Insurance Industry Talent Gap

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Many students are not pursuing careers in the insurance industry. Why? My answer: There is a huge talent gap—as there are more jobs available than there are workers to fill them.

In 2013, the median age of insurance industry workers was 44.7 years old; for all industries, it was 42.4 years old. Of the 2,639,000 insurance industry workers, only 131,000 (4.96%) were 20-24 years old. In contrast, 640,000 insurance industry workers were age 55 or older, which means roughly one quarter of these workers are nearing retirement (Bureau of Labor Statistics 2014a,b).

The typical independent agency owner turned 53-years-old in 2012 and the average producer is 48-years-old. That would take three young producer hires for every producer currently employed in order to maintain the same number of independent agents and brokers by 2020 (Bronson 2015a, para.2).

**Figure 1. Age Profile, Insurance Industry Workers**

The talent gap in the insurance industry is much larger than in other industries. For example, the percentage of workers age 55 and...
older is roughly 30% higher than other industries (Griffith Insurance Education Foundation 2011). The industry will be affected negatively if insurers fail to reduce this talent gap meaningfully.

The main insurance-related careers are actuary, agent, claims adjuster, and underwriter, with entry-level education requirements ranging from a high school diploma to a bachelor’s degree. Actuaries use math, statistics and financial theory to assess financial costs of risk and uncertainty. Becoming an actuary is an excellent career option, as the mean annual wage was $110,090 in 2014 (Bureau of Labor Statistics 2014d,h). The education requirement for an entry-level position is a bachelor’s degree.

Agents sell life, health, property, and casualty insurance. Becoming an agent is another excellent career option, as the mean annual wage was $63,730 in 2014 (Bureau of Labor Statistics 2014e,i). The education requirement for an entry-level position is a high school diploma.

Claims adjusters, appraisers, examiners and investigators help decide whether or not to pay an insurance claim. They earned a mean annual wage of $63,500 in 2014 (Bureau of Labor Statistics 2014f,j). Typically, the education requirement for an entry-level position is a high school diploma.

Underwriters decide if their company should issue an insurance policy, and if so, the premium and associated coverage. Underwriters earned a mean annual wage of $70,570 in 2014 (Bureau of Labor Statistics 2014g,k). The education requirement for an entry-level position is a bachelor’s degree.

In 2014, the annual mean wage of all occupations in the U.S. was $47,230, which is $16,270 less than the lowest annual median wage of the aforementioned insurance-related vocations. Hence, insurance industry wages are relatively attractive, especially when some vocations only require a high school diploma.

In addition to highly competitive salaries, insurance industry jobs are stable because insurance often is required institutionally (e.g., car or home ownership; mandated health insurance). For that reason, the industry is unlikely to disappear soon.

*Insurance is fairly recession-proof because insurance companies tend to be fiscally conservative and Americans need insurance whether the economy is up or down. And since insurance firms are often mutual companies (meaning they answer to policy holders rather than Wall Street), they*
can launch sophisticated and aggressive information technology strategies, routinely support safety education and tend to have close ties to their local communities (DeZube n.d., para.3).

Figure 2. Annual Mean Wages

Forecasters predict roughly 200,000 new jobs in the insurance industry by 2022 (Bronson 2015b). “Recent trends indicate producers will soon hit a historic job growth peak” (Bronson 2014a, para.1).

In addition to high salaries and job stability, insurers provide many career advancement opportunities, especially for high achievers. (i.e., “Advancement in insurance is based on performance” (Ray n.d., para.1)). Of course, these opportunities may require long and irregular hours; underwriters work during normal business hours, whereas agents often are required to work weekends and nights (i.e., when clients are available).

Of the 4599 institutions of higher learning in the U.S., only 74 of them (1.6%) administer an insurance and risk management program (Association of Insurance Compliance Professionals n.d.;
Hence, degrees in insurance and actuarial science are uncommon. Unlike many recent college graduates, there are jobs for all students with a degree in either insurance or actuarial science (Honeyman n.d.).

Careers in insurance are neither well-known nor perceived as glamorous or exciting by millennials, who are people born from 1980 to 2000. One survey disclosed “only 5% of millennials were familiar with careers in insurance” (Miller 2013, para.7), another survey revealed “young employees view insurance as boring” (Bronson 2015a), and yet another survey found only 5% of students in the millennial generation describe themselves as “very interested” in working in the industry (Bronson 2015b). For some reason, the insurance industry has a very bland reputation, but this is a misconception.

Companies know of the talent gap and know they must address it.

*The Griffith Foundation hosted an Insurance Education and Career Summit in September of 2011. The Summit brought together nearly 110 representatives from across the insurance field including industry and association leadership, educators, and students, all with the goal of identifying barriers to attracting talent and brainstorming initiatives to recruit the next generation…. [Three suggested efforts were the need to] compile existing market research and identify any additional research needs, establish a mechanism for centralized information and create a unified industry message* (Griffith Insurance Education Foundation 2011, p.3).

Some insurers are recruiting future workers while they are college or even high school students. Training new employees is expensive; for example, training a college graduate may take two years and cost $100,000. Young students who prepare for an insurance industry career by completing appropriate coursework will cost less to train. Hence, insurers benefit from attracting college-age millennials.

Insurers are contemplating ways to interest, educate, and enthuse students and recent college graduates about their industry (Honeyman n.d.). Insurance industry jobs can be exciting. Many of these jobs are field jobs that cannot be performed in a standard cubical-type office. Rather, these jobs require meeting with and helping new and regular clients.

Research on millennials is crucial to attract them as workers.
Millennials have many common characteristics, including being extremely comfortable with technology and the ability to use multiple devices simultaneously [and using] social media as a primary forum for communication and informational purposes. [Many expect to] change employers two-five times during their career [and] change vocations at some point during their careers. [Exemplary employment includes] meaningful, satisfying and challenging work they will enjoy, collaborative work environments, … employers who demonstrate social responsibility through workplace efforts, … ongoing training and development, [and] continued learning, including mentoring (Griffith Insurance Education Foundation 2011, p.1).

Effective recruitment requires tying recruitment efforts to these characteristics and wants of millennials. Hence, many insurers seemingly are ‘what most millennials are looking for’.

Jim Schubert has suggested six tactics for attracting young adults to the insurance industry. These are as follows:

(1) *Fish in their pond* means to post job opportunities where millennials spend much time, such as social media.

(2) *Use your [firm’s] existing young agents to attract millennials* means bringing these agents to events that attract millennials, who are more comfortable in the presence of other millennials.

(3) *Clearly define young agents’ advantages and opportunities* means ensuring millennials know there is much job flexibility and a high earning potential.

(4) *Give them the right tools to succeed* means ensuring adequate sales training and use of social media as a marketing tool.

(5) *Provide a mentor who is committed to their success* means inspiring new agents by pairing them with a hardworking and successful mentor.

(6) *Incentivize them to win* means structuring commissions and other rewards to encourage sales (Schubert 2014).

Insurers can reduce the talent gap in two ways. They can better educate students and recent graduates about career opportunities by attending career fairs on campuses. More universities should
develop insurance programs. I discovered these opportunities only because NMSU has an insurance program. They also can run more and better ads online, as most millennials are comfortable using the Internet for career searches.

References


**About the Author**

Ms. Melissa Rogers graduated from New Mexico State University in May of 2015 with a bachelor's degree in Finance and a concentration in Insurance and Risk Management.