

By Hank George

The 20th-century life underwriter often slowed down the process of an application or stopped it altogether. The new underwriter will become more of a team player.

# Getting to Horizontal

A critical step forward in life and health underwriting comes down to the posture of the underwriter, as perceived by superiors and producers.

A shift will facilitate a faster, far less costly and more-accurate risk-selection model. It will also improve the standing of underwriters themselves, in terms of how their contributions are appreciated.

The 20th-century underwriter was portrayed as an impediment to the sale, akin to a menacing giant astride the insurer's income stream, unsympathetically inspecting units of inbound revenue known as insurance applications. The image that comes to mind is that of the Colossus of Rhodes, the towering statue on the island of Rhodes in the Aegean Sea. Therefore, we shall call this underwriter the "vertical-colossus-underwriter."

The vertical-colossus-underwriter struck terror (metaphorically speaking) into the hearts of those whose goals could be jeopardized by apparent whim. It possessed "The Manual" wherein one found the rules that conferred or denied insurability.

Countless times in the last century, this underwriter was introduced as an emissary of "The Sales Prevention Department," that sand trap between sale and reward, the pitiless unraveler of best-laid dreams of President's Club cruises.

Frustrations conjuring such antipathetic images were not without degrees of validity. Far too often, generous morsels of business languished in purgatorial orbits while quixotic initiatives to gather medical records chewed up weeks of time.

The appetite of the vertical-colossus-underwriter could be insatiable. Producers diverted 50% of their days to chasing appointments to complete requirements and other pedestrian—and uncompensated—tasks mandated by the prevailing application-to-issue algorithm.

How did senior management see the vertical-colossus-underwriter? As little more than a necessary evil, tolerated only because of fears of the dark side (antiselection, material misrepresentation, fraud) of human nature.

And these much-maligned vertical-colossus-underwriters, for their part, felt besieged. For many, the ringing telephone symbolized the least palatable aspect of earning their daily bread.

Time for change? With a widening embrace of teleunderwriting, the potential to change the "posture" of the home office underwriter is at hand. How will the new horizontal posture be configured?

The best answer comes by way of analogy to football:

The vertical-colossus-underwriter was poised at the 50-yard line, waiting to lay a hit on the ball-carrying producer. The new horizontal-risk-manager stands in the end

zone, takes the kick-off (that is, the transfer of accountability for that piece of business) and, then, either handles or delegates all transactions necessary to transform opportunity into income.

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In the horizontal configuration, three outstanding things happen:

- The underwriter becomes part of the solution.
- The producer recoups and puts lost hours to the best possible use: selling more insurance. The increased productivity makes our traditional distribution system more appealing to insurers.
- Turnaround time and not-taken rates plummet.

Fact is, we now have at hand the resources needed to speed approval of the vast majority of cases.

This is accomplished by a process best called risk triage. By adopting triage, risk appraisal is profoundly expedited, which means, of course, that more policies are issued while still apt to be placed in force.

One issue looms—the capacity of the underwriter to embrace, adapt to and ultimately flourish in the new role. Twentieth-century underwriters were hired and trained to carry off the role of the vertical-colossus-underwriter. The emphasis was technical expertise.

The horizontal-risk-manager configuration requires that the incumbent work extensively and intensively with internal and external resources. The horizontal-risk-manager must also understand, embrace and operate within a new insurability paradigm. Instinctive behaviors—such as ordering physicians' records on all potentially significant impairments—must be tempered. But the end justifies the means.

The vertical-colossus-underwriter was seen as little more than a necessary evil.

The horizontal-risk-manager will come to be seen as the champion of converting intentions into income. When you see this in the context of what can be accomplished with risk triage, you will see that there is no other way to go forward. **BR**



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