

Gates
Foundation



INSURANCE INDUSTRY

— W O R K S H O P —

EVENT REPORT



NOVEMBER 11, 2025

CHANGING IMAGES COMMUNICATIONS PLC

ADDIS ABABA, ETHIOPIA

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EXECUTIVE SUMMARY

The Insurance Industry Workshop, held on November 11, 2025, in Addis Ababa, Ethiopia, brought together more than 150 leaders and technical experts from the insurance sector, regulatory bodies, and development partners under the theme “Growing the Market, Embracing Change.” The event was jointly organized by FSD Ethiopia, the Association of Ethiopian Insurers, FSD Africa, and Cenfri to chart practical pathways for modernizing and expanding Ethiopia’s insurance market.

The workshop explored the sector’s progress, challenges, and reform priorities through keynote presentations, strategic discussions, and interactive sessions. Opening remarks highlighted the sector’s recent growth, gross written premiums rising by 50% in 2024–2025, while acknowledging persistent constraints such as low penetration (below 1% of GDP), limited financial literacy, and slow digital adoption. The National Bank of Ethiopia (NBE) reaffirmed its commitment to strengthening governance, transparency, and market resilience through ongoing reforms, including the upcoming transition to a Risk-Based Capital (RBC) framework and the establishment of an independent insurance regulator.

Technical sessions examined market stability, risk-based supervision, and market development trends, emphasizing that modernization requires stronger capital management, improved data systems, product diversification, and digital innovation. Presentations by FSD Africa and Cenfri

showcased lessons from other African markets, the potential of microinsurance, and the importance of inclusive, customer-centered product design.

A high-level panel discussion underscored the need for coordinated action across regulators, insurers, and development partners. Key themes included trust-building between market actors, investment in human capital, consumer education, innovation-friendly regulation, and collaborative frameworks to ensure industry-wide growth. Participants also raised questions on liquidity, asset valuation, and digital readiness, stressing the importance of research, technology adoption, and proactive engagement with national economic reforms.





WELCOMING REMARKS

Hikmet Abdella

CEO, FSD Ethiopia

The workshop opened with welcoming remarks from Ms. Hikmet Abdella, Chief Executive Officer of FSD Ethiopia, who extended her greetings to participants and partners attending the two-day workshop themed “Growing the Market, Embracing Change.” She highlighted that the event, co-designed by the Association of Ethiopian Insurers, FSD Africa, and Cenfri, serves as a practical platform for local expertise and global innovation to converge and strengthen Ethiopia’s insurance industry.

Ms. Hikmet noted that although the insurance sector in Ethiopia is showing steady growth, overall penetration remains low, leaving millions of citizens, including farmers and small business owners, exposed to risks that could be mitigated through effective insurance mechanisms. The workshop, she explained, aims to address this gap by fostering innovation, expanding market coverage, and developing a resilient insurance ecosystem.

She emphasized that over 150 senior executives and technical specialists will engage in hands-on exercises and focused discussions on key topics such as Risk-Based Capital (RBC), microinsurance, product innovation, and technology-driven solutions. The sessions are expected to generate practical insights that inform an actionable industry roadmap aligned with Ethiopia’s financial realities and ambitions.

Ms. Hikmet commended the National Bank of Ethiopia for its recent reforms toward a more transparent, supervised, and future-ready sector, underscoring the regulator’s pivotal role in shaping an inclusive and sustainable insurance landscape. She concluded by encouraging participants to challenge assumptions, share perspectives, and actively contribute to shaping the future of Ethiopia’s insurance industry, reminding all that its transformation depends not only on boardroom strategies but on the collective vision and commitment of every stakeholder.



OFFICIAL WELCOMING REMARKS

H.E. Solomon Desta

Vice Governor, National Bank of Ethiopia (NBE)

The workshop was officially opened by H.E. Solomon Desta, Vice Governor of the National Bank of Ethiopia (NBE). In his address, he reflected on the growth the insurance sector has experienced in recent years, noting that in 2024–2025, gross written premiums increased by 50%, with general insurance reaching ETB 38.7 billion, a growth driven by higher asset valuation and stronger economic performance. Life insurance, he added, expanded to ETB 2.7 billion, benefiting from emerging opportunities and a progressively modernized policy environment.

H.E. Solomon highlighted that this growth is partly the result of ongoing reforms spearheaded by the NBE. These include enhanced capital requirements to ensure resilience, sector-wide governance directives, the establishment of minimum pre-

mium rates, and the rollout of reporting frameworks designed to promote transparency and accountability. Despite these advances, he acknowledged persistent challenges: insurance penetration remains below 1% of GDP, financial literacy levels are low, and digital distribution remains limited.

He emphasized that the sector's future depends on deepening consumer trust and aligning ambition with execution. He encouraged participants to engage meaningfully in developing a practical, industry-owned, and inclusive roadmap that strengthens resilience and expands the reach of insurance in Ethiopia. H.E. Solomon reaffirmed NBE's commitment to supporting this transformation as both a supervisor and a partner, working alongside industry actors to advance a more inclusive and competitive insurance landscape.



OFFICIAL WELCOMING REMARKS

Mr. Yared Molla

President, Association of
Ethiopian Insurers

Following the Vice Governor's remarks, Mr. Yared Molla, President of the Association of Ethiopian Insurers, delivered a complementary address, extending a warm welcome to participants and partners. He underscored that the workshop marks a defining moment for Ethiopia's insurance industry, an opportunity to confront long-standing challenges and chart a new direction anchored in collaboration, innovation, and integrity.

Mr. Yared identified key structural issues hindering progress, including the absence of a national insurance strategy, limited data sharing, a lack of innovation, and unethical competition that undermines trust and financial sustainability. He called for a shift from price-driven competition to service-driven excellence, emphasizing the importance of digital transformation, product diversification, and investment in

human capital to meet emerging risks in agriculture, health, and climate sectors.

He reaffirmed the Association's commitment to act as the collective voice of the industry, facilitating dialogue, supporting research, and advocating for sustainable transformation. Mr. Yared concluded with a call to action for all stakeholders to move forward with unity, shared purpose, and professionalism, envisioning an insurance industry that stands as a pillar of resilience and national growth.



MARKET STABILITY & RISK-BASED CAPITAL (RBC)

STRATEGIC OVERVIEW OF RBC IMPLEMENTATION AND ITS IMPORTANCE FOR ETHIOPIA

Elias Omondi

Senior Manager
Risk Regulation, FSD Africa

Mr. Elias Omondi delivered a comprehensive presentation on the strategic importance of Risk-Based Capital (RBC) and its role in ensuring market stability and resilience within Ethiopia's insurance sector. He emphasized that the insurance industry has the potential to catalyze national change, and that modernization requires a shift in perspective from "we have to do this" to "we have done this."

He explained that market stability underpins a strong, trusted, and resilient insurance sector by fostering investor confidence, supporting fair competition, encouraging innovation, and promoting customer-centric product development. However, several factors currently undermine stability, including underpricing of risks, unsustainable competition, weak governance and risk management, exposure to investment and underwriting

shocks, and limited actuarial capacity.

Mr. Omondi outlined the essence of Risk-Based Supervision (RBS) and Risk-Based Capital (RBC) frameworks, noting that they align insurers' capital requirements with the level of risk undertaken. RBC is a forward-looking framework that ensures insurers hold capital proportional to their risks while strengthening governance, enterprise risk management, and proactive regulatory oversight. Supervisors, he added, will prioritize high-risk areas to enable efficient resource allocation and timely intervention.

He elaborated that the RBC model is built on three pillars:

- 1 Technical Provisions – Prudent and objective reserves set aside for anticipated risks.
- 2 Own Risk and Solvency Assessment (ORSA) – Internal evaluations of solvency needs based on each insurer’s specific risk profile.
- 3 Disclosure and Transparency – Promoting accountability and market discipline.

The framework addresses multiple risk categories, including market, credit, insurance, and operational risks. Mr. Omondi also shared lessons from countries such as Kenya and South Africa, where successful implementation required strong industry engagement, gradual transition, supportive legal reforms, and data infrastructure upgrades. While implementation timelines vary, ranging from 4 to 10 years across Africa, he stressed that industry and government buy-in are critical for success.

He highlighted the five-phase roadmap for Ethiopia’s RBC implementation:

- 1 Diagnostic and Regulatory Gap Assessment
- 2 Development of Regulatory Framework and Templates
- 3 Capacity Building for Regulators and Industry
- 4 Quantitative Impact Studies (QIS)
- 5 Parallel Reporting and Phased Enforcement

Mr. Omondi noted that the first three phases are already completed or nearing completion. He concluded by emphasizing that RBC represents a strategic shift from rule-following to risk-owning, offering a pathway to modernize pricing, improve capital efficiency, strengthen trust, and enhance competitiveness. For insurers, success will require investment in actuarial and data analytics capacity, sound underwriting discipline, reassessment of reinsurance strategies, and stronger board governance.



OVERVIEW OF THE ETHIOPIAN INSURANCE MARKET (MARKET DEVELOPMENT)

Christine Hougaard & Sabelo Zwane, Cenfri

Ms. Christine Hougaard and Mr. Sabelo Zwane from Cenfri delivered a presentation on the current state and development trajectory of Ethiopia's insurance market, setting the scene for subsequent panel discussions. The session aimed to foster a deeper understanding of market dynamics, highlight emerging opportunities, and identify friction points that limit growth and inclusion within the sector.

The presenters noted that while the insurance market has grown in absolute terms, its expansion has not kept pace with the country's overall GDP growth, resulting in continued low penetration levels. Current-

ly, only 7-10% of adults hold any form of formal insurance, with life insurance coverage below 0.5%. Despite this, the market is showing signs of gradual transformation, as the number of insurers has doubled over the past two decades, indicating a shifting structure and competitive landscape.

The market remains heavily concentrated in motor insurance, which accounts for 55.8% of total general insurance premiums, followed by corporate lines such as aviation, marine, engineering, and fire (approximately 30%). Retail insurance, despite modest growth, continues to represent less than 10% of the market. Historically, 85% of pre-

miums were sold through head offices, with agents and brokers handling only 15%. While alternative products and channels such as agricultural, credit life, funeral, and community-based health insurance are emerging, many operate outside NBE's regulatory oversight.

Ethiopia's growing digital infrastructure presents significant opportunities. Nearly half of the population now has access to financial accounts, with over 107 million registered mobile money accounts and 9.5% of adults using mobile money services. This expansion creates a strong foundation for digital premium collection and insurance distribution, particularly through group-based and employment-linked channels. Up to 58 million uninsured adults could potentially be reached through digital or organized networks, though affordability remains a key barrier, with one-third of the population living below the poverty line.

While microinsurers and insurtech startups are emerging, the state of innovation remains nascent. The industry continues to rely on manual systems, has limited technical capacity, faces funding constraints for R&D, and lacks robust partnerships between the private sector and digital service providers.

From a regulatory perspective, key constraints include restrictions on foreign participation, the absence of an independent insurance regulator, limitations on bancassurance, and slow practical implementation of reforms. The National Bank of Ethiopia (NBE) currently oversees the sector, but a draft law is under development to establish the Ethiopian Insurance Regulatory Authority (EIRA) as an independent supervisory body. The proposed reforms aim to strengthen market confidence, promote

innovation, and enable a more inclusive and competitive insurance ecosystem.

Cenfri outlined the stages of market development, emphasizing that Ethiopia is currently in Stage 2, where compulsory motor and credit insurance dominate, while voluntary retail and life products remain underdeveloped. Progression to Stage 3 will depend on expanding voluntary retail products, leveraging middle-class growth, enhancing financial literacy, and deepening long-term risk pooling and capital formation.

The presenters concluded that Ethiopia's insurance sector stands at a pivotal moment: moving from early institutional expansion toward modernization and inclusion. Unlocking this potential will require regulatory reform, digital transformation, product diversification, and investment in human capacity, all of which will drive the sector toward greater resilience, trust, and accessibility for all Ethiopians.

GROWING THE MARKET, EMBRACING CHANGE

Industry Insurance Workshop



PANEL DISCUSSION

Charting The Path Forward for Ethiopia's Insurance Market (Reactions to Strategic Presentations)

QUESTION

From the Association's perspective, what are the main challenges holding back the insurance sector?

Moderator

Abel Taddele

Financial Inclusion, Director

Panelists

Mr. Yared Mola

Association of Ethiopian Insurers

Mr. Yared highlighted the absence of a national insurance strategy and the lack of regulatory independence as the most pressing issues. He emphasized that Ethiopia remains the only East African country

without an independent insurance regulator. Beyond regulation, he called for greater investment by insurers in capacity building, technology adoption, and product development, urging boards of directors to focus on long-term sustainability rather than short-term margins. He also emphasized the need for coordinated public awareness efforts to improve understanding and trust in insurance.

QUESTION

What are the most obvious opportunities that the private insurance sector can take advantage of?

Dr. Tamrat Sultan

(Birrama)

Dr. Tamrat identified microinsurance as one of the sector's most promising opportunities, given the low penetration and awareness levels. He urged insurers to extend their reach beyond physical branches, noting that the existing 800 branches are insufficient to serve the national market, and instead take services directly to customers through innovative outreach models.

Mr. Elias Omondi

(FSD Africa)

Mr. Omondi emphasized that trust is the foundation of a healthy insurance market. He explained that growth depends on mutual trust: "Trust in the regulator, the regulator trusts the industry, the industry trusts the customers, and the customers trust the insurance industry." He encouraged regulators to frame directives as enablers rather than restrictions, and insurers to engage customers transparently to rebuild confidence. He also called for consumer education programs, joint capacity-building initiatives between regulators and insurers, and more strategic government support to elevate insurance on the national policy agenda.

QUESTION

What lessons can Ethiopia adopt to accelerate insurance market growth?

QUESTION

How can the insurance sector balance policyholder protection with space for innovation and risk-taking?

Mr. Belay Tulu

(NBE)

Mr. Belay asserted that stability and innovation must advance together, rather than in competition. He explained that NBE's regulatory mandate aims to strike this balance by encouraging innovative distribution channels and products while maintaining rigorous consumer protection. He reiterated that NBE is open to new proposals but evaluates them strictly through a risk-based lens to ensure public confidence and market stability.

Mr. Yared Mola

(Nyala Insurance)

Mr. Yared confirmed that NBE has never declined product innovation proposals, but he questioned the motivation and preparedness of insurers to innovate. He shared that a regulatory sandbox directive is being drafted to help test new products safely. He also called for a joint NBE-Association framework to address sector-wide challenges systematically and sustain regulatory-industry dialogue.

QUESTION

How can the Association and the sector collaborate more effectively with NBE?

QUESTION

What policy changes would enable more collaboration with the sector?

Dr. Tamrat Sultan

(Birrama)

Dr. Tamrat pointed out that existing laws do not adequately address insurance payment modalities. He proposed the introduction of innovative, flexible payment options, including “pay-as-you-go” digital models, to make insurance more affordable and accessible for low-income and rural populations.

Mr. Elias Omondi

(FSD Africa)

Mr. Omondi identified four critical areas for development partner engagement:

- 1 Building platforms that bring together diverse stakeholders to address systemic challenges.
- 2 Catalyzing transactions through patient capital that support innovative insurance solutions.
- 3 Driving innovation by providing technical and financial support to insurtechs and emerging players.
- 4 Creating an enabling environment for inclusive, market-driven change. He emphasized that development partners must engage not only with NBE but with all ecosystem actors, including the private sector, associations, and consumer groups.

QUESTION

How should development partners and PPPs collaborate with stakeholders?

QUESTION

What regulatory changes can be anticipated from NBE?

Mr. Belay Tulu

(NBE)

Mr. Belay announced that NBE is finalizing a new regulatory proclamation to be submitted to the House of People's Representatives by the end of the year [calendar not specified]. The new framework will include payment flexibility for microinsurance users, provisions for foreign market entrants, and authorization for composite insurance operations. He reaffirmed that the proclamation aims to enhance consumer protection, funding mechanisms for regulation, and an overall transition toward a more modern and inclusive insurance framework.

Mr. Yared Mola

(Association of Ethiopian Insurers)

Mr. Yared welcomed NBE's commitment to the new regulatory proclamation and highlighted three immediate collaboration areas:

- 1 Consumer education and awareness to strengthen market understanding.
- 2 Professional development for staff and management, including training home-grown actuaries.
- 3 Digital collaboration to enhance data sharing, product innovation, and marketing efficiency.

QUESTION

When can the Association begin deeper collaboration with the government?

QUESTION

What constitutes the ideal partnership between insurers and development partners?

Dr. Tamrat Sultan

(Birrama)

Dr. Tamrat thanked FSD Ethiopia for its catalytic role in supporting early-stage insurance innovation. He stressed that successful partnerships go beyond technology provision to include joint product development, customer insight generation, and field-level engagement. He emphasized that collaboration must be holistic and co-creative, focusing on understanding community needs and co-developing solutions that reach underserved populations.

PARTICIPANTS QUESTIONS COMMENTS

The interactive discussion provided participants with an opportunity to seek clarification on key issues raised during earlier presentations, focusing particularly on risk management, asset valuation, digital transformation, and the role of insurers in Ethiopia's broader economic development. Participants raised questions about the balance between regulatory focus and insurer perspectives, highlighting the need to strengthen how insurers manage risks and economic capital within the evolving Risk-Based Capital (RBC) framework. They also pointed out that asset valuation and liquidity pressures, especially amid inflation and mandatory payments to government entities, pose challenges to maintaining healthy balance sheets. Concerns were voiced about how these realities align with the experiences of foreign insurers operating in comparable markets.

The panel collectively noted that the shift toward Risk-Based Capital supervision aims to build a more resilient and efficient sector. This framework will require insurers to enhance risk management processes, data systems, and reporting quality while maintaining sufficient capital to match their exposure. It was emphasized that regulators cannot and should not prevent company failures, but must ensure mechanisms are in place for claims to be honored when failures occur.

Panelists also underscored that liquidity management is primarily the responsibility of boards of directors, and effective corporate governance remains essential for financial soundness. While regulatory reform is ongoing, particularly around the establishment of an independent insurance authority, insurers were encouraged to focus on strategic asset allocation, innovation, and research and development to remain competitive in the evolving market. The discussion further emphasized that digital transformation remains slow across the sector. Participants and panelists agreed that greater management commitment, collaboration with insurtech firms, and investment in digital systems are critical to improving operational efficiency and customer experience. Finally, the dialogue reinforced the importance of industry participation in national economic reform, urging stronger engagement between insurers, regulators, and policymakers to ensure the sector contributes effectively to Ethiopia's broader growth agenda.

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