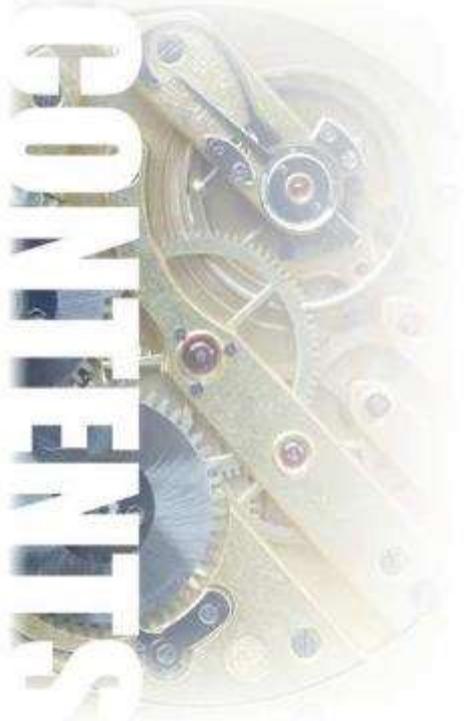


# Life Insurance Business SME Survey

Presentation  
23<sup>rd</sup> February 2016

# CONTENTS



- **Background**
- **Objectives**
- **Approach**
- **Key Findings**
- **Way Forward**

# Background

- Despite its importance, the penetration of life insurance in Kenya currently stands at 1.3%
- Owing to this scenario, AKI commissioned research geared towards identifying the challenges that are inhibiting the uptake of group life and pension products by SMEs in Kenya
- The input from research will guide AKI in coming up with solutions that can increase uptake of life insurance among SMEs by establishing the effective awareness driving initiatives, preferred distribution channels and characteristics of responsive products

# Objectives

1

Identify **existing benefit programs** offered by SMEs to their employees

...relating to death in service, permanent or total disability, terminal illness, retirement etc.

2

Evaluate the effectiveness of **awareness and educational campaigns** targeting SMEs

...and the best ways of enhancing the same

3

Evaluate effectiveness of **promotional efforts** by insurance companies targeting SMEs

...and identify the best practices

4

Investigate sufficiency of the **products in the market** in addressing group life insurance and pension's needs

...and identify preferences and characteristics of acceptable products

# Objectives

5 Evaluate the **existing distribution** channels

... and identify the right channels to reach SMEs

6 **Benchmark** with efforts and **emerging trends from other industries** and **other parts of the world** with regards to promotional efforts; awareness and education campaigns, distribution channels and product characteristics

7 Find out the **challenges that are inhibiting the uptake** of group life insurance and pensions by SMEs and develop strategies of increasing the uptake

8 Get **contacts of 10,000 SMEs** (physical and email addresses)

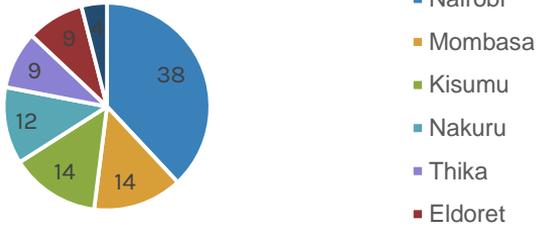
# Approach

<b>TARGET</b>	<ul style="list-style-type: none"><li>• <b>350 SMEs</b> (businesses with 10 - 99 employees and have an annual sales turnover not exceeding KES.150 Million)</li><li>• <b>23 underwriters</b> of life insurance</li></ul>
<b>DATA COLLECTION</b>	<ul style="list-style-type: none"><li>• <b>Quantitative face-to-face interviews</b> with SMEs</li><li>• <b>In-depth interviews</b> with key industry informants (mainly underwriters for group life and pension schemes and some SMEs)</li><li>• <b>Secondary data review</b> of existing literature on existing products and services for SMEs and the competitive environment</li><li>• <b>Collating of SME data base</b> from various sources</li></ul>
<b>SCOPE</b>	<ul style="list-style-type: none"><li>• <b>Coverage in key industrial towns</b> in Kenya namely Nairobi, Mombasa, Kisumu, Thika, Nakuru and Eldoret</li></ul>

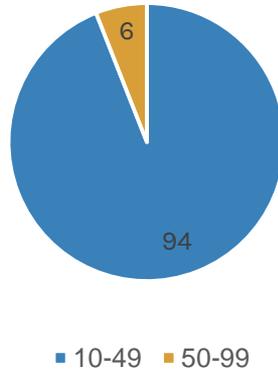
The research was conducted in Oct-Dec 2015

# Sample Design

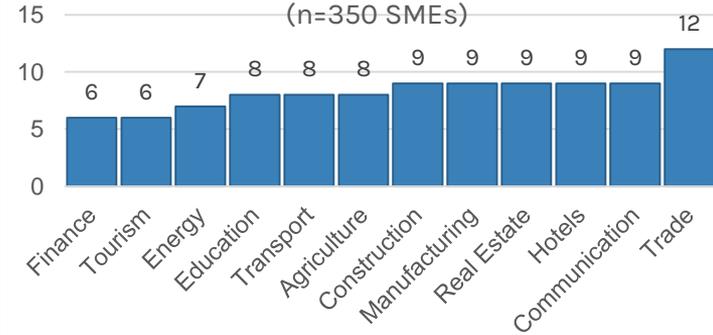
% distribution by **Region**  
(n=350 SMEs)



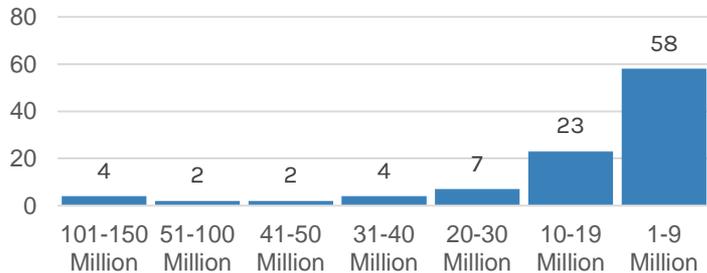
% distribution by **# of Employees**  
(n=350 SMEs)



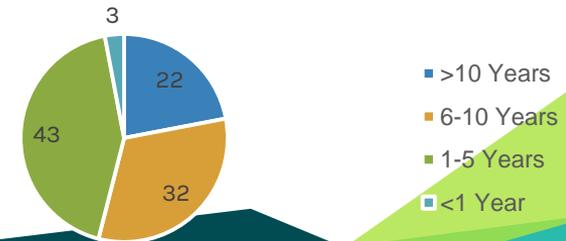
% distribution by **Sector**  
(n=350 SMEs)



% distribution by **Annual Revenue**  
(n=350 SMEs)



% distribution by **Years in Operation**  
(n=350 SMEs)

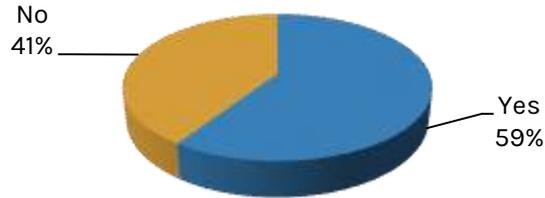


The background features a central teal-colored area with white text. This area is framed by dark teal and light lime green geometric shapes that create a layered, mountain-like effect. The overall design is modern and minimalist.

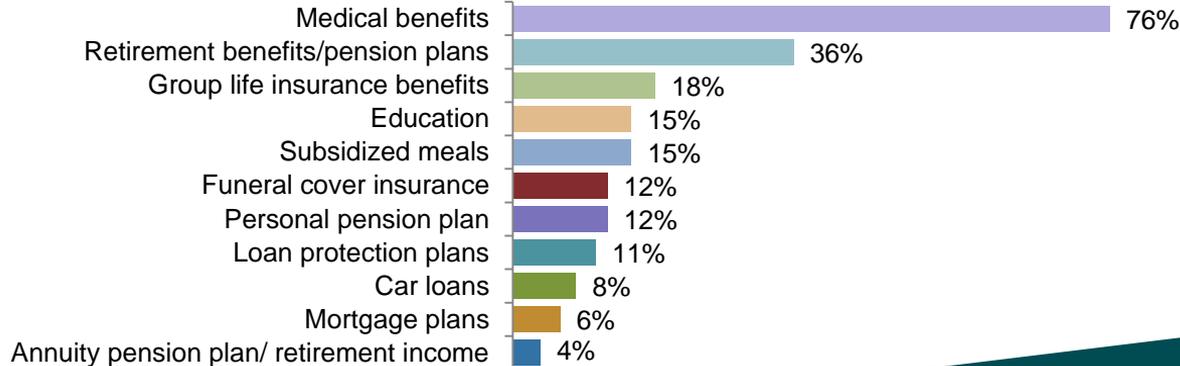
# Existing SMEs benefit programs

# Existing benefit programs

Does your organization offer any employee benefit programs?



## Types of benefits offered by SMEs



- Nearly 60% of SMEs offer employee benefits the main ones being: **medical covers** and **retirement benefits/ pension plans**
- Only 18% of the SMEs with a benefits program claimed to offer Group Life plans to their employees which points to a low uptake

# How SMEs deal with employee situations

...types of arrangements made to help employees in different circumstances

EMPLOYEE DYING IN SERVICE	
Contribution from staff welfare	48%
Funeral cover/ company caters for funeral expenses	26%
Reward in cash to the next of kin as form of appreciation	8%
Give some contribution on individual basis /fundraising	7%
Send off package	2%
Donation/ gifts	2%
Employ family member instead	1%
Have no specific way of handling	1%
Take care of some of their bills e.g. rent	1%
The members family is given the retirement benefits	1%
Accident cover	1%
Educate their children	1%

EMPLOYEE SUFFERING FROM TERMINAL ILLNESS	
Reward in cash as form of appreciation	29%
Get terminal benefits / Send-off package	26%
Medical cover	16%
Get gifts tokens as a form of appreciation	12%
Contribution from staff welfare	7%
Take care of some of their bills e.g. rent	4%
Employee continues earning salary for sometime	3%
Conduct fundraising	3%

- SMEs generally lack structured ways to deal with death in service and terminal illnesses
- There is overreliance on in-house employee welfare schemes that cater for funeral expenses only
- Some SMEs offer cash relief or terminal benefits to employees with a terminal illness

# How SMEs deal with employee situations

...types of arrangements made to help employees in different circumstances

EMPLOYEE SUFFERING FROM PARTIAL DISABILITY	
Medical cover	22%
Relieved of duty and continue earning salary for sometime	18%
Reward in cash as form of appreciation	17%
Contribution from staff welfare	11%
Put them on less straining jobs	8%
Get retirement benefits	7%
Take care of some of their bills e.g. rent	4%
Accident cover	4%
NHIF	2%
Conduct fundraising	1%
Send off package	1%
Give them loans at affordable/subsidized rates	1%
Employ family member instead	1%

EMPLOYEE SUFFERING FROM PERMANENT DISABILITY	
Reward in cash as a form of appreciation	35%
Medical cover	18%
Contribution from staff welfare	10%
Give gifts/ give tokens as a form of appreciation	7%
Continue earning salary for sometime	6%
Get retirement benefits	6%
Take care of some of their bills e.g. rent	4%
Accident cover	3%
Conduct fundraising	2%
Have no specific way of handling it	1%
Send off package	1%
Give them loans at affordable/subsidized rates	1%

- Most SMEs do not have strategies to assist employees faced with disability in service
- Most common form of assistance given to staff members faced with permanent disability in service is: **cash rewards** (either from the employer or colleagues)

# How SMEs deal with employee situations

....types of arrangements made to help employees in different circumstances

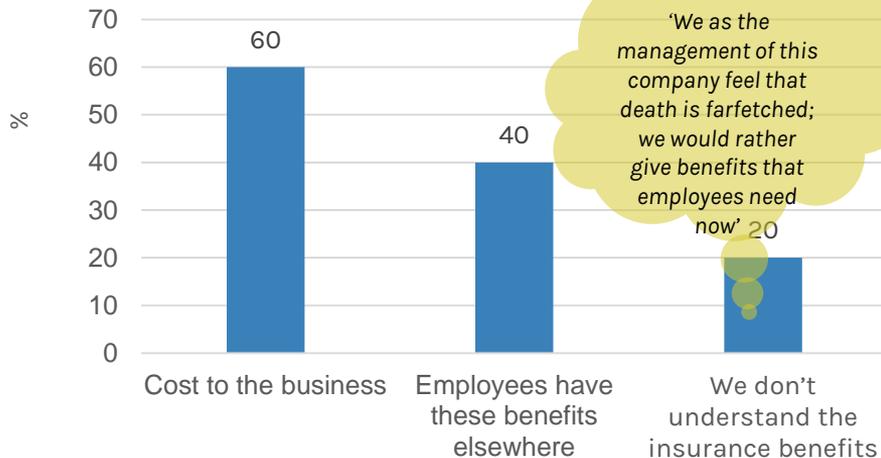
<u>EMPLOYEE RETIRING WHILE IN SERVICE</u>	
Get send off package from employee welfare	69%
Reward in cash as a form of appreciation	20%
Get gifts	10%
NSSF	3%
Take care of some of their bills e.g. rent	1%
Have no specific way of handling	1%

- SMES rely more on their set internal employee welfare schemes as a source of retirement packages as opposed to insurance.
- Only 21% have purchased retirement plans from insurance companies for their employees

# Barriers to uptake of Group Life products

...from SMEs perspective

Why SMEs don't provide life insurance benefits to employees (n=350 SMEs)



- Barriers to adoption of group life and pension products are:
  - **Cost** - SMEs consider life insurance as a cost to the business as opposed to a benefit
  - **Lack of understanding of the life insurance benefits**
  - **Preference of alternative ways of providing employee benefits** - Employers are more concerned about the short term needs of their employees
  - **Existing products not tailor-made for SMEs** - pricing and payment terms
  - **Industry lacks a strategy to attract small businesses**

# Barriers to uptake of Group Life products

...from SMEs perspective

FACTORS AFFECTING UPTAKE OF GROUP LIFE & PENSION SCHEMES AMONG SMES (n=350 SMES)	
High cost of premiums affects penetration of group life insurance	79%
Lack of efficiency in claims settlement has led to low penetration of group life insurance among SMES	76%
Lack of product variety has led to low penetration of group life insurance among SMES	74%
The complicated nature of life insurance products has led to low penetration	74%
Life insurance companies should exploit other distribution channels to increase target SMES more effectively	73%
Lack of country-wide presence has led to low penetration of group life insurance	72%
Most SMES do not have enough revenue to buy group life insurance and pension schemes for their employees	72%
Poor customer service in life insurance companies is one of the major reasons for low penetration of group life insurance among SMES	71%
Poor agents integrity has led to low penetration of group life insurance among SMES	70%

Biggest inhibitors are:

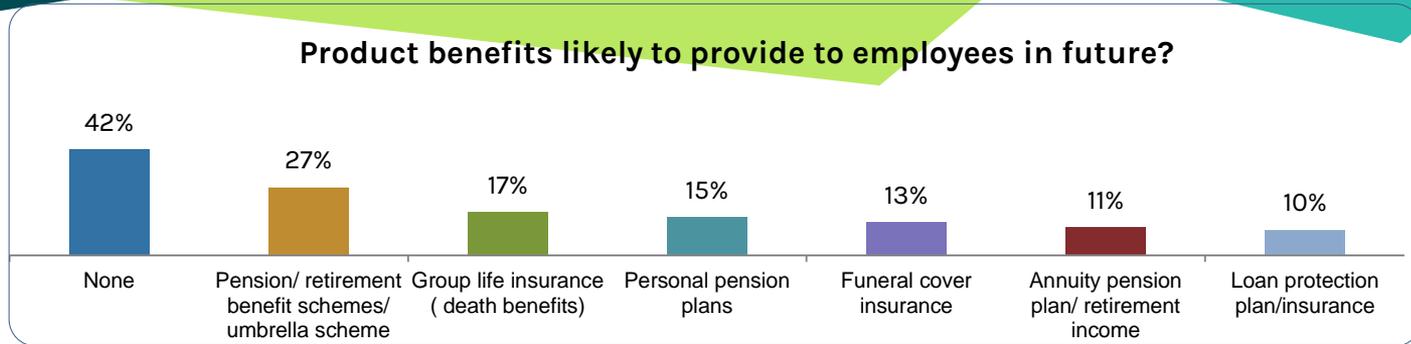
- High cost of premiums
- Lack of efficient claim settlement
- Lack of product variety
- Complicated nature of life insurance products

# Barriers to uptake of Group Life products

## ...from Underwriters perspective

- Negative perception towards insurance
- People not willing to discuss death
- SMEs have few employees hence premiums are more expensive for them
- Group life is not mandatory makes employers reluctant to take it up for their employees
- SMEs have competing needs and they most often tend to perceive group life as a cost to the business
- Negative saving culture are a hindrance in uptake of pension schemes
- SMEs are spread all over the country making it difficult to reach them
- SMEs are not well informed on insurance

# Potential uptake of Group Life and Pension in future



TYPE OF GROUP LIFE OR RETIREMENT PRODUCT WOULD BE INTERESTED IN (n=350 SMEs)	
Policies providing both risk coverage and a savings component	78%
Policies providing risk coverage only	16%
Policies for saving	11%

- Imminent potential exists for **pension/ retirement benefit schemes/ umbrella schemes**
- SMEs favor products with savings and risk coverage
- Features of Ideal group life products are:
  - Multiple benefits
  - Low premiums
  - Flexible payment terms.eg a group life plan that has medical benefits and retirement benefits

# Strategies for driving uptake of Group Life & Pension products

## ...from Underwriters perspective

- Conduct sensitization campaigns and create awareness on the importance of group life and pension plans
- IRA to enforce compliance – be strict to guide on pricing and ensure set guidelines are followed to ensure there is fair competition among underwriters
- Have a legal backing to increase uptake of group life (make it mandatory in law for employers to provide group life insurance to their employees).
- Form partnerships with the government to identify all SME groups that are registered with the government

## ...from SMEs perspective

(n=350 SMEs)	
Creation of more awareness of the life products	46%
Educate SMEs on the importance of their products	33%
Have affordable products for SMEs	23%
Open more branches	9%
Create more products	8%
Settle claims immediately	6%
Conduct door to door visits to the SMEs to sell products	4%
Practice good customer service	3%
Have transparency	2%

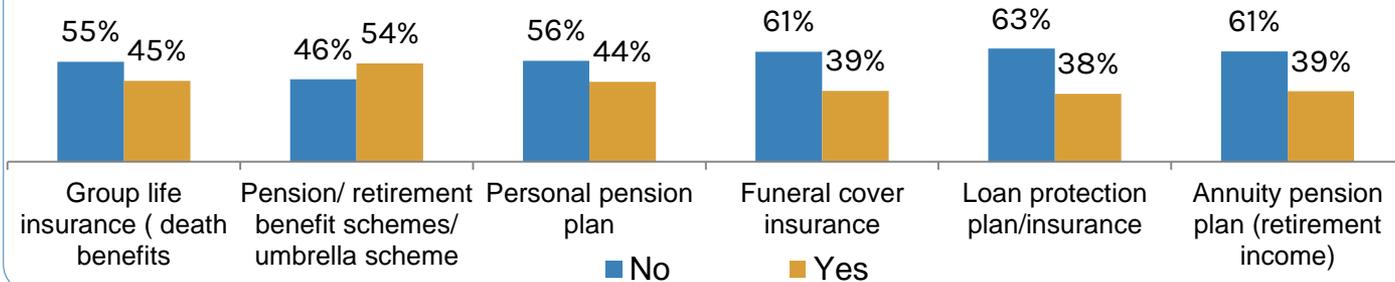


The background features a series of overlapping, semi-transparent geometric shapes in various shades of green and teal. A large, dark teal shape is at the top, with a lighter green shape below it. A wide, medium-teal shape dominates the center, and another dark teal shape is at the bottom. The overall effect is a modern, layered, and abstract design.

## **Perceived sufficiency of existing Group Life and Pension products**

# Whether existing Group Life & Pension product meet the needs of SMEs

In your opinion, would you say that the following products are tailor-made to meet the needs of SMEs



## WHY YES

It helps bereaved families as it caters for funerals	46%
Workers welfare is taken care of	9%
Beneficiaries are paid cash after loss	8%
Funds are available in lump sum at maturity	7%

## WHY NOT

Targets bigger organizations	11%
It is expensive since this organization has few members	7%
It's a long term contract	7%
Each employee should cater for his/her own life cover	3%

- Existing group life products are largely seen as insufficient in addressing needs for SMEs in terms of: **pricing, payment terms and type of benefits**

# Needs and preferences among SMEs

- Key focus among SMEs is **savings to invest after retirement**. There is preference for Group life products that have both risk coverage and savings component
- Need for **products specifically tailored to SMEs** in terms of: premiums, payment terms and maturity periods

*“Insurers should sell products in different sized sachets BUT same quality. SMEs need smaller sachets that are lowly priced e.g. 5000 shillings for a group life policy”*

- **Financial literacy:** SMEs need more than just products i.e. arrangements whereby insurers assist beneficiaries to start businesses after getting the benefits from group life schemes
- **Loans:** pension products that allows employees to get loans using their contribution as collateral
- **Complementary services** e.g. employee benefits advice business startup advice and other financial advice

# Needs and preferences among SMEs

- Some underwriters **formulate SME strategies based on research** while for others its not the case

“Need was identified by talking to institutions to understand the needs they face in servicing pensions for their employees”

‘We did not do any research on SME needs and just decided to capitalize on the many small businesses being set up’

- Industry should invest more in the **development of SME group life and pension products** - through market research, continuous product evaluations
- Product development/ product changes should be **based on existing product experience**

The background consists of several overlapping, semi-transparent geometric shapes in various shades of green and teal. The shapes are layered to create a sense of depth and movement, with some appearing as peaks or valleys. The central area is dominated by a large, solid teal shape that serves as the backdrop for the text.

**Does the industry have a strategic  
intent for SMEs life business?**

## Value Proposition

- Most life insurance underwriters do not have explicit value propositions for SMEs
- Very few life insurance underwriters have differentiated products for SMEs
- Some underwriters treat SMEs and corporates alike with group life
- A number of underwriters focus more on group credit schemes as opposed to death related benefits and other group life products

## Dedicated business lines

- Most underwriters do not have dedicated delivery channels for SMEs
  - “They are allocated an area and left to find ways of pulling through”*
- Some of the existing SME delivery channels are
  - A sales team to sell and offer after sale services to SMEs
  - Dedicated relationship officer for SMEs

## Branding for SMEs

- Most life insurance underwriters do not have explicit value propositions for SMES
- Group life and pension products are not positioned with an SME touch (not focused on attracting SMEs)

*“The products are there; it’s only that we are not really saying this is for SME” (Life insurance underwriter)*

- Few group life underwriters have branded group life products for SMEs



### ...current strategic intent

- Majority of the insurers have weak or no strategic intent to focus on SMEs as a distinct customer group
- Deliberate focus on SMEs exits for group credit life policies and umbrella pension schemes while strategic intent for other group life products offering is currently lacking
- SME tailored products and services are barely in existence
- There is limited branding for SME products
- SME delivery channels are not elaborate

### ...aspired strategic intent

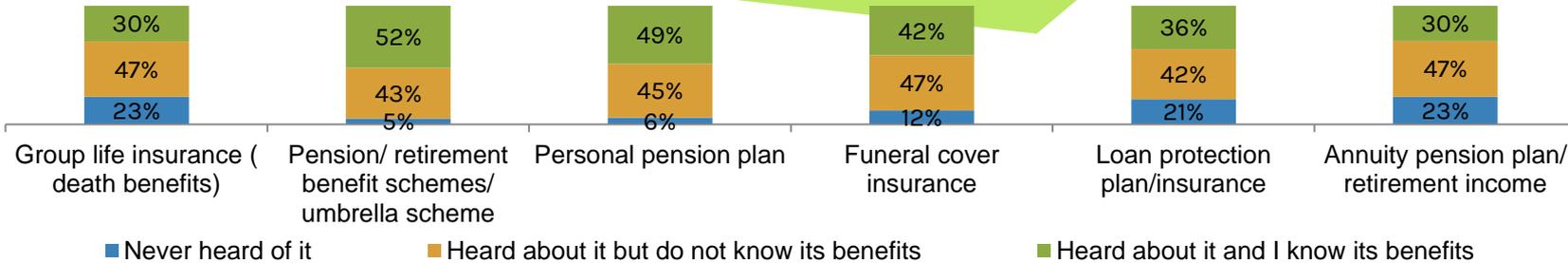
- Group life underwriters have realized the potential in the SME sector and are currently drawing strategies for more focused SME orientation
- Aspired strategic intent is however weak
  - Most underwriters are intend to have **focused delivery channels for SMEs with no mention of targeted products and services or branding SME products**

The background consists of several overlapping, semi-transparent geometric shapes in various shades of green and teal. A large, dark teal shape is at the top, with a lighter green shape below it. A large, medium teal shape is in the center, containing the text. Below this, there are more overlapping shapes in dark teal and light green, creating a layered, mountain-like effect.

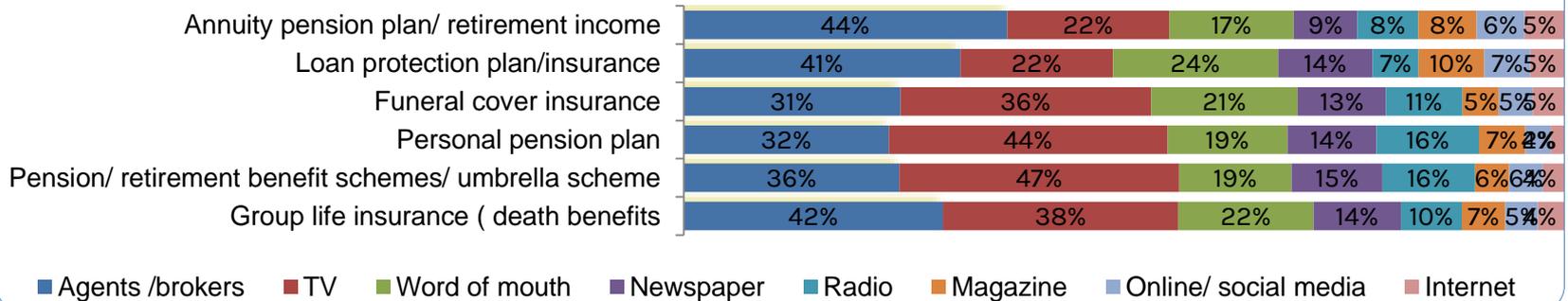
**Sufficiency of awareness and  
educational campaigns and best  
ways of increasing awareness**

# Awareness and understanding of Life Insurance & Pension products

## How familiar are you with the following?

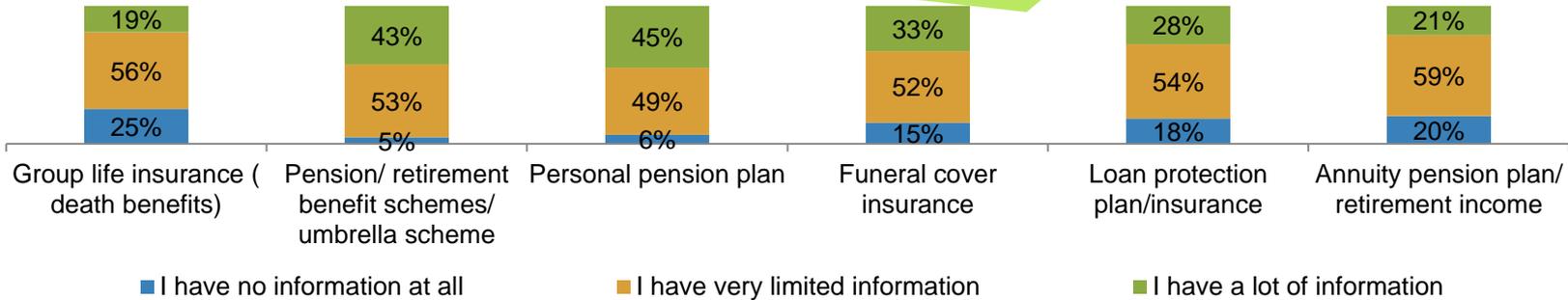


## How did you get to learn about each of the following?

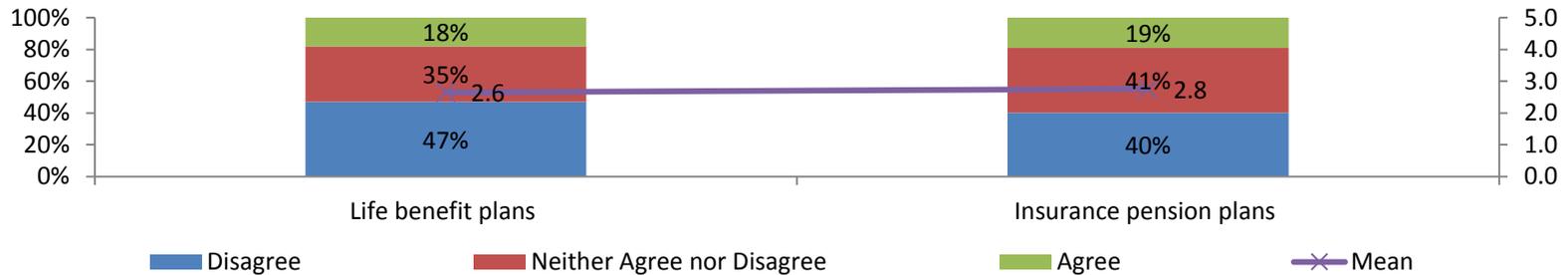


- Highest familiarity realized with pensions/ retirement benefit /umbrella schemes and personal pension plans.
- Understanding of their benefits is not as high

### How much information do you have on each of the following products?



### To what extent do you agree that Insurance companies provide thorough and detailed information regarding life benefit plans



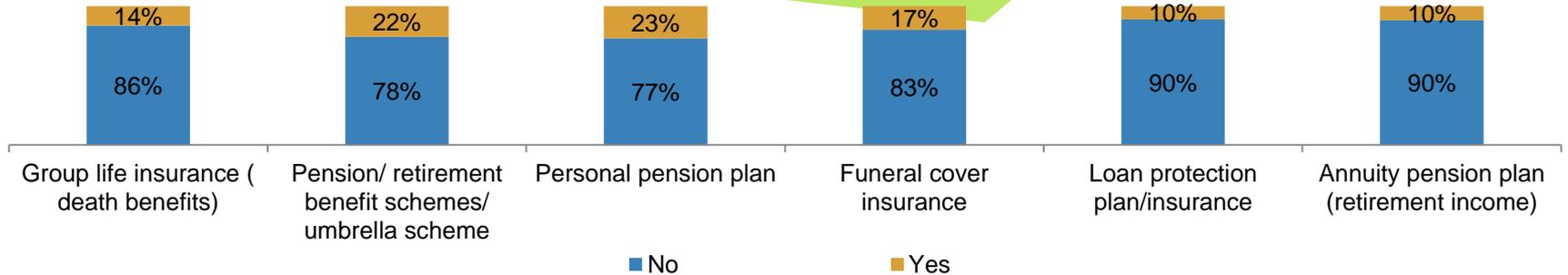
- Information on group life benefit plans and pension plans is scanty among SMEs
- Most SMEs have very limited or no information at all particularly annuities and group life (death benefits)
- Insurers are not actively targeting SMEs through targeted and aggressive advertising and communication



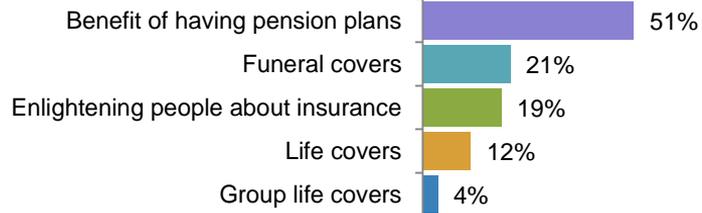
**Exposure to educational and promotional campaigns on group life and pension plans**

# Education campaigns and promotion of group life

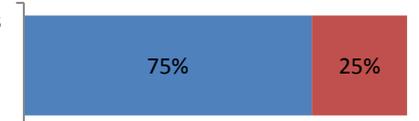
Are you aware of any educational campaigns or promotions conducted for each of the following in the last 2 years?



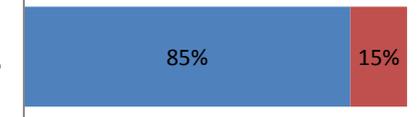
What was the educational campaign / promotional about?



Do you feel that the insurance industry has put adequate efforts to make SMEs aware of the existing life insurance and pension products and their benefits?



Are there any life products awareness campaigns targeting SMES specifically?



■ No ■ Yes

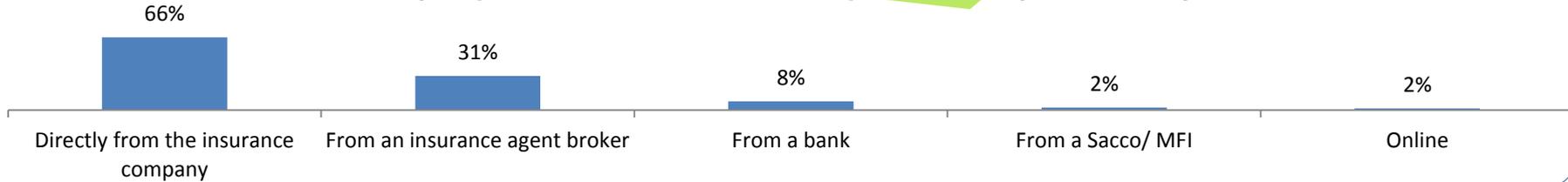
- Educational campaigns for group life plans are **infrequent, have limited reach to SMEs and are not tailored to small businesses**
- Organizations that have reached out to SMEs through education campaigns are: **Jubilee Insurance, Old mutual, Britam and the Retirement Benefit Authority**
- SMEs need engagement through: **financial literacy seminars, trainings on insurance and testimonials**

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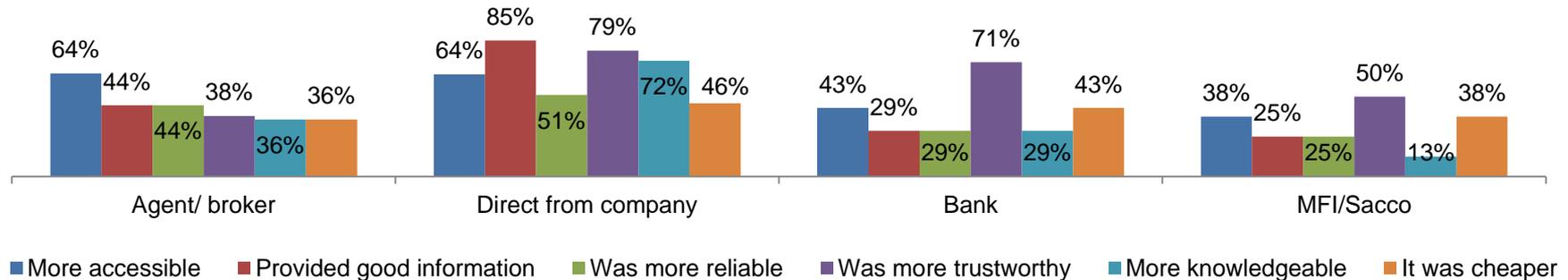
**Distribution channels for group life  
and pension products and the right  
channels to reach the SMEs**

# Distribution channels used currently

How did you purchase the life insurance product that you currently hold?

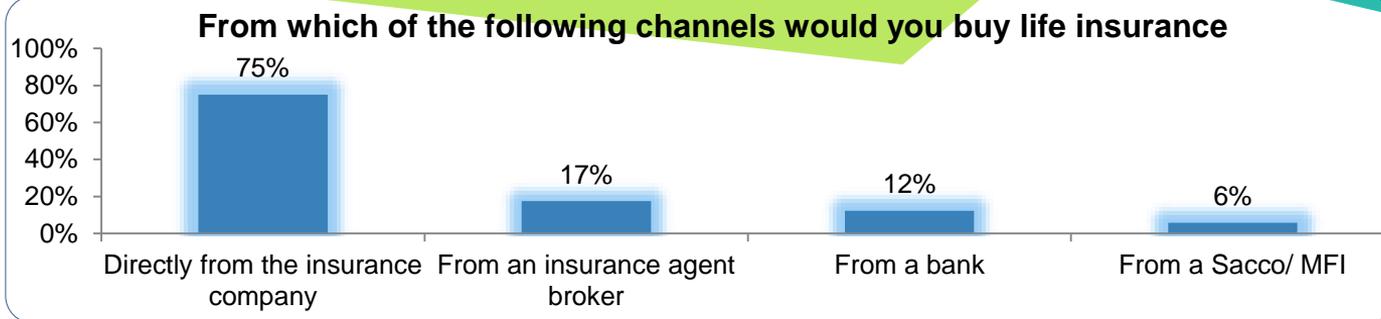


Why did you choose to buy your insurance policy from...



- Group life products are distributed through: **direct sales, agents/ brokers**. Group credit covers are also sold through **partnerships with banks**
- A few life underwriters use affinity groups and umbrella bodies e.g. LSK

# Preferred distribution channels



**Performance rating of each distribution channels for life insurance and pension products**

	Agent/ broker	Insurance company	Bank	Sacco/ MFI
Ensuring SMEs have adequate access to insurance services policies	6.84	<b>7.18</b>	5.61	4.96
Efficiency/effectiveness in reaching SMEs	6.75	<b>7.08</b>	5.26	4.91
Offering service support to SMEs	6.23	<b>6.66</b>	5.4	4.78
Providing adequate information on life insurance and pensions	6.32	<b>6.93</b>	4.83	4.64
Being knowledgeable on the needs of SMEs	6.25	<b>7.20</b>	5.46	5.23

- There is more preference to direct sales because: **insurance companies provide accurate, detailed information and are trustworthy**

# Recommended distribution channels to reach SMEs

**Direct sales:** Have more dedicated sales people to champion the interests of SMEs and represent their challenges and needs to the companies

**Territorial sales force:** Sales person is assigned to an exclusive geographical area and sell the company's full line of group life and pension products or services to all SMEs in that territory

**Product sales structure:** Life insurers can come up with product sales structure where different sales people sell different group life and pension product lines to SMEs

**Customer sales structure:** sales people specialize in selling only to certain customers or industries

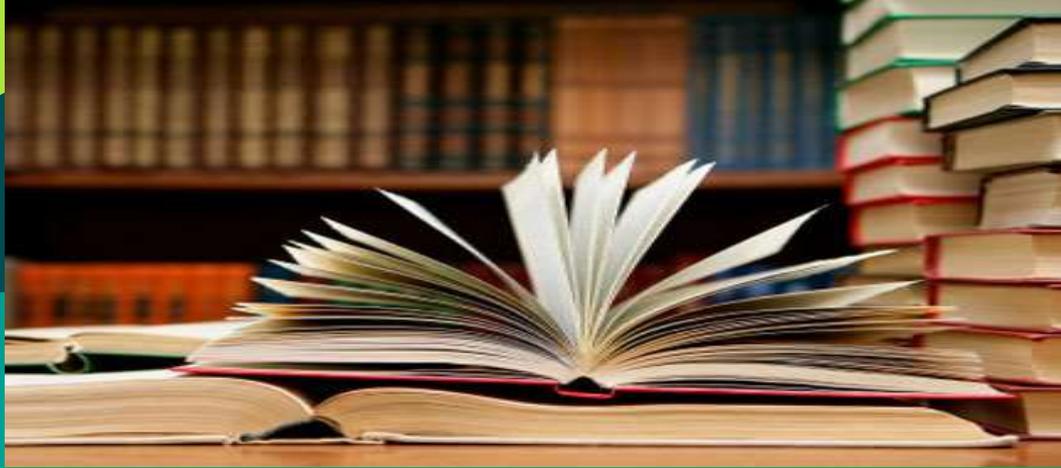
# Recommended distribution channels to reach SMEs

**Business partnership:** Insurers should be more of partners and strive to understand day to day business needs and challenges of SMEs

**Dedicated branches:** Underwriters to set up SME infrastructures by rolling out new branches in areas with high concentration of SMEs. This has worked in the banking sector in Kenya

**Trade specific agents:** Partner with some of the SMEs and use them to sell to others in the same line of business

**Dedicated relationship managers:** dedicated business lines that will handle all their issues



## Benchmarking with other sectors/economies

# Banking sector in Kenya

- Total SME lending portfolio in Dec 2013 was est. at KSh332 billion, representing 23.4% of the banks' total loan portfolios. SME lending represented 20.9% of overall lending in 2013 (*World Bank survey 2013*)

## Product branding and positioning for SMEs

- Most banks have branded products for SMEs
- Banks clearly communicate product benefits, features to SMEs and offer competitive pricing tailor-made to needs of different businesses

## Some of the existing banking products for SMEs

Equity Bank	
<b>SME business Loans:</b>	Available to SMEs in different sectors
<b>SME Development Loan:</b>	Help SMEs to finance expansion of a business and acquire business assets

			
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**Challenges in serving SMEs:** cost and product innovation

# SME business models adopted by Kenyan banks

## Business models

Banks have varied engagement levels for SMEs and different SME business models namely:

- a) The corporate oriented business model
  - b) The supply-chain oriented business model
  - c) The microenterprise-oriented business model
- Dominant banks in SME sector have adopted the microenterprise-oriented business model. They have:
    - Extensive outreach networks
    - Wide branch network with officers dedicated to SMEs ( loan officers who assess SME loans)
    - Have embraced alternative outreach models i.e. agency banking and mobile banking

## Penetration strategies

- Banking sector in Kenya has resolute effort to capture the SME market through:
  - **Preferential treatment**
  - **Networking business clubs** (KCB, Barclays, National Bank and Standard Chartered Bank)  
*Offer specialized services to small and medium sized businesses and the club members enjoy the following benefits: training, networking opportunities, business advisory and trips to new and emerging markets.*
  - **Tailored products and services** – *provision of innovative financing products through partnerships with suppliers to enable SMEs acquire business assets*

## Case of Safaricom

- Safaricom has targeted SMEs with the Lipa Na M-PESA
- It engaged in a campaign to entrench use of Lipa na M-PESA as the main transaction tool for:
  - a) **Payment of salaries**
  - b) **Utility payments**
  - c) **Promotional payouts**
  - d) **Dividend payments**
  - e) **Transport ticket fees**

SMEs embraced mobile money because:

- It provides a good avenue for records management and tracking
- SMEs reduce the financial risks associated with loss of cash through electronic records via Lipa na M-PESA
- Key success factor: **SMEs have wide knowledge of the service**

## Case of South Africa ( Group life)

- Products to specifically target SMEs in South Africa are:

<b>Group Life Assurance</b>	Provides life cover, either as a multiple of salary or fixed rand amount, on the death of a member. Also has accidental death and spouse death cover
<b>Dread Disease Cover</b>	A group life cover that provides a lump sum payment on the diagnosis of a stated dread disease. Can be offered on a basic or comprehensive basis, and as an accelerated or non-accelerated version of the death benefit
<b>Capital Disability</b>	Provides employees with protection against both disability and impairment. The claim amount may be either the full benefit amount or a percentage thereof depending on the benefit selected
<b>Family Benefit</b>	Pays a cash lump sum to cover funeral expenses on the death of a member or a member of their immediate family. Provides cover for the member, one spouse and children up to the age of 21 years. Exceptions to this will be made where a child is still financially dependent on the member after the age of 21. Benefits include body repatriation, additional services and a 24 hour client and claims assistance service
<b>Income Protection Plans</b>	Offers a monthly disability benefit to replace a member's income if they become disabled or impaired and unable to work. A premium and medical aid waiver, payback benefit and rehabilitation services are offered.
<b>Educator Benefit</b>	Designed to cover the cost of education for a member's children in the event of a member's death or disability (depending on the option selected). The Educator benefit may be selected on any scheme that has group life cover and offers both a foundation and progressive option.

## Case of South Africa ( Retirement benefits )

- SMEs contribute 50% towards the country's GDP, and up to 60% of employment in the country, many SMEs do not offer employee benefits
- 58% of SME decision makers and 63% of staff believe that their company have not provided adequately for the long-term wellbeing of staff
- 79% of South Africa's SME decision makers and 90% staff believe SMEs should prioritize retirement benefits **BUT** 66% SME decision makers and 47% of staff testified that this is not on their company's agenda
  - *(Old Mutual SME Employee Benefits Monitor 2015)*

### Uptake drivers

- Having the cash flow to afford it
- Owner's social responsibility
- External pressure (such as legislation or unions)
- Growth of the business
- Need to attract and retain skilled staff

### Barriers for uptake

- Barriers outweigh drivers. These are:
- Cost implication to the business
- Perceived administrative burden (mostly with SMEs with few employees).
- SMEs are uneducated about the benefits and options
- SMEs are not incentivized to offer employee benefits

## Case of Malaysia

- SMEs account for Appx. 99.2% of businesses in Malaysia and 60% of the workforce (this presents huge potential for group life policies)
- SMES face challenges in employee recruitment, retention and safety
- 60% of family businesses in Malaysia feel employee recruitment is their top internal issue and 58% believe the top challenge in the next five years is the ability to innovate and attract the right talent (survey done in 2014)
- Zurich Insurance Malaysia developed Employee First - a yearly renewable group term life insurance policy covering medical cover with accidental death and disablement benefits for SMES

### Features of employee first cover:

- Accidental Death and Disablement (ADD) pay-out is multiplied if the ADD occurred due to natural disasters, while travelling on public transport, or during a national public holiday in Malaysia

### Uniqueness:

- Extra benefits were developed based on the research that discovered most of the SME employees use public transport and travel on public holidays frequently as they do not have liberty to take paid leave for a long vacation. Hence, public holidays are an important chance to spend leisure time with family.



**WAY FORWARD**

OBJECTIVE	FINDING	RECOMMENDATION
<p>Current practices and benefits offered to employees with regards to death in service, permanent or total disability, terminal illness, retirement</p>	<ul style="list-style-type: none"> <li>• No structured ways to cater for employee's death in service, disabilities, terminal illnesses and retirements among SMES</li> <li>• SMES view group life ad pension benefits as costs as opposed to benefits.</li> <li>• SMEs have little information on group life and pension plans</li> </ul>	<ul style="list-style-type: none"> <li>• Educate SMES on role of group life and pension benefits in employee motivation and retention</li> <li>• Educate SMEs on features of group life products</li> </ul>
<p>Challenges inhibiting uptake of Group life insurance and pensions by SMEs and strategies of increasing the uptake</p>	<ul style="list-style-type: none"> <li>• Main challenges are:</li> <li>• SMEs lack well spelt out employee benefits plans</li> <li>• Group life insurance viewed as an additional cost to business.</li> <li>• High cost of premiums</li> <li>• Lack of efficiency in claims settlement</li> <li>• Lack of suitable products/variety complicated products</li> <li>• Poor reputation/ lack of trust</li> <li>• Group life and pension schemes are not mandatory</li> <li>• Insurers lack information to inform product development</li> </ul>	<ul style="list-style-type: none"> <li>• Have legal backing to increase uptake of group life</li> <li>• Conduct research before innovating group life and pension products for SMEs so as to come up with suitable products.</li> <li>• Need for flexible products i.e. allow SMEs to tailor products according to their needs and affordability</li> <li>• Have an industry definition of what constitutes SMEs</li> </ul>
<p>Sufficiency of the awareness and educational campaigns in the industry to the small and medium-scale enterprises and identify best ways to increase awareness</p>	<ul style="list-style-type: none"> <li>• Life insurers lack targeted communication and educational campaigns for SMEs</li> </ul>	<ul style="list-style-type: none"> <li>• Vibrant marketing to reach out to the SMES</li> <li>• Communicate "benefits" that are well aligned and easy to comprehend by SMES.</li> <li>• Organize seminars and trainings, networking or business clubs etc.</li> </ul>

Objective	FINDING	RECOMMENDATION
Investigate the sufficiency of the products in the market in addressing group life insurance and pension's needs and preferences of SMEs	<ul style="list-style-type: none"> <li>Existing products are not tailored to meet needs of SMES</li> <li>They are costly and payment terms not flexible, have limited benefit coverage is limited and cannot be tailor-made to meet specific company's needs</li> </ul>	<ul style="list-style-type: none"> <li>Design products specifically for SMEs</li> </ul>
Identify characteristics of products which could be well acceptable by the Small and medium-scale enterprises	<ul style="list-style-type: none"> <li>Existing products seen as expensive and do not meet needs of SME</li> <li>Retirement plans seen as long-term yet SMES need plans whose yields can be invested now</li> </ul>	<ul style="list-style-type: none"> <li>Design products with low premiums and flexible payment terms.</li> <li>Design products with risk coverage ,savings and other short-term benefits</li> </ul>
Evaluate the distribution channels and identify the right channels to reach the small and medium-scale enterprises	<ul style="list-style-type: none"> <li>Group life and pension plans are distributed directly by companies and through brokers and agents</li> <li>Credit life covers are distributed through banks and MFIs</li> </ul>	<p>Use alternative distribution modes such as are:</p> <ul style="list-style-type: none"> <li><i>Territorial sales force</i></li> <li><i>Product sales structure</i></li> <li><i>Customer sales structure</i></li> <li><i>Trade specific agents</i></li> <li><i>Dedicated branches</i></li> </ul>
Sufficiency of the promotional efforts by insurance companies to the small and medium-scale enterprises and identify best practices	<ul style="list-style-type: none"> <li>Promotions for group life products and pension plans f have been few and have limited reach to SMES</li> </ul>	<ul style="list-style-type: none"> <li>Enhance promotions through testimonials and mainstream media</li> <li>Insurers to go the SMEs and work together with them</li> </ul>
Associations/ organized groups for SMES in various sectors	<ul style="list-style-type: none"> <li>Associations are mostly sector based</li> <li>Most SMES do not belong to associations presently. Some belong to sector based associations</li> </ul>	<ul style="list-style-type: none"> <li>Explore trade specific agents as a distribution channel in order to reach SMEs in different sectors</li> </ul>



# Thanks!

For questions/ more details please contact the following

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