



A SURVEY AND REPORT FROM APPLIED AND INVEST

The Future of Insurance

Bye-Bye Boomers, Hello Digital Natives



Every day, nearly 10,000 baby boomers retire in the United States according to the Pew Research Center. Of those retiring, 25% are expected to be insurance professionals, resulting in a projected 400,000 unfilled industry positions by 2020.¹ Mass retirement, low unemployment and the fact that Risk Management/Insurance (RMI) degrees are neither popular among younger generations or prevalent in universities – only about 50 colleges offer a bachelor’s degree in RMI – are leading to a significant insurance industry talent gap. To address this challenge, the insurance agencies of tomorrow need strategies today for attracting future employees.

Over the past 35 years, rapid and increased technological innovation has naturally affected the behavior and expectations of those generations coming after the baby boomers, specifically millennials and post-millennials. With millennials firmly into their mid-20s to late 30s, the next generation coming sharply into view are post-millennials, also known as Generation Z. While millennials are currently on track to surpass baby boomers as the largest living adult generation in the U.S. (projected to reach 74 million in 2019), Gen Z are right on the cusp of overtaking millennials in population size.

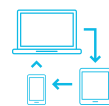
Born 1997 to the present, Gen Z represent a quarter of the U.S. population. Sixty-one million strong and growing every day, Gen Z are expected to soon outnumber millennials. If Bloomberg’s prediction rings true, of planet Earth’s 7.7 billion inhabitants, Gen Z will account for 2.47 billion people or 32% of the global population in 2019 and surpass the millennial figure of 2.43 billion for the first time ever.



Who Are Generation Z?

The connected kids

Gen Z grew up swiping screens before walking, toting laptops to school rather than books, and carrying the internet in their pockets via smartphones. True digital and social natives, Gen Z were the first connected generation born using internet, social and mobile simultaneously. Always connected, they are a “hyper-cognitive generation very comfortable with collecting and cross-referencing many sources of information and with integrating virtual and offline experiences.”²



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Want their attention? It’s got to be quick

Gen Z have quick attention spans – eight seconds at most – and a penchant for short, snackable content. They favor bite-sized visual media like emojis, pictures, videos and GIFs, and prefer YouTube, Snapchat and Instagram over Facebook or email. The downside here is that not only is it difficult to get their attention, it’s even more difficult to keep it.

Real and authentic

Despite being comfortable with using five screens at once – smartphone, laptop, iPad, desktop and TV – Gen Z highly values offline relationships and seeks real-life connections. While they love the texting, instant messaging and social networking that technology affords, Gen Z still value traditional communication methods. A worldwide study from Randstad echoes this finding: “Around the globe, more than half of Gen Z (51%) chose the face-to-face meeting as their preferred form of communication.”³ This preference for authenticity extends into Gen Z’s perception of brands. This generation is tired of being sold to and have a high distrust of

advertising and overly polished brands. Instead, they seek genuineness and transparency, and tend to champion brands that share their values.

Practical and frugal

Coming of age in a post-9/11 world and the Great Recession, Gen Z desire security and stability. Having seen many of the hardships experienced by their parents and millennials, such as unemployment, the mortgage crisis and excessive student loan debt, Gen Z tend to be pragmatic, frugal, future-focused realists. They don’t want to struggle financially and therefore start saving sooner than past generations.

Entrepreneurial

As a result of having access to virtually any information they need in an instant, Gen Z tend to self-educate through DIY culture and want to make an impact on the world as entrepreneurs. They are mature, self-directed and resourceful, looking to succeed from their own efforts and ingenuity. Whether it’s monetizing YouTube videos, presenting ideas on Shark Tank or competing on MasterChef Junior, Gen Z are not afraid to work hard for success.

Diverse and tolerant

As the most racially and ethnically diverse generation in U.S. history, Gen Z exhibit extreme tolerance and acceptance. They grew up in a very different world compared to the generations before them. Living through a time of frenetic social, political and cultural change, Gen Z openly embrace ethnic, racial, sexual and gender diversity.

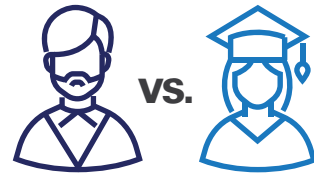
Gen Z vs. Millennials

Millennials

1980 - 1996

U.S. Population: 74 million

Economic impact: \$600 billion



Generation Z

1997 - Present

U.S. Population: 61 million

Economic impact: \$200 billion

Me Generation, Gen Y, Echo Boomers, MyPod Generation	Nicknames	iGen, Centennials, Digital Natives, iEverything
Lena Dunham, Kanye West, Michael Phelps	Role models	Katniss Everdeen, Pewdie Pie, Katie Ledecky
That they're entitled and need constant feedback and coddling	Stereotype they're sick of hearing	That they learned to swipe before they could speak
9/11, Great Recession	Epochal events	War on Terror, African-American president, same-sex marriage
Floppy discs	Never heard of	Flip phones
12 seconds	Attention span	8 seconds
Choice overload	Source of stress	Smartphone separation
Google searches	Seeks advice from	Family and friends
Work-life balance	High salary or work-life balance?	High salary
Virtual	Connections	Real life
2 at once	Screens	5 at once
On the present	Focus	On the future
Optimist	Outlook	Realist
Freedom and flexibility	Seek	Security and stability

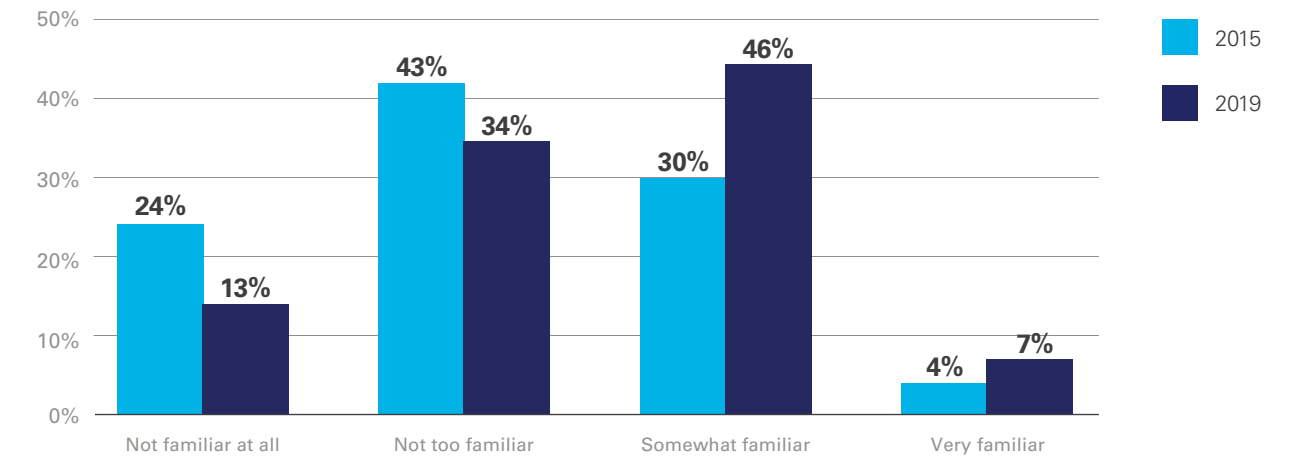


Survey: Gen Z Preferences When It Comes to Insurance Careers

To better understand and provide insight into what Generation Z are looking for in terms of insurance careers, Applied collaborated with InVEST, a school-to-work insurance program, to conduct a survey of this post-millennial generation.

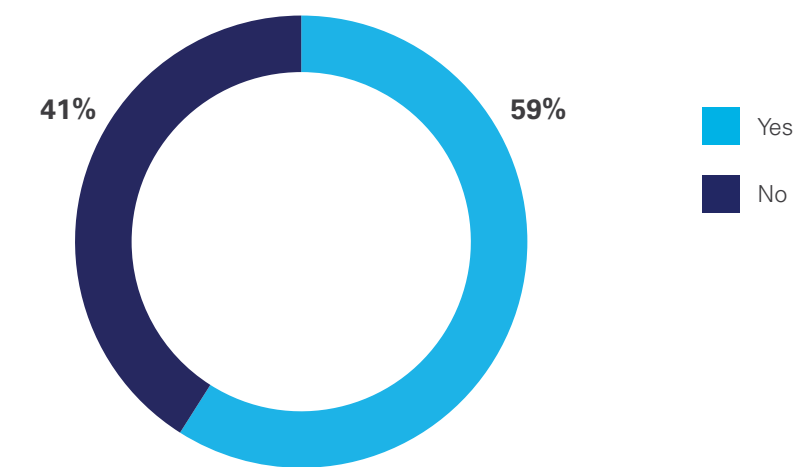
This survey was conducted in February 2019 among a sample of 400 Gen Z consumers, 16-22 years of age. A portion of the responses were then compared to 2015 survey responses from this same cohort. The findings illustrate Generation Z's awareness of career opportunities within the insurance industry and their outlook on pursuing work in this field.

Question: How familiar are you with the insurance industry?



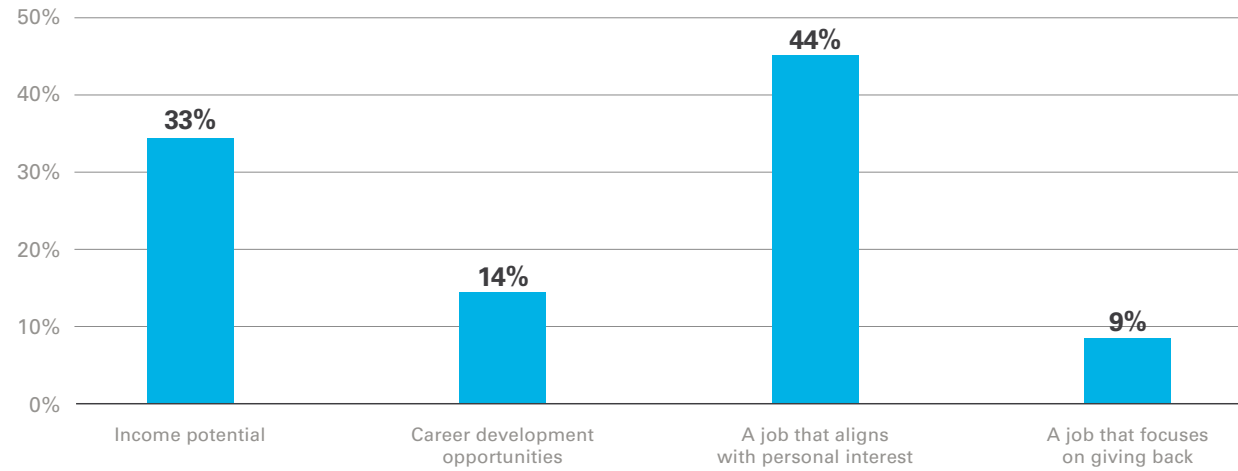
Compared to four years ago, Gen Z's familiarity with the insurance industry has increased substantially. Insurance industry awareness in 2019 increased 56% over 2015.

Question: Do you currently carry insurance (auto insurance, homeowners insurance, and/or renters insurance)?



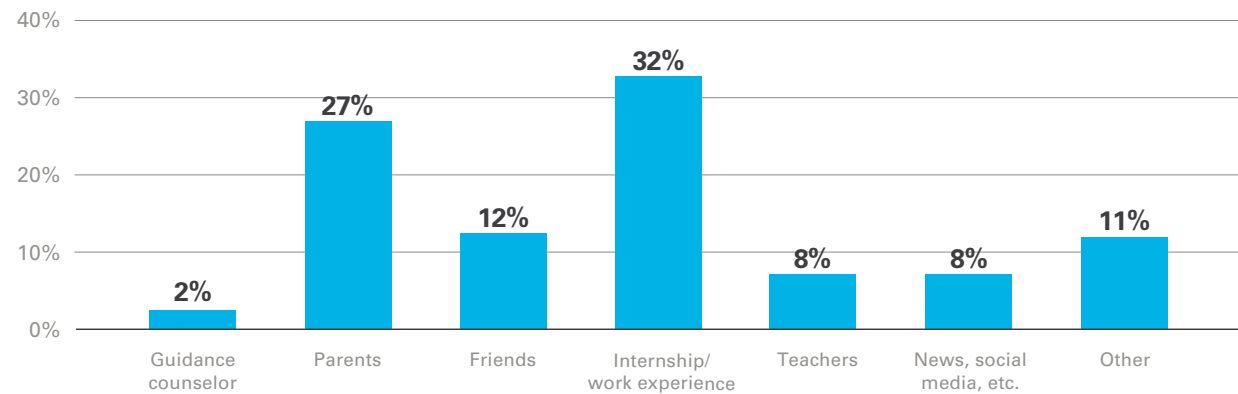
59% of 2019 survey respondents report having some type of insurance.

Question: What will you value most when evaluating future career opportunities?



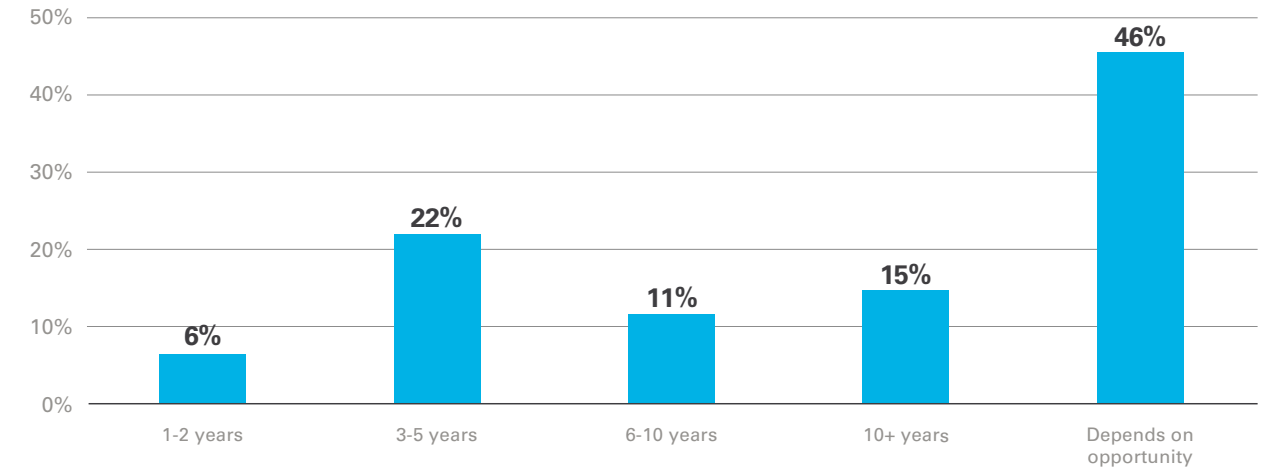
When it comes to what Gen Z value most when evaluating a career, respondents considered “a job that aligns with personal interest” to be most important, followed by “income potential,” “career development opportunities” and “a job that focuses on giving back” in the 2019 survey.

Question: What influences you most when thinking about your future career?



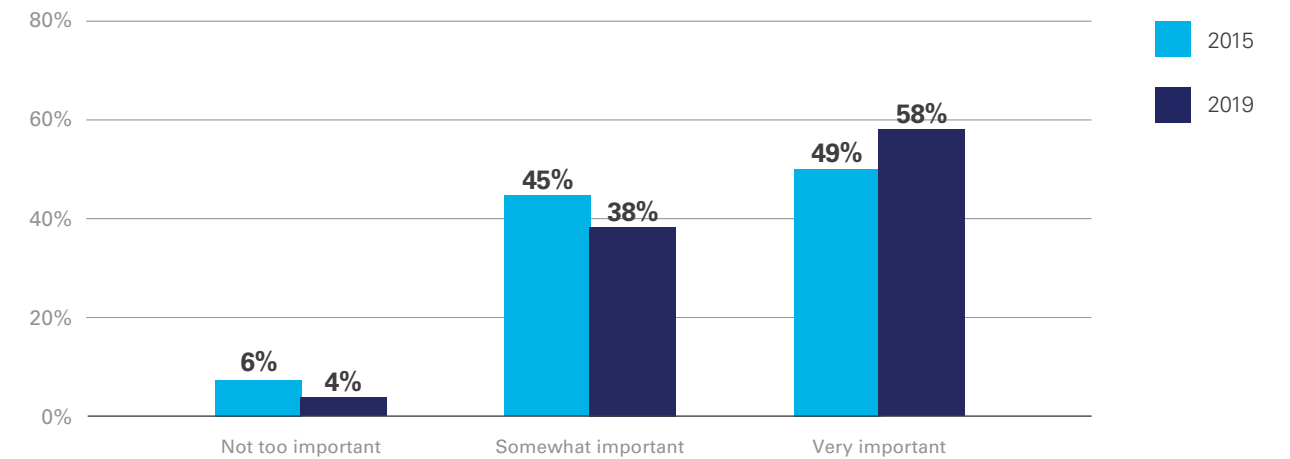
2019 Gen Z survey respondents said real work experience like an internship has the most influence on their future careers. As far as influential people go, Gen Z looks to their parents more than anyone else when making a career choice.

Question: When evaluating careers, how long do you expect to stay in a specific position/job?



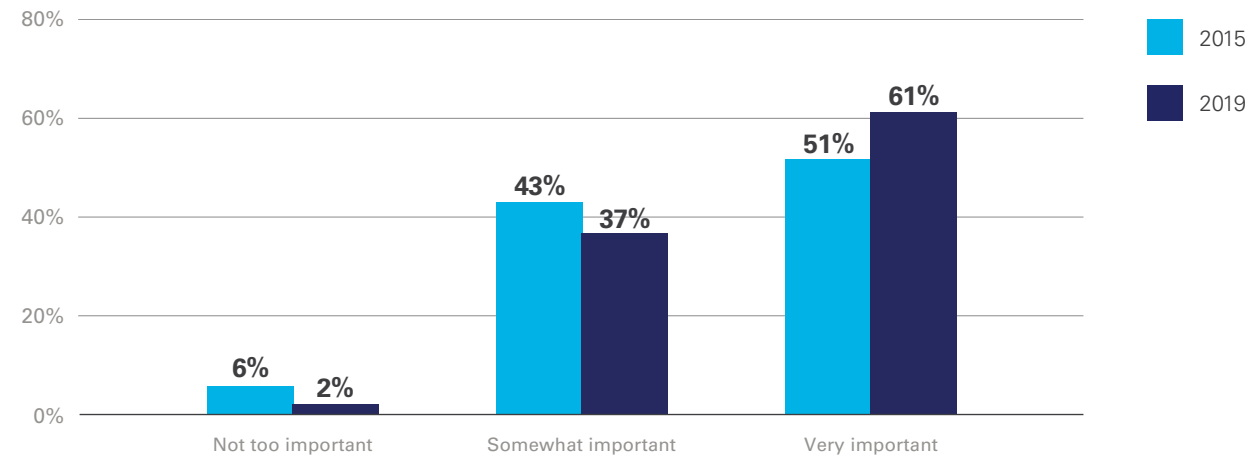
Although the length of time Gen Z will stay in a job depends on the opportunity, this generation – unlike millennials – does not seem to want to move from one job to the next in a short period of time, as only 6% responded as such. Instead, they appear to want to stay in a job for at least three years, which aligns with their desire for security and stability.

Question: How important is it for you to work for a company that strives to be innovative?



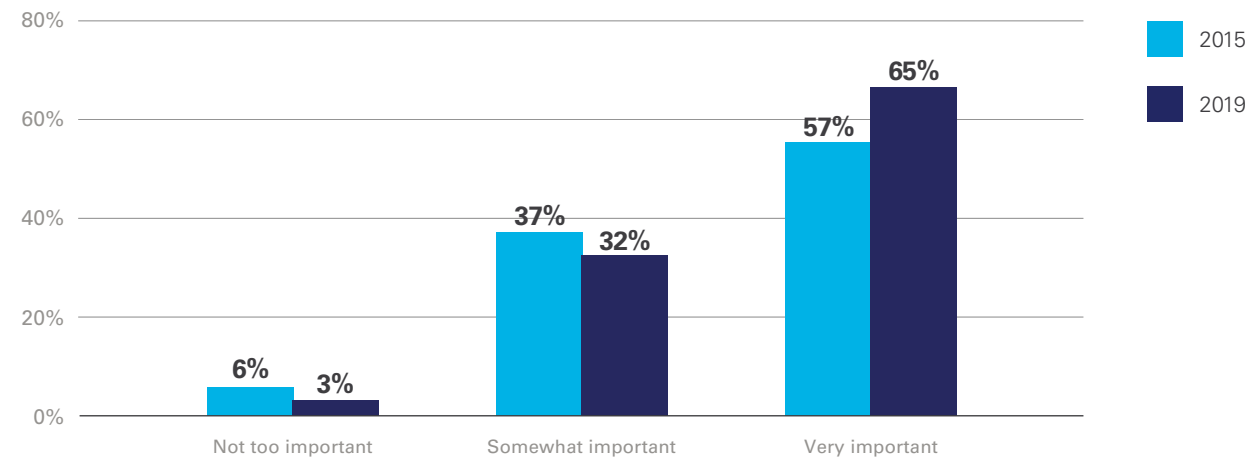
Compared to four years ago, 58% of 2019 Gen Z respondents consider innovation at a company they work for to be very important. There was an 18% increase in the importance of working at a company that values innovation.

Question: How important is it for you to work for a company that provides mentors and clearly defined career paths?



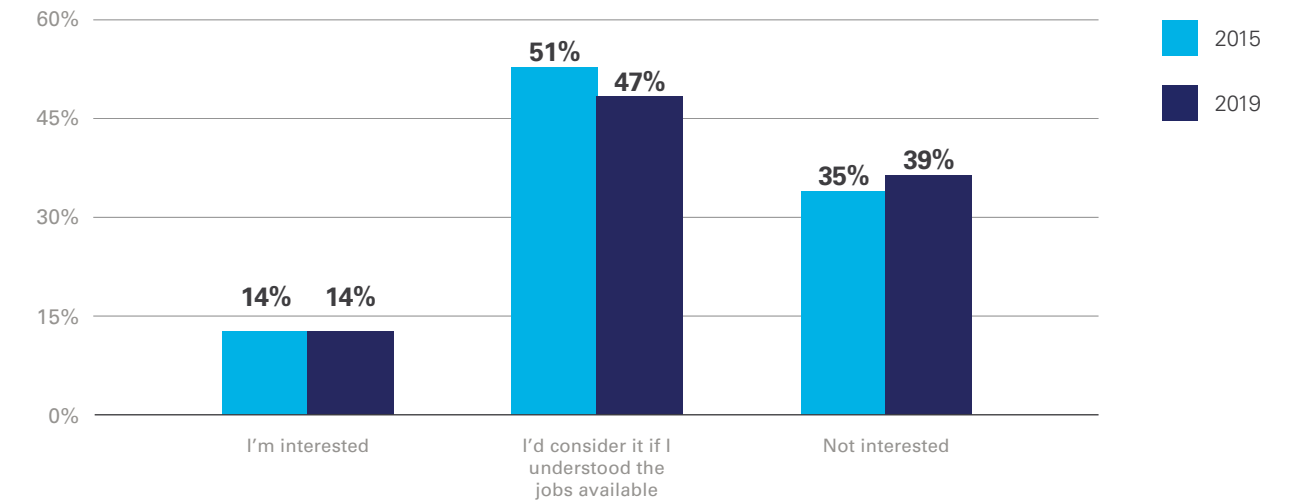
Gen Z respondents in both the 2019 and 2015 surveys consider mentors and clearly defined career paths to be very important. There was a 20% increase in the importance of these two attributes in 2019 versus 2015.

Question: How important is working for a company that provides flexibility to work outside the office?



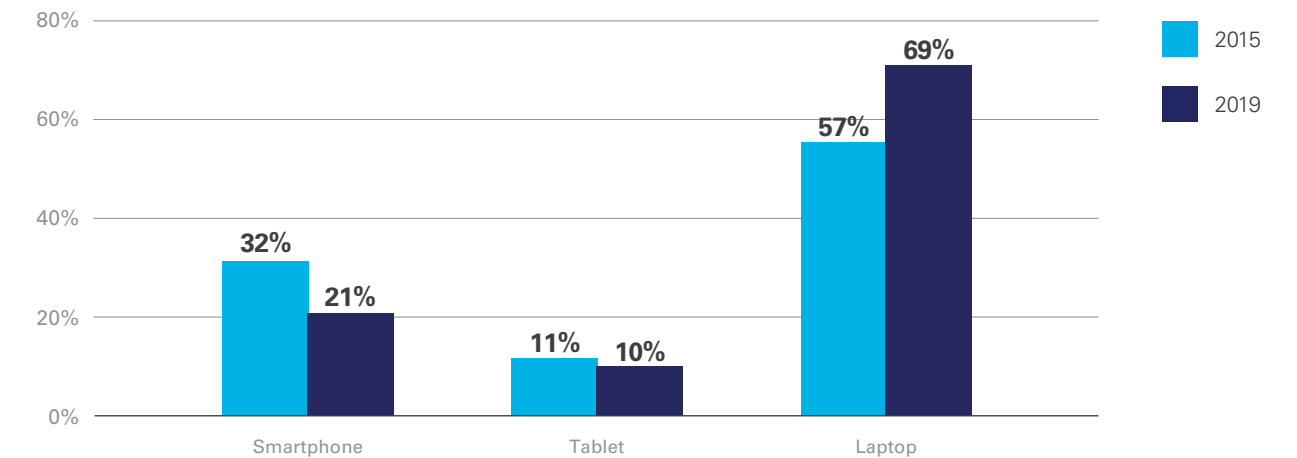
While more than 55% of respondents in both the 2019 and 2015 said flexibility to work outside the office was very important, there was a 14% increase in the importance of this attribute in 2019.

Question: What is your current thought on pursuing a career in the insurance industry?



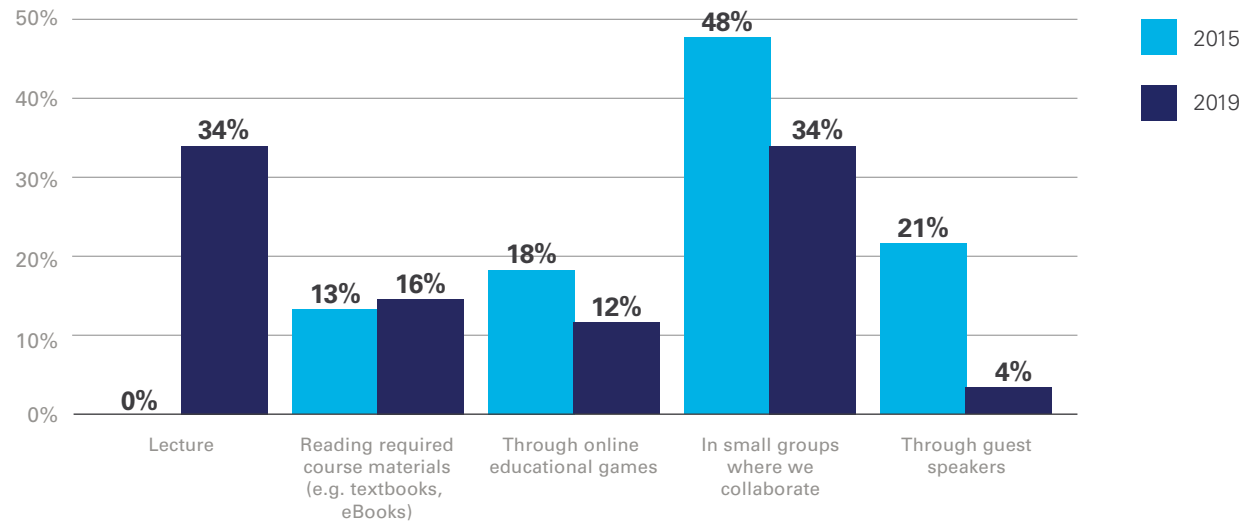
The degree of interest Gen Z have for a career in the insurance industry in both the 2019 and 2015 surveys is mostly consistent. Although the percentage of those not interested at all in an insurance career increased 11% in 2019.

Question: Do you prefer to work on a smartphone, tablet or laptop?



While respondents in both surveys unequivocally prefer working on a laptop, there was a 21% increase in laptop preference in the 2019 survey versus 2015. Conversely, there was a 34% decrease in smartphone preference.

Question: In the classroom, how do you prefer to learn?



With respect to how Gen Z prefer to learn in a classroom, there was a significant increase in the preference for lectures in 2019, 34% versus 0%. The preference for reading course materials saw a slightly less increase of 23%. Conversely, there was a 29% decrease in the preference to collaborate in small groups; an 81% decrease in preference for guest speakers; and a 37% decrease in the preference for online educational games.



Hire Outlook: How to Attract Gen Z to Insurance Careers

To recruit Gen Z as future talent, there is work to be done and soon. With a considerable segment of the workforce on the verge of retirement, there has been a 74% increase in the number of insurance professionals aged 55 and older in the past 10 years,⁴ independent agencies need strategies to turn Gen Z toward insurance careers, especially when you consider that insurance graduates will meet only 15% of the industry's staffing needs⁵.

Compounding the issue is the lack of interest younger generations have in working in the insurance industry because they view it as boring. Gen Z will need educating and convincing that insurance is an innovative and rewarding career. Insurance agencies need to rethink some traditional business practices, provide greater flexibility in the workplace, and align their brands with Gen Z values such as authenticity and transparency.

For insurance to be an appealing career option to this generation, insurance firms must demonstrate that they are:



Innovative

Using digital technology to transform business operations.



Service-Driven

The fundamental purpose and promise of the insurance industry is to protect what matters most in people's lives and therefore aligns with Gen Z's desire to make the world a better place.



Secure and Sustainable

Even in an uncertain economy, insurance has longevity on its side and offers security in the fluctuating job market.



Entrepreneurial and Profitable

Owning an independent agency can be a successful and profitable career for individuals seeking to start and run their own businesses.



Flexible

Provide the option to work remotely via mobile access digital-first mindset, as well as schedule milestones and develop a timeline to review progress. Continue to educate your entire organization on how the change will benefit them and improve business efficiency.

About Applied

Applied Systems is the leading global provider of cloud-based software that powers the business of insurance.

Recognized as a pioneer in insurance automation and data exchange between brokerages, insurers and their clients, Applied is the world's largest provider of agency and brokerage management systems, serving customers throughout the United States, Canada, Ireland and the United Kingdom. By automating the insurance lifecycle, Applied enables millions of people around the world to safeguard and protect what matters most.

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About InVEST

As a 501(c)(3) educational trust, InVEST benefits from the support of numerous insurance organizations, hundreds of agencies, brokers and volunteers. The program provides the insurance industry with motivated, talented and intelligent professionals through a support structure of state associations, board members, national staff, teachers and the many industry professionals who work in the field as classroom liaisons.

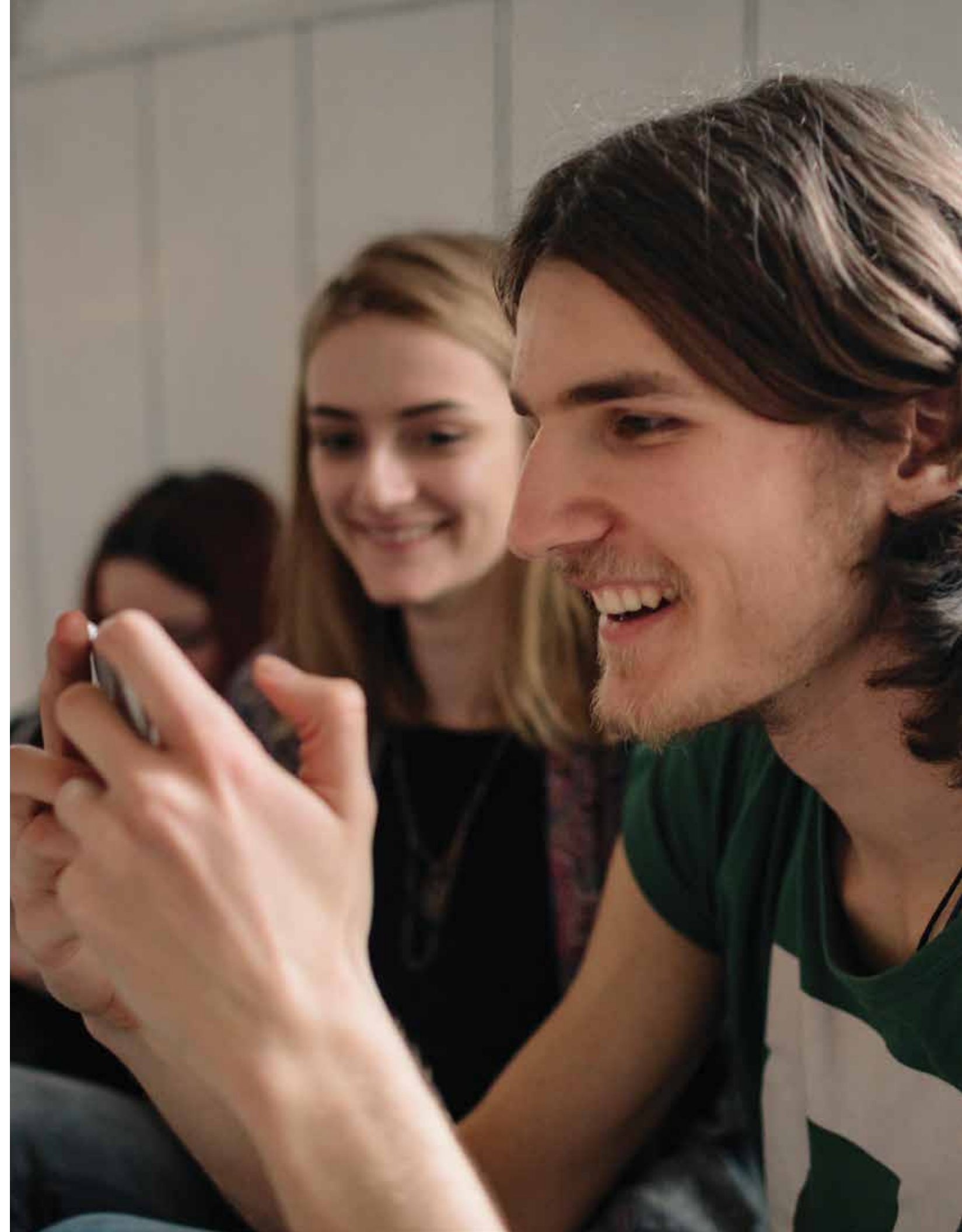
Founded in 1970 and based in Alexandria, Va., InVEST promotes insurance education in order to attract individuals to pursue a career in the insurance industry. Each year, the program prepares thousands of students for insurance-related careers with a hands-on curriculum taught in high schools, adult education centers and colleges. The high school curriculum is a business-education program that utilizes a hands-on approach which simulates an insurance agency and company operations to prepare students for various business careers and create more knowledgeable insurance consumers. At the college level, InVEST is an information intensive curriculum of risk management and financial services. These courses provide students with a working knowledge of the basics needed to pursue careers in the insurance industry. For more information, go to www.investprogram.org. Founded in 1896, the Big "I" is the nation's oldest and largest national association of independent insurance agents and brokers, representing a network of approximately a quarter of a million agents, brokers and their employees nationally. Its members are businesses that offer customers a choice of policies from a variety of insurance companies. Independent agents and brokers offer all lines of insurance – property, casualty, life, health, employee benefit plans and retirement products.

www.independentagent.com

This report was prepared by InVEST and Applied to share insights on emerging trends in the industry.

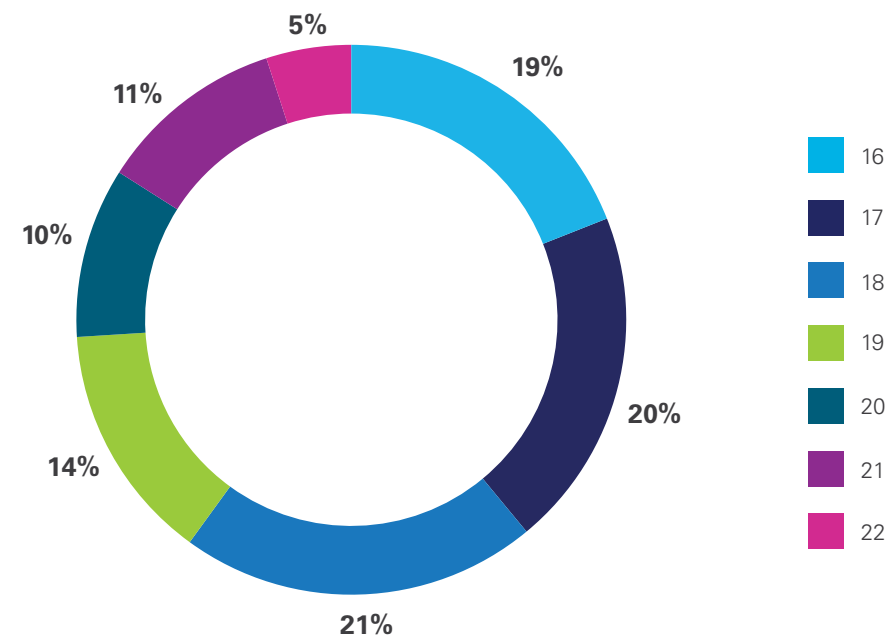
References:

- ¹ "Attracting Millennials to the Insurance Industry: A Complete Guide." Brown & Joseph Blog, December 9, 2018.
- ² "True Gen": Generation Z and its implications for companies by Tracy Francis and Fernanda Hoefel, McKinsey.com, November 2018.
- ³ "Even Millennials Want FaceTime at Work." Dan Schawbel. Money Magazine. September 2, 2014. U.S. Bureau of Labor Statistics.
- ⁴ "7 Reasons to Major in Risk Management & Insurance." Insurance Nerds Blog. Accessed April 2019.

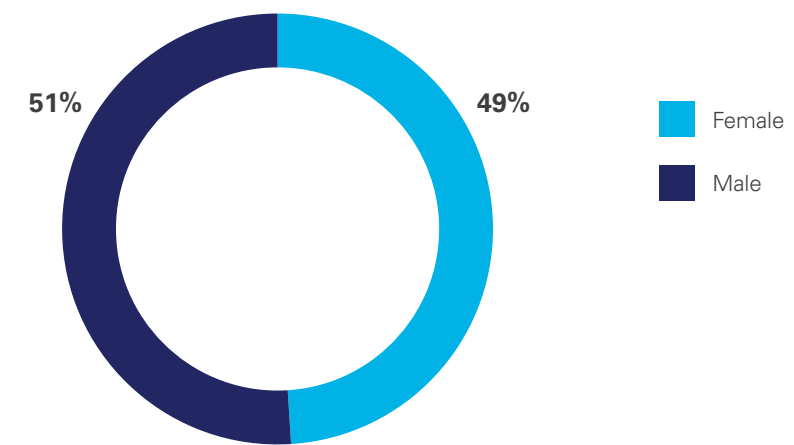


Demographics

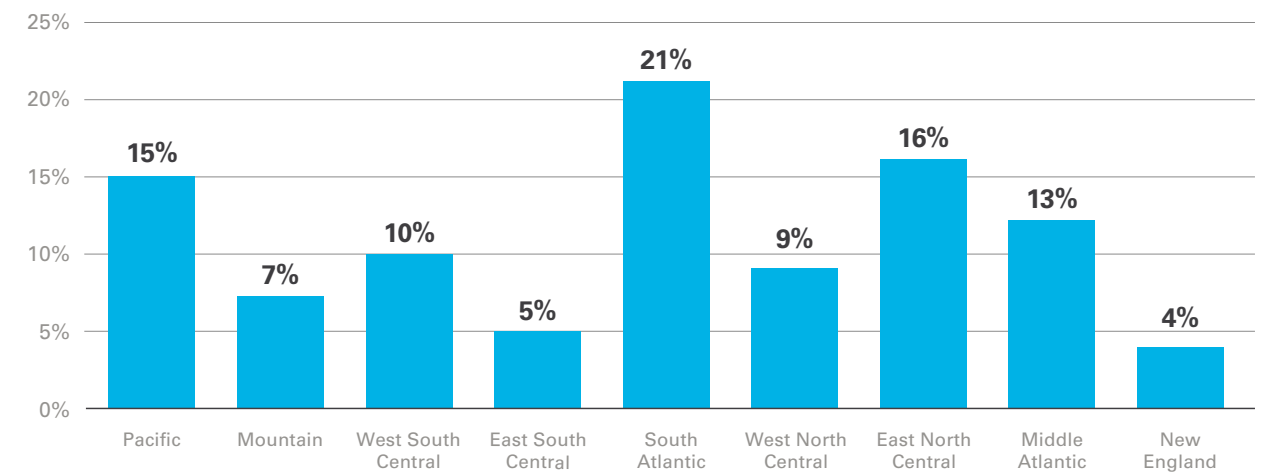
Age



Gender



Region





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