

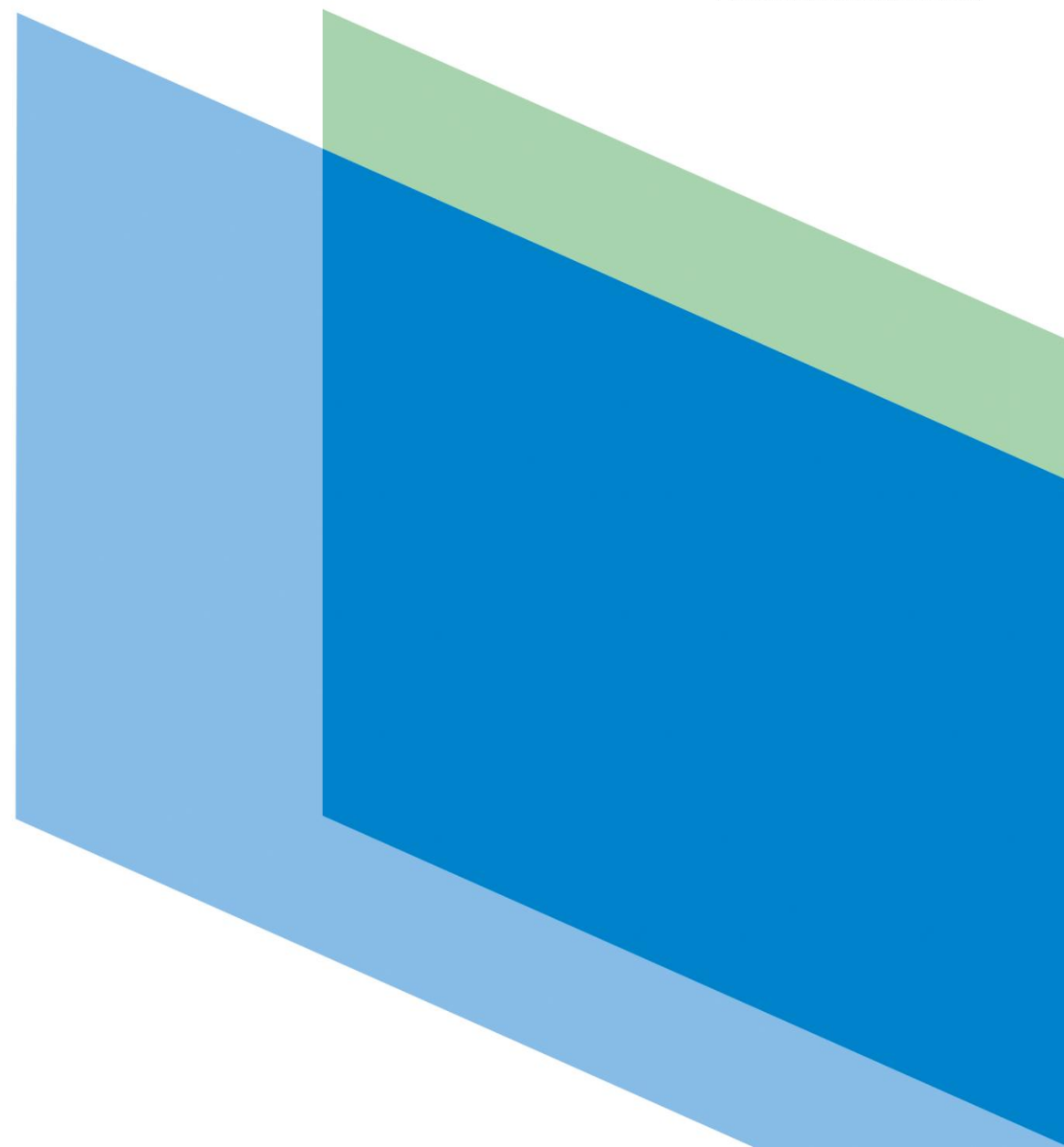
REINSURANCE AND INNOVATION IN ADDRESSING EMERGING RISKS IN AFRICA

Exploring strategies to build resilience across the continent

By Kevin Mworia

Managing Director

Continental Reinsurance Ltd.



Continental Reinsurance



- We are the private sector champion of the pan-African reinsurance industry.
- With a history spanning more than 40 years, we have developed an extensive network across Africa in order to serve our clients, premised on our “pan-African commitment made local.”
- With an emphasis on trusted relationships, we build on our diversified and profitable portfolio to offer uncompromising service and technical capability.
- Everything we do is underpinned by the translation of our pan-African track record and commitment into local value.

Rated by A.M. Best as

B+ (good)

No. of employees

100+

Male **61%**; Female **38%**

Nationalities **10+**

No. of countries we operate

50+

Our Footprint

- Continental Reinsurance writes business in more than 50 African countries, serviced from our six client service centres in **Nigeria, Botswana, Cameroon, Côte d'Ivoire, Kenya, and Tunisia.**
- We are a **composite reinsurer** offering capacity and services across the full spectrum of Non-Life and Life business.
- Our Centres of Excellence provide underwriting and claims handling expertise for Engineering, Bonds & Guarantees, Agriculture and Climate Risks. Services in these specialty lines include risk analyses and market training across Africa.
- With a diversified and profitable portfolio, we offer our clients products of indisputable value underpinned by our uncompromising service and technical capability.



CONTEXT OF INSURANCE PENETRATION AND EMERGING RISKS

Low Insurance Penetration

Africa's insurance penetration is below 3%, significantly lower than the global average near 7%.

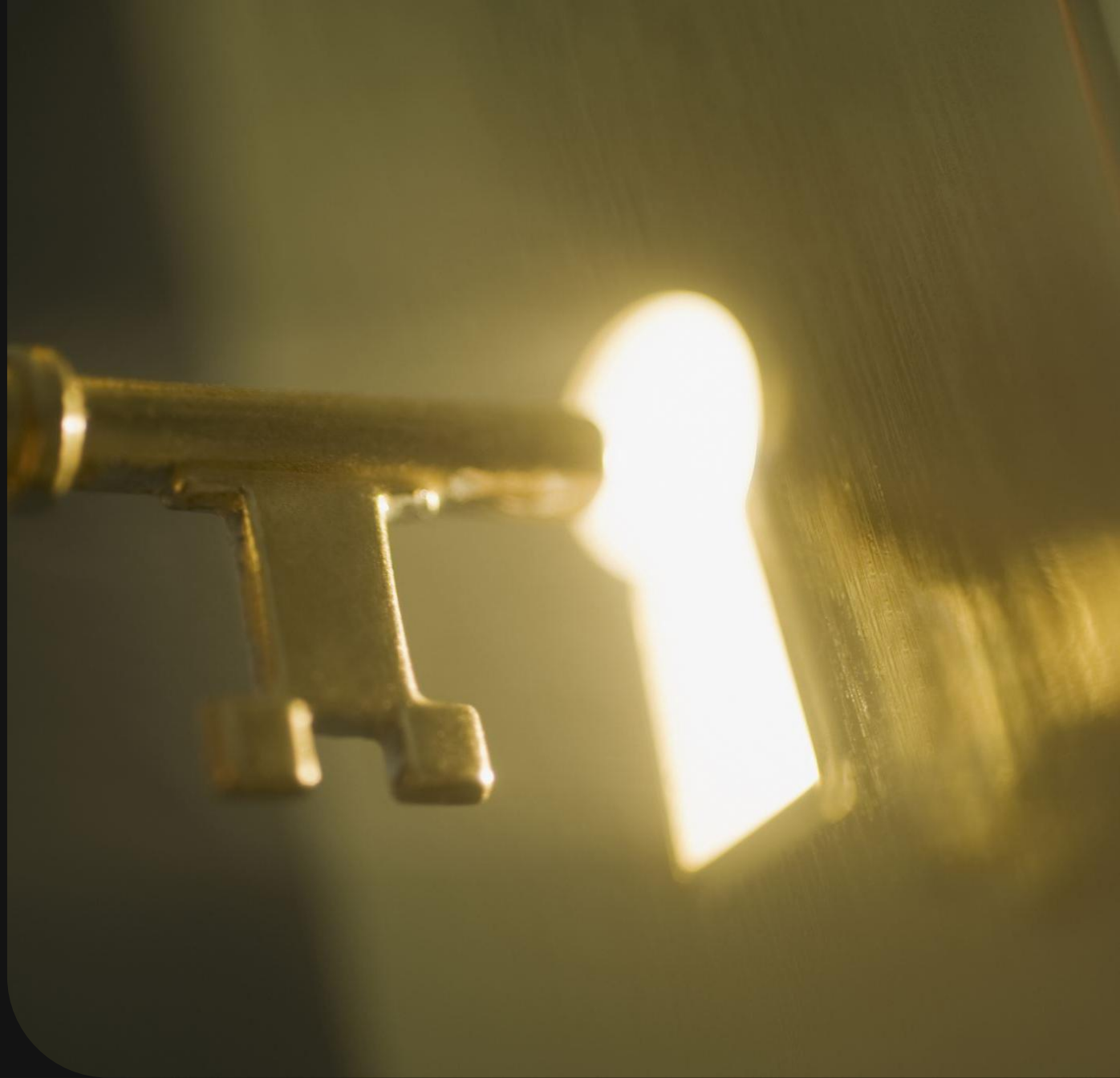
Emerging Industry Risks

Climate change, digital transformation, and socio-political shifts are reshaping the insurance landscape.

Reinsurance as Partner

Reinsurance is evolving from capacity provider to key partner in resilience and innovation. A repositioning from traditional underwriter to consultant/advisor.

KEY EMERGING RISKS FACING AFRICA



MAJOR EMERGING RISKS



Climate Change Risks

Climate change causes environmental degradation impacting agriculture and livelihoods across Africa.

Health Crises

Pandemics and health emergencies present significant risks to public health and economies.

Cyber Threats

Increasing cyber attacks and data breaches threaten security and privacy in digital systems.

Political Instability

Political unrest and conflicts destabilize regions, causing humanitarian and economic challenges.

Economic Uncertainty

Market volatility and economic uncertainty impact investment and growth prospects.

THE ROLE OF REINSURANCE IN MANAGING EMERGING RISKS



FUNCTIONS OF REINSURANCE IN RISK MANAGEMENT



Risk Transfer and Mitigation

Reinsurance helps transfer and mitigate risks, reducing the impact on primary insurers and stabilizing the insurance market.

Capacity Building and Expertise Sharing

Reinsurance facilitates capacity building and expertise sharing to improve risk assessment and management capabilities.

Innovation and Product Development

Reinsurers drive innovation and support the development of new insurance products to address emerging risks.

Resilience and Business Continuity

Reinsurance strengthens resilience and ensures business continuity by protecting insurers from catastrophic losses.

TRENDS, CHALLENGES, OPPORTUNITIES FACED BY INSURERS, BROKERS & REINSURERS



MARKET TRENDS, CHALLENGES, AND GROWTH OPPORTUNITIES



Growing Demand

The African market shows increasing demand for diverse reinsurance products amid economic growth.

Awareness and Penetration

Limited market awareness and penetration remain key obstacles to reinsurance expansion in Africa.

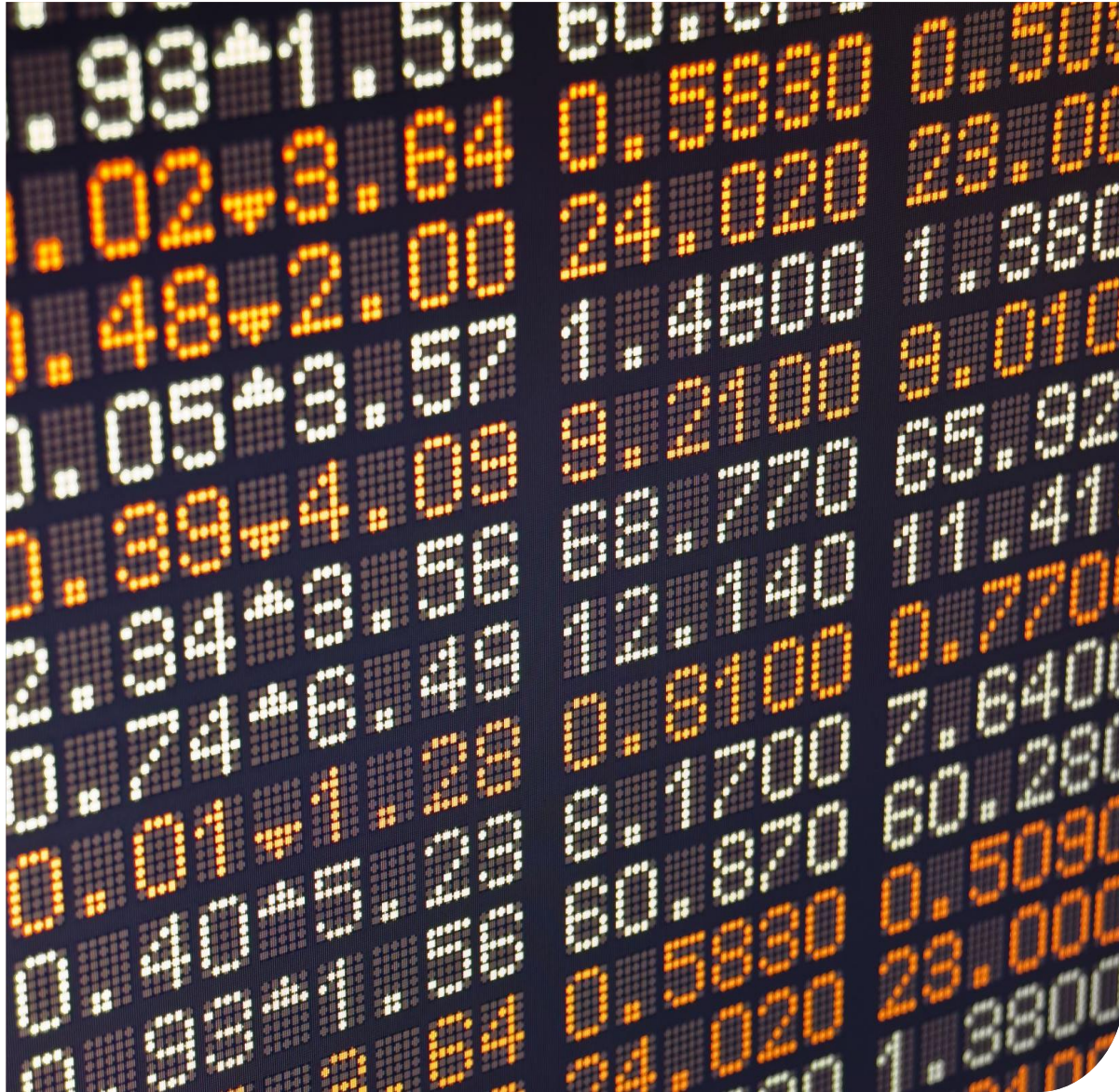
Regulatory Frameworks

Regulatory complexity and infrastructure gaps affect the growth of Insurance/reinsurance in many African countries.

Innovation Opportunities

Emerging opportunities for innovation can drive new growth and market development in African reinsurance.

DATA LIMITATIONS AND PRICING UNCERTAINTY



Limited Historical Data

New risks lack sufficient historical data, making it difficult to analyze and predict outcomes accurately.

Pricing Uncertainty

Pricing for new risks is uncertain due to volatile markets and incomplete data, challenging insurers and brokers.

CAPITAL CONSTRAINTS AND LOW INSURANCE PENETRATION



Capital Constraints

Primary insurers face capital limitations impacting their ability to expand and underwrite new risks effectively.

Trade Barriers

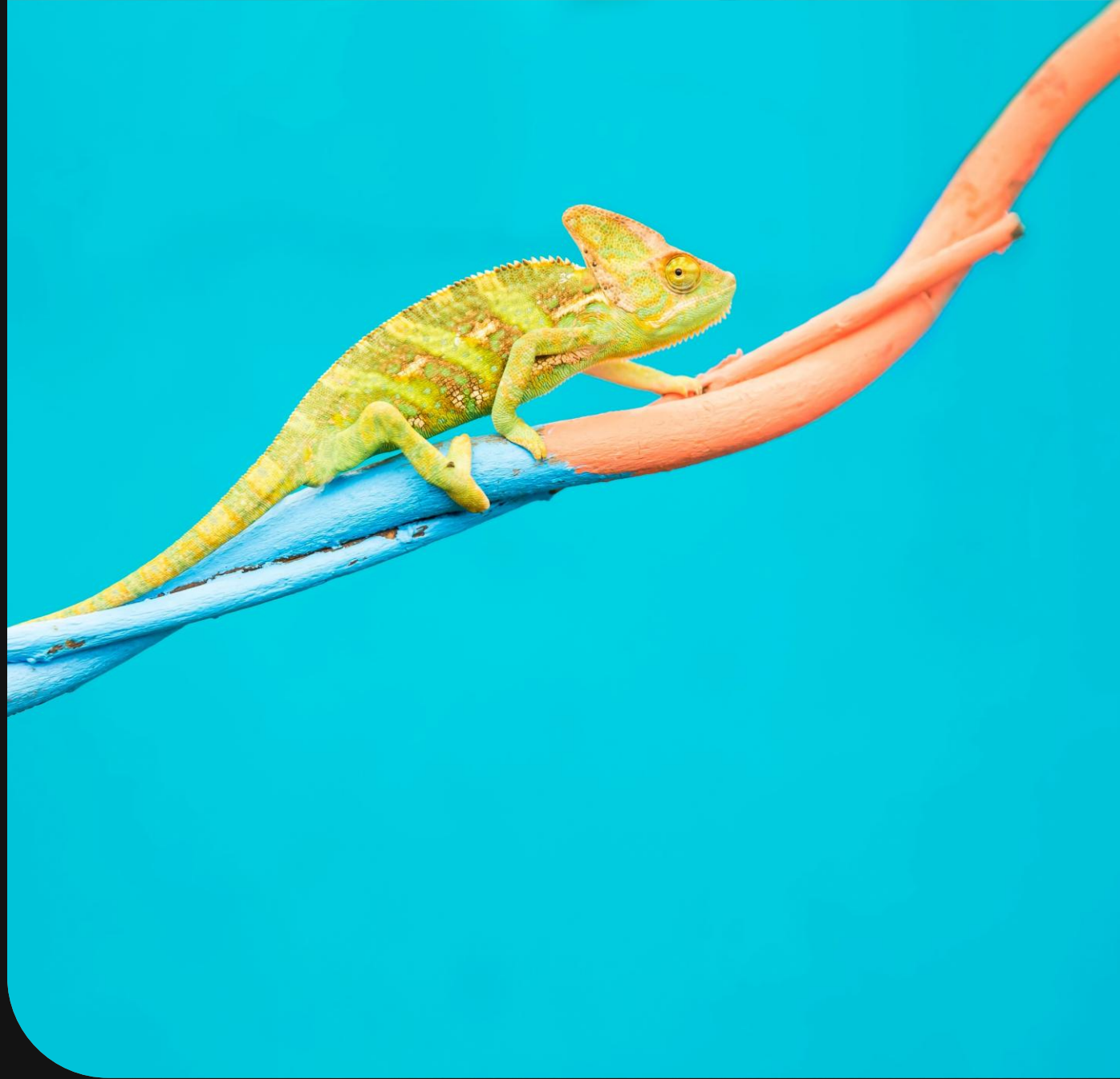
Difficulties in freely accessing various markets across Africa.

Customer Trust & Penetration

Low customer trust results in limited market penetration and challenges in acquiring new clients.

REMAINING
RELEVANT:

THE EVOLVING ROLE OF REINSURANCE



TRANSITION FROM RISK TRANSFER TO RISK PARTNERSHIP



Traditional Risk Transfer

Reinsurance traditionally focuses on transferring risks to reduce exposure and protect insurers from large losses.

Emerging Risk Partnership

Modern reinsurance evolves into a partnership model, collaborating to manage and mitigate risks jointly.

Benefits of Partnership

Risk partnerships enhance strategic collaboration, improve risk insights, and offer innovative risk solutions.

SUPPORT FOR PRODUCT INNOVATION AND CAPACITY BUILDING



Product Innovation Support

Support includes parametric covers, microinsurance, and crop insurance to meet diverse market needs.

Capacity Building & Knowledge Transfer

Efforts focus on strengthening skills and transferring knowledge to improve insurer capabilities.

Data & Analytics Support

Advanced data and analytics enable effective risk modeling and better decision-making.

Balance Sheet Protection

Financial safeguards help insurers take on new risks while maintaining stability.

TRENDS INNOVATION IN REINSURANCE SOLUTIONS



INNOVATIVE SOLUTIONS IN REINSURANCE



Parametric and Index Products

Parametric insurance and index-based products offer faster claims processing and reduce assessment costs.

Big Data and Analytics

Big data analytics enhances risk assessment and pricing accuracy in reinsurance markets.

AI and Machine Learning

Artificial intelligence and machine learning improve underwriting, claims management, and fraud detection.

Cyber risk Partnerships

Collaborations in cyber risk reinsurance help mitigate growing threats in digital security landscapes

Pandemic & Health risk pools

Collaborations in cyber risk reinsurance help mitigate growing threats in digital security landscapes

ESG-FOCUSED PRODUCTS AND SANDBOX MODELS



Green ESG Insurance Products

Insurance products focused on climate finance support renewable energy and sustainable projects.

Sandbox Testing Models

Sandbox models allow controlled testing of innovative insurance covers before market launch.

CASE STUDIES: GLOBAL AND REGIONAL EXAMPLES



KENYA: LIVESTOCK PARAMETRIC INSURANCE



Parametric Livestock Insurance

Kenya uses a parametric drought index to provide livestock insurance that triggers payouts based on drought severity.

Reinsurer Support

Reinsurers back the livestock insurance program, enhancing financial stability and risk-sharing for farmers.

RWANDA: AGRICULTURE INSURANCE SCHEMES



Collaborative Scheme Design

Agriculture insurance schemes in Rwanda are co-designed with reinsurers and development partners to ensure effectiveness.

Insurance Benefits for Farmers

These schemes provide farmers with financial protection against agricultural risks, promoting stability and growth.

GLOBAL PANDEMIC RISK POOLS



Pandemic Risk Pool Concept

Pandemic risk pools enable countries to share financial risks from health emergencies.

Lloyd's COVID Response

Lloyd's facilitated insurance and financial solutions to address COVID-19 pandemic impacts worldwide.

SPECIALTY RISK POOLS



Specialty risk pools

Agriculture, Oil and gas pools emergence in the East African markets to address food security as well as the oil and gas assets.

A need for mining risk pools may be considered noting the quantum and complexity of the risks.

BUILDING RESILIENCE AGAINST EMERGING RISKS



REINSURANCE AS A STABILIZER AND ACCESS TO EXPERTISE



Stabilizing Against Shocks

Reinsurance provides financial stability by absorbing losses and mitigating risks during market shocks.

Access to Global Expertise

Reinsurance connects local markets to worldwide expertise and capital, enhancing resilience and knowledge sharing.

SUPPORT FOR REGIONAL POOLS AND GOVERNANCE ENHANCEMENT



Support for Regional Pools

Provide support to national and regional risk pools

Enhancing Underwriting Discipline

Improve underwriting standards and practices to ensure effective risk assessment and management within regional pools.

COLLABORATION AND STRATEGIC IMPERATIVES FOR GROWTH



MULTI-STAKEHOLDER COLLABORATION AND REGIONAL POOLS



Diverse Stakeholder Partnership

Collaboration among reinsurers, insurers, brokers, regulators, governments, other sectors drives market growth and resilience.

Regional Risk Pools

Regional pools are built to manage catastrophe and health risks collectively across borders.

Cross-Border Knowledge Transfer

Knowledge sharing within East Africa enhances capacity for risk management and market development.

Public-Private Partnerships

PPP initiatives strengthen resilience by combining public and private sector resources and expertise.



Innovative Product Development

CEOs should prioritize customer-centric innovation to deliver cutting-edge products that meet evolving market needs.

Technology and Data Investment

Investing in data, technology, and analytics is essential, supported by strategic reinsurance partnerships.

ESG and Sustainability Alignment

Aligning corporate strategies with ESG and sustainability goals drives responsible growth and long-term value.

Strategic Reinsurance Partnership

Leverage reinsurance as a strategic partner to support growth and innovation beyond traditional covers. *"Its all about the primary insured"*



Regional Innovation Hubs

Develop innovation hubs regionally to foster collaboration with reinsurers and drive new solutions in East Africa.

Strengthen Risk Pools

Enhance catastrophe and pandemic risk pools to improve regional resilience and risk sharing capabilities.

Parametric and Micro Covers

Introduce more parametric and micro insurance covers to provide tailored protection and financial inclusion.

Cross-Border Collaboration

Build strong cross-border reinsurance collaborations to foster regional integration and innovative risk solutions.

CONCLUSION

Role of Reinsurance

Reinsurance is essential for managing emerging risks in Africa, providing financial stability and risk sharing.

Innovation in Insurance

New technologies and collaborative strategies drive innovation, enabling better risk management and market growth.

Building Resilience and Growth

Embracing innovation and cooperation helps build resilience and unlock growth potential in Africa's insurance sector.

Thank you

