

THE “SILENT VOICES OF INSURANCE CUSTOMERS”



**Insurance
Regulatory
Authority
of Uganda**
Driving insurance growth

“Customer needs and demands are changing. Are Insurance players rising to meet them...?”



“A claim is the moment of truth in the relationship between an insurer and its customer. It’s the chance to show that the years spent paying premiums were worth the expense.....”

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Highlights

The Industry suffers a negative image in the public opinion. A number of reasons account for the blurred image –

- ✓ *The opacity of the Insurance Business characterised by misrepresentation and mis-selling practices;*
- ✓ *The excessive bureaucracy and “documentisation”;*
- ✓ *The legal and complex jargons used in insurance contracts, customer care issues once purchase has been concluded, the intangibility of insurance, among others.*
- ✓ *Insurance in Uganda is expensive*
- ✓ *The not-so-good media coverage with the result being increased suspicion towards insurance business.*
- ✓ *Discrepancy between sale information and Claims requirements.*
- ✓ *Besides, in the public “**court**”, Insurance providers ask for more information that is necessary.*
- ✓ *These have greatly impacted on the levels of satisfaction and have potential to impair decisions to purchase again.*

Background (1)

- The Authority sought to undertake a study on the levels of insurance awareness, perception and utilization of insurance services by the top 100 tax payers in Uganda.
- This study was premised on the fact that insurance penetration in Uganda is very low - 0.84% Vs. African average of 2.8% and global average of 6.2%.
- The low Insurance Penetration in Uganda raises important concerns pertaining to the factors affecting demand for insurance.
- The selection of the top 100 Tax payers was motivated by their potential to support the growth of the local insurance market given the magnitude of their operations.
- **The study was specifically informed by the desire to establish:**
 - I. The levels of Awareness of insurance services amongst the top 100 taxpayers in Uganda;
 - II. The nature of Perception towards local insurance services by the top 100 taxpayers;
 - III. The levels of Utilization of local insurance services by the top 100 taxpayers.
 - IV. The level of Insurance customer satisfaction.

Background (2)

METHODOLOGY

i. Data Type and Sources:

- The study was largely qualitative, gathered from both primary and secondary sources.

ii. Sample:

- The study targeted the top 100 Taxpayers in Uganda drawn from the February 2016 list issued by the Uganda Revenue Authority. However, 76 (76%) of the said Companies were interfaced with and discussions were held with focal persons as advised by the respective Institution Heads.

iii. Scope

Geographical:

- The study was carried out mainly in the Central Business District (CBD) of Kampala where majority of the top 100 Taxpayers are domiciled (and a few located outside the CBD).

Content

- ✓ Awareness: We sought to establish the level of awareness about insurance, its working and the associated benefits.
- ✓ Perception: We examined the perceptions based on past experiences and expectations.
- ✓ Utilisation: We sought to establish the extent of the uptake of local insurance products, as well as broader issues surrounding their demand for insurance.

Findings (1)

AWARENESS

- None of those sampled expressed high complete ignorance about the existence and working of insurance – ((18.4%) expressed extreme knowledge; 36.8% expressed good knowledge; the rest of the participants had understood that insurance is beneficial but had inadequate knowledge about the working of insurance and therefore would only make decisions with support of the experts))
- Additionally, all of them had at least a class of insurance.
- Nevertheless, most of the individuals interviewed (57%) pointed out that if they were the sole decision makers, they would not allocate any resources to insurance.
- Majority of them owe their knowledge about insurance to the media adverts followed by website sources.

Findings (2)

UTILISATION

- Companies are aware of the legal requirements to procure insurance services and they reported use of local insurance services *except that* they feel that limiting competition is unfair and has restricted the efficiency and quality of service.
- Skewed concentration of demand for motor, medical, Group Personal Accident and Group life.
- All Companies have more than one insurance policy with some Companies having as many as 11 policies.
- Interestingly 3 Companies mentioned Social Security as another class of insurance amongst the several.
- Workers Compensation insurance is demanded more than the wider-scope Group Personal Accident perhaps because of its compulsory nature.

Findings (3)

PERCEPTION (1)

- The highest ranked factor by the greatest number of respondents was “**the Brand and Reputation of the Company**” followed by “**the promptness of claims payment**” and in the third place “**the Comprehensiveness of the Policy coverage**”. The least important of all was “the use of extensive promotional materials”.

Findings (4)

PERCEPTION (2)

Predictor	Ranking and Frequency of Respondents									
	1	2	3	4	5	6	7	8	9	10
Managed my expectations - there were no surprises	2	6	7	6	6	8	9	11	7	7
Satisfied with customer service (from sale to claim if any, including prompt resolution of issues whenever they were reported)	6	8	6	8	7	12	6	9	7	3
Price was reasonable	13	11	8	7	7	8	6	4	4	4
The insurance representative were knowledgeable	5	4	5	2	6	9	11	9	11	10
Claims (if any) were paid without any unnecessary delays	6	6	5	7	5	4	3	6	7	6
The insurer/ their representatives provided a personalized experience	5	7	4	2	6	5	9	7	9	11
Reliable, simple and seamless service delivery process	6	9	9	3	6	4	7	9	10	7
The company over- promised and under- delivered	5	7	9	3	5	4	7	11	9	7

Findings (5)

CUSTOMER SATISFACTION (1)

Intention to Buy Again (IBA)

- Out of 76 respondents, 49 (65%) stated that they had intentions to buy insurance again, 17 (22%) did not have IBA, while 10 (13%) stated that they were not sure.
- 40 (54%) had IBA from their current providers, 31 (42%) stated that they did not have intentions to buy from their current providers while 3 were not sure.

OBSERVATION: At industry level, attention needs to be drawn to the “**pain points**” because the over 20% of the current clients do not have intentions to buy insurance again at the prevailing conditions.

Findings (5)

CUSTOMER SATISFACTION (2)

Net Promoter Score (NPS)

- Out of the 74 who responded to this question, 22 (29.7%) respondents scored in the range of 0 – 6 (**Detractors**); 28 were in the range of 7-8 (**Passives**) while 24 (32.4%) respondents were in the range of 9 – 10 (**Promoters**).
- $NPS = \text{Percentage of Promoters} - \text{Percentage of Detractors}$
i.e. $NPS = 32.4\% - 29.7\% = 2.7\%$.
- The NPS is positive which *can be considered good, but far from great and far away from excellent.*
- Improvements (process and product) are needed to turn detractors into passives and ultimately into promoters.

Findings (5)

CUSTOMER SATISFACTION (3)

Customer Effort Score (CES) - 1 for (LE) and 5 (HE)

- Out of 76 respondents, 51 (67%) ranked between 4 and 5, 11 (15%) ranked 1 -2 while 14 (18%) ranked 3.
- Ethos of competition require that the purchase and consumption process should be effortless.
- A **HE** implies that customers are jittery and would love better ways of service so as to release effort for other competing needs.

Recommendations

IRA (1)

- Need to review the pricing regime because majority of the respondents felt that the pricing regime is unfair. Pricing should be responsive to the risk behavior of customers.
- Pay more attention to the scope of policies, terms and conditions, including exclusions because some policies on the market are exploitative – some exclusions are unreasonable.
- Enforce development and adherence to the customer code/charter amongst Insurance Players (*over promising and under delivering*).
- Make information on the complaints reported per company and how they have been resolved public.

Recommendations

IRA (2)

- Make known to the public the Sanctions levied against errant Insurance Players and these should be made prohibitive enough.
- Pay more attention to, and follow up on claims settlement.
- Develop a mechanism which forces Insurers to compensate accident victims in respect to payment of their 3rd party claims. The current processes are onerous and many claimants end up opting out.
- Set aside a budget for Awareness country wide programmes such that a big number of the population can know and appreciate the importance of insurance.
- Institutional-centered sensitizations on the recommended minimum insurance covers and policies can help empower policyholders with knowledge on their rights and obligations.
- IRA should explore possibilities of requiring Insurers to contribute a certain percentage of their profits to a pool/fund for massive awareness campaigns.

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- Institutional-centered sensitizations on the recommended minimum insurance covers and policies can help empower policyholders with knowledge on their rights and obligations;
- Explore possibilities of requiring Insurers to contribute a certain percentage of their profits to a pool/fund for massive awareness campaigns;
- Work with the stakeholders to establish standards for Loss Assessors both in terms of quality of investigations and timelines of delivery.

Recommendations

INDUSTRY

- The policies and terms should be void of ambiguities so that there is a meeting of minds from the start. Exclusions should be minimized as much as possible and disclosure should be enhanced to avoid misinterpretation and conflict during the life of the Policy.
- Investments should be made in digitalization of processes
- Institute an accessible information and complaints management platform.
- Information should be provided in a single pack regarding the claims process and the supportive documents that will be required in case of a claim.
- Enhance NPS by undertaking regular monitoring in the area of Customer dissatisfaction.
- Institutionalize customer care and courteousness and ensure that courtesy is integrated into performance measures for staff.
- Companies need to come up with communication strategies that reflect the contemporary trends.

Recommendations

INDUSTRY (2)

- Customers are willing to pay for more. Insurers may consider, subject to regulatory approvals, offering their customers some non-insurance services (enhance the value proposition for insurance)

Conclusions

- Insurance players must invest significantly in keeping customers happy, whilst generating a healthy return on Investment.
- The study highlights nine key areas that Players will need to focus on to minimise the constraints to growth:

- ✓ Putting in place structures and systems to ensure information access and support systems by the customers;
- ✓ Taking greater control of the claims process;
- ✓ Customer profiling to ensure the unique aspects of clients are identified and attended to. No two customers are exactly the same;
- ✓ Choosing the right claims model for their business and their customers – one size fits all may not deliver sustainable results;
- ✓ Developing a mutually beneficial relationship with other key stakeholders in the value chain such as service providers;
- ✓ Gaining an information advantage through investment in Information Communication Technologies and Data analytics;
- ✓ Looking inward by avoiding putting processes over people - too much process and protocol can be counterproductive.

Conclusions

- ✓ Striking an emotional chord with your customers (Customer experience is not an event, it is a journey)
- ✓ Committing to consistency by ensuring that the business model is reflective of how you want people to view your brand. To achieve this type of harmonious experience, it is helpful to establish core operating values such as respect, integrity, and customer focus to serve as a framework for all brand interactions.



Thank you!

Q & A????