InsurTech lab

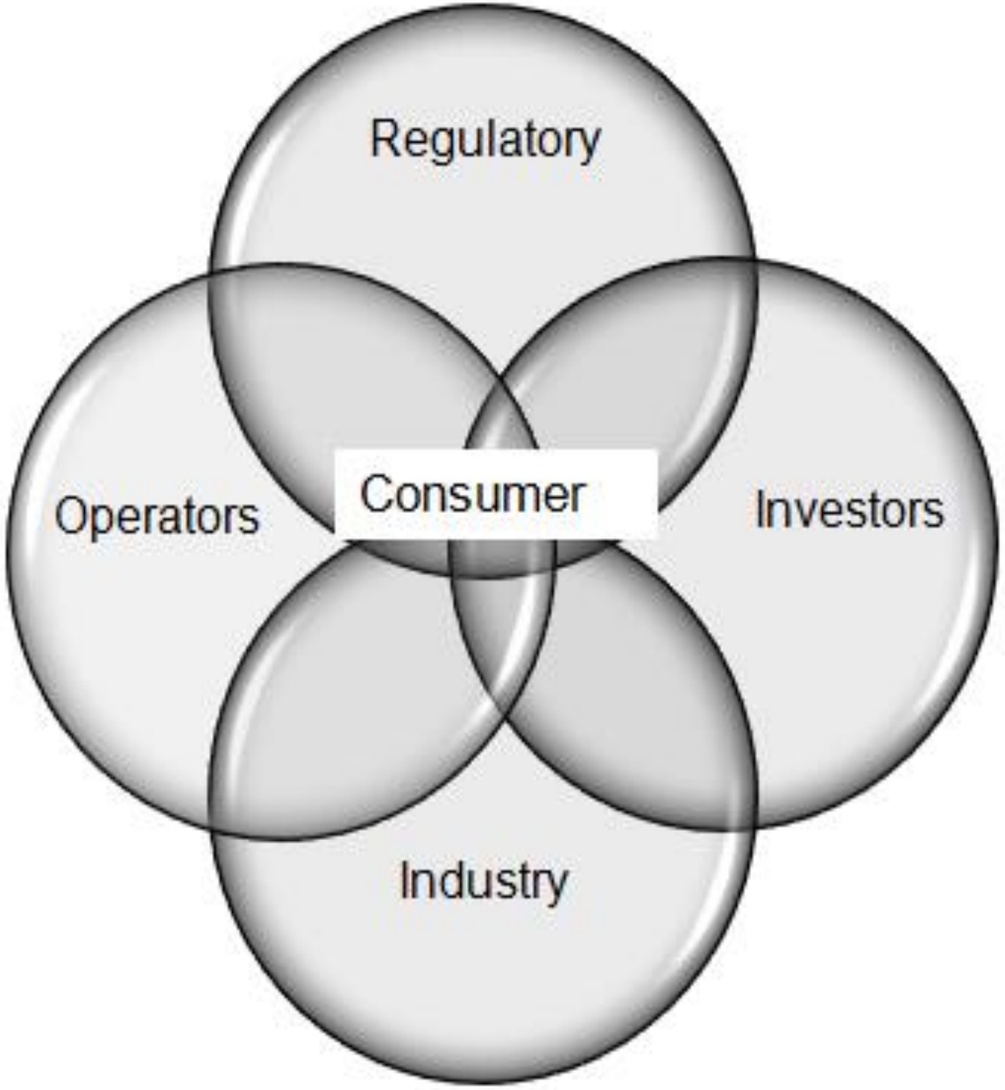
Investment activity & Market Trends

Big Ideas Africa -2023

Africa Insurtech Lab

- Africa InsurTech Lab (A.I.L) is a boutique R & D firm pooling all stakeholders in Insurance & Technology ecosystems with a view to accelerating digital transformation in Africa.
- Passionately contributing to reverse engineer insurance inclusion on the continent via technology.
- Bridging the gap insurance innovation driven by technology
- Use cases from different markets/environs
- Practical application within our VUCA environment
- Promoting digital insurance & transformation
- Local representatives and advisors to SONR Global and InsureTech Connect LLC
- Convener of #thebridge program in conjunction InsureTech Connect LLC

The Different Ecosystem Players'



Figures, Funding & Trajectory

- 2021 fintech deals*by extension insurtech funding > 2019+2020 combined
- US4.5 billion as of ’21 to Africa
- 55% of these startups are fintech companies
- 40.3million of the funds to Insurance innovation in Africa (global funding on insurance innovation- $15.5 billion)
- 2022= $4.8 billion to Africa
- 62.3million to insurance innovation in Africa (global funding on insurance innovation- $8 billion))

Image by: Africa the big Deal

State of Insurance-Technology & Innovation- Africa

- Africa Fintech funding projected to grow by 8X =$30Bn by 2030 (Mckinsey & Co)
- in 2021 funding was less than 1% , in 2022 grew to 3.8%

- Different companies are approaching maturity stages-hence pooling more funding

- Largest single funding in one round- Naked Insurance= $17million in Q1, 2023

- Already, others being reviewed by the likes of the IFC, PEs, LPs- by Q3 more will emerge

- Implication- more jobs, new value chains, and growth to our economy

- Insurance-technology companies(118+)=the big “5” Kenya, South Africa, Nigeria, Ghana, Egypt others popping up – Botswana, Mali, Cameroon, Senegal, Tanzania, Uganda, Zambia

The Future of Insurance-Africa

- Africa arguably still has an enormous growth opportunity ahead of it, with little market saturation poised to be the 2nd fastest growing region after LATAM
- When we consider insurance penetration rates(a measure of the ratio of premium underwritten in a particular year to the GDP), the GWP/ GDP ratio in Africa is 50% less that the global average
- This in and of itself is an immediate and future opportunity for growth
- 11 defining Markets = 70% of GDP & 50% of the population- Nigeria, Egypt, SA, Kenya, Ghana, Morroco, Tanzania, Uganda, Cotedevoire, Cameroon and Senegal
- The insurance market is poised to grow at an estimated compound annual growth rate of 7 % per annum between 2020 and 2025.
- This is nearly twice as fast as North America, 3X that of Europe, and better than Asia

The Future of Insurance-Africa

- Additionally, an explosion of tech-driven cities across the entire continent, where entire industries are being revolutionized by tech—particularly in the finance, trade, and supply chain industries.

- Some cities in the different geographical regions of Africa are projected to be responsible for as much as 50% of their countries' entire GDP (McKinsey & Co.) by the year 2030.

- Case in hand- Nairobi & Cairo

- Financial inclusion will play a critical role in such surges/growth.

- If we couple the increased conversion of insurance penetration rates, and the increased access to technology to deliver insurance products, services and solutions, then the outlook for Africa's insurance is huge

Emerging Insurance Trends - Africa

- BNPL (Buy-now-pay-later)
- Spend-now-pay-later
- No-code
- AI (Intelligent) Claims
- Pay-as-you-use
- Embedded Health (finance)

Embedded Health

- **Monstrous market – estimated to grow to c$700b a year by 2030 and representing c11% of insurers' channel weighting.**

- **Health Insurers have to take advantage of their strong capital positions and their access to existing large customer bases.**
- **For insurers to provide a seamless, exciting, value-added experience in the health/ wellness space for their existing customer base, there has to be “intentionality” in deciding to lead or to participate in emerging innovation ecosystems**
- **The success of such ecosystems will come down to execution and time to market: open/ agile technologies, app/service curation, behavioral economics, and real monetary/experiential value creation for customers**

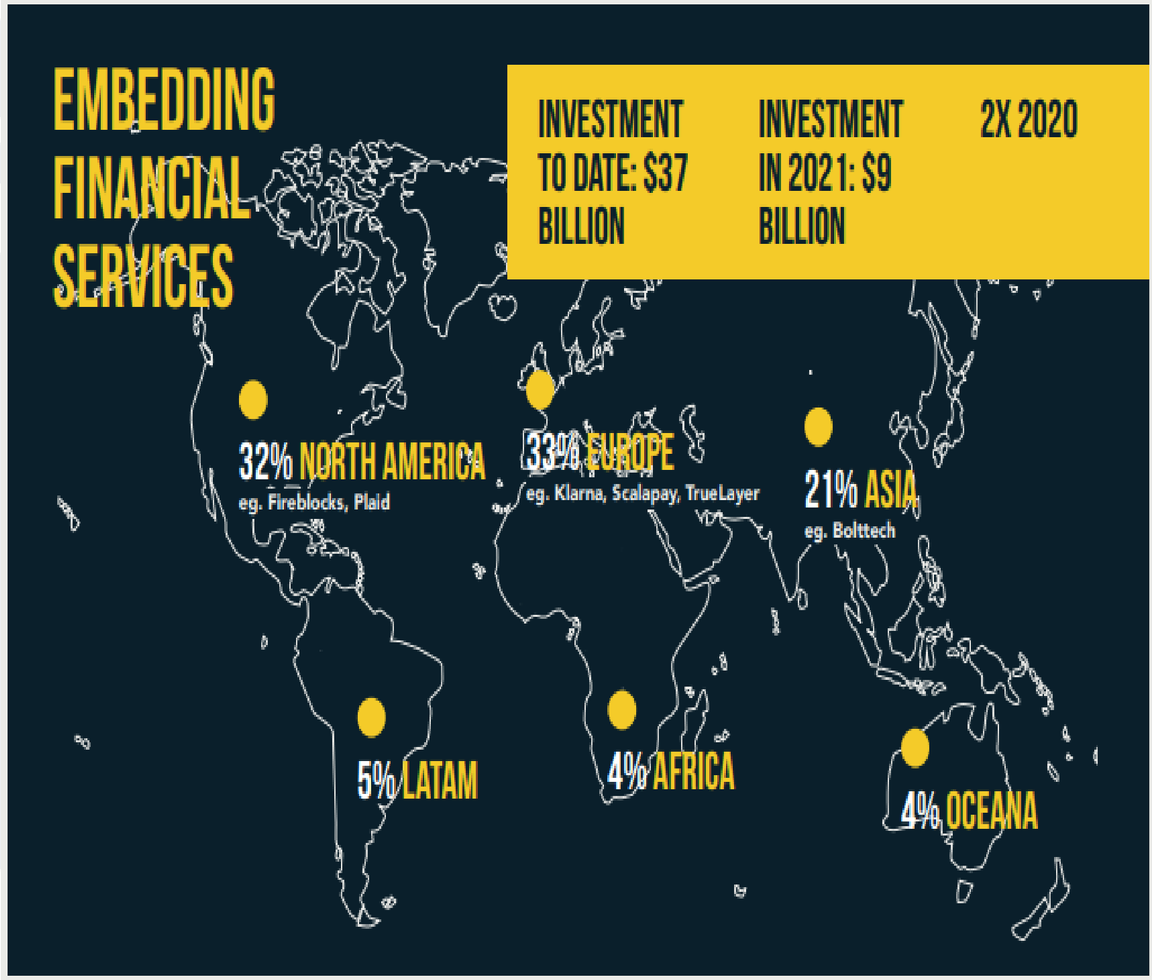
For insurers, it creates the potential for lower cost distribution to more individuals and firms, access to more data to enhance product innovation and reduced underwriting risks.

A Cue From Embedded Finance

- Embedded Finance refers to non-financial companies offering financial services. It came about in the European Union due to its Payment Services Directive, which became law in 2018.

- it represents an opportunity for insurance firms to become the go-to health product, service, and package providers for hundreds of millions of consumers and corporate clients around the world.

- Since then, thousands of fintech companies have incorporated banking and insurance functionality into as a-Service platforms that enable any brand to integrate financial services into new propositions.



Embedded Health

- Embedded Health works similarly to embedded finance.

- enables healthcare players and insurers to offer a wide range of digital services, including health, fitness, wellness, finance, and insurance services, all integrated into one single platform-led engagement + one tailored user experience.

- HealthTechs can offer their services alongside insurance and access to healthcare treatments.

- Similarly, insurers and InsurTechs can offer their customers a range of digital services – whether branded or white-labeled – alongside traditional and digital healthcare services.

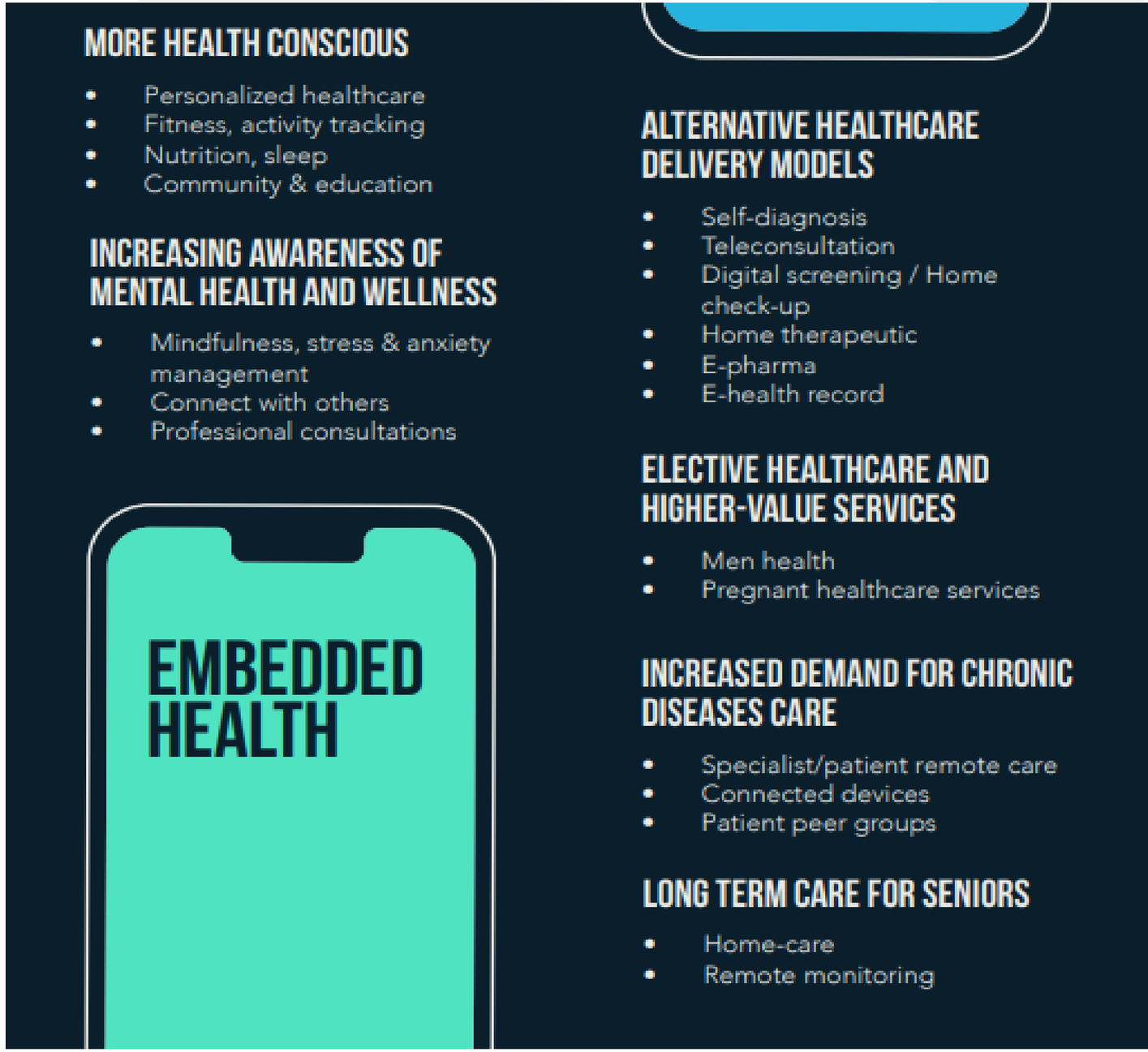
The Outcome

Users are able to access a broad range of services regardless of where their journey starts within the health servicing value chain.

Embedded Health

- **Can be a formidable tool to implement this new approach**
- **it can place health insurance products and services in the daily flow of customers' lives and work.**

- **The latter creates opportunities to provide the utility of health insurance – prevention and protection – consumers and businesses need when they need it.**



Intelligent(AI) Claims

- With AI, insurance companies can offer faster claims management – processing and settlement, ensuring customer satisfaction.
- in Africa, insurers lose more than $700m to fraud annually despite insurance penetration in the continent being less than 3%.
- Insurance providers can leverage a wide range of AI technologies like document processing, chatbots, and affective computing, to take out or reduce the manual interaction in tasks.
- It can bring improvements to activities like claims processing, personalized insurance pricing, and fraud detection.
- The result can save insurers ‘time and cost by as much as 70%’, improved customer experience and efficiently deliver quality ROI for the insurance company.
- Improvement & efficiency in insurance businesses: Juniper Research shares that car, property, life, and health insurers will increase insurers annual savings by more than 4X in 2023 compared to 2019 by investing in these emerging technologies.

Intelligent(AI) Claims

- Some benefits of implementing AI into your process include:
- Time and cost-saving (by almost 70%)
- Improved customer experience
- Improved staff ROI
- Increasing profitability due to more accurate customer pricing and reduction of a fraudulent claims settlement

- Using ML such as Anomaly Detection
- This (Anomaly Detection) works by analyzing normal, genuine claims made by the customer and forming a model of what a typical claim looks like. This model is then applied to large data sets.
- Healthcare fraud affects all types of coverage that include a medical care component,
- Fraud, waste and abuse (FWA) occur at many points in the healthcare system - doctors, hospitals, nursing homes, diagnostic facilities, and medical equipment suppliers

NO-CODE

You can build insurance products, distribution channels, and websites without having to write any code.

Gartner estimates 65% of app development will be performed through no-code technology by 2024.

Microsoft says 500 million applications will be built globally in the next 3 years. There are not enough developers, so we need to give the power to the citizen developer and move towards no-code platforms.

STANDA provides the lego blocks, it's up to you what you build and how you build it.
No templates or in-built customer journey; INSTANDA allows you to uniquely configure your business.
Built by the industry for the industry with built in intelligence, unlike low code generic frameworks.

No Code = No Risk, Lower Cost, More Speed, More Power, More Efficiencies

Low Code versus No Code – NOT THE SAME

Addressing Challenges in African Insurance Distribution and Operations

Leverage global best practices with your local values and principles

Digital Distribution

Control and governance around distribution, combining a digital customer/broker journey seamlessly with client portals allows for a reduction in manual processes, increased penetration of sustainable business, and allows insurers to focus more on product development.

For example, existing customers have designed a personalized D2C journey via WhatsApp.

Control

INSTANDA’s No-Code platform allows a flexible operating model, from no reliability on INSTANDA through to outsourcing product development product and distribution development

No Code means insurance development is democratized and not reliant on software development, enabling you to better manage operational costs in the face of rising claims and reduced margins

BUPA Dental , Vitality Life

A modern ecosyste m

INSTANDA’s open and modern ecosystem via integrations allows you to achieve architectural elegance by selecting the best-in-breed for each provider.

This enables a collaborative approach to deliver innovative products and services to meet the evolving needs of African consumers.

Gaps and Opportunities

- Compounding effect of the virus

- Closing the global health protection gap
- According to Swiss Re, the global health protection gap widened to $747 billion in 2020 due to the pandemic, 63% of that gap was in emerging markets

- Rising living standards and increasing smartphone coverage worldwide mean many potential mobile-first users are likely to want to access health services digitally.

- Insurers could partner with these emerging tech services to access those new digital health user segments.

Gaps and Opportunities

- **Developing new tailored health services for specific market segments**
- **By centralizing user accounts, sharing data across trusted third-party service providers**
- **insurers can create a range of tailored and integrated services across customer portals and web apps. Doing so will allow you to:**
- ***collect and analyze potentially vast volumes of customer data* from multiple sources,**
- ***Increase revenue by cross-selling relevant services* to customers at the right time**
- ***improve retention of existing clients,***
- **build intuitive, friction-free customer journeys based on personalized health needs,**
- ***differentiate their service offerings* to gain a substantial competitive advantage.**

Tech vs Impact

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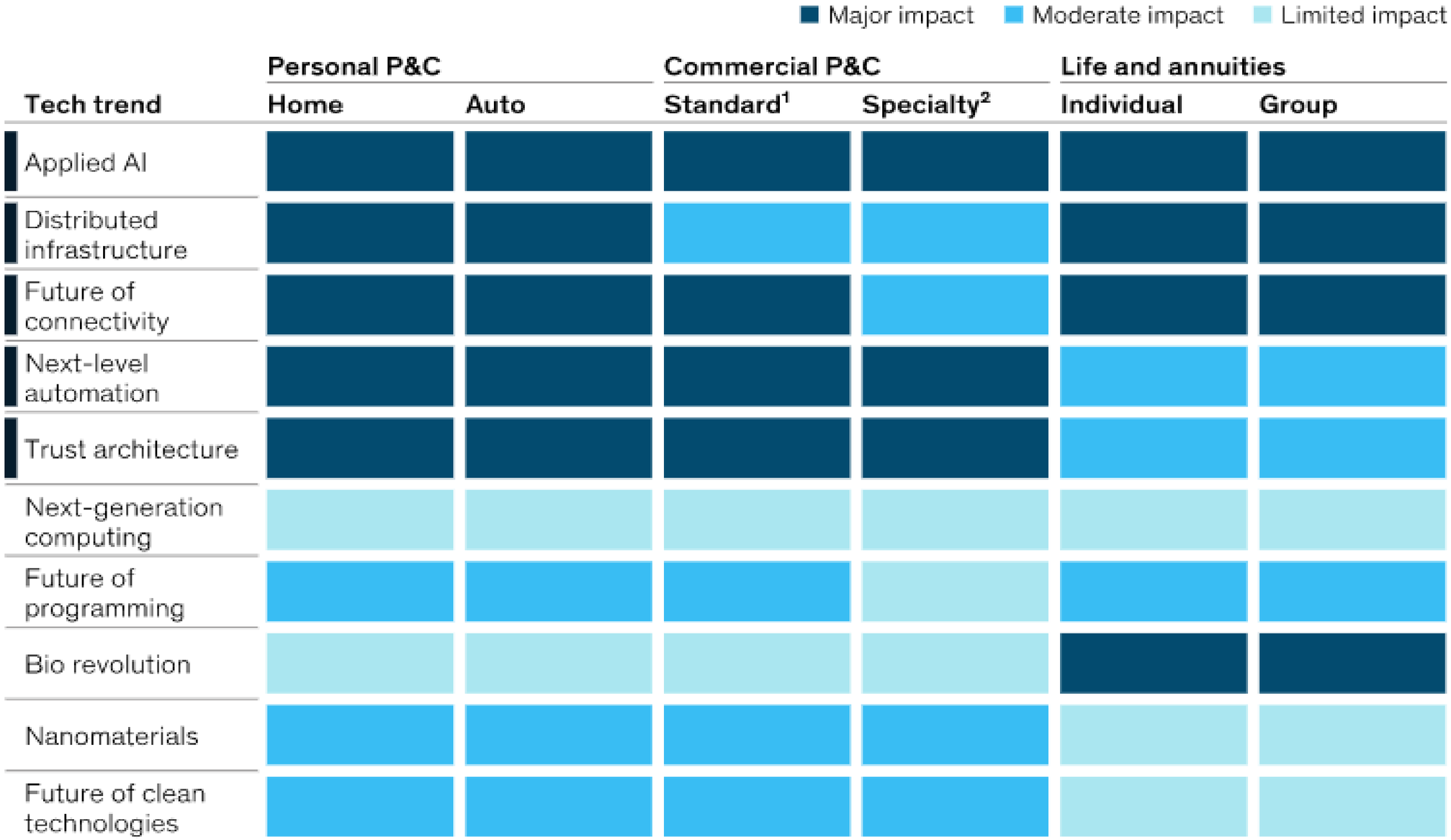


Emerging Tech for Health Insurers

Augmenting Technologies

- **Chatbots and AI-based voice assistants to better serve customers**

•Handling queries related to policies
•scale customer service operations
•Educating customers

- **AR, VR for interactive customer experience**

-create new service niches

Ad campaigns

-simplifying insurance

-Brand awareness

- **Mobility solutions to extend robust support**

-Delivering prescription info to pharmacies in real time

-making policy payments and changes

- **Robotic Process Automation (RPA)**

-streamline and automate various business processes seamlessly, including the health insurance claim management process, fraud detection, policy administration and servicing.

- **Cloud computing to access big data seamlessly**

-store enormous amount of data

-speed up responses to customers

-maximize renewals by customers

The 21st Century Consumer

The 3 As- Availability, Affordability, Accessibility

- ***Relevance***
- ***Time-to-Value***
- ***Trust-deficit***

- **The protection gap keeps widening**
- **Market-product fit = regulation + necessity**
- **What about?**
- **Product- Consumer MISfit!**

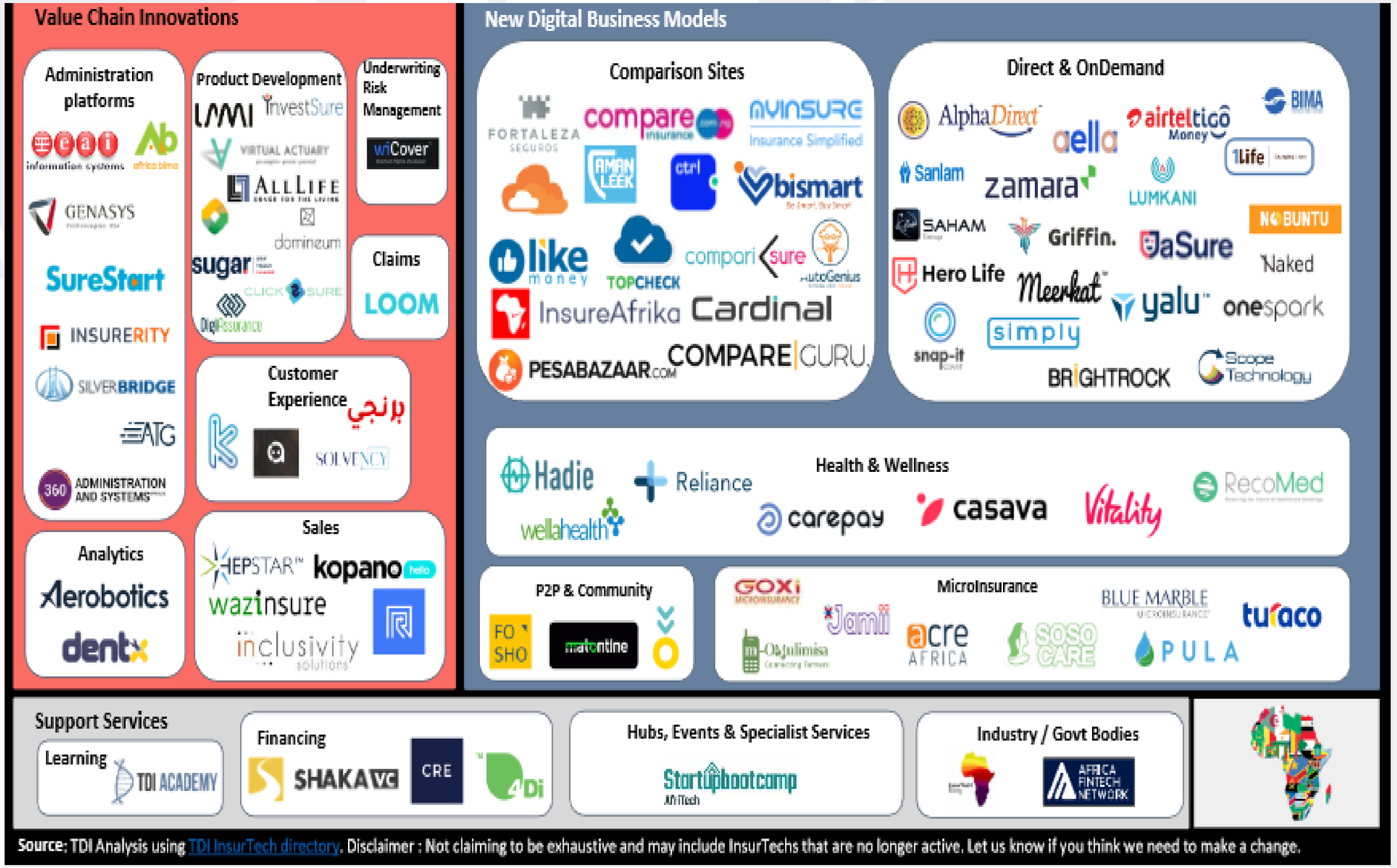
The 21st Century Consumer- Demographics

- Current customer appeal clearly shows desire for affordability, hassle free experiences, prompt service

- Retirement of *693 million Baby Boomers Vs the debut of 1.3 billion Generation Z workers* entering the labor force over the next ten years has major implications
- Populace to Africa= *approx 122million Baby Boomers ; 227 million Gen Z's*

- Therefore, the mandate to be undertaken by insurers: Create products and services that align

Africa Insurance-Technology Map- (by T.D.I)



How does your transformation/transition unfold?

HCS CAPITAL
Pay-U
assuraf

ITC VEGAS
SEPTEMBER 20 - 22, 2022
MANDALAY BAY | LAS VEGAS
#ITC2022
Demo: Assuraf
Souleymane Gning
CEO & Founder
Assuraf

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PRESENTED BY McKinsey & Company

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RECEPTI
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