

# Compass

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## PULSE of the Industry's Labor Market

*derived from the seasonally-adjusted data released by the U.S. Bureau of Labor Statistics*

- The U.S. unemployment rate reached a 16-year high of 7.2 percent in December.
- In total, the economy lost 2.6 million jobs in 2008 - the steepest slide in more than 60 years.
- Non-farm payrolls fell during all 12 months of 2008 and were down 524,000 from November to December.
- The insurance industry lost 5,200 jobs from November to December, closing 2008 with 7,300 fewer positions than when the year began.
- However, the unemployment rate for insurance carriers and related activities was reported as 3 percent in December, compared with 3.8 percent in November.
- Insurance payrolls declined only 0.3 percent from December 2007, compared to total non-farm payrolls which declined 1.9 percent.
- While employment in the insurance industry as a whole decreased in 2008, some areas saw growth. Reinsurer payrolls increased 13.2 percent from November 2007, health insurer payrolls increased by 3.6 percent, and claims adjuster payrolls grew by 1.5 percent.
- Conversely, agents and brokers payrolls declined by 1 percent, while property and casualty insurers saw employment decline by .4 percent.
- Overall, industry salaries increased during 2007. Average weekly earnings for non-supervisory insurance positions rose by 6.8 percent from November 2007 to November 2008. Employees within the life insurance sectors continued to see the biggest gain with weekly earnings rising 11.3 percent. ▲

### Did You Know...

- Eighty-one percent of professionals expect their companies' business performance to decline in 2009, according to a survey conducted by Mercer in November 2008.
- While more than 69 percent of global respondents to the Mercer survey reported that they will likely limit hiring to below replacement level in 2009, 69 percent also reported they will likely hire top talent at the planned levels.

*Read more in Leadership in Tough Economic Times on page 3.*



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Jacobson Executive Search offers nearly four decades of expertise and insight into the insurance, healthcare and financial services executive marketplace. We provide search and selection services for the industries' executive-level positions, including Vice President, C-Level and Board Member assignments.

## industry executives ON THE MOVE



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

- **Scott Bolger**, *Senior Vice President*, Aviation Insurance Services of Illinois, Inc.
- **Joe Boren**, *Chief Executive Officer of Environmental Unit*, Ironshore Insurance North America
- **Jackie Brabham**, *Senior Vice President of Annuity Operations*, AXA Equitable Life Insurance
- **Kevin Byrne**, *Executive Vice President*, AXA Equitable Life Insurance
- **Mike Campbell**, *Senior Vice President & Chief Financial Officer*, GEICO
- **Stephen Cardinal**, *Executive Vice President & Chief Marketing Officer*, Horace Mann Educators
- **William Casey**, *Executive Vice President of North-east Region*, Arch Insurance Group
- **John D'Alusio**, *Senior Vice President & Senior Claims Officer*, Avizent
- **Keith Floman**, *Senior Vice President of Actuarial*, AXA Equitable Life Insurance
- **Alissa Fox**, *Senior Vice President*, Blue Cross and Blue Shield Association
- **Bob Gadaleta**, *Senior Vice President of Management Liability Division*, Hiscox Bermuda
- **Kimberly Hanna**, *EVP & Chief Operating Officer of AIG Environmental*, AIG
- **Russell Johnston**, *President & Chief Executive Officer of AIG Environmental*, AIG
- **Chris Jones**, *President*, Aerospace Insurance Managers
- **Kevin Kelley**, *Chief Executive Officer*, Ironshore Insurance North America
- **Shaun Kelly**, *President*, Ironshore Insurance North America
- **Brian Kensil**, *Chief Financial Officer*, White Mountains Re America
- **Chris Leisz**, *Senior Vice President of Management Liability Division*, Hiscox Bermuda
- **Steve Mabry**, *SVP of Annuity Product Development*, AXA Equitable Life Insurance
- **John McCarthy**, *Executive Vice President of Human Resources*, Guardian Life Insurance
- **Laurel Meissner**, *Senior Vice President & Global Controller*, Aon Corporation
- **Chris van Mierlo**, *Chief Marketing Officer & SVP of Sales*, Pacific Life
- **John O'Brien**, *President of Environmental Unit*, Ironshore Insurance North America
- **Gerald Patterson**, *Chief Operating Officer*, Nippon Life Insurance Company of America
- **Michael Rossi**, *Senior Vice President*, Bollinger Insurance
- **Ty Sagalow**, *EVP & Chief Innovation Officer*, Zurich North America
- **Michael Slipowitz**, *Chief Actuary*, Guardian Life Insurance
- **Edward Stanco**, *Chief Executive Officer*, Toa Reinsurance Company
- **Kristof Terry**, *Chief Operating Officer of General Insurance*, Zurich Financial Services
- **Daniel Wilson**, *President*, White Mountains Re America

# Leadership in Tough Economic Times

by Gregory P. Jacobson, co-Chief Executive Officer

Difficult economic times require a leadership style focused on the people that execute corporate strategy.

With shocking changes to our vernacular – ownership of AIG by the U.S. Government, frozen credit markets, mass layoffs and the word depression at the forefront of discussions – leadership is key to business success. As leaders in the insurance industry, one of the major challenges confronting us is the cultivation and management of our human capital investment. What can we do to alleviate the toll that this economic crisis is taking?

## Communicate with your employees.

Undoubtedly, communication is critical to successfully managing employees' fears and concerns in these difficult times. Communication should provide an understanding of how the economy affects business and strategy, as well as how it does not. It is important to keep all employees informed of the current state of their departments and the state of the organization as a whole. Individuals tend to think the worst in difficult situations. Lack of communication can lead employees to assume their jobs are at risk. In addition to low morale and lack of motivation, neglecting to communicate with your employees could push them to search for new employers.

What is seen on the news and the front page of the paper may or may not directly affect your company. Often, the most visible economic indicators (i.e., the stock market) are not the most appropriate nor accurate factors in determining corporate strategy. Employees may have distorted understandings of how these factors will personally impact them. Leaders must recognize this and combat water cooler talk by making sure the real message is relayed.

Discussing your organization's current state with employees at all levels, not just senior management, is imperative. A candid approach to what is going on in the industry, as well as where your company stands, can provide an increased sense of security and an overall boost to morale.

## Keep employees engaged.

Employee morale often plunges during tough economic



times. Although many companies are eliminating programs focused on employee morale for a hunker-down mentality, now is the time to concentrate on your corporate culture. The value of employee recognition does not disappear in a difficult business environment.

Remaining committed to career development programs, even if your organization is not growing, can provide employees with a clear direction that will evolve when opportunity returns. Managers should work with employees to understand their individual career goals and to align them with the company's goals. Employees must understand how their personal goals and responsibilities roll up into the enterprise objectives. Motivate your team by providing a road map for both personal and organization-wide success.

## Stick to your mission, vision and values.

Often, it is difficult not to focus solely on the challenging situations at hand. Rather than highlight the industry's current downfalls, emphasize other aspects of your organization such as your mission, vision and values. It is likely that your corporate values include commitment, courage and teamwork. Leverage these ideals within your organization and demonstrate them on a personal level. Be an advocate for your organization's mission and vision statements and show that it is possible to block external distractions and adhere to the company's core messages. Demonstrating passion and enthusiasm for your company's goals will help you to become a motivational force within the organization. If employees sense you are not concerned about the unstable marketplace, their anxieties will diminish as well.

## Be an agent of change.

Undoubtedly, the economy will stimulate changes within your organization. Most people have a natural fear of change. Developing an organization that embraces change as an opportunity rather than a hindrance allows for the flexibility that most competitors lack. Establish this outlook enterprise-wide by conveying the upside that opportunity change offers opposed to the risk that stagnation brings. Create acceptance by connecting change to the long-term strategy.

## Retain top talent.

Despite the difficult economy, demand for A-players still exists. In fact, the insurance industry remains in a competitive labor market. According to the December 2008 report published by the Bureau of Labor Statistics, the unemployment rate for insurance carriers and related activities is only 3 percent compared to the general unemployment rate of 7.2 percent. Many positions, such as actuaries and underwriters, are always in demand, no matter the economic situation.

How can you retain top talent within your organization? Identify your key players: both current managers and those at staff levels who demonstrate the potential to become future leaders. Even if you cannot increase monetary compensation, provide them with greater responsibility and autonomy, special projects, and outlined opportunities for advancement.

## Think long-term.

As we take on this economic hurdle, it is often difficult to see the bigger picture. The economy will not always be where it is today. Retain the talent you will need to take advantage of an economic upswing. It has been historically-proven

that recessions eventually create opportunities. Those companies that take advantage of each new cycle tend to do so because they have the right people in place before the market turns. ▲

**“As we take on this economic hurdle, it is often difficult to see the bigger picture. The economy will not always be where it is today. Retain the talent you will need to take advantage of an economic upswing.”**

## What are your employees' top concerns in the difficult economy?



- Retirement investments
- State of the company
- Job security
- Excessive management
- Salary
- Inadequate communication