

According to the [African Economic Outlook 2020](#) , presented by the African Development Bank on March 2021, the service sector represented in 2020 about 53 per cent of the aggregated Gross Domestic Product (GDP) of Africa, while the industrial sector contribution was only 36%.

The service sector, which includes recreation, tourism, transport, ICT and financial and insurance services, constitutes the largest economic sector by value and is significantly larger than any other sector in Africa, including agriculture and manufacturing. Its contribution to the African GDP is also deemed to be largely underestimated, as it does not capture the informal sector, whose presence is particularly widespread in some of its subsectors, such as the road transport services, which are among the least understood sectors of African informal economy because little research has carried out to date.

Another subsector that is expected to play a vital role in the economic development of the continent is the insurance sector. At the closing ceremony of the 47th African Insurance Organisation (AIO) Conference themed “Rebuilding Africa’s Economy”, held from 4 to 8 September 2021 In Lagos, Nigeria [it was noted](#) that the projected increase in intra-African trade as a consequence of the implementation of the African Continental Free Trade Area (AfCFTA) will lead to increase in insurance penetration in the continent, especially in markets where insurance growth has been accompanied by structural reforms, such as market liberalisation, compulsory insurance enforcement, wider distribution, public-private partnerships, and a regulatory system promoting innovation and market access. Indeed, more trade in goods equals to greater need for insurance services.

Insurance companies and brokers that have a market presence in more African countries are expected to reap the greater benefits.

To date, however, the reality is that the maturity of the insurance market is still low in most African countries, as indicated by a [paper](#) published by McKinsey in 2020, that reveals how Southern Africa is the largest and most established insurance market (with South Africa accounting for 70 percent of total premiums collected in all the continent) followed, at a long distance, by North Africa.

