

9 Ways to Share Knowledge For Gain

Actuaries, underwriters, claims adjusters and others have different views of the insurance business. Successful companies will bring together these ideas and the people behind them.

by Mike Bondura

The rewards of sharing knowledge across disciplines and departments within property/casualty insurers have been recognized for years, but few have actually achieved the full benefits and positive impacts that are possible in a truly knowledge-integrated organization. For example, underwriters often wonder why adjusters pay certain claims, while at the same time sales representatives wonder why adjusters don't pay certain claims. Claim adjusters ponder why sales reps pursue and underwriters write certain accounts. Loss control reps shake their heads in puzzlement, and actuaries are left to make sense of it all, now and for the future.

Awash with data like never before, how can practical knowledge be harvested and nurtured? Most insurers have a dizzying array of information available. Operating results from the corporate level down to individual transaction details reside in huge data warehouses, data marts and all sorts of information repositories including old-

Contributor Mike Bondura is senior consultant with management consulting firm Robert E. Nolan Co. He can be reached at mike_bondura@renolan.com.

fashioned greenbar reports. Valuable information is literally hiding in numerous applications and their associated management reports. The successful insurer will bring together not only the hard data on results, but also the people responsible for those results.

Specialization: Boon Or Bane?

Functional silos evolve naturally in complex organizations, as different operating units are charged with achieving defined outcomes in technically specialized areas. Specialization within functions also has grown as risks have become more complicated and as competitive pressures mount. Unfortunately, the greater the knowledge and technical skills an area requires, the more likely it is to naturally evolve into a functional silo.

Maintaining specialization is critical to insurers, who arguably may need to specialize even further in the future. The solution is not to reverse the specialization trend, but to recognize the importance of truly integrating the technical domains within the enterprise. The greatest challenge often will be to integrate the claim

Key Points

- Many ways of sharing knowledge are not new, but coupling new approaches with some old ideas can reap tremendous rewards.
- Sharing will improve the individual knowledge of the technical professionals while building the collective knowledge of the organization.
- Harvesting the collective knowledge of views and insights from various areas can offer a significant competitive advantage.

organization with the production side of the house.

Production areas of P/C insurers (underwriting, sales, loss control, actuarial and others) typically work together to acquire and retain profitable business, as they collaboratively focus on cash inflows and the revenue stream. The claims area, often the carrier's single largest organizational unit, works the other side of the equation, managing customer service and focusing on cash outflows in the form of loss dollars and loss adjustment expenses. The views from each of these areas can be strikingly different. Policyholders, risks, coverages and losses are seen through different eyes, with different perspectives. Harvesting the collective knowledge of these

views and insights can offer a significant competitive advantage.

There are many possible components to a framework of integrated technical knowledge sharing within an insurance company. The challenge is to find those that work for a particular company, and to assure all aspects of informational intelligence are being addressed. Many of these components are not new themselves, but coupling new approaches with some old ideas can reap tremendous rewards.

1 Underwriting Alerts With Feedback Loops

Risk alerts and underwriting advisories (the sharing of specific hazard knowledge by a claim adjuster after a loss) have been around for decades. From carbon paper forms to electronic and even automated alerts today, not much has changed regarding the basic underlying objective of this tool. As tried and true as the process may be, however, there are ways to improve upon it. Rather than just transmitting information from one department to another, establish a feedback loop in which underwriting, risk control and other areas respond and weigh in on the risk alert. Was the information provided by the adjuster important? Was it actionable? Was it meaningful? Was something else of even greater interest not reported? Feedback loops can be supported with data and can take the form of branch level discussions, meetings, reviews or even simple one-to-one human conversations.

A feedback process is dynamic, allowing organizational intelligence to be shared more widely, more frequently, and ultimately, more naturally. It also validates the importance of the tool itself. Adjusters no longer have to wonder if their risk alerts make any difference or receive any attention. They now hear back from their underwriting partners, and find themselves in more frequent dialogues across disciplines.

2 Large Loss Analysis

Large losses and case reserves offer an excellent (although sometimes expensive) opportunity for knowledge enhancement. Implement

a process of cross-functional reviews and meetings to share perspectives across disciplines. What could have been done differently from an underwriting, pricing, risk control or claims handling perspective to have avoided or reduced the loss? What lessons can be learned for future underwriting and pricing decisions, risk control involvement and claims handling? Individual loss discussions as well as aggregated summary data on large losses can provide invaluable lessons.

Mechanisms to share individual and aggregated large loss information can be built within existing processing systems through rules-based report generation. Establish regular, recurring calendar time for these discussions to assure the right level of adoption, and to also allow for analysis and preparation in advance.

3 Emerging Issues Forums

Another vehicle for bringing together people from different disciplines is an emerging issues forum. This meeting can be scheduled on a regular basis, and can work at the home office as well as on regional, branch and/or unit levels. One discipline should take the lead reporting new developments in the book or in the market. The other disciplines can share their opinions and insights as well as their own questions. The knowledge everyone gains can help influence the direction all disciplines will take going forward to address the emerging risks, whether it is a change in underwriting appetite or standards, or enhancements to risk control and claims management.

For added impact, invite outside speakers to these sessions. Speakers can include defense attorneys familiar with new regulatory and case law updates, agents who are in direct contact with customers, medical experts who are knowledgeable on the latest injury trends and treatment alternatives, and other such experts.

4 Operating Reviews

Multidepartment operating reviews provide a framework for focusing on key results and operating

Framework For Knowledge Sharing

- Extract and apply your data across silos.
- Incorporate feedback loops into a dynamic underwriting alert process.
- Regularly review large loss activity and share lessons learned.
- Establish an emerging issues forum.
- Structure disciplined operating reviews for deep, multifunctional analysis of issues.
- Engage cross-functional teams and task forces in strategy formulation, issue analysis and resolution, and program launches.
- Team directly or indirectly around customers.
- Involve all disciplines in new and renewal underwriting, including claims, risk control, sales and others.
- Identify ways to extend your employees beyond their own functional areas.
- Link your executives across functions in new ways.
- Nurture your internal social network.
- Have senior leaders champion the efforts and reinforce expectations.
- Respect and build upon your company's unique culture.

issues. Bringing all disciplines to the table facilitates knowledge sharing across the enterprise. All departments should present their key operating results, and participants from other departments should provide healthy challenges to those results. If the loss ratio has deteriorated in a certain area, why? If Risk Control productivity has dropped, what's the effect on underwriting decision-making quality and timeliness? If claims aging trends are deteriorating, does Claims need to take corrective actions or is the trend a leading indicator of a fundamental change in the performance of the book?

Operating reviews are best supported by data exhibits, built and shared in advance to form the basis for the discussions. Formal action plans can be

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generated following the sessions, identifying action steps, persons responsible, target dates for completion, and any dependencies. These action plans then become part of the basis for the next operating review (usually quarterly or semi-annually), where progress can be reported and discussed.

5 Strategy Teams, Task Forces and Program Launches

Take operating reviews and action plans a step farther by convening multifunctional teams and task forces to address line-of-business issues, program issues, territorial issues, etc. Charge these teams with a well-defined problem statement, and expect them to perform deeper analysis and review of their assigned topic to formulate recommendations for going forward. For example, if general liability severity in Texas is up, convene a team to conduct underwriting and claim file reviews and to assess the internal and external forces at work in the environment. No stone will be left unturned if all functional disciplines participate.

Teams can also be established for strategy development and setting future direction. Cross-functional projects, training and program launches provide other ways to bring the disciplines together. Convening industry councils or working groups for cross-functional thought leadership of specific book segments can result in superior knowledge sharing. When a new

product or coverage is rolled out, joint training of all disciplines can add tremendous value, leading to dialogues that would not have occurred if the roll-out had been limited to one or two disciplines, such as only underwriting and marketing.

6 Customer Teaming

Agency and large customer interactions provide yet another opportunity to share knowledge internally while also providing excellent customer service. Assigning teams by agency or customer and thoughtfully designing the team interactions adds another element to knowledge sharing. Teams can be defined so extensively as to include processing and servicing responsibility for the customers, or they can be teams that are independent of those responsibilities but charged with managing the overall customer relationship. The extent of the team's responsibilities can be designed for the particular company's environment, and may include internal analysis, external customer visits and other ideas.

Joint participation in external customer meetings, as well as internal reviews for new business triage and for pre-renewal decisions, can also break down the walls of functional silos and lead to better underwriting decisions. For example, involving local claims staff in underwriting or renewal discussions can generate valuable shared insights not only before a loss

occurs, but even before a policy is written or renewed.

7 Cross-Functioning

Consider augmenting your efforts with some well-designed cross-functioning. For example, sales staff in a certain territory can also conduct some rudimentary risk control service. Risk control staff can perform some aspects of certain claim investigations. Claim adjusters can support the sales staff with agency visits. This is not to suggest that the specializations should be compromised, but rather that knowledge can be increased while resources are leveraged.

8 Executive Dialogues

Consider other, less standard avenues for sharing knowledge. A simple 30-minute monthly meeting of a claims officer and an actuarial officer can be invaluable. One way to get the conversations started is to jointly look at familiar operating results. The actuary may see aggregate case reserves increasing in the workers' compensation line. Her claims counterpart may have insights into the drivers behind the increase. Is the increase driven by deteriorating severity in a particular territory or class of business? Or perhaps the increase has more to do with changes in case reserving performance and behavior in the claims department? The actuarial significance of this difference can be huge.

Reserving the time and framing the thoughts (usually questions) in advance often will lead to a surprising and unanticipated level of knowledge sharing. Both practitioners come away understanding more about the other's discipline, and how they can help support one another in pursuit of the company's goals.

9 Social Networks

Don't underestimate the value of social interactions that cross departmental lines. Potlucks and other get-togethers, as trite as they might seem, bring people together from across the cubicle partition, hallway or business campus. More formal interactions such as departmental



open houses also can bring together people who might not meet otherwise. Consider your training sessions as a means to cross departmental lines. If you're offering Excel training or conducting sessions on next year's employee benefits offerings, don't schedule the sessions by department but instead use the opportunity to allow people from different areas to mingle. Forming human relationships is absolutely basic to forming business relationships.

Customized Sharing

What works for one company might not work for another. Company size and structure, as well as style and culture, are important factors to consider with any program of knowledge sharing. What comes naturally to a small company can be challenging for a large company, and the reverse also can be true. Experimenting with various ideas and approaches will lead to new variants that work even better. The most important step is the first one.

All of the components of cross-functional knowledge sharing will not yield the desired results without consideration of other critical factors. Carefully designed programs will bring together information technology and business area leaders in the design and delivery stages. Sharing knowledge more deeply will require new processes, new methods of sharing data and triggering communications, and new ways of bringing people together. Leadership endorsement alone will not suffice. Wholehearted participation by company leadership must set both the tone and the expectations. Then, taking the program to the desk level is essential to weaving knowledge sharing into the very fabric of the company.

The right blend of people, process and technology can break down walls, overcome the effects of silos, and improve the individual knowledge of the technical professionals while building the collective knowledge of the organization. Ultimately, this collective knowledge will evolve into enterprise wisdom, a new level of competitive edge. **BR**



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