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Demand for non-life insurance: Evidence from select insurance markets in Africa

Fadzai Chitiyo
Abdul Latif Alhassan

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¹ **Note:** The findings from this working paper does not in any way reflect the views of the Development Finance Centre (DEFIC). The views are only representative of the authors.

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Abstract

The impact of insurance market activity within financial development is gaining more attention in academia, as the sector experiences growth within emerging markets. This paper aims to understand which macro-economic and social variables impact the growth or decline of the non-life insurance sector broadly across Africa, with a view to provide recommendations to drive increased penetration across the region. The study examines the explanatory factors of non-life insurance demand in Africa, using annual data from 1990 to 2013 on 28 countries. Using Fixed Effects Panel Data Regression, the study finds that: levels of income, and unemployment rates have a significant negative impact on non-life insurance demand; whilst population growth rates, and the level of private sector credit (to GDP) positively impacted non-life insurance demand. Urbanisation rates, and levels of merchandise trade had statistically insignificant effects on non-life insurance demand.

Keywords: Non-life insurance | Demand | Africa |