

Q&A

WITH

MIKE PAPA



Mike Papa, CIC, is senior vice president and director of underwriting for Diversified Insurance Industries Inc., a full-service firm specializing in commercial P&C insurance, based in Hunt Valley, MD. He also serves as chairman of IA&B of Maryland.

Q. You began your insurance career in commercial underwriting with Aetna. What about the industry piqued your interest?

A. My first reaction? The line was short.... I'd gone to a job fair at Towson University in December 1982 and was set to graduate the following year in a class with the worst prospects for employment since World War II, according to the Wall Street Journal. I had a nice college resume, but I went to college in Philly where most employer prospects were local. I needed to work out of Baltimore for family reasons.

Aetna's table at the job fair was empty, and the Aetna rep had a brother-in-law with whom I went to high school. When they needed a trainee, they remembered me. I didn't even know what an underwriter was. I thought it had to do with the funeral industry.

Q. You worked on the carrier side and now serve on agency councils for several insurance carriers. How has the agency-carrier relationship changed over the years? And where would you like to see it go from here?

The relationship has stayed very much the same. There are not many industries where one can say that. Over the years, the technology has changed, and carriers have tried to push more responsibility on agents and AI for getting account info. That said, the core of the relationship – a story (why it makes sense to write an account) and trust – is still the basis for strong relationships.

Q. Your agency has clients in the education, healthcare, and hospitality industries – industries impacted drastically during the pandemic. How did your team respond, and what lessons did they learn along the way?

A. Wow – so many. We attempted to get in front of the issues as much as possible and to answer questions before they were asked. For example, when it came to the Business Interruption issue, we did not pre-adjudicate claims and facilitated their reporting. But we also researched the burden of placing the pain of a lack of a revenue stream onto an industry that (1) didn't underwrite and price for it, and (2) would have gone bankrupt had it been forced to pay. Irrespective of the “direct physical damage” issue, six months of a lost revenue stream in an \$18 trillion economy (and that is just the U.S. economy) would exhaust the reserves of the entire *worldwide* insurance industry many-fold. Most of our customers seemed to understand the numbers.

Q. From an agency management perspective, what long-term impacts do you foresee from COVID-19?

A. Many of our functions can be performed anywhere, assuming one has strong Wi-Fi and the firm has a safe VPN. I see many in our industry continuing to allow work from home while balancing the advantages that can be affected by having a team in an office environment.

In some respects, we see it as an opportunity. With upwards of 25% of our industry “aging out” in the next five years, we will need to explore alternatives for finding talent. We were one of the first to take advantage of Work At Home Vintage Experts (WAHVE), which taps mostly retired folks working from home to fill staffing needs. Now “WAHVE on steroids” may be in our future.

Also, agencies nearing the end of long-term office leases will have advantages over those that recently committed to, say, 10 years. Additionally, I see many future meetings taking place on video formats like Zoom and Teams.

Q. Tell us about the Diversified Insurance Industries internship program. How does it operate, and what benefits have you seen from it?

We have three programs designed to attract and retain ideal people. The *paid* internships allow us to evaluate prospects, and vice versa, in the work environment. We try to plan for the arrival of interns by developing impactful projects before they get here. The benefits we enjoy include getting meaningful work done while having the opportunity to “try out” a prospective employee.

Once they're here, we have “new to the industry” folks start in our Rocketeer Program, where they are exposed to different disciplines within the firm and serve as a “bench” for the inevitable need when it arises.

Finally, we have a Fast Track Program to facilitate team members in their career advancement. Some 30 years ago, carriers trained industry employees. Today – not so much, so we must be proactive.

Q. You have college-age twin boys. Do either of them have interest in the insurance industry?

A. One of my sons – maybe. Zack is interviewing with a few intermediaries and carriers. The other, Ben, secured a nice opportunity with Stanley Black & Decker – a locally domiciled, firm – although his territory will be in Philadelphia to start.

Q. When this issue lands in our member agencies' mailboxes, it will be summertime. Any vacation plans?

A. Not yet. We are still figuring out how to address college graduation, as both sons are graduating the same day and time – in two different states. We are thinking of a coin flip as way to decide which parent goes where. That said, my wife and I have a small condo in North Ocean City, MD and tend to escape there on weekends. We both work from there on most Fridays since the Wi-Fi is good, and when we finish – boom, we're at the beach.