

Allianz Global Corporate & Specialty®

Our Continent, Our Industry

IIZ Annual Conference 2016

Delphine Traore Maidou,
November 2016

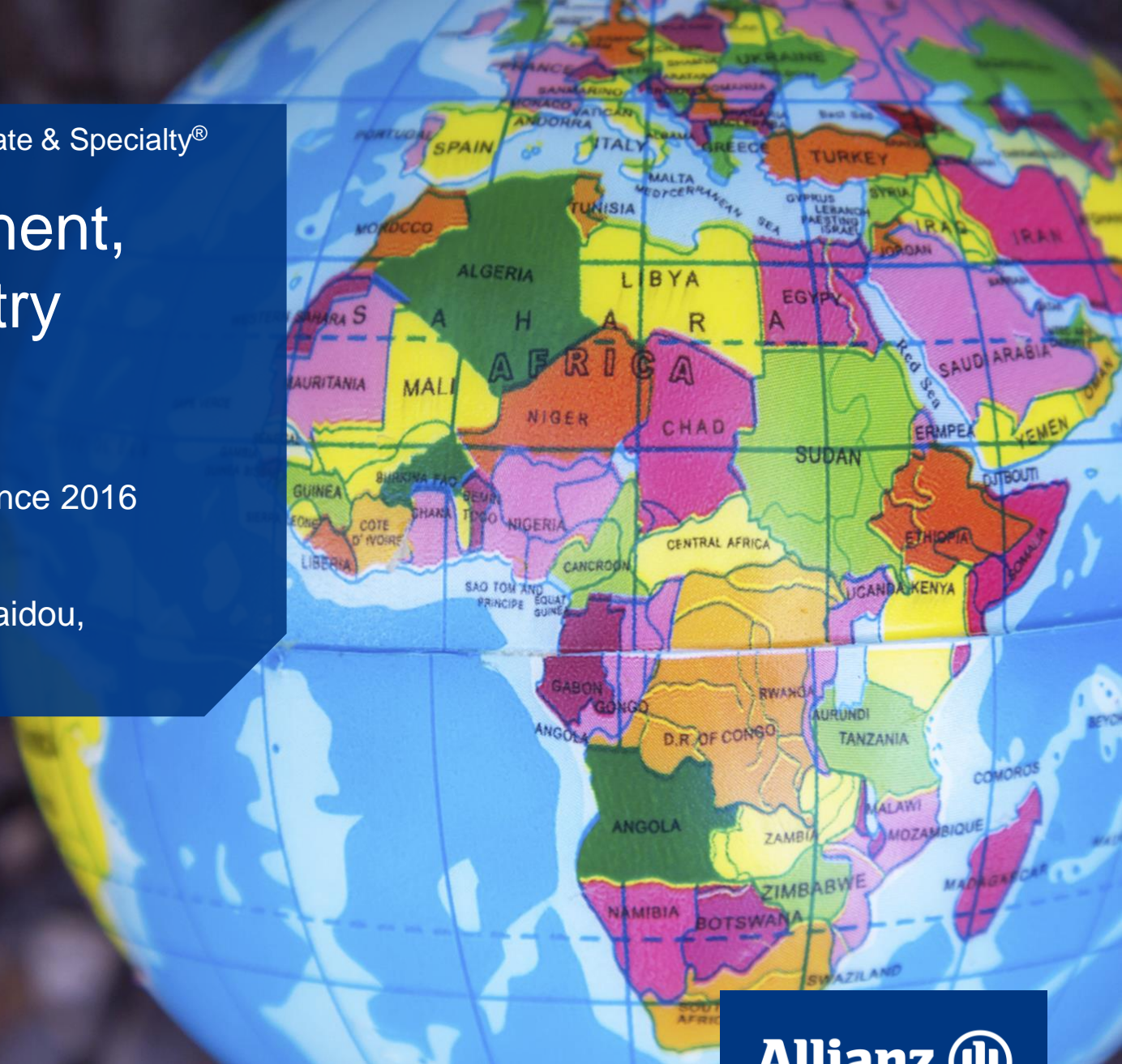


Table of contents

01 Our Economies

02 Our Industry

03 Our Industry in our economies

04 Zimbabwean Insurance Industry overview?

05 The Importance of retaining premiums in Africa

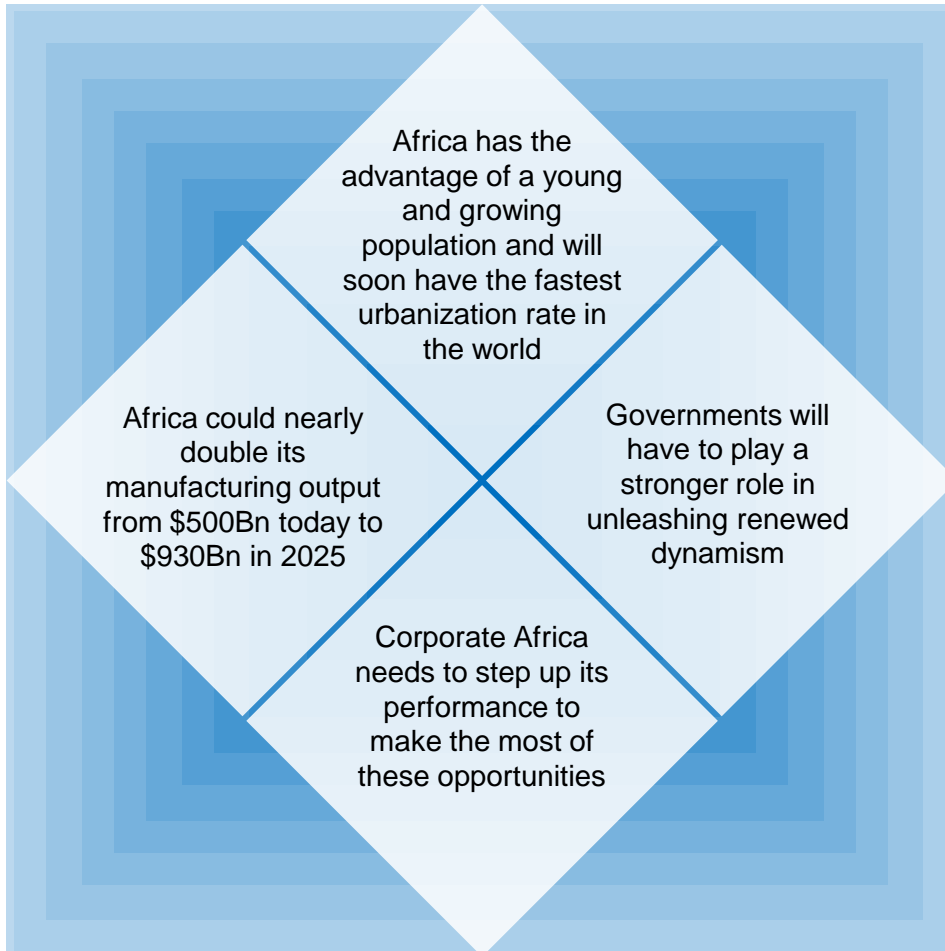
06 Why should we continue to do business in Zimbabwe

07 What's next?

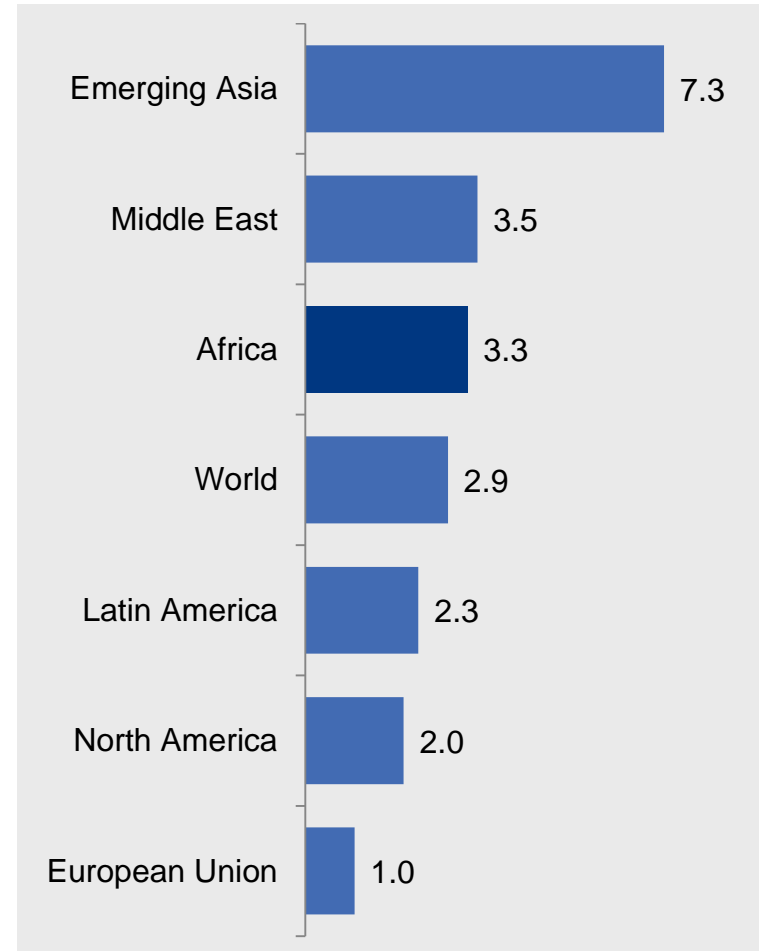
08 Appendix

Our economies

Africa's real GDP grew at an average of 3.3 percent a year between 2010 and 2015



Source: Lions on the move 2016



Africa real GDP growth is expected to remain moderate at 3.7% in 2016 but could accelerate to 4.5% in 2017 – African Economic Outlook 2016

Our economies: African Countries and Growth Prospects

Three divergent groups emerge from MGI's African Stability Index

Stable Growers: These countries, which accounted for 19% of Africa's GDP in 2015

Botswana



Cote d'Ivoire



Ethiopia



Kenya



Morocco



Rwanda



Vulnerable Growers: These countries include, which accounted for 35% of Africa's GDP in 2015

Nigeria



Angola



Zambia



Congo



Slow Growers: These countries include, which accounted for 45% of Africa's GDP in 2015

Libya



Egypt



Tunisia



South Africa¹



Zimbabwe



Source: Lions on the move 2016

1. South Africa, which is experiencing slow growth and high unemployment in spite of promising opportunities that could spur development.

Our Industry

African Insurance market, 2013

Country	Insurance Premiums (\$Bn)	Population (Mn)	Density (Premiums per Capita, \$)	GDP (\$Bn)	Penetration (Premiums as % of GDP)
South Africa	51.6	53.2	970.8	366.2	14.1
Morocco	3.2	32.9	96.8	103.8	3.1
Egypt	1.9	84.7	22.3	271.4	0.7
Nigeria	1.6	169.3	9.7	521.8	0.3
Kenya	1.5	41.8	36.4	55.2	2.8
Algeria	1.5	37.9	40.1	208.8	0.7
Angola	1.1	23.7	47.4	124.2	0.9
Namibia	1.0	2.2	437.2	13.1	7.2
Tunisia	0.8	10.9	77.3	47.0	1.8
Mauritius	0.7	1.3	570.3	11.9	6.0
Zimbabwe*	0.4	15.7	40.3	13.8	1.7
Other Countries	4.5	613	7.9	641.0	0.8
Total	69.9	1,086.4	64.4	2,375.6	2.9
Africa Excluding South Africa	18.3	1,033.3	17.7	2,009.3	0.9

Source: SwissRe

*Zimbabwe figures sourced separately
© Copyright Allianz SE 10-Nov-16

Our Industry

Insurance premiums by country (\$Bn)

Country	2010	2011	2012	2013	Share of African Premiums (%)	Average Growth, 2010–13 (%)	Contribution to African Growth, 2010–13 (ppt)
South Africa	48.58	53.03	54.37	51.60	73.79	2.04	1.54
Morocco	2.60	2.84	3.02	3.18	4.55	6.96	0.30
Egypt	1.72	1.71	1.79	1.89	2.70	3.21	0.09
Nigeria	1.34	1.55	1.48	1.64	2.35	7.03	0.15
Kenya	1.00	1.03	1.28	1.52	2.17	15.05	0.27
Algeria	1.09	1.19	1.38	1.52	2.17	11.62	0.22
Angola	0.83	1.00	1.00	1.12	1.60	10.63	0.15
Namibia	0.89	1.00	1.01	0.95	1.36	2.31	0.03
Tunisia	0.78	0.80	0.81	0.84	1.20	2.80	0.03
Mauritius	0.57	0.67	0.67	0.72	1.03	8.00	0.08
Zimbabwe*	0.18	0.30	0.39	0.44	0.08	1.7	0.01
Other Countries	4.11	4.45	4.55	4.95	7.07	6.37	0.43
Total	63.49	69.27	71.35	69.94	100.00	3.27	3.27
Africa Excluding South Africa	14.92	16.24	16.99	18.33	26.21	7.11	1.74

Source: SwissRe

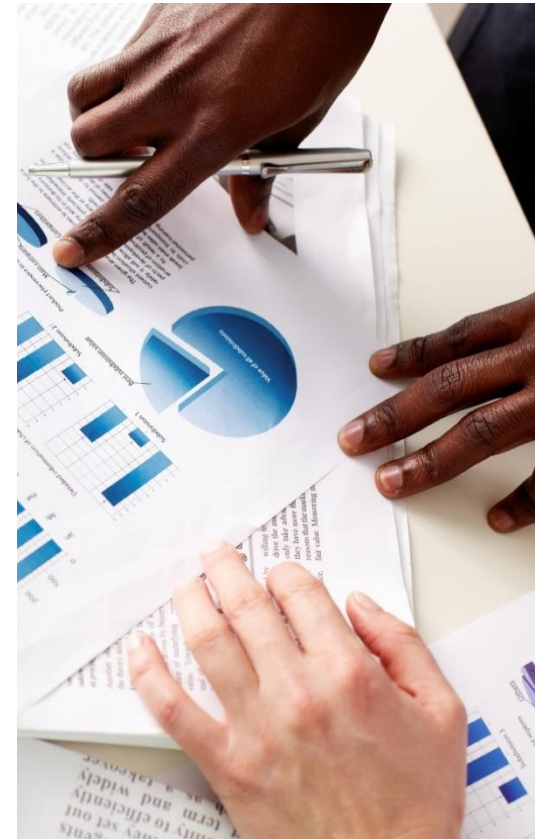
*Zimbabwe figures: Insurance and pensions commission(IPEC)

© Copyright Allianz SE 10-Nov-16

Our Industry

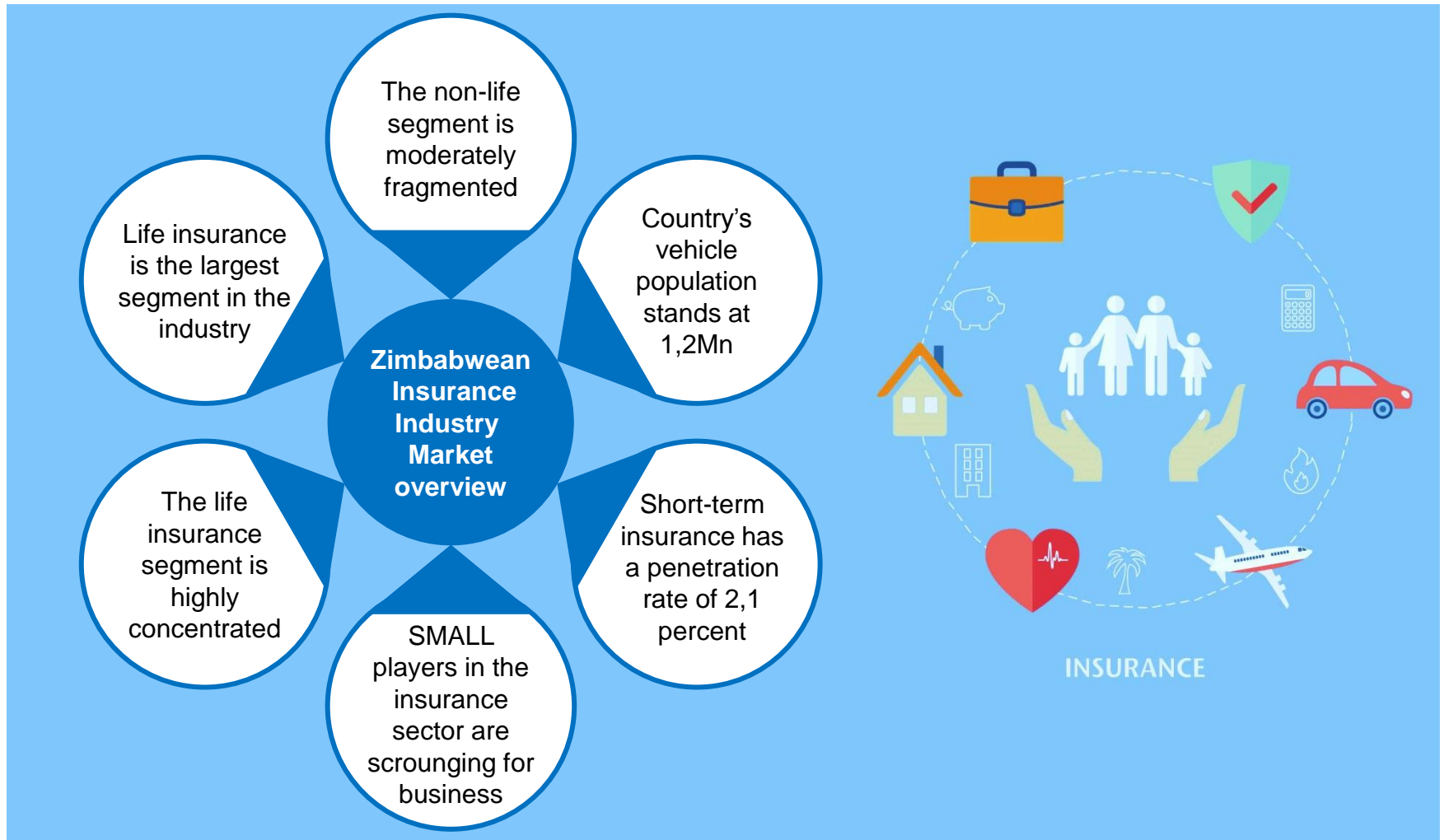
What are the limiting factors to fully develop the insurance market in Africa

- 1 Low income levels
- 2 Low understanding of insurance across various population segments
- 3 Disinvestment rather help develop African markets and develop the sector
- 4 Lack of trust
- 5 Lack of human capital and expertise
- 6 Lack of reliable information, making it very difficult to assess people's risk
- 7 Currencies and regulations



Zimbabwean Insurance Industry overview

There is a positive correlation between economic growth and growth in insurance business



Zimbabwean Insurance Industry market trends

The challenging economic environment is having an adverse impact on the performance of all sectors of the economy

The Zimbabwean insurance market at a glance



1

Cash-flow constraints

Company closures on a increase

2

3

Increased competition has resulted in rate undercutting

Failing to meet their claims obligations, resulting

4

Why Does premium Leave Africa?

Reasons put forward for transfer of premiums offshore

- 1** The lack of local capacity amongst local underwriters
- 2** The lack of suitable products in local markets
- 3** The lack of technical skill
- 4** The role of intra-group operations and global programmes
- 5** The role of relationships and price considerations
- 6** The lack of awareness of the existence of some of the above factors

Source: Lions on the move 2016

The Importance of retaining premiums in Africa

Increased retention will, over time, help grow the African insurance markets

Local carriers need the opportunity to underwrite certain risks where local capacity exists

Development of skills and technical expertise

Insurance premiums are invested into social and economic growth of local economies

The necessary transfer of premiums offshore occurs where the local market is restricted and when:

There is limited capacity to underwrite the risks locally

Risks fall outside risk appetite parameters of local carriers

To prevent the concentration of risks in local markets



Source: Lions on the move 2016

Our Industry/Premium Flight

The total premiums placed offshore across both life and non-life insurance is estimated at \$4.29Bn

Country	Life insurance transfers			Non-life insurance transfers		
	Life transfer(\$Mn)	Total life premiums (\$Mn)	Proportion of African life market transfer (%)	Non-life transfer (\$Mn)	Total non-life premiums (\$Mn)	Proportion of African non life market transfer (%)
South Africa	1,146	44,556	3%	1,800	9,565	19%
Morocco	69	1,023	7%	147	2,157	7%
Egypt	56	800	7%	480	1,051	45%
Nigeria	26	457	5%	291	1,406	20%
Kenya	2	520	0.4%	275	1,000	27%
Total	1,299	47,356	3%	2,993	15,179	20%

Source: Lions on the move 2016

African premium retention frameworks on premium flight

Regulators in most African countries have indicated their awareness of the risk of unnecessary transfer of premiums offshore

Country	Regulator	Minimum capital requirements
Nigeria	National Insurance Commission (NAICOM)	<ul style="list-style-type: none"> ▪ \$10Mn for life insurers ▪ \$15Mn for non-life insurers ▪ \$25Mn for composite insurers and \$50Mn for reinsurers
South Africa	Financial Services Board (FSB)	<ul style="list-style-type: none"> ▪ Approximately \$850K for life and non-life to date ▪ And will increase to approximately \$1,25Mn under SAM
Morocco	Department of Insurance and Social Welfare (DAPS)	<ul style="list-style-type: none"> ▪ Approximately \$5Mn for life and non-life
Kenya	Insurance Regulatory Authority (IRA)	<ul style="list-style-type: none"> ▪ \$2Mn for life insurers ▪ \$4Mn for non-life ▪ \$6Mn for composite insurers and life reinsurers require ▪ \$6Mn for non-life reinsurers
Zimbabwe	The Insurance and Pensions Commission (IPEC)	<ul style="list-style-type: none"> ▪ \$1.5Mn for non-life insurers ▪ \$5Mn for reinsurers

Source: Lions on the move 2016

Currency depreciation and its effect on insurance

The African market needs innovative solutions to neutralise the negative impact of devaluation of currencies

Potential disinvestment by international insurance and reinsurance companies

With contracting economy and higher inflation, many will opt not to insure their assets

Consumer resistance to the inevitable increases in insurance premiums

Underwriting performance to be under pressure

Increase cost on importation of goods i.e. Motor parts traded with these currencies

Delay in claims payment – When the dollar moves that contingent liability increases



So now What?



A close-up photograph of two men in business suits shaking hands. The man on the left is wearing a dark blue suit jacket with a white shirt cuff and a silver cufflink. The man on the right is wearing a dark grey suit jacket with a light blue shirt cuff. The background is a dark, out-of-focus grey.

**Thank You
for Your Attention**