

# UNDERWRITER TRAINING AND CONTINUING EDUCATION



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In 2014 the ALU Survey Group completed an underwriter census. The data from this survey suggested approximately 23% of underwriters planned to retire in the next 5 years. As a follow-up to the underwriter census, the Survey Group recently conducted a survey to determine how many companies are training underwriters to prepare for this potential exodus from our profession. How many companies have continuing education programs to help fill the potential gaps left by the knowledge drain?

This article will detail the results of the recent ALU survey and provide some insight into the resources companies feel are important in training and continuing education programs. Survey questions appear in bold. All other comments were gleaned through either open-ended comment fields or survey response analysis.

ALU Survey on Underwriter Training and Continuing Education

The ALU survey had three goals:

- Determine make-up of current programs
- Identify the key elements of current underwriter training and continuing education programs
- Further industry insights and knowledge

The ALU Survey Group created and conducted the survey with input from the ALU Executive team.

Survey Group members:

- Kristin Ringland, SCOR Global Life Americas
- Carol Flanagan, John Hancock
- Chris Olson, Lincoln Financial Group
- John Sherman, AIG

Survey Participants

We updated the ALU Marketing and Survey Groups' chief underwriter contact list with the support of the MIB. The survey was sent to over 200 companies

**Executive Summary** *The ALU Survey Group recently conducted a survey to determine how many companies are training underwriters to prepare for the retirement of approximately 23% of underwriters within 5 years. The survey also inquired into the extent of company continuing education programs to fill the potential knowledge gaps. This article details the survey results and provides insights into company resource priorities in training and continuing education.*

in the US and Canada. The companies contacted included direct carriers, reinsurers and retrocessionaires. We received responses from 116 of the companies contacted, resulting in a 58% response rate. This article will cover the key highlights from the survey findings.

*Company type:*

- |                    |     |
|--------------------|-----|
| • Direct Carrier   | 92% |
| • Reinsurer        | 7%  |
| • Retrocessionaire | 1%  |

*Number of life underwriters in the underwriting departments of the companies who responded:*

- |            |     |
|------------|-----|
| • < 10     | 48% |
| • 11 to 25 | 21% |
| • 26-50    | 17% |
| • 51-75    | 4%  |
| • 76-100   | 5%  |
| • 101-150  | 3%  |
| • >150     | 2%  |

Does your company have a formal training program for underwriting trainees?

- |                                |     |
|--------------------------------|-----|
| • Yes                          | 42% |
| • No                           | 54% |
| • Considering adding a program | 4%  |

1 of 1 Retrocessionaire has a program  
3 of 8 Reinsurers have a program

Direct Carriers based on size of underwriting staff:

- < 10                      7 of 56 have a program and 3 are considering
- 11 to 25                    13 of 24 have a program and 1 is considering
- 26-50                      15 of 20 have a program
- 51-75                      3 of 4 have a program
- 76-100                    4 of 6 have a program
- 101-150                    4 of 4 have a program
- >150                      2 of 2 have a program

Of those who have a program, 98% developed their own program. Two companies developed their own and supplemented with a vendor-purchased product and one company uses reinsurance training modules.

Who conducts the training? (select all that apply)

- Dedicated full-time trainer                      20%
- Experienced mentor underwriter                36%
- Multiple company personnel                    60%
- Vendor personnel                                  0%
- Other    9%

Companies with a dedicated full-time trainer: five have 26-50 underwriters, one has 76-100 underwriters and three have 101-150 underwriters.

What is the source of your company's underwriter trainees? (select all that apply)

- Internal employees                                96%
- Recruiting at colleges                            18%
- New hires from other sources                   49%
- Other    2%

College recruiting is primarily used by companies with at least 100 underwriters on staff. There is a pretty even distribution of companies hiring from within their company and using new hires from other sources to fill their training classes.

How frequently do you conduct new underwriter training classes?

Of the companies that have a training program, 70% conduct a class only when needed. The remainder was evenly distributed between conducting classes annually, every 2 years, and between 2 and 5 years.

Training classes are currently in process in 38% of companies with a program and 47% percent of companies with a program completed their last class within the last 24 months.

What is the primary method of underwriter training? (select two)

Top 4 answers:

- One-on-one training with mentors/experienced underwriters/medical directors                87%
- Self-study    42%
- Onsite classroom                                 36%
- Webinar and classroom                         22%

Primary training materials used?

ALU offerings (select all that apply):

- ALU textbooks                                    74%
- ALU webinars                                    60%
- OTR articles                                      56%
- ALU tutorials                                    33%
- None of the above                              9%

Other material used for training (select all that apply):

- Internally developed training materials                80%
- Reinsurers webinars                            67%
- Medical terminology textbooks                64%
- Reinsurer training seminars                 60%
- LOMA courses                                    58%
- Anatomy textbooks                             51%
- Insurance lab webinars                        42%
- Third-party training courses                 16%
- College coursework                            13%

What training resources would you like to use that you do not currently have? (please describe)

- More one-on-one time with mentors - if workflow allowed the time
- Reinsurance training materials
- Insurance lab webinars
- Specific underwriting courses with tests
- Case studies
- ALU textbooks in Spanish
- Webinars online in a digital format
- None – 6 respondents indicated “none”

What is the estimated length of time for formal training (prior to the new underwriter having an approval authority and signing off on cases)?

The vast majority of companies (80%) require at least 12 weeks of training before the new underwriter obtains an approval authority. None of the companies surveyed will grant approval authority in less than 5 weeks.

Underwriter retention?

Of the companies surveyed that have an underwriter training program, more than half of them indicate 81-100% of the underwriter trainees were still with the company 5 years after completing their underwriting training.

Underwriters who left the company with which they initially trained left for a variety of reasons. Most chose an underwriting position with another company, some transferred to a non-underwriting position within the same or other company. Reasons for leaving the underwriting profession included: not a good fit, left for a position with less stress but with the same or greater financial compensation, and retired.

#### Train offshore personnel?

Two reinsurers and two direct carriers report having a training program for offshore personnel. Both of these types of companies train employees from their own company for their offshore underwriting needs, and use the same training program that they use to train their US or Canadian underwriters.

#### Continuing education for underwriting staff?

Continuing education is an important consideration for chief underwriters. In our rapidly changing life insurance market, it is important for companies to invest in their workforce. Professional development is important for the employee and for the organization, and such a commitment demonstrates the value a company imparts to its employees and their future. Industry exams are an important part of any continuing education program. Of the companies surveyed, more than 77% (86 companies) indicated they provide financial incentive or other reward for the completion of exams or obtaining an industry designation.

#### Incentive for completion of exam? (select all that apply)

Of the 86 companies that provide financial incentive or other reward, 76 pay for exam fees, 58 pay a monetary award and 21 provide a day off for study. Many respondents indicated they pay for both the exam fee and provide a monetary award.

#### Incentive for completion of designation?

Of those same 86 companies, a bonus was by far the most popular incentive for completion of a designation. Many companies indicated they provide a trip to an industry meeting, with the AHOU Annual Meeting being the most popular venue reported.

#### Continuing education and performance/promotion?

More than half the companies surveyed indicated continuing education is not required for a favorable performance review. An even larger percentage of the companies (60%) reported that they do not require continuing education when considering an underwriter for promotion. However, more than 70% of companies do provide educational opportunities for their underwriting staff.

The most popular continuing education offerings provided in an open-ended question:

- Case clinics, case studies
- Internally developed medical and financial webinars
- ALU course
- LOMA courses
- Webinars
- Hank George training courses
- Reinsurance training modules
- Game show and quiz game format
- Articles from industry publications
- Non-underwriting training; Excel courses, management courses
- Company “University”

#### Primary continuing education materials used?

ALU Offerings? (select all that apply):

- |                       |     |
|-----------------------|-----|
| • ALU webinars        | 65% |
| • <i>OTR</i> articles | 65% |
| • ALU textbooks       | 58% |
| • ALU tutorials       | 26% |
| • None of the above   | 14% |

#### Other material used for training? (select all that apply):

- |   |     |
|---|-----|
| • LOMA courses                            | 82% |
| • Reinsurer webinars                      | 79% |
| • Reinsurer training seminars             | 65% |
| • Insurance lab webinars                  | 57% |
| • Internally developed training materials | 51% |
| • Third-party training courses            | 27% |
| • College or university coursework        | 18% |
| • Other                                   | 2%  |

“Other” responses included local, regional or national underwriting meetings.

#### Budget for continuing education?

Of the survey responses, 103 respondents indicated their company budgets for continuing education. There was an even split among membership in organizations, seminar/meeting attendance and webinar participation. The most popular budget item was tuition reimbursement, which included ALU, LOMA, CLU and college classes. One of the 103 respondents indicated his company does not budget for any continuing education programs.

#### Employee retention

Based on the survey, the underwriting profession is beginning to experience a contraction of experienced risk assessors: almost a quarter of the responding underwriters plan to retire by 2019 (i.e., within 5 years of the survey’s completion). This encompasses a significant loss of knowledge and experience.



Retaining good employees is fundamental to any business plan, in any industry. Admittedly, the effect of this mass retirement will impact carriers differently. However, many of these departing underwriters represent decades of experience that will be difficult to replace. Retaining the “best of the rest” takes on more importance.

Which of the following does your company feel increases employee retention? (select all that apply)

- Providing tuition reimbursement 78%
- Funding AHOU, CIU or other national industry meeting attendance 67%
- Funding local/regional industry meeting attendance 62%
- Providing opportunities in underwriting related projects 60%
- Supporting employees in leadership roles in local/regional underwriting organization 54%
- Supporting employees in leadership roles in a national underwriting organization 39%
- Providing opportunities in underwriting related research 31%
- Other 4%

Three of the responses in the “other” category indicated none of the above apply. One respondent noted the investment in a good system, keeping guidelines and procedures up to date and being competitive were important for underwriter retention.

**About the Author**

Kristin Ringland is the Vice President and Deputy Chief Underwriting Officer with SCOR Global Life Americas. She began her underwriting career at Lincoln Benefit Life and most recently worked for Empire General as an Assistant Vice President. Kristin is Coordinator of the Survey Group - part of the Academy of Life Underwriting, Past President of the Kansas City Risk Selectors Group, and was a member of the 2007-2008 AHOU Planning Committee. Kristin has a Bachelor of Arts degree from the University of Nebraska, as well as her FLMI and FALU designations.

**Conclusion**

If the survey’s responses are representative of the life insurance industry as a whole, the profession is entering a changing of the guard. Companies recognize the value that good training and education programs may have on underwriter retention. Given the projected number of underwriters planning to retire by 2020, succession and retention plans become more critical. The responses provided in this survey represent fairly traditional approaches to continuing education and training. Materials include well-tested industry sources, including many materials produced by the ALU, other industry educational associations, and peer and reinsurer training. While carriers may have formal training courses in place, most companies conduct these programs on an ad hoc, as-needed basis. A notable majority of companies include incentives for continued development such as monetary bonuses, career advancement and the prospect of attending industry meetings. Almost all carriers budget for such acknowledgments.

One area where we may draw the reader’s attention is to company retention efforts. In most cases, retention incentives differ little from traditional training incentives. Given the large number of seasoned life underwriters planning to retire before the end of the decade, retention may become an important area of focus in the future and require some “outside of the box” thinking. However, such efforts fall outside the scope of this survey.