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## Underwriting Salesmanship: Mindset Matters!

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**A**s a group, underwriters can be characterized as “literal” thinkers. Ironically, that defining characteristic makes them good at what they do, but it can also seriously limit their success.

Most underwriters are focused on risk assessment and looking for safe opportunities that carry very little risk. They are charged with supporting profitable business and most tend to rely heavily on traditional forms of data to determine risk. All too often, case analysis is distilled to the following default reasoning: “The numbers are what they are.” The best underwriters, however, understand that the benefits of taking a risk are not outweighed by the risk of failure. Further, they recognize the importance of integrating non-traditional — or “soft” — information into the mix. Successful underwriters recognize that a sales-oriented mindset is required if they are to fulfill their roles as underwriters *and* support their organization’s sales goals. Adopting a sales-oriented mindset and integrating the following practices will both increase sales and solidify your organization’s reputation for providing exceptional service.

### Do Your Homework

Obviously the goal is to quote profitable business, but all too often good cases are improperly quoted (or overlooked entirely) for lack of a comprehensive understanding of the case. Information is king. The more information you can provide, the better prepared the

sales rep will be to make the case to support your quote. The information might include a comparison of plan designs and rates as well as a comprehensive review of experience history, “lives” growth and changes in management. Each of the aforementioned categories represents an opportunity for non-traditional analysis and creative problem-solving. If you are serious about increasing sales, **you must go beyond just the numbers.**

Underwriters who conduct their own research are at a distinct advantage. Those who view researching the case as their personal responsibility are much more likely to capture information that will not be uncovered by underwriters who simply rely on the information that is presented to them. This is particularly important as it pertains to uncovering the factors driving the quote. A thorough underwriter may learn, for example, that while cost was represented as a primary reason behind a piece of business going out to quote, it may be less important to match or reduce the rate than it is to include a non-standard plan provision. Successful underwriters also recognize that relying exclusively on electronic information and communication is a mistake. Electronic information and communication is often “toneless.” It is typically very one-dimensional and fails to reveal the shading of a case. Pick up the phone! If information is not provided, ask for it. If it’s not given, get it.

(continued)

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## **Strive to Be Consultative**

There are myriad reasons a case goes out to bid and the primary reason is not always obvious. A good underwriter will work to uncover this information. Is the case coming to market because the policyholder's new HR manager is eager to establish a reputation as a cost-conscious team member? Has the policyholder experienced problems with the claims shop? Or perhaps it's a case of a loyal sales rep simply needing "a win." With every quoting opportunity, a story is being told. Listen to the nuances of the story. Embrace opportunities to speak with sales reps and brokers and be open to new information.

It is not uncommon for quote scripts to lack specific plan design and administration information. Some digging may reveal, for example, that the agent is not the broker of record. A savvy underwriter will see this as a hint that the policyholder is not necessarily unhappy, but the broker is working to make inroads with the policyholder. How the underwriter chooses to leverage this information will depend upon the other facts revealed in the research process, but the underwriter has uncovered a key piece of information and is now better positioned to assume the role of informed strategic partner.

## **Set Expectations**

The most successful underwriter-sales rep relationships can be described as a partnership. Never be afraid to ask, "What will it take to sell this business?" Whether working within a long-standing relationship or quoting with a sales

rep for the first time, establish yourself as a motivated partner. Take ownership of the case and remain cognizant of the all-too-common pitfalls in the process. Many an underwriter has received a call from a sales rep suggesting the underwriter not waste time on a particular case for one reason or another. Make it your business to determine if YOU believe the case has been properly assessed. For example, an inexperienced or harried sales rep may be discouraged because of a high loss ratio on an integrated product. An experienced, knowledgeable and *motivated* underwriter will recognize this as an opportunity to analyze the case in a manner that may yield a different view. Splitting out the melded experience of a paired offering is likely to uncover the true challenges within the offering and provides guidance on where the underwriter can or cannot be flexible.

Push the rep when you see what appears to be a good opportunity and don't settle for unresponsiveness. In the case of an incomplete RFP, for example, determine what is missing and communicate that information to the sales rep. Be proactive and establish a timeline for appropriate follow up. Did the case sell? If so, what was the predominant factor that tipped the business in your favor? If it did not sell, insist upon finding out why it didn't sell — and don't accept benign responses. Your time and effort matters and the sales rep owes you an explanation. It is only through an honest post mortem that the underwriter and sales rep will learn how to improve processes and achieve better results going forward.

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## Adapt Your Style

Every case is unique and every sales rep is unique. It is up to you to identify the sales rep's preferred style for communication and adapt accordingly. If you find that a sales rep phones you for information, don't return the call with an email. Mirror the style. If a sales rep's style can be described as "cut and dry," work to be equally direct in your communications. Avoid the temptation to provide more information than the sales rep is likely to absorb and apply (or appreciate). That said, make every effort to provide sales reps with information that will make them look good to the broker. Consider providing a rate basis comparison report or developing a spreadsheet comparing the inforce plan against the proposed plan, for example. Sales reps will quickly come to rely upon and gravitate toward underwriters who are thorough and treat them with professionalism and respect.

## Drive Results and Celebrate Success

Successful underwriters understand they need to do more than simply quote. They recognize it is their responsibility to drive results. Establish your own sales goals and keep track of your success. Keep your own "hot list." Identify cases that are likely to have a high success rate and work them! As cases are sold, continue to fill the pipeline. With each successful quote, be certain to take the time to publicize the news in an open forum; it will energize the organization. Reiterate the importance of a sales-oriented mindset and review the strategies and tactics that worked as well as those that did not.

## Summary

Good underwriters will work to provide a complete quote utilizing standard information. Great underwriters will leave no stone unturned, incorporating non-traditional information in the analysis. Most importantly, they will "own" the good news and the bad — and they will take the results personally. ♦

## LIFE Foundation and Council for Disability Awareness Promote Disability Insurance Awareness Month



**Disability**  
INSURANCE  
AWARENESS MONTH

May is Disability Insurance Awareness Month (DIAM). It's a time when the entire insurance industry comes together to do something about the enormous gap that exists between Americans' need for disability insurance protection and the actual coverage they have in place. The LIFE Foundation coordinates this industry-wide campaign, and leading insurance companies and other industry groups participate through customized awareness-building and marketing campaigns. The Council for Disability Awareness (CDA), a non-profit educational organization dedicated to raising "disability awareness," plays a very active role in DIAM.

For more information on DIAM, please visit the LIFE Foundation at [www.lifehappens.org](http://www.lifehappens.org), or the Council for Disability Awareness at [www.disabilitycanhappen.org](http://www.disabilitycanhappen.org). ♦

# Creativity: The Elusive but Essential Component for Growth

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*As an industry,  
we don't  
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Imagination and creativity are rarely found in the world of insurance. Many of us profess that our companies “think outside the box,” but disability insurance market penetration statistics tell a different story. As an industry, we have failed at significantly increasing coverage in existing markets let alone expanding disability insurance into new markets. Ten years ago we had a 38% penetration rate in the employer market — and it remains at 38% today.

The chatter in the industry has also remained consistent over this time period with brokers and sales reps lamenting the difficulties of penetrating the disability market. At a recent industry conference, I listened as speaker after speaker itemized and analyzed the problems facing the disability insurance industry, each concluding their presentations with a summary of challenges but nary a solution. The overriding message from the industry suggests a less than optimistic future.

As a seasoned insurance industry executive, I fully understand the challenges we face but am perplexed by those who appear to have accepted the defeatist message. Fortunately, I am not alone. I recently attended another seminar during which a senior executive from one of the major carriers stated, “As an industry, we don't make enough mistakes.” I found this to be one of the most insightful remarks I've heard in a very, very long time. Are we so lacking in creativity, or so risk averse, that we must resign ourselves to a zero-growth market reality? I

have always believed — and continue to believe — that the disability insurance industry can significantly increase market penetration, but only if we are willing to adjust our thinking. If we are to grow, we must accept that risk will continue to be part of the process. That said, we also must accept that our view of “risk” needs to change. We need to reshape our thinking from “This is a bad risk,” to how “How can I make this a good risk?”

Many insurers will tell you that a large percentage of employers are unwilling to offer disability insurance to their employees because they view them as a poor underwriting risk. When considering the most common disability insurance product offerings in the market, that may be a fair assessment. If the industry is to overcome this dilemma, it must be willing to completely rethink how disability insurance products are designed and sold. Said differently, it will require true creative thinking.

Several industry segments are cited as especially high risk, including “heavy blue collar” workers, for example. These workers are stricken with heart disease, cancer and other disabling conditions that have less to do with their occupation and more to do with their heredity and lifestyle, the same conditions that affect “white collar” professionals. Most disability policies, however, are designed to cover ANY accident or sickness that renders an employee unable to work and therein lies the problem — or the opportunity. Poorly constructed plan designs and inadequate

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pricing generate poor risks; insurers own that problem, not employers and their employees. It is possible, however, to design plans to cover “heavy blue collar” workers for specific illnesses ONLY. If proof of this notion is required, one need only look at the duck quacking all the way to the bank by offering disability insurance to the same employees the industry broadly deems to be poor risks.

benefit to an employee who hasn't earned six months of income with that employer. Here again, we have an opportunity to address on obvious need through a non-traditional solution — a product that makes sense to employees and one that will save employers significant premium dollars.

Such a product might be designed as shown in the chart below.

Employee Class	Benefit Duration
Executives	Social Security, Normal Retirement Age
Employees with Greater than 5 Years of Service	Social Security, Normal Retirement Age
Employees with 2-5 Years of Service	5 Years of Disability Coverage
Employees with Less than 5 Years of Service	2 Years of Disability Coverage

The industry also views high-turnover employees as poor risks, especially when offering long-term disability insurance. Understandably, it is hard to feel good about offering full disability benefits (to retirement age) to employees who have just received their new employee handbook. Insurers and employers are right to be concerned about the risk of such an offering. Most employers would cringe at the idea of paying a \$2,000 monthly

The fact that the disability insurance industry has not seen any meaningful growth over the last decade is an undisputed truth. The fact that some carriers are making significant inroads is also an undisputed truth. Those who have made a commitment to adjust their thinking have clearly gained in the race to provide coverage and increase market share. The good news for those that are trying to adapt is that creative product solutions are not finite and a largely untapped market remains hungry for those solutions. ♦