



# raising the bar

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### The Chartered Insurance Institute (CII) Professionalism in practice

As the premier professional body for the financial services profession, the CII promotes higher standards of integrity, technical competence and business capability.

With over 93,000 members in more than 150 countries, the CII is the world's largest professional body dedicated to this sector.

Success in CII qualifications is universally recognised as evidence of knowledge and understanding. Membership of the CII signals a desire to develop broad professional capability and subscribe to the standards associated with professional status.

The CII works with businesses to develop bespoke, company-wide solutions that ensure competitive advantage by enhancing employees' technical and professional competence.

Individually, CII's members are able to drive their personal development and maintain their professional standing through an unrivalled range of learning services and by adhering to the CII's Code of Ethics.

**[www.cii.co.uk](http://www.cii.co.uk)**



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## Foreword

Raising standards through qualifications and exams has long been the aim of the Chartered Insurance Institute and for many years the debate has raged as successive CII advisers have argued both for and against compulsory qualifications for the insurance industry.

This debate continues today and has gained a new impetus as governments and regulators look for targets to blame for the current economic crisis. Would having established qualifications for the industry protect against some of that criticism, should attention turn to the insurance markets? Or do qualifications help establish the insurance industry as a profession?

These were two of the questions facing a panel of industry practitioners when we met for a roundtable debate in London earlier this summer. This time, our industry leaders, all members of the London Market Faculty, were joined by other members who are just setting out in what we hope will be a long career in insurance.

By joining older heads with some younger voices, we hoped to learn something of the expectations of our future leaders combined with the experience of those who have already made it to the top.

The first question to be answered was what actually makes someone professional? This was quickly followed by the question of whether or not the industry needs to be seen to be professional in the current climate.

These questions formed the basis of what became an extremely interesting and lively discussion. The degree of compulsion, examination standards and desire among the workforce were all touched on throughout the event.

It is clear from the debate that much can be done in the future, whether achieving qualifications becomes compulsory or remains voluntary. It is equally clear that there is a common desire to see the drive towards higher standards maintained and enhanced.



Adrian Ballardie ACII

**Chairman of the London Market Faculty  
of the Chartered Insurance Institute**

## Methodology

The roundtable event was held in London in May, with a number of industry practitioners in attendance. The participants included some who have spent many years working in the insurance industry, some who have joined the industry after working in other spheres and also some younger panellists who are in the early stages of their insurance careers.

The event was chaired by Adrian Ballardie, chairman of the London Market Faculty of the Chartered Insurance Institute, and all those who attended represented firms from the London Market.

Although panellists were drawn from the London Market, the debate did not cover the London Market alone but the insurance industry as a whole. The report does not attribute comments to any particular speaker in the interest of achieving the most open and free-flowing debate.

### The participants were:

**Adrian Ballardie**, Chief underwriting officer – Tokio Marine Global Ltd

**Jonathan Clark**

**Sian Fisher**, Managing director – OIM Underwriting Ltd

**Karl Jarvis**, Compliance and operations director – S A Meacock

**Paul Maynard**, Broking director – Willis UK & Ireland

**Alex Mortimer**, Underwriting assistant – Tokio Marine Global Ltd

**Julie Northfield**, Learning and development manager – Amlin

**Katie Outhwaite**, Project coordinator, global placement – Willis UK & Ireland

## Profession or industry?

Insurance is always considered an “industry”. People refer to those in insurance as industry insiders. Insurers are not perceived to be professional in the way that lawyers or accountants are and the question was whether this is detrimental to insurance and those working in insurance.

One point of view was that industry tends to be forced to behave in certain ways by regulatory intervention while professionals adopt certain codes as part of an ethical approach to their practices. But this was dismissed as too sweeping a generalisation – many people in industry act in a professional manner while some professionals have proved to be highly unprofessional. For example, doctors and lawyers who have been struck off their respective registers for unprofessional behaviour, while others who are not professional in the strictest sense of the word have behaved in a thoroughly professional manner.

Comparing a career in insurance with those in the medical, legal and accountancy professions, it was found that one clear distinction is that in those professions, people had made a choice early in their careers. Entrants into those professions had all taken (often lengthy) degree or post graduate courses, specifically designed for the field they were about to enter. There was a feeling that such separation would create a distinction between profession and industry.

**“Profession means pre-entry requirements so you make a decision from early on to enter into that profession. I think that distinction will lead us down the same path.”**

But it is also clear that there is a little more to the distinction. Accountancy offers two options: one allowing people to become company accountants and the other conferring chartered status. There was a feeling that one option is considered better than the other.

**“One half of the profession thinks it is as good as the other, while the other looks down its nose at the first half.”**

The point was made that finance directors do not have to be qualified, although generally there was a feeling that professionals have been characterised by qualifications. But there was less consensus about the concept that professionals, by definition, behave in a better way than others. There was a feeling that this was something initiated by professionals to improve their image.

However professionals are believed to occupy a position of trust, to be able to advise on something about which they know a great deal while those being advised know little. Being a professional implies a large element of trust on the part of those buying a service and also an awareness that as a professional there is a need to deliver on that trust.

**“If you are saying you should trust me then you raise it to a professional standard.”**

The insurance industry is home to professionals. Actuaries, for example, are considered professional people and are very proud of their status. Equally, large insurance firms are likely to have qualified accountants as finance directors as well as qualified lawyers as general counsel. Despite this, the overall image is that insurance remains an industry. There is also an issue currently because insurance is viewed as something that happens in the City and with bankers vying with the taxman as the most unpopular, it is not necessarily a good time to have that close association – however misconceived.

**“People look at us as if we are bankers because we are all working in the City. I think it is quite important to make a distinction.”**

It is seen as a key time to make a distinction and to stress that insurers and brokers are qualified to do their jobs. Again the idea arose that people should be qualified to match needs – accountants for finance directors, CII qualification for underwriters etc.

**“In our industry it does not necessarily mean you should be qualified with the CII but you should be qualified to do your job.”**

Overall, there is genuine support for making the most of the current opportunity to promote insurance. Rightly or wrongly, there is a public perception that almost anyone can become a banker and that they are not qualified. Insurance may have suffered from that perception in the past and, combined with the idea that you could earn more money in banking, people did not seek out careers in insurance in the same way that graduates honed in on the banks.

However, insurance is currently receiving more positive attention and is being seen as a safe haven amongst all the financial markets turmoil. The idea of big pay cheques and large bonuses is less popular as people suddenly see a huge downside and they have started to look for jobs that will prove interesting and worthwhile – and relatively well paid too. Image is important and it is a good time to make that distinction. There was a feeling that if people considered banking, they assumed (wrongly) that bankers were not qualified.

**“People are tuning in. People understand insurance is a complex and interesting area.”**

**“Now is the time to capitalise and give insurance a really professional feel.”**

## Setting the standard

There was acknowledgment that the CII does offer a range of qualifications suitable for new entrants through to those who have spent time in the industry and who hope to progress their careers to the very top. There was also recognition that the framework is continually assessed and adapted to fit the needs and times of the industry.

However, there was also a sense that feedback from industry is critical in helping the CII move forward in that continuous seam and the experience of those who have been in the industry for many years is considered invaluable in helping to train the leaders of tomorrow.

There was a general belief that examination standards must be maintained to ensure examinees have the right levels of respect for the qualification and also that employers can have confidence that successful candidates will have achieved the necessary standards.

**“It is chicken and egg. If the exam is not respected, people don’t want to be involved.”**

Those entering the industry look towards the CII exams as a way of developing their career paths. They hope that by passing the CII exams they can offer future employers a differential.

Examinations are also seen by employers as a way to ensure standards are being raised. They test those in the industry at a variety of levels and allow personal development for the individual.

Some considered the CII exams to be easier than those in other sectors, for example banking or accountancy. But there were also warnings for those about to face the tests, that the CII exams are more demanding than that.

**“A finance officer, I know, decided to become an IFA. He swaggered into the exam, sure that it would be easy but he got a shock.”**

The CII needs to, and does, draw on more experienced members of the industry in both setting the papers and in assessing the results. Participants stressed that for it to be effective, the industry needs to provide solid and continuing support to the CII to enable it to deliver the right calibre of exam within the appropriate framework to develop clear career paths.

**“There are those people in the industry with the right experience. All of us have to raise aspirations at the same time.”**

In the midst of the current financial crisis, the need to improve standards is paramount. This will help with the perception of the industry as professional and reliable and also offer the industry an opportunity to set itself apart and attract greater talent for the future.

**“The timing is great to make a real stand and real division.”**

The CII exams do cost money and entrants have to be committed both financially and in terms of completing the coursework. There was real support for the system and also a belief that firms will, and do, support their staff in upgrading qualifications.

There was also support from younger employees and new entrants for the exams saying that the cost of the exams is more than compensated for in terms of improved salaries and also the improved opportunities for promotion. There was a call for the CII to capitalise on the goodwill and to make the most of the increased willingness for those in the industry to support the system. With the current financial crisis, people have been moving jobs and greater numbers have moved out of the banking sector – with many looking to the insurance sector for an alternative career.

**“There are lots of people doing exams at the moment for a whole variety of reasons.”**

**“In my company, I can get an extra £5,000 if I pass my next CII exam – that’s much more than the cost of the exams.”**

By continuing to work closely with industry, the CII has the capability to provide a well-structured exam framework, which delivers both to the individual and to the industry as a whole, helping to raise standards and perceptions. High standards of examination were seen as a crucial part of capitalising on the good image of the industry at present.

There is also a need to maintain a wide range of examinations, from those suitable for new entrants through to leadership skill qualifications. There needs to be a mix of straightforward learning but also of exams that test the ability of candidates to apply their knowledge to live situations. The industry attracts a number of employees who are returning to work after a break – sometimes of many years. There is a need for some qualifications that will cater for those employees, allowing them to recover some of the “lost” ground

**“It is about trying to get exams at different levels – we have a lot of late returners and we also need leadership skill qualifications.”**

Insurance qualifications have always evolved to meet the demands of the time. For example, there has been much recent discussion around an MBA geared to the insurance market, while it is possible to take a degree course with insurance as a speciality. Another example is the way in which the CII has spent time with universities and other training bodies, as well as with other industry associations, to develop an exam structure which will also work in conjunction with other available options.

**“The key is there are a lot of other qualifications but not always about insurance.”**

## Compulsion or not?

Given that other professions insist on bespoke qualifications for all involved, should the insurance industry demand compulsory qualifications? The question is to what degree should the industry look for enforcement or should it leave the issue to individual firms?

**“I would support compulsory exams but not in the current framework.”**

One school of thought was that if you demand a certain level of qualification, it will automatically encourage a higher level as individuals seek to create an advantage for themselves in the job market by outdoing their rivals. Using the car manufacturing industry as an example, it was suggested that manufacturers had to be forced to make vehicles safe. Once they started to do that, they spotted a marketing tool – they were able to claim to customers that their vehicle was safer than the rival model. As a result the whole industry has shifted to a place where cars are safer than required legally.

**“Obviously I think the majority of people in general insurance leadership should be qualified.”**

But on the question of compulsion, the view was more mixed. There was a feeling that some employees are competent through experience, while others may have qualified overseas. Both these groups have plenty to offer an employer, without necessarily having sat an industry standard exam in the UK.

**“I like to think we want firms to adopt a professional stand and make sure people are competent.”**

Much depends on the moral fibre of the firm itself. The majority of players in the insurance market need little further encouragement to raise the standards within their operation. New entrants will either have the necessary qualification or are encouraged towards qualification – sometimes as part of their contract. But there was also recognition that there are a few firms out there which will not show any interest in qualifications nor in maintaining a credible operating standard. There was debate about whether some form of compulsion is necessary, purely to establish a minimum industry standard to which all firms must adhere.

**“From the perspective that some firms may need a more persuasive regime, you may end up with a more professional market.”**

Equally there was a belief that there is already a lot more compulsion around than realised. Many Lloyd’s speciality vehicles already insist on qualifications and in the broader company market, there is a real sense of pride in achieving those visible goals.

**“I think we were quite surprised to find how many companies were in play.”**

There is a realisation that those working in claims are considered professionals while the majority of underwriters are also well qualified. Sometimes there is a gap between the perception of compulsory qualifications and the reality. There is a need to understand what compulsions are in place – because there is already a fairly high level of requirement. Before any level of compulsion is introduced the industry needs to fully understand what is already happening.

**“Most firms actually require their people to take exams and we are just not making enough of that.”**

People should want to become professional. Those taking exams as part of a career choice and for further development were perceived as more likely to strive towards the goal compared to those who are forced to sit exams as an industry standard. It was pointed out that in other sectors there are people who feel obliged to sit exams to tick boxes for CPD. But there was also a realisation that insurance qualifications are all but compulsory simply because it is written into so many contracts.

**“We want to make people feel part of something professional. I think there is an opportunity now to almost rebrand and to come out as something different.”**

There was also recognition that insurance is an industry attracting people from a variety of walks of life – at varying stages in their careers. It does attract senior staff who will come into the industry at a high level – and the majority of these will be qualified in their former careers. Equally, for younger entrants, having some form of compulsion provides a structured framework in which to build their careers.

**“Joining the insurance industry is opaque. How do you become CEO?”**

By having clearly defined examinations, the industry will look more structured from the outside and might attract those who were considering other career options. The example was given of law firms. Those setting out on a law degree can see a career path mapped all the way to senior partner – in reality it may not be that simple but it looks attractive to those school-leavers making first choices.

Insurance is one of the biggest employers in the country. Fifty thousand people work in and around the London market alone with many times that number working in offices and call centres up and down the country. Any new system needs to embrace everyone from top to bottom.

**“I would hope CII exams are part of a development scheme that will allow individuals to move up through a career path.”**

## Competency

Another issue to consider was whether qualifications alone would really raise the bar in terms of industry standards.

**“I think you can have professionals in an industry. It is not just about getting qualified but that you remain qualified.”**

Applying expertise in the right way and offering an ethical service to customers was seen to be all part of the process. Passing exams is not enough - people need to stay in tune with what is happening. There was also a feeling that simply passing an exam would not be enough for a specialist area like insurance. The suggestion was that passing an exam should be a gateway into a job where there is the opportunity to learn the detailed technicalities from those with years of experience behind them.

**“When you get legal or medical training, they don’t try to make you a world expert in everything. You have a broad basic training and then learn the specialist skills from the experts with the experience.”**

The idea of professional exams is that candidates reach an ethical competent level. This then allows them to move into the niche areas and develop their skills through experience and learning from others.

**“If we want professional qualifications, then the most value is in teaching what is not learnt in the job but what is needed to do the job in the first place.”**

While this approach was seen as more appropriate for those headed high up the career ladder, there was also recognition of different demands for the lower end of the ladder. There has to be an ability to learn fundamental aspects. With so many late returners in the sector, there is a need to remind people about exam technique and how to acquire basic study skills.

There is also a requirement to consider the issue from the perspective of a consumer rather than purely as an insider. There was agreement that as an industry, insurance is about providing a service to customers. Research from BIBA was discussed, which showed that everybody recognised advice was something they sought but when asked if they received advice, they were confused. There was confusion about how to recognise a qualified person.

**“If asked do you want a professionally qualified person to give advice, people would say yes but would they be able to recognise a qualified person?”**

This comes back to the need to deliver qualifications across the whole industry. It is all very well to have qualified underwriters but customer-facing staff should be qualified too, otherwise there is no perceived gain. Without a high level of service from competent staff, the perception of the industry from a consumer perspective is unlikely to improve.

The issue also varies from sector to sector within the insurance market. The London Market, for example, is perceived to be a fairly closed shop, with most insurers dealing with brokers and customers who they have known for many years. Much of the business is done on a reputational basis. But outside of London, customers are unlikely to have any such relationship with their insurer and so will be looking for tangible evidence of competency.

**“Outside London you come across a lot more people who take up courses. It says something about people’s perceptions of continuing professionalism.”**

**“The London Market tends to be wholesale and knows itself whereas the man on the street doesn’t necessarily know who he is dealing with.”**

Historically, insurers were not always keen for newer or younger employees to promote their qualifications. There was a perception, particularly in the London Market, that people promoted themselves by reputation and having graduates in the sector somehow embarrassed those older, more senior members of staff. But there was confidence that all of that is behind the industry now and that qualifications are welcomed – and indeed proudly displayed.

**“I know of a chief executive in the London Market who left school with just three O-levels and he is one of those backing professional qualifications and encouraging people to learn.”**

There is recognition that the culture had to change and that there is still more to be done. But there was also realisation that much has been done already.

**“One of the nice things is that it is a little more diverse as an industry. One of the reasons we don’t want a regulatory requirement is because we employ people on competency – professional qualifications and demonstrable skills.”**

Employers enjoy a great deal of flexibility under the current system, able to encourage people to complete training courses and achieve industry qualifications but still able to maintain the freedom to take on employees from all backgrounds. Without compulsion, there is scope to appoint people who have experience but not necessarily qualifications. There was a general feeling that with a compulsory system, there was a danger of losing some brilliant minds. In the past some underwriters have risen to the top without any qualifications but with a great ability to do the job. These people may not have ever entered the industry if they had first had to pass an exam. Equally, the option of an exam structure aids those who can benefit from it.

**“I think this is an interesting difference between qualifications and professionalism. A degree is not always a guarantee of competence.”**

## Conclusion

The question of whether insurance is considered a profession or an industry was hotly debated. The sector is still referred to as an industry but the questions really arose around whether a drive for professional status was either needed or possible. There was consensus that some sectors are already operating at “professional” levels but the question remains whether this is recognised by consumers as they buy insurance.

If the answer to the question about professionalism is that it can be achieved through a system of bespoke qualifications, as in the medical, legal and accounting worlds, the next question was how does the insurance industry set about achieving those standards?

It is clear that entrants to the industry would like to see a structured programme. This would encourage them to consider a career in insurance in the first place and then help them achieve their goals as they progress up the career ladder. Questions remain as to whether this should be a compulsory or voluntary system – the arguments for and against are equally sound. Is it better to have a compulsory system and ensure everyone has achieved the same standards or is it better to have a voluntary system in which those who really want to take the exams are able to do so? There are also issues about the way in which people join insurance companies – could a compulsory system cut out some extremely talented people who have failed to achieve formal qualifications? Could it also rule out employing those from overseas? On the other hand, would a compulsory system drive up standards to higher levels? Would it also serve to answer industry critics and reassure consumers that they can trust insurance advice?

Clearly this is a debate that will continue throughout the whole insurance world for the foreseeable future. Qualifications are being actively encouraged by many employers while employees are obviously as keen to improve their skill sets. But it is for the future that this debate will need to continue as we, as an industry, strive for continual improvement.