

Deloitte.

The insurance industry – the next generation

The Deloitte talent in insurance survey 2014:
Canada in focus







The direct impacts of the 2008 recession on the financial services industry have been well documented. Some of the indirect effects, however, are less obvious. Given the severity of the financial crisis, the recent focus of Canada's insurance industry has necessarily been on reparative/restorative, crisis-related areas, such as ensuring capital liquidity, monitoring lending practices, and responding to regulatory change through refined approaches to risk management.¹

At the same time, other preoccupations have held insurance companies' attention: the need to keep pace with technological transformation in the fields of social media, smart technology and mobile computing; the need to drive down costs while improving customer service; and an increasingly competitive environment where new entrants are introducing financial products and poaching financial talent. Canadian insurers are grappling with major transformation programs to adapt to these new realities.

In this environment, a number of other important issues have slipped slightly through the cracks – the still-threatening talent crunch is a prime and critical example. Insurers face a particular problem in this area, as industry popularity continues to flat-line. The issue is not going away, and despite ongoing economic volatility, the need for Canadian insurance companies to attract and retain talent nationally and globally must once again become a lead agenda item. According to the Deloitte talent in insurance survey 2014, the time is ripe for insurance companies to act on emerging talent opportunities.

This report looks at the survey's key Canadian findings, analyzes the most significant trends and suggests steps Canada's insurance companies can take to drive their talent strategy forward.

¹ Risk, Culture, and Talent in Global Financial Services 2014



Average popularity of insurance in Canada

The average popularity of insurance in Canada (2%) is close to average popularity levels of the industry in all countries surveyed in the Americas (1.8%).



Insurance needs to catch up

Unlike the software and computer services sector, which has risen by 2.9% since 2010, insurance industry popularity has seen little change since 2010.



Work-life balance dominates career goals

For insurance-inclined students in Canada, work-life balance is the most important career goal, followed closely by the goal "to be secure or stable in my job."



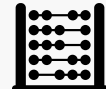
Insurers lack pulling power

While TD Bank Financial Group and RBC Financial Group ranked among the top 12 ideal employers in 2014, none of the top 30 most popular employers in Canada are specifically insurance providers.



Where are the women?

The results of the survey suggest that insurance is less attractive to female applicants in Canada, relative to other industries. Women represented 63.1% of all students in Canada, but only 56.0% of insurance-inclined² students.

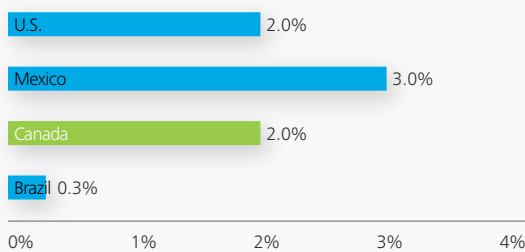


Financial stability

When asked what they want most from their first employer, insurance-inclined students were most likely to say "financial strength."

Highlights

Figure 1: Popularity of insurance among business students, Americas, 2014



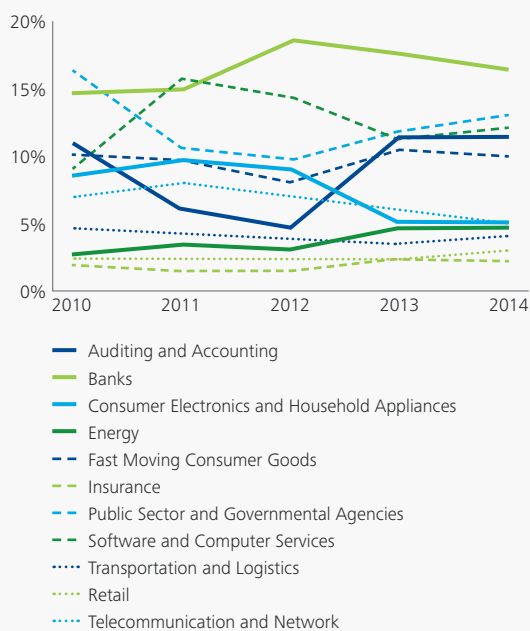
² Insurance-inclined students are business students who put at least one insurer in their top five "ideal employers" when offered a list of potential employers to choose from.

Key trends

Insurance remains an unpopular employment choice

Unlike the software and computer services sector, which rose by 2.9% since 2010, insurance remains last in popularity rankings across all industries surveyed (figure 2). This is a critical issue for the insurance industry because it needs to attract technologically-savvy talent to safeguard its future success. However, these tech-savvy graduates are more attracted to the employer brand of large tech firms. This begs a question: which attributes should insurers highlight and leverage to attract the talent they need to support ongoing transformation in the Canadian market?

Figure 2: Insurance and the 8 most popular industries, Canada business students, 2010-2014



Employer popularity

No insurance company is represented among the top five employers (figure 3), which is in-line with the overall low levels of popularity for the industry. Google is the most popular employer for business students in Canada, as in 15 other markets, and is one of three U.S. employers in the top five. As the world's largest economy and a major Canadian trading partner, the U.S. has significant influence on Canada's job market. The Canadian government was the fourth most popular employer among business students in Canada (14.0%).

Insurance-inclined students in Canada target the largest insurers as ideal employers, with life and health insurance at the top of the list (see figure 4). However, each of the top five ideal employers for insurance-inclined students also have major operations outside insurance, suggesting their popularity may be driven by their brands also being major national Canadian financial services players. In addition, Google, which is in direct competition for tech-savvy talent with insurers, was almost as popular as stalwart RBC, perhaps pointing to future talent recruitment challenges.

Figure 3: Most popular employers, business students in Canada, 2014

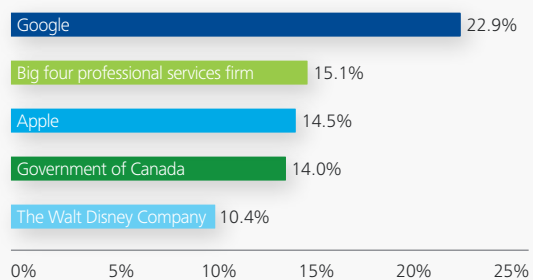
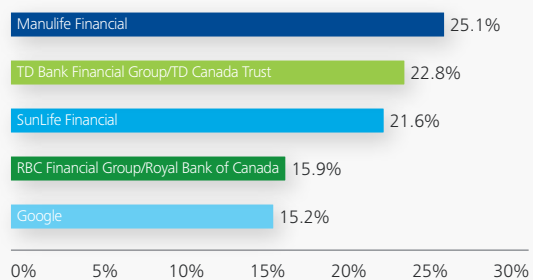


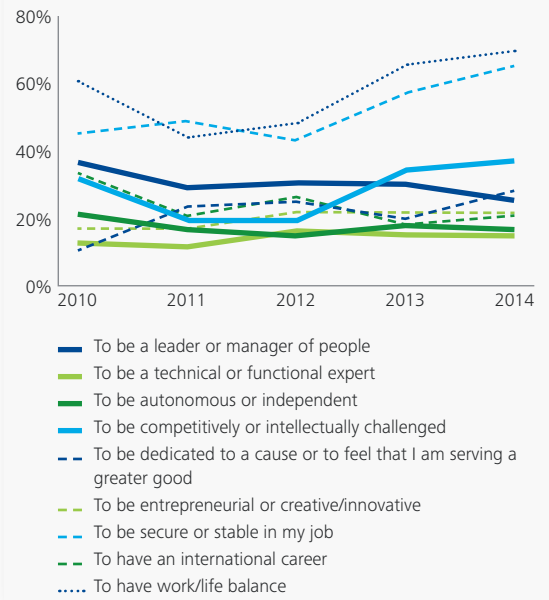
Figure 4: Most popular employers, insurance-inclined students in Canada, 2014



Career goals

The top two career goals for insurance-inclined students in Canada, as indicated in figure 5, are “to have work-life balance” and “to be secure or stable in my job.” Similar top career goals were seen with both banking-inclined and insurance-inclined students, globally. In 2011, job security briefly overtook work-life balance as the most popular career goal, possibly reflecting Canada’s struggle to grow following the recession. However, since 2011, work-life balance has regained the top spot and its popularity increased by 25% in 2014, as confidence in the economy has increased.

Figure 5: Career goals of insurance-inclined students in Canada, 2010-2014

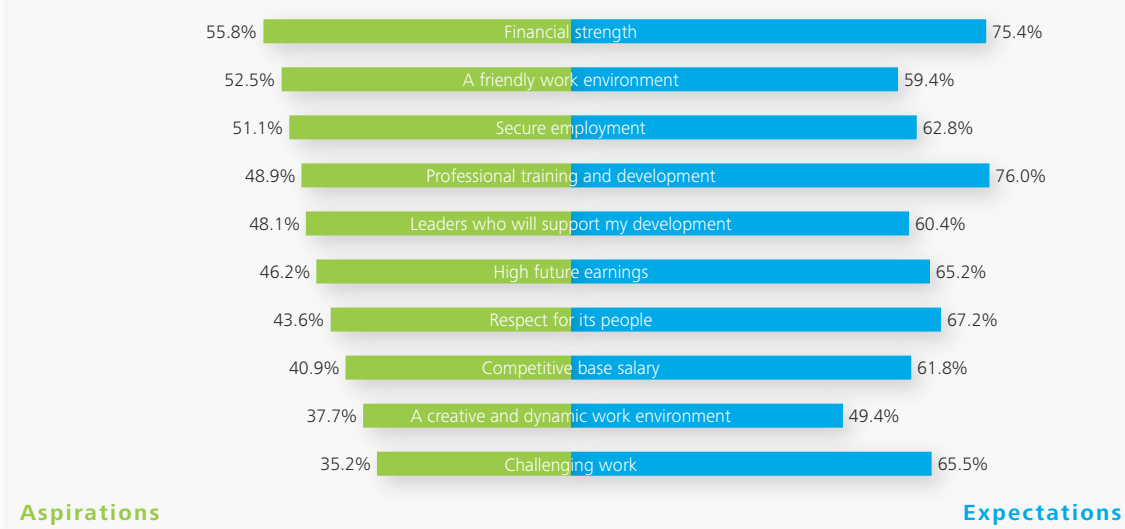


Expectations and aspirations

Insurance-inclined students in Canada (55.8%) say they are most attracted to, and aspire for a career in a company with, “financial strength,” a job attribute they strongly associate with the insurance sector (figure 6³). This was much higher than the global average of 42.8%.

This could reflect a mind-set among business students in Canada that places higher importance on stability, which – particularly in the insurance sector – is underpinned by capital surplus. It may also imply that more students are attracted to insurance due to its prestige in Canada, one of its oldest markets.

Figure 6: Top 10 aspirations, insurance-inclined students in Canada, versus corresponding expectations, 2014



Aspirations

Expectations

³ Students were asked to choose up to 12 attributes, out of 40 total, that they most sought for their five shortlisted “ideal employers.” The 10 attributes that scored highest for insurance-inclined students are shown in the green bars (“aspirations”). Deloitte then extracted the proportion of insurance-inclined students (shown in the blue bars) who expect to find each attribute at the insurers that appear in their shortlist of five “ideal employers.” Please note that because the number of aspirations students can choose is capped at 12, while expectations are uncapped up to 40, the proportions of students expecting a particular attribute is likely to be higher than those recording an aspiration for the attribute.



Recommendations

“Critical new skills are scarce – and their uneven distribution around the world is forcing companies to develop innovative new ways to find people, develop capabilities and share expertise.”⁴

⁴ Deloitte. *Global Human Capital Trends 2014: Engaging the 21st-century workforce*. The Deloitte University Press, 2014. Accessed at http://dupress.com/wp-content/uploads/2014/04/GlobalHumanCapitalTrends_2014.pdf on Feb 6, 2015.

Canadian insurers need to do more to build industry popularity with graduating financial talent, in Canada and globally. To that end, they may want to consider a few key recommendations going forward.

- Make sure to take national/regional trends and preferences into account in recruiting. Canadian insurance-inclined students highly value both work-life balance and employment security. Encouragingly, insurers are more strongly associated with work-life balance and job security than employers in other sectors. To attract more talent, insurers should make better use of this strong perception and highlight that they can provide balanced and secure careers that also provide a technologically innovative environment.
- Research on Millennial work-life balance suggests that while the key word is flexibility, the bottom line is productivity: Insurers should increasingly assess performance on the basis of hard results, value added and impact – rather than where the clock is punched.⁵
- One way for the industry to collectively broaden its appeal would be to highlight more female role models within the industry.
- Canadian insurance-inclined students consider both “a friendly work environment” and a “creative, dynamic work environment” to be more important than do their global counterparts. This could bode well for talent and innovation if insurers can attract and nurture relationships with the right graduates while demonstrating the potential for them to work on creative, meaningful and exciting projects.
- Insurers should work together – and with industry bodies and universities – to promote insurance as a career. Insurers should also recognize the value of campus recruiting in increasing the dissemination of their employment brand. Recent research by Bersin suggests that campus recruiting programs are helping organizations gain competitive advantage and are taking on heightened significance for many talent acquisition functions.⁶
- Given the regulatory, cost management and competitive pressures insurers face, they would do well to focus corporate talent investment (i.e., learning and growth programs, acquisition/retention programs) in areas that can help them meet their risk and regulatory, cost cutting and customer service-oriented priorities.

Successful organizations in other industries thrive on tailored talent strategies

Apple and Samsung succeed by attracting leading skills in engineering, innovation and marketing. Amazon drives performance by constantly building its capabilities to leverage technology, the user experience and data. Google has become a market leader by turning itself into a destination employer for talented people with scarce innovation, technology and business model skills.⁷

⁵ The future of work – A reorientation guide; 2014

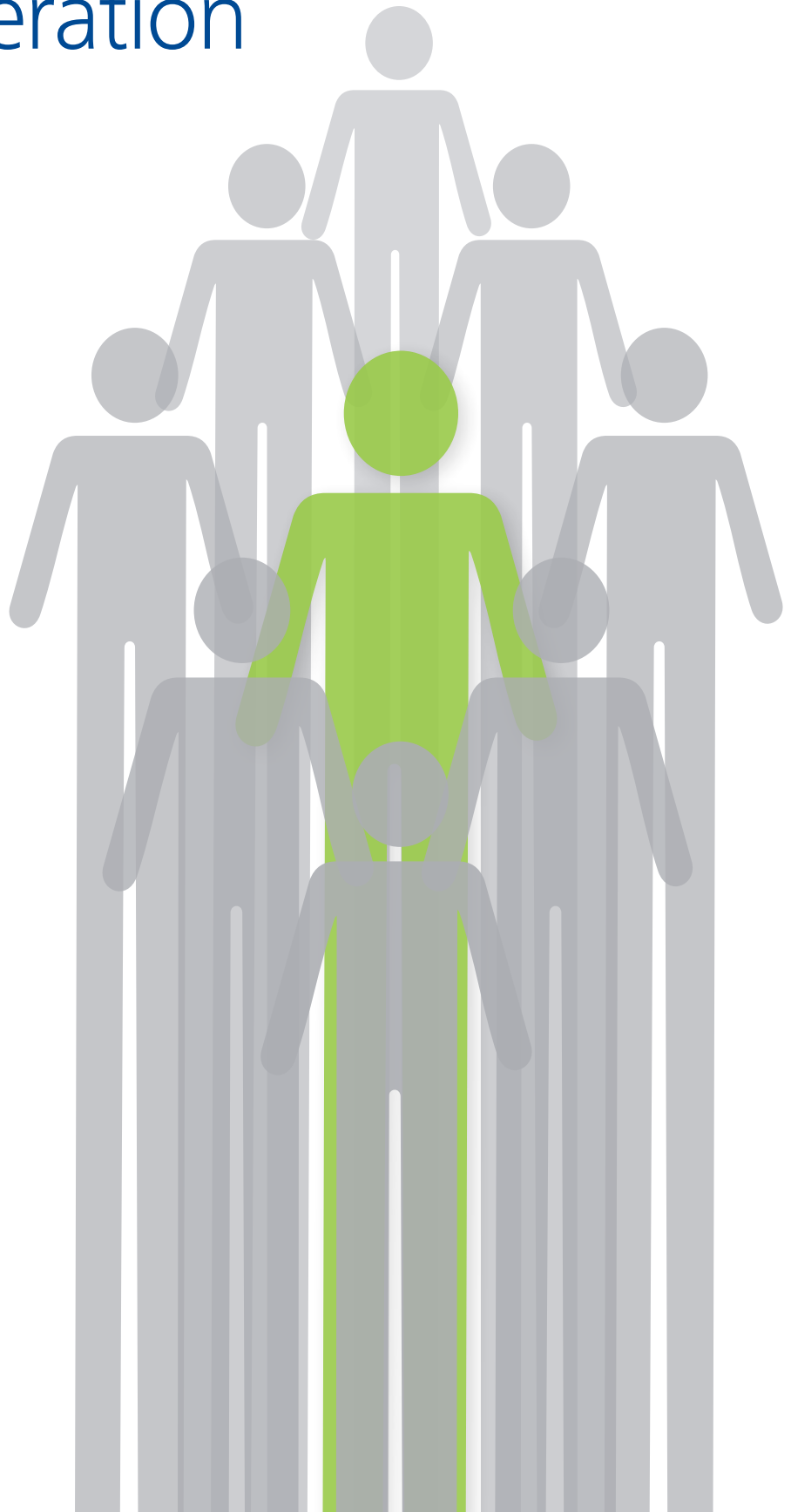
⁶ Developing an Effective Campus Recruiting Program, Bersin by Deloitte, February 2015

⁷ Global Human Capital Trends 2014

Making space for the next generation

There has been much debate about what defines the work character of gen y/millennials and how they differ from previous cohorts, but as noted in Deloitte's *Global Human Capital Trends 2014* report: "For both financial reasons and reasons of professional satisfaction, many are extending their working lives – benefiting from the incredible longevity dividend shared the world over. These two trends are producing the most multi-generational workforce in history."⁸ Within this dynamic, it's important that insurers balance their quest for new talent with leveraging the knowledge and experience of long-term employees and transitioning this knowledge to the next generation.

Nonetheless, the report also clearly found that, even though "older workers remain engaged and valuable contributors, millennials are now in charge. The 21st-century workforce is global, highly connected, technology-savvy and demanding. Its employees are youthful, ambitious and filled with passion and purpose."⁹ It's this group whose pulse we took in the *Deloitte talent in insurance survey 2014*. Insurers who develop a talent strategy that takes both their aspirations and expectations into account will not just close the talent gap, but leap it, taking a giant stride into a dynamic future.



⁸ Global Human Capital Trends 2014

⁹ Global Human Capital Trends 2014

About the research

This report is based on the Universum Talent Survey 2014. It focuses on the career intentions of business students in Canada. A total of 9,125 Canadian business students were surveyed, including 442 insurance-inclined students. Three other countries were surveyed in the Americas: Brazil, Mexico and the United States. Universum has been researching students' career intentions since 1988. In 2014, it surveyed a total of 650,000 students, including 174,000 business students in 28 markets.

Aggregate data from the 28 countries was used to compile a 2014 global insurance report. In-focus reports have also been produced for select countries, including 14 countries in EMEA: Austria, Belgium, France, Germany, Ireland, Italy, The Netherlands, Poland, South Africa, Spain, Switzerland, Turkey, UAE and the UK.

Contact information

Ross Kerr

Partner, Human Capital Consulting
+1 416-643-8995
rkerr@deloitte.ca

Soula Courlas

Director, Human Capital Consulting
+1 416-601-5267
scourlas@deloitte.ca

Karen Pastakia

Partner, Human Capital Consulting
+1 416-601-5286
kapastakia@deloitte.ca

Acknowledgments

Rahul Deb

Marie-Christine Joly

www.deloitte.ca

Deloitte, one of Canada's leading professional services firms, provides audit, tax, consulting, and financial advisory services. Deloitte LLP, an Ontario limited liability partnership, is the Canadian member firm of Deloitte Touche Tohmatsu Limited.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

© Deloitte LLP and affiliated entities.
Designed and produced by the Deloitte Design Studio, Canada. 15-2834T