

Project „ANCHOR“

Anchoring Insurance Intermediaries according to the standards of EQF and IMD

Information for stake holders in the insurance industry



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Contents

1	About eficert	3
2	Framework of the Anchor project.....	4
2.1	Background analysis	4
2.2	Aims of the project	5
2.3	Setup of the working group	5
3	Results of the working group	6
3.1	Analysis of the IMD	6
3.2	Profile of what an insurance intermediary does	7
3.3	Defintion of knowledge, skills and competences according to the EQF	8
3.3.1	Knowledge	8
3.3.2	Skills (... is able to...).....	9
3.3.3	Competences.....	10
3.4	Positioning of the Insurance Intermediary on the EQF-scale.....	10
3.5	Title for an insurance intermediary	11
3.6	Recognition rules – process of awarding the title	11
3.7	Possible functions and benefits of a Europe-wide certificate	12
4	Project schedule.....	12
5	Appendix	13
5.1	Contact data of Anchor team members.....	13
5.2	The European Qualification Framework (EQF) - Level discriptors	14

1 About eficert

The European Financial Certification Organisation (eficert) was founded in November 2002. The members of eficert are associations and institutes which actively represent the educational interests and ideals of their sector industry throughout the territory of their European countries of origin in the banking, insurance, building society and/or financial services sector that meets the standards of eficert. Eficert secures transparency in competences for the European financial sector industry and aims to

- achieve joint European certifications of equivalent national qualifications in accordance with defined standards
- achieve an agreed European quality mark with eficert certificates
- maintain the independence of the national vocational institutes to build up educational programmes to fulfil the European standards
- take account of the harmonization of the European market
- base its certificates on practitioner- and customer-oriented education and training
- manifest the European aspiration in its certification programme by means of common European educational modules
- achieve a system, which has as little bureaucracy as possible

Member organizations (active or passive) are:

Austria	Bildungsakademie der Österreichischen Versicherungswirtschaft (BÖV) - Training Association of the Austrian Insurance Industry
Belgium	L'Union Professionnelle des Entreprises d'Assurances (UPEA)
Cyprus	The Insurance Institute of Cyprus
Denmark	Forsikringsakademiet - The Danish Insurance Academy
Finland	Finnish Financial and Insurance Publishing Ltd FINVA
France	Groupe École Nationale D'Assurances
Germany	- Berufsbildungswerk der Deutschen Versicherungswirtschaft (BWV) - Vocational Training Institute of the German Insurance Industry - Deutsche Versicherungsakademie (DVA) - German Insurance Academy - Berufsbildungswerk der Bausparkassen (BWB) - Vocational training institute of the building society & saving banks.
Greece	Greek Institute for Insurance Education (EIAS)
Hungary	National Insurance Training Centre Budapest
Italy	Istituto per la Ricerca e lo Sviluppo delle Assicurazioni (IRSA) - Institute for Research and Development of Insurance
Latvia	Rigas Ekonomikas Augstskola - Stockholm School of Economics in Riga
Malta	Malta International Training Centre
Norway	Forsikringsakademiet - Norwegian School of Management BI, Academy of Insurance Senter for finansutdanning - Norwegian School of Management BI, Financial Services
Spain	Investigación Cooperativa entre Entidades Aseguradoras (ICEA)
Sweden	IFL at Stockholm School of Economics - IFU
Suisse	Schweizerische Trägerschaft für Berufs- und höhere Fachprüfungen in Bank, Versicherung und Finanzplanung (BVF) - Organe Suisse responsable des examens professionnels et supérieurs de banque, d'assurance et de planification financière
Turkey	Turkish Insurance Institute

2 Framework of the Anchor project

2.1 Background analysis

For the first time, qualification requirements are stated on a European level: the EU **insurance mediation directive (IMD)** requires “appropriate qualification” of insurance intermediaries. Nevertheless, the definition of “appropriate qualification” is left to the member states. Consequently, the IMD was implemented in very different ways by the member states. The **qualification requirements** range from statements about the qualification of intermediaries by insurance companies, prescribed curricula of instruction to competence-oriented testing systems. There is no standard, no system for the comparison or (mutual) recognition of qualifications. Qualification, though, is a central requirement for the allowance in all countries. The European Commission considers the **directive 2005/36/EC on the recognition of professional qualifications** applicable to IMD-cases, in opposition to what has been stated in 2007. This means that professional qualifications acquired in one member state have to be recognized by local authorities when an intermediary applies for an allowance. Member states with a higher level of qualification standards will make use of the possibility to impose compensatory measures in case of substantial differences.

This situation leads to **multilateral checking of qualification systems** all over Europe, trying to compare the different qualification requirements and building up systems of compensatory measures on the background of political interests.

On the other hand, the intentions of the Bruges-Copenhagen-Process influence vocational education and training in Europe: the European Parliament has resolved, on 24th October 2007, the proposal on the establishment of the **European Qualification Framework** for lifelong learning¹.

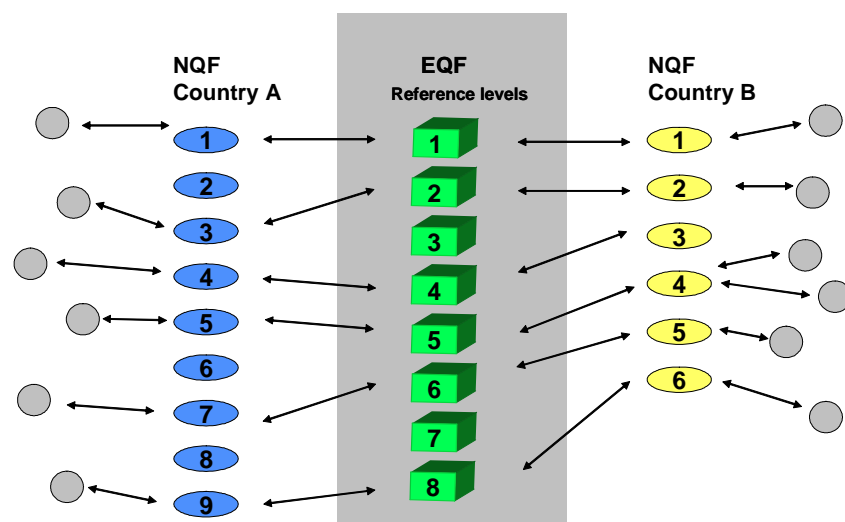


Table 1: Functioning of the European Qualification Framework (EQF)

¹ European Parliament legislative resolution of 24 October 2007 on the proposal for a recommendation of the European Parliament and of the Council on the establishment of the European Qualifications Framework for lifelong learning (COM(2006)0479 – C6-0294/2006 – 2006/0163(COD)) Texts adopted by Parliament, Wednesday, 24 October 2007, Strasbourg

This instrument will also be implemented by the member states in the form of national qualification frameworks (NQF). A **paradigm shift** takes place in the landscape of education and training: measures are no longer considered from the point of view of input (training hours, classroom activities, curricula) but from the point of view of output. The only relevant question for the labour market is, what kind of **competence** a participant of a training measure has achieved.

Therefore, the envisioned multilateral checking of different qualification systems is a fallback. Eficert sees **great opportunities** for the insurance industry from the application of the European Qualification Framework to the challenge of insurance intermediary qualification requirements in Europe. By this instrument, comparable standards can be reached by looking at the actual outcome, by the competences insurance intermediaries have.

2.2 Aims of the project

The Anchor project initiated by eficert wants to develop a European **qualification standard for insurance intermediaries** according to the IMD and deliver a certificate to those insurance intermediaries in Europe who have the designed competences. Using the European Qualification Framework, eficert also tests the applicability of this instrument in a real qualification challenge. Eficert sees the qualification standards for insurance intermediaries as a first step (the “anchoring” step) and plans to consider higher level qualifications in the insurance industry as well, thus building up a **Sectoral Qualification Framework**.

2.3 Setup of the working group

The Anchor working group was established by the general assembly of eficert, Munich, December 2006. Members of the working group are

2007

- Roberta Pittaluga, IRSA, Italy
- Katharina Höhn, BWV, Germany
- Matthias Stettler, VBV, Switzerland
- Klas Ottosson, SSE, Sweden
- Rolf Harslof / Lene Frilund, Forsikringsakademiet, Denmark

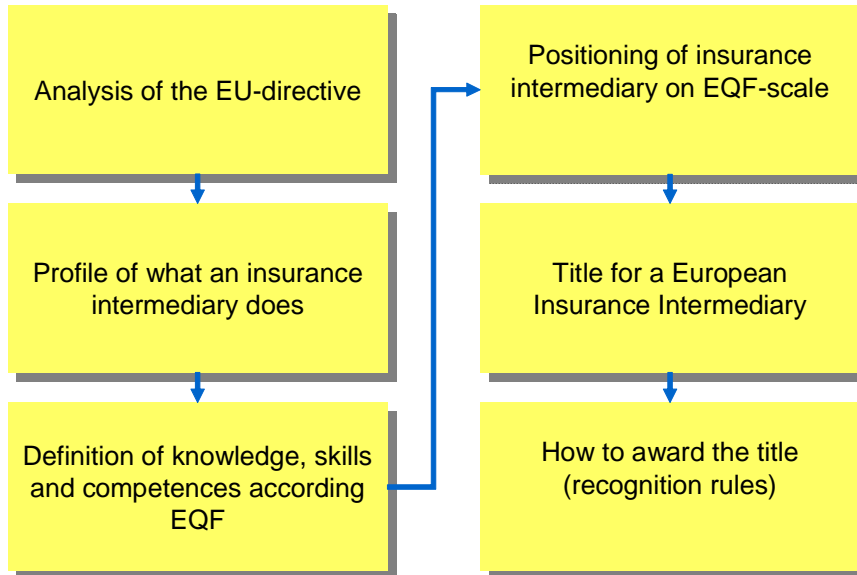
2008

- Roberta Pittaluga, IRSA, Italy
- Katharina Höhn, BWV, Germany
- Matthias Stettler, VBV, Switzerland
- Klas Ottosson, SSE, Sweden
- Elpiniki Karampali, Greek Institute for Insurance Education (EIAS), Greece
- Sotos Kyriakides, Insurance Institute of Cyprus, Cyprus

From January 2007 and January 2008, 5 meetings took place. All travel expenses were financed by the home organisations of the member organisations.

3 Results of the working group

The working group worked on the following agenda:



3.1 Analysis of the IMD

In a first step, the IMD was thoroughly analysed in order to detect all hints concerning the level and scope of “appropriate qualification”. The following passages gave indications:

- *Preamble (21)*
 - *Less need to require information (...) for commercial and industrial risk (see Art. 12 (4)) → private customer risks*
- Art. 2 (3)
 - Introduce, propose or carry out other work to the conclusion of insurance contracts, conclude such contracts, or assist in the administration and performance of contracts, in particular in the event of a claim
- Art. 12
 - (1) provide the customer with the following information
 - His identity and address
 - The register he is included in
 - Which company or companies he represents (tied or untied)
 - (3) Specify the demands and the needs of the customer (in particular on the basis of information provided by the customer)
 - Specify the underlying reasons for any advice given to the customer on a given insurance product
 - Module (adapt) the reasons for the advice to the complexity of the contract
 - Propose an insurance contract

3.2 Profile of what an insurance intermediary does

As stated in article 2.1, the final competence of a person should be the measure of all qualification comparisons. The working group stated that – not taking into account the very various qualification systems in Europe – an insurance intermediary is characterized by the following activities he or she is able to carry out:

- Guide the private (and small business; not industrial) customer through the sales conversation autonomously and systematically
- Explain to the customer his personal professional background and situation (registration, company/companies represented ect.); explain the types of services he offers)
- Make a needs analysis
 - Collect relevant information
 - Identify the needs and wishes of the customer
 - Identify the risks to be covered
- Find a solution
 - Compare the insurance needs and wishes of the customer and the eventual existing coverage
 - Develop possible solutions in order to fill the identified gap
 - Identify the most valuable solutions for the customer
- Propose solutions to the customer and explain consequences
 - Show the (possible) gap to the customer
 - Discuss possible solutions with the customer
 - Point out the necessary coverage and compare with economic possibilities of the customer
 - Agree with customer on the solution to be followed
 - Offer appropriate product/s and explain correctly the insurance conditions
 - Make sure that the customer understands the contract/s offered
- Get contract signed or make appointments for further steps to be taken
- Make a documentation of the conversation
- Follow up the contract
 - Review contracts and conduct measures to manage portfolios and maintain contracts
 - Assist customer in case of claim (advice concerning claims process)

3.3 Defintion of knowledge, skills and competences according to the EQF

In the EQF-language, the profile described above can be transmitted into the following categories:

3.3.1 Knowledge

Working definition:

Knowledge is to know facts, principles, theories and practices:

- *To know what (facts, concepts) (declarative knowledge)*
- *To know how (procedures, methods) (procedural knowledge)*
- *To know why (contextual knowledge)*

1. National insurance industry
2. National tax system
3. National social insurance system
4. Legal aspects relevant to insurance business
5. Fiscal aspects of a contract
6. customer protection regulations
7. Concept of risk
8. Economical aspects (e.g. profitability; combined ratio) of insurance contracts
9. Components of premium calculation
10. Insurance branches (e.g. household, car, liability, life...)
11. Products
12. Market and Competition
13. Product and company ratings
14. Customer (risk) profiles and behaviour
15. Psychological aspects of buying and selling
16. Communication principles
17. Sales software and support tools (data bases etc.)
18. Claims handling (company regulations, processes, customer obligations, regresses)
19. Working processes within the company; working organization

3.3.2 Skills (... is able to...)

Working definition:

Skills means the ability to apply knowledge and use know-how to complete tasks and solve problems

1. Apply sales techniques for a structured sales process
2. Communicate with customer according to communication principles
3. Realise the customer's information needs and give the background information required (personal professional background and situation: registration, companies represented ect.; type of service he offers)
4. Use sales software and support tools in a customer-oriented way (if relevant)
5. Collect relevant information from the customer concerning
 1. the economic situation of the customer
 2. The risk profile (e.g. personal data (age, family status), profession, income, possessions)
 3. Existing insurance coverages
 4. legal situation (e.g. ownership, obligations)
 5. Identify the risk profile of the customer
6. Interpret the risk situation of the customer
7. Identify the risks to be covered
8. Compare the insurance need of the customer and the existing coverage
9. Develop solutions in order to fill the identified gap
10. Balance the possible solutions taking into account customer (e.g. economic), company and own aspects
11. Organize the solutions developed into a hierarchy in accordance with the customer's situation
12. Take into account the impact of tax system for the customer and match it with the proposal
13. Explain solution to customer
14. Explain correctly the insurance conditions of the coverage plan offered
15. Show the possible gap to the customer
16. Make sure, that the customer understands the contract offered
17. Evaluate customer objections, get a clear idea of the customer's attitude towards the contract offered
18. Give arguments for the solution offered
19. Adapt the offer according to objections, if appropriate
20. Get contract signed or make appointments for further steps to be taken
21. Make a documentation of the conversation
22. Follow up the contract
23. Handle a CRM-system
24. Generate links for the consolidation of the customer contact
25. Use office organisation tools
26. Understand and apply the principles of claims handling
27. Make changes to contracts and conduct measures to manage portfolios and maintain contracts
28. Review customer contracts and take appropriate measures
29. Give the customer advice concerning the claims process
30. Advise customer how to avoid damages / losses

3.3.3 Competences

Working definition:

Competence is the ability to use knowledge, skills and personal, social, methodological (research) abilities; competence is described in terms of responsibility (taking over personal responsibility for customer and / or employees) and autonomy (ability to make decisions based on knowledge; make informed choices; with degrees of independence)

1. Act in accordance with ethical guidelines
2. Building up a confident relationship with customers (on technical and commercial aspects)
3. Create a balance between conflicting interests of customer, sales person and insurance company
4. Chose the right strategy to conclude the contract
5. Focus all activities on the goal of the sales process

3.4 Positioning of the Insurance Intermediary on the EQF-scale

The working group placed the insurance intermediary on level 3 of the European Qualification Framework (EQF) (see annex). There are certain key words in the level descriptions of the EQF that lead to this conclusion. The keywords are highlighted in the following tabel.

Level	Knowledge	Skills	Competence
Level 1	basic general knowledge	basic skills required to carry out simple tasks	work or study under direct supervision in a structured context
Level 2	basic factual knowledge of a field of work or study	basic cognitive and practical skills required to use relevant information in order to carry out tasks and to solve routine problems using simple rules and tools	work or study under supervision with some autonomy
Level 3	knowledge of facts, principles, processes and general concepts, in a field of work or study.	a range of cognitive and practical skills required to accomplish tasks and solve problems by selecting and applying basic methods, tools, materials and information	take responsibility for completion of tasks in work or study adapt own behaviour to circumstances in solving problems
Level 4	factual and theoretical knowledge in broad contexts within a field of work or study	a range of cognitive and practical skills required to generate solutions to specific problems in a field of work or study	exercise self-management within the guidelines of work or study contexts that are usually predictable, but are subject to change supervise the routine work of others, taking some responsibility for the evaluation and improvement of work or study activities

Table 2: positioning the insurance intermediary on EQF level 3

3.5 Title for an insurance intermediary

Considering the different distribution channels and types of “intermediaries” in the member states (tied agents, untied agents, brokers etc.), the working group proposes to stick to the wording of the IMD and to grant the title of

European Insurance Intermediary (eficert)

3.6 Recognition rules – process of awarding the title

As stated above, the IMD leaves to the members states the definition of “appropriate qualification” as well as the method of how an intermediary or company has to provide evidence concerning his or her competence. Therefore, there are countries with elaborate testing systems, others with learning programmes that have to be attended, others introduced a testimony of the employer or evidence of practical experience.

The Anchor working group believes in the success of the “eficert approach” to recognize the national member states qualifications. (Not: to create a completely new Europe-wide qualification). The team promotes in general the process eficert has undertaken to award the titles of “European Financial Adviser (eficert)” and “European Financial Planner (eficert)”. This means: the eficert member applies – with the relevant national proof of competence – and will (hopefully) be acknowledged to award the title. The certificate should then be delivered to the insurance intermediary through the eficert member, following certain eficert rules that have to be defined.

On the basis of the profile of insurances intermediaries and the definition of knowledge, skills and competence, the basic question has to be answered:

Does the Insurance Intermediary possess the knowledge, skills and competences defined?

National methods of proving competence have to fulfill a number of criteria in order to get acknowledgement to award the title. The working group defined the following criteria:

- The assessment of intermediary qualification has to cover knowledge, skills and competence defined in the profile.
- Assessment has to be submitted by a person authorized by the eficert member and has to be documented using standardized evaluation forms (no self-evaluation alone).
- The assessment procedure and the supervision of this procedure have to be clearly defined.
- Decision-taking has to be described (measurement; limit for passing / not passing defined)
- In case of assessment-documentation, the eficert-member has to supervise and approve the procedure (i.e. exams or training courses delivered by companies or other organisations)
- no knowledge-tests alone, but case-based, solution-oriented questions (open and/or multiple choice).
- Test must be done by testee alone (without help); individual test.
- Every test has to be evaluated and testing results have to be recorded.
- Assessments or tests have to be standardised and objective (e.g. if oral exams, then a standardised evaluation form is needed).

3.7 Possible functions and benefits of a Europe-wide certificate

A Europe-wide certificate for insurance intermediaries on a voluntary basis can have the following functions and benefits:

- Acknowledgement of a benchmark based on competences (outcome-orientation) for institutional, corporate customers
- Motivation for Life long learning for sales people
 - Grow from a national to a european level (motive to achieve the level)
 - Update and maintain the level (define an expiry date of the certificate?)
- Orientation for HR Management of global player companies
- Quality assurance for qualifications
- Additional credibility and acceptance for national qualifications
- EQF framework
 - Position the new certificate into the EQF framework (fix point)
 - Develop a sectoral framework

4 Project schedule

The next steps in the project are

- | | |
|--|---------------------------------|
| <ul style="list-style-type: none"> ▪ Communicating the Anchor project approach to political interest groups (on European and national level) in order to get feedback and improve results | January – August 2008 |
| <ul style="list-style-type: none"> ▪ Testing the functioning of the recognition procedure. (Working group members apply at the eficert board). | May - August 2008 |
| <ul style="list-style-type: none"> ▪ Presenting results to eficert general assembly in Riga in order to get approved. | 27 th September 2008 |
| <ul style="list-style-type: none"> ▪ Roll out by the accredited eficert member organizations. | October 2008 – December 2009 |

5 Appendix

5.1 Contact data of Anchor team members

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5.2 The European Qualification Framework (EQF) - Level descriptors

Each of the 8 levels is defined by a set of descriptors indicating the learning outcomes relevant to qualifications at that level in any system of qualifications.

Level (The learning outcomes relevant to level ... are:)	Knowledge	Skills	Competence
Level 1	basic general knowledge	basic skills required to carry out simple tasks	work or study under direct supervision in a structured context
Level 2	basic factual knowledge of a field of work or study	basic cognitive and practical skills required to use relevant information in order to carry out tasks and to solve routine problems using simple rules and tools	work or study under supervision with some autonomy
Level 3	knowledge of facts, principles, processes and general concepts, in a field of work or study.	a range of cognitive and practical skills required to accomplish tasks and solve problems by selecting and applying basic methods, tools, materials and information	take responsibility for completion of tasks in work or study adapt own behaviour to circumstances in solving problems
Level 4	factual and theoretical knowledge in broad contexts within a field of work or study	a range of cognitive and practical skills required to generate solutions to specific problems in a field of work or study	exercise self-management within the guidelines of work or study contexts that are usually predictable, but are subject to change supervise the routine work of others, taking some responsibility for the evaluation and improvement of work or study activities

Level	Knowledge	Skills	Competence
Level 5	comprehensive, specialised, factual and theoretical knowledge within a field of work or study and an awareness of the boundaries of that knowledge	a comprehensive range of cognitive and practical skills required to develop creative solutions to abstract problems	exercise management and supervision in contexts of work or study activities where there is unpredictable change review and develop performance of self and others
Level 6	advanced knowledge of a field of work or study, involving a critical understanding of theories and principles	advanced skills, demonstrating mastery and innovation, required to solve complex and unpredictable problems in a specialised field of work or study	manage complex technical or professional activities or projects, taking responsibility for decision-making in unpredictable work or study contexts take responsibility for managing professional development of individuals and groups
Level 7	highly specialised knowledge, some of which is at the forefront of knowledge in a field of work or study, as the basis for original thinking and/or research critical awareness of knowledge issues in a field and at the interface between different fields	specialised problem-solving skills required in research and/or innovation in order to develop new knowledge and procedures and to integrate knowledge from different fields	manage and transform work or study contexts that are complex, unpredictable and require new strategic approaches take responsibility for contributing to professional knowledge and practice and/or for reviewing the strategic performance of teams
Level 8	knowledge at the most advanced frontier of a field of work or study and at the interface between fields	the most advanced and specialised skills and techniques, including synthesis and evaluation, required to solve critical problems in research and/or innovation and to extend and redefine existing knowledge or professional practice	demonstrate substantial authority, innovation, autonomy, scholarly and professional integrity and sustained commitment to the development of new ideas or processes at the forefront of work or study contexts including research.