



Training in a **Risky Industry**

By Jenni Jarventaus

Insurers need the skills and knowledge to adapt swiftly to natural disasters.

Life comes at you fast. The advertising slogan touted by Nationwide, a Fortune 100 insurance and financial services company, applies to the whole insurance industry, not just to prospective policyholders. In today's highly competitive financial services market, life comes at insurers fast too—and if they do not possess the skills and knowledge to adapt swiftly, they risk ending up in harm's way.

The need for a well-prepared workforce became evident after the record-setting hurricane season of 2005, in which five hurricanes—Katrina, Wilma, Rita, Ophelia, and Dennis—caused \$57.7 billion in property damages. According to the Insurance Information Institute, the total property and casualty insurance losses in 2005 were \$61.8 billion, the highest on record.

In addition to natural disasters, issues—such as the ever-changing state and federal regulations, rapid change of the industry through mergers and acquisitions, and the introduction of complex products—all challenge insurance companies to not only keep abreast of changes but to invest in staff training to prepare them to better respond to the changing environment.

“The ripple impact of the industry getting hit by natural disasters such as Hurricane Katrina requires a dramatic shift in jobs, responsibilities, and turnover—basically, doing more with less,” says Betsy Allen, senior vice president at the Bob Pike Group, the long-time training provider for large insurers such as Farmers Insurance Group and State Farm.

“That means that we not only need to leverage technology in terms of how

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people do the work, but also get better in training people exactly what they need to know—not anything and everything, but what they need to positively impact the realization of their company's strategic goals," Allen says.

Increased training expenditures

Traditionally, the insurance industry has been a noteworthy investor

in workforce development, with the amount of training increasing steadily during recent years.

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"This is an industry that tries not only to attract a skilled workforce and new talent, but also puts as much into the back end in terms of retaining existing staff," describes Claire Wilkin-son, vice president of the Insurance Information Institute.

The major reasons behind the growing training expenditures are the introduction of new products and technologies, the increase of fierce competition, and the growing demands of the customer base. Whereas in the past policyholders were loyal to their insurers, often having a lifelong client relationship with the same company, these days anyone can go online to get quotes and compare policies from a wide variety of coverage providers.

Agents, brokers, and underwriters are dealing with a more sophisticated and demanding customer, says Christine L. Lewis, senior vice president of the American Institute for CPCU (Chartered Property Casualty Under-

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writers) and Insurance Institute of America, providers of property-casualty insurance and risk management education programs in such areas as claims, underwriting, reinsurance, agency management and operations, and accounting and finance.

"There continues to be a need for technical knowledge—understanding the insurance coverage, knowing how to analyze the policies, and having a broad understanding of insurance operations and corporate finances," Lewis says.

"But what's different is that today customers have higher expectations, and they want more choices. Nobody wants one-size-fits-all. That is a particular challenge—the expectations of what an insurance professional knows and how he interacts with the customer are greater."

The challenge, as in many other industries, is that even if insurance companies, brokerages, and agencies provide financial reimbursement and encouragement for employees to participate in education, their employees are still faced with the difficulty of finding time for it.

The industry is consolidating, and the existing employees are facing an increased workload. At the same time, employers are still expecting their staff to be competent and educated about new policies, products, and regulations, Lewis says.

"People want the education; they value it," says Lewis, "but they struggle with how they fit it into everything else that's being demanded of them."

Just-in-time knowledge

While the Society of Insurance Trainers and Educators survey shows that traditional methods—such as classroom-based training, workbooks, workshops, and on-the-job training—are still common, with more than 90 percent of respondents using them, e-learning is rapidly gaining popularity in the field.

David Blakesley, the curriculum director at California-based Insurance Educational Association, which offers professional development and continuing education for insurance, risk management, healthcare, and

financial services, says that insurance companies are striving to integrate the skills they need with just-in-time learning.

"The important issue in the industry these days is how to have the necessary information very quickly, for a very affordable price. The agents and brokers are essentially looking for immediate, when-you-need-it knowledge."

The Insurance Educational Association offers many of its classes in an online environment, where they are self-paced and divided into small chunks, including several case studies of situations that insurance professionals will confront in their jobs daily.

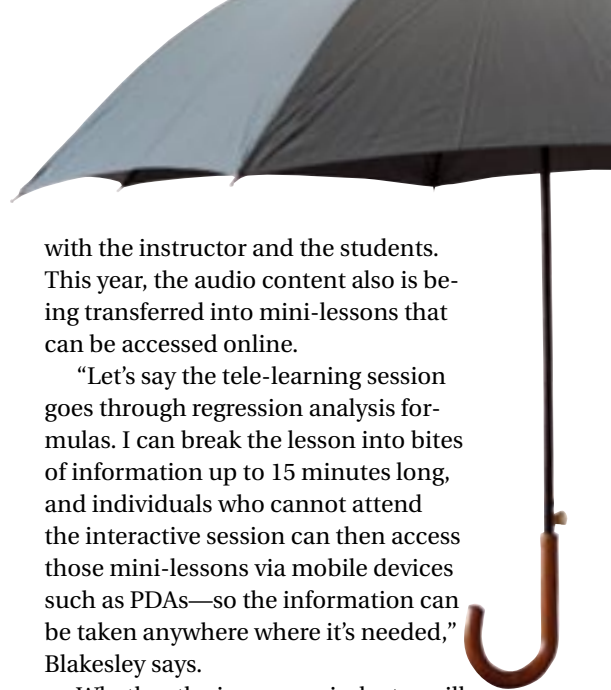
"Say an agent or a broker has an immediate need to review how to analyze a customer's financial statement. The courses are designed in small enough bites, so that in three to five hours you can go through an online course that will help you remember the necessary ratios," Blakesley explains.

The classes include a weekly interactive, real-time phone conference

with the instructor and the students. This year, the audio content also is being transferred into mini-lessons that can be accessed online.

"Let's say the tele-learning session goes through regression analysis formulas. I can break the lesson into bites of information up to 15 minutes long, and individuals who cannot attend the interactive session can then access those mini-lessons via mobile devices such as PDAs—so the information can be taken anywhere where it's needed," Blakesley says.

Whether the insurance industry will fully embrace mobile learning remains to be seen, but the uses of accessing crucial policy information online are numerous. In the case of massive natural disasters, agents and brokers are among the first responders who are helping to negotiate the claims process on the ground. When catastrophe teams go in, what they need is access to customers' policies to understand what is covered, says Blakesley.



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“Many of the companies have all of the coverage forms online so the claims people can work through the actual policy a person has. That way they can issue checks on the spot, so that people can at least get additional living expenses wherever they happen to be relocated.”

Continuum of learning

E-learning technology is increasingly incorporated into the curricula of corporate universities. Mutual life insurance giant New York Life offers a standardized, companywide curriculum for training new agents through its NYLIC University. Tamra Billinghurst-Black, training manager at the Cleveland Service Center of New York Life, stresses the added efficiency that e-learning has brought to the training and marketing program.

“We are able to reach a much broader audience. We are able to do that in less time and at a lower cost while providing greater consistency in the delivery and dissemination of information.”

The Bob Pike Group, which has assisted the Los Angeles-based Farmers Insurance Group in designing the insurance company’s university, incorporates e-learning into its blended learning approach.

“We are a huge proponent not of e-learning for e-learning’s sake, but of learning experiences that are created by technology,” says Betsy Allen of the Minneapolis-based training and consulting group.

“This doesn’t mean PowerPoint slides that are put on the Internet. What I mean are learning experiences that

have been created to simulate the real world as closely as possible, using case studies, visuals, and animation—anything we can to come as close to the real-life environment and some primary and secondary learning objectives.”

Allen criticizes the fact that a great deal of corporate training is content-based: Somebody hands the trainer a stack of slides and says, “My people need to know these new regulations.” Then the trainer, without knowing enough of the company’s goals, designs a training program solely based on that content, she says.

“What we do is use a results-oriented approach, which begins with turning [Donald] Kirkpatrick’s classic four-level evaluation model upside down and starting with Level 4 [results]. We want the senior executives of the company to be crystal clear on why we need to do this training—for example, to insure alignment with a new law, improve customer satisfaction, or increase revenue.”

One of the most significant trends in insurance education and training is the recognition that it’s no longer possible or necessary to teach people everything. According to Allen, it’s much smarter to teach them how to find the information when they need it.

“During the first month, we teach them enough so that they can do the job for 90 days. When they come back, whether it’s to the classroom or an online environment, they learn more. So, instead of trying to teach them everything, we teach them enough to go out and strike some important milestones in terms of contribution to the corporate strategy,” Allen says.

In that sense, training is no longer an event, she says; it’s a continuum of ongoing learning.

Tailored programs

Delivering on-demand knowledge and “chunking” learning content into smaller pieces are paramount in responding to the changing needs of the insurance industry. The American Institute for CPCU and the Insurance Institute of America currently offer traditional, full-length semester courses, but Lewis says the organization is starting to take the

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content—about 65 textbooks—and put it into smaller bits so that students can pick and choose their combination of online learning objects.

“This is something that we are starting to roll out this year, because we believe there is a significant demand for it. The appeal of a 400-page textbook decreases as fast as the demographics change.”

Education and training organizations are taking a very careful look at trying to make sure their curricula are as close to the real world of insurance as possible, with relevant examples and concise, to-the-point content. Insurance education has to be more and more focused, Lewis emphasizes, because people don’t have the luxury of studying any more content than is absolutely necessary.

“The training now has to clearly show ‘what’s in it for me?’ There is more of an expectation in the younger generation that ‘I am not just going to take this—you have to prove to me this is going to be worth my time.’”

The future challenge for the insurance educators and trainers, Blakesley says, is to constantly keep track of the customers and to understand what their issues are. This will mean doing more consulting activities and in-house training as well as tailoring the programs to what the customers really need.

“The online training, in particular, has to be continuously improved. I liken it to running down a railroad track and having a locomotive barreling down on me: How do I stay ahead of this? What really helps people who are more and more pressed for time and who want the knowledge right here, right now?”

Cause-and-effect relationship

As with other industries, the insurance industry faces a major challenge as baby boomers retire and the younger generation moves into more senior positions. The next generation, Blakesley says, has not been trained sufficiently especially in the underwriting side, which has traditionally been considered a soft market.

“In the past, companies didn’t have to worry about making an underwrit-

ing profit, but now, with the premiums adjusting downward, they have to start taking it seriously.”

This applies especially to the property and casualty sector, which will continue to be challenged in the years ahead, as many climate experts predict that hurricanes in the United States will grow more frequent and severe. The potential of more widespread losses is exacerbated by the increasing value of homes and more people living in disaster-prone areas.

A trend that is opening up opportunities for insurance educators and trainers is that more senior executives are seeing that they can partner with the training arm of the company to have a cause-and-effect relationship between what people are doing on the frontline and the realization of company strategy at the top line, Allen says.

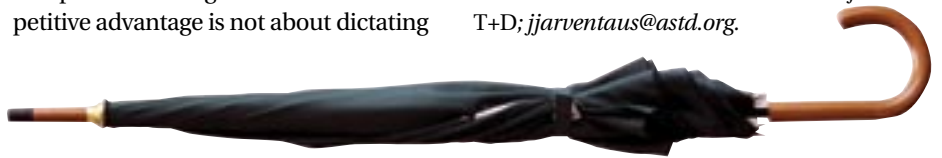
“There is a huge shift going on for companies to recognize that the competitive advantage is not about dictating

strategy down the line—it’s about creating alignment around behaviors on levels that will help realize the company strategy. In other words, getting really crystal clear on what ‘good’ looks like.”

The winners in the upcoming years, according to Allen, are the companies that will strategically use pilot learning interventions. So before investing \$500 million in new learning systems, companies will need to spend \$4 or \$5 million to test them to ensure that they work and contribute to the business purpose.

“Then they’ll realize that they can get a dramatic return on the training and development investment,” she says. “The ones who are going to succeed will recognize they can only do so by investing in their people and giving them better tools and systems to do the work.” **T+D**

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