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Understanding Generational Differences: Debunking the Stereotypes

I. Current Status of the Industry

Average Age of (Re)insurance Employee

Among the most talked about issues facing our industry is the increasing skills gap in the workforce. In 2014 the average age of an insurance agent was 59 years old. According to the Bureau of Labor Statistics, the median age in 2017 was 44.8 years, with 663,000 25-34-year old working for an insurance carrier or related company. Unemployment is at an all time low and companies are facing hiring challenges like never before. Companies must pay attention to the next generation because Millennials make up more than 40% of the workforce

Millennials and Gen Z

Millennials are those born between 1981 and 1996. They make up 83.1 Million of our population. Millennials also known as “digital pioneers” grew up with first person video games that came without instructions. They learned by trial and error. As a result of growing up with technology as a tool and way of life, Millennials have developed different neural pathways. Millennials were brought up in an age of flattened authority. Technology provided answers to questions that every generation before, had to get from an encyclopedia, a teacher or parent. Most children at some point played a group sport. The concept of “everyone is a winner” didn’t dilute competition, but it did change it. It fostered a team environment. Millennials grew up in an age of scheduled play dates, and school activities and sports which created a very structured, scheduled environment. Millennials have only known a world with the “World Wide” web and as such they are global thinkers.

Gen Z are those born between 1997 and 2012. They make up 65 million in our population. Gen Z grew up during the recession so in some ways are more pragmatic than Millennials (who are idealistic). This is expected to lead to Gen Z working harder than previous generations. Gen Z is more conservative with money and even more interested in authenticity. Gen Z prefer to work independent instead of collaboratively like Millennials. They are digital natives instead of pioneers. They did not witness the rise of technology and innovations, but

were born into it. According to one study, those born in Gen Z have an 8 second attention span. 40% of Gen Z said that working wi-fi was more important than working bathrooms. Gen Z also would prefer face to face communication with their peers over digital.

Interest in Insurance

The public perception of insurance is a problem. If you were at a cocktail party and you said you worked in insurance, the other person would either roll their eyes or tune out. When you say insurance, young people visualize an old white-haired man with a pocket protector. Insurers don't help and even perpetuate the boring brand. Insurance offers a way to make a difference and help people, which is exactly what Millennials are looking to do. When competing for talent, the insurance industry must address this image if we are going to engage the next generation. Holding onto stereotypes will not help this cause.

The key to debunking the stereotypes is understanding that how you were raised defines what your values are and creates your unique perspective on the world.

II. Understanding Generational Differences

Debunking Stereotypes/Bias

Individuals develop their sense of identity through many outside forces over the course of their lifetime. Social, environmental, and economic interactions all meld together to help determine which core values will play a vital role in a person's life. Understanding this concept will help debunk some of the stereotypes that surround the millennial generation. The values and perspectives that one generation prioritizes could be vastly different than the generations that came before or after it. Therefore, understanding the context in which an individual or group was raised from makes it easier to understand why they all have certain characteristics. Using what we know about millennials, we can address some of the common myths that surround this generation.

Entitlement

Myth: This generation shares a common unwillingness to work and desire for instant gratification.

Truth: The millennial generation were raised in an environment where speaking up and contributing was valued. Power distance between age groups and different levels of authority was smaller than in the past. Society valued and encouraged individuals of all ages to speak up when they saw something differently or thought something could be done better. This group will work hard but wants to be managed and not "bossed". They also value achievement. Setting a trajectory and path to success while managing expectations is key to keeping this generation engaged. Bigger projects and more creative license are examples of ways to do this and don't necessarily involve promotions.

Only Care about Money

Myth: Millennials only care about money

Truth: Money is a key factor in every generation's decision making. Starting salaries have remained relatively flat when adjusted for inflation. This means that individuals starting out are making less than they did on average 10 years ago. On top of that there are expenses that did not exist in prior generations including cell phone costs, increased rent, required insurance and school loans that are higher than ever. It is no mistake that the generation is concerned with pay. The value of a college education is worth much less than in the past but is still often necessary to obtain entry level, low paying positions. This doesn't mean money is the only factor. Culture can be just as important. Work life balance is a key factor for both Millennials and Gen Z when deciding where to work. Companies that support benefits such as work from home, PTO and continuing education programs all will be more attractive to this generation.

Need Constant Praise

Myth: Need to be praised constantly and we don't have time for that

Truth: Millennial's grew up with a source of constant instant feedback. When individuals ask about their performance, they are not necessarily looking to be told how good of a job they are doing. It is more likely that they are making sure they are on the right track. According to IBM study a majority of millennials claim to want a boss that is fair, transparent, consistent and dependable. Over the years due to costs and other factors company training programs have shrunk and in some cases disappeared. This means that a lot of the learning is done on the job and unless there is relatively constant feedback (especially starting out) there is no way of knowing if a decision that was made is correct. In an industry as complex as insurance, managers must understand that the need for feedback and direction is now a necessary part of the job. In the past, new hires were often given in-depth and detailed trainings that covered a lot of the questions that they may have had.

Lack of Loyalty

Myth: Move from company to company

Truth: Millennials define loyalty differently. Economics is a big factor. Pensions are no longer common therefore there is no financial incentive to spend a career in one place. Also, it is more likely to be given a significant raise when going into another company compared to staying with one long term. In many cases, during their formative years millennials saw many of their parents go through layoffs and downsizing which made them realize people are only compensated for the work they perform and company loyalty is not forever. Company's must recognize talent, compensate at market value and promote from within.

III. Our Future – The Role of Technology and Emerging Trends

The impact of technology on our industry has already been profound with incredible advancements in the way claims are handled, evaluated, and resolved. Data and analytics have played a significant role in the way businesses form new strategy, target audiences, and improve efficiency. Having been raised during the technological boom, and with an increased role in the

workforce, Millennials are uniquely positioned to leverage their experience to help effectively bridge the gap amongst outgoing colleagues and forthcoming influx of Gen Z.

Advancements in Technology

Over the last several years there has been a multitude of devices introduced that have changed the way we interact with ourselves and our environment. Wearable devices such as smart watches and fitness trackers provide a plethora of information about ourselves including location, heart rate, diet, and even sleep habits. Some devices are even advertised as being able to replace your phone in emergency cases, having the ability to make phone calls, send text messages, and provide camera functionality. Drones, an increasingly popular device in the property market, are now being used to survey buildings and their surroundings to evaluate risks, estimate damages, and highlight deficiencies. Automation is beginning to take off, as evidenced by the automobile industry and the introduction of driverless vehicles. Technology has provided a means to access and quantify an unlimited amount of data that can now be used to enhance productivity and efficiency. While the applications are endless, some businesses are already harnessing this information to develop predictive models, strengthen corporate infrastructure, and stream-line processes.

Millennials possess an innate ability to learn and adapt to changing technology and as such, should be leveraged by companies to provide a competitive advantage. This age group has already demonstrated a desire to “work less” though this is often misconstrued for “working smarter”. Millennials are uniquely positioned to lead a transition from old to new. With these advancements in technology, Millennials can be used to lead test environments that can enhance productivity and even provide instruction upon rollout to senior staff. With Gen Z rapidly entering the workforce, businesses could be technologically up to date and therefore be more likely to attract this younger generation.

Social Inflation

Social inflation is the increase in insurance losses caused by such factors as higher jury awards, more liberal treatment of claims by workers' compensation boards, legislated rises in compensation benefit levels, and new concepts of tort and negligence. Data suggests Millennials are much more prone to awarding significantly higher awards than their older peers. This arises out of an anti-corporate sentiment wherein Millennials believe big corporations have “deep pockets” and can easily afford to pay a substantial award in almost any given case. While it is unlikely this sentiment will change, technology can be used to mitigate this exposure through the evidence presented. Millennials are very mindful of “the truth” and are often skeptical of any issue presented. Using technology to provide video evidence or scientific evidence will often sway juror opinion and in the case of Millennials, could substantially reduce an award being considered.

Our Vision

It is estimated that by the year 2030, Millennials will make up approximately 75% of the workforce. Unfortunately, our industry is often portrayed as mundane and antiquated which results in the current age gap we face. So how do we attract and retain this younger generation? Part of the solution, is Marketing. The industry as a whole needs to rethink how to market itself and leverage technology to reach sources that may have been previously inaccessible. There is undoubtedly a senior presence in our industry and as discussed, there are often certain stereotypes associated with younger generations that can deter interest. It is imperative that companies embrace an inclusive culture that seriously considers millennial ideas and desires. To achieve this, a mentorship program could be instituted to pair new hires with senior staff. This could provide a direct line to someone with experience and help develop relationships. As trust builds, ideas could be bounced off one another and likely result in breakthroughs that would help the company improve.

The social impact of our industry is also often overlooked by the sheer volume of cases we handle. Social media is an excellent way to showcase these success stories and garner interest. Millennials want to feel “satisfied” with their careers and feel that they are making a difference, therefore it is important to highlight the human aspect of our work as opposed to the procedural and mechanical.