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Are Relocation Packages a Thing of the Past for Insurers?

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Of all the full-time employees in the U.S., 56% of them have jobs with the capability to work remotely, according to [Gallup](#). Of those “remote-capable” employees, a massive 78% of them are working remotely or in a hybrid capacity—up from just 40% pre-pandemic.

This massive shift has led to a curious reality: many workers from dense urban areas have [packed up and left](#). They’re not necessarily moving far—many have opted for nearby suburbs or city neighborhoods—but the move has permanently changed people’s commutes, as well as their expectations about job relocation.

In the past, many companies tapped into a wider talent pool by looking outside their locale and offering relocation packages. This was particularly common in the insurance sector. But with remote and hybrid work models becoming the norm, is relocation dead?

It’s a question insurance companies need to answer when they commit to any work model changes going forward. As we’ve [written in the past](#), insurers have historically been slow to adapt to shifting workplace trends, but in the wake of the pandemic, many are seeing the opportunities and advantages of a remote workforce. Insurance leaders must keep a pulse on the data supporting these evolving trends in order to serve employees well and position their companies for growth.

Insurers Embracing Remote

[According to ZipRecruiter](#), insurers are among the top ten organizations hiring for remote positions in 2022. In particular, health insurance company Anthem listed 60,445 remote jobs openings in 2022, while auto insurance company USAA listed 42,311.

They’re far from alone. [Connecticut-based insurer The Hartford](#) has allowed their employees to work remotely since the pandemic, causing a big drop in their number in-state employees—as many as 50% have moved out of state.

As insurers’ remote workforces increase in size, there is the inevitable response of downsizing office space. [Farmers and American Family](#) are just two examples of companies shrinking, consolidating, and subletting their offices across the country.

[Allstate](#) is, interestingly, moving back to the city of Chicago after they left decades ago for the suburbs. Their workforce is 75% remote, so the move represents a decision to trim real estate costs and move to a more consolidated space that is better positioned to support a hybrid

work model. Similarly, [Nationwide](#) is reportedly redesigning their office spaces for the same reason, preparing for the “hybrid worker of the future.”

Finally, [USAA](#), in line with their 42,311 remote job listings, is choosing not to renew the lease on their downtown San Antonio offices. It’s a familiar move for the insurer, which has already downsized its nationwide real estate footprint by 10% over the last few years.

Reneging on Remote Work

While many insurers are clearly embracing remote work models, others have sent mixed messages. [American Family Insurance](#) enjoyed a successful switch to an exclusively work-at-home model during the pandemic and hired many workers for jobs they advertised as remote positions—about 25% of their workforce was fully remote. It was a shock, then, when in September 2022, they announced that workers within 50 miles of one of their offices were now required to spend half of their work time on-site. One worker told the press that the decision “felt very much like a bait-and-switch.”

“This is uncharted territory,” said AmFam’s Chief People Officer. The decision wasn’t without careful thought and planning; they maintain their commitment to flexibility and believe that in-person work supports greater collaboration and idea-sharing. That said, many employees have lost trust in the company, and it’s likely many will leave in the coming months.

Is Remote Work Really Here to Stay?

AmFam might not be alone in its decision to move away from fully remote. [Gallup](#) reports that while just 8% of workers were exclusively remote pre-pandemic, that number jumped to 39% in February 2022 and then *decreased* to 29% just four months later in June 2022. The resulting expectation is a drop to 22% beyond 2022. That said, it’s hybrid work, not on-site work, that is seeing the corresponding uptick.

In many cases, however, employers are struggling to gain employee buy-in on these decisions. One [survey](#) suggests that a significant portion of the workforce would choose not to comply if their company asked them to return to the office, even in a hybrid capacity—and even if their job was terminated as a result. [Another survey](#) shows that 73% of fully remote workers would consider finding a new job if they were forced to work on-site.

Even with economists projecting a coming recession, the talent pool is still competitive, which means the power is still in the hands of employees. Most experts agree that to revoke remote

work now would be inadvisable. It looks like remote work is here to stay.

The Reverse Relocation Trend

With remote work the new norm for the foreseeable future, reverse relocation—employees moving away from their employers—is likewise an ongoing trend. It started as soon as the pandemic hit, with huge numbers of [people moving out of cities](#) like Brooklyn, Chicago, Los Angeles, San Francisco, Seattle, Houston, and Manhattan. While this trend slowed after that initial spike, most of these cities have yet to recover. As seen with examples like The Hartford, insurers that are based in big cities have taken the brunt of this shift. The resulting talent pool in urban areas has shrunk significantly.

For similar reasons, then, we have also seen several [corporate relocations](#). States like Texas, Florida, Arizona, and more have welcomed companies that are seeking to follow the talent, not to mention a friendlier business climate. These moves simultaneously allow companies to trim exorbitant expenses and taxes they incurred in areas like Silicon Valley. Other companies, such as [insurer Medical Mutual of Ohio](#), are staying in-state but moving out of downtown cities and into the suburbs.

Are Relocation Packages Dead?

So, what does that mean for relocation packages? Can insurers still rely on this tactic to attract and retain top insurance talent?

Insurers that have already committed to remote work models for their employees must carefully discern the impact of changing those practices. Besides ensuring a rich talent pool, the insurance sector must also recognize how far it has to go in achieving diversity and innovation—and [remote and hybrid work](#) is one highly effective strategy to get there.

Ultimately, then, the data supports the projected longevity of remote and hybrid work, as well as the continued trend in reverse relocation. This suggests that offering relocation packages when hiring in the insurance industry is no longer a competitive tactic for broadening the talent pool. And *requiring* relocation is almost certainly the fast route to alienating the remaining candidates. For the foreseeable future, relocation packages will serve as a perk to the few employees who wish to use them, but insurers can no longer rely on them as a core tenet of their hiring practices.

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