WAICA

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The "New Normal"; Fact or Fiction-

How Realistic in the Practice and Spread of Insurance in West Africa?

Contents

WAICA

WEST AFRICAN INSURANCE COMPANIES ASSOCIATION

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MISSION STATEMENT

We aim to be a "Facilitator par excellence" with the view of working for the improvement of the image of the insurance industry in West Africa, being of beneficial relevance to the members of the Association in particular and the insuring community at large, whilst assisting in the creation of the enabling environment for industries and economies in our sub-region to thrive.

In short we don't happen but we endeavour to make things happen.

Saye Gbalazeh

The President Speaks

Managing Director and Chief Executive Officer, Activa International Insurance Company Liberia Limited (2014 - Current). A member Company of the Activa Group.

First, we want to express our deepest gratitude to the West African Insurance Companies Association (WAICA) members for confiding in us to steer its affairs for the past year.

WAICA's leadership transition from the past administration was delayed due to members' inability to travel because of the new normal resulting from the travel restrictions that member countries imposed in response to the COVID-19 pandemic.

When we assumed the stewardship of WAICA in 2021, the pandemic was at its peak. This situation caused a decline in business activities worldwide; the West African region was no exception. WAICA could never have anticipated the magnitude of the pandemic's impact. The effects have been universal and profound, causing an economic downturn that significantly slowed business activities. The term 'new normal' describes the pandemic's disruption of global travel and limited human interactions. The shocks and results of the pandemic heightened risk aversion among corporations, banks, and investors.

In smaller economies, the situation became even gloomier for their insurance industries. While advanced economies doled out funds and provided policy support, including fiscal stimulus packages to businesses under specific post-Covid stimulus programs, there was no comprehensive stimulus program to help drive recovery efforts in our region.
We are, however, optimistic about the future. Our optimism stems from the awareness that the combined population of WAICA Countries with a population of over 250 million is an asset. This is a positive indicator of the insurance industry's prospects for growth.
Despite our administration's challenges and shortened tenure, WAICA's diversified structure and composition made the stewardship period personally rewarding. It has been a learning experience with two significant achievements: 1) reviewing WAICA's constitution and proposed changes for adoption at our Annual General Meeting and 2) reestablishing our links with the African Continental Free Trade Area (AfCFTA) to see through the harmonization and integration process.
The proposed changes will make the WAICA constitution more adaptable for the 21st century. It will then address the tenure and governance issues during pandemics and other extraordinary or unexpected occurrences.

For a continent home to more than one billion people and with an insurance penetration rate of less than 3% for the rest of Africa (excluding South Africa), AfCFTA presents an excellent opportunity to drive economic growth in the African insurance sector. The calls for the speedy harmonization and integration of the insurance sector enable WAICA members to plug into this new untapped potential. Anglophone countries in our sub-region need to speed up harmonization and integration of the insurance sector and align with countries of the Francophone block. Francophone countries have a single monetary system and the CIMA zone. The CIMA zone provides context for insurance sector harmonization and integration across Francophone West Africa. The trend across English-speaking countries has been described as 'fragmented,' with regulatory requirements limiting West Africa's ability to optimize its market potential.

Amid numerous new challenges, WAICA's member companies must remain conscious that the new normal is our current reality. WAICA needs to reinvent itself, explore new business opportunities evolving from the pandemic, strengthen its structures, and adapt to new business methods to stay viable as an industry. To achieve these ends, product innovation, digitalization, and adapting new distribution channels using mobile technology, other fintech payment mechanisms, virtual meetings, remote working, and call centers are the way to go. These activities will position WAICA members to meet the new realities, allow uninterrupted support for marketing and sales transactions, prompt claims settlement, and further facilitate the integration and harmonization of markets in our sub-region.

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Meet Our Next President

Mr. George Y. Mensah
Managing Director, Ghana Re

Mr. George Y. Mensah started his professional career in 1993 with Merrill Lynch Asset Management (MLAM) as a Financial Accountant in Princeton, New Jersey (NJ), USA. He later joined Prudential Financial in Newark, NJ as a Senior Analyst within the Investment Management Research team where he was responsible for ensuring that the firm's portfolio managers have the ability to achieve superior returns in both up or down markets.

Mr. Mensah is a product of New York University (Stern Business School) where he earned an MBA in Finance. He also holds a BSc in Accounting and a minor in French from Montclair State University in New Jersey.
In 2002, he relocated to Ghana to join SIC Insurance Company as the Head of Investments and became the Executive Director of SIC Financial Services, a wholly owned subsidiary of the insurance company in 2006.

Mr. George Yaw Mensah joined African Reinsurance Corporation on April 1, 2010 as the Assistant Director in charge of Treasury and Investment, a position he held until his appointment as Managing Director of Ghana Re on September 1, 2017
Mr. Mensah has served on several Boards including Ghana Stock Exchange as a Council Member. Other Board representations include NTHC Financial Services, Afram Publications Limited and Starwin Products Limited, a pharmaceutical company in Ghana. He is currently the Chairman of the Ghana Oil and Gas Insurance Pool (GOGIP) in Ghana as well as a Director of Hollard Insurance Company, Ghana.

FROM THE DESK OF THE SECRETARY GENERAL

Dear Friends and Colleagues

As we begin to breathe a sigh of relief from the scourge of the COVID 19 Pandemic that has shackled us all in the last two years, we continue to be grateful to God that we are yet alive to see each other's face.

The last two years has ushered into all aspects of our lives the need to develop a different way of doing things both in our corporate and individual personal lives.

Thankfully we are all a bit more relaxed now even though not fully comfortable. This is because science has helped us to know a lot more about the virus than we did two years ago and can now order our lives and behavioral patterns in a way that will help us navigate this novel dispensation widely referred to as the "New Normal". Indeed we certainly CANNOT continue to imprison ourselves in our homes.

In discussing this new normal in which institutions have to find new ways of doing things and carrying out their operations, one tries to balance the "working-at-home" or "remotely" option as opposed to returning to the office physically. Of course there is the option of the hybrid situation.

The question on my mind is juxtaposed against the African culture. As Africans we are a communal people and we place a high premium on physical human interaction and relationships.

What of the situation of our electricity supply structure which power the, not-so-top notched, internet service provisions?

These are but a few of the factors that managers of African institutions must grapple with as they navigate to a position of command over the COVID 19.

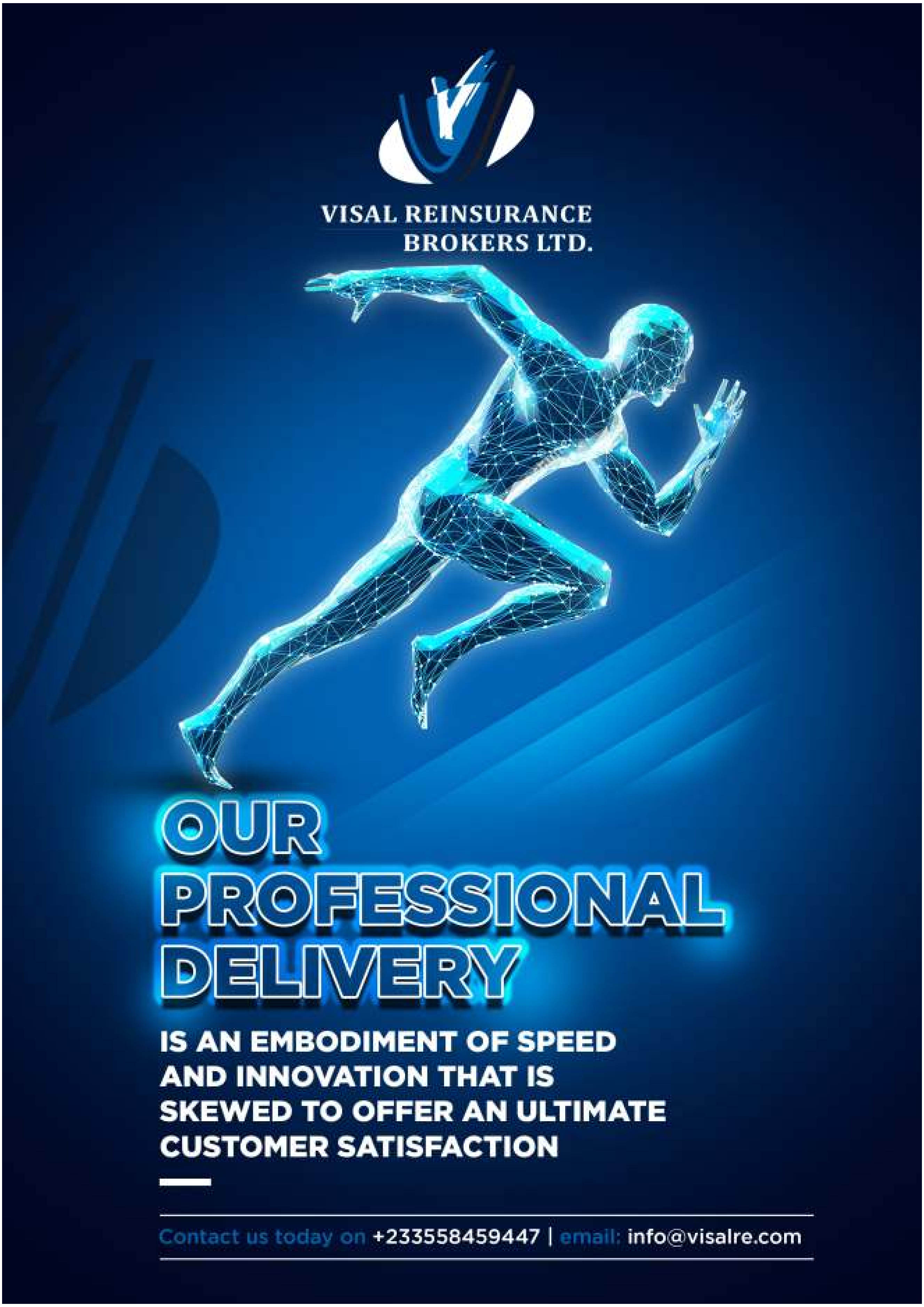
Thankfully the last two years has shown the resilience of the insurance industry and the innovative prowess of managers as they formulate new ways of providing service to their varied stakeholders.

The WAICA Secretariat believes very much in the dexterity of its members to emerge as winners in this undesirable fight that the industry and indeed the whole world finds itself.

Meanwhile WAICA is returning to what could be considered an almost indispensible aspect of the insurance industry. This being the holding of events that allow for the networking that characterises the way we do business.

We wish you all the very best and success as you roll out strategies that will augur well for your stakeholders, and the industry as a whole.

Williams
of WAICA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Personality Profile

SHAIBU ALI

Managing Director, KEK Insurance Group

Shaibu Ali is an Associate of the Chartered Insurance Institute of UK (ACII) and a Fellow of the Chartered Insurance Institute of Ghana (FCIIG) and has been in the Insurance and Reinsurance Broking industry for over two decades now.

He holds a BA Arts (1997) and an MA Archival Studies (1999) from the University of Ghana, Legon. He also holds a Post Graduate Diploma in Financial Management (2003) from the Maastricht School of Management in the Netherlands.

Shaibu joined KEK Insurance Brokers Ltd in 2000 straight from Graduate school and rose through the ranks from the position of a Senior Broking Officer to a full Manager in 2006. In the same year, he moved to the newly licensed subsidiary KEK Reinsurance Brokers (Africa) Limited as the first Manager.

In 2009, he was promoted to the position of Assistant General Manager and a year later he was made the substantive Chief Executive Officer. A position he held from 2010 to 2020. In September 2020, he was recalled to the parent company as the Managing Director.

He became an Insurance Brokers' Association of Ghana (IBAG) Council Member in 2014 when he was elected as the General Secretary. He held this position for two terms ending in 2017. He then got elected as the Vice President, a position he held for another two terms ending in 2021 culminating in his election as the President of this industry body.

Shaibu is also the General Secretary of the African Insurance Brokers Association (AIBA) of the African Insurance Organization (AIO). He is also a Council Member of the Chartered Insurance Institute of Ghana (CIIG). Among other things, he chairs the Technical Committee of IBAG and the General-Purpose Committee of the CIIG.

He is a part-time Lecturer in Insurance Marketing, Insurance Broking, and Reinsurance at the Ghana Insurance College (GIC) and the West African Insurance Institute (WAII) in The Gambia.
He is a devout Muslim from Paga in the Upper East Region of Ghana, a member of the Ghana Football Association (GFA) Disciplinary Committee, a member of Supporters' Chapters 64 and the Executive Phobia Family of Accra Hearts of Oak and finally a proud VANDAL.
His hobbies include watching football, travelling and long distance driving
Mr. Ali is happily married with children

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Personality Profile

SETH AKLASI
Managing Director,
Donewell Insurance Limited

Mr. Seth Aklasi is a Chartered Insurer with a proven track record in the Ghanaian Insurance Sector.

His insurance career spans over two decades during which time he has developed and built capacity in General Insurance Operations, Ethical Underwriting, Claims Administration, Reinsurance, High-level Marketing and Specialist Energy Underwriting.

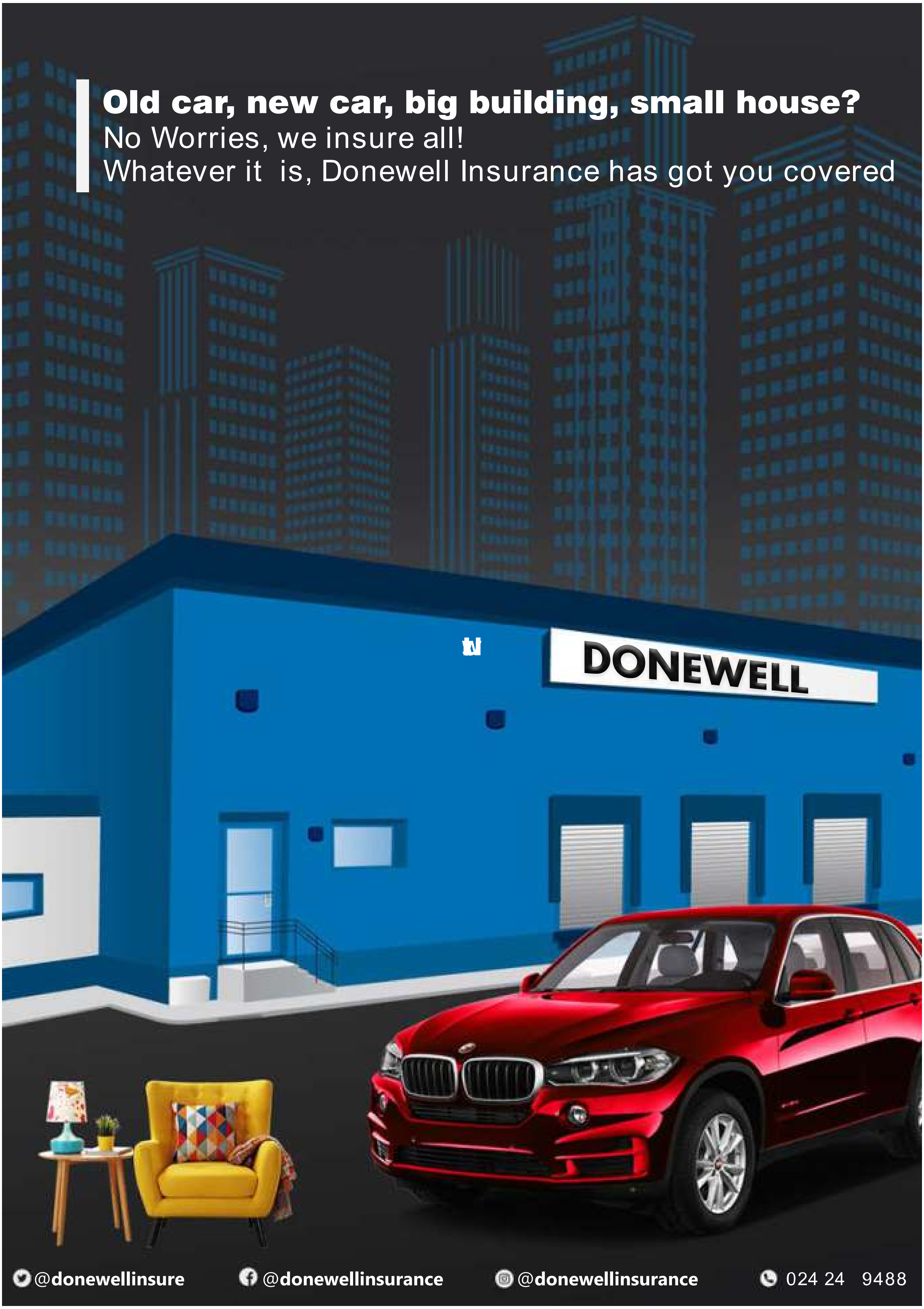
His insurance career started at Enterprise Insurance Company Ghana Limited in 2000 where he assumed the responsibility of a Motor underwriter and later a Client Relations Officer.

In 2008 he joined International Energy Insurance Ghana Limited as a Deputy Manager and rose through the ranks to become the Chief Operations Officer.

He led corporation initiatives that focused on pricing, product development, reinsurance and pursued alliances and growth opportunities that enlarged the company's client base. Whilst Head of the International Energy Group, he was able to grow it to the highest Producing Business unit for the Company.
Prior to joining Donewell Insurance Limited, he briefly served as the Managing Director of Priority Insurance Company Limited. Seth earned a BA in Social Science (Geography) from the University of Cape Coast in 1999 and an MSc in Insurance Risk Management from Cass Business School, London in 2007.

He is an Associate of the Chartered Insurance Institute (ACII) London and has participated extensively in insurance and risk management seminars both locally and internationally.

Mr. Aklasi was inducted into the high office of President of the Ghana Insurers Association (GIA) in February 2022 for a two year term.
Mr. Aklasi is happily married with children.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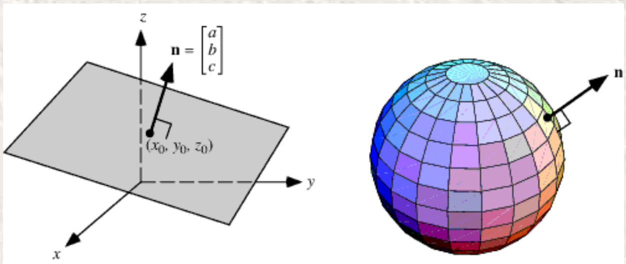
THE NEW NORMAL – FACT OR FICTION

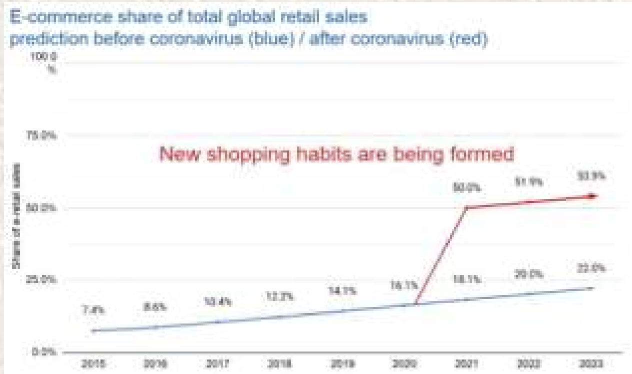
HOW REALISTIC IS THE PRACTICE AND SPREAD OF INSURANCE IN WEST AFRICA BY ADETOLA ADEGBAYI

FACT OR FICTION?

What is new about "Normal"? This question is a good starting point. As insurers, we should define "normal" from an everyday mathematical premise. In geometry, 'normal' is a "line, ray, or vector that is perpendicular to a given object. A line is a straight object without curves. A ray is a decomposition of a line from one point to the other and relative to each other. A vector is a connecting line carried between and across rays in the revolutionary movement of a given object. So, in the statistical sense, "normal" is always revolutionary but not statically "new". In the ordinary sense, normal would mean something that conforms to a standard, usual, typical and expected; essentially straightforward. So, "normal" is about setting and reviewing standards. It is about change, which, in itself, is a "normal" part of human (R) evolutionary development.



Science indicates that changes occur at subliminal levels before they become apparent. So, the apparent all started with news in 2019 of a new strain of Corona Virus (COVID) from Wuhan, China, that was showing unpredictable symptoms with a high mortality rate for people with co-morbidities. With international travels, what could have been contained as an epidemic became a pandemic and countries started to shut down one after the other. Lagos, as the epicenter of Nigeria, was officially shut down on the 1st of April 2020. Before the global shutdown, the world was used to a standard routine of high human interactions (home, work, shop, play, travel). Technology, which was largely for operational efficiencies, was not substantially adopted as the fundamental point of human interaction, production and services delivery, despite pockets of uses for international business entities meetings. With containment, following COVID 19, the rate of technology adoption ramped up as shown in graphical examples of eCommerce and online activities below:



The period was initially welcomed as people, particularly non-material services office workers, decompressed to work from home; with collateral damage on businesses servicing the official sectors such as restaurants, airlines and sporting facilities. Governments declared various financial supports and reliefs to help mitigate the impact on employees of such businesses. Within Africa, the story was fundamentally different. The initial follow of the international bandwagon effect, slowly gave way to pressures of common realities of poverty and unemployment, particular for daily wage earners. The Government of Ghana was famously the first to publicly admit that the country could not sustain a full lockdown as the government could not afford such drastic measures. When compared to a thriving country like Sweden that refused to lockdown despite being hounded by their geopolitical neighbours, the Ghanaian President's announcement was a brave practical move that saw others begin to question the impact of COVID 19 on poverty levels during the period, exacerbated by increasing youth unemployment to

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GHANA INSURERS ASSOCIATION

The Ghana Insurance Association (GIA) has warned that henceforth the insuring public must insist on having a GIA stamp on all documents for both Life and Non-Life insurance.

The Association also disclosed that it exists not only to safeguard the interests of its members, but more importantly to ensure fair and just treatment for the insuring public and protect them against any fraud.

According to the body, the GIA stamp seeks to identify policies issued by members and ensure that the GIA addresses its customer complaints effectively. The body also insisted that the GIA stamp should be affixed on the policy schedule of certificates of insurance or endorsement under each of the following circumstance.

That is to say, new policies, renewals and endorsements or additional policy in the case of a Non-Life insurance product. It continued by saying in the case of a Life insurance policy, the GIA stamp should be affixed on the policy schedules (policy summary) of new individual policies, and Group Life or Mortgage Protection policies at inception and renewal.

SETH AKLASI
President GIA

NAICOM INSISTS ON JANUARY 2023 FOR IFRS IMPLEMENTATION

O. S. THOMAS
Commissioner For Insurance, Nigeria

The National Insurance Commission (NAICOM) has said that it would not go back on the proposed implementation of International Financial Reporting Standard (IFRS 17) in the insurance industry in January 2023. The Commission, said in its efforts to get insurance firms ready for the new finance reporting model, it had set up sub-working groups to facilitate the migration.

The Commissioner for Insurance, Sunday Thomas, who stated this at the 2021. Insurance Directors conference held in Lagos, urged board members of each insurance firm to get prepared for the IFRS 17 implementation pointing out that the deadline for migration was already at hand.

"I want to urge you also to follow up on the implementation of International Financial Reporting Standards IFRS 17 in your companies. The implementation dateline of 1st January 2023 is right before us. Sufficient capacity building engagements have been conducted and sub-working groups inaugurated to facilitate the migration. You are therefore required to ensure that your entities are in full compliance and ready for the deadline", the Commissioner charged.

He also urged the directors to take the issue of development of insurance in the country serious directing them to work closely with their management because a lot was expected from

FSD Africa to Launch BimaLab Insurtech Accelerator in Ghana and Nigeria

Specialist development agency Financial Sector Deepening (FSD) Africa is set to be launching its insurtech accelerator program in Ghana and Nigeria in 2022, according to TechCrunch.

The launch comes after FSD Africa kick started it's insurtech accelerator in Kenya in July last year through a partnership with Kenya's Insurance Regulatory Authority and Tellistic Technology Services. The second cohort of the 10-week Kenya program graduated last week.

FSD Africa was established in 2012 and is supported by UK aid.

The agency also has plans to create access to venture funds and grants for early stage insurtech startups, aside from an online networking platform for founders, the report said. Currently, FSD Africa is working with a total of eight insurance regulators including regulators from Ghana, Malawi, Nigeria, Rwanda and Tanzania, for its plans.

COMMISSIONER WINS CEO OF THE YEAR

Dr. Justice Ofori, the Commissioner of Insurance and Chief Executive Officer of the National Insurance Commission (NIC) has been adjudged Chief Executive Officer (CEO) of the Year, 2021 in Ghana.

During a grand ceremony in Accra by the Ghana Leadership Awards, the Leader of Insurance Regulation and Supervision in Ghana was awarded as the Overall Best CEO for the Year 2021. There were9 other awards on the night presented to distinguished personalities in business entrepreneurship, civil service and local governance, etc.

Dr. Ofori picked up a plaque and certificate as the ultimate winner, expressing shock as to how it happened. As far as he's concerned, he was just a Nominee and did not expect to come out tops.

He dedicated the award to the Board, Management and Staff of the NIC, as well as the insurance industry as a whole. He said that the award means "we are doing something right and must do more".

This award comes swiftly on the heels of a few other laurels he had won recently.

Dr. Justice Yaw Ofori
Commissioner of Insurance
Ghana

GBABA IS HEAD OF INSURANCE REGULATION & SUPERVISION IN LIBERIA

The Insurance Industry in Liberia which is being regulated under the auspices of the Central Bank of Liberia has a new regulatory head. He is Mr. Nathaniel Gbaba who is the Director/Head of the Insurance Regulatory Division at the Bank.

Mr. Gbaba who is bilingual (English/French) has held the following positions in the past before becoming Head of the Insurance Regulatory Division:

- Chief Compliance Officer, US Mortgage & Investment LLC, USA
- Project Consultant, State of Maryland, USA
- Deputy Managing Director for Operations - National Port Authority - Liberia
- President/CEO, Platinum Group – Liberia
- Chief Operations Officer, New Millennium Oil & Gas – Liberia
- Policy Adviser, Office of the Speaker of the House of Representative - Liberia
- Director/Head Insurance Division, Central Bank of Liberia.

Mr. Gbaba holds a BBA in Legal Studies (Magna Cum Laude), an MBA, and an LLB degree.

NAICOM TO REVIEW MINIMUM CAPITAL REQUIREMENTS

National Insurance Commission – Nigeria (NAICOM) has announced that it will unveil the Risk-Based Capital (RBC) roadmap that will steer the insurance industry's new capital regime soon. The insurance Commissioner, Mr Sunday Thomas, said this at a meeting with CEOs in Nigeria.

Talk of minimum capital increases in the insurance industry have been around for many months, with inflation being advanced as the reason.

The latest effort to review the level of capital in 2019 but had to be extended for various reasons including the COVID-19 pandemic. The last deadline for meeting the revised minimum capital was 30 September 2021 but the exercise has been suspended because of lawsuits brought by stakeholders.

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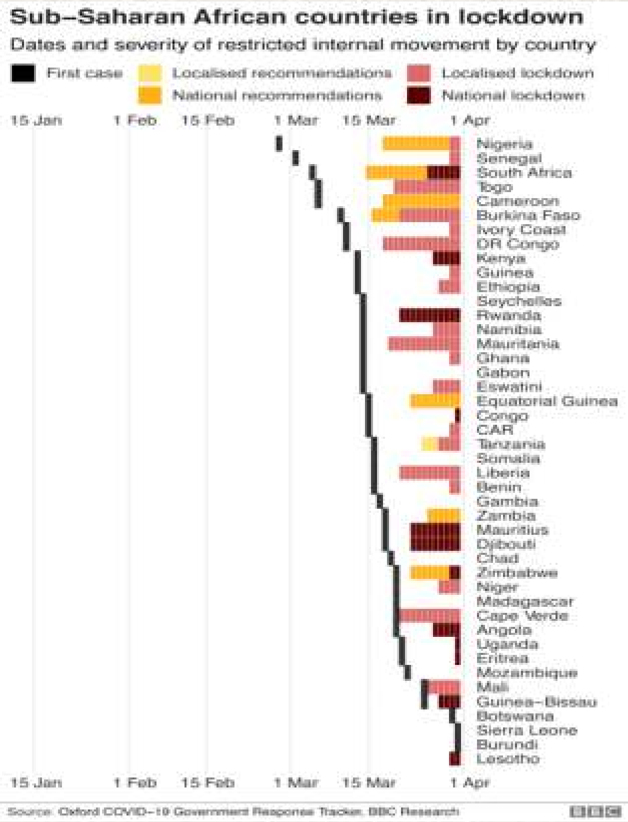
riotous points in some locations like Nigeria. Apart from Guinea-Bissau which had a national lockdown, West African countries adopted national recommendations with localized lockdowns as in the diagram below:

Pic 3 & 4



World Food Programme

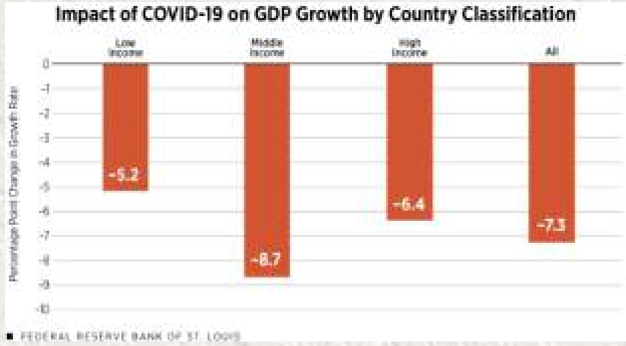
Table 2. Proportion urban population in West & Central Africa

Country	Population (million)	Projected Food Insecure (CH-June to August 2020)- rural population	% Urban population
Benin	11.88	14 578	48%
Burkina Faso	20.87	2 151 966	31%
Cameroon	24.35	211 326	
Cape Verde	0.55	10 012	67%
Central African Republic	4.7	2 123 266	
Chad	15.69	1 017 358	
Ghana	30.28	21 712	57%
Guinea	12.22	267 170	37%
Guinea Bissau	1.9	67 767	44%
Côte d'Ivoire	25.8	168 398	52%
Liberia	4.96		52%
Mali	19.68	1 340 741	44%
Mauritania	4.56	609 180	
Niger	23.15	2 007 405	17%
Nigeria	200	7 087 102	52%
Sao Tome and Principe	0.21		
Senegal	16.2	766 725	48%
Sierra Leone	7.8	1 304 985	43%
Togo	8.19	3 560	43%
Gambia	2.5	136 586	

Source: Authors analysis based on tradingEconomics data and CILSS projected food security statistics

The economic impact of the global containment strategy was felt worldwide as businesses could not cope with the loss of revenue. Economic statistics supported the fact that the world economy contracted as indicated in the graph below, with low-income countries, under which West Africa falls, contracting by 5.2%.

Pics 5 & 6



Impact of COVID-19 on Fiscal and Monetary Variables, Medians
Low-, Middle- and High-Income Countries
(Percentage Points)

	Low Income	Middle Income	High Income	All
Change in Revenue/GDP	-0.78	-1.14	-0.76	-0.91
Change in Expenditure/GDP	0.01	4.41	6.61	4.16
Net government borrowing/GDP	1.3	4.76	6.98	4.45
Difference in M1 growth rate	6.07	7.48	10.28	7.44
Difference in M2 growth rate	6.17	3.79	4.4	3.67
Change in Inflation	0.27	-0.84	-1.17	-0.74

SOURCES: IMF World Economic Outlook Reports (April 2021 and October 2019), Penn World Table (version 10.0), Haver Analytics and author's calculations.

Juan Sanchez from own calculations based on IMF World Economic Outlook Reports for 2019 and 2021.

GDP is possibly not a good measure of the impact of COVID 19 at the micro-level. It, however, gives an indication of poverty from a safety net perspective, particularly for urban micro services workers who were significantly affected as businesses closed shops. A large number of business owners within Nigeria did not receive any formal social safety net support as these were outside the official tax net. Before COVID lockdown, countries of West Africa had an average of 1% of GDP devoted to social interventions. With the contraction in GPD from 2020, it can be inferred that the situation became worsened from anecdotal evidence. In addition, with the economic slowdown, foreign/domestic remittances, which form part of the overall safety net for urban and rural dwellers, would also have been affected given the worldwide economic slowdown.

Pics 6, 7, 8 & 9

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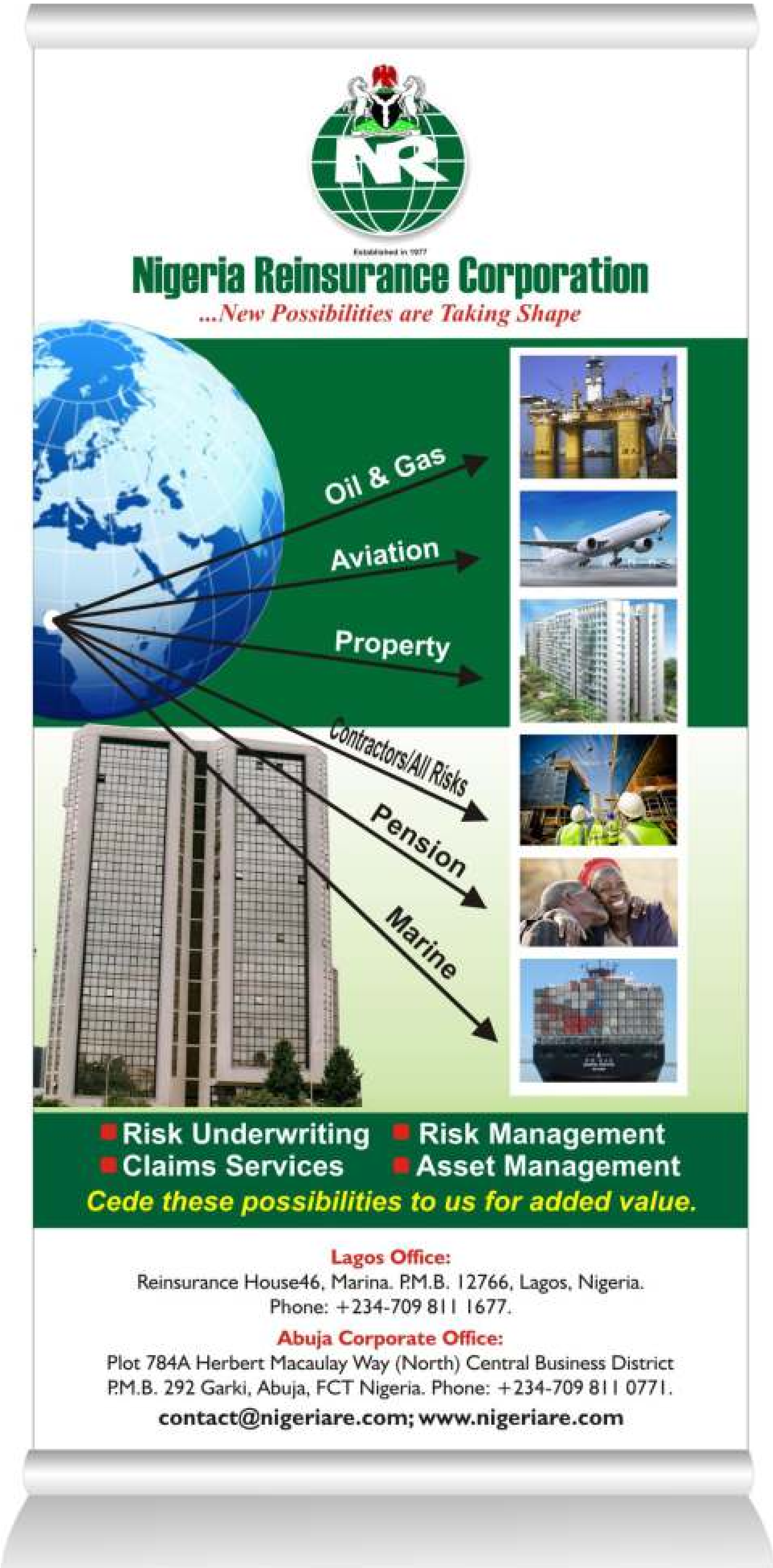
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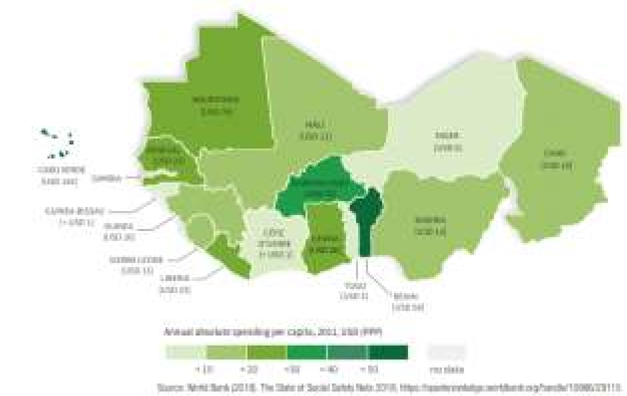
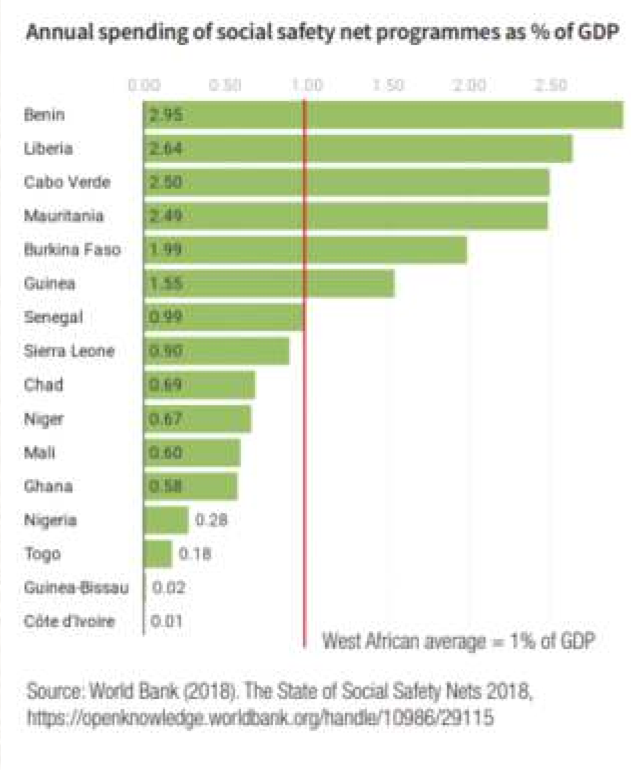
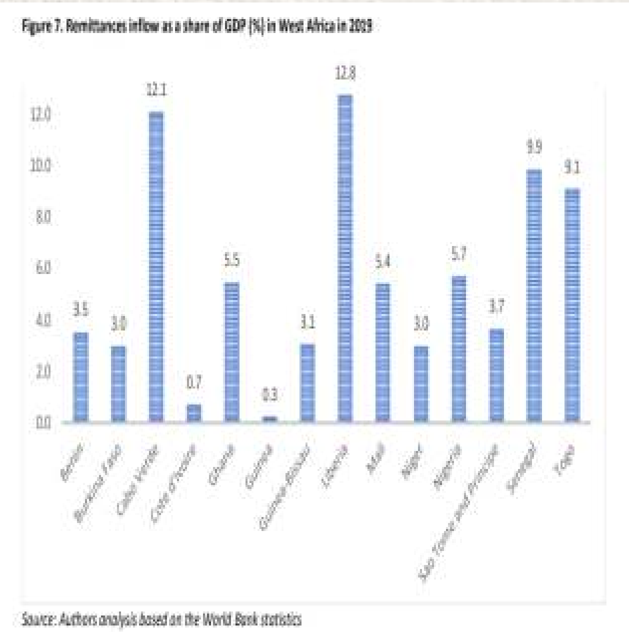


Table 2. Resources allocated by country

	Resources allocated to prevention and mitigations plans (USD million)	HRP budget-2019
Burkina Faso	20	100.3
Nigeria	163.6	847.7
Ghana	100	-
Ivory Coast	1.4	-
Benin	102	-
Guinea	12.8	-
Senegal	2.3	-

Source: Authors analysis based on respective countries response plan to Covid-19





As the above diagrams show, while the COVIDIAN period showed an increase in online presence for exchanges of trade and services, the impact on human psychology began to surface as the lockdown became relatively prolonged. For low-income countries, the extra pressure of income erosion was felt, largely within the urban areas with a high number of youth emigration as in pic 4 above. Office workers also grappled with the challenges of working from home in crowded places without constant electricity and water supply.

Although the COVID 19 vector tilted towards an emerging virtualization of commercial exchanges and human relational interests, things largely remained the same. The "fact" of virtualization became rooted and established part of the ordinary cause of business. The headline title on whether the idea of "New Normal" is "fictional", i.e., fabricated or concocted, would appear to be so on the aspects of permanence. Whilst COVID-19 lockdown did show the potential benefits of climate-positive actions as indicated in the picture below, the idea of decreasing physical human interaction, to reduce carbon footprints of travel, at least within national borders, was heavily challenged.

Pic 10

Cont'd on p22

Cont'd from p20

People were divided along socio-political and religious lines. Trust in central governments got shaken across the world, with pockets of resistance to being controlled rather than letting nature take its course. The containment was meant to ease pressures on hospital admissions and to help manage stress levels faced by medical professionals who were stretched to the limits of required services, prompting the creation of temporary hospitals to care for the sick that cannot be managed at home. There was a global scarcity of hygiene commodities and international logistics became quite expensive with demand push inflation. Despite the pundits' predictions of mass death due to the relative levels of poverty within Africa, the continent was spared the worst. Various reasons were alluded to, including paucity of clinical data on the number of people infected, the majority of which hardly present at hospitals as sick.

Insurance is inherently dependent on the protection of financial interests, whether by direct relationship in the ownership of assets or responsibility for denial of rights over assets or liability for compensation arising by such ownership or responsibility. Once the economy slows down, pressure on personal needs typically forces businesses to risk retention strategies and individuals to call in cash by surrendering life savings assurance policies. For example, in response to governmental actions, the Nigerian insurance industry granted "free" financial protection to front line health workers during the lockdown period with a number of personal line insurers granting forbearances on premiums for motor insurance. Tech-enabled insurers undertook such actions on the basis of silent road risks, which helped increase renewals by policyholders. Alas, the period of uncertainty did little to improve the discretionary purchase of insurance online despite heightened awareness of risk. In addition, such global events also put pressure on the limits of insurability.

THE IMPACT OF THESE ON THE PRACTICE AND SPREAD OF INSURANCE

Higher adoption of insurance services online improved policy servicing, renewals were easier to close and claims correspondence became seamless. However, the existence of digital channels did not lead to remarkable improvements in global policy sales for the following reasons:

- Consumer trust issues around handing over data and cash to unknown and invisible corporate entities remained, despite Know Your Customer' requirements.
- Tech-savvy customers still needed to engage agents before signing up for policies online.

Another part of the "New Normal" being considered "fictional" was how the established technologies and revolutionary digital solutions will cause a fundamental and sudden change within the insurance marketplace even though changes have been happening prior to COVID, but at an incremental pace. Yet, while services became more available and ubiquitous online and a number of international / internationally affiliated insurance brokers could close deals without stepping into an office, anecdotal evidence suggests that a greater number of local insurance brokers still had to earn consumer trust. Because of the technical nature of insurance consumers preferred the personal touch to help make the decision to purchase.

On the Bancassurance side, reports did not indicate any significant increase in its popularity. The International Monetary Fund also released a report indicating a high lapse ratio on policies of customers who live at the edge of the social margins "where economic weakness and unemployment can quickly squeeze cash-flow", making cheaper policies less affordable. Even with micro-insurance policies, the "touch calculations" meant that additional sales require significant expenditure that may not result in sustainable premiums. Whilst Bancassurance and lapse ratio have an immediate impact on insurance density, penetration rate speaks more to the highly capital-intensive industrial complex, which during the period, saw increasing reinsurance costs. The reasons were losses during the period and lower premium base due to moderated industrial/business activities. Apart from FMCG, most industries scaled down operations and suspended labour without pay. Unlike developed economies, most of such workers within Nigeria (and perhaps the larger West Africa) did not have the opportunity of furloughs (temporary unemployment benefits).

Given that insurance is a good barometer of the economy, the impact of COVID 19 on businesses was well reflected in lower or stagnating penetration rates. Also, insurance density did not significantly improve despite increased awareness about the benefits of insurance, particularly with the media reports on cases relating to international business interruption insurance policy payouts making the rounds. One of the positives was the Wimbledon event cancellation insurance policy). Another positive was the test case in the UK, which was filed by the Regulator (the Financial Conduct Authority) by being proactive in protecting the interest of policyholders. The FCA decided to request a judicial review, against certain named insurers, in court to determine the interpretation of common clauses using representative samples of

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business interruption ("BI") policies, with non-material damage coverage extensions. BI policies typically contain loss adjustment conditions on how losses should be quantified to determine loss of profit and additional working expenses incurred, taking into consideration trends of performance over a period, to allow for what would normally have been incurred or lost in the "normal" cause of business, without activation of a loss trigger. The broad form loss triggers on the standalone Business Interruption (BI) policies related to the "Disease" outbreak within vicinity and Public Authority order to contain and prevent "Access". While insurers attempted to restrict the wordings to localized causes and prevention of access, the FCA sought and succeeded in enlarging it to cover force majeure situations on national epidemic and governmental actions.

So, from a value-based point, COVID 19 was good for consumers of insurance in the UK as well as existing policyholders elsewhere around the world in terms of policy service turnaround with self-service automation. A similar decision but without court backing was subsequently taken by the Nigerian Regulator in relation to the COVID easement period protest against the activities of the Nigerian Policy Special Anti-Robbery Squad ("SARS"), where the insurance Regulator widened the scope of Strike, Riot and Civil Commotion ("SRCC") extension, to mandate insurers to pay out on all property damage losses, where the property insurance policy has been so endorsed, despite exclusion of protests relating to demand for change in government action, and/or of a politically motivated nature. `This mandatory pronouncement helped to boost consumer confidence with the Nigerian insurance industry paying over N11bn in claims, and still counting as at the date of article. Hopefully, 2021 industry statistics will present an upside in terms of higher rate of penetration. Despite these positives, the state of the economy within West Africa (a number of which are dependent on tourist and business travellers) did not allow significant improvements in rates of insurance penetration or significant improvements in density as indicated in table 10 below. The average penetration rate for West Africa was <=1% with a density per capita average of US$16 (about 9,000 Nigerian Naira, for example, with its local actual at N3,565 per capita). This regional stagnancy calls for a dedicated and academic focus on hypothetical testing of variables that would help improve take-up rate and per capita spend on insurance beyond the automated insurance services offerings that have been accelerated by COVID 19.

Pic 11

COUNTRIES 2019/2020 FIGURES	INSURANCE PENETRATION RATE	INSURANCE PER CAPITA $	POPULATION MN	GDP $BN
BENIN	<1%	10.00	11.73	29.92
BURKINA FASO	<1%	10.00	21.50	45.40
CAPE VERDE	>1%	47.00	0.54	1.90
COTE D'IVOIRE	<1%	30.00	26.00	58.79
GAMBIA	<1%	3.90	2.40	5.50
GHANA	<1%	NI	31.10	72.35
GUINEA	<1%	NI	12.40	26.45
GUINEA-BISSAU	NI	31.30	1.80	3.39
LIBERIA	NI	NI	5.10	7.30
MALI	NI	NI	20.20	44.30
NIGER	NI	NI	24.20	30.50
NIGERIA	<1%	6.20	207.00	1,280.00
SENEGAL	>1%	12.98	16.70	12.98
SIERRA LEONE	<1%	1.67	8.20	1.67
TOGO	>1%	5.13	8.30	5.13
			397.17	1,625.58
CAMEROUN **	1%	15.00	26.50	96.80

UNDERSTANDING BEHAVIOURAL ECONOMICS OF INSURANCE – NORMALITY & REALITY

Much of who buys insurance in Africa is steeped in its colonial history and repressed evolutionary development of its communities. The most advanced insurance market is South Africa with penetration rate of 13.7%, almost double the world average at 7.3%. It is second to Taiwan at 17.4% and higher than most European and Asian Countries of the world. With Africa average at 2.78%, it is important to understand why South Africa remains the Outlier.

The South African insurance industry history is similar to much of colonized Africa as an essentially European settlers construct; but special in terms of the economics of apartheid with significant mass exclusion. Much of industry was segregated with practically all in the hands of Europeans who built viable structures to manage and protect these. Businesses were formalized, with structured workers' welfare policies (Pensions, Life and Health) and financial protection against possible assets and property losses. The heightened risk environment allowed behavioural control of consumers' response to the need for insurance. Within Colonial sub-Saharan Africa, the history was largely one of trading on exportation of raw materials and importations of finished good with elements of local assembling and packaging from Europeans and North Americans companies. As large industries were in the hands of these companies, much of the insurances where intermediated by local fronting companies for parents abroad. The history of insurance in Nigeria is inextricably tied to the advent, in 1918, of Royal Exchange Assurance of the UK Agency Office. Much of the premiums generated were exported, subject to retention of operating expenses. The premiums were repatriated and not used for any significant national development. In Nigeria, for example, it took 40 years

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for the first indigenous insurance company to birth and another 31 years before a national insurance company was founded. Within these times, the insurance industry had a chequered history of disaffection with local companies' practices of insurance, the staunching of growth based on the monopoly of Government in certain businesses and the oligopoly of foreign insurers on insured assets of foreign entities.

If we step aside from discretionary insurances, we will also observe that much of the laws governing compulsory insurances within West Africa has its history in colonial times; a clear example being motor liability insurance under the Motor Vehicle (Third Party) Insurance Act of various English speaking countries of West Africa. The idea of compulsory insurances itself is meant to increase the commonwealth of nations by providing much needed funds for accident related public services. Alas, because of the segregation of the colonial communities from the locals, much of what was good was seen as "taxes" without commensurate tribal benefits or enablement of sustainable and enduring wealth creation by the colonizers for their locals. Indeed, research report indicates that the Colonial States faced "fiscal challenge of ruling vast territories ... that produced relatively little taxable wealth". Africa had its natural resources exploited by others and its labour resources controlled by others. So, as direct servitude and colonial control became difficult to present as an open system of Government, the colonizers left and transferred the seats to local exploiters who continued to benefit from their positions as the colonizers without increasing the wealth value of indigenous peoples. As such, the people did not see the true societal value of insurance beyond the "tax", which tends to be avoided and largely evaded.

ECONOMIC PHILOSOPHY OF PROGRESS

According to Adam Smith, the basic idea of national progress relies on a limited Government that promotes self-interests but regulates greed. This limited form of government will lead to economic prosperity and development within a democracy that is largely bureaucratic than sentimentally controlled. The bureaucracy must promote social cooperation while increasing efficiencies via division of labour where the bureaucrats of the elected government are free from repression to ensure societal benefits. To achieve the desired type of labour, education is key; but the type of education is important. It must be such that it raises productivity, emboldens creativity, promotes structured enterprises/trade and progresses technology.

The colonial heritage of African countries is typically large central governments where bureaucrats are unable to institute progressive self-interest, and largely prefer to promote sentimentalism of elected officials in antiquated distancing of self from the governed to foster regressive self-destruction. The anecdotal response to these is that colonialism ended years back and that Africans could no longer use that as an excuse. Alas, the colonial structures are what is still being run and it will take major sacrifices to challenge the fundamentals of such structures, which not many Africans are willing to make. In not willing to endure the rough ride to progress, African leaders basically stepped into the shoes of the former masters and carried on. They did not return to the roots to bind the peoples' interests in making government about service and the greater good of all.

Why is this important for insurance? Essentially the colonial structures were left for insurance as well, and structurally, Government remained the main trader and enterprise for labour. Many of the things that affect individual lives/personal wealth, requiring protection and sustainable growth for composite national wealth, are not structured as important, even if the needs are seen – essentially, independent industries (Education, Healthcare, Manufacturing, Creative Services & everything else in between the art and science of living). So, the premiums generated by the insurance industry is disproportionately from government and government-linked businesses under various protectionist laws without the ubiquity required for sustainable local enterprise.

When the South African example is used, history shows that much of past pension funds were used to develop local industries and structured enterprises. For others, Nigeria, for example, much of the same pension fund was played in private hands to be reinvested back in Government Debt, which is used as a tool for monetary controls than active industrial production. Sometimes, laws are made to delimit the potential of insurance premiums as part of long term capital for national development. The challenge is the laws are like sandcastles that get washed away by the ebb and flow of tidal waters.

VECTOR REMARKS

Following basic economic philosophy, the insurance industry within West Africa has a new vector for improvement in the delivery of services but it must focus on building a viable industrial base where competition is about the value and sustainable progress in protecting the wealth of the nation. To do so, the following areas require constant attention:

- Market Structure (Pension, Life, Health & General) and uniformity in Data capture
- Regulation and Composite Compliance (Sustainable Growth)
- Population (High Unemployment)
- Investment Climate (Slow economic growth)
- Trade Imbalance (Pressure on forex)
- Government Debt (Challenge on future reputation)
- Bancassurance (Ownership Matrix)
- Fair Customer Proposition (Delays)
- Productions (Complexity & Simplification)
- Value for Service (Consumption Proposition)
- Appropriateness of Product (Real needs than adopted standards)
- Servicing Costs (Cost Overrun to Premium Revenue)

Of these 12 macro and micro points, technology and virtualization of services would have a significant impact on 7, 8 & 10, but would require the fundamentals to be fixed before this impact can be felt to engender a progressive, economy supporting industry. Essentially, it must find the appropriate vectors that would cause a "normal" revolution within the insurance industry. Finally, the clichéd word that change is "normal" is ever more fitting for an industry that evolves with the economy but needs to revolt in granting sustainable financial protection to individuals and, collectively, West Africa.

- How do we start this revolution? A few suggestions are below:
- Study organic rather than inorganic behaviour
- Identify needs from 1
- Create structures to connect 1 & 2
- Capture & Analyse Data from 3
- Educate/Enlighten on importance or 3 & 4
- Develop the foundation
- Determine materiality
- Build according to 7
- Monitor response to "build" and refine as required
- Repeat all over again.

Given that Motor liability ties West Africa together, it helps to illustrate the point about the key to greater uses of insurance as a financial protection tool within a larger national risk management framework, which is largely absent within African countries. The available motor liability insurance data shows a casual disregard for insurance and a view of it as a compulsory 'pass' than as means of financial protection for the commonwealth. Yet, compulsory liability insurances, whether for Motor, Public buildings or Workplaces, are tools by which State services can be funded and State investments in infrastructure can be protected. They are also tools by which individuals can help each other live on equal footing at basic levels. An insured motor accident can result in claims being made to fund repairs of public infrastructure (damaged street lights, damaged roads, damaged kerbs, damaged railings etc.) and public services (hospitals, state emergency response, Police/Fire services, local authority fire hydrant). It can also provide loss of income for victims of accidents and legacy funds for beneficiaries of such victims while taking care of ancillary funeral expenses. Yet, these possible consumption values are not readily seen by the majority who appear to be within a psychological blind spot than must be pushed to the direct line of sight. Inherently, humans have the propensity to care for one another when faced with the realities of loss and injury. So, the behavioural aspects of the decision to purchase insurance must be studied.

TOTAL NUMBER OF VEHICLES ON NIGERIAN ROADS - 2018

S/N	TYPE	NUMBER	% OF TOTAL VEHICLES	TP PREMIUMS - ESTIMATE
1	PRIVATE MOTOR	4,739,939	40.67%	23,699,695,000.00
2	COMMERCIAL VEHICLE	6,768,756	58.08%	67,687,560,000.00
3	GOVERNMENT	139,264	1.20%	696,320,000.00
4	DIPLOMATIC	5,912	0.05%	29,560,000.00
	TOTAL	11,653,871	100.00%	92,113,135,000.00
	TOTAL NUMBER OF INSURANCE TP CERTIFICATES			
A	2011 - 2019	6,994,644	60.02%	
B	2020 - MAR 2022	5,179,775	44.45%	25,898,875,000.00
C	ACTIVE CERTIFICATES AT MARCH 2022	3,134,679	60.52%	15,673,395,000.00
A	TOTAL NUMBER OF ACCIDENTS 2021	3,407		
B	MAJOR CAUSES OF ACCIDENTS Q22020 TEST DATA	2,133		
	SPEED VIOLATION	988	46.32%	
	WRONGFUL OVERTAKING	203	9.52%	
	SIGN LIGHT VIOLATION	200	9.38%	
	DANGEROUS DRIVING	173	8.11%	
	BRAKE FAILURE	122	5.72%	
	ROUTE VIOLATION	114	5.34%	
	OTHERS	333	15.61%	

How do people feel about causing injury to or death of another? What do they typically do when the unfortunate happens and another's property is damaged? How do the Police handle such matters? What happens post damage, injury or death? If no insurance, is there a pay-out from an uninsured accident fund? How are hospitals funded? How are they equipped to call on insurance money or draw down from the uninsured accident fund? How do insurers respond to claims? Do they have a clearinghouse to adjust accounts? Are claims payment used as an opportunity for public enlightenment? How has the uninsured accident fund grown over the years? Has it been used for investment in safety and allied industries?

The answers to these questions are quite complex at the level of the cost of law enforcement and the criminal justice system. Simplifying it for Nigeria, for example, requires material motivation of the Police and other law enforcement agencies. It requires fundamental demand for community Police and dismantling of antiquated colonial Police barracks to ensure that accountability is at the personal neighbourhood level. This "normal" may indeed begin the revolution for enduring change.

IN CONCLUSION

The evolution of human life will continue with new vectors affecting the different levels of development –

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micro, 'meso', 'exo', macro and 'chrono'. Each point presents positive and negative opportunities for growth. The new strains of COVID from the Alpha to the Zeta variants being monitored offered an opportunity for deeper looks into human interconnectedness, the socio-economic impact of different economic strata and the geopolitical impact of natural shocks. It showed that the fundamentals have to be basically right for insurance to be valuable and to support the recovery from financial shocks, particular to humans and businesses at a micro-level. It is sometimes difficult to separate "facts" from "fiction" when determining the impact and progression of disease that is dependent on natural immunity and immunization for the moderation of mortality. What is clear is that individuals suffered varying levels of financial deprivation and, for a number of these, insurance made or could have made the difference.

Ms. Adetola Adegbayi is the Executive Director/General Business of Leadway Assurance Nigeria. She is a Legal Practitioner with extensive experience in legal research, corporate legal practice, insurance and financial services. She holds a Bachelor of Laws Degree of the University of South Wales and a Master of Laws Degree of the University of Bristol, England, graduating with distinction in Jurisprudence.
She is also an Associate of the Chartered Insurance Institute, London, Associate, Chartered Insurance Institute of Nigeria and the Chartered Institute of Arbitrators, UK. She holds an Advanced Management Certificate of the Harvard Business School, Boston Massachusetts.

Ms. Adetola Adegbayi

Editor's Note: The Author has made references to other sources and has given due credit but due to space these have not been indicated here.

OBITUARY

MR. MAXWELL AGVABOR

Mr. Maxwell joined West African Insurance Institute (WAII) in 1980 in Monrovia, Liberia.

Having served first as the Secretary to Mr. A. C. K. Chapman in SIC Ghana, Mr. Chapman invited Mr. Maxwell to join him in Liberia where he (Mr. Chapman) had taken up appointment as the Director/CEO of WAII in 1979.

Mr. Maxwell was an accomplished Executive Secretary with a typist shorthand speed of 120 words per minute and could work for hours without break or complaints.

Mr. Maxwell was not only a multifaceted Administrative Manager but also a gracious father figure who served the students, joyfully fulfilling their myriad of varying request with calmness. The students in appreciation called him 'Uncle Max One-Man Thousand'.

When the war broke out in 1990 in Liberia all that was vested in Mr. Maxwell became evident. Mr. Maxwell single-handedly did everything to ensure the safety of the students. He successfully had all the sixty students evacuated through Sierra Leone back to their respective countries.

The late President, Sir Dawda Jawara of the Gambia, then President of ECOWAS in 1991 invited WAII to take up residence in the Gambia.

Mr. Maxwell, then Mr. Ernest Bai Koroma (who later became His Excellency the Head of State of the Republic of Sierra Leone) and the late Mr. Babou Cisse led the delegation that braved the odds and flew into the war-torn Monrovia to collect whatever they could of the valuable items belonging to WAII and brought them to the Gambia.

Temporary accommodation was sought for the students and WAII officially relocated to the Gambia. Mr. Maxwell and Mr. A.C. K. Chapman then invited the students to come and complete their academic programme later in 1991.

Having settled the students in temporary accommodation, Mr. Maxwell was part of the team that sought and secured a campus in Bakoteh, the Gambia and then later a permanent campus in Kotu, The Gambia which currently houses the Institute.

Upon retiring from WAII, Mr. Maxwell returned home to Ghana and due to his character of being a hard and efficient worker was called upon to man the Secretariat of the then Ghana Insurance Brokers Association, (GIBA) now Insurance Brokers Association of Ghana, (IBAG).

Many of the students who passed through the hands of Mr. Maxwell at WAII went on to become Managing Directors/CEOs and held other senior executive positions in the insurance industry in West Africa.

WAICA salutes a humble and quiet giant of the insurance industry of West Africa. He has been honoured with the accolade of Long and Distinguished Service by WAII.

May his soul Rest in Perfect Peace.

Humour

The "Coincidence" of life:

- No matter how tall you are, you can't see tomorrow. So be patient.
- No matter how big and strong you are, you can't carry yourself to your grave. So be humble.
- No matter how rich you are and how many cars you have, you will always walk to bed.
  So be content.

Have you observed the following
LIFE has **4** letters same as **DEAD.**
LOVE has **4** letters same as **HATE.**
FRIENDS has **7** letters same as **ENEMIES.**
TRUTH has **5** letters same as **LYING.**
HURT has **4** letters same as **HEAL.**
POSITIVE has **8** letters same as **NEGATIVE.**
SUCCESS has **7** letters same as **FAILURE.**
ABOVE has **5** letters same as **BELOW.**
CRY has **3** letters same as **JOY**
ANGER has **5** letters same as **HAPPY.**
RIGHT has **5** letters same as **WRONG.**
RICH has **4** letters same as **POOR.**
PASS has **4** letters same as **FAIL**.
KNOWLEDGE has **9** letters same as **IGNORANCE.**
HIM has **3** letters same as **HER.**
BLACK has **5** letters same as **WHITE.**
TABLE has **5** letters same as **CHAIR.**
FATHER has **6** letters same as **MOTHER.**
Is this a coincidence ?
If you think it is your alarm clock that wakes you up every morning, then try putting it beside a dead body and you will realise that it is the Grace of God that wakes you up every day.

Practical Advice:

If all the toilets in your house are occupied and you are waiting for one to be free, switch off the wi-fi...

Oh These Pastors
A divine healer in church called out – "Anyone with special needs who wants to be prayed for, come forward to the front".

With that, Kunjappan, got in line and when it was his turn the Pastor asked, "Kunjappan, why do you want me to pray for you?" Kunjappan replied, "Pastor, I need you to pray for help with my hearing."

The Pastor put one finger of one hand on Kunjappan's ear, placed his other hand on top of Kunjappan's head, and then prayed and prayed and the whole congregation joined in with much enthusiasm.

After a few minutes, the Pastor removed his hands, stood back and asked: "Kunjappan how is your hearing now?"
Kunjappan answered,"I don't know.
My hearing is actually next Thursday at the Ernakulum High Court."

CRITICAL QUESTION

A driver saw a woman selling bush meat by the road side.
They bargained and agreed on a price and the driver told the woman to put the meat in the car boot and come for her money.
The woman went to the car boot but didn't put the meat in the car and just closed the boot. When the driver heard that the boot was closed he just sped off...
Who is the thief, the driver or the woman?