

# Insurance has a big role to play in Africa's growth, starting now

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It is easy to see why Africa is an economic focal point for investors around the world. Even with falling commodity prices, growth in the world's second largest continent is only projected to fall to 4% in 2015 – which is double Europe's figure of 1.7%. The International Monetary Fund estimates that, in the next five years, Africa will have the world's fast growing economy.

With investment in Africa proliferating across countless markets, the insurance sector is no different. The latest figures from Swiss RE show that while Africa's insurance penetration rate stood at 3.5% in 2013, the market recorded a growth rate of 10.2% versus 2.5% worldwide.

With a presence in 12 African countries (including Nigeria, Kenya and Ghana), CEO of the International division of MMI Holdings Limited, Blum Khan believes now is the time for the insurance services sector, especially in South Africa, to take the leap and start growing the continent. According to Khan, this is good news for Africa, both economically and socially.

"Currently, insurance services amount to only 1% of Africa's GDP, compared to 12-14% of GDP in South Africa," says Khan. "This,

coupled with higher growth rates, gives us an opportunity to improve livelihoods and create long-term wealth for the people of this growing continent.”

African population levels have maintained a steady growth in the last few decades. With this growth came an inevitable rise in living standards, consumer buying power and demand for financial wellness. Khan argues that it simply makes good business sense for financial services companies – including those in investments and savings Solutions, life insurance solutions, health solutions, and short-term insurance solutions – to maximise opportunities for collaboration, connectedness and growth.

MMI's International division's approach to Africa is about growth, diversification of revenue and taking its intellectual property and capabilities into new and exciting markets. For example, the company is working closely with major mobile phone network operators in Africa to bring financial services to market via mobile. But it doesn't stop here.

"A growing African economy is only the starting point," says Khan. "If we want to grow in Africa, we need to help Africa grow, in a socio-economically as well."

He warns that investing financially in emerging markets demands an emotional investment as well as a financial one. "Our focus has always been on social return on investment along with actual return on investment. We follow a holistic approach to corporate social investment, which is always an integral part of our strategy. We

build relationships in the communities where we operate and help them fulfil their own goals and aspirations."

Growth in Africa does not come without its challenges. Due to Africa's diverse nature, Khan says the challenges of regulation, currencies, distribution capacity, human resource skills and low financial services penetration have to be tackled. He stresses that realising there is no one-size-fits-all model is a big step in the right direction – the next step is to analyse individual markets, understand client needs and develop appropriate propositions to meet these needs.

"For MMI, there is no doubt that we are committed to growing our market presence in the rest of Africa and we want this business, and our sector, to become a meaningful contributor to the continent's growth. A strong and healthy Africa means a strong and healthy sector. In the spirit of Ubuntu, we are because they are, and we must always remember that," concludes Khan.