



## 5 New Year's Resolutions, *Insurance Thought Leadership*

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Each new year affords an opportunity for introspection about ways to improve ourselves. As Oprah Winfrey put it, "Cheers to a new year and another chance for us to get it right."

The same hopeful notion applies to organizations and industries as well as individuals, though commercial resolutions have less to do with dieting and flossing and more with promoting productivity and providing excellent service.

Liability insurers gauge productivity—the effective use of resources—using detailed statistics, such as allocated loss adjustment expenses ("ALAE," the sum of legal fees, court costs, expert witnesses, among other payments that do not go to the injured party). But a higher than desired ratio of ALAE to total payments is only a symptom. Bringing it back under control requires getting to its root causes.

"Excellent service" is a more difficult goal to measure, but both goals result from practiced behaviors, repeated daily, and are not the consequences of slogans or aspirations, any more than losing ten pounds happens by joining a gym without making it a habit to actually use it.

As a friendly outsider to the industry, I have observed behaviors that build value in insurance organizations. I humbly offer several suggestions for resolutions in 2017 to encourage such behaviors.