



Origin of Reinsurance in Africa and its Present State

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Origin of Reinsurance in Africa

“You have to know the past to
understand the present.”

- Carl Sagan

Introduction

- Self-help is a notion that has existed everywhere since the beginnings of the human race. In Africa, we have examples of working the fields together (kobufedi in Pediculture), or re-building houses together (dibanisani in Xhosa culture) or the mutual covering of funeral costs (masingcwabane in Zulu culture) are proof of such practices.
- Insurance and reinsurance as it evolved in Europe and North America was introduced into Africa as the colonial powers swept through the continent.
- A few reinsurance companies emerged but did not stay longer. Factors that affected these entities include economic hardships, bad underwriting practices, competition just to mention a few.
- Key lessons from this historical narrative include collaboration, industry evolution, failures of entities caused by economic hardships, bad underwriting practices, competition, reputation, etc.

Introduction



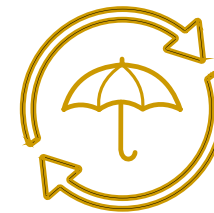
Insurance

Risk transfer mechanism



Reinsurance

Insurance for insurers



Retrocession

Insurance for reinsurers



Key difference: The Customer

Insurance = Policy holder

Reinsurance = Insurer

Retrocession = Reinsurer

History of Reinsurance

Early Years of reinsurance origin globally

Earliest Reinsurance Contract

The earliest reinsurance contract is believed to have happened in 1370 on a vessel that was destined to Bruges from Genoa.

First Reinsurance Company

In 1842 there was a large fire in Hamburg, the huge loss motivated the formation of the first independent reinsurance company called Cologne Re.

Swiss Re Munich Re Reinsurance of America

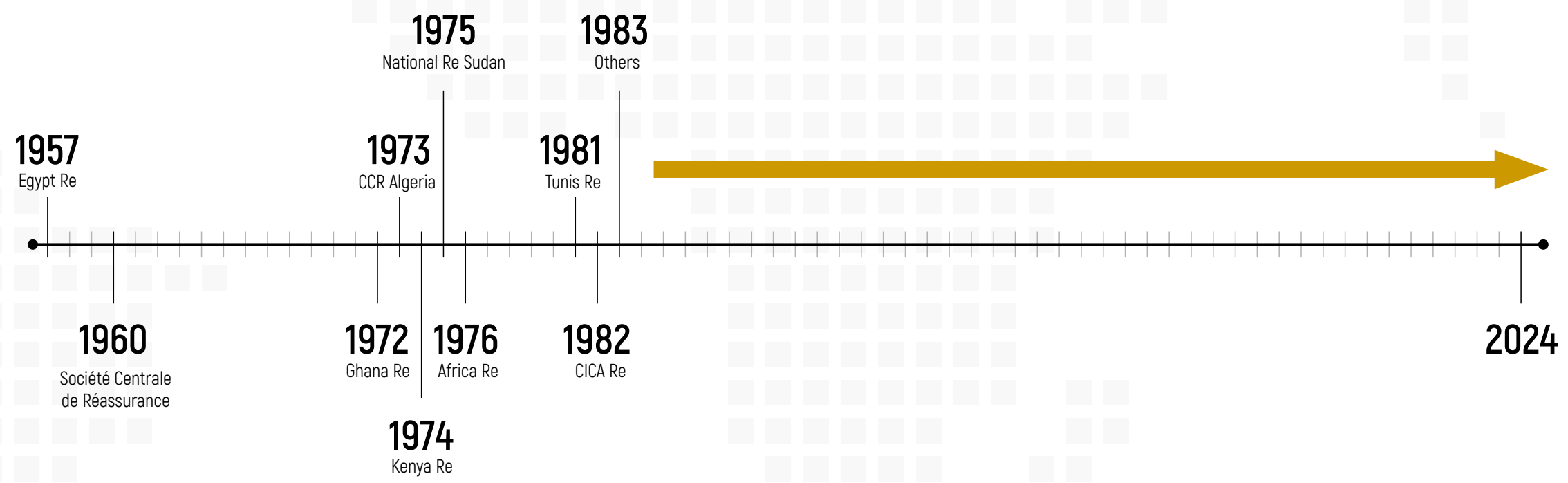
In 1861 there was a fire at Glarus. The same year Swiss Re was formed. However, the fire was not the basis for forming the entity but it was to retain premium within the country. In the years that followed the likes of Munich Re and Reinsurance of America where also established.

Origin of Reinsurance in Africa

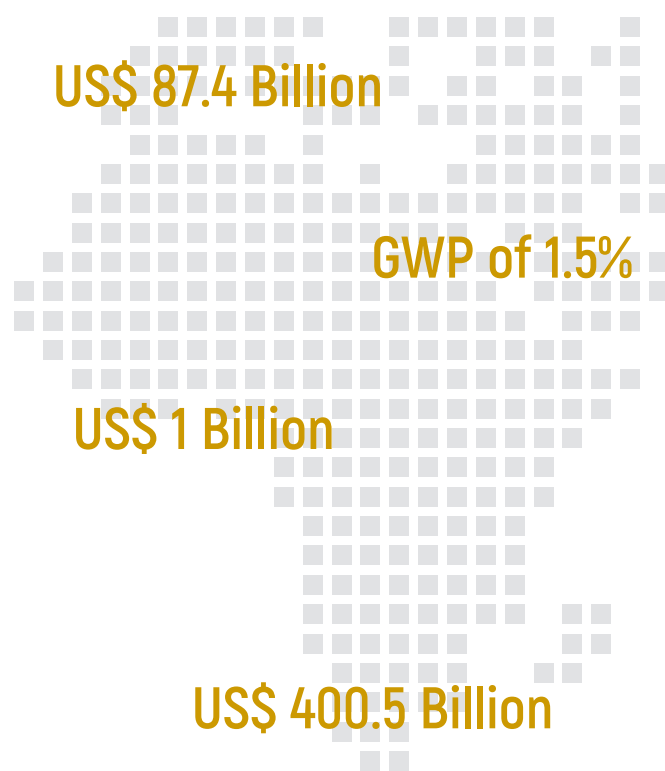
- Colonisation played a major role in the development of reinsurance in Africa. In the 1830s South Africa took the lead in establishment of insurance because of the British and Dutch immigrants. Fire and life insurance combined policies were developed.
- The first national reinsurance companies were established between 1960s and 1970s when a major of African country got independence from their colonies.
- In Africa the earliest reinsurance companies were state owned because only government could afford to mobilise huge funds for such investments. This was a move that was thought to be a sign of economic development and sovereign status for independent nations.



Origin of Reinsurance in Africa



Present Status of Reinsurance in Africa



- The Africa insurance market size reached US\$ 87.4 Billion in 2023. Looking forward, IMARC Group expects the market to reach US\$ 153.9 Billion by 2032, exhibiting a growth rate (CAGR) of 6.3% during 2024-2032.
- South Africa writes about 70%, while other bigger markets include Morocco, Nigeria, Kenya, Egypt, Tunisia
- In 2022 there were nearly 50 reinsurance companies which domiciled in Africa either state or privately owned. These reinsurers wrote a GWP of about USD 5.9 billion compared to USD 400.5 billion (129 reinsurers) written globally in 2022 (Atlas Magazine).
- In 2022 African reinsurers contributed a GWP of 1.5% globally.
- In 2023 Africa Re was the largest reinsurer in Africa with a turnover of USD 1 billion followed by MRoA USD 0.9 billion.

Present Status of Reinsurance in Africa

2023 Ranking	Company	Country	GROSS WRITTEN PREMIUMS				Growth rate
			2023*	2022	2021	2020	
1	Africa Re	Nigeria	1,106	951.8	845.3	804.8	16.20%
2	Munich Re Co. of Africa	South Africa	902.8	1,060.00	825.6	980.1	13.20%
3	Swiss Re Africa	South Africa	445	430	424	420	3.50%
4	Hannover Re South Africa	South Africa	425	377	475	422	12.70%
5	Société Centrale de Réassurance	Morocco	335	329.7	281.8	295.7	1.60%
6	Compagnie Centrale de Réassurance	Algeria	325	297	285.5	242.2	9.40%
7	General Re Africa	South Africa	274.8	268	261.7	254.9	2.50%
8	Continental Re	Nigeria	270	243.6	171	140	10.80%
9	Zep Re (PTA Reinsurance Co)	Kenya	238.1	236.2	213	208.2	0.80%
10	Kenya Re	Kenya	225	201	178.7	168.7	11.90%
11	WAICA Re	Sierra Leone	220	214.3	153.3	102.6	2.70%
12	CICA-RE	Togo	180.1	172.5	176.2	158.3	4.40%
13	SCOR SE - Africa Branch	South Africa	145.5	129	100.1	101.4	12.80%
14	GIC Re South Africa	South Africa	104.6	95	98.6	78.3	10.10%
15	Tan Re	Tanzania	86.2	78	71.2	60.5	10.50%
16	Ghana Re	Ghana	72	69.3	73.9	53	3.80%
17	Tunis Re	Tunisia	64.5	60	56.6	58.5	7.50%
18	NamibRe	Namibia	59.9	53	46.3	41.5	13.00%
19	Grand Reinsurance	Group	53.5	39.5	19.9	15.1	35.40%
20	Sen Re	Senegal	52	51	41.5	36.1	2.00%
Total			6,271.40	5,707.20	5,082.30	4,878.10	9.90%

*Estimates/forecast

Present Status of Reinsurance in Africa

KEY DRIVERS

- Economic growth and infrastructure development
- The increasing population of working-age individuals
- Enhanced awareness and education about the benefits of insurance
- Growth of microinsurance and agricultural insurance
- Urbanization agenda
- Regulatory reforms and market liberalization
- Natural disasters and climate change
- Technological advancement

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A network diagram with white nodes and lines on a gradient orange background. The nodes are connected in a complex web, with some nodes being larger and more prominent than others. The background transitions from a lighter orange at the top to a darker orange at the bottom.

**THANK YOU
DISCUSSION**

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