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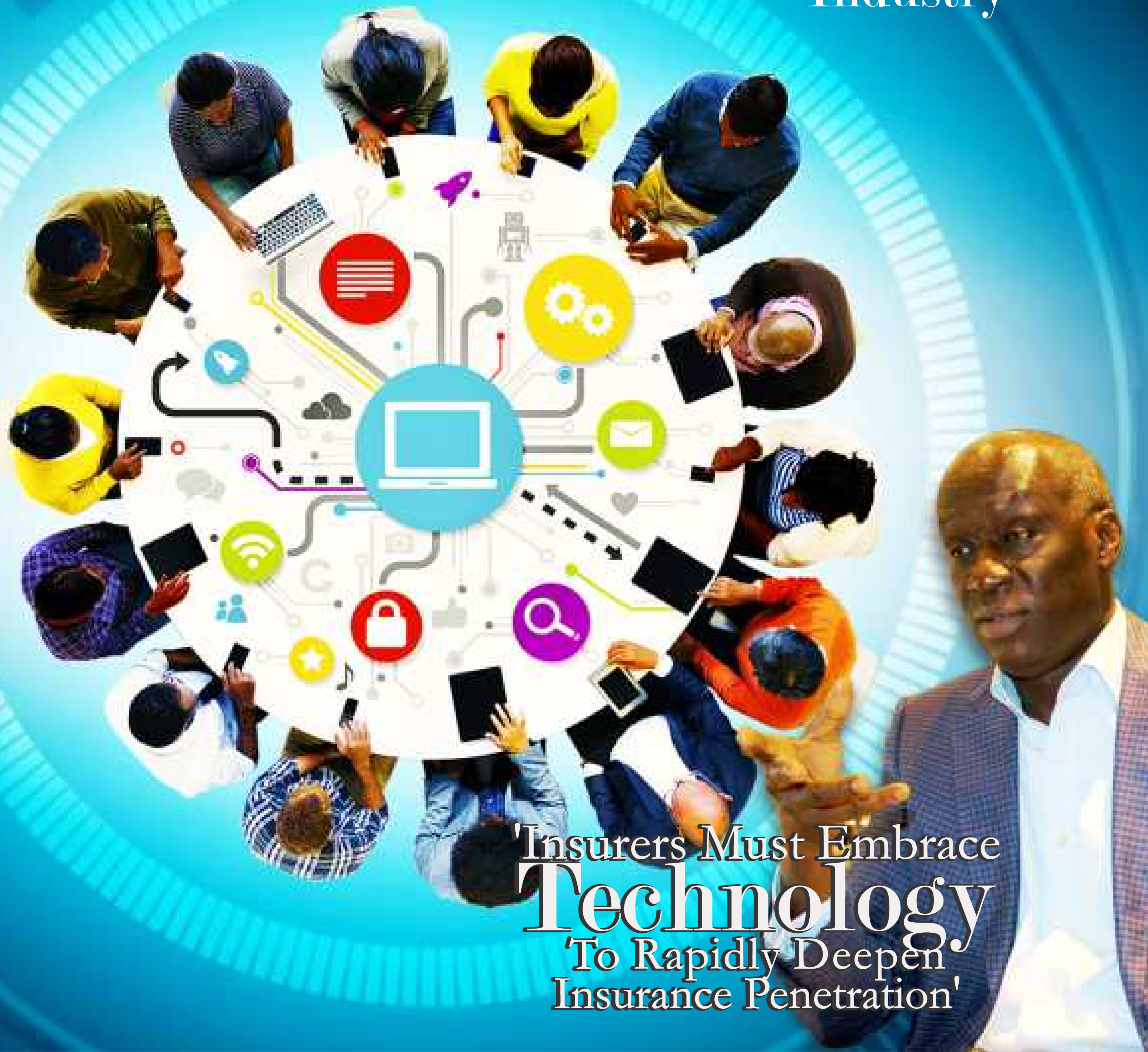
InsurTech and the Nigerian Insurance Industry



'Insurers Must Embrace Technology To Rapidly Deepen Insurance Penetration'

From the Desk of the CIIN President

Mrs. FUNMI BABINGTON-ASHAYE, FCII, FIIN

Oh, how time flies! My tenure of 365 days which commenced on July 25, 2017 has graciously come to an end. Hinged on the theme, **"Insurance-imperative for Education and Enlightenment"**, the tenure, to the glory of God, was quite eventful, activity-driven and fulfilling. During the period, the Institute leveraged its goodwill with the sector's regulator and other arms of the Industry to aggressively create deserved awareness about the importance of insurance to individuals, households, business entities and the government with great success.

It is heartwarming to note that the Institute, during the year, accelerated the tempo of advocacy, press conferences and visitations to strategic stakeholders in government. Among net worth individuals visited were the Governors of Ogun State, Senator Ibikunle Amosun, FCA, his counterparts in Ondo State, Arakunrin Akeredolu, as well as the Head of Service of the Federation, Mrs. Winnifred E. Oyo-Ita. We also made a strong case, and received assurances, for both the gazetting of the CIIN qualification already approved by the Federal Ministry of Education and its inclusion in the Scheme of Service from the Head of the Civil Service of the Federation.

To reinforce its commitment to the technical capacity building of its members, the Institute engaged Babcock University, Ilisan for the setting up of an Insurance Department in that tertiary institution. In addition, talks have also reached advance state with University of Lagos for the commencement of an MSc degree in Insurance and Risk Management to further enhance the production of quality manpower for the industry. Furthermore, the Institute and its College of Insurance and Financial Management jointly organized a series of training programmes on emerging practice issues for the benefit of members. In addition to the commencement of the publication of a monthly eNews letter to keep members abreast of developments in the profession and economy, the Institute also inaugurated an ultra-modern e-library at the CIIN Secretariat for members, students and researchers to create a convivial environment for learning.

As a profession built on trust and to ensure that members continue to discharge their responsibilities ethically, the Institute reviewed and launched its Code of Ethics with glitz during the recently held National Insurance Conference in Abuja.

In terms of strategic collaborations to enhance insurance knowledge and practice, the Institute under my watch, organized an international exchange programme to Hong Kong. The trip was not only memorable but also, it opened up new vista of knowledge and business relationship for the Institute and practitioners. This was on the heels of the successful rekindling of our technical relationship with CII, London to further drive the development of the profession and industry in Nigeria.

Another programme that received considerable attention of the Institute during my tenure was the attraction of Generation Next who are, expectedly, the future providers and consumers of insurance services. In this respect, career talks and public lectures were held across the country for them. Indeed, the theme of my valedictory lecture was, **"Insurance and Generation Next: meeting the needs of stakeholders"** to underscore the premium we placed on the youths. In addition to donating insurance books to several higher institutions of learning, the Institute commenced its "catch them young" crusade at the NYSC Orientation camp, Iyana Ipaja, Lagos.

As I formally hand over the mantle of leadership to my very worthy successor, friend and professional colleague, Mr. Eddie Efekoha, I express my profound gratitude to members of Council, my esteemed team, the Secretariat staff and all those unsung heroes and heroines who made invaluable contributions to the success achieved. As I look back with deep sense of fulfilment and joy, I wish Eddie the very best as he sets out to add enviable building blocks to the solid foundation laid by my predecessors on whose shoulder I stood to achieve this modest progress.

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Introduction

"The power of technology to drive change and disrupt traditional industry models will continue to have a paradoxical effect on the industry. It will give us more tools to collect and analyze data to price certain risks, and it will also accelerate the pace of change and give rise to unknown risks."

Russell Johnston

InsurTech and the Nigerian Insurance Industry

By Dr. Ogechi Adeola

Africa is blessed with abundant natural resources and human capital –indicators of a wider market to cover – so it should be no surprise that the demand for insurance protection will skyrocket in the coming decades. According to a 2017 African Insurance Barometer report, the industry demonstrated resilience in the recent economic recession that plagued the continent, and it has continued to grow to provide efficient services to the insured population. Nevertheless, it must be acknowledged that the industry is not immune to technological disruption from the rise of the ubiquitous digital technology. Notably, customers are experiencing digitization in their everyday life, and this has become an expectation in their insurance journey. In combination with technological advancements tied directly to customers' expectations, new technologies are beginning to create competition among service providers. Greater transparency and comparability have become essential success factors within the industry as digitalization becomes the norm and customers have come to expect personalized services, plain-language terms and conditions, and simplified claims processes. Business models, therefore, need to be continuously redefined to optimize risk management strategies, identify new customer segments and improve product and service offerings as digitalization increasingly changes the competitive landscape of the insurance industry.

InsurTechEnters the Field

InsurTech, a blend of 'insurance' and 'technology', is designed to capture savings and realise efficiency in the insurance terrain or industry through the use of technology, much as FinTech serves the financial services sector. InsurTech software provides faster, easier, and more efficient means of accessing insurance services. InsurTech companies are entering the global insurance industry in large numbers with the aim of changing the rules of the insurance game. As InsurTech innovators introduce fresh technological ideas and intuitive concepts that drive transformation. Traditional insurers are less likely to face obsolescence if they set aside their reluctance to take advantage of innovations, explore partnerships with InsurTech companies, actively participate in venture capital and other

incubator programs, or make a substantial investment in technology. The insurgence of InusurTech has prodded the questions of: How to merge risk mitigation and innovative management in a rapidly changing environment? How to leverage on new technology and scale to change how insurance products and services are delivered in the face of the likely entrance of InsurTech companies, start-ups that possess the speed and scale to offer lower costs and greater value to medium- to low-end customers? Will the future become a battleground between large, established insurance companies and InsurTech start-ups–both of whom will be seeking the business of empowered customers demanding user-based, self-directed, automated services to meet ever-growing needs. It is undeniable that digitization poses a threat to traditional insurance companies and brokers that have been slow to embrace innovations.

Digitization of the Global Insurance Industry

"The insurance system today is built on, Agents, Actuaries, and Underwriters, who will be replaced with simple-to-use online interfaces, algorithms and artificial intelligence."

To Guy Goldstein

In their study of digital disruption in the U.S. insurance market, the Boston Consulting Group found that because large numbers of insurance organizations fail to understand "digitization" and therefore are unable to harness technology that has the potential to meet customers' needs, enhance their business processes, and use customers data to build intelligent systems. McKinsey & Co. publications recommend digitization as a powerful tool to reshape products, marketing, pricing, distribution, services, and claims processes of established insurers.

A 2016 PWC Global FinTech Report predicted that by 2020, 22% of Insurance, Asset Management, and Wealth Management services are at risk of loss to emerging financial technologies. Property & Casualty insurance and Life insurance ranked high on the list of disruption casualties by 2020. According to the PWC report, "the new digital technologies are in the process of reshaping the value proposition of existing financial products and services. While we should not underestimate the capacity of incumbents to assimilate innovative ideas, the disruption of the financial sector is clearly underway. Moreover, consumer banking and payments, already on the disruption radar, will be the most exposed in the near future, followed by insurance and asset management."

In order to maintain relevance in the insurance industry today, insurers' must incorporate the digital trend into their business model. Willis Towers Watson, a multinational risk management, insurance brokerage firm and

McKinsey& Co., a national consulting firm, affirm that digitization is here to stay, and companies that opt out of its use are likely to be left behind. Insurers that adopt a digital strategy will be better positioned to predict customers' needs and join in the culture of digital thinking.

In 2013 Deloitte identified two emerging technological trends – disrupters and enablers– that would impact the insurance sector. Disrupters, they said, are "opportunities that can create sustainable positive disruption in IT capabilities, business operations, and sometimes even business models". Enablers exhibit evolutionary characteristics. In a 2016 document titled "The Current InsurTech Landscape" published by the University of St. Gallen, Prof. Dr. Manfred Feilmeier, Chairman of Managing Board at viadico AG, described the impact of digital transformation on insurance business models, identifying five digital drivers that will shape mainstream data security and employee qualifications: cloud computing, Big Data, mobile devices, social interaction, and IoT – the Internet of Things

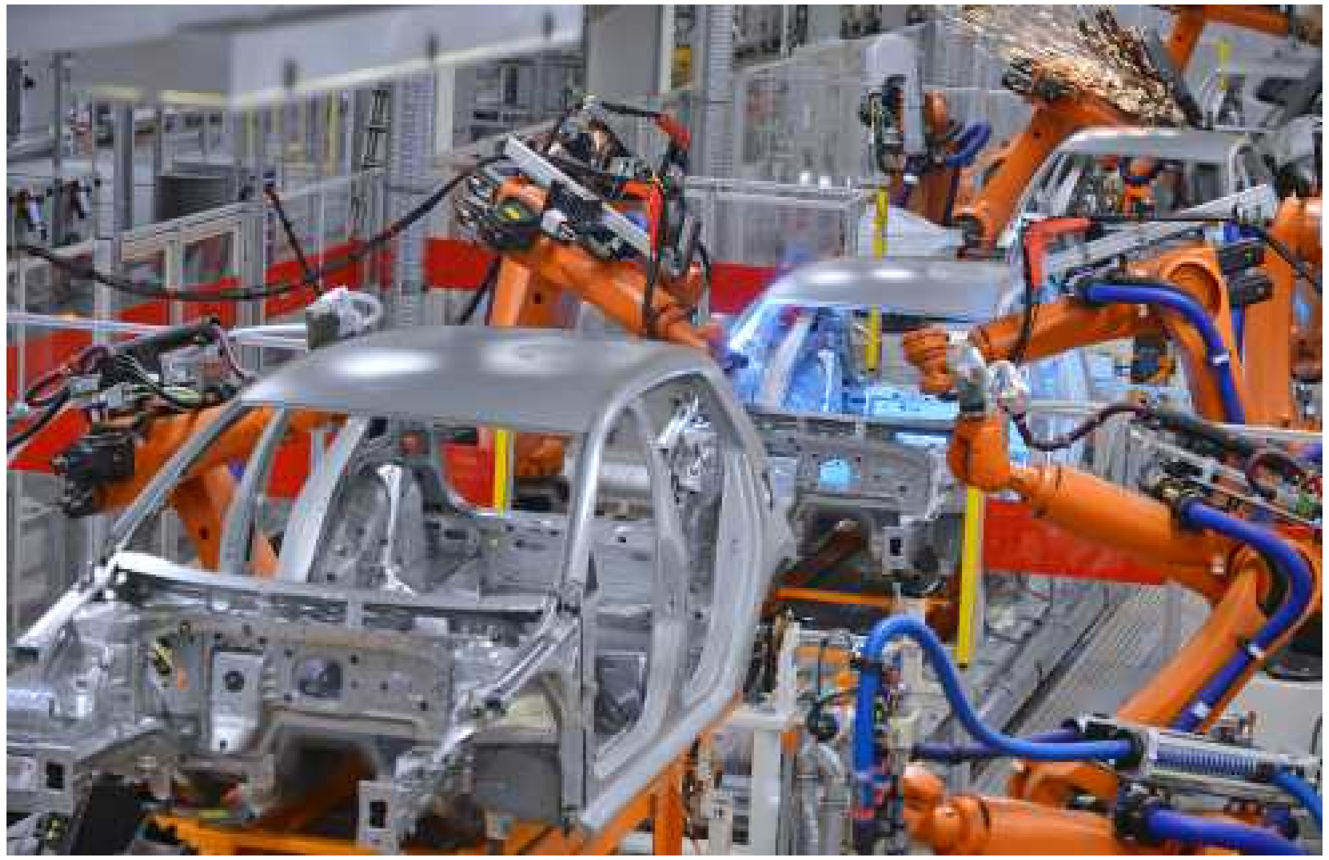
InsurTech offers the insurance industry the innovative capabilities to utilize machine learning, AI, and Big Data to capture new insights into consumer needs and expectations. IoT is already being utilized to manage auto and health insurance. For example, an IoT-enabled device such as on-board diagnostic (ODB) dongle can track a client's driving performance and return data that will be a greater influence on policy formulation and premium costs than where the driver lives or the age or model of the car. In his 2017 blog, InsurTech World, Greg McLaughlin described the importance of IoT on the health insurance industry, and, as an example, noted the use of wearable devices that can monitor clients' health, providing biometric data that helps insurers offer premium discounts and rewards that encourage clients to maintain healthy lifestyles.

In a 2015 paper on the role of ecosystems in the insurance industry, Morgan Stanley wrote that catalysts driving digitization in insurance distribution, underwriting, and claims management are consumer expectations, technology adoption, and regulation. The paper identified five strategic action points receptive to digitization: evaluate chances and risks, offer products and services based on their strengths, adopt an innovation-friendly operating model, establish strategic partnerships, and test innovative ideas on a small-scale before expanding quickly.

Implications of Technological Disruption on the Insurance Sector

"GOING FORWARD, AUTOMATION WILL INVADE THE INSURANCE INDUSTRY, WITH BOTS TAKING OVER MANY CUSTOMER-SERVICE FUNCTIONS, HANDLING SIMPLE UNDERWRITING INSPECTIONS AND EMPOWERING MORE SELF-SERVICE CLAIMS."

P/C Carrier Executive, 2017



Insurers are beginning to build the skills and expertise required to adopt emerging technologies and become successful players in the insurance industry. Ramnath Balasubramanian, Ari Libarikian, and Doug McElhaney, writing for McKinsey & Co. earlier this year, pointed to emerging technologies that are positively disrupting the insurance industry: artificial intelligence (AI), blockchain technology, Internet of Things (IoT), and Big Data Analytics.

Robotics & AI

AI is being positioned to respond to the changing business dynamics in the insurance industry via machine learning and deep learning techniques. Consider the way 3-D printing is expected to change commercial insurance products: By 2025, 3-D-printed buildings will likely become a reality, and insurers will need to know how to write risk assessments. Soumik Roy, in a March 2018 TechWire article, wrote that AI is being utilized to solve traditional pre-purchase insurance questions: Does the customer understand their products, so they can make the right choice? Is the customer aware of the implications of their choices at different stages of the product lifecycle?

Block Chain

Blockchain, a distributed ledger technology, has wide-reaching implications for the insurance industry. A lack of consumer trust, high costs, and insurers inefficiencies has led to an extraordinarily high level of global under insurance. Bernard Marr, writing for Forbes in 2017, said that to ameliorate these challenges, blockchain technology would provide needed transparency and increase trust. Blockchain technology

increases cost-cutting efficiencies through digital access to claim forms, evidence, police reports, and third-party reports. Blockchain technologies will exert considerable weight in the determination of regulatory conditions for the insurance industry; that alone is a powerful impetus for the insurance sector to investigate the potential for blockchain technology.

Internet of Things (IoT)

The wide array of IoT devices now in use and the resulting increase in data generation are valuable tools for insurers in the development of more accurate actuarial models and new products such as usage-based insurance models. For example, in the auto insurance space, encrypted data gathered about driving times and distances, acceleration and braking patterns, and other driving behaviors can be used to identify high-risk drivers in order to validate information on their application forms. No longer simply claims payers, insurers can move beyond this and create value by helping customers adopt driving habits that avoid risk. IoT technologies offer countless opportunities for insurers to assess and mitigate risk, improve operational efficiency, and identify fraud. It can also give consumers more flexibility and control over their premiums. Smarter use of IoT and sensor data gives insurers the opportunity to engage directly with their customers, building relationships that achieve a dynamic understanding of the nature of their needs over time, and ultimately create personalized offerings of products, features and access options.

Big Data Analytics

SAS.com defines Big Data Analytics as the collection of large amounts of data to uncover hidden patterns, correlations, and other insights. Using Big Data Analytics, insurers are provided with actionable information to effectively proffer insurance products that are closely matched to clients' interests and circumstances as it positively affects the traditional risk landscape such as market risk, credit risk, and operational risk. While insurers can monitor and develop proactive services, customers have the information they need to reduce their risk levels and hence their insurance premiums. Big Data has allowed insurers to combine customer relationship management and the insureds' social media data to, for example, verify if a motor accident claim is actually connected to the claimant. Big Data contributes to the effectiveness of marketing campaigns that target audiences with specific demographic characteristics.

InsurTech and the Future of the Nigerian Insurance Industry

The rise in digital technology will disrupt the current insurance industry model in Nigeria – an industry long overdue for innovation. This unannounced visitor may be perceived as a threat or utilized as an opportunity to buffer how customers perceive the insurance industry. The future of the financial sector belongs to those who seize this opportunity. The question is, can insurance companies in Nigeria successfully ignore InsurTech?

Technology is taking over every sphere of the economy, and the insurance industry is not an exception. A look at experts' views across Africa provides insights. According to Rudolph Humavindu, General Manager Reinsurance, Namib Re, Namibia, "The systematic use of data will help insurers to personalize customer experiences further. Insurers will be able to create new products tailored to the specific needs of individuals and to make relevant risk recommendations, leading to greater customer satisfaction and eventually lower premiums." Shashi Ramdany, CEO, Reinsurance Solutions, Mauritius, agreed: "Over the next couple of years, we expect a modest market concentration in Africa, driven by regulatory developments, such as higher capital requirements, and a strong and continued appetite for investment from African and non-African insurance companies."

Technology will have a massive impact on the insurance value chain, including, but not limited to customer acquisition, product distribution, pricing, risk management, and predictive analytics. The technological revolution will require a new understanding of traditional risks, such as auto risk insurance, and emerging risks, such as cyber security. The insurance industry is fragile and could be derailed by some of the current practices in this competitive environment. In addition to the regulatory framework that policymakers maintain and develop throughout Africa's insurance markets, we need to encourage self-regulation by members of the industry. Bayo Folayan, Managing Director, National Insurance Corporation Uganda, is among those who recommend diligent enforcement of a code of conduct that defines and helps to abolish practices that threaten the industry's long-term existence.

In 2018, with the increased focus on rebranding the insurance industry in Nigeria, incorporating insurance and technology will go a long way toward ensuring a sustainable industry that can be trusted by current and prospective customers. With fewer human interventions that are subject to errors, technology will enhance insurers' performance and improve customer satisfaction.

How Millennials Will Drive

Change in the Nigerian Insurance Industry

Millennials are young adults born between 1980 and 2000 and a bit later. As a group, they are characterized by their heavy dependence on technology; usually turning to the Internet first to answer every question. Millennials expect on-demand insurance services, automated claims processing and payment, ease of access to personal data, highly integrated mobile-enabled platforms, and dynamic pricing mechanism.

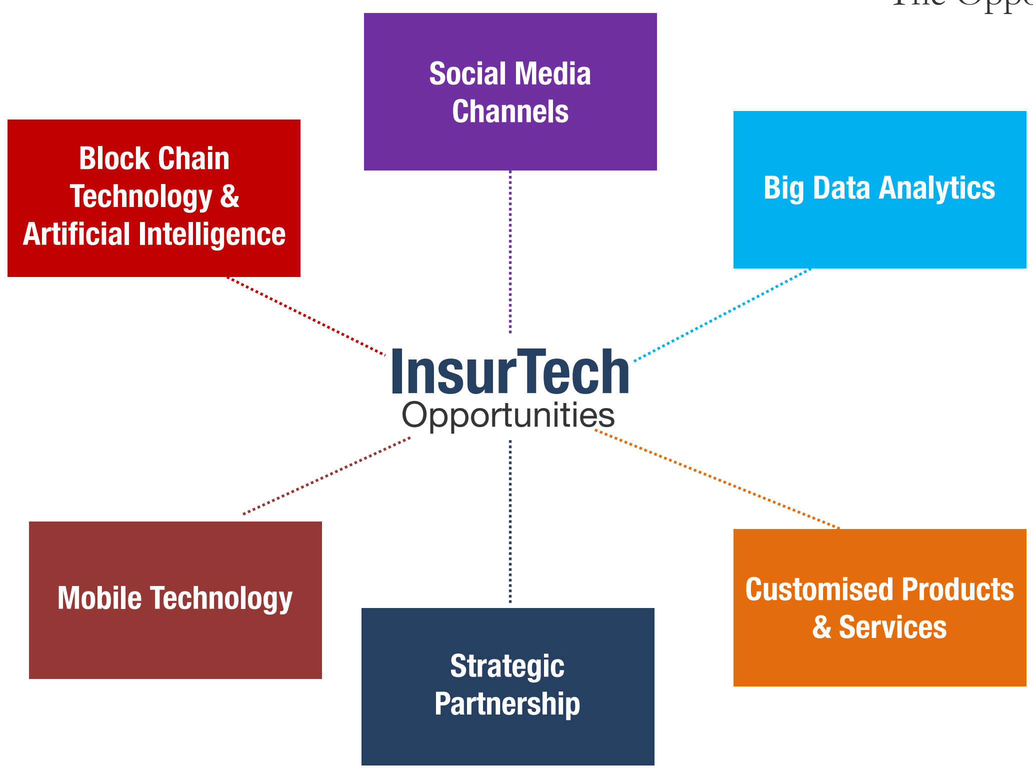
Millennials prefer a customer engagement experience via the internet or social media, compared to the Baby Boomer Generation that is more likely to require a personal relationship experience. The expectations of Millennials seeking information about insurance will have a significant impact on how insurers do business in the future.

Insurers who understand what this tech-driven group demands will be better positioned to evaluate their operational dynamics to deliver effective services. A 2015 Goldman Sachs report titled "Millennials Coming of Age" was predictive of the current climate for Millennials: "Millennials have grown up in a time of rapid change, giving them a set of priorities and expectations sharply different from previous generations." Millennials, the report correctly foresaw, "will change the ways we buy and sell, forcing companies to examine how they do business for decades to come."

Because Millennials want personalized product offerings, insurance companies are smart to improve the customization of their core offerings. For example, a Millennial will prefer an auto insurance policy whose premium is based on his or her driving lifestyle and experience rather than one designed for a family. Millennials expect the same intuitive and streamlined experience from insurers as they do from their favorite app, search engine, or online retailer. It is therefore expedient that insurers must adjust their business models and strategies to remain competitive and take advantage of potential wallet share, as well as adapt to the fast pace of digital change.

An April 2017 article "Millennials disrupting the insurance industry" written for BizCommunity, insurers are advised that to be better positioned in the ever-evolving change in technological trends and innovations, one way to build capacity for innovation is to hire graduates who fall within the Millennial generation. They can identify with their peers and anticipate the ever-changing needs of these customers.

The Opportunities:



Block Chain Technology and Artificial Intelligence: Big Data is significantly increasing the need for cloud storage platforms, machine learning, and Artificial Intelligence given the proliferating array of connected digital devices. One prediction, coming from Payments Card & Mobile in March of this year, was an "exponential increase in sales of digitally connected devices projected to move from 2 billion dollars to 40 billion dollars in 2022". Advanced digitization technologies and changing consumer demands should be put into consideration by insurance providers in defining a consumer-centric approach. The adoption of advanced digital technologies such as cloud platforms, Internet of things, AI, machine learning, and blockchain technology should be considered, as short-term and long-term strategies (where applicable), to enhance customer experience. In the future, these technologies will redefine the dynamics of business models used in Insurance services.

Social Media Channels: Millennials and post-millennials who are building their insurance portfolios for the first time are using social media platforms to conduct their initial search for insurance coverage. Growing awareness of this medium is persuading a lot of Baby Boomers and Generation X customers to compare insurance options at social media links. InsurTech organizations should reposition their business strategies to present personalized and enhanced-service responses via the use of social media channels. Creating accurate demographic segmentation is key to success for reaching digitally-empowered consumers who require personal engagement and service across multiple channels.

The empowered consumer seeks simplicity (obtaining policies online – just a click away), convenience (ease of access and delivery of policies), flexible pricing (clearly described without intermediaries), clarity (simple language), ease of purchase (online premium payments; insurance on-the-go), personalized services (to meet unique needs) and finally and most importantly, ease of claim processing (conducted seamlessly online).The message Nigeria's Millennial consumer wants to hear is "no hassle" purchases and claim processing.

Big Data Analytics: Determining premiums for insurance products is complicated. Big Data can help InsurTech organizations better assess the risks associated with a new product, thus helping them identify gaps and the opportunities to offer higher levels of service or even generate risk insights for low-income users. Big Data applications can help Nigeria's insurance companies carry out predictive and statistical modeling to forecast what might happen in the future by measuring and understanding data from the past. For instance, more accurate predictions associated with health problems for individuals seeking health insurance, or personalisation of auto insurance coverage utilising usage- and behaviour-based models which leverage on technology to capture driving data including driving history and mileage coverage. Thus, with Big Data, better risk management models can be developed to identify and mitigate risks and help in claim automation, a convenience customers require in the digital age.

Innovative Products and Services: Customers are increasingly demanding customized policies that align with their unique needs. In this era of the user-based model, flexibility and scalability are key. Segmentation tools will need to be deployed to achieve effective creation of these personalized insurance solutions. Insurance companies can successfully leverage data and analytics to introduce personalised value propositions while at the same time proactively manage risk. Value-added products and services attract customers while they create awareness of the benefits of appropriate behaviour. For example, using technology to monitor healthcare patterns will reward healthy lifestyles with discounts or other cost savings on premiums. Life insurance premiums will distinguish between habits that impede health, demanding a higher premium, and "manageable risks" that warrant a lower premium. In effect, personalised tools enable appropriate risk selection and pricing.

Mobile Technology: Given the changing experience of the mobile consumers, the services and products that will take a larger slice of the insurance market pie are those that are user-initiated, user-centred, and solution-driven, i.e., user-based insurance. The key word is convenience: Innovative products and services that are easy to access, monitor, and pay for on a per usage billing or pay-as-you-go model. Tech-savvy consumers would like the convenience of possessing tools that give them access to risk selection, a range of products, and appropriate pricing, therefore, new risk models must be developed. Investment in mobile technology will be a source of competitive advantage.

Strategic Partnership: Given the constraints of size and scale of operation, digital technology provides an opportunity to build a strategic relationship with trusted partners beyond reinsurers and other intermediaries and provide customized services to a range of customers. Partnerships can exist with mobile telecom companies to reach the uninsured, technology companies for Pay-

As-You-Go (PAYG) services, educational institutions to reach young adults, and HR-related companies with outreach to employees and the self-employed, amongst others.

In the case of the under served Nigerian market, the appropriate risk model will be applied to new products and services, utilizing risk selection and pricing tools. Incumbents need to consider ways to lower the costs of service provision by striking alliances with strategic partnerships that use technology to generate ease of access and outreach. Those that don't are not immune from potential start-ups whose low-cost digital strategies are applied to create effective utilization of mobile technologies and reach the underserved.

Way Forward:

Despite the perception that this disruption poses a great risk to the existing competitors, insurers are increasingly embracing the fact that InsurTech is a game changer. However, InsurTech presents more of an opportunity than a threat.

Changing marketing dynamics require a shift in thinking by the insurance sector. InsurTech companies will explore value creation in places where the incumbent large insurance companies lack incentives to consider. In the future, we envision that InsurTech start-up in Nigeria will become more visible and bring to the market new products and services that will attract the tech-savvy Millennials who have the speed and scale required to drive innovation. For the big players in the industry, the incumbents, there are constraints such as the scale of operation, risk appetite, organizational culture and, perhaps, regulations. New value propositions demand a new infrastructure, skill sets, speed, and strategic solutions to meet expectations. Predictably, the solutions may reside with the InsurTechs who have the time to develop plans and strategies to meet the requirements of the new terrain.

What can the incumbents do? They can explore partnerships with InsurTech companies, or actively participate in venture capital and other incubator programs. Alternatively, they can take up the disrupt in the industry by themselves by making a substantial investment in the use of technology and optimize the processes. New business models must emerge from the changing technology. There are innovations that the sector can leverage for scale and transform how insurance products and services are delivered to customers, it is likely the entrance of start-ups will shift the trajectory to service low-end customers with very little profit in return. To the incumbents, it may be a difficult transition though a necessary means of addressing the much-needed change in the sector. However, it is important to note that disruptions begin outside the incumbent's terrain (the core of business) and slowly take over the industry, eroding profit and totally disrupting the marketplace.

Changing the status quo requires a comprehensive response and a clear strategy on how to compete with InsurTech start-ups – considering which market segments and users will be the targets of these start-ups. It requires clear monitoring of the strategic environment, the newly empowered customers and the InsurTechs to know how to play the game. It requires a crucial analysis of the current target market and a consideration of what additional market, with the aid of digital technology, can be tapped into with new products and services,

It seems clear that in the established insurance industry, technological advances have not taken off fully and the opportunities not utilized. From block chain to artificial intelligence and cloud computing, opportunities abound for InsurTech services to grow. The scale of this opportunity would be determined by how innovative solutions are applied either directly or indirectly to the product development process of InsurTech services.

Given that over 90 million Nigerians are active users of mobile phones, insurance providers that change the dynamics of their business communication will achieve phenomenal growth in the insurance industry and financial service sector. Insurers need to embrace the strategic significance of social channels and tailor their marketing strategies to align with the digital natives; such strategies will require allocation of

resources to study millennials' habits and develop strategies to sell multiple strands of insurance. The challenge is clear: leverage sensor technology and data, and introduce innovative products and services that improve the customer experience.

The role regulators will play remains uncertain. It is important for the key players and stakeholders in the insurance sector to begin to engage regulators in the conversation on the applications of digital technology in Nigeria's insurance sector.

Ogechi Adeola is of Lagos Business School, Pan-Atlantic University, Nigeria

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Demystifying Insured And Insurer's Expectations At The Time Of Loss

"It is of the insurer's interest that the principle and process are clearly understood by the insured in order to drive home their expectation at the time of loss. ...Ideally, insurance business is all about claims payment and claim is the main reason a policyholder takes up an insurance policy."

In every contract, be it commercial or insurance, the parties (insured and insurer) to the contract are moved by what they stand to gain in the contract (expectations). This expectation is the driven force of interest. An Insurance contract is a legal promise that when the eventuality (losses) happens, the insurance company as a risk bearer will be there to compensate the insured/policyholder. Insurance guarantees financial security to the insured. As a legal contract, insurance is built by terms and conditions, policy wording, policies interpretation, values and so on. The insured's expectation is anchored on the insured promise of financial security at the time of loss. This is the reason for buying insurance policy by the insured. To ensure adequate coverage, the insured needs the services of an Insurance Broker or Lawyer who will professionally interpret the policy and provide the insured with risk management advice as the case may be. The insured's expectations must be fully represented for there to be a contract.

Even though many view insurance companies' requirement of a policy as being too demanding (i.e by the insured) but, that is the only way to maintain the legality of the business without turning it into profitable and wagering by the insuring public. The insurer's expectation is all -encompassing. It covers the insured interest and as well as duties during the policy period and at the time of loss. Insurance is guided by principles that differentiate it from every other commercial contract. It is of the insurer's interest that the principle and process are clearly understood by the insured in order to drive home their expectation at the time of loss. To strike a balance, both parties' expectations must align with the principles and practice of insurance business. Until these are established there is no consensus- Adiem (agreement). Prompt claims settlement is possible if the insured present necessary documents and the insurer understands and acknowledges the fact that he is in business to settle claims (Fola, 2014).

Claim is a formal request for compensation made by a policyholder to the insurance company for loss (es) suffered under the policy. Although a claim could be filed by a third party like Lawyer or Insurance Broker only the person listed as beneficiary on the insurance policy is entitled to receive payment (Fola, 2014). Ideally, insurance business is all about claims payment and claim is the main reason a policyholder takes up an insurance policy.

The Main Objectives of Claims Management

Insurance claim is a formal request for compensation made by a policyholder to the insurance company for loss (es) suffered under the policy. The objectives of claims management;

- To guarantee peace of mind in face of losses knowing full well that the insurer will restore the insured to the financial position he was before the time of loss.
- To settle all genuine claims on time
- To verify that a covered loss has occurred for fair and prompt payment of claims
- To provide personal assistance to the insured at time of loss
- It serves as strong marketing tools and business promotion
- Projects the brand image of an insurance company.
- claims settlement ensures adequate protection of policyholders
- Brings about trust and confidence between the insurance industry and the insuring public
- Improves business performance in terms of customer satisfaction and loyalty.
- Claims payment serves as a test instrument that determines the extent to which an insurance company lives up to the 'utmost good faith' promise

Claims settlement considerations

All insurance policies are guided by a policy document containing the terms and conditions, exclusions and warranty binding the contract. The policy document serves as a reference point at the time of loss as well as evidence of an insurance contract. A breach of any of the policy wordings has a consequential effect on both parties especially the insured (who must comply with this procedure). The general factors considered when a claim occurs include;

a. The notification of claims – It is vital and considerably important that at the time of loss, the insured is expected to issue a notification letter to the insurer covering his risk.
b. The time of the notification - Some policies stipulate that the notice must be sent to the insurer within a reasonable time frame or preferably, within a specified number of days, say 30 days of the loss/damage. Failure could be considered as breach of contractual terms of the policy.
c. To establish the existence of such policy covering the loss – On notification, the insurer will check in their customer file if there is a cover on such policy and equally establish that the loss happened during the currency of the policy.
d. The insurer will establish that all the policy clauses (conditions, exclusion and warranty) are duly complied with.
e. The insured must provide proof of loss to the insurer. Indeed the burden of proof of the loss rests solely on the shoulder of the insured who will establish that a loss occurred with documentary evidence.
f. If the policy exists and the insurer allege that the details supplied by the insured is not enough proof then the duty shifts to the insurer as they have to prove it by carrying out their own set of investigations to establish if the insurer is liable and the amount of liability involved. This process is carried out by the loss adjuster who is independent and professional.
g. On the last note, where all the information obtained and the investigation carried out by the insurer reveal that there is a liability on the insurer, the insured is indemnified immediately. Where there is more than one policy, the individual insurer contributes their ratable proportion to the loss.
h. Where a third-party caused the loss, the insurer assumes the position of the insured to recover all rights and remedies from the third-party.

The insured's expectation during a loss

Upon the notification of loss by the insured, the insured expects the insurer to assume the following roles;

- Establish that the policy is in enforce
- Ascertain whether a loss occurred
- Mitigate the loss
- Give necessary advice
- Stand by the insured during the loss period
- Provide personal assistance to the insured after a covered loss occurs
- Avoid prolonged and unnecessary investigation process
- Expect the insurer or loss adjusters to act unbiased during the investigation
- Ascertain the liability and amount of loss
- Prompt claims payment
- Resume subrogation right against the third-party after indemnification
- Avoid dispute and ligation

The Insurer Expectations during a loss

Upon loss occurrence suffered by the insured, the insurer expects the insured to act in certain ways. Role of Policyholder at the time of loss;

- The insurer expects timely notification upon the happening of a loss within the statutory stipulated time frame depending on the class of insurance.
- Provide proof and evidence of loss upon notification.
- Make innocent representation i.e. to present unexaggerated claim.
- The insured must have paid their premium -
- Fulfilled the warranties and conditions provided by the policy document.
- Provide evidence of insurable interest.
- Cooperate with the insurer during the investigation.
- Report the third-party to the insurer and cooperate with the insurer in getting the offender.
- Comply in the case, if litigation or arbitration is applied.

Reasons for Claims Rejection

- Insurance contract is invalid
- There is late notification of loss by the insured which hindered investigation
- Non renewal of policy
- Breach of warranty
- Breach of condition precedent to the policy
- Supply of incorrect information at the time of loss
- Lack of due care of the subject matter by the insured
- Fraudulent misrepresentation
- Exclusion and exempted clause

- Elapsed policy
- Unpaid / inadequate premium
- Cause of Loss or peril not covered

Challenges confronting claims administration and settlement

Delay in remitting premium by insurance brokers pose a challenge to claims at the time of loss. The standard of "no premium no cover" does not stand in Nigeria. Over the years Nigeria insurers kept writing millions of premium but are able to collect only a small fraction of what they write, this is because greater percentage of businesses comes in through insurance agents and brokers. These people use premiums for other things and quickly run to remit when claims occur and if a claim does not occur they refuse to remit the premium. (Aghoghovbia, 2005).

Ejide and Tsowa (2010), in a study revealed these among others as challenges confronting claims administration and settlement;

- elapse of time for notification – the inability of the insured to notify the insurer on time regarding the loss which will facilitate early investigation when the loss is still fresh.
- long procedure involved in processing claims
- fraudulent aspect of the insureds (moral hazard)
- inadequate human resources
- inadequate material resources
- circumstantial determinism
- relationship management between the insured and insurer or other parties involved in the claims process.
- lack of understanding of insurance terms and conditions by insured
- bad negotiation by distributing channels (brokers and agents)
- inflexibility on the part of supervisors
- insincerity on the part of repairers
- logistics problem

- inability of insured's to produce documents to process their claims
- poor documentation culture in Nigeria, untimely notification of renewal notice to insured's by underwriters
- Cash flow issue

Most complaints or disputes in insurance business center on loss and claims settlements. The following tips will help boycott most of the loss and claims settlement challenges:

- Public awareness - make the insuring public understand that the insurer is in the business to manage risk and pay genuine claims
- The insurer should try and avoid or reduce to the greatest minimum some of the bottlenecks surrounding claims settlement procedure.
- Read your policy carefully. A policy is a contract between the insured and the insurance company. Do not rely on your knowledge and understanding of the policy wordings alone. Engage the services of a broker or lawyer to professionally interpret what the policy covers.
- Check your policy documents - Check the details of your policy to see if the facts fit the required reason for the contract or it requires rectification/ rejection.
- Ensure you supplied correct details in your proposal form.
- Note down or highlight the exact wording in your policy that says you are covered – you will need it later
- If the wording is ambiguous or poorly explained, note that down too. Your insurance company is duty-bound to give you clear information.
- Modifications state that an insurance company cannot reject your claim if you took reasonable care to answer all their questions honestly and to the best of your knowledge. If your insurer did not ask for information, note that you are not bound to supply it.
- Comply with the policy terms and conditions.
- Strictly comply with the warranties (those actions you promised / undertook to do)
- Document papers that relates to your policy. For instance, if you sent your insurer a letter advising them on any matter.
- Keep track and copies of all documents, all calls you have with the insurance company with the date and subject of discussion, name and position of the staff spoken to.
- Keep a written record of all conversations and transactions with your broker. Follow up on your mails.
- Simple and clear policy wordings. No ambiguity of words. The disagreement might be because you and the insurance company read the policy differently.

Conclusion

Claims settlement ensures adequate protection of policyholders and insurance consumers over its insured policy. The public is looking at most companies claims settlement report cards to decide who to deal with and who to strike out from their list of insurance companies of choice. In every insurance contract, there is always a promise that when the eventuality happens, the insurance company as a risk bearer will be there to compensate the insured/policyholder.

Ehiogu Chizoba P. PhD is of Department of Insurance and Actuarial Sciences, Imo State University

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10 key facts of DIGITIZATION in the Insurance Industry

Olubusola Makinde

"To remain relevant and survive in the future financial services industry, insurance Companies must embrace digital transformation"

Here are 10 key facts of Digitization in the Insurance Industry

1. **Survival of the Insurance industry**

The future survival of the insurance industry is dependent on digital transformation.

2. **Improved Customer Relationships**

It needs to be embraced to drive changing customer relationships and expenses and to optimize business models and processes.

3. **Critical to success or failure of the Industry**

Millenials are either critical success or failure factors for the insurance industry both locally and globally depending on how proactive the insurance industry harnesses their positive characteristics.

4. **Product Innovation**

Proactive adaptation of the life style or behavior to innovate products by insurers to match digitization needs will significantly change the landscape of the insurance industry.

5. **Catalyst to growth of the Insurance Industry**

With about 93 million of the Nigerian population using mobile phones actively, insurance business communication needs to change in order to achieve phenomenal growth in the insurance industry and financial sector.

6. **Perception of the Insurance Sector of the Economy**

To be taken seriously as a Sector by millennials, our brand must show up on online searches.

7. **Influence on purchase decisions**

Millenials have the capacity of influencing purchase decisions as well as how companies conduct business. Insurers must be ready to tailor their marketing strategies to align with the digital natives in order to achieve improved performance.

8. **Strategic Significance**

The insurance industry needs to embrace the strategic significance of social channels. We need to be part of the environment where interaction takes place, opinions are exchanged and complaints are levied.

9. **Investment in Research**

Insurance Companies would need to allocate resources to the study of millennials habits and employ effective marketing strategies to sell insurance.

10. **Tech Savvy nature of the emerging Generation**

The emerging generation of work force are tech savvy and require on line real time information on products and offerings. The social media has impacted the ways of life of our potential target market so we must therefore arise to bridge the digital divide between us and our potential target market to stay relevant.

Olubusola Makinde
BSc Insurance, MSc Management, AIIN, FIIN

Enforcement Of Compulsory Public Building Insurance:

Panacea for desired insurance industry market penetration

-Ahmed Tiamiyu

> "Insurance Act, 2003 section 65 makes it compulsory for all public buildings to be insured by owners or occupiers with any registered insurer against the hazards of collapse, fire, storms, flooding and other associated perils as well as the legal liabilities for loss or damage to property or injury or death of users of the premises and third parties.
> ...In the last ten years, there have been no fewer than 20 building collapses with great casualties"

Introduction: Insurance is a risk transfer mechanism by which individuals or commercial enterprise shifts some of its uncertainty in daily activities or operations to insurance company in return for the payment of a certain amount of money known as premium. On the occurrence of the insured event, insurance company will make good the loss through compensation, repairs or replacement by returning the insured to his previous state before the loss or as if nothing has happened.

Unlike the developed world, there is a great apathy to insurance by the citizens despite the known fact that insurance is one of the major drivers of the economy of any nation. The low acceptance of voluntary insurance by the entire populace has a resultant effect on our level of economic development as a nation and as such, there is urgent need to change this negative perception of people for insurance in order to reduce the economic loss of uninsured risks in the country.

Insurance Act, 2003 section 65 makes it compulsory for all public buildings to be insured by owners or occupiers with any registered insurer against the hazards of collapse, fire, storms, flooding and other associated perils as well as the legal liabilities for loss or damage to property or injury or death of users of the premises and third parties.

Unfortunately, fifteen years after the enactment of this law, there has not been any major enforcement with the resultant low compliance from both the Government and house owners/occupiers in the country.

Historical Perspective: In the last ten years, there have been no fewer than 20 building collapses with great casualties of death, injury and consequential loss of various types. The menace of building collapse in Nigeria dates back to 1970's with the collapse of a house under construction in Ibadan in October 1974 leading to 27 deaths. In August 1997, 27 died in Barnawa housing estate in Kaduna, while in 1990, 50 people lost their lives in a 3 story building collapse in Port Harcourt.

These sad events are even more in the not too distant past as in the celebrated case of Synagogue Church Guest House Collapse of 2014 with about 116 dead, mostly South Africans; Lekki Five-storey building under construction collapse of 2016 where 34 people lost their lives and the collapse of Reigners Church Auditorium, Uyo in 2016 that claimed 23 lives and even in March 2018, a storey building collapsed in Agege Local Government Area of Lagos State killing two people while several others suffered various degree of injuries just to mention a few.

The increasing occurrence of this ugly incidence called for a proactive measure from all stakeholders toward reducing the number of occurrence as well as the impact of such on the socio economic well-being of the country as a whole.

NAICOM Approach: In order to stem the trend of colossal loss of both human and material resources to fire incidence and building collapses, the regulatory body in 2017 re-launched the process of enforcing the implementation of compulsory building insurance in the country.

The progressive stride made by the regulator, NAICOM, in the area of Market development restructuring initiative to deepen insurance transaction all over the country will be a fluke if efforts of all stakeholders are not harmonized toward the implementation. This is where a robust enlightenment campaign on the importance or benefits of insuring public buildings, private buildings as well as other movable and immovable insurable assets is very crucial.

Enlightenment Campaign: The various publications in both the print and electronic media by the Regulator on the need to insure all public buildings in the country should be sustained to promote both public and private interest in insurance generally.
Government, being the major driver/spender in the economy, should be appeased to by the Commission with special programs at the Federal, State and Local Government levels on the need to support the coverage of all public buildings and even other assets against insurable perils.

Insurance Industry needs the buy-in of Government officials in driving the Executive Arms of Government to approve the amount earmarked for insurance in their budgets and release same for the purpose it was approved for. Insurance Regulator needs to constantly engage the various arms of Government from time to time on the need to fund the insurance premium of all their buildings and other assets.

In order to use the enlightenment campaign on public buildings insurance to stimulate the implementation of MDRI in all the nooks and crannies of the country, there should be visible evidence that Government has embraced the insurance coverage of public buildings in the country.

Recent Action of the Commission: It is commendable therefore to read that sometime in 2017, the Commissioner for Insurance, Alhaji Mohammed Kari led a delegation on a courtesy visit to the Kaduna State Governor, Alhaji Nasir Ahmad el Rufai as arrow head to solicit for support of the Nigeria's Governors' Forum to drive home the implementation of Compulsory Public Buildings Insurance all over the country.

This stimulating effort of the Commissioner for Insurance will enhance the buy- in of all the State Governors' for the insurance of public buildings in their domain. This singular act should cascade down to the local government level to change the negative perception of the larger society on insurance for an increasing purchase of various types of insurance cover that will further improve the present condition of doing business in the country and the wealth of the nation.

Collaboration: Nigeria Insurance Association, Chartered Insurance Institute of Nigeria and National Insurance Commission need to harmonize efforts to lobby the Senate to pass into law, the insurance of all Government assets that will put a zeal on the budget allocation with an assurance of yearly compliance.

Benefits of Insuring Public Buildings: It is a known fact from records that most public buildings that have suffered different damages from insurable perils in the past were abandoned for years in that state of disrepair, due to lack of funds to effect the renovation or reconstruction on time. This would not have been the case had such buildings been insured.

With insurance on public buildings, the insurer will be responsible for the repair/reconstruction of the building to its previous condition before the loss within a reasonable period; compensate for legal liabilities that may arise therefrom thereby saving the society from associated wastage and losses of uninsured risks; promote continuity of businesses and wealth creation in the country.

The increasing flow of premium from insurance of public buildings will further improve the cash flow available for growth and expansion – employment opportunities in the insurance industry with increasing capacity as a risk bearer. This will in turn increase Insurance sector contribution to the GDP from the present paltry of less than 1% to a more impressive contributory figure.

Conclusion: In conclusion, Government should embrace insurance by ensuring that adequate allocation is made in the annual budget for insurance of all public buildings and other Government assets in the country as a prelude to encouraging both the individual and informal sectors to see insurance as a means to continuous productive existence.

Ahmed Tiamiyu, MBA; ACIIN

UPCLOSE & PERSONAL

with

Mr. Oye Hassan-Odukale MD/CEO
Leadway Assurance Company Limited

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"Insurers Must Embrace Technology To Rapidly Deepen Insurance Penetration"

- Oye Hassan-Odukale

Insurers Must Embrace Technology To Rapidly Deepen Insurance Penetration

With technology redefining the business landscape across the world of which Nigeria is not an exemption, the Managing Director/CEO of Leadway Assurance Company Limited, Mr. Oye Hassan-Odukale advised insurance companies to fully automate their operations through technology to rapidly deepen insurance penetration in the country. He also spoke on other burning industry issues in this interview.

How adaptive is Nigerian Insurance industry to technological changes sweeping across all sectors of global economy?

Technology is part of the way we live now as we all have something to do with technology. Since our customers also deploy technology in their day-to-day life, as insurers, we have to find a way to bring them into the insurance system.

In this instance, the banks and the tech companies have gone very far; however, underwriters are catching up very fast as well. We might not be there yet, but we are adaptive to it since it's a new way of life, a reality everybody must come to term with. We have new phases of technology, such as, cloud computing, data analytics, artificial intelligence, among others.

Moreover, we now have driverless vehicles, which is the height of technology. These are innovations we never envisaged could happen in our generation. Alas, it is happening. I recently saw where they were being tested in Africa. All these new technological discoveries could impact a lot on insurance businesses. Five years ago, when you were talking about cars with navigation system, you would say you did not need it in Nigeria, because we did not have maps. But now, Goggle map has made it easier for people to move. Technology sometimes looks very far, but near to us. It is required in all the businesses we do and insurance is not an exemption.

How will you rate the response of insurance industry to InsurTech?

In response to your first question, let me share an experience we in Leadway Assurance Limited, is part of, which is Blockchain technology. Blockchain technology is an initiative in insurance called BCI of which Leadway is part of. It's a global initiative on blockchain technology for insurance. A number of companies in the world have come together to work on that project. Through our association with Swiss Re, we are part of the group working on this technology.
The initiative started in 2015, but we joined in 2017. The initiative offers free potential for enabling data contract and transactions among multi-party to be executed in a secure, transparent and auditable manner by establishing structured relationship amongst participants.

Blockchain has the potential to provide consistent automatic contract execution environment, where translations and contracts are performed in a shared ledger thus, reducing administrative overload of a multiple stakeholders to ensure contract execution.

We are the only Nigerian company to sign up on this presently, but we expect that to change as the technology appeal to others in the country. It was Swiss Re that mentioned it to us. Our Executive Director had a meeting with the parties and we subscribed to it. In subscribing to it, you have to make financial commitments which we had. There is a whole think- tank working on it, and when they complete the project, of course, they will share it with people that were part of it before sharing it with the industry. A lot of initiatives are going on and we are keying into them.

On insurTech, it is the way we apply technology in doing our business. There are a number of insurance companies in Nigeria, who have been able to provide services using technology; but there are a lot of things we need to put in place, and that we are doing gradually. There is really a challenge on data, which affects all sectors, insurance inclusive. We have to ensure that we are dealing with the right people. In some areas, what we are doing in Leadway now is to have a unique identification of people, and we use Bank Verification Number (BVN) of the people. This is because most people who buy insurance have bank accounts and BVN has helped in the identification process. So, we use the BVN to identify the people.

There is also InsurTech group that emanated from KPMG worldwide. They have been sharing experience and going around the world educating people. We were so lucky to be working with KPMG, as our people have gone to Singapore and other nations under the initiative of InsurTech. Indeed, there are a lot of initiatives going on in InsurTech; though, we are slow but we are catching up.

To which extent are insurance operators giving attention to the challenge posed by cyber risks?

In insurance, just like in banking, we store a lot of data. Data is our raw material. If you have a life policy, we may keep your data for 20 to 30 years. The security of the data is important to us. Cyber risk, really, is difficult to be dimensioned. It is difficult to know how far it can go. Even for some insurance companies that are trying to come up with insurance of cyber risks, they still try to ascertain how much reserve they require to manage it because it is so broad.

Look at personal data for instance, nobody wants his personal data to be exposed. If I give you my personal data, I don't expect the information to be exposed to the public. So, it's a very broad area and, to this end, we have to develop a lot of defense in our system. However, the people that are trying to corrupt our systems, sometimes, may be one step ahead of us. To stop them, you have to invest more to secure your data. All institutions that hold data must protect it. So, cyber risk is a big challenge to us. The issue of cyber risk is still ongoing, even as there are a lot of discussions that are going on. Leadway had a seminar last year on the issue, we invited professionals in our own little way, we are trying to open up discussions so that our colleagues can appreciate it. On the insurance side, I will say it is still work in progress.

There is the belief that insurance challenges could be tackled when operators return to the basics, which is, focusing on technical aspect of the business. Do you agree?

The industry, in the 70s and 80s, was very technical. It was extremely technical and knowledge-based. In the 80s, when I joined the industry, it was very technical and somehow specialized. At least, you know people who are specialists on insurance classes. There was a gentle man who was in Law Union and Rock Insurance, then, if you have engineering risks, you will go to him. If you have Power business, you will go to defunct UNIC Insurance. Then, brokers queue to see specialist underwriters and the practice was very exciting.

In the 90s, the industry became more commercial. People began to present themselves, selling products. Towards the end of the 90s and by 2000, the industry started losing its technical nature. We started moving towards the marketing era. The technical skill now became less relevant.

I remember somebody like Eddie Efekoha, who used to work in "Granvill" then. When it comes to Construction Risk, Efekoha was one of the best. I gave this example because he is alive. When he started a broking firm and later started an underwriting firm, I used to tell him jokingly that he was one of the people I used to call when I have Construction Risks. People left the core and began to go after brokers, which I think that there is nothing bad with it. When they started doing that, they forget the technical nature of the business. Insurance business then turned to just collecting premium without necessarily looking at the cost of the premium. People neglected having reserves. Note that the strength of an insurance company is its reserves.

For instance, if you collect N100 premium and paid N20 as claims, and after other overheads, you have N5 left over, it should be kept as reserve. In growing your business, you must also grow your reserve. They must grow together. Building reserve is like building your capacity. As you pay salaries and dividends, you must also grow the reserve.

Now, things are changing. Companies are making losses and are now treading with caution on businesses they take. I think we are getting to when insurance companies will begin to reject unproductive businesses. I do not have any blame for brokers because they will go around looking for best terms for their clients. If we charge 10 and you charge 7, they will go for 7. If insurers can firm up their rates, it will increase the profitability of the industry. In those days, when you go to the major insurance houses, and the industry's agreed rate is 10, you cannot get less. It will either be 10 or 10.9. You may not possibly get 9. Then, operators do not see others as competitors. Most of the times, operators share the risk. I think things are changing gradually because the industry is really knowledge-based. You must know the business and what you are doing. I will not give you business just because you are my friend, there must be good exhibition of knowledge of the business. You should be able to defend the business anywhere and you can only defend what you know.

When will you consider a rate to be appropriate?

Insurance business should be knowledge-based and technical

and I believe that rating should be left with underwriters. The underwriters should price accordingly. In underwriting, it depends on your experience and how you see the risk. I remembered sometimes ago, when we tried to firm up rate in the insurance industry, the Nigerian Insurers Association (NIA) put up a rate and one man, who is now late, Mr Lawrence Akhamiokor, who was in UNIC Insurance and later went to Phoenix Insurance got one insurance business then which was contrary to the industry rate. When the business was passed to his company, he went to survey it and came up with a report that was lower than the industry rate. He was summoned to the NIA and he defended the rate very well. You have to look at the rate that the client will pay and will also enable you to pay the claims. Paying claims is the bottom line. My take is that the premium that should allow you pay the claim should be charged. When operators know that if they cannot pay claims, their license is threatened, they will sit up. Insurers could really compete favourably by reducing their structure. I cannot tell anybody what to charge for I don't know their expenses structure. So, what determines a rate is the accumulation of your expenses structure and the level of risk in the business you want to underwrite. In the end, you must be able to honour genuine claims when they arise.

Leadway Assurance has remained an enviable brand in the nation's financial services sector. How did the company achieve this?

Leadway is about 48 years old. So, we are not a young insurance company in the insurance sector of the economy. But by world standard, we are still a young company. We have tried to be consistent with what we do. Yes, you see our name everywhere, because we are making effort to sell insurance to the public. We did not just start over night. We have been consistent in what we do. No matter the publicity you do, the satisfaction of your customers is more supreme. This is what will take your brand to the next level. You can do all the adverts and noise, if you do not have happy customers, it would not make any impact. It took us a while before we started advertising. This is because we took a long time to service our customers.

So, this brand did not just happen overnight, the key thing we have done and still doing very well is to treat our customers very well, earning the right premium and when the claims come, we pay promptly. Insurance business is about the ability of underwriting firms to honour claims obligation and if you do that very well, you will get positive results.

Most people are so skeptical about insurance to the extent that when you pay claims, they will thank you as if you are doing them a favour, whereas, you are just doing what you should do. We have received that a lot of times. In addition to that, we honour our decision to pay claims and we also believe in selling insurance products in Nigeria, simply because insurance penetration and awareness is still low. I have had instances where I tell people to insure their houses and they will ask; how much? And I would say like N10,000 and they would ask is it for a month? When they are told that is per annum, they would scream, you mean per annum? They are surprised. A lot of Nigerians do not know much about insurance. Some people see insurance to be more expensive than what it actually is. We need to actually continue to educate our people. We all go to church, mosque and other meetings, insurance should be made the leading subject, for everything needs insurance. It is just for us to get out there and tell people about insurance.

What makes you pitch your tent with insurance as against other professions?

My father was the founder of Leadway, so, you can say that by birth, it should be a natural thing for me to be in the insurance industry. But my father did not ask me to do insurance. Then, Leadway was a small company in Kaduna and people called it a mushroom company. So, who wants to work in a mushroom insurance company. I was supposed to work in the bank because I have an MBA in Finance, I was given an offer by IMB then, but I wanted to finish my youth service first. I said, probably, insurance paid my school fees, let me give back by doing my one year national youth service scheme with the company. As I was about to finish my service, Mr. Ogunlana sent me to a course in London. I do not really know whether it was a conspiracy between him and my dad. I have resolved to ask Mr. Ogunlana whether it was a conspiracy or not, for I did not ask my father before he died. So, it was by accident that I joined the industry. Thereafter, we started setting up Leadway in Lagos for it was then a small company in Kaduna. They had a small company in Lagos, but in early 80s, we started working on the office in Lagos and here we are today.

How has Leadway been coping with the millennials?

When we were growing up, our parents said we were a bit radical. Technology has really changed the way we do things. If we, the older ones, are moving at 50 miles per hour, the millennials are at 90 miles per hour, but their children will be moving at 150 miles per hour. That is the way the world is. Technology is making people move faster. The world is now one big village. The millennials are exposed, they do not look at the insurance industry as a local market, but from a global perspective. Somebody may be working in Leadway today, and be in Microsoft tomorrow. We are under pressure to make sure that we can retain some of them. They have a lot of things before them, especially the bright ones. We really need them to bring new blood into the system. We are coping, we just need to open our minds and work with them. I do not think that is a challenge, for millennial's issues are all over the world, even in our homes. What my children tell and ask me now, I couldn't dare ask my father when I was growing up.

Do you think the umbrella bodies in the insurance sector have done enough to promote professionalism in the industry?

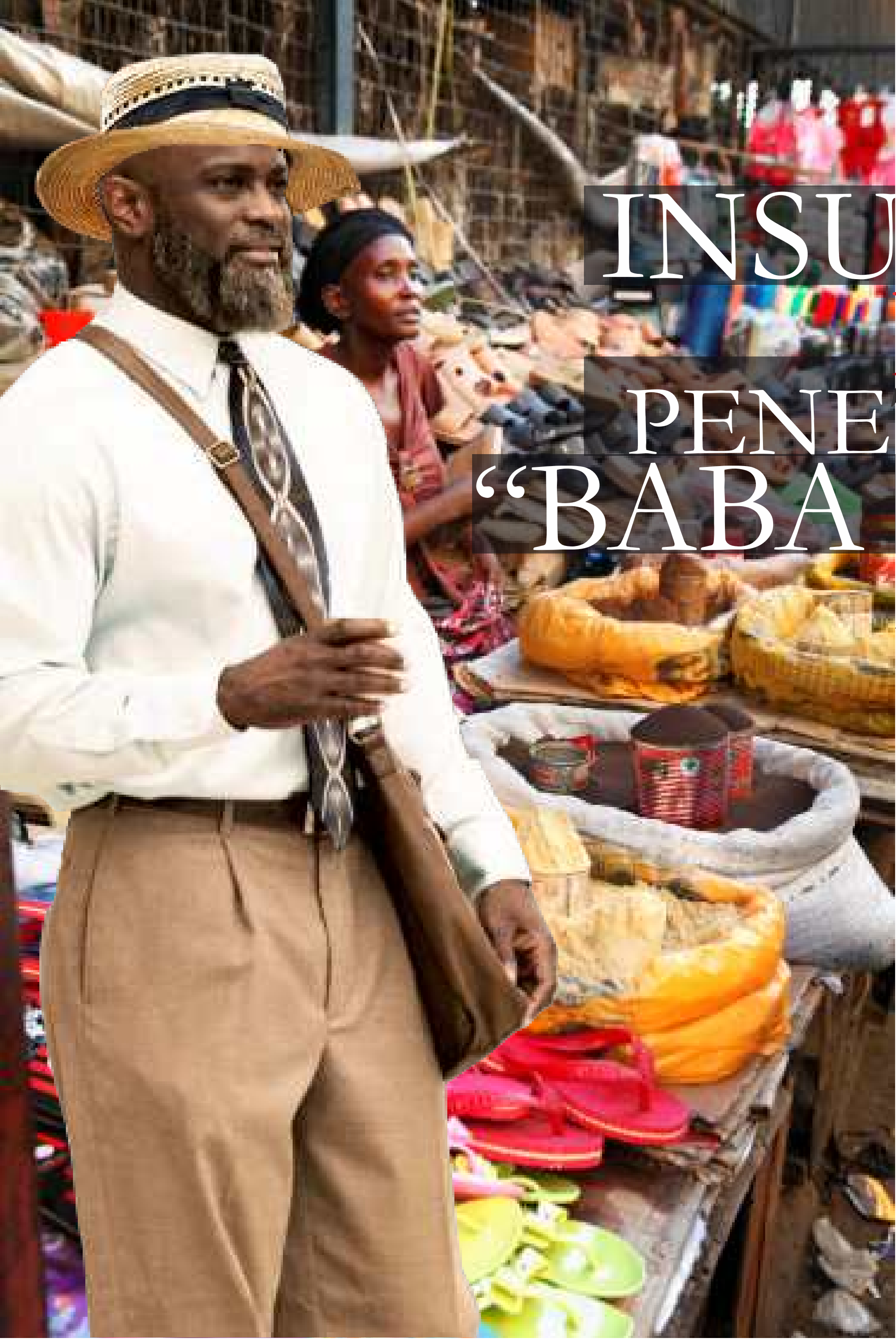
I think I can only speak more of the Nigerian Insurers Association(NIA), which has lived with the challenges of the time. Because NIA is a club of chief executive officers of insurance firms, we have a commercial motive in what we do in the Association. When you have commercial motive in what you do, you are less emotional and more practical. As a member of council of the association, I can see the council improving regularly. I can also see the Chairmen putting a lot into the system. I am extremely proud of the Association; it has come a long way and doing great things to the insurance industry. The

commitment the Chairmen of the Association put into it is incredible.

What is your advice to young professionals?

A good number of our staff in Leadway have been poached by some companies and were poached because they were marketable. So, what would make a difference in your career is your knowledge, it is not about who you know. If you are knowledgeable, success will stick to you. The knowledge you have remains with you, indeed, it is your brand.

Insurance is becoming more interesting to have people to join, but you should not join because you have one uncle to help you. People should join the industry because they have knowledge. I advice everybody in insurance to build a technical skill and knowledge in insurance, do not join any company because you have somebody there. No matter what you want to do in insurance, you must understand the products. The Chartered Insurance Institute of Nigeria (CIIN) has a lot to do in training the people in building technical experts on the field. There is nothing wrong in getting people from other industries to join the insurance industry, but as they come to the industry, they must exhibit knowledge and know what insurance is all about. That is where CIIN needs to play a big role. We cannot move very fast without having knowledge. The CIIN should ensure its syllabus is not too far from that of the United Kingdom. We should be closer to them and as soon as they move up, we should also move, so that we can have first class products that can stand anywhere in the world. When we are building capacity in CIIN, we should not be looking at Nigeria alone, we should be looking at people having CIIN certificates and able to practice anywhere in the world. The world is a global village, anybody can move to anywhere. It is a challenge for CIIN to make sure that they are up to standard.



INSURANCE RETAIL PENETRATION: "BABA ALAJO" AS A METAPHOR

- Tope Adaramola

> "There is nothing really wrong with the industry, but it only needs to tweak its strategies towards meeting the yearnings and changing expectations of its potential numerous clients. Definitely, aside from Banking and other financial institutions, one sector that could take a cue from the operation of the "Baba Alajo" is the insurance industry which is direly in need of ideas for creating awareness and acceptance."

One thing that is constant in life is change. Through times and ages, societies have often found ways to thrive. Human beings have figured out ways to add value to each other in order to have a rewarding and fulfilling life, and by so doing, maintain societal economic equilibrium or stability. For those of us who grew up in the traditional African society, especially in the South Western Part of Nigeria, where this writer grew up, would definitely not find it difficult to recollect the roles that thrift collectors, popularly called "Alajo" in the Yoruba language played in oiling the wheel of commerce and sustaining the economy of pristine societies. The mention of **Baba Alajo** (the "Baba" is added to the adjective, simply because elderly men ply the trades most) brings a sharp reminiscence of a roving or peripatetic thrift collector who goes about, most times, on foot, bicycles, motorcycles or later tricycles, collecting daily contributions from their clients, mostly petty traders, artisans and others down the ladder of life, against the rainy day. Mostly cresting on native intelligence, the **"Baba Alajos"** are adroit in local book keeping skills, to the extent that off hand, it was not a big task for them to remember the financial position of each of their numerous clients. The size of clientele under the purview of each "Baba Alajo" depends on the size, or referrals done for of the collector, as well as his track record and experience in the trade. At the start of contributions, it is customary that the first contribution is often the "seed money" coming as gain for the thrift collector while subsequent ones belongs to the contributor. Depending on the circumstances and agreement reached, clients may collect lump sum of their monies on a weekly, monthly or even yearly basis in some few situations, to meet unfolding or pressing financial expectations.

The "Baba Alajo" is seen as the succorer in the period of economic challenges, as many of the clients or contributors depend on him for payment of school fees of their children when it is due, purchase of farm seedlings or starting off a petty business or rejigging it, as the case may be. No doubt, the "Baba Alajo" played a crucial role in the society until recent times due to the blitz of change in the financial services system with the emergence of mega credit and financial institutions taking the centre stage.

Definitely, aside from Banking and other financial institutions, one sector that could take a cue from the operation of the "Baba Alajo" is the insurance industry which is direly in need of ideas for creating awareness and acceptance. Inspite of the multifarious benefits that insurance has to offer to national and individual economic stability and societal progress, only few Nigerians give it a thought in their order or priority, unlike what we have in the advanced climes. As the industry is striving to evolve strategies to grow its reach, especially at the grassroots and in retail aspects towards sustainable financial inclusion, the metaphor of "Baba Alajo" has come handy. Needless to say that there is a positive inspiration that the industry operatives could draw from the "Baba Alajo" in driving growth. But to drive this home properly, it is quite apposite to highlight and correlate some of the attributes identifiable with the thrift collector as well as draw inferences for the insurance industry:

Simplicity;

Of Presentation: The beauty of the operation of "Baba Alajo" is the simplicity of his presentation of thrift to his clients to the extent that even the most crass illiterates could comprehend his message and know the rights and entitlements that is due him or her at the end of the day. Each client has a contributor's card, simply designed to explain how much was contributed and how much is due, with columns for token commissions collectable.

If the insurance industry would appeal to a cross section of retail clients, this form of simplicity must be emulated by Brokers, Agents or Marketers of Insurance Companies as they case may be. In a situation where policy wordings are complex, windy and not easily understandable, potential clients, especially at the rung of educational ladder becomes scared and suspicious, inhibiting their embrace of insurance.

Of Language: Language is a strong medium of persuasion and control. The "Baba Alajos" actually exploit this in bringing home their marketing streaks to the lower level people, who see them as we, we, rather than we and them. Modern day insurance sellers could borrow a leaf from this. In a situation where a company is prospecting an illiterate market woman or artisan in a locality and sends a savvy or "being-to marketer" to prospect them, the sales pitch is as good as dead at initiation. Also, mutual distrust is rife in a situation where language barrier is existent, hence insurance strategists need to take this into cognizance in deploying marketers to certain category of clients. It is often believed that empathy comes when there is mutual understanding of one another through similarity of language and communication.

Of dressing and Carriage: Needless to say that first impression lasts longer. Also, for you to befriend someone, you must reach the mid-point with him or her in the way you dress and carry yourself or come along. The "Baba Alajo", whether wittingly or unwittingly, dresses in a way that does not project him as having a air of superiority to his clients. Infact, many times he comes around in his bicycle or motorcycle projecting a disciplined or Spartan life style. Little wonder the clients could put all their financial eggs in his nest, even without anything that looks like a collateral around him. The moral here is that the modern day insurance operators should device a way to get down to base with their retail clients through their dressing and carriage. In a situation where a marketer or agent of an insurance company comes to prospect an artisan or petty trader in a brand new latest model car, he has already simply created a personal complex issue for the potential client and the deal has definitely reached a dead end.

Of flexibility in meeting urgent demands: Baba Alajo, though strict in his operations, has a way of ensuring flexibility in circumstances that demands for it. A case of emergency could lead to him slightly bending the rules for a loyal and committed contributor. Having stood with the contributor in the times of need gets him "covenanted" to the "Baba Alajo" come rain come shine. The Insurance industry could borrow a leaf from this by putting human face to their policy wordings and operations in the event of a client suffering a loss. Many, shy away from insurance because they have an impression that it is just an arrangement where the insurance people keep taking and taking without consideration for the insured in the event of a loss. Having an arrangement where some measure of financial returns or rewards are given yearly to clients or periodically to those who suffer any misfortune will covenant the clients and kindle in them the hope that insurance can at least give back to them, even when a loss has not been recorded.

Of Personalized Service: There exists a strong bonding between the "Baba Alajo" and the contributors. In the African society, it is often said that:"face to face is far better than a thousand letters!". Therein lies the place of personalized service rendered by the Baba Alajo who carefully keep personal profiles of his numerous clients, knowing them even sometimes beyond the day to day business relationship. In return, the contributors also have personal relationships with him and he also knows them well. They could put him in confidence, sometimes about their personal financial challenges, while he in turn advises them on what to do. The bond is strong and unbreakable, to the mutual benefits of the two parties. This could be emulated by Insurance Operators. Many clients have lost hope in insurance due to the fear that the insurance institutions they may wish to deal with are too official and impersonal. The marketer that collected premium today may be redeployed or change his job tomorrow and no one for the client to relate to. For the industry to break the ice ceiling in selling its products, particularly to the down trodden, this aspect of operation by the thrift collector must be taken into consideration.

Conclusion

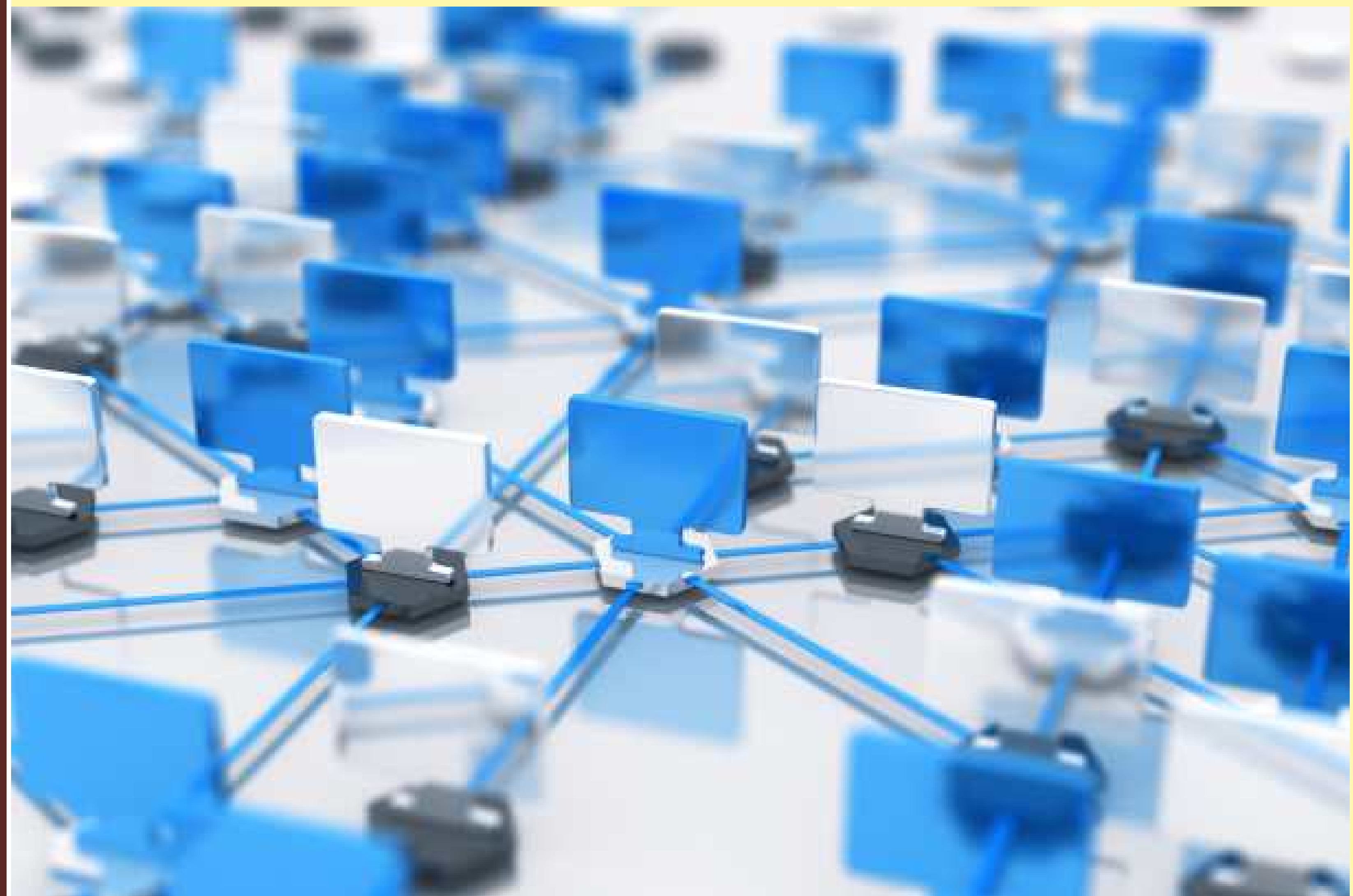
As the insurance industry, its constituent bodies and regulatory institutions are still finding ways to grow the industry, it is important to continually glean some wisdom from the environment as was done in this writing. There is nothing really wrong with the industry, but it only needs to tweak its strategies towards meeting the yearnings and changing expectations of its potential numerous clients. Aside from the several internal and external challenges that had precluded the industry's growth and expected penetration for years, it should not be lost on the operators that insurance is a pure service that cannot be assessed using any of the physical senses, rather it is an abstraction that cannot be directly examined before it is purchased. A prospective purchaser of most goods is able to examine the goods for physical integrity, aesthetics, taste, smell etc. But contrariwise, pure services such as insurance have no tangible properties that can be used by consumers to verify its value. Services like insurance can only be felt by ingredients of personal care, reliability, friendliness and simplicity of the distribution channels. This appears to be the sense that "Baba Alajo" has deployed for so long and the insurance industry could emulate some of these traits to achieve its goal of growing its existing large retail market and by so doing meet it's much desired financial inclusion aspirations.

Tope Adaramola, is the Assistant Executive Secretary of NCRIB

BLOCKCHAIN TECHNOLOGY:

TOOL FOR COMPETITIVE EDGE IN CUSTOMER ENGAGEMENT

- Joyce M. Odiachi



Abstract:

Blockchain technology is one of the offerings of insurtech and identifies some of its importance to the insurance industry with specific reference to customer engagement. As an exciting, newly introduced technology, it is proving to be a very radical innovation likely to trigger an industrial revolution like the internet. Aside the much-touted disruptive power, blockchain also has the potential to give multiple industries heavy gains, the insurance industry not excluded. It is, however, important to note that this technology is still in its nascent state, and may encounter both technical and regulatory challenges. Despite the aforesaid, this is one thing, which business leaders cannot overlook, and they will need to think about the conditions within their operation where blockchain will be more effective as a source of competitive advantage. It is apposite to note that the key words that may resonate in the course of this discourse are: Insurtech, competitive advantage, blockchain technology, customer engagement.

1.0 Introduction

Insurance as a concept has been recognized over the years as an important means of protection for the economy as it safeguards the assets and finances of organizations and enable them to perform efficiently and this fact is recognized by most governments around the world, thus attaching great importance to their insurance industry both in terms of quality and efficiency (Irukwu, 2009).

The emergence of insurtech worldwide has been a recent development, with increasing investments; players who are technology savvy entering the market and bringing along their full weight in terms of innovation. They are called "Insurtechs" because they utilize the advantage of new technologies, provide cover to a customer base that is digitally up to date (Catlin, Lorenz, Munstermann, Olesen & Ricciardi (2017). There are about eight new technologies being used by Insurtechs, some of which support innovation of new products, upscale of micro-insurance deliverables, peer to peer insurance, artificial intelligence, amongst others. Block chain is one of these new technologies being adopted.

The insurance industry all over the world, is a critical segment of the financial sector, including Nigeria. The industry assists in laying foundation for smooth and effective running of business activities, acts as a backbone for the economy of a country and provide some loose long-term funds used to facilitate economic growth and development (Newman, 2014). Recent developments within the financial markets across the globe, has given rise to quite a few questions regarding the management of the financial services industries and its oversight functions, both at the "micro" level for small scale entities and at the "macro" level for the large systems (International Actuarial Association, 2009). Insurance involves the management of risks belonging to others and ensuring they have a better balance on wealth consumption both current and future (Kwon, 2013).

However, the level of innovation within the insurance industry is quite low and not in tandem with current global realities. For the industry to effectively service its clientele in the light of the fast-growing technological world, there is need to be innovative and daring. While Insurtechs are not risk bearing entities, and rely on insurance companies to handle the risk covers, the insurance

firms on the other hand, are given the opportunity to draw inspiration from them in terms of innovation and developing initiatives that are digital in nature to drive their operations. To meet up to the competitive environment, it is necessary that insurance companies assess their business strategy, operational plans and long-term goals to identify the areas within their value chain where Insurtech can assist in enhancing efficiency and bringing innovation to bear. This is very necessary as the risks presented by Insurtech to their business are quite real, more so that digital evolution is defining relentlessly the eco-system of the next insurance generation.

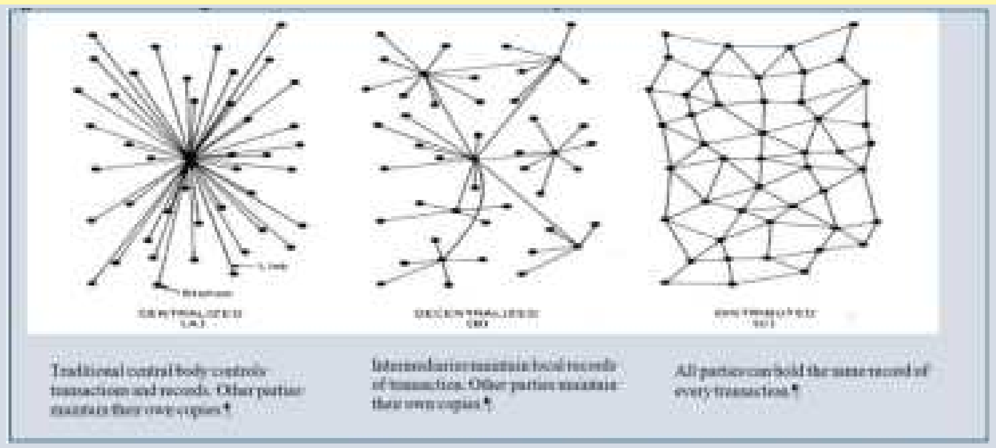
2.0 What is Blockchain Technology?

Blockchain technology is one of the many offerings of Insurtechs, it is a distribution ledger that facilitates shared data and ensures that all copies are well kept, verified and synced with a major edge of data trust without the intervention of a third party who may not be reliable (Bjorstad, Harkestad, & Krogh, 2017; Seppala, 2016; Vitso, et al, 2017). According to Mougaya (2016), citing Allen (2016), blockchain is a value exchange network holding the power to store information as well as transmit same in a very decentralized manner.

Blockchain technology is a software and as such can be deemed an intangible asset. There has been so much hype around blockchain technology with quite a lot of exaggerated expectations (Rizzo, 2016). Currently, the financial world relies on digital technology to ascertain authority on transactions. Basically, all our online transactions need verification of authenticity from someone with all the uncertainty of cyber fraud, here, blockchain technology has an advantage as it enables a distribution agreement whereby every transaction done is verified, shared and stored properly while at the same time ensuring safety and privacy (Crosby, Nachiappan, Pattanayaki, Verma & Kalyanaraman, 2015).

2.1 Historical Background

In 1991, blockchain technology came into view as secured chain of blocks, evolving in 1992 to include Merkel in the block, it grew in 2008 as a core component of the digital currency bitcoin and in 2009, made its first incarnation through the first bitcoin transaction, which is a peer-to-peer electronic cash system launched by Satoshi Nakamoto. In 2014, it reached a file size of 20GB with an ability to go beyond transactions; in 2015, it grew to 30GB, with a current size of 50-100GB in 2016-2017, and a pilot project for automated voting systems as well as a 13.5% adoption rate within financial systems across the globe. However, it has only garnered more interest in the last two years with the world becoming aware that beyond bitcoin, it can be harnessed and exploited for greater value transfer (Lavanya, 2018; Niforos, 2017). With a major ability to deploy cryptographic mechanisms that enables it to reach a consensus in the ledger across all parties, it also creates a distributed trust system whereby past data cannot be amended or approval of new entries in the ledger by any single entity and eliminates the need for a central approving authority thus increasing speed of transactions, reducing costs and enhancing security.



The ledger system has evolved over time as indicated in figure 2

Source: Adapted from EM Compass, IFC (2017) Paul Baran, On distributed communications networks, 1964, and Marina Niforos, 2017.

2.1 What is a resource?

A resource is said to be anything that can be thought of as either the strength or the weak part of an organization (Wernerfelt, 1984). An organization's resource is defined as all its assets, processes, capabilities, knowledge, information as well as attributes that is controlled by the firm and enables it to conceive and implement strategies which will improve its efficiency and its effectiveness (Barney, 1991; et al, 2017). Resource, is often categorized into two parts at any point of discussion, usually as tangible and intangible. Schriber and Lowstedt (2015), argue that intangible resources are usually a better source of competitive advantage due to their difficult nature of being imitated. However, resources in practice, only become a strategic tool to an organization when they assist the organization

produce a significant effect on its performance (Massey, 2016).

2.3 Competitive Advantage

Weerawardena and Mavondo, 2011citing Hall, 1993, suggest that the difference in an organization's capability on which its competitive strategy is premised, is the key source of sustaining its competitive advantage. Competitive advantage is that point where an organization's product and/or service is perceived to be better than those of her competitors. Peteraf (1993) notes that for an organization to have competitive advantage, they must identify their resources and these resources must be matched to opportunities in the environment.

2.4 Customer engagement

Customer engagement can either be online or offline. Though, the online engagement is quite a different experience from the offline engagement, it can be said to be a connection or business communication between the customer of an organization and the organization itself and could be done through different correspondence channels. The engagement of customers online is a phenomenon that came on stream with the large use of internet by the global community, which has over time, expanded the developments in technical terms of broadband speed, social media as well as connectivity and leads to the positive engagement or otherwise of the customer and brand offering. According to CX dictionary, customer engagement is the emotional connectivity between a brand and its customer, this is important because highly engaged customers are likely to promote the brand better, buy more, and demonstrate a higher level of loyalty. As such, it is important that organizations provide higher quality customer experience as research has shown (Gallup)that customers who are fully engaged, represent 23% more revenue than the average and this in turn can be a source of competitive advantage to the firm.

3.0 Blockchain technology, Competitive advantage and the Insurance Industry: Novelty and Value

As earlier mentioned by Peteraf (1993), for an organization to have competitive advantage, the resources must be matched to opportunities in the environment. The insurance industry in Nigeria is ripe for the advent of blockchain technology as a resource capability as there is an urgent need to revamp the technological gap, boost penetration and the interest of the technological savvy new generation, who are potential markets as well as gain competitive advantage. Blockchain is an open distribution ledger that records transactions safely, permanently and efficiently; with the use of blockchain, contracts in digital codes are embedded and stored in transparent, shared databases (Iansiti & Lakhani, 2017). Accurate information with regards to data as well as easy and quick access to such data, is very important which is where blockchain will come in. The ability to interact effortlessly with customers and vice versa and have detailed information of these customers will go a long way in boosting customer engagement and assist the insurance firms easily profile these customers and properly develop products and services that speak to their specific needs.

4.0 Blockchain technology: Imperative for Insurance growth and likely challenges

The hype that the advent of insurtech and the application of blockchain technology is disruptive is basically because it is still in its early stage and yet to be fully understood. The fear of being disruptive and eliminating third parties also makes the old industry players sceptical in implementing it. However, in view of the fast-developing digital world space, it has become necessary that it is given a look at. Insurance firms are not left out of the digital space and for them to retain a competitive edge, there is need for them to look more at the digital table clock, blockchain being one of the offerings. The blockchain technology has the potential to assists in authentication of identity, certificate issuance, record storage and so on. A challenge likely to be faced may be in terms of regulation and policy, this may take a while to be effectively treated as there are likely to be difficulties as to where exactly to place the technology. Another challenge is resistance, due to the fact that blockchain technology does not need a central authority to operate, it challenges the governance systems assumptions which basically underpin business models and economic systems thereby, causing a threat to a large group of industries and governments (Niforos, 2017). Whilst the researcher agrees with the fact that its use may eliminate some third-party contacts, it is necessary for the insurance industry to take a look at its operations as it has great potential economically to minimize costs across the value chain and to also assist the organization redefine basic traditional boundaries and improve competitive advantage.

5.0. Conclusion

There source-based view theory of competitive advantage espouses the need for organizations to look at their inherent resources and capabilities as a source of possible competitive advantage. It can be premised that the application of blockchain technology has the potential to improve the level of customer engagement and in turn improve the competitive advantage of insurance firms. The choice for organizations with respect to blockchain technology may not be really clear right now, but the fact that technology is the key to the future cannot also be overlooked. However, as mentioned earlier, insurance companies will need to access their business strategy, operational plans and long-term goals to identify the areas where blockchain can assist in reducing overhead, enhancing efficiency and productivity and compete favorably in the environment. It is advisable, however, that organizations take into cognizance, likely risks associated with the implementation such as financial, technical or reputational and make provisions for same.

Joyce Odiachi, BSc (Insurance); MSc (Mgt); ACIIN
Works with Zenith General

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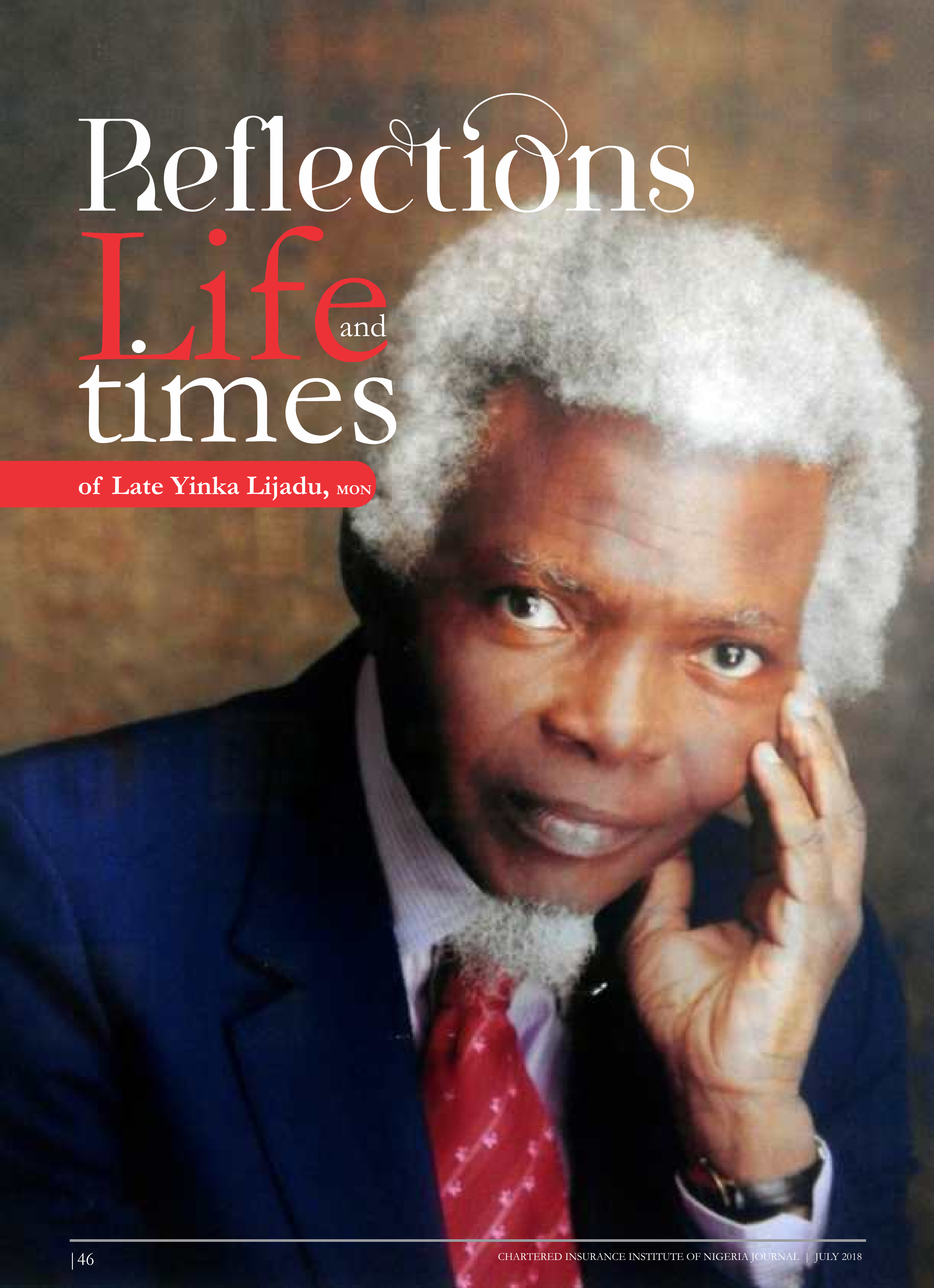
Reflections Life and times

of Late Yinka Lijadu, MON



One name that would be difficult to forget in the insurance profession in Nigeria is Yinka Lijadu. He could rightly be described as one of those who saw the industry at its infancy and contributed his quota towards making it a renowned profession. Lijadu had a larger than life posture as his personality was impactfully felt in the underwriting sector through which he served as Chairman of the Nigerian Insurers Association, the Loss Adjusting and the Chartered Insurance Institute of Nigeria, where he also served as President.

In the days when Nicon Insurance Corporation was the flagship of the Nigerian Insurance Industry and a delightful place to work, Mr. Lijadu held sway. He never allowed the office to intoxicate him. He was humble, considerate and professional. Under him, Nicon Insurance Corporation built octopuses of business institutions, such as the Nicon Noga Hilton Hotel, Abuja, which has now transfigured to Transcorp Hilton Hotel, as well as the defunct Nigerian Acceptances Limited, often referred to as NAL Merchant Bank. On behalf of the Federal Government, Lijadu pioneered the National Properties Limited and the Nigerian Agricultural Insurance Agency, among others. He proudly demonstrated through his leadership of Nicon the belief that the insurance industry could really be the desired fountain for the conception and establishment of other business institutions, as obtainable in other advanced economies. In spite of the enormous opportunities and span of influence that predisposes many of his ilk to corruption and gross abuse of office, Lijadu was known to be quite austere and reputed to be incorruptible. It was reliably gathered that at retirement, he never had a bogus house or any obvious material possession that "befitted" the life of a man who bestrode the nation's then nascent economy like a colossus. This is definitely strange in a society like ours where warped value system has seemingly made such life style abnormal. Late Lijadu was honest through and through. His life radiated contentment and simplicity and he never gave in to anger, under any circumstance. This writer once asked him the reason for this and he told him how needless it is to be angry, irrespective of the cause of provocation: "It makes your life short" he retorted. All these infallible attributes and even more might have impelled the Federal Government to confer on him the prestigious Member of the Order of Niger (MON), becoming one of the first insurance professionals to be so honoured in the country.

Lijadu loved the Insurance fraternity with great passion. He personified an ideal insurance man; suave, cosmopolitan, straight forward and conservative. As Chairman of the defunct Image Committee of the Nigerian Insurance Industry, Mr. Lijadu made everyone see the need to collectively build the much desired reputation for the industry and he demonstrated this through his own life of selfless service. He always strongly advocated a return to basics, in order to eliminate the various professional challenges facing the industry. In all these Late Lijadu never suffered fools gladly, as he could be sternly firm when it comes to upholding his convictions. He was a soft spoken executive with a coaching leadership style. He talked with a slow, relaxed cadence and had repeatedly been called a "thoughtful, humble leader". Lijadu was not a flashy, "look at me, look at what I have achieved leader" who spends time reveling or living above his means.

A great mentor and fountain of success for many insurance professionals, it is noted that Lijadu's protégés held and still holding several commanding positions in the insurance industry and the nation's economy till date. He simply believed in people and always insisted on the need to unleash their innate potentials at all times. Lijadu was regarded as the "Grandfather of the NICON Alumni", formed by retired officers of the defunct company for continuous bonding and networking. His professional and intellectual bent made him suitably fit as Chairman of the Educational Committee of the Chartered Insurance Institute of Nigeria, among other responsible positions in the industry for many years.

Born on April 2, 1934 at Abeokuta, Ogun State. Lijadu had his primary education at Christ Cathedral and Saint Peter's

Schools and his secondary education at CMS Grammar School and Kings College, all in Lagos. He won a scholarship in 1960 to study Insurance at the Holborn College of Law, Languages and Commerce, and bagged the Associateship of the Chartered Insurance Institute, London with specialization in fire insurance in 1963.

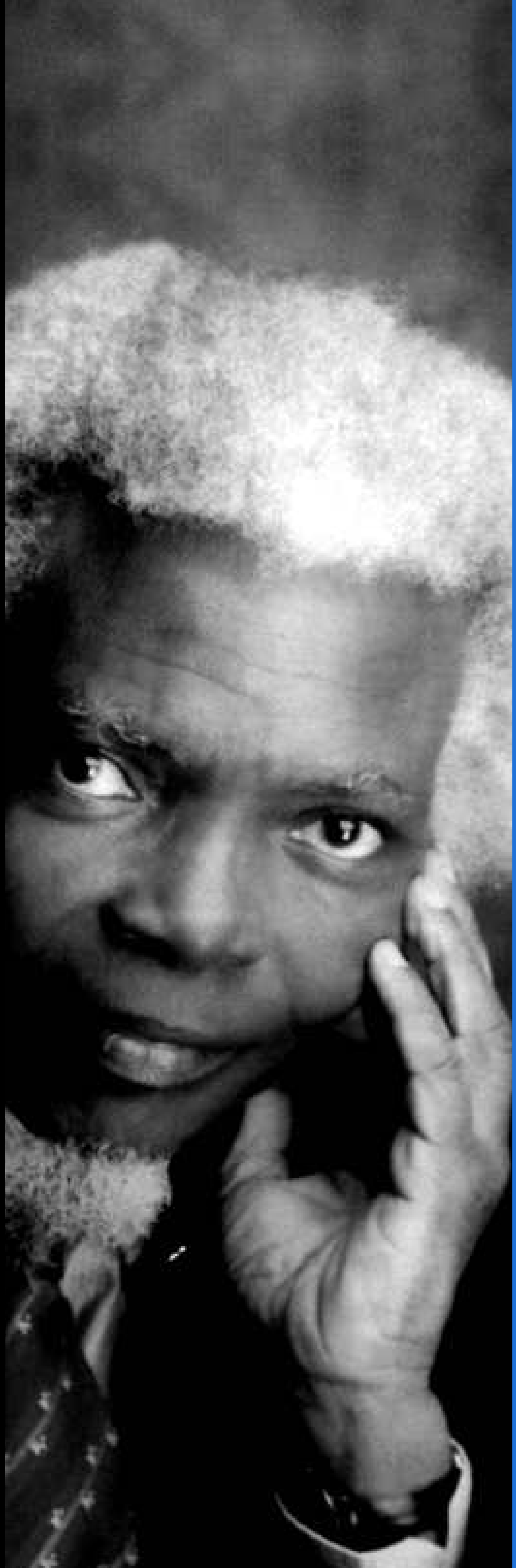
He began his career in insurance with the Accounts department of the Royal Exchange Assurance Plc (REAN) in 1955 before going for further studies and on graduation he was promoted to the position of Executive Assistant in the fire department from where he was seconded to reorganize the regional offices of the firm at Accra, Ghana and Freetown in Sierra Leone.

He was the pioneer Fire Manager at inception of Nicon Insurance Corporation in 1970. He was elevated to become Assistant General Manager in 1972 and Deputy General Manager in 1975. In 1989 he was made Managing Director and Chief Executive Officer of the corporation and retired in 2003.

On the professional front, Lijadu served on various committees of the Chartered Insurance Institute of Nigeria (CIIN) notably as Chairman of the Examination Committee of the Institute for over 20 years as well Chairman of the Editorial Board.

The life of late Lijadu could be simply be likened to that of a man who came to the world, strived to make it a better place, and bowed out like a great actor, when the ovation was loudest. His death definitely closed a significant chapter in the history of the insurance industry, just as it has to the Nigerian society and humanity in general. The upcoming generation have a lot to learn from this great gift to humanity and particularly, the insurance industry.

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



VALEDICTORY LECTURE

Topic: Insurance and Generation Next - Meeting the Needs of Stakeholders

Introduction

1. I am very delighted to welcome you all to this Presidential Valedictory Lecture designed to mark the end of my tenure as the 48th President of Chartered Insurance Institute of Nigeria (CIIN). It has been a glorious and fulfilling year for me and the Institute as we strove, during the period, to bridge the information gap between the profession/industry and its numerous existing and potential clientele. To God be the glory for His grace and the modest achievements recorded during the year.

The Power of Insurance

"If I had my way, I would write the word "insure" upon the door of every cottage and upon the blotting book of every public man; Because I am convinced, for sacrifices so small, families and estates can be protected against catastrophes which would otherwise smash them up forever."…..Winston Churchill, Manchester, 23 May 1909.

"Buying insurance cannot change your life but it prevents your lifestyle from being changed. An illness can wipe up an entire family's saving that they have saved for decades by the medical bills. **You will not turn bankrupt because of buying insurance** but you will cause your loved ones to turn bankrupt if you don't"……JACK MA

Theme of Lecture

2. The theme of this inaugural CIIN Presidential Valedictory Lecture is **"Insurance and Generation Next: Meeting the Needs of Stakeholders"**. I deliberately selected the theme in order to draw attention to the future of the profession/industry and how we can continue to meet the needs of stakeholders in the light of demographic changes and disruptive technology.

3. Generally speaking, the future is uncertain for individuals, entities and the professions arising from rapid and complex changes occurring in the larger global business and macroeconomic environment. When late Peter Drucker, the world's most renowned management expert spoke about the unfolding challenges of the knowledge age, he admonished everyone by asserting that, "the best way to predict the future is to create it." To do this, he advised that we must jettison our old ways by unlearning, learning and relearning. According to him, "if you want something new, you have to stop doing something old." In other words, we must deliberately challenge the assumptions about what we know in order to expand the frontiers of knowledge. Here lies the justification for the theme of this lecture, "Insurance and Generation Next: meeting the needs of stakeholders".

The Generation Next Phenomenon

4. Today, technology is the language spoken everywhere and all the time. It has impacted the way we live and conduct business. Virtual business, e-commerce and paperless offices are now the new normal. Many of us now run our offices from our smartphones and ipads! In the same vein, our clients no longer want to wait several days to receive our proposals. They no longer want insurance contracts in 18th century English constructs. Given the unfolding scenario, only the proactive and prepared will survive and prosper.

5. The thrust of this presentation therefore is to raise some issues that will stir our profession/industry to be prepared for this uncertain future in which purchase and career decisions will be determined by **generation next**, that is, persons born between 1982 and now (ACCA, 2016). Broadly defined, Generation Next comprises Generation Y, the Millennials and Generation Z. In the Nigerian context, they are the youths and future leaders who are **not too young to run**. Indeed, the Nigerian National Youth Policy 2009 defines youths as persons between the ages of 18-35 years.

Attraction of Insurance to youths

6. Distinguished guests, ladies and gentlemen, while preparing this paper, I sought to know if Insurance was among the first 15 courses selected, in order of preference, by candidates that sat for the JAMB UTME in the last 3 years, that is, between 2014/2015 and 2018/2019 academic years. Here are my findings:

Table 1: Courses selected by JAMB candidates in between 2014 and 2018 School Years

S/N	2014/2015	2017/2018	2018/2019
1	Medicine & Surgery	Medical Sciences	Medical Sciences
2	Accounting	Accounting	Accounting
3	Economics	Law	Mass Communication
4	Law	Mass Communication	Law
5	Business Administration	Economics	Nursing
6	Mass Communication	Nursing	Economics
7	Computer Science	Pharmacy	Pharmacy
8	Nursing Science	Business Administration	Business Administration
9	Political Science	Public Administration	Political Science
10	Microbiology	Mechanical Engineering	Medical Engineering
11	Civil Engineering	Medical Laboratory Science	Banking and Finance
12	Biochemistry	Banking and Finance	Public Administration
13	Mechanical Engineering	Biochemistry	Biochemistry
14	Pharmacy	Electrical Engineering	Electrical/Electronics Engineering
15	Electrical/Electronics Engineering	Sociology.	Sociology

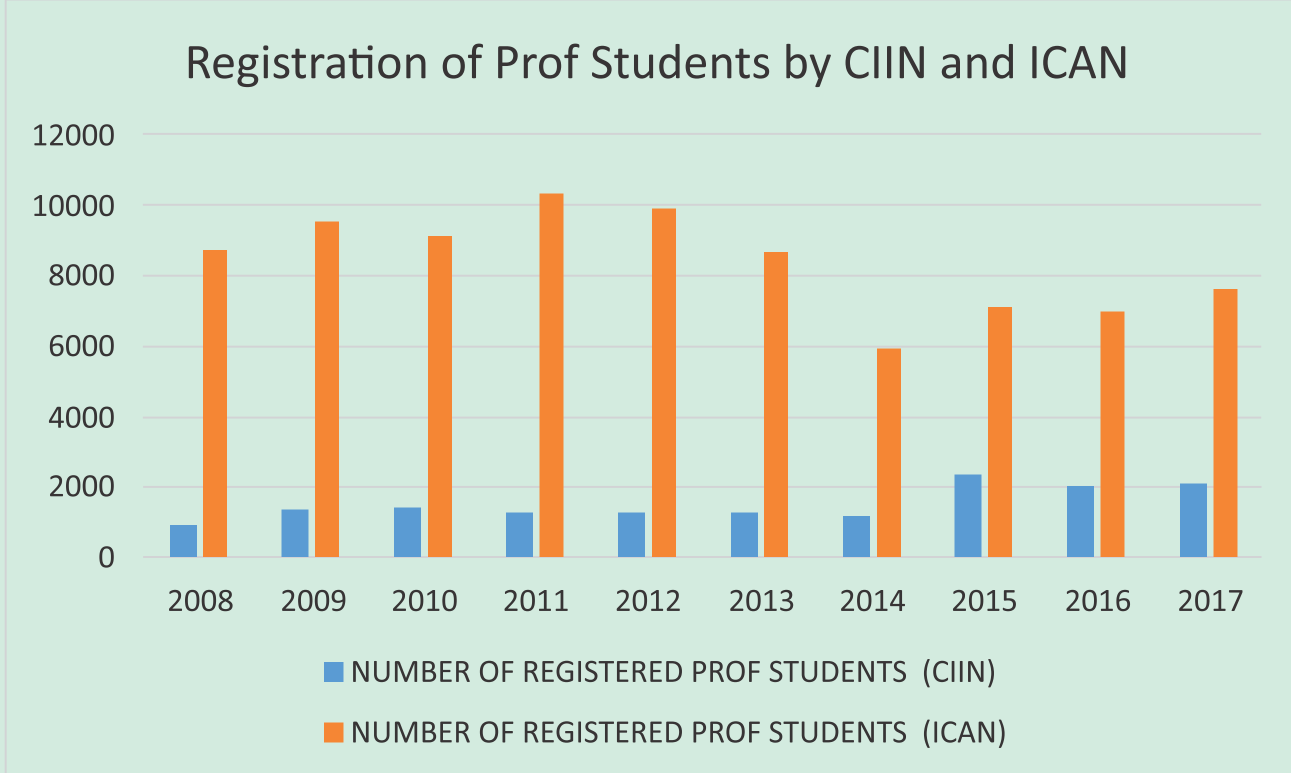
Sources: JAMB website, Naija.com, Studentgist.com.

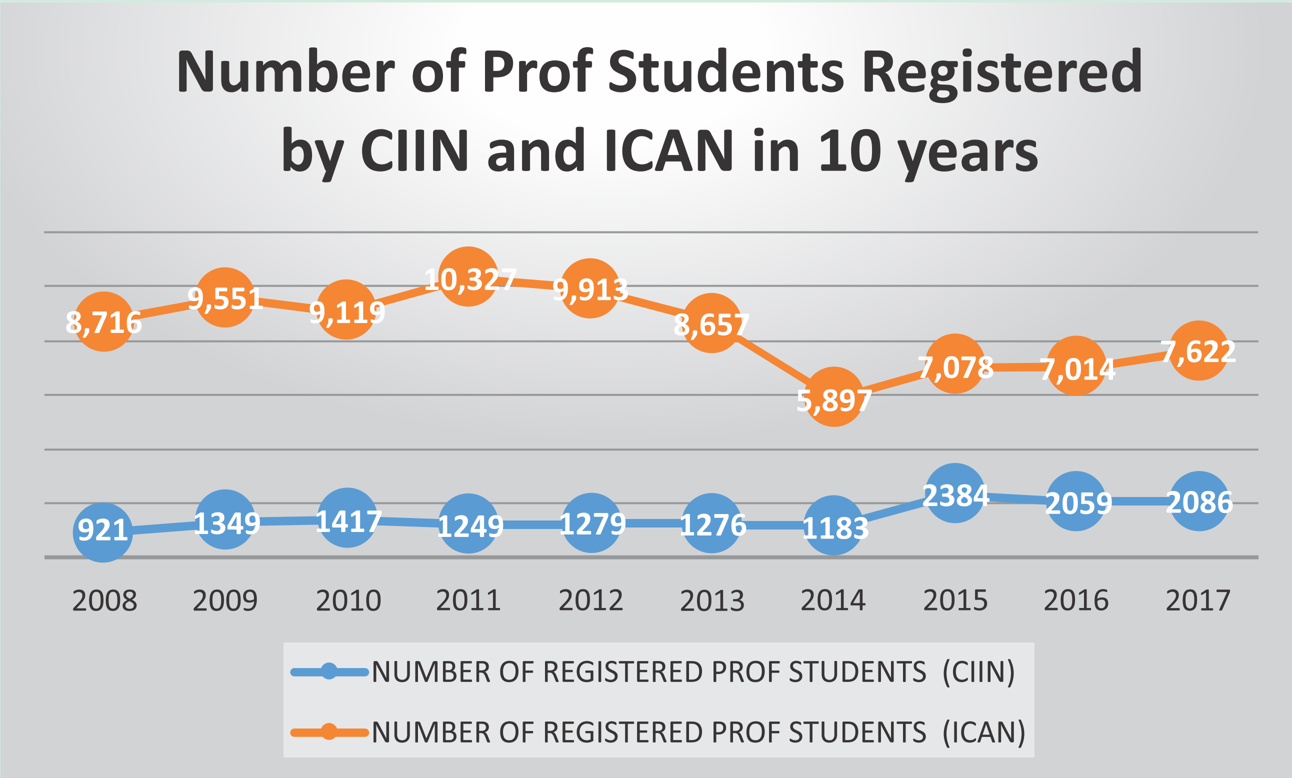
7. Among the first 15 courses selected by candidates between the 2014/2015 and 2018/2019 academic years, insurance did not feature at all. It is fair to also assume that the statistics for the previous years were not better. Yet, insurance activities started in Nigeria nearly 100 years ago! These statistics tell us how attractive our noble profession is to the youths, current and coming generations. These data should actually not be a surprise. In ten years (i.e., 1998-2017), the Institute registered an average of 1,520 students annually (see table 2).

Table 2: Number of students registered by CIIN & ICAN between 2008-2017.

S/N	YEAR	NUMBER OF REGISTERED PROF STUDENTS (CIIN)	NUMBER OF REGISTERED PROF STUDENTS (ICAN)
1	2008	921	8,716
2	2009	1349	9,551
3	2010	1417	9,119
4	2011	1249	10,327
5	2012	1279	9,913
6	2013	1276	8,657
7	2014	1183	5,897
8	2015	2384	7,078
9	2016	2059	7,014
10	2017	2086	7,622
TOTAL	10 YEARS	15,203	83,894

Source: Various CIIN Annual Reports & ICAN Annual Reports





8. In certain years, the number of students registered fell drastically below this average. It was in the last 3 years (i.e., 2015-2017) that the Institute's registration figures exceeded the average. It is interesting to look at the comparative figures from the Institute of Chartered Accountants of Nigeria (ICAN) for the same period. The difference in registration is profound and speaks for itself. In 10 years, CIIN registered 18.12% of the ICAN numbers. While the membership strength of ICAN has now exceeded the 45,000 mark, CIIN has about 8,171. Yet, the NCRIB, an active arm of the Institute and Profession was established in 1962 while ICAN was established in 1965.

Talent Gap

9. These statistics do not only tell a story but also, have implications for the future of the profession, the creativity and innovation of the industry, its ability to develop new products and its responsiveness to the needs of its stakeholders. In my view, without new entrants, the pipeline for feeding and keeping the profession alive will be inactive and cold. With such a scenario, the profession risks the prospect of gradual extinction if it does not receive the right and adequate supply of new entrants. From the statistics above, only very few new entrants are coming into the profession pointing to the fact that, soon there would be a serious talent gap to meet the needs of the insurance industry. Interestingly, this challenge is not peculiar to the Nigerian environment.

10. While presenting a paper titled, "**Insurance on purpose: Disrupt to attract next generation industry talent**" on the same phenomenon in USA in 2017, Joe Tocco, Chief Executive of XL Catlin North America Insurance observed that,"**the insurance industry is aging — It's estimated that 50% of the current workforce will be retired by 2030—that's 12 years away. We'll face a talent gap of nearly 400,000 vacancies by 2020—just two years from now. Only 25% of our workforce is under the age of 35, and a significant talent gap exists between the ages of 35 and 55. This has the makings of a crisis written all over it. Our highly competitive marketplace with ample capacity and ample market players lacks an ample supply of new talent**".

11. I dare say that this assertion aptly describes the situation in the Nigerian insurance environment. With many of the current skilled manpower above the age 50 bracket, there would certainly be a challenge of succession in the industry in not too distant future. The severity of the situation is underscored by the fact that, today, only 6 universities and 4 Polytechnics have Insurance Departments, accredited by CIIN as part of the strategies to promote and expand the frontiers of knowledge in Insurance as well as accelerate human capacity building in the country.

12. Yet, out of 60,659 students who applied to study about 80 courses in University of Lagos in the 2017/2018 academic year, only 710 selected insurance as first choice, that is 0.01%! Only 60 candidates applied to Ahmadu Bello University, Zaria to study Insurance in 2017/2018. The number actually admitted in both cases may even be far less than these applications. I am aware that our Institute has established the College of Insurance and Financial Management to help reinforce the production of qualified personnel for the industry. Given the current resource challenge, the school alone cannot meet the manpower needs of the industry in the near future. The memorandum CIIN signed with Babcock University to start a degree programme in the school is yet to take off.

13. Again, it is important to mention that this is not a Nigerian problem but a global problem. Discussing the USA situation, Cross(2017) observed that "Industry estimates suggest that about a quarter of the 2.6 million insurance industry employees are getting set to retire by 2020. However, only about 3,000 students per year are graduating from university insurance and risk management programs".

14. Thus, the decline in the number of new entrants into the profession, in my view, signify many possibilities: the youths' rejection of the conservatism of the profession; poor public perception of the profession's crucial role in the economy; dearth of knowledge about its diversity, robustness and importance. I will come back to these issues shortly.

Insurance and Demographic Dynamics

15. Distinguished guests, ladies and gentlemen, it is common knowledge that the population of Nigeria is growing rapidly so much so that by year 2050, our country will be the 3rd most populous country in the world. This is according to the United Nations. While the estimated 2.61 % growth rate of the population is, itself, a serious challenge, it is its composition that matters to this presentation.

16. The Nigerian population was estimated, in April 2018, by the National Population Commission to be 198million. This information was released to the world by Chief Eze Duruiheoma, the Commission's chairman at a function in New York recently. In terms of the demographics, women constitute 49.5% and men 50.5%; the median age of the country is estimated as 17.9 or 18 years of age while 41% of the population are persons below age 15. Since the Nigerian National Youth Policy 2009 defines youths as persons between the ages of 18-35 years, if we stretch this demography or statistics to between ages 0-35 years, more than half of the nation's population will be made up of youths and kids. These are persons born after 1982 and they make up what we elegantly called the Generation Next in this presentation.

17. The pattern of purchase, consumption and career choices of these teenagers and youths are completely different from our ages. According to the literature, while the Millennials and Generation Y(those born between 1982 and 1999) are the children that grew-up on personal computers, cell phones and video game systems, Generation Z (those born from year 2000- till date) are those on tablets, smartphones and diverse apps.

18. Collectively described as Generation Next, this category of Nigerians, like their peers in other climes, are IT-savvy,addicted to internet and concurrently active on many social media (e.g., Facebook, Instagram, Telegram, Twitters, YouTube, WhatsApp), need information

online, real-time, hooked to their mobile phones and so can easily access information from anywhere in the world, hardly read physical adverts, write-ups or articles in newspapers or stuff like that, they rely on views and comments of peers or "word of mouth" to take decisions. With their inquisitive minds, they strive to confirm the veracity of any information about a product or service in the public space through the internet. To them, **Uncle Google** answers all questions. They are quick adopters of technologies. They surf the internet all day long. these are the people we are dealing with:

19. According to Remi Babalola (2017), these youths, "see life differently and have different expectations of work, they question the status quo….. For career success, they focus on personal fulfilment and work-life balance. They want to work where there is creativity and everyone is treated equally. They are easily bored; they want meaningful work. They multi-task and love variety. They want participative management style from their bosses. They want to run their own business in less than 12 years after graduation. Every organisation and sector needs the energy, creativity and commitment of millennials. Millennials currently comprise 35% of UK workforce and will be 50% of the global workforce by 2020. Like it or not, we can't do without them. They own the future if not now!"

20. Indeed, in terms of careers, Generation Next youths are on the go. They desire to change jobs and environment frequently. They do not consider making careers in one entity for a long time a virtue. To them, changing jobs and careers frequently are normal. They are thrilled by digital environment, diversity and flexible working hours. These attitudes or characteristics have severe implications for the future of our profession and industry. They have implications for the type of products we create, how we market them as a profession/industry. According to Remi Babalola (2017), "based on series of research that have been carried out on millennials in Nigeria, they are far away from the Insurance sector. They do not understand the value and proposition of the sector".

21. There are other characteristics that we need to also highlight. Many of these Generation Next youths finish school early but have no jobs. With degrees in their pockets, many still live with their parents and depend on them for financial support. Indeed, the youth dependency ratio of the country is about 83% implying that many of them are not economically empowered. As a result, they marry late, build their own families late and acquire assets late. Those who succeed in finding jobs are owed several months of salaries or laid off due to economic recession. Many states are owing their staff salaries for many months. These issues have implications for their demand for insurance and other products. These challenges notwithstanding, these youths are still addicted to social media and follow brands they perceive as fascinating and real. They can be, and are easily, influenced by role models and technology. To them, online shopping is the minimum acceptable norm.

22. Given this scenario, how many of these upwardly mobile youths will be willing and able to have pension scheme and target savings as part of life insurance? How many will be willing to build and insure houses and their contents? How many will be willing to buy and insure cars when they have the option to work from home? In my view, many will desire insurance products that will cater to their IT and cyber security needs. They will desire products that will insulate them against risks associated with cyberattacks. No matter what hackers do, these youths, with insurance protection, want to continue business without disruption and without loss of information resource! They desire insurance products that will cost less but deliver maximum value. They desire products that are flexible and convertible. They demand sophisticated customer service that provide personalised experience. Are we ready to meet these challenging needs as an industry? Are we ready to change the narrative of our industry to make it responsive to the needs of this generation of stakeholders?

Charting the Future of Insurance Profession

23. Permit me to ask rhetorically: who are the next generation of insurance practitioners? Where

are the insurance practitioners and specialists who will relate to the Generation Next youths whose life style, expectations and purchase patterns have changed over time and are still changing? What products do we have to address the needs of these young minds? How do we market our products to attract their attention in this IT-driven business space? As young persons, they are largely adventurous and oblivious of risks associated with human endeavours and investments. Their goal is driven by the adage, "no venture, no success".They want to try out all IT initiatives, no matter the risks. Are we ready?

24. According to Chalmers (2018), it is no secret that digital technology is having a pervasive impact on the way the insurance industry operates than almost anything else in its history. For the customer, it has never been easier to research insurance needs, compare insurance products and bind insurance contracts from behind a computer, or even from a smartphone. Sadly, that means more and more stakeholders are opting to forego insurance brokers in favour of purchasing directly online. Except you are a broker skilled in multi-level market and have a robust, interactive and friendly website where these youths can obtain information, your business lifeline will certainly be threatened.

25. Based on the findings of its recent research, PwCexpects the millennial generation to be the biggest users of financial technology services. According to the giant global accounting firm, "the challenge for traditional financial institutions is the millennials' heavy reliance on social media for information and guidance, which has made them more demanding and less loyal. Their experience with other forms of e-commerce has shaped their expectations for personalized service delivered at digital speed. Younger users have come to expect the sort of personalized service and tailored solutions once only available to high-net-worth clients that can now be delivered through automated processes and artificial intelligence".As insurance practitioners, have we keyed into the search engine optimization strategy to enable these youths browse, obtain the desired information and ultimately seek your professional advice before taking decisions? How interactive is our website? Are we active on social media? We are challenged to give information more than is required. Are we ready for this?

Redefining the purpose of Insurance

26. Generation Next as broadly defined are crucial stakeholders of the Insurance Profession. In my view, the future of our profession is inextricably tied to the value proposition that we offer to them both to make careers in Insurance and to procure insurance products. Given that their desire to change environment is as intense as their willingness to change jobs, careers as well as make purchase decisions, we must define our strategies to attract and retain them in our fold. We must give a better meaning to what we do as insurance professionals in order to attract new talents and customers.

27. One of the most universal concerns in the insurance industry is attracting enough young talent. Insurance has never enjoyed a particularly high or glamorous profile, and few outside the industry comprehend its richness of career options. From the above JAMB statistics, it is fair to assume that Insurance does not appeal to most students not because it is not a credible profession but because of its conservatism and approach to business in this IT age in which the stakeholders want services at jet speed. This trend, if not addressed, will heighten the talent shortage in our industry. As Harris (2018) noted, we must begin to sell the value of careers in insurance rather than just the strength of our business entities.

28. Insurance is a great, dynamic and exciting profession with huge opportunities for self-employment and value creation. It is a compassionate profession that responds, with the speed of "thunder", when disaster occurs. When the unexpected happens, insurance practitioners are there to provide comfort to the insured, assist them to rebuild their lives, provide a strong foundation for them to begin again. We care and comfort families in distress. We are in the compassionate business of repairing lives, securing assets, rebuilding entities and contributing to national development. We are the soul of enterprise. This is the kernel of insurance that I know. As caring people, this message should appeal to the youths. We need to broadcast it as best and fast as we can, both as an industry and profession.

29. Thus, as seasoned practitioners, we need to interest the next generation in it through advocacy, catch them young initiatives and products that address their peculiar needs. As one of the elder statesmen said recently, he is in the departure lounge and therefore, not suitable to be planning for the next generation. We need the "not too young to run" to dream dreams of the future of the industry and profession and also actualize them. Therefore all stakeholders must come together to work out industry-wide strategies to properly promote insurance as a career."Great things in business", according to late Steve Jobs, "are never done by one person. They are done by a team of people". We must come together as a team to prosecute this campaign. The catch them young initiative that the Institute introduced in secondary schools, for instance, should be extended and intensified at the tertiary education level. This should be complemented with the NYSC Youth Empowerment Initiative that we started at the Iyana Ipaja Camp as part of the ways of creating insurance awareness and jobs for the youths.

Leverage Technology

30. One of the buzzwords in technology today is Insurtech, that is insurance technology. This is a development which involves the use of financial technology to simplify and streamline the insurance products and services. As a combination of insurance and technology driven by IT-savvy youths, the innovation is designed t o squeeze out savings and efficiency from the current insurance industry model. The belief driving insurtech companies is that the insurance industry is ripe for innovation and disruption. The drivers are prepared to offer ultra-customized policies, social insurance by using new streams of data from internet-enabled devices to dynamically price premiums based on observed behaviour.

31. Given the possible impact of **Insurtech** on our industry, we must embrace digitalization to stay relevant and afloat. As Remi Babalola (2017) advised, "the Insurance Industry must embrace a digital transformation with laser beam by changing customer relationships and experiences, redefining value propositions and optimising business models and processes". Painfully, with digitalization of businesses, many manual-oriented jobs will inevitably be lost. This is the reality of the unfolding scenario. If the youths can easily purchase products online, why will any corporate entity hire a lot of insurance staff?

32. Why will clients seek the services of insurance brokers, for instance, when all information is available online? Here lies the case for insurance advisory services. To remain in business, a broker engaged in insurance advisory services, must hone his technical, communication and marketing skills. As Chalmers (2018) observed, "At the end of the day, no matter what technology is used in the process, it always comes down to the expertise the broker brings to helping their customer. The index indicates that the strong professional expertise that brokers bring is a key reason for looking for and using a broker. Expertise is a relevant message brokers should communicate to potential clients."

33. As should be expected and as noted above, market modernisation will inevitably result in some roles disappearing and others being created. Technology in the form of Artificial Intelligence(AI), will impact the insurance industry in the next decade, significantly disrupting existing business models. This is not to say that human beings will not have a role to play in insurance in the future, but many roles could be automated. Firms will require a workforce with different skill sets to those we need today. The challenge will be how to retain talent and focus that talent on multi-disciplinary roles (Jardine, 2017).

34. In other words, to operate successfully in an environment in which customers are increasingly becoming enlightened,

sophisticated and IT-savvy, the insurance industry as a whole and brokers in particular need to adapt to new styles of interacting with customers, for example, by providing more detailed analysis and evaluation of different options, or having more conversations about price and the value of insurance coverage.

New ways of working

35. To the next generation of insurance practitioners, the way we work would impact our ability to attract, retain the best and brightest into the profession and industry. According to Jardine (2017), "if we are to continue to attract the best of the world's talent we need to start to consider new ways of working, possibly with a more flexible approach to working hours and job sharing. We also must sell the market more effectively, to demonstrate to ambitious young people that it offers great opportunities for them to have a fulfilling career". Now, more than ever, our industry has more opportunities for individuals with diverse skill sets—mathematics, actuary, risk management, information technology, science and statistics. I dare say that the youths, if persuaded, will find fulfilment in our industry. Somebody needs to engage them.

Repackaging the Product we sell

36. As professionals, we need to take our bearing from the market place by packaging products that meet the needs of stakeholders. Take for instance, the life insurance policy, I mentioned earlier. The message often is that the breadwinner may die prematurely or suddenly and so, to protect the family, it is necessary to buy a life assurance policy. Persuasive as this position is, we cannot be oblivious of the fact the life expectancy of the populace has improved beyond what it was two decades ago. Youths no longer marry early and would prefer to have small-sized families. Besides, many people now lose their jobs due to macro-economic challenges.

37. What the youths will desire in my view, will be value-driven policies that will take these scenarios into consideration, provide waivers for out of job situation and support for disabilities. Generation Next youths have seen friends and neighbours lose their jobs, homes or ability to earn a living. They need policies that will provide protection against loss of income due to unemployment. For instance, unemployment protection insurance, also referred to as redundancy insurance, protects policyholders' incomes, if a person suddenly loses his job for any variety of reasons. Subject to the terms of the policy, it should pay out a monthly sum for a set period of time to keep the insured going and the policy active. Thus, our product should be responsive to their needs to attract the right patronage. The information about our product offerings must be communicated through their social media. In other words, to satisfy younger generation of buyers, life insurance products need to provide multiple solutions, such as protection from unemployment and disability. Insurance products must seek to address these challenges to retain their appeal.

Data Mining Strategy

38. In our various organisations, we have huge data on customer profiles and market structure stored everywhere and even in the cloud. Are we leveraging these data to improve stakeholder mapping and business strategies? One strategy recommended to insurance companies by Bill Gates in this IT-driven environment is data mining. According to him, insurance companies have products that are profitable with some customers and less profitable(or unprofitable) with others. The experience is related to loss experience with policyholder claims. Data mining can provide an insurance company with customer profiles and geographies where its loss experience is very low or very high. This information will influence the entities' marketing and pricing strategies to people in an age group or geography based on the loss experience. When you have that kind of variability, it is worth a lot to do data mining to help develop your product strategy. "The powerful capabilities of data mining will help companies determine how to acquire new customers, whom to market to, how to tailor and price their products and how to attract individual customers(Gates, 1999, p. 234)" who in this case, are generation next youths.

Product and Pricing strategy

39. To attract Generation Next to patronize our products, the pricing strategy must be right too. This category of consumers will detest, for instance, the age-old practice of compulsorily buying fixed rate auto-insurance policies every year when in fact, the car is in the garage because the customer works from home most times or travels by train. According to Hamel (2002), the British Norwich Union overturned this industry practice by offering its customers insurance by the mile. "Rather than pay to protect a car that is sitting in the garage while you work from home, carpool or travel by train or plane, you just pay for insurance when you are on the road". Using a global positioning system, pay-as-you-drive customers are charged an insurance premium that is based on how often, when and where their cars are used. In other words, the implication is that the insured pays premium only when he is actually on the road. This is a novel pricing structure that will most probably appeal to Generation Next. Indeed, it is insurance for the mobile generation. Founded in Silicon Valley, the technology Apps and digital insurance platform provide tracking, price information, and on-demand insurance coverage for single items, which allows customers to easily 'turn-on' cover for short periods of time. But is our environment ready for this type of initiative?

CONCLUDING REMARKS

40. The Insurance Profession/Industry is at threshold of its evolution in which developments in technology will significantly impact its product offerings, operations and the skill sets of personnel required to deliver value to its diverse stakeholders which, in the near future, will be dominated by Generation Next. Given the declining inflow of new entrants into the profession, the fear of a talent gap is rife. The causes of this trend like poor perception of the profession, age-long conservatism and information gap about the robustness and beauty of Insurance must be frontally addressed.

41. We need to change the wrong perception by showcasing the career opportunities that exist, the products we develop, the risks we assume and the professional advisory services we provide. As captains of the Insurance industry, we individually have exciting stories to tell about our experiences and career path that will stimulate the next generations. Let's create the opportunities to tell them the stories and win more converts to our profession.

42. Without doubt, our underwriters, actuaries, risk engineers, claims specialists, risk managers and brokers have special skills to drive the growth of the profession and industry into the near future. To ensure that there is no gap, therefore, the current generation must begin to give serious and strategic consideration to the issue of succession through mentoring while the Institute must strive to persuade and partner with many more tertiary institutions to deepen knowledge in insurance while producing many more qualified manpower for the profession. In addition, the Institute must seek international partnership to obtain funding and technical support for its College of Insurance.

43. The challenge of meeting the needs of Generation Next is real, severe and requires an industry-wide approach. The attitude and disposition of Generation Next have deep messages for us. We must listen, hear and act. In the words of Peter Drucker, "the most important thing in communication is hearing what is not said." It is my earnest hope that we would make a difference before we quit the scene.

44. Thank you for listening. God bless.

Mrs. Funmi Babington-Ashaye
48th President/Chairman of Council
Chartered Insurance Institute of Nigeria.
18th July, 2018

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HONGKONG TRIP

The President, Mrs. Babington-Ashaye led a group of Nigerian Insurance Top Executives on an International Exchange Mission to Hongkong.

Why Hongkong?

- Hongkong is ranked amongst the top five (5) on global ease for business dealings.
- It is statistically documented that 91% of Hongkong's 2016 GDP is linked to contributions from Insurance and Reinsurance.
- Based on these facts, Hongkong undoubtedly is exemplary in Human Capital and Services Sector the world over!

BRIEF ON THE CHARTERED INSURANCE INSTITUTE OF NIGERIA

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