

Filling in the Knowledge Gaps in Insurance

The longer I'm in insurance (and it's been over 27 years now!) the more I realize there is to learn. For information gluttons, the industry provides an endless supply of fodder, and you can challenge yourself intellectually as much as you would like. No limit.

There are also people (probably the majority) who are not as curious or voracious who get to a certain level of knowledge and stop there. Most people are average, of course, so that would be expected.

But there seems to be an overabundance of underwriters, agents and brokers that are either ignoring or are ignorant of concepts that I would categorize as absolutely essential for safe functioning in the insurance world. These include concepts such as:

What is the difference between a subsidiary and an affiliate?

What is the difference between a DBA, a corporation, a partnership, and an LLC?

What is a joint venture?

The list could be endless, but the two areas I think are absolutely critical to understand are Who is the Insured, and What is Covered.

If an underwriter or broker does not have a firm grasp on these issues, not only can an insured or carrier find itself completely disadvantaged by a mis-placement, but clerical errors can throw coverage under the bus, and the staff which processes requested changes can and will completely miss the red flags that should be raised by such things as name change or additional insured requests.

I was venting about my frustrations regarding this issue to one of my underwriters not long ago, and he made an intriguing comment. He said the sloppiness I was noting is because the underwriters don't have basic knowledge of business law.

That surprised me, but I have to say he is most likely spot on. I often forget that I've had quite a bit more exposure to legal concepts than is the norm. After 6 years in JAG, paralegal training, business law courses, and reading case law, regulations, and legal newsletters for hours (for fun -- yes, I'm odd) and hours upon hours of research and reading to develop forms, respond to regulators, etc., I have a baseline that to me seems normal, but probably is not, statistically speaking.

So if we take as a given the premise that a basic grounding in Business Law 101 is necessary to master and apply the concepts necessary to the correct underwriting or placing of insurance, the next question is:

Why is it that so many people working in positions where such knowledge is needed don't have

it?

Tune in to my next post for answers....

Feel free to offer you own, in the meanwhile. Inquiring minds want to know...