

ADVISORY CONSULTING

P&C CARRIER TALENT AND WORKFORCE STRATEGIES IN 2023

PLANS FOR ATTRACTING, RETAINING, AND
RESKILLING TALENT

A ReSource Pro Research Report

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ABOUT THIS RESEARCH REPORT

Welcome to ReSource Pro's second annual report on talent and the workforce for P&C carriers. In recent years, our strategy sessions with carrier and MGA clients have made it evident that talent is now one of the top strategic issues for companies. This report is based on our experts' observations of the workforce evolution in the property and casualty insurance market and a survey of insurance executives. All diagrams in this report are based on the 2023 P&C Insurance Talent and Workforce: Carriers and MGAs survey (n=44). Companion reports focusing on the talent strategies of P&C retail agencies/brokers and insurance vendors will also be available.

ReSource Pro
INSIGHTS

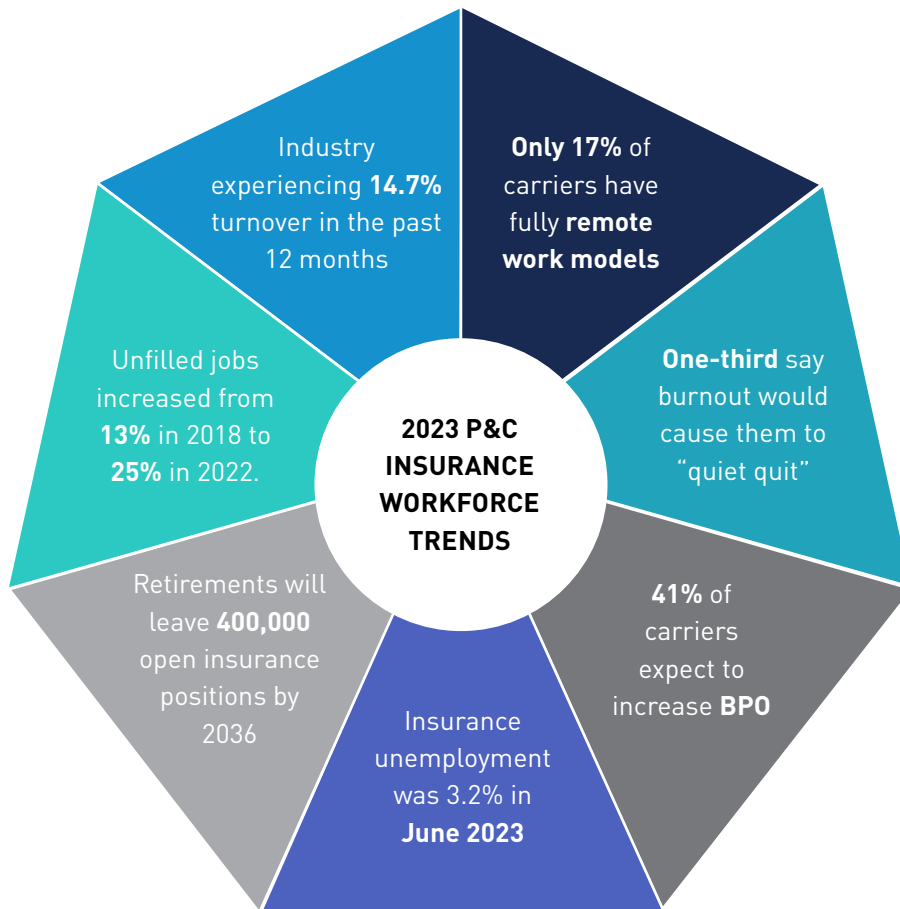


ReSource Pro Insights offers a broad range of research and observations on the insurance industry. The full scope of SMA's research is included and has now been extended into new spaces. Now as ReSource Pro, we provide substantial studies, analysis, and perspectives on every aspect of the P&C ecosystem, including distributors, MGAs, carriers, and tech vendors. In addition to business and technology strategies, our research also encompasses new areas such as talent and the workforce.

KEY TALENT THEMES IN P&C INSURANCE

The past three years have redefined the property & casualty insurance workforce – think remote/hybrid work, virtual interactions, urban migration, and other trends – but this evolution that has been shaping the insurance labor force long pre-dates the pandemic era. Technological advancements, shifts in customer expectations, and changing industry demographics have significantly influenced carriers’ talent strategies for years, and their role will only be more impactful as the industry wrestles with new and ongoing trends challenging the workforce. Consider the statistics below in Figure 1.

Figure 1. Talent and Workforce Trends in P&C Insurance



Sources: The Jacobson Group, ReSource Pro, and The Insurance Information Institute

To understand how carriers are approaching talent, ReSource Pro surveyed executives on their strategies and plans for 2023 and beyond. Our findings reveal that talent strategies are top initiatives for insurers as they implement forward-thinking plans to overcome today's labor market challenges. Several themes emerged in this year's research that defines carriers' workforce plans today:

- **HYBRID WORK IS HERE TO STAY.** Since the beginning of the pandemic, insurance companies have been experimenting with a spectrum of different work models. Today, more than three-quarters of carriers offer a hybrid work model over traditional in-office or full remote options.
- **RETENTION IS CRITICAL.** Four in five carriers indicated that retaining existing employees is their top talent priority above attracting and reskilling talent. This is a shift from our 2022 study, when more carriers were focused on reskilling.
- **DIVERSITY IS TOP-OF-MIND.** Growing a diverse workforce continues to be a top focus for nearly half of P&C carriers across the size spectrum. As carriers aim to grow their breadth and depth of expertise and experiences, it follows that recent research¹ shows that a diverse workplace boosts creativity and innovation, enhances professional growth opportunities, and leads to better decision-making.
- **HIRING NEW TALENT REMAINS A TOP PRIORITY.** According to the Jacobson Group², 67% of P&C insurance companies plan to increase staff this year. Also, when taking into account that 50% of the insurance workforce is expected to retire by 2036, filling new roles will become increasingly vital for carriers to avoid a severe talent gap in the near future.
- **CARRIERS SET THEIR SIGHTS ON MORE DATA/AI-CENTRIC ROLES.** As technology advances, we will see a shift in the skill sets needed for traditional roles, such as in underwriting and claims. Today, many carriers find it challenging to fill technology positions, and that is not expected to waver – technology roles are set to be the industry's greatest talent need in the future.

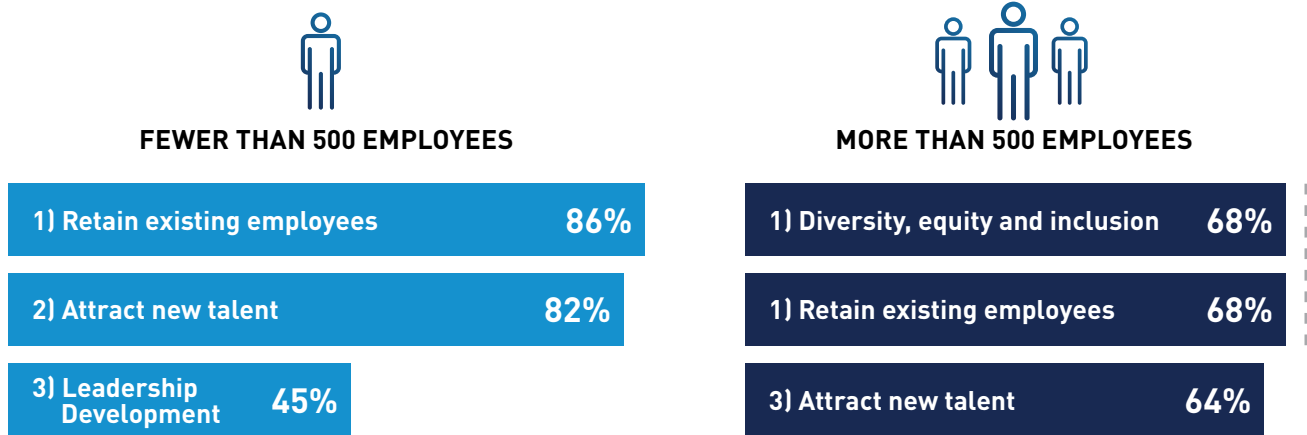
¹ "3 Benefits of Diversity in the Workplace." Forbes. Dec. 17, 2021. Retrieved from <https://www.forbes.com/sites/ashleystahl/2021/12/17/3-benefits-of-diversity-in-the-workplace/?sh=261e042b22ed>

² "Q1 2023 U.S. Insurance Labor Market Study." Jacobson Group. January 2023. Retrieved from <https://content.jacobsononline.com/2023-q1-laborstudyresults>

CARRIERS' TOP TALENT OBJECTIVES IN 2023

Carriers have a lot on their minds when devising their talent strategies around attracting, retaining, and developing the best professionals. ReSource Pro asked executives to select their top three talent objectives in 2023. We list these objectives in Figure 3, highlighting the differences between small (fewer than 500 employees) and large (more than 500 employees) carriers.

Figure 2. The Top Talent Objectives of P&C Carriers



Both small and large carriers agree that retaining existing employees is a top objective (tied for first among large carriers). Retaining employees not only keeps seasoned expertise in-house, which also leads to client retention, but it also fosters a positive company culture. Employees who feel supported and valued are more likely to be loyal. Furthermore, retention is critical for organizations looking to grow and transform.

Diversity, equity, and inclusion (DEI) is also a top objective at large insurance carriers – tied at 68% with retaining employees. This may be due to greater resources to allocate to DEI initiatives, greater staff capacity and knowledge, or more pressure from stakeholders and leadership. According to this year’s survey, 32% of large carriers have a chief diversity officer, compared to only 19% of small carriers. However, carriers of all sizes should note that most talent today, specifically Gen Z and millennials, expect DEI to be an integrated component in the culture of their prospective employer. Neglecting policies that promote workplace diversity and inclusivity can negatively harm other talent initiatives to varying degrees.

Attracting talent is also a top objective for small and large carriers but at varying degrees – 82% versus 64%, respectively. This may be higher on small carriers’ radars because the growth of their business may directly correlate with the capacity of their staff (i.e., there may be a greater need to expand staff as business grows). Also, large carriers may struggle less with attracting talent due to greater name recognition, geographical flexibility, and, at times, more robust employee benefits packages.

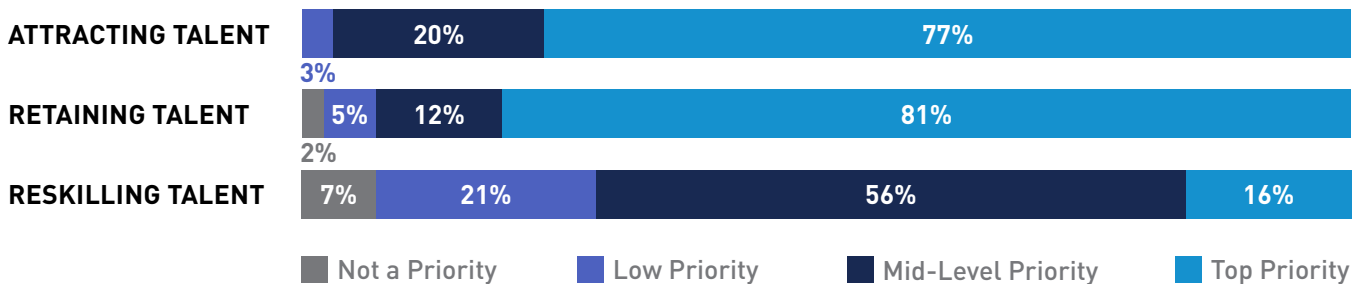
Finally, almost half of small carriers consider leadership development as a top objective. One reason this is a top objective is that smaller carriers may be in the beginning stages of creating leadership development curricula, whereas larger carriers may have existing programs.

In summary, attracting, retaining, and developing talent will be critical for carriers’ long-term success regardless of size. We examine the strategic importance of the talent initiatives in the next section, as well as the various approaches carriers are employing to take their hiring, retention, and reskilling plans to the next level.

WORKFORCE STRATEGIES: APPROACHES TO ATTRACTING, RETAINING, AND RESKILLING TALENT

It is clear that attracting, retaining, and reskilling talent are essential elements of carriers’ growth objectives. Carrier executives were asked to rank each based on their priority level To uncover just how important each area is, as shown in Figure 3.

Figure 3. Strategic Importance of Attracting, Retaining, and Reskilling Talent in 2023



Zero carriers indicated that attracting talent was not a priority, with only 3% stating it is of low importance. In today’s job market, carriers are finding it difficult to compete against more “desirable” industries. This increased competition for talent means carriers will need to adapt their workforce strategies accordingly, especially as ongoing retirements are expected to leave 400,000 positions unfulfilled in the coming years³. As might be expected, every carrier’s talent situation is different. Some regional carriers have a strong enough presence and reputation in their local market that they are able to attract and retain talent. Others find it more difficult to retain good employees as companies in different geographic areas and industries are recruiting them.

More carriers consider retaining talent a top priority over attracting talent (81% vs. 77%), albeit a very small percentage (7%) also said it is either not or is a low priority. Carriers must understand the implications of turnover within their organizations when crafting their talent strategies. Continuing retirements mean retaining younger employees will become increasingly important for maintaining continuity and knowledge/skill transfer. Furthermore, the cost of turnover has always been high; in a hyper-competitive job market, these costs are even higher, with some experts estimating they can total nearly twice an employee’s annual salary.

Interestingly, reskilling employees is only a mid-level priority for most carriers. The pace of transformation and change happening industry-wide are quickly moving skills around innovation, product development, and digital transformation from a “nice to have” to a “must-have.” Perhaps many carriers already have robust training/education programs and see these initiatives as ingrained in their culture and therefore require less of a focus from a strategic standpoint.

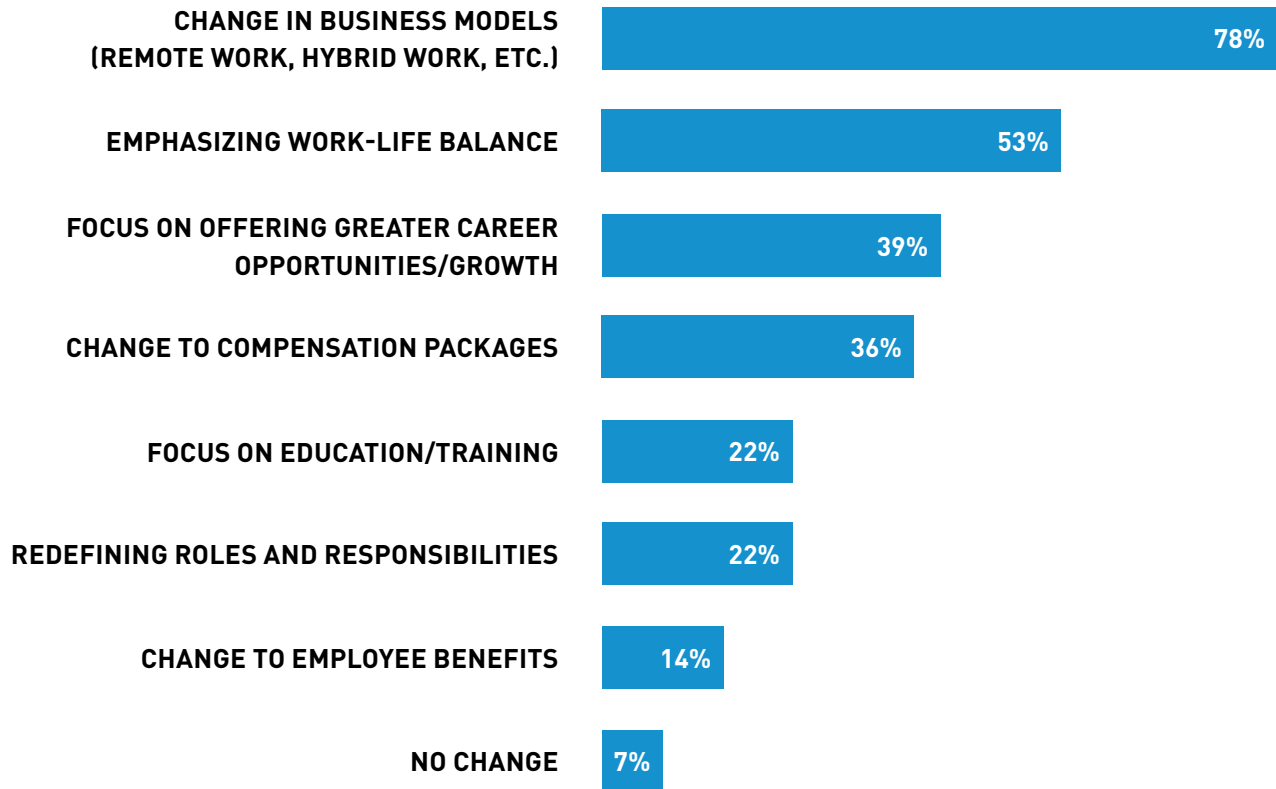
PLANS FOR ATTRACTING AND RETAINING TALENT

During the height of the pandemic, insurance carriers significantly shifted their approaches to attracting and retaining talent. Recognizing employees’ evolving needs and expectations, they implemented various strategies to create a more appealing work environment that will continue to exist in 2023. But the competition for talent is fierce – carriers are competing with peers and other industries across elements such as compensation, culture, workplace flexibility, and more.

³ “The American Works Report: Industry Perspectives.” U.S. Chamber of Commerce. June 1, 2021. Retrieved from <https://www.uschamber.com/workforce/education/the-america-works-report-industry-perspectives>

Carriers were asked how they have changed their business to improve hiring and retention within the past three years. Their responses are listed below in Figure 4.

Figure 4. How Carriers Have Changed in Recent Years to Improve Attracting and Retaining Talent



Firstly, nearly 80% of carriers introduced new business models to offer flexible work arrangements, such as remote and hybrid schedules. This shift was a necessity when social distancing was in full effect a few years ago, and many carriers have embraced these new work models permanently. Perhaps the greatest advantage of remote and hybrid work environments is the improved work-life balance for employees – in fact, more than half of carriers reflected that emphasizing work-life balance was a top avenue for attracting and retaining talent in recent years.

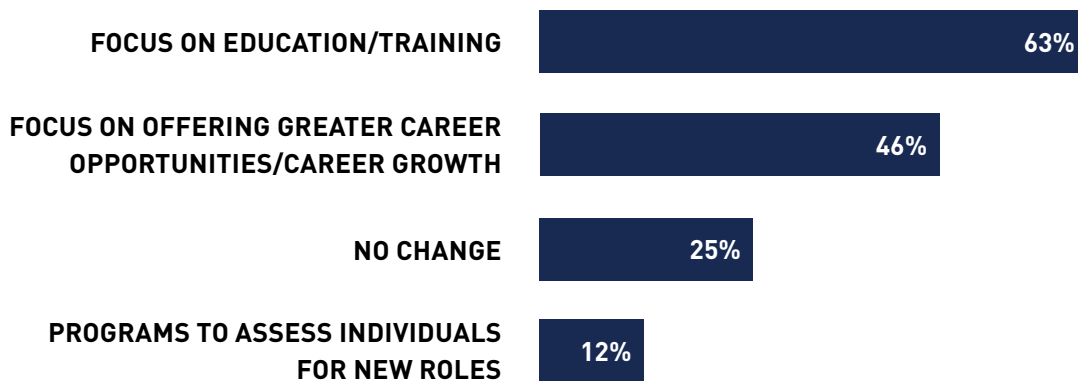
Next, 39% of carriers said they began to focus on developing more opportunities for career growth, and 36% changed their compensation packages. Competitive pay and a work culture that supports career progression are two factors many prospective employees look for in a new employer. What’s more, most millennial and Gen Z respondents to a 2020 Vertafore study said that compensation had the greatest influence over whether they would stay in an insurance career or leave the industry⁴. Additionally, recognizing the importance of professional growth, about one-fifth of carriers invested in training and development initiatives and redefined roles and responsibilities to not only capitalize on employees’ strengths but also meet the evolving needs of customers.

Despite employee well-being being a key concern in recent years, only 14% of carriers changed employee benefits. Since the pandemic, many employers have started offering enhanced healthcare benefits, mental health resources, and wellness programs. However, given the nature of the insurance industry, which is a people-driven business, many carriers may have had very competitive benefits packages even before the pandemic. Lastly, a small percentage of carriers indicated they made no changes to improve attracting and retaining talent in recent years. When in doubt about what employees are looking for, ask. What each employee needs to be successful will vary and evolve throughout their careers. Carriers need to recognize that the one-size-fits-all approach no longer works and that offering flexibility is vital in talent acquisition and retention strategies.

PLANS FOR RESKILLING TALENT

In 2023, insurance carriers recognize the importance of reskilling their workforce to navigate new challenges brought on by technological advancements, evolving customer expectations, and emerging risks. Figure 5 shows carrier executives’ responses to how they’ve changed their approach to reskilling talent in recent years.

Figure 5. How Carriers Have Changed in Recent Years to Improve Reskilling Talent



Of course, when it comes to reskilling talent, a focus on education and training is key. Nearly two-thirds of carriers are placing a strong emphasis on initiatives aimed at enhancing existing employee skill sets and initiatives to equip them with tools to enhance their performance. Additionally, training can be centered on teaching employees new skills to help them transition into a new business area or career path, thus creating fresh career opportunities for existing employees – a focus area at 46% of carriers.

⁴ “The Insurance Industry Workforce: A New Generation of Opportunity.” Vertafore. March 2020. Retrieved from <https://www.vertafore.com/resources/press-releases/workforce-survey-provides-insights-attracting-retaining-talent>

Only 12% of executives stated they've developed a program to assess individuals for new roles. It is possible that some carriers are underestimating how fast roles are evolving and which new skills will be required in the future. The carriers with programs may offer skills assessments, leadership development tracks, mentorship initiatives, and talent assessment tools. Regardless of approach, proactively assessing employees' performance and potential allows executives to identify and develop top talent, optimize workforce planning and performance, and aid in succession planning.

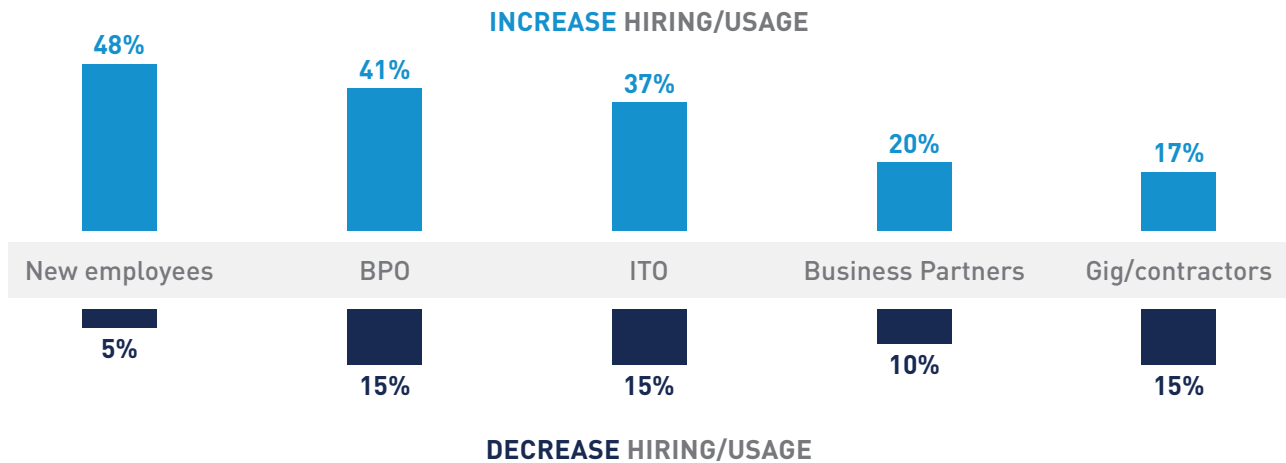
Surprisingly, a quarter of carriers haven't changed their approaches to reskilling talent over the past three years. This is a significant missed opportunity for carriers to identify skill gaps within their workforce and tailor programs to address them. Carriers also partner with external training providers, collaborate with industry experts, and leverage internal resources to create programs. And especially in the digital era, on-demand and virtual training is readily available from multiple sources.

By investing in reskilling programs, carriers are equipping their workforce with the skills necessary to stay ahead in an ever-evolving industry. Moreover, as employees become more knowledgeable and improve their skills, they will better serve their customers and provide greater value. A win-win for all.

LEVERAGING NEW RESOURCES TO ADDRESS TALENT GAPS

The impact of COVID-19 and waves of retirements have only exasperated the talent shortage that has been plaguing the insurance industry for years. To achieve business goals, many carriers are adapting their workforce strategies to incorporate new resources or increase existing ones. Figure 6 shows how carriers expect to increase or decrease the use of various resources over the next three years.

Figure 6. How Carriers Expect to Increase or Decrease the Use/Hiring of Various Resources



Nearly half of carrier executives expect to hire more new employees over the next three years, as evidenced by top talent objectives. This is typical and often is related to growth in business volumes. One trend we are seeing more is that companies are less likely to add staff directly in proportion to increased business volumes. Although carriers have always used technology for optimization, they are actively seeking more automated ways to address business growth instead of simply hiring more people.

Outsourcing is the top resource carriers intend to leverage after hiring new employees. Forty-one percent of carriers said they plan to increase their use of business process outsourcing (BPO) during this time, and 37% expect to use information technology outsourcing (ITO). BPO is a critical resource for carriers looking to free up their team’s capacity to prioritize higher-level, client-facing tasks, streamline processes, increase efficiencies, and manage costs. Similarly, ITO providers can support a wide array of technology initiatives ranging from IT infrastructure and cybersecurity to data management. Outsourcing approaches also enable carriers to focus their employees on high-value-add activities for customers.

Next, one-fifth of carriers are turning to business partners, and 17% are hiring gig and contract workers to bridge talent and skill gaps. Vendors partners can be an excellent resource for specialized knowledge, enhanced products/ services, increased efficiencies, and reduced costs. Gig workers can also be a great avenue for carriers to increase flexibility, capitalize on specialized expertise, and scale up without the burden of recruitment, onboarding, and other workforce management challenges.

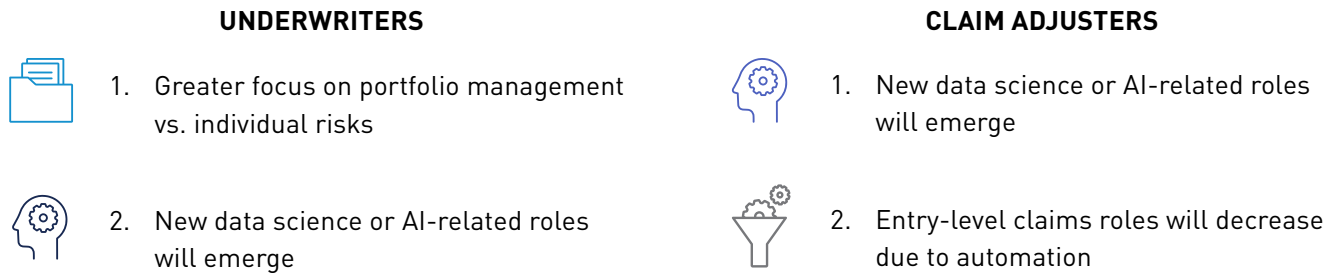
As evidenced by Figure 6, some carriers are also decreasing their usage of certain resources. This reflects typical patterns of managing resources and trimming where necessary or bringing activities back in-house. However, the overall trend is to leverage more external resources.

To conclude, leveraging traditional resources, such as employees, as well as new external resources, can position carriers to be agile and thrive in the dynamic insurance landscape. However, several considerations should be top of mind when assessing potential outsourcing partners, including operational needs, customer impact, cultural fit, and, of course, costs.

THE EVOLUTION OF ROLES

In addition to grappling with hiring, retaining, and reskilling talent, carriers are also navigating challenging waters as artificial intelligence and other transformational technologies create new roles within the industry, as well as change the career-path trajectory of key positions. Figure 7 below highlights the top two ways executives anticipate underwriting and claims adjuster roles will change in the future.

Figure 7. How Carriers Anticipate Key Roles will Change



In the underwriting space, executives foresee a greater focus on portfolio management rather than individual risks. At the same time, new data science or AI-related roles will emerge. The new wave of insurtech solutions that apply advanced AI-based and data technology for automation and intelligent insights is driving differentiation for the new generation of underwriters.

Claims is expected to experience similar change, with new roles emerging due to AI as well as a reduction in entry-level positions as automation advances, such as self-service and digital intake capabilities.

Although many carriers leverage technology and automation to fill increasing workforce gaps, it should not raise fears of widespread job loss or the elimination of key roles. On the contrary, technology is likely to elevate the roles of industry professionals, enabling them to focus on higher-value, more complex tasks. It follows that there is now massive demand for technology positions across the industry, and insurers are seeking more tech-savvy talent than ever before.

CALL TO ACTION

Carriers have come a long way in their talent strategies. Current and prospective talent recognize the benefits of an insurance career, but the competitive job market is creating a challenging environment to attract and retain best-in-class talent. Insurance companies that strive to be employers of choice must adapt to the changing needs of current and potential employees.

ReSource Pro recommends the following for carriers developing talent strategies in 2023 and beyond:

- **DEVELOP A LONG-TERM TALENT STRATEGY.**

It is easy to get caught up in the excitement of new talent strategies – new programs, new hires, etc. – but creating sustainable and long-term plans will be the key to continuous success. Think of where you want your organization to be a decade from today. Envision your company's mission and culture, and the steps needed to achieve those goals. Your approach should take into consideration the ongoing evolution of the workforce, roles, and technology.

- **CREATE AN INNOVATIVE CULTURE AND WORK ENVIRONMENT.**

Develop an effective employee value proposition and go beyond traditional thinking. Evaluate the structure of your organization and track the changes happening to understand your employees' needs. Are flexible work models working? Are training and education programs reaching the right audiences? Take a step back and look at what needs changing as the rules of engagement alter with a new generation of professionals and more diverse and inclusive workspaces emerge.

- **BUILD A DYNAMIC PARTNERING CAPABILITY.**

Consider how to transform your organization and utilize technology to bridge gaps in your current workforce. At the same time, it is critical to assess current and potential resourcing partners to ensure they fit within your organization's culture and deliver the right skills to support employees and customers.

- **EXPLORE THE IMPACT OF AI ON KEY ROLES.**

Technology is rapidly changing the nature of insurance roles, especially in underwriting and claims. Now is the time to redefine the key roles that are expected to evolve with transformational technologies, such as advanced analytics and AI. Also, think about the new roles that can be created from technology and how they could add value to your organization. Keep a pulse on how AI aids and augments processes to stay abreast of the progression of insurance careers.

ABOUT RESOURCE PRO CONSULTING

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Source: 2023 P&C Insurance Talent and Workforce:
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