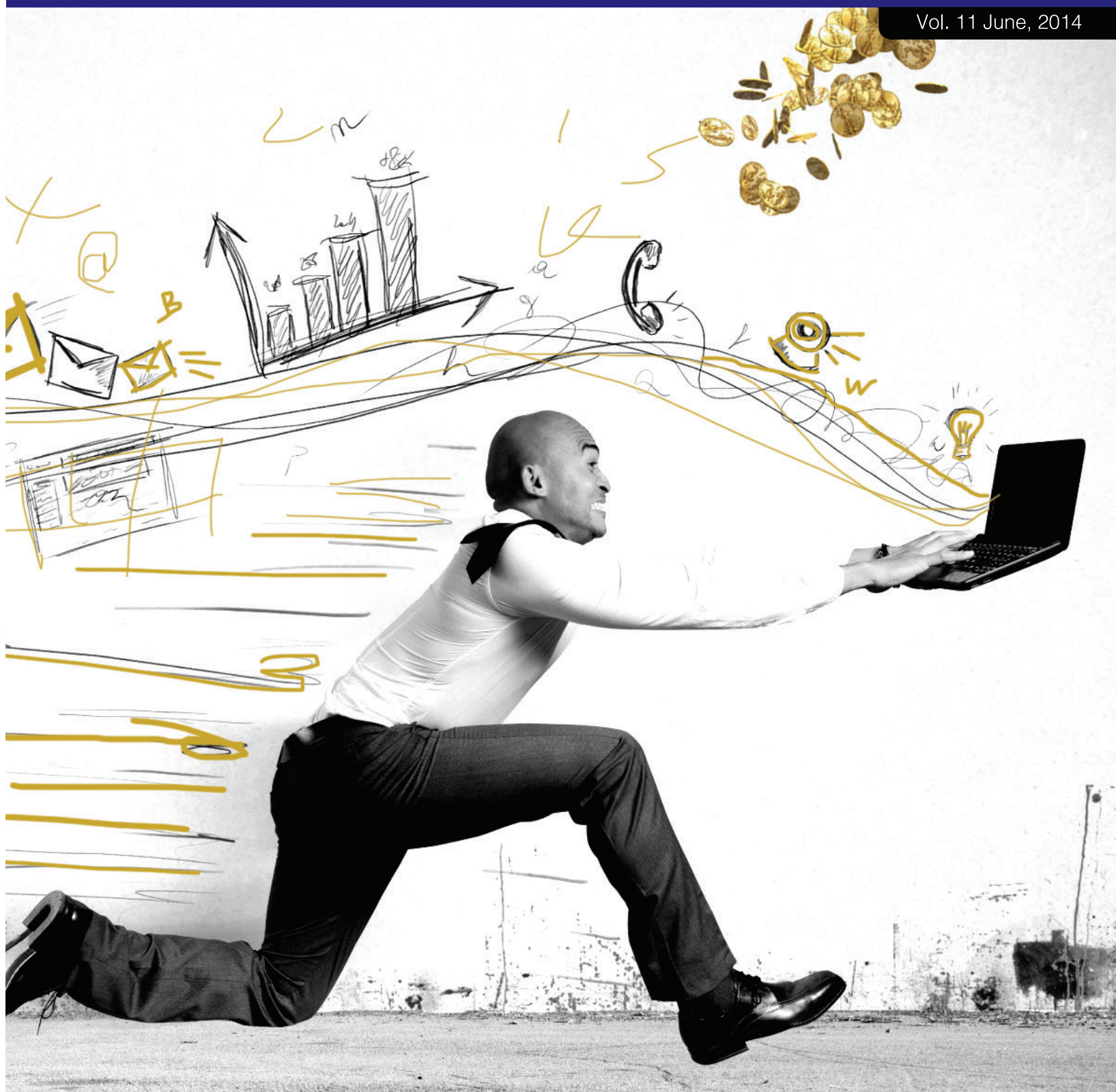




THE KENYA INSURER

Journal of the Association of Kenya Insurers

Vol. 11 June, 2014



“The Goldmine in Data”.



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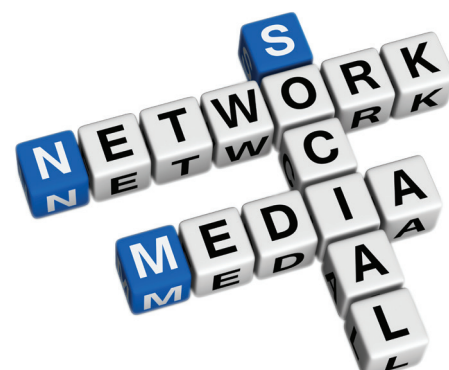
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In February this year, Facebook bought WhatsApp for US\$19 billion. Now, the former is a pioneer social media network while the latter is the world's leading messaging Application with an upwards of 450 million users—and it is adding an additional million every day. These figures tell a 'big' business story, spurred by data.

We are living in the information age. Assumptions, nay guesswork are a precursor to failure in most facets of our lives, and more so in business. The decisions we make today have to be 'informed'. In fact, business consultants will tell you that any proposal that lacks empirical justification is as good as none. This is what makes data king. This industry has come to depend so much on data hence the theme of this issue.

Herein is a rich read on data. We traverse the data landscape as it is observable that the future of insurance is here, and it is data. As Moses Otieno opines in The Data Goldmine in Insurance, "Insurance is a data intensive industry. When you come to think of it, the raw material in insurance is data and cash." But he is quick to caution that, "Data in itself is of no value unless converted into information that can yield strategic intelligence." This observation goes to suggest that the industry's wanting penetration—oscillating around three per cent—can bank on data to reach the desired levels.

As much as data is key in decision making in any business, how it is generated is very crucial. Inaccurate data leads to wrong decisions that negatively impact business. Consequently, Edna Thiong'o in Leveraging on Data for Success, advises that, "Data collection should be a primary and continuous activity that all departments should adopt, be it HR, Finance or Procurement." This, she argues will enable a company generate substantial data on stakeholders and hence aid in making decisions.

Proper acquisition, storage and analysis of data boost business. Nevertheless, the flipside of this is injurious. Gertrude Matata in The Goldmine in Data; the obtaining legal aspects rues that "... prison fraudsters have conned mobile phone money users. This is all as a result of unauthorised access to personal data. Unfortunately, this goes further to tracking down people for kidnap or murder." She suggests that there should be a law in place to safeguard access to personal information. This resonates with the editor's assertion in About Data Security and Access Levels that, "It is imperative that companies should holistically address data security threats including who works in the IT department."

Overall, this issue of the journal contains all that you may need to know about data and we hope you will enjoy the read.

Aram Kaboro.

The Data Goldmine in Insurance

Globally, majority of insurers are already aware of the potential in Big Data and are taking measures to mine opportunities

Insurance is a data intensive industry. When you come to think of it, the raw material in insurance is data and cash. Over the years, we have developed deep expertise and competence in the management of cash, but data management is still seen as a geek undertaking far removed from the corporate boardroom. Data is a potential goldmine that insurers should tap into in order to grow profitably and continually meet and exceed customer expectations.

Data in itself is of no value unless converted into information that can yield strategic intelligence. The past five years have seen a number of insurers overhaul their data management systems from the traditional flat files to relational database management systems. Beside the structured data that sits in these databases, a lot more unstructured data sits in various repositories like-mail, social media, customer service, sales agents to mention just a few. This means that decision makers cannot get a full picture from the relational data management systems alone.

This collection of structured and unstructured data that exists inside and outside the enterprise can be loosely called Dig Data. Gartner defines Big Data as high volume, high velocity and high variety information assets that demand cost effective, innovative forms of information processing for enhanced insight and decision making. Big Data is not just a lot of data; to understand the phenomena it is important to consider the four V's: volume, velocity, variety and veracity.

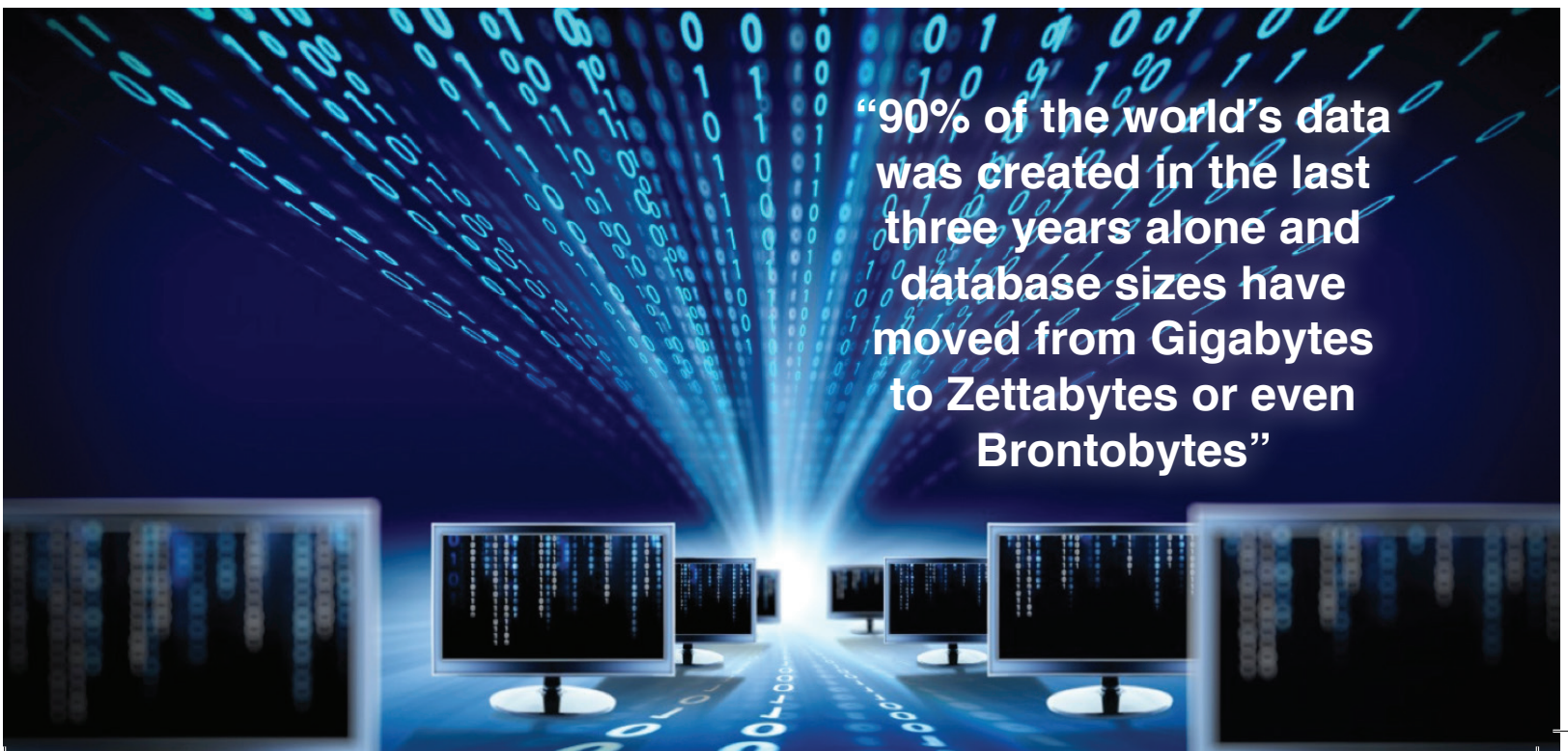


By Moses Otieno

Volume refers to the huge amounts of data generated every second. Approximately 90 per cent of the world's data was created in the last three years alone and database sizes have moved from Gigabytes to Zettabytes or even Brontobytes. Velocity refers to the speed at which new data is generated and the speed at which data moves around. Imagine how fast the wrong tweet can go viral and get your company in instant trouble. Variety refers to the different types of data we can now use. In the past insurers focused on structured data, primarily financial data. Today 80 per cent of the world's data is unstructured. Veracity refers to the messiness or untrustworthiness of data available to the enterprise.

Big Data can be extremely beneficial to insurers in various ways. First, Big Data can help in creating a customer-focused enterprise. By aggregating data from traditional sources and new sources like social media, insurers are able to predict customer behaviour and preferences hence develop products that are tailored to specific requirements. Some insurers like Met Life in the US have developed customer relationship management systems that aggregate data from multiple sources, giving customer care representatives deep insights into customer preferences. Such applications would ensure that customers' needs are anticipated and that they receive personalised service.

“90% of the world's data was created in the last three years alone and database sizes have moved from Gigabytes to Zettabytes or even Brontobytes”





The second area where insurers can benefit from Big Data is in enterprise risk management. Insurers and regulators can proactively identify and prevent attempts at insurance fraud. Fraud detection should start at the underwriting stage, and Big Data can help to accurately identify individuals and discover complex relationships including historical claims involvement. At the claims processing stage, Big Data can be employed to unveil complex relationships between all parties involved as well as behavioural insights that cannot be gleaned from traditional data stores. Stringent regulatory requirements like Anti Money Laundering and Know Your Customer can also be fulfilled by the analysis of Big Data sets.

Big Data can also be used to support revenue growth initiatives. Among the recent concerns for insurance executives is how to tap into their diverse data stores to cross-sell and up-sell. We are seeing insurance companies morphing into financial services groups with diverse holdings. However, the cross-sell promise has been elusive due to data silos. By aggregating this data and applying analytics, insurers can break the glass walls between their subsidiaries and increase their sales revenues.

Other Big Data applications in Insurance include loyalty management, catastrophe modelling, advertising and campaign management, agent analysis, customer value management and customer sentiment analysis. These applications can enhance marketing, branding, sales and operations.

Globally, majority of insurers are already aware of the potential in Big Data and are taking measures to mine opportunities. Progressive Insurance and Capital One in the US are already conducting experiments to segment their customers using Big Data and to tailor products and special offers based on these customer profiles. MetLife is using Big Data applications to look at hundreds of terabytes of data for patterns to gauge how well the company is doing on minimising risk, understanding how various products are performing, and what the trends are. Other companies like Travelers are using Big Data applications to rationalise product lines from new acquisitions and to understand the risks from global geopolitical developments.

Local insurers still have work to do to be at the level where Big Data starts to affect the bottom-line. Insurers must

invest in the right kind of infrastructure that can deliver the Big Data promises. Whereas significant investments have gone into hardware and software, the unstructured nature of modern day data renders inadequate some of the old investments in relational databases. Insurers must start considering building new generation architectures capable of real time data processing and analytics.

There has been an upsurge in Data Analytics software in the market that can work seamlessly with the main insurance management systems deployed in Kenya today. Examples include IBM, SAP and Hadoop. These solutions can be expensive and overwhelming, and local insurers are best advised to start small and scale over time.

The other important factor for Big Data success is expertise. Big Data requires a new way of thinking. An emerging profession in the technology field is that of data scientists. Harvard Business Review considers this to be the 'sexiest' job of the 21st century. What sets a data scientist apart is strong business acumen coupled with the ability to communicate findings to both business and technology leaders in a way that can influence how an organisation approaches a business challenge. Good data scientists will not just address business problems; they will pick the right problems that have the most value to the organisation.

Not to be underrated is leadership; Big Data must be an imperative from the top leadership of an organisation. This starts from the Board level, where Directors must be made to appreciate the potential of Big Data and provide budgetary and strategic support for such initiatives. Management must also shift towards fact-based decision making which is made possible by Big Data Analytics. But more importantly, insurance Chief Information Officers must take the mantle and demonstrate value; too often they are too busy fixing the plumbing rather than managing the water that flows through.

The benefits of big data are yet to be fully realised even in the developed economies, and it will take time for local insurers to catch up. However, Big Data and Analytics could just be the solution to the much discussed low insurance penetration levels in Kenya.

Moses Otieno Assistant General Manager – ICT, ICEA LION GROUP

Understanding Big Data

The concept can be used to learn and get better insights about customer behaviour and accurately develop products and services

The exponential growth of the data generated and captured by individuals, private businesses and Governments is continued evidence of the impact and crucial role that data plays in our daily lives. Interaction through social media has seen individuals generate enormous and varied types of data not only limited to text but also multimedia content including images, click stream and videos. Increased automation by both small and large businesses continues to give rise to transactional based data generated during interactions with customers, suppliers and local or national authorities. On the other hand, Government services through initiatives including eGovernment which seek to efficiently deliver services to citizens—such as filing tax returns online—also contribute significantly towards generating additional data. Further, as new sources of data such as sensors embedded in common electronic devices such as smart phones and smart electricity metres become more mainstream vast amounts of data continue to be generated every day.

When these diverse and vast amounts of generated datasets are shared, browsed, communicated, searched and analysed either in their structured or unstructured format, they give rise to Big Data. For the varied and vast amounts of datasets to fall under Big Data they need to at least demonstrate the following three characteristics: Variety; different types of datasets are captured and acted upon ranging from relational to non-relational data, Volume; vast amounts of data are generated mainly from electronic devices; and Velocity; data is generated at a higher frequency and speed.

This high prevalence and domination of data represents a unique resource with enormous potential for individuals, private businesses and Governments in their quest to create value which may include but is not limited to enhancing service-user experience, competing, increasing productivity and even operating and delivering services more efficiently with fewer resources and limited budgets. Past evidence whether at the individual level or in the private and public sectors has shown that data driven decisions are likely to be more accurate, timely and effective as opposed to any other forms of decision making.

Prior to collecting and acting on Big Data there is need for a well defined data management strategy. This should commence by identifying the challenges that need to be solved using Big Data; the problem to solve. With the challenges identified then an appropriate strategy can be developed to meet those objectives. For the strategy to be successful it needs to be prioritised and focused; targeted



By Jeremy K. Kiarago

to solve a specific challenge. Further, top management support is crucial for successful data management strategy execution since data management initiatives will usually be cross-functional, involving different departments and people with different skill-sets who need to collaborate for success to be realised.

Once the strategy has been defined, the focus will shift towards the identification and development of new opportunities where data will be used to create value. The potential value represented by data assets ranges from contributing and playing a pivotal role in innovation to transforming business processes and our daily lives. The immediate value created by big data is bound to impact our individual lives, business transactions and in our interaction with Governmental authorities.

Some of the general value creation by Big Data will include the following amongst others: Product and Service innovation is bound to be propelled by Big Data by providing insight to otherwise hidden opportunities allowing businesses to improve their interactions with their customers and identify new ways of meeting their customer's requirements through new services and products. Emerging examples of this include the use of location data as captured on mobile phones by service delivery businesses to respond to requests for services. Initiatives such as the Open Data initiative in Kenya are using data to Increase Transparency at the Government level by providing increased public access to datasets captured by various Government ministries which opens new ways of utilising previously restricted data. This not only contributes to a better informed citizenry but also allows for the development of third party tools to consume and output this data.

Big Data further contributes greatly to lessons learnt especially in projects whereby comparing estimates with actual figures—such as the budget—it becomes possible to analyse variations and develop more accurate future estimates leading to improved allocation of resources and better project planning. Big Data has been and is expected to continue playing a crucial role in effective decision making with emerging fields such as machine learning where algorithms are used to automate and support decision making, bound to be further enhanced through the available data sets. This will not only make decision making faster, but will also reduce associated decision making risks.

In marketing, Big Data is already being used to learn and get better insights about customer behaviour and accurately target them with products and services. From online shopping where user activity is tracked to use of loyalty cards by retail shops, the varying and enormous amounts of information gathered about customer shopping experience is being captured, stored, analysed and acted upon more efficiently, thanks to Big Data.

represented by Big Data making this more of a challenge given the tight budgets that most organisations are running on. Data cleanup presents another challenge especially where incomplete and duplicate data was captured; the accuracy and relevance of any output ultimately depends on the input with the adage “garbage in, garbage out” also ringing true for Big Data. Weak or lack of formalised data policies and regulations poses another challenge especially

“data cleanup presents another challenge especially where incomplete and duplicate data was captured”



The above are a few examples of the value that Big Data is continuously creating, other examples exist in diverse fields such as health, security and research and development, and new opportunities for value creation by Big Data will continue to emerge as new devices and demand for services and products continues to grow.

Even as the potential represented by Big Data continues to grow, there are challenges in reaping and creating value from it. An immediate challenge witnessed by individuals and organisations seeking to tap and break into this new field is the shortage of Big Data skills: From how to capture, store and process Big Data, the skill-sets required are totally different from what currently exists. Having identified this need, training organisations are rising up to the challenge to address this gap with the emerging field of Data Scientists touted as holding enormous future career potential. There is a need to budget for the acquisition of new hardware and software for Big Data as what currently exists is more suited for transactional-based data. The right infrastructure is therefore needed to deliver the potential benefits

where access and retention of data is not clearly spelt out. With a variation on access and duration of time that data is retained, it leaves data usage and manipulation open to abuse. Even with the previously identified challenges addressed, more crucially there is need to align the Big Data strategy with the business strategy; Big Data efforts should be aligned to meet and enhance the goals and objectives of the business.

Big Data is an exciting field that holds enormous potential for individuals, businesses and Governmental authorities. From enhancing our personal lives to providing a competitive edge for businesses and efficient service delivery by Government, Big Data will impact on how we interact with each other, shop for products, source for services and manage our businesses.

Jeremy Kiarago is an IT professional specialising in emerging technologies

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From Data to Knowledge

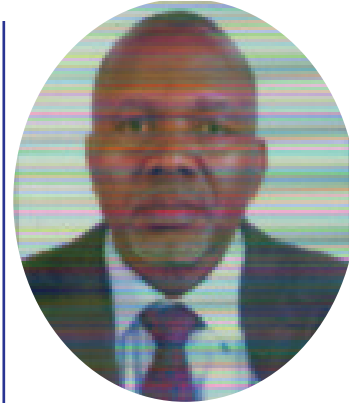
The social media, is providing a wealth of data and then critical knowledge to enhance the competitive edge of organisations

Today, the question of how to turn a company's reams of data it generates daily from different sources into knowledge that can help improve product and service delivery is paramount. This is especially so when such data is unstructured and when it grows by millions of gigabytes per year. In particular, the ability of corporate leaders to effectively 'listen' to social media, to glean useful data from it, to convert that data into actionable knowledge and to integrate the knowledge into the company's strategy has never been more critical.

In June 2013, the Intelligence Economic Unit conducted a global survey in 90 countries from all continents in which 1300 executives representing 19 different industries were interviewed. Among other important findings of the survey was that 33 per cent of the executives were investing in technologies to monitor (or to better 'listen' to) social media, so as to gain insights into individual customer preferences. Also, according to a 2013 PewResearch Internet Library Project Survey conducted on a sample of 5,112 internet users, a clear 73 per cent of online adults said they used social networks.

Given this seemingly huge opportunity, why do some business managers still shun social media or why is effective listening so elusive even to those who use it? First, although the importance of effective listening seems obvious, leaders often overlook it because it seems too obvious to require highlighting. This is because listening does not mean merely hearing words but also decoding what the words signify. Rather, listening is a learned skill that is increasingly morphing into a competitive advantage.

Second, many leaders regard listening as merely good manners that only requires a carefully scripted 'press



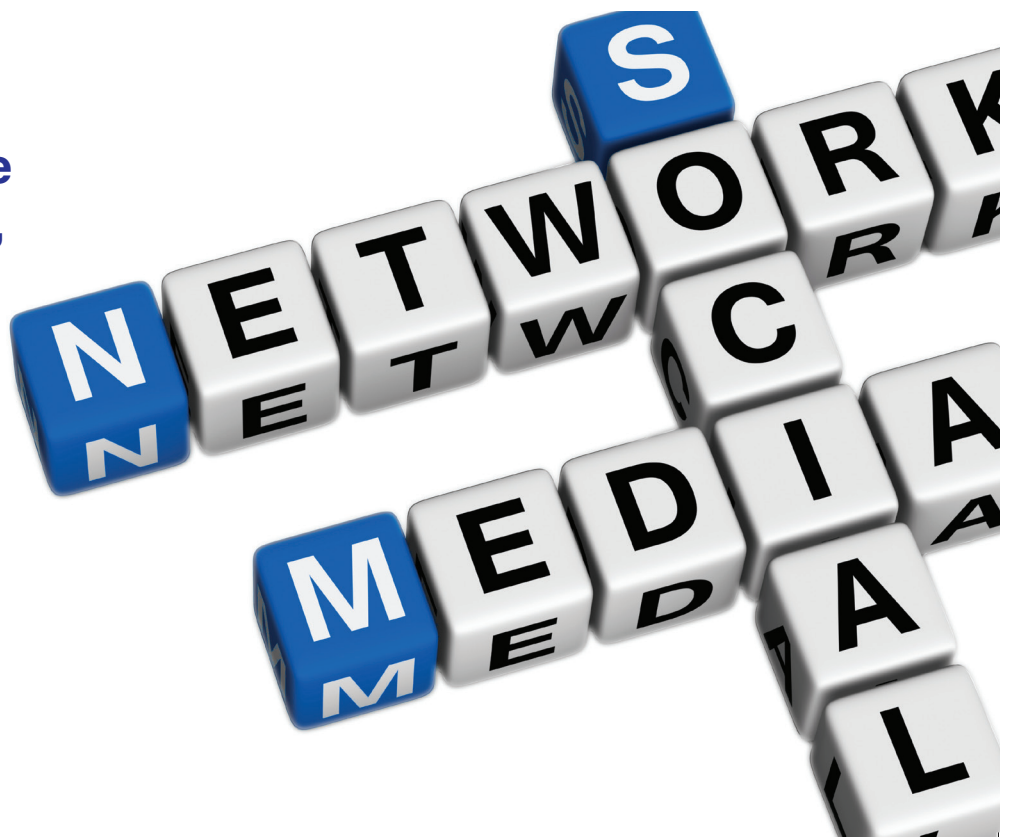
By Dr. Murage Mugo (PhD)

release' to respond. Again, most business leaders get to hear only highly filtered information from their subordinates through the organisational chain of command. As a result, any data that would portray management in bad light—the information that leaders need most—is likely to be blocked out and the leader ends up not 'listening'.

Third, many corporate leaders only know how to listen to words and facts but lack the skill to listen to the tone, for feelings expressed and to acknowledge the significance of the issue at hand. On the other hand, those who really listen first look for the big picture without being inundated by the words and details.

Fortunately, the advent of social media platforms like Twitter and Facebook has forced organisations to treat better listening as an organisational priority and as a core business process. This is because social media has given customers the upper hand by allowing them to post unedited complaints and to voice their concerns publicly.

“In a Project Survey conducted on a sample of 5,112 internet users, a clear 73% of online adults said they used social networks”



Organisations are now obligated to sharpen their listening skills so that they can respond swiftly, honestly and with empathy to customers’ concerns, failure to which can mean disaster to the organisation.

A case in point relates to a South African retail chain. In 2010, the retail chain came under fire from its customers when its management decided to remove Christian magazines from its store shelves and to discontinue their sale. This decision was met with a huge outcry from the Christian community, many vowing to summarily boycott the chain stores. Consequently, less than 24 hours later, the store’s management issued a terse statement on its fan-page that it would immediately reinstate the Christian material back to the stores—and it did.

This is a classic demonstration of how brands from high-growth SMEs today understand the importance of listening. To achieve this, business leaders begin by mapping out how listening can work for each area of business. They also determine the kind of conversations most relevant for both external stakeholders and internal teams. They then identify the staff best suited to listen in on those conversations, funnel information to the people who need it, and facilitate responses.

Recently though, a number of free social listening tools have become available for identifying, monitoring and measuring conversations about a company, individual, product or brand on social networks. Examples of the free software suites are; ‘Hootsuite’, ‘TweetReach’, ‘Klout’, ‘Social Mention’, ‘Twazzup’, ‘Addictomatic’, while other expensive ones like ‘eListen’ and ‘Brandwatch’ are also available. Nevertheless, due to the unstructured nature and vastness of social media data, business managers must still clearly define their goals for a social media listening initiative. Obviously, the type, and scope of listening software needed will be determined by the goals of the initiative.

When making a choice of the social media listening software, business managers have observed some critical truths. Apart from just being able to ‘count’ social media ‘activities’, the more useful software should also integrate the new data with other traditional data available in an organisation. Second, some listening software suites are designed to listen only to some particular social networks in exclusion of many others. Therefore, when business executives settle for particular listening software, it should be because they clearly understand the networks their target customers are using and why they use them. Third, without focus on who to target, what or what not to say, proper resource allocation and what impact to expect, a social media listening initiative can get lost in the ‘noise’ of seemingly interesting tidbits or gossip that is always readily available in social media.

Even when armed with the listening software, business leaders enhance their listening skills by identifying key external influencers and brand evangelists who can initiate and steward conversations that matter for the brand. Company managers work out ways to collaborate with the influencers to facilitate responses in individual situations as well as to initiate discussions about the brand proactively.

Still, a corporate culture that encourages every employee to be a marketer—with the responsibility of working to capture customers’ stories as well as their own for the brand—goes a long way in making a social listening initiative a success. When an organisation listens to customers—and responds and engages in meaningful ways—the customers know that the organisation cares about them.

An earlier study in 2011 by Dell, the U.S computer company on 200 U.S-based marketers at medium and large companies to evaluate and articulate how effectively companies listen and engage online with their customers in social networks came up with important findings. The study also analysed the ways these initiatives were impacting the companies’ internal processes and performance.

According to the study, the information collected by these initiatives was used to create strategies and programs across all areas of the organisation and used social media reach objectives in their key performance indicators. Data from listening and engagement initiatives had high corporate value, since the intelligence they provided enabled different functions to incorporate additional, and in some cases real-time, customer feedback into internal processes. Further, the study indicated that 64 per cent of respondents were incorporating customer ideas into process or product improvements in ways similar to crowd-sourcing and the ones that used social media for listening were seen by their customers as more progressive.

The study also found that although companies were found to utilise a wide range of traditional tactics to listen to customers, social media had gained significant ground and in some cases had surpassed traditional methods. Finally, the study showed that the companies covered in the study were increasing or were planning to increase investment allocated to listening and digital engagement initiatives, indicating the high influence these initiatives had in the organisations’ quest to deliver value to customers.

Unlike at any other time, social media, and the tools to listen to it are providing a wealth of data and then critical knowledge to enhance the competitive edge of organisations. However, this is only happening for organisations that have made social media listening a strategic initiative.

Dr. Murage Mugo is the Managing Director, Scenario Africa

New Techniques in Asset Management

With advancements in technology, asset tracking software is now available that will help any size business track valuable assets such as equipment and supplies

As organisations grow, they face a significant challenge to track the location, quantity, condition, maintenance and depreciation status of their fixed assets. A popular approach to tracking fixed assets uses serial numbered Asset Tags, which are labels often with bar codes for easy and accurate reading. Periodically, the owner of the assets can take inventory with a mobile bar code reader and then produce a report.

Fixed assets management is an accounting process that seeks to track fixed assets for the purposes of financial accounting, preventive maintenance, and theft deterrence. Off-the-shelf software packages for fixed asset management are marketed to businesses, small and large. Most Enterprise Resource Planning systems are available with fixed assets modules.

Some tracking methods automate the process, such as by using fixed scanners to read bar codes on mobile assets or by attaching a radio-frequency identification (RFID) tag to an asset.

Tracking assets is an important concern of every company, regardless of size. Fixed assets are defined as any 'permanent' object that a business uses internally including but not limited to computers, tools, software, or office equipment. While employees may use a specific tool or tools, the asset ultimately belongs to the company and must be returned. And therefore without an accurate method of keeping track of these assets it would be very easy for a company to lose control of them.

With advancements in technology, asset tracking software is now available that will help any size of business track valuable assets such as equipment and supplies. According to a study issued in December, 2005 by the



By Murimi Ndegwa

ARC Advisory Group, the worldwide market for Enterprise Asset Management (EAM) was then at an estimated \$2.2 billion and was expected to grow at about five per cent per year reaching \$2.8 billion in 2010.

Asset tracking software allows companies to track what assets it owns, where each is located, who has it, when it is scheduled for maintenance and/or replacement, insurance cover, and the cost and depreciation of each asset.

The reporting option that is built into most asset tracking solutions provides pre-built reports, including assets by category and department, net book value of assets, assets past due, audit history and transactions. All of this information is captured in one program and can be used on PCs as well as mobile devices. As a result, companies reduce expenses through loss prevention and improved equipment maintenance. They reduce new and unnecessary equipment purchases and they can more accurately calculate taxes based on depreciation schedules.

The most commonly tracked assets are: Plant and equipment, buildings, fixtures and fittings, long term investment, machinery, computers and related equipment.

A fixed asset register (FAR) is an accounting record used for these assets of a business.



Fixed assets are those such as land, machines, office equipment and buildings held for the purpose of production of goods or rendering of services and are not held for the purpose of sale in the ordinary course of business. Other long-term assets like patents, trademarks, copyrights, goodwill are accounted for separately as 'intangible' fixed assets.

Fixed assets constitute a major chunk of the total assets in the case of all manufacturing entities. Even in the case of service entities such as hotels, banks, financial institutions, insurers, mobile / telephone service providers, it has become imperative to invest heavily in furnishing, equipment, and technology to attract and retain customers and to support their operations.

In a large corporation, the task of identifying and locating a specific fixed asset can be difficult unless numbering is scientific, systematic and up-to-date. A common problem in most companies is the improper maintenance of the FAR. Physical verification of fixed assets becomes a futile exercise unless the FAR is properly maintained.

It would be advisable to use a scientific numbering technique to identify fixed assets. The process of numbering fixed assets is called tagging. The purpose of tagging assets is to track their movement from one place to another. An identification number (combination of alphabets and numbers) is written on the asset. Engraving the identification number on the asset is advisable in the case of plant and machinery where there is heavy wear and tear.

A tag verifies the existence of assets and their location, aids in maintenance, provides a common ground for identification especially for similar assets (like office furniture) and for linking between the physical assets and the register/records.

It is not necessary to tag all fixed assets. Land, buildings and vehicles all have independent systems of tracking in registration numbers and title documents.

“the most commonly tracked assets are: Plant and equipment, buildings, fixtures and fittings, long term investment, machinery, computers and related equipment”

Capitalisation policy are the guidelines that organisations use to define what should be accounted for as fixed assets. Not all assets are capitalised (accounted for as fixed assets). Keeping in view the concept of materiality, a company may have a policy to capitalise only those assets which cost more than a specified amount. In the US, government agencies are required to expense all equipment whose value is below a threshold limit. Similarly, fixed assets which have a useful life of less than one year are not capitalised.

In some companies, major improvements or alterations made to an asset are capitalised separately in the FAR to enable visibility. Or the cost may be added onto the costs of the original asset.

Maintenance of a FAR in a multi-national corporation(MNC) can be onerous and complex due to different regulatory and compliance requirements in each country and different currencies.

Generally, an MNC sets up a subsidiary in the country in which it intends to start operations. Maintenance of FAR is decentralised. The FAR is maintained per the company's policy, and regulatory requirements which are country-specific. If consolidation of holding company and its subsidiaries (whether domestic or foreign) is required by the law applicable to companies, and relevant Accounting Standards, the task may become a bit complex. The crucial point is related to selection of exchange rate for conversion of fixed assets. Most companies either use average annual rate or year-end exchange rate.

Murimi Ndegwa is CEO, Extra Solutions Limited





Leveraging on Data for Success

Data collection should be a primary and continuous activity that all departments should adopt, be it HR, Finance or Procurement. "You can't manage what you don't measure." Peter Drucker

Drucker's observation underpins the fact that the impact of data on an organisation's success cannot be gainsaid. With careful use of data, managers can measure, and hence know, radically more about their businesses, and directly translate that knowledge into improved decision making and performance.

The recent development in what we call 'Big Data Explosion' has seen organisations become more data-driven and go beyond mere analytics.

Why is data so important today?

Consider consumer segmentation and product positioning. Traditionally, retailers in physical stores could always track which products moved and which did not. Promotions and loyalty programmes were generalised and offered to the whole market. Once shopping moved online, the understanding of customers increased

dramatically. Online retailers could track not only what customers bought, but also what else they looked at; how they navigated through the site; how much they were influenced by promotions, reviews, and page layouts; and similarities across individuals and groups. Before long, they developed algorithms to predict what products individual customers would like to buy next—algorithms that performed better every time the customer responded to or ignored a recommendation. Traditional retailers simply couldn't access this kind of information, let alone act on it in a timely manner.

As the tools and philosophies of Big Data spread, they will change long-standing ideas about the value of experience, the nature of expertise, and the practice of management. Smart business leaders across industries will see using Big Data for what it is: A management revolution.

But as with any other major change in business, the challenges of becoming a data-driven organisation is huge and requires hands-on—or in some cases hands-off—leadership. Nevertheless, it is a transition that executives need to engage with today.

According to findings from the Economist Intelligence Unit, in a survey that was carried out in 2012, organisations that rate themselves substantially ahead of the pack in their use of data are three times likely to stay ahead of their peers in financial performance. The survey found that the most successful companies have adopted a data-driven culture in which they maximise the use of data by providing necessary training and promoting the sharing of data across all levels of employees and departments.

Traditionally, understanding and processing of data was left to a few departments and many organisations relied on only a few experts within the organisation such as IT and Finance. Today, leading successful companies have discovered that the whole organisation must be data-driven and promoting sharing of data across the business units is being emphasised a lot more.

To successfully leverage on data for your business success, a few things are hereby recommended:

- Build and adopt a data-driven culture

Unlike in the past where organisations hired a data specialist to work magic with data and be the sole custodian of all-important information, forward-looking organisations today, do not concentrate data in the hands of an individual or small group but integrate data into their day-to-day operations. They place data at the heart of all-important decisions in the boardrooms and market place. Such organisations allow executives to question decisions as long as the questioning is based on valid data and their analysis.

- Promote sharing and CEO buy in

One of the most important steps in ensuring the whole organisation is using data is to break down data silos and promote sharing. Most of the successful organisations such as Google and Facebook have a culture of sharing data across all business units. Companies—not employees—own data and data is a resource for powering growth, not something to be hoarded. Such sharing does not arise organically.

Someone at the top level needs to champion data-driven decision-making and use top-down mandates and guidance to drive the shift in culture.

However, even with the top-level management buy-in, organisations will still face challenges in integrating data use into the heart of an organisation.

There is need to run continuous training for all employees using data and continue to invest in data specialists who would come in handy in some specialised tasks such as predictive modelling and coding.

- Democratise Data and train staff to be data literate

Research has shown that top performing companies seek to democratise data use across the whole business. These companies have found training employees to be more data literate also highly important.

- Make data collection a primary activity across departments

Data collection should be a primary and continuous activity that all departments should adopt, be it HR, Finance or Procurement. Companies must encourage managers to collect as much data as possible regarding customers, suppliers, partners and fellow employees; this will contribute hugely in data analysis and in the end better decision making.

The importance of leveraging on data for success cannot be overemphasised. It is critical; it is a must-have for any organisation that is forward-looking.

A data driven company will be successful both technically and financially. The company will be able to keep both its internal and external stakeholders happy because through careful and consistent use of data, all the answers will be at your fingertips.

Edna Thiong'o is the Managing Director, Breakthrough Consulting Ltd. (A Market Research & Business Consulting House)

“as the tools and philosophies of Big Data spread, they will change long-standing ideas about the value of experience, the nature of expertise, and the practice of management”

Of Data and Project Management

Data mining is helpful in estimating better costs, optimising the bids, evaluating the risks and decreasing the uncertainty in the duration of tasks



By Tabitha Areba

“Albert Hamilton, a senior consultant in the UK notes that project design is an essential process whose purpose is to create, describe and communicate that which is to be implemented”



Businesses that fail to plan their day-to-day processes should prepare for an unacceptable level of business risk, which can lead to huge losses.

Peter Jones of Canon Europe notes that, “every business today has to keep costs under control, and everyone is under pressure to get their product to the market more quickly and within budget. So, careful resource management is critical to ensure there is no wastage of time or money.” It is easy to understand the reasons behind business failure if it is linked to project management failure.

Organisations may undertake projects at all levels in order to respond to needs or requests that may not be met in the day-to-day operations. Examples of projects that are undertaken by companies include development of a new product or service, effecting organisational structural change or developing new or modified information system. A project is initiated to change a situation, an environment

or people’s behaviour and attitudes from an initial state to an improved future situation.

Albert Hamilton, a senior consultant in the UK notes that project design is an essential process whose purpose is to create, describe and communicate that which is to be implemented. Project management processes can be organised into five groups: Initiating processes which entail authorising the project or phase, planning processes, which is defining and refining objectives and selecting the best of the alternative courses of action to attain the objectives that the project was undertaken to address.

Executing processes involve coordinating people and other resources to carry out the plan, controlling processes ensure that the project objectives are met by monitoring and measuring progress regularly to identify variances from plan so that corrective action can be taken when necessary.

The closing processes entail formalising acceptance of the project or phase and bringing it to an orderly end.

“The management of the process that creates a project from what starts out as a need or an idea, and then a series of possible options, one of which could be the approved project, can be critical to delivering the correct, value-for-money, solution,” notes Hamilton in his paper; Project Design, tasks that need to be managed. For the objective to be achieved, a strategy must be formulated which identifies activities and expected results as well as the financial and human resources. Responsibilities have to be clarified, decision-making processes agreed, and a common understanding on monitoring the implementation process found.

Success in any project calls for critical understanding of the kinds of data available and its condition. According to IBM Software Business Analytics, a company should begin with data that is readily accessible. For example, you may be able to determine, from a sample of customer records, which of your company's products are typically purchased by customers fitting a certain demographic profile. This enables you to predict what other customers might purchase or what offers they might find most appealing.

Analysis of data from previous projects is also key for better estimation levels and correct post-mortem analysis for continuous improvement. That data could be used for immediate analysis and correction but it can be extraordinarily useful for better performance of the rest of projects in which the organisation is involved. An article published in Intech Open Science notes that a structured repository of the data will be an optimal source of key information for future success. The dataset is a snapshot that defines the behaviour of the portfolio to be used for post-mortem analysis to analyse trends and generate models that define the behaviour of certain critical factors in the projects as estimating the expected risk or effort.

Data could also be used in monitoring and evaluation. The scope of monitoring, which is carried out as a continuous process throughout project implementation, depends on the size of the project. Project reviews are always carried out towards the end of a project, and impact assessment after the termination of the project. While data collected will depend on key evaluation questions, it must come from every phase in the project; initiation, planning, execution and closure. Some problems may arise in the data collection phase since every project is unique by definition, therefore the types of data, fields or indicators to be stored may be different depending on the project, thus generating a very heterogeneous but less constant data set.

However, the phase which will benefit more from the implementation of data mining techniques is the initial planning phase. Since at this stage there is not much detailed information on the outcome of the project, the project manager may make bigger mistakes in the estimations about costs, efforts, time or risk probability. Data mining can therefore be helpful in estimating better costs, optimising the bids, evaluating the risks and decreasing the uncertainty in the duration of tasks. When an organisation does not have enough information from its own data, it can collect information from external databases.

Project Manager Today, a monthly publication based in the UK notes that decades of practical learning and development have created advanced enterprise project management platforms that provide companies with tools that can be applied directly to many of the mission-critical programmes upon which the future of their businesses depend. What's more, they could have a huge impact across the enterprise, in any industry. With this, boards can no longer afford to make assumptions about projects; they are operational realities and for businesses to run effectively, clearer insights are required.

Side bar

Watch out for project planning failures

If good project management procedures are established, there is still potential for failures and pitfalls in project management. The main reasons for such failures are the following:

- The overall context is not analysed and considered systematically enough.
- The interests and ideas of the relevant stakeholders are not sufficiently enough included or examined.
- The objectives and expected results / outputs in combination with the foreseen time frame are too ambitious.
- The planning process and implementation of the project are not executed by the same partners.
- Underestimation of unexpected and therefore 'unplanable' events (no 'air left to breathe'), no space left for flexibility.

Source: NFSD Project Management Handbook.

Tabitha Areba is the Deputy Editor, Management – a monthly magazine published by the Kenya Institute of Management.

We are  Certified



Kenya Orient MD. Muema Muindi (middle), Asst. General Manager Mercy Kiana (far left), Head of Finance Alex Magu (far right) with the KOIL ISO certification team.

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“The most dangerous poison is the feeling of achievement. The antidote is to every evening think what can be done better tomorrow.”

—Ingvar Kamprad, IKEA founder.

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We have embraced new technology, empowered our staff and put our customers first. We pride ourselves for always keeping our promise. The ISO certification was a natural progression for the company in pursuit of excellence in serving its customers even better and aligning itself to the recognized International best practices. We have adopted a set of principles to ensure the systematic approach to achieving customer satisfaction. In a crowded field of insurers in this country, Kenya Orient Insurance Limited proudly stands as the 3rd insurance company in Kenya to achieve the ISO 9001:2008 certification.

Be Insured, Because You Can

Using Data to Price Products

Competitive edge in the industry is dependent on the ability to quickly and efficiently explore and understand data so as to improve price competitiveness



By Abed Mureithi



Data is the heart of the insurance industry. It is vital to most business functions within an insurance company. It is crucial in underwriting, pricing of products, handling of claims, product development and financial analysis among others. It is therefore important that this resource be understood and managed appropriately. All insurance data comes from day-to-day transactions and can be compiled and analysed for decision making by the company.

Pricing is a key function in Insurance and can be greatly aided by appropriate data analysis.

Product pricing is the determination of premium rates for products underwritten by an insurer. Ideally, premium rates must be competitive. Insurance, though a service has become more of a commodity where customers are choosing insurer on the basis of price. As a result, product pricing and rate making have become highly important. Gaining a competitive edge in the insurance market would therefore include having the ability to quickly and efficiently explore and understand the data in question so as to improve price competitiveness.

The process of data analysis is however pegged to the data management principles of each insurer. A strong focus on data management is required to ensure there is credible, accurate and consistent information for data analysis. However, it may not always be possible to obtain data that meets these sets of criteria.

The usefulness of data is dependent entirely on its credibility. The more the data available for analysis, the greater the credibility. Sometimes, data aggregated from many insurers—each with a significant source of information—is needed to enhance credibility especially when dealing with the industry as a whole. The accuracy of data has a major impact on its credibility.

Another important aspect is the consistency of the data provided. To achieve expected results, the data must be consistent by product type, policy type and even risk/underwriting type. Consistent data may then be adjusted and analysed using predictive models to reflect future expectations. Other important aspects on the quality of data include; validity, reasonability, completeness and timeliness of data.

In insurance pricing, once adequate and accurate data is available, it is possible to determine experience rated premiums. For most of the industries, the price of a product is determined by considering the cost of raw materials, the cost of labour and expected profit margin. However, in the insurance industry, the true cost of a product may only be determined after all claims have been paid (from a given year). This could in some cases take years to determine. Due to this, insurance companies rely heavily on historical data to determine the historical behaviour on their products.

Predictive modelling can then be used to forecast future behaviour including undertaking scenario testing of claims experience. Predictive modelling is significantly dependent on examining a sufficient amount of accurate historical data. Some softwares such as Business Analytics Software are used by insurers to refine their analysis and evaluate individual risk elements of their products. For example, analysis of motor claims may be undertaken by accidental damage, theft, fire damage or third party claim risks.

The models tend to use multivariate statistical techniques such as generalised linear modelling so as to understand the relationship between multiple risk variables. Due to the large quantity of data and complex analytical calculations, significant computing resources are required to perform the calculations.

Models may further extend to price optimisation that requires an in-depth understanding of the customer profile and market dynamics. This may allow for differentiated premium rate pricing for different customers.



Each individual player needs to implement changes by reducing the time it takes to gather data, conduct analysis, and create new pricing structures to gain a competitive advantage over other insurance companies.

It is quite clear that data helps insurers price their products and hence remain competitive in the aggressive insurance industry. As a matter of fact, the insurance industry's profitability is rooted in its ability to analyse data effectively and to accurately underwrite and price risk.

Data can be said to be the lifeline of the Insurance industry. It must be understood and managed with great understanding of its value and meaning. Moreover, the systems that process the data must be secure and well designed. Aggregation of data must be handled in a manner suited to the problem being addressed because it is critical, not only to the success and prosperity of individual companies but also, to the industry as a whole since it fulfils the obligations to the policyholders and consumers.

For data to be properly aggregated, standards require to be set for any data collection and analysis. These are information requirements and data management standards which would allow data to be aggregated and analysed universally.

Research has shown that, despite the importance of data, many companies fall short when it comes to effectively managing and protecting this asset as a result of user error or systems malfunction. Data has not been easy to properly insure for its financial worth; however, Data Insurance Licensing Limited based in Europe, has created the world's first insurance policy that indemnifies the financial risk of data loss, on a mass scale. Though not many companies have embraced it, it is important as a way of protecting this valuable asset. However, some of the companies choose to mitigate the risk of data loss through access controls.

Overall, data allows an insurer to set appropriate premium rates that contribute to the overall performance of an insurance company.

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Banking on Data to Underwrite Risk

Because of the importance of data to an insurance organisation, it is a business imperative to understand manage and protect this critical resource

We are living in the information age. Progressive technology changing the way we conduct our day to day business. Information stored in insurance databases is rapidly increasing containing a wealth of data that constitutes a goldmine of valuable business information. As new and evolving loss exposures emerge in the ever-changing environment, the form and structure of insurance databases change.

Data may be the most important resource of the insurance industry as it helps to measure organisational success and identify areas requiring improvement or attention. Data is critical to most business functions within an insurance company, including underwriting, pricing, financial analysis, claims handling, marketing, product development and strategic planning. Because of the importance of data to an insurance organisation, it is a business imperative to understand manage, and protect this critical resource.

All insurance data comes from the same source; the transactions conducted by insurance companies each and every day. Whenever an insurance premium is collected, a claim is paid, an expense is incurred or an investment is made, an insurance company captures valuable information. With well-defined objectives, carefully designed specifications and comprehensive data processing systems, this detail can be compiled into useful, actionable information and analysis.

Nothing in insurance is more important than risk selection and risk pricing. Accepting risks indiscriminately, or for inadequate premiums, is a ticket for a fast ride into insolvency. Alternatively, being too selective or charging the highest quoted premium will lead to stagnation and decline. An old saying among actuaries and underwriters, asserts that “any risk is a good risk, if it is priced properly.” In the current environment of going bare and alternative risk mechanisms, one may amend the saying to, “any risk is a good risk, if it is priced properly and you can get the policyholder to pay the quoted rate.”

Beyond the truth and humour in the foregoing sayings, there are some critical questions: What data and information are necessary in order to really understand the nature of a given risk? What is the proper price? How much will an applicant or policyholder actually pay? And in operational terms, how does an insurer obtain and analyse the necessary information, set prices, make underwriting decisions and determine rates with superior levels of speed and accuracy?



By James Wachania

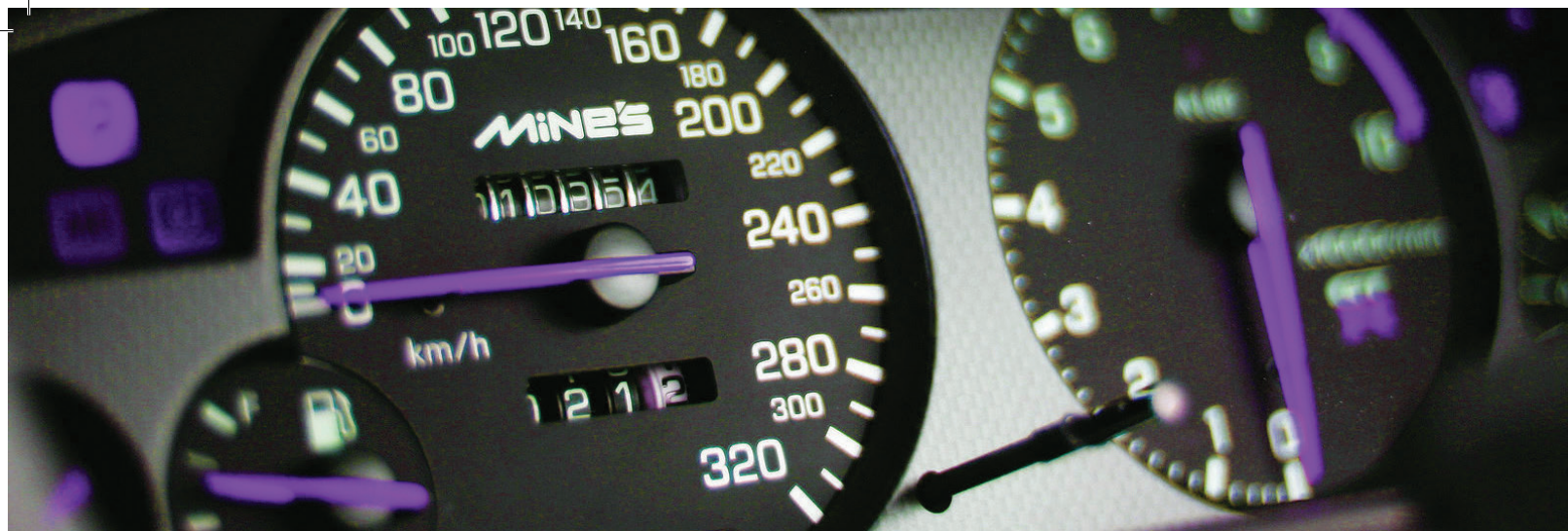
In an ideal situation and in pursuit of sound decision making, insurers, intermediaries, advisory organisations and regulators must consider the data available to them—its advantages or drawbacks, the underlying processes and the steps necessary to improve data resources. Data holds a unique place in the insurance industry both as the primary driver to create or improve processes and products and as the by-product of those processes and products. This critical co-dependency on data can result in a strong insurance industry focus on data-management concepts and principles.

It is noteworthy to mention the initiative undertaken by the AKI on the Integrated Motor Insurance Data System (IMIDS) whose aims were to: Promote best practices through use of standard formats for processing underwriting and claims information across the industry; facilitate information sharing to assist members reduce risks and avoid losses through access to complete and accurate data; mitigate fraud within the Motor Insurance sector and promote good governance through compliance of regulatory issues.

The expected benefits of the above were immeasurable and would have assisted in curbing or reducing fraudulent claims had this been fully realised. In the current situation, underwriters experience frustration in trying to obtain accurate and up-to-date data of the clients largely because the market is broker and agent driven. There is urgent need for underwriters to build their data bases so as to understand the customers better.

What separates the property/casualty insurance industry from other businesses is the lack of risk cost information available for insurance products at the time they are offered for sale. Measuring and minimising this uncertainty necessitates the industry's sharp focus on data and analytics. In some cases, companies will not have enough reliable or credible information of their own and must turn to external sources—public data, third-party data and data from other insurers. Insurance data management focuses on defining, creating, acquiring, measuring, managing and analysing valuable data resources, whether sourced internally or obtained from outside an organisation.

Why Customer Data, and what are the typical issues facing us on a daily basis? Often underwriters will quote some of the following as reasons they do not take advantage of data;



- We do not good quality data
- We don't have the right type of data
- We only have transaction data
- We looked at our data and it did not help us
- In our country we don't have what you have
- We do group business and have no data on individuals
- Predictive models don't work using our data.

This data, however shallow one may view it, can still be useful as long as;

- You identify an Executive Project Champion
- Use your raw incomplete data with all its problems
- Have an experienced team of data experts
- Have the right data standardisation techniques
- Enhancement with external or proxy data
- Have the right segmentation and modelling techniques
- Ensure there is a continuous feedback & model improvement mechanism

Rather than wait for perfection of the data which may take ages, use your current historical customer data to establish which variables are predictors of trends. A cleaned up subset of historical data is probably good enough to identify two or three variables that can identify low hanging fruit (>5% more profit). Anything you can identify that adds value in the short term will help pay for a more comprehensive customer data project

Customer Data helps create a Customer Segmentation Model which classifies customers into segments to help:

- Find the most profitable customers
- Avoid high payment risk segments
- Build Predictive Models to:
- Increase Sales response
- Reduce non-payment or attrition Risk

It is also important to profile Customers so as to improve the ROI in sales and marketing: Loyal customers are likely to be 15 times more valuable than high-risk intermittent customers. Acquiring new customers can cost five

times more than retaining current customers. Therefore targeting customers appropriately is critical to increase sales and reduce risk

No matter how data is sourced, the value of the data is reflected in three key concepts: credibility, homogeneity and aggregation. Modern insurance data-management best practices are often designed to support these concepts.

As data becomes more available within and across organisations, the need for various types of standards becomes more important. Standards are necessary for companies to facilitate internal communication; for insurance regulators to monitor market conduct, rates and financial solvency; for the insurance-buying public to understand insurance products and prices; for shareholders; for vendors, outsourcers and other trading and business partners.

There are many types of standards: Financial, accounting, and solvency standards; standards of practice for conducting business (such as claim-handling standards and standards for amending or non-renewing coverage); underwriting standards; actuarial standards for pricing and reserving and information and data-management standards for creating, sharing and analysing data.

To maintain accuracy, data quality needs to be continuously managed by checking, correcting and preventing data errors. Two important data management stages are; Data acquisition (input) and data exploitation (output)

Data is used to meet many business needs from solvency to customer protection to pricing a product for costs that are not immediately known. Data must be understood, managed, and used with great care and understanding of its value and meaning. To do that, those who use the data must know and understand what it means and represents.

The systems that process data must be secure and well designed. Aggregation of data must be done in a manner suited to the problem being addressed or the questions being asked. This is critical not only to the success and prosperity of individual companies but to the overall industry as it fulfils obligations to policyholders and consumers.

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Data in Claims Management

Data facilitates tracking of turnaround time for claims settlement occasioning process improvements, service advancement and identification of backlogs hence improving efficiency

Big Data and Analytics are the current buzz words on the global scene. Forbes Magazine describes Big Data as a collection of data from traditional and digital sources inside and outside an organisation. The collection represents a source for on-going discovery and analysis. Big Data has also been used to describe the exponential growth and availability of data, both structured and unstructured. Analytics on the other hand is the discovery and communication of meaningful patterns in data.

Data analytics involves the process of collecting, organising and analysing data to discover patterns and to provide an understanding of the information contained within the data. Analytics helps identify the data that is most important for the business and future business decisions. The current enchantment with Big Data and Analytics is that with more data, we expect better analysis for more confident decision making hence better decisions leading to greater operational efficiencies, cost reduction and reduced risk. Data analytics has found relevant application in various aspects of business like risk analysis, market optimisation, portfolio analysis and predictive modelling, to name but a few. However, of what pertinence is this in Insurance and most importantly in the area of Claims Management?

The Insurance industry has always been in the business of collecting data since its inception many centuries ago.



By Mercy Andaro

Myriads of data with respect to customers, products, premiums, policy data and claims are gathered and kept on a daily basis. Data Management in Insurance is critical in that the data collected has impact on revenue, growth and profitability. Data acquisition is the fore step in data management and for the Insurer this may first be manually captured on paper via proposal forms and quotations and later transferred to new business management system or product and policy management systems. As technology advances, most Insurers are moving towards a paperless environment where even initial policy information that was traditionally captured manually is now being input digitally from the onset.

The second stage in Data Management is that of Data Quality Management. This involves checking the quality of the input data and correction and prevention of incorrect data. This stage is critical as a new study conducted by Experian Marketing Service, a leading provider of data management software and services reveals that many organisations are struggling to meet their strategic goals



due to poor data quality that has impacted decision making. The study found that on average, U.S based organisations found 25 per cent of their data to be inaccurate primarily contributed by human error. Two thirds of the respondent companies lacked a centralised approach to data management with a resultant negative impact on business intelligence, marketing and customer engagement efforts. This lack of a centralised approach makes the third step of data management almost impossible which is Data Exploitation. Data Exploitation involves querying, reporting and analysis of data for business decisions and data mining to reveal patterns and trends.

In the arena of Claims Management with respect to data, input commences at the point of claims reporting at which stage the claims handler receives notification of a loss giving rise to a claim. This information may be received through a telephone call, walk-in interaction, e-mail, fax or post and with advances in technology this is now being received via mobile technology and social media sites. One of the critical elements at this point is that the claims handler must be able to recall the claimant's policy data whereby such details as the claimant's particulars, policy period, type of cover and applicable clauses is verified to ascertain coverage. The policy data will be extracted from a policy administration system or even a Customer Relationship Management system (CRM) and at this point a recording of the conversation is possible as part of the data collected.

Every other stage in the claims process will result in the collection of further data and information through the submission of claim forms, documentation in support of the claim, reports from experts including assessors, investigators, adjusters, surveyors and advocates. Traditionally, the information was captured on paper and manually but increasingly, companies are investing in document management systems where such information and documentation is kept in electronic files. Ultimately, the data and information gathered in the claims process will guide the claims team in deciding whether the claim is valid or not and the quantum to be settled.

Over time, the collective body of data collected in claims may be exploited through querying, analysis and business intelligence reporting. The data collected is critical in Claims Management in that it can help calculate the average claim quantum and the range of quantum which is useful in setting accurate claims reserves. The internal costs of claims settlement can be established and steps to reduce costs undertaken. Staff productivity within the claims department can be measured and such information used for manpower planning to ensure adequate staffing levels. The turnaround time for claims settlement from the time of reporting to full settlement can be tracked which will help in process improvements, service improvement and identification of any backlogs so that corrective measures can be taken. Information on large claims and movement in claim reserves is important management

information allowing management involvement from the onset. The Claims data is also used for compliance with regulatory requirements such as monthly or annual return to the Insurance Regulatory Authority. Costs related to the use of external experts like adjusters, lawyers and investigators and their performance can be tracked which information is useful in advising future engagements with these service providers. Claims data is also useful in determining loss ratios per class, per product, per territory or even intermediary and any negative trends can be highlighted with remedial action being taken.

Beyond the Claims department, claims data is useful to actuaries in determination of solvency and capital adequacy and in calculation of profitability. Actuaries are also interested in analysis of claims data to determine trends and for reserving purposes with a view to determining how the identified trends affect an organisation's future performance.

The severity and frequency of claims will help the underwriter decide on whether to discontinue writing particular classes of insurance or whether to adjust the premium to reflect the risk underwritten. Claims data is also germane when it comes to structuring of an Insurer's reinsurance programs and the data will be used in determining the efficacy of the reinsurance arrangement in place through claims recovery data.

Further afield, and from an industry perspective, claims data has been identified as critical for the wellbeing of the insurance industry as a whole. To this end, such initiatives as the Comprehensive Loss Underwriting Exchange (CLUE) and Claims and Underwriting Exchange (CUE) have been set up to facilitate the exchange of claims information for personal insurance, motor and property claims. Insurers report all claims for which they have paid out money, have set up a file for a possible claim or have formally declined a claim to the databases. The data contained in these databases is useful in all stages of the customer lifecycle from quotation, policy acceptance to renewal and claims.

Whereas the importance of data in Insurance cannot be over emphasised several challenges continue to plague Insurers with regard to optimising the data they have. The challenges include Data inaccuracy and credibility as described earlier, lack of standardisation which make analysis difficult and market competitiveness that has led to lack of co-operation among Insurers. As Insurer's grapple with these challenges, it is clear that the Insurance market is moving to a more analytical framework especially in investigation of catastrophic events, political violence and terrorism modelling using the Big Data Analytics model. Mark Lynch of Aon Benfield offers that greater co-operation in data sharing and standardisation will help the Insurance glean more benefit from the goldmine of data they currently hold.

Mercy Andaro is the Claims Manager, General Insurance at Britam

Data Mining for Health Insurance Development

Conscientious usage of data is capable of bringing down the cost of insurance enabling more people to afford cover

Health insurance is highly valued as an incentive to retain talented employees by guaranteeing their loyalty and as a hedge to competitor offers. The employees get access to quality healthcare and can have peace of mind around their health.

Service delivery is by way of visits to a decided list of hospitals and clinics where treatment is given and the invoices sent to the insurance company to settle. For purposes of this forum, we shall focus on cashless access referred to as Credit-based: Here the members of a health scheme flash a membership card at the hospital and get all the care needed subject to policy limits.

The insurance company, which handles the claims, has in its possession a large amount of health data in terms of disease trends and costs. The data collected gives insight into illness occurrence along cost per visit, age bracket, and season of the year and length of hospital stay per illness. Further, it reveals the number of visits made for particular illnesses and the kind of medications popularly

dispensed.

The cost of treating a common cold ranges from Ksh. 500 to Ksh. 8,000. Strange, considering that there is no cure for the common cold. Incidentally, the common cold medically referred to as upper respiratory tract infection (URTI) accounts for as much as 30 per cent of all health costs. Some of the conditions are allergies that can be handled with dietary and environmental interventions. It is time to relax the rules and allow for preventative care to reduce the overall costs. If doctors had a regular stream of patients for preventative and curative care, the law of average may apply on the charges.



By Fridah Mburu



The term poly pharmacy refers to a common practice where doctors prescribe medication to cover all possibilities. Now it is said that drugs are poisons in small doses. The impact of continued use of antibiotics in cases of mild illness may result in resistance. When the patient develops a serious illness, more powerful antibiotics are required. These come at a cost both to the body and pocket.

A Key Result Area (KRA) for HR managers is to look for the best health insurance scheme. Once this has been achieved it is no longer their responsibility to worry about health matters. The utilisation trends reports gather dust until it is time to negotiate a renewal of contract.

Certain employees have a field day. Some will visit the hospital when in need of a day off to sleep off a stressful week or long night out. Others prefer to dash into an emergency room to avoid the inconvenience of having a fretful child.

The cost of insurance is linked not just to the negotiating power or size of the scheme but to the overall spend. As a result, the premiums remain high and out of reach of the larger population. Imagine the savings that could be achieved if the HR kept a keen eye out on man hours spent at hospital and the resultant cost of premium. The employee's duty is to his employer hence it is hard for the insurer to enforce any rules without being castigated for refusing to grant care. Companies must then partner with the insurer to reduce the wastage that comes with unnecessary doctor visits.

A review of the claims over a period will assist the insurer in deciding whether to make such payments. Where the overall claims ratio is favourable then a payment is made. It is touted that up to 40 per cent of all insurance costs arise from fraudulent claims. A closer look at the data cross referenced against employee data would reveal a lot.

Every visit to the hospital reduces your benefit. Most people do not even bother to ask for the invoices at the hospital to check if what has been billed corresponds with the treatment given. It is important to ask your doctor what drugs have been prescribed and for what. You may have a stock of pain killers at home from the last visit. So why pay for more.

Once we start to take interest in the above, the benefits provided remain sufficient to cater for the entire year. Otherwise the cover runs out midterm and absence of cover is felt.

Claims are delivered at the beginning of every month for treatment given the previous month. The insurer assesses these before making payment. Depending on the volumes transacted, the process could take up to 60 days. Hence the average bill is paid 90 days after service is rendered.

Assume that the stock of drugs was availed at least 30 days before treatment. It has now taken 120 days before any income is realised. Meanwhile, the hospital has been paying its staff and other expenses. The hospital and its suppliers are forced to mark up its costs to cater for the cost of credit.

“Service delivery is by way of visits to a decided list of hospitals and clinics where treatment is given and the invoices sent to the insurance company to settle”

At the more popular health outlets known it is not uncommon to spend up to six hours in the emergency room. Consider where four employees are out seeking treatment. This will add up to 24 man hours wasted seeking treatment; three working days at least. This should be a key concern for HR managers. The employee costs double. The salary still docks and the bills hit your health budget eventually.

Insurance penetration in Kenya remains low at just three per cent in 2012. The high cost of insurance has been quoted as one of the factors. As the loss ratios are reviewed across a large number of people what one person does affects the other. With more conscientious usage the premiums would possibly come down. This would allow others to afford the cover for use when in real need.

Now given that the utilisation trends reveal the average spend at hospitals. Is it possible to go negotiate a pre-pay plan with hospitals on condition that the costs come down 25 per cent? Everyone wins; the suppliers give discounts, the patients' benefits last longer, the insurers save and the insured gets a lower premium.

The benefits for such compliance would be: A pre-agreed profit share where utilisation remains below a certain loss ratio. This can be used to pay for part of the premiums the following year. Even the finance guys would like this one; another option is to negotiate for an increased cover limit should the utilisation remain within a defined threshold; as such chronic illnesses can get higher limits and discount in premium to thank the insured for their diligence.

Fridah Mburu is CEO, 5 Pebbles Advisory

About Data Security and Access Levels

It is of cardinal importance that companies should holistically address data security threats including who works in the IT department



By Aram Kaboro

The name Edward Joseph Snowden causes jitters in the nerve centre of the U.S. security. Snowden is an American computer ‘whiz kid’ and a former systems administrator for the Central Intelligence Agency (CIA); he also worked for the private intelligence contractor, Dell inside a National Security Agency (NSA) outpost in Japan. Snowden came to international attention in June 2013 after disclosing to several media outlets, thousands of classified documents that he acquired while working as an NSA contractor. His release of classified material has been described as the most significant leak in the U.S. Now, some sections of international media regard him a hero: But a former CIA director feels that Snowden “should be hanged if convicted of treason” while some spies feel he deserves to be murdered.

The foregoing anecdote underpins the danger in data in the ‘wrong’ hands. On a lesser scale, we all can attest to the irritant that unauthorised SMS are on our mobile phones: Those messages from ‘unidentifiable’ sources—and they are often abundant—go to mess your day that you wish you could lay your hands on the originators: We receive the messages because someone or some organisation has acquired our phone numbers from some source, obviously without our express authorisation. Now imagine what is bound to happen if your corporate data ‘takes’ this route.

What to do? The answer lies in Data Security.

Data security refers to protective digital privacy measures that are applied to prevent unauthorised access to computers, databases and websites. Data security also protects data from corruption. Also known as information security or computer security, data security is the main priority for organisations of every size and genre.

Examples of data security technologies include software/hardware disk encryption, backups, data masking and data erasure. A key data security technology measure is scrambling, where digital data, software/hardware, and hard drives are scrambled and rendered unreadable to unauthorised users and hackers.

Data security is also very important for health care records, so health advocates and medical practitioners are working toward implementing electronic medical records (EMR) privacy by creating awareness about patient rights related to the release of data to laboratories, physicians, hospitals and other medical facilities. This is especially important in insurance as clients’ medical information is key in offering cover.

Companies face many risks when it comes to data breaches. Some occur digitally; some occur when a piece of hardware is stolen from the site. But the one we tend to hear about least often is the risk of disposing of IT assets in this age of a world going digital.



The best way to implement a data security strategy is to compare it to small school –going children. When marching out of the schoolyard, the drill for the minder (teacher) is: Count the kids, file them out, and count them again as they file back in. That is how a teacher ensures that everyone is accounted for. It sounds like common sense, but unfortunately, a lot of companies could learn something from this simple exercise when it comes to securing digital information. As the amount of data stored digitally continues to increase, companies are doing all kinds of things to secure private and corporate information. The problem is, many are leaving a gaping hole wide open when they dispose of old computers and other IT equipment.

So what can companies do to ensure they are protected from all sides?

Companies may not like to think about it, but the greatest risk of a data breach actually comes from IT staff. After all, who is most often responsible for handling the disposal of old computers and other electronics on site? Handing all the responsibility over without controls is tantamount to allowing the fox to guard the chicken coop. Unfortunately, that is exactly what many companies do.

By far the biggest risk is before the assets are picked up. Because the people who are responsible for the process are the ones who would report anything missing, they can steal the equipment before anything has been processed. The data is still on the machines, the network key is still on the machines. If something gets taken before a qualified vendor can properly process it, it is gone for good.

Does that mean companies should assume their IT staff will be crooks? Of course not. But a good organisational structure is not built on trust, it is built on controls. That means creating a written policy, enforcing rules and ensuring that there is adequate oversight of those who handle discarded machines.

Many companies work directly with a recycler to dispose off IT assets and assume they are covered. The reality is that maybe they are and maybe they are not. The best recyclers inventory everything and wipe the hard drives—but it is hard to ascertain this: You should thus destroy/secure data before a move. You should also ensure that any disposable equipment that is sent out the door is accounted for and its destruction confirmed. In this, the procurement department comes in handy.

Organisations are procurement minded. If you purchased 100 computers and only got 99, it would be noticed. But if a company disposes of 100 computers and one goes missing, it is not accounted for. This then calls for reverse procurement which involves the use of disposal tags to reconcile inventories, along with establishing and verifying controls, and wiping data on site before sending machines away.

A qualified asset disposal vendor can help coordinate these efforts and help companies protect themselves against data leaks.

Overall the tips below would in a big way assist you secure your data:

- Install a firewall and virus-checking on your computers.
- Make sure that your operating system is set up to receive automatic updates.
- Protect your computer by downloading the latest patches or security updates, which should cover vulnerabilities.
- Only allow your staff access to the information they need to do their job and don't let them share passwords.
- Encrypt any personal information held electronically that would cause damage or distress if it were lost or stolen.
- Take regular back-ups of the information on your computer system and keep them in a separate place so that if you lose your computers, you don't lose the information.
- Securely remove all personal information before disposing of old computers (by using technology or destroying the hard disk).
- Consider installing an anti-spyware tool. Spyware is the generic name given to programs that are designed to secretly monitor your activities on your computer. Spyware can be unwittingly installed within other file and program downloads, and their use is often malicious. They can capture passwords, banking credentials and credit card details, then relay them back to fraudsters. Anti-spyware helps to monitor and protect your computer from spyware threats, and it is often free to use and update.

Disposing of IT assets has become much more complicated than simply throwing them away. But while companies typically spend lots of time and money looking after data security when equipment is in use, it is often overlooked when it is time to dispose of those very same items. It is clear that old equipment can pose just as much of a security risk as the hardware that is still in use. And while many individuals worry about the safety of their data and the consequences a breach could have for their privacy, it is clear that if data is not disposed of properly, and companies stand to pay a heavy price. It is hence imperative that companies should holistically address data security threats including who works in the IT department.

Aram Kaboro is the consulting editor for this journal
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Sources: www.technopedia.com / www.ico.org.uk

The Goldmine in Data; The Obtaining Legal Aspects

A person, whose details are required, has a right to certain information relating to data destined for data mining processes or data banks

The cliché, information is power is quite appropriate when applied to amassing data and technologically manipulating it to make reliable predictions. The data under reference relate to facts about people and their behaviour patterns, their activities, their responses to given circumstances; and most important, their personal records. From this, defined categories of people are made for "exploitation". The ability to ascertain people's likes and dislikes, their indulgences, addictions, fads, habits, lifestyle and status in life makes it easy not only to influence their choices but also to hasten their steps to what they want but may not need. Data mining is commerce's dream come true. It is an equally valuable tool in scientific research and is indispensable to high education institutions.

Data mining is the computer assisted process of digging through and analysing different kinds of data and then extracting the meaning of that data. The software is designed to pick out those patterns that will assist in predicting behaviour or outcomes.

The various rights that are touched upon in this process include:

- The right to privacy

Article 31 of The Constitution of Kenya entrenches privacy as a fundamental right .It provides:

31(C)"Every person has the right to privacy, which includes the right not to have information relating to their family or private affairs unnecessarily required or revealed; or

31(d) the privacy of their communication infringed."

Under article 24(1) a fundamental right cannot be limited except by law. An example of laws that seek to limit this right are the anti terrorism laws.

Under the Prevention of Terrorism Act no. 30 of 2012 Laws of Kenya section 41, a duty is imposed on any person to disclose any information that is relevant in preventing commission of a terrorist act or for securing arrest or prosecution of another person for an offence committed under the act.

Section 42 imposes a duty on any person to disclose information relating to property of terrorist groups.

To zero in on the terrorists may require access to data which is otherwise private and confidential.

Kenya is currently facing this very issue; whereas the 'Nyumba Kumi" partner may not detect strangeness in a neighbour going on safaris, a computer might connect him



By Gertrude Matata

to destinations on dates when other information indicate known terrorists were heading there invariably booked in his hotel. The computer has no qualms in revealing this.

In a text book entitled Right To Privacy by Hillary Delany &Eon Carolan (THOMPSON-ROUNDHALL 2008) they made the following apt observation:

"Government, media, business organisations and the internet have penetrated our social existence to such an extent that they have colonised and commercialised areas which were previously the preserve of the individual...society is becoming a globalised goldfish."

They also refer to this increasing intrusiveness as a tort which some put in the realm of trespass and emphasise the urgent need for regulated use of information gathering.

There is a good illustration of data access abuse. A while back some fraudsters from South Africa were sending mail targeting customers of a certain bank alleging huge sums of money in floating accounts that the targets were eligible to share in, on meeting some requirements. The targets belonged to one local bank; their personal details were revealed in the mails.

Even Kamiti prison fraudsters have conned mobile phone money users. This is all as a result of unauthorised access to personal data. Unfortunately, this goes further to tracking down people for kidnap or murder. Therefore a law safeguarding access to personal information is crucial.

The Data Protection Bill, 2012, Kenya lays out personal information protection principles in part 11. A person, whose details are required, has a right to certain information relating to data destined for data mining processes or data banks. Collection should be with the knowledge and consent of the person.

The risk of loss, damage destruction or unauthorised access is provided for. There are exceptions that imply serving the common good overrides the right to privacy.

The manner in which data is collected, stored and shared does not give much chance for the individual to pinpoint the non-compliant party. Hacking even in very security minded institutions is a common menace.

The bill under section 3 (1)(c) gives a right to know the person processing the data; I hardly see a possibility that a bank customer can demand to meet the processing person before completing an application form.

There are also no geographical boundaries to the data location. The data collected online can be at the furthest corner of the world in seconds. This would create some issues on the law applicable to information circulated through internet.

Rohan Kariyawasam in his book *The WTO, Intellectual Property, E-Commerce and Internet* Vol.2 (1996 forest Stewardship Council page 505) observed that when the use of internet as a tool to practice commerce commenced, it was desired to maintain internet as an ephemeral place lacking regulation, where the sole premise for interaction was 'freedom'. The preference was self regulation. It was realised that important interests of society were being threatened. The state's mandate as a guarantor of fundamental rights that are at stake on the net, as in the case of privacy and personal data protection was called into question.

- Copyright:

The Copyright Act Cap. 12 of 2001 protects the intellectual property in works of art and the patterns made in the data are copyrightable. Andres Guadamus and Diane Cabell in "DATA MINING WHITE PAPER" (Internet) examine several European cases that can be of persuasive authority in Kenya.

Case study: NAVITAIRE VS EASYJET AIRLINE CO & ANOTHER [2004]

C 1725(CH) the issue was whether a computer-based database is a computer programme or a database for copyright purposes.

Held: Addition and removal of datasets, schemas and other structural changes to the arrangement of a database were to be considered computer programs instead of databases in their own right.

This was interpreted by Andres to mean that there would be a protection of the source code in the shape of a literal work, and not of the functional elements as such though they are an integral part of a database. The quote from Pomfrey J. states:

"Copyright protection for computer software is as given, but I do not feel that the courts should be astute to extend that protection into a region where only the functional effect of a program are in issue"

There is also a principle called "fairdealing":

"It is not an infringement of copyright in a database for a person who has a right to use the database or any part of the database (whether under a license to do any of the acts restricted by the copyright in the database or otherwise) to do, in exercise of that right, anything which is necessary for the purpose of access to and use of the content of the database or of that part of the database."

The copyright laws definitely need to be re-evaluated to cater for the technological advances and business without borders operations. International treaties come in handy.

There is a strong case for self regulation so that society can have confidence in the process as the laws are taking shape.

Gertrude Matata is an Advocate / mediator



About Financial Literacy; Is Record Keeping a Necessary Evil?

Financial intelligence is not measured by how much money you make, but by how much money you keep, and how hard the money works for you. Robert Kiyosaki, author of Rich Dad Poor Dad

In a civilised business entity, whenever employees arrive at work, they clock in to confirm the start of work hours, and later clock out at the end of the working day, as evidence for the labour provided and payment due. When I joined employment in the early nineties, this whole process was manual and very carefully monitored by our supervisor. Today, labour records have been automated through a swipe card technology that allows access into the office, doubling as attendance registry record in the human resource database and a tracking mechanism for employee movement within and out of the premises. This enables the employer to assess work behaviour of the employee as well as ascertain a fair labour offered for pay made.

A majority of employed people would prefer to work within their time preferences, which in most cases is in conflict with the needs of the employer. In such a situation, clocking in and out serves as a control tool. The same applies to keeping personal financial records. You will come to realise its value in future for example when the taxman has slapped you with a tax liability demand like they did on Gor Mahia Football club recently. Such a situation places the responsibility of proof of otherwise upon you; making keeping financial records a necessary evil.

Robert Kiyosaki, the author of Rich Dad Poor Dad wrote, “Financial intelligence is not measured by how much money you make, but by how much money you keep, and how hard the money works for you.” Financial records are the only sure way to gauge Kiyosaki’s observation.

There are four categories of financial records one should keep. These are income records, expenses, tax, and miscellaneous records.

- **Income Records**

An employee should keep payslips and annual income statements for up to seven years or for as long as your tax returns are still open to audit. Generally, records filled with the tax authorities are considered open for up to three years from the date of filling. If you are self-employed or own a business, keep all income documents for a similar period. You should also keep your monthly bank statements as proof of deposits made and to track any interest you have earned.

When you own shares, bonds, or Unit Trusts (mutual) funds, retain any statements you receive from your broker for as long as you own the asset, and up to at least four years after you dispose the asset. These include monthly statements and confirmation slips



By Patrick Wameyo

verifying your buy and sell orders. Ideally you should keep a record of the names of the companies that issued shares or units of mutual funds, purchase and the sale dates, and prices. For bonds, record the name of the issuing company, the number of bonds, the date and purchase price, and maturity date. If you participate in profit sharing plan or Employee Stock Options Purchase (ESOPs), keep those records. This information will help you to calculate the value of your investment at any given time.

Also keep your NSSF (social security) card, and any statement of contributions and earnings issued to you. The same applies to your pension plan statements. Keep your National Hospital Insurance statements and, where you own a business with qualifying employees, obtain compliance certificates statement annually.

- **Expenses**

Keep a monthly budget plan and compare it against actual expenses at the end of each period—monthly, quarterly or half yearly. This will help you to discover the savings made or the excess expenditure incurred as well as the specific expense lines that caused the variance whether positive or negative

Create a list of valuable property that you own such as jewellery, and keep receipts with the list. Such a record will help prove ownership for insurance purposes when anything is stolen, or destroyed. Equally, maintain loan statements. When combined, loan statements will give you an accurate picture of exactly how much money you owe.

- **Tax Records**

It is advisable to hold onto your tax returns with all supporting paperwork for at least three years after the year you filed them. Maintain your tax returns for any year when you calculated a deferral of gain or established value for an asset. Also, keep receipts for any home improvements you make. Other potential tax deductions include work related subscriptions to journals and magazines, mileage for business trips with your car, expenses incurred when you attend conferences or meetings, financial planning and tax preparation fees and rental of safe deposit box.



- Miscellaneous

Personal documents such as birth and marriage certificates, passports, military enlistments and discharge papers should be kept for ever. Keep a copy of the current insurance policies; these include auto, health, home, and life insurance policies you may have taken. You or your legal advisor (your lawyer) should keep the original copies of all legal documents such as your will, power of attorney or trusts.

Organising your records seems like boring work, however a little time spent today putting them together will save you time, headache and money in future. A key trick in record keeping is knowing what to hold on to and what to throw away. Not every receipt, invoice, or bank statement will add value to your financial circumstances. You only need to collect and examine the right financial records to get your true financial bearing.

There are many ways to organise your records, therefore do it your way. Consider creating a file of each type of financial records. Equally, you can group related records in one file, each category distinctively separated from the others. Regardless of the filing method used, it is advisable to file away receipts and updated statements as soon as you receive them.

You may also purchase a financial management software and install in your computer. A good financial management software package gives you easy access

to your records and allows flexible management.

Capturing your expenses while they are still fresh in the mind helps keep realistic and timely information, which in turn makes it possible to claim all legitimate tax deductions. While these deductions may be small individually, they can add up over the course of the year and save you some real money at tax time.

When you have developed a habit of keeping your records, you will find tracking personal expenses quite simple. Indeed, keeping track of your finances as you go will save you enormous amount of time, and will also save you trouble when you are getting ready to prepare income tax returns.

Financial records tell whether your assets are creating income and if so how much. The value of keeping good financial records is that they will help you track your cash flow and your assets.

You will know exactly where to find what you need as you make your future financial decisions, whether it is preparing taxes, choosing investments or building your own business. You get to know where your money goes.

Patrick Wameyo is a Financial Literacy Educator and founder of Financial Academy & Technologies.

When Knowledge is Power: The true value of data

Information sharing and the intelligent use of data should be the focus for an industry looking to increase profitability and combat fraud

Managed well, good data can be your company's biggest asset. Information provides strategic advantages, clear insights and true value. Conversely, poor data management can prove a massive drain on resources, consuming time and energy, and negatively affecting your bottom line.

High quality data is becoming increasingly valuable within the insurance industry. Consumers are more savvy, and likely to shop around for the best possible terms. This results in a highly competitive environment—where the insurer needs to wield a double-edged sword—focusing on both continued profits and customer satisfaction. How can this be achieved? Firstly, by exploring initiatives to improve the quality of insurance data, and secondly, discovering alternate methods to facilitate data sharing.

The consumer is central to the industry approach—they buy the policies and entrust their information to the insurer. Industries that believe in sharing data and using it intelligently hold the key to combating fraud.

Through the sharing of information with other industry players—and profiling and modelling of information on customers—risk can be established in advance. When this information is applied correctly, it can allow the industry to streamline business processes.



By Steven Kamau

With the cost of living skyrocketing, many consumers find it difficult to afford monthly expenses for necessities—much less obligations like insurance payments. A likely future scenario is that policyholders will surrender their policies with greater frequency, using lump-sum payments to settle other outstanding debts. Added to this is the fact that fraudulent claims, particularly within the short-term insurance arena, are costing insurers substantial amounts each year. Escalation of premiums is, in part, due to the growing incidence of fraud in Kenya. Both individual fraudsters and fraud syndicates are increasingly submitting fraudulent and inflated claims.

The insurance industry faces a challenge: How do you make the right decision when acquiring new customers on whom you have minimal information? Currently, new policies are underwritten by looking at the individual's demographic details, for example: age, gender, vehicle history and value of a home plus its contents and security.



Policy renewals take the same factors into account, as well as information about the individual's past claims record, which are held by the specific insurer.

The insurer needs to take the following questions into account when making a good decision:

- Risk exposure – can you identify the right risk at an individual level rather than viewing an individual as part of a group?
- Loss ratios – are you able to effectively predict the loss ratio performance of policies, in order to offer the policy at the right price?
- Lapse rates – do you have the capability to effectively predict whether a policy will lapse within a specific period?
- Administration costs – are your decision making processes automated or are they costing you time and money?
- Brand erosion – do you have consistency between you, the insurer and the broker to set consistent premiums, annual increases and claims management processes? Are you continuing to build your brand?
- Flawed behavioural management – are you investigating in-depth at the claims stage rather than at the underwriting stage? Are you experiencing inappropriate claims management and repudiation of claims?

One of the tools used to inform the decision making process is Credit Data. This helps insurers evaluate new and existing policyholders at an individual level.

Credit Data is:

- Factual information obtained from reliable sources
- Objective, unbiased and detailed information on consumer credit behaviour
- Independently-provided information from credit grantors and other institutions

Credit Data can be used to predict insurance-specific outcomes, helping the industry manage risk more

effectively. Credit Data has also been proven to be highly predictive of an individual's future behaviour; that is, their past behaviour is an excellent indication of their future actions.

The way an individual manages his or her personal finances is a strong indicator of how they will manage other areas of equal importance. Around the world, Credit Data is used by the insurance industry to help insurers evaluate new and existing policy holders—at an individual level, and within the claims and investigations process.

It is essential that the industry as a whole comes together to adopt a holistic approach to risk management. This means sharing information across all areas where insurers are exposed.

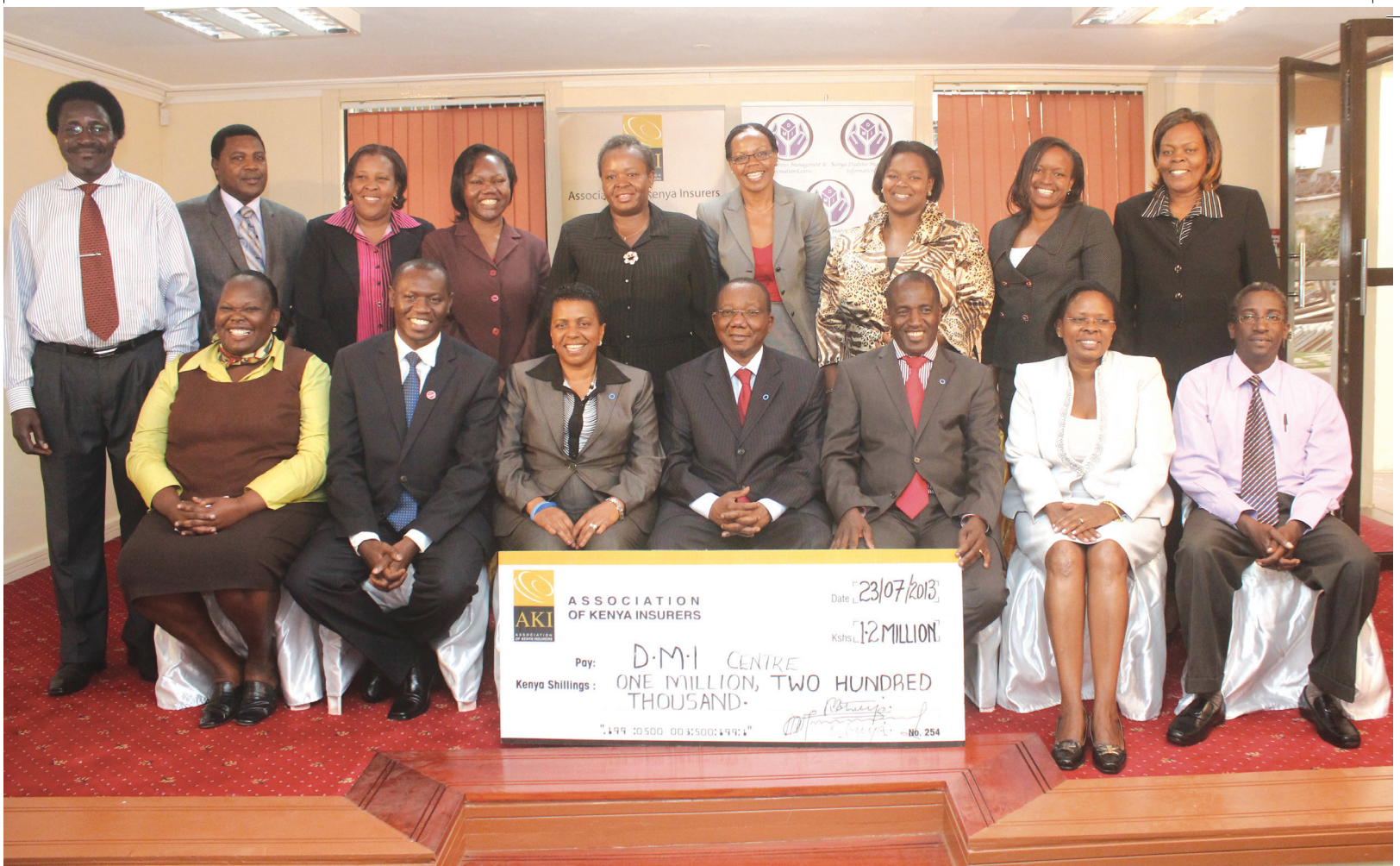
Information sharing and the intelligent use of data should be the focus for an industry looking to increase profitability and combat fraud. The benefits of information sharing include access to behavioural data, and industry alignment to businesses' processes whilst using multiple information sources.

Insurers should share their claims and underwriting data, and join the fight to reduce fraud levels and make better risk decisions. They are ideally positioned to partner with the industry in focusing on adherence to legislative requirements and risk management, together with a consumer-focused approach that meets the industry's unique business objectives.

Steven Kamau is the Business Development Manager / Group Personnel, TransUnion Kenya

“Conversely, poor data management can prove a massive drain on resources, consuming time and energy, and negatively affecting your bottom line”





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All about Sustainability

The concept is everyone’s responsibility and can only be achieved if all individuals and organisations are prepared to make changes and sustainable choices

Sustainability is the capacity of an individual entity, community or global population to continue to survive successfully by meeting its intended outcomes while living within its resource limits.

The term ‘Sustainable Development’ was coined by the United Nations Commission for the Environment and Development. The Brundtland Report of 1987; Our Common Future, defined sustainable development as ‘development that meets the needs of the present without compromising the ability of future generations to meet their own needs.’

We know that we are consuming the natural resources on which we rely at a rate much faster than they can be replenished. Our burning of fossil fuels is sending out harmful emissions which impact on human health and the global environment, and our use of land and resources is impacting on natural ecosystems and biodiversity. World population and the effects of climate change further exert more pressure on the scarce natural resources. In addition, the world population is growing at a fast rate and is expected to reach nine billion by 2030. Addressing these issues requires us to address the choices we make every day as individuals and as organisations, including how much and what sort of energy we use, our approach to producing and managing our waste and how we choose to travel.

Sustainable development recognises that economic, social and environmental issues are interlinked and aims to tackle them in an integrated way that will achieve lasting solutions. Sustainable development looks at the needs of future generations as well as people today and seeks to avoid problems in the future by acting today.

Organisations are increasingly taking steps to make their businesses more sustainable. But it is equally critical for them to inform stakeholders about how and how well they are achieving their sustainability goals, hence sustainability reporting. A sustainability report is an organisational report that gives information about economic, environmental, social and governance performance.

Sustainability is everyone’s responsibility and can only be achieved if we all as individuals and organisations are prepared to make changes and sustainable choices. Sustainability is about the links between our environment, our economy and our society. Corporate success on sustainability will require comprehensive strategies that extend to all aspects of the business—from the boardroom, to employees, to suppliers and to consumers.

Organisations can improve their sustainability performance by measuring, monitoring and reporting on it helping them have a positive impact on society, the economy and a sustainable future.



By Felicitas Irungu

Sustainability reporting is the form of reporting that integrates both financial and non-financial performance of an organisation. It involves reporting on economic, social and environmental aspects of an organisation. Sustainability reporting enhances accountability and transparency through more comprehensive and detailed disclosures.

By adopting Sustainable Practices we enjoy the benefits which include:

- Promoting brand and reputation
- Securing a social licence to operate
- Attracting and retaining high calibre of employees
- Improved access to investor markets
- Improved risk management
- Innovation
- Aligning stakeholder needs to management focus
- Improved governance
- Promoting stakeholder engagement/dialogue
- Cost saving
- Balanced reporting on economic, social and environmental performance of an organisation, thus extending the ‘going concern’ into the future.

As we look at sustainability in the insurance industry among other areas we should consider:

- Core insurance processes and sustainability
- Innovative insurance products
- UN Principles for sustainable insurance
- Opportunities for sustainable insurance
- Barriers to sustainable insurance

Felicitas Irungu, Institute of Certified Public Accountants in Kenya (FCPA), but currently working with Felikar & Associates (FKA)

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