THE INSURER

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INSURANCE TODAY; THE OBTAINING ISSUES


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CONTENT

EDITOR'S NOTE

We have come to the end of 2019. It is yet another season to muse over our gains in the fading year and lay ground for better times in 2020. As we feast and make merry, it would be imperative that we interrogate our individual inputs into this industry; did we do our best—especially given that insurance is one of the key drivers of our economy?

With penetration oscillating around 2.5 per cent, some observers may opine that the industry has nothing to write home about. But we know better: As Mr Tom Gichuhi—the Executive Director of the Association of Kenya Insurers—avers, the Kenyan insurance market remains the most robust, the biggest and the most sophisticated in the entire East and Central African region. In fact, apart from South Africa, Namibia and Morocco, insurance penetration in Kenya remains one of the highest in Africa.

The industry has made several strides that are supposed to even the landscape to the advantage of the players. Innovation within the industry has been at the centre stage of boosting the performance of the industry: As Mr Godfrey Kiptum—the IRA CEO—reiterated to this journal recently, it is an undisputed fact that innovation moves faster than laws. Regulators are therefore faced with the twin challenge of allowing for growth and innovation, while at the same time ensuring players are operating within set guidelines. This assertion is affirmed by the coming into being of the insurance sandbox—a first in this region—which is intended to foster responsible innovation that benefits insurance consumers in Kenya by improving the quality of, and access to, insurance products and services.

We still have an expansive ground to cover—especially in 'caring' for our business people: SMEs are a significant sector of our economy but more often than not we "reach them with a long pole". Ms Phyllis Wakiaga the CEO of Kenya Association of Manufacturers offers that the increased attention on SME growth both at a national and global scale points to a reckoning that the future of business hinges on their success hence insurers need to rethink the way they handle the sector.

We are living in 'tech times'. The founders of SwiftAnt observe that technology is the quintessential factor and enabler for new business capabilities; they perceive that the way forward is "Co-Creation of Digital Excellence". This will happen by first identifying the "Digital Purpose" and then matching the correct technology to aptly meet the stated digital purpose. This resonates with AKI's research team findings that Mobile Apps provide convenience, enhance the brand experience and are seen as a direct link to your company wherever and whenever your customers need you. Insurers need to have mobile apps as part of their overall digital strategy to maintain and enhance their competitive advantage.

What we have highlighted above are just a few of the articles in this edition that make it a great read. You will also notice that we have introduced a new column; Insurance Industry News which is projected to bring you up to speed on the happenings in the industry.

The Insurer team wishes you a safe, happy festive season and a great 2020.

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INSURANCE INDUSTRY NEWS

DOCTORS MUST NOW TAKE COVER

It is now a requirement for every doctor to take professional indemnity insurance cover annually. This is according to the health related laws that were amended through the Health Laws Amendment Act, 2019—in particular Section 15 A of the Amendment Act which also requires that health institutions insure their staff against professional liability.

Several suits have been made against doctors and medical institutions for a variety of reasons. These law suits can be very costly to both the doctors and institutions. The costs can be in the form of legal fees, reputational damage and depending on the case outcome, fines and other penalties.

Professional indemnity insurance comes in to protect against unanticipated legal costs and claims from damages to a third party arising from the performance of, or failure to perform services. It also covers unintentional breach of confidentiality; libel or slander (defamation) as well as dishonest, fraudulent or malicious acts, omissions by any former or present employee.

GOVERNMENT TO DEVELOP INSURANCE POLICY FRAMEWORK

The Government is in the process of developing a National Insurance Policy Framework. The framework is expected to strengthen the policy, legal and regulatory environment with a view to improve access, usage and affordability of insurance products and services in Kenya. The framework will also facilitate further development of insurance services in the country in line with the broader Government's public policy objectives.

AKI ROLLS OUT VIRTUAL MOTOR INSURANCE CERTIFICATES

AKI has developed a virtual motor insurance certificate and has commenced roll out to the industry.

Insurance companies have a dedicated platform known as the AKI Vehicle Insurance Certificate (VIC) Issuance from where they will be able to conveniently order, generate and distribute the virtual certificate to their customers.

The current (hard copy) certificates will be progressively phased out before fully transitioning to the virtual certificates. All other process such as valuation and claims processing will not be affected.

Once a customer receives the virtual motor insurance certificate, they will print it in colour and display the certificate as required by law. This is similar to the driver's license procedure.

Customers will be able to query and verify the status of their insurance by dialling *352# or via the AKI Vehicle Insurance Certificate (AKI VIC) app available for both Android and IOS devices. The verification will provide information on the insuring company; the vehicle details; start and end date of the insurance; and the status, whether genuine or fake. The virtual motor insurance certificate appearance and details will remain the same as the certificate currently in use. The only difference will be the mode of transmission to the consumer which will be via digital channels such as e-mail.

This shift to virtual certificates will help curb motor insurance fraud by ensuring that only one motor insurance certificate is issued per vehicle. Cases of double insurance, fake certificates and stolen insurance certificates will be eliminated. The virtual certificates will save insurance companies the cost of physically delivering the certificates to their customers. This will also hasten the issuance process.

Customers on the other hand will be able to conveniently get their motor insurance certificates from wherever they are and at any time.

DATA PROTECTION ACT COMES INTO EFFECT

The Data Protection Act, 2019 came into force on November 25, 2019. The objective of the Act is to make provision for the regulation of the processing of personal data, to provide for the rights of individuals and obligations of data controllers and processors.

Insurance companies collect, retain and process a lot of personal data from their customers. The Act now requires that any organisation that collects, records, organises, disseminates or processes personal data must register with the data commissioner: The commissioner will provide a threshold for registration based on the nature of the industry, volumes and sensitivity of the data.

The Act also provides for rights of the members of the public—they have to be informed of the use of the data, have a right to access their data, have a right to object to processing of all/or part of their data, have to consent to their data being collected and can withdraw the consent that was earlier granted among others.

The office of the Commissioner of Data is yet to be established. Nonetheless, insurance companies have to come up with data policies that reflect compliance with the data protection Act.

For insurance companies that are dealing with European Union companies or citizens, the General Data protection Regulations (GDPR) that came into effect in May 2018, still apply. These two laws are separate and must both be complied with. The key objective of the GDPR is to protect the European Union Citizens/ residence from data privacy breaches wherever in the world they are.

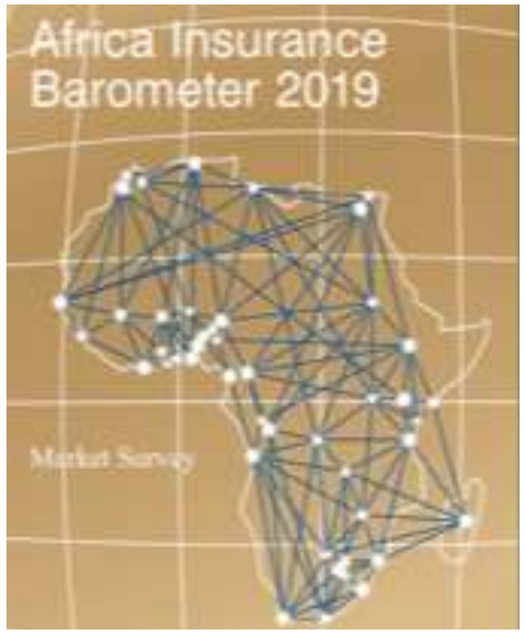
LINES OF INSURANCE BUSINESS REMAIN UNCHANGED

Lines of business prospects in the $67billion African Insurance market remained unchanged in 2019, as in prior years. This is according to the fourth edition of the African Insurance Barometer 2019—the annual African Insurance Organisation (AIO) report which measures current perceptions of the African insurance market, tracking them over time to monitor changes in attitudes.
Motor, life and health dominate the list of the fastest growing lines of business in Africa. The ranking reflects the limited overall size of the individual markets, with the exception of South Africa.

Motor and health are seen to serve as an entry to build market share given they are often compulsory. Life business grew fastest in North Africa, as well as in Kenya and Côte d'Ivoire. This not only serves to build and protect savings but also as collateral for credit.Commercial lines grow slower compared to personal lines. Commercial lines are overcrowded and unless they require high specialisation or risk-bearing capabilities, business is fiercely competitive. Marine insurance has led this line if business for the last four years. It suffers from overcapacity build up at a time when exports are expanding in Africa's commodity rich markets.

Where risks require a specialisation and highly rated capacity, pricing pressure is less intense, and profit margins are more attractive. That is typically the case in marine cargo insurance which topped the list of the most profitable lines of business last year.

Life insurance was also among the top profitable lines last year, benefitting from relatively high customer loyalty.
Motor, health and fire are the least profitable lines of business. Characterised by low barriers to entry, competitive pressure is strongest in these lines. The product offering in these lines is fairly generic and their main benefit is that they open the door for cross-selling opportunities to consumers for additional policies.
Claims have been rising in these lines further squeezing the bottom line. Claims are on the rise thanks to a variety of factors including rising medical costs for medical insurance; devaluation of African currencies against the Euro and US Dollar which raised the cost of spare parts in motor insurance: While, fierce competition and tariffs affected fire business.



UNDERSTANDING MEDICAL MALPRACTICE AND THE NEED FOR PROFESSIONAL INDEMNITY INSURANCE

By Dr. Njoki Fernandes

The Medical Practitioners and Dentists Council is a statutory authority established under Cap 253 Laws of Kenya to regulate the practice of medicine, dentistry and health institutions in the country.

The Council, in compliance with the Health laws (Amendment) Act No.5 of 2019, has made it mandatory for all medical practitioners and healthcare institutions to have professional indemnity insurance as a pre requisite for licensing.
This was occasioned by the rising cases of medial negligence that are reported to the Council.

What is Medical Malpractice?

Medical malpractice occurs when a hospital doctor—or other health care professional, through a negligent act or omission—causes an injury to a patient. The negligence might be the result of errors in diagnosis, treatment, aftercare or health management.

To be considered a medical malpractice under the law, the claim must have the following characteristics:

A violation of the standard of care:
The law acknowledges that there are certain medical standards that are recognised by the profession as being acceptable medical treatment by reasonably prudent health care professionals under like or similar circumstances. This is known as the standard of care. A patient has the right to expect that health care professionals will deliver care that is consistent with these standards. If it is determined that the standard of care has not been met, then negligence may be established.

An injury was caused by the negligence:
For a medical malpractice claim to be valid, it is not enough that a health care professional simply violated the standard of care. The patient must also prove he or she sustained an injury that would not have occurred in the absence of negligence. An unfavorable outcome by itself is not malpractice. The patient must prove that the negligence caused the injury. If there is an injury without negligence or negligence that did not cause an injury, there is no case.

The injury resulted in significant damages:
Medical malpractice lawsuits are extremely expensive to litigate, frequently requiring testimony of numerous medical experts and countless hours of deposition testimony. For a case to be viable, the patient must show that significant damages resulted from an injury received due to the medical negligence. If the damages are small, the cost of pursuing the case might be greater than the eventual recovery. To pursue a medical malpractice claim, the patient must show that the injury resulted in disability, loss of income, unusual pain, suffering and hardship, or significant past and future medical bills.

Types of Medical Errors

Surgical Errors - they account for a third of all medical malpractice cases brought by inpatients. The most common types of surgical errors are wrong-site surgery, wrong-patient surgery, wrong surgery on right patient, unsanitary surgical tools, retention of foreign bodies, organ damage and nerve damage.

Anaesthesia Errors - These include suboptimal anaesthesia, poor pain management, side effects of anaesthesia, intubation errors and regional anaesthesia errors among others.

Misdiagnosis, Failure to Diagnose, Wrong Diagnosis - This delays treatment and can make a manageable situation worse, more costly to manage or even fatal.

Obstetric Errors - Obstetricians face the brunt of litigation for medical malpractice. Incidents in obstetrics include mishaps during pregnancy and delivery. Injuries to the baby at birth like hypoxic brain injury, cerebral palsy, Erb's palsy, shoulder dystocia and other pregnancy injuries are very common and attract litigation.

What can a doctor do?

Document all procedures and instructions clearly
Give special attention to incidents that arise in the course of the treatment. Also document when the patient declines certain treatment. Always obtain consent for procedures after proper explanation.

Take your time to listen to the patient
Resist the temptation to begin writing or typing when the patient begins to speak. Take your time to listen to parents and other caregivers

If in doubt, check it out
Do not be afraid to check if you are not sure of any aspect of treatment. It is a sign of greatness to accept that we do not know everything. Consult your colleagues.

Do not be a hero; know your limits
Do not hesitate to refer a patient if you feel you will not offer the highest standard of care.

Tell your patients the truth
Always tell the patient the truth about their illness, treatment plan, prognosis, and treatment options. In case of a mishap in treatment, explain the situation clearly and truthfully and as soon as possible.

Discuss the treatment in detail with your patient
Always have a candid discussion with your patient that covers treatment options, side effects of treatment, possible negative outcomes, and dangers of treatment. Should there be an adverse situation; the patients handle it better if there had been a previous discussion.

Discuss patient management with your colleagues respectfully but candidly
Never badmouth your colleagues to your patients. If you observe malpractice with a colleague, discuss the issue respectfully but candidly.

Target to improve your knowledge and your skill
Read widely on your area of expertise; interact with colleagues locally and internationally. Attend CMAs, workshops. Seek to improve your skills, volunteer in medical / surgical camps. Practice, practice, practice.

Find a professional mentor or coach
Find someone whose ideas and practice you resonate with and would like to emulate. They will teach you the trade and keep you accountable.

Identify, eliminate or transfer your risks
Identify the risks you face in the practice of your career, eliminate them or transfer them to other parties.

What can the medical and insurance industries do?

1. The medical industry can help by constantly engaging medical practitioners and health institutions on safe medical practice. Seminars and trainings are very essential.
2. Patients should be educated on choice of healthcare providers and consequences of poor choices.
3. Patients should be educated on when to get second or third opinions, and when to escalate malpractice concerns before they get out of control.
4. The issue of medical panels should be carefully considered, so that patients have access to the medical attention they need. Sometimes these panels reduce access to medical attention.
5. The insurance industry needs to provide appropriate liability protection to medical practitioners and healthcare institutions.

The writer is the Chief Health Advisor, Minet Kenya Consulting

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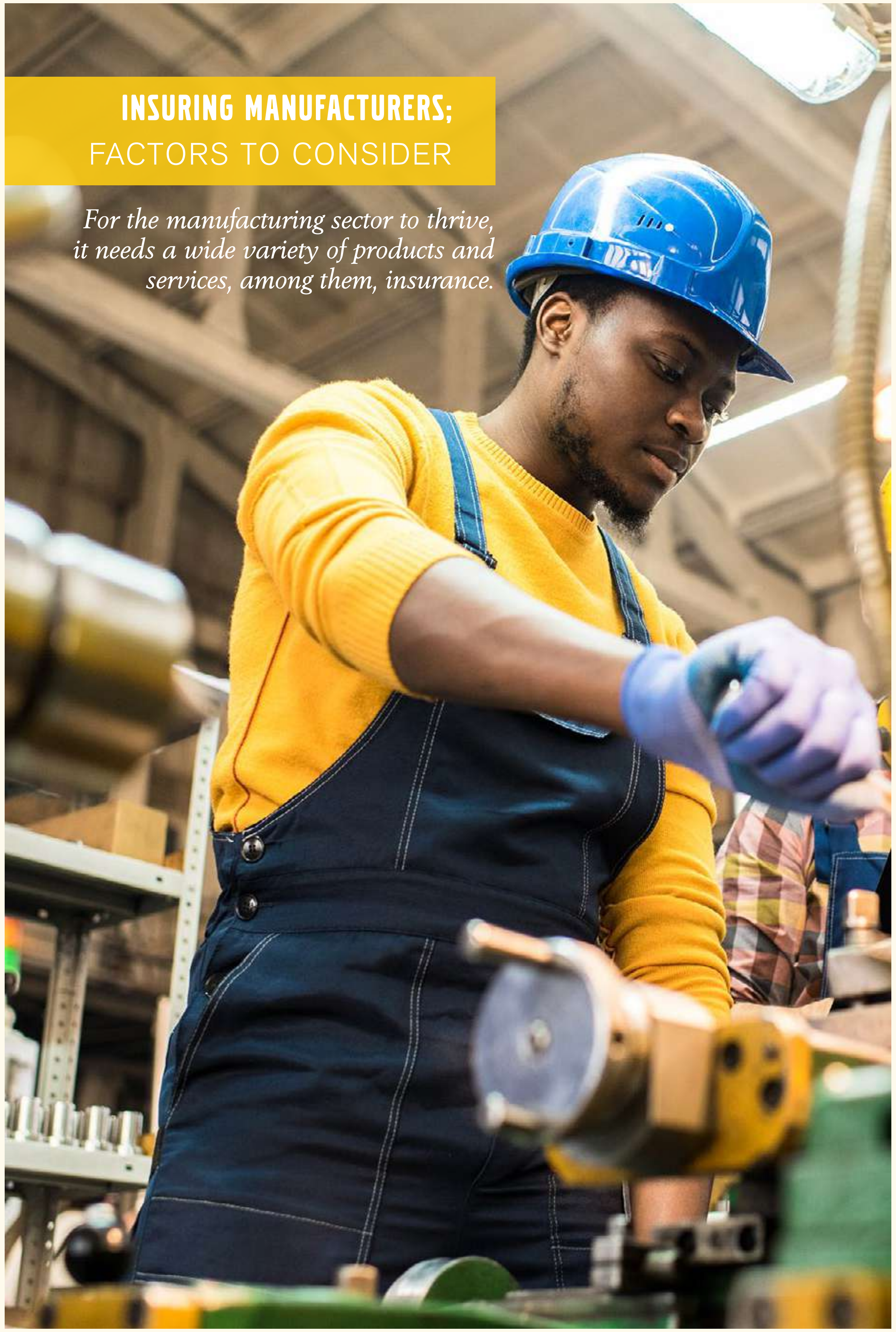
INSURING MANUFACTURERS; FACTORS TO CONSIDER

For the manufacturing sector to thrive, it needs a wide variety of products and services, among them, insurance.



By Phyllis Wakiaga

With an ambitious target to grow the manufacturing sector's growth by 22 per cent every year, it is important to focus on creating an enabling environment for all sectors of the economy.

Two things are true of a strong manufacturing base; one, that the more productive the sector, the more its continuous growth and secondly, the productivity of other sectors in the economy can be positively linked to the growth of the manufacturing sector. Therefore, manufacturing is indeed a primary element from which all other development solutions stem. This is why it is a critical pillar in the Government's Big 4 agenda.

In view of the above, it is high time that we look at recalibrating our focus and centring on specific sectors with an aim to achieve these high aspirations, whilst making remarkable changes in terms of our socio-economic development as a country. A sector-specific approach is an impactful way to growing the manufacturing sector whilst realising short-term goals in a meaningful and progressive way.

For the manufacturing sector to thrive, it needs a wide variety of products and services, among them, insurance. A report by the Insurance Regulatory Authority states that one of the key drivers of the insurance sector's growth is the manufacturing sector.

Insurance companies help keep our economy strong, and more vibrant in various ways. It is a key element in the cost of doing business and hence should be designed to optimise growth of industry and increase overall competitiveness. Insurance provides safety and security, generates financial resources, encourages savings, promotes economic growth, spreading of risk, collecting funds and source of capital formation.

Ideally, insurance should provide broader insurance products and services, foster entrepreneurial attitudes, encourage investment, innovation, market dynamism and competition, offer social protection alongside the state, release pressure on public sector finance, enhance financial intermediation, create liquidity and mobilise savings, while aiming to foster national development. However, in Kenya the insurance sector faces a number of challenges, some of which include a negative industry perception, fraud and little public awareness on the importance of the sector, delays in paying out insurance claims and the high cost of insurance.

While insurance seeks to promote national development, it does not fully cater for the manufacturing industry needs, yet the sector is a key pillar in the nation's development goals. A quick look at the services offered for businesses in Kenya by a number of insurance companies reveals that they do not have tailor-made comprehensive insurance packages for manufacturers. Most insurance companies have different packages for almost similar issues. For example, there are different packages for machinery breakdown and machinery breakdown loss of profit. Yet it is obvious that machinery breakdown automatically leads to a loss of profit. This means that a manufacturer will have to pay twice for the same issue. Not only will a manufacturer will have to pay more, but they will also follow up on two different claims for a similar problem. This is costly in all aspects, including time, energy and finance.

Another gap in insurance for manufacturers is SME-specific products. The increased attention on SME growth both at a national and global scale points to a reckoning that the future of business hinges on their success. In Kenya's context, it seems that both Government and the private sector are progressively dismantling any one-size-fit-all approaches, and are instead, constantly trying to find more nuanced ways to intervene and uplift micro, small and medium businesses. Their unique and dynamic nature calls for an adaptive approach in developing policies and interventions that most importantly centres their needs and proposed solutions in the process.

SMEs are a big, but hugely untapped opportunity for all sectors of the economy, from agriculture, transport and logistics finance and even insurance. However, they are often overlooked by most if not all of their potential strategic partners, including financial institutions and insurance companies. A World Bank report says that SMEs are often considered too small for large banks and insurers, but too big for microfinance institutions who tend to be more concerned with covering individuals and families. Yet they account for 90 per cent of businesses and more than 50 per cent of employment worldwide.

The main challenge facing SMEs' access to insurance is that there are no tailor-made products to their individual business needs. The insurance sector needs to do away with a one-size-fits-all approach and come up with more nuanced products tailored specifically for SMEs. To support the manufacturing sector, the insurance industry needs to include SMEs as they seek to roll out products in emerging markets. Better use of data and digital ecosystems and new business models and improved risk management could help SMEs become more resilient and grow.

In a sector as varied as manufacturing, insurance needs to keep pace with the breadth and depth of products being developed. Manufacturers need insurance products that will cover not only their assets and protect them against losses, but will also allow them to control costs.

The writer is the CEO of Kenya Association of Manufacturers

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MILESTONES AND 2020 OUTLOOK

The Insurer sought insights on the insurance industry from the AKI Executive Director, Mr. Tom Gichuhi

The Association of Kenya Insurers (AKI) is an independent non-profit making consultative and advisory body for the insurance industry in Kenya. The Association is registered under the Societies Act, Cap 108 of the Laws of Kenya and its constitution was ratified and adopted by members in 1988.

The Association has been in existence for over 30 years; how has the landscape been?
In its current name and form, the Association of Kenya Insurers has been in existence since 1987; 32 years to be precise. Prior to 1987, the Association was known by different names; 1959 to 1977, it was called the East African Insurers Association (EAIA) and the Council of Kenya Insurers (COKI) between 1978 and 1987.

Since 1987, the insurance landscape has changed dramatically. The number of companies operating in the market has grown to the current 55. A number of Reinsurance Companies have entered the market, not to mention Insurance Brokers, Agents and other service providers. In the same period, insurance premium has grown to the current Ksh.230 billion.

What milestones can you single out within these three decades?
The insurance penetration has grown steadily from a low of one per cent 15 years ago to a record high of 3.44 per cent in 2013. In 2014, a new method of calculating GDP was introduced (debasing) which substantially impacted penetration to below three per cent. This, coupled with an accelerated growth of the economy, severe predatory competition has led to a depressed premium growth over the last five years, leading to a low penetration rate of 2.43 per cent by the close of 2018.

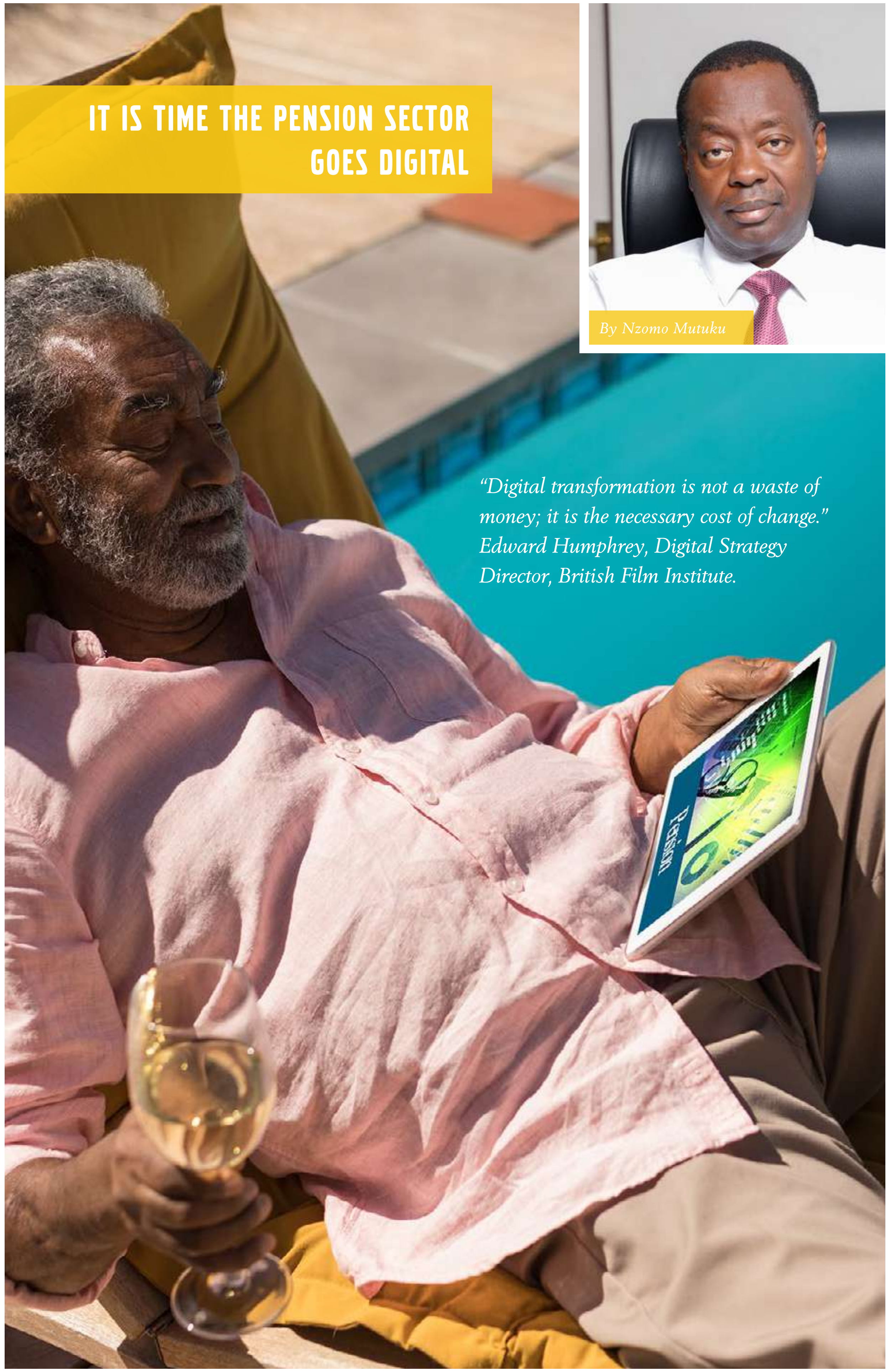
However, despite these negative factors, Kenyan insurance market remains the most robust, the biggest and the most sophisticated in the entire East and Central African region. In fact, apart from South Africa, Namibia and Morocco, insurance penetration in Kenya remains one of the highest in Africa. It also compares reasonably well amongst other emerging economies of the world. Insurance fraud has also impacted negatively on the performance of the Kenyan Insurance Industry.

Demographic dynamics are rapidly transforming provider-consumer relationships; what is the industry/ association doing to conform to the needs of the 'fluid' insurance consumer?
Demographic dynamics are rapidly transforming Provider-Consumer Relationships. The Insurance consumers of today are very different from those of yester years. Their needs and tastes dictate that Insurers come up with a new host of insurance products and services as well as new channels of communication and promotion of the products. The traditional products and medium of communication are soon becoming obsolete. Only those insurance companies who adopt the new ways of doing business will survive this rapid transformation.

Laws and regulations are continuously shifting; how does this impact the industry?
Laws and regulations are also continuously changing and impacting on the insurance business landscape. The advent of Risk Based Capital regime will have far reaching business ramifications. It will certainly not be business as usual. A number of companies may be forced to exit the market through buyouts and mergers or in the worst case scenario, a total shut down. The insurance business distribution environment is also going to be impacted heavily by the application of Cash and Carry principle and the requirement that premiums are paid direct to insurance companies.

As we enter 2020, has the industry formulated/put in place strategy to mitigate the foregoing?
As we enter year 2020 and beyond, we expect the slowing performance trend to be reversed. The Risk-Based Capital Model expected to be fully implemented in July 2020 will, to a very large extent, tame the runaway predatory pricing and therefore positively impact on premium growth. Other strategies that are likely to have an impact on the overall performance of the insurance business is the rapid adoption of technology in business processes and product distribution. These have brought down the management expenses levels not to mention management and control of fraud.

IT IS TIME THE PENSION SECTOR GOES DIGITAL



By Nzomo Mutuku

"Digital transformation is not a waste of money; it is the necessary cost of change." Edward Humphrey, Digital Strategy Director, British Film Institute.

It is true that digital technology is now a necessity for business growth in almost all institutions; more and more organisations are leveraging it to improve processes and drive profitable business models. The pension industry cannot afford to be left behind as other service providers embrace technology to provide quality services to their members. The industry must now integrate digital technology into its operations, for growth and better service delivery.

Kenya has for many years been in the forefront in leveraging technology to drive financial inclusion. The 2017 Brookings Financial and Digital Inclusion Project facilitated by the Centre for Technology Innovation at the Brookings Institute in the USA ranked Kenya number one in the world—for the third year in a row—for commitment and progress towards financial inclusion. As stated in the report, this high ranking stems from the various innovative digital technology cases that Kenya's financial industry has adopted in its operations.

Retirement Benefits Authority (RBA) has embraced digital technology with the introduction of 'Mbao' Individual Retirement Benefits Scheme for SMEs. It is the first wholly mobile phone-based pension scheme in the world launched in 2009. Through the scheme members can save as little as Ksh. 20 (Mbao in street lingo) per day through their mobile phones. Currently, at least two new mobile phone-based schemes are at advanced stages of development and should be launched soon with a view to further extending coverage in the informal sector.Pension scheme administrators can strengthen services such as member education, availing member statements online and allowing members to vote during scheme Annual General Meetings through their phones without having to be physically present.

However, there remains an immense untapped digital technology potential in the pension industry—which is often seen as a laggard in the financial sector in terms of innovation and adoption. But with support and encouragement from RBA, the pension industry now has a chance to interact competitively with other players in the sector. Opportunities for adoption of digital technology in pension schemes include:

Block chain technology or distributed ledger technology makes it possible to connect multiple parties to each other leaving out intermediaries. These multiple parties all have access to identical copies of a digital record (for example, a contract or transaction data), they can update these records to register a transaction that has taken place and have their amendments validated by the other parties in close to real time. Pension schemes can utilise block chain to create trusted networks with Government identification databases, sponsors, regulators and investment vehicles thus eliminating a number of intermediaries. Anti-Money Laundering (AML) and Know Your Customer (KYC) requirements may be simplified using block chain.

Cloud computing can remove need for pensions schemes and administrators to own and maintain large servers to maintain member records and other scheme data while reducing costs, improving cost predictability, increasing security and facilitating access to enhanced capabilities.

Digital pension platforms and dashboards can allow individuals to manage all their retirement finances from a single platform. Many members in Kenya belong to more than one pension scheme. For example, a worker maybe in the National Social Security Scheme (NSSF), one or more Occupational Retirement Benefits Schemes (especially if he has changed jobs and deferred part of the benefits) as well as an Individual Retirement Scheme. A digital dashboard can allow consolidation of the information from these different schemes to give the member a picture of his overall retirement financial health.

Digital auto-enrolment has been adopted in a number of jurisdictions including the United Kingdom as a way of increasing coverage particularly in the SME sector. Smaller plan sponsors who may have fewer resources could benefit the most from lower costs and improved efficiency of their workers being auto enrolled digitally into a pension scheme. The employers would then have an option of opting-out into alternative occupational and individual schemes if so desired. Indeed, digital auto-enrolment could be used to register every Kenyan with a mobile phone number into a pension scheme.

The **Internet of Things (IoT)** has resulted in surfeit of information about consumers being made available through internet enabled devices. This can, subject to ensuring privacy is addressed, provide pension providers with critical information to enable them tailor their products to the exact needs of the consumer.
Investment processes for pension schemes can be improved through digital technologies in research, analysis, portfolio construction, trading, risk monitoring and settlement. Block chain and Artificial Intelligence (AI) can all strengthen the investment processes to deliver higher returns to members.

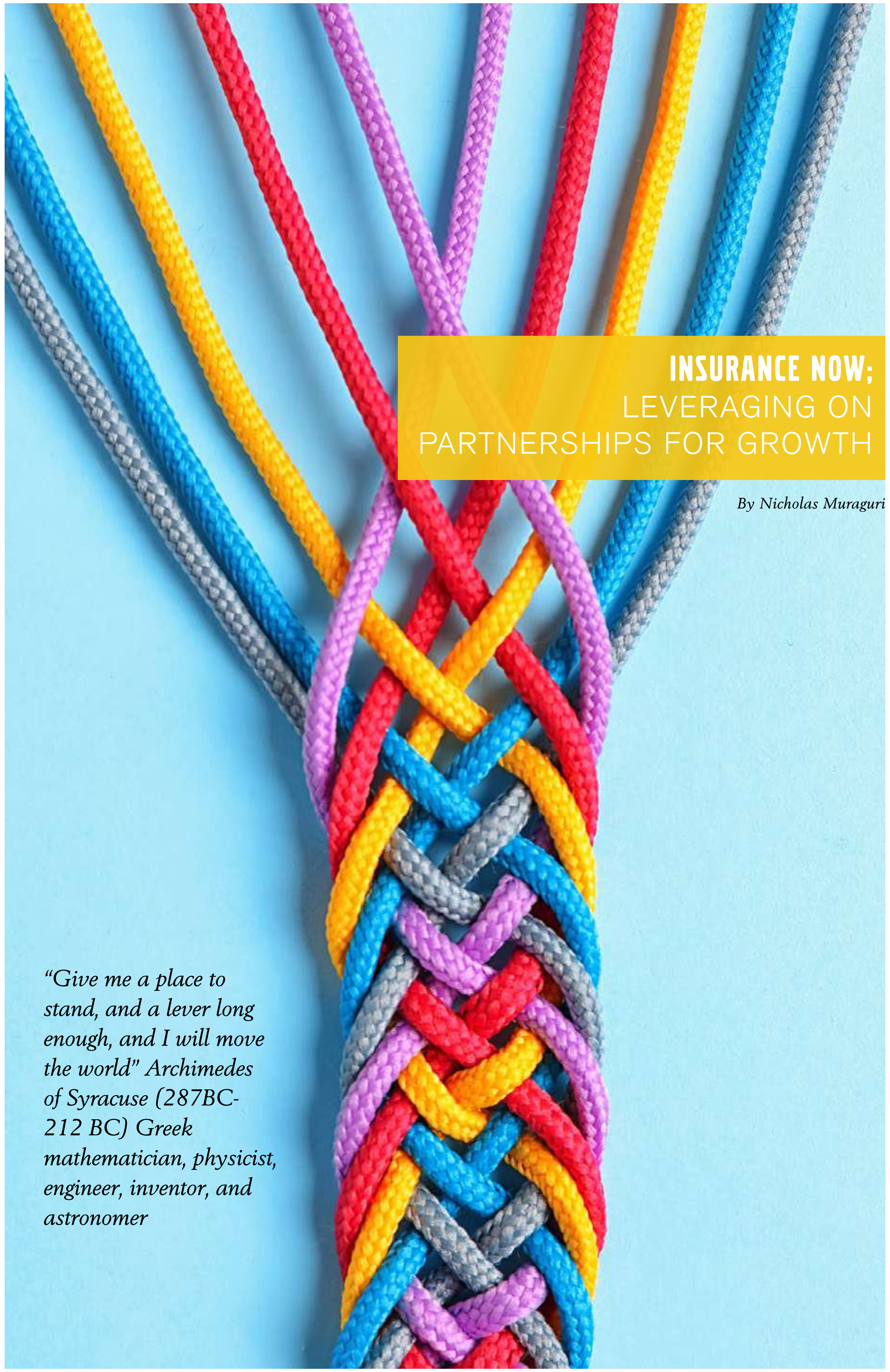
Investment via **robo-adviser** is emerging in a number of jurisdictions as an investment tool to provide financial advice and management of customers' investment portfolios. Robo-advisers are software programs that use algorithms and big data to provide advice based on the characteristics and data provided by the member. Being purely online, they are low-cost and widely accessible.

Reg-tech companies assist regulated entities to ensure compliance with regulatory requirements. For example, reg-tech can monitor scheme investments on real time basis to ensure that the RBA investment guidelines are never breached. Using cloud computing and big data, reg-tech can predict likely breaches of the guidelines in advance and ensure corrective action is taken proactively other than reactively as is currently often the case.

And finally **Sup-tech** which refers to the adoption of technology by the regulator to better execute its mandate and enable the regulator facilitate the industry to innovate. RBA has adopted sup-tech through various initiatives including a facilitative regulatory framework for innovation, allowing online submission of returns by schemes and service providers (administrators, managers and recently custodians) and provision of an online whistle-blowing portal.

Exploring these opportunities will not only help the pension industry deliver exceptional customer experience to its members but also enhance the schemes' brand reputation.

Mutuku Nzomo, MBS, is the CEO, Retirement Benefits Authority



INSURANCE NOW: LEVERAGING ON PARTNERSHIPS FOR GROWTH

By Nicholas Muraguri

"Give me a place to stand, and a lever long enough, and I will move the world" Archimedes of Syracuse (287BC-212 BC) Greek mathematician, physicist, engineer, inventor, and astronomer

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While Archimedes was a great inventor, he did not invent the lever whose invention potentially dates back to 5000 BC. His famous quote however epitomises the true meaning of leverage which is moving the world or earth-shaking inventions.

Leverage has also been interpreted as the ability to deliver the highest yields using the least internal resources. It basically denotes the use of other people's money, time, resources and capabilities towards enhancing your own bottom-line. There is no better explanation of leverage than the pareto principle commonly known as the 80/20 rule. From this rule it would be critical for insurers to identify what accounts for 80 per cent of the bottom line. Once this is identified, it should then be allocated whatever resources are required for sustenance.

The difference between supernormal profits and losses is leverage. Unfortunately in most cases, the proverbial golden goose is always taken for granted and sometimes even slaughtered with catastrophic consequences to the bottom-line. A well informed industry can grow faster with minimal investment purely because of leverage.

The insurance industry has to learn to do things that are not 'natural' to them. There is need to learn to connect the dots through leveraging on their core competencies to create amazing results that are more beneficial to their bottom line. Insurers need not build capacity internally for non-core competencies. Some of the areas around which partnerships can be harnessed include; investments, technology, human resources, customer relationship management. While all these are inter-twined, an application of the pareto principle for each aspect can lead to the best outcomes.

Having supportive partners is leverage. Leveraging in the modern society calls for insurance companies to think outside the box to manoeuvre through some of the common challenges such as pricing, image, efficiency, skills and regulation. Let us go through each of these challenges with a view to elaborating how we can use leverage to resolve them:

Pricing

Anecdotal wisdom dictates that knowledge is potential power. Actuaries are highly valued in the insurance industry given their knowledge of mapping risk(s) to inform critical aspects of the underwriting process. However, market-based pricing calls for a deeper understanding of both real and imagined needs of the customer. In addition to relying on actuaries, insurance companies need to leverage on partnerships with experts in market research, data science and social media to achieve a more holistic understanding of market insights and consumer behaviour.

Image

The ability to ride on the image of others is leverage. While the industry image had been eroded in the past due to collapse of some insurance companies, shedding off that negative tag has taken ages. To achieve this, strategic partners can be harnessed in the telecommunications, media houses and banking. Bancassurance has been a good example of critical leverage especially for general insurance business providing opportunities to grow.

The industry can also leverage on social media listening and sentiment analysis to inform local content development. Use of Influencers and delighted customer testimonials can then be harnessed to build full confidence among the populace especially the uninsured segments such as the youth and the rural folk.

Efficiency

The ability to exploit technological advancements to improve internal efficiency is leverage. Technology is a key enabler and the industry can leverage on collaborative technologies such as online robots, gamification, web-to-video conferencing and avatars. These are some the technologies that can be used to enhance efficiency in customer relationship management. Deploying intelligent robots to man counters and answer Frequently Asked Questions, online agents and electronic pay engines are just some of the numerous growing trends among insurers in developed countries.

Skills

The ability to recruit and combine the most ideal skills is leverage. Selling insurance is a tough skill which means the insurance industry can easily bag the bragging rights for nurturing—and harbouring—the most skilled agents. While the industry has done well, it has been unable to fully exploit this lever to reach out and partner with others especially among scalable areas such as agriculture, tourism, manufacturing, oil and gas and mega infrastructure. Despite having the right quantities of staff, the industry faces quality challenges especially towards technology orientation. The industry needs to fully exploit the advantages of the gig economy to ensure it is not denied the right fodder towards being a full player in the technology revolution.

Regulation

The ability to manipulate politics to your advantage is leverage. The industry, just like others is heavily governed by the rule of law. While laws are meant to be enablers for smooth running of businesses and interactions with clients, their interpretation is subject to—well interpretation. There has been an outcry that technocracy and politics are strange bedfellows and insurers should consider leveraging on political connections to always push for favourable policies. The ability of the banking sector to lobby and use any means necessary to get favourable policies approved is a skill worth mentioning and benchmarking with. The banking industry has repeatedly defied prevailing economic conditions to perennially report growth in revenue and profits. To quote Donald Trump and Robert Kiyosaki from their book Why We Want You to be Rich, "if you want to be rich, you need leverage, if you want to be really rich you need a lot of leverage!"

The writer is the Business Analysis and Strategy Lead at SBO Research limited

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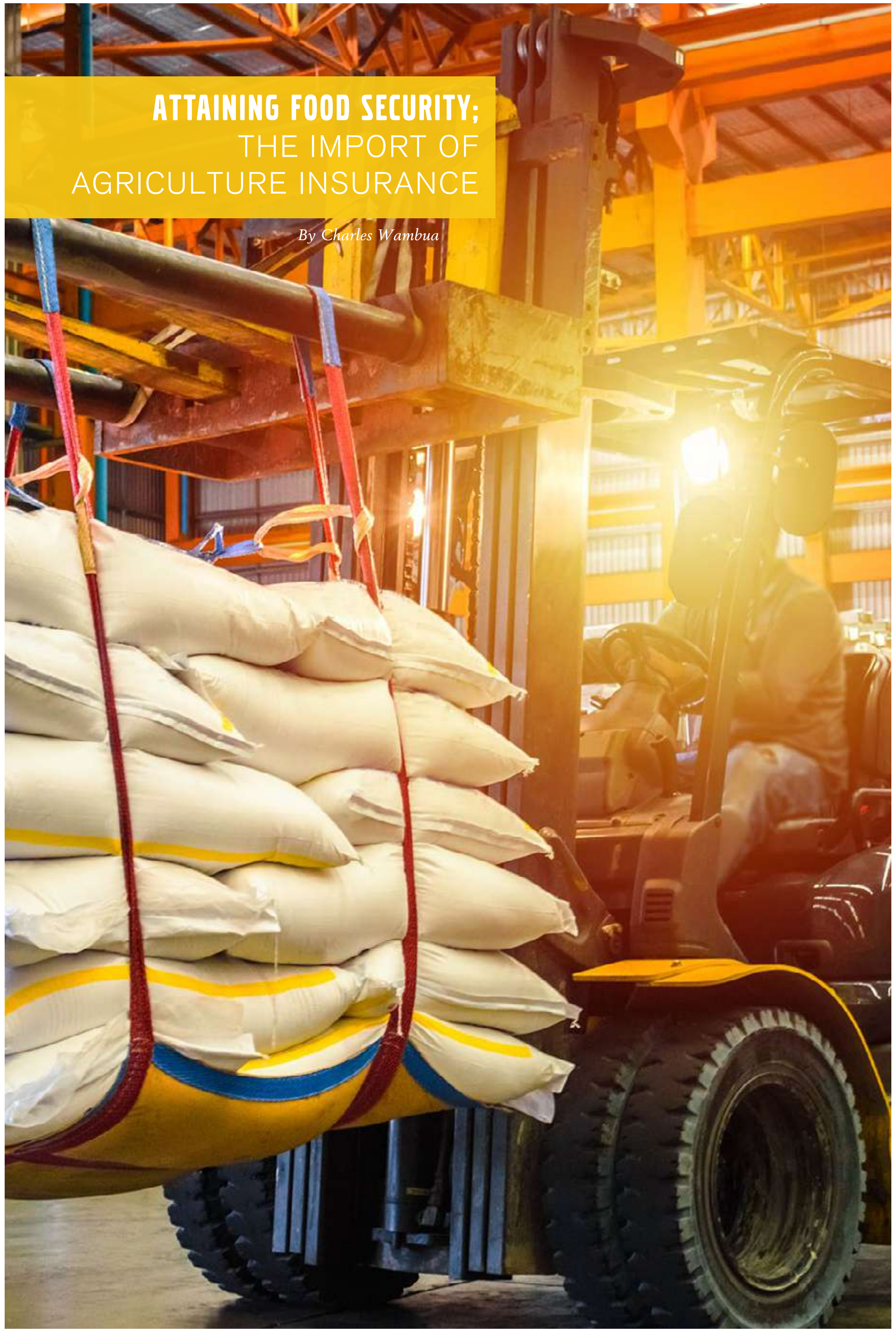


ATTAINING FOOD SECURITY: THE IMPORT OF AGRICULTURE INSURANCE

By Charles Wambua

Food Security is one of the Kenya Government's key agenda. In 2018, the government aimed at producing 2.76 million bags of maize, rice and feeds in 52,000 acres of land, including putting 70,000 acres of land under public-private partnership for selected crops, cotton, aqua culture and feeds production. The government also aimed at engaging over 1,000 SMEs in food production and to provide credit services to more than 20,000 individual farmers.

Importance of Agriculture

However, while all these grand plans have been put at the fore, the food situation remains a challenge especially given the change in weather patterns. For example, in 2018, the Kenya Red Cross made a food appeal after reports indicating that over 1.3 million people in the Arid and Semi-Arid Land (ASAL) counties were facing starvation due to prolonged drought. The Kenya Red Cross sought Ksh1.044 billion to fund its drought response and recovery program through direct cash transfers, health and nutrition outreach and rehabilitation of communal watering point.

Despite these challenges, there are several interventions that the government has employed to cope with the same, including provision of quality seeds, fertilizers, and storage facilities. However, where uncertainty is concerned, both the government and private enterprise should embrace agriculture insurance. In fact, the government has been in discussion about agriculture insurance policy for a long time. Only a few insurance companies in the Kenyan market provide agriculture insurance cover.

Agriculture insurance is a special line of property insurance applied to agricultural production. It applies to crop, livestock, bloodstock, forestry, aquaculture and greenhouses. Since 2015, the government has been promoting two key public-private partnership agriculture insurance programmes targeting both crop and livestock. However, compared to the potential, only a small population has managed to tap into the premium subsidy programmes. Agriculture insurance is not necessarily the panacea to all agricultural risks but it does make a huge contribution in reducing the associated risks in agricultural production as well as other value chain based risks. This contributes to guaranteeing food security.

In Kenya today, we are not short of agricultural insurance products to bridge the food security gap. However, a lot should be done to make insurance part and parcel of agricultural value chain risk management. The main challenge has been lack of awareness and agricultural data to support insurance interventions. To ensure meaningful contribution towards food security, insurers and other stakeholders need to work on reducing or eliminating the following drawbacks to agricultural insurance:

(i) Basis risk especially on index-based insurance products. This is usually based on the discrepancy between measured risks at the meteorological station level and the occurrence of weather shocks at the insureds farm location. It may rain more than the trigger level for drought insurance at the meteorological station, yet the farms location experiences drought. Thus no claim is paid out yet the farmer had incurred the cost of insurance and their crop is devastated by drought. The reverse is also true, where the metrological station records drought and claim is triggered while the farm location did not experience drought.

(ii) Poor quality and design of index contracts – It is not easy to design a contract that captures well the different ranges in the rainfall distribution that are crucial for crop growth. This aspect of the product is compounded by the fact that a proper contract may need to be complicated for accuracy, and hence more difficult to explain to the farmers.

(iii) Lack of product commoditisation – It makes sense to bundle insurance with other products as opposed to selling it as a standalone. For instance, insurance would be deemed useful if it was combined with credit; that may make the cash flow constraint much less onerous.

(iv) Limited flexibility in terms of payment of premium or indemnity – For instance, credit is much more desirable for low income farmers when the terms of repayment are flexible. Insurance premium payments should be adjusted to the farmers' current circumstances to encourage more uptake.

(v) Limited trust in the insurance providers – Trust in the insurance providers is a major constraint especially in the Kenyan context. Insurers must work hard to build trust in order to encourage uptake thereby ensuring risk management towards food security.

(vi) Technology and institutional setup – Agriculture insurance should be made simple to understand. Index insurance is particularly difficult to understand and therefore more of area yield index insurance should be used as a predictor of farmer losses for a wider uptake. Technology should also be employed to monitor weather patterns.

It is important to observe that agriculture insurance will not address the food security issue in Kenya in isolation; rather it should be made part and parcel of the agricultural value chain. This will reduce or de-risk agricultural production and marketing (from droughts, uncertainties, price changes), and encourage especially the smallholder farmers—who form the greater majority of the food chain production—full participation in the agricultural value chain.

The writer is CEO, Magnifique Consult Ltd

Summary of agricultural challenges affecting food security:

- *Deficiency and or uncertainty risk in meeting food production targets - dwindling agricultural produce, poor quality of crops and subsistence farming*
- *Climate variability and change resulting crop failure or destruction of both crop and animals as a result of droughts, floods etc.*
- *Infrastructure challenges affecting food quality and delivery from farms to market*
- *Food storage to secure safety and quality of the final produce.*
- *Price risk caused by potential volatility in prices*

INNOVATION VERSUS REGULATION

Insurance Regulatory Authority CEO, Mr. Godfrey Kiptum speaks with The Insurer on the regulators role in spurring innovation in the insurance industry

It is an undisputed fact that innovation moves faster than laws. Regulators are therefore faced with the twin challenge of allowing for growth and innovation, while at the same time ensuring players are operating within set guidelines.

The Insurer (TI) sought guidance on the foregoing from the industry's regulator; the Insurance Regulatory Authority (IRA). Below are excerpts of the interview:

TI: How is the IRA responding to this challenge?

IRA: We recognise the importance of regulatory clarity when it comes to innovation. We been working on developing an environment that encourages providers to harness emerging technologies without weakening the financial system or eroding consumer protection. We are soon setting up an innovation hub (BimaLab) and Regulatory Sandbox (BimaBox) to address the innovation challenge within a controlled environment.

TI: Is sandbox regulation a possible solution to the twin challenge?

IRA: Yes, we have identified Regulatory Sandbox as a framework which can be useful in creating experimental environment to test new ideas and innovations in product design, product development and distribution with a leverage to contain the consequences of failure. We believe that a key driver to transforming Kenya into a smart financial centre is the provision of a regulatory environment that is conducive for the innovative and safe use of technology.

TI: This is a relatively new concept. What is the status of sandbox regulation in the Kenyan insurance industry?

IRA: We have developed a Regulatory Sandbox Policy Paper and we expect to have the document out in 2020.

To cover the full spectrum of businesses, we have a memorandum of understanding with the other financial sector regulators in Kenya. We are also working on setting out an inter-institutional approach to sandboxing, to align all regulators in the financial sector.

TI: What does a sandbox in insurance entail?

IRA: The sandbox is intended to foster responsible innovation that benefits insurance consumers in Kenya by improving the quality of, and access to, insurance products and services.

TI: Can you shed some light on how you are implementing the concept?

IRA: Regulatory sandbox initiative provides a live testing environment for companies who want to test a new idea on a small scale on live consumers. To qualify for the regulatory sandbox, we will investigate if the suggested product is of real benefit, is genuinely innovative, has a need to test in the sandbox and is ready to conduct its test. If this is the case, and it merits testing, then we can issue a restricted authorisation, which includes limits on the activities which the firm can perform, and for a limited time only (12 months). This includes limits on the volume and nature of business. This allows us to monitor how the product interacts with customers in the market.
IRA is committed to providing informal guidance and advice to applicants to help align their proposed business models or solutions with sandbox requirements.

TI: Will this improve the otherwise challenged penetration in the country?

IRA: Yes, Applicants seeking IRA approval to participate in the Sandbox must demonstrate potential to advance accessible, inclusive and quality insurance. We all know that consumer needs have evolved, distribution channels have digitalised—the Internet of Things is affecting how risk is underwritten and predicted.

We will therefore be looking for solutions that are genuinely innovative with clear potential to advance the objectives of inclusive insurance.

TI: Insurance is a highly regulated industry; will sandbox tone down this nature?

IRA: Sandbox is a framework that will enable companies to test but is not intended, and cannot be used as a means to circumvent the legal and regulatory requirements.

TI: Given the entry of insuretechs in the industry, are we in for stiffer competition?

IRA: We expect the industry to collaborate with insuretechs. At the same time, nothing stops an insuretech from scaling into a fully-fledged underwriter. We therefore expect that there will be healthy competition within the industry.

TI: Fraud is the main impediment to Insurance growth the world over, will sandbox check it?

IRA: Since sandbox is a controlled environment, fraud is highly minimised. We also expect the applicants in the sandbox to have sufficient resources and expertise to effectively mitigate and control potential risks that would arise due to fraud.
Outside of the sandbox, we currently rely on the Insurance Fraud Investigation Unit (IFIU) in combating fraud in the insurance sector. We urge industry players to provide information to the Unit which will help in investigating and prosecuting incidences of fraud in the industry.

TI: Insurers have always considered SMEs a big risk to engage with, will sandbox address this view?

IRA: We expect the industry to develop and test products and solutions that will target the SMEs in the sandbox. We expect partnerships to be a major driver in expanding the uptake of insurance for the SMEs.

TI: In general—and considering your regulatory mandate—where do you see this industry headed?

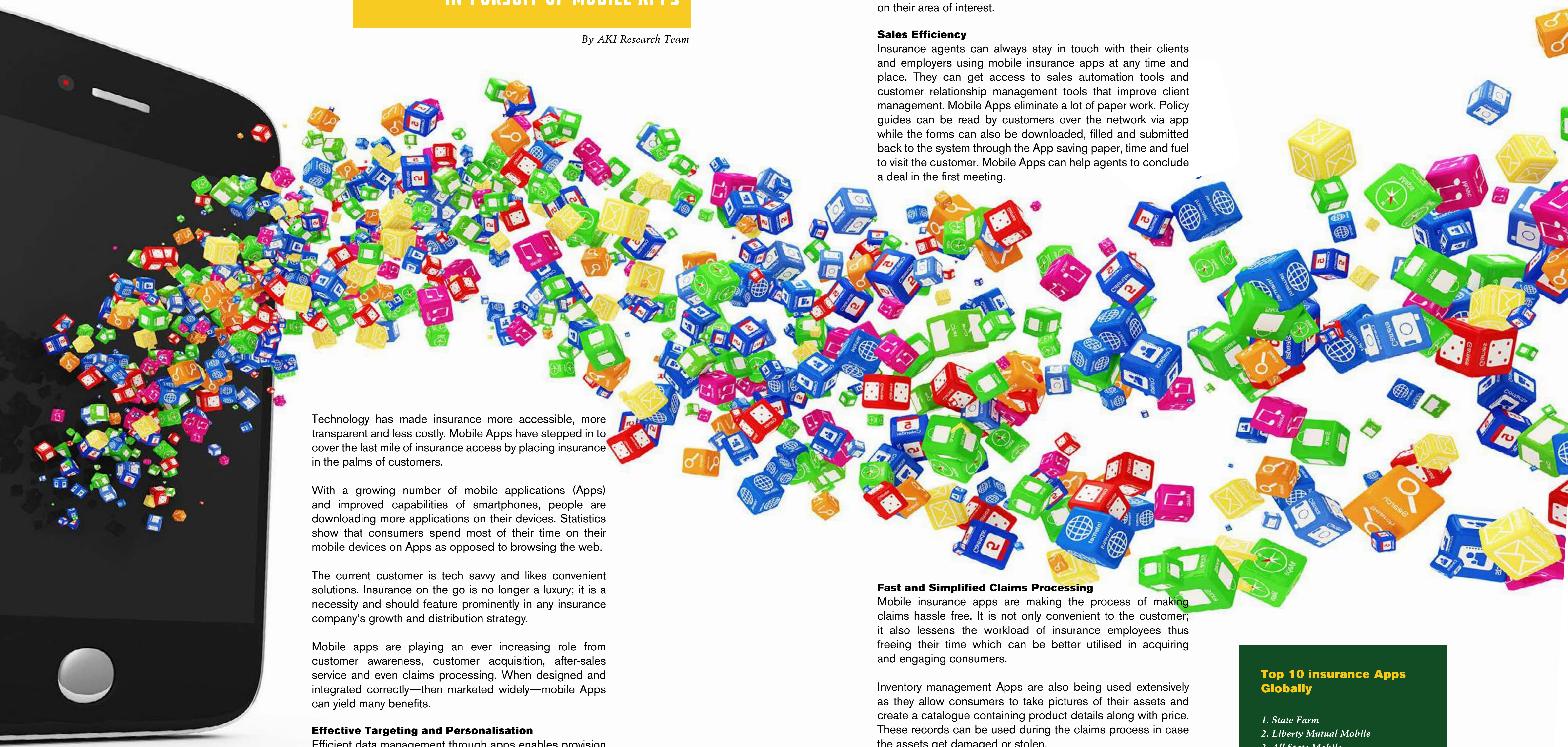
IRA: Our Strategic Plan 2018–2022 aligns the objectives of insurance industry supervision in Kenya with the national development objectives as set out in the Kenya Vision 2030. We foresee an industry that will be responsive to the demands of customers through provision of products that address their needs. We also expect the industry to provide a commensurate return to the investors in the industry.
The industry should expect fair and effective administration, supervision, regulation and control of insurance business in Kenya as we formulate and enforce standards that support market development and consumer protection.

TI: What are the regulators expectations from the underwriters?

IRA: We expect the industry to co-operate and collaborate. Cooperation is a powerful tool for responding to new market trends and for creating a safe space for the launch of new initiatives and innovations.

IN PURSUIT OF MOBILE APPS

By AKI Research Team



Technology has made insurance more accessible, more transparent and less costly. Mobile Apps have stepped in to cover the last mile of insurance access by placing insurance in the palms of customers.

With a growing number of mobile applications (Apps) and improved capabilities of smartphones, people are downloading more applications on their devices. Statistics show that consumers spend most of their time on their mobile devices on Apps as opposed to browsing the web.

The current customer is tech savvy and likes convenient solutions. Insurance on the go is no longer a luxury; it is a necessity and should feature prominently in any insurance company's growth and distribution strategy.

Mobile apps are playing an ever increasing role from customer awareness, customer acquisition, after-sales service and even claims processing. When designed and integrated correctly—then marketed widely—mobile Apps can yield many benefits.

Effective Targeting and Personalisation
Efficient data management through apps enables provision of precise information in real-time; both to the customer and the insurance company. Companies get to learn more about customer desires and interests and can create personalised schemes to meet their needs. For example, use of telematics in motor insurance, companies will know how you drive your car. Good drivers can get reduced premiums via their mobile App. This technology actually encourages safe driving and insurers can save on the compensation they have to offer for accident claims

Continued Education for Insurance Agents
Insurance companies can develop apps that are specific to continuously educate their sales agents on new products, trends and even offer refresher courses. Training materials and videos on a variety of topics can be uploaded online from where they can be easily accessed by the insurance agent depending on their area of interest.

Sales Efficiency
Insurance agents can always stay in touch with their clients and employers using mobile insurance apps at any time and place. They can get access to sales automation tools and customer relationship management tools that improve client management. Mobile Apps eliminate a lot of paper work. Policy guides can be read by customers over the network via app while the forms can also be downloaded, filled and submitted back to the system through the App saving paper, time and fuel to visit the customer. Mobile Apps can help agents to conclude a deal in the first meeting.

Fast and Simplified Claims Processing
Mobile insurance apps are making the process of making claims hassle free. It is not only convenient to the customer; it also lessens the workload of insurance employees thus freeing their time which can be better utilised in acquiring and engaging consumers.

Inventory management Apps are also being used extensively as they allow consumers to take pictures of their assets and create a catalogue containing product details along with price. These records can be used during the claims process in case the assets get damaged or stolen.

In case of an accident, consumers can take photos and send via the mobile App with a provision of an easy way to file claims, contact roadside assistance or step-by-step instructions on what to do in an accident. Apps use location-based services to track where an accident took place or provide services to locate and contact an auto repair shop.
Mobile Apps provides convenience, enhance the brand experience and are seen as a direct link to your company wherever and whenever your customers need you. Insurers need to have mobile apps as part of their overall digital strategy to maintain and enhance their competitive advantage.

Top 10 insurance Apps Globally

1. State Farm
2. Liberty Mutual Mobile
3. All State Mobile
4. The General Insurance
5. Farmers
6. Insurance Agent
7. Auto & Home at The Hartford
8. Root Car Insurance
9. Progressive
10. GEICO Mobile

Courtesy: AppGrooves.com

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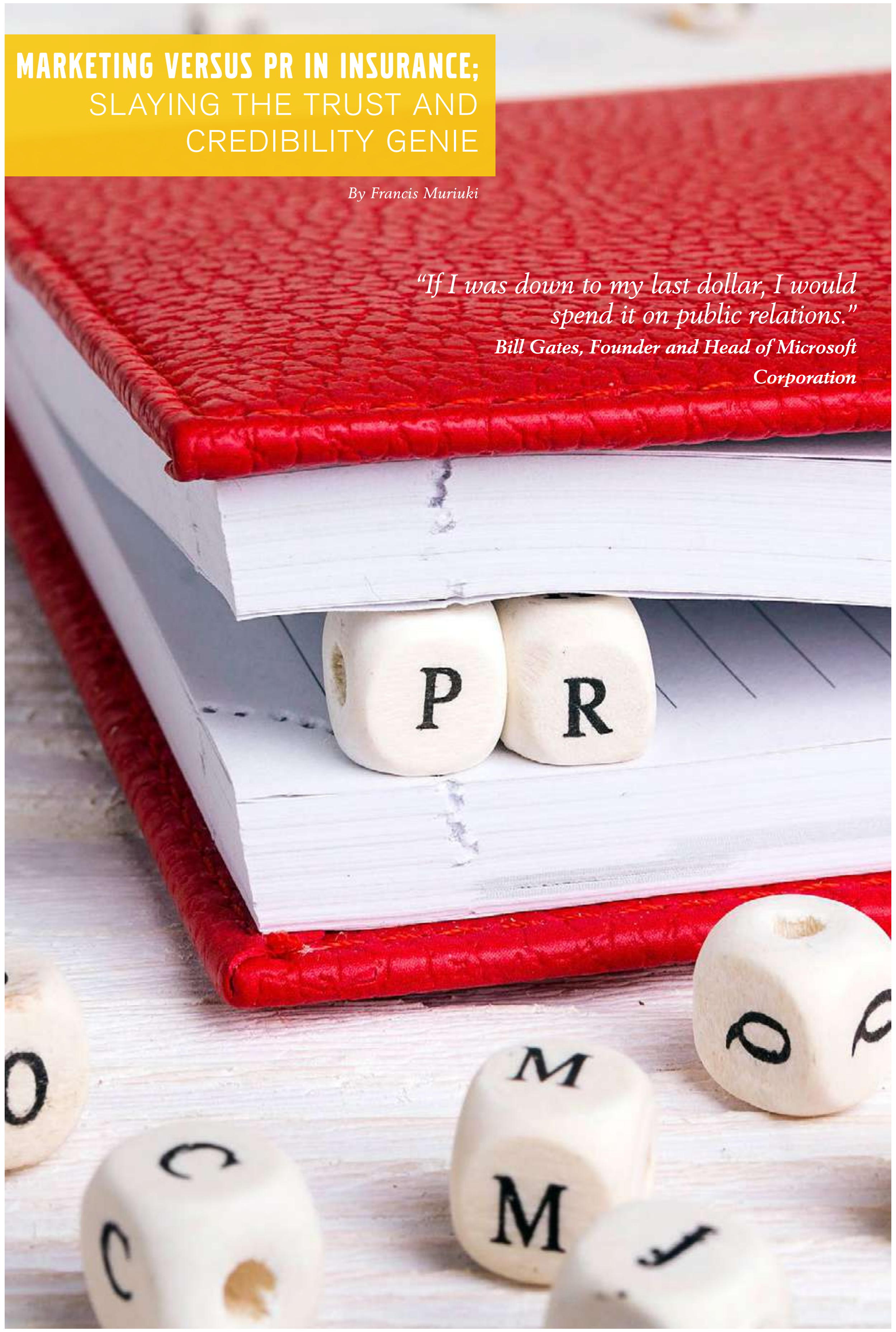
MARKETING VERSUS PR IN INSURANCE; SLAYING THE TRUST AND CREDIBILITY GENIE

By Francis Muriuki

"If I was down to my last dollar, I would spend it on public relations."
Bill Gates, Founder and Head of Microsoft Corporation



The global brands grave is littered with epitaphs of great brands that have collapsed—or are on the verge of collapse—simply because they were unable or unwilling to deal with trust and reputational issues.

In the last two decades, Kenya's insurance companies have invested heavily in the marketing function. Millions of shillings have been spent in traditional and digital marketing campaigns meant to endear the companies and their products to the target market. With awareness slightly above 44 per cent, the jury is still out there as to whether the marketing campaigns have been able to achieve their intended objectives of creating awareness on the importance of taking up insurance cover.

Facts are stubborn little things that won't just go away. As the street lingo saying goes; *Kwa ground vitu ni tofauti* (On the ground, things are different). Latest figures from the Association of Kenya Insurers (AKI) paint a gloomy picture and show that instead of insurance penetration in the country growing, it has dropped down to 2. 43 per cent in 2018 the lowest levels in 15 years.

The big question that industry players should start asking themselves is why is it that despite running marketing and advertising campaigns that have gobbled up millions of shillings, insurance awareness and penetration in Kenya is lower than where banking in Kenya was 25 years ago. And this in a country where up to 97 per cent of the people are unprotected from accidents, illness, death, natural disasters, crop destruction, livestock death and other risks which will have devastating long-term consequences.

Research over the years has shown that issues of trust and credibility—have led to a negative perception of the sector—are perhaps the single biggest reason insurance penetration in Kenya keeps going down instead of growing. It is a truism that on the trust and credibility matrix, insurance companies in Kenya are not regarded highly.

Marketing plays a critical role in creating awareness about products, and establishing relationships between customers and the organisation. In a market place full of similar services and products with little differentiation, effective marketing offers a company a competitive advantage and is probably the main reason customers will choose one company's service as opposed to a competitor's.

While marketing will push products, trust and credibility in a company, or its brands, can only be built through strategic Public Relations (PR). Strategic PR is all about managing and building relationships with the various company stakeholders in a strategic, consistent, and regular manner. The only way insurance companies in Kenya are going to slay the trust and reputation genie is by investing in, and strengthening the PR function as a strategic function of the organisation.
Strategic PR seeks to create dialogue with stakeholders at all times, and not only when a company is going through a crisis or engaging in CSR activities. Ultimately, PR will help stakeholders rationalise information, increase awareness about a company's offerings and assist in changing people's minds and perceptions. That is why even when they are down to their last shilling, insurance companies in Kenya need to keep investing in PR as it is very costly to repair a damaged brand and to manage a negative reputation. As one of the founding fathers of the United States, Benjamin Franklin said, "It takes many good deeds to build a good reputation, and only one bad one to lose it."

Sadly, in Kenya, most insurance companies only think about PR when they are in a crisis situation, or when they are launching a new product and they require publicity and media coverage. They will then push the PR department or the PR agency to make sure that they receive positive publicity. After that, the PR department is forgotten until another crisis or product launch comes up, and the cycle continues. So, instead of investing in PR as a strategic function of the company, it is seen as an "ad hoc" function which is deployed on need basis. When PR is deployed in an ad hoc, and not strategic manner, the impact is minimal and is akin to treating the disease rather than the symptoms.

To develop trust and credibility in the sector, insurance companies need to change tact by making sure that they have fully functional, autonomous and well-funded PR departments that play a strategic function not only in constantly positioning the company to the various stakeholders, but in helping build trust and credibility through third parties to deliver information meant to change perceptions about insurance.

In an economy where 70 per cent to 80 per cent of market value comes from hard-to-assess intangible assets such as brand equity, intellectual capital and goodwill, it is time insurance companies seized the moment by investing in strategic PR if perceptions about the sector are to change.

The writer is a Strategic Communications Consultant with Valorerm Consulting

PRINCIPLES OF SUSTAINABLE INSURANCE

By Hazel King'ori

Our world is facing increasing environmental, social and governance (ESG) challenges. This changing risk landscape is leading to diverse, interconnected and complex risks, and these present new challenges and opportunities for the insurance industry.

The insurance industry's core business is to manage risk. Environmental, social and governance issues are increasingly influencing traditional risk factors and can have a significant impact on the industry's viability. A resilient insurance industry therefore depends on holistic and far-sighted risk management in which ESG issues are considered. Indeed there has been an increase in the number of insurers responding to these issues at varying levels and scales.

That said, many ESG issues are complex, far too big and require all actors in society to play their role in providing innovative, long-term and sustainable solutions.

Through sustainable insurance practices, the industry can catalyse transformational change on a global scale. This was the aspiration behind the Principles for Sustainable Insurance launched in 2012 by the United Nations Environmental Programme (UNEP).

The four overarching Principles for Sustainable Insurance are a foundation upon which the insurance industry can put sustainability at the heart of risk management in pursuit of a more forward-looking and better managed world.

With world premium volume of more than $4 trillion and global assets under management of more than $24 trillion, insurers that embed sustainability in their business operations can catalyse the kinds of financial and investment flows and long-term perspectives needed for sustainable development.

What is sustainable insurance?

Sustainable insurance is a strategic approach where all activities in the insurance value chain, including interactions with stakeholders, are done in a responsible and forward-looking way by identifying, assessing, managing and monitoring risks and opportunities associated with environmental, social and governance issues. Sustainable insurance aims to reduce risk, develop innovative solutions, improve business performance, and contribute to environmental, social and economic sustainability.

UNEP Principles for Sustainable Insurance

Principle 1:

Embed in our decision-making environmental, social and governance issues relevant to our insurance business.

Some of the possible actions insurers can adopt under this principle include:

- Establishing a company strategy from shareholder, board and executive management levels that identifies, manages and monitors environmental, social and governance issues Sustainable insurance aims to reduce risk, develop innovative solutions, improve business performance, and contribute to environmental, social and economic sustainability.
- Integrate ESG issues into risk management, underwriting and capital adequacy decision making processes, including research, models, analytics, tools and metrics.
- Develop products and services which reduce risk, encourage better risk management and have a positive impact on ESG issues.
- Integrate ESG issues into repairs, replacements and other claims management services.
- Educate sales and marketing staff on ESG issues and integrate key messages of responsibility into strategies and education campaigns.

Principle 2:

Work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions.

Some of the possible actions insurers can adopt under this principle include:

- Engaging clients and suppliers on the company's expectations and requirements in ESG issues and the benefits that come from it.
- Integrate ESG issues in tender and selection processes for suppliers
- Promote the adoption of the Principles across all spheres of the company's influence
- Support the inclusion of ESG issues in professional education and ethical standards in the insurance industry

Principle 3:

Work together with Governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues.

This principle advocates for dialogue. Some of the possible actions include:

- Dialogue with Governments and regulators to develop integrated risk management approaches and risk transfer solutions
- Dialogue with business and industry associations to better understand and manage ESG issues
- Dialogue with academia and scientific community to foster research and educational programmes on ESG issues in the context of insurance business
- Dialogue with media to promote public awareness of ESG issues and good risk management

Principle 4:

Demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles.

Under this principle insurers can assess, measure and monitor the company's progress in managing ESG issues and proactively and regularly disclose this information publicly. Insurers are also encouraged to publicly share the value of applying the principles.

More about the Principles

Are these Principles legally binding?

These Principles are a voluntary and aspirational framework. They are not intended or designed to be legally binding neither do they serve as a basis for legal or regulatory sanctions.

What are the benefits to my company?

- Your company will be better placed to address existing and emerging risks.
- There are positive reputational benefits of responsible business practices
- It will differentiate your company from others and this gives competitive edge
- Given this are emerging issues, your company will be considered a thought leader
- As a signatory to the Principles, your organisation will have access to UNEP and UN system expertise and resources on ESG issues, policymaking and science.

Since inception, seven years ago, there are over 70 signatories including underwriters, brokers and re-insurers from across the globe. Kenya's ICEA LION is one of the signatories. Other signatories that have a footprint in Kenya include Sanlam, Saham, Allianz, AON and Continental Re.

This content has been adopted from the UNEP Finance Initiative. Learn more about the Principles at www.unepfi.org/psi

The writer is the PR, Research and Education Manager at AKI

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KUSCCO MUTUAL ASSURANCE HEDGES ON PRODUCT DIFFERENTIATION FOR GROWTH

ADVERTISERS CONTENT

KUSCCO Mutual Assurance Principal Officer Mr. Anthony Ogutu

KUSCCO Mutual Assurance is hedging on flexibility and product differentiation to claim a significant share of the insurance business which currently represents 2.43 percent of the country's Gross Domestic Product (GDP). According to Mr. Anthony Ogutu, KUSCCO Mutual's Chief Executive Officer, research was critical in informing the choice of products for the insurance company in its first year.

"We have conducted research and tailored our products to customer needs to offer affordable products that cater to different socio-economic classes". This, Mr. Ogutu says, differentiates KUSCCO Mutual's products in the Kenyan insurance market, adding that this approach was preferable to duplicating products already in existence.
The Principal Officer said the insurer also took into account product pricing, offering affordable products that cut across all sectors of the society.

"There is a certain class of people that have not been able to afford certain insurance products. This informed the need to make our products affordable to both high- and low-income earners."

An IBM study observed that insurance companies must offer something new to a customer base that has become spoilt for choice in a crowded market where cut throat competition has led to rampant premium undercutting.
"Whether by price, product, focus or spread, delivery, availability, flexibility, service or quality, the insurer must deliver a number of services: visibly provide value for money, be the client's friend." This, Mr Ogutu notes, is one of the company's key growth strategies.

KUSCCO Mutual is licensed to trade in long term or life insurance business, offering life and group insurance products.

KUSCCO Mutual Assurance is riding on its affiliation to KUSCCO Ltd which is a strong brand in the Co-operative movement, capitalizing on the linkage in business development and growth. The company is also leveraging on cross-selling of existing and new products to existing and new clients, maintaining liaison with all relevant business units in the organization.

"Cross-selling to our existing customers gives us an advantage in a competitive industry. This will enhance our portfolio in specific line of business within a few years," Mr. Ogutu said.

To make the company competitive, Mr. Ogutu says the company's competitive strategy focuses on product features, number of sellers, speed and turn-around time, lowering barriers to entry, information availability and location. In addition, the company is embracing innovation to be unique and outstanding in the market.
"We will continue to reinvent our company by adopting emerging technologies and introducing new processes, products and solutions. For example, make use of social media and mobile apps as a growing number of buyers would prefer to find, and work with us through their phones."

He added that provision of responsive customer service is a focus of the new company.
"All customers have an expectation of great service and will not put up with poor response from representatives. Around 75 percent of customers state that they consider customer service a true test of a company's competence."
To deliver the business objectives of the organization, Mr. Ogutu said the company has lined up professionally qualified staff with good track records in the insurance industry.

"The key staff who hold senior positions as line managers have been vetted and approved by the regulator (Insurance Regulatory Authority) and are fit to hold their various positions of appointments," he said, adding that training and equipping of staff will be undertaken continuously to ensure service delivery meets the expectations of stakeholders.

KUSCCO Mutual targets to be among the top five insurance companies that transact life insurance business within three years. "My aim is to position the organization strategically to acquire a significant market share of the business that will propel it to those levels," the Chief Executive said

MANAGING INTERGENERATIONAL WORKFORCE FOR PRODUCTIVITY

By Naomi Ngugi

People now live longer and healthier lives than ever before and this has contributed to a trend of employees choosing to stay in the workplace longer, delaying their retirement. This trend has resulted in a new phenomenon: More generations in the workplace.

Today, many workplaces are composed of five generations. The oldest generation is the traditionalists, who were born before 1946 and are currently 72 years old and above. Baby Boomers are second oldest generation in the workforce, born between 1946 and 1964, they are aged between 54-72 years old. Generation X are the third oldest, born between 1965 and 1979 they're aged between 54-40 years. Finally, Generation Y and Z, the two youngest generations in the workforce. Gen Y, also called Millennials were born between 1977 and 1997. They are currently between 41-21 years old, while Gen Z were born after 1997; they age 21 years and below

In view of the above, there is need for organisations to recruit, reward, and manage these employees differently given that there are clear generational differences in attitudes, values and desires. Many have suggested that failure to recognise these differences can lead to negative organisational outcomes such as intergenerational work place conflict, misunderstanding and miscommunication, poor working relationships, reduced employee productivity, poor employee well-being, lower innovation and fewer organisational citizenship behaviours.

In today's world, organisations have no option but to embrace diversity in their workforce to spur performance of the organisation. Personal and group differences should be taken into account to make sure that their differences are well known and catered for in the workplace and job design. Managing workforce diversity develops and sustains a constructive work atmosphere that appreciates the similarities and dissimilarities of every individual or group that are part of the diversified workforce, so as to enable them attain their maximum potential and input to the overall organisational performance.

New organisational models will therefore require new approaches to leadership. Leaders of net¬worked teams in agile organisations require skills such as negotiation, resilience and sys¬tems thinking. In some cases, the most expe-rienced leaders and business unit heads may be the wrong people to take charge of digital, agile, networked teams. Effective leaders in a networked environment must have a high de¬gree of network intelligence, getting to know what is going on throughout their company, throughout their industry and throughout the customer marketplace.

It is important for the leader to be consistent and give subordinates clear task instructions and a time frame for completion. Further, the leader should set expectations for the quality of work which is required for task completion. Mature workers may enjoy a more structured work approach while on the other hand, younger workers appreciate having a clear picture of the end goal of their efforts which can be communicated at the onset of a project. While clear task direction is important, millennials appreciate some flexibility in their schedule or method of task completion which gives them a greater sense of control. This means therefore that the leader needs to strike a balance with moving towards goal completion.

Supportive leadership is the most successful area with motivating young workers. The leader should make it a point to know as much as possible about their subordinates; where they are from, their favourite sports teams, and a little bit of their cultural background. This not only helps in developing a rapport with them but when a need to address an issue arises or when the subordinates are found to be having difficulties, the leader can leverage on the relationship and adapt his delivery to the subordinate in order to be as effective as possible when addressing performance issues. Creating engagement strategies with millennials should be one of management's big goals.

One of the most important strategies to facilitate subordinate buy-in is through participated leadership. In this leadership style, the leader allows the subordinates to provide input in to how to accomplish the goal. Even if the leader cannot incorporate all of their ideas, the simple fact that their input was solicited allows them to feel like they have some control over the assigned task and end goal.

With Baby-Boomers transitioning out of the workforce and younger generations filling leadership gaps, it is imperative for leaders to develop situational awareness and find effective strategies to motivate both mature and young workers. The 'team concept' would be useful to mesh the different generations which feed the collaborative nature of the young workers while allowing experienced team members to influence the development of the junior workforce.

A number of studies have verified that reward, also referred to as compensation, is a powerful tool to enhance employee behaviours leading to performance improvement. Reward management encompass all the managerial functions concerned with the strategies, policies and processes required to ensure that the value of people and the contribution they make to achieving organisational, departmental and team goals is recognised and rewarded. The compensation plan should further the firm's strategic goals. The employer's basic task is to create a total reward package aimed at eliciting the employee behaviours that the organisation requires to support and achieve its competitive strategy.

Generation Y values fairness and ethical behaviour. Wages tend to become their first evaluation criteria of choice of occupation, therefore, they seek higher wages as one of the important goals. This generation is more concerned with having higher salaries than health care benefits. In comparison, Generation 'Xers' will select a less paying job if the hours are less stringent and allow for more flexibility balancing work and life. Generation X and Millennials will almost always cite productivity—not time spent working—as a standard of measurement for the work done. This is a deep source of frustration to many of their Boomer bosses—who do not necessarily cite productivity as a requirement when evaluating performance for rewards.

Employee benefits have implications on the motivation and productivity of a multigenerational workforce. For example, Generation Y have abandoned the materialism of a big salary and prefer perks like tuition reimbursement, dependent care, spending accounts and flexible work hours. They value leisure time above all else and might be better suited as members of an increasingly contingent workforce where they make their own decisions about how much time to commit to work and leisure and receive payment on piecework or hourly pay structure.

Recognition is another type of non-financial incentive. An effective employee recognition program can help increase employee commitment, motivation and productivity; reinforce desired behaviours; and improve employee morale. However this varies across different generations in the workplace. For example, Millennials are more positive about recognition than their elder co-workers; the baby boomers.

In view of the foregoing, "one-size-fits-all" incentive plans of the past no longer encompass the diverse needs and desires of today's multigenerational workplace. Each group requires a unique approach to issues such as recruitment, compensation, expectations, motivators, collaboration, leadership styles and recognition.

Excerpts from research findings on "Effects of intergenerational workforce on organizational productivity: a case of Kenya Railways Corporation", carried out in 2019.

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AGEING WELL

By Jane Gitau

Insufficient retirement income is associated with higher rates of elder abuse in Africa

Ageing has been assigned various multi-disciplinary definitions. It simply refers to passage of time which begins at conception till death. Though measured in a common unit (years), ageing is not homogenous and differs from one person to another.

The two critical factors to ageing well are access to income and healthcare. Being healthy and having an income, provides a sense of security to the older person and their families while enabling them to participate in community activities. Insufficient retirement income or being financially dependent is associated with higher rates of elder abuse in Africa which is a great social and public health concern as it contributes to reduction of quality of life in old age.

Most people view retirement as a precursor to successful ageing such that focus on behaviours that foster successful ageing such as working-out, healthy eating, personal development and accomplishments fall in place much later in retirement. The truth is that successful ageing begins well before retirement and extends beyond life in retirement.

Retirement—like any major life event—is an on-going process of emotional adjustment as it triggers intense and mixed feelings of excitement and liberation on one hand and fear and anxiety on the other. It is a major transition that unfolds over many years of planning. Many people are not psychologically prepared despite being financially able as it means a loss of identity, which is their job. Such people's sense of being is defined as, "I work therefore I am, without work, who am I?"

The Five Phases of Retirement

Imagination (15-50 years before retirement).
This is the fantasies, hopes and wishes stage at which point the retirement/ ageing strategy should be conceived.

This should ideally commence on the first day of employment. A key activity in this phase is saving. The secret to a successful navigation of this stage is time and persistency in the saving behaviour. The compounding factor of investment return from the savings results into growth and accumulation of capital available at retirement. Though the main activity in relation to successful ageing is saving, one should endeavour to strike a balance in performing other human developmental tasks of young adulthood and middle age such as marriage, parenting, career/business development, children education and housing.

Anticipation (Five years to retirement).
This is the reality stage where goals of phase one are put on a pre-test.

If one's ageing strategy is to remain active, then this is the point to define the goal/activities such as starting a business, consulting, further studies and start working on it gradually and piloting so as to allow for mistakes and modifications in order to attain competency and efficacy.

Liberation (up to one year of retirement).
This entails the termination of employment and acquiring the identity of a retiree. If this happens at age 60 an implied rite of passage occurs where the new status acquired is defined as an "Older Person" or" Senior Citizen" as per article 57 of the Kenyan 2010 Constitution and National Policy of Older Persons, 2014 and the Kenya Senior Citizen's Care and Protection Act, 2014 respectively.

This is the shortest stage, yet a critical life determining moment as it entails making a decision on whether to receive the accumulated savings as lump sum or in a series of small regular payments.

Decisions on de-accumulation of the accumulated savings at this phase should be aligned with ones ageing strategy and intended activities to avoid the risk of outliving the retirement income.

Re-orientation (2-15 years after retirement)- Generativity phase.
Generativity means giving back to generations mostly in terms of knowledge, experience and counsel. It is called the wisdom stage.

Reconciliation (more than 15 years after retirement).
This phase is less about money and wealth and more about leaving a legacy primarily for your family and the society.

Successful ageing has also been attributed to social-engagement. This is defined as time spent with friends, religious or community-based activities. Higher social engagement helps to preserve cognitive function by contributing to increased mental stimulation. Low and/or decline in social engagement are associated with worsening cognition, increased risk of dementia and early mortality. Stronger social networks are recognised for promoting positive effect of healthy ageing by providing access to social support, attainment of efficacy and healthy behaviour thus reducing 4Ps (physiological, psychological, psycho-social and psycho-spiritual) types of stress.

Individual ageing strategy options depend on the desired life in retirement such as active ageing, disengagement with work to full time family engagement (for instance taking care of grandchildren) community and civic engagement, social work and volunteering.

The Writer is the Pension Manager at CIC Group and a Psycho-Social Gerontologist

By Prasanna Miapuram
and Vikas Abbi

DIGITALISATION IN INSURANCE; BUSTING THE MYTHS

Raising customer expectations and rapidly growing InsureTech start-ups are reshaping the Insurance Industry. Insurers need to leverage cross-industry collaboration, digitalisation, analytics, and automation to stay competitive in the business.

Globally, insurers are planning to improve their financial performance, improve customer satisfaction and stay competitive with better insurance products at reduced premium rates.
With emerging trends like usage-based insurance, digitalisation is a must: It is no longer an option. However, the digitalisation of the business processes is low and very slow. This can be attributed to two key 'digitisation' myths:

Myth 1: You have to implement cutting-edge technology to become a digital organisation.

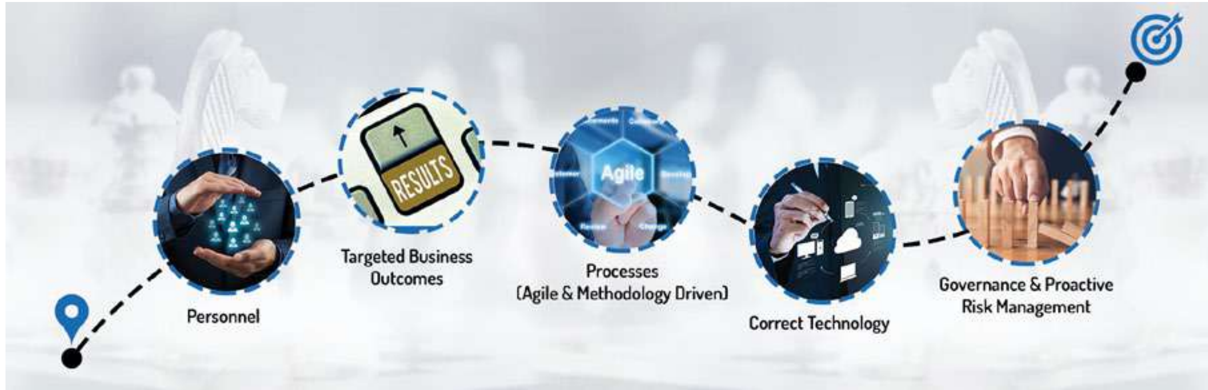
Myth 2: Digital transformation involves significant internal and external resource pools with significant investments

These myths need to be busted. However, it will take courage and understanding for the decision makers to shatter these myths.

Busting Myth 1: Technology is the quintessential factor and enabler for new business capabilities. However, focusing only on cutting-edge technology to start with is the biggest hurdle in digital transformation. We think the way forward is "Co-Creation of Digital Excellence". This will happen by first identifying the "Digital Purpose" and then matching the correct technology to aptly meet the stated digital purpose. Governance and proactive risk management will be the key aspects of execution.

Busting Myth 2: Swift digital transformation can be achieved with small and focused teams coupled with smart selection of technology partners. Thanks to advancements in Cloud platforms, CAPEX models have become obsolete and OPEX models are a reality for IT infrastructure and IT services.

Such an approach leads to realising the benefits within a short period of weeks or months. There are small and niche IT service providers that offer business-transaction-based pricing models with zero CAPEX. For example, a small restaurant can have a system that enables the owner to greet customers by name and delivers personalised services for every occasion, with high quality and at an affordable cost.
However, a word of caution: Small is the new big only when the leaders running the small have a proven track record to engineer and deliver big in whatever industry.



Digital Purpose is the starting point:
Artificial Intelligence (AI), Machine Learning (ML), Internet of Things (IoT), Blockchain, Robotic Process Automation (RPA) – all these are important for digitisation. However, the digitalisation effort must start with a clearly stated digital purpose and not with technology selection. Identify the business outcomes that need to be changed—like faster claims processing, fraud prevention. Next step is to identify the associated business processes, key internal personnel as well as external technology partners. Each of these will play a role in the digitalisation journey.

A very well defined digital purpose is the starting point that leads to "Co-Creation" with harmonised efforts from both business and technology personnel.

Buy-in from all stakeholders for the stated digital purpose:
This can be achieved with a simple CARE (Create, Avoid, Reduce and Enhance) framework to simply state what digitalisation will lead to:

1. Which new business capabilities that do not exist today and can be Created by digitisation?
2. Which costs / manual or redundant operations can be Avoided or eliminated?
3. Which costs / operational overheads / manual tasks can be Reduced?
4. Which existing business capabilities can be Enhanced?

The entire process must be agile, avoiding the risk of prolonged analysis. Agility and speed are the key and change is the new normal.

The authors are co-founders of SwiftAnt (with Global presence) and have worked in senior management positions in before taking the plunge to start the company

For years, everyone was talking about "Digital" however a recent global survey by Harvard Business Review and McKinsey, showed that adoption of the "Digitization of business processes" is less than 15 per cent in businesses.

BUILDING SOCIAL CAPITAL; WHY WOMEN MUST STEP UP

By Rose Wakiria

The topic of gender diversity in top management continues to generate a lot of researchers' interest. This is the topic I chose to research for my Master's in Business Administration degree. I focused on the insurance industry having worked there for over 15years. I sought the opinion of women in lower and middle management in insurance companies regarding how their individual competencies, attitudes and work life balance affected their rise to top management positions. My research findings are contained in my dissertation titled: Influence of Individual Factors on Women Rise to Top Management Positions: A Case Study of Kenyan Insurance Industry

In this article, I will focus on research findings regarding influence of individual competency factors on the rise of women to top management positions in the insurance Industry.

Top management positions continue to elude many women in the insurance industry, with only 22 per cent of Principal Officers being women. This is despite the fact that recent industry statistics show that the industry's workforce has almost achieved gender parity with 49 per cent of employees being female. On a global scale, more women obtain a bachelor's degree than men do and are more likely to have a master's degree. This phenomenon is corroborated by Strathmore University's 2019 graduation statistics where 52 per cent of the graduating class was female. This indicates that there is no shortage of skilled female workforce in the industry, yet only a few women make it to top positions.

Why is it important to have more women in top management positions? Research findings show that there is a positive impact on business outcomes in organisations with more women in top management positions. Furthermore, with more women being in charge of household budgets, successful companies would be keen to ensure their participation at top management as they ultimately influence a lot of financial decisions as consumers. This begs the question then, could lack of gender diversity in insurance companies' leadership explain the low penetration of insurance products in the Kenyan market?

A basic requirement to become a leader of an organisation is competence (measured as knowledge, skills and abilities) and other characteristics necessary for effective performance of the job in question, which for purposes of this article we will refer to as social capital.
Out of the 64 women managers who participated in the study, 95 per cent held a Bachelor's degree while 42 per cent had a Master's degree. The women managers had both industry and management experience with an average of 12 years and seven years respectively. A majority of women were on a career path to top management positions, with 59 per cent of respondents holding core function managerial positions in Underwriting, Claims, Sales and Heads of Business Lines. These statistics confirm that women in the industry have the necessary competency to lead organisations. Yet, only 12 women lead the 54 insurance companies. What then is the missing special ingredient necessary to have more women in leadership positions? Social capital perhaps?

As careers progress towards top management, individual competencies no longer provide a competitive advantage since everyone at that level has the requisite qualifications, skills and experience. The differentiating factor becomes social capital demonstrated as connections and relationships one has especially with executives. To illustrate this, imagine you need to hire for a critical role. You are likely to get several competent candidates. A candidate known to you or a trusted contact wins since you are likely to have evidence of potential collaboration and co-operation with the person than with a total stranger.

Building social capital entails joining social networking groups, which are essentially informal groups in nature, comprising of individuals with shared norms, values and understanding that enable co-operation among the members. Benefits include mentorship opportunities from members that are more experienced, career support and access to privileged information such as existing and emerging opportunities for career advancement long before they become public.

Women face unique challenges in building social capital. While it is obvious to many young female professionals that they need to build competency, many are not alive to the value social capital brings to their career advancement. They focus on the former, which enables them reach lower and middle management positions but then suddenly an invisible barrier seems to prevent them from advancing to top management.

The second challenge is inability to access necessary social networks for career advancement as experienced by 85 per cent of respondents in the research. Possible reasons for this is the fact that such networks will primarily comprise of male colleagues majority of who are in C-Suite positions. While there is a possibility that women might not be welcome to the 'boys club'; even where they are welcome, it might be uncomfortable for some women.

Another challenge is inadequate investment in the necessary social networks. An overwhelming 90 per cent of respondents admitted to their own failure to make adequate investment in social networks, which may involve meetings after work hours, which women may find inconveniencing especially with increasing family responsibilities. Whatever the challenge, neglecting to build social capital is a self-sabotaging career move.
That said, I wish to offer a few solutions to these challenges. First and foremost at the very beginning of a woman's career, their boss, mentor and fellow women in leadership positions should help the young professional appreciate how social capital is instrumental in accelerating careers and help them set targets and strategies to achieve them.

Women executives can avail themselves to participate in both formal and informal mentorship programs with willing young female professionals, providing much needed mentorship and inspiration, playing a significant role in building fellow women's social capital, who in turn assist more women creating momentum towards gender parity at C-suite.

Finally, women should prioritise networking for career advancement over networking for social support. While the latter provides necessary social support, it might not yield significant benefits in career advancement.

The writer is a Retirement Planning and Personal Financial Planning Consultant and director at Nextmove Consulting Limited and Retirement Solutions Insurance Agency

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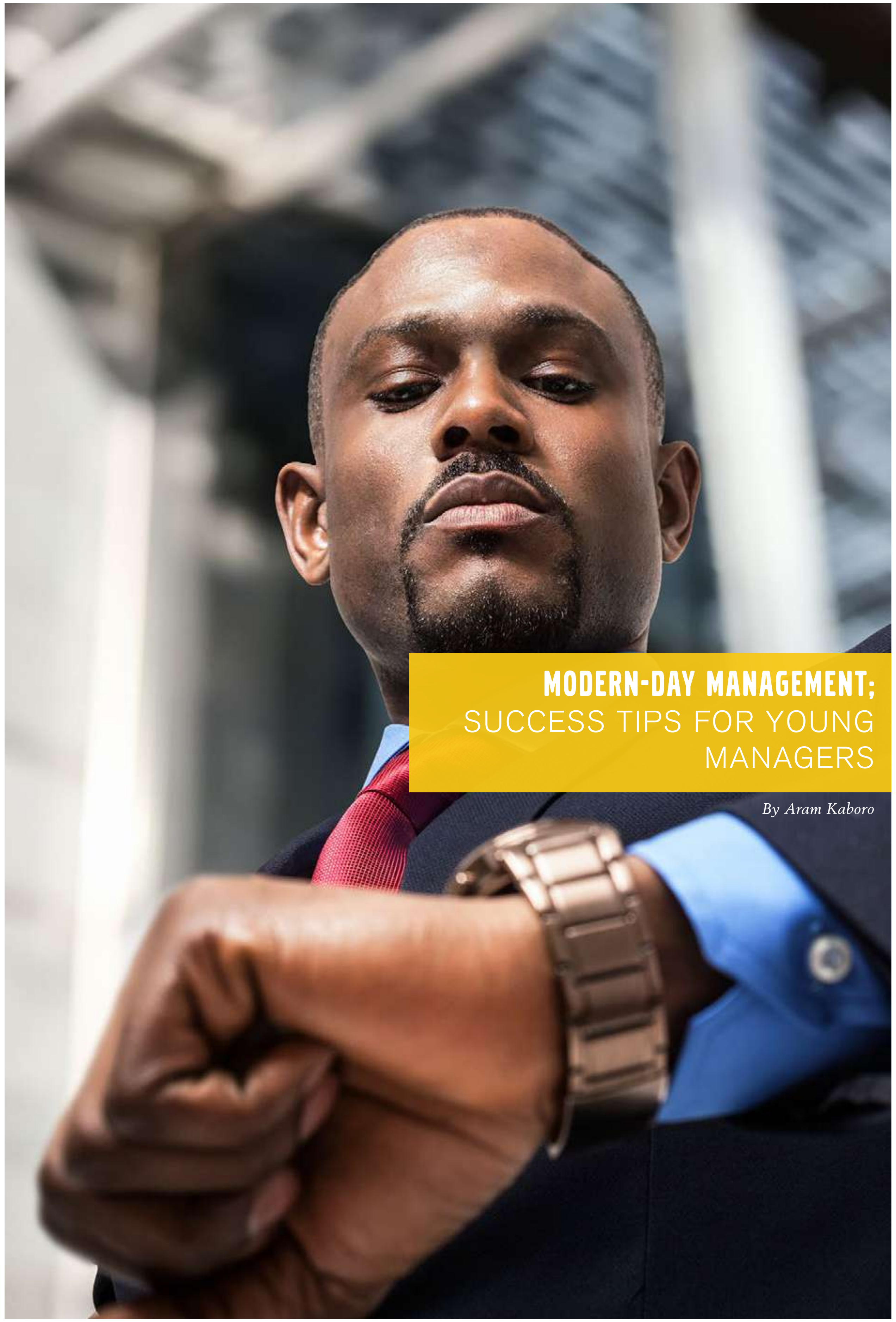

MODERN-DAY MANAGEMENT; SUCCESS TIPS FOR YOUNG MANAGERS

By Aram Kaboro

Becoming a first-time manager is exciting, especially when one is younger compared to his/her juniors: But distress may emerge in fitting in, erode confidence and impact the responsibility adversely. Nevertheless, there are several basic values that young managers should inculcate in their stewardship endeavours to succeed.

No one gains respect by simply commanding it. Being a new/young manager you should make it clear that you want to get to know your team members as individuals; recognise their individual strengths and work habits rather than bucketing them by generation or other characteristics as well as discussing real and perceived differences in approach and perspective and leverage what each person brings to the table.

When managing people, it is important to understand how and why they are doing things a certain way before you change it.Older employees may perceive that you are “shaking things up for the sake of it.” Make it clear that the changes are important to overall business goals, and take the time to explain the rationale behind it. While ‘that's how we’ve always done it’ should never be used as an excuse, sometimes it has always been done that way for reasons only a veteran would know.Team members with an ‘if it’s not broken, don’t fix it’ mind-set are not necessarily averse to change; it just means they need to understand the approach to get on board.

In a team dynamic where there is a significant age gap between manager and team members it is natural that some competition may arise. The young leader may feel like they have to “outdo” their older team members to prove their competence, but this can breed insubordination and resentment. Make a point to be the team’s biggest supporter. You need to go out of your way to make sure the staff members know that you are on their team and you are personally interested in their success. Only when an individual genuinely believes you are a partner in their success will the competitiveness decrease.

Communication is a driving force behind nearly everything we do as humans; it is vital for a manager to communicate clearly. You should set clear expectations for your employees, be transparent about important topics and establish guidelines for giving and receiving feedback. In order to inspire original thinking, you should create an inclusive culture where everyone can voice their concerns, opinions and ideas. Encourage authenticity and vulnerability through leading by example. Ask for help. Turn to your team when you are at a loss. Start a conversation, and be open to wherever it leads. As a manager you should not underestimate the importance of communicating and giving feedback in the way each team member responds to best. Flexible managers who communicate regularly with their teams will have more productive, happy and loyal teams. It is also important to make sure you encourage this practice of open, honest communication across your team.

Being responsible for the well-being, production and success of a team of people, you are the one they will turn to if anything goes wrong; this can be a daunting change if you are used to looking to someone else for answers. Creation of a collaborative environment where everyone feels heard, respected and valued is a key step for new managers. Having a team that works together establishes a more welcoming, supportive company culture. As a manager, you can encourage this by demonstrating passion and positivity for your work as well as embodying the company culture. Delegating tasks, encouraging communication and feedback through regular one-on-one meetings and prioritising reciprocal trust will come in handy.

As a manager, focus on helping your employees progress—individually and collectively. Get to know your workers on a personal level so you can help them leverage their interests and talents. Find what works and what does not, and work on identifying and removing obstacles so your employees can perform at their best. Have a development goal that is not about the business. Have one goal focused on the development of a person (or people) on your team that is not connected to a business outcome.

Every worker wants to feel valued. If they do not believe their work is making a difference in some way, they won’t be as motivated. As a new manager,you should take some time to get to know each team member's strengths and where they need extra support. Use assignments as a learning process for you and your team. Then support where needed and lean extra hard when you are able to. Take an iterative approach and continue to learn alongside your team as you grow into your role. Employees will see that you are putting in work to improve, which will inspire and motivate them to do better in their own roles. That way you will fit in well in your new role and ‘survive’ in it.

The writer is the editor of this Journal

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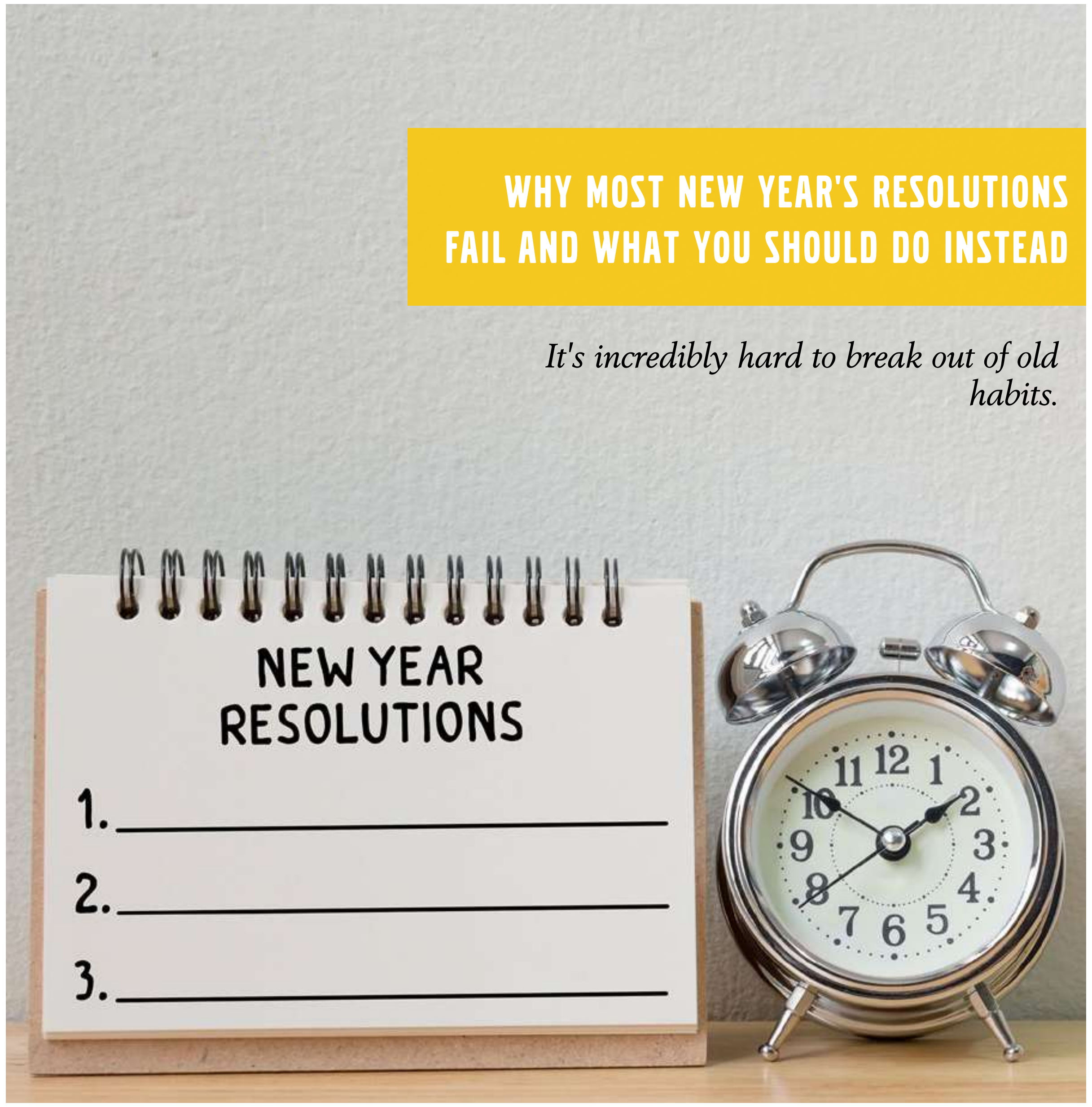

WHY MOST NEW YEAR'S RESOLUTIONS FAIL AND WHAT YOU SHOULD DO INSTEAD

It's incredibly hard to break out of old habits.

Did you look forward to the holidays for a short rest to recharge your batteries, reflect upon your business or career and then start planning for the New Year?

Many of us enjoy the short break, but then harsh reality of life quickly sets in, and we complain about being tired, overworked and burned out. Can you relate? Most entrepreneurs, executives and employees have high-performance expectations for themselves and can feel disappointed with their lack of progress regarding their health, relationships and their revenues after reflecting upon the past year. That's when we are now convinced that something's gotta change, right?

Suddenly, we are empowered and excited by moving into the "New Year." It's our chance to start fresh like a new baby, while thinking; this is it, this is my year of success, prosperity and happiness. We come up with all sorts of New Year's resolution ideas. Automatic bank transfers for saving money, join the gym and get a new smartwatch to help with weight loss. However, statistics show that only 9.2 percent of people ever achieve their New Year's resolutions and break free from their bad habits.

I believe that New Year's resolutions not only don't work but can make matters worse. Most people live in a safe comfort zone where they have scripted their life with their subconscious mind. The subconscious acts as a recording that repeats the same song over and over again. We might be telling ourselves all day long that we want something different from our past but, in vain, our history plays back by default, and we get the same results.

Do I need to remind you about the definition of insanity? Doing the same thing and expecting different results? Now that I have hopefully touched a sensitive nerve, you are probably asking, "So why do most New Year's resolutions fail? If they don't work, then what does work?"

The reasons why most New Year's resolutions fail

Unfortunately, most of us create too much resistance by injecting too many resolutions and goals into our minds.

We write down a long list of stuff like the following.

- Double business revenues.
- Get promoted or salary increase.
- Get more online reviews.
- Quit smoking.
- Quit drinking.
- Lose weight.
- Spend more time with friends and family.
- Read more books.
- Eat more healthy food or stop eating junk food.
- Learn to play an instrument.
- Learn a new skill.
- Meet new people.
- Travel more.

This process results in setting too many expectations and creating unrealistic goals. We end up with a long list of trying to do everything at once, relying on our emotions to keep us motivated until we achieve them.

So, what should you do instead of making New Year's resolutions?
Change just one of your habits that creates the most change.
I discovered that making just one small change in your daily repetitive routine is a crucial step to alleviate the resistance that comes with change.

Remember that real change takes time, effort and patience. According to research from University College London, it takes about 66 days to completely break an old habit, and it can take much longer to master something new. While you are anchoring this unique pattern of action into your life, you are also uploading a new program in your subconscious. To stay motivated, it is important to celebrate even the smallest positive changes.

As you transform, it is very natural to experience different waves of emotion as you become more aware of how you feel. Honestly, self-awareness is the key to unlock all your potential for success.

21 habits of highly successful people
What do highly successful entrepreneurs have in common? They share productive habits that lead to prolific action which translates into positive outcomes and results!

Ultra-successful people like Bill Gates, Daymond John, Oprah, Richard Branson, Marcus Lemonis, Deepak Chopra and even Napoleon Bonaparte all share everyday habits that are proven to produce success:

Here's a list of the 21 habits of successful entrepreneurs:
1. They keep a journal.
2. They talk to themselves in a mirror.
3. They meditate.
4. They read.
5. They embrace their fears.
6. They know that failure is part of success.
7. They associate with only positive people.
8. They set intentions.
9. They talk to the universe.
10. They are thankful.
11. They prioritize their time.
12. They don't sweat the small stuff.
13. They focus on what they can control.
14. They actively listen.
15. They enjoy money as a by-product of their dream.
16. They don't count on luck.
17. They love having fun and celebrate.
18. They forgive themselves and others.
19. They never give up but will change when needed.
20. They don't make rash or emotional decisions.
21. They listen to their intuition.

Hopefully, you noticed that most of these new habits are not activities, like going to the gym. Instead, they relate to creating new patterns for your thoughts. Once you change your thoughts, your habits and actions will automatically change, too.

In his bestselling book Psycho-Cybernetics, author Dr. Maxwell Maltz says the "human mind takes almost exactly 21 days to adjust to a major life change." Even though his research was originally on traumatic life events, he claims the principle applies "universally" and works just as well on positive changes.

If you can stick with it for only 21 days, you will have an excellent chance to succeed in achieving your goal because you changed just one habit. Commitment is key! You can do anything for 21 days, right?

Don't worry if you fail for that day, just keep going to the next day and the next day after that. Remember to celebrate your small victories, so you train your subconscious brain to program you for continued success.

Start by doing something about today and don't waste your time thinking about why it may not work, or you won't do it. Your one new daily habit will soon replace your motivation, and it will become a consistent part of your life, like brushing your teeth.
You can do this!

From Entrepreneur.com

Kuscco Mutual Assurance

Your life assured

KUSCCO Mutual Assurance is a subsidiary company of KUSCCO LTD, licensed by the Insurance Regulatory Authority (IRA) to operate as a life insurer in Kenya.

Individual Life Policy Products

EDUCATION PLAN

Ensure your child can keep achieving

Save to cater for your child's school fees and related expenses at different levels of education. As a policy holder you will receive a sum assured on maturity of benefit, helping to prepare better for education costs.

The plan also protects the continuity of education in case of policy holder's death or permanent and total disability. Loss of life of the beneficiary gives the policy holder an option to receive a refund of premiums paid or to nominate another child as a beneficiary.

- Full policy term ranges from 5 to 14 years
- Minimum policy holder entry age is 18 years, maximum 65 years
- Premium payment term coincides with full policy term.

ENDOWMENT POLICIES

Get life insurance and save money

This life insurance policy has the added bonus of savings investment for future use. Interest is accrued on the amount saved and credited to the policy as bonuses which are paid to the policy holder at the full policy term.

In the event of death or total and permanent disability, the policy pays death benefits to a named beneficiary.

- It also offers a guaranteed surrender value
- Full policy term ranges from 10 years to 36 years
- Policy can be used to secure a loan.

TERM ASSURANCE POLICY

Guaranteed protection within a specified term

Purely meant for protection. This plan allows you to choose the benefit level payable in the event of death or permanent and total disability. There is no investment or savings element in this policy

- Full policy terms ranges are 5 years, 10 years, 15 years, 20 years, 25 years and 30 years .
- Minimum policy holder entry age is 18 years, maximum 65 years
- Full sum assured will be payable in the event of death or Permanent disability.

INVESTMENT POLICIES

Invest with less risk & guaranteed returns

Suited for capital investments only, the Investment policy allows one to invest a lump sum or monthly payments over time. The maturity cash value is payable upon expiry of the policy term.

- Full policy term ranges from 5 years to 20 years
- Premium payment term coincides with full policy term
- Minimum policy holder entry age is 18 years, maximum 65 years.

LAST EXPENSE PLAN

Get life insurance and save money

The last expense is an insurance cover designed to take care of funeral expenses.

Policy Term – The policy shall be a one year renewable policy. There shall be no withdrawal or surrender benefit.

Claims Processing – In the event of a claim, it shall be processed within 48 hours of the insurer being notified and the necessary documentation submitted by the claimants.

Group Insurance Products

GROUP CREDITORS PROTECTION COVER

Protect loved ones from financial burdens.

GROUP MORTGAGE PROTECTION COVER

Secure a home for your loved ones.

GROUP LIFE ASSURANCE SCHEME

Alleviate the financial distress of death.

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