



GENERAL INSURANCE ASSOCIATION OF SINGAPORE

Training and Competency
Requirements For General
Insurance Company Staff and
Intermediaries



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1. INTRODUCTION TO THE TRAINING AND COMPETENCY REQUIREMENTS FOR GENERAL INSURANCE COMPANY STAFF AND INTERMEDIARIES

1.1 Background

Since 1990, the GIA and the SIBA have required insurance intermediaries to pass the Certificate in General Insurance (CGI)¹ before they can be registered with the respective associations. This is to ensure that anyone selling or providing sales advice in any general insurance product has the requisite insurance knowledge. Employees of insurance companies and banks (doing bancassurance) were not subject to this requirement until recently.

Over recent years, the general insurance industry has seen the development of new channels, or increased use of channels, that are only involved in selling personal general insurance products. To cater for this development, the Singapore College of Insurance together with the general insurance industry and MAS introduced a modular system for the CGI in 2002. The three modules are:

- 1) Basic insurance concepts and principles (BCP)
- 2) Personal general insurance (PGI)
- 3) Commercial general insurance (ComGI)

Insurance advisers and agents are required to possess the BCP module plus relevant modules 2 and/or 3.

¹Under GIA's minimum requirements for general insurance agents issued in 1990, persons seeking registration as agents do not need to pass the CGI if they had at least 5 years of handling general insurance business or are holders of ACII/AAll diplomas or equivalent qualifications approved by the General Insurance Agents' Registration Board.



To ensure that everyone selling or providing sales advice on general insurance products has the minimum technical competencies, the Insurance Department of MAS issued Circular ID 1/02 on 10 April 2002. It required all new general insurance intermediaries and insurance company staff to pass the relevant CGI modules before they could be involved in selling or providing sales advice on general insurance products, with effect from 1 June 2002.

Existing staff that do not have the CGI were initially required to obtain the appropriate qualification by 1 October 2002. MAS had subsequently sent a circular via ID14/02 agreeing to extend the deadline to 30 June 2003 for insurance company staff employed before 1 June 2002 to obtain the CGI. Staff who are aged 45 years and above as at 1 June 2002 are exempted from obtaining the CGI qualification. However, this group of staff must attend tutorials for the relevant CGI modules by 31 December 2002. There should be 100% attendance.

1.2 The objectives of the training and competency requirements

The objective of introducing new training and competency requirements is to raise the standard of service to customers through training employees of insurance companies and intermediaries to the required level of competence. Competence is defined as having the requisite knowledge and skills to perform the roles and responsibilities of the position.



1.3 The scope of the training and competency requirements

The CESGI reform takes an industry-wide approach. The requirement for training and competency will apply to all 'front end operatives' (FEOs) in all sectors of the industry - agents, brokers and insurance companies.

1.4 Understanding our approach

It is a basic assumption of these recommendations that it is responsibility of general insurers and brokers to ensure that their front end operatives are competent to carry out the roles and responsibilities relevant to their positions. Agents will fall within the responsibility of insurers.

FEOs are defined as personnel engaged in sales and/or providing insurance advisory services and/or handling claims.

Training and competency covers the two main areas of qualifications and on-going professional training and development. Our recommendations in these two areas are as follows.



2. FEO QUALIFICATIONS

2.1 Minimum qualifications for FEOs

The CGI or its equivalent (BCP/PGI/ComGI) will form the minimum standard of insurance technical knowledge required of all FEOs.

It should be noted that:

- Approximately 1800 agents who have been exempted previously under the 'grandfather clause' will have to attend the CGI course as part of Year 1 Continuous Professional Development (CPD) but will not be required to sit the examination at the end of the course.
- Insurance company staff aged 45 and above as at 1 June 2002 will be exempted from the CGI. However, this group of employees must complete the requisite tutorials (non-examinable) for BCP and PGI and/or ComGI by 31 December 2002.
- Brokers can opt for the Qualified Practising Insurance Broking (QPIB) qualification as a 'gold' standard in addition to the CGI minimum requirement.

2.2 Responsibility of general insurers and brokers for competence of FEOs

General insurers and brokers must assess and ensure that all their FEOs are competent before they are allowed to carry out their roles and responsibilities unsupervised. The FEOs must be given specialised training in knowledge and skills where they do not meet the competency required of that position.



2.3 Responsibility of general insurers and brokers for single product FEOs

FEOs selling only one type of product (e.g. maid agencies, travel agents, freight forwarders and motor dealers) will be required to sit the new CGI module but will be exempted from compulsory CPD as insurance is not their core business.

However, their general insurance principals will be responsible for ensuring that these trade-related agents are competent to carry out their insurance sales advisory roles and responsibilities.

In respect of travel agents, NATAS had recently met with MAS and the Agents' Registration Board (ARB) and requested the requirement for CGI to be waived for selling travel insurance. The ARB has agreed to waive CGI but the staff involved in the distribution of travel insurance must undergo a non-examinable BCP and travel insurance course.

2.4 Compliance with CGI requirements for FEOs

Unless exempted, all FEOs involved in sales and/or providing insurance advice are required to have the minimum CGI qualification by 1 October 2002. FEOs handling claims should work towards achieving the CGI qualification by end June 2003.



3. CONTINUOUS PROFESSIONAL DEVELOPMENT TRAINING

The following recommendations outline the industry structure for Continuous Professional Development (CPD). Further information on how CPD training requirements could be fulfilled is included in Appendix I.

3.1 Annual minimum hours of CPD training

An annual minimum of 30 hours of CPD training should apply to all FEOs, except those who also sell life assurance products and those that operate on a restricted basis (i.e. those who sell only one type of product).

Life agents who also sell general insurance must undergo a minimum of eight hours of CPD training per year. They would be granted this concession as they already undertake 30 hours of CPD training a year as agents for life insurance.

There will be no exception to the annual CPD training requirement for agents identified in the 'grandfather' clause. Nominees of corporate agencies are subjected to the annual CPD requirement.

3.2 CPD implementation date

The T&C WG has proposed implementing the CPD requirement with effect from January 2003.

Note: In recognising that some general insurers currently do not have the capacity to meet the increase in training demand, the T&C WG has proposed that the CPD for the first year be set at 24 hours and increase to 30 hours in the second year.



3.3 Responsibility of general insurers and brokers for CPD

General insurers and brokers are responsible for the continuous professional development of their employees. They must determine the training needs of their FEOs and develop training plans that address those needs.

General insurers and brokers will not be responsible for the CPD requirement on agents.

The T&C WG has proposed that trade-specific agents and bancassurance employees be exempted from the compulsory CPD requirement.

3.4 Responsibility of agents for CPD

Agents will be responsible for their own career development and upgrading their skills and knowledge.

Agents must comply with the requirements for training and competency. The agent's certificate of registration will be renewed only if he or she can satisfy the 30-hour CPD requirement. Nominees of corporate agencies will face suspension if he or she fails to satisfy the CPD requirement.

Agents do not need to submit a training and competency plan to the ARB. However, to assist agents in planning to meet the CPD requirement, courses and seminars that meet the CPD criteria will be listed online.

General insurers are just one source of training for the agents, the others being the external training providers.



3.5 Management of training and competency records

General insurers and brokers must keep training and competency records for each of their FEOs. However, as it would be difficult for one or more general insurers to monitor agents' training and CPD compliance, the ARB will manage training and competency records for agents, available to general insurers on request.

At present, renewal for agents is carried out every two years and the next renewal exercise will be due in December 2003.

Agents must lodge evidence of the courses/seminars attended/completed with the ARB and meet their CPD requirement as a condition of renewal of their certificates of registration.

As a service to agents, the ARB could provide regular updates to agents on their CPD status.

3.6 Responding to changes in internal and external conditions

The 30 hours of CPD must be tailored to meet specific knowledge and skill needs arising from changing internal and external conditions.

The general insurers and brokers must ensure that their FEOs remain competent even when their roles or responsibilities have changed.

External changes such as rules and regulations must be addressed in training and competency plans.



3.7 Training and competency plan requirements

As a good corporate practice, general insurers and brokers should develop training and competency plans for their FEOs.

3.8 Accreditation of training courses

All external training providers must have their training courses accredited by a new CPD Assessment Committee.

This committee would comprise members of GIA and SIBA, set up to review external courses and determine whether they meet the minimum standards of skills and knowledge for the purpose of awarding CPD hours.

The committee would also determine the components of the CPD hours, including in-house training, external training, seminars, examinations, tutorials, etc.

3.9 CPD Assessment Committee

The T&C WG has proposed that the CPD Assessment Committee be set up by September 2002. Members shall comprise the training managers of general insurers and brokers.

The committee would be expected to develop criteria and guidelines by November 2002 for circulation to GIA and SIBA members, so that CPD can be implemented from January 2003.



Appendix I

Overview of Continuous Professional Development (CPD) requirements

1. Introduction

The proposed requirements for CPD are set out in the main body of the White Paper. This attachment provides some additional information on the proposed CPD Assessment Committee and how it might manage CPD hours, as a guide to organisations developing CPD plans. Regardless of what is stated here, the committee, when formed, will make its own determination about qualifying training activities.

2. CPD Assessment Committee

- The committee members would be nominated by GIA and SIBA
- The committee would set criteria for the application and review of CPD
- The committee would set the frequency at which the application for CPD accreditation can be submitted

3. Accreditation of training activities and CPD hours

3.1 *In-house training activity*

In-house training activities could include courses, workshops, seminars and conferences conducted by the insurers or brokers either by their own trainers or by external vendors, solely for their FEOs.

Where conducted by external vendors, the courses, workshops, seminars or conferences would be customised in terms of contents and duration of hours to the insurers' or brokers' needs.



3.2 External courses, workshops, seminars and conferences

To qualify for CPD accreditation, vendors would need to apply to the CPD Assessment Committee, stating the proposed CPD accreditation hours involved.

For courses or workshops, certificates of attendance must be provided to participants who achieve 75% attendance.

For seminars and conferences, lists of attendees would be provided to FEOs' employers or to the ARB, as applicable. Only participants who have achieved 75% attendance are to be included in attendance lists.

4. Potential qualifying activities

- Attending in-house training (including product training) or accredited external training courses, workshops or seminars
- By attending tutorials/courses and sitting for the examinations relating to CPD accredited courses e.g. ACII, AAI, Diploma in General Insurance, health insurance exams etc.
- Attendance at industry conferences and seminars
- Serving on industry workgroups or committees
- Participation in CPD-accredited courses via non face-to-face modes including online courseware, correspondence or self-study, where there is proof of successful completion (passing of examinations)
- Teaching, speaking or moderating at a CPD accredited activity either in-house or externally