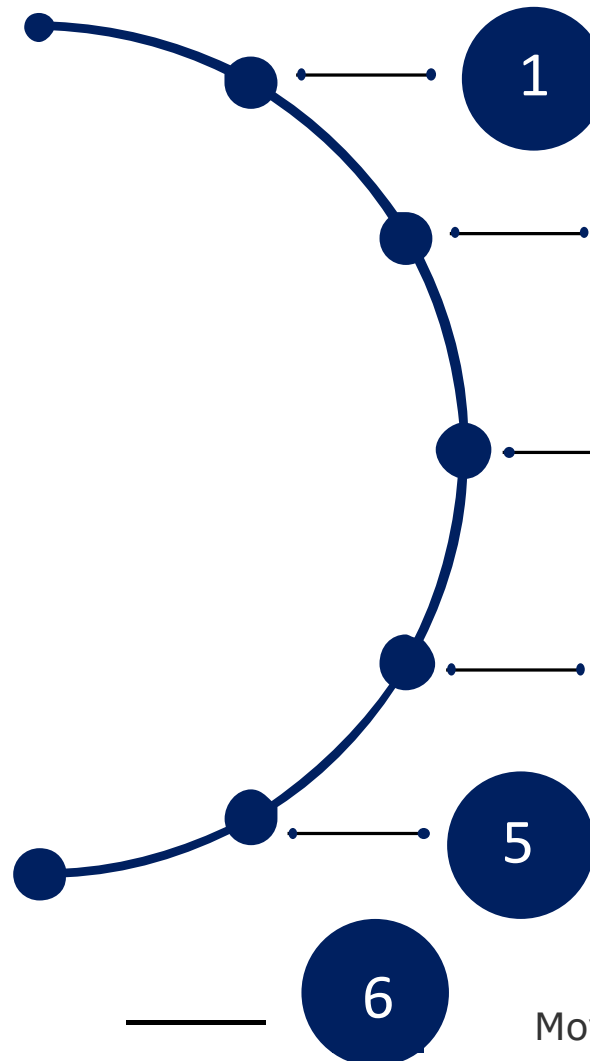




**DRIVING GROWTH IN THE INSURANCE
PERSONAL LINE SPACE THROUGH
NASCENT TECHNOLOGIES
*(NIGERIA & AFRICA PERSPECTIVE)***

Table of content



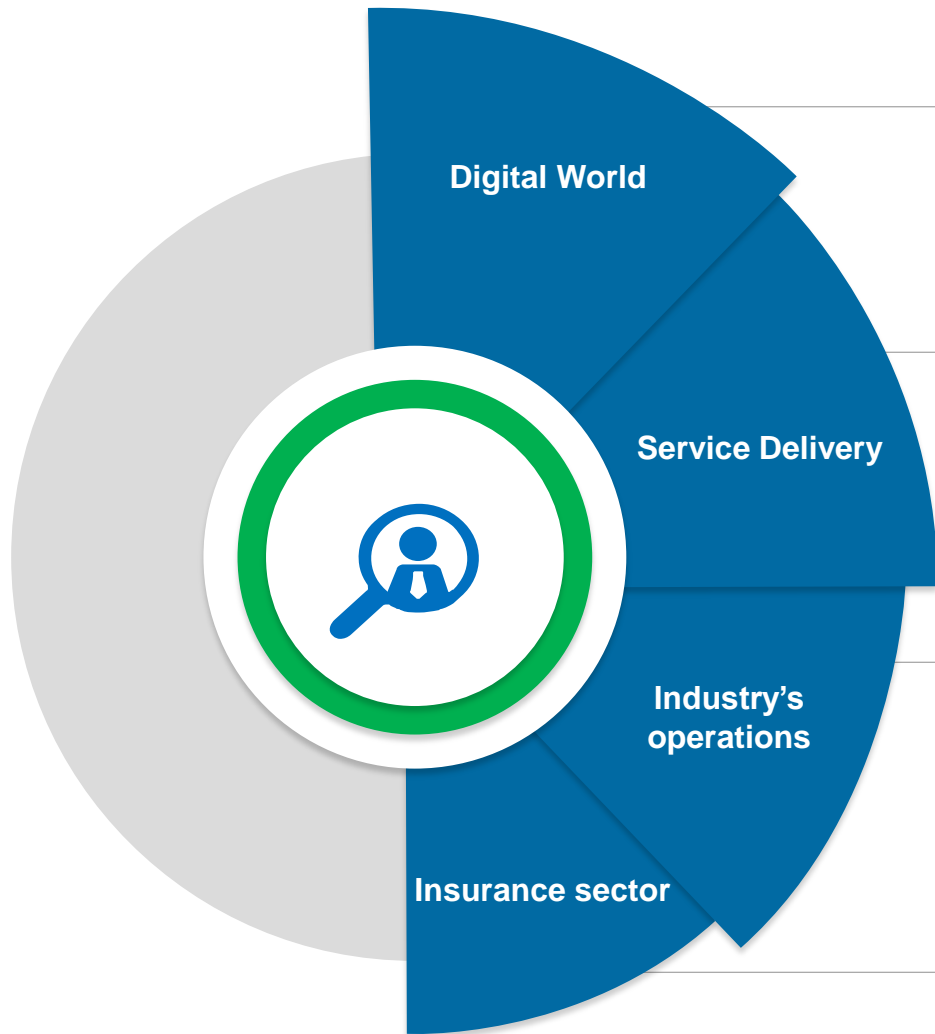
- 1 Executive Summary & Introduction
- 2 Digital penetration & Insurance penetration
- 3 Insight Into Personal lines Insurance
- 4 Challenges Facing Personal lines Insurance in Nigeria & Africa
- 5 InsurTech To The Rescue
- 6 Moving Forward & Conclusion

Executive Summary



- The Nigerian insurance industry like most African countries is **largely underdeveloped, and insurance penetration levels are very low** by global standards. More so there is significant shortfall in promoting and developing the Personal lines insurance sector thereby leading to low (less than 20%) contribution in premium pooled from the country.
- This Presentation seek to review how the Nigeria and Africa Insurance industry can drive Growth in Insurance and specifically in the Personal lines space through deployment of Nascent Insurance **technologies “InsurTech”**. The challenges facing insurance companies are majorly the same across many African countries. There is general low level of awareness, there are cultural and religious beliefs factor, there is Pricing & Low Purchasing Power coupled with drought of innovative products.
- Technologies such as **Internet of Things, Big Data, Artificial Intelligence, Analytics** and others have been deployed in technology inclined nations and have positively impacted insurance growth. The presentation concludes by showing how theses technologies can be leveraged on to address the earlier identified problems and change the narrative of personal line insurance performance and the insurance industry in Nigeria and Africa.

Introduction



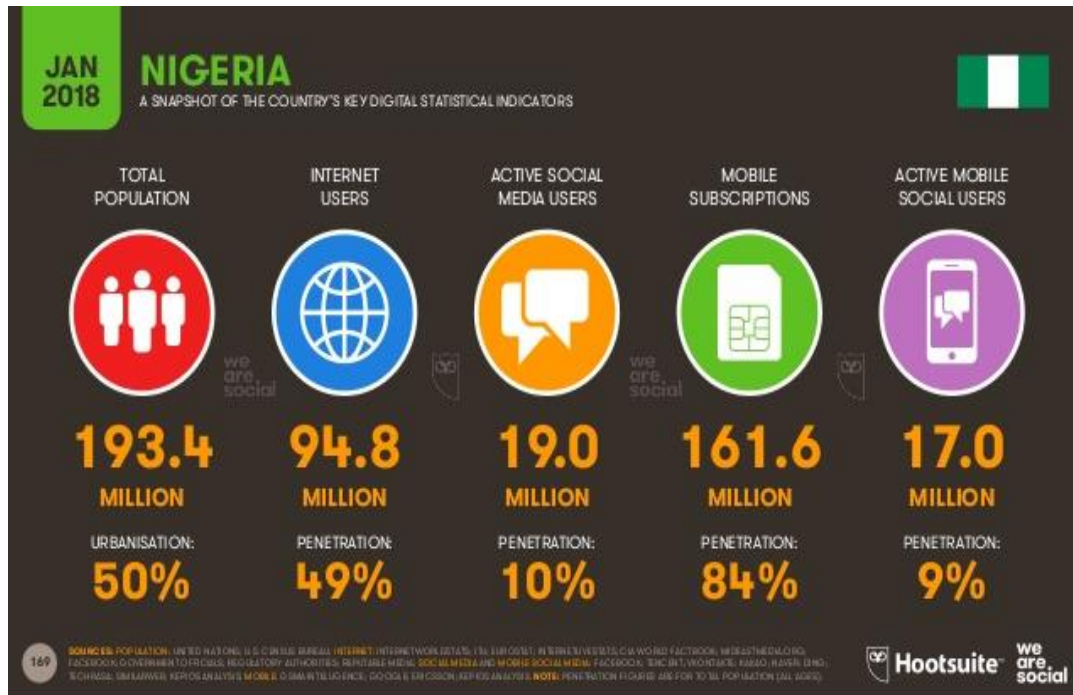
Development and technological change is moving societies to a digital world. Innovation through new technologies is a key driver of change in the financial sector and this has led to immeasurable efficiency gains .

The insurance sector is no exception to such developments, with possibilities of new methods of efficient and effective service delivery across board

The combination of big data, new technologies and advanced analytics is revolutionizing the industry's operations, affecting everything from underwriting and claims to customer acquisition and new product development

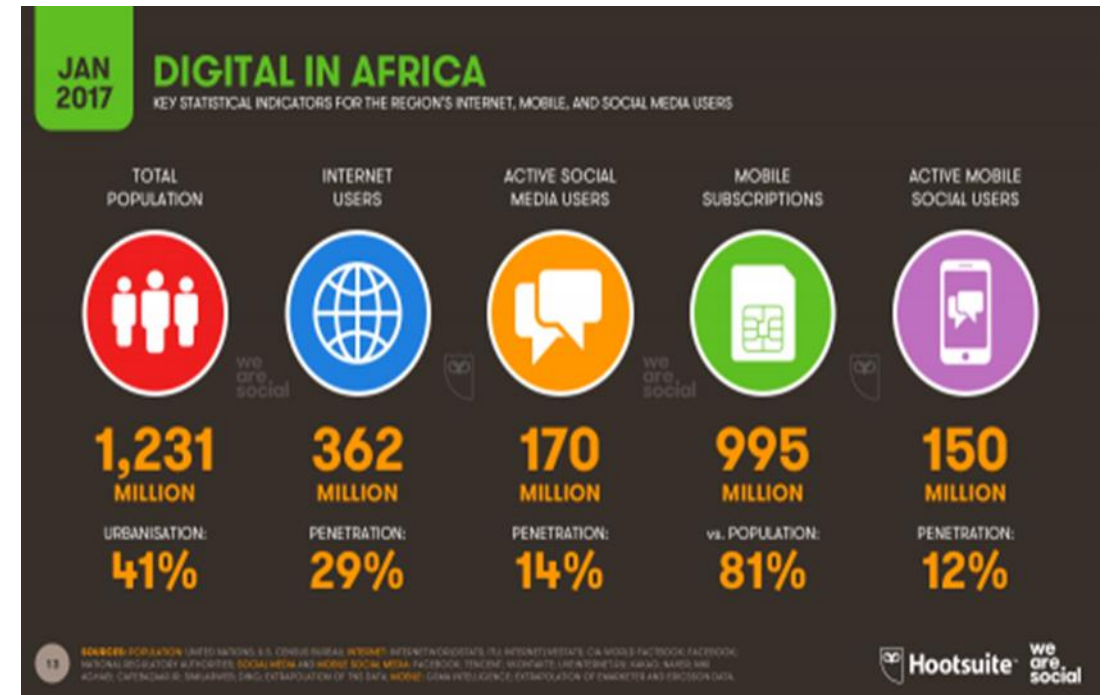
“InsurTech” is the term being used to describe the new technologies with the potential to bring innovation to the insurance sector and impact the growth of the Insurance Industry across the globe

Digital penetration in Nigeria & across Africa



DIGITAL IN NIGERIA

Nigeria continues to grow exponentially in digital media adaptation and technology in the last decade. This increases opportunities for brand – consumer interactions across all business verticals



DIGITAL IN AFRICA

Just like Nigeria , the continent is experiencing steady growth in digital media adaptation though not exponentially. With 81% mobile subscription and a gradually increasing internet user penetration, it creates opportunities for deployment of technology enabled solutions across business frontiers

Insurance penetration in Nigeria & across Africa

Country	Insurance Penetration
South Africa	16.99%
Namibia	6.69%
Lesotho	4.76%
Mauritius	4.18%
Zimbabwe	4.09%
Kenya	2.83%
Swaziland	2.44%
Togo	1.98%
Mozambique	1.58%
Malawi	1.52%
Senegal	1.51%
Gabon	1.38%
Zambia	1.11%
Ghana	1.10%
Cameroon	1.05%
Nigeria	0.30%
<i>Other 20 countries surveyed</i>	<i>< 1.0%</i>

Source - www.pwc.co.za/insurance

Key Indicators
<ul style="list-style-type: none"> ■ Insurance penetration across the majority of Africa remains very low. The Eastern and Southern part of the continent shows higher penetration and market maturity. ■ South Africa remains the most dominant market, by a long way, with other large countries, such as Nigeria, remaining drastically underpenetrated. This demonstrates, to a large extent, the untapped potential of the rest of the African market ■ Insurers already present in these countries will need to innovate and use new distribution methods in order to target the un(der)insured. They will also need to do so at reduced distribution costs, to attract customers with drastically different expectations

Personal Lines Insurance

Definition: Any type of insurance that protects non-business type accounts whereby its products are designed for and bought by individuals.

General Insurance

This involves annual insurance of specific risks.

- Motor
- Homeowner
- Accident
- Health
- Liability
- Travel
- Other specific covers



In the Nigeria Insurance Market like most African markets, there is a significant shortfall in promoting and developing the Personal lines insurance sector thereby leading to low contribution in premium pooled from the country. In Nigeria according to the Nigeria Insurers Association, less than 5% of the population of over 180 million possess one form of insurance policy. The personal line sector (excluding Annuity) contributed less than 20% of the total premium pooled in the last three years far less than the worlds average.



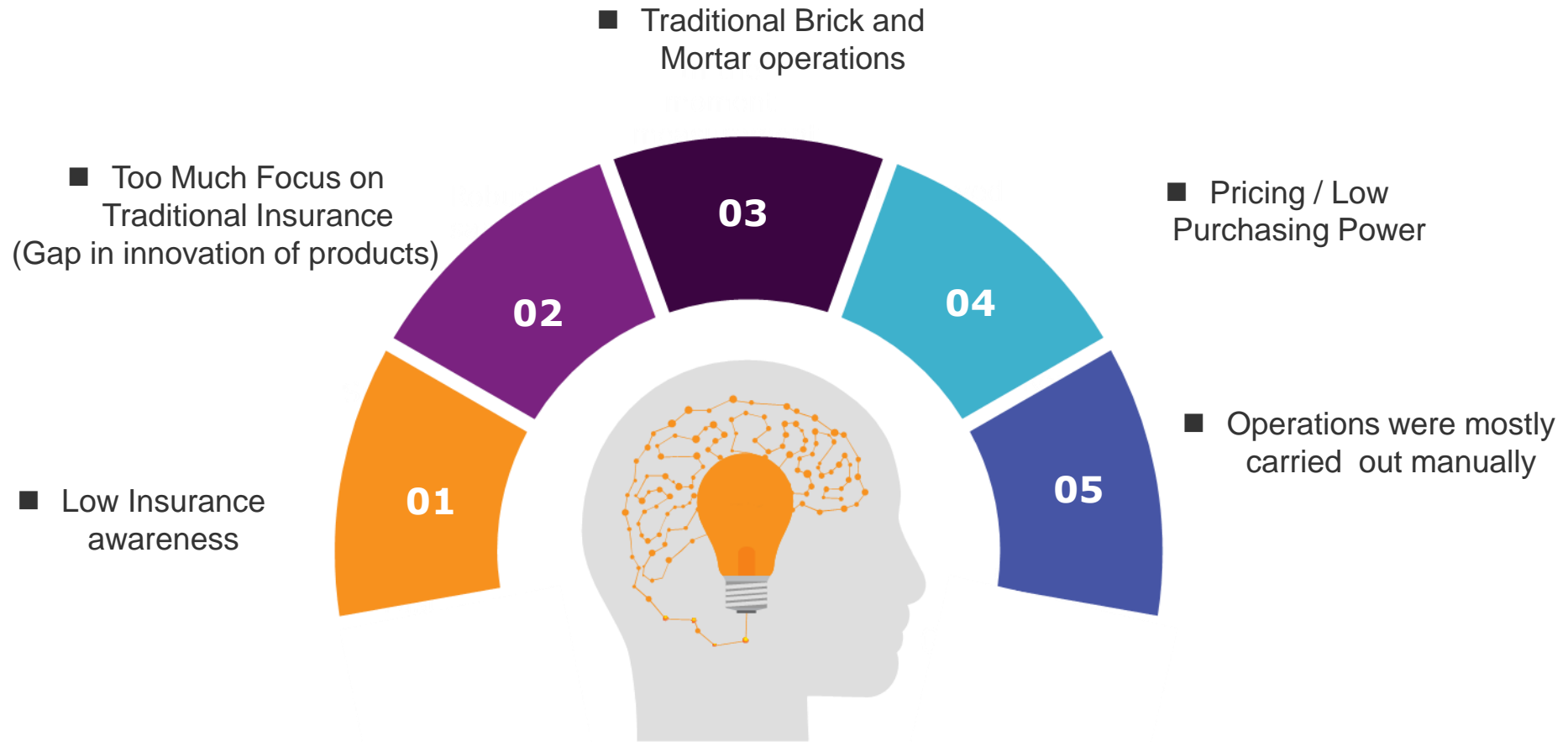
This presentation will focus in identifying and analyzing problems facing personal lines insurance and how nascent technologies can assist to drive growth in the sector.

Life/Long Term Insurance

This involves a contract intended to last for a substantial period.

- Term Assurance Policy
- Whole Life Policy
- Endowment Policy
- Life Annuity
- Personal Pension Scheme
- Stand-Alone Critical Illness Cover etc.

Challenges Facing Personal lines Insurance in Nigeria & Africa



InsurTech To The Rescue

Insurance and Nascent Technologies

Identified Problem	Initiatives “Deploying InsurTech”	Expected Impact
<p>Low Insurance awareness among the populace</p>	<ul style="list-style-type: none"> ■ Creating awareness through mobile phones, Mobile Advertising, bulk SMS, online and social marketing. ■ Partnership with religious bodies, Educational institutions etc. for social education and orientation. ■ Artificial Intelligence & Machine Learning to determine frequently visited sites (targeted at millennials) for pop-up adverts. 	<ul style="list-style-type: none"> ■ Reach wider target consumers base through multiple channels at lower cost and more efficiently . ■ Increase sales of policies
<p>Traditional Brick and Mortar operations</p>	<ul style="list-style-type: none"> ■ Deploying self –service apps, Partnering with digital financial services platforms, e-wallet platforms ■ Consider Major human touch points e.g. Online malls, Social clubs & Societies for partnership on product bundling. 	<ul style="list-style-type: none"> ■ Shift to Brick and click ■ Sales & marketing through new mediums ■ Less dependence on brokers
<p>Too Much Focus on Traditional Insurance (Gap in Innovation)</p>	<ul style="list-style-type: none"> ■ Deploying unique insurance products insurance products using mobile phone platform, USSD codes, Peer to Peer. ■ Introduce pay as you go products e.g. Personal Accident and Health Insurance Schemes with varied benefits and add-ons. 	<ul style="list-style-type: none"> ■ Creation of new product lines ■ New acquisitions and reach of the uninsured

Insurance and Nascent Technologies

Identified Problem	Initiatives “Deploying InsurTech”	Expected Impact
<p>Pricing / Low Purchasing Power</p>	<ul style="list-style-type: none"> ■ Enabling Flexible payment options / pattern via weekly payment, Monthly payment and payment via airtime credit ■ Introduce pay as you go products e.g. Personal Accident and Health Insurance Schemes with varied benefits and add-ons. 	<ul style="list-style-type: none"> ■ Affordable insurance products. ■ Insurance Product accessibility by low income earners
<p>Operations were mostly carried manually</p>	<ul style="list-style-type: none"> ■ Deploy Business Process Management Solutions / Robotic Process Application. ■ Introduce Office Manager to manage internal process such as clients on-boarding, underwriting, claims management and renewal processes. 	<ul style="list-style-type: none"> ■ Drive overall efficiency by enhancing processes ■ Improved Customer experience

Insurance and Nascent Technologies

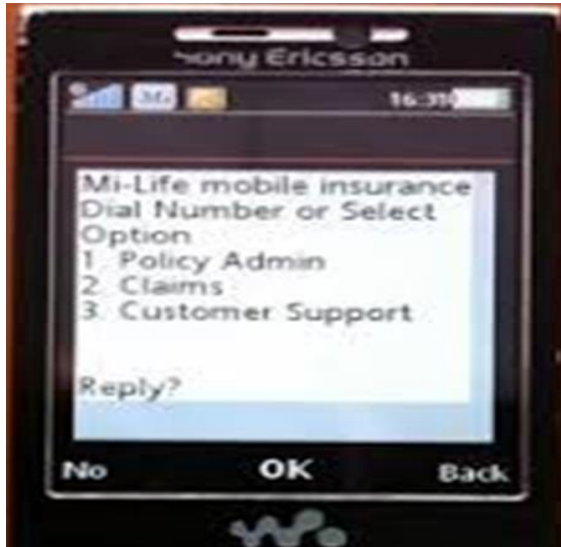


key technologies that are driving the change today:

- The Internet of Things (including telematics)
- Big data
- Artificial intelligence
- Cloud computing

Insurance and Nascent Technologies

Insurance through mobile money/telephone



- Mobile Money is a fast, simple, convenient, secure and affordable way of transferring money, making payments and doing other transactions using a mobile phone. The service can be offered in **partnership with banks**.
- **Mobile money** can be deployed to drive the sale of individual insurance such as Life Insurance, Health Insurance and Personal Accident insurance.
- Through this infrastructure, insurance providers are able to receive premiums from customers and settle claims through **mobile wallets**.
- Collaborations between Mobile Network Operators (MNOs) and Mobile Money Operators (MMOs) and insurance providers will result in the recording of transactional data which would provide insurance practitioners with reliable and available data which can be used to design and price new products, especially those targeted at low-income earners
- Skepticism among the public about **the insurance company's willingness and ability to settle claims** has been a major deterrent to insurance uptake in Africa. However, established MNOs and MMOs are perceived to have a trusted brand by the public that insurance companies can lurch onto when introducing new products. Alliances between insurance companies and MNOs can be a powerful tool in increasing insurance penetration in Africa



Insurance and Nascent Technologies

Artificial Intelligence (AI)



- The understanding of AI has evolved over time. In the beginning, AI was perceived as machines mimicking the cognitive functions that humans associate with other human minds, such as learning and problem solving.
- In a nutshell, artificial intelligence is the broader concept of machines being able to carry out tasks in a way that we would consider smart or human.
- Therefore, AI combines the reasoning already provided by big data capabilities such as machine learning

Custodian Chat Box/AI Assistance



Custodian has launched Max; a customer service focused chatbot, which leverages Artificial Intelligence (AI) to deliver enhanced personalized services to customers. Max is available 24/7 as a self-service assistant to interact with the insuring public and help them:

- Get a quote and purchase a product in less than 10 minutes!
- Report a claim on your mobile device
- Check the status of your claim
- Make enquiries about Custodian products and services
- Max interacts with customers in a human-style chat via Facebook messenger (as Custodian Max), Telegram (as Custodian Max) and also via its webpage.

Insurance and Nascent Technologies

Big Data



Big data refers to data sets that are so large or complex that traditional data processing application software is insufficient to deal with them. Modern analytical methods are required to process these sets of information. The term “**big data**” has evolved to describe the quantity of information analysed to create better outcomes, business improvements, and opportunities that leverage all available data.

Today there are two key aspects to big data:

- **Data:** This is more-widely available than ever because of the use of apps, social media, and the Internet of Things
- **Analytics:** Advanced analytic tools mean there are fewer restrictions to working with big data

Internet of things (including telematics)



Telematics is the most common form of the broader **Internet of Things (IoT)**. The IoT has evolved from the convergence of wireless technologies, micro-electromechanical systems, and the Internet. This convergence has helped remove the walls between operational technology and information technology, allowing unstructured, machine-generated data to be analyzed for insights that will drive improvements.

Telematics whose origins lie in the fusion of telecommunications and informatics and their application in vehicles. As data collection and transmission are improved, telematics leads to a better understanding of underlying activities and processes

Successful deployment of InsurTech across the globe

BIMA Mobile Insurance

- Headquartered in Sweden with over 24 million customers in about 16 countries. BIMA's service was set up to provide affordable and easy-to-understand life and hospital insurance products that offer great value to low-income consumers. BIMA deploys mobile technology to provide insurance services in developing and emerging markets, which the technology permits with the lower entry costs.
- The main innovation of BIMA is the creation of a proprietary back-end tech platform which creates a mechanism for both registration and payment. Policyholders register using their handset to fill in some basic identification details which process takes approximately 2 minutes. Premium payment is collected via automatic deduction of prepaid airtime credit; unlocking a new payment channel that makes insurance affordable and accessible.
- Its partnership with MNOs provides BIMA with a much larger and more cost-effective reach compared to insurance providers that rely on bricks-and-mortar offices or brokers.

ZhongAn online-only insurance company

- ZhongAn Online is a Chinese online-only insurance company founded in 2013. Since ZhongAn's inception, it has up to 460 million users and has issued over 5.8 billion insurance policies. A significant proportion of its customer base (60%), are aged 20 to 35 and most consumers from this age group bought their first insurance policy through the company. ZhongAn offers a wide-range of personalised products and services to its Chinese consumers
- Zhong An aims to reshape traditional insurance by applying internet thinking across the insurance value chain from product design to claims servicing. The online model on which Zhong An is based has lower operating and distribution costs. Big data and analytics support ensures accurate product pricing and risk control, making the internet ecosystem more desirable,
- . The technology that Zhong An uses makes it possible to minimize a lot of customer contact. Requests for insurance policies are automatically assessed and when you have a question, chances are that it will be answered by a chatbot.

Successful deployment of InsurTech across the globe

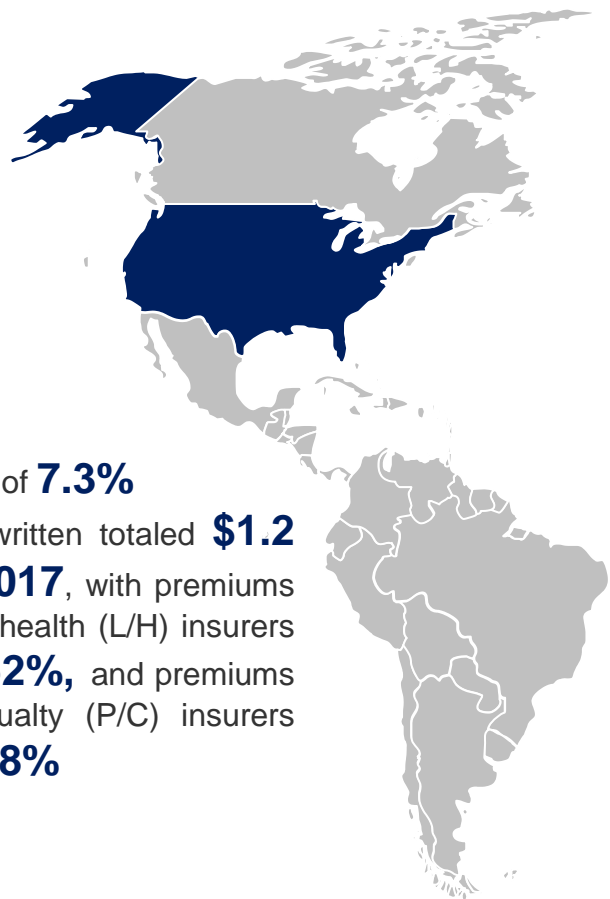
Mobile Life insurance by MobiLife

- MobiLife is a 100% mobile life insurance company established in 2015. MobiLife has simplified the purchasing and managing of life insurance in South Africa through mobile digital solutions designed for the BoP consumer
- The firm's founders saw a gap for insurance products servicing the low-income market. The adoption of mobile technology drastically reduces overheads allowing the firm to offer insurance cover at a lower cost.
- Being 100% mobile makes cumbersome paperwork redundant and increases efficiencies. In order to sign up to MobiLife customers only need to provide limited information including name, ID number, cell phone number and bank account details.
- In contrast to life insurance policies and funeral covers, MobiLife does not pay out a lump sum in cash in the event of death but provides beneficiaries with weekly grocery vouchers for a set period.

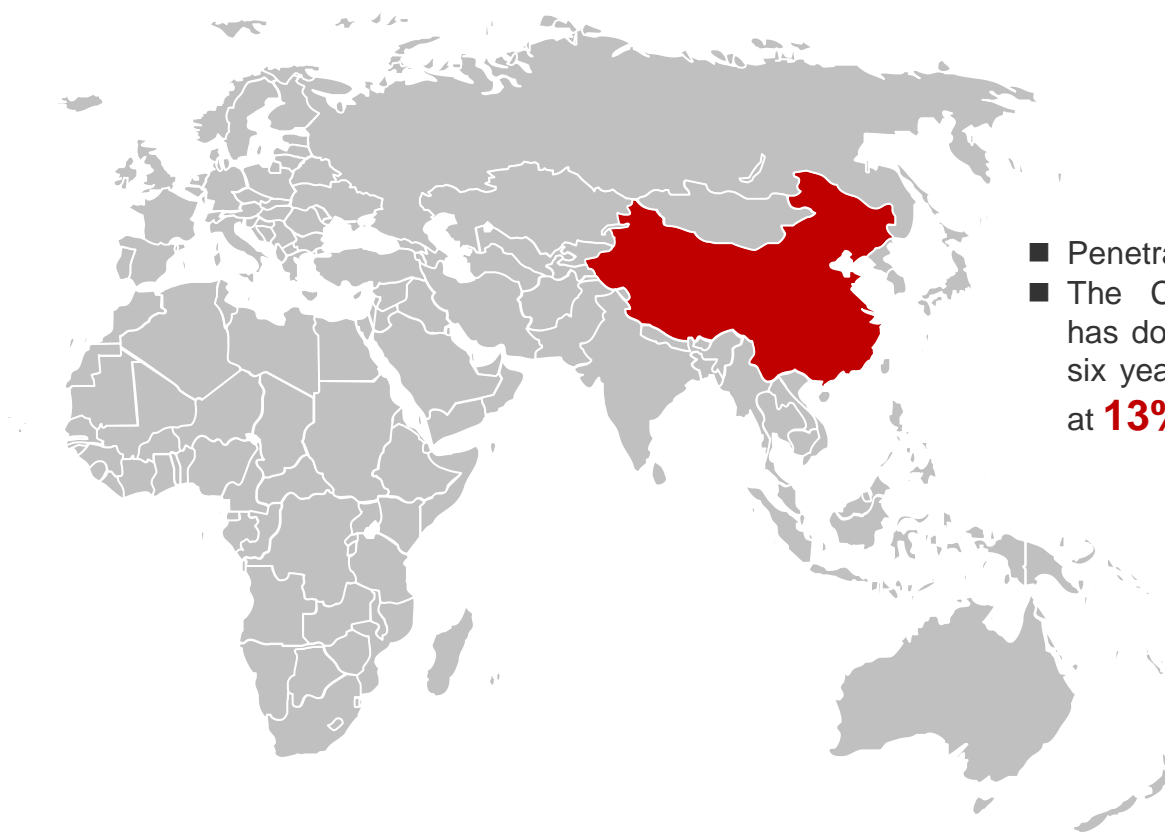
IndiaFirst Life Rapid Web

- RAPID web is a device agnostic sales fulfilment solution, used by sales force of IndiaFirst Life spread across various channels. It is based on adaptive and responsive design, which makes it device agnostic. RAPID was conceptualized to equip the feet on street / sales team with all the aids they need in a simplified and streamlined manner. It focuses on making the sales fulfilment process mistake proof, to enable FTR (First Time Right)
- RAPID is integrated with BPM solution which has underwriting process enabled. The underwriting process is integrated with underwriting rule engine to facilitate underwriting decision. As a result, the moment an application gets logged in RAPID, it gets assigned to the BPM, underwriting decision awarded, and the case is assigned to respective bucket accordingly for further processing and issuance. All Call for Requirements (CFR) logged by the underwriters are assigned back to the respective sales member instantly and has a provision for the sales team to update the documents requested as CFR.
- This integrated sales platform approach has helped IndiaFirst Life to drive FTRs, Sustainability and Transformation Plans (STPs) and shorten the TATs, besides enhancing the processing capacity.

Success rate of insurance and technology: China and USA



- Penetration rate of **7.3%**
- Net premiums written totaled **\$1.2 trillion in 2017**, with premiums recorded by life/health (L/H) insurers accounting for **52%**, and premiums by property/casualty (P/C) insurers accounting for **48%**



- Penetration rate of **3.6%**
- The Chinese insurance market has doubled in size over the past six years, and forecasted to grow at **13%**

- China's potential - **1 billion** smartphone and tablet devices, With nearly **725 million** mobile internet users.

Moving Forward

Moving Forward..... *Simple Digital Ideas to adopt*

To Drive Product Awareness & Sales



Safety Plus Insurance *...Invest in your safety*

Product Information

- The Custodian Safety Plus Insurance is targeted at the Bottom of pyramid consumers.
- It is a Personal Accident Insurance policy that provides financial assistance to the Insured in the event of an accident.
- The policy covers death, permanent disablement and medical expenses as a result of an accident.
- The target market for the product includes Rural Areas, Local Market Centers and Stalls, Religions Centres i.e. Churches, Mosques, Tertiary Institutions, High Schools and Daily Commuters

Benefits

- Death Benefit – N500,000
- Permanent Disability – N1,000,000
- Medical Expenses – N100,000
- Burial Expenses – N 50,000

**Premium
N2,000 ONLY**

Challenges Facing The Product

- The product is presently being distributed through traditional insurance sales channel majorly Agency network
- Considering the limitation around traditional insurance sales channel, the product is not fulfilling the sales projection and performing below its sales potentials
- Deployment of appropriate digital solutions should turnaround the fortune of the product

Digital Solutions

- Sales through Mobile Phones by partnership with Telecoms Companies and Mobile Money Operators
- Premium to be paid through Airtime , Mobile Money Wallet and Direct Bank Debit
- On-boarding, Underwriting & Claims Management to be done via phone or emails
- Success will be measured by no of policies sold within a six month timeline

How it will work

- Custodian will partner with MNOs for USSD code & SMS advert
- MNOs will profile their customer base in terms of age, location, gender, occupations and will send customized SMS with call to action to the profile customer
- The customer dial *7800# on and mobile phone and will receive a USSD menu
- The customer provides required information and receives SMS confirming registration
- The premium is deducted from the customers airtime and receives confirmation of cover
- In the event of a claim, the customer calls dedicated call centre number to report it

Moving Forward..... *Simple Digital Ideas to adopt*

To Drive Operational Efficiency



I am Max!
Your Digital Advisor for Non-Banking Financial Services

Service Information

- Custodian recently launched Nigeria's first ever Artificial Intelligence (AI) Chatbot in the insurance sector, leveraging technology to deploy enhanced personalized services to its customers.
- This Chatbot named Max will interact with customers in a human-style chat mode and is happy to help customers requests.
- Max is just like a relationship officer that is readily available at customers beck and call; anytime of the day and from any country in the world! With Max, customers can get insurance covers in Lagos while on holiday in Hawaii.

Challenges Max can Address

- Over reliance on Traditional Brick and Mortar operations
- Inefficiency accompanying Manual Operations
- Too Much Focus on Traditional Insurance Distribution method (Gap in Innovation)

Digital Solutions - Capabilities of Max

- Get a quote and purchase Custodian policies
- Make enquiries about Custodian products and services
- Check policy status
- Check policy balance
- Submit a claim request
- Check claim status

Connecting To Max

Max is available to interact with customers 24/7 via the following platforms

- Facebook messenger
- Telegram
- Web messenger
- App Store

Conclusion

Innovate or Perish

It is imperative to note that every industry must swiftly adapt itself to the changing technologies around us and the insurance sector is not left out. Infusing tech insurance makes businesses efficient. By operating more efficiently, the insurer will be able to lower its costs, innovates more and thereby increase growth of insurance in general and Personal lines policies. At the same time, companies will be able to use some of the money saved from the new technologies to invest in more digital innovation—forming a virtuous cycle.

References

- <https://www.atkearney.com/financial-services/article?/a/technology-the-insurance-industry-s-pivot-point>
- <https://www.bain.com/insights/digitalization-in-insurance/>
- <https://www.pwc.co.za/insurance> - Ready and Willing
- <http://www.pwc.com.ng/insurance> - Insurance Industry Survey 2015 – Nigeria
- <https://www2.deloitte.com> - Unlocking new markets | Digital innovation in Africa's insurance industry
- <https://www.insurancejournal.com/magazines/mag-features/2015/12/07/390548.htm>
- [https://www.ey.com/Publication/vwLUAssets/EY-sub-saharan-africa-the-evolution-of-insurance-regulation/\\$FILE/EY-sub-saharan-africa-the-evolution-of-insurance-regulation.pdf](https://www.ey.com/Publication/vwLUAssets/EY-sub-saharan-africa-the-evolution-of-insurance-regulation/$FILE/EY-sub-saharan-africa-the-evolution-of-insurance-regulation.pdf)
- <https://www.pwc.co.za/en/assets/pdf/south-african-insurance-2018.pdf>
- <http://www.europeanfinancialreview.com/?p=1162>
- <https://www.capitalmarketsinafrica.com/nigerian-insurance-industry-overview-challenges-and-opportunities/>
- <https://brownandjoseph.com/blog/attracting-millennials-insurance-industry/>
- <https://www.scmp.com/business/companies/article/2160700/ping-insurance-profit-beats-expectations-new-sales-and-technology>
- <https://www.bcg.com/en-gb/publications/2018/chinese-insurers-digital-innovation.asp>
- <https://www.forbes.com/sites/microsoftdynamics/2013/03/01/insurance-building-a-customer-centric-business/#20565b28281b>
- nigerianstat.gov.ng/download/290
- <https://www.researchgate.net/publication/324503506> - Challenges and Opportunities of Digitalization in India
- Buckham, David, Jason Wahl, and Stuart Rose. *Executive's Guide to Solvency II*. Copyright © 2010, SAS Institute Inc., North Carolina, USA.
- Fady Shammam - *Personal lines insurance and its role in society*
- © 2019 KPMG International Cooperative - Insurtech 10: Trends for 2019
- Peter Borscheid and Niels Viggo Haueter, *World Insurance: The Evolution of a Global Risk Network*
- OECD (2017), *Technology and innovation in the insurance sector*
- Oxford Scholarship Online 2012
- Oliver Wyman - *Technology-Driven Value Generation in Insurance - Industry Report*
- Peter Borscheid 2012 *Global Insurance. The global expansion of the concept of modern insurance.*
- Tjun Tang , Michelle Hu , Michael Guo , and Angelo Candreia (2018) *Why Chinese Insurers Lead the Way in Digital Innovation*
- *Ready and Willing: African insurance industry poised for growth*
- *Top 100 Insurtech Firms 2018 – Insurance Post / April 2018*

Thank
you!