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The Jacobson Group is the nation's leading provider of insurance talent. For 40 years, we have been connecting insurance organizations with professionals from the board room to the back room on both a permanent and temporary basis. We offer a variety of solutions including executive search, professional recruiting, RPO, temporary staffing, subject matter experts, and onsite and work-at-home operations support. Regardless of the need or situation, Jacobson is the insurance talent solution.

PULSE OF THE INDUSTRY'S LABOR MARKET

- The U.S. unemployment rate remained steady at 8.2 percent with the addition of a modest 80,000 jobs in the month of June.
- Unemployment for insurance carriers and related activities rose to 5 percent for the month of June, up from 4.5 percent in May.
- At approximately 2.28 million jobs, industry employment is up roughly 200 jobs compared to June 2011.
- On a year-to-year basis, industry employment saw job growth for reinsurance (5.7 percent), TPAs (0.8 percent), agents/brokers (0.5 percent), health (0.1 percent) and title (0.1 percent). Other sectors saw declines: claims, down 4 percent; life, down 1.3 percent; and property and casualty, down 0.8 percent.
- Reinsurance saw an increase of only 0.3 percent in weekly wages after months of double digit increases. All other sectors saw declines in weekly wages: TPAs, down 5.7 percent; agents/brokers, down 3.8 percent; life, down 3.33 percent; health, down 3.2 percent; claims, down 2.9 percent; property and casualty, down 1.34 percent; and title, down 0.6 percent. ▲

**Derived from the data released by the U.S. Bureau of Labor Statistics*

**IS THE INSURANCE
INDUSTRY'S LABOR MARKET
FINALLY ON THE MEND?**

Jacobson's Insurance Industry Mid-Year Labor Market Study was a success!

Attend the **complimentary results webinar** for valuable information on the condition of the industry's labor market, ongoing trends and staffing expectations.

Date: August 7, 2012

Time: 1:00 p.m. CST

REGISTER NOW





INDUSTRY EXECUTIVES ON THE MOVE

Congratulations and best of luck to the following executives who recently took on new challenges within the industry:

- **Craig Bass**
President, Molina Healthcare of Texas
Molina Healthcare, Inc.
- **Michael Belfatti**
Chief Actuary
Endurance Specialty Holdings Ltd.
- **William G. Carney, CPCU, ALCM**
Chief Underwriting Officer
Accident Fund Holdings, Inc.
- **Nigel Childs**
Chief Financial Officer for International Operations
Starr Companies
- **Ellen Cooper**
Executive Vice President and Chief Investment Officer
Lincoln Financial Group
- **Scott Dickison**
Chief Financial Officer
Scott & White Health Plan
- **Meg Drago**
Global Head of Human Resources
Ironshore Inc.
- **John Forney, CFA**
Chief Executive Officer
United Insurance Holdings Corp.
- **Barry Gilway**
President
Citizens Property Insurance Corporation
- **Peter Harper**
Global Chief Financial Officer
Ironshore Inc.
- **Stephen Harris**
President, Molina Healthcare of Michigan
Molina Healthcare, Inc.
- **Todd Hart**
Chief Executive Officer
Narragansett Bay Insurance Company
- **Ted M. Johnson**
Chief Financial Officer and Treasurer
American Equity Investment Life Holding Company
- **Brad Kass**
Chief Operations Officer for Global Corporate in North America
Zurich Insurance Group
- **Edmund J. Kelly**
President
American Association of Insurance Services
- **Laurette T. Koellner**
Executive Chairman of International Lease Finance Corporation
American International Group, Inc.
- **Kevin A. Marti, FSA, CLU, ChFC**
President and Chief Executive Officer
Gleaner Life Insurance Society
- **John M. Matovina**
Chief Executive Officer and President
American Equity Investment Life Holding Company
- **Keith Maxfield, CPCU**
Senior Vice President and Chief Underwriting Officer
Cumberland Insurance Group
- **Steve Napoli**
Chief Investment Officer for International Insurance
Prudential Financial, Inc.
- **Charles Prall**
Chief Financial Officer
New Jersey Manufacturers Insurance Company
- **Tim Schmidt**
Chief Investment Officer for U.S. Businesses
Prudential Financial, Inc.
- **Scott Sleyster**
Chief Investment Officer
Prudential Financial, Inc.
- **Andrew M. Tuma**
President
Berkley Surety Group, LLC
- **Jennifer Yang**
Chief Risk Officer
The Navigators Group, Inc.

THE COMPENSATION COMPONENT: RETHINKING WORKFORCE INVESTMENTS

By The Jacobson Group

Strategic change is the new black. Placing the spotlight on the importance of human capital is paramount in executing game-changing strategy. It's difficult to imagine a more fiercely competitive talent market than what we currently encounter. Today's economic and social climate has created both opportunities and tensions that insurers must face head-on. Greater access to information has dramatically changed how we build strategies. Accelerating customer demands and expectations, economic conditions, Mother Nature, regulatory change and workforce dynamics all have a profound impact on how we do business.

Further, the demographic of our labor market continues to shift. For the first time, we have four generations, working side-by-side. Boomers are now heading for retirement and many employers are realizing the impending skills gap that will be left behind. The "war for talent" is a very real dilemma that forces us to take a deeper look at succession and workforce development. The goal, of course, is to secure top-tier talent to lead in both the short and long-term. Rather than becoming consumed in the "war for talent," the focus needs to be on delivering strategic capabilities that will drive growth and prosperity.

While there are many issues intertwined with recruiting and retaining the best talent available, perhaps the workforce component of compensation begs for more discussion than the rest. Having recently accepted the honor of sponsoring the 2012 National Association of Mutual Insurance Companies (NAMIC) Executive Compensation Study, this topic has



been top of mind for The Jacobson Group. It seems there is great interest in the issue, deservedly so. While striving to push ahead of the competition, today's future-thinking companies are reconsidering how they invest in their workforce.

A DIFFERENTIATED WORKFORCE

Job responsibilities have broadened considerably, and the pace at which jobs change has also increased dramatically. Organizations require an approach based on future value creation and strategic job worth. We cannot overstate

the importance of developing a shared understanding of workforce philosophy.

Workforce differentiation is as essential and critical as any other strategic differentiation when creating a competitive, sustainable advantage. However, the tendency is to standardize workforce practices rather than differentiate. In many organizations, human capital remains the most expensive, yet mismanaged, asset.

We cannot rely on “best practices,” as they are simply designed to keep up with the competition. Today’s playing field requires differentiation on the inside, especially in terms of recruiting, developing and rewarding our workforce. Positions within our organizational structures differ in their contribution to strategic success and, as such, must be compensated accordingly.

Let’s remember that all roles are not inherently strategic, yet all roles are important! If not, it’s assumed they are eliminated. For this purpose, we can identify three categories that our workforce could fall into: strategic, supportive and administrative. Grouping by strategic contribution provides the framework for determining position value relative to compensation. Our strategic players are those that have a direct and profound impact on the current, mid-term and future success of the company. Their incentives must be strong, competitive and compelling in scope.

AN ALIGNED STRATEGY

Any compensation system is only truly effective if it is designed to compliment and support the overall business. This includes not only appropriately rewarding high performance, but

also disproportionately investing in strategic talent. Your compensation strategy should be attractive to the “right” talent and have a meaningful impact on retention of your top performers. It is done in concert with the financial performance of the organization —meaning it serves all stakeholders, including policyholders.

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Initiate dialogue within your organization on talent management and all of its facets: succession planning, executive compensation, recruitment, and executive development and coaching. The non-monetary rewards that cannot be captured with numbers should be factored into a successful and holistic talent management strategy. Providing employees with a sense of purpose and belonging, attractive work-life harmony and competitive benefits will take your compensation strategy to the next level.

If you are a leader in your organization, make this your priority. Compensation is just one important component of the greater human capital picture; and an active, “living and breathing” strategy lends itself to a stronger overall succession plan. While today’s landscape offers an array of challenges that are quite unique to our time, there is no denying that growth and prosperity is still achieved the same way—through our people. It’s time to rethink how we invest in them. ▲