

CHARTERED INSURANCE INSTITUTE OF NIGERIA

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FROM THE DESK OF THE PRESIDENT



Dear Professional Colleague,

On behalf of the Governing Council of our Great Institute, I wish to convey our best wishes to you our distinguished member, in appreciation of your concerted effort in moving the Institute to greater heights, as we have had an eventful 2020 and shifted our momentum to focus on the new calendar year.

I want to sincerely thank you for your contributions in what has been a very peculiar year, for your support, especially in ensuring that my investiture was a reality and that you have not wavered in your support of the Institute in all its activities. The success of most of our programmes despite the sudden switch from physical to virtual offerings, occasioned by the outbreak of the Covid-19 pandemic, was wholly due to the support and cooperation of members of the Institute for which we are immensely grateful.

We are in a year that tethers on the brink of a lot of possibilities. If you look one way there is economic gloom being predicted by economic experts for some part of the year. There is also the rising case of insecurity in the country and when you take into consideration that a major alarm has been raised by health authorities about the second wave of the Corona virus, it does not cheer the mind up a lot nor make for happy reading. However, we are a country blessed with a lot of intellectual as well as natural resources and one of the things that sets us apart as a nation is our resilience in even the most daunting circumstances. Thankfully, the Covid-19 vaccines have come in and we hope that aggressive vaccination and the herd immunity that will result from it returns us closer to our normal way of living

sooner rather than later. Therefore, I would like to state with confidence that the year 2021 will be a good year for all and that it will be a year filled with major victories and celebrations.

The year holds a lot for the insurance industry as the recapitalization drive in the industry picks up the pace. Insurance companies have not had it so rosy especially with the number of claims that arose from the destruction left in the wake of the protests against police brutality. I want to believe that these are the moments that our well-trained professionals at the helm of affairs were made for. I am confident in the ability of our captains of organizations that they will navigate through the obstacles in front of them successfully. The hope is that post recapitalization, we will have an industry that will take its rightful position as a major contributor to economic growth.

My tenure is progressing at a time when events have prompted us to change our strategies in line with what is the new normal; technological advancement and the use of artificial intelligence to enhance operations. Our reactions to these disruptions will determine our position today and for the future. These disruptions are here and they have come with new challenges that call for the reinforcement of our professional calling. It calls most especially for urgent upscaling of all the skills within our arsenal in order for us not to become relics of a lost age.

The theme of my Presidency, Reinforcing Professionalism and Ethics in the new order is therefore borne out of the conviction that we can achieve greater successes for our industry and profession if we reinforce professionalism and ethics in reaction to the needs and demands of the new age.

We have successfully held some of our programmes

already including the 2020 Induction, 2021 Business outlook, 2021 Examiners forum and have the 2021 April diet of the Institute's examination coming up. This diet sees the first feature of the new syllabus for the foundation stage and this is a huge step forward for the Institute. Subsequently other stages will be revised until the entire new syllabus is implemented across board. The goal is to provide and equip our professionals with knowledge that is in tune with the realities and demands of the modern-day insurance practice. I equally urge you all to update your knowledge in line with the new syllabus to ensure that we do not fall below already set standards.

Among other things, this year, the Institute will be ramping up its efforts to get work started on its Victoria Island building. While noting the difficulties being faced in the economy, it is worth noting that the property has remained in a somewhat comatose state. As the umbrella body and unifying platform for all insurance professionals in the industry, it is only proper that the Institute has a structure befitting of the status of the insurance industry and representative of the professionals that make it tick. Therefore, we appeal to all concerned stakeholders to support the

Institute in its bid to erect a befitting structure as a home for insurance professionals nationwide.

The Institute belongs to all of us; you and I including all of the many practitioners who wear the toga of Insurance professionals. It is my hope that as stakeholders, we will continue to lift the Institute higher by actively participating to make the Institute's programmes and activities in 2021 more successful than the previous year.

Thank you for your support in making the past year so memorable. I look forward in anticipation to what we will accomplish together this year. I urge you to continue with your support of the Institute as partners in progress to the growth of the Insurance Industry.

Happy Reading.

Yours in Service,

Sir Muftau O. Oyegunle ACII, FIIN
President/Chairman of Council
Chartered Insurance Institute of Nigeria

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COMMUNICATION as key Customer Engagement Tool

By Emeka Oparah

The world is experiencing a seismic change which predates the Coronavirus pandemic in terms of the way people communicate, access information and make decisions. Businesses, especially those involved in one form of marketing or the other of products and services, have had to adapt to the new trend, which is largely driven by technology. Communication is long established as a crucial part of the marketing mix-and has been the most affected by the wind of change blowing around the world. It must be stated that while the principles have remained essentially the same, the practice or execution has drastically changed.

The insurance industry is one that boldly bestrides the product and service categories of business and like its ilk has been affected by the changes. It is, therefore, important to take a close look at how the industry has fared, what it has done well or badly and what it must be doing or thinking of doing in the important area of communication. In order to put the issues in proper context, I would like to compartmentalize communications into two broad categories: Marketing Communications and Corporate Communications. Some definitions, my definitions, will be helpful in this regard.



Marketing Communications are those communications that focus on products and services offered by a company, an insurance company, for instance. It could be an advertisement in the media (press, outdoor, flyers, radio, TV or social media). It could be an event to launch a new product or relaunch an existing one. It could be a promo to offer incentives to existing or prospective customers.

Corporate Communications are those communications that focus on the organization, the

management, the leadership, the employees, the performance, the results and its contribution(s) to the community and sponsorships.

Managed professionally, these two aspects of communication help to position organisations as well as their products and services in prominent and positive light. The operating words here are POSITION, PROMINENT and POSITIVE, which are the core ingredients of PERCEPTION (what people think and how they see) of your organization, product or services. Therefore, marketing communication and corporate communications form part of the pillars of perception. Because our customers and the general public are not fools, they are often influenced by other factors aside from your communication including communications from your competition as well as the body language and actions and inactions of the owners, management and employees.

From the foregoing, it should be abundantly clear that the role of communication in our business is not subject to overemphasis. The Holy Bible quotes God as saying, "Let there be light!" He did not just wish it; He said it. When the serpent convicted Eve, in the Garden of Eden, to taste the forbidden fruit, whatever it truly was, that was perhaps, the first and foremost recorded marketing event. The second one, this time person to person (P2P), was between Eve and Adam-when the former convinced the latter to also taste and see that the Apple is good. New-born babies are usually not considered alive until they let out their first cry. They continue to cry for whatever they need until they are able to talk. Humans have been in the business of communication right from creation.

In the corporate world, Deliberate, Planned, Consistent, Professional Communication is, therefore, an important aspect of the management process. To be specific, the leadership of every insurance company in Nigeria, must take communication seriously and actually lead the role considering its import not only in positioning the organization, products and services but also to drive the business (sales, revenue and profitability), which is why the company exists, in the first place.

As I earlier premised, a lot has changed and communication the way we knew it is no longer tenable or even practicable. For instance, press

So from a communication perspective, life has moved online and on TV-the latter because humans

The Nigerian insurance industry has not been known for its powerful communication be it marketing or public relations. Generally speaking, the industry ranks very much below her sibling, the Banking industry, and their more aggressive and communication savvy neighbor, the Mobile telecommunications industry. As a communications practitioner, I will not forget two insurance companies, International Standard Insurance (ISI) and International General Insurance (IGI) Plc, both of which tried to match the banks communication for communication, advertising for advertising, campaign for campaign. But those were the days. Lately, Custodian & Allied Insurance has been running some TVCs (Television Commercials) on television.

In Marketing and Communication, it is said if you do not say “here I am”, no one will say “there you are”. According to Marshall Goldsmith, renowned executive coach and author of “What got you here won’t get you there”, “as humans, we suffer from the clash between who we think we are and who the rest of the world thinks we are. Spoiler: the world is usually right!” This applies to corporate organisations as much as it does individuals. This is known as perception. And perception is reality. Communication is a critical resource in managing perception-and success, including business success. With so much information competing for the attention of consumers, it will be a great



disservice to its growth, and ultimate survival, for the Insurance Industry not to take advantage of the “revolution of rising expectations”.

The era of claiming to be a conservative industry is gone. The world is going mobile and social and every serious business must get on board in order to be not only relevant but also to survive into the future. Consumers are becoming wiser, more critical, more circumspect and more discerning. For an industry that is not hugely popular and carries a baggage of poor perception, it is urgent and important to stand in the mirror and make brutal and frank assessments of how well we have communicated, marketed and positioned our insurance businesses and the industry as a whole. Can we do more? Most definitely, yes. Can we grow bigger? Absolutely.

Can communication be one of the drivers of growth, revenue and profit? The answer is a resounding yes.

I will share one (1) important step corporate organisations generally and the insurance industry to be specific, must take to communicate effectively: BUILD COMMUNICATION INTO YOUR BUSINESS STRATEGY. Building communication into your business strategy will entail 8 imperatives which, taken together, will result in positive perception, good business results and an engaged workforce, investors and suppliers.

1. Have a Communication Budget: Having a budget is, probably, one of the most serious indicators that an activity or a function is considered relevant or important. The budget presupposes there will be some activities or projects to be executed. It has to be said that communication is

never prayed for but paid for, in order to be effective. So, a budget will identify and delineate a series of activities which will help in positioning the organization for positive perception and business success.

2. Appoint a Communications Manager: Like most organisations have Human Resources Managers, Finance Managers, Legal Officers, Marketing, etc, they should also have Communications Managers to look after their communication and reputation. This must be done not to fulfill all righteousness as they say, but to give impetus to the role communication plays in the operations of the organization. The Communications Manager, who should have a direct reporting line to the Managing Director or Chief Executive Officer of the organization must be a professional who is experienced not only in Media Relations but also in Employee Communications, Stakeholder Management and Crisis Management.

3. Get Social: As I stated elsewhere in this paper, the world has changed significantly especially in the way we communicate. Like individuals, corporate organisations and institutions should embrace new media or social media. Such platforms as Facebook, Twitter and Instagram are no longer optional in managing communication and perception as well as feedback. Even WhatsApp has become a veritable platform for instant group engagement. In my place of work, every department has a WhatsApp Group. Literally every CFT (Cross Functional Team) has such a group too. The important roles these apps play in our daily life and work hugely weigh against the lack of them such that only the dead can do without one or some of them. My 84-year-old Aunt



cannot do without a functional data subscription because her kids chat and call her real-time on WhatsApp. She also receives inspirational and sometimes funny videos. If you extrapolate the experience of my Aunt in the workings of an organization, the import will not be lost on you.

4. Seek and evaluate Feedback: Feedback is a very essential aspect of communication. Communication without feedback is like winking at a woman in the dark. Basic communication entails stimulus and response as explained in the Hypodermic Needle Theory of Communication. Every message must have an objective which is why corporate communication is referred to as Purposive Communication- communication with a purpose. Now, it is only commonsensical to back check to be sure the objectives are achieved or not achieved. This is where research comes into play. Of course, research can be expensive and time-consuming. This is where social media analyses are becoming more relevant and powerful. Feedback on social media is instant and unfiltered. If you keep an eye on your social media handles, you might become more successful than you are. Ask the telcos and banks. There is a lot for the Insurance Industry to learn.

5. Engage your Stakeholders: Engagement is something we all do every day, all the time. In the corporate world, it must be done with a method. Engagement is a form of communication just as communication is a form of engagement. Like communication, engagement must be strategic, planned and deliberate (purposive). This activity must start with identifying the critical stakeholders of the organization and clearly understanding and defining their needs, their roles and the risks they pose to the business. It's then and only then you can design effective engagement platforms and programs to address each specific stakeholder. This activity accounts for Customer forums, Staff parties and Employee Open Days, Exhibitions and Fairs, Intranets, Corporate Gifts and VIP Parties, etc.

6. Be known for something: It's called LEGACY. And yes, it is campaignable. Find a corporate niche positioning for your organization. What do you stand for? This comes mainly from Corporate Social Responsibility (CSR) but it can also be a derivative of a product or a service. Some organisations are known for being tech-savvy or customer-oriented or good at quick settlement of claims, in respect of

insurance companies. It could also be their support for sports or the less privileged or youth or women empowerment or even golf. It is important to have a sustainable initiative that is not necessarily the CEO's or Chairman's passion. Even so, let it be sustainable and in syncs with the communications and business objectives of the organization.

7. The CEO is the Lead Communicator: This is a bonus point. To become a CEO, one must not only be proficient in certain professional disciplines but one must also be good in communication. Being the flag-bearer or poster boy of an organization imposes a lot of communication responsibility on the business leader. This ranges from speaking opportunities, public appearances and other activities which must be well-managed and leveraged. The CEO is the lead custodian of the culture of the organization and must, therefore, be able to not only live the culture but also communicate it.

8. Own and tell your story: As I earlier premised, the Insurance Industry has never been known for memorable advertising and public relations. I am neither aware of nor familiar with any remarkable Corporate Social Responsibility (CSR) initiatives by any player in the Insurance Industry. There may well be, but then it, therefore, means that good communication has not been used to leverage them. Look, no one can tell your story better than you- and the industry is full of great and beautiful stories that easily resonate with the key publics. A good mix of communication (story-telling) methods deployed on the right mix of platforms will help in re-positioning the organization and the industry and create favourable, positive perceptions which, in turn, result in a good image and ultimately good business.

At the end of the day, communication is a way of life. Business is part of life and so businesses must take communication seriously. Managing communication reasonably guarantees some control about what describes or defines the business and how stakeholders perceive it and relate with it. It could also be definitive in its successes and failures.

Emeka Oparah

Director, Corporate Communication & CSR
Airtel Nigeria
Lagos.

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All public and private sector organisations with more than three (3) employees.

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- b). Disappearance - Compensation in the event of disappearance of an employee.

Optional

- c). Additional Compensation for Permanent Disability (mental or physical) (through accident or stroke) especially at a time when pension contribution is still small.
- d). Compensation for Temporary Total Disability and Medical Expenses following accident.
- e). Compensation for any self-employed person who is worried by the happenings under (a-d) above.

C. HOW MUCH COMPENSATION DO I GET

1). Fixed Employees

For Death - Three (3) times Total Annual Emolument (TAE)
For Disappearance - Three (3) times Total Emolument (TAE)
For Stroke etc - Three (3) times Total Annual Emolument (TAE)
For Permanent Disability - Three (3) times Total Annual Emoluments (TAE)

For Temporary Disability - A % of the TAE based on the Degree of Disability

For Medical Expenses - Max. 25% of Total Annual Emolument (TAE)

2). Non-Fixed Employees

A selected Capital Sum, reasonable enough, in case of death, to take care of the employees' family or the employee in case of disability.

D. WHO IS LIABLE

All employers of labour in the public and private sector with more than four (4) employees.

E. HOW MUCH DO I PAY AS PREMIUM

- a. For Death and Disappearance - N6,000 to N8,000 per annum for N1.0m Compensation depending on the employee's Occupational Hazards.
- b. For a above plus Permanent Disability - N9,000 to N12,000 per annum for N1.0m compensation depending on the employee's Occupational Hazards.
- c. For (a) above plus Stroke, Insanity, Heart Attack, Paraplegia etc. - N13,000 to N17,000 per annum for N1.0m compensation depending on the employee's Occupational Hazards.
- d. For Temporary Disability following accident - N4,000 per annum for N1.0m Compensation or part thereof.
- e. For Medical Expenses following accident - N15,000 per annum for N1.0m Compensation or part thereof.

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20% Discount as from five (5) staff or family members and above.

G. WHAT ELSE AM I COVERED FOR

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H. WHO PAYS THE PREMIUM

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INSURANCE & COMMUNICATION: CREATING VALUE

By Oyerinde Moses Tunde

Introduction

Insurance industry today plays a vital role in the economy of any country and world trade. Insurers can make or break new investments or stop existing businesses from expanding. Thus, insurance industry is considered one of the most dynamic and important institutions in many countries. The industry is very important according to the features and benefits to the society. The industry is also a vehicle for job creation and a way to reduce

unemployment in society particularly as half of these jobs are for support roles such as secretarial, word processing, bookkeeping and similar clerical tasks. Insurance transfers risk from community people to themselves, gives peace of mind and enhances the general welfare in the community. In terms of wealth creation, insurance companies by using premiums received from people invest in investment companies or stock exchange and enhance economic growth of their countries.



It has become critical that if organizations and individuals are to survive in the ever-changing circumstances of the world, there is need to insure our businesses, property and life (Amirshahi and Safaeian, 2012). This need has led to the emergence of several insurance companies across the developed and developing countries in particular, with an increase in competition in the market. The current operations of insurance companies require that their agents look for clients, explain their

packages and ensure that they get the best. That is why the industry decides to create a tool that will boost their creative values on their policies, that will be well understood for the benefit of both the insurers and the clients (public). **This particular tool is referred to as “effective communication”.**

Effective communication is simply the act of transferring information from one place, person or group to another. Thus, every communication involves a sender, a message and a recipient. This may sound simple, but communication is actually a very complex subject. Basically, without communication in any business institution, staff would not know what to do and customers would not know when to expect their orders. Communication plays a role in nearly every aspect of running the organization and, when it is done well, it greases their creative values, keeps morale high and wheels of operations in place. Good communication throughout a business remains an integral part of the industry creating values. Also, effective communication skills keep the company running smoothly and strengthens relationships with clients (Robert, 2013).

In the insurance industry, communication facilitates and improves insurance industry understanding and the knowledge of transferring premium processes, claim management and management of risk idea to customers who patronized the policies and products. This communication is also the focal point that facilitates creation of values in the insurance industry. Thus, the mission of every communication network is to enhance transfer of information of the policies of the insurance company to everyone (employees and customers) who works there and also want to purchase their products. Basically, communication builds ideas that usually promotes and increases efficiency for creating values and the agendas of the industry (Keller & Hott, 2015).

In order to provide appropriate services and improve their creative value to their policyholders and shareholders, they need to closely communicate with their buyers; especially buyers of unconstrained insurance so they are aware of their needs and provide appropriate insurance to their



satisfaction. More so, in the current global business world, there is great competition that is not only among insurance companies, but also between different industries. Thus, there is the impelling need of the use of effective communication to boost the company customers' awareness from their buying behaviors that can create a competitive advantage for the respective companies. Moreso, insurance companies that are trying to change their attitude towards profitability and present new organizing ways for their company would try to change organizing the organization from structure based on the customer, to the structure based on product. Thus, effective communication of integrated information systems and supporting software policy are of customer relationship management (CRM), voice of the customer (VOC), and commercial electronic message (CEM) that can increase the relationship between the organization and their customers. Basically, this write up, will examine the relevance of effective communication network to boost creative values in insurance industry.

Effective communication has been the major key





that helps most of the insurance companies to achieve their agenda and policy through the following set-ups: by identification; by helping to distinguish the company from competitors, to associate the insurer, and the insurance product with its product manufacturer; protecting its owner from competitors; creating quality assurance, because a company that cares about creating a positive image among policyholders and stakeholders provides exclusive services; aesthetic satisfaction of both the insurer and the insured, often it is used as design element of various documents and even premises of the company; dissemination of visual advertising, in which the sign can sometimes carry the main content load; and to stimulating their desire to buy a product by contacting a particular insurer (McKinsey, 2015).

All over the world, the ways of doing insurance business has continued to change in the last two decades. This change for effective indemnity processes, premium policies, and insurance exception business transaction are also happening in the country like Nigeria (Akinade, Adekunle & Oluseyi, 2013). Most of the insurance companies in Nigeria decide to keep up with the demands of a globally integrated marketplace in order to improve their agendas and creative values for their service and product, by increasingly turning to adopt an advanced and effective communication network. These insurance companies want to make use of the advanced and effective communication network to create values and drive innovation and design products and services that are both effective and efficient for insuring people's indemnity, claim management, and so on, in the society and the country as a whole. Basically, it has been a strong concern for most of Nigeria insurance industry to adopt effective communication network into their routine business operations of premium service, underwriting processing; prevention of financial loss, claim administration, and management of risk policies to boost the economy, but there is now growing evidence that the agendas and the creative values of an insurance industry in Nigeria benefits substantially from the advanced communication network that is mostly emanated from the introduction of effective communication network like Information Communication Technology (ICT), as different customers can be attended to at



once anywhere around the world today (Akinade, Adekunle & Oluseyi, 2013).

Basically, as the insurance industry deals in tangible policies, it is well suitable to create values through communication that will improve their premium, claim adjustment and also to expedite delivery of insurance services to the customers. Basically, the recent proliferation of effective communication through home computing, mobile devices, internet connections, and the development of applications have led to the possibility of lowering to the challenges that might affect claim administration, management of risk, premium, protection from financial loss, market entry, that might pave the way for greater competition of the insurance industry. However, effective communication network can be more a hindsight for creating values of innovation and technological advances for their customers in the insurance companies (Keller & Hott, 2015).

It must be stated that effective communication also enhances the creative values of developments in their premium service, underwriting processing; prevention of financial loss, claim administration, and management of risk policies that leads to possibilities of new methods of service they could provide for greater opportunities for data collection; and that can lead to better claim and risk identification and mitigation measures, that is more related to service improvements for their client and customers in the industry (Gyaase, 2013).

Moreover, effective communication always helps to drive insurance industries towards positive development, delivering convenience and efficiency for their underwriting processing, premium service, and the protection from financial loss. Thus, improvements in communication networks will always boost the company product processing capacity that would lead to faster processing of premium payment by the customers. Also, effective communication will help the insurance company to process their client claims easily through online and internet platforms, for lesser period of time (Fadun, 2013).

Currently in Nigeria, the adoption of advanced communication network technologies, and particularly, the internet has transformed the

insurance industry and allows the policymakers and stakeholders to do better and efficiently, in underwriting processing, premium service, and the protection from financial loss. Basically, it is observed that the involvement and utilization of modern communication network is seen in virtually every aspect used to carry out a successful agenda and creating values in the industry (Akinade, 2013). Thus, the emergence of effective communication network in the insurance industry has not only influenced their agendas, but has also created values of insurance product and business advancement and success in the organization. This communication network revolution has propelled the proliferation of insurance companies to influence many buyers (insurers) to gain access to their various policies and products, and to be able to transact insurance business at once. Thus, the introduction of effective communication network like Information Communication Technology (ICT) on competitive performance of Nigeria insurance industry results has so far improved the performance of the agendas and the creative values of the industry in Nigeria.

More so, in Nigeria, despite the economic depression, high inflation and poverty situations, most insurance companies always want to ask this question, "if they want to boost their creative values and their agendas to improve their response to claim and premium processes and policies issue faster, how can they do it?" Insurance companies can respond to this specific issue by making use of their effective communication policy to boost their client insurance activity and businesses. Thus, communication network will also help the company policies to easily carry out their underwriting, financial loss, claim administration, and management of risk policies of their policyholder and stakeholders to enjoy a faster service delivery (Ali, 2013).

Furthermore, effective communication has attracted large venture premium, claim administration and capital investments processing to be more considered by investors that want to be part of their business. Thus, effective communication also motivates insurers (clients) to strategic investments in insurance policies. These allow clients to have a stake in these developments



while providing the capital for such enterprises to develop their insurance business (Amirshahi and Safaeian, 2012).

Also, there are numbers of insurance companies that genuinely make use of effective communication to attract their creative values of large investments to themselves. These will surely provide a better understanding on how the insurance policies and businesses are being developed and how they are different from traditional business models.

Effective communication network is seen to be the major key to the improvement of creative values and drivers of the agendas of the insurance sector. Thus, in most insurance companies, the communication policy has a lot of positive impact to the benefits of underwriting processing; prevention of financial loss, claim administration, and management of risk policies influence on the policymakers and the shareholders to continue to invest more in the same insurance sector. The effect of the effective communication network on the regulatory and competition will reduce challenges to the industry in selling their product and policies to the clients and in the market (Gyaase, 2013). More so, effective communication network will continue to improve the wider privacy and data protection issues that

usually involves digital component to their policies of underwriting processing; financial loss, claim administration, and management of risk policies in the insurance industry.

Insurance Brokers' Perspective

In the present world of modern business and development, an insurance industry will need to always make use of communication network to influence their agendas and creative values to their range of stakeholders. This may be in order to get their services to undertake their business activities, or to collaborate and coordinate with others to secure suitable distribution of their underwriting processing; financial loss, claim administration, and management of risk policies and services to the clients (Jamieson, 2011). Basically, various brokers in the insurance industry are part of those that explore the current explosion of advanced communication network such as internet, telephone, online transaction, business through zoom and other communication equipment to strategically boost their agendas of selling their insurance product to more of their clients. The brokers' view of making use of the communication network will bring their insurance business directed towards the satisfaction of their consumer's wants (Jakada, 2016).

In the insurance industry, brokers' perspective towards communication network is seen as the major important activity to achieve their agenda and creative values for higher profit making and the growth of the industry. Thus, their perspective is inevitably tied to the satisfaction of the wants and needs of their client. Basically, communication network always create the avenue for the mutual relationship between the brokers and their client in the insurance market (Jakada, 2016). Also, brokers'



perspective towards communication network is seen as the ways to boost sales and profits, while saving money, time and stress and to also create competitive advantage within the industry.

In Nigeria, sometimes, it is seen that brokers in the insurance market face some challenges of selling their products to their clients. That is why they generally persistently make use of communication network to achieve their agendas and create values in the market place. Thus, in an environment which is characterized by low consumer demand for particular insurance policies and services, most of the brokers always make use of communication

network to play a key role in strengthening the organization to perform excellently in that given environment (Messah & Immaculate (2011).

NEED FOR COMMUNICATION - MARKETING PERSPECTIVE

Marketing is far more than just developing a good product or service, offering it to the target market at the right price and making it readily available.

Organizations must also communicate information about themselves, their products, the price structures and their distribution systems to a variety



of audiences including consumers, intermediaries and the media.

Communication can be a distinct advantage that separates an organization's products or service from its competitors'. As a compliment to the experience of buying the product or service in question, communication gives clues to the whole market about what customers can expect from the organization.

FROM COMMUNICATION TO CONSUMER ACQUISITION

Communication strategy is a controlled, integrated program of communication methods and materials designed to present an organization and its products in a consistent and clear way to prospective customers. Inevitably, the development of effective communications depend heavily on how well the organization has carried out earlier steps in the marketing management process- especially those concerned with understanding buyers' behavior, market segmentation, competitive analysis, target marketing and product positioning.

The basis of any successful communications program is a clear understanding of the



communication process, seen from the customer's viewpoint viz;

Unawareness – awareness- comprehension- conviction- action.

When it comes to winning customers, the first task of communication is to make unaware consumers aware of the service on offer. Having brought consumers to that stage, it is important that they understand what the product or service will do for them. Next, they need to be convinced that what is said is true and that the product or service will satisfactorily meet their needs. Finally, the consumer needs to be sufficiently motivated to buy the product or service

better innovation, saving time, decreased costs/prices and better access to market information

3. **Betterment of the Customer's Relations Management (CRM) in the Insurance Industry:**

More so, most of the insurance companies make use of the effective communication policy to create better access to new customers and suppliers, better marketing methods, better communication, possibility of price comparison by customers, faster delivery, improvement of people's knowledge of the services, every moment access, retention of old customers, and increase of customer's satisfaction and loyalty, increased transparency and facilitation of work process, lower cost of new customer acquisition and old customers retention, and improved insurer service (Fadun, 2013).

4. **Decrease of Insurance Costs in the Insurance Industry:**

Most of the insurance industry makes use of the effective communication policy to influence their customers to pay lesser premium due to cost cuts from the automation of the insurers' processes.

5. **Simplification of the Processes in the Insurance Industry:**

Furthermore, application of communication network helps insurance companies to make

searching, ordering and receiving services easier for their customers patronizing their company.

6. **Improvement of Corporate Performance in the Insurance Industry:**

Also, application of communication network helps insurance companies to have efficiency and profitability, better innovation, saving time, decreased costs/prices and better access to market information, and to increased revenue, market share, productivity, competitive advantage, and also increased sales of premium product in the market place.

What Are The Vehicles?

1. The insurance industry should continue to improve their effective communication network to enhance and create values for an integrated management that is responsible for all matters related to their providing after-sales service and gathering information about customer needs. In my opinion, in the department of life insurance, customer relationship is much like the watches on a ship, watching understanding of consumer needs and expectations, and transfer to manufacturing, improving product quality, customer retention, customer loyalty, responding to customers, contacting communication and making happy customers.



2. The insurance industry should continue to improve their effective communication to maintain their current insurance policies. This will make the company's effective communication strategy to become the most important to increase sales of insurance policies and the sustainable commitment of the customers to the industry.
3. The insurance industry should continue to improve their effective communication network so as to improve their clients' and investors orientation on how they can enjoy the underwriting processes, prevention of financial loss, claim administration, and management of risk policies of the companies.
4. The insurance industry should continue to improve their communication network so as to help the industry identify new customers that would boost their agendas. This would help to develop customer satisfaction in the industry.

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DIGITAL *Revolution*

IN THE NIGERIA INSURANCE INDUSTRY

By Titus Abe

Introduction

There is hardly a day in the last few years that you wouldn't see or hear news about digitization, which has become a buzz word around the world. The awareness has risen so much that in Nigeria today, almost every industry is embracing this concept,

including professions that you might think don't really need to.

The Nigerian Banks have taken the lead in terms of digitization in the financial services industry and are making us proud, compared to the banking services in other parts of the world.



It's no news that the insurance industry in Nigeria has not moved as fast as the banks, as well as other providers of financial services in this space. This however does not call for any form of panic yet, because that is the trend the revolution has consistently followed within the financial services industry in other parts of the world where it is thriving.

It becomes an issue of serious concern for the insurance practice in Nigeria if the level of awareness on the need for the industry to embrace this revolution is not quickly acted upon. There is, however, a certainty that this revolution is bound to happen in the insurance industry in Nigeria, even if the practitioners refuse to embrace it, following the proverbial saying that "water will always find its level"!

So, how should the industry approach the Digital Revolution?

According to Albert Einstein, "Insanity is doing the same thing over and over and expecting different results". Positive Change is born by creative ingenuity and the same thing is expected of insurance industry in Nigeria to change the narrative positively;

- 1) Awareness, awareness, awareness...
- 2) Redefine the process end-to-end
- 3) Synergy with relevant service providers
- 4) Collaboration with platforms
- 5) Regulators involvement

1) Awareness, awareness, awareness...

The industry has done a fairly good job of creating awareness on the need to embrace the revolution and still ongoing. This reflects clearly on the topics of discussions in the last three (3) years at the Insurance Consultative Forum which comprises all the practitioners, regulators, as well as other stakeholders in the industry. Convention themes, seminar titles, topics of discussion at the various industry associations (NIA, NCRIB, ILA, AREAN, PILA, APPIBON and CIIN induction programs in the last two (2) years shows that we have seen it coming.

However, the level of awareness is not deep enough to motivate majority of us to take decisive actions and align with the fast approaching revolution. This awareness has to be translated into an "Industry Corporate Digital Agenda" known to all practitioners at all levels whether written or unwritten.

2) Redefine the process end-to-end

After we migrated from the era of "Copy and Paste" from the London Market; we moved into a much

better era where insurance products are traditionally developed by a team of seasoned and time tested insurance professionals and technocrats and subsequently pushed to the consumer to swallow the way it is.

The world has changed by 180 degrees. Insurance Companies need to rebuild her products in such a way that they will seamlessly interact with the customers' day-to-day lifestyle. Else, the product will not make sense to the new digital initiatives.

Amongst other services, the insurance brokers must be able to give his clients quotation from multiple insurance companies by the touch of a few buttons on the system without having to wait for response from the companies via email or telephone calls.

The Loss Adjusters too must devise means of adjusting claims in non-traditional and innovative ways to fit-in.

3) Synergy with relevant service providers

Insurance industry cannot make a success of the new digital initiatives if she wants to continue to act solo. The industry as a whole should open-up to service providers such as large technology companies, consulting firms, research institutes, insurTech, startups, individuals (preferably digital natives).

When these service providers and insurance technocrats fuse together with the primary purpose of unleashing the product of their fusion on the society; it leads to endless possibilities where customers would not need the law to do insurance again. It comes naturally and becomes a way of life.

4) Collaboration with platforms

With good first class customer friendly insurance products in place, this does still not guarantee automatic embrace by the society. People will rather choose to spend time on the social media and big e-commerce platform rather than the website of an insurance institution.

Collaborations with such platforms could be a gateway for customers' engagement. Care should however be taken to ensure that the deployment are seamless and frictionless without creating a negative impression in the minds of the customers.

5) Regulators involvement

The entirety of the world of insurance in the country needs a lot of patience, upward mobile thinking, strategic analysis and purposeful leadership to get us to where we need to occupy.

Research has consistently revealed that technological innovation thrive mostly on regulatory blind spots. Regulatory approval may not necessarily precede technological innovation.

Where necessary, regulators may need to catch-up with the operators and not shut them down for want of documentary approvals. Operators too should be mindful of complying with various regulatory guidelines where it exists to guide.

SUMMARY

We are breaking through about hundred (100) years of lackluster thinking and rigid systems.

Could it be, could-it-just-be, that the embracement of the Digital Revolution by the insurance industry in Nigeria possibly be the next biggest opportunity after the GSM boom within the next five (5) years?

Titus Abe, AIIN

CEO, Livingstone Insurance Brokers Limited



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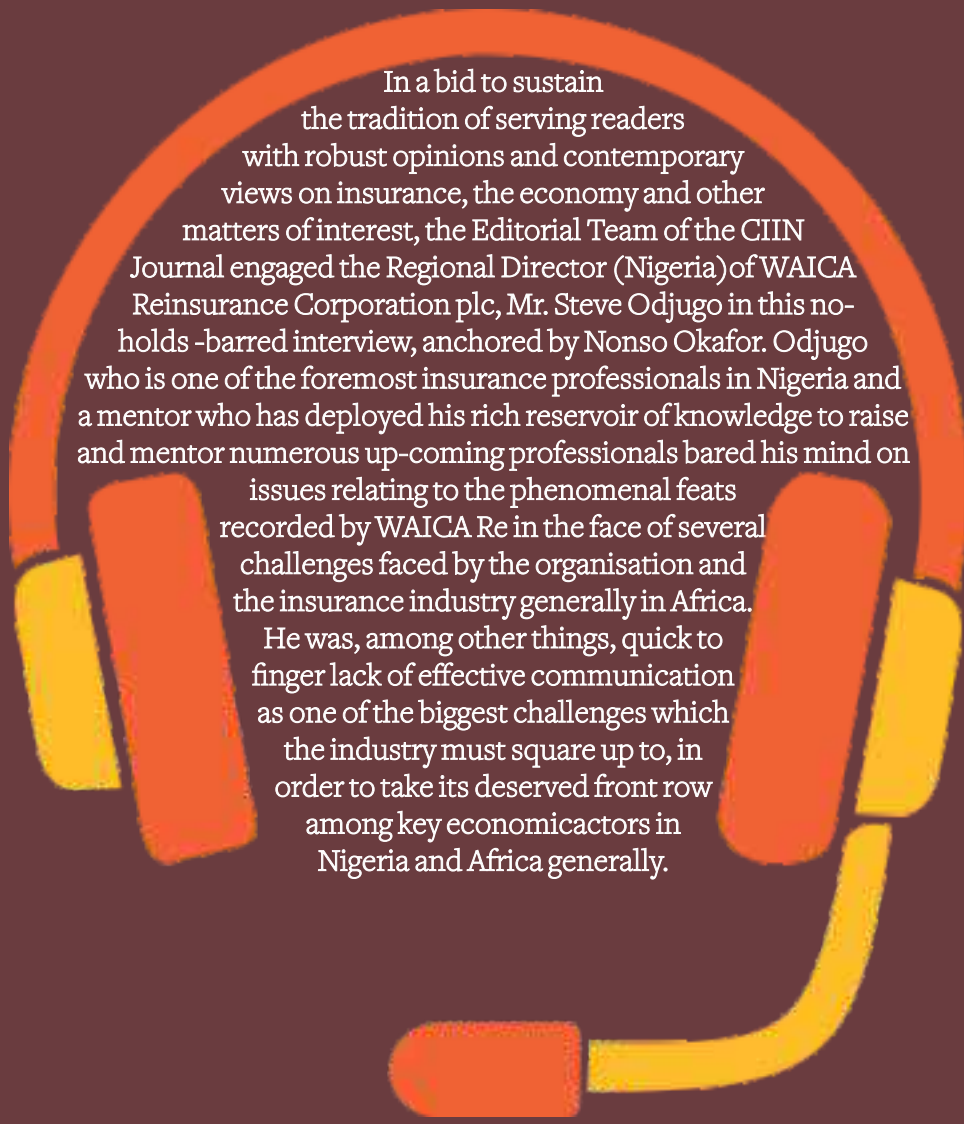
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COMMUNICATION IS BIGGEST CHALLENGE TO INSURANCE GROWTH IN NIGERIA, AFRICA GENERALLY

Steve Odjugo



In a bid to sustain the tradition of serving readers with robust opinions and contemporary views on insurance, the economy and other matters of interest, the Editorial Team of the CIIN Journal engaged the Regional Director (Nigeria) of WAICA Reinsurance Corporation plc, Mr. Steve Odjugo in this no-holds-barred interview, anchored by Nonso Okafor. Odjugo who is one of the foremost insurance professionals in Nigeria and a mentor who has deployed his rich reservoir of knowledge to raise and mentor numerous up-coming professionals bared his mind on issues relating to the phenomenal feats recorded by WAICA Re in the face of several challenges faced by the organisation and the insurance industry generally in Africa.

He was, among other things, quick to finger lack of effective communication as one of the biggest challenges which the industry must square up to, in order to take its deserved front row among key economic actors in Nigeria and Africa generally.



Can we meet you?

My name is Steve Odjugo. Currently, I work with WAICA Reinsurance Corp. Plc as Regional Director in charge of operations in the Nigerian market. I also oversee the development of the Corporation's oil and gas business across all our locations on the Continent. Before joining WAICA Re, I was at Continental Reinsurance as Regional Director, Anglophone West Africa and later Group Head, Technical Training and Quality Assurance.

I have put in a little over three decades of professional insurance practice and had the very rare opportunity of experiencing the breadth of the industry having worked in direct insurance companies, direct insurance broking, reinsurance broking and reinsurance companies. I am an Associate Member of the Chartered Insurance Institute of Nigeria, a former member of the Institute's governing council, Member of the Institute of Directors of Nigeria, and an alumnus of the Lagos Business School's Advanced Management Programme. I have been actively involved in training of candidates preparing to take the CIIN professional examinations and been in demand as a lead resource person at several oil and

gas insurance seminars and conferences across Africa, United Kingdom, and the UAE.

Congratulations on the 10th Anniversary of WAICA Re. How has it been, what was the dream behind the creation of WAICA RE and how have you been able to emerge as a major stakeholder in the African Insurance market within such a short time?

WAICA Re was incorporated in Sierra Leone in 2011. It is the successor company to the erstwhile WAICA Pool. The founding fathers at that time wanted to establish a reinsurance vehicle to help mitigate the effects of lack of reinsurance capacity within the West African insurance markets and reduce the outflow of premiums into foreign markets. The founders were also motivated by the strategic vision to transform the African reinsurance markets and contribute to its economic growth and development.

Today, ten years down the line, we have been ranked as the 7th largest reinsurance company in sub-Saharan Africa (excluding South Africa) (A.M. Best, August 05, 2020). Also, within this short period, the Corporation attained an A.M. Best Financial Strength Rating (FSR) of B+ with a Stable Outlook.

Presently, we have a solid footprint on the Continent with presence in the major hubs of Tunisia (North), Kenya (East), Zimbabwe (South), Sierra Leone, Nigeria, Ghana and Cote d'Ivoire (West). From these physical locations, we service all our clients in more than forty-five countries on the Continent and beyond.

We have been able to achieve this feat mainly because we have stayed focused on the vision of our founding fathers. We are blessed with a visionary Board of Directors and a dynamic management team led by the Group Managing Director, Mr. Abiola Ekundayo. Our people have also made significant contribution to the growth of the company. Additionally, we have a culture of continuous innovation and responsiveness to the yearnings of the markets we serve.

As one of the four pillars of financial inclusion, how important do you think insurance is to the nation's economic growth?

Insurance and pensions are the major suppliers of long-term capital to any economy. We know that infrastructure development is essential for economic growth and development, and there cannot be economic growth or development without supply of cheap and long capital. Improved infrastructure produces abundant benefits for the economy, environment and social progress, unlocking growth and generating economic and social benefits and progress. Infrastructure projects are also a source of major employment. There is usually a direct relationship between the penetration of insurance or the availability and supply of long money or capital and economic development. I will give you two examples close to home.

First, Sandton is a popular Business District in Johannesburg. The whole of Sandton is a piece of premium real estate with hotels, luxury apartments and shopping malls. The development of Sandton was funded by one of the top insurance companies in South Africa. You can imagine the contribution of Sandton to the GDP of South Africa.

Secondly, one of the premium hotels in Abuja is Transcorp Hilton Hotel. This was initially owned by NICON Insurance. That hotel contributes to the

GDP of Abuja City and invariably to the GDP of the economy of Nigeria.

So, you see that when insurance works as it should, the economy would ultimately benefit.

From the benefit of Insight, would you identify communication as part of challenges militating against the growth of insurance and how do you think communication can be leveraged upon to deepen insurance penetration in Nigeria?

Communication is probably the biggest challenge of insurance growth not just in Nigeria but across the region because there are still many people that have never heard about insurance or heard very little about it. The good book says, "for lack of knowledge my people suffer." Sadly, a lot of the information that get passed on has been negative, leaving many with negative impression about insurance. Again, it is said that until the Lion tells his story, the tale of hunting will always favor the hunter. Therefore, to address the challenge, the insurance industry needs to collaborate with communication experts to craft messages that will answer the numerous questions people have and, also attract them to become policyholders. An important issue that the communication needs to address is to demystify insurance and provide evidence that people with claims have been settled and paid. This will help rebuild trust among the public.

It is also important that while we are sending out verbal or written communications through the different media available to us today, we need to pay attention to the non-verbal aspect of communication. As we all know, action speaks louder than words. So, we must consciously send out the right communication about insurance through our everyday actions as we interface with our public. This will have a stronger impact on them as we cannot be a people who say one thing and do the exact opposite.

What other actions do you think that the insurance sector needs to do to deepen insurance penetration and contribute more to the nation's GDP?

On this point, I would love to commend the National Insurance Commission for various initiatives that they have taken to deepen insurance



penetration. However, there is so much more to be done by reinforcing the current initiatives and bringing out new ones.

In my opinion we should concentrate effort on two essentials.

Firstly, it seems that we have not done a very good job of understanding our customer needs. So, the question that comes to my mind is who are our customers and what are their needs?

Secondly, when we have identified our customers and we understand their needs, we can then develop products that meet those needs. We must ensure that we adopt innovative distribution approaches with effective reach to meet the customer where they are or at their convenience.

Furthermore, we must invest in effective technology infrastructures to aid the distribution of our products. We should find ways to make insurance 'sweet and appealing' to both existing and potential customers by being true to our promises.

One key action that needs to come from the insurance sector is contribution to the social challenges we are facing probably through collective

support to the education and healthcare sectors using the Corporate Social Responsibility model. From the society we seek to enjoy increased acceptance of insurance, we must be seen to be adding our own bit.

In what ways do you think that the Government can contribute by way of legislation and enforcement in order for insurance to greatly benefit the Government, Insurance companies, and the people?

Firstly, let me rearrange the beneficiaries in your question. I would say people, being customers first then the companies and finally Government. In my opinion when our customers benefit, the businesses will benefit, and Government will be happy. Now by way of Government legislation and enforcement, we should tread softly. It is important that our customers demand is not only legislation driven but also demand driven. Yes, I agree that legislation can help a great deal. It is helping the Pension industry but also that is limited to the formal sector as there is very little penetration in the informal sector. There are compulsory Insurances that are legislation driven but the Industry has not enjoyed full benefits of that. In my opinion, in addition to the legislation which may be used to jumpstart patronage we must

evolve to demand driven patronage. We all stand to gain from that.

Governments at all levels must lead the way by buying insurance products to protect their own risks. When Governments risks are insured their claims are paid when they suffer losses, this would send a compelling message to all that insurance works.

Additionally, NAICOM, through extant legislations have been empowered by Government to see to the implementation and enforcement of their provisions for the benefit of all.

What has WAICA Re as an organization done to boost insurance awareness in Nigeria and Africa?

As a reinsurance company, WAICA Re has over the years stood by our partners as they strive to make insurance relevant to the insuring public. No doubt, one of the major ways of creating insurance awareness is through the prompt settlement of valid claims. In this regard, WAICA Re stands tall on the Continent.

We have actively supported various initiatives aimed at boosting insurance awareness in the different markets we serve.

What is your opinion on the recapitalization exercise being championed by NAICOM?

Let me begin by commending NAICOM for the various initiatives they are putting in place to develop the industry. No doubt, recapitalization of insurance companies would do a lot to strengthen the industry and thereby increase the confidence of both existing and potential buyers of insurance products. I hope that the exercise would be pursued in a manner that all stakeholders (Regulator, investors, operators, and policyholders) would win at the end.

What are your thoughts on the consolidated insurance bill and how do you think it would impact the insurance business in Nigeria if passed into law?

We hope to see the amendment bill passed to reduce the current gap both in terms of capital and capacity to handle emerging risks arising from climate change, cybercrime, and technology. We need more financially strong insurers to bear the risks related to

these and expect regulation to improve accordingly. I am also of the view that the passage of the Bill into law and its faithful implementation would birth a new dawn for the insurance industry in Nigeria.

Do you think that the outbreak of the Covid-19 Pandemic took a lot from the insurance industry or has it opened up more opportunities for the sector?

It has been a mixed bag, but it depends on which side the insurance industry wants to focus on. I think we should focus more on the opportunities and create new products and distribution channels that suit the new normal season we are living in. We saw some initiatives by insurers to support policyholders and they are asking for them to continue. So, if these will increase insurance penetration and market size, we should have some deep thoughts about them.

Overall, I believe the pandemic has benefitted the insurance business. Let me explain. Operationally it has been a tough time, it has negatively impacted the business, we were locked down, sales were impacted, operations were also impacted. However psychologically it has been to our benefit because in these trying times, we were able to offer some financial support, albeit not total, to our clients who have suffered in these difficult times, from this we hope that the reality that has come to the customers that anything can happen will help them see insurance as solutions for the unplanned risks. The pandemic is a sad thing, the loss of life is enormous but also a risk that insurers can mitigate against and solve to some extent that must be identified.

Recently, your organization made a significant donation to the Institute in the form of Hardware in celebrating its 10th anniversary. What was the motive behind the donation and are there plans for future collaborations with the Institute?

Our 10th year anniversary is a very significant milestone in the life of the Company. As we contemplated on how best to celebrate this achievement, we came to the conclusion that we must recognize our own community that had made it possible for us to thrive in these past years. You know that as a reinsurance company, we do not deal directly with the public, rather, our partners are the insurance companies, reinsurance brokers and regulators. So, our desire was to give back to the industry.



We have already implemented various CSR initiatives at all our different physical locations around the Continent. We are so delighted that we were on hand to meet the pressing demands of the Institute for the upgrade of their office equipment and as our GMD mentioned in his speech during the formal presentation of those items, this would definitely not be the last of our collaboration with the Institute.

What do you think about the importance of the Institute to the insurance industry and how do you think it can maintain this relevance for the foreseeable future?

The Chartered Insurance Institute of Nigeria remains the bedrock of professionalism, not only for the insurance industry but also for Nigeria, considering that it is the foremost professional body. So, we should always seek to remain ahead both in terms of ethics and knowledge. Importantly, the curricula should be improved as often as

possible to enable members get necessary knowledge and insights to remain relevant in this fast-changing business environment. When individual members are considered valuable in their respective positions, the place of the Institute will be duly acknowledged.

Many Nigerians seem not to believe in insurance what is your message for them?

I think Nigerians believe in insurance and actually practice it but are yet to come into the formal insurance sector. Every time you help someone without insurance that has been in an accident, you are his/her insurer and every time you run to your relative or friend, you have made that person your insurer. Let the formal insurance industry bear your burden.

We need to send the message out loud and clear that a valid and adequate insurance gives peace of mind.

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MATCHING COMMUNICATION TO CUSTOMERS IN THE AFRICAN INSURANCE INDUSTRY

By Kelvin Uveki and Samuel Banmeke

Introduction

For a more than 5.3 trillion dollars industry worldwide (by gross premium income in 2018), insurance in Africa and Nigeria, in particular, contribute little to no significance to that figure. The reason is not far-fetched, as insurance penetration remains low across Africa.



Apart from the South African insurance market who had a penetration level of 16.99% as of 2017, the contribution to GDP is low with Nigeria estimated to be around 1% of GDP. This is far from the 5% and 9% levels observed in Asia and France respectively, whereas, the United States has an insurance penetration level of 11.43%.

There is no doubt as regards the change in customer dynamics and behaviours. Customers are in the driver's seat as their expectations and experiences

are being formed by factors that are majorly beyond the control of the insurance industry. Customers are determining when they want something, where they want it, and how they want it, the place, the media, and the time.

To compete effectively, insurers should be prepared with the best channel at the appropriate time with the appropriate message. The incredible surge of information and communication and the convergence of these two technology areas are transforming how customers buy, and also what they buy. The demand for insurance is being modified as expectations change. Thus, the underlying competitive pedals that define winners and losers in the insurance industry are changing.

Prominent insurers are realizing that they must reach the customers in new ways with only the best means of communication. The era when insurers could dictate the rules of the road are gone, the wheel is no longer in their hands. Nonetheless, insurers that understand this shift can impact where customers stop along their route by making their interactions simple, timely, and valuable.

Effective communication is crucial in the insurance market, as it helps build strong relationships and also ensures customers fully understand both the products and the process. However, only a handful of insurance players take the opportunity to stand out positively by communicating effectively with their clients and by extension, their prospective clients.

A major challenge for the African insurance market is that the communication model is not much targeted to the visible consumer needs. What was obtainable in the past simply does not work effectively now. Insurance firms commit a lot of resources to customer service-related communication, yet much of it has proven to be inefficient as it is not in line with what clients want hence, we see low penetration.

Effective communication entails an understanding of the intention and emotion behind the information that is passed. For there to be effective communication there has to be;

- **Clear Message:** The message which the sender wants to convey must be simple, easy to understand and systematically framed to retain its meaning.
- **Correct Message:** The information communicated must not be vague or false in any sense; it must be free from errors and mistakes.
- **Complete Message:** Communication is the base for decision making. If the information is incomplete, it may lead to wrong decisions.
- **Precise Message:** The message sent must be short and concise to facilitate straightforward interpretation and take the desired steps.
- **Reliability:** The sender must be sure from his end that whatever he is conveying is right by his knowledge. Even the receiver must have trust in the sender and can rely on the message sent.
- **Consideration of the Recipient:** The medium of communication and other physical settings must be planned, keeping in mind the attitude, language, knowledge, education level and position of the receiver.
- **Sender's Courtesy:** The message so drafted must reflect the sender's courtesy, humbleness and respect towards the receiver.

Information communicated has to take into consideration the above in totality. A clear message must be sent, it must also be correct, complete, precise and reliable while taking cognisance of the recipient's socio-cultural and demographic background.



Insurance industry participants from Underwriters, Reinsurers, Brokers, Agents, InsureTechs, Aggregators make use of several communication channels but there are notable challenges faced, which include but not limited to;

- lack of a cohesive communications strategy.
- lack of automation in cross-platform communications processes.
- archaic and disparate communication technologies and platforms.
- failure to sustain consistent branding in communications and unstructured communications management.



- lack of collaboration among the multiple stakeholders.
- uneven customer experience.

As previously said, the industry which is the chief risk manager is crucial for proper economic functioning, it can increase its acceptability through effective communication. What is visible is that we still have a communication problem, thus a penetration problem. There is a communication mismatch in the industry especially in the age of new media. The median age of Africa's population is 18 according to data collected by visual capitalist and 60% of the continent's population is below 25.

The percentage of the youth population with insurance is fairly low in the continent. There is much potential here if we can effectively communicate the benefits of insurance to this population. Capturing a customer base as this could provide long term growth for the industry as young insureds disposable income increases with time. This population are avid social media users and matching communication to where they are, creates a measurable communication-to-reach match.

Whether TikTok, Twitter, Instagram or Snapchat, following the trend on these platforms to promote the insurance brand or product creates awareness



and opportunity to capture this market segment. Other mainstream brands do this, including US Insurance giant GEICO; having an in-house social media manager, content creator, army of social media brand loyalists can be just that difference, millennials and Gen Z's love brands that are socially conscious and in tune with the time. However, care has to be taken, so as not to tarnish the brand image.

An important step that can be taken is creating sections of websites or other online platforms for FAQs and "All you can ask enquiry" space, which would enable technology savvy customers to have easy access and know more about your products, brand and Insurance in general. These questions should be data-driven, applying modern data

analytics technology to know the prospects and product better, anticipating their every question, even more than what is required by regulators.

Furthermore, new digitally enabled players need to reinvent protection for low-income emerging customers because the future of insurance for the emerging customers in Africa and beyond, undoubtedly depends on leveraging new communication and distribution channels, including mobile devices without internet access. A good example is AXA Egypt that offers customers access to telephone consultations with doctors, and MicroEnsure in East Africa. Enormous opportunities exist to leverage valuable customer contacts, making the unseen hand of insurance

more real and ultimately enhancing formal and effective safety nets for millions of individuals in Africa.

It is also noteworthy that Insurers have been sluggish in tailoring their products and services to the local realities of Africa. They have created their African operations along the same lines as those in developed countries, distributed through costly systems of brokers and agents that only reach the urban elite, while 90% of the African population have little access to insurance. Customer input in product creation is necessary at every stage of the product development cycle. Constant interaction with insureds and prospects on what they desire in a policy, their experience with local industries from banking, local institutions, and others can be added to the product.

Considering the fact that some of these prospects are not connected to the internet, 58%-60% of Nigerians do not have access to the internet and only 33% of Africans are connected online, a communication strategy needs to be effectively developed for this segment; literacy is an important factor here.

Moreover, collaboration with trusted institutions such as religious bodies, community leaders and associations, thrift societies (Ajo and Esusu) can be an effective strategy. Borrowing communication tactics of the consumer retail industry from marketing to distribution, promotional campaigns and simplicity of wordings would be a plus in the insurance industry. The consumer retail industry saw massive growth in the African continent over the last two decades, and in Nigeria accounting for about 16% of GDP in 2013.

Also, another communication issue that must be addressed is the complexities of contract and contract wordings in Insurance. The way the policy document is written, individuals including some top professionals may find it difficult to read and understand. In the elements of effective communication clear, correct, complete and precise messages must be communicated. The receiver should be able to interpret the message easily while the message still retains all essential elements that communicate the correct and intended

information.

There should be an industry-wide, if possible, transcontinental concerted effort to simplify insurance policy wordings. Informing clients what is and what is not covered in the simplest of words as possible, and everyday word translation while striving to maintain the integrity of the policy under contract law. This is not an easy task as insurance policy construction is crafted on centuries of tested case law precedents and other pertinent legislation across national boundaries, but it is doable.

Creating infrastructures that give customers options on how to reach preferred providers and other industry players. Whether it be simple phone calls, over the internet, physical meetings, institutional collaboration, among others are much needed. Applying a more targeted communication strategy is known to yield better results, such changes may be costly upfront but the benefit mostly outweighs such cost.

Insurance industry participants must find a way to match their communication strategies to these changing customers with some proposed strategy framework highlighted here and more.

Relevant Links:

<https://www.statista.com/statistics/273156/gross-premiums-generated-by-the-insurance-industry-worldwide-since-2006/#:~:text=industry%20%E2%80%93%20additional%20information,The%20value%20of%20gross%20premiums%20generated%20by%20the%20insurance%20industry,trillion%20U.S.%20dollars%20in%202018.&text=The%20value%20of%20both%20life,global%20market%20share%20in%202018.>

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TIPS ON NEXUS BETWEEN COMMUNICATION & INSURANCE

By Olubusola Makinde

Insurance is an arrangement by which a Company or the state undertakes to provide a guarantee of compensation for specified loss, damage, illness, or death in return for payment of a specified premium. Insurance provides protection against any possible eventuality.

Insurance is a means of protection from financial loss. It is a form of risk management, primarily used

to hedge against the risk of a contingent or uncertain loss. An entity which provides insurance is known as an insurer, insurance company, insurance carrier or underwriter.

Why is communication seen as a missing link in insurance?



Communication is key to keeping the potential clients enlightened about the existence, purpose and need for insurance. It is through communication that risks can be identified and services can be rendered.



Omission to communicate is to close doors to growth in the insurance sector. Without the creation of awareness through diverse means, the level of penetration of our products and services will be poor.



Market analysis and surveys show that there are so many untapped audiences that are yet to even know about insurance and how it works. This gap has to be closed for any meaningful outreaches.



Modernization has opened various technological avenues to reach out and spread the information on the importance of Insurance to the people.



Understanding the market needs will help proper communication on tailored services to suit these needs.



Niche marketing can only be an offshoot of effective communication to know where to concentrate service delivery and product development.



Innovation can be best achieved from effective and productive communication.



Catastrophic risks need to be adequately assessed and communicated to underwriters as well as reinsurances should losses occur fortuitously hereby causing huge losses that have not been well prepared for.



Adequate market analysis that will help to deepen market penetration can be arrived at through appropriate and adequate communication.



Training and human development is one of the most effective ways of communicating to disseminate knowledge of diverse products to suit varying risks and needs.



Information about the market, needs, products and services can only be derived through effective research and communication.



Opportunities in other sectors relating to services that could be offered through insurance could be attained through effective communication.



Negotiations are appropriately and adequately done through effective communication.

Olubusola Makinde

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VALUE CREATION in the Insurance Industry: the Role of COMMUNICATION

By Luqman O. Adaranijo

Abstract

Creating value in the insurance industry is one of the most effective but rigorous and often neglected activities of any insurance company. It requires well-coordinated and constructed strategy and selected marketing communication tools. This article explores the literature on value creation and how it can be achieved through coordinated communication strategy for improved service delivery in the insurance industry. The study adopts content analysis of secondary data extracted from available literature on the subject matter. The study establishes that value creation through strategic communication is a crucial aspect of corporate activity, more importantly for insurance companies operating in a very highly competitive market. Growing and sustaining customer value translates into increase in insurance company's value for its shareholders and the market brand of the organisation. The value of an insurer is influenced by customer (policyholder) value and customer loyalty, determined by the customer level of satisfaction with the skillful and experienced personnel, effective management and maintaining of relationship with the customer improving the

position in the segment of the insurance market with increasing value. The study recommends that insurance companies need to be creative and look for options that will encourage the minimisation of transaction and service cost in order for the company to be more cost-effective, efficient and have competitive advantage over the competitors in the industry and value for all the stakeholders. Insurance companies should relinquish time-wasting manual customer communication processes for example premium payment notifications and policy-packets.

Keywords: Value, Insurance, market, communication, management.

Introduction

The most effective but rigorous activity of any insurance company, in an attempt to bring the insurance product and services to the market and potential customers, depends on a well-coordinated and constructed communication strategy and selected marketing communication tools (Pohoretska & Oborenko 2020). All organisations, conglomerate, large, medium or small, commercial, industrial, government,

educational and NGOs, need to communicate with various stakeholders both within and outside the organisation. The communication maybe to get goods and services across to the customers, undertake their business and commercial activities, or to cooperate with other organisations to secure and enhance suitable distribution of their goods and services (Jamieson & Fill 2011).

Over time, and particularly during the last decade or two, an ever-increasing share of GDP has reflected the value of ideas more than material substance or manual labour input (Kalafut & Low, 2001). According to Schultz (2009), as customers' lives change, given the advances in technology itself, availability and accessibility of Internet with ease, mobility and efficiency, these affect the modes and strategies of communications practices. Customers not only want a product, goods or service at a fair price, but also want good interpersonal relationship, especially when it comes to financial services such as insurance (Jakada, 2006). Loyalty is guaranteed not only from satisfaction, but also by continuously exceeding customers' expectations. In other words, the satisfaction of customers and the ability to pay attention to the customer whose expectations are known through the process of communication are the key ingredient of retaining customers and sustaining the growth of the firm. Experience has shown that the best way to provide effective and efficient customer service is not through rigorous approach in competing for market share, this is no longer sufficient to create and deliver policies in line with standard rules to elicit a favourable demand response, but to direct attention on improving customers service satisfaction and consequently get all customer faithful (Coviello, 2013).

In contemporary business environment, it is not possible for insurance companies to offer quality insurance service and have competitive advantage in the industry without using the latest technologies and developments to promote its mutual engagement with potential customers. In 2020, Nigeria had 99.05 million internet users (Statista 2021). The Internet as a channel of communication, promotion and implementation of services is unarguably one of the most effective channels; it makes it feasible to remotely communicate with the insurance company and the Insured, while bringing down costs and inherently saving time. The

contemporary consumer is becoming very demanding. To meet up with the desired level of customer service delivery and satisfaction, an insurance company may adopt several ways, to engage with the customers through resourceful and result oriented means of communication, which may ultimately lead to efficient and quality service to the policyholder (Pohoretska & Oborenko 2020).

Insurance companies being an important player in the financial service industry, trying to determine the borderline of their competitive area, must take the following factors into cognizance, the large size of competitors and other insurance companies and banks. In situation like these, creation of the competitive edge is considered a very challenging assignment (Scott, 2015).

In insurance industry, the companies must not only pay attention to diverse areas from better financial services and risk-pool management but also create innovative, growth-centered product and customers satisfaction services that can enhance and sustain the loyalty of existing policyholders and attract new customers. The adoption of information and communication technology in the insurance industry has become indispensable, taking into account the need for timely insurance operation, faster administration of policyholder claims and companies liabilities (Madani & Bazini 2013). In order to facilitate sustainable growth-oriented development and tap into these current opportunities, innovation and collaboration will be crucial. This paper addresses the relevance of value creation using communication in insurance industry. The subsequent subsections dwell on conceptual review

Conceptual Review:

Insurance

Insurance has been defined and explained by different authorities and professionals, for some, they see it as a social device, some as a contract, some as an institution etc.

Traditional view of insurance opines that insurance is a major device of transferring risk, indemnification and intermediation (Cummins & Verand, 2007; Lester, 2009; Outreville, 2015; UNCTAD, 2007). Oteh and Nduka (2016) describe insurance as a plan for protection against economic losses, in which large numbers of people agree to



make regular payments (premium) to an insurance company in exchange for an assurance that they will be reimbursed for (insured) losses they may suffer from such risk and hazards as fire, theft, accident and death. (Das, Davies and Richard 2003) define insurance as one of the most important of all risk management measures which shifts the risk and the attendant financial blow that exists when the eventual risk or loss occurs to an insurance organisation. Insurance is often defined as the act of pooling funds from many insured (individual and organisations) in order to pay for relatively uncommon but severely devastating losses which can occur to these insureds (Omoke, 2012). The insureds are therefore protected from risk for a fee, with the fee being commensurate and dependent upon the frequency and severity of the event occurring (Omoke, 2012) therefore, insurance is a commercial and business enterprise and an important part of the financial services industry.

Adebisi (2006) opines that insurance is an integral part of economic and social device for the handling of risks of life, event and property. It is social in nature because it typifies the cooperation of various individuals and organisations for mutual benefits by coming together to reduce the consequence of homogenous risks.

Hence, insurance is designed to offer protection for the economic and financial wellbeing of an individual, organisation or other entity in case of untoward and unexpected economic loss. Accordingly, some forms of insurance policies are compulsory, required by law; while others are optional, agreeing to the terms of an insurance policy creates a valid commercial contract between the insurer and the insured. Thus, insurance acts as a promise of an indemnity or compensation in the case of loss, paid to the insured or the legal representative, people or company so concerned

about hazards they have prepayments to an insurance company (Ajayi, 2007).

The importance of insurance, like most other financial organisations such as banking and the stock market, is very important for the sustainable economic growth of any country. The risk is inherent in every human endeavour ranging from social life to economic activities (Din, Angappan, & Baker, 2017). In absence of risk transfer mechanism like insurance, the stock market and the banks, the volume of such economic activities would be significantly reduced, therefore, it will result in an economic loss (Ward & Zurbrugg, 2000).

Communication

Communication touches every aspect of human activity (Udegbe, Ogundipe, Ganiyat, & Rashdidat 2012). This present era is the era of massive human development and achievements. The old order has given way to the new order, and the agrarian and primitive society has been transformed into a modern industrial society. The progression of industrialization has been so fast that it may generally be described as a revolution. The emergence of Internet and the World Wide Web have equally and significantly changed the paradigm. The old prediction of the 'global village' by McLuhan in the early 1960s has indeed become a reality now and staring us in the face. This was the idea that the new communication technologies will allow people to become increasingly influential in one another's lives and activities (Wahlstrom, 1992). Communication has been widely accepted by scholars, academics and professionals as the mainstay of any organization, it is needed for the exchange of information, exchanging opinions, making proposals, reaching agreement, executing decisions, making plans, sending and fulfilling orders, conducting sales and providing services (Blalock, 2005; Alyssa, 2006; Kotler, 2006). When communication ceases in an organization, the activity in such an organisation stops to exist, and individual uncoordinated activities return in an organization. Hence, communication in an organization is as important as blood is to human existence. According to (Kotler, 2006), communication can be described as the means by which organisations attempt to persuade, inform, educate and remind customers – directly or indirectly – about the products, services and brands

that they offer for sale. Invariably, communication can be said to be the “voice” of the brand, it is also a means by which an organisation can establish a discourse and build relationships with customers. (Martin, Guatelli-Steinberg, Sciulli, and Walker 2008) assert that consumers today value information. We live in the information age and era, the savvy, faithful customer is one that has information about the products and services being offered. Communication is one of the factors that affect customer satisfaction and service quality (Clark, 1992; Morgan & Hunt, 1994). Communication is described as a process which involves giving and receiving information between two or more people or organizations (Gudykunst, 2004). Communication can either be external or internal, internal communication is passing information within an organization’s management and stakeholders (Welch & Jackson 2007), whereas external communication refers to information passed to audiences outside the organization (Saunders, 1999). Saunders further asserts that external communications include inter alia; adverts, news or press releases, newsletters, magazines, brochures and annual reports etc. In essence, Alyssa (2006), put succinctly that the ability to communicate, and communicate well is one of the essential factors in business success. You could be an excellent underwriter or marketer, but if you are unable to promote your products and communicate effectively with policyholders, colleagues and other stakeholders, your potential to excel is limited. Communication is essential in the following areas among others: pitching potential policyholders; clients meeting; customer (insured) service; face-to-face networking; and marketing of old and new products.

Value

Many management experts have studied the concept of values, its significance and the role they play in the life of an organization (Brytting & Trollestad, 2000). For value to exist it must be recognised as such by the recipient. The concept of value of things should be taken further and emphasise the value derived from activities, products, policies, services and practices of a firm. (Haksever, Chaganti and Cook 2004). Plato made a distinction between the “value in use” and “value in exchange” (Sewall, 1901), there is difference between “value in use” and “value in exchange: “The

things which have the greatest value in use have frequently little or no value in exchange; and on the contrary, those which have the greatest value in exchange have frequently no value in use” (Smith 1937). (Porter 1985) describes value as “what buyers are willing to pay” and add that superior value is when a company offers lower prices than competitors for similar benefits or when it offers unparalleled benefits that more than offset a comparatively high price. How value is viewed is by customers of the firm, investors, and employees of the organisation, suppliers and other stakeholders (IFAC 2000). Finally, (Baier, & Rescher 1969) opine in a broader view, suitable for this paper. They define Value as the capacity of a good, product, service, or activity to satisfy a need or provide a benefit to a person, a group of persons, an organization or legal entity. This definition includes any type of goods, product, service, or activity that satisfies a need or offers a benefit, which may be real or intangible, such as those that contribute in no small measure to the quality of life enjoyed, knowledge, status, prestige, safety, physical and pecuniary security, as well as offering shelter, transportation, earnings, etc. (Haksever; Chaganti & Cook 2004).

An Overview of Insurance Industry

Nigerian Insurance Market comprises of the buyers of insurance services (individuals, government, large corporate organisations etc.) and the sellers (Insurance and Reinsurance companies), with the intermediaries (agents, Consultants and brokers) who bring the sellers and buyers together. However, there are other stakeholders such as the regulator (National Insurance Commission 2018), representative of professional bodies or organizations in the industry.

The Nigeria insurance industry consists of 57 registered insurance companies. 14 of them underwrite life insurance business while 43 underwrite non-life insurance business and 2 reinsurance companies. The reinsurance companies provide technical support and capacity for the insurance companies (BusinessDay 2020). The Nigerian Insurance market ranks 72nd in the world, according to AXCO Marketing Ranking, considering the industry gross premium income for 2017, up two points from 74th in the previous period (NAICOM 2018). The Insurance market grew at about 14.46 percent in 2018, with a gross premium



income of about N426 billion as against N372 billion made in 2017.

Industry asset size continued its robust growth since 2014 (from about N828 billion) to peak at about N1.3 trillion in 2018, a 54 percent growth. The industry total assets grew at 13 percent to N1.3 trillion in 2018 from a N1.1 trillion in 2017. The sector recorded a gross claim of N252 billion in 2018, a 35.3% growth rate on the 2017 gross claims of N186 billion a 28% growth on 2016 amount. The industry has a robust capacity and potential for increasing rapid growth. The industry remains one of the fastest growing sectors of the economy and has been very strong even during the recent economic recession.

However, a major factor for the relatively slow real Gross Written Premium growth has been the low insurance penetration in retail lines (Adaranijo, 2019). Low retail penetration is partly due to low level of public awareness and trust in insurance business, which are consequences of low communication strategy, also the lack of strong financial literacy of Nigerians. Also, the extremely low level of economic growth in recent years has equally impacted negatively, the demand for insurance and the value of insurable properties across a number of insurance business lines. (Best's Market Segment Report 2020).

Value Creation in Insurance industry

Value creation is essential for the sustainability sustainable competitive (Dora 2015). Value creation has always been the primary aim of any business enterprise. Creating value for shareholders, by way of increase in share price, guarantees the future availability of investment capital to fund the business, while creating value for customers imply making goods and providing services that customers find consistently useful and appreciated. In this contemporary economy, such value creation is typically based on service, product and creative process and innovation and on adequately understanding unique customer needs with ever-increasing speed and exactness, this ensures the sales of products and services. (Day, 1990) views the

issues in analyzing customer value and suggests that it can be expressed in a "value equation":

"Customer's Perceived Benefits-Customer's Perceived Costs=Perceived Customer Value."

Value is also necessary to be created for the employees to be motivated. Value for employees includes but not limited to treating respectfully with dignity and being involved in making decision for the company, excellent compensation opportunities; and continued skill acquisition, training and development (O'Malley 1998). In financial view, value can be said to be created when a business enterprise earns income in excess of expenses. Value creation is increasingly being recognized as a better management goal than strict financial measures of performance. Value creation has been described by (Lepak, Smith & Taylor 2007) as a dynamic process of creating a good or service that is worthy to subjectively would be recognised and appreciated by the consumer based on the consumer criteria of value.

Traditionally, market imperfections, for example, transaction costs and asymmetric information, have been adduced as the major reason for having brokers in the financial services industry especially in insurance industry (Allen & San-tomero, 2001). However, in the last few decades, new developments such as the introduction of Information and Communication Technology (ICT) by the insurance companies have not only reduced the cost of information remarkably but also lowered transaction costs, and leveled the playing field for asymmetric information. The valuable information can assist the insurers to resolve some of the problems of asymmetric information (Levine, 2005), such as adverse selection against the insurer and moral hazard. With adequate and sufficient information, this also affords the insurance companies to price their policies more competitively and fairly (Wambach, 2000).

Real value creation and sustainable growth and profitability take place when insurance company develops a continuous flow of products and services that offer unique and tailor-made with compelling benefits to stratified set of customers. Hence, for a particular insurance company to maintain industry leadership, such a company must establish a sustainable process of value creation in the industry (Shamah, 2013).

Consumption values can be said to be subjective beliefs about pleasing ways to attain personal values. Personal values can be achieved through activities, such as economic exchange, possession, social interaction and consumption (Sweeney & Soutar, 2001). People may have ideas and preferences about various actions that can help them achieve personal values. Therefore, relative to personal values, consumption values are instrumental in nature which can be aided by the insurance companies. For instance, owning a magnificent mansion and acquiring a luxurious state of the art car are for some people desirable ways of achieving self-fulfillment and this can be facilitated and value created by appropriate insurance policy. Taking holiday trips are favourable activities which lead to personal fun and enjoyment with tailored made relevant insurance policy. However, policyholders may hold several personal values by which they evaluate insurance activities.

Lai (1994) maintained that consumers may obtain satisfaction in a holistic manner standing in relation to consumption activities and the constellation of products and services in use. Therefore, the consumption values of these types of activities or possessions are sophisticated and do not simply satisfy one single personal value (Sheth, Bruce, Newman and Barbara 1991)

Products are viewed by the consumers as a bundle of benefits, not necessarily attributes (Peter & Olson 1990). In this case, "customers are less interested in the technical features of a product or service than in what benefits they derive from buying the product or service." (Hooley & Saunders 1993). In a competitive insurance market, in addition to the basic benefits, products usually have many other unique attributes, such as features, styles, symbolism and related services. By designing insurance products with combinations of these attributes and features, underwriters try to attract policyholders with particular consumption values relevant to the product.

The Role of Communication in Value Creation

In insurance contract, customer experience is related directly to the way the insurance company communicates with their customers and this depends, in particular, on the different types of documents. This is an industry that solely depends

on documents for example policy document. Getting customer communications correct and appropriate is a major problem facing all industries, however, if the communication is right and succeed, it is huge value to the organisation. Meanwhile, communication that improves customer satisfaction and retention is obviously of immense value to the insurance company. According to Prahalad and Ramaswamy (2004) in Johansen and Andersen, (2012) "the interaction and communication between the firm (insurer) and the consumer (insured) is becoming the locus of value and value extraction."

However, Hamrefors (2010) states that:

"As society is turning into a market of value networks, communication functions can no longer stay in their restricted domains and only deal with traditional communication issues. They still of course, must be proficient with the tools of the trade, but must also develop so that they can take responsibility for building the communicative abilities of their organisations." (Hamrefors 2010)

Nowadays communications tools comprise of personal selling, web sites, smartphone applications, social networks, blogs and micro blogs, advertising on smartphones, tablets, computer system, and satellite television to the versatile Internet and they are available to insureds and potential policyholder. In contemporary financial system, policyholders in the digital age appreciate immediate digital access to information on all their insurance policy, they are expecting and looking forward to the insurance company directly for this access, rather than experiencing potential delays and the complexity of going through any intermediary with every information request. Consequence of this is the success in the future which will go to insurance companies and other stakeholders who work together to deliver the relevant and timely information and communications that policyholders undoubtedly want and now increasingly demanded which will create more value to the company and enhance its competitive advantage. The key resource for future insurance business communication, since most businesses success depends increasingly on the organisation's effective communication. A greater part of product differentiation and value creation takes place through communication by means of



interactions, documents, images, conceptions, stories, and experiences (Malmelin 2007).

The appreciation of the mechanisms of human perception as a basic competence of a communicator enhances the understanding of the purpose of communication with the policyholders. The purpose of communication with the insured is to establish and develop the communicative ability of the whole organisation rather than to deal only with traditional communication activities. This strengthens the conceptual foundation of the organisation and stimulates a variety of activities that will create value for the customers and the organization as a whole (Hamrefors 2010). The new requirement for companies wishing to engage in the practice of stakeholders especially in the case of the policyholder value creation, include: dialogue, communication, access, transparency and understanding of risk-benefits. Dialogue, communication and interaction are central in this circumstance (Johansen & Andersen, 2012).

Walters, Halliday and Glaser (2002) allude to a new business model that is becoming prominent, in which an organisation's competitive advantage is based upon managing processes that help to bring about responses to "market" change and where new capabilities are based upon developing unique relationships with partners. This can be in the form of relationship management through communication, knowledge management and technology management are three areas that, together with the current view of business organisations, are process management oriented, rather than organised around traditional functions of the business organisation, in the breaking down of barriers between functions. From this perspective, communication can influence the positioning and strategy of the company by identifying, developing and maintaining relationships which ensure that amongst others, product service objectives and

customer expectations are met and value is created. This also increases the depth of relationship marketing into one in which a wide range of processes can be organised (Walters, Halliday & Glaser, 2002).

However, operational inadequacies resulting from poor processes, people and systems or from external environment directly impact policyholders and business partners' satisfaction as well as the ability of the insurance company to be compliant with government regulations. With the ever-increasing sizeable volume of data from social media and mobile devices, communication can help insurers gain a deeper understanding of their customers and their expectations and emerging risks while the regulators are addressing customers' data protection rights by strengthening regulations in line with emerging challenges. It facilitates targeted, personalised and multi-channel communication creation and delivery to customers on demand and in an interactive mode which enhances utmost satisfaction for the policyholders at their convenience.

An increasing number of customers are transacting insurance online. This necessitates an ambitious cross-channel communication platform that can assist customers transact insurance business and communicate through any communications channel of their choice anywhere and at any time. (Kumar 2013). A good image and favourable reputation is what a company must earn and protect in the business world for survival and growth of the business. Similar to human interaction, trust comes with a passage of time. With prompt communication for customer service, knowledge of the product, good customer critical evaluations, and an insurance company can earn good image. A good reputation especially in the insurance industry where image is what customers rely on for their judgement about any company to transact business with. If an insurance company's image is positive there are a lot of benefits that comes with it. For instance, policyholders will tell about the good service they enjoyed to families and friends, in return they become more interested in such an insurance company. Hence, the insurance company will enjoy favourable acceptance and be more noteworthy than other competitors in the industry. (Savon ammatti-ja aikuisopisto 2016).

Irrespective of the channel of communications adopted by the insurance company, Customers are increasingly demanding for greater responsiveness and transparency in communications especially in the area of claims settlement and policyholder services, prompt and timely communication come handy here. The ease of switching between insurers has necessitated the need that insurance companies have to leave their comfort zone and go the extra mile to ensure customer satisfaction and retention. This includes undertaking end-to-end service upgrades to offering richer graphical front-end systems to the customers.

Customers of insurance services choose insurance products and insurance companies depending on their needs, economic status, preferences, customs and other relevant factors. Various conditions affect potential policyholder's decisions such as the marketing strategies pursued by insurance companies. Insurance company makes communication, product and price-related decisions having in mind customer value creation and retention as bedrock of their business. The communication therefore prevent potential loss of customers to competitors, enhances the level of customer satisfaction and the benefits offered by the insurance policy obtained.

The insurance industry enjoys the numerous benefits of communication with the policyholders, given the multiple buying and transaction patterns of various insureds. Through policyholder predictive analysis, insurers are able to assess a customer's buying behavior to develop a round the clock customer view and improve their customer service satisfaction. Policyholders now solicit and receive reduced underwriting cycles, customised insurance product plans especially in life assurance and flexible policy management. This brings to the fore better transparency and regular updates which further enhances the retention of customers and creation of value.

Conclusion

In the management of customer value in business world, particularly in the service industry like insurance, value creation through strategic communication is becoming a crucial aspect of corporate activity, more importantly for insurance companies operating in a very highly competitive

market. Growing and sustaining customer value translates into increase in insurance company's value for its shareholders and the market brand for the organisation. The value of an insurer is influenced by customer (policyholder) value and customer loyalty, determined by the customer level of satisfaction with the skillful, and experienced personnel with effective management and maintaining of relationship with the customer, leading to an enviable position in the segments of the insurance market with increasing value. Value market segments are influenced by the value of present and future (potential) customers, and consequently influence the future premiums and profits of the insurance company. The concern is whether by ascertaining customer satisfaction, an insurer is able to put in place an effective marketing effort capable of turning a proposer into a loyal long-term insured buying its products. It is often said that *"A financial firm cannot offer products to a customer if it does not have the information needed to estimate its suitability to a policyholder's needs."* (Wierzbicka 2013). A coordinated inbound/outbound communications experience improves insurers' understanding and appreciation of their customers (policyholders). A multi-channel communication platform tracks customer interactions (proposal form filled on online, request types, preferences, past claims, etc.) and assists the insurers to offer personalised and better service to their customers through predictive analysis and targeted marketing.

Insurance companies now devote concerted effort to collect information, appreciate and understand their customers in an integrated form. This comprises the understanding of the customer behavior, taste, status and needs, and estimating future risk behaviour.

Recommendations

Insurance companies have traditionally managed their communication channels in silos in a "reactive" style. This paper suggests that insurance companies should endeavour to rationalise the sourcing mix under a "utility-sourcing" or "on-demand" model for effectiveness and efficient service delivery. In the same vein, from different communications experiences, insurance companies should transform to a more unified communications experience through consistent

branding in all communications, regardless of the channel deployed by the company.

Insurance companies as a matter of corporate decision, should rationalise the customer communications platform by integrating multiple application into one or fewer platforms. The purpose of this is to have a singular scalable application for different communications possibilities, for example interactive, batch, and on-demand. In a situation like this multichannel communication platform will be an enabling integrator for this purpose.

Insurance companies need to be creative and look for options that will encourage the minimisation of transaction and service costs in order for the company to be more cost-effective, efficient and have competitive advantage over the competitors in the industry and value for all the stakeholders. Insurance companies should relinquish time-wasting manual customer communications processes for example premium payment notifications and policy packets etc.

While developed markets are well regulated, emerging insurance markets particularly in sub Saharan Africa, will require increased government mandates for transparency in insurance processes e.g. claims processing and the need for secure customer communications are also key drivers for the adoption of any customer communication applications. Insurance companies can seek for greater modularisation of communications processes and platforms in order to be able to outsource some part of the communications processes to external information and communication companies. Such as, content creation may be done within the insurance company but downstream distribution activities may be outsourced to professionals in the field.

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CHIEF OLADIPUPO A. BAILEY: THE IDEAS GENERATOR

Life is vain and the earlier we realise this as mortals the better. Like the flower of the grass human beings appear, blossom and then wither away. The news of the demise of former Commissioner for Insurance, Chief Oladipupo Bailey who was also the Managing Director of Shepherd Insurance Brokers Ltd came like a thunderbolt in the wind. Ever boisterous, Chief Bailey, in spite of his later year's indisposition never appeared prepared to be defeated by death so soon. As a matter of fact he had telephoned the then President of the Nigerian Council of Registered Insurance Brokers, Mr. Shola Tinubu indicating his interest to personally attend the annual CEOs Retreat of the Council that came up from June 13-15, 2019 in TCC, Ogere, Ogun State. Sure, he would have made an impressionable impact at the event, with his usual profound input into the subject matter of discourse if he had attended. Alas, news filtered in that he had breathed his last! What is life after all!

Space and time may not permit one to give an extensive insight into the life of a man who appeared controversial to some, a gadfly to some, but a friendly ally and proponent of progressive ideas to many. Chief Bailey, one of the finest Fire Underwriters the nation has produced, was the second Commissioner for Insurance after Chief Eugene Okwor and it was he who inherited the gains of the industry's clamour for entrenchment of the status of National Insurance Commission (NAICOM), as the government regulatory institution for the insurance industry, through the enactment of the NAICOM Act of 1997. Apparently, this Act came with the challenge and need for strong and purposeful leadership which Chief Bailey proudly gave. It was a time when the road map for insurance control and regulation was to be entrenched, leading to several pivotal thrusts that were doggedly pursued under his watch. As Commissioner for Insurance, Chief Bailey's tenure witnessed some progress based on his stoic belief in principles, in spite of the fact that many operators



felt otherwise. Naturally, this led to several battles that NAICOM had with operators under his tenure. For instance, the Nigerian Insurers Association (NIA) as a body corporate and the individual insurance companies would not forget in a hurry the recapitalization initiatives that saw many companies going under as they could not meet the capital requirements. The argument was that the insurance industry must be solvent to cope with emerging mega risks and to ward off the image problems confronting the industry. The Underwriters' Body would not forget in a hurry its fight against NAICOM's directive on professional qualifications for headship of insurance companies. This directive led to the ouster of some Managing Directors who had no insurance professional certificates and by so doing throwing up many who were qualified professionally through ACII certification to headship of insurance companies. As an insider, this writer is aware that the NIA, then under the Chairmanship of Mr. Bolaji O. Banjo and its Director General, Prof. Late Funmi Adeyemi would not forget the attempt by Chief Bailey to enforce the new law in who should be the rightful custodian of the uninsured motor accidents victims or security fund of which the NIA was the custodian

before NAICOM Act came into effect. This attempt to force the NIA to move the funds to the coffers of NAICOM was regarded as retrospective and led to bitter legal battles between the two institutions. NIA ingeniously used the fund to purchase its “NIA House” located at 42, Saka Tinubu Street, Victoria Island, Lagos.

A highly principled man, Chief Bailey believed that objectivity must be a virtue worthy of being upheld in any position one finds him or herself, regardless of whose ox is gored. This belief had been his Achilles heel even right from when he was a rookie in management. He had once spoken of how he resigned without notice as a Manager with Femi Johnson & Co. based in Ibadan early in his career, because he could not put up with certain policies of the company which ran contrary to his belief. It is noteworthy that the Insurance Broking fraternity at some point also had a running battle with NAICOM, especially on the 2003 NCRIB Act enforcement, some of which sections were perceived as mollifying the powers of regulation by the Commission. The case had to go as far as the Appeal Court where the NCRIB ultimately won. In all the cross fires, Chief Bailey made all who cared to listen realise was not based on any personal motif, but rather to promote sanity in the insurance industry.

It is an irony that Chief Bailey later absorbed himself seamlessly into the NCRIB Eldership Council as an Insurance Broker after his tenure as Commissioner for Insurance and contributed his part until he breathed his last.

Definitely, it is incontrovertible that Chief Bailey was an ideas generator and a restless thinker. He left the insurance industry and the professions richer than he met it. The founding of such institutions as Risk Managers Society of Nigeria (RIMSON); the Professional Excellence Foundation (PEFON), Abuja Jazz Club, were due to ingenious conception. The Chartered Insurance Institute of Nigeria (CIIN) of which he was one time President would sorely miss his pioneering roles and initiatives. He founded the now highly profiled Professionals Forum, the just rested Miss Insurance Annual Dance and several other initiatives of the CIIN. A prolific talker and superb social connector, there was no dull moment around him. He has the capability to regale his audience anytime with legendary tales and stories that would remain etched in their memory

for a long time. This writer remembers one of his wise saying that: “every man in life must keep aspiring to inspire before he expires”! He was highly seasoned and represented one of the dying testimonials of the Africa’s finest tradition of impeccable native intelligence. It is disheartening that Chief Bailey put up a great fight with grinding indisposition and faced some vicissitudes common to great men towards the end of his life. But in all these, he never really allowed them to cast him down. An attribute of a great man of faith.

There is no doubt that with the demise of Chief Bailey, the firmament of the nation’s national economy, tradition and most importantly, the insurance industry have again been robbed of another iroko tree quite difficult to replace for a long time to come.

From a humble background, Bailey had a good educational stint. He travelled to the UK in 1966 with a determination to become an Engineer, but as fate would have it he ended up reading and bagging a degree in Insurance as well as possess the ACII from Insurance Institute of London. And from there, his career in insurance began. He worked briefly in UK with Chandler Hargreaves Whittall and Company in London after which he returned and took up an appointment with Nikon Insurance Corporation in 1973. While at Nikon Bailey made impressionable impact as Risks Surveyor of distinction and was drafted to set up the Oil and Gas department of Nikon, which later became one of the cash cow departments of the Corporation. In 1979, Bailey founded his own Brokerage Firm, Shepherds Insurance Brokers Ltd. He made great impact in many regulatory and business institutions where he held strategic leadership positions before his death.

Tope Adaramola is the Deputy Executive Secretary of the Nigerian Council of Registered Insurance Brokers.



The Institute was founded in 1959 by Article of Association and Memorandum. The Institute was known and referred to as the Insurance Institute of Nigeria until February 26, 1993, when it became Chartered vide Decree (now Act) No 22 of the Federal Republic of Nigeria. Upon establishment in 1959, the Institute became the rallying point for insurance practitioners in Nigeria comprising a few Expatriates and their Nigerian counterparts whose pioneering effort provided the building blocks for what has now become a veritable force in the Nation's Financial Services Industry and the economy at large. The Institute was affiliated to the Chartered Insurance Institute (CII), London in 1960 for reasons bordering on the need to model its operations after the London Institute which then produced the bulk of insurance professionals whose expertise were indispensable in shaping the face of professionals' practice in the days.





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