

# Mobile will change the face of insurance

Many insurers still rely on traditional methods to reach customers, despite a very competitive African market. While other industries have proactively adopted the convenience and reach of mobile technology, the insurance industry has generally been slower to adapt.



Ashok Shah, group CEO of APA Apollo

“Mobile technology can have a significant impact on the insurance industry by attracting new customers and retaining former policyholders. However, getting access to a mobile device is the first step towards broader financial inclusion. This empowers people to access affordable financial products like insurance. Fortunately, mobile phone ownership is on the increase across the continent due to devices becoming increasingly affordable and wifi hotspots more available to use for data access,” says Ashok Shah, group CEO of APA Apollo.

He believes the shift towards more mobile-centric insurance solutions can assist organisations control costs, increase productivity, and enhance the customer experience.

## Innovation demand

“Insurers are waking up to the potential that mobile brings. As such, there are those who are trying to replicate the success of the M-Pesa mobile money platform with solutions that rely on mobile and people’s willingness to use their devices to increase their market share.”

And looking at the statistics, it is difficult to argue against the impact that M-Pesa has had on people's lives. The service has enabled remittances to be sent conveniently through mobile phones and has enjoyed widespread adoption. Today, 96% of households outside Nairobi have at least one M-Pesa account.

Unfortunately, there are still some difficulties for insurers to overcome. These include a lack of awareness of insurance, a need for easy to understand and affordable products that can be sold to individuals and families, and addressing the ongoing concern of fraud.

But in these challenges lie opportunities. Especially for insurers looking to tap into a younger consumer segment that are educated and familiar with using mobile technologies.

## **Evolving broker**

"With mobile technology dominating other technologies, insurers are likely to be in more direct contact with customers which facilitates a closer relationship with them. Agents and brokers will still be an integral part of the sales process because there are still products and solutions that need that direct engagement and face-to-face discussion. Insurers will therefore still rely on brokers to provide some level of intermediation," he says.

However, for claims, there will be reduced intervention by both brokers and agents, unless the cover has been issued by them. This not only improves customer satisfaction but can also reduce costs associated with processing claims and underwriting. The result – an increase in overall profitability for the insurer.

"Contributing to this changing dynamic is how today's consumers have become naturally omni-channel. They are researching product options online, recommending them to others, and talking about offerings with friends and other contacts on social media. Of course, they are then relying on their mobile apps for purchases as well. Essentially, they want as many options as possible to engage with a company using their preferred method," Shah explains.

Ultimately, insurers who use mobile technologies to create a more integrated omni-channel environment will be the ones better positioned to benefit from the growth of mobile in Africa.

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