

JULY 2022

Attracting the Next Generation of Insurance Talent

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Millions of Baby Boomers retired from the workforce during the height of the pandemic, and those who are left will likely be retired by 2030. Curiously, out of all the industries Boomers are still working in, the insurance sector [employs the majority of them](#).

Although, maybe it's not so curious. For better or worse, the insurance field is stereotypically known for its legacy technology and aversion to change. These aren't trends that attract a younger workforce, and so, even though Millennials and Gen Z outnumber every other generation on the planet, the aging insurance field struggles to recruit and retain these younger professionals.

As a result, insurance companies are experiencing a serious war for talent. From 2020 to 2021, insurance job postings increased from 12,000 to 40,000—and that number is ever-growing. How can insurers overcome this challenge and attract the next generation of insurance talent?

The War for Talent in Insurance

According to the [BLS](#), fewer than one in four insurance professionals is under the age of 25, and half of the workforce is currently made up of Baby Boomers. The cherry on top is the fact that the unemployment rate in the industry sector is half that of other industries.

The BLS has aptly named this challenge the “retirement cliff,” which is predicted to leave over 400,000 positions vacant over the next decade. It's no surprise, then, that there's a vicious war for talent in insurance.

The [Great Resignation](#) did nothing to help matters. Although [many of the professionals](#) who quit their jobs during the last couple of years did stay in the insurance field (while many in other fields jumped ship and started down entirely new career paths), the fact is that Millennials and Gen Zers were the ones searching for new employment—at a rate *double* that of Baby Boomers.

When it comes to attracting younger generations of insurance talent, traditional insurers may also run up against competition from emerging insurtechs. Though many of these startups are looking at recent graduates (rather than poaching senior talent from legacy insurance organizations), it's a reality that highlights the evolving landscape of insurance and how it impacts talent acquisition.

And it's not just insurtechs driving change. The insurance field needs more tech-related professionals than ever before—particularly those in [data science](#) and cybersecurity—which are in high demand at big tech in general. As [SVP Pentti Tofte of FM Global](#) says, these skill sets are “highly transferable between industries.” The competition for top talent is at a fever pitch.

Finally, the insurance industry has always had a bit of a candidate pipeline problem, particularly for companies that are family-owned where talent has often been sourced within family and friend groups. This has simultaneously led to limited diversity within the sector. These challenges make it all the more difficult to attract younger generations, particularly as issues like DEI rise to the surface.

Taken together, retirement, resignations, lack of tech talent, and limited diversity give the insurance industry an image that struggles to capture the interest of new talent. However, it's not the end of the story. The insurance sector can and will evolve.

How the Insurance Field Is Evolving

Technology

As mentioned, technology has been and continues to be a gamechanger for the insurance field. [McKinsey](#) suggests that there are five key tech trends impacting all sub-sectors of insurance, from home and auto to commercial P&C and life and annuities. To name a few, these technologies include AI, cloud-based infrastructure, IoT, automation, virtualization, blockchain, and cybersecurity. This last one is significant; the [Insurance Information Institute](#) reports that cyberattacks in the world of insurance have increased exponentially over the last few years.

The insurance industry has been notoriously slow to adapt to technology, particularly in light of its complex regulatory environment. But its legacy technologies run the risk of quickly becoming obsolete. Insurers who have made the leap into digital offerings and more sophisticated tech capabilities are gaining greater market share and are better positioned for growth and agility in a shifting insurance landscape. It's clear that companies have no choice but to evolve—which means finding talent who can drive change.

Social & Ethical

Environmental, social, and governance (ESG) and diversity, equality, and inclusion (DEI) initiatives have been launched into the spotlight the world over. Companies in every industry

feel the pressure to address these issues both within and outside their own organizations. For insurers, [McKinsey](#) points out there is significant “reputational, competitive, and financial fallout companies could face over their handling of ESG issues.”

It’s a similar story for DEI. The higher one goes up the corporate ladder in insurance, the less diverse the talent—there are, [for example](#), just a handful of female CEOs in the U.S. insurance industry. Of insurers that trade on the NYSE or Nasdaq, less than one in four executives and officers are women. Racial diversity in insurance is also a pain point, with severe underrepresentation especially higher up the ranks. That said, the industry as a whole boasts [seven to 14 percentage points](#) greater diversity compared to other industries in North America.

With ESG and DEI at the forefront of the conversation, particularly among younger generations, insurers must work on systemic culture change that addresses these issues. Among the many things job seekers look for in new opportunities, social and ethical values rank high in their list of considerations.

Remote Work

Many insurance companies have long been committed to their local talent pools, requiring people to commute into the office. But remote and hybrid work has taken center stage. For Millennials and Gen Zers, the change is welcome; they’re seeking flexibility and optimized engagement. There are also countless studies that have shown a hybrid work model encourages greater productivity and overall employee satisfaction.

In an industry that can often be high stress with high-volume workloads, work-life balance and flexibility are critical in attracting and retaining top insurance talent.

How Insurance Companies Can Attract the Next Generation of Talent

[Millennials and Gen Zers](#) are less familiar with the insurance space than older generations. Two fifths of Gen Z in particular do not carry insurance outside of health insurance. That presents a challenge, because almost half of them say they value a job that aligns with their personal interests more than any other consideration. They’re also looking for employers that strive for innovation and provide remote flexibility.

To attract the next generation of insurance talent, then, leaders must conduct an honest assessment of their culture, work environment, and overall brand. They must be able to offer a

compelling career path and meaningful growth opportunities. Leaning into and embracing emerging technologies are also key tactics to attracting younger talent.

Finally, insurers may simply have to get creative in their recruiting strategies to address this ongoing war for talent. Getting involved at the college level to build long-term connections may be one such tactic. Another might simply be expanding the talent pool in the direction of non-traditional candidates—those with unlikely educational backgrounds, neurodivergence, military experience, and working parents, for example.

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The insurance industry continues to watch their older workers leave the workforce. Expanding their reach into younger talent pools is key not only for filling vacancies but also for aligning their workforce with an increasingly younger target market.

How is your insurance business responding to the war for talent?