

INCLUSIVE INSURANCE BUSINESS MODELS FOR AFRICA

Trends, Models and Business Strategies for Digital Insurance

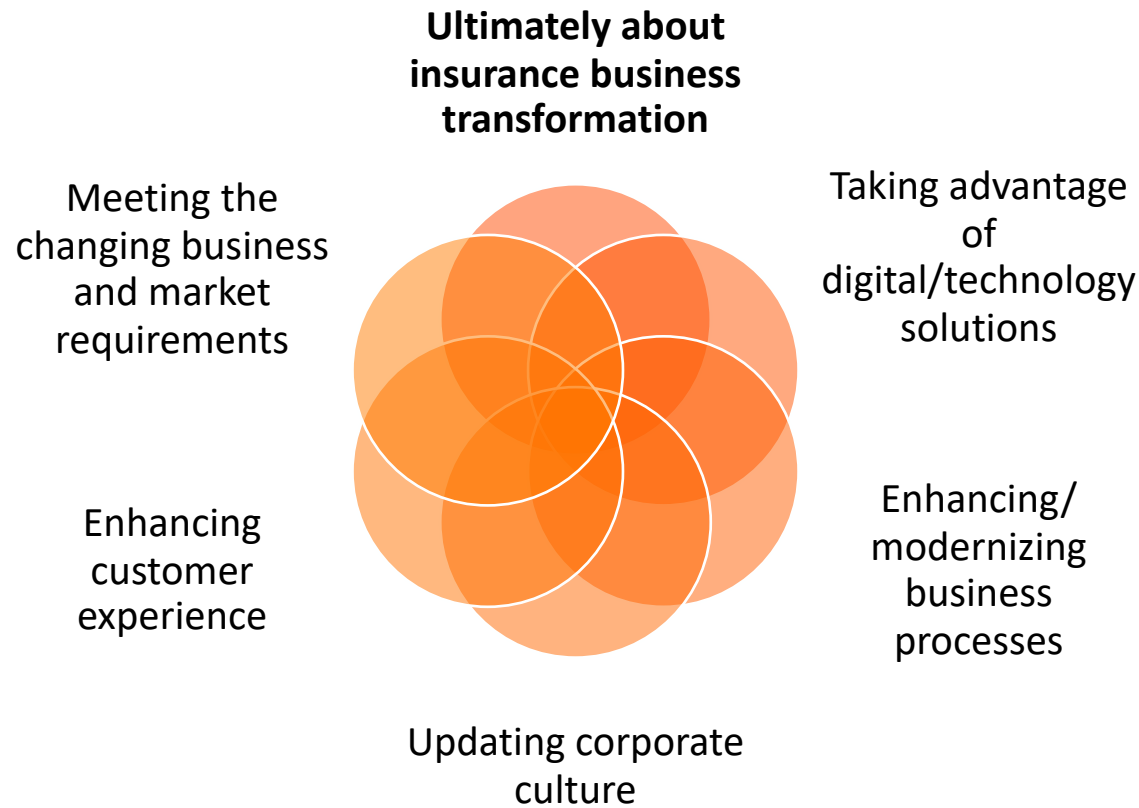
Preconference Event

Thursday July 14th, 2022 – Livingstone, Zambia

Jeremiah Siage – Co-Founder & Director, CoverApp, Kenya



What is Digital Insurance Really About?



Why Invest in Digital Insurance?

Insurers are investing in digital technologies to help them address their key business priorities:



Enhance customer experience



Increase ability to innovate

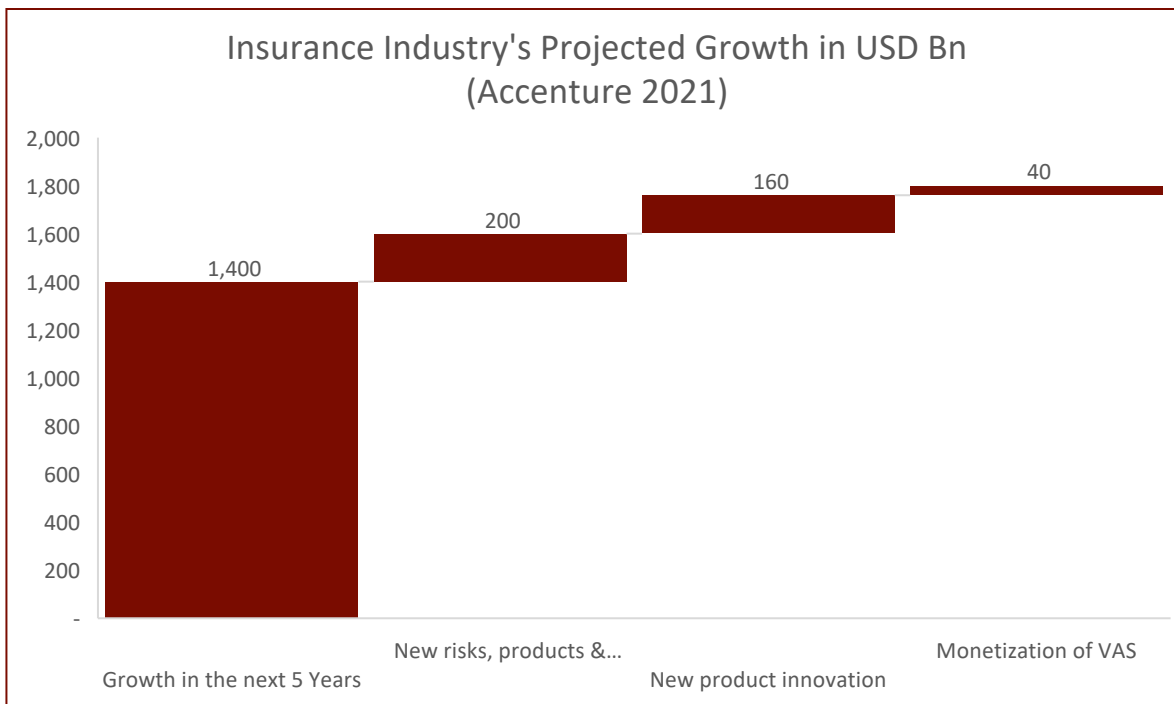


Reduce costs



Access new revenue sources – growth

Long-Term Profitability from Digital Insurance

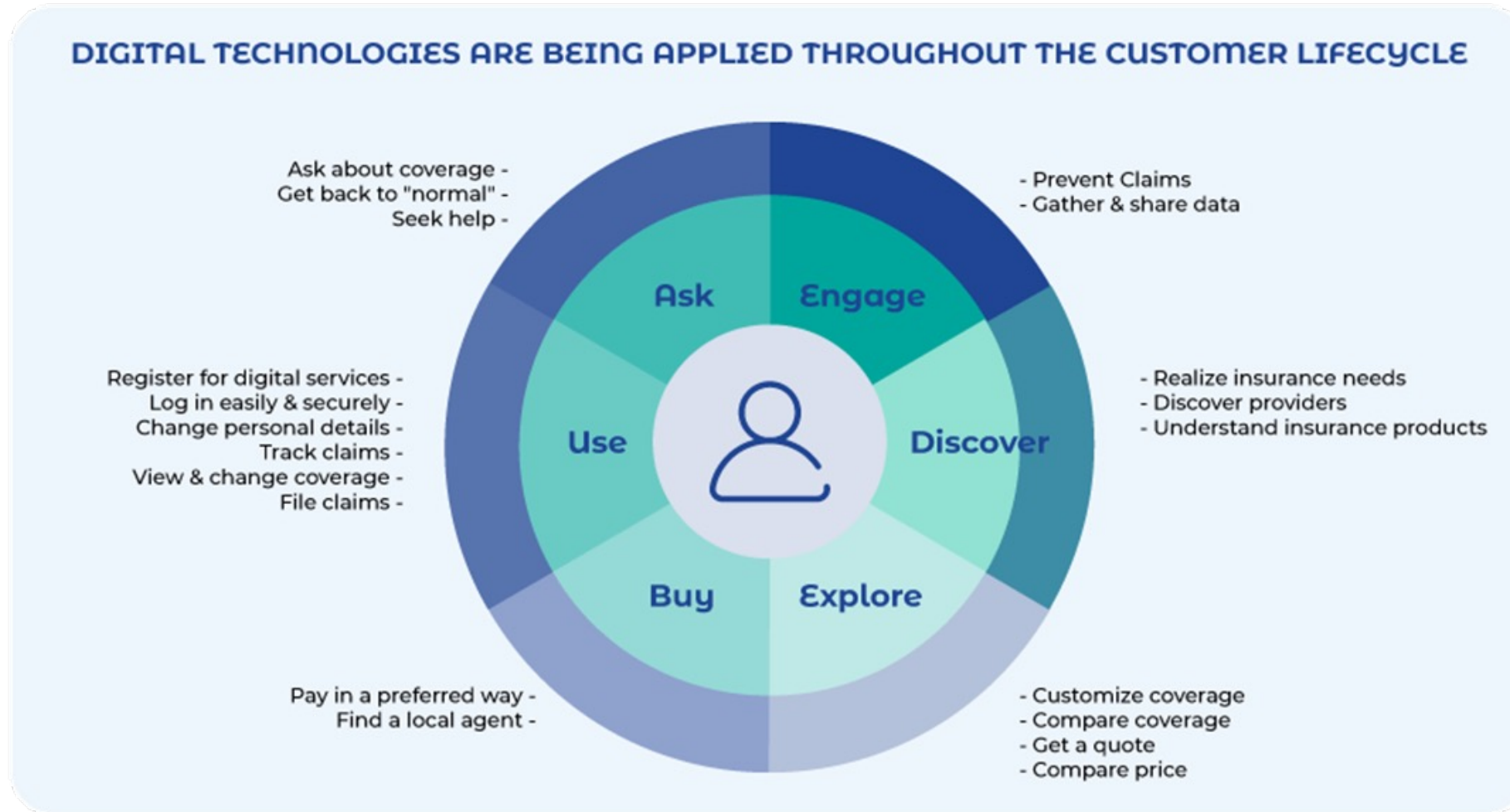


Accenture's 2021 [analysis](#) of economic and demographic trends on the insurance industry, and the revenue opportunities these trends create for insurers

BUT to compete for this \$200 billion in revenue, insurers can no longer rely on the familiar products, channels, and historic retention rates.

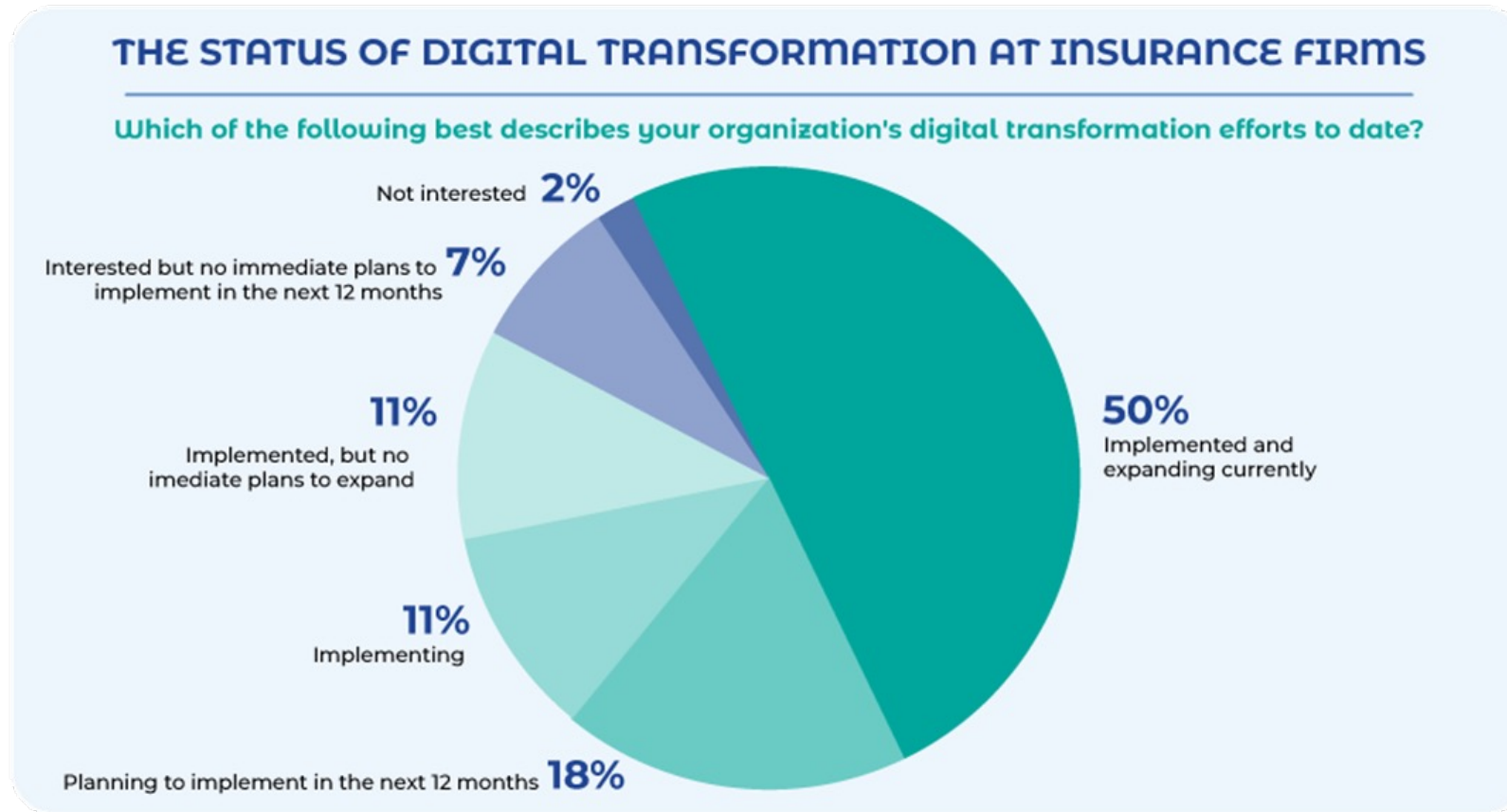
They need to innovate by investing in technology-enabled insurance products to drive profitability long-term.

Where is Digital Insurance Applied?



Source: The State of Digital Insurance 2021, Forrester Research, Inc

Is The Industry Ambitious Enough?

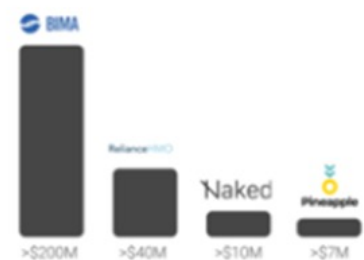


Source:
Forrester
Analytics
Business
Technographics
® Business and
Technology
Services Survey,
2020

As insurers expand their digital transformation initiatives, they must become more ambitious in their digital efforts.

Insurtech companies in Africa | Q1 2022

MOST FUNDED COMPANIES



INVESTORS



BRITER BRIDGES | #InnovationMaps 3.0 Series



Models and Approaches to Digital Inclusive Insurance

1

Carriers
(Full-stack insurtechs)

2

Brokers/Agents
(Quick, light-footed innovation)

3

Managed General Agents (MGAs)

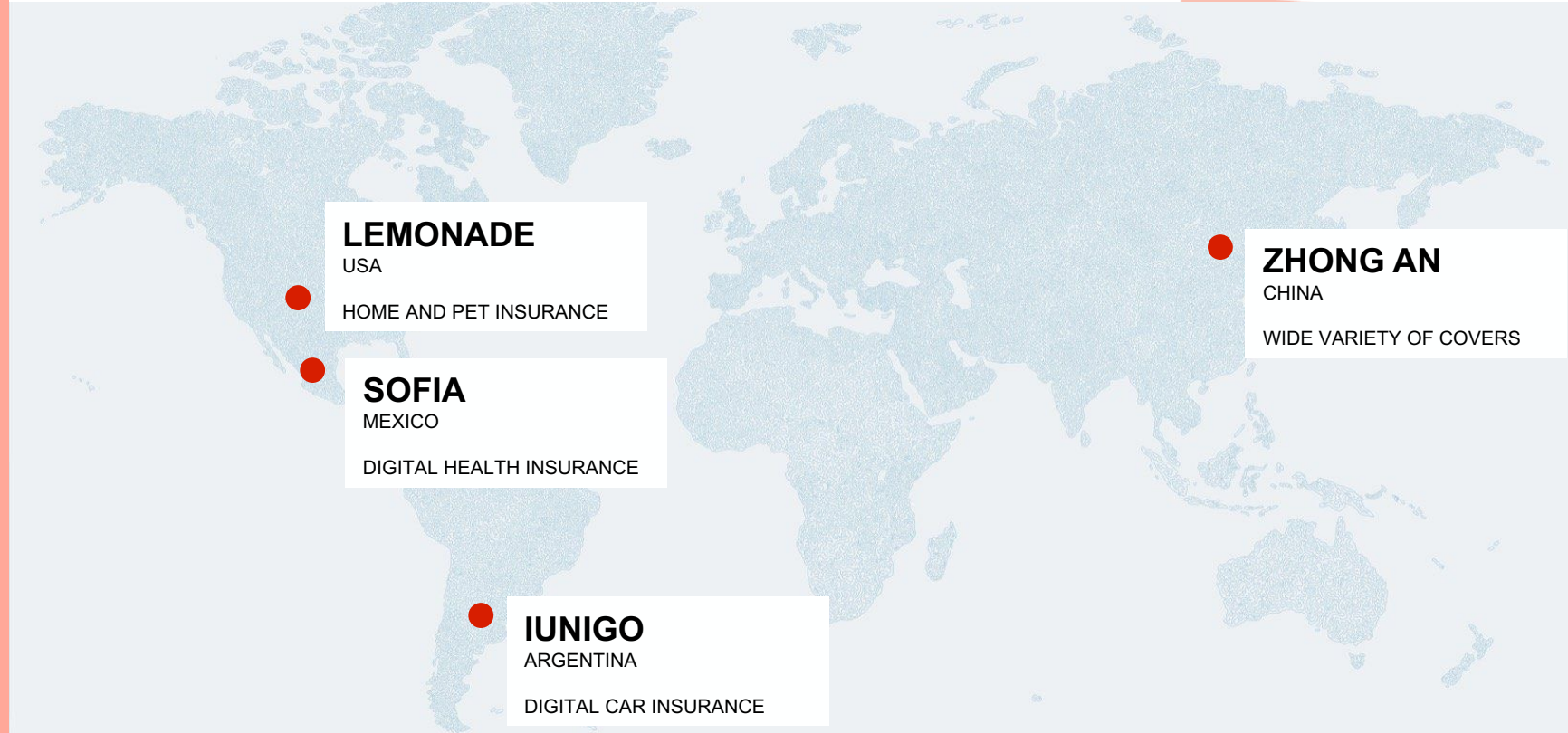
As noted by Alex Lazarow

Models and Approaches to Digital Inclusive Insurance

1

Carriers (Full-stack insurtechs)

- Fully-licensed insurers.
- Control the entire process of insurance delivery.
- Select the risk classes to insure.



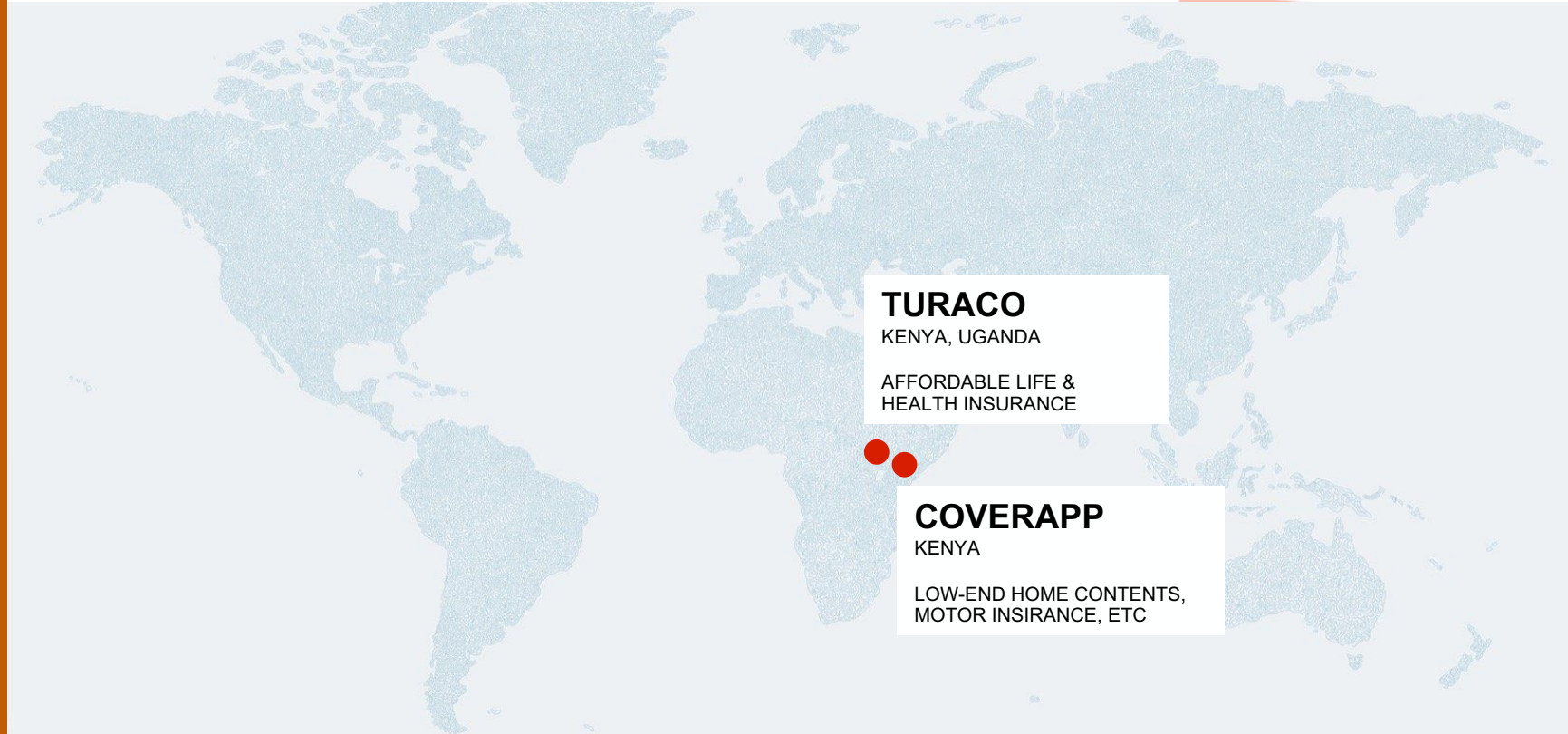
Adapted from: <https://bfaglobal.com/catalyst-fund/insights/insurtech-models-for-underserved-people/>

Models and Approaches to Digital Inclusive Insurance

2

Brokers/Agents (Quick, light-footed innovation)

- Forego underwriting and product design.
- Agility and distribution capacity.
- May partner with underwriters to design bespoke policies.



Adapted from: <https://bfaglobal.com/catalyst-fund/insights/insurtech-models-for-underserved-people/>

Models and Approaches to Digital Inclusive Insurance

3

Managed General Agents (MGAs)

- More underwriting flexibility than brokers.
- Fewer regulatory requirements than a carrier.
- Work with carriers, re-insurers to determine risk distribution, underwriting authority and profit sharing.



Adapted from: <https://bfaglobal.com/catalyst-fund/insights/insurtech-models-for-underserved-people/>

Approaches to Digital Inclusive Insurance

Each of the insurtech models has advantages and disadvantages. The choice of model should aim for a balance between the two sets of factors.

1

Carriers (Full-stack insurtechs)

- Full control of the process.
- Can target niche markets with tailored products.



- Regulatory requirements.
- Huge investment for risk carrying capacity.



2

Brokers/Agents (Quick, light-footed innovation)

- Quicker set up.
- Faster scale up.
- Little regulatory burden.
- Lower funding requirement.



- Dependency on legacy insurers – slower.
- Missed opportunities for innovative targeted products.



3

Managed General Agents (MGAs)

- Speed.
- Low capital burden.
- Underwriting autonomy.



- Need for internal underwriting capability.
- Heavily depends on local regulations.
- Underwriter still calls the shots.



How To Measure the Success of Digital transformation

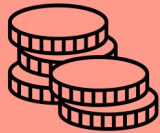
Digital insurance strategy should demonstrate potential returns on investment. The success of digital transformation should be measured by:



Increased revenues



Improved time to market



Reduce costs



Enhanced customer
experience & differentiation

Thanks



CoverApp