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TECHNICAL ASSISTANCE
FOR POLICY REFORM

2006-2009 STRATEGIC PLAN PROPOSAL

ACTION PLAN

June 27, 2006

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ACTION PLAN

TECHNICAL ASSISTANCE FOR POLICY REFORM II

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BEARINGPOINT, INC.

USAID/EGYPT POLICY AND PRIVATE SECTOR OFFICE

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Strategic Goal	Strategic Objective	Measureable Steps	Remarks	Responsibility	Timeline
1. To protect the interest of policyholders and beneficiaries	1.1. Move away from a legal-compliance to a risk-based supervision approach	1.1.1 Officially adopt and promote the Risk-Based Supervisory Model	This should be communicated as often and clearly as possible throughout the organization. Over time, there is going to be tendency to go back to the old compliance-based regime. Maintain focus on the ultimate goal will be important to achieving the strategic objectives.	Chairman	July '06
		1.1.2 Develop a comprehensive guide to support the risk-based framework	This guide will help with the implementation of the new framework	BearingPoint	Dec. '06
		1.1.3 Provide training on the new risk-based framework	Insurance experts will brake-down the new framework into small presentations for training purposes and conduct regular round-table discussions on concepts and emerging issues about the framework implementation. A small team of champions (4-5 capable individuals) among the staff should be identified to work with the insurance experts during the implementation phase.	BearingPoint and Deputy Chairman	Nov. '06 to June '07
		1.1.4 Establishment of a Supervision Committee	This committee should be comprised of 3-4 middle and senior managers. The Committee's objective is to ensure the consistency in supervision and rating across the insurance companies, support and facilitate delegation of certain aspects of decision making, and to enhance departmental communication. The mandate of the Committee should be to: 1. monitor the implementation of the new risk-based supervision framework; 2. review yearly company plans for supervision activities; 3. review internal supervision guidelines; 4. review proposed corrective measures that need to be implemented; and 5. direct the revision of the supervision strategy as needed.	Deputy Chairman	June '07

Strategic Goal	Strategic Objective	Measureable Steps	Remarks	Responsibility	Timeline
1. To protect the interest of policyholders, their beneficiaries and third parties (continued...)	1.1. Move away from a legal-compliance to a risk-based supervision approach (continued...)	1.1.5 Adoption of the portfolio management concept	These individuals are senior-level analysts or managers who prepare and execute supervisory strategies on a portfolio of institutions basis, and coordinate all communications with those institutions. He/she knows everything that needs to be known about the company, including its supervisory plan, emerging issues, risk profile and findings. He/she is the center of information about the companies assigned that anyone could go to for information e.g. senior management, managers, colleagues, etc. Through the relationship manager, institutions can raise questions and issues related to any aspect of the regulatory process.	Supervisory Committee	June '07
		1.1.6 Develop and implement an insurance company risk-rating system	This is going to be part of the guide that will support the new risk-based approach. This will ensure some level of consistency in the rating process.	BearingPoint	June '07
		1.1.7 Revise the supervisory cycle and identify minimum events required in each cycle	Adopt approach/steps in line with the risk-based framework: <ul style="list-style-type: none"> • Analysis/assessment/understanding the company • Development of company action plans • Implementation of action plans (on- and off-site) • Documentation of findings and rating of company • Reporting (findings and recommendations) • Follow-up on findings and recommendations • Review of performance i.e. plans vs. results.; modify supervisory approach as needed 	General Managers	June '07
		1.1.8 Develop a guide to interpret the result of early warning indicators	This guide will be used by relationship managers to draw conclusions on financial results without having to go to companies for feedback. Training and workshop will be provided in this area.	BearingPoint	Dec. '06

Strategic Goal	Strategic Objective	Measureable Steps	Remarks	Responsibility	Timeline
1. To protect the interest of policyholders, their beneficiaries and third parties (continued...)	1.1. Move away from a legal-compliance to a risk-based supervision approach (continued...)	1.1.9 Develop a supervisory ladder tied to the risk-rating system	Develop a methodology for a timely and consistent measures to dealing with company deficiencies and trends.	BearingPoint	June '07
		1.1.10 Ensure the new IT platform can accommodate the new model and a database for the private insurance funds group	IT consultants are currently working on a proposal. EISA needs to make sure that the platform will meet the needs of the new supervisory model, including a database for the Insurance Funds group.	BearingPoint	Dec. '07
		1.1.11 Develop a quality assurance process to monitor the implementation of the new model	Initially, this will be the responsibility of the Supervision Committee. Once the new supervisory model is up and running in a reasonably fashion, this responsibility should be shift to an individual in charge of a new function called 'Quality Assurance Process' or be given to Internal Audit. The primary objective of this quality assurance process is to ensure that the risk-based model is applied as it was designed. The process will also test whether the documentation is appropriate, that findings are clear, concise and that the right conclusion was reached; whether the ratings of companies are consistent across institutions; and whether the regulatory actions were appropriate given the nature and significance of the problems.	Supervisory Committee and Quality Assurance or Internal Audit	June '07
	1.2 Restructure EISA's operations	1.2.1 Map out existing supervisory processes	This will help identify redundant processes or areas that need change to accommodate the new supervisory model.	BearingPoint with Champions	Dec. '06
		1.2.2 Develop competency profile for every key positions, particularly sector heads	This will help identify the types of skill sets EISA needs to have in order to successfully meet its objectives.	HR General Manager	June '07

Strategic Goal	Strategic Objective	Measurable Steps	Remarks	Responsibility	Timeline
1. To protect the interest of policyholders, their beneficiaries and third parties (continued...)	1.2 Restructure EISA's operations (continued...)	1.2.3 Conduct competency assessment of all the employees, including middle management	This will help identify individuals that the organization wants to keep in key positions. It will also help identify individual training needs.	HR General Manager	June '07
		1.2.4 Revise job descriptions in line with the new organizational structure.	A good number of positions will likely be affected by the reorganization. It will be important to reflect the new responsibilities and expectations in the job descriptions.	HR General Manager	Dec. '07
		1.2.5 Increase EISA staff competencies in the areas of risk assessment, underwriting, financial analysis, report writing and English language skills through formal training and hands-on support	While insurance experts will provide support in this area, EISA staff must take accountability for their own training needs. HR should provide logistic support for this phase.	BearingPoint and HR	June '08
		1.2.6 Develop internal communication plan to encourage communication between sectors	First, EISA needs to get its senior and middle managers to commit to increasing the level and quality of communication. Second, the means and the rules of communication must be define. In other words, what needs to be reported upward and what doesn't. How is it to be done (i.e. memos, meeting, etc.).	Deputy Chairman	Aug. '06

Strategic Goal	Strategic Objective	Measurable Steps	Remarks	Responsibility	Timeline
1. To protect the interest of policyholders, their beneficiaries and third parties (continued...)	1.2 Restructure EISA's operations (continued...)	1.2.7 Develop a HR plan to deal with the transition process	Strong HR support will be critical during this transition period. HR will need to assess its own capacity against what will be needed to support the change process. For example, will they be able to offer counselling advice to those that can not cope with the changes?; does it have the capability to asses staff competencies? does it have a plan to deal with redundant employees? etc.	Secretary General	Mar. '07
2.0 To provide a financially sound and stable insurance market	2.1 Promote the new supervision approach, good corporate governance and ethic	2.1.1 Develop an external communication plan to keep industry participants informed on EISA activities	Present the new supervisory model to the industry to keep them abreast of the changes in EISA and what will expected of them under this new regime in terms of their fiduciary responsibility and professional standards.	Chairman	Dec. '07
	2.2 Assist in the strengthening of accounting, audit and actuarial standards	2.2.1 Work with industry professionals to strengthen accounting, audit and actuarial standards	Create a joint industry task force to deal with accounting, audit and actuarial standards that fall short of regulatory expectations.	Deputy Chairman	Dec. '09
		2.2.2 Get the industry involved in the development of best practices in the areas of policyholder protection, self-governance, disclosure, controls, risk identification and risk management	This will require close cooperation with industry participants. While EISA needs to take the lead to make the process happen, industry participants need to get involved in developing these best practices standards. Otherwise, they will take little accountability to implement and adhere to these new practices. Ideally, both parties, the regulator and the industry participants should feel like equal partners in this process.	Deputy Chairman	Dec. '09

Strategic Goal	Strategic Objective	Measureable Steps	Remarks	Responsibility	Timeline
2.0 To provide a financially sound and stable insurance market (continued...)	2.3 Maintain a healthy relationship with domestic market participants, international associations and other regulatory agencies	2.3.1 Attend regular conferences and general assemblies to talk about the new supervisory regime and regulatory expectations	Keeping market participants informed of the change process will be important as companies will be subject to a different approach to supervision. Expectation in the areas of governance, oversight and controls will also change under this new regime and therefore companies have to be aware of these changes.	Chairman	On-going
3.0 To participate in the development and support of the insurance market	3.1 Continue to facilitate the development of innovative products, types of insurance coverage, distribution networks and industry participation through legislative reforms	3.1.1 Continue to work closely with industry participants on further legislative reforms	Resist the temptation to micro-manage companies through legislation. For example, the approval of every new policies or amendments thereof, supervision of tariffs, approval of companies' publicity, etc. These are only presented as examples. The more controls the regulator imposes on companies, the more it retains the accountability for compliance. The regulator's responsibility is to issue guidelines setting out its expectations in different areas. Companies, then should be allowed to meet these expectations based on their own circumstances and choosing. If the regulator finds out later on that the company is not following the spirit of the guideline, then it has the right and obligation to take regulatory action against the company, including money penalty. This is a good example of one of the principles behind the risk-based supervisory approach.	Chairman	On-going

