



INSURANCE BROKERS ASSOCIATION OF UGANDA

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PERTINENT/TAKEAWAYS ISSUES FROM THE 3RD IBAU CONFERENCE THAT REQUIRE ACTION / OBSERVATION

Chief Guest's Remarks

- Businesses manage risk differently. No one size fits all.
- There is a need to examine how to manage risks differently for survival.
- Population to double by 2050 to 2.5 Billion in Africa, significant rewards to investors willing to take on undoubted risks.
- Brokers need to navigate legal, political, and regulatory matters on short / long-term strategies.
- Brokers help identify the risks and give option best suited for business and in budget.
- IRA regulated commitment to reinstate client service charter last month – promises to be upheld, hoping that the brokers will adhere to the set obligations and services in a timely manner.
- This is the time to take risk management as key to protect catastrophic loss exposures. COVID 19 has reset what we thought risk was, others were not planned for or envisaged
- Today is the opportunity for further reflection as we align operations to the new norm.
- IRA is committed to meaningful proposal recommendations from this conference.

Key Note Address (Professor Ramadhan Ggoobi) and presentation of panelists

Key messages

- 2020 was a year of disruption and transition for enterprises; 2021 and beyond is going to be a period of continued evolution.
- The worst economic downturn since the Great Depression – direct impact on economies, curtailing economic activities and forcing businesses to operate at inefficient scale.
- Economic crises are like taxes; there is always another one coming!
- Empathy is the new gold standard – after the stress and uncertainty of 2020, people are looking for more than just quality products and services from businesses—they are looking for compassion and empathy.
- Regulatory adjustments are needed to support business continuity, reduce administrative burden of regulatory functions, manage solvency and liquidity risks, and provide support to policyholders.

Trends for future survival of enterprises

- Consumer's priorities have shifted.
- Remote work is officially the new normal.
- There is emphasis on health and safety.
- Local focus/physical de- globalization.
- Business model innovation.
- Creative joint ventures – to diversify risk.
- Declining trust.
- Empathy is the new gold standard.

Insurance Leaders; what to look out for

- I. **Digital adaptability:** Move away from traditional systems and adapt new technologies to meet changing customer expectations.
- II. **Data as an asset:** Take advantage of hybrid cloud (individual and public clouds) to understand your customers and improve your decision-making. Invest in systems that can efficiently and effectively process, analyze, and store the data streaming into your company.
- III. **InsurTechs and incumbent's partnerships:** Established insurers should leverage customer relationships to create opportunities for new income streams.

- IV. **Business model innovation:** Reflect on what you are offering customers and how you operate as a business. We are moving towards a world where people are going to be more important than just making more money.
- V. **Sustainability:** You need to rethink operations, environmental impact, and how your products are being used.
- VI. **Social media engagement:** There is now a big push toward a more authentic presence on social media and influencers.
- VII. **Purposeful & meaningful:** To attract talent and customers, redefine your purpose. Talented young people now want to work for companies with a purpose and real meaning.

Quick Reminders

Trend #1: Health First: Restructure health insurance; from only covering risk when there is damage, to rendering preventive services; innovations among tech providers to link insurers to health ecosystems.

Trend #2: Connected Living & Lesser trust: Insurers to go digital; usage-based car insurance; home insurance with cyber services (the more time we spend home, the more important such services become an extension of home insurance); reciprocity to solve privacy issues; data protection.

Trend #3: Unprecedented uncertainty: The sense of control people used to exude is now far away. Seize the opportunity; people will have a lower appetite for risks than they had before. Even if vaccines are administered to everyone (which will take some time), the future will remain uncertain.

Challenges for policy makers

- Innovations tend to precede regulation, not the other way round. In the catchup game, regulators should:
 - I. Not place a compliance burden on firms.
 - II. Watch out for circumventive innovation to escape regulatory constraints.
 - III. Not force firms to go for incremental rather than radical innovation.
- The need to react to fast-moving events and decide on policies without knowing the effects.
- COVID-19 has tested policy change pathways – e.g. learning from partial closures to mitigate or strict lock downs to suppress after loss of many lives, negotiated agreement (for stimulus packages) and diffusing ideas (drawing lessons from success or failed stories).
- Contextual factors: institutions, cultural orientations (e.g., trust and responsibility), state of economy, politics etc.
- Implementing policies across trans-boundary issues.
- Which way? Traditional policy reform (law, regulation, executive orders, etc.) or on-the-ground discretionary actions by frontline bureaucrats?
- Uncertainties regarding the duration and termination of policy decisions. Not forgetting the political consequences of reversing decisions.
- Controversies and blame-games: scrutiny and politicization of policy decisions (and non-decisions).

Insurance and risk management options

- In light to C-19 and the uncertain future, insurance regulators, supervisors, associations, and companies have been advised along three main areas:
 1. **Ensuring continuity of insurance services** – The need for continuous regulatory adjustments to support business continuity plans; and to reduce administrative burden of regulatory and supervisory functions (reporting, policy and regulation development).
 2. **Managing solvency and liquidity risks** – Accurate and timely stress tests to monitor market, underwriting and liquidity risks. Need for additional data from insurance companies related to risks.
 3. **Providing support to policyholders that have been adversely affected by the C-19** – proper guidance to policyholders on the applicability of various coverages to C-19 related losses. Is voluntary provision of additional coverage benefits possible?

Panelists

➤ **Key aspects that must evolve in a bid to regain consumer confidence – DORIS**

- A lot of education is needed on insurance issues. What is in it for us? This is usually marketed as the insurers the ones gaining.
- Claims experience - The process is a nightmare should be eased and not feel like an interrogation.
- A lot of empathy is needed from the insurance players.
- There should be a reduction on Tariff rates. For example, 4% per year. So, if one doesn't claim, then what?
- Payment terms – Terms should be reduced from 120 days to at least monthly?
- Innovation – Come up with other packages like insurance for the elderly and low-income earners
- The payment process – Issue of premiums paid then requesting the claimant to pay the bill first and then get the compensation after.

➤ **Initiatives that have been put in place to boost consumer confidence - BENARD**

The role of insurance brokers cannot be taken for granted because they are the **eyes and ears of the industry**.

To reduce the regulatory burden, comparison with other jurisdictions worldwide were considered. In coming up with regulations, consultations were done and the following initiatives were put in place;

- Anti-insurance fraud unit was put in place.
- Direct payment of premiums to insurance companies.
- Onsite inspection for compliance.
- Gave brokers powers to underwrite and settle claims.
- Qualified Principal Officers who understand insurance are well vetted and allowed to operate.
- Professional indemnity at Ugx 100 million.
- Have put in place intermediaries' regulations.
- Market conduct supervision – Conduct of business policies have been put in place.
- Procedures in dealing with complaints are in place.
- Brokers are encouraged to disclose the terms and conditions to clients.
- Minimum of 4 directors that allows the spread of skills and knowledge.
- Roles of senior management, board and staff are well defined.
- Need to review the code of ethics; Flexibility of discounts – No claim discounts.
- Capital adequacy of insurers – Ensuring the ability to settle claims.
- Fit and proper requirements are met to ensure there is confidence among insurers.
- Corporate governance – The need for an independent chairperson, CEO, a minimum of four directors with varying experience. Roles of management and staff should be very clear.
- Doing risk-based underwriting above minimum premium rates.
- A code of ethics was formulated 10 years ago.
- Discounts – When we look at minimum premium rates depending on the volume of business. The challenge is everyone is sticking to minimum premium rates but some risks are far above that.
- Sufficient discounts are in place which were shared by the regulator

➤ **As an industry leader, summarize what these crises have got you to do differently- RONALD**

- Businesses have been thrown off balance. Focus on resilience concerning loss of revenue, profits, dividends, salaries, loss of staff and low staff morale.
- Agility/Flexibility / Adaptability are key.
- Need to embrace technology / digitization – Focus on technology for connecting customers. Processes and communications are two different things.
- In-house adequate insurance protection, e.g. medical insurance for pandemics and life insurance.
- Insurance to other customers should also be done for insurance companies.
- Re-insurance – Not to over expose – Restructure and adequate.

- Change management – Embrace it.
- Think outside the box.
- Re-think how best to pay premiums without hurting the customer’s pocket.
- Perhaps short- term (monthly, quarterly, yearly) covers – Some even on daily basis.
- Cost control – Loss of jobs, benefits foregone, cuts in salaries.

➤ **The pandemic has brought to light new key employee concerns such as mental health and well-being, managing remote working, agility, employee communication; concerns not talked about that much in the past. What interventions have the employers put in place to not only get the job done but also keep their teams motivated? - GRACE**

The pandemic has given people a crash-course in mental health. No one has ever thought of mental health as a general management issue. Always thought it was an HR issue. The pandemic has brought it into our offices and meeting rooms.

- Emotional intelligence is going to be the game changer for us as an industry
- Mental health manifests in many different ways especially for those who manage large groups and groups that do not interact with each other frequently.
- We are looking at abandonment, hyper activity of employees
- Some have gone silent, more absent than they were before
- It is important for you to understand what your mental health is.
- Highlighted a few key touch points around looking at an employee as a social animal.
- Some of them have been removed from their work environments, their colleagues that offer some mental health soothing.
- There is need to look at the work-related pressures such as deliverables and targets and how they are adapting to this mentally.
- Pressures of spouse, family etc. and at the same time having to be productive.
- We need to understand the symbiotic relationship between employer and employees. They are only as fruitful as you make them.

Three things to reflect on;

1. Are you a frequent, timely, effective and consistent communicator? If not doing any of those things, it is something to think about.
2. How are you managing yourself in this situation? This has an impact on our employees. Do we sleep enough, eating healthy? Mental health issues.
3. Have you adapted yourself to the work environment and work situation that you are expecting your employees to be in?

Culture shift in organizations;

The assumption and expectation of the employees to change while business leaders and managers are not changing.

Employee dynamics are obvious. We need to look at;

- Stress fatigue. The pandemic added this to employees. There is need to look at fatigue from a social status perspective.
- Job security issues have to be looked into.
- Job changes. How the employee will manage change.
- Leader expectations. How realistic are they? Are you giving employees the reliable equipment to do the job?
- Empathy has to be on full display, otherwise will suffer the consequences of lack of it.
- Social media; cushion of employees to make sure they are effective in execution of their duties.

➤ **Experience in buying insurance through an Insurance Broker – DORIS**

- Clients get time to be educated about what it is in for me as a business. That gives me choice which has put me in control.
- Convenience – The broker taking a load off clients to mitigate so they can focus on other things.
- Fast and personalized service focusing on clients.

➤ **Time taken to honor claims – BENARD**

- The regulator issued guidelines some time back on claims settlements and the duration they should take. Sometimes there are delays due to loss assessors delaying to submit reports.
- Now reviewing those guidelines to close the loopholes.
- You can directly submit a complaint to the regulator.

➤ **Most businesses are start-ups. Thoughts on the Need for affordable insurance packages - RONALD**

- There is need for innovativeness and invention, e.g. daily, weekly, monthly packages.

➤ **Lessons from COVID are that plans don't work out anymore – GRACE / RONALD/ BENARD**

- Open mindedness and flexibility are key.
- Innovate internally.
- Managers do not have all the answers and employees should be involved in reviews of plans.
- Plans give us focus but they need to be reviewed on a frequent basis.
- Contingency planning.

➤ **How the regulator can help a customer who is not satisfied with the services of the insurer– BENARD**

There is need to know the different views of both parties. A complaints bureau is in place for claims settlements. If it is about the general service of the insurer, the CEO of IRA be can approached directly.

“Economic crises are like taxis; there is always another one coming!”

“To ensure a high level of professionalism and integrity among members”