



Insurance  
Regulatory  
Authority

*Bima Bora kwa Taifa*

**IRA**



## **THE ROLE OF AN INSURANCE AGENT**

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# Introduction

- ❖ Insurance Regulatory Authority (IRA) is an autonomous government Institution created through an Act of parliament in 2006 and became effective on 1<sup>st</sup> May, 2007.
- ❖ IRA took over the functions of the former Department of Insurance of under the Ministry of Finance.
- ❖ The IRA mandate is to regulate, supervise and develop the insurance industry in Kenya.

## Market players

■	
■ <b>Regulated Entities</b>	<b>No.</b>
■ Insurance Companies	51
■ Reinsurance Companies	3
■ Claims Settling Agent	4
■ Insurance Surveyor	32
■ Loss Adjuster	31
■ Insurance Investigator	146
■ Risk Manager	9
■ Motor Assessor	121
■ Brokers	217
■ Re-Insurance Brokers	10
■ Medical Insurance Providers	30
■ Agents	7639

## Recent amendments to The Insurance Act

- ❖ The Finance Bill 2015 amended section 151 of The Insurance Act CAP 487 to allow insurance agents to be registered by IRA first and thereafter seek appointment by insurer(s) of their choice.
- ❖ The new law came into effect on 1<sup>st</sup> October 2015.
- ❖ Registered agent seeks the appointment of the insurer before transacting business on their behalf.
- ❖ Current requirements for licensing;
  - Certificate of Proficiency
  - Personal Identification documents
  - Business name (optional)

# Who is an agent ?

- ❖ In the Insurance Act **Agent**” means a person, not being a salaried employee of an insurer who in consideration of a commission, solicits or procures insurance business for an insurer or broker;
- ❖ Tied Agents
- ❖ Independent agents
- ❖ The agent is therefore not a risk carrier (but a marrying priest )- whose major function is to solicit and procure insurance business for the insurer, which has appointed them.

# The Role of insurance agent

- ❖ The agent is the interface between insurance industry and the public.
- ❖ Insurance Agents are the first line operators in the Insurance sector and they play a very critical role in the distribution and uptake of Insurance products. They offer the “last mile” connection with the Policyholders where personalized service come handy when closing Insurance contracts.
- ❖ Their role is to sell insurance; insurance is sold, not bought!

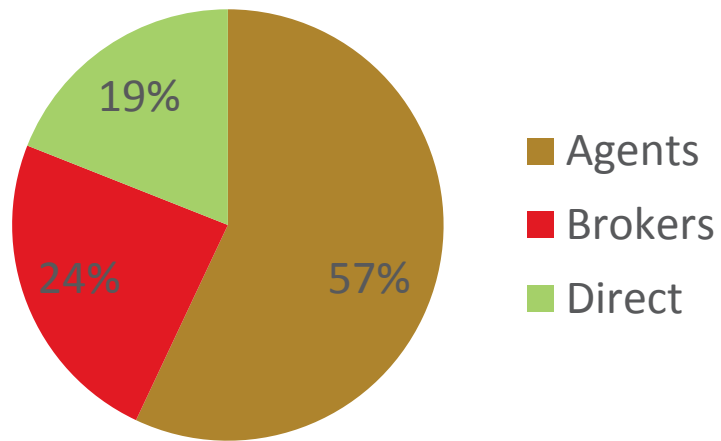
## The Role of insurance agent cont'd

- ❖ Insurance is sold one on one and not through mass selling.
- ❖ Some policies such as Life Assurance and investments require conviction and persuasion from sellers.
- ❖ Therefore an insurance agent must be able to sell.
- ❖ Selling insurance means...selling benefits of insurance which is financial planning.

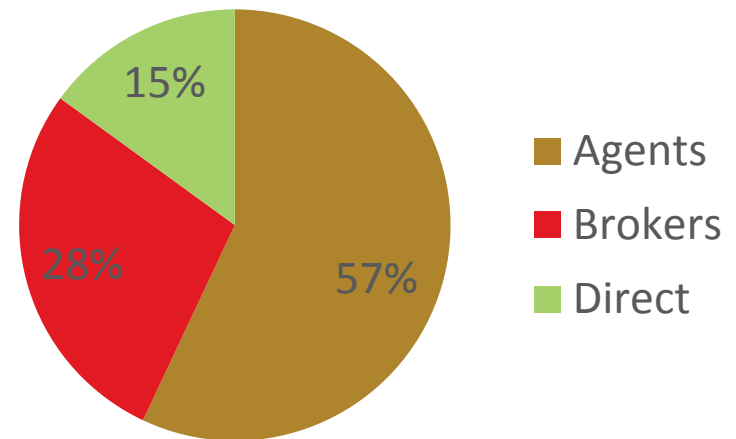


# Distribution Channels

## Life Business



## General Business



## Agent as a tool of insurance growth

- ❖ There is untapped potential in the distribution of insurance in Kenya

Company	Insurers	Banks
Invesco Assurance Company Ltd/KBC	25	
APA Insurance Company Limited	23	
Madison Insurance Company Kenya Limited	21	
Africa Merchant Assurance Company Ltd	16	
Pioneer Assurance	15	

- ❖ Insurance companies have a limited branch network, there is no insurance company or agent in some counties.
- ❖ This void brought in banks with their high branch networks
- ❖ Banks don't have after sales service
- ❖ Agents have to rebrand themselves to overcome the challenge from banks by treating customers fairly.

# Opportunities for growth

- ❖ A growing middle class
- ❖ Social media platforms
- ❖ Emergence of Micro insurance (affordability/Masses)
- ❖ Islamic insurance (1 / 3<sup>rd</sup> of our population)
- ❖ Devolved Governments
- ❖ Entry of new players (Multinationals)

## Improved Regulatory environment

- ❖ Registration requirements have been made easier  
i.e. COP/ECOP
- ❖ Online licensing
- ❖ Cost of starting an agency
- ❖ Flexibility

# Tips of successful selling

- ❖ Adopt to market dynamism
- ❖ Treating Customers Fairly (TCF)- develop long-term relationship with customers to gain trust and get referral business
- ❖ Professionalism – assess needs of the person and ensure that the policy being proposed meets specific needs in the person's life and is able to pay the premium.
- ❖ Integrity
- ❖ Knowledgeable, market is knowledgeable
- ❖ Consumer education, assist customer understand their insurance needs so as to buy appropriate products

# Conclusion

- Agents play a very critical role in insurance penetration in Kenya
- Agents are facing a number of challenges from emerging trends  
(Youth/Technology/Foreigners/Banc assurance)
- There is need for agents to rebrand in order to overcome these challenges
- Need to embrace technology in undertaking their business operation
- To be smart. Sell smart!

# Questions

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# Thank you

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