

CHIEF GUEST ADDRESS



SHRI S V MONY
Ex- Chairman, GIC of India

at the
56TH ANNUAL CONFERENCE
At THIRUVANANTHAPURAM
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INSURANCE INSTITUTE OF INDIA
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Chief Guest, Shri S V Mony's address
at the 56th Annual Conference of the Insurance Institute of India
in Trivandrum, on 24-9-2011

Good Morning. Namaskarams.

I thank the Insurance Institute of India (III) and the Trivandrum Insurance Institute for inviting me to participate in this important annual conference of the III.

The III is arguably the oldest insurance educational institution in India and it has been rendering very valuable service to the insurance community. It is therefore an honour to be at this function. My added pleasure is for another reason too. I was born and brought up in Travancore and had my University education in Trivandrum. My association with this city and my memories were strong incentives to accept the invitation readily. I do feel really happy to have been invited as Chief Guest at this important function.

Unlike the present times when a wide range of jobs are available to newly qualified persons, the situation was very different when I came into the job market. Jobs were few. There were not many new sectors to seek them in. By some chance I joined the general insurance sector in 1957. After joining one of my very first tasks was to find out how one could grow in the sector. The Bombay Insurance Institute was the answer and I wasted no time in enrolling through them for the insurance examinations of CII. Those days the several local institutes in India were linked through the Federation of Insurance Institutes. Indian examinations had just started to take root. Exactly two years later I had passed ACCII and a few more years later the FCII. Thereafter I continued my association by teaching after office hours at the Madras Insurance Institute. I had also played some roles in the development of text books and curriculum for subjects in the III. Most of my colleagues were of the view that I was wasting my time as the insurance sector was not too generous in recognizing the Institute qualifications when it came to career and monetary benefits. I must say theirs was a wrong perception as I found out very early. I went

through my career in insurance with good speed and at each stage I paused and looked back to reaffirm how well the qualifications helped.

Education is always rewarding and its influence cannot be over-emphasised.

“Education has for its object the formation of character.” (*Herbert Spencer*)

Insurance education, in my case, contributed immensely to acquiring knowledge and character. It is worth pointing out several times that the contribution from our Insurance Institute to the knowledge levels in the insurance industry and the wider financial services sector is immense. The institution started in the private sector days before nationalization, played its role through the days of full State ownership and is continuing in the decade after the opening up of the sector.

In the context of severe competition in the Indian insurance market it is worthwhile to dwell briefly on some unique characteristics of insurance when compared to other arms of financial services sector. As ancient as it is, insurance is possibly the only service that has been founded on some time-tested principles viz. Utmost Good Faith, Insurable interest, Indemnity, and Proximate Cause. At each stage of our work and career these principles manifest themselves. When these are neglected or given a go-by the decisions come to haunt the decision-maker. Current market practices attract criticism that insurance business does not have any guiding principles particularly after a large number of non-insurance leaders have taken up influential positions. As I said it needs to be reiterated yjat we have a business that has been founded on very well-evolved principles. It is our duty to bring the industry back to its lofty path and in this the III has a role to play.

By application of statistical principles and the above four fundamentals the industry should be on healthy lines. Low rates, not supported by statistics, rules of indemnity flouted, etc are situations we see in terms of competitive aberrations in general insurance and some areas of life insurance. I see in these a clear lack of commitment to basic principles that are omnipresent! In the context of the quote on education, have we helped build character or mere commercial recklessness?

The III has been doing exemplary work in the areas mandated to it. I would like to suggest that the leaders in the industry and those in management should devote time and thought to analyse the role with a view to making it more relevant to the fast changing market realities. At the level of imparting knowledge that helps one to advance up to a point III has undoubtedly done a remarkable job. Can we now think of the III as an instrument to develop leaders in the true sense? There is a need to provide credible platforms for professional development'. Many professions have institutional support in doing this. Our own Actuarial Society has a framework according to which a qualified Actuary is expected to constantly upgrade his/ her knowledge and skills. The ICAI too has a similar discipline. If the III has any such scheme I am not yet aware of it. A lot of initiatives can be taken.

In the changing financial world there is a consistent convergence of the several parts. I have wondered if it is possible to provide common platforms of professional education passing through which insurance professionals can have meaningful opportunity in a wider area of the sector.

Management subjects are being handled by a very large number of institutions with widely varying standards. I venture to state that management of insurance business and organizations do present a set of challenges not usually seen elsewhere. Can the III get some experts together and think in terms of developing curriculum and teaching material for those qualifying the AFII or FFII so that they can acquire wider certification in allied fields or higher specialization in insurance? The III can perhaps have arrangements with some Institutes of Management for they range of common courses that a Management student goes through. A joint effort in this area can offer very valuable platforms for growth of insurance officials at different levels of responsibility. Selling insurance is a different proposition when compared to selling other tangible products. All of you will agree that we in India could do with many more sales persons with professional approach. Marketing courses in insurance specifically are very much needed. Management courses in general provide a framework and foundation. There is a need to offer courses or class-room teaching specially tailored for the life, general and health insurance inductees. A combination of the foregoing will provide immense opportunities for growth of insurance professionals within the sector.

There are strong indicators that the industry or even the economy needs professionals at a higher level who have pursued acquisition of knowledge in insurance and related subjects so that the sector can deliver a much higher level of service backed by knowledge. The sector also needs senior professionals who have a higher degree of expertise and an increased level of commitment to the fundamentals. I therefore suggest that ways be examined as to how an institution such as III can play a valuable role in the practitioners taking up professional development education relevant to the insurance sector of the future.

A recent academic publication on this subject states, *inter alia* that continuing professional development and education may consider some of the following aspects:

- (1) Know the dynamics of continuing professional education relevant to the specific sector;
- (2) understand the conflicting goals of the educational process;
- (3) how professionals learn and acquire expertise;
- (4) foster greater participation in educational activities;
- (5) differing institutional approaches to effective education;
- (6) decide when and how to collaborate with other educational providers;
- (7) Evolve successful program development strategies.
- (8) determine whether programs are worthwhile and appropriate for the sector under consideration;

I would emphasize that pioneers in professional education, such as the III need to convert their enormous strengths in spread, acceptance, track record, credibility etc. into imparting a higher level of continuing education relevant to the fast-changing sector. II may seriously examine their current strategies and undertake studies as to ways in which they can enhance their valuable contributions in a rapidly changing environment so that they continue to be highly relevant. Initiatives in continuing professional education would be one such. It calls for serious strategic planning.

There is another area in which insurance education can and should take a lead. Indian Insurance industry is on the threshold of making quantum jump. Penetration levels are increasing, more insurance policies are sold to non-urban people and it is time to partly reorient the education programmes to something more appropriate and suitable for the vast rural and semi-urban population. For example would it be possible to introduce study material examinations et al in local languages, if not done already?

There is repeated mention in all forums about creating awareness and achieve 'financial inclusion'. Lofty ideals; but I believe the III can make significant contributions in these areas. If insurance education is spread to rural areas through local language and easy-to-understand study material, vast number of people will enter the force with knowledge and awareness would increase. Some of the costs will be borne by the candidates. A small effort, but an effective long-term benefit will be the outcome.. It will involve planning, efforts in crossing several hurdles etc. But there will be reward in the medium-to-long term; not immediate. A couple of experimental projects can be undertaken.

Some years back GIC introduced a vocational stream in insurance at the 11th and 12th standard level. The scheme was extremely popular but it ran into unexpected rough weather and we did not try to overcome it; but abandoned the valuable scheme. The III can take that as a model and adapt it for introducing insurance as a subject in schools in regional languages gradually. Consequently the range and quality of the persons participating in the sector would change significantly, for the better.

These and other efforts would need vast resources. A well thought-out MOU with IRDA would pave the way to overcome the problem if the objectives and the plan are articulated well.

Indian insurance industry is at a critical juncture. General insurers are looking through dark tunnels, life insurers are still struggling to come out of the ULIP turbulence,

Health insurance has a vast potential; but a lot more thought has to be given by the regulators and the insurers before we can see stability. There is an urgent need to inject a large number of talented manpower into the industry who can get sound though introductory introduction to the industry.

A deep introspection can change the face of the sector which deserves better recognition and appreciation. It should not regularly be assessed in public and in private based only on their shortcomings and grievances etc. Enhanced and continuing professional education and knowledge will be the main contributor and III is possibly the only vehicle that can deliver. It needs to come out of its limited confines and take steps to realize its destiny.

I will conclude with a quote from Socrates:

“There is only one good, knowledge, and one evil, ignorance”.

Undoubtedly Insurance Institute of India has a prime place in qualifying to promoting **‘good’** as Socrates meant it.

Thiruvananthapuram

September 24, 2011