

**SPEECH BY MR. GODFREY KIPTUM, COMMISSIONER OF INSURANCE & CEO; INSURANCE REGULATORY AUTHORITY DURING THE 16<sup>TH</sup> AIBK SEMINAR HELD ON 10<sup>TH</sup> NOVEMBER 2022 AT LEISURE LODGE RESORT & SPA, SOUTH COAST.**

**The Chairman; AIBK, Mr. Anthony Mwangi**

**AIBK Board members**

**CEOs of brokerage companies**

**CEOs of insurance companies**

**Invited Guests**

**Ladies and Gentlemen,**

Good morning. Thank you for inviting me to grace this seminar. From the onset, I wish to congratulate the AIBK management for organizing such an elaborate seminar. It is encouraging to see different players within the industry meet in such a forum to discuss cross cutting issues. It is largely held that the Kenyan insurance market is broker driven and so when I see the high number of insurers here this morning, I am hopeful that by the end of this seminar, the brokers and insurers will have come up with actionable matters that can drive the industry ahead.

As we gather here to reflect on the insurance industry performance and how we can improve it to enhance access and inclusion, it is critical that we talk about the insurance industry of the future, the trends that will shape it and ask ourselves whether we are ready for the same. Noting that this seminar is themed “Innovate, Evolve and Thrive”, I am looking forward to reading the conference resolutions and perhaps launching some innovative products in the near future.

We all agree that the insurance market, just like all markets is experiencing profound changes. Indeed, the industry is facing unprecedented disruptions with exciting opportunities coupled with threats at almost every corner!

As the world evolves, so do the risks and market dynamics! From climate to cyber, harsh market conditions, innovative new market entrants, demanding customers expectations and rapid digitization, there is a whole new generation of insurance consumers who know what they want and have placed premium value on customer experience. As we speak today, the world is congregating in Egypt for the COP 27 Climate Conference. Globally, people are discussing matters on Environmental Social Governance (ESG) and how to achieve net zero effects among other things. How does this affect your business moving forward? Are you positioning yourselves to maximize on the opportunities that green economy will and survive the threats that it also portends? Insurance intermediaries like yourselves have to re-engineer your business processes and start providing wholesome solutions including relevant and specific products to suit your customer needs. You have to be alive to the global issues because to remain profitable, staying ahead of these emerging risks and challenges and taking on the opportunities therein is and should be the number 1 job of any broker in this room today.

The good news, **Ladies and Gentlemen**, is that all the sources of disruption mentioned above can be harnessed to become a source of growth. As the business model of insurance firms is disrupted by both external and internal forces, insurance brokers are faced with increasing pressure to innovate and adapt. This calls for a major rethink of how insurance business is placed and the role of insurance brokers in the insurance ecosystem. As the traditional intermediary in the risk transfer process, insurance brokers are ideally placed to develop viable and innovative solutions to the changing risk environment. There is, therefore, need to invest in information technology to gain efficiencies and explore new markets and products. It is important that insurance brokers develop strategies of keeping up with the sweeping pace of social, technological, economic, environmental and political developments. In short, insurance brokers have to innovate so as to evolve for them to thrive in their business.

**Distinguished guests**, the traditional broker's priority has been to reach out to as many potential customers as possible, recruit new customers and retain existing customers. This strategy might not work in the market of the future. To thrive, insurance brokers, in my opinion may consider adopting strategies to realize the following for their continued business growth:

- a. Develop new solutions that are specific to customer needs and concerns; There is need for insurance brokers to turn their customers to their fan base. They should strive to win their trust and loyalty. The customers of today are fundamentally different from those of yester years. Their needs, knowledge and expectations have exponentially expanded in the last decade. Apart from seeking for instant gratification, technology has made them digital natives who are always scouring the internet to compare, contrast, seek for testimonials, rate and quickly move to next appealing click.
- b. Embrace the digital space for market growth: The Covid-19 pandemic brought to fore the importance and efficiencies that can be gained through the digital space. There is widespread acceptance and usage of cutting-edge technologies to rationalize costs, enhance efficiencies and optimize on profits. The shift to digital transformation is a pain that must be born to thrive in the future. Identify ways to ease the pain and pick out various tools and platforms that can make the journey to digital transformation simple. Digital transformation is no longer a matter of choice but one of fact that drives the industry forward.
- c. Innovate for growth: Insurance business has always had the reputation of being conservative. This no longer holds as we are witnessing efforts by insurers to push their digital transformation initiatives forward and satisfy the demands of modern consumers. The need to innovate is now a matter of strategy. Fin-techs and tech giants entering the insurance space are some of the forces pushing the industry as a whole toward an innovative mindset. We are yet to note a major shift towards an

innovation-focused culture but I know that this will happen sooner rather than later.

- d. Personalization: Personalization is the competitive edge when it comes to prospecting, acquiring and retaining customers. Customers are well aware that with digital communications, their brokers collect their their personal data. In return, customers expect a business to use this information in order to improve and personalize their experience. The ability to deliver personalized, well-timed offers is a primary driver of business conversions in the digital world. Not only do new policy sales benefit from personalization, but there are also plenty of cross-selling opportunities arising from delivering proactive and personalized offers. Offering a specific person, a tailored product at a perfect price point can significantly increase a policy sale probability, customer retention, as well as lifetime value of each customer.
- e. Customer experience: Turning the customer interactions into a customer journey is another way of ensuring that the business thrives. Customers look at interactions with their service providers from a wholistic point of view. With the digital shift, delivering an excellent customer experience is now a matter of survival. It is the differentiator. From your website, email signatures, mobile apps and social media profiles, customer experience is key. Purpose to build deeper relationships with customers throughout the entire customer journey.

**Chairman,** Insurance brokers have traditionally been the link between consumers and the insurers. In view of this, and as I have said above, I am of the opinion that brokers are perfectly placed to develop new initiatives to maintain their critical position in the market. This, however, can only be realized if they ready and willing to innovate and evolve rather than being left behind by constantly shifting market trends. It is unfortunate that we have not seen many broker driven initiatives and innovations at the insurance market

place and perhaps this explains why there is a disconnect between insurers and consumers and why the brokers' roles are being questioned.

Faced with the disruptive forces mentioned earlier on, insurance broking business is at a crossroads. The new risk and business landscape now call for greater information sharing and data gathering. In this era of big data, advancement in data analytics is crucial to managing the emerging risks alongside customer demands and expectations while strengthening the broker's position as the primary source of risk solutions. With proper data analysis, the broker evolves from simply being a risk placement person to a preventive risk advisor. It may be difficult to develop these capabilities within individual businesses hence the call for greater information and data sharing among the brokers.

As I conclude, I would like to reiterate that insurance brokers should be at the forefront of addressing the challenges that may be experienced by a disruption and capitalize on the unfolding insurance opportunities. The insurance market in the country remains largely untapped and there is need to focus on all possible clients rather than fight over parastatal accounts. The disruption will affect both the demand and supply side and calls for a total shift in how business is run. The broker of the future needs to have high analytical skills, ability to anticipate emerging risks, capacity for innovation and inspirational leadership so as to create effective and attractive risk management solutions. This is what is necessary for an industry facing turbulent times like ours and provides one with the opportunity to realize their full value and market position. With these remarks **Ladies and Gentlemen**, it is my pleasure to declare the 16<sup>th</sup> Annual AIBK Seminar officially opened.

Thank you.