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LACK OF INSURANCE IN AFRICA LEAVES MILLIONS VULNERABLE TO CLIMATE CHANGE AND NATURAL DISASTERS

Dhaka, Bangladesh - 7 November 2019. Millions of low-income households and small businesses across Africa still have no insurance, leaving them vulnerable to climate change, natural catastrophes, food insecurity, accidents, illness and untimely death.

The Landscape of Microinsurance in Africa 2018: focus on selected countries, launched today at the 15th International Conference on Inclusive Insurance in Dhaka, Bangladesh, is based on data collected on the microinsurance activities of 100 insurers in Africa in 2017. Through their microinsurance activities, these insurers collectively covered a total of 15 million lives — almost 2% of the estimated 700 million people in the low-income bracket in the continent1 —and brought in total premiums of US$ 420 million, representing less than 1% of overall insurance premiums in Africa.

“Insurance should play a vital role in lifting millions of people out of poverty,” said Katharine Pulvermacher, Executive Director of the Microinsurance Network, which commissioned the study with the support of the Government of Luxembourg, Munich Re Foundation, the Center for the Economic Analysis of Risk (CEAR) at Georgia State University and AXA.

“It’s not all bad news though. One positive trend is in inclusive health insurance products, which are experiencing something of a boom. Insurers are supporting comprehensive public schemes, while simple, complementary health products such as hospital cash and health value-added services are also increasingly popular.

“The positive trend in inclusive health insurance shows that insurers have been able to offer value to customers and governments in a sustainable way,” said Quentin Gisserot, Project Manager at AXA Emerging Customers. “We’re also seeing new distribution opportunities emerging such as fintech players, e-commerce and ride-hailing platforms.”

“Unfortunately, the health success story is not reflected in other areas,” highlighted Dirk Reinhard, Vice Chair of the Munich Re Foundation. “Crop and livestock insurance, for example, are still struggling to reach anywhere near the number of farmers facing climate and extreme weather risks, an area of growing focus for our Foundation.” In certain countries, the implosion of “freemium” insurance policies sold through mobile network operators significantly reduced the number of people insured. That’s why insurers and intermediaries must ensure clients know if they have cover, what they are covered for, and when and how to claim.

“It is unclear whether these statistics represent a genuine, worrying trend or are due in part to a lack of relevant recent data reported by insurers or collected routinely by regulators,” explained

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Professor Glenn Harrison, Director of the Center for the Economic Analysis of Risk (CEAR) at Georgia State University. “Deeper, better and more timely data is needed before definitive conclusions can be drawn.”

Out of 44 countries targeted in the research, only six yielded usable data on premiums collected and lives covered. This lack of data underlines the need for insurers and intermediaries to routinely track how many people have insurance, what risks they are protected against, and how well their products perform - both for service providers and consumers.

Pulvermacher called on insurers, regulators, microfinance institutions and distributors to invest in collecting, analysing and sharing good quality, up-to-date, pertinent data. “If we want to significantly scale up access to responsible, sustainable inclusive insurance, we need basic data along with robust country diagnostics followed by concrete action plans to complement the data obtained through the Landscape study,” she said.

As part of the Microinsurance Network’s drive to see better and more timely provision of information, future editions of the Landscape Study will take a global view, focusing on selected countries across all regions, using data which will be updated annually.

“Despite the need for more reliable data, the study makes the overall trend clear: inclusive insurance needs to be scaled up in developing markets in Africa, Asia and Latin America in order to strengthen resilience if the Sustainable Development Goals are to reach their aim of leaving no-one behind,” concluded Thomas Lammar, in charge of inclusive finance at the Directorate for Development Cooperation and Humanitarian Affairs, Luxembourg Ministry of Foreign and European Affairs.

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About the Microinsurance Network
A not-for-profit, membership-based association, the Microinsurance Network is driven by its vision of a world where people of all income levels are more resilient and less vulnerable to daily and catastrophic risks through improved access to effective risk management tools. Low-income consumers lie at the heart of our mission. We work with a broad range of stakeholders around the world to prioritise the needs, interests and well-being of our ultimate beneficiaries.

About the International Conference on Inclusive Insurance
The 15th International Conference on Inclusive Insurance, Coping with Climate Risk, takes place in Dhaka, Bangladesh from 5 – 7 November 2019. Approximately 450 experts from around the world will discuss and identify ways of accelerating growth and economic viability in inclusive insurance for emerging markets.

For further information about the Microinsurance Network and the Landscape of Microinsurance in Africa 2018: focus on selected countries please contact Martin Atkin, Editorial Consultant | martin@funnelweb.org | +44 779 544 3607