INTERNATIONAL INSURANCE SOCIETY

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SHIN RESEARCH

Exploring Talent and Leadership Trends

Report

The Shin Research Program, underwritten from the generous support from Kyobo Life Insurance Company, is designed to stimulate original, theoretical research on practical issues in the insurance industry. For over three decades, the program has partnered with the International Insurance Society (IIS) to cultivate in-depth research on topics like regulation, microinsurance, genomics, cyber, resilience, and more.

Conversations with industry executives and feedback from IIS's annual Global Priorities Survey have highlighted the need for more research into talent and leadership trends. In 2023, the Shin Research Program has begun a long-term initiative focused on deepening our understanding of these trends. The objective of this first report is to gather the perspectives of senior human resource leaders on how the industry can address its talent gap.

Executive Summary

High-Level Findings

Interviews with senior human resource leaders found that it's more important to seek candidates who demonstrate the capacity and curiosity to develop their technical skillset than to necessarily have those skills already. Candidates who are equipped with a broad understanding of the global, integrated nature of the insurance industry will be better able to adapt to technology's changing impact on their role, on their company, and on the insurance industry overall.

The industry can attract these candidates by supporting their continuous skill development, ensuring flexible working and learning environments, and providing clear paths for career growth. The convenience and flexibility of online learning has enabled the modern workforce to acquire new technical skills on-the-job, as needed. But to cultivate and retain this workforce, it's also important that the insurance industry connects the work to a broader purpose. Modern employees want their career to align with their values. Companies should help employees understand how each role interacts and contributes to the companies' goals and how those goals serve the well-being and financial security of real people.

Report Overview

Research Goals

For the Shin Research Program, IIS developed three research goals:

- ▶ To examine the talent gap alongside effective means to attract, retain, re-skill, and cultivate a workforce that sustains the industry's ability to evolve to meet the needs of the increasingly complex and changing global risks.

- ▶ To enable our industry to better compete in the purpose-driven talent landscape.

- ▶ To build a continuum of study, updated annually, which positions the Shin Program to continuously educate our industry on key trends in talent management.

This report addresses Research Goals 1 and 2 while creating a qualitative foundation on which we can address Research Goal 3 via an annually recurring survey.

Methodology

IIS engaged with senior human resource leaders from insurance and risk management companies across the globe. Most in-depth interviews lasted between 30-45 minutes. One participant submitted their response in writing.

During Q2 of 2023, a Senior Researcher conducted the interviews, compiled notes, and produced this report.

Participants

IIS interviewed senior human resource leaders from insurance companies across the globe for this research. Participants had a range of titles, including: Vice President of Human Resources, Human Resources Director, Chief Human Resources Officer, Chief Strategy Officer, Senior Vice President of Global Talent, Head of Learning and Leadership Development.

The Talent Gap

What skills does a modern employee need to excel in the insurance industry? The following list includes the most commonly reported skills and qualities that senior human resource leaders look for in new candidates across a variety of roles. The skills on this list are neither exhaustive nor required for each role.

- ▶ Data fluency; being conversant in data; able to tell a story with data
- ▶ Having a technical mindset; understanding where tech/automation should be applied
- ▶ Big picture thinking; knowing what's going on in the broader industry and economy and how it all fits together
- ▶ Be curious and open-minded; have a growth mindset

> *Jobs are changing so rapidly. So many people have jobs that look so different now from 5 years ago. So we try to hire for mindset and behaviors. Alignment with values is important because we genuinely believe we can train you up on the technical skills.*
>
> *Human Resources Director*

Data Fluency

All respondents spoke about the need for a modern employee to have some degree of data fluency. Employees should be able to "speak data". They should have a quantitative mindset that enables them to understand the basics of different data types and identify the difference between good and bad data. Most importantly, modern employees should be able to use data to tell a story – to convert data into usable information. They should have an analytical framework that allows them to understand what the numbers mean and how they translate into the real world – and to use that data to inform strategic decision-making.

Technical Mindset

In this rapidly changing technological landscape, it's difficult to expect new employees to be proficient with the most cutting-edge tools and technology. Not everyone needs to be a technologist. But as technology increasingly shapes the industry, it's important for employees across most roles to have some understanding or awareness of the tech that is dominating the industry. It's smart to be curious about technology's role in the future.

For senior leaders especially, knowing how to strategically leverage technology to drive efficiency and opportunity is critical. For career-minded employees, it's important to have "digital dexterity". This adaptability will prepare them for how technology will change their jobs in the future.

Broadness, Having a Global View

In addition to having a technical curiosity, it's important that employees take a broad view of their role in the insurance industry. Employees should understand how the whole system works: how their job contributes to the company's mission, how other roles impact their own, how the industry fits into the broader global economy. This global, integrated mindset is important for two reasons:

- ▶ **Adaptability.** Maintaining a broad view of the industry will enable employees to sift through market disruption, staying ahead of changes to their job. They can identify upcoming trends in tech and globalization, enabling them to retrain and focus on skills that will be important in the future. Call center employees, for example, may view a tool like ChatGPT as either a threat to their job or as an opportunity to retrain using a tool they can leverage for improved efficiency. With no job being guaranteed in the future, it's important to not get locked into the idea of doing one job function.

The Gig Economy

Most commonly associated with apps like Uber and Instacart, the gig economy is credited with offering workers flexible scheduling and varied experiences. But a Senior Vice President of Global Talent argues young workers shouldn't have to choose between a full-time job and the flexibility and excitement of gig work:

"Let employees explore new roles. This keeps the work exciting, improves collaboration, fills pockets of non-productivity, and helps retain talent."

- **Motivation.** Seeing the bigger picture of the insurance industry's role can be a powerful influence. Ensuring a modern employee understands how their work is making an impact on people's lives can be a powerful motivating influence. This can be challenging in some roles – especially those that aren't client-facing – so having a global view can help connect work to a sense of purpose.

> *If I understand my role and my place, I can understand my possible career growth as well. Then, you don't need to leave the company to get a totally different experience. You can change positions within the company and still find a diverse experience.*
>
> *Head of Global Talent Team*

Additional Skills

Interview participants touched on some additional skills they think a modern employee should be able to demonstrate.

- Being strategically and intellectually curious; being a life-long learner who seeks to continuously cultivate new skills

- Having strong business acumen; in a complex industry, growth and solutions are complex - having a solid business foundation helps keep the work connected to the larger strategic goals of the company

- Project management; being able to adapt and modify approaches, iterate, stay organized and move the work forward; execution discipline and project efficiency

- Communication and leadership skills; demonstrating empathy and candor builds trust and helps leaders communicate strategic vision, motiving employees' by connecting their work to a larger purpose

Attracting Talent

How can the insurance industry appeal to new talent? The types of skills the industry needs to close the talent gap (data fluency, technical mindset, broadness, and adaptability) means attracting people who are interested in constantly learning because the field of data and tech are constantly changing. These are common themes from senior human resource leaders on how the industry can attract these life-long learners:

- Provide clear paths for growth, both in skills and in career development

- Communicate the industry's natural appeal: its society-focused mission; use of technology

- Embrace/adapt to the gig economy; avoid defining roles too narrowly

- Offer flexibility in scheduling, location

> *Most people want to be serving a higher purpose. Practically, people want a job but, beyond that base, they want to know that what they're doing is making a difference in people's lives.*
>
> *Executive VP and CFO*

Attracting talent is challenging, especially in this highly competitive hiring landscape. Even as recession fears have calmed some of the competitiveness from their pandemic highs, workers still have increased power in the marketplace.

Provide Flexibility

Talented candidates are increasingly looking for flexibility at their workplace. This could include remote or hybrid work, flexible hours, work-life balance, and/or support for varied skill development. The pandemic demonstrated to candidates that remote/hybrid work is possible, so they are more confident making flexible working requests and have grown accustomed to having a stronger work-life balance.

The insurance industry could adapt to this reality by providing employees with more flexibility – not just in how employees work, but in the work they do. One HR leader suggested that companies introduce "rotational programs" or "job shadowing'. These terms describe a culture where employees are periodically encouraged to swap roles or tasks with someone in a different department. The goal is to imitate some of the allure of gig work, increase collaboration and skill development, and improve "broadness". This exchange of skills should be part of an employee's overall growth plan so that the work remains productive and purposeful to both the employee and the employer.

Communicating Values

The interview process may be the best opportunity for a company to communicate its values. They are a great opportunity to improve messaging around the insurance industry's mission-driven nature – especially for candidates who may know little about insurance and are considering roles in other, similar sectors, like financial services.

Company messaging, via the corporate website, annual reports, and media publications are also very important – particularly when you're looking at mid-level management and above. These give candidates a feel for the organization and its values.

While some younger workers are skeptical of online employment reviews through GlassDoor or LinkedIn Reviews, these data points are still a factor in how they assess an organization before applying. However, the strongest influence for prospective candidates remains their personal and professional networks.

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> *There's not enough visibility and appreciation across the external landscape as to the appeal of the insurance and reinsurance industry. Its convergence of technology and finance makes it appealing on so many levels.*
>
> *Executive VP and CFO*
> "

Additional Insights from Interviews

▶ Job postings may be getting shorter in an environment where technical skills are less important than value alignment (one participant suggested trimming to 5 bullet points).

▶ Competitive compensation matters. Some leaders suggested the industry's pay needs to improve to match roles in other financial services; other leaders said the pay gap was closing.

▶ Roles in financial services tend to be the industry's main competition for talent. They may often be a more attractive field due to its perceived advantage in pay, reputation, and clearer career growth opportunities.

▶ Balancing the desire for workplace flexibility with the need for strong company culture can be a challenge with remote work. It's important to focus on "creating moments of togetherness" to reinforce the alignment of values.

How can the industry best cultivate new talent? As indicated above, cultivating life-long learners is a critical part of both attracting and retaining top talent. This skill development can take different forms, but these are some recurring themes and tips from senior human resource leader interviews:

- ▶ Have clear and robust training plans. Demonstrate investment in learning and growth

- ▶ Use online learning to meet employee need for flexibility, adaptability, technical skills

- ▶ Social learning helps meet employee need for soft skill development, mission-alignment

- ▶ Leverage internal mentoring, external coaching

- ▶ DEI initiatives help cultivate talent through retention

Planning for Continued Growth

New hires want to know that there is a robust training plan in place for them. This not only serves as a motivating influence but also demonstrates the company's values and is a strong signal of long-term employee support. This path for skill development should be charted during onboarding so that employees understand the skills they'll need and see how their work fits into the bigger picture.

Continued education is also critical for junior and upper-level executives. While it's important for all employees to have a sense of broadness about their role at their company, it's critical for senior employees to know enough to manage more than just their silo. Strong leaders can see across their organization to find opportunities to leverage automation and new technology to improve outcomes for employees and customers alike. Executives need to be strategic thinkers, good managers, empathic leaders, and capable of making data-driven decisions.

While online learning is great for some skill development, senior HR leaders spoke to the value of face-to-face events for executive and leadership training. They suggested a few key methods:

- ▶ For soft skills, like strong professional skills, communication, and inter-personal client relationship management, put more focus on developing talent through mentoring and coaching. In-house training can work for more junior leaders but, for more experienced people, hiring external executive management coaches and/or in-person professional development programs are preferred.

- ▶ A benefit of in-person training and coaching is the application of knowledge and skills through practical case studies. Give executives significant business challenges to solve.

- ▶ Executives can be incentivized to complete more training by leveraging a program's perceived prestige. Being invited to an exclusive leadership program where they will attend events with other industry leaders can be highly motivating.

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We're [focused on] building commercial leadership capabilities. Knowing how to market to your customers, do customer segmentation, understand finance, data, strategy, how to lead people. We really see a gap in this sort of broad commercial leadership across the industry.

Human Resources Director

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Cultivating Talent (cont.)

Online Learning

The rise of online learning is well-timed to meet the needs of the modern insurance employee. The format is ideal for developing technical skills. Online learning is also flexible, enabling employees to learn skills in bite-sized chunks, on their own schedule, in the mode (video, text) they prefer. Its ever-expanding content library means that, if there's a particular skill that management wants an employee to develop, there's likely a matching course they can find online. Digital learning also saves employees the time that would have been spent commuting to a classroom and saves the company from undue travel expenses.

As life-long learners, workers are also looking for ways to share out their newly developed skills. Online learning often enables credentialing and skill tracking, enabling them to confidently add their skills to their resume and showcase learning to their management.

On-the-job Learning, Mentoring, Coaching

With a diverse workforce, skill development should be offered in a multi-modal approach, allowing talent to learn in the method that works best for them. Not every skill is suited for online learning and not every student prefers self-directed learning. Companies should take an approach to skill development that includes online coursework but also on-the-job training, peer mentoring, external coaching, and classroom learning. Cultivating great talent means giving employees options to enable them to learn how they learn best.

Cross-Cultivating Talent

A Chief Human Resources Officer spoke about a weakening in the supply of underwriting and actuarial talent and an increasing supply of data scientists. To adapt to this trend, he argues companies shouldn't look for a jack-of-all-trades. "Hire candidates who are specialists in one field, like data science or underwriting, but who are also intellectually curious. Then focus on cross-cultivating that talent."

While technical skills typically need external support to train employees, softer skills are better cultivated in-house through mentoring. "Social learning" – i.e.: engaging with colleagues, having curiosity in the workplace – is important for company culture transfer as well as cross-collaboration. Remote work can be a challenge toward developing a strong culture. Leaders spoke to the need for being intentional about creating "moments of togetherness" through digital company events and workshops.

DEI Initiatives

DEI initiatives are important to attract talent, but there's evidence from interviews that they serve a greater purpose in retaining talent. DEI policies are often referenced on company websites and in interviews, but the ongoing practice of DEI is what keeps employees feeling comfortable, respected, and included. Recognizing the diverse nature of learning and providing flexible, multi-modal approaches to skill development are themselves DEI practices that will cultivate a strong workforce.

Conclusion

This analysis examined the industry's talent gap and found that Human Resource leaders are responding to a rapidly changing technological environment by increasingly looking for new candidates that have technical capacity over pre-existing technical fluency. New workers should also have a sense of broadness: a curious mind that can see the big picture and understand how their role connects to the broader mission of the company.

We will be validating the findings from the interviews used for the analysis in future studies. In particular, our focus will be investigating the differences in perspective between HR leaders and Senior Executives. Future analyses will be positioned for the Shin Program to continuously educate the industry by tracking key trends in talent management annually.

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