

COMPASS

AN OVERVIEW OF THE INSURANCE INDUSTRY | Volume 12. Issue 1. January 2019

U.S. JANUARY PULSE

The unemployment rate for insurance carriers decreased to 1% in December.

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Insurance Talent

JACOBSON

PULSE OF THE LABOR MARKET

PULSE provides an overview of the industry's current labor market on a monthly basis.

EXECUTIVES ON THE MOVE

Congratulations and best of luck to the following executives who recently took on new challenges within the industry:

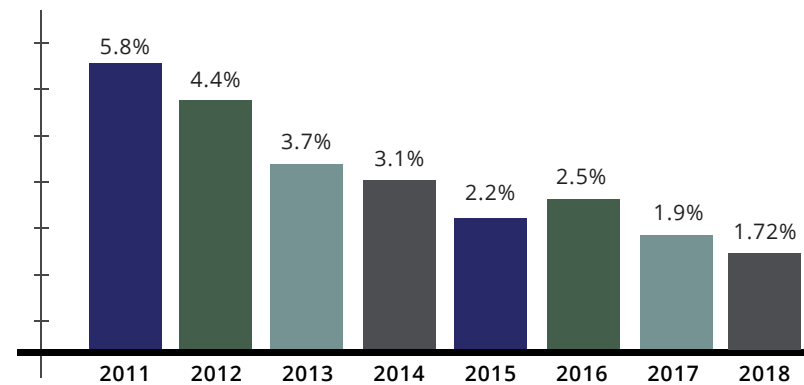


The U.S. unemployment rate increased to **3.9 percent** in December with the addition of **312,000 jobs**.



The unemployment rate for insurance carriers decreased to **1 percent** in December with the addition of **1,200 jobs**.

The average industry unemployment rate through 2018 is **1.72 percent**.



NOVEMBER* 2018 LABOR STATISTICS

- On a year-to-year basis, insurance industry employment saw job increases in November* in reinsurance (up 1.12 percent), health (up 0.70 percent), agents/brokers (up 0.66 percent), and life (up 0.06 percent). Meanwhile, job decreases were seen across the remaining sectors: claims (down 1.13 percent), title (down 0.74 percent), property and casualty (down 0.39 percent), and TPAs (down 0.26 percent).
- On a year-to-year basis, November* saw weekly wages increase in title (up 3.86 percent), agents/brokers (up 1.14 percent), TPAs (up 0.97 percent), and property and casualty (up 0.6 percent). Meanwhile, wage decreases were seen in life/health (down 0.39 percent), claims (down 0.5 percent), and reinsurance (down 1.06 percent).

* Data broken out by industry segment and category is available only for the prior month.

- Chris E. Anderson**
Senior Vice President, Chief Financial Officer
 Combined Insurance Company of America
- Joe Boan**
Chief Sales Officer
 Transamerica
- Lori A. Brown**
Executive Vice President, Chief Legal Officer and General Counsel
 EMPLOYERS
- Karen Byrd**
President
 Indiana Compensation Rating Bureau
- Joseph R. Cunningham**
President
 Blue Cross and Blue Shield of Oklahoma
- Deanna Fidler**
Senior Vice President, Chief Human Resources Officer
 FM Global
- Curtis E. Fletcher**
President
 Admiral Insurance
- Stephen J. Gallant**
Chief Operations Officer
 CMIC Group
- Lawrence Genalo**
Vice President, and Chief Financial Officer
 Topa Insurance Group
- Tony Goland**
Chief Innovation Officer
 Aon plc
- Paul Hain**
Divisional Senior Vice President, Market Delivery and Chief Medical Officer
 Blue Cross and Blue Shield of Texas
- Andrew Halsall**
Chief Executive Officer
 Government Entities Mutual, Inc.
- Michael Kerner**
Chief Executive Officer for Munich Re Specialty Insurance
 Munich Re
- Mark D. Lyons**
Executive Vice President and Chief Financial Officer
 AIG
- Mike Mead**
Senior Vice President and Chief Information Officer
 CNO Financial Group, Inc.
- Chris Moschner**
Senior Vice President, Chief Marketing Officer
 Protective Life Corporation
- Kevin J. Rehnberg**
President, Americas and Chief Administrative Officer
 Argo Group International Holdings, Ltd.
- Derek J. Robinson**
Vice President and Chief Medical Officer
 Blue Cross and Blue Shield of Illinois
- Leon Roday**
Executive Vice President and General Counsel
 Lincoln Financial Group
- Tamara L. Schock**
Executive Vice President and Chief Accounting Officer
 MetLife, Inc.
- Michael Witwer**
President and Chief Executive Officer
 Dearborn National

REENGAGING GEN X: THE FORGOTTEN TALENT

By Abbe Sodikoff, Senior Vice President, Health, The Jacobson Group

For the past several years, insurance industry thought leaders have publicly promoted and emphasized the importance of attracting Millennials and Gen Zers to the insurance industry. Citing the looming talent crisis and young professionals' lack of interest in insurance careers, the industry collaborated across organizations and gave birth to numerous publicity campaigns. At the same time, insurers have opted to provide personalized, attractive benefits, such as student loan assistance or paid volunteer hours, in an effort to appeal to these generations. No matter the results, these initiatives are worthy of praise.

But has our laser focus made us lose sight of the importance of other professionals in the workplace? Specifically, what about Generation X? Although Millennials and Gen Zers are cannot-miss talent groups for any insurer, the "forgotten generation" is poised to be the face of the industry. They are quickly assuming key leadership and executive positions and playing a critical role in the industry's future.

It is essential for insurers to retain their knowledgeable Gen X employees by understanding what motivates this group and living up to their expectations. Organizations can also prepare their leadership pipelines with Gen Xers by developing them and integrating them into enterprise succession plans. To stay competitive, carriers need success-ready Gen X professionals, who can leverage their experience and expertise to successfully lead and drive impact.



“Even though insurers today heavily focus on attracting emerging talent to the industry, the importance of retaining and fostering Gen X professionals must not be overlooked.”



Unlike Baby Boomers swiftly approaching retirement age, or emerging talent who are just getting a foot in the door, Gen Xers are potential game-changers already established in today's organizations. Born between 1965 and 1981, Gen X professionals have an average of 20 years of experience in their select fields. It is safe to say Generation X is the backbone of the industry and carriers cannot survive without them. By retaining and engaging their Gen X employees, organizations can pursue critical business initiatives and stay competitive in the marketplace. To do so, insurers must thoroughly understand and fulfill Gen Xers' workplace needs and desires.

OFFER COMPETITIVE SALARIES

Although they entered the workforce during healthy economic years, Gen Xers experienced economic downturn as young professionals during the recent recession. They saw their peers and family members lose their jobs and houses despite staying loyal and tirelessly working long hours for their employers. As a result, even though many stay loyal to their organizations throughout their careers, Gen Xers still hold a casual disdain for authority and do not truly trust their employers.¹ They can be easily persuaded to use their transferable experience and skillsets to change jobs for better prospects.

Moreover, today's professionals are increasingly empowered to switch jobs for a pay raise. Rising retirement rates and the widening skills gap are forcing organizations to continuously hire and have transformed the hiring dynamic into a candidate's market. Even though the industry unemployment rate is virtually non-existent, real wages have remained relatively unchanged. Average hourly earnings for the insurance workforce only

increased by 71 cents from January 2017 to November 2018, compared to 99 cents for the general economy.² As a result, a growing number of professionals are voluntarily leaving their current positions, further complicating the industry's talent landscape.

It is important for insurers to reevaluate their current salary levels to stay competitive in the evolving marketplace. This generation typically has school-age children and paying for or saving for skyrocketing college tuition is top of mind. As a result, Gen X professionals demand competitive wages. Demonstrating that the company monetarily values its employees is a decisive weapon in retaining and engaging Generation X in today's evolving marketplace. Well-compensated employees are less inclined to leave their roles – even for better compensation.

As salary levels are reviewed, keep in mind that adjusted salaries should be competitive with not only industry benchmarks, but also against the general economy. As the future of work gives birth to new industries, new professions and new products, the lines among traditional industries are blurring. If presented with an appealing opportunity, Gen Xers might be intrigued to leverage their experience, technical acumen and soft skill proficiencies in a different sector or industry.

PROVIDE CREATIVE BENEFITS

Modernizing employee benefits is also a means to retain Gen X employees and increase their productivity in the workplace. While salaries must remain competitive, it is important to remember that compensation goes beyond base salary. To prevent other organizations from poaching their Gen X employees, insurers need to provide benefits that appeal to this generation.

For example, instituting flexible work arrangements is a quick fix that appeals to Generation X's preferences. Unlike Baby Boomers who live and breathe work and are willing to sacrifice their personal lives for their companies, Gen X employees are individualists who value freedom and work/life balance.³ Moreover, today, Gen Xers are working parents with school-age children navigating their career journeys while trying to successfully juggle their family and other life commitments.⁴ At the same time, this generation is often tasked with providing care for elderly parents.⁵ Allowing them flexibility over their schedules and work locations can reduce turnover and increase their job satisfaction.⁶

“By retaining and engaging their Gen X employees, organizations can pursue critical business initiatives and stay competitive in the marketplace. To do so, insurers must thoroughly understand and fulfill Gen Xers’ workplace needs and desires.”

Upgrading current family leave programs is also an opportunity for insurers to gain a formidable advantage in retaining and engaging Gen Xers. At times, working within the given paid time off and company leave policies may not be enough for Gen X employees to maintain their commitments both inside and outside of work. Having access to additional family leave days can mean everything to them in hard times.

However, it is always best to avoid an “one-size-fits-all” approach. Some Gen X professionals may not desire additional flexibility in their work schedules. They may instead wish their employers provided more in-office wellness programs or free tickets for local professional sporting events. Administering anonymous surveys or holding employee town halls to thoroughly understand what drives them and what matters most are engaging and thoughtful ways to connect with employees on multiple levels.

FOSTER THEIR LEADERSHIP POTENTIAL

During the uncertainty of the Great Recession, the insurance industry made the painful decision to lay off employees and institute hiring freezes. To survive in the faltering economy, insurers embraced a “run lean” staffing strategy and kept their personnel costs at a minimum. As a result, today's organizations are left with a smaller bench of qualified, experienced mid-level professionals for executive replacements. According to the most recent Semi-Annual U.S. Insurance Labor Outlook Study, insurers rated executive positions the most difficult to fill at 6.8 out of 10.⁷ The difficulty is only expected to grow.

Accordingly, succession planning is a top priority for insurers looking to overcome the growing executive talent crisis. Incumbent Gen X employees often provide an excellent solution. Most Gen X professionals already have more than two decades of experience in their fields along with proven management abilities. Their mastery of conventional leadership skills is even on par with those of the Baby Boomer generation.⁸ It is important insurers proactively invest in preparing their Gen X employees to step into key executive and leadership roles when needed.

It is best to actively involve Gen X employees in



internal succession strategies. Providing them access to networking and training programs is a must. Reviving cross-training programs, whereby insurance professionals rotate into different departments allowing them to learn other functions, can give potential successors a holistic company view and support their growth into well-rounded empathetic leaders.

Insurers should also encourage their Baby Boomer leaders to intentionally divide their workloads and prepare their Gen X staff members to continue their line of work once they retire. Exposed to broader managerial and executive responsibilities, potential Gen X successors will be better positioned to step in when needed. Intentional cross-generational

collaboration is a decisive method to ensure smooth, seamless leadership transitions.

Innovation must stay top of mind. In today's ever-changing business reality, organizations are increasingly adopting the “innovate-or-die” business mantra, embracing technology into their enterprise initiatives. An ideal successor is a tech-savvy professional with an innovative mind who can exert flexible leadership. Fortunately, Gen Xers are the original tech natives, who already have experience adjusting to immense technological shifts. Although often not mentioned, they are the first to grow up with computers and are typically just as comfortable leveraging technology in the workplace as Millennials.⁹



To cultivate the most out of this generation, insurers should promote an innovative, analytical and digital corporate culture that appeals to next-gen leaders. Encourage and sponsor Gen X employees' participation in technology and innovation events. Customized, individual training plans can further enhance Gen X employees' competencies and develop their strengths. With the right support, Gen Xers' technological aptness can open doors to the limitless potential the future of work presents to the industry and its workforce.

Even though insurers today heavily focus on attracting emerging talent to the industry, the importance of retaining and fostering Gen X professionals must not be overlooked. This critical group of talent possesses enough experience and skills to successfully drive the future of insurance. Providing competitive salaries and benefits aligned with this generation's unique needs and positioning them as potential successors through extensive training and learning opportunities is key. Only through end-to-end engagement with Generation X can organizations sustain their executive talent pipelines and position themselves for a prosperous future.

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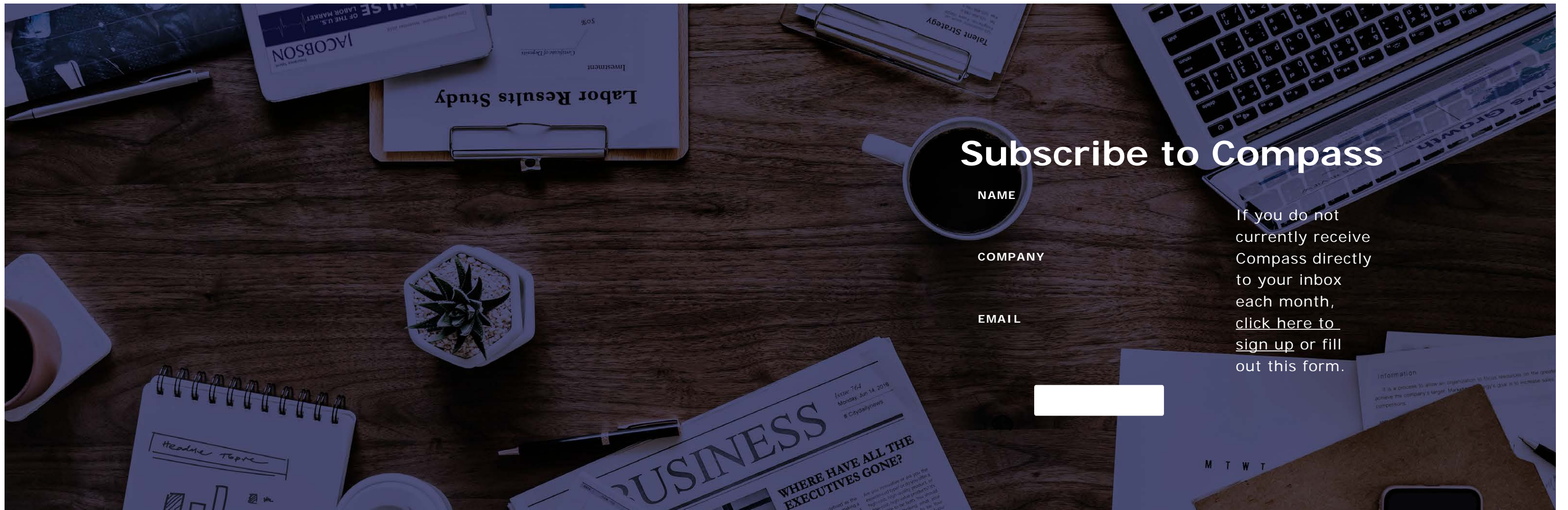
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Abbe Sodikoff is Senior Vice President, Health of The Jacobson Group, the leading provider of talent to the insurance industry. In this role, she

provides leadership to the firm's temporary staffing health services team, which offers temporary support across all functional areas

and at all levels. She also plays a significant role in the continued development of the entire organization as a member of Jacobson's Executive Management Team.

To further discuss this topic or if we can serve as a thought leader in your talent-related endeavors, don't hesitate to contact Abbe at +1 (800) 466-1578 or asodikoff@jacobsononline.com.



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The Jacobson Group and Ward Group are now conducting our Semi-Annual Insurance Labor Market Study. Since 2009, this survey has offered valuable labor insights and has become an accurate predictor of the industry's staffing outlook. The survey is open through January 26, 2018, and will take no longer than five minutes to complete. All responses are confidential and a summary of the study results will be provided to all participants.

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ABOUT US

The Jacobson Group is the leading provider of talent to the insurance industry. For nearly 50 years, Jacobson has been connecting organizations with insurance professionals at all levels across all industry verticals. We provide an array of services including executive search, professional recruiting, temporary staffing and subject matter experts. Regardless of the need or situation, Jacobson is the insurance talent solution.

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