

# WINNING OVER THE NEXT GENERATION

Self-obsessed. Self-indulgent. Lazy. Entitled. Millennials are certainly a different breed, but they're also critical to the future of the insurance industry. And perhaps those perceptions aren't so accurate after all.



**A hiring crisis in the insurance industry is imminent.**

Most in the workforce are now older than 40, and among independents, the numbers are even more startling. According to MarshBerry data, more than 40 percent of agency staff members are older than 51, and maintaining the same number of producers through the end of the decade means taking on three young hires for every current employee.

At the same time, a Department of Labor report predicts demand for insurance agents will skyrocket a full 21 percent by 2020.

It's a picture of urgency with which most in the

industry are intimately acquainted. Despite the writing on the wall, however, just 18 percent of agency employees say they are adequately prepared for the demands of an impending talent gap, according to results from a new *Insurance Business America* survey.

Respondents nationwide answered questions asking them to name some of their greatest challenges in attracting and retaining young employees. Agency owners and staff laid blame to the expense of recruiting and training, a scant supply of qualified talent and a perceived lack of work ethic in younger employees.



**Millennial Viewpoint**

"As a new generation of insurance professionals, we are excited to learn about insurance—if you can believe that. If you have people willing to mentor us and involve us in work that actually adds value to the company, that makes all the difference in the world."

**Alyssa Bouchard**, Associate broker, AmWINS  
**Age: 23**

The end result, however, is the same: independent agencies are struggling to adapt their business models to attract and retain the next generation of insurance professionals.

**UNDERSTANDING THE PROBLEM**

Ask the average insurance professional how he or she got into the business, and the answer is almost eerily predictable: "I just fell into it."

In some ways, that explanation says far more

about the industry's hiring crisis than any one set of statistics. Even the industry's elite, like Lloyd's North America President Hank Watkins, weren't planning on a career in insurance.

"When I started in the industry, it wasn't my original plan. I went into it because my goal was to work in San Francisco right after college, and the banks were in trouble at the time," Watkins says. "I think very few of us had any initial interest in insurance as a career."

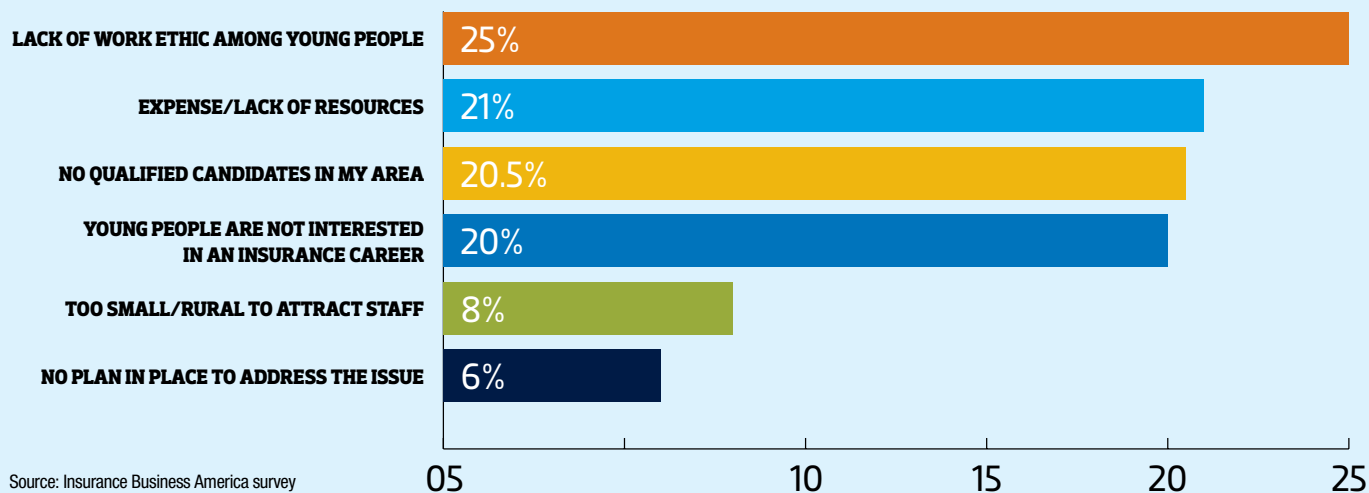
To Scott Culler, president of Markel West Region and co-chair of NAPSLO's Career Awareness and Internship Committee, that's largely a failing of the industry itself.

"I don't know that we've done a good enough job selling just how great insurance is—just how solid and how exciting it is," Culler says. "We kept it a secret more so than promoting it, and some of us may even have felt guilty about the industry we work in. Now there's a perception of insurance as not very glamorous and it's one of the biggest hurdles we face in attracting new talent."

Nowhere is that lack of career awareness and overall disengagement with it more apparent than in the one generation the industry most desperately needs to impress.

Aged 33 and younger, millennials—sometimes called Generation Y—are 77 million strong and boast some of the highest levels of education yet.

## IT'S THEIR FAULT! What is the main reason your agency is not adequately prepared to address the oncoming talent gap?



Ambitious, innovative and tech-savvy, these young people will be critical in adopting new automation advances and building bridges with younger members of the workforce. In fact, given that millennials are predicted to comprise 75 percent of the labor force by 2025, choosing not to engage this generation would be tantamount to an industry suicide mission.

Yet several problems hedge up the way. A 2012 survey from The Griffith Insurance Education Foundation and The Institutes reveals that just 5 percent of millennials say they are familiar with the insurance industry, and fewer than one in ten expressed interest in working in insurance. When asked why, 52 percent said they did not want to sell insurance and 44 percent said insurance sounded “boring.”

Displaying a fundamental failing in industry understanding, however, 61 percent of respondents said they would personally like a job that includes analyzing risks and recommending solutions.

Furthermore, when asked to name their priorities in a career, millennials identified competitive salary, work/life balance, career

advancement opportunities and helping others as their most important considerations—all aspects answered by a role in insurance.

Stability is another unique selling point and one that should particularly appeal to millennials, who have had difficulty finding positions in the still-troubled financial sector.

“When you look at 2008 going forward, there were over 200 community banks in the US that failed. I can’t even think of two or three insurance companies that did,” Watkins says. “As far as a resilient industry goes, insurance is one of the better ones out there. That’s definitely going to appeal to young people.”

The challenge, then, is bringing that message to where millennials are likely to hear it.

### TAPPING EXISTING RESOURCES

In some ways, the industry’s goal of an educated, engaged and enthusiastic young workforce is already taking shape. Risk management and insurance (RMI) programs, as well as other insurance-focused curriculums, are now offered to students in more than 100 universities. To Brian S.



Cohen—former president of Pacific Specialty Group in Anaheim, Calif.—they represent a talent pool akin to the famed farm systems of professional athletics.

“You have a lot of people in the industry that look back at their own experience of ‘falling into’ insurance and they believe that because it worked for them, that’s the way it will work for everyone else. I believe that’s fundamentally unsustainable,” Cohen says. “Instead, I approached California State University-Fullerton, which is right in our backyard, and decided that that was going to be my farm system.”

Cohen entered into a partnership with the university and began giving guest lectures, deploying younger staff to job fairs and offering a summer internship program to students. Of the 12 interns Pacific Specialty has hosted in the past two-and-a-half years, several have started with the company on a full-time basis.

CSU-Fullerton offers a fully functional Center for Insurance Studies and is the latest university to open a chapter of Gamma Iota Sigma, a collegiate fraternity dedicated to risk management, insurance and actuarial sciences. According to Noelle Codispoti, executive director of Gamma, the fraternity boasts roughly 2,400 students eager to start their insurance careers.

All that remains is for companies interested in these students to reach out, Codispoti says.

“I still believe companies need to put a greater emphasis on actually recruiting at the entry level,” says Codispoti. “They know they face a talent shortage in a few years, but they’re still trying to get other companies’ trainees.”

That is especially true of independent agencies and brokerages. In Codispoti’s experience, many in the producer sector are quick to write off the talent pool provided by groups like Gamma because they believe students are simply not interested.

Not true, she says.

“Our students do want to go into that segment of the industry, but they are not the companies offering them jobs right now,” says Codispoti. “I think sometimes agents and brokers—especially those on the smaller side—don’t realize they have just as much of an opportunity to get involved in hosting an internship or speaking on campus.

“I think the more they do get involved, however, the greater the likelihood students will be to get into their side of the house.”

### CONNECTING WITH YOUNG TALENT ON THEIR TURF

While the growth of RMI programs and organizations like Gamma Iota Sigma is heartening, it’s not quite enough to keep pace with today’s demand for talent. Analysts at The Institutes



#### Millennial Viewpoint

“Millennials are looking for employers who confide in their employees and provide us with the freedom to make a difference. It is crucial to provide feedback about our progress towards goals and encourage creativity when setting goals.”

**Ali Rosenberg**, student, The University of Iowa  
Age: 21

predict the industry will need to fill 400,000 positions by 2020 and to meet that mark, prospective employers must cast a far wider net.

They must also overcome the added difficulty of not only selling young people on their company, but on a career in insurance as well. One-fifth of *Insurance Business America* survey respondents said lack of interest in an insurance career is their biggest obstacle in acquiring new talent, and professional recruiters don't disagree.

"If you lead with the word 'insurance,' it's very difficult to get responses from younger talent," says Art Betancourt, vice-president at MarshBerry. "Instead, we talk about things like communicating with C-level executives, working in risk management and being a consultant to business owners. After researching the company, people do realize it's an insurance position, but they are much more inclined to reply."

Highlighting the industry advantages spelled out by Watkins is also vital, as is communicating the long-term income opportunities and work/life balance of an insurance career.

And when it comes to advertising an open position, the potential magnitude of an industry talent crisis means posting online job listings and sorting through hundreds of resumes just isn't going to cut it.

Today's managers need to be much more strategic about their recruitment efforts, and they can start by connecting with potential hires in their own playground. For young, entry-level candidates, that means kicking social media engagement up a notch, says Trey Hugley, a veteran insurance recruiter and president of Genesis Resources.

"Putting a job listing on Monster is not going to help. I use a lot of social networking because that's where millennials are," says Hugley, who has successfully placed young talent with agencies of all sizes. "We do work with Facebook, Twitter and LinkedIn to connect with recent graduates."

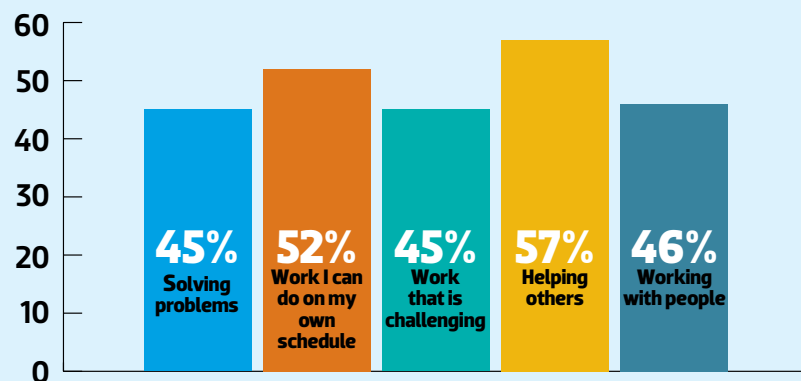
When considering who to target through these platforms, Hugley says factors like college major matter far less than how a young person presents themselves online—particularly on LinkedIn.



**Trey Hugley**, Genesis Resources

"You're not going to attract a 25-year-old unless you differentiate yourself from the tried-and-true granddaddy's insurance agency."

### TYPES OF WORK MILLENNIALS SAID WOULD INTEREST THEM



Source: "Millennial Generation Attitudes About Work and the Insurance Industry," The Institutes and the Griffith Insurance Education Foundation (2012)

"I look for people who are proud enough of what they did in college to list it on their resume," he says. "If they're not proud of what they did for themselves in muscling through those four years at school, who's to say they will take pride in anything they do for your agency?"

Of course, online engagement is a two-way street. Young people can and will research any company within a matter of seconds, and may form an opinion of it just a few minutes later. In order to attract young people online, an agency's own Internet presence needs to be air-tight. That includes high levels of social media engagement,

## THE ATTRACTIONS OF THE INSURANCE INDUSTRY BY GENERATION



### The Greatest Generation (ages 64-81)

"I love helping people. I love being able to have my own office and build my own business in my own town."

—Patrick Freeman, president, Freeman Insurance Services

### Baby Boomers (ages 45-63)

"It's never the same day twice. You can learn so much about so many different types of businesses, and figure out just what makes a business successful."

—Deb Lauerson, president, York Insurance Agency



### Generation X (ages 34-44)

"What I like about our industry is that you have control of your life. I feel like I can make the money I want to make and learn interesting things. I have control over my own income."

—Kip Ulmer, commercial broker, Burns and Wilcox



### Millennials (ages 33 and younger)

"What really intrigued me about the risk management and insurance industry is its strategic importance to overall continuity, not just business. If not for risk transfer methods such as insurance, no bridges or skyscrapers would be built and no new medicines would be concocted. Our industry is dynamic and touches all aspects of any organization."

—Cathleen Gabriel, underwriting analyst, Financial Lines group, AIG



"It's important to these students to meet people

who have been in their career for a while, so they can see that you're just as excited as you were when you started."

**Brian S. Cohen**, former president of Pacific Specialty Group

an effective display of company values and a website that is streamlined, modern and highly functional.

"You're not going to attract a 25-year-old unless you differentiate yourself from the tried-and-true granddaddy's insurance agency," Hugley says. "If all they see is a dead website and information on insurance, they're going to rule you out pretty fast."

Instead, Hugley suggests highlighting an agency's community involvement and "sense of fun," which appeals to millennials' desire for a positive, well-defined company culture.

### YES, FACE-TO-FACE ENGAGEMENT MATTERS TO MILLENNIALS

But it isn't all about the virtual world. As Cohen learned in his partnership with CSU-Fullerton, face-to-face engagement is paramount to making the kind of inroads a company needs in order to start developing a real talent pool.

Universities, with their guest lecturer platforms and myriad job fairs, are a good starting point.



A group of hikers is crossing a narrow suspension bridge over a deep canyon. The bridge is made of many thin ropes and is suspended between two rocky cliffs. The hikers are wearing backpacks and colorful gear. The canyon walls are steep and rocky, with some sparse vegetation. The scene is captured from a high angle, looking down at the hikers as they cross the bridge.

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## DEALING WITH THE 'RURAL' FACTOR

Nearly 10 percent of independent agency employees told *Insurance Business America* their biggest challenge in recruiting young talent could be boiled down to the old real estate motto: location, location, location.

These small-to-midsized agencies say that as a rural, small town operation, they lack the appeal of an agency in a big city like Boston or New York. Consequently, they have an added layer of difficulty in finding new hires—especially those coming straight out of a four-year university or RMI program.

To combat that problem, Dottie Chalmers Cutter—vice-president of operations at Chalmers Insurance Group in Bridgton, Maine—started to shift her gaze toward those even younger.

"Where I think I've been most successful is in building a great relationship with our local high schools, including one that is my alma mater," Chalmers Cutter says. "I sent out letters to all the business teachers in the area asking if they would be interested in my coming in and doing a presentation on insurance as a career opportunity. Students have come up to me afterward and asked to intern, and that's just the result of a simple presentation." Chalmers Cutter has since gotten involved with Project InVEST, and seven employees with her agency today came as a direct result of her participation in the program.

Further south in Nashua, N.H., Eaton & Berube Insurance Agency's Beth Needham has also had success working with Project InVEST. In order to cast an even wider net, however, her agency makes a point to get involved with community non-profits and the local chamber of commerce.

That's how they found their latest hire—a young journalism student who was looking for her first post-college position. Today, that student is employed full-time with Eaton & Berube, building up their social media presence and widening their potential client base.

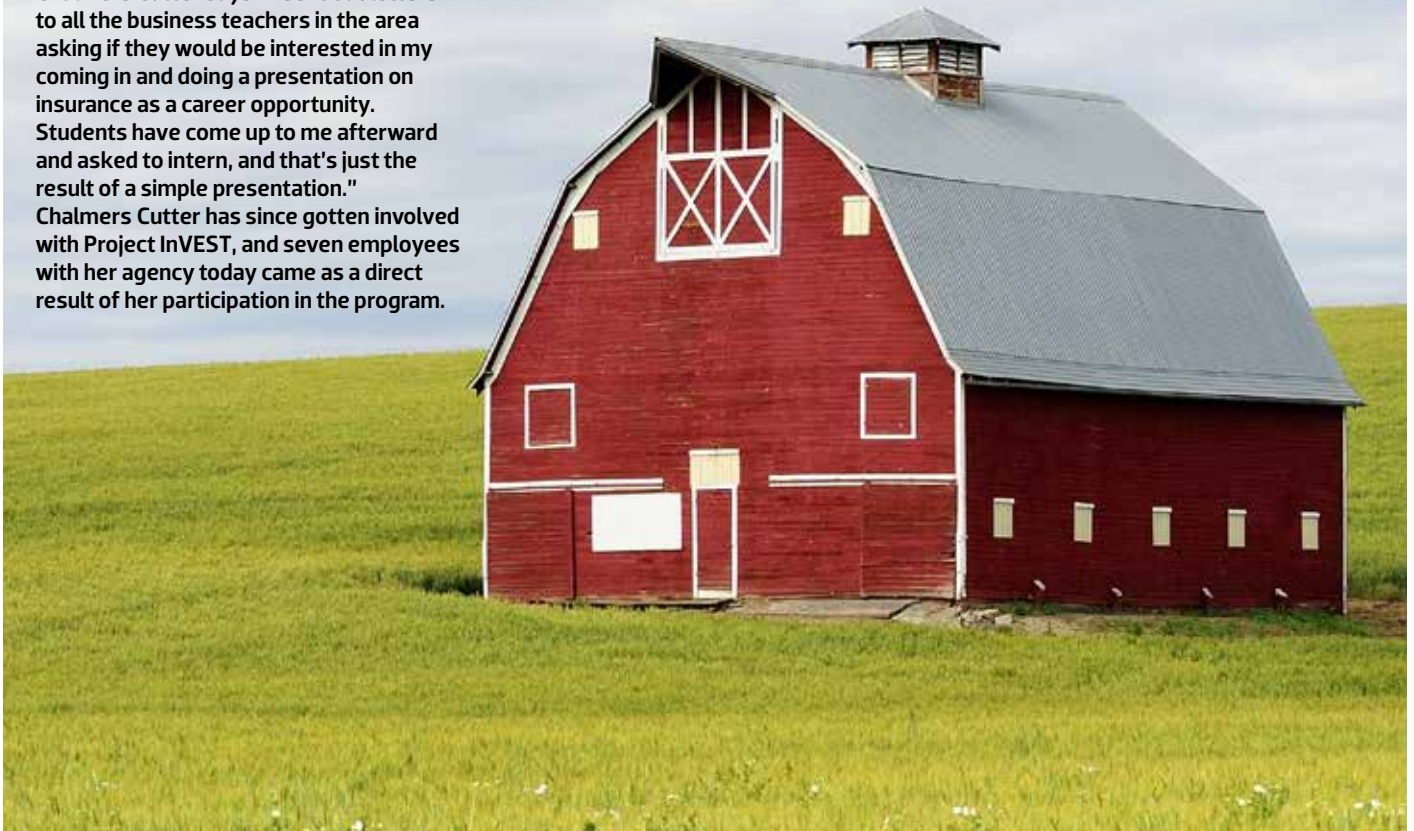
"You get involved in these organizations and learn about people and they learn about you," Needham says. "Those personal connections are how you build your business—especially for rural agents—so it's natural that you would build your staff the same way."

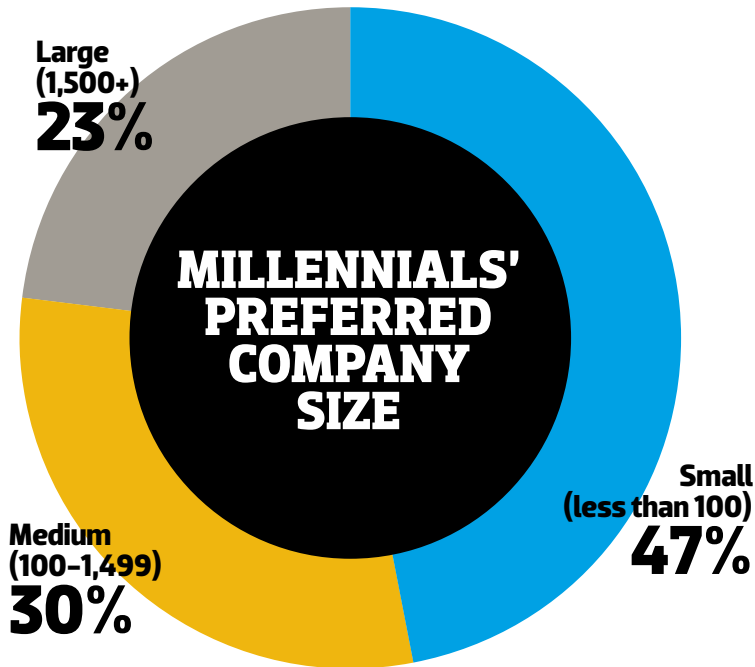
Still hitting a dead end? At Work at Home Vintage Employees (WAHVE), CEO and president Sharon Emek says remote work solutions are some of the best options for rural agencies.

"Today, you can work from anywhere. Certain industries lend themselves to remote work, and insurance is one of them," says Emek. "After all, you can't always find talent in your backyard and you can't just move your business to follow that talent."

WAHVE specializes in matching older, retired workers with agencies in need, but Emek says the lesson is universal. After a few years of employment, even relatively young staff members can start working from home.

"In an agency office, there is a lot of process work so outsourcing some of that, or having people work remotely, is actually more advantageous," she says.





Source: Geekwire.com (2012)

Sending younger employees who look and speak like current students is good practice, but even more seasoned executives can make a positive influence—provided they ditch the suit and tie.

“Sometimes it’s not necessarily about how old you are, it’s more what your disposition is,” Cohen says. “When they meet you, are you tired? Do you look old? Do you give short answers?”

“It’s important to these students to meet people who have been in their career for a while, so they can see that you’re just as excited as you were when you started.”

Insurance agencies have also found high schools to be an effective, though relatively untapped, source of talent. Communicating insurance career awareness to high school students may be even more effective in solving the talent gap, given that many are still undecided on their future.

That’s just what insurance

agencies working with Project InVEST hope to benefit from. A 501(c)(3) organization launched through the Independent Insurance Agents and Brokers of America (IIABA), Project InVEST has a two-fold mission: to increase insurance literacy among high school students and to communicate the advantages of a career in insurance.

Though Project InVEST made its debut in 1970, InVEST Executive Director Diane Mattis believes the program’s benefits are greater now than ever before.

“High schools are no longer primarily interested in getting students college-ready—they want students to be career-ready,” Mattis says. “These students are making career choices in high school and we’ve got to be in there as an option.”

Through InVEST, local insurance professionals can visit schools, speak to students about a career in the industry and even offer summer internships and part-time jobs. Students set up



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**Millennial Viewpoint**

"Recruit students straight out of college that majored in low-correlating, entry-level careers. Give them a steady and entry-level flat salary, and instead of a salary increase based on their commission, it can be directly tied to the percentage of student loan repayments the company will subsidize. If they increase the percentage monthly in correlation with sales, then that monthly incentive will satisfy the instant gratification that our generation loves."

**Michael Cain**, second-generation agency employee  
**Age: 26**

mock insurance agencies during the program and get a chance to converse with local agency representatives—and it's all free for the agency.

Mattis describes the response of students as "overwhelming"

"Once we get the volunteer agencies and schools connected, both teachers and students are amazed at the different career options within the industry," she says. "I think it's a very 'aha' moment for them."

InVEST currently works with 518 teachers in 45 states, and is just shy of 19,000 student graduates. A significant portion of those students have even gone on to a career in insurance right out of high school.

**GETTING INTERNSHIPS RIGHT**

For agencies not quite ready to hire millennial employees, hosting an internship is an effective opportunity for both student and agency to take a "test drive."

In fact, 42 percent of all new hires went through internships, according to data from The Institutes.

"Employers who offer internships can use them

as month-long interviews," says The Institutes' executive vice-president, Anita Bourke. "They're able to choose highly qualified candidates from the beginning and determine, at the end of the internship rather than an hour-long interview, if the interns are good fits before committing to hire them."

One of the best industry models of an effective internship program comes from NAPSLO. Dating back several decades, the trade association's competitive internship program allows students across the country to spend five weeks with an insurance company and four weeks with a broker.

During that time, host companies give interns a project designed to give meaningful work to the intern and complete an important task for the company. Interns also rotate through several departments within the host company and work with a variety of high-level professionals.

"Having an opportunity to work on ensuring that NAPSLO has a strong internship program and is supporting the development and growth of our younger people is very rewarding," says Mike Miller, president and COO of Scottsdale Insurance and Culler's co-chair on NAPSLO's Career Awareness and Internship committee. "We are helping a young person get involved in our industry and also having the opportunity to hire them, or at least learn from them. Who knows who you might hire someday that started as an intern?"

Alyssa Bouchard, a recent RMI graduate who just accepted an associate broker position with AmWINS, credits her participation in the NAPSLO internship program with her ultimate decision to work excess and surplus lines.

"I completed the NAPSLO internship last summer and it's a huge part of the reason I decided to go into E&S," says Bouchard. "There's a lot you can learn in the classroom, but when I saw the terms and concepts I was using on a day-to-day basis in action, it made all the difference in the world."



## A FAIL-PROOF METHOD FOR TRAINING NEW HIRES



At MarshBerry, vice-president Art Betancourt has helped develop a regimented training approach for new independent agency hires that—when followed—has a 71 percent success rate. The typical agency also sees a dramatic increase in production within the first year of hiring the new employee, gaining more than \$50,000 in revenue.

“You can hire the right person, but if you don’t implement the right process post-hire, you’re not going to be successful,” Betancourt says.

The first step is a competitive compensation structure. Offering a base salary plus commission “attracts the right individuals” and also incentivizes them to improve, he notes.

MarshBerry gives new producers the opportunity to earn commission immediately, though they still have to validate their compensation through activity. The company sets a minimum number of appointments for each new hire, and if that number is missed, compensation is reduced.

Betancourt also calls for a four-tiered mentorship program. In the first days of an employee’s hire, he or she will be partnered with a closing mentor that offers advice on making a deal. Then, a sales management mentor is brought in to advise on topics like pipeline management and setting goals for meetings. A marketing mentor helps the new hire understand an acceptable submission process, while an education mentor assists the employee in getting licensed within two weeks of hire.

“Most agencies don’t come up with this kind of systemic model on their own,” Betancourt says. “When it’s not followed, we only see a 34 percent success rate.”



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**HIRING THE RIGHT CANDIDATE**

When the time comes to hire a young employee full-time, careful interviewing practices are of the utmost importance. After all, only one out of every five hires eventually becomes a successful producer, according to The Middleton Group, and the average cost of a hiring mistake is 10 times the employee's compensation.

To avoid that fate, Genesis Resources' Hugley advises agencies to take their time in considering young candidates.

"My suggestion is a minimum of three in-person interviews," he says, "and the first one should be conducted by the agency owner. They know the most about the business and can rule people out straight away.

**Millennial Viewpoint**

"Risk management and insurance firms should continue reaching out and supporting new talent from the university and even high school levels. To do this, the insurance industry needs to establish and strengthen relationships with faculty who serve as gatekeepers to valuable talent pools. Without connections to insurance, most of my peers would not have considered pursuing opportunities within insurance."



**Cathleen Gabriel**, underwriting analyst in the Financial Lines group, AIG  
**Age: 22**

**WORLD WIDE SPECIALTY PROGRAMS:  
 FROM STAFFING  
 INDUSTRY PIONEER  
 TO TRENDSETTER**

When Eileen Lesberg founded World Wide Specialty Programs almost 50 years ago, she had a singular purpose: to design, develop and provide insurance products for staffing firms, long before industry-specific policies were available. Even though insurance carriers at the time had virtually no knowledge of the staffing industry, the word "no" was never an option for her.

Five decades later, president Dorothy Taylor guides World Wide by those same simple but powerful principles: track industry changes, listen to clients' needs, and respond quickly, especially when that means originating new products. Having issued in excess of 100,000 policies to staffing firms — and worked with thousands of insurance brokers — World Wide knows this industry better than any other, hands-down.

World Wide is neither a broker nor a wholesaler, but a team of underwriters who sculpt and adjust coverage to meet shifting circumstances — with no learning curve or lag time, just immediate and informed response. Brokers often juggle multiple industries and lack time to track the legal changes specific to an industry. World Wide specializes so they don't have, have to work with carriers to analyze loss trends and track the growth of industry segments, from vendor management services and virtual offices to data security issues and client risk-transfer requests. World Wide explains the intricacies of coverage to brokers so they can understand the unique risks the industry faces — and how their staffing firm clients can avoid them.

The profile of today's staffing company is very different from the company of decades ago. Placements, delivery, contract requirements and the types of services offered have all changed dramatically, constantly driving new coverage needs. What are the associated risks for a staffing firm when an employee on assignment is serving liquor? Are staffing firms responsible for the actions of placed employees? Will a staffing firm be covered if a vacant office is vandalized? How responsible is a firm for a data security breach?

Sometimes firms don't discover that they lack the proper coverage until they file a claim. For instance, if a firm hasn't performed a thorough background check on employees placed or potential staff, some errors & omissions policies might not respond when liability arises. Such an oversight can translate to thousands of dollars in judgments and fees against a staffing firm. World Wide knows those risks, evaluates those risks, and offers the coverage to guard against those risks — whether it's the negligence of temporary or in-house employees, data breaches, or other factors that firms hadn't even considered.

Insurance coverage is only as strong as its underwriter. Under the mantle of leadership that began with Eileen Lesberg and continues with Dorothy Taylor, World Wide Specialty Programs continues to be the singular, leading source for staffing industry insurance. Service may be World Wide's mantra and unique insurance coverage its history — but cutting-edge insurance policies is and will always be its future.



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IN ONE WORD: MILLENNIAL PERCEPTIONS OF THE INSURANCE INDUSTRY



**Stagnant** Sleazy  
Complicated  
**Boring**  
Pushy People  
Good Cut-throat  
**Mediocre**  
Dull Morose  
**Sales**

Source: Insurance Business America survey

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“It also means [candidates] have to show patience—they’re not going to get the job right away. If they leave after two interviews, let them walk away even if you like them. The ones who get frustrated are the ones you let go.”

Proper vetting is particularly important when hiring producers, says MarshBerry’s Betancourt.

“At a certain point in the interview process, we tell the candidate why they’re not going to be a good fit for the agency. We’re trying to put them in a sales environment and see how they handle rejection,” he explains. “A blank stare means there is a red flag.”

Wrapping up the interview process with a long lunch or dinner is also a winning strategy, according to Christine Peterson, head of human resources at The Hanover. With more than 15 years’ experience in talent acquisition, Peterson has found that taking that extra step allows her to decide whether a candidate will jive with Hanover culture.

“Really assessing talent on how they will fit into the culture of the organization is very important,” Peterson says. “I usually like to have lunch with someone and try to understand who they are as a person and what’s really important to them.

“At the end of the day, you want to create a win-win environment where it’s a good opportunity both for that person and for the company.”

### TRAINING AND WORKING WITH MILLENNIALS

Perhaps the most difficult aspect of closing the industry talent gap is training and working with younger employees. Thanks to their tech-fueled, highly rewarded upbringing, millennials have a different outlook on work, life and career trajectory than older generations.

Already, that’s causing some friction in the industry. A full 25 percent of survey respondents blamed a lack of work ethic among young people for their hiring woes, frequently using words like “entitled,” “lazy” and “irresponsible” to describe new employees.

Before insurance professionals can even begin to facilitate the knowledge transfer between these two disparate groups, they must first overcome those generational prejudices, says Dan Epstein,

CEO of ResourcePro.

“I don’t for one second doubt that there’s a strong work ethic among young people,” says Epstein, who has helped bring 1,500 millennial employees to ResourcePro. “At the same time, I think the way they go about that may be a bit different, so we need to be more flexible about what time they arrive, what time they leave and how they’re dressed.”

Growing up alongside technology, millennials may require more access to cell phones and social media. This doesn’t make them disengaged employees, however. Millennial attitudes toward work and personal life have started to bleed together, facilitated by constant access to both friends and coworkers through email and smartphones. In other words, the producer down the hall surfing Facebook is also likely to be developing a new sales strategy at home during dinnertime.

Working with millennials also means providing greater guidance and more frequent feedback than baby boomers themselves received when first entering the industry. Epstein believes “flat management systems” that highlight transparency and open communication will be the most effective in attracting, training and retaining young hires for that reason.

“Having forums for established agency employees and younger employees and managers to talk about the business will make them feel valued, listened to and an important member of the team,” says Epstein.

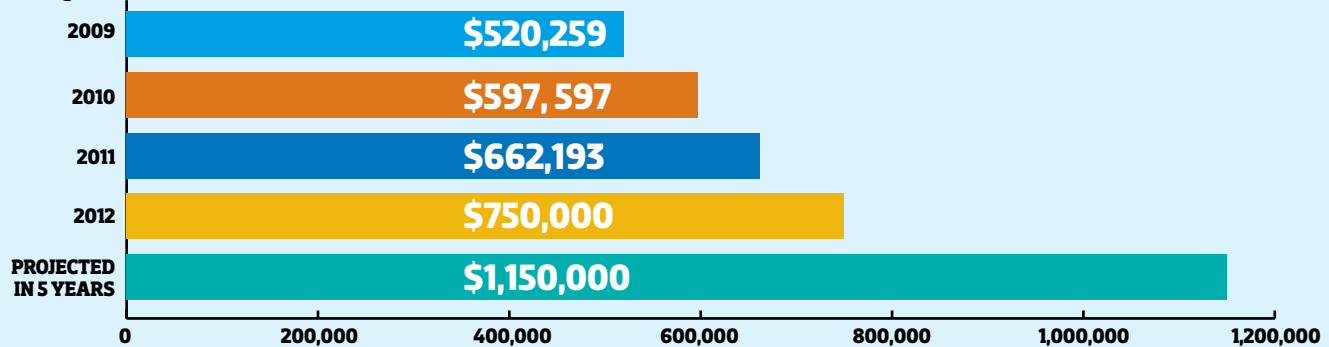
That’s something Peterson says has made The Hanover’s young employees particularly successful and satisfied.

After being hired with The Hanover, new employees enter a two-week orientation program with their peers during which they learn about company culture and receive individual assignments. However, unlike similar industry orientations, Frederick Eppinger—CEO of The Hanover—makes a point to speak to the young hires and engage them in meaningful dialogue.

“The first comment out of their mouths is, ‘Wow,’” Peterson says. “He really opens up the

## YOUNG PRODUCERS BRING VALUE TO INDEPENDENT AGENCIES

In 2009, Reagan Consulting followed 91 young producers under the age of 30. In the following years, the company tracked their progress through median total book size.



Source: The Young Producer Study, Reagan Consulting 2009

floor to questions and dialogue, and talks about all kinds of things with them. They love the fact that not only is he so open on their first day, but they also see him all around the building and know he is open to new ideas—and that those ideas will be implemented quickly.”

The Hanover has also found success partnering new hires with more seasoned employees who can show them the ropes, answer any questions about the company and generally serve as a mentor during the first years of their employ.

That setup facilitates a natural, two-way knowledge transfer, says Peterson.

“Our new talent is really eager to learn from these individuals who have been around for 20 or 30 years, and by working together they actually strengthen each other and the organization as a whole,” she says. “They’re both getting a very different view on how to do business, and we’ve seen some great, creative solutions on both sides.”

The best mentorships evolve naturally, says Peterson. As long as mentors and mentees meet regularly and maintain an open flow of dialogue, a partnership can be successful.

That kind of high-level engagement and opportunity to contribute may also satisfy millennials’ famed yearning for quick promotion. Sometimes negatively described as “wanting

something for nothing,” today’s young workers do expect to contribute meaningful work and be recognized for it.

While Gamma Iota Sigma’s Codispoti believes companies should be more open to promoting young people in general, she also suggests there are other ways to recognize good work from millennials.

“We’ve been telling people within the industry to have patience and wait your turn,” Codispoti says. “If that mindset is continued through boomers and Gen Xers, our millennials will get fed up before we even have the opportunity to keep them.

“I’m not suggesting we promote those who are not ready, but I don’t think anyone has ever broken the bank by giving a young person an extra \$500 or throwing them a new title.”

### GENERATION X, GENERATION NEXT

While millennials represent the newest generation of insurance professionals, insurance companies should not overlook the promise of Generation X. Both Xers currently employed (who will soon be taking over management roles) and those outside the industry represent a prime resource for agencies.

Ann Fishman has been studying generational



differences for decades, having received four U.S. Senate Research Fellowships and founding her own consulting firm, Generational Targeted Marketing. She describes this group, now aged 33-53, as entrepreneurial, open-minded, honest, tech-savvy, and creative.

“This is a generation of individuals,” said Fishman. “They had to become individuals in order to survive – family units were broken, religious units were broken, public schools were broken - so they had to focus on themselves in order to survive and get through childhood.”

Rather than falling prey to victim status, though, Fishman notes that Generation X used these setbacks to become stronger and more resilient. This is precisely why the insurance industry needs them now more than ever.

Recognizing the impending talent gap, Lloyd’s North America has launched a program specifically for US producers with five to 10 years of experience—a group that includes those valuable Xers.

Through the Andrew Beazley Broker Academy, Lloyd’s hosts 40 producers during a two-week to the Lloyd’s market in London. They are taught by Lloyd’s underwriters and brokers about specific classes of business such as marine, energy, professional liability and management liability.

Watkins emphasized this means of outreach will help Lloyd’s not only prepare its own market for the future, but assist the industry as a whole.

“We have a need to make sure the next generation in the US starts off with the right quality,” says Watkins. “We have nearly 1,000 MGA offices that represent us here, and those are the folks bringing business back to us in London. So, we’re heavily invested in training them up. Anything Lloyd’s can do to help the industry in training is very much in our interest.”

But it’s not just promoting educational opportunities insurance companies need to be thinking about. Retaining their current Gen X employees is just as important.

Fortunately, there are several undertakings that companies can pursue to bring the best and brightest of this age group into their agencies to stay.

The Jacobson Group, along with Property Casualty Insurers Association of America (PCI), Valen Analytics, and The Institutes, has outlined a plan entitled “Tomorrow’s Talent Challenge,” designed to recruit and retain much-needed mid-level professionals to the field of insurance.

“The industry has to recognize that it doesn’t put a lot of focus on bringing people even with a couple of years of business experience into the industry to learn about insurance. Generally, our industry is focused very much on experience, sometimes over skills,” said Greg Jacobson.

Jacobson says seeking Gen X talent outside the industry is one way to overcome this prejudice and prosper.



**Noelle Codispoti**, Gamma Iota Sigma

“If that [wait your turn] mindset is continued, our millennials will get fed up before we even have the opportunity to keep them.”

“Organizations are saying, ‘We want somebody with experience doing exactly what we’re doing,’ and that limits the opportunities and focus to bring in people from outside the industry,” he says.

“Our competition has changed – it used to be the competition for insurance was always high finance. That’s still true, financial services is still a competitor – however, I think based on the changing way business is being run and how business has to adapt to changes in how people want to be serviced, there is a need for people with certain backgrounds that’s putting us in strong competition with the technology industry.”

Ann Fishman also has several suggestions on how to cater to this generation’s unique characteristics, given their background and the

## DID YOU KNOW...?

According to Insurance Business America's survey of independent agencies:

# 48

The average age of an insurance agency employee

# 7

The average number of employees under age 35 in an agency of 100

# 16%

of respondents had no employees under age 35

# 21

The age of most producers when they entered the industry

socio-historical context of their upbringing.

"They value a sense of belonging, a sense of family which was missing from their childhood," says Fishman.

"This generation is looking for companies with benefits: repayment of student loans, health benefits, dental insurance, pet insurance – what I like to call peace of mind benefits," said Fishman. "If two companies want the same person, the one that gives them better peace of mind benefits is the one that will get them."

### LOOKING TO THE FUTURE

The challenges of an aging workforce are trying all segments of the insurance industry, but the most innovative individuals see the talent gap not as a crisis but as an opportunity. Harnessing the

power of millennials and reinvesting in the development of Gen X will only make the industry stronger.

"I've seen young people change the culture of an agency all the time," Betancourt says. "People that haven't produced for a long time have all the excuses in the world for it, but then they bring in a 28-year-old who is closing 10 deals a month and that really supercharges the culture in an agency. Suddenly, everyone is excited and profitable again.

"You can't just give up after you hire one person that doesn't work out. Bringing on new talent and having a system in place for investing in top performers has got to be a part of an agency's culture, and that's going to be the difference between those who make it through the talent gap and those that don't." ■

### Millennial Viewpoint

"In order to make themselves attractive to millennials, insurance companies must become better at promoting and cultivating the variety of career paths available within the profession. More importantly, though, they must ensure that those job opportunities are meaningful, allow for personal growth, and provide upward mobility within their respective organizations."

**Scott Bouchard**, Transportation & Logistics Practice, Aon Risk Solutions  
Age: 26



25% of the insurance agency sector is expected to retire by 2018.

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