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INSURANCE DURING COVID-19

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BUSINESS UNUSUAL

CONTENTS

Editor's Note

COVID-19 is here with us. Its origin is shrouded in mystery, so is its nature. Like other pandemics that the world has witnessed over time, it may eventually go away or become the New Normal that we may have to live with. The virus is not bringing humanity to an end, so we need to rethink our dispositions and devise ways to live forthwith.

Businesses have been hard hit. Economies 'can't breathe'. So what to do?

We have devoted this issue to addressing Coronavirus; its effects on our livelihoods and possible ways of surviving it in various sectors. Leaders and opinion shapers have come out to give their voice to adopting in this 'New Normal.'

According to Jadiah Mwarania, long term strategies should be shelved and instead focus emphasised on the short to medium term strategies that are pliable to the ever changing circumstances. In this crisis, client retention overrides the fervour to chart new waters. Buttressing this, Abel Kabiru opines that trying to sell insurance to an industry that has not yet recovered will be an exercise in futility. Underwriting propositions must be in line with the recovery of a particular industry. Adaptability and agility will be the differentiator that sets organisations apart as they seek to survive especially when minding human resource, as Felix Ochieng sees it.

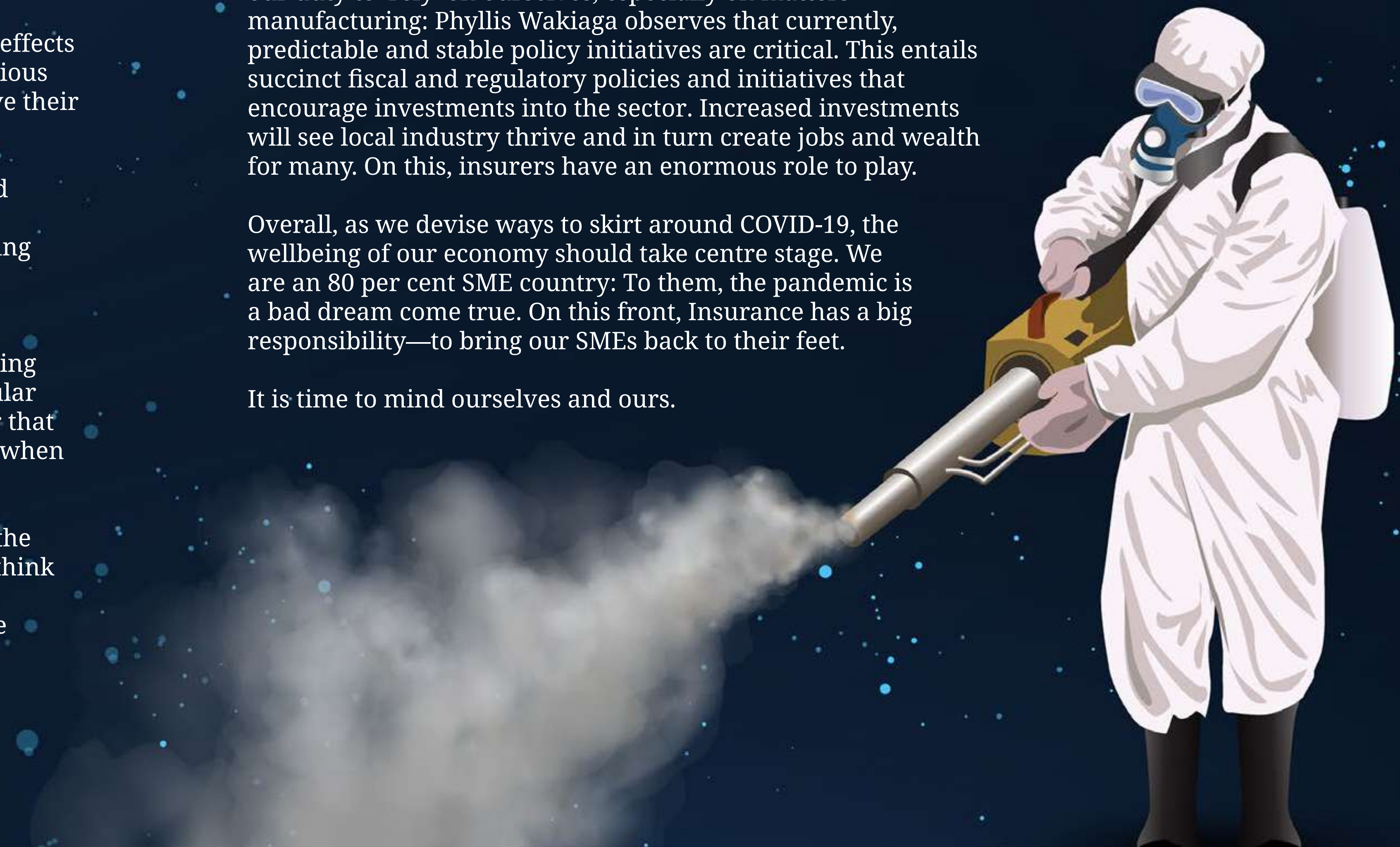
In this industry, the biggest stock-in-trade is undoubtedly the customer. Consequently, it is time for players herein to rethink customer experience. Industry leaders—now than never before—have to position themselves at the forefront of the longer-term shifts in consumer behaviour that result from this crisis. Customers choose to buy from socially responsible brands. Customer experience leaders who care and innovate during this crisis and anticipate how customers will change their habits will build stronger relationships that will endure well beyond the crisis's passing.

Though an unfortunate occurrence, COVID-19 has reawakened our duty to 'rely' on ourselves, especially on matters manufacturing: Phyllis Wakiaga observes that currently, predictable and stable policy initiatives are critical. This entails succinct fiscal and regulatory policies and initiatives that encourage investments into the sector. Increased investments will see local industry thrive and in turn create jobs and wealth for many. On this, insurers have an enormous role to play.

Overall, as we devise ways to skirt around COVID-19, the wellbeing of our economy should take centre stage. We are an 80 per cent SME country: To them, the pandemic is a bad dream come true. On this front, Insurance has a big responsibility—to bring our SMEs back to their feet.

It is time to mind ourselves and ours.

ARAM KABORO



COVID-19 and the Insurance Industry

By Jadiah Mwarania, OGW

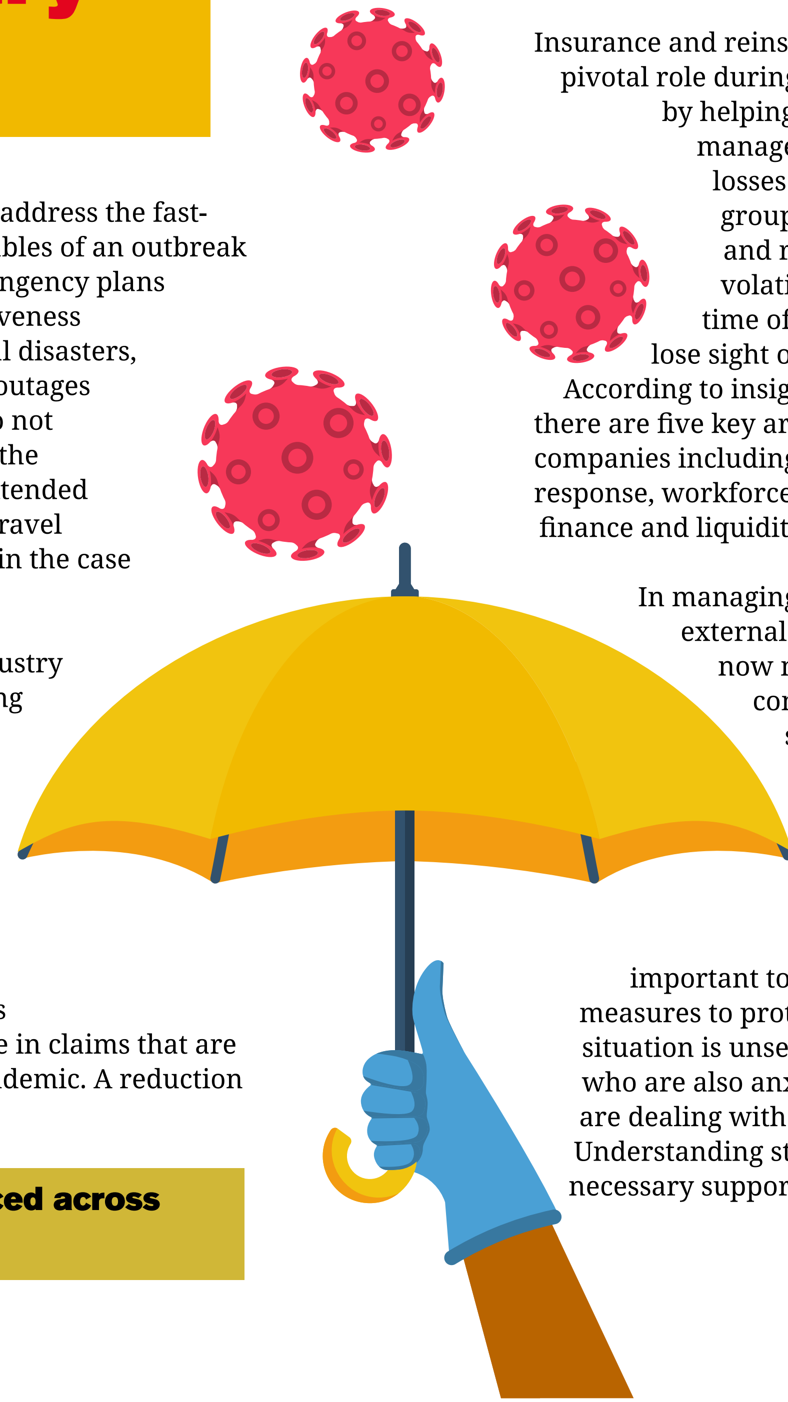
The COVID -19 pandemic has literally taken the world by storm. It has disrupted Government and business operations and functions across the globe causing a major dip in supply chains, paralysed critical services including travel and led to a complete shutdown of learning institutions. The last known pandemic to have affected the world to this magnitude occurred in 1918. However, in this modern day, plenty of measures are being put into place to ensure the safety of people in a bid to reduce the number of infections and the spread of the disease.

Economies and global markets have entered into a period of extreme volatility, and productivity across all sectors has fallen significantly except for medical products such as ventilators, test kits and face masks.

According to an inaugural COVID-19 Chief Finance Officers Pulse Survey, finance leaders in the United States and Mexico outlined the top three concerns in regard to COVID-19 as financial impacts and effects on results of operations liquidity and capital resources. They expressed concern over a global recession and the effects reduced productivity will bring to different sectors. These will test the strength of business continuity plans that most companies already have that however may not fully address the fast-moving and unknown variables of an outbreak like COVID-19. Typical contingency plans promote operational effectiveness following events like natural disasters, cyber incidents and power outages among other crises. They do not generally take into account the widespread quarantines, extended school closures and added travel restrictions that may occur in the case of a health emergency.

In Kenya, the insurance industry is amongst the sectors reeling from the virus-induced shocks. Businesses will continue to feel the pinch as a direct result of the COVID-19 Pandemic. As a matter of policy, majority of insurers and reinsurers do not cover pandemic risks but expect to see an upsurge in claims that are indirectly related to the pandemic. A reduction in gross written premiums is expected to be experienced across the industry. This will lead overall bottom lines to shrink for the year 2020. Employees working from home are bound to affect the overall productivity of businesses. How long the pandemic will last—and the full range of its impact—is difficult to predict. What is certain is that the downward trend will continue long after it is contained.

A reduction in gross written premiums is expected to be experienced across the industry



Insurance and reinsurance companies play a pivotal role during times of economic stress by helping companies and households manage risks and cushion against losses. Yet, as one of the biggest groups of investors, insurers and reinsurers are vulnerable to volatility in financial markets. In a time of global uncertainty, it is easy to lose sight of the big picture.
According to insights by global audit firm PWC, there are five key areas of focus for insurance companies including: crisis management and response, workforce, operations and supply chain, finance and liquidity, and strategy and brand.

In managing the crisis, internal and external communication matters now more than ever. Clear communication with your shareholders, stakeholders, customers and employees with the information necessary for each category is critical.

For the workforce, it is important to implement the necessary measures to protect them. The current situation is unsettling for many employees who are also anxious about job security and are dealing with a myriad other challenges. Understanding stress and providing the necessary support to staff as they engage in the new way of work will aid in improving productivity and overall wellbeing of staff.

For operations and supply chain, insurers rely on a wide range of third parties to deliver services. This operations will be tested as the crisis persists. It would be important to understand your partners business continuity plans as well as how they will carry on with business. Review of service level agreements will be necessary to manage expectations and operations.

The market is volatile and insurance companies are having to rethink their investments and liabilities. Many organizations are currently preserving cash and are slowing down, if not entirely stopping, non-essential expenses. Regulators may step up oversight and capital adequacy requirements. An evaluation of financial standing will be important in determining how to navigate the crisis.

The pandemic has scuttled many strategic plans. It has introduced several new variables that few had anticipated. It has brought forth new ways of working and an awakening to health pandemics. Long term strategies should be shelved and instead focus on the short to medium term strategies that are pliable to the ever changing circumstances.

As a Corporation, 50 per cent of our workforce is working from home at any one time and we have implemented protection measures and incorporated a shift mechanism that allows those within the office to maintain social distance. Kenya Re is committed to playing a role in finding solutions to this pandemic in the markets Kenyan market.

Jadiah Mwarania, OGW, is the Managing Director, Kenya Reinsurance Corporation Limited.

Healthcare after the Pandemic

By Dr Njoki Fernandes

The Corona Virus Pandemic has irreversibly changed the face and practice of medicine as we know it. This change has happened so swiftly that many people are still struggling to wrap their heads around it. Unfortunately, from a business perspective, change is part of our day-to-day lives. We must adapt to these changes if we want to remain relevant, survive and thrive.

The cost dynamics in healthcare have undergone a tremendous shift. Because of restrictions in international travel, there was a global shortage of drugs and essential supplies that were imported. The imports from China, which was the initial epicentre of this pandemic, were not available for a long time. This forced countries to be innovative, and increase local production of essential supplies of personal protective equipment and basic drugs. This was highly subsidised by Government, meaning that these supplies are quite affordable to the hospitals and to the patients. This is an opportunity to be exploited going forward, to incubate and develop local production.

The cost of doing business has however escalated tremendously. Suppliers are extending very brief credit periods if any, and the hospitals are suffering a cash crunch as we will see below. This is forcing them to borrow short-term at very unfavourable terms. This presents an opportunity for lenders to develop affordable products which can be used by hospitals both now and in the future.

During this pandemic, we have seen a drastic drop in visits to hospital, mainly driven by fear of infection. This is a radical shift from our country's hospital visits culture, especially among the insured population. On the downside, this trend has resulted in a material drop in revenue to the hospitals. As a result, many providers are cutting down on their human resource costs; which at this time is both ironical and tragic since medical staff are essential as we see an increase in infections.

Hospitals have a lot of idle capacity—in terms of hospital beds, equipment and specialised staff. The more specialised the staff and equipment, the more underutilised they are.

Many hospitals have come up with innovative ways of engaging patients. Telemedicine platforms have become highly interactive, and doctors can be consulted easily on these platforms. Laboratory and pharmacy services are delivered to the patient's doorstep with ease. The patient will only visit the hospital for imaging, or complex procedures, or admission. Moving forward, this is expected to be the New Normal. Services like wound dressing, vaccination and well-baby visits are now being offered at home—at the convenience of the patient. Providers who are quick to change are benefitting from this radical shift.

It is an opportunity for the industry to educate the public of the need for protection from pandemic related losses and to come up with innovative products to manage the same.

The healthcare workers have not been spared this conundrum. Doctors in private practice have had a difficult time keeping their heads above water, as many patients are choosing to stay at home, and visiting mainstream hospitals when absolutely necessary. The busy consultants' clinics are quiet. This has an effect on cash flow, and financial commitments that these practitioners have, especially rent, and investment in equipment.

The COVID-19 pandemic caught the medical insurance industry flat footed. Many medical insurance policies treat pandemics as exclusions, and so they are not covered. It could be because that many of us have only read about these pandemics in history books, and never contemplated an outbreak in our lifetime.

So when faced with this situation, many insurers have declined to undertake payment for COVID-19 related treatment—with good insurance logic—but to the consternation of their clients. This pandemic has taught us some good lessons. We need to review our medical and WIBA policies to include the treatment of pandemics. The same change happened after an increase in terrorism related incidents: The industry had to adapt.

The reality is that the Corona virus is here to stay. We have to learn how to live with it and maximise on the opportunities it presents for re-invention and rediscovery.

We as the insurance industry need to embrace this new normal, and review our business strategy in line with the emerging trends, so that we can grow and succeed despite the rocky playing field.

Dr Njoki Fernandes is the Chair, Healthcare Financing Committee, Kenya Healthcare Federation

Innovation in the era of a pandemic

By James Norman

Amid COVID-19, insurance has changed—and positively so—by quickly shifting working practices, culture and communication

The COVID-19 global pandemic has transformed the insurance sector and will leave a lasting impact. Will the current new normal become business as usual and unconsciously normalised, or will we return to the previous ways that were so abruptly impacted?

Amid this crisis, insurance has changed—and positively so—by quickly shifting working practices, culture and communication and embraced enabling technology to support service delivery: Should the sector sustain these transformative aspects, a lot of traditional pain-points can be addressed as the customer will truly be front and centre.
The pace of the pandemic varies around the world; Europe and US have been much harder hit, but lessons learnt are universal. For example, Kenya and the wider Africa can closely study the legal responses to challenges on policy coverage, regulatory stances and application of home-working. Each market has its own challenges, with innovation at the heart of the response and a force for good.

Claims and allocation of work
We have seen big impacts in the near term with a new mentality adopted by insurers. It is vital to ensure that if a loss occurs—whether a specific COVID-19 loss such a business interruption case, or a business as usual (BAU) loss like a fire—insurers are ready to respond. There is no real precedent on how these should be handled and so far in Kenya, regulatory focus has been around cash collection/payments and not type of coverage disputes seen elsewhere.

Innovation is how to pivot from a very slow, face-to-face process of going through the claim to opening multi-channel contact to report a loss, then agility to allocate and manage any surges, and to service the claim.

Site visits and such can occur if local rules are followed; if not, we have seen virtual management and a re-positioning of alternative ways to address a claim such as front loading document reviews, less interviews, use of remote technology tools like drones, satellites, 3D measurements and algorithms. These technologies are expensive and whilst video adjusting can be quickly rolled out, the insurer needs a suite of tools and an infra-structure that supports their use, such as IT security culture. Kenyan insurers should be thinking of the tools they can integrate first and that support existing processes, so they gradually transform as part of a long-term programme.

Fraud validation needs to be highly empathetic as a rise of desperation fraud and opportunistic fraud means softer decisions on voiding or cancelling policies, and tactics on cases. Here technology like automated fraud triggers, voice stress analysis and geo-spatial tools to tag locations/dates of pictures/videos can optimise and support a faster journey and enhanced trust for insureds.
Handling of catastrophic loss cases would be a huge challenge, whether it was a drought or a flood and in this scenario, there must be technology and forward planning.

Marketing
Insurance companies need to be visible and those who have been successful have adapted multi-layered messages and programmes, relevant for their geography/customer segmentation. Examples include adverts on TV of staff at home, with positive placards and messages portraying a human side, a sense of unity with customers; targeted webinars on key topics both technical but also educational/awareness related; social marketing blogs, vlogs, trade articles and simply writing to customers to remind them how to claim.

Internally—to ensure the promise is delivered—strong leadership and engagement of staff with transparency on performance, recruitment, reward, redundancies, projects and the future is vital. This needs the agility to try new things. Innovation was often said to be lacking safe spaces and should be done in a non-business-as-usual environment where you can fail fast; that is a luxury we no longer have and so we need courage to drive change and innovation in a live situation.

Human Resource
Human resource must be anchored on the well-being of staff, most of whom who are working remotely. Issues around mental health ought to be taken into account. For example, recent reports show that incidents in domestic violence have risen in Kenya since more people began to work from their homes. Good innovation around this would include succinct but tactful communication around job shares, role swaps, re-deployment of roles, reduced hours, using up leave days and understanding of individual circumstances to create flexi-hours.
In conclusion, all these moving parts must work together; the people strategy, the messaging, and the leadership. Ultimately all this feeds into the customer service journey in this new age of the customer-insurer relationship.

Time will tell if the ways we are now operating are better and will be a normality as they enhance customer care, enhance trust and spawn new products that would have previously been disruptive.

When facing the uncertain future landscape, insurers and providers who are thinking about how to preserve but grow will come out faster and stronger than those who are reactive and simply defensive.

It is not risk free; issues on coverage, engagement and liquidity will be managed if the agile mindset is applied and the commitment to change and constant innovation is maintained. That is the new normal.

James Norman is currently global head of strategy and business development for a large insurance professional services firm based in London, UK. He has over 20 years-experience in the international sector including Africa markets.

Tilting the balance;
how COVID-19 is reshaping HR

By Felix Ochieng

Adaptability and agility will be the differentiator that sets organisations apart as they seek to survive

In just under three months of the coronavirus in Kenya, it is clear that organisations have to rethink their perceptions on the future of work.

Pre-COVID-19, digitalisation, flexibility of workplaces, effective measurement of output and communication was the 'holy grail' that organisations sought to achieve. In the ongoing crisis, social distancing might become a norm that persists long after the economy is re-opened, as a restrictive and preventive measure—which means flexible working arrangements and digital interactions becomes the norm, employee delivery will be readjusted based on the outcomes in the 'New Normal' and staff are now expected to self-manage to deliver results.

Largely, managing the 'New Normal' future of work calls for a fundamental shift in workplaces. Adaptability and agility will be the differentiator that sets organisations apart as they seek to survive. The way we operate will change, people will not be able to work, acquire business, travel and trade in the same way as before. Staff will have to be more versatile to be able to cope. Training will be imperative in order to utilise the current staff to their maximum ability and ensure multifunctional ability of staff within the organisation.

How we are managing the situation?

Preparing for this new landscape has meant dismantling hitherto used structures of managing people and unlearning yesterday's mind-sets. At Heritage and Liberty Group, navigating the 'fear-uncertainty-acceptance' loop of the pandemic has given us the impetus to guide our leadership on embracing the future workplace. Suffice to say, the crisis presented us with a business case for flexible work arrangements (tried and tested) during the controlled movements.

From the onset of this crisis, employee well-being was priority for business continuity. Instilling confidence in the employees, offering assurance, empathy and support to staff helped in alleviating initial uncertainty associated with future employment relationships. Understanding what our employees were going through at home helped us diagnose solutions including kitting some with work stations, allowing for varied work schedules to accommodate the home set up. Importantly, we were able to help business leaders to lead their virtual teams and drive engagement through this unanticipated period.

During this time, our staff engagement has been anchored on various principles: First, leadership visibility was important to reassure employees and respond to their queries, complimented by periodical Human Resource touch points with leaders and staff to feel the pulse of the employees and then clear influential communication to avert misconceptions in staff. Our communication methods have included regular newsbreaks linking employees to information, communication vide the line management and executive live online meetings.

What we have learnt

Under the prevailing conditions, we have learnt some relevant lessons on workplace policies and procedures that can be tweaked to establish a workplace where employees feel comfortable performing their jobs. We had to fast-track most of our engagements to the online platforms utilising the digital tools available. The need to automate became key and urgent and some of the operations had to digitalise. We moved to e-learning for most of our learnings to underscore employee growth. Given the flexible work arrangements, we encouraged our employees to spend time in self-development during their free time. We amplified our employee wellness program to our staff to take care of any psychosocial requirements for our staff. The service incorporates assistance and support on a range of health, psychological, social and practical issues and aims to protect and enhance the wellbeing of all employees and their dependents.

Making the employees comfortable is a catalyst for the right output which was managed through line management in various ways. Each unit established a cadence of accountable systems and ensured that routine departmental and one-on-one individual conversations are taking place via teams. Governance meetings continued to ensure we are on tract on deliverables evidenced by the dashboards.

With the operating landscape expected to remain tough—as key players within organisations—we have a collective responsibility in ensuring the business re-evaluates its ways for a positive and acceptable bottom line for the organisation.

Felix Ochieng is the General Manager HR at Liberty Life and Heritage Insurance

Manufacturing wins and losses during Covid-19

By Phyllis Wakiaga

The pandemic informs that Kenya can source raw materials and intermediate products locally, before turning to international markets

We are living in unprecedented times. The COVID-19 pandemic has disrupted our plans, as a nation, towards sustainable socio-economic development. It has impacted our day-to-day activities with no way of knowing when normalcy will return.

Be that as it may, we have, and still are, experiencing wins and losses as the pandemic persists.

The Kenya Association of Manufactures (KAM) has engaged the Government to develop standards for medical supplies and equipment to be used in the fight against COVID-19. Some of these items include protective footwear, full-body suits, headgears, protective footwear, hospital scrubs, hospital linen and surgical gloves.

We have seen the manufacturing sector produce new products, necessary for protecting all in the country and more so, the medical personnel that are on the frontline in fighting COVID-19. Local manufacturers have increased their production of the material (Non-Woven Polypropylene) needed to manufacture 3-ply face masks (due to their high filtration ability) that are used by both medical personnel and the general public as the country grapples with the corona virus pandemic.

The Association is also working closely with the Kenya Fashion Council to incorporate small businesses in fashion design and tailoring across the country, to sew masks to meet local demand.

We have also engaged the Government to develop standards for medical supplies and equipment to be used in the fight against COVID-19. Some of these items include protective footwear, full-body suits, headgears, protective footwear, hospital scrubs, hospital linen and surgical gloves.

Some members have even changed their production lines to alcohol-based hand sanitizers, whilst others continue to support their community by providing soap, handwashing kits and water storage tanks. This is geared at ensuring that such products do not run out of stock.

The most recent innovation in the country, which is a demonstration of the local industry's capacity to fill supply chain gaps in various sectors, is KAM's Automotive Sector's ventilator invention. The ventilator, dubbed 'PUMUAISHI 2.0' is designed to be a complete intensive care unit respirator and whose primary focus is to provide IPPV (intermittent positive-pressure ventilation). The ventilator has been approved by Kenya Bureau of Standards (KeBS) and is ready to be used by hospitals in the fight against COVID-19. Seventy five per cent of the material needed to manufacture this ventilator is locally available, therefore more capacity to produce this ventilator on a large scale of about 3,000 to 5,000 per month.

Manufacturers have been significantly impacted by COVID-19. In partnership with KPMG, the Association conducted a survey among its members to assess its effect on local supply chains and the impact of Government measures to cushion the economy from the impact of the pandemic.

From the survey, 40 per cent of manufacturers have reduced their casual employees, whereas 17 per cent have reduced the permanent workforce. On the other hand, 91 per cent of non-essential manufacturers have seen a significant decrease in demand for their products compared to 74 per cent of essential goods manufacturers.

Forty two percent of manufacturers are operating at less than half of their operating capacity, whereas 37per cent of small and medium enterprises (SMEs) have scaled-down production. On the other hand, 79 per cent of surveyed companies are experiencing cash flow constraints, with 86 per cent of SMEs facing the same challenge, leading to difficulties in facing their financial obligations such as salaries and operational costs. To resolve cash flow challenges, manufacturers have negotiated payment plans with their suppliers (66%), customers (62%), banks (55%) and sought additional financial support from other individuals and institutions (45%).

On economic incentives, 71per cent of surveyed manufacturers indicated that zero tax on income less than Ksh. 24,000 was the most helpful while reducing the VAT to 14 per cent had the least benefits. Reduction of Corporate Tax from 30 to 25 per cent was positively received by 60 per cent of the surveyed manufacturers. Fifty two per cent of manufacturers—to whom turnover tax is applicable—found its reduction from three to one per cent very helpful or helpful.

Fifty per cent of manufacturers indicated that VAT refunds are helpful. Kenya Revenue Authority recently announced that they have started disbursing the funds.

COVID-19 has brought to light the importance of manufacturing to an economy and being self-sufficient as a country as well as the risk of over-reliance on exports. We can forge the resilience of our industries by enhancing our local value chain—from raw materials to finished products.

The pandemic has also pointed to the need for resilient industries. We can build resilient industries by supporting Kenyan-made products. By doing so, we can shelter the manufacturing sector from industrial and trade risks arising out of external shocks. This way, Kenya can source raw materials and intermediate products locally, before turning to international markets.

As we continue to promote public procurement of local products, it is also important that both the public and private sectors create awareness on locally manufactured products and encourage consumers to buy local. This demands affirming our commitment to building, creating, adding value and taking pride in the products that we make.

Predictable and stable policy initiatives are also critical. This entails succinct fiscal and regulatory policies and initiatives that encourage investments into the sector. Increased investments will see local industry thrive and in turn create jobs and wealth for many.

Phyllis Wakiaga is the CEO of Kenya Association of Manufacturers and the Board Chair of the UN Global Compact, Kenya Chapter.

Positioning Insurance in SMEs recovery phases

By Abel Kabiru

It's time for insurers to come up with unique products; they will find a ready market that is willing to listen, consider and buy

COVID-19 caught even the best in business flat-footed. It will be a long time before the curve for economic growth begins to rise.

For an economy like Kenya's that is 80 per cent driven by small and medium-sized enterprises (SMEs), the pandemic is a bad dream come true. A lot of SMEs have suspended operations, adopted telecommuting or retained a skeletal staff. The opportunities being lost are enormous. Yet, therein lies the greatest opportunity for insurance.

Insurance executives need to look at the market vigilantly so that they can target and register higher returns on their marketing spend. How will SMEs get back on track after the lockdowns? Which industries and businesses do insurance brokers and agents need to target, and when?
Professionally-run SMEs have Business Continuity Plans (BCP). A detailed BCP will also contain disaster recovery mechanisms. Seeing that Kenya is not prone to adverse natural calamities, wars or pandemics; most SMEs that had BCPs had envisaged post-election violence as the worst-case scenario, and sat pretty because there are two full years ahead of the polls.

The biggest determinant for an organisation's recovery strategy is the industry they operate in. There are businesses that will be back to normal in the short-term of three months; others will take medium-term duration of six months to a year. Then there is a category that will take longest to regain their footing, more than one year. All this affects the overall economic recovery. Trying to sell insurance to an industry that has not yet recovered will be an exercise in futility. Underwriting propositions must be in line with the recovery of a particular industry.

The short-term beneficiaries will include beauty parlours, assorted essential goods sellers, ordinary eateries and bars, PSVs, long-haul transporters, businesses dealing with school equipment among others. The moment the Government lifts its directive on working from home and schools reopen, these businesses will be the first to recover because demand for their goods/services has been building. They will re-hire, expand and service their bank loans easily while creating vibrancy in the market. But their impact on the economy will be minimal.

The medium term recoveries will constitute businesses whose products and services are consumed when customers have disposable income. At the retail level, these include high-end restaurants and hotels, car hire firms, boutiques and specialised outlets in the malls. At the Business-to-Business level, we will start to see advertising spend going up so media houses will begin to recover, tours and travel firms, seminars, training and consultancy firms will begin to book clients. Manufacturers of essential products and fast moving consumer goods will also get back to normal.

The long-term businesses, taking more than 12 months to recover will invariably include those engaged in international trade, social enterprises dependent on donors and those eyeing venture capital and private equity funds.

The global capital flow and supply chains have been altered. It could get worse should countries begin to impose new tariffs, restrictions and conditions. Changes in national policy may jeopardize international trade. So big importers and exporters might experience a lull in their businesses as the world reorganises itself and settles on a new normal. Locally, the leisure and high-end tourism destinations, auto dealers, real estate and housing businesses may continue to drag.

Businesses falling in the short-term recovery bracket ought to be gearing up awaiting the end of lockdown. Their plans should be immediate in terms of access to capital, cash-flow management, quick turnarounds, seizing low hanging fruits and compensating for lost revenue during the shutdown. They will barely need to advertise; just open shop.

Medium-term recovery businesses will have to rework their value propositions. They will have to sell actively to revive demand. Put the sales team on 'steroids', this will see product promotions, market activations, cold calls and lots of proposals to the large businesses and Government. The challenge will be to stretch the cash reserves to see organisations through the next 12-18 months. So freezing hiring and non-mission critical expenses will be key. Here, the CEO becomes salesperson number one, owing to his leverage and networks.

The third category will need a structured approach to their recovery. If the process is not handled well, some of these long termers usually shutdown, when the owners do not have access to cash to prop them over a long period. They might have to rethink their business model, strategy and operations. Some may scale down drastically, exit from some markets and have massive layoffs. They may sell some assets or shares but when they pull through, the enterprises will be very strong and profitable.

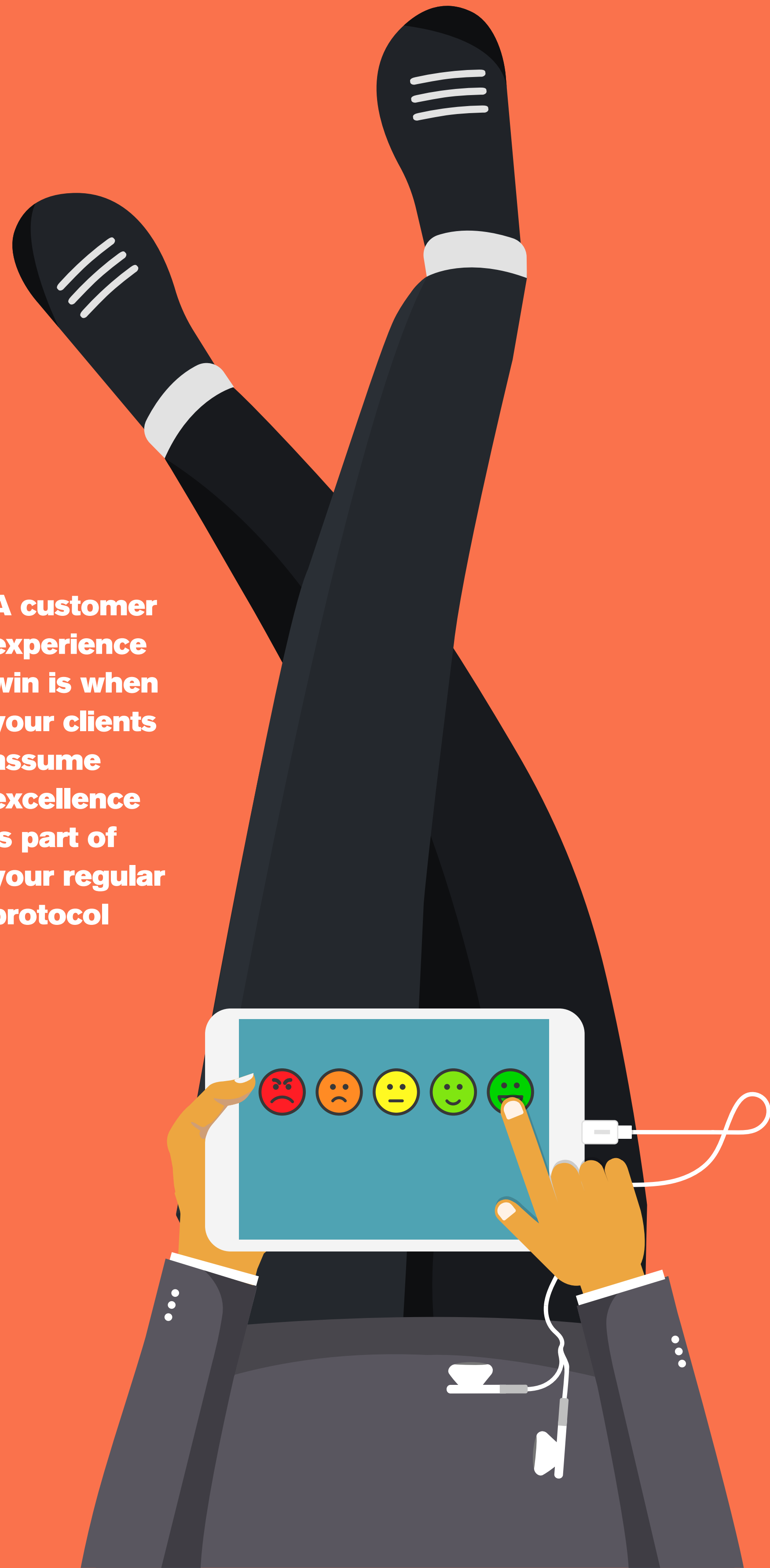
This is the time for insurers to develop unique products. The market will have a different attitude towards insurance and they are likely to be a more ready market that is willing to listen, consider and buy. Individuals and business alike have now realised how vulnerable their situation and businesses are.

Most entrepreneurs count three months during post-election chaos for things to normalise, largely because the rest of the world is open for business and the violence is never nationwide. However, this time, the whole world has been affected by COVID-19. Prospects will no longer be smug about purchasing insurance, as long as it is packaged and presented well. An insurance product for business recovery would be a good starting point.

Abel Kabiru is the Managing Director at Enhanced Performance and Innovation Center (EPIC)

Customer Experience amid COVID-19

By Aram Kaboro



A customer experience win is when your clients assume excellence is part of your regular protocol

We have been hit, and in a big way. COVID-19 has dealt the world an unprecedented blow. Businesses the world over are dangling at the brink of a never-seen-before precipice. It is time—analogically speaking—for the drowning swimmer to cling onto those reeds—however feeble they may feel—in the rapid river.

Now is the time to evaluate our survival post-COVID-19. In this industry (Insurance) may be the biggest stock-in-trade is the customer: Consequently, it is time for players herein to rethink customer experience (CX). Industry leaders—now than never before—have to position themselves at the forefront of the longer-term shifts in consumer behaviour that result from this crisis. Keeping a real-time pulse on changing customer preferences and rapidly innovating to redesign journeys that matter to a very different context will be key. The pandemic, just like it happened, will go away someday so we all have to look beyond it in terms of how well we manage our CX initiatives.

Customer experience is often described as having three components: process, people, and product. Remaining true to company values and purpose forms the pedestal of concrete CX. Customers choose to buy from socially responsible brands. Customer experience leaders who care and innovate during this crisis and anticipate how customers will change their habits will build stronger relationships that will endure well beyond the crisis's passing. The way organisations step up to play this role for their customers, their employees and the broader community is likely to leave lasting memories in customers' minds. But what does it take to maintain a strong CX in a crisis like the one we are in?
Insight into customer cognizance of any situation is vital. Speedy research to understand changing dynamics and new pain points as well as clear-headed innovation to address them should be initiated. Leaders who master this approach will create value for consumers in an environment of increased competition that obtains with Insurance.

Always respond to your customers in earnest. Remember, there is a difference between a response that is "technically" correct and a correct response. This distinction is extremely important when it comes to CX in a crisis. It requires emotional intelligence, not just diligence—although both are important. Brands that define themselves by their CX are able to master that distinction. They then hire and train to effectively execute it. This is something that must be consistently articulated to the entire team. From the people who manage front line communication to the leadership team.

In a time of crisis, people remember those who take the time to care—those who listen to their struggles and show true empathy and understanding of their frustrations. In the end, an effective CX strategy requires one part technical application, one part consistent process and 10 parts empathy and communication. Note that with a crisis amongst us, companies can be reluctant to ask their customers for feedback. It can be easy to ignore day-to-day customer service and CX measurement protocols. But doing this can have detrimental effects for both the customer and the business. Nevertheless, if you have the right feedback program and structured reports in place, you'll be set up to quickly take action on your customers' feedback as well as measure the impact the crisis has had on your business. This will also create a benchmark for your company to compare against in the future. After the disaster has cooled down, it's important that we ask ourselves plus our customers how we did and what could we do better?

The human element is the simplest, most difficult, yet most important part of providing a quality CX. This becomes even more important during times of crisis. It is the "people" part of the people, process, product equation. It is also why clearly outlining the goals and vision for our CX is crucial. In the end, team members need to understand that CX is about humans working with humans: Understanding their needs, concerns and stresses; listening to their frustrations and letting people know they are heard. The foregoing is different from just responding with a cut-and-paste message on an organisation's website. Team members need to be armed with response messages and a protocol for various situations; they need to apply those with empathy by clearly addressing the specific concern or frustration being shared. Sometimes your short-term tactics need to contradict your long-term strategy.

Incorporating customers in your team will pay dividends when the pandemic goes away. Join forces with your customers. Make them your advocates, include them where possible, and build a 'we-help-each-other-through-the-crisis' atmosphere. Those who go through a crisis together are more likely to bond afterwards. As such an experience can create a deep connection for every person involved. Customers will remember what you did for them in their hour of need.
This is the time to focus less on growth and more on customer retention.

Aram Kaboro is the consulting editor of this journal

COVID-19

checklist for businesses

Companies must adjust their planning to take stark marketplace disruptions more seriously

Seven months since the onset of COVID -19, the marketplace globally and locally has turned upside down. People and businesses are struggling to adjust to a new reality of quarantines, lockdowns and closed borders. The corona virus poses unique challenges and unlocks special opportunities.

This pivot in fortunes has caught most companies flat-footed. Kantar, a global research firm, has developed a checklist to provide an actionable framework that businesses can use to benchmark their responses to the disruption caused by this pandemic.

The Seven Steps

This checklist is adapted from standard crisis management guidelines about keeping a company stable and productive during events that interrupt normal business operations. This checklist provides a set of guidelines best suited for the current situation.

1. Ensure the health, safety, and productivity of employees

- Require frequent handwashing and provide protective equipment as needed.
- Limit outside visitors. Restrict unnecessary travel. At least daily, sanitise all facilities thoroughly. Make mental health support services available.
- Take steps to help employees working in new situations get access to resources needed, such as additional technologies and health care.
- Communicate with internal staff frequently and in detail. Provide them with open, unfiltered lines of communication. Move immediately when help is requested.
- Get rid of as much legacy bureaucracy as possible. Decisions must be made in hours not weeks. Push authority down as much as possible, but step in to fix things in real-time.

2. Put a rapid response team in place.

- Define the role and purpose of this team in operational terms, not strategic or executive. This team should be cross-functional, with unambiguous lines of authority.
- Have this team develop a clear charter—approved by the CEO—that specifies areas of business responsibility and functional oversight. This charter should cover communications (external and internal), key metrics, monitoring and tracking, and all emergency responses.

3. Take stock of the commercial situation across retail, marketing, sales, digital.

- Calibrate where the situation stands before recalibrating where the business needs to go. Look at where the business stands with respect to five factors: strength of brand, category exposure, type of channel, type of consumer and geographic footprint.

4. Minimise business exposure.

- Ensure the highest standards of safety, cleanliness and health across all aspects of operations.
- Put contingency plans in place to ensure against interruptions of supply, labour, transportation and access to other counties.
- Work closely with Governmental authorities so that lockdowns can be anticipated.
- Cash is king during disruptions: Every aspect of the business must be managed within the overarching need to conserve cash. Only spend on mission-critical priorities and needs
- It is important not to jump too quickly to layoffs. Strong, motivated talent will be needed to meet this challenge effectively, and the recovery will arrive swiftly when control of the pandemic turns the corner.

5. Capture immediate business opportunities.

- Move quickly to be the first to seize every growth opportunity that emerges. This requires a mind-set and a willingness to take risks to turn disruption into advantage. There will be many opportunities for brands willing to think outside the comfort zone of business as usual. Growth will now be found in uncomfortable places.

So far, a number of high-potential opportunities are clear:

- Digital commerce. Categories with low digital penetration have been forced to shift in that direction.
- Contact-less commerce. This goes beyond digital. Consumers want product and service options that involve no contact with other humans.
- Direct-to-customer (D2C). Reaching consumers where they are is becoming the norm for business.
- Brand reputation. While many brands will be unable to jump into many of these new opportunities, now is an ideal time to invest in strengthening goodwill and trust.

6. Monitor and update in real-time.

- Events are changing daily and there is too much uncertainty to lock into fixed plans. This means a comprehensive, detailed tracking and evaluation system tied to decisions.
- Stay up-to-speed on the status and location of coronavirus outbreaks.
- Stay current on Governmental restrictions and regulations.
- Track the progression of the coronavirus outbreak in other markets to get a better idea of how commercial evolution is progressing and what early opportunities for recovery will be available.

7. Plan for now for the recovery.

Start looking ahead now because the recovery will arrive as abruptly as the disruption. This involves futures-based planning to anticipate all possibilities and outcomes.

Future planning is not just about disease pandemics. It's about disruptions of all types—terrorism (9/11), financial (2008), disease (COVID-19). For a long stretch after the end of World War 2, these sorts of disruptions were less common. But the evolution of the marketplace has returned to normal, and normal is disruption. This is the reality that companies must adapt to and plan for in the future.

Source: https://www.kantar.com/Inspiration/ For more information, contact kate.njoroge@kantar.com

By Dorcas W. Mbugua

How COVID-19 has legitimised home-schooling

Home-schooling has been a subject of curiosity in Kenya for many years. This is because it is a way of providing an education that has long been covered in a lot of mystery, at least in the country.

For scores of people, home-schooling has been a misunderstood concept that they felt was for certain people only. In Kenya today, the concept is not recognised by the Government as a legitimate way of educating children.

The Constitution of Kenya Article 53 (1) (b) states that every child has a right to free and compulsory basic education. However, this clause is so ambiguous that despite it, there is an ongoing court case where a home-schooling family is fighting for the right to continue giving their children a home-based education.

In the midst of all this, COVID-19 was declared a pandemic, which led to the closure of all schools nationwide, indefinitely. Suddenly, home-schooling via online apps as well as video conferencing became the only way for children to continue learning. Homes were quickly turned into schools with certain rooms being converted into classrooms: But not every home in Kenya has the capacity to sustain or even consider home-school. Almost overnight, home-schooling became the only viable option for families who wish to have their children continue learning.

Therefore, it is obvious that the approach to education during and after COVID-19 will change; indeed it is already changing. One of the reasons for this is that most parents have now realised that learning at home can actually happen with some slight adjustments. Additionally, most employed parents have found themselves working from home, giving them more time with their children and a more hands-on role in their education.

Moreover, learning has since ceased being only about curricula and textbooks which is what institutionalised learning has done to education. The reality is that education is life, and parents have embraced this by teaching their children life skills—thanks to all the extra time on their hands now. Furthermore, the quarantined lifestyle we have all had to adopt has forced most parents to be inventive in order to pass the extra time more meaningfully. The social interwebs are rife with photos and captions of parents baking, cooking and teaching new skills to their children.

Home-schooling may not be the cheaper option as many have thought it to be. In fact, home-schooling may end up being more expensive since usually, one parent may have to forfeit a full-time job in order to be available for their children's education. Additionally, a home-school set up may require more resources such as scouting for different options for extracurricular activities which would normally be contained in one fee statement in a regular school setting. That said, the cost of home-schooling will vary from home to home based on various factors such as the number of children, their ages, curriculum in use, the need for extra tutors and so on.

This pandemic has given the various stakeholders in the education sector a glimpse into what home-schooling is and what it can achieve. Hopefully, they are taking notes on how to support parents who decide to continue home-schooling their children post COVID-19, as well as those who have been doing it for a while now. Despite the disease bringing with it disaster to many across the country and even the world, it has hopefully made us uncomfortable enough to embrace new ways of doing things—case in point, education.

Home-schooling may just be the New Normal for many households across the country. Will it finally be recognised and legitimised by the Kenyan Government as a viable way of learning? Only time will tell.

Dorcas W. Mbugua is a home-schooling parent and a home-schooling proponent

BRAND communication in unprecedented times

By Jordan Rittenberry

As we navigate COVID-19, the insurance industry will need to find ways to step up, guide consumers and remain relevant

As the number of COVID-19 cases rises in the country and industries adjust to lockdown rules, the pandemic has dramatically altered our lives, perhaps permanently. For businesses, this is uncharted territory—yet the responsibility to quickly adapt through these difficult times is immense. Right now, people are turning to the brands that they can trust.

Trust in the insurance industry is crucial. Potential policyholders are driven towards insurance companies based on service offering and pricing. However reputation that is built on word of mouth and trust plays a critical role in decision-making. Maintaining trust is essential, perhaps now, more than ever.

Edelman has been studying trust for the last 20 years, and what we have consistently found is that companies that are trusted are more likely to be successful and are more likely to have better relationships with their stakeholders. Trust is measured across four institutions: Government, Business, NGOs and the Media.

Going into the COVID-19 crisis, our research shows that business was considered second most trusted institution after NGOs. However, our most recent data on Trust during COVID-19 demonstrates that the private sector's response to the pandemic has so far disappointed, and CEOs are perceived to be underperforming relative to scientists and Government leaders, for example.

While we have seen commendable efforts from the Kenyan private sector over the last few weeks, there is still more that can be done.

It may not be intentional, but now is not the time to disappear; businesses need to look for opportunities to lead by example. If there is useful and reliable information that might help people navigate the uncertainty, brands need to share it. If you have important information that affects your company, or your employees (around transmission of the virus), you may want to consider sharing that publicly as 85 per cent of respondents to our survey say that they want brands to use their power to educate. Businesses should also look towards facilitating a sense of community through powerful platforms such as social media, allowing people to connect and remain emotionally close.

As the saying goes: If you want to go fast, go alone; if you want to go far, go together. To effectively help during the pandemic, joining forces with others—most critically Government is key. Indeed, our data shows that neither business nor Government is trusted to go it alone. In Kenya, we have seen the private sector—including some insurance companies—donate to the Emergency Fund that was set up by the Government in April. The fund has since received generous contributions amounting to over Ksh. 1.2 billion, which will go a long way towards fighting the spread of the virus. As the crisis unfolds, organisations will also need to ensure they are communicating with every stakeholder group, rather than a select few. Frequent and transparent engagements with reinsurers, employees, brokers, regulators, consumers and shareholders among other stakeholders is crucial. Through these engagements, you may also find opportunities to collaborate.

Right now, businesses ought to focus their efforts on sourcing appropriate and meaningful solutions, rather than pushing their latest products. Our data reveals that 84 per cent of respondents would like brand advertising to focus on how brands help people cope with pandemic-related life challenges, while 77 per cent said they want brands only to speak about products in ways that show they are aware of the crisis and the impact on people's lives. When communicating externally, show how your brand is supporting and protecting employees and customers, what operational changes have been made to ensure there is access to products and services, or how you have developed a new policy that complements our new reality.

The reality of the crisis we are in is that it is dynamic and evolving fast. While necessary, social distancing and restrictions on movement may well impact on the mental wellbeing of employees, while also increasing the responsibilities of parents. Business leaders need to be cognisant of these challenges and should communicate and show support to their employees wherever possible. By demonstrating compassion and empathy, organisations will foster trust amongst their employees and build their own reputations – both internally and externally.

As we navigate this new reality, the insurance industry—like all industries—will need to find ways to step up, guide consumers and remain relevant. With trust at the core, businesses need to respond to the pandemic with compassion and agility, while finding innovative ways to help solve new challenges. The time to act is now; we believe that the actions that business leaders take in the weeks and months ahead could well determine their reputations for years to come.

Jordan Rittenberry is the CEO, Edelman Africa

In a Crisis; what do CEOs expect of managers?

By Abel Kabiru

The ability to effectively solve problems separates potential leaders from career managers

In times of crisis, business leaders rely on their lieutenants to keep the ship steady. While they scope the environment and maintain a bird's eye-view on strategy, CEOs need an assurance that daily operational issues are being handled well.

C-Suite and line managers will prove their mettle on how they navigate through the on-going COVID-19 crisis. When it ends—as it will—there are those who will be promoted while some will be let go. It is a sad reality; performance evaluations will still be done. So what should managers do to smart out of this unprecedented crisis?

1. Become a champion for change

Desperate times call for desperate measures. In the last three months, businesses' assumptions have been challenged, projections crashed, hopes dashed and anxiety heightened. This is the best time for managers to bring to bear their best thoughts on how their respective divisions and departments can manage in this crisis. This season calls for change—be it in telecommuting, cutting down on production, surrendering budgets for non-essential expenses and so on. It is the role of the managers to suggest, justify and champion the changes that need to take place for the business to remain afloat—and in some instances, continue on a profit trajectory.

2. Be an internal solution provider

From clients, suppliers to employees, everybody wants assurance on one thing or the other: The CEO is relying on his/her managers to handle emerging issues with all the stakeholders. Renegotiate contracts, postpone or withdraw from non-core commitments, seek favourable terms from creditors and motivate employees working from home. Managers must be able to handle issues at their level, and only escalate major challenges to the CEO. The ability to effectively solve problems separates potential leaders from career managers.

3. Focus on the deliverables

Results will be what the company resolves to do during this crisis, not necessarily making a profit. So, performance metrics will undoubtedly change and managers must be versatile enough to create and oversee new ways of doing things in their departments. Once the organisation has settled on stop-gap strategic objectives to steer the ship clear out of COVID-19, it is left to the managers to develop the techniques and the initiatives to accomplish that. Managers must be doggedly focused on executing this strategy. If employees are working from home and you have to check on them daily—through Zoom or calls, as opposed to previously holding a weekly meeting—then by all means do it. The CEO wants to rest assured that all bases are covered.

4. Be flexible

In times of crisis, managers should encourage everyone to table their suggestions on how to survive. The managers curate the ideas, subject them to various checks in line with organisation policy and strategy and adopt the beneficial ones. Also, the manager needs to offer support both upwards, to peers and downwards. The CEO will want lieutenants who are contributing to solutions and stepping out of their boundaries. An effective manager will therefore collaborate and offer their expertise to the CEO, fellow managers and junior employees.

Abel Kabiru is the Managing Director at Enhanced Performance and Innovation Center (EPIC)

Successful Remote Working;

5 tips on remaining connected

1. Stay in touch

This principle is true in respect of internal and external communications; home working is a new concept for many people who are doing it for the very first time, so it requires a new discipline, mind-set and mentality. It can be easy to sink into long days and endless, intense working and not connecting with anyone other than e-mails. Schedule video meetings that will cut out e-mail traffic and allow business-as-usual working. If you are a people manager, make sure you have regular team meetings as well as proportionate and appropriate number of personal meetings. But make these as engaging as possible, and not a video call for the sake of it.

Keep meetings short—not more than an hour—and insist that everybody switches on their cameras so you keep that human aspect going. This optimises internal working. Equally, keep in touch with policyholders and clients. Send them regular personal messages, hold case calls, use shared working technology to progress cases, files, matters. You can also host client webinars, client conferences, and training. Have your camera on and do not worry if your family member or young child comes on the call; it reinforces that human connection, creates empathy, familiarity, and enhances trust. This is after all not a normal situation and insurance is a people business.

2. Create a routine

Whether you walked, cycled, drove, or took public transport, pre-COVID-19 you would broadly wake up, shower, get dressed, have breakfast and head to work in a well-defined way. And broadly, you then leave the office for the commute home at a regular time. When in the office it is easy to get up from your desk to go and get a cup of coffee, have a chat with a colleague, go and see a client, get a snack. So, adopt these at home. Get up at the same time each day, get ready in the same way—for instance read the newspaper, buy a coffee and then step foot in the office, try and recreate. Read the online news or watch a bit on TV and have that coffee before you switch on your laptop. Just because you are at home, you should not feel you must sign in earlier, sign off later—adopt flexibility and especially if you have child-care commitments, but craft that routine so you have a consistent lunch, take regular breaks, call people (see 1) and use the freedom to optimise productivity. Dress appropriately; if you are talking to a client you do not need to wear a suit and tie or a dress but ensure you convey the right message; remember we are all in this together. And have free time to not take calls or video meetings to have focus work time. If your routine is staggered or flexes across a week, all the better. A little and often is a great outcome, rather than a lot all the time.

3. Sharpen up on some skills (and utilise them)

If you have two or three hours a day to spare that is no longer spent sitting in a traffic jam, on a bus, use it wisely now. Taking into account tip 2, start early, finish early, or stagger it but either way, use the time to hone a work skill like PowerPoint, Excel, Word. Use these in your job—create sharper presentations that you can share on a video call; tidy and optimise tables of claims data; create new business insights; improve existing documents like reports or plans. To challenge yourself, mastery of social media is a great idea; for work purposes start using LinkedIn to read articles, expand your network, keep up to date on what is going on in the industry. There is a wealth of insurance content from company results, people moves, webinars to thought leadership and technical updates. Begin to become more active—post your own blogs, vlogs, articles, comment, share, start to impact and influence. And in between this—if you have time—learn a new skill or hobby, take up a foreign language, cycle, jog, and start cooking more. Having a creative focus will help you be more productive. It makes time move faster and keeps days exciting.

4. Create a happy and comfortable workspace

Try and work where you have plenty of natural light, do not spend all day in just one room, have plants near-by, listen to music, if it's a simple task why not leave the TV on as background noise. Walking around regularly is good exercise as well as part of your routine and helps keep your mind sharp. Mental health is increasingly important in a prolonged lock-down/curfew so as well as regular communication and contact, being in a well-lit, well-ventilated space is vital as is the taking of breaks and embedded in a routine. Take a walk if you miss the sound of the town or city, use it to unwind or crystallise an idea.

5. Be Organised

It is imperative that to succeed in the tips 1-4 you need this as your anchor-organisation. Manage time well, use it wisely, do not drift, act to all intents and purposes as though you are in your office, work with your virtual teams, keep the client discussion going with passion, innovation and using new technology/ principles and skills. Insurance is also a highly process-driven and well-structured sector with a fast deployment of new technology, so it can operate very effectively remotely whether it's a case discussion, a video inspection, a witness statement via the phone, using automated processes.

Following all of this needs an end-to-end focus and you to be the best you can be.

www.jamesnorman.org

Virtual Motor INSURANCE Certificate

What you need to know

1

What is a virtual Motor Insurance Certificate?

It is a motor insurance certificate that is issued to customers via digital channels such as e-mail.

2

How is it different from the current one?

The details and colour in the virtual certificate and the hard copy certificate are the same. The only differences are the type of paper, the printing process and how it gets to the customer. The virtual certificate is more convenient for the customer as you can get it anywhere.

3

Does it change the motor insurance process or cost?

The motor insurance process does not change. The cost of motor insurance (premium) will also not change.

4

Should the virtual certificate be displayed?

Yes. The law requires that the insurance certificate is displayed on the windscreen of the vehicle.

5

Must it be printed in colour?

Yes.

6

How do I check that it is genuine?

Dial *352# and follow the process as guided.

The platform will provide information on the insuring company; the vehicle details; start and end date of the insurance; and the status, whether valid or invalid.

You can also download the AKI Verification App and enter the details through the App.

7

What do I do once I sell a vehicle?

You will contact your insurance company to cancel the insurance. The new vehicle owner cannot be issued with a certificate until the previous owner cancels it.

8

Why has the certificate changed?

The virtual certificate is convenient for the customer. It also helps curb fraud and fake certificates since customers will be able to check their insurance details.

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