

SPEECH OF THE PRESIDENT OF THE AFRICAN INSURANCE ORGANISATION, MRS. PATTY KARAUIEH-MARTIN, AT THE OPENING OF THE 28TH AFRICAN REINSURANCE FORUM FROM THE 12TH – 15TH OCTOBER 2024 IN CAIRO, EGYPT.

The Honourable Minister of Planning, Economic Development, and International Cooperation, Ms Rania Al-Mashat

The Chairman of the Financial Regulatory Authority, FRA, - Dr. Mohamed Farid Saleh

The Chairman of the Insurance Federation of Egypt and Local Organising Committee – Mr Allaa El-Zoheiry

The vice President of AIO – Mr Yared Mola

Members of the Diplomatic Corps

Executive Committee Members of the AIO

Invited Guests

Dear Delegates

Ladies and Gentlemen,

It is with immense pleasure that, on behalf of the African Insurance Organisation, I welcome you all to this 28th African Reinsurance Forum.

Permit me to pay special homage to the authorities of the Arab Republic of Egypt for their immense support in organizing this Forum, held under the high patronage of the Ministry of Investment and Foreign Trade and the Financial Regulatory Authority of Egypt. We are particularly impressed by the exceptional mobilization of industry actors, thanks to the Insurance Federation of Egypt and the strong collaboration between the market and the authorities. Such partnerships between the local industry and a supportive government contribute to a robust market and a thriving economy.

This collaboration has made the 28th African Reinsurance Forum the most highly attended in its history, with over 600 delegates participating. Honourable Minister of Investment and Foreign Trade, kindly convey our profound gratitude to His Excellency the President and the people of the Arab Republic of Egypt for their legendary hospitality and for creating an enabling environment for insurance professionals to reflect on this year's theme: "Harmonisation: Uniting the African (re)insurance markets for a sustainable future."

Honorable Guest of Honour, Ladies and Gentlemen,

Before the independence of most African countries, our markets were dominated by foreign reinsurers. After independence, many governments quickly recognized the critical role of the insurance sector in mobilizing capital for economic development. Some established re/insurance companies to retain funds and curb the outflow of capital. To address these challenges, the African Insurance Organisation launched the African Reinsurance Forum in 1995 in Lomé, Togo. The Forum was established as a platform for industry leaders to address reinsurance industry challenges, exchange ideas, and develop solutions. It promotes bilateral exchanges, business renewals, networking opportunities, and collaborations across the continent.

This year, we are tackling the vital issue of harmonisation with our theme: “Harmonisation: Uniting the African (re)insurance markets for a sustainable future.” This is a clarion call for increased collaboration among African re/insurance actors. Trade integration through the African Continental Free Trade Area (AfCFTA) aims to enhance intra-African trade by removing financial and non-financial barriers, fostering cooperation, and developing continental value chains.

The AfCFTA creates a market of 1.4 billion people with a combined GDP of US\$3.4 trillion. This presents a tremendous opportunity for the insurance sector, allowing smaller markets to grow and larger markets to diversify through cross-border cooperation. However, to fully realize the potential of this trade bloc, we must harmonize our reinsurance markets.

Currently, only a small percentage of African reinsurance premiums are retained within the continent, with most ceded to international reinsurers. For instance, according to the African Reinsurance Corporation (Africa Re), around 70-80% of reinsurance premiums from Africa flow to global reinsurers. This trend undermines local capacity-building and leaves the continent vulnerable to external market fluctuations. A critical solution is regional reinsurance pooling, where African reinsurers collaborate to retain more premiums on the continent.

Reinsurance is key to stabilizing the African insurance industry by managing high-risk exposures and providing essential underwriting capacity. However, the reinsurance sector in Africa still faces challenges in maximizing local risk retention. To address this, we need to adopt innovative strategies that support capacity, increase risk retention, and improve underwriting across the continent.

One example of this regional cooperation is African Risk Capacity Ltd (ARC Ltd). Over the last five years, ARC Ltd has emerged as a key player in increasing local risk retention through its parametric insurance model. ARC Ltd pools risks across African countries, particularly for climate-related disasters such as droughts, floods, and cyclones. This approach has enabled governments to collectively manage these risks thereby reducing reliance on international reinsurers. The pooling of these risks has helped countries to retain more premiums locally and improve disaster preparedness, resilience, and economic stability.

One of the reasons for low risk retention in African reinsurance markets is the lack of reliable data on emerging risks, such as climate change, political instability, and pandemics. Technology can greatly enhance the ability of reinsurers to underwrite more accurately and efficiently.

In fact, studies indicate that technology-enabled risk assessment tools could reduce underwriting losses by up to 30% by improving accuracy in risk profiling.

African markets are increasingly exposed to catastrophic risks, including extreme weather events, which pose significant challenges to the insurance sector. According to the African Union (AU), Africa experiences over 100 climate-related disasters per year, affecting 35 million people and costing the continent an estimated \$7-15 billion annually.

Supervisory authorities are central to establishing a regulatory environment that supports the growth of inclusive insurance markets. Proportionate regulations can help reduce entry barriers for insurers targeting underserved markets. For instance, encouraging microinsurance regulations and encouraged **sandbox approaches** to allow innovative products to be tested in real-world.

Ladies and Gentlemen,

The future of our industry lies not just in harmonizing our markets but also in embracing sustainability and diversity as central pillars of our growth. Sustainability is no longer an option; it is an imperative. The (re)insurance sector must adopt sustainable principles to remain relevant in the face of climate change, environmental risks, and socio-economic

challenges. As we strive for harmonization, let us also commit to incorporating environmental, social, and governance (ESG) standards into our operations.

Equally crucial to our future success is the empowerment of the youth, women and the promotion of women in leadership positions within our industry. Empowering women is not just a social responsibility; it is a key driver of innovation and competitiveness.

I am personally committed to advancing Diversity, Equity, and Inclusion (DEI) within our sector. Women, youth, and underrepresented voices must be integral to the insurance industry's leadership and decision-making processes.

Ladies and Gentlemen,

As we discuss harmonisation, we must acknowledge the role of AfCFTA in promoting cross-border trade and integration across Africa. We are pleased to have AfCFTA as a partner in this 28th Reinsurance Forum, and we look forward to their contributions during their full session at this event.

I also wish to extend my gratitude to all our speakers for sharing their knowledge and expertise, and to our sponsors for their generous support, which has ensured the success of this Forum. Our sponsors include MISR INSURANCE EGYPT, the Insurance Federation of Egypt, Africa Re, FBS RE, WAICA RE, ALLIANZ, NEM INSURANCE PLC, TAN RE, TUNIS RE, AVENI RE, GN RE, C&C RE, CONTINENTAL RE, GHANA RE, NAMIB RE, AM BEST, EURO ASSIST, and our official carrier EGYPTAIR.

Dear delegates, I wish you fruitful deliberations and an enjoyable stay in Egypt, the "cradle of civilization." Thank you for your kind attention.