

Keynote address

Shaping the Future – Navigating the New Frontiers

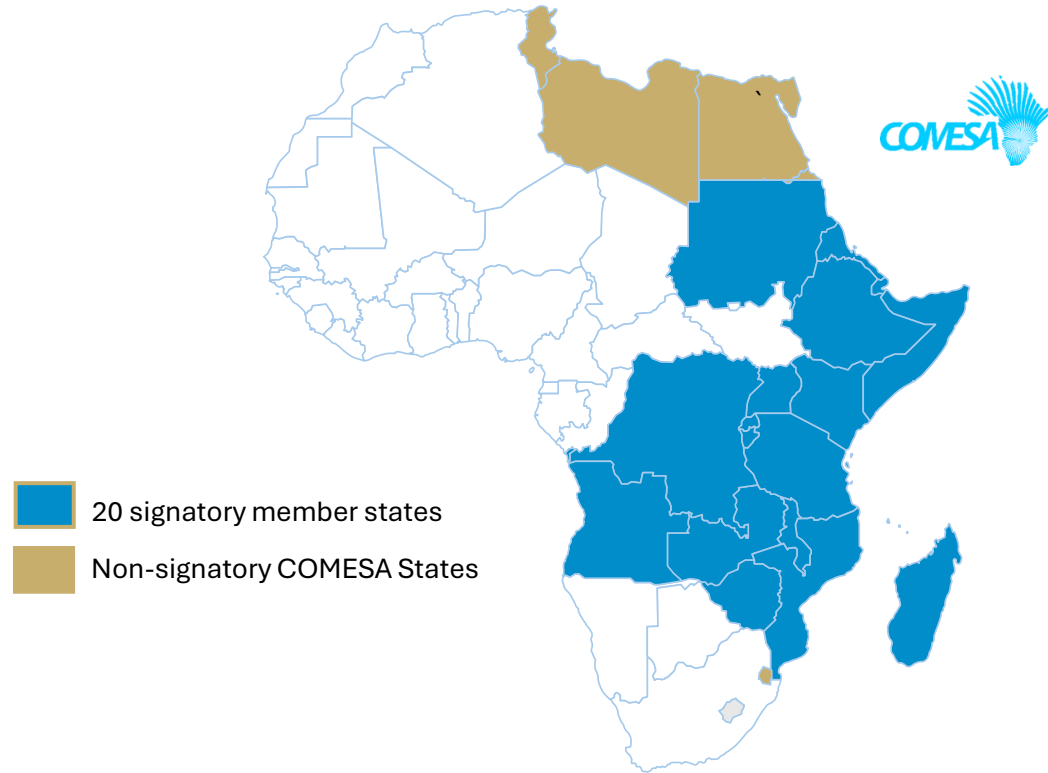
Benjamin Kamanga

Director, Public Sector and Inclusive Solutions



ZEP-RE is a regional reinsurance company with a focus on the African continent. Operating for over 30 years, ZEP-RE boasts the second strongest rating by A.M. Best in Africa and a strong footprint

Signatory member states of ZEP-RE



- 20 signatory member states
- Non-signatory COMESA States

Egypt, Tunisia, Libya, & eSwatini are only current COMESA member states who have not acceded to the charter

A consistently strong credit rating, with a recent upgrade from A.M. Best to bbb+ in 2023 to re-affirm our position as the 2nd best rated African re-insurer



FSR: B++ | ICR: bbb+
“Very Strong Balance Sheet”



AAA_(KE)
“Strong Financial Profile”

Our membership draws significant influence over the tri-partite of COMESA, EAC, and SADC



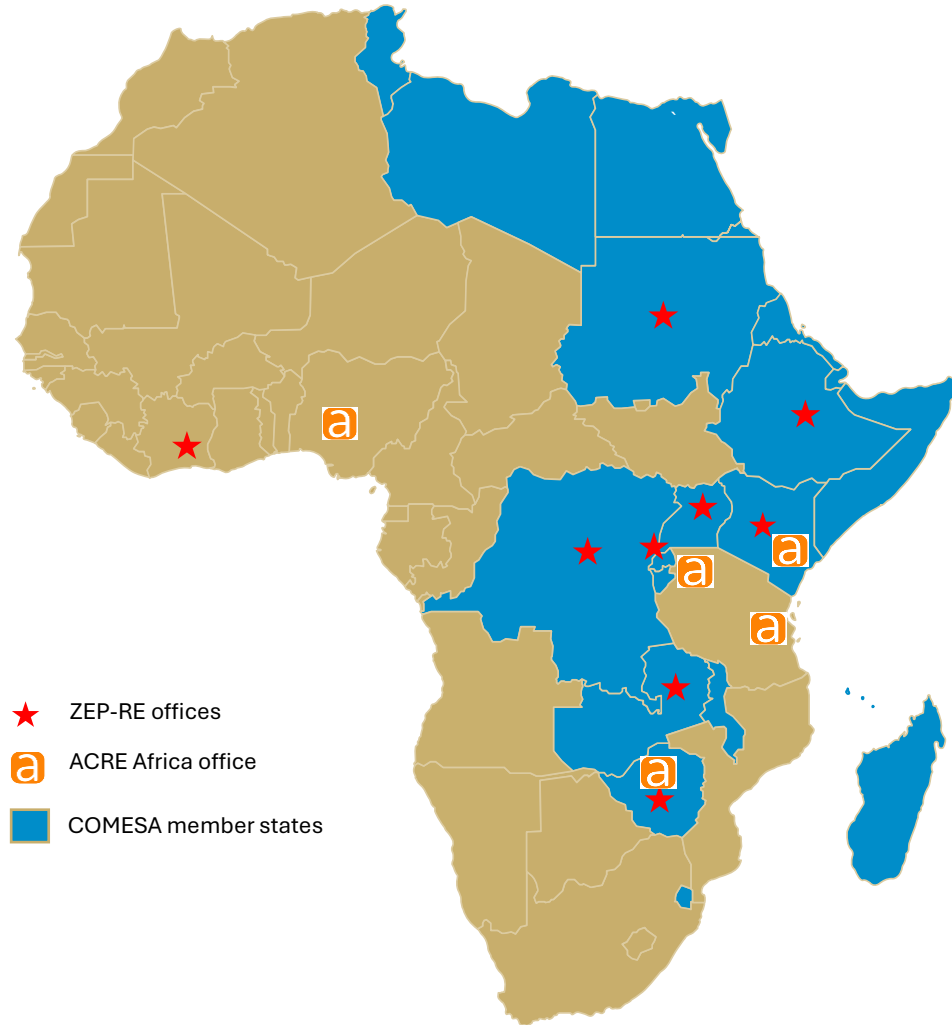
Total signatories from the tri-partite:

17 of the 21

6 of the 7

11 of the 16

We have grown our business sustainably, and increased our influence over the last 30 years, through our local presence in 9 countries in Africa and 5 offices via ACRE Africa

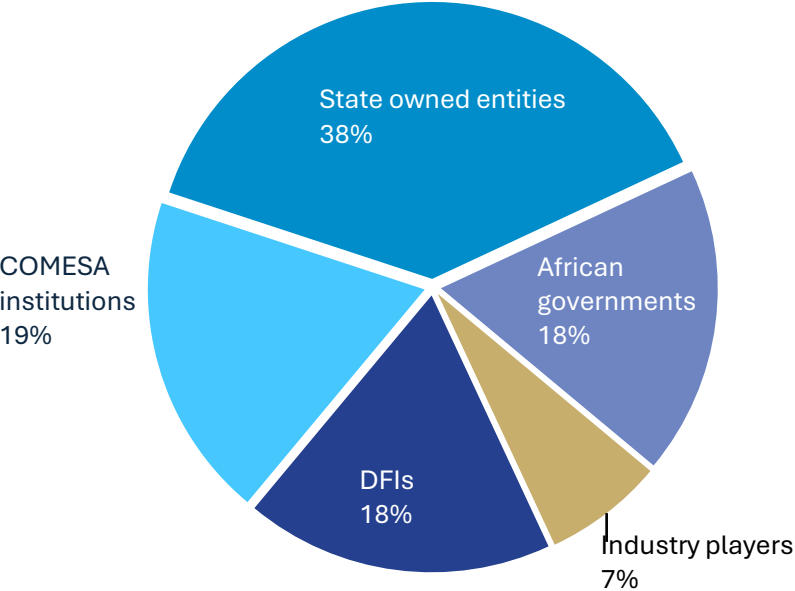


Mandate

- Increase **insurance penetration** and deepen **financial inclusion & resilience**
- **Skill** the industry and develop **technical capacity**
- Promoting **cross border trade** - YC and RCTG pools
- **Create and administer pools** for various risks
- Provide **technical assistance** to (re)insurance institutions in the sub-Region
- **Invest funds** in the sub-Region to promote **economic development**

9 Offices over time: Nairobi (1993), Khartoum (1998), Lusaka (2007), Abidjan (2010), Harare (2009), Kampala (2017), Addis Ababa (2017), Kinshasa (2019), Kigali (2022)
Our subsidiary ACRE Africa has local presence in Kenya, Tanzania, Zambia, Rwanda, and Nigeria

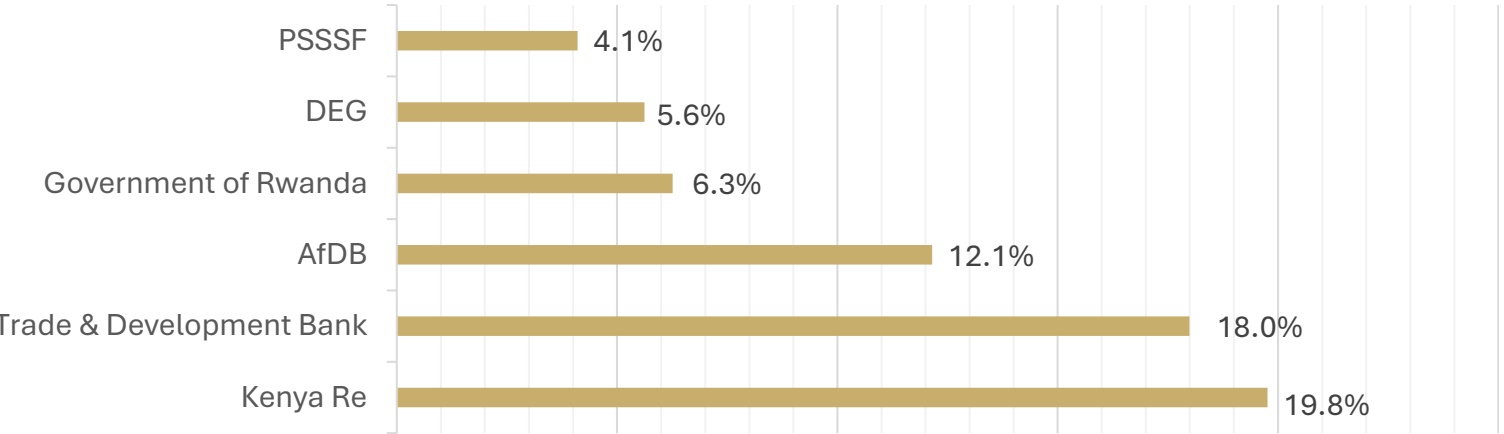
The Company boasts a strong and diverse shareholding that supports the business model



- Class A** **16 State-owned companies** – e.g. Kenya Re, PSSF, NIC (T), EMOSE, ZSIC Ltd
- Class A** **2 COMESA organizations** – TDB Bank, COMESA Secretariat
- Class C** **2 Development financial institutions** – African Development Bank & DEG
- Class A** **8 Governments** – Rwanda, Sudan, Djibouti, Zambia, Kenya, Mauritius, Ethiopia, Somalia
- Class B** **14 Private insurance companies** – e.g. SONARWA, Mayfair, Apollo Group, SORAS, United Insurance Co., etc

Class A – Member and Signatory states, institutions owned by Member or Signatory states and COMESA institutions;
 Class B – private (re)insurance institutions from the region;
 Class C – Development finance institutions

Top 6 investors represent 66% of shareholding at Dec 2023



What should the future look like?



The Ideal Insurance Industry – more people and more industries protected

A future where the Rwanda protection levels are matching or better than emerging markets



Insurance
Penetration: >10
%



Protection Level:
>65%



ALL Industries
well protected



gPenetration target: South Africa (13%) as benchmark
Protection target: 90% of the 72% who encountered risk should use insurance
Aim to surpass emerging markets performance

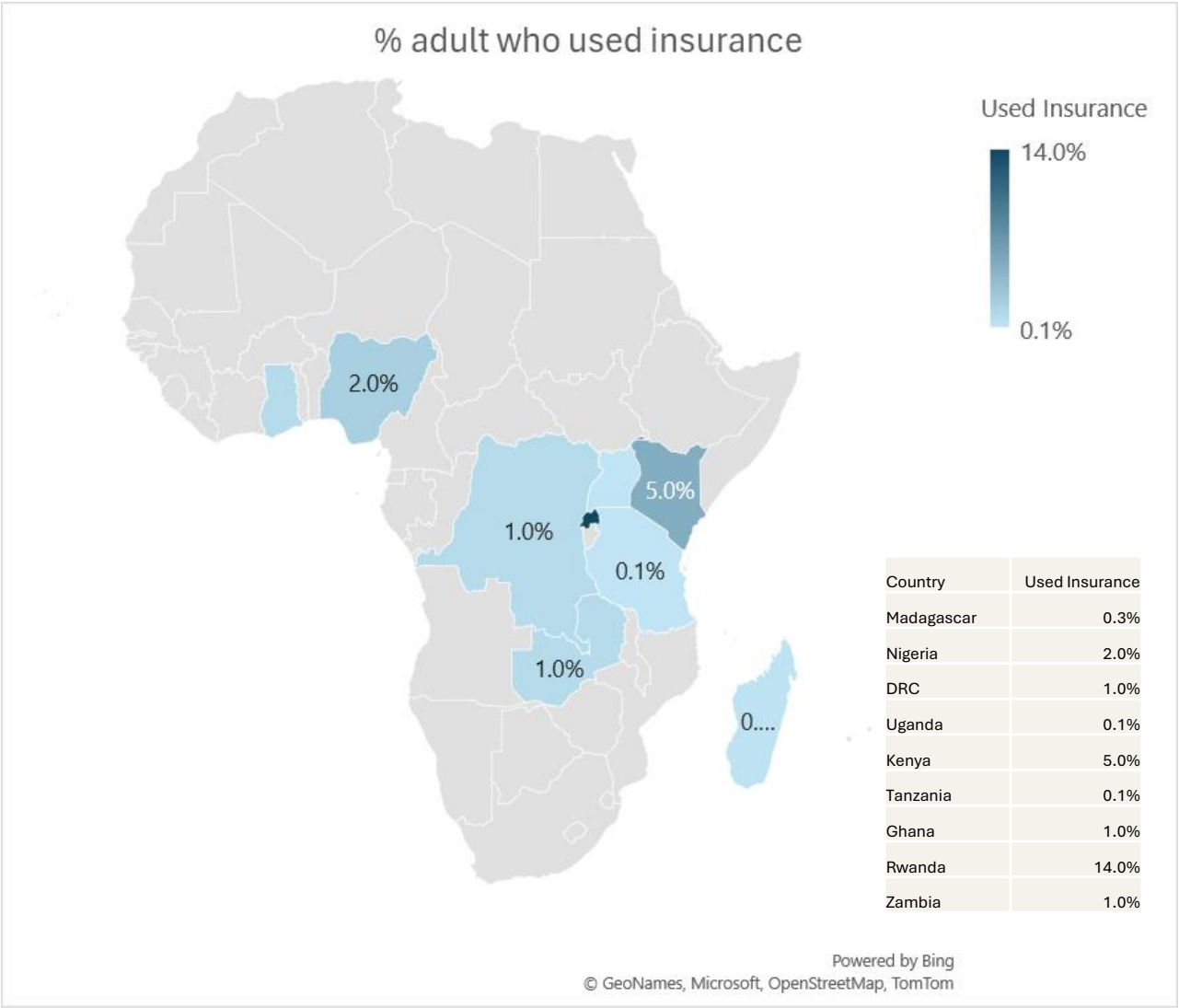
Insurance penetration levels in Sub-Saharan Africa remain very low

Market	GDP (\$ bn)	GWP (\$m)	Population (m)	Insurance Penetration	Insurance Density
South Africa	377	43,354	60	11.50%	718
Kenya	106	2,489	55	2.40%	45
Zimbabwe	32	678	16	2.10%	42
Zambia	28	252	21	2.70%	12
Uganda	52	456	48	0.90%	9
Tanzania	84	435	68	2.00%	6
Rwanda	14	167	14	1.20%	11
Botswana	19	634	3	3.30%	241
Namibia	12	973	3	7.90%	324
Angola	84	672	36	0.80%	19
Mozambique	21	217	33	1.10%	7
DRC	69	300	109	1.00%	3
Sigma, Market Reports, IMF					

- South Africa – which ranks the highest in Africa – has a staggering insurance penetration figure of 11.5%.
- While comparing to EACs, Kenya has a much higher penetration – measured at (2.4%) – followed by Tanzania (2%). **Rwanda has a higher penetration (1.2%)** compared to Uganda (0.90%).
- While comparing to middle-income African countries, Namibia has a significantly higher penetration (7.9%).

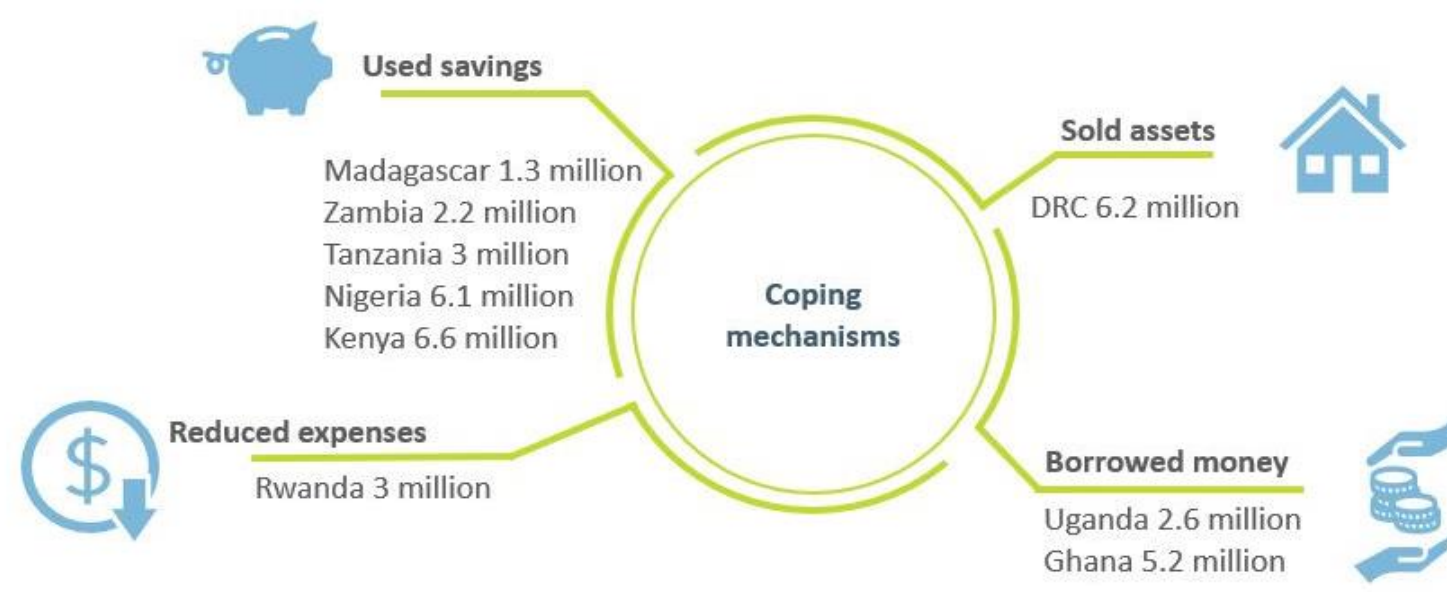
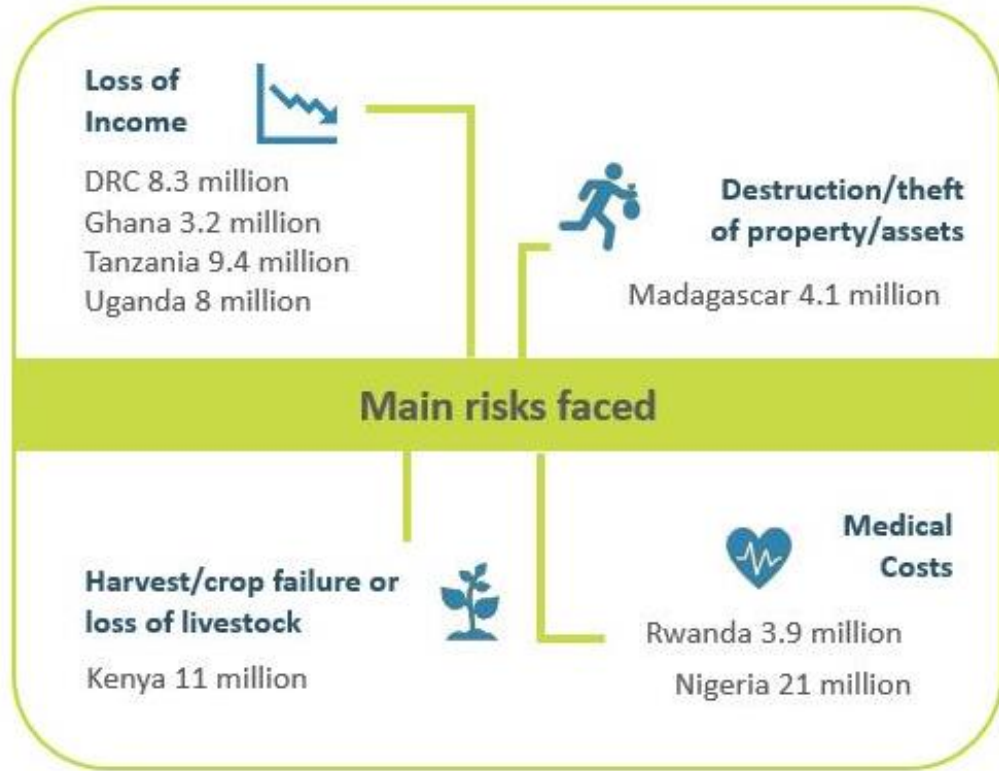
Protection Gap in Africa remains very high...

Percentage of adults who faced an insurable risk and used insurance to manage it



Protection Gap in Africa remains very high...

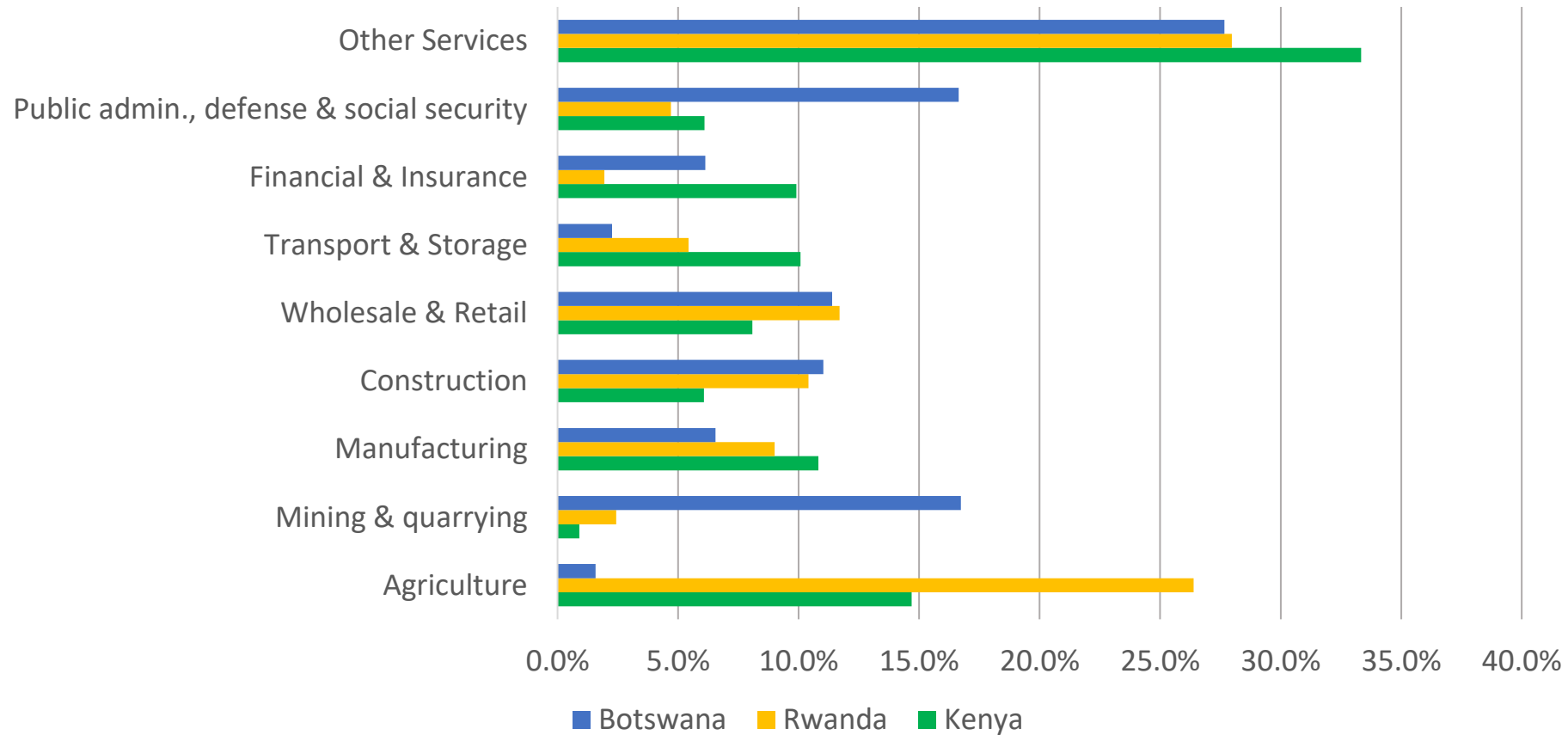
Millions faced risks, and used non-insurance coping mechanisms



Low Insurance penetration reflects significant part of the economy that do not utilize insurance services

Agriculture, trade (wholesale & retail) account for 38% of Rwanda economy

GDP % Breakdown by Economic Activity (2023)



Agric is the biggest – but not well protected
Wholesale and retail – next biggest, dominated by SMEs – but not well protected

The future: An industry whose insurance penetration/protection gap is in line with Mature markets: Where key sectors of the economy are protected/derisked

Trends that will shape this future are:

Digital Transformation

- Enhanced online platforms for customer interaction
- Integration of artificial intelligence for personalized services
- Telematics and Usage based insurance

Microinsurance/inclusive de-risking solutions

- Tailored coverage plans for underserved populations
- Simplified claims process using mobile technology
- Innovative risk assessment tools for new markets

Health & Wellness integration

- Wearable devices tracking health metrics
- Incentives for healthy lifestyle choices reducing premiums
- Personalized health plans using data analytics

Climate Risk Management

- Advanced modeling for predicting climate-related risks
- Insurance products focused on renewable energy projects
- Real-time disaster response and recovery services

The future: An industry whose insurance penetration/protection gap is in line with Mature markets: Where key sectors of the economy are protected/derisked

Trends that will shape this future are

Education & Awareness

- Online resources and tools to understand insurance policies
- Community programs educating on the importance of insurance
- Interactive platforms to simulate risk scenarios and solutions

Partnerships & Ecosystems

- Collaborations with tech companies for innovative solutions
- Strategic alliances with financial institutions
- Cross-sector partnerships enhancing service offerings

Customer centric models

- Feedback-driven product development
- Multi-channel support tailored to client preferences
- Data-driven insights informing customer engagement strategies

The New frontiers

*Agriculture and small to medium scale businesses are the least protected demographic
How can we close this protection gap?*

Demand

- Creating an understanding of usefulness/value proposition
- People do not buy insurance, it will be sold to them

Products

- People need solutions to their problems

Distribution

- The solutions need to reach them efficiently

How ZEP-RE is playing in New Frontiers



Since Establishment

Focus on Financial Inclusion








While strides have been made in the broader financial sector (e.g., digital finance via M-Pesa), insurance inclusion/ closing protection gap has lagged behind. **In 2018, ZEP-RE received an expanded mandate from COMESA member states** to champion policies and programs for closing the protection gap through inclusive insurance products

Insurance penetration challenge

Despite ZEP-RE business success, **ZEP-RE impact is still limited on account of low insurance penetration (below 3%)**. The situation is made worse by the increasing climate shocks and disasters. The global protection gap related to climate shocks and disasters was estimated at 67% in 2023 and in excess of 90% in developing countries. There was therefore a need for a change in strategy to enable ZEP-RE make progress towards its mandate.

From 2018

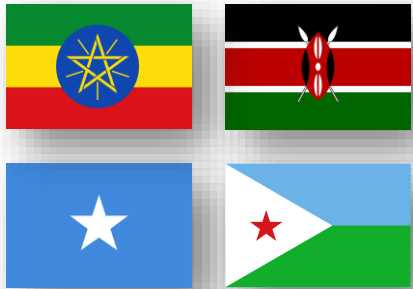
Financial inclusion initiatives undertaken by ZEP-RE

 AGRICULTURE & CLIMATE RISK (ACRE Africa)	Agriculture insurance coverage: Zambia: 1m farmers /Uganda: +60k farmers /Kenya: +250k farmers. Acquired ACRE Africa that supports the scale up of agricultural schemes in African countries. DRIVE Project , discussed in subsequent pages
 REGULATORS ENGAGEMENT	The Annual Insurance Regulators' Forum in Africa is strengthening the insurance industry; best practices and shared experiences for market growth and penetration.
 INNOVATION & INSURETECH	Technology and digital platforms help to scale inclusive products for underserved population, SMEs, small scale farmers, like micro-insurance & digital solutions for medical & motor insurance, directly and indirectly leading to increased employment opportunities.
 ZEP-RE ACADEMY	Training and Capacity building; providing technical skills in 37 countries in Africa to-date (over 15,000 trained). Building capacity in the financial sector, directly and indirectly contributing to job creation.
 REGIONAL TRADE FACILITATION	Manage the COMESA Yellow Card and RCTG pools by promoting cross-border regional trade, playing a critical role in supporting the US\$ 10 billion intra-COMESA trade. Creating enabling environment for trade and investment, indirectly contributing to employment growth.
 LONG TERM SAVING SCHEMES	Support to governments to develop long-term saving schemes bundled with a bouquet of micro life products (Example: <i>Ejo Heza</i> in Rwanda: 2.7 million beneficiaries for long term savings of which over 514,000 lives insured from inception of the scheme). This serves to build resilience and protect earnings of those in the informal sector.
 AFFORDABLE HOUSING	Collateral replacement indemnity product: Over USD 227 million in loans guaranteed across Africa and 36 lenders participating in the program. Beneficiaries since inception total 18,000 . Over 3,700 homes have been financed across Africa cumulatively from inception. Affordable stable housing indirectly contribute to ability to access to employment.

DRIVE is a regional project supporting pastoralists, currently implemented in four countries located in the Horn of Africa (HoA)



Current DRIVE Countries:



Project Objective

To enhance pastoralists' access to **financial services** for drought risk mitigation, include them in the **value chains**, and facilitate the **livestock trade** in the Horn of Africa

Project Financing

\$360.5 million total project cost

\$28 million Component 1 Global Shield (formerly GRiF) grant



Global Shield against Climate Risks

implemented by:



Component Structure

1



Package of financial services for climate resilience (\$179 Million)

Support the provision of an integrated package of financial services to build climate resilience through parametric drought insurance, savings incentives, digital accounts & platform, financial literacy.

implemented by:
national agencies

2



Livestock Value Chains and Trade Facilitation (\$181.5 Million)

Improve inclusion of pastoralists in the livestock value chain and facilitate trade in the Horn of Africa.

ACRE Africa, is ZEP-RE's subsidiary and arm for climate adaptation and resilience.

Through this subsidiary, ZEP-RE is serving farmers using technology & insurance products to deepen financial inclusion



ACRE Africa is the brand name for **Africa Climate Risk Enterprise Ltd (ACRE)** which was set up in 2014 by Syngenta Foundation.



As we continue to improve and increase access to agricultural insurance products, ZEP-RE invested in ACRE Africa which targets farmers directly.

ZEP-RE owns 56%



ACRE also enjoys support from significant minority shareholders - **Grameen Credit Agricole and Syngenta Foundation.**

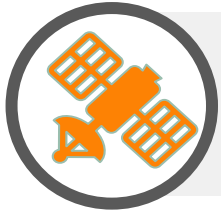


ACRE's aim is to use innovation and technology to radically enhance the livelihoods of smallholder farmers in Africa.

ACRE Africa is a ZEP-RE subsidiary delivering our Agriculture and Climate strategy. The ACRE Platform demonstrates a direct access to rural farmers few if any other private institutions can match



ACRE uses **innovation** and **technology** to provide **accurate** and **affordable** insurance solutions for farmers against climate risk.



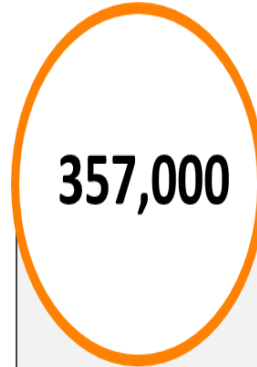
Use of innovative products, tech and remote data – satellite and photos – means ACRE lowers the costs of insurance by 30-50% for farmers. Making insurance accessible to smallholder farmers.



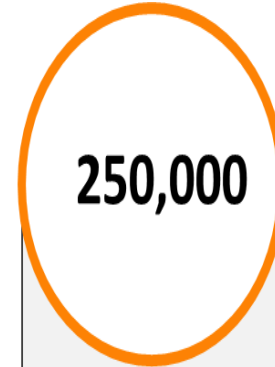
ACRE has insured 3 million farmers since inception. 357,000 farmers insured in 2022 and 700,000 farmers in 2023.



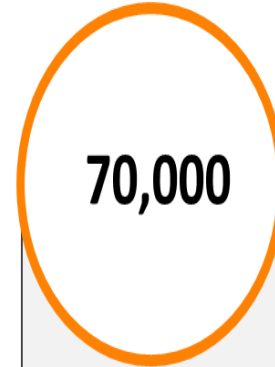
Operating with financial sustainability and growing farmer numbers.



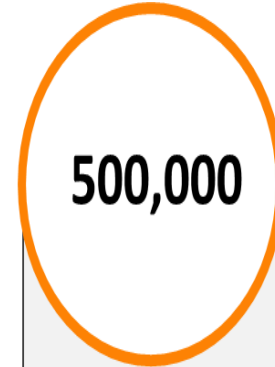
ACRE insured 357,000 farmers in 2022 and 700,000 farmers for 2023.



ACRE organized the training of over 250,000 small-holder farmers on insurance via champion platform.



Since inception, the Village Champions registered over 100,000 new farmers.



New farmers are added to an existing database of over 500,000 farmers.



The New Frontiers that ZEPRE is playing in

DRIVE project and ACRE subsidiary – tackling the new frontiers in agriculture

Demand

- Awareness training and financial education
- Building a livestock financial ecosystem that leads into insurance purchase

Products

- Building a custom index insurance product, driven by data and technology

Distribution

- Building multichannel technology solution to drive reach

Institutionalized 8 years ago, the ZEP-RE Academy continues to build capacity in the industry, with over 15,000 individuals trained in over 34 countries in and out of Africa

Collaboration with Regulatory Authorities

Collaboration with Insurance Regulatory Authorities in the Development of Markets

Partnerships

With local & Int'l Insurance Institutes, Associations & Insurance Training institutions to respond to the needs and requirements of each market

Execution of Training Mandate

Institutionalizing the founding mandate of ZEP-RE of "training of insurance and reinsurance industry personnel in the sub-region



Research & Development

Conduct Research to contribute to the development of Innovative Insurance Products.

Mentorship & Professional Development

Mentorship of Young Leaders and support for Professional Development.

Development of UW Manuals

Develop Insurance Underwriting Manuals and publish articles and other publications.

ZEP-RE ACADEMY: fostering capacity building for the insurance ecosystem

- One of ZEP-RE's founding objectives is to support inclusive and sustainable socio-economic growth in the COMESA region and its markets.
- The company is committed to fostering financial inclusion and positively impacting people's livelihoods while stimulating economic development.
- Capacity building and skills development is at the heart of ZEP-RE which led to the formation of the ZEPRE Academy in September 2016, the first ever of its kind on the continent.
- Through the ZEP-RE Academy, the company continues to fulfil its mandate by being instrumental in the promotion of insurance, reinsurance and related training aimed at improving professionalism in the region.
- ZEP-RE Academy, the leading provider of insurance and reinsurance training and capacity building in the Common Market for Eastern and Southern Africa (COMESA) region and beyond, has achieved accreditation from the Chartered Insurance Institute (CII) for 10 programs.
- On average, 70.4% of participants trained by ZEP-RE Academy between 2019 and 2023 are certified.

ZEP-RE academy has specialized programs covering areas such as



Marine Insurance Training



Risk Survey Training



Insurance Regulators Proficiency in Reinsurance Training

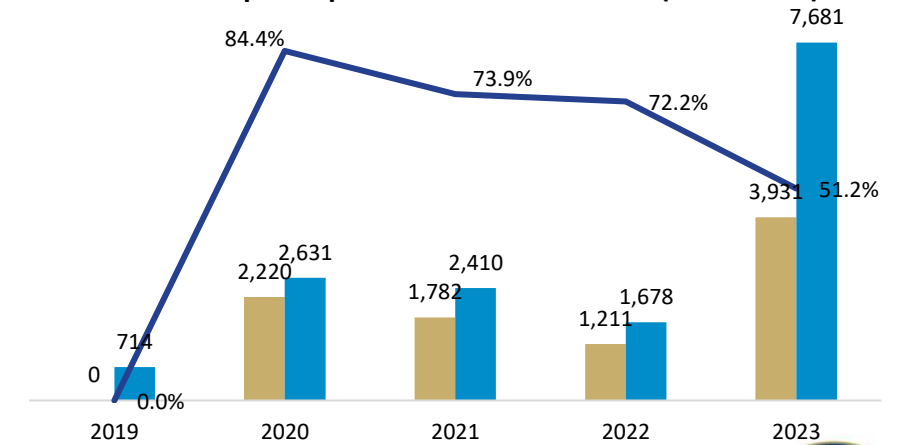


Bonds and Casualty Training



Agriculture Insurance Training

Number of participants trained & certified (2019-2023)



ZEP-RE ACADEMY: building capacity through knowledge and skill enhancement

- **Treasury Management Training for the Tanzania:**
 - ZEP-RE held a workshop for the Tanzania Insurance Regulatory authority executives to help in building skills to support the financial stability , solvency and market conduct of insurance. The Academy also discussed with the Regulator on developing and enforcing effective regulations that protect policy holders and maintain the overall stability of the insurance industry and financial system
- **Central Bank of Somalia: Addressing the Re-Takaful market**
 - The Academy has been actively involved in supporting the Central Bank of Somalia (CBS) through various initiatives, including redrafting the Insurance Bill, conducting diagnostic assessments, and drafting regulations and guidelines.
 - These efforts, in partnership with the World Bank, are expected to yield tangible results such as the passing of the Takaful Bill by the Parliament of Somalia. This development significantly impacts the Central Bank of Somalia (CBS) in its regulatory capacity, as the bill will introduce new regulations and guidelines in the insurance sector. The CBS will play a crucial role in overseeing and implementing these changes, ensuring they align with legal and regulatory standards to promote financial stability in the country.
- **Development of National Agriculture Insurance Schemes (NAIS)**
 - The training and capacity building of NAIS is intended to have a transformative impact by enhancing risk management capabilities, improving financial resilience for farmers, promoting agricultural productivity, attracting investment in the agricultural sector, and ultimately contributing to food security and economic growth in the region
 - 10 countries have been trained so far in 2022 and 2023

The New Frontiers

ZEP-RE Academy – tackling the new frontiers by building capacity

Demand

- Awareness training
- Creating an understanding of the of de-risking/insurance value proposition

Products

- Building new professionals capable of innovating in agric and SME insurance
- Building capacity to regulate new products

Distribution

- Technology webinars to encourage new tech backed distribution channels

We strive to broaden access to financial services and empower communities, to promote financial inclusion and enhance resilience

Supporting low-cost housing by removing the necessity to have a down payment/deposit when accessing a home loan

Assisting Banks to finance 100% of the loans - over 3,700 housing units have been supported through this program within Africa.

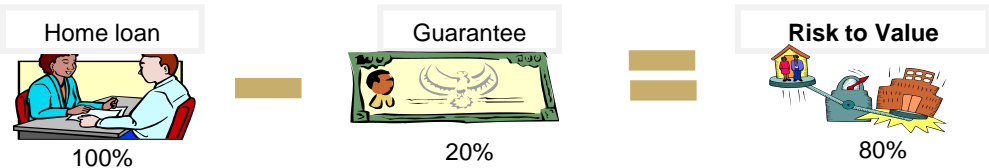
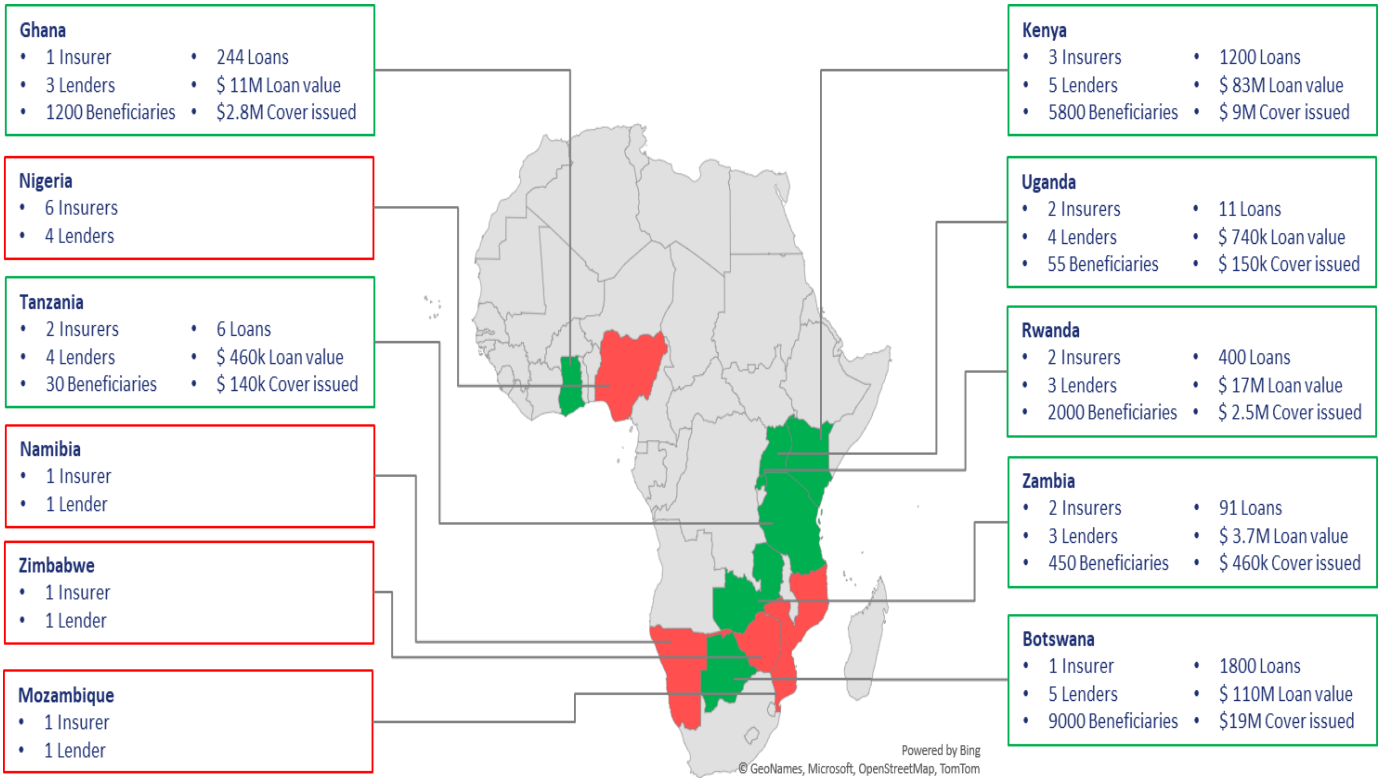
Providing credit insurance and other related insurances to support the growing mortgage finance market.

Impacting lives in Kenya, Botswana, Ghana, Uganda, Rwanda, Zambia among others. Present in West and Southern Africa.

Across the African continent, over USD 227 million in Home Loans supported since inception to date.

ZEP-RE has been appointed to the National committee of Housing in Kenya to contribute on discussions and policy that support access to affordable housing.

Over **18,000** beneficiaries in affordable housing Over **\$227 million** in loans unlocked Governments & Development Partners Platform for Banks



MICRO INSURANCE: Our participation in micro-insurance has impacted over 5m lives in Sub Saharan Africa

- Through our innovative products and partnerships ZEP-RE has impacted over 5m lives across Kenya, Rwanda, Uganda and Zambia
- This is done through collaboration with:
 - Governments to help in achieve development agendas in Agriculture, Housing and Financial Inclusion
 - Regulators to develop enabling policies and regulation for Microinsurance
 - Primary insurers to boost local capacity and technical knowledge in the different jurisdictions

Country	2018	2019	2020	2021	2022	2023	Total
Kenya	191,090	186,644	220,973	261,496	226,946	189,327	1,276,476
Rwanda ¹			69,815	29,550	214,216		313,581
Uganda ²			190,061	196,006	197,656	94,595	678,318
Zambia					1,652,674	1,294,895	2,947,569
	191,090	186,644	480,849	487,052	2,291,492	1,578,817	5,215,944

1: 2023 numbers for Rwanda are currently unavailable from the clients

2: 2023 numbers for Uganda are as of August due to a reporting lag from clients from clients

Lives impacted is assessed as per the number of policies issued or number of people on the cover depending on the product type



PRODUCTS: appropriate products that speak to the unprotected

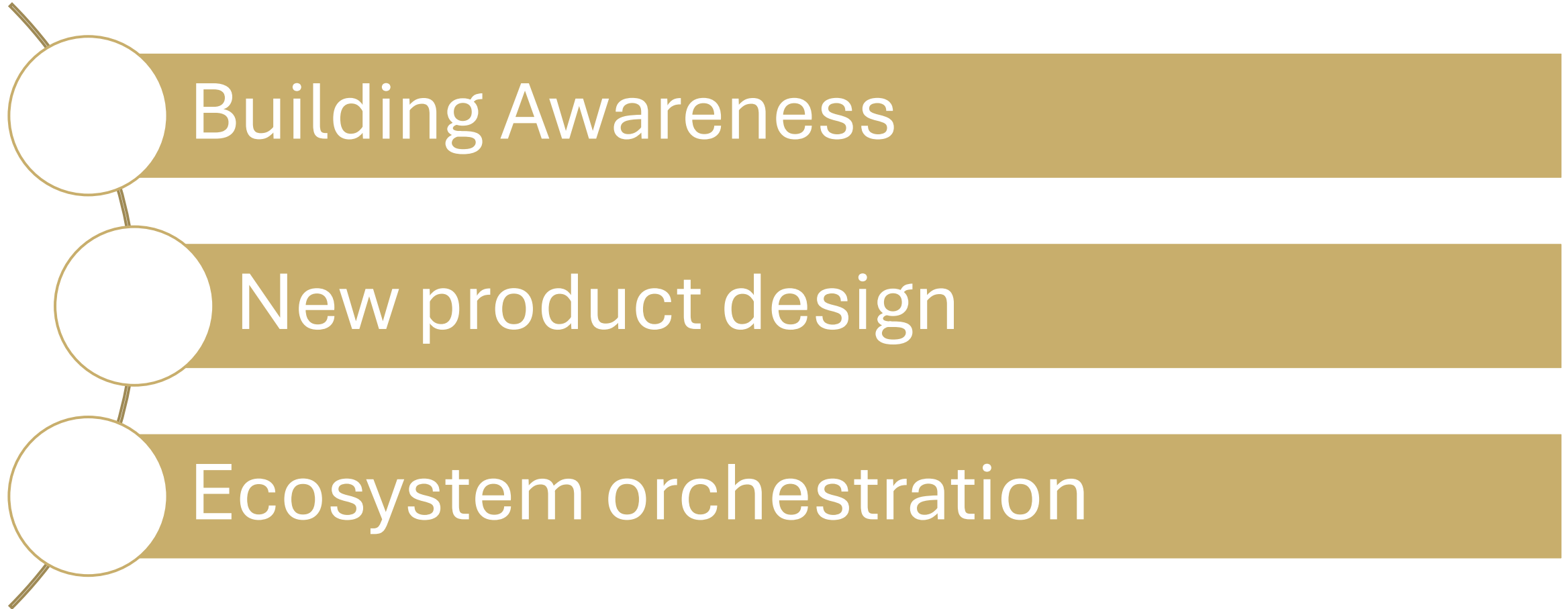
CLOSING REMARKS

Takeaways for deliberation



WHAT CAN YOU DO AS BROKERS

You cannot afford to ignore the largest but unprotected economic sector



The New Frontiers – Agriculture and SMEs

As you deliberate over the next few days, here are some thoughts to tackle.....

Low insurance penetration in Rwanda

- Insurance is less present in the high employment sectors of Agric and SMEs
- What role do you see yourselves playing in closing the protection gap and growing insurance

Demand

- How can you build demand for insurance in agriculture and SMES

Products

- What new products do your clients (the unprotected) need

Distribution

- How can you use technology to distribute insurance in more affordable ways

About ZEP-RE

End of presentation

