



muticon

---

muticon limited  
no. 1 isukuuni place  
p.o. box 689 ruaraka, kenya  
telephone: 254-2-860772  
facsimile: 254-2-860771  
email: [muticon@wananchi.com](mailto:muticon@wananchi.com)  
<http://www.muticon.com/>

**PAN AFRICAN INSURANCE**  
**COMPANY:**  
**GENERAL DIVISION STRATEGIC PLAN**  
A Facilitation Report  
Prof. G-C. M. Mutiso

**Table of Contents**

<b>1. Introduction</b>	<b>3</b>
<b>2. PAIC Swot Analysis</b>	<b>3</b>
<b>3. PAIC Vision</b>	<b>5</b>
<b>4. PAIC Mission</b>	<b>5</b>
<b>5. Ranked Objectives 2001-2002</b>	<b>6</b>
<b>6. Departmental Presentations</b>	<b>6</b>
<b>7. Branch Presentations</b>	<b>24</b>
<b>8. Proposed Branches' Production Budget</b>	<b>29</b>
<b>9. Performance Standards</b>	<b>30</b>
<b>Appendices</b>	<b>34</b>

# 1. INTRODUCTION

This report is the output of a Strategic Planning effort by the managers of the General division. They met on 2-4 November 2000 at Safari Park. The timetable is found in Appendix 1. It was extensively modified to accommodate presentations especially of branches as well as to meet the pressures of developing an approach to preparing a board document required in a short time. The sections on Steps in Strategic Planning, Basic Rules of Strategy, Why Plans Fail and Action Planning were cut from the programme.

Since there was limited time and some data was missing, several strategic issues were not fully discussed and resolved. Among these are clear plans for marketing, clear personnel plans especially what personnel are needed out of general services and finally issues of budgeting and budget control by departments. The facilitator is told will be taken up by departments and will be resolved in a division wide meeting which will contribute to the finalising of a Board document.

It is the facilitators considered opinion that there should be efforts made in holding team-building exercises for the staff given the new organisational frameworks and related anxieties. There is also need for internalising the new budgeting and budget control processes. This is more so given the need to minimise central purchasing and utilisation of the personnel in central services. New cultures will need to be fostered.

The rest of the report follows the timetable in presentation in general. It also covers presentation made to the conference.

## 2. PAIC SWOT ANALYSIS

### RANKED PAIC STRENGTHS

1. Sound Financial Base
2. Strong/Competent Management Team and Staff
3. Corporate Image:
  - (a) Old and Well Known (PAIC)
  - (b) Quoted on the Nairobi Stock Exchange
  - (c) Indigenous Company
4. Broad Branch Network
5. Strong Strategic Partnership
6. Solid Reinsurance Backup

## 7. Regional Representation

### **RANKED PAIC WEAKNESSES**

1. Inefficiency in Service Delivery:
  - (a) Turn around in Documentation
  - (b) Claim settlement
2. Under-utilization of IT. Potential
3. Poor Credit Control
4. General Lack of Commitment
5. Lack of Teamwork
6. Poor Portfolio Mix
7. Conservative in our Underwriting Rating Approach
8. Rigidity in Rating
9. Inadequate Marketing Strategies:
  - (a) Inadequate Gathering Market Intelligence
  - (b) Lack of Aggressive Marketing Countrywide
10. Poor Quality of Agents
11. Lack of Captive Business
12. Too Many Long Meetings

### **RANKED PAIC INTERNAL OPPORTUNITIES**

1. Improved Working Systems
  - (a) Better Credit Control Systems
  - (b) Improvement in Quality of Business through Selective Underwriting
  - (c) Improved IT Capability and Usage
2. Strengthened Marketing Function
  - (a) Niche Marketing for Hospitals, Hotels, Colleges, Micro Finance
  - (b) Product Diversification and Innovativeness
  - (c) Aggressive Marketing through desirable Intermediaries.
  - (d) Exploit Saccos
3. Enhance Staff Commitment to Quality Customer Care
  - (a) Improved Service Delivery

### **RANKED PAIC EXTERNAL OPPORTUNITIES**

1. Privatisation of Parastatals
2. Regional Expansion in Kenya, Uganda, Tanzania
3. Expansion into COMESA Market
4. Liberalization of the Kenyan Economy

### **RANKED PAIC THREATS**

1. Kenya's Low G.D.P. Growth Rate
2. Increased Crime Rate
3. AIDS Scourge
4. Political Uncertainty
5. Weak Regulatory Authority
6. Unfair Competition

7. Adverse Weather Conditions
8. Restrictive Government Legislation
9. Fraudulent Claims
10. E-commerce

### **3. PAIC'S VISION**

PAN AFRICA INSURANCE COMPANY INTENDS TO BE THE INSURANCE COMPANY THAT SYMBOLIZES TRUST, RELIABILITY AND EFFICIENCY.

### **4. PAIC'S MISSION**

PAN AFRICA INSURANCE COMPANY ASPIRES TO BE INNOVATIVE AND THE PREFERRED INSURER OFFERING CUSTOMER DRIVEN SERVICES PROFITABLY AND MEETING THE EXPECTATIONS OF THE SHAREHOLDERS AND STAFF.

WE ARE COMMITTED TO PROFESSIONALISM AND ETHICAL PRACTICES.

### **5. RANKED OBJECTIVES 2001-2002**

- A. BECOME MORE PROFITABLE
- B. INCREASE MARKET SHARE
- C. INCREASE RETURNS TO:
  1. SHAREHOLDERS
  2. POLICY HOLDERS

D. IMPROVE PAIC IMAGE

E. ENHANCE INNOVATIVE CAPACITY

## 6. DEPARTMENTAL PRESENTATIONS

### A. ACCOUNTS

#### ACCOUNTING ISSUES

- A. Quality service to both our internal and external clients.
- B. Accurate reports for informed decision making
- C. Timely reports for effective control
- D. Expeditious settlement of claims and other obligations
- 7. Ensure compliance with internal controls
- 8. Optimise returns on cash and other investments
- 9. Budgeting and control
- 10. Standards and measure of performance

#### KEY MANAGEMENT PROBLEMS

- A. Commitment to duty
- B. Slow processing of documents
- C. Slow response to customers' enquiries
- D. Tight liquidity
- E. Rigid decision making process

#### STRATEGIES OF OVERCOMING PROBLEMS

- A. Computerise all time consuming manual procedures
- B. Update records on a daily basis
- C. Continuous staff training
- D. Set and review work standards on a continuous basis

<b>WHO</b>	<b>TASK</b>	<b>QUALITY STANDARD PRESENT</b>	<b>QUALITY STANDARD PROPOSED</b>
<b>CHIEF ACCOUNTANT</b>	Budgets	Annual, 30 <sup>th</sup> November	Annual 31 <sup>st</sup> October
“	Half Yearly Audited accounts	August each year	31 <sup>st</sup> July each year

“	Annual Audited Accounts	2 months after year end	1 month after year end
“	Monthly Returns	End of following month	15 <sup>th</sup> following month
“	Annual Returns	3 months after year end	2 <sup>nd</sup> month after year end

WHO	TASK	QUALITY STANDARD PRESENT	QUALITY STANDARD PROPOSED
<b>CHIEF ACCOUNTANT</b>	CLIENTS RECORDS		
“	Commission Statements Debtors statement	5 <sup>th</sup> following month	1 <sup>st</sup> day of month
“	CLIENTS SERVICES Commission payments Claims payment	25 <sup>th</sup> each month varied	5 <sup>th</sup> day of month
“	Suppliers' payment	Varied	Within the subject to position.
“	Clients' enquiries	Varied	Within 24 hours
“	MANAGEMENT REPORTS General Ledger Reconciliation statements Periodic accounts	1 month in arrears 2 months in arrears Quarterly, 1 month in arrears	Daily on-line 10 <sup>th</sup> day following Monthly, 15 <sup>th</sup> day of month

## CLAIMS

### OBJECTIVES

- A.** Improve customer care.
- B.** Settle all legitimate claims within 2 weeks.
- C.** Prompt attendance to all queries from Brokers/Agents, direct clients.
- D.** Closely scrutinize all claims documents with a view to eliminating leakage and fraudulent claims.
- E.** Make guide and precise documents for the benefit of the Policyholder.

## F. Monitor and control panel of specialists.

### **HISTORICAL DATA**

We have gathered data from three years, where the trend can be maintained, we have relied on the average ratio per class. There were however, classes where profits were realized due to exceptional circumstances, such as closure of files due to inactivity and limitation period having expired or massive reduction of Reserves.

These exceptional factors have been taken into account in arriving at realistic ratios per class.

### CURRENT PERFORMANCE

Delays in claims settlement caused by internal and external factors.

#### Internal Factors

1. Staff level and lack of training.

#### External Factors

1. Delays in obtaining underwriting details.
2. Delays in issuing cheques.
3. Cash flow.

### INDICATORS OF UNSATISFACTORY SERVICES

1. Complaints from customers.
2. Computer print outs on files in accounts, which are not paid.
3. Payment/cheque Registers.

### PROPOSED IMPROVEMENTS

- A. Training of all claims staff is imperative
- B. Underwriting details should be updated on computer to make it easier to register claims. There has been great improvement in this area, but we are aiming for excellence.
- C. Accounts should make payments
- D. Claims Department makes a contribution to cash flow through recoveries
- E. Customer Care

## **COMPANY SECRETARY/LEGAL SERVICES**

### 1. ISSUES

- A. Proposed de-merger of the Company's Life and Non-Life business Group.



- B. Provision of efficient secretarial services to the Company's shareholders, Directors and Management.
- C. Provision of prompt legal advice on all legal matters that may rise in the day to day operations of the Company.
- D. Non - Payment of dividends to the Company's non-resident shareholders for the period 1989 - 1999.
- E. Compliance with the listing requirements of the Nairobi Stock Exchange.
- F. Collection of debts from Directors and their related parties.
- G. Outstanding applications under the Staff Housing Mortgage Scheme and the Staff Car Loan Scheme.
- H. Establishment of a share purchase scheme for Group employees as an additional staff benefit.
- I. Compliance with the provisions of the Insurance Act and Capital Markets Authority Act.

## 2. OBJECTIVES

- A. To provide prompt and efficient secretarial services for the smooth running of the Group operations and its subsidiaries.
- B. To provide accurate legal advice as required by other Departments of the company from time to time.
- C. To ensure that all outstanding dividends to our non-resident shareholders are paid to-date.
- D. To achieve a 100% collection of debts from Directors and their related parties and hence set a good example to the other debtors.
- E. To motivate members of staff and Directors.

## 3. INDICATORS OF SUCCESS

- A. Timely compliance with the provisions of the Companies Act, the Insurance Act, the Capital Markets Authority Act and all other laws of the country.
- B. Efficient administration of the Shareholders' Register.
- C. Efficient servicing of meetings of the shareholders, the Board, it's Committees and Management.
- D. Reduction in the Company's outstanding debt.
- E. High staff morale at all times.

## 4. STRATEGIES TO ACHIEVE OBJECTIVES

- A. To enhance the Group image in the eyes of the investing public that it is a well-run organization by ensuring that it's have yearly results are published by 31<sup>st</sup> August of each year.
- B. To monitor Departmental expenses on monthly basis in order to contain expenditure within the budgetary allocation.

- C. In order to set a good example to other debtors and therefore improve collection, to encourage and to urge Directors and their related parties to regularize their accounts by the 15th day of every month.
- D. Ensure that statutory returns are filed with the Registrar of Companies within seven days of the date of the Annual General Meetings.
- E. Ensure that the information required for the Company's application for the Annual Licence is compiled at least 2 weeks before the deadline of submission to the Commissioner of Insurance.
- F. Ensure that all other periodic returns to the Commissioner of Insurance are filed within the prescribed times by the Departments concerned.
- G. Have the monthly returns to the Capital Markets Authority about the Company's non-resident shares holders forwarded on time.
- H. Have Board and Committee papers sent out seven (7) days in advance.
- I. Ensure that minutes are produced within seven (7) days of each meeting.
- J. Respond to any telephone enquiries from shareholders and stockbrokers either on the spot or within half an hour.
- K. Respond to all written enquiries from shareholders and stockbrokers on the same day.
- L. Register all valid Share Transfers on the same day.
- M. Issue new Share Certificates within Two (2) days.
- N. Liase closely with the Accounts and Public Relation Departments to ensure that the final Accounts are printed within one month of Board approval and despatched at least 28 days before the date of the Annual General Meeting.
- O. Work closely with the Finance and the Computer Departments to ensure that Shareholders' Dividend Warrants are printed and despatched at least fourteen (14) days after the Annual General Meeting.
- P. Ensure that Bonus Share Certificates are prepared and despatched within One (1) month of approval by the Annual General Meeting, when applicable.
- Q. Have the Annual Results communicated to the Nairobi Stock Exchange (NSE) on the same day they are approved by the Board.
- R. Have the half-yearly un-audited submitted to NSE and also published in the newspapers by 31st August of every year.

#### ADDITIONAL RESOURCES REQUIRED

- (a) Capital Resources  
1 Safe Cabinet
- (b) Human Resources  
1 Legal Officer







# HUMAN RESOURCES

## HUMAN RESOURCES STRATEGY YEAR 2001-2002

### 1. PREAMBLE

Pan African Insurance Company Limited is a body corporate established under the companies act Chapter 486 of the Laws of Kenya with a paid up share capital of Kshs.240 million following the rights issue.

It commenced business on 26<sup>th</sup> October 1946 under the name Indo-Africa Insurance Company Limited and in 1963 became the first public quoted insurance company in the Nairobi Stock Exchange within Kenya.

The Company predominantly engaged in life business at inception until 1972 when it became a composite company underwriting non-life classes of business as well.

Its net asset worth as at 31<sup>st</sup> December 1999 stood at Kshs.1.2 billion and life fund at Kshs.850 million.

The company has continued to grow steadily in its core lines of business as stipulated below:

<u>Year</u>	<u>Life</u>	<u>Non-Life</u>
1995	Kshs. 93.3m	Kshs.338.0m
1996	Kshs.126.4m	Kshs.460.0m
1997	Kshs.151.2m	Kshs.529.0m
1998	Kshs.184.8m	Kshs.524.0m
1999	Kshs.236.0m	Kshs.550.0m

#### 1.1 Shareholding

The company's current majority shareholder following the rights issue is African Life whose shares stand at 46.08%.

Other principal shareholders are:

Thammo Holdings  
Co-op Trust Investment Services  
Kanchar (K) Limited  
Kenya Reinsurance Corporation  
Nak Enterprise  
Githere Investment Ltd

#### 1.2 Present Operational Status

The Company operates as a composite public quoted company generating its income from the following areas: -

- Life business

- Non-life business
- Subsidiary companies
- Interest from invested funds
- Dividends on shares and other government stocks
- Rents and mortgages

### 1.3 Terms of Reference

The terms of reference of the workshop *inter alia* are:

1.3.1 To review the company's present organization structure taking into account its vision for the future, capability, the proposed changes and adequacy in a liberalized economy.

1.3.2 To determine the modalities that should be adopted to accord the company the desired culture change that will ensure its smooth effective and profitable operations

1.3.3 To determine how best to manager the change and inculcate a customer care relationship within and externally.

1.3.4 To establish a win win situation.

## 2. Departmental Vision

The vision of the department is to develop, implement and administer policies, practices and programs which are responsive to and support the strategic direction of the company and which will create a competitive advantage with Pan Africa's greatest resource in its employees.

## 3. Mission

To enhance the effectiveness of Pan Africa's employees by working with them to help the company become a recognized market leader.

## 4. Values

To be accomplished through establishment of programs that will attract, motivate, reward and retain employees of the highest calibre such that superior rate of return is generated for the shareholders.

## 5. Establishment

The total establishment of the company is 170 employees deployed as per attached organizational chart.

In summary the structure comprises of four divisions as enumerated herein:

### 5.1 The Corporate division comprises of the following:

- |                         |     |
|-------------------------|-----|
| 5.1.1 Managing Director | - 1 |
| Company Secretary       | - 1 |
| Secretaries             | - 2 |

	Driver		<u>- 1</u>	
	Total	- 5		
5.1.2	<u>Department</u>			<u>Establishment</u>
	Internal Audit			3
	H/R & Corporate Affairs		19	
	Property		<u>9</u>	
	Total			31
5.2	<u>Life Division</u>			
5.2.1	Executive Director		- 1	
	General Manager	- 1		
	Secretary	- 1		
	Driver		<u>- 1</u>	
	Total	- 4		
	5.2.2 Marketing	- 3		
	Nbi marketing		- 4	
	Operations	<u>- 30</u>		
	Total	<u>- 37</u>		
5.3	<u>Finance Division</u>			
5.3.1	GM (F & I)	- 1		
	Life Accountants	- 13		
	N/L Accountants	- 5		
	IT	- 6		
	Investments		<u>- 2</u>	
	Total	<u>- 27</u>		
5.4	<u>Non-Life Division</u>			
5.4.1	General Manager	- 1		
	Secretary	<u>- 1</u>		
	Total	- 2		
	5.4.2 Underwriting		- 17	
	Claims		- 13	
	Marketing	- 4		
	Re-insurance		<u>- 6</u>	
	Total	- 40		
5.5	<u>Branches</u>			
	Mombasa	- 10		
	Eldoret		- 3	
	Kisumu	- 3		
	Meru	- 3		
	Kisii	- 2		
	Nyeri	<u>- 3</u>		
	Total	- 24		
	GRAND TOTAL	- 170		



## 6. Proposed Organizational Structure

### 6.1 Environmental Analysis

#### 6.1.1 Internal Environment

The company's internal environment comprises of offices operating from within with specific implications on its overall performance.

The components include:

- (a) The effectiveness of the organizational structure in its present format.
- (b) Effectiveness of the communication network including information technology.
- (c) Hierarchy of objectives
- (d) Policies procedures and rules in place.
- (e) Ability and capability of the management team.
- (f) The company's success performance including capital base, liquidity, investment opportunities and profitability.

#### 6.1.2 Operating Environment

The operating environment is conducive with the requisite legal framework in place.

Employees' salary are within those prevailing in the market though low as compared to those of regional re-insurance companies, banking industry and certain insurance companies.

Our immediate competitors are the 42 registered insurance companies locally.

#### 6.1.3 General Environment

There is a recession in the economy. Bank interest rates have reduced drastically.

The prevailing trading conditions and insecurity tend to discourage foreigners from investing in the country.

### 6.2 Organizational Analysis

The function of the department entails attracting, assessing, motivating and retaining those employees that the company requires to run efficiently and effectively.

An internal analysis depicts a picture of complexity and low productivity with staff not meeting set targets.

Efficiency is lacking with staff idling a lot. Effective supervision is lacking with the respective departmental heads not monitoring their staff performance closely.

Team spirit is lacking, including co-ordination of work between the respective departments resulting in delays.

Employees' involvements are low as compared to those prevailing in the market.

The intended restructuring of the company into three separate entities has created anxiety among staff, which requires immediate address and assurance.

## 7. Recommended Structure

The recommended structure, taking cognisance of the intended changes, is as per attached organizations chart marked Annex II.

### 7.1 Proposed Establishment

The proposed establishment following the restructuring of the company into three entities is as follows: -

<u>7.1.1 Holding company</u>		
Group Managing Director	-	<u>1</u>
Company Secretary	-	1
H/R Corporate Affairs	- 19	
Internal Audit	-	3
Property	- 9	
Secretaries	- 2	
Messenger	- 1	
Driver	-	<u>1</u>
Total	-	37
<u>Pan Africa - Non-Life</u>		
Chief Executive Officer	- 1	
Secretary	- 1	
Underwriting		- 17
Claims	- 13	
Reinsurance		- 6
Marketing	- 7	
Accounts staff	- 6	
Information technology	- 3	
Driver		- 1
Messenger	- 1	
Branches	<u>- 16</u>	
Total	-	72
<u>Pan Africa - Life Division</u>		
Chief Executive Officer	- 1	
General Manager	- 1	
National Scheming		- 1
Marketing	- 3	
Operations	- 32	
Information technology	- 2	
Secretary	- 1	
Accounting staff	<u>- 13</u>	
Total	-	54
GRAND TOTAL	-	163

## 8. RECOMMENDATIONS

To realize the desired goals and bring the company to a level in which it will be able to operate effectively and profitably within the market it is recommended that: -

- 8.1 We conduct an in-house training program for all members of staff on: -
  - Change management
  - Culture change
  - Customer care
  - Strategic planning
  - Information technology
- 8.2 The company should deploy an effective change management process encompassing regular interaction with staff, briefing and counselling.
- 8.3 Cost Centres  
Each respective division should be converted into a cost centre.
- 8.4 Staffing levels  
Review the staffing levels taking cognisance of the management expense level, which are currently high.
- 8.5 Staff Involvement  
Review the staff involvements and bring them to levels prevailing in the market.
- 8.6 Succession  
Develop a succession plan providing for upward mobility from within

The proposals contained herein should provide an avenue of re-engineering the company within the prevailing market scenario to enable it operate effectively, efficiently and profitably.

It should also bring about a customer driven institution that will in the long run increase customer satisfaction and ultimate customers demand.

It should also ensure teamwork and avail an effective succession plan.

We otherwise strive for a professionally well-managed institution ensuring good returns for shareholders.

## IT DEPARTMENT

The Current IT Department consists of 4 staff members as illustrated in the chart. Two of them support Life Division while another two support General Business.

The department's objective is to transform Pan Africa Insurance (General) into 2001 through 2002 into a paperless company through overhaul of remaining AIMS bottlenecks and modernization of equipment.

The latter will be expensive as it involves replacement of 18 dumb WYSE terminals with PC's networked to the server.

The department will need additional qualified personnel i.e. a qualified Analyst/Programmer.

Come 2001 and the company will require its server independent from life. All PCs will communicate with the mail server thus eliminating the need to communicate through telephone and paper.

Also in the pipeline for 2001 is purchase of an open accounting Brokers Accounts module. This will bring to an end the nightmares experienced by the credit control.

To summarize, the departmental requirements are as follows:

2001:

- Additional processor to NETfinity 550
- Memory, upgrade
- 18 General Business PCs
- 3 Printers
- Analyst/Programmer

2002:        Server

## MARKETING

### PREVAILING ISSUES

1. Need to improve our corporate image
2. Below standard services to our customers
3. Need to move away from traditional products
4. Lack of captive business hence never sure of our retention on most major accounts
5. Unhealthy competition in the market resulting to undercutting of rates and shrinking premiums.
6. Too many players chasing very little business.

7. Suffering from the effects of the economic regression as no new projects are coming up in the country.
8. Over reliance on certain brokers/clients.

## OBJECTIVES

1. Intensify our marketing activities in order to reposition the company.
2. Focus more on customers and identify their needs.
3. Improve our level of profitability by concentrating on profit making classes of insurance.
4. Maintain a small but loyal agency force.
5. Strive to retain and develop existing accounts
6. Target corporate clientele as opposed to individuals in order to reduce workload.
7. Appreciate risk management in order to minimize the impact of uncertain losses.
8. Generate more business from smaller towns through our branch offices and in-house agents.
9. Strengthen marketing department in order to accommodate more activities.

## STRATEGY TO ACHIEVE OBJECTIVES

1. Create a customer friendly trading environment by identifying and satisfying our customers' needs.
2. Intensify our advertising campaigns, exhibit our products and participate in community development projects in order to popularise the company.
3. Strengthen branch network and give more support from head office to enable the Branch Executives penetrate new markets.
4. Survey most of our risks with a view to getting rid of loss making accounts.
5. Market more aggressively and seek assistance of our directors and all senior managers in accounts that we are unable to penetrate.
6. Identify a niche market in form of a target group or product.
7. Review our rates in order to become more competitive.
8. Exploit the services of the in-house agents to the maximum.
9. Set and continuously monitor agents'/brokers' targets.

## **STAFF LEVELS**

	<b>1999</b>	<b>2000 BUDGET</b>	<b>2001 <u>PROPOSE</u> D</b>	<b>2002 PROPOSE D</b>
<b>MANAGER</b>	1	1	1	1
<b>ASST. M.M.</b>	1	1	2	2
<b>M/EXECUTIV E (SUPERVISOR)</b>	1	2	2	2

<b>DEPT. SECRETARY</b>	1	1	1	1
----------------------------	---	---	---	---

PRODUCTION AS AT SEPTEMBER 2000

CLASS	GROSS AMOUNT	PERCENTAGE
Aviation	8,967,298.00	2.5
Contractors All Risks	326,673.00	0.1
Computer	1,756,838.00	0.5
Machinery Breakdown	4,870,108.00	1.4
Domestic Package	10,361,285.00	3.0
Fire	48,125,014.00	13.6
Professional Indemnity	1,240,123.00	0.35
Public Liability	964,635.00	0.3
Marine	7,611,909.00	2.2
GIT	4,011,384.00	1.2
Motor Private	54,627,143.00	15.5
Motor Commercial	85,755,932.00	24.2
Personal Accident	1,594,295.00	0.5
Group Personal Accident	17,928,594.00	5.1
Medical	71,601,282.00	20.2
Money	8,821,234.00	2.5
Fidelity Guarantee	3,025,806.00	0.86
Burglary	5,369,307.00	1.52
All Risks	2,863,233.00	0.81
Workmen's Compensation	9,463,489.00	2.6
Bonds	3,451,444.00	1.0
Plate Glass	223,477.00	0.06
Golfers	98,554.00	0.03
<b>TOTAL</b>	<b>353,059,057.00</b>	<b>100</b>

## REINSURANCE

	<b><u>CURRENT STANDARD</u></b>	<b><u>PROPOSED STANDARD</u></b>
Medical Quotations	None	24 hours
Open file, debit issue policy document		10 days
Review of file for renewal purposes ◆ Claims experience ◆ Discuss renewal terms	15 days	30 days in advance
Response to correspondence		48 hours
Process claims		15 days from receipt
Issuance of claim cheque		15 days from

		receipt of payment voucher
New product		March



	<b><u>CURRENT STANDARD</u></b>	<b><u>PROPOSED STANDARD</u></b>
Validation of premium of claims allocation	20 <sup>th</sup>	10 <sup>th</sup>
Kenya-Re Motor Run-off	30 <sup>th</sup>	20 <sup>th</sup>
Kenya Re Non Motor Run off	5 <sup>th</sup> of second month after close of quarter	20 <sup>th</sup> of 1 <sup>st</sup> month after close of quarter
Engineering & other quarterly accounts	5 <sup>th</sup> of second month after close of quarter	20 <sup>th</sup> of 1 <sup>st</sup> month after quarter closes
Settlement of balances	None	30 days after close of quarter
Half year statistics	15 <sup>th</sup> of third month after close of quarter 15/3 & 15/8	15 <sup>th</sup> of second month after close of quarter 15/2 & 15/7
Review of Reinsurance Programme	November	October
Conclude Reinsurance Programme	31/12	20/12
Process Inward treaty accounts	30 <sup>th</sup> of month after close of quarter	As and when A/c is received
Analysis of Inward treaty A/c's for renewal purposes	30/4 and 31/12	30/3 30/11

## KEY MANAGEMENT PROBLEMS

### Internal inefficiencies in

- Responding to enquiries in time
- Processing of claims in time and accurately
- Processing of accounts in time and accurately.

### Attitude towards work

- Spirit of sacrificing ones time to go an extra mile in improving the turn around time lacking
- Staff shies away from making even basic decisions.

Payment to our Reinsurers and providers. There are no laid down standards on when one can expect settlement. A lot of running up and down is required to have a cheque issued.

Physical location of Reinsurance accountant and control of the inputs into the general ledger - reporting is to the Accountant Non-Life but responsibility for the inputs is by Reinsurance Manager.

On IT some software particularly relating to medical underwriting and claims are not developed to an extent where they can facilitate quality service to our clients and providers.

## OBJECTIVES

- Develop Actuarial medical rates to underwrite profitability.
- Improve on the turnaround time in submissions of accounts and claims processing
- Improve on credit control and resolve outstanding balances
- Improve on our presentation to clients and brokers
- Improve on the image brokers and hospitals have on payment.

## STRATEGIES

- Work closely with Accounts Department on reconciliations and payments
- Instil culture of ownership and discipline on staff members.
- Come up with a system to monitor the output of each staff member
- Come up with an elaborate system of sorting out outstanding balances through meeting all parties concerned.

# UNDERWRITING

## OBJECTIVES

- 1) Promote good underwriting standards - selectivity of risks
- 2) Underwrite for Profit
- 3) Quality, and prompt, efficient service - IT key to operational efficiency
- 4) Competitive edge - change of attitude and develop ownership culture
- 5) Minimise losses through risk survey
- 6) Credit Control
- 7) Efficient Renewal System
- 8) Document turnaround

## STRATEGIES

- 1) Rating - Commercial Consideration
- 2) Loss ratio monitoring for profitability
- 3) Prudent underwriting through training exposure and staff motivation
- 4) Controlling our Credit.

## KEY MANAGEMENT PROBLEMS

- 1) Credit Control**
- 2) Staff Empowerment**
- 3) Lack of Culture of Ownership**
- 4) Under utilisation of IT potential**
- 5) Calibre of staff**
- 6) Too many meetings**

## PLANS FOR SOLVING KEY MANAGEMENT PROBLEMS

- 1) Credit Control - Prompt and accurate debiting
- 2) Staff training and fast follow-up of information
- 3) Enhance staff commitment to quality customer care
- 4) Documented operational procedures.

## ESTABLISHMENT BUDGET

POSITION	1999 ACTUAL	2000 ACTUAL	2001 BUDGETED	2002 PROJECTED
MANAGER	1	1	1	1
A/ MANAGER	1	2	2	2
SUPERVISOR	2	3	3	3
A/ SUPERVISOR	1	1	3	3
S. U/WRITER	6	4	4	4
UNDERWRITER	5	4	4	4
J. U/WRITER	1	1	1	1
SUPPORT	3	3	3	2

## 7. BRANCH PRESENTATIONS

### ELDORET BRANCH

#### OBJECTIVES

1. To achieve set production and improve performance
2. To provide quality customer service
3. To achieve better product mix
4. To develop better working relations with brokers, agents
5. To achieve profitable business.

#### PROBLEMS

1. Delay in issuance of:
  - Policy documents
  - Renewals
  - Certificates
  - Commission payments
2. Delay in business booking - the branch position cannot be determined immediately
3. Lack of support from intermediaries
4. Collusion between legal fraternity, auctioneers etc.
5. Large territorial coverage - Kitale, Bungoma, Nakuru, Busia

## KISII BRANCH

### OBJECTIVES

1. To increase production in the branch
2. To improve efficiency
3. To improve customer service
4. To enhance premium collection (credit control)

### PROBLEMS

1. Delay in claims settlement
2. Delay in out source service providers (lawyers, assessors etc.)
3. Work pressure on Branch Executives
4. Low response from head office
5. Transport - lack of means (large area to cover)
6. Over reliance on one account
7. Lack of modern working technology - computer services
8. High rates of premiums on certain products which give us competitive disadvantages
9. Product mix (motor more as compared to non)
10. Few intermediaries.

### ACTION

1. Review of performance of service providers, probably yearly.
2. Identifying and recommending new agents for appointment
3. New market development
4. Agency motivation - facilitate quick payment of commission and claims.
5. Enhancement of customer retention by increased efficiency and emphasis on customer care
6. Educating (training) in-house life agents on common GIB products.
7. Printing and distribution of brochures (prospectors) on our products.
8. Educating our existing clients on other products.
9. Urgently require a clerk.
10. Require computer
11. On credit control, down payment of 40% (motor) and issuance of certificate within one month, for non-motor P.D. cheque for remaining balance.
12. Increased facilitation of claim documents to head office.

## KISUMU

### WEAKNESSES/PROBLEMS

Rigidity in our underwriting rates

Slow settlement of claims  
 Slow documentation/endorsement etc.  
 Unreliable brokers/agents  
 No monthly statement of business for brokers/agents  
 Delay in payment of commission  
 Lack of standard filing system  
 Bad image

#### SOLUTIONS PUT IN PLACE

Chronological system of filing  
 Going all out to market  
 Selective recruitment of brokers/agents  
 Monthly statement of accounts for brokers/agents  
 Payment of commission to brokers/agents to be enhanced.  
 Faster processing of documents.

## MERU

#### OBJECTIVES

1. Achieve set product target.
2. Establish branch as a strong force with quality business to enhance our profitability.
3. Establish close links with brokers, agents who support us.
4. To respond to queries within 48 hours.

#### BRANCH PRODUCTION

YEAR	PROJECTED
2000	Kshs.12.5 million
2001	Kshs.15 million

#### PROBLEMS

1. Slow turn-round of documentation.
2. Stiff competition from players.
3. Contracting economy.
4. Smaller number of intermediaries.
5. Commission payment: paid upfront.
6. Slow process of claims settlement.
7. No records at the branch.
8. Office set up does not favour general business.
9. Filing system not up-to-date e.g. no filing cabinets.
10. Lack of an able assistance in the office.
11. Travelling, wastage of time while walking.

#### STRATEGIES FOR OVERCOMING PROBLEMS

1. Strong marketing campaign in Meru town and surrounding towns e.g. Maua, Chuka and Nanyuki.
2. Get supporting intermediary in every mentioned town.
3. Get back up visits by senior managers from head office.

## RECOMMENDATIONS

1. Buy a filing cabinet for the branch.
2. Get an able assistance by year 2002.
3. Get well-partitioned office.
4. Debit notes to have branch copies.
5. Speed up process or commission payment.
6. Company to consider buying a car for the Branch Executive.
7. Flexibility in rating structure

## MOMBASA

### PRODUCTION TARGETS PER INTERMEDIARY YEAR 2001

1.	Formax Insurance Brokers	-	KShs. 16,000,000/-
2.	A.M.S. Ins. Brokers	-	KShs. 7,000,000/-
3.	AON Minet Ins. Brokers	-	KShs. 7,000,000/-
4.	Others combined	-	KShs. 6,000,000/-
5.	Pistis Insurance Brokers	-	KShs. 6,000,000/-
6.	Macro Insurance Brokers	-	KShs. 3,000,000/-
7.	Direct	-	KShs. 3,000,000/-
8.	Executive Ins. Brokers	-	KShs. 4,000,000/-
9.	Momentum Ins. Brokers	-	KShs. 3,000,000/-
10.	A.C. Ins. Brokers	-	KShs. 4,000,000/-
11.	Facultative Re	-	KShs. 2,000,000/-
Annual target -			KShs. 60,000,000/-

The Forecast break down of this Annual target per class of business is as follows: -

C.A.R./Eng.	-	KShs. 2,868,957/-
Fire-domestic	-	KShs. 1,982,609/-
Fire-Industrial	-	KShs. 9,521,739/-
Liability	-	KShs. 2,086,957/-
Marine	-	KShs. 5,582,609/-
Motor Private	-	KShs. 12,521,739/-
Motor Commercial	-	KShs. 14,608,696/-
Personal Accident	-	KShs. 5,217,391/-
Theft	-	KShs. 3,339,130/-
W/Men's Compensation	-	KShs. 1,565,217/-
Misc. Accident	-	KShs. 886,957/-
TOTAL		KShs. 60,000,000/-

### GROWTH FORECAST 2001-2002

Forecast indices based on 1998, 1999, 2000 production figures. The average Index of growth is to be used to forecast for year 2001 and 2002

#### PRODUCTION FIGURES

Year 1998	-	KShs. 32,000,000/-	
Year 1999	-	KShs. 37,000,000/-	Growth index - 15.6 units
Year 2000	-	KShs. 52,000,000/-	Growth index - 40.5 units
Average growth index	-	15.6 + 40.5/2=30 Units	

To forecast for years 2001 to 2002; assume normalcy and apply 30 growth units, above year 2001 production KShs. 60,000,000/- as base

Budget	2001	-	KShs. 60,000,000/-
	2002	-	KShs. 60,000,000/- @ 30% KShs. 18,000,000
			<u>Total - KShs. 78,000,000/=</u>

## NYERI

#### MARKETING PLAN ACTION

1. Recruit more independent agents and brokers in each major town in the territory.
2. Continuously motivate them to meet their targets
3. Deliver documents within set targets
4. Service claims promptly with the help of the Claims Department.
5. Develop a working relationship with in-house agents by training them on general business products.
6. Strive to reduce the outstanding premiums with the help of the intermediaries concerned and the agency manager.
7. Avail the rating guide to independent agents and brokers just like our competitors.
8. Improve office image by moving to new offices, acquiring better desks, telephone line, computer, photocopy, filing cabinets, good customer seats, curtains, office décor.
9. Keep proper records at the branch.
10. Pay commission promptly where full premium is paid.
11. Come up with a document that will easily explain our products for easy reference by the agents and brokers.
12. Identify continuously unexploited opportunities in the territory by collating market information from our customers and intermediaries as well as direct observation.
13. Repaint our billboards in Nyeri and Embu to reflect exactly what our Company does.
14. Train secretaries on how to use the rating guide for urgent enquiries by clients.
15. Give gifts e.g. calendars, diaries, T-shirts, cardigans.

#### STRENGTHS



1. Similar to the overall company's strengths e.g. age, sound capital base, good company image.
2. Leading branch for the life insurance company.
3. Unexploited rural areas.

#### WEAKNESSES

1. Agents and brokers who deal in matatu business alone
2. Limited potential in terms of production factories
3. No proper records
4. Known as a life office due to strength of the life division.
5. No sales representatives (business development executives).
6. Very poor office image.
7. No telephone line
8. Outdated office equipment i.e. desks, chairs etc.

#### OPPORTUNITIES

1. The existing client base
2. The business community
3. The branch marketing executives position
4. The pro-active life agents be given general business accounts
5. The SACCOs
6. Niche marketing
7. Recruit independent agents and brokers in each major town
8. Motivate agents by paying commission promptly
9. Train secretaries to handle general business to a lesser extent.
10. Come up with gifts for prime customers e.g. calendars, diaries etc.
11. Move to a new office fully equipped.
12. Recruit clerks at unit office

#### THREATS

1. Slow claims servicing
2. Inadequate marketing strategies
3. Slow underwriting process.

## 8. PROPOSED BRANCHES' PRODUCTION BUDGET

BRANCH	2001	2002
Kisii	Kshs.10m	Kshs.20m
Eldoret	Kshs.10m	Kshs.20m
Kisumu	Kshs.12m	Kshs.20m
Nyeri	Kshs.15m	Kshs.20m
Meru	Kshs.15m	Kshs.20m
Mombasa	Kshs.60m	Kshs.80m

Nakuru (new)	Kshs.7.5m	Kshs.15m
Others (H/O inward reinsure	Kshs.520.5m	Kshs.585m
TOTAL	Kshs.650m	Kshs.780m

## 9. PERFORMANCE STANDARDS

### 1. STRATEGY DURING 2001 AND 2002

Major Areas Needing Further Internal Discussion and Resolution

Marketing

Claims

Operational costs

Staff productivity

Service levels

IT Upgrade

Implementation

- Action Plan
- Time

### 2. SERVICE LEVELS NEEDING IMMEDIATE ATTENTION

- Marketing (Strategy)
- Credit Control
- Claims

### 3. MANAGEMENT ISSUES NEEDING IMMEDIATE ATTENTION

- Operational Costs
- Staff Productivity
- IT. Upgrade

### 4. PERFORMANCE STANDARDS BY DEPARTMENT

#### CLAIMS DEPT. - PERFORMANCE STANDARDS

1. Mail Response - within 24 hours
2. Registration of a claim - within 48 hours
3. Appointment of Service providers after identifying need to do so, within 48 hours - time frames - Motor Assessors, loss adjusters
4. Authority to repair/or issue DV, from receipt of reports within 48 hours.
5. Approval of a claim - immediate
6. Cheques to be issued by finance after claims approval within 1 day but not exceeding 14 days.
7. Initiate immediate recovery - from third parties
8. Claims outstanding register - monthly.
9. Disposal of salvage within 1 month from settlement.
10. Notification of reinsurers - immediate on settling reserve.
11. Cash call demands - on determining settlement amount.

## UNDERWRITING DEPT. - PERFORMANCE STANDARDS

1. Mail acknowledgement and response within 48 hours.
2. Debiting and dispatch within 7 days
3. Policy issuance and dispatch within 14 days
4. Renewal invitation within 6 weeks in advance
5. Quotations within 24 hours
6. Monthly cut off - last day of every month
7. Payments from accounts - 14 days from date of authorization.
8. Reinsurance placement - within the day

## MARKETING DEPT. - PERFORMANCE STANDARDS

1. Quotations - respond within hours to 2 days at the most
2. Visits to intermediaries
  - Weekly - major brokers/agents (As)
  - Fortnightly - medium size brokers/agents (Bs).
  - Monthly - small size brokers/agents (Cs).
3. Target monitoring - monthly for all agents and brokers.
4. Renewals- Following-up all accounts with premium income of over Kshs.50, 000.00 two months before renewal and endeavour to secure renewals instructions two weeks before renewal.
5. Monthly Production
  - Figures- Circulate to managers and branch executives by the 5<sup>th</sup> of the following month.
6. Branch Visits- Twice a year per branch
7. Major Clients' visits - Once a year, two months before renewal date
8. New product- At least 2 in a year.

## ACCOUNTS DEPT. - PERFORMANCE STANDARDS

1. Chief Accountant
    - Year end Financial statements - 31<sup>st</sup> January
    - Response to queries - instant - 24 hours
  2. Accountant - Non-Life
    - Management accounts - 15<sup>th</sup> next month
    - Response to queries - instant/14 hours
  3. Departmental Secretary
    - Secretarial tasks - within the hour
    - Queries - instant/24 hours
  4. Accounts Assistants
    - Debtor's statement - 5<sup>th</sup> day following month
    - Bank reconciliations - 10 day following month
    - Debtors' accounts Reconciliations - 10<sup>th</sup> day following month
    - General ledger - 5<sup>th</sup> day following month
    - Reinsurance balance
    - Confirmations - 10<sup>th</sup> day following month
- Agent's accounts

Reconciliations	- 10 <sup>th</sup> day following month
Commission payments	- 5 <sup>th</sup> day following month
Claims/other payments	- 1 to 14 days
Brokers account	
Reconciliations	- 10 <sup>th</sup> day following month
Queries	- instant/24 hours

#### REINSURANCE/MEDICAL DEPT. - PERFORMANCE STANDARDS

1. Validation of premiums and Claims allocation (paid and Outstanding). - 10<sup>th</sup> of every month
2. Kenya-Re Motor run-off - 10<sup>th</sup> of every month
3. Kenya-Re Non-Motor run-off - 10<sup>th</sup> of every month
4. Quarterly accounts including Engineering - 10<sup>th</sup> of every month
5. Half year statistics - 15/215/7
6. Review reinsurance Programme - by 15<sup>th</sup> November
8. Conclude reinsurance Programme - 20<sup>th</sup> December
9. Process inward treaty a/cs - as and when received.
10. Medical quotations - 24 hours
11. Settlement of reinsurance Balances - 30 days after close of quarter
12. Sending listing to providers - within 24 hours
13. Open file, debit and issue Policy document on new Accounts - 10 days
13. Policy review:
  - Claims experience and Discuss renewal - 30 days before renewal date
14. Process claims - 1 - 14 days from receipt date.
15. Issuance of cheque - 14 days from receipt of payment voucher
16. Medical utilization report (to clients) - 5<sup>th</sup> of every month
17. Overall loss ration - 10<sup>th</sup> of every month
18. Come up with a new Medical product - by 30<sup>th</sup> March 2001
19. Medical premiums - upfront maximum within 60 days.

#### IT DEPARTMENT - PERFORMANCE STANDARDS

1. Install a 512MB RAM Server by January 2001.
2. Replace 18 dump terminals with PCs by January - March 2000.
3. Source an additional Analyst/Programmer by January 2000.
4. Source an open brokers accounting package.
5. Source PCs for branches which don't have them by January 2001; give them e-mail services.

6. Training (computer literacy) January 2001.
7. Modify/source medical module by January 2001.

#### BRANCHES - PERFORMANCE STANDARDS

1. Respond to correspondence within 4 days - urgent mails immediately.
2. Collect 40% of premium upfront and 60% within 30 days.
3. Transmit all claim documents immediately they reach the branch.
4. Maintain contact with intermediaries once very week.
5. Transmit proposal forms and renewal instructions 3 days of booking the business.
6. Deliver documents to the clients within 4 days they reach the branch.
7. Send bank statements, journals by last day of the month to head office.
8. Weekly production reports and certificate, returns to be submitted every Friday.
9. Urgent documents to be faxed immediately to head office.

## Appendices

### Appendix 1

#### PAN AFRICA INSURANCE GENERAL INSURANCE WORKSHOP SCHEDULE

##### DAY 1

08.00-09.00	PRELIMINARIES
09.00-10.00	PAN AFRICA SWOT
10.00-10.30	BREAK
10.30-11.30	VISION /MISSION
11.30-12.30	STRATEGIC PLANNING
12.30-13.30	LUNCH
13.30-14.30	STEPS IN STRATEGIC PLANNING
14.30-15.30	BASIC RULES OF STRATEGY/WHY PLANS FAIL
15.30-16.00	BREAK
16.00-17.00	ACTION PLANNING

##### DAY 2

08.00-09.00	UNDERWRITING
09.00-10.00	UNDERWRITING
10.00-10.30	BREAK
10.30-11.30	REINSURANCE
11.30-12.30	CLAIMS
12.30-13.30	LUNCH
13.30-14.30	IT
14.30-15.30	ACCOUNTING
15.30-16.00	BREAK
16.00-17.00	MARKETING

##### DAY 3

08.00-09.00	MARKETING
09.00-10.00	SERVICE LEVELS AND PRODUCTIVITY TARGETS/CONTROLS
10.00-10.30	BREAK
10.30-11.30	SERVICE LEVELS AND PRODUCTIVITY TARGETS/ CONTROLS
11.30-12.30	SERVICE LEVELS AND PRODUCTIVITY CONTROLS
12.30-13.30	LUNCH
13.30-14.30	SERVICES -PERSONNEL TRAINING
14.30-15.30	SERVICES- MANAGEMENT TRAINING
15.30-16.00	BREAK
16.0.1700	RELATIONS WITH LIFE INSURANCE COMPANY

### Appendix 2.

**PAIC - GENERAL DIVISION WORKSHOP**  
**SAFARI PARK HOTEL**  
**1<sup>ST</sup> - 3<sup>RD</sup> NOVEMBER, 2000**

**ATTENDANCE SCHEDULE**

<b>NO.</b>	<b>NAME</b>	<b>DESIGNATION</b>	<b>SIGNATURE</b>
1	MR. WILLIAM OLOTCH	MANAGING DIRECTOR	
2	MR. STEPHEN M. MUHIA	COMPANY SECRETARY/CLO	
3	MR. KENNETH M. KIMANI	GENERAL MANAGER/GB	
4	MISS PATRICIA W. NDEGWA	MARKETING MANAGER	
5	MR. GEORGE NGURE	CHIEF ACCOUNTANT/NL	
6	MISS BESSIE AMBUNYA	CLAIMS MANAGER	
7	MRS FLORA G. WOKABI	UNDERWRITING MANAGER	
8	MR. ABBEY MACHARIA	IT MANAGER	
9	MR. ANTHONY NGETHA	REINSURANCE MANAGER	
10	MR. M. MUTISYA	ACCOUNTANT/NL	
11	MISS MARYANNE MUGO	ASST. U/W MANAGER	
12	MRS GRACE MUGO	ASST. U/W MANAGER	
13	MRS ALICE NJOROGE	ASST. CLAIMS MANAGER	
14	MRS AGNES K. KIINYA	MEDICAL SUPERVISOR	
15	MR. DOMINIC MAKUA	EXECUTIVE OFFICER - MSA	
16	MR. CLEMENT KODHEK	EXECUTIVE OFFICER - KSM	
17	MR. FRANCIS KIREMA	EXECUTIVE OFFICER - MRU	
18	MR. HENRY N. OTISO	EXECUTIVE OFFICER - KSI	
19	MR. KENNEDY ABINCHA	EXECUTIVE OFFICER - ELD	
20	MR. JOSEPH KIMANI	EXECUTIVE OFFICER - NYR	
21			
22			
23			
24			



Appendix 3.

### **MANAGING DIRECTOR'S OPENING REMARKS**

During the last Board meeting it was decided that Pan Africa Insurance Company is going to be the holding company with two subsidiary companies one handling Life business and the other Non-Life business. Process of separation has already started.

To have this in operation - accounts need to be separated and the financial statements updated. We have to do a good valuation of our accounts.

There will be two sets of management but initially, common services i.e. IT, HRM and Accounts services will be shared. Company Secretary for the time being will be one.

#### **BUDGET**

Both companies have to decide on how to share costs for the common services. There will be two general managers to handle Accounts and Financial functions. Mr. George Ngure will head Non-Life Accounts and Mr. Godfrey Kioi Life Division accounts.

#### **FIRST HELD**

PAIC first corporate planning was held in September 1993 with a few follow-up meetings. Senior officers have left the company for various reasons. He suggested that we take up the workshop as a major exercise and implement what will be discussed to operate efficiently. Many problems have been experienced

#### **WHAT IS A CORPORATE PLAN**

This is a systematic approach to attain long-term company's objectives. The strategic move is made to achieve the company determine its own future. To

determine how first to move, where and what future a company is headed for. Thus PAIC has to be the best insurance company in Kenya

## INTERNAL FACTORS

There are internal factors to be considered and to be studied, namely:

- ◆ Organization
- ◆ Study organization chart
- ◆ Objectives
- ◆ Departmental chart

## WEAKNESSES

These have been noted that is:

- ◆ Standard of performance
- ◆ Commitment/ownership attitude among staff
- ◆ Lack of efficiency

The Managing Director repeated an example set at one of meetings he attended at a school's meeting "Excellency lies in details": *Claims for example should be repudiate with documentary proof, or legal interruption may be sort. e.g. repudiate of Kshs. 5 million claim.*

Launch of a product was another example: e.g. PAIC wants to launch a product that has a tangible proof on its returns.

One major problem PAIC faces is inability to match our debits and the receipts.

Not being able to meet set deadlines for receipt of premiums and delay in payment of claims. Reconciliation of accounts a major problem: our statement of accounts not agreeing with those issued out by the brokers. Brokers should issue uniform statement to ours.

It is for these reasons that engaging the services of a Credit Controller may not be profitable.

Lack of personal integrity among staff. Branch complaining of poor services being offered by the head office and vice versa, citing non-delivery or late delivery of the policy documents to our clients, late settlement of claims etc.

*For example in 1993 the Claims Manager then Mr. Righa handled the claim handling process differently. It is right for the company to have one person handle a claim from registration point to its final stage of settlement/payment. For example claims settlement should be handled within 7 days. So is the documentation of policies.*

In the past Mrs. Mwangi had to organize for customer care workshops. The results or the outcome of this was quite positive in the beginning, but later staff hardly put into practice what they had learnt at the workshops. The Managing Director has had to make a person follow-up to ascertain that material gained at the workshop is actually being practised. He elaborated by giving the following examples:

- i. Response by telephonists when answering the telephone calls;*
- ii. Students from the same preparatory or elementary school may all have good and positive behaviour at one point, but as they go separate ways - change schools move to advanced levels, they behave differently due to culture building at that particular level.*
- iii. Paper throwing all over may be a crime in some countries e.g. Singapore. An African of Kenyan or Nigerian origin may have problems living in Singapore because of its neatness. It is a crime to scatter papers all over the place.*

The Managing Director trusted that this workshop would be a fair forum for the members to speak openly and frankly without any fear in citing the problems being experienced in the company.

#### ENVIRONMENTAL PROBLEMS

Non-Life being a very competitive business, it has its own adverse effects. Business has kept on changing from time to time.

#### WHAT MUST WE HAVE

Efficiency - Policies need to be delivered on time and to the right owners.

Compete - We need to compete effectively with our rivals

Innovation - PAIC has to be more innovative than others are. We have to lead the market.

Executive

Officers: - This is a new concept. It is through the Branch Executive Officers that PAIC will advertise its products and services. He emphasized that we have to prosper in all areas of operations. Systems to monitor our operation will need to be put in operation.

Training: - Budget will be set and to be adhered to seriously.

Perform: - Our staff needs to perform and to avoid departure. It's been hard for the Managing Director to talk to some senior manager on their performance.

Implement: - All that is discussed during this workshop need to be implemented and set rolling. The report will be presented to the Board of Directors on 8<sup>th</sup> December 2000 stating our way forward.

Problem

Postponing: Is not a solution. This creates more problems and puts the organization in a negative position. Miss Ambunya promised to give the Auditors a fair report and response come this time. The excuse of building strategies has been given since 1993 and cannot be repeated to the auditors once more. We will not sound serious on this issue.

IT System: - There should be a system that can cope with our expanding demands. It needs to be set up as per our requirements. Should the system break down or not able to cope, there ought to be other solutions to our problems.

Decision: -Most of us shy away from decision making in particular when the manager(s) is absent.

THINK BIG: The Managing Director gave a moving emphasis on this. It is been be on record that service charge must be paid to the leading insurer of a particular business. *I.C.E.A. are the leader in aviation and thus PAIC pays them 28% of the total premiums paid.* This is rather unfair. He is of the opinion that PAIC can also lead in some of these businesses. PAIC is the one of the oldest companies in the market, owns prime properties in the country thus should strive to be at the top.

Mr. Andrew Greenwood was to be present to us (those present) an insight of what Life Division has done. He introduced Prof. G-C.M. Mutiso as the Workshop facilitator to enable us drawing a positive Corporate Plan. He wished members present good time, happy co-operation and a successful workshop.

Closed the remarks at 10.07a.m.

Appendix 4.

## **DEPARTMENTAL PRESENTATION FORMAT**

(For example underwriting to present in terms of respective underwriting classes).

### **1. Historical Data**

1999 Costs	1999 Revenues
2000 Costs	1999 Revenues

### **2. Future Plans 2001, 2002, 2003?**

- (a) Costs
- (b) Revenue Projections
- (c) Current Performance/Productivity Standards
- (d) Improvements Performance/Productivity Standards

3. Key Management Problems

5. Plans for Solving Key Management Problems

Appendix 5.

ORGANOGRAMS