

Participatory Management Benefits Clients

A powerful tool in accelerating professional development of underwriters and delivering value to clients

John Glancy was named to the newly created position of Chief Underwriting Officer in March, 2008. He previously headed Global Professional operations and joined XL Insurance in 2003.

His new responsibilities include product management, risk management, ceded reinsurance, product development, strategic analysis and overall underwriting governance.

Participatory management is not a new concept; however our use of it gives XL Insurance a powerful tool in delivering value to clients while accelerating the professional development of our underwriting staff.

The benefits of giving employees a greater decision-making voice was articulated first by W. Edwards Deming, who advocated granting employees the authority to interrupt the production process when they detected defects.

At XL Insurance, we use a flat and highly participatory management model — not to interrupt the underwriting process but to strengthen it — to help drive greater strategic focus within our product lines, create underwriting consistency, insure greater regional accountability, and improve risk management and governance.

We operate in a global insurance market, but to best serve insureds we must be able to adapt to local conditions and local business practices. Our competitive strengths, our people, products and service orientation, must work in concert and in close proximity to the customer. It is our flat model that brings all three of these strengths together and facilitates their delivery in a timely and responsive manner.

For example, when we look at a broker's proposal, we must evaluate the risk, price it, then accept, reject, or transfer it. That requires a great deal of information gathering and discussion. Our younger associates excel at gathering information quickly and efficiently but sometimes want to make final decisions just as quickly. That is not always wise, but likewise it is counterproductive to discount their analytical skills. In the Global Professional Unit which

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Those give-and-take discussions, which we have since introduced to our other underwriting groups, produce one additional benefit. The learning curve for our underwriting staff is reduced, which leaves more time for refining and enhancing our products.

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Some of our offices actually have roundtables or rooms with couches in which people can come together in the spirit of cooperation to discuss a problem. A proposal, however, can just as easily be presented electronically and on any given problem, we may get as many as one hundred responses to it. The end result is that pricing is more accurate, risk appetite is broader, and we are better able to tailor coverage and exclusions to meet client needs. We believe that leads to a lot of long-term relationships.

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XL core values stress ethics, teamwork, excellence, development and respect, all of which can thrive from a more participatory model. However, there is one final element without which our model would not work as successfully: a sense of purpose — not just in attaining short-term goals but the longer-term challenge in creating a truly unique company, in building and sustaining a sense of shared commitment and enthusiasm.

We have professionals from all across the world, from different cultures and backgrounds. We embrace that diversity and believe it to be an important strength. Our flat management model invites and embraces interaction at all experience levels. That in and of itself helps attract and retain the type of open-minded, analytical, consensus-embracing professionals we want. At the same time, the process also helps us to remain focused on all the risks we cover.

Some of our competitors use a more hierarchical, highly structured model. We believe our model, which pushes decision-making down to the lowest competent level, produces a more efficient, technically advanced, results-driven company that can compete more successfully in the global market.



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