

Your Excellency Temesgen Tiruneh, Deputy Prime Minister of the Federal Democratic Republic of Ethiopia.

His Excellency Ato Mamo Mehretu, Governor of National Bank of Ethiopia

Members of the Diplomatic Corps

The immediate past president of the AIO, Benhabiles Sherif

Past presidents of the AIO

Commissioners of Insurance present

The Secretary General of the AIO, Mr Jean Baptise

Incoming President and Chairperson of the Local Organising Committee, Jahred Mola

Executive Committee Members of the AIO

Dear Media Practitioners

Dear Delegates

Distinguished Ladies and Gentlemen,

Good morning,

On behalf of the members of the African Insurance Organisation, I welcome you all to this 51<sup>st</sup> Conference and Annual General Assembly taking place here in the Diplomatic capital of Africa, Addis Ababa.

I would like to start with words of gratitude to the Government, the Governor and people of Ethiopia for accepting to host the AIO Conference for the third time in the 52-year history of the organisation.

Early professionals will recall that Ethiopia hosted its first AIO Conference in June 1982. Then in May 2002, industry practitioners gathered here again to discuss on **Performance of the African Insurance Industry.**

Ladies and gentlemen, Ethiopia has beaten the record of participation. I am glad to announce to you that this is the first time that registration for the AIO Conference has gone close to 2000. This is a clear indication of the vibrancy of the Ethiopian market.

We thank His Excellency Temesgen Tiruneh, the Government of the Federal Democratic Republic of Ethiopia and the local market, led by the Association of Ethiopian Insurers, for the support we received in putting this event together.

It feels good to be in this beautiful city, Addis Ababa. Unfortunately, we are in a beautiful place to discuss something less beautiful, the impact of our continent's debt burden on the insurance industry.

The theme of this year's conference, **Balancing the books: Africa's debt problem. Why Does Country Debt Impact Insurers?** calls for deep and committed reflection on the part of insurance professionals.

Dear insurance professionals, let us discuss a critical issue affecting Africa's economic landscape: increasing debt and its consequences on the insurance sector. As African countries navigate complex economic challenges, it's essential to understand the implications for the insurance industry.

According to the World Trade Organisation, Africa's debt has been rising steadily and becoming increasingly concerning and this is driven by factors such as:

- Infrastructure development: Borrowing to finance infrastructure projects.
- Economic growth: Increased borrowing to support economic expansion.
- Global market trends: Exposure to global market fluctuations and commodity price volatility.

Ladies and gentlemen,

the figures on Africa's debt situation are not the best according to ONE DATA (online version of March 11, 2025).

- 20 low-income countries in Africa are in, or at risk of, debt distress (57% of assessed countries)
- African countries owe US\$685.5 billion to external creditors as of 2023.
- African countries will pay US\$88.7 billion in external debt service in 2025.
- External debt owed by African countries is equivalent to 24.5% of their combined GDP in 2023

According to the United Nations Development Program, public debt can be vital for development as governments use it to finance their expenditures, to protect and invest in their people, and to pave their way to a better future. However, it can also be a heavy burden, when public debt grows too much or too fast. This is what is happening today across the developing world.

You will agree with me that country debt can have severe consequences on the population, particularly in developing countries as they spend their revenues on net interest payments. Some of the consequences of debts on the population include increased vulnerability, limited investment in sustainable development, reduced spending on essential services, inequality and unfair financial architecture etc.

The current international financial system perpetuates inequality, with developing countries facing higher borrowing costs and limited access to affordable financing. This can lead to a vicious cycle of debt and underdevelopment.

Ethiopia offers us an ideal opportunity as insurance professionals, to examine the impact of country debt burden on the insurance sector and propose solutions which will serve as guide to our respective governments and improve on the standard of living of our population. Meanwhile, you may note that when a government defaults repaying its debt, insurers are affected because when matured bonds are not repaid to them it affects their liquidity, solvency and profitability... Moreover, reduced

investment deprives insurers important insurable assets hence reducing potential income streams etc.

Distinguished Ladies and Gentlemen,

I would like to navigate you through a few initiatives embark on by the AIO to bring added value to its members and play its role as the voice of insurance in Africa.

- I. **AIO Chartered Insurance and Certification Programmes:** This project was designed to produce certification programmes in key areas in the industry such as Leadership in insurance, Microinsurance, Agriculture Insurance, Insure-tech & innovation.

The Leadership in Insurance program was launched during the 28<sup>th</sup> Reinsurance Forum in Cairo, Egypt in October last year. The English part is hosted by the College of Insurance Nairobi, while the Moroccan Insurance Training institute caters for the needs of French-speaking learners.

The first cohorts will receive their certificates during this conference.

- II. **African Insurance Data Repository.** AIO financed the feasibility study, the Request for Proposals (RfP) Terms of Reference (ToR). With Financial assistance from Africa Re the second part of this project which is aimed at engaging a vendor for a software development is ongoing. We hope to have this data on the AIO website in the next few months.

- III. **Agriculture Insurance Project:** This project which will soon go operational will train African insurance underwriters on areas such as product designing, pricing and claims management. It is a joint project with the World Bank.

- IV. **Regulatory Framework Reform:** As the voice of African insurance, the AIO is working towards a harmonised regulatory framework under the African Continental Free Trade Area Agreement to facilitate business within the African insurance space. We again thank Africa Re for accepting to fund this project which AIO is conducting together with UNDP.

- V. **Actuarial development:** Through this program, the AIO facilitates training for young African actuaries by supporting their financial cost. It is open to young professionals from AIO member companies.

## **VI. AIO Insurance Mortality Table Facility**

Life and health insurance pricing is a major challenge in African markets and has significantly impacted the growth potential of life insurance in most markets. The development of an aggregated mortality (and morbidity) table for Africa will enable AIO members in each country to access local mortality (and morbidity) data so that they can price life (and health) insurance products accurately and fairly, thereby increasing insurance acceptance.

Your Excellency Temesgen Tiruneh, President of the Federal Democratic Republic of Ethiopia,

Distinguished guests,

Ladies and gentlemen.

The AIO Secretariat and the Local Organising Committee have brought together very seasoned professionals to lead the reflection on the conference theme

I wish to thank all our speakers for accepting to share their knowledge and experience with the participants of this conference.

I equally wish to thank our sponsors for their immense support towards the organisation of this event.

I wish to recognise in a very particular way AFRICA RE, ETHIOPIAN RE, THE ASSOCIATION OF ETHIOPIAN INSURERS, ETHIOPIAN INSURANCE CORPORATION, WAICA RE, ATLANTIC RE CDG GROUP (former SCR MAROC), SANLAMALLIANZ, ZEP RE, TAN RE, MUNICH RE, NEM INSURANCE PLC, TUNIS RE, GHANA RE, EAST AFRICA RE, FINSBURY RE, MAWDY, EMERITUS RE, MAISNTREAM, C&C RE, PROTECTION RE, MILLIMAN, GIC RE, AM BEST, APEX, CICA RE, FBS RE, GN RE, AVENI RE, AXA, REMEDASSISTANCE, NCA RE, ACTUARIAL SERVICES, CONTINENTAL RE, KENYA RE, NAMIB RE, UNDP and SANTAM.

Dear delegates,

I invite you to use this conference to network, exchange and create business partnerships to promote the African insurance industry.

Enjoy your stay in Addis Ababa. And do not forget to visit beautiful historic heritage of Ethiopia.

Thank you for your kind attention.