CAN INSURANCE SUPPORT DEVELOPMENT?

Country Diagnostic • Evidence from Ghana • Nigeria • Kenya • Rwanda

INSURANCE UPTAKE

4.1m

OF 138 MILLION ADULTS

are covered by insurance other than government provided health insurance, this equates to

RISK-PROTECTION GAP

51%

of the adult population (69m) reported having faced at least one insurable risk within the last year

MANY ARE WITHIN REACH THAT DON'T HAVE INSURANCE

5.3 million

adults have a bank account, mobile phone, are formally employed and earn the equivalent of USD $5 a day or more

2.1 million

Less than 40% within this target group are covered by insurance

TOTAL NUMBER OF INSURERS

Source: FII, 2015; FinAccess, 2016; EFInA, 2017; FinScope, 2016; FinScope, 2010

SIZE & PERFORMANCE OF THE INSURANCE MARKET

Source: NIC (2016); NIA (2016); IRA (2017); BNR (2017)

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EXPENSE RATIOS ARE HIGH

<table>
<thead>
<tr>
<th></th>
<th>&gt;60%</th>
<th>&gt;70%</th>
<th>&gt;80%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ghana</td>
<td>33</td>
<td>29</td>
<td>19</td>
</tr>
<tr>
<td>Nigeria</td>
<td>43</td>
<td>35</td>
<td>27</td>
</tr>
<tr>
<td>Kenya</td>
<td>25</td>
<td>21</td>
<td>19</td>
</tr>
<tr>
<td>Rwanda</td>
<td>6</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Total # of insurers</td>
<td>107</td>
<td>89</td>
<td>68</td>
</tr>
</tbody>
</table>

Source: NIC (2016); NIA (2016); IRA (2017); BNR (2017)

CONSTRAINTS IN ALLOCATION OF CAPITAL

Combined size of insurance assets across the four countries:

>USD 10 billion IN 2016

This is smaller than the total assets owned by the South African insurance sector.

Source: NIC (2016); NIA (2016); IRA (2017); BNR (2017), NAICOM (2016) & World Bank (2017)

LIMITED LOCAL CAPACITY TO SERVE LARGE RISKS

% of non-life risk transferred offshore:

<table>
<thead>
<tr>
<th>Country</th>
<th>% of non-life risk transferred offshore</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ghana</td>
<td>65%</td>
</tr>
<tr>
<td>Nigeria</td>
<td>81%</td>
</tr>
<tr>
<td>Kenya</td>
<td>47%</td>
</tr>
</tbody>
</table>

Source: NIC (2016); NAICOM (2016), IRA (2016)

INVESTMENTS ARE USUALLY SHORT-TERM

Nigeria 54.7%

Ghana 75%

Source: NIC (2016); NAICOM (2016)

INFRASTRUCTURE INVESTMENT GAP IS LARGE

Infrastructure investment gap across the four countries is estimated to range from USD:

- Nigeria: >37 million
- Kenya: 7.41 million
- Ghana: 500,000
- Rwanda: 72,000

Source: Global Infrastructure Hub (2019)

LARGE NUMBER OF MSMES BUT MANY ARE UNSERVED

- Nigeria: 6.3 m licensed in the informal economy in 2013
- Kenya: 1.56 m licensed
- Ghana: 500,000
- Rwanda: 25 k in the formal economy