



The Insurance Underwriter

As long as there is a need for insurance in the business industry, there will be a need for insurance underwriters as well. Underwriters are needed by the insurance companies to help calculate and identify the risk of loss for a policy holder. They also aid in deciding appropriate premium coverage rates, and write the policies that cover the risks involved. There is a large amount of trust and responsibility placed on underwriters by the insurance company. If the underwriter is not effective in suitably pricing claims for various risks, it could cost the insurance company a great deal of money.



The Job Description

The job of the underwriter is to evaluate, with the help of computer systems, the information contained in insurance applications. The underwriters are supposed to ascertain that the risks present will not result in a loss, making the application acceptable for an insurance company. In addition, the applications contain information from medical reports, data vendors,

and loss-control consultants. Therefore, the underwriters have to have the ability to read and analyze this information. The underwriter then has to take all of the information into consideration and decide whether or not to issue a policy and what the appropriate charge should be.

Qualifications and Training

Most of the large insurance companies prefer that their employees have a college degree in business administration, as well as a background in finance. This is required for entry-level underwriting positions. For higher levels of employment, a bachelor's degree in any field relevant to accounting and business law provides a good background for qualifications of higher paying jobs. In addition, computers are one of the essential tools used on the job, so computer skills are critical for the position.

After underwriters are hired, they typically start out as trainees or assistants to other underwriters. Under this type of supervision, they help experienced underwriters collect application information and learn how to evaluate applications. Also, the trainees who work in the property or casualty departments learn how to study the claim files. New employees of larger insurance companies are often offered a work-study program, which can last anywhere from a few months to a year. As the trainees become better acquainted

with the program, they are given more responsibilities and assigned their own applications to evaluate.

Insurance underwriting positions are very satisfying for those who enjoy paying close attention to detail and analyzing information. It is important that the underwriters know how to show good judgment and have the ability to make sound decisions. Communication skills are also essential due to the fact that the job requires the underwriter spend a lot of time dealing with other agents or insurance professionals. It is important for underwriters to realize that the only way to advance in the industry is to continue their education. Many insurance companies will cover the tuition for their existing employees in order to place them in higher paying jobs.

The insurance underwriters who achieve the highest rank are awarded the title of "Chartered Property and Casualty Underwriter." This is awarded by the American Institute for Chartered Property Casualty Underwriters. This award involves passing eight examinations, and it takes around four years to complete them all. The examinations cover topics such as insurance regulations, insurance law, financial management and insurance operations. Experienced underwriters who complete all of the courses of study are often advanced to management positions and then on to a senior management job. Typically, a master's degree or its equivalent is required to reach this kind of higher paying position.

Employment Opportunities

From now until the year 2012, employment opportunities are expected to expand for all different types of underwriting occupations. Even though software has been invented that helps decrease the need for underwriters, there is still a growing call for human skills in the industry. Additional job openings will be available due to underwriters retiring or switching to another occupation.



Underwriting Career Feature



Another reason for possible expansions in the job market is the fact that insurance companies are starting to update and change new risk details, thus offering new policies to meet the changing requirements.

For example, long term care

insurance is a newer policy on the market and provides a new field for growth to all incoming underwriters.

The demand for more skilled underwriters is also said to be improving because the insurance companies are trying to make up for lost profits due to an unusually large number of losses caused by underwriters. Overall, the employment growth for insurance underwriters has remained the same. Those who have a solid background in finance along with communication and computer skills remain the best qualified for the job. This profession is not as susceptible to layoffs as many others due to the great need for the skills those in it possess.

Job Equipment

One of the most important aspects of an underwriter's position is technology. The computer applications developed for this particular profession have made the job of the underwriter much easier. These programs, also called "smart systems," are used by the underwriters to better manage different risks. The systems automatically rate applications and analyze information. The programs also adjust the premium rate allotted in accordance with the risk information. This helps the underwriters avoid causing excessive losses to the insurance companies.

The Internet has also affected the overall job of the underwriter. The smart systems of the insurance companies are beginning to be linked to different databases on the Internet. This allows for quicker access to the required information. The records needed include driving reports, which help determine the risk of the client. This easy access to information helps reduce the paperwork needed and the time that it takes to complete an application evaluation.

Earnings and Benefits

As of 2006, the average annual salary for insurance underwriters was \$52,350. Fifty percent of underwriters earned between \$40,000 and \$70,000, while the lowest 10 percent earned less than \$30,000. Those who worked for insurance companies earned an average of \$52,900, and underwriters who worked for agencies or brokerages brought in an average of \$51,820.

Insurance companies are known to provide their employees with great benefits, including a group life and health insurance policy, as well as retirement plans. In addition, they offer salary incentives and other benefits to help the underwriter excel within the company.

Conclusion

Insurance underwriters are very valuable to any insurance company. They typically work behind the scenes, helping the prospective policy holder acquire insurance and at the same time helping the insurance company keep their risk assessments low. Those who are interested in a job as an insurance underwriter should be aware that the typical hours are at least 40 hours per week, and many underwriters have to work evenings and weekends.

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