



**Leaders of
Tomorrow**



Talent and Leadership in the Insurance Industry

Navigating Challenges and Embracing
Opportunities

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Introduction

The insurance industry is undergoing significant transformation driven by the COVID-19 pandemic, rapid digitization, socioeconomic shifts, and evolving employee expectations. These factors have intensified the pressure on organizations to manage talent effectively. I have chosen this report to explore the critical aspects of talent and leadership within the industry, focusing on the challenges and opportunities presented by these changes, emphasizing the strategic advantages of effective talent management for both the (re)insurance industry and society more broadly.

Current Talent Landscape and Challenges

The Great Resignation

The "Great Resignation" has prompted many employees to leave their jobs, often without securing new positions, leading to a deeper examination of the reasons behind these departures. Traditional factors like compensation, health, and work-life balance remain significant, but emerging trends emphasize the importance of employee value, workplace culture, and flexibility.

Reasons for Employee Departures

Traditional Factors:

- Compensation: Dissatisfaction with pay can lead to turnover.
- Health concerns: The pandemic has heightened health concerns both mental and physical.
- Work-life balance: Flexible work arrangements are increasingly prioritized.

Emerging Trends:

- Value and recognition: Employees seek organizations that value their contributions.
- Collaborative environment: A trusting and supportive workplace culture is crucial.
- Autonomy and flexibility: Flexibility in work arrangements is highly valued.

Challenges attracting young talent to the (re)insurance sector:

Image Problem

The insurance sector suffers from an unattractive image and reputation, particularly among millennials (born between 1980 and 2000) and Generation Z (born from 2000 onwards). It is often perceived as a conventional, conservative, and uninventive professional field.

Corporations that want to succeed must engage and change the minds of Millennials and Gen Z, as their presence in the global workforce will represent 59 percent in 2020.

Unfamiliar occupations

According to a survey conducted by The Institutes, 8 out of 10 millennials have limited knowledge of career opportunities in the insurance industry. Young people may not have subscribed to insurance policies yet, and they have minimal awareness and understanding of these products.

Insufficiently competitive salaries and benefits

Young people are attracted to competitive salaries and benefits, but the banking and financial sectors, as well as tech & IT, appear more attractive.

Lack of flexibility

Young people seek a work-life balance offered by remote and hybrid work arrangements, but insurance companies do not always guarantee this flexibility.

Lack of investment in skills development

Another factor affecting the attractiveness of insurance companies is a gap in the understanding of skills their employees will need in the future. Young people are eager to learn and acquire new skills to remain employable over the long term in an ever-changing job market.

Falling behind expectations from the next generation of talent

A report from the World Economic Forum (WEF) states that to understand how to engage talent, corporations need to examine their needs through a human lens.

In that report it was referenced that motivation psychologists Edward Deci and Richard Ryan found that all humans have three innate psychological needs essential for well-being: autonomy, sense of belonging, and mastery.

While these needs are universal, their implications for millennials and Gen Z in the workplace are:

1. **Autonomy:** Younger workers are looking for more decentralised environments where they can decide how work gets done. A Gallup study of the American workforce finds that 42 percent of millennials would switch to a job that allows them to work independently on a project of their choosing and 63 percent to a job that allows them flextime.
2. **Belonging:** New generations are looking for a deeper sense of connection in the workplace. A study by BridgeWorks shows that millennials and Gen Z consider their work a reflection of their identities while a study by American Express shows that 75 percent of millennial leaders prefer to work with people and organisations that share their values.
3. **Mastery:** The new generation of talent is prizing employability above long-term employment. They seek continuous skills development and want to find meaningful growth opportunities at work. A global study by Manpower Group indicated 93 percent of millennials want lifelong learning, and four out of five said the opportunity to learn new skills is a top factor when considering a new job.

Talent strategies cannot be “business as usual”

A report from McKinsey’s Insurance and Organization practices highlighted that “Talent strategy requires the same rigor and focus as business strategy, especially as the insurance industry sees accelerated change.” Conversely though, executives have more often than not cited human capital—rather than financial capital or any other asset—as their scarcest resource.

Putting talent management and corporate purpose in the forefront

How can talent management be seen as an afterthought or box-ticking exercise?

The World Economic Forum says that purpose is the company’s reason for being and is the most powerful tool companies have at their disposal to meet the intrinsic needs of new talent. The study concluded that purpose must be used to reimagine the employee experience. Empathizing with the younger generation will be more effective when purpose and motivational factors are better aligned.

1. Purpose and autonomy

Purpose is the single most powerful unifying point that aligns an organization. By clearly articulating and embedding the organizational purpose and the principles that uphold it, employees will be empowered with guardrails to make decisions at any level.

2. Purpose and belonging

Purpose is a rallying cry that drives employees to emotionally connect to the company and each other. When fully leveraged, purpose is not a static statement, but a powerful unifier and foundation for employees to understand and live their shared values.

3. Purpose and mastery

To help employees prepare for the Fourth Industrial Revolution, companies will not only need to upskill and reskill employees to meet market demands but also personalize their learning journeys to align with their personal purpose.

Strategies for insurance companies to attract, recruit, and retain young talent:

Developing an attractive corporate culture with clearer purpose

Valuing corporate culture, mission, purpose, and emphasizing collaboration, career progression, flexibility, and other benefits are important. Additionally, promoting commitment to sustainable development, which young people are highly attuned to, is a plus.

Promoting career diversity in insurance

The insurance sector offers a wide range of careers (agent, broker, claims adjuster, risk manager, data analyst, cybersecurity expert, etc.). It is important to promote these career options to young people, so they are aware of all the opportunities available.

Emphasizing technology

Insurance companies now offer most of their services through mobile applications (claim submissions, video downloads for claims assessment, inspection planning, claims process tracking, etc.) and utilize artificial intelligence (AI) to streamline their processes.

Promoting the use of technology in the industry can attract tech-savvy young talent.

Recruiting via social networks

Social media is important and relevant for the younger generation. Insurance companies can benefit in promoting their job offers, internships, and compelling content about insurance careers on social networks (LinkedIn, TikTok, Instagram).

Prioritizing DE&I in recruitment

Millennials and Generation Z are highly diverse populations and expect this diversity to be reflected in the workplace. Preserving diversity, equity, and inclusion (DE&I) in their workforce involves eliminating unconscious biases during the recruitment process. Psychometric tests help in assessing candidates' personality traits, intellectual abilities, behavioural skills, values, motivations, and professional interests independently of their name, gender, age, race/ethnicity, disability, sexual orientation, socioeconomic background to better validate their potential.

Taking care of onboarding

Once recruited, it is crucial to support and mentor new hires. Having mentors who will help new recruits network and advise them on progressing in the sector is a real asset.

Investing in training and professional development

It is essential to emphasize job stability in the sector and enable young people to acquire the skills they need to perform and adapt to market changes, offering them career advancement opportunities.

Millennials and Gen Z have begun to dominate the job market. These dynamic new talents seek the energy and flexibility that many industries offer. It is important for insurance companies to consider their expectations and capitalize on this pool of talent to address their deficits in human resources and skills that threaten their business.

The Role of Analytics in Talent Management:

Advanced analytics are enabling organizations to better understand the factors that contribute to employee engagement and satisfaction. By leveraging data-driven insights, employers can develop targeted strategies to improve employee engagement and reduce attrition.

Utilizing Advanced Analytical Tools

Organizations are increasingly turning to advanced analytics to track employee engagement and attitudes across job grades, levels, and geographies. By gathering data on factors such as job satisfaction and career development opportunities, employers can identify areas for improvement and develop targeted interventions.

Certain organizations are more prone to attrition due to factors such as outdated workplace cultures, lack of career advancement opportunities, and inadequate support for employee well-being.

Companies that fail to use analytic tools and develop preventive targeted strategies to adapt to changing workforce expectations will struggle to retain top talent.

The Future of Insurance

The insurance industry is poised for significant changes as AI continues to evolve. However, rather than viewing AI as a threat to core competencies, insurance professionals should embrace it as an opportunity to enhance their skills and deliver better outcomes for customers. By fostering a culture of continuous learning, ethical AI governance, and human-AI collaboration, the insurance industry can harness the power of AI while preserving its core strengths and values.

Industry leaders need to become more vocal about future skill requirements for the various insurance functions to maintain a degree of positive morale that we are not going to be completely replaced. A report from McKinsey estimates that the need for technological skills will increase 55 percent from now through 2030, while cognitive skills (data inputting and processing) will decline by 15 percent. In addition, greater need for social and emotional skills will develop as machines automate more knowledge work. The workforce will require more creativity, critical thinking, and social intelligence to shape and steer them.

Why does Effective Talent Management Matter?

Economic Stability and Growth

Effective talent management is essential for driving economic stability and growth. Organizations that successfully attract, develop, and retain talent contribute to increased productivity and innovation. This, in turn, leads to economic expansion and job creation. A well-managed workforce can respond more effectively to market demands, adapt to changes, and drive the development of new products and

services, which are vital for any company and more importantly a thriving economy.

Enhancing Organizational Performance

Talent management directly correlates with organizational performance. Companies that prioritize talent management are more likely to outperform their competitors, leading to improved financial results and shareholder value. This success not only benefits the organizations themselves but also contributes to the overall health of the economy, as thriving companies can invest in their communities, offer better wages, and create more jobs.

Employee Well-Being and Job Satisfaction

A focus on talent management leads to better employee engagement, job satisfaction, and overall well-being. When organizations invest in their employees through training, development, and creating a positive work environment, they foster a culture of support and recognition. This not only helps retain talent but also enhances employees' quality of life, contributing to their mental and emotional well-being.

Future Workforce Preparedness

As the nature of work continues to evolve due to technological advancements and changing societal needs, effective talent management is crucial for preparing the workforce of the future. Organizations that prioritize continuous learning and skill development enable their employees to adapt to new challenges and opportunities. This adaptability is essential for maintaining a competitive edge and ensuring that the workforce is equipped to meet the demands of an increasingly complex world.

Resilience in Crisis Situations

The recent COVID-19 pandemic has highlighted the importance of having a resilient workforce. Organizations that effectively manage talent are better positioned to navigate crises and adapt to sudden changes in the business environment. By fostering a culture of agility and support, companies can ensure that their employees remain engaged and committed, even in challenging times. This resilience is vital for both organizational success and societal stability.

Innovation and Progress

Talent management plays a critical role in fostering innovation. Organizations that invest in their employees and create an environment that encourages creativity and collaboration are more likely to develop groundbreaking ideas and solutions. This innovation not only benefits the organizations themselves but also contributes to societal progress by addressing pressing challenges and improving quality of life.

Conclusion

The insurance industry is at a critical juncture, facing unprecedented challenges and opportunities related to talent and leadership. By embracing digital transformation, fostering a diverse talent pipeline, and prioritizing employee engagement, organizations can navigate the evolving landscape and position themselves for future success.

With talent management as the bedrock for long-lasting success, the (re)insurance industry's leadership needs to walk its talk by navigating these challenges as a priority.

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