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- EDITORIAL
- INSURANCE & REINSURANCE
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- NEWS FROM THE REGIONS

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CONTENTS

39th Edition, June 2025 **Launched in 1987**

Dr Corneille KAREKEZI
Editor-in-Chief

The 39th edition of the *African Reinsurer* contains articles on climate-induced conflicts, inclusive insurance, captive insurance, upskilling and reskilling in a hybrid working environment, and life insurers as significant investors.

The article on **climate-induced conflicts** notes that Africa's economic prosperity depends largely on agriculture. Thus, any situation that threatens the progress of this sector needs to be seriously addressed. It is for this reason that Africa Re is working with local insurers, third-party technical service providers, and the International Finance Corporation to provide insurance solutions to the herder-farmer climate-induced conflicts that have adversely affected farming activities in Northern Nigeria. The joint efforts have yielded outcomes that would promote insurance as a transformative instrument for reducing climate-induced herder-farmer conflicts in Nigeria and, indeed, wherever they may occur in Africa.

The paper on **inclusive insurance** highlights the fact that Africa has huge populations of underserved and unserved insurance markets that cannot be easily accessed using the traditional insurance model. Inclusive insurance can serve as an effective vehicle for bridging the gap and enhancing the industry's response to risk resilience, poverty alleviation and economic stability. The success of inclusive insurance in Africa, however, calls for collaboration among regulators, insurers and technical service providers with actuaries playing a key role.

The write-up on **captive insurance** notes that, as important as they are in enhancing insurance coverage, the concept is yet to gain grounds in Africa, outside South Africa. It is therefore important for the insurance industry to share knowledge, experience and expertise, with a view to creating awareness of this important insurance vehicle that has the potential to improve appetite for African risks and increase the overall risk resilience.

In the article on the **importance of life insurers as significant investors,** the author indicates that the life insurance market in Nigeria has not yet attained this status, given the level of life premium income which is below one percent of GDP. The author makes several suggestions that would help to expand the life market and thereby enable it to play a vital role as significant investor, and ultimately a key driver of the economy.

In the wake of the COVID-19 pandemic, **hybrid working arrangement** has become popular. The future of work would involve a hybrid arrangement that balances costs, benefits and drawbacks of remote working. In anticipation therefore, it is necessary to upskill and reskill employees to appreciate the dynamics of the envisaged paradigm shift and what it would take to remain productive and relevant. A more informed, open-minded and effective leadership would, however, be critical in driving the change process and ensuring the success of the evolving hybrid working arrangement.

Finally, the magazine provides **highlights of significant events affecting the industry in Africa.**

Developing Insurance Value proposition in addressing climate induced conflicts: A case for Northern Nigeria

Isaac MAGINA

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Background

Insurance is an important instrument that can be leveraged effectively to address the many challenges confronting the world today. Through risk transfer mechanisms, insurers provide opportunities that help to derisk enterprises and in the process, guarantee the much-needed stability and recovery from the effects of unforeseen events whenever they occur. While insurance value proposition to businesses and individuals is well developed, insurance response to emerging challenges affecting society such as climate change requires industry innovation. Recent developments, particularly in emerging economies, have shown that insurance can be relied upon to provide protection to vulnerable households against extreme weather events such as droughts, excessive rainfall and flooding that are becoming worse due to the unfolding climate change crisis. While acknowledging the dependence of African agriculture on weather elements, the benefits of developing alternative risks transfer and insurance solutions to cushion farmers against erratic weather conditions cannot be overemphasized. These unfavourable weather events are becoming more frequent and often manifest with severe consequences to farmers whenever they occur.

Africa's economic prosperity is largely dependent on farming activities. Indeed, agriculture is a major source of food and income for many households, particularly those residing in rural areas. The link between weather and agriculture highlights the vulnerability of emerging economies to the effects of climate change. The continent's food security aspirations and goals to create more employment opportunities are further undermined by the generally low productivity and inefficiencies in the agriculture production systems. To reverse this undesirable situation and in the process safeguard future economic prospects of the continent, financial and technical investments in agriculture are needed. When implemented properly, insurance programmes can make the agriculture sector attractive to investors. Recent agriculture insurance innovations demonstrate that bundling insurance with agriculture credit products has the potential to make the agriculture sector favourable to investors. De-risking agriculture value chains against climate shocks and other inherent risks in farming activities contributes to overall investor friendliness of farming initiatives. With increased investment, farmers are in a better position to promote modernization of food production systems, thereby leading to increased productivity and earnings for them. These risk transfer initiatives in agriculture underscore the relevance of insurance in enabling stakeholders to effectively respond to challenges confronting the African continent and, in the process, promote economic development.

In dealing with the issues that affect humanity and safeguarding global prosperity, the partnering initiative (2017) highlights the interconnectedness of the challenges that affect society. As an example, the effects of a single weather event such as drought or floods are often felt across multiple sectors of the economy. There is a general acknowledgement that the issues are many and constantly evolving. In response, there is a general agreement that no single stakeholder has the capability to solve any one of these challenges alone. Thus, tackling emerging global challenges like those associated with climate change requires unprecedented collaboration among various stakeholders including those from the insurance industry. By channelling efforts toward a common course, communities stand to benefit from the contributions of respective partners who bring on board unique capabilities to address the issue at hand. The insurance industry can play a meaningful role by leveraging superior risk knowledge and effective mobilization of capital to develop appropriate insurance products. These resources can then be channelled to risk transfer and insurance innovations that help communities better respond and recover from the effects of unfavourable weather events such as droughts and flooding.

Issues involved in designing climate insurance solutions

Designing new climate insurance solutions requires careful assessment of the needs of target beneficiaries. The technical components of such programmes must also align with the basic principles of insurance. Considering the fact that a significant proportion of individuals in emerging economies resides in rural areas, designing and implementing climate insurance programmes present unique challenges. Due to the generally poor financial literacy among rural population, the concept of insurance is not well understood. This low insurance awareness undermines efforts to develop sustainable climate insurance solutions. In order to bridge this gap, and offer protection to vulnerable households such as those involved in farming and pastoralist activities, investment in training and capacity building is necessary. However, such an undertaking can only be achieved through engagement with a broad range of stakeholders including community-based representations, farmers' associations, government agencies and other external partners actively involved in the welfare of the target beneficiaries.

There exists a business case for developing climate insurance solutions. Targeting a nontraditional client base such as pastoralists and crop farmers and exploiting these new opportunities demand that insurers align their business models to effectively respond to the needs of the target beneficiaries. As an example, owing to the low-ticket size and high transaction costs of micro insurance contracts, it is incumbent upon insurers to find innovative ways to efficiently sell their products and at the same time ensure speedy settlement of insurance payouts to target beneficiaries. The economics of implementing climate insurance programmes, especially in far-off remote villages, often comes with huge financial implications, which discourage insurers from getting involved. Distributing insurance payouts in such remote regions may present huge logistical challenges despite the recent advances in mobile money services. Nevertheless, insurance technology firms continue to play a crucial role in reducing costs especially around product design, insurance beneficiary onboarding, underwriting, risk monitoring, and claims settlement.

The Situation in Northern Nigeria

The Sahel regions continue to experience conflicts between pastoralists and farmer communities. Northern Nigeria is not an exception. These encounters often lead to the destruction of property, disruption of livelihoods and in some cases, loss of lives. The conflict between herders and crop farmers is caused by many factors often attributed to tribal or sectarian differences. However, a feasibility study on index-based livestock insurance(International Finance Corporation - IFC & Africa Re, 2023), established that the underlying environmental issues and competition for natural resources are at the centre of the evolving acrimonious co-existence of communities in this region. Historically, pastoralists and crop farmers have always had a beneficial symbiotic relationship in resource utilization and replenishment. During the harvesting period, pastoralists would freely graze their animals in harvested crop fields and in the process help the replenishment of soil nutrients through deposited animal manure. The pastoralists, who are mostly involved in cattle and small ruminant keeping, have their lifestyles punctuated by the coordinated movement of livestock from one location to another in search of water and pasture. These movements are guided by seasonality and the availability of pasture along designated grazing routes.

However, the peaceful co-existence between herders and crop farmers is changing because of factors beyond their control. Crop farming activity in northern Nigeria, like in many African countries, is guided by the seasonality and availability of rainfall. Planting and harvesting times are dependent on the onset and cessation of the wet and dry seasons respectively. Crop farmers must cope with the risk of unfavourable weather conditions and other risks that affect their ability to reap bumper harvest. These production uncertainties include extreme weather events such as drought, pests and diseases, excessive rainfall and flooding. The effects of these events are becoming more prominent with the climate change crisis. Furthermore, the low productivity in most agriculture farmlands, growing population and increasing commercial activities are exerting pressure on crop farmlands. These limitations often manifest in the desire by crop farmers to acquire more farmlands, leading to encroachment on designated grazing grounds and pastoralist migratory routes.

With frequent and severe drought conditions, pastoralists are increasingly finding it difficult to provide adequate feed for their livestock, leaving them with limited options other than to stray on farmlands causing destruction to crop and property. As a result, the two communities are constantly finding themselves engaged in conflicts over resources. These incidents are becoming even more frequent because of the changes in weather patterns caused by climate change. In addition, sustained flooding causes reduction in available grazing fields, further complicating the already fragile situation.

Climate Change and its Connection to this Conflict:

Although various socioeconomic factors have contributed to the escalation of farmer-herder conflicts, the increasing demand for land and the repurposing of grazing routes are significant triggers. In addition, the evolving climate change crisis intensifies this situation by putting pressure on already limited resources. As population growth and sociopolitical dynamics demand more farmland, traditional grazing grounds for pastoralists are disappearing. Extreme weather events, such as droughts and floods, further complicate matters, making it difficult for herder communities to find sufficient forage, hence leading to encroachments into protected farmlands.

Addressing this complex, multidimensional conflict requires collaboration among various stakeholders, including insurance sector players. In order to find a lasting solution to the farmer-herder conflicts, several state governments in Northern Nigeria have introduced necessary legal and policy measures. As would be expected, the insurance industry has not been left behind in the quest for a lasting solution. Leveraging their technical expertise in risk transfer and innovation, insurers in Nigeria have continued to support the government and other stakeholders to develop insurance solutions to resolve the farmer-herder conflict. In response to the sustained push from both public and private sector players, insurance companies launched an indemnity-based "animal encroachment cover" to address the situation in 2019. This indemnity-based insurance solution was designed as a rider on existing agricultural insurance policies to offer compensation to crop farmers for livestock transhumance damage. However, there has been a generally accepted stakeholder understanding that a practical insurance solution should seek to address the individual concerns of both herders and crop farmers.

Proposed Solution

Finding an effective solution to address a resource-related conflict requires careful consultation and balancing of the interests of all the stakeholders involved. This approach ensures that no party feels unfairly treated, while at the same time inspiring confidence among different groups of beneficiaries. In support of conflict mitigation efforts between pastoralists and farmers through insurance mechanisms, the IFC & Africa Re (2023)-a feasibility study on index-based livestock insurance recommended two-tier interrelated insurance products.

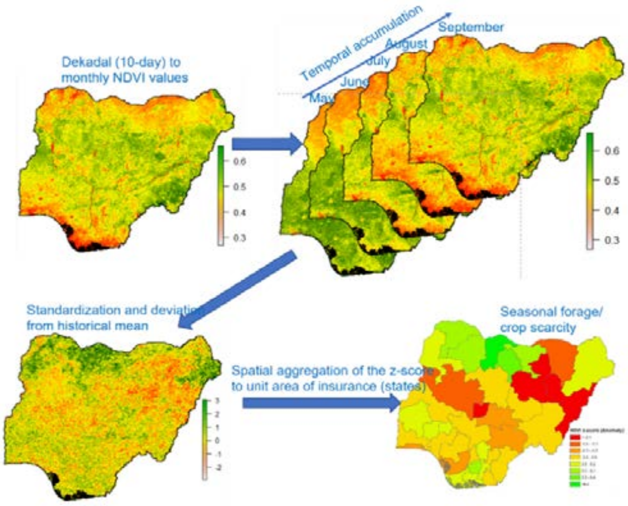
The first product is the ***Pasture Index-Livestock Insurance*** which is modelled along traditional Index-Based Livestock Insurance (IBLI). This asset protection cover provides seasonal payouts to pastoralists when severe droughts deplete grazing resources, and animals cannot access adequate forage. The purpose of the insurance payouts is to enable pastoralists to buy additional forage and mineral supplements for their livestock, and in the process reduce the need to encroach on crop farmlands.

The second product is the ***Animal Encroachment Insurance Product*** which is a hybrid Index- Indemnity asset replacement cover designed to compensate farmers against losses caused by animal encroachment on insured farms. While insurance payout is based on an index trigger, the actual claim settlement is validated by technology applications administered by participating insurance companies.

a. **Index-Based Livestock Insurance (IBLI)**

The IBLI cover is a parametric insurance solution that uses the Normalized Difference Vegetation Index (NDVI) from satellite data to track forage scarcity. Payouts are triggered when NDVI readings fall below a set threshold, signaling inadequate forage available for livestock. NDVI data from the SOUMI Visible Infrared Imaging Radiometer (VIIRS), operational since 2013, is supplemented with backdated MODIS NDVI data (available since 2002) using a backward gap-filling algorithm to ensure 20 years of continuous data for climate modelling. Once the contract triggers, a payout is promptly made to pastoralists through existing claims settlement infrastructure. The purpose of this process is to ensure that pastoralists have adequate resources to sustain livestock and therefore reduce encroachment activities on farmlands, thereby minimizing conflicts. Local insurance partners, working with herder associations, manage the efficient distribution and claims settlement process through technology applications.

NDVI for Index- Based Livestock Insurance



b. **Animal Encroachment Cover**

This is a hybrid index-indemnity product, administered at the portfolio level by Africa Re's primary insurance partners. Insurance payout is determined using NDVI triggers to estimate forage availability. The product is sold as a rider on crop and livestock insurance policies. This solution provides comprehensive coverage for damages caused by livestock invading cultivated farmlands, including harm to crops, farming infrastructure, and household properties. The findings from the 2023 feasibility study by IFC and Africa Re revealed significant damage to crops and sedentary livestock whenever nomadic herders encroach on farmlands. This insurance cover incorporates early warning systems and proactive measures that leverage historical data, environmental change indicators and predictive models to anticipate and manage encroachment risks. When NDVI readings trigger insurance payouts, a lump sum payment is made into the primary insurer's encroachment rider fund. Insurers use advanced technology and established claim-processing systems, alongside input from registered veterinary officers, to ensure accurate assessments and timely compensation to insured beneficiaries.

Solution Implementing Partners

This innovative solution to the farmer-herder conflicts is a result of collaboration between the African Reinsurance Corporation, local insurers, third-party technical service providers, and the International Finance Corporation under the Nigeria Climate Insurance Project. Feasibility studies for Bauchi, Plateau, Adamawa, and Sokoto States laid the groundwork for a pilot launch in the second quarter of 2025. The project aims to scale the initiative to benefit other West African nations that face similar challenges.

Conclusion

Harnessing insurance capabilities to mitigate conflicts is a new concept that requires further interrogation and strong stakeholder collaboration. This approach presents insurers with an opportunity to contribute meaningfully to Africa's emerging challenges, enhancing social and financial resilience among communities. However, to succeed, barriers to the adoption of insurance in Africa, such as lack of awareness, ineffective distribution systems, affordability, and access to data must be addressed. With joint efforts from all stakeholders, insurance can become a transformative instrument for reducing climate-induced conflicts in Northern Nigeria and indeed the entire region as well as other parts of the continent.

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Inclusive Insurance: Changing the Game for Africa's Underserved Markets

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Introduction

Inclusive insurance is a transformative opportunity in Africa. It differs from traditional insurance and can help address unique needs and challenges faced by Africa's diverse populations. Taking an inclusive insurance approach creates opportunities to extend the benefits of traditional insurance into broader social and economic impacts. Inclusive insurance initiatives, such as mobile-based health coverage or weather-indexed agricultural insurance, show how innovation can bridge gaps and empower communities.

Companies like Africa Re have a vital role to play in this landscape. They can leverage their expertise, particularly their knowledge of local markets to support initiatives through tailored assistance, sharing industry knowledge, and fostering best practices across the insurance sector. Africa faces unique challenges, including limited data access, cultural diversity, widespread poverty and climate vulnerabilities. With their deep understanding of these challenges, local experts are well placed to support   effective solutions that address local realities.

An actuarial perspective is critical to navigating the complexities of effectively delivering inclusive insurance. Actuaries provide valuable insights into risk-sharing mechanisms, pricing models, and sustainability strategies tailored to local needs. By adopting an inclusive insurance approach, stakeholders can extend the benefits of traditional insurance beyond financial protection and contribute to broader societal outcomes such as resilience against climate change, poverty alleviation, and economic stability.

Africa's need for inclusive insurance is urgent and significant as millions remain without adequate protection against life-altering risks to themselves and their families. This paper explores how inclusive insurance differs from traditional models and the ways it can drive sustainable growth across Africa's underserved markets. The article also highlights the role of actuaries in developing inclusive insurance and sharing its benefits.

Background

Nearly half of the world's population, around 4 billion people, may benefit from inclusive insurance initiatives. However, this vast potential market is not easy to access using traditional insurance models. This could leave a significant and vulnerable proportion of the world's population without practical insurance options.

Traditional insurance focuses on indemnity, meaning it compensates individuals or businesses financially for specific losses incurred by the insureds. Insurance also serves a broader purpose. That is to mitigate the adverse impacts of risk events at both an individual and group/societal level. This involves proactively providing some form of a 'safety net', including risk minimisation strategies 'before the event', in addition to specific 'after the event' indemnity payments to specific policyholders. It may also be that the sources of funding to support insurance for these broader purposes extends beyond the pool of those directly insured.

In Africa, this broader perspective is especially critical. Inclusive insurance can shield families and small businesses from the devastating effects of events like droughts, floods, and other climate-related risks, enabling recovery and resilience.

The concept of risk sharing by members of a group, as often formalised by insurance, is key to fostering economic growth. By reducing the financial burden of risk events, insurance provides both individuals and businesses with the confidence to take on new opportunities. This positive economic role of insurance is encapsulated in the following, attributed to Henry Ford on the building of the Empire State Building in New York in 1930:

> *"The whole world relies on insurance. Without it, every person would keep their money without investing it anywhere for fear of losing it, and civilization would have ground to a halt a little past the Stone Age".*

Rephrasing, insurance provides confidence to take on risks by reducing the impact of specific risk events on the insureds, transforming them from individually catastrophic risk events into manageable challenges by pooling risks across a group. The common, but not only, means to achieving this end is an individual indemnity focus for individual insureds.

The development of parametric or index-based insurance and disaster recovery programmes, primarily in developing countries, provides an alternate path to providing social and ongoing economic benefit by moving away from a focus on individual indemnity to broader group or societal support. In wider contexts, subsidising (fully or partially) the costs of providing this form of insurance is justified by the longer-term societal and economic benefits reaped. This broader perspective may trigger some revision and realignment of traditional insurance paradigms.

It is well known that access to insurance enhances economic growth, supports trade, and provides other societal benefits. It is also well known that increased access to inclusive financial services, including insurance, helps to reduce poverty and can leverage social and economic development. For those living near the poverty line, inclusive insurance is particularly vital as one adverse event may push them and their families into, or back into, poverty from which they may not escape.

Inclusive insurance

IAA 2023, the International Actuarial Association (IAA)'s Risk Book chapter on 'Inclusive Insurance', defines inclusive insurance as:

> *'Insurance products through which adults have effective access to insurance and savings products offered by insurers through formal providers.'*

Effective access is explained as the involvement of convenient and responsible service delivery, at a cost affordable to the customer and sustainable for the provider, resulting in financially unserved or underserved customers being able to more effectively access and benefit from formal financial services in preference to other existing informal options. These services include insurance (life, general or non-life, and health) and savings for various purposes, including retirement and its subsequent pay-outs, funerals, and bequests.

Inclusive insurance products include all insurance products, indemnity-based or broader in scope, that are aimed at unserved or underserved markets. These markets are typically found in developing countries, but are not restricted to them, as unserved or underserved segments also exist in developed countries.

In Africa these products tend to address the needs of informal sector workers, small-scale farmers, and other underserved groups, providing safety nets crucial for social and economic stability. The growing uptake of mobile financial services, such as Mobile Money in West Africa and M-Pesa in Kenya, provides significant platforms to use. This, with sufficient innovation, can support inclusive insurance products reaching all customers, including unserved and underserved markets that require tailored solutions to address their unique challenges.

Microinsurance is a subset of inclusive insurance, focussing on lower income populations. These large groups may be more vulnerable due to the nature of their activities, their environment, and their lack of resilience. The effects of climate change may exacerbate the hazards these populations face, making them more vulnerable than the rest of the global population. Innovative delivery models, such as partnerships with telecommunications companies or local cooperatives, make it possible to reach these groups efficiently.

Scale of the challenge

The global scale of the underinsurance challenge is highlighted by MAPFRE 2023 which states:

> *The world insurance deficit grows by 14.3% and comes to USD 7.8 trillion (equivalent to about 7.8% of global GDP)… More than 77.6% of the current insurance gap is in emerging markets, a reflection of their great potential for growth.*

This focuses on the size of premium income. This absolute measure does not address the relativity between incomes and need (or provider opportunity). As they say, *'little acorns can grow into big trees over time'.* Swiss Re 2024, an annual assessment of the global insurance industry, reports that insurance penetration (percentage of GDP due to insurance premiums) and insurance density (premiums per capita) are strikingly low for life and non-life insurance in both the African and Middle Eastern countries. Many countries are either excluded from these metrics due to insufficient data or have rates too low to be reportable.

The scale of underinsurance in Africa highlights the critical need for inclusive insurance with non-traditional and tailored approaches. While initiatives have made progress, challenges persist due to barriers such as limited data access, regulatory frameworks, and gaps in consumer education. Governments across Africa are increasingly recognising the importance of closing this insurance gap to strengthen economic resilience. For instance, public-private partnerships have emerged to address these challenges by fostering collaboration between insurers, technical service providers, and local governments. These efforts aim to reduce systemic risks, provide financial security, and enable sustainable development.

Inclusive insurance market in developing countries

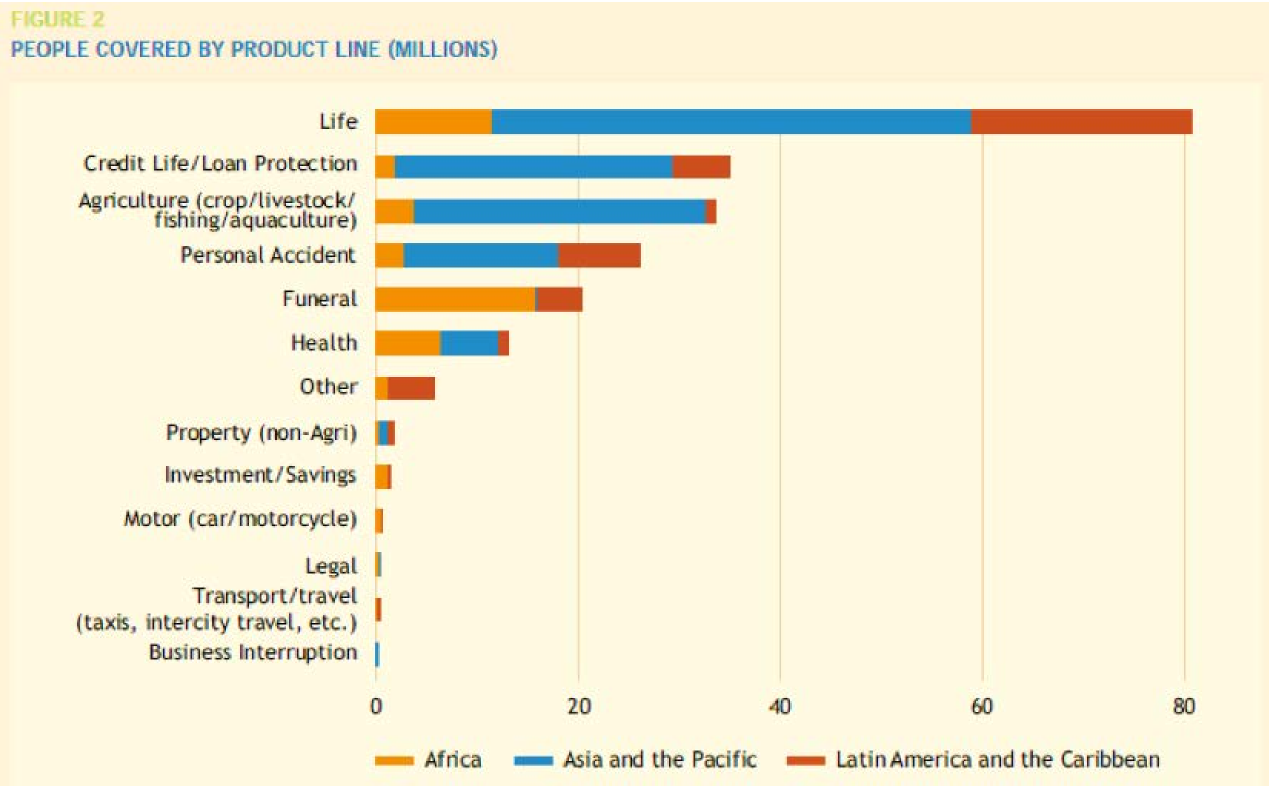
The inclusive insurance landscape is evolving rapidly. MIN 2023, the most recent Micro Insurance Network (MIN) annual global survey, reviewing inclusive insurance in developing countries, highlights both the extent of coverage and the scope for expansion.

MIN 2023 notes that, in the countries included, about 330 million people are covered by microinsurance products. This is estimated to be only about one ninth of the population that could benefit from these products.

This supports the commentary that *"results of this study point to a significant market opportunity for insurers, alongside a pressing need for governments to consider the need to close this substantial protection gap as a key enabler to meet wider development agendas."*

One overall measure of insurance coverage is by number of policyholders:

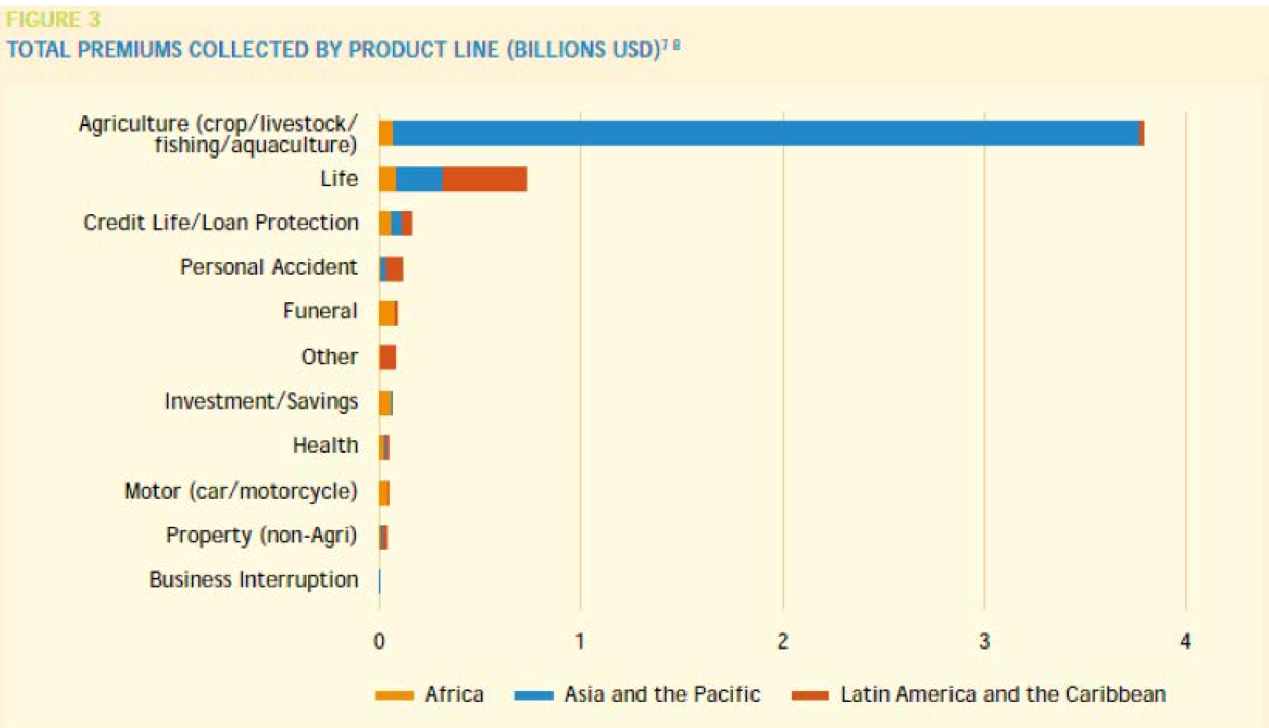
Table 1: Coverage by number of insured in developing countries



From MIN 2023, with permission

Another overall measure of insurance coverage is by premiums:

Table 2: Coverage by total premium in developing countries



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The Agriculture line in Table 2 dominates these results. When this is removed, the differences in the proportions of premiums between the regions are significant.

Care should be taken when comparing regions (as in Tables 1 and 2) as product mixes may well vary, both between regions (on average) and between countries within those regions. Also, different aspects of insurance coverage are highlighted by different measures. For example, agriculture is the third largest product in terms of people covered but is responsible for more collected premiums than all other products combined. It is not uncommon for agriculture insurance premiums to be subsidized by governments.

There are also significant regional differences to be investigated in more detail and these averages may vary significantly, relative to the experience in individual countries in a region for a range of reasons. For example, in Africa, funeral insurance is the largest line of insurance by both premium and number of insureds. This pattern is not the case in the other two developing regions reported.

MIN in 2023 introduces some measures for assessing inclusive insurance: market size and evolution, distribution and payments, social performance (relating to claims), women's access to insurance, and climate risk and health. These measures vary markedly between regions and can be attributed, at least in part, to differences in the products offered (both type and volume).

This high-level summary is not intended to be definitive or detailed, rather to highlight that regional differences, priorities, and social mores should be reflected in more detailed analyses.

Some African success stories

The success of inclusive insurance in Africa hinges on collaboration among insurers, technical service providers, and regulators. Additionally, achieving this success requires trust—a cornerstone for any insurance market. Trust-building efforts should focus on consumer education, transparent processes, and the delivery of reliable and timely benefits to policyholders. For first-time buyers of insurance, particularly in African markets, fostering understanding and confidence in the value of insurance is essential. This can be achieved through partnerships with local leaders, community organisations, and influencers who can advocate for the benefits of inclusive insurance within their communities.

Examples of successful inclusive insurance initiatives in Africa include:

- **Mobile-Based Health Insurance:** Mobile technology enables affordable and accessible health coverage for rural populations. Initiatives like M-TIBA in Kenya use mobile platforms to enrol members, collect premiums, and process claims seamlessly. M-TIBA reported that over 4 million people have signed up to use their services.
- **Climate Related Disaster Insurance:** Parametric insurance, offered to African countries by African Risk Capacity to assist with disaster relief following climate-related natural disasters such as drought, has seen increasing uptake since inception. The African Risk Capacity 2023 annual report indicates that over the last ten years, they have paid out over US$170million in claims. They also report to have covered 26.4 million people in Africa in 2023 through one of their pools.
- **Weather-Indexed Agricultural Insurance:** These products protect farmers from climate-related risks such as droughts or floods. By linking pay-outs to specific weather parameters, they ensure timely compensation to even small-scale farmers, and help farmers recover quickly. Pula Advisors is one such company, which currently insures 20.9 million small scale farmers across developing markets.
- **Mutual Health Organisations:** Community-based schemes, pool resources to provide health coverage for low-income families, fostering trust and local ownership. In particular, national programmes like Rwanda's Community-Based Health Insurance (CBHI) demonstrate the power of government-led inclusive insurance models. By subsidising premiums and integrating technology, CBHI ensures that even the most vulnerable populations can access essential healthcare services. Rwanda's coverage rate for its population in 2023 was 91%. Such initiatives underscore the need for innovative approaches tailored to regional contexts, creating scalable solutions that can benefit communities across Africa.

Inclusive insurance extends beyond financial indemnity, focusing on resilience and economic stability. In the African context, where cultural practices and informal systems often dominate, inclusive insurance solutions must take into account local traditions and behaviours to build trust and adoption. These initiatives cannot simply be replicated from one country to another, highlighting the need to develop local expertise—particularly actuaries—who can design and implement products suited to the specific needs of their communities.

Establishing appropriate regulatory frameworks is equally important. Regulations should support innovation while ensuring consumer protection. Policymakers and regulators must work together with insurers and other stakeholders to develop frameworks that encourage market growth while maintaining trust and accessibility.

By fostering an appropriate regulatory environment, leveraging innovation, and tailoring products to local needs, inclusive insurance can help bridge the protection gap and promote sustainable development across the continent.

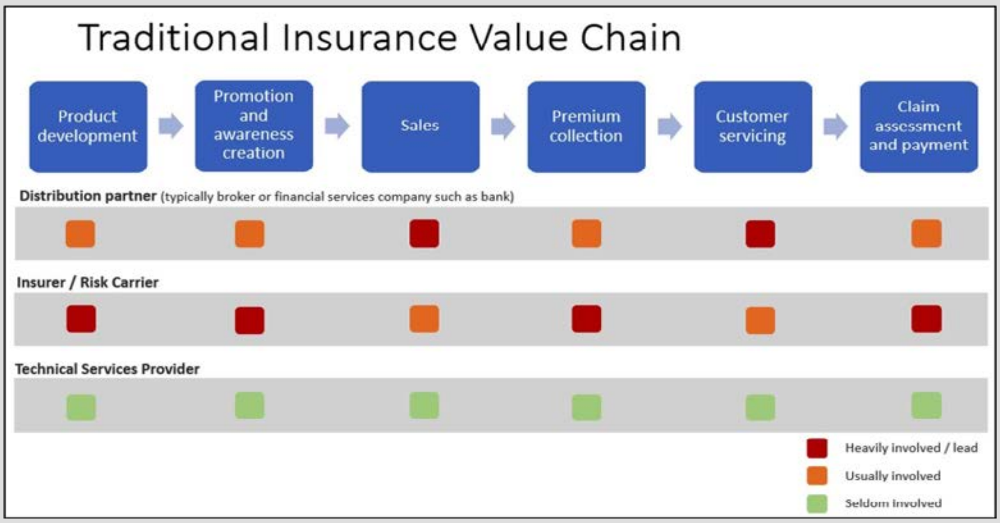
Differences between inclusive and traditional insurance

At a high level, there are three key roles in the insurance value chain:

- **Distribution partner:** Any player that has a role in the distribution of insurance. There may be several distribution partners working together or sequentially to distribute insurance to the customer.
- **Insurer or risk carrier:** Any party that accepts financial risk in return for payment of the insurance premium.
- **Technical services provider (TSP):** Provides technical services to a distribution partner, insurer, or any other party in the insurance value chain. These services can include actuarial services, technology and data services, international development services or country and market-specific knowledge on how to reach a type of consumer. TSPs are often the 'glue' that holds the multiple partners of an inclusive insurance initiative together.

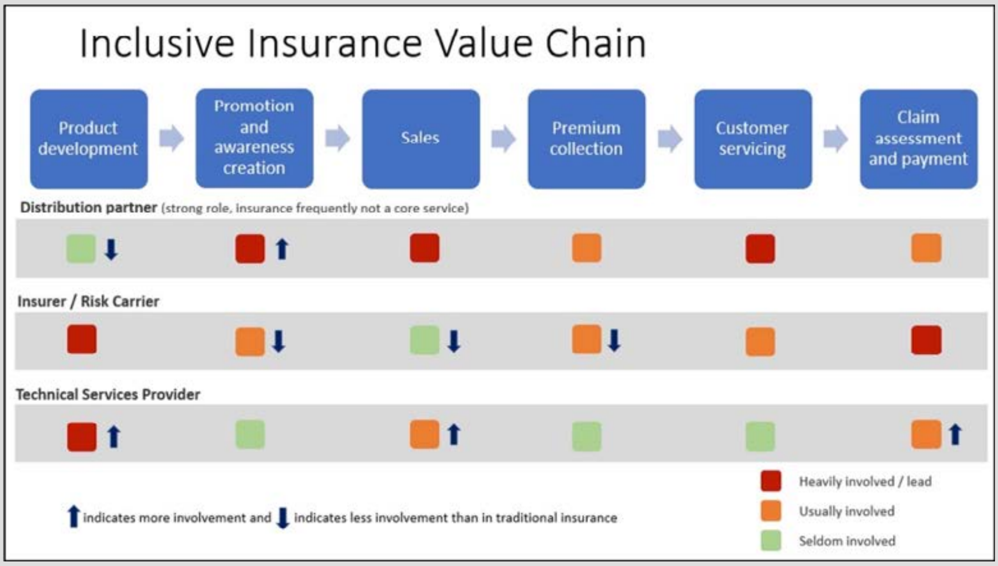
Adaptability and responsiveness to customer needs is a trademark of many inclusive insurance providers. The following diagrams, taken from IAA 2023 summarise the significant differences between traditional and inclusive insurance. As these value chains are indicative, there will be variations in practice reflecting local conditions. The differences and the changes in the importance of various players are highlighted by the arrows in Diagram 2.

Diagram 1: The value chain for traditional insurance



(IAA 2023, Page 20)

Diagram 2: The value chain for inclusive insurance



(IAA 2023 Page 21)

TSPs typically play a significantly stronger role in inclusive insurance than in traditional insurance. They bring to inclusive insurance skills and experience that more traditional insurers and distributors may not have. Multiple stakeholders are often involved in delivering key aspects of inclusive insurance, and some of these stakeholders (such as telecommunications companies) may be outside the insurance industry. This further differentiates inclusive and traditional insurance and often complicates effective inclusive insurance delivery.

Actuarial preconditions

From an actuarial perspective, the differences noted above reverberate back into the context and application of actuarial work. In traditional and well-developed insurance markets, a number of pre-conditions are typically presumed (often without being explicitly stated):

- A ready supply of actuaries, the availability of actuarial education and the presence of robust professional standards;
- The availability of relevant, timely and appropriate data;
- Access to systems through which data can be collected and analysed by providers, the industry and at the national level; and
- A regulatory framework that is reasonably well-developed and understood by market participants.

These pre-conditions implicitly assume that coverages are available. With the increasing impacts of climate change emerging, such as floods and rising sea levels, compounded by increasing levels of material wealth to be protected and greater longevity, this assumption may be called into question. This may present more systemic issues to be addressed.

In many inclusive insurance markets, including most countries in Africa, the reality may well be different, with one or more of the traditional pre-conditions frequently not met:

- The supply of actuaries and the actuarial profession may be limited or non-existent. The same may apply to other required insurance skills;
- Data may not be available or not readily collectable. For example, many countries in Africa do not have current and representative country-specific mortality and/or morbidity tables;
- Systems for collecting and analysing data may not be well-developed or integrated;
- Customer understanding of insurance may be limited, especially for first-time customers of inclusive insurance;
- Trust in insurance may be lacking; and
- Regulation that is appropriate for inclusive insurance may not be in place, or conversely existing regulation may act as a barrier to inclusive insurance.

These issues are discussed further in IAA 2014, and some examples of how they could be addressed are given in Blacker 2015. A recent, high-level, structured approach to assessing the extent to which key success factors of inclusive insurance are addressed is given in Swiss Re 2023. While being phrased in a life insurance context, the extensions to non-life insurance contexts seem clear. Many of these drivers are not directly related to traditional actuarial considerations or to specific lines of insurance, but need to be addressed if inclusive insurance initiatives are to succeed.

There is a risk that standard actuarial tools and approaches may not be appropriate in inclusive insurance markets, and that their application may lead to unintended outcomes, such as inappropriate premiums or claims processing.

For more information on the Risk Book Inclusive Insurance chapter, you can review the chapter itself (see IAA 2023) or you can watch two webinars delivered in February 2023 (see IAA 2023b) which reflects on the findings from this chapter.

Actuarial value-add

Actuaries, and those with actuarial experience/affinity, can provide insightful and valuable advice to those who deliver inclusive insurance products. They can bring a range of tools to the table. These include:

- Professionalism and independence. Including a public interest focus and an understanding of the importance of long-term user centric approaches and solutions. This is backed up by the requirement that actuaries abide by professional codes of conduct.
- Technical expertise. Due to their rigorous training, actuaries have deep technical knowledge and skills that they can apply to specific situations and circumstances. This expertise is maintained through ongoing continuing professional development requirements.
- Structured and integrated approach. Actuaries have a wide knowledge base. This facilitates their capacity to understand and balance the links and synergies between a range of issues and perspectives.
- Pragmatic problem-solving. Actuaries understand the need for practical and robust solutions to real life challenges. They are flexible in their approaches, understand materiality and so the priorities they should apply, and can apply professional judgement to come to equitable solutions for key stakeholders.
- Review and flexibility to manage changes in circumstances. Actuaries understand that history does not predict the future (although it may inform future expectations). They are adept at analysing experience to better understand potential future trends and then appropriately react to them.
- Moving past rules-based approaches to principles-based approaches. Actuaries understand the underlying principles and mechanisms at play when analysing situations. This understanding supports their being able to recognise when rules may be applicable and when they may not.
- Risk managers. Actuaries have a deep understanding of risk and uncertainty and the distinctions between these concepts. They also understand the fundamental distinctions between risk avoidance and risk management, both prospectively in terms of future risk mitigation and retrospectively in terms of risk event management.
- Providing trusted advice to decision makers. Actuaries are often advisors to decisions makers. They are good at assessing options, communicating the key issues, and making recommendations to decision makers to support them in making better business decisions.

Actuaries can add value in life, non-life, and health inclusive insurance and insurance fields as well as in the retirement income space in both the accumulation (savings) and decumulation (spending) phases. They are experts in managing the risks that can arise in these areas and more broadly in the financial services.

A significant challenge for inclusive insurance in Africa is therefore the shortage of actuaries across the continent. Addressing this gap requires concerted efforts to build local capacity and expertise. Initiatives such as the African Actuarial Development Academy (AADA) are pivotal in training a new generation of actuaries across the continent and helping them succeed in applying their knowledge to address the unique needs of African markets.

Scholarship programmes and partnerships with international actuarial organisations, such as the IAA and its member associations, also play a critical role in supporting aspiring actuaries. By offering access to global resources, supported by funding from corporates and other organisations, these initiatives can help bridge educational gaps and create a pipeline of skilled professionals who can help to build the local inclusive insurance solutions that African countries need.

Conclusion

Globally, there is a great need for inclusive insurance products, for both immediate indemnity-based products and more broadly based to support economic growth.

Actuaries can play a vital role in the efficient, effective, and sustainable delivery of these products. To achieve this, actuaries and other insurance professionals need to be aware of the differences between traditional and inclusive insurance products, reflecting their environment and their consumers. They also should apply a flexible and holistic approach to achieve their ultimate objective of providing consumers with confidence and protection when significant adverse risk events occur. A prime example of this adaptability is the development of index-based insurance.

The challenge for actuaries is how to take traditional actuarial knowledge and transfer it into the environments in which traditionally expected pre-conditions, both actuarial and more broadly, are not met. This will require actuaries and related professionals to be flexible and resilient, with the capacity to apply underlying principles, as distinct from standardised, 'textbook' or 'cookbook' traditional practices. This challenge is compounded by the need to reflect the specific circumstances in individual countries, particularly in Africa, where inclusive insurance has the potential to transform the lives of large, underserved populations. IAA 2017 provides some more insights that may assist actuaries and related professionals that are considering pursuing inclusive insurance further.

In Africa, inclusive insurance plays a critical role in addressing the needs of informal sector workers, small-scale farmers, and low-income households. Actuaries can work with other insurance professionals to contribute to designing innovative products, such as mobile-based health insurance or weather-indexed agricultural insurance, that cater to the realities of these markets. By supporting the development of trusted and tailored solutions, the insurance sector can help build resilience, enhance economic growth, and reduce poverty across the continent.

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The Need to Further Explore Captive Insurance in Africa

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Introduction

There is great potential for captive insurance to grow and add value to the capacity gaps in the African insurance industry, by complementing the commercial market. Outside of South Africa, the captive concept is largely unknown, yet across the globe, thousands of entities are utilizing captives to enhance coverage. The appetite for African risks is generally low. Captives could however come in to improve appetite, for example, through increasing the attachment point for the commercial market. This article covers basic concepts on captives, how they are used across the globe, and their relevance in the context of the African insurance industry.

Captive Insurance

A captive is a bona fide, licensed insurance company set up by, usually, a non-insurance group to underwrite the risks of the group. Therefore, a captive is a way of formal risk-financing for retained risks. The owner of the captive provides the necessary capital to support underwriting risk, and earns the profit that can be generated from the operations of the captive.

The term "captive" was coined by protection engineer Frederic Reiss in the 1950s. He set up the first captive - Steel Insurance Company of America – to provide insurance for an industrial client in Ohio, in the United States of America. He went on to establish the world's first captive management company – American Risk Management – in Bermuda. Bermuda went on to become the foremost captive domicile for decades. According to AM Best, today, there are more than 7,000 captive insurance companies worldwide.

A captive is not a substitute for, but rather complements, conventional insurance; it cannot replace a group's insurance programme for different reasons, including capacity and risk appetite. From this perspective, the view towards captives ought to be positive and embracing for brokers, insurers and reinsurers alike.

Captives are often used to provide coverage for risks that are currently not covered by insurers. This will potentially involve brokers, insurers and reinsurers in a portfolio in which they previously did not participate; for example, when insurers step in to provide fronting paper for those risks, and brokers arrange insurance placement into the captive and reinsurance placement at the back end. This way, the captive creates new lines of premium income and portfolio diversification for the markets.

Why do companies establish captives?

Captives have been around for over a century, and today 90% of Fortune 500 companies and almost all FTSE 100 companies have at least one captive, underlining the importance of captives in modern corporate risk management. Although captives have historically been associated with large corporates, in contemporary times many midcap entities are also utilizing captives.

As alluded to, one of the traditional reasons for setting up a captive is to participate in a group's own risks. This is often a strategic decision driven by long-term objectives; for example, an insured entity can forecast unfavourable trends in the insurance coverage available from the conventional market and then decide to introduce the captive arrangement. There are many trends that can help an organization forecast capacity availability, when it looks at its risk register against market dynamics. Capacity for brown energy risks, such as those related to oil and gas, is shrinking. Therefore, an organization investing in this industry for many decades to come, needs to consider how it can make up for current and future capacity gaps. A captive provides a way to organically prepare for these headwinds.

Some large exposures are typically covered by the markets only at higher deductibles, otherwise cover is either restricted or only available at very prohibitive pricing. This means that potentially, a significant exposure is retained by the insured. The entity can then take a conscious decision to build internal capacity for that exposure through a captive layer on the insurance programme tower, as opposed to having the risk sitting on the balance sheet. This is a win-win situation for the insurance market and the insured entity. The captive can utilize an "as-if" pricing model for its layer, that is what the market would have charged for that layer. This helps the captive position itself truly as a risk finance instrument that satisfies transfer pricing rules.

Other companies are motivated to participate on their own risks when the underwriting results are historically excellent, and, thanks to good risk management, they are comfortable that the positive trend will continue. The objective in such a scenario is to align pricing with own risk quality and historical loss experience, and reduce the impact of insurance market volatility.

Captives are also set up to provide cover which is non-existent or very restricted in the market. Insurers and reinsurers have their risk appetite which aligns with the strategic objectives set by their shareholders. As a result, they just cannot always provide a solution for every risk. A captive therefore comes in handy to provide coverage for existing gaps. While this does not transfer the risk out of the group, at least in part, the captive facilitates a structured way to more efficiently finance the risk which would otherwise sit on the balance sheet. The fact that a captive is a bona fide insurer, with strong governance and risk management frameworks, means the members of the group would have elevated their risk management of those exposures. Balance sheet funding for exposures is inefficient as such funds can be reallocated when a pressing need arises, whereas the formal governance structures of a captive mean that the premium and reserves sitting in the captive are properly allocated to support the underlying insurance exposures.

Where do companies set up captives?

Captives are specialist insurers that require dedicated legislation and supporting infrastructure. There are thousands of live captives globally, domiciled in dozens of jurisdictions with captive regulations that have developed the skills and expertise for captives to flourish. Globally, Caribbean and European offshore centres such as Bermuda, the Cayman Islands and Guernsey have historically been the home of captives. However, there is now a strong trend for captives to be set up in onshore centres. American domiciles like Vermont and Luxembourg in Europe have led this charge. Mauritius is also a well-known centre for captives in Africa and, also available to serve the African catchment, are Middle Eastern captive domiciles such as Abu Dhabi and Dubai.

Captives are also now being set up in continental Europe, with France and Italy leading this recent development. In November 2024, the UK Chancellor of the Exchequer announced a three-month consultation on the possibility of introducing captive legislation to complement the world class London insurance ecosystem. These developments are testament to the viability of the captive concept.

The captive concept is still in its infancy in Africa. Most captives owned by African entities have their parent companies or organisations located in South Africa. Lately, African multilateral development finance institutions have started to set up captives to augment their insurance requirements due to the unique realities of their risks. The Eastern and Southern African Trade and Development Bank (TDB Group) led the way in this regard, setting up a captive in Mauritius. This is a template that many African entities can investigate through formal feasibility studies. The cover gaps that African corporates have to contend with provide a good reason for them to consider ways to augment the available capacity vis-a-viz their requirements.

Captive trends globally

Captives continue to be deployed for traditional lines, such as Property Damage and Business Interruption (PDBI), where significant capacity is often required. In fact, 50% of Aon-managed captives globally provide PDBI coverage to their parent companies, based on Aon's Captive Benchmarking Survey 2023.

The global megatrends of trade, technology, weather and workforce are driving volatility, even for traditional risks. Captives help companies to be nimbler in managing the risks emerging from these megatrends. African economies, societies and businesses are not immune to these megatrends but probably have more vulnerabilities. It is therefore imperative that their risk management strategies are enhanced. The captives managed by Aon alone handle in excess of US$65 billion in annual premiums, but unfortunately the concept is still largely unknown on the African continent.

The insurance penetration rate in Africa, at 2.6% according to Deloitte's Africa Insurance Outlook 2022, signals significant protection gaps. This can be improved, at least in part, by captive insurance since a captive is a customized solution to address specific requirements. The African Risk Capacity Group, an agency of the African Union, is a good source of cover, structured and driven by the interests of, and exposures facing the shareholders, of the insuring entity.

There is also a noticeable uptick in the use of captives for emerging risks such as cyber risks and Environmental, Social and Governance (ESG) exposures. Cyber risks have been ranked first in the top five risks in Aon's Global Risk Management Survey 2023. Captives are used to incubate coverage so as to build experience and a better understanding of the risks, which helps when the risks are subsequently introduced into the commercial market. The increased reliance on technology across the value chains of literally every industry means the potential exposure to cyber risks is immense, not least when we consider the current artificial intelligence (AI) revolution.

Another class that is becoming increasingly important for captives is employee benefits, encompassing group life, retirement solutions and health insurance. Captives are being used to provide cover infills, especially for multinationals where cover for different regions can be very different. Medical trend is a major contemporary issue for risk managers and human capital managers; Aon's Global Medical Trend Rates Report forecasts it at 10% for 2025. Captives are being deployed to undercut this problem and improve organizations' understanding of the factors driving medical inflation. In this regard, captives are being utilized to fund employee wellness schemes and other programmes that improve mental health and resilience. The benefits to organisations in terms of improved productivity, employee engagement and retention are obvious.

The Organization for Economic Cooperation and Development (OECD) is driving reforms such as the Global Anti-Base Erosion (GloBE) Rules also referred to as Pillar 2, to introduce global minimum tax for large multinationals thus reducing the perceived or real tax advantages of some domiciles, especially low tax offshore centres. However, this is not expected to affect the growth in captive numbers since captives bring considerable risk management benefits that are not fiscal-related.

How can captives enhance the African insurance landscape?

The captive concept has been tried and tested globally – there is proof of its robustness. The benefits are diverse. The concept is as relevant to the African landscape as it is elsewhere. What we need is awareness and scientific enquiries to explore the ways in which captives can be a panacea for some of the age-old coverage issues for African risks.

Some of the ways captives can be useful for African risks are considered below:

- Facilitating risk transfer – for example through higher attachment points, as earlier explained. Suffice it to say that a captive layer changes the expected loss profile of the risk in ways that make it attractive to the market.
- Pricing issues – the interplay of deductibles and pricing in insurance is standard. Some African risks do not have sufficient insurance coverage because the pricing is too high for the insured's budget. A captive layer in such cases can reduce the market's insurance premium requirements. The overall insurance spend is optimized for the insured entity because the captive pricing better reflects the loss experience than what the market perceives.
- 'Skin in the game' – a captive represents an insured's participation in managing risk, which helps to align the interests of the insured and the insurers, including better risk management. The risk management for some African exposures leaves room for improvement, and a captive introduces a natural incentive to improve risk management, especially in a layered programme where the captive takes on a primary layer and first hit.
- Capacity gaps – appetite for African risks is generally lower in the global insurance market, based on the compounding elements perceived and the real risk quality. The ability to pay insurance premiums in some cases is also limited. The combined result is low insurance penetration and density. Captives can help fill capacity gaps, based on a better understanding of the risk profile and relevant metrics driving risk quality. Emerging risks are exacerbating protection gaps. The protection gap in Africa is widening due to the shorter return period and intensity of weather-related events, such as cyclones and drought. Captives are a good way to build resilience against these realities. Entities lacking the scale to set up their own captives can consider group or association captives which can be used to provide coverage for communities or companies facing a common exposure but with limited solutions from conventional insurance. The beauty of captives in these scenarios is the versatility – a captive provides a flexible platform that can be structured and operated in ways that best serve the requirements of the insured entity.
- The use of captives for ESG exposures in other places in the world is equally relevant in the African context, perhaps even more when we consider the impact and protection gaps. The improvement in risk resilience for exposed communities has far-reaching benefits. The impact and costs of climate-change-induced catastrophes such as tropical cyclones and drought on African economies and populations are increasing progressively due to increasing frequency and intensity of the events. Every tool in the kit needs to be brought to bear to help ameliorate the challenges.
- Financial benefits – Where risks are well-managed and underwriting profits are abundant, a captive becomes a profit centre that can rebate risk bursaries to the insured entity, providing cashflows to improve risks further. Ultimately, the total cost of risk reduces over time.

In conclusion, it is incumbent upon insurance industry captains and stakeholders to invest in knowledge sharing, education as well as empirical studies of captive markets with a view to creating templates that can be transplanted onto the African context. The ultimate goal is to improve overall risk resilience for Africa – captive insurance has a place in that equation.

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Life Insurers as Significant Investors: the Nigerian Life Insurers and the Financial Markets

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1.0 Introduction

Life insurers are significant investors in the financial markets, due to their fund size, particularly in countries with well-developed life business. Their funds are long-term, accumulated and invested over long periods, mostly in financial instruments and real estate. The common financial assets are bonds, equities and money market instruments. With huge assets, their investments boost the financial markets and, by extension, the economy.

This article assesses the Nigerian life insurance business to determine its significance in the financial markets. It then suggests necessary improvements required to make life insurers significant investors.

2.0 Nigerian Life Insurance Business- Asset Size

The asset size of life insurers, relative to the asset size of similar participants in the financial markets, forms the basis of assessing the significance of the Nigerian life insurers as major investors in the financial market. These participants include the Pensions Fund Administrators (PFAs) and the Collective Investment Schemes (Mutual Funds). The Debt Management Office (DMO) also competes with life offices.

Tables 1 and 2 contain the assets of Life Insurers in Nigeria, from 2018 to Q3 2024. As would be observed, the total Assets of the 26 life insurers amounted to N1.1896 trillion by December 2022. The figure dropped to N1.0042 trillion in Q4 2023, and rose to N1.5392 trillion in Q3 2024.

Table 1

Assets of Insurance Companies 2018 - 2022

Year	2018 N million	2019 N million	2020 N million	2021 N million	2022 N million
Life Business	599,585.9	833,461.0	1,201,282.3	1,089,577.2	1,189,562.1

Source: NAICOM 2022 Insurance Market Performance

Table 2

Total Assets – Q4 2023 and Q3 2024 Insurance Business (N Trillion)

Year	Q4 2023	Q2 2024	Q3 2024
Life Insurance Business	1.0042	1.3955	1.5392

Source: NAICOM Bulletin of Insurance Business Q4 2023 and Q2/Q3 2024

2.1 Are there Significant Life Insurers in Nigeria?

Given the assets size highlighted above, one is inclined to enquire if there are indeed life insurers in Nigeria whose assets make significant contributions to investments in the financial markets. In order to provide the necessary insights, the 2022 and 2023 financial statements of three leading life insurers (Leadway, AIICO and Custodian Life), with life business assets above N150 billion, were analyzed.

Their market share constitutes 55.77% (N663,470,717,000), and 74.78% (N750,974,516,000) of the total life industry assets in 2022 and 2023 respectively. Further analysis indicates that, as Retiree Life Annuity (RLA) Providers, RLA single premium constitutes the highest source of their life revenues. Thus, a substantial proportion of their life assets comes from Retirement Savings Account (RSA) balance which retirees transferred to secure monthly pension for life. Therefore, more than 60% of the annuity premium is invested in Federal and State government bonds to comply with the guidelines on investment of RLA fund.

After the Pension Reform Act, 2004/2014, almost all life insurers focused on group life schemes, followed by RLA. They underplayed individual long-term products with investment elements. The Act created new business opportunities. Retirees can choose between Programmed Withdrawal (PW),provided by PFAs, and RLA offered by life insurers. However, retirees prefer PW to RLA - Table 3. While 361,363 pensioners opted for PW, only 129,435 preferred RLA. The premium income of all RLA Providers from inception of the scheme to Q2 2024, was N798,581.9 million, for a monthly annuity of N8,057.81 million – (N96,693.72 million annually). Pension Fund Administrators (PFAs) pay monthly PW of N16,744.96 million (N200,939.52 million annually) to retirees which is more than twice the amount payable to RLA annuitants.

Table 3

Comparative Retirement by Retiree Life Annuity and Programmed Withdrawal – Q2 2024

Period	Approved Retirees	Premium N million	Monthly Annuity /PW N million
RLA from Inception to March 2024	124,131	739,158.54	7,517.08
Q2 2024	5,204	39,423.40	537.12
TOTAL RLA	129,435	798,581.94	8,057.81
TOTAL PW from inception to Q2 2024	361,363		16,744.96

Source: National Pension Commission Second-Quarter 2024 Report

The low preference for RLA, and high monthly annuity payments relative to the total single premium revenue, affect life business asset growth. The increasing life expectancy may also affect future growth. The fact is that annuitants with high life expectancy may select against life offices in the absence of any form of underwriting before accepting prospective annuitants.

Can the current asset size of each of the three life offices, with combined assets exceeding 70% of the market share, make them significant investors in the bond or equities market? Relative to asset size of other investors in the two markets, namely Pensions Fund Administrators (PFAs) and Collective Investment Schemes (Mutual Funds) one would only expect these life insurers to make the desired impact as major investors, provided they expand their individual life market, instead of focusing on RLA or group life business. Can the combined assets of all the life insurers make life business significantly important in the financial markets? There are constraints, as noted below.

2.2 Factors militating against the growth of life assets

Besides the low asset size, already highlighted, a substantial percentage of the assets are non-investible. For most companies, over 25% of their assets are not available for investment in the bond and equities markets. These include properties and equipment (plant and machinery, office and computer equipment, furniture and fittings, motor vehicles); intangible assets like software; trade receivables and reinsurance contract assets, policy loans, and cash for benefit payments when due.

2.3 Strength of competitors

2.3.1 PFAs and Mutual Funds

Comparatively, life business assets lag far behind the asset size of two sectoral investors in the bond market. PFAs are significant investors in the bond market. Collective Investment Schemes (Mutual Funds) Operators' assets exceed the total life business assets – Table 4. The two sectors compete with life insurers as financial intermediaries. By June 2024, the Net Asset Value (NAV) of PFAs was N20.4800 trillion. Up to 59.66% was invested in FGN Bonds alone. With a total asset of N1.3955 trillion, out of which less than 75% is available for investment in financial assets and real estate, there is no way life insurers can significantly influence the bond market.

PFAs have a very high capacity to invest their assets for long term to generate higher returns than life insurers. They can meet monthly PW payments from new monthly contributions without selling assets. This results in their increasing growth rate.

Table 4
Asset Size of Pension Fund Administrators and Collective Investment Scheme Operators

Period	Asset Size N Trillion	Date
Pension Fund Administrators (PFAs)	19.6800 20.4800	Q1 2024 Q2 2024
Collective Investment Schemes (Mutual Funds)	2.0836 2.9602 3.9783 4.2687	December 2023 June 2024 December 2024 January 2025

Sources: PENCOM Q2 2024 Report and Securities and Exchange Commission (SEC) Monthly Spread Sheet of Collective Investment Schemes

By Q2 2024, PFAs received regular monthly contributions from about 10 million RSA holders. PENCOM registered a total of 10,381,019 from inception to Q2 2024. The total contributions from inception that generated N20.48 trillion NAV was only N10.6320 trillion. This is in spite of N16,744.96 million (N200,939.52 per annum) monthly payments to retirees, lump sum payment of 25% of RSA account balances to all retirees, RSA balance paid to beneficiaries of deceased employees, and RSA balance transferred to life insurers for RLA.

The NAV of collective investment schemes also exceeds life insurance assets - Table 4 - and growing at a fast rate. It doubled between December 2023 and January 2025 due, partly, to the intensive public financial education by the operators and SEC.

2.3.2 Debt Management Office (DMO)

Besides the two groups of institutional investors, life insurers face serious competition from the Debt Management Office (DMO). DMO is the Federal Government agency that borrows from individuals, especially low and medium-income earners through monthly issuance of Federal Government of Nigeria Savings Bond. Investors can invest as little as N5,000 monthly for two or three-year tenors. The bond offers higher returns than the short-term investment-linked products that most life offices offer. Coupon rates for February 2025 issues were 17.799% and 18.799% per annum, payable quarterly, tax free, for two and three-year tenors respectively. The low returns on investment-linked policies make life products unattractive to financially informed consumers. The bond can lead to financial disintermediation of life business through policy surrenders and policy loans, retard growth rate of retail life assets, and reduce market penetration rate.

3.0 Life insurers in the equities market

Life insurers' capacity to be significant participants in equities market is abysmally low. Apart from the N1.3955 trillion and N1.5392 trillion assets in Q2 and Q3 of 2024 respectively (Table 2), NAICOM's Guidelines limit investment of life policyholders' fund in quoted equities to 30%. Though desirable to curtail investment mis-match, such policy constrains life insurers' participation in the equities market. Market capitalization of quoted stocks on Nigerian Exchange (NGX) was N59.416 trillion and N63.147 trillion in Q1 and Q2 2024 respectively. A significant investor in a company must hold at least 5% of the company's shares – a requirement beyond the financial strength of life insurers.

4.0 Transitioning to significant Investors in the Financial Markets

Life business thrives on the law of large numbers. With a large number of policyholders holding long-term investment products, life insurers can generate large premium volumes, and accumulate substantial funds for investment. Investment in secure and high yielding financial instruments regularly, at minimal cost, will increase capacity. Economies of scale will reduce operational costs, increase asset size, and enhance profitability.

4.1 Life Insurance Education

It is important that all stakeholders namely, insurance companies, associations, regulators, professional and academic institutions, collaborate closely to strengthen the life market. Business focus must change. It would be necessary to further develop and equip human resources with sound life insurance and financial education, emphasizing the need for, and purpose of life insurance in securing consumers' financial future.

In this connection, the importance of adequately trained management staff can not be overemphasized. Also, as intermediaries, agents should be properly trained to ensure that their intervention yields the desired outcome. Most of them sell products that do not properly reflect the circumstances of consumers. In the end, such lack of understanding of the products and consumers' requirements results in low sales, high lapse rate, early surrenders, low retention ratio, and declining penetration rate, thus affecting the growth of the business.

The importance of sound insurance education in the overall development of the life market cannot be gainsaid. In this regard, South Arica and the USA easily come to mind. Their insurance education curricula equip practitioners and agents with specialized life insurance and financial knowledge by separating life insurance education from general insurance education. In the USA, for instance, this is achieved through the Life Offices Management Association (LOMA), and the National Association of Insurance Commissioners (NAIC). The dichotomy has partly been responsible for the growth of life business in South Africa which held about 85% of the African life market in 2018, thus translating to favourable growth of assets and investments. South African insurers hold 1.3% (life=9.1%, non-life = 2.2%) of investments in their financial markets.

Financial knowledge among the population is also crucial for the patronage of life assurance. This is particularly necessary for people at the middle and lower bottom of the pyramid which constitute a large market of potential consumers. Stakeholders in the industry should take advantage of the untapped market and offer a broad-based financial education that enhances the understanding and awareness of the place of life insurance in financial planning, for increased penetration rate.

4.2 Narrow product focus

The product focus of the Nigerian life sector poses a serious challenge. The Pension Reform Act offered great opportunities by making life insurers focus on compulsory group life insurance, and RLA for pensioners. Thus, group life insurance became the most travelled road for all life insurers, leading to intense competition and rate cutting; and high death-in-service benefits, relative to revenue.

While the Act pointed to annuity as a product to secure pensioners' financial future, life insurers failed to embrace deferred annuities that can make them significant investors during employees' long service years. RLA is an immediate annuity, the payment of which Providers must commence immediately on receipt of RSA balance as single premium. The effect is obvious from the figures in Table 3. If the total annuity premium of N798,581.94 million were to be from deferred annuity, the accumulated annuity asset value alone would have exceeded N1.5392 trillion by Q3 2024.

Instead of focusing on RLA, life insurers must explore opportunities in deferred annuity (regular premium deferred annuity, single premium deferred annuity, longevity annuity and longevity insurance). It provides better financial security to consumers, with minimal competition from other financial institutions. It is the road, less travelled, to pursue in order to accumulate long-tern funds and be significant investors.

5.0 Conclusion

Life insurers' journey to being significant players in the financial markets seems a long way off. With a life market premium income of less than one percent of GDP, it is evident that the sector has yet to acquire the mass required to build sizeable asset base and investment portfolio. Furthermore, the sector has to contend with competition from other institutions in the financial market. It comes as no surprise therefore that the life sector is unable to significantly influence market trends, prices and corporate governance across sectors of the economy.

It would indeed require great efforts to achieve the foregoing long-term goals. Stakeholders need to revisit their strategies and redirect their focus to laying a solid foundation for a strong and enduring life sector. The keystones for this are the provision of sound life education for insurance professionals; the promotion of financial education among consumers; and the availability of long-term products that meet the financial needs of consumers. These are some of the conditions for the way forward, if the life sector is to become a catalyst for economic development, through its investment activities.

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Upskilling and Reskilling amidst Hybrid Working

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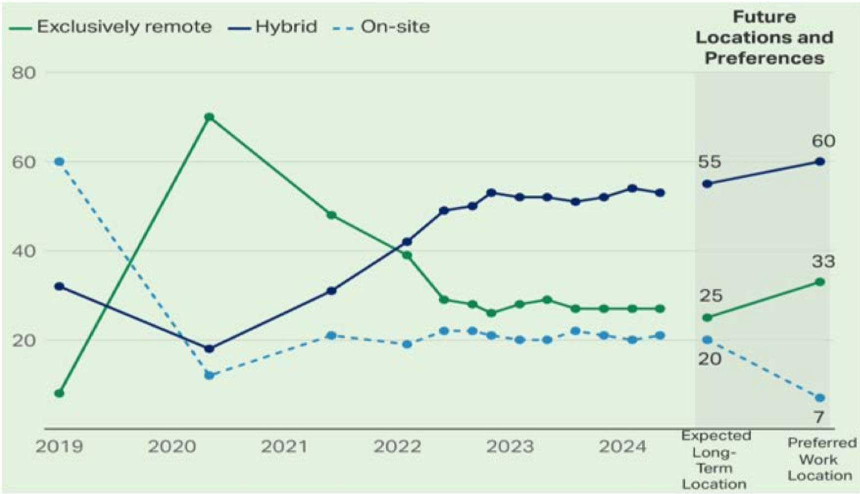
Introduction

Hybrid working has become attractive after the COVID-2019 pandemic. A survey by Gallup[1] reveals that more than 50 per cent of employees in the United States would prefer hybrid working in the short and long term, as shown in Figure 1. As confirmed in the Gallup survey, hybrid workers (76%) believe that hybrid arrangement improves work-life balance.

Figure 1: % Remote-capable employees working (or expecting or preferring to work) at each location



Source: Gallup (2024, December 6). Indicators-Hybrid Work.

Despite the foregoing, hybrid working presents several challenges to enterprises, organizations (corporations) and employees. As regards corporations, the issue is how to ensure productivity across employees of various characteristics. These characteristics are as follows: working in different demographics and types of jobs, experienced and less experienced, having different tenures of work, jobs that require supervision, collaboration and coordination, level of client engagement, and high skilled vis-à-vis basic skilled employees.[2]

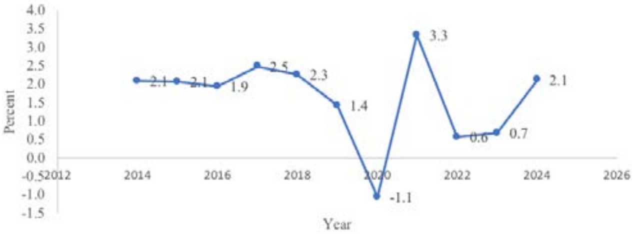
Data by the International Labour Organization (ILO) reveals that the annual global growth rate of output per worker rebounded post-pandemic recovery period, as shown in Figure 2. Following the pandemic period, there was a steady shift to hybrid working, which accounts for part of the global growth in output per worker.

* This article is written on a personal level.

1 Gallup, (2024, December 6). Indicators Hybrid Work, from https://www.gallup.com/401384/indicator-hybrid-work.aspx

2 Gibbs M. et al., (2023, February 1). Work from Home and Productivity: Evidence from Personnel and Analytics Data on Information Technology Professionals, from https://www.journals.uchicago.edu/doi/epdf/10.1086/721803

Figure 2: Annual global growth rate of output per worker as measured by GDP constant 2017 international $ at PPP) (%)



Source: ILO (2024, December, 6). ILOSTAT.

ILO, in collaboration with 10 development partners[3] in a 2021 global study[4] reported that nearly 65 per cent of corporations implemented various interventions towards upskilling and reskilling their employees. This resulted in corporations redesigning the workplaces and investing in employee training by adopting cost-effective methods for upskilling and reskilling employees due to the changing work environment in which corporations have embraced hybrid working environments (on-site and remote).

This article examines the changing workspace, approaches used by corporations to promote upskilling and reskilling of employees, the effects of hybrid working on productivity across different types of employees; it then draws lessons for corporations on how to optimize productivity, while ensuring employee engagement and leveraging on their comparative advantages in the changing workplace.

Approaches for upskilling and reskilling employees

The World Economic Forum (WEF), in 2020, launched the reskilling revolution intended to invest in one billion people by providing them with better education, skills and economic opportunities by 2030[5]. The WEF operationalized the global skills taxonomy[6] aimed at mapping and connecting skills with increasing significance in an evolving global labour market as shown in Figure 3. It serves as a platform in which employees and corporations can identify skills gaps. It also outlines a catalogue of opportunities for upskilling and reskilling, therefore bridging the skills supply and demand gap in corporations.

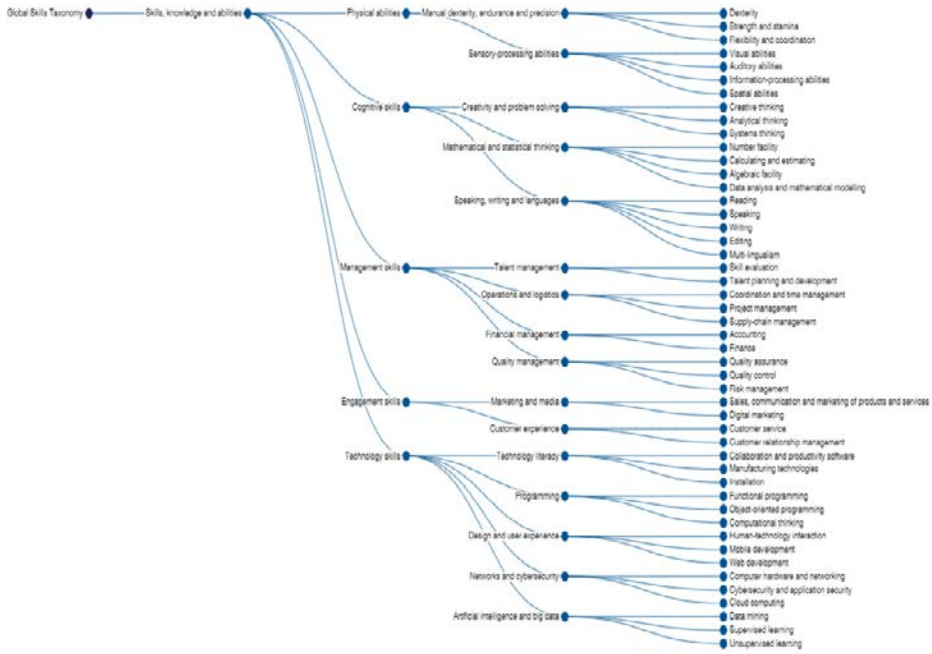
3 African Development Bank (AfDB), Asian Development Bank (ADB), European Commission (EC), European Training Foundation (ETF), European Centre for the Development of Vocational Training (Cedefop), Global Apprenticeship Network (GAN), ILO, Organisation for Economic Co-operation and Development (OECD), the United Nations Educational, Scientific and Cultural Organization (UNESCO), and the World Bank Group (WBG).

4 ILO, (2020, May 25). Skilling, upskilling and reskilling of employees, apprentices and interns during the COVID-19 pandemic: Findings from a global survey of enterprises, from https://www.ilo.org/sites/default/files/wcmsp5/groups/public/%40ed_emp/%40emp_ent/documents/publication/wcms_794569.pdf

5 WEF (2020) The Reskilling Revolution, from https://initiatives.weforum.org/reskilling-revolution/home

6 WEF (2024, November 28), Global Skills Taxonomy from https://www1.reskillingrevolution2030.org/skills-taxonomy/index.html

Figure 3: WEF Global Skills Taxonomy

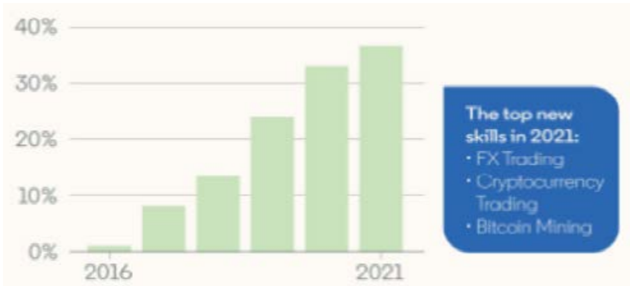


Source: World Economic Forum Global Skills Taxonomy.

The emerging trend in reskilling and upskilling is guided by a number of factors.

First, according to Singhania A (2023)[7], the phrase skills-first is progressively used to design a new method for talent management. It emphasizes employee skills and competencies rather than qualifications, job history and titles, when attracting, hiring and developing talent. As jobs evolve, the demand for upskilling and reskilling has increased. For example, in 2021, 40 per cent of recruitments on LinkedIn[8] used skills data to fill new recruitments. This has resulted in skills disruptions in the workplace. For example, an average of 28.8 per cent of finance skills in the U.S. have been disrupted since 2015 due to the rise in digital currencies as shown in Figure 4.

Figure 4: Finance Skills Disrupted by Rise of Digital Currencies



Source: Kimbrough K. (2022, March 29). A Skills-First Blueprint to Better Job Outcomes.

The disruption of skills reported in the US is consistent with the findings of the WEF[9], which revealed that 44 per cent of core skills would change over the five-year period, 2023-2027, as shown in figure 5. Furthermore, the evolution of the skills landscape reveals a trend in

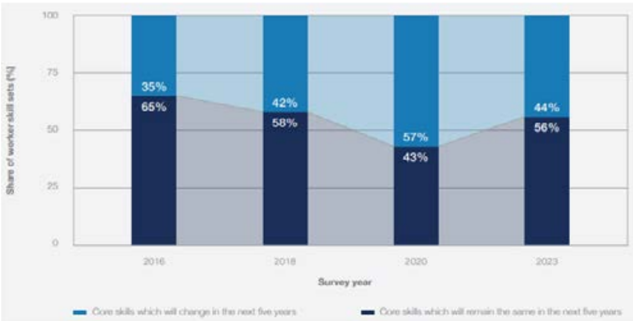
7 *Singhania A. (2023, January 17). 5 ways a 'skills-first' approach unlocks access to future jobs, from https://www.weforum.org/stories/2023/01/5-ways-skills-first-approach-unlocks-access-to-jobs-davos-2023/*

8 *Kimbrough K. (2022, March 29). A Skills-First Blueprint to Better Job Outcomes, from https://www.linkedin.com/pulse/skills-first-blueprint-better-job-outcomes-karin-kimbrough/?trk=article-ssr-frontend-pulse_little-text-block*

9 *WEF (2023 May). Future of Jobs Report, from https://www3.weforum.org/docs/WEF_Future_of_Jobs_2023.pdf*

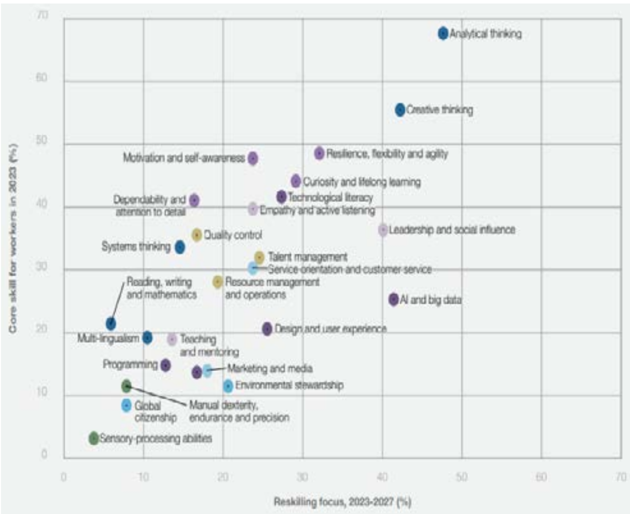
which corporations' core skills in 2023 feature as critical and are addressed through reskilling and upskilling interventions in the period 2023 to 2027, as shown in Figure 6. The findings reveal that in response to the future of jobs, corporations will prioritize upskilling and reskilling strategies for analytical thinking (10 per cent) followed by creative thinking at 8 per cent, of their training interventions.

Figure 5: Finance Skills Disrupted by Rise of Digital Currencies



Source: WEF (2023 May). Future of Jobs Report.

Figure 6: The evolving skills landscape, 2023-2027.



Source: WEF (2023 May). Future of Jobs Report.

Secondly, skilled through alternative routes (STARs),[10] also referred to as employees without bachelor's degree, constitutes a major pathway to upskilling and reskilling in the US. This has resulted in 50 per cent of all employees in the US upskilling and reskilling through STARs. This implies that upskilling and reskilling through learning on the job presents an opportunity for employees to transition to new middle and higher-level roles across corporations.

Thirdly, skills overlap is another avenue for upskilling and reskilling. This is because new skills in the workplace are not entirely new due to the inherent similarities across roles as illustrated in Figure 7. For example, skills overlap between an Insurance Underwriter and a Risk Advisor and between an Insurance Underwriter and an Actuary/Financial Advisor/Commercial Relationship Manager[11] with an overlap rate of 84 per cent and 34 per cent respectively. This is consistent with the 70-20-10 principle for learning and development (L&D). The principle argues that people acquire 70 per cent of their knowledge by learning on the job, 20 per cent from interactions with others and 10 per cent from classroom training and capacity building. Africa Re has embraced this principle in its L&D approach in the following ways: cross-functional teams manage most of its major projects, implementation of weekly knowledge sharing sessions and investment in both classroom and virtual training with subscription to online learning platforms for all employees to encourage self-paced learning.

Indeed the African re/insurance industry faces a significant skills gap, with a limited number of professionals equipped with the expertise needed to manage the complexities of modern re/insurance practices. This gap is exacerbated by the fast-paced technological developments that the industry is experiencing, thus the importance of reskilling, to ensure that employees are prepared for the future of work and equipped with the skills needed to drive industry growth.

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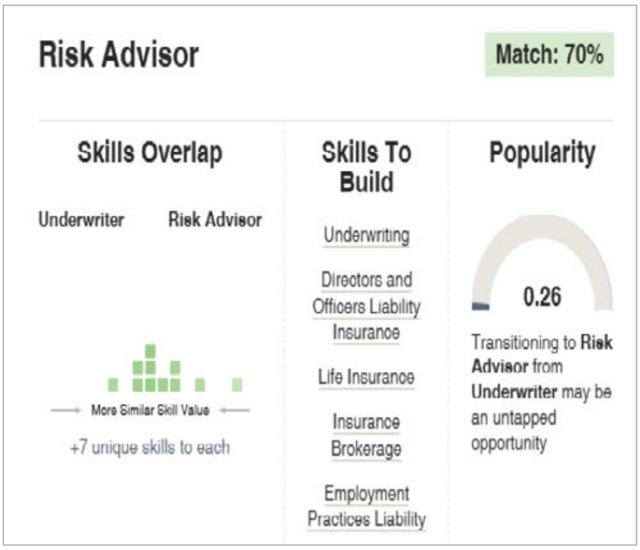
10 Opportunity at Work (2024), https://opportunityatwork.org/stars/

11 LinkedIn (2024, November 28). Career Explorer, from https://linkedin.github.io/career-explorer/

Figure 7: Skills overlap between an Insurance Advisor to a Risk Advisor and an Insurance Advisor to a Financial Advisor.



Source: LinkedIn (2025, February 3). Career Explorer.

Accordingly, the WEF Future of Jobs Report 2023 – 2027 affirms that 81 per cent of organizations intend to promote investment in learning and training on the job, and hasten their automation process (80 per cent). It is important, therefore, for corporations to embrace the mechanisms needed to promote upskilling and reskilling of their employees to mitigate jobs and skills disruptions to their operations whilst fostering growth and resilience. For instance, several corporations have developed skills-first lighthouses[12] created to advance upskilling and reskilling such as IBM SkillsBuild, London Stock Exchange Group My Career Programme, Natixis Jobs in Motion, PwC Skills Programme, Sanofi Democratizing Digital and Data, SAP Skills Transformation Programme, Siemens My Skills, Standard Chartered Future Skills Academies, Academy of Career and Technology, Cambodia Digital Pathways for Youth, Coursera Credit Recommendation of Professional Certificates, Edge Tech the Musa Initiative, Metropolia University of Applied Sciences MINNO, and National University of Singapore SkillsFuture Career Transition Programmes , among others.

Effects of hybrid working on productivity

Before the pandemic, hybrid working was not popular in the majority of corporations. This could be attributed to the lack of firm-specific policies to operationalize

12 WEF (2023 May). Future of Jobs Report, from https://www3.weforum.org/docs/WEF_Future_of_Jobs_2023.pdf

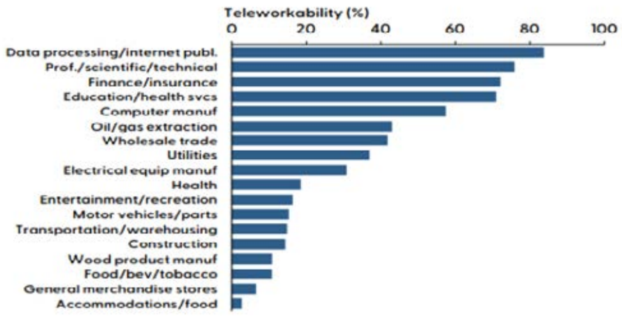
hybrid working, perceived potential reduction in employee productivity, increased operational costs and sustainability of hybrid working. On the one hand, hybrid working reduces commute time, provides more flexible working hours and improves employees' engagement and work-life balance. On the other hand, collaboration among employees decreases, coordination of employees by supervisor increases and interaction with clients and stakeholders weakens.

In a study on the effects of hybrid working (referred to therein as working from home) on productivity, Gibbs et al. (2023)[13], using information technology services, focus on the following: high-skilled employees with reasoning-demanding jobs and requiring collaboration; meetings and innovation vis-à-vis basic skilled jobs with limited supervision required; employee's demographics such as age, gender, years of experience; presence or otherwise of children at home; employee's tenure type (short or long term); and employee's commute time. The study reveals that remote working may not enhance productivity for basic-skilled employees and that it increases the average high-skilled and basic-skilled employees' hours worked, reduces employee's commute time, and results in a decrease in output, as measured by the employer's primary performance metrics, by between 8 to 19 per cent. Further, remote working hinders working relationships, social interactions, professional networks, coaching, meetings with supervisors and the promotion of corporate culture in all industries, including the re/insurance sector. As a result of the foregoing, remote working productivity varies with employee's characteristics because some features of work are more difficult to perform in a remote working environment.

Other factors that may hinder hybrid working are: low share of internet users in majority of African countries that are still grappling with the issues of infrastructure and internet connectivity such as Central African Republic (10%), Burundi (11.3%), South Sudan (12.1%), Niger (16.9%) and Ethiopia (19.4%)[14]. Also, organizational resistance characterized by preference for traditional, face-to-face work environments, and leadership accustomed to in-person supervision may hinder hybrid working across the corporation.

Given that remote working productivity varies with employees and occupations, Fernald et al. (2024)[15] utilize aggregated US firm-level data to measure the effects of remote working (referred to therein as teleworkability) on productivity growth across sectors and occupations. In the study, productivity growth is measured by value-added output per hour worked. The weighted teleworkability score per occupation against industry level averages provides indications of occupations where remote working can easily and quickly be embraced and implemented, such as professional services, contrasted with those where responsibilities need to be performed in person such as the hospitality industry as shown in Figure 8.

Figure 8: Teleworkability by sectors or industries



Source: Fernald J. et al. (2024 January 16). Does Working from Home Boost Productivity Growth?

The study reports statistically insignificant effects of remote working on productivity before 2006 to 2019, during 2020 and after 2021 to 2023, the pandemic period in particular, by isolating the associated acceleration in remote working due to the pandemic and controlling for pre-pandemic productivity growth. The findings further reveal that there is a weak and statistically not significant relationship between remote working and pandemic-induced productivity growth in the US.

13 ibid

14 Saifaddin Galal, (2024 March 14), Internet penetration in Africa January 2024, from https://www.statista.com/statistics/1124283/internet-penetration-in-africa-by-country/

15 Fernald J. et al. (2024 January 16). Does Working from Home Boost Productivity Growth? from the Federal Reserve Bank of San Francisco, from https://www.frbsf.org/wp-content/uploads/el2024-02.pdf

It is evident, therefore, that whilst remote working results in an increase in hours worked by employees due to the reduced commute time, the adoption of hybrid work by corporations requires, in the short run, investments in policies and equipment to support seamless operations.

Lessons for African corporations

Hybrid working can offer African companies, including those in the re/insurance industry, such as the African Reinsurance Corporation (Africa Re), various opportunities.

First, considering the fact that there is a statistically insignificant effect of hybrid working on aggregate corporation-level productivity growth by sector and occupation, corporations will need to balance between investments in upskilling and reskilling while simultaneously investing in the infrastructure necessary to support hybrid working. However, they should be vigilant and assess the opportunities for improving corporation-level productivity growth through innovation gains that may arise from hybrid working. In particular, as corporations develop strategies to fully or partially adopt hybrid working, they will need to conduct a cost-benefit analysis to evaluate the value for money for investing in reskilling and upskilling to promote hybrid work, taking into account productivity stagnation/growth opportunities and the drive towards a digital-first environment.

In this regard, African corporations could adopt the following strategy: investing in training programmes that enhance employees' digital literacy, improving internet connectivity for hybrid working, ensuring that staff at all levels are comfortable with using remote collaboration tools, managing digital workflows, and navigating the evolving landscape of re/insurance technologies. This will ensure that corporations can continue to provide high-quality services to clients while fostering employee engagement and productivity.

Secondly, evidence has shown that there will be skills disruption in the short term and the future of jobs will continue to evolve. Therefore, corporations and employees in Africa will need to prioritize reskilling and upskilling the top four skills comprising analytical thinking, creative thinking, leadership and social influence, and artificial intelligence and big data. Further, taking into account the balance between investments in upskilling and reskilling for their employees vis-à-vis profit optimization, corporations should embrace a skills-first approach during recruitment, adopt the 70-20-10 learning principle at the workplace thus encouraging employees to acquire knowledge and skills through alternative routes (STARs), skills overlap within and across functions, departments, sections and divisions. This is a guaranteed way of ensuring a cost-effective method of promoting upskilling and reskilling within corporations. Furthermore, it will enable corporations to mitigate the associated costs of investing in reskilling and upskilling employees and simultaneously leverage the opportunities for growth and productivity improvement due to hybrid working.

By investing in reskilling programmes, African companies can ensure that their workforce remains agile, innovative, data-driven in decision-making, and prepared for the future of work. Needless to add that, equipped with the necessary skills, the workforce would respond better to clients' needs, thereby driving industry growth.

As far as the reinsurance industry is concerned, one would expect that, as it integrates digital technologies, prioritizing upskilling and reskilling is crucial. Thus skills-first approaches, which place a premium on competencies over formal qualifications are important. The industry may however need to acquire new skills in areas such as data analytics, artificial intelligence, machine learning and advanced risk modelling, underwriting, actuarial science, and emerging technologies, which are transforming the way reinsurance companies assess and manage risks. This paradigm shift is particularly necessary for a reinsurance company like Africa Re, as it endeavours to maintain its leadership position in the African reinsurance market, accelerate African re/insurance industry growth, enhance employees' capabilities and foster indigenous innovation.

Thirdly, managing employees on-site differs from managing remotely. In this regard, African corporations have to upskill and reskill by offering training to their employees on how to work more efficiently, and to managers, on effective leadership, in a hybrid working regime. African corporations will also need to be more agile in the way they adapt their processes towards hybrid working. Given the diversity of the African markets, where infrastructure and connectivity issues vary significantly across countries, African corporations should ensure that their employees have access to the necessary technology and connectivity to perform their duties remotely.

Skills set should be considered during recruitments through the skills-first approach and talent management, based on inherent skills within their employees, without necessarily upskilling or reskilling all the employees. This can be achieved through, for example, job rotations and assigning employees additional responsibilities by tapping on existing skills.

In addition, African corporations that operate in multiple countries can benefit from the flexibility/ agility that hybrid working offers such as, enhanced talent mobility within the organization, seamless collaboration among employees in different regions without the need for physical relocation, recruitment of top talents from a wider talent pool, attracting skilled professionals from across the continent and beyond, including Africans in the Western world, promoting diversity in underrepresented regions, and innovation within African corporations. Furthermore, remote working would enable African corporations to retain top talents who may otherwise leave due to limited mobility or relocation challenges; it facilitates smoother cross-border collaboration with clients and partners; and enhances relationships with stakeholders, thereby fostering real-time communication and decision-making without the constraints of geographical location.

Overall, efficient and effective hybrid working can be achieved by African corporations; thus increasing communication, coordination, and collaboration among employees. Modern workplaces should ensure the maintenance of some aspects of in-person interaction. This is imperative for the jobs of basic-skilled employees, and low experienced employees, entailing collaboration, coaching, and client engagement.

Conclusion

Continual improvement is crucial to prolonged productivity growth for corporations and employees. Hybrid working could incubate innovation through a reduction in operational costs and enhanced talent management across corporations. African corporations will be required to prioritize jobs for reskilling and upskilling, taking into account cost-benefits analysis of such interventions. However, remote working lowers in-person office communication and collaboration that nurture idea creation and dissemination. The future of work will be hybrid working that balances the costs, benefits and drawbacks of remote working.

Due to the challenges that many African organisations face in transitioning to hybrid working, particularly in terms of leadership resistance, a more informed, open-minded and effective leadership is critical in ensuring that hybrid working is successful. In the context of the re/insurance industry in Africa, leaders should be trained to manage teams effectively in a hybrid working setting. This includes developing skills in remote team leadership, fostering trust among team members, and ensuring consistent communication and coordination. Leadership teams in the industry should also be prepared to adapt the African Corporation's culture to promote a collaborative, inclusive, and supportive environment. This may require a shift in how performance is measured and how employee engagement is maintained.

NEWS FROM THE REGIONS

Anglophone West Africa

LEGISLATIONS

Nigeria

The Nigerian Insurance Industry Reform Bill 2024 was passed into law. This reform pegged the minimum capital requirements for the various types of insurance as listed below.

Class of Insurance	Capital NGN
Non-Life	15 billion
Life	10 billion
Reinsurance	35 billion

MAJOR LOSSES

DOL	INSURED	DESCRIPTION	GROSS LOSS AMOUNT (100% - market)	
05/08/2017	MSF Engenharia S.A/Mabani Seven Company	Default and Non-Performance of contractual obligation	USD10,900,000	Claim was settled in 2024 after several out of court negotiations.
16/04/2022	Nigerian Breweries	Damage to insured's malted barley aboard vessel	USD771,814	Claim was settled in 2024 following the release of the final adjuster's report
07/02/2024	NNPC	Fire incident at Edjeba stacking yard	USD23,017,061	
16/08/2024	Brittania U Nigeria Limited	Fire damage to the insured's FPSO	USD70,000,000	
25/04/2024	Shelf Drilling	Damage to Legs and Loss of Port Spudcan	USD45,069,701	
11/08/2024	Fouani Nigeria Limited	Fire damage to insured's factory at BHN complex	USD2,443,032	

APPOINTMENTS

Nigeria

Mr Gboyega LESI
MD, Leadway Assurance

Mrs Mary ADEYANJU
MD, Consolidated Hallmark Insurance

Mr Mathew OGWEZHI
MD, Capital Express Assurance

Mrs Ebelechukwu NWACHUKWU
MD/CEO, Rex Insurance Limited

NEWS FROM THE REGIONS
Anglophone West Africa

Mr Tajudeen OLORUNMAKOMI
MD, Sterling Assurance

Mr Kehinde ABORISHADE
MD, Tangerine Life

Mr Jacob ERHABOR
MD, African Alliance Insurance

Mr Thierry RAVOAJA
Chief Underwriting Officer, Continental Re, Nigeria

Mr Olusegun OMOSEHIN
Commissioner for Insurance, National Insurance Commission

Mr Kunle AHMED
26th Chairman National Insurance Association (NIA)

Mrs Bola ODUKALE
DG/CEO, Nigeria Insurers Association

Mr Ganiyu MUSA
CEO, FBS Re

Prince Babatunde OGUNTADE
President, NCRIB

Mrs Abimbola ONAKOMAIYA
15th President, Professional Insurance Ladies Association [PILA]

Mrs Yetunde ILORI
President, CIIN

Mr Adewale KOKO
MD, Capital Express General

NEWS FROM THE REGIONS

Anglophone West Africa

RESIGNATIONS

Mr Olugbenga FALEKULO
MD Nigeria Re

RETIREMENTS

Mrs Ukachi ORJI
KBL Insurance

APPOINTMENTS

Ghana

Mr Samuel OCRAN
Group CEO, Star Assurance

Mr James Agyenim-BOATENG
MD, SIC Insurance, Ghana

The Gambia

Mr Ebou Lamin BITTAYE
MD, Yonna Islamic Insurance Co. Ltd

Mr Biran BAH
MD, Supersonicz Islamic Insurance Co. Ltd

Liberia

S. Ignatius SATIAH
President Liberia Insurance Association (LIA)

NEWS FROM THE REGIONS
South Africa

1) Legislation and Supervision

The Prudential Authority and Financial Sector Conduct Authority (PA and FSCA) published Joint Communication 7 of 2024 (Joint Communication) on 6 November 2024. It addresses concerns raised by representatives of the funeral parlour industry regarding the appropriateness and effectiveness of the current regulatory framework for the distribution of funeral insurance in South Africa.

The Joint Communication sets out the current regulatory framework and how funeral policies are currently being distributed. It highlights the concerns of the PA and FSCA regarding the distribution of these types of policies and provides details on the inter-regulatory project initiated by the PA and FSCA to review the framework. It also invites stakeholders to participate in the project. https://bowmanslaw.com/insights/south-africa-inter-regulatory-project-to-review-the-distribution-of-funeral-insurance-in-south-africa/

2) Market Losses

2.1 Non-Life Claims

South Africa declared a national disaster following severe floods and storms that caused extensive damage across several provinces towards the end of 2024. This declaration enabled the government to allocate emergency funds for relief efforts and reconstruction. https://businesstech.co.za/news/government/799695/south-africa-declares-national-disaster/?utm_source=everlytic&utm_medium=newsletter&utm_campaign=businesstech

Cyclone kills 94 people in Mozambique

After wreaking havoc on Mayotte, an Island in the Northern part of the Mozambique Channel, tropical cyclone Chido made its way to Mozambique on 15 December 2024.

The death toll as of 22 December stood at 94, with 670 injured and over 110 000 homes destroyed. In Mayotte, authorities reported 35 deaths and 2 500 injuries.

The tropical storm then moved on to Malawi, claiming the lives of 13 people and injuring almost 30 others. https://www.atlas-mag.net/en/category/pays/mozambique/cyclone-chido-kills-94-in-mozambique

2.2 Life Claims

South African life insurers paid R298 billion in claims and benefits to beneficiaries and policyholders in the first six months of 2024, according to the long-term insurance statistics released by the Association for Savings and Investment South Africa (ASISA). Payouts were for retirement annuity and endowment policy benefits, as well as claims against life, disability, critical illness and income protection policies. https://www.asisa.org.za/media-releases/life-insurers-pay-claims-and-benefits-worth-r298-billion-in-the-first-half-of-2024/

3) Appointments/Retirements/Resignations

Andrew COUTTS appointed as CEO of Hollard Insurance company, succeeding **Nash OMAR** who will retire on 30 June 2025. Coutts, a chartered accountant by training, is a veteran of over 20 years in the insurance industry and has spent many years in leadership positions. https://theinsurancedirectory.co.za/viewArticle.php?article-id=aid-67a343d9794b9

NEWS FROM THE REGIONS

South Africa

Mosimanegape MOLEFI joined Hollard Insurance, Botswana, on 16 October 2024 as the Managing Director. He is described as a visionary leader with 18 years of global experience.

Willie van GRAAN joined Hollard Insurance, South Africa, in January 2025 as a Chief Risk and Underwriting Officer. He was previously, (since April 2020) employed by Old Mutual Insurance as a Chief Underwriter and Reinsurance Officer.

4) New Mergers & Acquisitions | Industry Partnerships

momentum group

Momentum Group to acquire FinGlobal from the Bidvest Group.

Momentum Group Limited (Momentum) has concluded an agreement with The Bidvest Group Limited (Bidvest) to acquire 100% of Bidvest's share in FinGlobal Migration Proprietary Limited (FinGlobal).

5) New Products, New Companies & Licences

5.1 Mobile Phone Services by Old Mutual

Old Mutual is now offering mobile phone services. Drawing on the advantageous business model of Mobile Virtual Network Operators (MVNOs), the insurer is now marketing mobile packages under its own brand name.

Choosing this type of operator spares the company the heavy investment involved in building a network. Instead, the insurer secures access to the equipment and services of other mobile network operators (MNOs) already present in South Africa. All Old Mutual has to do is buy a usage package and resell it.

SIM cards can be purchased from the insurer's offices

https://www.atlas-mag.net/en/category/pays/afrique-du-sud/old-mutual-launches-mobile-virtual-network-operator-service

5.2 Electric Vehicle charge points – a cybersecurity risk?

The growing popularity of electric vehicles (EVs) will increase the number of EV charging stations, making it essential not to underestimate the importance of cybersecurity.

https://www.fanews.co.za/article/short-term-insurance/15/motor/1023/electric-vehicle-charge-points-a-cybersecurity-risk/40682

6) South African Market News

santam

Santam

AM Best has assigned an "A-" (Excellent) financial strength rating and an "a-" (Excellent) long-term credit rating to Santam. The outlook is stable.

https://www.atlas-mag.net/en/category/pays/afrique-du-sud/santam-am-best-rating

sasria

SASRIA (South African Special Risks Insurance Association)

In concert with the government, regulators and other relevant stakeholders, SASRIA is examining the possibility of extending its insurance coverage to include climate-related risks and natural catastrophes.

https://www.atlas-mag.net/en/category/pays/afrique-du-sud/sasria-to-extend-coverage-to-include-natural-disasters-and-climate-related-risks

7) ARCSA Attends the Mining Indaba

The Mining Indaba Conference is over 30 years old, with its inception in 1994. The conference is attended by representatives from 115 countries, and has become a pivotal event for the mining profession. It attracts investors, industry leaders, participants from government, (re)insurance, service sector and so forth. The objective of the conference is to capitalise on the vast

NEWS FROM THE REGIONS

South Africa

opportunities offered by the mining industry with the focus of fostering long-term economic growth and sustainability in the African Continent.

As part of ARCSA's marketing and brand promotion initiative, the office took the opportunity to travel to Cape Town in order to connect and network with our primary market, local and overseas reinsurance brokers who usually host events around the Mining Indaba Conference during this period. The conference is reported to have attracted over 9,000 delegates this year.
https://miningindaba.com/home

NEWS FROM THE REGIONS

North East Africa

LEGISLATION AND SUPERVISION

Law No. 155 of 2024 Issuing the Unified Insurance Law.

Several decisions issued, related to:

- Dates for preparing and presenting financial statements.
- Rules for establishing and licensing companies operating in the insurance and reinsurance sector.
- Rules, controls and prudential ratios for investing the funds of insurance and reinsurance companies.
- Minimum capital for companies operating in the insurance sector raised to:
    - EGP 450 million by February 2026 and EGP 650 million by February 2027 for non-life companies which underwrite oil/gas and aviation risks,
    - EGP 400 million by February 2026 and EGP 600 million by February 2027 for life companies,
    - EGP 40 million for micro insurance companies,
    - EGP 75 million for companies specializing in one of the insurance branches, EGP 75 million for specialized medical insurance companies, and
    - EGP 1 billion for reinsurers.

- Start and end dates of the fiscal year for insurance and reinsurance companies.

Mergers/ Acquisitions

AXA & WAFA are carrying out due diligence to acquire Delta insurance. AXA is offering EGP 5 billion as an initial price subject to full due diligence.

Appointments

Sameh SHOURBAGUI, new MD of Watanya insurance company

Sameh ANAS, new MD of GIG Life Takaful Egypt

Other Information

Dr Mohamed FARID, Chairman of the Financial Regulatory Authority (FRA), elected board member and new Vice-Chairman of Africa Re.

MANAGERIAL STAFF

HEADQUARTERS

EXECUTIVE MANAGEMENT

	Managing Director/ Chief Executive Officer	Dr Corneille KAREKEZI
	Deputy Managing Director/Chief Operating Officer	Ken AGHOGHOVBIA
	Deputy Managing Director/Chief Operating Officer- Elect	Kiiza BICHETERO

DEPARTMENTS

Corporate Secretariat/ Department of Human Resources	CS/DHR	Guy Blaise FOKOU
Communication and Public Affairs	Director	Roger BONG BEKONDO
Finance & Accounts	Director	Moussa BAKAYOKO
Treasury & Investments	Director	Alain ZONGO
Central Operations & Special Risks	Director	Mesfin DAMTEW
Risk Management & Compliance	Director	Yvonne PALM
Internal Audit	Director	Silifat AKINWALE
Life Operations	Director	Chris SAIGBE
	Assistant Director, Underwriting & Marketing	Abdulrasheed AKOLADE
General Services	Director	Kantam NAGOU
Management Office & Strategy	Chief of Staff and Strategy	Oluseye OLAKANMI

MANAGERIAL STAFF

REGIONAL OFFICES

Casablanca	Regional Director	Mohamed L. NALI
	Assistant Director, Finance & Administration	Eloge NISHIMIKIJIMANA
	Assistant Director, Underwriting & Marketing	Lahcen TALIBI
Nairobi	Regional Director	Phocas NYANDWI
	Assistant Director, Finance & Administration	Jean-Paul TANKEU
Abidjan	Regional Director	Olivier N'GUESSAN-AMON
	Assistant Director, Underwriting & Marketing	Charly BENGA
Mauritius	Regional Director	Vincent MURIGANDE
	Assistant Director, Underwriting & Marketing	Holy ANDRIAMBOLOLONA
Cairo	Regional Director	Gamal Mohamed SAKR
	Assistant Director, Underwriting & Marketing	Rehal ABDELGHANI
	Assistant Director, Finance & Administration	Zouhair ABOUHOURAIRA
Lagos	Regional Director	Temitope AKINOWA
	Assistant Director, Finance & Administration	Joseph GOMBE
	Assistant Director, Underwriting and Marketing	Olayinka DAWODU

SUBSIDIARIES

Africa Re South Africa	Managing Director	Andy TENNICK
	Executive Director, Finance & Administration	Sudadi SENGANDA
	General Manager, Technical Operations	Vuyo RANKOE
	General Manager, Life Operations	Pranil SHARMA
	Assistant Director, Analytics & Risk Management	Sie KOUADIO
Africa Retakaful	Managing Director	Yousif El Lazim GAMMA

LOCAL OFFICE

Addis Ababa Local Office	Local Representative	Habtamu DEBELA

UNDERWRITING MANAGEMENT AGENCY

Dubai Office	Senior Executive Officer	Mohamed SAAD ZAGHLOUL