



By
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Human capital's importance is well understood as a critical driver of insurance industry performance, future success and growth. While the industry does a good job of recruiting entry-level talent and developing internal talent, finding top experienced talent is largely limited to executives within the industry.

The insurance industry employs about 3 million, or 2.3%, of U.S. total employment. Insurers' willingness to hire top talent from outside the industry to support growth, innovation and

complexity of managing functional outsourcing and third-party relationships.

There's a limited track record of noninsurance executives being successful in the insurance arena. Banking executives have had some success in the brokerage and life insurance business leadership roles as they also come from a highly regulated, risk-bearing industry with some similar characteristics. With continued convergence of financial service businesses, the need for talent that can span these traditionally siloed businesses certainly will increase.

Insurance talent rarely has been sought by other industries, but it's increasingly being recognized as top quality. For instance, *Information Week* ranked four of the top 25 business technology innovators as being from the insurance arena. Technology talent would seem to be able to move across industries, but knowledge of the business increasingly is considered a critical selection factor.

The implications for insurers' human capital priorities include: retaining top talent with attractive growth opportunities, work environments and competitive pay; increasing investment in the training and development of top internal talent; improving succession planning for key positions and career planning support; balancing industry experience focus with openness to new and creative talent to further evolve the business; and establishing and tracking competitive talent both within and outside of the insurance industry via talent pools and hubs.

It's also important to establish a talent evaluation approach that balances industry knowledge and experience with the key competencies and behaviors required for future business growth and profitability.

Obtaining proven executives needs to be a top priority of senior management. Talent sourcing strategies need to be addressed by top management and not rest solely with a recruitment function. Where is your top talent coming from and how will it enable your organization to best compete in an evolving and converging insurance landscape? **BR**

Is Insurance Talent Unique?

Insurers concentrate on existing insurance talent for experienced hires.

change is generally a challenge. The uniqueness of the insurance industry tends to demand greater industry understanding than most other markets, but that also may be a limiting factor.

The major drivers of the insurance industry uniqueness include:

- Dealing with a highly-regulated environment
- Addressing both Generally Accepted Accounting Principles and statutory accounting
- Understanding the risk-bearing nature of the business
- Need for strong quantitative requirements due to pricing/estimating of future costs
- Ability to work with projected, uncertain cost structures with the long-tail nature of the business
- Dealing with distribution channel variety and complexities, including direct customer contact and customer relationship ownership issues
- Significant use and resultant

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