



# IFC

## Financial Institutions Group (FIG)

# Insurance

### Industry Context

While emerging markets today make up only about 20% of global premiums, they are the fastest growing insurance markets. With growth rates consistently four to five percentage points or more above advanced countries, developing markets represent a significant opportunity for IFC and other investors.

**Insurance enables enterprises to take on more risk and provides a safety net for individuals.** Additionally, insurance companies deploy assets into long-term investments in local and regional economies, as well as bonds, equities, real estate and infrastructure, driving the development of deeper local capital markets. Life, non-life, and health insurance products can improve recovery after disasters, support health and social security systems and promote food security.

**Diverse trends are shaping the insurance sector and generating new challenges and opportunities:**

- Climate change
- Demographic shifts
- Evolving regulatory landscapes and adoption of higher standards
- The rise of insurance technology (Insurtech)

### Strategic Initiatives

**The IFC Women's insurance advisory program leverages the private sector to create new women's insurance markets** in some of the most difficult environments. We work closely with our clients to increase their customer base and revenue from women, and by doing so we help increase women's access to insurance and boost their employment opportunities as agents and distributors.

**In Agricultural Index Insurance**, IFC advisory teams work with (re)insurance companies, MFIs, co-ops, agribusinesses, data providers, brokers, and risk modeling firms to provide technical assistance in product design, data collection, modelling and pricing. IFC also sponsors a variety of

### IFC Strategy and Portfolio

**IFC helps clients create insurance markets to serve emerging market consumers and enables insurers to invest in both capital markets and real sectors.** IFC works in the insurance sector in three main areas: investments, advisory services, and mobilization.

- IFC is a leading private equity investor and advisor to insurance companies in emerging markets, deploying its own capital for a finite duration and often as the anchor investor that attracts additional investors. IFC specialists provide technical advice and initiate operational improvements. We also provide our ESG frameworks and can offer investment products across the capital structure from common equity to senior debt facilities.
- IFC has invested over \$2 billion in insurance companies, primarily through direct equity investments, and currently has a portfolio of equity investments valued at about \$400 million across 22 insurance companies (including 11 Insurtech/early-stage investments). Looking ahead, IFC intends to grow its portfolio of insurance investments to \$1 billion by 2030.
- IFC utilizes non-payment insurance from highly rated global insurance companies as a mobilization and risk management tool for its own account lending programs. IFC has sourced approximately \$10 billion of capital through credit insurance to support long-term lending to financial institutions and infrastructure projects, as well as short-term trade finance.

educational activities to develop a local skill base that is the backbone of insurance infrastructure.

**The MCPP FIG platform has mobilized \$6.5 billion of insurance capacity** through an innovative reinsurance structure that sources non-payment insurance to increase IFC's long-term lending to FIs in EMDEs; currently, there are 13 global insurance partners participating in this program. Other DFIs are now replicating this approach. IFC supports our insurance investees to invest in more climate finance, including real estate and green and blue bonds. We continue to explore catastrophe bonds, insurance-linked securities and risk sharing for natural disasters and extreme weather events.

## Investment & Advisory Examples



Assupol, a former mutual, provides life insurance products and services to disadvantaged individuals in South Africa. IFC invested during its demutualization process and provided an important validation for the process that eventually led to a public listing. The equity investment facilitated a restructuring of the capital and shareholder base, enabling Assupol to gain increased recognition and traction among investors to continue its strategy to serve the low-income population.



IFC Advisory projects leverage the use of technology and innovation within agriculture insurance: (1) In Sri Lanka, a mobile and web application was developed to digitize information and land mapping, capturing +80,000 farmer and farmland data points to date; (2) In Kenya, since 2010 mobile network operator M-PESA and local input providers leverage satellite technologies to locate and monitor risks and disburse claims payments into farmers' mobile wallet or as an automatic discount on the next input purchase.



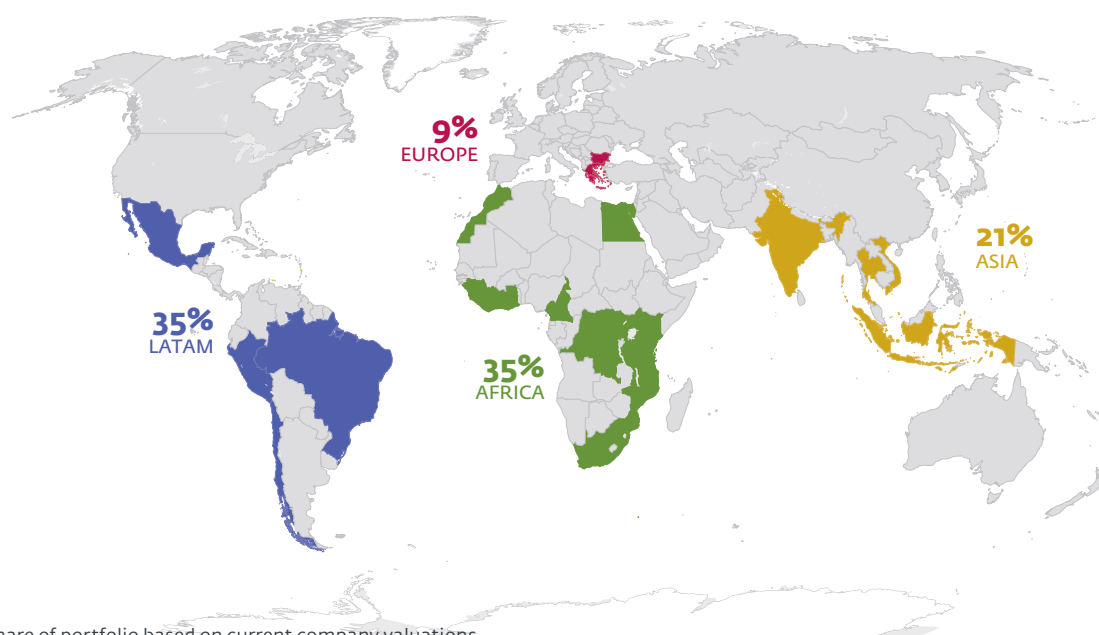
AXA Mansard, one of Nigeria's largest insurance companies, engaged with IFC to tap into the women's market potential in the country through the IFC Women's Insurance program. By the end of 2019, the company achieved gender parity in its customer count—a key target which the company set in 2017.



Roojai is a "digitally native" insurance company whose direct-to-consumer model is expected to improve competitiveness in the market by demonstrating the viability of a technology-led business model capable of improving service quality and reducing operating costs. The company lowers distribution costs by avoiding the middlemen and letting customers use online channels to buy directly from Roojai. IFC supported the company's growth with a direct equity investment.

FIG has invested \$2.5 billion\* in the Insurance Sector

~\$400 million active equity portfolio in 22 companies operating in 29 countries



% represents share of portfolio based on current company valuations  
\*through direct investments and PE funds since 2001