



Association of Kenya Insurers

Strategic Plan 2011 – 2015

Lattice Consulting Limited
April 2011

CONTENTS

- Contents 1
- 1 Glossary 2
- 2 Executive Summary 3
 - 2.1 Introduction 3
 - 2.2 The strategy 3
 - 2.3 Guiding strategic ideas 5
 - 2.4 Challenges AKI is likely to face 6
 - 2.5 The implementation framework 6
 - 2.6 Initiatives carried forward from previous strategic plan 7
- 3 Background 8
 - 3.1 AKI and its Governance Structure 8
 - 3.2 Preparation of the Strategic Plan 8
 - 3.3 Strategy Formulation 8
- 4 AKI's Strategy 10
 - 4.1 AKI's Purpose, Vision Mission and Values 10
 - 4.2 AKI's Strengths 11
 - 4.3 Areas of Weakness 12
 - 4.4 Five Year Goal 14
 - 4.5 Strategic Themes for the Period 14
 - 4.6 AKI Strategy Map 16
- 5 ACTION PLAN 17
 - 5.1 Lobbying 17
 - 5.2 IRA Partnership 18
 - 5.3 Data Collection and Dissemination 19
 - 5.4 Training 19
 - 5.5 Enforcement of AKI Code of Ethics 20
 - 5.6 ICT 20
 - 5.7 Awareness 21
 - 5.8 Funding 23
- Appendix 1: Sample Reports 24
- Appendix 2: Review of AKI's Previous Strategic Plan 26
- Appendix 3: Staff, Board Members & Stakeholders Survey 28

1 GLOSSARY

Abbreviation	Explanation
AKI	Association of Kenya Insurers
BOD	Board of Directors
CEO	Chief Executive Officer
ED	Executive director
GDP	Gross Domestic Product
HOD	Head of Department
ICT	Information and Communication Technology
IMIDs	Integrated Motor Insurance Data System
IRA	Insurance Regulatory Authority
IT	Information Technology
SWOT	Strength Weaknesses Opportunities Threats

2 EXECUTIVE SUMMARY

2.1 INTRODUCTION

The insurance industry’s turnover, measured as gross premiums written, has grown at an average rate of 16% per annum over the last 5 years¹. AKI members believe that the industry is capable of achieving much higher growth and even doubling its premiums in the next five years.

As the underwriters’ umbrella body, the Association of Kenya Insurers (“AKI”) has achieved success in the past, but now wants to position itself to be such a relevant and impactful industry player that through its efforts, the industry is able to realise an additional KShs 50 billion in premium due to its efforts.

2.2 THE STRATEGY

The goal of AKI’s five year strategy is to accelerate industry growth so as to achieve KShs 200 billion in revenue by 2015. By AKI’s own estimate, the industry (continuing on its current path) will grow to KShs 150 billion in revenue by 2015, so the impact AKI is seeking is KShs 50 billion additional premium growth during the plan period.

Figure 1: AKI’s Strategy Pyramid

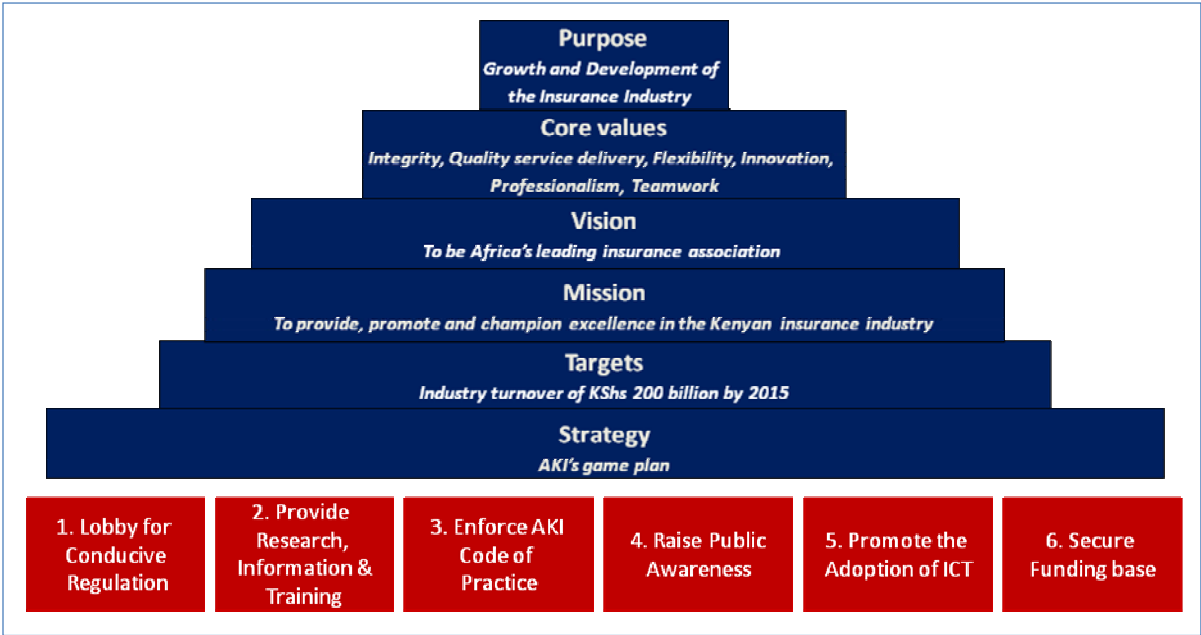


Figure 1 above shows AKI’s 5 year target in the context of its purpose (i.e. why it exists), its core values, its vision and its mission. The strategy is summed up at the bottom of the pyramid into the six themes that will be pursued by AKI. Each of the concepts shown in the strategy pyramid above is discussed in further detail in Section 3 of this report.

¹ AKI Industry Annual Reports

The target of achieving an industry premium of KShs 200 billion by 2015 will be achieved as a result of AKI focusing on the six themes explained below. The themes and the initiatives to be taken under them are discussed in detail in Section 4 of this report.

1. **Lobbying for a conducive regulatory environment.** The insurance industry is heavily regulated. AKI continues to be uniquely placed to be at the forefront of influencing and shaping the regulation that affects the industry. Although some major successes have been recorded, further legislative changes are required to facilitate industry growth, and AKI will continue to champion such change.
2. **Provide data collection, research and training services.** By collecting, analysing and distributing industry data, AKI will drive innovation and change. Key outputs under this theme will be items such as databases for key risk classes, research on unmet customer needs, simplified standard policy documents, and technical training for senior and mid level management to build the capacity of the industry.
3. **Creating awareness about insurance:** Insurance penetration² in Kenya was 2.84% in 2009, which is much lower than the penetration in a country like South Africa, whose penetration is 12.9%. AKI believes that penetration is low in part because Kenyans are not aware of the existence and value of insurance, and also because existing products are hard to understand. AKI will focus on developing simplified standard policy documents, and on sponsoring awareness campaigns to stimulate demand for insurance products. It plans to work with IRA in the development and financing of effective campaigns.
4. **Enforcement of the AKI code of Ethics.** AKI plans to improve the reputation and image of the insurance industry and enhance professionalism of its members through the enforcement of AKI Code of Ethics.
5. **Driving the adoption and use of ICT in the industry.** Recognizing that ICT can transform the economics and growth of the industry, AKI will sponsor and distribute research on the use of ICT in the industry and, through various initiatives, promote the increased deployment of ICT in the industry.
6. **Ensuring that AKI's funding base is secured.** The Association acts as the government's agent in the procurement and distribution of motor certificates to its members. This agency relationship generates over 80% of AKI's revenue. As it demonstrates its relevance and impact to the industry and as it seeks to offer services (such as training), which its members are willing to pay for, AKI will transition its funding base away from reliance on the sale of motor certificates and towards member subscriptions and paid services, which are more sustainable in the long run. A detailed study has been carried out³ detailing how this can be achieved. By placing this initiative in the strategic plan, AKI is prioritising the implementation of this plan, as well as requiring that other sources of funding be explored.

² Penetration = Total Premium as % of GDP. Source: AKI Industry Annual Report, 2009

³ Ernst and Young: "Funding Mechanism and Organization Structure Review Report, June 2010"

2.3 GUIDING STRATEGIC IDEAS

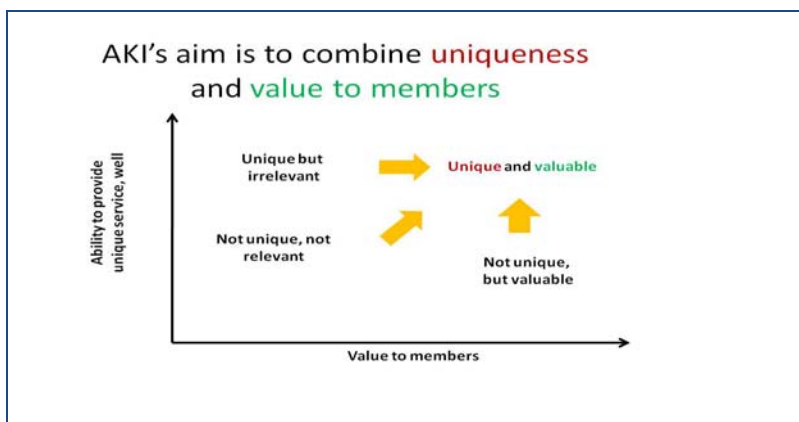
This strategic plan is guided by three key ideas, i.e. uniqueness, focus and alignment.

2.3.1 Uniqueness and Focus

AKI has built its strategy on uniqueness, so that the strategic actions it will pursue will leverage on its unique position as an industry body acting on behalf of all underwriters. Uniqueness also means AKI deliberately decided to avoid pursuing goals and taking actions that are more easily achieved either by industry players alone, or by other parties such as the regulator.

AKI was careful to further ensure that even in selecting activities that it was uniquely positioned to carry out, focus was placed on those that gave high value to members, as shown in Figure 2.

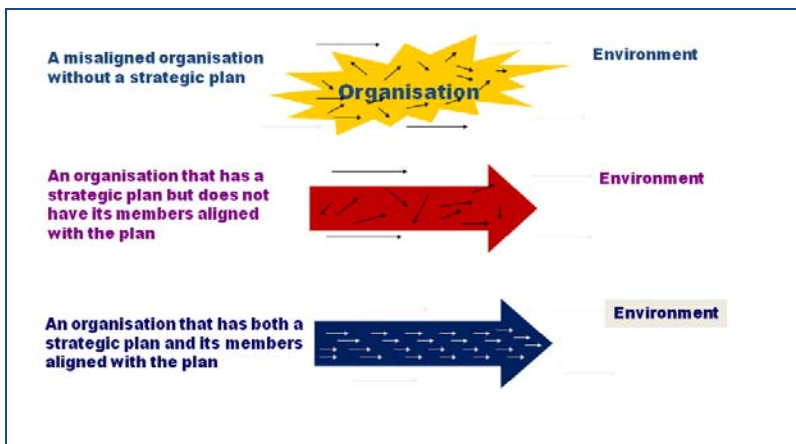
Figure 2: AKI chooses to focus where it can provide a unique and valuable service



2.3.2 Alignment

Effective strategy is about unified action in one direction. Below we present the three cases of an organizations alignment between its strategy and its members.

Figure 3: Organisation alignment between strategy and members



AKI's sense of its alignment during the previous plan period was that of the second case i.e. it was clear about where it wanted to go, but its resources and members were not perfectly aligned to the strategy. Following from this strategic planning exercise, it is felt that AKI's strategy and its resources will now be well aligned to enable it reach its goal of facilitating an insurance industry with premiums of KShs 200 billion by 2015.

2.4 CHALLENGES AKI IS LIKELY TO FACE

AKI anticipates that it will face challenges in implementing its strategy. The main ones are highlighted below.

1. AKI is an association of members with different levels of resources, and with varied and in some cases conflicting interests. This makes it challenging for the Association to move together in a particular direction. For this reason, the themes selected in this strategic plan focus on expanding the overall size of the industry, and on enhancing the capacity of all players, rather than on issues that affect individual players.
2. The leadership and composition of AKI's governing board changes every two years. Lack of continuity in oversight could hamper the smooth implementation of AKI's strategy. The implementation framework is a tool that can be used at Board level to ensure that progress in key initiatives is tracked, even through changes in leadership.
3. Like all member organisations, AKI will continue to face a "free rider" problem where some insurance companies will not pay anything or pay less than their fair share of important services provided by AKI. This means that getting full funding from members for AKI's activities will always be a challenge.
4. Enforcing adherence to the AKI Code of Ethics will always be problem, because of the inherent incentive structure. If all companies adhere to the Code, then the whole industry benefits. However, if one company breaks the Code, that company benefits at the expense of all the others. As AKI increasingly expands its offerings to members, it is hoped that simple actions like excluding errant members from enjoyment of AKI services will be increasingly effective deterrents against breaches in the agreed Code of Ethics.

2.5 THE IMPLEMENTATION FRAMEWORK

To ensure that AKI re-aligns its efforts and resources towards the implementation of the strategy, it will adopt an implementation framework that tracks progress towards the achievement of the strategic objectives it is pursuing.

The implementation will be managed at two levels:

- By management using a milestones table, on a weekly or bi-weekly basis
- By the board on a broader level, tracking progress on all the themes, and highlighting issues that need to be addressed or unlocked by board members

Sample implementation reports of are shown in Appendix 1.

Each strategic theme is to be assigned to an individual who takes responsibility for delivering the objectives, as measured by agreed milestones. Section 4 of this report shows each of the agreed six themes, their leaders, agreed tasks and milestones.

2.6 INITIATIVES CARRIED FORWARD FROM PREVIOUS STRATEGIC PLAN

The strategy previous to this one was AKI's first explicit strategic planning exercise. It captured most of the key issues that AKI members care deeply about. As with any ambitious endeavor, there were areas where important achievements were realised such as the formation of the IRA. Important progress was made on developing an industry-wide database of insured risks under the IMIDS⁴ program. However, strategy is a marathon and not a sprint and some of the areas that are still important to AKI and its stakeholders have been taken up in the current strategic plan. The table in Appendix 2 summarizes initiatives that were achieved, those that were carried forward, and those that have been dropped.

⁴ Integrated Motor Insurance Data System

3 BACKGROUND

3.1 AKI AND ITS GOVERNANCE STRUCTURE

The Association of Kenya Insurers (AKI) is the umbrella body for the insurance sector, which brings together the 46 insurance companies registered in Kenya. AKI was established in 1987 and registered under the Societies Rules 1968 (Rule) and under Certificate of Exemption for Registration No.2166 of 5th January 1988. Before 1987, AKI was called The Insurance Association of Eastern Africa. AKI membership is open to any insurance company duly registered under the Insurance Act to transact business in Kenya.

AKI is managed by a secretariat headed by an Executive Director, and is governed by a Board of Directors drawn from the membership. The AKI constitution states that the Chairman of the Association shall hold office for one term of two years, and is not eligible for re-election as Chairman until two years have elapsed after his term as chairman.

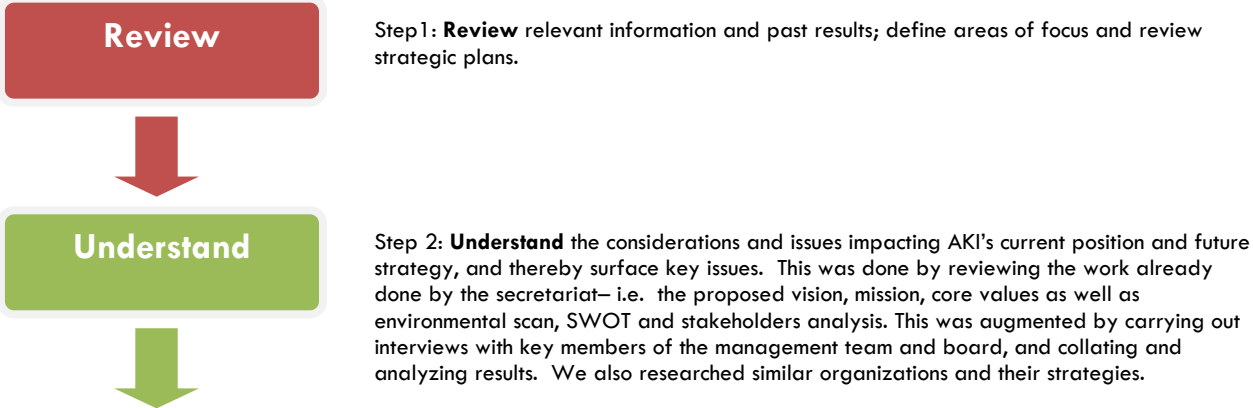
3.2 PREPARATION OF THE STRATEGIC PLAN

Following the end of its first strategic plan, which ran from 2006 to 2010, Lattice Consulting was appointed by the Board to assist AKI with the process of drawing up its 2011 – 2015 strategic plan. To this end, a two day offsite retreat was organized to enable the management and staff of AKI (i.e. the secretariat) formulate the strategic plan.

Being a member organisation, the inclusion of members (through the board of directors) in crafting a strategy is important. However, because of the pressing commitments of board members, their views were collected in advance through an interactive interview process. These views were later presented at the two-day strategy retreat as one of the key inputs into the strategy process.

3.3 STRATEGY FORMULATION

The strategy formulation entailed four steps:



2.3 STRATEGY FORMULATION (CONTINUED)



Step 3: **Strategise** the direction and steps needed, including identifying strategic options and building consensus. This was done in two workshops. The first focused on setting goals for the next five years, and to start building consensus around the focus areas for the next strategic plan period. The second workshop was used to develop high level action plans, built on the six strategic priorities for the coming 5 years. These action plans are presented in Section 4 of this Report.

Step 4: **Finalise**, i.e. prepare a report to guide implementation

4 AKI'S STRATEGY

This section presents the context and key elements of AKI's strategy. The vision, mission and values had been defined in the previous strategic plan, but have been reviewed and modified by AKI over time. Therefore while the essence remains the same, the vision and mission are more succinctly stated.

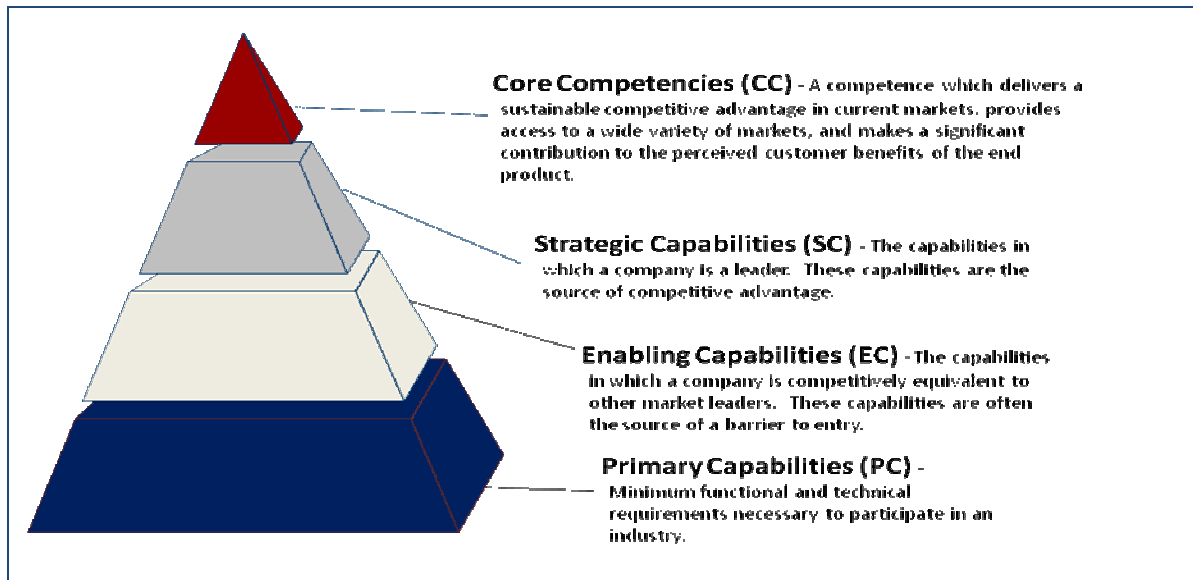
In addition to these three concepts, the idea of purpose was introduced. Defining and explicitly stating AKI's purpose, i.e. why it exists, in the context of strategy allows focus to always be drawn to this overarching and changeless purpose.

4.1 AKI'S PURPOSE, VISION MISSION AND VALUES

	Now	As stated during the previous strategy
Purpose	To facilitate the growth and development of the insurance industry in Kenya	None
Core values	<ul style="list-style-type: none"> • Integrity • Quality service delivery • Flexibility • Innovation • Professionalism • Teamwork 	Not explicitly stated
Vision	To be Africa's leading Insurance Association	To have an industry that: <ul style="list-style-type: none"> • Is in the heart of and contributes effectively to the development of the financial sector as a whole • Remains competitive and achieves rapid growth as other sectors and comparable markets • Keeps ahead of new developments in the industry through effective governance and use of technology to drive business • Excels at responding to social, political, economic and regulatory environment challenges confidently
Mission	To provide, promote and champion excellence in the Kenyan insurance industry	<ul style="list-style-type: none"> • To provide leadership on matters of common interest and uphold professionalism and ethical practices in the insurance industry

4.2 AKI'S STRENGTHS

To ensure that it is effective, AKI's strategy is based on a critical assessment of the strengths of the secretariat and the Board. Rather than considering all of AKI's positive attributes as strengths, the capabilities triangle in the diagram below helped to distinguish between those positive attributes that are a source of true advantage for AKI (i.e. Core Competencies and Strategic Capabilities), and those that represent capabilities that qualify AKI to be considered a competent association (Primary Capabilities and Enabling Capabilities).



Because AKI is not in direct competition with any other association, the items enumerated below reflect its unique position as an umbrella industry body representing underwriters, rather than capabilities it has developed expertise in.

While noting these positional strengths, AKI is aware that it will need to adopt an outsourcing model rather than build internal capacity to carry out certain of the functions it is uniquely positioned to carry out, e.g. designing awareness campaigns, technical research, data collection and analysis, and even lobbying.

4.2.1 Enabling capabilities/Strengths

- The secretariat is formal, with a clear governance structure. It is also sufficiently funded to attract and retain quality staff.
- AKI enjoys a good working relationship with the media, which is one of its key partners.
- AKI represents an industry that is well capitalised. This gives it respectability and a voice.
- As a member organisation, AKI enjoys support from its members that enables it to be effective when engaging stakeholders.
- AKI is acknowledged as a capable association by the Government and across Africa.

4.2.2 Strategic Capabilities/strengths

- AKI is uniquely positioned to collect and disseminate information on the industry, and to carry out and research and training for the benefit of all members.
- As an umbrella body representing the whole insurance industry, AKI is again uniquely positioned to promote awareness of Insurance in Kenya. Such an activity would be difficult to undertake for any single company.
- Through the years, AKI has built increasing competence in lobbying and influencing legislation.

4.3 AREAS OF WEAKNESS

The areas of weakness were considered in two categories – weaknesses of AKI's secretariat, and weaknesses/issues faced by the industry.

4.3.1 AKI weaknesses

- AKI is over-reliant on a single source of income. The association acts as the government's agent in the procurement and distribution of motor certificates to its members. This agency relationship generates over 80% of AKI's revenue, which makes AKI's sustainability highly dependent on the government. The government may decide at any time to terminate the agency contract with AKI and transfer it to any other body. Also, the elimination of physical motor vehicle insurance certificates in favor of electronic ones would wipe out this revenue stream. This was considered a critical weakness, since it threatens the viability of AKI's secretariat.
- Further, contributions from motor certificates are only made by general insurance underwriters and not life insurance underwriters, which means that the association is funded disproportionately by the general insurance companies.
- Having, as an industry, developed and agreed a code of conduct through which to self regulate, AKI has been unable to consistently and effectively enforce the AKI code of conduct and other member resolutions, which are designed to protect the image of the industry and enhance its profitability. What instead happens is that members violate the code of ethics in the heat of a very competitive market in order to advance against other members.
- AKI would like to lead the industry in innovation and excellence. Inadequate personnel and training hampers its ability to do so.
- One of AKI's major objectives is to create awareness about insurance to enable its members to achieve higher level of premium penetration. Given the scale of this objective, AKI has inadequate funding to carry out awareness programs that increase the addressable market demand for insurance products.
- Another major AKI objective is to lobby for the creation of an enabling legal and regulatory environment for the insurance industry. AKI has enjoyed some success in shaping regulation, notably in the establishment of an Insurance Regulatory Authority. However,

AKI has been hampered by lack of financial resources to be completely effective in its lobbying activities.

- Although AKI has used ICT as an internal tool, it has some way to go to fully realize the full benefits of IT in its operations and in its engagement with the industry.

4.3.2 Industry issues

- Players in the insurance industry are widely disparate in their adoption and use of IT as tool for business. As such, it is very difficult for AKI to drive and effectively implement industry-wide initiatives that require heavy use of ICT, such as the IMIDs program, that seeks to create industry-wide database of motor policies, with a view, inter alia, to manage fraud in the motor industry. A bigger issue, however, is the fact that the growth of the industry and further penetration will only be effectively done by leveraging IT and mobile phone technology. The slow adoption of technology by underwriters will hamper this.
- The College of Insurance offers education and training for insurance personnel at entry level. There is a dearth of technical and other training for mid and senior level insurance professionals. Only those companies that can afford to do so send their employees overseas for technical training. AKI believes that as a result of this, there is insufficient talent at senior levels to drive the industry forward.
- Fraud remains a huge factor in the industry, with AKI estimating that up to 60⁵% of all insurance claims are fraudulent. This drives up the cost of insurance.
- The insurance industry has a poor public image due to a number of factors:
 - a. The high levels of fraud cause companies to scrutinise claims carefully and to be very measured in the way they administer the claims process. This disenfranchises customers with legitimate claims.
 - b. Brokers and agents who deal directly with clients can be unscrupulous, making promises that the underwriters cannot keep, and even perpetrating fraud. Being holders of the client relationship, they can wield a lot of power over underwriters.
- Rivalry in the industry is very intense with many underwriters opting to compete on price to take business away from competitors. Over the years, this has led to shrinkage in the value of the business being written in the industry to the detriment of the profitability of the whole industry.

⁵ This should be confirmed by Mr. Akwir

4.4 FIVE YEAR GOAL

AKI would like to enable the industry to achieve a premium volume of KShs 200 billion by 2015.

The selection of a premium target as the overall goal was done because it is a clear goal that is easy to understand, is objectively verifiable, and it aligns the goals of AKI as a secretariat to those of its members. All future activities will be undertaken only if they contribute towards this goal.

Data on industry total premiums and their rate of growth were reviewed. AKI believes that if the industry continues growing as it has been doing (i.e. without AKI's planned interventions), premiums of KShs 150 billion will likely be achieved by 2015. Therefore, it was agreed that a target of KShs 200 billion by 2015 was an ambitious yet reasonable stretch target.

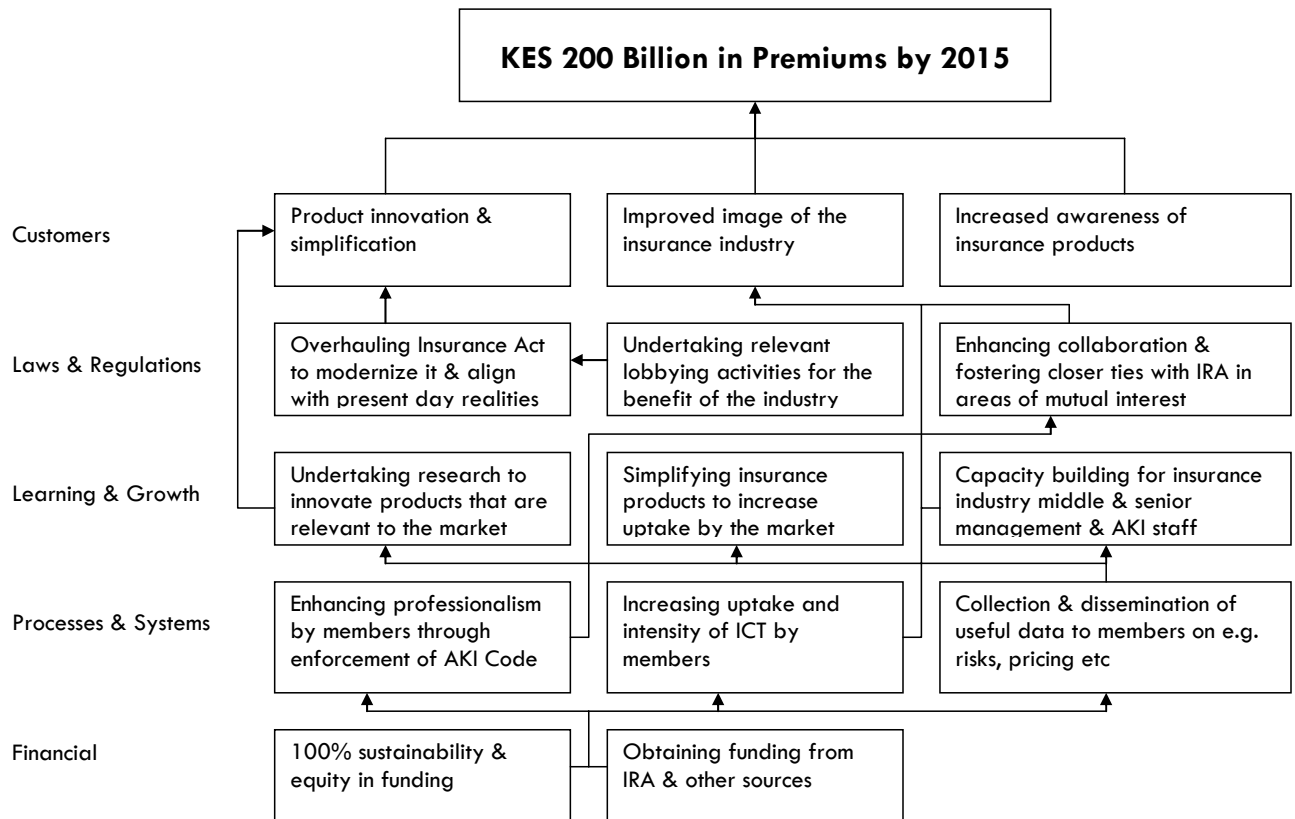
4.5 STRATEGIC THEMES FOR THE PERIOD

AKI believes that by focusing on six key areas, it will be able to achieve this goal. The areas are given in further detail in Section 4 of this report.

Theme	Desired Result
Securing the funding base of the secretariat	<ul style="list-style-type: none"> Diversifying sources of income Fairness in funding contributions by members
Lobbying and Partnership with IRA	<ul style="list-style-type: none"> Attain a more conducive regulatory framework Foster closer ties and better working relationship with IRA Share information on areas of mutual interest Get IRA to fund some AKI activities
Provide industry data collection, topical research and training services that will equip industry players	<p>Data collection and Research:</p> <ul style="list-style-type: none"> To collect & store important industry data To avail data to members on a need basis To disseminate important data and research to stakeholders & the public <p>Training:</p> <ul style="list-style-type: none"> Build the capacity of the industry Generate revenue for AKI
Increasing the awareness of insurance in the general market to increase its uptake	<ul style="list-style-type: none"> To have the insurance message reach 60% of Kenyans by 2015 To develop simplified policy documentation that can be easily understood by the market To educate addressable market of insurance with actionable information that leads to increased uptake of insurance
Improving the reputation and image of the insurance industry and enhancing professionalism by members through enforcement of AKI Code of Ethics	<ul style="list-style-type: none"> To attain 95% compliance with AKI Code of Ethics & resolutions by members
Championing the use of ICT in the industry	<ul style="list-style-type: none"> Increase usage of ICT by members Enhance ICT intensity amongst ICT compliant members

4.6 AKI STRATEGY MAP

The target premiums and key focus areas were then taken and reduced into a strategy map which pictorially summarizes these strategic actions, their relationship to each other and how these build up to a unifying goal of KShs 200 billion in premiums by 2015.



5 ACTION PLAN

“Strategy is not a stand alone management process: it is one step in a logical continuum that moves on organization from a high level mission statement to the work performed by employees” Kaplan & Norton

Strategic actions that are not cascaded down to employees and woven into their day-to-day work have little or no chance of succeeding. Action planning therefore entailed taking the strategy map and allocating the duties to named employees. Below, we reproduce the action plans agreed and endorsed by AKI staff members.

5.1 LOBBYING

Goal(s): To attain a more conducive regulatory framework

Action Steps:	Implementation Manager		Target	Schedule		Resources		Feedback	
	Primary	Support		Start	End	Budget	Time	Data Source	Frequency
1. Changes to the Insurance Act & related legislation for e.g. wider distribution channels	ED	BoD		2011	2012	600,000	31.12.2011		
2. Passage of revamped Insurance Act by parliament	ED	BoD		2011	2013	500,000	31.12.2011		
3. Lobby IRA to fund some AKI activities	ED	BoD							
4. Tax & related issues lobbying(tied to Insurance Act)	ED	BoD							
5. To explore areas of introducing mandatory insurance	ED	BoD					01.07.2012		
6. To re-introduce two cheque system	BoD						01.07.2013		
7. To introduce structured compensation legislation	ED	BoD				300,000	01.07.2012		
8. Establishment of an insurance anti-fraud unit at IRA							31.12.2012		
9. Introduction of insurance courts							31.12.2013		

5.2 IRA PARTNERSHIP

- Goal(s):**
1. Foster closer ties & better working relationship with IRA
 2. Share information on areas of mutual interest
 3. Get IRA to fund some AKI activities

Action Steps:	Implementation Manager		Target	Schedule		Resources		Feedback	
	Primary	Support		Start	End	Budget	Time	Data Source	Frequency
1. Sharing information on disciplinary cases	Akwir	ED				50,000			
2. Partnering in relevant functions: a. Agent of the Year Award b. Motoring Awards c. IMIDS d. Awareness drives									
3. Setting industry technical standards						50,000			
4. GoK Budget proposals									
5. Partnering on legislation related matters						100,000			
6. KRA & taxation related lobbying									
7. Enforcement of discipline						200,000			
8. Getting funding from IRA to undertake activities of mutual interest to the industry as IRA's agent									
9. Jointly holding social functions: a. Sports events b. End of year parties c. CSR activities d. Luncheons						100,000			

5.3 DATA COLLECTION AND DISSEMINATION

- Goal(s):**
1. To collect & store important industry data
 2. To avail data to members on a need basis
 3. To disseminate important data to stakeholders & the public

Action Steps	Implementation Manager		Target	Schedule		Resources		Feedback	
	Primary	Support		Start	End	Budget	Time	Data Source	Frequency
1. Agree with the industry on a data collection & dissemination work plan	Brettah	ED	Data collection & Dissemination Work Plan Document	2012	2013	1,000,000		Members	Once
2. Complete & operationalize IMIDIS	Brettah	ED	IMIDS System	2011	2012	156,000,000		Members	Once
3. Develop a document management system & platform for data collection and sharing in other important risk classes	Brettah	ED	Document Management System	2013	2014	10,000,000		AKI	Once
4. Collaborate with other insurance associations in data sharing and dissemination	Brettah	ED	Data sharing & Dissemination Agreement	2012	2013	5,000,000		Various Associations to be identified	Once/Agreed schedules

5.4 TRAINING

- Goal(s):**
1. Build the capacity of the industry
 2. Generate revenue for AKI

Action Steps:	Implementation Manager		Target	Schedule		Resources		Feedback	
	Primary	Support		Start	End	Budget	Time	Data Source	Frequency
1. Carry out a training needs assessment for the industry	HoD	ED	4 per year						
2. Organize training for middle & senior managers in relevant areas	HoD	ED							
3. Training stakeholders - judicial staff, prosecutors, hospitals, police force, insured public	HoD	ED							
4. Training intermediaries i.e. brokers, agents	HoD	ED							

5. AKI internal staff training	Zachary	ED	At least 1 training per employee per year	2011	2015	7.5M	N/A	Training Needs Assessment & Evaluation schedule	Quarterly
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5.5 ENFORCEMENT OF AKI CODE OF ETHICS

- Goal(s):**
- To attain 95% compliance with AKI Code of Ethics & resolutions by members

Action Steps:	Implementation Manager		Target	Schedule		Resources		Feedback	
	Primary	Support		Start	End	Budget	Time	Data Source	Frequency
1. Share information with IRA on serious offenses	ED	Ethics Committee	Image of industry	2011	2015		4 years	GIC/LIC/public	Every month
2. Refer member non compliance to the ethics committee	GIC/LIC	ED		2011	2015				
3. Refer complaints from the public to the ethics committee	GIC/LIC	ED	Improve	2011	2015	400,000	1 year	GIC/LIC/public	A series of meetings
4. Developing guidelines/best practices for underwriting, claims, corporate governance etc	Liz	Ethics Committee	Perception	2011	2012				

5.6 ICT

- Goal(s):**
- Increase usage of ICT by members
 - Enhance ICT intensity amongst ICT compliant members

Action Steps:	Implementation Manager		Target	Schedule		Resources		Feedback	
	Primary	Support		Start	End	Budget	Time	Data Source	Frequency
1. Undertake research on ICT usage in critical areas for dissemination to the industry	Brettah	ED	Workshop for CEO's to disseminate the research findings	2011	2012	400,000		Report on ICT Research	Once
2. Celebrate success stories in the industry through publication in AKI's newsletters, conferences and other media	Brettah	ED	Features in the AKI Bulletin	2012	2015	100,000		Members	Quarterly

3. Review uptake of ICT since last survey was done		Report on the review of ICT Uptake	2013	2014	10,000,000		Members	Once
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5.7 AWARENESS

- Goal(s):**
1. To have the insurance message reach 60% of Kenyans by 2015
 2. To educate addressable market of insurance with actionable information that leads to increased uptake of insurance

Action Steps:	Implementation Manager		Target	Schedule		Resources		Feedback	
	Primary	Support		Start	End	Budget	Time	Data Source	Frequency
1. Undertaking a study to segment the addressable market	PR Committee	ED	Comprehensive market segmentation report.	2012	2012	6,000,000	6 months	PR	Quarterly
2. Development of strategies to target the addressable market with actionable insurance messaging	PR Committee	ED	Develop strategies and relevant insurance messages for the target market. Disseminate through education campaigns	2012	2012	15,000,000	6 months	PR	Quarterly
3. Partner with banks, SACCOs, government agencies, parastatals, education institutions and others to expand the reach of the insurance message	PR Committee	ED	Establish strategic partnerships and disseminate the insurance message.	2011	2012	2,000,000	One year	PR	Quarterly
4. Undertake insurance drives at county levels with good potential through exhibitions and shows	PR Committee	ED	Organise at least two exhibitions / shows at the county levels to disseminate the insurance message.	2012	2012	2,000,000	One year	PR	Quarterly

DRAFT

5.8 FUNDING

- Goal(s):**
1. 100% sustainability of funding
 2. Equity in funding
 3. Diversifying sources of income

Action Steps:	Implementation Manager		Target	Schedule		Resources		Feedback	
	Primary	Support		Start	End	Budget	Time	Data Source	Frequency
1. Introducing equity in members subscriptions	Zachary	BOD	285M (95M X 3years)	2013	2015	N/A	N/A	Subscription schedule and Management accounts	Annually
2. Ensuring funding sustainability by introduction of new revenue streams such as charging for information requests	Zachary	ED	80M (20M X 4years)	2012	2015	200,000/= (accounting system modification)	3 Months	Management accounts	Quarterly
3. Diversifying funding base by tapping Government levies & soliciting funds from IRA	Zachary	BOD	150M (30M X 5years)	2011	2015	2.5M (500,000 X 5 for cost of meetings, proposal writing etc)	2 Months for incubation of project, preparation of Funding Proposal & lobbying	Funding receipts schedule and management accounts	Quarterly
4. Sourcing donor & similar funding	Zachary	ED, BOD	50M (10M X 5years)	2011	2015	1,000,000/= (200,000 X 5 for cost of proposal writing, meetings & communication etc)	2 Months for incubation of project, preparation of Funding Proposal & negotiation	Grants/sponsorship schedule and management accounts	Quarterly
5. Put up own premises to house the Secretariat and rent extra space to earn rental income (Borrow from Motor Pool Ksh 100M repayable in 5 years at T/bill rates)	Zachary	ED, BOD	5.45M p.a. (Savings on current rental expenses).	2011	2012	113M (Purchase property and build temporary offices). Cost of new premises to be determine later.	2011-2012	Project report	Quarterly

APPENDIX 1: SAMPLE REPORTS

1. IMPLEMENTATION PROGRESS REPORT FORMAT (BOARD)

Project :	AKI 5 Year Strategy		
Coordinator:	ED		
Start Date:	April 2010	End Date:	
Strategy Metrics:	Milestones Schedule: <input type="checkbox"/> On track <input type="checkbox"/> Manageable slippage <input checked="" type="checkbox"/> Escalation Required Other Issues: <input type="checkbox"/> None <input type="checkbox"/> Manageable slippage <input checked="" type="checkbox"/> Escalation Required		
Communications:	Submission date of next Progress Report:		

BOARD LEVEL REPORTING

Description of Theme	
•	
Broad Progress Achieved to Date:	
•	
Broad Work Remaining for the Year:	
•	
Broad Work Remaining till the end of the strategic plan's tenure:	
•	
Issues for Escalation to the Board of Directors:	
•	
Other Comments:	
•	
Task	Milestone Slippage Notes.
Distribution:	AKI Executive Director and Board of Directors Chairman
Copy to:	As will be agreed

2. SAMPLE DELIVERABLE / MILESTONE REPORT

(For management use)

Item	Started (Y/N)	% Complete	Target Finish Date	Estimated Finish Date
Partnership with IRA				
Collaboration with social events e.g. sports	Y	60%	Jan-2011	
Enforce discipline	Y	75%	Jan-2011	
Setting technical standards	Y	75%	Jan-2011	
Information exchange on relevant matters	Y	75%	Jan-2011	
Jointly financing projects of common interest				
Lobbying				
Work with effective external lobbyists	Y	80%	Feb-2011	
Engaging with relevant stakeholders e.g. KRA	N	0%	Apr-2011	
Funding				
Subscriptions a percentage of premiums	N	0%	Mar-2011	
IRA and donors funding AKI by KShs 50M annually	N	0%	Apr-2011	
Training generating KShs 20M annually	N	0%	Jun-2011	
Information requests and data vending generating KShs 5M annually	N	0%	Jun-2011	
Awareness				
Information dissemination partnerships 25per year	Y	75%	Jan-2011	
Segment, target & reach insurable market	N	0%	Mar-2011	
Counties with insurance potential campaigns	N	0%	Mar-2011	
Annual media monitoring scores	N	0%	Mar-2011	
Increase insurance penetration	N	0%	Apr-2011	
Research & Training				
To do 3 research studies per year	N	0%	Feb-2011	
Research on and publish frameworks to reduce insurance fraud				
Training mid-level and senior insurance managers	N	0%	Jun-2011	
AKI staff attending relevant training	N	0%	Apr-2011	

APPENDIX 2: REVIEW OF AKI'S PREVIOUS STRATEGIC PLAN

The salient aspects of AKI's 2006 – 2010 strategic plan are reproduced in the table below, and categorized in term of:

- What was achieved
- What has been brought forward as part of the new strategic plan
- What has been discontinued as an area of emphasis

Initiative	Remarks
Achieved	
Lobby aggressively for the formation of insurance Regulatory Authority and recognition of AKI	Legal recognition of AKI not achieved.
Encourage growth in business to attain recognition as a key contributor to GDP	
Assess market trends and competitors threats	
Encourage members to adopt e-commerce, telemarketing and other cutting edge technologies	
Develop and implement a networked industry wide data warehouse	IMIDS started and considerable progress on it made.
Enhance Self-regulation by consistently enforcing code of conduct, rules & regulations	
Develop and implement public education campaign to encourage growth	Several public education campaigns were carried out during the period.
Benchmarking insurance performance and embracing good practice from other markets	
Brought Forward	
Lobby government for favourable tax regime to encourage mobilization of savings	
Lobby government to make regulations that employers must provide for group medical and life insurance for their workers	
Research on tax issues	
Organize effective workshops for Board and management for them to keep abreast on local and global trends	
Propose Effective corporate governance framework under statute and self-regulation	
Prescribe minimum IT standards	
Define and lobby for AKI's position in the overhaul of the insurance Act	
Explore different distribution channels	
Not Continued	
Position the insurance industry in the rightful place/position in the financial sector	
Address structure of the industry to ensure it is not a barrier to growth	

Initiative	Remarks
Encourage individual companies to develop and implement strategic focus on customers	

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APPENDIX 3: STAFF, BOARD MEMBERS & STAKEHOLDERS SURVEY

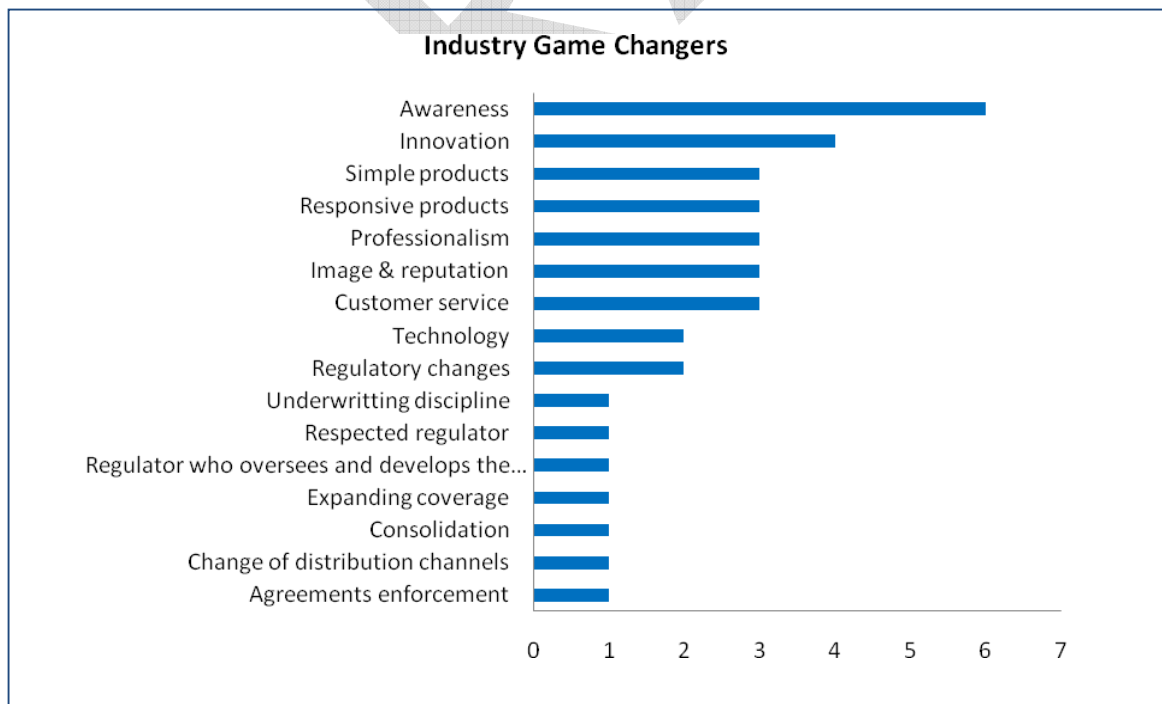
Before starting the strategic planning process, a diagnosis of the organization was undertaken to establish the strengths and weaknesses of AKI, areas with most potential for the industry and identify areas that stakeholders thought AKI should focus on. The respondents were comprised primarily of AKI staff, its board of directors and some insurance industry CEOs.

The survey was not meant to be a statistical tool; rather it was designed to provoke thought and to provide a basis for assessing AKI's strengths and weaknesses, and the outlook for the industry as a whole.

We summarize the analysis of organizational diagnosis below.

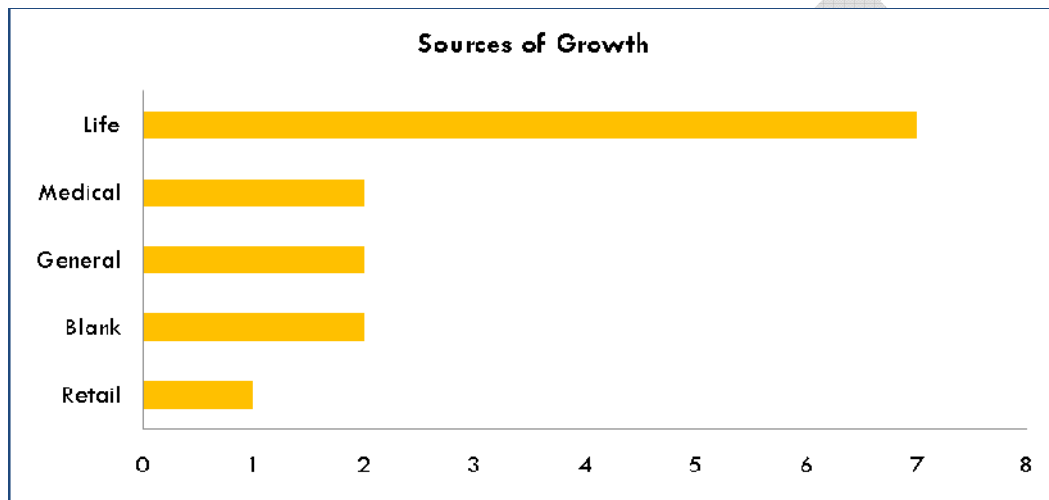
1. WHAT TWO OR THREE FACTORS WILL BE “GAME CHANGERS” AND SHAPE THE INSURANCE INDUSTRY IN KENYA OVER THE NEXT FIVE YEARS?

In discussing industry prospects, it emerged that there was a lot of optimism about the industry's potential for growth. Most interviewees agreed that industry premiums could double in the next five years, if the factors shown in the graph changed. The picture that emerged was that awareness, product innovation and simplification of insurance are the three most important factors in growing premium volumes. The other factors are as per the chart below.



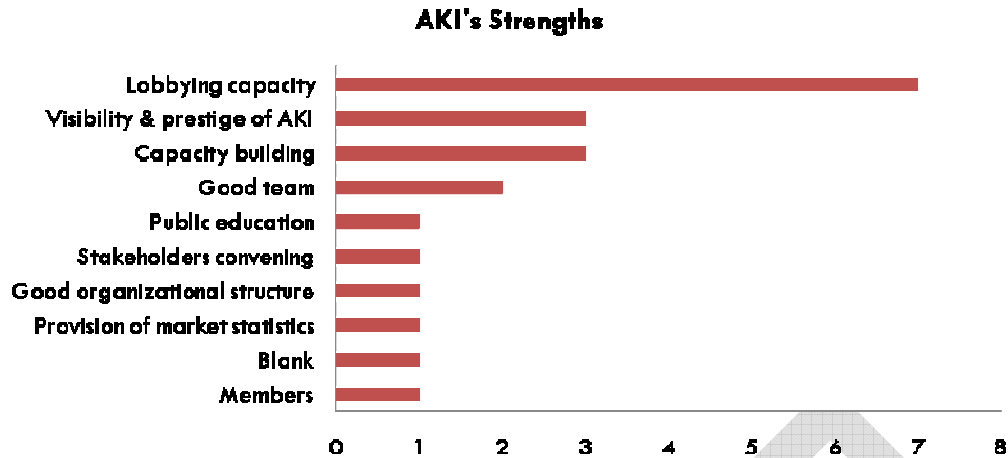
2. WHERE DO YOU THINK THE MOST NEW GROWTH FOR THE INDUSTRY WILL COME FROM?

We then asked respondents where they saw the most potential for growth was going to come from and by a large margin, the consensus was that life insurance had the highest growth potential of the three broad insurance segments, i.e. general insurance, medical (currently considered under general insurance) and life insurance.



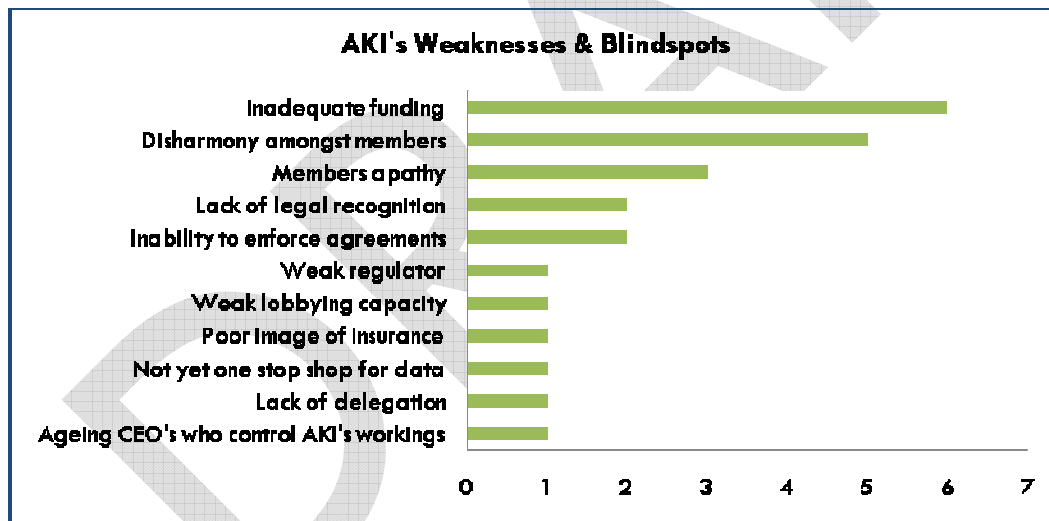
3. WHAT ARE AKI'S MAJOR COMPETENCIES/STRENGTHS?

We then asked respondents what they saw as AKI's key strengths. The overwhelming consensus was that AKI's key strengths were its lobbying capacity, and an acceptance by the relevant quarters of AKI as a capable industry voice.



4. WHAT ARE AKI'S WEAKNESSES AND BLIND SPOTS?

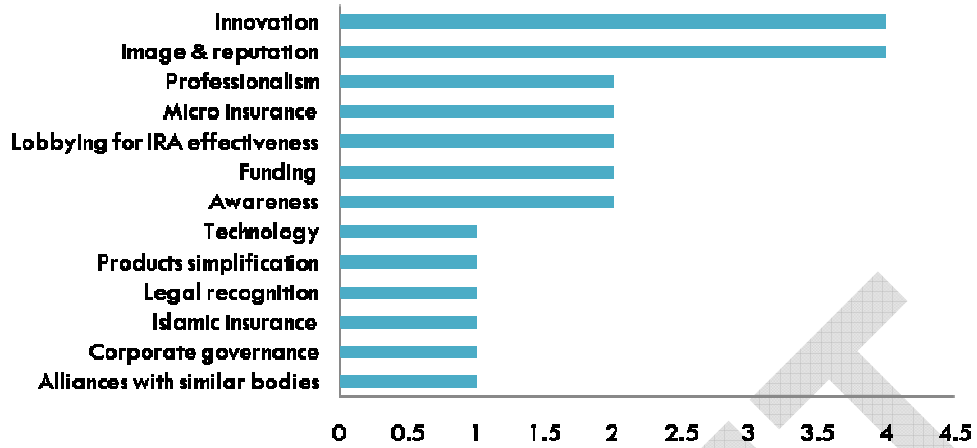
Stakeholders were asked what in their view, constituted AKI's key weaknesses and blind spots. The biggest blind spot noted was funding (it should be noted that already quite a bit of work is already being done in this regard) followed by members lacking a unified agenda and/or priorities.



5. WHICH ONE OR TWO CHOICES/DECISIONS MUST AKI MAKE BETWEEN NOW AND THE YEAR 2015?

Finally, we asked respondents which two priorities should AKI focus on if it is to increase its value proposition to its members. Most people thought AKI should focus primarily on innovations that will grow the industry and improving the image of the insurance.

AKI Priorities



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