

Is there fortune at the bottom of the pyramid?

Presentation at
Cover Insurtech Conference

*Presented by
David Saunders*

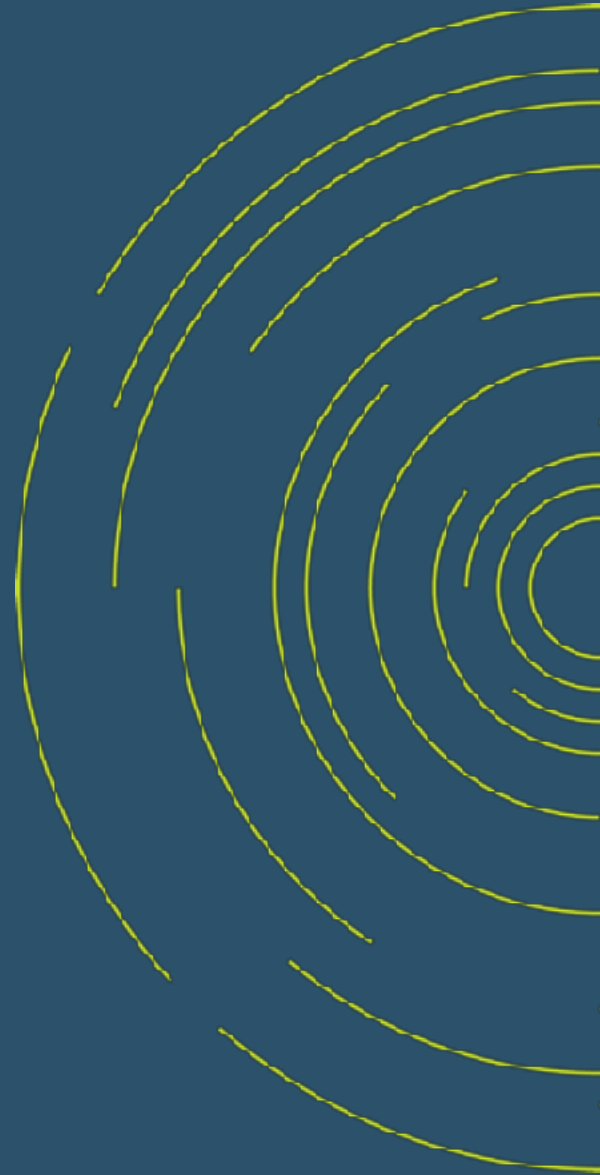
March 2019




Overview

- Is there fortune in the pyramid for insurance in Africa?
- How do we tap into that fortune?

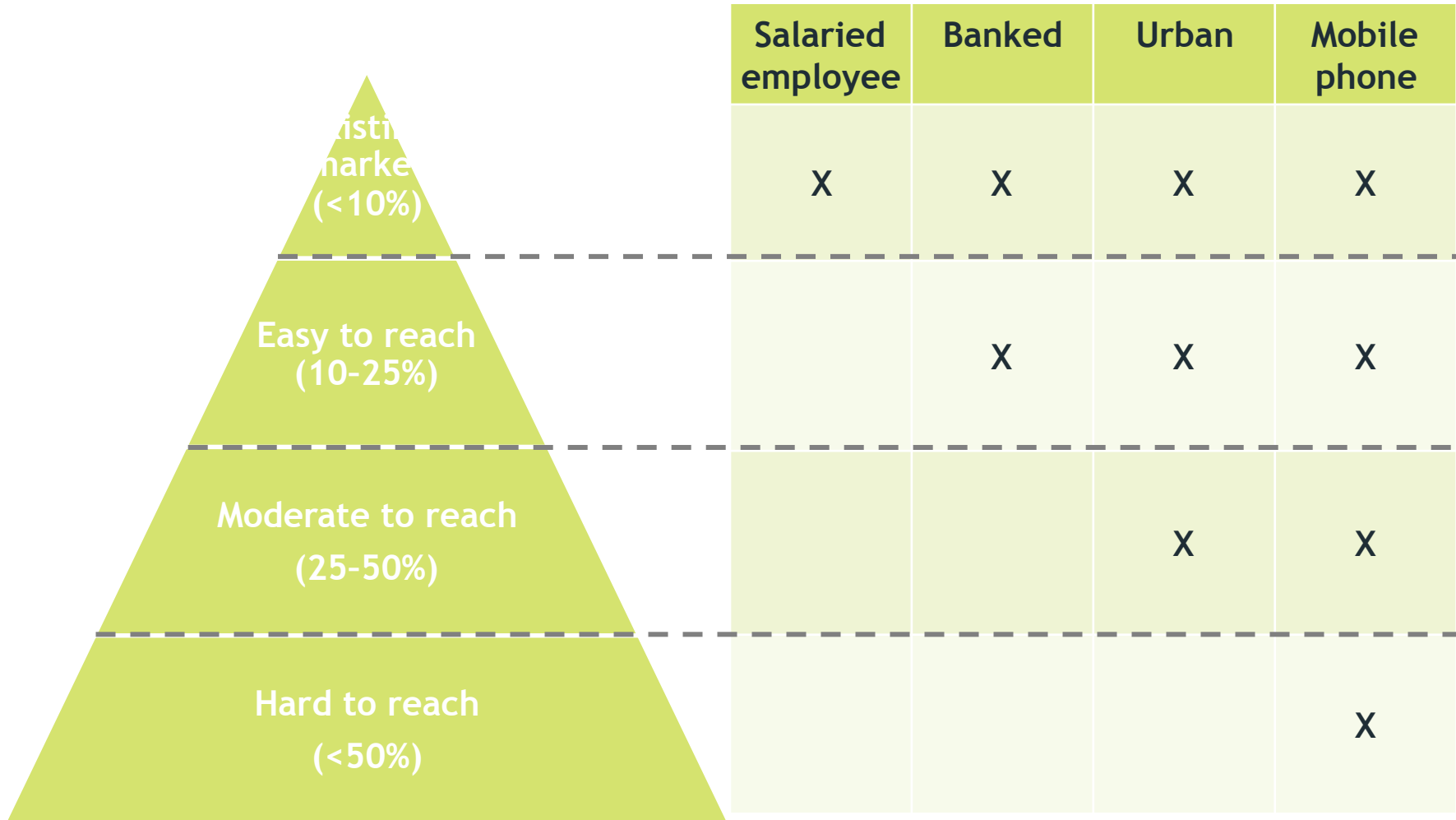
Is there fortune in the
pyramid for insurance in
Africa?



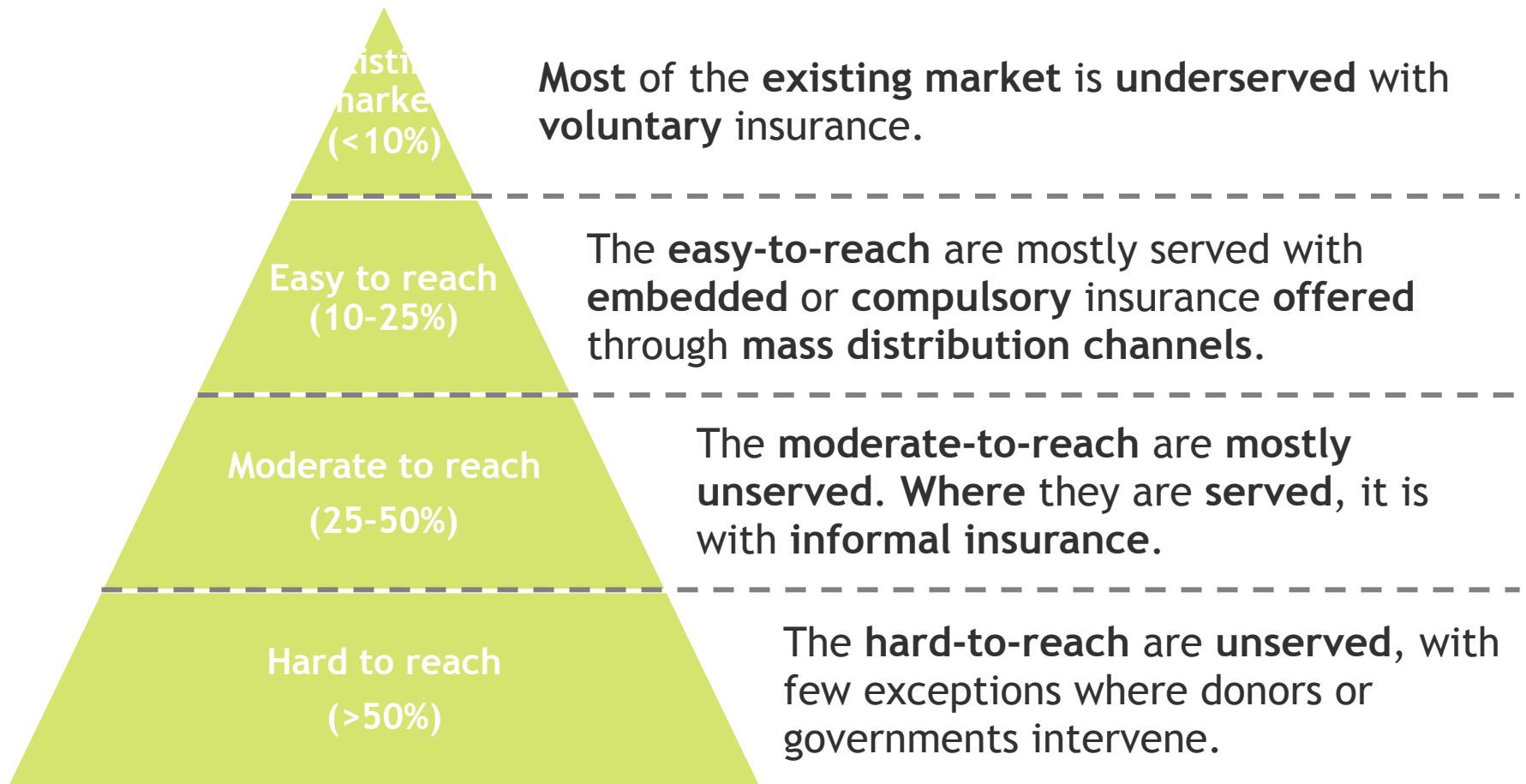


Over 25.5 million adults are within reach of insurance, of which 2.7 million have insurance, indicating that there is substantial opportunity for insurers to scale.

The pyramid for insurance is large and diverse



There are opportunities across the pyramid for insurance to find fortune



Old and new players are searching for it

Sanlam is now the largest insurer in Africa

CELESTINE OBIAS / 17 OCTOBER 2018, 11:00AM / 10 MIN READ



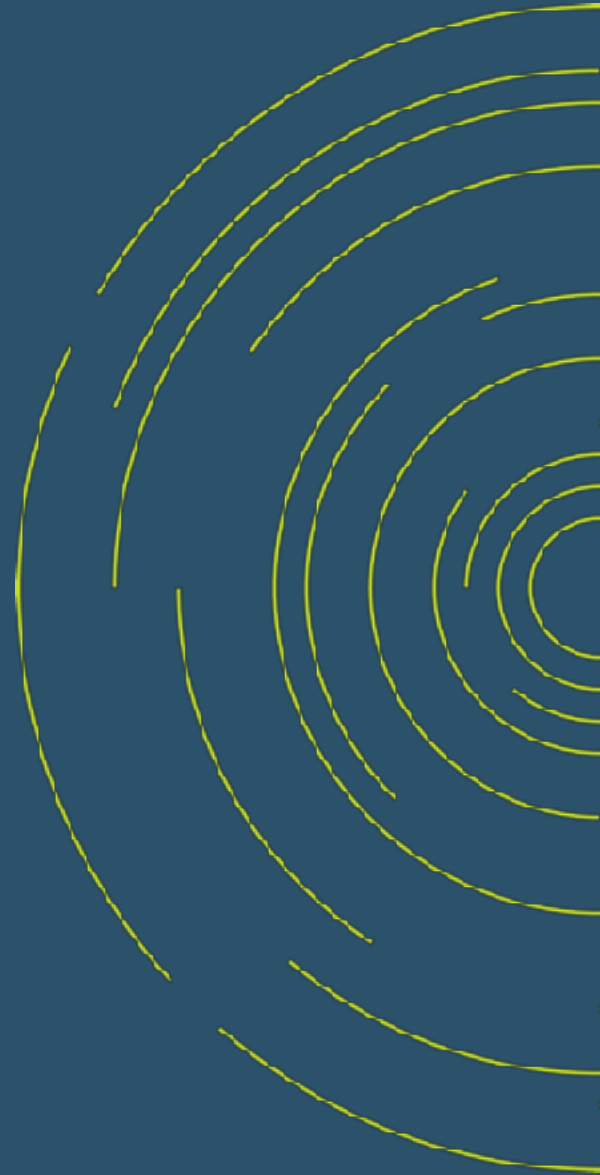
Facebook in talks with banks about mobile payments in Africa

12 MARCH 2019 - 17:20 by NICK HEDLEY



AXA announces it has increased to 46% its stake in MicroEnsure, a leading micro-insurance specialist serving over 20 million emerging customers across Asia and Africa.

What can we do to
tap into the fortune?



Insurance in emerging markets is a tricky business



Lack of
knowledge
on
consumers



Lack of
access to the
consumers



Different
consumer
needs



Low trust

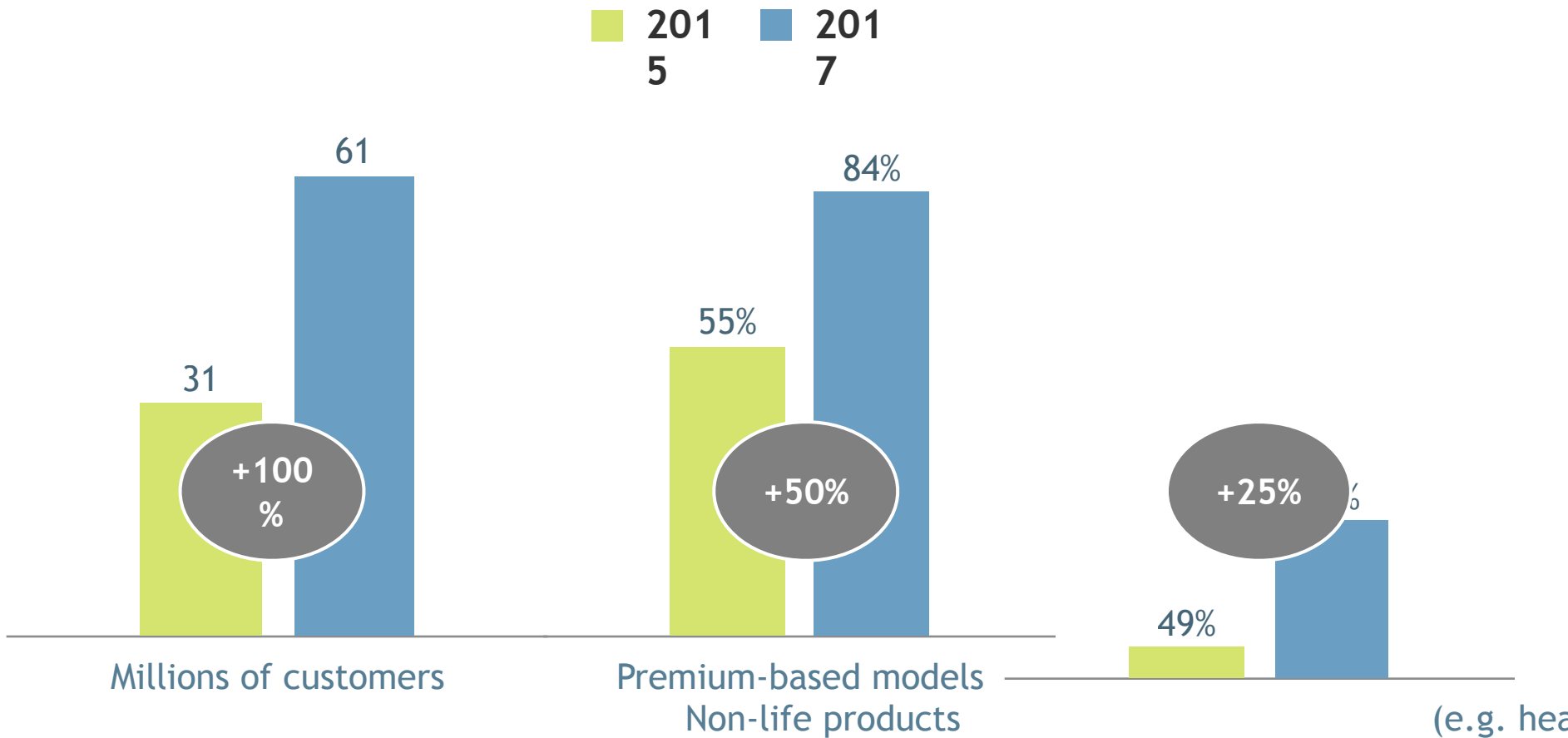


High-cost
structures

Four trends we are exploring to overcome these challenges

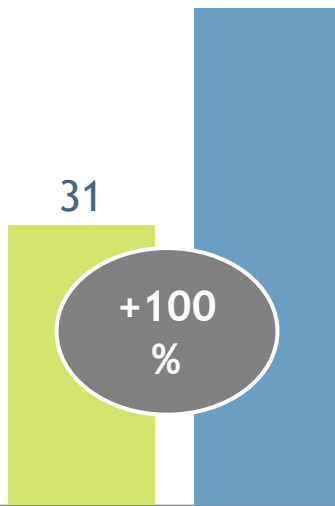
1. Maturing of mobile-enabled insurance models
2. Many, narrow insurtech offerings
3. Digital platforms as the next-generation distribution channel for insurance
4. Regulation as an enabler

1. Maturing of mobile-enabled insurance models



1. Maturing of mobile-enabled insurance models

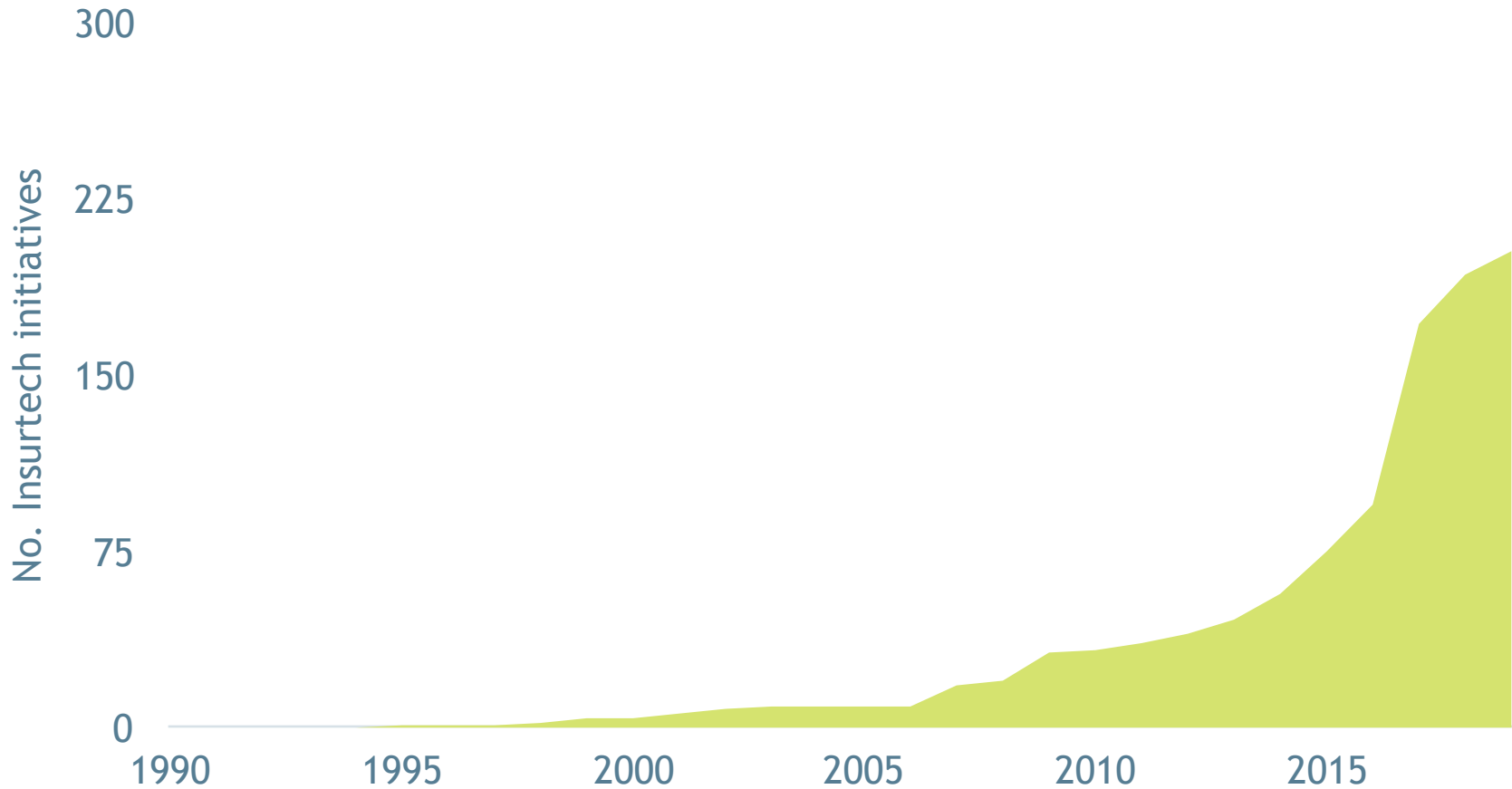
Bima raises \$97M from Allianz for microinsurance aimed at emerging markets



Millions of customers

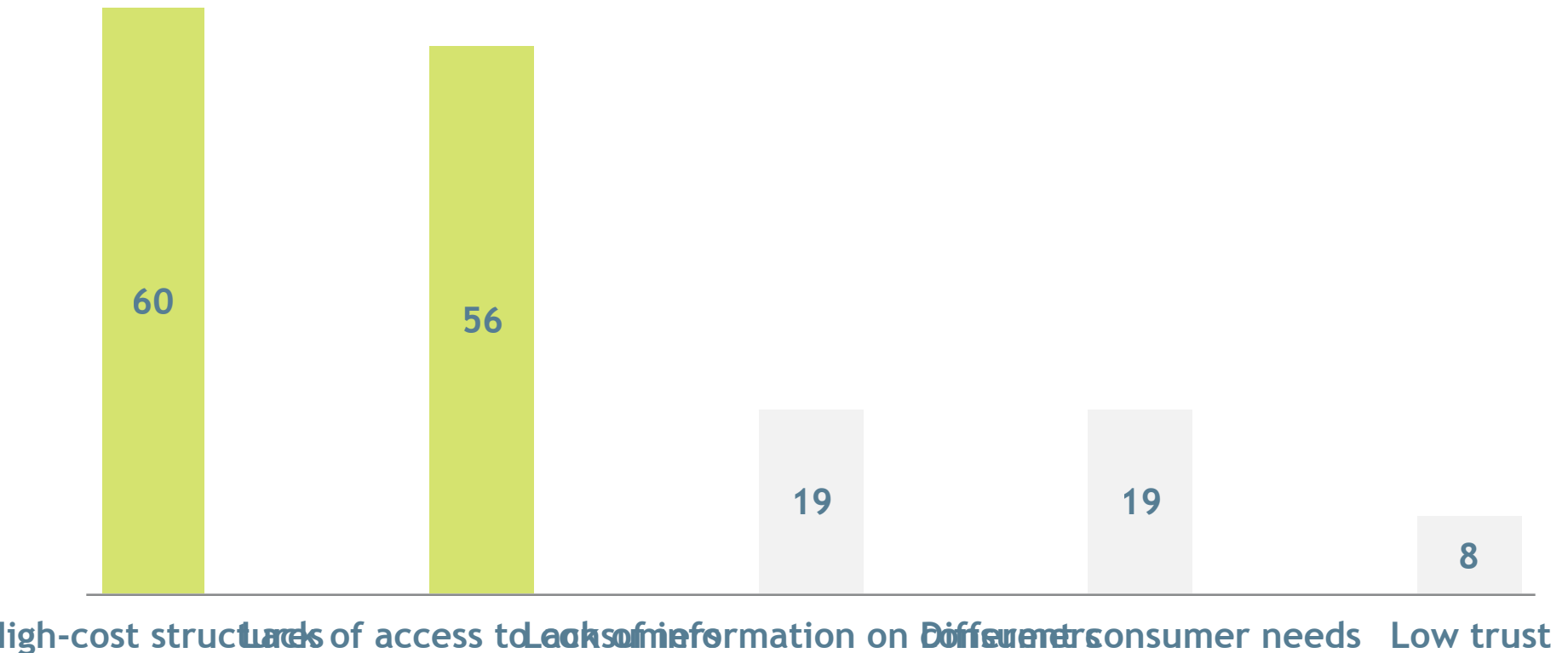


2. Many insurtech offerings emerging in Africa



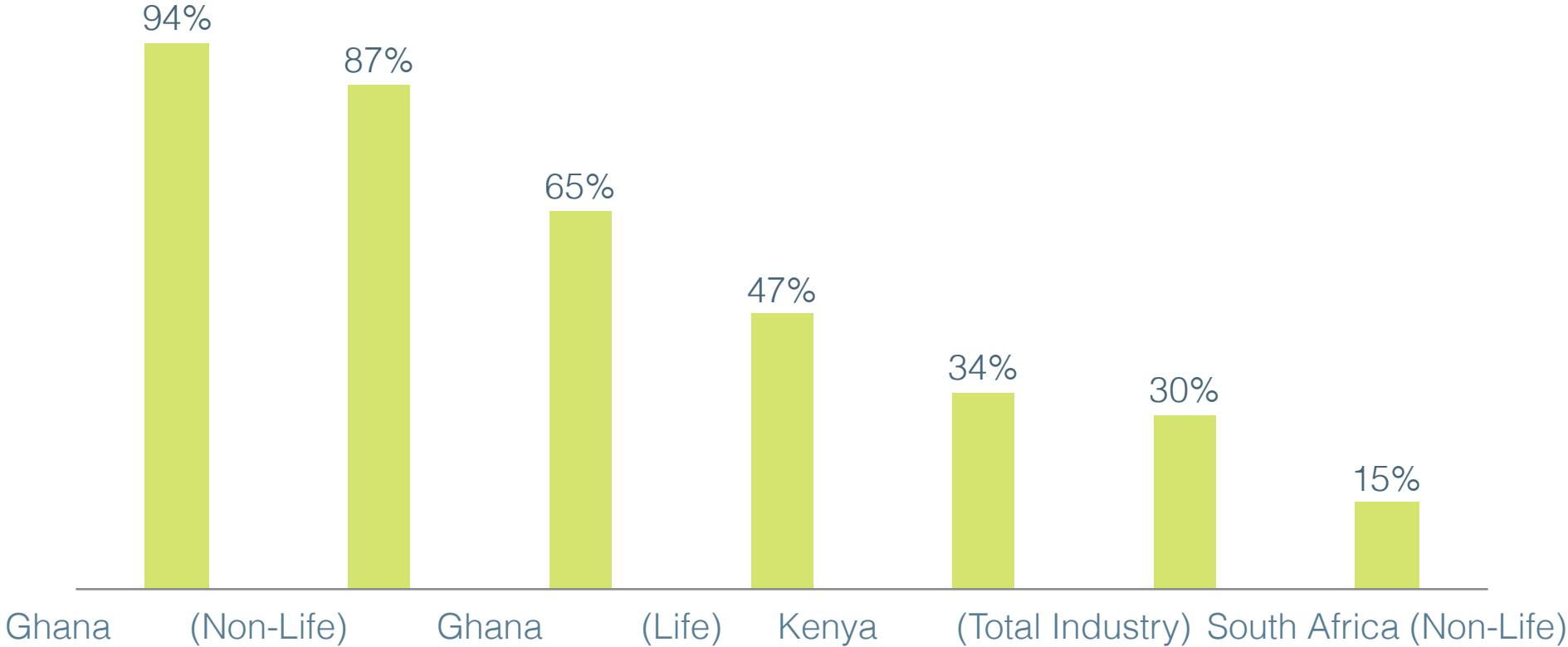
2. Mostly focused on narrow offerings for providers to overcome business constraints

No. of insurtech initiatives by challenge they address



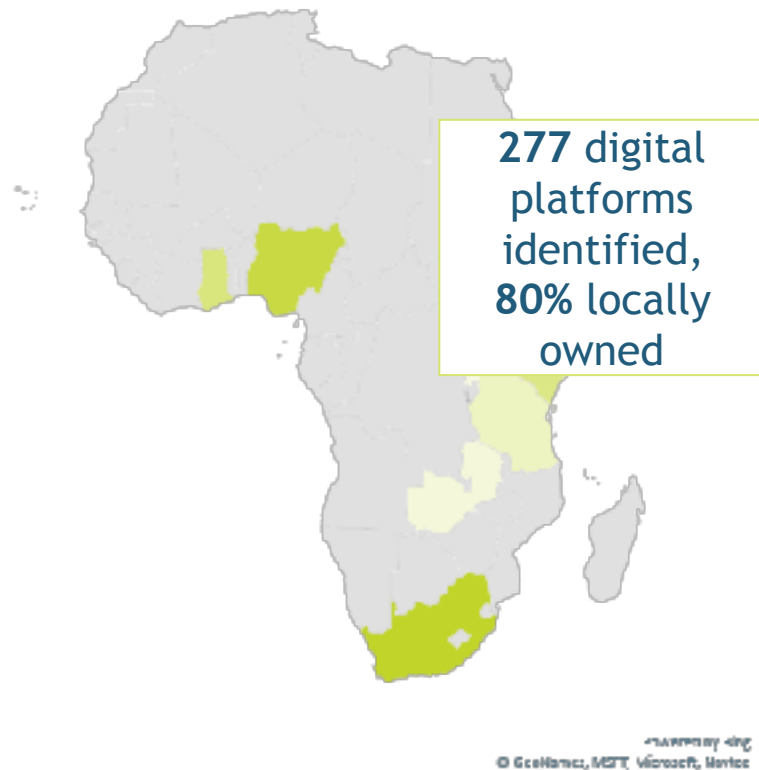
2. Which is helping to reduce the cost of serving emerging market consumers

Insurance industry expense ratios

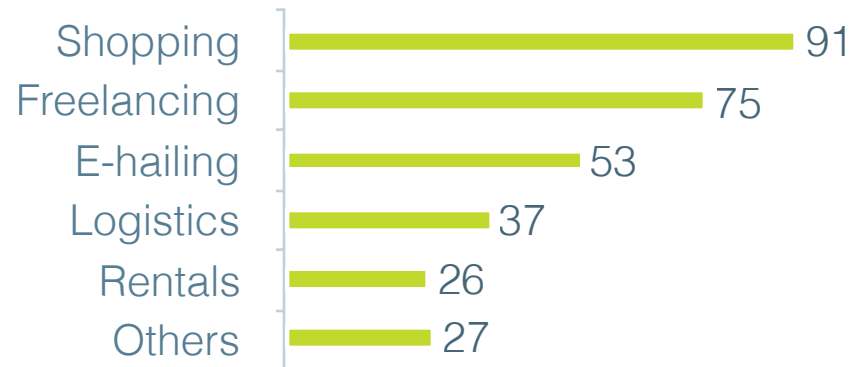


3. Digital platforms as the next-generation distribution channel for insurance

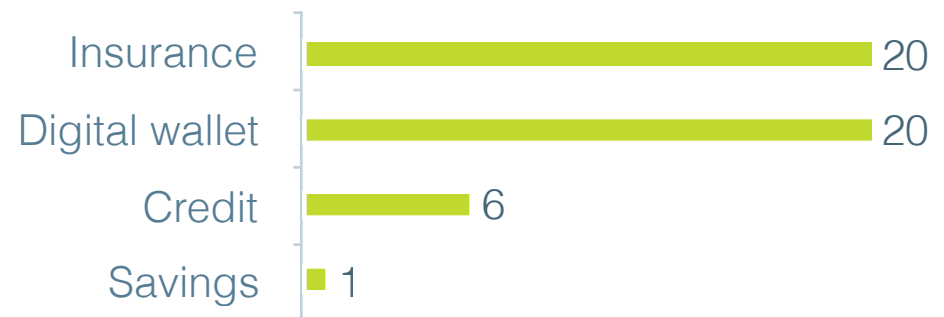
No. of digital platforms by country



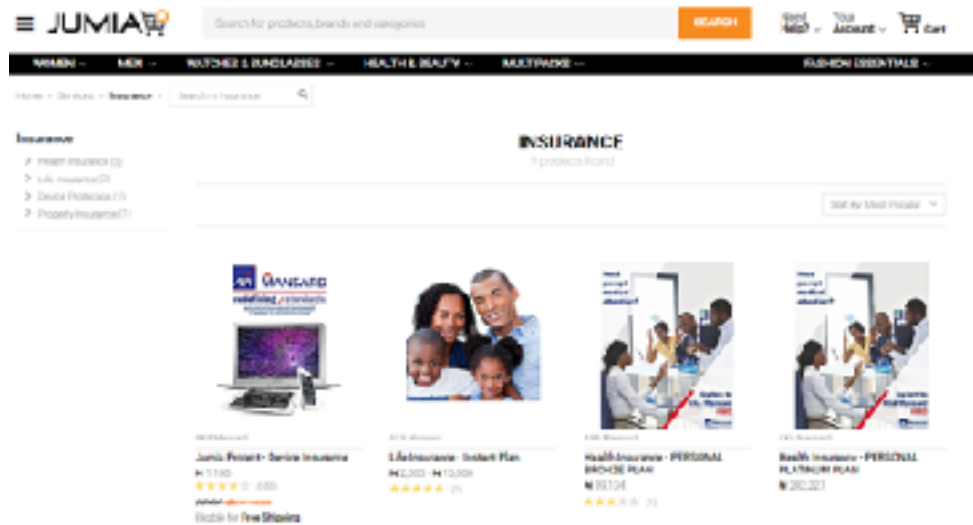
Type of digital platforms



Platforms offering financial services by type



3. Selling insurance directly, but also thinking innovatively where it can meet consumer and business needs



simply

 SweepSouth®

4. Regulation as an enabler

Countries with microinsurance regulation or a regulatory sandbox



- After a decade, regulation aimed at creating space for innovation in the low end of the market is coming into effect.
- Regulators are already building on this and looking at regulatory sandboxes to catalyse further innovation.
- Policymakers are waking up to the need to build insurance markets as a way to achieve other policy objectives like climate change.

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4. Creating new opportunities for insurance



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Summary

- The pyramid for insurance in Africa is bigger and more diverse than we think.
- New entrants and incumbents alike are in search of the fortune.
- In the first instance, incumbents are using innovations in technology and data to bring down the cost of servicing consumers.
- In the second instance, they will have to translate these cost savings into value for the consumer, as they will have new competition from digital platforms.
- The result should be more fortune in the pyramid for consumers and providers.
- But insurance market development remains a tricky business and requires support for regulators and policymakers to get it right.

Thank you

Please engage with us:

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About Cenfri

The Centre for Financial Regulation & Inclusion (Cenfri) is a global think-tank and non-profit enterprise that bridges the gap between insights and impact in the financial sector. Cenfri's people are driven by a vision of a world where all people live their financial lives optimally to enhance welfare and grow the economy. Its core focus is on generating insights that can inform policymakers, market players and donors who seek to unlock development outcomes through inclusive financial services and the financial sector more broadly.

