Message from the Chair

by David L. Mowrer, CPCU, CLU, ChFC, ARM, AIM, AIT

David L. Mowrer, CPCU, CLU, ChFC, ARM, AIM, AIT, has worked in auto claims with State Farm for 35 years. He joined State Farm after graduating from Washburn University in Topeka, Kan., with a bachelor's degree in business. Mowrer earned the CPCU designation in 1990. He has been active in the CPCU Society's Central Oklahoma Chapter, having served as president, vice president and treasurer. Mowrer was a member of the Society's Intra-Industry Committee and the Sections Web Site Task Force. He is currently serving a three-year term as chair of the Information Technology Interest Group Committee.

When I exited the airport, I was greeted with cool breezes and an overcast sky. For a brief moment, I thought I was in the wrong town. My destination was Phoenix, but this was not the Phoenix weather I remember from previous visits. I was there to attend the CPCU Society 2010 Leadership Summit at the Pointe Hilton Squaw Peak Resort, a beautiful venue nestled in the hills.

What is the Leadership Summit? It is more than the Board of Directors, the chapter governors and the top elected leaders of the CPCU Society meeting to conduct business. It is also where the committees of interest groups meet to plan the seminars for the Annual Meetings and work on other committee projects to bring value to the members of the CPCU Society. It is where chapter leaders learn best practices to take back to their respective chapters. There are workshops to help develop the skills needed in leadership roles.

Want more? In Phoenix, there were CPCU Society Center for Leadership courses such as "Building Communication Strategies — Leverage Your Best Critical Thinking," "How to Expand Your Mental Model to Create Success," "Breaking through the Barriers to Start Real Dialogue," and "Building Facilitative

Skills for Leaders," just to mention a few. Speakers at breakfasts and luncheons were informative and entertaining. At receptions we networked, greeted old friends and made new ones.

I have attended a number of Leadership Summits, and I am always amazed at how many leadership workshops and courses are conducted during our short stay. I had no doubt this year's Leadership Summit was going to be just as good, if not better, than previous years, and I was not disappointed. I applaud and thank all those who worked so hard to make this year's Leadership Summit a success.

You are probably thinking, "… Hmmm … nice report on the Leadership Summit, but how does this apply to me? I am not a member of the Board or a chapter governor. I do not serve on an interest group committee, and I am not a chapter officer. Why should I be interested in the Leadership Summit … I am not a chapter or Society volunteer?"

That's the point! For many designees, achieving the CPCU designation is the end of the journey. They obtained what they worked so hard to get, and that's

What's in This Issue

Message from the Chair

Continued from page 1

it. For some, the only Annual Meeting they attended is when they received their designation. They probably will not go to another Annual Meeting and will not go to a Leadership Summit. New designees are usually advised that earning the CPCU designation is just the beginning and they are encouraged to get involved in their chapters; however, for various reasons, many will not heed this advice.

A number of CPCUs, hopefully a growing number, will get involved with their local chapter by at least attending chapter meetings. A smaller number will join chapter committees, and an even smaller number will become chapter officers. Those who wish to venture further than the chapter level will volunteer to serve on the committees of interest groups and the CPCU Society.

Where are you? Are you high and dry, satisfied with just getting your designation? Have you gotten your feet wet by attending chapter meetings, or have you taken the plunge and become a Society volunteer? You may have a reason for not volunteering — family and/or work situations, lack of funds to attend the meetings, time constraints and others. That is OK. But just make sure it is a reason and not an excuse. If your concern in not volunteering is the fear of the unknown or that you are on your own and would not know what to do, then put your mind at ease.

When I first volunteered, my concern was lack of experience. However, the CPCU Society is there for you with workshops, seminars, Center for Leadership courses and networking. The training is there — and not only at the Leadership Summit or at the Annual Meeting. CPCU Society workshops and webinars are available throughout the year.

And the Society is always there for you, by phone or e-mail, to answer your questions, provide resources and tools, give advice and more. You also have support from your chapter members as well as other

CPCU volunteers throughout the country. You are not alone.

So where are you? Did your journey stop after you received your designation? Did you continue your travel by attending your local chapter meetings? Traveled even further by chairing a chapter committee or being a chapter officer? Are you completing the entire trip by volunteering to serve on an interest group or other CPCU Society committee?

If you have not started your post-designation journey, now is a good time. Wherever you are on your journey, keep going and don't stop — volunteer and complete your trip. Courses, workshops and other training are available along with the support of other CPCUs, but you have to take the initiative. Make the move and volunteer.

Don't forget the Annual Meeting and Seminars in Orlando, Sept. 25–28. You

will find seminars, courses, speakers and over-the-top training along with the entertainment Orlando offers. Opportunities for learning and having fun will abound. Hope to see you in Orlando. ■

Which Certifications and Designations Are Best for Insurance IT Professionals?

by Ara C. Trembly, MS, MA

Ara C. Trembly, MS, MA, is the founder of Ara Trembly, The Tech Consultant, a writing, consulting and advisory practice focusing on technology for the insurance industry (www.aratremblytechnology.com).

Editor's note: This article was previously published in two parts in the March 31, 2010, and April 7, 2010, issues of the *ACORD Weekly Newsletter* (www.acord.org). It is reprinted with the permission of ACORD. Copyright 2010 © by ACORD. All rights reserved.

Insurance IT Executives Weigh In on Which Initials Mean the Most for Those Working in Our Industry

Dig through a stack of your business cards, and you may notice a trend that is quickly growing among insurance IT professionals — that is, the tendency to add letters after one's name to denote certain professional certifications, degrees or designations.

In this age, when the amount and sophistication of information are growing exponentially, it would seem to behoove chief information officers (CIOs), chief technology officers (CTOs) and other IT workers to get as much education, training and certification as possible. On the other hand, the number and variety of such certifications are also growing quickly, so it is critical to focus on those that are most useful to one's profession and one's industry.

With that in mind, I asked several insurance IT executives which designations or certifications have been most important to them and which are most useful for the insurance industry. Their comments follow.

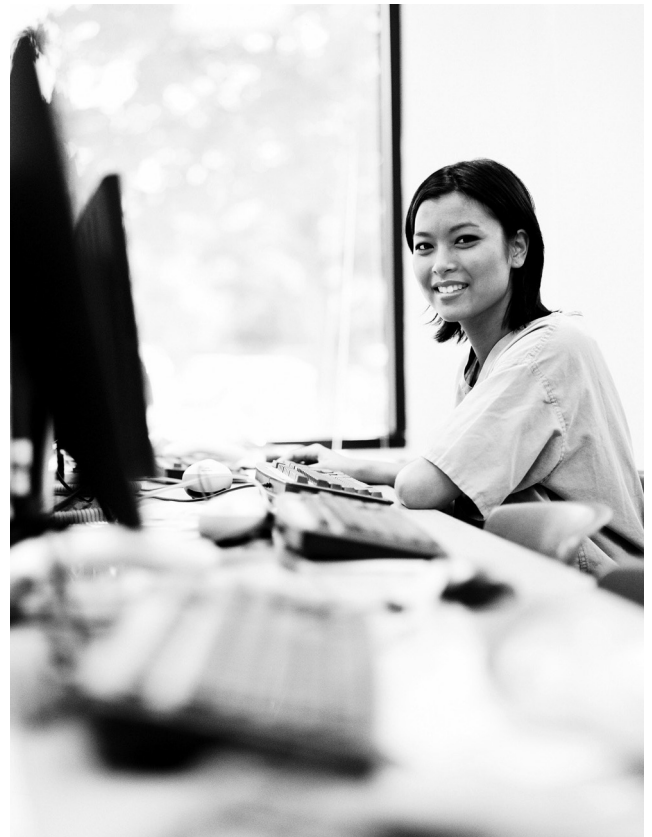**Bill Jenkins,** CIO of Penn National Insurance, Harrisburg, Pa., notes that, "CPCU (Chartered Property Casualty Underwriter) has been valuable to me given the length of time I have spent in the insurance industry. The broad scope of the designation has been valuable seeing how all the 'pieces' of the business fit together. In effect, this helped me understand the different perspectives of each of the enterprise relates. This adds value as CIO, as IT and business alignment takes place and new systems are designed, developed and implemented from an enterprise perspective."

In addition, Jenkins has found an MBA in finance program to be extremely helpful. He notes that training in and exposure to finance has been useful as CIOs have become more business oriented and the cost/expense of IT has increased.

"The budgeting and expense allocation process for IT has become more sophisticated," he adds. "The financial training has benefited me in vendor/consulting contract negotiations and management."

From an IT perspective, Jenkins asserts that technical designations/certifications like the Microsoft Certified Solution Developer (MCSD) and Cisco's certifications "help IT operations rapidly employ newer technologies and assist in providing skill transfer among technical staff and provide excellent building blocks for an individual seeking a technical career."

Jenkins also points to the Project Management Professional (PMP) designation as one that can add expertise and help provide differing views to the operation. "Doing project management properly saves money and time, and can increase revenue," he notes.

Certain designations, says Jenkins, have become more valuable over the past few years, not only to insurance but to most industries. "In effect, these designations are cross-industry-type designations. As an example, there is the ever changing/increasing emphasis being placed on security, privacy and compliance. Certified Information Systems Security Professional (CISSP) and certified Information Systems Security Management Professional (ISSMP) certifications have come into demand for companies."

According to Jenkins, the number of individuals seeking not only professional designations but graduate-level degrees has been decreasing over the last number of years. He points to lifestyle changes of

Which Certifications and Designations Are Best for Insurance IT Professionals?

individuals, such as dual-income families and heavy demands on one's time as well as corporate cutbacks on paying for a number of designations/certifications and degrees. The result, he says, is a situation in which designations and degrees take on added importance because there are fewer of them being sought.

Credentials Are Not Enough

"The truth is that certifications are only as good as people who get them," says **Mike Sciole,** CIO at Burlington Insurance Group, Burlington, N.C. "One of the worst employees I ever had had four designations and a master's degree. They have to be able to take the things they learn and apply them, and that isn't always the case."

Sciole asserts that certifications on the infrastructure side tend to be the most valuable. "Cisco-certified engineering certifications are huge, and so are Microsoft Certified Systems Engineer (MCSE) and equivalent certifications on the IBM side," he states. Systems engineering credentials are important because when "decision points are left up to the engineers, they understand the systems."

The PMP credential would be highly valuable for companies concerned with major project management, he adds. "A project management officer (PMO) — someone who has taken exams and been certified — is familiar with generic processes that are outside the realm of software development," he notes. "Their overall value is very dependent on how much weight that CIO or business puts on project management. It varies from company to company. Where there is poor communication on projects, PMOs become very popular."

According to Sciole, however, most IT executives don't care to engage PMOs. "They don't see the value. They feel it's just redundant paperwork. PMOs, on the other hand, provide metrics to help judge where a project is; that's valuable from a program perspective."

Sciole agrees about the value of the CPCU designation as well, since such individuals will know more about the business. He also believes that security-based credentials are becoming increasingly necessary. "There are so many threats out there right now; you need to be up to speed and make sure you have all the appropriate controls. There are a ton of security certifications out there. I would probably lean toward programs of the Information Systems Audit and Control Association (ISACA) first."

Technical and Insurance Training Sought

Rick A. Laabs, CIO, Mutual Benefit Group, Huntingdon, Pa., notes that in his company's Information Services Department, "… from programmer trainee through senior programmer analyst, we require both technical and insurance professional development in order to advance. If experienced persons are hired, they are given between two and three years to complete the insurance educational requirements. So, by the time they become senior programmer analysts, they have passed their Intro to Insurance exams and have acquired their Certificates of General Insurance from the American Institute for CPCU/Insurance Institute of America (The Institutes)."

After obtaining their insurance certificate, Mutual Benefit encourages personnel to continue their insurance training, focusing on either CPCU or claims courses, says Laabs. "If they aspire to become a supervisor, they must completely demonstrate the knowledge gained through The Institutes' Supervisory Management 18 and 19." In addition, project leaders are required to sit for the PMP exam, although the company doesn't require that they obtain the designation, he notes.

In its Networking and Operations Unit, Mutual Benefit requires desktop technicians to obtain an A+ certification, and encourages both Microsoft and Cisco continuing education beyond A+ for networking techs.

Laabs adds that his company's data administrator is a Certified Insurance Data Manager (CIDM), but it is not a requirement of the position. "This is an example of specialized training to help advance knowledge and improve performance in a specialty area," he explains.

"I believe the CDP, or Certificate in Data Processing, has definitely lost its value over the years," says Laabs. "I believe PMP has gained in value. My biggest problem with some of the designations, like PMP, is they require continuing education credits. The CE or PDU credits many times do not add value or skills."

According to **Craig Lowenthal,** president-elect of The Insurance Accounting & Systems Association (IASA), however, the continuing education required with many of the key technology designations is an asset. Microsoft, for example, "continues to change things *ad infinitum* while .NET has morphed and become more complex." This makes continuing education a must for these areas.

"Overall, I'm not very big on designations," he adds, although he does agree on the value of Cisco and Microsoft certifications. "There are a few others that make me feel more comfortable. PMP gives me confidence that this person has been through training and understands project management. This can be a key differentiator in the success of a project." He notes that a skilled project manager can maintain good control on projects and alert IT to problems before they become too serious. ◾

Telematics — A Roadmap for Telecommunications and Computing Convergence

by Celeste Allen, CPCU, CLU, ChFC, FLMI

Celeste Allen, CPCU, CLU, ChFC, FLMI, has more than 28 years' experience in the insurance industry, having worked in claims, underwriting, business analysis and information technology. She currently is a manager with State Farm. Allen's leadership experiences led her to strengthen her community service participation and make a difference in the lives of young people in her community, including those at-risk. Allen also is a member of two major public service organizations. She earned a bachelor's degree in psychology from Temple University, a master's of business administration degree from Illinois State University and a master's degree in executive leadership from the University of Nebraska–Lincoln.

Telematics technology is the integration of telecommunications and computing technologies to facilitate collection and sharing of data between devices and systems. It is used in home appliances, mobile phones and computers. From an auto insurance perspective, this technology is used to collect information about driver behaviors, vehicle tracking, alerts for excessive speeds, routine vehicle maintenance and abnormal vehicle behavior, traffic information, entertainment and engine health. Data can be provided from devices embedded in a vehicle or via mobile devices.

Growth of telematics technology is seen as providing revenue in the amount of $100 billion by the end of this year and a wealth of information to auto insurers, fleet owners and providers of pay-as-you-drive auto insurance. It is predicted that as much as 85 percent of vehicles shipped in 2016 will have an embedded telematic system.

The supply chain of telematics is complex and can entail a variety of vendors and car manufacturers, some of which offer multiple/comprehensive suites of features. The chain is initiated with the component provider that develops or installs diagnostic hardware, followed by aggregation of data from diagnostic devices via an operating platform. Data collected is transmitted via a channel (e.g., Wi-Fi, GPS, Bluetooth) to a content provider that offers services in the form of consumer services, diagnostics and data analytics. At the end of the chain is the customer who purchases telematics services.

Telematics systems most prevalent in the United States and Europe are pre-installed proprietary systems comprised of an on-board device, embedded operating system and wireless transmission technology. Consumers also have the option of retrofitting devices for GPS and security or driver monitoring devices (primarily purchased by parents to monitor a teen's driving habits).

Insurers can reap benefits from telematics in the form of leveraging this technology to use data to enhance effectiveness of underwriting risks, using data on driving habits for future premium modeling (e.g., charging lower premiums for drivers exhibiting preferred behaviors), and offering competitive advantages to those willing to change driving behaviors and thus enabling insurers to shift from more to less risky segments.

Telematics offers opportunities for consumers and insurers to benefit from the collection and sharing of data. Insurers can provide and manage premiums based on historical and predicted data, and consumers can reap the benefits of lower premiums by engaging in prescribed best-driver behaviors. These benefits are gained through the use of technology — better driving and better pricing through technology.

At the upcoming Annual Meeting and Seminars, make sure you attend "Personal Insurance Technology — Usage-Based Auto Insurance," which will provide a discussion on the current — and future — use of telematics. ∎

Source

"Telematics and the Insurance Industry." Financial Services Practices: Insurance Advisory Board. The Corporate Executive Board Company, December 2009, pp 1-17.

Gartner's Top 10 IT Technologies

by Celeste Allen, CPCU, CLU, ChFC, FLMI

In an April 5, 2010, news release, Gartner Inc., a leading global information technology research and advisory company headquartered in Stamford, Conn., identified the top 10 technologies that will have the biggest impact on the property-casualty insurance industry. According to Gartner, "[t]hese technologies will challenge existing business processes, support the emergence of new business models and allow companies to successfully differentiate themselves to drive revenue growth."

The 10 technologies, in no specific order, include:

1. **Modern Policy and Claim Management Systems** — when offered in the form of components rather that product suites, have the potential of easing workflows, lessening ownership costs with regards to migration from legacy systems, integration between systems, and enhanced long-term maintenance of systems.

2. **Web Services and Service-Oriented Tools** — will help companies move away from the practice of hard coding integration between a plethora of systems and applications and effect integration through services thereby reducing integration costs.

3. **Business Intelligence and Analytics** — can be used to enhance decision-making, personalize interactions with customers, improve compliance reporting and risk management.

4. **Predictive Modeling Tools** — use modeling, pattern recognition, and historical data analysis to predict future outcomes or behaviors, thereby positively impacting underwriting profitability, ability to predict catastrophic losses, and enhance provision of customer service.

5. **Advanced Fraud Detection Solutions** — lessen losses and improve profitability by analyzing structured and unstructured data for the detection of initiation of fraudulent claims.

6. **Web 2.0 and Social-Networking Technology** — offer insurers a means to tap into consumer discussions regarding topics pertinent to insurance company operations. Knowledge gleaned from monitoring social networking sites offer competitive advantages and means to better connect with younger customers.

7. **Product Development and Configuration Solutions** — improve speed to market, lessen product development costs and improve efficiency of product development so as to improve customer retention and generation of profits.

8. **Business Process Modeling Solutions** — will enable insurers to develop, test and manage business processes so as to improve customer service, enhance transaction processing and enhance risk management.

9. **Portal and Internet Technologies** — offer a means to connect with key stakeholders to access needed systems to inquire about and conduct business, initiate stakeholder driven transactions that all lend to decreased operational costs, use as a means to garner new customers and improve customer retention.

10. **Mobile Devices and Technologies** — place a demand on insurers to provide access to services in this format to access website and enter transactions on those sites, especially for their agency forces and customers needing enter transactions such as claims.

Our newsletter featured a number of these technologies in the past, so prior issues can be reviewed for in-depth information. We charge our readers to examine the technologies referenced to ascertain which would be most beneficial for your organization and to do your part to research and support them. ■

The
Information Technology
Interest Group presents …

Personal Insurance Technology — Usage-Based Auto Insurance*

Sunday, Sept. 26 ● 2:45–4:45 p.m.

Telematics provides the auto insurance industry with the ability to gather driving-behavior data from inside a vehicle and to transmit it to an outside database. It can form the basis of improved risk-assessment models and claim-handling efficiencies in personal and commercial auto insurance. This seminar provides a discussion on the current use of telematics; potential regulatory oversight and restrictions; assumed pitfalls; and how some insurers are overcoming major obstacles to gain advantage over their competitors. Any insurance professional new to telematics technology or considering the use of telematics data in underwriting, rating, claims and agency management processes would benefit from attending this seminar.

*Previously entitled "Technological Advances of the Future — Bridging Risk and Reward for Insurers through Telematics."

Presenters: Allen Greenberg, AICP, U.S. Department of Transportation; **Richard Hutchinson, MBA,** Progressive; **Christopher Sirota, CPCU,** ISO's Applied Informatix Unit

Co-developed with the Personal Lines Interest Group

CPCU: Your Bridge to the Future
CPCU Society Annual Meeting & Seminars
Sept. 25–28, 2010 • Orlando, Fla.

Visit *www.cpcusociety.org* for more information.

Cross 'Your Bridge to the Future'

At the CPCU Society Annual Meeting and Seminars
Sept. 25–28, 2010 • Orlando, Fla.

Draw on the insights and experiences of insurance and risk management leaders to build a framework of new ideas and strategies for the future.

- Four general sessions, each filled with a powerful lineup of speakers and panelists sharing unique perspectives and bold solutions.

- More than 40 technical, leadership and career seminars developed to deepen your knowledge and expand your skills.

- Endless opportunities to build exciting professional relationships that will shape your potential and chart your success.

Register today.
For more details, visit
www.cpcusociety.org.