

Review of insurance education in the Russian Federation

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Abstract. The article presents the results of a study of insurance education in the Russian Federation. In particular, it covers issues related to the content, competencies, levels of insurance education, and the interaction between the science and practice. Particular attention is given to the questions of the compliance of educational programmes with the professional standards that are being accepted in Russia.

Keywords: insurance education, educational and professional standards in the Russian Federation, Financial University, professional standards.

JEL Codes: G220.

1. Introduction

The development of the technologies and infrastructure of the insurance market in the Russian Federation creates new demands for the quality of training of insurance market specialists. In recent years, new challenges have appeared on the Russian market: market concentration, the tightening of asset quality control, competition, new technologies, in particular, telematics, the transition to IFRS and a new chart of accounts, and others. These questions require professional answers. On the other hand, there is a growing interest and need in the insurance sector for professional standards: at present such standards are being developed and implemented in various fields of activity, including the financial market. These processes are superimposed on profound changes in the structure and content of higher education in Russia. Thus, the importance of the subject analysed here is clear.

Issues of training personnel for the insurance market have been given great attention by the insurance community: universities and participants in insurance activities systematically work on issues concerning development of insurance education programmes – in the educational process, scientific developments and publications,

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at scientific and practical conferences and others [Yurgens et al. 2001; Gryzenkova, Molodykh 2006; Eskindarov 2012; Eskindarov, Silvestrov 2013; Zlobin 2014; Tsyganov 2014; Yurgens, Tsyganov 2015; Kirillova, Tsyganov 2015; Kirillova 2016; Gryzenkova, Kirillova, Tsyganov 2016]. Along with the need to develop educational programmes and professional standards, the relevance of this kind of research and development is increasing.

The aim of this paper is to present the author's approach to Russian insurance education. The author analyses the condition of Russian insurers and new requirements for the preparation of insurance specialists. The paper is divided into two major parts. The first part is related to characteristics of the condition of the insurance market in Russia. The author presents main indicators and problems of insurance companies. The second part is related to changes in the education process. It contains a brief description of the connection of professional standards for insurance companies and educational standards. Methodological principles served as the basis of the system approach, methods of comparative analysis, synthesis, and the construction of classifications. The study is based on the Russian legal foundation, statistical databases of the Russian supervisory authority, and the practical experience of the author.

2. The demand for specialists in the Russian insurance market

There are 350 insurance organizations in Russia (data for March 2016, March 2017 - 477). The total authorized capital of insurance organizations is 212 billion roubles. In 2017 the insurance market is expected to grow by 15-17%.

Table 1. Indicators of the Russian insurance market in 2015 and 2016

Indicator	Units (roubles)	2015	2016
Number of insurance organizations	-	477	276
Total authorized capital	billion	183.0	185.9
Insurance premiums	trillion	1.0	1.2
Insurance payments	billion	509.2	505.8

Source: Author's own elaboration based on the Central Bank of Russia and Federal State Statistics Service data.

According to other analysts, in 2017 the insurance market will grow by 8.8%. It is expected that life insurance will grow rapidly (in 2016, growth of 66%). Comparison of GDP dynamics and aggregate insurance premiums shows that insurance is growing faster than the economy as a whole. In the period from 2017 to 2021, the expected average annual increase in nominal GDP will be 5.9%, and the insurance market

- about 11%. This is due to the low share of the insurance industry in the Russian economy - in Russia, the cumulative insurance premium was 1.2% of GDP.

In the insurance market, there is a demand for specialists in insurance both from insurers and from consumers of insurance services. Professionals are required in insurance supervision, the Ministry of Finance, and in professional associations of insurers. According to expert estimates, up to 200,000 insurance agents work in the insurance market, many banking professionals also act as intermediaries in sales of insurance products. In recent years, the process of implementing professional standards has begun in Russia. Market research studies have been conducted [Yurgens et al. 2015], which showed the demand for specialists in sales of insurance products, reinsurance specialists, underwriters; standards for „*Risk Management Specialist*” (for consumers), „*Insurance Broker*” have already been introduced; the professional standard „*Specialist in Insurance*” needs to be updated [Federal State Statistics Service (FSSS), n.d.].

The profession „*Reinsurance Specialist*” acquired a mass character in the early 1990s together with the formation of the insurance and reinsurance market in Russia. Currently, reinsurance specialists work in almost every Russian insurance company, which are specialized reinsurance companies and brokers. The profession has its own terminology, specific forms and methods of reinsurance, and an adopted code of professional ethics, with the most important reservations in reinsurance contracts. Conferences are held at which over one hundred reinsurance specialists from all over Russia have been gathering for over fifteen years. The importance of Russian reinsurance is currently growing, as the management of the economic sanctions regime actualizes the national reinsurance and the growth of interaction with the reinsurance markets of the BRICS countries, which makes the work of reinsurance specialists increasingly complex and in demand.

Table 2. Indicators of employment in insurance

Indicator	2014	2015
Average number of employees of insurers	125,422	160,818
Average number of insurance agents - individuals in insurance organizations	168,705	223,164
Members of the mutual insurance society, number	357	955

Source: Author’s own calculations based on Federal State Statistics Service data.

One of the features of the Russian insurance market is a significant involvement of intermediaries in the insurance process and, in the first place, insurance agents. According to the All-Russian Union of Insurers, in 2013 of the total volume of insurance more than 619 billion roubles was collected with the help of insurance intermediaries, accounting for 68% of the total insurance premium. At the same time, the commissions received by intermediaries amounted to more

than 147 billion roubles. According to the Federal State Statistics Service, in 2015 insurers concluded 144.8 million contracts, which is 8% less than in 2014; the average number of employees of insurance organizations was 160,818 people, and the average number of insurance agents - individuals – 223,164 people (Table 2).

Along with the development of sales of insurance products for various forms and types of insurance, the problems of interaction between insurers and consumers of insurance services remain. The insurance supervision bodies and the federal antimonopoly service receive complaints, and lawsuits are opened. This is largely due to the low skills and insufficient knowledge of employees of insurance companies selling insurance products, and the lack of clear requirements for employers regarding their professional skills and knowledge.

3. The training of professional insurers

The training of professional insurers will contribute to the solution of the tasks defined by the "Insurance Development Strategy for the Russian Federation until 2020":

- providing effective insurance protection of the property interests of citizens and business entities;
- creation of conditions ensuring the development of new approaches to insurance aimed at satisfying the mass demand for insurance services;
- formation of a conscientious and constructive competition ensuring the quality of insurance services and the effectiveness of insurance activities;
- ensuring a balance of interests between insurers, insurance intermediaries and policyholders,
- improving the quality of services provided by insurers to protect the rights of consumers of insurance services, as well as increasing their responsibility in selecting and organizing methods of insurance protection and performance of insurance contract terms;
- reduction of conditions that give rise to disputes between insurers and consumers of their services;
- providing guarantees for the protection of consumer rights of insurance services;
- increase of the stability and reliability of the insurance market infrastructure, its efficiency and the efficiency of its activities.

Ensuring universal inclusive and equitable quality education is one of the main objectives of UNESCO's sustainable development. According to the OECD, the greatest share of consumer demand for educational programmes (about 30%) is in business and law [UNESCO 2015, p. 66]. After Russia's accession to the Bologna Process, the system of higher education in the country was reorganized - now there are three levels - bachelor's, master's, and post-graduate. In Russia, insurance education is provided in secondary special and higher educational institutions (bachelor's, master's, and post-graduate students).

The training of insurers is conducted in the leading institutions of higher education in Russia [RA expert 2017], and the number of universities in Russia in 2017 - 818 [FSSS 2017]. Among the top universities, insurers are trained in various master's programmes at the following universities: Moscow State University (MSU), Saint Petersburg University (SPbU), Moscow State Institute of International Relations (MGIMO), Higher School of Economics (HSE), The Russian Presidential Academy of National Economy and Public Administration (RANEPA), Financial University under the Government of the Russian Federation. The author conducted a study of proposals for educational programmes for applicants in 2017, the main results of which are presented in Table 3.

Table 3. Master's programmes for Russian insurers, 2017

University	Master's programme	Number of budget places / by agreement	Cost of education, in thousands of roubles
Financial University under the Government of the Russian Federation	Insurance Business	8/7	324.0
Moscow State University (MSU)	Financial Markets and Institutions	15/20	
Saint Petersburg University (SPbU)	Risk management and insurance	6/2	255.8-363.0
Moscow State Institute of International Relations (MGIMO)	International Insurance and Risk Management	10/10	398.0-450.0
Higher School of Economics (HSE)	Financial Markets and Institutions	55/10	340.0
The Russian Presidential Academy of National Economy and Public Administration (RANEPA)	Risk management and insurance business	5/20	215.0
Plekhanov Russian University of Economics (PRUE)	- (only bachelor's profile of training)		

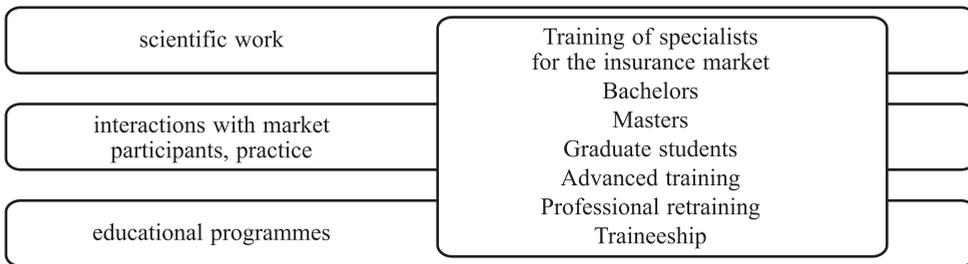
Source: Author's own study based on the universities websites.

The traditional classical scientific and educational insurance school is provided by the Financial University under the Government of the Russian Federation. The Federal State-Funded Educational Institution of Higher Professional Education "The Financial University under the Government of the Russian Federation" (the Financial University) is one of the oldest Russian institutions of higher education providing training for insurers, economists and financiers. It is one of the leading Russian institutions of higher learning with more than 95 years' history. Financial University is one of the leading universities in the country that implements 30 bachelor degree programmes (training profile), and 57 master's programmes, one of which is

the master's programme in "Insurance business". The generally recognized quality of these university programmes is based on the high professional level of the teaching staff, in the centre of Moscow University alone, 1,470 professors are employed, of which 1,211 hold the following degrees: 339 Doctors of Sciences, and 872 PhD.

The Finance and Economics Faculty provides training in Economics with the qualifications (degree) of Bachelor of Economics, and Master of Finance and Crediting; it includes departments of insurance and social economics, public finance, corporate finance and corporate governance, foreign languages, Ingosstrakh (basic), scientific centres. The Department of Insurance and Social Economics, with its unique scientific school and a complete process of specialists and researchers training in the field of insurance, has been preparing insurers for the state insurance systems and insurance business since the 1940s; it maintains and develops the traditions of the classical insurance education and a continuous transfer of knowledge and teaching skills from teacher to student. Currently, the Department of Insurance and Social Economics offers bachelor's studies in the profile of "Insurance", while a three-level concept of training specialists is being implemented, Diagram 1.

Diagram 1. Three-level training of specialists for the insurance market



Source: Author's own elaboration.

The purpose of the master's programme "Insurance Business" is preparation of master's degree holders for insurance at the state level in the fields of defence, industry, agriculture and the social sphere, to be managers and professionals in insurance companies. The target audience is bachelors, specialists and employees of insurance companies with higher education, employees of public authorities, industrial, agricultural, financial and social spheres, who are responsible for the development of insurance programmes.

The content of the programme: theory, methodology and practice of the insurance business, as well as international and Russian trends in insurance; the creation of theoretical concepts and practical skills in the field of risk analysis and assessment of insurers and policyholders, the modern system of insurance products, insurance in integrated risk management systems, assessment of financial stability of insurance companies, and social insurance, Table 4.

Table 4. Master's programmes for Russian insurers, 2017

Required disciplines, year one	Required disciplines, year two
Financial markets	
Business processes in insurance companies	International insurance business
Organization and regulation of the insurance market	Reinsurance
Financial management in insurance companies	Accounting and actuarial valuation in an insurance company
Elective Disciplines, year two	
Insurance in complex risk management systems	
Social insurance	
Risk management of an insurance organization	
International Financial Reporting Standards in Insurance	
Supervision of life insurance and types of insurance other than life insurance	

Source: Author's own elaboration.

Employment of graduates include: ministries of the Russian Federation, insurance and reinsurance companies, industrial corporations, agricultural companies, international consulting companies, audit firms, institutions of higher education, state agencies and structures of all levels of government, business structures. Some graduates continue their studies at the postgraduate level.

The competences of master's degree holders are:

- the organization and functioning of the insurance market, insurance companies;
- risk management;
- studies of organizational and financial aspects of the insurance business;
- modernization and finance business processes;
- development and implementation of financial management systems in insurance companies, regulation of the financial capacity of insurance and reinsurance companies, the management of financial results;
- management of tariff policy, money in circulation, investment policy, the financial condition of insurance and reinsurance companies;
- comprehensive analysis and evaluation of the insurance business; rating analysis;
- the use of actuarial models for the management of tariff policy, the formation of insurance reserves, adequate insurance liabilities, ensuring stable operation and prognosis of insurance companies;
- formation of coverage of industrial, defence, agricultural, and municipal organizations;
- development of personal insurance programmes;
- research and presentation of results (articles, reports, theses, monographs, dissertations).

4. Curriculum (professional discipline)

Mandatory professional disciplines:

- business processes in an insurance company;
- financial management in an insurance company;
- organization and regulation of the insurance market;
- accounting and actuarial valuation of an insurance company;
- international insurance business;
- reinsurance.

Elective courses:

- insurance in comprehensive risk management system;
- mortgage insurance and credit;
- social security;
- risk management insurance company;
- management of insurance product;
- international financial reporting standards in the insurance;
- social insurance.

Lecturers are the staff of the Department: prof., d.s.e. A.A. Tsyganov – Head of Department, prof., d.s.e. N.V. Kirillova – Deputy Head of Department, Head of Master's programme, prof., d.s.e. L.A. Orlanyuk-Malitskaya, ass. prof. E.F. Dyuzhikov, Ph.D., ass. prof. T.A. Plakhova, Ph.D., ass. prof. O.A. Tsamutali, Ph.D., ass. T.I. Popova. Leading experts from ministries, departments, and Russian and foreign organizations are invited for lectures on separate disciplines and for conducting scientific seminars.

There are various conferences, academic readings, contests, and competitions for students:

- Science Festival - University of Finance;
- academic readings in memory of prof. F.V. Konshin;
- competition of student works of „Ingosstrakh”;
- competition of student work „Rosgosstrakh”;
- international olympiads;
- international conferences;
- open regional competitions and festivals.

Master's theses, as the qualification research works of the chosen scientific specialisation, are determined by the key scientific specialisations of the university, within the framework of which the complex research task is solved, beginning with the bachelor's degree coursework. Leading specialists in insurance market practices are involved in the educational process; application programmes, information and analytical databases are used: Bloomberg, Bankscope, Zephyr, Amadeus, SPARK, among others.

A prerequisite for training is research work, also starting with the bachelor's studies, during which a scientific seminar is conducted from the first year and it is expected that students participate in conferences and publish scientific papers. The advantage

of training is the possibility of distance and evening training. In March 2017, graduates received master's degrees as practicing insurers. All final qualification works were interesting: Improvement of the quality of services of insurance intermediaries (Y. Shalugina), Life insurance in the personnel motivation system (M. Gudovich), Development of motor transport insurance programmes in Russia (E. Eldarov), Accumulative life insurance in Russia (S. Murav'eva), Development of the insurance market of Russia in modern conditions (A. Taranova), Underwriting of civil liability risks of enterprises of the nuclear industry (R. Popov), Development of the property insurance market in Russia (N. Dubrovina), Development of medical insurance (U. Avdeeva), Development of insurance for mortgage lending (R. Dzhamaldinov), and others.

The department is making attempts to introduce European practices into the educational process. These are scientific studies devoted to the development of the international insurance market, the results of which are used in academic disciplines and scientific seminars; lecturing by foreign professors and studying foreign methodical practice; participation in international conferences and organization of international conferences; organization of international student Olympiads; participation in Erasmus programmes; introduction to the educational process of disciplines devoted to foreign insurance practice; compulsory study of foreign experience in the preparation of bachelor's and master's dissertations, final qualification works.

5. The introduction of professional standards

An important stage in insurance, educational, and scientific practice was the introduction of professional standards and alignment of educational standards and, accordingly, competencies. Last year in Russia the process of accreditation of educational programmes began in accordance with professional standards. Currently, two professional standards have been approved: "*Insurance Broker*" [Order of the Ministry of Labour of Russia, 2015a], "*Insurance Specialist*" [Order of the Ministry of Labour of Russia, 2015b].

The following professional standards define the objectives of professional activities, group activities, and economic activities; identified generalized labour functions (the standard "*Insurance Specialist*" - conclusion of the insurance (reinsurance) agreements, claims on insurance (reinsurance) contracts, actuarial calculations in insurance (reinsurance) for the management of insurance companies; the standard "*Insurance Broker*" - interaction with customers and suppliers of insurance (reinsurance) services, software development and implementation of programmes of insurance (reinsurance) claims settlement, providing information as well as consulting and teaching services, management of insurance brokerage organizations.

For each of the mentioned labour function structured knowledge and skills are described respectively. Each of the distributions corresponds to a certain level of qualification - for brokers and specialists in insurance, Tables 5-6.

Table 5. Professional qualification levels in the insurance in accordance with professional standards

Generalized function of labour	Skill level, in accordance with professional standards	Education in accordance with the level of qualification
The conclusion of contracts of insurance (reinsurance)	6	Higher education – Bachelor Additional vocational training – training programmes, retraining programmes
Settlement of losses by insurance (reinsurance)	6	
Actuarial calculations for insurance (reinsurance)	7	Higher education – specialty Master’s Additional vocational training - training programmes, retraining programmes
Activity in insurance company Management	8	

Source: Author’s own elaboration.

Table 6. The levels of qualification of insurance brokers in accordance with professional standards

Generalized function of labour	Skill level, in accordance with professional standards	Education in accordance with the level of qualification
Interaction with customers and suppliers of insurance (reinsurance) services	6	Higher education – Bachelor Additional vocational training - training programmes, retraining programmes
Developing and ensuring the implementation of programmes of insurance (reinsurance)	6	
Claims Settlement	6	
Provision of information and consulting services and guidance	7	Higher education – specialty Masters Additional vocational training - training programmes, retraining programmes
Insurance broker organization Management	8	

Source: Author’s own elaboration.

All the functions specified in the accepted standards of generalized labour in accordance with qualifications 7 and 8 (higher education - MA), necessary for their knowledge and skills, correspond to the competencies of the Master’s programme “Insurance Business”, have received the first certificate in the Russian professional public accreditation of educational programmes.

The study of the professional standard showed that it is required to strengthen the work programmes of the relevant disciplines in the preparation of bachelor's for students studying in the field of training "Economics", the profile of "Insurance" in the preparation and conclusion of insurance contracts. This should be done by 2020, when employers will have to take into account existing professional standards when creating job descriptions. Accordingly, the undergraduate curriculum must be adjusted to meet this challenge.

Practice shows that such requirements are met in a number of economically developed countries, which, given the special social importance of insurance and the activity of insurance agents, who must effectively interact with various groups of the population, began to impose increased requirements for the training and certification of insurance agents. Further development of professional standards and updating of educational programmes in the preparation of specialists for the Russian insurance market should be shaped to harmonize the interests of producers of educational services, employers, staff and students.

6. Conclusion

In Russia, the educational and scientific training of specialists for the insurance market is developed, and various master's insurance programmes are represented at universities. Nevertheless, several specialized departments of insurance have closed in recent years, in part due to the concentration of the insurance market, in part to a decline in overall economic development indicators. The main tasks nowadays can be considered to be the preservation of Russian educational and scientific traditions in insurance, the development of professional standards by joint efforts of universities and the market, bringing educational programmes for insurers in line with the requirements of practice. The main opportunities for the development of professional insurance education in updating and developing new professional standards and the development of educational standards in accordance with the requirements of employers. These processes should be in harmony with the development of European education and the globalization of the labour market, and take into account new challenges of the insurance market, such as digitalization, and cyber risks.

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