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Insurance Education in Turkey: The Role and Responsibilities of Shareholders

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Anstract:

One of the main needs of the insurance sector is education. Insurance sector employees should have a good education for insurance activities in order to continue seamlessly. For insurance educations in Turkey; there are 10 faculties and higher education schools with 4 years of education, in addition there are 158 vocational schools offering education in insurance with 2 years of education. In the Turkish insurance sector, 17,704 people had been hired by 59 active insurance, reinsurance and pension companies as of December 31, 2012. Of the total employees of the insurance sector, the graduates of the schools which give 4 years of education constitute 62,78 %, while graduates of the schools which give 2 years of education constitute 16,25 %.

In this paper, primary laws and regulations related to insurance education are examined. Later, the personnel who employed in the insurance sector currently status in Turkey; their educational level and educational development are examined.

Keywords: Insurance Education, Insurance Profession, Turkish Higher Education System

1. Introduction

Insurance sector is among the fast-growing and developing employment sectors in Turkey. This growth in insurance sector is increasing the attention to the insurance as a profession at the same time. In the present day, the people in the insurance sector are considered to be among the fastest growing professions of future.

Insurance sector needs qualified personnel because of being a sector which is dynamic and updated continuously. Good education and self-improvement of the personnel will increase the development of the sector.

The purpose of this study is emphasizing importance and purpose of insurance education, to evaluate the education levels of insurance sectors personnel and making suggestions for their future.

2. Turkish Insurance Sector

Insurance sector is an important indicator of developmental level of a country. The developmental level of a country correlates with the size of its insurance sector, number of policy owners and insurance policies and quantity of premium consumption (Uralcan, 2004).

In Turkey, lack of the knowledge of insurance is substantially influencing the demand for private insurance. Neither individuals nor companies tend towards insurance unless some financial has happened to them. Even in the mandatory insurance fields, the percentage of policy owners is not at the level which is desired even though it's mandatory. Lately, as a result of state policy, there is a state contribution to the personal pension liabilities aiming to increase the level of savings. In reference to November 2013 data on Pension Monitoring Center, the size of the fund which is collected at personal pension, reached 25 Billion TL. The number of participants is about 4 million people (www.egm.org.tr).

One of the important indicators of insurance sector is the total amount of coverage which is assured. In 2012, the coverage amount of 49.7 trillion TL is assured to the policy owners by the insurance companies. This amount is higher than 35 times of GDP and reveals the importance of insurance for our economy and stable growth (Insurance Auditing Board, 2012).

Business Segment	2008	2009	2010	2011	2012
Insurance and Retirement Companies	59	58	62	64	64
Life	13	9	11	9	8
Retirement	12	13	13	16	17
Non-Life	36	36	38	39	39
Reassurance Companies	2	2	2	2	2
Total	61	60	64	66	66

Table 1: The Numbers of Companies in the Insurance Sector in Turkey
Source: Insurance Association of Turkey, 2012 Activity Report, p.25

If we compare the Turkish insurance sector with European Union countries which we are conducting membership negotiations (Table 2); European Union countries have 30% of total premium production in the world. While England has 6.75% of total premium production; in Turkey this percentage is 0.24. While in the European Union average per capita premium production is \$2.533, in Turkey average per capita premium production is \$146. These averages show that Turkey is fairly below the averages of both European Union and the world in terms of premium production and rates of policy ownership.

Country	Premium Production (\$ Million)	Annual Variation (%)	Percentage in the World (%)	Rate of GDP of Premium	Premium production per capita (\$)
England	311.418	-2,10	6,75	11,27	4.350
France	242.459	-5,50	5,26	8,92	3.544
Germany	231.908	0,30	5,03	6,74	2.805
Netherlands	100.342	-2,50	2,18	12,99	5.985
Poland	19.038	5,30	0,41	3,82	494
Hungary	3.298	-11,90	0,07	2,44	332
EU 27	1.402.293	-2,30	30,4	7,70	2.533
Turkey	11.014	6,30	0,24	1,37	146

Table 2: International Status of Turkish Insurance Sector
Source: Swiss Re, Sigma 3/2013, p.34-42

3. Insurance Education In Turkey

The insurance sector, its function, is protecting individuals and institutes, on the other hand, encourages enhancement of the investments and economic growth by transferring the collected funds to the financial markets. With this function, the insurance sector becomes one of the main elements of development. Despite this, the reason why the insurance sector is not developed to level which is desired is the lack of personnel who have been educated on the subject of insurance.

Insurance education is a process, by which insurance personnel are informed and their efficiencies are improved, with intent to build the trust in the insurance sector, the sector's productivity and competitive capacity (Oksay, 2007). The education which is given to the personnel will increase insurance sectors productivity and competitive capacity. It will ensure that insurance clients are getting the right suggestions of insurance coverages, correct and sufficient information so the reliability of insurance sector will increase. The personnel, who have the information about new insurance products, will make the necessary arrangements in the direction of using these products and techniques in their sectors or companies (Oksay, 2007).

There are colleges and faculties which give insurance education at the level of associate degree and undergraduate, with the purpose of meeting the deficit of insurance graduates in the insurance sector. In Turkey, the number of two-year vocational high schools which provide insurance education is 158, the number of faculties which give undergraduate insurance education is 10, and the number of institutes which provide postgraduate education is 4. There are no institutions which provide education at the level of doctoral level. Actuary education is provided as undergraduate education as a 4 year study period and only at 2 universities due to its difference as its contents and different types of grades at the university entrance exam. Actuary education is given by several universities as 4 programs at the level of postgraduate and 1 program at the level of doctoral degree.

	Universities	Vocational Schools	Faculties	Post Graduate	Student Capacity
Two-year degree	87	158	-	-	12.583
Undergraduate	10	-	10	-	539
Post-graduate	4			4	

Table 3: Higher Education Institutes Which Give Insurance Education in Turkey

Insurance education is given as programs of Banking and Insurance, Insurance, Insurance and Risk Management, Insurance and Social Security, Actuary in Higher Education Institutes in Turkey.

In Turkey, there are centers and establishments which give insurance education, other than universities. Insurance Education Center and Insurance Institution Foundation of Turkey are two establishments which carry on education and exam activities regarding insurance.

Insurance Education Center is a business establishment which has legal entity, within The Union of Turkey Insurance and Reassurance Companies. The purpose of Insurance Education Center is increasing the qualified personnel employment, service quality of sector and helping to get it at international level by building the standards of exam activities and education in the field of insurance (<http://www.segem.org.tr>).

Another establishment regarding insurance education in Turkey is the Foundation of Insurance Institution of Turkey(TSEV). TSEV which is founded by the Union of Turkey Insurance and National Reinsurance in 1970 is the first and only international education and research center of Turkish insurance sector. The main purpose of TSEV is enhancement of quality of insurance sector's agents. It organizes education programs on the needed subjects and share this with other regarding institutions in order to increase the current employment quality. It organizes the exams which are going to take place to promote the personnel in institutions of the sector and offer consulting services to the institutions on the subjects they need. In addition, it supports enhancement of quality of insurance education by cooperating with the universities which are supplying personnel to the sector. It invites the academicians to the education programs at no charge, organizes free seminars to the universities and helps increasing the number of researches regarding insurance by supporting researches in order to increase the quality of insurance education (<http://www.tsev.org.tr>).

4. Education Status Of The Personnel In The Turkish Insurance Sector

Insurance sector which had 17.740 employee by the end of December 2012; the number of the people who were working at internal positions is 11.776 and the number of people who were working as marketing personnel was 5.928. The total employment of insurance sector that were graduates was 62%. Of those 33% of the graduates are graduated from the department of business. There are 9.772 female and 7.932 male employees in the sector (See Table 4).

Education Degree	Male	Female	Total	%
Elementary School	117	23	140	0.80
Secondary School	128	59	187	1.06
High School and its equivalent	1.053	1.023	2.076	11.73
Association Degree	817	2.060	2.877	16.25
Undergraduate	5.149	5.967	11.116	62.78
Graduate	668	640	1.308	7.38
Total	7.932	9.772	17.704	100.00

Table 4: Education Status of the Personnel in the Turkish Insurance Sector in 2012

Source: www.tsb.org.tr

There are 24.43% of associate degree graduates (two-year degree) who works in the Turkish insurance sector that graduated from the department of insurance. Graduates from the department of insurance are a quarter of it. This rate is quite low.

Graduated Department	Male	Female	Total	%
Insurance	156	547	703	24.43
Others	660	1.514	2.174	75.57
Total	816	2.061	2.877	100.00

Table 5: Graduated Departments of Postgraduate-personnel In Turkish Insurance Sector

Source: www.tsb.org.tr

There are 32.3% of graduates who work in Turkish insurance sector that have graduated from department of business. The number of people who work in the insurance companies as marketing personnel is 1,259 and have graduated from the economy department. The percentage of graduates from insurance department is only 3%.

Graduated Department	Male	Female	Total	%
Economy	594	665	1.259	11.35
Administrating	1.676	1.925	3.601	32.35
Law	80	109	189	1.70
Insurance / Actuary	135	199	334	3.00
Engineering	677	418	1.095	09.86
Others	1.993	2.645	4.638	41.74
Total	5.155	5.961	11.116	100.00

Table 6: Graduated Departments of Graduates (Faculty)-personnel In Turkish Insurance Sector
Source: www.tsb.org.tr

Most of the personnel who work in Turkish insurance sector are graduates. However the rate of personnel who graduated from insurance department is considerably low.

5. Conclusion and Suggestions

The insurance sector in Turkey is an ever-growing sector. This growth in the sector has raised attention to the sector. This attention is carrying along enhancement of number of departments/programs which provides education regarding insurance profession at the level of associate and graduate degree. On the other hand education of the personnel who are needed by this growing insurance sector, also has great importance as well as the numerical growth.

The insurance sector needs personnel who have high level of education. This is because insurance sector is an ever-changing and updating, dynamic sector. In order to supply well educated personnel to the sector, training of students who are open to learning and changing and have the enough information about updated insurance are required. The curriculums should be organized in a way that will answer the needs of insurance sector.

The relationship of the establishments which provides education about insurance, along with the insurance sector have vital importance in Turkey. Cooperation's between universities and insurance sector will increase the rate of graduate students who work in the insurance sector. The education seminars which will be arranged by the insurance sector establishments and companies at the educational institutions will help students to get a many-sided education. Insurance sector should value the education and encourage supplying trained efficient personnel and cooperate with universities regarding determination of the curriculum, provide internship opportunities for students and support the students who have graduated from insurance departments, to take place in the sector.

In conclusion, there are important tasks to be done by universities (even vocational schools), by unions and upper organs of the sector, by occupational groups which are engaged in this sector in order to supply the personnel which this fast growing and restructuring the sector needs. Government can be helpful in the context of making laws and regulations. Encouragements, activities and unions which will be made this subject, by contributing the structuring process of the insurance sector.

6. References

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