

Into Africa - the insurance industry is burgeoning

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It's unsurprising that South African companies across all sectors are expanding into Africa. When you consider the GDP growth of 0.4% locally, versus Sub-Saharan Africa's economic growth of 3.6%, it makes sense to do business in these emerging markets. In addition, barriers to entry for business in Africa are far less stringent than those in Europe.



Richard Hood, CEO of Olea South Africa

This trend has been accelerated post-Covid and in light of the war in Ukraine. Leveraging opportunities on the African continent is not only astute but logical and has been a focus for private equity companies and private investors.

"That said," says Richard Hood, CEO of Olea South Africa, specialist brokers in risk management and consulting, "doing business in sub-Saharan Africa requires intimate knowledge of the insurance legislation and regulation."

As of today (31 July 2023), Apio Group has formally rebranded to Olea South Africa after becoming part of Olea Group of companies in 2021. Clients will benefit from Olea's unique selling point as the only pan African broking business in South Africa, with an extensive footprint operating in North, West, Central, East and Southern Africa (24 territories in total). Olea South Africa offers a blend of South African expertise and market capacity, with locally based servicing capability for both domestic and cross border operations. "In addition, the

globalisation of business means we are perfectly equipped with a head office in Paris and a strong African presence."

“ Having boots on the ground is imperative in Africa where insurance regulations are country specific. ”

– Vincent de Charnacé

Why a South African portal for insurance in sub-Saharan Africa?

The Group provides service to companies investing in Africa as well as local brokers not established on the continent. The team offers innovation and advice to clients who are increasingly sensitive to the proper management of their risks on the African continent.

Hood says, "South Africa's financial system is highly developed and advanced technologically. This supports clients going into Africa who need to comply with local legislation but want full access to SA capacity and capability. The advantage of having a physical presence in each territory allows us to structure integrated solutions which accommodate regulatory requirements. Olea South Africa is a viable alternative to the traditional corporate insurance brokers in Africa through our extensive network, led by owner-managed businesses, which brings a different culture and client engagement."

Through Olea, clients are able to reinsure into the South African market. "Customers wanting to go into sub-Saharan Africa still access South Africa's insurance capacity," explains Hood. "If a company invests in multiple countries, it can be quite fragmented dealing with different partners and brokers. We are able to leverage Olea's buying potential, through an integrated programme which provides economies of scale, efficiency and uniformity. Obviously, all legal aspects and compliance will be respected thanks to our local presence."

Interestingly, 70% of insurance premiums on the African continent are paid in South Africa. This is due to a greater scope of products and it's an ideal platform from which to reinsure into the South African market, if a specific offering is not available.

Vincent de Charnacé, CEO East and Southern Africa, says: "Having boots on the ground is imperative in Africa where insurance regulations are country specific. Olea is licenced and compliant in each of the different regions and, apart from ensuring the broker and the clients are protected, we would not do anything to jeopardise our licence."

Hood says: "Olea is a member of the Financial Intermediaries Association (FIA) which represents the top insurance brokers in South Africa, with a focus on maintaining the industry's rigorous professionalism and integrity. We are committed to upholding FIA's constitution and respecting its Code of Conduct. In addition, the company belongs to the French South African Chamber of Commerce."

"Our clients demand transparency and information especially when they have multiple country operations," says Charnacé. "Our unique in-house reporting tools provide all of the data including access to their portfolios, claims, history and any other documents on a dashboard at the touch of a keyboard."

The growth of the insurance industry in Africa is exponential, not only due to a burgeoning middle class but because expectations have changed. Charnacé says employees are pushing for greater benefits in sub-Saharan Africa – in fact demanding them. "Ten years ago, medical insurance in sub-Saharan Africa was considered a benefit by employees, it was an incentive to attract the best workforce. Currently this is accepted as a 'given'. The same applies now to life insurance – it wasn't a high priority and, if offered, would be considered a benefit." He believes that in a couple of years employees will expect life insurance as a standard part of their remuneration package. This translates into a considerable growth potential for insurers.

In 2021, Africa's insurance premiums (life and non-life) amounted to \$74bn. This continues to expand, creating more opportunities for business and the concomitant insurance whether it be in construction, mining or the transport industry.

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Olea South Africa



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