Africa Re News

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GMD/CEO's Message

Dear Readers

The 6th Strategic Plan (2019- 2023) of Africa Re has been developed and implementation has started. The storm of challenges of the last 3 years is becoming a thing of the past. Growth has resumed in all our production centres.

Dear clients and investors! Your support has been very instrumental in our current leadership position in the African insurance industry and we are very grateful for this. Because of this, we have re-energised ourselves to bring superior value to you in the coming years: increased technical assistance, support to insurance supervisory authorities, and maintenance of our 'A' financial rating with international independent rating agencies - A.M. Best and S&P.

From now till 2023, our actions will be guided by the needs of our clients. We might even expand to new territories if the needs of our clients so demand. We are very much aware of the imminent transformation of the African insurance industry. Therefore, we have planned to proactively leverage the latest technology available and strengthen our research and development team to offer you innovative products for various emerging risks: cyber risk, political violence, terrorism and particularly agricultural (index/parametric) insurance, which is the focus of this 19th edition of Africa Re News.

Africa Re's partnership with IFC (a member of the World Bank Group and a former shareholder of Africa Re) in March 2019 is, indeed, a foretaste of what our clients should expect from us in the years to come. This partnership aims at providing technical support to insurance companies for their agricultural line by using index-based agricultural insurance. This will trigger innovative and more efficient solutions for small holder farmers, help them mitigate the effects of climate-related shocks, protect them against catastrophic losses and unlock access to finance.

Corneille Karekezi

In this 19th edition you will have an insight of agricultural insurance by our guest columnist, Mrs Folashade Joseph, a specialist of agricultural insurance and CEO of Nigerian Agricultural Insurance Corporation. You will also read about takaful business in Africa in a thoughtful write up by Mr. Omar Gouda, a takaful specialist and Regional Director of Africa Re, North East Africa and Managing Director of Africa Retakaful (subsidiary of Africa Re).

I also express Africa Re's gratitude to H.E. Dr Omran Mohammed, Chairman of the Egyptian Financial Regulatory Authority (FRA) for accepting to be interviewed in this edition of Africa Re News on various aspects of the Egyptian and African insurance industry.

Thank you.

Africa Re partners with IFC to Develop Agricultural Insurance in Nigeria

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

L-R, Hassan Oye Odukale, MDCEO of Leadway Assurance Nigeria, Ken Aghoghovbia, DMD COO of Africa Re, Mohammed Kari, Nigerian Commissioner for Insurance , Fatou Lakoue Assah, IFC programme Manager

Africa Re and the International Finance Corporation (IFC) signed an agreement in Lagos in March 2019, to help insurance companies in Nigeria develop innovative agricultural insurance products for small holder farmers.

Under this agreement, Africa Re will work with the Global Index Insurance Facility of the IFC to provide technical support to the insurance companies licensed to write Index-based insurance products, thereby helping them to develop their agricultural insurance business line. Index-based agricultural insurance, which pays out on the basis of transparent parameters like rainfall and does not require costly field visits to verify losses, provides an innovative and more efficient solution for small holder farmers to protect their crops against losses.

Agricultural insurance is one of the tools Nigerian farmers can use to improve their resilience to climate-related risks such as drought, flooding, erratic rainfall, or other natural disasters. Farmers who have access to insurance are also more likely to access other financial products, including credit, and higher quality production inputs. But due to high premiums and transaction costs, small holder farmers in Nigeria find it difficult to get affordable insurance that they need.

Reliable agriculture data remains a big challenge in Nigeria and many other African markets. This is a big setback to the appropriate design and development of index insurance products. Thus Africa Re is already developing a digital platform solution to be available to all clients writing agriculture insurance, as way of building a rich database for future use in order to overcome this challenge. The deployment is expected to be before year end with further scale up planned for 2020.

Furthermore, plans are ongoing to grow human capacity through annual training programs both in Nigeria and in other more developed agriculture markets in Africa to facilitate the sharing of market experiences. At the moment, two training programs for clients and stakeholders are planned to hold within the remaining half of year 2019 with more scheduled for 2020 based on the needs advised.

As rightly said by Eme Essien, IFC Country Manager for Nigeria "affordable and accessible risk management tools like index insurance are needed to help farmers mitigate the effects of climate-related shocks, protecting them against catastrophic losses and unlocking access to finance."

Ken Aghoghovbia, Deputy Managing Director and Chief Operating Officer of Africa Re, in his comment on the partnership stated: "This initiative would certainly go a long way in moving Nigeria towards its goal of food security and also is in line with Africa Re's mission to support African economic development."

Funmi Omokhodion, Regional Director Africa Re, Anglophone West Africa

Cross section of Nigerian Insurance industry players at the launching in Lagos...

R-L: Innocent Ogbu DGM Claims/reinsurance, Nigerian Agricultural Insurance Corporation; middle: Bashiru K. Martins DGM Technical, Nigerian Agricultural Insurance Corporation

Cross section of the Nigerian Insurance Industry palyers at launching of the programme

By Mrs. Folashade Joseph, MD/CEO of Nigerian Agricultural Insurance Corporation

Significance of Agricultural Insurance in National Development

Agricultural insurance is a specialized form of property insurance that provides financial compensation to insured farmers against the effects of any misfortune arising from the operation of an insured peril.

The provision of insurance cover to the agriculture value chain starting from primary production to processing, storage and distribution has several benefits to investors. The most important benefit is the relief of anxiety associated with the promise of provision of financial compensation on the occurrence of an insured peril.

In view of the objectives and mandate of the Nigerian Agricultural Corporation, agricultural insurance is a veritable tool that agricultural producers can use. This tool can be used to mitigate and manage the risks of adverse natural events and disasters, which are detrimental to output and the nation's food security.
Some contributions of agricultural insurance to national development are highlighted below.

- Agricultural insurance facilitates small and medium scale farmers' access to credi. facilities through insurance-credit linkages which encourage lending institutions to support primary production. Good yield assures the investor of favourable returns and when impacted by adverse natural effects and disasters, the investor is greatly supported to meet their loan obligations.
- Agricultural insurance helps to protect farmer's investments, thus encouraging the farmer to employ more hands and invest in new technologies and improved farming practices.

Yield index insurance ensures a minimum guaranteed income and relative self-sustainability in times of low or poor crop yields arising from insured natural events and disasters.

- The availability of agricultural insurance makes possible compensation for losses of crops or livestock insured thus ensuring the stabilization of incomes at individual, community and national levels.
- The payment of compensation by insurers to the insured farmer relieves the Government of the burden of providing financial and/or ad-hoc assistance to the victims of natural disasters.
- Agricultural insurance provides income stability to farmers whose contribution to the national economy is very significant.

Generally speaking, agricultural insurance has contributed substantially to the development of the agricultural sector, improvement of food security with consequent reduction in food importation. Thus, the scarce foreign exchange of the nation is being preserved.

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Human-Wildlife Conflict (HWC) and Insurance: Africa Re Collaborates to Provide Solutions

Mesfin Abebe DAMTEW, Senior Manager, Underwriting and Marketing, Nairobi, Kenya

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

BACKGROUND

The scientific term for a human being in the animal kingdom is "Animalia," which infers that man has been co-existing with wildlife since the start of life as we know it, on planet earth. With the increase in population comes the inevitable challenges of conquering of lands for farming and the building of shelter. It follows then, that with urbanization and industrialization, which needs more land, wildlife and their natural habitat are becoming more and more compromised, thus affecting the biodiversity, Scientists in the field, recommend a high level of biodiversity as it boosts ecosystem productivity where each species, no matter how small, have an essential role to play. When the needs of the human population intrude into that of wildlife and vice versa, we are faced with the phenomenon called Human-Wildlife Conflict (HWC). Due to humans having a larger and more complex intelligence capacity than wildlife; it makes it possible for humans to have a highly advanced and organized society, which produces and uses the technology of smart tools to win the battle with other species.. The conflict, has many negative consequences, including loss of livestock to predators, crop and property damage, human threat, injury, death, transmission of diseases and wildlife mortality from retaliatory killings. Within the African continent, these conflicts usually occur in rural areas, where the majority of the human population and wildlife co-exist and where there is much dependency on farming or pastoralizing, for food and shelter. Human migration and unauthorized hunting ventures using incorrect weaponry increases the risk of disease and pestilence with wildlife.

MITIGATION through INSURANCE

To mitigate HWC, governments in a different parts of the world have established dedicated parks to conserve and breed wildlife population. This may not entirely avoid HWC as there is always wildlife living outside protected areas, due to the migration of wildlife from one place to another, and the territorialisation of land by humans, from the increasing population. Governments around the world have invested in both preventative and aversion measures by implementing compensation schemes for human injury and death, crop and property damages and livestock predation. In Africa, some studies show that Kenya, Zimbabwe, Botswana, South Africa and Namibia have established compensation schemes that are administered by national (in some cases district) government, NGO's or private sectors and in some cases, insurance companies.

The Kenyan government, through its Minister of Tourism and Wildlife, in May 2019, conducted a stakeholders' consultative forum on innovative HWC compensation schemes to create awareness on the issue. One of the task force mandate's is to propose an insurance solution for compensation of HWC incidents, so that insurance companies are enabled to manage such schemes, proficiently. Africa Re has been selected to be part of this task force among other stakeholders, to design an insurance policy, in mitigating HWC in Kenya. The deliverable will be an insurance product, managed by insurance companies, designed to contribute towards the preservation of wildlife, by reducing reprisal counter attacks from human beings, through compensation for loss or damage to livestock, crop or property and human injury/death. Moreover, farmers will be protected from loss of livestock, whilst parks and conservationists will benefit from the protection of endangered species. This then promotes the interest of ensuring continuation of both species.

In Southern Africa, consumer behavior of the more affluent sector of the population confirms that the switch over to subsistence farming is fast increasing. However, commercialized agricultural products remains affordable and people in rural areas travel long distances to stock up on supplies. The introduction of index based insurance specifically within the farming communities has gained momentum in pastoral farming. This insurance allows for the selection of suitable coverage to specific needs, by using sophisticated index based data, to determine the risks being faced. The concept of pooling or sharing of benefits, is another compensatory scheme for the loss of or damage to livestock and crop. This can be seen as one way to build resilience against HWC for smallholders. For as long as both man and wildlife exist, there will always be challenges that will present itself in the plight towards reaching the equilibrium of habitat, safety, resources and survival. Africa Re is proud to be associated on initiatives that not only seeks to improve the quality of livelihood within HWC communities, but also demonstrates leadership through collaboration in endeavoring to provide a solution, which goes a long way in striking a balance for a sustainable Africa.

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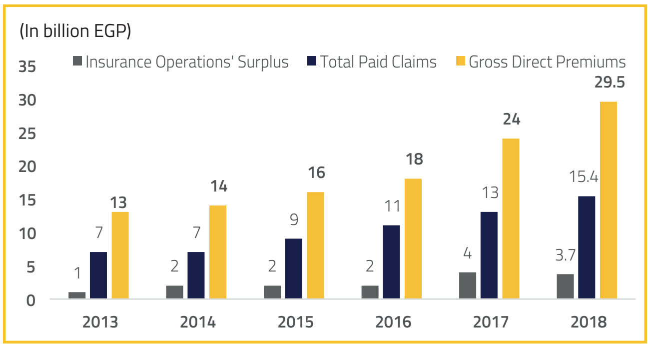
Interview with Dr Mohammed Omran, Chairman of the Financial Regulatory Authority (FRA) of Egypt

Interviewed by A. Adogbo

The level of insurance penetration in Egypt is believed to be around 1 %. In the sub region (Near and Middle East) and even in the whole African continent the situation is similar. What do you think is responsible for such a low penetration level? And what is FRA doing in this regard for the local industry, for the sub region and the continent and what do you think is the way out?

Needless to say that the insurance market in Egypt has a long history dating back to the beginning of the 20th century when the first National Insurance Company of Egypt (NICE) was established in 1901.

The Egyptian insurance market witnessed remarkable growth over the past five years compared to the previous periods with a17% CAGR compared to the period before 2014 and 22% in 2018 compared to previous year. Insurers achieved total premiums amounting to EGP 29.5 bn as of 30/6/2018 compared to EGP 14.3 bn as of 30/6/2014.



Source: FRA- insurance market statistical book

There are 37 companies operating in this sector. Between 2014 and 2018, six new insurers were established, including AXA, one of the largest world insurers, increasing the number to 15 life insurers and 22 non-life insurers. And currently, we are noticing a great interest from regional players who wish to enter the market. They are in the process of submitting their files.

There is no doubt that the insurance industry plays a vital role in national economies as a risk manager and institutional investor especially in infrastructure. The penetration rate in the Egyptian insurance market stands at 1% in the last two decades. Considering this low penetration rate, FRA put a great emphasis on

Dr. Mohammed Omran, Chairman of Financial Regulatory Authority, Egypt

the development of the insurance sector in Egypt in its Comprehensive Strategy for Non-Banking Financial Activities 2018-2022, which was launched in April 2018. FRA will work on an extensive program to develop the insurance market depending on the following policies, procedures, and initiatives:

1. Extending insurance to underserved populations "inclusive insurance "

   Through several procedures and initiatives, FRA is extending insurance to reach underserved populations and create a social safety network against insurance risks. To achieve this, FRA has adopted several initiatives including "school and university students insurance funds" and promoting professional indemnity policies and compulsory insurance coverages in the country. Also we are working with the government to launch "public assets insurance programs and apply risk-management standards" initiative to the public assets. Considering the marginalized groups, through facilitating their entry into insurance services, FRA proposed certain legislation incentives to support micro insurance and agricultural insurance products.

   In helping close the protection gaps, FRA has obligated the micro-finance institutions to insure their clients against death and disability with sum insured not less than their outstanding loans. This means that 2.8

million people will be added to the insurance market by the end of 2019.

2. Promoting and regulating compulsory insurance coverages such as professional indemnity policies, third party liability policies for risks arising from public events whether it is for sports activities or entertainment …etc.
3. Encouraging innovation and modern technology use in conducting businesses and in regulations.
4. Enhancing integration with non-banking financial markets.
5. Constructing the first ever life actuarial tables for the Egyptian Life Insurance market.
6. Raising insurance awareness for the society and business sectors.
7. Creating Synergies between insurance and private pension funds.

FRA is developing legislations and laws governing insurance activity and private insurance funds known as the Unified Insurance Law. This will include: all provisions, technical and legal rules for insurance and P.I.F in Egypt; Insurance Supervision and Monitoring law in Egypt promulgated by law No. 10 of 1981; Obligatory Insurance Law on Civil Liability arising from Auto Accidents within the Arab Republic of Egypt promulgated under Law No. 72 of 2007; P.I.F Law promulgated under Law No. 54 of 1975; substantive provisions of Law No. 131 of 1948 on issuing civil law on insurance contract, its effects, and parties' obligations.

FRA looks forward to a significant change in the insurance sector in terms of modernizing the legislative framework, reorganizing market units, achieving financial stability, and maximizing insurers' and P.I.F roles as risk managers and institutional investors; as well as introducing on-line insurance licensing requirements and standards, establishing professional associations or societies for insurance related professionalism such as brokerage, consultants, actuarial profession, surveyors and loss adjustors.

I think the way-out for the sub-region and the African continent to increase market penetration is to close the protection gaps by ensuring that the regulators, insurance companies and related stakeholders work together and very hard on what we call the 4As concept which are: Appropriateness, Accessibility, Affordability, and Awareness.

Digital transformation of the Egyptian insurance industry is an unavoidable move which has already started. How prepared is FRA to accompany, in term of regulation, such a revolution. Are you, for example, ready to license a full digital insurance company in Egypt at the moment?

Financial Regulatory Authority of Egypt (FRA)

Digital revolution has reached all parts of our lives and the economy. It is no surprise that it has changed our ways as consumers, investors, regulators, how we conduct our businesses and how we supervise it. As a result, digitalization has become an imperative for all well-known companies and is the reason why the insurance industry has found its path to a digital transformation. Although there are associated risks, we believe there are a lot of benefits of insurance digitalization, for example, increasing efficiency in the insurance process, enhanced communication with customers and more importantly changing the role of insurance from pure risk protection towards predicting and preventing risks by using big data analysis.

Starting from 2015, FRA issued the first regulations to authorize insurance companies to underwrite three types of prototype insurance policies electronically and distribute them using internet networks. These policies do not really need onsite underwriting procedures. According to the 2018 figures, 60% of the insurers are licensed to issue policies electronically. We have licensed one of the well-known international brokerage companies to fully operate online, and this company has a footprint in other African countries.

Also, FRA has put more details on the proposed new insurance law. More emphasis is laid on conducting on-line insurance, minimum requirements and standards.

How is Egyptian insurance market faring?

Any profession related to insurance activities has to be licensed by FRA first before practicing. Therefore we have limited issues regarding this. It is also worth mentioning that Insurance Law no. 10 of 1981 has many measures and penalties for violating the rules of practicing such professions. FRA encouraged the Insurance Federation of Egypt (IFE) to approve the first code of ethics for insurance companies last year. FRA will work closely with IFE to effectuate and to update it according to the real practice. FRA is highly interested in providing a fair environment for

" Egyptian Insurance market will have a new comprehensive insurance law and the first ever Egyptian actuarial life tables by 2020 "

H.E. Dr Mohammed Omran

the exercise of insurance business and compliance with fair competition measures. In the proposed insurance law, FRA emphasized on the conflict of interest measures for all related professions and the code of ethics for practicing them.

The Egyptian insurance market is a free pricing market, but the insurance law strictly prohibits rate discrimination between clients unless it has an actuarial and technical justification. For better competition FRA, last year, launched a special platform to exchange data between insurance companies and FRA, for clients whose policies have been cancelled or refused for any reason. This will allow FRA to monitor and investigate the movements of clients between insurance companies, the reasons and of course the rates.

What are the domestic issues faced by the Egyptian market players at the moment?

The Egyptian insurance market is rich with technical cadres with high qualifications. FRA continues to support the market through special designated courses for licensed professions and posts such as brokers, underwriters, surveyors, loss adjusters, reinsurance technicalities, investment managements, etc. These courses are provided through the Financial Services Institute (FSI) which is the training arm of FRA. All insurance related professions have to meet certain renewable requirements and Continued Development Programs (CDP).
Most importantly, FRA was very successful in increasing the number of Egyptian Qualified Actuaries to more than 40 through dedicated educational programmes, in collaboration with Cairo and American Universities in Egypt. Most of them are less than 40 years old. In addition, FRA has provided a generous Actuarial Education Programme to the young actuarial employees and the number of Egyptian Qualified Actuaries is expected to reach 60 by the end of 2025.

What about the issues specific to reinsurers, brokers and other intermediaries in the Egyptian market?

First of all, insurance companies have to deal with reinsurers rated BB at least, and FRA has established a special register, with minimum requirements, of those not rated. The market is really dealing with highly rated reinsurers. Reinsurers are always under watch from FRA. There are certain procedures to clean the reinsurers list every year to remove those that are not qualified or not rated. There is another list for those downgraded. This year, we noticed an interest from some international reinsurers to open a representative office in Cairo; they are welcome to do so.

There is an argument in the market, especially from the local companies, about the need for an Egyptian Reinsurer. FRA is continuously studying this topic with the relevant stakeholders, and will definitely encourage what is good for the market and the economy as a whole.

Where do you see the Egyptian insurance industry in the next 5 to 10 years?

FRA is seeking compatibility with sustainable development goals in all non-banking financial services. It will start by activating the role of the Egyptian insurance industry in sustainable development and compatibility with the UN Principles of Sustainable Insurance initiative, launched by United Nations Conference on Sustainable Development in 2012. It is a global framework for the insurance industry to address environmental and social risks and opportunities. The initiative's vision is "Towards a Risk-Aware World", through which the insurance industry will play its role in enabling a healthy, secure, flexible and sustainable society. The purpose of the initiative is to better understand, protect and limit environmental and social risks, and to manage opportunities in order to provide good and reliable protection against risks.

FRA aims to deepen insurance sector contribution in the GDP to exceed 1% within the coming five years and to double insurance premiums to reach EGP 50 bn in 2022 compared to EGP 24 bn in 2017. The strategic plan will raise insurers' net investments to EGP 150 bn during 2022 up from EGP 86 bn in 2017 with P.I.F amounting to EGP 100 bn compared to EGP 60 bn. currently.

Takaful in Africa: Innovations Crucial in Speeding up growth

By Mr. Omar Gouda:
Managing Director of Africa Retakaful (subsidiary of Africa Re)

When takaful started as an Islamic or shariah-compliant approach to insurance, it was booming in many regions across the world, giving the impression and expectation that the industry will dominate Muslim-majority societies quickly.

However, the industry faced a few global challenges affecting its growth rate – which went from double-digits initially to a moderate increase recently in most of the areas where it was booming before. In 2017, the takaful industry grew by 6%, down from the 15-20% highs a few years earlier. Takaful makes up a small percentage of global insurance premiums, and represents less than 2% of total Islamic finance assets.
It is noteworthy that many takaful industry leaders are now talking about how to recover the sector compared to previous talks about its bright future. Interestingly, expectations for the industry were much better even after the global financial crisis as many believed that takaful, as part of Islamic finance in general, is immune to the effect of such crises. However, this view started to change with takaful's slow growth, failure of some takaful operators and the disappearance of many retakaful operators in the last few years. Nevertheless, I still believe takaful has a bright future, in line with the future of the global insurance industry.

Takaful in Africa is unique in its development – the first product was introduced in Egypt (1964) and the first takaful operator started in Sudan (1979). In fact, Sudan is the first fully shariah-compliant insurance market, but the growth and spread was too slow compared to other markets where the industry saw a boom for various reasons, among which are economic conditions.

Takaful grew in Sudan before the concept spread to South Africa, where it died after a few years due to unsustainable growth in a very competitive market. Now, takaful is found in many African countries such as Libya, Kenya, The Gambia, Tunisia, Tanzania, Algeria, Mauritania and Nigeria.

In addition to the takaful operators in Africa, there are several retakaful windows and one fully fledged retakaful operator – Africa Retakaful.
An encouraging sign for the industry is that there are many outstanding projects underway in countries like Mauritius, Morocco and South Africa.

Challenges hindering growth
So, why is the growth of takaful so slow in Africa compared to the Gulf Cooperation Council (GCC) countries or Malaysia, for example, despite the large number of Muslims in the continent?

First, we should break away from the preconception that the majority of Muslims are drawn to takaful just because it is a shariah-compliant product or industry. Many Muslims, who buy conventional insurance, do not see it as haram. In fact, many do not know the differences between conventional insurance and takaful.

The takaful industry faces the same challenges that the conventional insurance sector faces in Africa. The industry has to focus more on increasing insurance awareness and encouraging people to buy insurance as a way of mitigating risks they face every day.
Economic performance and the low income of citizens are typical challenges faced by the industry.
There are also cultural challenges, where people see insurance as an unnecessary approach to tackling their everyday worries, religion-related views on insurance, the high cost of the insurance products, difficulty in convincing people to buy insurance, difficulties to follow up on collection after selling the product and many more.

We believe regulators have played an important role in developing insurance in developing countries, and they continue to play the same role for the takaful industry too. Having a solid and transparent legal regulatory framework with strong supervision, will raise the public's trust in the insurance industry and attract new buyers.

Technology as an enabler
The takaful industry in Africa should look at modern technology as a new way to overcome the challenges it faces. Innovations will help lower costs and improve processes such as collecting dues and paying claims.

Mr Omar Gouda receiving the best retakaful Company Awards 2019 in London

"The industry has to focus more on increasing insurance awareness and encouraging people to buy insurance as a way of mitigating risks they face every day."

Emerging trends are putting pressure on traditional sales and distribution. Insurers have the opportunity to take advantage of these trends instead of relying on traditional distribution channels. The widespread use of the internet is leading the future trends in the industry. Social media platforms are important channels to present insurance and make the public more aware of its benefits.
Furthermore, developing the insurance application and the wide spectrum of the InsurTech technology and innovations will definitely lead to increased market penetration and reach to potential markets.

Many African countries have succeeded in using mobile technology to attract low-income citizens to buy insurance. In Kenya for example, Takaful Insurance Company of Kenya has successfully used its index-based livestock takaful (IBLT) to help pastoralists protect their livestock during severe drought. Application for the cover, payment of premiums and even claims can be done through a mobile application.

Award winners of the 2019 International Takaful in London

Another strong channel is partnering with financial institutions like banks or small enterprises, fund lenders and other financial development organisations to increase insurance/takaful penetration.

Expanding distribution channels

The takaful industry in Africa should look at finding successful distribution channels and products to respond to the rapidly changing world of customers and economies. Regulators also play an important role in paving the way to gain public confidence in insurance products, including shariah-compliant ones.
The rise of the new middle class and digitalisation present opportunities for insurers to better understand their customers. Insurers need to ensure that they can better respond by utilising the available data of their customers to design better products and improve their pricing.

Preparing the company's infrastructure and changing the current legacy systems should be accelerated to make them fit for the future. Executives should have a better understanding of the emerging trends, and be trained in key competencies required in the digital age. They should be able to better understand available data in order to anticipate customers' needs.

We believe that the insurance industry, including takaful, in Africa has bright prospects, as does its economy.

Africa Re Trains the Markets of North East Africa and the Middle East on Reinsurance Accounting

By Mohamed EMAM ;
Senior Manager, Underwriting, North East Africa and Middle East , Cairo , Egypt

The training on proportional & non -proportional reinsurance accounting, which was held from 7 to 9 April 2019, gathered 42 participants from Egypt, Sudan, Libya and Jordan at the training hall of the Africa Re Regional Office in Cairo. A general introduction to reinsurance business as a risk transfer mechanism was the starting module. Reinsurance is a way by which an insurance company passes on part of its liability to another party called "Reinsurer "on a given insurance business it has accepted.

Reinsurance can be felt as a need of increased capacity, loss limitation, planning for growth and other services.

There are several methods by which a reinsurer can do business with an insurance company namely: facultative reinsurance and treaty reinsurance.
In proportional reinsurance there is a pro rata sharing of sum insured and premium – consequently losses are met in the same proportion as the sum insured and premium is distributed between insurer and reinsurer. In non-proportional reinsurance the cedant undertakes payment of all losses up to a pre-agreed amount and the reinsurer is bound to pay all losses in excess of the pre-agreed limit amount, up to pre-agreed contractual maximum limit.

Reinsurance accounting varies according to the type of business: facultative or treaty. It also takes into consideration the difference between proportional or non-proportional business where the statement of accounts, premium calculation and loss settlement are discussed in detail.

The training touched on the accounting methods of proportional treaty reinsurance: underwriting year method (to expiry methods) and the accounting year method (clean cut method). The facilitators also shed some light on the calculation of commission and profit commission.

The accounting methods of non-proportional treaty reinsurance was introduced to the participants with emphasis on the main non-proportional concepts like minimum and deposit premium calculation, reinstatement premium calculation and premium adjustment calculation.

The training ended with cases studies. Participants were divided into 5 groups. Each group had the same case studies to handle. The 1st case was about profit commission calculation where participants worked to reach the profit commission due to a cedant. The 2nd case was about premium & loss distribution, reinstatement premium calculation and premium adjustment calculation.

The facilitators of the training programme were senior members of staff of the Cairo Office of Africa Re namely: Mr. Mohamed Emam (Senior Manager – Underwriting) and Mr. Yousif Lazim (Senior Manager – Underwriting)

Mr. Omar Gouda Regional Director of Africa Re opening the training session

Group photo of the guests with the Africa Re team

Africa Re Hosted the Ethiopian Insurance Market in Addis Ababa

By Habtamu Debela
Africa Re Local Representative,
Addis Ababa, Ethiopia

The executives of Africa Re in East Africa hosted the Ethiopian insurance captains in a business dinner in Addis Ababa, Ethiopia on 24 May 2019 at the New Ethiopian Skylight Hotel. The Corporation's 6th Strategic Plan places clients first. In this light, the Regional Director of the Nairobi Office, Mr. Kiiza BICHETERO and the Director of Life Operations, Mr. Chris Saigbe embarked on a visit to the Ethiopian insurance market. The main purpose of the visit was to engage with the market with a view to enhancing the partnership of the Local Office with its clients. The dinner was attended by the majority of CEOs of Ethiopian insurance companies, Managers of life assurance, one reinsurance company and the Controller of NBE.

Mr Bichetero used the opportunity to present the history of the growth of Africa Re from inception to its current performance. He also touched on the performance of the Ethiopian Insurance industry. In Africa Re, such continuous engagement with customers is not optional but a normal way of business as our style is proximity to market.

In his closing remarks, the President of the Association of Ethiopian Insurers, Mr. Yared Mola, thanked Africa Re for the wonderful dinner and long-lasting partnership.

Life Insurance Seminar in Kampala, Uganda

Uganda Kampala Africa Re Life Insurance Seminar

By Chris SAIGBE,
Director of Life Operations

Africa Re held a regional life insurance seminar in at Mestil Hotel, Kampala, Uganda from 24 to 26 April 2019. The opening ceremony was officiated by the CEO of the Insurance Regulatory Authority of Uganda, represented by the Director of Supervision - Mr. Benerd D. Obel.

The highlights of the 3-day seminar included discussions on life insurance claims, fraud, risk assessment, group life pricing and micro insurance. Participants were sensitized on the red flags for fraud in life insurance and ways to detect and deal with them from the underwriting stage. Participants were also taken through some methods of pricing group life schemes with emphasis on the need to price risks adequately for a profitable portfolio. The seminar also explored how micro insurance can help deepen insurance penetration in our markets and the packaging of micro insurance products for the benefit of the target population.
A total of 35 insurance professionals from Kenya, Tanzania, Ethiopia, South Sudan and the host country Uganda attended the seminar.

Mr. Chris Kananura who represented the CEO of IRA Uganda declared the seminar officially closed. The Regional Director of the Nairobi Office, Mr. Kiiza Bichetero hosted the closing ceremony and cocktail on Friday 26 June 2019.

The 34th Marine Forum in South Africa

Shelton Siwedza, (Assistant Facultative Manager ARCSA)

Busola Ajibade, (Assistant Treaty Manager ARCSA)

The Marine Forum is an annual gathering of local insurers & reinsurer and associated captains of industry who are loss adjusters, surveyors, attorneys, brokers etc. The Forum was held on from 10 to 11 May 2019 at Kievits Kroon Country Estate, in Pretoria. The forum is a very popular event and attracts delegates from Africa and outside the continent.

One of the key marks of its success is that the organizing committee consists of volunteer members who contribute over and above their call of duty to make this annual event unforgettable.

Topics at the forum included, protection in warehouses for stock throughput cover; marine innovation and marine insurance solutions in an evolving industry. Other major topics were: European Transport Law; the impact of cyclones on marine insurance; institute time clauses for hull insurance; fruit and vegetable transportation and logistics.

There were also presentations on current initiatives to improve safety in the fishing industry; intellectual property rights for carriers and insurers; salvage or wreck removal in the Arctic Ocean; the application of the General Average Clause in cargo insurance as well as an update on the current state of the London market. Focus was on the ongoing scrutiny by Lloyds and remedial actions imposed on underwriting syndicates for loss making classes of business.

From a Continuous Professional Development (CPD) perspective, attending educational seminars and conferences to purposefully learn, grow and share knowledge, has become a regulatory and professional requirement. Furthermore, in keeping with the transformational objectives, it is critical that our industry representatives and key individuals remain up-to-date with changes in the industry and stay abreast of the evolving landscape in our sector. By so doing, they can continue to provide the professional output that is necessary in terms of the products, practices and services in our market.

The Marine Forum has been recognised and accredited by the Insurance Institute of South Africa (IISA), which is the administrative centre for CPD, and delegates who attended were able to obtain an appropriate CPD rating. Africa Re South Africa (ARCSA) was represented at the Forum by Shelton Siwedza, Assistant Facultative Manager and Busola Ajibade, Assistant Treaty Manager.

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

Africa Re conducts a Seminar on Advanced Reinsurance in Banjul, The Gambia

**By Daniel Chinwendu Anusi,
PA, Africa Re Regional office, Lagos, Nigeria**

The West Africa Regional Office was in The Gambian market for a 4-day seminar on Advanced Reinsurance from 8 to 11 April 2019. The seminar, which was held at Kairaba Beach Hotel in Banjul, was officially opened by the Commissioner of Insurance, Paa Alieu Sillah.

Chief Executives, Heads of Technical Departments, Senior Managers and Underwriters of various companies in the West African market attended the seminar. The 41 participants in attendance were drawn from Ghana, Liberia, Liberia, The Gambia and Sierra Leone.

The participants indicated maximum satisfaction and great excitement.

Retreat of the Corporate Secretariat in Ibadan, Nigeria –April 2019

By A. Adogbo

The Corporate Secretariat Department of Africa Re held its 2019 retreat in the serene green resort of the International Institute of Tropical Agriculture (IITA) in Ibadan, the ancient city of South-West Nigeria.

The two-day retreat started on 26 April 2019. It was an internal discussion on how best the team could deliver on the core duties of the department namely: organisation of statutory meetings (AGM, Board meetings), language services, management of relations with shareholders, corporate communication, records management etc. The event was as an opportunity for the department to review the 2019 Activity Plan and to have the first formal brief on the 6th Strategic Plan of the Corporation.

There was a presentation of the 6th Strategic Plan (2019- 2023) with emphasis on what is expected from the Corporate Secretariat team. There was also a brief presentation on the Corporate Communication roles in the strategy plan. The discussions touched on various challenges faced by the department in discharging its duties.

Corporate Secretariat Team

The retreat also offered the opportunity to the Corporate Secretariat team to tour the vast experimental forest of the institute and to do some physical exercises.

Team Building Retreat in the Nairobi Office - March 2019

Kenya ,Nairobi, Team building Session

By Alice KIHIU:
Administration and Human Resources,
Nairobi ,Kenya

The Nairobi Regional Office held its bi-annual Team-Building event in Malindi at the Kenyan Coast, in March 2019. All Africa Re staff in Nairobi, Kampala and Addis Ababa attended the retreat. The theme of the team building retreat was "Changing the Way We Do Things". The learning activities, which were facilitated by an external expert, centred on the following topics:

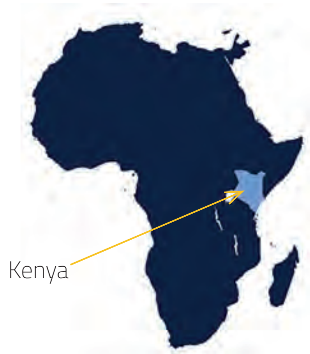
- Surviving in a changing environment: team support & synergy while developing passion in what we do;
- 7 habits of highly performing individual/teams: team motivation, challenging the status quo & doing things differently;
- Being proactive, ownership, taking responsibility, leadership acumen and effective delivery;
- Getting out of the comfort zone, change;
- Hooking up to the Strategic Plan;
- Self-realization, teamwork, planning, trust levels, strategizing team connection.

The rationale for this regular event is premised on the need for continuous renewal. It is also a reminder of the importance and the need to have a team that understands its personality traits, seeks ways and means of harnessing these traits and reviews its strengths and weaknesses. This event is also time for pausing to visualize the future we want and how to get where we want to be.

Africa Re Nairobi Office calls for enhanced team work to achieve its stretching targets and record high performance in all aspects of its operations. One way of doing this is getting staff to engage in a theme-based empowering programme. A programme geared towards challenging the group to solve various tasks and, in the process, learn vital skills necessary for a winning team while providing the opportunity to share ideas in a relaxed environment away from the office frontline.

The two-day exercise enabled Africa Re Nairobi Regional Office team to better internalize the concepts of the 6th Strategic Plan. It helped improve the working relationship by understanding each other's strengths and weaknesses, interests and work-related issues that may be causing misunderstanding and rift among staff. As a team in a field, there is no choice but to work together interdependently in order to be able to deliver on agreed core objectives. Each department and individuals are encouraged to come up with specific and time bound action points to address the areas of improvement highlighted during the training. This will help keep the momentum and bring some changes in the way we do business in Africa Re, and thus start creating a different culture, which will help us to achieve the set milestones.

Welcome to Kenya



By Francis Opondoh, Senior Manager, Life Underwriting, Nairobi, Kenya

Kenya lies astride the equator on the eastern coast of Africa and is bordered by the Indian Ocean, Somalia, Ethiopia, Uganda, South Sudan and Tanzania. It is a medium-sized country by continental standards, covering an area of about 586,600km sq. Kenya has an estimated population of 52.57 million, with a GDP of US$ 91 billion and a median age of 18.9.[1] Its capital city is Nairobi with major towns of Kisumu and Mombasa and the second highest mountain in Africa, Mount Kenya.

The country has evolved from a rich cultural mix from about 2000BC when Cushitic-speaking people from northern Africa settled in the part of East Africa that is now Kenya. Soon after in the 1st Century AD, the Kenyan coast was frequented by Arab traders who, due to the proximity of the Arabic Peninsula, established Arab and Persian colonies there. Nilotic and Bantu people also migrated into the region during this period and settled inland.

Arabic influence declined with the arrival of the Portuguese in 1498, who established the Port of Mombasa as an important stop in the supply chain for trade bound for the Far East. This in turn gave way to Islamic control under the Imam of Oman in the 1600s until the United Kingdom became influential in the region during the 19th century. In 1885, East Africa was divided into territories of influence by European powers at the Berlin Conference. The British government founded the East Africa Protectorate in 1895 and declared the region a British colony in 1920.

The Mau Mau began the struggle for Kenya's independence in the early 1950s which was finally acquired in 1963. Since then, the country has grown to be the dominant economic, commercial and logistical hub in East Africa.

United under the flag of national unity, Kenya is home to over 40 distinct ethnic communities speaking close to 80 different languages. From the hunter-gatherers, whose lives have changed little in the last thousand years, to the fashionable residents of Nairobi, Kenya is a cultural microcosm of Africa. English is the official language while Kiswahili is the national language. Kenya remains the only country in the world with a national park in its capital city, Nairobi.

Kenyan politics take place in a framework of a presidential representative democratic republic with a President who is both head of state and head of government. The country has a multi-party system in accordance with the new constitution passed in 2010. The executive power is exercised by the executive branch of government, headed by the President (currently Uhuru Kenyatta), who chairs the cabinet, that is composed of people chosen from outside parliament. Legislative power is vested exclusively in Parliament. The judiciary is independent of the executive and the legislature.

Kenya's GDP is mainly driven by the following sectors: services (communication, transport, finance and government services) at 47.7%, agriculture (including fishing and forestry) at 35% and industry (including manufacturing, mining, energy and construction) at 17.3%.[2] In the early 20th century, coffee, tea and beer were important Kenyan exports.

As a great sporting nation, Kenya is probably best known for her award-winning athletes, who scoop several

Kenyan athletes celebrating winning the 3,000 meters' steeple chase on positions 1,2,3

1 http://worldpopulationreview.com/countries/kenya-population/

2 Kenya Economic Survey Report 2019

awards at the Olympics and other international meetings worldwide. However, despite athletics being almost synonymous with Kenyan sports, there is a lot more on offer to the sporting enthusiast. Kenya has a rich history of sporting legends, and her prowess at track, field and marathon events lives on with past sporting greats like Kipchoge Keino, Joseph Ngugi, Moses Tanui, and current ones such as Paul Tergat, Tecla Lorupe and Catherine Ndereba, among others.

Buffaloes crossing water in Masai Mara National Reserve

Tourism in Kenya has seen steady growth over the years. The sector slowed down in the 1990s, but it is currently the country's largest foreign exchange earner. Many travellers, who visit Kenya, are safari-bound tourists who come to visit the various tourist attractions in the country. African safari is what Kenya is renowned for and thus has come to be known as the heart of the African safari.

Kenya Airways is the flag carrier airline of Kenya. The company was founded in 1977, after the dissolution of East African Airways. The airline was owned by the Government of Kenya until April 1995. It was privatized

Kenya Airways planes at the Kenyatta International Airport.

in 1996, becoming the first African Flag Carrier to successfully do so.

History of the Insurance Industry in Kenya

The concept of insurance in Africa has been around for a long time with communities pooling resources to create social insurance funds to assist members in times of need. Premiums ranged from material to moral support with payments in kind.[3] The development of commercial insurance was closely related to the emancipation of Kenya as a nation[4]. As settlers arrived and undertook economic activity, they needed protection for their investments. British insurers took the opportunity to meet this need by establishing agency offices which grew into insurance companies by the time Kenya obtained independence.[5]

The earliest insurance companies included Pioneer Assurance Society (1930), Jubilee Insurance Company (1937), Pan Africa Insurance (1946) and Provincial Insurance Company Limited (1949). At the time, insurance companies were governed by UK Legislation under the Companies Act 1960. To foster the development of the local insurance industry, the government directed all insurance companies operating in the country to seek local incorporation in 1978[6]. The office of the Commissioner of Insurance was established under the Insurance Act Cap 487 in 1986 to guide activities in the industry. This Act was amended in 2006 to establish the Insurance Regulatory Authority, a statutory government agency, to supervise and develop the insurance industry[7].

Insurance companies came together in 1987 to establish the Association of Kenya Insurers (AKI), an independent non-profit member organization that serves as a consultative and advisory body for the Kenyan insurance industry.

The Insurance (Amendment) Act No. 11 of 2019 that came into force on 23rd July 2019 provides that no cover shall be in place until insurance premium is received by the insurer and that no insurance intermediary shall receive premium on behalf of the insurer with the insurer expected to pay the intermediary an insurance commission within 30 days of receipt of the premium.

Economic Status

Kenya has had sustained economic growth, social development and political gains over the past decade due to significant political, structural and economic reforms.

While economic activity faltered following the 2008 global economic recession, growth resumed in the last five years reaching 5.7% in 2018, placing Kenya as one of the fastest growing economies in sub-Saharan Africa.

3 Azevedo, 1993
4 Throup, 1988
5 https://www.lancaster.ac.uk/media/lancaster-university/content-assets/documents/lums/economics/working-papers/DEA.pdf
6 Association of Kenya Insurance
7 Insurance Regulatory Authority of Kenya
https://www.worldbank.org/en/country/kenya/overview

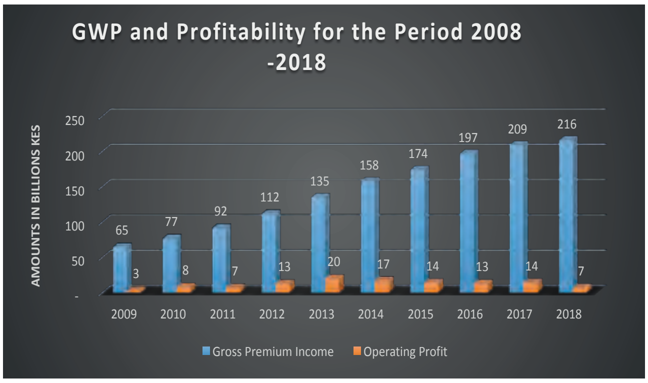
The economic expansion has been boosted by a stable macroeconomic environment, low oil prices, rebound in tourism, strong remittance inflows and a government led infrastructure development initiative.

Kenya has the potential to be one of Africa's success stories from its growing youthful population, a dynamic private sector, highly skilled workforce, improved infrastructure, a new constitution, and its pivotal role in East Africa.[8]

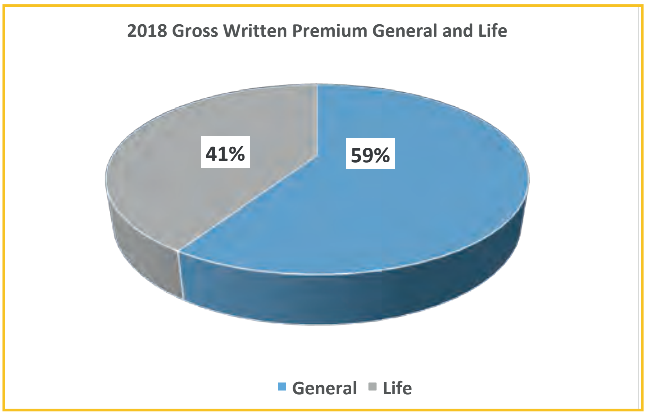
Industry Status

The insurance industry in Kenya has had an upward growth trajectory over the past ten years. Despite on and off political turbulence experienced in the country during this period, Kenya has remained one of the fastest growing economies in sub-Saharan Africa. This resilience is also mirrored by the insurance industry which has recorded a positive trend in gross written premiums in the last 10 years. This notwithstanding, insurance penetration is still very low at 2.68% in 2017.

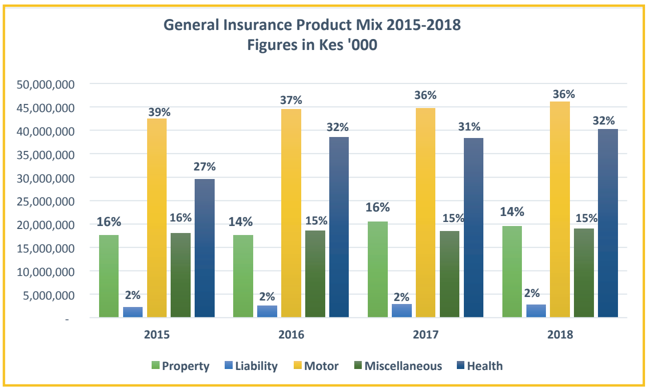
It is worth noting that despite the upward trend in the top line, sustainable profitability for the industry is still a challenge having recorded 8% average profit margin in the last 10 years. This is mainly attributed to increased claims costs coupled with shrinking premiums due to price undercutting.



As at 31st December 2018, general insurance product line formed 59% of the industry premium with the remaining 41% represented by life insurance. There is still a lot of room for growth for the industry. The main challenge is the speed at which the industry will adopt effective strategies aimed at reaching out to the uninsured market in Kenya.



General insurance is largely driven by motor and health insurance. Motor is the largest subsector in the general insurance market contributing to 36% of GWP in 2018, followed closely by health insurance at 32%.



There are a total of 60 insurance and reinsurance companies licensed and operating in Kenya. They comprise 28 direct underwriters conducting general insurance business, 16 conducting long term insurance business, 9 composite companies conducting both long-term and general insurance business and 7 reinsurance companies conducting general reinsurance business only.

Kenyatta International Conference Centre at the heart of the city of Nairobi

8 World Bank

Photo Gallery

Selected by A. Adogbo

L-R , Minister of Finance of Tunisia, Mr Ridha Chalghoum being received by the Chairman of Africa Re, Mr Hassan Boubrik at the centre of Arab and mediterranean music, Tunis,Tunisia, june 2019

L-R , Mr Corneille Karekezi, Mr Hassan Boubrik, Permanent Secretary Ministry of Finance of Tunisia Abderrahmen Khochtali, Hafedh Gharbi and Habib Ben Hassine at the opening of the AGM in Tunis, Tunisia on June 2019

Board members of Africa Re standing while the Tunisian national anthemn is being played

Cross section of participants at the 41st AGM of Africa Re in Tunis, Tunisia, 17 June 2019

Mr Sere Mady Kaba (4th from left) retired Corporate Secretatary of Africa Re receiving a gift from Mr Hassan Boubrik, Chairman of Africa Re, in the presence of Directors and Executives of Africa Re

Group photo of the participants at Africa Re Training on Reinsurance Accounting, Cairo, Egypt

Retreat of Africa Re executives in Cairo, Egypt, April 2019

Retreat of Africa Re executives in Cairo, Egypt, April 2019

Mr Corneille Karekezi (middle) during a panel discussion at Africa CEO Forum 2019 in Kigali ,Rwanda

Group photo of the discussants with the representative of the Rwandan Government ,Mr Gattete Claver at the CEO Forum

Participants of Africa Re training for Drivers on Professionalism Attitude and Customer Service, August 2019

Participants of Africa Re training on Effective Business Presentation Skills, August 2019 at Africa Re Headquarters

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