

CHARTERED INSURANCE INSTITUTE OF NIGERIA

YEAR 2023 INSURANCE PROFESSIONALS' FORUM
THEME: SUSTAINABILITY OF THE INSURANCE INDUSTRY IN
THE VUCA ENVIRONMENT

Hybrid Event held from Wednesday
September 13 to Friday September 15, 2023



Presented Papers

- ❑ **First Session:**
Resilience and Risk Management Strategies for the Insurance Industry in a VUCA Environment.
- ❑ **Second Session:**
New Digital Business Model: Implications for the Insurance Industry.
- ❑ **Third Session:**
The Evolving Role of the Insurance Industry in Climate Risk Financing.
- ❑ **Fourth Session:**
Sustainability of the Insurance Industry in a VUCA Environment – Regulatory Initiatives and Challenges.
- ❑ **Fifth Session:**
ESG Considerations and Insurance Practice in Nigeria.
- ❑ **Sixth Session**
Talent Management and Sustainability of the Insurance Industry.
- ❑ **Seventh Session**
Presentation of Research to the Industry – College of Insurance and Financial Management.
- ❑ **Communique**



Resilience and Risk Management Strategies for the Insurance Industry in a VUCA Environment

Mrs. Funmilayo Omo
Managing Director
Enterprise Life Assurance Company (Nigeria) Limited



MRS. FUNMILAYO OMO

Funmilayo Omo is the Managing Director, Enterprise Life Nigeria, a subsidiary of the financial services group, Enterprise Group. An astute insurance professional, she brings in over thirty years of experience into this role.

Prior to joining Enterprise Life, Funmi spent most of her formative career in African Alliance Insurance Plc until her appointment as the Managing Director in Year 2017. As MD, she championed the digital transformation of the company, ushering the company into the digital era, unlocking opportunities for its growth. Before that, she developed and successfully launched micro insurance as a strategic business unit and pioneered the design of the annuity products of the company boosting the annuity product range of African Alliance Plc to become one of the top 3 market players in the industry. She also pioneered the design, modelling, and marketing of Takaful as the pioneer Family Takaful Office in Nigeria.

Funmi is an alumnus of the China European Business School and the Lagos Business School. A chartered insurer, she is a member of the Institute of Directors (IOD), an Associate Member, Chartered Insurance Institute, London, Associate Member, Certified Pensions Institute (Nigeria), and Associate Member, Nigerian Institute of Management.

She currently serves on the Board of Freedom Foundation. Until Year 2016, she served on the Board of Trustees, Ajaokuta Steel Complex, Axiom Air and National Iron Ore Mining Company (NIOMCO), as well as on the Boards of Frenchies Food and PAL Pensions Alliance.

Funmi has received numerous awards for her contribution to the insurance sector. In Year 2019, she was recognised as one of the top 100 women CEOs in Africa by Reset Global People, a UN and Ghanaian Presidency initiative.



Who am I?!



Member,
Governing Council



Managing Director **enterprise**
LIFE
Your Advantage

Former,
Managing Director



Founder,
Funmi Omo Initiative



Excellence, Opportunity and VUCA



OUTLINE



VUCA

Risk Management

Perception

Resilience

VUCA Prime

VUCA Leaders

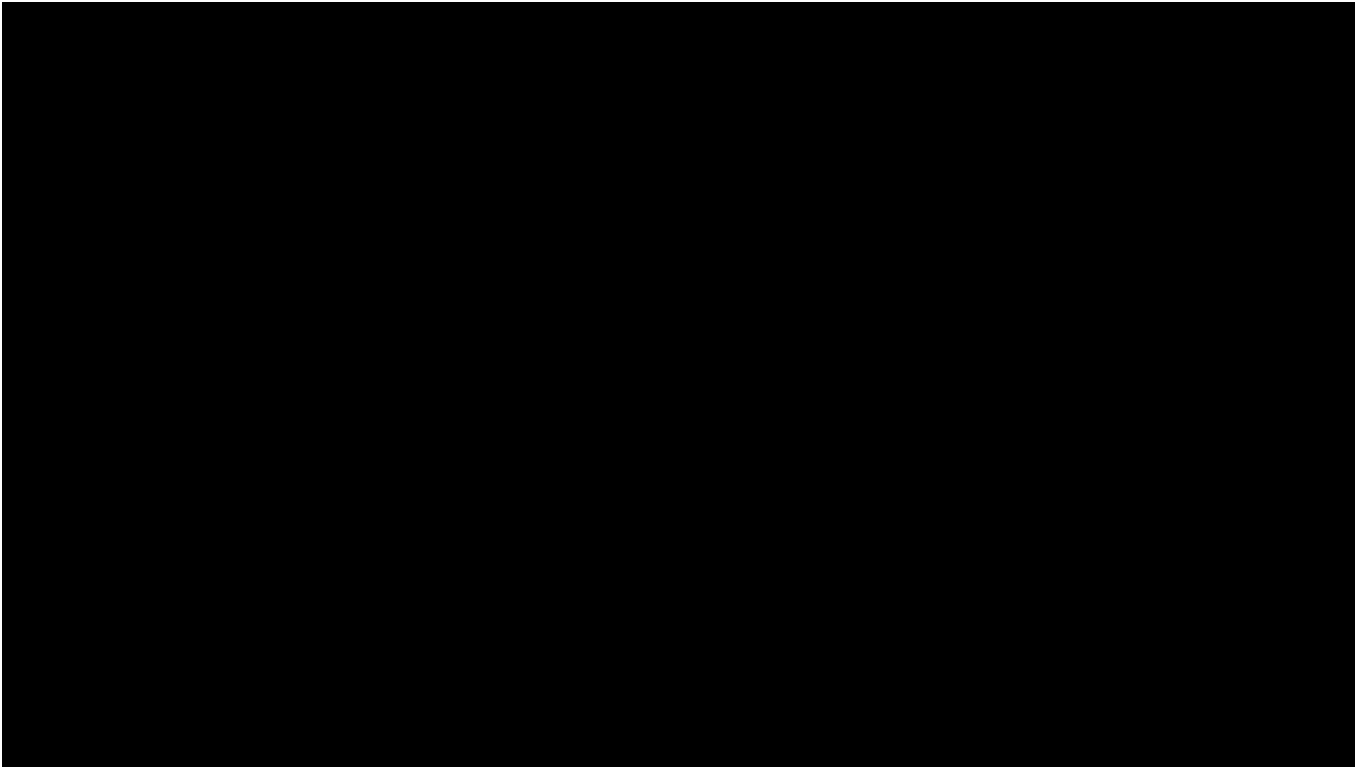


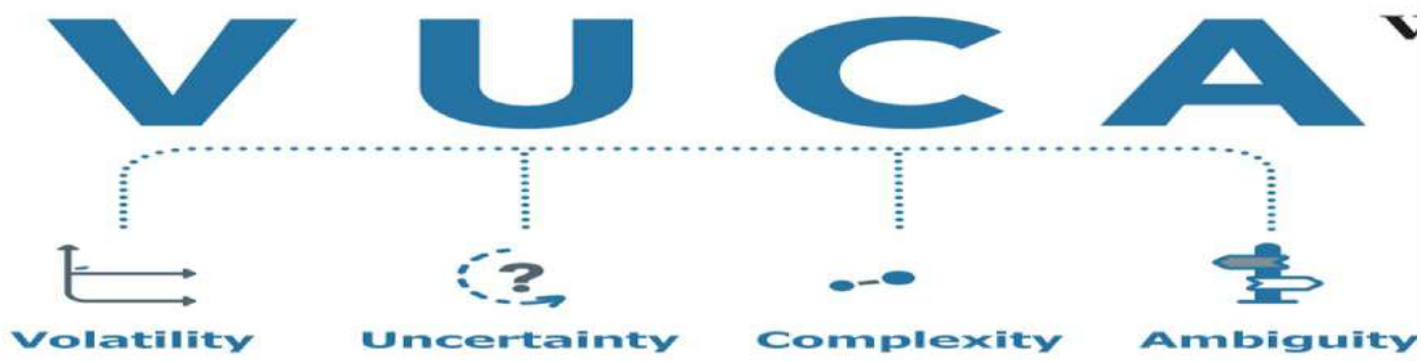
VUCA

Futura Omo



VUCA: The Concept





- Increasing rate, amount, and magnitude of change
- Unstable hard to predict
- Unexpected & Unstable

- Less clarity about the future
- Lack of information
- Inability to know everything
- Lack of ability to predict inherent in issues and events

- Multiple decision factors
- Chaos, many interrelated parts
- Cause and effect confusion

- There may be no "right " answer
- We don't know what we don't know
- Hazziness of reality
- Mixed meanings

- Risk
- Instability
- Flux

- Direction Paralysis due to data overload

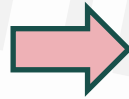
- Unproductive
- Dualities

- Induce doubts and distrusts
- Lapse in decision making
- Hurt innovations

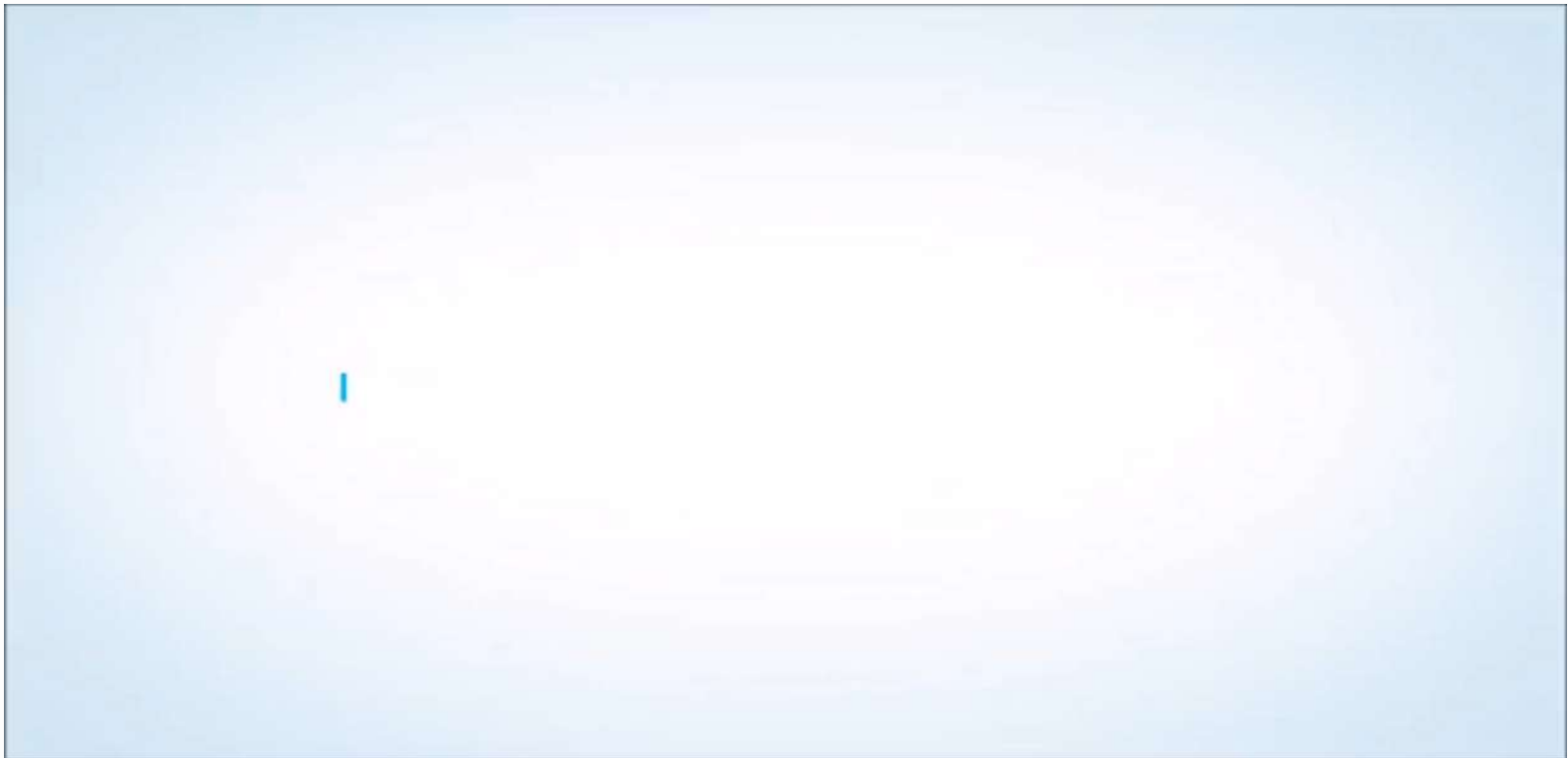


VUCA: From the battlefield to the boardroom

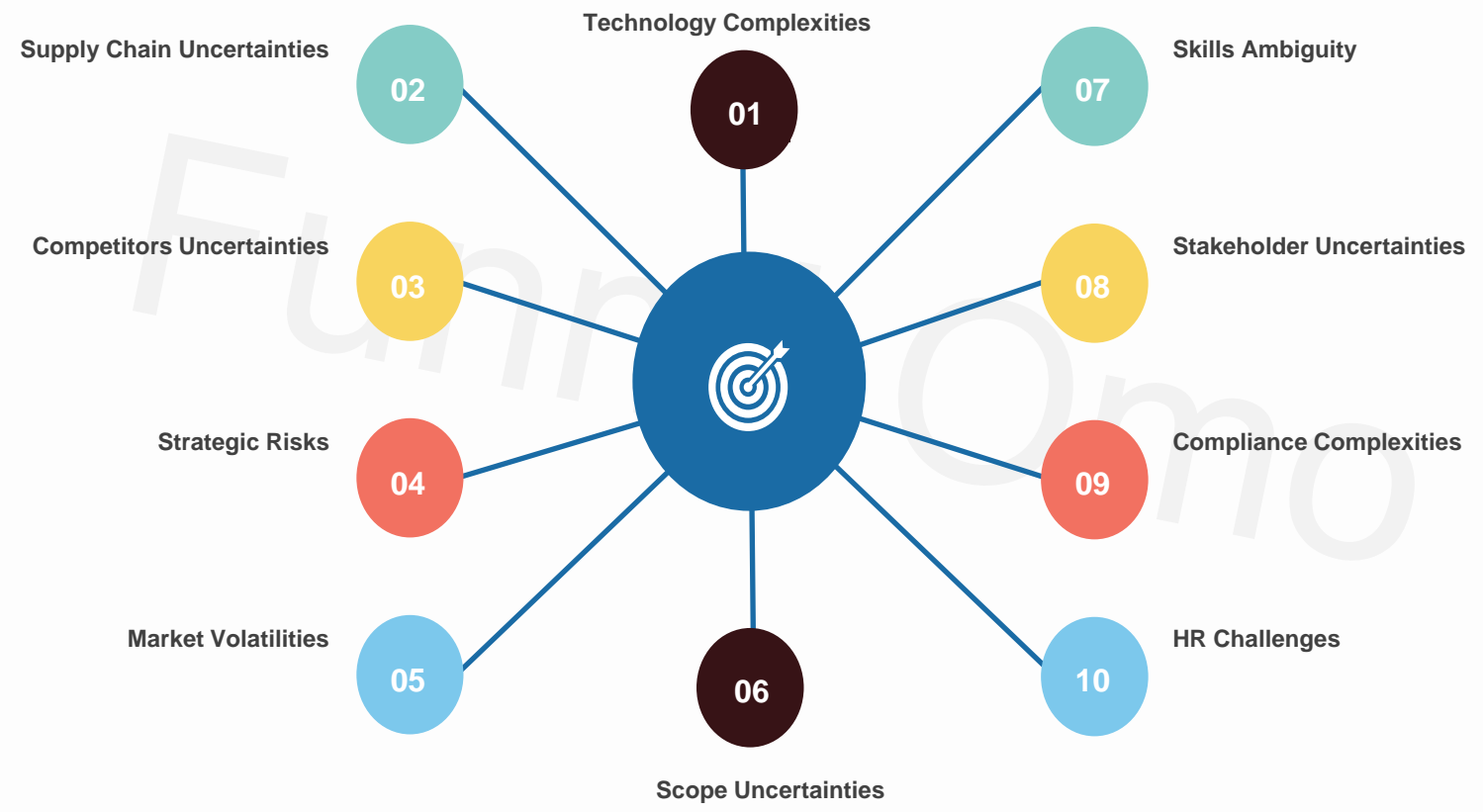
An acronym originated by a US Army Military College to indicate new challenges faced by leaders



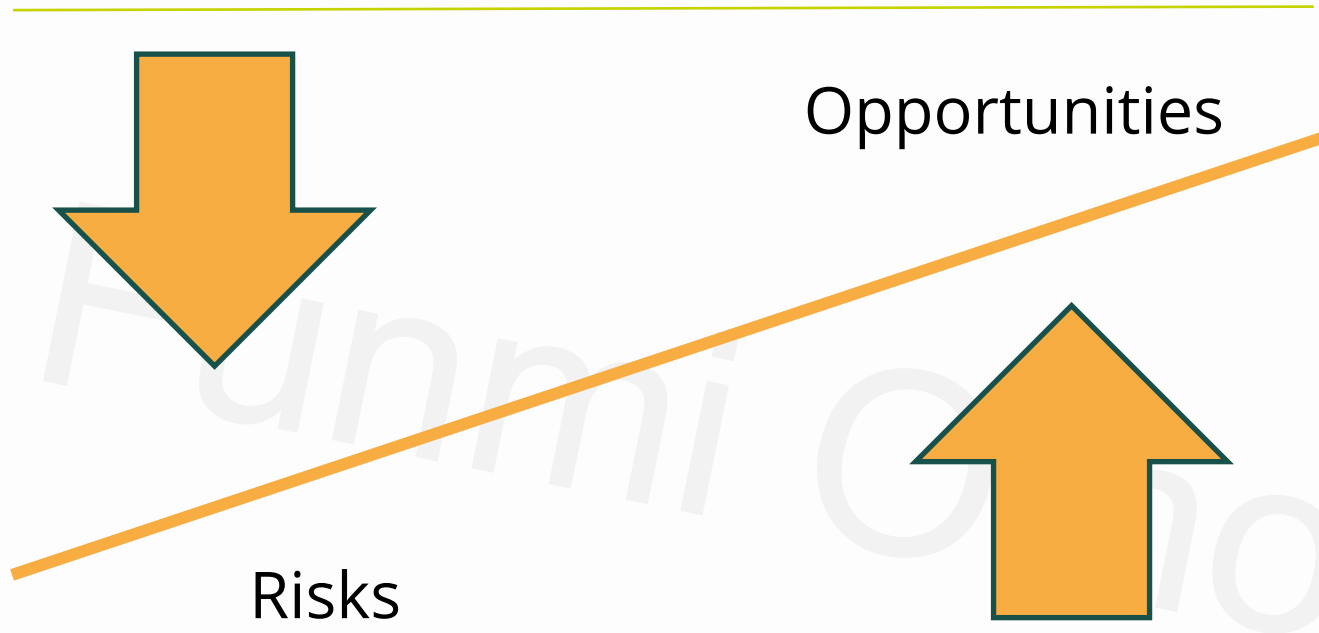
VUCA Impact



VUCA: Today's Business



Risk/Opportunities



Risk management means more than preparing for the worst; it also means taking advantage of opportunities to improve services or lower costs.

-Sheila Fraser, Auditor General of Canada

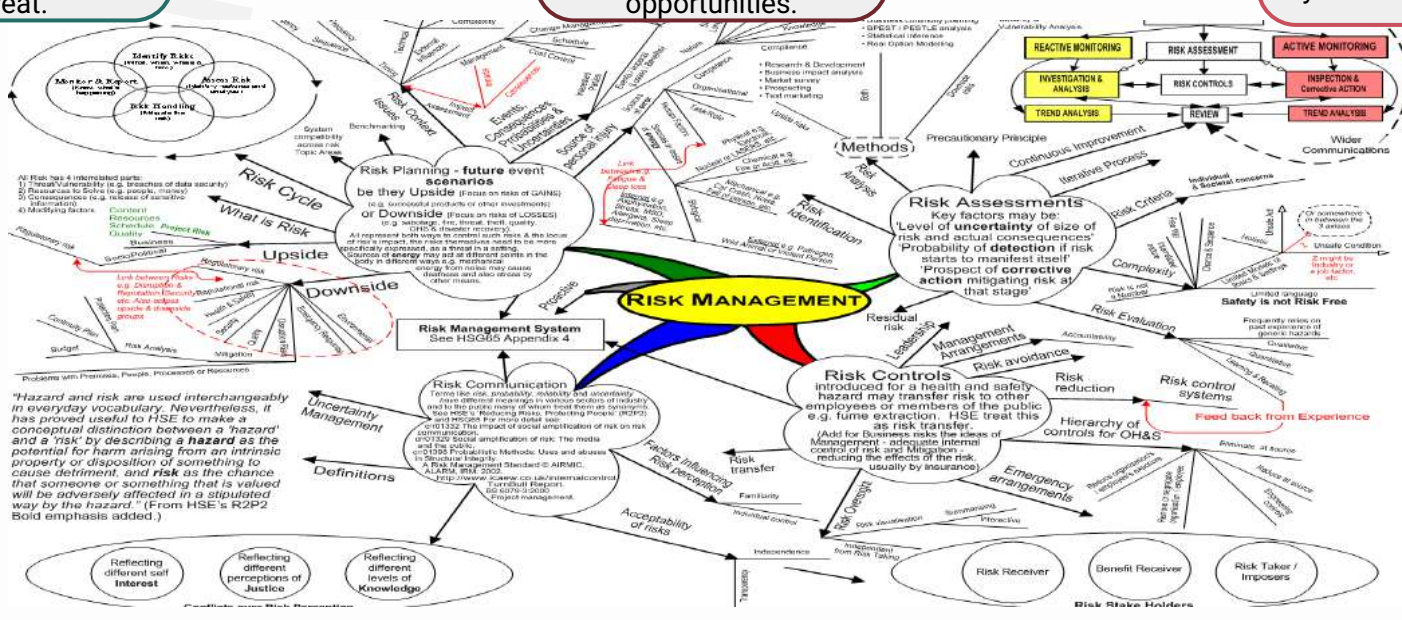
Risk Management



It is about gaining a better understanding of the nature, scale, and potential effects of a threat.

It is about taking appropriate action to reduce or mitigate threats and maximize opportunities.

It is about steps that enable improvement in decision making in a logical and systematic approach.



Perception



PERCEPTION IS EVERYTHING

We are highly influenced by our perception.



Perception guides opinions on risks and opportunities



Perception depends on past experiences, preparedness, perceived control, etc.



VARYING PERCEPTIONS

Some will consider probability

Others will prioritize consequences.

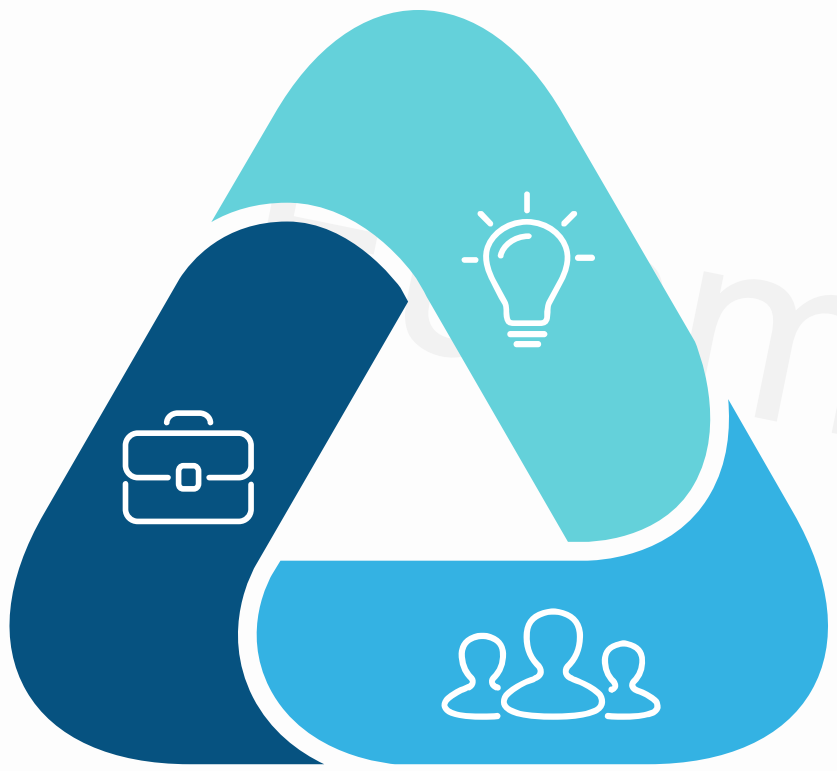
Some may feel helpless to a hazard, perceiving it as high risk

Doesn't know which expert to believe

Attempt to have a first-hand experience with what is going on



How do you perceive today's Organization Context?



- 1 **Interconnectedness Disruption**
 - Zero Distance World
 - Remote work
 - Constant Evolution
 - Ukraine War - Multiple threads of impacts (oil / Grains / Reduction in Investments)
- 2 **Value Chain/ Tech Disruption**
 - 3 D Printer
 - AI - Text to video; ChatGPT
 - Cloud kitchens
 - Uber
 - Mobile / 5G
 - Quantum Computing
 - Robots
- 3 **Government and Non-Government**
 - Demonetization
 - De-dollarization (BRICS)
 - Covid!!!
 - Compliance Burden
 - Digitalization based – ease of segmentation
 - Japa / Digital Nomad Visa
 - Global Warming/Sustainability



Resilience



Focus on what you can control

“A bird sitting on a tree is never afraid of the branch breaking, because her trust is not on the branch but in its wings”



What is Resilience?

Resilience noun

re-sil-i-ence | \ rə'zilyəns \

the capacity to **recover** quickly from **adversities**;
toughness.



What is Adversity?

Adversity noun

ad·ver·si·ty | \ ad- 'vər-sə-tē \

grave or persistent difficulty,
misfortune or tragedy.

Types of Adversity:

- ❖ Physical
- ❖ Mental
- ❖ Environmental
- ❖ Social
- ❖ Financial



The Old Definition of Resilience

Bouncing back

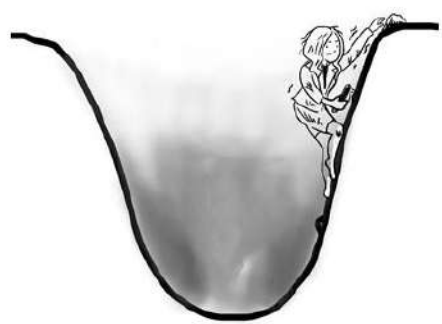


The ability to spring back into shape

Bouncing back or coming back?

Three dimensions of resilience

RECOVERY
Bouncing Back



COPING
Bouncing With



TRANSFORMATION
Bouncing Forward



Resilience helps you “bounce back” from difficult experiences.

Bend, don't break.



And it helps you become stronger so you can continue to thrive!

Rolling with the Punches!



Modern Definition of Resilience

Resilience: Ability to Respond Positively to Adversity

Resilience is the process of adapting well in the face of adversity, trauma, tragedy, threats, or significant sources of stress... It means “bouncing back” from difficult experiences.

-American Psychological Association



VUCA Prime



Volatility: Real Life Examples

No need of Introduction (King of the market).



Convinced people with ads to touch the emotions of Nigerians.



Introduction of products to be in the competition.



Volatility

- 1 Constantly changing (like weighing of frogs on balance).
- 2 Becoming more unstable each day.
- 3 Where changes big and small are becoming more unpredictable.
- 4 They're getting more and more dramatic and happening faster and faster.
- 5 Events unfold in completely unexpected ways.
- 6 It's becoming impossible to determine cause and effect.

Tackle Volatility with Vision

- 1 Paint a picture of the future you want.
- 2 Gain Knowledge, get in touch with the technologies.
- 3 Be ready to accept the challenges.
- 4 Be a change or be part of the change.
- 5 Before knowing the world, know yourself.
- 6 It is always easy to swim with the waves, go with the flow.



Business Horizon in Uncertain Environment

No 51 Iweka Road, Onitsha. 9 Ebinpejo Lane, Idumota, Lagos. 1 /3 Pound Road, Aba. Grab your Copy Now!!!



Uncertainty



Defeat Uncertainty with Understanding

1

It's becoming more difficult to anticipate events or predict how they'll unfold.

2

Data Analysis may mislead.

3

Historical forecasts and past experiences are losing their relevance.

4

It is becoming nearly impossible to plan for investment, development and growth,

5

It becomes increasingly uncertain where the route is heading.

6

No one knows what is going to happen next.

7

Disasters, Pandemic, market downfall, loss of jobs, Recession etc. change in customer mentality, certain laws and policies.

Understand interconnections of the Processes.

1

Make your processes transparent.

2

Think and plan meta-strategically.

3

Start from the result and work backwards.

4

Harmonize skills, use your experience.

5

Embrace and exploit behaviours and reactions.

6

Convert anxiety and resistance into productive energy.

7



Fill in the Jar

YOUR TASK



**FIT THEM ALL HERE →
IN 5 MINUTES**



LOOKING BACK

Jar



Rocks



Pebbles



Sand



**Time
Life**

**Priorities
Important**

**Urgencies
Small Tasks**

**Distractions
Leisure**

Complexity



More complex than ever.

Problems and Problems and their repercussions –
More multi-layered, harder to understand.

Different layers intermingle, and it is
impossible to get an overview of how things
are related.

Decisions are reduced to a tangled mesh
of reaction and counter-reaction.

Choosing the single correct path is almost
impossible

Defeat Complexity with CLARITY



Focus on what counts and what it's really about.

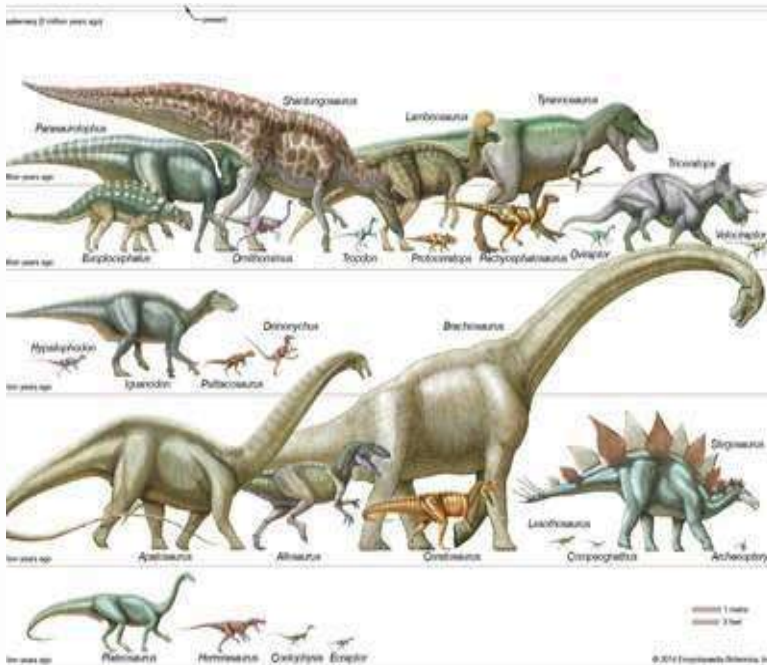
Trust, transparent connections and
processes.

Apply energy and force exactly where they
will be most effective.

Manage yourself according to time.

Put first things first.

Most Powerful Species on Earth

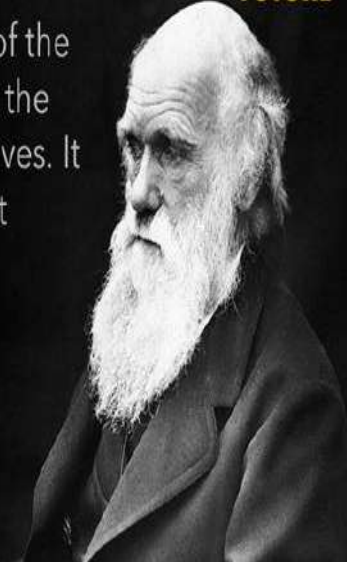


Fit For The FUTURE

“ It is not the strongest of the species that survives, not the most intelligent that survives. It is the one that is the most adaptable to change.

- Charles Darwin

GihanPerera.com



Ambiguity

Defeat Ambiguity with Agility

In today's world it's rare for things to be completely clear or precisely determinable.	01	Flexibility.
Not everything is black and white – grey is also an option.	02	Adaptability.
The demands on modern organizations and management are more contradictory than ever.	03	Scrutinize hierarchical management techniques.
Challenging our personal value systems to the core.	04	Promote a consistent culture for making decisions and accounting for mistakes.
Making decisions requires courage, awareness, and a willingness to make mistakes.	05	Interact transparently with objections.
It is unknown of unknowns.	06	Facilitate innovation and build up resilience



VUCA Leaders



Leading in a VUCA

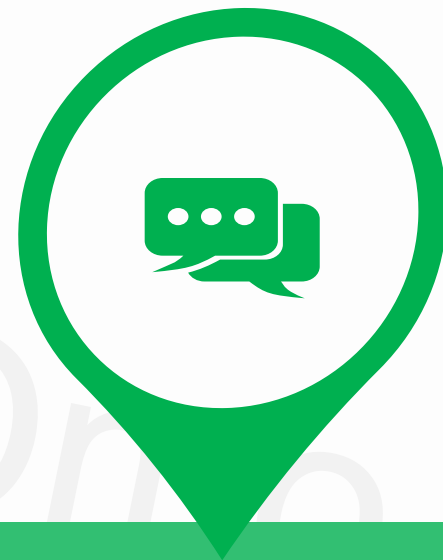


Ever changing/ rapidly evolving Business Scenarios



"Whereas the heroic manager of the past knew all, could do all, and could solve every problem, the post heroic manager asks how every problem can be solved in a way that develops other people's capacity to handle it."

Charles Handy, Irish economic and social philosopher.



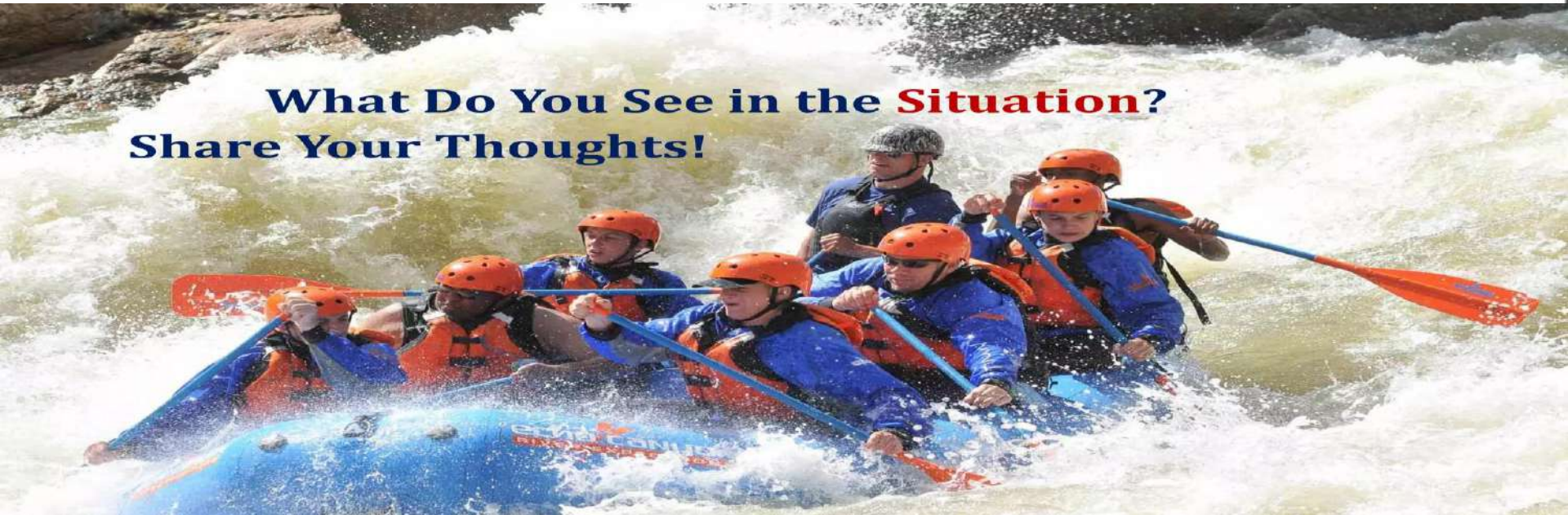
"One of the greatest problems we face today is how to adjust our way of thinking to meet the challenge, of an increasingly complex, rapidly changing, unpredictable world. We must rethink our way of organising knowledge."
-Edgar Morin, French Philosopher and Complexity Theorist.

VUCA requires YOU Lead not Manage



“Management is efficiency in climbing the ladder of success; leadership determines whether the ladder is leaning against the right wall.” Stephen R. Covey

What Do You See in the **Situation?**
Share Your Thoughts!



“The ability to perform at one’s best in extreme conditions comes from a combination of confidence, positive and adaptive thinking, a sense of calm and composure under fire, exceptional focus and concentration and the ability to envision success before it happens.” Dr Loius Csoka

“Creative and delicate balance”



Situational Awareness

Perceiving salient elements of a rapidly changing environment to anticipate, understand and act on future events.

Mental Agility

Applying a creative solution to a complex problem in a timely manner

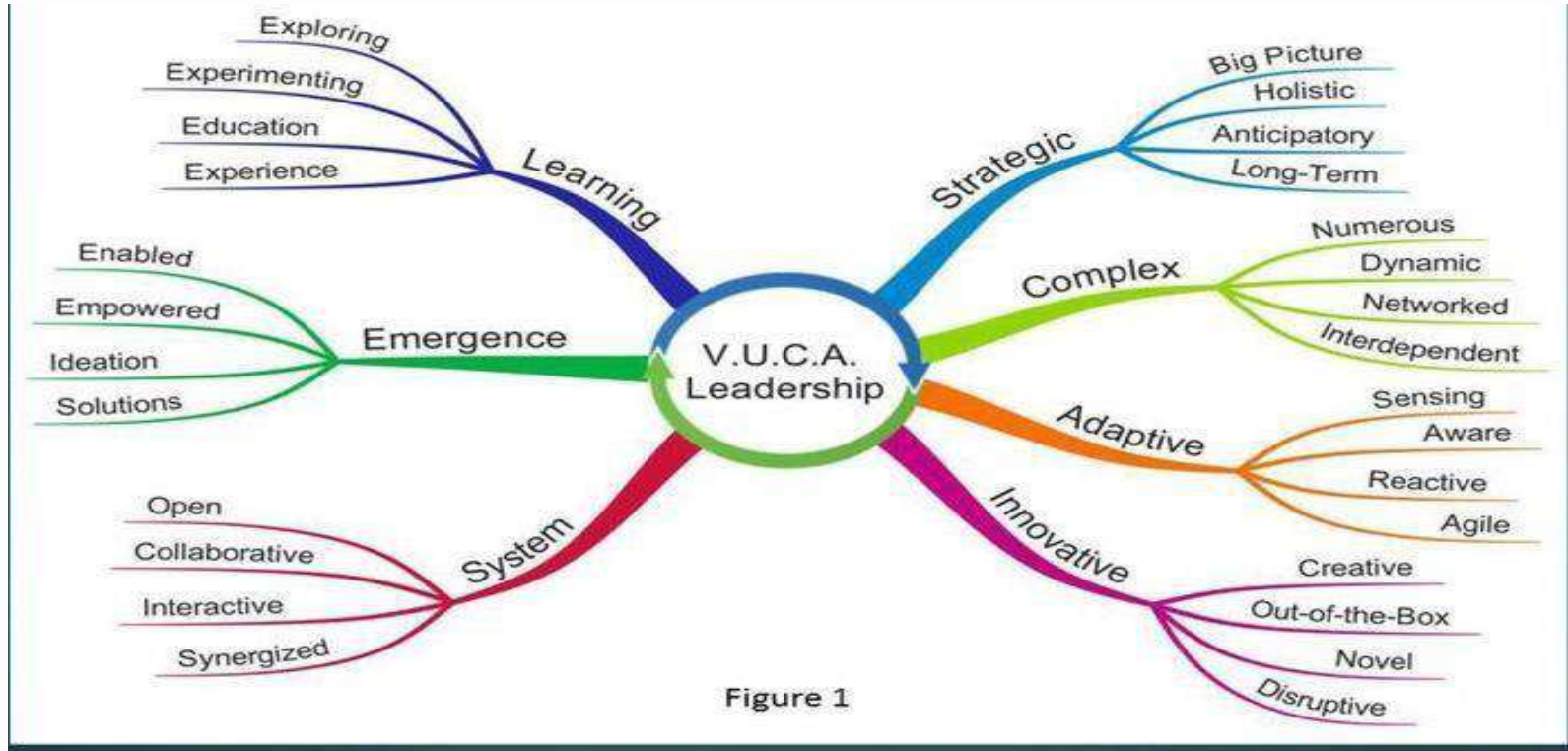
Commander's Calm

Responding mentally, emotionally and physiologically in a cool, calm and composed manner.

Learned Instinct

Acting based on intuition and learned behaviours that become automatic in time through repetitive practice and repeat experiences

Summary of Skills needed to Lead in a VUCA World



The world has gone digital...

E-COMMERCE APPS



ONLINE MEETING APPS



REMOTE JOB SITES



VIRTUAL ASSISTANTS



A seismic shift towards digital products, services and ways of doing business.



Attackers at the Gate

Insurtechs



The Big Tech



Amazon Insurance Store" in the UK

Apple Will Launch Health Insurance In 2024, Says Analyst



How can Insurer Navigate a VUCA world

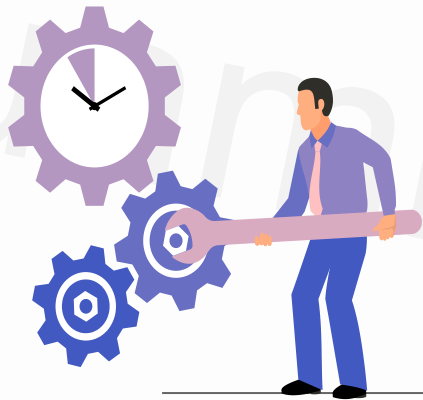
Vision – Strategic Savviness	Understanding	Clarity	Organizational Agility
<ul style="list-style-type: none"> ▪ Accept and Embrace Change ▪ Create a strong compelling North Star – the strategic direction and goal. ▪ Set Flexible goals ▪ Firm Leadership 	<ul style="list-style-type: none"> ▪ Pause to listen and look around ▪ Establish way of gathering and digesting business and competitive intelligence ▪ Review and Evaluate ▪ Simulate and Experiment with Situations ▪ Swift reaction with a fast response mechanism 	<ul style="list-style-type: none"> ▪ Communicate Clearly with your people. ▪ Use 80-20 rule. Stop when 20% effort has yielded 80% of information needed ▪ Develop talents and promote collaborations 	<ul style="list-style-type: none"> ▪ Promote flexibility, agility and adaptability. ▪ Encourage a team that think "without the box" ▪ Lead, don't dictate or control. ▪ Digitize all processes it's not enough just to "add electricity" to existing processes. redesign and digitize - for agility and flexibility

Challenges with Current Insurance Operating Models

Cumbersome Processes



Manual Workflow



Significant Paperwork



One-size-fits-all Products



“It worked yesterday” does not mean it works today – or tomorrow.

Rethinking the Insurance Model



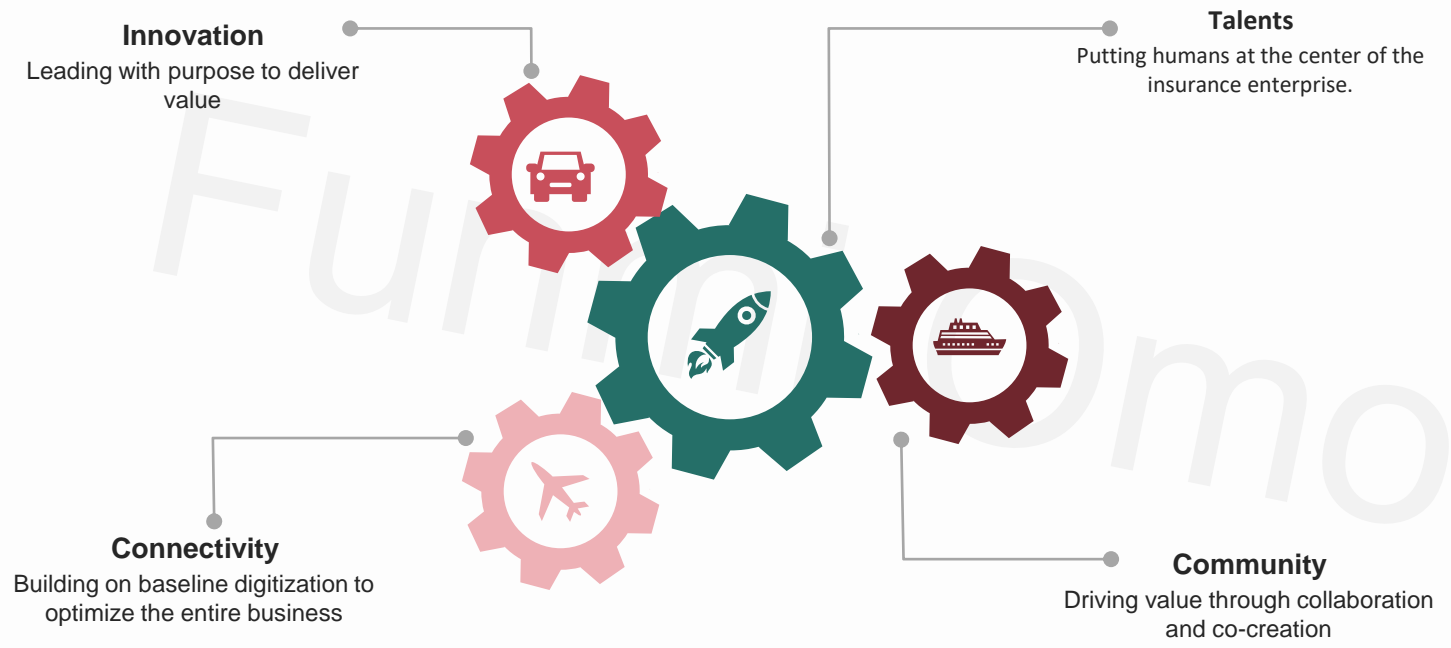
Rethink the
Operating
Model



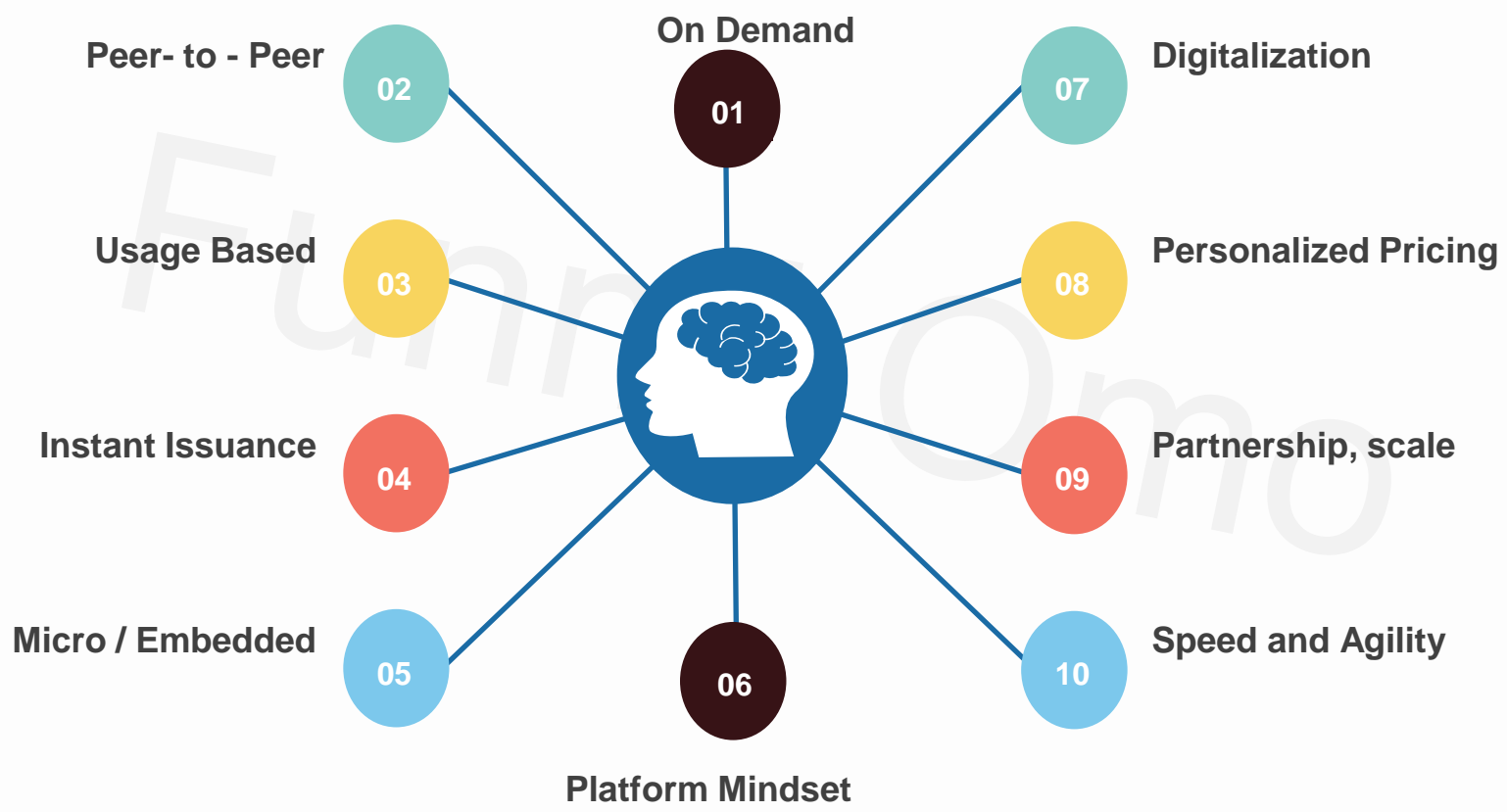
Develop A wide
range of New
Skill Sets

“In a world they haven’t seen before, insurers must do what they haven’t done before if they want to stand a chance to succeed”

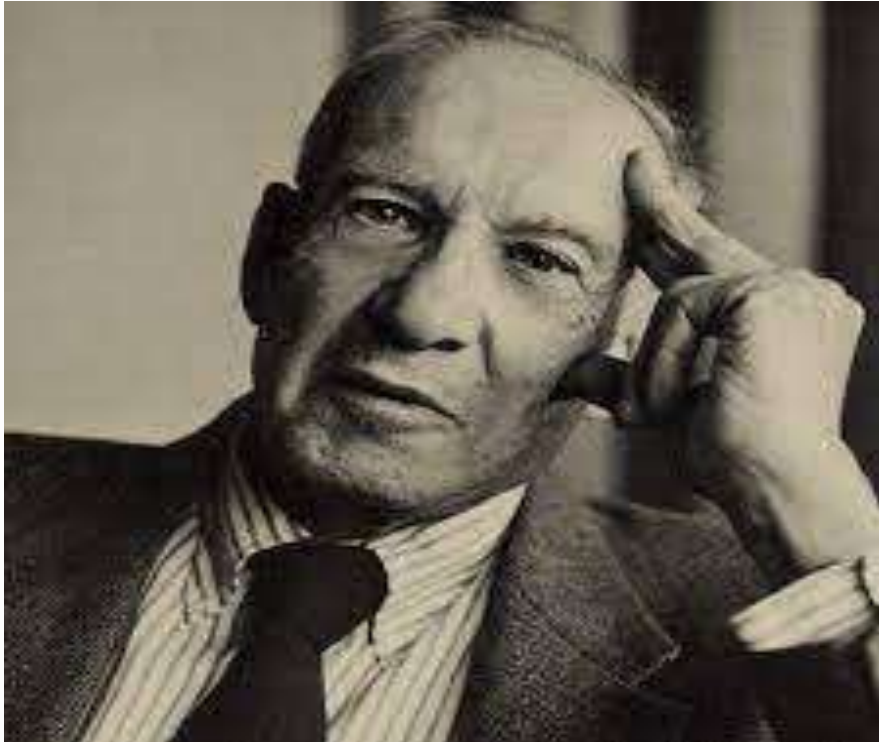
New Business Models



Business Models Innovation

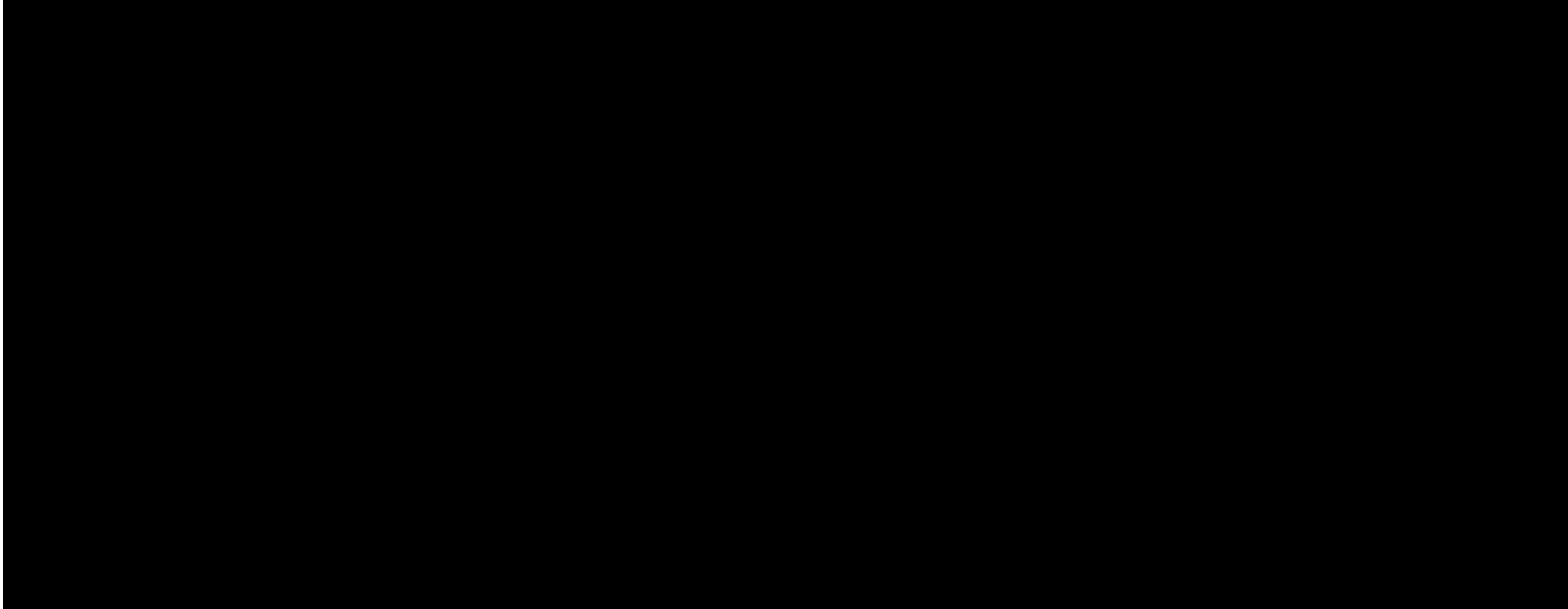


Please remember...

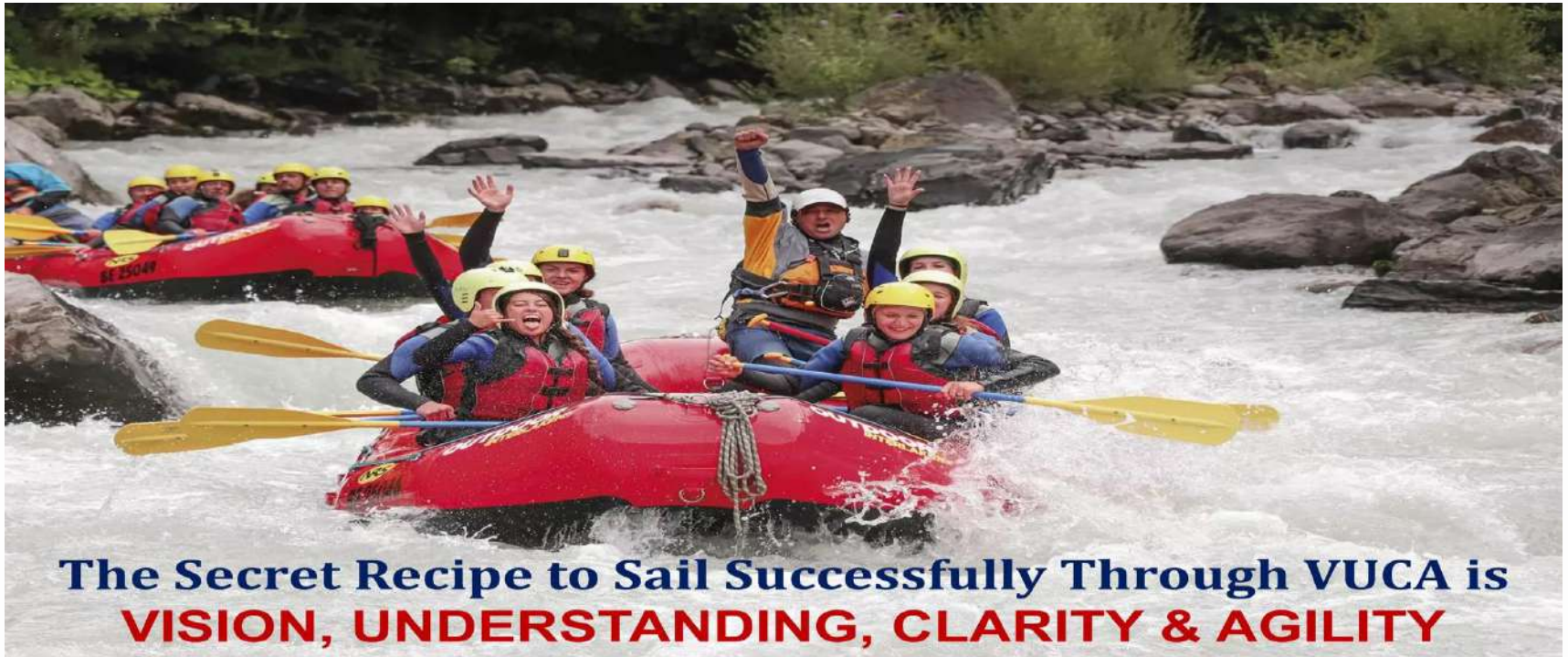


“The greatest danger in times of turbulence is not the turbulence. It is to act with yesterday’s logic.”
--Peter F. Drucker

I leave you with this:



See you at the other side of Success!



**The Secret Recipe to Sail Successfully Through VUCA is
VISION, UNDERSTANDING, CLARITY & AGILITY**

enterprise

LIFE

Your Advantage



Thank
you



www.ciinigeria.org



Chartered Insurance Institute of Nigeria

New Digital Business Model: Implications for the Insurance Industry

Mr. Olayemi Joseph
Senior Solution Architect
Huawei Enterprise Business Group



MR. OLAYEMI JOSEPH

Olayemi Joseph is the Senior Solutions Architect at Huawei Technologies where he has achieved a proven track record of facilitating service quality and increasing production efficiency by applying ICT as a strategic business driver.

He has over a decade experience in the ICT Integrated Solutions and holds a Degree in Electronics Engineering as well as Information and Communications Technology with various professional accreditations. Olayemi is known to co-ordinate various ICT Solutions design architecture and implementation for clients.

He is a registered member of BICSI (a professional association supporting the information transport systems (ITS) industry).



New Digital Business Model; Implications for the insurance Industry



MANIFOLD
COMPUTERS
Simple, Smart, Scalable... Technology Solutions



Huawei: Leading Provider of ICT infrastructure and Smart devices



Vision & mission

Bring digital to every person, home and organization for a fully connected, intelligent world

170+
countries and regions

207,000
employees

55.4%
of employees work in R&D

No. 4
in global R&D investment

120,000+
active patents held globally
(*Huawei has one of the world's largest patent portfolios.)

A company spanning over 25 years with a redefined vision "to become a leading IT System Integration Company in Africa and become the first choice of customers and employees."

25+

Years of operations in Nigeria and West African region

120+

Technologists across West Africa and India

40+

Technologists in Nigeria and Ghana

30+

Technology and industry partnerships and alliances

2

Technology innovation hubs across India and West Africa

Delivering "Digital Transformation Solution leveraging Next Generation Technology with end-to-end Services – "Consult, Design, Deploy & Sustain"

Our drive is to deliver sustainable value to clients and our society at large by applying the power of technology, data and partnerships to unlock human potential and transform businesses.



Powered by Huawei...



Huawei's goal is to help customers progress along four stages of digital transformation: digitizing operations, building digital platforms, enabling platform-based intelligence, and achieving intelligent operations. Huawei is driving coordinated development of data transport, computing, and storage capabilities.

Cloud | Data Storage | Software-defined-Network | Collaboration

Business Operations



Nigeria



Ghana



Sierra Leone



Liberia



Guinea



Huawei's value propositions

Building a fully connected, intelligent world



Ubiquitous Connectivity

- Wireless network
- Data communications
- Optical transport network
- Optical access network
- Core network



Pervasive Intelligence

- Enterprise Intelligence (EI)
- HiAI
- Autonomous driving network (ADN)
- Edge intelligence
- Intelligent computing (Kunpeng computing, Ascend computing, and cluster computing)
- Intelligent data storage
- Intelligent collaboration
- Intelligent security



Personalized Experience

- All scenarios: Individual, vehicle, home, and office
- Intelligent experience
- Chip-device-cloud synergy
- Intuitive interaction
- Multi-level security: Chips, devices, and cloud

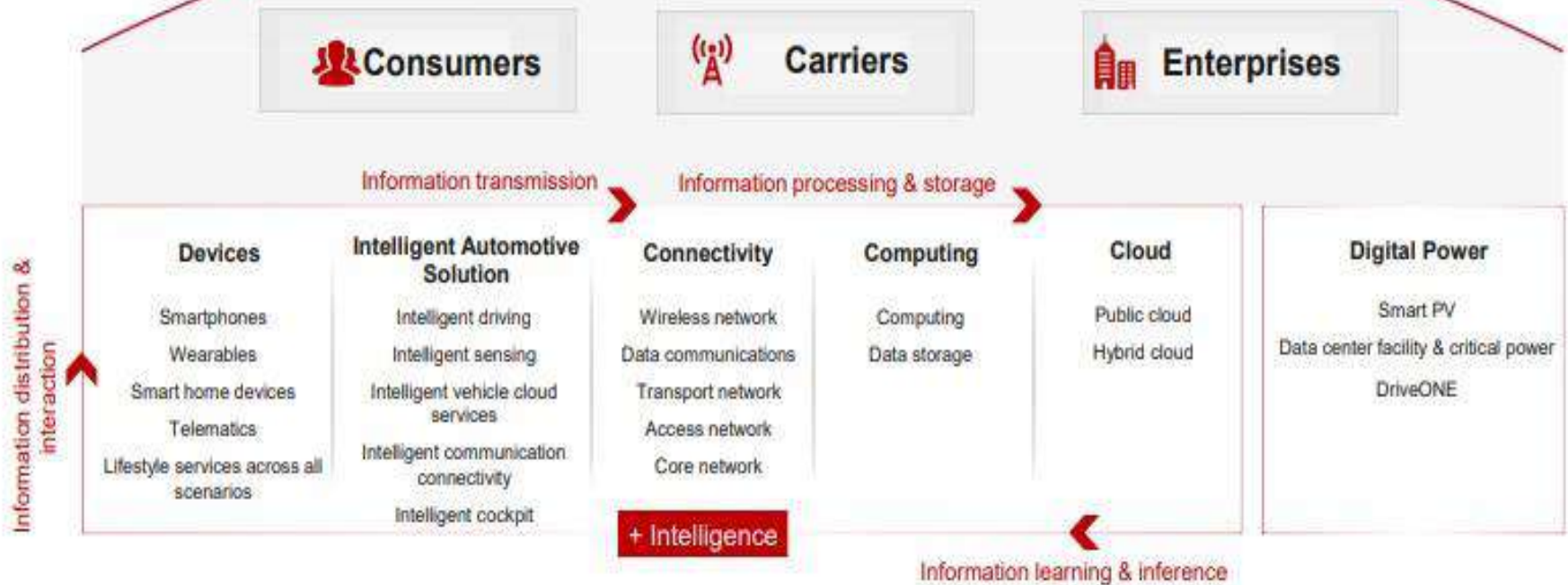


Digital Platform

- Open, trustworthy cloud platforms (public cloud + Huawei Cloud Stack + edge cloud)
- ICT infrastructure platform featuring device-network-cloud collaboration

Focusing on ICT to provide products, solutions, and services to three customer groups

Bring digital to every person, home and organization for a fully connected, intelligent world



The Need of Digital Transformation

A rapidly changing industry coupled with the current state of our technology capabilities necessitate a transformation

Why Are We Transforming?

External



- ❑ Customers and business partners expecting more seamless interactions
- ❑ Digitally-driven marketplace
- ❑ Disruption from insurance technology (insurtech) companies

Internal



- ❑ Inconsistent quality of delivery at high costs
- ❑ Obsolete technology and application redundancy creating operational risks
- ❑ Inadequate data for business decisions

What Business Outcomes Will We Achieve By Transforming?



Improved customer experience



Increased speed to market



Operating stability and security



Data-driven insights



Optimized economic value

Digital Transformation Strategy For Insurance Companies

Cloud Ready (70%)

- The need for increased agility
- Access to disruptive technologies
- The need for operating efficiencies
- The possibility of reducing infrastructure costs

AI Enabled (50%)

- The need for automating process
- Significantly reduce operational costs and risks

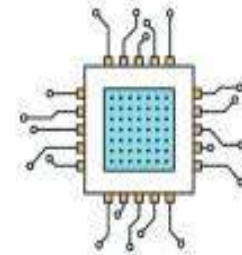
Legacy Free (80%)

Legacy is the root of the problem

- Inability to adapt and thus, inability to support digital insurance
- More and more jerry-rigged solutions, which has further complicated IT environments, more technology debt



Digital Insurance Leader



Insurance+ (60%)

Services beyond traditional insurances business, new industry

Online insurance services, etc.

7

HUMAN




The Next Step, Insurance+

Intelligent Insurance



8 Huawei Proprietary - Restricted Distribution

MANIFOLD
COMPUTES
Simple, Smart, Scalable, Technology Solution

 HUAWEI



Campus Network Trends and Challenges

Ultra-broadband



- More terminals per person: 1 → 3 or 4
- Email, Internet access → Video conferencing

Simplicity



- Siloed networks (OA, security, IoT, and production), repeated investments

Experience



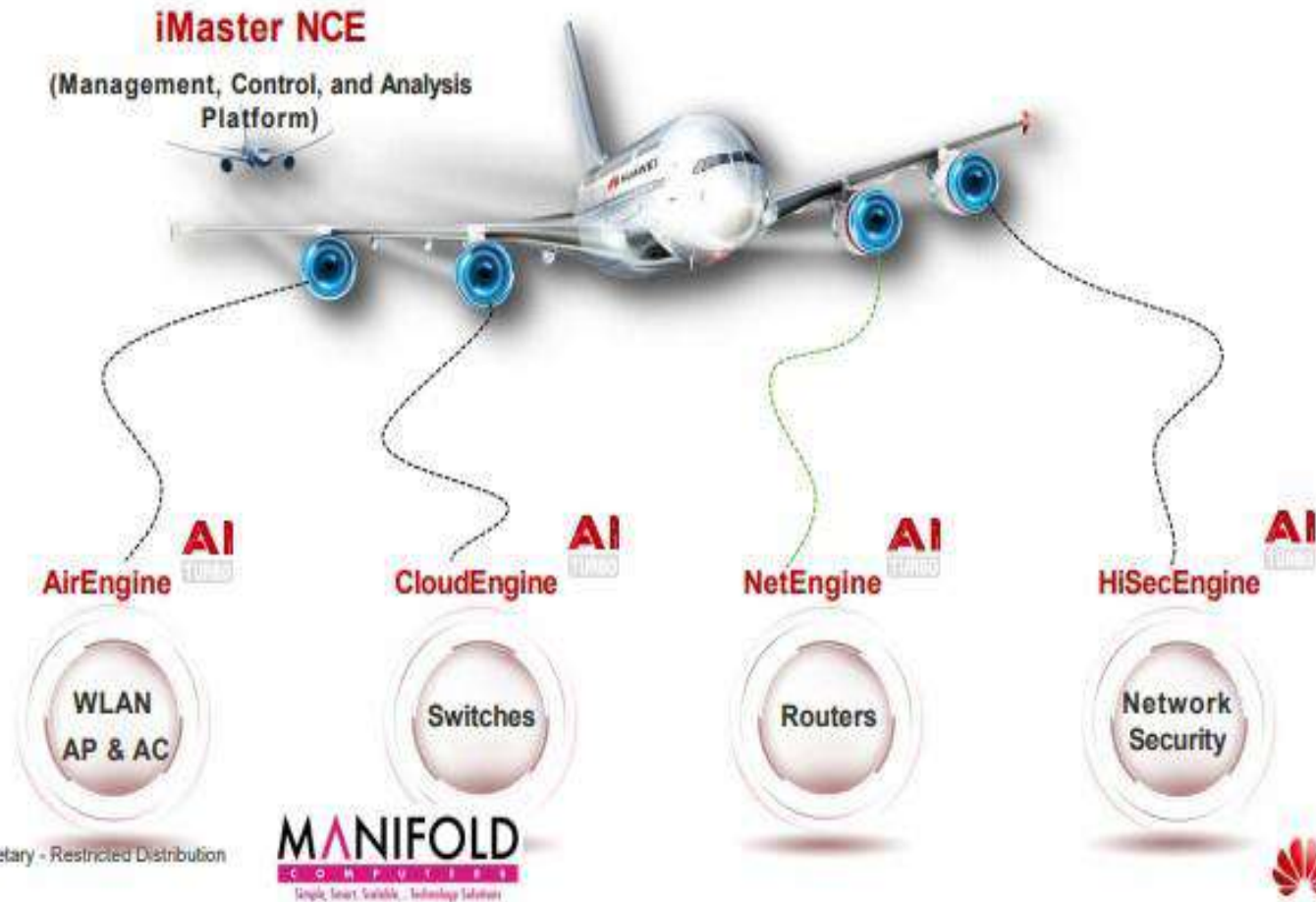
- Dissatisfaction by 90% employees
- Unassured experience for VIP users

O&M



- Complex network, 10x configuration workload
- Passive O&M, > 1h fault locating

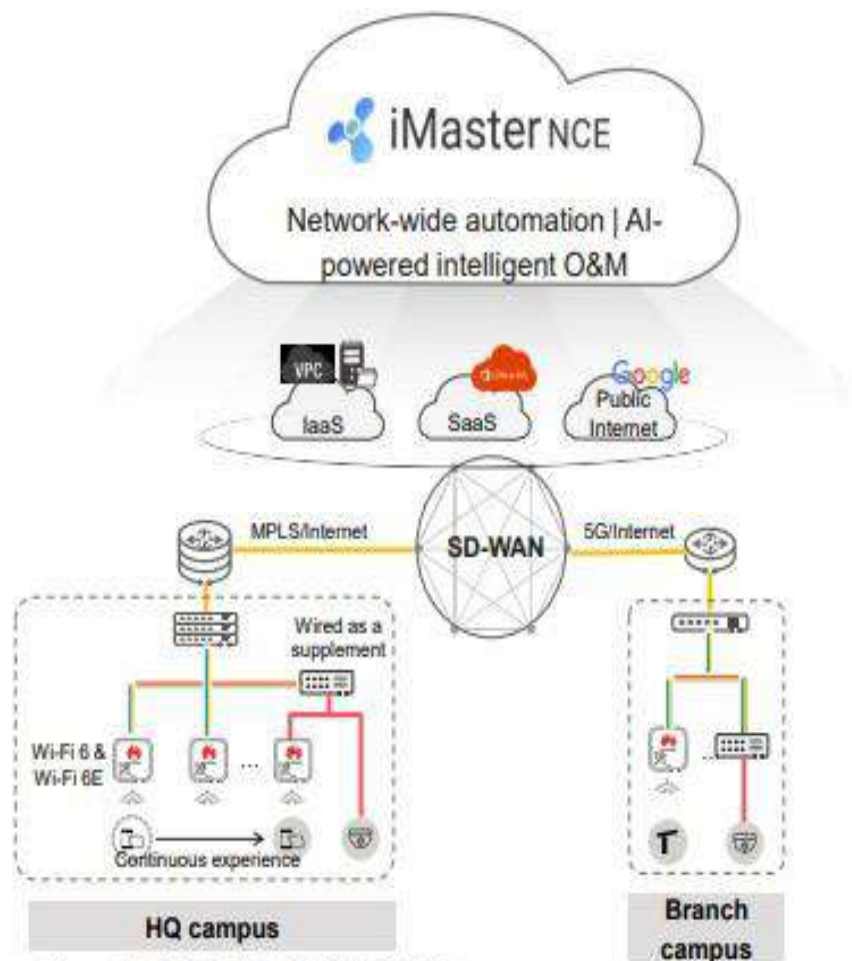
"Four Engines" Powering Data Communication Products, with an All-in-One Management, Control, and Analysis Platform



10 Huawei Proprietary - Restricted Distribution



Huawei CloudCampus 3.0 Solution: *The Fully-Wireless, Intelligent Cloud Campus Network Inspires Digital Innovation for Insurance Sector*



Fully wireless experience

- Wi-Fi 6 Advanced for continuous networking in all scenarios

Mondragon University, Spain:

Fully-wireless building



4000+

teachers and students enjoy fully-wireless teaching

L3 autonomous driving

- Automated planning, construction, maintenance, and optimization
- Identifying 98% of terminals and increasing performance by 58%

VIRIA, Finland:
Fully automated network



Minute-level

network deployment and service adjustment

One global network

- One hop to multiple clouds
- No video frame freezing even at 30% packet loss

GSB Bank, Thailand:
1000+ branches



10 Gbps

SD-WAN bandwidth

Low-carbon intelligence

- 3 layers → 2 layers
- Entire network as one logical device

Hunan University, China:
40,000-user low-carbon campus

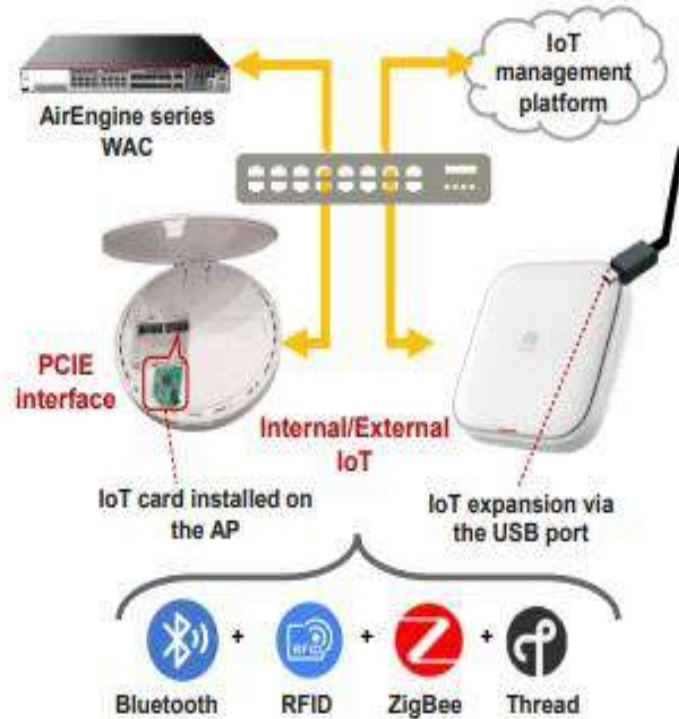


30%↓

Power consumption per port



Fully Wireless Networking: Wi-Fi 6/7 AP and IoT Convergence



Doubled signal strength @ hotel rooms



20% greater distance @ intelligent stores



Lossless roaming @ mobile office



50% higher concurrency @ electronic classroom

Unified Management of Wi-Fi and IoT Reduces Deployment Costs by **50%**

ESL

Students wristband

Healthcare IoT

Asset management

Wi-Fi 7

AirEngine 8771-X1T

AirEngine 5762-13W/16HW

AirEngine 5761-21/5762-12/6761-22T

AirEngine 5761R-11/11E

AirEngine 8760-X1-PRO



Ultra-High-Speed Access: Record-High **18.67 Gbps** Speed with Wi-Fi 7

Fully-wireless

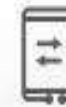


AirEngine Wi-Fi 6
10.75 Gbps

Audio and video first



No speed drop during mobility



PCs @ fixed offices



Smart devices for flexible work anytime anywhere



AirEngine Wi-Fi 7
18.67 Gbps

Industry's 1st commercial Wi-Fi 7 AP

4x high-concurrency access

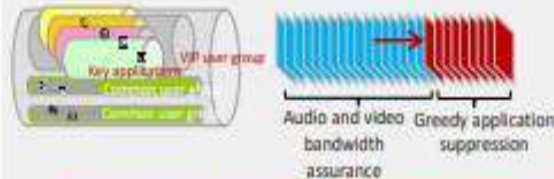
120-channel smooth video conferencing (industry: 30-channel only)



MU-MIMO & OFDMA joint scheduling 2.0
CoSR

5x bandwidth

Single-STA speed
5 Gbps vs. 1 Gbps (industry)



Intelligent application acceleration
Intelligent multimedia scheduling

Full coverage & seamless roaming

No bandwidth decrease during roaming



AI-powered network planning + smart antenna
AI roaming



Trends and Pain Points



10x Throughput
8x Transaction volume

Deal surge

Peak throughput: 10K -> 100K TPS
 Online transaction: 150% growth rate

2x Service data
10x Transaction performance

Data Burst

Number of accounts: 12% growth rate
 Transaction delay: 1 ms -> 0.1 ms

10x Big Data Processing
60x Real-time risk control

Data Value

Analysis data sources: 20 -> 100
 Decision-making: hour-level -> min-level

Mobile payment acceleration, transaction surge, and throughput and latency challenges

The data scale increases, and the time window for data exchange and decision analysis is shortened

Network attacks increase sharply, and the service interruption has great impact. The service runs 7 x 24 continuously

Efficient service integration and high requirements for full-lifecycle data management

Daily transaction single account

0.5 times/day → 5 times/day

Peak Throughput

10K → 100K TPS

Transaction delay

1 ms → 0.1 ms

Daily New Analysis Data

50 GB → 10 TB

Data Processing Scale

xx TB → xx PB

Data analysis time window

48H → 8H

Full-time online

Service 7 x 24 online

Network security

Ransomware has become a major global cyber threat, with extensive data loss impact

Heterogeneous management of multiple data centers, data types, vendors, and devices

Complex data lifecycle management and O&M



Financial production acceleration: Faster Transactions, More solid and More energy saving

- Online Transaction
- Card Issuance
- Financial management

Online transaction Surge:

- Average daily transaction per user
0.5 → 5 times/day
- Peak Throughput
10K → 100K pens/sec
- Transaction delay
1 → 0.1 ms



OceanStor Dorado all-flash production

10x Deal processing	70% ↓ Transaction delay	50% ↓ Space Savings
------------------------	----------------------------	------------------------

FlashLink®
Performance acceleration

End-to-end NVMe
Transaction acceleration



Extreme Performance

- 0.05 ms transaction latency
- 21 million IOPS for massive surge of transactions



Rock Solid

- Fully connected architecture, **falover within 1 sec**
- Full-level reliability, **99.99999% availability**



Green

- High-density design, with smart dedup & compression, **75% TCO saving**
- Flash-ever for 10 years, **60% carbon footprint savings**

TÜRKİYE BANKASI Isbank Bank, Turkey

Dorado 18000 are used for core production system. Single storage reaches 545K IOPS. Response time reduced 20 times



Data Analysis Acceleration: More Efficient Business Operation With Greener Data Foundation



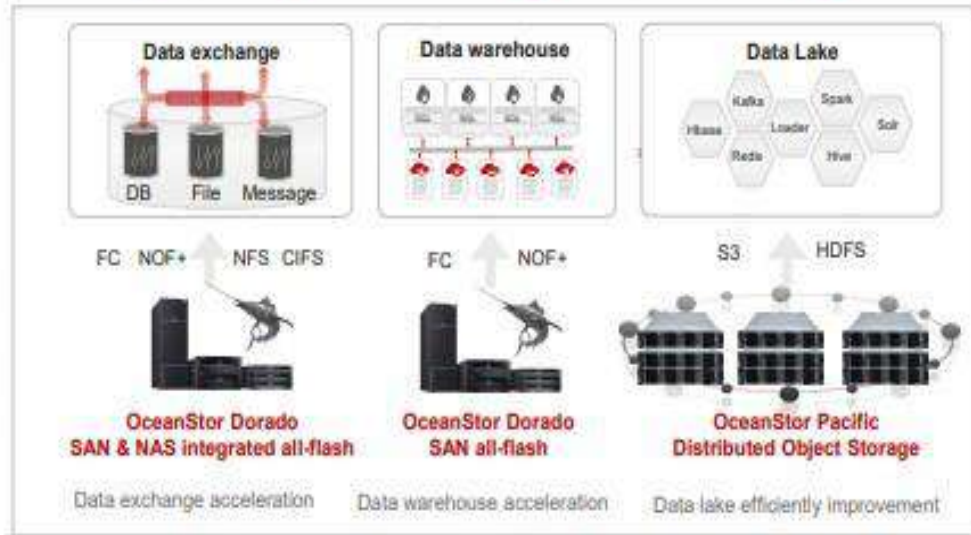
Data exchange & data analysis



File sharing

Processing time increases sharply, analysis time window shortened

- Daily New Analysis Data Size
0.05 → 10 TB
- Data analysis time window
48 → 8 hour



Decision-making Acceleration

Statistical report
48 → 2 hours

Green & TCO saving

Storage & compute decouple: **60% TCO saving**



Dorado SAN&NAS and Pacific are deployed for data analysis. Banking report time increased 24 times, TCO saved 60%

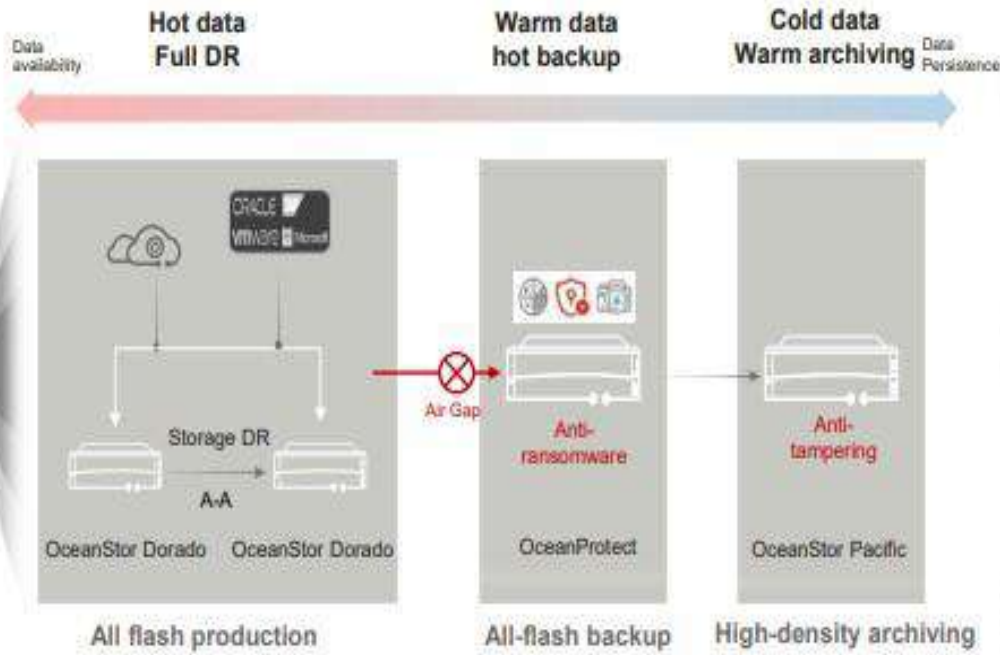


Full-scenario data protection: integrated protection of DR, backup and archiving

24 Full-time online
Anytime, anywhere

Stricter regulation
Service stops 30min,
need report to gov.

Network security
Ransomware threat,
more data loss challenge



More reliable services

- All-scenario DR, 0 data loss
- Gateway-free A-A, 99.99999% high reliability

More secure data

- All-flash backup, quick recovery
- Anti-ransomware, and anti-tampering, immune of threats

More efficient archiving

- Higher density archiving, 25% TCO saving

بنك الرياض
riyad bank Riyadh Bank, Saudi Arabia

2x Dorado 8000 are deployed for core database and virtualization platform. 3DC DR is used to ensure 99.99999% high availability






Cost Implication

Yearly Expense
60% Reduction

Cost Reduction
Decrease in OPEX



Secure and Reliable

Zero Service Interruption

Fast Data Recovery and 0 Data loss

0 Tampered Archived Data



Fast Trading

Transaction Delay
3 \rightarrow 0.05ms

Transaction Throughput
10K \rightarrow 100Ktps

Fast Switching
Failover within 1sec



Green and Efficient

Agile Rollout
Days \rightarrow Hours

Intelligent O&M
Hour-Level \rightarrow Minute Level

Converged Management
O&M Cost Reduced by 70%



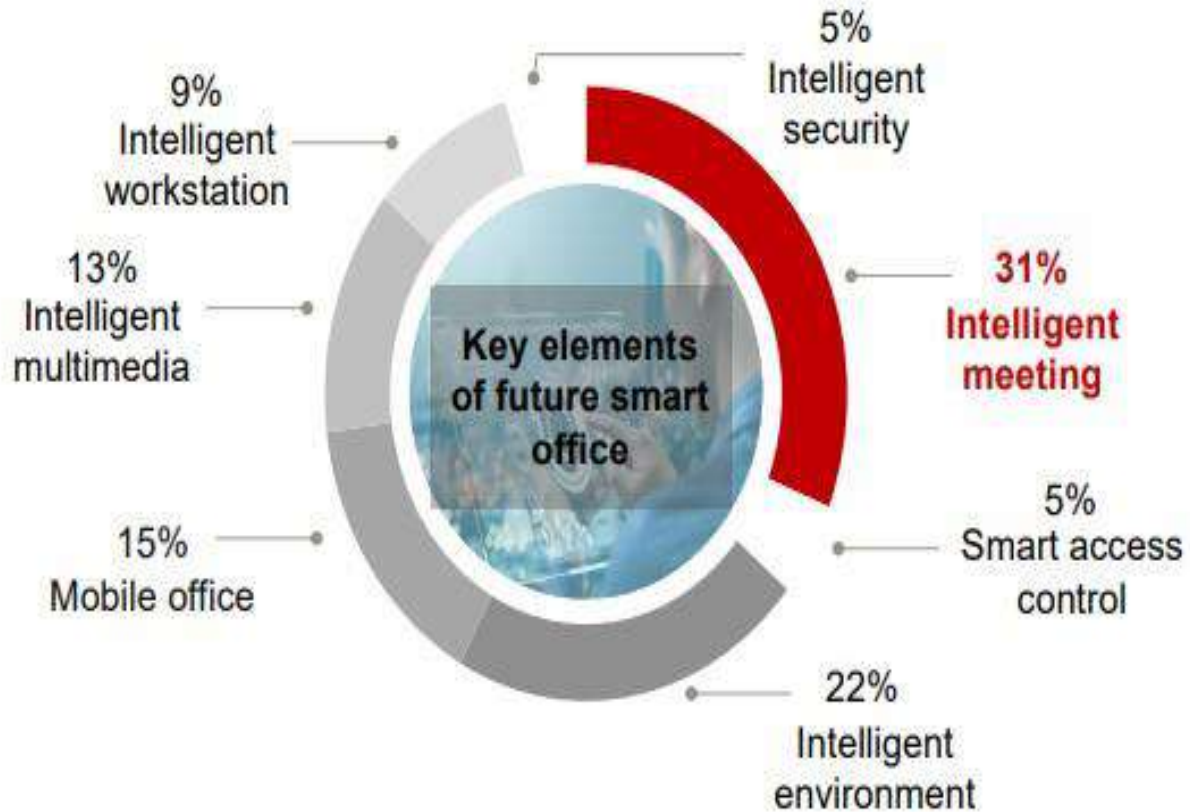
Fast Analysis

Data Exchange Acceleration
50% less reporting time

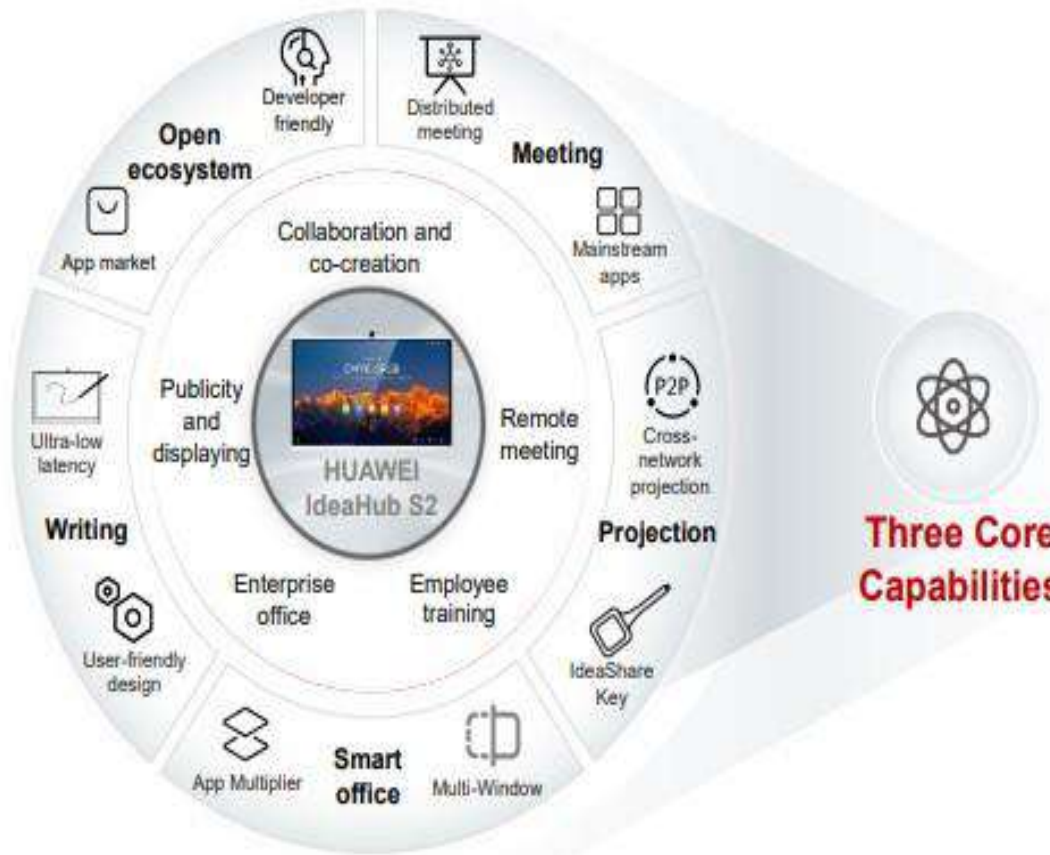
Data Analysis Acceleration
8hrs \rightarrow 2hrs

60% improvement in Data Lake efficiency

Enterprise Digital Transformation: Collaborative Office First



HUAWEI IdeaHub S2 Delivers More Than Expected



Next-gen hardware platform for excellent performance

- Powered by an 8-core dual-engine drive, delivering 2 to 3 times higher performance as the industry average
- Smooth running of various industry apps

Upgraded audio and video conferencing experience

- 12-meter ultra-long-distance sound pickup
- 4K video conferencing camera
- Intelligent acoustic engine for 3D stereo field

All-new features for hybrid working

- BYOM seamlessly transfers meetings from PC/mobile devices to the IdeaHub S2 by invoking its camera, microphones, speaker, and display
- Wi-Fi 6 for P2P cross-network projection, without putting your devices in the same LAN
- App Multiplier displays one app in dual windows and is compatible with over 1000 apps
- Multi-Window enables multiple apps to share the same screen simultaneously

Three Core Capabilities

Thank you

Bring digital to every person, home and organization
for a fully connected, intelligent world



The Evolving Role of the Insurance Industry in Climate Risk Financing

Mr. Lawrence M. Nazare
Managing Director
Continental Reinsurance Plc



MR. LAWRENCE MUTSUNGE NAZARE



Lawrence Mutsunge Nazare has over thirty years' experience in the insurance industry. He started his professional insurance career with Zimbabwe Reinsurance Corporation in Year 1990. He then moved to Intermarket Reinsurance in Year 1999 and left as Managing Director in Year 2010 to join Continental Reinsurance Plc as the Group Executive Director/Chief Operating Officer and was later appointed Group Managing Director in Year 2021.

Nazare has held key positions in the insurance industry, including Chairman of the Organization of Eastern and Southern African Insurers (OESAI) – 2012 to 2015; Chairman of Zimbabwe Association of Reinsurance Offices, 2001-2004; Chairman of Insurance Council of Zimbabwe, 2005 to 2008 and Executive Committee/Board Member of East & Southern African Insurers & Reinsurers – 2002 to 2018. He is also a member of the Institute of Directors, Nigeria.

Nazare holds a Bachelor of Law (Hons) Degree and a post-graduate Bachelor of Laws Degree from the University of Zimbabwe and is an admitted Legal Practitioner. He is an Associate in Reinsurance of the Insurance Institute of America and an Associate of the Insurance Institute of South Africa.

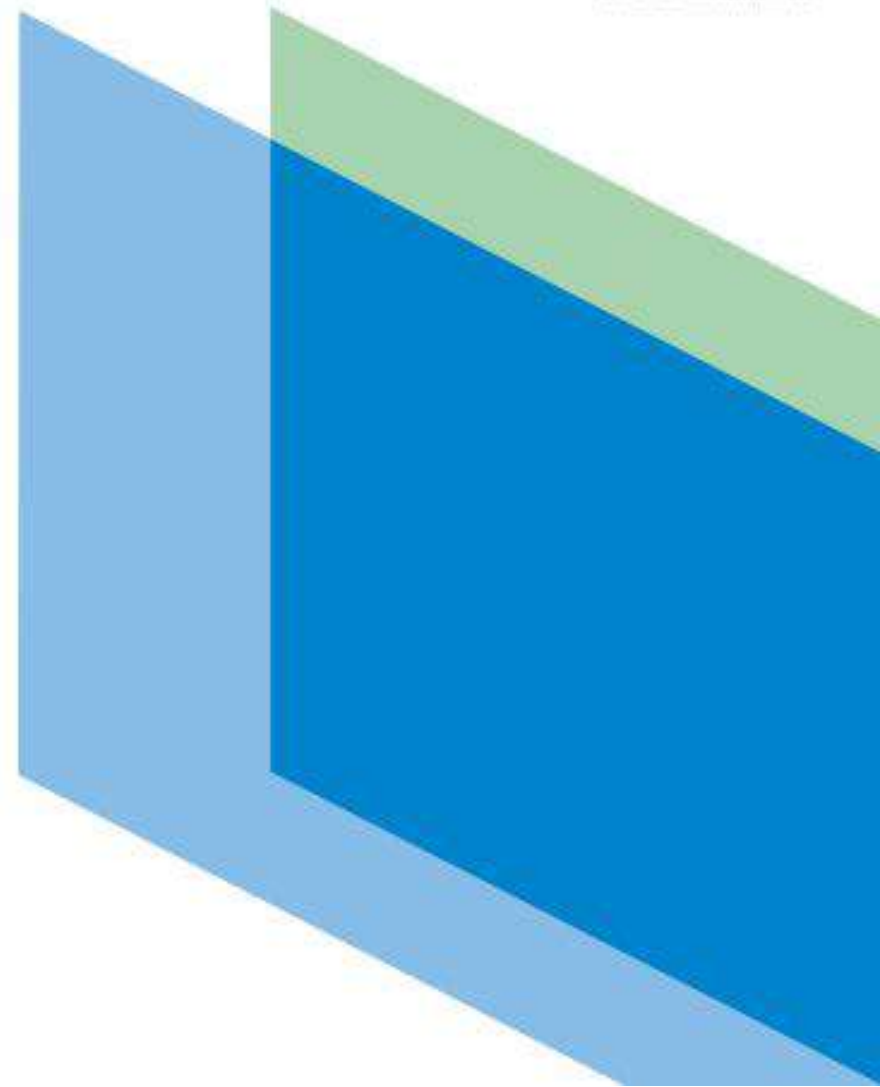


THE EVOLVING ROLE OF THE INSURANCE INDUSTRY IN CLIMATE RISK FINANCING

PRESENTED AT THE CIIN FORUM 2023

BY LAWRENCE NAZARE
GROUP MANAGING DIRECTOR, CONTINENTAL RE

SEPTEMBER 2023



WHAT IS IN THIS PRESENTATION?

01

INTRODUCTION

THE TROUBLING PICTURE OF CLIMATE CHANGE | WHAT IS RISK FINANCING? | TRADITIONAL ROLE OF INSURERS IN CLIMATE RISK FINANCING | GENERAL TRENDS ON CLIMATE RISKS

02

CLIMATE CHANGE & ENVIRONMENTAL RISKS

03

THE EVOLVING ROLE OF INSURERS IN CLIMATE RISK FINANCING

04

KEY RECOMMENDIONS

05

CONCLUSION

WHAT IS CLIMATE RISK?

Climate Risk

- Climate risk refers to potential adverse outcomes from climate change or climate-related events
- Changes can be gradual (rising temperatures) or abrupt (hurricanes or floods)



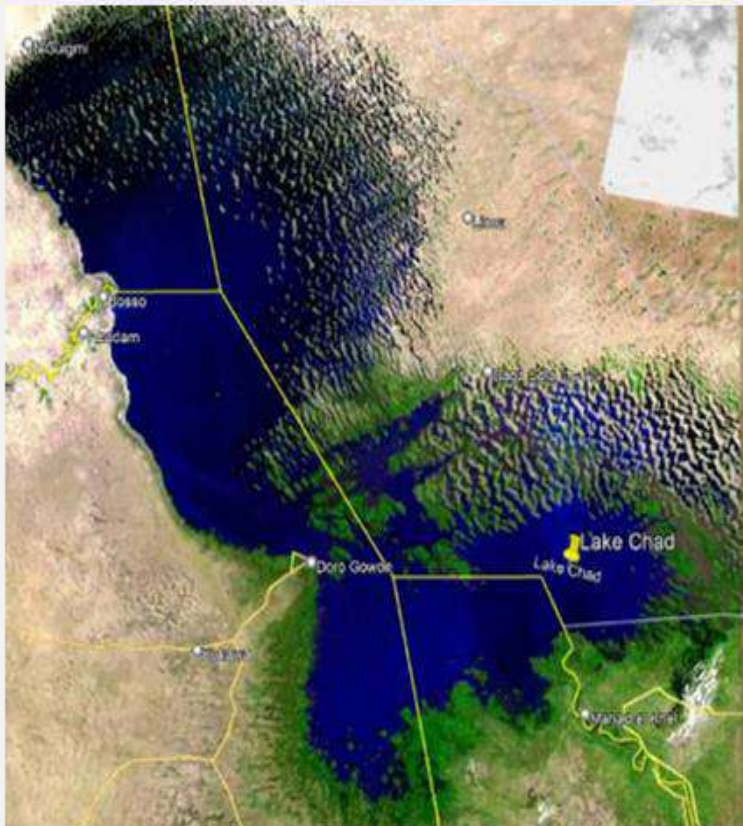
Physical Risks

Direct risks resulting from climate change

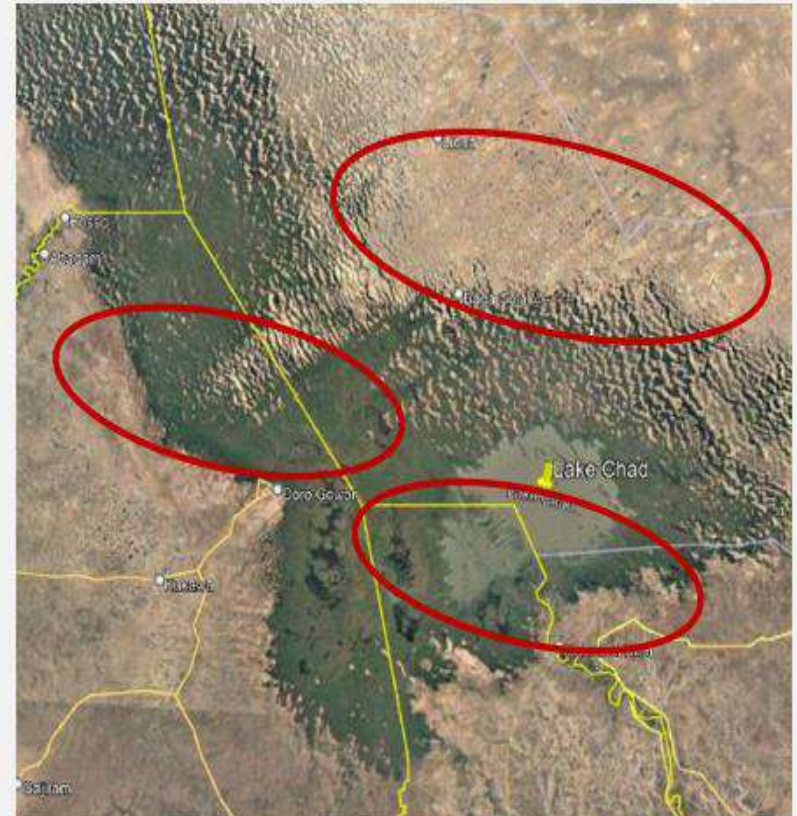
- **Acute Risks:** Extreme weather events like cyclones, floods, wildfires, and heatwaves
- **Chronic Risks:** Longer term shifts in climate patterns (rising sea levels, prolonged drought)

THE TROUBLING PICTURE OF CLIMATE CHANGE!

BEFORE – LAKE CHAD 1972



AFTER – LAKE CHAD 2020



Storm Daniel - also known as Cyclone Daniel



The Libyan City of
Derma
Earlier this Week

- Deadliest and costliest Mediterranean tropical-like cyclone ever recorded
- Deadliest cyclone worldwide since Cyclone Nargis in 2008 and the deadliest weather event of 2023 to date.
- In Greece - storm the worst in recorded history
- In Libya 6,000 people dead – anywhere between 10,000 and 100,000 people missing - figures vary.

THE TROUBLING PICTURE OF CLIMATE CHANGE!

1 Hotter Temperatures

10 years

Hottest in over the last decade
(Increased to roughly **0.18 degrees Celsius** each decade since 1981)

2 More Severe Storms

50%

Of all disasters from 1970 to 2019
were due to climate change

3 Increased Drought

700 million

People will be displaced by 2030
due to water scarcity

4 Warming, Rising Ocean

20 years

Ocean warming rate strongly
increased over the past two
decades (Sea levels will be **4.5 inches**
higher by 2030)

5 Loss of Species

1 million

species are at risk of becoming
extinct within the next few
decades

6 Not Enough Food

48 million

People suffer from acute hunger
due to climate change

7 More Health Risks

13 million

People die from environmental
factors every year

8 Poverty and Displacement

23 million

People are displaced on average
each year due to weather-related
events

Sources: Causes and Effects of Climate Change by United Nations
(<https://www.un.org/en/climatechange/science/causes-effects-climate-change>)

6



Insurance has been at the centre of efforts to smoothen the blow of climate risk by risk financing.

It plays a pivotal role in transferring and spreading the financial risks associated with climate-related disasters and other extreme weather events.



WHAT IS RISK FINANCING?

- Risk financing is the process of determining how losses or other adverse financial consequences that arise from risks will be paid for.
- Risk financing involves setting aside funds or arranging mechanisms to handle the financial implications of risks and uncertainties.
- The objective of Risk Financing is to ensure that adequate resources are available to cover these losses or negative financial impacts.

THE TRADITIONAL ROLE OF INSURANCE IN CLIMATE RISK FINANCING



Risk Transfer

Transfer of Risk to Insurers



Risk Pooling

Contribute Premium into a
Common Pool



Risk Pricing

Leverage Historical Data to
Price Certain Risk



Incentivizing Risk Mitigation

Offer Incentives for Actions
that Decrease Risk



Claims Payment

Assess Damage and Pay
Claim, Rebuild & Recover



Reinsurance

Transfer of some Risk to
Reinsurers



Catastrophe Bonds

Financial Instrument against
Catastrophic Events

01

Financing for Climate Risks has been concentrated in developed countries (e.g., Protection against Hurricane and Wildfire in the US, and Earthquakes Protection in East Asia).

02

Limited Climate Risk Coverage for emerging economies and Africa.

03

Drought Coverage was often excluded despite being a significant climate risk in countries where rain-fed agriculture is predominant.

04

Regions that have limited climate risk vulnerability have historically had more insurance climate risk coverage and than the more vulnerable ones.

05

Traditionally, the focus of insurance has been on reacting to and recovering from disasters rather than on proactive risk reduction.

THE EVOLVING ROLE OF INSURERS IN CLIMATE RISK FINANCING

THE EVOLVING ROLE OF INSURERS IN CLIMATE RISK FINANCING



KEY RECOMMENDATIONS

KEY RECOMMENDATIONS

1

STRESS-TEST ALL EXPOSURE AGAINST PROJECTED CLIMATE HAZARDS

- ▶ Insurers can adopt climate-specific stress testing by using advanced analytics techniques to project how various acute and chronic hazards are likely to affect them over time.

2

BUILD RESILIENCE AND REBALANCE PORTFOLIOS

- ▶ With such a detailed analysis, insurers can build greater resilience by considering low-probability catastrophic events, diversifying their portfolio, and planning to evolve exposure over time.

3

HELP ORGANIZATIONS MITIGATE CLIMATE RISK

- ▶ Insurers should focus more on preventing customers from incurring damage and having to make claims. For example, one North American insurer gives its homeowners' insurance customers access to wildfire-defense services to help them with prevention and mitigation measures.

4

REGULATORY COLLABORATION

- ▶ Insurers should work with various regulators to improve building standards and policies. For example, an analysis of risk models may suggest limits to building in flood-prone areas.
- ▶ Insurers will need to collaborate with governments to raise awareness on climate change

Sources: Climate Change and P&C Insurance: The Threat and Opportunity by McKinsey & Company (<https://www.mckinsey.com/industries/financial-services/our-insights/climate-change-and-p-and-c-insurance-the-threat-and-opportunity>)

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5

CREATE INNOVATIVE PRODUCTS FOR CLIMATE-RELATED RISK

- ▶ Insurers can offer innovative solutions such as parametric pricing — insuring policyholders against events of a set magnitude instead of insuring the value of losses. Whatever the details of the solutions, long-standing actuarial approaches to risk modeling will need to evolve as climate risk changes.
- ▶ In addition, insurers could play a role in matching risk-transfer solutions to alternative capital from investors with more risk appetite. For instance, the World Bank convened multiple investors, including a hedge fund and a reinsurance company, to insure a Uruguayan electric-power company against drought (which would cripple hydroelectric production) and high oil prices (which would make power generation costly).

THE PROTECTION GAP

1

African countries are extremely affected by climate change.

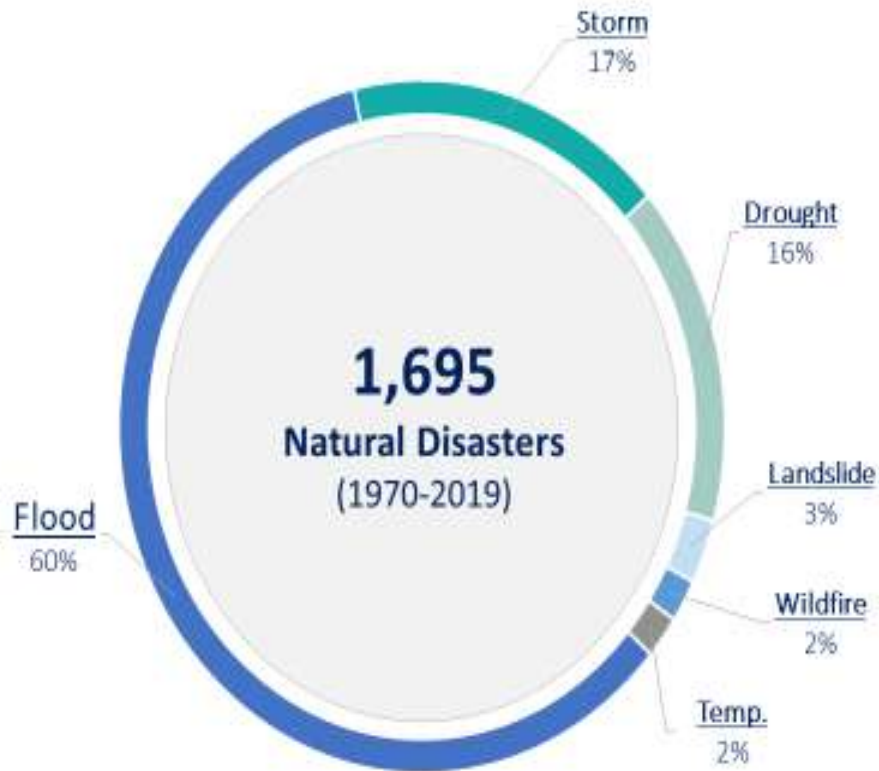
2

The frequency and severity of climate disasters in Africa is on the rise.

3

Flood and drought risks are the most dominant in Africa

Number of Reported Disasters 1970–2019



731,747

Deaths

\$39 billion

Losses

95%

Of Deaths were due to drought

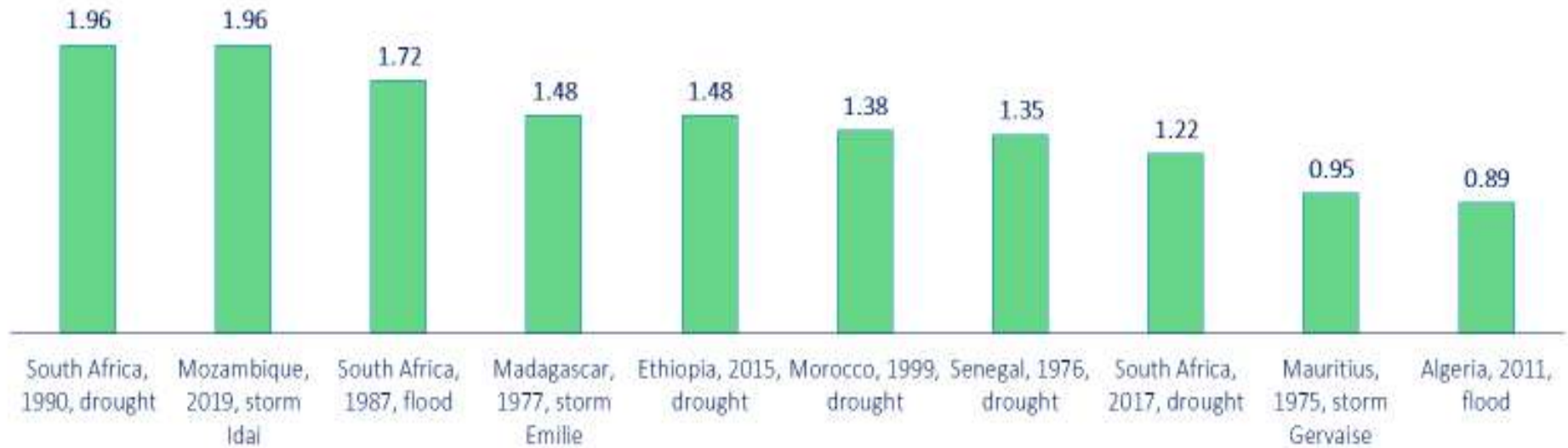
65%

Reduction in African Agric produce due to climate change

- ▶ Extreme weather events such as droughts, floods, storms and cyclones are very pronounced in Africa.
- ▶ Extreme weather events are increasing in frequency and intensity across the continent.

Sources: Impact of Climate Change in Africa Insurance 2022 by Faber Consulting in partnership with AIO (www.faberconsulting.ch/files/faber/pan-africa-reports/2022_AIO_AIP_Climate_EN.pdf)

Top 10 weather disasters in Africa ranked according to economic losses (1970–2019), \$billion



- ▶ As shown, droughts are the deadliest natural hazard, followed by floods.
- ▶ Climate change is leading to higher losses.
- ▶ Extreme weather events in Africa and are increasing in frequency and intensity.

Sources: Impact of Climate Change in Africa Insurance 2022 by Faber Consulting in partnership with AIO
www.faberconsulting.ch/files/faber/pdff-pulse-reports/2022_AIO_AIP_Climate_EN.pdf

Selected weather disasters in Africa ranked according to insured losses, \$million



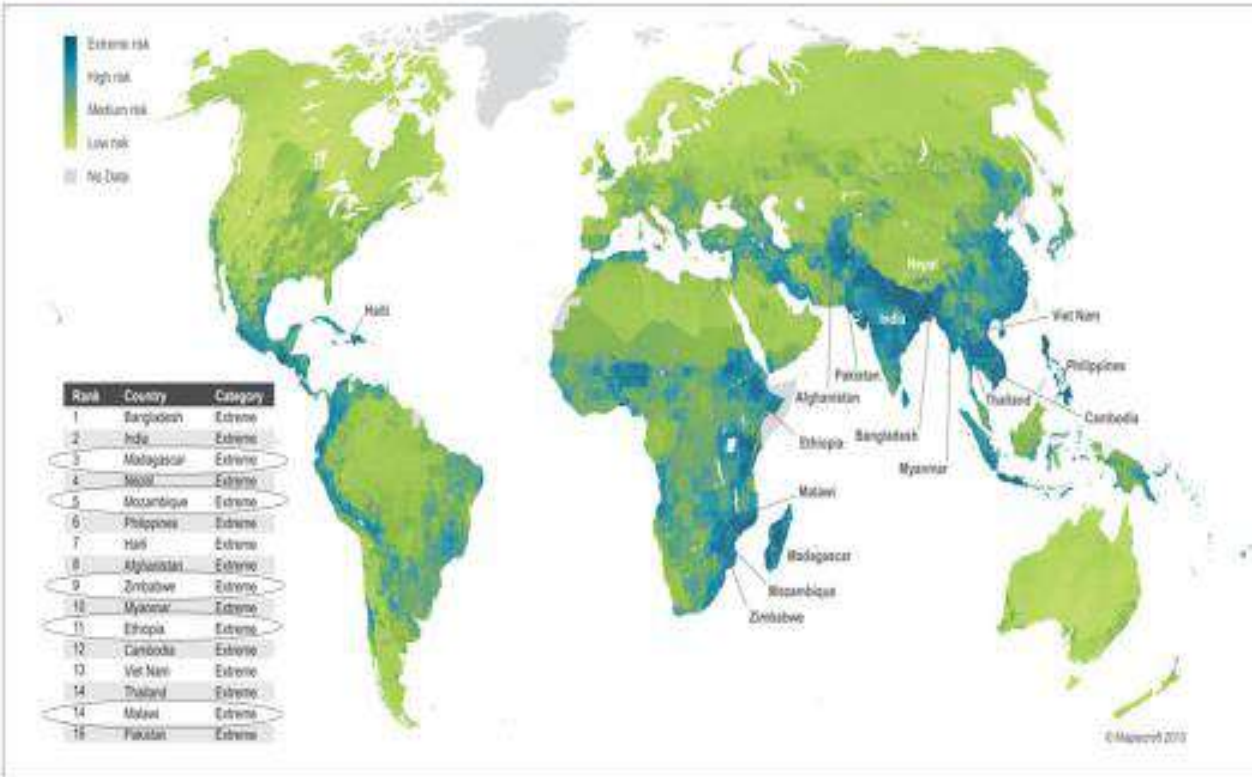
- ▶ The natural disaster insurance protection gap for Africa is enormous.
- ▶ Swiss Re Institute reported that Cyclone Idai caused overall economic losses of about \$2 billion in Mozambique, Malawi and Zimbabwe, of which only 7% was covered by insurance leaving 93% of economic losses uninsured.

Sources: Impact of Climate Change in Africa Insurance 2022 by Faber Consulting in partnership with AIG
(www.faberconsulting.ch/files/faber/pdff-guide-reports/2022_AIG_AIP_Climate_EN.pdf)

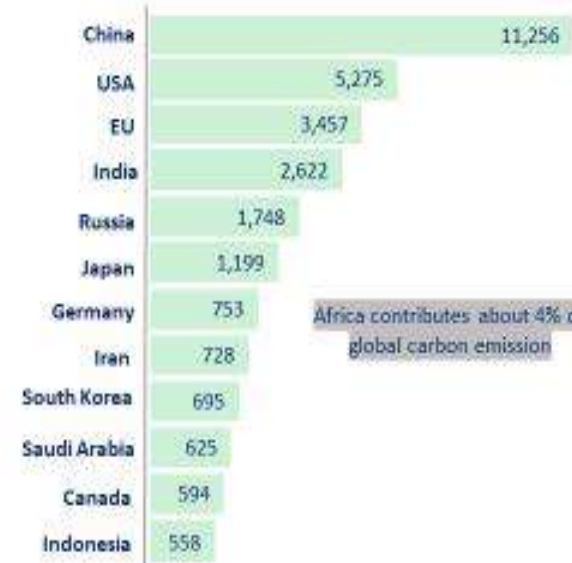


It has become imperative to emphasize "CLIMATE JUSTICE"

Africa is disproportionately affected by the impacts of climate change, despite contributing the least to global greenhouse gas emissions



World Top Emitters of Carbon dioxide (Megatonnes of CO2 per year)



Note: One megaton = 1,000,000 tonnes
Source: EC, Emissions Database for Global Atmospheric Research, 2018 data

Sources: Climate Change Vulnerability Index
<http://www.crispaction.com/emissions/2016/02/27/climate-change-vulnerability/>

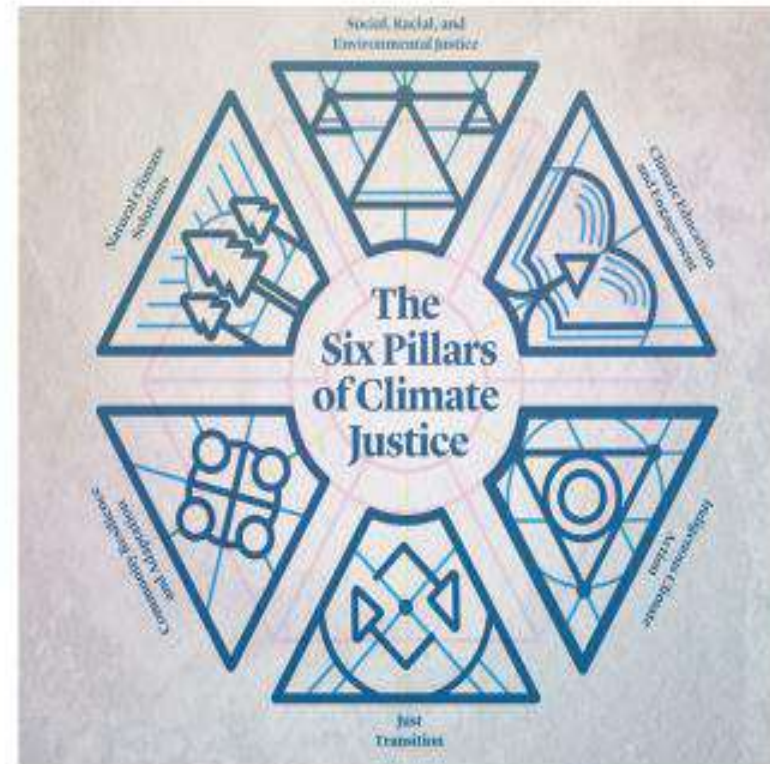
CLIMATE JUSTICE

Climate Justice recognizes the disproportionate impacts of climate change on low-income communities and communities of colour around the world, the people and places least responsible for the problem.

It seeks solutions that address the root causes of climate change and in doing so, simultaneously address a broad range of social, racial, and environmental injustices.

These solutions can be organized into Six Pillars of Climate Justice.

THE SIX PILLARS OF CLIMATE JUSTICE



CONCLUSION

“Climate change is the single greatest threat to a sustainable future, but, at the same time, addressing the climate challenge presents a golden opportunity to promote prosperity, security, and a brighter future for all.”

— Ban Ki-moon

Former Secretary General of the United Nations

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CONCLUSION

PARADIGM SHIFT FROM PURE FINANCING TO SUSTAINABILITY

The insurance sector is at the forefront of financial solutions designed to manage and mitigate the impacts of climate change.

As climate risks evolve, so too must the strategies and products of the insurance industry.

Addressing the root causes of climate change and investing in sustainable development and infrastructure will be key to managing the long-term risks.

SHIFTING FOCUS FROM FINANCING TO PROACTIVE RISK REDUCTION

Traditionally, the focus was on responding to and recovering from disasters.

There must be a growing emphasis on proactive risk reduction and understanding of broader climatic trends.

25



CONCLUSION

“ The insurance industry should enhance its business model in response to climate risk.

Not only can this proactive response better protect customers in the long term, but it can also help safeguard the interests of society and serve the foundational purpose of the insurance industry. ”

But insurers must act quickly— the window for an effective response is limited.

— *Mckinsey & Company*



Thank you.

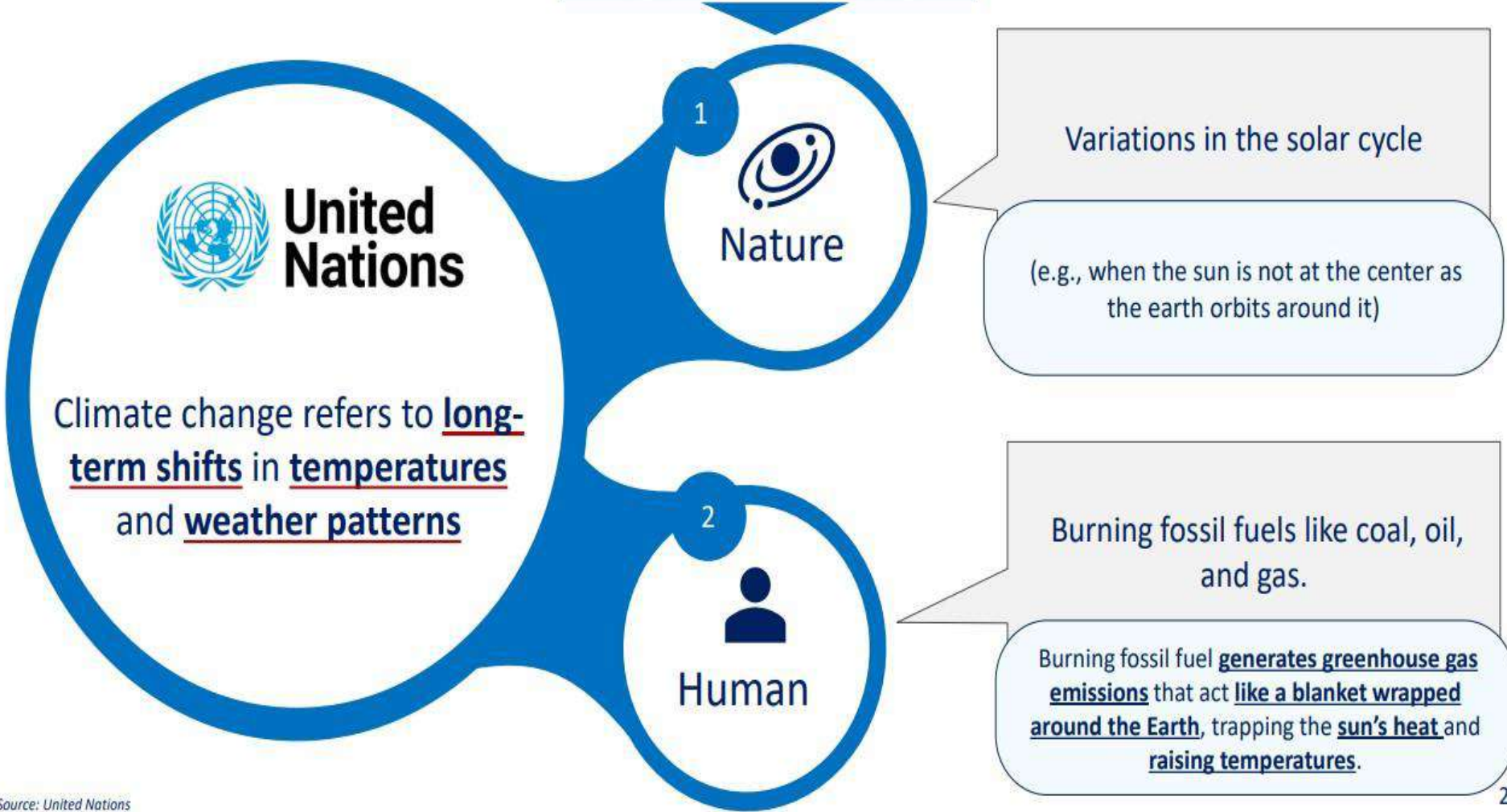
01/15/2021



APPENDIX

APPENDIX - HIGH-LEVEL DEFINITION OF CLIMATE CHANGE

Shifts can be caused by



Source: United Nations



APPENDIX - MITIGATING THE EFFECTS OF CLIMATE CHANGE IS LEADING TO NEW KINDS OF PUBLIC/PRIVATE INITIATIVES TO BETTER MANAGE RISK

Developing countries that are vulnerable to extreme weather events will be disproportionately affected if global warming results in more frequent and damaging windstorms, floods, and droughts. These countries generally have fewer resources to devote to mitigation in advance of a catastrophe, fewer resources to promote economic recovery after a catastrophe, and lower insurance penetration rates.



- ▶ Munich Climate Insurance Initiative (MCII), which was launched by insurers, climate research organizations, the World Bank and agencies associated with the United Nations, among others.
- ▶ This was initiated to help low-income workers deal with disaster-related events, such as a livelihood protection policy that covers the loss of income due to weather-related events, while also helping them mitigate risks by, for example, reducing reliance on a single, disaster-vulnerable crop.



Purpose

Established in 2012 as a specialized agency of the AU to ease the burden of member states public budgets in the event of extreme weather or natural disaster.



Function

ARC is the financial affiliate that carries out commercial insurance functions of risk pooling and risk transfer.



Location

It is located in Bermuda. However, there are plans to relocate ARC to an African country as soon as an equally favorable legal and regulatory regime exists.



Payout

On the 1st of March 2022, the government of Madagascar received a \$10.7 million insurance payout following the damage and destruction caused by Tropical Cyclone Batsirai.



Business

ARC collected more than \$100 million in gross written premiums and paid out more than \$65 million in claims to drought-affected member countries (between 2014 to 2020). 72 million people and 3.8 million benefitted from insurance payouts.



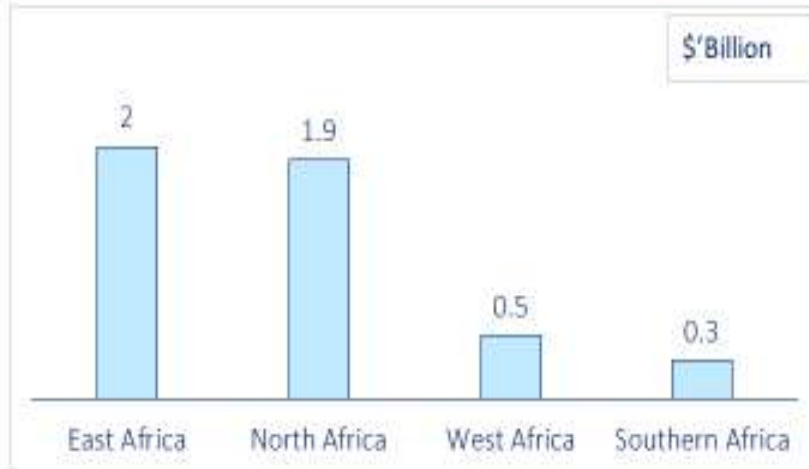
Risk Pool

ARC's risk pool covering the 2021/2022 season includes 13 countries: Burkina Faso, Cote D'Ivoire, Gambia, Madagascar, Malawi, Mali, Mauritania, Niger, Senegal, Sudan, Togo, Zambia, and Zimbabwe.

THE EVOLVING ROLE OF INSURERS IN CLIMATE RISK FINANCING (CONT'D)

OPPORTUNITY FOR AFRICAN INSURERS – RENEWABLE ENERGY

Renewable energy investments in Africa
\$4.8 Billion (2000-2009)



Renewable energy investments in Africa
\$55 Billion (2010-2020)



- ▶ Even when excluding large hydropower plants, Africa attracted almost \$60 billion in investment in renewables over the past 20 years.
- ▶ As shown, renewables investment in Africa grew much faster, at an extraordinary annual average growth rate of 96%.
- ▶ More than 90% was committed between 2010 and 2020, concentrated in a very small number of countries, such as Egypt, Kenya, Morocco, and South Africa.
- ▶ African (re)Insurer can leverage these opportunities by providing coverage for the full life cycle of renewable energy projects.

Sources: Impact of Climate Change in Africa Insurance 2022 by Faber Consulting in partnership with AIG
(www.faberconsulting.ch/files/faber/pdfs/guide-reports/2022_AIG_AIP_Climate_EN.pdf)



Insurers are promoting strategies to lower greenhouse gas emissions in the hope that if the threats related to global warming are taken seriously, some of society's worst fears will ultimately not occur.

1

Some insurers are sponsoring research and working with others interested in the same kind of problems, such as finding ways for individuals and society to adapt to extreme weather, particularly in developing countries.

2

The need to curb global warming has spurred the creation of insurance policies that provide incentives to policyholders to contribute to these efforts. These include discounts on auto insurance policies for driving fewer miles (Pay-as-you drive) and policies for green building construction (Property Insurance).

3

Many insurers are committed to reducing their greenhouse gas emissions and offsetting the remainder through contributions to reforestation and renewable energy projects. They also encourage their employees to adopt "green" policies in their private lives. Some insurers were involved in projects to reduce greenhouse gases even before such efforts gained widespread public attention, and many are now reinforcing their policyholders' desire to reduce their carbon footprints by offering them paperless billing and documentation.

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APPENDIX - AFRICAN ENVIRONMENTAL LOSSES CAUSED BY DROUGHT

Top 21 African countries with the **highest drought probability index** as at 2021



- ▶ Droughts are also one of the most common natural hazards in Africa.
- ▶ Between July 2011 and mid-2012, the entire East African region was affected by one of the most severe droughts in the continent's history, resulting in the worst food security crisis in Africa since the Ethiopian famine in the 1980s.
- ▶ More than 11.5 million people were in need of food assistance in Djibouti, Ethiopia, Kenya, and Somalia.
- ▶ In Morocco, a lack of rainfall in the autumn and winter of 2021 caused the worst drought since 30 years.
- ▶ While this list changes from year-to-year, countries like Somalia, Zimbabwe, Namibia, Djibouti, and Mauritania constantly make the list of regions with high drought probability (7.0-10 index)

Sources: Impact of Climate Change in Africa Insurance 2022 by Faber Consulting in partnership with AIO
(www.faberconsulting.ch/files/faber/pdff-guide-reports/2022_AIO_AIP_Climate_EN.pdf)

Top 20 African countries with the highest physical exposure to flood as at 2021



- ▶ The impact of climate change in sub-Saharan Africa is characterized by a significant increase in the number of floods and other severe weather events.
- ▶ While sub-Saharan Africa's current global share of flood events is about 20%, compared to 1970–79, the frequency of floods has increased more than ten-fold since the 1970s.
- ▶ Over the same period, the number of people affected by floods in sub-Saharan Africa increased from 3.5 million to 28.1 million from 2010 to 2019.
- ▶ Countries like **Congo, Egypt, Mauritania, and Nigeria** constantly make the list of regions with high flood exposures (7.0-10 index)

Sources: Impact of Climate Change in Africa Insurance 2022 by Fober Consulting in partnership with AIO
www.foberconsulting.ch/files/fober/2022-04-01-2022_AIO_AIP_Climate_EI.pdf

Top 10 African countries with the highest physical exposure to Tropical Cyclones (2019-2021)



- ▶ In March 2019, tropical cyclone Idai hit Malawi, Mozambique and Zimbabwe, causing overall economic losses of USD 2.2 billion.
- ▶ In Zimbabwe, Idai caused economic losses of around USD 620 million and damaged more than 580km of roads.
- ▶ In Malawi, the cyclone directly affected 975,000 people and left more than 125,000 homeless. As the country's economy is highly dependent on agriculture, it is particularly vulnerable to severe weather events.

Sources: *Impact of Climate Change in Africa Insurance 2022* by Faber Consulting in partnership with AIG
www.faberconsulting.ch/files/faber/paif-pulse-reports/2022_AIG_AIP_Climate_EN.pdf

APPENDIX - RESULTS FROM A SURVEY ON THE IMPACT OF CLIMATE CHANGE ON THE AFRICAN INSURANCE SECTOR BY FABER CONSULTING



More extreme weather will push prices higher

- ▶ Majority of respondents have noticed an increase in weather risk prices over the last three years.
- ▶ The drivers for higher rates are varied, ranging from restructuring of compulsory insurance, higher reinsurance rates, regulators pushing for rate increases in competitive markets and increasing risks leading to higher demand in risk-exposed regions.



Primary insurers have increased their capacity but also retained more

- ▶ Majority of respondents agree that reinsurance capacity for climate risks remained stable over the past three years as primary insurers have increased their retention rates given higher prices and stricter terms and conditions.



Expected tightening of terms and conditions

- ▶ Most respondents have recently seen tightening of insurance and reinsurance terms and conditions, primarily to provide greater contractual certainty and exposure transparency regarding the impact of climate risk.
- ▶ The tightening takes many forms: higher deductibles, narrower definitions of events, more loss limits, a shift from proportional to non-proportional coverage, and even exclusions, for example, for drought risks.

APPENDIX - RESULTS FROM A SURVEY ON THE IMPACT OF CLIMATE CHANGE ON THE AFRICAN INSURANCE SECTOR BY FABER CONSULTING (CONT'D)



There will be need for Improvement in modelling and expertise

- ▶ Without accurate historical data, risks cannot be modelled and, ultimately, insurers cannot price the risk accurately.
- ▶ It is expected that modelling will improve over time as more historical data becomes available.
- ▶ In addition, sophisticated models are not available for most African markets with outdated models of 20 years and more still in use.



Regulators will have to start “walking the talk”

- ▶ Majority agree that climate risk is much discussed, but this has not yet translated into new regulations.
- ▶ The main challenges seem to be other more pressing priorities, the lack of data and capabilities to set regulations and guidelines and the lack of international standards or common methodologies (e.g. stress tests) to follow



ESG is widely discussed but rarely implemented

- ▶ Survey participants concluded that ESG is a much-discussed topic in Africa, but it is not yet given the priority it deserves.
- ▶ Generally, African insurance sector needs to proactively address ESG issues and engage with experts, policymakers and companies within and outside the sector is currently increasing, albeit from a low level.
- ▶ Global and large regional players are leading on ESG issues and have started to integrate this factor into their strategy and decision-making process.

Sources: Impact of Climate Change in Africa Insurance 2022 by Faber Consulting in partnership with AIO (www.faberconsulting.ch/files/faber/naif-guides-reports/2022_AIO_AIP_Climate_511.pdf)

- ▶ In most developing countries, purchasing disaster insurance is not mandatory and is also considered to be expensive.
- ▶ Public-private partnerships in disaster risk transfer can help address this problem and close the current natural disaster protection gap.
- ▶ The insurance sector **can help develop and implement relevant and innovative risk transfer solutions in response to these disaster risks**, in **regions where insurance is still in its infancy**.
- ▶ Building on the experience of mature markets with public and private-public pooling systems, some vulnerable countries, with support from development agencies and donors, **have joined forces by pooling their scarce financial resources in regional risk-sharing institutions (e.g., The African Risk Capacity Limited)**

— Faber Consulting AG



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Sustainability of the Insurance Industry in a VUCA Environment – Regulatory Initiatives and Challenges

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MRS. OLUWATOYIN ADENIKE CHARLES

Oluwatoyin is a renowned financial analyst, auditor, business administrator, risk management and insurance professional with an extensive experience in auditing, finance and account for over two decades.

She has a career that spans about twenty-five years covering Internal Audit, Finance and Accounts as well as supervising Insurance Regulatory Agency in all spheres of core accounting and auditing work. Adenike, a woman with a strong managerial skills, coordination and communications skills, is highly proactive and hardworking.

The Ogun State born Oluwatoyin has led teams to successfully deliver pivotal projects within the National Insurance Commission and the financial sector at large, she has received numerous meritorious laurels to her credit making her standout amongst equals.

In Year 1997, she bagged a B.Sc. Accounting Degree from the prestigious Obafemi Awolowo University, Ile-Ife. She proceeded to Ahmadu Bello University, Zaria in Year 2010 where she graduated with a Masters' Degree in Business Administration.

Oluwatoyin Aderonke, an astute and dynamic professional, is a professional member of Institute of Chartered Accountants of Nigeria (ICAN), Chartered Institute of Taxation of Nigeria (CITN), Chartered Insurance Institute of Nigeria (CIIN) and Nigerian Institute of Management (NIM).

She works as a Director at the Supervision Directorate, National Insurance Commission (NAICOM).





SUSTAINABILITY OF THE INSURANCE INDUSTRY IN THE VUCA ENVIRONMENT – REGULATORY INITIATIVES AND CHALLENGES

A PRESENTATION BY

**MRS OLUWATOYIN CHARLES
DIRECTOR SUPERVISION, NAICOM**

@

**THE 2023 INSURANCE PROFESSIONALS' FORUM,
PARK INN RADISSON, ABEOKUTA, OGUN STATE**

SEPTEMBER, 2023





Outline

- Introduction to Sustainability in Insurance
- VUCA Environment and Its Impact
- Regulatory Initiatives
- Challenges & Solutions
- Strategies for Sustainability
- Conclusion and Q&A





Sustainability

- What is Sustainability?
 - ❑ It is a broad term that refers to practices, policies and systems that aim to meet the needs of the present without compromising the ability of the future generations to meet their own needs
 - ❑ It encompasses environmental, social and economic factors and focuses on the long-term well being of people and the planet.
 - ❑ It is about meeting our needs while also preserving the natural world and promoting social equity for future generations



3





Sustainability in Insurance

- Sustainability in Insurance?
 - ❑ It is a strategic approach where all activities in the insurance value chain, including interactions with stakeholders, are done in a responsible and forward-looking way by identifying, assessing, managing and monitoring risks and opportunities associated with Environmental, Social and Governance (ESG) issues
 - ❑ It is the integration of Environmental, Social, and Governance (ESG) considerations into insurance business practices, products, and strategies.
 - ❑ It involves a commitment to responsible and ethical behaviour that not only minimizes negative impacts but also actively contributes to the well-being of society and the planet





Sustainability in Insurance contd.

- ❑ It involves offering sustainable products such as green insurance policies that cover environmentally-friendly homes and businesses.
- ❑ It involves investing in renewable energy and sustainable infrastructure.
- ❑ It involves a commitment to responsible and ethical behavior that not only minimizes negative impacts but also actively contributes to the well-being of society and the planet





Importance of Sustainable Insurance

- To reduce risk
- Develop innovative solutions
- Improve business performance
- contribute to environmental, social and economic sustainability





Purposes of Sustainable Insurance Principles

- To understand, manage and carry risk.
- To create awareness on risk
- To better understand, prevent and reduce environmental, social and governance risks, and
- To better manage opportunities to provide quality and reliable risk protection.





Sustainable Insurance Principles

- Principle 1 - Entrench decision-making in environmental, social and governance issues relevant to insurance business.
- Principle 2 – Collaborate with clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions.
- Principle 3 – Collaborate with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues.
- Principle 4 – Demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles.





Sustainable Insurance Principles

Principle 1:

Entrench decision-making

In environmental, social and governance issues relevant to insurance business

- Company Strategy
- Risk management and underwriting
- Product and service development
- Claims management
- Sales and marketing
- Investment management





Sustainable Insurance Principles

Principle 2 :

Collaborate together with clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions



Customers and Business Partners

- Dialogue with clients and suppliers on the benefits of managing ESG issues and the company's expectations and requirements on ESG issues
- Provide clients and suppliers with information and tools that may help them manage ESG issues.
- Integrate ESG issues into tender and selection processes for suppliers
- Encourage clients and suppliers to disclose ESG issues and to use relevant disclosure or reporting frameworks

Insurers, Reinsurers and Intermediaries

- Promote the adoption of the ESG Principles
- Support the inclusion of ESG issues in professional education and ethical standards in the insurance industry



Sustainable Insurance Principles

Principle 3 :

Collaborate together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues

❑ **Governments, Regulators and other policymakers**

- Support prudential policy, regulatory and legal frameworks that enable risk reduction, innovation and better management of ESG ;
- Dialogue with governments and regulators to develop integrated risk management approaches and risk transfer solutions.

❑ **Other Key Stakeholders**

- Intergovernmental and non-governmental organisations
- Business and industry associations •
- Academia and the scientific
- Media



Sustainable Insurance Principles

Principle 4 :

Demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles.

- Assess, measure and monitor the company's progress in managing ESG issues and proactively and regularly disclose this information publicly
- **Participate** in relevant disclosure or reporting frameworks
- Dialogue with clients, regulators, rating agencies and other stakeholders to gain mutual understanding on the value of disclosure through the Principles





Role of Insurance in promoting Sustainability

- Insurance protects the society, fosters innovation and underpins economic development through risk prevention, risk reduction and risks sharing.
- Ensures Risk Management.
- Provides protection from loss
- Provides safety and security.
- Promotes economic growth.
- Serves as financial intermediaries.
- Promotes trade and commerce.
- Provides financial protection.
- Helps in mitigating risks and uncertainties.
- Reducing burden on Governments.
- Increased Employment.





Significance of Sustainability

- Risk Mitigation
- Long-Term Viability
- Regulatory Compliance
- Enhanced Reputation
- Customer Attraction and Retention
- Innovation and Product Development
- Investment Opportunities
- Responsible Investment
- Community Engagement
- Adaptation to Climate Change
- Ethical and Governance Standards
- Societal and Environmental Impact





Significance of Sustainability

- **Risk Mitigation**
 - Sustainability practices help insurance companies identify and manage emerging risks associated with environmental, social, and governance (ESG) factors. This proactive risk management approach can prevent financial losses resulting from unforeseen events like natural disasters, climate change, or social unrest.
- **Long-Term Viability:**
 - Embracing sustainability helps Insurers maintain their long-term viability. By addressing ESG risks and opportunities, they can remain competitive and resilient in an ever-changing business environment





Significance of Sustainability

- **Regulatory Compliance**

- Many regulatory bodies are increasingly emphasizing sustainability reporting and ESG compliance. Insurance companies that integrate sustainability into their operations can ensure compliance with current and future regulations, avoiding potential legal and financial penalties.

- **Enhanced Reputation**

- Sustainability initiatives can improve an insurer's reputation and brand image. Demonstrating a commitment to ethical and responsible business practices can attract socially conscious customers, investors, and partners.





Significance of Sustainability

- **Customer Attraction and Retention:**
 - Sustainability-conscious consumers may prefer Insurers that align with their values. By offering sustainable insurance products and promoting responsible behaviour, Insurers can attract and retain customers
- **Innovation and Product Development:**
 - Sustainable insurance encourages innovation in product development. Insurers can create unique products that address emerging risks, such as climate-related coverage or green energy insurance.
- **Investment Opportunities:**
 - Insurers that align their investment portfolios with ESG criteria can access a growing market of socially responsible investments, potentially leading to better returns and reduced risks.





Significance of Sustainability

- **Responsible Investment:**
 - By investing in sustainable projects and businesses, insurance companies contribute to positive environmental and social outcomes. This aligns with broader efforts to address climate change, social inequality, and other global challenges.
- **Community Engagement:**
 - Insurers can play a vital role in supporting community development and social responsibility initiatives. By actively engaging with communities, they foster goodwill and strengthen their social impact.
- **Adaptation to Climate Change:**
 - As climate change poses increasing risks, Insurers are key players in helping individuals and businesses adapt to a changing environment. Sustainable insurance practices can promote resilience and aid in disaster recovery efforts.





Significance of Sustainability

- **Ethical and Governance Standards:**
 - Sustainable insurance companies adhere to high ethical and governance standards. This reduces the likelihood of corporate scandals, legal issues, and reputational damage.
- **Societal and Environmental Impact:**
 - Beyond financial considerations, sustainable insurance can contribute to positive societal and environmental impacts. This includes reducing carbon emissions, supporting green initiatives, and promoting social well-being.



Click to add title

What is VUCA?



VUCA is an acronym that stands for **volatility, uncertainty, complexity and ambiguity** qualities that make a situation or condition difficult to analyse , respond to or plan for.

- **V:** Volatility - change is rapid and unpredictable in its nature and extent.
- **U:** Uncertainty – the present is unclear and the future is uncertain.
- **C:** Complexity – many different, interconnected factors come into play, with the potential to cause chaos and confusion
- **A:** Ambiguity – there is a lack of clarity or awareness about situations



	<i>Drivers</i>	<i>Impact</i>	<i>Needs</i>
Volatility	<ul style="list-style-type: none"> Change Nature Change Dynamics Change Speed Change Rate 	<ul style="list-style-type: none"> Instability Loss of Control Increased Risk 	Vision
Uncertainty	<ul style="list-style-type: none"> Unpredictability Potential Surprises Unknown Impacts Unknown Outcomes 	<ul style="list-style-type: none"> Indecisiveness Increased Analysis Delayed action 	Under- standing
Complexity	<ul style="list-style-type: none"> Task Correlation Interdependencies Interrelationships Interoperability 	<ul style="list-style-type: none"> Data Overload Decline in Productivity Mistakes Learning of the fly 	Clarity
Ambiguity	<ul style="list-style-type: none"> Unclear Cause Unclear Action Unclear Aims Unclear Effect 	<ul style="list-style-type: none"> Doubts Distrust Lack of Confidence Delays 	Agility



VUCA and its Impacts in the insurance industry

The VUCA environment significantly affects the insurance industry in various ways. VUCA conditions create challenges and opportunities for Insurers, requiring them to adapt and evolve to remain competitive and resilient.

Here's how VUCA impacts the insurance industry

- **Increased Risk Exposure:**
 - Volatility and uncertainty in financial markets and the global economy can affect the investment portfolios of Insurers.
- **Climate Change and Catastrophic Events:**
 - The insurance industry is directly affected by climate change, which has led to an increase in natural disasters and catastrophic events. Insurers face rising claims related to hurricanes, wildfires, floods, and other climate-related disasters, leading to higher costs and potential underwriting challenges.





How does it affects the insurance industry?

- **Regulatory Changes and Uncertainty:**
 - VUCA conditions often lead to regulatory changes and uncertainty. New regulations can impact insurance practices, risk management, and capital requirements, requiring Insurers to adapt quickly and ensure compliance.
- **Technological Disruption:**
 - Rapid advancements in technology, including artificial intelligence, blockchain, and data analytics, have the potential to disrupt traditional insurance models. Insurtech companies and digital platforms are changing customer expectations, distribution channels, and underwriting processes.





How does it affects the insurance industry

- **Evolving Customer Needs and Expectations:**
 - In an uncertain and complex environment, customers' insurance needs and expectations can change rapidly. Insurers must be agile in responding to shifting customer preferences and demands for more personalized and flexible coverage.
- **Cybersecurity Risks:**
 - Increased connectivity and reliance on digital technology expose Insurers to cybersecurity risks. Cyberattacks and data breaches can result in significant financial losses and reputational damage.
- **Supply Chain Disruptions:**
 - Complex and global supply chains can be disrupted by various factors, including geopolitical tensions, pandemics, and natural disasters. This can affect Insurers that provide coverage for business interruption and supply chain risks.





How does it affects the insurance industry?

- **Operational Resilience:**

- VUCA conditions highlight the importance of operational resilience. Insurers need robust business continuity and disaster recovery plans to ensure they can continue to serve customers in the face of disruptions.

- **Sustainability Challenges:**

- The VUCA environment includes sustainability challenges, such as climate change and social inequality. Insurers must assess and manage ESG (environmental, social, and governance) risks and opportunities to remain sustainable and socially responsible.

In response to these VUCA challenges, Insurers are increasingly focusing on risk management, innovation, digital transformation, and sustainable practices. They are also adopting more flexible and adaptable business models to navigate the uncertainties of the modern world.



VUCA in the Insurance Industry: Examples

- **Cybersecurity Threats:**
 - The increasing frequency and complexity of cyberattacks have created a volatile risk landscape for Insurers. The insurance industry faces uncertainty in estimating potential losses from data breaches and the evolving nature of cyber threats.
- **Regulatory Changes (e.g.NDPR & GDPR):**
 - The introduction of new regulations, such as the General Data Protection Regulation (GDPR) in Europe and Nigeria Data Protection Regulations (NDPR) , brought complexity and ambiguity to the insurance sector. Insurers had to adapt to new data privacy requirements and ensure compliance, which required significant operational changes.
- **Technological Disruption (Insurtech):**
 - The rise of Insurtech start-ups and digital platforms introduced complexity and competition into the industry. Insurers had to navigate the complex landscape of emerging technologies, partnerships, and customer expectations while ensuring regulatory compliance.



VUCA in the Insurance Industry: Examples contd.

- **Geopolitical Risks:**

- Geopolitical tensions, trade disputes, and sanctions have created uncertainty in international markets. Insurers operating globally face complexity and ambiguity in managing geopolitical risks and currency fluctuations.

- **Social Unrest and Civil Unrest:**

- Social and political unrest events, such as protests and civil disturbances, can lead to uncertainty and complexity for Insurers. Property and liability claims may arise from these events, and Insurers must assess coverage and claims under challenging circumstances.





VUCA in the Insurance Industry: Examples contd.

- **Supply Chain Disruptions:**
 - Global supply chain disruptions, often due to events like the COVID-19 pandemic or trade disputes, have created uncertainty in terms of business interruption and supply chain insurance claims.
- **Emerging Health Risks:**
 - The emergence of new health risks, such as Zika virus outbreaks or potential pandemics, introduces volatility and uncertainty into the health insurance sector, requiring Insurers to adapt coverage and risk assessment models.





Regulatory Initiatives

- The Commission has been working to enhance regulatory standards and practices to address VUCA challenges.

We have introduced several initiatives, including:

- **Risk-Based Supervision (RBS):**

- The Commission introduced Risk-based Supervision to align regulatory oversight with the risk profiles of insurance companies. RBS helps assess and mitigate risks more effectively.
- Development of Framework for RBS.
- Human Capacity Development.
- Conduct Onsite Inspections.
- RBS inspection – ongoing.





Regulatory Initiatives

- **Solvency II Implementation:**
- : The Commission has also been working to adopt some of the principles and requirements of Solvency II, a regulatory framework for insurance solvency and risk management.

Risk Based Capital:

- The Commission has technical partnership with Financial Sector Deepening (FSD) Africa to design Risk Based Capital regulation and Tool kit.





Regulatory Initiatives

- **Microinsurance Regulations:**
 - To address the complexity of reaching underserved populations, NAICOM has introduced microinsurance regulations that aim to make insurance more accessible to low-income earners and small businesses. We have also licensed microinsurance companies to transact microinsurance business in Nigeria.
- **Consumer Protection Regulations:**
 - The Commission been working to strengthen consumer protection in the insurance industry. Initiatives include guidelines on fair treatment of customers and ensuring that policyholders understand their rights and coverage terms, which can help address uncertainties related to policyholder expectations.





Regulatory Initiatives

- **Innovations:**

- The Commission launched the BimaLab Nigeria (Insurtech) project on 9th February 2022 in partnership with FSD-Africa.
- Bima Lab Africa is ongoing.
- NAICOM Portal – The Insurance Industry Policy Module was launched in September 01,2021.
- Development of web-based solution for Regulatory Returns and Analysis.
- PayU's product approved.
- Insurance Web Aggregators Operational Guidelines.





Regulatory Initiatives

- **International Accounting Standard:**
 - IFRS 17 and other Accounting changes.
 - Insurance Industry Financial Reporting Working Group (IIFRWG)
 - Nigerian Actuarial Society - Discount Rate Committee (NAS-DRC)
 - Accounting Technical Committee
 - Integration of ESG Principles and frameworks into Nigeria Insurance Regulations.
- **Regional Integration – Formation of WAISA:**
 - The Commissioner for Insurance as the Chairman.
 - Harmonization of law.
 - Established the CISWAMZ with Nigeria as Chairman





Regulatory Initiatives

- **Regulatory Tools:**

- To address the complexity in regulations , NAICOM has issued some Guidelines such as;
- Insurance Web aggregators Operational Guidelines 2022.
- Nigerian Insurance Industry ICT Guideline.
- Revised Market Conduct 2022.
- Revised Prudential Guideline 2022.
- Corporate Governance Guidelines and Tenure for Executive Directors circular.
- Guidelines on Regulatory sandbox.





Regulatory Initiatives

- **Other Initiatives:**

- Engagement with States Governments.
- Collaboration with other government Agency such as Fire Service
- Industry Committee on AfCFTA.
- Membership of ATI.
- Establish mechanism for alternative distribution channel.
- Agree Industry framework for customer satisfaction measurement and conduct Industry customer satisfaction survey.
- Regulatory sandbox Guidelines.



Regulatory Compliance and Sustainability

The Role of Regulatory Compliance In Sustainability

Regulatory compliance plays a vital role in promoting sustainability by establishing guidelines, standards, and requirements that Insurers must adhere to in their operations and practices.

- **Environmental Considerations:**

- Regulators may impose requirements related to Insurers' environmental impact. This can include guidelines on investments in environmentally responsible assets, assessments of climate change risks, and adherence to environmental reporting standards.

- **Risk Management for Climate-Related Risks:**

- Regulations also mandate that insurance companies assess and manage climate-related risks effectively. This encourages Insurers to integrate climate risk considerations into their underwriting, pricing, and investment strategies



Regulatory Compliance and Sustainability contd.

- **Sustainable Product Development:**
 - Regulatory compliance can drive Insurers to develop sustainable insurance products that address environmental and social concerns. For example, regulators encourage the creation of policies related to renewable energy, green building, or sustainable agriculture.
- **Transparency and Disclosure:**
 - Many regulations require Insurers to disclose their ESG (Environmental, Social, and Governance) practices and performance. This transparency helps investors, policyholders, and other stakeholders assess an insurer's commitment to sustainability.





Regulatory Compliance and Sustainability contd.

- **Solvency and Capital Requirements:**
 - Regulators set solvency and capital requirements that Insurers must meet to ensure their financial stability. Compliance with these requirements helps Insurers manage financial risks associated with ESG factors.
- **Consumer Protection:**
 - Regulations related to consumer protection can influence Insurers to design policies that are fair, transparent, and meet the needs of policyholders. This includes policies that provide adequate coverage for environmental or climate-related risks.
- **Microinsurance and Financial Inclusion:**
 - Regulatory initiatives encourages Insurers to provide microinsurance products aimed at serving underserved and low-income populations. These initiatives promote social sustainability by extending insurance coverage to those who need it most.





Regulatory Compliance and Sustainability contd.

- **Economic Resilience:**
 - Regulations address the economic resilience of the insurance industry in the face of sustainability-related events. For example, they may require Insurers to assess their exposure to natural disasters and climate change impacts.
- **Ethical Investment Practices:**
 - Compliance with regulations influence Insurers to adopt ethical investment practices, aligning their investment portfolios with ESG criteria and promoting responsible investment choices.
- **Climate Disclosure Reporting:**
 - Regulatory compliance require Insurers to report on their climate-related risk exposures, response strategies, and sustainability performance. This reporting contributes to better risk assessment and management.





Regulatory Compliance and Sustainability contd.

- **Alignment with International Standards:**
 - Regulatory frameworks often align with international standards and agreements related to sustainability, such as the Principles for Sustainable Insurance (PSI) developed by the United Nations Environment Programme Finance Initiative (UNEP FI).
- **Operational Efficiency and Cost Reduction:**
 - Some regulations may incentivize Insurers to adopt sustainable practices that result in operational efficiencies and cost reductions, making their business operations more sustainable from an economic standpoint.

In summary, regulatory compliance in the insurance industry plays a crucial role in advancing sustainability by establishing guidelines, incentivizing responsible practices, ensuring financial stability in the face of ESG risks, and promoting transparency and accountability. It encourages Insurers to integrate sustainability principles into their core operations, product offerings, and investment strategies, ultimately contributing to a more sustainable and resilient insurance sector





Balancing Regulatory Requirements with Sustainability Objectives

- Balancing regulatory requirements with sustainability objectives can be challenging but it is essential for the insurance industry. To effectively strike this balance, Operators need to consider several key strategies and principles:
 - Understand Regulatory Requirements
 - Align Sustainability with Regulatory Compliance
 - Establish a Compliance Team
 - Regularly Assess Risks
 - Prioritize Materiality
 - Data Management and Reporting
 - Develop Sustainable Products and Services
 - Engage with the Regulator





Balancing regulatory requirements with sustainability objectives

- Risk-Based Approach
- Continuous Improvement
- Embed Sustainability in Corporate Culture
- Transparency and Reporting
- Collaborate and Share Best Practices
- Monitor and Audit





Compliance challenges and solutions

• Challenges

Compliance challenges in sustainability within the insurance industry, particularly in a VUCA environment, can be significant. However, there are various solutions and strategies Insurers can implement to address these challenges effectively. Here are some common compliance challenges and potential solutions:

- Evolving Regulations
- Data Complexity
- Data Quality and Transparency
- Market Fragmentation
- Interconnected Risks
- Changing Customer Expectations
- Integration of Sustainability into Operations





Compliance challenges and solutions

- **Solutions**

- Proactive Regulatory Monitoring
- Data Management Systems
- Third-Party Verification
- Global Frameworks and Standards
- Scenario Analysis and Stress Testing
- Sustainable Product Innovation
- Customer Engagement
- Training and Education
- Collaboration and Industry Initiatives
- Continuous Improvement





Strategies for Sustainability

Implementing sustainability strategies in a VUCA environment is crucial for the insurance industry. These strategies help insurers adapt to rapidly changing conditions while promoting responsible and ethical business practices. Here are some strategies for sustainability in the insurance industry within a VUCA environment.

Risk Assessment and Management:

- Prioritize the assessment and management of ESG (Environmental, Social, and Governance) risks. Develop robust risk models that account for climate change, natural disasters, and other sustainability-related risks.

Scenario Analysis:

- Use scenario analysis to evaluate the impact of various sustainability-related events, such as extreme weather events or regulatory changes, on your operations and investments. This helps in strategic planning and risk mitigation.





Strategies for Sustainability contd.

- **Responsible Investment:**
 - Align investment portfolios with ESG principles. Invest in assets and companies that adhere to sustainable and ethical practices. Engage with investee companies to promote responsible behavior.
- **Product Innovation:**
 - Develop insurance products that address emerging sustainability challenges. This can include policies related to renewable energy, sustainable agriculture, and climate resilience.
- **Regulatory Compliance:**
 - Stay informed about evolving sustainability regulations and ensure compliance. Collaborate with regulatory bodies and industry associations to influence and shape regulations where appropriate.





Strategies for Sustainability contd.

- **Data Analytics and Technology:**
 - Leverage data analytics and technology to better assess, monitor, and manage sustainability risks. Advanced analytics can provide insights into emerging risks and opportunities.
- **Stakeholder Engagement:**
 - Engage with stakeholders, including customers, investors, employees, and communities, to understand their sustainability concerns and expectations. Incorporate their feedback into your sustainability strategy.
- **Transparency and Reporting:**
 - Publish transparent and comprehensive sustainability reports, disclosing ESG performance, goals, and progress. Use recognized reporting frameworks such as GRI or TCFD to enhance credibility.





Strategies for Sustainability contd.

- **Sustainable Procurement:**
 - Ensure that your supply chain and procurement practices align with sustainability goals. Work with suppliers who share your commitment to responsible sourcing and ethical practices.
- **Employee Engagement:**
 - Foster a culture of sustainability within your company. Provide training, education, and incentives to employees to encourage responsible behavior and decision-making.
- **Customer-Centric Approach:**
 - Tailor products and services to meet customer demands for sustainable and responsible insurance options. Provide incentives for policyholders who adopt sustainable practices.





Strategies for Sustainability contd.

- **Community Involvement:**
 - Engage in community development initiatives and philanthropic activities that promote social and environmental well-being. This can enhance your brand reputation and build goodwill.
- **Resilience Planning:**
 - Develop business continuity and disaster recovery plans that account for sustainability-related risks. Ensure that your operations can withstand and recover from disruptions.
- **Ethical Leadership:**
 - Demonstrate ethical leadership from top management down. Commit to sustainability as a core value and lead by example.





Strategies for Sustainability contd.

- **Collaboration and Partnerships:**
 - Collaborate with other insurance companies, industry associations, government agencies, and NGOs to address broader sustainability challenges and find innovative solutions.
- **Continuous Improvement:**
 - Continuously review and adapt your sustainability strategy in response to changing VUCA conditions, emerging risks, and evolving stakeholder expectations.
- **Long-Term Thinking:**
 - Embrace a long-term perspective on sustainability. Prioritize actions that contribute to the long-term resilience and sustainability of your business.





Case Studies

Some insurance companies have successfully navigated the VUCA environment while adhering to sustainability principles. These companies have demonstrated their ability to adapt to changing conditions, address sustainability challenges, and contribute positively to environmental, social, and governance (ESG) goals. Examples of such companies are:

- **AXA Group:**
 - **Sustainability Initiatives:** AXA has committed to several sustainability initiatives, including divesting from coal and increasing investments in renewable energy. They have also adopted a strong climate strategy to align their business with the Paris Agreement's goals.
 - **VUCA Response:** AXA has adapted its risk management strategies to address climate-related risks, such as developing insurance products that cover renewable energy projects and offering insurance for electric vehicles.
- **Zurich Insurance Group:**
 - **Sustainability Initiatives:** Zurich has set ambitious sustainability targets, including a commitment to making its investment portfolio carbon-neutral by 2050. They also actively engage with the Task Force on Climate-related Financial Disclosures (TCFD).
 - **VUCA Response:** Zurich is proactive in assessing and managing climate risks, incorporating ESG factors into its investment decisions, and providing insurance solutions for renewable energy projects.



Case Studies contd.

- **Allianz SE:**
- **Sustainability Initiatives:** Allianz has a comprehensive sustainability strategy that includes ESG integration in investments, carbon neutrality goals, and a commitment to responsible underwriting.
- **VUCA Response:** Allianz focuses on risk management and is actively involved in sustainability-driven initiatives, such as the Principles for Sustainable Insurance (PSI) and the Science-Based Targets initiative
- **Swiss Re:**
- **Sustainability Initiatives:** Swiss Re is known for its strong commitment to sustainability and climate change mitigation. They have pledged to make their entire investment portfolio ESG-compliant by 2030.
- **VUCA Response:** Swiss Re actively manages climate-related risks, provides reinsurance solutions for renewable energy projects, and engages in research and advocacy on climate resilience and adaptation.



Conclusion

Last words;

- It is clear that sustainability is an important issue for the insurance industry, especially in today's VUCA environment.
- By incorporating sustainability into your policies, practices and investments, Insurers can help create a more resilient and sustainable future.
- By embracing change and thinking long-term, Insurers can be part of the solution to some of the World's biggest challenges.
- By working together, we can create a brighter, more sustainable future for all.





Thank
you



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ESG Consideration and Insurance Practice in Nigeria

Mr. Aminu Tukur
Vice Chairman
Noor Takaful Insurance Limited



MR. AMINU TUKUR

Aminu Tukur is a highly experienced professional in the finance industry, currently serving as the Vice Chairman at Noor Takaful Insurance Limited. He joined the company in February 2018 as the General Manager, overseeing the Finance and Marketing departments. In recognition of his exceptional leadership skills and industry expertise, he was appointed as the Acting Managing Director in April 2019 for one year.

Aminu holds a Masters' Degree of Business Administration from Nottingham University Business School in the United Kingdom, as well as a Bachelor's Degree in Accounting from the University of Abuja in Nigeria. With in-depth industry experience in finance spanning almost three decades, Aminu has built a strong foundation in investments through his roles at ARM, Efectivo Capital, and Adamawa Investment and Property Development Company.

He has held senior positions with renowned organisations in Nigeria, showcasing his valuable contributions to the industry and in the non-interest finance space.



ESG Considerations and Insurance Practice In Nigeria

Chartered Insurance Institute of Nigeria
2023 Insurance Professionals Forum



Presented by: Aminu Tukur
Vice Chairman, Noor Takaful Insurance Ltd.
September 2023

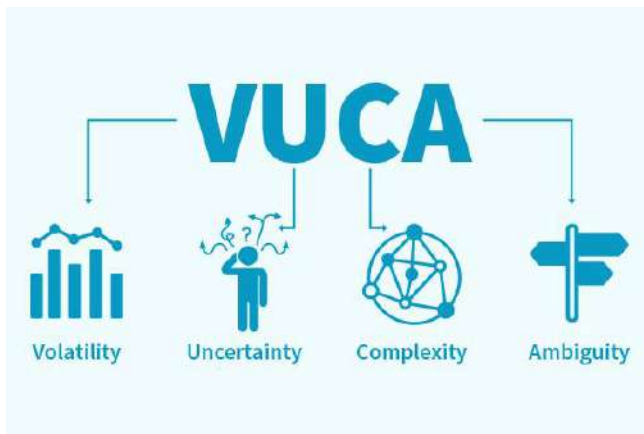


Introduction



Theme of the Forum: *Sustainability of the Insurance Industry in the VUCA Environment*

Topic of this Presentation: *ESG Considerations and Insurance Practice In Nigeria*

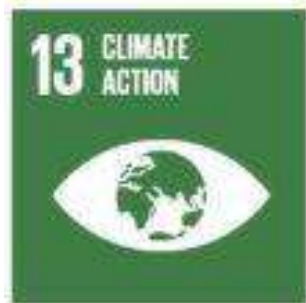
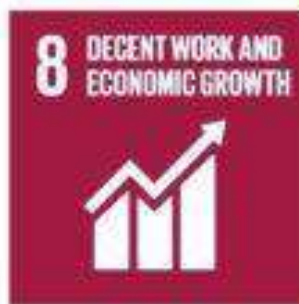


Relating the 2 concepts



- VUCA and ESG are distinct concepts
- They are interconnected in the modern business landscape. Companies need to consider ESG principles in their strategies to navigate the challenges posed by the VUCA environment effectively.
- ESG performance can be both influenced by and have an impact on a company's ability to thrive in a VUCA world.





MOVINGWORLDS



What is ESG?



- Sets of standards / criteria used to assess and measure company's performance and impact in these three key areas.
- ESG factors are used by investors, stakeholders, and organizations themselves to evaluate a company's sustainability and ethical practices.

Why are we having this Conversation?

- ESG **criteria are used by stakeholders to make socially responsible decisions**, and by companies to demonstrate their commitment to sustainability and responsible business practices.
- Many organizations publish **ESG reports and disclosures to provide transparency** regarding their ESG performance.
- The integration of ESG factors into business strategies has become increasingly important as **stakeholders seek to patronize and support companies that align with their values and contribute positively to society and the environment.**



ESG & Insurance in Nigeria



ESG as it relates to Insurance

- ESG concerns are increasingly (globally) important to organisations, customers, investors and regulators.
 - Insurance firms that act with purpose and can actively demonstrate their ESG values will not only increase customer trust but build business resilience and protect against reputational damage.
- Environmental, Social, and Governance reporting in insurance.
 - ESG transformation will require organizations to be more aware of the risk of climate change and have a greater sense of social responsibility.
- Identifying, understanding and managing risks are at the core of the insurance industry.
 - All risks have various dimensions, but ESG profile of a risk is a dimension that has only recently found its way into risk analysis in the industrial insurance segment.



What is ESG Underwriting.....

- **Data Collection and Analysis:**
 - Insurance companies collect data related to the ESG performance of potential policyholders.
 - Data can include information on the company's environmental practices, social policies, and corporate governance.
- **Risk Assessment:**
 - ESG factors are integrated into the risk assessment process.
 - Underwriters analyze how ESG issues may impact the insurability of the client or policy.
 - For example, environmental risks could include exposure to climate-related events or pollution liability. Social risks might involve labour practices, product safety, or community relations. Governance risks could include ethical conduct and compliance with regulations.
- **Pricing and Underwriting Decisions:**
 - Based on the risk assessment, underwriters may adjust the pricing of insurance policies.
 - Higher ESG risks may result in higher premiums or more restrictive policy terms.
 - Underwriters may also make underwriting decisions, such as accepting, rejecting, or modifying the policy, based on the client's ESG profile. For example, a company with a poor environmental record may face more stringent underwriting conditions.
- **Customization of Coverage:**
 - ESG underwriting may lead to the customization of coverage to address specific ESG risks.
 - For instance, an insurer may offer additional coverage or endorsements to mitigate certain environmental or social risks.
- **Engagement and Risk Mitigation:**
 - Some insurers engage with policyholders to encourage them to improve their ESG practices. This engagement can include risk mitigation strategies, such as implementing safety measures or environmental improvement



Underwriting Considerations with ESG

- **Disclosure and Reporting:**

- Policyholders to disclose relevant ESG information regularly.
- This data helps insurers monitor and assess ongoing risk.

- **Claims Handling:**

- ESG factors may be considered in the claims process.
- eg, if a claim arises from a pollution incident, the underwriter may evaluate whether the policyholder had appropriate environmental safeguards in place.

- **Periodic Review:**

- ESG underwriting is not a one-time process. Insurance companies may conduct periodic reviews of policyholders' ESG performance to adjust pricing and coverage as needed.

- **Regulatory Compliance:**

- Insurance companies may need to comply with regulations related to ESG underwriting, especially in regions where ESG disclosure and reporting requirements are mandated.

- **Reinsurance Considerations:**

- Reinsurers, who provide insurance to insurance companies, may also consider ESG factors when pricing and underwriting reinsurance contracts. This can have a cascading effect on the insurance industry.



The Practice Nigeria Insurance Needs

The Nigerian insurance industry has been gradually recognizing the importance of ESG considerations.

As ESG awareness grows globally, insurers in Nigeria quickly need to adopt strategies that incorporate these considerations into their underwriting, risk assessment, and investment practices.



The Practice Nigeria Insurance Needs

Product Development: Insurers might develop products that specifically address ESG-related risks, such as climate-related coverage or policies that incentivize sustainable practices among policyholders.

Risk Assessment: Insurance companies will likely place greater emphasis on assessing ESG-related risks when underwriting policies, which could lead to more accurate pricing and coverage.

Investment Practices: Insurers' investment decisions might shift toward companies that align with ESG principles, contributing to sustainable and socially responsible practices.

Stakeholder Engagement: Engaging with stakeholders, including customers, regulators, and the community, about ESG considerations can enhance an insurer's reputation and social impact.

Regulations: As global awareness of ESG considerations increases, regulatory bodies in Nigeria need to introduce guidelines or requirements related to ESG reporting and practices for the insurance industry.



Implementing ESG in the insurance industry in Nigeria?

▪ Leadership and Commitment

- Aligning of ESG principles with the core values of the organization and strategy

▪ Assessment and Benchmarking

- current state of ESG practices in the organization
- Benchmarking against peers and global best practise

▪ Stakeholder Engagement

- Engage with clients, regulators, employees etc

▪ Risk Management:

- Incorporate ESG risk assessments into the overall risk management framework. Identify and mitigate ESG-related risks that may impact the company's financial stability and reputation.

▪ Training and Education

- Provide training and education to employees to raise awareness of ESG issues and build their capacity to implement ESG practices effectively.



Implementing ESG in the insurance industry in Nigeria?

- **Environmental Initiatives:**
 - Develop environmentally responsible practise (e.g. Carbon emission, paperless)
 - Product development to support renewables
- **Social Initiatives:**
 - Diversity & inclusion
 - Fair labour practise
- **Governance Enhancements:**
 - Implement policies to prevent corruption and unethical behaviour.
- **Collaboration and Partnerships:**
 - Collaborate with industry associations, NGOs, and other stakeholders to share best practices, gain insights, and collectively address ESG challenges.
- **Continuous Improvement:**
 - Regularly review and update the ESG strategy and initiatives to adapt to evolving ESG trends, regulations, and stakeholder expectations.



Challenges of ESG in the Nigerian Insurance Industry

- **Lack of Awareness and Education:** Many insurance professionals and stakeholders may not fully understand the concept of ESG or its importance and the potential benefits of ESG integration.
- **Regulatory and Policy Gaps:** The regulatory framework in Nigeria may not provide clear guidance or incentives for insurers to adopt ESG practices. Regulations may not require ESG reporting, making it optional
- **Short-Term Focus:** Insurance companies may prioritize short-term financial gains over long-term sustainability. ESG require investments and a longer-term perspective, which may not align with immediate profit objectives.
- **Resource Constraints:** Many insurance companies, may have limited resources to allocate to ESG-related initiatives. They may lack the expertise, personnel, or financial capacity to implement ESG practices effectively.
- **Risk Perception:** ESG risks may not be perceived as immediate threats to insurers, leading to a lack of urgency in addressing them. However, these risks can become more significant over time.



Challenges of ESG in the Nigerian Insurance Industry

- **Competitive Pressures:** In a competitive market, insurers may prioritize factors other than ESG to gain a competitive edge, such as price and product innovation.
- **Stakeholder Pressure:** The pressure from investors, policyholders, and other stakeholders to adopt ESG practices may not be as pronounced in Nigeria as in some other regions.
- **Data Challenges:** Access to quality ESG data and metrics, especially for Nigerian-specific contexts, can be limited. This data is essential for assessing ESG risks and opportunities accurately.
- **Cultural and Societal Factors:** Societal norms and cultural values may not prioritize ESG issues to the same extent as in some other countries. This can affect the demand for ESG-related insurance products and services.
- **Government Priorities:** Government policies and priorities may not emphasize ESG practices in the insurance sector, leading to a lack of incentives for insurers to invest in these areas.



Conclusion



Conclusion

ESG considerations are **somewhat** influencing insurance practices in Nigeria by encouraging a focus on sustainability, ethical behaviour, and long-term value creation.

It's important to note that the extent to which ESG considerations are integrated into insurance practices in Nigeria will depend on factors like market awareness, regulatory environment, and consumer demand.

Additionally, adapting to the digital age and leveraging on technology for distribution, underwriting, and claims processing can play a crucial role in driving growth in the modern insurance landscape.

Finally, to achieve sustainable growth, insurance companies in Nigeria need to embrace ESG which will assist the professionals focus on customer needs, innovation, operational excellence, regulatory compliance, development of tailored made product and ethical business practices.



Who should (would) lead the ESG in the Insurance Industry?

- The Regulator?
- The Association?
- The Institute
- The Insurance Companies?
- Investor & Shareholders
- Consumers & Policy Holders





Thank
you



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Chartered Insurance Institute of Nigeria

Discussant view on Insurance as a catalyst to drive economic growth

Peter Offiong
Head, Financial and Professional Service,
Scib Nigeria and Company Limited



ESG Consideration and Insurance Practice in Nigeria

15th September 2023

Peter Offiong. MSc, FIIN, ACIB, ACA

Head, Financial & Professional Services @ Scib Nigeria & Co. Ltd



Contents

- Pillars of ESG
- Existing Mandatory Obligations Relating to ESG
- ESG and Insurance Intersection
- Strategic Priorities for the Nigerian Insurance Industry



Pillars of ESG

ESG— which stands for Environmental, Social and Governance ensures that with the application of these three criteria, a company's method of operations is considered alongside its profitability.

ESG compliance therefore fuses ethical practices into business operations by ensuring that in addition to providing value for its investors, companies also add value to other stakeholders (e.g., the environment, employees, host communities, customers, suppliers, labour union and host governments).

Environmental

- Climate change
- Pollution
- Biodiversity
- Waste management
- Water use

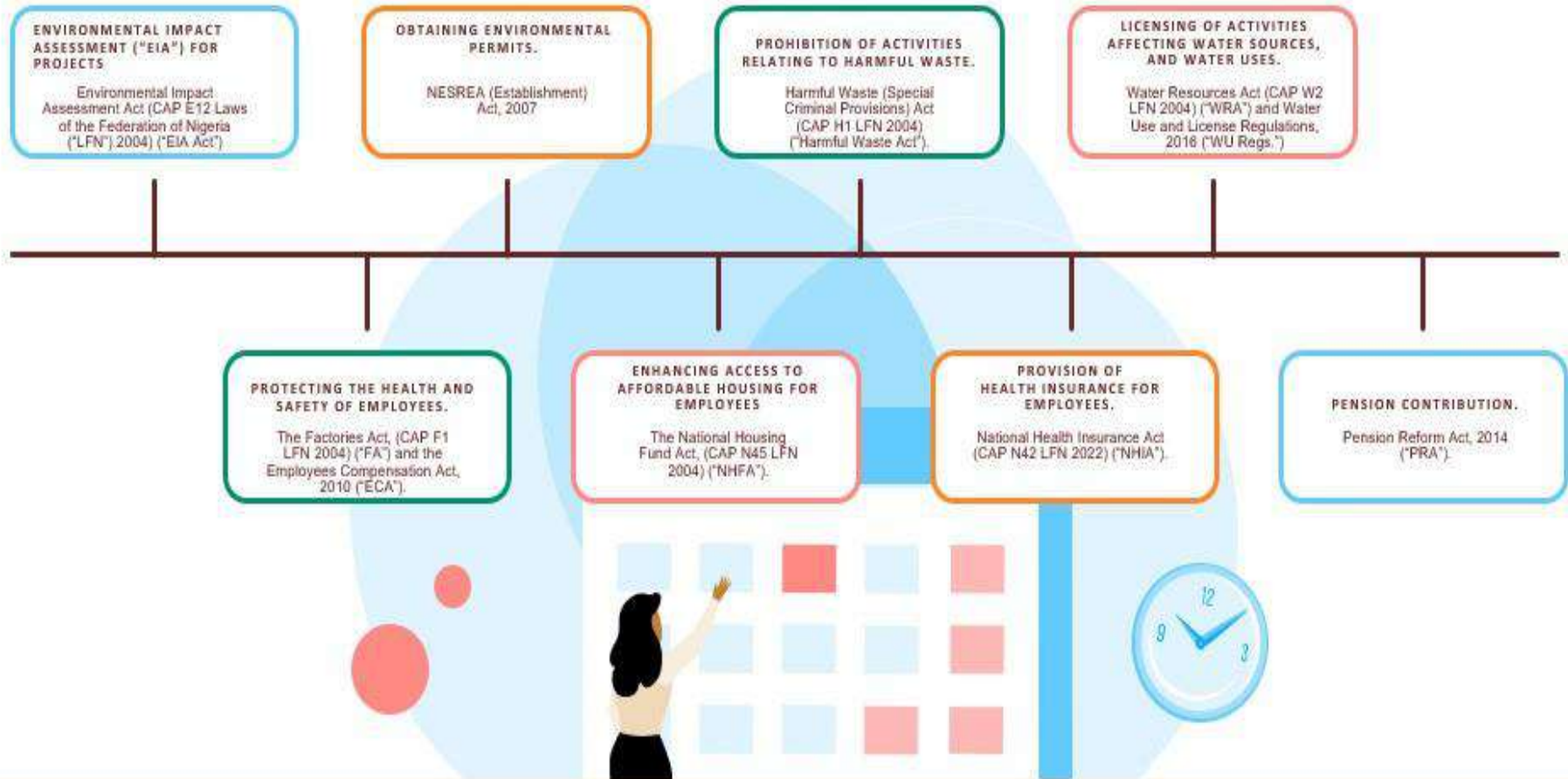
Social

- Employee relations
- Diversity
- Health and safety
- Working conditions
- Community relations
- Human rights

Governance

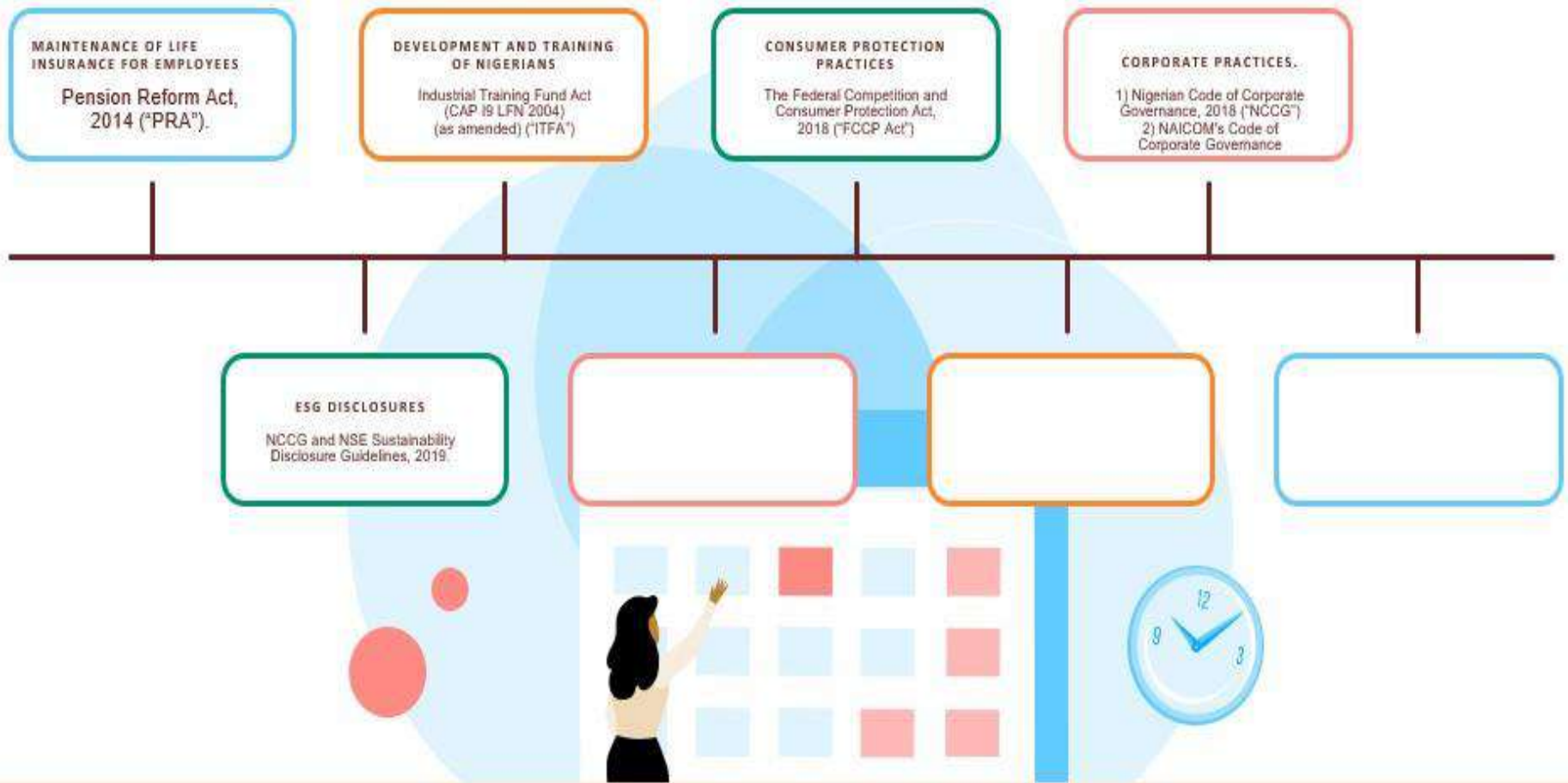
- Disclosures
- Transparency
- Board structure/diversity
- Antibribery and corruption
- Remuneration





Existing Mandatory Obligations Relating to ESG





Existing Mandatory Obligations — Relating to ESG —





RISKS MANAGEMENT

Helping clients to identify ESG risks and mitigate them. Flood, Human Rights (remember EndSars?), Governance issues, etc.



UNDERWRITING

Making ESG especially the mandatory obligations a part of underwriting submission



CLAIMS

Helping clients replace and reconstruct damaged items in a resilient, sustainable and ESG compliant manner.



PEOPLE & OPERATIONS

Complying with the principles of ESG in own operations and treatment of people (employees, investors, etc.)



INVESTMENTS

Integrating ESG considerations in the investment decision-making process to generate investment ideas and themes, to select individual assets for their portfolio, but also to decide on the weights of different assets in the investment portfolio. This would involve examining ESG factors at the company level and asset level.

ESG and Insurance Intersection

RISK FOCUS

Insurance operates across industries and the majority of its discussions are focused on risk reduction. The changing environment is having a significant impact on the nature of risk and the potential for claims, meaning that the insurance sector is directly involved at a data and interpretation level.

CROSS-INDUSTRY PERSPECTIVE

Risk professionals have a perspective on several aspects of ESG which gives them the ability to see what is working in one sector and potentially how that could be applicable to a different sector. The industry also has the capacity and experience to engage with interested parties across the board.

SUPPORT AND PROMOTE THE MOST EFFICIENT METRICS

Insurance needs to respond to a plethora of reporting expectations, all of which add to administration costs. This gives insurance a perspective that could support the validity of some metrics and potentially narrowing down the number of metrics that companies, regulators and governments are both offering and expecting adherence with.

PRODUCT DEVELOPMENT

Ultimately, the insurance sector is in the business of understanding, assessing and responding to risk. When a risk becomes an incident, the sector needs to respond to clients' claims. This gives the sector a unique perspective as risks emerge and the incentive to develop coverages that will assist clients with both risk mitigation and protection.

PUBLIC POLICY

The sector can continue to work more closely with government and policymakers to provide new perspectives and insights on risk and modelling for example, looking at data related to health claims, traffic accidents, weather impacts, theft issues and fire claims, etc. In this way, insurance industry can be a real force for good in the fundamental shift required for the world to be truly ESG focused.

ESG and Insurance Intersection: How Insurance Sector Can Help



Strategic Priorities for the Insurance Industry and its Partners

BUILDING BACK BETTER

Why are not all insurance repairs conducted with a low-carbon and climate-resilient future in mind?

CLOSING THE PROTECTION AND RESILIENCE GAP

How can the industry build trust, capacity and long-term solutions where no markets currently exist or where rising risks threaten the availability of insurance?

MAKE RESILIENCE AN INVESTABLE PROPOSITION

How can we incentivize these behaviours on the part of clients?

INVESTING IN SUSTAINABLE ASSETS

Why are insurers still funding projects that they would not insure, whether on health, social or environmental grounds? How can insurers play a market-shaping role in terms of driving demand for green and sustainable assets?

ENGAGING WITH CLIENTS AND CUSTOMERS THROUGH BETTER RISK SIGNALING

How can insurers use risk signaling to inform other sectors and governments about the urgency of changing to more sustainable practices and policies?



Thank You

Credit:

DENTONS (2021). *Operating in a Changing World: A Note on ESG Related Compliance Obligations for Nigerian Companies.*

Swenja Surminski, Nick Robins, William Irwin (2018) *Where next for sustainable insurance? Five priorities for the next decade.*

Scib Nigeria & Co Ltd's e-library



Talent Management and Sustainability of the Insurance Industry

Mr. Babatunde Fajemirokun

Managing Director,
AIICO Insurance Plc



MR. BABATUNDE FAJEMIROKUN

Babatunde Fajemirokun is the Managing Director and CEO at AIICO Insurance Plc, a position he has held since August 14, 2019. He has decades of professional experience cutting across management consulting, insurance, and asset management. He joined AIICO Insurance Plc, Life Insurance Division in May 2009, and was responsible for value-enhancing projects in its maiden growth strategy, business process and technology transformation projects.

Prior to his appointment as Managing Director and CEO, he held roles that were responsible for key strategic and operational functions across the business. He was Divisional Head Operations & Technology (2009-2013), Chief Operating Officer (2013-2017) and Group Chief Business Officer (2017-2019).

Babatunde started his career as an academia in Year 2001, as a visiting lecturer in the Department of Economics & Enterprise at Glasgow Caledonian University, Scotland. He worked with Accenture, Lagos (2003 – 2007), and then Capgemini Consulting, UK (2008 – 2009). In his management consulting roles, Babatunde provided consulting/advisory services to Financial Services (banking and insurance) and Government Clients, predominantly in mergers and acquisitions, and then United Kingdom Government transformation programs.

Babatunde is a Fellow of the Society of Underwriting Professionals (FCII), Chartered Insurance Institute UK, and a Chartered Insurer, and has an MBA from the University of Chicago Booth School of Business (2013), a Business Information Strategy Master's degree (Distinction) from the University of Strathclyde (2002), and a Bachelor's Degree in Business Economics from Glasgow, United Kingdom (2000).





Talent Management and Sustainability of the Insurance Industry

Presented by: Babatunde Fajemirokun – CEO AIICO Insurance Plc



Objective

The objectives of the presentation are:



- Understand the importance of talent management in the insurance industry.
- Identify key challenges and trends in talent management.
- Explore strategies for effective talent management.
- Discuss the role of talent management in ensuring industry sustainability.

Importance of Talent Management in the Insurance Industry

Attracting and retaining skilled professionals

By offering competitive compensation packages, career development opportunities, and a supportive work environment, insurance companies can attract top talent.



Enhancing Customer Satisfaction and Loyalty.

Effective talent management practices prioritize customer-centric training, communication skills, and empathy, ensuring that employees are well-equipped to handle customer interactions. Satisfied customers are more likely to remain loyal and refer others to the insurance company.



Developing a strong organizational culture

By aligning values, goals, and behaviours, talent management practices create a shared sense of purpose and identity.



Driving innovation and Growth.

By identifying and nurturing employees with creative thinking and problem-solving skills, talent management practices encourage innovation at all levels of the organization. This includes providing opportunities for continuous learning, fostering a culture of experimentation, and promoting collaboration across departments.



Current Challenges in Talent Management



Attracting young talent.

Bridging the skills gap.

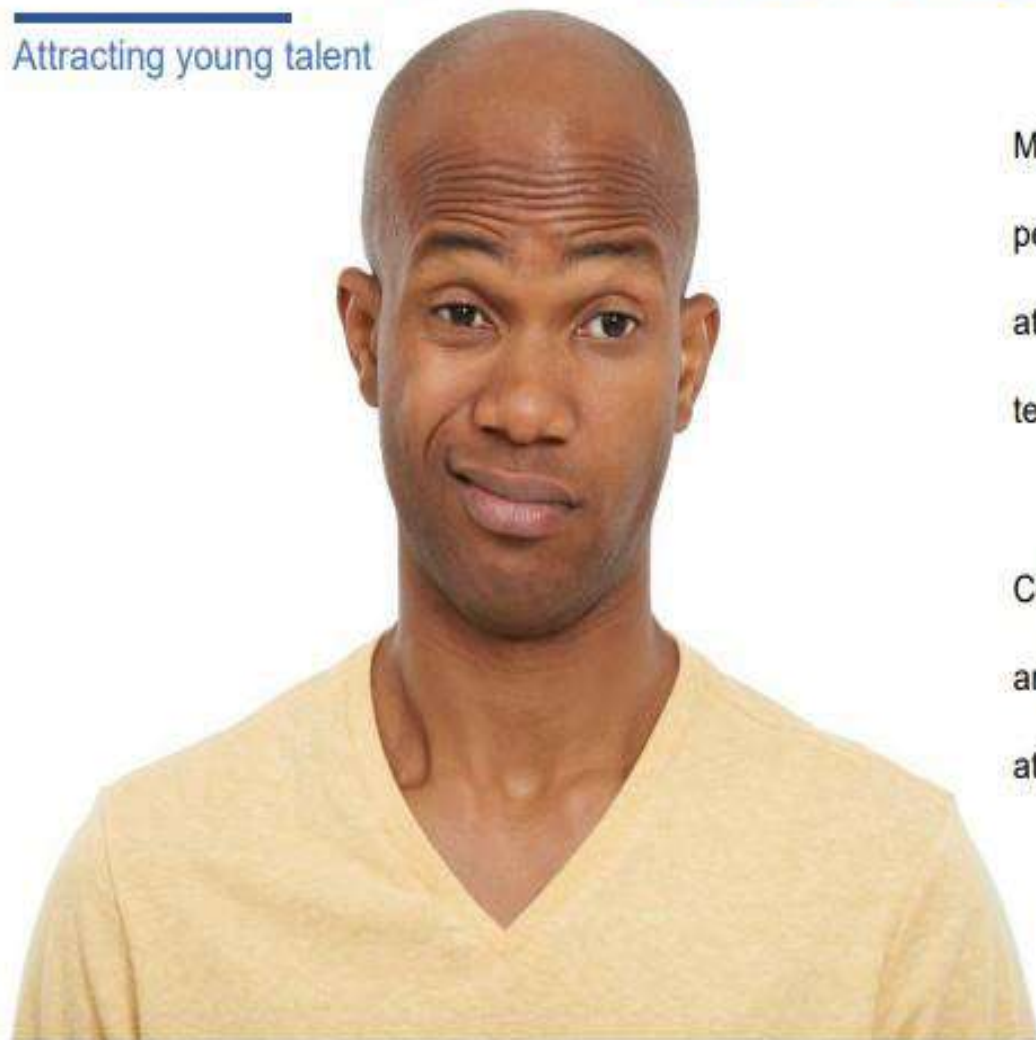
Retaining top performers.

Adapting to technological advancements.

Ensuring diversity and inclusion.

Current Challenges in Talent Management

Attracting young talent



Many young professionals in Nigeria may perceive the insurance industry as less attractive compared to other sectors, such as technology or finance.

Collaborations with universities, internships, and targeted recruitment campaigns can help attract and engage young talent.

Current Challenges in Talent Management

Bridging the skills gap



Actuarial Statistics Nigeria - Qualifications	Number (Nig.)	Number (Kenya)
Fellows (Employed)	14	85
Fellows (retired)	4	
Associates	9	23
Students	115	178

Source: Nigerian Actuarial Society (NAS)



The insurance industry in Nigeria faces significant skills gaps, where the required skills and knowledge of the workforce do not align with industry demands.

To bridge the skills gap, insurance companies need to invest in comprehensive training and development programs that focus on technical insurance knowledge including actuarial, digital literacy, data analytics, and customer service skills.

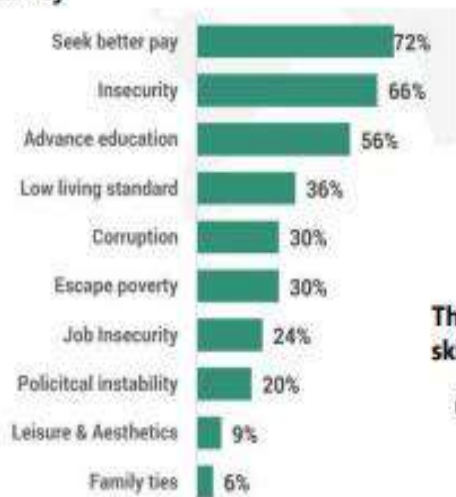
In Kenya, to increase the number of actuaries in the market, the regulator sponsors top students for a Master program in the UK which enable them to get exemptions that then fast tracks their path to becoming qualified actuaries. They are then tied to the Kenya Commission for 1 year post Masters before being released to the industry. Today, Kenya exports actuaries.

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Current Challenges in Talent Management

Retaining top performers

Reason for Emigration highlighted by the survey



The most preferred destination for skilled workers in Nigeria



Competing sectors and global opportunities may attract high potential employees away from the insurance industry.

To retain top talent, insurance companies need to provide attractive compensation packages, offer career development opportunities, create a positive work environment, and foster a culture of recognition and employee engagement.

Nigeria's issues are peculiar. Some of the fundamental reasons for emigration cannot be resolved by companies, although, some of them can.



Current Challenges in Talent Management

Retaining top performers

Peaceful, Safe and secure environment



Better economic conditions



A competitive and well-paid job



Address corruption and poor leadership



Good political atmosphere



Work in organisation with good work culture



Sectors that will be most affected by migration in the next one year (%)



In the survey, participants were asked for reasons that will make them rescind migration plans, many are external/ macro issues.

Philips consulting conducted a survey and highlighted the following:

- Without decisive intervention 52% of skilled employees in Nigeria intend to quit their jobs and relocate abroad in the next 12 months.
- Finance & Insurance, Professional Services, Education, Healthcare, and IT are the hardest-hit professions.
- 88% of those hoping to leave in a year are Millennials and Gen Z. This cluster of talent is typically associated with exploration, innovation, and disruption.
- The number of Nigerians who have migrated to other countries over the past ten years has exceeded 600,000, based on data from the World Migration Report and the World Bank Group.



Current Challenges in Talent Management

Retaining top performers

Culture shifts could create a potentially irresistible work experience



Source: Deloitte analysis.

Change in employee expectations has pushed the "good to have" parameters to the "we need it all" bucket



Source: Deloitte analysis.

Forced virtualization of work during the pandemic has fueled revolutionary changes in employee expectations and upended many traditional employment models.

Flexibility, quality and relevance of work, career path, financial wellness, and inclusion now appear to dominate many employees' aspirations and are increasingly being used as parameters of job entry, longevity, and exit from an organization.

This is not unique to the insurance industry, but in conjunction with an aging workforce and conservative reputation, the challenges are exacerbated for insurers competing for skilled talent not just with peers but with other, more cutting-edge industries.

Shift in thinking and culture may help attract and retain talent. Insurance companies may struggle to fill and retain their workforce through 2023/ 2024 unless there are some novel changes implemented to underlying culture that help organizations to potentially be simply irresistible.

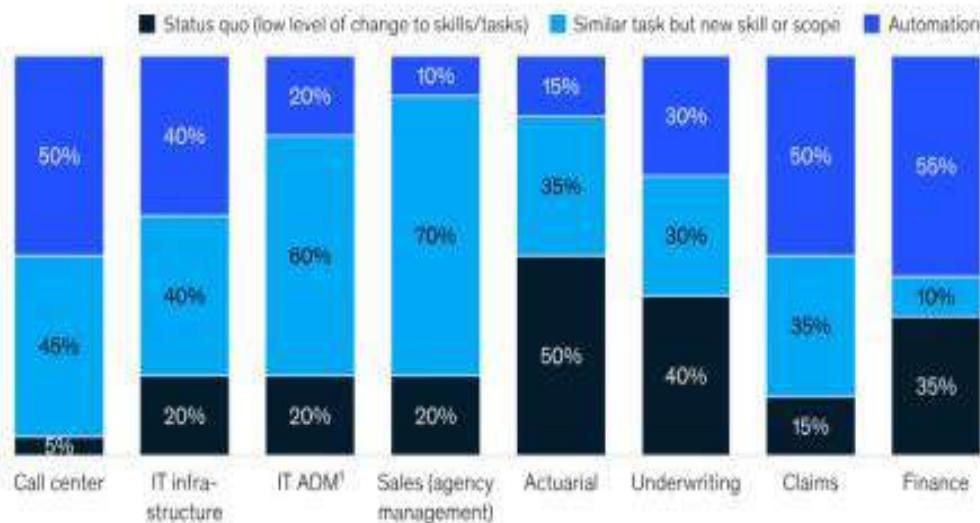


Current Challenges in Talent Management

Adopting to technological advancements

Insurance companies need to adapt to and embrace new technologies such as artificial intelligence, machine learning, blockchain, and automation.

Automation will change the mix of skills required for key roles in insurance.



This requires upskilling the existing workforce and attracting new talent with digital skills.

Developing comprehensive training programs, partnering with technology providers, and creating a culture of innovation can help insurance companies address this challenge and leverage technology for competitive advantage.

The impact of technology on some roles is significant i.e., call center, IT infrastructure, underwriting, claims and finance are seeing higher levels of automation.

¹ Application maintenance and development.
Source: McKinsey Insurance Practice benchmark

Current Challenges in Talent Management

Ensuring diversity and inclusion



Source: Deloitte analysis.

A Snapshot of Deloitte’s analysis and how insurers can make social equity a huge part of their organisational culture:

According to insights from Deloitte 2023 Insurance outlook, while many insurers are taking steps to diversify their workforce, large gaps remain in the industry as a whole and particularly at the executive level.

Globally, racially and ethnically diverse professionals comprise approximately 24% of the industry’s entry-level workforce but only 8% of senior and executive management. And while there are more women (approximately 57%) in entry-level ranks, just 12% of them are racially and ethnically diverse women.

Only 18% of the total senior and executive management positions are filled by women, and only 3% of executives reporting to CEOs are racially and ethnically diverse women.



Current Challenges in Talent Management

Ensuring diversity and inclusion



It is important to have a diverse workforce that reflects the demographics of the customer base and brings different perspectives and experiences to the table.

Insurance companies need to implement diversity and inclusion policies, establish inclusive recruitment practices, and provide equal opportunities for career advancement.

Building a culture of respect, embracing diversity training programs, and fostering an inclusive work environment are crucial for attracting and retaining a diverse talent pool.

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Emerging trends shaping Talent Management

Emerging trends shaping talent management in the insurance industry



Remote and flexible work arrangements.

Emphasis on digital skills and data analytics.

Focus on employee well-being and work-life balance.

Personalized career development and upskilling programs.

Leveraging technology for recruitment and talent assessment

Emerging trends shaping Talent Management

Remote and Flexible Works



An emerging trend in talent management is the adoption of remote and flexible work arrangements. This trend has been accelerated by the COVID-19 pandemic.

This flexibility helps attract and retain talent (also working from outside the country), promotes work-life balance, and improves employee satisfaction and productivity.

This flexibility helps attract and retain talent, promotes work-life balance, and improves employee satisfaction and productivity.



Emerging trends shaping Talent Management

Emphasis on digital skills and data analytics



With the increasing digitization of the insurance industry, there is a growing emphasis on digital skills and data analytics in talent management.

Insurance companies are seeking professionals with expertise in emerging technologies such as artificial intelligence, machine learning, and big data analytics.

Talent management strategies now prioritize upskilling and reskilling programs to equip employees with the necessary digital skills to leverage data for improved decision-making, customer insights, and operational efficiencies.

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Emerging trends shaping Talent Management

Focus on employee well-being and work-life balance



Insurance companies are recognizing the impact of employee well-being on performance, engagement, and retention.

To address this, organizations are implementing initiatives such as mental health support programs, wellness benefits, flexible scheduling, and stress management resources.

By prioritizing employee well-being, insurance companies can foster a positive work environment, reduce burnout, and improve overall job satisfaction.

Emerging trends shaping Talent Management

Personalized career development and upskilling programs.



Employees seek opportunities for growth, continuous learning, and career advancement.

Insurance companies are adopting tailored career development plans that align with individual aspirations and skills. These programs may include mentoring, coaching, job rotations, and access to online learning platforms.

By investing in employee development, insurance companies can enhance retention, engage employees, and cultivate a skilled workforce.

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Emerging trends shaping Talent Management

Leveraging technology for recruitment and talent assessment



Insurance companies are leveraging digital platforms and tools to streamline their recruitment processes, including applicant tracking systems, video interviews, and online assessments.

Artificial intelligence (AI) is being utilized for resume screening and candidate matching, improving efficiency and reducing bias.

Additionally, data-driven talent analytics are used to assess performance, identify high-potential employees, and make informed talent management decisions.

Strategies for Effective Talent Management

Explore strategies that can help insurance companies effectively manage their talent pool:



Building a strong employer brand.

Implementing comprehensive recruitment and onboarding processes.

Offering competitive compensation and benefits packages.

Creating a culture of continuous learning and development.

Providing mentoring and leadership development programs.

Strategies for Effective Talent Management

Building a strong employer brand



This involves showcasing the company's values, culture, and opportunities for growth.

Companies can highlight their unique selling points, such as a supportive work environment, employee recognition programs, career advancement prospects, and social responsibility initiatives.

A strong employer brand attracts top talent, enhances employee engagement, and improves retention rates.

Strategies for Effective Talent Management

Implementing comprehensive recruitment and onboarding processes



Insurance companies should establish clear job descriptions, utilize diverse sourcing channels, and employ robust selection methods to attract the right candidates. The onboarding process should be structured and provide new hires with the necessary tools, training, and resources to succeed in their roles.

A well-structured recruitment and onboarding process sets the stage for employee success and engagement.

Strategies for Effective Talent Management

Offering competitive compensation and benefits packages



	Vs Entire Market	Vs Banking	Vs Asset Mgt	Vs Fintech	Vs Oil & Gas (Upstream)
Fixed Pay	-26%	-40%	-38%	-23%	-71%
GTCE	-23%	-39%	-35%	-15%	-72%

KPMG has conducted surveys across different industries in Nigeria. They had provided average pay differentials between the insurance industry and other industries. The table above shows how insurance is doing.

	Median Market Pay Movement Over the Years	
	2018 - 2021	2021 - 2022
Fixed Pay	19%	24%
Guaranteed Total Cost of Employment	29%	23%
Total Cost of Employment	19%	26%

- Compensation reviews have always been driven by the goal of attracting and retaining talent within organizations.
- Furthermore, the ongoing rise in the cost of living has necessitated these reviews as organizations seek to mitigate the adverse effects of increased expenses on their employees.
- Consequently, consistent adjustments in pay have become prevalent in the job market. KPMG's compensation survey provides insights into the historical pay movements within the insurance industry over the years



Strategies for Effective Talent Management

Offering competitive compensation and benefits packages



Companies should have a comprehensive Total Reward System. This includes providing fair and market-aligned salaries, performance-based incentives, and attractive benefits such as health insurance, retirement plans, and flexible work arrangements.

Competitive compensation and benefits packages demonstrate that the company values its employees and their contributions, fostering loyalty and satisfaction.

Strategies for Effective Talent Management

Creating a culture of continuous learning and development



This involves providing ongoing training programs, workshops, and access to learning resources. Companies can offer online learning platforms, internal training sessions, and encourage employees to pursue certifications or advanced degrees (and fund them too).

A culture of continuous learning and development enhances employee skills, adaptability, and engagement.

Strategies for Effective Talent Management

Providing mentoring and leadership development programs



Insurance companies can establish formal mentoring programs where experienced professionals guide and support junior employees.

Additionally, leadership development programs can identify high-potential employees and provide them with targeted training and opportunities to develop leadership skills.

These programs nurture talent, enhance career progression, and promote succession planning within the organization.

The Role of Talent Management in Industry Sustainability

This section highlights how talent management contributes to the sustainability of the insurance industry



Ensuring a pipeline of skilled professionals for future leadership roles.

Fostering innovation and agility.

Creating a culture of customer-centricity.

Adapting to changing market dynamics.

Strengthening industry reputation and trust.

The Role of Talent Management in Industry Sustainability

Ensuring a pipeline of skilled professionals for future leadership roles

By implementing **succession planning** and **leadership development programs**, insurance companies can groom talented individuals to fill critical leadership roles in the future.

This ensures a continuous supply of capable leaders who can guide the organization through evolving challenges and sustain its long-term success.



The Role of Talent Management in Industry Sustainability

Fostering innovation and agility



Encouraging employees to think creatively, take calculated risks, and embrace change drives innovation in product development, customer experience, and operational processes.

By fostering a mindset of continuous improvement and providing opportunities for cross-functional collaboration, insurance companies can adapt to emerging trends and stay ahead of the competition.

The Role of Talent Management in Industry Sustainability

Creating a culture of customer-centricity



By selecting, training, and empowering employees who prioritize customer satisfaction and understand customer needs, insurance companies can build strong relationships with their clients.

Talent management practices that emphasize empathy, effective communication, and problem-solving skills contribute to improved customer experiences, loyalty, and long-term sustainability.



The Role of Talent Management in Industry Sustainability

Adapting to changing market dynamics



In a rapidly evolving market, talent management is essential for the insurance industry to adapt and thrive. By attracting and retaining talent with diverse skill sets and experiences, insurance companies can effectively respond to market disruptions and changing customer preferences.

Talent management practices that prioritize agility, learning agility, and a growth mindset help organizations navigate shifts in technology, regulations, and market demands, ensuring their sustainability.

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The Role of Talent Management in Industry Sustainability

Strengthening industry reputation and trust




Talent management practices that foster ethical behavior, professionalism, and integrity contribute to strengthening the reputation and trust of the insurance industry.

By hiring, training, and retaining employees who uphold the highest standards of ethics and professionalism, insurance companies build trust with their customers, regulators, and stakeholders.

A strong industry reputation built on trust enhances customer confidence, attracts new business, and sustains the industry's long-term viability.

Conclusion

Summary points.



Recap

We have explored the crucial role of talent management in ensuring the sustainability of the insurance industry.

Throughout this presentation, we have explored various aspects of talent management and its impact on the industry's success.

Conclusion

The need to adopt effective talent management practices and adapt to emerging trends.



We discussed the importance of talent management in attracting and retaining skilled professionals, developing a strong organizational culture, enhancing customer satisfaction and loyalty, driving innovation and growth, and adapting to changing market dynamics. These elements are essential for insurance companies to thrive in a competitive and evolving landscape.

We then examined current challenges in talent management in Nigeria, including attracting young talent, bridging the skills gap, retaining top performers, adapting to technological advancements, and ensuring diversity and inclusion.

Conclusion



It is evident that effective talent management strategies have tangible benefits for insurance companies. They contribute to building a pipeline of skilled professionals for future leadership roles, fostering innovation and agility, creating a culture of customer-centricity, adapting to market dynamics, and strengthening industry reputation and trust.

Therefore, it is crucial for insurance professionals in Nigeria to embrace effective talent management practices and adapt to emerging trends. By attracting, developing, and retaining top talent, insurance companies can position themselves for long-term sustainability and success. This requires a strategic focus on talent acquisition, development, and retention, as well as a commitment to creating an inclusive and supportive work environment.

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THANK YOU!

- As you leave this forum, I encourage each one of you to reflect on the insights shared today and take proactive steps to implement effective talent management strategies within your respective organizations.
- Embrace the emerging trends, invest in continuous learning and development, and foster a culture that values talent and innovation.
- By doing so, you can contribute to the sustainability and growth of the insurance industry in Nigeria, ensuring its success in the face of evolving challenges and opportunities.

PRESENTATION OF RESEARCH REPORT TO THE INDUSTRY

Dr. Yeside Oyetayo

Rector

College of Insurance and Financial Management





PRESENTATION OF RESEARCH REPORT TO THE INDUSTRY

Year 2023 Insurance
Professionals' Forum
15th September 2023
by
Dr. Yeside Oyetayo
Rector





Research Title: **Inclusive Insurance for Micro, Small and Medium Enterprises (Msmes): Implications on the Growth of Insurance Business in Nigeria**



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1. Background to Research
2. Research Problem
3. Objectives of Research
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6. Sources of Data -qualitative and quantitative
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Background

The CIFM had been involved in training on micro and inclusive insurance with the ILO Impact Insurance Facility for over 8yrs.

CIFM part of the team that conducted interviews with MSMEs in 2018 for the Insurance Industry Diagnostic research done by CENFRI under the sponsorship of the UK

The diagnostic revealed that MSMEs accounted for about 90% of the untapped market of the Nigerian insurance industry.

The College in fulfilling one of its objectives set out to proffer solutions for the low penetration records amongst MSMEs.



Research Problem

MSMES are the bedrock of every economy facilitating growth in GDP, providing employment, and creating the platforms for industrialization.

MSMES suffer a high mortality rate in Nigeria due to lack of resilience to withstand the shocks which they face and the inability to access funds with which to grow their business.

Insurance industry is the infrastructural pillar of the economy that helps other sectors to survive by helping them build business resilience through risk transfer, risk management and credit market development.

This study set out to investigate why most MSMES in Nigeria do not use insurance as risk mitigated tools. The study obtained quantitative and qualitative data from both the supply and demand side of the inclusive insurance market which were descriptively analysed and further tested.



Objectives of the Study

To investigate the extent to which the provision of appropriate insurance products MSMEs would increase insurance penetration in Nigeria.

To assess the degree to which enhanced insurance literacy would increase the demand for inclusive insurance products amongst MSMEs in Nigeria.

To explore the client value propositions of insurance products as a risk mitigating tool for the survival of MSMEs in Nigeria.

To assess the effect of the activities of fund providers on the uptake of insurance product amongst MSMEs in Nigeria.

To examine the effect of appropriately priced products on the uptake of insurance covers by MSMEs.



Research Hypotheses

Meeting specific needs of MSMEs will increase insurance penetration in Nigeria.

Enhanced insurance literacy will increase the demand for inclusive insurance products among MSMEs in Nigeria.

Client value proposition of insurance as a risk mitigating tool will enhance the survival of MSMEs in Nigeria.

Activities of fund providers will significantly influence the uptake of insurance products among MSMEs in Nigeria.

Appropriately priced products will significantly affect the uptake of insurance covers by MSMEs.



Scope of the Study

- a. Independent variables were:
 - i. Inclusive insurance for MSMEs was determined by the
 - ii. identification of priority needs,
 - iii. insurance literacy, client value proposition,
 - iv. access to fund providers and appropriately priced insurance products.
- b. Dependent variables i.e. the growth indicators were
 - i. increase in insurance penetration
 - ii. demand for insurance,
 - iii. MSMEs survival and
 - iv. uptake of insurance by MSMEs.



Sources of Data

The study used both qualitative and quantitative (primary and secondary) data.

a. **Qualitative Data**-Focus group discussions

b. **Quantitative Data**

- **Primary data** was obtained using the questionnaire
- **Secondary data** was from statistics from government institutions like SMEDAN



Qualitative Data Gathering

Qualitative data was obtained from the focus group discussions and interviews with farmers in the two farming communities of Bwari and Odeda in the northern and southern parts of Nigeria, respectively.

The former represented an organised set of farmers that had the support of a fund provider while the latter were informally organised and without the support of any developmental agency.



Bwari Grains Farmers

- ❖ The farmers in Bwari were mainly **grain farmers who cultivated maize, beans and yam** depending on the season.
- ❖ They enjoyed tremendous support which included loans, farming inputs and agricultural insurance from Nigerian Incentive-Based Risk Sharing Agricultural Lending (NIRSAL) of the Central Bank of Nigeria (CBN)
- ❖ They cultivated only the crops approved for their geographical zone and an aggregate farmland which met the minimum threshold required by NIRSAL.



Odeda Yam Farmers

- ❖ The farmers in Odeda had migrated from Benue state and settled in Odeda.
- ❖ They cultivated yams which they had experience.
- ❖ Risk management was done by supporting each other in an informal setting through small loans or assistance in the cultivation of each other's farmlands.
- ❖ The group did not meet up with required aggregate farmland to qualify for the assistance of NIRSAL and this also affected approval from the southern region of the country



Challenges Identified with Smallholder Farmers

The focus group discussions revealed that the agricultural segment of the MSMEs sector like other segments battle with multiple challenges (uncertainties) which included:

- ❖ Inadequate funding
- ❖ Lack of modern farming equipment
- ❖ High cost of labour
- ❖ Debtors' failure to fulfil obligation
- ❖ Market rejection of farm produce
- ❖ Climate and weather related problems drought and excessive rainfall
- ❖ Pest damages



Questionnaire Distribution-Demand Side

The population of this study are the registered Micro, Small, Medium Enterprises (MSMEs) in Nigeria were **8,395** as of 2019 (Corporate Affairs Commission (CAC). 400 questionnaires were distributed but only 232 were returned usable.

SN	Micro, Small and Medium Enterprises (MSMEs)	Copies Questionnaire
1	Association of Micro Entrepreneurs of Nigeria (AMEN)	100
2	Association of Small Business Owners of Nigeria (ASBON)	100
3	Nigerian Association of Small and Medium Enterprises (NASME)	100
4	Nigeria Association of Small-Scale Industrialists (NASSI)	100

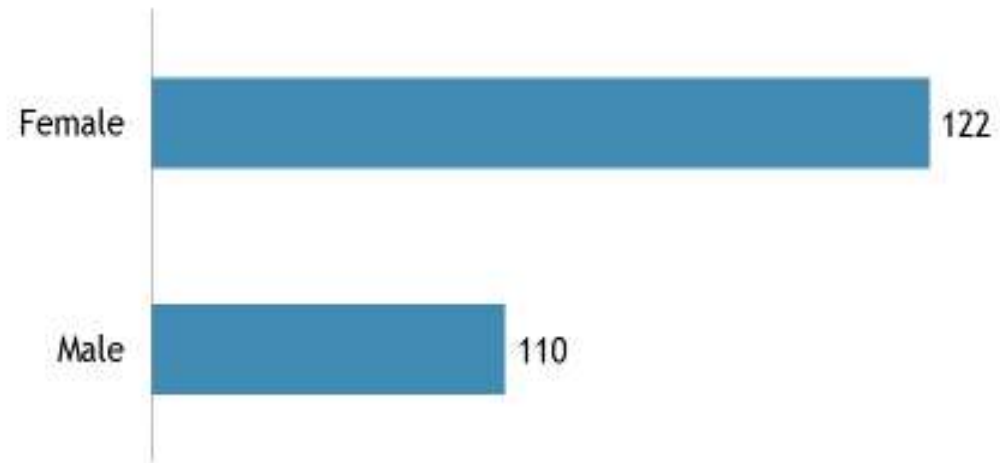


METHOD OF DATA ANALYSIS

- Data analysis was performed with the aid of **descriptive statistical tools** such as **frequencies, percentages and inferential statistics** for the **quantitative data**.
- **Simple Linear Regression (SLR)** was adopted to test the hypotheses which gave the opportunity of predicting the value of dependent variable on the independent.
- **Interpretative philosophy and content analysis** used for the analysis of the qualitative data



Gender

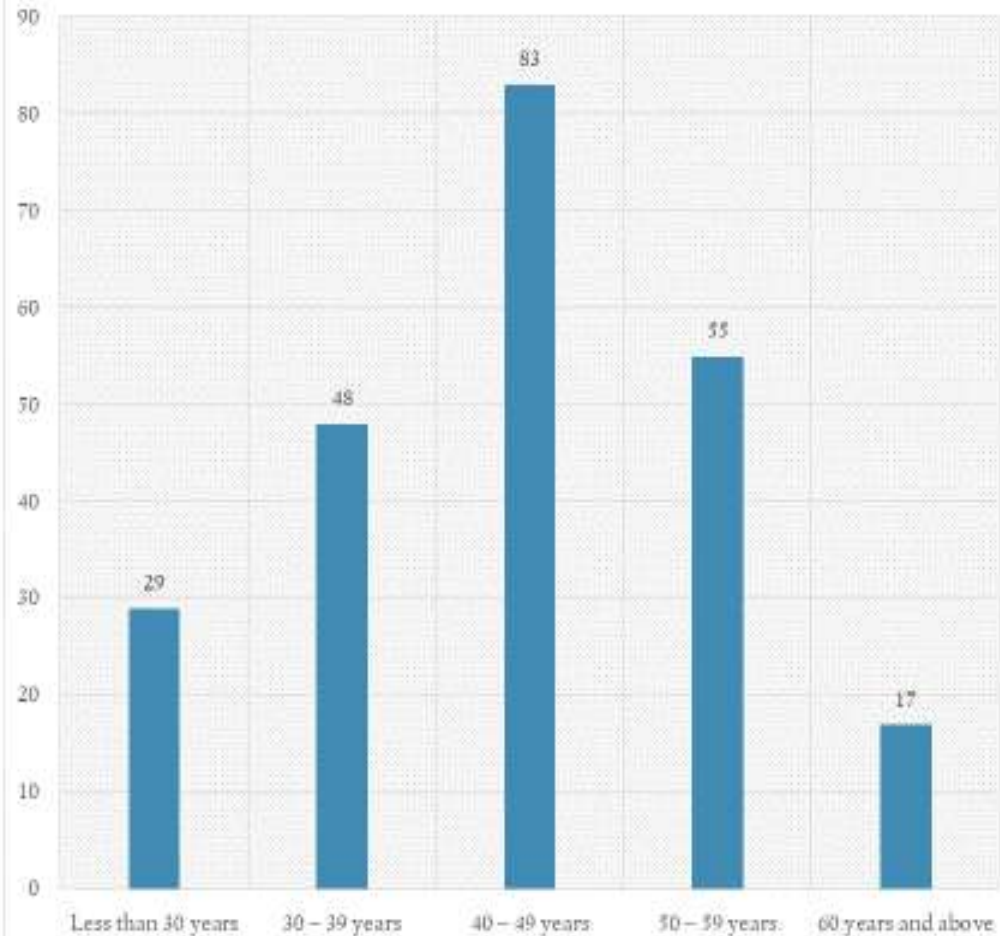


There were more female respondents 122 (52.6%) than male 110 (47.4%)



Age group of the Respondents

80.2% of the respondents were between 30 to 59 years old, 12.5% were less than 30 years while 7.3% were 60 years and above.



Educational Qualification

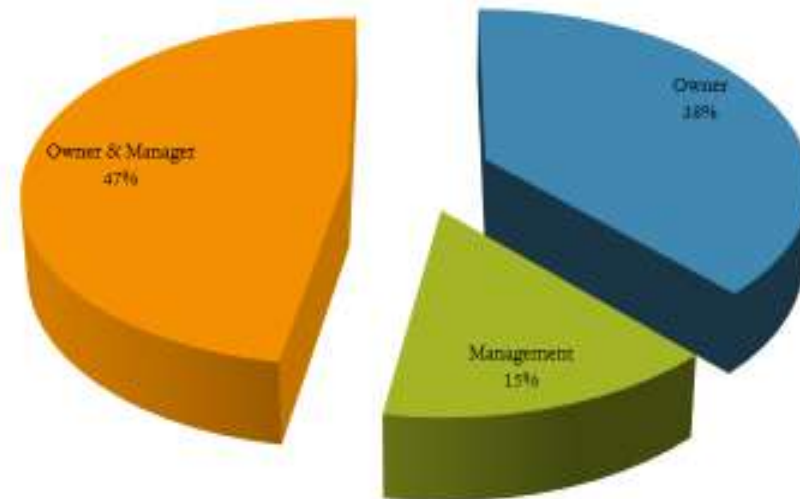


Most of the respondents were educated with 55.9%, 13.4% and 2.2% have B.Sc. (and its equivalent), M.Sc. and Ph.D. Only 25.9% had qualifications below B.Sc. and its equivalent and 3.0% chose not to disclose the qualifications they have.

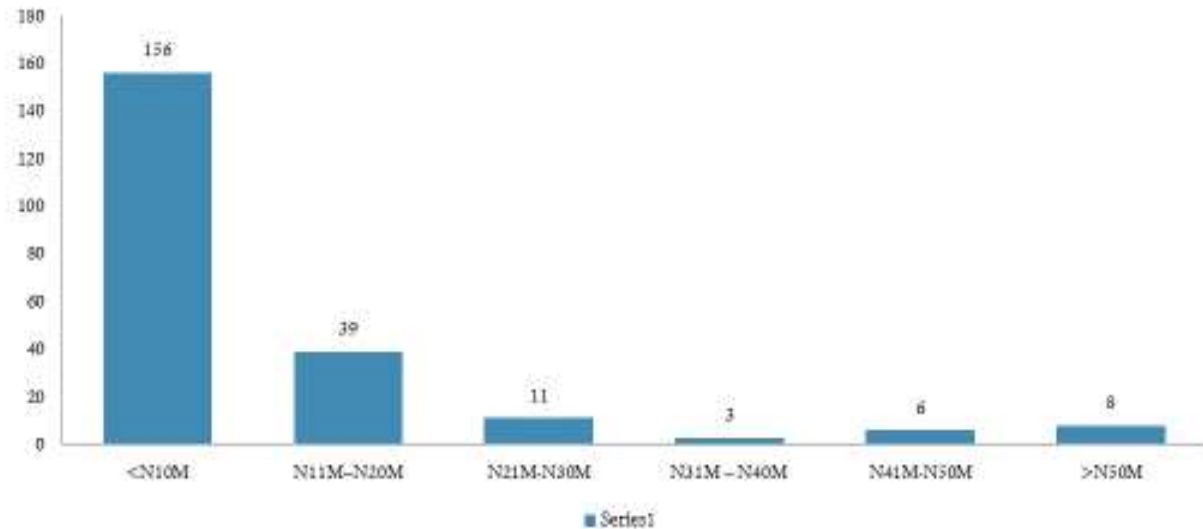


Status in organization

37.9% of the respondents were owners of the enterprises 14.7%, management staff of the enterprises while 47.4% were owner-managers.

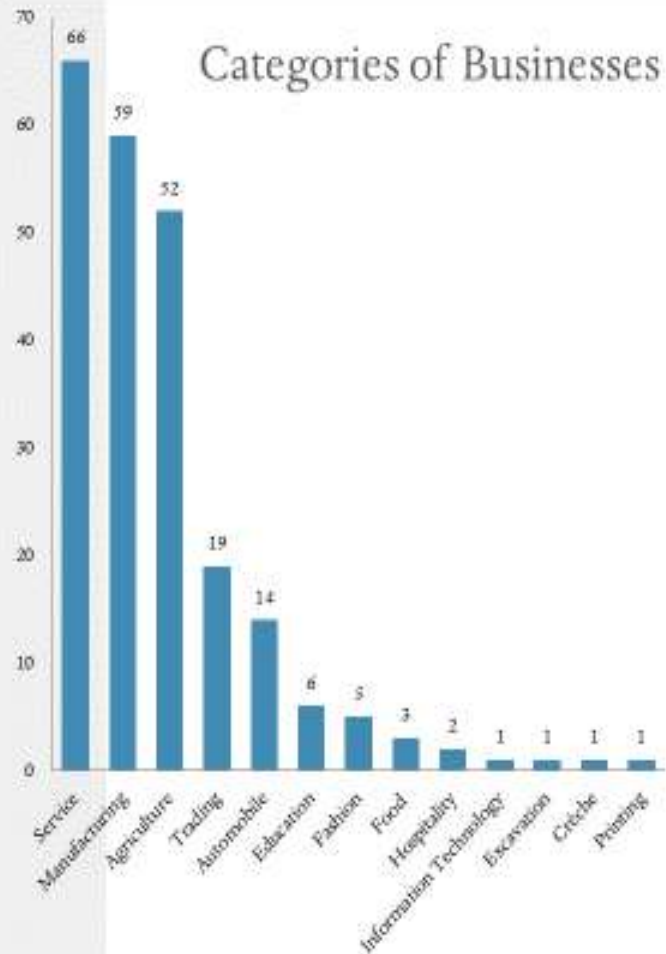


Size of Firms



67.2% (156 enterprises) were worth less than N10 million while 16.8% (39 enterprises) were worth between N11 and N20 million. 8.6% of the enterprises were worth between N21 million and N50 million naira, while the value of 3.4% is above N50 million Nigeria. 3% of the customers chose not to disclose the worth of their business for security purpose. This confirmed the findings of earlier studies that a typical enterprise in Nigeria is micro in nature.



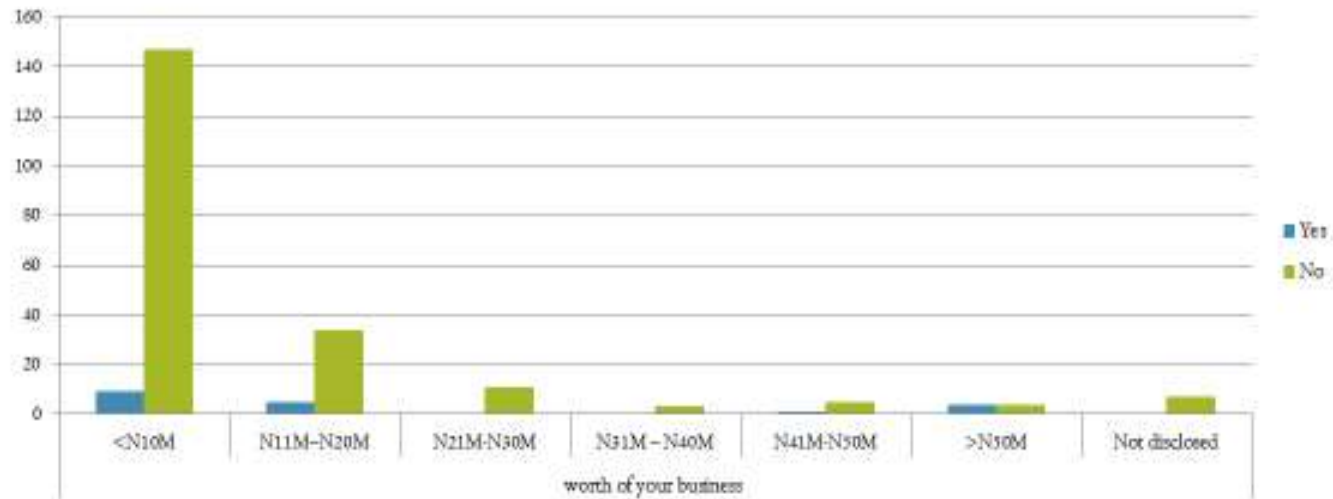


Majority (28.4%) of the businesses in the study were into service delivery; 25.4% manufacturers, 22.4% agricultural products, 8.2% trading; 2.6% were involved in education while 2.2% were into fashion related businesses. The enterprise in Crèche, excavation, information technology and printing were less than 1% of the population of study.

This implies that MSMEs vary in nature and size hence their risks differ.



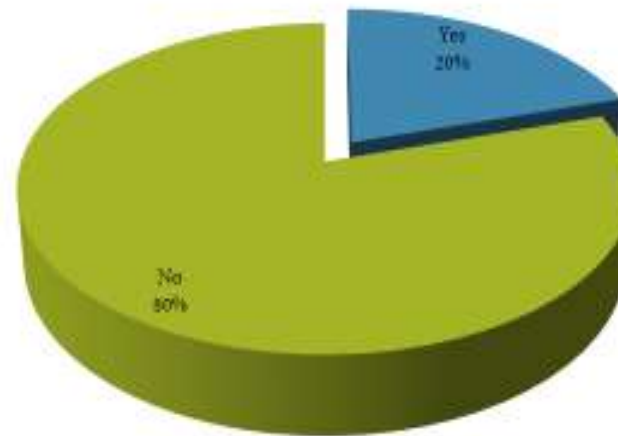
Number of Enterprises with Insurance



19 enterprises (8.3%) had at least one form of insurance for their businesses, while 211 enterprises (91.7%) had none. Out of the 19 enterprises that had insurance for their businesses, 5 enterprises (2.2 %) were worth between N11 Million -N20 Million, 9 (3.9%) is less than N10 Million. This finding confirms that MSMEs do not use insurance as a risk mitigating tool.



Firms who had Successful Claims



47 enterprises (20.3%) had been compensated by an insurance company before, while **185 enterprises (79.7%)** had not been compensated by an insurance company before. **Most business owners were discouraged from purchasing insurances policies because they had never been compensated before.**

Hypothesis Testing



Correlation and regression analysis were used to test the stated hypotheses at 0.05 level of significance (95% confidence level).



Research Findings

Confirmed that a typical enterprise in Nigeria is micro in nature with over 67% of MSME respondents having less than N10million capital.

The number of MSMEs who did not have insurance was incredibly high (93.5%) thereby supporting the results of earlier studies that MSMEs do not use insurance as a risk mitigating tool.

Almost half (47.4%) that used to have insurance cover before had discontinued.

The few that had insurance (6.3%) had never been compensated by an insurance company before so no value added.

Nonetheless, respondents agreed that insurance has great potentials as a risk mitigating tool for MSMEs in Nigeria.

Lack of **insurance literacy** was a major factor negatively influencing the demand for insurance by MSMEs in Nigeria..

There is a positive relationship between appropriately priced insurance product and the uptake of insurance covers by MSMEs



Research Findings

- Fund providers had positively impacted the growth of innovative products and uptake of insurance by smallholder farmers in Nigeria.
- The recent growth in agricultural insurance uptake amongst smallholder farmers was attributable to NIRSAL through the agricultural insurance scheme which made insurance available to smallholder farmers who were bunched together in different geopolitical zones in Nigeria
- Increase in uptake amongst the few has not translated to greater insurance literacy or awareness because the farmers did not understand the nature of product sold to them. NIRSAL bundles insurance with other services but does not ensure that the farmers understand the value which insurance alone would bring.
- Poor client value proposition due to the unsatisfactory experience may lead to the discontinuance of insurance after the mandatory products bundled with other services.



Research Findings

Lack of insurance literacy had negative repercussions as displayed amongst the **farmers**. The study also affirmed that funding is a major problem that MSMEs face. This accounts for the small size of the MSMEs and their inability to afford traditional insurance products.

The high mortality rate of MSMEs in the country can be taken care of with to access insurance as a risk management tool. However, ineffectively service of MSMEs can also create a volatile environment and expose them to a lot of risks.

The insurance product development process, channels of distribution, pricing, and experiences can present a huge challenge or great opportunity for both insurers and MSMEs depending on how it is done.

Existing traditional products cannot provide value or solutions to MSME risks.



The MSMEs do not use insurance products because they have not seen value in them, therefore, the insurance penetration rate in Nigeria has been affected

MSMEs recognise the benefits of insurance and are willing to purchase insurance if more consumer education is offered to enable them make informed decisions about the insurance products they require.

Serving the MSME market will require partnership with other sectors such as banks and funds providers to target their priority risks.

To effectively serve the MSMEs, insurance companies must provide

1. appropriate insurance products,
2. increased insurance literacy, visible
3. client value propositions of insurance products as a risk mitigating tool for the survival of MSMEs
4. accessibility of MSMEs to credit facilities and loans

Research Conclusion





Recommendations

Market Research - to identify the various components of the MSME market and their priority risks to serve them better. MSMEs vary in nature and size.

Innovative inclusive insurance - that would target the priority risks of MSMEs. Currently, MSMEs are offered generic products which often does not match their risk priorities.

Strategic Partnerships - with other financial services providers to create a win-win situation with MSMEs who require other services and the insurance industry that wants to deepen insurance penetration.

Prioritise Consumer Education- this would have positive effect on the demand for insurance products amongst MSMEs.

Identifiable client value propositions -products needs to designed for the various segments of the market which include value adding benefits so even that even without a claim the MSMEs experience value.



Implications for Policy and Decision-Making

- More collaborations between insurance policy makers and the academia to support research that provide greater insights into the profiles of the various groups and segments within MSME sector.
- Initiating compulsory consumer education and insurance literacy for target markets for insurers serving the MSMEs.
- Develop incentives that would encourage insurers to provide inclusive insurance products to the MSMEs and other unserved or underserved segments of the market.
- Inter-agency collaboration between the regulators of all the sub-sectors in the finance sector to facilitate the development of holistic financial solutions that would aid the stability and survival of MSMEs in Nigeria.



Research Team



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Thank You!



COMMUNIQUE



YEAR 2022 INSURANCE PROFESSIONALS' FORUM COMMUNIQUE



YEAR 2022 INSURANCE PROFESSIONALS' FORUM

THEME: THE POWER OF THE PAST – A FORCE FOR THE FUTURE OF INSURANCE IN NIGERIA

Insurance Professionals and members of the Chartered Insurance Institute of Nigeria (CIIN) gathered at Park Inn by Radisson, Abeokuta, Ogun State, Nigeria from Wednesday September 14 to Saturday September 17, 2022 for her 2022 Insurance Professionals' Forum''.

The theme of the 32nd edition of the Forum was **“THE POWER OF THE PAST – A FORCE FOR THE FUTURE OF INSURANCE IN NIGERIA”**.

At the Forum, the following papers and topics were presented by Professionals within and outside the Insurance Industry:

- The Power of the Past: A Force for the Future of Insurance in Nigeria
- Historical Data and the Future of Insurance Supervision in a Data-Driven World
- Sustainable and You: Crucial Matter
- The Role of Insurance as a Catalyst to Financial Planning
- Beyond the Horizon – Reimagining the Future
- Insurance as a Catalyst to drive Economic Growth

The following action points were discussed and recommended for implementation to identify insurance market needs, ensure financial inclusion, and improve on insurance penetration in Nigeria:



S/ N	COMMUNIQUE	RESPONSIBLE PERSON(S)/ENTITY(IES)	UPDATE
1.	The Nigerian Insurance Industry needs to evolve and embrace digitization of processes to deepen insurance penetration and improve customers satisfaction. Digital transformation begins with a change of mindset.	NAICOM/NIA/NCRIB/ILAN/PRAN (between now and the next Forum)	DONE
2.	The adoption of new disruptive technologies is imperative for Insurance operators and the Regulator in ensuring that the Nigerian Insurance Industry is strategically placed as an investment destination of first choice in Africa.	NAICOM/CIIN/NIA/NCRIB/ILAN/PRAN (between now and the next Forum)	DONE
3.	There is need for data analytics to promote digitization of insurance processes for the purpose of deepening insurance penetration and financial inclusion.	NAICOM/NIA/NCRIB/ILAN/PRAN (between now and the next Forum)	ONGOING



4.	To promote digital transformation, there is need for insurance industry to clean up the data held in respect of customers.	NAICOM/NIA/NCRIB (to take immediate effect)	DONE
5.	The Insurance Industry needs to collaborate with organisations (such as telcos) and government agencies (e.g., National Bureau of Statistics, National Identity Management Commission, Nigerian Population Commission etc.) for data collection and validation.	NAICOM/NIA/NCRIB/ILAN (to take immediate effect)	ONGOING
6.	There is need to create a research and innovation lab (sandbox) to initiate and try relevant products.	NAICOM/CIIN/CIFM/NIA/NCRIB (between now and the next Forum)	YET TO BE DONE
7.	Insurance professionals are enjoined to acquire new soft skills required to achieving digital operations in order to remain relevant in this era of digitization of processes.	NAICOM/CIIN/NIA/NCRIB/ILAN/PRAN (to take immediate effect)	DONE



8.	The Chartered Insurance Institute of Nigeria should serve as a catalyst for bringing insurance professionals together for the purpose of acquiring knowledge for improving underwriting processes.	CIIN/CIFM (to take immediate effect)	DONE
9.	To deepen insurance penetration in Nigeria, there is need for uniformity of approach in assessment and rating of risks based on their specific characteristics rather than generalization of underwriting.	NAICOM/NIA/NCRIB/PRAN (to take immediate effect)	ONGOING
10.	There is need to increase insurance awareness and advocacy for the purposes of achieving insurance penetration and improving customer satisfaction and experience while driving economic growth through insurance services.	NAICOM/CIIN/NIA/NCRIB/ILAN/PRAN (to take immediate effect)	DONE





Thank
you



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Chartered Insurance Institute of Nigeria

YEAR 2023 INSURANCE PROFESSIONALS' FORUM COMMUNIQUE



YEAR 2023 INSURANCE PROFESSIONALS' FORUM

THEME: SUSTAINABILITY OF THE INSURANCE INDUSTRY IN THE VUCA ENVIRONMENT

Insurance Professionals, Experts and Members of the Chartered Insurance Institute of Nigeria (CIIN) gathered at Park Inn by Radisson Abeokuta, Ogun State, Nigeria from Wednesday September 13 to Saturday September, 2023 for its “Year 2023 Insurance Professionals’ Forum”.

The theme of the retreat was “SUSTAINABILITY OF THE INSURANCE INDUSTRY IN THE VOLATILE, UNCERTAINTY, COMPLEXITY, AND AMBIGUITY (VUCA) ENVIRONMENT”.

In today's rapidly changing world, the insurance industry is faced with unique challenges stemming from the volatility, uncertainty, complexity, and ambiguity (VUCA) that characterises our environment. Therefore, as professionals in insurance industry, it became necessary for us to address these challenges and explore innovative solutions that will ensure the sustainability of our businesses.



The forum provides us with the platform to exchange knowledge, engage in insightful discussions, and learn from the experiences and strategies of industry experts. We have a diverse range of participants, including insurance leaders, risk managers, policymakers, and technology innovators, who have all contributed their expertise to the thematic sessions and panel discussions.

Throughout the forum, we delved into topics such as adaptive strategies for mitigating risks in the VUCA environment, leveraging technological advancements to enhance operational efficiency and customer experience, and developing sustainable insurance products to meet the evolving needs of consumers.

At the retreat, the following papers and topics were presented and discussed by Professionals and Technocrats within and outside the Insurance Industry:

- Resilience and Risk Management Strategies for the Insurance Industry in a VUCA Environment.
- New Digital Business Model: Implications for the Insurance Industry.



- Resilience and Risk Management Strategies for the Insurance Industry in a VUCA Environment.
- New Digital Business Model: Implications for the Insurance Industry.
- The Evolving Role of the insurance Industry in Climate Risk Financing.
- Sustainability of the Insurance Industry in a VUCA Environment – Regulatory Initiatives and Challenges.
- ESG Consideration and Insurance Practice in Nigeria.
- Talent Management and Sustainability of the Insurance Industry.

At the end of the forum, the following resolutions and recommendations were made to guarantee sustainability of the Nigerian Insurance Industry in the VUCA environment:



S/N	COMMUNIQUE	RESPONSIBLE PERSON(S)/ENTITY(IES)
1.	The Insurance Industry must accept and embrace change as a constant, unpredictable feature of our business environment because VUCA is a new normal. Therefore, we need to rethink our model, have a mindset shift, think innovatively and creatively, and to collaborate to leapfrog.	NAICOM/NIA/NCRIB/ILAN/PRAN
2.	To promote sustainability of the Insurance Industry in the VUCA environment, we must learn to set flexible goals that are adaptive to changes when necessary.	NAICOM/NIA/NCRIB/ILAN/PRAN
3.	There is need for the Insurance Industry to be more proactive, anticipate possible future threats, devise likely responses ahead of the time, promote flexibility, adaptability and agility.	NAICOM/NIA/NCRIB/ILAN/PRAN



4.	The Insurance Industry needs to attract talents, develop, and promote people who thrive in VUCA environments. These people are likely collaborative, comfortable with ambiguity and change, and have complex thinking skills.	NAICOM/CIIN/NIA/NCRIB/ILAN/PRAN
5.	Insurance Industry needs an effective talent management practice that prioritize agility, learning agility, and a growth mindset to adapt and navigate shifts in technology. This involves developing comprehensive training programs, bridging skill gap, mentoring the young talents, and retaining top talents.	NAICOM/CIIN/NIA/NCRIB/ILAN/PRAN
6.	There is need to collaborate with government and other key stakeholders to raise awareness on climate change. In other words, the Insurance Industry must work with various regulators to improve building standards and policies. For example, an analysis of risk models may suggest limits to building in flood-prone areas.	NAICOM/NIA/NCRIB/ILAN/PRAN



7. The Insurance Industry should adopt climate-specific stress testing by using advanced analytic techniques to project how various acute and chronic hazards are likely to affect the industry over time. Such detailed analysis would help the insurers to build greater resilience by considering low-probability catastrophic events, diversifying their portfolio, and planning to evolve exposure over time.

NAICOM/NIA/NCRIB/ILAN/PRAN

8. The Insurance Industry needs to collaborate with clients and business partners to raise awareness of environmental, social and governance issues. Also, there is need to promote the adoption of the ESG Principles and support the inclusion of ESG issues in professional education and ethical standards.

NAICOM/CIIN/NIA/NCRIB/ILAN/PRAN



9.	<p>The Insurance Industry needs to adapt to and embrace new technologies such as artificial intelligence, machine learning, blockchain, and automation. This requires upskilling the existing workforce, attracting talents with digital skills, developing comprehensive training programs, partnering with technology providers, and creating a culture of innovation.</p>	NAICOM/CIIN/NIA/NCRIB/PRAN
10.	<p>To achieve sustainable growth, Insurance Industry needs to embrace ESG to assist professionals to focus on customer needs, innovation, operational excellence, regulatory compliance, development of ESG compliant products and promote ethical business practices.</p>	NIA/NCRIB/PRAN/ILAN



RESPONSIBLE PERSONS AND ENTITIES INCLUDE:

- National Insurance Commission (NAICOM)
- Chartered Insurance Institute of Nigeria (CIIN)
- Nigerian Insurers Association (NIA)
- Nigerian Council of Registered Insurance Brokers (NCRIB)
- Institute of Loss Adjusters of Nigeria (ILAN)
- Professional Reinsurers Association of Nigeria (PRAN)





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you



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