

Building a world class company in a tight emerging market

Leadership lessons learned by Botswana Life



By Catherine Lesetedi – Letegele

Chief Executive Officer,
Botswana Life Insurance Limited

| Innovation (Fresh ideas, fresh perspective)

| Integrity (I am true to my word)

| Teamwork (Let's do it together)

| Service excellence (I can, I care)

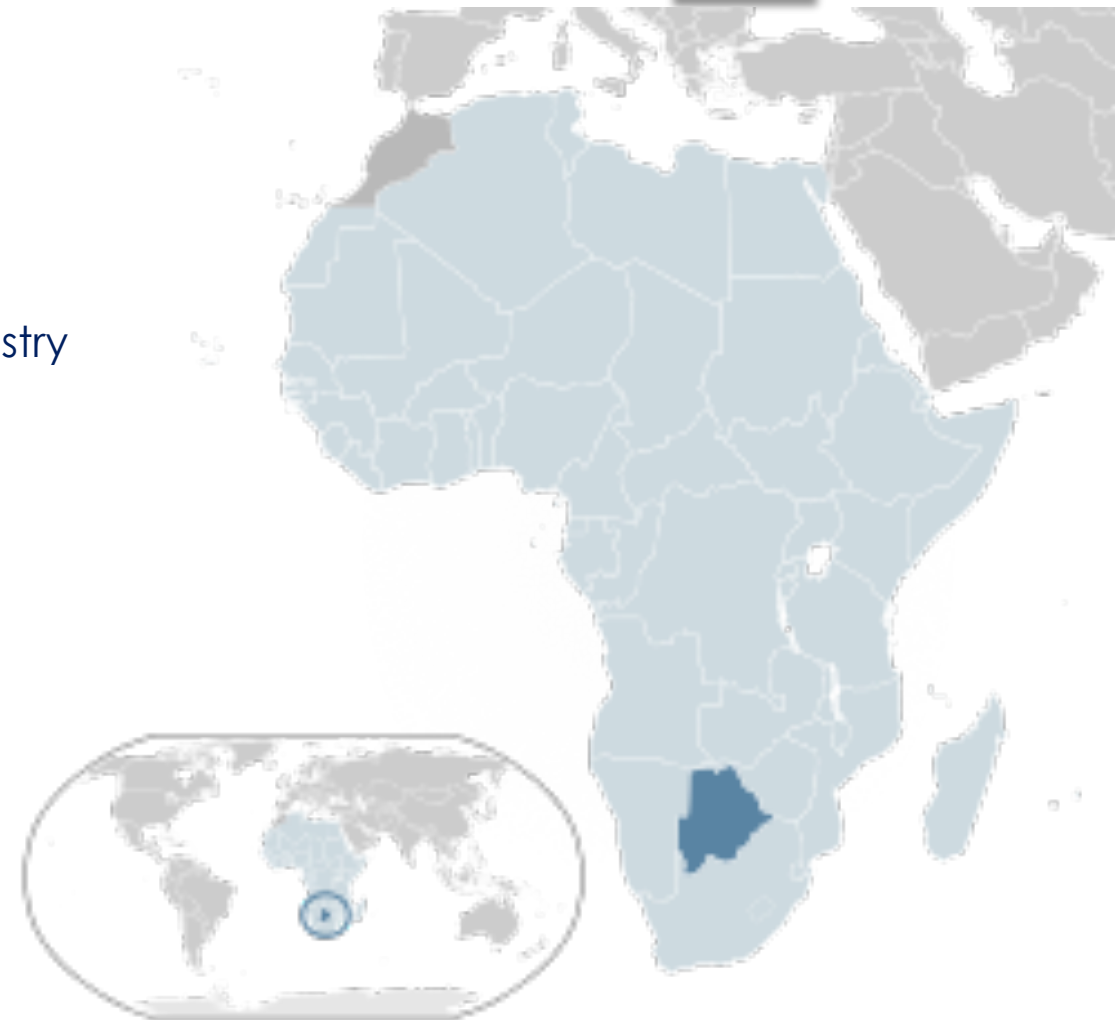
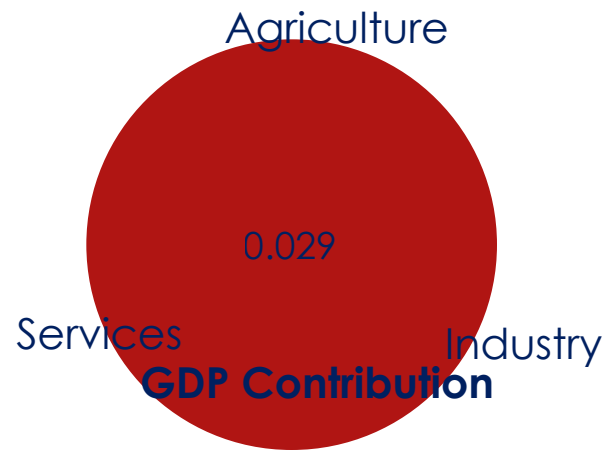


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Background on Botswana

2013 Economic Statistics

Population	2.021 million
GDP	US\$ 14.79 Billion
GDP Growth	5.9%
GNI Per Capita	US\$ 7.730
Inflation (2014)	4.1%
Unemployment	17.8%



48th largest country in the world,
comparable to France.

70% of the country is desert land.

One of the countries hit hard by HIV, but
has a well managed ARV programme.

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Economic Activities

Services

Tourism contributes 5% to the GDP.

Okavango Delta is one of the world's largest inland Delta's and boasts the world's largest concentration of elephants.

Recently listed as a UNESCO world heritage site.



Industry

Orapa mine is the world's largest diamond producer by value, contributing 40% to GDP



Agriculture

Agriculture is dominated by cattle rearing and beef exports, and contributes less than 3% to GDP.



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Life Insurance penetration & industry statistics

600,000 unbanked population

Insurance penetration – 1.8% of GDP, much lower than South Africa but higher than East and West African regions

Developing regulatory environment

Growing competition, with banks entering the industry



Telecomms penetration rates– end 2013

Market	Penetration Rate
Mobile	184%
Fixed	8.5%
Internet	8.0%



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Botswana Life Insurance Limited

background

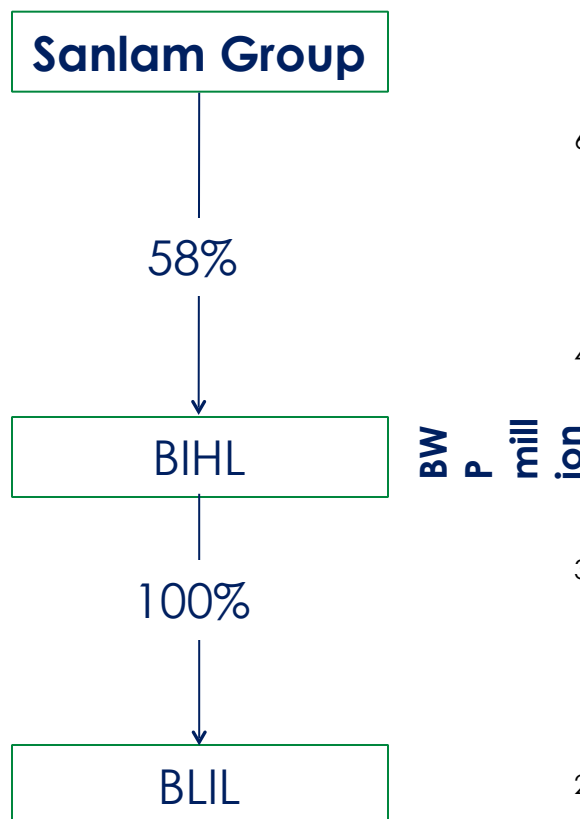
Botswana Life Insurance limited (BLIL) was established in 1975.

It is a subsidiary of Botswana Insurance Holdings Limited (BIHL), a company listed on the Botswana Stock Exchange.

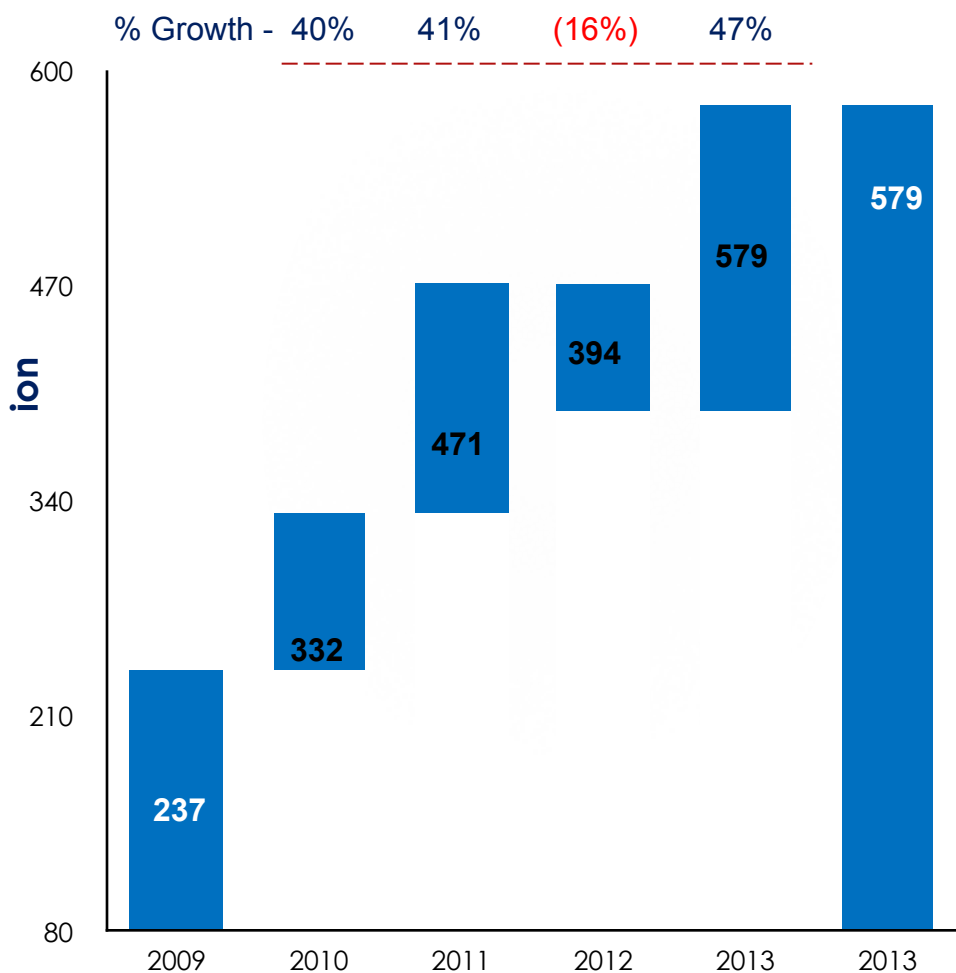
BLIL is the oldest life insurance company in Botswana, with market share of about 80%.

Over 200,000 clients and 150 corporate clients.

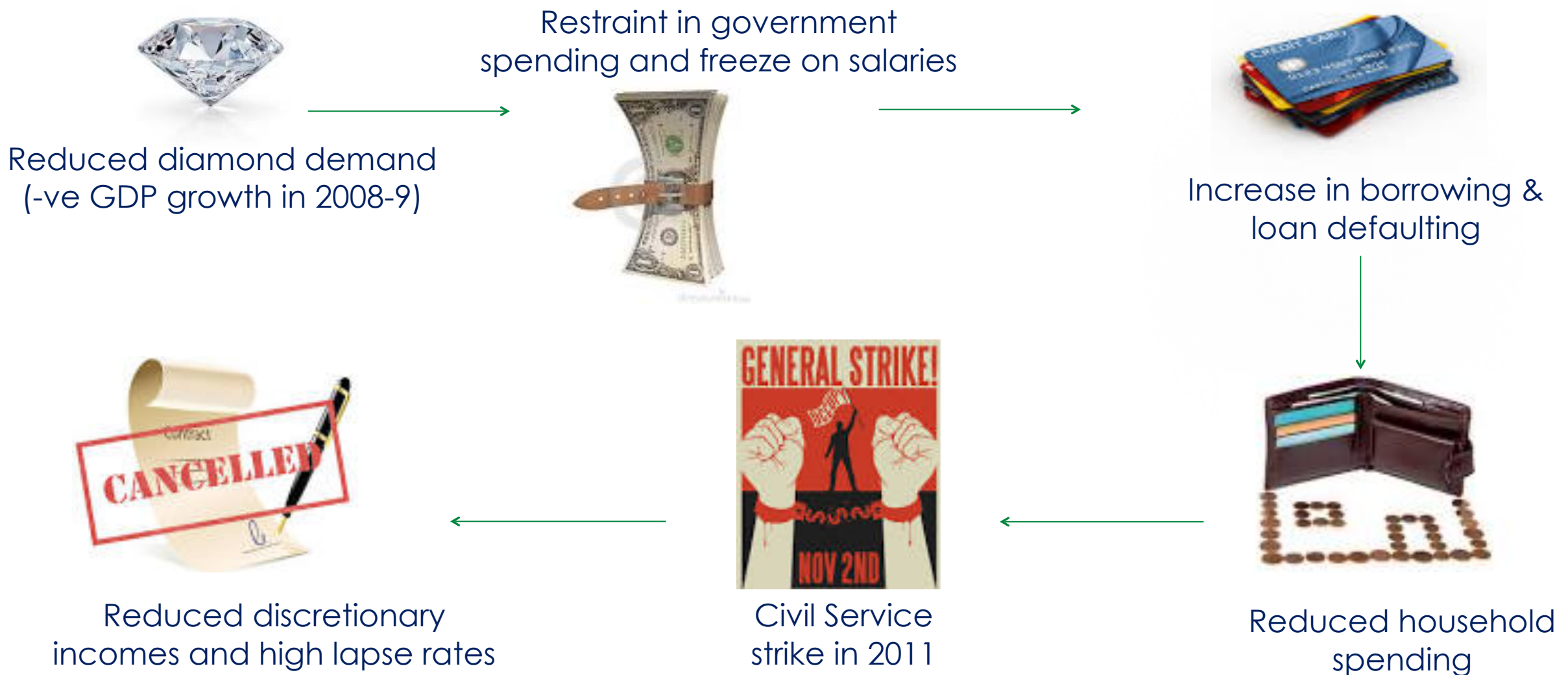
Contributes more than 60% of BIHL's earnings.



BIHL Profit Growth 2009 - 2013



Impact of economic meltdown of 2008



Key drivers of change



Regulation

- Insurance Industry Act
- New Capital requirements
- Prudential Rules & other financial services laws
- Shallow capital markets, making asset and liability matching an impossible task

Demographics

- Predominantly young population, high youth unemployment rate
- Product configuration not meeting expectations



Technology

- Legacy and disparate systems vs. new technology, CRM and

Customer sophistication

More information, product comparisons

Growing Competition

4 life carriers now doubled to 8, including indirect competition

Mature industry

Market development and use of technology

Our biggest challenges



Our efforts were initially held hostage by;

1. Complacency: Past success bred a false sense of security, and reluctance to get out comfort zone.
2. Not enough leaders to lead the change.
3. **Focus on short-term results** – short term results against sustainable performance
4. Economic recovery took much longer than anticipated.
5. We just didn't get the change management process right!

We had to go through the dip for people to start moving (a much needed blessing!)

What we did – urgent need to transform our business model

Three year strategy – Sekgantshwane

“clean out and stabilise”



“new growth”



best of the best”

Underpinned and enabled by robust technology, customer centricity and high performance culture

Focused a lot on Business efficiency, head count reduction and cost reduction

Seeking to reposition the company not only as large but relevant and competitive

Refine our risk management processes and techniques

Culture change – calculating a customer centric culture with a can do attitude

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What has been accomplished so far

Culture – finding tangible actions to demonstrate the type of change that is required.

Use analogies, to bring everyone on board.

Set Wildly important goals , cascaded across the organisation and keep a score board

Refined risk management processes , leading to 79% growth in premium inflows during the three year period, doubling of the Value of New Business on the back of improved policy retention

New innovations

- **Products**

Funeral cover with annuity income

Life cover product, with no HIV test – maximum cover US\$55.5k

- **Technology, customer service**

Introduced liferewards visa card benefit and loyalty card, fastest paying company in the industry.

Mobile money payments – funeral cover for the unbanked, increase grass route penetration

Service through the call centre

Providing service real time at the employer sites

Improved communication with clients through SMS



Lessons learnt

Culture; it is the single most important differentiator, but the most difficult to change.

Leadership must at all times role model the change they want to see!

It takes time to embed change, it is a journey not an event

Enrol leaders who embrace change

Use all channels to communicate the vision

Never tire from talking about the vision and benefits of the change

Expect failure along the way, but be ready to pick yourself up and learn from the experience.

Measure, measure and measure some more!



What will drive our future growth

Urbanisation

Emerging middle affluent to high net worth

Rising incomes

Use of technology, particularly mobile phones

Young population

Enhanced Customer Value Proposition – differentiated products, services and channels

Effective management of capital



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Sources

Bank of Botswana



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