



THE INSURANCE INDUSTRY WORKFORCE

# A new generation of opportunity



FINDING AND RETAINING GREAT TALENT IS a huge concern across the insurance industry. With unemployment at an all-time low, it's a job-seeker's market. Employers are battling to attract and retain motivated, high-performing talent that can help their business grow.

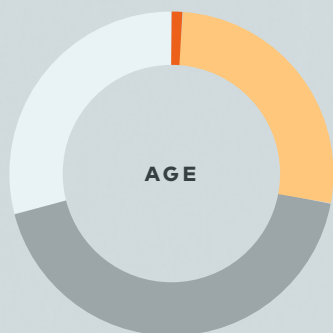
To complicate matters, companies are managing a multi-generational workforce spanning more than half a century of age and experience. Along with baby boomers, Gen X, and millennials, Gen Z has started to enter the workforce. This newest generation of workers has been raised entirely in the era of the Internet and social media, bringing yet another twist to the employee population.

What will this multi-generation environment mean for the future insurance industry workforce? How will this shift impact hiring and retention strategies? And, what can employers do to keep today's and tomorrow's workforce engaged?

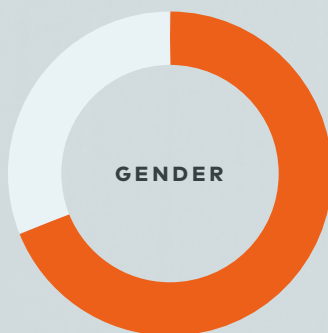
The natural assumption might be that, by virtue of their varying life stages, experiences, and cultural influences, each of these generations wants different things out of a career or their employer. However, it turns out they're more alike than expected and want many of the same things: work-life balance, a feeling of purpose in their work, and personal and professional growth opportunities.

For the past three years, Vertafore has taken a pulse on the insurance industry workforce to uncover employees' needs and wants. This year we surveyed insurance industry professionals across a wide range of roles, ages, and levels of experience to see what makes them tick. Our goal: To give insurance employers insights to make smarter people decisions and improve their talent management strategy.

#### OUR SURVEY TAKERS



- GEN Z
- MILLENNIALS
- GEN X
- BOOMERS



- FEMALE
- MALE



- < \$30,000
- \$30,000 - 59,999
- \$60,000 - 99,999
- \$100,000+

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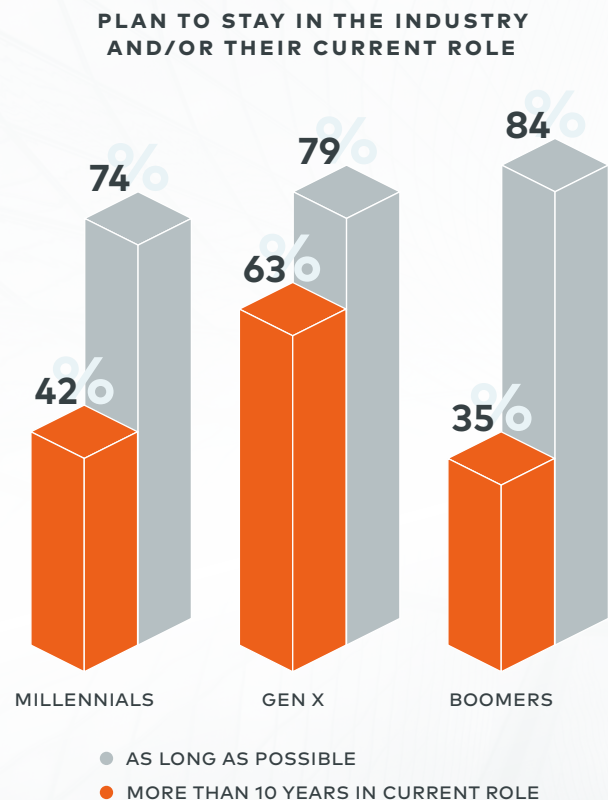
# State of the industry: In it for the long haul

THERE'S GOOD NEWS FOR EMPLOYERS when it comes to retention: the insurance industry seems to attract employees who want and value a long-term career. For example, while millennials have gotten a bad rap for being "job jumpers," the insurance industry blows that stereotype out of the water. In fact, across baby boomers, Gen X and millennials, the number of employees who have been in the industry for more than 10 years has spiked to over 60%, up from less than half in 2017.

Millennials continue to make up a growing portion of this group, with nearly a quarter reporting a decade or more in the industry, and an additional 31% who have between six and 10 years of insurance experience.

And, even better news for employers, the number of workers who plan to stay in the industry and their current role continues to increase. This year:

- Nearly three-quarters of millennial professionals say they plan to stick around as long as possible. That number isn't far off from their Gen X and baby boomer colleagues, with 79% and 84%, respectively, saying they plan to stay in insurance.
- Forty-two percent of millennials and 63% of Gen X see themselves staying in their current role for more than 10 years. In contrast, only 35% of baby boomers said they plan to stay in their role for more than 10 years, perhaps because they are nearing retirement, not because they want to switch industries.



## CONTRIBUTING FACTORS FOR CHANGING ROLES OR COMPANIES

INTERNAL PROMOTION

27%

WORK/LIFE BALANCE

19%

OTHER

17%

CULTURE

8%

COMPENSATION

LACK OF ADVANCEMENT

7%

LOCATION

6%

EXTERNAL PROMOTION

### The secret to staying power

What gives insurance roles such staying power? The survey found that, aside from compensation satisfaction, employees cite job security, consistency, and the comfort that comes with a stable industry as key benefits. These no doubt contribute to very strong job satisfaction: across the board — respondents of all ages rated their satisfaction with their role and pay 7 out of 10. The insurance industry ranks fifth in employee happiness, just behind technology and software.<sup>i</sup> That means as the industry becomes more reliant on technology to improve efficiency and customer relationships, the InsurTech sector could be seen as a good option for an extremely satisfying career.

A surprising number of insurance professionals — roughly 44% of millennials, 37% of Gen Xers, and 29% of baby boomers — are so satisfied that they're still in their first industry role. This is further validation of the insurance industry as an attractive opportunity that keeps people of all ages happy, engaged, and loyal.

At the same time, 14% of millennials we surveyed are the owner or principal of their organization, and roughly 42% are in their current role due to an internal promotion. Clearly there is plenty of room for upward mobility for those with the desire for advancement.

### Insurance is a family affair

While job satisfaction and longevity have remained relatively constant, what has shifted over the last few years is how professionals came to be in the industry in the first place. Employee referrals are still a huge factor in insurance hiring with 39% of millennials, 35.5% of Gen Xers and 29% of baby boomers landing a job on a recommendation.

Joining the family business is a popular option for millennial workers. More than a quarter of millennials in the industry now work for a family-owned company. This is a higher percentage than baby boomers (21%) and a sharp contrast from just the one in 10 Gen X professionals who reported working for the family business.

Keeping it in the family can be an extremely smart strategy, as data shows family-run companies are some of the most successful. For example, family businesses:

- Are focused on retaining top talent to drive innovation, with 85% identifying it as more important than profitability.
- Experience steady growth, with 64% reporting positive gains.<sup>ii</sup>
- Are more innovative than other companies.<sup>iii</sup>
- Have stronger culture and values than non-family firms — important qualities when it comes to building trust with customers.<sup>iv</sup>



### A new perspective on insurance

One of the biggest factors attracting younger professionals to the insurance business could be that their perceptions of the industry differ from their predecessors. It seems we've done a great job of promoting the industry as one ripe with opportunity.

Before taking an insurance role, baby boomers said they perceived the industry to be mundane, boring, reliable, and stable. It turns out, the latter two qualities, reliable and stable, have become strong incentives for younger generations. In fact, they were the two most common answers among our respondents.

Even better, for millennials, new challenges and learning opportunities now top the list of their first impressions of the industry, and they've become two of the highest priorities for young employees when choosing a career. This alignment of impressions and priorities is great news for our industry when it comes to attracting new talent.

With Gen X we started to see a shift — half of the respondents agreed with baby boomers

that they perceived the industry to be boring and mundane, while the other half agreed with millennials that the industry is reliable and stable. While we don't have quantitative data to back this up, we assume trends have been slowly and consistently shifting throughout the generations, with Gen Xers in the middle of the change. The slow, yet constant, change, rather than abrupt, independent shifts between generations is promising and helps us gauge what future generations are looking for in an employer and a career.

The bottom line is insurance continues to be a satisfying, rewarding, and highly engaging career choice — one that keeps cross-generational employees in it for the long haul. And, since referrals are such an important source for recruiting, the fact that so many are happy with their career is a powerful recruiting tactic: 81% of millennials, 87% of Gen X, and roughly 91% of baby boomers would highly recommend a job in the industry.

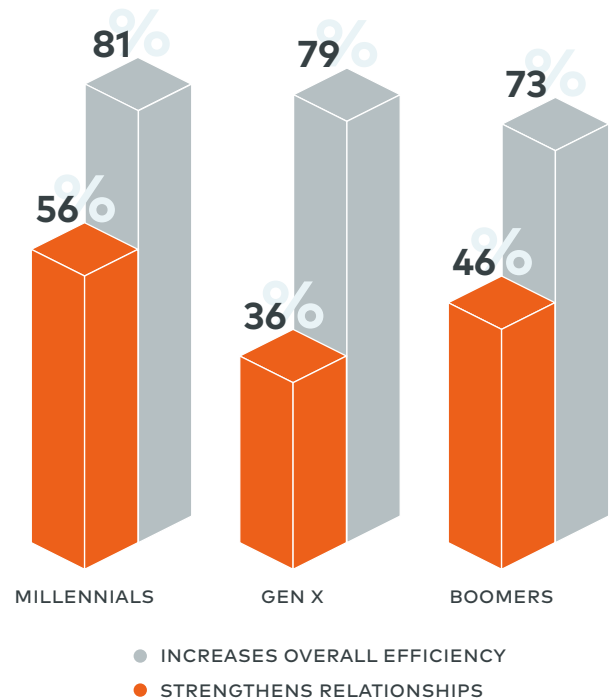
# InsurTech works

THE INSURANCE INDUSTRY has undergone a tremendous digital transformation over the past several years, and the evolution is still underway. While some employees remain skeptical of technology and fear it may detract from the personal service they're accustomed to delivering, most recognize the benefits of InsurTech.

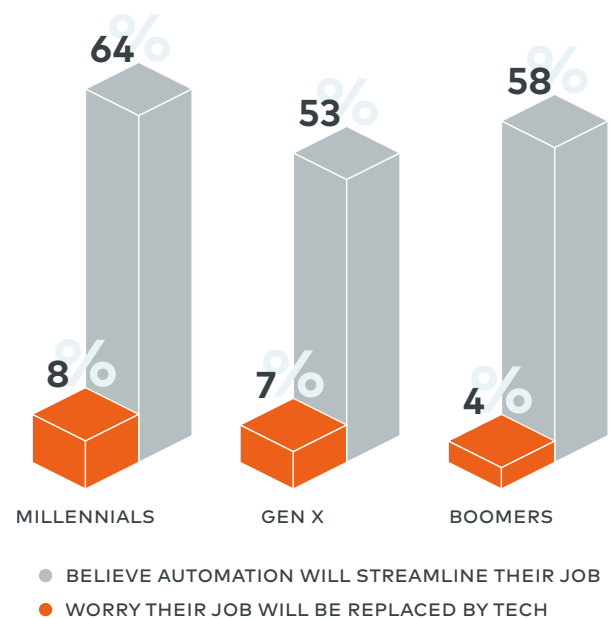
A large majority of insurance professionals agree technology has had a positive impact on their company and the industry. Millennials are particularly aware of the potential benefits — 80% believe technology has improved overall efficiency and 56% think technology can help to strengthen customer relationships. Gen Xers for the most part agreed that technology will increase overall efficiency (79%), but only 36% believe that technology can help them to strengthen relationships with customers. Boomers aren't far off from those numbers either, with 73% agreeing that technology can improve efficiency and 46% thinking that technology can help them to strengthen client relationships.

Across the board, insurance professionals are optimistic technology will improve their working experience and their relationships with clients. The most positive responses came from baby boomers and millennials. Fifty-eight percent of baby boomers, 53% of Gen X and 64% of millennials believe automation and other advances will streamline their job functions, enabling them to focus on the most important aspects of the job: meeting with clients and serving their needs. Only a small portion (6% of all respondents) worry their job will be replaced by advances in technology.

## THINK TECH HAS A POSITIVE IMPACT



## OPINION ON ADVANCES IN TECH



Despite confidence in InsurTech solutions, it seems most organizations have a way to go when it comes to adoption. Across generations, employees said their company is only slightly above average in keeping up with the latest advances. Perhaps not surprising: Millennials and Gen Xers, who tend to be more tech-oriented, give their company only 3.5 out of 5 in keeping up with latest advancements, while boomers rate their company slightly higher at 3.75. Both sets of responses show there's room — and a need — for improvement.

## GEN Z:

# A new generation of workers on the horizon

For the first time, our 2019 survey included responses from Generation Z employees. Gen Z — defined by Pew Research<sup>v</sup> as anyone born after 1997 — is the largest generation in American history and its oldest members are starting to enter the professional workforce.

This newest generation of workers are considered "digital natives." They didn't know a world before Google, the internet, and handheld devices could immediately connect them to information and services. Social media and mobile technology are highly integrated into their daily lives.<sup>vi</sup>

In addition, research shows that members of Gen Z value individual expression, are idealistic and cause-oriented, and are set to be the nation's most well-educated generation yet.<sup>vii</sup>

Because Gen Z workers are just starting to enter the workforce, the sample of Gen Z respondents was too small to support definitive conclusions. However, the data does suggest some commonalities with millennials, Gen Xers, and boomers that can help employers appeal to the newest pool of talent.

While our sample size for Gen Z insurance professionals was small, we are still seeing some trends hold true for this incoming generation of employees. Gen Z young professionals are still highly satisfied with the insurance industry, ranking the industry a 7/10, and two-thirds of Gen Z respondents see themselves staying in their role for more than 10 years.

In contrast to older generations, nearly all respondents said they believe technology has enabled them to strengthen customer relationships, but are more skeptical that technology will increase their overall efficiency.

As this new generation enters the workforce, there were two factors that our respondents credited for enjoying the insurance industry: the ability to work directly with people in their community and the financial stability the insurance industry provides. These will be two areas employers may want to emphasize as the largest generation enters the competitive workforce.



# What employees want

In their bid to compete for the best and brightest talent, the burning question for insurance industry employers is: What exactly do employees want? This year, several factors floated to the top of everyone's must-have list.



## Compensation

Insurance professionals of all ages ranked compensation as a top incentive in the industry and a key factor that would lead them to consider a new opportunity. Younger workers are more likely to be lured away by more money. Seventy-one percent of millennials and 61% of Gen Xers said a higher salary is a top enticement to leave, compared to just 43.5% of boomers. This could be because older employees may have already reached their peak earning potential, whereas younger generations believe they have more room for salary growth.



## Opportunity to help in their community

Respondents of all ages love that the insurance business gives them an opportunity to help their neighbors in times of need and be a risk adviser to ensure their assets are protected. Millennials, Gen Xers and boomers ranked this among the top three best things about their job, confirming that regardless of age, the desire to do good is a high priority for people in our industry.



## Work-life balance

Sixty-four percent of millennials would leave their current job for better balance, compared to less than half of boomers and Gen Xers. In fact, 59% of boomers and 61% of Gen X ranked a healthy work-life balance as one of the top three best things about their job. This contrast may be due to generational perspectives or differing life stages. Millennials may be ready to start a family and need more flexibility whereas Gen X and boomers may be more settled, may be empty nesters, or in senior roles with an expectation of longer hours.



## Better onboarding

For millennial employees and about half of Gen X respondents, the onboarding experience needs a dramatic overhaul. Respondents cited lack of training, a steep learning curve on agency management solutions, and difficulty in learning the industry in general as significant challenges. In contrast, boomers expressed few concerns with onboarding, suggesting their tenured knowledge is a strong asset. This is a strong call to action for agencies going forward: modernizing is a must in order to attract incoming talent. Today's workforce increasingly expects a better user experience, more intuitive interfaces and solutions that move the needle on productivity and efficiency. Forcing them to struggle with out-of-date technology will pose a barrier to keeping younger employees.



### Clear career growth opportunities

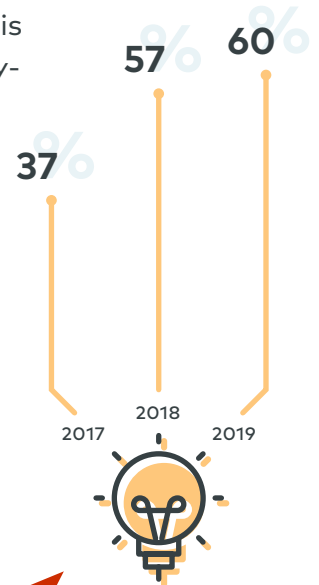
Overall, employees want opportunities for professional development, to enhance their skills, and to take on new challenges. Roughly half of respondents of all ages cited this as one of their favorite aspects of the insurance industry, and a third say providing these opportunities is crucial for attracting the next generation of talent.



### Creativity and autonomy on the job

Having the freedom to be creative and devise and implement solutions is becoming a much higher priority for modern insurance employees. Sixty-one percent of millennials rank this as one of the best things about the job today, and we've seen a steady increase over the past three years, likely driven by more millennials coming into the workplace.

Comparatively, 55% of Gen Xers and 67% of boomers ranked this as one of the best parts of the job. Combined, the numbers make it clear: being able to be creative and autonomous within a roll is one of the best parts of working in the insurance industry overall. Younger generations tend to gravitate toward opportunities to work independently, push the envelope, or to explore new cultures or experiences, so it makes sense that this demand would grow in lock step with the surge in younger employees entering the workforce.



**THE PERCENTAGE OF RESPONDENTS WHO EMPHASIZED THE IMPORTANCE OF BEING CREATIVE/AUTONOMOUS IN THEIR ROLES HAS INCREASED OVER THE YEARS**



### Greater diversity

Gender and age gaps are a significant obstacle for millennial respondents who feel the industry is dominated by older males. This perception poses a challenge especially for younger women trying to get a foot in the door. In fact, while over 60% of the insurance workforce is female, women occupy only 19% of board seats and 12% of C-suite positions. In addition, only 35% of independent agencies are led by a female principal or senior manager.<sup>viii</sup> Employers would do well to extend leadership opportunities to deserving young people and women.

At the same time, as more employees come into the industry by joining a family-run agency, this could naturally begin to shift. Quartz Workplace's 2018 survey of the largest family-owned businesses found that women fill 22% of the companies' top management roles.<sup>ix</sup> Over the last five years, the number of women-owned family businesses has increased nearly 40%. Even better, over 30% of family business indicate that the next successor to the role of president or CEO is a woman. If these trends hold true for the insurance industry, it will mean great opportunities for young women!

# In their own words...

## GEN Z < 23\*

"I never thought I would stay in the industry... now I can't imagine leaving!"

"Insurance is challenging but rewarding."

## MILLENNIALS 23-38\*

"I am grateful to have found a career in an industry that allows me to grow and help people that has so many unique avenues and consistently provides me with new challenges and opportunities."

"Insurance a very tough industry to understand. It is also very rewarding when you know you just helped someone who otherwise could have lost everything."

## GEN X 39-54\*

"I did not have any insurance background when I started at the agency 23 years ago. And now I am hooked and can't imagine doing anything else!"

"My first insurance position was over 30 years ago. The agency had a typewriter, everything was done in triplicate, and rating was done from a hard copy book. Thank goodness for technology. We can now do more, working smarter not harder."

"We need to do more in colleges to promote insurance careers. Keeping younger generation in the industry is the key."

## BOOMERS 55+\*

"I love being able to make a daily difference in the lives of others when it comes to someone's insurance needs or protection. Customers look to us to professionally guide and advise them about what options are available and it's up to us to provide them with the best coverage."

"Still love it after 30 years. We need to demonstrate to millennials how much fun an insurance career can be and the impact they can have to assist an individual or company."

"It has been a very rewarding and challenging career. I love learning and in this industry you never stop."

\*as of late 2019



# Create a culture that succeeds

With such heavy competition for talent, employers in the insurance industry must be proactive in creating the type of workplace culture employees want. And, that includes modernizing the agency environment with contemporary digital solutions.

A significant majority of respondents believe technology is a key factor in their professional success and ability to add value to their customers. By implementing transformative InsurTech solutions, agencies can empower their team with the tools they need to better engage customers, grow their own careers, and contribute to agency growth. Here's how a modern culture, powered by InsurTech, benefits the agency:

- **Improved client engagement:** By providing the digital experience clients expect, agencies can increase their value to the end-insured and position themselves as contemporary partners, on the cutting edge of solutions customers need to lower their risks and protect their assets.
- **Increased efficiency:** By tapping into industry data and leveraging these insights to hone in on key opportunities to add value, upsell, or cross sell, agencies can focus their efforts on the products and markets that deliver the most ROI.
- **Enhanced productivity:** With automated workflows and streamlined digital processes, agents can spend less time on research, data entry, and other routine tasks, and devote more time to meeting with clients to better understand and serve their needs.
- **More profitable agency management:** With technology in place that streamlines agency processes and allows agents to surface insights, make faster and smarter decisions, and identify growth opportunities, agencies can drive profitable growth, providing a more secure, future-ready workplace for employees.

# The future of insurance: A prescription for growth

All signs indicate the talent shortfall will continue in the foreseeable future as unemployment is expected to remain low and job growth rolls on at a healthy pace. That means insurance industry employers must make hiring and retention strategies an urgent priority to have any hope of acquiring — and keeping — top talent.

Here are some tactics that can help employers get ahead of the competition:

- **Prioritize gender and age diversity.** As our data shows, employees want the same things regardless of age. In fact, the more you can do to integrate a multitude of perspectives from across varying age brackets, genders, ethnicities, cultures, and lifestyles, the more you can improve innovation to better serve your customers and employees.
- **Focus on culture.** Employees want to work where they feel valued, energized, and that their efforts are making a difference. Making your organization a great place to work can not only help you retain top talent, but also maximize employee referrals, which remains one of the best strategies for attracting new employees.
- **Do a compensation comparison.** Compensation is the single biggest factor that would lure employees of any age away. Don't let lack of information put you at risk. Tap into industry data on compensation, commissions, and benefits to make sure your packages are on par.
- **Modernize the agency.** InsurTech adoption is becoming a critical factor in agency success, with employees demanding the type of intuitive, user-friendly systems that actually deliver on their promise of efficiency and productivity. Agencies must modernize their systems to provide the intuitive user experience, training and support employees need to make the most of the solutions at hand. One way to do this is to work with vendors to provide resources for learning that match wherever your employees are in the journey — from those in their first week on the job to the most seasoned professionals. Modernizing can also improve the customer's experience by freeing up your agent's time to spend with clients and giving clients the digital tools they expect.



- **Enable creativity and autonomy in the workplace.** Employees overwhelmingly want flexibility, freedom, and work-life balance. They want to work how and when best suits their life and allows them to fulfill their family obligations. And, they want technology that allows them to handle routine tasks faster, so that they can focus on meeting customers' needs by providing insights, advice, and flexible solutions. Offer flexible work hours that give employees the freedom to work and still be there for their families — and enjoy their favorite hobbies. Remember: All work and no play make Jack and Jill dull employees! Also, provide support for community involvement. Today's employees want to be active in their communities, and as your employees, their activity reflects well on your agency, too.
- **Offer career path planning and growth opportunities.** Provide or offer access to professional development opportunities where employees can learn new skills and enhance their future potential. This is especially important for family businesses. Only 15% of family business owners are fourth-generation or more.<sup>x</sup> Family business owners are not always successful passing the business to future generations. Having a succession plan is especially important for family businesses as baby boomers are set to retire. It's troubling that nearly half have no succession plan in place at all.<sup>iv</sup> Career path planning can not only help your business attract the best talent, but it can also be a critical factor in its very survival.

A dynamic, tech-enabled work environment, opportunities to help in the community, to learn new skills, to leverage technology, and to grow professionally are all huge priorities for employees — and ones which the insurance industry plentifully offers. Our data shows that these are universal desires, spanning all generations, not just the whims of newcomers as was purported when millennials entered the workforce.

As an industry, we must make employee satisfaction a top priority, and the good news is, our industry offers the benefits and opportunities today's candidates demand. Promoting these benefits and supporting them with a modern workplace culture will be key to winning the talent war.

# Additional resources

- <sup>i</sup> Tiny Pulse. "2016 Best Industry Ranking: Employee Engagement & Satisfaction Across Industries."
- <sup>ii</sup> PWC. 2019 US Family Business Survey.
- <sup>iii</sup> Kammerlander, N. and van Essen, M. "Research: Family Firms Are More Innovative than Other Companies." Harvard Business Review. January 2017.
- <sup>iv</sup> PWC. 2016 Family Business Survey.
- <sup>v</sup> Dimock, M. "Defining generations: Where Millennials end and Generation Z begins." Pew Research Center. 2019.
- <sup>vi</sup> Business Insider. "Generation Z: Latest Characteristics, Research, and Facts."
- <sup>vii</sup> Francis, T. and Hoefel, F. "The influence of Gen Z—the first generation of true digital natives—is expanding." McKinsey & Company. 2018.
- <sup>viii</sup> STEMconnector®. Women in Insurance: Leading to Action. 2018.
- <sup>ix</sup> Hall, C. "Why Family Businesses Have a Higher Percentage of Women Leaders." Quartz at Work. 2018.
- <sup>x</sup> Deloitte. Long-Term Goals, Meet Short-Term Drive: Global Family Business Survey 2019.



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