



KONDE BUGINGO

**ROLE OF INNOVATION IN UNLOCKING SUSTAINABLE
INSURANCE BUSINESS - STRATEGIC PARTNERSHIPS**

ZIM IIZ CONFERENCE 2023

NOV, 23 VICTORIA FALLS ZIM

State of Insurance Business Innovation – Focus Tech

USA

- Insurance penetration: 11.1%
- Size to GDP: 7.60%,
- Trends: ESG, Digital & Cyber Security
- Insurtech: USD 13.48 Billion

Africa

- Insurance penetration: <1% exc SA. NA
- Size to GDP: 1%,
- Trends: Managing Ratios, digital buzz
- Insurtech: below USD 1 Billion

Europe

- Insurance penetration: Average 7%
- Size to GDP: 6.8%
- Trends: ESG, Digital & Cyber Security
- Insurtech: USD 4 Billion

South Americas

- Insurance penetration: below 3%
- Size to GDP: below 3%,
- Trends: ESG, Digital & Cyber Security
- Insurtech: below USD 0.8 Billion

China

- Insurance penetration: 4.5%
- Size to GDP: 22.7%
- Trends: Insurtech & Cyber Security, Retail
- Insurtech: USD 4.76 Billion



■ Status

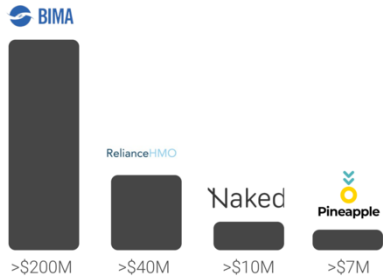
- Whilst there is been remarkably increased funding in Insurtech from Reinsurers to Insures are like, the pace hasn't matched that of banks, Fintech etc
- Internal remodelling and transformation has remained largely dismal – as most innovative insurers have opted for external investments and structure into Digitally focussed insurance providers
- The Global Insurtech Market Size valued for USD 8.8 Billion in 2021 and is projected to occupy a market size of USD 166.4 Billion by 2030 growing at a CAGR of 39.1% from 2022 to 2030
- The global P&C Insurance Software Market Size was valued at \$11.6 billion in 2021, and is projected to reach \$28.5 billion by 2031, growing at a CAGR of 9.6% from 2022 to 2031. P&C insurance software industry is used by insurance agents and brokers to promote, sell, and administer insurance policies

Innovation in Insurance – Business/Operating model - Africa



Insurtech companies in Africa | Q1 2022

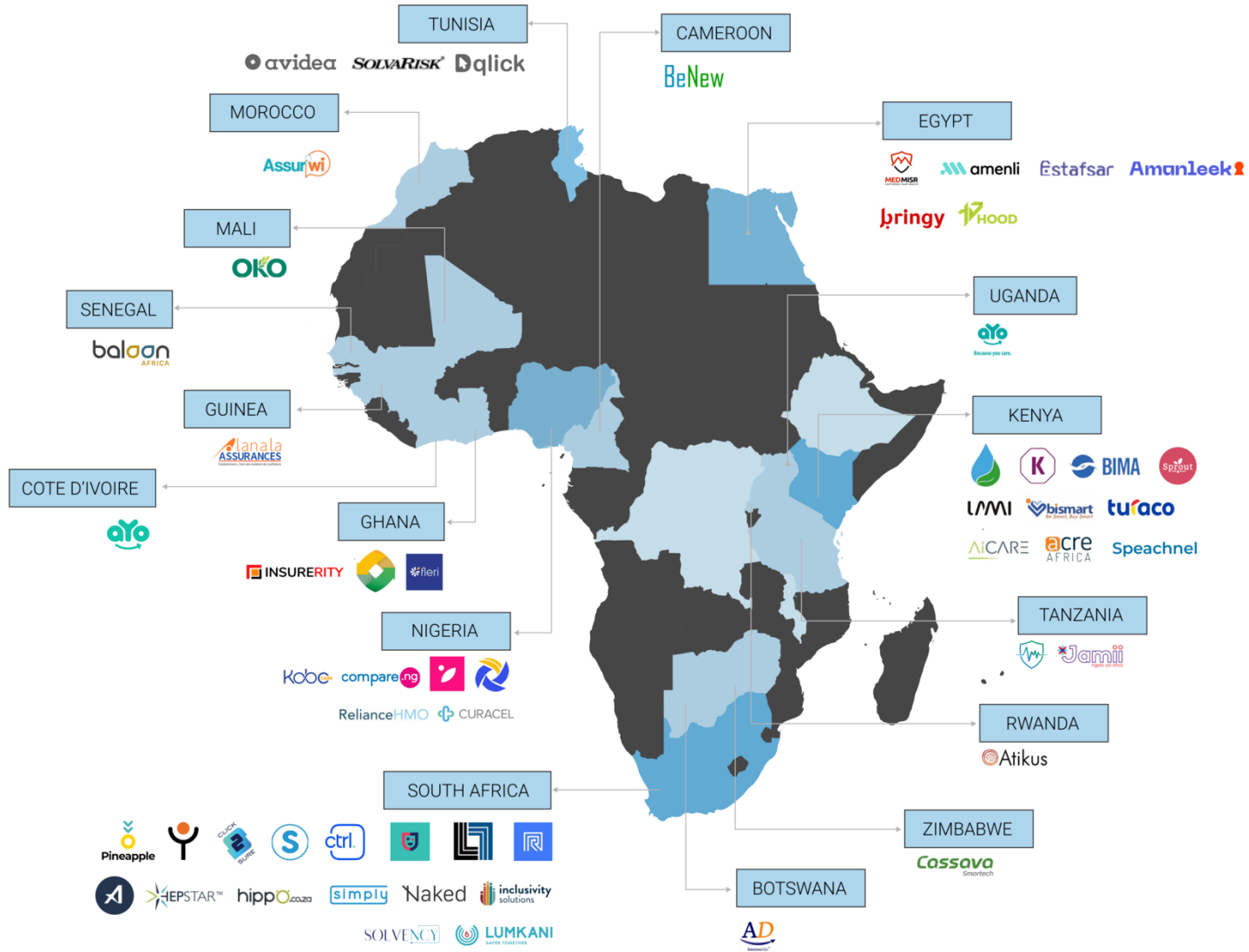
MOST FUNDED COMPANIES



INVESTORS



BRITER BRIDGES | #InnovationMaps 3.0 Series



Stack differences in similarities - Role of Innovation in banking



Banking		Insurance
Governance, Compliance & Audit	<ul style="list-style-type: none"> Good governance, Audit & compliance are crucial in the financial sector because it helps maintain stability, protect the interests of stakeholders, and promote public trust However its equally crucial that both are Regulated separately due to inherent differences: Such as Ethical Standards, Transparency and Disclosure, Risk Committees.... 	Leadership Model, Compliance, Audit
Business Model	<ul style="list-style-type: none"> Understanding the differences in similarities provides opportunity for lessons eg in Core Function, Revenue Sources, Risk Profile, Business Cycles, Products and Services, distribution, channels They are distinct with significant differences yet those provide opportunity for strategic partnerships 	Business Model
Operating Model	<ul style="list-style-type: none"> In summary, while both insurance and banking involve financial services and the management of funds, their operating models are distinct due to their different core functions in These differences result in unique operational processes and priorities for each industry: 	Operating Model
Capacity Model (Human Capital)	<ul style="list-style-type: none"> The workforce in insurance and banking have some similarities but also notable differences due to the distinct nature of their businesses, roles, and functions: technical knowledge, personalities, soft skills to Customer centricity & Sales 	Human Capital Development
Technology Model	<ul style="list-style-type: none"> The technology models in insurance and banking have evolved significantly in recent years, but they differ due to the distinct nature of their businesses, customer interactions, and regulatory environments Notably down to Capital, investment, data/transactions driven business as supposed 	Technology Model
Financial Model	<ul style="list-style-type: none"> Financial models in insurance & banking differ due to their core functions, revenue sources: These differences result in unique financial structures, strategies, and considerations for financial management in each industry 	Financial Model
Fintech (Digital Model)	<ul style="list-style-type: none"> Fintech and insurtech are two subsets of the broader financial technology industry, and they both leverage technology to innovate and improve different aspects, however one has been 2 fold while the other 1 fold Banking has increased its income streams, base at same time its customer experience & profitability 	Insuretech (Digital Model)



Overview – Strategy Platform based approach

Building a Partnership Strategy via Platform Insurance Model “the supermarket concept”

- **MUA** Rwanda 2021 annual report highlights its track record of strong growth, balance sheet, sustained returns & performance. However, competition has never been more stiffer especially in this Digital Age. With an 18% **ROE** (perceived as industry standard) & **Loss ratio** over 100%, over 65% Income contribution from Corporates & SME, a 0% **Digital adoption**, MUA strategy to improve productivity, transform & disrupt with digital has never been more pivotal, proactive & timely
- The recent unprecedented times provide a glimpse of the future challenges that will require unprecedented innovation to sustain competitive edge beyond conventional Insurance offering as an epicenter of economic activity. Its imperative that MUA plays to its natural strength in People, Capital & Insurance Technical know how and network by augmenting an ecosystem encompassing all and create new markets in parallel. Hence the urgent need for high performing partnerships and digital ecosystems

Partnerships & Digital Pivots

- Become an industry integrator
- Platform business model (FANGS)
- Fast, innovative, agile, close to customer & superhigh engagements
- Monetize Data - extend value across customer journey
- Grow beyond core into key & relevant ecosystems
- Become a product or infrastructure sourcing factory - Digital driver

Enablers

- Strategy & Structure
- Organization & Team
- Plan
- Focus on large/enriching opportunities
- Playbook
- Speed
- Flexibility
- Channel/Platform

Impact highlight

- Increase in access to affordable Insurance
- Platform New Revenue Streams
- Network & Distribution
- Enhanced operational efficiency
- Customer experience & engagement
- Improve Customer Data
- Risk Management
- Markets entry & Competitive edge
- Ease of new regulation adhering
- Access to highly skilled Personnel

Overview – Strategy Platform based approach



Embedded in SC Strategic Priorities;

- Purpose and People
- Deliver our Network
- Transform and Disrupt with Digital
- Improve Productivity (CIR)
- Optimize Low Returning Markets
- Grow our affluent business

Types Partnerships;

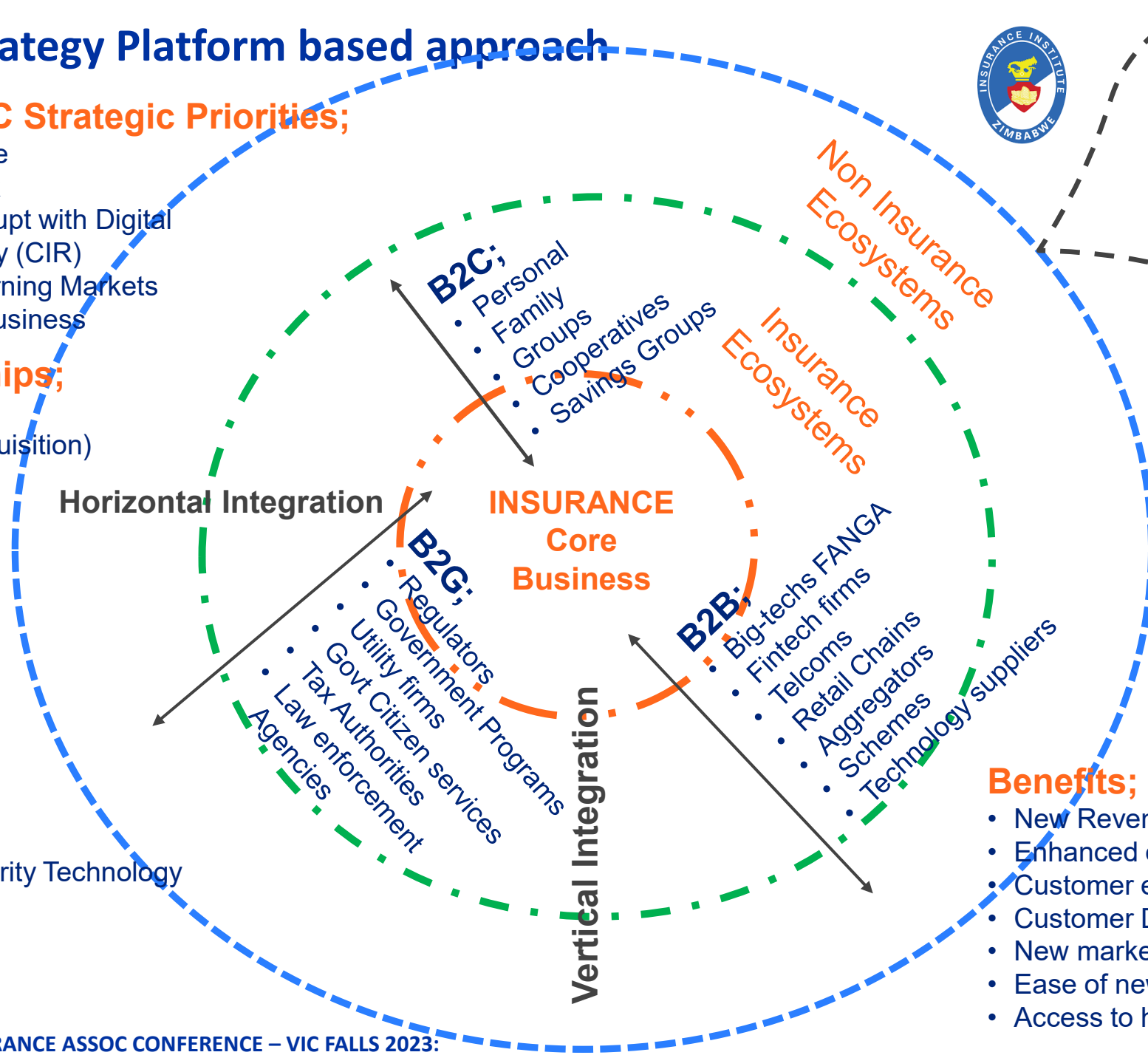
- Joint venture
- Equity (Bolt-on Acquisition)
- Non Equity
- Mezzanine

New Product/ Services;

- Curated
- Mixed
- 3rd party offerings
- Aggregators

Risks/Security;

- Access current security Technology
- Compliance
- Agility



**Integrations;
Platform
business
Model - Open
Insurance**

Partnerships;

- Bancassurance
- Retail
- Transactional
- Corporate Finance
- Financial Markets
- Wealth Management

Deliver;

- Customers Growth
- Distribution Network
- UW Profit (low cost)
- Non risk bearing Income
- Efficiency
- Reduce Risk

Benefits;

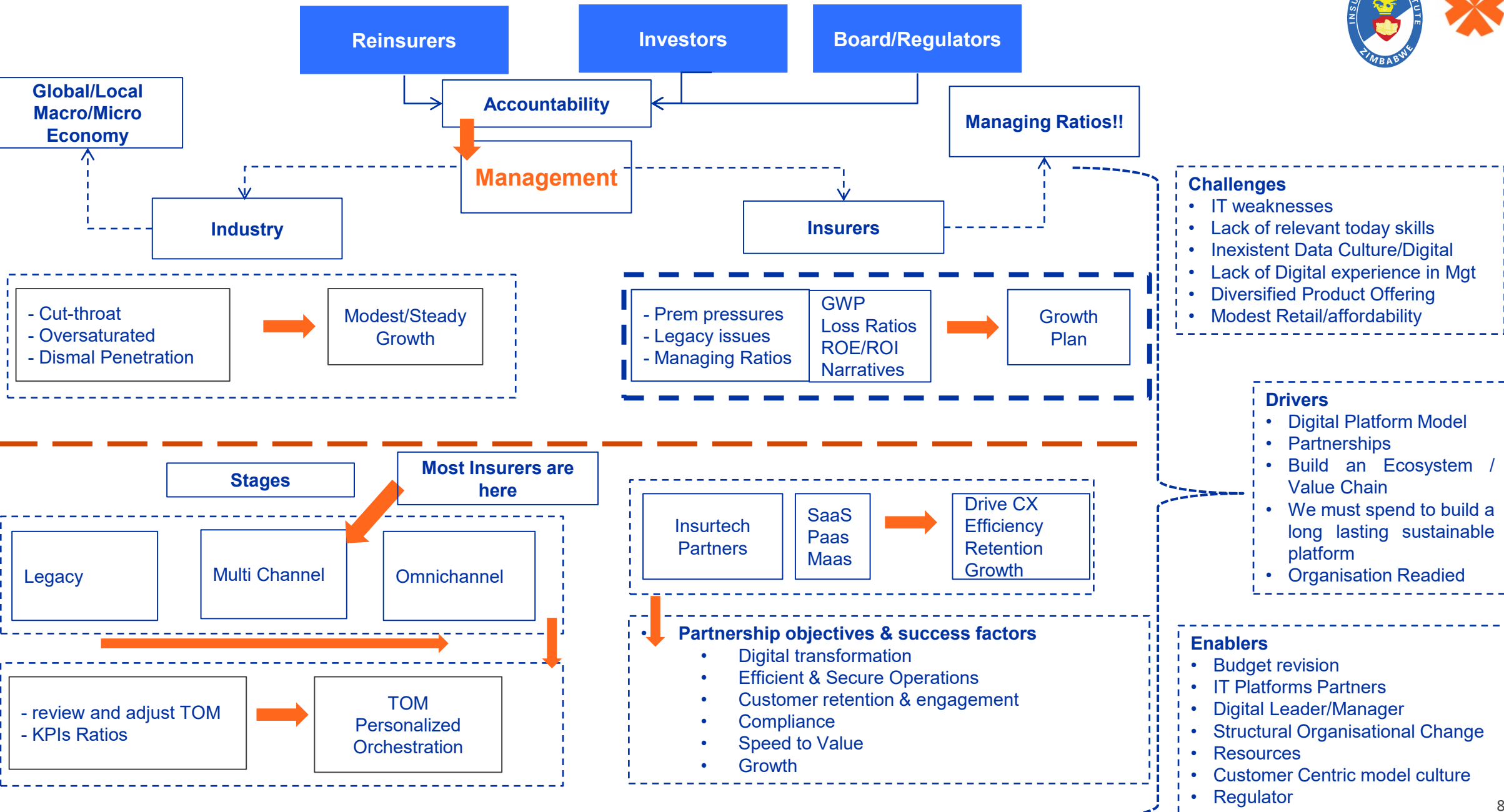
- New Revenue Streams
- Enhanced operational efficiency
- Customer experience & engagement
- Customer Data
- New markets entry & Competitive edge
- Ease of new regulation adhering (Proactive)
- Access to highly skilled Personnel

Role of innovation in transforming insurance business models



Focus		Impact
Digital Customer Experience	<ul style="list-style-type: none"> Not only digitising current processes & offering to customers but we must implement an Ambitious & Readied Strategy. New and market Disruptive Customer Journey. Build formidable (Ecosystem) Partnerships on business, technology, distribution, client acquisition, bancassurance 	Customer Retention & Conversion Ratios
Business	<ul style="list-style-type: none"> Product Development; Innovation drives the creation of new insurance products and services. Insurers develop policies that address emerging risks, such as cyber insurance, parametric insurance, and climate-related coverage. These products meet evolving customer demands and market needs 	Growth in Sales, Distribution, C-Service, Brand affinity
Operating	<ul style="list-style-type: none"> Claims Processing - streamline claims processing. Automation, data analytics, and AI can expedite claims assessment, detect fraud, and optimize claim settlements. This leads to quicker payouts and improved customer satisfaction 	Reduced Loss & Expense Ratio, & manage Claims/ratio
Diversity and Inclusion, ESG	<ul style="list-style-type: none"> Innovations in insurance are also driven by a focus on diversity and inclusion, including the development of insurance products that cater to underserved populations and those with unique insurance needs Sustainability and ESG 	Affordability & Retail Growth
Technology	<ul style="list-style-type: none"> Collaboration with insurtech startups is a way for traditional insurers to adopt innovative technologies and business models. These partnerships can lead to more efficient operations and improved customer experiences. 	System stability, Digitization, Processing(TAT)
Underwriting and Risk Assessment	<ul style="list-style-type: none"> Data analytics, artificial intelligence, and machine learning are used for more accurate underwriting. Innovations in risk assessment enable insurers to refine pricing models, assess risks more precisely, and reduce adverse selection 	Risk Ratios remain predictable & stable
Insuretech (Digital Model)	<ul style="list-style-type: none"> Cybersecurity and Data Privacy Telematics and IoT Artificial Intelligence and Machine Learning 	Platform model & increase Partnerships

Overview – the Journey to Innovate our businesses

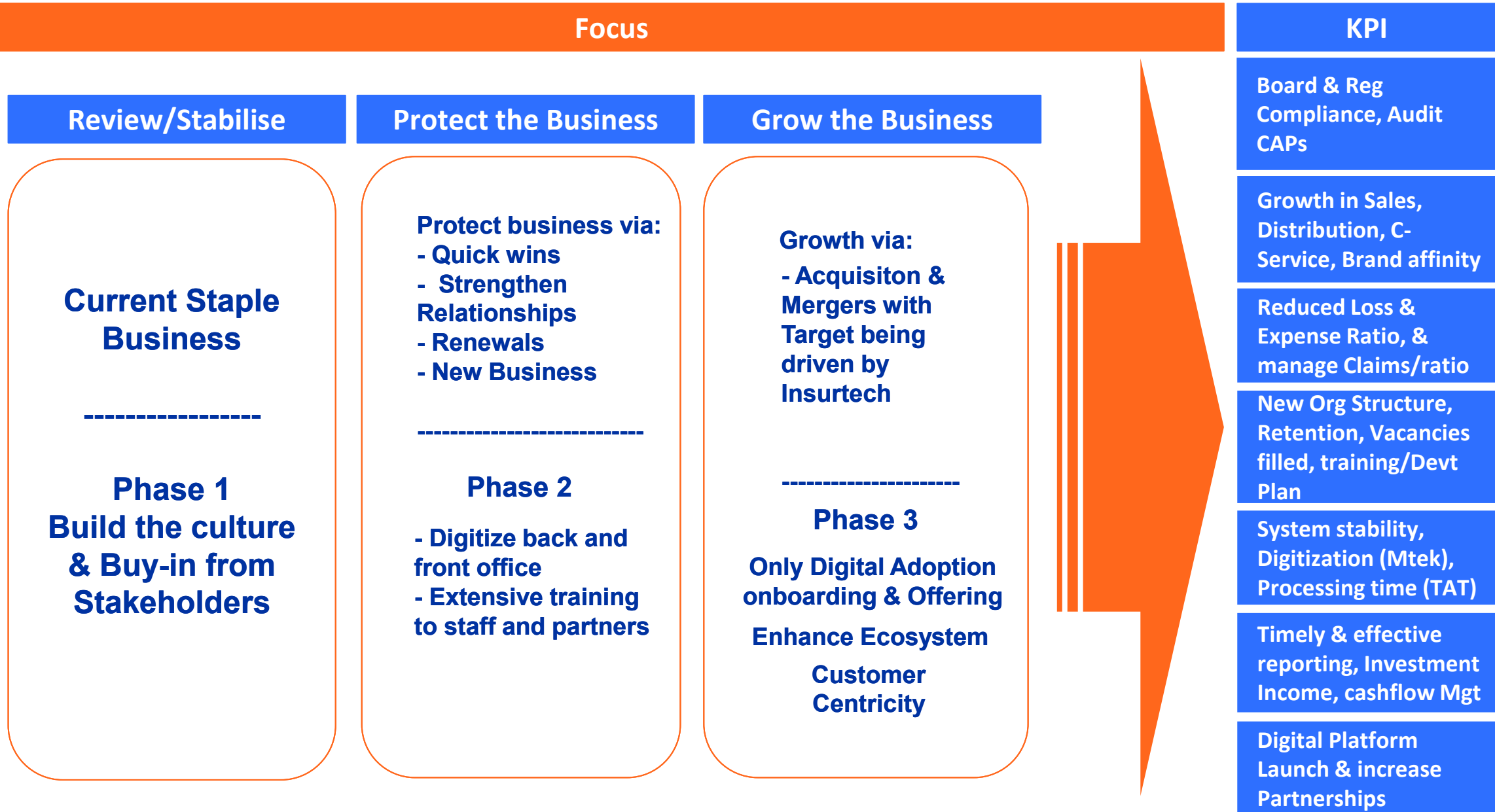


A Must Assessment Internally – readied for Innovation



Focus		KPI
Governance, Compliance & Audit	<ul style="list-style-type: none"> Strategy including Digital approach must be reviewed and various new options reached & dusted Build stronger synergies with Partners. Feedback and Buy-in from Board to the staff on DATA Culture driven Organization and high temp energy 	Board & Reg Compliance, Audit CAPs
Business Model	<ul style="list-style-type: none"> Understanding how our business creates & captures value in the context of it assets, sectors of business and areas of Operations. Grow the business in several ways especially Organically, Bolt-on and Digitally Business & Brand Positioning, New Customer Experience (Journey) and Communication (Gauge) 	Growth in Sales, Distribution, C-Service, Brand affinity
Operating Model	<ul style="list-style-type: none"> Assess challenges affecting the business & customer base. How the business is structured and organised including the review of policies, processes and procedures. Such areas include: Back Office, Underwriting, Claims, Processing, Branches, IT, Facilities & Alternative Channels 	Reduced Loss & Expense Ratio, & manage Claims/ratio
Capacity Model (Human Capital)	<ul style="list-style-type: none"> Review Org Chart & enhance Values and Culture. Salary Harmonization People – attracting the right talent & harnessing it Recruitment, Development and Retention 	New Org Structure, Retention, Vacancies filled, training/Dev't Plan
Technology Model	<ul style="list-style-type: none"> The structure, deployment, security and reliability of IT infrastructure across the Operations IT Architectural Design, Infrastructure Partners Collaboration and strong Ties IT harmonization on Group Synergies (need to bank on Regional/Group capacity) 	System stability, Digitization, Processing (TAT)
Financial Model	<ul style="list-style-type: none"> Assumptions, Planning, Analysis and Reporting & Control Balance Sheet Optimisation and Diversified investment Portfolio Use of Assets to create value sustainably and profitably 	Timely & effective reporting, Investment Income, cashflow Mgt
Insuretech (Digital Model)	<ul style="list-style-type: none"> Not only digitising current processes & offering to customers but we must implement an Ambitious & Readied Strategy. New and market Disruptive Customer Journey. Build formidable (Ecosystem) Partnerships on business, technology, distribution, client acquisition, bancassurance 	Digital Platform Launch & increase Partnerships

Meantime – Focus must remain....



Lessons consideration



	Banking	Insurance	Key takeaway
Strategy	<ul style="list-style-type: none"> Banking strategies in Africa are influenced by the unique economic, social, and regulatory conditions in the continent. While strategies can vary significantly among different African countries and regions, some common themes and approaches have emerged in recent years Financial Inclusion, Partnerships and Collaboration, etc 	<ul style="list-style-type: none"> Insurance strategies in Africa are influenced by various factors: the continent's unique economic, social, & regulatory conditions – they differ among African countries & regions, there are several common themes and approaches in the African insurance industry; Generalists, Microinsurance, Lacking Tailor-made 	<ul style="list-style-type: none"> insurance industry is continually evolving due to technological advancements, changing customer expectations however still lags behind others a forward-looking insurance strategy requires agility, adaptability, and a commitment to embracing change Sustainability and ESG
Capital	<ul style="list-style-type: none"> High capital intensive and capital adequacy Banking capital models are primarily designed to address credit and liquidity risks Long term investment and large scale 	<ul style="list-style-type: none"> While insurance capital models emphasize solvency and the ability to meet policyholder claims Moderate Capital Intensive and Capital Adequacy Perception and history shows investments were low leading to lack of human capital, technology, innovations etc 	<ul style="list-style-type: none"> The capital models in banking and insurance differ due to the unique characteristics and risks associated with each industry however, for the insurance sector to thrive: need to consider increasing capital to invest for the long-term and sustainably
Structural	<ul style="list-style-type: none"> Banking structures approaches enabled to understand & analyze the various components & relationships within a bank's organizational structure. These models help in assessing the bank's operations, governance, and decision-making processes etc 	<ul style="list-style-type: none"> structural differences highlight the distinct roles and operations of insurance and banking within the broader financial services industry but insurance sector approach bent towards internal operations, facilitations, accounting etc than customer experience & business growth 	<ul style="list-style-type: none"> In summary, while both insurance and banking have embraced technology to improve their operations and customer experiences, the technology models differ due to the unique characteristics and requirements of each industry.
Customer Experience	<ul style="list-style-type: none"> Customer experience (CX) in banking is the overall impression & satisfaction that customers have when interacting with a bank across various touchpoints, including branches, digital channels, customer service, and financial products which led to growth in business & profitability 	<ul style="list-style-type: none"> Banking has been more aggressive in adopting digital technologies, given its high-frequency customer interactions, while the insurance industry is also evolving its technology model to meet changing customer expectations and streamline processes/product innovation at slow pace 	<ul style="list-style-type: none"> In today's competitive landscape, delivering an exceptional customer experience is a key differentiator. Banks that prioritize CX are more likely to retain existing customers, attract new ones, and foster long-term loyalty, ultimately contributing to their success and growth.
Sustainable & Relevant	<ul style="list-style-type: none"> Sustainable banking models are gaining prominence as the financial sector acknowledges its role in addressing sustainability challenges. These models are not only seen as ethical and responsible but also as an avenue for long-term profitability and resilience in a changing global landscape 	<ul style="list-style-type: none"> Sustainable models in insurance are gaining importance as insurers recognize their role in addressing ESG risks and contributing to a more sustainable and resilient future but they have slow just like many other transformational models 	<ul style="list-style-type: none"> Insurance Sector has not disrupted itself by learning from the banking sector which was disrupted by startups & technology Heightened need to PIVOT & Bring about Disruption otherwise we will be DISRUPTED



- 1**
 - Develop and refine details of building a data driven culture
 - Buy-in from Stakeholders is key driver

- 2**
 - Negotiate key terms with Partners in innovations
 - Hire Key Project Leads and Refine Budgets

- 3**
 - Begin Phase 1, then 2, stabilise and sustain performance

- 4**
 - Deploy platform model and growth via phase 3

TO ZIM, IIZ, THANK YOU

**WE ARE MUA, A
SUSTAINABLE INSURER**