

CLM ADVISORS

ADVISORY. MARKET INTELLIGENCE. TALENT ACQUISITION.

From the C-Suite

W.R. Berkley Corporation's Senior Vice President of Claims Nelson Tavares speaks about generational differences in communication styles, the importance of creating knowledge from data, and the lost art of face-to-face negotiations.



By Taylor Smith
Claims Management Magazine
January 2013

In the C-Suite

Name: Nelson Tavares

Current Position: Senior Vice President, Claims, W.R. Berkley Corporation

Size of Claims Organization: 500+ claims professionals, across 47 operating entities

Years in Insurance Industry: 23

Degrees: Bachelor's degree in economics and international business from Upsala College

Originally from: Livingston, New Jersey

First Insurance Job: Claims Representative Trainee for Travelers Insurance

Q. Where did you grow up?

A. I'm a Jersey boy, through and through. I was born in Newark and grew up in Livingston, N.J. My parents immigrated to the United States from Portugal in the late 1950s. My brother and I were both born in the U.S. My dad had his own business, which he started when he arrived here. He owned a liquor store in Newark, and then got into importing alcoholic beverages from Portugal and Spain into the United States. At one point, he had the largest retail shop for Portuguese wine in New Jersey.

Q. Where did you go to college?

A. I stayed in New Jersey and commuted to college. I double majored in economics and international business. I thought my career would eventually be in some kind of importing/exporting business like my father was doing at the time.

CLM ADVISORS

ADVISORY. MARKET INTELLIGENCE. TALENT ACQUISITION.

Q. What was your first insurance job?

A. I was an outside claim representative for Travelers. I took the job for two reasons: it was one of the better paying opportunities I had and it came with a company car. My first company car was a dark grey Dodge Spirit, and I loved it.

I thought I would stay in claims for a couple of years and then move on to something else, but I really enjoyed it. It was interesting to me because it gave me the opportunity to be involved in a variety of different professional aspects — I had to know a little bit about medicine, the law, investigations, negotiations and many other areas. I loved the variety. It was an interesting role that allowed me to broaden my professional experiences and skill set. I like that no two days or no two claims are ever alike. I also like that I'm always learning and sharpening my skills.

Q. What kind of training did you get at Travelers?

A. It was a formal in-house, six-week program of academic training and then several weeks of job shadowing. I was then permitted to go out on my own to handle claims. Today that type of intense training is generally lacking across the industry as a whole, which is very unfortunate. So many fundamentals can be taught, not just about claims, but all areas related to insurance, in that kind of training environment.

Q. How did you move into management?

A. It took a couple of rounds of discussions at Travelers before I was willing to give up my company car and move to an in-house office role. I realized that if I was going to commit to the claims industry, I needed to give up the independence of being on the road and come inside. I moved into a litigation claim role and then a senior litigation role, which was a springboard to the supervisory level.

My first management role was a frontline supervisor for a small team of general liability claims reps. It was a huge leap from being the frontline person myself. I had to learn to delegate and trust others to do their jobs correctly. That was a major challenge professionally for me.

Q. What would you advise someone who has just taken their first management role?

A. A common mistake is to view the role as nearly an exclusive technical role, when the reality is that in your management position, the technical aspects are a given. The peripheral issues take the most time and effort. You need to learn to communicate, coach and mentor. You also need to learn to set expectations and then hold people accountable for their results. The operational and administrative demands placed on a team or unit manager should be underestimated. These are all skills a frontline claims person may not have the opportunity to develop prior to stepping into the first time a management role.

I think one of the most important aspects of management is being an effective communicator. I've found that the vast majority of people will respond well to challenges as long as they understand why they are being asked to do something. Communication needs to be concise, genuine and transparent. .

While it's possible to manage with a command and control style approach, and while it can work in very some circumstances for a short time, it's a style that has diminishing returns very quickly. In

my view, people need to be part of the process and engaged in what they are doing. Command and control does not work well with most people, and especially not with our younger generation staff.

Q. Do you find the new generation of staff to be different?

A. Yes, without a question. There is a change in behavior, in styles and in how people communicate. People under 30 are very social media savvy and electronically oriented. They communicate in a quick, written style. It can be taken out of context or misinterpreted very easily by colleagues who are not used to that style of communication. I think companies, and employees, need to tackle this head on. It's about building awareness on both sides of that issue. You need to coach younger staff to understand how their communication style may be perceived and coach more experienced staff on how to interpret this new communication style.

Q. Do you think those attributes have affected the need for claims handlers to interact differently with claimants and other parties involved in a claim?

A. One of the most fundamental changes that I've noticed in the industry is the manner in which day-to-day business is done now. Far more communication is being done by email, even texting, and there is much less voice-to-voice communication. As a result, things like settlement negotiations are becoming a lost art in the claim profession. There's an overreliance on legal counsel to negotiate cases on our behalf rather than claim professionals negotiating directly on their own. Negotiations often require face-to-face, or least voice-to-voice, communication skills which may be outside of the comfort zone of those that have grown up communicating electronically.

Q. Is the claims industry looking for something that has not yet been developed?

A. There has been a tremendous buzz around predictive analytic tools and the use of metrics to improve bottom-line profitability. I think we are just scratching the surface in those areas. I think predictive analytics both in terms of loss predictors and risk selection will really grow and become an integral part of the industry. Right now, it reminds me a little of the early days of the Internet. That's the area that excites me most. We aren't necessarily missing it now; we have just not yet tapped its full capabilities.

Q. What are your thoughts about efficiency in the claims industry?

A. I agree with the premise that there are inefficiencies in the claims management process today. I describe it as a frictional cost, and I think part of that is because we are our own worst enemy. Frequently, we are trying to collect so much data under the assumption that more data leads to better decision-making. But the reality is that data does not translate into good decisions. Data needs to be translated into information and then into knowledge in order to be useful. Sometimes we spend far too much time trying to figure out how to collect data and not enough time on how we will use that data.

Q. Do you believe that there is a talent crisis in the claims industry?

A. I would not characterize it as a crisis. I'd say it's a challenge. I think it's a challenge that we need to embrace by doing a better job of positioning the industry as a viable career path as compared to the broader financial services industry. The talent exists; it's a matter of the property/casualty industry differentiating itself as a stable, challenging and viable long-term career path for well-educated new entrants into the workforce. We also need to invest in that talent to groom and

CLM ADVISORS

ADVISORY. MARKET INTELLIGENCE. TALENT ACQUISITION.

develop them professionally for a career, as opposed to simply maximizing their ability to perform daily transactional duties.

Q. Would you advise a young professional to specialize or broaden their experience?

A. I believe that it's critical that people who aspire to senior leadership roles break out of their comfort zone and branch out into other areas of the business. It's something about which we are in conflict with ourselves — we reward specialization and technical expertise at the frontline level, which may be a drawback when grooming people for senior leadership roles.

Q. Tell me about your family.

A. I am married and have two daughters — ages 16 and 18. My oldest is a freshman studying biology at Virginia Tech. My younger daughter is a junior in high school and is beginning to gear up for that dreaded college search this coming spring/summer.

Q. What technology do you take with you when you travel?

A. I am not a slave to technology. I plug in based on what I need to do, but I don't often plug in for recreational purposes.

Q. Do you have any hobbies?

A. I am passionate about barbecuing and do that year round, regardless of the temperature outside. There can snow on the ground and I'll be putting on a good barbecue. I like my barbecue food to have a real bite. I'll grill just about anything – beef, chicken, pork, fish, shellfish, veggies. And it's always better when accompanied with some good red wine. Lately I've been into reds from the Ribera Del Duero region of Spain and Malbecs from Argentina.

Q. Nelson, thank you very much for sharing these thoughts with us today.

A. It has been my pleasure.