

# **CLIENT PERCEPTION SURVEY**

**INTRODUCTION TO**

**FAIR TREATMENT OF  
CUSTOMERS**

# CONSTITUTION OF KENYA 2010

Fair treatment of customers is entrenched in The *Constitution of Kenya 2010* which makes provisions for *consumer rights* including their *rights to information* and *fair administrative processes*.

# CONSUMER PROTECTION ACT 2012

- The CPA 2012 provides the right to ***full disclosure and information*** so that customers are ***empowered to make informed decisions***.
- It requires any ***small prints*** to be ***brought*** to the ***customers attention*** and ***exit clauses*** and ***options discussed*** with the ***client***.

# COMPETITION ACT 2010

- The CPA is backed closely by the Competition Act no 12 of 2010. The main objective of this Act is to protect consumers from unfair and misleading market conduct. It creates the offenses of false and misleading information as well as unconscionable conduct in business practices.

# THE INTERNATIONAL ASSOCIATION OF INSURANCE SUPERVISORS (IAIS)

- IAIS provides a framework and general guidance on treatment of insurance *consumers/customers* in a manner that is *fair* and *consistent*.
- In particular, ICP 19 provides that insurers should have proper governance framework that *recognizes* and *protects* the *interests* of *customers*.

# INSURANCE REGULATORY AUTHORITY

- The IRA established a ***Consumer Protection Division*** and put requirements on insurers to set up ***Customer Care Desks*** as the first line of assistance for their customers.
- Further, in 2017 the IRA rolled out the implementation of a ***TCF framework*** by insurance companies

# WHAT IS CUSTOMER EXPERIENCE

- Customer experience is the *internal* and *subjective response/feelings* customers have to any direct or indirect *contact* with a *company/subsidiary*.
- Direct contact generally occurs in the course of *purchase, use, and service*
- *Indirect contact* involves encounters with *representations* of a company's products, services, or brands and takes the form of *word-of-mouth, recommendations, advertising, news reports, reviews*, and so forth.



# THE CURRENT CUSTOMER

- The customers *environment* in Kenya has *changed*. Customers have become more *empowered* and have varied and *high expectations* from their *service providers*.
- The *challenge* lies on the question of *whether* insurance customers are *sufficiently empowered* to *hold* their *service providers accountable*.
- This calls for *regulation* of service providers

# MARKET CONDUCT

- Insurance market conduct is all about ***how*** insurance service providers ***conduct themselves*** and ***their businesses*** in ***relationship*** to the ***customer*** while stressing on the need for ***fair treatment*** of customers.

# TREATING CUSTOMERS FAIRLY (TCF) MODEL

- The TCF framework puts *higher responsibility* on *insurers* and *insurance service providers* to meet a set of specific *market conduct standards* to ensure that consumers and beneficiaries of insurance services are *treated fairly*

# TCF MODEL

Insurance service providers need to assess how they treat their customers ***at all stages*** of the product ***life cycle***. TCF entails the following:

- a) Making the ***right promises***
- b) Promising what ***you can deliver***
- c) ***Delivering*** what you ***had promised***
- d) ***Resolving broken promises*** when they arise

# SURVEY CONDUCTED ON IMPACT OF TCF

- A *survey was conducted* to establish the impact of TCF on customer service
- Survey findings indicated that a *majority* of respondents *agreed* that a lot has been *achieved* by insurance providers in *enhancing fair treatment of customers* since TCF Framework was rolled out.
- However, from the customers experience there are a *number of concerns* that require to be *addressed* to enhance the service delivery.

# OBJECTIVES OF THE SURVEY

- Assess *customers experience* with insurance services consistent with the TCF framework.

Specifically, the Survey sought to assess the following:

- a) Consumer *confidence* on insurance *services*
- b) Insurance *products and services* are designed to *meet the needs* of identified consumer groups

# OBJECTIVES OF THE SURVEY

- c) Consumers are provided with *clear information* and kept appropriately *informed before, during and after buying* insurance
- d) The *advice* received by consumers is *deemed suitable* and *takes into account customer circumstances*

# **SURVEY FINDINGS**



# WERE YOU TREATED FAIRLY

- 7% Strongly Disagree
- 8% Disagree
- 18% Neither agree nor disagree
- 57% Generally agree
- 7% Strongly Agree

# WERE YOU TREATED WELL BY YOUR SERVICE PROVIDERS?

- 6% Strongly Disagree
- 13 % Disagree
- 25% Neither agree nor disagree
- 47% Generally agree
- 9% Strongly Agree

# ANY CHANGES ON THE WAY YOU ARE TREATED SINCE TCF

- 7% Strongly Disagree
- 8% Disagree
- 18% Neither agree nor disagree
- 57% Generally agree
- 7% Strongly Agree

# DO PRODUCTS YOU POSSESS CLEARLY SUIT YOUR INSURANCE NEEDS

- 3% Strongly Disagree
- 9% Disagree
- 13% Neither agree nor disagree
- 64% Generally agree
- 9% Strongly Agree

# CLARITY OF INFORMATION

- 5% Strongly agreed
- 13% Agreed
- 18% Neither agreed nor disagreed
- 56% Disagreed
- 8% Strongly agreed

# UNDERSTOOD PRE-CONTRACT INFORMATION

- 5% Strongly Disagree
- 15% Disagree
- 15% Neither agree nor disagree
- 57% Generally agree
- 9% Strongly Agree

# UPON FURTHER ENQUIRY?

- 13% Strongly Disagree
- 15% Disagree
- 19% Neither agree nor disagree
- 48% Generally agree
- 5% Strongly Agree

# WHETHER THE MODEL HELPED IN MEETING CUSTOMER EXPECTATIONS

- This outcome reinforces the need for customers to be provided with *products* that *perform as the insurance company has led them to believe*.
- What the customer *buys* should be what the customer *gets (Utility)*.
- However due to *limited awareness* and *understanding* or due to *miss-selling*, many insurance customers end up *cheated*.



# **FINDINGS**

# DOES THE POLICY YOU HAVE MEET YOUR EXPECTATIONS

- 4% Strongly Disagree
- 9% Disagree
- 15% Neither agree nor disagree
- 62% Generally agree
- 10% Strongly Agree

# DOES POLICY EXCLUSIONS DILUTE BENEFITS

- 58% Agree exclusions dilute benefits
- 42% Disagree

The greatest issue raised by many respondents was the apparent ***lack of communication***. It was felt that if clear communication was present, some of the ***misgivings*** on the policy covers would be ***overcome***.

# **IRA CLAIMS MANAGEMENT GUIDELINES**

# WHY GUIDELINES

- Claims management practices remains an ***area of great challenge*** and a ***key pain point*** to insurance ***customers***.
- This has contributed to ***poor image, low uptake*** of insurance thus ***affecting insurance penetration***.
- Guidelines were meant to enable policyholders ***know what is expected of them*** in the event they wished to ***cancel or alter the policy or in case of a*** after a loss.

# WHY GUIDELINES

- To make customers know what to expect from the insurer in case of a loss/claim.
- To enhance ***efficiency, transparency, disclosure*** of information to ***policyholders*** during claims processing and ***increase consumer satisfaction***.
- To enhance ***efficiency in*** claims management ***process, improved service delivery***, create ***confidence*** and improve industry ***image***

# **SURVEY FINDINGS**

# CLAIMS AND COMPLAINTS HANDLING

- The Survey established that upon lodging of a claim, the customer ***changes label*** from ***insured*** to ***claimant***.
- This is a ***major gap*** in customer ***treatment***



# SURVEY DEMOGRAPHICS

- Insurance companies
- Insurance Intermediaries
  - ❖ Insurance Agents
  - ❖ Insurance Brokers
  - ❖ Bancassurance Agents
- Clients

**ON AWARENESS OF EXISTENCE OF  
CLAIMS GUIDELINES BY  
INTERMEDIARIES**

# FINDINGS

- 52 % AWARE
- 48% NOT AWARE

## UNAWARE BY CATEGORY

- Insurance Agents 32%
- Insurance Brokers 39%
- Bancassurance Agents 29%

# **AWARENESS BY INSURANCE CONSUMERS**

## **Respondents were as follows**

- Motor Commercial (30%)
- Motor Private (24%)
- Life (12%)
- Investment (8%)
- Medical(6%)
- Education(6%)
- Others (14%)

# **AWARENESS BY INSURANCE SERVICE PROVIDERS (ISPs)**

- Loss Adjusters (25%)
- Motor Assessors (43%)
- Insurance Investigators (32%)

# AREAS OF NON-COMPLIANCE WITH THE INSURANCE ACT

- The Insurance Act provides *how claims should be settled*. However, the following areas have not been addressed in the Act:
  - ❖ **Miss-selling of insurance products and non-disclosure of information:**
    - Lack of adequate information on insurance
    - Misrepresentation of facts
    - Technical policy terms and conditions (Policy Wordings)

# SHORTCOMINGS OF THE ACT

- ❖ **Lack of understanding of the claims management *process*: Most of the insurance *consumers* are *not conversant* with claim settlement *processes* including *time frames* for loss notification and *documentation* requirements.**

# SHORTCOMINGS OF THE ACT

- ❖ **Delays in settlement of claims:** The survey established that delays and non-payment of claims are on the *rise*.
- ❖ It further established that ***communication*** between the insured and the insurance companies or intermediaries was ***poor***. This contributed to customer ***dissatisfaction*** and poor industry ***image***.



# SHORTCOMINGS OF THE ACT

- ❖ Lack of transparency during claim processing
- Information on the *status* of the claim processing was *not provided*, which resulted in consumer dissatisfaction.
- Further, policy holders were not appraised on the *claims conditions* and the expected *time frame* within which a claim should be settled.

# SHORTCOMINGS OF THE ACT

- ❖ **Inadequate regulation of claims management:**  
Although the Insurance Act, provides for claim settlement, there was *inadequate provisions* to ensure *standardization* and enhance *efficiency* in the industry.

## CONTRIBUTION OF CLAIMS MANAGEMENT GUIDELINES TO TIME TAKEN TO SETTLE CLAIMS

- The survey established that claims management guidelines have ***positively contributed*** to efficiency in claims processing at
  - ❖ 68% for insurers
  - ❖ 62% for intermediaries.
- It further established that most insurance companies have ***aligned their processes*** to the claims management guidelines
- Some have provided ***shorter turnaround times*** compared to the guidelines.

# TIME TAKEN TO REPORT CLAIMS BY POLICYHOLDERS

- Liability 63 Days
- WIBA 29 Days
- Motor Commercial 7 Days
- Motor Private 6 Days
- Medical Reimbursement 7 Days
- Medical 3 Days
- Personal Accident 27 Days

# TIME TAKEN TO PROVIDE REQUISITE DOCUMENTATION

- Theft/Burglary 63 Days
- WIBA 295 Days
- Motor Commercial 24 Days
- Motor Private 12 Days
- Fire Domestic 1 Days
- Fire Industrial 113 Days
- Medical hospitalization 3 Days
- Personal Accident 75 Days

# OVERRRAL TIME TAKEN TO SETTLE CLAIMS

- Theft/Burglary 117 Days
- WIBA 69 Days
- Motor Commercial 90 Days
- Motor Private 91 Days
- Fire Domestic 39 Days
- Fire Industrial 239 Days
- Medical hospitalization 3 Days
- Personal Accident 78 Days
- Liability 576 Days
- Aviation 124

# LONG TERM INSURANCE

- Beneficiaries of long-term policyholders took the longest duration of **123** days to report ***death*** of the principal member.
- Additionally, it took an average of **128** days to bring the necessary ***documentation*** to facilitate processing of claims
- Total, **251** Days

# LONG TERM BUSINESS

- Delays in *acquiring key documents* such as death certificates and letters of administration.
  - ❖ Long-term policies 65 Days
  - ❖ Last expense 12 Days
  - ❖ Investment plans 8 Days
  - ❖ Education 22 Days



# LONG TERM BUSINESS

72% of the respondents = **General** policy terms and conditions were explained at purchase .

52% = **Specific** policy exclusions explained at purchase

63% = information on **loss minimisation** was least provided

63% = loss minimisation was **not explained**

# TIPS OF SELLING INSURANCE

- Study the findings of these two surveys
- Develop your tips alongside the gaps established by the survey findings
- Then you will meet the needs of your customers

**THANK YOU**

# **QUESTIONS AND ANSWERS**