

Africa's growing middle class opens doors for health insurance industry

Africa's economic growth levels have resulted in increased spending power. Figures indicate that Africa's middle class has more than tripled over the past 30 years. This trend, which is set to continue in the foreseeable future, bodes well for the health insurance industry.

“With an average annual growth rate forecast of 6% for Africa’s 54 countries in 2035, the continent is alive with opportunity,” says Andrew Schwulst, CEO of health insurance provider, Liberty Health. “The growing presence of large corporates in Africa is a welcome boost for job creation and local economies. Economic growth directly translates into a growing workforce – this is good news for insurance companies.”



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The most recent *Global Economic Prospects Report* by the World Bank shows that 54 African economies collectively grew on average by 3,4% last year. Whilst this is lower than previous years, Africa's average growth rate exceeds expansions recorded in the United States (1,9%), Europe's Eurozone (0,4%), Australia (0,7%), or even the world (2,4%). Top African performers last year, were Ethiopia (10,2%), Ivory Coast (8,4%), the Democratic Republic of Congo (8%), Rwanda (7,4%), and Tanzania (7,2%).

Apart from improved macroeconomic conditions, factors like increased urbanisation and reformed government policies are also boosting people's spending power and spending habits. “Africa’s middle-class growth trajectory is evident in consumer spending habits, with increased focus on retail, telecommunications, financial services and healthcare,” says Schwulst.

The International Monetary Fund (IMF) projects that the number of African's entering the workplace will exceed that of the rest of the world combined. "The increased demand for goods and services is also attributed to the growth of small and medium-sized enterprises. Health insurance providers in Africa are yet to fully tap into the SME market."

"One size does not fit all. Our innovative pan-African product suite provides a range of options to choose from. These enable our multi-national clients to offer their staff a consistent value proposition across the continent, whilst allowing for local nuances," says Schwulst.

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