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INSURANCE AGENCIES

Karen Farris Article-Leader's Edgehttps://annmariecommunicatesinsurance.files.wordpress.com/2012/01/karen-farris-article-leaders-edge.pdf

Modeling the Future-Leader's Edge

In the Zone: Keep Your Head in the Game Retaining Clients By Using the Competitive Data Hurtling Right at You – Leader's Edge

Fully Exposed – Leader's Edge

INSURANCE REGULATION

Colossal Cleanup – Claims Advisor

INTEGRATED BENEFITS/ABSENCE MANAGEMENT

The Mechanics of Absence Management

The Evolution of Integrated Benefits Delivery in the United States – John Burton's Workers' Compensation Policy Report

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Integrated Benefits Movement Accelerates – AM Comp Views

Benefit Integration Boosts Productivity and Profits – Workforce Magazine

Effective Benefit-Integration Practices – Workforce Magazine

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The TRIA Challenge – Actuarial Review

Workers' Compensation: Future Turbulence Ahead – Actuarial Review

More Buck for the Bang – Claims Advisor

Workers' Comp Predictive Modeling – Contingencies

States of Confusion – AIA Advocate

Longshore_Act_Narrative – National Association of Waterfront Employers

The Gathering Storm in Workers' Comp – Business & Health

The Evolution of Integrated Benefits Delivery in the United States – John Burton's Workers' Compensation Policy Report

The Soaring Costs of Workers' Comp – Workforce Magazine

Workers Compensation Savings Strategies – Workforce Magazine

Workers' Comp Options Bring LIttle Change – In Business Las Vegas

[Auto Insurance Price Optimization A Reminder to Shop Around]

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Auto Insurance price optimization has been getting a lot of attention lately, especially since it is controversial. Instead of worrying about it, just shop around.

Some consumer advocates say price optimization can be unfair to auto insurance customers. Insurers, however, believe using all the data possible for pricing premiums is good business.

Determining how insurers can acceptably develop rates – the basis of premiums — ultimately falls on state insurance commissioners. Before they can decide on if or how to regulate price optimization, they need a reliable definition.

As I cover in my recent *Actuarial Review* article, ***Descending Confusion***, some state insurance departments have already begun limiting price optimization using definitions that could disqualify decades-long actuarial practices. Most commissioners, however, want to further investigate price optimization first.

The challenge is that there are several definitions of price optimization.

….for consumers to really get the best price for insurance, they really should shop around on a regular basis.

The goal of my article is to present facts and opinions about auto insurance price optimization while avoiding political pitfalls. I can assure you it was no easy task.

I do thank the Casualty Actuarial Society (CAS), which represents the actuaries who price auto insurance, for giving me the opportunity to tackle this controversial subject. I have had the opportunity to work with countless CAS actuaries in my career and their personal and professional standards should be emulated by every profession.

While this is all fine and good, my mother is going to ask me what I think of auto insurance price optimization.

Here's what I'll tell her. There is nothing wrong with insurers making a profit. It helps ensure that insurance is available to consumers.

And since insurance is such a highly regulated industry, insurers really can't gouge customers as some would suggest. At the same time, for consumers to really get the best price for insurance, they really should shop around on a regular basis.

But hey, even Flo would tell you that!

[Social Media Trumps Dell's Poor Customer Service]

Executives who focus on social media's marketing advantages without being prepared for customer feedback should take heed from my customer experience with Dell.

Last May, I had yet another frustrating experience with Dell. When I told a Dell customer service manager I was going to post a blog about my poor experience, he told me to go ahead.

So I did — not just for me but other frustrated Dell customers. (To read the blog, click **[here.]**)

After posting my blog on Facebook pages started by disgruntled customers, I pasted it on Dell's Facebook page. Social media is designed to encourage two-way communication between companies and their customers.

At first, Dell removed my post, but when I reminded of this, it stayed.

Then I received a message from a member of Dell's social media team. My suspicion is that he was trying to be responsive, but Dell's internal bureaucracy seemed to make it difficult.

It took two months, but ultimately, I got what I asked for: a new replacement printer.

But I can’t use it. Dell advertised the once highly rated printer as MAC-friendly, but it is not. My friend, who is a Mac user and computer professional, gave up on the install. Dell’s “service” representative offered little help.

Executives who focus on social media’s marketing advantages without being prepared for customer feedback should take heed from my customer experience with Dell.

Two months are a long time for my public relations business to go without a working four-in-one printer. Fortunately, I still had my 10-year-old HP laser jet and eight-year-old HP color deskjet, but neither have copy, scan nor FAX functions.

I had to break down and buy another multi-function device, forgoing other capital investments. The print quality is nothing like the Dell, but at least it works. In case you’re interested, it’s a highly rated Brother, which offers lifetime customer service.

There is a lot that marketing professionals and customers can learn from this experience.

1) Do not advertise a product as compatible with anything unless there is a commitment to updates. Dell advertised the printer as Mac friendly without keeping up with MAC system updates. As a result, the scanner function did not work well.

2) Offer customer specific service. Dell marketed to Mac users without offering quality support.

3) Social media’s advantageous reach is great for consumers. After talking to the customer service manager, I used to write the company president for results. Social media is faster.

4) Be fair about posting complaints. It is poor taste to go public on social media unless every other reasonable attempt at resolution has been tried. I spent at least 14 hours with customer service for various problems. I did not go public with Dell until there was a mechanical failure and productivity issues.

5) Don’t buy electronic products with short warranties. Dell only offers a 30-day warranty for replacing equipment. The 30-day warrantee on the Dell laptop I bought in 2009 expired while trying to get resolution. I have purchased Mac products ever since.

6) Base your choice on a company’s current reputation. From 2003 to 2007, I was happy with my Dell products and enjoyed great customer service. Unfortunately, those days are gone.

Finally, I need to express my gratitude to the Dell social media employee who responded to me.

In the future, I don’t plan to buy another Dell product, but it may not be up to me anyway.

Rumor has it that Dell is getting out of consumer products and putting its focus on large servers anyway.

Like what you see?
Follow me!

Cyber Risk and Insurance Continue to Grow

Cyber risk and insurance continue to gain momentum. More companies realize they need it. And insurers are expanding coverage – and enjoying profitability. That said, cyber insurance continues to be an especially risky insurance line.

This is part of what I discuss in my recently published article, "Expansive Variance." Published in *Actuarial Review*, I titled the article very deliberately. The variance of risk expands in new ways every time I investigate cyber risk and insurance.

And frankly, the more I learn about cyber risk, the more concerned I become.

Cyber risk and insurance are expanding.

My article digs into the reasons behind the growing risk and new tools for actuaries and underwriters. Two particular trends stick out. First, Internet of Things technologies continue to introduce vulnerability to cyber attacks and personal privacy. Perhaps the best example of hacking through via app is last year's Facebook data breach.

Meanwhile, the bad guys, who have the creativity to walk the gauntlet of cyber protections, are quite innovative. Last year's Equifax breach, the largest in United States history, is a case in point. Despite tight cybersecurity, the breach pulled the personal data of more than 145 million Americans in a seven-week period. Another attack, less widely known to consumers, turned off factories and interfered with commerce all over the world.

The bad actors are also discovering ways to deploy artificial intelligence to mask coding to reach directly into personal computers. And for the less innovative, the old-fashioned and tried-and-true attack methods, such as email phishing, remain effective. Many companies still need to get religion on cybersecurity. Hackers are sometimes getting away with their dirty deeds because companies do not keep up with security patches.

These breaches serve as warnings of what could come. Everyone who knows about cyber risk and insurance fear “big one” — that cataclysmic breach that could put the world on its knees. Insurers are also very concerned about it, spreading risk across individual industries to reduce exposure.

Cyber Risk and Insurance

The article also describes the unique challenges insurers are facing beyond cyber risk itself. Currently, cyber insurance is generally profitable. The market is so competitive that it is sometimes underpriced. Executives of non-cyber insurance lines are also concerned that their coverages are picking up cyber loss.

Insurers have very different philosophies on covering cyber risk. For Warren Buffett, chairman of Berkshire Hathaway, Inc., cyber risk and insurance just too risky. He believes that each year carries a 2% chance of a super catastrophe costing $400 billion or more in insured losses. Not surprisingly, his insurance group is mostly staying away from covering cyber risk.

But there’s plenty of insurers – about 170 depending on classification – which are happy to offer cyber insurance. AIG and Chubb are two examples. Insurers also have more insurance scores for cyber risk than ever before. Depending on the product, such cyber scores can evaluate risk potential by company and can watch how the risk changes.

Privacy Regulations and Laws

Consumers have little remedy when personal data breaches occur. Cyber insurance covers cybersecurity protections for a limited amount of time, say two years or so. However, there is nothing that can be done to get the information back. The bad guys have it forever. Thankfully, cyber insurance for individuals is just starting to become available.

Last week I attended a seminar on protecting personal privacy sponsored by the Atlantic magazine and Salesforce.

Speakers discussed a social contract, which presumes entities collecting our data will protect it. However, this social contract has little law to support it. One privacy attorney says that the Facebook breach, while unethical, is not illegal.

***The bad guys,
who have the creativity to walk
the gauntlet of cyber protections,
are quite innovative.***

Americans assume the government is making sure our data is respected and kept private. But in truth, our public policymakers are behind the curve. As someone at the seminar joked, “Europeans regulate what Americans innovate.” Legislative remedies are being considered by Congress. During the seminar, Senator Mark Warner (D-VA) mentioned a recent hearing where the nation’s largest search engine’s representatives were notably absent. The company, however, *is* showing up to help China with their internet although its employees are protesting and some have quit. This is the country that is following every move of their citizens to determine their “trustfulness” and is also blamed for particular cyber breaches.

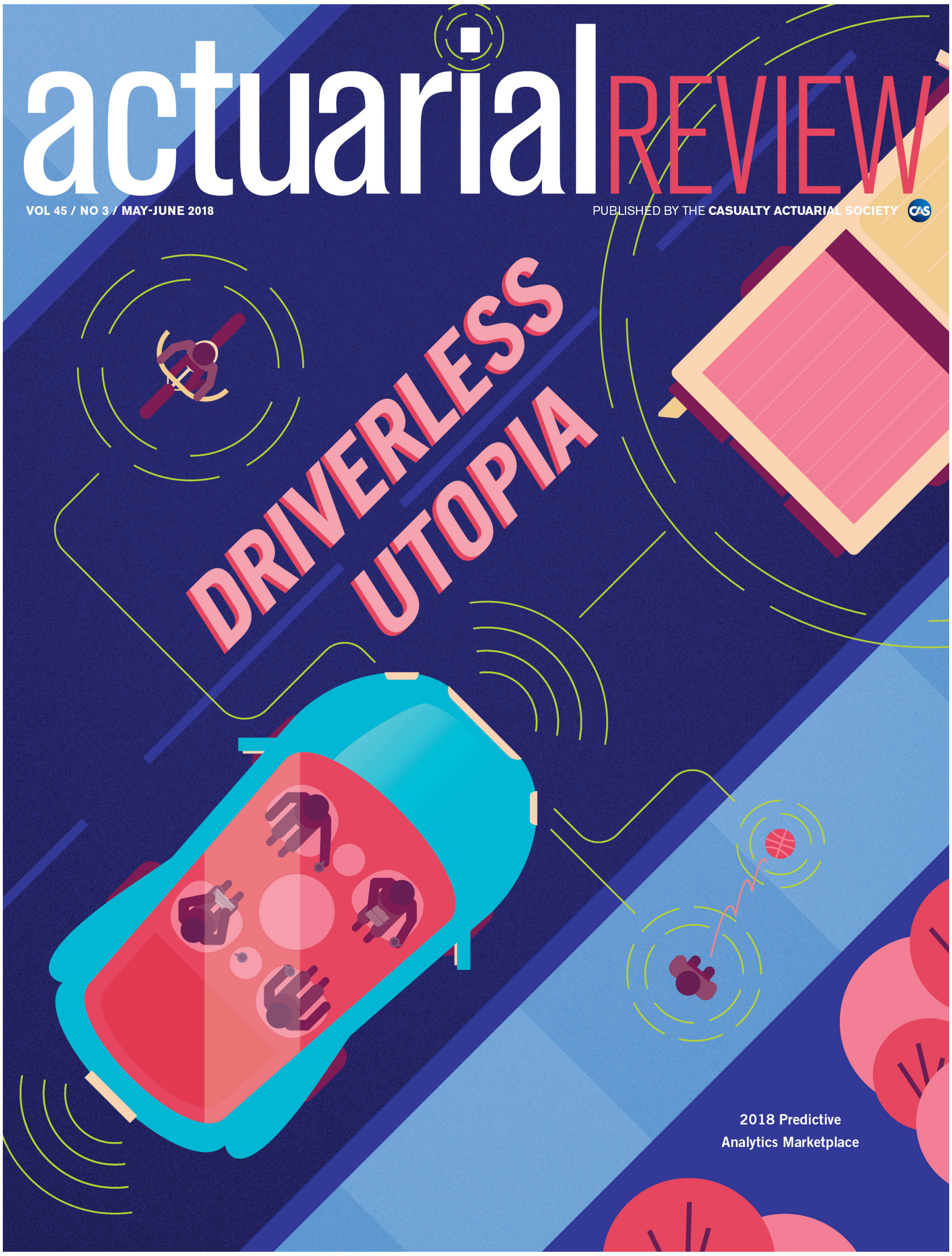
My article describes new regulations from the European Union that affect American companies. California also passed an aggressive law to protect consumers. It goes into effect January 1, 2020. Not surprisingly, technology companies are fighting the restrictions the new law will impose. After all, they need personal data to sell ads. The European and California laws have potential ramifications for cyber insurers, but those details are yet to come.

Note: My last article about cyber insurance discusses particular challenges for actuaries. To see more of my cyber articles, just enter “cyber” in the search bar below.

[Driverless Cars Not Proven To Be Safer]

There is no proof that driverless cars will be safer than human drivers.

I found myself saying that aloud to a radio ad yesterday. In explaining his support for driverless car experimentation in Michigan, Governor Rick Snyder notes that 94% of accidents are caused by human error. The implied assumption is that driverless cars will be safer.



There's no proof that driverless cars will be safer than mere human beings.

That statistic bandied about by driverless car advocates has nothing to do with automated vehicle safety. It derives 2005 to 2007 data in a study released a decade ago – *before* driverless cars were "a thing."

This is just one of the critical concerning driverless cars I discuss in my most recent article, *Driverless Utopia*. Besides delving into driverless car safety, the piece also cites new risks driverless cars can introduce, such as vehicular hackability as well as liability issues. As the cover story for the May/June issue of the Casualty Actuarial Society's *Actuarial Review,* it offers the critical perspective of actuaries. Their rubber-hits-the-road view deserves more attention because actuaries anticipate risk potential when determining insurance rates.

Actuaries who looked into the 93% statistic, which is based on a 2008 National Highway Traffic Safety Administration (NHTSA) study, conclude that 78% of accidents – *not* 93% — are due to human error. The article dives into the actuarial analysis even more.

Driverless Reality

We don't know how safe driverless cars are — for several reasons. These are:

- **There is no national clearinghouse tracking data regarding driverless car safety.** Basic information, such as fatalities and accidents related with automated technology, is not publically available in one place. Actuaries want driverless car manufacturers to share data so insurers can anticipate the risk insurers cover. That is not happening.
- **The lack of apples-to-apples comparisons between driverless cars and human driven conventional vehicles in similar scenarios.** Existing research considers different issues. And the conclusions vary. Further, driverless car experiments are taking place in near perfect driving conditions where accidents are less likely anyway. Also, since automated cars cannot handle inclement weather or a quick Bambi crossing, imperfect humans who take the wheel can still be at fault.
- **The pass off risk between automated systems and human drivers is *huge* for determining safety and liability.** That point of transition, when automated vehicular technology senses danger and mere humans have to take control is fraught with problems.

  The first automated vehicle technology fatality in the United States took place in 2016 when a Telsa hit a truck moving across a highway. It appears the driver did not take control of the vehicle soon enough. Getting to the why not only reveals the complexity of fault but the difficulty in determining it. The National Transportation Safety Board and NHTSA conducted separate investigations. One emphasized that the technology did not alert the driver in time. The other stressed that the driver was not responsive enough. (See my article for more details.) (A similar fatality took place last month in California.)A fatality in March reportedly occurred because the Uber-affiliated car did not detect the female pedestrian walking at night in Tempe, Arizona. It also appears the back-up driver was distracted. Still under investigation, the video is available here. (Warning: it's quite graphic.)

- **Driverless cars might decide who dies.** One study shows the cars favor saving younger people rather than the elderly.

Finally, as my first driverless car article notes, if driverless cars are safer than human drivers, it is likely because the car will be programmed to follow traffic laws – to the letter. Lower the speed and the accidents decline, even when people are driving.

Parting Thoughts

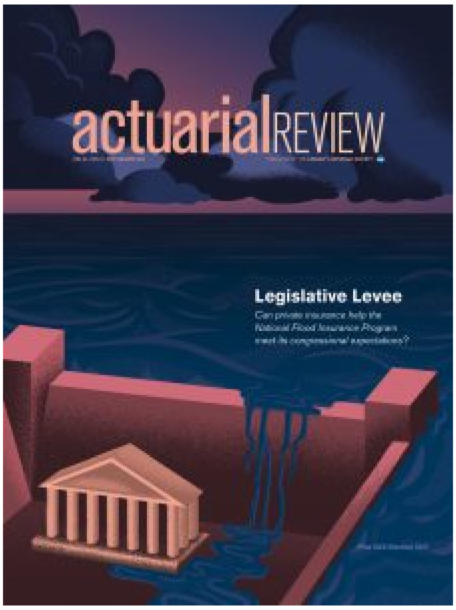
I'm not against driverless cars. However, I am troubled by rhetoric that presumes driverless cars will be safer without sufficient proof. The logic that driverless cars will be safer because human error is the primary cause of accidents is faulty and misleading.

The safety issue might not matter anyway. In the next 10 to 15 years, I believe the average consumer will be depending on taxi-like automated vehicles, figuring that cars are risky no matter who – or what – is driving them.

And since the cars will be in a constant state of technological improvement for at least the next couple decades, they will be too costly for average consumers to own, insure, maintain and repair. Already, minor fixes, such as replacing a driver's side mirror, costs more than the typical $500 insurance deductible due to all the connecting sensors.

My hope is Americans and public policy makers will demand greater transparency from technology companies. Automated vehicle technology is just one more area where consumers should know more.

Flood Insurance Requires Vision by Congress



Encouraging private carriers to offer flood insurance requires vision.

Creating a public/private partnership for flood insurance requires vision by Congress.

That's my conclusion after writing my latest *Actuarial Review* article, Legislative Levee.

Unfortunately, there is little time for overall vision when Congress must approve the reauthorization of the National Flood Insurance Program (NFIP) by September 30th. Since my article crystallizes many of the issues concerning flood insurance, my hope is it will encourage greater public policy discussion.

Right now, most homeowners and small businesses can obtain flood insurance only through NFIP. That's because, in general, private insurers could not profitably offer flood insurance when the NFIP got started in 1969.

Congress began the NFIP not only to provide flood insurance, but to meet specific congressional objectives that are sometimes contradictory. The idea behind the NFIP is to make coverage for weather-related flooding both affordable and available for homeowners, renters and small businesses. Public policy objectives also include reducing the taxpayer burden when the federal government needs to help victims suffering from flood losses.

While criticism of the NFIP abounds, keep in mind that for the past five decades, the NFIP has been better than nothing. Private insurers were also kept out of the market starting in the 1970s. That's because federally backed home mortgages require purchasing flood insurance from the NFIP when these properties are in a flood zone.

New Developments Inspire Insurers

But now, there is a sizable amount of homeowners insurers that want to offer flood insurance again. The inspiration stems from significant recent developments. Not only do new weather and insurance models show promise of revealing profitable customers, but can also improve upon the NFIP's more general approach to developing premiums. Reinsurers looking to diversify their portfolios are also willing to back insurance companies.

The implications of introducing private insurers into a market dominated by the NFIP are vast. That's why changing how consumers can obtain flood insurance requires vision. The potential of Americans being able to have coverage for flooding regardless of cause in and of itself would be a big advantage. Too many Americans simply do not realize they need flood insurance. (This fails a congressional objective of ensuring as many Americans as possible are covered for external flooding.)

One major reason for misunderstanding stems from the maps the Federal Emergency Management Agency (FEMA) produces. (FEMA is the NFIP's governing agency.) Too many Americans falsely believe their properties are safe if they are not in a FEMA flood zone. However, most homes can fall victim to external flooding for a myriad of reasons. For example, while not in a FEMA flood zone, my first home's basement flooded when too much rain saturated the ground around my house.

Too many Americans simply do not realize they need flood insurance.

In the United States, flood insurance requires vision because entry of the private market would likely change the NFIP's role. In short, the NFIP could become the market of last resort, thus limiting the agency's ability to meet congressional mandates.

Currently, the NFIP relies on "profitable" policyholders to help subsidize other customers and reduce the NFIP's $24+ billion debt to the United States Treasury. If the NFIP losses enough of those policyholders to private insurers, the agency would be hard pressed to meet its congressional mandates.

At the same time, the benefits to customers, including paying rates truer to their actual risk of flooding and being fully covered for flood damage, are too tempting to ignore. The private insurance market could also expand the population of covered property owners. That would help meet the congressional directive of making sure Americans who need flood insurance would have it.

If the NFIP cannot meet its mandates, taxpayers are likely to pick up the costs of paying down the debt to the United States Treasury. (That would kill one congressional directive.) The insurance industry has made it clear it has no interest in subsidizing rates as they do in some states for auto insurance.

Flood Insurance Requires Vision

These are just some reasons why developing a private/public partnership for flood insurance requires vision. My article digs deeper into the public policy objectives for the NFIP, which also must be understood when contemplating a great infusion of private insurers into the external flood market.

There are also several unknowns pertaining to private insurers offering flood coverage. For starters, the profit margins are unclear. Potentially subsidizing risks could mean lowering the profit incentive. The new weather models are largely untested by homeowners and renters insurers in the United States. If major flooding events continue, it could turn out that private insurers will have to raise rates to a point where insurance becomes unavailable once again for too many consumers.

There is also the regulatory conflict. Congress primarily controls the NFIP. Allowing politics to affect the NFIP has led to premium inequities and delay for meeting financial goals. The NFIP could also more greatly benefit from the new weather and insurance models to compete against private insurance companies. However, the agency lacks the agility that private insurers enjoy because it is dependent on congressional timing. Private insurers would be regulated by state insurance regulators, who have much more insurance experience than Congress.

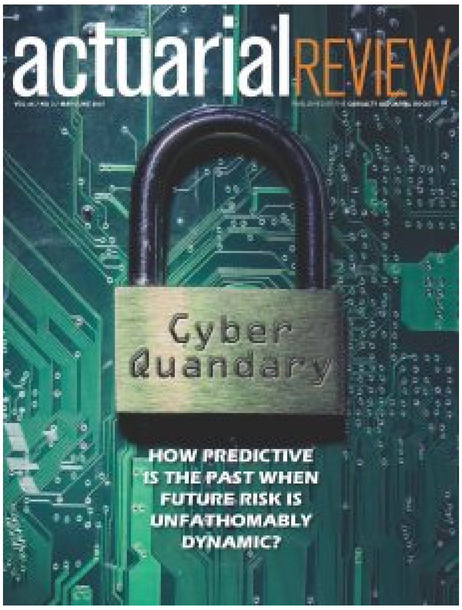
Simply supporting private insurers to compete against the NFIP is does not answer all the public policy considerations that led to to the agency's existence the first place. The NFIP and insurers would be playing the market game with different rules and requirements.

That's why flood insurance requires vision to ensure public policy objectives are met as private insurers enter the market. Unfortunately, given the September 30th deadline to reauthorize the NFIP, there is little time for big picture conversations. The nation will likely witness a wait-and-see approach that supports an experiment to realize how private insurers benefit policyholders and taxpayers.

This promises to be messy, but the flood insurance situation is already that way.

To read my article on Hurricane Sandy's effect on the NFIP, please click here.

New Developments in Cyber Insurance Address Growing Needs



There are many new developments in cyber insurance.

Before the WannaCry worm began disrupting institutions all over the world last week, cyber insurers have been preparing for the rise in ransomware. This is among new developments in cyber insurance.

Insurers are also focusing on other cyber challenges, such as increasing risk from the connectivity of the Internet of things. As I point out in my recently published *Actuarial Review* article, Cyber Quandary, actuaries developing solutions to support the growing appetite for cyber insurance.

The article focuses on the latest developments in cyber threats and insurance, including emerging risks, market changes and innovative actuarial solutions. While emerging actuarial developments continue to progress, however, underwriting judgment still rules the day.

This is not surprising. Cyber insurance modeling is still very much in its infancy. It took more than a decade for personal auto underwriters, who tend to rely on experience and judgment, to adopt results from modern analytics.

After covering new developments in cyber insurance for the past three years, I marveled at how much cyber risk and insurance have changed. Consider the following:

- Americans, **once alarmed by headline-making data breaches** from department store credit cards, have accepted the likelihood of being breached thanks to hacks to health care insurers, internet sites and the federal government. Perhaps we feel helpless that we can't do much about it.
- **Ransomware** is **growing more popular.** As we are seeing with the WannaCry worm, bad actors find it profitable to hold information hostage – and they prefer payment a la Bitcoin.
- The **Internet of Things**, which increases cyber vulnerability, **was not yet part of the household lexicon** three years ago. While offering convenience, every connectivity point can be a weak link hackers can exploit. Consumers and businesses must take potential vulnerabilities from the Internet of Things more seriously.
- **Cyber insurance**, which centers on addressing costs from data breaches, **includes new coverages**, including manufacturing disruption due to greater connectivity.

- Two-and-a-half years ago, cyber insurance began growing in popularity. However, predicting losses was difficult due to the lack of historical data. Even as historical data becomes available, it has limited application due to the changing nature of risks. **Actuaries are finding new methods** and using non-traditional data **to enhance predictability**.

Meanwhile, there are other areas that deserve attention. These include:

- **Lack of policy standardization**. This makes it difficult for businesses to know exactly what coverage they need and what they are getting for their premium dollar.
- **Cyber hygiene and risk management neglect.** There are still too many companies — and people — who underestimate how basic security measures, such as updating software, can make a difference.

- **Personal lines insurers** are **slow to offer consumer cyber coverage**. I've been clamoring for this since my first cyber insurance article. Carriers can enhance their value propositions by offering consumers this vital coverage. There's always subrogation!

- **Preventing a cyber 9-11** and dealing with it if it comes, remains a great concern. Whether cyber terrorists compromise the Internet or utilities or God knows what else, all of us should prepare.

While there are many new developments in cyber insurance, I expect more to come. In the future, there will be more cyber insurance products that address specific industry concerns, additional options for small businesses and greater dependence on analytics for pricing and market segmentation.

To read my other cyber insurance articles, please click here.

Trump Calls Dodd-Frank Act a Disaster

Donald Trump calls the Dodd-Frank Act a disaster.

President Donald J. Trump called the Dodd-Frank Act a disaster, according to an article published at cnn.com yesterday. He pledges to take on the negative consequences of the act.

Last week I predicted that Trump would take on the Dodd-Frank Act and Trump's statement provides confirmation.

My views differed from other experts who predicted last fall that Trump would not deal with Dodd-

Frank. Such “conventional wisdom” is wrong because Trump is not a conventional candidate.

My reason for believing Trump will address the Dodd-Frank Act is simple. Whether you agree with him or not, the man does what he says he is going to do. So far, his dizzying array of action demonstrates that Trump can cut through the political nonsense with decisive action.

In the current political climate, it should not be difficult for Trump to undo the provisions that affect property-casualty insurance companies. Banks — not insurance companies — are blamed for the crisis that caused the Great Recession that led to the Dodd-Frank Act. The justification for involving insurers was a far reach only possible with the political climate that created the act.

“(Trump) does what he says he is going to do.”

I encourage you to look at my coverage of the Dodd-Frank Act from last Spring. Unlike most articles, my *Actuarial Review* article comprehensively dug into the nitty-gritty of the act and its ultimate impact on property-casualty insurers.

When I announced the article in a previous blog, I gave my personal and unique take on the legislation. My bottom line: the act is supposed to protect consumers. I can’t see how the act protects customers who purchase property-casualty insurance.

Trump calls the Dodd-Frank Act a disaster. When it comes to the insurance provisions, I agree.

The CNN article predicts that Trump will be up for quite a fight from those who believe the Dodd-Frank Act helps stabilize the economy. I have not seen him shrink from a challenge yet.

Will Trump Help Eliminate The Dodd-Frank Act’s Insurance Provisions?

President Donald J. Trump
www.whitehouse.gov

Changing the Affordable Care Act is a top priority for President Donald J. Trump. Lobbyists that represent property-casualty insurance companies are hopeful he also will help eliminate The Dodd-Frank Act's provisions affecting their industry.

In a recently released video, the Property Casualty Insurers Association of America (PCI) President David Sampson discusses its legislative goals for 2017. This includes addressing The Dodd–Frank Wall Street Reform and Consumer Protection Act.

The video made me think about the rare, comprehensive and journalistic look I took into the Dodd-Frank Act in *Actuarial Review* last spring. The act mostly covers banking regulations. However, it also includes the most far-reaching federal legislation to affect property-casualty insurers — *ever*.

The act's full title contains the words "consumer protection." As I write in a previous blog, I cannot identify anything in the act that substantially benefits consumers of property-casualty insurance.

Since the post-Civil War period, state regulators have been the overseers of the insurance industry. Thanks to the dubious justification for including P/C carriers into a banking bill, Dodd-Frank has ultimately opened the door to greater federal – and even international – regulatory influence.

(Trump's) pledge to reduce regulation shows a favorable political climate…..

The media tends to focus the most attention on the act's provision that qualifies a few property-casualty insurers as Systemically Important Financial Institutions (SIFIs). Insurers with the SIFI designation are regulated just as SIFI banks by the Federal Reserve Board. This, however, does not directly affect the vast majority of property-casualty insurers.

The Dodd-Frank Act's creation of the Federal Insurance Office (FIO) and its impact deserve greater attention. Sampson covers that in the video as well.

The FIO's lack of accountability is also a source of frustration. When I began working on my article, sources told me the FIO was non-responsive. In my case, I spent six weeks trying to reach a FIO spokesperson who ultimately did not answer most of my questions. So much for accountability to the media.

But I was not alone. My *Actuarial Review* article describes a congressional committee session where an Obama appointee said he could not get clear answers from the FIO. The legislators did not fare much better, which is very disconcerting.

That is just the tip of the iceberg.

Will Trump help eliminate the Dodd-Frank Act provisions that affect property-casualty insurance? His pledge to reduce regulations shows a favorable political climate for insurance company lobbyists. The challenge will be in explaining the act's effect on insurance companies without getting too deeply into the weeds. That will be tough since the act creates more regulatory layers, but I see how it can be done.

To learn more, check out my *Actuarial Review* article, Demystifying the Regulatory Web: Dodd-Frank and Its Complex Impact. My previous blog also digs deeper into my conclusions. (Please note: Insurance Communicators, LLC is not affiliated with PCI.)

Do you think President Trump will work with Congress to eliminate the Dodd-Frank Act's insurance provisions? Please share a comment below.

Facing the Insurance Quality Content Dilemma (Part 1)

To offer expert insurance content, insurance marketing and communications executives find their options are

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hiring agency counterparts who do not deeply understand the intricacies of insurance or internal subject matter experts who do not want to become writers.

The dilemma is the direct result of two primary factors. First, there are few professionals who offer insurance expertise and possess audience-focused communications training and experience.

Second, effective marketing heavily relies on producing magnetic and substantive content. Amidst intensifying online competition, the C-Suite asks their internal marketing and communications departments to become publishers of brand journalism without the additional resources to support the effort.

Often, the C-Suite commonly does not want to accept that publishing is expensive. But it is. This is why so many newspapers and magazines, even those offered online, no longer exist. In a world of free content as a marketing approach, there is no option to sell advertising to underwrite the expense of professional communicators.

Without understanding the audience,
inbound marketing will fail.

Those who appreciate and understand insurance tend to be professionals whose aspirations didn't include becoming writers. Experts in claims management, underwriting, risk management, actuarial, statistics and other disciplines often despise writing. They began their careers not knowing that branding and digital marketing would introduce the publish-or-perish mentality that academics have struggled with for decades.

Such professionals are being asked to work beyond their skill sets while trying to maintain their core competencies through endless hours of continuing education. So it is not surprising that producing content by writing white papers or blogs becomes a hassle amidst their already busy days.

These experts find the writing process to be quite frustrating. After staring at a blank screen for seemingly hours, their material is often unorganized or too complicated, making it difficult to read and understand. As a result, the marketing and communications department must invest in heavy editing and re-writing. It's a time consuming and difficult process that can breed resentment on both sides.

Further, this approach is likely more expensive. Asking highly-paid professionals to write diverts their time and focus away from meeting client needs or rainmaking. Unfortunately, the C-Suite often does not take all these factors into consideration.

Lacking Insurance Expertise

The other option is to hire public relations, marketing and other communications firms. Usually, these well-intentioned companies lack deep and thorough insurance expertise.

The reality is that it takes years to understand the nuances of insurance. The industry not only has several disciplines, but several functions and a multitude of insurance lines. This makes finding expert insurance content writers even more difficult.

Workers' compensation, for example, involves understanding different subjects including health care, the claims process, return-to-work and disability coverage. Additionally, each state has its own regulations and expectations. Personal auto, the largest property/casualty insurance line, focuses on consumers so the approach is different compared to commercial lines such as general liability or business interruption coverage.

Further, the traditional insurance paradigm is evolving to a data and analytics model. Insurance executives, who tend to be conservative in nature, are still learning to maximize predictive modeling so it extends beyond underwriting and pricing to addresses claims management practices and marketing techniques. Forward-moving insurers are focusing on obtaining business intelligence through predictive modeling, which is quite difficult to understand without insurance expertise.

Other disruptors, including artificial intelligence, changing regulations and policy sales via Internet are also having a great impact on insurance companies and the vendors that serve them. Vendors that want to expand into the insurance industry also struggle with understanding what insurers really need, industry nomenclature or the right point person to contact.

Meanwhile, each insurance line faces its own struggles. Auto insurers see promise in telematics when many consumers want personal privacy. Then there are "preoccupiers" such as Uber and Lyft and driverless cars.

...the C-Suite commonly does not want to accept that publishing is expensive.

Then there is the problem of truly understanding the needs of each customer type. Insurers are vying for a greater piece of the growing demand for cyber coverage. However, policies are inconsistent. Buyers – and even their agents – are struggling to know what should be included in their coverage. The market potential for cyber insurance is enormous, but developing the right policy per each specific customer profile remains a challenge.

For business insurance, a smaller company that lacks a risk manager or a really awesome agent or broker will purchase based on price. Larger companies see the value of services and are sophisticated enough to know that price is just one part of the equation. They want to know how an insurer's services will support risk management, claims processing and other areas. They also need to be sold on the technology. All of this requires expert insurance content.

Another limitation is that marketing companies often approach digital marketing from a business school rather than a journalism school approach. They lack professionals who understand how to effectively produce materials. They are not trained in first rule of journalism, which is to understand the audience. I often encounter companies that do not want to invest in determining customer needs and pain points. Without understanding the audience, expert insurance content for inbound marketing will fail.

So what is the solution? Check out [Part 2 of Facing the Insurance Quality Content Dilemma].

In the meantime, please offer your comments below or drop me a line at annmarie@insurancecommunicators.com.