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INSURTECH A GAME CHANGER IN THE MSME INSURANCE BROKING ENVIRONMENT

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Uganda's economy, just like many other African countries, is majorly driven by the Micro, Small, and Medium-sized enterprises (MSMEs), which employ the majority of the youth through business start-ups to curb unemployment rates in the country. They however face gross challenges in accessing pertinent services including insurance. Currently, the insurance market is struggling to grow the insurance penetration rate in the

country and the MSMEs cannot be ignored as they hold the key to this goal. However, insurance brokers and other insurance players have a hurdle to jump when it comes to their internal processes on how to market insurance products and enroll the MSMEs which needs serious rethinking.

Many brokers have tried to change their internal processes to allow the technological aspect to ease the work of their employees. However, just like any other society that has been comfortable with the old way of doing business, this transformation has not been received the way it would have been expected and many employees try to beat the system by trying to continue working the "normal" way without distorting their comfort zones. However, in the life of an insurance broker, you would want to ask yourself if indeed working the "normal" way is the best use of the company's resources.

We are currently facing difficult times where cost management is top of mind in each organization due to the rising costs of doing business that is driving out those who are not innovative to new cost-effective ways of doing business. In insurance broking, for example, companies earn a small margin of commission on the premiums on businesses acquired. However, the cost of business acquisition is high involving meetings, phone calls, inspections, and above all, time, therefore making the commission margins sustainable to large enterprises or aggregate high volumes of MSMEs at any given moment. For example, an insurance broker may end up earning a commission of less than USD 200 if the client is an MSME but more than USD 10,000 for a large enterprise. At the end of the day, it makes little business sense to pursue an MSME in the long run because the broker in addition to



earning very minimal margins on an MSME, will suffer business losses of up to five MSMEs monthly due to harsh economic times and in that same period may or may not acquire any MSMEs despite important costs of business acquisition. This spells one thing to the company and that is the inevitable doom ahead if they continue working the traditional way, hence, the need to embrace Technology/Digitization as the new norm of doing business if the broker is to stay profitable.

Digital marketing as one form of utilizing technology in broking could easily enable a broker to hit two birds with one stone. This is not only affordable in comparison to the conventional way of marketing but also reaches out on a large scale to the MSMEs which are individual based hence being the best option for cost management. Platforms like social media are the best target space to use and the company therefore must have a team of content creators who manage their social media outlets if traction is to be achieved. Remember, the more engagements, the better the results, and the less you invest in identifying clients but rather clients identifying you.

Self-service platforms allowing clients to purchase policies without necessarily having a human interface is a game changer in the acquisition of MSMEs. Looking at telecom companies through their mobile money platforms triggers the banks to think of mobile banking where you access your cash without necessarily looking for the nearest ATM. The bold step by Telecom companies unlocked the fear that Banks had about cyber security with these platforms. Companies had to invest in robust firewalls to mitigate these cyber risks to enable them to tap into these wireless services that had long been ignored and classified as high risk. Similarly, brokers need to partner with insurers to create digital portals to sell their products. Why would you need to travel to a broker's premises located 400 km away, send emails, or make calls just to obtain travel, marine, or motor comprehensive policies? Some of these insurance policies should be channeled into the digital platforms through company portals to allow a 24-hour self-service from quotations, and payments to policy issuance. This will create a self-sustaining cycle of marketing and closing a sell hence saving a broker time and human resources in business acquisition in the MSMEs market. Human interference should only be reserved for specialized policies or policies of a certain risk threshold.

In the just concluded science week held at Kololo Independence grounds, a young tech enthusiast by the name of Francis Ssessaaazi has a start-up company called Cognosphere Dynamics Ltd that develops AI platforms to ease work at offices, schools, etc. With his software yet to be launched, schools can have a virtual teacher (virtual assistant platform) on their smart boards to teach a subject while answering student questions in real-time. This may as well be adopted on company websites where an AI platform is created to ensure client interaction in real-time before a prospect can proceed to close a sale. How about that? More can be done with tech to improve the efficiency of a broker. Brokers have a gold mine of data that can be used to run data analytics to observe market trends. This is key in designing bespoke solutions for clients. With advanced tools, this data can be analyzed for the good of the market and to build the broker's brand to become a broker of choice hence improving the brand visibility that is associated with excellence. Physical files have now become a thing of the past and were prone to damage by fires, water, and poor management.



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With digital files, brokers can securely store client pertinent claims and underwriting correspondences that can easily be accessed with a click. This helps to free up office space, reducing rent but most importantly reducing the time lag on information accessibility in real-time.

The insurance broking industry needs to continue evolving with technological advancements, and staying abreast of these changes is crucial for brokers to remain competitive and provide the best possible service to their clients. Let us embrace technology and build brands that can sustain the economic turmoil.

Peter Mugoya | SME Manager | Minet Uganda