

# INSURANCE REGULATORY AUTHORITY

## National Survey on Insurance Customer Treatment Practices

### Workshop on TCF Survey Findings

**Kenbright Actuarial & Financial Services**

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**31 October 2019**



## Brokerage

KENBRIGHT INSURANCE BROKERS  
(Flagship company)  
Established in 1993

### Key Brokerage Services

- Motor Insurance
- Home Insurance
- Life Insurance
- Group Insurance
- SME Insurance
- Specialist Insurance
- Climate Insurance
- Online



## Medical Insurance Provider

KENBRIGHT HEALTH ADMINISTRATORS  
Established in 2005

### Key Health Services

- Medical Insurance
- Group Medical Insurance
- Mint Health
- Medical Insurance Administration
- International Private Medical Insurance (IPMI)
- Thirty Party Administration - Medical Claims
- Member Education
- Online



## Advisory

KENBRIGHT ACTUARIAL & FINANCIAL SERVICES  
Established in 2015

### Key Advisory Services

- Regulatory Compliance & Liaison
- Actuarial Services
- Product Development
- Appointed Actuary Services
- Enterprise Risk Management
- Pension Consulting
- Investment Policy Statement



## Reinsurance

KENBRIGHT REINSURANCE BROKERS  
Established in 2017

### Key Brokerage Services

- Reinsurance analytics
- Treaty Reinsurance
- Facultative Reinsurance, Binders & Line Slips
- Rating Advisory
- Client Services





# Agenda

## Talking Points

- ✓ Survey Information
- ✓ Methodology
- ✓ Survey Findings
- ✓ Observations - CSI
- ✓ Conclusions & Recommendations

- A key regulatory agenda for IRA is proper treatment of customers by insurers
- IRA rolled out the Treating Customers Fairly Framework (TCF) in January 2017
- Framework obligates insurers to adhere to a set of requirements to ensure fair treatment of insurance customers

- Assess extent to which:
  - Consumers of insurance services are confident that the insurance companies they deal with have a corporate **culture** of treating customers fairly
  - **Products and services** marketed and sold by insurance companies are designed to **meet the needs of identified consumer groups** and that they are targeted accordingly
  - Consumers are provided with **clear information** and kept appropriately informed before, during and after buying insurance
  - The **advice received** by consumers is deemed suitable and consider their circumstances
  - Consumers are provided with insurance products that **perform** as insurance companies have led them to expect
  - Consumers do not face unreasonable **post-sale barriers** imposed by insurance companies to change product, switch provider, submit a claim or make a complaint

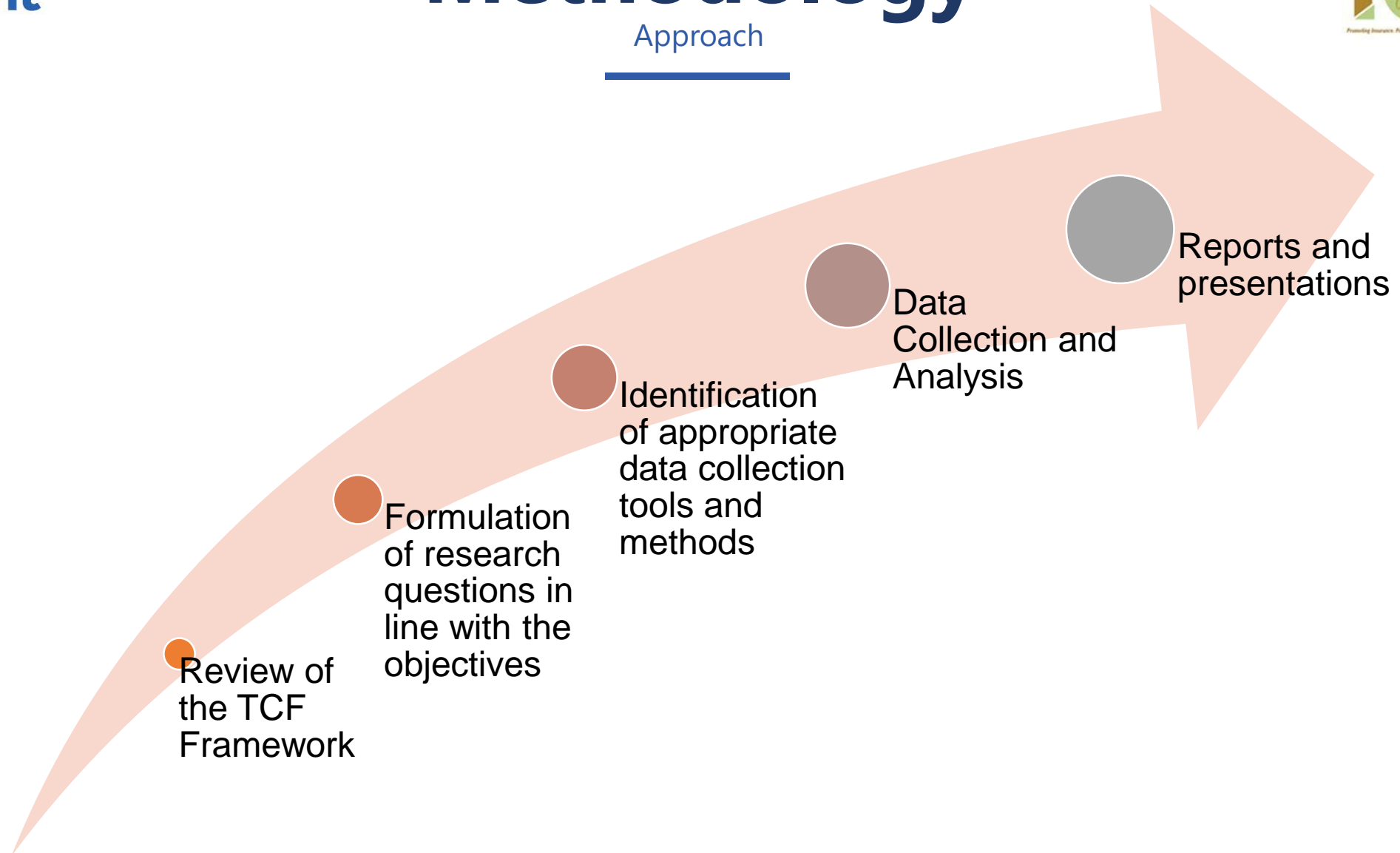
- Some respondents filled the questionnaires partially and avoided questions that they considered intrusive and personal
- Unwillingness to share customer details by some of the identified insurance companies citing data protection policies
- Some respondents contacted were reluctant to cooperate, thinking that they were being asked to buy insurance
- The Survey employed a purposive sampling approach which may result into biasness



# Methodology

# Methodology

Approach





## Survey Design

- **Mixed research methodology** – both qualitative and quantitative data collected and analysed

## Target Sample

- Insurance Customers from Motor, Medical, Fire, Life & Miscellaneous classes
- Customers from the Authority's complaints register **(as Control Group)**
- Key informants from various stakeholder groups

## Sample Selection

### 1. Purposive Sampling for:

- classes of insurance – *ensure appropriate Mix of consumers for:*
  - *life & Non-life products*
  - *compulsory & non-compulsory products*
  - *high and low claim prone products*
- key informants – *knowledgeable about insurance and aggregators of insurance customers*

### 2. Random selection – *insurance customers*

## Data Collection

- Data was collected between 04th May 2019 and 04th June 2019 through:
  - Questionnaires (for insurance customers)
  - One-on-one Interviews (for key informants)

## Data Analysis

- Qualitative Data - Narrative analysis
- Quantitative data – Statistical tools: Excel, SPSS & Power BI





# Survey Findings

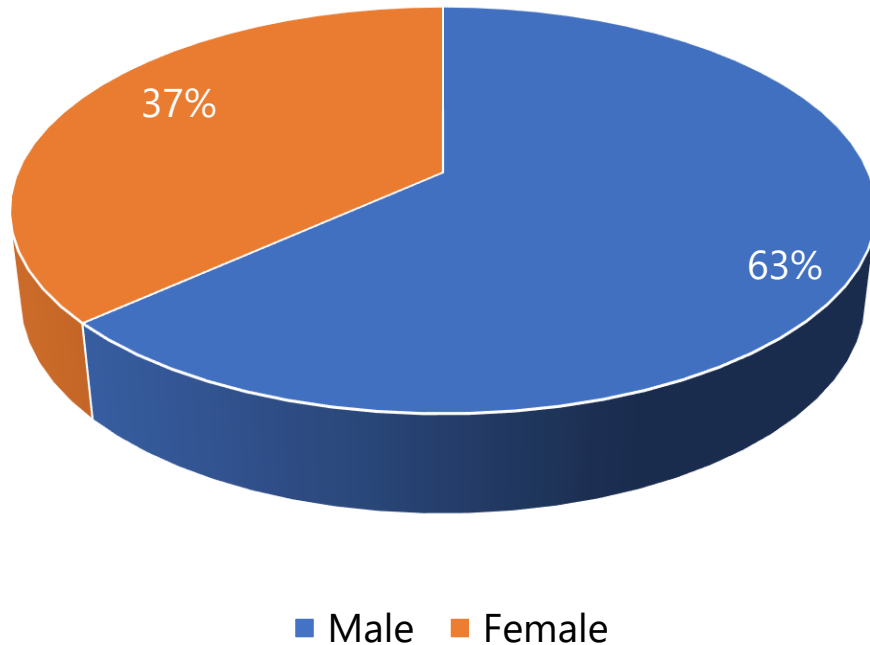
# Survey Findings

Response Rate



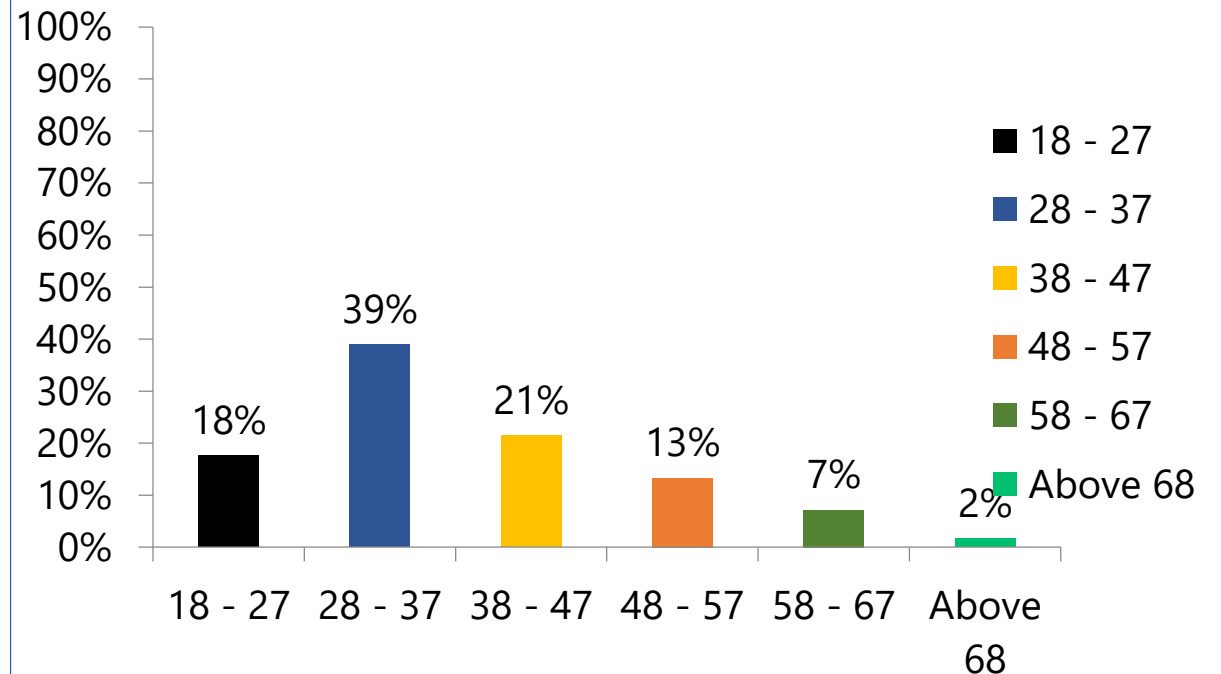
Sample Description	Sample Constituted	Responses Received	Response Rates
Insurance Customers	1,323	578	44%
Key Informants	28	13	46%
Total	1,351	591	44%

## Gender Distribution



- More male respondents

## Age Distribution

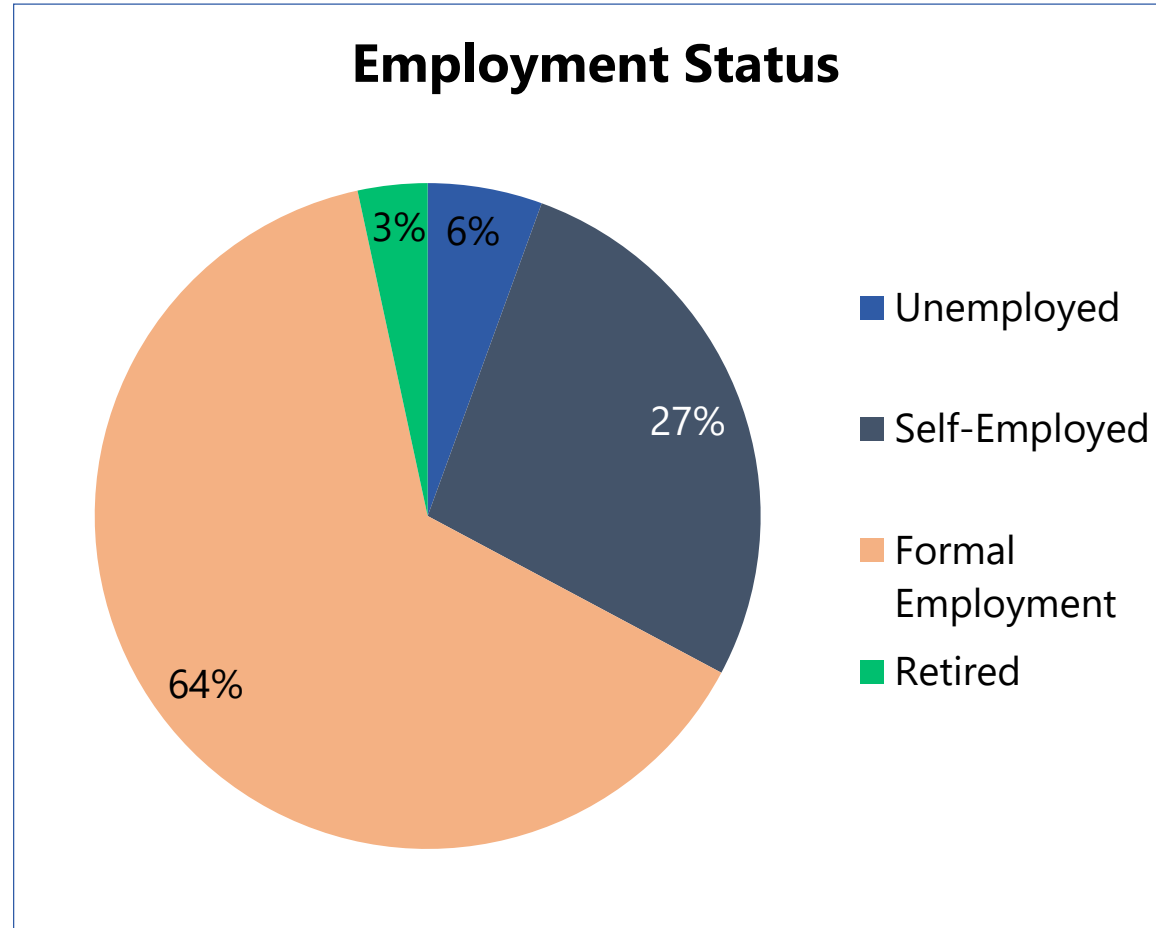


- Majority of insurance consumers are youthful (18 – 37 years) – **57%**



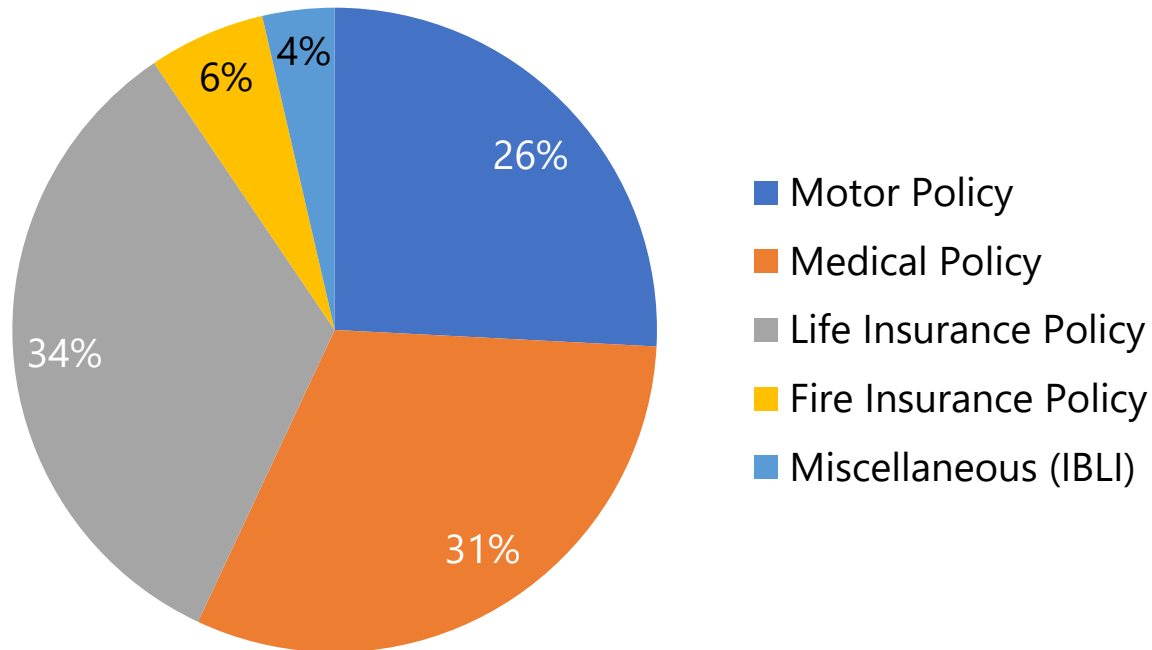
# Survey Findings

Socio-Economic Characteristics of Respondents

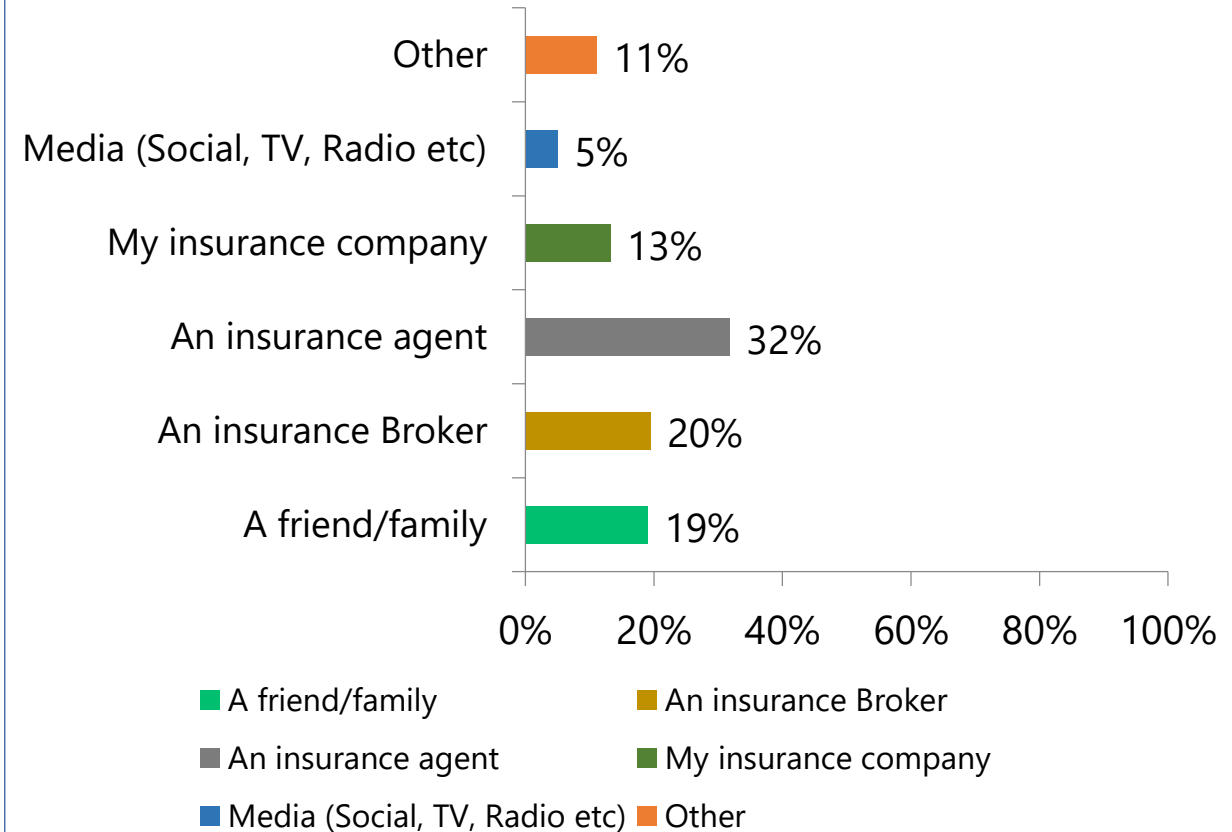


- Over 90% of the respondents are in employment

## Composition of Insurance Policies



## Insurance Marketing Channels

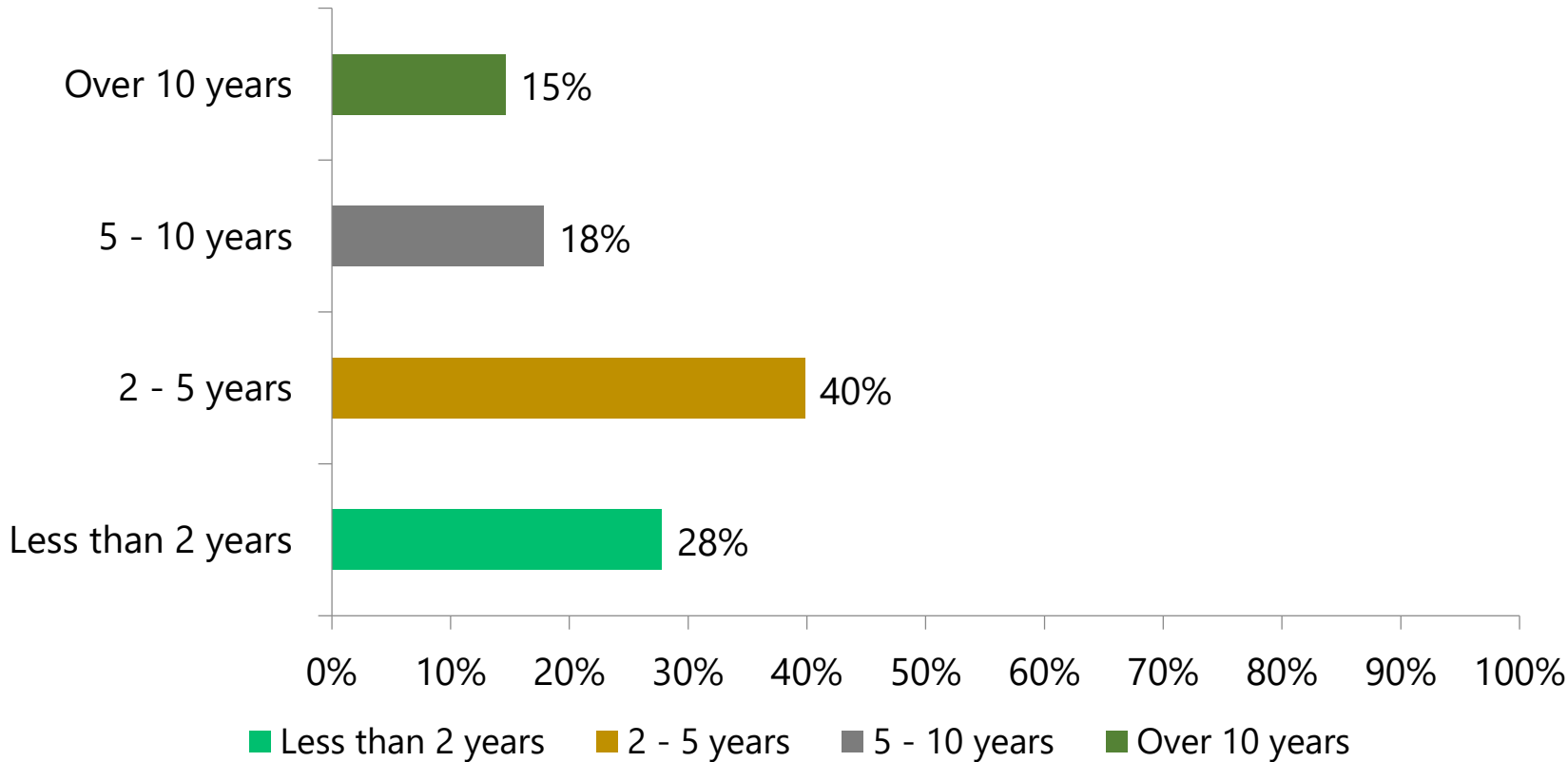


- 34% of the respondents had Life Insurance while 31% had Medical Insurance

# Survey Findings

Summary of Insurance Policies Data

## Period of Insurance



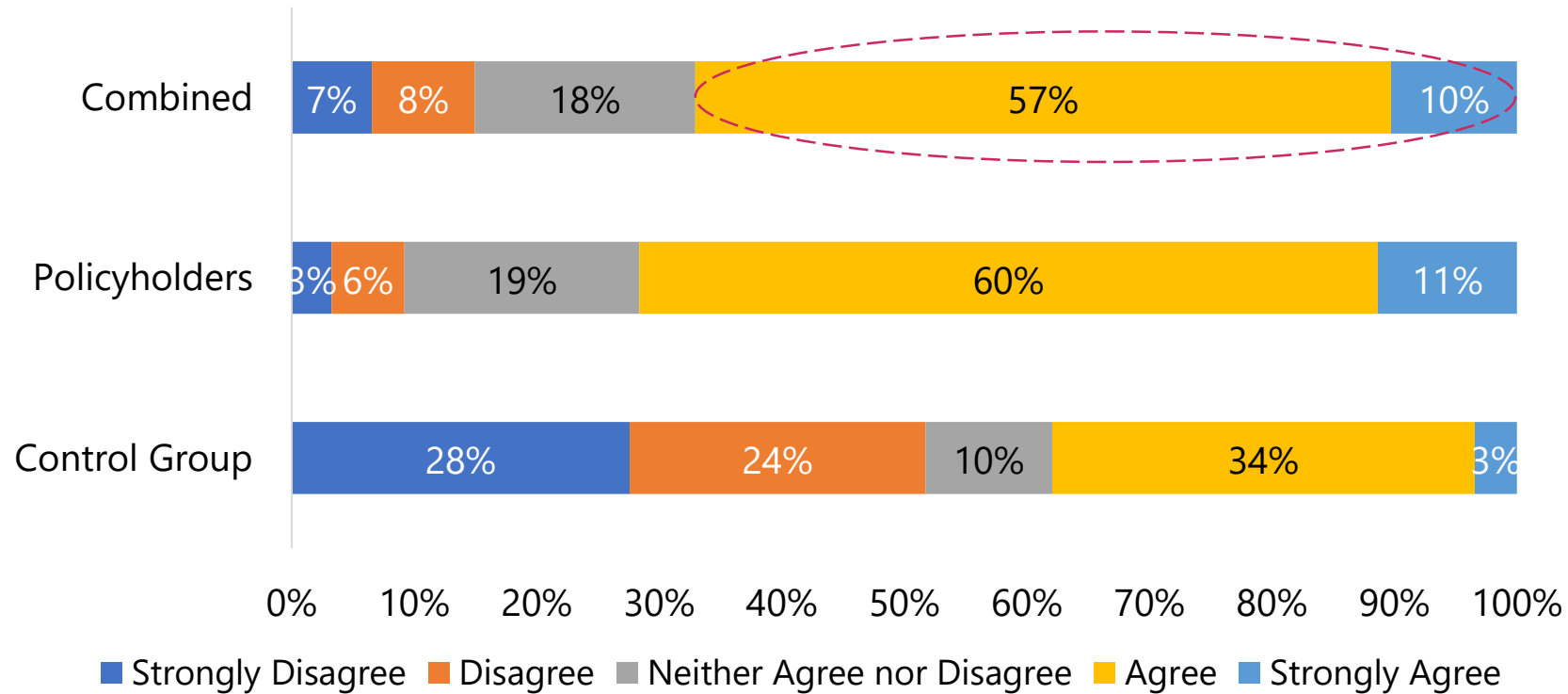
- 28% have had insurance for a period of less than two years.
- This proportion is critical in the Survey given that they have been on cover within the period that the TCF framework was being implemented by insurance providers



- **60%** of respondents experienced **improved treatment** by insurance providers
- **25%** of respondents **unsure** if there had been any improvements
- IRA stated having recorded **greater compliance** by providers on this TCF outcome; several insurers have set up fully functional customer service departments

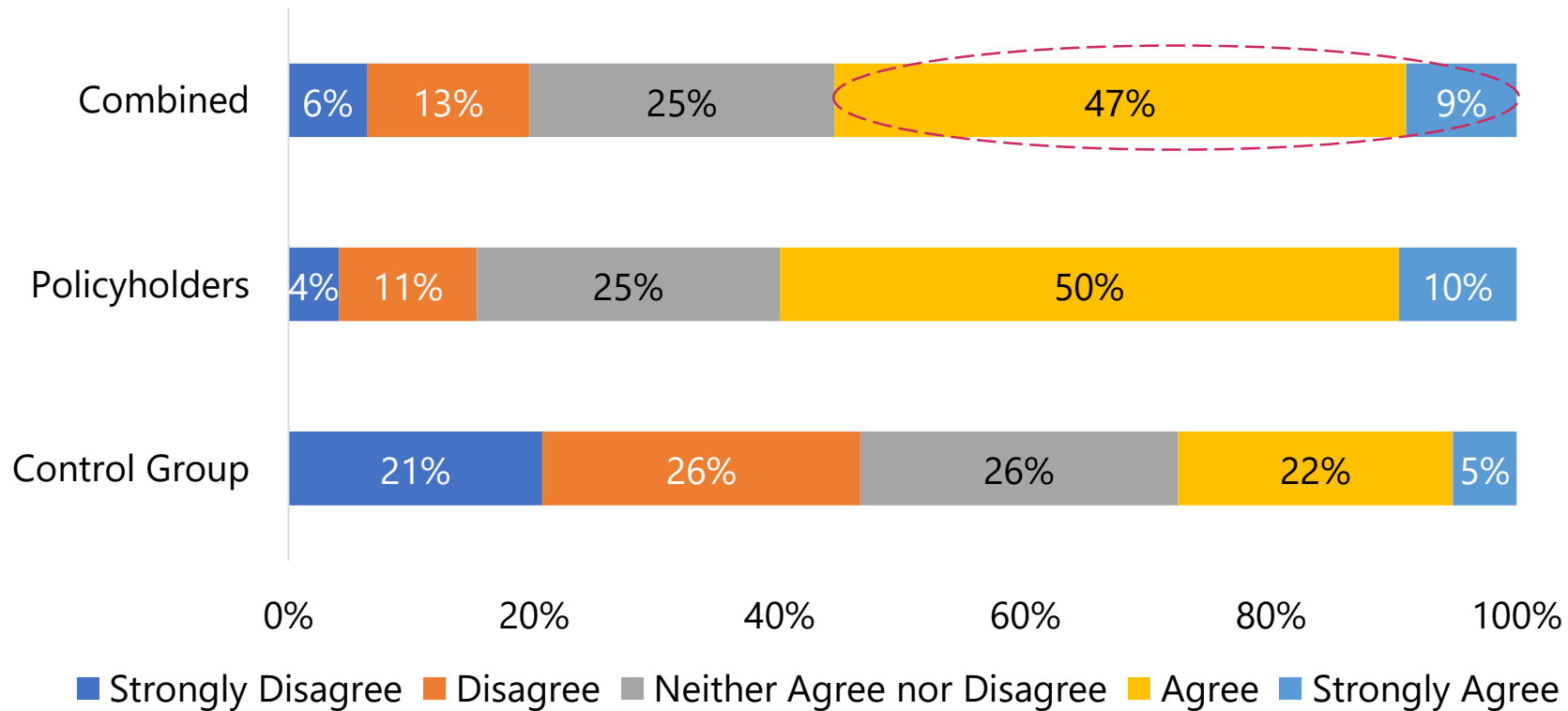
## Culture

**Generally, Do you think that your insurance provider has treated you fairly**



- **67%** of respondents generally agreed that they have been treated satisfactorily

**There have been notable improvements recently by your insurance provider in how they treat you**

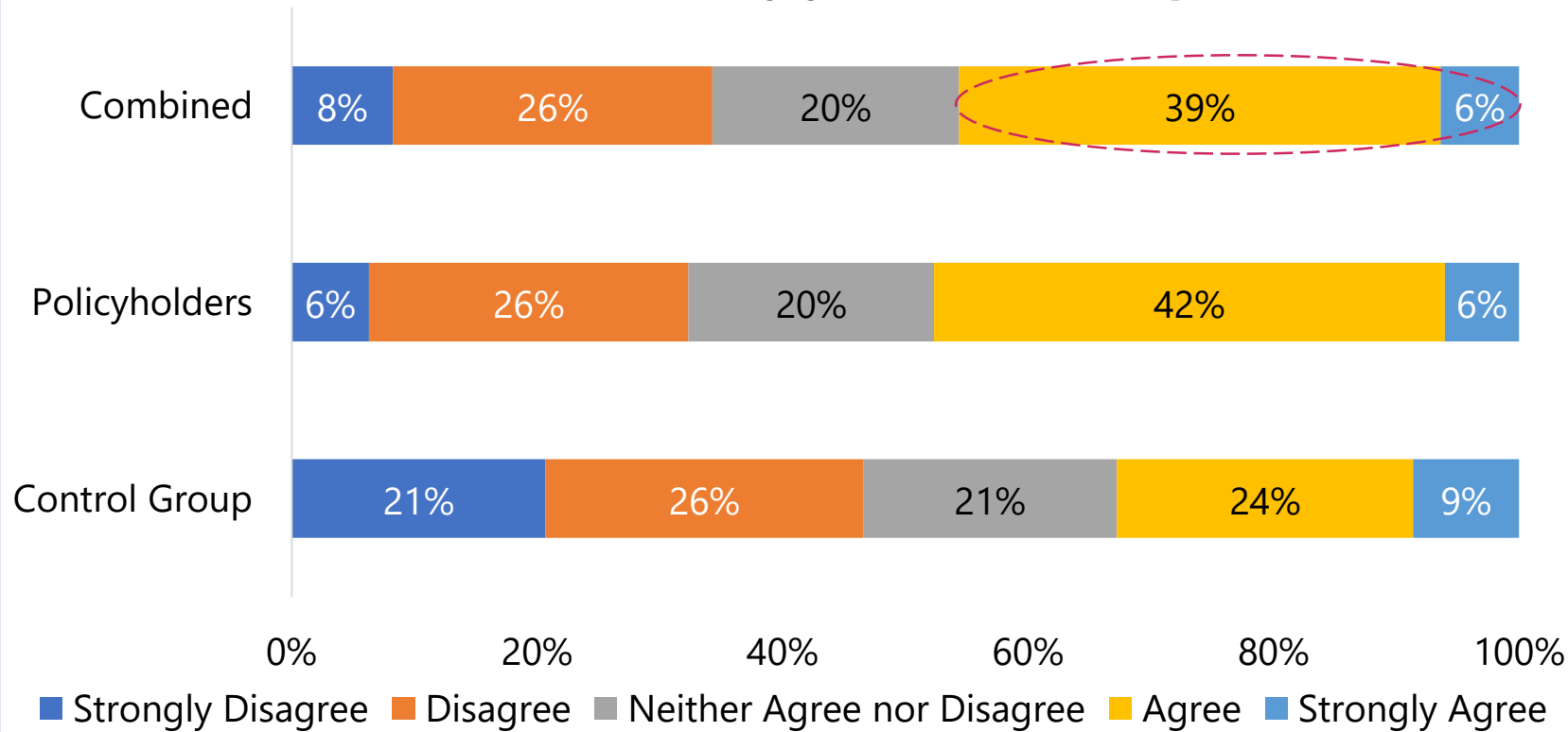


- **56%** of respondents have observed improvements in how providers treat them



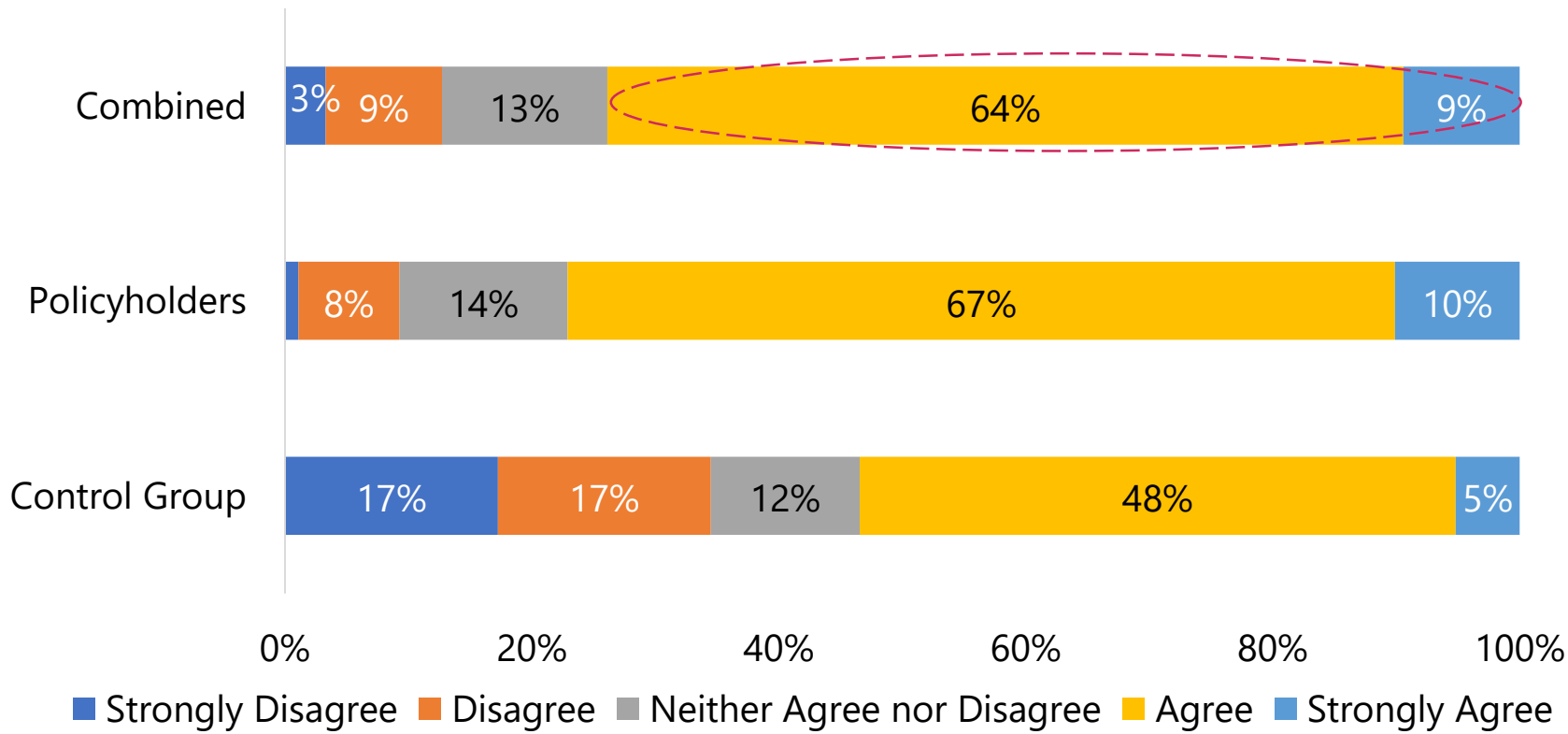
- Respondents felt that **life products** such as education policies and annuities broadly mirror customer needs
- Other products generally cited as **generic** and not tailored for today's customer, and lacked innovation
- Findings underscored that customers will buy a product due to its **value proposition**; insurers must therefore enhance value by considering innovative products and services
- Respondents generally felt that **limited research** is conducted by insurers on new products

**There are no gaps in your policy that you feel should have been addressed by your insurance provider**



- **45%** of respondents agreed that there were no gaps in their policies

### Your insurance provider clearly demonstrated the suitability of the insurance cover for your needs

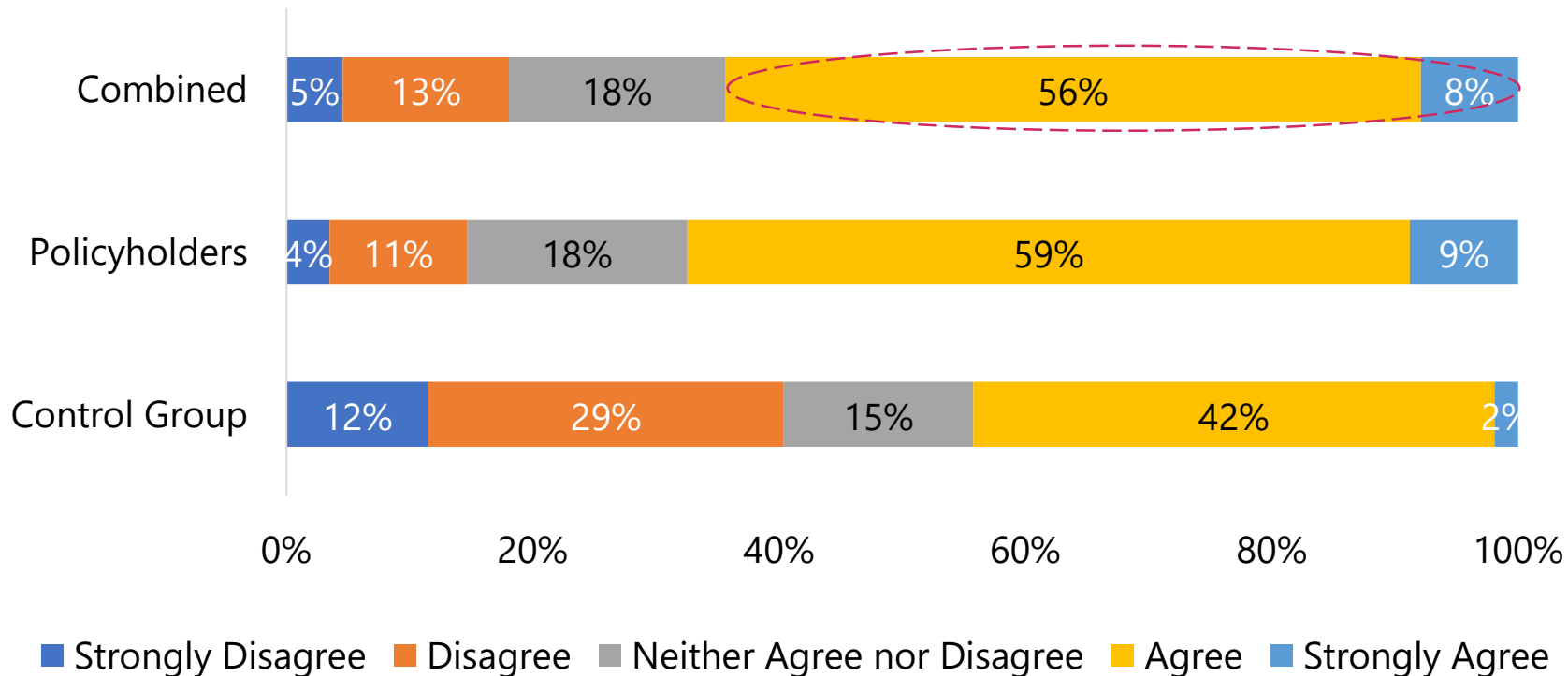


- **73%** of respondents agreed that their insurance covers were adequate for their needs

- Outcome requires that insurance customers are provided with **clear information** and are **kept informed** before, during and after point of sale
- Includes information on the insurance coverage, any exclusions, all terms and conditions and any material information that customers need to know before and after contracting
- Respondents felt that the **standardization of policies** and use of **easier contract language** have improved policies and made them friendlier
- Respondents felt that further, **brochures** summarizing key cover features should be given to customers at point of purchase



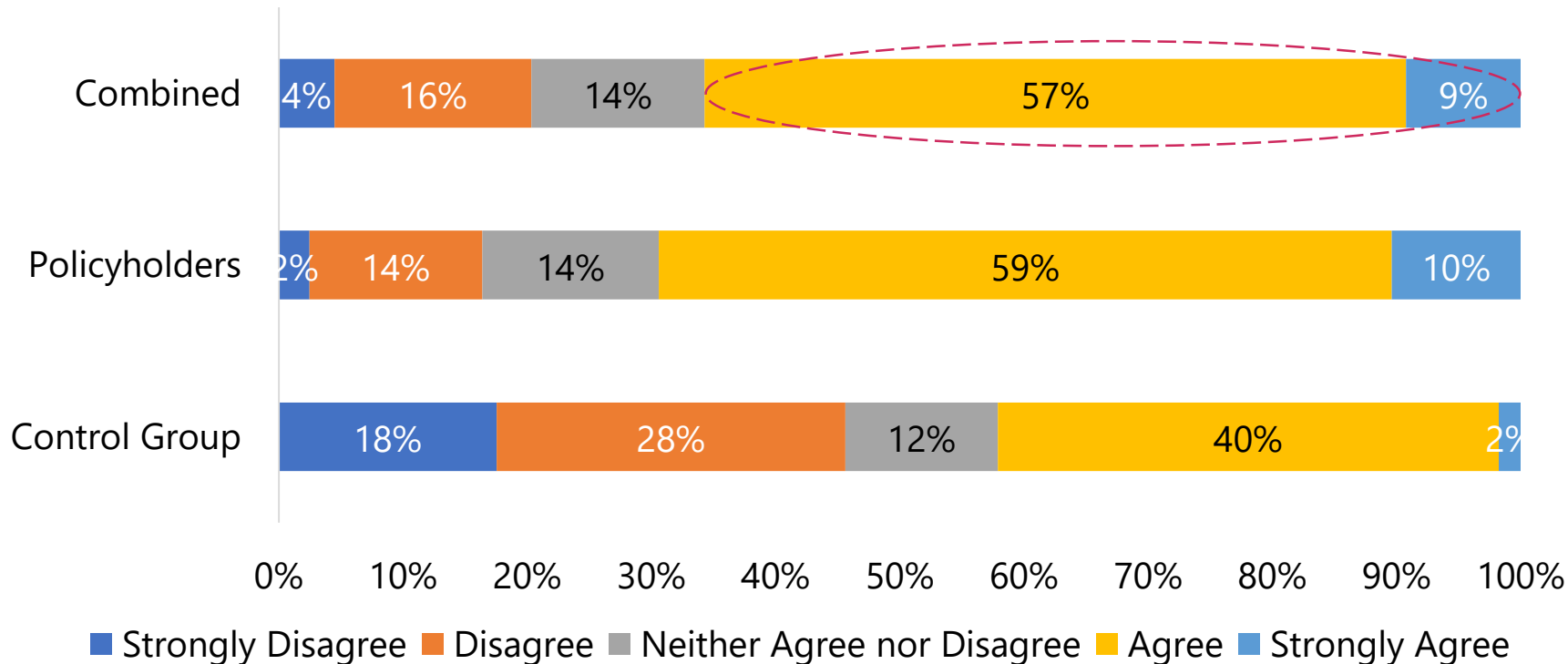
## Sufficient information was provided to you by your insurance provider regarding your insurance policy



- **64%** of respondents felt adequate information on their policies was provided

- Huge **information asymmetry** exists whereby providers hold information regarding the product which customers are unaware of
- Some respondents felt that some salespeople lack the **capacity** to offer proper advice
- Insurers also viewed by some respondents as holding back useful information until point of claim

### Sufficient advice was provided to you by your insurance provider regarding your insurance policy

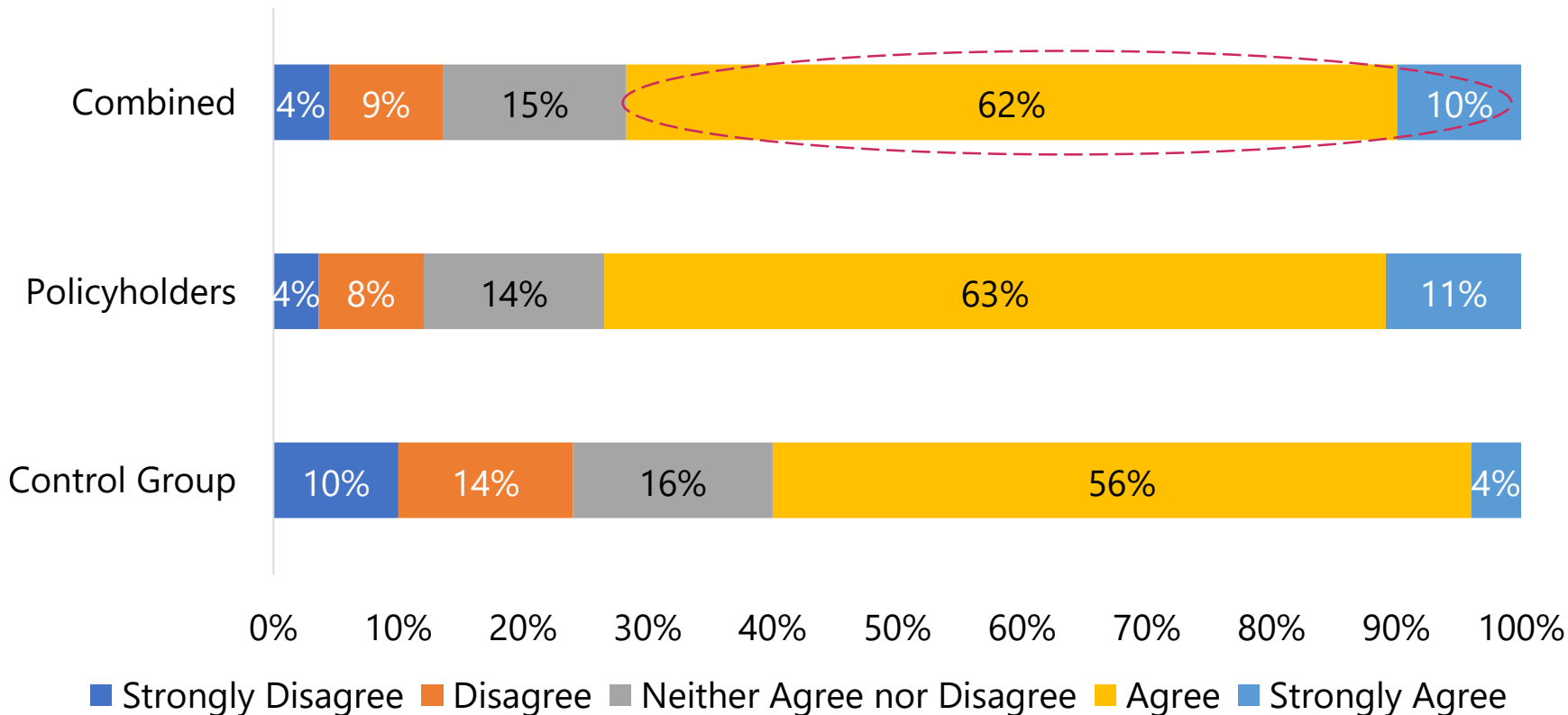


- **66%** of respondents agreed that they received enough advice

- Findings showed that due to limited awareness and understanding or due to mis-selling, many customers ended up getting what they did not expect
- The problem was partly attributable to a lack of **understanding of the policy terms and conditions** by customers or the lack of **full disclosure** of the same by the providers
- **58%** of the respondents highlighted that their policy contained exclusions and limitations which **diluted their covers** e.g. excessive deductibles and exclusions such as chronic conditions



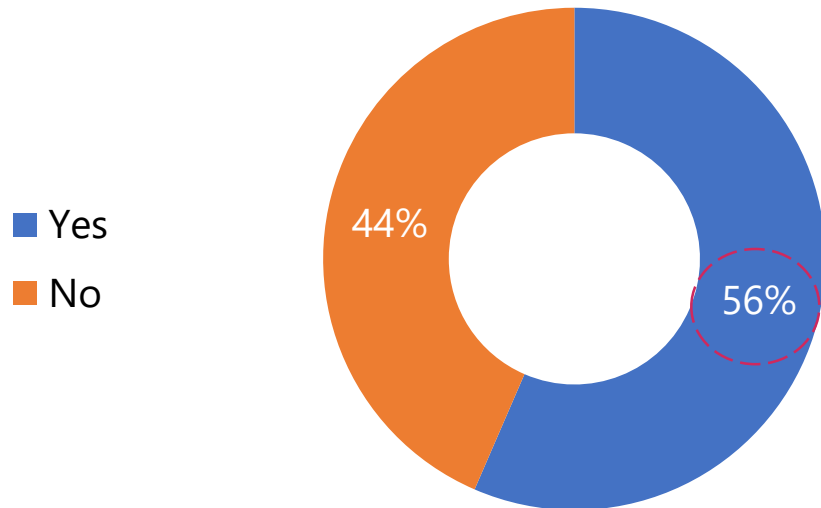
### The insurance policy you have covers the needs you expected it to meet when you purchased it



- **72%** of respondents felt that their covers performed as per their expectation

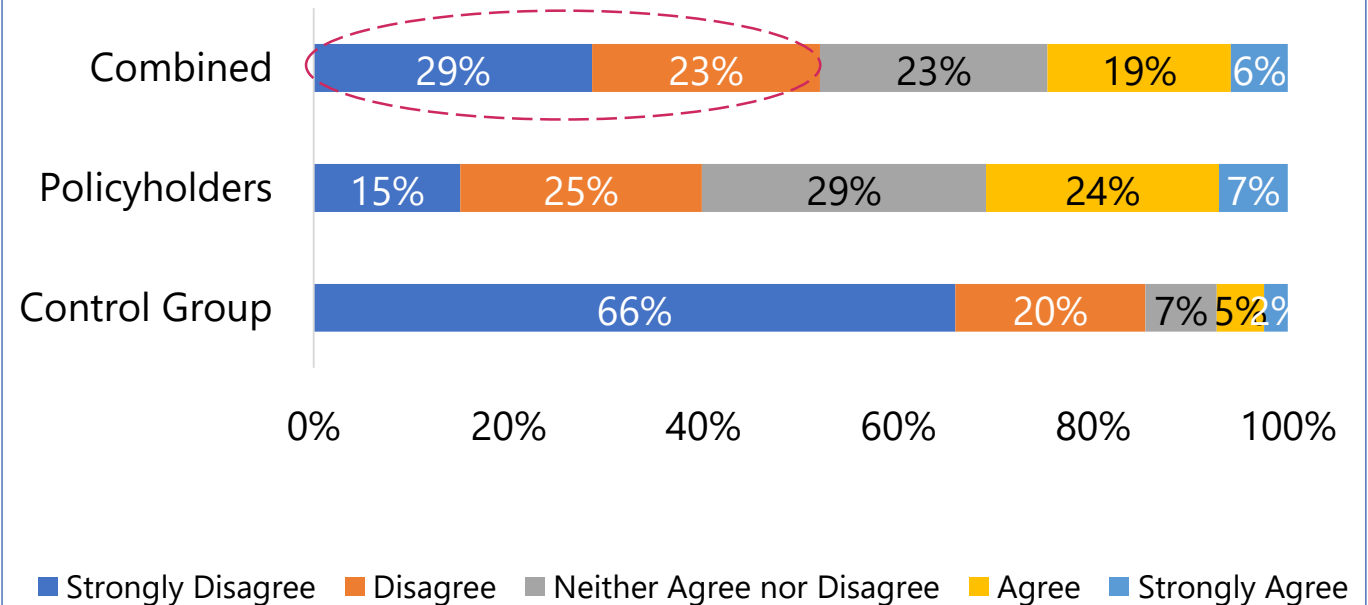
- Respondents complained of long delays in compensation: e.g. motor claimants cited inadequate compensation due to supposed undervaluation of their assets, as well as low limit to injury claims at KES 3 million while judgments were higher thus exposing the customers
- Some insurers perceived to delay claim payments due to lack of liquidity
- 10% of respondents who had not renewed their cover attributed this to delay/non-payment of previous claims

Did you face any challenges with the insurance provider when your claim was being processed?



**56%** of respondents with previous claims experienced challenges during claims processing

You were satisfied with the way the insurance provider handled your complaint



**52%** of respondents who had previously complained were not satisfied with how complaints were handled

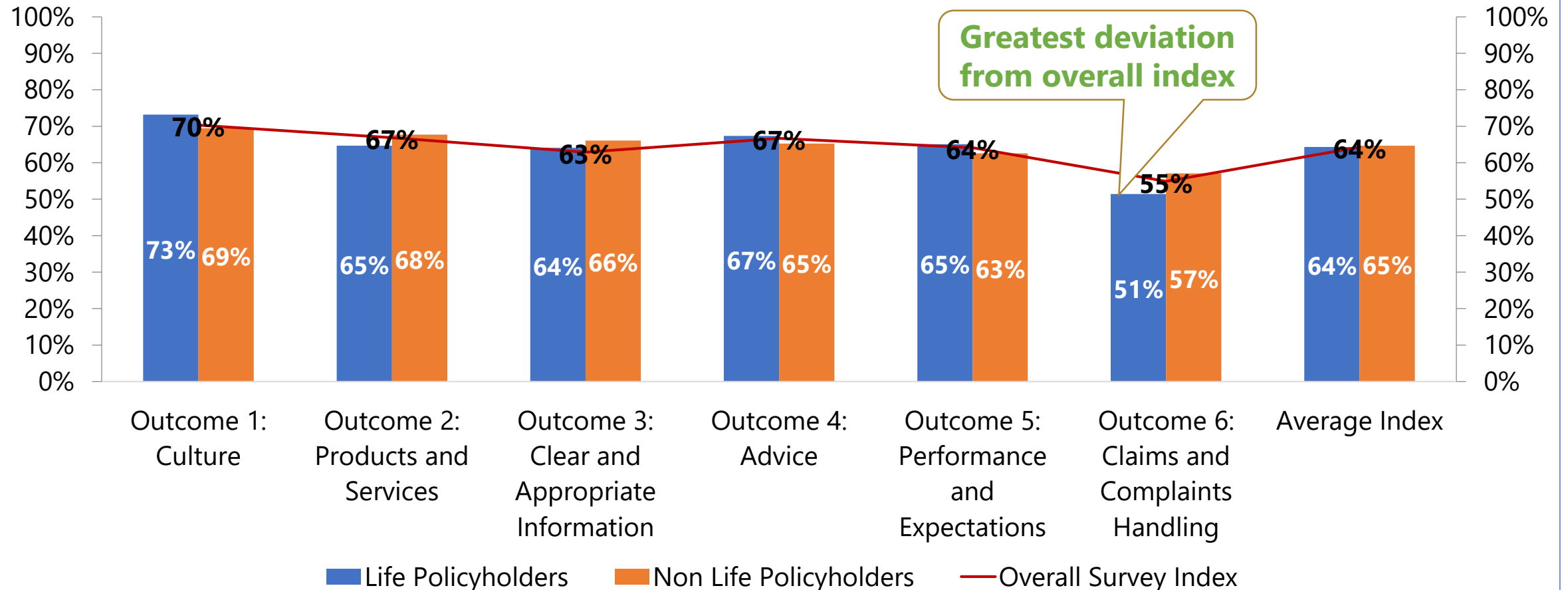
# Observations

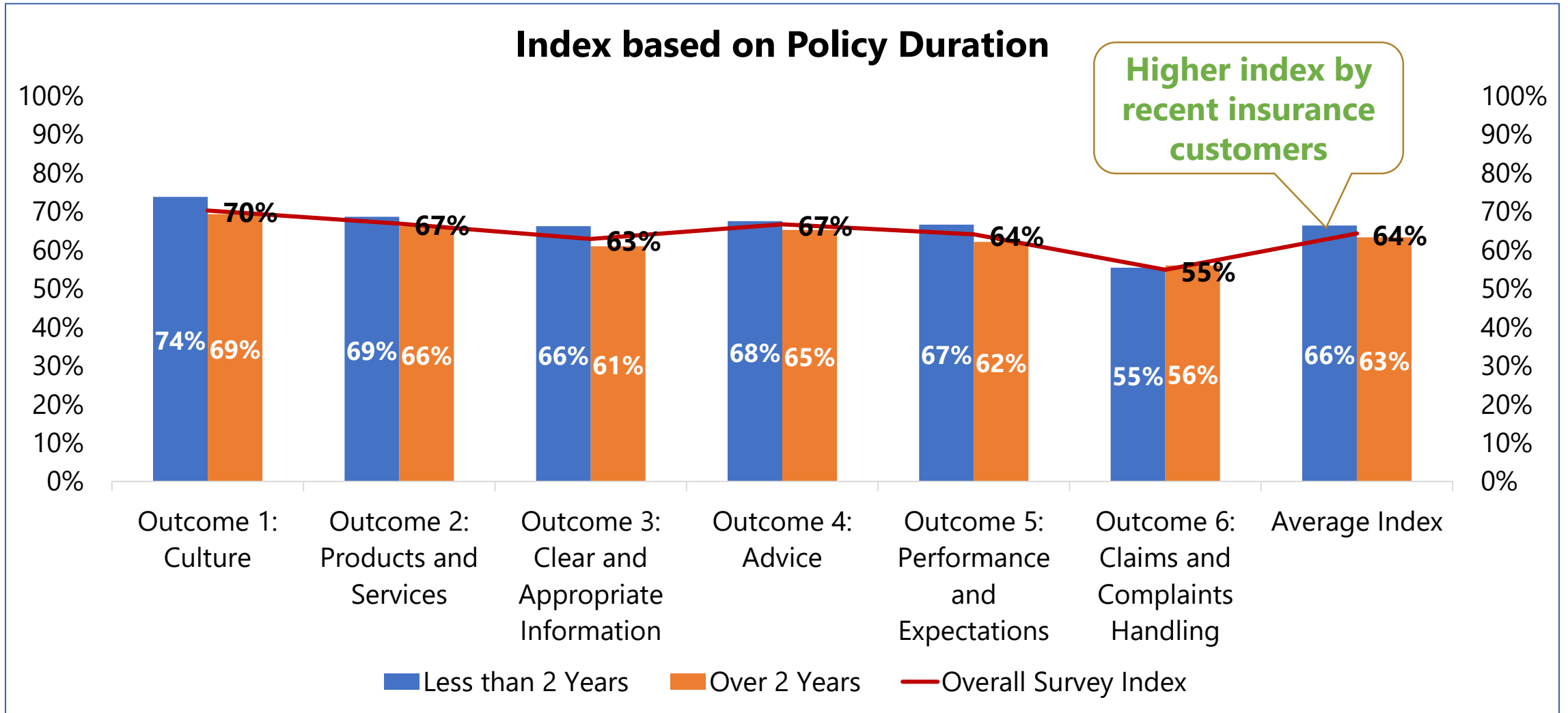


- Survey findings translated into Insurance Customer Satisfaction Index

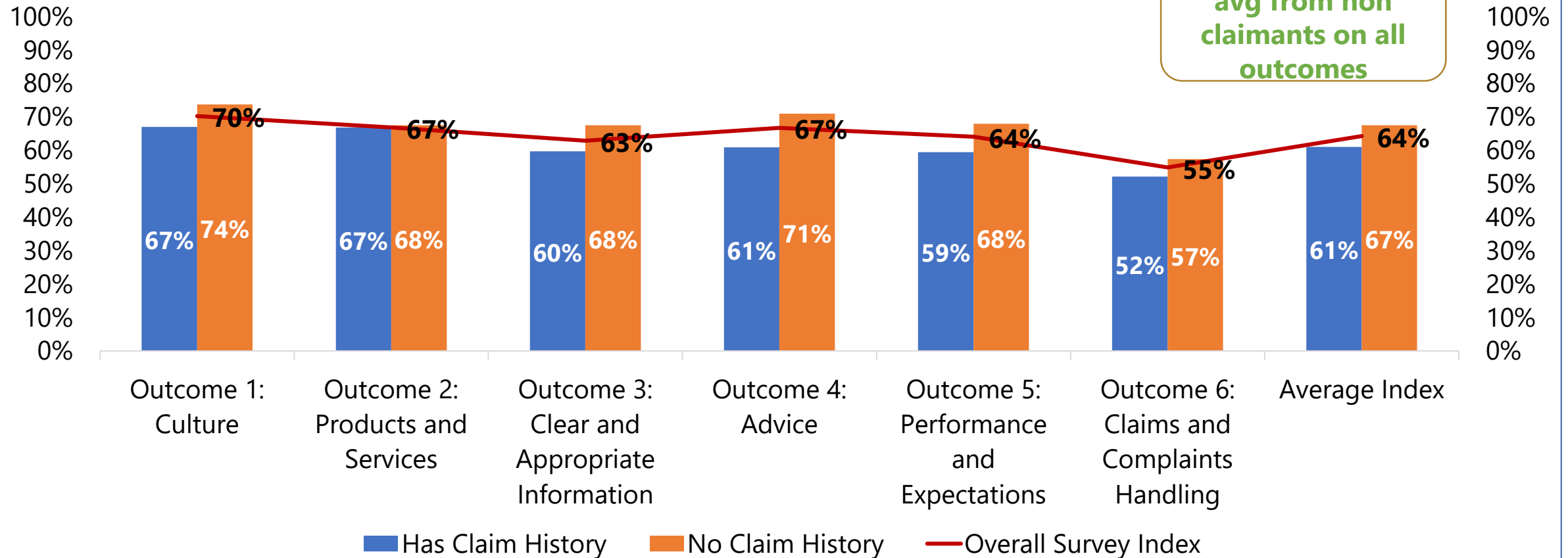
Outcome	Index
Outcome 1: Culture	70%
Outcome 2: Products and Services	67%
Outcome 3: Clear and Appropriate Information	63%
Outcome 4: Advice	67%
Outcome 5: Performance and Expectations	64%
Outcome 6: Claims and Complaints Handling	55%
<b>Overall Index</b>	<b>64%</b>

## Index by Policy Type

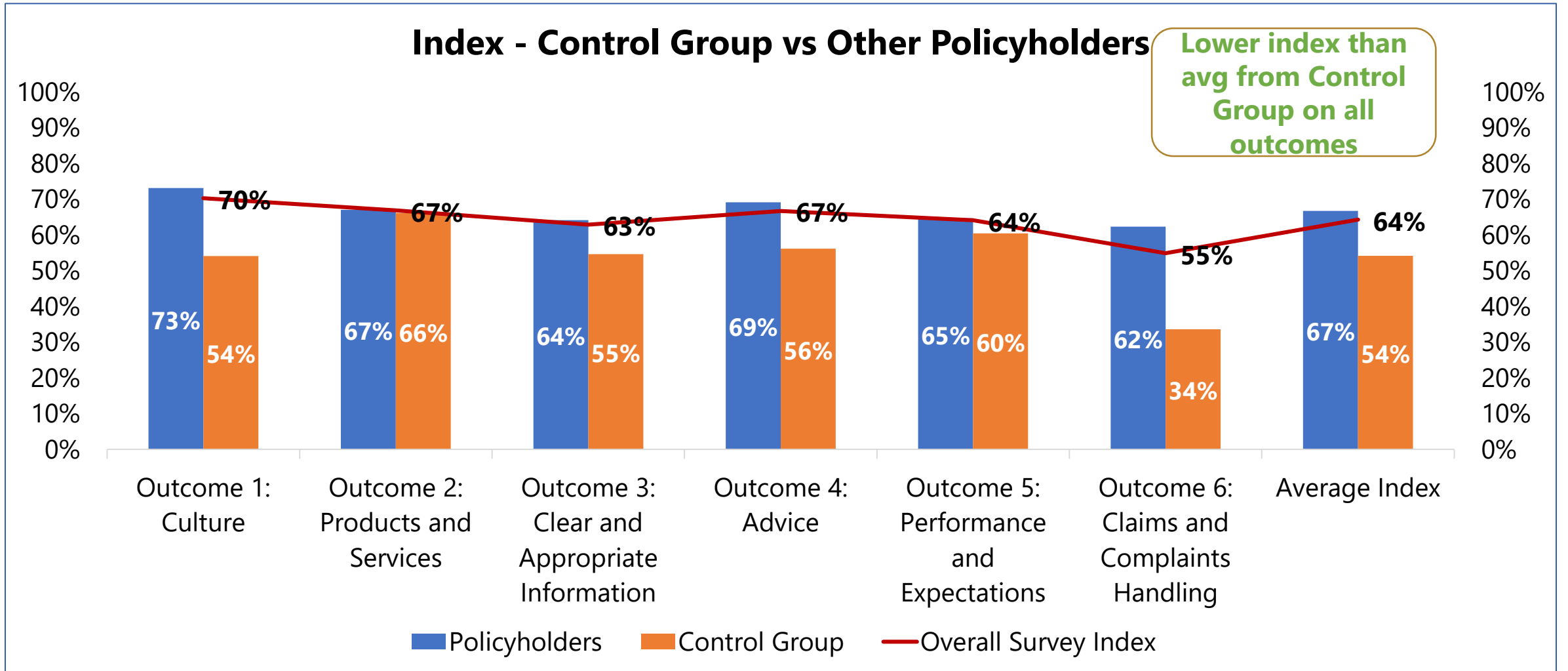




## Index based on Respondents' Claims History







- Significant number of respondents felt that products marketed are not **suitable for their needs**
- Insurance customers **not always informed** when **new products** that may better suit their needs are brought to market
- Respondents mostly felt that insurance **claimants** are generally treated as **adversaries** by insurance providers
- A very small percentage (**5%**) of the respondents learnt about insurance from the **media**

# Conclusions and Recommendations





A lot has been done in enhancing the TCF Framework, however, noted concerns can be addressed in order to enhance service delivery

This Survey be treated as a baseline survey with follow-ups conducted regularly to monitor outcome of TCF Framework from customers' perspective

## The Authority should:

- Ensure that all insurance companies entrench within their **strategic plans**, fair treatment of customers for which implementation then be monitored through diligent market conduct supervision
- Enhance their **enforcement mechanisms** in order to minimize incidences of unfair treatment of customers.
- Continue to **sensitize** all insurance companies and intermediaries on the TCF Framework.
- Require that **simplified brochures** be availed to insurance customers at the point of sale in the form of brief highlights of policy covers
- Continue to **educate insurance customers** on their **rights and obligations** in an insurance contract
- Monitor activities of insurance **intermediaries** to ensure implementation of the TCF Framework
- Develop **TCF guidelines** for use by the industry players
- Develop a **TCF Policy Paper** for regulatory purposes based on the findings of this Survey and the previous studies conducted



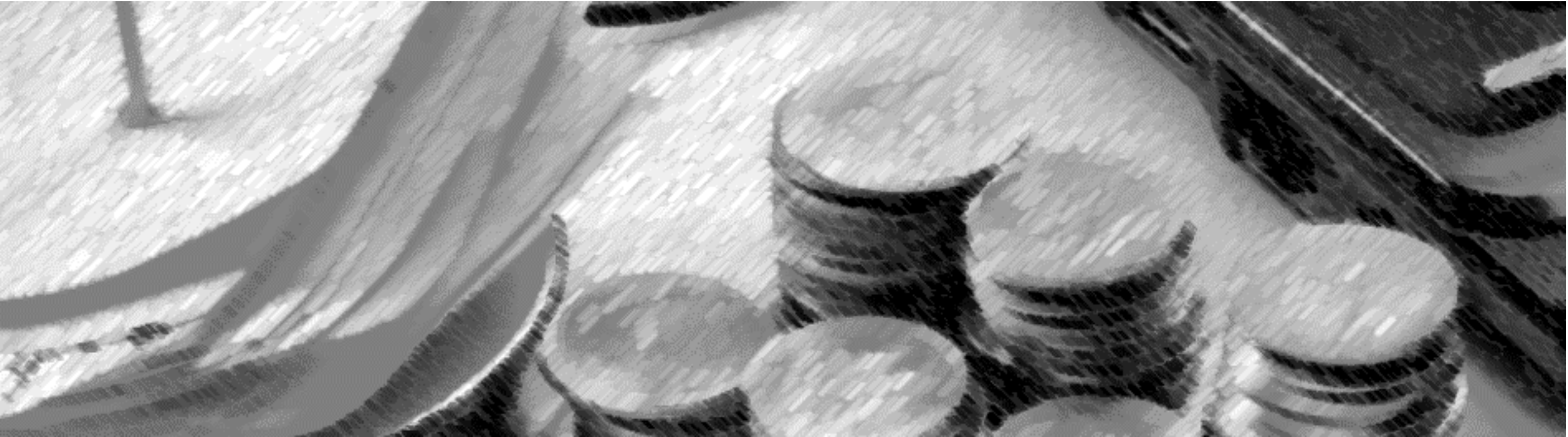
## Insurance Companies should:

- Prioritize fair treatment of customers as a **strategic objective**
- **Educate salespersons** on fair customer treatment practices
- Develop **innovative products** that are tailored to customer needs.
- Ensure that they **communicate** with customers clearly and on regular basis
- Ensure **customer care desks** are staffed with technically competent personnel
- Review the **documentation** required for **proof of claim** to ensure there are no unnecessary barriers to claimants

# Questions

Need Clarification?





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