

CHARTERED INSURANCE INSTITUTE OF NIGERIA

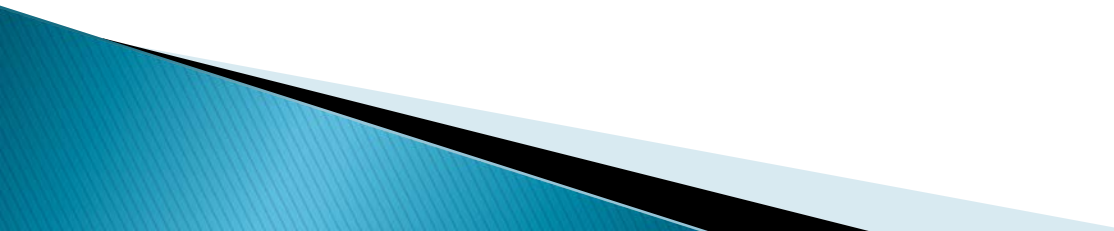
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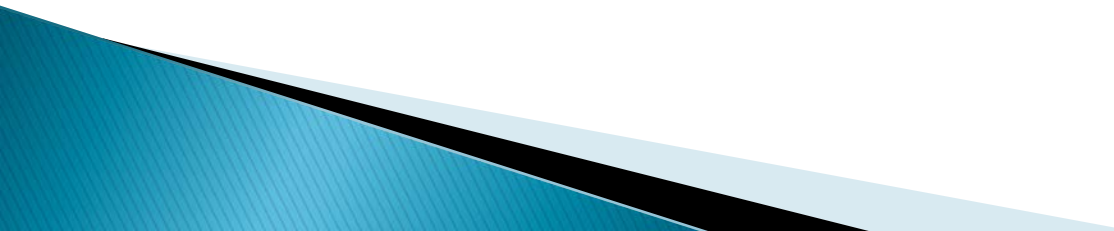
46TH ANNUAL EDUCATIONAL SEMINAR

SUB TITLE: *'EXPANDING BRANCH OPERATIONS TO DEEPEN INSURANCE PENERATION.'*

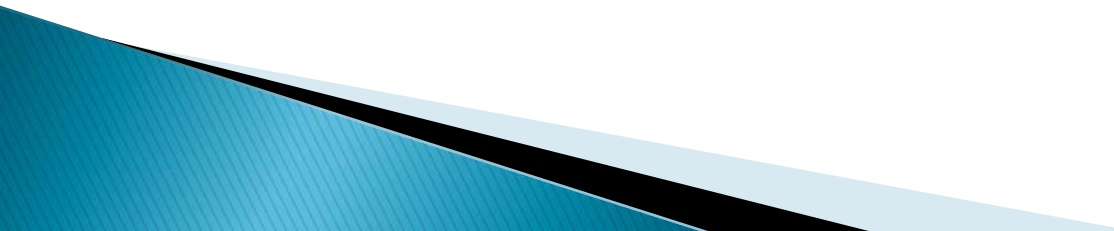
PRESENTED BY ; Dr RUFUS OLUBUNMI OLUMIDE



- ▶ Deepening insurance penetration at the branch operation is nothing but an approach or strategies to deepen insurance reach among the vast populace. Insurance penetration in Nigeria is incredibly low at a mere 0.5% compare to the country like South Africa that was 15.4%.
 - ▶ Mr. Fola Daniel, former commissioner of insurance in 2014 emphasizes that, insurance companies must change their marketing strategies, product design and packaging, approach to policy holders and their complain must change and all hand must be on deck to ensure that the message of insurance is taken to the grass roots.
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- ▶ Therefore for any company to penetrate insurance at branch operation, such must re-strategise and ensure developing its research department towards the needs of customer in any area.
 - ▶ Nigeria insurance market is grossly under served with insurance service, go by the survey recently conducted by NAICOM. Nigeria populaces who are alienated to insurance service do so not because they did not like insurance service but mainly because the services of insurance have not been extended to their locality.
 - ▶ Indeed, most Nigeria especially those in the rural area have no idea of what insurance is all about, and what benefits they can derive if they have insurance policies because most rural dwellers lack awareness of insurance.
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- ▶ Therefore, this year sub title “Expanding Branch Operation To Deepen Insurance Penetration” will no doubt but enhance practitioner, marketers in the insurance industry in reaching the unreachable area particularly in this country thereby contributing to Nigeria GDP.
- ▶ Sincerely, we have a lot to offer but we seem not to be taking advantage of the huge potential before us. The fundamental for thriving insurance industry are there in the country which include population, an active economy and a well-capitalized insurance industry.
- ▶ However, in 2014 communiqué of Chartered Insurance Institute of Nigeria (CIIN) Insurance Educational Conference, it was stated that the arms of the industry should set up a committee with the role of developing more dynamic strategies to deepen insurance contribution to the nation GDP.

- ▶ Now the question is, where are we in 2018?, where is the market, what innovative products and services that resonate with culture and belief, How can insurance firm respond to market dynamism driven by dynamic workforce and how can industry rebuild trust among its potential customers to buy from them?.
 - ▶ Meanwhile the presenter made a comparison between insurance service and banking service at rural area, the result revealed that banking sector have successfully spread their service and branches to the remote parts of the country but insurance are yet to do so, most insurance have concentrated their operation in the major city particularly in the state capital.
 - ▶ Expanding insurance penetration will definitely enhance and improve performance of any insurance company. However, for any insurance company to increase penetration of insurance products and services in the market, as well as take insurance closer to the insuring public, It is important to study the economy growth and challenges by planning towards how to open more branches or through agency office, upgrade the operational infrastructure, improved the skills of personnel and let them have sense of belonging among others in line with the implementation of new business strategies.
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- ▶ Meanwhile, the challenges facing Nigeria insurance industry are numerous, which include, product distribution so far it appear to be only one well-developed distribution channel, the broker channel that control about 70% of total premium generation in the market and our regulator and insurance companies over time seem to have focused on this channel, to the detriment of the retail segment of the market that have been left untapped.
- ▶ Other distribution channels such as agency networking, financial institution, and electronic channel have not been fully explore for insurance to make major progress in income generation. The industry needs to develop the technical capacities to meet the emerging micro-insurance as well as design more dynamic strategies to deepen insurance reach to the vast populace.
- ▶ Other factors that attributed to the challenges include the level of poverty in the country, people failed to put insurance on their priority list even the government, although some factor may be attributed to this which include lack of trust/confidence in the industry.

- ▶ The message of insurance must be spread very widely that we are providing essential service to the society and that we are providing economic security which is the current needs in this era to every individual. It is high time that populace should realize that no economic can survive without insurance because the world is a risk.
- ▶ Another factor that is impeding the insurance penetration, those that should have introduced us to other are skeptical about our attitude to claims settlement. This can be referred to as “referral channel”. low implementation of compulsory insurance and lack of professionals that are adequately skilled in this space.
- ▶ Therefore this sub title “The Expansion of Branch Operation to Deepen insurance penetration”, will be viewed by finding considerable solutions and ways towards taking insurance to the public particularly low income earner.

- ▶ **Where is the market and products that would meet demand of customers?**
- ▶ There are many untapped or uncover market that can provide good money for the insurance company. Insurance companies should fashion in policies that can be referred to as “Psychographic Policies” the policy that will be tailor along with individual psychological character, which will be peculiar with individual needs.
- ▶ It is high time for insurance company to go beyond designing products and service only for corporate organization. Therefore policy for pepper seller, single ladies or single men, loss of job or income insurance, enhancement of third party insurance policy for own damage to vehicle of low income earner (insured) such policies will help to compensate for the inevitable financial consequences that may arise from the challenges of such situations.
- ▶ The insurance penetration will invariably increase if awareness can be made to the people of Nigeria of the various risk associated with their living, that is, threat of their live, businesses and various external and internal environmental hazard.

- ▶ Therefore deepening insurance penetration at branch operation is possible through the following:
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- ▶ Adopting of adequate and effective publicity
- ▶ Creating an atmosphere of comfort and trust for people in lower strata by useful and effective insurance benefiting service with efficient handling of claim and documents.
- ▶ Agency networking must be given adequate priority for us to deepen insurance penetration
- ▶ Effective customer relationship will also deepen insurance penetration
- ▶ However other questions about what products and services can resonate with culture and belief, how can insurance company responsive to market dynamism driven by dynamic workforce and how the industry can rebuild trust amongst its potential customer.

- ▶ To address the above, every answer to achieving deepens penetration in relation to the questions lay rest on effective customer relationship experience. The ability of the company to interact with current and future customers involves, using technology to organize, effective marketing and provision of customer service and technical support toward satisfying each customer should be paramount.
- ▶ We should classify our customer for proper customer relation management, the first time customers, the lapsed customer that has purchased from you in the past, and the loyal customer that buys your policies regularly. Know the category that your customers fall into, for you to manage them accordingly.
- ▶ We should realize that, what we are selling is the same, competition is key in the industry and the only way to differentiate yourself or company is effective customer service delivering demonstrated through empathy, competency and humanity. In addition regular and timely messages can go a long way in building a positive customer relationship; with a vibrant feedback mechanism.

▶ The strategies to deepen insurance penetration

- ▶ Focus on customer experience
- ▶ Improve claim settlement experience
- ▶ Improve customer cultural relationship toward improving industry reputation.
- ▶ View customer as partners
- ▶ Simplify the products description (Jargon)
- ▶ Use available market insights to develop individual or psychographic segmentation.
- ▶ Focus on customer insights during product design.
- ▶ Messaging should be tailor to address product needs of each segment
- ▶ Design products that deliver immediate and instant benefits.
- ▶ Use relevant channel of distribution to appeal to the customer.
- ▶ Focus on relationship with value chain
- ▶ Leverage on branch network and distribution channels to tap into large and growing insurance market.
- ▶ Leverage on strong relationship with agency and intermediary network.
- ▶ Leverage on better technology that give better structure by integrating agents and broker into technology platforms.

- ▶ Review structure and system toward business model in terms of expenses that will grow markets.
 - ▶ Establish partnership with technology experts to offer existing products on new platform within existing infrastructure.
 - ▶ Invest in enhanced quality and quantity sales, underwriting, marketing, micro-insurance and emerging risk assessment to target the uninsured and underinsured.
 - ▶ Drive awareness of unemployment opportunities for part time sales opportunity in the industry.
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▶ What are the channels towards insurance penetration?

▶ There are some distributions channels to fast-track insurance penetration at the branch operations they are:

▶ Independent agency networking

▶ Micro finance bank

▶ Filling stations

▶ Partnering with state and local government

▶ Post office

▶ Cooperative society etc.

▶ Churches and mosque

▶ Trade association i.e food vendor, motorcycles, NURTW etc.

▶ Partnering with network provider through Nigeria Communication Commission (NCC).

THANK YOU