

# AUHF Conference

## The role of insurance in property markets

5 November 2020

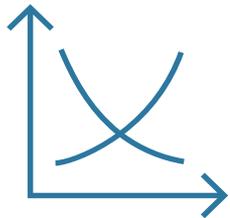
Lucia Schlemmer



# The insurance sector has an important role to play in building the resilience of housing and infrastructure

**Property markets are important for economic development and resilient cities.**

- Directly – by supporting GDP growth and employment
- Indirectly – by building resilient communities and cities



**However, there is a severe housing and infrastructure deficit in Africa.**

- Rate of urbanisation > growth of housing and infrastructure
- In Africa, **USD1.4 trillion and over 50 million housing units** are needed to plug the affordable-housing deficit.



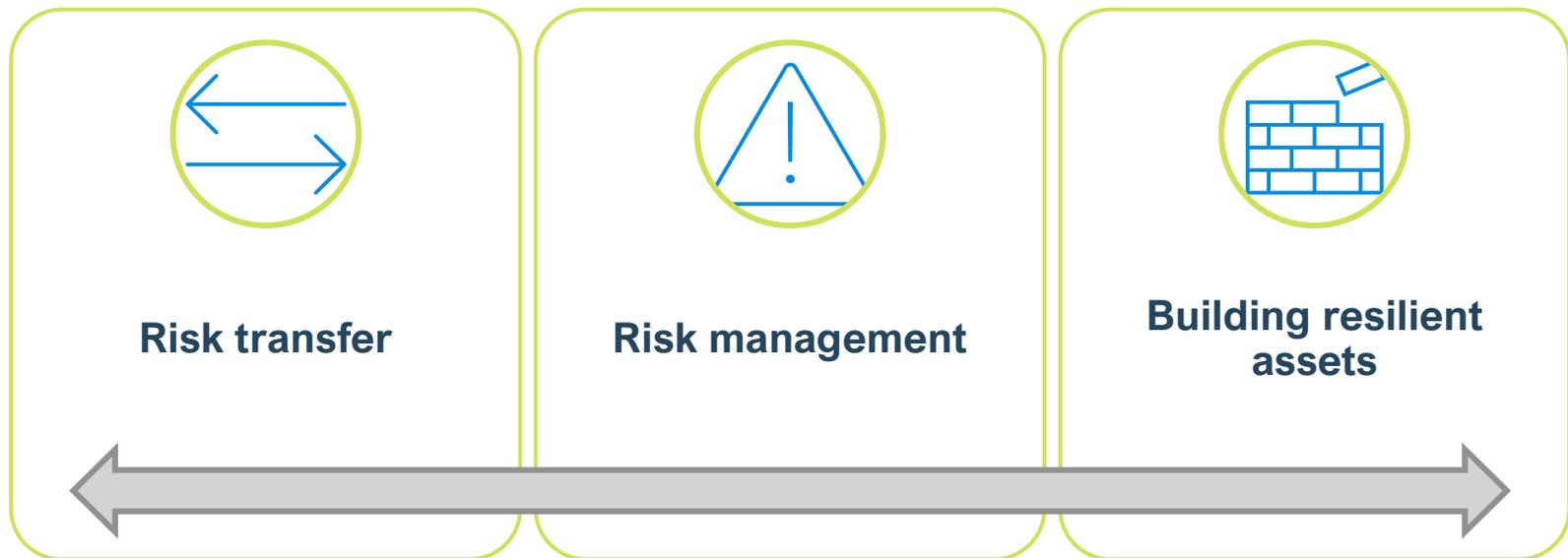
**One of the constraints is the lack of adequate insurance.**

- SSA insurance penetration = <3%\* (2017)
- SSA take-up of private insurance < 10% of adults vs 54% with insurable risks\*\*



# The role of insurance in property markets

Well-functioning insurance markets transfer and manage risk and intermediate capital for productive opportunities – all functions that can support property markets.



# Risk transfer and management

The risks faced by property market actors give rise to several risk transfer and management needs, many of which are insurable.

## Main risks faced in construction and housing markets



## Insurance solutions



# Emerging opportunities for risk transfer and management

Digitisation and new business models providing opportunities for greater insurance penetration



klarx



iBuild™



sensor  
NETWORKS®



LUMKANI  
SAFER TOGETHER

An online platform for renting construction tools and equipment in Germany.

**Insurance offering:**  
Accidental damages to equipment  
**Partner:** HDI insurance



A C2C platform that offers a secure method to connect homeowners, contractors, workers and suppliers to facilitate the housing (re)construction process in Kenya.

**Insurance offering:**  
Accident microinsurance  
**Partner:** Britam Kenya



An Internet of Things (IoT) startup providing smart home insurance solutions to homeowners across South Africa.

**Insurance offering:** A smart geyser device  
**Partner:** Santam Specialist Real Estate



A technology company that distributes insurance products to households and businesses in townships in South Africa.

**Insurance offering:** fire cover, funeral cover + alarm  
**Partner:** Hollard



# Thank you

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## About Cenfri

Cenfri is a global think-tank and non-profit enterprise that bridges the gap between insights and impact in the financial sector. Cenfri's people are driven by a vision of a world where all people live their financial lives optimally to enhance welfare and grow the economy. Its core focus is on generating insights that can inform policymakers, market players and donors who seek to unlock development outcomes through inclusive financial services and the financial sector more broadly.

## About FSD Africa

FSD Africa is a non-profit company that aims to increase prosperity, create jobs and reduce poverty by bringing about a transformation in financial markets in sub-Saharan Africa (SSA) and in the economies they serve. It provides know-how and capital to champions of change whose ideas, influence and actions will make finance more useful to African businesses and households. It is funded by the UK aid from the UK Government. FSD Africa also provides technical and operational support to a family of 10 financial market development agencies or "FSDs" across SSA called the FSD Network.

