

## MARKET PROFILE – EGYPT



# Life and health in Egypt benefit from new legislation

According to **Sarwa Insurance's Mr Ahmed Khalifa**, the insurance industry in Egypt has many opportunities for growth. However, its growth also depends on anticipated insurance legislation. *Middle East Insurance Review* takes a closer look.

By Sarah Si

Even though Egypt's insurance industry is one of the oldest in the region displaying a degree of resilience in recent years, it is at a relatively nascent stage of growth, according to Sarwa Insurance managing director and CEO Ahmed Khalifa.

He said, "This is characterised by a low penetration rate and modest insurance density. While this means that growth opportunities abound, questions remain as to how this will be achieved. Much (of the growth) hinges on a new insurance legislation, which promises to open new business and distribution channels."

Because of this, the issue of regulation has acquired new prominence in industry debates, Mr Khalifa said.

### Growth drivers and government support

As of 2022, the World Bank has put Egypt's population at an estimated 110m. At the same time, health expenditure in Egypt is rising, according to the World Bank. As of the World Bank's data retrieval in April 2023, health expenditure in Egypt per capita was \$150.91 in 2020, an increase of 3.9% from \$145.31 in 2019.

"As a result, the market for

healthcare insurance will see opportunities for expansion and the need for healthcare services will rise," Mr Khalifa said. The life insurance industry will likely grow as well, with premiums rising 15.5% from EGP28.6bn (\$930m) in 2021 to EGP33bn in 2022."

Mr Khalifa also said that the Egyptian government has put in place steps to enhance the healthcare industry, including raising funding for public hospitals and opening primary care services to more people.

According to Egypt finance minister Mohamed Maait, the government announced that it aims to increase "expenditure on the health sector by 15% in the new budget".

"This has improved the operating climate for private healthcare insurance providers," Mr Khalifa said.

Moreover, the Egyptian government is in the process of implementing a bill that ensures mandatory universal health insurance (UHI) for citizens, despite amendments such as the tax base contribution to the UHI. According to an Al Tamimi & Co article, 'Egypt: Universal Health Insurance Law', it would be progressively implemented from 2018 to 2032.

"In general, when talking about

the UHI, the project is expected to result in commendable social impacts, in terms of provision of financial protection to disadvantaged groups as well as delivery of good quality healthcare.

From a social perspective, the project's components will increase financial protection and improve health outcomes for disadvantaged groups and improve the quality of healthcare delivery in public facilities," Mr Khalifa said.

According to Ahram Online, the Egyptian senate also approved a new insurance law in 2022, the 217-article law or unified insurance law to "draw up new and comprehensive rules for regulating the insurance industry and market in Egypt".

There are other factors as well. He said, "Egypt's healthcare industry is also using cutting-edge technologies like telemedicine and electronic medical records. These developments are giving healthcare insurance firms the chance to provide cutting-edge goods and services.

"More people are becoming aware of the advantages of health insurance as Egypt's healthcare system develops. Due to this, demand for healthcare insurance products has increased, particularly among

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younger, wealthier parts of the population.”

According to Mr Khalifa, there are also some plans to capitalise on this growth.

“A growing middle-income class means that more people can access care and want to improve their basic health insurance coverage. This is a good opportunity for small players to raise the targeted GWP,” he said.

He said that insurers can introduce new product suites for both individual and family needs, to gain new customers seeking additional insurance coverage.

### Technology and the life and health insurance industry

When speaking about how technology could affect Egypt’s life and health insurance industry, he said, “It can streamline operations to reduce operational costs and gain flexibility to adapt quickly to changing business needs.”

According to Omnia Health’s article, ‘Egypt embraces digital transformation’, Egypt is investing in health technology to “reduce costs and provide efficient care to its people”. Moreover, the article said that COVID-19 further accelerated digital transformation with the “increased use of remote monitoring, telehealth platforms and Artificial Intelligence (AI)-enabled apps and devices”.

He said, “Technology can consolidate underwriting, policy processing, billing and claims for individual and group insurance, all on a single insurance management system.”

According to a press release from the UK government, the Egyptian government enlisted Vodafone to help the country build a new health insurance IT system.

Mr Khalifa said, “Technology is facilitating access to more markets irrespective of geographical locations and fostering opportunities through new digital business models.”

According to the OECD, the life insurance penetration in Egypt as of 2021 is 0.4%. There is no data on health insurance penetration, though non-life insurance penetration was shown to be 0.3%.

### Challenges and the future

Market researcher Insights10 reported that Egypt’s healthcare insurance market slated to grow 9.1% between 2022 and 2026. However, there are some challenges that face this growth, according to Mr Khalifa.

He said, “There is uneven healthcare infrastructure, with certain regions having limited access to medical facilities. There is also a shortage in healthcare staff compared to the total population.”

He also cited limited regulatory

framework, which could lead to uncertainty and restrain the market’s expansion, as well as a slow digital transformation process as other challenges. BMI’s Egypt Insurance Report also reported other challenges, such as geopolitical tensions, inflation and payment discrepancies.

OECD’s 2023 report, ‘Global Insurance Market Trends’, said that life insurance “suffered from volatile financial markets and competition from other financial products in a context of rising interest rates”.

Likewise, MarketResearch.com found that growth in the Egyptian life insurance market fell to moderate growth in 2022 after experiencing strong growth in 2021. However, the Egypt Life Report from Axco said that Egypt “remains a country of considerable long-term potential as a developing life insurance market with a rapidly growing population”.

Mr Khalifa also said that Egypt’s healthcare insurance market is growing on track.

“A better healthcare system also leads to an increasing population life span and the need to provide health insurance plans for elderly people.

“Opening the gate for private health insurance sector to play a significant role in the UHI project will accelerate the project and positively impact achieving the predicted growth rate,” he said. ▣

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