



The Nigerian Financial Inclusion Strategy: The Insurance Industry and Human Capital Alignment

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Context



Focus of the Session



Insurance Professionals



Achieving the National Financial Inclusion Strategy through value-add

Focus of the Session

I will address the Human Capital Alignment from two perspectives.....

1



As a manager in your organisation
The Management perspective

2



As an Insurance Professional
The YOU perspective

Session Objectives

1. To remind ourselves of the highlights of Financial Inclusion as relevant to Insurance
2. Evaluate the role of human capital in driving financial inclusion
3. To establish connection between your role as an insurance professional and organisational effectiveness
4. Establish key variables required to become a valuable asset to your organisation
5. Discuss benefits and likely hindrances to Human Capital alignment



Approach to Session

How can you add value as an insurance professional

You



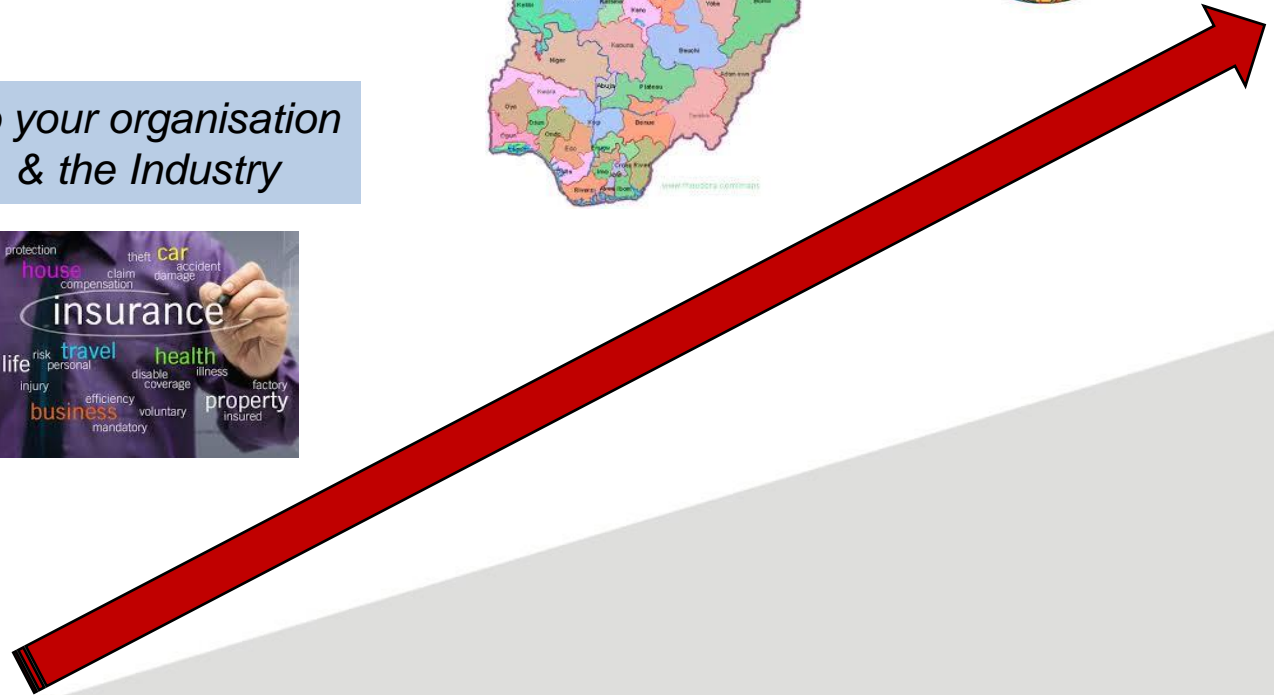
To your organisation & the Industry



To your country



To the world



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Quote

“The key for the future of any country and any institution lies in the talent, skills and capacities of its people”



Klaus Schwab
World Economic Forum Executive Chairman

The Value of Insurance

- The insurance industry is a major composite of the financial system in many jurisdictions, Nigeria inclusive.
- Insurance Services are the foundation for smooth functioning of all business & commercial activities.
- It is the backbone of overall economy of the country because ideally, insurance and pension provide long term funds that facilitate development
- Insurance can be a vehicle for growth in growing economies.



Background- The Nigerian Insurance Sector Today



- The Insurance industry is going through a critical phase.
- It is facing the pulls of economic and risk uncertainty, on the one hand, and of opportunity on the other.
- The Insurance industry is underdeveloped and penetration of insurance is very low; according to EFiNA 2012, 86.6 million Nigerians have no form of insurance.
- Only 1.3 million adults representing 1.5 per cent of the entire Nigerian adult population maintain some category of formal insurance cover.
- Low awareness and understanding, low premium collection and limited trust in insurance companies

Background- The Nigerian Insurance Sector Today



- However.....
- The recapitalization exercise of 2007 has placed the industry on a firm financial footing.
- Regulations have been passed to make some category of insurance mandatory(vehicle and group life insurance)
- More Nigerians are beginning to see the importance of having insurance. As such, there has been an increase in retail insurance
- As a result the insurance business is changing; new distribution channels, reduction in commissions, product developments, as well as regulation.

Background: Where we are going

- The Nigerian Government envisions an insurance industry that can rank amongst the twenty largest markets in the world by the year 2020 (Nigeria is currently ranked 60th in the world).
- Insurance coverage for at least 40% of the population by 2020.
- Achieving these goals will mean the Insurance industry wholly embracing financial inclusion
- Developing the technical capacities to meet the emerging challenges of financial inclusion and micro-insurance, is of top priority to all stakeholders

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Financial Inclusion

- Financial Inclusion is defined as increasing access to a broad range of financial services such as payments, savings, remittances, insurance, pension and credit at affordable costs.
- Financial industry is central to the growth and sustainable development of any nation, because of its direct link to enhanced access to finance, leading to improved income, poverty reduction and a stable financial system.



Lets recall.....

Financial Inclusion is achieved when adults have easy access to a broad range of financial products designed according to their needs and provided at affordable costs. These products include payments, savings, credit, insurance and pensions.

Nigeria's National Financial Inclusion Strategy by CBN

What Financial Inclusion means to the Insurance Industry

Developing new paradigms for providing insurance coverage for the economically disadvantaged, will be difficult

But it is possible!!



What is required are:

- *Alignment between operators*
- *High performing professionals*
- *Efficient and cost effective channels*
- *Product innovation in meeting known, perceived and unrealised insurance needs.*

What Financial Inclusion means to the Insurance industry



Proposed roles for Insurance Industry in increasing Financial Inclusion

- Increase penetration of insurance products nationwide
- Broaden the footprint of insurance penetration in peri-urban and rural areas
- Broaden the scope of insurance products and increase cross-selling
- Develop products tailored to middle- and low-income segments
- Develop micro- and agri-insurance products
- Promote insurance literacy and awareness
- Provide services to clients and potential clients in indigenous languages

What Financial Inclusion means to the Insurance industry



- As is obvious that fulfilling the roles listed will largely depend on the technical capabilities of insurance professionals
- Therefore, the success of the financial inclusion strategies will for the most part depend on the capabilities of the available human capital.
- If we are to achieve the goals of financial inclusion for the insurance industry, then we will have to build our capacities for market intelligence, product innovation, selling skills and problem solving



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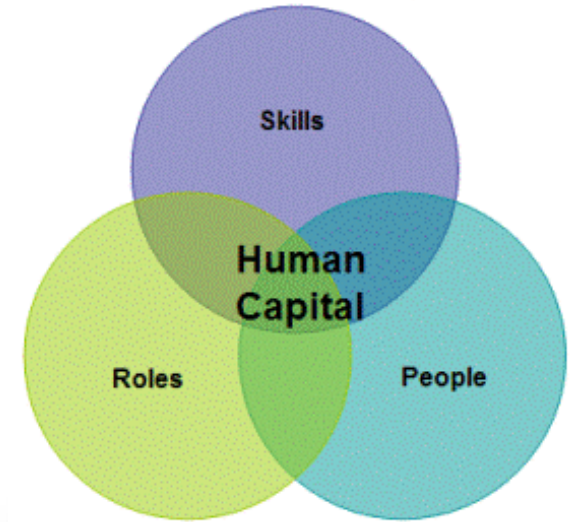
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Value of Human Capital

- People are the most important asset of any organisation or nation
- A company that invests in its people will always be a winner.
- Only a well motivated workforce can move an organisation forward, in a difficult terrain
- Irrespective of the economic environment a company's investment in its people is always a safe bet.
- Investing in human capital development and optimization pays good returns.



- The insurance market is dynamic and constantly changing at times of crisis.
- Its operation relies on an adequate supply of financial and human capital
- Of the two 'capitals', the industry seems to be in a better shape in financial capital management (recent recapitalisation in the industry) and still needs to develop its Human Capital, as such, it is wonderful that it is one of the themes in this conference
- This implies that supply of talented workers with a passion for risk management and insurance should be a critical issue for the insurance industry.

Value of Human Capital

The Talent Paradox and myth

- Most employers believe the talent paradox that high unemployment rates create talent surplus in the labour market.
- In reality, at such times, there is a shortage of high performing talent in key functional areas.
- And an entity that is unwilling to invest in the development of its human resources, would likely face a critical human capital risk.
- This is especially true for the insurance industry, as it requires highly trained individuals with specific skills.

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Quote

“Economic results are not produced by economic forces; they are a human achievement.”



Peter Drucker

The value of Human Capital.....



The Insurance Industry Human Capital Alignment: Management Perspective



- Insurance products/risks have their peculiarities that call for the specialised skills of insurance practitioners.
- An insurer must have detailed and varied knowledge of the business and lives of insurance consumers, to be able to design an appropriate policy cover.
- Where this knowledge is absent and the unique skills are unavailable, the quality of insurance policies would not only be substandard but also it will endanger the virility of the insurance company and the financial inclusion strategy itself.
- To create and deliver value to its stakeholders while still meeting the objectives of financial inclusion, insurance companies need to develop ingenious solutions to the emerging financial inclusion challenges
- This is where human capital alignment is imperative
- Management of insurance companies need to ensure that their Human Capital strategy aligns with the required industry need



The Insurance Industry Human Capital Alignment: Management Perspective



- We need organisations with defined roles based on required competencies and then place people with high degree of capacity to deliver, on those roles
- We need to have clarity and objectivity in our recruitment processes, as well as scientifically deriving development processes that are aligned to performance measurement and management process.
- When we have the applicable corporate cultures, work tools and good policies, our people will remain, happy and very productive!!



The Insurance Industry Human Capital Alignment: Management Perspective



- Setting up the right structure, hiring, training and retaining the right employees are critical success factors here.
- Except the right employees are recruited, trained and empowered, the company can only expect minor incremental progress where leap-frogging is possible.
- The key to corporate prosperity and the success of the financial inclusion strategy for the insurance industry is the placement of high premium on the human capital

Successful professional services executives know employees are the most critical asset. Finding great employees, hiring them and helping them grow, work and stay engaged largely affects the organization's long-term success.

There are two fundamental aspects to the Human Capital Alignment

1. Organisation and Human Capital Alignment

- Focuses on organisation culture, leadership, employees' alignment, competencies, talent attraction and retention & knowledge management.

2. HR Service Management

- Delivering consistent, predictable, quality of HR services to business users through Basic HR Information Systems (HRIS), administrative HR management systems (HRMS) and strategic human capital alignment system.



As a decision maker in my organisation

- *Does the organisation's HR strategy align with the industry drive for financial inclusion?*
- *Does the HR strategy align with the overall organisational strategy?*
- *Does the HR strategy build effective leaders over time?*



Quote

“Employees are a company's greatest asset - they're your competitive advantage. You want to attract and retain the best; provide them with encouragement, stimulus, and make them feel that they are an integral part of the company's mission.

Anne M. Mulcahy

Global trends

- Some of the global trends that insurance institutions and professionals need to prepare for are;
 - Improve consumer protection
 - Understand, educate and reward consumers
 - Promote self-care via enlightenment
 - Adapt transformative business models
 - Enter new markets
 - Manage growing risks
 - Develop tomorrow's leaders

- The ability to keep pace with the global business world will depend to a large extent on human capital, finance and governance



Peer Learning



- Organizational and individual peer learning is advantageous and important for the industry.
- It will enable each institution's participant learn from the successes and failures of countries that have already embarked on similar initiatives
- The insurance industry can apply lessons from best-in-class countries to ensure viable insurance products
- Providers can also learn about new product features and leverage the experiences of others in developing products for this environment



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The Insurance including Human Capital Alignment: The You perspective

- Probably the most important thing necessary for success in anyone's life, including your career, is Knowing Oneself and what works for you
- It is the foundation on which we build our 'self'
- Knowing yourself empowers you to understand how you could best serve your organisation, while attaining your life goals
- It gives you an understanding of your unique potential and how you could harness them, for the benefit of all.



How can I add value?

Know yourself- Your Values define who you are

Questions that direct your choice of values (Reflections)

- ✓ *Whom am I as an individual?*
- ✓ *What do I hold to be true?*
- ✓ *What are my strengths and weaknesses?*
- ✓ *How do I see myself within my vocation?*
- ✓ *What is my vocation's expectations from me?*
- ✓ *What does society expect of me as one in this vocation?*
- ✓ *What is my spiritual mission?*
- ✓ *What are my organization's mission and vision?*
- ✓ *What is my personal vision?*
- ✓ *What is my family vision?*
- ✓ *What are the similarities and the differences?*
- ✓ *Are my organization's values aligned with my personal values?*
- ✓ *Am I intrinsically driven by my organization's values?*
- ✓ *Do I possess the talent and skills to drive my organization's vision?*
- ✓ *Which words best describe my overall values?*



The Insurance including Human Capital Alignment: The You perspective

*Find your
voice
Add value*



Know yourself

How?

Values + Vision + Strategy + Activities = Leadership Impact

- This formula combines our natural tendency to work from a place of values, with the skills of **creating vision** and **combining strategic thinking with tactical activities** in order to add value
- *Values – what you hold to be true*
- *Vision – what your aspirations are*
- *Strategy – the approach to achieving the aspiration*
- *Activities – steps needed to be taken in attaining the aspiration*



The Insurance including Human Capital Alignment: The You perspective



1. Know Yourself

- Identify your greatest strengths and your greatest weaknesses.
- Real self knowledge is one of the hardest things to truly have.
- It is difficult, because it involves examining what is wrong with you.
- This knowledge is valuable, hard to come by and should be sought after and appreciated.
- It's okay not to be perfect; fact is, “nobody is perfect!!”
- Ask people around you to share with you, where they think you can improve.
- Don't be defensive, listen and understand it.
- If you do not understand or see these qualities, start paying attention, seek this information from multiple sources.
- Ask the question, “How could I be a bigger asset to my employer and myself?”
- What can I do to improve?”

2. Know and love your organization. Be interested in what the organization does

Be ever prepared to give an elevator speech about your organization anytime, any where. Share in your organization's vision, see the big picture.

3. Evolve – Keep on learning

- Approaching life knowing there is always something to learn.
- Taking this approach means you will be “always evolving.”

4. Be Adaptable

- The ability to adapt, learn new ways and work *with* your organization in the direction it is going is invaluable.
- keep an open mind and embrace the possibilities,

5. Be professional and diligent.

6. Be Reliable

7. Be Resourceful - Be a problem solver

The Insurance including Human Capital Alignment: The You perspective



- 8. Be intrinsically motivated – Surpass expectations**
- 9. Know your field – try to be the best at what you do**
- 10. Communicate clearly**
- 11. Be Proactive – anticipate problems and proactively Similitude provide solutions, without being asked to do so**
- 12. Stay healthy, always**
- 13. Never be unrealistic in your expectations from your employer or colleagues.**
- 14. Share knowledge generously**
- 15. Always display a positive disposition (Positive Attitude)**



Constantly develop yourself

Some Skills set for Insurance professionals

How proficient are you?

- Underwriting skills
- Claim handling skills
- Operational skills
- Servicing skills
- Risk assessment and classification skills
- Insurance product skills
- Distribution channel operating skills
- Coordination skills
- IT skills with domain knowledge
- Insurance accountancy skills

Insurance professionals should become conversant with

- Big Data
- Social media
- Business Intelligence
- Customer experience management
- Case management
- Portal technology
- Capital management
- Regulatory matters
- Personal & professional leadership

- *FITC, as the apex human capital development institution for the Financial Service Sector has conducted several consulting assignments that relates to human capital alignment. FITC also chaired the FSS 2020 Human Capital Development Implementation Committee, for almost three years*
- *We will, following this section, be offering NAICOM and CIIN our recommendations on how we could support in achieving Human Capital alignment in the Insurance industry if necessary.*

The Insurance including Human Capital Alignment: The You perspective



Quote

“Be the yardstick of quality. Some people aren’t used to an environment where excellence is expected.”

Steve Jobs, Founder of Apple



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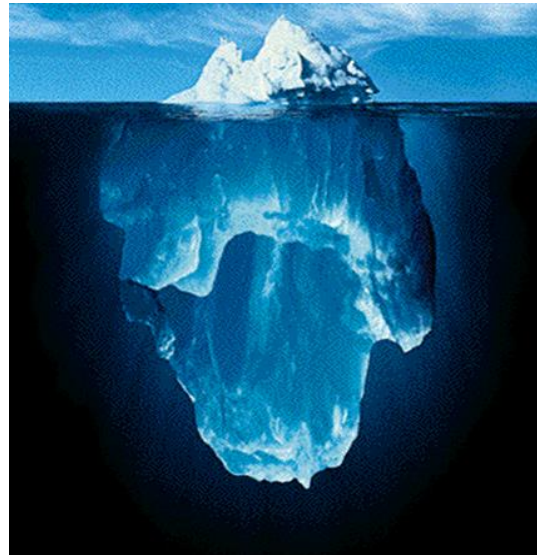


- In a rapidly evolving industry such as the insurance industry, responsiveness to customer needs is a crucial test of the insurance company's survival.
- The legacy of sub-optimal expertise restraining the development of the local insurance industry should quickly be a thing of the past.
- Nigerian insurers should be self-reliant in terms of technical expertise, especially in underwriting large and complex risks and the unique risks associated with micro finance.
- Success of the financial inclusion strategy will require Nigerian insurers to be at the forefront, backed by a healthy mix of experts and specialists in their own field, who can stand as pillars supporting the organizations.

Conclusion

Is it possible!

Pessimistic view



Optimistic view



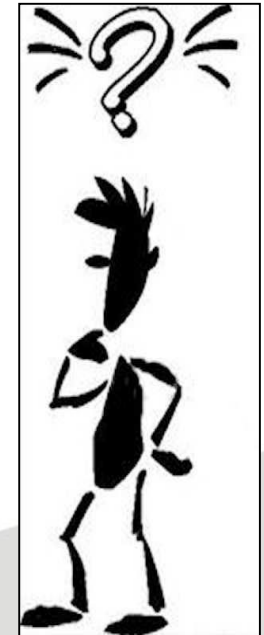
If the insurance industry optimally invests in and sustainably develops its human capital on both systemic and institution specific levels, success can be achieved.
So Yes, it is Possible!

Session Objectives

1. To remind ourselves of the highlights of Financial Inclusion as relevant to Insurance
2. Evaluate the role of human capital in driving financial inclusion
3. To establish connection between your role as an insurance professional and organisational effectiveness
4. Establish key variables required to become a valuable asset to your organisation
5. Discuss benefits and likely hindrances to Human Capital alignment



Mission accomplished?





Thank you



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