



Empowering the RISING GENERATIONS in Insurance

Fostering innovation and future success in the insurance industry by identifying, nurturing and developing young talent





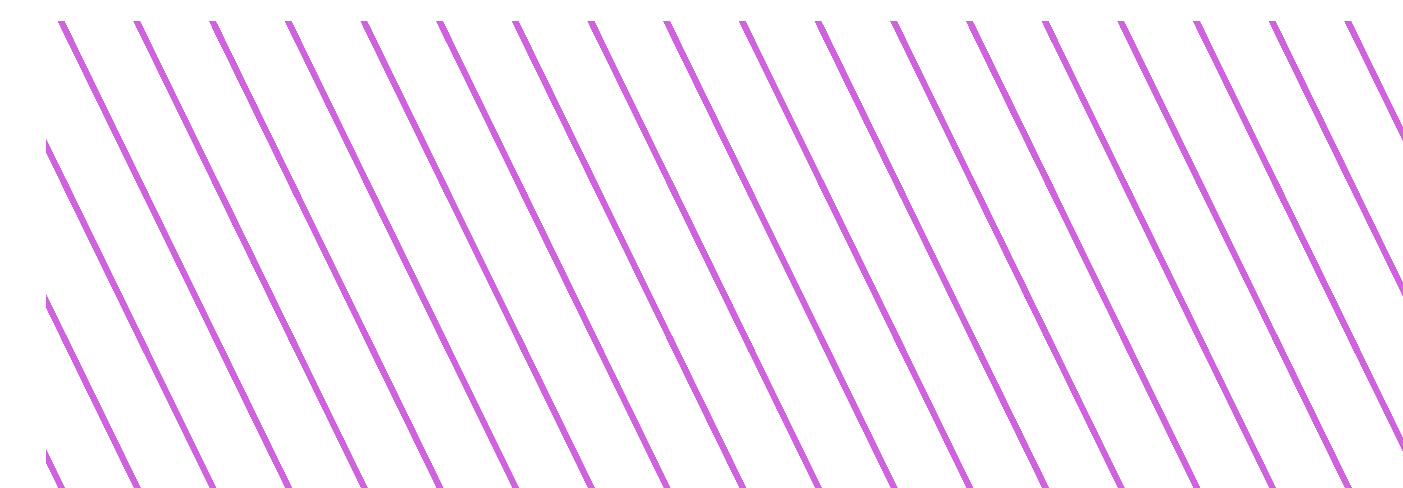
Executive Summary

Empowering the Rising Generations in Insurance is a glimpse of the extreme shifts currently affecting the employment landscape and consumer behaviour within the Canadian insurance industry. We are in a whirlwind of change, primarily driven by significant transformations in the country's workforce demographics and career expectations. As baby boomers exit the workforce, unique challenges and opportunities are tied to attracting and retaining Gen Z and millennial talent to build our industry's robust and innovative future.

Data from Statistics Canada's census highlights the demographic shift, noting that **baby boomers comprise under a quarter (23.8%) of the population**. In contrast, **millennials represent about one-third (33.2%)** of the working-age population aged between 15 to 64 years. This demographic trend is mirrored in the P&C insurance industry, aligning with the country's averages. In the immediate future, we will witness a significant workforce transition, the seeds of which are seen in the statistics that over the next half-decade, about **8.5% of our current industry leaders intend to retire**.

In our report, we integrate data from several reliable sources, including the Census from Statistics Canada and insights from thought leadership organizations like BDC and The Insurance Institute of Canada, coupled with valuable inputs from experts within the industry.

Our report focuses on innovative strategies to address challenges in the insurance industry, particularly in nurturing new talent. We cover important areas such as fostering innovation, workforce development, and the economic pressures rising generations face. Understanding these dynamics is crucial for organizations to connect with the next generation of brokers and attract future customers to achieve long term sustainable growth. We offer practical strategies and insights to help you effectively connect with younger generations, expand your team and customer base, and grow your business. Let's get empowered!





Canadian Workforce Demographics and Diversity

Bye-Bye Boomers; Hello Millennials and Gen Z

Did you know that for the first time since the end of the baby boom, baby boomers now constitute less than a quarter of the Canadian population? According to Statistics Canada¹, **boomers represent only 24.9% of the population**, compared to **41.7% back in 1966** when they were under the age of 20.





“Millennials are the generation that accounts for the largest share of the working-age population (33.2%), or those aged 15 to 64.”

Source: Statistics Canada, A generational portrait of Canada's aging population

The exciting part is that millennials, born between 1981 and 1996, are now the fastest-growing generation in Canada. They make up a whopping **33.2% of the working-age population** aged 15 to 64, and despite the challenges of the pandemic, their numbers have risen by **8.6%** between 2016 and 2021.





CANADIAN WORKFORCE DEMOGRAPHICS AND DIVERSITY

The P&C insurance industry is on track with the national averages. The *Demographic Analysis of the P&C Insurance Industry in Canada 2022 to 2026*², published by The Insurance Institute of Canada, indicates:

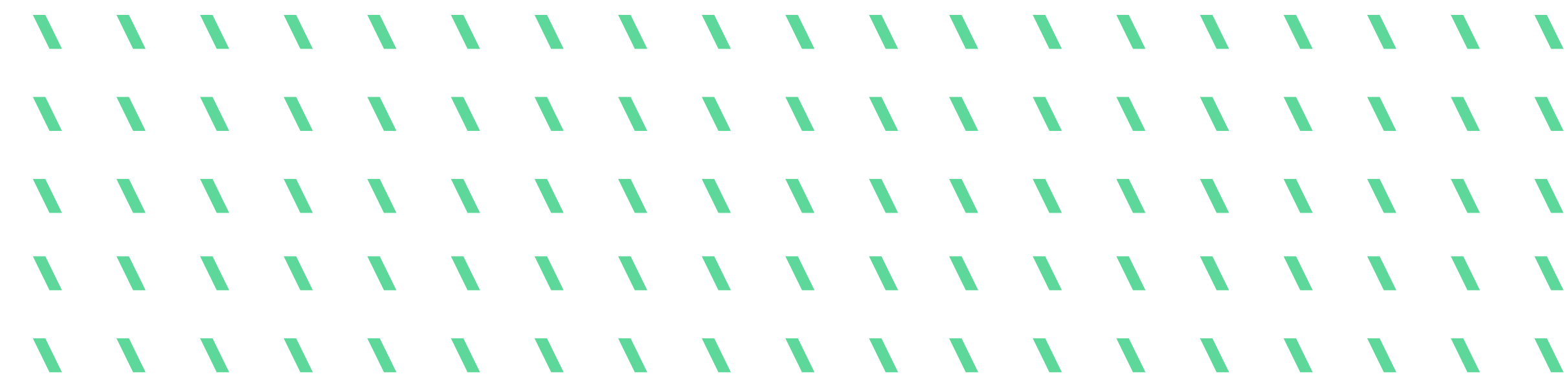
Over the next five years, **8.5% of employees** in the P&C insurance industry plan to retire, which would be approximately **11,625 employees** retired by the end of 2026.

Nearly **70%** of those eyeing retirement said they would be open to continuing some form of employment after retirement.

The prime age of employees in the P&C insurance industry is 35–54, and they make up over **55% of the workforce**.

This suggests a sustainable pool of candidates who could transition into decision-making roles in management, as they often have extensive insurance industry tenure.

This is encouraging and a significant change from the 2017 report, which pointed to high turnover, and a shortage of young employees prepared to take on higher positions. Due to the high number of job vacancies, worker turnover was mainly caused by poor manager relationships.





The Opportunity for Inclusivity Is Growing

It's great that our industry recognizes the importance of creating a more inclusive and diverse workplace. This brings encouraging news that the industry's employees are now more diverse, younger, and better educated than they were five years ago. According to a report published by the Centre for Demography at Statistics Canada³, Canada's population is expected to reach **47.7 million by 2041**. Of this population, **25 million** are expected to be people new to Canada or first-generation children born in Canada, accounting for **52.4% of the total population**. In 2016, the population of new Canadians was **14.4 million**, representing **40% of the Canadian population**. The report also suggests that by 2041, one in every four Canadians will be born in Asia or Africa.

“Labour is going to be very difficult to find, and employers are going to have to work hard to attract employees.”

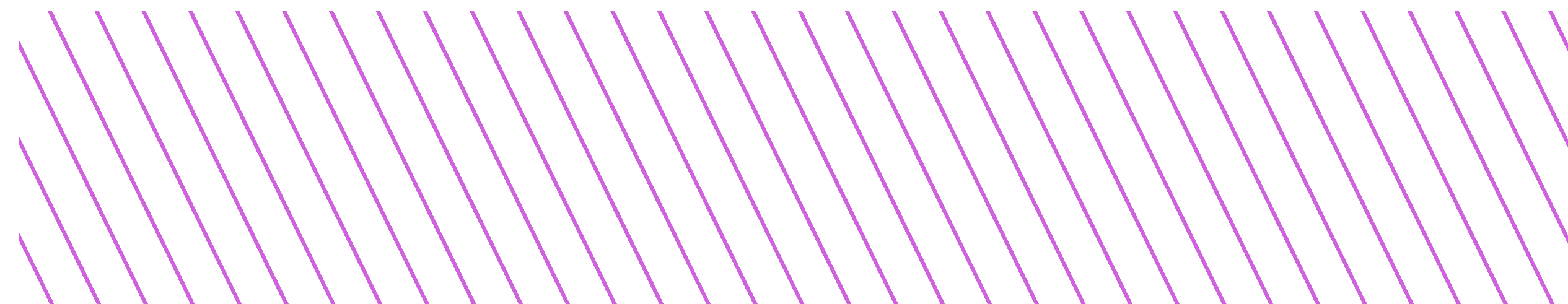
Rafael Gomez, Director of the University of Toronto's Centre for Industrial Relations and Human Resources



However, boosting immigration levels may not be an effective short-term solution to address labour shortages. Rafael Gomez, the director of the University of Toronto's Centre for Industrial Relations and Human Resources, indicated that while governments should utilize all available policies to tackle labour shortages, employers must also acknowledge that the current challenges in filling vacancies will continue. He also said, “We are entering a time where we are going to have a younger workforce — doing more, being asked to do more, being bidden for and competed for. Labour is going to be very difficult to find and employers are going to have to work hard to attract employees.”⁴

This demographic shift aligns with the Canadian census, where **26.5% of the population** identifies as a visible minority. The survey also discovered that the **largest group within the visible minority category is South Asian at 26%, followed by Chinese at 19%, Black at 15%, and Indigenous at 13%**. This allocation is consistent with the Canadian Census and represents a significant step forward for the P&C insurance industry, which had previously shown an underrepresentation of visible minorities in the 2017 survey.

As the industry moves towards a younger, more diverse, and inclusive workforce, it's important to recognize the progress made so far. There is a sustainable pool of candidates in the **35-54 age range** who can transition into decision-making roles, which is encouraging. While boosting immigration levels may not be a quick fix for labour shortages, it's a step in the right direction, and our industry aligns with the Canadian census. This shift in demographics holds the promise of positive change.





Generational Outlook:

Identifying Millennials vs. Gen Z





Millennials and Gen Z as Employees

Over 40% of Canada's population comprises millennials and Gen Z. Although both generations are tech-savvy, it's important to remember that each group has a unique work approach. Understanding these differences is crucial to collaborate with both groups effectively.

- Gen Z comprises people born between 1997 and 2012. They like to use technology daily and enjoy making a positive impact. They also prefer non-traditional work arrangements and getting a degree. Their different experiences make them thoughtful, sincere and a solid investment for any organization.
- Millennials were born between 1981 and 1996. They approach life and purchasing differently from previous generations. They also value building good relationships with others. Some remember a time before the internet, while others can't imagine life without Wi-Fi. They're now in decision-making positions and are rethinking traditional insurance processes.

By 2045, Gen Z will outnumber millennials in the workplace. Employers must comprehend the distinctive traits, aspirations, and priorities that define this generation. Gen Z greatly emphasizes job security when selecting a prospective employer.

Millennials and Gen Z as Consumers

Millennials and Gen Z are desirable not only as employees but also as customers due to their substantial purchasing power, trendsetting influence, and brand loyalty. Their proficiency in digital technology, familiarity with online shopping, and emphasis on sustainability and social issues make them valuable consumers for both current markets and future growth. With over **80% of Canadians** shopping online and millennials accounting for **33% of all online purchases** in Canada, brokers need to understand what drives this group's buying patterns.

Based on research conducted by McKinsey & Company⁵, Gen Z are known as 'digital natives' because they're the first generation to grow up with the internet as a part of daily life, and the internet has changed and shaped the tastes of digital natives.





“Gen Z prefers mobile pay, app-based services, and simple online transactions. Organizations that cater to these preferences have found great success with Gen Z. Although they like shopping in physical stores over online, they still expect an exceptional online shopping experience.”

Source: What is Gen Z? McKinsey & Company

For Gen Z, advertising is ever-present. They come across brands at “every moment” as they navigate their digital and physical worlds. In 2016, automated technology was still in its early stages of development. Creating personalized customer messages and experiences was nothing but a pipe dream for smaller businesses. However, today, with the help of customer data collection and technological advancements, companies of any size and from any industry can personalize their customer experience and offers. The only catch is that the personalized experience must meet the basic expectations of consumers.



The Changing Face of Customer Experience

Customer experience is crucial in any business and contributes to customer satisfaction and loyalty. However, the latest generation of customers has brought significant changes to it. This generation has grown up in a world where technology is everywhere, and they demand faster, more personalized, and more convenient services than ever before.

“29% of Canadian businesses report adapting their offer or marketing to different generations.”

Source: Top Consumer Trends in Canada, BDC

According to research published in *Top Consumer Trends in Canada*⁶, businesses need to assess which generations they want to target to better address their needs, which can increase their relevance and competitiveness. The research discovered that Gen Z considers positive reviews and customer recommendations among their top three purchase criteria (32%). In contrast, millennials prefer to buy products and services based on positive recommendations (64%) or ones that can be purchased without leaving home (35%).

Historically, businesses considered customer experience a necessary but low-priority part of their operations. As competition increased and consumer expectations rose, businesses realized the importance of enhancing customer experience, particularly in attracting millennials and Gen Z. Today, the customer experience plays a vital role in sustaining business growth, prompting companies to invest significantly in creating efficient and effective support systems.



Shaping the Future of Insurance

A career in the insurance industry has fantastic potential. But the truth is, our processes can be slow and frustrating, which can be a turn-off for younger generations who want instant gratification.





SHAPING THE FUTURE OF INSURANCE

Ivans®, a subsidiary of Applied Systems®, surveyed 225 millennials and Gen Z customers in the United States.

In these interviews and surveys, the respondents indicated there is an opportunity for more transparency in today's insurance processes.

- They want to change the perception of insurance as being an “old” industry and attract more talent.
- They're hopeful about the future of insurance, especially with the power of technology by their side.
- Quick and digital experiences are the expected norm for the future.
- AI will play a role in insurance processes, but don't worry. Humans will still be in the equation.
- If insurance companies don't keep up with tech, they won't be as successful.





Greatest Industry Growth Opportunities

According to survey respondents, the following are the top growth areas for the insurance industry:

- **69.5%** said offering quick and easy digital experiences.
- **67.6%** said being more transparent with clients and employees about decisions.
- **56.3%** said connecting and building on existing tools in the industry.
- **31.9%** said removing silos and collaborating more across the industry.

Source: Ivans Gen Z/Millennial Client Survey⁷

Influencing the Future of Insurance

Technology is already transforming the insurance industry, but a key part of its ongoing evolution is keeping rising generations engaged. The respondents said they are hopeful for the future of insurance.

What Does the Future of Insurance Look Like?

This is what some of the survey respondents had to say:

“Probably a lot more of a digital, online, or over-the-phone experience rather than in-person offices.”

“It will definitely be more analytics-driven to maximize premium revenue and speed up the claims process.”

“Inclusion of AI will create more jobs to keep up with the AI and the less need of human interaction for reports.”

“I think the future will be more digital as we get away from paper, and more business will be done virtually.”

“Brokers will still be a key component since human experience will be crucial to adequate coverage.”



Strategies for Attracting and Retaining Young Talent

Not only do we have to compete against each other for new talent, but we're also competing against industries that offer bigger paychecks, better work-life balance, and more opportunities for career growth. The Harvard Business Review article *40 Ideas to Shake Up Your Hiring Process*⁸ suggests that some business leaders are not doing enough to level the playing field. Here are a few ways to strengthen hiring processes and enhance job offers:

Hiring Campaign and Candidate Selection

- Look for candidates who **match 70% to 80% of the “must-have” skills** and provide learning opportunities to train them on the rest.
- Offer short-term paid projects or internships to attract new candidates and assess their fit before offering them full-time employment.

Talent Sourcing

- Reach out to untapped markets, like retired, newly immigrated, and neurodiverse candidates.
- Increase internal talent mobility by allowing lateral job transfers or freelance work based on their soft skills and aspirations.

Channel Strategy

- Partner with professional affiliations like Professional Young Insurance Brokers (PYIB) and post-secondary institutions like Humber College to offer tailored curricula and work experiences to build a talent pipeline with relevant skills.
- Use social media platforms like LinkedIn to better identify future talent.

Compensation and Benefits

- Ensure stable and predictable pay, especially for lower-wage and entry-level employees.
- Motivate employees with incentives like higher pay during peak hours and promotion opportunities.

Work Strategy

- Use technology to improve ease of work, including language assistance and tools to accommodate older, newly immigrated, or neurodiverse employees.
- Update your technology to eliminate, streamline, or automate low-value tasks and responsibilities.





Career Development

- Upskill managers to become better leaders and increase accountability for team development.
- Design mentorship and sponsorship programs and schedule peer-to-peer coaching.

Culture

- Develop communities of interest to support diversity, inclusion and belonging.
- Embed company purpose, strategy, and values in your operating and performance practices and feedback process. Train all leaders to become culture champions.

More importantly, look honestly at what you're doing to attract young talent today. Pinpoint areas that need improvement and start there. Then, you can build an effective strategy by incorporating unique recruitment practices. This will give you a competitive edge and ensure a long-lasting talent advantage.



Education to Enhance the Insurance Industry





Partnering to Create a Better Future for Everyone

According to *Demographic Analysis of the P&C Insurance Industry in Canada from 2022 to 2026*, the educational qualifications of the P&C insurance sector are on the rise. The survey showed that **88% of the respondents** had post-secondary education, compared to 82% in 2017. This shift is mainly due to the increase in the number of employees with a bachelor's degree or higher, which has increased by 13% in the past five years. As per the survey results, the P&C insurance industry has a higher educational attainment than the national average. While only **26% of eligible Canadians** hold a bachelor's degree or higher, **43% of P&C employees** have a bachelor's degree or higher.

The Insurance Institute's demographic research from 2017 inspired the creation of the Humber College Insurance Management – Property & Casualty program. The study revealed that **27% of the insurance industry** is expected to leave within 5 to 10 years due to the retirement boom and several thought leaders leaving the industry. To address this issue, the program was designed to provide students with the knowledge, skills, and technology required to enter the industry quickly. Humber also worked closely with the Insurance Brokers Association of Ontario (IBAO) to ensure integration between the provincial association's education and the industry's licensing body, allowing those who graduate from the program to earn their professional designation as a broker.

“70% of our graduates have successfully landed roles in the insurance industry. This is a significant improvement, considering that only 1% of students were getting into the insurance industry when the program started. Another important milestone is that all our students have been placed in industry careers, which is a 100% success rate.”

John McNeil, Associate Dean of the Insurance Management Program at Humber College



EDUCATION TO ENHANCE THE INSURANCE INDUSTRY

One of the program's benefactors, Hugh Wood Canada Limited, is a privately held independent brokerage that is part of the HW International (HWI) organization. The Hugh Wood Memorial Scholarship is awarded to a post-graduate student in the Insurance Management-Property and Casualty program who has demonstrated a strong understanding of the broker's role and exceptional interpersonal skills.

President Kyle Nichols said, "The Hugh Wood Memorial Scholarship is a nod to Mr. Wood and his love of the insurance industry and developing talent to come through the business. It was appropriate for us to do that, particularly with Humber, because we've had so much success with the students who came out of that program. We initially started with two – now up to nine or 10 interns have joined us."



"Humber graduates come out with a RIBO license and some CIP courses, but most importantly, they've put their hand up and said, I want to be in the insurance industry. These candidates come out engaged, energized and ready to work."

Kyle Nichols, President, Hugh Wood Canada Limited



"Humber graduates are trained on the technology we use, understand industry jargon and come in with a passion for insurance. That differentiates them because you have people who want to be in the industry instead of people who fall into it."

John Ashwanden, Chief Financial Officer, Hugh Wood Canada Limited



Closing Summary

As the torch passes from one generation to the next, we are poised to shape the industry's future workforce. Progress is being made in innovation, understanding the rising generations' economic pressures, and dovetailing their talent to fit our industry. However, this is an ongoing journey, and more work needs to be done. Worries over economy-related issues hinder their ability to make plans or solid career choices. It is essential to have a better understanding of the challenges faced by the younger generations in both attracting them as employees and engaging them as customers. Likewise, we need to provide more education and support for the rising generations, which is becoming increasingly prevalent.

The Canadian insurance industry can achieve a sustainable, futuristic, inclusive, and prosperous growth model by confronting and effectively addressing these challenges and opportunities. Attracting and retaining young talent is difficult, especially given the changes in work-life balance dynamics and economic pressures. We can target a younger demographic effectively by interacting with them in a more constructive and empathetic manner. Sharing our insights can make our great industry more appealing. This strategy will help attract the next generation of customers, setting the stage for our business's long-term growth. The result will be an industry that evolves alongside its increasingly diverse workforce and customer base.





Resources:

1. **A generational portrait of Canada's aging population from the 2021 Census**, Statistics Canada, April 27, 2022
2. **Demographic Analysis of the P&C Insurance Industry in Canada 2022 to 2026**, The Insurance Institute of Canada, September 2023
3. **Canada in 2041: A larger, more diverse population with more significant differences between regions**, Statistics Canada, September 8, 2022
4. Stephenson, Amanda, **'It is your new normal': Canada's aging workforce root of national labour shortage**, CBC.ca, December 11, 2022
5. **What is Gen Z?**, McKinsey & Company, March 20, 2023
6. **Top Consumer Trends in Canada**, BDC, August 2023
7. **Ivans Generation Z and Millennial Survey**, Ivans, 2023
8. Joseph Fuller, Nithya Vaduganathan, Allison Bailey, and Manjari Raman, **40 Ideas to Shake Up Your Hiring Process**, Harvard Business Review, January 16, 2023





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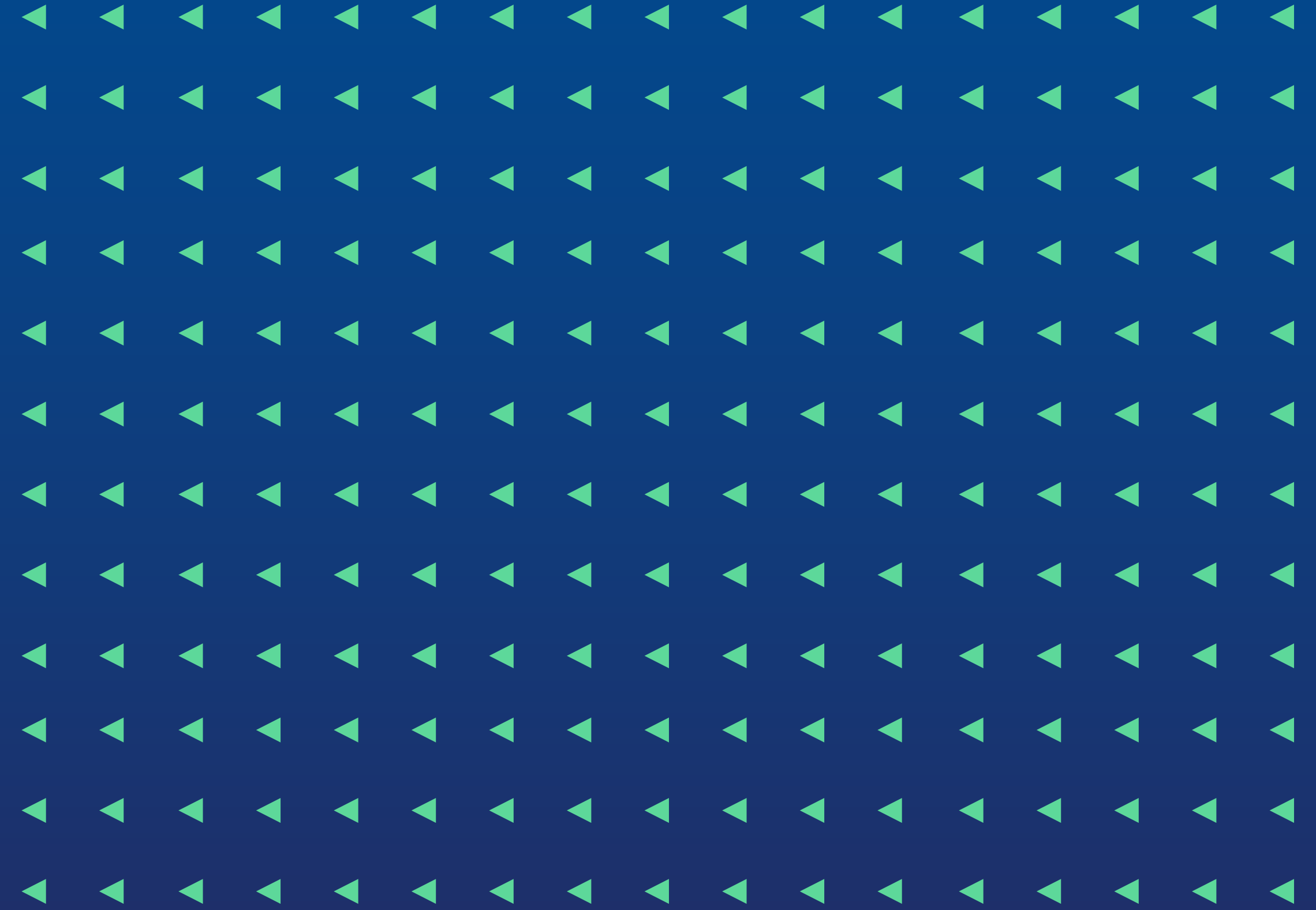
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