

RAGING ROB

asks... when did underwriting change?

@ ! * ?

Years ago, insurance was a people business. It was about the bet, now it is about the computer program. Insureds trusted their agents or brokers to secure the best policy for their exposure. Underwriters tried to understand their clients' risks and bet on the possibility of a loss. There was an art to this science, and a large dose of honoring commitments. Now it is the computer's fault and agents and brokers are selling price, not protection. Premium dollars, not adequate protection dictate the policy limits, and if there are any problems, lawsuits abound.

We used to have underwriters who specialized, and were expert in, one line of business (w.c., property, casualty, marine, etc.) and could judge a risk quite accurately. Now underwriters are expected to be "Jacks of all trades" and place good bets because they have a computer program to "help" them.

Claim departments have had their ranks decimated to the "god of cost cutting". Since 1990, one third fewer adjusters must handle the missing third's workload as well as the 20% increase in claims. No wonder there is burnout, lack of customer service, and less time to work on each claim. So they rely on sharp lawyers, selective memory, and small contract print to help avoid their commitments.

But there is a rainbow...



Some agents and brokers are calling a halt to this craziness. They are implementing customer service goals and market differentiation programs, raising the bar on service and looking to the insurance industry to do the same. These "smart cookies" are selling protection, not cost reduction, and their customers are believing them. Maybe we will return to underwriting as an art as opposed to a computer program spitting out a number. I hope so for the sake of our industry.

