

INSURANCE: INNOVATE OR DIE

Being Innovative is a key fundamental tool and growth strategy. To penetrate new markets and to increase the existing market share, innovation could be the best strategy. Innovation also provides the company with a competitive edge over other rival companies. Globalization and technological advancement has increased competition among both local and international companies and this has motivated companies to grasp the significance of innovation.



Innovations has become one of the key components of corporate strategies. Innovation help to improve upon procedures so as to perform better in the market and it increases brand equity and customers' perception and this gives the company competitive

advantage. Another attribute of innovation is that, it gives strategic orientation that helps to overcome the challenges they encounter while struggling to achieve better competitive advantage (Drucker, 1985; Hitt et al., 2001; Kuratko et al., 2005).

There have been findings in many studies to support that the organization's future is dependent on innovation, adaptation and creativity. Most of the insurance companies in Ghana are competing base on price alone. This has made insurance companies to reduce the actual premium they have to charge for a risk thereby making it difficult to meet huge claims.

Insurance industry customer base have not increased so much because, the old products are still available in the market. Insurance products documents are still not simplified and

written in clearer language because it is considered as legal documents. More people have turned away because they find it difficult to understand policies that have been issued to them and they believe and have the notion that insurance companies hide behind these legal wordings and fail to pay claims when unfortunate incidents happen. In as much as the changing environment means innovation is central for competitive advantage, insurance business organizations have to transform the way businesses have been conducted over the years. Majority of the people are searching for simple ways to transact their insurance but over the years, the procedures and the processes of getting insurance done have not been simplified. People have to walk to insurance company's office to get their insurance done or put their trust in unknown persons as agents who issue cover note and other temporary documents for them with the hope that their premiums will get to the insurance office. There are many of these fake cover notes and NIC stickers which are presented normally at the various Drivers and Vehicles License Authority offices.

Technological advancement has come to stay. Some Banks have Auto Teller Machines where customers will not just withdraw but also deposit their money with the bank. Have insurance companies thought of where customers can renew their personal policies, make payment and receive their insurance documentations online through their given electronic mail addresses. This looks so far from majority of insurance companies and they believe it cannot happen now. Some Insurance companies still send their annual clients renewal notices through the post office only and they have to take months before the clients receive them. Insurance companies in Ghana are still scared of selling their products through some big retail shops and vehicle garages to expand and reach their wider customer base easily.

It is clear that, most of the people who use mobile phones nowadays have android software and IOS that can take mobile applications. The question is how many insurance companies in Ghana have developed their own mobile applications for clients to use to access information from them.

In the Insurance Governance Leadership Network Summit, November, 2015 in New York most of the members supported and said, "Insurance has not been able to come out with new ideas and being innovative historically. The industry has not consider innovation as their main competitive edge." Furthermore, the industry has to consider innovation in order to avoid disruptive forces. "Most companies now think it is important to be innovative since they have realized that, they could be the next industry to be disrupted. One of the directors said that, the barbarians are at the gate. How do I prepare?" Other companies like banks with the advancement of technology are able to execute traditional insurer tasks, such as distribution, data collection, and analysis. Most organizations for instance, Banks now try to create, find, select and efficiently deliver innovative ideas which makes their companies to win the battle over their competitors by being fastest and cleverest to hold fresh technological breaks, make exceptional proposals and bring persuasive creative new services and products. Most of the time this process is termed innovation. Innovation gained wide prominence in the 20th century where businesses and government saw innovation as the route to customer satisfaction and economic success. The most successful companies are innovators; think about Samsung, LinkedIn, Facebook, WhatsApp, virgin airlines and Apple, Tonaton all showed up in the second half of the 20th century.

There are many types of innovation. Most Insurance companies often equate innovation with new product development. But depending on the competitive position, insurance

companies should also consider market innovation, information communication innovation, claims payment innovation, customer care innovation, cost leadership innovation and human resource innovation. A study has shown that companies with strong Cost leadership innovative strategies are more likely to secure competitive advantage. In the similar study, customer satisfaction of insurance companies were found to be unsuccessful.

Most companies just equate the introduction of new technology as innovation. Technology-enabled innovation strategy is concerned firstly with understanding the role of innovation to support profitable growth for the insurance company; then secondly making the most appropriate decisions concerning technology sourcing and development to best underpin the innovation strategy. Overall, the effect should be to maximise market performance.

Peter Drucker succinctly stated that every organization needs one core competency: innovation (Gaynor, 2002; McDermott and Seexton, 1998). Finally, a study by Clifford and Cavanagh (1985) indicated high growth companies exist even in declining industries as long as they identify and pay attention to key success factors. On these grounds it is recommended that insurance companies resort to topmost innovative strategies to arrive at successful market share, growth in gross premium and customer's satisfaction.

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