THE RISE OF VARIABLE STAFFING MODELS FOR INSURANCE ORGANIZATIONS
FACED WITH THE FINANCIAL UPHEAVAL AND MARKET DOWNTURN THAT ACCOMPANIED THE GREAT RECESSION, THE INSURANCE INDUSTRY UNDERTOOK A “DOING MORE WITH LESS” MINDSET, IMPLEMENTING DRASTIC STAFFING CHANGES AND CUTS TO FULL-TIME EMPLOYEES. EVEN SUCH HISTORICALLY INSULATED INSURANCE FUNCTIONS AS ACTUARIES AND UNDERWRITERS WERE AFFECTED BY THE LABOR ADJUSTMENTS.

While the industry has recently seen an upturn in market conditions and a seeming return to its pre-recession state, organizations are still looking to keep headcounts low and maintain a “run lean” mentality. This can be challenging when organizations face a high level of work or an influx of need. As a result, insurers are actively seeking a cost-effective, proven solution to provide organizational support on an as-needed basis. The question today is how to create a flexible staffing model that responds both efficiently and effectively to the wide variety of hiring solutions faced by insurance organizations.

Fortunately, recent shifts in the temporary employment market have created the perfect environment for a more progressive staffing model—variable staffing.

THE GROWTH OF TEMPORARY PROFESSIONALS

The labor market is undergoing a unique shift as more and more individuals opt to make careers as temporary, contract professionals. According to the Bureau of Labor Statistics (BLS), the temporary penetration rate has reached 2.03 percent, the second highest rate since the start of the economic downturn. Since January 2014, nearly 180,000 temporary employees have entered the workforce. Within insurance, it is estimated that there are 30,000 temporary

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professionals currently employed. And these numbers are only expected to increase. According to an Intuit report, by 2020, more than 40 percent of employees in the U.S. will be temporary, contingent employees.¹

This new wave of interim professionals are bucking the often held notions of temporary, contract workers as general entry-level employees who are able to assist on clerical projects. Today’s interim professionals are often highly skilled individuals who have chosen to build their careers as contract staff. They are drawn to the flexible lifestyle and diversity of projects unique to term assignments.

Talent providers are now staffing a broad landscape of contract professionals—from entry level all the way up to subject matter experts and executives. These individuals are prepared to step into key, complex positions from chief financial officer to underwriting manager.

Organizations are often surprised to learn that they can even find consultant-level expertise on a temporary, contract basis. Many of these interim professionals have made a career focusing on niche business scenarios and utilizing their unique expertise and skills. Because of this specialization, they are a great option to step in during an organization’s time of need.

As the use of temporary workers continues to grow, as well as the demand for highly skilled individuals, the insurance industry faces modifications to its traditional employment model.

VARIABLE STAFFING AS A TALENT SOLUTION

Rebounding from the drastic staffing cuts made during the recent economic downturn, the insurance industry now faces the challenge of completing a high level of work while maintaining the streamlined headcount of the inter-recession years. However, unexpected events—including unexpected regulatory changes or an influx of new business—or even cyclical occurrences—such as planned short-term, project work—often require staffing levels above and beyond that needed for day-to-day operations. As a result, organizations are searching for a staffing solution that allows them to meet their temporary talent needs without the time and expense of maintaining a larger staff.

This is where variable staffing comes in. Designed to provide staffing adjustments to better meet workload needs, variable staffing is proving to be a valuable solution to this growing industry problem. Through variable staffing, insurers are able to use highly-trained, specialized personnel to assist the organization on a term versus permanent basis.

Within this model, insurers can quickly introduce experienced professionals to assist in filling spikes in demand—whether planned or unplanned. These contract professionals are unique in their qualifications and experience. As a result, they are better able to complete pressing tasks while allowing organizations to maintain their lean core of traditional, permanent employees.

**VARIABLE STAFFING CAN IMPACT YOUR BOTTOM LINE**

Adding new, full-time employees can be a costly undertaking for any organization. When one considers recruitment costs, training costs, benefit payments and any expenses related to employee turnover (including severance pay, unemployment benefits, etc.), the cost is steep. For projects with set start and end dates, or cyclical staffing needs, undertaking this expense can be problematic and lacking value. Many organizations are reluctant to incur such large expenses for an emergency or short-term need.

A variable staffing policy also offers significant economic benefits compared to the alternative of utilizing permanent hires to fill spikes in demand. The use of interim professionals allows organizations to avoid the high expense of bringing on new, full-time professionals while still managing to complete a project successfully.

In addition, the variable staffing model has proven to provide valuable assistance when incorporated into an organization’s current business model. Today’s interim professionals are experienced in having to jump on board and get started with new projects. Their specialization with term projects cuts down on the ramp-up time needed, allowing organizations to tackle projects in a timely manner and providing near immediate relief during demand spikes. For example, a large life insurer found themselves unable to handle the underwriting needs resulting from a substantial influx of new business. Due to the term nature of this demand, they were reluctant to bring on permanent underwriters and instead opted to bring in a contract team of trained underwriters who successfully...
reduced the backlog, increased department productivity, improved overall service time, and, most importantly, restored customer confidence.

By utilizing the variable staffing model, the organization was able to find a high-quality, low-cost alternative to permanent hires and ultimately created a solution that not only addressed their immediate concerns but also assisted in building customer relations.

With talent providers able to supply individuals with industry-specific expertise, more and more insurers are looking to incorporate these experts as another tool to help meet their growing talent demands. Their valuable contributions are proven to make an important and lasting impact on an organization’s success. ▲
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