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INVISIBLES : INSURANCE

Insurance education for developing countries

Report by the UNCTAD secretariat

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Introduction

1. The Committee on Invisibles and Financing related to Trade at its sixth session (July 1973), recognised that considerable skill and expertise were required for effective implementation by the developing countries of the agreed policies on insurance and reinsurance, as defined in the relevant UNCTAD resolutions.^{1/} Since such skill and expertise are generally lacking in most developing countries, the Committee adopted a decision on training in the field of insurance and reinsurance, the operative paragraphs of which are as follows: ^{2/}

"The Committee requests the UNCTAD secretariat to take the necessary steps to prepare expeditiously and implement, to the extent possible and within the funds available for this purpose, a detailed programme for the education and training of a sufficient number of qualified personnel in the fields of insurance and reinsurance, which would benefit developing countries.

To this end, the UNCTAD secretariat is urged to undertake a survey of the needs and resources available and to make a report to the Committee on Invisibles and Financing related to Trade at its seventh session."

2. The mandate given to the UNCTAD secretariat comprises several points, such as research into the quantitative and qualitative needs of developing countries in professional insurance training, a survey of the existing facilities, the preparation of an educational programme aimed at closing the gap between the present needs and the existing facilities, the evaluation of the financial resources required for implementation of the programme, and, last but not least, the practical implementation of the programme itself.

3. In order to comply with this mandate the UNCTAD secretariat has prepared a study ^{3/} which investigates the existing educational facilities throughout the world, analyses the specific needs in insurance education of the developing countries, concludes that most of these needs cannot be met by the programmes now available in developed countries and proposes an approach to meeting these needs

^{1/} Conference resolution 42 (III) and resolution 7 (VI) of the Committee on Invisibles and Financing related to Trade.

^{2/} Decision 3 (VI) of the Committee on Invisibles and Financing related to Trade.

^{3/} Document TD/B/C.3/121/Supp.1, referred to in this report as the secretariat study.

in a scientifically sound manner. The present report is based on the information contained in the study. Its purpose is to suggest concrete action, at both national and international levels, aimed at promoting the solution to the educational problems in insurance of developing countries.

4. As shown in the aforementioned secretariat study, among the various types of existing educational facilities in the field of insurance there are two which are of particular relevance to the specific needs of developing countries and might be used to solve in a systematic manner their educational problems. These two types are the proficiency certification programmes, providing basic insurance training, and the specialized insurance institutes, providing higher insurance education. Concentrating on these two types of programmes does not mean, of course, that the developing countries should refrain from making use of other existing educational facilities. On the contrary, the developing countries should use extensively all existing facilities, such as fellowships for academic studies in insurance and courses in insurance training centres, participation in seminars and study tours, on-the-job training with large foreign insurance and reinsurance companies or brokerage firms, etc.

I. National programmes for proficiency certification

5. Proficiency certification programmes are generally based on the following features :

- (a) basic training in principles and practices of insurance is provided to a large group of insurance personnel;
- (b) certificates of proficiency of a widely recognized standard are awarded to students who satisfy the established requirements and pass the examinations;
- (c) use of both methods of teaching, namely, individualized study at home and formal classes, the latter on a part-time basis, for instance evening courses.

Proficiency certification programmes are generally sponsored and endorsed by the insurance industry as a whole, a fact which permits economies of scale and guarantees academic freedom and independence from individual companies.

6. As regards the developing countries, it is obvious that a large scale basic training programme comprising the majority of the insurance personnel of each country cannot be implemented otherwise than on a part-time basis, whilst the persons involved continue their daily work for the insurance companies which employ them. For this reason, the setting up in each developing country of a programme for proficiency certification in insurance is the ideal solution to which high priority should be given. The modalities of setting up such programmes

from the educational standpoint, with the help of the so-called "educational loop", 1/ are fully described in the study of the UNCTAD secretariat. The present report deals solely with the organizational aspects of the proposed solution.

7. Once the need for basic insurance training of a given country has been evaluated and the proper programme established, the institution to be entrusted with carrying out the programme must be set up. Joint efforts of the Government and the insurance industry (possibly through its association, where it exists) may be necessary in order to set up the institution and to provide it with adequate financial means and all the required facilities, including premises, equipment, administration and teaching staff.

8. In many developing countries the main obstacle to the setting up of a proficiency certification institute will be the lack of human resources rather than of material facilities. In fact, in most countries accommodation for part-time (evening) classroom teaching and other material facilities can easily be found, whereas persons able to prepare the programme and insurance practitioners able to teach basic insurance principles and practices are very rare.

9. As regards the preparation of appropriate educational programmes at the basic proficiency certification level in those countries where existing local resources alone cannot accomplish this important task, the obvious solution is technical assistance to be provided by the United Nations at the request of the countries concerned and to be co-ordinated and supervised by UNCTAD. An inter-regional adviser in insurance education (or even a team of such advisers, according to the scale on which assistance would be requested) attached to the UNCTAD secretariat would be the most rational and economical means of meeting this need.

10. The problem of recruiting the teaching staff is more complex. Basic education to be provided to a large number of students on a part-time basis must depend on local teaching staff and not on visiting lecturers. Academic lecturers are widely available who can teach general commercial and legal subjects related to insurance but academicians in the field of insurance are rare. Thus specific insurance matters must be taught by senior executives of the local insurance industry and since courses will be pitched at a basic level, these executives undoubtedly will possess the necessary substantial knowledge; however - as stressed in the secretariat study - knowing a subject does not necessarily mean knowing how to teach it. Training of insurance executives in the art of teaching may therefore become the fundamental prerequisite for solving the problem of staffing national programmes.

1/ The educational loop is a system for setting up programmes of training and education. Used in programmes at all levels throughout the world, the loop has eight steps, namely, (a) need determination, (b) research design, (c) curriculum development, (d) instructional design, (e) technical design, (f) instruction, (g) achievement testing, and (h) validation.

11. Fortunately, considerable thought has been given lately to the problem of training insurance practitioners in the art of teaching insurance and several large insurance education institutions have prepared special programmes comprising short seminars for insurance teachers. It is suggested that the developing countries make use of such facilities either by sending their prospective insurance teachers to existing seminars in developed countries or by copying the existing programmes and holding their own seminars at a regional level, possibly with the help of the United Nations and/or other donors.

II. Regional specialized insurance institutes

12. While basic insurance training can only be implemented locally, on a part-time basis and with predominantly local resources, the exact opposite is the case as far as higher insurance education is concerned. In this respect intensive full-time programmes conducted by highly qualified tutors are the most rational approach. As shown in chapter III of the secretariat study, such programmes can generally be implemented best at the regional level, within the framework of specialized regional insurance institutes. The regions to be serviced by each institute, of course, must be chosen with particular care, so that certain homogeneous conditions prevail regarding the kind of educational needs, the appropriate level of education, language requirements, etc.

13. The educational aspects of setting up programmes for regional insurance institutes are dealt with in detail in the aforementioned secretariat study. In order to avoid repetition, the present report covers solely some practical aspects connected with the establishment of such institutes as multi-national ventures and the organizational problems they may have to face until they become operative. It is easy to guess that the establishment and operation of regional institutes is considerably more complex than the setting up of local proficiency certification programmes. Nevertheless, the educational advantages of regional specialized insurance institutes are considerable, so that they offset by far all practical disadvantages and make creation of such centres worthwhile.

14. Regarding their institutional form, the regional centres may be established as independent multi-national institutes which are recognised and financed by all Governments in a region participating in the scheme. Alternatively, they could be funded through the budget of existing multi-national organizations, while retaining their legal autonomy as a gesture of support for the concept of intellectual freedom. In either case, it must be clear that the regional institute has the full support of all Governments concerned, as this will have a strong impact on its eligibility for funds from the UNDP or some other development agency.

15. The host country's contribution must be twofold, comprising commitments regarding overhead costs as well as facilities for the institute and its staff. In fact, both the institute and the staff should be guaranteed certain privileges and immunities. The choice of the location of the regional institute should depend, inter alia, on the contribution offered by the prospective host country,

but other factors such as central geographic situation, transportation facilities, language requirements, fair climatic conditions, should also be taken into account. But, above all other considerations, the choice of the location of the institute should be made on the basis of the availability of four types of resources essential for a successful full-time programme, namely, (a) an academic and professional infrastructure, (b) adequate library facilities, (c) appropriate facilities for teaching, study and administration, and (d) satisfactory accommodation for students.

16. The secretariat study analyses the aforementioned essential resources and explains their relative importance to the successful operation of a regional insurance institute. Furthermore, it deals in some detail with the all important problem of staff requirements and comes to the conclusion that the regional institute should be staffed by a combination of permanent, consulting, and part-time personnel, the latter including guest lecturers. In some regions the staff problem may prove to be crucial, both from the point of view of finding the right people and from that of covering their expenses which may absorb the largest part of the institute's budget. It would be useful, therefore, to expand this point in the present report.

17. Staff requirements will have to be established according to the size and level of the programme. However, in all events a regional institute must be directed by a well qualified, dynamic and dedicated leader. Furthermore, the director must have the assistance and support of a capable board comprising insurance practitioners, educators and high government officials (insurance supervisors) from all countries of the region. For reasons of economy, the staff must be kept as small as possible, commensurate with the idea that most of the teaching and other educational work should be carried out by permanent staff. Undoubtedly the curriculum will include certain subjects which are outside the competence of the staff and the institute will have to turn for aid to outside sources, university professors and insurance practitioners. However, the secretariat study explains that a slavish reliance on such sources can be self-defeating and must be carefully avoided. Furthermore, for sound educational reasons, whenever possible, the assistance should come from persons in the region, and preferably in the city, where the institute is located.

18. Despite the warning referred to above, it seems clear that regional insurance institutes may require two types of technical assistance, particularly in the early stages of their development. First, an expert in insurance education may be needed for the formation of the educational programme of a regional institute. This type of technical assistance has been dealt with in paragraph 9 above. Second, guest lecturers may have to be entrusted with teaching in several specialized fields of insurance technique and in this regard the UNCTAD secretariat should establish a roster of readily available specialized lecturers and be authorized to put them at the disposal of those regional institutes that may require their services, possibly at the expense of the United Nations Development Programme, which should allocate funds either to the individual regional institutes or globally to an inter-regional project on insurance education.

19. Centralized recruitment of guest lecturers has manifold advantages. In fact, it is most difficult to find good lecturers who might be willing and/or able to interrupt their normal professional activities so as to give specialized courses during one or two months each year in a geographically remote insurance centre. If their services were required by several centres, thus providing continuity, some lecturers might decide to consider these courses as their main activity and reorganize their timetable accordingly. Furthermore, a welcome harmonization in teaching specialized insurance topics and even more important cross-fertilization between regions might result from using the same lecturers all over the world.

20. As regards the process of establishing a regional insurance institute, it may vary in its details according to the existing regional infrastructure (regional insurance federation, or other organization for regional co-operation), but there are some steps which may have to be taken in all circumstances. For instance, it seems advisable that prior to the setting up of an institute a working group be formed, similar in its composition to that of the future board of the institute (see paragraph 17 above). The group, preferably led by the person selected to be the institute's first director, should endeavour to establish the educational programme, as described in the secretariat study. If necessary, it may request the help of a UN consultant.

21. As a practical measure, at a very early date the director and at least one other member of the working group should visit several existing educational institutions in developing and developed countries in order to obtain a broad perspective on the wide variety of approaches that exist throughout the world. Most institutions welcome new efforts in the field of education, and personnel are pleased to share their experiences and insights with the organisers of a new institute. Through this type of contact with world leaders in the field, the organisers of a programme can find some shortcuts and avoid many errors.

22. In regions where national programmes for basic insurance education already exist in many countries, it might be wise for the organisers of a regional institute to investigate the possibility of harmonizing these national programmes so that they provide a common background for the regional programme. In other words, national programmes aimed at providing insurance education would undoubtedly benefit from standardization of basic education and from a regional institute being entrusted with the academic part of the programmes, whilst maintaining administrative autonomy at the national level.

23. As regards those regions where local conditions in the majority of the countries concerned exclude for the time being the creation of national proficiency certification programmes, the regional insurance institute could also help out in the field of basic education. For this purpose, in addition to its main educational programme of higher level courses provided every year on a full-time in-residence basis to a small number of middle-management executives of the region, the institute may also run a lower level correspondence programme for delivery throughout the region. This lower level programme should lead to a kind of

proficiency certification and could be used for creating a basic threshold of knowledge for students embarking on the upper level programme of the regional institute.

III. Proposed educational strategy

24. Clearly, the field of insurance education is changing rapidly, and new patterns and trends are emerging which will not become specific for some time to come. Certainly the historical framework for education which is found in each country will continue to influence developments, and a wide variety of institutions will remain to meet the insurance industry's need for education. However, it appears that for the time being the urgent need for insurance education in developing countries can best be met through the establishment in each country of a basic programme for proficiency certification and the creation of regional insurance institutes to cover the need for higher education. The ways and means for implementing such an integrated educational strategy will have to vary, of course, according to the conditions prevailing in the countries of each region.

25. The case of Africa could serve to illustrate the practical implementation of the proposed educational strategy. In Africa there are several criteria for dividing the continent into sub-regions. First, from the geographical standpoint, a distinction between the Arab countries of North Africa and the non-Arab countries of Africa south of the Sahara can be made, with a small number of border-line cases. Second, from the standpoint of language use (which happens to correspond broadly to the use of different insurance techniques) there are French- and English-speaking African countries. Finally, in terms of already existing regional co-operation in insurance, there are countries members of the General Arab Insurance Federation (GAIF), countries which belong to the Francophone Conference of Insurance Supervisors of Africa (CICA), those which co-operate in the East African Community (EAC) and the members of the recently established West African Insurance Consultative Association (WAICA).

26. Although the various divisions of Africa into sub-regions resulting from the application of the above three different criteria are not identical, for the purpose of the present study these sub-divisions can be considered as basically concurrent. In fact, each of the three sub-Saharan groups, i.e. CICA, EAC and WAICA is fairly homogeneous as regards language, insurance methods and practices and - what is most important - educational needs. As regards the GAIF countries of North Africa and the Middle East, the three Maghreb countries, which use French in insurance matters, form a special sub-group, while the remaining Arab countries require insurance education in English and/or Arabic. There are, of course, a certain number of African countries which do not belong to any of these groups, as well as some countries which belong to two groups simultaneously; however, it would not be too difficult a task to place these exceptional countries in one of the groups, according to their effective educational needs.

27. The logical conclusion is that, in principle, Africa needs five regional insurance institutes, namely one for the CICA countries (this institute already exists in Yaoundé) one in East Africa centred around the EAC group, one in West Africa to be sponsored by WAICA, one for the Maghreb countries (a nucleus of an institute already exists in Tunis) and one for the remaining Arab countries. Whether or not the EAC and WAICA groups could or should be serviced by a single institute calls for further investigation and consultations with the countries concerned. More generally, it should be emphasized again that the example of Africa has been brought forward for the purpose of illustrating the strategy and that further investigation would be needed prior to any concrete action along the proposed lines.

28. However, action seems urgently needed. Not only has the Committee requested the UNCTAD secretariat "to prepare expeditiously and implement" a programme for insurance education, 1/ but also the delegates of 29 African countries which participated in the Round-Table Meeting of African Insurance Supervisors, held in Addis Ababa in November 1973 under the auspices of UNCTAD and the Economic Commission for Africa, adopted on the same subject the following resolution :

"The participants, recognizing that there is a great need for trained insurance personnel in Africa, both for the supervisory services and for the insurance industry, recommend :

1. That the UNCTAD secretariat, in co-operation with the Economic Commission for Africa, embark immediately on an extensive programme of insurance training;
2. That the different means and existing facilities to carry out this training programme successfully be investigated, including the use of existing, and the creation of new, regional and subregional training centres in various parts of Africa, taking into consideration such factors as geographical convenience and language."

29. Asia and Latin America also have substantial needs which are still unfulfilled, and efforts should be made to meet them on the lines of the proposed strategy. As the report makes clear, however, the process of designing programmes is not a sideline activity, and haphazard efforts to meet existing needs can result in costly mistakes. The development of educational institutions is a full-time job which involves the co-ordination of many factors and mobilization of various resources, and must be assigned to highly skilled persons experienced in the field. Furthermore, concrete political initiative is necessary to identify in each region the factors liable to contribute to the implementation of the strategy and to put them into action.

1/ Decision 8 (VI) of the Committee on Invisibles and Financing related to Trade.

30. For instance, the insurance industry must be sensitized to a point of total commitment to the concept of education and its leaders must become deeply devoted to making the programme a success. National and regional associations must be used to provide a framework for the institutions, and if such associations do not exist, ad hoc committees must be set up and entrusted with the problems of education. Government co-operation must be secured, both in financing the institutes and in providing exemptions from rules and regulations which might prove an obstacle to the establishment of the programme. Finally, the UNCTAD secretariat must be entrusted with the co-ordination and guidance of these activities and be instrumental in raising the necessary financing from UNDP or other donors. Without such co-ordinated action the project might never materialize.

31. During the course of the study which forms the basis for this report, the secretariat has observed that many persons are interested in insurance education, but the pressures of normal activities prevent them from making headway. Unless a concrete project is established under the auspices of the United Nations, insurance education, which is badly needed in developing countries, will continue to develop at a totally inadequate pace.

IV. Conclusions

32. The Committee on Invisibles and Financing related to Trade, taking into consideration the findings comprised in the secretariat study on insurance education for developing countries and the conclusions of the present report, may wish to authorize the UNCTAD secretariat to initiate immediate action with a view to implementing the proposed educational strategy. To that end, the first step should be for the secretariat to prepare and submit for approval to the UNDP or other donors an inter-regional project aimed at elaborating appropriate educational programmes for each region and setting up of the institutions required for carrying out these programmes.

33. At a later stage, the UNCTAD secretariat should generate and supervise further assistance, to be provided to the educational institutions according to their operational needs on a case-by-case basis. Inherent in the proposal is the concept that technical assistance would probably be required and should be forthcoming at all stages of the development of the regional insurance institutes, including their planning, establishment and operation. In the latter connexion, particular reference is made to paragraph 18, proposing the establishment of a roster of readily available specialized lecturers, and to paragraph 11, regarding training of insurance executives in the art of teaching insurance.



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INSURANCE EDUCATION FOR DEVELOPING COUNTRIES

Study by the UNCTAD secretariat

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Annex

A list of existing specialized institutions which provide insurance education throughout the world

INTRODUCTION

1. The purpose of the present study is to determine the need for insurance education in developing countries and to suggest an approach to meeting this need. In its first chapter, the study analyses the types of insurance education programmes now found throughout the world, providing insights as to the types of options the developing countries might consider in meeting their own needs for education. The second chapter shows that the need for education is large and growing, and that most needs generally cannot be met by the programmes now available in developed countries. In its final chapter the study sets forth an approach to meeting the needs of developing countries in a scientifically sound manner and describes certain specific features of the educational programmes to be established.

2. Implicit in the findings of the study is the endorsement of the concept of lifelong education. It is clear that the traditional educational model, under which formal education for most of the population stops sometime during adolescence or early adulthood, is no longer acceptable in a world which is being wrenched by change at an ever-increasing rate.

3. Also implicit in the findings is the acceptance of modern educational methods as holding forth the most promising solution to the problem of the third world. This does not mean that the adoption of highly technical hardware is necessarily felt to be appropriate for the developing countries. On the contrary, preliminary indications are that this is not generally the case. What is called for, however, and this constitutes the true spirit of modern educational methods, is a rational, systematic approach to finding and solving the needs that are shown to be real and growing.

4. Stress is laid on the concept of education, rather than on training, although the approach to developing both types of programmes would be similar. Actually, training is viewed as a subject of education, and is felt to involve preparation for the more rudimentary or physical aspects of a job. Education, as defined in terms of its responsibilities, involves both the setting into place of structures and methods that will assist a human being throughout his life span to maintain the continuity of his apprenticeship and training and to equip each individual to become in the highest and truest degree the object and the instrument of his own development through the many forms of self-education. ^{1/}

5. Naturally, most programmes which would be established would involve some training; but the thought and intent would be that the understanding of principles and of the economic impact of different activities would go beyond the mechanical aspects of any particular job. The graduate would be able to do a better job because he would understand the substance as well as the form of his tasks.

6. The study does not speak to the training needs of all types of personnel who might work in an insurance company. Rather, it concentrates on that segment that requires education in various aspects of the discipline of insurance.

^{1/} Paul Lengrand, An Introduction to Lifelong Education (Paris, UNESCO, 1970) pp. 44-45.

Chapter I

INSURANCE EDUCATION THROUGHOUT THE WORLD

A. Insurance education in general

7. Insurance education is widely available throughout the world today, and is provided through a fairly large variety of institutions and programmes. This fact might initially come as a surprise to those who are not closely associated with the insurance business, but when the question is more carefully considered it does not seem so because insurance is a very complicated field which makes use of specialized knowledge in mathematics, economics, law, engineering and many other disciplines. The successful practitioner must be an eclectic in the truest sense of the word, as on the basis of his best judgment he must draw from all pertinent resources and take the decisions and actions involved in bearing the risk of another party. Because the field has grown so large and complex, there has been a tendency for insurance personnel to specialize, and indeed some aspects are so intellectually demanding that a very high degree of specialization is necessary. Thus, actuaries, loss prevention engineers, specialized attorneys and a whole list of other narrowly defined activities have sprung up.

8. However, despite the fact that insurance draws on many fields, all authorities would agree that there are certain basic and fundamental elements of insurance which are the cement that holds the various individual disciplines together, and that they must be learned if an individual is to become a qualified insurance practitioner. These basic principles should be the foundation of any effort to educate insurance personnel, and they are well enough defined to constitute a discipline of their own. Furthermore, basic insurance principles should be the prism through which all specialized courses in related disciplines are viewed, if they are designed to produce qualified insurance personnel with a minimum of delay and expense. As specialized education in related areas develops, it should be formulated with basic insurance principles acting as the foundation on which it is built.

9. A factor that strongly influences programmes of insurance education is the structure and attitude of established educational institutions. In those countries where applied as well as theoretical sciences have historically been included in the academic curriculum, virtually every type of insurance education programme imaginable is found. Where established educational institutions traditionally have been wary of the applied sciences, however, insurance education traditionally has been confined to the insurance companies themselves and to specialized institutes established by the companies and/or practitioners in the field. This chapter describes the types of insurance education found throughout the world, and the annex lists programmes that might be consulted by persons interested in the subject; by so doing it helps to reduce the under-utilization of existing programmes.

10. For purposes of this study, programmes of insurance education have been classified into the following six categories: in-house training, institutions granting certificates of proficiency, commercial and trade schools, professional certification institutions, universities, and specialized institutes for insurance education. Categories were established on the basis of several factors, including the type of training provided, the level of difficulty, and the goals of the institution as personified in the award received by participants who satisfactorily

complete the programme. To some extent the classes are presented in ascending order of difficulty, but it will quickly become evident that there is a great deal of overlap. Thus, each individual educational programme must be evaluated on its own before its position among the others can be ascertained.

B. In-house training

1. Basic training

11. Generally speaking, most insurance company personnel receive their first instruction in insurance from the insurance companies themselves. This so-called in-house training is implemented by the company, typically on its own premises, and may broadly be characterized as being job-oriented. Thus, at the most basic level new employees are initiated into their jobs with rudimentary instructions relating to their work activities.

12. It should be emphasized that in a significant majority of the cases, beginning home-office personnel receive only that training necessary for executing the mechanics of their jobs. This might involve a task such as transferring information from application forms to the policyholder register, or completing bordereaux for reinsurance. The employee has little if any insight into the way his task fits into the company's operations, and even less insight into the theoretical principles of insurance that underlie his duties. Furthermore, the gloomy evidence is that in many places this orientation tends to continue as the employee moves up through the ranks into middle management. All too often the employee remains oblivious to all but the mechanical aspects of his job, with the few judgments he dares make being slavishly based upon precedents that have been carefully laid out for him.

13. The basic training of the field force is somewhat broader, due to the fact that its function cannot be successfully carried out in a totally mechanical way. After all, an agent must have some knowledge about his product if he is going to be successful in selling it. And while this information usually takes the form of a variety of standardized, "pre-packaged", approaches, designed more to overcome sales resistance in different situations than to tailor plans to meet security needs, the agent does become reasonably knowledgeable about his product. However, agents at this stage of training have little understanding or knowledge of the activities taking place in the home office, or of the insurance principles underlying the contract they are selling.

14. At the point where insurance education goes beyond the rudimentary training of mechanical tasks, it must quickly broaden to include at least the most basic theoretical concepts and principles underlying the subject. These are best taught through some type of formal study, rather than being deduced from the performance of various tasks of the insurance business, and once they are mastered the employee can see them in action as he carries out the duties of his job and observes others in the company.

15. Many companies attempt to provide some training at this level, and the method of training varies widely from company to company. Whereas some still use the apprenticeship method, which is well-defined and has a very limited number of variations, other types of training typically involve a wide variety of multi-faceted methods which can be combined in an endless number of ways. In some cases the student must instruct himself through individual study, but in others the company provides some formal instruction. As the educational level advances from the

most basic to the intermediate, there is a tendency for the programmes to become more formalized. Beyond that point, however, they again tend to become less formal and more highly individualized. It is encouraging to note that a few companies are making use of non-traditional educational technology to speed the learning process. However, as most of the programmes deal with a relatively small number of persons, and as initial costs for such technology can be relatively high for an individual company, most companies continue to rely on traditional learning materials such as books and pamphlets. Often such materials are written by company officers and in some cases they are printed at cost by the company print shop. Unfortunately, such efforts at cost saving sometimes are counter-productive, because the materials may lack the stimulation, clarity or comprehensiveness of a professional work.

2. Advanced training

16. A relatively small but increasing number of companies, principally the larger ones, also provide advanced education in broader fields relating to insurance. For example, companies throughout the world are providing education in general management, accounting, risk management, estate planning and business insurance, among others. A few of the courses make use of non-traditional forms of learning technology, where the numbers of persons involved are substantial. This particularly is true of advanced courses for life insurance sales personnel. However, the degree of specialization usually narrows the field of eligible participants considerably, and most advanced courses tend to rely exclusively on traditional learning materials and on-job training.

17. Most in-house training takes place on the premises where the employee works, but in some cases selected employees from the field are taken to the home office for training. Among the primary adherents to this approach are the large international insurers, and some large insurance brokers. The legal arrangements for these programmes vary considerably, and in some cases the employee is "on loan" from his company, as opposed to being an employee of the company or broker providing the training. However, except for the legal formalities such programmes are in-house training and therefore are included here. Typically, home office training is given only to upper echelon personnel. To some extent the programmes are individualized to meet the needs of the employee, and frequently they are carried out on an apprenticeship basis. However, concurrent with his traineeship, the employee usually follows some formal course of study, such as preparation for a professional designation.

18. Generally speaking, the best programmes are of a year or more in duration and they integrate the employee into a normal work situation as much as possible. Although the employee may be involved in several phases of the business during his stay, he should actually become involved in the normal activities of each one instead of remaining an observer. In some cases programmes of a shorter duration have been successful, and particularly those that have concentrated in building skills in a specialized area. Such courses, however, are threatened by the seemingly irresistible tendency of organizers to broaden the focus.

C. Institutions awarding certificates of proficiency

19. The first and last education that the average insurance company employee receives in most countries is a basic on-job training programme in which the mechanics of his job are described. Some few, relatively speaking, have the chance

to take advanced training under an in-house programme, but the costs of such programmes are beyond the means of smaller companies in most countries. Therefore, the employee who truly is interested in improving his lot typically will turn for education to an outside institution.

20. For many years a variety of institutions have been providing basic education in principles and practices of insurance, and the size of the field is increasing. When measured in terms of enrollment, by far the most important force in this field is a growing group of institutes that award certificates of proficiency. Other types of institutions for basic education will be described later on, and each of them has its strengths and weaknesses. None approaches the certification institution, however, in terms of the sheer mass of students it reaches.

21. Certification institutions offer programmes of basic education for the insurance industry or a specific segment of it. They administer examinations and the successful candidate is awarded a certificate of proficiency. Typically the insurance industry gives direct support to certification institutions and regards them as an efficient substitute (or supplement) for in-house training. They enjoy the economies of scale that are associated with a large programme, and at the same time they play a healthy role in standardizing practices throughout the industry. Also, at least in theory they are independent of the companies, and therefore have the academic freedom to teach what is proper although it may conflict with the individual practices of some insurers.

22. A primary advantage of certification institutions is that they provide employees with a certificate that is widely known and understood. Thus, a qualifying employee is to some degree a known quantity to a prospective employer. At the same time, the curriculum must be somewhat general in nature, and individual companies must implement some in-house training, at least on an apprenticeship basis, to acquaint employees with specific company practices.

23. The academic standards set by certification institutions are, in large part, a function of the level of education enjoyed by personnel in the insurance industry. Where that level is low, the standards for entry must be set at a low level and consequently the certification standards may also suffer. However, one must never lose sight of the fact that the quality of the learning experience itself is a primary determinant of the educational standards achieved, and a determined group of educators can do a great deal if they have adequate support.

24. Most institutions set forth an experience (work) requirement that candidates must satisfy before a certificate is awarded, although not necessarily before the examinations may be taken. This requirement is in keeping with the theory that many things are learned in the work situation which are difficult to test. Also, a test is only a sample of an individual's knowledge, and the experience requirement helps ensure that the desired standards are satisfied.

25. In most programmes the student has a choice of preparing for examinations through formal classes, or through study. In at least one case, however, attendance in lectures has been deemed to be part of the requirements for taking the examination. This requirement has obvious advantages from a pedagogical standpoint, but it precludes from certification those outside the areas in which classes are given.

26. Because the companies regard certification programmes as a substitute or important supplement for in-house training, they frequently set up classes and pay part or all of the costs for tuition and study materials. Also, it is not uncommon for qualifying employees to receive advances in salary and/or rank. Unfortunately, support of this type is somewhat rare in developing countries, but at least it is widely discussed as a possibility.

27. One frequently overlooked but extremely important aspect of a certification institution's work is the development of a high enrollment in courses and the maintaining of enthusiasm among candidates. Any programme that has merit is going to involve at least some difficulty for almost every student, and most students will find the entire programme difficult. Learning under even the best circumstances usually is hard work. Adults have many factors competing for their time, and most of them, such as family, job and civic responsibilities, are important. It becomes easy, therefore, to allow the comparatively dull, and certainly more difficult, aspects of life to be pushed aside. And, given the valid demands on an individual's time, this can be done with very little rationalization.

28. The certification institute must constantly be working to overcome resistance to enrolling in new courses and the lethargy that develops during the course. One way to do this is, of course, to improve the quality of the courses themselves and the educational technology used, but experience has shown that this alone will probably not do the trick. Constant communication must be maintained between the institution and individual candidates, and an organization must be fostered at the local level as well. Local institutes must strive to develop a sense of unity and purpose among students which will help overcome the lethargy and loss of confidence that sometimes overtakes them. The certification institution must regularly send a representative to the local institute to help it maintain its momentum.

29. A certificate of proficiency should be more than a mere symbol of achievement in the abstract sense. It should represent a sound knowledge of insurance principles and practices which will help an employee advance himself and his firm. Consequently, a high priority should be placed on the availability of a well-designed certification programme in every country. The programme need not necessarily be an indigenous one, and in many cases it makes more sense to develop one through regional co-operation or to adopt a programme developed in another country. However, the important thing is for the insurance companies of each country to make a decision, through the processes and institutions that are appropriate to them, so that their personnel can have guidance as to which programme best meets their needs. Not only will the personnel be relieved from taking what probably would amount to a blind choice, but also the chosen institution undoubtedly would be more sensitive to their needs. This increased sensitivity would seem to be natural, and to follow as an appropriate response for an institution seeking to satisfy its clientele. In addition, however, it can also be fostered through more formal steps such as the placing of a representative from the country on the board of directors of the institution. Thus, for example, it is not difficult to envision a regional certification institute with representatives from each member country on its board, in addition to other appropriate members.

D. Commercial and trade schools

30. In many respects commercial and trade schools (hereafter referred to as commercial schools) are closely akin to institutions granting certificates of proficiency. Therefore, commercial schools will be described here primarily in terms

of the features that distinguish the two from each other. Commercial schools are designed to give specialized post-secondary school training in a career field for the student who is fairly sure of his career goals and who does not wish to attend a university. Like the certification institution, in most cases the commercial school concentrates on practical skills rather than developing broad insights or profound theoretical understanding of the subject. However, in a few places, for example the Federal Republic of Germany, the commercial school system is to an increasing extent being viewed as an alternative to the liberal education of the universities. Courses in the specific career field are becoming increasingly difficult with greater emphasis being placed on theoretical concepts. This upgrading of commercial schools tends to occur in places where universities are traditionally theoretical and have shunned the applied sciences.

31. Commercial schools tend to offer a broad spectrum of career fields from which to choose, and typically the costs are underwritten as public schools. In some cases, an industry or firm may support specific areas of the curriculum, but this typically is not an essential feature. Certification institutions, on the other hand, are narrowly specialized in insurance and directly related subjects, and they are supported by the insurance industry or a broad portion of it. Experience in the field is not usually one of the requirements for receiving a diploma from a commercial school, but many industries offer apprenticeships or part-time work for students. It is generally agreed that experience of this nature is valuable for students, and the firms tend to build up goodwill which they hope will convert itself into an allegiance at the time of graduation. Attendance in a class is required. Typically classes are held in the evening, often in schools used by children during the day.

32. As certification institutions and commercial schools play similar roles, they typically do not thrive side by side. The allegiance of the insurance industry will usually swing to one system or the other, and the one which goes unsupported will tend to wither. For example, recognition of a certificate of proficiency through increased salary or promotion possibilities will tend to bleed off students from commercial courses and vice versa. By the same token, political lobbying by insurance companies on behalf of strong commercial schools could raise their profile in the educational system. In some cases the commercial schools have seen their primary role as preparing students for certification, and of course the two have continued to exist in parallel.

33. Commercial schools tend to do best in large centres of population, and this represents one of their primary drawbacks. Persons living outside the large metropolitan areas find it difficult to receive proper training. At the same time, the concentration of students facilitates the economic use of modern education technology to increase the efficiency of learning.

E. Professional certification in insurance

34. Once basic training programmes begin to take root in a country, a marked improvement in national insurance markets should become evident. However, an insurance industry cannot expect to reach its full potential in success and prestige until its members adopt a professional attitude, and it is for this reason that in many countries with developed insurance markets a professional certification programme in insurance has been established.

35. The concept of professionalism has been defined in various ways. One of the main characteristics of a profession is that it must be based upon a science, and in its practice the science must be used in an expert way. Every aspect of insurance fulfills this requirement. If the underwriter misjudges his portfolio of risks, either collectively or individually, he could endanger the entire enterprise. Actuaries, attorneys and other specialists also have similar levels of responsibility, and must practice their vocation with a high degree of skill. Finally, agents, loss adjusters and others who deal directly with the public must be highly-qualified or insurance will not be creatively used to solve the security needs of society.

36. In applying his expert knowledge, the practitioner must abandon the strictly selfish commercial view and base his decisions on the client's needs alone. This concept - conscientious and disinterested service - is the very essence of professional conduct. In insurance the most obvious area where it is put to the test is in sales, because the agent is continually tempted to sell the policy which pays the highest commission rather than the one that best meets the client's needs. The concept holds in all other areas as well though, and many illustrations can be given with respect to ratemaking, investing, and other functions performed in insurance companies.

37. The final idea embodied in professionalism is that the practitioner should possess a sense of loyalty to his fellows, a spirit of helpfulness to the common cause that all have adopted and an unwillingness to commit any unprofessional acts which would bring shame on the entire profession. Certainly insurance practitioners are capable of such behaviour, as has been demonstrated time after time throughout the world. This mutual spirit will mature and come to fruition when a country adapts a strong programme of professionalisation.

38. Professional certification institutions among the traditional professions of medicine, the law, the ministry, etc., are usually called institutes, academies or colleges, and this practice has been followed in the field of insurance. Whatever the term chosen, however, all perform the same function which is the certifying of professionals within the field. Although there are several types of professional certification institutions throughout the world, the following three are the most typical examples of such institutes:

1. Chartered Insurance Institute (U.K.)

39. Possibly the oldest insurance education of any kind is the Chartered Insurance Institute (CII) which is headquartered in London. The Institute gives certifying examinations in all lines of insurance, and candidates must specialize in one of the following classes: (a) general, (b) life, (c) motor and liability, (d) property or (e) marine and aviation. Two levels of certification are awarded: the associateship and the fellowship. To achieve the associateship a candidate must pass two general survey courses (or obtain exemption by showing he has received an equivalent education) and seven courses in one of the specialized branches. These examinations must all be successfully completed within six years of the year of entry into the programme, or all credits earned are lost. An Associate may become a Fellow by passing examinations in three additional subjects, including (a) finance, investment and management accounting, (b) management of human resources, and (c) management techniques and statistics, or optionally, marketing and statistics.

40. The Chartered Insurance Institute has fostered the development of a whole network of insurance institutes (i.e. the chapters of Associates and Fellows) throughout the world, which fall into one of three categories, namely, local, associated and affiliated. Local institutes are found in 74 locations throughout the United Kingdom, and there are six associated institutes in the Republic of Ireland. Each of these institutes sponsors CII courses and (with few exceptions) provides a centre for CII examinations. In addition, a large number of other professional activities are spawned through the institutes. The third class of institute, the virtually autonomous affiliated institute, is found in 39 locations around the world. Activities vary among affiliated institutes, with some few having regular courses for CII candidates while others have only an occasional meeting for members. An important legal distinction between the local and associated institutes on one hand, and affiliated institutes on the other, is that the former are entitled to nominate the majority of members of the Council which is the governing body of the Institute.

41. In addition to the 39 affiliated institutes, the CII has a large number of other locations where examinations may be taken in some 23 countries, including many developing countries. The Institute estimates that approximately 1,500 candidates from developing countries take the examination every year. The Institute reports that with only minor exceptions the courses are based on English law and practice, as it would be impracticable to introduce local variations throughout the globe. Also, the practice of insurance in most countries where the examinations are given follows the English pattern very closely. However, the examination regulations do provide that candidates may answer questions in accordance with local law and practice, provided that they state in their answers that they are doing so.

42. In three countries - Australia, Canada and India (see below) - the affiliated institutes have their own examination systems, with some of the courses being based on national law and practice. Nevertheless, a substantial number of candidates from these countries take the Institute's examinations as an alternative to or in addition to their own.

43. As formal instruction overseas is somewhat rare, a great number of candidates make use of the Postal Tuition Service. The service is also popular among many persons in the United Kingdom, and particularly those from small towns where courses are not offered. Full study materials are provided in the service, including practice test papers which are marked, annotated and returned to candidates by postal tutors. Another feature of the service is that tutors also advise students on any difficulties that they may have with the materials. Tutors are selected from among highly-qualified practitioners in the insurance business, and can provide both practical and theoretical insights into problems.

44. In the United Kingdom classes are arranged through a network of local education authority colleges. Most employers voluntarily give their students a half-day off per week for classes, and this usually is supplemented by an evening of classes. Textbooks prepared by the CII are used in virtually all colleges where the courses are taught. These textbooks are traditional in nature, and additional study materials are not used except by persons enrolling in the Postal Tuition Service.

45. Only a few full-time university teachers of insurance are found in the United Kingdom, so most of the teaching is done by practitioners who have little or no training or experience. In order to correct this problem, the Institute makes strenuous efforts to get teachers to attend short, pedagogic courses where instruction is given in both the theory and practice of teaching.

46. Examinations generally are of the essay-type. From time to time the Institute has considered the possibility of introducing objective questions, but has concluded that they do not meet its needs. Examinations are first prepared by individual examiners in the various subjects, and are then scrutinized by a panel of moderators to ensure that they provide a fair test of the candidate's knowledge and that they cover the syllabus adequately. Candidate's papers are marked by the individual examiners, and again there is a process of careful moderation to ensure that similar standards of marking are applied throughout.

47. A person may become a candidate provided he satisfies a minimum educational requirement which can be met in a variety of ways. The general level of education called for would be a secondary school level. One of the reasons why comparatively few overseas students take CII examinations, the Institute reports, is that the qualifying level is high. The great majority of people employed in insurance in the developing countries cannot meet the requirements, and many do not speak or write English. To help meet the needs of such people, the Institute does from time to time give permission to various organizations either to translate the study courses or to use them as a basis for instruction, having adapted them to accord with local law and practice. To meet particular requests, the Institute has also prepared simplified instructional materials on insurance.

48. The associateship will not be awarded until the candidate has attained the age of 21 and been employed in insurance for at least two years. Fellowships are awarded only to those persons attaining age 23 who have been engaged in insurance for at least four years.

2. Federation of Insurance Institutes (India)

49. In India, professional certification is carried out by the Federation of Insurance Institutes (FII) which was formed in 1955. For some years prior to that time one affiliated institute of the CII was operating in Bombay and two in Calcutta. However, it was felt that the CII programme was not totally relevant to the Indian situation, and India created an indigenous institution, which, although modeled on the CII with which it is affiliated, developed its own education and testing programme.

50. Three levels of examinations, the licenciate, associate and fellowship are given by the FII, and the successful completion of each is a condition precedent to applying for the next. A candidate for the licenciate must choose between life and non-life lines, and if he selects the latter he will specialize in fire, marine, or miscellaneous lines. This choice should be made with care, for it determines the course that must be followed in the associateship programme. Depending on the specialization in the licenciate, the candidate for the Associateship must choose one of the following branches: (a) general, (b) composite (c) fire, (d) marine, (e) accident, and (f) life. Then, at the Fellowship level the curriculum is divided into three sections, comprising accounting and finance, law and secretarial practice, and principles and practices of management.

51. From the time of his first examination a candidate will be allowed a time limit of only three years to complete his licenciate examination or lose any credits he has accumulated. Also, the three examinations must be passed in six attempts. Commerce graduates from recognized universities can be exempted from the third licenciate examination, which deals with subjects that can be expected to be covered in accredited curricula. A candidate must complete the associateship examinations within eight years of the time he takes his first associateship examination.

52. Traditional textbooks are used in all courses. Where a course is adopted directly from the CII, the CII textbook is reproduced in India. The FII created its own textbooks for the courses it develops.

53. The Federation has been somewhat disappointed in the pass ratios for associateship and fellowship examinations, which tend not to exceed 30 per cent, and are trying to improve the performance of candidates in various ways. For example, each of the 46 associated Institutes throughout India sponsors classes and examination centres. At the associateship level the Federation has initiated a "Difficulty Solving Service" to which students can turn if they cannot understand a problem or concept. Before making use of the service, however, the student is expected to make an honest effort to study the case, attempt a solution himself, and send in his solution along with his reference. If the service meets with great success, the Federation will consider extending it to other examinations.

3. American College of Life Underwriters (USA)

54. In the United States of America, professional certification for the insurance industry is provided by two institutions: The American College of Life Underwriters for the life insurance business, and The American Institute for Property and Liability Underwriters for the non-life lines. Both institutions are highly respected, but due to space limitations only The American College of Life Underwriters will be described here. The operations of the two are parallel in many respects, and the American College was selected because of its emphasis on non-traditional education techniques which makes it fairly unique among institutions of insurance education.

55. The original purpose of the American College was to set professional standards for persons engaged in activities related to the protection, accumulation, conservation, and distribution of the economic values of human life. Primary among these persons would be persons involved in the life and health insurance business, but the field is widening to include trust officers, public accountants, financial advisors and others. Some 50 years after its foundation, the granting of the Chartered Life Underwriter (CLU) designation remains the College's primary activity, although it has taken on a broader range of activities, including a wider variety of educational programmes, extensive research on adult learning, and educational consultation to individuals, educational institutions, businesses and governments.

56. In setting professional standards, the American College requires that candidates pass examinations in ten subject matter areas, including (a) individual life and health insurance, (b) life insurance law and company operations, (c) group insurance and social insurance, (d) pension planning, (e) income taxation, (f) investments and family financial management, (g) accounting and finance, (h) economics, (i) business uses of life and health insurance and (j) estate planning and taxation. With the exception of the examination for course j, which is intended to be the final course, the candidate may take the examinations in any order desired.

57. Both essay and objective examinations are used, and the results tend to be quite similar on each. Every objective question is tested to determine its level of difficulty and its ability to discriminate among good, average and poor candidates. As for essay examinations, questions are developed first in a series of conferences, making ample use of outside experts, and then a totally different panel of graders convenes to formulate acceptable answers. In order to maintain high and equal standards among candidates, an elaborate procedure for grading papers is followed in which papers may be graded several times and then submitted to a review panel for arbitration.

58. The American College does not require that candidates follow any particular plan of study, but it does provide a wide variety of learning aids for persons who are interested in receiving guidance before attempting their examinations. Most candidates do avail themselves of at least some of the materials offered, which are developed in one of the world's most modern educational laboratories according to the highest scientific standards. Both the content and study materials are validated for effectiveness before being made available to the public. Among the many materials for students, are the study guides, programmed learning textbooks, and cassette review programmes.

59. About half of the candidates for the CLU designation study by themselves, and the other half study in classes. The College assists teachers of the CLU classes by providing free of charge, several valuable teaching aids, including teaching outlines, slides, transparencies for the overhead projector and films. Also, each year every teacher is invited to attend a teacher training conference at which he improves his ability to transfer his knowledge to his students. Although many of the teachers are professors at colleges and universities throughout the United States, the majority are lay teachers who have little or no teaching experience. Through a wide range of methods, including peer evaluation, self evaluation on a closed-circuit television system, role playing and brainstorming, the participants probe into all aspects of teaching and learner motivation. Surprisingly enough, professional teachers receive the conference as enthusiastically as do the lay teachers.

60. Every CLU candidate must have three years of satisfactory experience, including the full twelve months preceding the date when the designation is awarded. He must at least have graduated from a secondary school, and be 21 years of age when the designation is awarded. Prior to the awarding the CLU diploma, The American College obtains a confidential report on each candidate and reserves the right to reject a candidate at any time up to conferring the award. Once a person receives the CLU diploma, he is eligible to join the American Society of Chartered Life Underwriters. A large part of the Society's programme is devoted to continuing education for its members, and programmes are carried out both at the national and local levels.

F. Insurance education in universities

61. Another major source of insurance education is the universities of the world. A recent survey determined that 369 institutions of higher education outside the United States included in their programme insurance instruction either as a separate course or as a subject included in other courses. Although an in-depth treatment of the subject of insurance is not always found in universities, several of them have very strong insurance programmes. Insurance education in United States' colleges and universities is particularly strong and widespread due to several factors, prominent among which is the Huebner Foundation for Insurance Education. Named for a famous insurance professor, the foundation has provided support for approximately 135 doctoral students (most of whom have become insurance professors) in some 25 years of operation. Recently, the Huebner Foundation reported that during the 1969 - 1970 academic year, a total of 579 colleges and universities in the United States offered instruction in insurance and related areas. 1/

1/ This detailed study may be obtained by writing to The Huebner Foundation, The University of Pennsylvania, Philadelphia, Pennsylvania 19104, USA.

62. In continental Europe, many universities have complete programmes in actuarial science at Master's and Ph.D. levels providing extensive education in life insurance, social insurance and pension schemes. In the countries concerned university degrees in actuarial science, obtained after five to ten years of "in class studies", simultaneously play the role of professional accreditations and automatically open the way to membership (fellowship) of the corresponding Institutes of Actuaries, subject to various moral requirements set by the assembly of the members.

63. The situation as regards university studies in general insurance is by far less straightforward. University curricula in general insurance are extremely heterogeneous and each is designed to provide, according to the faculty in which insurance is dealt with, a combination of knowledge and skills that the faculty feels an educated man should have. Even in cases where the number of student hours devoted to insurance matters is considerable, a degree in insurance is rarely given. Insurance subjects are frequently included in courses leading to a degree in law, a degree in public accountancy, a degree in business administration, a Bachelor of Commerce degree etc.

64. The annex shows countries with universities having extensive programmes in insurance, as recorded in a survey published by the American College of Life Underwriters. ^{1/}

G. Specialized institutes for insurance education

65. In addition to the aforementioned traditional forms of insurance education, there are also a certain number of specialized institutes providing such education, created by some large reinsurance companies to serve their international clients, by associations or federations of insurers for their members or even by Governments to meet national or regional needs. The primary function of such institutes is to provide classes and other group-study learning experiences for staff of insurance companies and, in some cases, of government services entrusted with insurance supervision.

66. Since most of these institutes have been established on an ad hoc basis to serve very specific needs, it is natural that no generalizations about their curricula can be made. The levels of difficulty vary widely and depend primarily upon the needs of the population to be served. Where an institute serves a broad area, such as an entire region, the economics of the situation tend to dictate that only higher executives and promising middle managers will attend. Thus, the education offered usually is above the basic level. Local institutes, on the other hand, tend to provide more basic education. However, it is important to note that certain institutes provide a wide variety of courses at different levels. The more basic courses typically serve only the local population, while the advanced courses attract students from a larger area.

67. A small number of institutes sponsored by individual companies, do not "fail" any of their students, and grant certificates of attendance to all. However, this policy, which in most cases is motivated primarily by commercial considerations, does not prohibit feedback on student progress. Tests are still given, but they are used primarily for the institute's benefit and to let the student know how he is faring. This policy may be successful in a strong programme where the students are carefully selected and supervised, but an upgraded approach would not work in most educational programmes. Testing typically is required to establish and maintain standards if a large number of persons are to receive the benefits of the programme.

^{1/} This detailed study may be obtained by writing to The American College, Bryn Mawr, Pennsylvania 19010, USA.

68. As a practical matter, regional institutes often locate in a large commercial city, preferably one which has a university teaching insurance or closely related subjects. In addition, while as a general rule institutes are autonomous, or at least nominally so, frequently an institute will affiliate in some way with a university, while retaining complete control over its own programmes. The advantages of these steps, which usually are essential for all but the largest institutes, are that they provide access to resources that otherwise would be out of reach for the institution. Both the business world and academe offer rich lodes of talent which can be helpful in staffing classes and providing technical background for developing materials. In addition, they offer access to important facilities such as libraries and classrooms.

69. The institute and the insurance industry will nurture each other, as a constant flow of students is the life blood of a programme, and knowledge is the industry's engine of development. Furthermore, the close proximity of a thriving insurance industry provides the vitality which comes from daily contact between practitioners and theoreticians. It also provides a spark of enthusiasm and motivation for students, who can see the concepts and problems they are studying being dealt with on a daily basis.

70. Some of the larger specialized institutes for insurance education develop in a manner which leads way beyond their initial specific purpose, aimed at covering a rather limited and temporary need, and tend to become a kind of professional college in insurance, equivalent to universities as regards professional accreditation and academic standing of students, at least locally if not internationally. One of the typical institutes of this kind is the "Ecole Nationale d'Assurances" in Paris.

71. One example of a regional insurance institute of particular interest, as it has been created by a group of developing countries and is located in one of them, is the "Institut International des Assurances" in Yaoundé, United Republic of Cameroon. The institute was created in 1973, with the technical assistance of France, by 13 Francophone African countries which are members of the "Conférence Internationale des Contrôles d'Assurances" (CICA). Financing for operations and scholarships is provided by the CICA and supplemented by a substantial contribution from the United Nations Development Programme. Facilities and overheads have been contributed by the Government of the United Republic of Cameroon. The CICA contribution is raised through a premium tax which is levied on all member countries by the insurance supervisory authorities so that the benefits of the education are, in effect, being financed to a large extent by those who receive them.

72. The "Institut International des Assurances" in Yaoundé is roughly patterned after the "Ecole Nationale des Assurances" in Paris, but will of course develop according to the needs of the region it serves. As is the case with every young institution, it is still undergoing change in its programmes and structure at a relatively rapid rate, but after a year of operation the basic pattern is fairly well established. A two year programme of upper level courses is provided on a full-time, in-residence basis for 30 to 40 promising middle-management executives of the region. Also, a lower level programme has been developed at the Institute for delivery by correspondence throughout the region. This programme has the goal of providing large numbers of students with a basic education in insurance, and as a collateral objective will create a basic threshold of knowledge for students entering the upper level courses, to which admission requirements are relatively high (university degree or passing of quite stiff examinations).

Chapter II

REQUIREMENTS FOR INSURANCE EDUCATION IN DEVELOPING COUNTRIES

A. Educational needs in insurance

73. The developing countries of the world are caught up in a tumultuous effort to pull abreast of the developed countries, and they are trying to move forward in many areas at once. The history of their efforts indicates that the primary thrust has been in the area of capital development, and indeed that is the direction in which they have been directed by the conventional wisdom. However, studies conducted within the last decade indicate that the benefits of capital creation are marginal if the necessary human resources are not present to organize and move the economy forward. It appears that a much higher return results from investment in human capital, and today increased emphasis is generally being placed on finding the most efficient way to accomplish this goal.

74. The need for competent personnel, well versed in both the principles and practices of insurance, is particularly acute in developing countries. Insurance constitutes an important segment of every economy, and there are a growing number of indications that, given the appropriate personnel, developing countries could develop sound national insurance markets in which national companies would play a dominant role and increase the extent to which the economic fortunes of the country would be in the hands of nationals. The areas in which insurance education is required are manifold. All employees of an insurance company would find some education in insurance helpful, but it is not absolutely essential to the competent performance of every job. Many employees, such as secretaries, engineers, and investment officers need to know little if anything about the techniques and principles of insurance. In certain key areas, however, the duties must be performed by qualified personnel, well versed in insurance, or a company cannot operate successfully. These areas include the board of directors, general management, underwriting, claims, production, actuarial, legal and accounting.

1. Board of directors and general management

75. The board of directors and the general management of any insurance institution are responsible for setting its overall policy and goals. They engage in long-range planning, financing, and the evaluation of the results and are responsible for overall company operations. Although a specialized knowledge of insurance is not required of all board members, most of them should have some knowledge, and a fair share of the board should actually have worked in insurance institutions. A board that is appropriately selected should consist of persons who have demonstrated their competence, so the need for education at this level should be less than at the various levels discussed below. As to the general management, usually its officers will have risen through the ranks of one (or more) of the functional departments (discussed below) and will have an in-depth knowledge of the function performed in that department. If anything is lacking, it is a breadth of knowledge relating to other insurance functions and to the role of insurance in society.

2. Underwriting

76. The underwriter is at the very hub of the insurance operation. He is responsible for fixing selection standards and passing judgment on all applicants by accepting and rating or rejecting them. In addition, he continually reviews existing

business that is up for renewal, and cancels or rerates those risks which develop unfavourable characteristics. The underwriting department sets line limits and handles reinsurance and retrocessions, and invariably is involved in the development of any new products the insurer may wish to offer. The increase in the number of risks found in various classes has increased the ability of insurers to rely on tariff rates; but in no class have they completely replaced the underwriter's judgment and in certain cases it remains the only basis for assigning rates.

3. Claims

77. Fair and effective claims settlement is essential if insurance is to fulfil its role in society. Thus, persons involved in this function must be extremely knowledgeable about the theory and practice of fair claim evaluation and administration. Small property and liability claims frequently are settled in the field by the agent or broker who placed the business, but large claims generally are settled by a staff or independent adjuster. Home-office property and liability claims departments carry out the overall administration of claims by selecting adjusters, maintaining records on losses (which are valuable for improving underwriting and loss-prevention), and working with the appropriate groups to reduce losses and prevent fraudulent claims. Life and health insurance claims frequently are processed in home or regional offices, and they generally are easier to handle than property and liability claims because losses are more clearly defined. An increased use of rehabilitation for the disabled, coupled with a stronger surveillance of charges by medical practitioners and institutions, has been helpful in holding down health insurance claim costs in some countries.

4. Production

78. Insurance business generally is placed with a company either by direct contact between the insurer and the purchaser, or through independent agents and brokers. Where intermediaries are used, insurers usually have a department to promote both the quantity and quality of business from the field. Selling of insurance requires considerable knowledge of the various risks and their cover. The process of designing the security plans of firms and individuals is called risk management. Although the selection of insurance coverage typically is the most important step in risk management, the concept goes much further. Risk management can be defined as the minimization of the adverse effects of risk at minimum cost through its identification, measurement and control.

5. Actuarial and statistical

79. The actuary is a mathematical expert who calculates insurance rates and performs the mathematical analyses associated with insurance. In so doing, he must take into consideration losses, expenses and other factors relating to the experience of the company. The life insurance actuary is concerned to a greater degree than the non-life actuary with legal reserves and non-forfeiture values. When new products are being developed, the actuary must give his opinion as to their feasibility, and will most likely suggest several variations and calculate their cost. Actuarial education requires a breadth of curriculum that for practical reasons cannot be made available from an insurance education institution alone. Thus, unlike the other fields mentioned here, a university education is an essential element of preparation for an actuary.

80. Historically, many non-life companies have had their mathematical analyses conducted by statisticians who do not have the high mathematical competence of actuaries. To an ever increasing extent, however, the demands of the business are requiring that companies of all types include an actuary on their staff.

6. Legal

81. Insurance company attorneys must perform a multitude of functions, many of them highly specialized. Attorneys advise on the development of policies and forms in order to insure that they are technically precise and comply with all legal requirements. Also, they represent the insurer before the insurance supervisory authority, or in court as a plaintiff or a defendant (directly or on behalf of an insured). It is the attorneys who draw up contracts with producers, advise on legal aspects of employee relations, and check the legal aspects of investments such as bond indentures, real estate titles, foreclosures, etc. Finally, attorneys for the company may assist in lobbying efforts with lawmaking and regulatory authorities.

7. Accounting and auditing

82. Every business has certain unique accounting practices, but the accounting for insurance companies perhaps is less like general accounting than any other. The differences are due primarily to the unique features of the insurance business itself. Therefore, it is important that insurance company accountants and auditors have a firm understanding of the principles and practices of insurance.

B. Quantitative aspects of educational requirements

83. A great deal of attention has been devoted to the need for insurance education in developing countries, but very little work has been done in trying to quantify it. Most programmes have been initiated on the basis of the overwhelmingly large unfulfilled requirements, and it is obvious to even the casual observer that almost everywhere the requirements far outstrip the capacity of available programmes. Even the developed countries find it difficult to project their requirements for different types of personnel in insurance. Leading practitioners believe that the most accurate projections concerning personnel requirements in specific types of jobs are made on the basis of estimates by managerial personnel. Thus, projections of future needs are best made on a company by company basis.

84. In order to underscore the nature and size of the requirements for insurance education in developing countries, country A was selected as a case study. The country is typical of the least developed among the developing countries, with a very low per capita income. Unemployment is high and education is poor and is enjoyed by only a small segment of the population. The need for training in insurance is very important in such countries.

85. Virtually all of the 13 insurance companies operating in country A are of recent origin. Furthermore, foreigners have substantial interest in the insurance industry, frequently owning 49 per cent of non-life companies, the maximum allowed by law. Although foreign interests are not so prominent in the ownership of life insurance companies, they still own a significant part of the industry. Eleven countries operate in non-life insurance, which grows at a rate of 13 per cent per year. Roughly speaking, motor business accounts for about 40 per cent of premium volume, with fire taking some 25 per cent, marine and aviation 13 per cent, workmens'

compensation 11 per cent, accident 6 per cent and miscellaneous coverages 6 per cent. As is typical of developing countries, commercial business is more important than personal (or individual) business. The life insurance business is small in comparison to non-life: the market consists of two life companies and the life branch of an all-lines company.

86. Insurance regulation is not yet fully effective in country A. Recently an insurance law and regulation came into force and a supervisory authority was created. Prior to that time insurance regulation was less detailed and stringent, and not as carefully cast as it is today. Domestic insurance companies were not required to file annual reports and it is certain that a sizeable amount of insurance was going directly outside country A. With the enforcement of the insurance law, which requires all insurance on persons and property situated in country A to be issued with a licensed domestic insurer, it is expected that a considerable increase in premium income will take place.

C. Insurance training requirements in country A

87. The training requirements for country A have been estimated on the basis of projections made by executives of companies domiciled there. Other techniques, using quantitative methods, were investigated, but for various reasons did not lend themselves to the local situation. In gathering data for this report a dozen executives from five insurance companies were very generous with their time, granting interviews for periods of from one to three hours. Four of the companies were selected by the Insurance Supervisor's Office as a representative cross-section of local companies. The fifth was chosen by UNCTAD because of the general manager's strong interest in education. Personnel projections from the latter company are not used, but the balanced views of the general manager were most helpful in providing a perspective on conditions in country A's insurance business.

88. The training needs of an insurance company frequently are related to its character, and this is the general case for companies in country A. Furthermore, there is enough commonality among country A's companies to permit a profile of the "average company" to be drawn, even though individual companies may deviate from the profile in certain respects. The most obvious characteristics of the companies are that they are new, most of them having been started since 1960, and that foreigners have a relatively large financial interest in them. Typically, a company was started on a very small scale, and personnel and facilities were added only as the operation proved viable. In many cases a company began with only the organizers (generally including at least one foreigner), an accountant, and two or three clerk-typists. Thus, in the formative stages the company was under-staffed in that the staff could not have supported a volume of business that would have provided high credibility. The organizers relied on reinsurers for technical advice and reinsured their business heavily. Furthermore, the organizers handled all functions from production to loss adjustment.

89. Although the companies now are better established, they still are characterized by very fluid organizational lines and a high concentration of control and action in senior management. Thus, although a company may be compartmentalized into different functional departments, much of the work carried out in each is routine. The final decision on all important actions is made by senior management which reviews all decisions having any consequence whatsoever that are made by department heads. Also because even department heads often are quite ignorant about any function other than their own, senior management is constantly required to deal with any matter that does not fall within the routine of one department.

90. Some companies have branch offices, most frequently in one particular city, but these offices are not autonomous. All decisions are continuously submitted to senior management in the home office for review before any action is taken, and inspection visits are made on a regular basis.

91. It is not uncommon for one company to hire personnel from another, and this particularly is true for new companies. Little effort is expended by any company to promote training among its employees, however, except for occasionally sending a man to a training centre in a developed country or for an internship in a broker's office. One executive, a national of country A, said that individual training efforts frequently end up by improving the employee's wage-earning ability but do little for the company that underwrote the expense. Often the employee is hired away if his position in the company is not improved immediately, and yet senior management might have a key role in mind for the man as plans unfold.

D. Projection of personnel requirements in 1980

92. Table 1 illustrates current personnel and the expected growth by 1980 of personnel needs in four country A non-life insurance companies. Projections are based on the intuition of the executives who were interviewed. Since these companies did 42 per cent of the business, the personnel needs of the industry are estimated in table 2 by dividing this percentage into the figures provided by the companies. The accuracy of this method is dependent on the quality of the sample chosen and the projections made. It also assumes that the proportion of the business written by the companies will not change significantly. In those cases where the numbers involved are small, percentage changes should be interpreted with caution. In some cases the executives who were interviewed gave estimates of future needs, while in other cases they spoke in terms of ranges. In all cases the figures should be regarded as tentative, reflecting the uncertainty associated with any prediction of events occurring seven years in the future. It should be noted, however, that the estimates were generally regarded as somewhat conservative. As regards life insurance companies, it was felt that the market was too narrow to permit valid projection of personnel requirements at present.

Table 1 (see following page)

Table 1

CURRENT PERSONNEL, AND PROJECTED PERSONNEL NEEDS FOR 1980:
FOUR NON-LIFE COMPANIES

Categories of Personnel	(1) A		(2) B		(3) C		(4) D		(5) Total Companies A/B/C/D	
	1973	1980	1973	1980	1973	1980	1973	1980	1973	1980
	General management									
Senior managers	2	2	4	4	1	2	2	2	9	10
Middle managers	1	4	1	2	1	3			3	9
Underwriting										
Middle managers	1	1	6	6	1	2	1	1	9	10
Junior Grade emp.	3	14	5	16	2	13	2	7	12	50
Claims										
Middle managers	1	1	1	2	1	1	1	1	4	5
Junior Grade emp.	6	18	8	16	6	9	3	6	23	49
Legal staff	2	2	4	8	1	2	1	2	8	14
Production										
Middle managers	1	1	1	2	1	1		1	3	5
Junior grade emp.	7	15	6	12	7	13	2	3	22	44
Accounting and Auditing										
Middle managers	1	1	1	1	1	1	1	1	4	4
Junior grade emp.	3	10	4	9	2	9	2	5	11	33
TOTAL	28	70	41	78	24	56	15	29	108	233

Table 2

PROJECTED PERSONNEL NEEDS IN COUNTRY A FOR 1980:
NON-LIFE COMPANIES

Categories of Personnel	(1) Total companies A/B/C/D		(2) Per cent change 1973 - 1980	(3) Estimated total all companies (1) * .72		Estimated increase in staff for country A
	1973	1980		1973	1980	
	General management					
Senior managers	9	10	14	21	24	3
Middle managers	3	9	200	7	21	14
Underwriting						
Middle managers	9	10	14	21	24	3
Junior grade emp.	12	50	310	29	119	90
Claims						
Middle managers	4	5	20	10	12	2
Junior grade emp.	23	49	112	55	117	62
Legal staff	8	14	74	19	33	14
Production						
Middle managers	3	5	71	7	12	5
Junior grade emp.	22	44	102	52	105	53
Accounting and Auditing						
Middle managers	4	4	0	10	10	0
Junior grade emp.	11	33	204	26	79	53
TOTAL	108	233	116	257	556	299

93. When interpreting these statistics, it is important to recognize that the companies involved have many differences, including size, age, area of specialization, and existence of branch offices. These differences will, of course, affect the composition of skills reflected among their employees, as well as the increases projected in any particular functional area. In other words, the work force of all companies is not composed of, say, 20 per cent underwriters; and all companies do not predict that the number of underwriters will triple by 1980.

94. As is shown in table 2, total personnel needs will more than double by 1980, increasing by 113 per cent from 257 to 556. The distribution of change is not evenly spread among all areas, however, and the greatest increases take place in the areas where the need for training is most critical. As is explained below, most personnel up to the level of middle management are not adequately educated in insurance, and this is certain to be the case with a high proportion of the persons who join insurance companies between 1974 and 1980. The net increase in personnel needs is 299, but of course some of the current personnel will have to be replaced for one reason or another. Thus, all things considered, the need for education will be even greater than the number of present positions and future openings would indicate.

95. Personnel are classified as senior management, middle management and junior grade. Senior management is found only in the area of general management, because by 1980 the nature of the position of department head still will not qualify it as senior management. Middle managers are found both in general management and in functional areas where they consist primarily of department heads. Junior grade employees are found only in functional areas.

1. General management

96. Only a marginal increase in senior management is projected by 1980, due at least in part to two factors. First, senior management is comprised primarily of persons having some stake in the company, and since they tend to be as secretive as possible about their operations, they will be slow to allow non-owners to rise to senior positions. Also, most companies will not need additional senior personnel. As middle management becomes more proficient, senior executives will become dis-entangled from routine operations and can concentrate on their true role in the firm.

97. Although the actual numbers involved are small, the need for middle managers in the area of general management will more than double, primarily due to the projected expansion through branch offices of companies A and C. Each branch office should be headed by a man at the middle management level who has a good overall knowledge of insurance, with particular strength in underwriting and perhaps claims adjustment as well. The expansion of branch offices is particularly desirable, since it should provide broader, more competitive insurance services for individuals and firms located outside the primary commercial city.

2. Functional areas

98. In every case the projected increases in middle managers in functional areas are outstripped by increases in junior grade personnel. Furthermore, the margin between the two generally is substantial. On reflection, this situation seems natural; most departments already have a head, and growth takes place among the ranks of junior personnel. A significant expansion in the number of middle managers in a department can take place only after operations reach a size such that the department can be subdivided. Company B had reached that point by 1973, but others had not. As the numbers of employees increase between 1973 and 1980, other companies may discover that effective control requires a higher ratio of middle managers to junior grade employees than that which was projected. Thus, it is suspected that the mix of the two will alter somewhat, even if the overall projection for personnel in a department remains correct.

99. More underwriting personnel will be needed in 1980 than any other class of employee. From the current level of 50, the number will grow to about 140 - an increase of almost 200 per cent. As shown in table 1, most of the projected need is for junior grade personnel. The high ratio of underwriting personnel to producers may reflect the fact that senior executives produce a great deal of the business written by each company, although they are not included in the figures for production personnel. It certainly reflects the fact that some business is produced by brokers, although the importance of brokers varies from company to company. Also contributing to the character of the ratio is the fact that in some companies the underwriters do part of the detailed work that is reserved for agents in developed markets, with the result that the agent essentially is relegated to the role of a finder or solicitor. It is worth noting that reinsurance personnel are included in the underwriting department because, as was explained in the first section, handling reinsurance is part of the underwriting function. Company C wants to strengthen its role as a reinsurer, and this increases the need for underwriting personnel while producing a minimal need for producers. Finally, for reasons described below, the projected need for production personnel may be too conservative.

100. The number of persons involved in claims work will double. Currently, a large proportion of claims adjusters are ex-policemen, and it is said that they are hired because their experience in making investigations is good training. It may also be that their background and bearing are helpful in persuading claimants to settle claims without too much wrangling. The interviewees believed that further study of proper claims procedure would be useful even for former policemen, not to mention those not having such credentials, and in any event it appears doubtful that the Police Force can keep pace in supplying the needs of the insurance industry for experienced ex-policemen. Thus a training programme must be developed if the expanded claims force is going to provide a suitable level of service to the insuring public.

101. All companies retain a law firm to take care of their more complicated legal work. Also, each company has one or more licensed attorney on its staff, and they generally concentrate on claims matters (although they frequently do other routine legal work as well). Thus, any course for educating adjusters would also be helpful to the attorneys. As table 1 indicates, however, they constitute a small, declining proportion of total company personnel.

102. About 115 agents and other production personnel will be needed by 1980 - almost double the number employed in 1973. These figures do not include the senior management personnel who also produce business nor do they include brokers. There is strong reason to suspect, therefore, that perhaps the projected need is too conservative. Whereas the impact of not counting brokers in the need for producers is clear, the role of executives as producers is more subtle and difficult to analyze. However, it seems likely that as the market broadens to include more small businesses and individuals, as opposed to the current high concentration in a relatively small number of risks, it will become necessary to increase relatively the number of agents to service these accounts. Also, increased activity in the home office will make it impossible for senior management to devote as much time to production as it is doing at this time. Whether this scenario will begin to unfold before 1980 (as some predict) is uncertain. If it does, however, the current estimates of personnel will prove conservative.

103. Nearly twice as many persons will be needed to handle the accounting and auditing function in 1980. The practices followed in insurance accounting reflect the peculiarities of a business devoted to maintaining solvency above all else, and therefore differ substantially from traditional accounting principles. Some form of training is most important if insurance companies are going to maximize the use of accounting as a tool for making management decisions, in addition to meeting the reporting requirements of the law.

104. Rates currently are made by management, often with the help of reinsurers, and executives feel that this practice will continue for some time. Thus, no projections are available as to the need for actuaries and statisticians in 1980. However, it is essential for actuaries to be trained who will have an understanding of the local situation, as well as having their total loyalty vested in the area. It does not seem rash to propose that each medium-sized non-life company should have at least one statistician by 1980. Furthermore, the very large companies might have an actuary on the staff as well. However, the need for actuaries might be ameliorated by co-operation in ratemaking among companies through the use of rating bureaux, or by having rates set by the supervisory authorities. In any event, it would not seem unreasonable to call for perhaps a dozen statisticians and two to four non-life actuaries for country A by 1980.

E. Entry level and priorities in training

105. Many senior management personnel have university educations, as well as substantial experience as insurance practitioners. However, middle management and junior grade personnel typically have much lower formal qualifications and varying degrees of practical experience. Some have not completed secondary school, although it is believed that a majority have. Only a few have gone to study in a commercial school, and less than a handful to a university. Also, a very small number have attended a training centre in a developed country or had a traineeship with a company or broker in a developed country. Many of the attorneys do not hold university degrees, but rather have entered their profession by completing apprenticeships and passing the bar examination.

106. Generally speaking, the middle and lower groups do not have a good grasp of insurance principles, and practices are understood only to the extent that they fall within the employer's daily routine. Of course, a person who has worked in the insurance business for several years, and who has advanced to the level of department head, is more likely to be an exception to this rule than is the now, lower echelon employee. In the absence of formal training, however, it becomes quite unlikely that the average employee at any level will have either the insight to divine insurance principles from his daily practice or the initiative required for learning them. Thus, almost every employee below the level of senior management can be viewed as a candidate for insurance training and the latter would benefit highly from training in management.

107. Every person interviewed stressed the need for insurance training, and when asked to set priorities they were surprisingly consistent in their responses. The need for training in the lower two echelons was felt to be crucial; if, however, it became necessary to assign priorities, an overwhelming majority felt that the needs of departmental heads should come first. If junior level employees were trained first, it was feared, they would know more than their supervisors and an unhealthy situation would develop. Implicit in this position (and a fact made explicit by most interviewees) is an admission that most persons, even at the level of department heads, are inadequately trained and should probably begin their education with basic insurance fundamentals.

F. Conclusions from the case study of country A

108. The rapid growth in the insurance personnel requirements of country A appear to be typical for the 20 to 30 countries at a similar level of development. They are tightening their insurance supervision to require insurance of national risks in national markets, and at the same time they are undergoing urbanization and industrialization. Even if they were not experiencing overall economic growth, the structural changes taking place in the economy and society are conducive to the rapid growth of the insurance business. Thus, for the less developed among the developing countries, the needs for insurance education are significant and growing. By simple extrapolation from table 2 above we conclude that the global quantitative needs for insurance education of the 20 to 30 less developed countries during the period 1975/1980 amount to several thousand persons, the bulk of which would be needed in the underwriting, claims, production and accounting sectors at junior and middle management levels.

The need for insurance education in Latin America

109. Further insights into the needs of developing countries can be gained from a review of a study which was conducted in one of the developing regions. In 1973 a survey of the requirements for insurance education in Latin America was conducted by the Instituto de Investigaciones del Seguro de Centro America y Panama (ISCAP) in accordance with a mandate set forth by the Comisión Permanente de Educación of the Federación Interamericana de Empresas de Seguros (FIDES). The survey was implemented through national insurance associations in FIDES, and nine countries participated. A total of 242 companies employing 29,000 persons were operating in eight of these nine countries (total employment figures were not available for one country), and responses were provided by 157 companies employing 18,542 persons.

110. The survey indicated the proportion of persons having formal education in insurance, such as that provided in schools of insurance, institutes, universities, and so forth, and the results were very discouraging. In eight of the nine countries, less than 5 per cent of the employees had formal education, and in three of them none of the respondents had any such education whatsoever. A slightly larger proportion had received some type of exposure to insurance education through ad hoc or informal activities such as seminars, short courses, conferences, etc., but the figures are not encouraging. In five of the nine countries, only 21 per cent or less of the population surveyed had such exposure, and in only one country had more than half (57 per cent) of the respondents been exposed to any form of insurance education, no matter how fleeting. Thus, the educational record is quite dismal, particularly in view of the weakness inherent in ad hoc education, which can hardly compete with formal education for purposes of providing a systematic, comprehensive understanding of insurance. In fact, ad hoc education best serves those persons with a thorough background in a subject, but is of limited value to the novice or to an employee with a narrow frame of reference.

111. The responses to the survey indicate that insurance education is badly needed by most of the approximately 29,000 employees in the countries surveyed, and it seems likely that this is also true of most of the region's other countries. Furthermore, it appears that insurance education in Latin America is on the whole somewhat more advanced than in other regions, and therefore needs in Asia and Africa should tend to be at least as great and perhaps greater.

H. Some qualitative aspects of insurance education

112. It sometimes is suggested that the solution to the problem of insurance education in developing countries would be for them to import the programmes which have been created in developed countries. However, although this solution appears superficially quite attractive, it does not bear up well under careful scrutiny. Generally speaking, there just are too many differences between the conditions found in developing and developed countries to make the importation of programmes anything but a stop-gap solution for the former's needs.

113. This section explores some of the major factors which affect insurance education in developing countries, and which require indigenous institutions to meet what has been demonstrated in the preceding sections to be a large and growing need. Clearly all the statements do not apply to all countries, and some of them apply to only a few. However, most of the countries are characterized by some of the factors and some countries are characterized by a large proportion of them.

1. National insurance practices and supervision

114. Many aspects of an insurance education programme are affected by national insurance practices and supervision, but they have a particularly strong influence on curriculum, because they are, after all, the primary subject of study. Even in cases where supervision follows the mould of another country, some practices and conditions will differ significantly. Thus, although foreign study materials might be adopted, a programme designed to meet national needs would have to lean heavily on supplementary teaching and study materials which deal directly with the local situation.

2. Education and experience level of students

115. The quality of an institution's graduates is determined not only by the quality of its programme, but also by the quality of new entrants. It is widely known that the level of educational achievement in most developing countries is lower than in developed countries, and generally the experience of most employees is rather narrow. Thus, on these grounds alone the programmes in developed countries are inappropriate for the majority of insurance company personnel in developing countries.

3. National language

116. As a general rule, a programme of insurance education should be conducted in the language that insurance company personnel use on a daily basis. If they do not regularly use the language of a developed country, the language differential will of course be an important factor distinguishing the educational needs of the developing country.

4. Attitude and learning habits of students

117. One problem which will be encountered in several places is the unwillingness of management personnel to be involved in the same learning experience as their subordinates if it involves testing for proficiency. Although they will attend the same classes, managers are very reluctant to place themselves in situations where they will be competing with subordinates in any way. This problem will mean duplication and other types of increased costs in many places, but is a fact of life which cannot be ignored.

118. The culture of the classroom varies significantly among developing countries, and the teaching strategy and teaching aids cannot be formulated until it is known. In some countries the students are quite prepared to carry out an aggressive exchange of ideas with the teacher, but in most places this is not the case. Usually student participation takes the form of polite questioning or question-answering, and in some cases a culturally-inspired respect for the teacher dictates that all interchanges be carried out under very formal ground rules. Such a relationship should of course be taken into consideration, and teacher training and classroom strategies must be planned with it in mind.

119. Study materials and the study environment should be designed with the culture of the students in mind. For example, in cultures where individual study habits are cultivated from an early age, students can be expected to do much on their own without supervision. Thus, the more traditional study materials are likely to be used with success. However, non-traditional study materials become especially important where individual study habits are poor, because the student must be coaxed into his studies. Although these materials will in most cases be in printed form (books, workbooks, etc.), they will adopt a format that is interesting to work with, and which incorporates stimuli with which the student will identify and to which he will react.

5. Job satisfaction and promotion

120. A large part of the motivation for education among employees of insurance companies depends on the extent to which they can use their knowledge to enrich their jobs, obtain a promotion and/or improve their financial position. A small minority of companies in developing countries offers automatic raises to graduates of approved educational programmes, but the vast majority offers no immediate tangible recognition that efforts at self-improvement are highly esteemed. Of course a great deal of lip service is given to the value of education, but employees are led by personal policies to believe that for some time any benefits of increased productivity are to be derived by the company alone. Such an attitude has negative results in education; it is likely that programmes specifically created for a country or region are more readily recognized and bring more tangible career advantages to the students.

6. Geographic and other factors

121. A condition which is common to many developing countries is that the climate is oppressive for at least part of the year. The equatorial countries in particular suffer from the heat and this becomes an important factor in selecting classroom and study facilities, as well as in designing study materials.

122. Some programmes rely heavily on the mail and this particularly is true of those which serve more than a single city. Under the conditions found in some countries a postal tuition service is not possible, and sometimes it may not even be reasonable to expect term examinations to arrive as scheduled. Equipment breakdowns, strikes, inefficiencies built into the system and even in some cases dishonesty among postal workers all contribute to the problem, although by no means does it exist in all countries. However, the quality of the postal service is a factor which must be determined before a programme is planned. Substitutes can be developed for the mails, but they are likely to be expensive and must be carefully investigated for their feasibility.

123. Poor transportation facilities may also make it inconvenient to visit the locations where classes or examinations are held. For this reason, transportation considerations may be of more than passing concern, and particularly for programmes such as "roving seminars" for which even a few days' delay can be costly.

124. Except in the capital cities and large commercial centres of a few of the developing countries, access will not be available to advanced educational hardware, such as computers, group audio-visual presentations, individual audio (and/or audio-visual) cassette presentations, and so forth. Thus, some of the concepts developed in modern education theory will not apply to developing countries in general. However, all countries can make use of the imaginative approaches to presenting information through traditional hardware (e.g. books), and to this extent modern educational methods apply everywhere.

Chapter III

CENTRES FOR INSURANCE EDUCATION IN THE DEVELOPING COUNTRIES

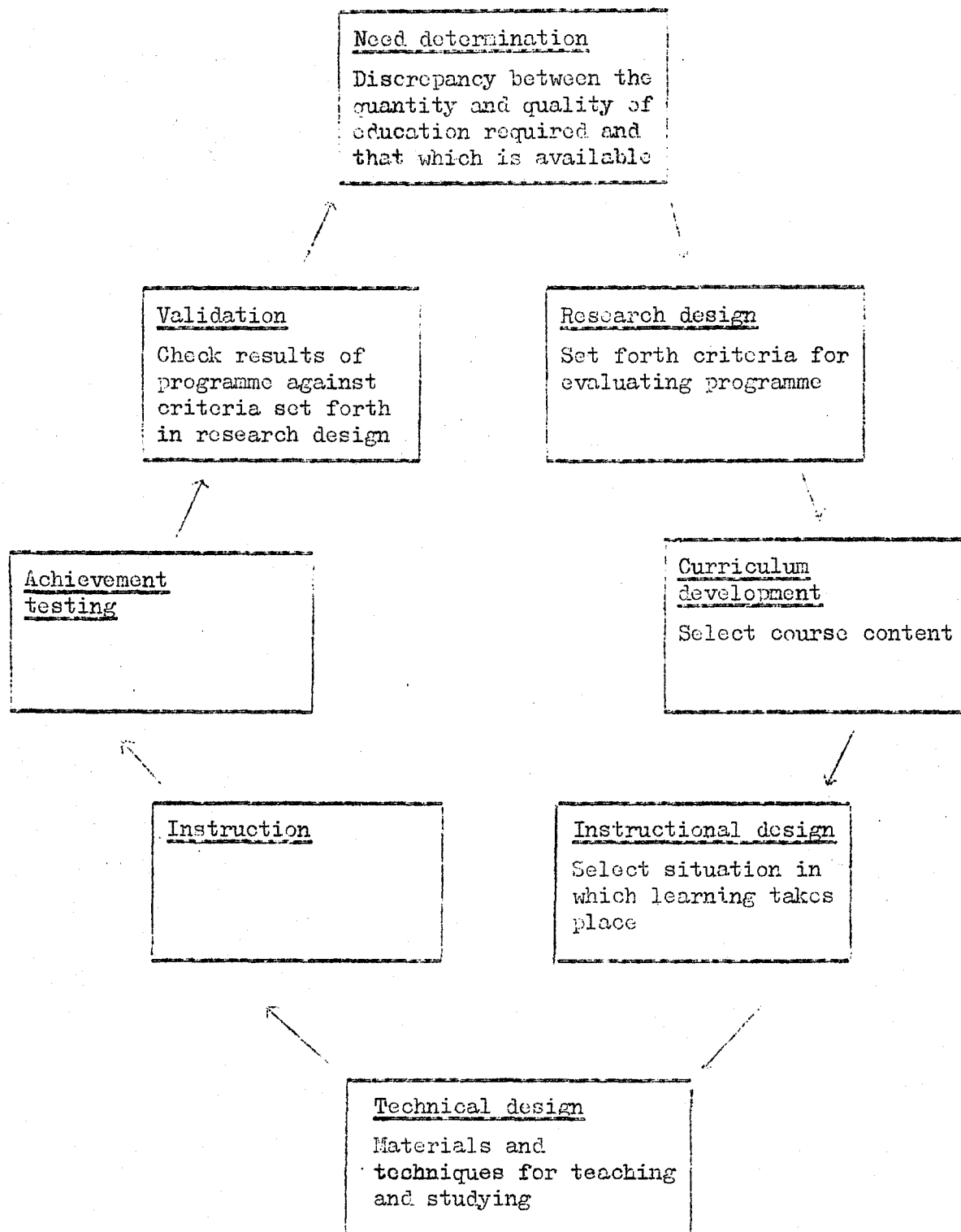
A. Programmes of insurance education

125. The foregoing chapters make it clear that the requirements for insurance education in developing countries are large and that they are growing. Furthermore, the nature of the requirements generally is distinct from those found in developed countries, and therefore most needs cannot be solved by merely importing the programmes that developed countries have established. Rather, the proper approach, which has been pioneered in various places, is for the developing countries to establish programmes to meet their own needs.

126. The purpose of this chapter is to illustrate the analytical approach that should be taken in establishing a programme, and to set forth some broad conclusions that have already been reached concerning the form that programmes in developing countries should take. However, bearing in mind that programmes must be fitted to specific situations, and recognizing that few statements can apply to education in all or even most of the developing countries, emphasis here will be placed on the analytical aspects of forming a programme. Talking about a programme before dealing with the institution which will operate the programme may seem unusual, because experience shows that in most cases the institution is created first and the programme second. Most organizers think first in terms of a location, a building, furniture and equipment, a board of directors and staff (and frequently in that order), and then set about to design the programme itself. The reverse approach is nevertheless much more logical. Once the persons for whom the programme is intended, the level of difficulty, the methods of teaching, and so forth, are carefully pinned down, then the nature of the institution will follow almost automatically.

127. Modern education programmes or "learning experiences" (so called to reflect the focus on the student and the diverse ways in which he may be helped to learn) are developed according to a process or system which often is referred to as the educational loop, which derived its name because it continuously feeds back into itself. This system is comprised of eight steps, each of which is carried out interdependently with some or all of the others. Schematically, an educational loop can be designed as follows:

(diagram on following page)



128. As shown above, the eight steps of the educational loop are : (a) need determination, (b) research design, (c) curriculum development, (d) instructional design, (e) technical design, (f) instruction, (g) achievement testing and (h) validation. While the educational loop originally was developed as a means for designing very advanced educational systems, it really has its foundation in the traditional notion that problems should be attacked in a rational way. Thus, it is highly flexible, has been proved sound by being applied to all levels of education problems, and indeed may be viewed simply as a systematic approach to the problem which ensures that all relevant issues are considered. At the same time, it can be applied with greatest success when the team implementing the programme contains experts in the field of adult education as well as experts in the subject matter of insurance.

1. Need determination

129. Every successful education programme must start with the determination of needs, which may be defined as the discrepancy between the quantity and quality of education that is required and that which exists. When defining the need, it is particularly important to do so in terms of the largest geographic area possible, as economies of scale can play an important role in reducing per unit costs for students in all types of programmes. Thus, to the extent that they can be implemented, regional solutions are particularly attractive. However, care should be taken to define regions so that they are homogeneous, or the programme may become too fragmented to be effective. Once the area has been defined, the education requirements should be carefully assessed. (For an example of how this may be done, see the case of country A in chapter II). Although in the ideal situation an estimate of current and projected training needs may be made for each category of employee, this is not always possible. Experience generally has shown, however, that the employees should at least be divided into life and general (or non-life) insurance lines, and that separate estimates should be made for field force and home office employees.

130. Another important datum, which may be obtained as part of the survey, is the level of general and insurance (if any) education achieved by the group to be served. This information will be invaluable for determining the type of programme which should be instituted. If, for example, this and other information received in the survey reveals that most personnel through the level of department head have little understanding of insurance principles, or of practices outside the sphere of their own jobs, this would suggest that programmes should concentrate on basic education. Conversely, if most of the middle management cadre has a sound understanding of insurance principles and practices, more advanced programmes should be contemplated along with basic education.

131. In most cases the need for more than one type of training will be pressing, and a decision must be made as to how resources will be allocated. In some cases a decision will be made to begin with the largest class of employees, while in others the pressing need for the education of a particular class may outweigh the fact that it is numerically among the smallest. In still other cases, the decision will be made to begin with more than one learning experience. Such decisions cannot be made on a rational basis, however, until all programmes have tentatively been analyzed on a cost-benefit basis, beginning with the next step in the educational loop, research design.

2. Research design

132. The true benefit from any educational programme is the increased quality of performance displayed by the graduates. It is the product of two types of input, namely, the entry level of the students and the quality of learning experience. If the learning experience is a good one, the employee should have a much higher level of attainment, or exit level, when the course is finished. Furthermore, and perhaps most important, the quality of an employee's performance should continue to grow at a faster rate than it would have otherwise. On the whole, graduates should perform better than non-graduates throughout their careers.

133. The quality of an insurance education programme is very much a function of the quality and quantity of resources, both human and material, that are brought to bear on it. While it is important not to waste resources in developing a programme, it is absolutely essential that the resources committed are sufficient to do the job. Costs should be considered not only from an aggregate standpoint, but from a marginal standpoint as well. The threadbare warning against being penny-wise and pound-foolish takes on a new meaning in the context of the educational loop, and careful judgments must be made concerning the benefits received from committing additional resources. Whereas, for example, it makes no sense to send every employee to a regional centre for insurance education, such centres may well be the best way to meet the needs of promising middle managers. In fact, study of the matter might reveal that the time of such an employee is so valuable, and so much benefit might be derived from his additional education, that the most economical way to train him would be in concentrated, full-time programmes of study.

3. Curriculum development

134. Curriculum development is the process of selecting the content of the programme. In the initial phase, all pertinent knowledge is reviewed and that which is appropriate for the particular learning experience is selected. From that time forward, the curriculum must be continually reviewed and updated in order to maintain its quality and vitality. In designing the curriculum, strong reliance is placed upon the judgments that were made in research design, and particularly those concerning the entry level of new students and the desired level of attainment for graduates. The curriculum is in effect the vehicle by which the student transports himself from one level of understanding to another.

135. While curriculum for specific programmes cannot be dealt with here, a few observations may be of interest. First, a decision will have to be made about the length of each course, and this depends primarily on the way the material is broken up. For most levels of education, irrespective of the number and length of the courses, it seems doubtful that a satisfactory level of learning could be achieved in less than a total of six months of dedicated study. For full-time programmes, if the study is conducted in more than one term the time between the terms should be as short as possible. Part-time programmes should be planned so as to be carried out in the most condensed fashion practicable.

136. Another decision which must be made concerns the official language or languages of the institution. If all students speak the language of a developed country, then a broad variety of study materials will be available, although they must be supplemented with information, and cases dealing with local practice. Conversely, if many students do not speak the language of a developed country, it would

be self-defeating to choose from among study materials in other languages. In any case, materials by local scholars and practitioners will begin to emerge, many with the encouragement of the institution, and these will of course be in the language of the area.

4. Instructional design

137. This step determines the type of situation in which learning will take place, and the main issue for purposes of this study involves a decision as to the location and timing of studies. Programmes may be based on individual study, or they may include group-learning as well. Programmes based solely on individual study are almost invariably pursued on a part-time basis, and in certain cases they have met with a very high degree of success. However, most of the programmes for developing countries will involve at least some group-learning, and where this is the case a most important decision must be made as to whether the programme will be part or full-time.

138. Programmes centred around part-time group-learning can be carried out with the facilities which normally would be found in any commercial centre. Typically, several local institutes or learning centres are serviced on a continuous basis by a single regional institution which provides study materials, teaching aids, examinations, and a wide variety of other services. However, "roving seminars and programmes" in which the faculty moves from place to place sometimes provide ad hoc training on a part-time basis, and in certain cases the results have been very positive. In the future their role will probably be relegated primarily to teaching more advanced subjects, or at least their schedules will become more regular so that they can meet basic training needs on a systematic basis.

139. Typically, a full-time programme serves students from several places, but brings them to the centre for instruction. As is explained below, the economics of the situation constrain full-time programmes to those at the higher level, and they cannot serve the mass of employees. There is no reason, however, why a single institution could not provide a full-time programme while also servicing several local institutes, and indeed it appears that such a combination generally is the most appropriate solution for the developing countries. Some may develop a full-time programme first, and others will begin with part-time activities, while some may attempt both at once. No matter where the programme begins, however, it seems likely that eventually complementary learning experience will be initiated to fill the unmet needs for insurance education.

140. One of the most important influences on the selection of research design is economic, as the cash outlay on full-time programmes is much greater than for part-time ones. The educational aspects alone of a full-time programme naturally cost more, because the student receives individual attention from a professional teacher. Lay teachers usually receive much less pay than professionals, and frequently the student-teacher ratios in part-time programmes are much higher. Also, another important factor is that a full-time centre of education must charge 100 per cent of overhead expenses to the programme, while often local institutes bear no overhead expenses at all. It is not unusual for classes to be conducted after hours in an insurance company facility, and frequently any administrative activities are absorbed by the company association or the government.

141. Other considerations also significantly increase the cost of full-time programmes. While frequently part-time students are given time off from work to attend class, this represents only a fraction of their total working hours. And, they are bringing the benefits of their classroom experience to bear immediately on their work programme. On the other hand, full-time students are away from their jobs, but with some provision for salary continuation, for the entire period of time that they are in residence at an educational centre. Also, some provision usually is made for the additional expenses of living away from home, as well as for transportation.

142. Balanced against the higher costs mentioned above is the fact that a well-designed and executed full-time programme can be the most effective means for teaching insurance. It permits close observation of the students, provides information about learning problems that would be difficult to obtain if students were scattered, and allows for a constant correction in defects that could not be accomplished in any other way. Also, because the programme serves only promising individuals with fairly high rank, the use of advanced learning techniques can be justified when this would not otherwise be the case. Because the combined cost of their stipend and the opportunity cost of not having their services in the company are fairly high, increased learning efficiency can pay large dividends to offset the cost of the modern methods. For example, individually-paced sight and sound presentation, which could be followed in a library carrel, might be justified for a full-time programme, although only a textbook and study guide would be economically feasible in most part-time programmes.

5. Technical design

143. The materials and techniques used for studying and teaching should be the most modern available, and should be totally compatible with the situation in the area in which they are applied. Obviously the selection is strongly influenced by the decisions made in research design, but the range of options remains wide in all types of learning experiences. In most developing countries the hardware to be used must of necessity be quite modest. Although at least one developing country is providing insurance courses through closed-circuit television to all employees in a state-owned company, in most cases the equipment will be limited to slide projectors, blackboards, overhead projectors and similar articles that do not tend to present servicing problems. At the same time, the way the material is set forth should be very advanced.

144. Learning by objectives, in which the student is told at the outset precisely what he will be able to accomplish when he has finished the lesson, should be the foundation of a good programme. In addition, an imaginative selection of textbooks, study guides, programmed learning books, and other study materials should be adopted. Actually, steps in this direction are being taken in several of the existing programmes in developing countries, and new programmes are in a perfect position to take advantage of the work that has gone before. Where modern education methods are properly applied, the cost is far outweighed by the increased efficiency of learning. A revolution is sweeping the world of education which has as its basis the philosophy that learning must be a lifelong process and that it can and should be fun. Certainly new programmes of insurance education should embody this philosophy.

6. Instruction

145. The primary purpose of the educational loop system is to maximize the effectiveness of the learning process, and instruction is the "delivery point" at which all resources are brought to bear on the learning problems of the student. An important part of instruction is the independent study in which every student must engage, and it presents particular problems because adults are notoriously poor students, being accustomed as they are to a less concentrated, less intense routine than academic life requires. Therefore, some basic orientation, support and assistance will be necessary to establish and maintain an appropriate attitude among students.

146. In addition to developing the high quality study materials described above, several steps can be taken to boost student morale and the efficient use of study time. For instance, development of what is sometimes called "test wiseness" can be particularly important, as it is not unusual for students to fail examinations when they have sufficient knowledge to pass but fail for other reasons such as allocating their time poorly, etc. Much benefit can come from a newsletter to students, although some of the topics of student interest must be covered in individual reports. Still another type of activity, which can be of particular importance in part-time programmes, is the broad variety of personal contacts that can come directly from the educational institution. For example, it may provide speakers for special events at local institutes, and arrange for staff members to conduct regular visits to meet students, etc.

147. It is also important to recognize that although some people may be "born" teachers, for the most part teachers must be selected and trained. Even teachers of long-standing need to have a refresher course in the discipline of education, which is their tool, not their field of academic expertise; because they rarely have time to do any reading to keep up with new principles and practices in teaching. Thus, before a class has even convened the professors involved should themselves have a course in methods of modern education, and this subject will be dealt with in detail later in this chapter.

7. Achievement testing

148. Once the student has completed his instruction, he should be tested to demonstrate the level of knowledge he has attained. As was explained in the treatment of research design, students will be expected to display different levels of knowledge and/or performance for different areas of the curriculum. For example, it may be deemed important for insurance agents to understand the theory upon which tariffs are calculated, without actually being able to calculate them. On the other hand, it is essential for agents to be able to use the tariffs, to advise clients of their rights under the insurance policy, and to perform many other tasks with no margin for error whatsoever.

149. Achievement testing shows the student what he has learned, and promotes self-confidence in the student who has performed satisfactorily. Of equal importance, it also demonstrates the effectiveness of the instruction programme and the instruction which students are receiving. Thus, testing is absolutely essential for building the quality, credibility and prestige of the programme, and for completing the final stage of the educational loop - validation.

8. Validation

150. No education programme should be implemented unless a plan is also designed to validate its effectiveness, and this is particularly true in the developing countries. The system discussed here, if properly applied, will produce skilled personnel who will make it possible for third world insurance companies to perform the best possible service to society and to compete with foreign insurers on even ground. The cost of establishing a programme is so great, and so much depends on the outcome, that it would be a grave error not to confirm whether the programme is doing the job.

151. In the validation process the learning experience is checked against the criteria set forth in the research design. It considers the efficiency and effectiveness of learning by comparing knowledge and performance against time and monetary outlays. At this point the weaknesses of the programme are laid bare, and if none exists it may still be found that the programme can be improved by applying current resources in a different way or adding more resources. Then the entire educational loop process begins again for the learning experience in question, but on an abbreviated or selective basis. Alternatively, the decision may be made to begin developing learning experiences to meet other needs.

B. The educational institution

152. By the time the organizers of a programme have thoroughly thought through all the steps of the educational loop, they will have in mind a fairly accurate picture of the institution or institutions that they wish to establish. In order to help accelerate the process, however, it might be helpful to set forth some of the important features that such an institution must have. This will of necessity be a broad treatment of the subject, and experts from developing countries should be the ones to make the important value judgments which will fit the plan to their own particular situation.

153. The initial needs of the institution will depend upon the type of programme selected, but in the long-run it is most likely that both part and full-time study programmes will be instituted. Thus, it is important to plan the institution with enough flexibility to accommodate the additions when they come.

154. Evidence suggests that the insurance education needs of most developing countries can best be met through a combination of regional centres and national proficiency certification institutions. Full-time study can be planned and executed at the regional institution itself, and in many cases the part-time programmes of the certification institutions can be planned at the regional level and executed locally. At the same time, the analysis set forth in this chapter will also apply to institutions established in individual countries, and in some cases that is the best way to provide insurance education. Nevertheless, many national institutions may benefit from exploring various forms of co-operation with others in the region, and in several cases broad areas for co-operation have already been set forth.

1. Essential resources

155. At least four types of resources will be essential for a successful full-time programme, namely, first, an academic and professional insurance infrastructure, secondly, adequate library facilities, thirdly, appropriate facilities for teaching, study and administration, and fourthly, satisfactory facilities for the housing and boarding of students. These resources are (a) sine qua non and without them the

programme has practically no chance of success. A part-time programme requires only the first, second, and to a limited degree the third type of resource. However, to provide the flexibility to permit the development of all kinds of programmes, the institution should be located where all can be made available, even if a part-time programme is the first to be started.

156. Academic infrastructure is by far the most important criterion for the success of the programme. It is therefore essential from a practical point of view that the institution be established in a place where there is an ongoing, active university programme in fields related to insurance. It would of course be possible to begin a centre without fulfilling this condition, but for purposes of staffing, which will be discussed below, the costs would be too high to make it practical. Furthermore, for various reasons which will become apparent, it is doubtful that the programme will attain significant stature if the criterion is not met.

157. A large established insurance industry is also essential for two very good reasons. First, undoubtedly the institution will make use of personnel from the industry for information on insurance practices, staffing lectures in specialized subjects, and other forms of assistance. Second, the presence of a dynamic insurance industry will stimulate any students studying in residence and help develop their creative thought processes. This stimulation can, of course, be fostered through field trips and other programmes to bring students into contact with the industry.

158. Library facilities must be available to the institution, which must have access to a library that is well-stocked with books, periodicals and other materials on insurance and related subjects. These will provide reading for keeping abreast of current developments, and resources for in-depth research and reports. Also, some materials on the subject of education must be available so that the staff can continue to improve the quality of the programme. As the cost of building an adequate library can be enormous, it reinforces the necessity of establishing the institution in a centre of insurance practice and education.

159. Facilities for teaching, study and administration must also be available, the size of which will very much depend on the staff. They would include offices for academic and administrative staff, an area for storage and files, and a large study room with tables to accommodate about 20 students and a satisfactory browsing library of books and periodicals on insurance. In addition, access should be had to a classroom that would hold any students who might be in-residence, and to at least one smaller room for about a dozen persons. The classroom should be equipped with a blackboard and screen for the overhead projector. At an early date the institution would probably find it economically advantageous to establish its own printshop.

160. As important as the current need for adequate facilities is the requirement of flexibility for long-term growth. Undoubtedly the success of the institution will be met with a demand for it to satisfy the other requirements mentioned in the "need determination" step of the educational loop, and when this happens the directors will have to consider a variety of programmes, including perhaps the development of local institutes in cities through the region, roving seminars, and a myriad of other possible activities. When this happens, the directors will not want to find themselves limited in their action by constraints in the space and facilities available to them.

161. As regards facilities for room and board, it goes almost without saying that full-time students must be adequately housed and fed at a reasonable price. Furthermore, it is important for all of them to be near the classroom and library facilities because their proximity to the academic environment will encourage them to study, and they will waste less time in going to and from their quarters. In addition, by living near to each other, the students will come to know one another well and build relationships that will have a positive impact on the development of the region's insurance industry for decades to come.

2. Staff requirements

162. One of the cardinal rules of the institution, particularly at the inception, should be that its staff be kept as small as possible in order to keep costs at a reasonable level. Thus, the institution should be staffed with a combination of permanent, consulting, and part-time personnel.

163. By far the most important person in the institution will be the director or president, whose job it will be to build the institution from an unknown entity to a world-renowned centre of insurance education. He should be a distinguished educator who has administrative ability and outstanding oratory skills. It is also possible that he might be someone in the insurance industry who has maintained a longstanding interest in education. In any event, he must be willing to dedicate himself totally to the institution, to engage in short and long-range planning, to bear a large portion of the teaching and administrative load, to represent the institution in ways that will lend prominence to its name, to go out and bring in the best possible students by visiting and knowing companies within the region, to obtain guidance and support from leaders in the insurance industry throughout the region, and to do many other things which will be essential to the growth of the institution. The entire project depends upon this man, and it deserves nothing less than his full attention and commitment. He cannot serve on a part-time basis, and he must commit himself for a period of at least five years.

164. The director or president should serve under a capable board representing all countries in the region and a variety of backgrounds. It would be especially helpful if the members of the board represented various segments of the insurance industry and the supervisory authority, with at least one prominent insurance educator and one prominent representative from the discipline of education also serving.

165. In addition to the director or president, there should be a sufficient number of full-time faculty members to develop and execute the programme. The skills and abilities of the individuals hired should depend to a great extent upon the curriculum decided upon by the organizers of the programme. The faculty members should meet most of the ordinary academic staffing requirements, but sometimes subjects of a highly specialized nature will arise that can best be dealt with by specialists from the insurance world. Also, the curriculum may call for some coverage of related fields, such as management, accounting or investments, which are outside the competence of the regular staff; the solution to the problem is to use consultants or guest lecturers.

166. However, there are several good reasons to keep the practice of hiring guest lecturers to the absolute minimum. First, one of the most significant benefits from attending the institution should be a close teacher-student relationship and such a relationship almost never develops under a system of guest lectures. Secondly, guest lecturers cannot really be expected to know what came before them or what will

follow, so they disturb the continuity of the programme. And finally, for all practical purposes they are outside the control of the institution as concerns the use of modern teaching methods, and are likely to be found lacking in this regard.

167. After the academic staff has taken training in modern teaching and examination techniques, and the development of study materials and teaching aids, it may still find a need for technical assistance in the discipline of education. This will be particularly true during the organization period when the educational loop is being implemented for the first time. In most cases it would not be appropriate to include a specialist in education on the staff, however, as these skills are available from many sources on a project or short-term consulting basis. Therefore, it would probably be more economical to meet the needs through a consultant, although a full-time position might eventually develop as the institution expands its offerings.

168. Part-time teaching staff for local institutes will of necessity be selected from among insurance practitioners, accountants, attorneys, professors, and other qualified persons in the area. It does not make good economic sense to bring in outside teachers on a regular basis, although occasionally a specialist may be brought in to give a seminar or deal with a particularly important topic. Teacher training is essential for most lay teachers, if they are to be able to effectively transfer their knowledge to others in a classroom situation. Furthermore, it has also been found to be very helpful to professional teachers who have no academic training in education. Although individuals may have a firm grasp of their own technical fields, experience has shown that most persons have difficulty in transferring this knowledge to a group of persons. Thus, like the programme of insurance education itself, a teacher training programme should be developed through an orderly, recognized approach.

3. Location of the institute

169. The location for the institute would be the city in the area which best meets the requirements described under "essential resources". In addition, the host country must maintain an open entry policy for all students and persons coming from abroad for official business. Other issues of importance include geographic centrality, the presence of good air and other transportation, and the general attractiveness of the area. Finally, there is some merit in granting international civil servant status to the full-time staff, and it should receive strong consideration. In any event, the staff should be recruited on the basis of qualifications, and not on the basis of nationality.

4. Diploma

170. Each graduate from the institution should be awarded a diploma certifying his proficiency in insurance. If the diploma is to be prized, and if the best candidates are to enroll in the programme instead of going elsewhere, it is important for the companies to encourage participation by providing incentives to attend. Such incentives would probably take the form of guaranteed increases in pay and/or career advancement, although other benefits may also be offered.

ANNEX

A LIST OF EXISTING SPECIALIZED INSTITUTIONS WHICH PROVIDE
INSURANCE EDUCATION THROUGHOUT THE WORLD

1. The list includes only institutions which as a matter of course make their teaching available to persons from other countries. Purely local facilities, such as commercial schools and in-house training centres, are not included. Furthermore, although the list is based on the best information available, it is not exhaustive.
2. As regards universities with extensive insurance education programmes, reference is made to the countries only. More detailed information may be obtained by writing to the authorities of the countries concerned.

A. Professional certification institutions

Canada

Chartered Life Underwriters of Canada
41 Lesmill Road
Don Mills
Ontario

India

The Federation of Insurance Institutes
Universal Insurance Building
Pheroazshah Mehta Road
Bombay 1

Philippines

Philippine **Ins.** Inst.
450 Regina Building
Escolta
Manila

United Kingdom

The Chartered Insurance Institute
20 Aldermanbury Road
London EC2V 7HY

United States

The American College of Underwriters
270 Bryn Mawr Avenue
Bryn Mawr
Pennsylvania 19010

The American Institute for Property and Liability Underwriters
Providence and Sugartown Roads
Malvern
Pennsylvania

B. Institutions awarding certificates of proficiency

Canada

Life Underwriters Association of Canada
41 Lesmill Road
Don Mills
Ontario

United States

Insurance Institute of America
Providence and Sugartown Roads
Malvern
Pennsylvania 19355

Life Insurance Agency Management Association
170 Sigourney St
Hartford
Connecticut 06105

United States (cont'd)

Life Office Management Association
100 Park Av.
New York
NY 10017

Life Underwriters Training Council
1922 F. Street, N.W.
Washington
DC 20006

C. Specialized institutes for insurance education

Africa

Algeria

Institut de Technologie Financière et Comptable
Caisse Algérienne d'Assurance et de Reassurance
Algiers

Egypt

Insurance Institute for Marketing
Egyptian Central Insurance Organization
Cairo

Misr Insurance Training Institute
Misr Insurance Co.
Cairo

Morocco

Ecole Marocaine d'Assurances
7 rue Bendahan
Casablanca

Institu National de Statistique et d'Economie Appliquée
Rabat

Tunisia

Institut Africain des Assurances
2 Place de la Monnaie
Tunis

United Republic of Cameroon

Institut International des Assurances
BP 1575
Yaounde

United Republic of Tanzania

The Institute of Finance Management
Shaban Robert Street
PO Box 3918
Dar Es Salaam

C. Specialized institutes for insurance education (contd)

Asia

India

College of Insurance
Federation of Insurance Institutes
Universal Insurance Building
Pherozshah Mehta Road
Bombay

Japan

The Non-Life Insurance Institute of Japan
6-5, 3-Chrome
Kanda-Surugadai
Chigoda-ku
Tokyo

Pakistan

Pakistan Insurance Institute
PO Box 5503
Karachi-2

Philippines

Asian Institute of Insurance
Room 512-514 PPL Building
United Nations Avenue
Emita
Manila

Singapore

Singapore Insurance Training Centre
c/o Metropolitan YMCA
70 Palmer Road
Singapore 2

Europe

Finland

Finnish Centre for Insurance Education and Training
Helsinki

France

Ecole Nationale des Assurances
Paris

Germany, Federal Republic of

Munich Reinsurance Co. Training Centre
D-8000 München 40
Königinstrasse 107
PO Box 40 13 20

Sweden

Institut für Versicherungsausbildung
Stockholm

Sweden (contd)

Skandia Management Programme
Skandia Insurance Company Ltd
Box 5-103 60
Stockholm

Switzerland

Swiss Insurance Training Centre
Seestrasse 133
Zurich

United Kingdom

The College of Insurance of the Chartered Insurance Institute
"Penton"
Woodlands Road
Surbiton
Surrey

Latin America

Argentina

Escuela Profesional del Seguro
Cangallo 346 - 6º Piso
Buenos Aires

Brazil

FUNENSEG - Fundacao Escoal Nacional de Seguros
11 andar
Rio de Janeiro

Colombia

Programa ASECOLDA - SENA
Apartado Aéreo 5233

Costa Rica

INSE - Instituto Nacional de Seguros
Apartado 10061 - San José

Mexico

Instituto Mexicano Educativo de Seguros y Fianzas, A.C. (IMESFAC)
Hamburgo No.250 - Mexico, D.F.

Nicaragua

USCAP - Instituto de Estudios e Investigaciones del Seguro de Centro
América y Panamá
Edif. Sofia 3er. Piso No.305 - Managua, DN, Nicaragua
Apartado 3524
Cable ISCAP

Peru

Escuela de Capacitación en Seguros - EDECCES
Antonio Miro Quesada 247 - Of. 512

Venezuela

INSPROSEG - Instituto de Formación Profesional de los Trabajadores
Pelota a Abanico - Edif. Don Joaquín - 3er. Piso - Caracas

D. Insurance education in universities

Austria

Belgium

Canada

Colombia

Denmark

Egypt

Germany, Federal Republic of

India

Iran

Japan

Nigeria

Republic of Korea

Sweden

Switzerland

United Kingdom

United States of America