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**SUSTAINABLY SHAPING  
THE WORLD OF TOMORROW**

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JUNE 2024

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# Editor's Note

JUNE 2024.



Something exciting is happening in Kenya's insurance scene. But first, the debate is over, sustainability is the strategic issue of our time. Every business, every sector must think about its impact on people and planet in addition to profit. As a financial services player, insurance cannot be left behind. The thinking, the planning, the strategizing must start if it has not, to be followed by consistent action.

This edition of the newsletter is dedicated to Sustainability. We start by attempting to clear up the confusion between ESG, Sustainability and CSR and then we really get into it; we look at how electric vehicles are insured in Kenya through the eyes of Basi Go who are bringing electric buses to our roads, and from the perspective of the only insurer covering EV vehicles-GA Insurance.

We also explore what consumers need to know to make their insurance experience better across health and motor insurance. We also look at how to manage rising healthcare costs and health insurance premiums.

Do you remember the drought last year? Do you remember the floods barely months ago? Africa is projected to bear the brunt of the effects of climate change and extreme weather patterns in particular. Consequently we delve into how insurance can make a difference as our society adjusts and adapts to extreme weather conditions, how we can manage this massive and dangerous risk that can disrupt our social and economic development.

So back to that exciting thing-I was speaking to a colleague recently and she remarked that MD's are getting younger in Kenyan insurance-we did a random spot count and there is definitely a new generation of emerging leaders in insurance. For this edition we spoke with Meshack Miyogo MD CIC Life, who at 42, is one of this new crop of leaders. We spoke about his unique leadership philosophy and approach and then we covered almost everything else under the sun: sustainability, managing Gen Z's, career growth, mentorship, cars, family and travel.

We also have a great book review of Shoe Dog, the story behind the making of Nike which is one of the biggest brands and businesses in the world.

The must-read edition. Enjoy!

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# JOURNAL NEWS



## Patty Karuahie takes over African Insurance Organisation Leadership

Mrs Patty Karuaihe-Martin, Managing Director of the Namibia National Reinsurance Corporation Ltd (NamibRe), has taken over the Presidency of the African Insurance Organisation (AIO) during the just concluded 50th AIO Conference and Annual General Assembly in Namibia. She previously served as the Vice President, and she takes over from Mr. Benhabiles Cherif of Algeria. She will be at the helm for a period of one year.

She articulated her vision during the inauguration ceremony on 5th June 2024 in Windhoek, Namibia. "As I take on this presidency, I would like to focus on three strategic priorities; Enhancing AIO's brand visibility to ensure we can build stronger partnerships, attract more members, and amplify our impact across Africa and increase insurance penetration. Focus on women through creating opportunities, providing support, and championing policies that promote gender equality to enable us to harness the full potential of our talent pool.

Support the Young Insurance Professionals as they continue to strengthen their country chapters and enhance collaborations, learning and knowledge exchange within their networks."

Mr. Yared Molla, the President of the Association of Ethiopian Insurers (AEI) and CEO of Nyala Insurance SC was elected as the Vice president. Ethiopia will host the 51st AIO Conference in 2025.

During the Conference, Young Insurance Professionals Africa launched the Namibia Chapter. They also recognized influential individuals who have contributed positively to the innovative development, awareness creation and engagement of insurance in Africa through the NextGen Insurance Awards. Kenya's Eliud Matheri took position two for his work through Bima TV.

The winner of the competition was Adeyemi Kehinde of Leadway, Nigeria, while position three went to Bernard Akyin-Arkoh of Star Assurance Company, Ghana

The 2024 edition of Africa Insurance Pulse was also launched during the conference. The publication combines industry expertise with data analysis and research to identify and assess current state and outlook of African Insurance markets. Access it here African Insurance Pulse Report





Sandra Aiyera (second right) receives the winners prize at the AKI AI Innovation challenge from , (L-R) AKIs PR & Research Manager, Hazel King'ori, Jackeline Iminza, COO East African Venture Capital Association and competition judge and Ayisi Makatiani, CEO of Caava Vantage Point AI.

### Madison General wins inaugural AKI AI challenge

Sandra Aiyera, from Madison General Insurance clinched the first position in the inaugural AKI Artificial Intelligence Challenge held on May 10th, 2024, in Nairobi.

The challenge, carried out in partnership with Caava Vantage Point AI, aimed at sparking the use of existing AI capabilities amongst member companies. Participants received a dataset in excel format and were required to use Chat GPT 4 to analyse the data, unearth actionable business

insights, and develop AI-driven solutions that enhance accessibility, efficiency, and personalization in insurance products and services.

A panel of judges from insurance, data science and AI, private equity investors, and legal fields reviewed the 18 submissions and invited the top three teams to present their insights to the audience at the AI and ML Seminar.



### IIK leads industry players in engagement with university students

The Insurance Institute of Kenya (IIK) led industry players, including AKI, in an engagement with University of Nairobi Insurance Students Association (UNISA) on 29 May 2024.

The engagement focused on showcasing the different career paths in the insurance industry to the Bachelor of Commerce students from first year to fourth year. The half-day session brought together leaders from brokerage firms, bancassurance, insurance companies and Insurtech's to engage the students.

The Dean, Faculty of Business and Management Science, Prof. James Njihia noted that the insurance option has had a consistently low uptake among students over the years. The current fourth year class of B. Com insurance option has only eight students.

He urged the industry to engage the University more in areas such as attachments and internships for students, management trainee programmes, participating in the curation and attendance of the Executive Programs, and engaging in research and consultancy to inform business decisions and policy direction.



Ruth M. Nyingi celebrates her win as the Life Insurance Agent of the Year and her recognition as Life Member for her consistent excellent performance.

### 22nd edition of AKI Awards celebrates excellent performance

The Association of Kenya Insurers (AKI) proudly hosted the 22nd edition of the AKI Awards on Friday, 8th March 2024. The Awards, celebrating excellence and innovation in the insurance industry, recognised performance during the competition period 1 January to 31 December 2023. APA Insurance was recognised as the General Insurance Company of the Year, while Britam was recognised as the Life Insurance Company of the Year. The Group Life Insurance Company of the Year Award went to Absa Life Assurance Company.

Joseph Kariuki from APA Insurance was recognised as the General Insurance Agent of the Year while Justina Mbona also from APA Insurance was recognised as the Medical Insurance Agent of the Year. The medical insurance agent is a newly introduced category that is awarded to the agent that sold the highest number of medical insurance policies during the competition period.

Jayshree Haria from Jubilee was named the Life Insurance Agent of the Year in the Persistency category for the third year running. This award is given to agents who have consistently maintained their clients for at least three years.

Ruth Mumbe Nyingi from Britam was recognised as the Life Insurance Agent of the year in the New Business Category for the second year running. She was also admitted to the league of Life Member for having been among the top 10 agents five years in a row.

The 2023 competition saw 1,056 agents meet the qualifying criteria demonstrating a remarkable increase from 783 in 2022. Among them, 727 agents represented life insurance while 329 agents represented general insurance.

### Kenya part of the African Green Bank Initiative

Kenya continues its foray into climate finance innovation as one of the countries where the African Development Bank (AfDB) is establishing a green bank. KCB Bank has been accredited by the United Nations Green Climate Fund (GCF) as Kenya's first financial intermediary.

Launched at COP27 in Egypt, the African Green Bank Initiative aims to address the continent's climate finance deficit by creating numerous green banks across Africa in the coming years.

These green banks will mobilize funds for transformative climate projects, positioning Africa to better combat climate change.

The initiative targets raising up to \$1.5 billion by 2030 for green financing. Green banks are financial instruments integrated into existing institutions, leveraging their capacity to attract both international and local climate finance.



# SUSTAINABILITY ACTIVITY ROUND UP



## A TREE FOR EVERY LIFE COVERED

*AAR Staff plant trees at SOS Children's Home in Buru Buru Estate in Nairobi as part of their CSR initiative of planting a tree for every life covered.*

AAR has committed to nurturing a greener and healthier planet by planting a tree for every life covered. This initiative is part of the broader AAR corporate social responsibility initiatives to support environmental improvement and sustainable business practices.

They have so far planted 2,000 trees in various locations including Kenya Veterinary Vaccines Production Institute grounds (KEVEVAPI) and Ngong Hills in partnership with Zep-Re, and SOS Children's Village in Buru Buru.



## IMPACTING EDUCATION, ENVIRONMENT AND EMPOWERING WOMEN

*Mayfair staff after completing the Faraja Cancer Support Trust Walk*

Mayfair Insurance carries out several corporate social responsibility initiatives touching on education, the environment and empowering women. They sponsor the education of students from underserved communities at several institutions, including Illula Integrated Secondary School and Starehe Boys and Girls Centers, aiming to provide access to quality education and opportunities for a brighter future.

They empower women by supporting the Enkiterunoto Women Group, promoting gender equality, enhancing livelihoods, and fostering sustainable development in local communities.

In addition, they actively participated in community health initiatives by taking part in the Mater Heart Run and supporting the Faraja Cancer Support Trust.

## SEVEN DAMS PROJECT 2024

*APA Staff members take part in building sand dams in Maindindu Machackos County in February 2024.*



APA through the APA Apollo Foundation has partnered with the Asian Foundation, and UDO (Utooni Development Organization) to construct seven sand dams to uplift the community and residents of Maindindu in Machakos County. The seven dams will span 14km. They are

anticipated to positively impact about 300 families by improving water access, enhancing agricultural productivity and diversifying economic livelihoods. Completion of the seven dams will bring to 45 the number of dams the Foundation will have built since 2006.

## JUBILEE HEALTH'S PUSH FOR SUSTAINABLE BUSINESS PRACTICES

*Roadshow truck sensitizing residents of Nakuru County of a free medical camp by Jubilee Health Insurance*



Jubilee Health Insurance's commitment to Environmental, Social and Governance (ESG) principles has seen them undertake various initiatives to reduce their carbon footprint and drive a sustainable business.

By transitioning to paperless outpatient services, they have streamlined the claims process, reducing both paperwork and environmental impact. Their digital

onboarding makes it quicker and greener for customers to get covered. They have rolled out free medical camps in underserved communities, while AI-driven claims adjudication ensures accurate and prompt benefits. Additionally, telematics technology and the Maisha Fiti program promote healthy lifestyles and positive health outcomes.



*APA Apollo Group CEO Ashok Shah presents Samwel Mwangi and Angela Libavi, the top boy and girl from Cheleta Primary School Nairobi in 2023 with a dummy cheque to cover their high school education fees sponsored by APA Apollo Foundation.*



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# ESG, CSR AND SUSTAINABILITY: WHAT'S THE DIFFERENCE?

By Francis Ngari



In recent years, businesses across the world have begun to incorporate environmental, social, and governance (ESG) principles, along with Corporate Social Responsibility (CSR) and Sustainability into their corporate policies, strategies and operations.

In most cases these terms are used interchangeably and meaning can vary across organizations and sectors. This article seeks to provide clarity on the definitions and scope of these terms. Come, let us explore each in detail and how to differentiate them.

## Sustainability

Sustainability is one of the most widely used concepts in the financial sector, with different views as to its scope and extent. The concept of sustainability emerged from the 1987 UN Brundtland Report, as “development that meets the needs of the present without compromising the needs of future generations”. This definition emphasises a harmonious balance of economic growth, environmental protection, and social well-being.

On to Sustainable finance, the European Union (EU) and University of California, Berkeley (2017) define it as “the practice of creating economic and social value through financial models, products and markets that are sustainable over time” I like the holistic view of finance, corporate social responsibility and ESG considerations and other sustainable development goals presented by this definition.

Is there a definition specifically for insurance, I hear you asking? The United Nations Environmental Programmes Financial Initiative (UNEP FI) defines sustainability in insurance as “a strategic approach in which all activities in the insurance value chain, including interactions with stakeholders, are done in a responsible and forward-thinking way by identifying, assessing, managing, and monitoring risks and opportunities associated with environmental, social, and governance issues”.

Environmental, Social and Governance (ESG) ESG, or Environmental, Social, and Governance, is a crucial concept that influences investors' evaluation

of a company's performance and risk exposure, considering both environmental, social, and governance impacts, alongside financial factors, in economic decisions.

Environmental impact includes energy use, water use, greenhouse gas emissions, waste management, and biodiversity maintenance.

Social impact includes human rights, gender equality, labour rights, working conditions, health and safety, employee relations, employment equity, diversity, inclusion, pay gaps, corruption and impact on local communities.

Governance impact includes transparency, shareholder rights, Board of Director independence, board diversity, executive compensation, and fairness.

ESG factors, though non-financial, have a material impact on long-term risk and return on investment. They are incorporated into risk mitigation, compliance, and investment strategies. Companies that use ESG standards are more conscious, less risky, and more likely to succeed in the long run. ESG investing, also known as sustainable investing, impact investing, and mission-related investing, is used by investors to evaluate corporations and determine their future financial performance and risk.

## Corporate Social Responsibility

**Corporate social responsibility or CSR refers to the strategies and initiatives that companies adopt to ensure ethical practices and positive impact on society and the environment.**

Corporate social responsibility (CSR) has a history in South Africa's Apartheid era, where corporations were expected to follow apartheid laws and perpetuate racial segregation. However, with increased international pressure, corporations began to take a stance on the issue. One example of CSR in this context is the Sullivan Principles, developed by civil rights leader Rev. Leon Sullivan in 1977, promoting equal treatment and opportunities for all employees.

## Nexus between Corporate Social Responsibility (CSR) and ESG

Corporate social responsibility or CSR and ESG are not the same but are related and they often overlap. ESG and CSR are both about a company's impact on society and the environment, but they differ in measurement metrics, focus, and incorporation into strategic plans, purpose, regulatory environment, maturity, and time.

When it comes to measurements CSR is subjective and focuses on a company's ethical practices, community involvement, and social impact, whereas ESG takes a quantitative approach and uses measurable data to assess sustainability. While CSR primarily uses descriptive metrics, ESG employs specific indicators and numerical values to evaluate a company's environmental impact, social performance, and governance practices. Simply put CSR is qualitative, while ESG is characterised by its quantitative measures.

The integration of Corporate Social Responsibility (CSR) into business strategy involves considering the company's organisational culture, values, norms, and ethical principles to ensure alignment with stakeholders. Incorporating ESG factors into business strategy involves materiality assessments, setting measurable goals with Key Performance Indicators (KPI) and regular audits to track progress and ensure compliance with ESG objectives.

Let us now look at the purpose for which ESG and CSR serve in organisations. CSR is often a strategic communications tool, a way for businesses to express their commitment to social responsibility, ethical conduct, and sustainability. It allows companies to share their values with stakeholders like customers, investors, and employees, and is effective for brand marketing. However, there are no external regulations and accountability. ESG factors significantly impact a company's valuation and influence, with investors now considering them in their investment decisions. By showcasing strong ESG performance, organisations can improve their reputation, attract responsible investors, and potentially enhance financial outcomes.

With Regards to the regulatory environment, CSR operates in a self-regulated environment, with voluntary programs and activities, often exceeding legal obligations. Companies can terminate these activities without explanation. ESG programs operate in a more regulated environment, mandated by government or industry, with reporting standards and legal requirements.

**ESG is now emerging as the primary decision-making framework for investors, regulators, businesses, consumers, and employees.**

In conclusion, sustainability entails conducting business with regard for both people and the planet, while also ensuring ethical profitability. Within this concept, Environmental, Social, and Governance (ESG) factors serve as a framework for measuring sustainability. On the other hand, Corporate Social Responsibility (CSR) is often seen as a 'qualitative' version of ESG, driven by a company's initiative to communicate with stakeholders and promote its brand. However, CSR has been criticised for lacking accountability and in some instances as a tool for greenwashing to cover up business misconduct. To truly achieve sustainability, companies must prioritise the implementation of robust, but realistic ESG programmes supported by material assessment. This will not only benefit their bottom line but also contribute to the greater good of society and the planet.

*The writer is an ESG and Sustainability Specialist at Gemina Insurance Company.*





# BEBA BEBA BASI GO: OUR INSURANCE EXPERIENCE

MOSES NDERITU, CEO, BASI GO

*Basi Go needs no introduction but just in case here is one: They are an innovative and ambitious e-mobility startup that is seeking to transform public transport in Kenya and Africa by doing away with the diesel driven vehicles that dominate our roads and replacing them with climate friendly electric buses. If they succeed we will drastically cut down CO2 emissions-by about a gigatonne every year. The AKI Journal engaged Basi GO CEO Moses Nderitu to find out how the electric buses are fairing and more importantly how they are navigating their insurance needs in Kenya.*



opted not to insure electric vehicles while others have priced the product very expensively.

Finding a balance between affordability and comprehensive coverage is essential to making EV insurance accessible to a broader range of customers, including fleet operators and public transportation operators

As the market for electric vehicles continues to mature and the technology becomes more mainstream, I anticipate that insurers will continue to refine their offerings, improve pricing models, and expand coverage options to better serve the evolving needs of EV owners and operators in Kenya and beyond. This ongoing progress is key to fostering a sustainable and environmentally friendly transportation ecosystem.

### Can we delve deeper into the challenges you faced getting insurance?

We encountered rigidity from Insurance Providers who are hesitant to deviate from traditional insurance models or adjust their underwriting criteria to accommodate the unique characteristics of electric vehicles. Overcoming this rigidity may require fostering greater collaboration between insurance companies, EV players, regulatory bodies, and other stakeholders to identify and address the specific needs of the EV market.

### How is Basi Go faring?

The uptake of electric buses has been quite promising. Many operators have expressed interest and reserved electric buses to add to their fleets because of the performance of the electric buses on the road. We currently have 24 electric buses plying across the Nairobi Metropolitan area.

Our job is solve the challenges that come with acquiring electric bus fleets namely high upfront costs and limited charging infrastructure, we are doing this through a unique Pay As You Drive offering and the deployment of dedicated bus charging stations across Africa. The transition to electric buses is a positive step towards creating more sustainable and eco-friendly urban transportation systems.

### Have you found an insurance product tailored to E-Vehicles in Kenya?

Yes, we have found an insurance product tailored to Electric vehicles in Kenya, it is not 100% there-refinement still going on.

### How has the 'insuring' process been?

It has been such a painful process, many insurers have

The lack of historical data on EV performance and claims, and uncertainty about long-term maintenance costs made most insurers' price high. However, finding ways to offer competitive pricing while still providing comprehensive coverage is essential to encourage broader adoption of EV insurance particularly in an emerging market like ours where affordability is key particularly in the context of public transport

### Have you had any claims experience?

Thankfully, In the 24 months the buses have been on passenger operations we have only had claims that related to windscreen damages that were easy to handle because the windscreens are sourced locally.

### In what ways can insurance companies do better for EV's?

Tailoring insurance products specifically for electric vehicles (EVs), is an important step towards supporting their adoption and ensuring their long-term viability in Kenya's transport landscape. While there are still some aspects to refine, the fact that there's already a product in place demonstrates a proactive approach to addressing the unique needs and considerations of EV owners and operators.

It's also crucial for insurance products to take into account the differences between electric and internal combustion engine (ICE) vehicles, such as the specific risks associated with battery technology, charging infrastructure, and maintenance requirements. As the market for EVs continues to grow, I imagine insurers will refine and expand their offerings to better serve this emerging sector. Tailor made insurance for electric vehicles will build confidence in EV technology and support the transition to cleaner and more sustainable transportation solutions.

#### • How are EVs insured in other jurisdictions?

Insurance for electric vehicles (EVs) varies across jurisdictions, but there are some common approaches and considerations seen in many regions:

• **Specialized EV Policies:** Some jurisdictions have developed specialized insurance policies tailored specifically for electric vehicles. These policies may offer coverage for unique risks associated with EVs.

• **Incentives and Discounts:** In certain regions, insurers may offer incentives or discounts for EV owners to encourage adoption. These incentives could include lower premiums, reduced deductibles, or other perks to offset the higher upfront costs of EVs and promote their environmental benefits.

• **Underwriting Criteria:** Insurers typically assess risk based on various factors such as driving history, vehicle type, and location. With EVs, additional factors like battery health, charging habits, and access to charging infrastructure may also be considered during the underwriting process.

• **Collaboration with Manufacturers:** Insurers may collaborate with EV players to gather data on vehicle performance, safety features, and reliability. This partnership can help insurers better understand the unique characteristics of EVs and tailor insurance products accordingly.

• **Government Regulations:** Government regulations and policies can also influence how EVs are insured.

Some jurisdictions may mandate certain types of coverage for EVs, offer tax incentives for EV insurance, or establish standards for insuring electric vehicles.

• **Charging Infrastructure Coverage:** Given the importance of charging infrastructure for EV owners, some insurance policies may include coverage for damage or loss related to charging stations or home charging equipment.

Overall, insurance for electric vehicles is evolving as the market grows and technology advances. Insurers are adapting their products and underwriting practices to accommodate the unique characteristics of EVs and support their widespread adoption across different jurisdictions.

### The Kenya Government has pronounced itself as - Pro-EV's - what problem are EV's solving? And what benefits lie in their adoption?

The Government's pro-EV stance is a commendable and strategic move that can help to address pressing environmental, economic, and social issues while paving the way for a sustainable and prosperous future. These issues include:

• **Air Quality:** Internal combustion engine (ICE) vehicles emit significant amounts of pollutants, including nitrogen oxides (NOx), particulate matter (PM), and volatile organic compounds (VOCs). These contribute to air pollution, which poses serious health risks.

• **Greenhouse Gas Emissions:** ICE vehicles are a major source of carbon dioxide (CO2) emissions, a primary contributor to global warming and climate change.

• **Oil Imports:** Kenya imports large quantities of oil to fuel its transportation sector. This dependency makes the country vulnerable to global oil price fluctuations and supply disruptions.

• **Forex/Economic Burden:** The importation of fossil fuels places a significant financial burden on the economy, affecting the trade balance and national budget and depleting scarce forex resources.

• **Fuel Costs:** Fossil fuels are expensive, and their prices are volatile. This leads to high and unpredictable operational costs for vehicle owners.

• **Maintenance Costs:** ICE vehicles have complex engines that require regular maintenance, adding to the operational costs.

• **Noise from Engines:** Traditional vehicles contribute to noise pollution in urban areas, which affects the quality of life.

### How important is insurance to the future of e-mobility?

Insurance is integral to the future of e-mobility in Kenya as it provides financial protection, incentivizes adoption, fosters innovation, supports infrastructure development, and addresses regulatory requirements. As the e-mobility industry continues to evolve, insurance will play an increasingly important role in shaping its trajectory and ensuring its long-term sustainability.



# GOING GA GA ON SUSTAINABILITY:



## THE GA STORY

When it comes to the insuring Electric Vehicles, GA insurance is in a class of their own-literally. They are the only insurer with a specific product for Electric Vehicles-they call it Eco-drive. But its more than that, they have recently put-up hand painted and recycled billboards on carbon credits across Nairobi.

**Sustainability is big for GA. The AKI Journal sought to find out why.**



### How important is Sustainability to GA?

Sustainability is at the core of our long-term game plan. Our strategic initiatives are aimed at ensuring environmental, economic and social sustainability. We have proactively supported the e-mobility sector with tailored solutions. Our carbon-neutral motor cover for electric vehicles (EVs) is just the beginning. We are also finalizing an extended warranty cover for EV batteries. These specialized risk transfer solutions aim to promote eco-friendly transportation options, significantly contributing to the reduction of greenhouse gas emissions and air pollution.

Economically, we have struck a balance between profit-making and empowering our clients. Our diverse product offerings have fueled economic growth in the regions we operate in. For instance, during the 2024 long

rains season that caused floods, we have swiftly assisted our policyholders in recovery, thereby preserving jobs and production within the economy. We continuously review our premium rates to ensure they support sustainable long-term growth and the company's ongoing viability.

Socially, our Corporate Social Responsibility (CSR) initiatives are channeled through the Bhagwanji Raja Charitable Foundation. These purpose-driven social programs demonstrate the vital role businesses can play in fostering a more equitable and sustainable world. Our GA Education Scholarship program supports over 100 needy students with comprehensive aid, including career counseling and financial support. Additionally, our GA Health Support Program, in partnership with Kamili Organization, funds training for nurses and supports over 7,700 patients across multiple mental



health clinics in Kenya, reflecting our commitment to community well-being.

### What other sustainability initiatives/activities are you undertaking? (This could be to ensure a sustainable business or also aligned to ESG initiatives)

For the past 12 years, GA Insurance has been dedicated to supporting over 3,000 women from the Kibera slums through the Kipepeo Trust Foundation. This self-help group focuses on recycling wastepaper, with GA providing shredded paper for upcycling into decorative cards and other products. This initiative not only reduces environmental pollution but also offers sustainable livelihoods for these women. We further assist by marketing their products and buying them at premium prices.

In the month of May 2024, our staff participated in a tree-planting event at Osupuko Primary School, aligning with Kenya's 30% tree coverage initiative, with each tree representing a motor insurance policy purchased from us, involving our customers in our ESG efforts. We are committed to annual tree planting across Kenya, addressing deforestation and benefiting communities with the ecosystem services provided by trees. Additionally, our iconic billboards now feature a special cement-based paint called Celour, which captures up to 20% of its weight in CO2, equating to the daily absorption rate of an average tree.

GA is also committed to sustainability through digitization. Our digitization efforts include digital claims processing, online policy management, mobile applications, and automated customer service, all aimed at reducing paper use and enhancing efficiency. Additionally, we train policyholders on risk management and mitigation strategies through workshops, online resources, personalized risk assessments, emergency preparedness training, and regular communication, ensuring both our business and our clients' operations run sustainably and resiliently.

### What do you think the overall impact of Sustainability on the insurance sector will be?

We think that the impact of Sustainability in the insurance industry will be significant and multifaceted.

We are currently witnessing how sustainability is driving innovation in the insurance sector, prompting insurers to redesign their products and processes to ensure support for the green initiatives. Going forward, we expect insurers to scale their Internal Focus on the sustainability journey. This involves adopting sustainable practices within their own operations, managing climate risks, and applying sustainability standards to their investments.

Pressure from clients, regulators, shareholders, and society at large drives insurers to consider ESG factors. Clients increasingly seek insurance providers that align with their values and demonstrate responsible practices.

Insurers play a leading role in understanding and managing climate-related risks, particularly as extreme weather events become more frequent. We will continue to assess the impact of these events on our balance sheets and develop strategies to mitigate these risks.

Sustainability considerations will reshape the insurance industry, drive innovation, responsible practices, and enhanced risk management.

### What are the unique risks and considerations when dealing with EV insurance?

Normal Vehicles (Internal Combustion Engines) and Electric Vehicles face relatively similar risks when on the road like accidents, theft and fire etc. However, like all inventions or new technologies, EVs have certain special unique features and are therefore exposed to unique risks.

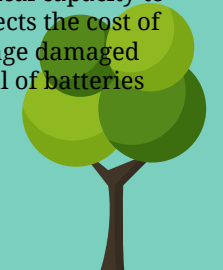
- **First is an elevated risk of fire.** Battery-related incidents are the most common cause of EV fires. These incidents can be attributed to manufacturing defects from factory production level, battery degradation, improper use, collisions, and overcharging and extreme temperature conditions.
- **Secondly, the risk of flooding.** Submersion in water can cause permanent damage to an EV's electrical system and its battery components.
- **Third, the high voltage or high-tension charger and electrical system** pose a danger of electrocution, not just to the user or owner, but also to third parties sharing facilities where EVs are being powered.
- **Lastly, most EVs are interconnected and come with autonomous driving capabilities.** This exposes them to **cyber-attacks.**

As an underwriter, we actively scan all hazards and anticipate projected risks for the benefit of our clients. With the help of our in-house engineers, we have been able to identify risk indicators to help minimize our exposure. We also continue to engage with the original equipment manufacturers (OEMs) and accredited dealers to improve on our risk mitigation strategies and plans.

### What challenges exist in insuring EVs?

At the moment, there is limited expertise in the local market to repair EVs. Availability of spare parts, especially the electronic components is also constrained. Most dealers have a just-in-time stock management model for electronic components of EVs such as motor and battery. These parts are imported on demand, exposing insurers to foreign exchange risks. A volatile and fluctuating forex market can render the acquisition and logistics unattainable and subsequently unsustainable.

Secondly, there is no demonstrated technical capacity to recycle batteries locally. This in turn projects the cost of claims upward as we are not able to salvage damaged batteries. Furthermore, improper disposal of batteries





has associated environmental pollution concerns.

Lastly, we have experienced a steady increase in towing costs for EVs in case of an accident. We have set guidelines that EVs are towed using low bed carriers only, since batteries are located in the undercarriage. Low bed carriers come at a higher cost.

**The Government is keen on pushing the use of EVs in the country, what incentives have they put in place to support this policy?**

There has been incredible goodwill from the State. The Kenyan government has embraced E-mobility as a critical component of sustainability initiatives. The state plans that out of the total vehicles registered, 5% will be electric cars by 2025. The President has been at the forefront in pushing this agenda. Recently while on official duty in India, he indicated the government's intention is to replace two million petrol motorbikes with electric motorbikes.

Further, the Government has put in place subsidies to accelerate industrialization and growth of clean transport. Electric vehicles assembled in the country are exempt from the 25 percent import duty on such models that are shipped in fully built from overseas. They are also shielded from the 25 percent excise duty that applies to fully built imports.

The Government has also rolled out policies and regulations to support adoption of electric vehicles. The Energy and Petroleum Regulatory Authority (EPRA) recently published regulatory guidelines that would require the installation of charging infrastructure after every 25 kilometers along major highways. Similar progressive laws are outlined in the Battery Swapping Guidelines, and Tax Law Amendments can further unlock opportunities in the electric mobility space.

**What do you think the impact of EVs on premiums will be in the coming years?**

Presently, premiums on Electric vehicles are slightly higher as compared to those of ICE vehicles for reasons already outlined above.

However, we expect the premium rates to reduce in the near future as the local market builds capacity in repairing electric vehicles, and spare parts availability increases, we expect premium rates to reduce in line.

EVs come with telematics, which represent a great opportunity to reduce fraud and eventually lower premiums.

**What has your experience been so far with the product you rolled out in September 2023?**

Since the launch, we have focused on market sensitization through training and creating awareness

of the GA Eco Drive cover through different channels. The cover has quickly gained traction, demonstrating GA Insurance's ability to deliver exceptional value to our customers. We have all types of EVs in our books; Buses, cars, tuk-tuks, motorcycles, scooters and even bicycles. We expect most claims to start flowing in during the first quarter of 2024.

**What are your thoughts on future trends of EV insurance in Kenya?**

The future is indeed promising and green, we have led the way, we expect other insurers to follow suit. With more players, comes the downward pressure on premium rates.

Two wheelers will continue maintaining the lead and battery as a service gaining traction across the country. We also anticipate innovation on usage-based insurance products on EVs as they are telematics enabled.

# A new chapter in insurance CO<sub>2</sub> covers.

GA Insurance is taking the lead in carbon neutrality through two key differentiators. It is the first to launch a EV specific cover for individuals and fleets that includes benefits unique to this emerging category. It is also the first to continuously buy carbon credits to increase the sustainability score of Kenya.

You could flip the page or reach out to us to help flip the narrative on sustainability through carbon neutrality.





# BUILDING RESILIENCE:

## HOW INSURANCE AND GOVERNMENT CAN PARTNER TO SAVE AFRICA FROM CLIMATE DISASTERS

By Linet Odera



### Kenya and Africa are at the center of the storm.

A recent report by the Intergovernmental Panel on Climate Change (IPCC) lays bare the bleak, stark extremities projected for Africa. The report puts Africa at the epicenter of possible extreme outcomes from the continued warming of the planet: a 1.5°C rise in temperature will cause heavy and frequent precipitation and flooding. A 2.0°C would almost spell doom and usher in agricultural and ecological droughts in Africa.

Decreasing agricultural productivity and the attendant negative crop yields further compound the food security question, with East Africa identified as highly vulnerable in this regard. These risks put the attainment of the sustainable development goals in peril with a short runway to the target date of 2030. In addition to this looming storm, Africa is the least financially resilient continent, when measured as a percentage of GDP, Africa's insurance penetration stands at half that of the World average. Premium payments lag behind global averages by 11x, indicating the headroom available for growth and conversely pointing to the risk that the continent is exposed to with no downside protection. These are indicators of the lack of resilience that persist continent-wide.

Whereas a lot of focus has been directed towards funding for climate mitigation and adaptation, not enough emphasis has been placed on financing risk and the potential role that insurance could play in shoring up resilience on the continent. As a risk-transfer mechanism, the downside protection from insurance can mitigate the impact of climate change and help safeguard the developmental gains made on the continent; avoiding the vicious spiral that afflicts people once risks materialize. The deployment of insurance as a tool to help address climate change related challenges was a vibrant topic of discussion at the UN Conference of Parties (COP28) in Dubai.

In Kenya, the agricultural sector is a key component of economic development, the main source of food security, and a primary source of food and income for most households. Climate change has manifested through extreme weather and climate events with obvious negative consequences on the general economic status of the country.

Kenya as most of its neighboring counties, especially the Arid and Semi-Arid Lands (ASALs), are at the front line of our changing climate. As a result of increasing shocks, rising and interconnected risks, and weak governance capacity, development in these areas remain fragile. Because of this reliance on climate-sensitive sectors for employment and economic growth when crises happen, resources are diverted away from sustainable development priorities towards emergency, response and reconstruction efforts. The COVID-19 pandemic further highlighted this fragility and exacerbated the vulnerability of the country. Kenya also carries a heavy debt burden meaning the time to invest in the long-term financial resilience of communities and the country is now.

The private sector has in the past been reluctant to underwrite climate risk insurance due to the attendant risks coupled with low uptake of insurance

which puts risk carriers in an unforgiving cycle of sub-optimal risk diversification and economies of scale, driving up the cost of capital and operations threatening the sustainability of their supply at affordable prices. Higher premiums, in turn, further constrain the ability of vulnerable communities to buy insurance. This perfect storm is taking place against a backdrop of a paucity in financial resources by both National and sub-national governing units. The lack of a structured approach to financial risk management has become evident.

It is in this context that UNDP's Insurance and Risk Financing Facility (IRFF) is currently engaged in a massive program called The Tripartite Agreement featuring UNDP, the German Government, and the Insurance Development Forum (IDF). This partnership draws on the relevant expertise and capacities of public and private sector partners to address the protection gap by strengthening the resilience of countries through sound risk management principles and the deployment of tools and solutions.

Under this flagship initiative UNDP is partnering with the insurance sector to deliver innovative protection solutions in 50 developing countries by 2025 while building the capacity of governments to quantify and finance the potential impacts of acute shocks caused by disasters and minimizing threats to development progress and fiscal stability.

This facility is operational in 34 countries. A key element of this work is the development of sovereign risk financing, inclusive insurance solutions and investment in the long-term transformation of insurance markets. While this is noble, affordability of these solutions, in combination with other factors such as lack of an understanding of risk, uneven financial literacy, inadequate understanding of the potential for risk transfer, lack of insurance industry capacity, weak systems and governance capacity financial risk management, insufficient legislation, regulation and government capacity often limits their uptake. Financial (premium) support to countries has the potential to break this vicious cycle. It can improve Disaster Risk Finance affordability and uptake, risk carrier sustainability, and ultimately increase resilience benefits for vulnerable countries and people.

Insurance is integral to Africa's ability to manage climate disasters and protect its economies.

*The writer is the Regional Technical Lead, Insurance and Risk Finance at UNDP*





# LEADERSHIP

## GROW YOUR PEOPLE, AND THEY WILL GROW THE BUSINESS

Meshack Miyogo is the Managing Director of CIC Life Insurance. He believes that when he grows people in his team, the business will thrive, and he too will grow.

Here is part one of our interview with him at his office at CIC Plaza.

To own your space, you have to prove yourself with what you are bringing to the table. I had to think outside the box with the experience I had in banking, in terms of sales. My main focus when I joined this company, was to come up with distribution channels and to grow sales. The good thing is I have always been an astute salesperson. So I really had to make sure I put that into focus.

Setting up new distribution channels that are competitive and performance-based was a big challenge. When I came to insurance I was surprised to find sales teams that were on a salary which means that means people are not moving. I put in a retainer-based performance model, which faced a lot of challenges, salespeople complained directly to management who were not too happy with that kind of disturbance because you're getting into people's income. But within a short time, people became more productive.

Those who were not productive, had to look for other alternatives. But at the end of the day, it was a good model. Today, some of those people who stayed within the sales channels are branch managers and regional managers in CIC-they have really grown.

Those changes were not easy to execute and then there was my leadership style. People were laid back then. I'm quite engaging. So that was also another change. It was more technical then and if you are being technical, it means you're not engaging people including consumers.

### Let's talk more about your leadership style. What's your mindset?

My leadership mindset is simple-when you work with people -inspire them to grow. You know, abundance mentality. So any time I join a team, I normally want to work on their mindset that you are doing it for yourself. You are doing it for your growth- career-wise, family wise and so on.

As long as you are working with me, I want you to make your life better. I will give you the opportunity, I will create the environment. But as a person, you need to develop a mindset of personal growth.

Using that methodology in leadership really makes things easy. Because people forget about you, and they start looking at themselves. They work for themselves. As they work for themselves, through the jobs that they are doing, it really moves them to the next level.

In short, my leadership style is personal growth.

Actually, that's the theme for my team I run a concept called RIAPE. R is for Re-energize. I is for inspire. A is for aspire. P is for perform and E is for Earn. This mantra applies to all staff at CIC Life whether you're in sales, or you're in the back office.

Perform, and the company will make you earn.

### So where does the energy to lead come?

Well, the energy comes from, seeing people grow, seeing progress and milestones.

When I work with teams and I see them grow, that creates inspiration in me as well. And automatically, leaders who help people to grow, they automatically grow. If you are in the business of making people feel like they are your subjects, then you will not grow.

And where I am today is not because of myself. It's because of the people I worked with. The results I've gotten to put me in the position I am today is because of people.

And those people, I can tell you, have also grown. They are not at the same level.

Three years into this company, when I came, we were not earning bonus. Today my team knows the meaning of bonus. That is growth. They are more energized. They are inspired. It feels very good when someone comes and tells me, Meshack, I've been able to purchase some piece of land at home because of the bonus I got.

### You are very particular about encouraging your people to grow even outside the workplace. Why?

It's very important because what it does, it also makes them loyal. I like to pick examples of salespeople. If someone came into the sales team without a degree, they have a diploma. You mentor them, they re-energize themselves, go back to school and get their degree or those with degrees get master's degrees.

That has become one of my key agenda in terms of personal growth. What are your aspirations? You want to buy a car. Good. If you buy a car, it will help you to become a better salesperson because of mobility, because of image and all that. At the end of the day, when someone goes back to school, for example, they become more marketable, not only within CIC but outside.

I'm happy to say I have people who I have worked with have grown and even joined other companies. The only way you can grow is when you think beyond your current role.

You must see yourself five years from now. Where do I want to go? What kind of skills will be needed in the market?

### As a business leader, what keeps you up at night?

As an MD, these are things that keep me awake. How do I grow my profitability? How do I grow my market share? How do I ensure I have solutions that are best for the customers? How do I ensure that the team I have will help drive that growth, that profitability?

In this position, shareholders become a key focus. What are you going to give them at the end of the year?

But of course, I also have my personal goals that I have in mind that also put me on the path. I don't want to fail. So that also makes me not sleep.

One of the things I say is, it is you who has the golden hands as a leader. Nobody else. There are no sacred people with golden hands in terms of turning a business around. It is you. So, work hard. When you are a leader, if things are bad, you have an opportunity to turn things positively and make positive changes.

### What state is the insurance sector in right now? And what trends do you think are shaping its future?

From where I sit the industry is moving in the right direction. There is a lot of engagement with AKI and IRA and I think

that helps the stability of the industry-I strongly feel we are better off compared to 20 years.

In terms of trends, digital is a journey that we have to walk. That's a trend that you cannot run away from. Customer centricity, as well.

In terms of automation, artificial intelligence, that's a journey that is starting. I don't think we are already deep into it, but that's a journey that we are starting across the industry and we just need to see how we have to adopt.

The other trend is Kenya as a strong market, there is also a lot of interest from players outside Kenya, global players, who would want to get a stake into the industry. We have new things like IFRS 17 reporting, which paint a very clear picture of how insurance contracts are executed and provide a health check of insurance companies with a very solid standard.

And of course the economy, I would not say the economy is really shaken, but of course there are going to be turbulent moments for the insurance industry. As you know there are issues with the finance bill that will affect purchasing power of customers, which again will affect the consumption of insurance. So, we really must be innovative in our approach as an industry.

### If you had a magic wand and could fix one thing about the insurance industry or change one thing about the insurance industry in Kenya, what would you change?

Integrity. If we just put integrity into insurance operations and execution, we are good.

### Is Sustainability a concern for you and in what way?

Well, sustainability is key across and for me how do we make the insurance industry sustainable? Number one is to have innovative solutions. We have a lot of traditional solutions that probably are not up to par with the current trends.

We have Generation Z who think very different. In a few years they will be the main consumers of insurance. In a short while they'll be the decision makers in some of these companies. So that has to be put into place as solutions that are addressing the current trends and customer segments.

Sustainability in terms of using technology. Technology is a key factor in insurance sustainability. As I said, things to do with automation, AI, products that are also friendly to customers, they can be easily accessed.

Regulation is key for sustainability. We must have very solid regulation and oversight. You have so many players, some with their own interests. But regulation must also not stifle growth.

The other thing is we have to align with ESG. That's a global trend. If you are to participate in certain risks, you must show that you are aligned to ESG, climate change resilience and taking a holistic consideration to the impact of your business.

Sustainability must also look at human resource. Are we developing a generation that can handle insurance now and in the future with the right skills? Are we training? Are we empowering our salespeople? Are we preparing our individual life agents for the future? Are we putting them in the right format so that they can be sustainable and drive the business? Some people think digital will replace life insurance. I have a different opinion. These things will still go hand in hand. I could go on but let stop there for now.





# BEING PROACTIVE CAN DRASTICALLY IMPROVE YOUR INSURANCE CUSTOMER EXPERIENCE

By Calvince Onduru

Jerono, a diligent mother of three, spends her days working tirelessly to provide for her family. One evening, after a long day at work, she receives a call that her only son, Kiptoo, has been hit by a car while skating on the road. Thankfully, he is okay, but the medical bills start piling up quickly. Despite having a health insurance policy, Jerono realizes she never fully understood the terms of her coverage. She faces numerous hurdles trying to navigate the claims process, all while dealing with the emotional stress of the accident.

This is a common challenge many face when dealing with insurance. For Jerono, and countless others, the intricacies of insurance contracts, the steps to reduce claims, and the claims process itself can be daunting. Understanding these aspects can empower you to make informed decisions, and navigate the claims process smoothly when necessary.

## What customers should know and do before signing an insurance contract

Before signing an insurance contract, you must take several crucial steps to ensure you are making the best decision for your needs. First and foremost,

understanding the terms and conditions of the policy is essential. This means meticulously reading the policy document, paying particular attention to the coverage details, exclusions, and any additional clauses that might affect your cover. This will allow you to seek vital clarifications from the insurance agent or broker on any points that are unclear to avoid future surprises.

It is also vital to compare different policies from various insurers. Interrogate factors such as premium costs, coverage limits, and the reputation of the insurance company. Online reviews and ratings can provide insights into the experiences of other policyholders, helping you to gauge the reliability and customer service of each insurer. Consulting with an independent insurance advisor offers unbiased advice tailored to her specific needs.

Everyday many Kenyans like Jerono discover they really do not know the details of their insurance at all. And this is usually the beginning of a long cycle of uncertainty and distress.

Before taking a cover, it is crucial to understand your own risk profile, you must evaluate your lifestyle,

health, and potential risks to determine the type and amount of coverage you and your family need. A young, healthy individual, might prioritize disability insurance over critical illness coverage. Your family's medical history will also inform the acquisition of having comprehensive health and life insurance.

If Jerono has taken the above steps, nothing in her cover would have surprised her, she would have had a thorough understanding of her insurance policy and adequately prepared for any unforeseen events. This kind of proactive approach is crucial to navigating the complexities of insurance with confidence.

## Steps to Reduce Claims

Preventive measures can significantly reduce the likelihood of filing an insurance claim. For life and health insurance policyholders, maintaining a healthy lifestyle is paramount. Regular exercise, a balanced diet, and routine medical check-ups can help prevent illnesses and detect health issues early, thereby reducing the risk of severe medical conditions that could cause loss of life.

Policyholders should also avoid risky behaviours that could lead to accidents or injuries. This includes following safety guidelines at work, adhering to traffic rules, and avoiding hazardous activities without proper precautions. In the case of property insurance, regular maintenance and safety measures can prevent damages and losses. For instance, installing smoke detectors, security systems, and regularly checking the structural integrity of one's home can minimize the risk of fire, theft, or other property damage.

## Maintaining an active Insurance Policy

Once an insurance policy is active, keeping the insurer informed about any significant changes in personal circumstances, such as a change of address, marital status, or health condition, is crucial. Such changes can affect the policy, and failure to report them might lead to complications during claims.

Regularly reviewing the policy to ensure it still meets your needs is also important. As life circumstances change, so might the coverage requirements. You should consider updating your policies to reflect changes such as the birth of a child, acquiring a new property, or changes in income.

## What to do when facing challenges

The first step is to contact your insurance provider for assistance. Most issues can be resolved through direct communication with the insurer. If the issue remains unresolved, seek help from regulatory bodies or consumer protection agencies. In some cases, consulting a lawyer specializing in insurance law might be necessary to understand one's rights and options.

## Understanding the Claims Process

When it comes to filing a claim, understanding the process can alleviate much of the stress and confusion. The life insurance claims process generally involves several steps:

**Notification of the Claim:** The policyholder or your beneficiary must notify the insurance company of the event that triggers the claim. This can typically be done online, by phone, or through a written notification.

**Submission of Required Documents:** The claimant must provide necessary documents such as the original policy document, death certificate (for life insurance), and any other required forms. It's essential to ensure all documents are accurate and complete to avoid delays. **Review and Verification:** The insurance company will review the submitted documents and verify the claim. This might involve further investigation to confirm the validity of the claim.

**Claim Settlement:** Once the claim is verified, the insurance company will process the payment. The time frame for this can vary, but insurers strive to settle claims as quickly as possible.

## Common mistakes in claims

Incomplete or inaccurate documentation is one of the most frequent issues. You should double-check all forms and documents before submission to ensure they are complete and accurate. Another common mistake is failing to inform the insurer of significant changes in circumstances, and in a timely manner, this can affect the validity of a claim.

Additionally, misunderstanding the policy terms and coverage limits can lead to disputes. You should understand the policy details and seek clarification from the insurer if needed.

## What you need to understand about the claims process

Transparency and accuracy are crucial in navigating the claims process effectively. Providing complete and truthful information to the insurer is essential for a smooth claims process. Keep thorough records of all communications and transactions related to your policy and claim.

Understanding the insurer's requirements and procedures can prevent misunderstandings and delays. If a claim is denied, you have the right to ask for a detailed explanation and can appeal the decision if you believe it is unjust.

## Conclusion

Jerono's story illustrates the critical role customers play in the insurance process, from the initial selection of a policy to the effective navigation of the claims process. Just as she learned the importance of understanding her policy's terms after her son's accident, you should strive to be informed and proactive. By thoroughly researching policies, understanding exclusions, and maintaining transparency with the insurer, you can ensure you receive the full benefits of your coverage. This knowledge and preparation not only empower you but also contribute to a more transparent and efficient insurance industry, ultimately leading to better outcomes for everyone involved.

*The writer is the Deputy Managing Director (Life Assurance) Equity Life Assurance (Kenya) Limited*



# UNDERSTANDING HEALTHCARE COSTS KEY TO SUSTAINABLY MANAGING HEALTH INSURANCE

By Justine Kosgei



In the fabric of our daily lives, a silent struggle weaves its way through our families and organizations. It has happened to all of us. One minute we are going through our day, the next we are added to a Whatsapp group to raise funds for the medical expenses of a friend or colleague.

The soaring costs of healthcare are a reality almost all Kenyans are familiar with; a 2021 study by the Association of Kenya Insurers (AKI) on Insurance Awareness, Customer needs and Satisfaction, revealed that Kenyans perceive exorbitant medical costs as the most significant risk to their well-being.

The burn of healthcare costs is scorching health insurance, premiums are going up and cover limits are no longer as large as they seemed.

It is time to face the question: How can we keep hospital bills down and insurance premiums manageable?

During periods characterized by persistent inflation, such as the post-Covid era, healthcare costs surge dramatically. For instance, expenses for consultations, specific procedures like maternity care, and certain medications have, in some cases, doubled over the last five to seven years.

Understanding the drivers of healthcare costs will assist families and organizations to manage expenditures on health insurance. The key driver of healthcare costs is in the input costs such as the increase in drug costs, diagnostic equipment and reagents, consultations, and general cost of doing business.

Specifically, drugs, which form a significant proportion of treatment costs, often over forty percent, are further impacted by foreign exchange price fluctuations. This is because most drugs are imported and thus subject to these foreign exchange movements.

Further, the prevalence of chronic illnesses driven by sedentary lifestyles, and the increasing aging population drive up costs; illnesses such as hypertension, diabetes, and arthritis require long-term management and if mismanaged can lead to complications requiring hospitalizations.

When healthcare costs rise, health insurance premiums also increase to enable insurers sustainably remain in business and work towards returning a profit. The good news is individuals and organizations, can make certain adjustments to counter the rise in healthcare costs and by extension the rising cost of health insurance premiums.

The first step is to assess the scope of the medical coverage required, ensuring it aligns with your individual or organizational requirements. For instance, a younger demographic may not require extensive coverage for chronic conditions. Additionally, examine the panel list outlined in your policy and select one that fits your budget. Opting for a more limited panel, as opposed to a broader array of service providers, is one way to achieve this. Moreover, considering cost-sharing arrangements like co-pays and deductibles, although not common in the Kenyan insurance landscape, can effectively reduce health insurance premiums and influence the utilization patterns of coverage, particularly for organizations.

Secondly, utilizing virtual healthcare access options such as telehealth and telemedicine, and more so as the first line of usage before using mainstream health facilities for minor ailments have been seen to reduce costs significantly. Drug delivery programs especially for refills for long-term conditions are critical in maintaining health expenses within the budget.

Third, embracing preventative healthcare such as annual medical check-ups will assist in alleviating potentially huge future health expenditures. Serious health conditions can be diagnosed early enabling timely interventions which increase the chances of successful treatments as well as guarantee lower costs of treatment. Waiting until you are sick to go to hospital often means higher costs.

Taking care of yourself is essential. Wellness programs centered on fitness, stress management, and lifestyle changes are known to help improve overall well-being. Investing in and utilizing gym memberships, fitness trackers, home exercise equipment as well as workout groups can enhance fitness and reduce incidences of lifestyle diseases, prevent certain chronic health conditions and reduce the utilization of healthcare services.

*The writer is the CEO of AAR Insurance*

## Weather WORRIES? *Insure* for peace of mind



The recent heavy rains have caused widespread flooding in Kenya, highlighting the importance of **reliable insurance coverage**. At Intra Africa, we offer robust **Fire Domestic** and **Fire Industrial policies** to protect residential and commercial properties.



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# A SMOOTH RIDE:

## THE ROLE OF THE CUSTOMER IN MOTOR INSURANCE

By Daniel Wachira

If you speak to car owners in Kenya about their pain points-these are the top three: fuel prices, mechanics and insurance. I will tackle the insurance pain point. The main reason for this angst is a lack of sufficient knowledge of how insurance works, how claims are processed and the customer's role in the entire process.

Despite numerous efforts by the Insurance Regulatory Authority (IRA) and the Association of Kenya Insurers there remains a massive gap in the public understanding of insurance and how claims are lodged, processed and then importantly approved or denied.

Understanding the process can significantly improve the insurance experience.

Take a ride with me then, let us take a road trip through motor claims and what is required of the customer. Before I start the engine, it is important to understand that in motor insurance the customer is central at two points of the process-at the inception of the cover and when lodging a claim.

### The customer's role at cover inception

Whilst the below list is in no way exhaustive, it summarizes my insight into what customers must pay attention to at cover inception for a seamless claim experience.

- **Full Disclosure** - The customer ought to declare all material facts about himself and the motor vehicle whether asked for by the insurer or not. Material facts include past insurance activity, the condition of the vehicle, its usage etc. Non-disclosure of material facts may invalidate the contract and nullify any claims. Withholding information or being untruthful is a guaranteed way to have a painful insurance experience.
- **Understanding the insurance policy** - The customer must go through the policy document for an understanding of the scope of coverage, exclusions and the attaching conditions and warranties and ensure that they comply for admissibility of claims. I advise customers to ask questions, to ensure they understand every aspect of the policy.
- **Continuous Maintenance of the vehicle** - The vehicle must be kept in a road worthy condition throughout the currency of the cover.
- **Declaration of material changes** - Should there be a material change such as change of engine, the vehicle's usage, ownerships etc, and the insurer should be advised for appropriate guidance/action. If in doubt, just call and ask.

### The role of the customer in case of a claim

Together with all other actions that the policy and the insurer may call for, I consider the below key to ensuring that there are no gaps that may lead to the insurer's inability to settle the claim

- **Timely Notification** - Any event that's likely to lead to a claim must be brought to the attention of the insurer as soon as it happens.
- **Loss minimization** - After an event that causes damage, the customer must take steps to prevent any more losses. For example, after a car accident, the customer should secure the vehicle and not drive it if doing so would cause more damage.
- **Documentation** - The customer must submit all the requisite documents as may be asked to for the assessment, validation and settlement of the claim.
- **Full disclosure** - All material facts relating to the loss must be declared as they are. Concealment and misrepresentation of material facts may make the claim inadmissible.
- **Cooperation** - The insurer may at will engage external service providers such as assessors, investigators, advocates etc. for validation and claim settlement. The customer is expected to cooperate with these providers fully as they are a part of the process.

The above said, an understanding of the claims journey will help customers a big deal. Different insurers may have different approaches to motor claims. There is however a generic process that's used across the industry as briefly described below.

- **Notification and documentation** - After a loss has happened (be it an accident or theft), the customer should notify the insurer immediately and document the claim as the insurer may guide.
- **Assessment, validation and quantification** - The customer then garages the vehicle for assessment by a motor assessor appointed by the insurer. After assessment, the assessor issues the insurer with a report guiding on the mode of settlement - repairs if the vehicle is repairable or settlement on total loss basis if not repairable.
- **Post repairs assessment and release** - On receipt of the report, the insurer authorizes the garage to proceed with the repairs. On completion of repairs, a post repairs assessment is done by an assessor, a satisfaction note signed by the client if satisfied with the repairs and the vehicle released.

It's worth noting that should a customer not be satisfied with the service offered by the insurer; the policy document describes a complaint process that includes the involvement of independent third parties where need be.

*The writer is the head of Claims at Heritage Insurance*





# CLIMATE INSURANCE: THE BRITAM EXPERIENCE

By Saurabh Sharma

The onset of the long rain's seasons in March saw Kenya experience one of its most catastrophic floods in years.

Torrential caused devastating floods, leaving over 200 dead and thousands displaced, wreaking havoc on households and businesses, livestock and farmland.

Such natural disasters amplify the need for minimal formal and informal insurance solutions that protect households, farmers and businesses. Despite climate change causing rising temperatures and rainfall variations that lead to droughts or floods, these emerging risks are underserved in the market. While some crop and livestock insurance options exist, the majority of potential losses remain unprotected.

Through its micro insurance business unit, Britam has established insurance solutions that mitigate climate risks, safeguard vulnerable communities like farmers, informal workers, and SMEs against various risks including climate related losses.

Estimates indicate that climate change will impact 2.6% of Kenya's GDP annually by 2030.

Britam is helping to bridge this gap by insuring 16,000 small-scale farmers and pastoralists with crop and livestock insurance to cover for losses incurred as a

result of weather shocks such as drought and pests and diseases.

## Parametric Flood Insurance

Last year, Britam partnered with Oxfam in Kenya and global reinsurer, Swiss Re to launch the Index-Based Flood Insurance (IBFI) policy to cushion small-scale farmers living along the banks of the Tana River in Tana River County from the devastating effects of floods. The flood insurance solution was developed using data modelling and satellite imagery to predetermine flood thresholds and provide affordable coverage.

It utilizes water level data to analyze historical flooding patterns along the Tana River. By analyzing these patterns with socio-economic information, the solution assesses the potential impacts of flooding on households.

Following flooding in Upper Tana during the short rain season in 2023 and the long rain season in 2024, 300 flood-affected households in Madogo Ward, Tana River County, received a significant boost when Britam and Swiss Re paid a total of Kes 15 million in claims compensation for their losses.

The payout played helped affected households recover from the immediate impacts of flooding, while also

promoting long-term economic and social stability in the region.

Britam and the Tana River County Government officially signed a Memorandum of Understanding (MoU) to scale the flood insurance solution to cover more families in the county and enhance the resilience of communities against the impacts of floods.

## Crop Insurance: Empowering Smallholder Farmers

Britam in partnership with leading agricultural aggregators has also designed affordable index insurance product to safeguard small holder farmers against climate risks, weather shocks, pests and diseases.

The claims payout process is swift and determined by pre-agreed index triggers. Prompt claim payments are crucial for stabilizing household incomes during droughts and severe weather events, allowing farmers to invest in their families' livelihoods by addressing food shortages, saving money, paying off debts, and investing in assets like livestock and their children's education. These investments lead to improved food security, increased savings capacity, reduced household indebtedness, and greater investment in productive assets and livelihoods.

Launched in 2023, the product has insured 7,573 farmers

in Trans Nzoia and Uasin Gishu Counties. Britam paid out Kes 2.1 million Kenyan shillings to compensate farmers adversely affected by excessive rainfall and uncontrollable pests and diseases during the planting season.

## Embedding sustainability in Britam's value chain

The company actively champions sustainability through its ESG Champion program, where over 100 employees from all departments participate, with the Group Managing Director as the leading advocate.

Britam is a signatory to the Nairobi Declaration on Sustainable Insurance and a member of the UN Global Compact. These affiliations ensure that the company is at the forefront of upholding fundamental responsibilities in human rights, labor standards, environmental protection, and anti-corruption practices.

Britam Tower, East Africa's tallest structure, exemplifies this commitment by achieving EDGE certification, a globally recognized standard for resource-efficient buildings

*The writer is the Director, Emerging Consumers at Britam*



**Britam Group Managing Director and CEO Tom Gitogo (fourth-right) leads the Britam management in handing over Sh14.1 million in flooding insurance claims to Oxfam Kenya's Humanitarian Director Mathew Cousins (second-left), who facilitated payments to 300 flood-affected households in Madogo Ward, Tana River County.**





# SUSTAINABILITY STARTS WITH YOU

By Sandra Ayiera

Naomi feels a migraine approaching when people start talking about Sustainability. As a claims manager, she is sure this thing has nothing to do with her. This is something for governments, the UN and those people who plant trees.

Naomi is wrong. Sustainability is not a complex thing that has nothing to do with her, in fact the opposite is actually true, sustainability is unbelievably simple and in reality, something most of us have been doing on a daily basis.

It is as simple as a child taking care of a toy that they really love so that it does not break or taking care of a costly suit or dress so that it is not worn out.

In the above examples, the child takes action to ensure that the toy does not break. For example, they are not too rough with the toy, they put it away properly when they are done, and they fix it if it gets a little broken. The same applies to the costly suit.

How do we practice this in the insurance business? Sustainability is an extensive subject, but simply put, it is about reducing unnecessary consumption and waste. It is the things we do (or avoid doing) for the long-term good of the business, the stakeholders and the

environment around your business. These are just but a few ways businesses can practice sustainability at the workplace.

**1. Energy Efficiency:** Businesses can invest in energy-efficient lighting, heating, and cooling systems. Individuals can do simple things like turning off lights and computers when they're not in use.

**2. Digital Documentation:** Switch to Electronic Documents: Encourage the use of digital forms, contracts, and reports instead of paper ones. For example, use PDF contracts that clients can sign electronically.

Online Claims Processing: Allow clients to submit claims and supporting documents online rather than mailing paper copies.

**3. E-Communications:** Email Statements: Send policy statements, bills, and notices via email instead of printed mail.

Digital Marketing: Use email and social media for marketing and communications rather than paper flyers and brochures.

**4. Electronic Signatures:** E-Signature Platforms: Implement electronic signature services like DocuSign or Adobe Sign to handle signatures for contracts and agreements, reducing the need for printing, signing, and scanning.

**5. Online Meetings:** Virtual Meetings: Use video conferencing tools for meetings instead of printing agendas and minutes. Share documents on screen during the meeting and send digital copies afterwards.

**6. Internal Systems:** Paperless HR Processes: Move HR processes like onboarding, payroll, and performance reviews to digital platforms.

Digital Note-Taking: Encourage employees to use digital note-taking apps like OneNote or Evernote instead of paper notebooks.

**7. Client Portals:** Online Client Portal: Develop a secure online portal where clients can access their policies, make payments,

and view their documents without needing paper copies.

Sustainable practices in the workplace offer numerous benefits for the various stakeholders, including employees, customers, investors, and the community. These include cost savings, competitive advantage, a healthier work environment, customer trust and transparency that leads to loyalty, and innovation, as sustainability often drives innovation, leading to the development of new products, services, and business models.

Practicing sustainability does not have to be complicated. You can start small, right where you are. Take those small actions, such as switching off your computer when you leave work, not printing documents unnecessarily, taking care of the resources you have been given by the organization and being an advocate for sustainability in your organization or department. These small actions have a ripple effect long term, contributing to a more sustainable future.

*The writer works at Madison General Insurance and is the winner of the AKI Artificial Intelligence Competition*

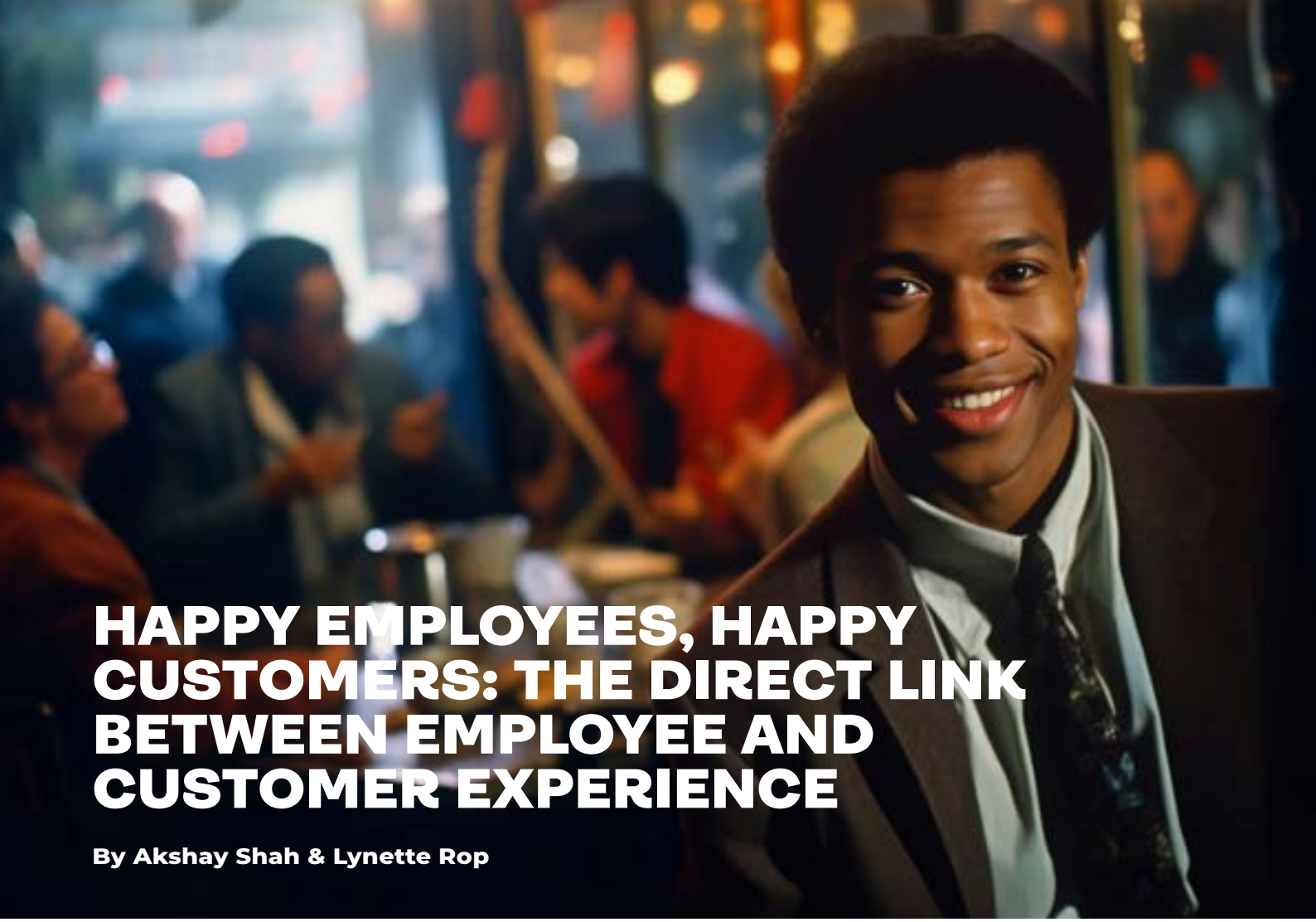


## Safeguarding your agribusiness as you take it to the next level.

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# HAPPY EMPLOYEES, HAPPY CUSTOMERS: THE DIRECT LINK BETWEEN EMPLOYEE AND CUSTOMER EXPERIENCE

By Akshay Shah & Lynette Rop

For organisations seeking long-term growth and success, sustainability initiatives have emerged as a critical imperative. Sustainability is also about people, companies must proactively identify and manage their impact not just on the environment but also on their relationships with people- employees, customers, partners, and local communities.

At its core, social sustainability prioritises the well-being and empowerment of people – a philosophy that forward-thinking organisations consider a key component of their competitive strategies.

A sustainable workplace prioritises its employees, providing them with meaning and purpose. It embraces diversity, equity, and inclusion, fostering a culture where all employees can thrive. These elements are crucial for cultivating a happy, productive workforce that drives business growth.

We carried out a survey using the Rate My service experience management platform in partnership with the Institute of Customer Experience Kenya to gauge the level of employee experience and its impact on customer experience. The survey themed, “Elevating Employee Experience (EX) for Customer Experience (CX) Success”, collected and analysed over 320 responses in between March and April 2024.

The survey uncovered seven critical themes for business leaders:

**1. Quiet Quitting:** One of the most alarming findings was the prevalence of “quiet quitting” where employees remain in their roles but mentally disengage from their work. Over 50% of respondents reported a lack of active engagement, aligned with global trends. Such disengagement undermines culture and hampers motivation, productivity and overall company performance.

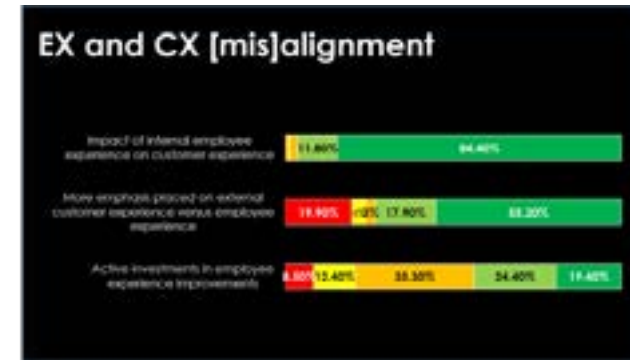


Employee Net Promoter Score (eNPS) measures the levels of employee loyalty and potential advocacy towards their workplace.

The survey revealed an overall eNPS of +23, comprised of 47% promoters, 29% passives and 24% detractors. The passives are physically present but have mentally checked

out while the detractors are negatively impacting productivity and engagement of other employees.

**2. Experience Disconnect:** While organisations recognise the influence of EX on CX, they lack active focus and investments in EX. Moreover, a notable perception gap exists that needs addressing, with executives and senior leaders reporting higher scores than other employees. To truly excel, businesses must embrace a holistic experience culture that prioritises leadership experience, employee experience, and customer experience in equal measure.



**3. Know Your Employees:** The survey highlighted significant disparities in experiences across different generations with the younger ones being less satisfied compared to the older ones.



**4. Diversity, Equity and Inclusion (DEI):** The survey revealed significant disparities in experiences and opportunities for female employees, who recorded lower Employee Net Promoter Scores (eNPS) than their male counterparts. Ensuring equitable opportunities and fostering an inclusive environment are crucial for businesses to thrive.



**5. Empowerment and Personal Growth:** Employees seek inclusion and accountability in decision-making but want to be empowered through mentorship and training in a supportive environment that encourages learning from failures.

**6. Recognition and Appreciation:** While many companies claim to have recognition frameworks in place, the survey indicates a need for more effective acknowledgement of employee contributions to organisational success, particularly in delivering exceptional customer experiences.

**7. Well-being and Work-life Balance:** Prioritising employee well-being through wellness programs, flexible work arrangements and resources to manage stress is crucial for enhancing productivity and overall happiness.

## What can business leaders do?

Business leaders should take the following steps to establish a strong foundation and achieve lasting success:

- 1. Carry out anonymous surveys:** Specific industries may face unique challenges and require tailored approaches. Therefore, business leaders should conduct employee surveys and culture audits to gain insights into the current state of the organisation. These assessments will help identify areas for improvement and inform the development of strategic roadmaps.
- 2. Implement Engagement Initiatives:** Based on the insights gained, implement targeted initiatives to foster employee engagement, such as introducing mentorship programs, providing professional development opportunities or implementing effective recognition and appreciation programs.
- 3. Prioritise Well-being and Work-life Balance:** Invest in employee well-being by offering wellness programs, flexible work arrangements and resources to manage stress and maintain a healthy work-life balance.
- 4. Continuously Assess and Adapt:** Regularly monitor and evaluate the effectiveness of implemented initiatives through ongoing surveys, feedback channels and performance metrics. Remain agile and adapt strategies as needed to address evolving employee and customer needs.

To truly excel in today's competitive landscape, businesses must prioritise leadership experience, employee experience, and customer experience in equal measure. By actively improving and investing in these interconnected areas, organisations can reap the benefits of a happier, more productive workforce that consistently delivers exceptional customer experiences, ultimately driving sustainable business growth.

Akshay is the Director, while Lynette is a Consultant at Rate My Service, an experience management platform.



# BUILDING SUSTAINABLE BUSINESSES THROUGH RISK

By Christian Onyango



In the last ten years how many times has Gikomba market caught fire? Several by my count, with losses in the tens of millions possibly more.

We have all heard it said: Micro, Small and Medium Enterprises (MSMEs) are the lifeblood of our economy. The Kenya National Bureau of Standards (KNBS) 2016 MSME survey established that Kenya has 7.4m MSMEs employing over 14.9m individuals across all sectors and account for roughly 40% of the country's GDP. The trillion-shilling question is where is the risk management?

The Micro and Small Enterprises Act 2012 defines a Micro enterprise as one that employs less than 10 individuals with an annual turnover of less than Kshs.500, 000, while a small enterprise employs between 10 to 49 individuals with annual turnover of between Kshs.500, 000 and Kshs.5m. Although not defined in the Act, a medium sized enterprise has been defined as having 50 to 100 employees and an annual turnover not exceeding Kshs.50m

Majority of MSMEs 80.6% are self-funded, 5.6% get financing from banks, 4.2% loans from family and friends, chamas contribute 1.4%, co-operatives 0.4% and government 0.1%

The MSMEs as a market can easily be identified and classified. One of the critical requirements of determining if a market/sector is viable for insurers, the law of large numbers. The next step is how to go about making risk management an integral part of their day-to-day operations.

## Why MSMEs don't take up insurance.

MSMEs face risks and challenges from the day they start operating. These include insecurity and theft of business stock or assets, illness of the owner, inadequate skills/manpower, legal/regulatory and licensing requirements and huge business debt.

The traditional way many business owners respond to some of these risks is to either sell their stock to pay for medical treatment or contribute to funeral expenses or in some instances pledge these assets to shylocks to secure additional funds.

The result is that majority of MSMEs don't have the capacity or expertise to put in place a simple business plan, leave alone more detailed documents like asset registers, balance sheets, cash flow statements, profit and loss accounts. A risk management plan is even more unlikely to feature.

## Are Insurance Products readily available and Accessible to MSMEs?

The Insurance Regulatory Authority (IRA) and The Association of Kenya Insurers (AKI) and a few insurance companies in carrying out consumer education and awareness campaigns. However, this is not enough and is evident from the low uptake of insurance. What then must the insurance industry do?

Insurance products have the same basic structure and operate on the same principles the world over. A small roadside shop and a big multinational manufacturer both need the same Fire and perils cover, the difference is that the manufacturer will have experts to help them customize the basic cover to one that suits their type of business.

MSMEs don't have high value assets and have traditionally not received a lot of attention from the insurance market. The conversion to income ratio is unattractive resulting in a situation where products available to MSMEs have not evolved to a level that reflects the environment these businesses operate in. The market therefore develops the view that insurance products are not relevant to them.

When fire affected shops and stalls in places like Gikomba, Toi in Nairobi and Kongowea in Mombasa many of the small traders could not produce the multitude of documents required to support their claims or meet the conditions placed on the policy like stock sheets, detailed sales ledgers and back up of such information.

Due to the lack of comprehensive business records, there is a perception of high risk which in turn leads insurance companies to charge MSMEs high premiums and offer very restrictive insurance policies.

Insurance covers are by and large distributed by insurance agents and brokers on behalf of insurance companies who adopt this model to keep management costs low. These intermediaries do not have the necessary resources and in many cases lack the expertise to carry out extensive sector engagement.

## Risk Management Evolution

The insurance industry must move to adopt new methods and technologies that will help better serve these markets. Simple self-service risk assessment and analysis tools are now available that build upon the business records being generated and generate a risk map that when integrated to an insurance company rating tool will be able to produce a risk report with recommended insurance covers, without the need for any user intervention.

Insurance companies will also need to progressively simplify insurance products to allow for stand alone purchases of a single cover that responds to the needs of the business. To achieve this, data analytics has to be the basis of premium rating. This can now easily be achieved by Artificial Intelligence tools already in use in the

Kenyan market. These kind of AI tools can assess data from many sources and provide insights on the type of products that make sense and the level of pricing that would provide a reasonable return.

## Partnerships

The insurance industry will also need to have a more active engagement with development partners and other access to finance institutions to better reach out and understand the MSMEs market. Such partners can also carry out continuous engagement with the MSMEs in a way that insurance companies cannot do, part of that engagement will be to build knowledge and capacity of the business to keep critical records and

The banking sector has worked with trade associations and donor partners to not only carry out studies about how to increase access to finance but to also constantly create awareness among these groups. This has seen the increase of individuals and businesses being able to access banking services through mobile wallets and at retail shops across the country.

*The writer is the CEO at Specialty Insurance Agency*



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## LEADING GEN Z; LOGIC AND EMPATHY

Meshack leads a young team, mostly aged between 23 and 32. He shares his experience leading and engaging with this age set referred to as Gen Z to ensure the team excels. We also step into his private world, outside of the office.

Here is part 2 of our interview with Meshack Miyogo, Managing Director of CIC Life Insurance



### What is it like managing Gen Z in the workplace?

Well, Generation Z are a very unique segment in the workplace. First off, they have a lot of teamwork. I will not lie to you. Whatever you do, they discuss. They are very close. They might not have a meeting to discuss, but they have social platforms where they discuss how things are moving.

These are not your hardcore employees. They have not been hardened. So you really need to get their soft spots.

Generation Z, they are very ambitious and they love engagement.

These are guys who can come to my office even without an appointment. If you are a stickler for appointments, then you will not make it with Gen Z. These are guys who can walk into your office and say, by the way, I have a side hustle- I sell shoes. I want you to promote my business. You can't do that with the older generation.

They love to live life, they value interaction and engagement-team building, lunches things like that. And at the same time, they also need mentorship. These are guys who can come today and say, I need a pay rise. You need to walk them through the process of a pay rise. If you don't explain it very well, they will resign just because of a pay rise. So you really need to mentor them. And don't be quick to accept their resignation.

You need make them understand how things move. And finally, when they see the bigger picture, they really put in the work. Once you understand what is it that they

are looking for at the workplace and show them they can achieve it-they will work.

Above all, just have fun. Hawataki makasiriko and if you must, reprimanded in private, if you do that in public they will hate you. They want you to praise them in public. But if there's anything negative, they have done, just call them aside and engage.

And once they get to know what they've done wrong, they will own up. I have seen it many times so I normally tell HR, if somebody does not show up to work, don't be in a hurry to issue warning letters. Just call them and have a discussion. And you'll be shocked after that discussion, they write an apology and they say, I'm not going to repeat this. I have changed.

### What's the makeup of your team in terms of the generations?

Most of our staff are between the ages of 23 and 32, so that tells you that we are a young company. So, we really must align our strategy to ensure that we all work as a team to ensure we perform.

We just need to learn how to manage them. The other thing with Generation Z, most of them want flexibility in working hours.

They love flexibility. Give them room to be flexible, flex the hours, you know. We've not fully implemented that here, but we try to be flexible.

We've trained our middle managers also to really

understand Generation Z. If someone says they are at home because their baby is unwell or they don't have a nanny, don't blow a fuse. Just let the person apply for a day off and work continues. You don't have to send investigators.

Those old models of sending investigators to find out whether a staff has not reported because they are lying are long gone. If they say this is what they are experiencing, just allow them. Let them take their day off, deal with their issues, and when they come to work, they will work.

### Let's clock out now. Get away from the office. Who is Meshack away from the office?

Family is key. I like spending time with my family. I have four children; two boys two girls. A 16-year-old, a 12-year-old (with whom we share a birthdate) a six-year-old and a three and half year old.

I have to provide attention to all of these guys. I create time for my kids and of course my wife. Sometimes I go with her for work because I travel quite a lot. So you just have to create time out of your busy schedule.

Number two thing out of office, health. Your health is your wealth. So don't run around as a leader without taking care of your health. Of course, God is the giver of health and wealth, but also you have to put an effort. So, I go to the gym. Whether it's a holiday or not, as long as it's my workout day, I have to make sure I create time for it. I play some golf and I do a bit of swimming.

I also love travelling. So if I'm not working, I love travelling with family. Because I have four children it's not easy to travel with all of them at once sometimes. So I normally have a plan where I travel with either one or two. There are days I go with the boys or girls.

I have quite a number of people who request for mentorship. So, I normally sift through and create time for them. Because I can't do it during working hours. I do it one-on-one.

I also sit in various boards outside work, outside CIC, I support other institutions in different, sectors.

If I was younger, definitely I would be playing rugby. But now with age, I'm now mentoring my boys to play rugby as I hang my boots. But at the same time, I serve as Honorary Treasurer for Mwamba Rugby Football Club. That's my home club. So outside office, you'll find me probably over the weekends supporting Mwamba.

I believe in making yourself happy. This life is for the living. So that's one of the things I normally say.

Work hard, also play hard, yeah.

### So what do you do for your mind? For Inspiration

I read; I am currently reading The Switch: How to Change things when change is hard.

I listen to Podcasts, music-I love afrobeat and reggae.

Everyone has weaknesses. Something that you just, you know, this is spoiling myself. Cars are one of my weaknesses.

I love cars, but I also budget for them. I don't just get into them. Like now I know, I've already seen what I'd like to have maybe in the next three years.

So I work hard and make sure when that time comes, if I'm changing my car, I change it for me. To make me happy, to enjoy the drive. Kupertia mwili pole

### What do you look for in a car?

I try to pick my personality. I try to pick my personality, energetic, versatile, you know, dynamic. I look for a car that

can go off road, it can do town.

Of course, I'm very careful at my age. I also don't drive recklessly. But I enjoy my speed when I'm on the road.

So a young Kenyan who has cleared secondary school approaches you. They say they are thinking of a career insurance but they are not sure...what do you tell them? I'll tell them insurance is something that can really have an impact in your life if you get the right focus. Let me give you my story how I got into insurance. And that's why when I got an opportunity to come to insurance I didn't hesitate.

Many years ago, when I was in Nairobi School we had the Junior Achievement club. The programme brought executives to the school. They talk about careers, insurance, banking, and manufacturing. And then there was a concept called job shadow where you would go to a company for two weeks during holidays just to learn what happened in that company.

So, when I was in Form 3, there was a time we had an opportunity to go for job shadow. I was assigned to Alico Insurance. I spent two weeks in Alico with a CEO called Eric Brewster. Every morning, I would go to that office, and just sit with him. So that's how I got to know about insurance.

Immediately I finished form four, I went to university through the normal program. I did a Bachelor of Education. I'm a teacher by profession. But I was too ambitious to go to a classroom. The first place I went to look for a job was Alico which had become CFC Life.

I became a life agent for CFC Life for a few months.

And I specifically went to that building. Because of that's where I spent my job shadow. So insurance stuck into my head by virtue of interacting with it while in high school.

I actually went back and worked in CFC Life, now Liberty, and many years later as a head of franchise and alternative channels.

So if you are a form 4 leaver, insurance is a career that you can actually take. Out of my four children, I believe one of them will definitely get to insurance. Either way, either in technology, legal, in sales. But I'm sure one of them will find their way there. Either locally or internationally. So, it's a career that I would not hesitate to encourage people to pursue.

And you have to be patient. Remember I started off as a salesperson. I never thought I would be an MD, but I was very ambitious to know at one time I'd be a leader within the industry.

And when I joined insurance now from banking, actually I made a personal focus at that time. I looked around and realized all insurance CEO's were in their 50s or 60s back then and I asked myself who are going to be the next leaders in the industry.

To be one of them I have to perform well, I have to get my insurance diploma. So I quickly aligned. And of course, God by your side, I've been able to go to this level. I think there's still more steps to cover.

This is not the end. As long as I continue doing what I'm doing and I'm committed, growing people, growing myself, through people. As I grow them, I also grow.

When a company is performing well, jobs are secured. We are not going to retrench. We are going to hire. We are going to make people realize their dreams. So as a leader, you carry a lot when you lead an organization. You take it down, you are taking people down with you.

I would still encourage any young person who approaches me, insurance is a blessing.



# FINANCIAL FREEDOM 101:

## WHY INSURANCE IS THE KEY TO UNLOCKING FINANCIAL FREEDOM

By Waithaka Gatumia



*“Most Kenyans have simplified financial planning to buying plots ignoring aspects such as insurance when they are as important as investing.”*

*“A big (and often ignored) part of financial freedom is freeing your heart and mind from worry about the what-ifs of life.” – Suze Orman*

It's 2019. To provide a secure financial future for his children and ensure they don't face the struggles he did growing up, Joe, a father of two, has invested in stocks and real estate but feels he doesn't really need insurance.

In 2023, Joe is diagnosed with cancer and can no longer work. The family's emergency fund is quickly depleted, forcing him to sell his car and plots. His investments couldn't cover the medical bills and the family's needs. With one diagnosis, four years of wealth creation were wiped out in less than one year.

Sadly, this is a common scenario in Kenya, where healthcare costs can quickly lead to financial ruin. As a trainer at Centonomy for 10 years, I have observed that it is common for most people attending our classes to already have an existing investment – either in a Money Market Fund, T-Bills/Bonds, Stocks, and especially in real estate. When I ask how many have insurance, other than what is offered by their employer and the room often falls silent.

Most Kenyans have simplified personal financial planning to simply buying land (“buroti”) and building rentals while ignoring aspects such as insurance completely; even though they are as important as saving and investing. A financial plan does not necessarily mean a written document highlighting all your financial goals & aspirations and their deadlines. No, the plan is a roadmap that guides all financial decisions. Have you given insurance any thought?

As we move through life, raise families, start businesses, or acquire assets, the importance of insurance increases. Unforeseen tragedies such as illnesses, disability or injury and sometimes even death can cause tremendous emotional stress and financial strain, hence the need for something to fall back on.

### Understanding Insurance as Protection, Not Investment

The primary purpose of insurance is protection, not profit. Insurance isn't about making money; it's about shielding you from life's unforeseen tragedies. It's the safety net that catches you when things go wrong. Too many people mistake insurance for an investment. Remember, insurance is - and should be about mitigating risks, not growing your wealth.

### Making Informed Decisions

A proper financial plan should seek to strike a balance between generating income or capital growth and protecting your already-created wealth. Like a good game of chess, even as you seek to advance your pieces, never forget to protect your king. Unlike Joe, your financial plan should protect the assets already accrued and your family from certain manageable risks.

To make informed decisions about insurance, start by evaluating your needs. Think about what could go wrong – illness, accidents, death, or property damage. What would you need to protect yourself and your loved ones in these scenarios? Consider future-proof planning: if you couldn't work or were no longer around, what financial support would your family need? Make sure your insurance covers these crucial aspects.

Seek professional objective guidance to understand the details of different policies to choose the right one.

### Practical Steps for Consumers

Planning is crucial. First, start by listing your protection needs. Write down what you need to protect – your health, income, dependents, and property. Prioritize what's most important. Secondly, find policies that offer necessary protection without breaking the bank. The right balance ensures you're covered without straining your finances.

Thirdly, read the fine print. Insurance is a contract like any other, with specific terms and conditions that outline the rights and responsibilities of both the insurer and the insured. Failing to understand these details can lead to misunderstandings and unmet expectations, often resulting in frustration and accusations of fraud or dishonesty.

Finally, regularly review and update your policies. Life changes, and so do your insurance needs. Make sure your policies still fit your current situation, whether it's a new job, marriage, or the birth of a child.

A well-informed policyholder is less likely to feel deceived or call their insurer a thief or a con artist. Instead, they can rest assured that they have made prudent decisions to protect their financial future and that of their loved ones. Taking these steps will help you navigate the complexities of insurance and ensure that you are adequately prepared for life's unexpected events.

*The writer is the CEO of Centonomy Limited, a personal finance education company.*



# INSURANCE GUARANTEE SCHEMES' ROLE IN EXPANDING AFRICA'S INSURANCE MARKET

By Mohammed A. Sahal



Insurance Guarantee Schemes (IGS) are frameworks that safeguard policyholders and maintain the stability of the insurance industry. In the event of an insurer's insolvency, these schemes act as safety nets, reducing the financial risks associated with such failure.

A well-developed insurance sector is crucial for economic growth, providing essential services and contributing to employment, investment, and poverty reduction. Effective regulation and supervision are imperative to maintain sector stability and meet broader economic objectives.

The International Forum of Insurance Guarantee Schemes (IFIGS), formed in May 2013 with 27 member states, facilitates the exchange of experiences and best practices among IGS worldwide. These schemes bolster consumer confidence, promoting increased participation in the insurance industry.

Kenya's Policyholders Compensation Fund (PCF) is the sole IGS in Africa. The Fund was established to compensate policyholders and claimants of insurers placed under Statutory Management or whose licence has been

cancelled by the Regulator and for the secondary purpose of enhancing public confidence in the Insurance sector.

The decision to establish the Fund was influenced by the collapse of several insurance companies before 2005, which significantly impacted the insurance sector. The Fund guarantees a gazetted amount in compensation for policyholders and claimants in the event an insurer is placed under Statutory Management or has its licence cancelled, mitigating against financial losses and enhancing market stability. This position plays a vital role in promoting increased participation and trust in the insurance sector.

**Promoting Public Trust in the Insurance Industry**  
Insurance Guarantee Schemes such as the PCF, are critical in maintaining public trust in the insurance industry. Confidence in the insurance sector encourages policyholder engagement, driving participation, growth and innovation. The safety net that the Fund provides strengthens the insurance market's stability and reliability, fostering consumer trust in insurance products which in turn leads to increased insurance penetration.

This trust is especially important in developing economies like Africa, where financial literacy and trust in financial institutions may be lower.

## Collaboration for Policyholder Protection

Insurance Guarantee Schemes collaborate with various entities to ensure regulatory compliance and effective oversight of insurance companies. The PCF partners with the National Treasury and Economic Planning, Insurance Regulatory Authority, Office of the Official Receiver in Insolvency and other financial sector regulators.

International organisations like International Forum of Insurance Guarantee Schemes (IFIGS) offer insights into global best practices, while collaboration with media outlets and public awareness platforms helps to disseminate information about policyholder rights and claims procedures. These collaborative efforts help the Fund fulfil its mandate of protecting policyholders and beneficiaries, thereby increasing confidence in the insurance industry.

For the insurance sector in Africa to grow and thrive, the ongoing support, collaboration, and innovation of all

stakeholders is essential. Insurers must commit to prudent risk management and regulatory compliance.

Regulators need to provide robust oversight and support structures with the necessary resources and authority. However, despite the strict supervisory frameworks and risk management practices of regulators, insurance companies may find themselves in cycles of economic shocks and liquidity constraints necessitating a structured and orderly exit from the market. IGS' provide the much-needed framework for a well-structured exit and cushions policyholders.

The adoption of Insurance Guarantee Schemes (IGS) in Africa is vital for enhancing financial stability, building consumer trust, encouraging investment, and supporting the insurance industry for a stable and secure future as we endeavour to achieve zero failure regulatory regimes.

*The writer is the Managing Trustee at Policyholders Compensation Fund*

## PCF COMPENSATION AS OF 31 MARCH 2024

# KSH 376.8 MILLION

PCF covers claims from most insurance policies issued in Kenya, excluding re-insurance, superannuation schemes, and policies issued before the Fund's establishment. As of 31st March 2024, the Fund had received 1,011 claims with a combined value of over **Ksh376.8 million** from policyholders of defunct insurance companies, Concord, Standard and Resolution Insurance.

# KSH 71.10 MILLION

**Motor Vehicle Insurance:** PCF has received and verified a total of 435 motor vehicles settling 364 amounting to **KShs. 71.10 million**.

**Other Claims:** Include three (3) theft claims, paid two (2) amounting to **KSHS. 423,168.00**, ninety-three (93) Workers' Injury Benefits Act claims and paid twenty-one (21) claims amounting to **KSHS. 2.93 MILLION**, and three (3) domestic package claims amounting to **KSHS. 325,065.00**.

# KSHS. 23.57 MILLION

**Medical Insurance:** 477 claims received, with 412 claims amounting to **KShs. 23.57 million** settled.

# 40.18%

PCF has so far settled eight hundred and two (802) claims amounting to **KShs. 98.35 million** which is **40.18%** percentage coverage based on the Maximum gazetted amount of **KShs. 250,000.00**.





## IS THERE A CASE FOR TALENT/CELEBRITY INSURANCE IN SUB-SAHARAN AFRICA?

By Emmanuel Karisa

How much do you think Bien Baraza's (He of Sauti Sol band) voice is worth? Or Diamond Platnumz? What value would you put on Faith Kipyegon's or Eliud Kipchoge's legs?

Talent insurance is one of those things we consider a crazy western thing. But is it? Is it too early to try in Sub-Saharan Africa? Is it over-ambitious?

The only question that matters is whether we have talent in our market that needs protecting? And the answer is a resounding yes. Kenya in particular is home to some of the world's best athletes and together with other high-end performing artists in the music industry, could possibly make a strong case for talent insurance.

Talent insurance, celebrity insurance, or contract protection insurance has existed in the Western world for years. It is insurance designed to cover businesses with key persons with unique talents or skills that contribute greatly financially, and in case of their untimely death, or physical or emotional incapacitation, the company stands to lose. The cover may also be given to talented individuals to provide them with cover in the event of death and disabilities which would render them incapable of performing hence revenue loss.

Just like any other insurance cover, an analysis of the risk is important before binding cover. Talent insurance analysis begins with the identification of the key talent be it in the company or individually, whose absence would lead to potential financial loss to the business or the individual. A risk assessment by the insurance company follows, where certain factors such as age, type of talent, health condition, lifestyle, and how the talent is utilized are considered.

Determining the total sums insured for the cover will factor in the total potential financial loss the business or

individual could incur resulting from the death, partial or total incapacitation, of the talent. This may be a proportion of the previous earnings from the talent and expected earnings considering age, and fame that also generate income through royalties. Other extensions of cover to be included would be contractual penalties due to non-performance of the artist resulting from sickness or any other unforeseeable eventuality, or expenses incurred by the hiring company in finding a replacement for the artist.

Since the Insurer needs to make money in preparation for any claim and to handle management expenses, premiums must be calculated and remitted at the inception of cover or agreed intervals. The rates will be determined by factors such as the type of talent, the age of the talent, and the scope of cover desired. Underwriters will consider the presented risks and categorize them as either low risk, high risk, or moderate risk, and of course, the higher the risk, the higher the premium rate. Claims would mean the loss of talent through an insured peril either temporarily or permanently.

Examples of talent insurance include Singer Amerie insured her legs for 2.2 million dollars, Rihanna, also did the same valuing hers at USD 1 million. Footballer David Beckham had insured his legs in 2006 for 100 million Euros, while football club Real Madrid insured Cristiano Ronaldo's legs for 90 million Pounds when they signed him on in 2009.

Talent Insurance is a well-performing class of insurance. It's possible in Sub-Saharan Africa.

*The writer is a senior Underwriter of International Business at Kenya Re*

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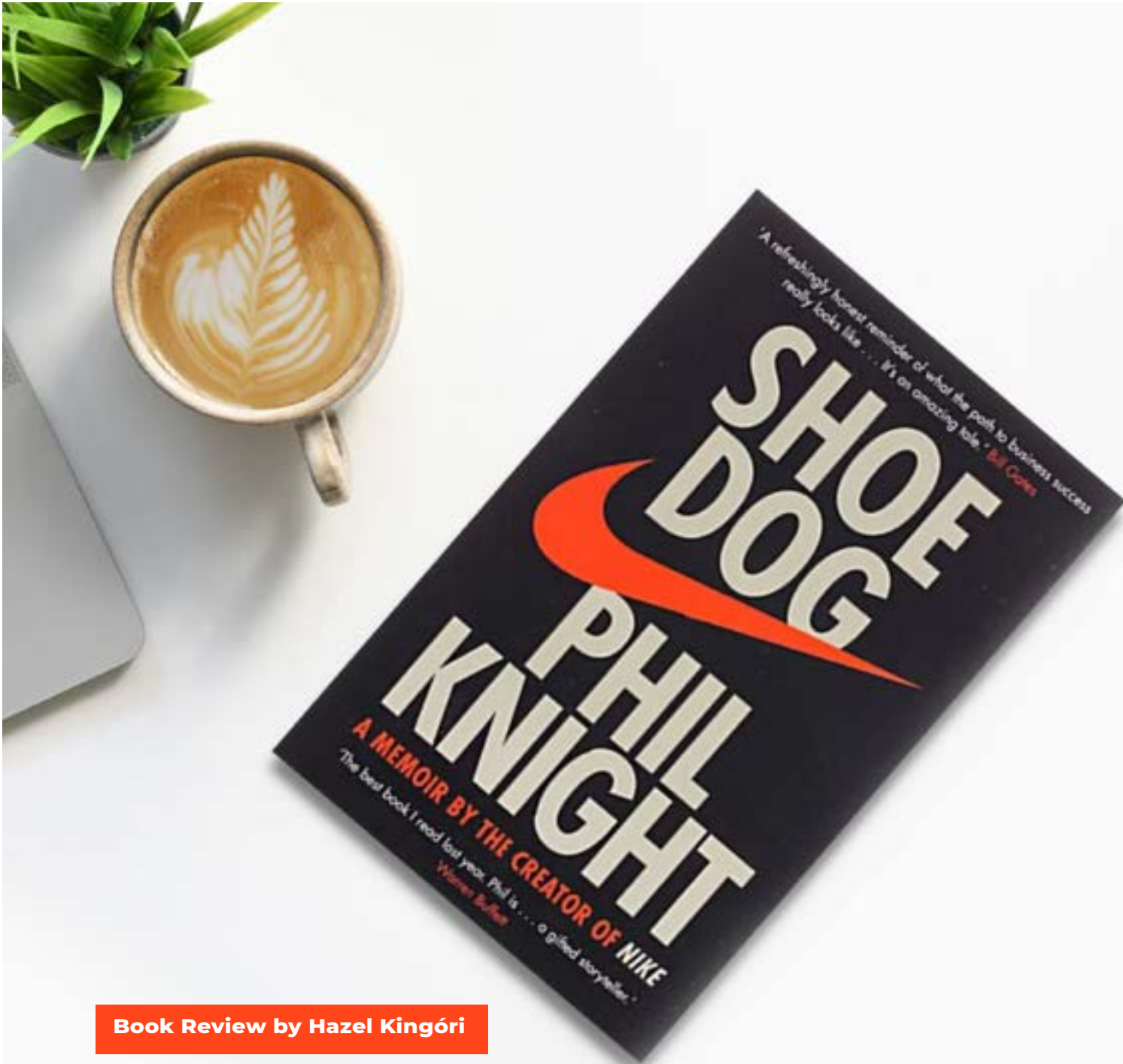


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**Book Review by Hazel Kingóri**

Shoe Dog is a refreshingly honest and wonderfully written story about Phil Knight, the co-founder of Nike. The story, told in first person, takes us through his journey starting and building the business, the challenges faced, the mistakes made, the triumphs, the people involved, the lessons learnt and the philosophies he established to make the global brand.

Dr. Seuss says, “the more that you read, the more things you will know. The more that you learn, the more places you’ll go.” I have learnt so much from Phil’s story, here are my summarised takeaways.

- 1. Most revolutionary products or services started out as crazy ideas. His crazy idea about shoes faced lots of “No’s” and resistance from naysayers. But there were a few “Yes’s” along the way and coupled with his dogged determination to see the ideas through, he pushed on.
- 2. No amount of education can compare to exposure to the world. Experiencing different cultures and seeing how other people live, changes your perspective on life and how you think. It is a global village which we need to experience to appreciate humanity.

- 3. Thinking is vital. Yes, that sounds obvious but in today’s world where you can get an answer to anything and everything in an instant, it’s easy to underutilize the thinking cap. Setting aside some time everyday to ruminate over issues, think through challenges without distraction is critical to growth.
- 4. A great team is capable of wonderful things if given a task and left alone to figure things out. His philosophy is ‘Don’t tell people how to do things, tell them what to do and let them surprise you with their results’. He however cautions one to be ready, as the surprise could go either way.
- 5. Entrepreneurship is challenging but fulfilling beyond measure, “If you are following your calling, the fatigue will be easier to bear, the disappointments will be fuel and the highs will be like nothing you’ve ever felt”.
- 6. On Money, he says that when it came rolling in, it affected them all and that is the nature of money. “Whether you have it or not, whether you want it or not, whether you like it or not, it will try to define your days. Our task as human beings is not to let it”.





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