

WHITE PAPER

HOW INSURANCE AGENCIES CAN WIN THE BATTLE FOR TALENT



It's no secret that insurance agencies are facing a growing talent shortage. According to a 2021 survey of property and casualty agencies, more than 73% of staff possess 20+ years of experience in the industry, yet newcomers—those with less than five years' experience—make up less than 6%¹. In this white paper, we'll look at the trends behind this talent shortage, and what retail and wholesale agencies can do to address it as they prepare for an increasingly digital future. In particular, we'll examine the role of business process management (BPM) as a strategy for building an engaged, tech-savvy workforce and making organizations more productive, efficient, and agile.

WHY IS THERE A SHORTAGE?

There are many reasons why agencies are facing a talent crunch. One is demographic: The insurance industry's median age is higher than that of other financial sectors, so more of its practitioners are entering retirement age. This demographic shift also means that the industry is suffering from a secondary challenge: the loss of institutional knowledge as more experienced professionals retire. Insurance is complex, and it requires specific market and client knowledge that must be passed along from one generation of workers to the next. At the same time, however, agencies need to acquire new skill sets to tackle rapidly evolving risks and accelerate digital progress. To do so, they must compete for talent against pure-play technology companies that have a reputation as more exciting workplaces than legacy industries like insurance.



WHAT TALENT WANTS—AND EMPLOYERS NEED

Whether the insurance industry's stodgy reputation is fair or not, agencies need to make a concerted effort to attract talent. To do so, they must provide the type of environment that today's recruits are looking for in an employer. Luckily, these same traits benefit employers as well.

FULFILLING WORK. According to McKinsey, nearly two-thirds of U.S.-based employees say that COVID-19 has caused them to reflect on their purpose in life. Nearly half said that they are reconsidering the kind of work they do because of the pandemic. And millennials were three times more likely than others to say that they were reevaluating work². Organizations able to communicate a clear link between an individual's work and the collective goal are more likely to engage employees and drive results. This also means shifting the company's definition of productivity from a list of tasks to accomplish to a focus on outcomes. Every reduction in manual tasks will elevate insurance jobs and encourage adaptability and collaboration in the workplace, resulting in greater innovation, productivity, and ability to compete.

OPPORTUNITIES FOR GROWTH. Today's talent is looking for work that is not only

¹ Jefferson, Elana, "2021 Insurance Agent Survey: Hiring problems persist." *PropertyCasualty360*, 2021.

² Naina Dhingra and others, "Help your employees find purpose—or watch them leave." *McKinsey*, 2021.

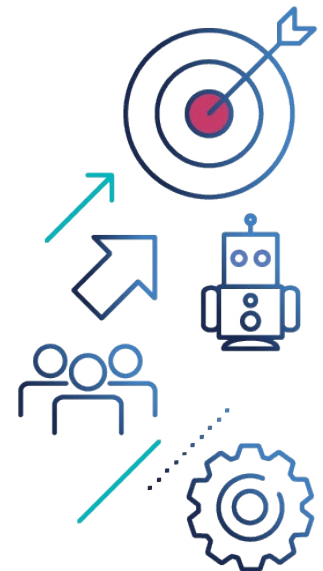
fulfilling but will also bring them new skills and opportunities for professional development. In a recent global survey of workers by PwC, 77% say they are ready to learn new skills or completely retrain³. This also benefits the organization because it builds a breadth of skills and knowledge in various areas. The result is a larger, more flexible pool of internal talent that can be tapped when and where it's needed. Providing these opportunities, however, means creating a clear path to growth. This doesn't simply mean career advancement, but also acquiring a greater ability to earn for oneself and the agency. This will require additional time and resources directed toward training and mentorship.

JOB SECURITY. The most recent generations of workers have a reputation for fickleness—the assumption being that they have little loyalty and will jump ship at the next opportunity. But the PwC study suggests they may simply fear that a job offering little in the way of bankable skill development is a dangerous dead end. For example, 39% think it's likely that their job will be obsolete within five years, and 60% are worried that automation is putting many jobs at risk³. The solution here should be clear: focus on creating a human-centric work environment that de-emphasizes rote task performance in favor of business intelligence, ingenuity, and agility in the face of rapid change.

TAKE A “SHIFT LEFT” APPROACH

So, where does this leave insurance agencies? How can they make themselves more attractive as employers? The answer is to reconsider the skills you're hiring for and investing in. Should you be bringing on employees to perform low-level back-office tasks with the expectation that they'll “work their way up” into revenue-generating or client-facing roles? Or would it be better to seek candidates who show promise and have the ambition to become great producers? Should you invest in claims processing or sales? Should your team spend more time shuffling paperwork or working with insureds to evaluate their coverage needs? Are you making recruitment and staffing decisions based on business as usual or building a workforce that can help you compete in an increasingly challenging market?

A “shift left” strategy is one that moves people, processes, or technology closer to the customer, resulting in greater speed and efficiency to achieve better service and stronger business results. Shifting left prioritizes those roles that generate revenue—the ones that achieve the mission of your business. Look again at the list of things that today's recruits are looking for: fulfilling work, opportunities for growth, and the security that comes from being an invaluable team player. Shifting left meets all these requirements. You are hiring for fulfilling, mission-critical work with a direct impact on the business. You can offer clear paths for career development, and you can create a mutually beneficial relationship with employees that increases their value—both for themselves and the agency.



³ “Hopes and fears 2021.” PwC, 2021.

OPTIMIZE AND OUTSOURCE

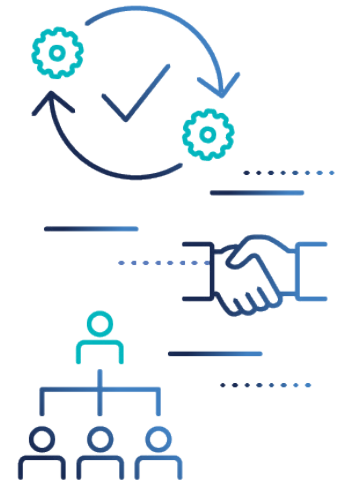
What, then, is an agency to do with those essential non-revenue generating tasks? The key is to separate the valuable from the important. A low-value activity, no matter how important, is effective when the client doesn't notice it at all. For example, handling a claim swiftly and efficiently meets client expectations, but making mistakes or creating delays can damage the client relationship, putting revenue at risk. On the other hand, a valuable activity is one which, when performed well, greatly increases the value of a client relationship. It can result in increased sales, greater customer lifetime value, and strong word of mouth.

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. It also frees up time and resources for the kind of mentoring and training that will develop engaged service staff and high-earning producers. Your team will be able to acquire more clients and take a value-driven, risk-based approach to sales, renewals, and account servicing that will better protect policyholders and generate more revenue. A best-in-class BPM partner leverages scale, experience, standardization, automation, and continuous process optimization to make your back office more efficient, accurate, and responsive to client needs. Here are a few low-value processes to consider outsourcing to a trusted BPM partner.

SUBMISSION-TO-ISSUE. According to Inside Sales, 30-50% of sales go to the vendor who responds first⁴. The submission-to-issue process sets the stage for the experience policyholders will have with your agency and helps you focus resources on accounts that meet your carriers' criteria. A BPM partner will review and process submissions to quickly eliminate those that don't meet your criteria and make your clients' experiences smoother and more efficient. In addition, it will take on processes such as setting up applications in your system, submitting to underwriting, checking accuracy, and generating quotes and cover letters for your review to send to clients. This can improve your quote-to-bind ratios and overall profitability.

POLICY SERVICING. If your account managers are drowning in paperwork, they can't handle coverage related issues or explore new opportunities in a timely manner. Yet, great customer experience depends on seamless policy servicing. A BPM partner can check each policy against relevant source documents, take care of bulk renewal certificate jobs, proactively follow up on necessary tasks, and handle change requests and endorsements. This lets you elevate customer care, reduce errors and omissions (E&O) risk, and eliminate backlogs.

CLAIMS HANDLING. Claims are a critical customer touchpoint that can make or break a relationship. Providing efficient, effective, and timely service is essential to offering excellent customer service and fulfilling regulatory requirements. So why outsource it? Because much of the process is invisible to the customer, including claim entry,



⁴ "149 Eye-Opening Sales Statistics To Consider In 2022 (By Category)." Spotio, 2021.

follow up, status updates, analytics, and close-out. These are complex, largely manual processes; in fact, McKinsey estimates that over the next decade, only about half of claims processing procedures will be automated⁵.

RENEWALS. Account retention is the lifeblood of agency growth and profitability. A BPM partner can design processes that drive excellence across service standards to maximize your renewal opportunity, allowing your staff to focus on client needs and ensure they are adequately covered. Moreover, the elevated quality of service will help you increase not only the number of renewals, but also their value. Your BPM partner can support account managers by identifying any required marketing efforts, preparing supporting material, updating the agency's management system, setting up the renewal packet, creating follow-ups and reminders, and more.

ACCOUNTING. In insurance agencies, accounting is often an after-the-fact process. However, fast and accurate accounting support is vital to avoiding missed revenue and keeping producers and customers satisfied. Whenever you're late to reconcile a payment or deliver a commission, or you overlook processing a premium credit, you lose credibility and risk jeopardizing your business relationship. By applying best practices and automation, your BPM partner can help you ensure your customers and partners remain satisfied, and your revenue is collected accurately.

QUALITY ASSURANCE. The insurance business is complex, and drowning in data, administrative tasks, and processes can easily lead to inaccuracies and inefficiencies that directly impact your bottom line. By proactively identifying mistakes during processing, your BPM partner gives you time to remediate them, improve your processes and significantly reduce time and cost. Most importantly, it also reduces your risk of E&O. A BPM partner can even perform an internal audit to help identify areas for operational improvement and employee development.

CONCLUSION

Operational excellence is critical to improving your current performance and preparing for the future. To achieve that, your people need to be able to function as insurance professionals—focusing their time on what counts. Optimizing your operations by engaging with a trusted BPM partner not only gives you the ability to generate more revenue and improve customer service, but it also provides your organization the necessary capacity to plan, prepare, and respond to impending market changes.

Whether you're driving growth, profitability, or scale, your agency faces complex challenges that need complex solutions—not simply hiring more but rather hiring smart. Working with a trusted BPM partner can bring together people, process, technology, and data in an integrated solution to your most complex business challenges.

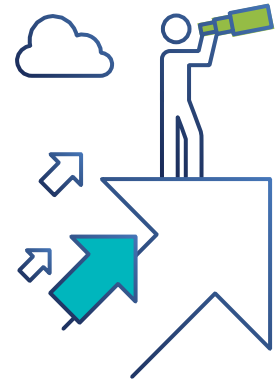
WHAT ABOUT AUTOMATION?

Yes, you should automate what you can. But while automation might be your first thought when it comes to reducing low-value work, it isn't necessarily the best solution, particularly in the insurance business. Complex automations, such as orchestration and robotic process automation (RPA),—require a great deal of human input and skill to maintain. By engaging with a best-in-class BPM provider skilled at maximizing RPA, AI, and other technologies, you can reap the benefits of automation without the risk.

⁵ Andy Fong and others, "Claims 2030: A talent strategy for the future of insurance claims." McKinsey, 2020.

ReSource Pro offers multiple BPM solutions that will free up capacity within your organization so that your people can sell more, service clients better, and have the headspace to innovate, address business challenges, and create stronger relationships. With increased bandwidth, your employees will be able to anticipate customer needs, build customer intimacy, and deliver routine functions accurately, consistently, and efficiently.

To learn more about ReSource Pro's BPM solutions, visit resourcepro.com/services/business-process-outsourcing.



ABOUT RESOURCE PRO

ReSource Pro is an insurance-focused business solutions company that integrates people, process, technology, and data analytics. Over 1,000 carriers, brokers, and MGAs rely on ReSource Pro to execute strategies that improve profitability, accelerate growth, deliver improved claim outcomes, and enhance client and employee experience. With more than 6,000 employees globally, ReSource Pro provides business process management, strategic advisory services, management and organic growth consulting, training, and compliance solutions around the clock. ReSource Pro has been listed as one of the Inc. 5000 Fastest Growing Private Companies annually since 2009 and has consistently achieved a +96% client retention rate for over a decade.

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