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CASE BRIEF: **EQUITY INSURANCE AGENCY**

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EQUITY INSURANCE AGENCY

Products offered: Health, agriculture, credit life, personal accident, domestic package, fire, burglary, motor, funeral assistance and microinsurance

Description: Equity Insurance Agency (EIA) is a subsidiary of the Equity Group, a large financial services conglomerate headquartered in Nairobi with over 12 million customers in 6 countries. The insurance agency was established with the objective of addressing the insurance needs of Kenyans across a wide range of income levels. The agency partners with insurance companies to offer a wide range of insurance products through a bancassurance model.

Premiums collected: Approximately US\$ 35 million premiums collected in 2017

AN URGENT NEED TO DIGITALIZE

In the past, digital strategies have been about selecting the right technologies, automating tasks and gaining efficiency. Today, a digital strategy is about fundamentally transforming how a business works and what it offers. For Equity Insurance Agency (EIA), the need to undertake such a transformation became urgent due to technological advancements in the overall Equity Group.

In 2014, Equity Group had embarked on a digital strategy in order to expand their reach among rural and unbanked populations. As a result of this strategy, customers were shifting away from bank branches, with more than 90 per cent of Equity interactions now happening through alternative banking channels, such as banking agents and Equity's mobile and web platforms. Customers were no longer spending time in branches, where EIA insurance agents had traditionally sold them insurance products. This made it increasingly difficult and expensive for EIA to reach clients through its existing channels.

Secondly, the customer experience was broken. Customers were used to being able to access all financial products at one Equity sales point. Clients were frustrated that they were not able to access insurance through the same platforms they were using to carry out the rest of their banking transactions and had to go separately to branches for insurance transactions.

DEFINING A DIGITALIZATION STRATEGY

EIA knew that its digital transformation would need to make sense given the wider Group strategy. It knew that it wanted to interact with customers digitally at every touch point, and to both create value for the customer and increase profits by doing so. But it needed to know how to get there and where to start. EIA began by asking three fundamental questions:

Why do we want to digitalize? Is our priority to increase revenues or reduce costs?

What do we want to digitalize? Should we start by offering new digital sales channels or should we focus on digitalizing back-end operations?

How should we digitalize? Should we build in-house solutions, buy solutions, or partner with existing providers?

In relation to the first two questions, EIA had two options – to focus on increasing revenues through digitalizing sales, or to focus on reducing costs by digitalizing processes. In the long run it wanted to achieve both, but to make the process manageable and to achieve results quickly, it would need to narrow its initial focus. It therefore examined the options using

The benefits and drawbacks of each option according to EIA's four criteria

Why	Increasing revenue	Reducing cost
	by	by
What	Digitalizing sales	Digitalizing processes
Visibility	High, since customer facing	Low, as mostly internal processes
Turn around	Faster, by leveraging Equity Bank's digital platforms	Slower, due to dependencies on insurers
Competitive advantage	High	Low, due to EIA's role as an insurance intermediary
Impact	High, through the creation of new distribution channels	Low - medium

four criteria: visibility among customers, project turnaround time, competitive advantage, and impact on EIA's business.

Digitalizing sales proved the better option according to all four criteria. Progress would not be dependent on EIA's insurance partners, meaning that it could be implemented more quickly. Digitalizing sales would provide a notable improvement to the client experience and an important competitive advantage for EIA as an insurance agency. Finally, it could have a significant impact on sales by creating new distribution channels. EIA therefore decided to first focus on offering new digital sales channels and products to its customers and agents.



Having decided on the direction of its strategy, EIA needed to decide how to achieve it - build, buy or partner? The Equity Group had bought technology solutions in the past, as this had allowed it total control over those solutions. The group also had internal capacity to design its own technology solutions. However, in this case EIA decided to partner with two insurtech providers, Inclusivity Solutions and E-bima. Insurtech is a nascent field, and it is unclear which of many emerging solutions will be the most effective over the coming years. Buying a solution would reduce EIA's ability to experiment. Designing a solution in-house would also be time-consuming due to the many projects already lined up. Partnering with insurtech providers, on the other hand, allows EIA to put digital solutions into practice quickly and gives it the flexibility to experiment with various models.

IMPLEMENTING A DIGITALIZATION STRATEGY

The strategy is now being implemented through projects focused on improving sales and customer experience. Firstly, EIA introduced its first mobile-only insurance product, a hospital cash product which offers customers a fixed cash pay-out per night when they spend three or more nights in any hospital. The product is currently offered through one telco - Equitel – but EIA plans to offer it through other mobile operators in the future. This is EIA's first product offered completely and exclusively via mobile, and all interactions, including sales, renewals and claims, are carried out on a smart or feature phone.

Secondly, it decided to introduce an online sales portal. This was seen as an important way to enhance the customer experience and allow customers (and sales agents) to access all Equity services, including insurance, through one digital channel. EIA is integrating its insurance

products and services into the Equity banking web portal and mobile app, already used by over half a million Equity customers. This allows customers to buy policies directly online, but also provides a platform for agents to sell policies instantly through the platform on their phone or computer. The app is simple and intuitive and includes a feature that prepopulates most of the required details for motor insurance automatically once the registration number of the vehicle is entered. This allows a customer to buy a simple product like car insurance in less than two minutes.

Sales agents often resist online sales options, because they fear that they may lose their jobs as a result. It was therefore important to EIA to demonstrate to its sales staff that the online portal would facilitate their work, allowing them to make sales outside of bank branches and therefore reach more customers.

The digitalization strategy has been successful so far. The mobile insurance product has reached over 150,000 customers in its first eight months and EIA plans for the online sales portal to go live by the end of 2018. These initial projects are a major step forward in EIA's digitalization strategy and are helping it build momentum for future changes.

Defining the initial focus is vital in [any major change project](#). Initial projects should be planned in a way that allows the team leading the change to demonstrate early successes and build momentum towards further changes. Change is ultimately possible through a series of small wins. In order to achieve the major change that an organization desires, it is important to identify, recognize and communicate those small wins along the way. This makes the change process tangible and helps maintain the buy-in of all stakeholders.



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