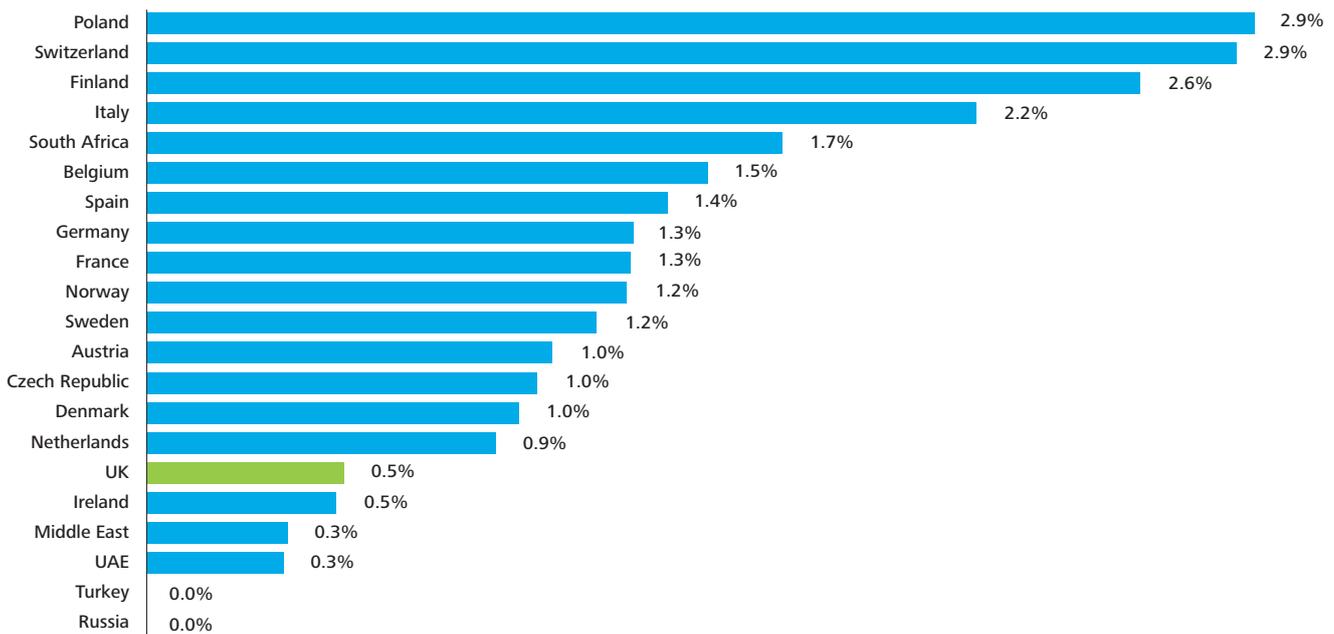


The Deloitte Talent in Insurance Survey 2015

UK in Focus

Survey findings

Figure 1. Popularity of insurance among business students, EMEA, 2015



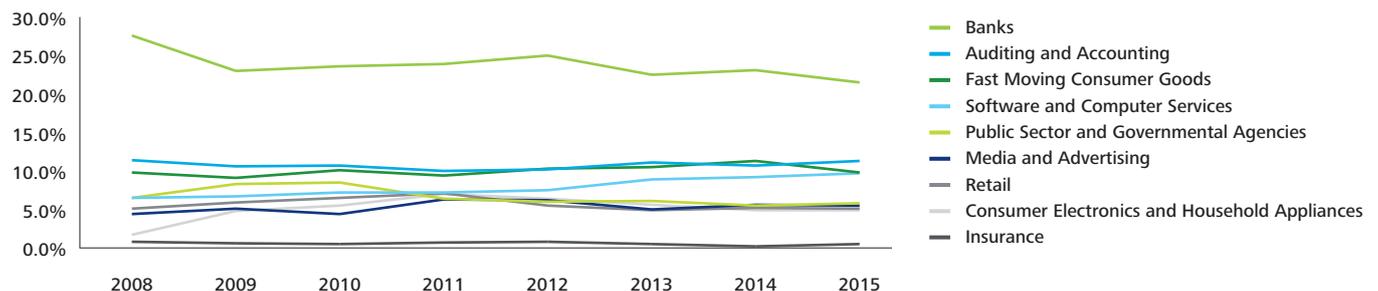
Source: Universum Talent Survey 2015; Deloitte analysis
See Appendix for survey questions

Insurance is an unpopular career choice for business students

UK insurers face an uphill struggle to attract the top graduates they need. Just 0.5 per cent of votes cast for the most popular employers by business students were for insurers. Banking, in contrast, won 21.5 per cent. As a result, insurance was ranked a lowly 19th out of 26 sectors by popularity among UK business students in 2015.

The popularity of insurance has hovered around this low level over the past seven years (see Figure 2). This is somewhat surprising and disappointing given the resilience of UK insurers in the financial crisis. Conversely, the popularity of software and computer services has increased by a third during this time, from 6.5 per cent to 9.7 per cent.

Figure 2. Insurance and the eight most popular industries among UK business students, 2008-2015



Source: Universum Talent Survey 2015; Deloitte analysis
See Appendix for survey questions

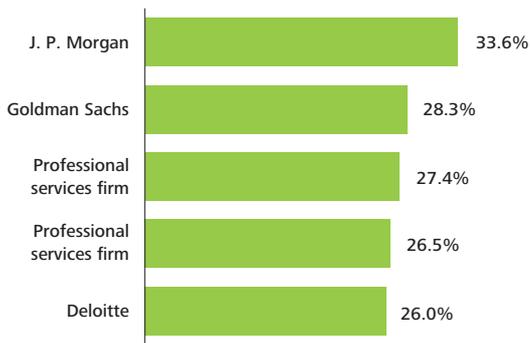
UK insurance lags EMEA

UK insurers are less popular than their peers in EMEA. The UK ranked 16th out of 21 EMEA markets by the popularity of insurers as employers (see Figure 1). This seems counter-intuitive, given that the UK is home to both the world’s leading specialist insurance market, Lloyd’s of London, and several leading global insurers.

Insurers lag banks

It appears insurance may be suffering because London is seen as even more of a centre for banking and professional services. These employers seem to be ‘crowding out’ insurers. For example, the top five employers for insurance-inclined students are two global banks and three professional services firms, including Deloitte (see Figure 3).

Figure 3. Top five most popular employers, UK insurance-inclined students, 2015



Source: Universum Talent Survey 2015; Deloitte analysis
See Appendix for survey questions

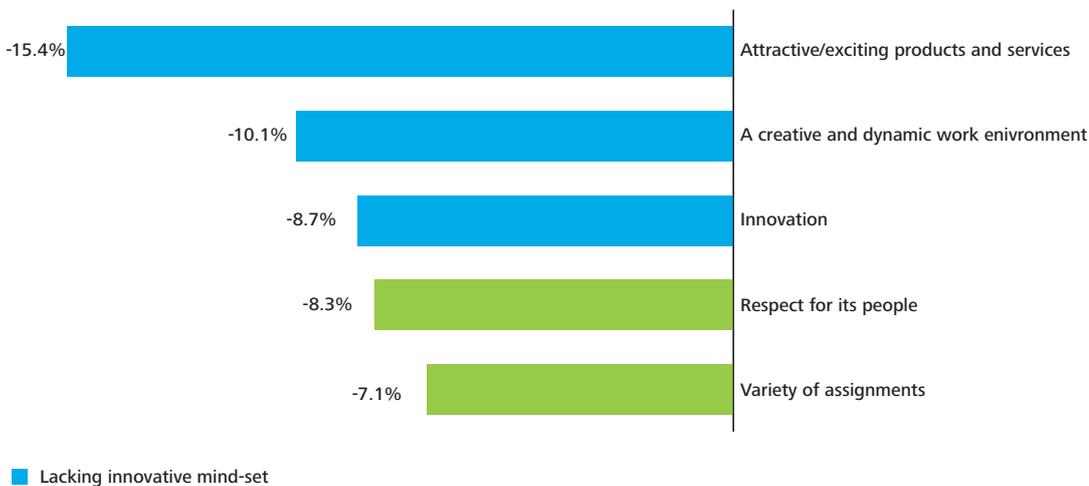
No insurer makes the cut. This suggests that those business students in the UK who are contemplating applying to insurance are doing so as an after-thought, or, indeed, as an insurance policy, while their main ambitions lie elsewhere in the financial or professional services world.

The insurance-inclined do not have an innovative mind-set

Insurance-inclined students do not have an innovative mind-set. A resounding three out of the five employer attributes that UK insurance-inclined students aspire to least, compared to all business students, relate to innovation (see blue bars in Figure 4). This is particularly important at a time when disruptive financial technology firms (‘fintechs’) are starting to focus on insurance. For example, new social broker Bought By Many charges commission and clouds customer insight by intermediating between policy holder and insurer. Digital peer-to-peer car insurer Guevara could shrink the motor insurance market and increase anti-selection by encouraging good risks to insure each other.¹

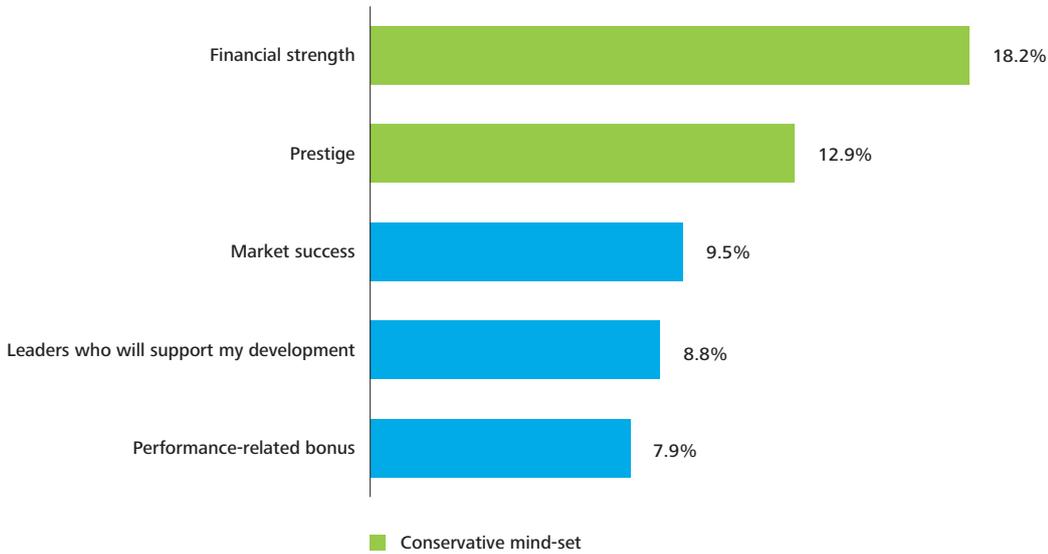
In addition to lacking a creative mind-set, insurance-inclined students appear conservative. ‘Financial strength’ and ‘prestige’ – both hallmarks of the traditional insurance industry – are the top two aspirations of insurance-inclined students compared to all business students (see green bars in Figure 5).

Figure 4. Bottom five aspirations of insurance-inclined students vs. business students, UK, 2015



Source: Universum Talent Survey 2015; Deloitte analysis
See Appendix for survey questions

Figure 5. Top five aspirations of insurance-inclined students vs. business students, UK, 2015



Source: Universum Talent Survey 2015; Deloitte analysis
See Appendix for survey questions

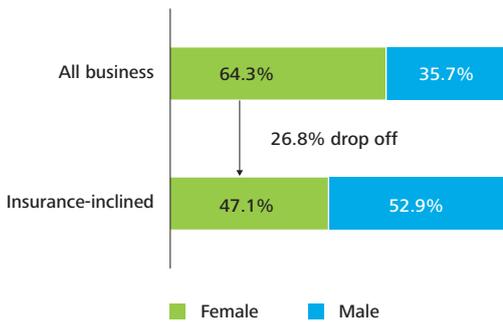
Male dominated

Men make up a larger proportion of the pool of business students contemplating applying to insurance. There is a striking 26.8 per cent drop off in the proportion of female students who want to work in insurance compared to the proportion of female UK business students surveyed (see Figure 6).

Work/life balance is the top career goal

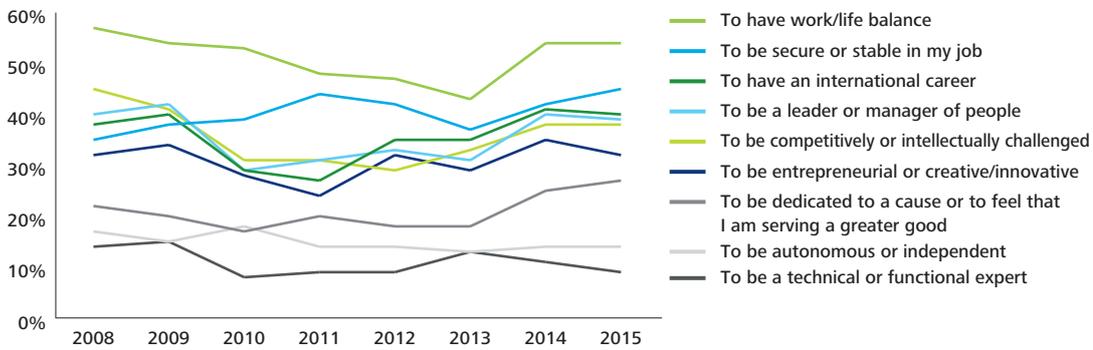
UK business students want ‘work/life balance’. It was the top career goal by a clear margin and selected by more than half (54 per cent) of all business students (see Figure 7). In our view this reflects the long working hours that highly skilled graduates can face in their first jobs. ‘To be secure or stable in my job’ is the second most coveted career goal. It has risen in importance over the past seven years by more than twice as much as any other career goal (see Figure 7).

Figure 6. Student gender breakdown UK, 2015



Source: Universum Talent Survey 2015; Deloitte analysis

Figure 7. Career goals of UK business students, 2008-2015

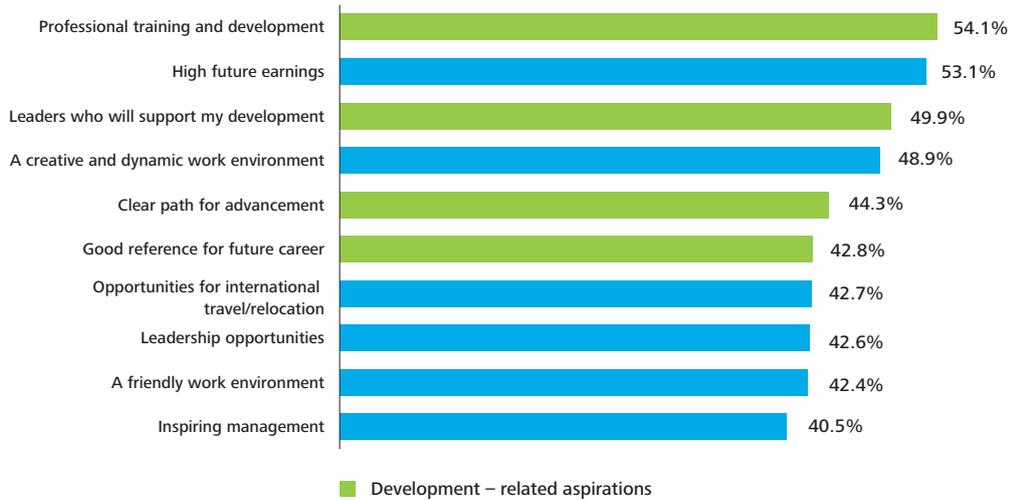


Source: Universum Talent Survey 2015; Deloitte analysis
See Appendix for survey questions

Students aspire to development

UK business students are focused on development. Four out of their top ten aspirations are related to development (see green bars in Figure 8).

Figure 8. Top ten aspirations among UK business students, 2015

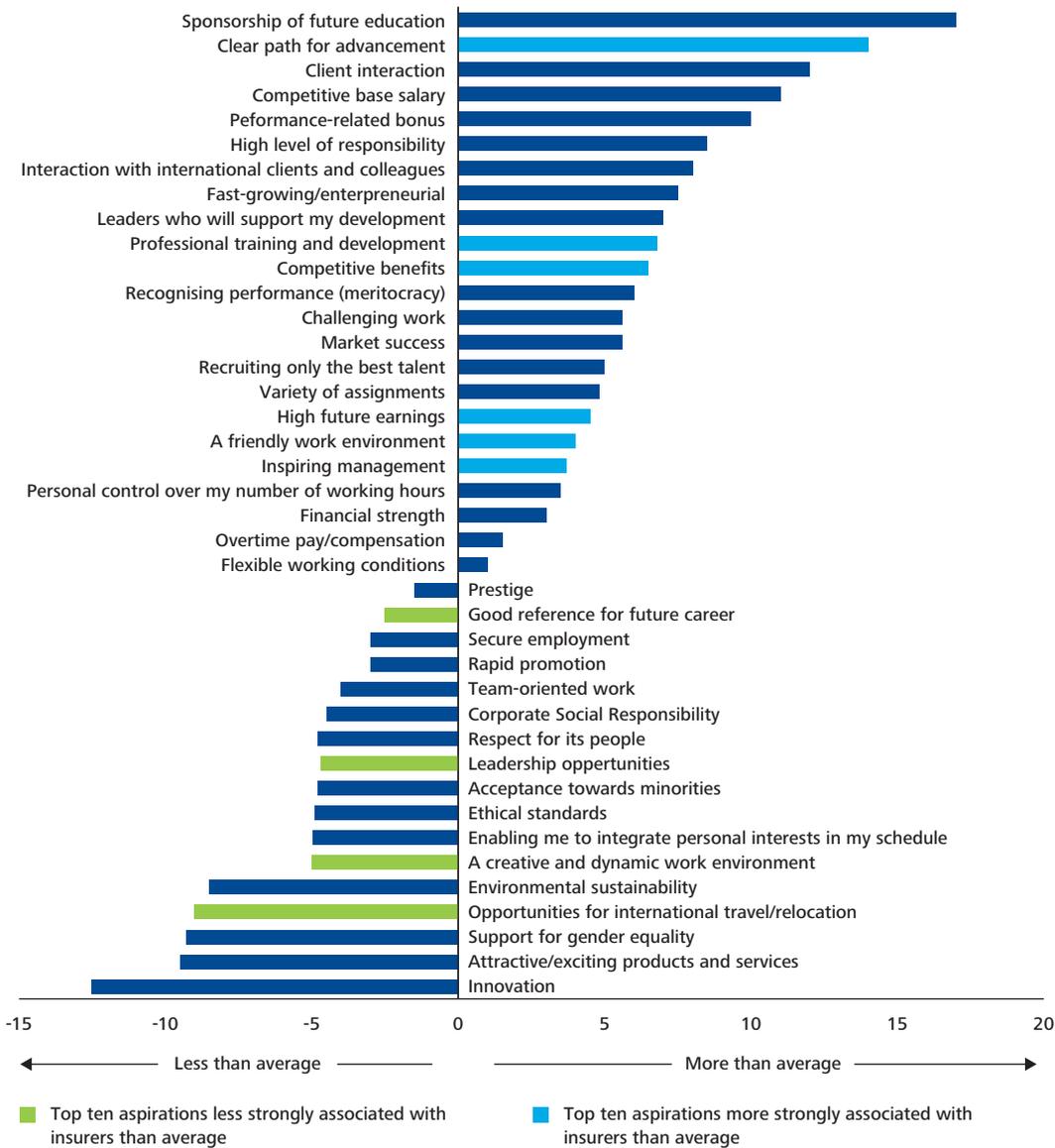


Source: Universum Talent Survey 2015; Deloitte analysis
See Appendix for survey questions

How do UK insurers match up to aspirations?

Despite their unpopularity, insurers are more strongly associated with six out of the top ten aspirations of business students than all employers (see light blue bars in Figure 9). This paradox offers an opportunity for insurers. If they can publicise the aspects of working in insurance to which business students aspire, they can broaden their appeal.

Figure 9. How strongly insurers are associated with 40 key employer attributes compared to all employers, UK, 2015



Source: Universum Talent Survey 2015; Deloitte analysis
See Appendix for survey questions

Actions for insurers

Our data suggest that insurers who take a number of actions will benefit. In this section Deloitte outlines those actions.

The importance of talent is increasing for insurers. The level of competition from rival sectors is intensifying, due to technological advances, legislation and shifting customer preferences. Intensifying competition with asset managers in the retirement savings market following pension freedom is only one example of this trend.

Our findings show that insurance is unpopular as a career destination for UK business students. Furthermore insurers do not appear to attract people with an innovative mind-set.

Tell students that insurance is an international business with international work opportunities

'International travel and relocation' was a top aspiration (7th out of 40) for all UK business students, but less associated with insurers than all employers (-8.2 percentage points). This is a misperception. Insurance is a highly international business. The UK's leading insurers derive much of their business from international markets and offer international work opportunities, particularly in emerging markets, where talent pools are thinner.

To change this perception, insurers can:

- educate graduates on the global nature of insurance
- convey that insurance offers good opportunities for 'international travel and relocation', e.g. secondments
- communicate that career prospects can be enhanced by relocation – insurers need deeper talent pools in emerging markets.

Tell students that insurance offers stability

Insurers which explain that insurance can offer 'work/life balance' and 'job stability' will attract more graduates. 'Work/life balance' and 'job stability' are the top two career goals. The latter has increased in importance more than twice as much as any other career goal in the past seven years. Opportunities for 'work/life balance' are arguably greater in insurance than in other sectors within financial services, due to the long-term nature of insurance business.

Attract more women graduates

Insurers that communicate the great strides the industry is making to become gender-balanced will win more of the female graduates they clearly need. Women are a crucial pool of graduate talent that insurers are unduly missing. Deloitte analysis reveals that women students in the UK are 26.8 per cent less likely to apply to insurers than all employers.

Insurers can attract more women by:

- making their job descriptions more appealing to women
- showcasing the success of women in insurance, such as those in leadership positions, e.g. Prudential UK CEO (Jackie Hunt), Lloyd's of London CEO (Inga Beale)
- dispelling misperceptions among graduates that insurance is male-dominated.

Tell students that insurance is innovative

'A creative and dynamic working environment' was a top aspiration (4th out of 40) for all students, but less associated with insurers than with all employers (-5.0 percentage points). Similarly, 'innovation' was 12.3 percentage points less associated with insurers than all employers.

Insurers that address the misperception that their industry lacks innovation will attract more innovative people. These people are key to the future success of the industry. Digital technology, in particular, presents huge opportunities to improve the traditional business model.

Insurers can tell students and graduates about emerging telematics-based services. This technology is advancing beyond its traditional role in risk assessment and pricing to risk prevention and reduction. In addition, it is spreading into new lines such as health and home insurance.²

Foster innovative talent within the organisation

Insurers that foster innovative talent within the organisation will win. Developing talent among staff provides a way for insurers to fill some of their most important talent gaps, such as the lack of data scientists who are experts in insurance and digital technology. Incentivisation is key to encouraging people to come up with good ideas.

Tell students about training and development opportunities

'Professional training and development' was the top aspiration for all students and more strongly associated with insurers than other employers. Insurers that communicate the many and varied training and development opportunities in insurance with broad applicability, such as data modelling, could attract many more graduate job applications.

Insurers could also make their graduate training programmes more appealing by improving the breadth of training on offer and making programmes more focused on digital technology.

Macroeconomic context

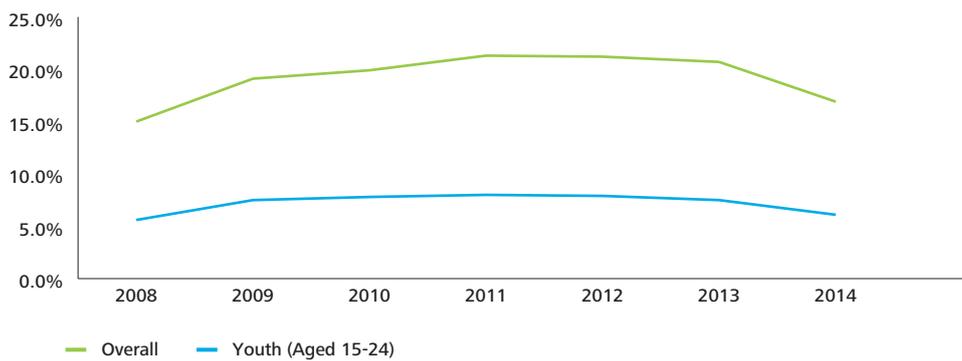
Figure 10. Growth in average monthly wages (US\$), UK, 2008-2014



Source: Economist Intelligence Unit
See Appendix for notes

Average wages in the UK had not caught up with 2008 levels by as late as 2014. However, a 7.1 per cent jump in wages between 2013 and 2014 suggests that this milestone could soon be passed.

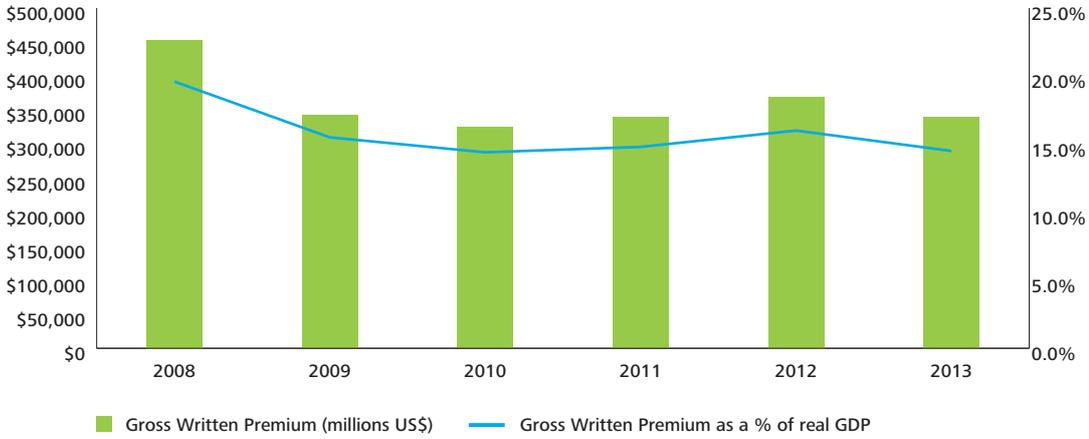
Figure 11. Overall and youth unemployment, UK, 2008-2014



Source: OECD

Despite a relatively flat overall unemployment curve over recent years, there has been an encouraging fall in youth unemployment, down from a peak of 21.3 per cent in 2011 to 16.9 per cent in 2014.

Figure 12. Total Gross Written Premiums in US\$ mn and as % of real GDP, UK, 2008-2013



Source: OECD
See Appendix for notes

In 2013, total gross written premiums (GWP) in the UK fell for the first time since 2010 to reach USD 340,342 million. This is significantly lower than the pre-crisis levels of USD 453,208 million seen in 2008. However, the insurance sector’s importance to the British economy remains strong, with GWP equal to 14.5 per cent of GDP in 2013. This compares with a share of almost 20 per cent in 2008.

Appendix

Terminology

Business students = students studying business-related subjects.

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

About the Research

This report is based on the Universum Talent Survey 2015. Universum has been researching students' career intentions since 1988. In 2014-15, it surveyed around 1.2 million students and professionals, drawn from more than 2,000 universities and institutions of higher education in 55 countries.

Deloitte examined the survey results from 211,000 business students in 30 markets: in the Americas, Brazil, Canada, Mexico and the US; in APAC, Australia, China, Hong Kong, India and Singapore; and in EMEA, Austria, Belgium, the Czech Republic, Denmark, Finland, France, Germany, Ireland, Italy, the Middle East (defined by Universum as Egypt, Lebanon, Kuwait, Qatar and Saudi Arabia), the Netherlands, Norway, Poland, Russia, South Africa, Spain, Sweden, Switzerland, Turkey, the UAE and the UK. The number of markets included in global and regional averages varies between 23 and 30.

Note to Figure 1

Survey question: "Choose the five employers you most want to work for [from the list of employers you would consider working for], your five ideal employers".

Insurance popularity by market is calculated as the number of times insurers are short-listed among the five "ideal employers" in each market.

Note to Figure 2

Survey question: "Choose the five employers you most want to work for [from the list of employers you would consider working for], your five ideal employers".

Industry popularity by market is calculated as the number of times employers for that industry are short-listed among the five "ideal employers".

Note to Figure 3

Survey question: "Choose the five employers you most want to work for [from the list of employers you would consider working for], your five ideal employers".

Note to Figures 4, 5 and 8

Survey question: "Which of these are most important to you? Please select a maximum of three alternatives [in each of the following four categories: Employer Reputation and Image; Job Characteristics; People and Culture; and Remuneration and Advancement Opportunities]."

Note to Figure 7

Survey question: "Below is a list of nine possible career goals. Which are most important to you? Please select a maximum of 3 alternatives." Importance of goals is then calculated as the percentage of students choosing each career goal on their shortlist of top three goals.

Note to Figure 9

Survey question: "Which of the following [40 attributes] do you associate with your chosen employer(s)?"

Note to Figure 10

Average wages (monthly): average gross earnings per worker per month.

Growth in average wages (annual): percentage change in hourly wages in US\$ over previous period.

Figures are converted to US\$ using an average exchange rate.

Fluctuations in average wages could be partially due to changes in the GBP/US\$ exchange rate.

Note to Figure 12

Data for 2014 is not available.

Fluctuations in average wages could be partially due to changes in the GBP/US\$ exchange rate.

Endnotes

1. Anti-selection 'is the adverse impact on an insurer when risks are selected that have a higher chance of loss than that contemplated by the applicable insurance rate. Generally anti-selection occurs when there is asymmetric information between the parties to a transaction, or where an insurer has an underwriting "blind spot". 'How Life Insurers Combat Anti-Selection', Munich Re, 2011. See also: http://www.munichre.com/site/mruk-allfinanz/get/documents_E-1623528574/mruk/assets.uk.allfinanz/Documents/Publications/Thought%20Leadership/Antiselection.pdf
2. 'Insurance disrupted – General insurance in a connected world', Deloitte, 2015, p.6. See also: <http://www2.deloitte.com/content/dam/Deloitte/uk/Documents/financial-services/deloitte-uk-insurance-disrupted.pdf>

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