

PROFESSIONALISM - A STRUCTURED ENVIRONMENT

Good afternoon Ladies and Gentlemen,

The title of this subject may have led you to expect some 30-40 minutes of free ranging comments by your National Education Officer on what we as the Insurance Institute of Ireland have achieved over the last 10 years and hopefully some comments on what we aspire to and hope to achieve as a Professional body over the coming decade.

While my paper will touch upon these areas later, I have decided that the first twenty minutes or so would be much better spent were I to address Professionalism in the context of where it fits in strategically with the fast changing social and business environment we find ourselves in today.

In this context I wish to concentrate on some tangible and testable issues that I believe are of immediate interest to our industry.

I wish to state that the first part of my paper expresses my own views and should not be regarded, in any way, as the official policy of our Institute. In addition I make some hopefully interesting suggestions throughout the paper which reflect my personal views and not those of our Institute.

Before embarking on the session I would like to make a small point on what we often regard Professionalism to be. Generally it is perceived by many to be something achieved following the culmination of many years of effort acquiring both theoretical and practical experience which enables one party to deliver a tangible service which meets the demands and needs of another party for which in turn the Professional receives a fee.

What is often missed however is that the impact of change within our environment is so fast that much of the Professional knowledge acquired through examinations and experience is often obsolete before long. Unless the support structures are in place which continue to develop the Professional be they insurance specialists or otherwise companies will not realise in an efficient manner the full potential of their enterprise.

In the light of my remarks I must therefore offer the following question:

What management development programmes has your organisation put in place to support the continued development of insurance professionals?

What assistance and support can the Insurance Institute give you in this area?

In my opinion it is those companies who are currently assessing future

Professional needs on a continuous basis who will be the Industry leaders of the 1990's. Indeed we cannot look at Professionalism in isolation .

Professionalism must be integrated into the very fabric of the business

objectives of the enterprise. We must determine:

Why we need a Professional and skilled workforce?

How do we address this need once we establish it exists?

How do we build into our workforce flexibility and multi purpose skills?

How can we integrate such skills with present and future technology?

The Insurance Industry is a service industry. It has been reliably estimated that some companies in the U.K. are currently spending on average 2%-4% of their gross premium income on new technology in their efforts to either gain competitive edge or respond to a marketplace which is becoming increasingly consumer service driven.

When I consider Insurance Professionals I cannot do so without taking into account the continuing impact of technological change on our industry.

Our products and services are based on information irrespective of whether that information is derived from an expert underwriter or an expert system.

There is no doubt that those companies who can integrate their workforces with information technology that is customer service driven will be seen as the true professionals for this decade.

As most of you are aware the Chartered Insurance Institute introduces a new Syllabus in 1992 consisting of some 42 Insurance subjects which may be taken in any order. The syllabus will to my mind certainly deliver specialists of a higher standard to the Industry and at a much faster rate given the twice yearly examinations and the new modular approach.

What is of concern to me however is that while the syllabus interacts with the Financial, Management and Marketing disciplines there is no reference whatsoever to Technology.

If one however asks any Insurance manager whether he depends on technology in his / her day to day job the answer is undoubtedly yes. It is my belief that no company will maximise the contribution from an Insurance professional unless it enables that specialist / manager to acquire the necessary technological skills to enable him/her to communicate effectively with his/her fellow professionals. For future Insurance professionals to continue to be effective they will have to be technologically literate. I would suggest this important area requires immediate attention on a industry wide level.

If we agree there is a need for multi purpose skilled insurance professionals then there is a definite need for management and information technology training. Professional Institutes like ours must support such developments in every way possible. The Chartered Insurance Institute should, in my opinion, look more closely at the role of technology and how it will impact on the industry in the years ahead. Might I suggest that the Chartered Insurance Institute consider developing such a technology programme tailored to the needs of insurance specialists and the industry.

Once again on the issue of Management training, a recent survey in the U.K. highlighted that 74% of some 700 Fellows surveyed had received no formal management training. I have no doubts that the results of a survey of this nature in Ireland would not be dissimilar in its findings.

I would suggest that for organisations to maximise to the full the potential contribution of Insurance Professionals to their organisations they must act now to furnish them with the skills both technological and managerial which will be the prerequisites for success in the future.

Strategically many organisations are changing their organisational structures from the traditional hierarchial to the more horizontal in a effort to manage change in a more effective and efficient manner. It is a realisation that fewer organisational layers lead to better communication, improved decision making and improved productivity. Once again the question which needs to be answered is: Are organisations actually proactive in this regard or reactive in that "Our competitors are doing it, best not be left behind".

One will find that those organisations which are proactive and on-purpose, i.e. they know where they are going - they have a clear definition of the purpose of their enterprise - they have management development programmes in place which will create thoroughly enabled management teams capable of delivering a sustainable competitive edge.

Of course we do have a problem in Ireland regarding management training.

Many companies rely on others to create the management and specialist expertise which can then be poached. In a recent survey by the F.S.I.A. some 30% of responding organisations saw "Recruitment of specialists in Ireland as the solution to their staffing problems".

One can only assume that if there is an increase in the demand for Insurance Specialists/Managers over the coming years the laws of supply and demand will force salary costs up. Moreover the efforts made by responsible companies to develop their staff professionally will be at risk. The only solution is I would suggest an industry wide approach.

What I envisage here is a partnership between the Industry and The Insurance Institute of Ireland whereby the needs of employers are taken fully into account to ensure that the future demand for insurance managers/specialists is adequately addressed. It is interesting to note that the same survey highlighted that between 1988 - 1992 a further 258 Insurance specialists will be required by the Financial Services Industry. Of all the specialists groups, Insurance was seen as the area with the biggest demand/supply problem.

I might add that these figures take no account of the potential demand arising due to the Financial Services Centre.

In addition the survey also confirmed a major need on the part of employers for Top quality Insurance training courses and an insurance dimension to third level business study programmes. The survey concluded and the following observation is just as relevant to Insurers as any other area, "Within the industry staff development will need to be supported by training structures and programmes which provide both a basis for general recognition of specialists' skills and assistance in their development".

The needs of those financial sectors other than Insurance will, as barriers fall, create greater demand for Insurance specialists especially in the Life, Pensions and Reinsurance specialist areas.

This will be assisted by the fact to date insurance specialists have not achieved the recognition which in my opinion they deserve. To a great extent because of the lack of integrated management development programmes they have not progressed into general management as have the other professionals within our industry such as Accountants and Actuaries.

What interests me however is why other organisations see the need for insurance specialists? I believe that the sudden demand for insurance professionals is emanating from the Banks, Building Societies and other entrants to our marketplace who have recognised their immediate competitive weakness as one of human resources with specialist expertise. In the light of this I foresee a significant movement of Insurance Professionals towards other areas of the Financial Services sector. I see those Insurance companies who have proper management development and career development programmes in place surviving the onslaught.

For those Insurance companies who don't see the necessity for such programmes

I see major problems ahead.

I will refer later as to how in practical terms the Insurance Institute of Ireland intends to assist the industry in this critical area.

To recap for a moment the demand for Insurance specialists is on the increase from:

1. The Domestic market - Insurers/Banks/Building Societies/Stockbrokers.
2. The Financial Services Centre.
3. The U.K. market and Europe.

What role should or can the Insurance Institute of Ireland play here?

While the earlier part of my paper pointed out the strategic issues facing Insurers the remainder of my paper is devoted to-

1. Some comments on what the Insurance Institute of Ireland has achieved to date.
2. How the Institute can create a more structured education and training environment which will assist in the development of young insurance professionals to meet the needs and demands of our industry.
3. What role is there for Insurers?

As an Institute we have made tremendous strides in recent years given the resources available to us. Our Institute has taken its place as one of the fastest growing and most innovative Institutes within the Chartered Insurance Institute.

We have continued to expand our services to students and employers with each passing year and our efforts have reaped the rewards with ever increasing numbers of students, with ever increasing numbers of papers being submitted and with an ever increasing numbers of Associates and Fellows emerging to provide our industry yearly with a sufficient number of qualified Insurance Professionals to meet its needs, or so we thought. Over the years I have repeatedly heard comments to the effect that too many qualified people is a bad thing. I say to you that irrespective of the benefits of technology, irrespective of whether more or less people will work in our industry the fact remains that truly Professional people will always be in demand once they acquire on a continuous basis the skills and knowledge synonymous with Professionalism.

Of course for every pessimistic comment there have been to my mind twice as many optimistic ones, or maybe being an optimist I listen twice just to get the balance right, and it is on this note I would like to review for a few moments the role of the Insurance Institute of Ireland over recent years. We as a Body have over the last 10 years grown phenomenally from:

Members in 1979
Members in 1989

Fellows in 1979
Fellows in 1989

Associates in 1979
Associates in 1989

This type of growth has been presided over by various Presidents and their Officers, and with the able guidance of Mr. Douglas Matson, our Secretary General we have charted a course, the success of which, is reflected in what is before you on this slide. I would like to take this opportunity to acknowledge the tremendous professionalism which Douglas imbued our Institute with during his tenure.

On many occasions the Chartered Insurance Institute availed of Douglas' pure professionalism in their deliberations with the Privy Council on the new descriptive titles. I have no doubt that everyone who ever worked with him would without hesitation regard him as a true professional in his commitment to advancing the prestige and standing of our Institute both domestically and internationally. Thank you Douglas!

As an associated Institute of the Chartered Insurance Institute we have been very much guided by the education/training developments of that august body.

There is no doubt that our relationship has grown stronger in recent years. As an Institute we have been actively involved, though possibly not as much as we would have liked in the design of the New Syllabus which will be effective in 1992. We have been actively involved in the rules regarding the election to Fellowship status.

We will continue to be involved in the bringing to fruition of the 1992 bi-yearly examinations, something which we as an Institute have been in favour of for many years. We look forward to working with the Chartered Insurance Institute and its newly appointed Director General Mr. David Bland in addressing those issues which will challenge the Chartered Insurance Institute over the coming decade.

In this regard I would pose the following question:

What challenges face the Insurance Institute of Ireland in the 1990's ?

As a National Body we must foremostly address, in a positive manner, those issues which will ensure we continue to develop as a Professional body.

As a small island which will soon be the only member state of the E.C. not connected to mainland Europe we will need to play to our strengths. Two of our major strengths are of course our education system and our abundance of young people. We as an Institute have a role to play here irrespective of whether our Industry continues to grow or not. It is our responsibility in this decade to provide a truly Professional Insurance Education environment for not just people in our industry but also for our young people who may wish to enter the industry or equip themselves educationally for insurance careers in the wider European market.

I see no reason why we as an Institute should not become the provider of young mobile Insurance professionals for the Insurance Industry of both Ireland and mainland Europe. If one looks at the problems which face Britain for example in terms of the growing lack of labour resources in the U.K. market it is not inconceivable that Insurers in the U.K. may decide in the aftermath of 1992 to relocate some of their operations in Ireland. Should not the I.D.A. work hand in hand with the Insurance Industry in Ireland to grasp an opportunity which would benefit our economy.

For anyone who says to me this is a farfetched idea let me point to the strategic decision made by Norwich Union recently to relocate its Management Information Services here in Ireland.

With Technology we have seen the entry of new but different players to the market i.e. the Administrators/Claims processors, already we have no less than 3 U.S. companies operating from rural bases quietly and efficiently.

Why should we as an Institute assume that our Industry is one of Risk carriers and Intermediaries? To continue to think in this manner will ensure we fail in what I referred to as our objective earlier in my paper.

The fact is that we as a country can offer tremendously cost effective services to those companies in the U.K. and beyond who wish to relocate their administrative back offices in a more cost effective environment.

The investment in our telephone systems in recent years has placed us 5 years ahead of Britain in terms of telecommunications.

We have young professional talent in abundance which can be geared up to provide not just Insurance Professionals but Financial and Technical expertise to meet the demands of any Corporation who might enter discussions with the I.D.A.

It still surprises me, and this is my personal view, that Government bodies continue to spend vast sums in their efforts to attract manufacturing companies to our shores. Surely it is obvious that Servicing companies are where the greatest opportunities lie. The reality of the Financial Services Centre would never have been advanced so successfully but for the tenacity and vision of a number of individuals who had the ability and professionalism to convince the Government of its viability. It is heartening that the I.D.A. has in this regard had considerable success. I have no doubt that such success need not be confined to the Financial Services Centre if a cohesive and coherent Insurance strategy was developed.

Irrespective of whether such developments take place or not, we as an Institute must press ahead to achieve our goals and create a structured environment which supports and nourishes the commitment to Professionalism.

In this regard we have entered discussions with the Chartered Insurance Institute to provide Irish Examination options which will reflect insurance practice as it currently is in the Irish Market.

We feel that such a move is the only way to ensure that the knowledge gained through the Professional examinations will provide a tangible pay off to employers in this marketplace.

It must be said, and this is the best forum at which this point could be expressed that there is, in my opinion, a significant lack of awareness by some Chief Executives within the Irish Insurance industry of the sheer depth and professionalism of the Chartered Insurance Institute examinations.

Why this is so, begs the following questions:

1. What effort has the Insurance Institute of Ireland put into educating our industry leaders on the importance of professional Insurance qualifications?
2. What effort have we, as an Institute, made to create industry standards in terms of proper in house support for the development of young Insurance Professionals? While it is not our role to lobby companies in this regard there is no reason why a standardised format should not be recommended by the Institute, at least employers would then have some guidelines around which to develop their support activity.
3. It is also recognised that Personnel Managers also need to be more fully informed by the Institute with regard to the possible range of Education and Training programmes. I have found that Personnel Managers and Senior Executives are more than willing to support initiatives in this area once activated by the Institute.

The successful growth of such bodies as the L.I.A. and the Pensions Management Institute, have arisen as a direct result of their identifying members' needs and addressing them. However I must say that while the size of the Market in the U.K. may justify such specialisation it is completely illogical for 3 bodies to be providing insurance education in a relatively small market such as ours. Is it not time that we as a National Institute extended our hand to such associations who aspire to Professionalism in Insurance. Is it not worth considering the pooling of our education and training resources while at the same time recognising the need for co-existence. As someone recently stated "we must sit down and decide things together" otherwise we will merely stand still and achieve nothing.

The National Education Committee of The Insurance Institute of Ireland recently submitted a comprehensive and strategic review of Education and Training for the 1990's. The National Council have unanimously agreed to the establishment of a high powered working party to consider and to implement where appropriate the most pressing recommendations of that report.

523
Matter currently under active consideration include:-

1. The continued development of the Insurance Institute of Dublin
Tuition Service.

1.1. A new A.C.I.I. / European Languages daytime course for third
level students.

1.2. The continued development of European language courses for
Insurance Professionals.

1.3. The further expansion of oral tuition classes and revision
seminars nationally.

524
2. The Certificate of Proficiency.

2.1 The introduction of an Irish examination.

2.2. Agreement with the Department of Education to introduce
an Insurance element to the Leaving Certificate syllabus.

2.3. The introduction of an Irish Certificate of Proficiency
examination.

2.4. The creation of a career guidance support service on Insurance
for Leaving Certificate level students.

3. The Introduction of Irish Examination options in the Chartered Insurance Institute 1992 Associateship Examination.

To achieve this will require a major commitment on the part of both

The Insurance Institute of Ireland and the Chartered body in terms of:

3.1. Examiners.

3.2. Tuition support.

3.3. Course authors.

4. Training Seminars.

4.1. A full brochure of Training courses planned for the year available to Training Managers in September of each year.

4.2. The necessary human and administrative back up to support and organise same.

4.3. Support from Insurers in terms of what their needs are and how they wish to see them addressed.

4.4. Information seminar for Insurance Personnel and Training Managers. to ensure that training courses are focused and address the needs of the industry

527
5. The Financial Services Certificate.

5.1. Introducing an Irish Financial Services Certificate course.

5.2. Marketing it to Financial advisers in co-operation with the Life Insurance Association and the Broking Bodies.

5.3. Creating the necessary infrastructure to support same.

528
6. University Qualifications.

6.1. The introduction of an Insurance M.B.A. programme.

6.2. The co-ordination of same to meet employers needs.

6.3. Availing of University resources currently being offered to us in this regard.

Of course it is all very well to state one's aims, it is another thing to realise them. If we as an Institute are to achieve anything we will have to allocate resources in terms of human effort, management time and capital. It is my opinion that where a quality Training service is provided to Insurers they will pay for it gladly in the knowledge that they are receiving a tangible benefit. I would suggest the Institute seriously consider the appointment of a National Training Officer who could professionally undertake the organisation of a structured training programme which employers could actively support.

In any event the programme I have just outlined is a challenging one for all members of the Institute. We look forward to your support in our efforts to achieve our objectives and thereby strengthen the depth of Professionalism within our Industry.

Over the coming decade the Institute must realise that it is a provider of services in the open market and as such it has clients to whom it must provide a quality service. To do this it will require a strategic plan which will enable it to respond to the many changes and the consequent demands of our industry. If we as an Institute cannot promote, encourage and develop a structured environment which delivers Professionalism to our Industry we will have failed in what we are about.

In summary,

I would like to close by highlighting some points and questions which it is necessary that we address if this commitment to Professionalism is to become tangible and transparent to a much greater degree than currently is the case within our industry.

- 1) If you believe Professionalism has a strategic role to play in the overall engineering of your enterprise, what are your plans now?
- 2) Have you got a clear vision of your enterprise and its definition, is it written down, is it available to every member of the management team?
- 3) What steps is your enterprise taking to ensure its management and staff have the necessary skills to support its strategic objectives?
- 4) What are the plans for your organisation - is it the right shape now. What investment do you think is realistically required in your management teams, do you consider a proprietorial interest, either by culture or reward is a central requirement to your human resource planning?

5) Has your approach in your use of technology and training methodologies to date, honestly been to address strategic rather than tactical issues?

All these questions are inter-linked and the common thread - I believe - is to properly engage professional and highly trained human resource and technology in the management of our companies.

Ladies and gentlemen,

The battle for distribution channels is well underway and well documented, the battle however to develop and retain an adequate core of true professionals within the Insurance industry is one which needs a co-ordinated industry approach capable of fulfilling the demands which Banks, Building Societies and other new entrants to the insurance arena are placing on the existing pool of Insurance professionals. The Insurance Institute of Ireland is well placed to assist the industry in meeting the challenge which it now faces.

It cannot be emphasised enough however that investment in developing a more professional human resource within our industry must by its nature be viewed as a strategic issue requiring both financial and management commitment over the medium to long term if it is to achieve any sustainable benefit.

I believe I have given you some examples of some real things and an indication of what may well be the way forward on this issue.

Ultimately it is about our resolve, our will and the vigour with which we are prepared to pursue and develop that strategic human resource which exists within our industry today.

Ladies and Gentlemen,

Thank you for your time and attention, and to our President for the opportunity to speak to you here today.