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## DISRUPTIVE THINKING: OUR ANCESTRAL HERITAGE

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In the heart of Africa, where the rhythm of the savannah echoed with laughter, a tribal elder gathered the community and said, "Why did the smartphone go to school in the Serengeti? To improve its antelope algorithms!" And so, amidst the chuckles, this is how the story unfolds; Once upon a time, in the vast landscapes of Africa, where the sun painted the horizon with hues of warmth, there lived our ancestors who carried the ancient legacy of technological brilliance. They were the keepers of the world's oldest stone tools, passed down through generations, each telling a tale of African innovation.

Our ancestors saw the development of geometrical thinking as they learned to "geometricize" in the context of their labour activities. For example, the hunter-gatherers of the Kalahari Desert in southern Africa learned to track animals, learned to recognize and interpret footprints. They got to know that the shape of the footprint provided information on what animal passed by, how long ago, if it was hungry or not, etc. The knowledge of inoculating oneself against smallpox seems to have been known to West Africans, more specifically the Akan. Iron use, in smelting and forging for tools, appeared in West Africa by 1200 BCE, making it one of the first places for the birth of the Iron Age. Before the 19th century, African methods of extracting iron were employed in Brazil, until more advanced European methods were instituted. African metalworkers were producing their goods at the same or higher levels of productivity as their European counterparts.

However, with all this rich scientific and technological history, Africa needed critical technology to develop other indigenous technologies. Writing systems and the wheel, for instance, failed to reach sub-Saharan Africa from the Mesopotamian Civilizations. These technologies reached Europe and North Africa through merchants and nomadic travellers among others. Ethiopia being an exception as they had contact with Egypt and other civilizations that had these technologies. But for most of Africa, these technologies simply didn't arrive until Europeans came barging in. It is now ubiquitous to see an African woman with a bucket on her head instead of using a carriage. Most probably, our forefathers were passive about the innovative ancestral heritage.



Fueled by the wisdom of George Santayana, the Spanish-American philosopher who passionately declared, "Those who do not remember the past are condemned to repeat it," our journey in crafting this narrative becomes an exhilarating quest for innovation. With each keystroke, we channel the spirit of those who learned from history's whispers, propelling us into a thrilling expedition where the fusion of technology and insurance becomes a beacon of progress. Embracing Santayana's call, we not only remember the past but dance on the edge of its lessons, infusing our present with the excitement of forging a future unbound by repetition.

As devoted kin, I staunchly refuse to consign you, my family, to the shadows of historical condemnation. Witnessing our African ancestors masterfully harness fire for warmth and protection as a strategic form of risk mitigation, forge iron tools to bravely navigate challenges in their environment, and even inoculate themselves against the peril of smallpox, I am compelled to emphasize as insurance providers, our duty to innovate and invent is not just a choice but an intentional act of safeguarding the legacy we inherit. Let our commitment be resolute, and our innovation, a beacon that transcends the echoes of history. This is our time to actively participate in the global tech marathon.

In the dynamic tapestry of risk evolution, where challenges constantly shift, the unwavering thread of innovation persists. This persistence is mirrored in insurtech - a fusion of technology and insurance that seamlessly adapts to emerging risks, demonstrating a timeless commitment to navigating uncertainties with cutting-edge solutions. I believe technology should enhance human expertise, not replace it. Insure-tech proves the premise that advanced technology and predictive analytics, when paired with deep knowledge of the industry's top insurance, benefits, and risk management experts like Minet, would be a significant breakthrough for insurance and benefits seekers in Africa.

Like many other sectors, insurtech saw a decrease in venture capital investment in 2022. The sector peaked at \$4.8 billion in Q2 of 2021, and since then deal sizes have only decreased, reaching \$2.4 billion in the first half of 2023. Insurtech investment has slowed down in both public and private markets. Interestingly, the slowdown has affected all types of insurtech, including digital insurers, technology providers, brokers, and agents. Currently, insurtech fundraising is back to 2018 - 2019 levels. In 2023, insurance distribution and brokerage seem to be attracting most of the funding, while agents are getting the least amount. In Q1 of 2023, insurtech funding hit \$1.4B, with the focus being on early-stage deals.

### **HOW ARE INVESTORS REACTING TO THE MARKETS?**

Public insurtech valuations have also decreased substantially and only recently recovered. Investors are choosing to be more careful with their investments and doing much more in-depth due diligence. Based on what's going on in the public markets, investors in private insurtech are asking portfolio companies to focus on conserving cash, remaining efficient, and extending their runway. The insurtech market still represents a huge opportunity, larger than other industries like Mobility which gets 5x the funding. The industry has been lagging behind fintech for a while. This is likely because of how regulated the industry is and how hard it is for new entrants and startups to work with a sustainable business model.

Because of the lag, very few venture capitalists focus specifically on insurtech. Instead, it's a lot



more common to have large insurance companies set up their own capital arm to do strategic investments. In the insurance and insurtech industry, collaboration between large corporates and startups is more important than ever before. Insurtech represents a massive \$7 trillion opportunity. Insurtech has also largely focused on the P&C market which attracted over 60% of the funding in the latest years. Life insurance has been particularly underinvested and still waiting for much-needed change.

### ARE THERE OPPORTUNITIES IN AFRICA?

More than 20 years ago, Strive Masiyiwa, faced with a grilling reality of 75% of Africans never having heard a phone ringtone, had a vision to create an entire ecosystem of digital solutions to connect people and businesses across the continent. Fast forward, the mobile penetration rate in Sub-Saharan Africa was reported as 46 percent by 2021, having risen significantly since 2012. Further growth is expected for 2025 since half of the Sub-Saharan African population will subscribe to a mobile service. Smartphones are expected to account for a greater share of total mobile connections in Africa during 2025 when compared with 2018. The EAC regional economic community is expected to see the largest growth, increasing from 33 percent to 66 percent. Mobile use in Sub-Saharan Africa is expected to increase significantly in the coming years, reaching 623 million unique subscribers by 2025. It is expected that there will be 483 million mobile internet users in the region by 2025. As of November 2022, most of the web traffic in major African markets was via mobile.

The surge in mobile penetration across Sub-Saharan Africa which is expected to even grow further, unlocks promising opportunities for insurance innovation. With the anticipated rise in smartphone usage and mobile subscriptions, there's fertile ground for developing convenient, mobile-centric insurance solutions, including microinsurance tailored for the growing population. The projected increase in mobile penetration within the EAC region from 33% to 66% signals a strategic focus area for insurers. Moreover, as most of the web traffic in major African markets is via mobile, insurers should prioritize optimizing digital platforms, ensuring user-friendly interfaces and mobile app accessibility. This evolving landscape sets the stage for insurers to tap into emerging markets, leverage digital channels, and offer personalized insurance experiences to a tech-savvy audience, potentially reaching 623 million unique subscribers and 483 million mobile internet users by 2025.

With mobile subscriptions skyrocketing, Africa is proving that when it comes to staying connected, even lions can't resist swiping right on the digital savannah!" And there you have it, folks! Concluding with a sprinkle of humour - because who said articles can't have a punchline?

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