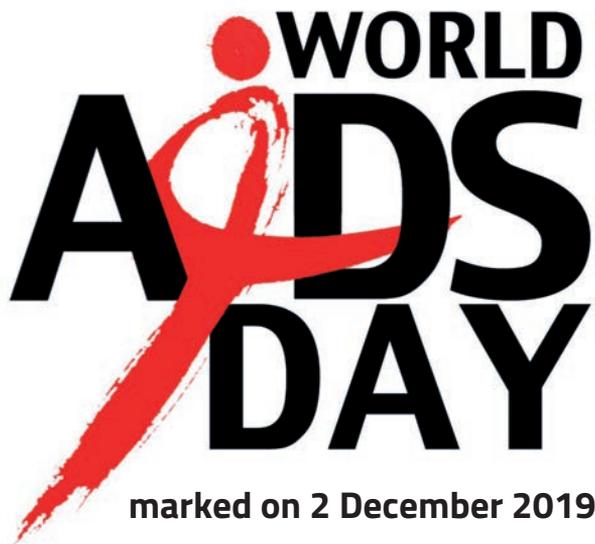


Busola Ajibade & Colleen  
Kanniah with Mam Khanyi

registered NGO in year 2000 while working from locations in Berea and subsequently two residential homes were acquired.

Over the years, the Home has catered for and rehabilitated thousands of young girls many of whom have grown to become important members of society. Students from the Home have repeatedly achieved 100% pass rate in matric examinations with many going on to become university graduates. The Home currently hosts a total of 78 girls

comprising infants, adolescents and young adults. ARCSA took the initiative in late 2019 to sponsor 13 girls with stationery, summer and winter uniforms for the upcoming 2020 school year. It is envisaged that this would be the beginning of a sustained partnership and support for the Home in its arduous task of helping to minimise the abuse of girls that has become a scourge and source of national concern. This further projects the Company as a socially responsible organisation.



World AIDS day 1 minute silence observed by ARCSA staff for the victims of AIDS

On 2 December 2019, ARCSA held a ceremony in commemoration of the World AIDS day on its premises. The Managing Director, Andy Tennick, delivered a powerful speech on the South African HIV/AIDS statistics and stressed the importance of knowing one's status. He encouraged staff to act responsibly, show support for those living with the virus and to remember those who have lost their lives to the epidemic as well as to refrain from stigmatising or discriminating against anyone infected, affected or otherwise associated with the virus.



Mr. Andy Tennick, Managing Director ARCSA reading a speech on the occasion

Continued from page 5

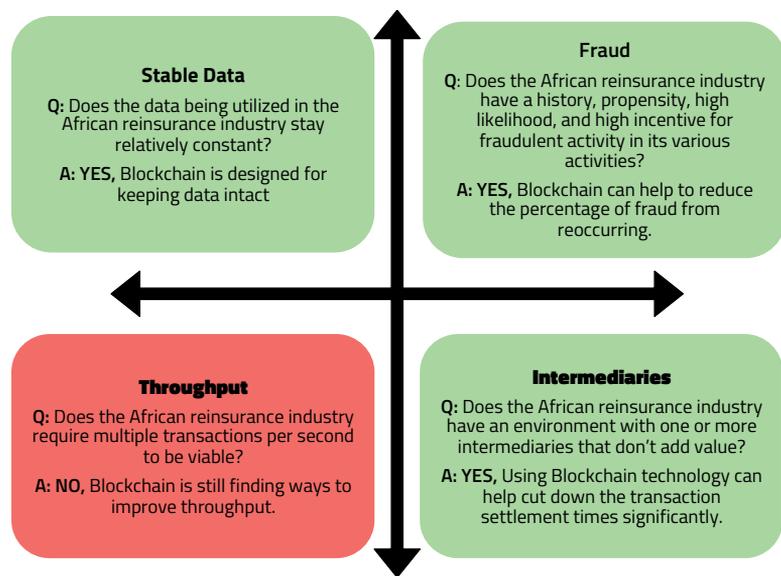
without providing updated information to the insurance broker involved in the process. This happens sometimes for fraudulent reasons or complexities of records management such that the reinsurer and insurer give statements to the insurance broker with different transaction information that is sometimes irreconcilable. Blockchain/DLT has the potential to address these concerns as the single version of the truth.

**3. Moral hazards:** Moral hazards is a real concern in the insurance value chain. Moral hazards arising from any participant to a reinsurance contract goes against the terms and conditions to get undue advantage. It could be as a result of lodging fictitious claims, altering cession information or misrepresenting material facts about a risk.

A practical example is the administrative burden of implementing the requirements of inspection clause in insurance contracts where there are multiple parties. This will normally aim to verify whether the insurer is adhering to the terms and conditions of a reinsurance contract. The way the clause is executed could adversely affect future business relationships. The incidence of fraud and inconsistencies in bordereau information and treaty cession notes is a moral hazard as some players alter information on risk cessions, premium payments, claims reserves, cash calls and claims payments. Blockchain promises the immutability of transactions and consistency of information. Maintaining a single version of the truth is a value proposition of blockchain/DLT as it promotes transparency.

In general, the way in which information is exchanged today is inefficient, expensive and has both security and human vulnerabilities based on the following challenges: high cost due to administrative friction; regulatory reporting requirements; increasing number of complex contracts; paper-based processes; lack of standards; trust concerns with respect to data. Blockchain/DLT based on existing proof of concept from industry stakeholders in Europe and America has the potential to improve efficiencies, traceability, confidentiality and auditability. The technology can also

help with increasing business opportunities for African insurers and reinsurers based on the ability to identify available (re)insurance capacity on the African market. To determine the suitability of Blockchain in the reinsurance industry, Dr. Adrian McCullagh<sup>2</sup> applied the FITS model to the technology. The acronym FITS stands for: Fraud, Intermediaries, Throughput and Stable Data. The model is a relatively cost-effective procedure to determine whether the development of a blockchain/ DLT business case is really a worthwhile exercise. It is in effect a precursor exercise that can assist in finalizing



a position on whether a blockchain deployment will solve a particular problem. The model is applied to the insurance industry as shown below:

Figure 4: FITS Model for Blockchain

From the assessment above, the business case of the African reinsurance industry fits the profile of a niche for which blockchain/DLT is relevant.

**D. BENEFITS OF BLOCKCHAIN/DLT**

PwC<sup>3</sup> in a study found out that blockchain/DLT has the potential to enhance risk understanding and open a \$5- 10 billion cost saving opportunity through faster, more efficient and more accurate placement, claims settlement and compliance checks in the reinsurance industry. The study described that the expense ratios of the industry are typically around 5% - 10% of premiums and the potential gains from both efficient data processing and reduction in claims leakage and fraud indicates that the blockchain/DLT solution can eliminate 15% to 25% of expenses.

2 FITS Model: <https://www.linkedin.com/pulse/blockchain-technology-commercial-panacea-every-dr-phd-dr-adrian>  
 3 Blockchain: The \$5 billion opportunity for reinsurers

The findings have been applied to the African reinsurance industry as shown below, based on industry data provided by Atlas Magazine for Gross Written Premium<sup>4</sup>, Net Profit<sup>5</sup> and Shareholders' Fund<sup>6</sup> in its annual ranking of over 40 African reinsurers.

| Item (\$000)              | 2013          | 2014          | 2015          | 2016          | 2017          |
|---------------------------|---------------|---------------|---------------|---------------|---------------|
| Gross Written Premium     | 3,436,288     | 3,582,704     | 3,232,210     | 3,578,897     | 4,034,753     |
| Net Profit                | 367,683       | 331,629       | 321,839       | 287,389       | 352,411       |
| Shareholders' Funds       | 2,655,696     | 2,746,215     | 2,735,897     | 2,960,626     | 3,205,537     |
| <b>Return on Equity</b>   | <b>13.85%</b> | <b>12.08%</b> | <b>11.76%</b> | <b>9.71%</b>  | <b>10.99%</b> |
| Expense Ratio*            | 343,629       | 358,270       | 323,221       | 357,890       | 403,475       |
| Blockchain Efficiency*    | 85,907        | 89,568        | 80,805        | 89,472        | 100,869       |
| Net Result *              | 453,590       | 421,197       | 402,644       | 376,861       | 453,280       |
| <b>Return on Equity*</b>  | <b>17.08%</b> | <b>15.34%</b> | <b>14.72%</b> | <b>12.73%</b> | <b>14.14%</b> |
| Expense Ratio**           | 171,814       | 179,135       | 161,611       | 178,945       | 201,738       |
| Blockchain Efficiency**   | 25,772        | 26,870        | 24,242        | 26,842        | 30,261        |
| Net Result **             | 393,455       | 358,499       | 346,081       | 314,231       | 382,672       |
| <b>Return on Equity**</b> | <b>14.82%</b> | <b>13.05%</b> | <b>12.65%</b> | <b>10.61%</b> | <b>11.94%</b> |

Table 1: Blockchain in Reinsurance Efficiency Gains

\*: This row uses the upper bound of 10% for expense ratios and 25% indicative savings

\*\* : This row uses the lower bound of 5% for expense ratios and 15% indicative savings

In the African reinsurance industry, it is evident that there are potential efficiency gains between \$30-100 million based on the 2017 data. The gains will improve the Return on Equity of the market from 10.99% to between 11.94% (+0.95%) and 14.14% (+3.15%).

## E. INDUSTRY INITIATIVES

Blockchain adoption is a market-driven initiative for efficiency gains which no single insurer or reinsurer can derive any benefit from by doing it alone. Based on this critical factor, different industry stakeholders have formed several consortia to facilitate information exchange between competitive parties.

### 1. B3i

The Blockchain Insurance Industry Initiative (B3i) was formed in late 2016 as a collaboration of insurers and reinsurers to explore the potential of using Distributed Ledger Technologies within the industry for the benefit of all stakeholders in the value chain. The progress of the B3i Initiative manifested itself in the incorporation of B3i Services as a fully fledged InsurTech company based in Switzerland. As per B3i website, the mission of B3i is to:

- Create a DLT based network through the adoption of standardised systems and protocols
- Through the network, enable the market to optimise processes and capital allocation and generate significant cost savings
- Offer network users a variety of integrated applications from B3i and partners

B3i's purpose is to provide an ecosystem which provides efficiency improvements and cost saving opportunities as well as enabling profitable growth through innovation and new business opportunities. It will also facilitate increased quality and trust through common standards, data, resilience and strengthened security. B3i is currently made up of 20 shareholders in the industry based in North America, Europe, Asia, South America and Africa.

4 <https://www.atlas-mag.net/en/article/african-reinsurers-ranking-according-to-2017-turnover>

5 <https://www.atlas-mag.net/en/article/ranking-2017-of-the-african-reinsurers-according-to-net-result>

6 <https://www.atlas-mag.net/en/article/ranking-2017-of-the-african-reinsurers-according-to-shareholder-s-equity>

## 2. The Institutes RiskStream Collaborative™

The Institutes RiskStream™ Collaborative is the risk management and insurance industry's first enterprise-level blockchain consortium that brings together industry experts and developers to advance insurance-specific use cases via Canopy, RiskStream's interoperable blockchain architecture. This is an industry-led consortium collaborating to unlock the potential of blockchain across the insurance industry. It is composed of 30 different companies and it intends to adopt blockchain technology to build solution to decrease transaction cost, optimize consumer experience, speed up process and enhance the security of data exchanges between different parties.

## 3. Fédération Française d'Assurance (FFA)

FFA brings together insurance and reinsurance companies operating in France, representing 280 companies accounting for about 99% of the market. In 2017, fourteen insurers forming the Blockchain working group of the FFA's Digital Standing Committee trialed this technology for exchanging data on contract cancellations under the Hamon Law. The purpose of this initiative is to bring together insurers and set a governance body that facilitates the respect of rules within competitors whilst homogenizing their working techniques in order to facilitate data sharing.

## 4. Open Insurance Data Link (OpenIDL)

The open insurance data link is an initiative created by the American Association of Insurance Services (AAIS) and IBM. OpenIDL is a blockchain platform whose main function is to enable efficient, secure and permission-based collection and sharing of statistical data. One of the major strengths of this platform is that it eases the burdensome process of statistical data reporting that has no value for insurance carriers and provides insufficient information to regulators. This open platform allows statistical data sharing which includes policy data, premium data, claims data and loss experience data to AAIS from all its members as an authorized statistical agent and advisory organization. Their advisory services are used by over 700+ member insurance companies and 52 US regulators who use this information for compliance purposes. All these initiatives have adopted different implementation models which are worthy of consideration by African (re)insurers. Some of the existing and emerging models are:

- i. **Consortium-Based Model:** The coming together of insurers and reinsurers to set-up a company to explore the potentials of blockchain/DLT as adopted by B3i, FFA, The Institutes and Open IDL. In this model, the company will be wholly-owned by the market players.
- ii. **Subscription Model:** This is an emerging model in which a technology company builds the technology platform for blockchain and (re) insurers pay a subscription and/or transaction fee to use the platform. This is based on a middleware-based agnostic blockchain platform.
- iii. **Partnership Model:** This is also an emerging model in which a technology company builds the technology platform for equity in a company to be formed for the initiative. This allows partnership with either the existing consortium-based companies or the emerging subscription model. African players could begin to explore these options in a bid to maximize the potentials of the technology.

## F. CONCLUSION

Blockchain/DLT has demonstrated its value proposition to the insurance and reinsurance industry. Industry initiatives are at different stages of maturity in the quest to unlock value. Africa cannot be left behind in this revolutionary change in the (re)insurance industry. At the moment, the African (re)insurance industry is experiencing volatility in returns and every player needs the efficiency gains proposed by blockchain/DLT. Although the technology is at its infancy with concerns from some industry watchers, its anticipated benefit of about US\$30-100 Million annually is worthy of consideration. It should be noted that the competitive position of each player will not be threatened but improved efficiencies across the value chain which is a win-win for all market participants whilst unlocking more value from existing intermediaries.

# Recent Senior Management Appointments in Africa Re

The Corporation recently appointed some central directors. These include:



**Mr. Guy B. FOKOU**  
*as Director of Human Resources.*

He has over 18 years of experience in human resource management at managerial level. He joined Africa Re in 2014 as Assistant Director of Human Resources & Administration and rose to the position of Deputy Director of Human Resources & Administration in 2018. He was appointed Director of Human Resources on 1 June 2019.

Prior to joining Africa Re, Mr. Fokou has worked in various reputable organisations in Cameroon, including ACTIVA Assurances as Director of Human Resources, Ecobank as Assistant Director of Human Resources, TOTAL as Director of Human Resources & Administration/Company Secretary, Multiprint Sérigraphie as Director of Human Resources, and SOS Children's Villages covering 13 countries in West and Central Africa as Regional HR & OD Advisor.



**Mrs. Linda Bwakira**  
*as Corporate Secretary and General Counsel.*

She has over 18 years of diverse and progressive experience in international financial institutions and legal services.

Prior to joining Africa Re, Mrs. Bwakira has worked in Global Corporate and Investment banks, namely Natixis Group and Ixis in France, Africa-based development financial institutions including the African Development Bank and the Trade & Development Bank.

She also worked in different law firms in Europe including Clifford Chance, Freshfields Bruckhaus Deringer, Landwell

Brussels (PwC Legal arm) and Jansen & Associés Brussels. Her expertise includes financial services, corporate governance and legal services. She joined Africa Re from the Eastern and Southern African Trade and Development Bank (TDB) where she was the Corporate Secretary. She was appointed Corporate Secretary and General Counsel on 17 October 2019.



**Mr Adil ESSOUKKANI**  
*as Director of Information and Communication Technology*

He has over 15 years of experience in information technology management in the insurance industry. He has occupied many managerial positions in the African insurance industry.

Prior to joining Africa Re, Mr. Adil ESSOUKKANI was Chief Information Officer of SAHAM Angola Seguros. He has equally worked as Project Director in SAHAM Finances, Director of the software factory of SAHAM Finance Group developing insurance software covering all insurance lines of business also designing insurance processes for all group subsidiaries. He was Head of IT in a leasing company (WAFABAIL), Project Manager in AXA insurance Morocco and also as business analyst in the same company dealing with Non-life and finance processes. He was appointed Director of Information and Communication Technology on 2 September 2019.



**Mr. Phocas NYANDWI**  
*as Director of Central Operations and Special Risks*

He has over 20 years of experience both in life and non-life insurance. He occupied various managerial positions in the industry, especially in East and Southern Africa. He worked in the

Kenya Reinsurance Corporation (Kenya Re) as non-life underwriter in charge of francophone markets. He was also an active member of the technical committee of the Association of Kenyan Reinsurers (AKR). He joined Africa Re in 2010 as treaty and facultative underwriter in the Nairobi Regional Office, where he rose to the rank of Assistant Director, Underwriting and Marketing.

Mr. Phocas NYANDWI was appointed Director of Central Operations and Special Risks in the head office on 1 August 2019.



**Ms. Yvonne Naa Korkor  
PALM**  
*as Director of Risk  
Management, Compliance  
and Actuarial Services*

She has over 13 years of experience in actuarial practice. Prior to joining Africa Re, she served as the Lead Corporate Actuary at Travelers Syndicate

Management in London, overseeing reserving, technical

provisions, business planning and reporting of results to regulators and management.

She worked in various reputable international organisations including Ernst & Young in the USA, serving as the lead actuarial analyst for multinational clients including (re)insurers and captives. She also held senior actuarial positions at Markel International and ACE European Group.

She was appointed Director of Risk Management, Compliance and Actuarial Services on 27 November 2019.

## Employee of the Year Award 2019 in Africa Re



Employee of the Year: **Mr. Charly BENGA**. He is a Senior Manager, Underwriting & Marketing for the Francophone West and Central Africa in the Africa Re Regional Office in Abidjan, Cote d'Ivoire.

He won this award because of his exemplary professionalism, especially his risk analysis skills. Following his technical advice on a facultative business, the Corpo-

ration was saved from paying a claim that would have run into several millions of dollars.

This serves as an example to other staff members to be focused and to go an extra mile in performing their duties.



1st runner-up: **Ms. Adeyinka Seun ADENOLA**. She is a Senior Accounts Officer in the Anglophone West Africa Regional Office in Lagos, Nigeria.

She was nominated for this award in recognition of her high commitment, especially for her dedication in the recovery of over two (2) million dollars from a ceding company in the region.

She continuously engaged the ceding company with a rare courage and recovered the money. Her loyalty and determination, which are in line with Africa Re Core Values deserve commendation.



2nd runner –up: **Mr. Sie Kouame KOUADIO**. He is a Senior Manager, Actuary & Analytics in Africa Re South Africa Ltd (ARCSA) in Johannesburg – South Africa.

He was nominated for his dedication and professionalism which have impacted heavily the Analytics, Underwriting, Technical Accounts, Investment and Risk Management activities of the subsidiary company.

Hardworking and willing to learn, Mr. Sie Kouadio has been responsible for designing the ARCSA Internal Capital Model, making ARCSA compliant with the SAM Regulations through the review of IBNR Calculation, handling the premium and claims pipelining which has contributed immensely to the accuracy of ARCSA's Financial accounts, analysing the impact of equity investments on the SCR, and planning for retrocession placement in a non-equivalent jurisdiction to comply with the new regulations in the most capital efficient manner.

# Zoom on

# South Africa



## The Rainbow Nation



by Colleen Kanniah, Manager  
Facultative, Johannesburg,  
Africa Re South Africa

At the dawn of a new nation 25 years ago, the people of South Africa had new hope and a shared vision to embrace diversity and the inclusion for the purposes of building social cohesion. The term "Rainbow Nation", coined by Archbishop Desmond Tutu, after South Africa's first Democratic election in 1994, formed the scaffolding that supported the structure for a mix of religions, cultures, 11 official languages and a plethora of cross-cultural affiliations.

1991 saw the release of Nelson Mandela, endearingly known as "Madiba", a catalytic event that ushered in worldwide interest, as a result of the country's unique history, and South Africa became one of Africa's largest tourist destinations as it gained roots in the "Rainbowism" theme. Our nation has three capitals: Cape Town is the legislative capital and heralds "Table Mountain" and the infamous "Robben Island" (designated as world heritage sites and attracting tourists from all over the world); Pretoria is the executive capital and Bloemfontein is the judicial capital. Johannesburg is not a capital city, although it is the largest city and stages the financial metropolis. The country's 2798km coastline spans across the Atlantic and Indian oceans and has a population of approximately 50 million people spanning across 9 provinces namely Eastern Cape, Free State, Gauteng, KwaZulu-Natal, Limpopo, Mpumalanga, Northern Cape, North West, and the Western Cape.

The Cradle of Humankind World Heritage Site is one of 10 in the country and is the world's richest hominin site, home to around 40% of the world's human ancestor fossils. The country attracts tourists from all over the world to the Southern African Development Community (SADC) countries, which forms part of a larger tourism sector, linked to biodiversity, wildlife conservation, game reserves, bird sanctuaries, fresh water reserves, health spas and natural heritage sites. All of these are intrinsic to the nation's indigenous plethora of natural resources and wildlife. The Kruger National Park and Sabie Sands safari sport the "Big 5" which are the most sought after for sightings: rhino, lion, elephant, leopard and buffalo.



Nelson Mandela



## "The country's coastline spans across the Atlantic and Indian oceans"

South Africa boasts a wealth of resources and minerals, in diamonds and gold, iron ore, platinum, manganese, chromium, copper, uranium, silver, beryllium, and titanium. Exploration activities uncovered natural gas off the southern coast. The sophisticated technology that turns coal into synthetic fuel engineered by the Sasol corporation is one of the leading Energy operations in the country and one of the largest of its kind in the world. The country is Africa's largest gold producer (fifth largest in the world), all the gold producing mines are centred around Johannesburg; with surrounding production centres. South Africa is the world's largest producer of platinum and chromium. The Northern Cape province contains most of the major deposits of iron ore and manganese, and titanium-bearing sands are common on the eastern seaboard. In addition, the country produces uranium, palladium, nickel, copper, antimony, vanadium, fluorspar, and limestone. Diamond mining, historically was concentrated around Kimberley, but now occurs in a variety of localities.

There has been an uptick in the switch over from subsistence farming to commercialized agriculture which has also seen the introduction of weather index insurance. This insurance allows for the selection of suitable coverage to specific needs, by using sophisticated index-based data, to determine the risks being faced. An emerging trend is the pooling concept where benefits and compensations can be paid for the loss of or damage to livestock and crop. Both benefits and losses are shared and distributed by a common pooling system.

The main source of power is fossil based, generated by Eskom, the state-owned entity, supplying power to industries and households. Koeberg in the Western Cape operates as a nuclear power plant supplying power to Cape Town and its environs. The more significant new builds, with new technologies are Medupi and Khusile, promising improved capacity to the grid, Eskom also supplies electricity to various Southern African countries.

The development and growth of the South African insurance sector depends on the general level of economic development and on economic prospects. Generally, there is a positive correlation between the economic development of a country and the amount of insurance spending. According to the 2018 data published by Sigma, the African market share remained stable at 1.31% of the global premiums. The top 3 countries were unchanged: South Africa was by far the leading country with 48.269 billion USD in premiums, that is, 70.59% of whole continent's premium income.

From a governance perspective, the Insurance Industry works closely with the Prudential Authority and the Financial Services Conduct Authority, focussing on ethics, governance and standards for the deliberation and promulgation of laws, to ensure the capabilities are in place.

There has been significant rate increases over the past two underwriting years due to losses (CAT, large and attritional) particularly on property catastrophe lines. Trends towards alternative capitalisation such as Captives, solvency relief deals and formalised self-insurance structures, do influence both market capacity and pricing. The significant CAT losses of 2017 (fire and storm) have triggered the demand for reinsurance protection. Insurers may also seek to purchase more aggregate reinsurance cover through per-risk or facultative cover, given the nature of specific exposures. This will indeed be a stimulus for an increased demand, but supply will remain relatively conservative for the foreseeable future - the requirement for multinational programmes to be handled and placed in appropriate jurisdictions as we move towards stricter compliance across most regulated countries on the continent. In the main, *'sustained economic growth, rising interest rates, and higher investment income are among the positive factors that appear to be bolstering insurer results in 2018, setting the stage for enhanced top and bottom-line growth in the year ahead, 2020.'* Deloitte Centre for Financial Services.

According to FinTech Developments in the insurance industry, there are various drivers that are encouraging industry change. The internet of things, which relates to the interconnectivity of devices that allows for the



collection and exchange of data, has allowed for more information to be collected on consumers. This, in turn, allows insurers to improve their forecast on incumbent risks. The expansion of technology for consumer interaction is a huge improvement towards achieving customer satisfaction. The use of new technologies and rating tools can also improve pricing, risk selection and naturally, the overall efficiency of insurers' operations. There are a variety of emerging technologies that have the potential to transform the insurance industry and the nature of risks insured, and lead the way for new product development.

The South African economy is facing challenges on both micro and macroeconomic levels as regards socio economic divide, disparate economic sectors and weakness in the education sector. The ruling political party the African National Congress (ANC) won another four-year term in the recent elections and with that came the appointment of Cyril Ramaphosa, presiding over the country's affairs. Inadequate succession planning has led to us being faced with the ageing population, crisis and the transformation of experience and skills at major State-Owned entities. The fundamentals of enabling sustainable growth in industry within the insurance sector must become more of the front and centre themes for companies. The creation of more jobs and the strategies for true transformation may come face to face in battle, as companies are encouraging reinforcement of human development, in the opposing imminent face of digitalisation, robotization that threatens jobs and workforces. There is plenty positivity, patience and tolerance to go around as South Africa recently claimed the world title at the 2019 World cup final and more recently our very own Zozibini Tunzi claimed the crown of Miss Universe in the recent pageant held in Atlanta Georgia, USA. We truly anticipate the success of the "Rainbow Nation" as it rides on the laurels of the fervency of our freedom fighters and warriors for equality, justice and equal opportunities for all.

## "Strength lies in differences, not in similarities"

Stephen R. Covey

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