

Sierra Leone

INSURANCE MARKET OVERVIEW

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Misr Insurance Company



OFFICIAL NAME:	Republic of Sierra Leone	REGION: Sub-Saharan Africa
INCOME CATEGORY:	Low income	AREA: 71,740 km ²
LOCATION:	country on the southwest coast of West Africa. It is bordered by Liberia to the southeast and Guinea to the northeast.	
CAPITAL:	Freetown	
CLIMATE:	Sierra Leone has a tropical climate, with a diverse environment ranging from savanna to rainforests.	
POPULATION:	7,650,154 (2018)	MEDIAN AGE: 18.3 Years
LIFE EXPECTANCY:	52.21 Years	
ETHNIC GROUPS:	Sixteen ethnic groups inhabit Sierra Leone, each with its own language and customs. The two largest and most influential are the Temne and Mende.	
LANGUAGE:	The official language is English, although a number of local languages, such as Krio, are also spoken.	
RELIGIONS:	Sierra Leone is a Muslim-majority country 77%, with an influential Christian minority at 22%.	
GOV. HEALTH EXP.:	69.9 M.\$ (2016) Gov.	
HEALTH EXP. (%BUD.):	7.91%	
Gov. Health Exp. PER CAPITA:	10\$	

CURRENCY

Leone (SLL) [which is equal to 100 cents]

EXCHANGE RATE:

Leones per US Dollar	2012	2013	2014	2015	2016	2017
USD Rate, End of Period	4,334.11	4,356.37	4,953.34	5,639.10	7,195.37	7,536.96
USD Rate, Period Average	4,344.04	4,332.50	4,524.16	5,080.75	6,289.94	7,384.43

GDP (US\$): 4,000 M.\$ (2018)

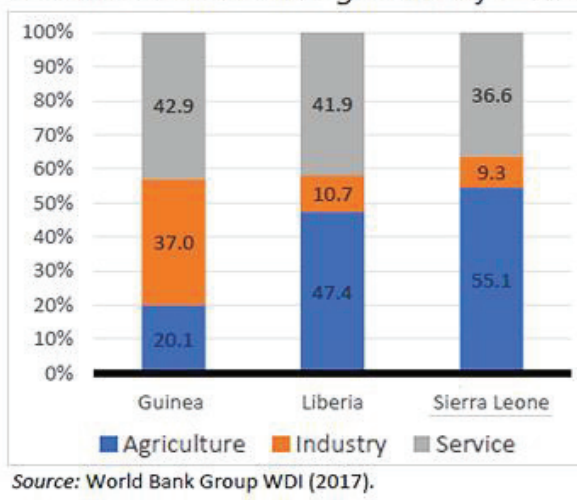
GDP Growth (%) 3.8% (2017) | 3.7% (2018)

GDP/CAPITA: 506\$ (2017) | 523\$ (2018)

INFLATION RATE: 9.7% (2016)



Contribution to GDP growth by sector



DEBT (2017)

2,159 M.\$

DEBT (%GDP) : 57.59%

DEBT PER CAPITA: 291\$

EXPORTS (2017)

794.0 M.\$

EXPORTS % GDP: 21.18%

Sierra Leone’s main exports are in the mining and agriculture sectors. In 2014, iron ore accounted for approximately 60% of Sierra Leone’s annual export revenues. This fell to 15.8% in 2016, as iron ore price growth remained volatile, and processed crustaceans emerged as Sierra Leone’s largest single export (representing 17.7% of export revenue in 2016) with diamonds retaining a historically high proportion at 13%. In 2017, iron ore exports saw a slight revival and increased to 25% of total exports, followed by titanium ore at 16.8%.¹ Other major non-mining exports include cocoa, coffee and fish. Sierra Leone’s main export partners are Belgium- Luxembourg, Netherlands, Romania, China and the US.

IMPORTS (2017)

926.0 M.\$

IMPORTS % GDP: 24.71%

Sierra Leone’s imports are varied but include rice (14.7%), machinery and transport equipment (largely relating to mining and oil investment projects) and cars (3.2%). Sierra Leone’s main import partners are China, India, US, Belgium- Luxembourg, Netherlands, Turkey, Pakistan and South Africa.

TRADE BALANCE (2017): -132.0 M.\$

TRADE BALANCE % GDP: -3.52%

DOING BUSINESS:

161 out of 190 (*The World Bank 2019*)

COMPETITIVENESS RANKING:

134^o (2018)

CORRUPTION INDEX:

30 (2018)

GLOBAL PEACE RANKING:

52^o (2019)

ANTI-MONEY LAUNDERING:

Sierra Leone is not on the Financial Action Taskforce list of countries suffering from strategic deficiencies in AML provision

Country Risk

Sierra Leone
Country Risk Tier

CRT-5

Economic Risk

Political Risk

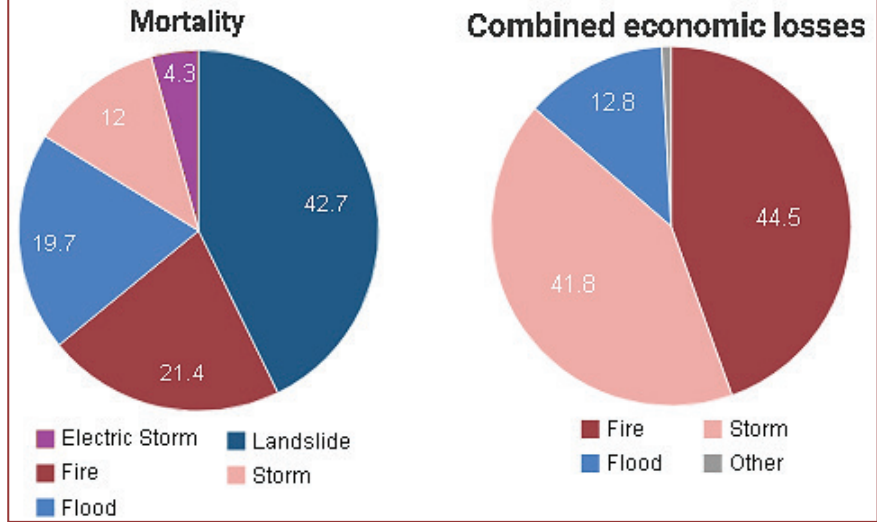
Financial System Risk

Regional Comparison	
Sierra Leone	CRT-5
Cote d'Ivoire	CRT-5
Ghana	CRT-5
Gabon	CRT-5
Angola	CRT-5
Nigeria	CRT-5

A.M Best - 22 Aug 2019

DISASTER RISK

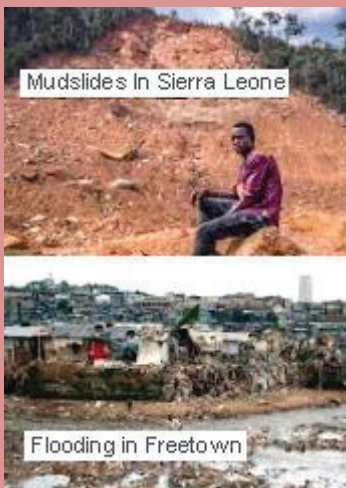
Nationally Reported Losses 1990 - 2014



In the last 15 years, Sierra Leone has experienced 5 major floods, including the recent August 2019 floods, with casualties and severe economic damages, affecting over 500,000 people.

Today, as Sierra Leoneans remember the catastrophic mudslides and flood disaster victims, the nation is again experiencing ongoing floods and a mudslide reminiscent of that August 14, 2017 catastrophe at the same Sugar Loaf mountain, bay slums, valleys and waterway flood epicenters around the peninsula.

According to a World Bank/UN damage and loss assessment report on the August 14, 2017 mudslides and floods in the western area, a total of 6000 people were affected; 1141 persons dead or missing and 3000 people lost homes.



FOR MORE INFORMATION VISIT THIS WEBSITE

Sierra Leone
Disaster & Risk Profile

PreventionWeb
The knowledge platform for disaster risk reduction

<https://bit.ly/2oNgYrm>

Insurance Market Key Highlights:

➤ **REGULATORY BODY:**

Sierra Leone Insurance Commission (SLICOM) www.slicom.gov.sl

➤ **INSURANCE LAW:**

The Insurance Act 2016 following the presidential assent in July 2016.

➤ **NUMBER OF LICENSED COMPANIES OPERATING IN THE COUNTRY**

Insurers: 11		Re-insurers: 1	
Insurance Brokers: 10		Other Support Services: 10	
Domestic life insurers	1	Domestic non-life insurers	3
Domestic composite insurers	7	Domestic reinsurers	1
State-owned insurers	1 ⁽¹⁾		

Two World Bank affiliated risk insurance agencies operate in Sierra Leone: the African Trade Insurance Agency and the Multilateral Investment Guarantee Agency. Both agencies provide various kinds of insurance (including against political risk) to investors, suppliers and lenders.

The Insurance Market Companies:

- National Insurance Co
- Aureol Insurance Co
- Commercial Insurance Co
- Medical and General Insurance Co
- Motor and General Insurance Co
- New India Assurance Co.
- Reliance Insurance Trust Co
- RITCORP
- Sierra Leone Insurance Co
- Transworld Insurance Co
- Activa International Insurance Sierra Leone Limited
- WAICA Re

➤ **COMPULSORY INSURANCE**

1. Compulsory tenantable or public properties insurance against fire.
2. Employers liability insurance.
3. Building above two storeys under construction- public liability.
4. Professional indemnity insurance for certain professions.

➤ **MINIMUM CAPITAL IN LOCAL CURRENCY:**

Insurer: 2.5 billion Leones
Re-insurer: 24 billion Leones
Broker: 50 million Leones

¹ Source: Sierra Leone Investment Guide

- **COMPOSITE INSURANCE:** Composite insurance is permitted in Sierra Leone.
- **PRODUCT AUTHORIZATION:** Prior Authorization.
- **RBC (RISK-BASED CAPITAL) PRINCIPLES APPLIED:** Yes
- **ESTABLISHED GUARANTEE OR POLICYHOLDER PROTECTION FUND:** Yes
- **REQUIREMENT FOR INDEPENDENT AUDITS:** Yes
- **REQUIREMENT TO APPOINT ACTUARIES:** Yes
- **BANCASSURANCE IS ALLOWED:** No
- **MANDATORY CESSIONS:** No
- **INSURANCE TAXATION:**
 1. **The insurance companies:** Pays 1% levy on Gross Annual premiums to the supervisory authority.
 2. **The insurance Brokers:** Pays 3% levy on Annual Commissions received to the supervisory authority.
- **MARKET ACCESS:** Liberal
- **LICENSING OF FOREIGN COMPANIES:** Allowed
- **MAXIMUM FOREIGN OWNERSHIP:** No Limit, but encouraged to have local shareholders.
- **NON-ADMITTED INSURANCE:** Not permitted.
- **EXCHANGE CONTROL SYSTEM:** Controlled
- **BASIS/CALCULATION OF SOLVENCY MARGIN:**
 1. The solvency margin of an insurer carrying on life insurance business, the liabilities of the insurer shall not exceed the amount of the life insurance fund of the insurer.
 2. In case of any other class of insurance business, the assets of the insurer shall exceed its liabilities by a minimum of one tenth of the premium.
 3. Further approved weighted methods prepared by the Commission are also used in assessing assets and liabilities of the insurers.
- **MINIMUM RESERVE REQUIREMENTS FOR INSURANCE COMPANIES ⁽²⁾**

	Unexpired risks	Outstanding claims	Contingency claims
Life insurance	General reserve fund equal to net liabilities	..	1% of premiums
Marine hull insurance	75% of net premiums	Amount of claims plus a margin of 20%	The greater of: 3% of premiums and 20% of net profits
Other insurance businesses	45% of net premiums	Amount of claims plus a margin of 20%	The greater of: 3% of premiums and 20% of net profits

² - Source: Sierra Leone: Doing Business, Investing in Sierra Leone Guide Volume 1

INSURANCE MARKET PERFORMANCE & STATISTICS



Results of the insurance industry: Leone (L) (in millions)

	2015	2016	2017
Insurance Premium:	(000)	(000)	(000)
Non-Life Insurance Premium	87,969,000	99,669,647	119,603,576
Life Insurance Premium	27,465,000	22,787,522	27,345,026
Total	115,434,000	122,457,169	146,948,602
Reinsurance Premium:			
Non-Life Reinsurance Premium	18,110,683	17,823,576	21,388,291
Life Reinsurance Premium	-	1,191,523	1,429,827
Total	18,110,683	19,015,098	22,818,118
Gross Claims Incurred			
Non-Life	25,124,097	31,280,909	37,537,091
Life	9,625,000	8,665,247	10,398,296
Total	34,749,099	39,946,156	47,935,387
Reinsurer's Share of Claims			
Non-Life	8,183,299	2,493,292	2,991,950
Life	-	301,211,366	361,453,640
Total	8,183,299	2,794,503	3,353,404

	in US\$ million		
	2015	2016	2017
Insurance Premium:			
Non-Life Insurance Premium	15,600	13,853	15,869
Life Insurance Premium	4,871	3,167	3,628
Total	20,471	17,020	19,497
Reinsurance Premium:			
Non-Life Reinsurance Premium	3,212	2,477	2,838
Life Reinsurance Premium	-	166	199
Total	3,212	5,552	3,027
Gross Claims Incurred			
Non-Life	4,455	4,348	397
Life	1,707	1,204	1,380
Total	6,162	5,552	6,360
Reinsurer's Share of Claims			
Non-Life	1,451	347	397
Life	-	41,864	47,957
Total	1,451	388	445

INSURANCE STATISTICS 2018

Non-Life Insurance Premium:
18 US\$ mil

Life Insurance Premium:
4 US\$ mil

Total:
22 US\$ mil

Premium Growth:
-2.8 %

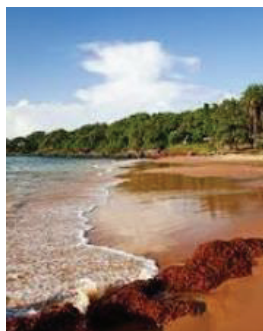
Insurance Penetration:
0.4 %

Insurance Density:
1.7 US\$ mil

EXCHANGE RATE:

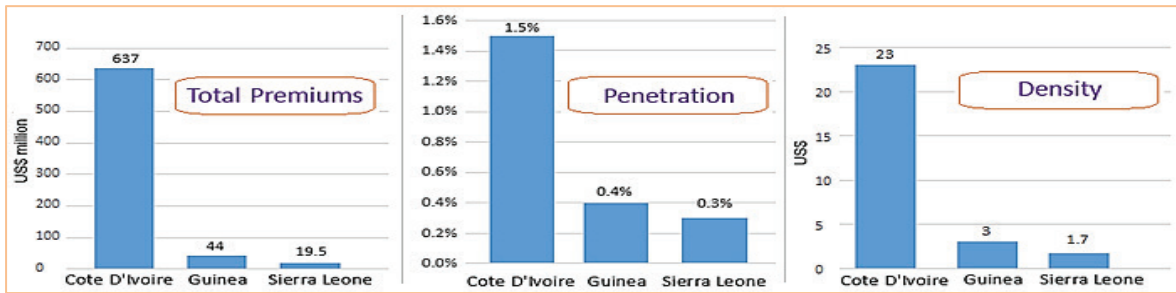
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Source: IMF

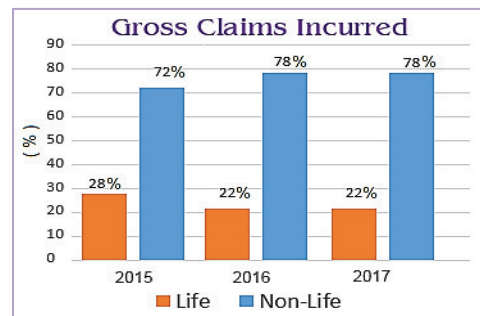
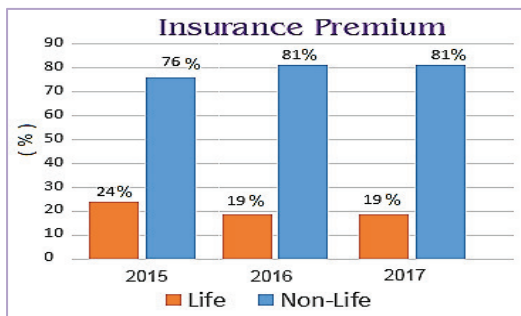


View over Freetown

Market premium as a percentage of GDP and expenditure on a per capita basis expressed in US\$ are shown below for the year 2017; comparisons are made with Cote D'Ivoire and Guinea.



INSURANCE PREMIUMS AND CLAIMS



Market Challenges:

It is envisaged that with knowledge of the central role insurance and risk management plays in a modern economy, the New Direction government should deem it appropriate to embark on developing a national insurance policy plan to serve as a vehicle for sustainable public - private sector development.

Over the decades several challenges to the insurance sector in Sierra Leone have been identified - including the low usage of insurance services by government and MDAs, low capacity of professionals, low penetration rate of insurance, low underwriting capacity of the industry, the low level of public awareness on insurance products and services and lack of an adequate legal and regulatory framework.

The limited availability of compulsory insurance requirements and regulations, especially in the commercial and public liability line of business is a cause for grave concern.

The adequacy of the third party liability motor coverage currently in force to cover catastrophic injuries and death requires governmental intervention to protect injured parties.

Finally, the goal of the proposed national insurance policy plan, when fully designed and implemented will serve to generate and enhance new business opportunities for the entire insurance and risk management sector.

This policy will provide support to government in the management of the nation’s budget utilizing risk transfers between various insurance mechanisms.

It is also envisaged that implementation of such a policy plan will boost the public image of the insurance sector from its current moribund nadir with concomitant benefits to the private sector with a robust investment environment.

