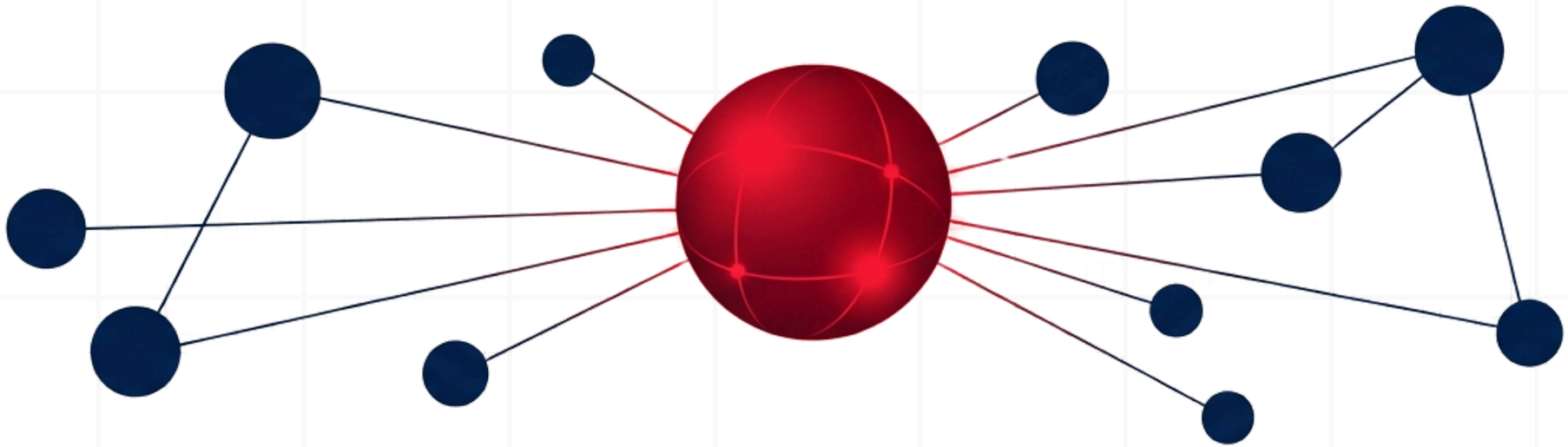
SYSTEMIC RISK & MARKET CONDUCT IN GHANA'S INSURANCE SECTOR

Evaluating the implications of state-directed portfolio allocation on market integrity, indigenous enterprise, and global reinsurance credibility.

A quiet shift from competitive procurement to administrative allocation is creating unquantified financial risks for the State and the Ghanaian citizen.



EXECUTIVE DIAGNOSTIC: THE CASCADING FAILURES



Legal Contagion

Bypassing the Public Procurement Act (Act 663) via policy directives, transforming competitive tendering into **opaque administrative allocation**.



Domestic Contagion

Expropriation of indigenous private-sector innovation and **destruction of local market capacity**.



Global Contagion

Breaching locked-in international reinsurance commitments, **threatening Ghana's sovereign credibility** in London markets.



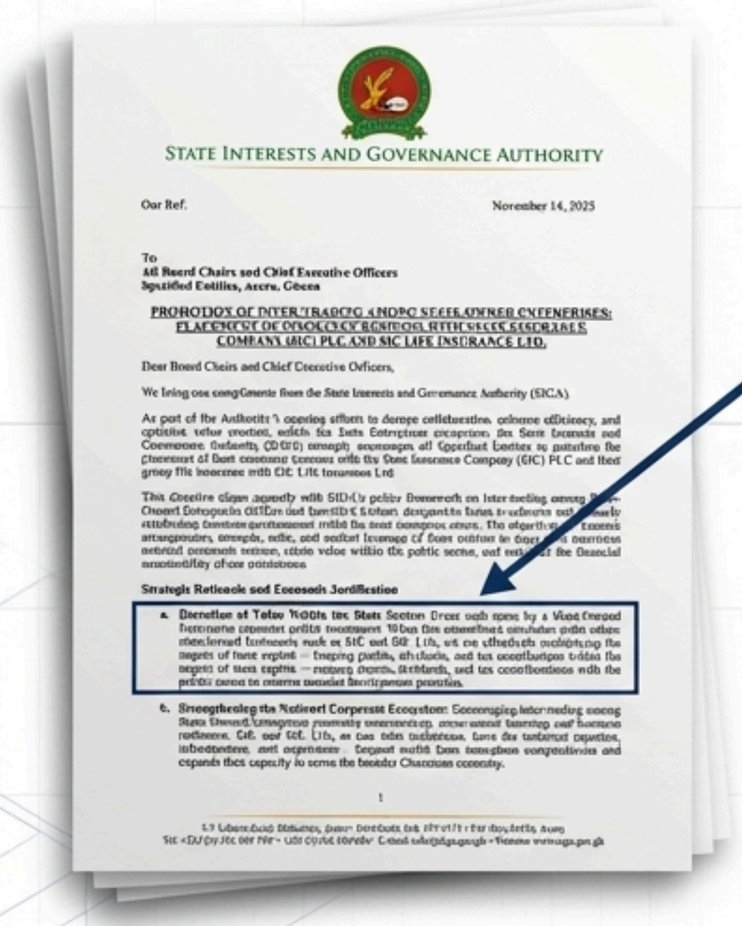
Fiscal Contagion

Concentrating risk into a mixed-ownership entity (SIC), destroying price discovery and **exacerbating state contingent liabilities**.

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THE CATALYST: POLICY INTENT VS. MARKET REALITY

THE CATALYST



STATE INTERESTS AND GOVERNANCE AUTHORITY

Our Ref. November 14, 2025

To
All Board Chairs and Chief Executive Officers
Specified Entities, Accra, Ghana

PROMOTION OF INTER-TRADING AMONG STATE-OWNED ENTERPRISES: PLACEMENT OF POLICY BUSINESS WITH STATE INSURANCE COMPANY (SIC) PLC AND SIC LIFE INSURANCE LTD.

Dear Board Chairs and Chief Executive Officers,

We bring you congratulations from the State Interests and Governance Authority (SIGA).

As part of the Authority's ongoing efforts to deepen collaboration, enhance efficiency, and optimize value creation, within the State Enterprise ecosystem, the State Interests and Governance Authority (SIGA) strongly encourages all Specified Entities to patronize the placement of their insurance covers with the State Insurance Company (SIC) PLC and their group life insurance with SIC Life Insurance Ltd.

This directive aligns squarely with SIGA's policy framework on inter-trading among State-Owned Enterprises and specifically mandates them to refocus [illegible] by strategically distributing business entitlement within the state insurance space. The objective is to ensure [illegible] arrangements, strengthen [illegible], and unlock leverage of [illegible] to create [illegible] retained premiums remain within the public sector, and enhance the financial sustainability of the subsidiary.

Strategic Rationale and Economic Justification

a. **Retention of Value Within the State Sector:** [illegible] by a State-Owned Enterprise operating within the ecosystem [illegible] other state-owned businesses such as SIC and SIC Life, we can significantly [illegible] the impact of these capital — keeping profits, dividends, and tax contributions within the public sector to ensure broader development priorities.

c. **Strengthening the National Corporate Ecosystem:** Encouraging [illegible] among State-Owned Enterprises promotes [illegible] and business resilience. SIC and SIC Life, as two [illegible] have the technical expertise, infrastructure, and experience [illegible] with their competitors and expand their capacity to serve the broader Ghanaian economy.

1

Stated Intent:
Retention of Value &
Promotion of Inter-Trading

THE MARKET REALITY

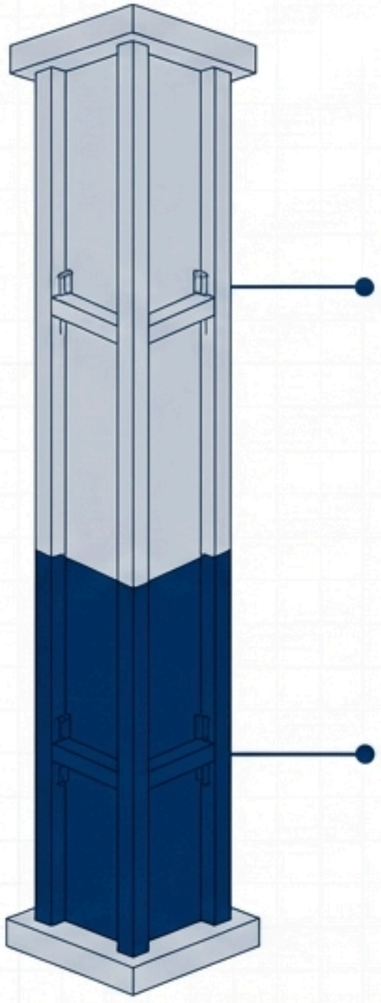
Arbitrary Cancellations

Rampant Non-renewals

Forced Migration of Portfolios

KEY INSIGHT: Policy guidance interpreted as an obligation. When a directive encourages state entities to prioritize SIC, it functions as directional influence that bypasses the legal framework of public procurement

THE LEGAL REALITY: MIXED OWNERSHIP & PROCUREMENT LAW



The Forensic Reality

SIC is a publicly listed, commercial entity competing on the Ghana Stock Exchange. It is not a wholly state-owned statutory monopoly.

The Legal Implication

Directing state business to SIC is not "internal government allocation." It is an uncompetitive transfer of public wealth to a mixed-ownership commercial entity, in direct violation of the competitive tendering requirements of the Public Procurement Act (Act 663).

DIAGNOSTIC MATRIX: PARADIGM SHIFT

Competitive Procurement (Act 663)	Directed Allocation (SIGA Directive)
Merit, technical capacity, & Value-for-Money	Policy-influenced expectation and administrative alignment
Market-tested optimization	Monopolistic pricing **complacency**
Safely dispersed across 50+ licensed entities	Dangerously **concentrated** in a single balance sheet
Aligned with Act 663 and NIC guidelines	Exposes the State to legal and contractual **breaches**

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SYSTEMIC RISK 1: **THE FALSE EQUIVALENCY**

Model A: Digital Infrastructure (NITA)



Centralizing the internet protects sovereign control and national security.

Model B: Insurance System



Centralizing insurance **destroys** the core mechanism of the industry: **market-based risk dispersion.**

SYSTEMIC RISK 2: EROSION OF INDIGENOUS CAPACITY

THE EROSION OF INDIGENOUS CAPACITY
Private insurers represent decades of indigenous investment in technical competence, innovation, and 24-hour claims architecture.

PUBLIC SECTOR INSURANCE PIE



50+ LICENSED INSURERS

THE THREAT
Arbitrarily displacing these firms destroys incentives, threatens local employment, collapses locally built financial institutions, and directly undermines the 24-hour economy agenda

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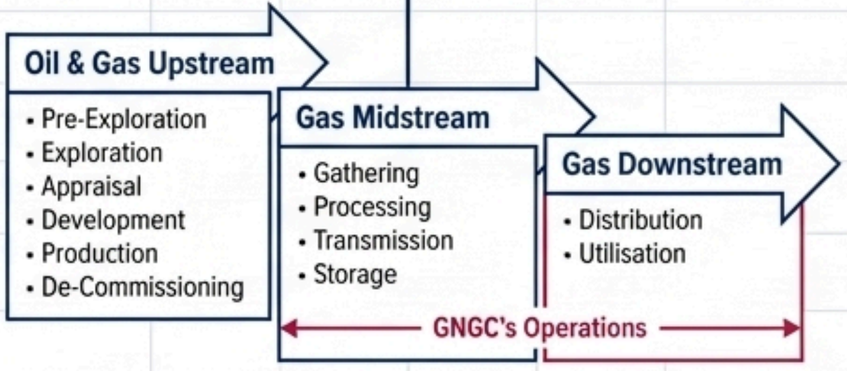
THE GHANA GAS CASE STUDY: VALUE CREATION

THE TRAP

Risk incorrectly trapped in the closed Upstream pool (GOGIP), unavailable to the local market.

TECHNICAL ADVOCACY

GLICO General conducts complex risk mapping and regulatory engagement (2016-2018), proving Ghana Gas is a Downstream asset.



MARKET LIBERATION

The asset is opened to the broader Ghanaian market, allowing 10 **local co-insurers** (including SIC, Star, and Enterprise) to build domestic resilience and participate in **strategic national risk**.

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THE GHANA GAS CASE STUDY: INTERNATIONAL CONTAGION



THE STRATEGIC RISK

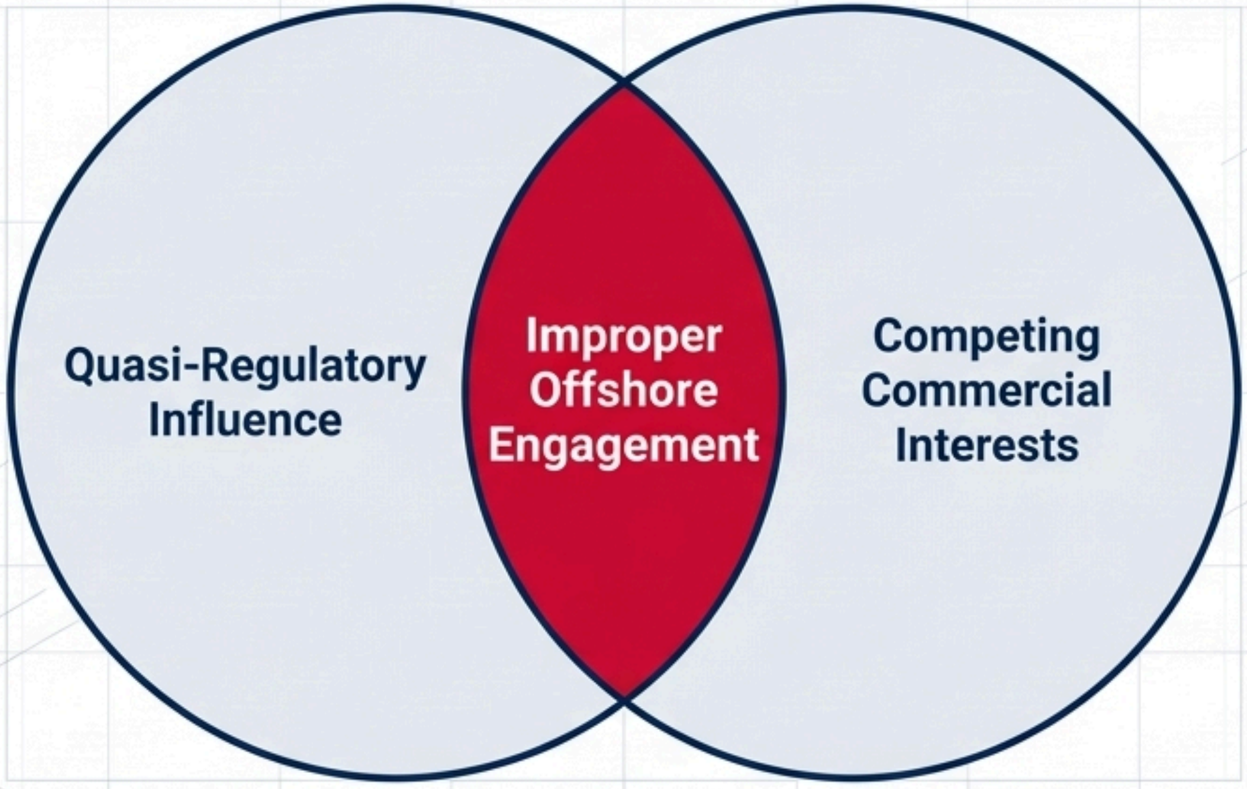
Ghana Gas is insured through multi-year, binding commitments with A-rated international reinsurers who have already reserved balance-sheet capacity based on this agreed structure.

THE FALLOUT

Unilateral disruption creates **direct financial exposure**, **damages Ghana's sovereign credibility**, and **invites long-term pricing penalties** from global markets.

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GOVERNANCE FAILURE: THIRD-PARTY INTERFERENCE



REGULATORY BREACH CONTEXT

Actors are engaging foreign reinsurance brokers and **international reinsurers** without the authority or mandate of the legitimate insurer-of-record. This conduct contravenes Sections 109 and 145 of the Insurance Act, 2021 (Act 1061), weakening regulatory neutrality and market governance.

HISTORICAL PRECEDENT: THE 2014 WARNING

DIRECTIVE ISSUED
(restricting MDAs to SIC)



MARKET DISTORTION

INDUSTRY PETITIONS
(GIA)

PRESIDENTIAL INTERVENTION
(Reversing monopoly to restore competition)

THE 2014 CYCLE

In 2013/2014, a near-identical directive gave SIC a monopoly over government business. The industry petitioned, and the Presidency correctly intervened to restore competitive procurement.

THE LESSON FOR 2025

Protective monopolies breed complacency and poor service. The exact same structural error is repeating today, demanding the exact same decisive executive correction.

THE FISCAL REALITY: THE COST OF WEAK SYSTEMS

GHS 133 BILLION

Revenue generated by SOEs, yet still recording massive net losses. (Source: SIGA)

US $100 MILLION

Direct state payments forced by contingent liabilities in 2024 alone.

THE SYNTHESIS

When systems prioritize ‘coordination’ and ‘loyalty’ over competitive discipline, the cost migrates to the taxpayer. Directed insurance allocation destroys price discovery, guaranteeing that these fiscal exposures will only widen.

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THE GOVERNANCE TRILEMMA

SIGA

Mandated for State Oversight
& Inter-trading



PPA

Mandated to enforce Act 663
(Competitive Procurement)

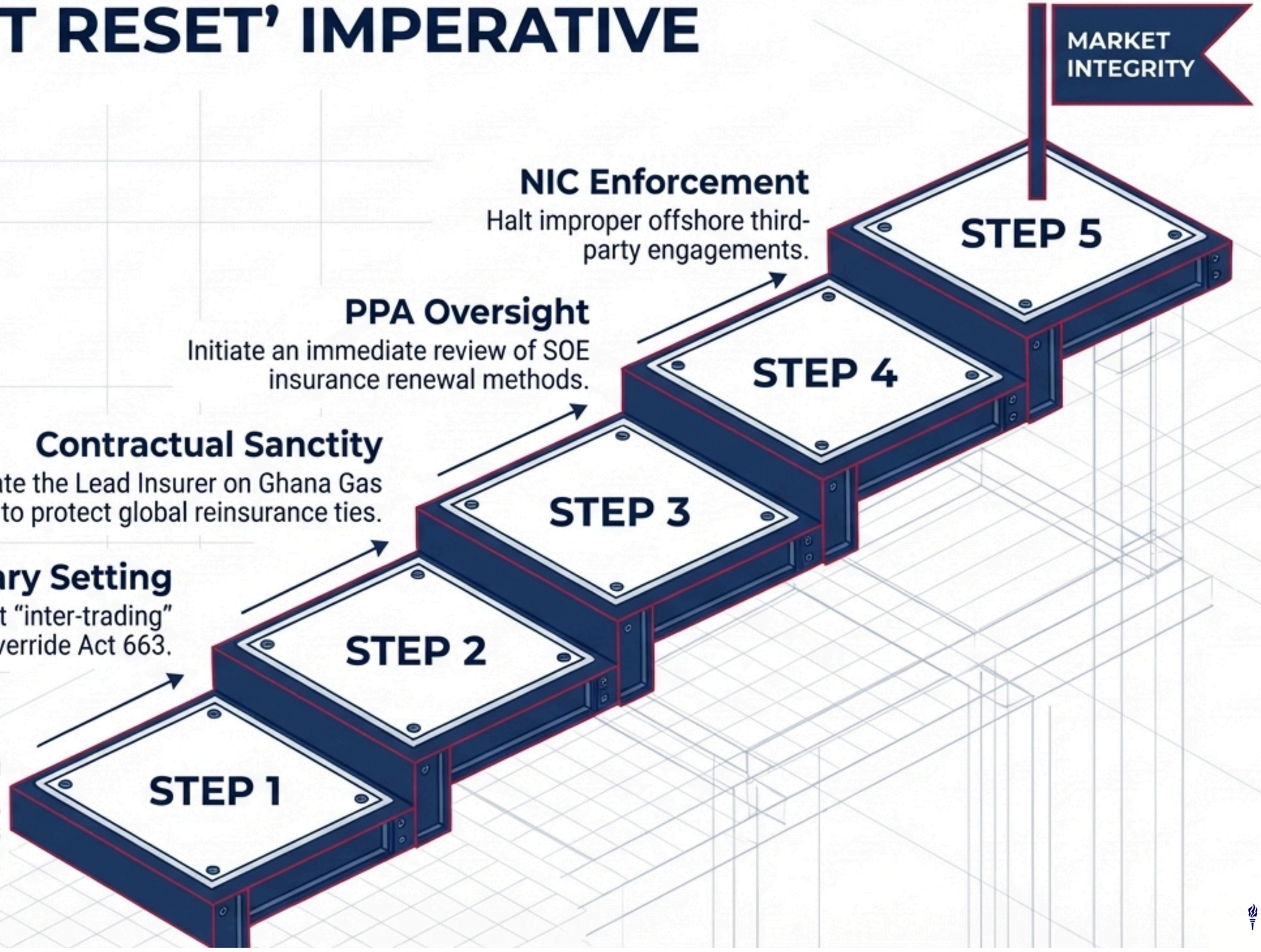
NIC

Mandated to enforce Act 1061
(Market Neutrality & Integrity)

A state oversight body is influencing commercial placement; a regulated market requires absolute neutrality; a state shareholding interest creates a conflict. This tension can only be resolved by reaffirming the absolute supremacy of Procurement Law.

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THE ‘SMART RESET’ IMPERATIVE



Presidential Clarification
Reaffirm merit-based, competitive procurement as standard policy.

SIGA Boundary Setting
Formally clarify that “inter-trading” guidance does not override Act 663.

Contractual Sanctity
Reinstate the Lead Insurer on Ghana Gas to protect global reinsurance ties.

PPA Oversight
Initiate an immediate review of SOE insurance renewal methods.

NIC Enforcement
Halt improper offshore third-party engagements.

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A competitive insurance system distributes risk and allocates contracts through process.

Any shift toward concentration without legal grounding introduces both financial risk and procurement distortion.

THE CHOICE IS BETWEEN A FUNCTIONING, GLOBALLY CREDIBLE MARKET AND A CLOSED, MANAGED ALLOCATION SYSTEM. THE FINAL BURDEN OF A MISMANAGED SYSTEM WILL INEVITABLY FALL ON THE GHANAIAN CITIZEN.

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