
International Insurance Society

2017 Leaders of Tomorrow Program

Improving Communication in the Insurance Industry

Zachary Z. Brown

Milliman

*Isolation is comfortable. How satisfying to be sure that
no one understands us but ourselves.*

*—New York’s insurance superintendent, speaking to industry
executives, 1969¹*

In 1752, Benjamin Franklin founded the first American insurance company, The Philadelphia Contributionship for the Insurance of Houses from Loss by Fire.² The company initially held no reserves. It had no data to assess the risk of fire. Its underwriting relied solely on two carpenters who walked around Philadelphia looking at buildings. Compared to modern day practices, the company’s methods were incredibly crude.

Since Franklin’s time, insurance has evolved to become a global, trillion-dollar industry that uses sophisticated techniques to help people and organizations manage risk. Insurance companies employ mathematicians, actuaries, programmers, and data-scientists to build complex technical models and design cutting-edge software. It is increasingly common to find educational and professional development programs geared towards insurance. Students today can major in insurance, earn a series of professional designations on related topics, and attend industry conferences to learn about best practices. The level of technical expertise and domain-specific knowledge in the industry has never been higher.

But it is possible that specialization has gone too far, with negative consequences for the industry. By placing such a high degree of emphasis on a narrow set of skills, the insurance industry risks depriving itself of the talent it needs to succeed. In particular, many future leaders in insurance may lack the ability to come up with creative new insights or to effectively communicate their ideas with others. I think the insurance industry should recruit from a much broader range of backgrounds, and should expand its conception of professional development programs to include a wider range of subjects, including history, writing, literature, and philosophy.

In addition to being the “Father of American Insurance,”³ Benjamin Franklin also made major contributions to American education, founding the University of Pennsylvania. Michael Roth, the president of Wesleyan, believes that Franklin would be apprehensive about our society’s current approach to education: “All this talent driven into narrower and narrower spheres—Franklin would have found it depressing. Increasing specialization makes us less capable citizens and less able to adjust to changes in the marketplace.”⁴

We see this in the insurance industry – the current state of education and professional development is indeed rather narrow, and undervalues important skills.

Poor Communication in the Insurance Industry

Insurance is complicated, so there will always be challenges explaining how it works. But I believe our industry could do a much better job of communicating its value than it is currently doing. A group of Wharton professors has labeled insurance “The most misunderstood industry,”⁵ and PwC recently noted that, “Despite the obvious importance of insurance, asserting this sense of purpose has become a challenge for insurers.”⁶ Our industry’s current approach to education and professional development contributes to this misunderstanding and confusion.

Very few of the educational and professional development programs in the insurance industry emphasize communication skills. A person could major in insurance in college, spend several years studying for exams, work at an insurance company, and attend numerous industry conferences. Their career training would be very specific, focused on detailed technical insurance knowledge. They would be good at memorizing formulas, taking multiple choice exams, and solving mostly straight-forward problems that have a single correct answer.

This insurance employee would not have a lot of practice writing or presenting. They may have taken a class on business writing, or attended a short seminar on “presentation skills,” but it is unlikely that they will have invested significant time honing their ability to communicate their ideas. The actuarial exams require thousands of hours of studying and take several years to complete⁷ – if this is the level of training that the insurance industry requires for essential skills, it is obvious that communication is not considered an essential skill.

Rather, our industry seems to value acquiring professional certifications and knowing a lot about detailed insurance topics. There are over 200 universities and colleges with actuarial programs,⁸ and that number is constantly growing. The Insurance Journal notes that, “Twenty years ago, it was nearly impossible to find colleges and universities offering degrees in insurance. Now there are many programs across the nation that offer bachelor’s degrees, concentrations, certifications and even graduate degrees in insurance.”⁹

After college, many professionals in the insurance industry acquire credentials by taking exams. Nearly all of these exams are multiple choice, and even the ones that have essay questions are still graded on technical accuracy – no points are given for creativity or writing style. The actuarial exams are one of the most popular options, but by no means the only one; there are industry certifications in risk management, quantitative finance, investments, and accounting. These certifications are highly valued by insurance companies; for example, the Wall Street Journal notes that, “New York Life requires that all professionals in its risk management department achieve the FRM or PRM within 18 months of their start date and covers the entire cost of the exams as well as any study materials.”¹⁰

Many professionals do not stop with just a single certification, but rather continue to acquire credentials. I have one colleague who writes the following letters after his name: CFA, FSA, MAAA, CAIA, FRM. I have participated in this credentials race as well, taking 10 exams over the last few years. My email signature and business cards read, “Zachary Z. Brown, CFA, FRM, PRM.” Passing these exams requires understanding fundamental economic concepts (like marginal utility and the importance of diversification), but ironically, this type of career training is not diversified at all. Surely each additional credential has diminishing marginal returns – I’m still waiting for the meeting where a client says, “Sorry, we just don’t feel the CFA and FRM designations qualify you for this project. Wait, you also have the PRM designation? Sign us up.”

And worse than just undervaluing communication skills, this level of hyper-specific technical training inhibits effective communication. When people become experts in a field, they spend all day talking to other experts who share the same background knowledge and familiarity with specific technical concepts. They become very good at communicating within their group, but then find it difficult to talk to people outside their immediate area of expertise. They speak in

abstractions, and use acronyms and jargon that only a handful of people understand. The Harvard psychologist Steven Pinker calls this the “Curse of Knowledge,” and provides an example from a conference he attended:

I once attended a lecture on biology addressed to a large general audience at a conference on technology, entertainment, and design. The speaker was an eminent biologist who had been invited to explain his recent breakthrough in the structure of DNA. He launched into a jargon-packed technical presentation that was geared to his fellow molecular biologists, and it was immediately apparent to everyone in the room that none of them understood a word.¹¹

Does this ever happen at insurance conferences?

Insurance conferences are ubiquitous. In his book *The Invisible Bankers*, Andrew Tobias remarks, “there is not a day of the year - with the possible exception of Christmas, but I doubt it - when an insurance congregation of one sort or another is not in session.”¹² In the past year, I’ve been to over a dozen insurance conferences; even if I restrict the list to only include conferences organized by the Society of Actuaries, that still includes the SOA Investment Symposium (Chicago), the SOA Annual Meeting (Las Vegas), the ReFocus Conference (also Las Vegas), and the SOA Inaugural China Symposium (Beijing). Here are some of the topics from the various sessions at these conferences:

- IAIS Capital Standards
- Impact of VM-20 on Life Insurance Product Development
- Behavioral Solutions to ACA Risk Coding
- Mortality Potpourri
- Pricing and Modeling Techniques for Life/LTC and Annuity/LTC Hybrid Products
- Stochastic Modeling of the Interaction of Asset and Non-Asset Risks
- Applying ERM Concepts from ASOPs 46 and 47
- Mortality Table Update on the 2015 VBT/CSO

This sounds like Pinker’s worst nightmare. It is surely important for insurance professionals to understand these topics. But these types of conferences, combined with excessive credentialization and the flood of insurance programs offered by schools, lead to an industry that has trouble communicating with the outside world.

There is a better approach.

The Value of the Humanities

In *The Merchant of Venice*, Antonio borrows 3,000 ducats from Shylock, with a promise to repay the loan or sacrifice a pound of his own flesh. Antonio is a wealthy merchant who owns many ships, so he should have no problem repaying the loan. But alas – all of Antonio’s ships are lost at sea. This sets up the climactic courtroom scene, in which Shylock attempts to claim the pound of flesh from Antonio. Antonio is ultimately saved by his friend’s fiancée, Portia, who disguises herself as a man and poses as an attorney to defend him.

If only Antonio had purchased maritime insurance, he could have avoided this whole ordeal! But that is not why insurance professionals should study *The Merchant of Venice*. Rather, studying literature (and history and philosophy) enhances creativity and helps us become better writers and speakers. Fareed Zakaria, author of five books and former editor of *Newsweek International* and *Foreign Affairs*, singles out improved writing as a key benefit to studying subjects like literature: “When you hear someone extol the benefits of a liberal education, you will probably hear him or her say that ‘it teaches you how to think.’ I’m sure that’s true. But for me, the central virtue of a liberal education is that it teaches you how to write.”¹³

Students majoring in liberal arts are more likely to have classes with substantial writing requirements, and this forces them to develop a set of skills that is mostly absent from the current insurance education programs.¹⁴ Compare the skills needed to write a paper on *The Merchant of Venice* with the skills needed to pass the first actuarial exam (Exam P: Probability). The paper requires a high degree of creativity and original thinking; the student must choose which themes to focus on, come up with an original interpretation or argument, and decide which parts of the text to highlight to support their position. They have to figure out a way to express their ideas clearly and convincingly and build a coherent, logical argument. By writing multiple drafts of their paper and getting feedback from their professor, they will enhance their ability to write clearly and edit effectively. I don’t wish to understate the value of the actuarial exams – there are huge benefits to understanding statistics and being able to calculate probabilities. But it is hard to argue that taking a multiple choice test helps you become a better writer or a more creative thinker.

And these are precisely the skills that are critically important for future business leaders. As Norm Augustine (the former CEO of Lockheed Martin) has said, “In my position as CEO of a firm employing over 80,000 engineers, I can testify that most were excellent engineers—but the factor that most distinguished those who advanced in the organization was the ability to think broadly and read and write clearly.”¹⁵

Clear writing is conspicuously absent in insurance (and in related industries like finance and management consulting). Research reports and whitepapers are often filled with meaningless business jargon, empty words and phrases like “synergies,” “win-win,” “data-driven,” “paradigm shift,” and “core competencies.” While doing research for this paper, I came across a report from Deloitte that uses the word “leverage” 23 times and includes phrases like this, which have no meaning: “These sentiments reflect a need to develop leadership at all levels across organizations. To do so, insurers can begin by creating a leadership strategy that aligns to the enterprise’s business strategy.”¹⁶ George Orwell, in his famous essay “Politics and the English Language,” translates a section of the Bible to highlight the absurdity of business jargon. Here is the biblical passage from *Ecclesiastes*:

I returned and saw under the sun, that the race is not to the swift, nor the battle to the strong, neither yet bread to the wise, nor yet riches to men of understanding, nor yet favour to men of skill; but time and chance happeneth to them all.

Here is Orwell's translation:

Objective considerations of contemporary phenomena compel the conclusion that success or failure in competitive activities exhibits no tendency to be commensurate with innate capacity, but that a considerable element of the unpredictable must invariably be taken into account.¹⁷

It's hard to imagine a student writing a paper on *The Merchant of Venice* using this type of business jargon – if they did, they would certainly receive major edits from their professor.

In addition to writing skills, studying liberal arts helps students learn how to learn. When students start working full time, they will discover that not all business challenges come with textbooks that they can work through. Often they will need to conduct original research to figure out answers to complicated questions. How will the Department of Labor's new fiduciary rule affect the sale of fixed index annuities? Will the Trump administration be able to repeal Dodd-Frank, and if so, what will the new regulatory regime look like? To answer these questions, you would have to interview experts and read research reports and news articles. Fareed Zakaria explains how his liberal arts education provided him with skills that would be useful in these circumstances:

I learned how to read an essay closely, search for new sources, find data to prove or disprove a hypothesis, and detect an author's prejudices. I learned how to read a book fast and still get its essence. I learned to ask questions, present an opposing view, and take notes.¹⁸

The key is that by studying history or literature or philosophy, a student primarily learns a skillset, not a specific body of knowledge. A successful history student cannot just memorize facts and dates – they must be able to research information, compile data, piece together big-picture trends from individual facts, and clearly communicate their conclusions. They must challenge assumptions and confront ambiguity. Once they learn these skills, they can apply them to a wide range of situations, including problems they will encounter during their careers. It is this flexible skillset that has led the Harvard Business Review to proclaim, "Want Innovative Thinking? Hire from the Humanities."¹⁹

For the insurance industry, the most powerful combination may be combining broad liberal arts training with specific industry knowledge. Specialization is valuable, but only up to a point. Georgia Nugent, a senior fellow at the Council of Independent Colleges, echoes Benjamin Franklin's concerns about becoming too specialized: "It's a horrible irony that at the very moment the world has become more complex, we're encouraging our young people to be highly specialized in one task. The liberal arts are still relevant because they prepare students to be flexible and adaptable to changing circumstances."²⁰

Forsaking Key Insurance Skills?

Life's barely long enough to get good at one thing. So be careful what you get good at.

—Matthew McConaughey, True Detective

But insurance professionals can't be good at everything – no one can – so they need to pick and choose certain skillsets to develop. Given this constraint, doesn't it make sense to focus on the most directly relevant skills for insurance? Isn't it most important to be good at math, programming, and analytics, and have a good understanding of general business concepts? Once a person has mastered these skills, then they can move on to studying literature in their spare time. But surely the core skills must come first.

I disagree. Math, programming, analytics, and general business skills are important. But not nearly as important as most insurance professionals seem to think. Let's look at these skills one by one.

Math

E.O. Wilson is a biologist, a professor emeritus at Harvard University, a recipient of the U.S. National Medal of Science, a two-time winner of the Pulitzer Prize, and, by his own admission, quite bad at math. He didn't take algebra until college, and he didn't study calculus until he was a professor at Harvard – he took undergraduate math at age 32, alongside students he was teaching in other courses.

As Wilson points out in his article “Great Scientists don't need Math,” there is a skill that is “far more important” than exceptional math skills – “the ability to form concepts, during which the researcher conjures images and processes by intuition.”²¹ He cites Charles Darwin as an example of a great scientist who wasn't very good at math. And he worries that science is losing out on talented people, who are scared away because they don't have top-notch math skills:

During my decades of teaching biology at Harvard, I watched sadly as bright undergraduates turned away from the possibility of a scientific career, fearing that, without strong math skills, they would fail. This mistaken assumption has deprived science of an immeasurable amount of sorely needed talent. It has created a hemorrhage of brain power we need to stanch.²²

I believe this same argument applies to the insurance industry. Yes, lots of insurance work involves math. But math is rarely the difficult part. When running financial or actuarial models, the challenge is often in questioning the underlying assumptions, interpreting and explaining the results, and forming actionable conclusions; these are conceptual tasks, not mathematical ones. Fareed Zakaria draws the same conclusion about finance: “My brother graduated summa cum laude from college with a degree in math and then went into high finance on Wall Street – supposedly a field in which numbers matter. He felt that his undergraduate major gave him no technical advantage over a humanities major who could do basic arithmetic.”²³

Programming

David Kalt is the CEO of Reverb.com, an online marketplace to buy and sell musical instruments; he was previously the CEO of OptionsXpress, an electronic trading platform at Charles Schwab. Kalt extols the value of a humanities education: “Looking back at the tech teams that I’ve built at my companies, it’s evident that individuals with liberal arts degrees are by far the sharpest, best-performing software developers and technology leaders.”²⁴

He argues that liberal arts students have the critical thinking skills that enable them to see the big picture; not just write individual lines of code, but understand how software has to function across the entire company. Learning a specific programming language is valuable, but technology leaders need to think through overarching systems issues that apply regardless of the language being used. Should we build one generic model for all of our clients, or have custom versions for each one? How should we source data from multiple different groups? What is our backup plan if we can’t hit our deployment timeline? Should we build a narrow model to do the task at hand, or take more time and build a scalable and extensible system? For a technology leader, understanding how software relates to the actual business is often more important than knowing every last syntactical detail of C++.

Of course, programmers will be in high demand as companies continue to automate more and more aspects of their businesses. In fact, there is some fear that so much automation will take place over the next few years that many current jobs will be replaced by machines. But if anything, this is just another argument in favor of studying the humanities; the Harvard Business Review notes:

There will be a limit to how far computers can replace human capabilities, at least in the near term. What can’t be replaced in any organization imaginable in the future is precisely what seems overlooked today: liberal arts skills, such as creativity, empathy, listening, and vision. These skills, not digital or technological ones, will hold the keys to a company’s future success.²⁵

Big Data and Predictive Analytics

Insurance companies are rapidly developing their big data and predictive analytics capabilities, and are planning to use analytics for many aspects of their business, from underwriting and risk assessment to sales and marketing. Auto insurers offer sensors that can monitor driving behavior and determine if a person is likely to have an accident. Life insurers offer Fitbit tracking and provide discounts for healthy behavior. Companies can build unique customer profiles by aggregating information from social media; for example, companies can monitor Twitter to figure out if they have dissatisfied customers who are about to leave.²⁶

Big data promises to be revolutionary for the insurance industry, but there are limitations; as the Financial Times points out, “big data do not solve the problem that has obsessed statisticians and scientists for centuries: the problem of insight, of inferring what is going on, and figuring out how we might intervene to change a system for the better.”²⁷ One problem is that predictive models focus on correlation, not causation. They can tell you that two things tend to occur together, but not *why*. This can cause problems.

For example, Google Flu Trends was launched in 2008 and was designed to aggregate data from Google searches to predict flu outbreaks. Initially, it worked well, and was even able to forecast flu outbreaks faster than the Centers for Disease Control and Prevention. It seemed that Google could tell if someone had flu symptoms based on their keyword searches. But from 2011-2013, Google Flu Trends was incredibly inaccurate, estimating flu outbreaks at twice the actual rate.²⁸ The Financial Times explains the problem: “Google did not know what linked the search terms with the spread of flu. Google’s engineers weren’t trying to figure out what caused what. They were merely finding statistical patterns in the data. They cared about correlation rather than causation. This is common in big data analysis.”²⁹ If there was a massive flu outbreak in October one year, the model might associate Halloween-related search terms with the flu. The next year, when people start searching for “haunted houses,” “candy corn,” and “sexy Bernie Sanders costumes,” a predictive model would anticipate a pandemic.

How do we guard against these types of problems? We can’t just have the technical skills to aggregate data and build models. We also need conceptual skills, like the ability to challenge assumptions and see when the model doesn’t apply. Can insurers use predictive analytics to forecast black swan events like September 11? Is monitoring Twitter really a good way to tell if customers are unhappy, or does that only tell you about your younger tech-savvy customers? How reliable is Fitbit data, given that the company is only 10 years old and studies have cast doubt on the accuracy of its products?³⁰ The same critical thinking skills that Fareed Zakaria learned from his liberal arts education will be useful as insurance companies develop their analytics capabilities.

Business

Business is the most common undergraduate major in America (twenty-two percent of degrees), and MBAs are a popular graduate program, especially for the insurance industry.³¹ Theoretically at least, studying business should enhance critical thinking and communication skills. But these programs often fall short. Matthew Stewart, a principal and founding partner of the consulting firm Mitchell Madison Group, is highly critical of MBAs: “The impression I formed of the M.B.A. experience was that it involved taking two years out of your life and going deeply into debt, all for the sake of learning how to keep a straight face while using phrases like ‘out-of-the-box thinking,’ ‘win-win situation,’ and ‘core competencies.’”³² Stewart notes that, rather than teaching real critical thinking, MBA programs often teach simplified cookie-cutter heuristics, like “the five forces of competitive advantage” and “the seven Cs of business success.” Instead of teaching principles of clear communication, these programs inundate their students with confusing jargon.

But Stewart’s assessment is subjective; maybe he just had a bad experience with a business school colleague. Are there more objective measures we can look at? The Collegiate Learning Assessment is a test given to undergraduate students at the beginning and end of their college experiences. The students write an essay based on background documents; for example, one version of the test had students write a memo about airplane safety based on news articles and F.A.A. safety reports. The essays are graded on critical thinking and writing ability, and are designed to measure if the students enhanced these skills over the course of their college education. Louis Menand summarizes the results of this test: “The most interesting finding is that students majoring in liberal-arts fields—sciences, social sciences, and arts and humanities—do better on the C.L.A.,

and show greater improvement, than students majoring in non-liberal-arts fields. The students who score the lowest and improve the least are the business majors.”³³

Studying business certainly does not seem to be a necessary prerequisite for a successful career. Matthew Stewart’s advice is, “If you want to succeed in business, don’t get an MBA. Study philosophy instead.”³⁴

Case Study: Annuities

Let’s apply these concepts to a specific insurance product: annuities. Annuities are insurance products that provide people with a steady stream of income. They should be incredibly popular, as they are one of the only ways to get to guaranteed lifetime income in retirement. Yet annuities are not in high demand. Think Advisor notes this paradox:

Most Americans want to have a guaranteed monthly income in retirement, but only a minority of the population has a favorable impression of annuities. This odd disconnect has been highlighted in numerous surveys over the years. And it persists to this day, despite the insurance industry’s best efforts to overcome consumers’ negative views about its products.³⁵

Part of the problem is that annuities are complicated, with lots of optional features and confusing terminology (e.g. GMWBs, GMIBs, roll-ups, ratchets, and resets). But part of the problem is how insurance companies communicate the value of these products to potential customers. Annuities, at their core, are meant to provide income in retirement; anyone who longs for the old days when companies provided pensions or who is worried about the sustainability of Social Security should be interested in buying an annuity. But annuities are positioned as investment vehicles, not as do-it-yourself pensions. A group of Wharton professors question this approach: “Research does seem to indicate that buyers’ intentions about annuities can be affected by framing . . . it is puzzling why those marketing annuities choose to frame the problem in terms of an investment option rather than highlighting the consumption consequences of purchasing an annuity.”³⁶

More specifically, consider the case of Christian Madsbjerg, who worked on a consulting project with a large Scandinavian insurance company that was having trouble selling annuities. Madsbjerg did a detailed study of the insurance company, and concluded that its problem was caused by overly abstract and mathematical thinking combined with poor communication:

How did the culture inside our client’s company conceive of annuities, pensions, and other financial products, and how was that communicated to their customers? The company culture was part of the banking and financial world. In this context, logic and reason are paramount and the executives communicated with one another mainly using an assembly of acronyms. Customers were not called “people”; they were referred to as PSNs, or Personal Security Numbers. Considering this, it made sense that the executives were more sensitive to numerical representations of the PSNs than to the context of their products in real life. They spent their days looking at sales targets and percentage points with combinations of letters like PSN and CMR instead of seeing actual people in relationship to their worlds.³⁷

Madsbjerg helped the company alter this dynamic by conducting ethnographic research and doing in-depth interviews with the company's customers to find out what aspects of aging and retirement were important to them. Through this approach, the company discovered better ways to communicate with its customers and was able to dramatically increase annuity sales. Madsbjerg is a strong proponent of a liberal arts education, and believes companies would be better at communicating with their clients if liberal arts was part of their standard career training; he wrote about the Scandinavian insurance company in his book, *Sensemaking: The Power of the Humanities in the Age of the Algorithm*.

Even some actuaries agree with Madsbjerg. Mary Pat Campbell, FSA, MAAA, has described how reading Charles Dickens and studying ancient Rome have helped her with actuarial work by enabling her to better understand what motivates people and to recognize economic patterns from history.³⁸ She specifically mentions the value of the humanities in the context of annuities:

The humanities are about *humans*, which are the most difficult part of business problems, I've found. Doing analytics to determine appropriate crediting rates on annuities? No problem. Trying to figure out how policyholders will actually behave when markets go volatile? Super-big problem. Yes, I look to sciences to help with these as well, but the study of humanities broadens my view and helps me question my assumptions from the "logical" STEM areas.³⁹

Insurance is ultimately a business about people, not numbers. There may be other fields where extreme specialization is justified, even at the expense of clear communication – particle physics, for example (the discovery of the Higgs boson was important, even if 99% of people don't understand why). But insurance companies can't just pursue innovation and efficiency in isolation; they must also clearly communicate the value of these innovations and efficiencies to their customers.

Suggestions for the Insurance Industry

If you are convinced by this argument, what can you do about it? Here are a few suggestions:

For Students

If you're planning on working in insurance, think about majoring in history, philosophy, literature, or another liberal arts field. Sign up for classes that require lots of writing and ask your professors for comments on your writing. Seriously evaluate their feedback. Did you clearly explain your position? Did you structure your argument logically? Keep rewriting your papers until they are clear and convincing, even if the semester is over and it won't affect your grade – I bet many professors would be happy to reread your work after you've taken their comments into consideration and rewritten your paper.

Try to get internships at insurance companies or consulting firms so you have work experience in the industry. If you want to be an actuary or risk manager, by all means start taking professional exams. You don't have to exclude insurance or math from your college experience, but try to make sure that you learn other skills as well. If you take the CFA exams, you'll learn that diversification

is the only free lunch in investing: apply this lesson to your education and diversify your skillset. If you graduate college with a working knowledge of probability theory, some background on the insurance industry, and the ability to write well, you'll be ahead of graduates who have passed several exams but can't compose an email.

If you're a liberal arts major who isn't sure what you want to do after school, consider working in the insurance industry. Insurance is a challenging and exciting field, and will be a critical component in solving some of society's biggest challenges, such as providing retirement income for people when they're no longer working, and ensuring that people can get the health care they need at an affordable rate.

For Current Insurance Professionals

As you invest time in professional development, try to broaden your skillset instead of doubling down on your existing skills. If you're already an FSA, do you really need to take the CFA exams as well? If you majored in business, how much added value will you get from a part-time MBA? If your credentials are longer than your name on your business card, maybe pause taking exams and focus on communication skills instead.

Invest in career training that helps you become a better writer and thinker. I can't speak to other cities, but in Chicago there are numerous opportunities: Northwestern, DePaul, and Loyola all offer classes, and the University of Chicago in particular has an excellent liberal arts graduate program, with classes at nights and on weekends.⁴⁰ Seek out similar programs in your own cities, at local universities or community colleges. Consider joining a book club.

Work on your communication skills. Sign up to present at conferences, and try to gear your presentations to someone who isn't an expert in the subject. Practice your presentations with colleagues who are less familiar with your work. If they don't understand what you're talking about, it is your fault for not explaining it clearly, not their fault for being dumb. Practice writing – you could start a blog, or even just spend more time composing and editing your emails before you send them. Write multiple versions and drafts, and work on expressing your ideas clearly.

Continue to acquire industry-specific knowledge and develop your abilities in math, analytics, and programming. These are incredibly useful and necessary for the business of insurance. My point is not that the insurance industry should abandon these skills, just that we shouldn't focus exclusively on them with no regard for other important skills.

For Companies

It is easy to hire students who major in insurance or actuarial science, since they have already demonstrated a strong interest in the industry. Go beyond this – try to hire from the humanities. Reach out to liberal arts students, and make the case that they should consider working in insurance. Go to career fairs and universities and explain the important societal challenges that insurance companies are working on. If you have summer interns that you're planning to hire, advise them to take classes that require lots of writing.

Encourage your employees to improve their communication skills. Try to get them speaking spots at industry conferences, and work with them to practice their presentations before the conference. Make writing an important part of your business culture. Jeff Bezos requires that anyone proposing a new product or strategy at Amazon write a long memo explaining their idea (full sentences only – no jargon or bullet points). As Bezos says, “There is no way to write a six-page, narratively structured memo and not have clear thinking.”⁴¹

Continue to create and widen programs like the International Insurance Society’s Leaders of Tomorrow Program. This program requires emerging leaders to write an original paper on the insurance industry (it is the impetus for this paper). This program challenges people to think seriously about problems and propose solutions, and encourages them to clearly explain and advocate for their vision of how the industry can be better. The only problem is that this program reaches far too few people; only a handful of individuals get to participate each year, but the program would be beneficial for many people in the industry.

Prioritize continuing education programs that promote effective communication and critical thinking. If you encourage your employees to acquire professional credentials or take part-time business classes, consider recommending liberal arts classes as well. If you currently pay for exam fees and business school tuition, consider paying for liberal arts classes too. If an employee wants to take, say, a graduate-level poetry class, I know it is difficult to see that as a legitimate investment in your business, rather than an outside interest that has no bearing on your company. But that class could be one of the best ways for your employee to develop better communication skills. Christian Madsbjerg argues that “the Humanities aren’t a luxury; they are your competitive advantage.”⁴² But they will only be an advantage if you are willing to invest in them.

Insurance is a tremendously important industry full of intelligent and talented people. Many of them have amazing ideas that could revolutionize the way insurance companies help people manage risk in their lives. But communication will always be important – it doesn’t matter how great your ideas are if you can’t explain them to other people or convince them that they will work.

Benjamin Franklin first began thinking about ways to reduce the risk from fires in 1735, after a particularly nasty one had broken out in Philadelphia.⁴³ He came up with a series of reforms for the city, which were uniformly implemented. The citizens of Philadelphia didn’t implement his reforms because they thought he was a genius or because of his reputation as a great political leader – he was only 29 years old at the time. Rather, he wrote a clear and convincing letter to the *Philadelphia Gazette*, laying out the reasons why his proposed reforms would make the city safer. He had the ideas, and he knew how to communicate them.

Notes

¹ Tobias, 1982, p. 1.

² White, 1998.

³ White, 1998.

⁴ Romeo, 2014.

⁵ Kunreuther et al., 2013, p. 10.

⁶ PwC, “Insurance 2020: Unleashing the value from values.”

⁷ Society of Actuaries website “Best Practices—Exams,” www.soa.org; Casualty Actuarial Society, Syllabus of Basic Education, 2006, p. 30; Actuarial Science at Valparaiso University, <http://www.valpo.edu/actsci/actexams.pdf>; Be an Actuary website, “Fast Facts About Actuaries” & “What Does it Take?” www.beanactuary.org.

⁸ “Universities & Colleges with Actuarial Programs,” www.soa.org.

⁹ Love, 2005.

¹⁰ Greenfield, 2010.

¹¹ Pinker, 2014, p. 59.

¹² Tobias, 1982, p. 11.

¹³ Zakaria, 2015, p. 72.

¹⁴ Menand, 2011.

¹⁵ Augustine, 2011.

¹⁶ Deloitte, 2016.

¹⁷ Orwell, 1946.

¹⁸ Zakaria, 2015, p. 78.

¹⁹ Golsby-Smith, 2011.

²⁰ Segran, 2014.

²¹ Wilson, 2013.

²² Wilson, 2013.

²³ Zakaria, 2015, p. 104.

²⁴ Kalt, 2016.

²⁵ Perrault, 2016.

²⁶ Exastax, 2017; Marr, 2015.

²⁷ Harford, 2014.

²⁸ Harford, 2014; Madsbjerg, 2017, p. 30-31.

²⁹ Harford, 2014.

³⁰ Prigg 2014.

³¹ Menand, 2011.

³² Stewart, 2006.

³³ Menand, 2011.

³⁴ Stewart, 2006.

³⁵ Think Advisor, 2015.

³⁶ Kunreuther et al., 2013, p. 141.

³⁷ Madsbjerg, 2017, p. 101-102.

³⁸ Campbell, 2014.

³⁹ Campbell, 2015.

⁴⁰ Master of Liberal Arts - MLA Degree | University of Chicago Graham School of Continuing Liberal and Professional Studies, <https://grahamschool.uchicago.edu/credit/master-liberal-arts/current-courses>

⁴¹ Zakaria, 2015, p. 74.

⁴² Madsbjerg, 2017, p. 208.

⁴³ White, 1998.

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