



Sector Skills Plan

2020-2025

Date Submitted: 01 August 2019

FOREWORD

It is a pleasure to present the Insurance Sector Education and Training Authority (INSETA) Sector Skills Plan (SSP) for 2020-2025. The SSP has been updated with new information and insights. The Department of Higher Education and Training (DHET) requires an additional chapter on Monitoring and Evaluation to be inserted in this iteration of the plan.

We have included this as Chapter Five. The plan comprises six chapters. We have ensured that the SSP responds to the national strategies and plans of government, particularly the National Development Plan (NDP). This SSP underpins the government's priority of reducing unemployment, combating inequality, and alleviating poverty.

There is a section on Research Methodology before Chapter One, as required by the DHET. Chapter Three is renamed and called Occupational Shortages and Skills Gaps and is restructured according to the new DHET requirements. A Sectoral Priority Occupations List containing the Top 10 occupations in the insurance sector is included in this chapter.

The Continuous Improvement Plan (CIP) has been rewritten according to the DHET CIP matters template. A new development includes the establishment of a research partnership with the University of Witwatersrand. The research partnership will give new impetus and support the research agenda of the INSETA. Two further research partnerships will be secured with public universities in the Western Cape and Kwa-Zulu Natal.

The INSETA is forging ahead with the development of new occupational qualifications for the sector. There are also moves afoot to prioritise technological skills formation in the workforce due to the advent of the 4th Industrial Revolution which is having a major impact on all areas of the insurance sector.

The Skills Planning and Research Division of the INSETA has been strengthened with the appointment of an experienced senior researcher and further appointments to follow. The aim is to make the INSETA an authority of skills research and intelligence in the sector. We have developed a research agenda which will guide our research activities. A Research and Learning Programmes Steering Committee has been established to set the research and learning programme agenda and ensure that research outputs inform skills development interventions in the sector.

We have intensified our engagements with the social partners (employers, labour and government) this year to ensure that the activities of the INSETA are driven by the demands of its stakeholders. We have increased our TVET footprint by engaging with public TVET Colleges. The INSETA is committed to capacitating lecturers to offer insurance qualifications. Our support to TVET students has been expanded through additional financial support and internships.

We are confident that you will find the INSETA Sector Skills Plan to be an interesting and insightful document.

ACRONYMS

| | |
|---------|--|
| ASISA | Association of Savings and Investment South Africa |
| ATR | Annual Training Report |
| BATSETA | Council of Retirement Funds for South Africa |
| B-BBEE | Broad-Based Black Economic Empowerment |
| BBF | Black Brokers Forum |
| BHF | Board of Healthcare Funders |
| BIAC | Black Insurance Advisory Council |
| BUSOSA | Burial Society of South Africa |
| CETA | Construction Education and Training Authority |
| ETQA | Education and Training Quality Assurer |
| EWSETA | Energy Sector Education and Training Authority |
| FAIS | Financial Advisory and Intermediary Services Act |
| FIA | Financial Intermediaries Association of Southern Africa |
| FPI | Financial Planning Institute |
| FSCA | Financial Sector Conduct Authority |
| FSC | Financial Sector Charter |
| FSP | Financial Service Providers |
| GDP | Gross Domestic Product |
| GIZ | German Cooperation (Deutsche Gesellschaft für Internationale Zusammenarbeit) |
| HRDSA | Human Resource Development Strategy for South Africa |
| ICT | Information and Communication Technologies |
| IISA | Insurance Institute of South Africa |
| ILA | Institute of Loss Adjustors |
| INSETA | Insurance Sector Education and Training Authority |
| IOPSA | Institute of Plumbers South Africa |
| NC(V) | National Certificate (Vocational) |
| NDP | National Development Plan |
| NGP | National Growth Path |
| NQF | National Qualifications Framework |
| NSDS | National Skills Development Strategy |
| NSWHP | National Solar Water Heating Programme |
| OFO | Organising Framework for Occupations |
| PIVOTAL | Professional, Vocational, Technical and Academic Learning |
| QCTO | Quality Council for Trade and Occupations |
| SAFOBS | South African Funeral Business Services |
| SAIA | South African Insurance Association |
| SAQA | South African Qualifications Authority |
| SARB | South African Reserve Bank |
| SAUMA | South African Underwriting Managers Association |
| SDP | Skills Development Provider |
| SETA | Sector Education and Training Authority |
| SIC | Standard Industrial Classification |
| SME | Small and Micro-Enterprises |
| SSP | Sector Skills Plan |
| SWH | Solar Water Heating |
| TVET | Technical, Vocational, Education and Training (colleges) |
| WSP | Workplace Skills Plan |

EXECUTIVE SUMMARY

The INSETA Sector Skills Plan (SSP) is a “programme of action” for the insurance sector. It is closely aligned to the National Development Plan (NDP) and National Skills Development Plan (NSDP) which collectively offer a blueprint for South Africa.

The scope of industrial coverage of insurance includes unit trusts, risk management, insurance & pension fund (except compulsory social security), life insurance, pension funding health care benefits, short-term insurance, funeral insurance, reinsurance and auxiliary activities (includes brokers and intermediaries).

Chapter One focuses on the economic and labour performance of the insurance sector. The economic performance of the insurance sector is influenced by the macro-economic performance of the South African economy. GDP in 2018 was 0,8% with adverse consequences for insurance companies since financial products are not essential items like food, travel and petrol. Insurers are also affected by the rating downgrades as they are major holders of the assets that were subject to downgrades. The contribution of insurance to GDP was 9% in 2018.

On the positive side, the South African insurance market is mature, companies are competitive, and companies have high levels of insurance penetration. The largest contribution to finance and insurance GDP provincially are Gauteng, Western Cape and Kwa Zulu-Natal.

In terms of labour market performance, there was an increase in insurance sector employees of 46 952 over the period between 2010 and 2018. This translates into a 32% increase in employees in the sector. Comparative growth for all sectors for the period was 16%. Large insurance companies (+150 employees) comprise 82% of the workforce. Medium insurance companies (+50-149 employees) comprise 8.8% of the workforce.

Small insurance companies (1-49 employees) comprise 9.2% of the workforce. Middle-level workers such as clerks and sales and service workers are increasingly being replaced by technology in the form of artificial intelligence (AI), social media, digitisation and other IT enablers. Middle-level occupations are being hallowed out of the sector. Whites are in the majority at manager level. Hence, there is a need for increasing the number of Blacks (Africans, Coloureds and Indians) at management level.

Chapter Two identifies key skills change drivers in the sector. These are technology, climate change, product development, economy, regulatory environment and future work.

Technology is disrupting the insurance sector. This disruption is referred to as the 4th Industrial revolution and involves the increasing use of artificial intelligence, robotics, big data, digitisation, digital marketing, blockchain, predictive analytics and machine learning. There are, and will be, very attractive career (not just job) opportunities for graduates who can work in technology areas in the insurance sector.

Climate change is one of the most significant challenges facing the insurance sector and is an immediate-to long-term issue. Reskilling is required to factor climate change in the following areas: liability, underwriting, marketing, risk management, regulations, investment, strategic, operational, reputational, pricing, and asset risks.

Most insurers are struggling with innovative product development. To accelerate product development the sector should be training and designing programmes in new product development on more relevant coverages, capabilities, and platforms, unburdened by the usual policy categories.

The new *Insurance Act* took effect effective from 1 July 2018 and will eventually replace the existing Long-term and Short-term Insurance Acts. Industry stakeholders should be trained in applying the new legislation in all operational activities.

Insurers cannot increase staff due to the tightness of the labour market. Insurers will likely be challenged to retrain and repurpose workers impacted by tech upgrades to make more productive use of their time and talent.

Chapter Three focuses on the Sectoral Priority Occupations List. The following are the Top 10 occupations on the list are Insurance Agent; Insurance Broker; Actuary; Data Analyst; Insurance Loss Adjustor; Financial Investment Advisor; Fraud Examiner; Developer Programmer; ICT Security Specialist; and Organisational Risk Manager.

Chapter Four discusses current and planned sector partnerships. INSETA is partnering with public TVET Colleges to develop lecturer capacity and provide bursaries to TVET students. Another is the appointment of the University of Witwatersrand as a research partner to provide applied research capacity support to INSETA.

INSETA has partnered with the Insurance Institute of South Africa (IISA) for developing occupational qualifications in the short-term insurance industry. A partnership was also forged with professional bodies and industry associations to promote work placements and internships among their membership for unemployed learners and graduates.

INSETA is supporting the development of artisans through the Strategic Integrated Projects (SIPs) as a national priority.

In terms of planned projects, two additional research partnerships will be established for technology and skills planning research in the Western Cape and Kwa Zulu-Natal.

Chapter Five addresses monitoring and evaluation. INSETA is meeting its annual targets as per its service level agreement with the DHET. The establishment of the Research and Learning Programmes Committee is intended to use the expertise of human resource development experts in the sector to guide the research agenda.

Chapter Six outlines key strategic skills priority actions. The following are proposed: Strengthening the INSETA's research capacity for sector skills planning; supporting the public TVET College system; address occupations in high demand and skills gaps; developing new

and enhancing existing qualifications; supporting professionalisation of sector; meeting transformation targets; supporting SMMEs and entrepreneurship; supporting rural development and cooperatives; building career guidance; and support national strategies and plans.

Mr Moshupi Mokgobinyane
Board Chairperson

Ms Nadia Starr
Chief Executive Officer

Signature:

Signature:

Date: / / /

Date: / / /

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RESEARCH PROCESS AND METHODS

INSETA has conducted various research initiatives and data analyses for this SSP 2020-2025. Multiple sources were consulted. SSP has been developed with a high level of stakeholder participation. This enhanced the research findings and recommendations. The information underpinning SSP is authoritative and credible.

Multiple research methods were used to develop the plan and determine the extent of skills supply and demand. This comprised desktop research, statistical analyses, a survey and stakeholder consultations. A multi-method approach compensated for the limited availability of labour market on the insurance sector. The following methods were implemented across the various research projects listed, based on each particular project's needs:

Table 1 below presents the research initiatives that INSETA carried out in order to gather data for the SSP.

Table 1: Research conducted in preparing INSETA'S SSP (2020-2025)

| Topic | Study Design | Objectives of the Study | Data Collection Tools | Sample Size | List of Data Sources | Time Frame |
|--|---------------------------|--|--|--|--|------------------------|
| Skills Availability and Transformation in the Insurance Industry | Qualitative/ Quantitative | <ol style="list-style-type: none"> 1. Determine the status of transformation in the sub-sectors of the insurance industry served by INSETA 2. Determine what skills are available and identify skills shortages 3. Highlight areas that offer job creation opportunities 4. Identify gaps between existing qualifications and skills and those required 5. Define industry expectations for addressing these gaps | <ol style="list-style-type: none"> 1. Desktop Research 2. Interview Protocols (discussion guide and telephonic questionnaire) 3. Web-based Survey | <ol style="list-style-type: none"> 1. 300 Senior Representatives of Large and Medium Levy-Paying companies 2. 4 000 Small Levy-Paying and Non-Levy-Paying companies, including Micro Enterprises | <ol style="list-style-type: none"> 1. 2018/19 WSP ATR Data extracted from SARS 2. South African Underwriting Managers Association (SAUMA) Database from the South African Insurance Association 3. The Financial Intermediaries Association Qualifications from the National Qualifications Framework | March 2018 – July 2019 |

| Topic | Study Design | Objectives of the Study | Data Collection Tools | Sample Size | List of data sources | Time frame |
|--|--------------------------|---|--------------------------------------|--|--|------------|
| Hard-To-Fill Vacancy Survey | Quantitative | 1. Determine the hard-to-fill vacancies and reasons for those over the last 12 months as identified by INSETA-registered employers | 1. Survey | 1. 30 Large/Medium companies and 30 Small companies | 1. List of INSETA-registered Levy Paying and Non-Levy Paying Employers | Annually |
| The absorption of learners into employment | Qualitative/Quantitative | 1. Determine whether employment opportunities exist once learners graduate from TVET Colleges | 1. Research Questionnaire | 1. Learners' graduation from TVET Colleges in the Eastern Cape | 1. Learners enrolled in learnerships and full qualifications in the Eastern Cape | March 2019 |
| Artificial intelligence, digitization, and its impact on skills planning; a determination of the supply & demand mismatch. (Project Charter Research, May 2018). | Qualitative Quantitative | The areas of focus for the first-mentioned study will be on firstly, problems around the implementation of artificial intelligence and digitization within the South African context; secondly, the statement 'learn with machines', will be examined from the vantage point of all its implications; and thirdly, the manner in which artificial intelligence & digitization can improve human existence and improve the quality of life as well as give direction to INSETA in the short, medium and long term on how this will impact skills for now and the future. | Survey of insurance companies | Still to be determined | Large, medium and small insurance companies on the INSETA skills indicium system | Annually |
| | | | | | | |
| Supply & Demand & Qualification Mismatches | Qualitative/Quantitative | The second study has 3 aspects linked to it: study the demand for skills mismatch of occupations (jobs) annually; study the supply of occupations (jobs) mismatch annually; and study the qualification-job mismatch annually. 3 research reports will be produced to give direction to INSETA on the interventions required by the sector. | Open-ended questions & Likert scales | Still to be determined | INSETA stakeholder companies | Annually |

In preparing this SSP, INSETA also thoroughly analysed the data from the Workplace Skills Plans (WSPs) submitted in April. To ensure that this data was as accurate as possible, certain processes were necessary to ensure that information was drawn from clean data. Some of these processes involved filtering the following:

- Companies who had not selected to register a SIC code
- Companies who did not register their size
- Companies who did not provide an address
- Companies who did not provide a CIPRO number
- Colleges and universities
- Quality assurance data
- Residual data in the database for companies no longer registered with INSETA.

The information was drawn from 608 WSPs submitted for 2019/2020:

Table 2: Active levy-paying employers and WSPs submitted (2019-2020)

| Enterprises | 2015/16 submissions | 2016/17 submissions | 2017/18 submissions | 2018/2019 submissions |
|---|---------------------|---------------------|---------------------|-----------------------|
| Large levy-paying Employers (150+ employees) | 87 | 67 | 126 | 71 |
| Medium levy-paying Employers (50 – 149 employees) | 81 | 102 | 135 | 95 |
| Small levy paying Employees (1 – 49 employees) | 879 | 448 | 701 | 442 |
| Total | 1047 | 617 | 962 | 608 |

Source: INSETA

Methodology employed in development of SSP 2020-2025

- **Purposive sample selection** - The main goal of purposive sampling is to focus on particular characteristics of a population that are of interest.
- **Expert sampling** - Expert sampling is a type of purposive sampling technique that is used when research needs to glean knowledge from individuals that have particular expertise.
- **Expert elicitation** - Particular expertise is investigated and forms the basis of a research project which requires a focus on individuals with specific expertise.
- **Qualitative** - Exploratory research entails an in-depth investigation into the topic at hand to define, describe and enhance understanding of the topic.
- **Explanatory (statistical) research** - Explanatory research provides data for extrapolating the results to populations and providing “hard data” (numbers).
- **Qualitative research** - This research is concerned with “...developing explanations or gathering of opinions...”
- **Triangulation** - This is an analysis device for enhancing the credibility, accuracy and persuasiveness of the research across a multiplicity of different industry sectors.
- **Thematic analysis** - The procedure of thematic networks provides a technique for breaking up text and finding within it explicit rationalisations and their implicit significations.

Each method was based on the level of insight it provided to facilitate a comprehensive labour market analysis. The skills division at INSETA uses multiple sources of data, especially qualitative data, to complement the quantitative WSP/ATR data; qualitative sources included key stakeholder meetings. Desktop analysis of skills shortages as identified from PESTEL empirical data was performed. The hard-to-fill vacancy survey was conducted by INSETA in order to contribute value to the Employer Survey. This section thus outlines the research methodology of both the human capital study and the SSP research conducted by INSETA.

CONCLUSION

INSETA is satisfied that its research process and methods in compiling this SSP were thorough and varied and have led to information that is accurate and meaningful. That being said, lessons have been learned which will affect the research process and methodology underpinning the next SSP.

CHAPTER ONE: SECTOR PROFILE

1.1 INTRODUCTION

This section presents a profile of the insurance sector. It describes the scope of coverage and identifies key role-players in the sector. The economic and labour market performance of the sector are analysed. An employer and employees profile of the insurance sector is determined. The sector profile gives a broad understanding of the sector and its contribution to the economy.

The data used for this chapter is obtained from Statistics South Africa's Quarterly Labour Force Survey (QLFS) and the employer Workplace Skills Plan/Annual Training Report 2019-2020 submitted to INSETA.

1.2 SCOPE OF COVERAGE

INSETA's scope of coverage is the following:

Table 3: The sub-sectors in insurance and SIC codes

| SIC Codes | Sub-Sectors |
|-----------|--|
| 81901 | Unit trusts |
| 81902 | Risk management |
| 82100 | Insurance & pension fund (except compulsory social security) |
| 82110 | Life insurance |
| 82120 | Pension funding |
| 82131 | Health care benefits |
| 82191 | Short-term insurance |
| 82192 | Funeral insurance |
| 82193 | Reinsurance |
| 83000 | Auxiliary activities (includes brokers and intermediaries) |

Source: INSETA

The above scope of industrial activities form three major categories:

Long-Term Insurance: This covers life-changing events, such as death, retirement and disability. The types of cover offered include Life, Disability, Dread Disease, Funeral and Credit Life Cover.

Short-Term Insurance: This encompasses all types of insurance policies other than life insurance. This includes vehicle, property, household, medical, personal liability, travel and business insurance.

Collective Investments: A collective investment scheme involves members of the public investing money or other assets in a portfolio. This category was formerly known as unit trusts.

1.3 KEY ROLE-PLAYERS

The sector has professional bodies, industry associations, financial service companies, trade unions and regulatory bodies that support an insurance sub-sector, professionals, and employers.

Table 4: Key role-players in the insurance sector

| Regulatory Bodies | | Key Role |
|--|--|---|
| FSCA | Financial Sector Conduct Authority | Financial sector conduct Authority is a dedicated market conduct regulator for the South African Financial services sector. The regulatory reforms of the FSCA has skills development implications for employees, employers, training providers and the INSETA. Training interventions are needed to bring these groups up to date with regulations. |
| SARB | South African Reserve Bank | SARB protects the value of South Africa’s currency. In discharging this role, it takes responsibility for informing the South African community and all stakeholders abroad about monetary policy and the South African economic situation. Data from the SARB national accounts are used for skills planning research. |
| PA | Prudential Authority | The twin peaks model reforms the regulatory and supervisory landscape for the financial sector by dividing the regulatory architecture into a Prudential authority, located in the South African reserve bank, that will regulate financial soundness of financial institutions. The regulatory reforms of the PA has skills development implications for employees, employers, training providers and the INSETA. Training interventions are needed to bring these groups up to date with regulations. |
| SAQA-registered professional bodies and associations | | Key Role |
| ILA | Institute of Loss Adjustors | ILA controls the professional standards and conduct of Loss Adjusters by means of a Code of Conduct and a Disciplinary Procedure. ILA advises INSETA on the development of new qualifications relating to claims assessment. |
| FPI | Financial Planning Institute | FPI is a South African Qualifications Authority-recognised professional association for financial planners in South Africa. It is the only institution in South Africa to offer the CFP® certification, as well as an approved examination body for the FAIS Regulatory Examinations. FPI advises INSETA on the development of new qualifications relating to financial planning. |
| BATSETA | Council of Retirement Funds for South Africa | BATSETA is a non-profit organisation, managed by a Board of Directors, that looks after the interests of Principal Officers, trustees and fund fiduciaries in the retirement industry. BATSETA advises INSETA on the development of new qualifications relating to long-term insurance. |
| SAQA-registered professional bodies and associations | | Key Role |
| IISA | Insurance Institute of South Africa | IISA is a professional membership institute for the South African short-term insurance industry. The Institute’s vision is to help create “World Class Skills for a World Class Industry” by promoting skills development and professional conduct among members engaged in the insurance industry. IISA assists INSETA with graduate placements and internships. |

| Non-SAQA registered professional bodies and associations | | Key Focus |
|--|---|--|
| SAIA | The South African Insurance Association | SAIA is the representative body of the short-term insurance industry. It represents the industry to all relevant stakeholders to ensure a sustainable and dynamic industry. SAIA's members comprise all categories of short-term insurers, including reinsurers. SAIA assists INSETA with graduate placements and internships. |
| FIA | Financial Intermediaries Association | FIA represents South Africa's independent brokers, including large- and medium-sized brokerages as well as individual financial intermediaries. FIA provides insights into the skills development needs of its membership. |
| ASISA | The Association for Savings and Investment South Africa | ASISA represents the majority of the country's asset managers, collective investment scheme management companies, linked investment service providers, multi-managers and life insurance companies. ASISA provides insights into the skills development needs of its membership. |
| Non-SAQA registered industry associations | | Key Focus |
| BBF | The Black Brokers Forum | BBF is one of the representative bodies for black financial advisers. BBF provides insights into the skills development needs of its membership. |
| BIAC | Black Insurance Advisors Council | BIAC's main objectives are to provide the community of South Africa and the insurance industry with skilled, informed and fit and proper financial services providers. The secondary objective is to work in collaboration with other insurance industry organisations and other statutory institutions in addressing issues affecting the insurance industry. BIAC provides insights into the skills development needs of its membership. |
| SAUMA | South African Underwriting Managers Association | SAUMA protects the rights of the underwriter within their relevant industry. SAUMA provides insights into the skills development needs of its membership. |
| BHF | Board of Healthcare Funders | BHF's motto is "Serving medical scheme members"; this guides the manner in which BHF fulfils its function of representative body to the healthcare funding industry. BHF provides insights into the skills development needs in the healthcare industry. |
| SAFOBS | South African Federation of Burial Societies | SAFOBS oversees the coordination, training and education of burial societies and their staff. SAFOBS provides insights into the skills development needs of its membership. |
| BUSOSA | Burial Society of South Africa | BUSOSA assists the Burial Society business to create sustainability and to provide education and training for entry into the industry. BUSOSA provides insights into the skills development needs of its membership. |

The Financial Services Conduct Authority (FSCA) is the regulatory authority for all the professional bodies and industry associations.

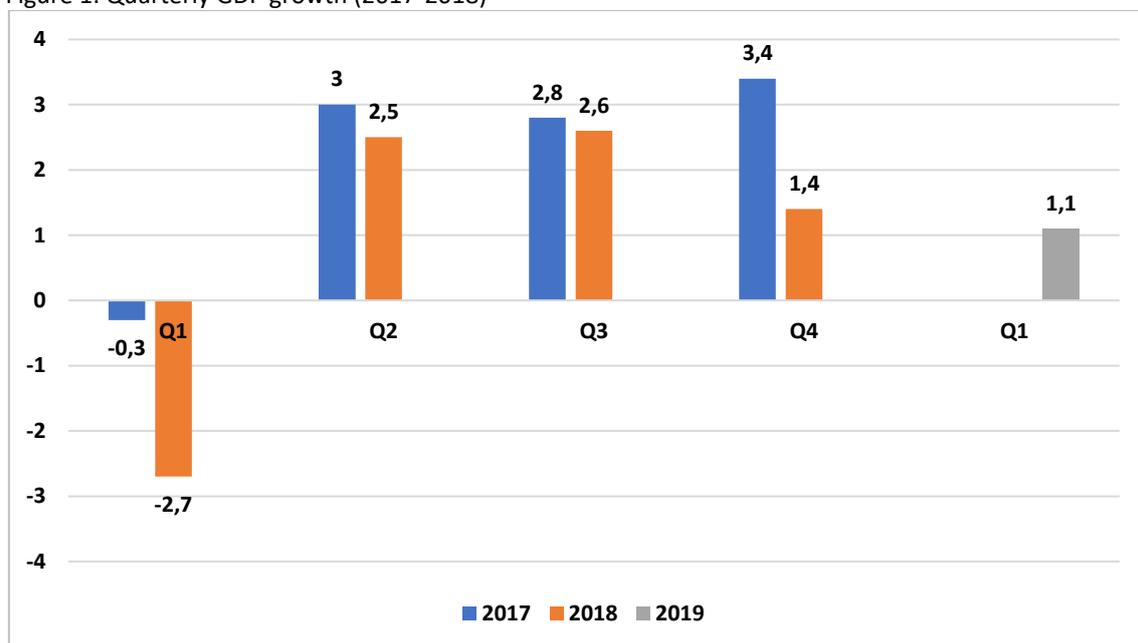
1.4 ECONOMIC PERFORMANCE

The economic performance of the insurance sector is influenced by the macro-economic performance of the South African economy.

Gross Domestic Product

Quarterly Gross Domestic Product (GDP) growth for South Africa between 2017 and 2018 is as follows:

Figure 1: Quarterly GDP growth (2017-2018)



Source: Statistics SA (QLFS 2017-2019)

The South African economy produced a lack-lustre performance in the first quarter of 2017 and 2018. GDP shrank from -0.3% in 2017 to -2.7% in 2018. GDP growth in 2018 for the 4th quarter was 1,4% compared to 3,4% in 2017. GDP in 2018 was 0,8% across all quarters.

Weak growth impacts directly on the economic performance of the economy. The poor economic performance of the economy between 2017 and the first quarter of 2019 is a result of various factors. Whilst inflation has declined and stabilised over the period 2017-2019, significant increases in the cost of electricity, the increase in VAT in 2018, and rising inflation from 4% in Jan 2019 to 4.5% in June 2019 eroded household savings.

Policy uncertainty is contributing to poor business and consumer confidence. There is a high level of unemployment (29%); rising fuel prices, social and labour unrest and high crime levels.

Shortfalls in tax revenue collection and increased spending on debt-servicing is also dampening economic growth prospects.

The above factors are putting strain on insurance companies since financial products are not essential items like food, travel and petrol. Insurers are also directly affected by the recent rating downgrades as they are major holders of the very assets that were subject to these downgrades.

On the positive side, winds of optimism are blowing in the direction of the sector due to a level of stability after the general elections giving the 6th administration an opportunity to introduce reforms. The government is also dealing with state capture, corruption and crime. A strong macro-economic framework provides fiscal stability and investor confidence. The banking sector is strong and a sophisticated financial services market exists.

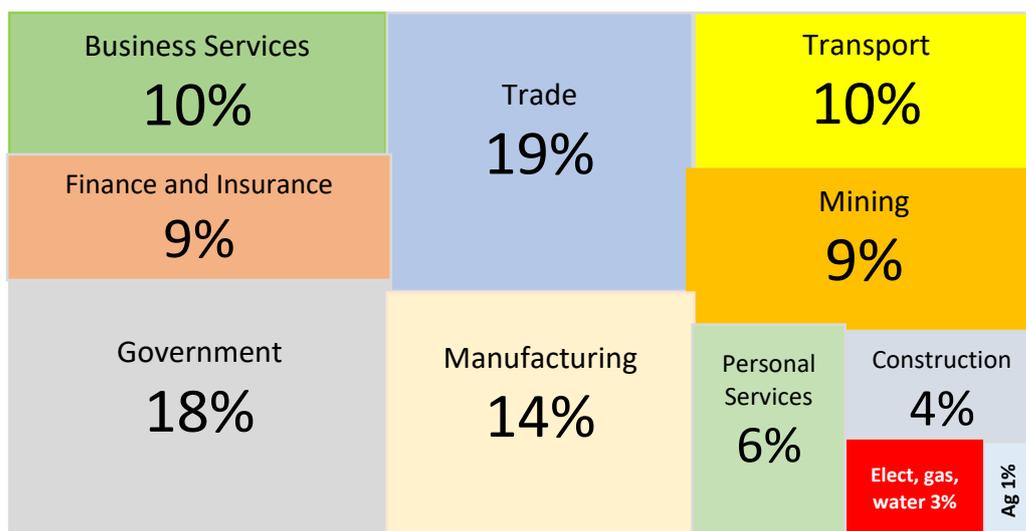
Other positive factors are the maturity of the SA Insurance market and its ability to engage with the 4.0 industrial revolution; the high levels of insurance penetration; and globally competitive insurance companies that can dominate the African market.

Therefore, the negative impact of economic performance on the insurance sector is likely to be muted by its positive strengths.

Sector Contribution to GDP

Economic sector contribution to GDP as a percentage in 2018 is as follows:

Figure 2: Contribution to GDP (2017-2018)



Source: Statistics SA (QLFS 2019)

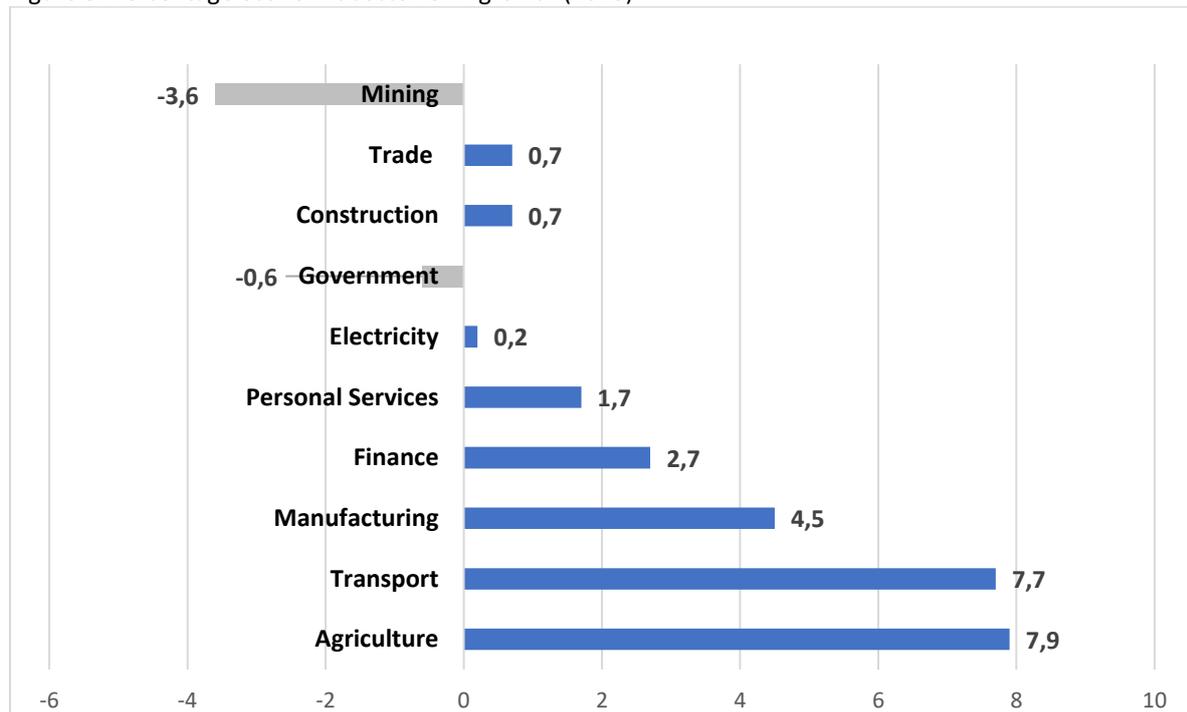
The finance and insurance sector contributed 9% to GDP in 2018. It is noteworthy that all other economic sectors are clients to the insurance sector. Hence, the performance of the economy impacts directly on the insurance sector.

If the insurance sector is to absorb new entrants into the labour market, there is a need for the sector to increase its contribution to GDP. Without economic growth, employment demand is at risk.

Economic Sector Performance

The economic performance of the economy by sector is as follows:

Figure 3: Percentage economic sector GDP growth (2018)



Source: Statistics SA

GDP growth for the 4th quarter was 1.4%. Agriculture recorded the highest growth at 7,9%, followed by transport at 7,7% and manufacturing at 4,5%. Finance sector growth was 2,7%, which includes insurance.

The mining sector, which is a major client of insurance companies, recorded the largest decline at -3.6%.

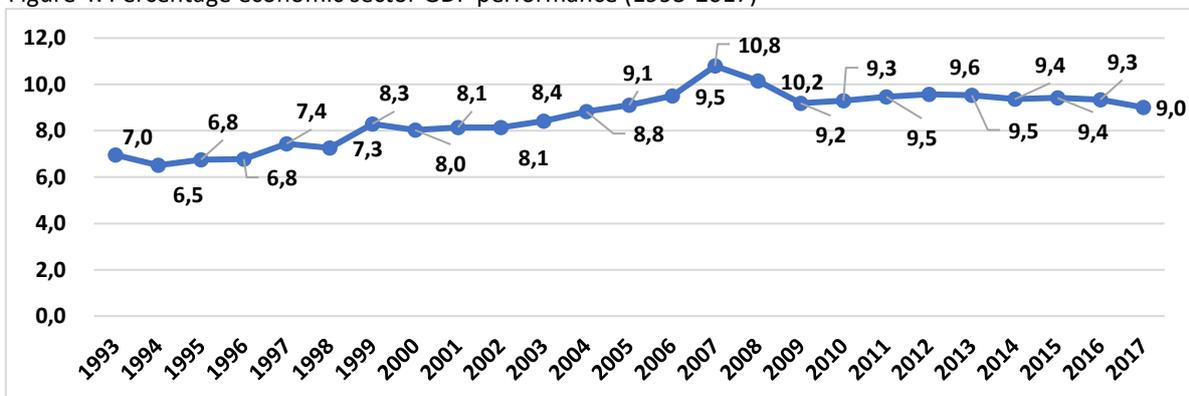
The 2.7% growth of the insurance sector annually appears to be consistent with its size relative to other sectors.

There is potential for sector growth in insurance.

Finance and Insurance GDP Performance

The performance of the finance and insurance sector between 1993 and 2017 is as follows:

Figure 4: Percentage economic sector GDP performance (1993-2017)

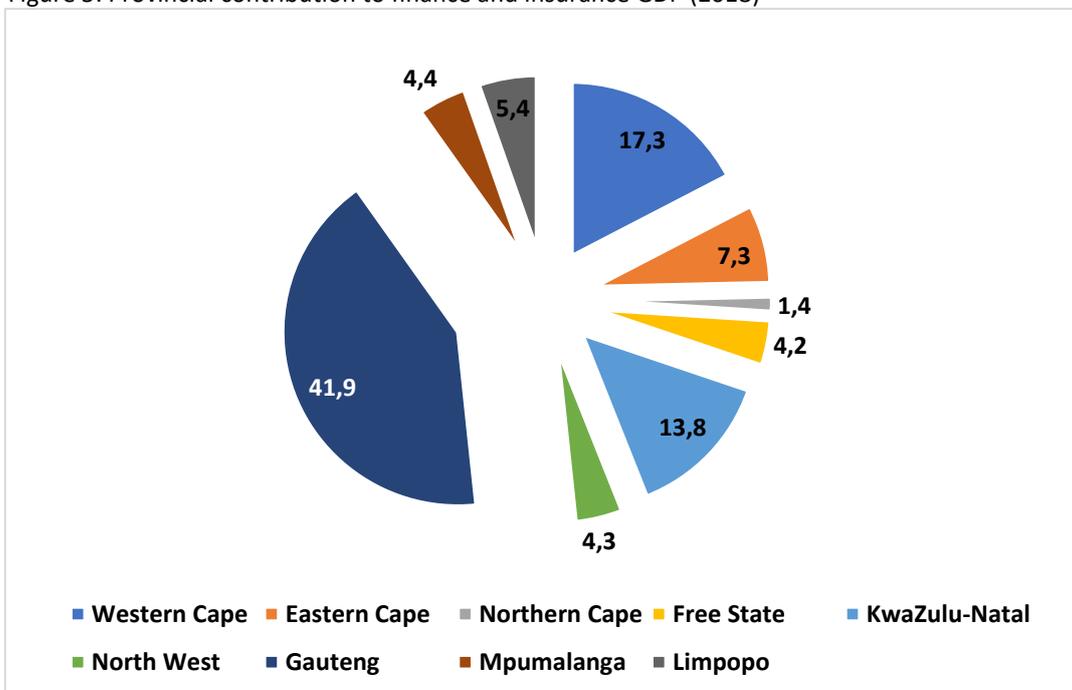


Source: Statistics SA (QLFS 2019)

The sector grew steadily between 1993 (7%) and 2007 (10,8%). Over nine years, from 2008 to 2017, GDP declined in the finance and insurance sector from 10.8% to 9%. GDP declined in 2008 largely due to the global financial crisis which started in the USA and spread world-wide.

Over the period (1993-2017), growth in the finance and insurance is best described as stable but moderate. Between 2010 and 2019 growth was -0.2%.

Figure 5: Provincial contribution to finance and insurance GDP (2018)



Source: Statistics SA

The largest contribution to finance and insurance GDP provincially were Gauteng, Western Cape and Kwa Zulu-Natal. Collectively, these provinces make up 73% of GDP. Hence, the need for INSETA to focus primarily on these provinces, without excluding the others.

The data also points to the potential to improve the sales of insurance products in Mpumalanga, North West, Eastern Cape, Northern Cape, Limpopo and the Free State.

1.5 LABOUR MARKET PERFORMANCE

We draw statistics from the Quarterly Labour Force Survey (2018) and Workplace Skills Plan (2018-2019) to profile the insurance sector labour market.

Insurance Sector Employment

The table provides the number of insurance sector employees and the total number of employees for all sectors over nine years.

Table 5: Number of employees (2010-2018)

| Number of Employees | 2010 | 2014 | 2018 | Change 2010-2018 | Change (%) |
|---------------------|-----------|-----------|-----------|------------------|------------|
| Insurance | 145 490 | 174 574 | 192 442 | 46 952 | 32% |
| All sectors | 8 345 765 | 9 210 366 | 9 732 309 | 1 386 544 | 16% |

Source: Quarterly Employment Survey datasets, 3rd Quarter 2010; 2014; 2018

The insurance sector employed 145 490 people in 2010. It increased 174 574 in 2014. In 2018, the sector employed 192 442 employees. There was an increase in headcount insurance sector employees of 46 952 over the period between 2010 and 2018. This translates into a 32% increase in employees in the sector compared to growth in employment for all sectors which was 16%.

Proportionally, employment in the insurance sector was twice that of all sectors. This is indicative of growing occupational or employment demand in the sector despite the economic downturn in the domestic economy.

From a skills development perspective, this implies growth in employment in the insurance sector. It also means that the INSETA is expected to serve a growing pool of employees with diverse training needs. This requires INSETA to scale up its training interventions and discretionary projects.

Gross Earnings

The figure provides gross earnings (billions) in the insurance sector and for all sectors over 09 years.

Table 6: Gross earnings (2010-2018)

| Number of Employees | 2010 | 2014 | 2018 | Change 2010-2018 | Change (%) |
|---------------------|-----------------|-----------------|-----------------|------------------|------------|
| Insurance | 9 790 031 032 | 18 984 188 230 | 23 777 648 793 | 13 987 617 | 143% |
| All sectors | 317 220 217 041 | 479 447 658 993 | 652 611 376 918 | 335 391 159 | 106% |

Source: Quarterly Employment Survey datasets, 3rd Quarter 2010; 2014; 2018

Gross earnings in the insurance sector outpaced earnings for all sectors by 37%. This indicates occupational or employment demand. More people are employed as the insurance sector grows by gross earnings.

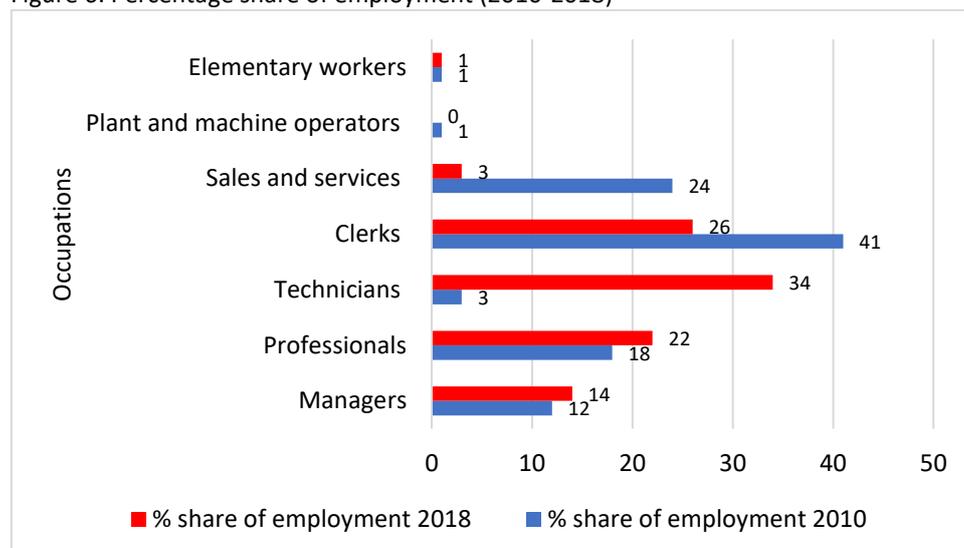
One of the reasons for higher than average earnings growth in the sector is the increasing demand for skilled people by companies. The sector is experiencing skills-biased technological change which effectively means that there is a shift for higher skills intensities in the sector.

With the 4.0 Industrial revolution gaining momentum, the trend towards skills-biased technological change is expected to growth in the future.

Share of Employment

The figure shows percentage changes in the share of employment by major occupation categories in the insurance sector between 2010 and 2018.

Figure 6: Percentage share of employment (2010-2018)



Source: WSP 2010-2018

In terms of major occupational groups, the percentage share of employment declined sharply over the period for clerks (-15%) and sales and service workers (-21%), while employment shares grew slight for managers (+2%) and professionals (+4%).

Middle-level workers such as clerks and sales and service workers are increasingly being replaced by technology in the form of artificial intelligence (AI), social media, digitisation and other IT enablers. Middle-level occupations are being hallowed out of the sector.

Convergence between insurance, banking and financial services means that insurance products are sold in banks and non-banking financial institutions. Insurance products are also sold in major retail outlets and across the counter for purchases such as motor vehicles and household appliances (short-term insurance).

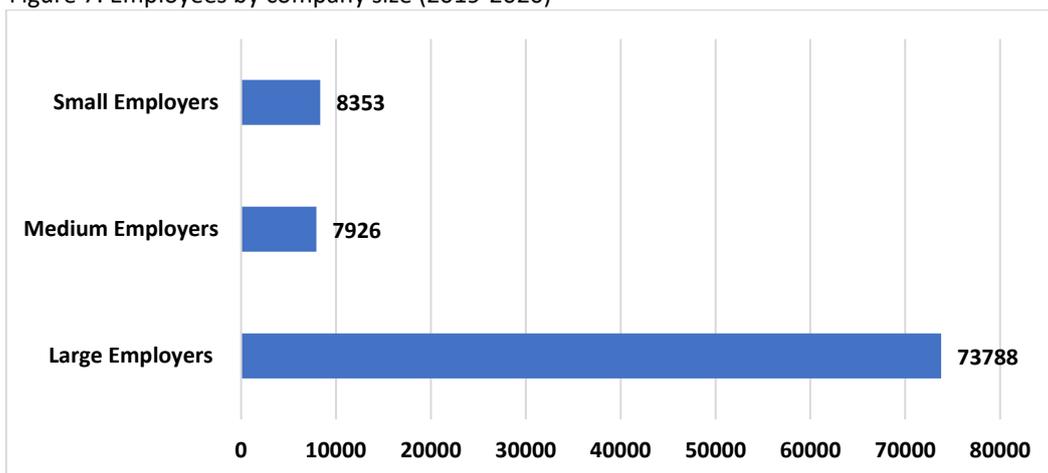
There was a 31% growth of technicians in the insurance sector. Technicians are broadly representative of IT professionals in the sector.

As the sector adopts digital platforms, social media marketing channels, AI and informatics, there has been a fast-growing demand for IT professionals such as software developers, systems analysts, cloud specialists, IT technicians, database administrators and network professionals.

Employee Distribution by Company Size and Province

According to the Workplace Skills Plans for 2019-2020 received from insurance companies, the distribution of employees by company size is as follows:

Figure 7: Employees by company size (2019-2020)



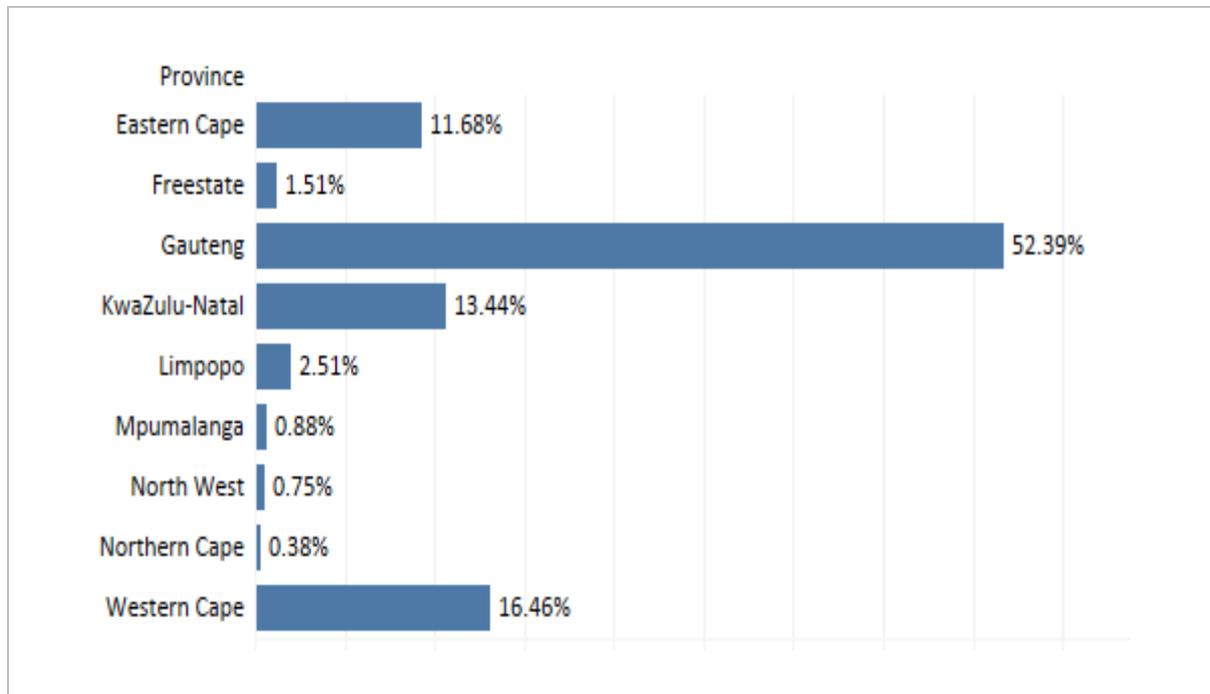
Source: WSP 2019-2020

- Large insurance companies (+150 employees) comprise 82% of the workforce. Medium insurance companies (+50-149 employees) comprise 8.8% of the workforce. Small insurance companies (1-49 employees) comprise 9.2% of the workforce. The bulk of employment is in large insurance companies.

Employer Distribution by Province

The distribution of employers by province is as follows:

Figure 8: Employer distribution by province in percentages



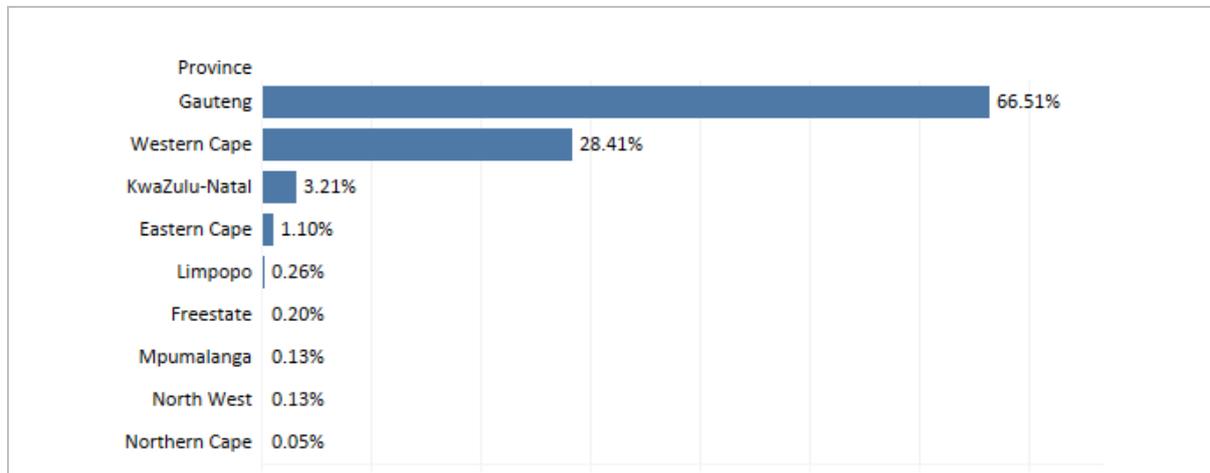
Source: WSP 2019-2020

Employers are highly concentrated in Gauteng (52.39%), the Western Cape (16.46%), KZN (13.44%) and Eastern Cape (11.68%). The high number of employees (indicated below) in the Western Cape contrasts with the relatively smaller number of companies. This indicates that large corporates are highly concentrated in this region. The Eastern Cape and KZN are dominated by small insurance employers.

Employee Distribution by Provinces

The distribution of employees by province is as follows:

Figure 9: Employee distribution by province in percentages



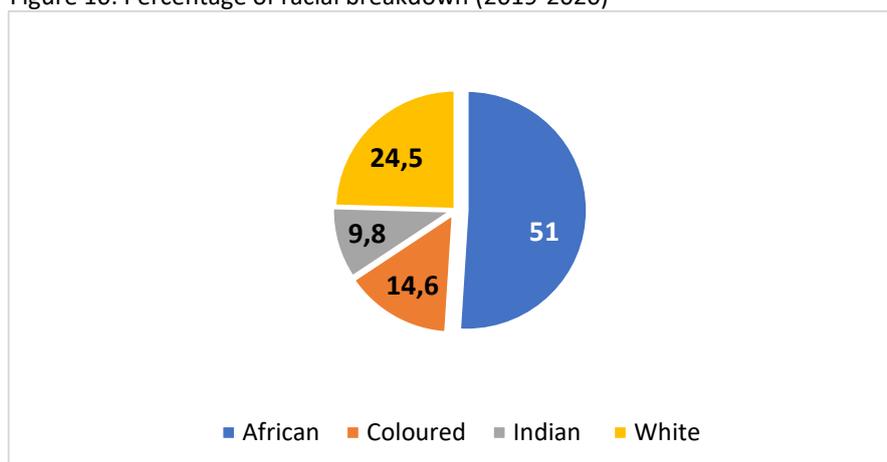
Source: WSP 2019-2020

This is a highly concentrated sector in terms of employee distribution. About 66.51% of the employees are located in Gauteng and 28.41% in the Western Cape. Both provinces make up 94.92% of the workforce. Hence, the need to give attention to employers and employees in these provinces, without excluding other provinces.

Race, Gender and Age Breakdown

In terms of race, the workforce is characterised as follows:

Figure 10: Percentage of racial breakdown (2019-2020)

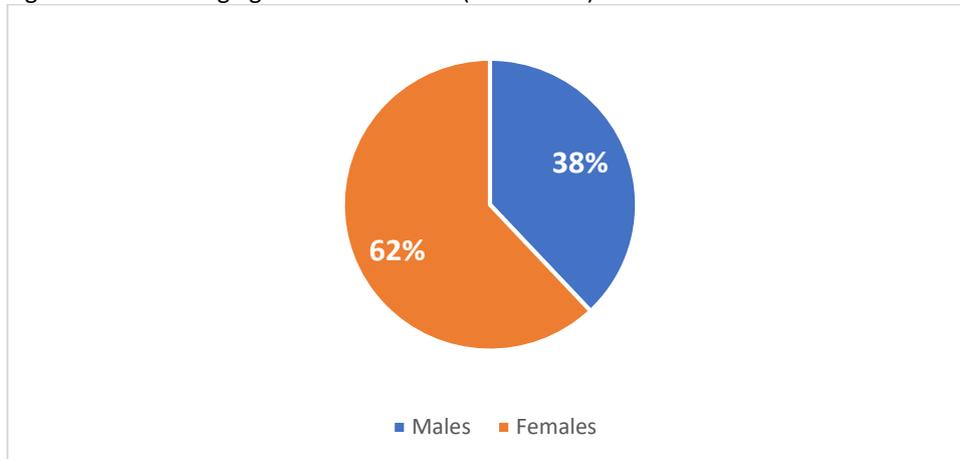


Source: WSP 2019-2020

The percentage of Black employees in the sector is 75,4%. The norm is 85% blacks, so the sector has to increase the number of black employees at all levels. In latter sections, these will be broken down by occupational levels to capture the nuances in race.

In terms of gender, the workforce is characterised as follows:

Figure 11: Percentage gender breakdown (2019-2020)

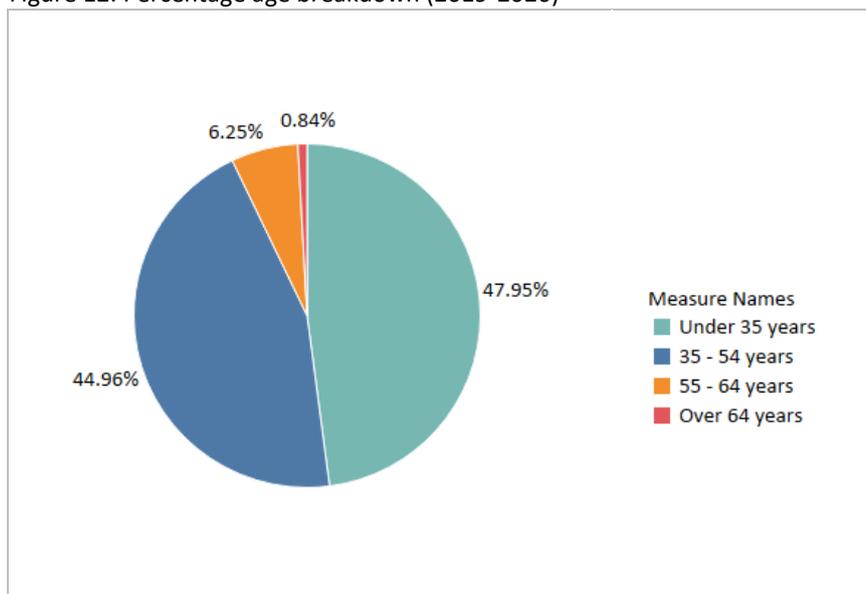


Source: WSP 2019-2020

In terms of gender, the females make up 62% of the sector compared to 38% males. The norm is 54% females, so the sector has a majority of females. In latter sections, these will be broken down by occupational levels to capture the nuances in gender.

In terms of age, the workforce is characterised as follows:

Figure 12: Percentage age breakdown (2019-2020)

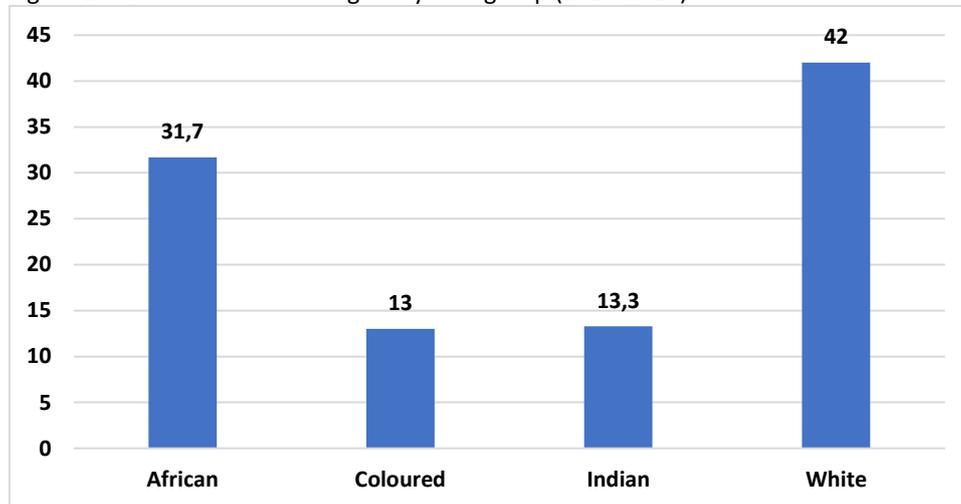


Source: WSP 2019-2020

Distribution of Managers by Race Group (2019-2020)

The distribution of managers by race group is as follows:

Figure 13: Distribution of managers by race group (2019-2020)



Source: WSP 2019-2020

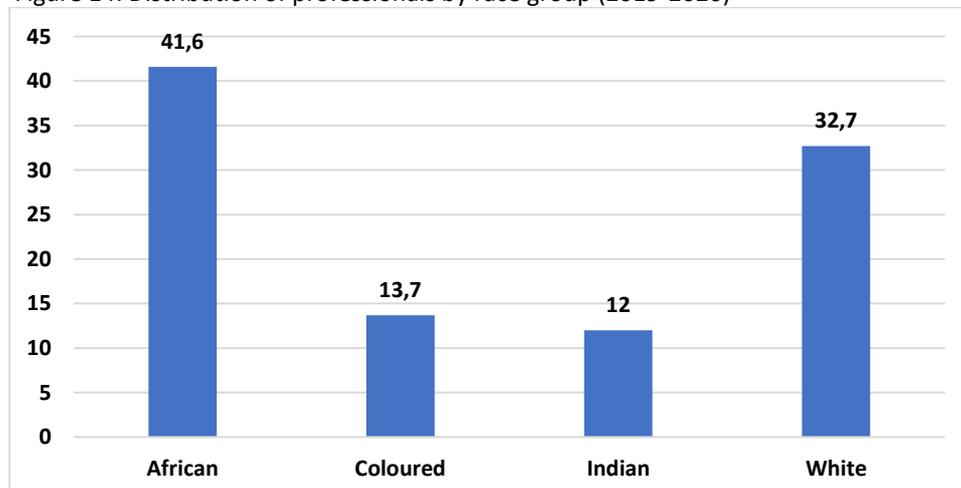
Whites are in the majority at manager level. Hence, there is a need for increasing the number of Blacks (African, Coloured and Indian) at management level. There is a need for management development programmes focused on developing black managers and transforming the demographics of the management structure.

Other interventions include succession planning, coaching and mentoring programmes to promote black managers into management positions.

Distribution of Professionals by Race Group (2019-2020)

The distribution of professionals by race group is as follows:

Figure 14: Distribution of professionals by race group (2019-2020)



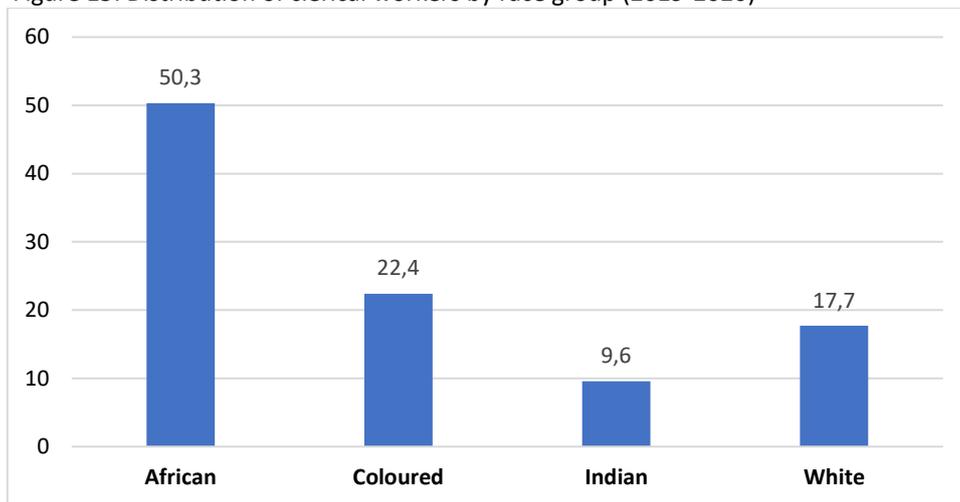
Source: WSP 2019-2020

The majority of professionals in the sector are Africans, followed by Whites. Hence, there is evidence of transformation at this level.

Distribution of Clerical Workers by Race Group (2019-2020)

The distribution of clerical workers by race group is as follows:

Figure 15: Distribution of clerical workers by race group (2019-2020)



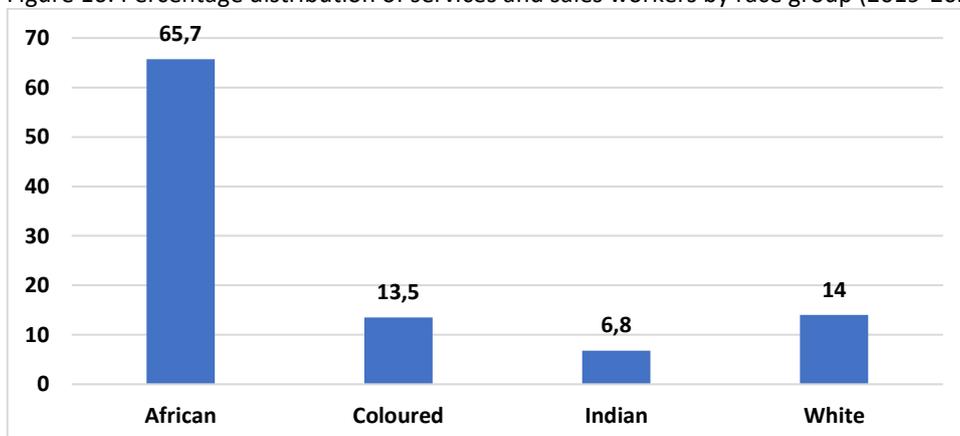
Source: WSP 2019-2020

The majority of clerical workers in the sector are Africans, followed by Coloureds and Whites. Hence, there is evidence of transformation at this level.

Distribution of Service and Sales Workers by Race Group (2019-2020)

The distribution of service and sales workers by race group is as follows:

Figure 16: Percentage distribution of services and sales workers by race group (2019-2020)



Source: WSP 2019-2020

The majority of services and sales workers in the sector are Africans, followed by Whites and Coloureds.

The insurance sector is of the view that a key part of the value chain is the sales of insurance products. Without sales, the sector is not viable. Hence, there is a need to pay emphasis to marketing and sales of insurance products.

Marketing and sales should thus be a key component of management programmes offered to employees in the sector.

In addition, training in customer services, interpersonal communication and team working is also needed.

Transformation Imperatives

In terms of training by race, the picture for the insurance sector is as follows:

Table 7: Transformation imperatives

| African | Coloured | Indian | White |
|---------|----------|--------|-------|
| 51% | 14.6% | 9.8% | 24.5% |

Source: WSP 2019-2020

75.4% of employees who were trained in the insurance sector are blacks compared to 24.5% whites. The target set by NSDS III is 85% for Blacks. Hence there is a shortfall in the percentage of Blacks trained in the sector.

In terms of people with disabilities, 0,87% were trained. It falls short of the 4% target for people with disabilities.

The INSETA needs to scale up the training of Blacks and people with disabilities in the sector.

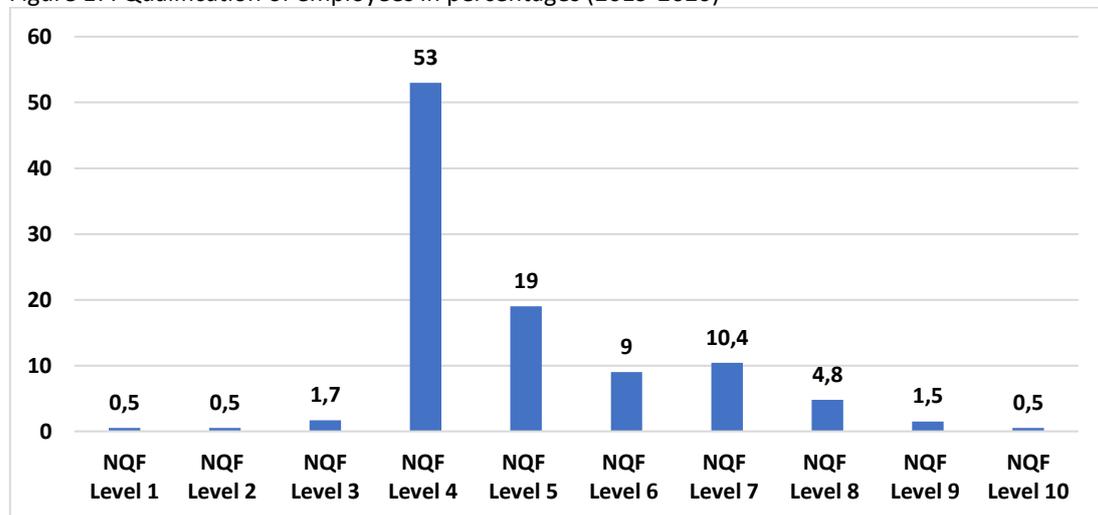
Therefore, there is a need to increase the supply of black graduates into placement, increase internships of students and explore ways to encourage graduates to enter the sector.

These efforts are informed by a tracer study which is underway to find the ratio between graduation and employment.

Qualifications of Employees in Percentages (2019-2020)

The qualifications of the workforce are as follows:

Figure 17: Qualification of employees in percentages (2019-2020)



Source: WSP 2019-2020

The majority of the workforce (53%) have NQF Level 4 qualifications (Matric equivalent). Interestingly, 45,2% of employees have a tertiary qualification.

The insurance sector is essentially a tertiary education sector since the majority of employees who possess an NQF Level 4 qualification have entry to higher education.

With the advent of the 4.0 Industrial Revolution the sector is influenced by skills-biased technological change. This means that the sector requires employees with higher skills intensities due to advancements.

Conclusion

It is evident that the insurance sector has shown resilience in the face of tough economic conditions since 2008 which was characterised by meltdown in global financial markets. The sector has also managed to increase employment in a tight labour market.

Interestingly, the majority of workers possess at least an NQF Level 4 qualification (Matric). This means that they are highly trainable to engage with the dynamics of the 4.0 industrial revolution. Insurance is essentially a tertiary sector as most occupations in high demand require a higher education qualification.

The sector should be doing more to address its transformation imperatives. In the next chapter, key skills change drivers in insurance are discussed.

CHAPTER TWO: KEY SKILLS CHANGE DRIVERS

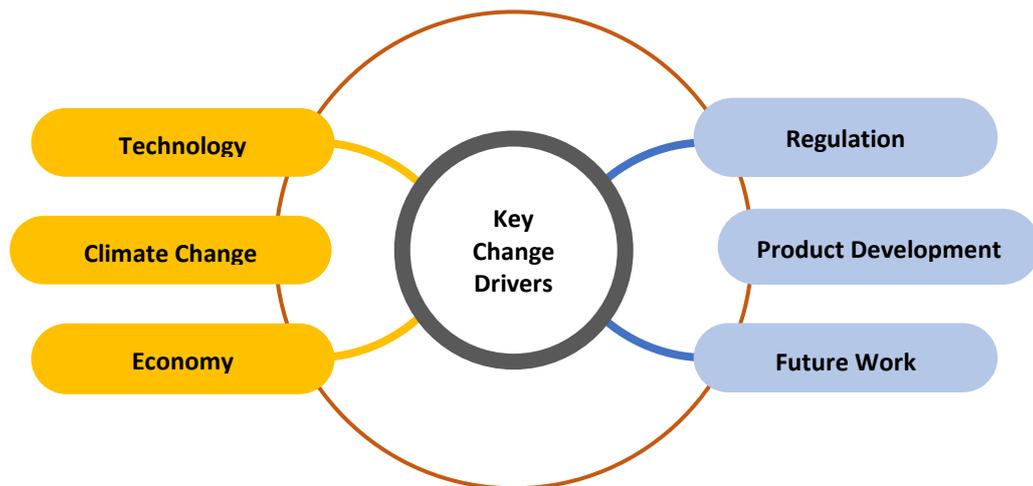
2.1 INTRODUCTION

This chapter focuses on the key skills issues that impact on skills development in the insurance sector. The INSETA is continually researching key change drivers that are impacting on skills development in the sector through its various research projects and stakeholder engagements. The major change drivers impacting on skills development in the sector is consistent with the previous iteration of the Sector Skills Plan.

Information on change drivers and its impact on skills development have been acquired from the following sources:

- An expansive literature review of trade publications.
- Interviews with key informants in the sector.
- Discussions with human resource development experts in the Research and Programme Learning Steering Committee.
- Information obtained from Board members at a strategic planning conference.
- Information acquired by INSETA managers at conference and networking events.

Based on the above, INSETA has identified the following change drivers impacting on skills demand and supply in the sector:



We are particularly concerned with skills-related change drivers – change drivers that have skills development impacts.

2.2 KEY CHANGE DRIVERS

The following have been identified as key change drivers in the sector:

| CHANGE DRIVERS | IMPLICATIONS FOR SKILLS DEVELOPMENT |
|---|---|
| <p style="text-align: center;">TECHNOLOGY</p> <ul style="list-style-type: none"> ▪ Technology is disrupting the insurance companies and the sector. This disruption is referred to as the 4th Industrial revolution and involves the increasing use of artificial intelligence, robotics, big data, digitisation, digital marketing, blockchain, predictive analytics and machine learning. ▪ Clients want seamless, quick and transparent interactions and this requires a new kind of marketer (salesperson) that is tech-savvy. ▪ These changes also present many opportunities for first-time entrants in the insurance sector to acquire on-demand skills and pursue non-traditional career paths. ▪ Companies need to offer faster and cheaper products; create online tools to further engage their distribution channels; and developing digital portals, customer self-service capabilities, and automation of back-end processes. ▪ Online social networking has emerged as a strong component of social interaction. Financial institutions are looking to gain a competitive advantage while also trying to mitigate the threats posed by social media. Many financial services companies are now using social media to revolutionise the traditional business models that the finance sector has relied upon for decades. ▪ Financial technology companies (FINTECH) are generally start-ups trying to disintermediate incumbent financial systems and challenge traditional corporations that are less reliant on software. The FinTech market is booming and captured over US\$12 billion investments since 2015. New start-ups are popping up at an increasing pace, and large banks and insurance companies are being pushed toward increasing digital operations in order to survive. | <ul style="list-style-type: none"> ▪ There are, and will be, very attractive career (not just job) opportunities for graduates who can work in technology areas in the insurance sector which includes: cyber security, blockchain, AI, predictive analysis, social media, digital marketing, open source, machine learning tools, and so on. ▪ The key success factors for insurance companies are developing workforce skills that can: <ul style="list-style-type: none"> ○ Manage intelligent usage of “big data” to manage client relationships, design new insurance products, and reach new markets. ○ Find the right “young” talent, but also retaining the right talent. ○ Give clients a superior relationship experience. ○ Create innovative products and bringing it early to the market. ○ Digitise business operations. ○ Attend to cyber security risks. |

| CHANGE DRIVERS | IMPLICATIONS FOR SKILLS DEVELOPMENT |
|--|---|
| CLIMATE CHANGE | |
| <ul style="list-style-type: none"> ▪ Climate change is one of the most significant challenges facing the insurance sector and is an immediate- to long-term issue. ▪ As climate change may be tied to the rise in frequency and severity of natural disasters, this appears to be a core issue for insurers, as well as the broader financial sector and economy at large. ▪ The following is expected to emerge in the next 5 years for the global insurance sector: <ul style="list-style-type: none"> ○ The G-20's Financial Stability Board Task Force on Climate-related Financial Disclosures has issued recommendations, including disclosure of board oversight and of management's role in assessing climate-related risks and opportunities. ○ "Disclosure of climate-related financial information is a prerequisite for financial firms not only to manage and price climate risks appropriately but also, if they wish, to take lending, investment or insurance underwriting decisions based on their view of transition scenarios. ○ Regulators are also urging disclosure of climate change assessment metrics, risk management strategies and climate change risk reporting. ▪ The impact of climate change for the sector are the following: <ul style="list-style-type: none"> ○ Increased uncertainty for investors/loss of market confidence ○ Asset fire sales causing falls in asset prices ○ Reduction in insurance and lending to unaffected areas ○ Fall in collateral values ○ Weakening of household and corporate balance sheets ○ Limited financing available for reconstruction from physical damage ○ Fall in output in affected areas | <ul style="list-style-type: none"> ▪ Reskilling is required to factor climate change in the following areas: liability, underwriting, marketing, risk management, regulations, investment, strategic, operational, reputational, pricing, and asset risks. ▪ Training of company board in assessing climate-related risks and opportunities. ▪ Review of insurance qualification curricula to include climate change issues impacting on the sector. ▪ Skills to develop climate change assessment metrics, risk management strategies and climate change risk reporting. ▪ Research on climate change and its impact on the insurance sector. |

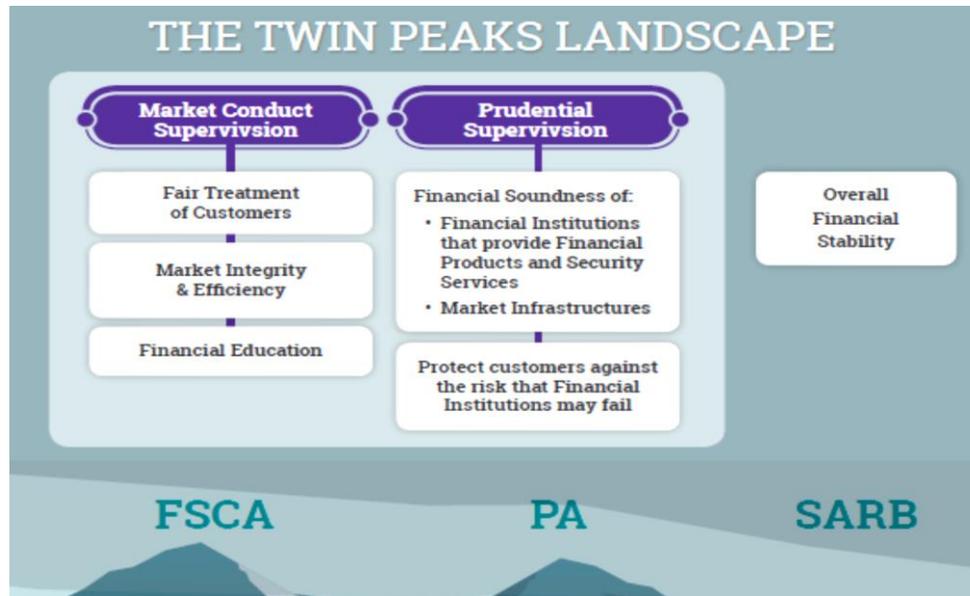
Source: Deloitte. 2019. *Growing economy bolsters insurers, but longer-term trends may require transformation.*

| CHANGE DRIVERS | IMPLICATIONS FOR SKILLS DEVELOPMENT |
|---|--|
| <p style="text-align: center;">PRODUCT DEVELOPMENT</p> <ul style="list-style-type: none"> ▪ Most insurers are struggling with innovative product development. Working with constraining regulatory oversight, siloed business lines, legacy technology, and long-established processes and culture, how can agility and time-to-market be improved to remain competitive and differentiate in an increasingly fluid society and marketplace? ▪ This challenge will likely be exacerbated by rapid, fundamental changes in society, the economy, and technology. The sharing and gig economies could fuel rising expectations for an enhanced customer experience based on convenience and customization, while blurring the boundaries of commercial and personal insurance lines as well as undermining the relevance of many standard coverages. ▪ A survey of life insurance consumers indicated that 90% of buyers revealed a preference for self-management of existing policies through digital channels. ▪ Several InsurTechs are already engaging in real-time, as-needed coverage. Trōv, a global on-demand insurance agency, uses an application that enables consumers to insure single items such as cameras and digital devices with coverage that can be activated and terminated at any time over a mobile application. | <ul style="list-style-type: none"> ▪ To accelerate product development the sector should be training and designing programmes in new product development on more relevant coverages, capabilities, and platforms, unburdened by the usual policy categories. ▪ The focus of product development and training thereof should shift to responding to emerging consumer desires for increased personalization and flexibility of insurance policies and services; knocking down traditional product line silos to adapt to a changing economy; real-time, consumer-activated insurance a potential capability; distribution system to meet evolving consumer needs and preferences; new approaches, platforms, and policy designs; and bolstering your IoT and sensor-based strategies to modernize current product development programmes. |
| <p style="text-align: center;">ECONOMY</p> <ul style="list-style-type: none"> ▪ The South African economy has been performing poorly over the last ten years. High employment at 26.6% means that the significant proportion of the economically active population is out of work and cannot access insurance products. ▪ Other problems afflicting the South African economy is what is commonly referred to as “state capture”, high fuel and transport prices, lack of business growth, high costs of doing business, high food inflation, restrictions in doing business, high costs of data, monopolies, poor governance of state-owned entities and local municipalities. | <ul style="list-style-type: none"> ▪ If the current economic performance of the economy continues that is a possibility of retrenchments and downsizing by established companies as is taking place in the banking sector. ▪ There will be a need for risk mitigation strategies such as the Training Layoff Scheme to prevent retrenchments. |

| CHANGE DRIVERS | IMPLICATIONS FOR SKILLS DEVELOPMENT |
|---|--|
| FUTURE WORK | |
| <ul style="list-style-type: none"> ▪ Insurers seem to be up against a number of obstacles in maintaining such as expanding or upgrading their talent for the digital age. One is simple supply and demand. Insurers cannot increase staff due to the tightness of the labour market. ▪ Insurers have found it difficult to hire specialist IT experts, data scientists and actuarial talent. ▪ Meanwhile, robotic process automation and artificial intelligence that can automate manual tasks are rapidly infiltrating the sector, remaking or eliminating jobs that are labour intensive and even some with cognitive requirements. ▪ The time and attention of actuaries, underwriters, claims adjusters and other key players will likely be freed up for higher-level tasks and more strategic responsibilities. ▪ Employees should ultimately be spending more time on ideation and decision making—and far less on computation and distillation. ▪ Beyond technology, insurers are also putting plans in place to respond to broader, fundamental employment shifts as more professionals join the open talent economy—a blend of full- and part-time workers, short-term contractors, and freelancers. Time is short, as nearly 6 million people, 3.8 percent of workers, held contingent jobs in the United States in May 2018. Another 10.6 million held other alternative work arrangements, including independent contractors, on-call workers, temporary help agency workers, and for-contract firms. | <ul style="list-style-type: none"> ▪ Insurers will likely be challenged to retrain and repurpose workers impacted by tech upgrades to make more productive use of their time and talent. ▪ To start, most insurers are decomposing jobs to analyse how work is currently performed, determine which capabilities can and should be automated, and establish what new skill sets may be required to maximize the value employees can bring in the wake of automation. ▪ This requires the development of new qualifications in the sector. |
| REGULATORY ENVIRONMENT | |
| <ul style="list-style-type: none"> ▪ The new Insurance Act took effect effective from 1 July 2018 and will eventually replace the existing Long-term and Short-term Insurance Acts. ▪ National Treasury has established a working group to develop the Conduct of Financial Institutions (CoFI) Bill. This will provide the framework for licensing based on the type of activity (this relates to financial services provided). Secondary legislation under the Financial Sector Conduct Authority (FSCA) will include Insurance Notices, Policyholder Protection Rules (PPRs), other Regulations and Conduct Standards. | <ul style="list-style-type: none"> ▪ Industry stakeholders will need to be trained in applying the new legislation in all operational activities. ▪ The CoFI Bill makes provision for FSPs (who are sole proprietors), key individuals and representatives to develop and maintain professional competence in order to provide financial services of high quality in |

CHANGE DRIVERS

- As of 1 April 2018, South Africa became the eighth country in the world to adopt a Twin Peaks regulatory model. As a result of the enactment of the Financial Sector Regulation (FSR) Act, the following two regulators were established: 1. The Prudential Authority (PA) – responsible for maintaining stability in the financial system 2. The Financial Sector Conduct Authority (FSCA) – responsible for market conduct and consumer protection The Twin Peaks model will be implemented in two phases with primary and secondary legislation to be published under both regulators.



Source: Financial Services Conduct Authority

IMPLICATIONS FOR SKILLS DEVELOPMENT

the public interest that will support the professionalisation of the financial services industry and subject to a continuing duty to maintain knowledge and skill at a level required to ensure that a client receives competent professional service based on up-to-date developments in legislation, industry practice and development in respect of specific categories.

- INSETA will need to support this initiative towards a CPD system.

2.3 POLICY FRAMEWORKS AFFECTING SKILLS DEMAND AND SUPPLY

National policies and legislation inform the INSETA's Strategic Plan and Annual Performance Plan. Below is a Figure summarising the national policies that guide the operations of the INSETA. It demonstrates the alignment of the INSETA Strategic Plan to government's national policies and strategies.

NATIONAL DEVELOPMENT PLAN 2030 (NDP)

The National Development Plan 2030 has identified the following 9 key areas to achieve a development approach that is sustainable and inclusive:

- Creating jobs and livelihoods
- Expanding infrastructure
- Transitioning to low-carbon economy
- Transforming urban and rural spaces
- Improving education and training
- Providing quality healthcare
- Building a capable state
- Fighting corruption and enhancing accountability
- Transforming society and uniting the nation

It is imperative to reduce the regulatory burden on small businesses and facilitate access to the labour market by young, unskilled work seekers (National Planning Commission, 2012). With regard to structural challenges, it is vital that INSETA supports and makes provision for "retraining".

HUMAN RESOURCE DEVELOPMENT STRATEGY FOR SOUTH AFRICA 2010-2030

Strategic priorities of the above strategy that impact on skills planning initiatives include:

Strategic Priority 4: To ensure that all new entrants to the labour market have access to employment-focused education and training opportunities. INSETA supports this skills priority by ensuring that education and training is linked to scarce and critical skills and qualification development.

Strategic Priority 7: To ensure that education and training outcomes are equitable in terms of race, gender, disability and geographic location. INSETA incorporates these variables into its projects when scoping for them to ensure that the prerequisites of the B-BBEE Act and the Financial Sector Charter (FSC) are met.

Strategic Priority 9: To meet INSETA's skills planning needs in relation to this skills priority, where the minimum level required is NQF Level 4 (for employed and unemployed individuals). INSETA funds skills programmes for workers and unemployed youths where unit standards relevant to the insurance sector are offered.

WHITE PAPER FOR POST-SCHOOL EDUCATION AND TRAINING

- Set out strategies to improve the capacity of post-school education and training system to meet SA's needs.
- It is a vision for an integrated system of post-school education and training, with all institutions playing their role as parts of a coherent but differentiated whole. These institutions include the colleges and universities whose main purpose is the direct provision of education and training and, in the case of universities, the conduct of research. They also include institutions

that support the education and training process, such as the Sector Education and Training Authorities, the National Skills Fund and the advisory, regulatory and quality assurance bodies such as the South African Qualifications Authority (SAQA) and the Quality Councils.

- The White Paper also recognises the importance of partnerships between educational institutions and employers. Most students are preparing for careers in the labour market, and practical experience in the world of work is an invaluable part of their training. Even those students who do not find jobs in the formal labour market will benefit from practical workplace experience as they seek alternative ways of earning sustainable livelihoods. Employers must be drawn closer to the education and training process; they are among its major beneficiaries and must contribute to its success.

NATIONAL SKILLS DEVELOPMENT PLAN (NSDP)

- The NSDP derives from the broader plan of government, namely the National Development Plan (NDP), which aims to put in place the framework whereby we ‘build the capabilities our citizens to make our future work’. The NDP notes that “several challenges require attention, including a critical shortage of skills, a complex intergovernmental system, high levels of corruption, weak lines of accountability, inadequate legislative oversight and a long history of blurring the lines between party and state.
- The outcomes of the NSDP are:
 - Identify and increase production of occupations in high demand
 - Linking education and the workplace
 - Improving the level of skills in the South African workforce
 - Increase access to occupationally directed programmes
 - Support the growth of the public college institutional type as a key provider of skills required for socio-economic development
 - Technical and Vocational Education and Training Colleges
 - Community Education and Training Colleges
 - Skills development support for entrepreneurship and cooperative development
 - Encourage and support worker-initiated training
 - Support career development services

2.4 CONCLUSION

It is evident that the insurance sector is poised for technological disruption with the onset of the 4.0 Industrial Revolution. Technology is disrupting the insurance companies and the sector. This disruption is referred to as the 4th Industrial revolution and involves the increasing use of artificial intelligence, robotics, big data, digitisation, digital marketing, blockchain, predictive analytics and machine learning.

Climate change is one of the most significant challenges facing the insurance sector and is an immediate- to long-term issue. Reskilling is required to factor climate change in the following areas: liability, underwriting, marketing, risk management, regulations, investment, strategic, operational, reputational, pricing, and asset risks.

Most insurers are struggling with innovative product development. There is also a need to train employees on the regulatory changes in the industry.

CHAPTER THREE: OCCUPATIONAL SHORTAGES AND SKILLS GAPS

3.1 INTRODUCTION

This chapter focuses on identifying occupational shortages and skills gaps in the insurance sector. Firstly, it identifies Hard-To-Fill Vacancies (HTFVs) and skills gaps. Secondly, it examines the extent and nature of occupational supply which entails examining the state of education and training provision, problems experienced by employers and graduate outputs. And thirdly, it describes the research approach to devise a Sectoral Priorities Occupation List. Finally, the list is presented.

3.2 HARD-TO-FILL VACANCIES

Hard-To-Fill Vacancies (HTFVs) are a strong labour market signal of occupational demand. The survey of HTFV survey was conducted in 2017 for the sector skills plan. In 2019, a sample of companies was contacted to update the survey.

A HTFV occupation is defined as the following:

HARD-TO-FILL VACANCY (HTFV) means a company is experiencing difficulty recruiting a suitably experienced and qualified person. It takes longer than six months to recruit a suitable candidate.

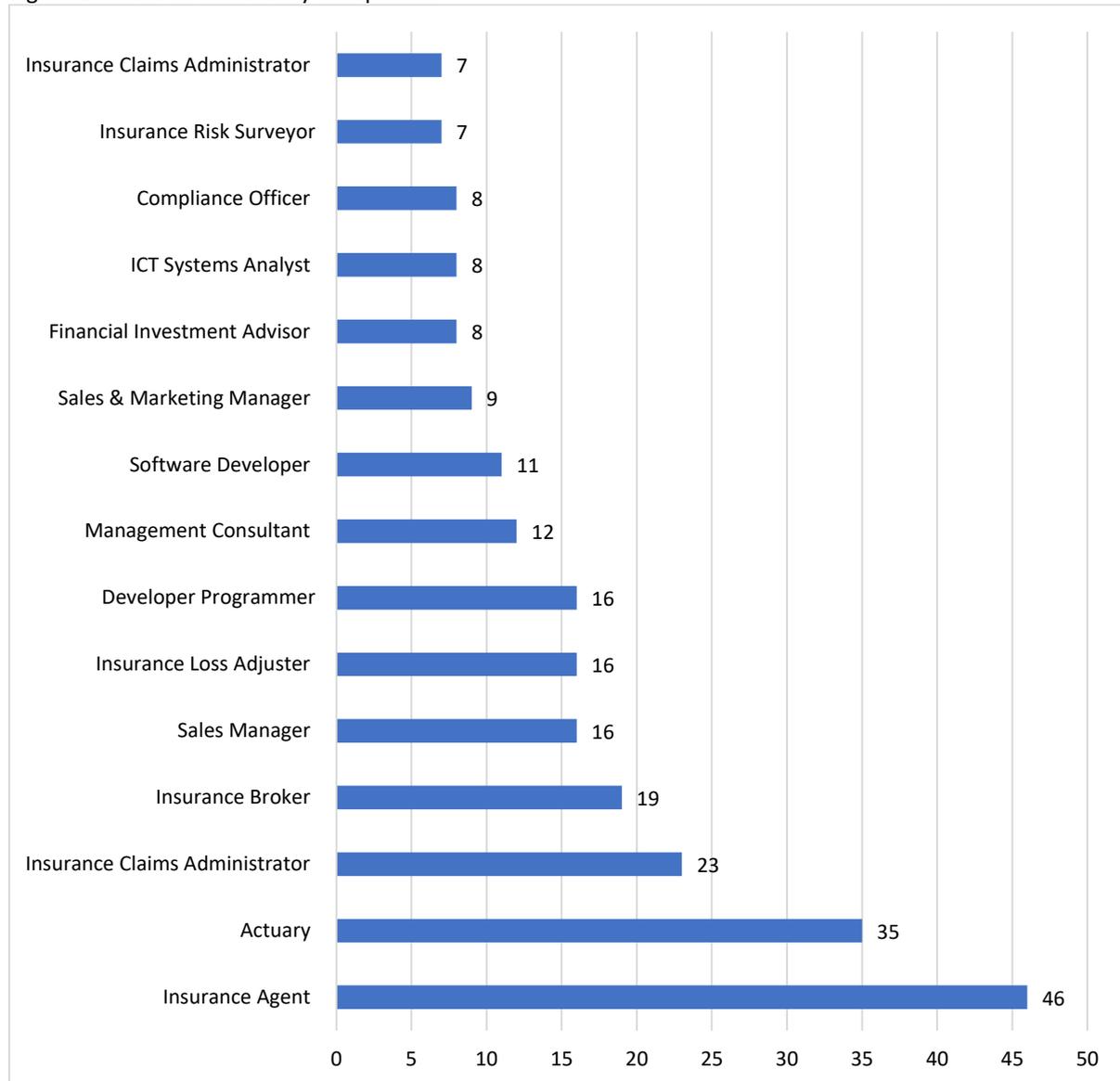
The HTFV survey is interested in obtaining the following information:

- Which occupations are Hard-To-Fill Vacancies (HTFVs) for your company in the past 12 months?
- The number of HFTVs per occupation in the past 12 months.
- Reasons for the HTFV:

1. Applicants lack the required educational qualifications required for the post.
2. Applicants lack appropriate work experience required for the post.
3. The remuneration and employment conditions are not appropriate for the post.
4. The post is in an inappropriate location.
5. Job is too demanding and/or does not have regular hours (shift work).
6. Work permit or visa difficulties.
7. Equity considerations (race, gender and/or disability).
8. Applicants' personality traits are not suitable for the post or the organisation.
9. Do not know.
10. Other.

In the Workplace Skills Plan for 2018-2019, companies were required to submit responses to HTFV questions. This was a representative sample based on a response of 608 companies comprising large employers (71), medium employers (95) and small employers (442).

Figure 18: Hard-to-fill vacancy occupations



Source: WSP 2019-2020

The 608 companies that submitted workplace skills plans (WSPs) indicated that 15 occupations were Hard-To-Fill Vacancies, i.e., it takes longer than six months to find a suitably and experienced applicant.

The 608 companies indicated 241 HTFVs for the 16 occupations.

The three highest recorded HTFVs were insurance agent, actuary and insurance claims administrator.

The reasons given for HTFVs per occupation are the following:

| Occupations | Reasons for HTFV (refer to key below) | | | | | | | | | |
|--------------------------------|---|----|---|---|---|---|---|---|---|----|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| Insurance claims administrator | 4 | 1 | 1 | 1 | | | | | | |
| Insurance risk surveyor | 4 | 3 | | | | | | | | |
| Compliance officer | 3 | 2 | 2 | | | | | | | 1 |
| ICT systems analyst | 4 | 2 | | 1 | | | | | 1 | |
| Financial investment advisor | 5 | 3 | | | | | | | | |
| Sales and marketing manager | 4 | 2 | 3 | | | | | | | |
| Software developer | 5 | 3 | 1 | | | | 1 | 1 | | |
| Management consultant | 4 | 3 | 2 | | | | | 2 | 1 | |
| Programme developer | 6 | 4 | | | 2 | 1 | 1 | | 1 | 1 |
| Insurance loss adjustor | 8 | 3 | 2 | 1 | 1 | 1 | | | | |
| Sales manager | 6 | 5 | 3 | | | | | 2 | | |
| Insurance broker | 7 | 9 | 1 | 1 | | 1 | | | | |
| Insurance claims administrator | 8 | 12 | | | | | 2 | | | 1 |
| Actuary | 27 | 6 | | | 2 | | | | | |
| Insurance agent | 16 | 21 | 7 | | | | 1 | 1 | | |
| KEY: Reasons for HTFV | | | | | | | | | | |
| 1 | Applicants lack the required educational qualifications required for the post. | | | | | | | | | |
| 2 | Applicants lack appropriate work experience required for the post. | | | | | | | | | |
| 3 | The remuneration and employment conditions are not appropriate for the post. | | | | | | | | | |
| 4 | The post is in an inappropriate location. | | | | | | | | | |
| 5 | Job is too demanding and/or does not have regular hours (shift work). | | | | | | | | | |
| 6 | Work permit or visa difficulties. | | | | | | | | | |
| 7 | Equity considerations (race, gender and/or disability). | | | | | | | | | |
| 8 | Applicants' personality traits are not suitable for the post or the organisation. | | | | | | | | | |
| 9 | Do not know. | | | | | | | | | |
| 10 | Other. | | | | | | | | | |

The most common reasons for HTFVs are the applicants lack relevant qualifications; applicants lack relevant experience; and equity considerations (race, gender and/or disability). This is indicative of occupations in high demand and occupational shortages.

It is evident from the reasons for HTFVs that applicants lack the required educational qualifications required for the post and appropriate work experience required for the post. This is consistent with the high unemployment rate in South Africa. It makes it difficult to secure employment or find placement and internship opportunities.

Hence, there is a consistent complaint from graduates that they are disadvantaged in finding employment because they lack work experience.

The INSETA is currently working with several employer bodies in the sector to place graduates in the workplace. These initiatives are taking place through learnerships, internships and bursaries.

3.3 SKILLS GAPS BY MAJOR CATEGORY

Skills gaps refer to top-up skills need by employees. There are an infinite number of top-up skills needed by employees in the sector depending on their personal needs. Therefore, it is impossible to identify all of them. Based on the literature review, workplace skills plans and HTFV survey, the following top five skills gaps are identified.

| MAJOR OCCUPATIONAL GROUP | TYPES OF SKILLS GAPS | |
|-------------------------------------|---|---|
| Managers | Legal governance & risk Management & leadership Marketing & sales Planning & organising Problem-solving | Project management Strategic thinking Interpersonal Financial Mentoring and coaching Negotiation |
| Professionals | Advanced IT & Software Communication (oral & written) Interpersonal Financial Legal governance & risk | Management & leadership Marketing & sales Planning & organising Problem-solving Mentoring and coaching Tax |
| Technicians | Advanced IT Communication (oral & written) Interpersonal | Legal governance & risk Supervisory |
| Clerical and Administrative Workers | IT Communication (oral & written) Interpersonal | Legal governance & risk Supervisory Administration |
| Sales Workers | Marketing and sales IT | Communication (oral & written) Interpersonal |
| Elementary Workers | Basic IT Communication (oral & written) | Interpersonal |

The common skills are Legal governance & risk, Management & leadership, Marketing & sales, Planning & organising, Problem-solving, Financial, Advanced IT, Marketing and sales, Communication (oral & written) and Interpersonal.

3.4. SKILLS GAPS BY OCCUPATIONS

A composite profile of skills gaps associated with sectoral priority occupations in the insurance sector has been constructed. The tables below highlight the complexity of skills gaps associated with scarce skill occupations. These tables provide a construct of role activities, level of experience and key performance activities associated with the identified scarce occupations.

| Sectoral Priority Occupations (OFO) | Skills Gaps |
|---------------------------------------|--|
| Insurance Agent (332101) | Insurance Sales meet fit and proper requirements (FAIS compliant); Personal, Commercial and Technical ; Medical Underwriting |
| Insurance Broker (332102) | Building and maintaining business relationships with clients; discussing and assessing clients' current and future insurance needs; researching insurance policies and products; negotiating policy terms and costs with insurance providers; marketing and sales. |
| Actuary (212101) | Actuarial Analyst; Actuarial Assurance Specialist; Actuarial Consultant; Actuarial Manager; Group Benefits Actuarial Managers; and Management Professionals Moses testing; VBA; C++; Actuarial studies and exams; IT skills & programming; risk calculation; unique business need Consultant: Regulator Co-ordination & Advanced Analytics |
| Data Analyst (No OFO code) | Mathematical ability; programming languages, such as SQL, Oracle and Python; ability to analyse, model and interpret data; problem-solving skills.; and accuracy and attention to detail. |
| Insurance Loss Adjustor (331503) | Claims Adjuster experience; liability; investigating; communication Skills; customer Service; written Communication; Claim Handling; and estimating |
| Financial Investment Advisor (241301) | Experienced Financial Advisor Financial plans for individuals and organisations; investment strategies and taxation; securities, insurance, pension plans and real estate Investment Analyst Portfolio Manager Retail Implementation and Private Wealth |
| Fraud Examiner (242215) | Data analysis, deductive reasoning, search, analysing financial information, collecting evidence and interviewing witnesses and suspects. |
| Developer Programmer (251203) | Analyst Developer; Application Architect; Senior Developer (.Net); System Developer and Technical Developer Write programs in a variety of computer languages, viz. C++; Java Update; debug programs through testing and fixing errors; build and use computer-assisted software |
| ICT Security Specialist | Intrusion detection, malware analysis and reversing, programming know-how, risk analysis and mitigation, cloud security, security analysis. |
| Organisational Risk Manager | Analytical skills and have an eye for detail Along with the ability to understand broad business issues Other skills are corporate governance; enterprise risk management; information and security risk; market and credit risk; regulatory risk; operational and technology risk; business continuity management. |

3.4 SUPPLY OF OCCUPATIONS

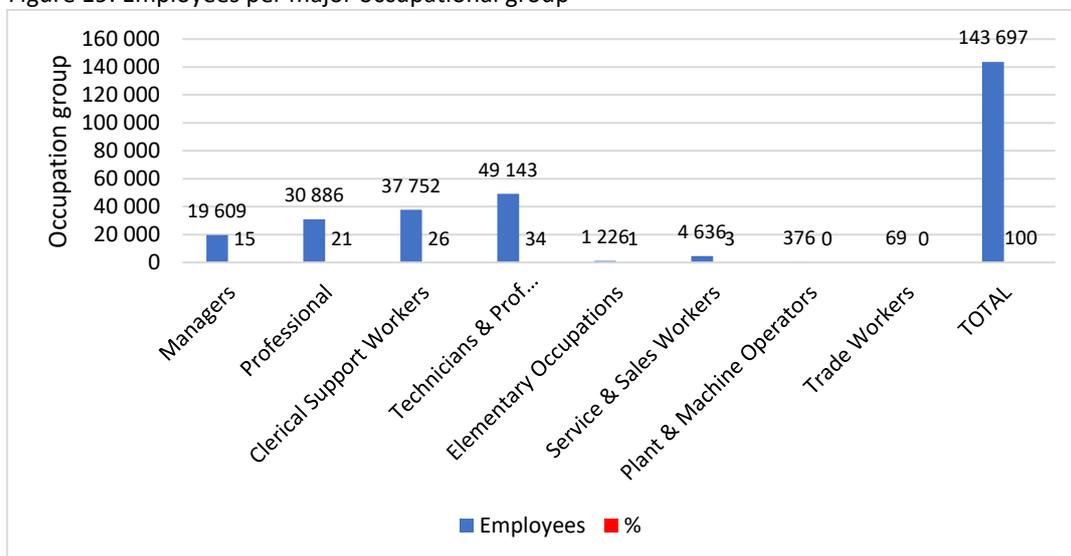
Any attempt to extrapolate occupational demand using the stock of occupations (supply) is fraught with difficulties because occupations are not industry or sector specific. For example, a mechanical engineer may be employed in a bank or a medical doctor in a large insurance company. A teacher or real estate agent may take up employment as a financial advisor, and so on. Therefore, there is no direct skills match between a graduates' field of study and a job in the sector relating to their field of study.

At best, data on the supply of occupations provides information on the number of people at various occupation levels and the number of graduates by qualification types exiting education institutions annually. If compared over a period, it provides useful data on the flow of occupations and education levels in the labour market, but there is no way of knowing how many graduates in which study fields will enter the insurance sector.

Our approach is based on the basic tenet of economic analysis that observing disaggregated changes at the margin provide a stronger signal of underlying forces than observing the stock. This means that we should focus on those parts of the market where occupational change happens more sharply.

The figure shows the number of people employed by major occupation groups in the insurance sector in 2018.

Figure 19: Employees per major occupational group



Source: WSP 2018/2019

The figure shows the number of people employed by major occupation categories in the insurance sector in 2018. This is a top-heavy sector with 98% employed in the upper occupational strata – from managers to technicians.

3.5 WORKFORCE QUALIFICATIONS

The workforce qualification profile of the sector is the following:

Table 8: Employees qualification 2018

| Qualifications | Number | % |
|--------------------|----------------|--------------|
| Below NQF Level 1 | 166 | 0.13 |
| NQF Level 1 | 155 | 0.12 |
| NQF Level 2 | 520 | 0.42 |
| NQF Level 3 | 1 565 | 1.26 |
| NQF Level 4 | 77 637 | 62.57 |
| NQF Level 5 | 17 886 | 14.42 |
| NQF Level 6 | 8 510 | 6.86 |
| NQF Level 7 | 9 740 | 7.85 |
| NQF Level 8 | 4 438 | 3.58 |
| NQF Level 9 | 1 355 | 1.09 |
| NQF Level 10 | 55 | 0.04 |
| Other | 2 044 | 1.66 |
| TOTAL | 124 071 | 100 |

Source: WSP 2018/2019

About 77% of the workforce have NQF Level 4 and 5 qualifications in the sector. There are over 17% of employees with NQF Levels 6, 7 and 8 qualifications. With the onset of the 4.0 Industrial Revolution, the demand for people with higher skills intensities or advanced skills are likely to grow in the sector. Therefore, the “bulge” at NQF 4 and 5 will be expected to shift to NQF 6, 7 and 8. It will require greater investments in skills development.

3.6 SETA SUPPORTED PROGRAMMES

A number of workers registered for INSETA supported learning programmes, by programme type 2016-2017 is given below.

Table 9: Workers on INSETA supported programmes (2018-2019)

| Learnerships | | | Skills Programmes | | | TOTAL | |
|--------------|--------|----------|-------------------|--------|----------|--------------|--------------|
| Target | Actual | Achieved | Target | Actual | Achieved | Target | Actual |
| 1 000 | 1 090 | 109% | 3 700 | 4 323 | 117% | 4 700 | 5 413 |

Source: WSP 2018/2019

There were 5 413 workers and the unemployed who completed INSETA supported programmes. This is a training rate of 3.8% for the sector annually (the ratio of the number of training incidents to the workforce).

3.7 PIVOTAL PROGRAMME COMPLETIONS

The table below presents the number of employees within the sector that have completed insurance specific qualifications since 2017 as per the Annual Training Report (2017-2018).

Table 10: Pivotal trained beneficiaries-sector sponsored qualifications

| Qualification | Completions |
|---|---------------|
| Certificate Financial Products | 2686 |
| Bachelor of Commerce | 2087 |
| National Certificate: Wealth Management | 1234 |
| Higher Certificate in Wealth Management | 999 |
| Further Education & Training Certificate: Short-Term Insurance | 914 |
| Further Education & Training Certificate: Wealth Management | 893 |
| Higher Certificate: Short-Term Insurance | 634 |
| Certificate: Accounting | 361 |
| Certificate: Wealth Management | 328 |
| National Certificate: Long-Term Insurance | 222 |
| Certificate: Financial Planning | 216 |
| Further Education & Training Certificate: Long-Term Insurance | 215 |
| Certificate: Management | 191 |
| Advanced Certificate Nature Conservation Trans-Frontier Conservation Management | 155 |
| IISA Programme in Advanced Insurance (120 credits) | 144 |
| National Certificate: Information Technology: End-User Computing | 123 |
| Bachelor of Business & Commerce | 116 |
| Further Education and Training Certificate: Generic Management | 115 |
| Certificate: Middle Management Development Programme | 111 |
| Bachelor of Business Administration | 100 |
| Qualifications completed | 11 844 |

Source: WSP 2018/2019

There are a relatively high number of completions in insurance qualifications, followed by commerce/accounting qualifications, management qualifications, trans-frontier conservation management (an exception to the general pattern), specialised IT qualifications, and business administration.

3.8 TVET PROGRAMMES

The number of students that registered and completed NQ(V) Level 4 at TVET Colleges in 2016 is given below.

Table 11: Students on NQ(V) courses 2016

| Courses | Registered | Wrote | Completed | % |
|---|------------|-------|-----------|------|
| Finance, Economics and Accounting | 2 292 | 2 103 | 800 | 38 |
| Information Technology and Computer Studies | 525 | 1 403 | 313 | 22.3 |
| Management | 328 | 1 221 | 670 | 54.9 |
| Office Administration | 8 548 | 7 870 | 3 808 | 48.4 |

Source: DHET Statistics of PSET (2016)- Released March 2018

Admittedly, the insurance sector is not a major employer of TVET graduates. It tends to employ HEI graduates.

3.9 HIGHER EDUCATION PROGRAMMES

The number of students who graduated from public and private HEIs in business management in 2016.

Table 12: Public and private HEIs enrolments

| Institutional Type | Business, Commerce & Management | |
|--------------------|---------------------------------|---------------|
| | Enrolment | Graduation |
| Public HEIs | 264 934 | 113 518 |
| Private HEIs | 91 009 | Not available |

Source: WSP 2018/2019

There are more than 113 518 students graduating from public HEIs alone for business, commerce & management courses. The sector also draws students from other sectors such as science, engineering, IT and the social sciences.

Over 8 years, the number of enrolments in business, commerce & management courses is the following:

Table 13: Higher education enrolments and completions

| Year | Business, Commerce & Management | |
|------|---------------------------------|-------------|
| | Enrolments | Completions |
| 2009 | 236 256 | 33 818 |
| 2010 | 278 843 | 41 657 |
| 2011 | 288 487 | 44 155 |
| 2012 | 282 299 | 46 042 |
| 2013 | 279 954 | 49 051 |
| 2014 | 272 409 | 50 381 |
| 2015 | 273 828 | 53 863 |
| 2016 | 264 934 | 56 364 |

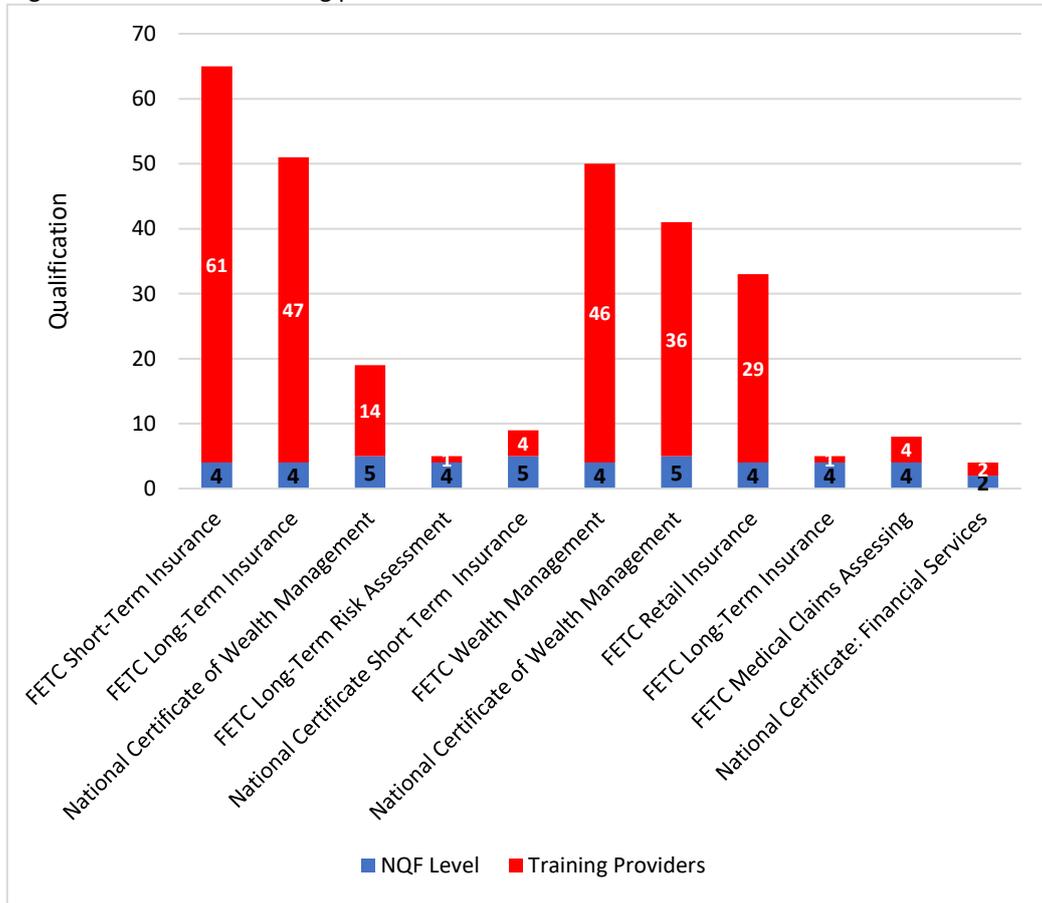
Source: DHET Statistics of PSET (2016)

Enrolments in public HEIs annually between 2009 and 2016 are exceptionally high. This represents 27.1% of total enrolments for all disciplines.

3.10 TRAINING PROVIDERS

There are 93 accredited training providers for insurance qualifications.

Figure 20: Number of training providers



Source: INSETA SSP 2018-2019

Short-term insurance, long-term insurance, wealth management and retail insurance are most frequently offered.

3.11 FINDINGS OF OCCUPATIONAL SUPPLY

The findings from the supply of skills are the following:

- The insurance sector should be focusing on skills development of people in the managers, professionals, clerical support workers and technicians group where 98% of employees are located.
- About 84% of the workforce have NQF Levels 4, 5, 6, 7 and 8 with 62.57% at NQF Level 4. The INSETA should be focusing on these NQF level employees.
- The training rate of 3.8% for the insurance sector annually (the ratio of the number of training incidents to the workforce) should be hiked up to 5% in the next year of SETA supported programmes.
- In the field of business, commerce & management, over 200 000 students are registering at public HEIs between 2009 and 2016 with over 50 000 graduating between 2014 and 2016. There are also students graduating from other fields of study. However, there is no way of knowing how many of these graduates join the insurance sector.
- There are a high number (93) of training providers offering insurance-specific programmes and unit standards mainly in short-term, long-term, retail insurance and wealth management.

3.12 SECTORAL PRIORITY OCCUPATIONS

Sectoral Priority Occupations were previously referred to as Pivotal Occupations. These are essentially high priority occupations in the sector.

3.12.1 Research Methods and Consultations

The Sectoral Priority Occupations List (2019) was derived for the following:

- An analysis of 608 WSP/ATRs for 2018-2019.
- The compilation of a research report on “Skills Demand, Skills Supply and Skills Mismatch in the Insurance Sector” (March 2019) by the INSETA Skills Planning and Research Division.
- An analysis of the DHET’s “Occupations in High Demand List” (2018).
- Interviews with industry experts in the insurance sector (2018).

- Consultation with the INSETA Research and Learning Programmes Steering Committee which consists of human resource development experts in the insurance sector.
- A strategic planning workshop with INSETA Board members (March 2019).
- Consultations with the INSETA research partner at Wits University.

The outcomes of these many deliberations was used to devise the Sectoral Priority Occupations List (2019).

3.12.2 Findings that Informed the List

The top 10 Sectoral Priority Occupations were identified at varying levels of frequency (frequency distributions). The top five Sectoral Priority Occupations occurred at noticeably higher levels of frequency than the bottom five.

3.12.3 Quantities

The quantities are informed by a count per occupation for all occupations. The top 10 occupations were then ordered by rank. Quantities to be supported by the SETA were obtained from the Annual Performance Plan.

The list is ranked by priority. An exhaustive list of every PIVOTAL occupation was calculated together with the numeric count and percentage of total. From this, the top 10 Sectoral Priority Occupations were identified.

3.12.4 Basis of Interventions in the List

Suggested interventions are based on a composite profile of critical skills for the insurance sector (2015-2019) using multiple research methodologies. These included content analysis of skills gaps identified by stakeholder companies (to create common categories and reduce the number of categories), role activities, level of experience, and key performance activities associated with identified scarce-skill occupations. Skills gaps were identified through a numerical count of the skills identified, together with the associated percentage.

3.12.5 Envisioned Outcomes from Identified Interventions

The interventions are aimed at reducing occupational shortages and skills gaps in the occupational categories identified. The evaluation of the Sectoral Priority Occupations List also identified the reasons for occupational shortages and direct interventions

3.13 SECTORAL PRIORITY OCCUPATIONS LIST (2019)

The Top 10 Sectoral Priority Occupations for 2019/2020 are:

Table 14: Top 10 sectoral occupations for 2019/2020

| PERIOD | OCCUPATION CODE | OCCUPATION | SPECIALISATION/ ALTERNATIVE TITLE | THE INTERVENTION PLANNED BY THE SETA | NQF LEVEL | NQF ALIGNED Y/N | QUANTITY NEEDED | QUANTITY TO BE SUPPORTED BY THE SETA | 0-100 | 101-1000 | 1001 & ABOVE | COMMENTS |
|----------------|-----------------|-------------------------|---|---|-------------|-----------------|-----------------|--|-------|----------|--------------|---|
| 2020 - 2021 | 332101 | Insurance Agent | Insurance Client Services Agent Commercial Underwriter | Training on Commercial and Personal Lines insurance as well as Technical & Medical Underwriting. Focus on Fit & Proper Requirements in order to conduct effective insurance sales | NQF LEVEL 5 | | 50 | 60 | X | | | Pivotal skills training Funding mechanisms such as, bursaries, projects & skills programmes |
| 2020 - 2021 | 332102 | Insurance Broker | Short Term Insurance Consultant | Bursary, learnership and internship funding | NQF LEVEL 6 | | 1000 | 1020 | | | X | Pivotal skills training Funding mechanisms such as, bursaries, projects & skills programmes |
| 2020 - 2021 | 212101 | Actuary | Actuary Manager Average Adjuster | Training of Actuaries to undertake Moses testing, VBA & C++ programming & Risk Calculations. Training of qualified actuaries to obtain long-term business experience | NQF LEVEL 7 | Y | 35 | 45 | X | | | Pivotal funding is directed at the full range of pivotal scarce & critical skills required |
| 2020 - 2021 | No OFO code | Data Analyst | Data Scientist | Bursary, learnership and internship funding | NQF LEVEL 7 | Y | 100 | 120 | | X | | Pivotal funding is directed at the full range of pivotal scarce & critical skills required |
| 2020- 2021 | 2017- 331503 | Insurance Loss Adjustor | Accident Claims Officer Insurance Loss Assessor | Training candidates in credit management, analytical, and administrative skills. Learning how to undertake a claims investigation | NQF LEVEL 4 | Y | 16 | 25 | X | | | Pivotal funding is directed at the full range of pivotal scarce & critical skills required |

| PERIOD | OCCUPATION CODE | OCCUPATION | SPECIALISATION/ ALTERNATIVE TITLE | THE INTERVENTION PLANNED BY THE SETA | NQF LEVEL | NQF ALIGNED Y/N | QUANTITY NEEDED | QUANTITY TO BE SUPPORTED BY THE SETA | 0-100 | 101-1000 | 1001 & ABOVE | COMMENTS |
|----------------|-----------------|------------------------------------|--|---|----------------|-----------------|-----------------|---|-------|----------|--------------|--|
| 2020 - 2021 | 241301 | Financial Investment Advisor | Financial Agent Financial Planner | Funding of training projects for Financial Investment Advisor | NQF LEVEL 6 | | 1000 | 1020 | | | X | Pivotal skills training Funding mechanisms such as, bursaries, projects & skills programmes |
| 2020- 2021 | 2017- 242215 | Fraud Examiner | Fraud Investigator Fraud Analyst | Identify existing qualifications. and skills programmes. Offer learnerships. Bursaries and internships. | NQF LEVEL 6 | Y | 30 | 40 | X | | | Pivotal funding is directed at the full range of pivotal scarce & critical skills required |
| 2020- 2021 | 2017- 251203 | Developer Programmer | ICT Programmer Applications Developer | Training to develop high-level system developers, such as analyst, architect & technical developers. . | NQF LEVEL 7 | Y | 19 | 30 | X | | | Pivotal funding is directed at the full range of pivotal scarce & critical skills required |
| 2020- 2021 | 2017- 252901 | ICT Security Specialist | ICT Security Architect Database Security Expert | Identify existing qualifications. and skills programmes. Offer learnerships. Bursaries and internships. | NQF LEVEL 6 | Y | 60 | 70 | X | | | Pivotal funding is directed at the full range of pivotal scarce & critical skills required |
| 2020- 2021 | 2017- 242208 | Organisational Risk Manager | Organisational Risk Adviser Organisational Development Manager | Funding of training projects for Organizational Risk Practitioners | NQF LEVEL 6 | | 200 | 220 | | | x | Discretionary Grant funding & Catalytic |

Mr Moshupi Mokgobinyane
Board Chairperson

Signature:

Date: / / /

Ms Nadia Starr
Chief Executive Officer

Signature:

Date: / / /

3.14 CONCLUSION

The mismatch between what skills employers demand and its availability was discussed in this chapter. Most of the Sectoral Priority Occupations and skills gaps identified resonated with the skills change drivers in Chapter Two.

The evidence suggests that employers find it difficult to source specialist skills in various occupations. This problem is growing as a consequence of technological disruption.

There is a reliable and consistent message for greater specialisation in programmes at tertiary institutions. More tailored or bespoke content to meet the changing needs of employers and the sector.

There is a need for public education institutions to increase collaboration with consultancies and specialist private training providers who are more focused on a few programmes with greater depth. Tertiary institutions should utilise working practitioners and alumni for individual modules to bring cutting edge development from industry into the classroom.

A key trend emerging is that companies increasingly require employees with a holistic range of skills. A good education and technical skills form an essential foundation, but employees in middle and senior management positions and specialist roles require a wide-ranging set of competencies acquired chiefly through experience, on-the-job training and coaching and mentoring.

The demand for specialist mathematical, quantitative and investment expertise exceeds the supply.

A major future development area for the Insurance Sector is data analytics. Companies have vast quantities of consumer data at their disposal – the ability to identify trends and develop innovative solutions from the analysis of big data will become a vital competitive advantage.

Mastery of IT knowledge domains is a necessity for companies to stay competitive, particularly in the face of fintech companies. Technology staff need to gain expertise.

Escalating levels of financial regulation have resulted in a severe scarcity of specialist expertise in regulation and compliance. The required expertise includes the ability to assess legislation and make appropriate recommendations while considering all aspects – regulation, compliance requirements, business operations and strategic goals.

Attracting the next generation of talent is going to be one of the biggest challenges, especially given that millennials already comprise more than 50% of the global workforce. Companies need to start looking at talent differently, including embracing freelance talent and tapping into this new way of working.

CHAPTER FOUR: SETA PARTNERSHIPS

4.1 INTRODUCTION

The purpose of this chapter is to assess the effectiveness of existing INSETA partnerships and present planned partnerships. INSETA partnerships are determined by sector skills priorities.

INSETA is involved in many partnerships. We have highlighted the major partnerships in this chapter.

4.2 ANALYSIS OF EXISTING PARTNERSHIPS

The existing partnerships are the following:

| TITLE | TVET COLLEGE PARTNERSHIPS |
|---|---|
| What organisations is the SETA partnering? | TVET Colleges: Umfolozi, Vuselela, West Coast, Coastal, False Bay, Gert Sibanda, Ingwe, Letaba, Majuba, Mnambithi, Motheo, Northern Cape rural, Northern Cape urban, South Cape, Taletso, Thekwini, Tshwane North, South West Gauteng, Buffalo City, Cape Town, Flavius Mareka, Tshwane South, Ekurhuleni West, Port Elizabeth, Ikhala, East Cape Midland, Maluti, Orbit, Mthashana |
| What is the nature, term and duration of the partnership? | The INSETA supports the placement of new entrants in learnerships, internships and workplace learning. INSETA started a lecturer development from 2016 to ensure that lecturers are trained as assessors and moderators. Term and Duration: 2018 – 2021 |
| What is the objective of the partnership? | The project targeted learners in public TVET Colleges. INSETA aims to increase training to unemployed learners in programmes that are related to the insurance sector |
| What value is the partnership adding to the SETA? | The partnership is providing a pool of graduates for entry level positions in the insurance sector. It is making training accessible outside the metro areas at affordable rates. |
| What is working successfully and why? | The following has been achieved: 328 TVET graduates supported to access workplace experience 1275 TVET graduates supported with workplace experience. 1200 TVETs graduates completing workplace experience. INSETA is developing insurance-specific qualifications in the TVET colleges from 2019, after lecturer development and capacitation matters have been addressed in the TVET colleges. The Board and management of INSETA is committed to working and supporting public TVET Colleges. |
| What is not working successfully and why? | The development of qualifications is a lengthy process which impedes the offering of new qualifications at TVET level. Some TVET Colleges lack an understanding of the insurance sector. |
| What gaps is the partnership addressing in the SETA? | Supply a pool of entry level skills to the SETA. Assisting the SETA meet its targets for public TVET support. |

| TITLE | TVET COLLEGE PARTNERSHIPS |
|--|--|
| What should be done to strengthen partnerships that are not working well? | There is a need for more systematic and frequent engagement with TVET Colleges, particularly their management. |

| TITLE | RESEARCH PARTNERSHIP |
|--|--|
| What organisations is the SETA partnering? | University of Witwatersrand |
| What is the nature, term and duration of the partnership? | The INSETA has appointed Wits University as a research partner to provide applied research capacity support to INSETA in fulfilment of its research mandate and agenda. Term and Duration: 2019 – 2021 (renewal based on performance) |
| What is the objective of the partnership? | The objective of the research partnership is to strengthen and improve research and innovation capacity in the insurance sector. |
| What value is the partnership adding to the SETA? | The research partnership portfolio is designed to bring new insurance-specific research leadership capacity to the university. |
| What is working successfully and why? | There is excellent co-operation between Wits and INSETA management to meet targets set in the service level agreement. |
| What is not working successfully and why? | There is a need for the partners to meet more frequently in the initial stages of the partnership. |
| What gaps is the partnership addressing in the SETA? | Conducting skills planning research and developing a body of knowledge for the insurance sector. Conducting research in insurance at Masters and Doctoral levels. |
| What should be done to strengthen partnerships that are not working well? | More time should be set aside to meet regularly with Wits. The main challenge is to market the partnership to the university and INSETA stakeholders. |

| TITLE | OCCUPATIONAL LEARNING PROGRAMMES DEVELOPMENT |
|--|--|
| What organisations is the SETA partnering? | Insurance Institute of South Africa |
| What is the nature, term and duration of the partnership? | INSETA has partnered with the Insurance Institute of South Africa (IISA) for developing occupational qualifications in the short-term insurance industry. THE IISA also advises INSETA on the update of the OFO codes. Term and Duration: 2018 – 2020 |
| What is the objective of the partnership? | To develop responsive qualifications to the needs of the labour market. |
| What value is the partnership adding to the SETA? | Enable the development of relevant occupational qualifications for the insurance sector. |

| TITLE | OCCUPATIONAL LEARNING PROGRAMMES DEVELOPMENT |
|--|--|
| What is working successfully and why? | The IISA has managed to bring experts to assist with the developing of occupational qualifications as it is the membership of the IISA. The qualification for Underwriting was approved by Quality Council for Trades and Occupations (QCTO). INSETA is working with the IISA to develop other insurance qualifications. |
| What is not working successfully and why? | Qualifications development is a slow and costly process. |
| What gaps is the partnership addressing in the SETA? | Developing qualifications for sectoral priority occupations. |
| What should be done to strengthen partnerships that are not working well? | There is a need to speed up the pace of qualifications development. |

| TITLE | EMPLOYERS FOR WORK PLACEMENTS |
|--|--|
| What organisations is the SETA partnering? | Professional Bodies & Industry Associations in the insurance sector: IISA, ASISA, BATSETA, FPI, IRFA (see abbreviations) |
| What is the nature, term and duration of the partnership? | Promote work placements and internships among their membership for unemployed learners and graduates. Term and Duration: 2018 – 2020 |
| What is the objective of the partnership? | The objective of this partnership is to obtain the support of professional bodies & industry associations in the insurance sector to promote work placements and internships among their membership for unemployed learners and graduates. |
| What value is the partnership adding to the SETA? | It is ensuring that investments in training is giving a return in the form of work placements and possibly employment. |
| What is working successfully and why? | 351 university graduates completing workplace experience. 1200 TVETs graduates completing workplace experience. |
| What is not working successfully and why? | The demand for work placements and internships exceed supply. |
| What gaps is the partnership addressing in the SETA? | Providing learners with work experience. |
| What should be done to strengthen partnerships that are not working well? | Greater commitments should be extracted from companies to take on more students and graduates. For work placements and internships. |

| TITLE | STRATEGIC INTEGRATED PROJECTS (SIPS) INTER-SETA PARTNERSHIP |
|--|---|
| What organisations is the SETA partnering? | EWSETA |
| What is the nature, term and duration of the partnership? | INSETA is supporting the development of artisans through the Strategic Integrated Projects (SIPs), together with other SETAs. Term and Duration: 2018 – 2025 |
| What is the objective of the partnership? | The project is aimed at addressing the need for artisans to progress in their existing careers and for unemployed learners at entry level to qualify for access into the insurance sector. |
| What value is the partnership adding to the SETA? | The partnership enables INSETA to contribute to meeting national targets towards artisan development. |
| What is working successfully and why? | The Centres of Specialisation at TVET Colleges are being established due to a joint effort by SETAs and the DHET. With support from GIZ/Skills for Green Jobs, short-term insurance underwriters, their outsourced partners, and INSETA, the sector is advocating and marketing Solar Water Heating (SWH) technologies. INSETA is working with the Department of Energy on the National Solar Water Heating Programme (NSWHP). This project has almost completed the training phase and implementation from the insurance sector is now underway. |
| What is not working successfully and why? | The process is moving slowly to establish Centres of Specialisation at TVET Colleges. |
| What gaps is the partnership addressing in the SETA? | The partnership enables INSETA to contribute to meeting national targets towards artisan development. |
| What should be done to strengthen partnerships that are not working well? | The project should involve regular reporting to SETAs. |

4.3 PLANNED PARTNERSHIPS

The planned partnerships are the following:

| COLLABORATION WITH PUBLIC TVET COLLEGES | |
|---|---|
| What new partnerships are needed for the SETA? | There is a need for the INSETA and insurance companies to partner with TVET Colleges for the benefit of the sector. |
| What gaps/objectives will these partnerships be addressing? | The establishment of an insurance school in a public TVET College. This will serve as a pilot and be rolled out to other colleges. |
| What necessitates these partnerships? | INSETA aims to increase training to unemployed learners in programmes that are related to the insurance sector. The partnership is providing a pool of graduates for entry level positions in the insurance sector. It is making training accessible outside the metro areas at affordable rates. |
| What is the SETA's most successful partnership approach? | The INSETA should consistently engage with TVET College management to inform them of the employment opportunities and career pathways available for students and graduates. Regular meetings with the INSETA and TVET Colleges. |

| RESEARCH PARTNERSHIPS WITH UNIVERSITIES | |
|---|--|
| What new partnerships are needed for the SETA? | The insurance sector is largely, but not exclusively, a tertiary education sector. Therefore, there is a need to establish partnerships with selected universities to support the skills development agenda of the sector. There is also a need to ensure that universities are offering programmes that are relevant to the needs of the sector. |
| What gaps/objectives will these partnerships be addressing? | <p>The university research partners will strengthen skills planning research outputs in the INSETA. More students will conduct Masters and Doctoral research on insurance and skills planning issues. The research partners will advise INSETA on the development of new qualifications. Two research partners will be awarded in the following categories to a university in the Western Cape and Kwa Zulu-Natal:</p> <p>Technology - Technological advancements, artificial intelligence, 4.0 industrial revolution and its impact on the insurance sector with a view to reskilling, upskilling and multiskilling for the future of the sector.</p> <p>Skills Planning Research - Insurance sector skills planning, research, and scarce and critical skills identification for the sector.</p> |
| What necessitates these partnerships? | The need to strengthen the research capacity at INSETA for sector skills planning. |

| | |
|---|--|
| | |
| What is the SETA's most successful partnership approach? | The INSETA should consistently engage with university management to inform them of the employment opportunities and career pathways available for students and graduates. Regular meetings with the INSETA and university partners. |

4.5 CONCLUSION

The focus of existing and planned partnerships for the INSETA is on strengthening supply-side delivery of insurance programmes in the public post-school and training system. This is taking place through the establishment of research partner at three public universities and supporting public TVET Colleges with bursaries and lecturer development. This is followed up with work placements and internships.

The INSETA is also expanding its range of qualifications in the sector by working closely with industry bodies.

CHAPTER FIVE: MONITORING AND EVALUATION

5.1 INTRODUCTION

Monitoring and evaluation (M&E) is an essential performance management tool employed by INSETA. It helps the Board and management to track progress with implementation of the Strategic and Annual Performance, detect problems as early as possible, assess the efficiency and effectiveness of projects; account for progress or results, and provide information that can assist INSETA in improving its performance.

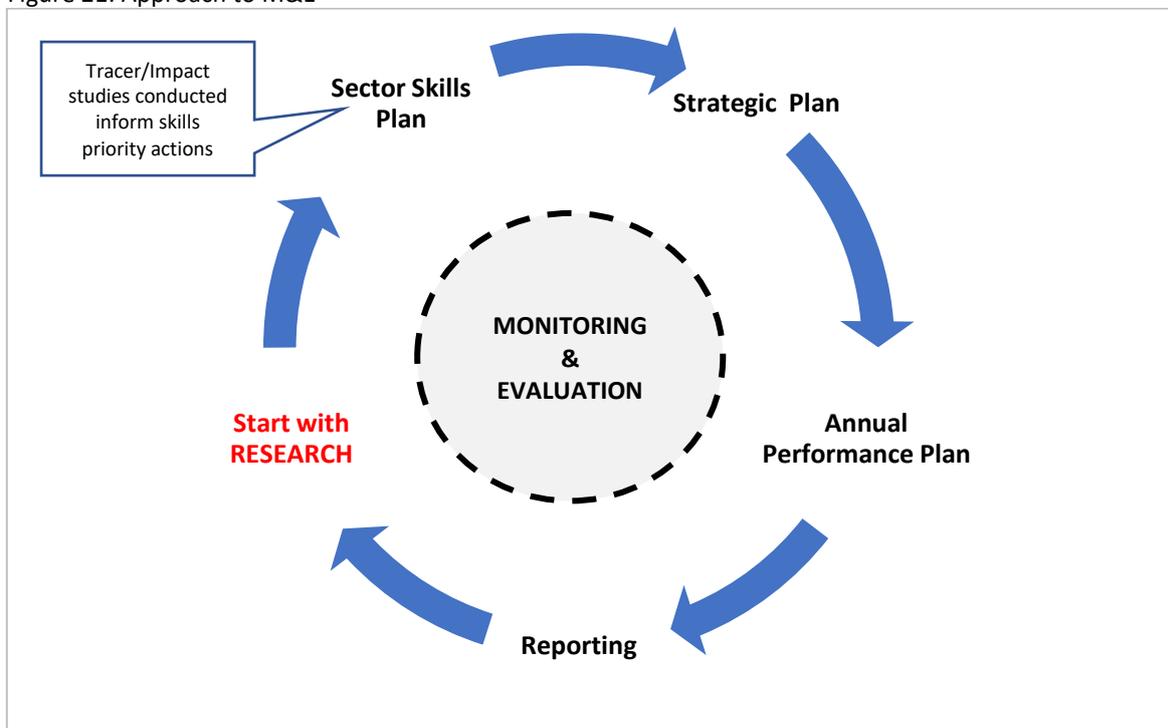
The INSETA Strategic Plan is revised and updated in line with the *Framework for Managing Programme Performance Information* issued by National Treasury in terms of the mandates set out in section 215 and 216 of the Constitution.

Ultimately, the Board has the oversight role to review the SETA's performance over the five years period against the strategy set.

5.2 APPROACH TO M&E

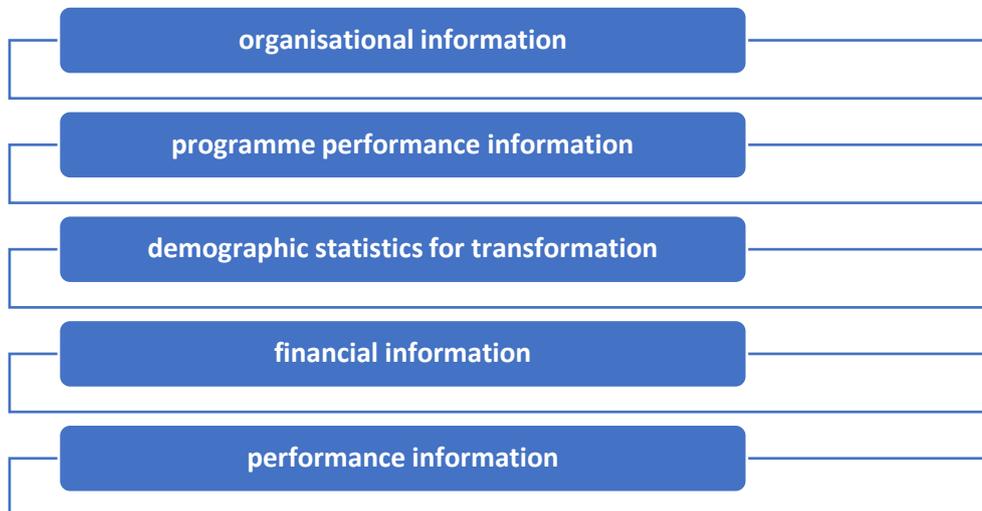
INSETA's approach to M&E is as follows:

Figure 21: Approach to M&E



INSETA complies with the government-wide M&E system contained in the Treasury regulations.

The system has five components:



The INSETA conducts tracer/impact studies annually. The findings obtained from these studies are used to inform skills priority actions in chapter six of the SSP.

5.3 USE OF M&E DATA FOR PLANNING AND RESEARCH

The INSETA Board provides strategic direction to management and fulfils an oversight role.

The core divisions within INSETA are:

- The Skills Planning and Research Division is responsible for research; registration of companies for submission of Workplace Skills Plans and the Annual Training Report, and the recommendation of payment of mandatory grants.
- The Learning Division is responsible for the registration and management of learnerships, internships, bursaries for workers and skills programmes for youth.
- The Quality Assurance Division is responsible for the accreditation of skills development providers, registration of assessors and moderators, verification of learning, certification of learners, and coordination of External Integrated Summative Assessments (EISA); as well as development of occupational qualifications and / or realignment of legacy qualifications to occupational qualifications.

The following are support divisions:

- The Office of the Chief Financial Officer (CFO) is responsible for financial management. The Supply Chain Management (SCM) division is responsible for procurement of resources, products and services.
- The Human Resources (HR) division is responsible for the management and administration of all human resource-related matters.
- The INSETA Project Office (IPO) is responsible for management of projects, including management of projects for TVET Work-Integrated Learning and bursaries for youth.

INSETA has established a Research and Learning Programmes Committee which acts as a platform for discussing research and programme planning issues.

Programmes activities are monitored by the above structures and recommendations are communicated to the management, which in turn, communicates issues to the EXCO and Board.

5.4 PERFORMANCE INFORMATION

In the 2017 -2018 financial year, the INSETA has effectively achieved all targets as illustrated below:

Source: INSETA Annual Report 2017-2018

| STRATEGIC GOAL | NO OF INDICATORS | INDICATORS ACHIEVED |
|---|------------------|---------------------|
| Credible institutional mechanism for skills planning | 5 | 5 |
| Increased access to occupationally directed programmes | 12 | 12 |
| Better use of workplace skills development | 12 | 12 |
| Training and support provided to co-ops, SME's and NGOs | 11 | 11 |
| Building career and vocational guidance | 3 | 3 |
| Promoting the growth of the public TVET College system | 4 | 4 |
| TOTAL | 47 | 47 |

There has been an improvement in the performance of the INSETA, with 100% of performance indicators having been met. This is a satisfactory 4% improvement on the 2016/2017 financial year (96%). In this complex environment, INSETA has continued to perform well and I am pleased that INSETA's 2017/2018 Annual Report indicates increasingly higher performance against strategic targets and consistently effective financial management.

5.5. STRATEGIC PRIORITIES

Skills Priorities for the Sector

INSETA's skills priority actions are directed by the foundation that has been set by the NSDS III and are set by the goals of this same strategy. They include increased access to occupationally directed programmes, better use of workplace skills development, training and support provided to sector cooperatives, small enterprises and non-governmental organisations, and enhancing career and vocational guidance. Three of INSETA's programmes (youth, education and development; addressing the need for scarce and critical skills; and Small and Micro-enterprise development) determine the direction of its skills priorities. INSETA's skills priorities can be seen from the type of projects that are executed.

Advance the employability potential of young adults

Equip unemployed youths (18-34 years old) with the means to secure a job and a brighter future through education and training. This is achieved through year-on-year funding increases to applicable projects that advance the employability potential of young adults. This support takes various forms in the projects that are run, such as skills programmes for unemployed youths, bursaries for youths not in employment (in collaboration with the National Student Financial Aid Scheme), SME learnerships and internships.

Strive to meet transformation targets

Assist in tangible ways with the transformation of the insurance sector. One way in which this is realised is through the selection of candidates for bursaries and skills programmes to satisfy the NSDS III principle as follows: Black (85%), Women (54%) and people with Disabilities (4%). Several INSETA projects are geared towards addressing transformational issues.

Alleviate the scarce and critical skills in the sector

Promote the alleviation of scarce and critical skills in the insurance sector by developing new qualifications through QCTO. This is also achieved through funding applications for bursaries, learnerships and internships. This provides PIVOTAL programmes to support the alleviation of scarce and critical skills.

Supporting the professionalisation of the sector

Foster the development of Financial Service Providers (FSPs) by supporting them in their endeavours to obtain FAIS Act credits and pass the regulatory examinations. INSETA gives other tangible expression to this priority through the development of learning material training around FAIS, namely Key Individuals and Representatives manuals. As a SETA, it has also given credence to this objective by developing a national Recognition of Prior Learning option for FSPs, which has the support of the FSB and was developed jointly with SAQA.

Supporting rural development initiatives through partnership with cooperatives

Promote the development of micro-cooperatives, in particular burial societies. INSETA assists burial societies to register as cooperatives and equips them with skills through the training of burial societies. All INSETA's projects are evaluated for their degree of risk: high, medium or low. A risk register that records the level of risk and how the level of risk can be reduced through applying various interventions is in place.

5.6 MEASURES TO SUPPORT NATIONAL STRATEGIES AND PLANS

All of INSETA's Discretionary Grant programmes must comply with the key developmental and transformational imperatives of the NSDS III, namely equity profile, class and geography. B-BBEE and the Financial Sector Charter (FSC) drive the transformation of the sector. INSETA needs to support small black businesses because of the poor state of transformation in this area, which is exacerbated by structural barriers to entry. This support will require concerted efforts and substantial resources. One of the key pillars being investigated by the Human Capital Project for the insurance industry is transformation.

INSETA's SSP imparts vital substance to Strategic Goal 3: better use of workplace-based skills development through various projects. The Business and System Analysis, Year 13 QCTO Pilot Underwriters, INSETA National Skills Broker Network and Employment Portal, and SME projects are all geared towards alleviating scarce or critical skill shortages and unemployment.

INSETA also contributes to the burial society movement and, in turn, to Strategic Goal 4: training and support provided to sector cooperatives, small enterprises and non-governmental organisations. This is achieved by measuring target variables, identifying recent legislation that is relevant to burial societies and stokvels and encouraging implementation of legislation. The SSP strategically targets geographic regions where burial societies need to be increased.

INSETA's SSP also contributes to Strategic Goal 5: building career and vocational guidance. This is achieved through its plan to adopt a multifaceted approach to career and vocational guidance through empirical analysis of the various elements. The SSP needs to evaluate the current career guidance calendar and appraise whether additional items need to be added. In addition, the SSP needs to evaluate statistics and trends from Goal 4.8 (career paths are mapped to qualifications in all sectors and sub-sectors and are communicated effectively). The SSP must identify relevant elements of the legislative framework and incorporate this into the current strategic plan.

Aspects of the National Development Plan, the New Growth Path and associated National Youth Accord, and the HRDSA are all considered when scoping projects. These projects include placing youths in employment through various mechanisms, promoting and developing SMEs, SETAs co-financing training with employers, setting targets to achieve a credible mechanism for skills planning, and meeting demographic and transformational imperatives. Tangible operational measures are put in place through INSETA projects, which wholeheartedly support the goals of the NSDS III, the NDP and the HRDSA 2010-2030.

5.7 CONCLUSION

INSETA is meeting its annual targets as per its service level agreement with the DHET. The establishment of the Research and Learning Programmes Committee is intended to use the expertise of human resource development experts in the sector to guide the research agenda.

CHAPTER SIX: STRATEGIC SKILLS PRIORITY ACTIONS

6.1 INTRODUCTION

The key skills findings from all the previous chapters are discussed to outline strategic skills priority actions in relation to transformation, the 4.0 industrial revolution and support for SMMEs and entrepreneurship. These will be presented in the context of the NSDP goals.

6.2 FINDINGS FROM PREVIOUS CHAPTERS

The key findings from preceding chapters are as follows:

| | |
|--|---|
| Chapter 1: Sector Profile | <ul style="list-style-type: none"> ▪ The economic performance of the insurance sector is influenced by the macro-economic performance of the South African economy. GDP in 2018 was 0,8% with adverse consequences for insurance companies since financial products are not essential items like food, travel and petrol. ▪ On the positive side, SA insurance market is mature, companies are competitive, and companies have high levels of insurance penetration. ▪ The largest contribution to finance and insurance GDP provincially were Gauteng, Western Cape and Kwa Zulu-Natal. |
| Chapter 2: Key Skills Change Drivers | <ul style="list-style-type: none"> ▪ There are six major skills drivers driving change in the sector. These include: <ul style="list-style-type: none"> ○ Technology ○ Climate change ○ Product development ○ Economy ○ Regulatory Environment ○ Future Work ▪ These issues have major implications for skills development in the insurance sector. It requires reskilling of existing staff in companies; review of current qualifications; development of new qualifications; and increased discretionary funding to skills development related to these skills drivers. |
| Chapter 3: Occupational Shortages and Skills Gaps | <p>Chapter Three focuses on the Sectoral Priority Occupations List. The following are the Top 10 occupations on the list: Insurance Agent (1); Actuary (2); Insurance Claims Administrator (3); Insurance Broker (4); Sales Manager (5); Insurance Loss Adjuster (5); Developer Programmer (5); Management Consultant (6); Software Developer (7); Sales & Marketing Manager (8); Financial; Investment Advisor (9); ICT Systems Analyst (9); Compliance Officer (9); Insurance Risk Surveyor (10) ; and Insurance Claims Administrator (10).</p> |
| Chapter 4: SETA Partnerships | <ul style="list-style-type: none"> ▪ The following strategic SETA partnerships exist: |

| | |
|--|---|
| | <ul style="list-style-type: none"> ▪ TVET College Partnership: INSETA aims to increase training to unemployed learners in programmes and support lecturer development. ▪ Research Partner: The INSETA has appointed Wits University as a research partner to provide applied research capacity support to INSETA. ▪ Occupational Learning Programmes Development: INSETA has partnered with the Insurance Institute of South Africa (IISA) for developing occupational qualifications in the short-term insurance industry. ▪ Employers for Work Placements: The purpose of this partnership is to obtain the support of professional bodies & industry associations in the insurance sector to promote work placements and internships. ▪ SIPS Partnership: INSETA is supporting the development of artisans through the Strategic Integrated Projects (SIPs). ▪ Planned projects are the appointment of two research partners at universities and the establishment of an insurance school in a public TVET College. |
| <p style="text-align: center;">Chapter 5: Monitoring and Evaluation</p> | <ul style="list-style-type: none"> ▪ INSETA is meeting its annual targets as per its service level agreement with the DHET. The establishment of the Research and Learning Programmes Committee is intended to use the expertise of human resource development experts in the sector to guide the research agenda. |

6.3 KEY STRATEGIC SKILLS PRIORITY ACTIONS

6.3.1 Strengthen INSETA's Research Capacity for Sector Skills Planning

The INSETA is committed to strengthening its institutional labour market research capacity through research partnerships. This involves strengthening the capacity of the skills planning and research division with new appointments.

The research partnerships will be in the following categories:

Technology - Technological advancements, artificial intelligence, 4.0 industrial revolution and its impact on the insurance sector with a view to reskilling, upskilling and multiskilling for the future of the sector.

Skills Planning Research - Insurance sector skills planning, research, and scarce and critical skills identification for the sector.

Insurance and Risk Management: Insurance product development, regulations, risk, asset pricing, knowledge production, curriculum, research outputs, climate change, training and development.

Response: The INSETA is also establishing research partnerships at three public universities. One has already been established with Wits University. The research partnerships will:

- Increase research outputs in the Insurance sector.
- Respond to challenges facing the insurance sector through evidence-based research.
- Developing young and emerging researchers, especially from previous disadvantaged communities.
- Increase the production of Masters and Doctoral graduates in the Insurance Sector.
- Create insurance specific research career pathways for young and mid-career researchers, with a strong research, innovation and human capital development output trajectory.

6.3.2 Support the Public TVET College System

The public TVET college system is central to the government's programme of skilling and re-skilling the youth. Its transformation is key to the integration of education and training and responding to the skills needs in our country. In recent years, TVET colleges have been striving to make the transition from their former status as technical colleges to being responsive and vibrant post-school institutions for vocational education.

The TVET sector produces graduates in the field of business management that can be deployed to junior and middle-level positions in insurance companies. The majority of employees in the sector are employed at these levels.

Response: The support to TVET Colleges takes place primarily through several interventions. Firstly, increasing access to unemployed youth to TVET Colleges through bursaries and providing support for students with work placements.

Secondly, train TVET lecturers to deliver insurance programmes leading to national qualification awards.

And thirdly, the establishment of an insurance school in a TVET College.

6.3.3 Address Sector Priority Occupations and Skills Gaps

The INSETA should identify sector priority occupations and skills gaps accurately through evidenced-based research. These are identified through the development of the Sector Skills Plan which, in essence, involves stakeholder-wide consultations nationally.

Pivotal funding should be prioritised for alleviating these occupations in high demand and skills gaps through the following measures:

- Providing bursaries, learnerships, internships for occupationally directed programmes.
- Developing new occupational qualifications through QCTO process.
- Conducting research on best practice training and development.

6.3.4 Developing New and Enhancing Existing Qualifications

There are six major skills drivers driving change in the sector. These are technology, climate change, product development, economy, regulatory environment and the future work. New and existing qualifications should factor into the curricula the following:

- **Technology:** cyber security, blockchain, AI, predictive analysis, social media, digital marketing, open source, machine learning tools, and so on.
- **Climate change:** liability, underwriting, marketing, risk management, regulations, investment, strategic, operational, reputational, pricing, and asset risks.
- **Product development:** emerging consumer personalisation and flexibility of insurance policies and services, real-time, consumer-activated insurance, digital media, platforms, and policy designs.
- **Regulation:** new legislation and ensuing regulations.

Response: Pivotal funding should be prioritised for alleviating sectoral priority occupations and skills gaps through the following measures:

- Providing bursaries, learnerships, internships for occupationally directed programmes.
- Developing new occupational qualifications through QCTO process.
- Conducting research on best practice training and development.
- Including the above themes in the development of qualifications.

6.3.5 Supporting Professionalisation of Sector

Foster the development of Financial Service Providers (FSPs) by supporting them in their endeavours to obtain FAIS Act credits and pass the regulatory examinations.

INSETA gives other tangible expression to this priority through the development of learning material training around FAIS, namely Key Individuals and Representatives manuals.

As a SETA, it has also given credence to this objective by developing a national Recognition of Prior Learning option for FSPs, which has the support of the FSB and was developed jointly with SAQA.

6.3.6 Meeting Transformation Targets

INSETA is committed to ensure increased access to training and skills development opportunities and achieve the fundamental transformation of inequities linked to class, race, gender, age and disability in our society.

All INSETA project initiatives meet baselines targets: Blacks (85%), women (54%) and People with Disabilities (4%).

Gender: The insurance sector reflects disparities between men and women at management levels. This calls for particular attention to be paid to developing the management skills of women, especially black women, so that they can effectively participate in key positions in the sector. The INSETA should prioritise development initiatives must contain within them specific programmes and strategies to promote women in management and career development.

Race: The INSETA will have to prioritise confronting these racial inequalities, with a particular focus on giving more opportunities to previously (and currently) disadvantaged South Africans. This requires focused attention on skills provision for blacks in general and Africans in particular. The strongest intervention is required to address African youth unemployment.

People with Disabilities: The insurance sector comprises 1% of people with disabilities. The target should be 4%. Hence, the sector is far from achieving this target. Therefore, INSETA aims to significantly open up opportunities for skills training for people experiencing barriers to employment caused by various forms of physical and intellectual disability.

Response: All INSETA funded projects should prioritise the following: Blacks (85%), women (54%) and People with Disabilities (4%).

6.3.7 Supporting SMMEs and Entrepreneurship

The majority of insurance companies are classified as small enterprises with less than 50 employees. These are mainly small financial advisory firms, intermediaries and brokerages.

Response: The following support should be offered to SMMEs: access to bursaries, learnerships and internships; user-friendly workplace skills plans; projects to enhance enterprise development and entrepreneurship; dissemination of learning resources; assistance with meeting CPD requirements; training in new regulations and better communication channels.

6.3.8 Supporting rural development and cooperatives

Given the urban bias of our economic development, there is a need to pay more attention to rural economic development and provision of skills for rural development. Given the fact that government has now prioritised rural development, our skills development system must increase its focus and attention on the production of skills for rural development.

Response: Promote the development of cooperatives, in particular burial societies, through skill programmes, bursaries, management and information sharing sessions.

6.3.9 Building Career Guidance

SA has a diverse insurance sector that covers unit trusts, risk management, insurance & pension funds, life insurance, health, short-term insurance, funeral insurance, reinsurance, and brokers and financial advisors. This means that there are many occupations in the sector that can suit your individual interests.

Employment opportunities for the youth abound in the insurance sector for many occupation that are in high demand. Unfortunately, the youth are generally not aware of these career opportunities. The sector is also not well known among teachers and lecturers.

Hence, there is a need for career guidance about opportunities in the sector. The youth should be informed of career pathways, learning programmes and qualifications and training institutions serving the sector.

Response: INSETA should dedicate the necessary resources to support career and vocational guidance, as this has proved to be a critical component in successful skills development initiatives world-wide.

6.3.10 Support National Strategies and Plans

The strategic skills priority actions discussed above align with the imperatives of the National Development Plan, the New Growth Path and the National Youth Accord and the Human Resource Development Strategy of South Africa.

The INSETA projects involve arresting youth unemployment; improving employability; upskilling the workforce; alleviating skills shortages and skills gaps; supporting enterprise development; improving productivity and the competitiveness of the sector; and reducing inequalities through meeting transformation targets.

Currently, INSETA is supporting SIPs with support for artisan development. It is also funding sectoral priority occupations. INSETA is addressing youth unemployment through bursaries, internships and learnerships.

6.4 CONCLUSION

It is evident from this Sector Skills Plan that INSETA is robustly addressing the key outcomes of the National Skills Development Plan (2030) which includes: identifying and increasing production of occupations in high demand; linking education and the workplace; improving the level of skills in the South African workforce; increasing access to occupationally directed programmes; supporting the growth of Technical and Vocational Education and Training Colleges and Community Education and Training Colleges; supporting for entrepreneurship and cooperative development; encouraging and support worker initiated training; and supporting career development services;

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