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Insurance In Morocco: Current Status and Future Prospects

Anas LIMAM[1*] and Mustapha ZIKY[1]

[1] Cadi Ayyad University of Marrakech, Morocco; anaslimam14@gmail.com, mziky@yahoo.fr
*Correspondence: anaslimam14@gmail.com

Abstract

This article aims to provide a better understanding of the current state of the insurance market in Morocco. It also seeks to discuss the necessary conditions for leveraging the sector's potential and increasing its penetration rate. This involves analyzing the regulatory and legal framework governing the insurance industry, exploring the market structure, examining the dynamics of supply and demand, and addressing the current challenges faced by the sector. The adopted methodology is based on a rigorous documentary analysis and the collection of secondary data from reliable sources, such as ACAPS. The study's findings reveal that the Moroccan insurance sector is experiencing sustained growth, as evidenced by the increasing volume of issued premiums, particularly in the life insurance and automobile insurance segments. However, this growth is accompanied by a high market concentration, where a small number of large companies dominate a significant share of issued premiums, thereby limiting competition and the emergence of new players. Additionally, the market is characterized by significant entry barriers, including strict legal requirements for obtaining licenses, which hinder innovation and the diversification of insurance offerings. The article also highlights the untapped potential of the Moroccan market in the segments of inclusive and innovative insurance, emphasizing the importance of developing insurance products tailored to the needs of underinsured populations. Among the proposed recommendations, the study stresses the need to ease market entry and exit conditions, diversify and digitize insurance offerings, and enhance competition, particularly in the motor liability insurance segment. Finally, the article calls for strengthening consumer protection by simplifying contractual relationships and regulating insurance comparison platforms to ensure healthy competition and greater transparency. These measures aim to position Morocco as a regional leader in the insurance sector, responding to both local challenges and global market dynamics.

Keywords : *Insurance market, Life insurance, Civil liability, ACAPS, Morocco.*

JEL Classification: G2, G5.

Introduction

The insurance sector is currently undergoing profound transformations at both the global and national levels. These changes are primarily driven by digitalization and the adoption of technologies such as blockchain and artificial intelligence. These innovations require industry players to adapt rapidly to remain competitive.

In Morocco, the insurance sector holds a strategic position in economic and social development, particularly by mobilizing and directing national savings toward the financing of businesses across various economic sectors. At the end of 2023, insurance companies' investments reached 206.7 billion dirhams (at book value), and after including exclusive reinsurers' investments, this amount rose to 217.4 billion dirhams [1]. Beyond its economic role, the insurance sector also plays a significant social function, particularly through life insurance, which provides protection against various risks throughout life and in the event of death. The sector's growing importance is also evident in the increase in issued premiums, which reached 56.7 billion dirhams at the end of 2023, marking a 4% increase compared to 2022 [2]. Although Morocco's insurance penetration rate is the highest among Arab countries (3.7% compared to 2.9% in the UAE and 0.6% in Egypt), it remains lower than in developed countries, indicating significant growth potential, particularly in the life insurance segment.

This article aims to analyze the regulatory and legal framework structuring Morocco's insurance sector, while also exploring market configuration, supply and demand dynamics, and current challenges faced by the industry. By evaluating the strengths and weaknesses of the Moroccan insurance market, this study seeks to identify its future development potential and its contribution to financial inclusion and economic growth.

The methodology of this study is based on a documentary analysis and the collection of secondary data from reliable sources. Relying on recent data published by the regulatory authority and other industry organizations, this article aims to provide a clear overview of the current and future challenges in Morocco's insurance market while offering concrete recommendations for an inclusive, resilient, and sustainable development.

The article is structured as follows: Section 1 presents the regulatory and legal framework governing the insurance sector in Morocco. Section 2 provides an overview of the Moroccan insurance market. Section 3 analyzes market demand, while Section 4 examines market concentration. Section 5 discusses market limitations and constraints, and finally, Section 6 proposes strategic and operational recommendations for the development of the sector.

1. Regulatory and Legal Framework of the Moroccan Insurance Sector

The insurance sector in Morocco is one of the most highly regulated and structured industries in the country. Its regulatory framework, which has evolved over time, aims to ensure sector stability, protect policyholders, and comply with international standards [3]. The first Moroccan insurance legislation dates back to November 28, 1934, with the Vizirial Decree, which established state control over insurance, reinsurance, and capitalization companies. This initial legislation reflected the state's intention to closely supervise insurance activities at a time when the sector was beginning to gain significance in the Moroccan economy.

Following independence, Morocco continued to strengthen its legislative framework. A major milestone in this evolution was the adoption of Law 17-99, known as the Insurance Code, promulgated by Dahir No. 1-02-238 on October 3, 2002. This Insurance Code serves as the primary legal framework governing the insurance sector in Morocco. It defines the operational rules for insurance companies, outlines the obligations of both insurers and policyholders, and specifies the regulations for conducting insurance activities in the country [5].

Over the years, the Insurance Code has been regularly amended to accommodate industry developments and align with international best practices. One of the most significant reforms occurred in 2014 with the adoption of Law 64-12, which established the Insurance and Social Welfare Supervisory Authority (ACAPS) as an independent regulatory body [7]. ACAPS is responsible for ensuring that the practices of insurance and reinsurance companies (IRC), as well as intermediaries, strictly comply with existing regulations. It has broad authority, including supervising industry players, granting or revoking licenses, and protecting policyholder rights.

Among the key amendments to the Insurance Code, the adoption of Law 59-13 in 2016, which modified and supplemented Law 17-99, was a crucial step toward aligning Morocco’s legal framework with global best practices [8]. These revisions introduced a risk-based solvency system, improved the governance of insurance and reinsurance companies, and strengthened financial transparency. Another notable aspect of this reform was the introduction of a legal framework for Takaful insurance, a system compatible with Islamic finance principles, which responds to a growing demand in Morocco.

Another major reform was the adoption of Law 110-14 in 2016, which amends and supplements Law 17-99 (the Insurance Code) by establishing a coverage scheme for catastrophic events. This innovative mechanism provides financial protection against major risks, such as earthquakes, floods, and human-induced disasters, as a complement to traditional insurance policies. This reform enhances the resilience of Morocco’s insurance system to natural and anthropogenic catastrophes, contributing to more effective risk management at the national level. Additionally, the Moroccan Insurance Code imposes strict criteria for the establishment and licensing of insurance and reinsurance companies (IRC). To operate in this sector, a company must be incorporated as either a public limited company (société anonyme) or a mutual insurance company, with a minimum share capital of 50 million dirhams (approximately 5 million USD). Furthermore, it must obtain a license from ACAPS, which assesses not only the financial strength of the company but also its governance structure and business plan [10]. This strict regulatory oversight aims to ensure the stability and reliability of the insurance sector while protecting policyholders' interests.

ACAPS exercises extensive supervision over a wide range of entities, including not only insurance and reinsurance companies (IRC) but also licensed intermediaries, pension schemes managed by various institutions, the Compulsory Health Insurance (AMO), managed by CNOPS and CNSS. Additionally, ACAPS is authorized to propose legislative and regulatory projects related to the insurance sector and to issue circulars for the implementation of laws, thereby strengthening the regulatory framework and ensuring compliance with industry practices.

The Moroccan Insurance Code also mandates the creation and compulsory membership of the Moroccan Federation of Insurance (FMA), which was founded in 1958. As a centralized professional association, the FMA plays a crucial role in the organization and regulation of the insurance market, reinforcing its influence in the sector [7]. According to Article 285 of the Insurance Code, all insurance and reinsurance companies (IRC) must be FMA members, granting the federation a dominant role in representing and coordinating actions within the industry.

The Moroccan Federation of Insurance (FMA) plays a central role in managing key databases for automobile insurance, which represents the largest segment of non-life insurance in Morocco. Additionally, the FMA is responsible for distributing serial numbers for insurance certificates, a task delegated by the Minister of Finance in accordance with Ministerial Decree No. 213-05 of January 26, 2005. This administrative function, renewed annually, reflects the centralized control and strict regulation within the sector [11].

The Moroccan Insurance Code also allows insurance intermediaries to form professional associations separate from insurance and reinsurance companies (IRC). Article 285 regulates this provision, stating that such associations must be officially recognized by decree, following consultation with ACAPS. Currently, the National Federation of Insurance Agents and Brokers in Morocco (FNACAM) is the most representative association of intermediaries, bringing together the majority of market players [12].

Furthermore, Morocco has strengthened consumer protection in the insurance sector through Law 31-08 on Consumer Protection (2011). This legislation aims to ensure clear and objective consumer information, protect economic interests against unfair commercial practices, and rebalance relationships between consumers and providers. It imposes various obligations on insurance companies, including providing accurate information before contract signing, granting consumers a 7-day withdrawal period in certain cases, and recognizing consumer protection associations as legally empowered entities to take legal action.

2. Overview of the Insurance Market in Morocco

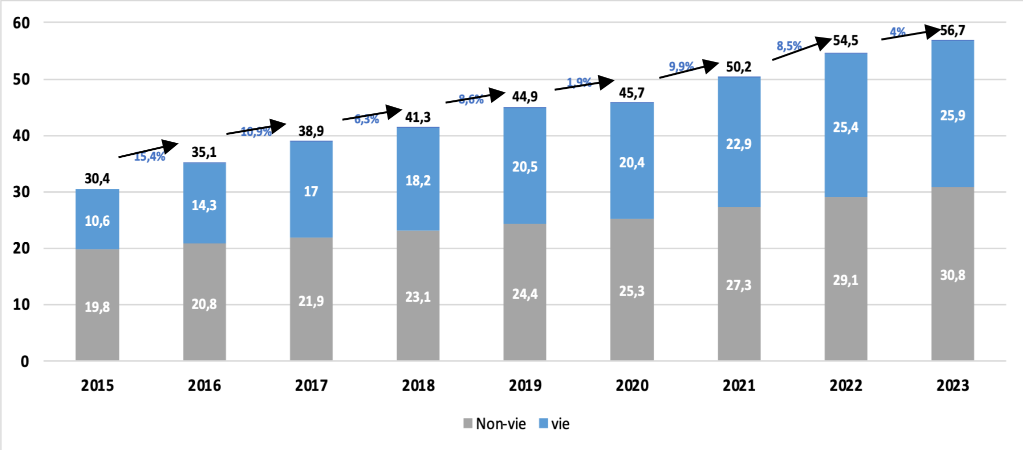
The Moroccan insurance market is a rapidly expanding sector with promising growth potential. This analysis highlights the evolution of premiums issued by insurance and reinsurance companies (IRC), as well as the profiles of insurance companies and the structure of the distribution network.

2.1. Evolution of Premiums Issued by IRC

The following figure (Figure 1) illustrates the evolution of insurance premiums in Morocco between 2015 and 2023, distinguishing between non-life insurance and life insurance branches. During this period, issued premiums increased steadily, rising from 30.4 billion dirhams in 2015 to 56.7 billion dirhams in 2023, representing a growth of nearly 87%. This progression was characterized by fluctuations in the growth rate, with a notable peak in 2016 (+15.4%) and a slowdown in 2020 (+1.9%), primarily due to the impact of the COVID-19 pandemic.

In 2023, non-life insurance premiums reached 30.8 billion dirhams, while life insurance premiums amounted to 25.9 billion dirhams. The life insurance segment experienced particularly rapid growth, especially between 2015 and 2016 (+34.9%), confirming its strong market potential in Morocco. This evolution highlights the robust dynamics of the Moroccan insurance sector, with a growing share of life insurance, reflecting increased demand for this type of product. This trend further strengthens the sector's position as a key pillar of the Moroccan economy.

Figure 1.
Evolution of Insurance Premiums in Morocco Between 2015 and 2023 (in Billion Dirhams)



(Source: ACAPS*)*

In 2023, the life insurance segment, accounting for 46% of the market, grew by 1.8%, reaching 25.8 billion dirhams. Non-life insurance, which represents 54% of the market, generated 30.8 billion dirhams, reflecting a 5.8% growth, primarily driven by automobile insurance, which recorded 14.3 billion dirhams in premiums [2]. Additionally, the Takaful sector recorded total premiums of 65.9 million dirhams, with 90% of this amount coming from death insurance and Takaful investment, while fire insurance contributed 9.2% and catastrophe coverage accounted for 0.8% [1].

In the reinsurance sector, after a strong rebound marked by 30.3% growth in 2022, the volume of accepted premiums in 2023 returned to a more moderate growth rate of 4.5%, reaching 3.8 billion dirhams. This market remains highly concentrated, with the national reinsurer holding 80.1% of the market share [1]. Meanwhile, the Takaful Reinsurance Fund saw its accepted premiums reach 5 million dirhams, with claims expenses totaling 2.7 million dirhams and technical provisions amounting to 2.3 million dirhams.

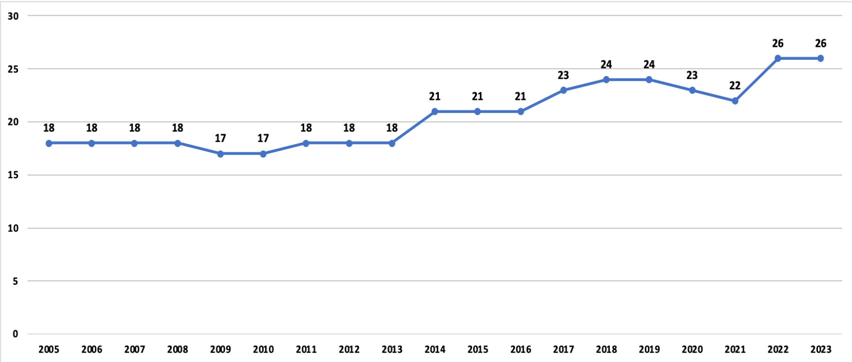
2.2. Profiles of Insurance and Reinsurance Companies (IRC)

The Moroccan insurance and reinsurance market consists of two distinct components. The first includes insurance and reinsurance companies (IRC), which underwrite risks and can be classified based on different specialties. The second component comprises insurance intermediaries, who facilitate connections between buyers and insurance companies while playing a crucial role in insurance product distribution.

The number of insurance and reinsurance companies has fluctuated over the years, as illustrated in Figure 2. Between 2005 and 2008, the number remained stable at 18, before slightly decreasing to 17 in 2009 and 2010, then rising back to 18 in 2011. From 2014 onwards, the sector experienced steady growth, reaching 21 companies, then 24 in 2018. After a slight decline in 2020 and 2021, the number increased significantly to 26 in 2022, mainly due to the establishment of Takaful insurance companies, and remained at this level in 2023. This evolution reflects the expansion of the sector, marked by the entry of new players, which enhances competitiveness and diversifies the market offering.

Figure 2.

Evolution of the Number of Insurance and Reinsurance Companies in Morocco Between 2005 and 2023



(Source: ACAPS*)*

Insurance and reinsurance companies (IRC) are distinguished by the type of operations for which they are licensed. Table 1 presents the distribution of these companies according to their specialties. Mixed IRC, which operate as generalist insurers, offer both life and non-life insurance products and typically have a well-established network of agencies and sales points. Specialized IRC, in accordance with the 2006 legislative reform, are licensed for a single type of insurance, such as personal insurance, non-life insurance, credit insurance, or assistance. Takaful IRC, introduced in 2022, provide products compliant with Islamic finance principles. Additionally, exclusive reinsurers, which focus solely on reinsurance, play a key role in risk management.

Table 1.

Distribution of Insurance Companies in Morocco by Specialty

Specialties	Companies
Mixed IRC	Allianz Maroc
	Atlanta Sanad
	Axa Assurance Maroc
	Mutuelle Centrale Marocaine d'Assurance (MCMA)
	Royale Marocaine d'Assurance (RMA)
	Sanlam Maroc
	Wafa Assurance
Non-life insurance operations exclusively	Mutuelle Agricole Marocaine d'Assurance (MAMDA)
	CAT Assurance et Réassurance
	Mutuelle d'Assurances des Transporteurs Unis (MATU)
Life insurance operations exclusively	Marocaine Vie
	Mutuelle Attamine Chaabi
Assistance insurance operations	Africa First Assist
	Cover Edge
	Maroc Assistance International
	Rma Assistance
	Wafa Ima Assistance
Credit insurance operations	Coface Maroc
	Euler Hermes Acmar
	Smaex
Reinsurance operations	Société Centrale de Réassurance (SCR)
Takaful insurance	Al Maghribia Takaful

	Taaouniyate Taamine Takafuli
	Takafulia Assurances
	Wafa Takaful
Takaful reinsurance operations	Société Centrale de Réassurance (SCR)

(Source: ACAPS*)*

2.3. Structure of the Distribution Network

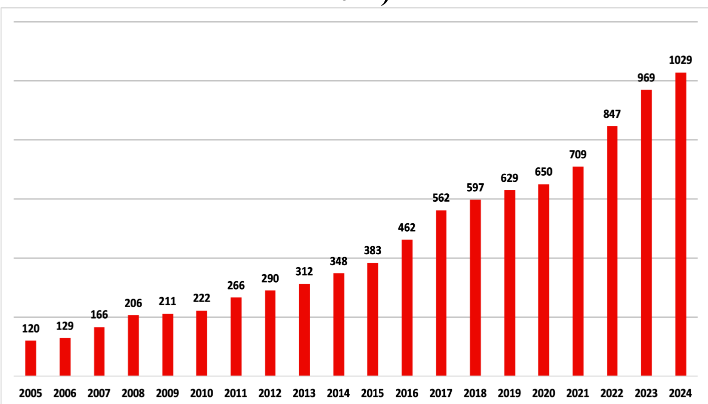
Insurance products are offered to consumers through a diverse distribution network. They can be accessed directly through insurance company branches or indirectly via insurance agents and brokers, as well as banking networks, microcredit associations, and financial companies. This network is supervised by ACAPS, which is responsible for monitoring activities, granting and revoking licenses, and enforcing sanctions in cases of non-compliance.

2.3.1. Direct Management Offices

Direct Management Offices (Bureaux de Gestion Directe - BGD), operating under insurance companies, are authorized to offer a full range of insurance operations, including insurance, reinsurance, and assistance services. Figure 3 below illustrates the evolution of the number of BGD in Morocco between 2005 and 2024. The number of BGD has steadily increased, rising from 120 in 2005 to 1,029 in 2024 (data as of the end of June). This growth reflects the continuous expansion of the insurance product distribution network, supported by the development of the insurance sector in Morocco. From 2014 onwards, the expansion accelerated, with a significant increase starting in 2017, when the number of BGD exceeded 500 units, nearly doubling by 2023. This trend demonstrates the insurance sector's efforts to enhance accessibility to insurance products across the country.

Figure 3.

Evolution of the nombre of Direct Management Offices in Morocco (2005 - June 2024)



(Source: ACAPS*)*

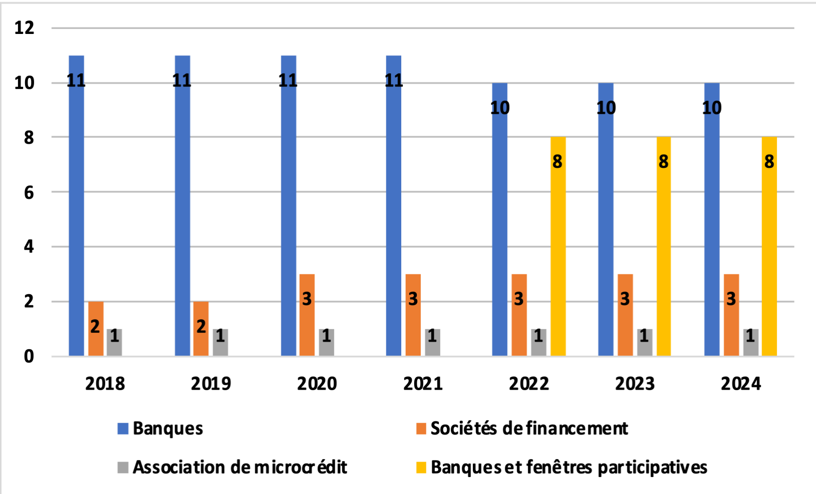
2.3.2. The Bancassurance Sector

The bancassurance sector in Morocco consists of banking networks, financial companies, a microcredit association, as well as participatory banks and windows. Bancassurance refers to the distribution of insurance products by credit institutions on behalf of insurance companies. The Moroccan legal framework strictly regulates this activity, restricting it to specific categories of insurance.

Figure 4 presents the evolution of the number of licensed bancassurance establishments between 2018 and 2024. Banks represent the largest share of licensed entities, with their number remaining stable at 11 between 2018 and 2021, before slightly decreasing to 10 from 2022 onwards. Financial companies experienced a slight increase, rising from 2 entities in 2018-2019 to 3 from 2020 onwards, indicating a stronger market presence. Microcredit associations maintained a constant presence of one entity throughout the period. Finally, participatory banks and windows were introduced in 2022, with 8 entities, a number that remained unchanged until 2024. This trend reflects the emergence of Takaful insurance products within Morocco's participatory banking sector. This evolution highlights the stability of traditional players (banks and financial companies) while showcasing the growing impact of participatory finance actors, who are playing an increasingly significant role in the bancassurance landscape. Geographically, the Casablanca-Settat region has the highest concentration of bank branches, accounting for 29.4% of the total, followed by Rabat-Salé-Kenitra (15.4%) and Fès-Meknès (13.1%) (ACAPS, 2023b).

Figure 4.

Evolution of the Number of Licensed Bancassurance Establishments (2018 - 2024)



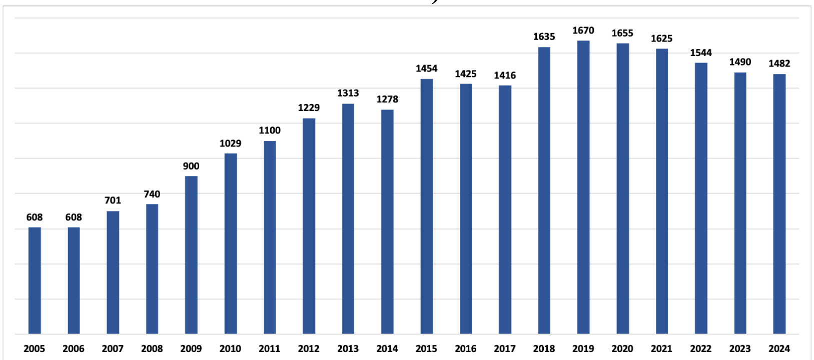
(Source: ACAPS*)*

2.3.3. Independent Insurance Agents

Independent insurance agents, operating as self-employed entrepreneurs, are authorized to represent one or more insurance companies based on the terms of their representation contract. While they can market various insurance branches, Moroccan legislation limits their representation to a maximum of two insurance and reinsurance companies (IRC) simultaneously, subject to the approval of the first company with which they signed a nomination contract.

Figure 5 illustrates the evolution of the number of independent insurance agents in Morocco between 2005 and June 2024. In 2005, there were 608 agents, a number that steadily increased to 1,100 in 2011. Growth continued until 2019, when the number of agents peaked at 1,670. However, starting in 2020, a slight decline began, with a gradual reduction in the number of agents, reaching 1,482 in 2024. Despite this decrease, the number of agents in 2024 remains significantly higher than in 2005, reflecting stable growth in the early years and a possible market restructuring or consolidation in recent years.

Figure 5.
Evolution of the Number of Independent Insurance Agents in Morocco (2005 - June 2024)

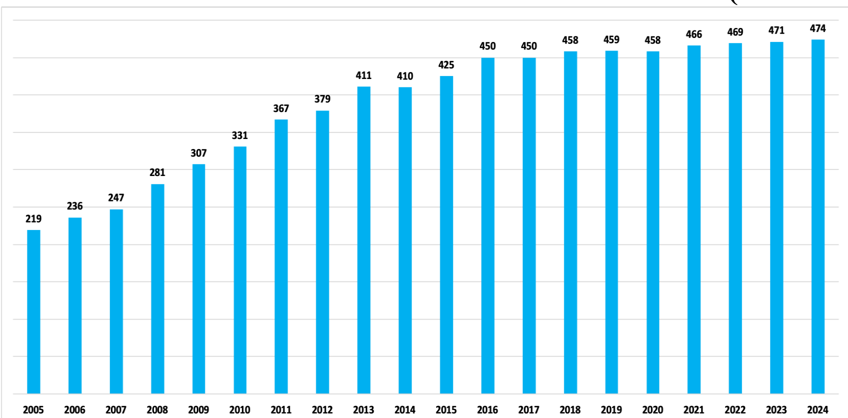


(Source: ACAPS*)*

2.3.4. Insurance Brokers

Insurance brokers play a distinct role by acting primarily as representatives of insurance clients rather than insurance companies themselves. Unlike agents, brokers are not subject to regulatory restrictions on the number of insurance companies they can represent. They are particularly active in the mid-sized and large enterprise markets, where they provide tailored insurance solutions to meet the specific needs of businesses. Figure 6 illustrates the evolution of the number of insurance brokers in Morocco from 2005 to June 2024. The number of brokers has gradually increased, rising from 219 in 2005 to 474 in 2024. Until 2013, growth was steady, with notable expansion phases. Between 2016 and 2020, the number of brokers stabilized, fluctuating between 450 and 458, indicating a slowdown in growth. Since 2021, a slight recovery has been observed, reaching 474 brokers in June 2024, reflecting market consolidation while maintaining moderate growth in recent years.

Figure 6.
Evolution of the Number of Insurance Brokers in Morocco (2005 - June 2024)



(Source: ACAPS*)*

3. Analysis of Insurance Demand in the Market

Insurance demand in a country is generally linked to economic conditions, both at the individual level and concerning business assets [15]. In low-income countries, insurance expenditures are often limited due to a lack of assets to protect and insufficient financial resources to subscribe to insurance policies [16].

In Morocco, several factors explain the insurance penetration rate, which must be analyzed in relation to the sector's evolution. According to the Inclusive Insurance Barometer published by ACAPS (2023a), which assesses access to and use of insurance services by the Moroccan population and micro-enterprises (TPE) operating in trade, crafts, and services, insurance penetration remains low among individuals, except for automobile insurance. The results show that 26% of respondents have automobile insurance, but only 6% hold a savings product, such as retirement, education, or capitalization insurance. Furthermore, 4% have home insurance, 3% have death risk coverage, 3% have private complementary health insurance (compared to 32% covered by AMO), and less than 1% benefit from other types of insurance, such as assistance or disability coverage [17]. For micro-enterprises (TPE), the insurance penetration rate is higher than among individuals. Specifically, 44% of respondents have automobile insurance, 29% are covered against workplace accidents, 22% have professional multi-risk insurance, and 17% benefit from liability insurance. However, only 9% have subscribed to private complementary health insurance, 8% to a retirement savings product, and 5% to death insurance [17]. Despite these higher rates among micro-enterprises, the Barometer highlights several major obstacles to the development of the insurance sector, including a lack of awareness of insurance needs, limited financial resources, and insufficient information about available products. The study also reveals that insurance pricing remains largely unknown among surveyed individuals. While 41% of respondents are well informed about automobile insurance prices, fewer than 14% claim to know the pricing of other insurance types [17].

Finally, according to the Competition Council (2023), the Moroccan insurance market is characterized by information asymmetry and a lack of transparency in pricing and claims processing. These shortcomings can undermine consumer trust and limit competition among insurance companies.

4. Analysis of Market Concentration in the Insurance Sector

Market concentration in the insurance sector refers to the extent to which a small number of companies dominate the market, whether in terms of market share, volume of issued premiums, or coverage capacity. High concentration indicates that a few players control a significant portion of the market, while low concentration suggests a more balanced distribution of market shares among many companies (Affeldt et al., 2021).

Table 2 presents the evolution of premiums issued by Moroccan insurance companies between 2017 and 2023. Wafa Assurance has dominated the market, with steady growth in issued premiums, increasing from 8 billion dirhams in 2017 to over 11 billion in 2023. Since 2019, approximately 76% to 79% of the market has been controlled by the six largest insurance companies, with Wafa Assurance, RMA, and Mutuelle Taamine Chaabi leading the sector. This highly concentrated market limits the entry of new players and slows the diversification of insurance offerings. However, the sector has witnessed the emergence of new Takaful insurance companies, such as Takafulia Assurance, Wafa Takaful, and Al Maghribia Takaful, introducing products aligned with Islamic finance principles.

Table 2.
Evolution of Premiums Issued by Insurance Companies in Morocco (2017-2023) in Million Dirhams

Companies	2017	2018	2019	2020	2021	2022	2023
Wafa Assurance	8049,9	8371	8853	8374,2	9088,9	10425,1	11163,9
RMA	6224,2	6543,7	6816	6876	7680,7	8076,1	8489,7
Mutuelle Taamine Chaabi	3888,5	4253	5123,2	5787,3	6308,4	7345,1	7362,5
Axa Assurance Maroc	4111,2	4231,1	4645,2	4871,7	5567,4	6027,8	6332
Sanlam	4846	5223,2	5422,4	5126	5621,1	5954,5	6152,5
AtlantaSanad	4191,9	4455,3	4840,8	4937,6	5400,8	5403,6	5111,9
MCMA	1269,2	1418,5	1541,2	1798	2067	2270,1	2466,7
Marocaine Vie	1723,6	1825,5	2267,6	2158,2	2339,1	2268,7	2304,3
Allianz Assurance Maroc	1245,9	1367,1	1479,9	1572,3	1426,8	1486,1	1523,7
MAMDA	928,9	1000,7	1034,6	1092,5	1172,1	1278	1452,7
CAT	670,1	688,8	693	1044,1	1177,2	1263,7	1286
MATU	277	317,7	416,6	525,7	714,1	862,7	1046,9
Maroc Assistance Internationale	448,8	541,7	568,1	561,5	620,9	602,7	589,1
Africa First Assist	500,3	555	471,7	325,8	322	373,4	406,9
Wafa Ima Assistance	244,2	268,4	281,4	258,3	281,6	348,6	375,5
Axa Assistance Maroc	119,6	97,8	86,9	47	55,8	74,9	177,4
Euler Hermes ACMAR	125,8	131,7	144,9	136,3	134,2	140,4	157,2
RMA Assistance	-	-	113,1	109,2	123	140	151,8
Coface Maroc	55,5	55,2	62,7	81,1	71,2	112,3	85
Smaex	-	-	39,9	27,6	34,8	44,8	55
Takafulia Assurance	-	-	-	-	-	5,8	31
Wafa Takaful	-	-	-	-	-	3,8	14,7
Al Maghribia Takaful	-	-	-	-	-	1,5	11
Taawouniyate Taamine Takafuli	-	-	-	-	-	0,7	9,1

(Source: ACAPS*)*

The Moroccan insurance market also includes smaller insurance companies specializing in specific segments, such as credit insurance and assistance, which contribute to diversifying the market offering. In 2023, these companies held 2.6% of the market for assistance insurance and 0.5% for credit guarantee insurance [19]. The entry of new players remains challenging due to regulatory barriers, despite the competitive potential of Takaful insurance, which currently holds only a marginal market share of 0.12% [19].

Regarding market concentration by insurance product, concentration index data indicates that the life insurance segment is highly dominated, with a CR3[1] index of 69%. This segment is primarily controlled by Mutuelle Taamine Chaabi, the market leader, followed by Wafa Assurance and RMA. The remaining 31% of the market is shared among other companies, none of which exceed 8.6% individual market share [19]. In terms of product breakdown, savings insurance remains the main driver of life insurance, accounting for 87% of issued premiums in 2023, equivalent to a total of 22.5 billion dirhams [2]. The non-life insurance sector in Morocco also exhibits high concentration, with the five largest companies controlling over 72% of market share, while the remaining companies hold individual shares of no more than 4.7% each [19]. Automobile insurance stands out as the largest segment within non-life insurance, generating 14.3 billion dirhams in 2023, representing 46.6% of total issued premiums in this category [19].

[1] The CR3, or Three-Firm Concentration Ratio, is a measure used to assess market concentration in a given sector. In the insurance industry, the CR3 indicates the cumulative market share of the three largest insurance companies in the market.

In terms of geographical distribution of insurance intermediaries, the insurance distribution network in Morocco reveals a significant disparity. Major urban areas, particularly the Casablanca-Settat and Rabat-Salé-Kénitra regions, alone concentrate 46% of authorized insurance intermediaries. In contrast, other regions do not individually exceed 11% of market share [20].

5. Limitations and Constraints of the Insurance Market in Morocco

The Moroccan insurance market faces several limitations, particularly regarding barriers to competition. According to the Insurance Code, market entry is strictly regulated through a licensing mechanism managed by ACAPS. Insurance and reinsurance companies (IRC) must obtain a license to operate, and insurance intermediaries are also required to secure authorization from ACAPS before offering insurance products to the public. This license is exclusively granted to legal entities operating under Moroccan law and headquartered in Morocco, subject to the approval of the regulatory commission. Additionally, IRC must be structured as either a Public Limited Company (Société Anonyme - SA) or a Mutual Insurance Company (Société d'Assurance Mutuelle - SAM).

The ACAPS licensing process is categorized by insurance operations. Law No. 39-05 of 2006 mandates specialization among insurers, prohibiting a single company from holding licenses for multiple types of insurance. This reform gave a competitive advantage to mixed insurers that existed before its adoption. To obtain a license, companies must meet high capital requirements (50 million dirhams for SA and SAM), which limits the entry of SMEs and startups into the market. Moreover, ACAPS does not impose a fixed timeline for processing license applications, creating uncertainty for investors. These requirements are designed to strengthen the financial stability of industry players but simultaneously restrict market entry, potentially hindering competition [10].

Insurance intermediaries must also comply with strict criteria, including Moroccan nationality, a recognized diploma, and passing a professional exam, which is rarely organized. This constraint slows the expansion of distribution networks, whereas bancassurers are not subject to these same requirements.

For legal entities seeking to operate in the insurance brokerage sector in Morocco, the requirement that at least 50% of capital be held by Moroccan citizens or Moroccan-registered companies poses a significant barrier. This restriction limits access for foreign investors, depriving the sector of capital injections and international expertise, which could otherwise stimulate innovation and market development. Additionally, insurance agents wishing to represent more than one IRC must first obtain approval from their primary contracting company, as stipulated by Article 292 of the Insurance Code.

On the supply side, the Moroccan insurance market remains dominated by traditional products, overlooking the specific needs of various population segments, particularly regarding inclusive and innovative insurance. Despite notable growth in penetration rates and issued premiums, the national insurance market has untapped potential that could position Morocco as a leader in Africa and the Arab world. This potential lies primarily in the development of inclusive insurance, aimed at populations with limited or no access to traditional insurance services.

Moroccan insurers also show significant shortcomings in innovation, both in insurance products and in sales and management processes. This deficiency is particularly evident in the absence of fully online subscription options, the lack of digitalized insurance certificates, and the failure to create new products tailored to emerging market needs. As a result, consumer options remain limited, both in terms of simplified administrative procedures and access to innovative products that address specific demands. The lack of innovation in these areas deprives consumers of potential benefits, restricting their access to user-friendly solutions and tailored coverage that could better meet their diverse needs.

6. Key Strategic and Operational Recommendations for the Insurance Sector in Morocco

This section presents strategic and operational recommendations aimed at leveraging opportunities in Morocco's insurance sector and ensuring its sustainable development.

1. Relaxation of conditions for entering and exiting the insurance market. To stimulate growth and innovation in the Moroccan insurance sector, it is essential to make market entry and exit conditions more flexible. This can be achieved through the following actions:

- Revision of legal market entry requirements: The current requirements, such as 50 million dirhams in share capital for public limited companies (SA) and 50 million dirhams in establishment funds for mutual insurance companies (SAM), pose barriers for small and medium-sized enterprises (SMEs). It is recommended to adjust these criteria based on the nature of insurance products offered and integrate them into regulatory texts to facilitate necessary adjustments.
- Setting clear deadlines for license approvals: To improve predictability and efficiency in the licensing process, it would be beneficial to establish a fixed timeframe within which ACAPS must respond to applications. This would provide companies with better visibility regarding market entry.
- Reforming the licensing system for insurance intermediaries: The current process should be simplified and made more transparent to attract new players while maintaining high-quality standards. It is recommended to: Eliminate the requirement to pass a professional exam for individuals seeking to operate in this field. Recognize a broader range of academic qualifications. Remove the requirement that 50% of the capital in legal entities must be held by Moroccan investors.
- Clarifying conditions for license withdrawal: It is capital to further specify the circumstances under which ACAPS may partially or fully withdraw a license from an insurance and reinsurance company (IRC). Increased transparency in this process would enhance investor and business confidence in the stability and fairness of the regulatory framework.

2. Strengthening and Diversifying the Insurance Product Offering. To diversify and strengthen the insurance offering in Morocco, several strategic reforms and initiatives are necessary:

Legislative reform to address competitive imbalances: A legislative reform is required to correct the competitive imbalances created by the specialization of mixed insurers. This reform should ensure fair competition, promoting greater diversity and competitiveness in insurance offerings.

Gradual opening of the non-life insurance sector to banking institutions: Integrating the banking sector into the distribution of non-life insurance products could broaden the offering for consumers and create new synergies. The successful experience of bancassurance in life insurance demonstrates the potential of this channel for non-life insurance products. This initiative could also stimulate competition and improve the quality of services offered.

Development of inclusive and innovative insurance offerings: It is essential to design insurance products that address the specific needs of various population segments, particularly low-income groups and individuals with specific requirements. Inclusive and innovative offerings, such as microinsurance and Takaful insurance, are needed to fill existing gaps. Furthermore, it is recommended to simplify the validation process for new insurance products by ACAPS to encourage innovation.

Digitalization of insurance product distribution and contract dematerialization: To enhance accessibility and streamline administrative processes, it is crucial to digitize the distribution of insurance products and promote contract dematerialization (Agonnoude, 2024). This digital transformation will facilitate interactions between insurers and policyholders, reduce costs and processing times, and enhance the customer experience (Esseman & Nafzaoui, 2022). It is also recommended to establish a specific regulatory framework for online insurance sales, simplifying procedures to encourage sector innovation. Additionally, it is essential to support professionals through assistance measures during the transition to digitalization. According to El Arif (2023), the digital transformation of the Moroccan insurance industry should be structured around three key pillars, similar to other economic sectors: improving customer relations, optimizing operational processes, and evolving the business model.

3. Strengthening Competition in the Automobile Liability Insurance Segment. Although market liberalization has stimulated competition, the automobile liability insurance segment in Morocco still faces significant challenges. To revitalize this market, several measures are recommended:

- Expanding premium calculation criteria: It is crucial to develop a more robust methodology for calculating automobile liability insurance premiums, incorporating a wider range of risk factors. This should include not only traditional factors, such as vehicle type, but also more advanced criteria, such as geographical conditions and driving behavior. Customizing premiums based on real risk exposure would allow for a fairer and more efficient pricing system.
- Regulating profit margins: It is essential to implement strict regulatory mechanisms to ensure that profit margins in the automobile liability insurance segment remain at reasonable levels and do not become excessive. Ongoing supervision of pricing practices and profit margins by ACAPS could help maintain a balance between insurer profitability and consumer protection against excessive pricing. These regulatory measures should aim to promote healthy competition while ensuring the financial sustainability of insurance companies.

4. Enhancing Consumer Protection. To develop and promote the insurance sector in Morocco, it is essential to place consumers at the center of industry concerns. The following actions are recommended:

Strengthening contract transparency and service quality: Insurance contracts are often complexly worded, leaving even well-informed consumers confused about their actual rights and the exclusions stated in the contract. To address this issue, it is crucial to enhance consumer protection in their contractual relationships with insurers. This can be achieved by implementing mechanisms that ensure greater transparency in contractual terms, particularly by simplifying contract language to make policies more understandable. These measures will help improve consumer satisfaction and reinforce trust in the insurance sector. Regulating insurance comparison platforms: With the rise of online insurance comparison tools, it is essential to regulate this activity to ensure transparency and objectivity in the information provided to consumers. These platforms must be subject to strict regulations that protect users from misleading practices and guarantee a fair comparison of available offers. Establishing an adequate regulatory framework will strengthen consumer confidence in these tools while promoting healthy competition among insurers.

7. Conclusion

This article provides an in-depth analysis of the insurance market in Morocco, highlighting the various factors influencing this key sector of the national economy. The examination of the regulatory and legal framework reveals a highly structured sector, with regulations evolving over time to ensure market stability, protect policyholders, and align with international standards. The Moroccan Insurance Code, enriched by successive reforms, serves as the legal foundation governing the operations of insurance and reinsurance companies, as well as insurance intermediaries. The market analysis demonstrates sustained growth in the Moroccan insurance sector, characterized by a notable increase in issued premiums, particularly in the life insurance and automobile insurance segments. However, this growth is accompanied by persistent challenges, notably market concentration, where a few large companies control a significant share of issued premiums. This situation limits competition and hinders the emergence of new players.

The limitations and constraints identified in this study, such as barriers to market entry and restrictions on intermediaries, emphasize the need for reforms to promote diversity and innovation. The Moroccan insurance market remains largely dominated by traditional products, leaving untapped potential in inclusive and innovative insurance segments, such as microinsurance and Takaful insurance.

To address these challenges, several strategic recommendations have been proposed to leverage the opportunities within the sector and enhance its sustainable development. It is crucial to ease market entry and exit conditions to encourage new players and foster innovation. Additionally, diversifying and digitalizing the insurance offering could not only meet the needs of underinsured populations but also improve efficiency and accessibility in the industry. Strengthening competition in the automobile liability insurance segment is also a priority, with expanded premium calculation criteria and the implementation of regulatory mechanisms to ensure reasonable profit margins. Finally, consumer protection must be at the heart of industry development, with measures aimed at improving service quality, regulating insurance comparison platforms, and simplifying contractual relationships.

For Morocco’s insurance sector to reach its full potential and establish itself as a regional leader, it is imperative to adopt a proactive and reform-driven approach, considering global market dynamics and local market needs. These efforts will not only strengthen sector competitiveness but also ensure broader and more inclusive insurance coverage for the entire population.

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