



Creating pools may promote sustainability among African insurers in the face of climate change

Nairobi, February 17, 2025: African insurers must rethink risk, embrace collaboration and innovate for resilience. The future depends on it agreed a group on insurance CEOs meeting in Nairobi.

As Africa faces one of its greatest challengers in the form of climate change, the question facing the group of CEOs meeting at an event hosted by *Continental Reinsurance* and *Africa Ahead*, is whether insurers can tackle this risk alone.

The group met to discuss the lessons learned from the California wildfires and whether there are parallels with the African experience. They agreed, there are similarities and insurers across the continent should be considering their exposure to fire, the wordings in place as well as the regulatory approach.

The question for the group in Nairobi was to consider the way in which most local homeowners' policies work and whether the risks are similar. Led by Kevin Mworia at Continental Re, the stark warning from the group was that African insurers or reinsurers cannot cope with the impacts of climate change on Africa alone.

Wildfires – or bush fires – remain a real risk but only for certain parts of the continent, however the CEOs agreed that for the most part, the wordings mean such events would be covered by local policies.

As Philip Lopkoiyit, CEO of the ICEA Lion Group said, however, this does not mean it is a risk that insurers should not take seriously. “Depending on where it is bush fires can be an expensive loss for us – think of the camps in the parks, for example, there is a huge physical value with difficult rebuilds and in some cases business interruption costs to consider as well.”

As Ashok Shah, CEO of the Apollo Group, stresses “Whatever the cause of the California fires, the main thing we have in common as Africans is that all of us are facing increased risks from climate change.”

Japeth Ogalloh, managing director Old Mutual Kenya, added “Africa bears the brunt of climate change although we are the least in terms of causing the changes. However, it gives us an opportunity to work together to produce solutions.”

The 11 Kenyan CEOs all believed that collaboration would be key for future sustainability. Kevin Mworia, CEO Continental Re (Kenya) said, “You cannot speak about one stakeholder in isolation because everything happens in concert. Insurance is a big ingredient but if the



exposure is too great, insurers will leave the market. The question for me is ‘what can we do differently?’”

The group believed that the answer may lie in pools. While they said it might be too difficult to establish a pool for bush fires as there are so many variables – commercial v residential policies, for example – the idea of a pool for east African floods took hold among the group.

Wendy Gondi, newly appointed CEO of Kenbright Reinsurance, believed it would take everyone in the market to participate but it might be enough to reduce the risks to manageable levels and maintain a more sustainable insurance sector.

Lorraine Njue, head of strategy and partnerships at Africa Risk Capacity, agreed “When you look ahead, one of the biggest risks for the future is a lack of capacity.”

Another challenge for any insurer is simply in mapping the risk. Njue outlines the difficulties for the group, explaining the nuances in mapping costs, rivers, lakes etc and understanding the local topography, before placing that all in the risk matrix.

The availability of data is improving and the group agreed more should be done with government to open up the existing data to all stakeholders, as well as then managing the risk in a better way.

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