

## New Qualification Professionalises Insurance Underwriter's Occupation

Muguto (PwC,2018) a long-term insurance leader in Africa describes the insurance industry across Africa as one of the most disrupted industry, yet executives continue to innovate and take advantage of the many opportunities for growth that are emerging. Despite this, Africa's insurance market remains one of the least penetrated in the world and the opportunities for growth are huge.

While Africa's insurance industry is largely underdeveloped, and insurance penetration levels are very low; but by global standards South Africa's insurance industry is comparatively progressive.

Notwithstanding the financial global crises, slow economic growth, technological advancement, customer behavioural changes, rapid urbanisation and skills shortage South African insurers are increasingly open to forming partnerships with InsurTechs, using new technology, implementing new customer focus ideas into operations, and responding to the needs of a changing workforce.

Consequently, in line with global trends and the needs of the South African insurance sector the Insurance Sector Education and Training Authority (INSETA) introduced the first formal underwriter 'Occupational Certificate: Insurance Agent: Insurance Underwriter Qualification NQF Level 5 thus formalising the requirements to qualify as an insurance underwriter for long-term, short term and medical insurance.

### Why is a formalised Insurance Agent: Insurance Underwriter qualification needed?

Although the insurance business is graduating into a digitalised service there is still a critical need for skilled underwriters. Underwriters have a specific set of skills that judge whether applications are accepted and assess the probability of a claim being made based on the terms and conditions of the insurance. Hence, automation services

cannot replace the human touch of insurance underwriter skills for customer service satisfaction.

Given the need to prioritise and increase the pool of critical and scarce talent for insurance underwriters in South Africa INSETA has ensured that access to the Insurance Agent: Insurance Underwriter qualification is simple; the entry requirement is Grade 12 and/or equivalent or at least five years of insurance work experience.

In contrast, most insurance companies prefer candidates with a degree in business, management, economics, law, accounting or mathematics and they are trained on the job to acquire the following crucial skills to be successful customer focused insurance underwriters:

- Excellent written and verbal communication skills
- Excellent interpersonal skills
- Effective risk analytical skills
- Negotiation skills and the ability to influence others ethically
- The ability to understand technical information
- Confident and transparent decision-making skills
- Problem-solving skills and a logical approach to work
- Self-motivation
- Sound judgement
- The ability to meet deadlines
- Team work skills
- Willingness to make initiatives
- Customer service skills

Carciumaru (2019) an underwriter of niche insurance products and a provider of risk management solutions points out key issues that affect the South African insurance industry:

- A serious lack of young talent
- Young talent is placed in employment mostly on graduation

- Employee movement between organisations indicates that there is competition for talented, hard-working professionals

Hence, in context of the shortage of critical and scarce skills and competition in the insurance industry the main purpose of this qualification is to develop many underwriters with the right competencies to evaluate and interpret information to protect stakeholders' interests by using specialist technical knowledge to determine, price, manage and transfer risks across a broad spectrum of businesses such as employment issues, personal injuries, medical negligence, investments and so on.

The Insurance Agent: Insurance Underwriter qualification's international comparability is benchmarked against the good practice of first world countries such as America, Australia, England and Canada that have established insurance industries that respond to the needs of diverse customers. These countries insurance underwriter qualifications prepare the students to apply, manage and evaluate insurance planning, insurance laws, investments, financial planning, complex claims, risk management, compliant administration and document management.

Similarly, on completion of this qualification the underwriter or student is able to use his/her acquired skills and apply specific competencies in the best interest of stakeholders and the clients as follows (SAQA:2018):

- Apply and adhere to operational and administrative procedures and practices
- Evaluate risk information to determine risk profile and manage risk exposure
- Understand and apply basic legal and insurance principles to underwriting recommendations.
- Understand and apply knowledge of product and pricing to underwrite profitable risks.

According to Starr (2019), CEO at INSETA, "The qualification aims to prepare candidates to evaluate and interpret information to protect stakeholders' interests by using specialist technical knowledge to determine, price, manage and transfer risk. The course can be completed in 12 months but there is a further six months available to allow candidates to complete their Portfolio of Evidence or assignments."

### Benefits of the qualification

FRTC believes that the Insurance Agent: Insurance Underwriter qualification prepares an individual with the right skills and competencies to experience job-satisfaction and a rewarding career.

FRTC advocates that this qualification redresses key challenges by providing the insurance industry the opportunity to experience market related benefits that will inspire productive transformation as outlined below.

**Recognition of Prior Learning:** SAQA (2018) validates that this qualification allows individuals who have worked competently within the underwriting profession without any option for formal education to be certificated, can enrol for this qualification provided they meet the Recognition of Prior Learning criteria.

**Transformation:** Currently South Africa is experiencing a shortage of Black underwriters. Mahlangu (2019), CEO of the Insurance Institute of South Africa (IISA) states, "Our industry is 100% committed to transformation, but we have admittedly been slow to implement. Attracting and retaining black talent to the industry is a challenge across the board, and one which we are tackling at all levels."

As a way forward this qualification can be used as a channel to promote transformation in the insurance industry by providing opportunities to more Black candidates to embark upon an insurance career.

**Addressing skills shortage:** Individuals with working experience can upskill themselves, transfer skills to colleagues and the younger generation. New entrants can acquire new skills and competencies that gives them a competitive edge in the insurance sector.

**Professionalisation will improve insurance industry status:** The formalisation of the qualification based on international standards helps to enforce higher levels of skills within the sector. This restores the credibility of professional bodies and associations in addressing negative perceptions of the sector.

**Modern technology:** The industry's dependence on computers to do complex work like underwriting and rating models excludes the human touch to communicate the products and services in simple language to clients. This qualification prepares the underwriter to communicate technical language in a clear and coherent manner to all stakeholders especially the clients to enhance their understanding of the product and services.

**Risk management:** This qualification prepares the underwriter to recognise, manage, evaluate and proactively respond to various types of risks in the insurance industry.

**Business model:** This qualification provides the underwriter with in-depth technical knowledge of the insurance sector that can help develop a transformed business model to create value-added products and services that will avoid or reduce risks.

## FRTC is committed in increasing the pool talent of underwriters

For decades no formal qualification existed to recognise how the insurance underwriter used specialist technical knowledge from several different fields, however, the Insurance Agent: Insurance Underwriter now formalises this occupation and reinforces the industry's understanding of why a human touch is still needed in the profession. FRTC has been fortunate in being granted full accreditation to offer this qualification: Occupational Certificate: Insurance Agent: Insurance Underwriter Qualification NQF Level 5(91784).

Dianne Steyn, life underwriter at Bright Rock Insurance explained in BizCommunity the important role of an underwriter, "An underwriter is part actuary, part accountant, part lawyer, part medical doctor. Those are some of the aspects that an underwriter must think of. Taking law into account, taking ownership of a policy into account, assessing financial evidence amongst other things,"

Given the shortage of critical and scarce skills in the insurance industry FRTC is committed to increasing the talent of underwriters. Fortunately, FRTC is one of the proud training service providers involved in the pilot roll out of the Insurance Underwriter with 16 active learners. To-date 14 of the current 16 learners have successfully completed all modules and work experience. By the 31st September 2019, FRTC handed over 14 competent learner files to INSETA for examination in November 2019. The last two learners have the opportunity to write their examination in March 2020. Twelve learners will write the short-term examination and two learners the long-term exam. The Learnership is planned to end on the 31st December 2019.

FRTC has prepared itself to be a driving force of the success story in producing effective, efficient and successful underwriters that will make valuable contribution to the insurance industry.

## References

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For more information, email Bernadette Felix at [bernadette@frtc.co.za](mailto:bernadette@frtc.co.za) or call 031 207 3245.

## CONTACT US

 [www.frtc.co.za](http://www.frtc.co.za)  
 [www.facebook.com/felixrisktraining](https://www.facebook.com/felixrisktraining)  
 [info@frtc.co.za](mailto:info@frtc.co.za)

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