

## FAIR Education Action Plan

Globalization offers immense opportunity for the insurance industry to grow and develop. This opportunity precisely exists in the Afro Asian markets, where we have the elements of the competitive advantage. We have the relations, the emotional intelligence, the ethics, and the social responsibility.

We may not be able to match the financial resources and the capacity of the developed countries, but it is quite possible to match their skills, expertise, and knowledge and to excel.

This specifically, needs putting the human resource at the strategic core of the business, and requires adopting a new approach, a different leadership style and differently acting employees.

With this convection, the education process comes at the forefront in the FAIR Work-programme as strategic issue, for which the Executive Committee adopted the following recommendation:

“To form a working committee from professionals and academicians with both direct and reinsurance experience, to work in collaboration with FAIR Central Office, to map out the programmes and application measures for raising the quality and to attain the same level of skills prevailing in the developed countries as presented in the report of the Secretary General.

The secretary general shall be mandated to seek the interest of members who are keen to carry on this mission”.

The Director of the National Insurance Academy of India and the Faculty Members of NIA, who have the academic skills and practical experience, in collaboration with FAIR Central office, prepared the following framework of the required educational plan. It takes into consideration that the Afro-Asian Insurance Markets may have different levels of development, but they always have many common elements upon which the core activities of cooperation could be naturally built.

### **I- Insurance training programmes:**

Training policy classifies skill requirements of insurance professionals into three levels depending on the extent to which the insurance profession dictates the need to imbibe:

- General awareness of facts to assess broad implication of the subjects relevant to the insurance profession;
- Detailed knowledge of facts to be able to apply to the subject in insurance practice;
- Comprehension and wider application skills.

The topics of the organised courses may be chosen according to the professional requirements and technical needs to tackle the subjects, which appear in the attached list.

(Annex No. 1)

## **II- Areas of top priority in FAIR Educational plan:**

**Specific attention and collective efforts should be addressed to enhance knowledge and to overcome the existing weakness in the following areas:**

- **Risk Modelling;**
- **Computation of probable maximum loss**
- **Building up rating structures**
- **Analysis of risk profiles**
- **Mapping out reinsurance programmes**
- **Product orientation of Life Insurance, rating methods, marketing and distribution channel**
- **Reviewing the manuals and disciplines in underwriting, and application of systems of risk management,**
- **IT orientation**

## **III- Intermediaries Training programmes**

**There may be FAIR accredited training institutions as per country specific regulatory norms if any.**

**However, for intermediary training beyond statutory requirements there should be an approved professional syllabus with cross-border expertise in Afro-Asian global zone. This may be done under the brand name “FAIR - SPD, the School for Producer Development in the Insurance Sector” which can be the umbrella school for intermediary development and management with strong global collaborations. The school should have the following broad syllabus:**

- **Insurance sales scouting**
- **Insurance product knowledge**
- **Skill of opening and closing sales**
- **Skill of objection management**
- **Skill of post sale service including output delivery facilitation**
- **Skill of strategic relationship**
- **Skill of market intelligence**

**The training programmes may be for adequate durations to be cost effective and complete. A median duration of a week is ideal but depending on the comprehensiveness of the coverage, it may stretch to maximum three weeks.**

**For entry-level education there should be category wise certification programme of 6-month duration in life and general insurance each, one-year diploma programme and two-year MBA programme approved as Masters Degree from a globally renowned University.**

**Workshops should have a median period of three days and seminars two days.**

**Senior executives should be given managerial and business policy inputs;**

**Middle level executives should have technical, marketing, and behavioural inputs;**

**Fresh Officers should be given technical and induction inputs in operational areas.**

#### **IV- Research initiatives:**

**FAIR Educational Plan shall include encouraging research-work both at the Afro-Asian research institutions and at disperse level.**

**The following seven overlay research agenda may be based at the research institutions:**

- 1. Global insurance insights: What can FAIR members learn from insurance research in other countries?**
- 2. Distinctive insurance business: What are the unique challenges and opportunities for insurance in FAIR countries?**
- 3. Antecedents of successful insurance leadership: What are the formative experiences anywhere in the World that build insurance leadership? What is the experience in FAIR Countries?**
- 4. Enabling the next generation of insurance leaders: What do FAIR insurance leaders require in their next line if they are to reach their full potential?**
- 5. Management of diversity: What are the most important considerations when leading a culturally diverse insurance organization?**
- 6. Expenses convergence in multiple distribution channel scenario: What are the incurred and deferred components of channel expenses and should there be a convergence?**
- 7. Competitive transparency: What is the degree of transparency in insurance market and who pays or gains from lack of disclosures?**

**Apart from these seven overarching research areas, there may be concentration on micro-insurance, agro-insurance, credit insurance, health insurance, bond insurance, annuity insurance, and pension fund management.**

**At dispersed level, FAIR members may have continuing research in areas like:**

- 1. Identifying and catering to underserved markets**
- 2. Using price to build competitive advantage**
- 3. Enhancing organizational brand**
- 4. Revealing the full truth for transparency**
- 5. Building a strong corporate culture**
- 6. Managing risk**

#### **V- Trainers' Body:**

**Trainers should have collectively personnel with inter-disciplinary expertise and specific knowledge particularly in the areas.**

## **VI- FAIR Academicians:**

**There may be a system of accreditation of FAIR insurance academicians. The accreditation may be based on a system of evaluation consisting of qualification, experience, teaching ability, trainers training completed and nomination of user organizations. There may be three levels of academicians – Technical level, management level and policy level.**

**FAIR may institute awards of excellence for outstanding academicians with strict quality control and 360 degree reference criteria. To prepare FAIR academicians for rising above their level, there may be accredited institutions to give trainers training certification and diploma.**

**FAIR will maintain a list of such academicians with their areas of expertise and level of accreditation to facilitate the members to utilize them on emerging needs.**

## **VII- FAIR Educational Archive.**

**FAIR will create an archive of all seminars and workshops conducted under its auspices in addition to the carried on planned researches.**

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**In general, the application of the plan shall be flexible for each FAIR Member Company to suit its requirements and the availability of resources i.e. in house, on the national level, or on FAIR level.**

**Insurance Subjects**

**Product features**

- Types of cover, limits and exclusions
- Underwriting
- Claims
- Policy holders' reasonable expectations
- Bonus philosophy
- Target benefits
- Choice of assumptions
- Policy documentation

**Risk features**

- Risk factors
- Rating factors
- Size of claims and claim frequency
- Long-tail and short-tail business
- Catastrophes
- Latent claims

**Market structure**

- Types of insurer
- Distribution channels
- Direct sales force / tied agents
- Direct marketing

**Accounting**

- Requirements under Insurance Acts
- Internal accounts
- Regulatory and accounting standards

**Taxation**

- Taxation of profits and investment income
- Insurance premium tax provisions
- Equalization provisions
- Personal taxation

**Regulations**

- Solvency requirements
- Returns to regulatory authorities
- Guidance notes
- Relevant trust laws

**Reinsurance:**

- Types of cover
- Financial reinsurance
- Captive insurance companies

- **Security of reinsurers**
- **Securitisation**
- **Quota / surplus / stop loss / retention**

#### **Investment:**

- **Investment objectives**
- **Matching of assets and liabilities**
- **Asset-Liability modelling**
- **Performance measurement**
- **Constraints**
- **Use of derivatives**
- **Credit risk**
- **Indices**
- **Hedging & derivatives**
- **Investment environment**

#### **Data: Possible sources**

- **Reliability**
- **Validation**
- **Classification**

#### **Market intelligence:**

- **Insurance cycles**
- **Research on risk variations**
- **Experience monitoring**
- **Mortality / Morbidity experience**
- **Withdrawal experience**

#### **Forecasting:**

- **Past and future inflation**
- **Trends in claim experience**
- **Trends in investment income**
- **Effects of judiciary interventions**
- **Statistical techniques**

#### **Capital allocation:**

- **Risk-based capital**
- **Immunization / Resilience testing**
- **Financial projections**
- **Mergers & acquisitions**
- **Joint Ventures**
- **Demutualization**
- **Orphan assets**
- **Closed funds**

#### **Underwriting:**

- **Proposal questions**
- **Genetic screening**

- **Preferred lives**

**Valuation:**

- **Setting of valuation basis**
- **Resilience reserves**
- **Expense reserves**
- **Dynamic solvency testing**
- **Bonus investigations**
- **Actuarial valuations**
- **Economic assumptions**
- **Demographic assumptions**

**Areas of Knowledge & Expertise  
Required in the Trainers Body**

- **Human resource administration,**
- **Human resource forms and systems development,**
- **Pre-employment psychological testing, and feedback assessments,**
- **Assessment-based teambuilding,**
- **Policy and procedure manual development,**
- **Compensation program design,**
- **Employee performance analysis,**
- **Career planning and development,**
- **Succession planning,**
- **Termination and severance package design,**
- **Organizational development,**
- **Management development,**
- **Change management,**
- **Leadership forums and Executive summits,**
- **Convention planning & execution,**
- **Presentation of customized training classes,**
- **Presentation of branded training programmes and Curriculum development**