

WHITE PAPER

THE INSURANCE INDUSTRY'S TALENT BATTLE



THE ROOT CAUSES

According to a 2021 survey of property and casualty agencies, more than 73% of agency staff possess 20+ years of experience in the industry, yet newcomers—those with less than 5 years experience—make up less than 6%¹. This disproportionate data reflects a major talent crisis the insurance industry has faced for years now. And with more and more industry professionals retiring every year, addressing the crisis has become a top priority for many insurance executives. But how did get here to begin with?

As it turns out, the insurance industry can thank loyalty and dedication for much of today's impending staffing crisis. For decades, while the world underwent transformations in manufacturing, logistics, supply-chain, and more recently communications and technology, the post-war insurance workforce quietly supported these changes by innovating the risk solutions it offered. As the industry gradually brought fewer young people into insurance careers each year, these long-tenured professionals tilted the average age upward.

Now, this natural progression has caught the eye of many in the industry who are facing the challenge of bringing new minds into what is sometimes perceived as an old business. Insurance is complex, and it requires specific market and client knowledge; the ability to provide high levels of customer interaction to meet changing service level expectations; and the dexterity to execute a range of administrative processes quickly and effectively.

Similar to other professional services such as law, accounting, and tax preparation, insurance is not considered flashy, though it is recognized as indispensable. Today, technology, such as AI and automation, and new approaches to operations have substantially lessened the administrative burden, but existing perceptions are hard to change.

McKinsey's research states that "the industry's main participants—insurers, reinsurers, brokers and agents, professional associations and schools—must act with a unified voice to improve the industry's reputation, build awareness of the industry's opportunities among students and their advisors, expand the number of graduates from schools of insurance and risk management, and improve the education and training that risk professionals receive." Furthermore, this will require "unprecedented industry collaboration" and "will take years before significant results will be realized."

Once the perception of the insurance industry changes, its potential talent pool expands, as does its share of skilled professionals. While the industry and its organizations are working on building a more attractive brand, businesses still need



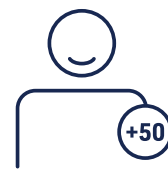
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adults in the US feel positively about the insurance industry as a wholeⁱ



83%

of RMI alumni agree the industry offers a great work-life balanceⁱⁱ



78.5%

of insurance agency staff are age 50-65+¹

¹ PropertyCasualty360: 2021 Independent Insurance Agent Survey
<https://www.propertycasualty360.com/2021/02/03/2021-insurance-agent-survey-hiring-problems-persist/>

² McKinsey & Co: Building a Talent Magnet

³ McKinsey survey of alumni of participating Risk Management and Insurance schools

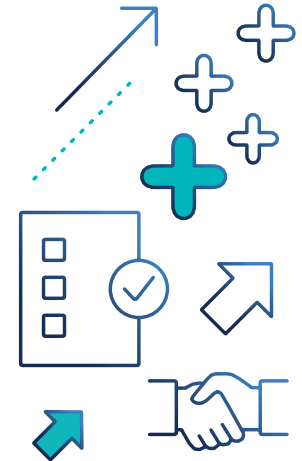
to solve their talent issues or else risk losing the ability to effectively deliver on their promises to clients.

SOLUTIONS FOR THE IMMEDIATE AND LONG-TERM

Like many industries, insurance is experiencing disruption. The COVID-19 pandemic has forced leaders to rethink the way they operate their businesses. The good news is that it has also opened up new opportunities to attract and retain talent. Insurance businesses can take the following steps to optimize their operations and address staffing issues:

IDENTIFY AND ELIMINATE LOW-VALUE WORK

In a business rife with compliance activities, it can be difficult to separate the valuable from the important. The key to eliminating low-value tasks is to consider each activity and determine whether it adds value or simply meets expectations. Often, you can quickly separate these by determining if, when done well, the activity will not increase the value of your client relationship, but when done poorly it will detract from the relationship. That's the definition of a low-value task. On the other hand, a valuable activity is one which, when performed well, increases the value a client captures from your relationship. Low-value tasks should be optimized and delegated down or out of the organization. This liberates staff to focus on higher-value, more interesting work, and when combined with optimized processes, accuracy and efficiency increases and staff is more engaged.



Establishing superior risk talent is one of the few ways that carriers and brokers can distinguish themselves at a time when many products and services are not differentiated.

GET STRATEGIC ABOUT TALENT DEVELOPMENT

Attracting millennial and gen Z employees will be key to perpetuity. This will require that potential candidates understand that your career opportunity responds to many of the criteria that are important to them. For instance, many young workers prefer tech-oriented roles with 51% of gen Zers naming technology as a top industry to work in. While COVID has accelerated digital transformation in insurance, industry leaders must proactively seek out new ways to integrate technology into traditional insurance roles to better engage this demographic. In addition, young workers want to make a difference in their communities, seek a clear vision of their career path and new opportunities for professional development, and foster closer connections with their managers and colleagues. Aligning on these goals will be critical to attracting and retaining today's younger talent.

EXPOSE TALENT TO YOUR BUSINESS

Many people in the insurance industry say that they fell into it and were pleasantly surprised by how different it is from its reputation. Running intern programs not only provides you with some assistance, it gives businesses exposure to potential employees and allows them to experience the reality of the business..

INNOVATE, INNOVATE, INNOVATE

Explore new, more efficient and cost-effective ways to run your business, such as process improvement and automation. By streamlining or cutting down on repetitive tasks, you can open your employees up to higher-value, more engaging work, helping you better retain them or even attract new talent.

FOUR ELEMENTS IN A WORLD-CLASS TALENT SYSTEM

CEO AND EXECUTIVE SUITE PRIORITIZE TALENT MANAGEMENT and conduct talent diagnostic



INCREASE TRANSPARENCY OF PERFORMANCE MANAGEMENT with review and recognition based on performance outcomes and behaviors



WORLD-CLASS TALENT ORGANIZATION



MATCH THE RIGHT PEOPLE TO THE RIGHT CAREERS and invest in compelling development opportunities

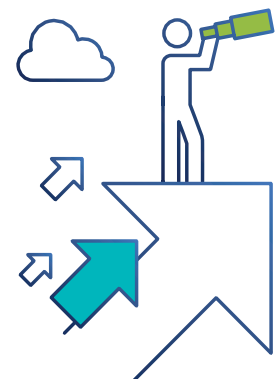


STRENGTHEN RECRUITING STRATEGY and increase management participation in cultivation



THE OPPORTUNITY OF CHANGE

Every threat is also an opportunity. As the industry looks to solve the staffing issues that many already consider a crisis, businesses should take a broader, more holistic view for longer term and even permanent solutions. Creating a more agile organization—one that painlessly and seamlessly responds to evolving market needs, new regulations and seasonal fluctuations—has never been more accessible than it is today.



ABOUT RESOURCE PRO

ReSource Pro brings to the insurance industry tools, technology and strategic services that enable profitable growth through operations excellence.

Headquartered in New York, ReSource Pro's global service centers address client operational needs around the clock. Recognized as an industry thought leader and listed as one of Inc. 500/5000 Fastest Growing Private Companies annually since 2009, the company is renowned for its focus on innovation, service excellence and trusted partnerships, and its unique productivity platform for insurance operations. Over 5,000 ReSource Pro employees provide dedicated support to hundreds of insurance organizations, consistently achieving a 97% client retention rate for over a decade.

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