

Mobilizing Long-Term Insurance Funds for Inclusive Development: Innovation, Household Financial Stability, and Wealth Creation in African Economies.

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Definition and Key Measurement Metrics

- Inclusive development means growth that benefits all segments in the society particularly low-income populations, rural communities, women and youth, small and medium enterprises, vulnerable and marginalized groups.
- Unlike traditional development models who focus on GDP, inclusive development asks who is participating and who is benefiting.
- Key metric used to measure inclusive development are Human development Index, social inclusion indices and well being indices.

Priority Growth Areas for Inclusive Development

Growth Area	Why It Matters	Inclusive Impact
Sustainable Infrastructure	Roads, housing, energy, and transport systems	Expands access to markets, services, and jobs for rural and urban poor
Renewable Energy & Green Economy	Solar, wind, and circular economy initiatives	Creates <i>job-rich growth</i> while reducing environmental risks and energy poverty
Digital Innovation & Technology	AI, automation, fintech, e-health	Opens new employment frontiers, but requires reskilling to avoid exclusion
Healthcare & Social Protection	Universal health coverage, insurance, social safety nets	Reduces vulnerability, improves productivity, and supports equality
Education & Skills Development	Vocational training, digital literacy, STEM	Equips youth and women for future jobs, reduces structural inequality
SMEs & Entrepreneurship	Microfinance, small business support	Empowers marginalized groups, especially women and rural communities
Agriculture & Food Security	Modernized farming, agro-processing	Enhances rural incomes, food resilience, and poverty reduction
Demographic Dividend Investments	Youth employment programs	Harnesses Africa's young population for inclusive growth

Long term insurance funds → Inclusive Growth

- Long-Term Insurance Funds are Funds accumulated through Life insurance premiums reserves, pension linked products, annuity funds and long-term policy savings.
- Characteristics of long-term insurance funds: stable capital, stable cash flows, predictable long-term liabilities, long investment horizon and Significant asset accumulation.
- Long term funds are uniquely positioned for long term projects because they: Hold long-duration liabilities, Seek predictable returns, have strong risk management frameworks, Invest for decades rather than years.
- Makes them Ideal for inclusive development projects such infrastructural projects, renewable energy, affordable housing and health care facilities as they align naturally with these long-duration development projects.
- Mobilizing long term insurance assets can therefore bridge the financing gaps for long term projects and accelerate inclusive development.



Why This Topic Matters



- Africa is experiencing rapid population growth, urbanization , infrastructure deficits and expanding middle class.
- Growing demand for Financial security and stability (Retirement, life and health benefits), Economic growth (SMEs and job creation), Social progress(Education and health care),infrastructural development(affordable housing, renewable energy, Transportation), Food security and digital transformation .
- These long-term investment projects need patient capital (long term capital).
- Traditional sources of long-term capital have been Pension funds, life insurance funds, government savings funds, and long-term bond markets.
- However, many African countries are facing substantial challenges raising long term financing from Government savings and long-term bonds due to limited fiscal space, rising public debts, high cost of borrowing and underdeveloped capital markets.
- With pension coverage remaining limited in many African countries, life insurance funds are increasingly recognized as an underutilized source of patient capital that can support inclusive and sustainable development.

Key question

How can life insurers mobilize long-term funds to drive inclusive development while meeting policyholder obligations?

Strengths

- Growing insurance penetration.
- Expanding middle income population.

Strengths

- Increasing regulatory reforms
- Emerging institutional investors and venture capital firms

Trend Overview (2014–2024)

- 2014–2016: Penetration averaged 2.5%, with South Africa contributing over 80% of life premiums. Most other countries remained below 1%.
- 2017–2019: Growth in Morocco, Kenya, and Namibia lifted the continental average to 2.6%–2.7%. Regulatory reforms and pension-linked products supported expansion.
- 2020–2022: COVID-19 slowed premium growth, but demand for health and protection products increased awareness. Penetration held around 2.7%.
- 2023–2024: Renewed momentum from digital distribution, microinsurance, and group life schemes pushed penetration to 2.8%, with Kenya and Morocco showing notable gains.

Regional Highlights

- South Africa: Consistently dominant, with penetration above 12%, driven by retirement savings and annuity products.
- Namibia: Rose to nearly 8%, showing strong regulatory and pension fund integration.
- Morocco: Increased steadily to 3.6%, with balanced life and non-life growth.
- Kenya: Grew to 2.5%, supported by mobile insurance and group life.
- Nigeria, Egypt, Algeria: Still below 1%, reflecting untapped potential.

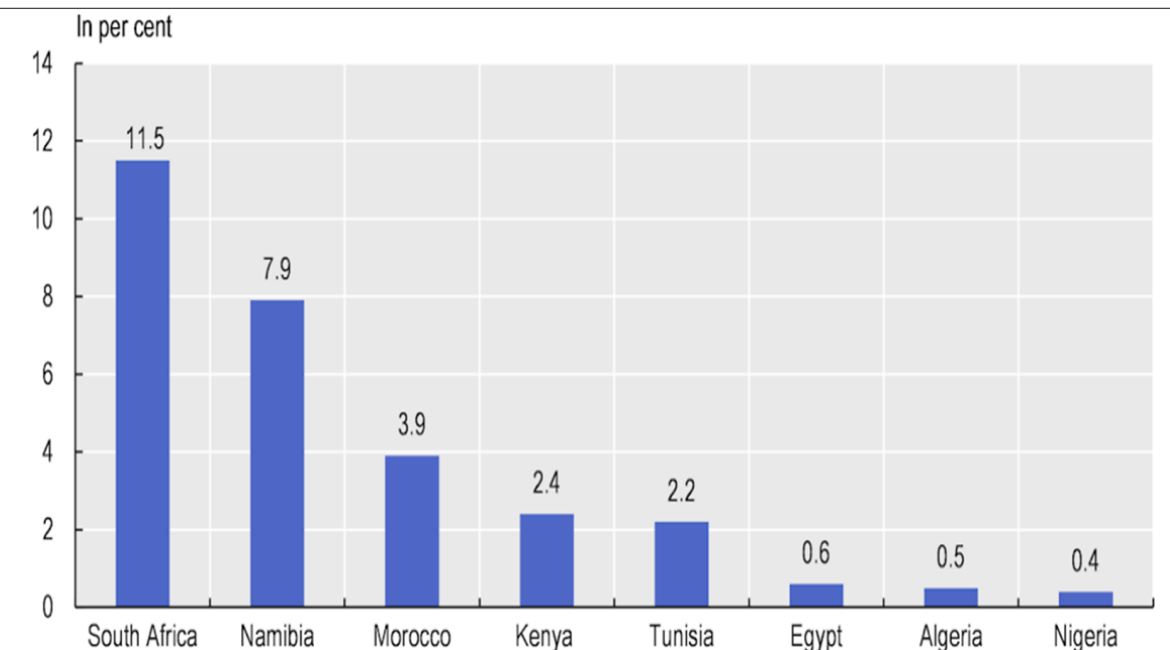
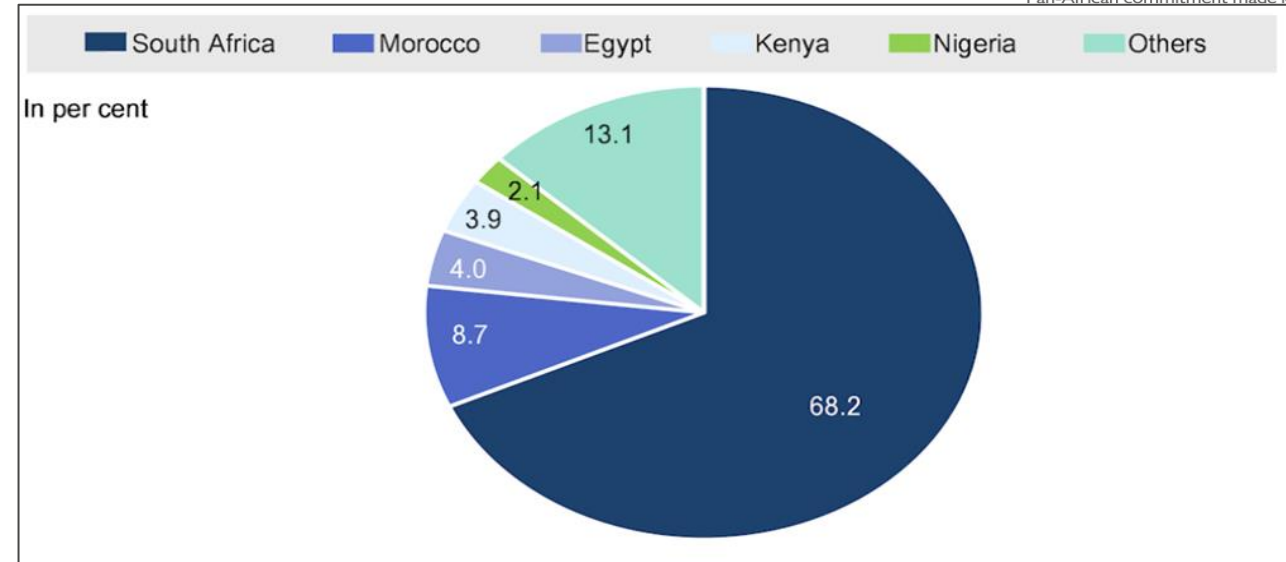
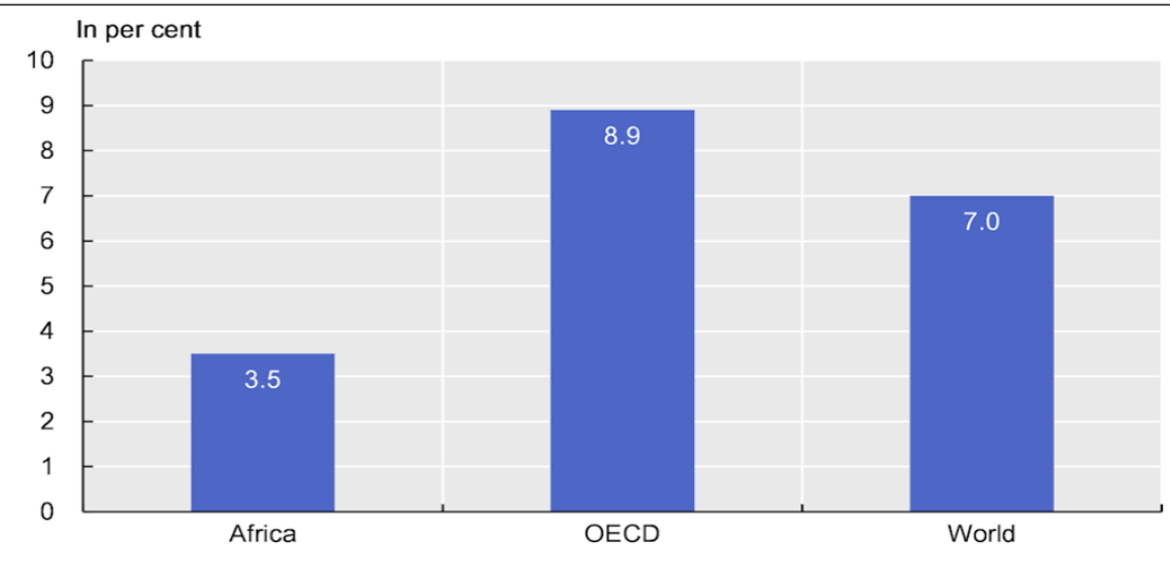
Challenges

- Insurance penetration ranges from 11.5% in SA to 0.3% in Nigeria and Ethiopia. low(Average 3.5% vs 7%) and remarkable divergence across African countries.
- Pension assets-to-GDP ratios ranges from 1.3% in Mozambique to 103.6% in Namibia. Low average of 22.6% vs 33.9%)

Challenges

- Limited investment diversification: African Insurance funds are mainly invested in government securities which limits their role in capital market development.
- Apart from SA non-life insurance dominates the African insurance landscape

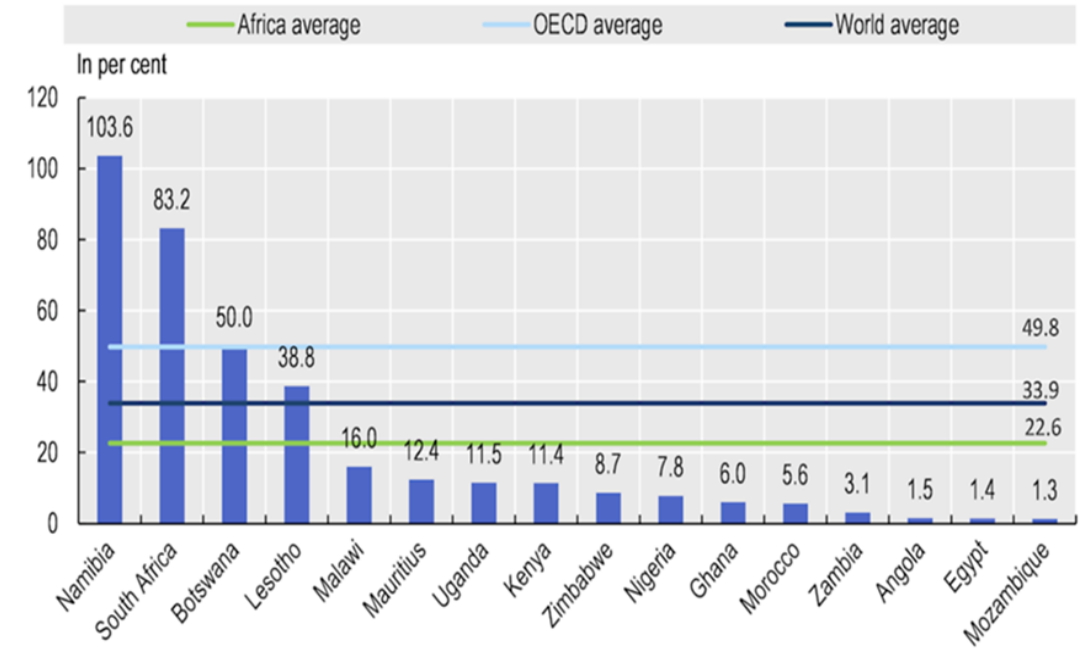
Size of the insurance market in African countries



- Insurance penetration in Africa is low relative to other regions. In Africa, the insurance penetration rate, measured as total insurance premiums as a % of GDP, is half the global average.
- Five countries in Africa (South Africa, Morocco, Egypt, Kenya and Nigeria) account for 87% of total premium with South Africa alone accounting for more than two-thirds of collected premiums.
- The insurance penetration rate in South Africa at 11.5%, is significantly higher than other African countries. Morocco, Egypt and Kenya are the next largest insurance markets in Africa, although insurance penetration rates are significantly lower.
- Namibia has the second highest penetration rate, although its overall market weight is significantly smaller.

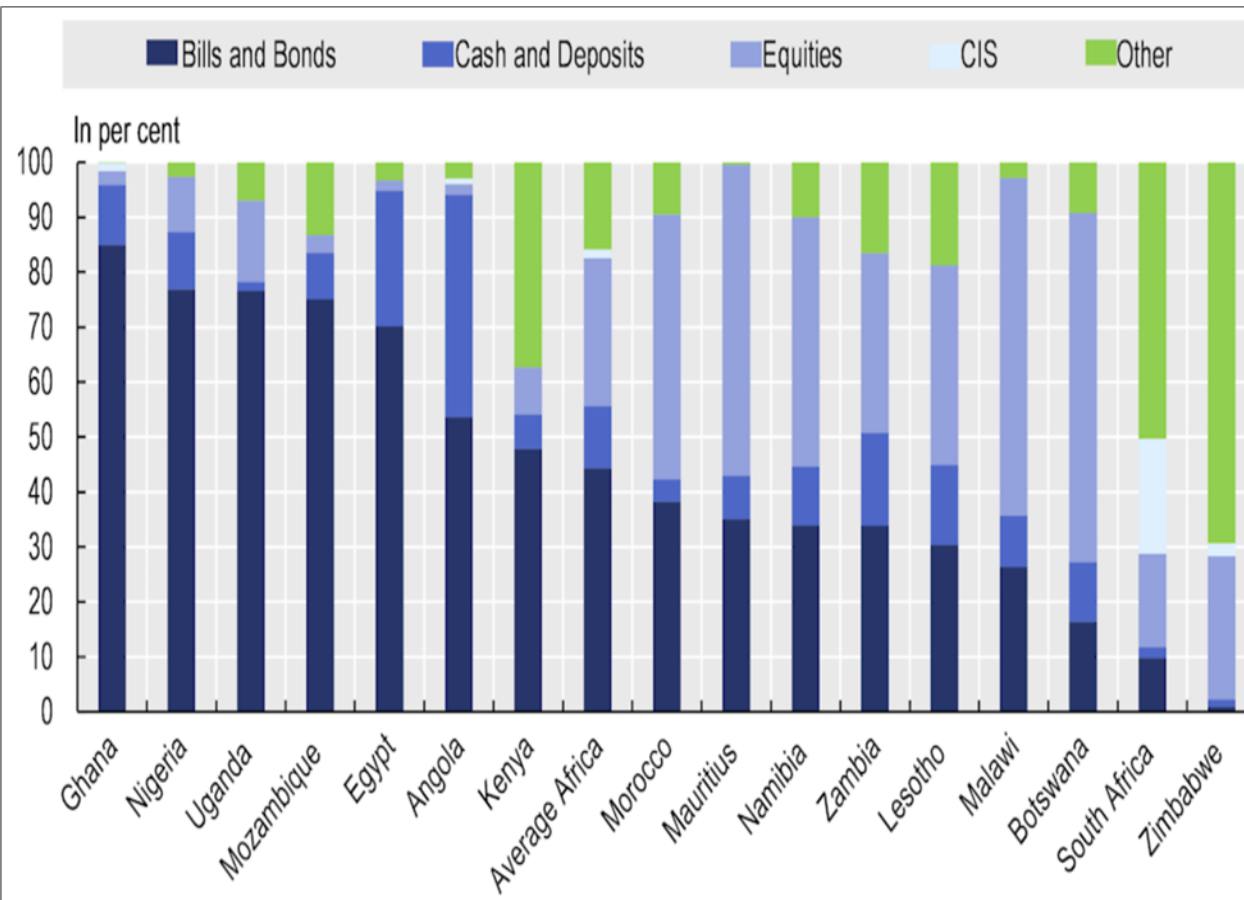
Total assets of pension funds as a share of GDP, end-2023

- ▶ Pension participation is low in many African countries. As a result, the value of assets managed by pension funds is small relative to other parts of the world.
- ▶ Low participation mainly stems from limited income and the dominance of informal and rural employment (Africa Finance Corporation, 2025[1]).
- ▶ In many African countries, pension systems only cover formal sector salaried employees such as public sector and formal private sector employees. According to ILO in 2023, about 85.3% of population in Africa was in informal sector.
- ▶ Low participation is also driven by the prevalence of voluntary, rather than mandatory, pensions schemes, as participation is lower in voluntary schemes.



- ▶ A pension assets-to-GDP ratio > 100% means a country's accumulated retirement savings are worth more than GDP.
- ▶ This indicates a highly mature, heavily funded retirement system, typically found in advanced economies or nations with mandatory, well-established capitalization models. Such 100% are Botswana, Denmark(200%), Canada(180%), Netherlands(150%), Switzerland(165%) and UK(120%).
- ▶ The size of assets managed by pension funds in most African countries is small compared to global peers. 12 out of 16 African countries have pension assets-to-GDP ratios below the African average which was 22.6% in 2023.

Asset allocation of African pension funds as a share of total investment, end-2023



- African pension funds mainly invest in government securities (Bills and Bonds).
- On average, pension funds allocated 44.4% of their investments to bills and bonds at the end of 2023, 26.9% to equities, 11.3% to cash and deposits and 15.9% to “other” assets.
- According to OECD 2024 Global Pension Statistics the share of pension funds invested in government securities in 2023 in Ghana, Uganda, Nigeria, Kenya were 81%, 79%, 65.9% and 47.5% respectively.
- Pension funds in Angola and Egypt stand out with their higher allocations to cash and deposits, at 40.4% and 24.6%, respectively.
- Limited investment in alternative assets such as infrastructure, real estate investment trusts, private equity and venture capital limits the role of insurance funds in capital market development.

Distribution of Life vs. Non-Life Premiums in Africa (2024)

Country	Life Premiums (USD)	Non-Life Premiums (USD)	Total Premiums (USD)	Share of Market
South Africa	38.4B	12.0B	50.4B	~68% of Africa
Morocco	2.64B	3.15B	5.79B	~8%
Kenya	1.47B	1.56B	3.03B	~4%
Egypt	0.56B	1.15B	1.71B	~2%
Nigeria	0.31B	0.71B	1.02B	~1%
Algeria	0.15B	1.10B	1.26B	~1%
Tunisia	0.36B	0.84B	1.20B	<1%
Namibia	0.77B	0.29B	1.06B	<1%
Côte d’Ivoire	0.42B	0.57B	1.00B	<1%

Regional Breakdown of Premium

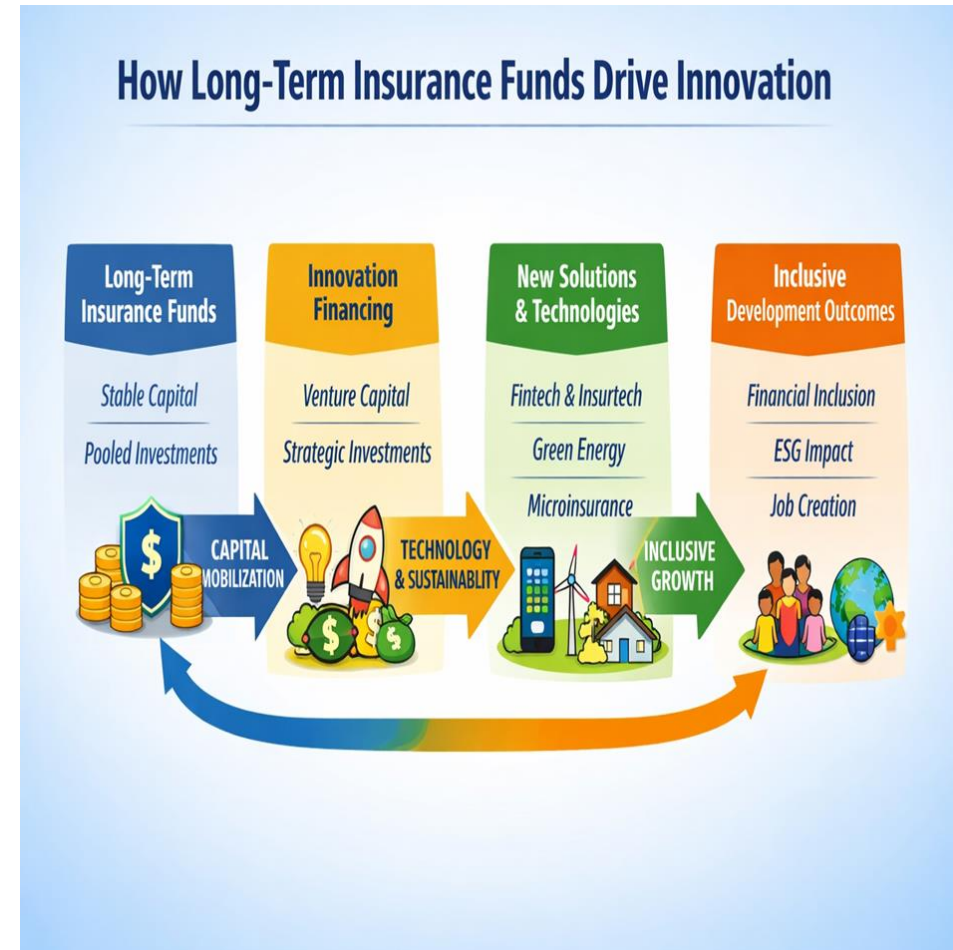
- Total Africa (2024): Life premiums: 47.1B USD, Non-life premiums: 26.5B USD, Combined: 73.6B USD(Life 64%).
- Apart from SA, nonlife dominates the market.
- Regional Breakdown:
- Southern Africa (esp. South Africa): Dominates with 72% of Africa’s premiums, heavily skewed toward life insurance.
- North Africa (Morocco, Egypt, Algeria, Tunisia): More balanced mix, with Morocco showing strong non-life growth.
- East Africa (Kenya, Tanzania, Ethiopia): Growing markets, Kenya nearly equal in life and non-life.
- West & Central Africa: Smaller markets, mostly non-life driven (motor, property, health).
- Nonlife contracts are short term and thus drive short term investments.

Goal of Presentation

- Insurance is more than risk protection—it is a powerful financial instrument since premiums collected can be invested in long term assets like government bonds, infrastructure projects and equities.
- Insurance penetration is low with remarkable divergence across African countries , there is Limited investment diversification of insurance funds and the insurance landscape is dominated by nonlife insurance.
- Hence effectively and efficiently mobilizing long term funds for inclusive development is critical.
- Our goal today will be to show how Long-term insurance funds can impact inclusive development (sustainable growth) via innovations, household stability and wealth creation.
- Innovation + household stability + wealth creation = sustainable growth

Long term funds → Innovation → Inclusive Growth

- VC firms are private equity firms.
- Raise funds from limited partners (LPs) such as pension funds, endowments, and high-net-worth individuals.
- Primary objective: fund startups or emerging companies that demonstrate high growth potential or innovative business models often in technology.
- They also offer strategic guidance, networking, and operational expertise to help startups grow.
- VC investments are high-risk, as many startups fail,
- Successful investments can generate substantial returns, sometimes creating unicorns (privately held companies valued over \$1 billion).
- In Africa, unicorn startups are particularly important because they: Drive financial inclusion across underbanked populations, Accelerate digital transformation, Create high-value tech jobs, attract foreign direct investment and expand cross-border digital infrastructure.



Leading African Unicorns and Billion-Dollar Startups

S/N	Name	Description
1	<u>Flutterwave</u> (Nigeria / Pan-African)	<ul style="list-style-type: none"> ▶ Flutterwave is one of Africa's most prominent payment infrastructure companies. ▶ It provides cross-border payment solutions, merchant services, and digital payment APIs that enable global and African businesses to transact seamlessly. ▶ Current valuation :\$3 billion (Feb 2022)
2	<u>Chipper Cash</u> (Uganda / Ghana)	<ul style="list-style-type: none"> ▶ Chipper Cash is a fintech platform focused on low-cost and free money transfers across African countries. ▶ Current Valuation: \$500 million down from \$2.2 billion (2021)
3	<u>OPay</u> (Nigeria)	<ul style="list-style-type: none"> ▶ OPay is a fast-scaling mobile payments and financial services platform offering digital banking, payments, and merchant solutions. ▶ Current valuation: \$2.7 billion(April 2024)
4	<u>Interswitch</u> (Nigeria)	<ul style="list-style-type: none"> ▶ Interswitch is one of Africa's pioneering digital payments companies. ▶ It provides electronic transaction infrastructure and payment processing systems that power much of Nigeria's banking ecosystem. ▶ Current valuation: \$1 billion
5	<u>Wave Mobile Money</u> (Senegal / Francophone Africa)	<ul style="list-style-type: none"> ▶ Wave Mobile Money has disrupted the West African mobile money market with low-cost transfers and a simple user experience. ▶ It is especially influential in francophone Africa, where it has significantly increased access to digital financial services. ▶ Current valuation : \$1.7 billion (since 2021)

Long term funds → Household stability/Wealth Creation → Inclusive Growth

The Flow of Long-Term Insurance Funds



- Mobilize capital through investments linked products, pure savings products, risk products (death, disability, loss of job or income), and health products.
- Payout for death and others act as safety nets against income shocks reducing vulnerability to poverty traps resulting to household financial stability. This will encourage savings and long-term planning.
- These funds can be channeled into mega infrastructures, SME growth, and social sectors like health and education resulting to inclusive development.

From Insurance Funds to Inclusive Development



- Insurance funds can act as institutional investors in capital markets.
- Financing long-term projects: housing, renewable energy, infrastructure, education and health.
- This empowers SMEs through credit guarantees and risk-sharing mechanisms resulting in creation of intergenerational wealth.
- Intergeneration wealth translates into broad-based prosperity—jobs, infrastructure, and social equity hence Sustainable growth that benefits all segments of society.

Beyond Capital Mobilization

Unlocking the Strategic Potential of Long-Term Insurance Capital

Mobilizing Long-Term Insurance Funds for Inclusive Development:
Innovation, Household Financial Stability and Wealth Creation in African Economies



Sahib Singh Khosla, HSC



Beyond Capital Mobilization

Thank you, Nkwenti. Having explored why long-term insurance funds matter, the African landscape, and the links to innovation, household stability and wealth creation, I would like to focus on one question:

How do we move from mobilizing insurance capital to maximizing its developmental impact?



What This Section Adds

We move from the opportunity of long-term funds to the strategic question of impact: what do these funds help build for African economies and households?

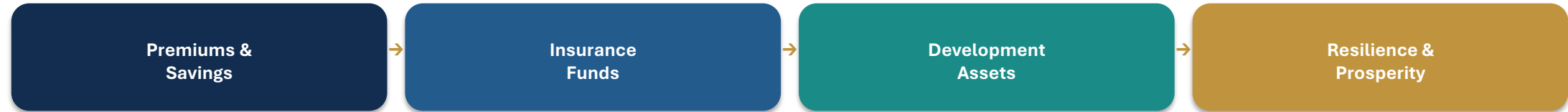
Speaker Positioning

This is not a repeat of the landscape. It is the deep dive into deployment, development outcomes, resilience, regulation and recommendations.

KEY TAKEAWAY: Mobilizing funds is the starting point. Creating impact is the objective.

From Financial Capital to Development Capital

When premiums are collected and reserves accumulate, the key question is: what economic outcomes are those investments ultimately supporting?



Value 1: Financial Returns

Investment returns remain essential for solvency, policyholder obligations, shareholder value and long-term sustainability.

Value 2: Development Outcomes

Housing, healthcare, education, infrastructure, energy and enterprise development create broader economic value.

Actuarial Perspective

Actuaries help ensure development investments remain aligned with liabilities, solvency requirements and policyholder obligations.

KEY TAKEAWAY: Insurance capital creates both financial and societal value.

Financing Africa's Future

Long-term liabilities naturally align with sectors where benefits emerge over many years and stable funding is critical.

Sector	Contribution	Development Outcome
Housing	Mortgage finance	Household stability
Infrastructure	Roads, utilities, logistics	Productivity
Healthcare	Hospitals and facilities	Human capital
Education	Universities and schools	Skills development
Energy	Renewable energy	Sustainable growth
SMEs	Enterprise finance	Employment

Emerging Opportunities

Climate adaptation, affordable housing, healthcare expansion, renewable energy and digital infrastructure.

Investment Discipline

Duration, liquidity, risk-adjusted return, regulatory requirements and liability characteristics must all be considered.

KEY TAKEAWAY: Long-term liabilities naturally align with long-term development needs.

Why Life Insurers Are Uniquely Positioned

Life insurers are not merely sources of capital. Their liability profile, governance frameworks and actuarial disciplines make them natural stewards of patient capital.

- Long-duration liabilities aligned to long-term assets.
- Predictable premium inflows and cashflow profiles.
- Expertise in pricing and reserving uncertainty.
- Strong governance and prudential oversight.
- Capital management frameworks.
- Asset-Liability Management (ALM) capability.
- Investment horizons measured in decades, not quarters.

Actuarial Insight

Few institutions are better equipped to transform long-term savings into long-term development assets while preserving policyholder security.

Positioning

This is where the life insurance sector's technical foundations become strategically important for Africa's development agenda.

KEY TAKEAWAY: Life insurers are natural stewards of patient capital.

African Case Studies: Insurance Capital in Action

These case studies show three different pathways: infrastructure finance, inclusive distribution and productive enterprise growth.

South Africa

Pension and insurance funds have supported infrastructure financing, renewable energy programmes and capital market development.

Lesson: Domestic institutional capital can finance development at scale.

Kenya

Mobile-enabled insurance models distributed through digital ecosystems have expanded access among households and informal workers.

Lesson: Innovation can drive inclusion.

Nigeria

Insurers increasingly support productive enterprise through corporate debt, credit enhancement mechanisms and investment vehicles linked to SME financing.

Lesson: Long-term capital can stimulate entrepreneurship and employment.

Africa does not need to import every solution. Many examples already exist within our own markets.

KEY TAKEAWAY: African markets are already demonstrating how insurance capital can support development.

The Hidden Opportunity: Patient Domestic Capital

Africa's challenge is not merely a shortage of capital. It is a shortage of patient capital: capital that can remain invested long enough to support transformation.

Why Domestic Capital Matters

Foreign capital can be valuable but volatile. Development finance is limited. Public budgets face competing demands. Insurance funds are generated within African economies.

Contrarian Observation

Insurance capital may be one of Africa's most underutilized development financing tools because it is generated domestically, invested domestically and can create benefits domestically.

African development should increasingly be financed by African capital.

KEY TAKEAWAY: Domestic institutional capital can become a strategic pillar of Africa's future growth.

Economic Growth for All

Inclusive development asks not only whether economies grow, but whether that growth translates into protection, opportunity and improved wellbeing.

Growth	Growth for All
GDP expansion	Financial security
Premium growth	Protection
Asset growth	Participation
Capital formation	Opportunity
Economic expansion	Resilience

Key Question

Who ultimately benefits from growth?

Interpretation

Growth is easier to measure than inclusion. Insurance helps translate growth into security and resilience.

KEY TAKEAWAY: Growth is an economic outcome. Inclusion is a societal outcome.



Inclusive Development Requires Inclusive Protection

The future growth of African insurance may increasingly come from populations historically excluded from formal protection systems.

Informal-sector workers

Gig-economy participants

MSMEs

Women

Youth

Rural communities

Observation

Gig-economy workers represent one of Africa's fastest-growing workforce segments, yet many remain uninsured.

Insight

The next frontier of insurance inclusion may be protecting income rather than protecting assets.

KEY TAKEAWAY: Economic inclusion and insurance inclusion must advance together.

Innovation Beyond Technology

Innovation is often associated with technology. But strategically, innovation also means redesigning products, partnerships and distribution channels to reach those traditional models miss.



What Innovation Must Achieve

Reduce friction, match irregular income patterns, use partnerships, support digital servicing, and protect income, not only assets.

Key Insight

Innovation expands participation. Participation expands premiums. Premiums expand long-term capital.

KEY TAKEAWAY: Innovation is not simply about efficiency. It is about inclusion.

From Wealth Creation to Resilience Creation

Imagine two households with identical wealth. One loses a breadwinner without protection. The other has adequate life insurance. The difference is not wealth. The difference is resilience.

A Claim Can

- Prevent distress sales
- Preserve household income
- Keep children in school
- Protect retirement outcomes
- Enable recovery after shocks



Memorable Line

Insurance creates resilience before it creates wealth.

Insight

A life insurance claim may preserve intergenerational wealth more powerfully than many investment products.

KEY TAKEAWAY: Wealth creates opportunity. Resilience protects opportunity.

Measuring Success Beyond Financial Returns

Financial returns remain essential. But if insurance is an enabler of economic growth for all, they do not tell the whole story.

Traditional Measure	Broader Measure
Premium growth	People protected
Assets under management	Financial inclusion and access
Investment returns	Household and community resilience
Market share	Economic participation
Profitability	Long-term prosperity and social value

Emerging Questions

How resilient are households? How inclusive is access? What outcomes are being achieved? What long-term value is being created?

Actuarial Reflection

Actuaries have traditionally measured financial outcomes. Increasingly, the profession is also being asked to help quantify resilience and broader societal impacts.

KEY TAKEAWAY: Success should be measured not only by returns generated, but by outcomes created.

Regulatory Enablers: Creating the Conditions for Success

Long-term insurance capital flourishes within enabling ecosystems. The objective is not deregulation. It is smart regulation.

- Maintain strong prudential frameworks.
- Encourage appropriate investment flexibility.
- Support infrastructure investment vehicles.
- Promote innovation sandboxes.
- Facilitate digital distribution.
- Encourage public-private collaboration.
- Support proportionate, risk-based investment frameworks with actuarial oversight.

The Balance



Actuarial-Policy Question

How can insurers support development while preserving policyholder security and financial soundness?

KEY TAKEAWAY: The objective is not deregulation. It is smart regulation.

Recommendations for African Insurance Leaders

Mobilizing long-term insurance funds requires coordinated progress across insurers, regulators and actuaries.

For Insurers

- Expand penetration
- Innovate for underserved markets
- Strengthen investment capabilities
- Develop products for gig and informal workers

For Regulators

- Enable prudent investment flexibility
- Support innovation frameworks
- Encourage domestic capital formation
- Balance innovation with policyholder protection

For Actuaries

- Bring long-term thinking into decisions
- Balance development with policyholder security
- Expand into sustainability and social-risk analytics

KEY TAKEAWAY: Mobilizing long-term insurance funds requires collective action across the ecosystem.

Call to Action: Insurance Capital for Africa's Future

Africa's development story will require long-term capital. Life insurers already possess long-term liabilities, long-term investment horizons, long-term relationships with households and expertise in managing long-term risk.

Final Reflection

What if, twenty years from now, we looked back and concluded that one of Africa's most important development financing tools had been sitting within the insurance sector all along?



The future of African insurance will not be determined only by how much capital we accumulate, but by how effectively we deploy that capital in service of resilience, inclusion and prosperity.

Long-term insurance funds should not be judged solely by the returns they generate, but by the resilience they build, the inclusion they enable and the prosperity they create.



Questions



Comments



THANK YOU