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JANUARY 28, 2008  
WEST REGION

Vol. 86, No. 2

# INSURANCE JOURNAL®

THE NATIONAL PROPERTY CASUALTY MAGAZINE

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## The Pressure's On

Washington State's Mike Kreidler believes  
now's the time for the industry to face  
climate change



# An insurer's success relies on the expertise of its underwriters

*Loss of experienced underwriting talent highlights need for quality, in-house training programs*



By Lorraine Seib

An insurer's success rests largely in the expertise of its underwriters. As the U.S. Department of Labor noted in its Career Overview series, "Great trust is placed in underwriters as an insurance company may have to pay excessive claims if the underwriter is too liberal, or may lose customers to competitors if the underwriter is too stingy."

Yet insurers often forget the importance of grooming and promoting knowledgeable underwriters. Across the industry, the effort to train and retain underwriters appears to ebb and flow in cycles. Training is of utmost importance in excess casualty, where underwriters must assess an expanse of industry types and coverages with the added responsibility of providing large limits.

In the 1980s, companies acutely understood the need to provide high-quality training opportunities. Large companies conduct-

ed in-house programs, several with sterling reputations for turning out talented underwriters.

But by the 1990s, many had ended these programs, for reasons not entirely clear. Perhaps it was cost cutting, or the emergence of technology-assisted research fooled the industry into thinking almost anyone could quickly grasp the concepts of underwriting and begin working in the field. Whatever the reason, training programs withered and the underwriting talent pool shrank before our eyes.

The good news is insurers once again are recognizing the importance of "growing" their own underwriters. In-house training programs are on the upswing. The U.S. Department of Labor speculates that, stung by "an unusually large number of underwrit-

ing losses in recent years," insurers are interested in restoring profitability by focusing on underwriters, a job category that the department believes will grow and remain in constant demand well into the future.

**As companies create or reinvigorate their training programs, many are finding value in moving beyond the core foundational knowledge underwriters need to perform in the field.**

## Elements of successful training

As companies create or reinvigate their training programs, many are finding value in moving beyond the core foundational knowledge underwriters need to perform in the field. It is clear that trainees need to understand the lines of business, the analytical approach required to assess risk, and the industry standards that constitute best practices.

However, the most successful programs reach beyond the basics to give underwriters a strong beginning for their careers. With proper training, for example, an excess casualty underwriter will know how the foundation of the risk was built before providing the roof.

An emerging young professional in the excess casualty field recently shared his perspective on the value of the training he received in an underwriting development program. The following captures his key points of learning beyond the basics and includes some of his observations.

*Technical training and field practice.* Book learning is one thing, but providing hands-on experience is crucial for having lessons sink in and become second nature. By breaking up technical training into several modules and interjecting field practice at appropriate times, an educational program reinforces what trainees have just learned before they go on to the technical area. The recent graduate said the opportunity to work with actual files in the field practice portion of his training was "invaluable" in helping him understand the company's ratings system in a way that classroom lectures could not.

*Networking opportunities.* The relationships underwriters create impact their ability to bring in a variety of perspectives and expertise beyond the in-house or traditional knowledge-based training. Programs that bring diverse trainees from across a corporation together allow novice underwriters to quickly comprehend various divisions in a

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company. Offsite training programs that also provide social networking opportunities offer the benefit of bonding beyond the work environment. As the recent graduate wrote, "The first technical training gave me the opportunity to develop relationships with fellow trainees, not only as co-workers but also outside of work. Having these contacts in other areas and sectors of insurance will help to promote our development as we move forward in our careers."

### Exposure to corporate leaders.

Training sessions with corporate leaders offer double-barreled benefits. First, the trainees benefit from exposure to the company's overall strategy and from learning how various pieces of the company fit together. Second, trainees see the value placed on training opportunities and their role in the company when busy executives take the time to meet with them. The recent graduate noted:

"Coming from a large corporation in my previous career, I personally was really impressed that in a company this size, senior leaders would take the time out of their schedules to meet with new trainees. I believe it shows a lot about the character of the company and the atmosphere it looks to provide its employees."

**Presentation skills.** Underwriters handle everything, from risk control assessment and pricing to sales and marketing. They need a complete skill set to be successful. Because a key to developing good relationships and winning customers over is being able to fully and accurately discuss a risk, presentation skills and personal interactions with brokers and clients is of paramount importance. Underwriting training that ignores presentation skills does only half the job in preparing candidates for these exhausting, high-energy-commitment jobs.

**Understanding of corporate resources.** Insurers have different levels of in-house resources. Some have complete labs to perform analytical assessments and many offer

risk control expertise to their customers. Underwriters who know the extent of their company's resources are best able to tap into the needed expertise when they are out in the field.


**Broad perspective.** Agents, reinsurers and others within the industry bring a different perspective to a training program. Having the opportunity to meet with a variety of insurance professionals allows trainees to round out their knowledge of the industry.

For example, the training graduate found that a three-hour session with agents and brokers gave him a perspective on "what it takes to forge good relationships with agents. It also allowed us to gain an understanding of the insurance transaction from their side."

### Attracting and retaining underwriters

Insurers now view training as a valuable asset. Fair compensation and employee benefits come close to the top of everyone's list during a job

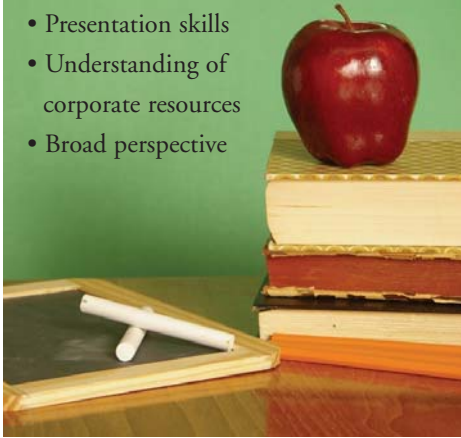
search. But potential employees also want to feel they will be valued as new members of the corporate team. They want to see a career path that includes interesting work, increasing levels of responsibility and promotion opportunities. Training that emphasizes these elements helps a company in finding, hiring and retaining top talent.

In other words, high-quality training is not only good for producing polished underwriters; it also provides an opportunity to attract and retain employees who will give the company a competitive advantage throughout their careers. Highly accomplished college graduates from top-tier schools look at what a company has to offer them in terms of career potential. That often begins with a solid, in-house training program for its entry-level employees. 

Lorraine Seib is president of Travelers Excess Casualty division. She has more than 20 years of experience with primary and excess casualty insurance, as well as the reinsurance industry.

## Elements of successful training

- Technical training and field practice
- Networking opportunities
- Exposure to corporate leaders
- Presentation skills
- Understanding of corporate resources
- Broad perspective



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