

# The Uphill Battle the Insurance Industry Faces in Recruiting Top Talent

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## The Talent Gap

“Develop a specialty in the insurance business and you will never have to worry about staying employed”, declared Patrick G. Ryan, the founder and former chief executive of the insurance-brokerage firm Aon at the 16<sup>th</sup> Annual Industry Leaders Luncheon in New York last February<sup>1</sup>. Ryan goes on to say that the insurance industry remains ‘a great industry’, offering lots of opportunities for individual success and budding entrepreneurs<sup>2</sup>.

Despite those claims, the insurance industry continues to suffer from an image problem, rarely stirring up excitement among today’s job seekers. Top talent is simply not putting the insurance industry at the top of the list when staking out a career. With the passage of the Affordable Care Act and the opportunity that health insurance companies provide new employees to improve outcomes while lowering costs, there exists a unique chance for new college graduates to put their fingerprint on improving care delivery in the United States for generations to come.

Seasoned professionals have constructed the industry standard and all but cemented an impervious wall to prospective job seekers, as most executive level industry professionals have lived and breathed insurance their entire careers, usually starting as claims handlers or underwriters. The auxiliary complexity and sensitivity of insurance itself requires employees to possess a myriad of certifications and educational prerequisites. Together, these elements have combined to create a significant recruiting challenge within the insurance industry.

## Seeking Glamour in Insurance?

Few young, educated adults aspire to become a claims examiner; rather, most fall into the profession by default. The diversity of career options available to a job seeker makes it

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difficult to attract young talent to an aging industry that may not hold the excitement that other professions might. Fresh job seekers want to be in a profession that is on the cutting edge, surrounded by energized and educated co-workers who push themselves continually to meet the needs of the digital-savvy, mobile-

enabled, highly skeptical consumer. They want a career that incorporates social media and provides access to the deluge of analytics that define a new world of context-based services. A smaller pool of high-potential entry level hires affords competent, qualified talent the opportunity to gain managerial and executive positions early.

<sup>1</sup> [www.propertycasualty360.com](http://www.propertycasualty360.com), Ryan: *Specialty Skills Key to Success*, February 17, 2012, Mark E. Ruquet.

<sup>2</sup> [www.propertycasualty360.com](http://www.propertycasualty360.com), Ryan: *Specialty Skills Key to Success*, February 17, 2012, Mark E. Ruquet.

According to a study from the Independent Agents & Brokers of America (2008), the average age of an insurance industry professional is 54, and 60% of industry insurance professionals are older than 45<sup>3</sup>. The gap between age and innovation becomes almost insurmountable in an industry perceived as outdated and stodgy. With the number of retiring baby boomers increasing, the insurance industry will be faced with imminent and massive employment shortages. “As more baby boomers retire, the need for young talent is evident,” says Bill Pierson, Big “I” assistant vice president of insurance agent development and executive director of the InVEST Program, “and to combat the generational transition, action needs to be taken now to train entry level recruits and cultivate the growth of management-level employees, so they can take over as boomers retire.”<sup>4</sup>

## The Economics of Candidate Saturation

An I.I.I. analysis of the latest US Labor Department’s Bureau of Labor Statistics (BLS) shows that comprehensive property and casualty-insurer employment decreased by 200 jobs to 523,500 overall; compared to February 2011, employment is down by 4,600 jobs in 2012<sup>5</sup>. With approximately 12.7 million unemployed individuals in the United States today, candidate saturation occurs very quickly.

The number of qualified, certified, and experienced candidates among the unemployed has skyrocketed, inundating insurance recruiters with a torrent of resumes. Most present as unqualified, but the sorting of such large numbers of prospective candidates is neither cost effective nor efficient. Additionally, 5.3 million of the unemployed have been so for 27 weeks or longer and are more likely to exaggerate expertise on their resumes in the hopes of landing a high-paying position<sup>6</sup>.

Some companies seeking top talent (‘A’ Players) in the insurance industry will subscribe to an increasingly accepted mentality that the best candidates are currently employed. For the right or wrong reasons, this feeds a widening unemployment base in the insurance sector, and further complicates the issue.

## Experience vs. Ability

As a whole, the insurance industry works to understand and potentially solve the problems behind the concept of risk. To achieve this, recruiters will seek to hire those candidates who possess the codependent traits of talent and experience, perceiving a linear relationship

<sup>3</sup> [www.propertycasualty360.com](http://www.propertycasualty360.com), *P&C-Insurer Employment Continues Downward Trend in February*, April 16, 2012, Phil Gusman.

<sup>4</sup> [www.iiaba.net](http://www.iiaba.net), *Study Shows Big ‘I’ Invest Program Key to the Future of the Insurance Industry*, December 22, 2008.

<sup>5</sup> [www.bls.gov/news.release](http://www.bls.gov/news.release) /empsit.nr0.htm

<sup>6</sup> [www.bls.gov/news.release](http://www.bls.gov/news.release) /empsit.nr0.htm

between the two. The individuals who have worked their way through the ranks to an executive level position certainly have the upper hand, assuming complacency and poor work habits have not interfered with their work ethic.

While technology and process can be taught, experience cannot. Most insurance jobs are specialized and require specific training or certification in any number of areas. Policy interpretation, complex business interruption claims adjusting, subrogation, and adjudication are just a few areas of expertise within the industry that any executive-level professional should possess. Insurance industry training for the executive-level employee may not be effective and certainly cannot replace the knowledge gained through hands-on experience. Without an intricate understanding of the claims lifecycle, from underwriting and risk assessment to adjusting and settling the loss, even the most effective non-industry expert would have a difficult time succeeding. Identifying and recruiting these rare individuals whose experience and ability are well-aligned is not an easy task.

## Repairing the Talent Gap Problem

Although recruiting viable candidates to the insurance industry does pose significant challenges, they are not insurmountable. Injecting more money or lucrative benefits into the equation isn't always the solution to the problem. While making overall compensation packages more attractive to the job seeker is certainly a good start, there are other ways to attract talent to the insurance industry.

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## Increasing Awareness

In recent years, insurance, specifically personal home and auto, has received acute attention and has also become extraordinarily competitive. Never before has an industry seen so much focus on selling direct to the consumer. Thus, the industry as a whole has polished its messaging and broadened its appeal as a viable career of choice. As such, insurance has become an extraordinarily competitive marketplace. With a consumer perception of insurance as a commoditized product, insurers are using their *brand* to differentiate themselves. Today, competitive advantage lies with carriers who offer a good product, the lowest price, and convenience. Those companies that are the most accessible, whether it is via voice, mobile, or the web, will more easily win over the customer. With so much competition, the need for high-quality talent has become more critical than ever. The intense competition has brought the spotlight directly onto the carrier market, and with it has attracted job seekers' attention.



## Technology Innovation

Candidates fresh out of school tend to pursue jobs that have the potential to develop into interesting and challenging careers. Technology has appropriately been embraced by the carrier and has been heavily advertised to the end consumer. Insurance's catchy advertising pitch, 'Technology when you want it, people when you don't<sup>7</sup>', has aided in making over the insurance industry's image. In addition to giving the consumer a variety of convenient choices, the employment of cutting-edge technology also sparks interest in the job seeker. The integration of technology, specifically mobile, into the processes of purchasing a policy or filing a claim has injected innovation into an industry that historically has not embraced technology. This unprecedented industry trend has piqued the interest of prospective job seekers in a way no other initiative has.

## Mentorship Programs

With so many baby boomers approaching retirement, the responsibility to continue strategic business initiatives will fall onto the younger insurance professional. Mentors can play a very important role in attracting and retaining younger talent to the industry. Mentorship programs provide much-needed direction to the young professional and create a relationship that fosters longevity and loyalty in the new employee. By sharing their knowledge and developing talents in the next generation of employees, the mentor can help to portray the insurance career as attractive and attainable. Requiring seasoned insurance professionals to take on a mentee as part of his or her career development plan provides mutual benefits that can even exceed the tangible remunerations associated with the job (ie, company car, laptop, etc.).

## Conclusion

Individuals can leave the insurance industry and assimilate into other careers, but it is extremely difficult for an industry novice to transition in. The insurance professional must be highly motivated, trained, and properly organized with a strong customer-oriented culture. Successful candidates for the insurance profession will be able to take a holistic view of the complex claims operation, including process, personnel, and technology.

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<sup>7</sup>May 2012, [www.esurance.com](http://www.esurance.com)



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