

The Adoption of Data Analytics in the Insurance Industry in Kenya Research Report



**Prepared for: Association of Kenyan Insurers
Prepared by: Ipsos Ltd**

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Study Background & Objectives

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Study background



AKI recognizes the importance of **data analytics** as a result of the advent of smart technologies as it is seen to be a valuable resource that impacts existing business models

It has become common place for many industries to leverage on data analytics to improve business processes and to drive growth

As indicated in the brief;

“As evolution of digital technology continues it impacts on the way we collect, process and manage data since insurance companies will have lots of data and with smart technologies this data will increase exponentially and there will be enough information available to make decisions”

The use of data analytics by insurance companies especially in the developed world has been ongoing in the last decade and therefore;

AKI wanted to have an evaluation of the extent to which local insurance companies are using data analytics to drive growth in their businesses

Source: Brief

Study objectives – Based on the Data Maturity Assessment Framework



Policy:

To identify the existence of internal robust policy & strategy mechanisms that would enable the use of data analytics to drive growth in the business



People:

To establish the presence of empowered staff with the capacity to guide the development of data policies, manage data governance and to conduct the required analytics



Process:

To review the presence of elaborate processes around data collection and usage that would enable further analytics



Technology:

To review organizations' technology infrastructure that are critical in supporting advanced data analytics



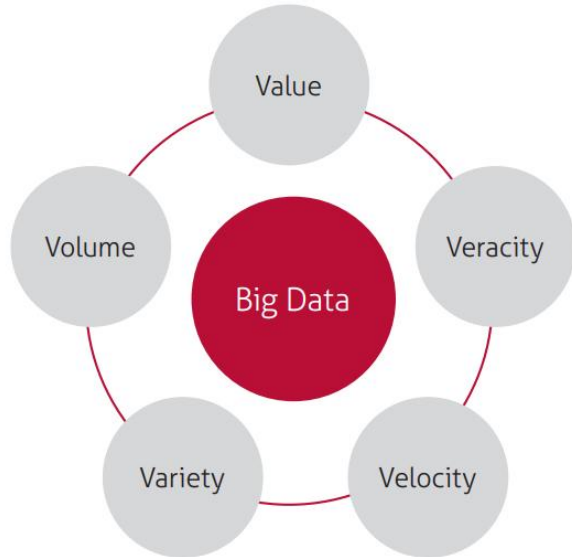
Outcomes:

To establish the quality of outcomes around current data analytics projects



Learnings on Data Analytics in the insurance sector from other markets

Several factors have necessitated the conversation around the need for data analytics for insurance firms



Source: *Big Data in Insurance: Mindtree*

1. Volume

Amount of data available: Due the advent of technology, e.g. social media, smart devices etc very large datasets get generated on a daily basis

2. Velocity

The speed at which new data is generated: There is a lot of new data being generated in relatively short period of time

3. Variety

The diversity of data generated: There are multiple sources of data generated both from internal and external sources. The data also comes in structured and unstructured formats

4. Veracity

The reliability and accuracy of available data: Data quality is an important consideration. This still remains a challenge especially due to volume, velocity and variety

5. Value

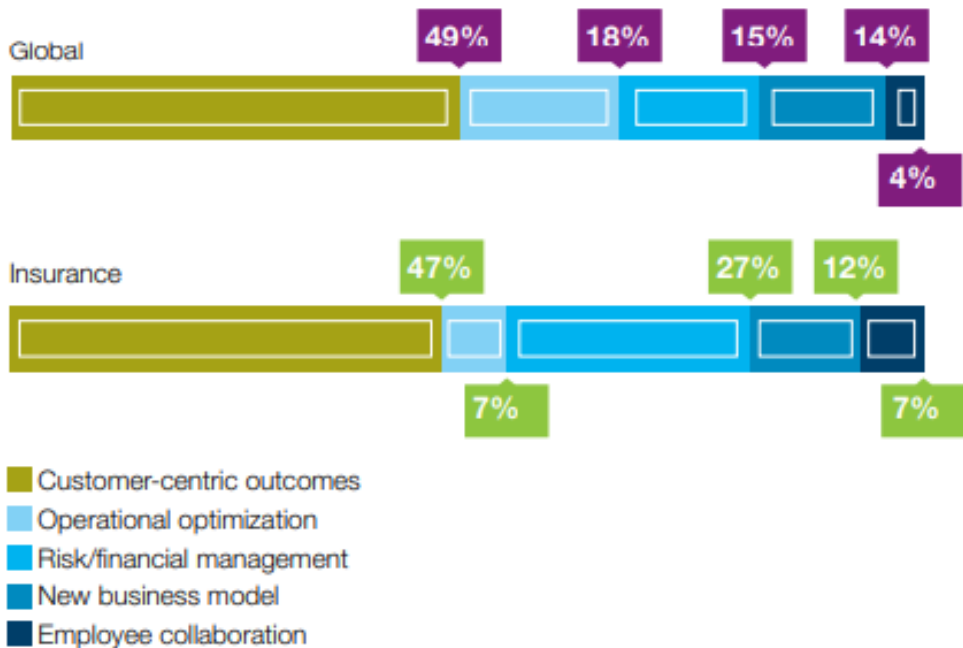
A measure of ROI from data analytics: Can investment in data analytics provide any value to the insurance firm?

“...the industry is undergoing a significant transformation as insurers work to sell to continually more demanding and empowered consumers who have real-time access to more diverse and instant insurance services than ever before. **Therefore, to compete and win in this dynamic environment, insurers must leverage and optimize the value of big data...**”

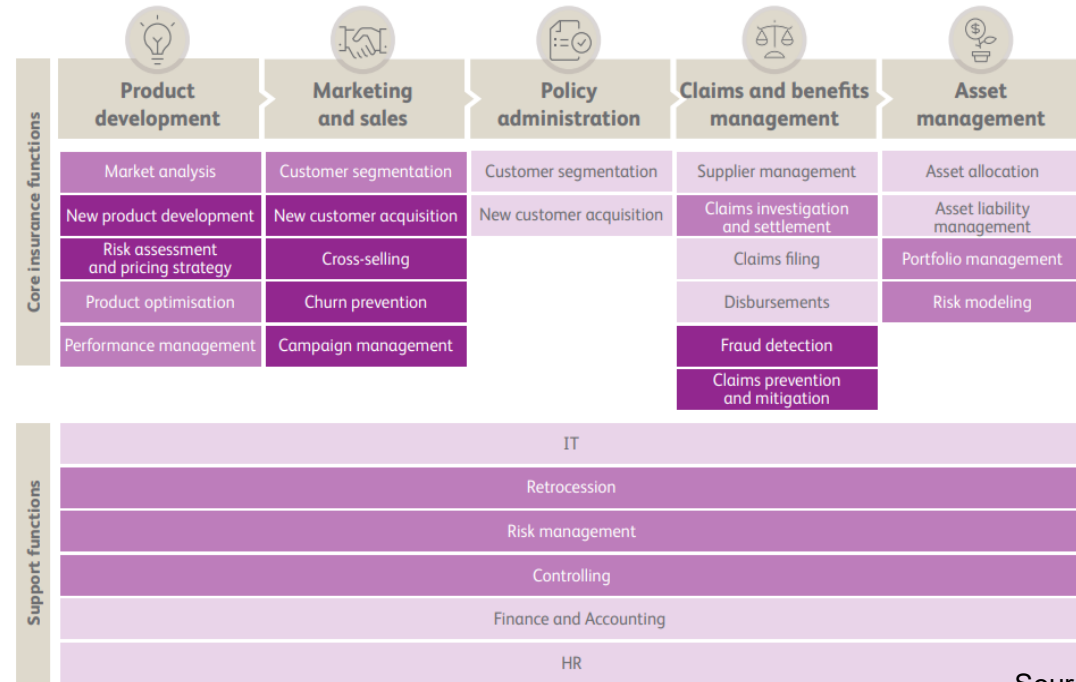
Source: IBM

Consequently, data analytics is seen as an important decision support system across the insurance value chain. Marketing & Sales (customer centric), Product Development and Claims & Benefits management are use cases that are seen to draw maximum value from analytics

Customer Centricity contributes to about 50% of all data analytics initiatives



Applications where analytics can have maximum value across the insurance value chain



Source: IBM

Potential value of information management: High Medium Low

“...Thematic Review of Big Data and Analytics in Insurance (May 2019) found that there are many opportunities arising for use of big data and analytics, both for the insurance industry as well as for consumers”.

Source: KPMG

“It is unlikely that Big Data alone will ever become a top business priority for insurers. Like other technologies, it will continue to be an enabler for businesses. It can however influence each and every part of the insurance value chain and will offer newer insights (leveraging social, telematics, sensing and other evolving methods and channels) to businesses at a swift speed”.

Source: Mindtree



In the developed markets, the use of data analytics has been growing steadily, most of them starting at the basic level and getting to advanced levels with time

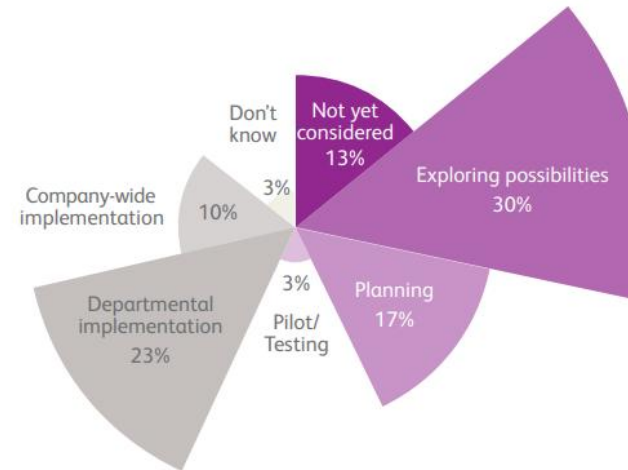
“The research confirmed our main hypothesis derived from experiences on client projects:

Insurers are still at the starting blocks of exploiting the potential that big data can bring. The majority of organisations that we researched were highly positive about what big data might be able to do for their company, with over two-thirds of respondents confirming big data’s place as a ‘value driver’ and having a highly important future role . **However, less than a quarter felt that they were beyond the ‘emerging’ stage of experimenting with the capabilities, or had done anything beyond starting to explore opportunities.**

“It will take at least two to three years for Data Analytics to move into mainstream. This is the right time for insurance enterprises to start building the foundation for Data Analytics and build capabilities within the enterprise”

Source: Mindtree

Developed markets were at the verge trying to implement data analytics as an enabler to their businesses



Source: BearingPoint Institute

Europe and US, from 30 insurance firms

Consequently, the success of any data analytic initiatives by an organization is founded on 5 critical pillars

Partnerships and alliances

Build alliances with other partners and solution providers

Access to external data sources

Ability to integrate other data sources to internal data creates value

Speed

Due to data velocity organizations need to act fast to exploit benefits

Ethics and Data Privacy

The need for new insights and speedier decisions has to be balanced against good governance and to mitigate reputational risk

Skills and capabilities

Creating value from data requires a wide range of skills and expertise

Insurance firms in other markets are faced with a myriad of challenges when venturing into data analytics – lack of analytics strategy, lack of skills, lack of seeing the value of analytics to the business

Challenges in the adoption of analytics in the Dutch Insurance Industry

Challenge1: The gap in data analytics teams collaboration
“Data Analytics experts are scattered across the organization; each unit or function has their own expertise and activities are not optimally coordinated”

Challenge2: The gap between data analytics expertise and business sense
“Technology and the knowledge is ahead of the business practices and ahead of the regulation so. It's ahead of the business processes”

Challenge3: The gap between data analytics and business processes
“Technology and the knowledge is ahead of the business practices and ahead of the regulation so. It's ahead of the business processes”

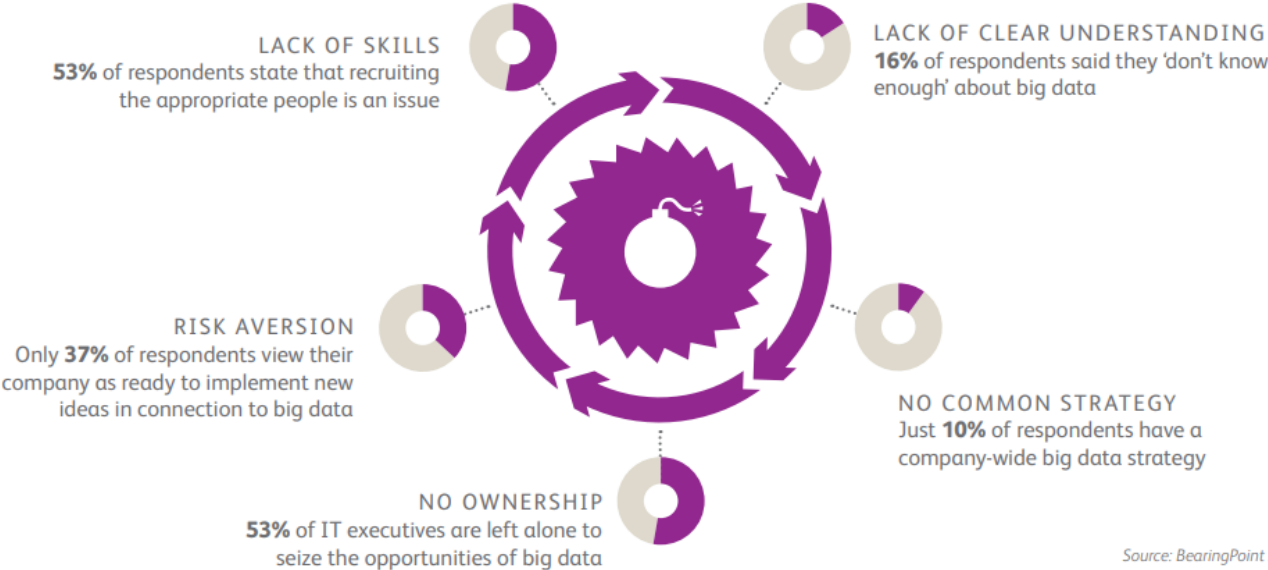
Challenge4: The gap between data analytics and the value it brings
“The value of Data Analytics solutions is not defined or not measured structurally, therefore it is unclear if the investment and maintenance is justified”

Challenge5: The gap between data analytics and company strategy
“There is no company-wide vision and strategy for Data Analytics, therefore direction and drive for initiatives is missing”

“...However, a recent study among 68 EMEA Insurance companies showed that **90% of interviewed EMEA insurance firms struggles to see a positive business case on data analytics solutions.**”

Source: Deloitte

Challenges in the adoption of analytics in the US and Europe Insurance Firms



Source: BearingPoint Institute

Source: BearingPoint Institute



Even with the advantages that data analytics can bring, it is vital to ensure that there is a strong data governance policy to ensure ethical use of the data

“...although insurance firms, in general, already have in place or are developing sound data governance arrangements, **there are risks arising from big data and analytics that need to be further addressed in practice.** Some of these risks are not new, but their significance is amplified in the context of big data and analytics”

-Source KPMG

KPMG Model of Data Governance that can be adopted by any firm venturing into data analytics

Data stewardship

Accountability for the management of data assets

Data ownership

Responsibility for the creation of the data and enforcement of business rules

Data policies

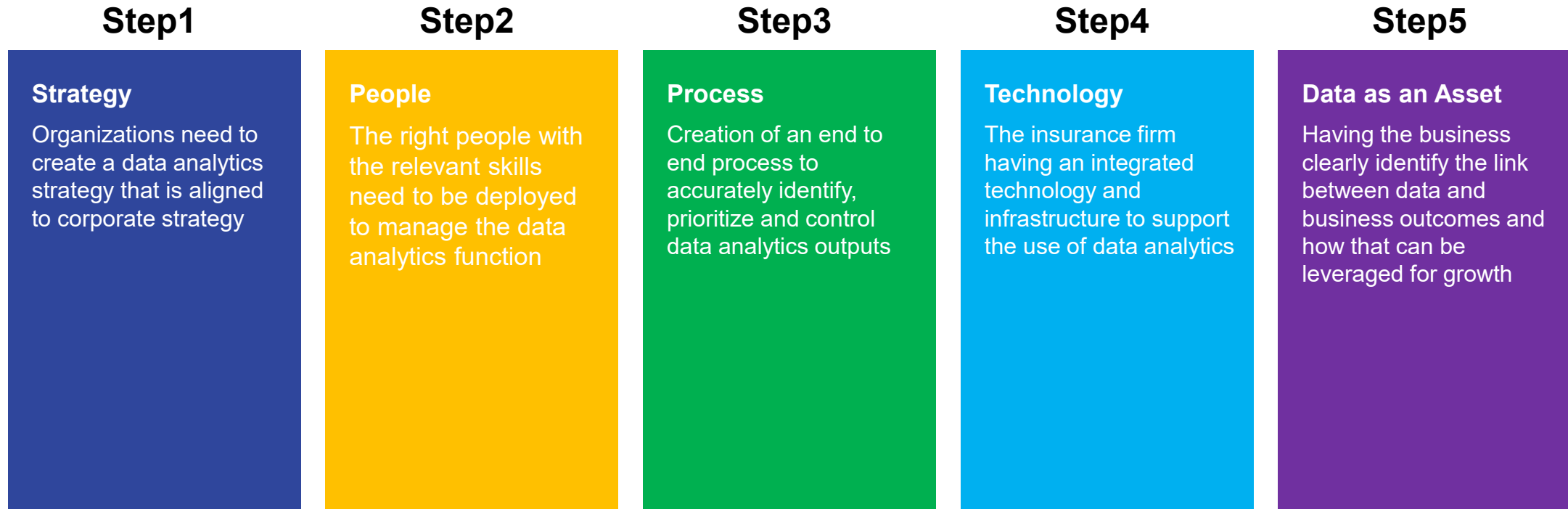
The rules that an insurance firm uses to manage its data assets

Data standards

Precise criteria, specifications and rules for the usage of data within the firm

*There are other data governance frameworks

Therefore, the best practice for the adoption of data analytics, is to deliberately invest resources across the different steps of data analytics adoption as shown below



Source: Adopted from Deloitte

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Research Methodology

```
selectedTranscludes = [],
selectedElements = [],
previousElements = [],
selectedScopes = [];

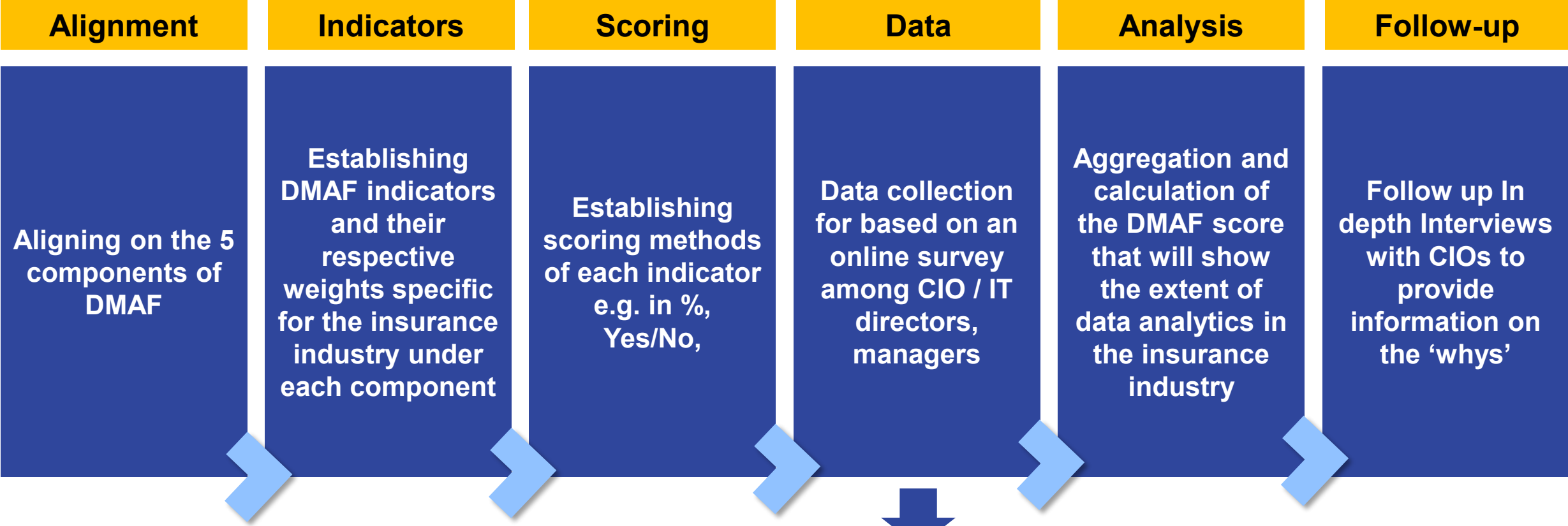
scope.$watch(watchExpr, function ngSwitchWatchAction(value) {
  var i, ii;
  for (i = 0, ii = previousElements.length; i < ii; ++i) {
    previousElements[i].remove();
  }
  previousElements.length = 0;

  for (i = 0, ii = selectedScopes.length; i < ii; ++i) {
    var selected = selectedElements[i];
    selectedScopes[i].$destroy();
    previousElements[i] = selected;
    selected.$on('$destroy', function() {
      previousElements.splice(i, 1);
    });
  }

  selectedElements.length = 0;
  selectedScopes.length = 0;

  if ((selectedTranscludes = ngSwitchController.cases['!' + value]) || selectedTranscludes)
    forEach(selectedTranscludes, function(transclude, index) {
      var scope = $rootScope.$new();
      scope.$parent = scope;
      scope.$root = $rootScope;
      scope.$on('$destroy', function() {
        previousElements.splice(i, 1);
      });
      previousElements[i] = selected;
      selected.$on('$destroy', function() {
        previousElements.splice(i, 1);
      });
    });
  }
});
```

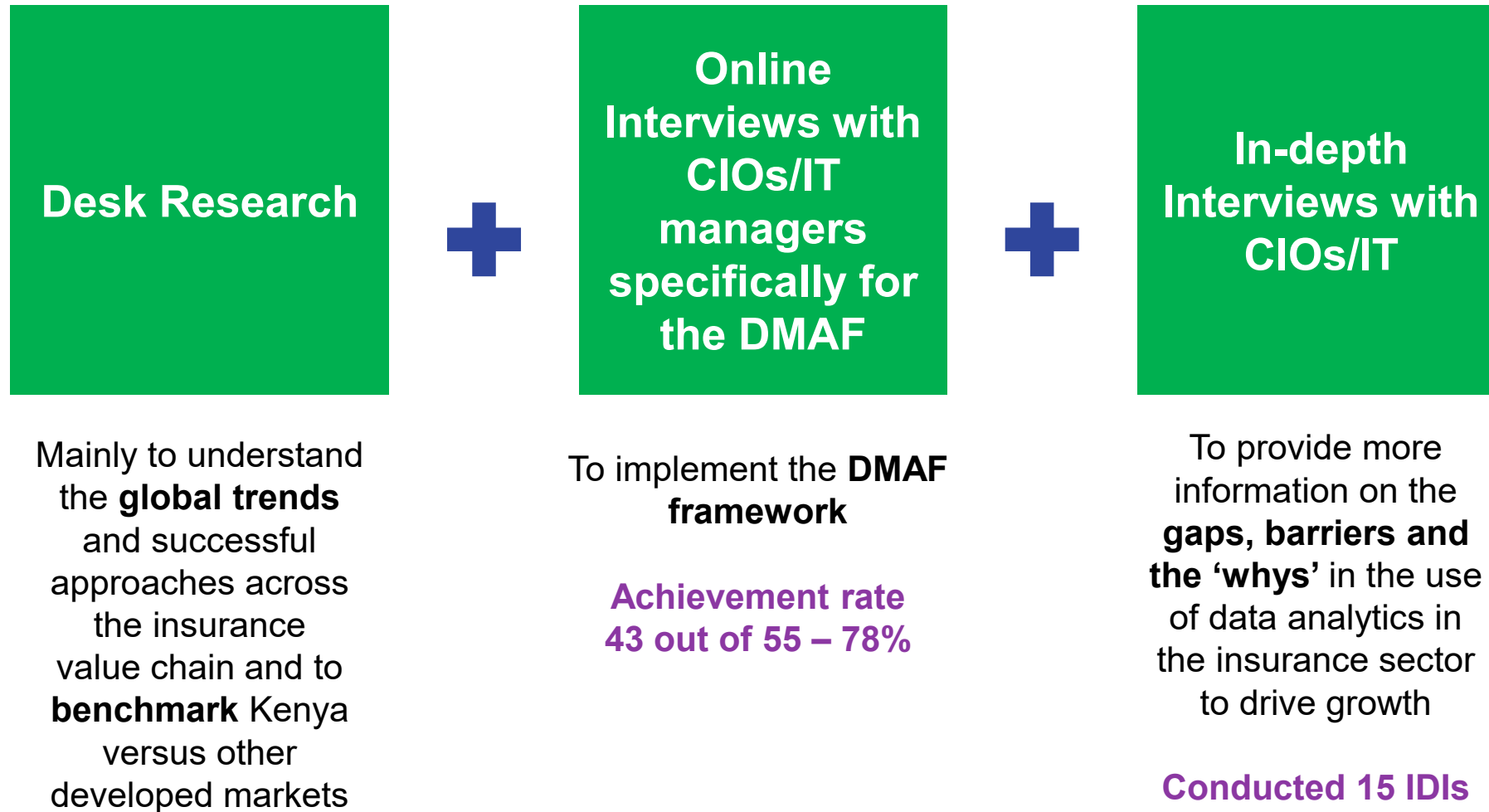
Implementing the Data Maturity Analysis Framework (DMAF) in assessing the state of the use of data analytics in the insurance industry in Kenya



To ensure a high response rate in online participation, Ipsos utilized a respondent follow up strategy.



Overall data collection methodology



Analysis: DMAF indicators and weightings for the Insurance sector in Kenya

Policy: Data analytics strategy	Weight
1. Yes, the organization has a documented strategy	100
2. Yes, the organization has a strategy and the documentation is in progress	67
3. Yes, the organization has a strategy but it is not officially documented	33
4. No, the organization has no strategy	0

Policy: Guidelines for data classification & categorization	Weight
1. Yes, the organization has documented guidelines	100
2. Yes, the organization has guidelines, but the documentation is in progress	67
3. Yes, the organization has guidelines, but they are not officially documented	33
4. No, the organization has no guidelines	0

Policy: Budgets for analytics	Weight
1. Yes, the organization has a specific budget allocation for data analytics	100
2. Yes, the organization is in the process of having a budget specific for data analytics	67
3. Yes, the organization has a budget, for general insights but not specific for data analytics	33
4. No, the organization has not allocated a budget	0

Policy: Data protection guidelines	Weight
1. Yes, the organization has documented guidelines for data protection	100
2. Yes, the organization has the guidelines, but the documentation is in progress	67
3. Yes, the organization has the guidelines, but they are not officially documented	33
4. No, the organization has no guidelines	0

People: Dedicated analytics staff	Weight
1. Yes, the organization has fully dedicated staff	100
2. Yes, the organization has partially dedicated staff	50
3. No, the organization does not have any dedicated staff	0

People: Number of dedicated analysts	Weight
3+ dedicated staff	100
1-2 dedicated staff	50
No dedicated staff	0

People: Analytics training	Weight
5+ training programs	100
3-4 training programs	67
1-2 training programs	33
None training programs	0

People: Data sharing culture	Weight
1. There is interdepartmental data exchange	100
2. There is no interdepartmental data sharing	0
3. Other specify	0

People: Team capabilities	Weight
5+ capabilities	100
3-4 capabilities	67
1-2 capabilities	33
No capability	0

Process: Data storage	Weight
5+ ways of data storage	100
3-4 ways of data storage	67
1-2 ways of data storage	33
None	0

Process: Data sources	Weight
7+ Data sources	100
5-6 Data sources	75
3-4 Data sources	50
1-2 Data sources	25
None	0

Technology: Platforms for data collection and analysis	Weight
1. Yes, the organization has acquired the platforms	100
2. Yes, the organization is in the process of acquiring the platforms	50
3. No, the organization has not yet acquired any platforms	0

Technology: Platform capabilities	Weight
5+ data analytic capabilities	100
3-4 data analytic capabilities	67
1-2 data analytic capabilities	33
None	0

Outcomes: Organization usage of analytics	Weight
1. Yes, it does	100
2. It is planning to start using data analytics	50
3. No it does not leverage on data analytics	0

Outcomes: Data analytics Use cases	Weight
7+ use cases	100
5-6 use cases	75
3-4 use cases	50
1-2 use cases	25
No use case	0

Analysis: Calculation of the DMAF Overall Score and DMAF segments

$$\text{Overall Data Maturity Score} = \frac{\sum \text{Component}_i}{\text{No. of components (5)}}$$

Data Maturity Components

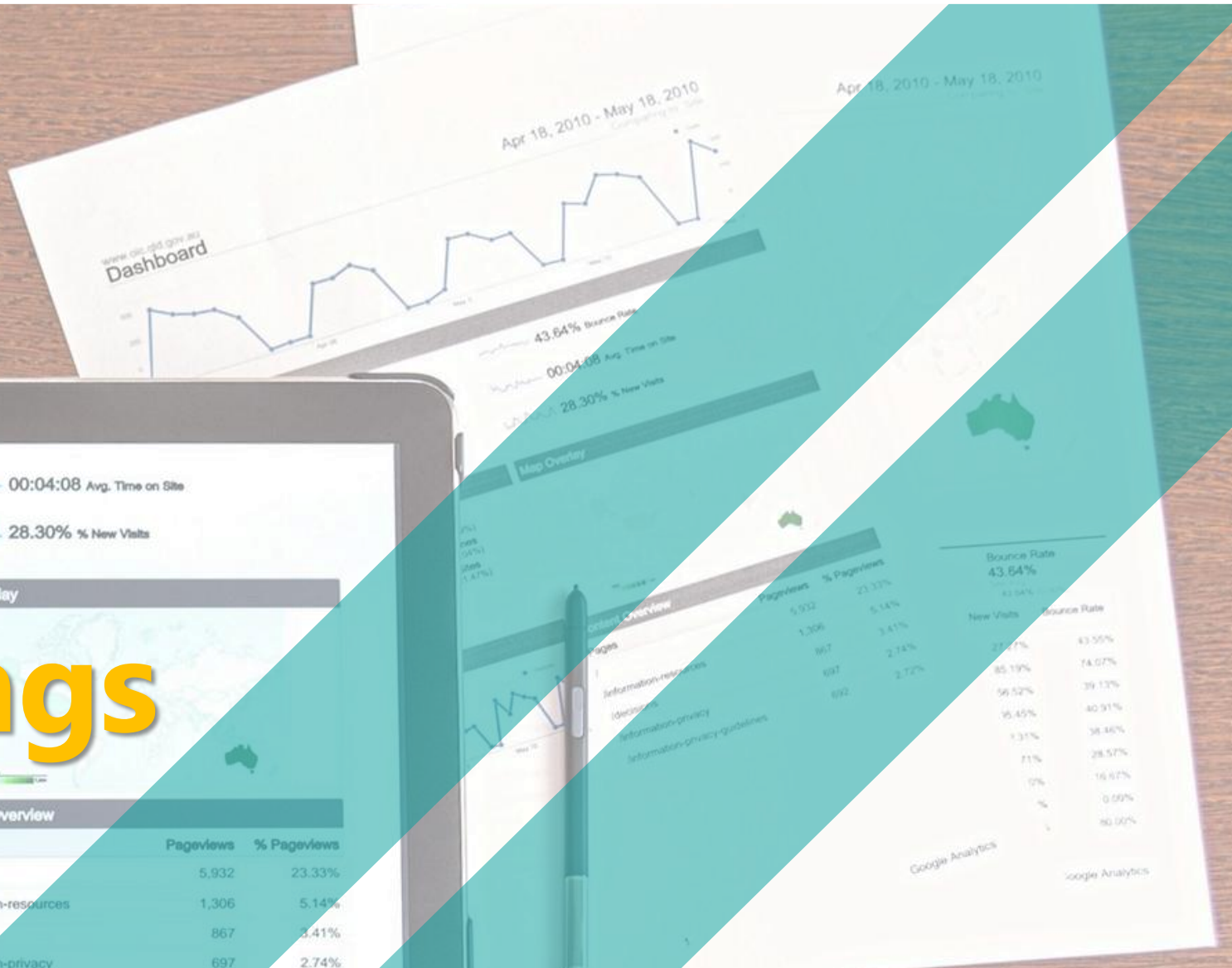
1. Policy
2. People
3. Processes
4. Technology
5. Outcomes

Data Maturity Score	Data Maturity Segment
0-30	Level1: Starter
31-60	Level2: Basic
61-75	Level3: Intermediate
76+	Level4: Advanced

Description of the DMAF segments

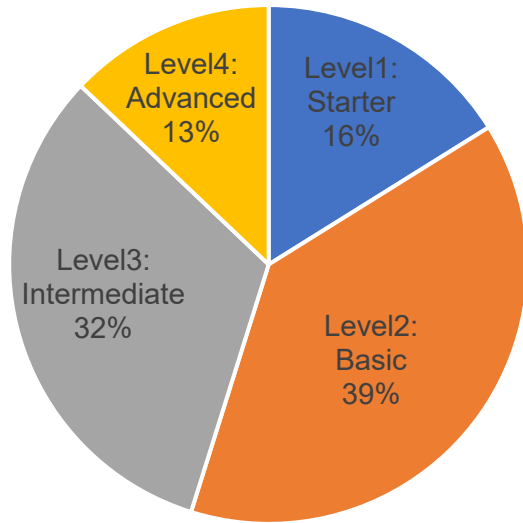
Parameter	Level1: Starter	Level2: Basic	Level3: Intermediate	Level4: Advanced
Policy	No strategy	Yet to document strategy	In the process of documenting the strategy	Have a data strategy in place
People	No dedicated team	1 or 2 staff working on analytics	1 – 3 dedicated staff	More than 3+ dedicated staff on analytics
Processes	Basic data sources (claims + transaction data)	Basic data sources (claims + transaction data)	Intermediate data sources (claims + transaction data) + Internal surveys	Diversified data sources
Technology	No platforms	No platforms	Have some platforms with analytical capabilities	Have platforms with analytical capabilities
Outcomes	Based on descriptive analytics in spreadsheets	Based on rudimentary analytics in spreadsheets	Can do both basic and intermediate level analytics	Can conduct advanced analytics e.g machine learning, AI etc

Main findings



The study identified 4 levels of in Data Maturity. The industry is still at its nascent stage of data analytics usage as majority are either in Basic or Intermediate levels. Average score is 54.3 /100

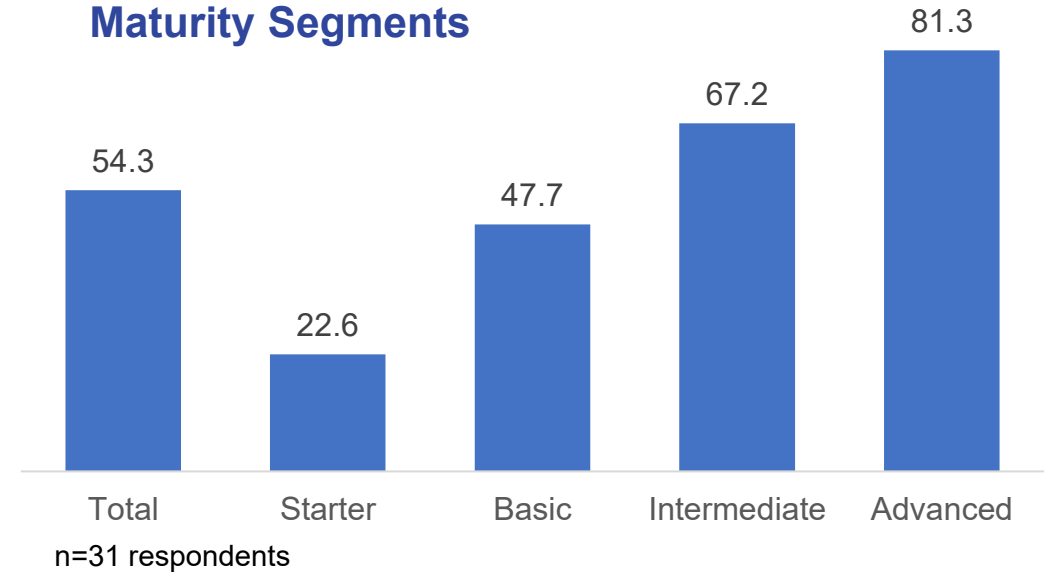
Current status of Data Maturity in the insurance sector in Kenya



n=31 respondents

Data Maturity Overall Score by Data Maturity Segments

Data Maturity Score	Data Maturity Segment
0-30	Level1: Starter
31-60	Level2: Basic
61-75	Level3: Intermediate
76+	Level4: Advanced



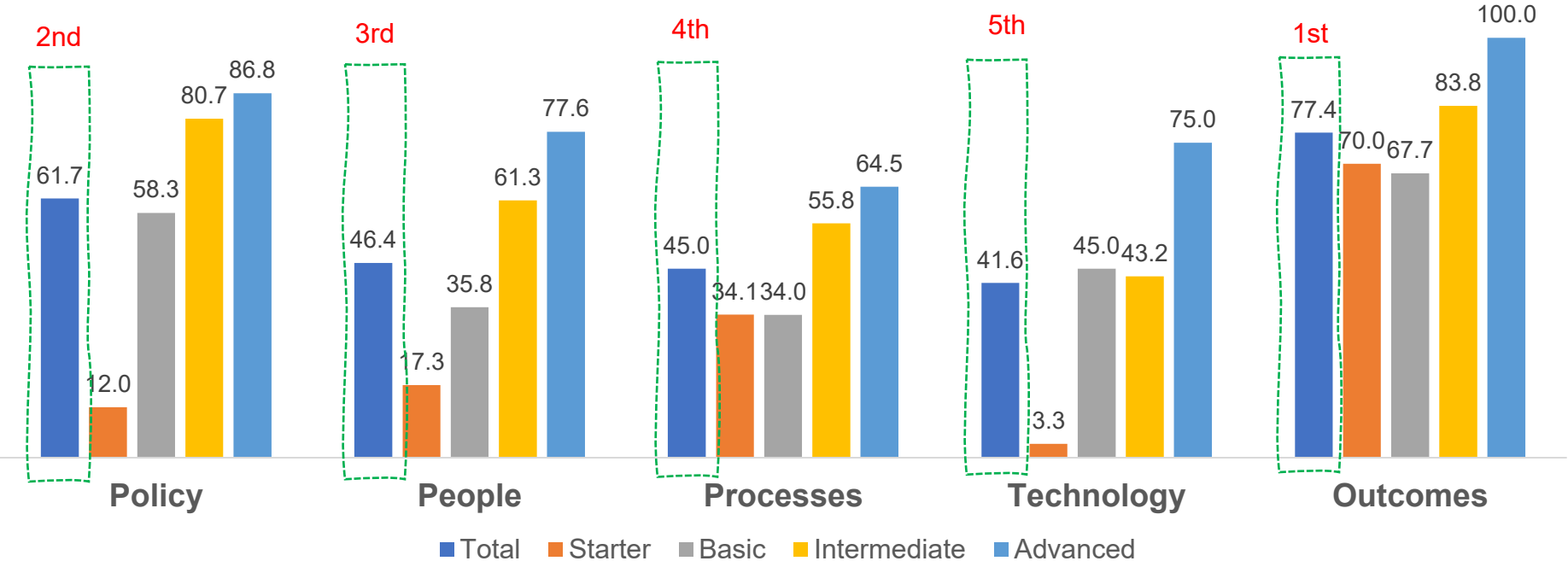
A score of **54.3** generally indicates that the industry is at **Level 2: Basic**. It is within the Data Maturity Score range of 31-60.

Most firms are yet to set up a specific data analytics strategy. Apart from actuaries, the firms do not have fully dedicated staff with the requisite training to handle more complex analysis. Most firms have not yet adapted their processes to handle advanced analytics. Additionally, firms with specialized analytics platforms are few. Most of their analytics outcomes are based on basic analytics that is more retrospective than predictive in nature



There is a huge variation on the performance of each of the Data Maturity components across the different organization segments. Generally, organizations performed best in outcomes and least in technology

Data Maturity Components average score by the Data Maturity segments



Looking at each detailed component, the Intermediate and Advanced segments have higher scores than the other segments

Detailed indicators average score by the Data Maturity segments

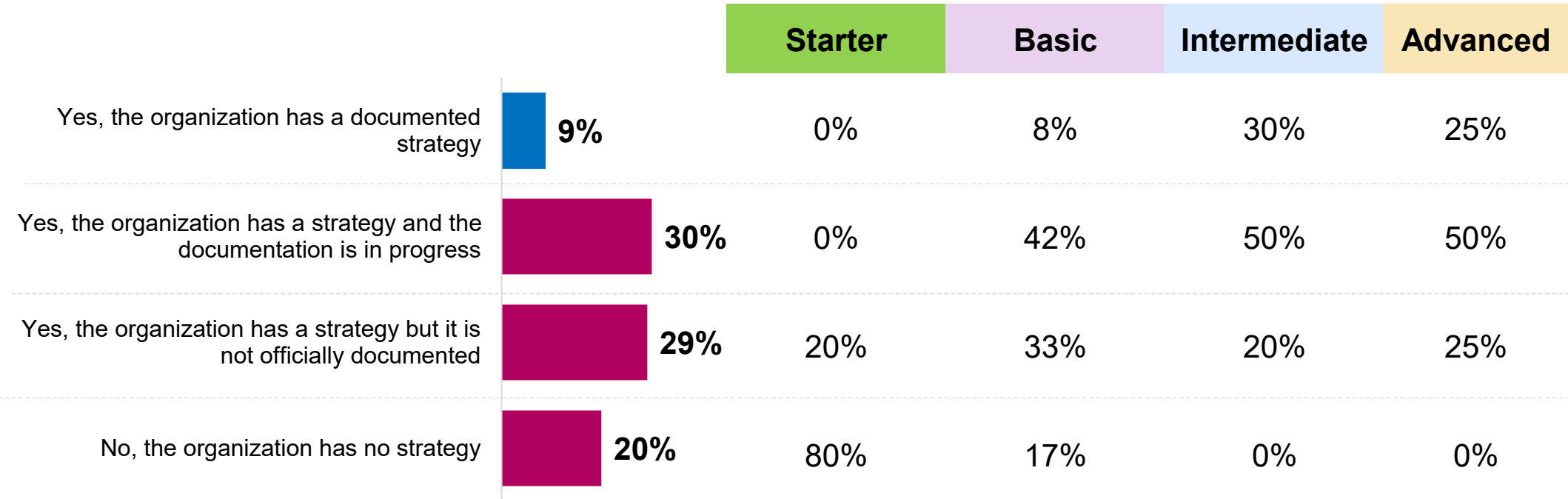
DMAF Components	Detailed Indicators	Total	Starter	Basic	Intermediate	Advanced
Policy	Analytics strategy	50.6	6.6	47.3	70.1	66.8
	Guidelines for data classification	51.6	6.6	44.4	70.1	83.5
	Budgets for analytics	52.6	6.6	41.6	73.3	91.8
	Data protection guidelines	66.7	20.0	58.3	90.0	91.8
	Data sharing culture	87.1	20.0	100.0	100.0	100.0
People	Dedicated analytics staff	50.0	10.0	33.3	75.0	87.5
	Number of dedicated analysts	50.0	10.0	45.8	65.0	75.0
	Analytics training	43.0	19.8	30.5	56.7	75.3
	Team capabilities	56.0	33.4	44.4	66.8	91.8
	Diversity of team roles	33.2	13.2	24.8	43.2	58.5
Processes	Data storage	37.5	33.2	30.4	46.6	41.5
	Data sources	52.4	35.0	37.5	65.0	87.5
Technology	Platforms	56.5	0.0	62.5	60.0	100.0
	Platform capabilities	26.7	6.6	27.5	26.4	50.0
Outcomes	Usage of analytics	87.1	80.0	79.2	95.0	100.0
	Use cases	67.7	60.0	56.3	72.5	100.0

1: Strategy & Policy

To identify the existence of internal robust policy & strategy mechanisms that would enable the use of data analytics to drive growth in the business

Only a few organizations have fully fledged data analytics strategies. Most seem to have non-documented strategies while others do not have any strategy at all especially among the “Starter” and “Basic”

Data Analytics Strategy



Q: Does the organization have a specific data analytics strategy?
 Base: All respondents n=31



In their own words...having a specific data analytics strategy

Firms with a specific data analytics strategy have it incorporated in the larger corporate strategy

“We have specific role in the business to handle data analytics based on the company’s strategic plan. We also have a data analytics strategy that encompasses Data governance, Data management & Data analytics. We are currently implementing the strategy”

Firms with no specific data analytics strategy are generally planning to have it in the near future

“We recently reviewed our strategy. And what is clear is that we need to have a data analytics strategy...So the strategy will be documented”

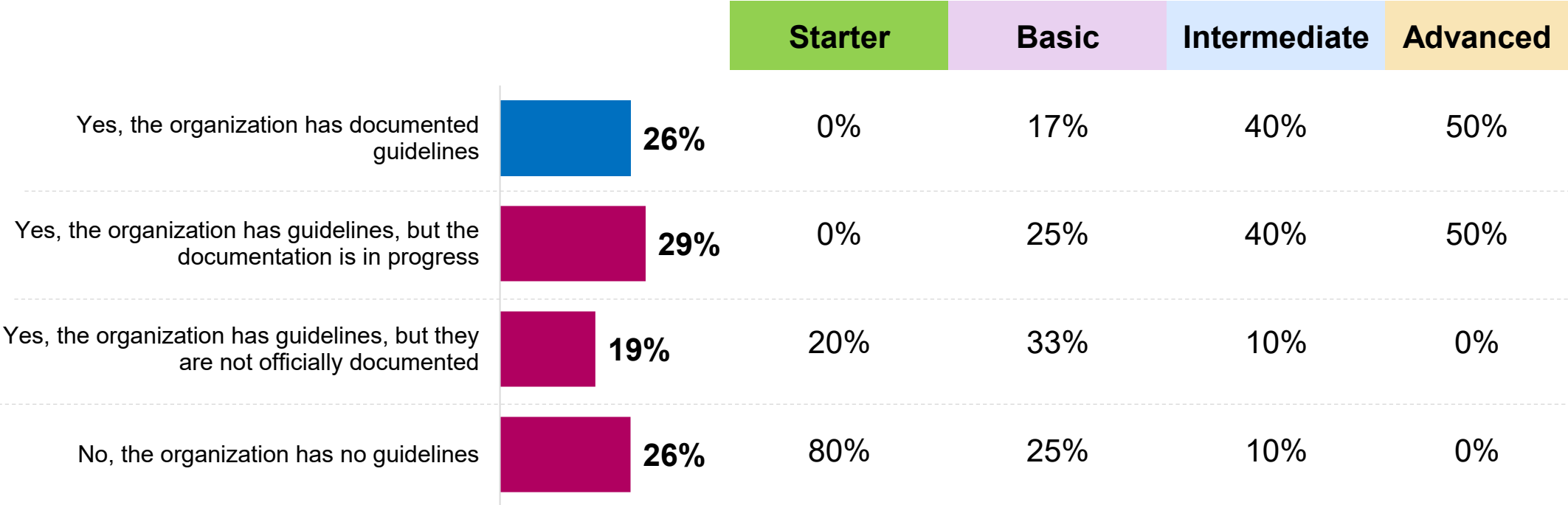
“I think that a strategy has not yet been documented 100% but it will be done to be centered around analytics...”

“...we don't have a written strategy document around data analytics, but it is a function that is required when we are doing strategic planning...we don't have a document specific on the strategy around data.



About a quarter have definite guidelines for managing data classification and categorization for the purposes of data analytics. For the majority the process is on going while another quarter do not have any guidelines at all

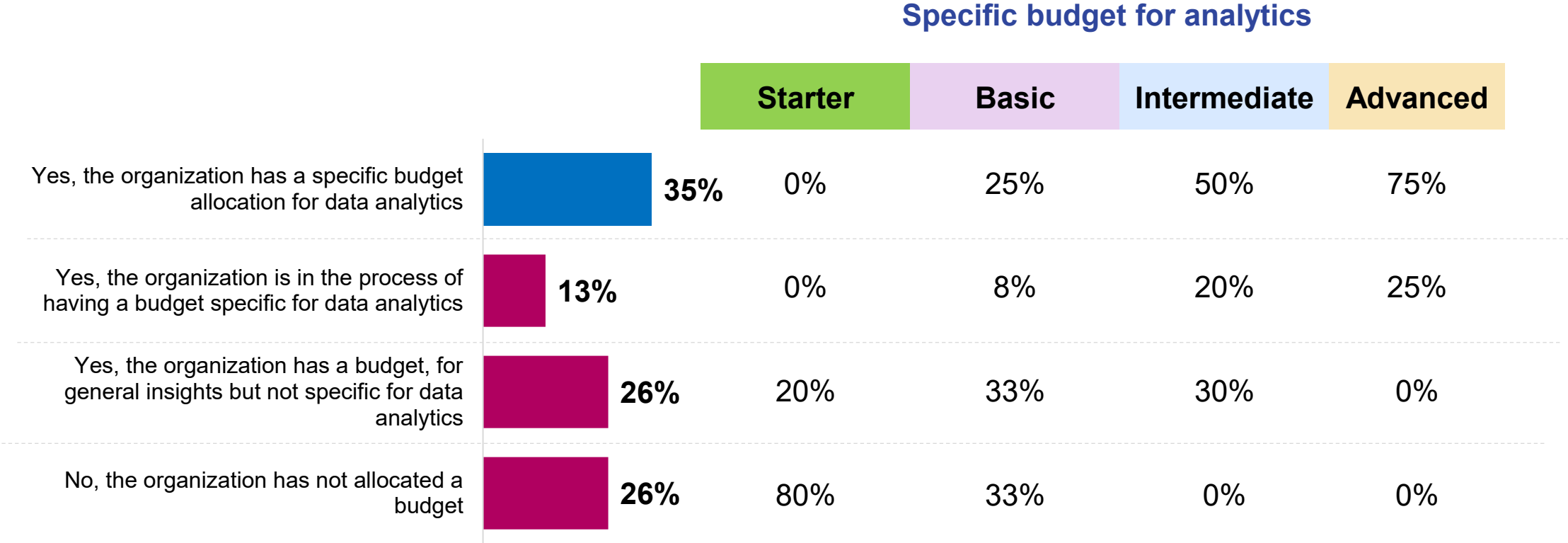
Guidelines for data classification & categorization for the purposes of data analytics



Q: Does the organization have any guidelines for data classification & categorization for the purposes of analyzing it?
 Base: All respondents n=31



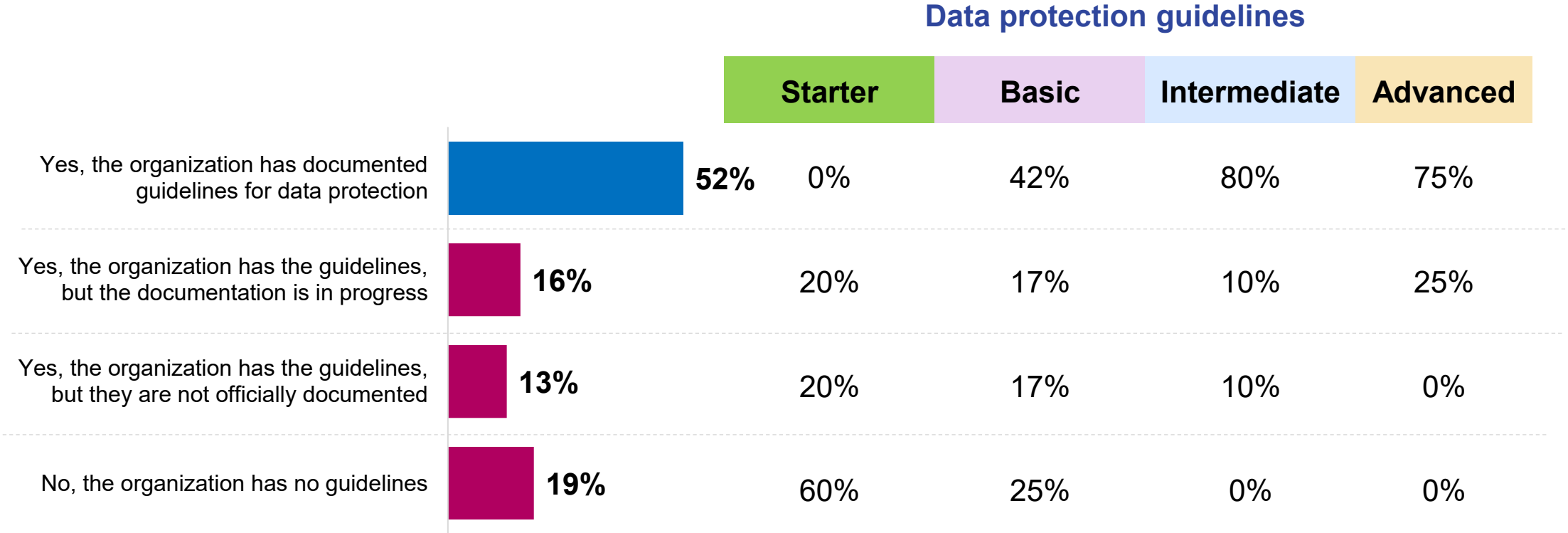
Only about a third of the companies have a specific budget dedicated for analytics – mainly for the “Advanced” segment



Q: Does the organization have any budget allocated for the purposes of data analytics?
 Base: All respondents n=31



About half of the firms have data protection guidelines, mainly driven by the data protection act in the country but is important to leverage the same for data analytics purposes



Q: Has your organization created data protection guidelines to be used in the process of conducting data analytics?
 Base: All respondents n=31



In their own words... data governance

Data governance is critical to the use of personal data in analytics and it forms part of the data analytics strategy

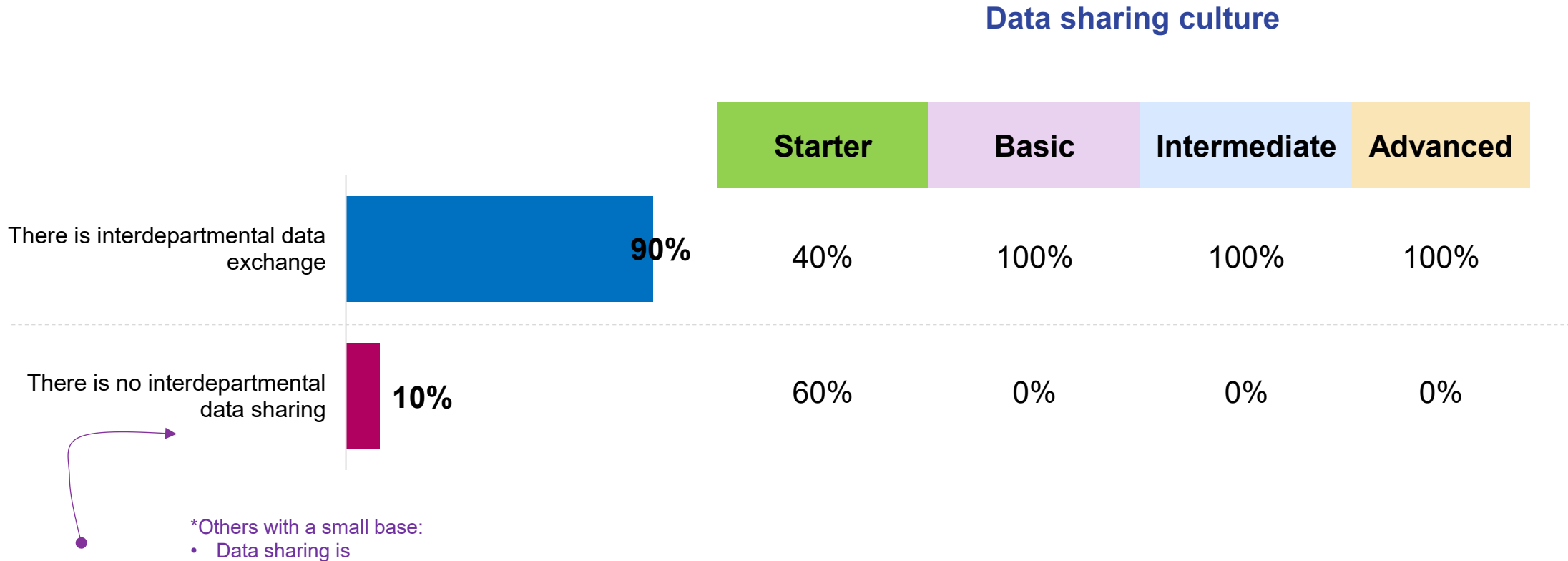
“Our data strategy has three pillars, Data governance is one of the pillars. The others are Data Analytics and Data Management ”

“We are currently working on is data coding, just in case of we want to actually share our data with external parties. This way, we are able to actually protect client details so we actually share anonymous data. We're currently documenting a digital governance policy, and I think this should be out soon”

“With the analytics deliverables, we realized the need to put in place a proper data governance policy. When we started talking about data governance, we discovered that there are many cross-cutting issues and hence we brought in a number of people to drive this”



Data sharing is very common across departments but very low among the “Starters”

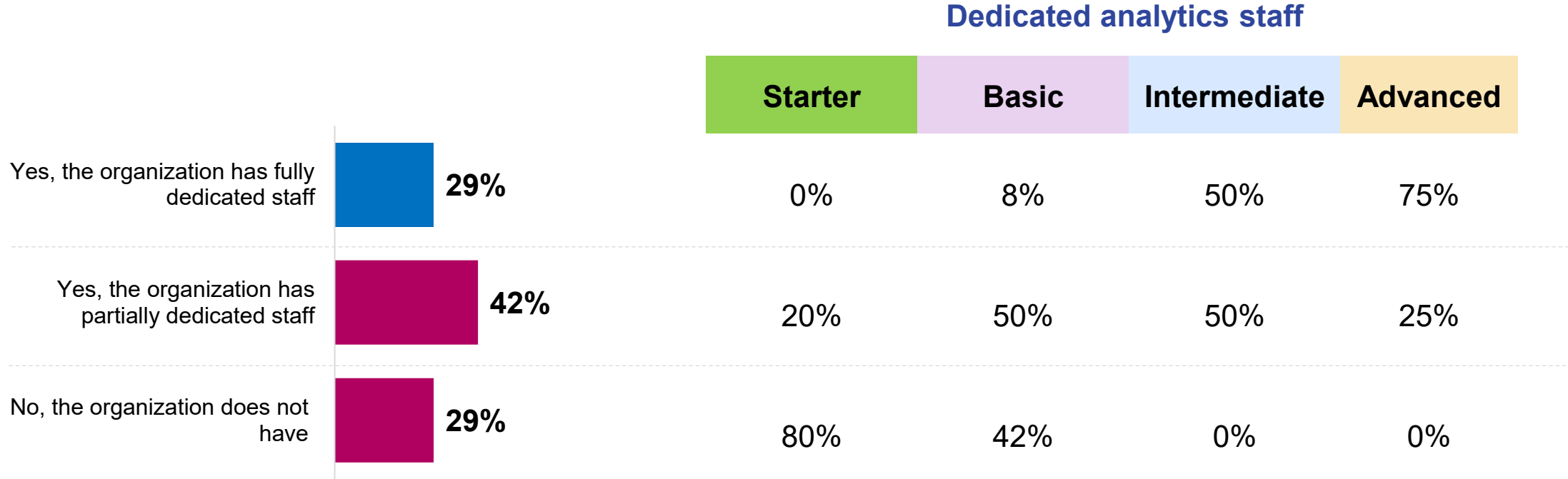


Q: How is the data sharing culture in your organization?
 Base: All respondents n=31

2: People

To establish the presence of empowered staff with the capacity to guide the development of data policies, manage data governance and to conduct the required analytics

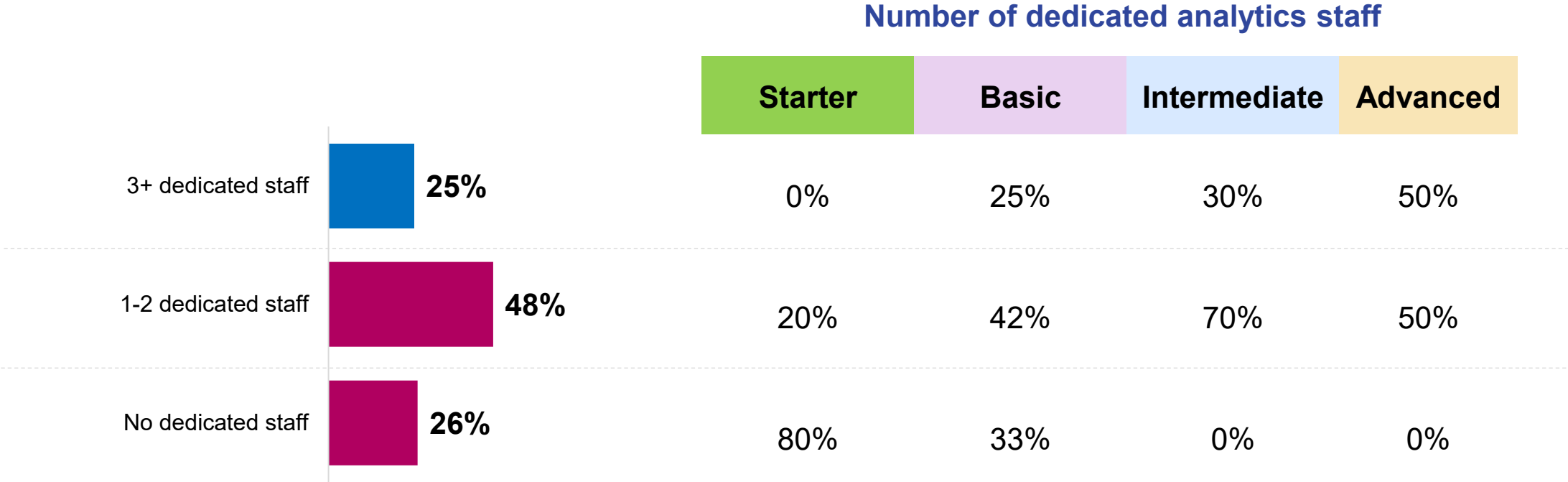
Only about 3 in 10 firms have dedicated analytics teams. While most firms conduct some form of analytics, most of it is retrospective in nature conducted by actuarial and IT staff



Q: Does the organization have an individual or individuals dedicated specifically to data analytics?
 Base: All respondents n=31



Most of the organization claimed to have a number of dedicated or partially dedicated staff. However most tend to be actuaries or IT staff that conduct basic analysis and generate periodic reports



Q: How many staff are dedicated specifically to data analytics?
 Base: All respondents n=31



In their own words... having a dedicated team on analytics

Generally, the analytics function lies mainly with the actuarial team department which is a requirement that is enforced by the regulator

“Insurance companies are supposed to have some sort of a resident actuary by law. So all the analytical work is done by the actuary...”

“We have an actuarial manager for each and every business unit and then we have the Chief Actuary. At the group we have two the bulk of the work is centered around basic analytics, which are deployed in normal reports, but then if there any predictive or advanced work, then the actuaries or the actuarial team does that”

“There's a department called the Actuarial Department and it's headed by an actuarial manager so, that manager is basically responsible for all data analytics”

“They appointed actuaries also serve as data analysts, because they actually provide business Intelligence reports quarterly”

“So you'll find that for a lot of companies, the analytics function seats within actuarial department”

More advanced firms tend to have an interdisciplinary teams that handle analytical tasks to ensure that the goals of the analytics output benefits from domain level experience from other key departments within the organization

“Now they come to the business and they play dual roles. So that way we get them in as having a domain level expertise. And they assist in the building up of the analytics because they bring the domain level expertise and I come in with the more the quantitative modeling expertise...” “I work closely with stakeholders in the business. So like data governance, I work closely with the risk. Data management, I work closely with it around the provision of the services of the data, whether it's the info from the infrastructure side, whether it's warehousing looking for different dynamic deployments of models which require deployed in real time. We require heavy collaboration with other departments”



Data management and analytics feature as the most prominent areas of training that the analysts have. Data translation and governance do not feature prominently

Analytics training for the staff

		Starter	Basic	Intermediate	Advanced
Data management i.e. testing and validation, querying etc	61%	20%	58%	70%	100%
Data analytics i.e. data modelling and visualization	61%	40%	42%	80%	100%
Data translation i.e. linking analytics to business outcomes	42%	0%	25%	60%	100%
Data governance	32%	0%	8%	50%	100%
Others	16%	20%	0%	30%	25%
Not applicable/ no data analytics team	19%	40%	33%	0%	0%

*Others with a small base:

- Data science
- Data warehousing
- Machine Learning

Q: We would like to know the kind of training that the staff handling data analytics have?

Base: All respondents n=31



In their own words... about a data analytics training

Generally, structured training programs for analysts organized by the firms is limited. The available training has been on basic analytical skills. However, most of the staff conducting analysis are taking personal initiatives to develop themselves albeit with a few getting some form of assistance from the firms they work for

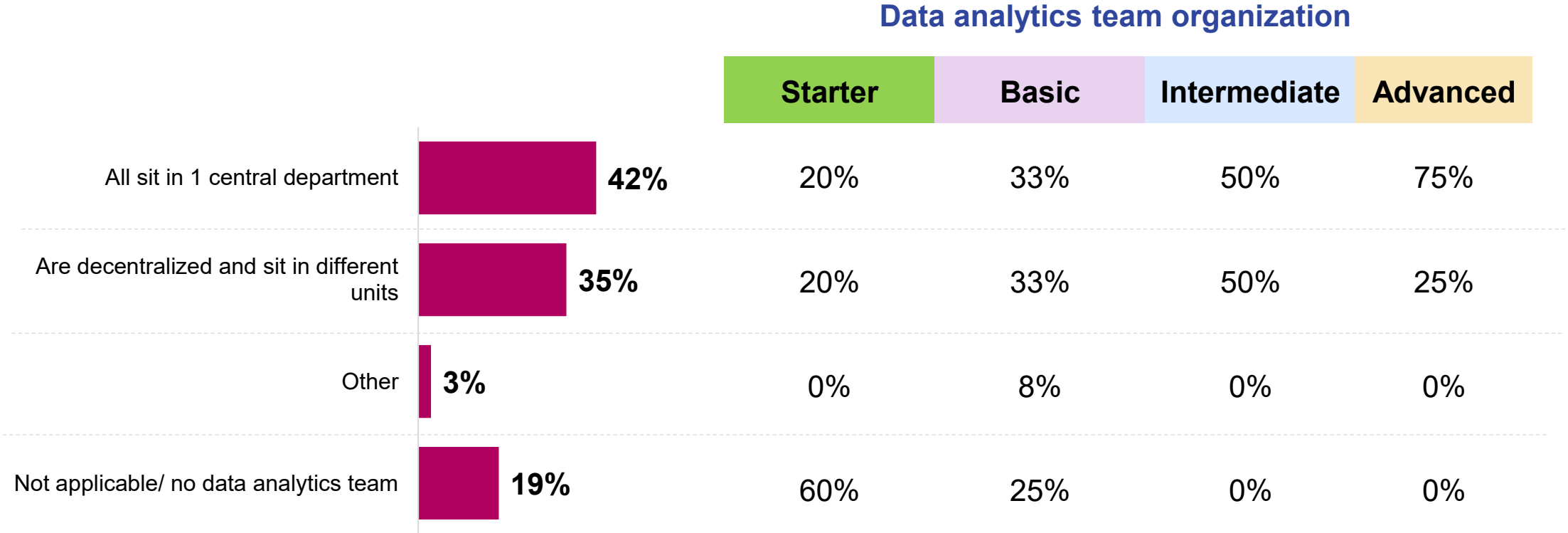
“The only training I'm familiar with is advanced Excel and other Microsoft tools etc. The general approach people have taken is that once an actuary receives his/her professional papers, there is no other training”

“Analysts are actually using online resources such as Datacamp, Coursera and other online platforms to do a number of courses. Analysts are using these platforms to boost their knowledge. But the company has been able to enable that process now...”

“There's a bit of a gap in training, and it is hard to find people who can do all of that analytical work and right out of the box, so you're forced to do quite a bit of training. We first went through an extensive training program to kind of get them up to speed”



There is a split between where the analytics teams are domiciled. Depending on the each of the organizations, most are centralized under the group, while for others sit in their respective BUs



Q: How are the data analytics staff organized in your organization?
 Base: All respondents n=31



Within the domain of analytics, most play IT based roles while others play the analytics role. Critical to note is that Data Translation and Chief Data Officers roles are less likely to be found

Diversity in analytics teams roles

		Starter	Basic	Intermediate	Advanced
Database engineers / administrators	35%	0%	25%	60%	50%
Programmers	29%	20%	17%	40%	50%
Data scientists	29%	0%	25%	30%	75%
Chief Data Officer / Data Manager	16%	0%	0%	30%	50%
Data translators	13%	0%	0%	20%	50%
Others	26%	40%	33%	20%	0%
Not applicable/ no data analytics team	23%	60%	33%	0%	0%

*Others with a small base:

- Actuaries
- Business analysts
- Data analysts
- IT staff

Q: Looking at the data analytics staff in your organization, what kind of roles do they play?

Base: All respondents n=31

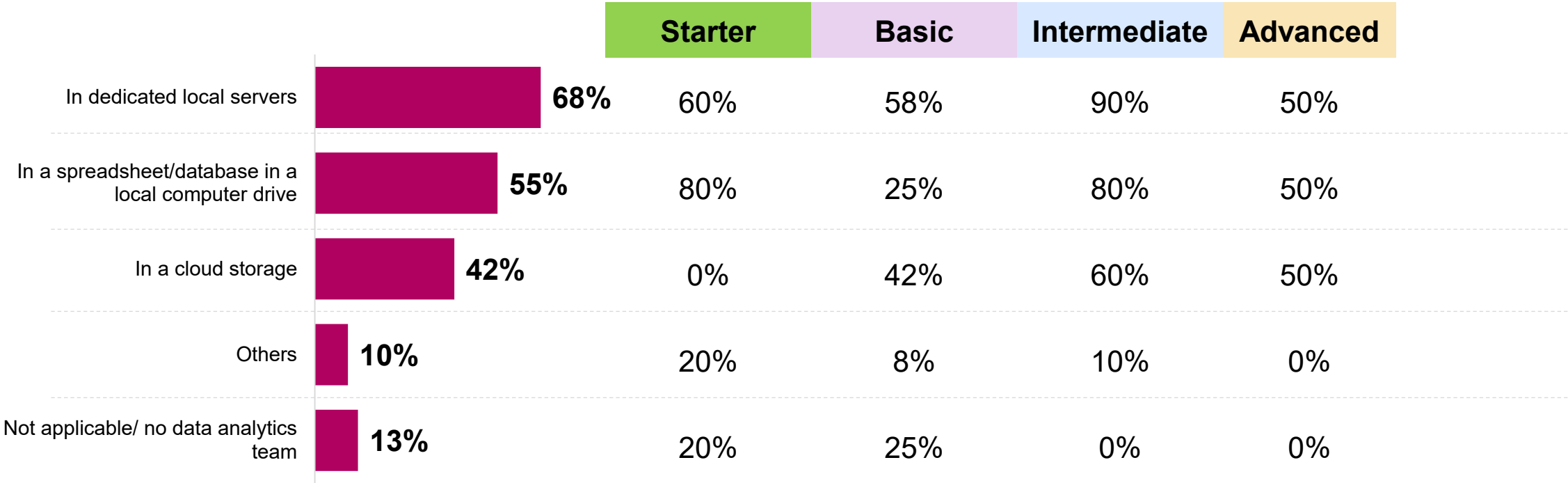


3: Processes

To review the presence of elaborate processes around data collection and usage that would enable further analytics

Most of the data for analytical purposes is stored in local servers while some are stored in spreadsheets. A few advanced ones use cloud storage

Data storage processes for analytics purposes



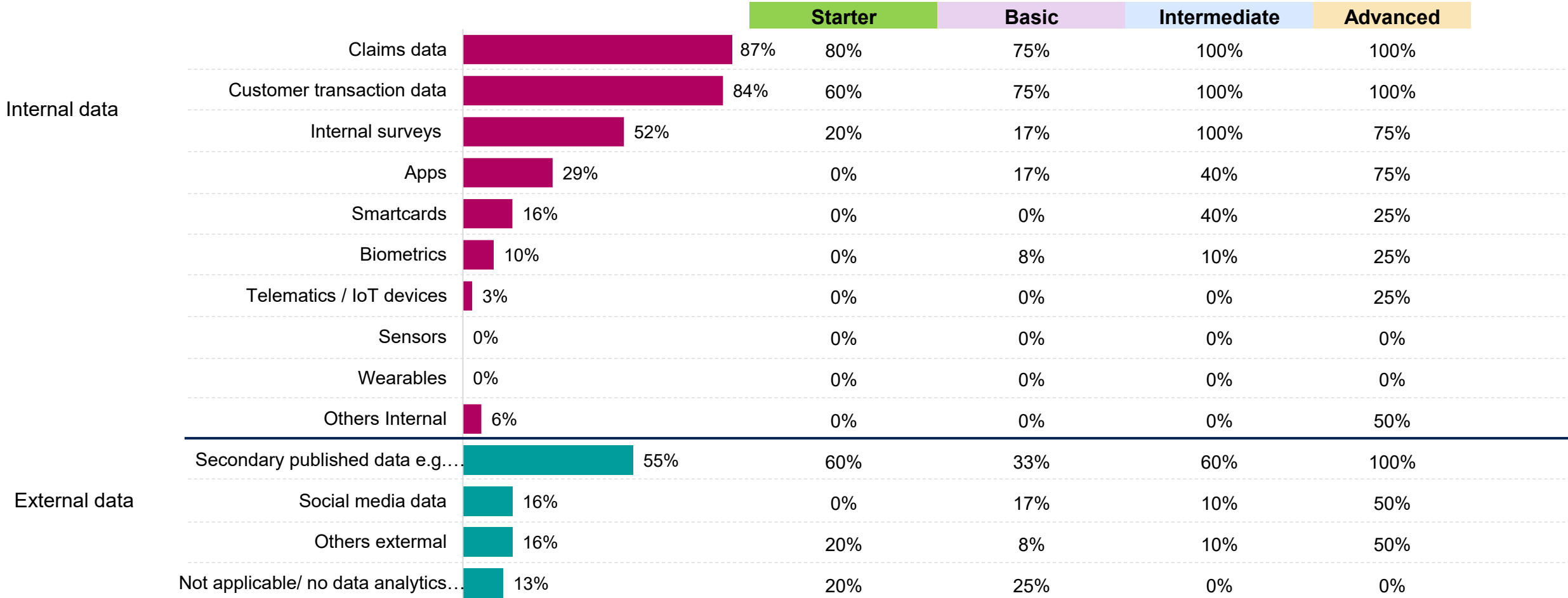
Q: What would you say are the ways data is stored and analyzed in your organization by the data analytics team?

Base: All respondents n=31



Most data used are internal in nature, - mainly claims and customer transaction data. External sources are less prominent with published data being key among the rest

Sources of data



Q: For the data analytics team, what are the main data sources used?

Base: All respondents n=31

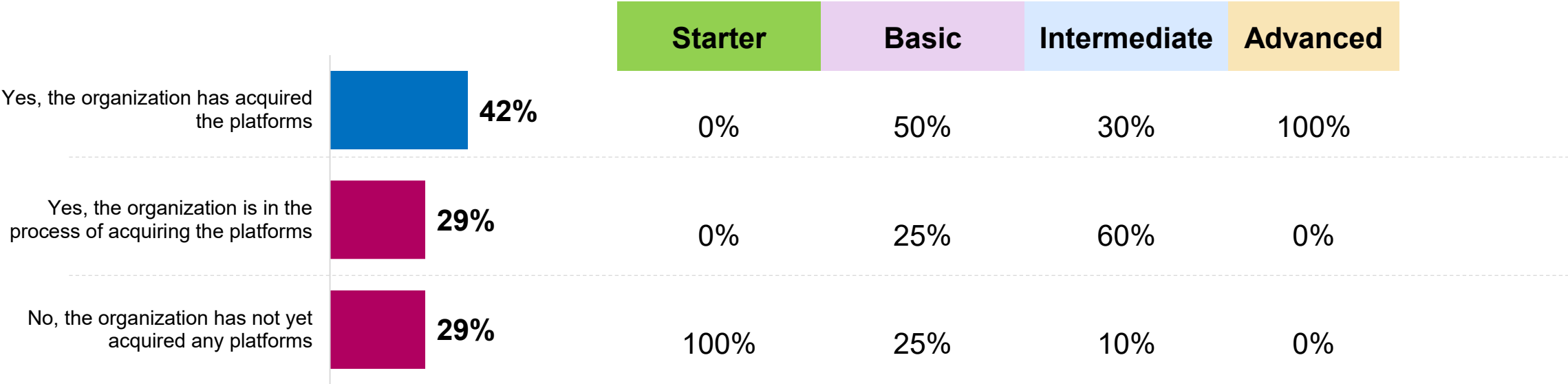


4: Technology

To review organizations' technology infrastructure that are critical in supporting advanced data analytics

Some of the organizations claimed to have acquired platforms that have advanced analytical capabilities – though the main objective is to improve current systems

Analytic platform acquisitions

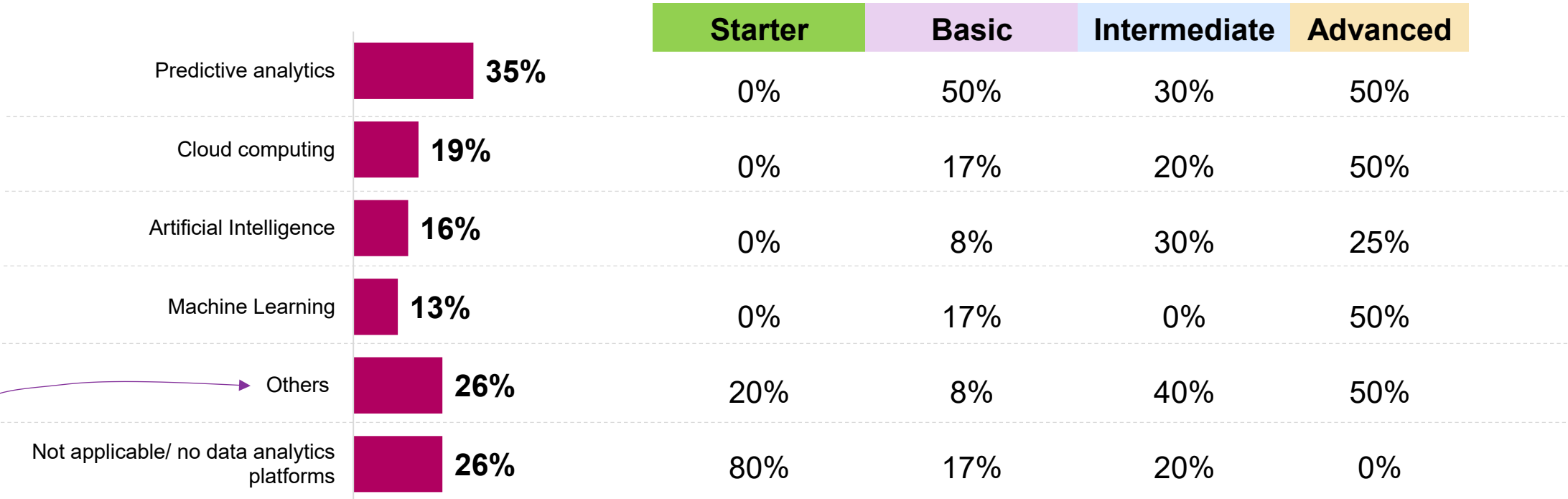


Q: Has the organization acquired any technology platforms that can allow for seamless data collection and analytics capabilities?
 Base: All respondents n=31



Most of the acquired platforms are business enterprise solutions, but some of them have some advanced analytical capabilities

Acquired platforms analytical capabilities



- *Others with a small base:
- Basic analysis
 - BI platforms
 - Data visualization and reporting

Q: Has the organization acquired any technology platforms that can allow for seamless data collection and analytics capabilities?
 Base: All respondents n=31



In their own words... about analytical platforms

The advanced firms have already invested in analytical platforms and are in the process of experimenting with higher order analytics

“We have a number of tools that the company has purchased, which are really doing well in terms of data analytics. We've got platforms such as Qlik, which have a bit of artificial intelligence. The team is now learning a bit of analytics...”

The less advanced firms tend to use basic analytical tools such as Excel which are limited in analytical capabilities

“Now for basic analytics which are not complex tools like Excel are used. So they generate basic diagnostic reports and then from that you can see if there are some trends and patterns”

“It also depends on the kind of tools that that you're using. Excel sheet analysis are quite are limited”

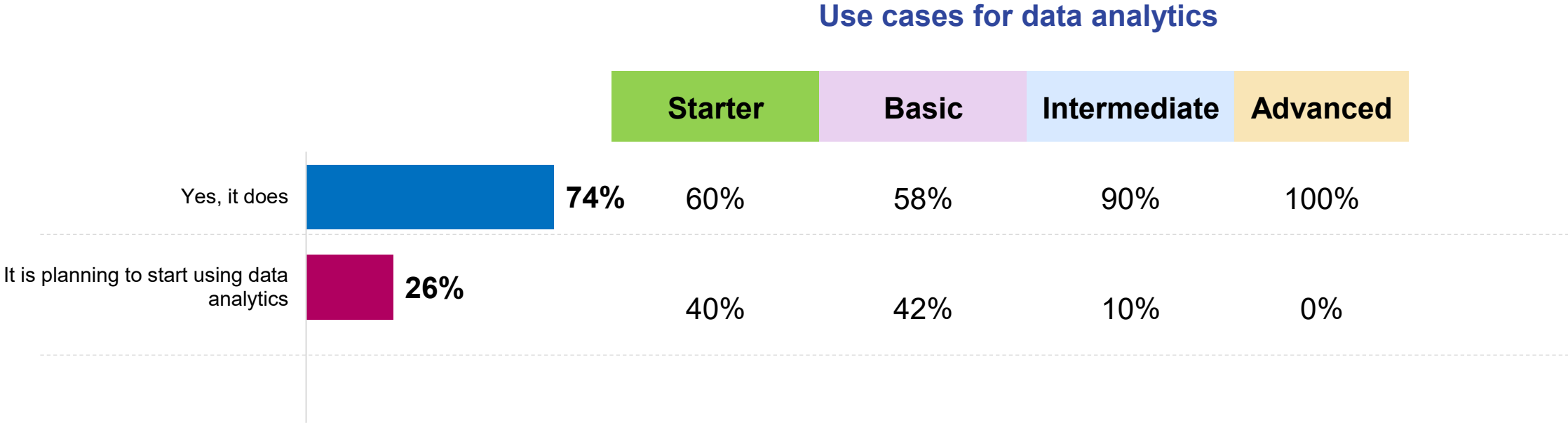
“For the for the quickest solutions, spreadsheets in Excel are used and if there are some complicated analysis, the analysts adjust them using VBA”



5: Outcomes

To establish the quality of outcomes around current data analytics projects

Majority claim that their organizations are leveraging on the use of data analytics – but this is at different levels from basic to advanced

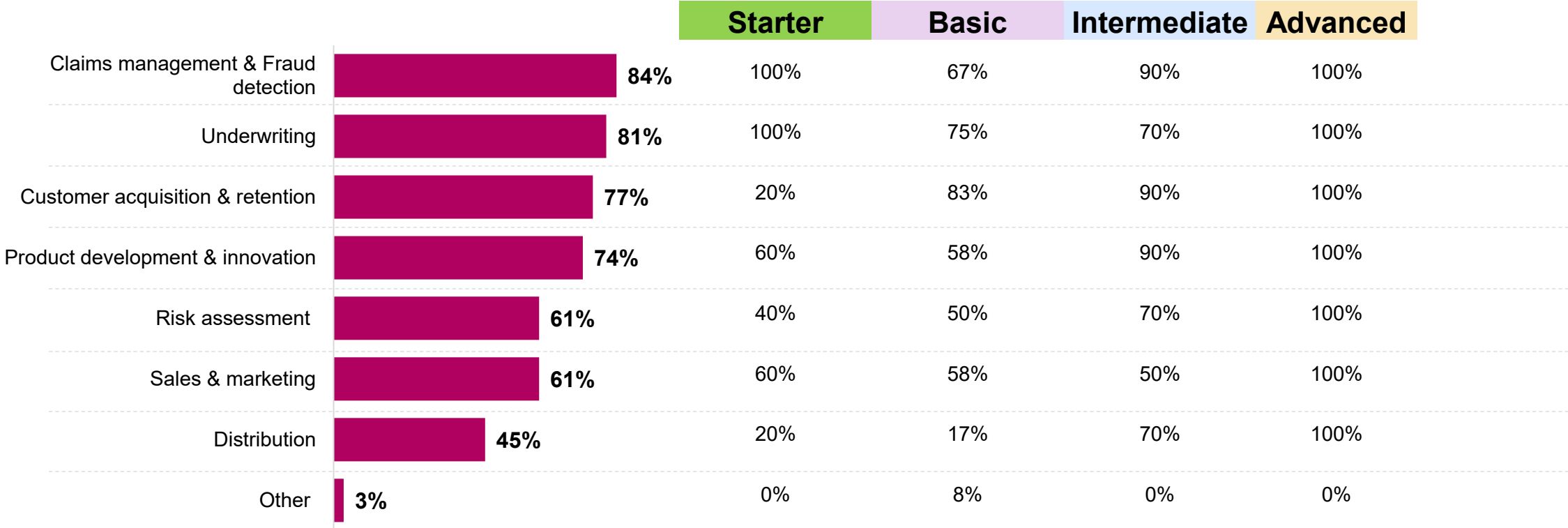


Q: Does the organization leverage data and analytics to autonomously improve business performance?
 Base: All respondents n=31



Despite most of the analytics done being at basic level, there is a variety of use cases, signaling the need for more advanced analytics

Use cases for data analytics



Q: In which areas and to what extent has the organization leveraged on data analytics to improve business performance?
 Base: All respondents n=31



In their own words... about data analytics use cases

The firms seem to understand where general data analytics can add value to their business. Both advanced and basic analysis usually address a specific use cases – but this varies considerably across the firms in terms of how advanced the analytics of the use cases are

Pricing

“The aspect of data analytics would help, because if you are using a scientific way to maybe come up with correct prices, by the use of sophisticated models one can come up with the customers to targeted and the price to charge”

End to end automation

“Automation process to reduce human intervention can be done i.e. from analytics to implementation, though it is risky in nature – but requires human intervention for Quality Control”

Customer acquisition and retention

“...around customer centricity to actually understand our customers in a better way and in a more granular way. We actually are doing a risk profiling for customers...”

Product development

“...they said that they wanted to develop products which are customer centric. For us to actually manage we need to have a very good background based on analytics...”

Revenue growth

“There's the one that would benefit from a revenue perspective. For example when you're doing analytics to support product design, there's the potential to greatly impact revenue...”

Sales strategy

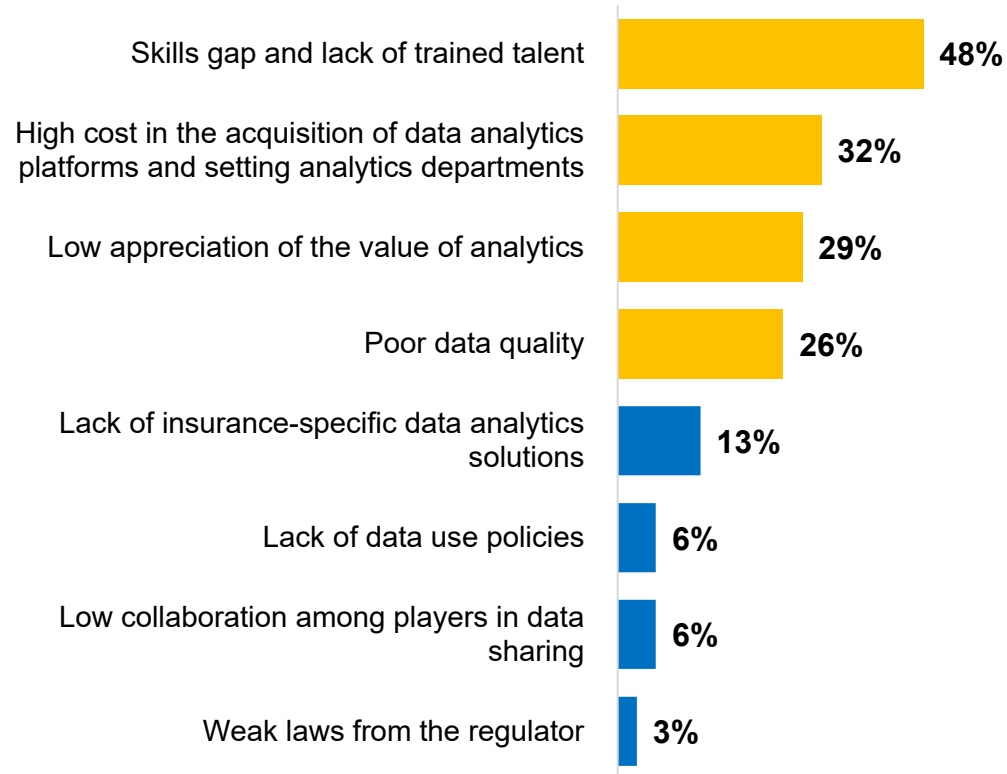
“With analytics, the sales teams will be more focused on the specific sales plans or specific intermediates or specific sectors that need to be targeted”



Drivers and Barriers of the use of data analytics

The main limiting factors are lack of skills, high cost of platforms, low appreciation of the value of analytics and lack of proper data

Factors limiting the adoption of analytics in the Kenyan insurance industry?



Q: What do you think limits adoption of data analytics adoption in the Kenyan insurance industry?

Base: All respondents n=31

In their own words... on skills gap and lack of talent

Beyond basic analysis using spreadsheets, the required skills to conduct and disseminate advanced analytics is limited. There is need for further training for the analytics teams to start using more advanced analytics that can clearly demonstrate its benefits to the business

“There are a huge skills disparity because when you try to implement something in team, sometimes you're the only one who has the insight to do it, but then you need a team to work around so it becomes a challenge when one wants to implement something”

“The challenge I'm seeing is also skill across the board. They need to know how the analytics will help end users as well”



In their own words... on high costs of acquiring analytics platforms

Considering that advanced data analytics is still at its nascent stage, there is a gap in demonstrating the ROI for analytics to justify expenditure on it. Hence it is currently considered to be an expensive exercise with no demonstrated 'real' benefit – not just yet

“Companies that cannot afford that spend [on analytics]. A lot of the times it depends on the level of knowledge of the board, because sometimes the boards are focused on bringing profits and growing the top line so they might not currently visualize how leveraging data to gain key insights in the long run will save them on costs”

“There is a Cost-Benefit analysis done on how much value the data analytics really add to the business.



In their own words... low appreciation on the value of analytics

While there is an ‘academic’ knowledge that data analytics can be beneficial to any insurance firm, there lacks demonstrated evidence that data analytics can actually inform business strategy

“...awareness seems to be the biggest challenge that I see in inculcating the culture of using data analytics insights to drive business growth”

“But one thing that’s necessary first of all is to have data analytics representation at the highest level. At the CEO level where they’re condensing it to business outcomes. The question is what business outcomes can be improved on”

“...but I think the biggest challenge that we face is on the knowledge gap. Because, you know, analytics is something advanced. It’s so complicated to most people. I think its knowledge and benefits are not well known”

Consequently, while the adoption of analytics is in the offing, most firms have not yet improved on their systems and business processes to benefit from data analytics insights

“Analytics per se can be ahead of business processes. You can have a good analytical model but the business processes may not be matured enough to integrate the results of the model. Or the regulation is not ready to apply the results of the model. The general environment is trying to catch up. Business processes are behind and Infrastructure for deployment are behind”



In their own words... poor data quality

Consequently, while the adoption of analytics is in the offing, most firms have not yet improved their systems and business processes to benefit from data analytics insights

“Typically, the systems that we have currently may not be compatible with the needs of advanced analytics, because you find that once we run their data, you can tend to spend a lot of time cleaning your data before you can get some useful insights from it. So that's a problem in terms of the quality of the data. Even when companies are really trying to leverage on data to make their decisions , it becomes a bit problematic, so quality of data is definitely a problem where one has to manually adjust spreadsheets in Excel”



In their own words... challenges with regulation

The extent of advanced data analytics borders into the realm of responsible use of data. However, country and industry regulations may hamper proper utilization of data analytics insights to existing and future legal requirements

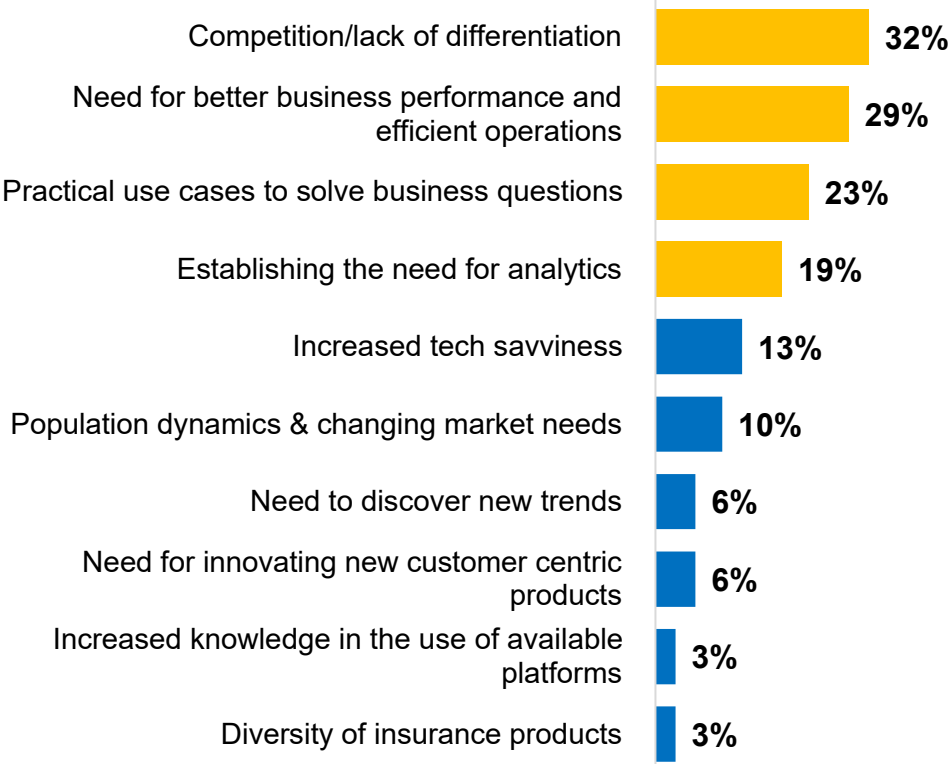
“I wanted to say also the Data Protection Act will really limit the use of data analytics across subsidiaries now that we are operating from a group perspective, will not be able to get the synergies from the different units. And so the act will really pose a challenge to just assure that that analytics will work on a subsidiary level rather than on a group perspective. Because let's say you're looking from a customer perspective and you try to find ways to ensure that you can leverage on cross-selling. This kind of analytics cannot be done on a subsidiary owner group perspective because of data protection”

“I get it is that there's something that you can get from analytics, but you cannot necessarily deploy it until certain regulations are put in place”



Market factors such competition and need for business growth coupled together with growing evidence of the need for analytics to solve business problems are poised to drive the need for analytics in the insurance industry

Factors that would drive the adoption of analytics in the Kenyan insurance industry?



Q: What do you think are the main drivers of adoption of data analytics in the Kenyan insurance industry?
Base: All respondents n=31



Key take outs and industry recommendations

Key findings and recommendations on DMAF components

DMAF Component	Main findings	Recommendation
Policy	<ul style="list-style-type: none"> Generally, there is no specific data analytics strategy Need to leverage on data protection for data analytics purposes 	<ul style="list-style-type: none"> Develop specific strategy around data analytics to guide how the firms can leverage on the adoption of data analytics. There are outsourcing opportunities to partner with local data analytics consultants to help in development the strategy If data governance policy on data use for analytics does not exists, there is need to adopt data governance practices specific for data analytics. e.g. on Data stewardship, Data Ownership, Data Policies and Data Standards
People	<ul style="list-style-type: none"> Lack of skilled data analysts beyond actuaries in the firms 	<ul style="list-style-type: none"> Invest in training their staff especially in upskilling the actuaries on more advanced data analytics to solve specific insurance use cases. This will help to build the requisite capacity in the running of analytics services within the organization
Processes	<ul style="list-style-type: none"> There is heavy reliance on internal data such as customer transactions and claims data that form the bulk of data available for analytics 	<ul style="list-style-type: none"> There is need to diversify data sources beyond basic internal data. Such would include social media, emails, sensors/telematics. IoT devices, geospatial data etc. This will help to add value to the insights generated from the analytic projects/ for actuarial models The need for innovation can benefit from new and diversified data sources
Technology	<ul style="list-style-type: none"> Most of the current platforms are not necessarily suited for advanced analytics 	<ul style="list-style-type: none"> There is need to invest in platforms that have advanced data analytic capabilities beyond general enterprise solutions. This will aid help in obtaining more predictive analytics
Outcomes	<ul style="list-style-type: none"> There is a universal agreement the importance of data analytics. However, this is based on basic level analysis only. There is low appreciation of what kind of advanced analytics can be beneficial to the organization 	<ul style="list-style-type: none"> There is need for the organizations to familiarize themselves with use cases that are more predictive in nature and how that can be beneficial to the growth of the business Opportunity for AKI to partner with local data analytics companies to create sensitization programs to further demonstrate the benefits of advanced data analytics

**THANK
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