

The insurance agency workforce

Ripe for flexibility, innovation,
and investment in people





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Introduction

For the past four years, Vertafore has surveyed the independent insurance agency workforce across a diverse range of roles, ages, and levels of experience to provide insight on what employees want and need. Finding and retaining talent is an ongoing challenge in this industry, and these surveys have provided agencies with knowledge to make smarter people decisions and improve their talent management strategies.

While many of our questions and metrics can be compared year-over-year, 2020 was a year of deep and rapid change that has set our industry—and our survey—on a wholly different course.

COVID-19 forced trends into a sudden reality

In early 2020, before the COVID-19 pandemic, *PropertyCasualty360* predicted the top 10 insurance hiring trends to watch in 2020. Predictions included workday flexibility through remote operations and the tech to make it possible. While this topic was already on the radar for 2020, the impending pandemic converted this "trend" into reality almost overnight.

No one could have foreseen the dramatic changes 2020 was to bring, upending most predications across industries worldwide. But compared to many other sectors that

saw massive unemployment and a huge financial impact from the pandemic, the insurance industry on the whole experienced a low unemployment impact in 2020. The most recent unemployment numbers in the sector are notably lower than the national average, reinforcing past survey results that show those employed in insurance see it as a stable and secure industry.



Surveying an altered world

This edition of our insurance industry workforce survey and report has shifted from a focus on cross-generational workplace strategies and talent wars, and now sheds light on what has remained a constant and what has been radically altered in the wake of COVID-19.

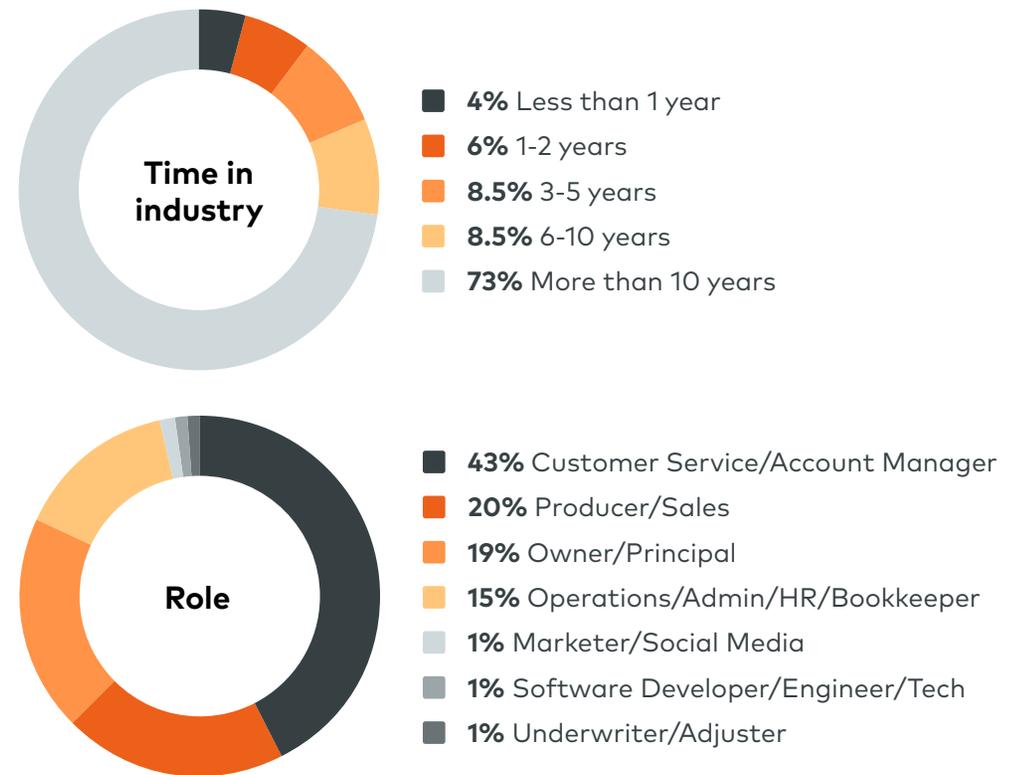
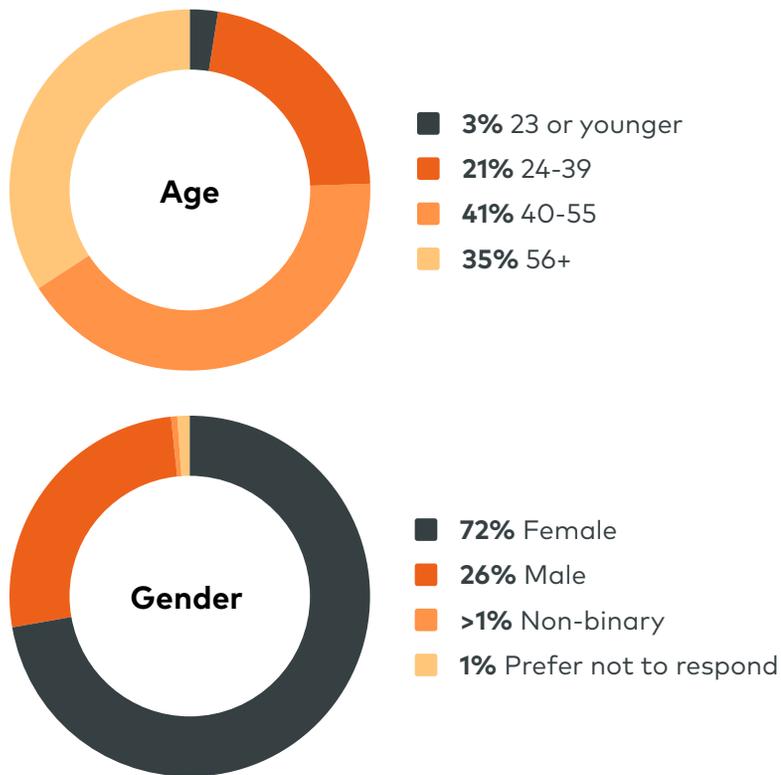
- | How did a sudden shift to working from home impact the workforce on both a professional and personal level?
- | How well did the industry respond to remote operations and what does this mean for the future?
- | What about the agencies that didn't pivot to work-from-home?
- | Is this shift to a flexible work environment the key to finding and retaining young talent in response to the "silver tsunami"?
- | And, what can employers do to keep today's and tomorrow's workforce engaged?

Even with the massive changes brought by 2020, some things remain unchanged. Employees of all ages want the same things: work-life balance, a feeling of purpose in their work, and personal and professional growth opportunities. Post-2020, however, there is a fundamental shift in the strategies employers can use to help provide what employees are looking for and a shift in what employees see is possible.



Our 2020 survey takers

The majority of our survey respondents are women aged 40-55 who have worked in the insurance industry for longer than 10 years, and 97% of our respondents work for an agency and identify as an account manager. These demographics are not surprising—the independent insurance agency has begun to trend more female over the age of 40.



Remote working conditions

ADAPTING TO SUDDEN CHANGE

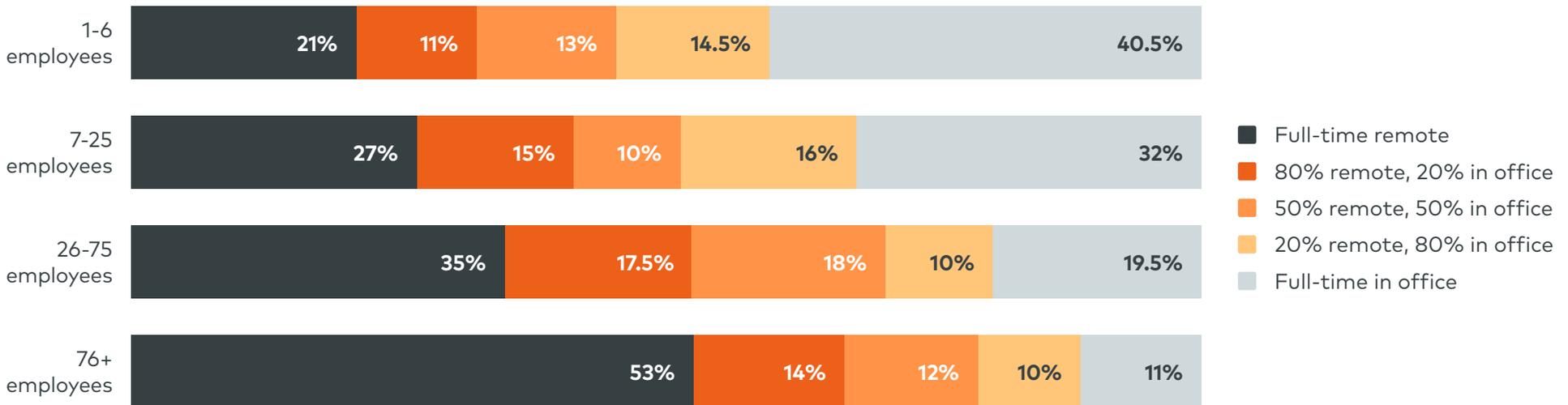
While the majority of our survey respondents transitioned to at least 50% remote and nearly a third 100% remote in response to the COVID-19 pandemic, a somewhat surprising 28% remained in the office 100% of the time.

This breakdown makes sense with a closer look at the data. Most of the respondents who remained in the office 100% of the time worked in an office with fewer than six employees, making it easier to maintain social distancing.

On the other hand, the majority of respondents working from home 100% of the time worked in larger offices (with more than 76 employees)—an environment in which social distancing and other COVID-19 restrictions would be more difficult to maintain.

With so many employees transitioning to at least part of their week at home, agencies had to quickly implement new tools and processes to support remote processes—and new policies to support flexibility and a wholly different take on what it means to have work-life balance, or what we at Vertafore like to call overall employee wellbeing.

COVID-19 working conditions by agency size



Where insurance employees want to work

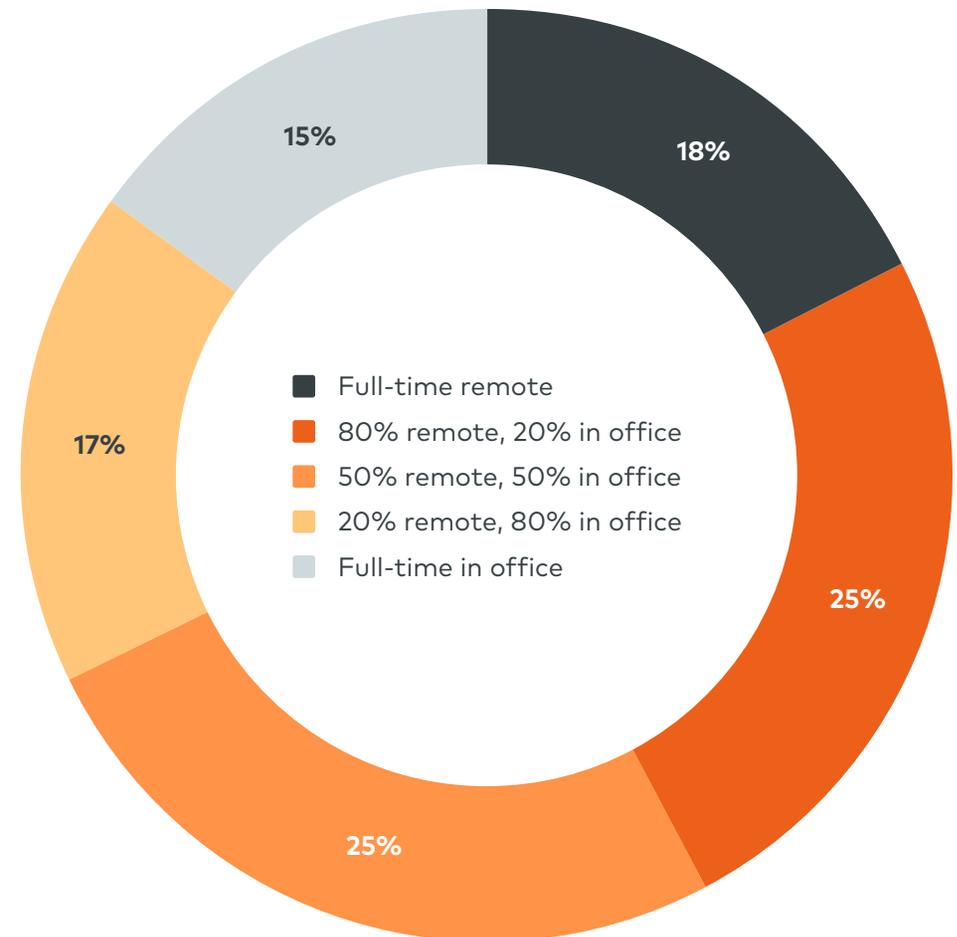
With so many employees experiencing prolonged periods of working from home—either full-time or part-time—employers may need to reassess the future of the 5-day-a-week office culture in order to stay competitive.

When we asked what the ideal breakdown between working from home and working in-office looked like, just over half of respondents indicate they want to work remotely at least half-time.

Compared to the actual breakdown of remote versus in-office detailed earlier in this report, these responses suggest that many employees who remained in-office 80-100% of the time were unhappy with that arrangement in 2020.

This data suggests there is room for improvement when it comes to the insurance industry providing more flexibility in work environment. And improvements in flexible working conditions could be an advantage when it comes to attracting and retaining talent.

Respondents' ideal breakdown of at-home versus in-office work

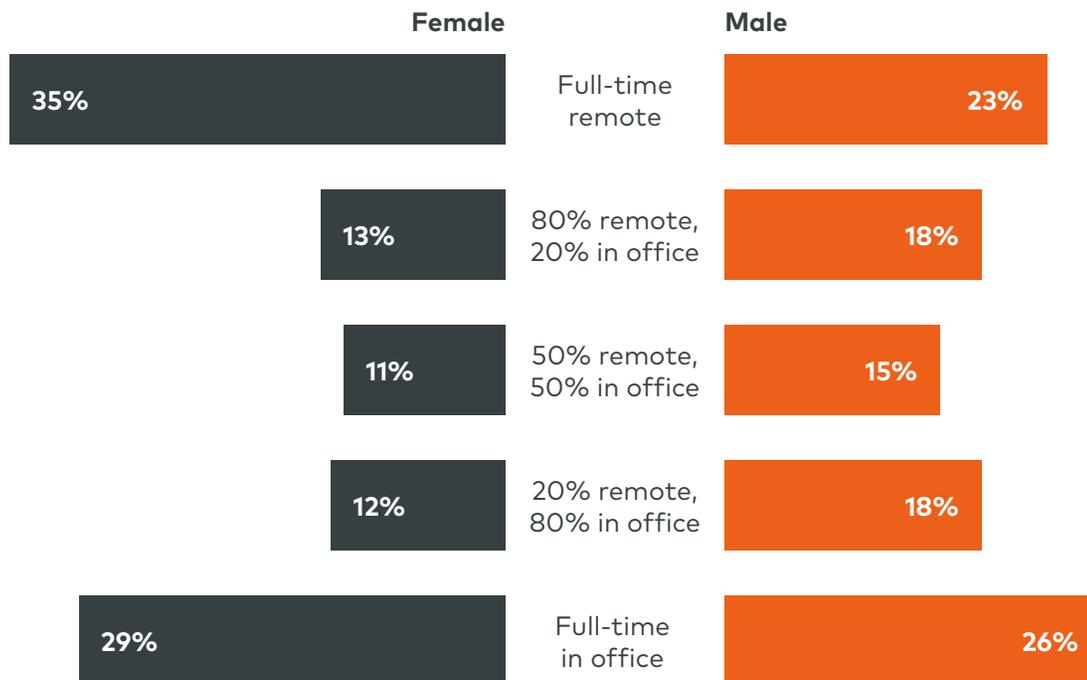


Pandemic response: not a one-size-fits-all experience

Women worked from home at least part of the time at a higher rate than men, at 35% versus 23%, respectively. Of the women working from home, most were age 40-55.

For working parents, pandemic conditions often required at least one adult in the home to help with online schooling and childcare, and that responsibility most often fell on mothers. In a [study by the U.S. Census Bureau](#), "School closures and stay-at-home orders particularly affected working moms but had no immediate impact on fathers' leave or leave of women without school-age children."

Breakdown of COVID-19 working conditions by gender identity



The Census Bureau's study also shows that about one in three women aged 25-44 are not working due to childcare demands during the pandemic.

Women continue to grow their presence in insurance. Especially as the industry faces employee shortage in the coming years, it will be vital for employers to acknowledge and appreciate these statistics of women in the workplace, where balancing work and personal life has come into the spotlight.

For our survey respondents aged 24-39, an overwhelming 63% indicated they would leave the insurance industry for a better work-life balance, the most popular answer by far. Giving employees, particularly working mothers, flexible working conditions may very well have a significant impact on retention rates and workplace satisfaction now and into the future.

Executive spotlight

"The challenge for incorporating flexibility and work-from-home policies post-COVID is that the ideal arrangement looks different for everyone—the definition is personal. Organizations will need to listen to their people and keep an open mind for what the flexible workplace will look like in the future. But it can't be a flexibility free-for-all, either.

When organizations begin to outline long-term workplace flexibility options post-pandemic, they need to realize they can't make everyone happy. There will be no one-size-fits-all solution to any office. Organizations need to have open, authentic conversations with their team, they need to be willing to be challenged, and they need to be willing to have difficult discussions about what will work—and won't—for their team. It's going to take real teamwork to parse through it."

Kristin Nease,
VP Human Resources, *Vertafore*

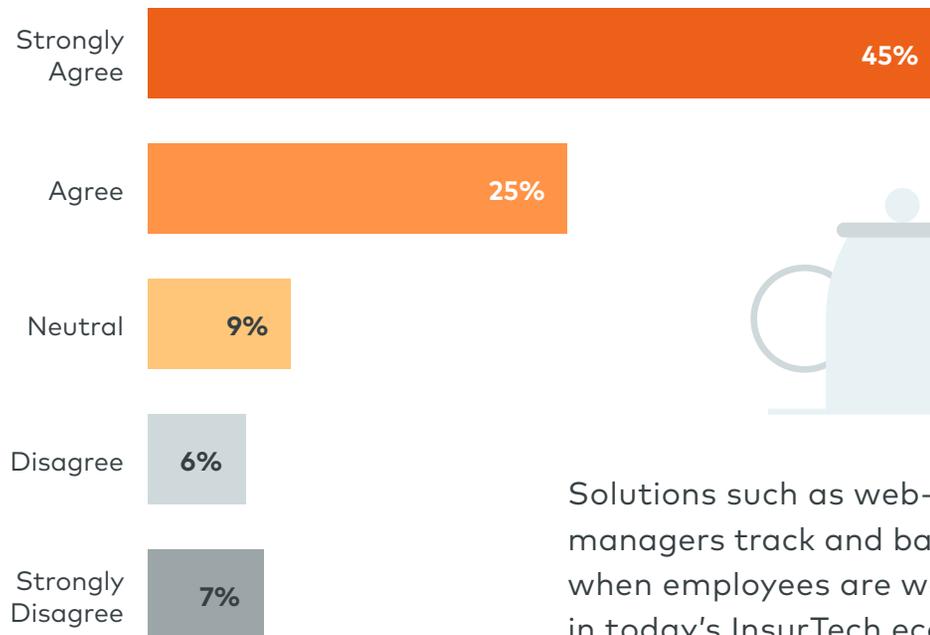


Kristin Nease is an HR executive with expertise in employee relations, employment law, benefits, leadership development, acquisitions, and talent management. Kristin leads Vertafore's people strategy for 1,900+ employees. Her take on flexible working conditions proves this is an ongoing, complex issue, and long-term solutions will take time to round out.

Making it work, from home

The importance of providing employees with the tools they need to work remotely cannot be overstated. According to our survey data, the majority of respondents agreed they have the tools necessary to work from home. However, 1 in 5 respondents felt they lacked the necessary tools to be fully successful.

I have the tools necessary to efficiently work from home



Solutions such as web- and cloud-based management systems and tools that help managers track and balance workflow for dispersed workforces are two must-haves when employees are working from home, and there are many more tools available in today's InsurTech ecosystem. While it is indeed encouraging that the majority of respondents agreed or strongly agreed they had the tools necessary to work from home efficiently, there is room for improvement. And if employers listen to their people and allow for more workday flexibility in the future, those tools will become even more imperative as the remote workforce numbers grow.

Enabling flexibility through technology

We asked our respondents if InsurTech has made a positive impact on their company in the past. The vast majority said yes.

Overall, our data shows that the insurance workforce is hungry for more flexibility in the workplace and more tech solutions in the wake of COVID-19 and into the future. While insurance has been embracing technology more and more in recent years, the pandemic forced companies to adapt and implement systems to keep business running during this worldwide crisis. Employees, especially from younger generations, will be looking to the industry to continue this embrace of technology into the future.

We explore the expectations and impact of InsurTech in greater detail in later sections of this report.

"In 2020, we were surprised that productivity did not decrease when our team members worked from home. COVID-19 has shown us that, above all, team members need flexibility and the right technology and infrastructure to be productive and fulfilled no matter where they work."

Jessica Jeffress,

Associate VP, Business Insurance & Employee Benefits,
Peel & Holland Insurance



State of the industry

| WHAT MAKES EMPLOYEES TICK

Each year, we ask our survey respondents to rate what they like most about their career, how long they see themselves remaining in their current role, what would drive them to leave the insurance industry, and if they would recommend a job in insurance to a friend. These questions give us a snapshot of the state of the industry from an employee's point of view, and we are able to make apples-to-apples comparisons over time that indicate trends within the industry.

In 2020, we found more stress and less certainty, but with a continued drive to help others and be financially successful.



A stable industry centered on helping others

In this year's survey, most respondents indicated that their favorite part of working in insurance is the "ability to work directly with my community." The second-most popular answer was "compensation/financial stability."

The top two answers in 2019 and 2018, however, were reversed, with compensation the top answer and the ability to work directly with the community coming in second. Why this reversal took place in 2020 is not immediately clear; however, it may indicate that in times of high unemployment and instability on a global scale, insurance professionals are more aware with the immediate positive impact they have in their communities.



Why employees say they stay in insurance

Comfort

Independence

Stability

Interesting work

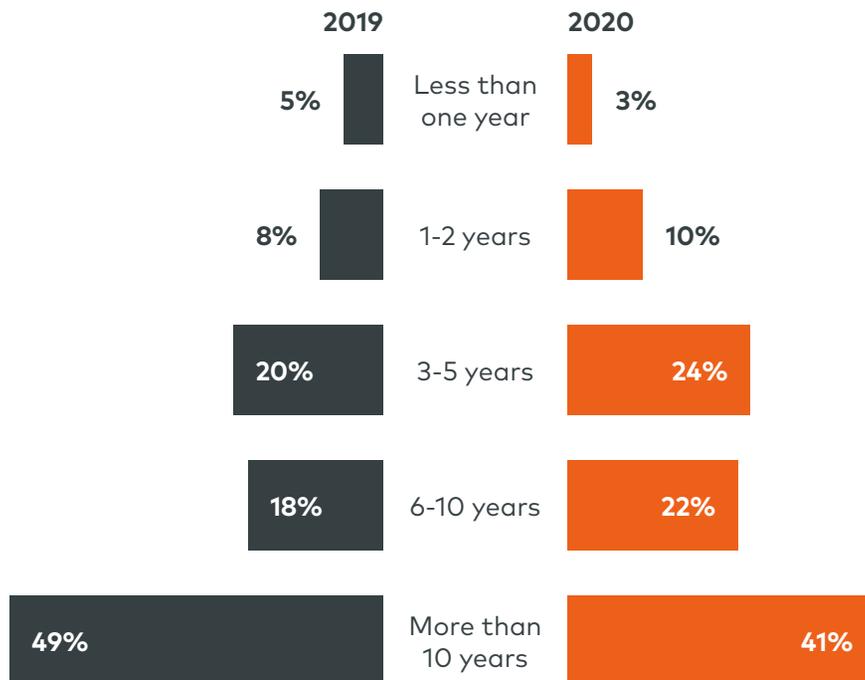
Longevity

"Job security. COVID-19 has shown that the insurance industry can survive anything."

Career longevity under question

When asked how long respondents would stay in this role before looking for another, most indicated they would stay more than 10 years. Ten+ years was also the most popular answer in the previous year's survey. However, that percentage declined from 49% in 2019 to just 41% 2020. Also similar to the previous year, there was almost an even split between people who answered they would stay 3-5 years and 6-10 years.

How long survey-takers see themselves in their current role before searching for another



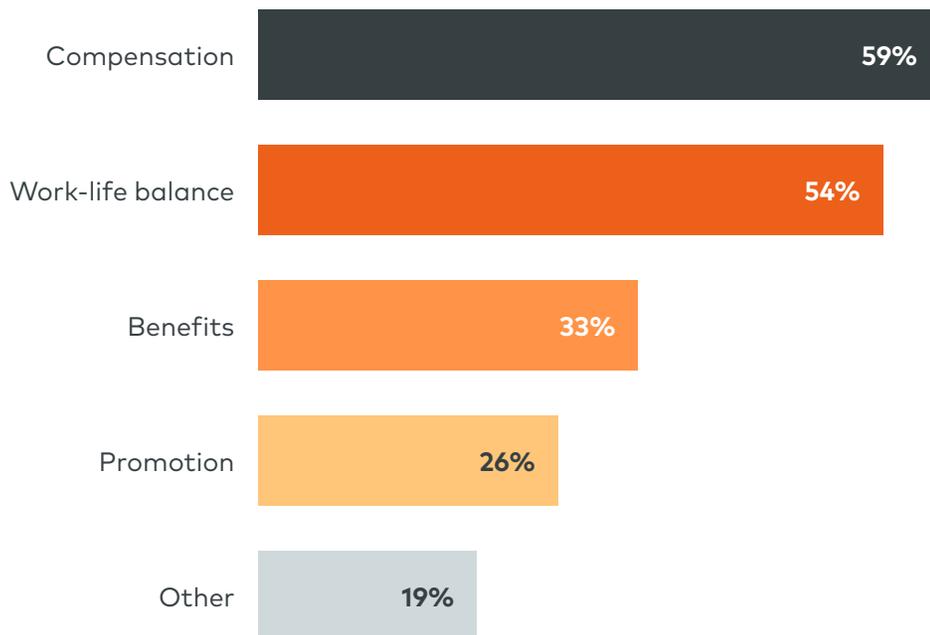
These numbers show that, although the ranking remained largely the same, there are fewer people who feel they would stay at a job longer than 10 years. Why is not immediately clear, but this may have to do with a general sense of instability in the job market at large and the impact of COVID-19 on women's career tracks, as nearly three-quarters of our respondents were women.

Also likely is that these numbers reflect the aging population in the insurance industry—41% of survey respondents were aged 40-55, and 35% were aged 56+, with the fewest belonging to younger generations. In an industry with a majority of employees nearing retirement—or starting to think about retirement within a decade—the urgent need to attract employees of younger generations is clear.

Reasons employees leave insurance

The most popular reasons for leaving the industry year-over-year has been compensation, closely followed by work-life balance.

Why insurance professionals would leave the industry



When given the opportunity to elaborate, most "other" reasons were, unsurprisingly, retirement. In addition to retirement, there were several common threads:

mental health
family
kids stress
burnout
anxiety
retirement
work-life balance
health

These answers are certainly illuminating, and they provide a pulse check for how employees have been impacted in a year of disruption and upheaval on both a professional and personal level.

Nearly half of respondents answered "retirement."

Industry referrals: it all depends

As in previous years, we asked respondents to indicate whether they would recommend a career in insurance to a friend. The good news: in keeping with previous surveys, the vast majority of respondents—85%—would recommend insurance. However, when asked to explain their answer in more detail, nearly every person answered, “it depends.”

Elaborating on “it depends,” respondents listed several factors that would influence their decision to recommend or not. Many indicated that the industry is challenging

and stressful, and a person would have to be able to work under pressure. Additionally, many people indicated that the industry is not right for people who are out to make big money quickly, as it can take a few years to be successful—it is an industry that almost requires longevity for success.

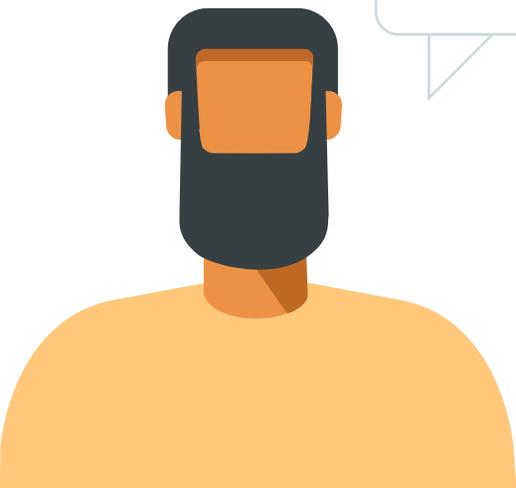
These conditional responses indicate that solving the insurance workforce gap in the coming years will not be a quick fix. For a long-term, scalable solution, newcomers to the industry need to have realistic expectations and clear career goalposts.

“Would you recommend a career in insurance to a friend?”

“It depends on the person and how much stress they can handle.”

“Yes, but with caution.”

“It would have to be a friend with the right mindset and skills, as insurance is a tough industry and not for everyone.”



InsurTech and the insurance workforce

| MODERNIZING THE AGENCY

Employees at independent agencies overwhelmingly continue to view InsurTech favorably. More than 70% of respondents believe technology has increased their agency's overall efficiency and 1 in 6 report technology has enabled them to strengthen relationships with customers. Less than 4% of respondents said technology is negatively impacting their work.

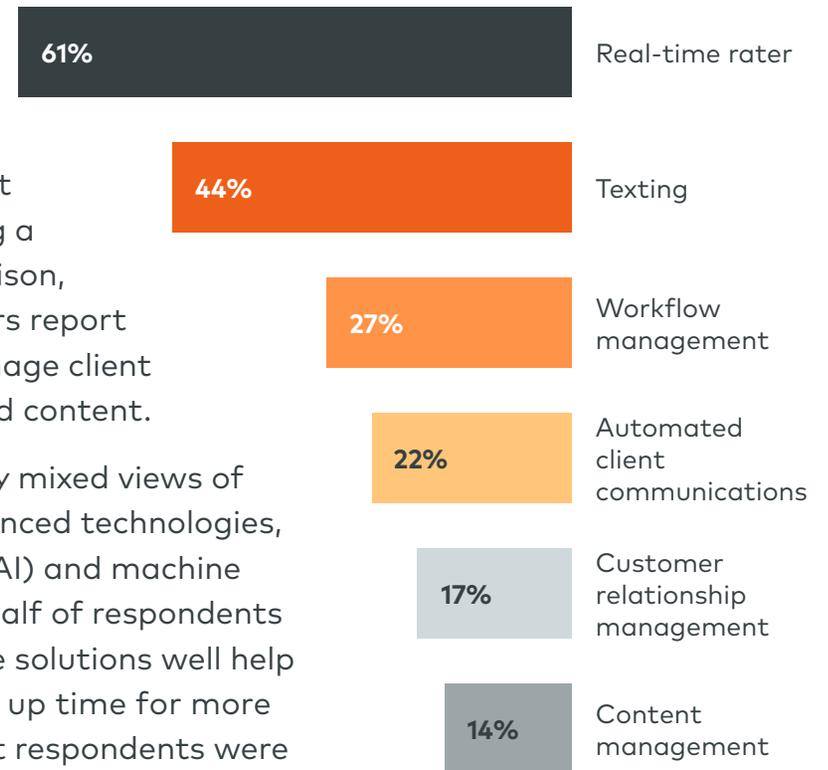
There's good news for agency owners and leaders: the vast majority of respondents believe that their agency is doing a good or very good job of keeping up with technology advances.

However, enthusiasm for InsurTech varies by agency and depends on many factors, including the size of the company, the market an agency serves, and more. And as such, the types of technologies in use seem to vary widely between agencies.

Not surprisingly, nearly all respondents—more than 90%—report using an agency management system and email. In addition to these legacy tools, 3 out of 5 respondents are using a rating solution. In comparison, relatively few survey-takers report using technologies to manage client relationship, workflow, and content.

Respondents also had very mixed views of the benefits of more advanced technologies, like artificial intelligence (AI) and machine learning (ML). Less than half of respondents were optimistic that these solutions will help streamline tasks and free up time for more important functions. Most respondents were more ambivalent—they believe that while there are benefits to embracing tech, AI won't ever replace the skills of a human being. And a very small group are concerned that technology advances will replace their role in the future.

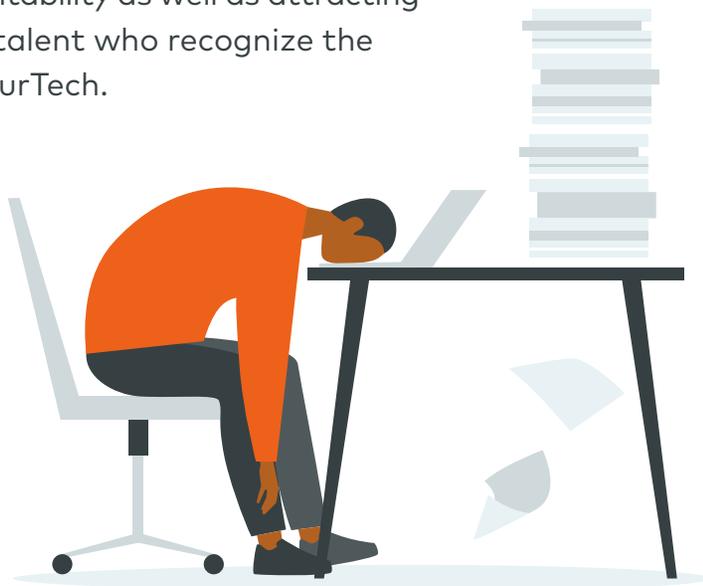
In addition to agency management systems, technologies respondents are using



Fear of change

When agents are resistant to adopting technology, they often state it is because they fear being replaced by that technology or losing the personal touch with clients. While these concerns are understandable and are not unique to the insurance industry, agents are positioned to ensure their role as a trusted advisor remains relevant and to use the solutions to their advantage.

Technology solutions, when implemented strategically and with sufficient training, can enhance relationships and increase operational efficiencies. Technology is not meant to replace the agent; rather, it is meant to provide a value-add for the agency and agency employees and thereby increasing profitability as well as attracting and retaining talent who recognize the benefits of InsurTech.



A closer look at modernization

Whether it's from agency consolidation, increased client and employee expectations for a more modern experience, or snowballing data, independent agencies are feeling the pressure to change.

But how do agencies invest in the right changes? The key is integrated solutions that work together and with an agency's existing InsurTech.

Data from Vertafore's thousands of independent agency partners links investing in four core pillars of modernization to exponentially higher revenue growth and profitability. Agencies that modernize in these areas can see nearly three times more revenue growth compared to the industry average:

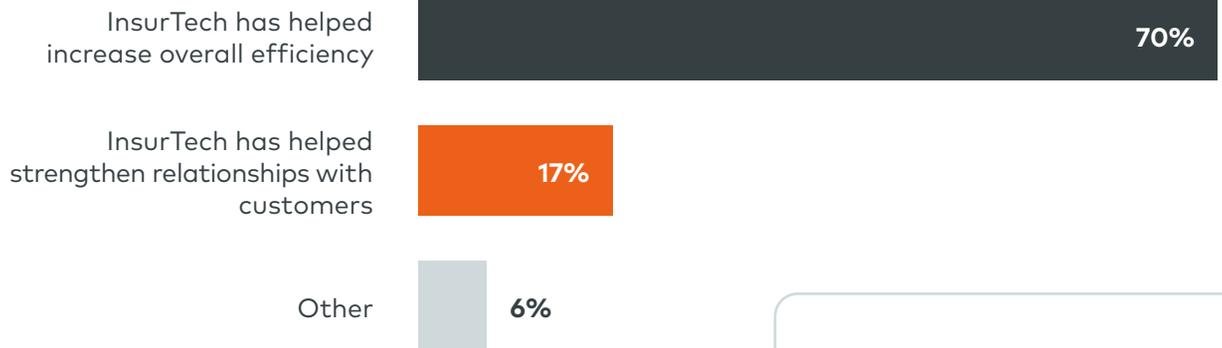
-  Client digital experience
-  Agency management
-  Market connectivity
-  Data & insights

[Learn more](#)

Perspectives on agency tech

Agents, carriers, InsurTech providers, and insurance thought leaders have been discussing the industry's move toward (and need for) modernization and more advanced solutions for years. But with an ever-increasing array of one-off technologies and tools that all promise better, faster, easier, it can be challenging for agencies to determine which strategies and InsurTech will really serve the needs of their business and clients.

Survey-takers were asked to identify the modernization trend they believe is most important for agency growth. By a clear margin, respondents are looking for solutions that automate repetitive tasks and data entry to improve efficiency and allow them to spend more time with clients. When asked to elaborate, respondents cited the need to collect digital signatures and payments. Agencies have been adding these functions for a while, but the need was exacerbated in the wake of COVID-19.



In addition, nearly 1 in 5 respondents feel that improving connectivity in the insurance distribution channel will make the biggest difference for future growth. Specifically, respondents said they are looking for improved connectivity between carriers and their agency management system, expanded rating tools, and automated solutions for commercial lines quoting and binding.

These responses align with the philosophy of InsurTech. Improving efficiency means spending more time doing what matters most: advising clients and maintaining long-term relationships.

"No one feels overwhelmed or behind. The automation, the tools, and the integration all help us be more proactive."

Jeffri Northcut,
COO, Hyland Insurance

Enabling a modern client experience

Perhaps most interestingly, when asked about important modernization trends, nearly a third of respondents said that an improved client digital experience holds the key to future success. Solutions in this category include:

-  Online portals for self-service access to information and key documents
-  Mobile apps and mobile-responsive web sites
-  Web chat tools
-  Automated communications to reach clients with the right information at the right time

These respondents are on to something. Research from Garner notes, “Self-service is becoming the norm as customers increasingly expect an effortless experience at scale.”

And it seems like the independent agent channel has lots of room for growth in building a strong digital client experience. Less than a third of respondents reported that their agency has a self-service portal or app in place for their end-insureds to access documents. Half of the surveyed agencies have no self-service capabilities available for clients, and a small but notable portion rely on

self-service tools provided by carriers. On the surface, agencies may see the latter strategy as a cost-savings; however, with brand loyalty an increasingly important factor in retention, agencies that rely on carrier portals may be helping to build a client affinity for their carrier partners over their own services.

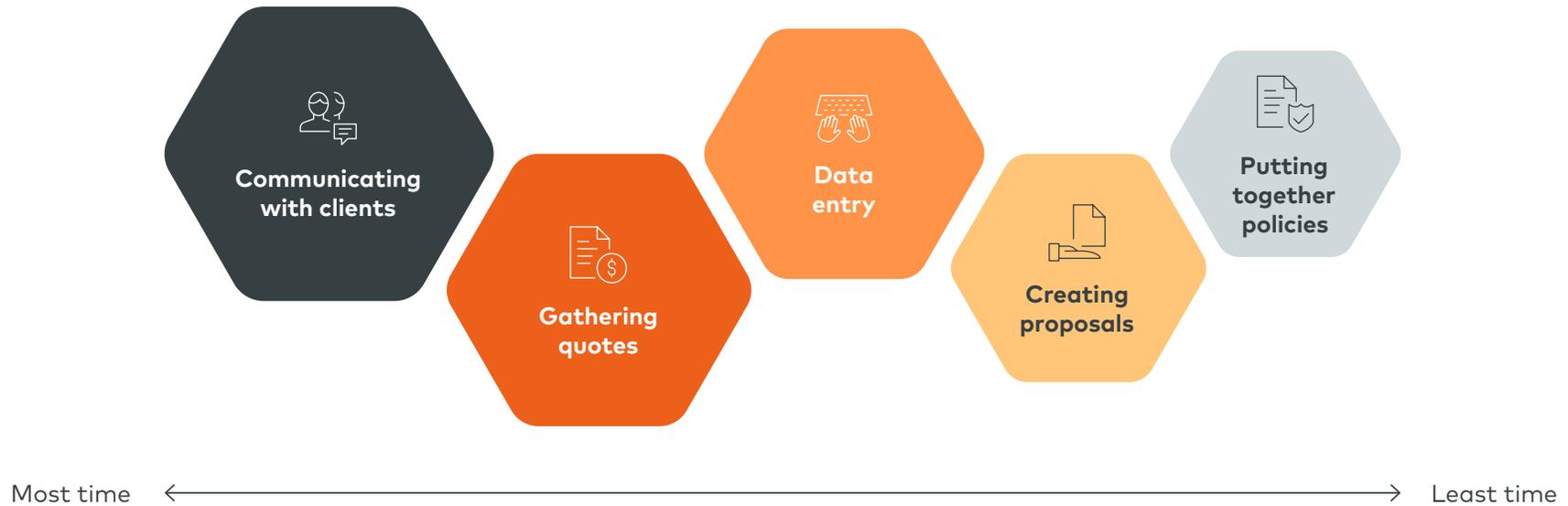
Finally, less than 17% of respondents use a portal or app to communicate with clients, and only 1 in 5 are using a form of automated communications with their client base. In comparison, nearly all respondents reported communicating with clients via email and phone calls, two-thirds rely on mail and in-person interactions, and more than half text their clients.

“We’re competing with companies like GEICO and Progressive. There’s a lot of interference from ads from these big box direct writers. We’re doing more than just selling and servicing a policy, and our customer experience has to reflect that.”

Joe Pilla,

Found & President, *ETA Insurance Group*

How insurance professionals spend their time



A day in the life: never enough time

It is common in the insurance industry to hear that agents feel they never have enough time in the day to do the things they want to do the most, like value-add activities such as building their book of business or client retention. Instead, they spend large chunks of their day completing administrative tasks that are largely repetitive and tedious.

We asked survey respondents to rank tasks from most time spent to least time spent, on average each week. The most time was spent communicating with clients, followed by gathering quotes, data entry, creating proposals, and putting together policies.

How agents want to spend their time



Quality of communication versus quantity

Even though most respondents chose communicating with clients as the number-one activity each week, that time spent does not seem to be enough. We also asked respondents to indicate in open-answer format what they wish they could do more of on a regular basis if time was not an issue.

By far, the most common answer was more meaningful communication with clients in which the agent is acting in a more advisory role—as opposed to transactional—with a more personal touch was a common theme.

One-on-one activities such as in-depth policy reviews, informal wellness chats, lunch, coffee, catching up on major events in a client's personal life, and more frequent updates were popular answers. In general, agents want to understand a client's needs and provide proactive, educational guidance instead of the typical transactional relationship at renewal time. These more meaningful conversations can lead to two common goals of the agency: cross-selling and client retention. The need for more time to do the work that makes the most difference is clear.

More time, more satisfaction

Data shows that a day in the life of a typical agent is not spent doing the things they want to do most and the things that bring the most revenue. This is troublesome when paired with what agents say are the best parts of their job: positive contribution to other people's lives and financial stability of the industry.

When agents are freed up to spend more time acting as an advisor, building relationships, and ensuring their clients are properly insured, the more successful the agency can be. When those elements are lacking, a career in insurance isn't as compelling or satisfactory.

With the breadth of InsurTech solutions available to today's agency, providing agents with the solutions they need to increase efficiency and revenue is clearly a path towards higher employee satisfaction.



"As I looked at what some of the interruptions were in our day-to-day that cost money, it was printing ID cards and doing certificates. Our job is to be interrupted. But I want to control that interruption. I want to be proactive so that the customer feels they are getting the service they want, how they want it."

Kevin Wheeler,
Director & Agent,
WalkerHughes Insurance

What agencies can do now to support their talent

Modernize

The tools clients want are also the tools the insurance professionals want. That is, they want efficient processes, digital solutions, clear communication, and ease of use without the loss of a personal connection. Modernizing can also improve the customer's experience by freeing up agents to spend time advising clients and giving clients the digital tools they expect.

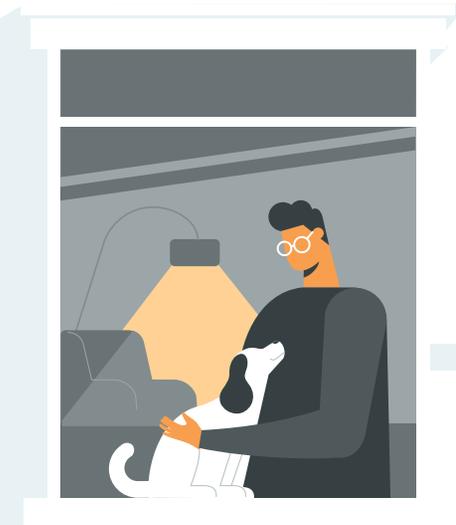
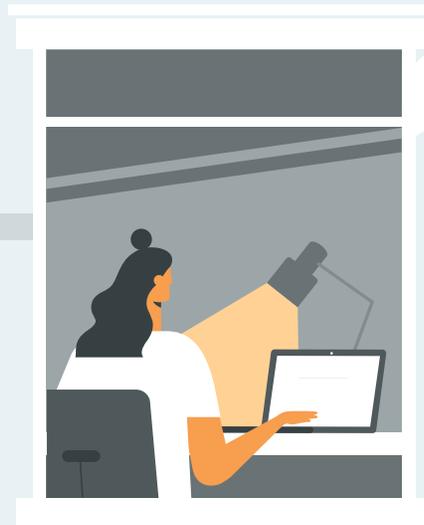
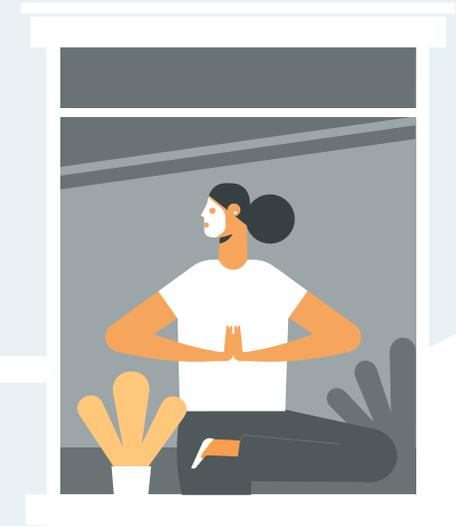


"For our agency, we measure revenue per employee. Tracking from this perspective, we can see that when we are able to take advantage of advances in technology to simplify processes, we can shift team members' time to focus on higher-valued tasks, not only helping to grow the agency but also helping the team members feel more valued and fulfilled in the long term."

Jessica Jeffress,
Associate VP,
Business Insurance & Employee Benefits,
Peel & Holland Insurance

Embrace flexibility

The industry is ripe for improvement in flexible work options. This need for more workday flexibility is not new, but it has grown in the face of the COVID-19 pandemic. Now that employees have a taste of working from home and the benefits that flexibility provides, many of them won't want to go back to the old ways.





"The insurance industry will have to get creative when it comes to filling the huge people shortage we are facing now and in the coming years as the older generation retires. We need innovative solutions, and we need to align with what is important to this younger and more diverse group of people. At Vertafore, we believe technology and modernization is at the heart of the solution. An industry that has modern solutions will attract a modern workforce."

Kristin Nease,
VP Human Resources, Vertafore

Address the "silver tsunami" head-on

It is well-known that the insurance industry is aging rapidly and there are not enough people from younger generations currently working in the industry to replace them in the coming years. The industry is also dominated by predominantly older white men who are closer to retirement. The problem of how to replace the wave of retirees in insurance is not a new topic, but based on survey results and industry research, there may be a fresh, effective way to tackle the problem. Agencies can invest in three primary areas for recruitment and retention:

- Women
- Diversity & inclusion
- Young people

► INVEST IN WOMEN

A [Bureau of Labor Statistics](#) report from early January 2021 indicated that women accounted for all the 140,000 job losses in December 2020. Moreover, women lost more jobs than men in 2020, ending with 5.4 million fewer jobs than they had in February pre-pandemic. Men were not immune to job loss, at 4.4 million in that same time period, but women were clearly hit the hardest. While the insurance industry has not suffered from this unemployment trend in 2020, these broader statistics align with data that shows women have borne the brunt of juggling career and family

during the pandemic. The BLS report also detailed the rate at which people opted out of the workforce in 2020. Of the millions of people who quit their jobs, 80% were women.

Data from our survey supports these trends, showing that women are most likely to leave the insurance industry for a better work-life balance. Women's unique needs and challenges must be recognized and appropriately accommodated in the workforce during pandemic conditions and beyond.



► INVEST IN DIVERSITY & INCLUSION POLICIES

Of the 140,000 jobs women lost in December 2020, Black and Latina women were hit the hardest, as they disproportionately must choose between working and staying home with their children during the pandemic. Beyond pandemic-related unemployment, the United States experienced a reckoning over systemic racism in the Summer of 2020.

Successful businesses recognize their role in creating a more diverse and equitable workplace for people from all backgrounds. A survey by Deloitte found that diverse companies are more attractive places to work, especially for millennials. A study by McKenzie found that companies with the most ethnic and cultural diversity were 36% more likely to be profitable than less-diverse companies.



"As a channel, we have to make sure we're investing in talent that represents the communities we serve. That means recruiting, hiring, and building a culture that supports a diverse team. Agencies that are making diverse and inclusive hiring decisions today will have a leg up in the future."

Tyler Asher,

President of Independent Agency Distribution,
Liberty Mutual and Safeco Insurance

► INVEST IN YOUNG PEOPLE

The number of college graduates looking to insurance as a career path is infamously low and attracting younger people to the industry is vital. Younger generations are more attracted to businesses with modern operations, efficient processes, meaningful work, growth opportunities, and fair compensation. Investing in modernizing the agency not only benefits obvious goals like client retention and growth, it also benefits the hiring and retention of the industry's next generation—something insurance desperately needs.



"I didn't know much about insurance prior to my journey here. I worked in a different industry for 19 years where I worked with the public every day, so that helps me be more relatable to my customers now. As a younger woman, I am not intimidated by my more seasoned colleagues. I have never been one to shy away from a challenge, and there seems to be different challenges every day. Insurance is never going to go away, so it's a great field to get into."

Personal lines specialist



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