

Insurance Governance Leadership Network

April 2023

IGLN

VIEWPOINTS

Meeting talent needs in the insurance industry

Leaders of large insurers face a volatile and complex operating environment in 2023: geopolitical tensions continue, markets are volatile, demands for technology investment and innovation are growing, and insurers are now expected to take societal issues into account while continuing to deliver shareholder returns. To meet these challenges, insurers need to attract and retain talented professionals across a range of disciplines. A director said, *“I think a real challenge is how you gather and generate followership in an organization. You follow a brand to a degree, you follow a purpose, and even more than that, you’re following individuals. Perhaps the younger people will align behind the purpose, but then you’ve still got to align management and their peers. And you have to find a way of doing that with remote work. It’s not easy.”* Boards are reexamining the core skills and competencies needed in senior leaders as they look to attract, develop, and retain a new generation of talent who may be suspicious of large financial institutions and may want work experiences that are very different from those that established firms have historically provided.

“Vacancy and skills shortages are at record levels, and you can’t just throw money at the problem anymore.”

– Director

On March 15, participants from the Insurance Governance Leadership Network met in London to discuss some of the unique challenges confronting senior industry leaders in meeting their talent needs. This *ViewPoints* summarizes those discussions and focuses on the following areas:

- **Large insurers confront a shifting market for talent**
- **Insurers are adapting to boost attractiveness**

Large insurers confront a shifting market for talent

Attractive compensation, a strong brand, and other benefits insurers have traditionally offered may be insufficient to attract and retain top talent amid today’s fierce competition for the best and the brightest. A director shared, *“Vacancy and skills shortages are at record levels, and you can’t just throw money at the problem anymore.”* Insurers find themselves in a fundamentally different recruitment environment.

Senior leadership competencies and attributes are changing

Given the complexity of the current market, strong senior leadership is more essential than ever. A participant shared, *“Good CEOs and top talent for board positions have never been in more demand.”* And firms are finding that the competencies and attributes they seek are evolving.

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– Participant

Boards need an ever-expanding range of skills and experience

On boards, certain core competencies will always be important. But for big, international insurance carriers, brokers, and reinsurers, new skills and experiences are also becoming necessary as the operating environment, and key risks and opportunities, evolve. *“Diversity remains top of mind ... some level of international experience as well. There is a consistent demand for people that combine financial capability with strategic, technological, and digitally native capabilities, especially cybersecurity ... There is a continued focus on financial risk, compliance, and ESG [environmental, social, and governance issues],”* said one participant. Among new areas of expertise that are increasingly in demand, one executive shared, *“The value of digital and social media experience is increasing.”*

Executive leadership attributes are also changing

At the executive level, participants identified several key trends in sought-after characteristics:

“Pre-pandemic, boards wanted resilience in CEOs, but that’s not number one anymore.”

– Participant

- **A shift from the resilient CEO to the thoughtful problem solver.** A participant noted, *“Pre-pandemic, boards wanted resilience in CEOs, but that’s not number one anymore. Now, they’re looking for foresight and the ability to problem solve and reframe data. Their next priority is learning, not presuming you have the answers, and finally, driving results as a team—leading from the front is out of style.”*
- **A new emphasis on the ability to leverage diversity and promote inclusivity.** As CEOs do less leading from the front, the good ones are increasingly skilled at recruiting and leading diverse teams and building inclusive cultures to leverage those distinct perspectives. An executive commented, *“The emerging strategy is to find people who can encourage open conversation, create followership, combine data, foresight, and problem solving, and get others following.”* While having senior leaders from diverse backgrounds can help, it is not necessarily a requirement. One participant stated, *“The leaders best for recruiting diverse talent are not necessarily diverse themselves; they just know how to foster an inclusive culture.”*

“It’s very dangerous to recruit someone to solve a problem.”

– Executive

- **Putting the customer first.** A director observed, *“Companies need reinventing around what they do and how they do it. If you don’t give consumers benefit over time, it’s never going to be sustainable.”* As business models and competition evolve, a heightened focus on the customer and supporting their changing needs is more critical than ever. A director suggested customer-facing skills are critical for CEOs because CEOs with those skills can help firms *“focus on the customer”* and on *“creating amazing commercial businesses”* in the face of competing pressures around market and social issues.
- **A growing preference for business acumen in specialist roles.** Competition remains intense for senior specialists in areas like tech and sustainability. As firms look to fill specialty roles like chief sustainability officer (CSO), they are learning that subject matter expertise may not be sufficient. An executive cautioned, *“It’s very dangerous to recruit someone to solve a problem. We’re still learning about some of these roles and how you set people up for success.”* For some, the answer is to ensure specialists have a strong grounding in the business. A participant commented, *“CSOs come in all shapes and sizes. Successful candidates demonstrate the ability to learn on the job, but also have a deep understanding of the business.”* A director added, *“ESG is a constantly moving target and so broad, so it’s suited to someone who can learn quickly but also knows the business and can add the ESG overlay.”*

Identifying and attracting talent to insurance presents challenges

Talent challenges extend beyond the senior leadership ranks. A participant remarked, *“Insurance has a great story to tell, but we’re rubbish at telling it.”* One barrier to attracting talent that participants must overcome is a negative perception of the industry’s culture. The financial services industry has long been considered an old boy’s club, with a culture that breeds bad behavior. A participant noted that despite efforts to rectify underlying issues, certain recent incidents are concerning: *“One of the interesting things is nonfinancial misconduct had been dipping for a while, but now it’s coming back and remains an issue in the insurance sector. It’s one of the toxic parts of the sector that had improved. Behaviors around things like drinking to excess at client events, etc., are causing serious governance control issues around what’s acceptable ... Issues are being dealt with, and people are being let go. We saw this issue for a while in the London market, but it has gotten harder to address.”* An executive agreed, stating, *“I had a similar conversation with*

“Insurance has a great story to tell, but we’re rubbish at telling it.”

– Participant

colleagues on how that London culture affects women and is a detriment to advancing in their workplaces.”

Lack of diversity remains an issue as well. One participant acknowledged, *“We still have a way to go as an industry.”* Participants also discussed the fact that potential employees may not understand or appreciate the business of insurance. Senior leaders agreed that to attract talent, particularly younger workers, to the industry, they need to address that awareness gap. They also agreed they need to focus more on the myriad opportunities—in technology, sustainability, and other areas—that large insurers can offer.

“Look more widely than you think you can, and you’ll get a better result.”

– Executive

Insurers are adapting to boost attractiveness

Insurers are exploring ways to adapt their culture, working arrangements, and development processes to increase their attractiveness to potential hires:

- **Appealing to a broader applicant pool.** In recent years, many large insurers have stepped up efforts to attract people from more diverse ethnic, racial, and socioeconomic backgrounds. While the industry is making progress, ongoing staffing and skills shortages may call for an even more expansive approach. An executive suggested, *“Consider broader groups—older people, or those with nontraditional career paths who might be overlooked, are worth more attention. Looking more broadly is really just good business.”* The executive added, *“There’s no such thing as the perfect candidate for anything. Look more widely than you think you can, and you’ll get a better result.”* As another quipped, *“No one was born a pilot or an actuary.”*
- **Building better awareness around the opportunities the industry offers.** Insurers face competition for talent from organizations that conduct business in ways that large, heavily regulated firms cannot easily replicate. An executive acknowledged, *“There are fundamental structural differences in how insurtechs operate.”* And yet, their sheer size and scale mean that large firms can offer a unique set of opportunities. For example, a participant said, the industry has a *“great story to tell on cyber and customer challenges. A brilliant story. We have [information technology] that surpasses many tech companies. For project managers, people in data, human resources ... people find financial services much more appealing.”* The key, the participant continued, is to *“be clear about the story, your purpose, and to have robust processes”* so that people can experience these opportunities rather than seek them elsewhere.

Another participant described one way their company engaged a younger audience: *“We worked with a start-up where we did innovation planning with young people. After the event, the likelihood they would go to*

insurance increased twofold. Figuring out what was important to them, like digital identity, helped them understand the value of the industry, and it became a more compelling story.”

“How are we enabling people to have transitional skills that can move them forward?”

– Executive

- **Cultivating a sense of belonging and social purpose.** Many younger workers today value authentic self-expression, including at their workplaces. A participant detailed how younger people expect to *“be themselves at work and have their employers accept them.”* The participant noted the real benefits that can be found in *“encouraging them to be themselves as well as taking an interest in their hobbies and lives outside of work.”* Many young workers also value a sense of purpose in their work. A participant commented, *“Finding a sense of purpose in things like women in finance and net zero initiatives are the driver for them. Then they’re motivated to do their best because leaders in their organizations believe in doing those same things.”*
- **Creating more adaptable and attractive career paths.** To retain the next generation of leaders, large insurers need to accommodate younger workers’ desires for nontraditional career paths and offer flexibility and opportunities to make lateral moves. A board member stated, *“People don’t have to spend their whole career in the same organization. They can leave and then come back and bring other experiences into the organization.”* This requires thinking differently about how firms both develop their employees’ skills and assist them in identifying new opportunities. An executive suggested participants consider, *“How are we enabling people to have transitional skills that can move them forward?”* At the entry level, the answer for some is to double down on graduate schemes since these programs provide people with the *“opportunity to move around, be nurtured, and get embedded in the business.”* For longer-tenured employees, a participant suggested that firms need to get creative and *“even move them in and out”* of the organization.
- **Focusing on developing talent already in the organization.** A participant lamented, *“The biggest loss is when someone goes to a competitor when there was a good role for them.”* Given historic vacancies, skills shortages, and the challenges in replacing good people, participants emphasized the importance of leveraging the talent already within their ranks. An executive suggested firms need to *“start with the view that the talent exists”* and to *“adopt an abundance rather than scarcity mindset,”* thinking more expansively about training and developing people from within. The executive noted, *“A lot of the time, roles are not as prescribed as you*

“The biggest loss is when someone goes to a competitor when there was a good role for them.”

– Participant

think.” Middle managers need strong support in efforts to identify and develop people and find ways to keep them engaged. A participant pointed out, *“Tone from top is vital. But the person you directly report to has the biggest impact on how you feel about your organization.”*

“How does insurance become a magnet for talent? Customer centricity.”

– Participant

- **Using customer centricity as a pathway to retention.** A participant remarked, *“How does insurance become a magnet for talent? Customer centricity.”* Allowing people to create products and solutions for customers is good for growth and can also provide a sense of purpose. Another participant shared how one firm tries to bring the voice of the customer into the business and the impact this initiative has on retention: *“They start all meetings with a customer story. It motivates people to do their best. They see how much customers care. That helps workers to care; it makes them feel they’re doing something for the world.”*
- **Embracing flexible workplace arrangements.** The pandemic ushered in novel approaches to working and new workplace dynamics, which participants see as likely to persist for the foreseeable future. The office and traditional oversight practices had to pivot to flexible work arrangements and digital collaboration tools. Some firms are keen to bring employees back to the office, but a director noted, *“Managers are finding it really hard to get people back into the office. You can have an edict that says, ‘Hey, I’m going to run my management team meeting every Tuesday afternoon; it’s going to be in the office.’ And you have to really, really stick to it.”* Younger workers appreciate flexible working arrangements, according to one participant, who observed, *“The flexibility since COVID has been quite valuable. We are trusted to work when is best for us; we have control over our diaries.”* A director suggested that therefore firms should accept the need to *“empower people with control paired with accountability.”*

Appendix

The following individuals participated in these discussions:

Participants

- Alastair Barbour, Chair of the Board, Phoenix Group Holdings; Non-Executive Director, RSA
- Andrew Birrell, Non-Executive Director, Sanlam
- Louise Birritteri, Chief Executive Officer and Founder, PIKL
- Paul Bishop, Non-Executive Director, Just Group
- Matthew Brewis, Director, General Insurance and Conduct Specialists, Financial Conduct Authority
- Sally Bridgeland, Non-Executive Director, Royal London and RSA UK International
- Pierre-Olivier Desaulle, Non-Executive Director, Beazley
- Charlotte Gerken, Executive Director, Insurance Supervision, Prudential Regulation Authority, Bank of England
- Ashok Gupta, Risk Committee Chair, Sun Life Financial
- Jenni Hibbert, Partner, Heidrick & Struggles
- Petri Hofsté, Non-Executive Director, Achmea
- Shonaid Jemmett-Page, Non-Executive Director, Aviva
- Matthew Jones, Chief Strategy Officer, Cowbell
- Elisabeth Ling, Non-Executive Director, Esure
- Monica Mächler, Non-Executive Director, Zurich Insurance Group
- Doina Palici-Chehab, Non-Executive Director, AXA
- Suzy Parish, Culture Manager, Chief Innovation Office, Aviva
- Mary Phibbs, Non-Executive Director, Just Group
- Kory Sorenson, Remuneration Committee Chair, Phoenix Group Holdings
- Sara Thompson, Group Human Resources Director, Phoenix Group Holdings
- Tim Tookey, Audit Committee Chair, Royal London
- Andrew Wilde, Managing Director; UK and Global Chair, Financial Services, Edelman Smithfield

EY

- Peter Manchester, EMEIA Insurance Leader and Global Insurance Consulting Leader
- Phil Vermeulen, Global Client Service Partner

Tapestry Networks

- Dennis Andrade, Partner
- Eric Baldwin, Principal
- Tucker Nielsen, Partner
- Andre Senecal, Associate

About ViewPoints

ViewPoints is produced by Tapestry Networks and aims to capture the essence of the IGLN discussion and associated research. Those who receive *ViewPoints* are encouraged to share it with others in their own networks. The more board members, members of senior management, advisers, and stakeholders who become engaged in this leading-edge dialogue, the more value will be created for all.

ViewPoints reflects the network's use of a modified version of the Chatham House Rule whereby names of network participants and their corporate or institutional affiliations are a matter of public record, but comments are not attributed to individuals, corporations, or institutions. Network participants' comments appear in italics.

About the Insurance Governance Leadership Network (IGLN)

The IGLN addresses key issues facing complex global insurers. Its primary focus is the non-executive director, but it also engages members of senior management, policymakers, supervisors, and other key stakeholders committed to outstanding governance and supervision in support of building strong, enduring, and trustworthy insurance institutions. The IGLN is organized and led by Tapestry Networks, with the support of EY.

About Tapestry Networks

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