Demographics

OF THE P&C INSURANCE INDUSTRY IN CANADA

2017-2027 FULL REPORT

Insurance Institute

About the Insurance Institute

The Insurance Institute is the premier source of professional education and career development for the Canada's property and casualty insurance industry. Established in 1899, the Institute is a not-for-profit organization serving more than 39,000 members across Canada through 19 volunteer-driven provincial Institutes and chapters. For more information, please visit **insuranceinstitute**.ca.

About the CIP Society

Since 1998, the CIP Society has represented more than 18,000 graduates of the Insurance Institute's Fellowship (FCIP) and Chartered Insurance Professional (CIP) programs. As the professionals' division of the Insurance Institute of Canada, the Society's mission is to advance the education, experience, ethics and excellence of our members. The Society provides a number of programs that promote the CIP and FCIP designations, continuous professional development, professional ethics, mentoring, national leaderships awards, and understanding of emerging issues in the industry. The CIP Society, on behalf of its membership and for the benefit of the industry, is proud to have contributed to the development of this research report. Please visit **insuranceinstitute**.ca/cipsociety.

About the Institute's research

The Insurance Institute has been conducting demographic research on behalf of the industry since 2007. This Full Report of the *Demographics of the P&C Insurance Industry in Canada* provides a comprehensive analysis of the demographics of the industry's workforce and retirements projections to 2027. An Executive Summary and Executive Brief are also available, in English and French. As well, for a future forward view of the implications of talent and technological disruptions on the industry's workforce, please also read the Institute's 2018 Emerging Issues Research Report, *A Changing Workforce: Implications of Technological Disruption for the Insurance Industry in Canada*. Combined, these reports will provide a full perspective on the industry's changing workforce.
For more information, please visit **insuranceinstitute**.ca/research.

About this Report

The Insurance Institute was pleased to contract with the Conference Board of Canada to research and write this report. The Conference Board of Canada is the foremost independent, evidence-based, not-for-profit applied research organization in Canada. Each year, the Conference Board hosts more than 250 meetings and conferences, delivers over 80 leadership programs, and produces more than 300 research documents and economic forecasts. The Institute would like to particularly acknowledge Michael Burt, Executive Director, Economics and Robert Meyer-Robinson, Economist, Industrial Economic Trends of the Conference Board of Canada for their leadership on this Demographic Research Report and on the Emerging Issues Research Report, *A Changing Workforce: Implications of Technological Disruption for the Insurance Industry in Canada.*

Acknowledgements

The Insurance Institute would like to thank the following members of the Demographic Research Steering Committee, and other organizations and people who reviewed, commented on and/or contributed to the report:

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Desjardins Insurance - Carl Dubé, HR Officer, Human Resources, Insurance
Economical - Jeff Desbiens, Vice President, Human Resources
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Demographics of the P&C Insurance Industry in Canada 2012-2027

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Foreword

The Insurance Institute is proud to publish this fourth instalment of research on the demographics of the property and casualty insurance industry's workforce in Canada. On behalf of the industry, the Institute has been conducting demographic research since 2007.

The Institute believes that this decade of research has provided – and continues to provide – a wealth of information and insight that (a) is valuable to industry employers as they develop and implement their talent management strategies, (b) informs the initiatives of the Institute's Career Connections and mycareer career mapping programs, and (c) influences the Institute's professional education programs designed to meet the needs of the industry's employers and employees.

1. **From the 2007-08 landmark research study** we learned that the industry's workforce was aging, employees tended to retire younger than average, and retirement projections would have a significant impact.

2. **For the 2009 report** we compiled a resource guide to help organizations create the strategies required to meet their hiring needs, training and development assessments and the potential leadership gaps.

3. **From the 2012-13 study,** we replicated the census of the industry's workforce five years later and surveyed both HR and employees in order to investigate the impact, if any, of recent economic and other events on employment trending. From this study, we learned that substantial recruitment activity had taken place, despite economic turbulence in Canada since 2008. We also learned that the level of recruitment compensated for the level of retirement, but that the impact of retirement could increase substantially, therefore the level of recruitment (and retention) would need to increase substantially.

4. **For the 2017-18 study,** we replicated the research again to benchmark the decade of change in the industry and introduced an executive survey as well. The findings from the executive survey and the literature review form the Institute's Emerging Issues Research Report: *A Changing Workforce: Implications of Technological Disruption for the Insurance Industry in Canada*. You are encouraged to read both reports for a full perspective on the talent and technological challenges facing the industry.

The Institute would like to express our appreciation to the members of the Research Steering Committee who provided guidance and insight through the four phases of the research project. Their input into the design and implementation of the survey tools helped to ensure the online surveys and census garnered relevant and valuable data.

The Institute would also like to express our gratitude to the industry employers that participated in surveys and census, the industry executives and employees who took the time to answer our online surveys, and to the three regulatory bodies that provided key data on their licensees. Thank you. Without your participation, this research would not provide such collective insight into the industry's insurance professionals.

The Institute would like to thank the project team at the Conference Board of Canada, especially Michael Burt and Robert Meyer-Robinson for their expertise and guidance throughout this research study and writing of the reports.

Sincerely,

Peter Hohman, FCIP, MBA, ICD.D
President & CEO, The Insurance Institute of Canada

Contents

The analysis in this *"Demographics of the P&C Insurance Industry in Canada 2017 – 2027"* report is complemented by findings from additional research activities that supported the Insurance Institute's overall study:

The Conference Board conducted a wide-ranging review of the business literature related to current trends in technological disruption in general and what it might mean specifically for the P&C insurance industry.

This research was used to create a brief survey that was distributed to Canadian industry executives as an online survey in the autumn of 2017. In total, 230 respondents completed the survey, representing a combined total of 72 different organizations within the industry.

The purpose of the survey was to assess which technologies will have the biggest impact on how the industry operates. It asked executives to consider how the identified technologies will alter the performance of the sector and the labour implications of these changes for Canada's P&C insurance industry.

The Conference Board combined the findings in the literature review with the analysis of the executive survey to form the Insurance Institute's 2018 Emerging Issues Research Report entitled, *"A Changing Workforce: Implications of Technological Disruption for the P&C Insurance Industry in Canada."*

References to the executive survey exist within this report. To access the full report, *"A Changing Workforce: Implications of Technological Disruption for the P&C Insurance Industry in Canada,"* please visit: www.insuranceinstitute.ca/research.

Part I - Introduction

The Insurance Institute's demographic research presents the most comprehensive study of the P&C insurance industry's total workforce in Canada, estimated at 126,200 people in 2017. By the numbers:

- 48 organizations provided demographic data on 43,517 current employees.
- 47 organizations provided demographic data on 24,608 terminated employees.
- 15 organizations provided data in all three census studies.
- 3 regulatory bodies (AB, ON, QC) provided demographic data on 47,832 licensees in their provinces.
- 48 Human Resources Professionals responded to the HR survey representing organizations that employed a combined 52,800 people.
- 7,327 employees responded to the employee survey presenting a representative sampling of the industry's total workforce.

What a difference a decade makes!

Canada's labour market is changing, and these changes are being driven by a variety of trends. Perhaps most importantly, Canada's labour force growth is slowing, and the average age of the workforce is rising. At the same time, the skill requirements of the workforce are changing, sometimes rapidly, as technological progress leads to obsolescence for some skills and a growing need for new ones. Indeed, in some cases entire occupational groups are disappearing or being created.

> Because of these trends, employers are having to work harder to attract and retain employees with the skills they need to be successful, and the property and casualty (P&C) insurance industry is not immune.

It is in this environment that the Insurance Institute of Canada contracted with the Conference Board of Canada to conduct an analysis of the demographics of the industry's workforce, the key recruitment and retention challenges, the talent acquisition needs and retirement, and the impact of technology on skill requirements.

The intention of this report is to provide employers with the insights needed to understand these trends and to incorporate into their strategic talent management plans in order to mitigate their impact.

About the Insurance Institute's Research on the Demographics of the P&C Insurance Industry in Canada

This Full Report of the *Demographics of the P&C Insurance Industry in Canada 2017 – 2027* has been researched and written by the Conference Board of Canada (The Conference Board) under contract to the Insurance Institute of Canada (The Institute). This is the Institute's fourth research report on the workforce demographics, and as such the Conference Board was tasked with updating and expanding upon the knowledge of the previous studies on the demographics of the sector.

Like the previous studies, the new study contains the findings from three research activities:

1. **A survey of human resource professionals** aimed at identifying views of senior HR professionals on the issues of recruitment and retention of employees in key occupational categories and in strategic labour market cohorts.
2. **A survey of employees** aimed at identifying employees' perceptions about their work history, work in insurance, and their career prospects.

3. **A demographic analysis of the industry's workforce** based on demographic data supplied by individual organizations and provincial regulators. This activity includes a comparison of how the P&C insurance industry's demographic trends contrast with the rest of Canada's labour force, as well as retirement projections of the industry's labour force to 2027.

The format of these three research phases was kept generally consistent with previous studies to ensure comparability over time. However, the combination of new survey questions and a more detailed industry census provided the means to explore previous topics in more detail (e.g. leadership and management), and also examine new areas (e.g. the prevalence of remote work within the industry).

Combining insights drawn from each of the three research phases, key outcomes of the 2017/18 research include:

- An understanding of the major recruitment and retention challenges faced by employers in the P&C insurance industry, as well as potential strategies to mitigate these challenges.
- Insights about how the skill requirements of the P&C insurance industry's workforce are changing.
- An appreciation for how the P&C insurance industry's demographic trends compare with the rest of Canada's labour force.
- A 10-year outlook (2017-2027) for the replacement of retiring workers in the P&C insurance industry – for both the industry as a whole, and for specific occupations.
- An awareness of misalignments between the perceptions of human resource professionals in the P&C insurance industry and the demographic realities.

The remainder of this report is broken down into three sections.

Part II explores the demographic trends in Canada's P&C insurance industry's workforce based on an analysis of the industry census data. Key topics covered within this section include:

- the impact of an aging workforce;
- other demographic characteristics of the workforce;
- trends in workforce departures;
- a forecast for industry retirements; and
- comparisons with the overall Canadian labour market.

Part III contains an analysis of the results of the survey of HR professionals. Key topics covered within this section include:

- perspectives on key HR issues;
- recruitment and retention trends; and
- the impact of technology on skill requirements.

Part IV provides an analysis of the career and job perspectives of professional employees in the P&C industry. The findings are based primarily on the results of the survey of professional employees. Key topics covered within this section include:

- trends in job satisfaction and engagement;
- thoughts on education and training;
- perspectives on career advancement and promotions; and
- talent acquisition needs and retirement.

Part V concludes the report by identifying key findings and recommendations stemming from the comprehensive demographic research study.

Part II - Demographic Trends in Canada's Property and Casualty Insurance Industry's Workforce

This part of the report provides a detailed analysis of the industry's workforce based on the 'census' data. The analysis indicates that:

- The industry's workforce is not aging as quickly as the broader workforce
- Entry-to-exit ratios may limit the industry's growth potential
- Managers, Underwriters and IT all have older age profiles
- Brokers/Agents and Adjusters are older than average (regulator data)
- Women account for an above-average share of the industry's workforce
- Employee tenure is trending down
- Full-time work remains the most prevalent in P&C insurance
- More than one-third of the industry's workforce can work remotely
- Voluntary and involuntary turnover trending similar to comparator industries
- Retirements are accounting for a growing share of departures
- More than one-quarter of the industry's workforce is expected to retire in the coming decade

Introduction

The Insurance Institute of Canada has twice previously conducted a demographic analysis of the P&C insurance industry's workforce: first in 2007 and again in 2012. This report updates this previous work and is based on individual-level data collected from industry employers and regulatory agencies across the country. This "census" of the industry's workforce does not include all workers, but it does provide a large sample, allowing for a detailed analysis.

The 2017 census includes data from 48 organizations, who together supplied data on 43,517 people who were employed in the industry in the summer of 2017. The Insurance Bureau of Canada estimates that the P&C industry employed 124,900 people in 2016.[1] As such, the dataset accounts for about 35 percent of the industry's total employment, providing a rich sample. The number of employees covered by this year's census also improved significantly over The Institute's previous studies, which stood at 28,327 in 2007 and 26,085 in 2012.

The census collected information on the following concepts for current workers in identified occupations at participating organizations:

1. Province of employment
2. Municipality of employment
3. Employment status
4. Activity status
5. Age
6. Gender
7. Occupation
8. Length of service
9. Remote worker status

This information was subsequently used to conduct the analysis in this report, such as the age, tenure, and gender profiles of the industry's workforce.

The municipality of a person's employment is used to determine whether or not that person works in an urban area. For the purposes of this report, a person is defined to work in an urban area if his or her municipality is part of one of Canada's 35 census metropolitan areas. As well, six other municipalities that had a population of 100,000 or more in 2016 (Nanaimo, Kamloops, Chatham, Fredericton, Chilliwack, and Red Deer) are included in the list of urban areas. Using this definition, 91.4 percent of the industry's workforce was found to work in urban areas.

1 Insurance Bureau of Canada, "FACTS of the Property and Casualty Insurance Industry in Canada 2017."

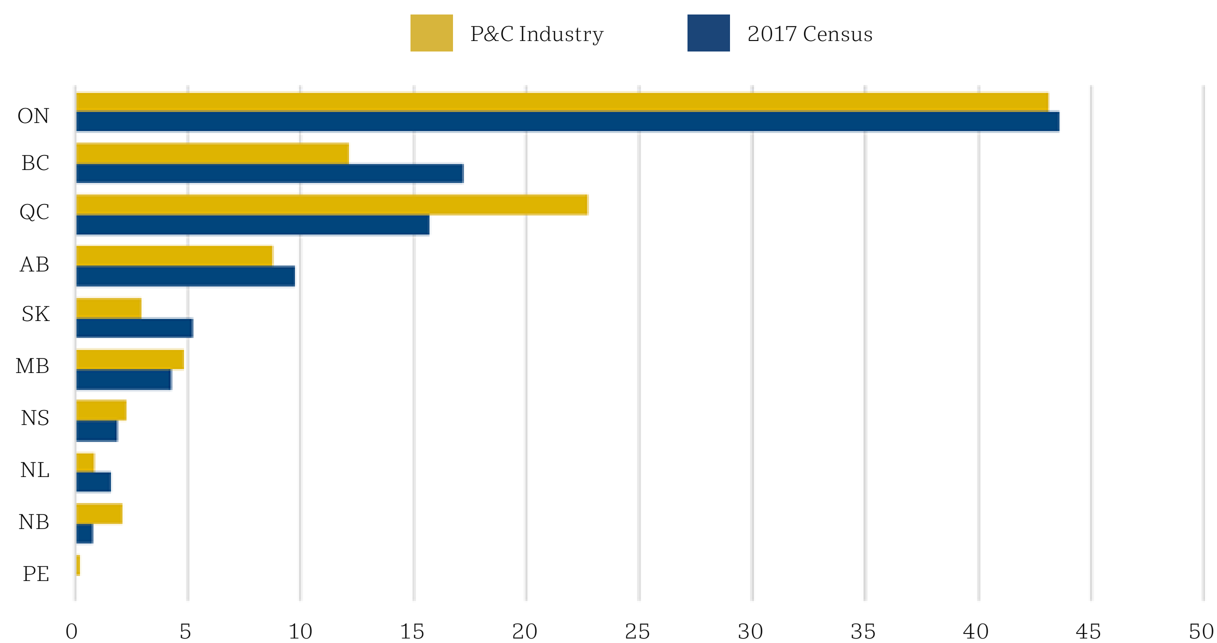
The organizations that participated in the census represented a variety of business types, locations, and sizes.

- In terms of provincial representation: Ontario, British Columbia, Quebec, and Alberta accounted for most of the workers covered in the census. (See Chart II-1.)
- In terms of employer type: Most organization types within the industry were well represented, with most employees belonging to a broker-represented or mutual insurer. (See Chart II-2.)
- In terms of employer size: Participating organizations accounted for a range of sizes, with the smallest organization having 10 employees and the largest having more than 10,000.

Results from the census that detail the impacts for these different groups within the industry can be found in the Appendix: Detailed Data Tables.

Chart II-1: Census Coverage Broadly Mirrors Industry Provincial Mix

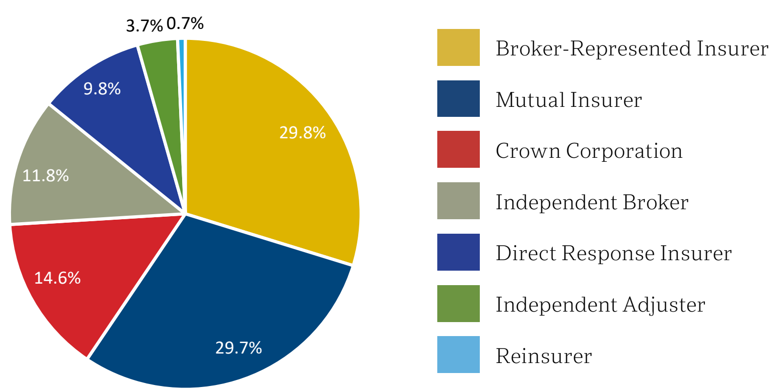
Industry concentration by province, share of employees



Source: The Conference Board of Canada

Chart II-2: Most Organization Types Are Well Represented in the Census

Share of industry employees by primary activity of employer, percent



Source: The Conference Board of Canada

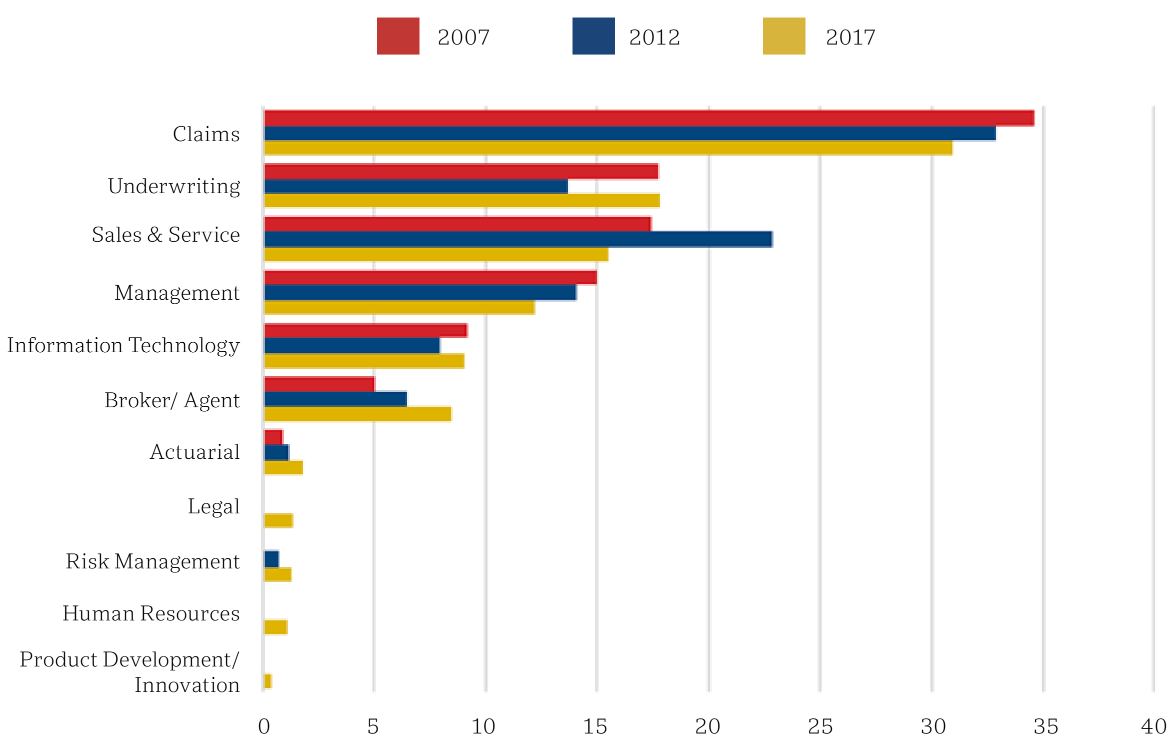
Although the P&C insurance industry employs people in a wide variety of occupations, the focus on this research was on occupations that were likely to be of key importance to the industry. These included 11 broad occupational categories, with claims, underwriting, sales and service, and management being the largest categories. (See Chart II-3.)

Although the occupational mix of this census has changed modestly from those conducted in 2007 and 2012, these four occupational groups have consistently accounted for the largest portion of the sample of the past decade.

Based on occupational employment data from Statistics Canada, claims, underwriting, management, sales and service (including brokers), and information technology (IT) are also the largest occupational groupings in the industry. As such, although brokers/agents are under-represented in the sample, the census does provide a good overview of the P&C insurance industry's workforce.

Chart II-3: Four Occupations Account for the Majority of the Census Coverage

Census coverage by occupation, 000s of employees



Source: The Conference Board of Canada

Some of the larger occupational categories were split into more detailed occupational groups. For example, the claims occupational group was split into six subcategories: personal, commercial, specialty, appraiser, investigations, and support. The end result is that data for more than 30 different occupational groups were available for analysis.

Terminated Employee Data – In addition to the dataset on current employment, the organizations that participated in the census also provided data on terminations over the past five years. In aggregate, 47 organizations provided data about 24,608 terminations over this period. Again, this marks a considerable increase in the sample size compared to the previous industry demographic research projects that The Institute undertook in 2007 (12,529 terminations) and 2012 (13,982 terminations). The fields gathered in the termination data file are similar to those of the current employees, but there are some differences.

In particular, rather than asking about the person's current status, we instead asked about the reason for the person's departure. The options in this field included voluntary resignation, termination with cause, termination without cause, retirement, and death.

"Group of 15" Data – Because the industry census had been conducted twice before, we are also able to track the data for some organizations over time. In total, there were 15 organizations that participated in the three (2007, 2012, and 2017) census. Using this data we are able to assess factors such as how employment at these organizations has grown over the past decade, and how the occupational mix of the industry may be changing.

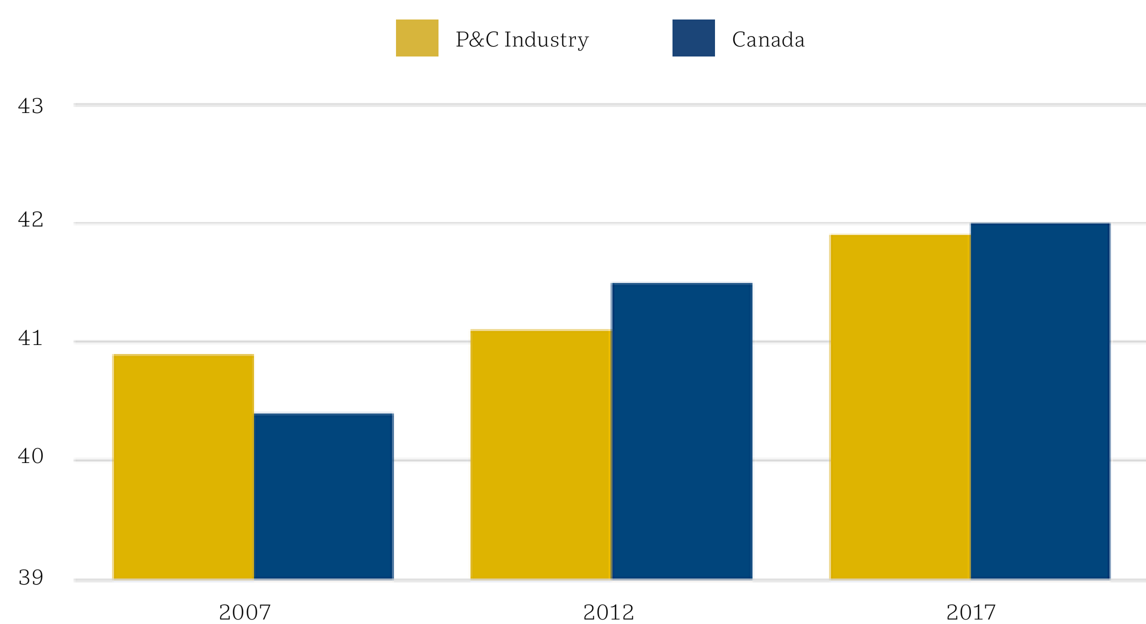
Regulator Data – The final set of data we consider in this analysis includes information we received from the agencies that regulate the professional credentials of brokers/agents and adjusters. Demographic data on the people who are currently registered with regulatory agencies in Ontario, Quebec, and Alberta were collected. Given that many of the people who work in these occupations are employed by smaller organizations that may not have been covered in the census, these data provide additional insights for these two groups. In aggregate, this dataset covers 47,832 people, although there may be some overlap with the data collected from employers.

The P&C Insurance Workforce Is Not Aging as Quickly as the Broader Workforce

Over the past decade, Canada's P&C insurance workforce has been gradually growing older. For example, between 2007 and 2017 the average age of the workforce has risen from 40.9 to 41.9. However, the P&C insurance industry is not unusual in this regard. In aggregate, the average age of Canada's workforce has also risen, with the estimated average age rising from 40.4 to 42.0 over the same period.[2] This implies that the sector's workforce has moved from being older than average to slightly younger than average over this period. (See Chart II-4.) In other words, the industry's workforce is not aging as quickly as the national workforce.

Chart II-4: P&C Workforce Is Now Slightly Younger than Average

Average age of workforce



Source: The Conference Board of Canada

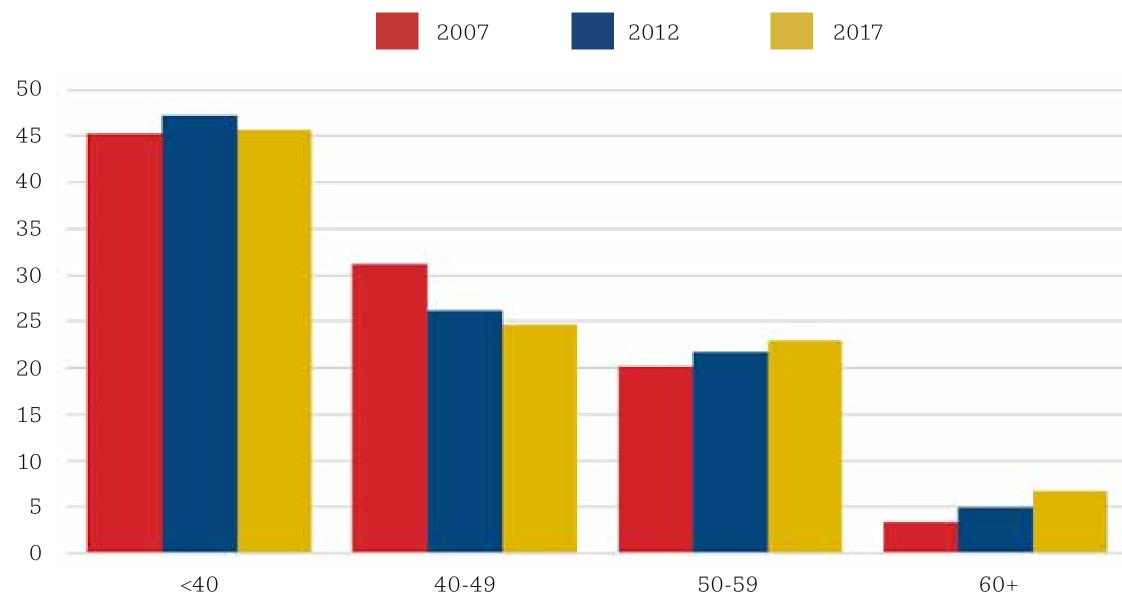
2 Calculated from Statistics Canada CANSIM table 282-0002.

Underlying these top line figures are some interesting trends in the industry's workforce. For example, all of the increase in the average age for the industry can be tied to women; their average age rose from 40.5 to 42.2 between 2007 and 2017. Over the same period the average age for men in the industry has been essentially unchanged, falling from 41.6 to 41.5. Thus, men are on average younger now than their female colleagues. This is a major switch over this period and is not typical of the broader workforce, where men are still nearly a year older than women. If these trends continue, the gender mix in the industry may gradually shift to being more male oriented, as women will have a higher retirement rate.

Another factor that stands out is in which cohorts the impacts of the aging workforce are most apparent. Nearly all the change has occurred among older workers, with the share of the workforce under the age of 40 little changed over the past decade, at 45.7 percent in 2017 versus 45.4 percent in 2007. (See Chart II-5.) Instead, the share of the workforce made up of people in their 40s has shrunk, while the share in their late 50s and early 60s has grown. Close to 30 percent of the industry's workforce is now over the age of 50, compared to only 23 percent in 2007.

Chart II-5: Mature Workers Are Driving the Aging of the Industry's Workforce

Share of P&C workforce by age, percent



Source: The Conference Board of Canada

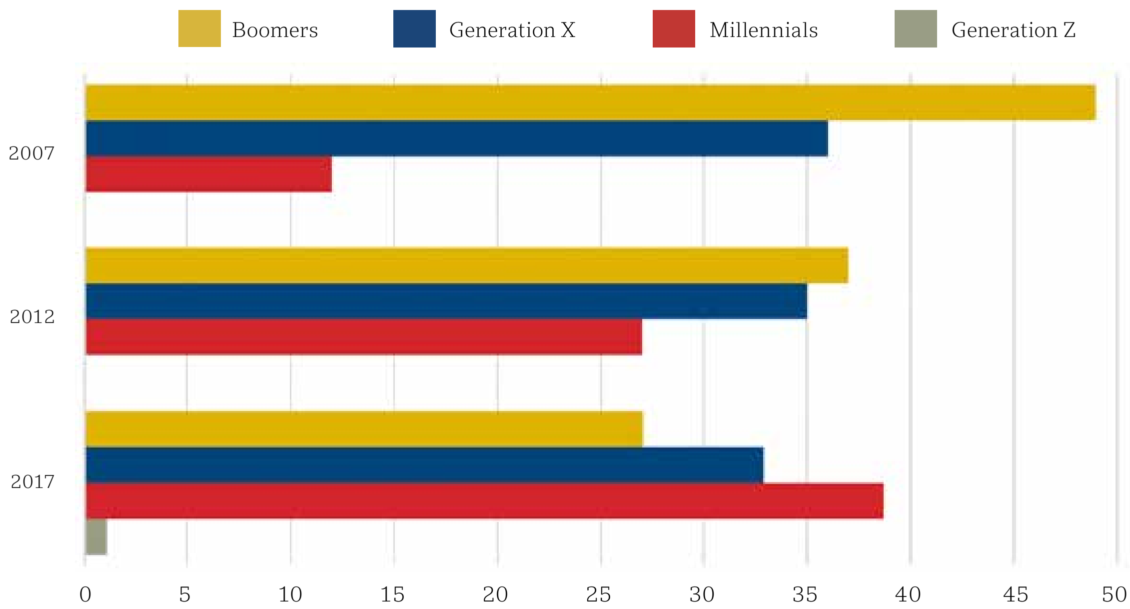
The changes in the age cohorts likely reflect the industry's recruiting patterns over the decades. It would appear that a period of slow hiring around 20–30 years ago has been subsequently followed by a period of more robust hiring. Indeed, a strong pace of recent hiring would have contributed to the surge in the millennials' share of the workforce over the past decade.[3] (See Chart II-6.)

The theory that slow hiring decades ago is contributing to the current aging trend is supported by the fact that in the employee survey only 21 percent of those in their 40s plan to leave their current employer in the next five years, compared to 29 percent for all P&C workers. As well, of those planning to leave, 73.3 percent of those in their 40s would stay in the P&C insurance industry, while this was true for only 52.6 percent of people in the broader P&C workforce.

3 For the purposes of this report, boomers are defined as people over age 50, Generation X is defined as people between the ages of 38 to 49, millennials are defined as those between the ages of 22 and 37, and Generation Z is defined as those under the age of 22.

Chart II-6: Millennials Have Become the Largest Cohort within the Workforce

Share of total workforce by cohort, percent



Source: The Conference Board of Canada

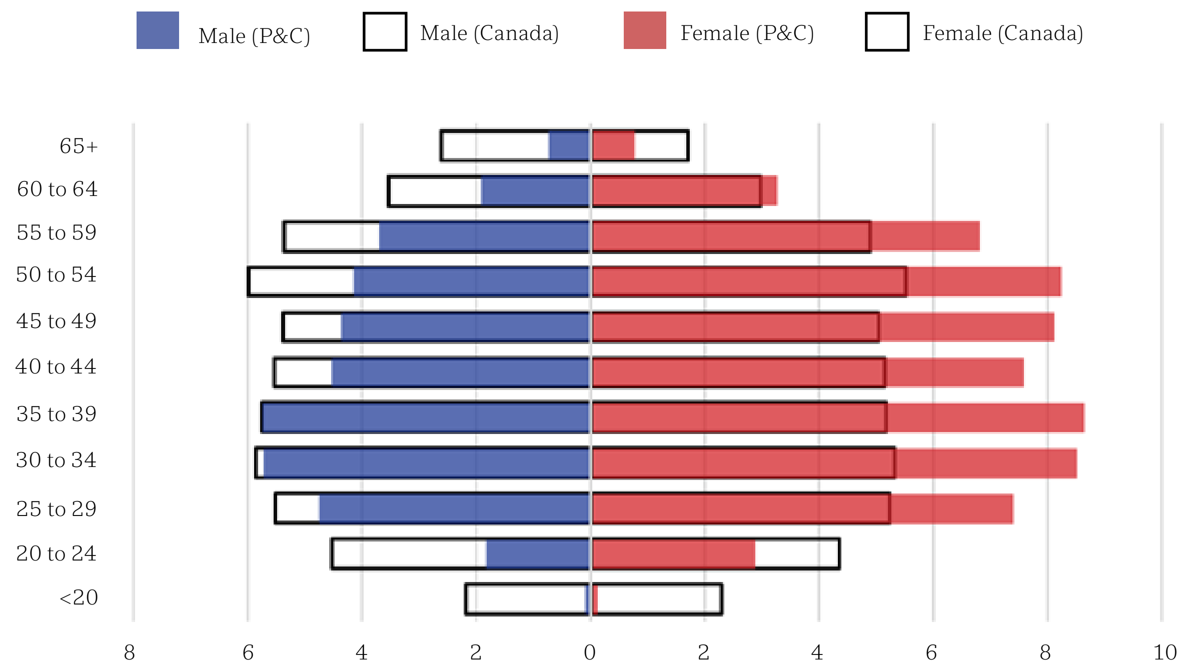
Despite the aging of the industry's workforce over the course of the past decade, older workers are under-represented within the industry relative to the overall Canadian labour market. For example, 33 percent of Canada's overall labour force is older than 50, well above the 30 percent share in the P&C industry. (See Chart II-7.) Even more surprising, only 1 in 15 workers within Canada's P&C insurance industry is over the age of 60, compared to 1 in 9 workers across Canada's labour force. Indeed, part of this age disparity between the industry and the Canadian labour market reflects the fact that workers within the P&C insurance industry tend to retire younger—the median retirement age for the industry was 61 in 2017 compared to 64 for the Canadian labour market.[4]

However, the P&C insurance workforce also has under-representation at the opposite end of the age spectrum, among the youngest members of the workforce. The key reason for this is likely the higher educational requirements for many of the occupations within the industry. For example, according to the responses in the employee survey, 38.2 percent of the P&C insurance workforce has a university degree (versus 33.8 percent in 2007), and another 43.5 percent have some other post-secondary education (versus 39.6 percent in 2007). In comparison, 29.8 percent of the Canadian workforce has a university degree (versus 22.8 percent in 2007), and 35.1 percent have some other form of post-secondary diploma or certificate (versus 34.6 percent in 2007).[5] Given that the level of educational attainment in the industry has increased at the same pace as the entire workforce, it is unlikely that the underrepresentation among younger workers was caused by an increase in the industry's level of educational attainment.

4 Statistics Canada CANSIM table 282-0051.
5 Statistics Canada, CANSIM table 282-0004.

Chart II-7: Both Young and Old Workers Are Under-Represented in the Industry Workforce Relative to the Overall Canadian Labour Market

Share of total workforce by age, percent



Source: The Conference Board of Canada

In short, recruitment in the industry is increasingly being targeted at candidates with post-secondary education. The result is that only 5 percent of the P&C insurance workforce is younger than 25, compared to 14 percent of the overall Canadian labour market.[6] For similar reasons we see that only 6.3 percent of workers in the broader financial services sector (of which P&C insurance is a part) and in the professional services industry are under the age of 25.

Another contributing factor to the limited number of young people in the industry that was noted in discussions with industry HR professionals was that some employers had a desire to hire workers who had been "seasoned" with some experience from outside the industry. This observation is borne out by data from the employee survey. **The median age for people who had started with their first employer in the P&C industry within the past two years was 31, meaning that most people entering the industry have other experience when they start.** This would imply that only about half of new entrants are under the age of 30 when they start working in the P&C insurance industry. What is more, it appears fewer entry-level positions are geared toward candidates straight out of high school—among employees with fewer than two years of experience within the P&C insurance industry, 20.6 percent are under the age of 25, well below the 25.1 percent a decade earlier.

While limitations on cohort data at the national level hinder a direct comparison, it is broadly safe to assume that the P&C insurance industry has higher representation among millennials than the broader workforce. In fact, 45.5 percent of the P&C insurance workforce is between the ages of 20 and 37 (the age grouping that contains the millennial cohort) versus 41.8 percent for the overall Canadian labour market. It is worth noting that part of this difference stems from the lower representation of both Generation Z and pre-boomers (aged 70+) within the P&C insurance industry.

6 Statistics Canada, CANSIM table 282-0008.

Entry to Exit Ratios

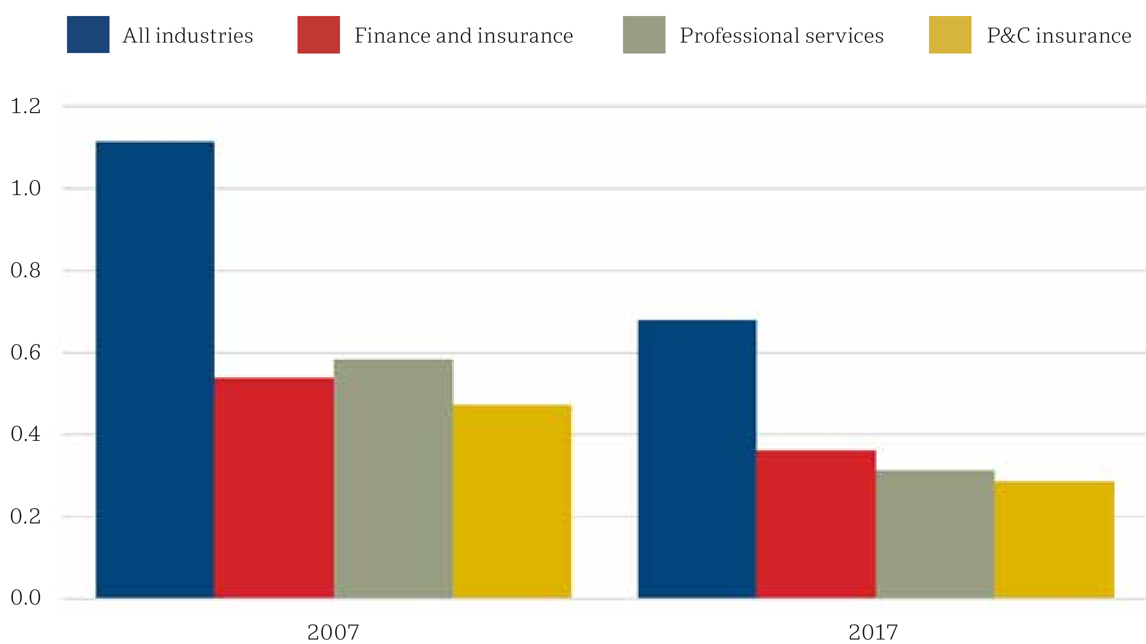
Against the backdrop of an aging workforce, one major concern for the industry is that its inflow of young workers remains weak relative to its expected outflow of older workers. As the retirements in the boomer cohort accelerate, the P&C insurance industry will be confronted with a tightening Canadian labour market over the coming years. As a result, competition for labour will be heightened—something that will make recruitment increasingly challenging. This, in turn, has the potential to impede any given organization's capacity to grow its business..

One way to gauge the industry's ability to replace retiring workers is to examine its entry-to-exit ratio. The standard demographic research measure for an entry-to-exit ratio is to compare the number of employees under age 25 (labour force entrants) to those 55 or older (those most likely to leave the labour force through retirement). In both 2007 and 2012, for every 10 employees 55 and over, the industry had only recruited 4 employees under the age of 25. The fact that these measures stayed consistent over that five-year period suggests that the industry recruited sufficient youth to offset retirements.

The entry-to-exit ratio in 2017 has subsequently dropped to 3 employees under the age of 25 for every 10 employees 55 and over. While the industry's declining entry-to-exit ratio is far from positive news, it does remain in line with comparator industries, including professional services and finance, insurance, and real estate. (See Chart II-8.) This is consistent with the general slowdown in the growth prospects for the Canadian economy. In essence, with fewer young people leaving school, labour force growth has slowed dramatically, and all organizations will find it harder to grow in the years to come.

Chart II-8: Entry-to-Exit Ratios Remain in Line with Comparator Industries

Ratio of those aged 15 to 24 to those aged 55+ by industry, 2017



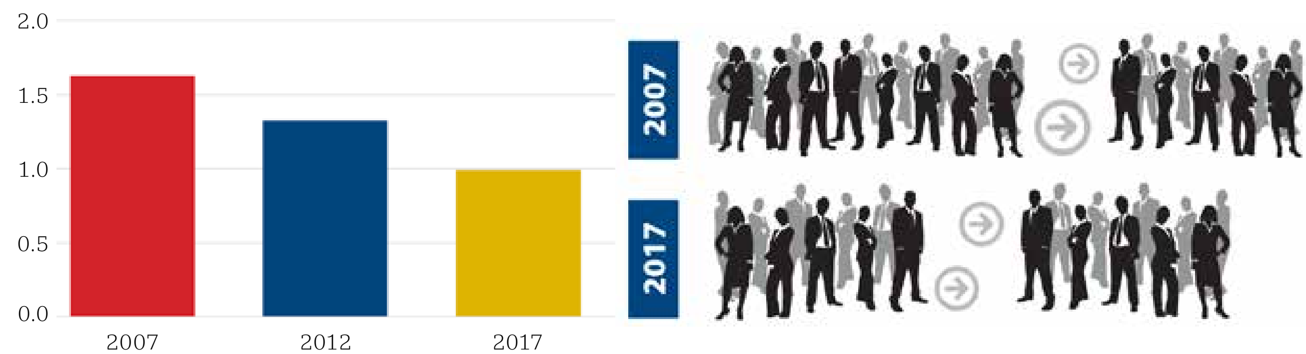
Source: The Conference Board of Canada; Statistics Canada

However, we would argue that the standard entry-to-exit ratio is not overly informative for the P&C insurance industry. As stated previously, the median age for someone who has started his or her first job in the P&C industry within the past two years is 31, well beyond the age of 25. In fact, those under the age of 25 account for only a little over one-quarter of new entrants. As such, the standard entry-to-exit ratio overstates the challenge that the industry faces in terms of replacing retiring workers. A better measure is to evaluate the ratio of employees under the age of 30 to employees who are 55 or older.

Based on this adjusted ratio, the industry employed 16 workers under the age of 30 for every 10 employees aged 55 or older in 2007. Since then, however, the industry has seen its adjusted entry-to-exit ratio weaken considerably. Currently, the industry has 10 workers under 30 for every 10 employees aged 55 or older who could retire. (See Chart II-9.) This development, much of which can be traced back to the aging of the industry's workforce, is concerning insofar as it suggests the industry will be challenged in maintaining, let alone growing, its workforce in the future.

Chart II-9: There are Not Enough Labour Force Entrants to Offset Expected Outflow of Workers.

Ratio of those aged <30 to those aged 55+



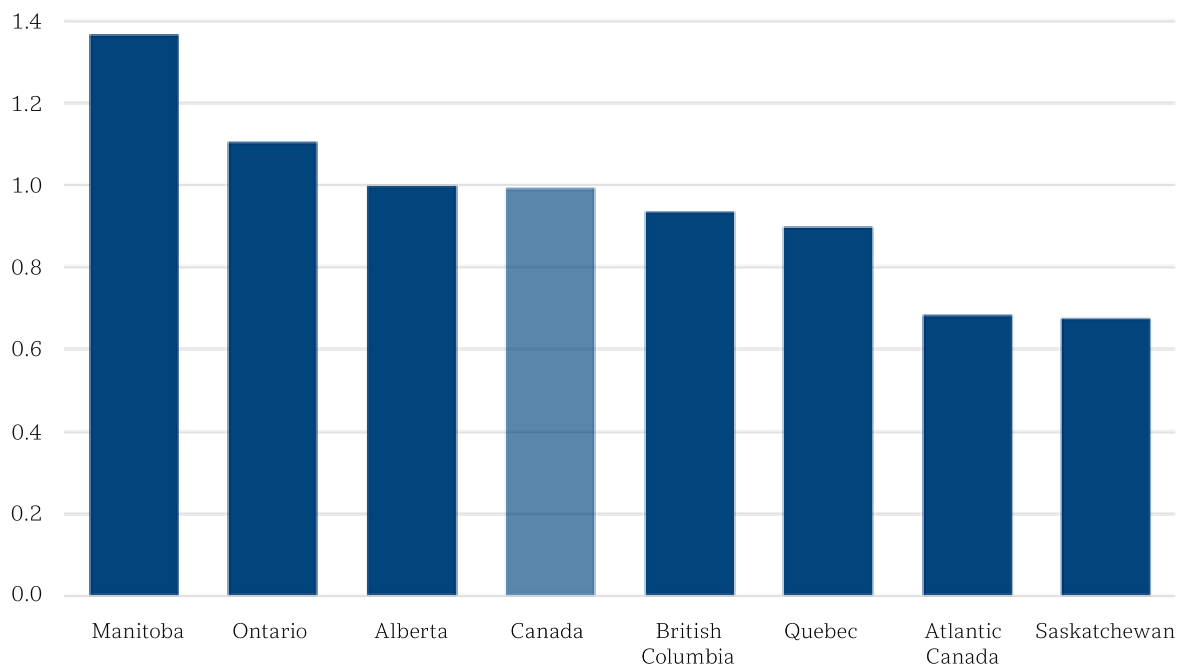
Source: The Conference Board of Canada

Few regions should be as concerned as Atlantic Canada[7] and Saskatchewan when it comes to the aging profile of the industry's workforce. Examining the inflow of young workers relative to the outflow of older workers in these regions suggests that they are set to face greater challenges relative to other regions in replenishing their future workforce. Indeed, while the overall industry employs 10 workers under the age of 30 for every 10 employees aged 55 or older, the ratio is 7 to 10 in these regions. (See Chart II-10.)

7 Atlantic Canada comprises four provinces: New Brunswick, Nova Scotia, Newfoundland and Labrador, and Prince Edward Island.

Chart II-10: The Aging Workforce Is Particularly Concerning for Atlantic Canada and Saskatchewan

Ratio of those aged <30 to those aged 55+ by province



Source: The Conference Board of Canada

In Saskatchewan, this demographic asymmetry can be attributed to its older workers—workers aged 55 or older make up a remarkable 20.8 percent of its workforce, well ahead of Quebec, which has the second-highest share at 18 percent. In Atlantic Canada, on the other hand, this demographic imbalance can be attributed to a shortage of young workers (i.e., those less than 30 years of age), who account for only 12 percent of the industry's workforce in the region—well below the 17 percent for all of Canada. Unsurprisingly, the median ages in both Saskatchewan and Atlantic Canada are among the highest in the country. However, while Atlantic Canada has seen its median age increase from 40 in 2007 to 43 today, Saskatchewan has seen the median age of its workforce fall from 46 in 2007 to 42 in 2017.

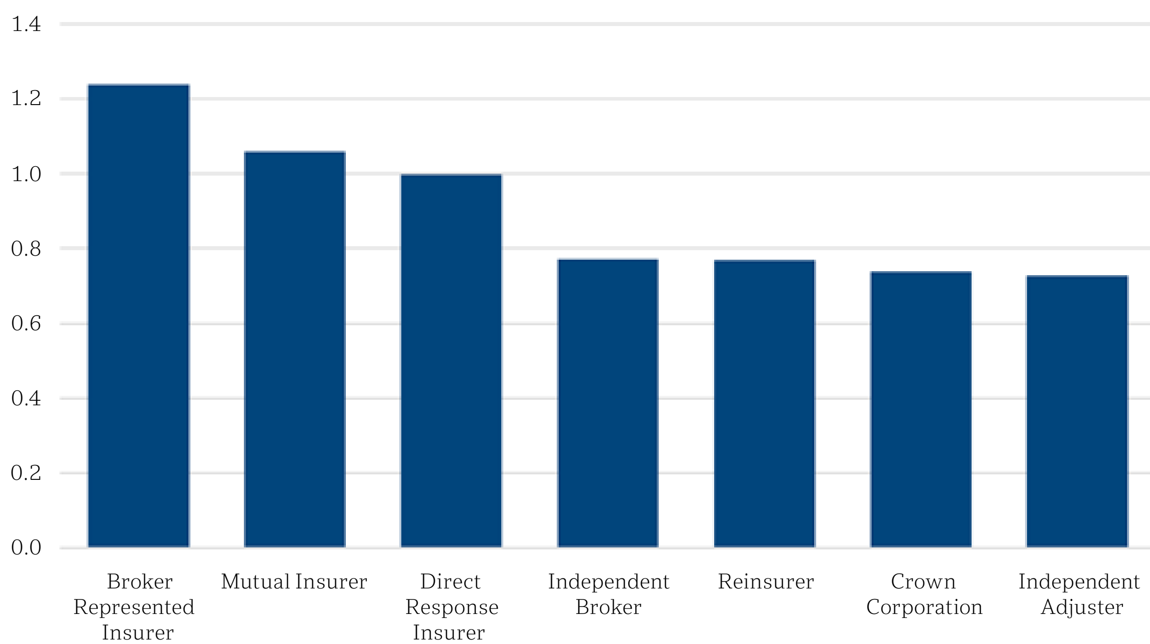
In contrast to Saskatchewan and Atlantic Canada, many other provinces are less exposed to the pressures of an aging workforce. Manitoba, for example, has a notably younger workforce than the rest of Canada. The median worker is only 38 years old, two years younger than in any other province, and only 11.9 percent of the province's workforce is over the age of 55. As well, the industry has favourable demographic characteristics in Ontario. At 16.8 percent of its workforce, the province boasts the second-lowest share of workers aged 55 and over.

It is also worth noting that there is a significant urban/rural divide when it comes to the demographics of the industry's workforce. Rural workers in the industry are much older than average, with an average age of 44.2. Youth are under-represented among rural workers, with those under the age of 30 accounting for only 12.6 percent of the workforce. As well, workers over the age of 55 account for a large share of the workforce at 21.5 percent. As such, although rural workers retire at a slightly older age—a median retirement age of 61.6 compared with 61.1 for urban workers—the effects of an aging workforce are likely to be much more apparent in rural areas.

Among organization types within the insurance industry, it is the Crown corporations, independent adjusters, independent brokers, and reinsurers that are most exposed to the impacts of an aging workforce. All of these groups have entry-to-exit ratios that are well below 1. (See Chart II-11.) In particular, the Crown corporations have a challenging demographic combination. Only 13.5 percent of their workforce is under the age of 30, the lowest of any industry segment, while an above-average 18.4 percent of their workforce is over the age of 55, and they have a younger-than-average retirement age. The low entry-to-exit ratios for independent brokers and adjusters are primarily driven by a high number of workers who are over the age of 55, but this is partially mitigated by the fact they have older median retirement ages.

Chart II-11: Several Types of Organizations Are More Exposed to the Impacts of an Aging Workforce

Ratio of those aged <30 to those aged 55+ by organization type



Source: The Conference Board of Canada

There is also considerable variation in the entry-to-exit ratios across organization size. In general, the median age of the workforce for smaller organizations is older, falling from 44 at organizations with fewer than 100 employees to 41 for those with more than 1,000 employees. As well, the smallest organizations (those with less than 100 employees) have a very low entry-to-exit ratio of 0.6, and this ratio steadily rises with organization size, reaching 1.2 for very large organizations (those with more than 2,500 employees). In fact, very large organizations are the only ones to have an entry-to-exit ratio above 1 in the industry. Smaller organizations have both much lower shares of their workforce that are under 30 and higher shares that are above 55. Thus, even though median retirement ages for smaller organizations are also well above average, their exposure to the impacts of an aging workforce is higher than for larger organizations.

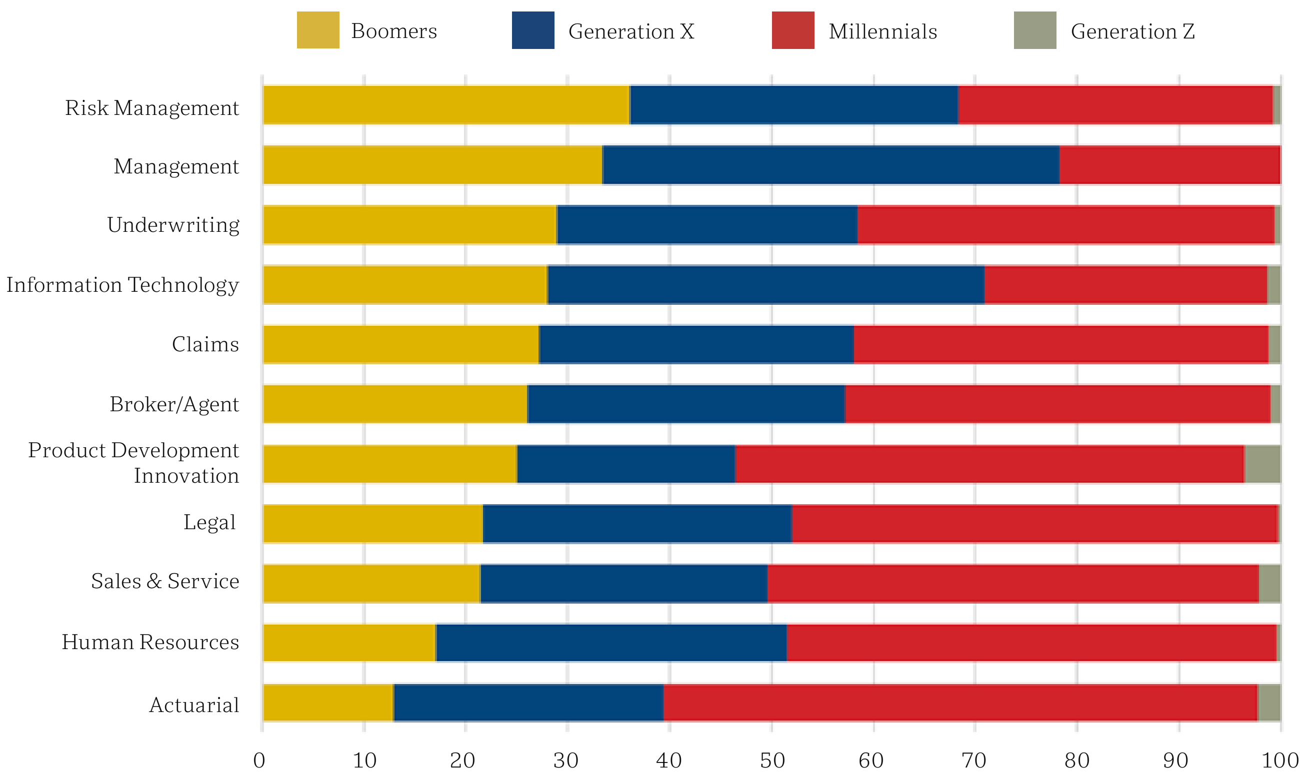
There are a variety of factors that may be contributing to the age differences between larger and smaller organizations. For example, larger organizations will have a higher profile for new entrants to the industry, making them easier for potential candidates to identify. As well, there is evidence that people may be moving to smaller organizations later in their careers; despite their older workforce, the median tenure at organizations with under 100 employees is 4.7 years versus 7.0 for those with more than 2,500 employees. Finally, larger organizations are more likely to have defined benefit pension plans, which would contribute to the lower retirement age and younger workforce at those organizations.

Managers, Underwriters, and IT All Have Older Age Profiles

From an occupational perspective, risk management is most exposed to the effects of an aging workforce. Roughly 36 percent of employees engaged in this field of work belong to the boomer cohort, the majority of which are expected to retire over the coming decade. (See Chart II-12.) Despite this, risk management was not rated as having a particularly high urgency for recruitment in the HR survey. In subsequent discussions with HR professionals in the industry, many suggested this was because they were able to move people internally into these positions from other areas. The fact that it is a relatively small occupational group is another mitigating factor.

Chart II-12: Aging Workforce to Have Greatest Impact on Management and Underwriting

Share of workforce by cohort, percent



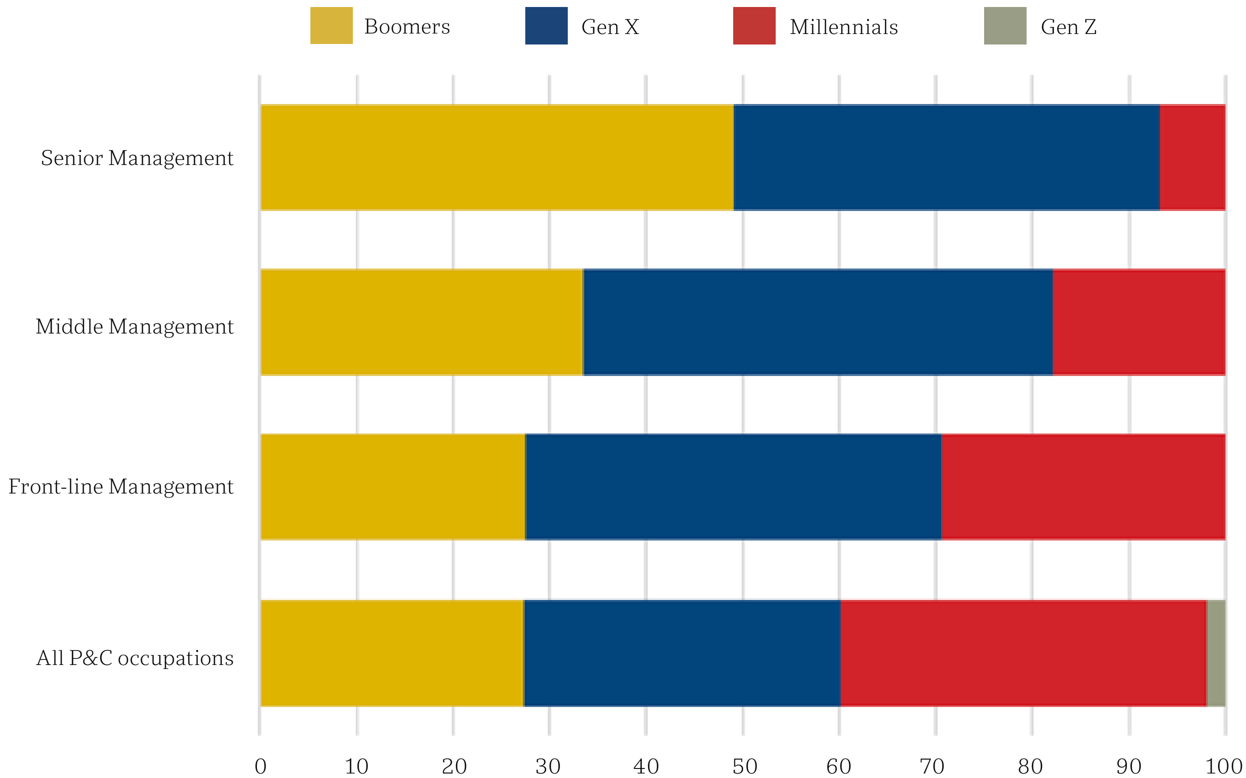
Source: The Conference Board of Canada

More concerning is the high share of managers who are near retirement. Among senior managers, fully half of workers are in the boomer cohort, and only 6.7 percent are millennials. (See Chart II-13.) Although a lower share of mid-level and front-line managers are boomers, managers at all three levels are older than the P&C insurance workforce. To some extent this is to be expected: People generally do not become managers until they reach a certain level of experience. However, organizations in the industry will need to ensure they continue to develop managers given that an above-average share of managers are likely to retire in the coming years.

It is likely that high replacement demand, in combination with changing skill requirements for managers, was the key reason why HR professionals identified leadership and management as the most important issue they are currently facing.

Chart II-13: Half of Senior Managers Are Boomers

Share of workforce by cohort, percent



Source: The Conference Board of Canada

Managers in the P&C insurance industry are also older than what we see in other industries. For example, 75 percent of P&C senior managers are 45 or older, much higher than the overall workforce (70 percent), the financial services sector (69 percent), and the professional services sector (62 percent). We see a similar situation for other levels of management; 56 percent of P&C middle managers are 45 or older, which is also higher than the broader workforce (52 percent) and the financial services (48 percent) and professional services (45 percent) sectors. These gaps have been consistent over time, suggesting there may be different cultures among these sectors in terms of how much experience is required before a person can be promoted into different management roles.

Other occupations that are exposed to the risks associated with an aging workforce include IT and underwriting. These are large occupational groups—one in three employees within the industry work in either occupation—and as such, finding replacements for them will be a significant challenge. What is more, specific jobs within these occupations, including data analytics for IT and specialty and commercial underwriters, were identified by HR professionals as positions that face high urgency in future recruitment. Thus, not only will employers need to replace retiring workers in these occupations, they will likely need to expand the number of people who have these skills.

Most notable are the limited number of young people in IT occupations in the industry. For example, in the workforce as a whole 32.6 percent of people who work in IT occupations are under the age of 35.[8] In comparison, this ratio is only 20.2 percent for IT workers in the P&C insurance industry (down from 20.6 percent in 2012). In part, the industry's older-than-average IT workforce reflects the fact that IT recruits tend to enter the industry at an older age: According to the employee survey, the median age of IT employees that have joined the P&C insurance industry over the past two years is 34.

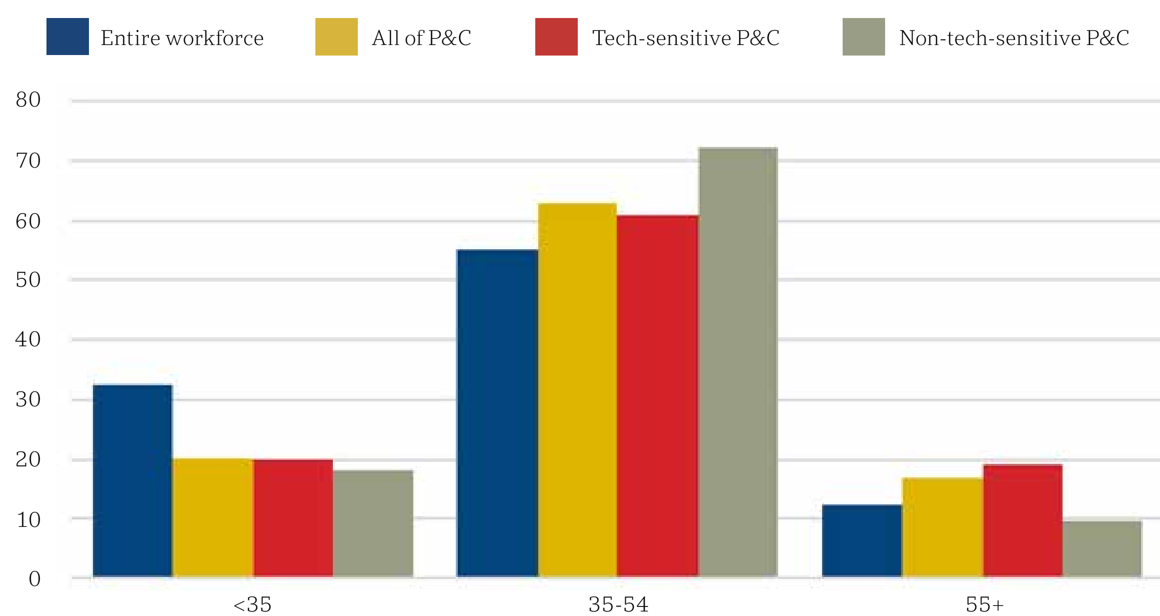
8 Based on data for from Statistics Canada's 2016 census.

At the same time, the industry is more likely to employ older IT staff; 16.9 percent of the industry's IT workforce is over the age of 55 compared to 12.4 percent for the workforce as a whole. One potential reason behind the industry's current IT age structure is its need to maintain legacy systems, something that may be less attractive to young IT talent. Looking forward, the phasing out of legacy systems should gradually make the industry more attractive to young IT talent. However, considerable competition for IT talent from other industries will continue to hamper the industry's ability to recruit IT workers. Given the growing importance of IT to the sector's business operations, this may be a reason for concern.

Another interesting trend when it comes to the age profile of IT workers is the stark difference in the age profile of tech-sensitive organizations versus those that are not. In the HR survey, we identified technology-sensitive organizations that cited technology as a trend that will greatly impact their organization's future recruitment and retention. Tech-sensitive organizations reported having an IT workforce that was much older than average, with a median age of 45 versus 38 for respondents who were not tech sensitive. This difference can be explained by a large cohort of older IT workers at tech-sensitive organizations. (See Chart II-14.) This would suggest that at least one reason why respondents self-identified as being tech sensitive is that they will need to replace many retiring IT workers in the years to come.

Chart II-14: The IT Workforce at Tech-Sensitive Organizations Is Unusually Old

Share of the IT workforce by age cohort, percent



Source: The Conference Board of Canada; Statistics Canada

In comparison, a much higher share of underwriters than IT workers are millennials. This would suggest that the industry has had a reasonable degree of success in recruiting people into these positions in recent years. However, HR professionals ranked specialty underwriters first and commercial underwriters fourth in terms of recruiting urgency in the HR survey. As such, finding suitable candidates with these skillsets is expected to be an ongoing challenge.

Actuaries are another occupation that stands out. They have the youngest age profile among the major occupational groups listed here, but actuaries have consistently ranked as a recruitment priority among HR professionals in the industry. This may reflect the fact that the pool of actuaries is limited and that this is a critical function for the industry's success. As well, in conversations with HR professionals they noted that actuaries often move into management and other roles in the industry as they gain experience. As such, maintaining a steady inflow of actuaries may be necessary to ensuring a pipeline for other critical roles in the industry.

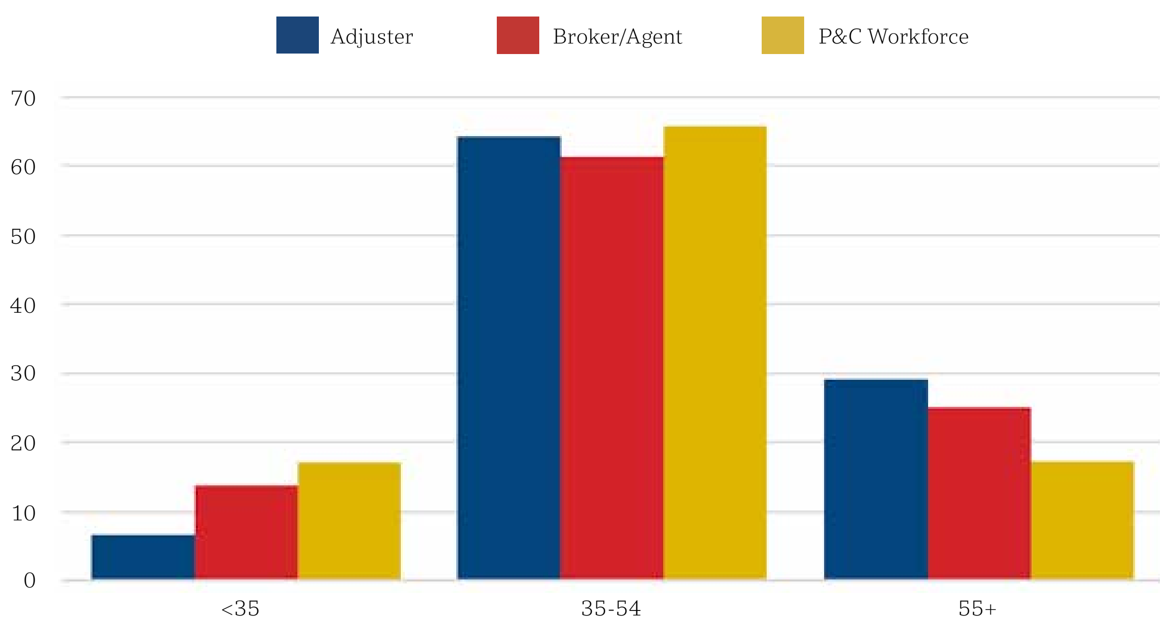
Regulator Data Indicates that Broker/Agents and Adjusters Are Older than Average

Beyond the census data, the data collected from provincial regulators provides additional insights for two occupational groups: brokers/agents and adjusters. Both groups stand out as having workforces that are much older than average, with the median age for brokers/agents at 44. The median age for adjusters was 47; only senior managers had a higher median age at 50. It should be noted that these results are broadly consistent with the data collected for these two occupational groups in the census.

The high median age is the result of both a limited number of young workers and a much higher-than-average share of workers who are older. (See Chart II-15.) For example, only 6.6 percent of adjusters and 13.8 percent of brokers/agents are under the age of 30, versus 17.1 percent of all P&C workers. As well, 29.2 percent of adjusters and 25.1 percent of brokers/agents are 55 or older versus 17.2 percent for all P&C workers. The result is that the entry-to-exit ratio for brokers/agents is 0.5, and it is only 0.2 for adjusters, which is among the lowest for the occupational groups considered here.

Chart II-15: Brokers/Agents and Adjusters Have Different Age Profiles than the Rest of the P&C Sector

Share of total workforce by age, percent



Source: The Conference Board of Canada

The preponderance of older workers in these two occupational groups, particularly for adjusters, suggests that the effects of an aging workforce for them will be acute. However, it is important to note that although the median ages for these two occupational groups has edged up over the past decade, they have consistently had older-than-average workforces. This suggests that a significant number of people, if not the majority, are entering these occupations later in their careers. For example, the regulator data for Alberta differentiates between adjusters by certification level. Level 1 adjusters, which should be entry-level positions, have a median age of 44, well above the median for the entire P&C workforce.

In the HR survey, claims adjusters had only a middling ranking in terms of recruitment urgency despite their age profile. This is consistent with an inflow of experienced people moving into adjusting from other occupational groups. It may also reflect expectations that automated claims processing will reduce the need for adjusters. The situation for brokers/agents is somewhat different; they have consistently been ranked a high recruitment priority by HR professionals over the past decade. As such, they may be more exposed to the effects of an aging workforce.

Other Demographic Characteristics of the P&C Workforce

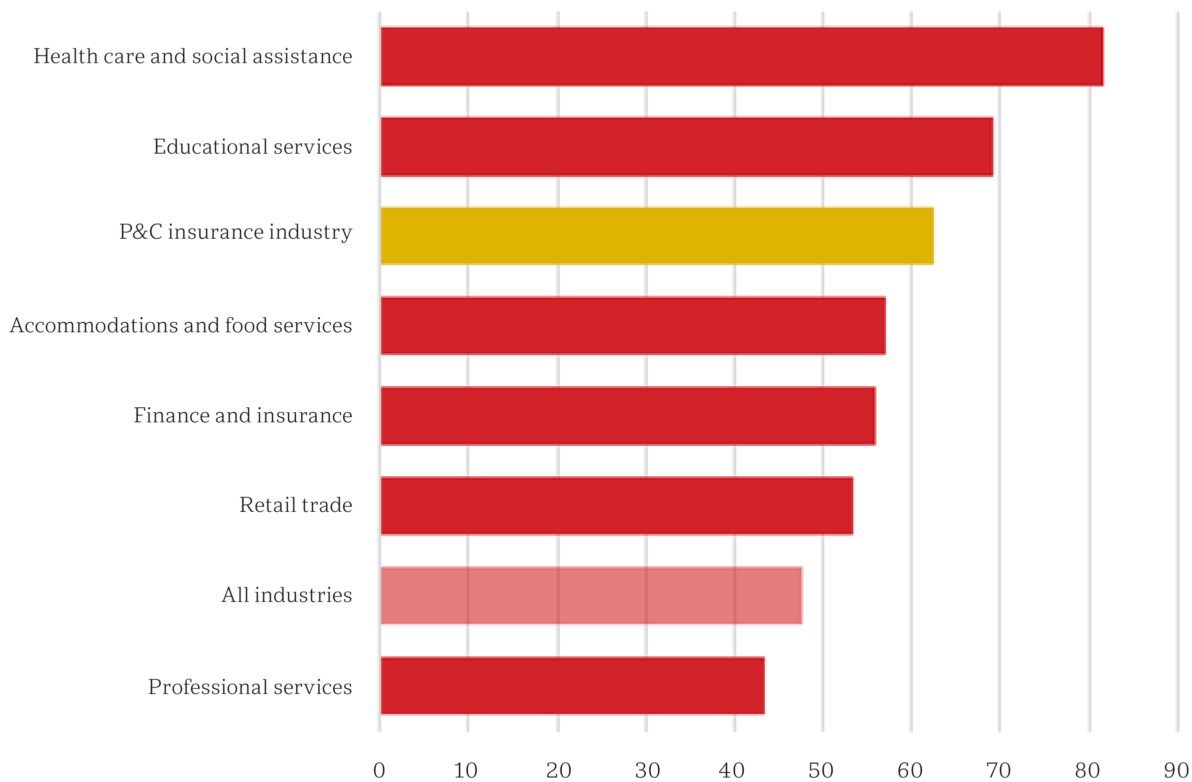
Women Account for an Above-Average Share of the P&C Industry's Workforce

The breadth of data collected within the 2017 census allows us to glean additional insights into the P&C insurance industry's workforce beyond its age profile. For example, women continue to account for an above-average share of the industry's workforce. In fact, their share has risen modestly over the past decade, rising from 60.8 percent in 2007 to 62.4 percent in 2017. In comparison, women's share of Canadian employment has risen minimally, from 47.3 percent to 47.7 percent, over the same period.[9] Thus, not only does the P&C insurance industry employ an above-average share of women, the share of women in the industry's workforce has been rising more quickly than average.

Only two industries have a higher share of their workforce that are women: Health care and social assistance (83 percent female workforce) and educational services (67 percent). (See Chart II-16.) What is more, the P&C insurance industry employs a greater share of women than comparator industries, including professional services (43 percent) and the broader finance, insurance, and real estate sector (54 percent).

Chart II-16: Unlike Most Industries, Women Account for the Majority of the P&C Insurance Workforce

Female share of employment by industry, 2017, percent

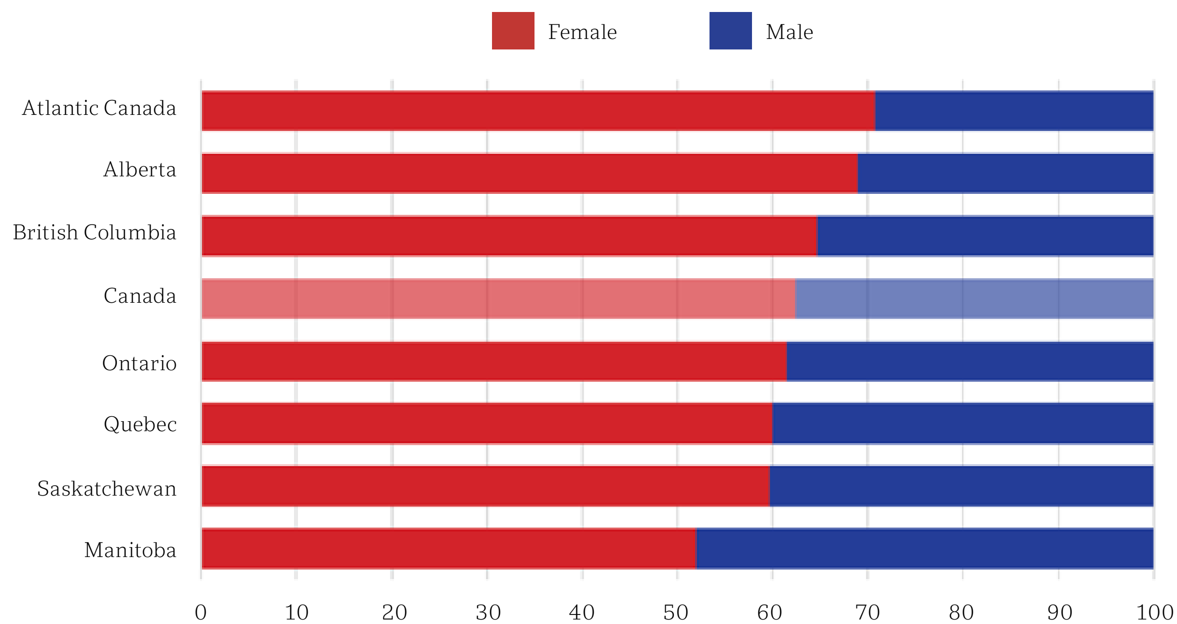


Source: The Conference Board of Canada; Statistics Canada

9 Statistics Canada, CANSIM table 282-0008.

Chart II-17: Female Representation Is Strongest in Atlantic Canada and Alberta

Share of the P&C insurance workforce by gender, percent



Source: The Conference Board of Canada

However, while women have a high degree of representation in the industry in general, noticeable differences emerge when looking at different groupings within the industry. For example, while women make up the majority of the P&C insurance industry workforce in every province, there are varying degrees of gender balances. (See Chart II-17.)

On the one end of the spectrum are Manitoba and Saskatchewan, where women make up fewer than three-fifths of the P&C insurance workforce. At the other end of the spectrum is Atlantic Canada, where 71 percent of the industry's workforce is female—well above the 50 percent average of the region's overall labour force. This is a marked increase from the 67 percent reported for this region in the 2012 census.

Another province whose gender mix stands out is Alberta. This province has the second-highest female representation within the industry, employing more than twice as many women as men. This is even more remarkable given the fact that women are generally under-represented in Alberta's overall labour market. In fact, only 45 percent of Alberta's total labour force is composed of women—the lowest among all provinces in 2017. Consequently, Alberta faces the largest disparity between the female representation of its overall labour force and that of its P&C insurance industry, suggesting that the industry faces challenges in attracting men to its workforce. This may partially be attributable to the major role of the oil and gas sector in the province, which is predominantly made up of male workers. In fact, many service industries, including the broader financial services sector, have an above-average concentration of women in the province.

Women Account for the Majority of Employment in Most Occupations

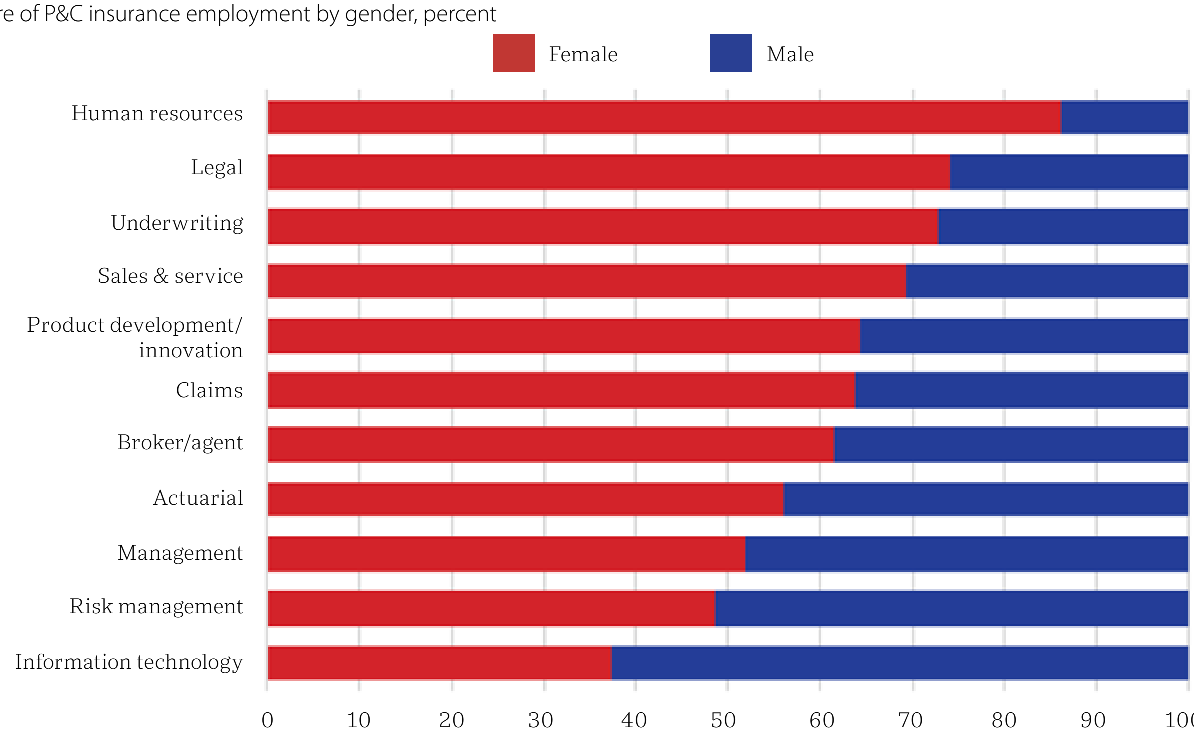
Beyond the differences in the industry's gender representation across provinces, there are also apparent gender differences across occupational categories. Nowhere is the gender imbalance more evident than in HR, where there are six female employees for every male worker. (See Chart II-18.) In general, women account for the majority of HR professionals (71 percent in Canada), but in insurance they account for an even larger share (86 percent). Legal occupations are another area where women are common in the P&C insurance industry, with three-quarters of all legal positions held by women. This is unusual; women account for only 44 percent of lawyers in the broader workforce. [10]

Important to note, however, is that while a high share of HR and legal occupations are filled by women, these two occupations do not account for a substantial portion of employment within the industry—only 3 out of every 100 women are employed in either occupation.

The most female-oriented occupations that do account for a sizable portion of employment within the industry include underwriting (which employs one in every five women and is 73 percent female) and sales and services (which employs one in every six women and is 69 percent female). This share has been stable for sales and service workers over the past 10 years but has declined modestly for underwriters, falling from 77 percent in 2007.

Chart II-18: Gender Breakdown by Occupational Categories

Share of P&C insurance employment by gender, percent



Source: The Conference Board of Canada

Despite accounting for a majority of employment in general, women remain under-represented in several occupations. Most notably, women account for only 37 percent of employment in IT positions in the P&C insurance industry, and this share has not improved over the past decade. While low, this is still above the average for this occupational group in the general workforce: Across Canada, women account for only 24 percent of IT workers. Other occupations that stand out where women account for a below-average share of employment include appraisers (22 percent), claims investigators (43 percent), and commercial (47 percent) and specialty brokers (46 percent)

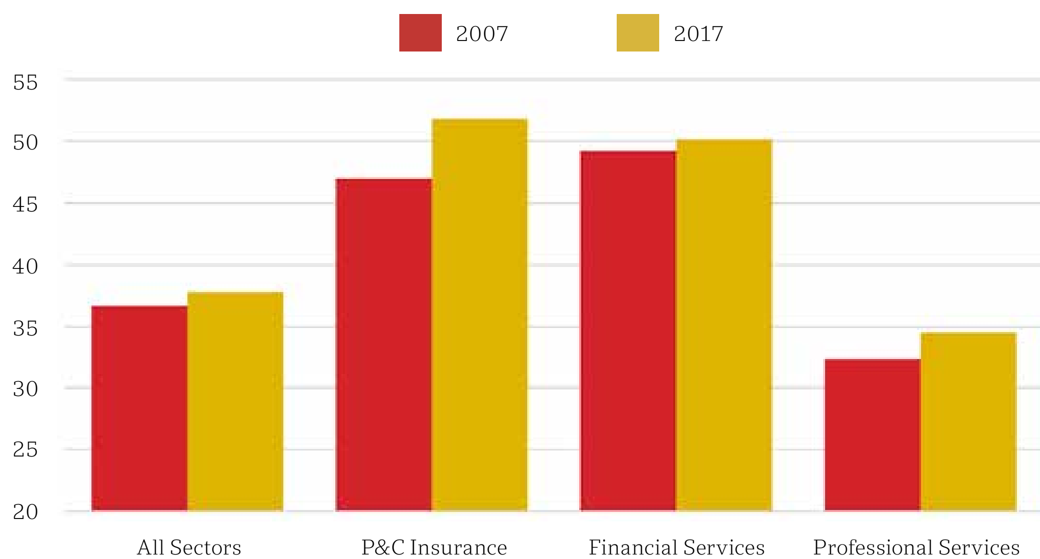
10 Based on data from the 2016 census.

The Role of Women in Management Is Growing

Women also play an important role in management occupations within the P&C insurance industry. In aggregate, women now account for 52 percent of management positions, which is up significantly from the 47 percent share they held in 2007. (See Chart II- 19.) What is more, this share is significantly higher than what we observe for the workforce as a whole. It is also higher than what we see in comparator industries, such as professional services (35 percent) and the broader financial services sector (50 percent).

Chart II-19: Women Account for a Rising Share of Management Occupations

Female share of employment in management occupations, percent



Source: The Conference Board of Canada

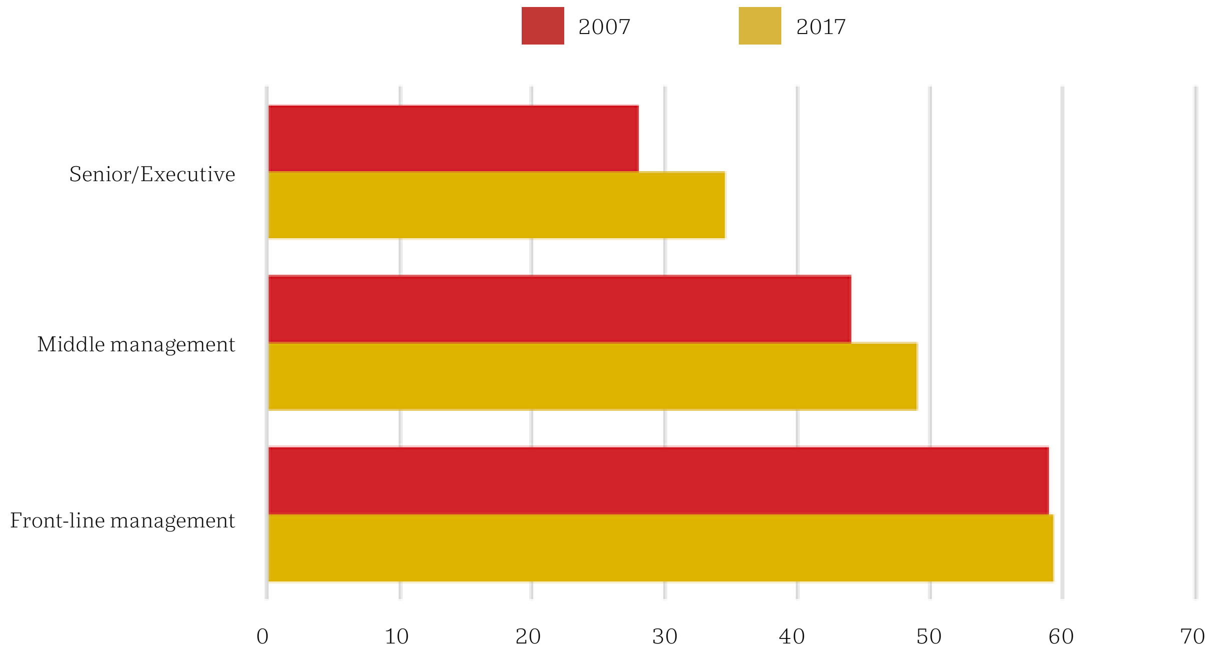
Women have the highest degree of representation in **front-line management roles**, where they account for 59 percent of employment. This share has been essentially unchanged over the past decade, but it is close to the average for all workers in the P&C sector. What is more, the share is well above the average we see in the entire workforce (33 percent) and the professional services industry (39 percent). The broader financial services sector has an even higher share of women in front-line management roles (69 percent), driven primarily by a large share of women in office supervisorial roles.

Women also have a high degree of representation among **middle management positions** in the P&C insurance industry, where they account for 49 percent of the people employed in this occupation. This share has steadily risen over the past decade; it stood at 44 percent in 2007. It is also well above the average for the workforce as a whole (39 percent) and the professional services industries (38 percent). However, it is somewhat below the average for the broader financial services sector (53 percent)

Women's share of **senior management positions** in the P&C insurance industry has shown the most improvement over the past decade, rising from 28 to 35 percent. (See Chart II-20.) Given the high representation of women in the entire P&C insurance workforce there is still room for improvement, but it is well above the average for the entire workforce (28 percent) and the professional services industry (22 percent). It is even higher than for the broader financial services sector (30 percent).

Chart II-20: Share of Women in Senior and Middle Management Positions Has Increased Significantly

Female share of employment in P&C insurance management occupations, percent



Source: The Conference Board of Canada

Gender Mix from the Regulator Data

Data from the provincial regulators can also provide insights about the gender profiles in the adjuster and broker/agent occupational groups.

In the case of brokers/agents, the occupation has a similar gender profile to the rest of the P&C workforce, with 60 percent of workers listed as female. However, the gender mix does vary by province. Women's share of the broker/agent workforce is highest in Quebec (63 percent) and lowest in Alberta (57 percent). This does mark a significant change for Alberta, where women's share of broker/agent employment previously stood at 61 percent in both the 2007 and 2012 surveys. Thus, men are accounting for a growing share of broker/agent employment in Alberta.

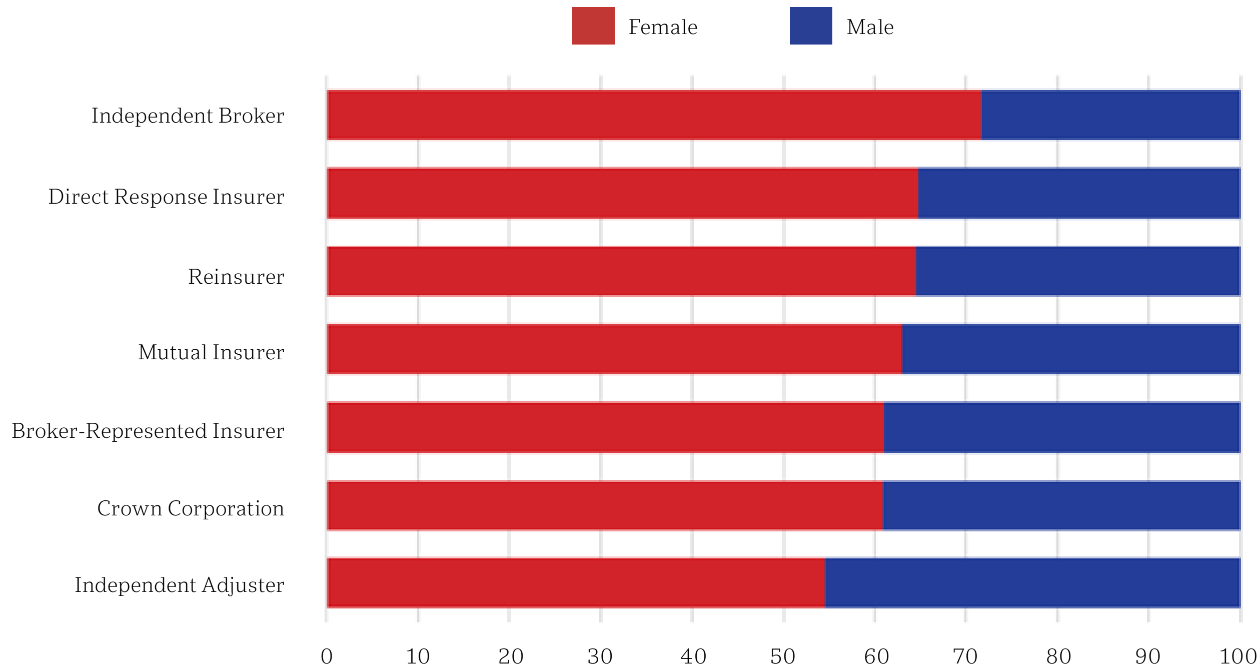
In the case of adjusters, the gender split is almost equal, with women accounting for 51 percent of the people who work in this occupation. However, once again there is significant variation across provinces. In Alberta, only 37 percent of adjusters are women, while in Quebec 55 percent are women. The low shares for women in the regulator data for Alberta is unusual. As noted above, in general, women account for a very high share of P&C insurance employment in that province.

Gender Mix for Other Industry Segments

The gender differences across occupational categories also partially explain gender disparities across organizational types. For example, at independent brokers the occupational makeup is geared toward two female-dominated occupations, including brokers/agents (49 percent of employment at independent brokers) and sales and service (28 percent of employment). Unsurprisingly, independent brokers have the highest female representation among organization types. (See Chart II-21.) In contrast, an under-representation of women at Crown corporations relative to other organization types can partly be accounted for by the greater incidence of risk management positions, which tend to be male dominated.

Chart II-21: Gender Breakdown by Organization Type

Share of employment by gender and organization type, percent



Source: The Conference Board of Canada

We see a similar situation in rural versus urban areas. Women account for 69 percent of industry employment in rural areas versus 62 percent in urban areas. Personal brokers and agents account for an unusually large share of employment in rural areas, and this job is more commonly held by women. Another factor that may be contributing to the high share of women working in P&C insurance in rural areas is the other jobs that are available in these communities. For example, forestry, mining, and agricultural jobs are more common in rural areas, and all three industries have male-oriented workforces.

There is limited variance in the share of workers who are women across organizations in the P&C insurance industry of different sizes. For nearly all ranges of organization types, between 60 and 63 percent of workers are women. The one exception is organizations ranging in size from 500 to 999 employees, where 69 percent of workers are women. However, this unusually high share may be the result of the limited number of organizations in this size range, namely three. In short, one or two organizations with high concentrations of female workers may be biasing the results.

Thus, broadly speaking, women have a high degree of representation in the industry's workforce. This is true across regions, organization types and sizes, and for most types of occupations. Even in the occupations where women are under-represented the industry still considerably outperforms the broader Canadian workforce. Interestingly, when asked about job satisfaction in the employee survey, women rated their satisfaction with almost every aspect of their jobs moderately higher than their male colleagues. Key areas of difference included health and benefits, pensions, financial assistance for insurance designations, volunteer opportunities, diversity and inclusion activities, and pay.

Employee Tenure Is Trending Down

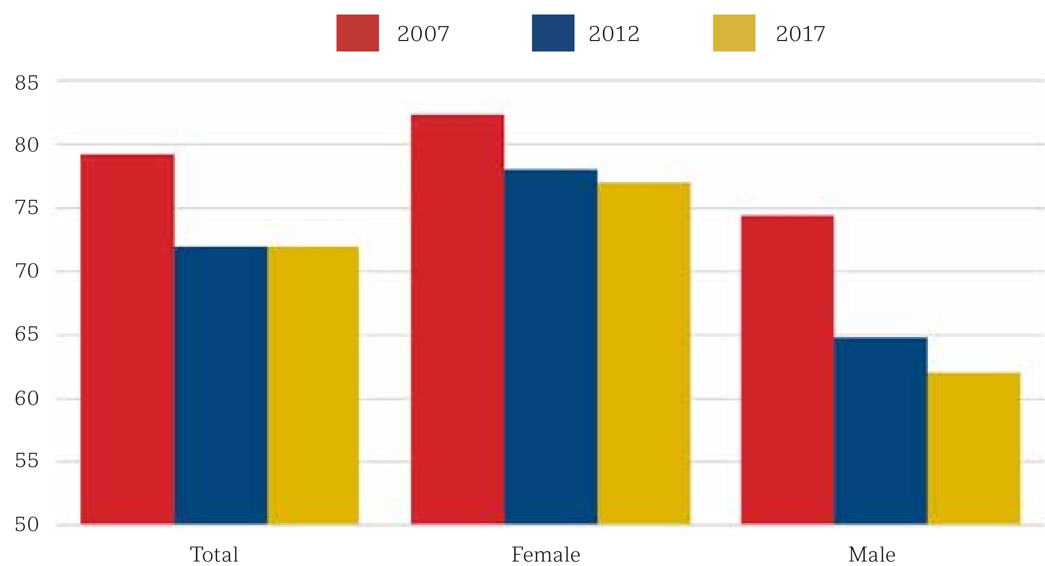
Over the past decade, the P&C insurance industry has witnessed a downward trend in employee tenure. In other words, workers are spending less time with a given employer than was the case in the past.

In the P&C insurance industry in 2007, the median tenure for workers with their current employer was 79 months, but by 2017 median job tenure had fallen to 72 months. Similarly, the average tenure for workers in the industry has declined modestly, from 113.3 months to 112.7.

This decline in both job and industry tenure in the P&C insurance industry is the opposite trend to the national workforce, where average job tenure has risen from 97.6 to 103.4 months over the same period.[11] Thus, although average tenures in P&C insurance remain longer than for the entire workforce, the wedge has narrowed over the past decade. An elevated rate of hiring or turnover are potential factors that could have contributed to the decline in tenure.

Chart II-22: Employee Tenures Are Becoming Shorter, Particularly among Men

Median tenure with current employer by gender, P&C insurance industry, months



Source: The Conference Board of Canada

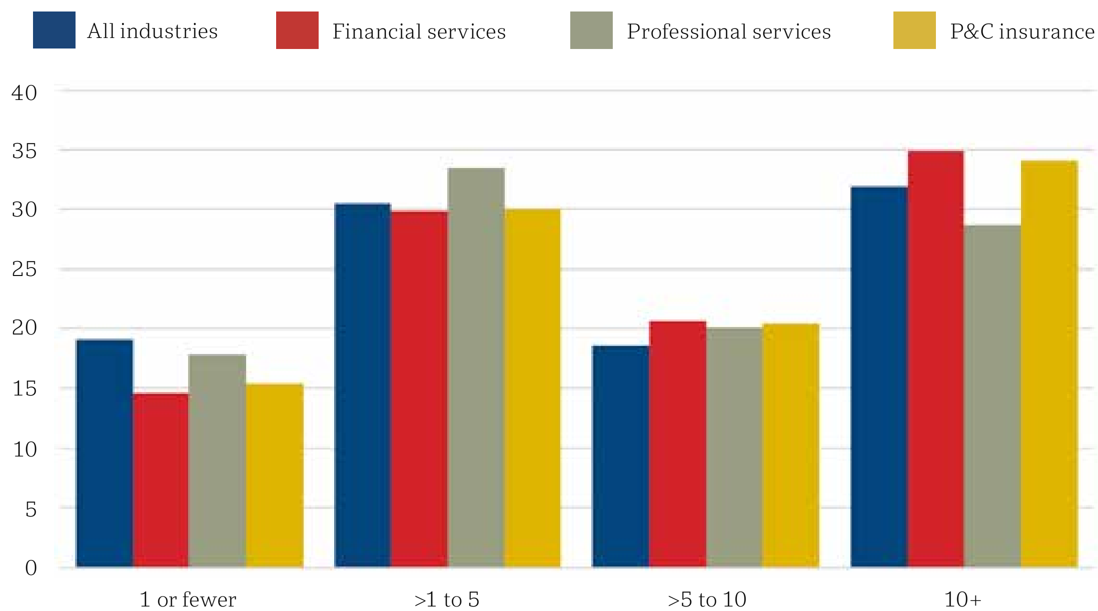
The distribution of tenures among employees within Canada's P&C insurance industry is similar to that of the overall Canadian labour market, although it has above-average concentrations among those with longer tenures. For example, over one-third of employees within the industry have 10 or more years of experience with their current employer—higher than the broader Canadian labour market, but slightly below the broader financial services sector.[12] (See Chart II-23.) On the other hand, roughly one in seven workers in the P&C insurance industry have one or fewer years of experience with their current employer, compared to one in five in other industries. Fewer recent hires and more people with 10 or more years of experience is the key reason why average tenures in the P&C insurance industry remain longer than for the workforce as a whole.

11 Statistics Canada, CANSIM table 282-0038

12 Statistics Canada, CANSIM table 282-0042.

Chart II-23: Industry's Tenure Profile Comparable to That of the Broader Labour Force

Share of employment by years of tenure, percent

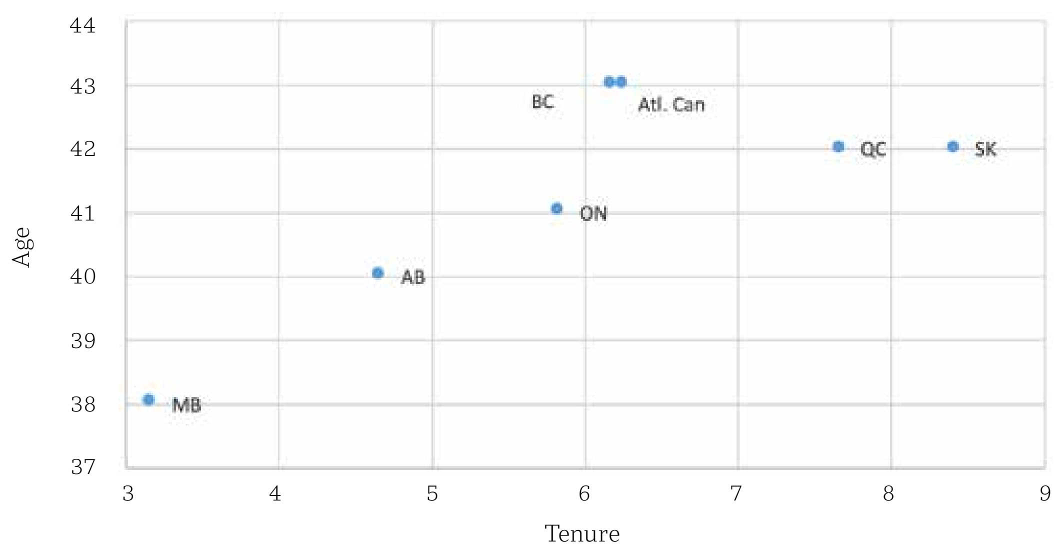


Source: The Conference Board of Canada

From a provincial perspective, Quebec and Saskatchewan enjoy the longest job tenures within the industry. For the former, half of the P&C workforce within the province has been with their current employer for more than seven years. For Saskatchewan, the median tenure is eight years and five months. This compares with a median tenure of six years for the entire industry. Manitoba represents the province with the shortest tenures (just over three years), however, it also has the youngest P&C insurance workforce among provinces. (See Chart II-24.) It should be noted that Manitoba Public Insurance's data are not included in the census, so these figures may be somewhat biased.

Chart II-24: Saskatchewan and Quebec Enjoy the Longest Tenures

Median age and tenures by province, years

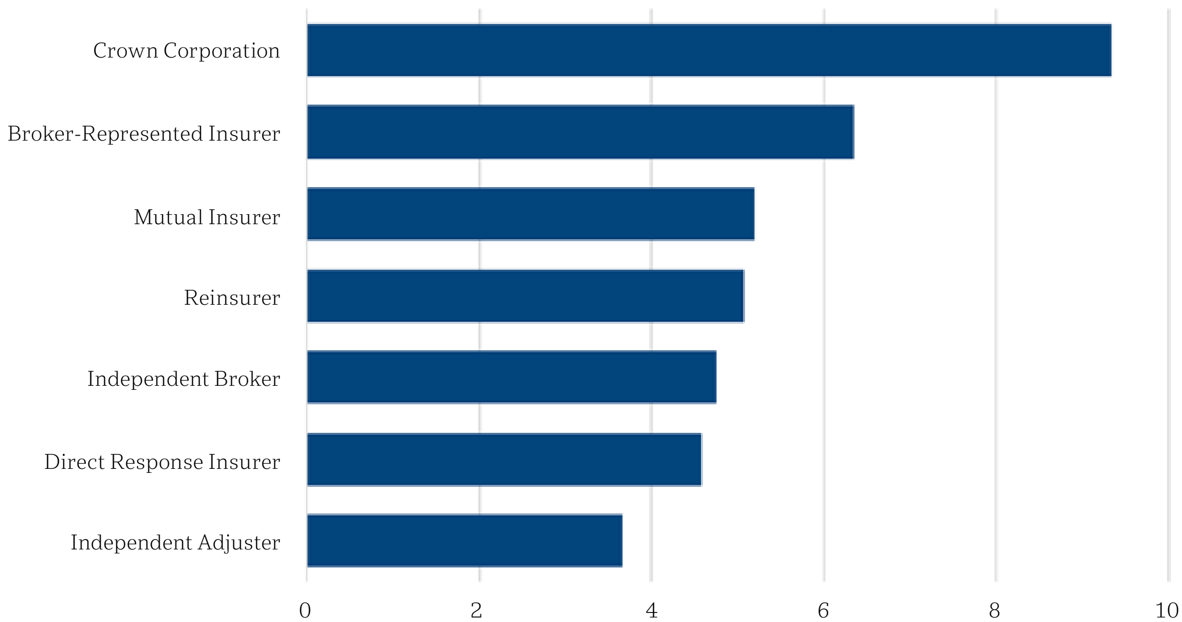


Source: The Conference Board of Canada

Although tenures for employees are generally similar across most types of organizations within the P&C insurance industry, some exceptions exist. For example, with a median tenure of over nine years, Crown corporations have the longest serving workforce. (See Chart II-25.) In part, longer tenures at Crown corporations could be attributable to its older workforce—Crown corporations are tied with independent adjusters for having the highest median ages within the industry at 44 years.

Chart II-25: Tenures at Crown Corporations Far Exceed Those of other Organizations

Median tenure by organization type, percent



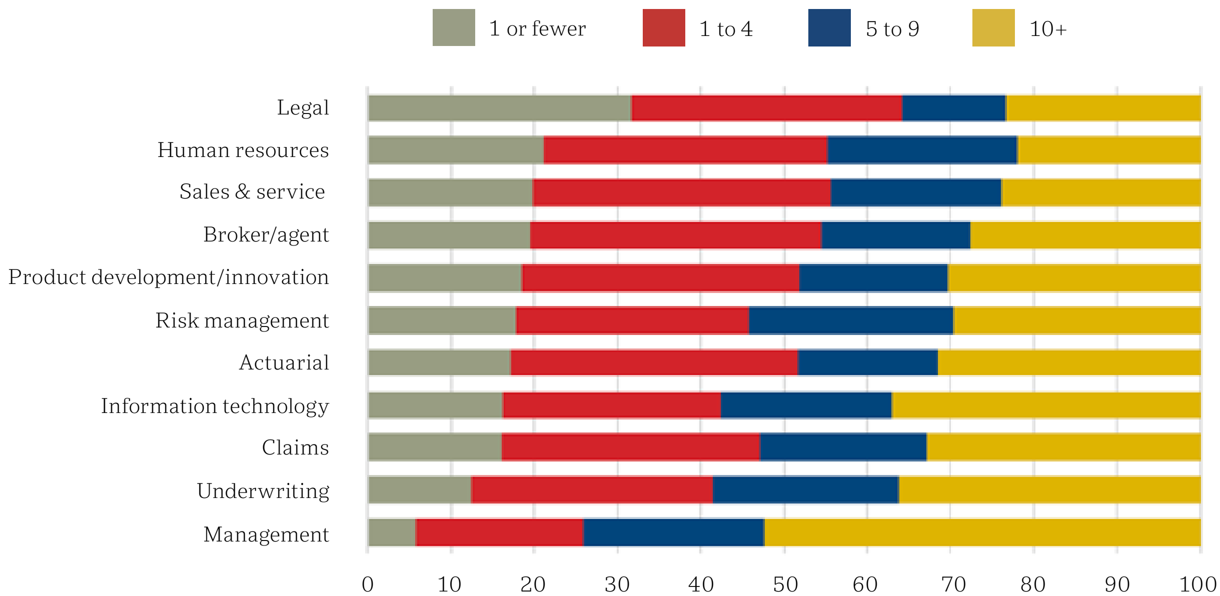
Source: The Conference Board of Canada

Contrary to this logic, however, independent adjusters also happen to have the shortest tenures among organizations, with more than half of their employees having fewer than four years at their current employer. In fact, the median age for employees with less than four years tenure at independent adjusters is 37, compared with 34 for the rest of the P&C insurance industry. This suggests that people are moving to independent adjuster positions later in their careers, rather than starting there. For Crown corporations, this suggests that their high median tenures are attributable to other factors, such as a stronger ability to retain employees; the pension plans offered by Crown corporations may be one such factor.

There is also significant variation in tenures across occupations in the industry. At one end of the spectrum are legal occupations, in which half of all employees have worked for their current employer for three years or less. On the other end of the spectrum are occupations in management, where more than half of all employees have worked for their current employer for at least 10 years. (See Chart II-26.) This suggests that promotion into management positions from within is common in the industry.

Chart II-26: Management Has the Longest Average Tenure among Occupations

Share of P&C insurance employment by occupation and years of tenure, percent



Source: The Conference Board of Canada

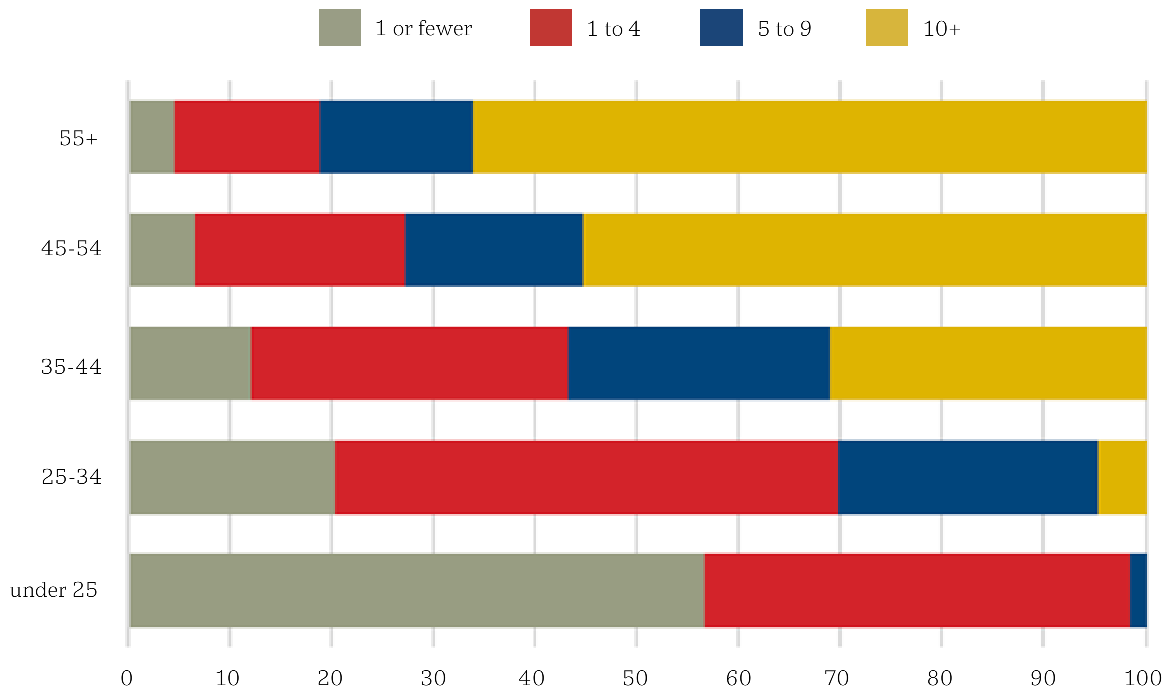
Other notable occupations with high median service lengths include underwriting and IT, in which half of all employees in each respective occupation have worked with their current employer for at least seven years. However, median tenure for IT workers is much higher at tech-sensitive organizations (8.5 years) than for those that are not tech sensitive (2.4 years). This is consistent with tech-sensitive organizations having an older IT workforce that is likely to require significant changes in the years to come to replace retiring workers and to acquire newer skills.

Something that is important to distinguish when interpreting differences in tenure by occupation are the concepts of tenure versus experience. For example, an employee that has worked at several organizations over the past decade may have a short tenure with his or her current employer, despite having significant experience in his or her current occupation. All this to say, one cannot use tenures with current employers to draw conclusions regarding the experience levels of employees across different occupations. However, tenures may shed light on recruitment and retention for a given occupation. For instance, low tenures in legal occupations could point toward higher turnover rates or strong recruitment in recent years.

Average tenures tend to rise in older cohorts, and this is driven by two key factors. (See Chart II-27.) First, younger people, by definition, cannot have been working for as long as those in older cohorts. Second, younger people tend to have higher turnover rates. However, there are still some interesting trends in tenure across age cohorts. For example, the steady progression of people from lower to higher tenures is disrupted among those aged 45 to 54. Only 17.5 percent of people in this cohort have a tenure of 5–9 years, compared with 20.7 percent for those with 1–4 years tenure. In short, people in their mid- to late 40s appear to have an unusual propensity to change jobs, and given the dip in the age profile for this group (discussed previously) they may be going to other industries. Also of note, the P&C industry has a higher average tenure than the workforce as a whole, but all of this difference can be attributed to workers over the age of 55. In short, there is a core of long-tenured older workers that drive the industry's above-average tenure.

Chart II-27: Tenures Increase as People Age

Share of P&C insurance employment by age and years of tenure, percent



Source: The Conference Board of Canada

Finally, it is worth noting that the industry's rural workforce has much longer-than-average tenures at 87 months versus 71 months for urban workers. The fact that the rural workforce is much older than average likely partially explains this discrepancy. However, one of the findings from the 2012 HR survey was that it was, on average, harder to recruit but easier to retain P&C insurance workers in rural areas. In essence, there is a smaller pool of labour available to draw from in rural areas, making recruitment harder, but because there are fewer competitors, it is easier to keep people once you have them.

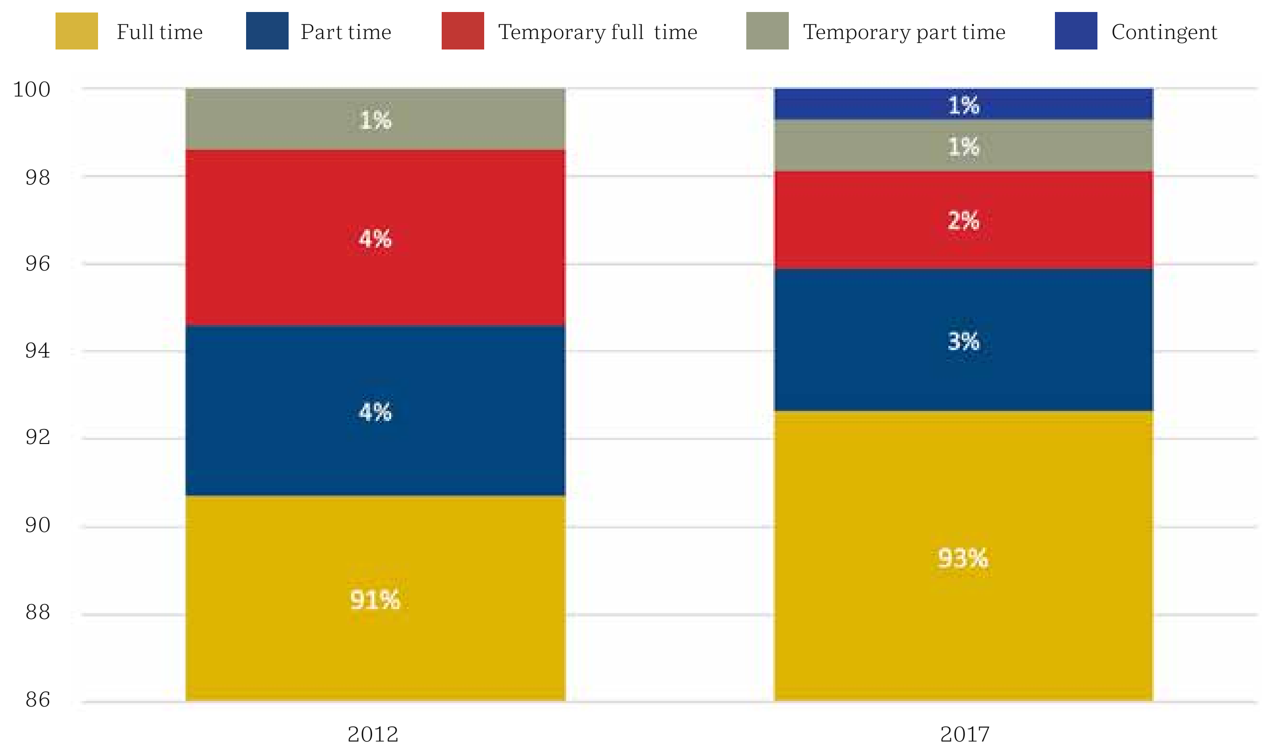
We later discuss trends in departures for the P&C industry's workforce that may provide insights into why tenures are shortening. (See page 40.) As well, the results of the employee survey may provide insights regarding reasons for shorter tenures, such as the key reasons for voluntary departures. (See pages 97 & 126.) Finally, we also discuss possible recruitment and retention incentives that organizations could use to attract more workers to rural areas. (See page 131.)

Full-Time Work Remains the Most Prevalent in P&C Insurance

Data from the census also provide an impression of the types of employment within the industry. Full-time employees (i.e., permanent employees that work 30-plus hours a week) form the clear majority of the industry's workforce—92.6 percent of employees were listed as full-time employees in 2017. (See Chart II-28.) Apart from full-time workers, part-time, temporary, and contingent workers make up the other 7.4 percent of the P&C insurance industry's workforce. One interesting trend over the past five years is that permanent full-time positions have accounted for a growing share of employment, with this share up from 90.7 percent in 2012.

Chart II-28: Permanent Full-Time Employment Remains the Main Form of Industry Employment

Share of employment by status, percent



Source: The Conference Board of Canada

The high incidence of permanent full-time work in the P&C insurance industry is different than what we see in the rest of the workforce. For example, permanent employees account for only 86 percent of workers in the broader workforce versus 96 percent in P&C insurance. P&C insurance even has a higher permanent share of its workforce than the broader financial services (93.3 percent) and professional services (91.1 percent) sectors. As well, part-time work is much more common in the broader workforce than it is in P&C insurance.

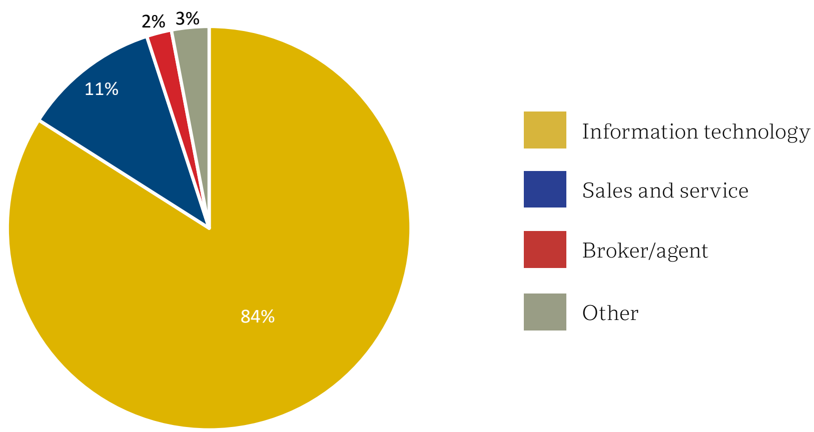
Most segments of the P&C insurance workforce show this strong predilection for permanent full-time work. For example, there is only a small difference between genders, with 93.6 percent of men working permanent full-time compared with 92.2 percent of women. As well, people working in rural areas are slightly less likely to be permanent full-time workers at 91.1 percent versus 92.9 percent in urban areas.

Where some variation in the employment status of industry workers is apparent is when we look at the occupational data. For example, 98.9 percent of managers are in full-time permanent positions, the highest of any occupation. IT workers stand out when it comes to contingent workers.[13] Contingent workers account for just under 1 percent of all employees in the P&C insurance industry. Interestingly, 84 percent of the industry's contingent workforce works in IT occupations. (See Chart II-29.) What is more, contingent workers account for 7 percent of the employees working in IT. This was the only occupational group where contingent workers accounted for a significant share of employment. Sales and service positions were the only other occupational group to employ a significant number of contingent workers.

13 Contingent workers are a provisional group of workers who work for an organization on a non-permanent basis and are not included on the payroll (e.g., freelancers, independent professionals, independent contractors, consultants).

Chart II-29: Most Contingent Workers Are in IT Occupations

Share of contingent workers by occupation, percent



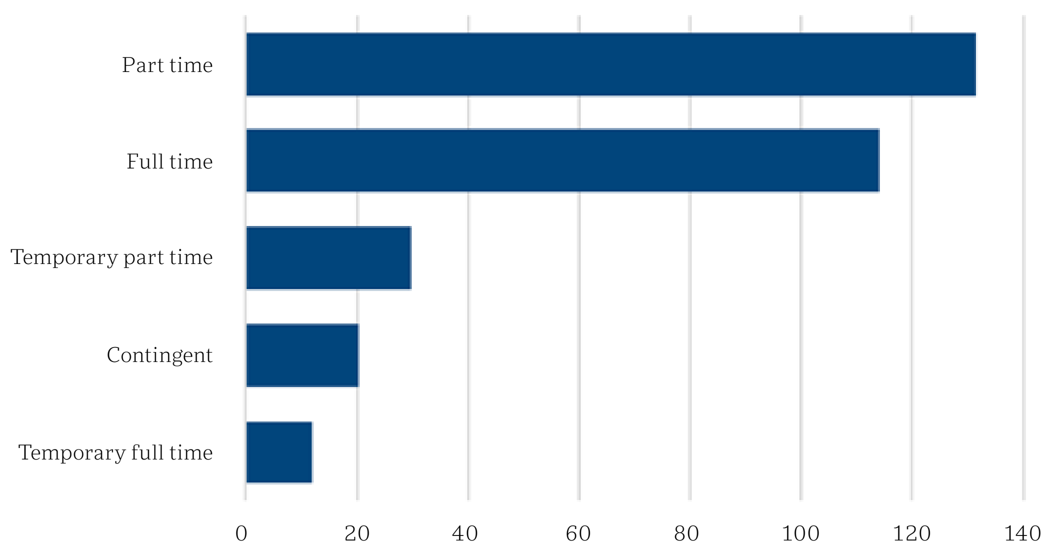
Source: The Conference Board of Canada

Among organization types, independent adjusters stand out in terms of their employment status consistency. Full-time permanent employees make up only 80.8 percent of employees for this organization type; Crown corporations have the next lowest share at 90 percent. Independent adjusters are heavy users of temporary part-time workers, where they account for 14.2 percent of employment. Temporary part-time workers are particularly common among claims and support staff.

Employment status also impacts other aspects of the P&C insurance workforce, such as job tenure. For example, not surprisingly, people in permanent positions have much longer tenures than those in temporary positions or contingent workers. (See Chart II-30.) What may be more surprising is that those in permanent part-time positions have longer tenures (an average of 131 months) than those in permanent full-time positions (114 months).

Chart II-30: Employment Status Has a Noticeable Impact on Tenure

Average tenure in months by employment status

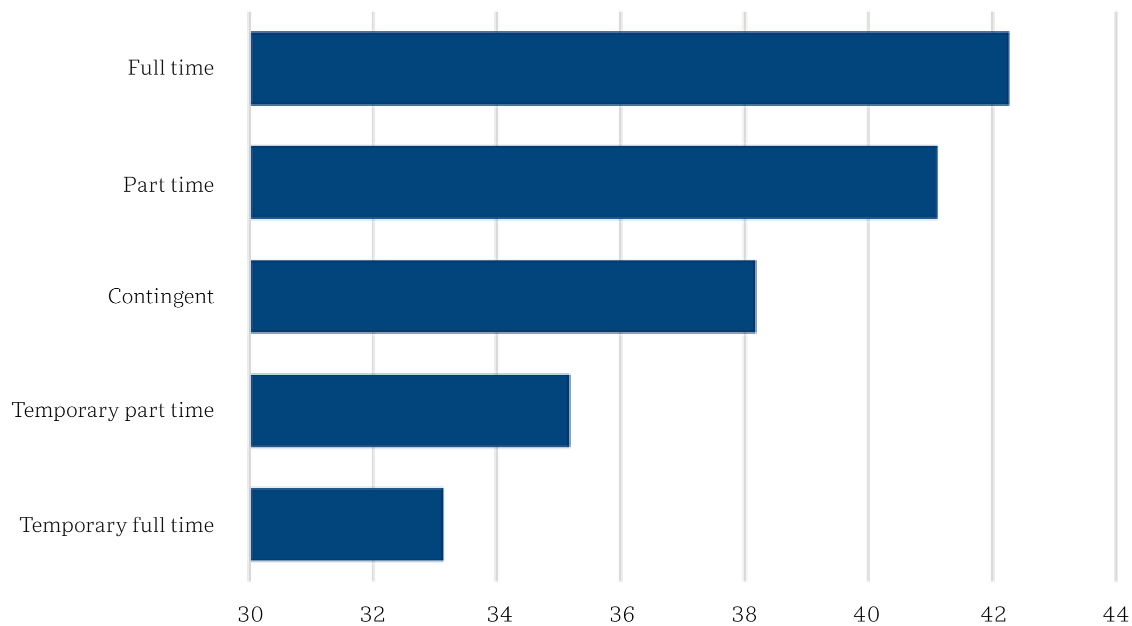


Source: The Conference Board of Canada

What is more, the longer tenure among part-time workers in not necessarily caused by older workers shifting into early retirement. In fact, the average age of permanent part-time workers is slightly lower than their full-time colleagues. (See Chart II-31.) Although the share of the permanent part-time workforce that is over the age of 60 is slightly above average (8.6 percent versus 5.0 percent for permanent full-time workers), it is among young workers where part-time work is most common. People under the age of 30 account for 27.0 percent of permanent part-time positions versus 15.4 percent for permanent full-time positions.

Chart II-31: Non-Permanent Employees Are Considerably Younger than Permanent Employees

Average age of workers by employment status, percent



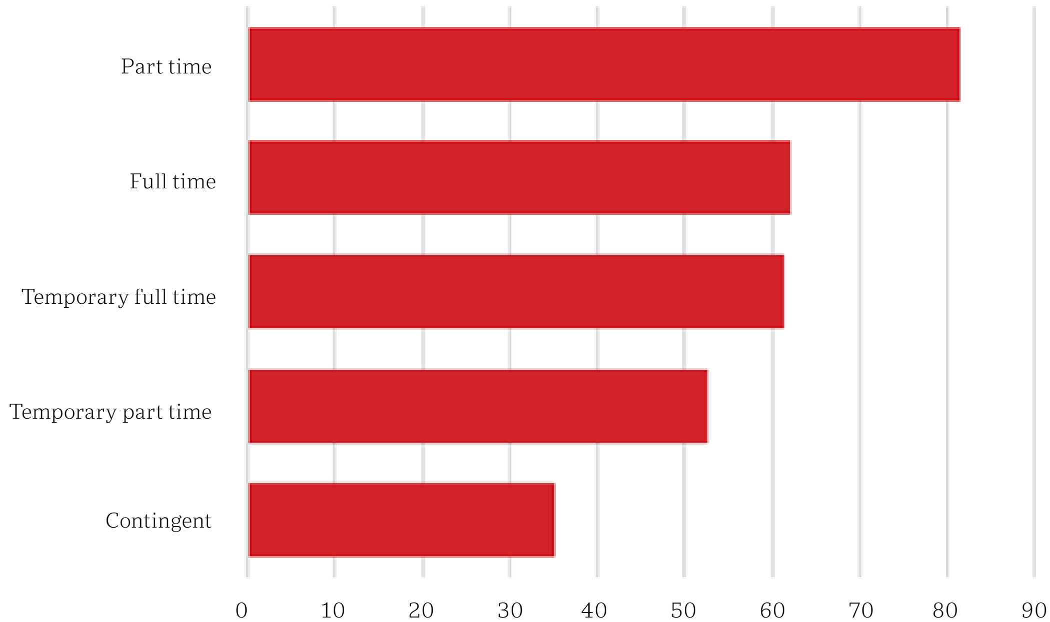
Source: The Conference Board of Canada

In short, many part-time workers are young, with most of these positions occurring in support positions in occupational groups like claims and sales and service. Older part-time workers are much more varied in what they do. Some HR professionals in the industry suggest that part-time work is often a perk offered to existing employees looking for more work–life balance to improve retention. This is likely the key reason why employee tenure is highest for those working in permanent part-time positions. More broadly, it is interesting to note that non-permanent workers are significantly younger than their permanent counterparts.

One other thing of note is the gender mix by employment status. Contingent workers stand out as being male oriented, with 65 percent of them being men. The fact that most people with contingent status work in IT, and IT positions tend to be male dominated, is the key factor explaining this phenomenon. Also of note, 82 percent of permanent part-time workers are women. (See Chart II-32.) This may reflect the desire of some women to shift to part-time status when caring for small children.

Chart II-32: Most Permanent Part-Time Workers Are Women

Share of workers who are women by employment status, percent



Source: The Conference Board of Canada

More Than One-Third of the Industry's Workforce Can Work Remotely

Another statistic that organizations were asked to provide in the 2017 census was to identify whether their employees worked outside of a corporate office at least some of the time—providing an overview of the prevalence of remote work within the industry. For those employees where data are available, more than a third work remotely, with 70 percent of them doing so on an informal basis (i.e., they do not have a formal agreement with their employer to work a fixed share of time remotely).

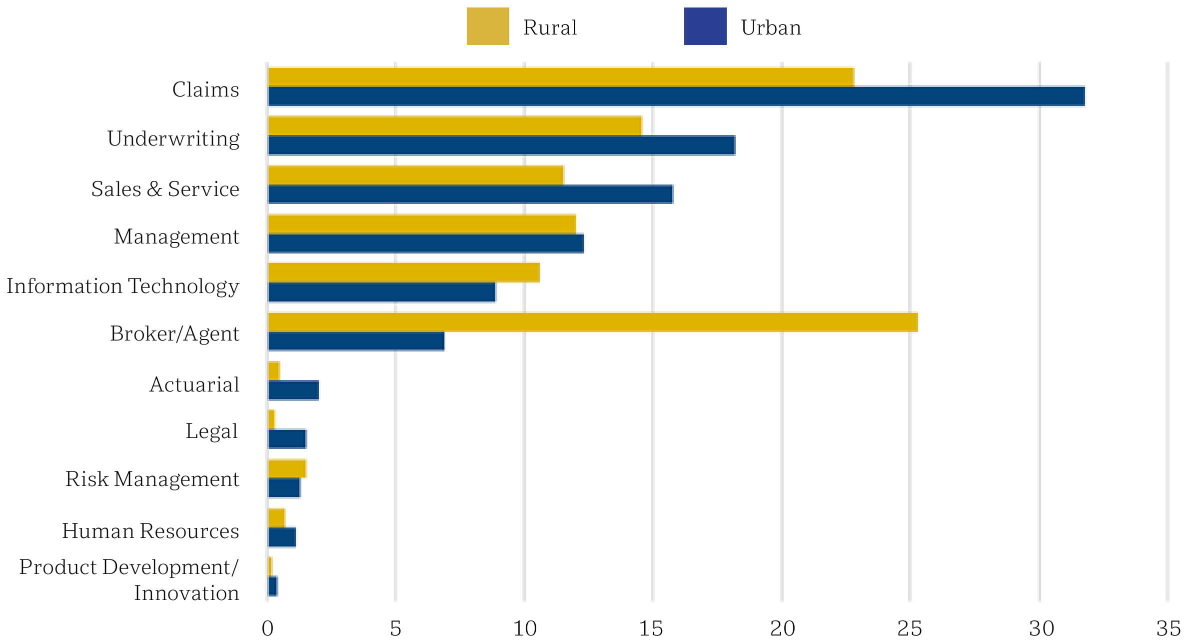
The incidence of remote work varies considerably depending on the group of workers. For example, remote work is more prevalent among men (40 percent) than women (32 percent). As well, the tendency to work remotely increases steadily as people grow older, from a low of 25 percent for workers under the age of 30 to a high of 40 percent for workers over 50. It appears that the industry tends to allow more remote work as a person's experience rises, which may be a perk to boost retention. However, it is worth noting that multiple surveys have clearly shown that millennials place a higher value on remote work and work–life balance than older generations, and the industry's current practices appear out of step with these preferences[14].

Remote work is also more common for urban (35 percent) workers than for those in rural areas (30 percent). Commuting times and occupation mix are two factors that may contribute to the variation in remote work between rural and urban areas. For example, in terms of occupations, remote work is least common among brokers and actuaries, both at 20 percent. Perhaps not coincidentally, brokers make up a much larger share of the industry's workforce in rural areas compared to urban areas. (See Chart II-33.) This variation in occupational mix reflects the fact that back-office and headquarter functions are more likely to be done in urban areas.

14 See, for example, Sara Sutton Fell, "How and Why Millennials Are Shaping the Future of Remote Working."

Chart II-33: The Occupational Mix in Rural Areas Is Different than in Urban Areas

Share of employees by occupation and region, percent

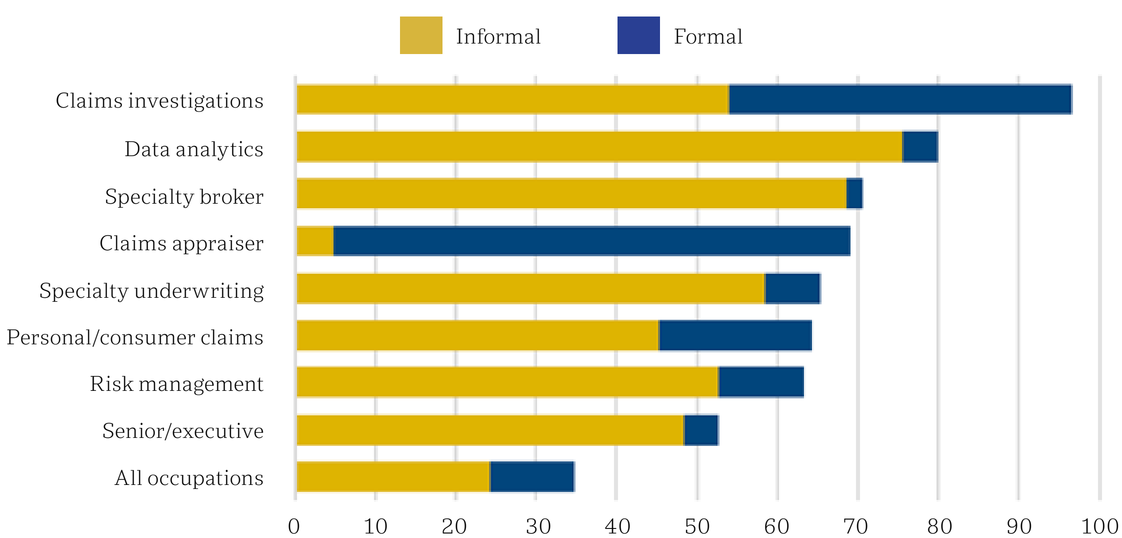


Source: The Conference Board of Canada

At the opposite end of the spectrum, remote work is most common in risk management (63 percent) and claims (41 percent) occupations. (See Chart II-34.) Those who work in specialty insurance also stand out, with customer service representatives (78 percent), brokers (71 percent), and underwriters (65 percent) who focus on specialty lines all having a high share of workers who can work remotely. Key functions in IT, including digital marketing (84 percent) and data analytics (80 percent), also have a high share of workers who can work remotely.

Chart II-34: Remote Work Is Usually Conducted via an Informal Arrangement

Share of employees who can work remotely for select occupations by arrangement type, percent



Source: The Conference Board of Canada

There are a variety of factors that may contribute to why certain occupations are more likely to work remotely. For example, some client-facing roles are less able to be conducted remotely. As well, certain job types may require a high degree of flexibility with remote work. For example, 97 percent of claims investigators are able to work remotely; this is clearly a required ability for them to effectively complete their duties.

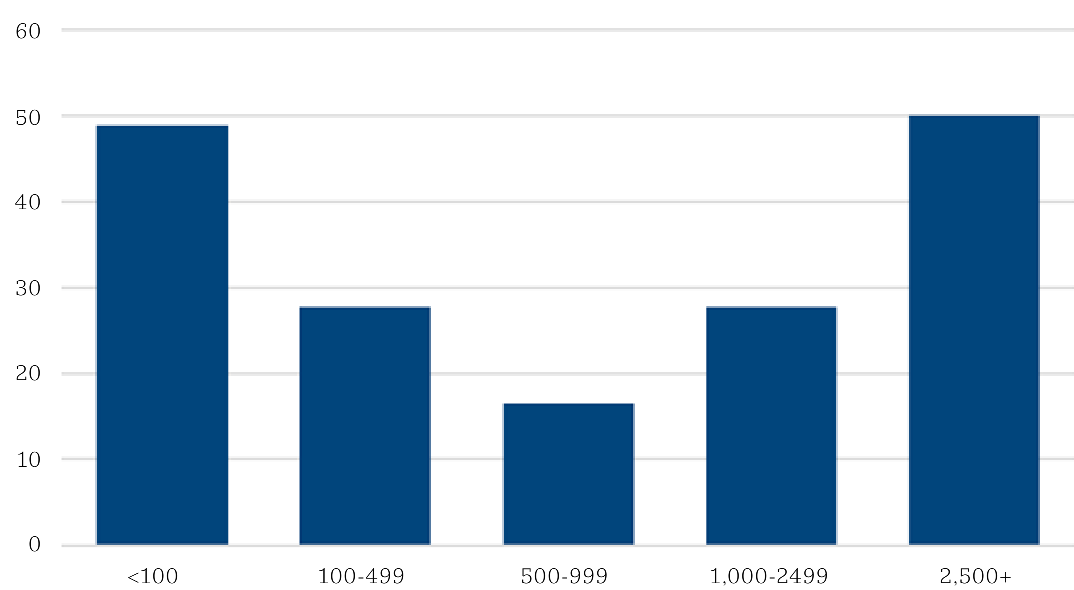
Interestingly, even among occupations where remote work is the norm, informal arrangements are almost always more common than formal ones. (See Chart II-34.) For example, among claims investigators with remote work arrangements, only 46 percent of these workers have formal arrangements with their employer. An example at the opposite end of the spectrum would include data analytics, where only 5 percent of remote work arrangements are formal. In most cases, remote work appears to be initially offered on an informal basis, and only once the practice is established is it offered on a more formal basis by some employers and for some roles. The only major exception appears to be appraisers, where nearly everyone who works remotely has a formal arrangement.

There is also significant variation in the use of remote work across provinces. Remote workers are least common in Manitoba (9 percent) and most widespread in Atlantic Canada (69 percent). However, it may be the policies of specific large employers in these provinces that are driving the results. It is also worth noting that remote work is more common in small organizations (<100 workers) and exceptionally large organizations (>2,500 workers), in which half of all employees work outside their corporate office at least some of the time. (See Chart II-35.)

These census findings present a significantly different result than what was reported in the HR survey. The distinction between formal and informal arrangements, which was made in the census but not in the HR survey, may be one factor influencing these results. Indeed, 80 percent of those who work remotely for small employers do so under an informal arrangement.

Chart II-35: Remote Work Is Most Common in Large Organizations

Share of employees that work remotely at least some of the time by organization size, percent



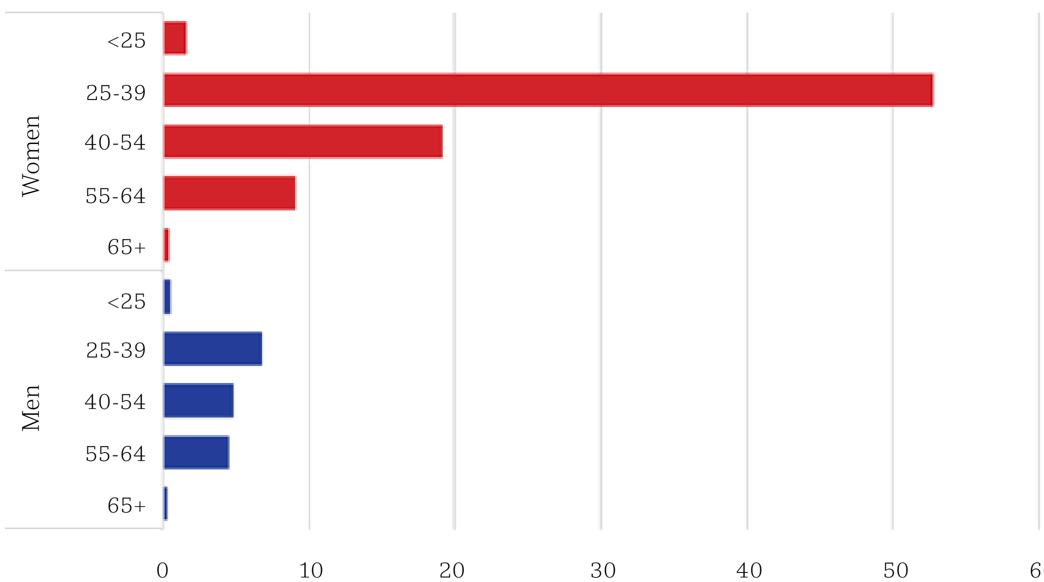
Source: The Conference Board of Canada

Those Most Likely to Have Young Families Are Most Likely to Make Use of Leave

One final category we asked about in the survey was whether or not workers were inactive. Inactive workers are those who are not currently performing the responsibilities of their position because of factors including illness, disability, or leave of absence. In aggregate, they make up the less than 5 percent of the industry's workforce. However, these workers are heavily concentrated among women who are between the ages of 25 and 39, most likely due to maternity leave. In fact, women in this age group accounted for 53 percent of the inactive workforce at the time of the census. (See Chart II-36.) Like women, inactivity among men is also highest between the ages of 25 and 39, suggesting that some men may be making use of parental leave as well. However, they account for a much lower share of those who were inactive at the time of the census.

Chart II-36: Age and Gender of Those on Leave Suggest that Parental Leave Is the Most Common Form

Share of inactive employees, percent



Source: The Conference Board of Canada

Another group that stands out for having a higher chance of being inactive are people between the ages of 55 and 64; they accounted for roughly 14 percent of inactive workers. Medical leave for health reasons is likely a major factor contributing to the higher incidence of leave among older workers. However, it is interesting to note that women in this age cohort were slightly more likely to be on leave than their male counterparts. In fact, women accounted for 64 percent of the industry's workforce between the ages of 55 and 64, but 67 percent of all inactive workers in this age bracket. Since women are more likely to be the caretakers for their elderly parents than men, family leave may also be a factor.

Understanding the Trends in Workforce Departures

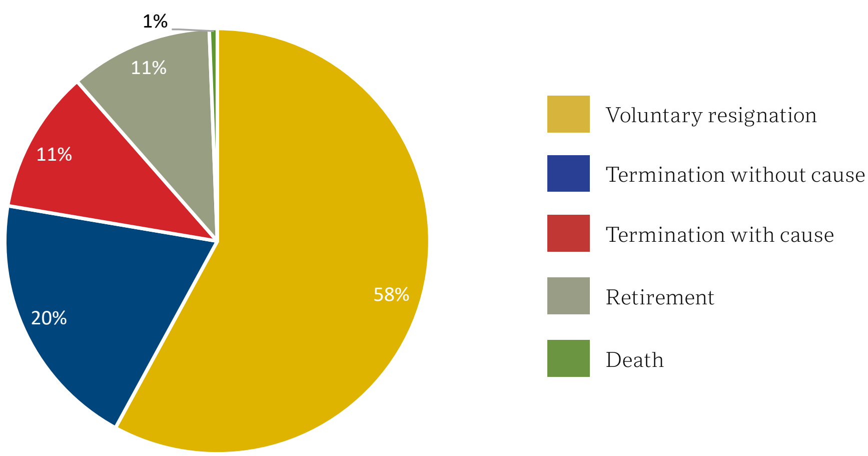
This section explores the key causes behind employee exits within the P&C insurance industry. To begin with, we assess the differences in voluntary and involuntary turnover across factors including province, age, gender, and occupation. This provides for a stronger understanding of where the industry faces its largest retention challenges. This section also examines the characteristics of retirement across the industry. Moreover, we identify which parts of the industry's workforce will face the greatest outflow of workers due to retirements over the next 10 years.

Trends in Voluntary and Involuntary Turnover

Voluntary turnover[15] is the leading cause of worker departures across organizations within the P&C insurance industry. According to the census data on terminated workers, 58 percent of employee departures have been employee initiated over the past five years. (See Chart II-37.) Involuntary departures[16] make up just under a third of departures recorded in the 2017 census. Within this category, terminations without cause (e.g., redundancies) were nearly twice as common as terminations with cause (e.g., dismissals). Retirements are the other significant reason why employees leave their employer and account for about 1 in 10 partings.

Chart II-37: Voluntary Turnover Accounts for the Bulk of Employee Departures

Share of employee terminations by reason, percent



Source: The Conference Board of Canada

A growing share of employee departures have been the result of involuntary turnover in recent years. In the 2012 census, for instance, one in four departures were employer initiated. Five years later, this share rose to over 30 percent. (See Chart II-38.) The shift in departures toward involuntary exits has been the result of greater terminations without cause, which now make up roughly two-thirds of all involuntary turnover, compared to 58 percent in 2012. A greater share of terminations without cause, in turn, may be a by-product of continued organizational consolidation within the industry.

15 Voluntary turnover refers to an employee departure that was employee initiated.
16 Involuntary turnover refers to an employee departure that was initiated by the employer.

Chart II-38: A Growing Share of Departures Are Involuntary

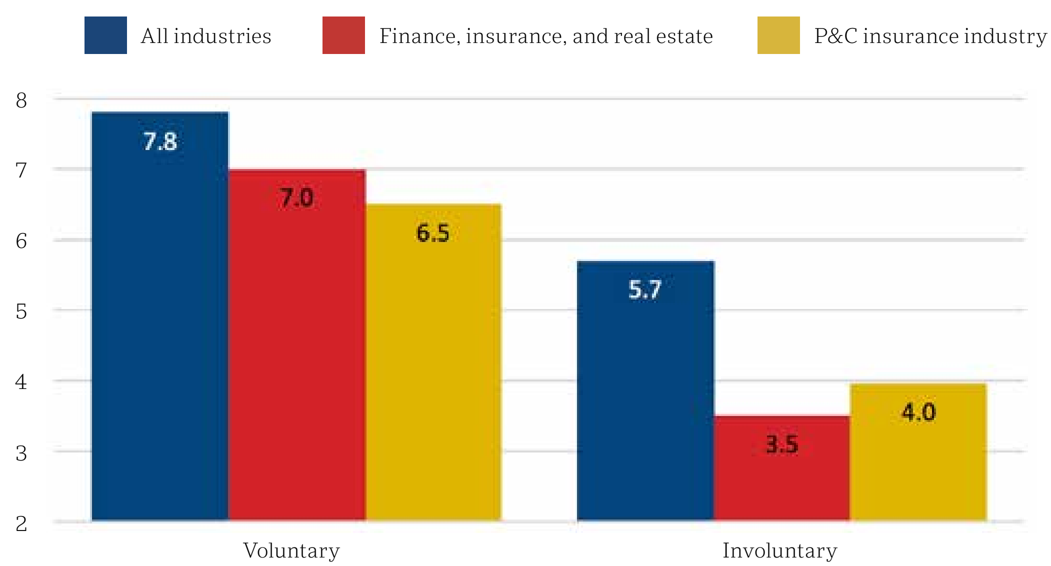
Share of employee terminations by reason, percent

Source: The Conference Board of Canada

Turnover rates within the P&C insurance industry are in line with the overall financial services sector. While voluntary turnover rates are just below those seen in the broader sector—6.5 percent versus 7.0 percent—involuntary turnover is slightly higher in the P&C insurance industry—4.0 percent versus 3.5 percent.[17] (See Chart II-39.) Thus, both P&C insurance and the broader finance services sector have a combined involuntary and voluntary turnover rate of 10.5 percent. This is below the average for all industries.

Chart II-39: Industry Turnover Rates Are Comparable to the Broader Financial Services Sector

Turnover rates by industry, percent



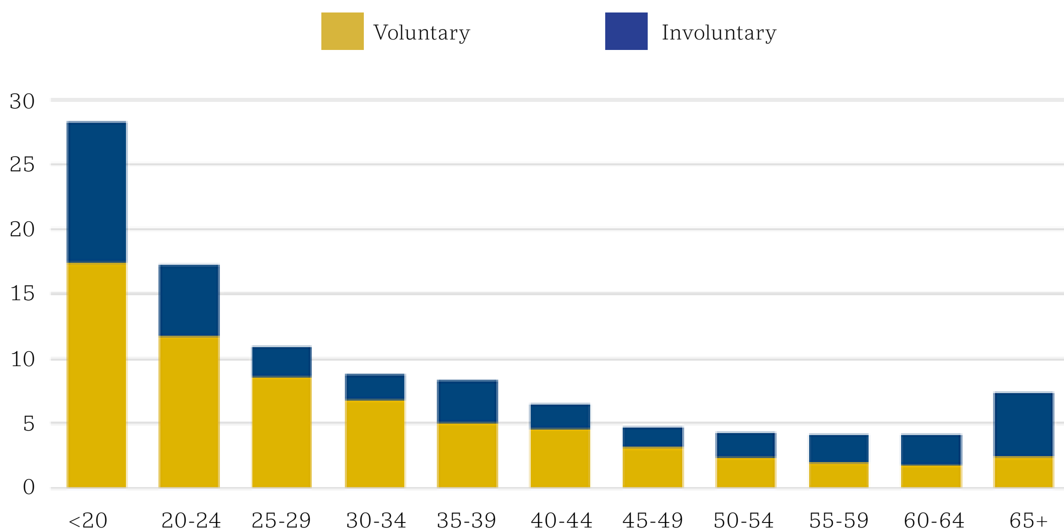
Source: The Conference Board of Canada

17 McAteer, "Compensation Planning Outlook 2017."

When it comes to turnover within the industry, there is noticeable variation across age groups. For example, both employee- and employer-initiated departures are much more common among younger workers. Despite accounting for only 17 percent of the industry's workforce, workers under the age of 30 make up roughly one-third of voluntary departures and one-quarter of involuntary departures. What is more, voluntary turnover rates for workers under the age of 30 are more than double that of workers over the age of 30—9.5 percent versus 3.5 percent. (See Chart II-40.) Interesting to note, however, is that while voluntary turnover rates generally decline with age, involuntary turnover rates begin to increase for workers over the age of 60. Workers over the age of 60 represent the only age bracket for which involuntary turnover rates exceed voluntary turnover rates.

Chart II-40: Turnover Rates Generally Decline with Age

Turnover rates by age, percent



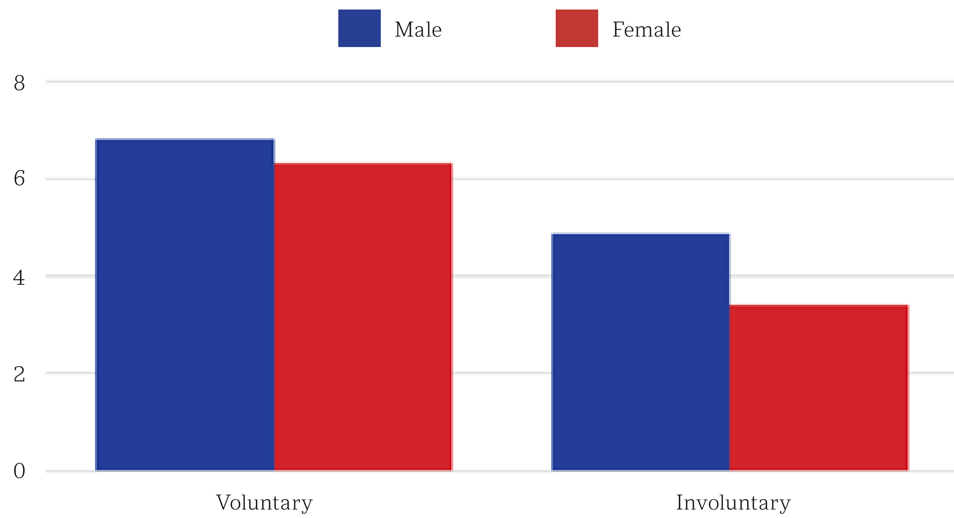
Source: The Conference Board of Canada

Something that makes high voluntary turnover rates among younger workers more concerning for the industry is the fact that younger workers are more likely to consider industries beyond insurance for future employment. When asked to identify the top three potential destinations for future employment, two-thirds of departing employees under the age of 30 chose the insurance sector. In comparison, over 78 percent of departing employees 30 or older cited the insurance sector as a top three destination for their next job.

Differences in turnover rates are also evident along gender lines. Most notably, departures among men are much more likely to be the result of termination. In fact, involuntary turnover rates are almost 50 percent higher for men (5.3 percent) than for women (3.4 percent). (See Chart II-41.) And while most employer-initiated departures for both men and women are without cause, it is much more common for men to be let go from their employers with cause—13 percent of all male departures were the result of termination with cause, compared to 9 percent for women. In terms of voluntary turnover, the difference between men and women is less pronounced: Men (6.8 percent) have slightly higher voluntary turnover rates than women (6.3 percent).

Chart II-41: Turnover Rates Are Higher among Men than Women

Turnover rates by gender, percent

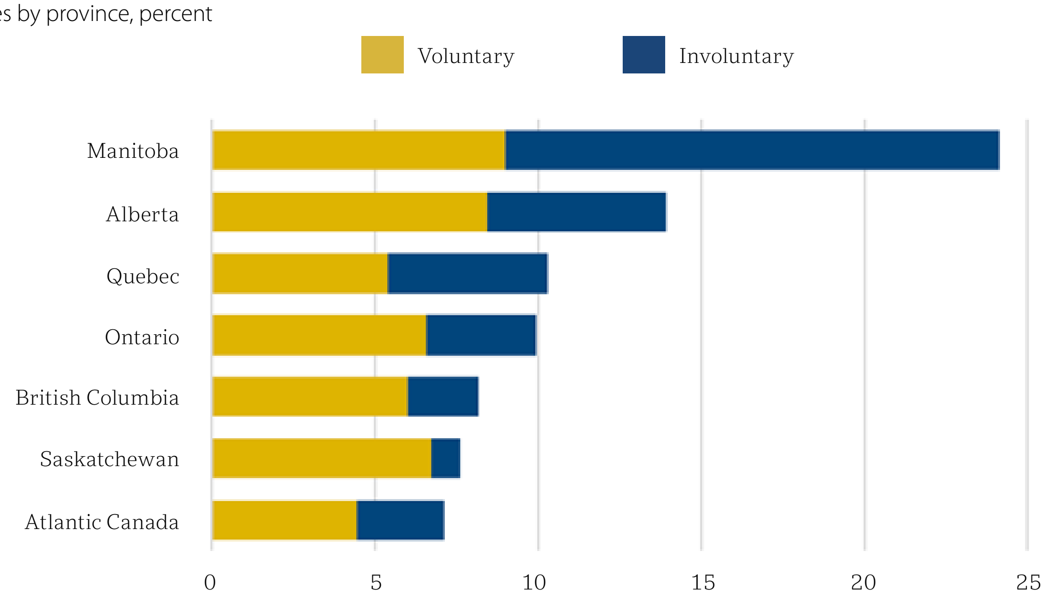


Source: The Conference Board of Canada

From a provincial standpoint, turnover rates were highest in Manitoba and Alberta. Most surprising about the former is that involuntary turnover rates stood at 15 percent—nearly four times the national rate. (See Chart II-42.) This inflated value largely reflects an outlier year in 2016 for the province, in which involuntary departures were double that of previous years. Despite this, Manitoba still holds the highest voluntary turnover rate of 9 percent. Alberta also has high voluntary and involuntary turnover rates, something that coincides with feedback from the HR professionals survey, which highlighted the province's retention difficulties. Atlantic Canada boasts the lowest turnover rates in the country, with workers in the region half as likely as those in Alberta to leave their employer in any given year.

Chart II-42: Turnover Rates were Highest in Manitoba

Turnover rates by province, percent

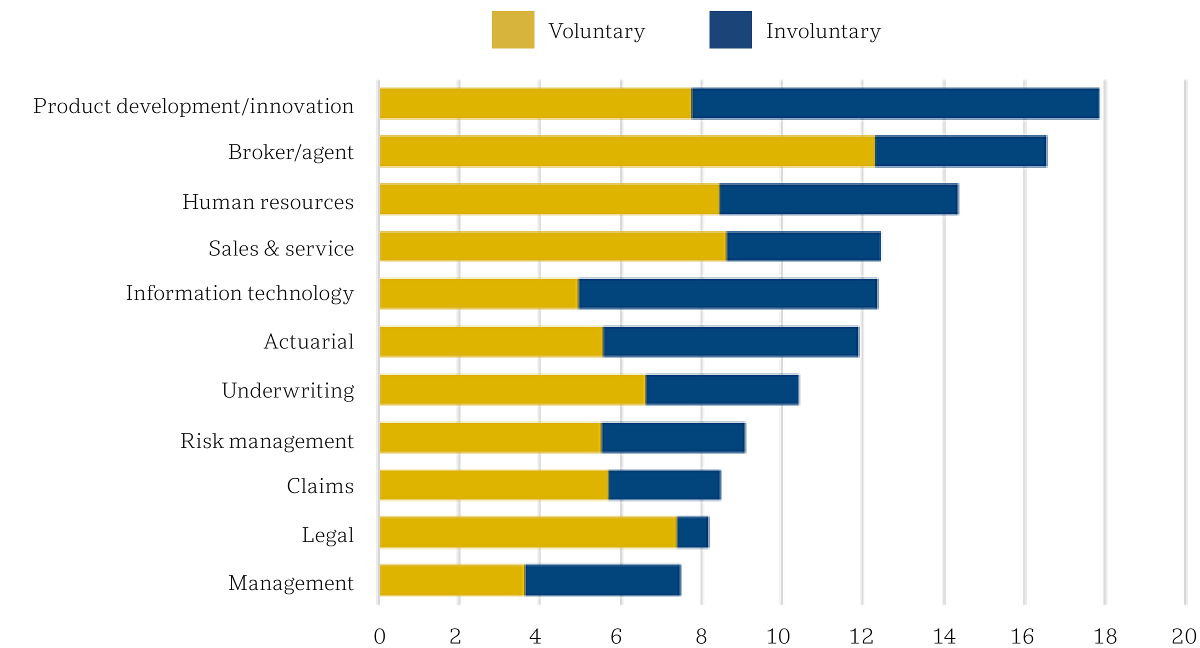


Source: The Conference Board of Canada

There is also noticeable variation in turnover rates across occupations. Brokers, for instance, have the highest voluntary turnover rate in the industry—double that of most other occupations. (See Chart II-43.) And while some turnover is generally healthy, because it facilitates the transfer of knowledge and perspectives, close to three-fifths of all voluntary exits in the occupation are by individuals that have fewer than two years of experience with their current employer. This can prove costly for organizations that have invested in training or onboarding of new employees. On the other end of the spectrum, management faces the lowest voluntary turnover rate: In each year only 1 out of every 25 managers will decide to leave their employer. In terms of involuntary turnover rates, they are lowest in legal occupations and highest in product development/innovation. Combined, no other occupation faces a higher voluntary and involuntary turnover rate than product development/innovation (18 percent).

Chart II-43: Product Development/Innovation Faces the Highest Turnover Rates

Turnover rates by occupation, percent



Source: The Conference Board of Canada

Retirements Are Accounting for a Growing Share of Departures

Retirement represents another important reason why employees leave their organization. With the boomer generation retiring in larger numbers, retirement will undoubtedly remain a significant contributor to turnover within the industry. One sign of the increasing importance of retirements in industry turnover is that retirements accounted for 11 percent of departures in the 2017 census data, compared with 9 percent in the 2012 census. Put another way, retirements between 2012 and 2017 were equivalent to 5.9 percent of the industry's current workforce. Over the previous five-year period that ratio was 4.8 percent. The gradual increase in retirement rates for the P&C insurance industry are on par with what is occurring in the broader workforce. In 2017, retirements were equivalent to 1.3 percent of the workforce, which is up from 1.0 percent in 2007.[18]

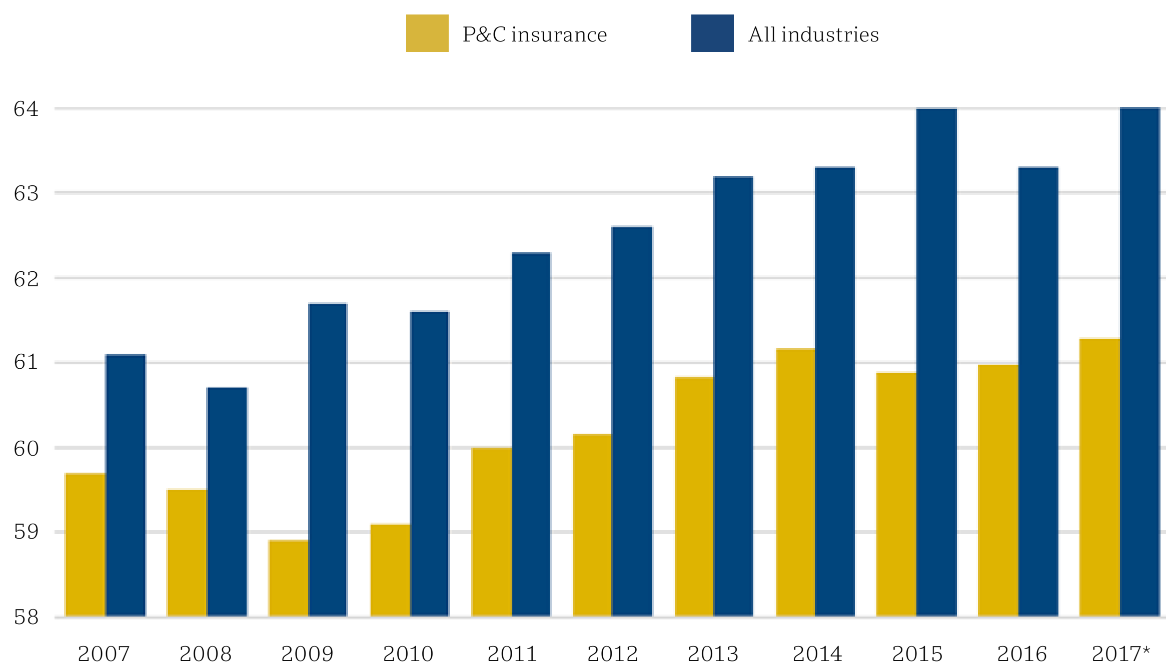
Against the backdrop of a higher retirement potential stemming from the aging boomer cohort, a positive development for the industry is that the retirement age has gradually trended upward over the past decade. Compared to a median retirement age of under 59.5 in 2007, the median age has risen to 61.3. (See Chart II-44.) There are a variety of factors that could be contributing to this trend, including changes to pension plans, other financial reasons (such as longer lives, rising debt levels, or impacts of the recent financial crisis on savings), or simply out of interest or enjoyment. Indeed, in the

18 Statistics Canada, CANSIM table 282-0217.

employee survey the two most common reasons why people planned to work after retirement were personal enjoyment (71 percent of respondents) and to earn additional income (58 percent).

Chart II-44: Workers Are Increasingly Delaying Retirement

Median retirement age



*Includes data for partial year
Source: The Conference Board of Canada

However, this trend is not unique to the P&C insurance industry. Rather, median retirement ages have also trended upward across the overall Canadian labour market over the past decade, rising from 61.6 to 63.6. For private employers, the median age of retirement is even higher at 64.2. Thus, workers in the P&C insurance industry are still retiring at much younger ages than their counterparts in the rest of the workforce.

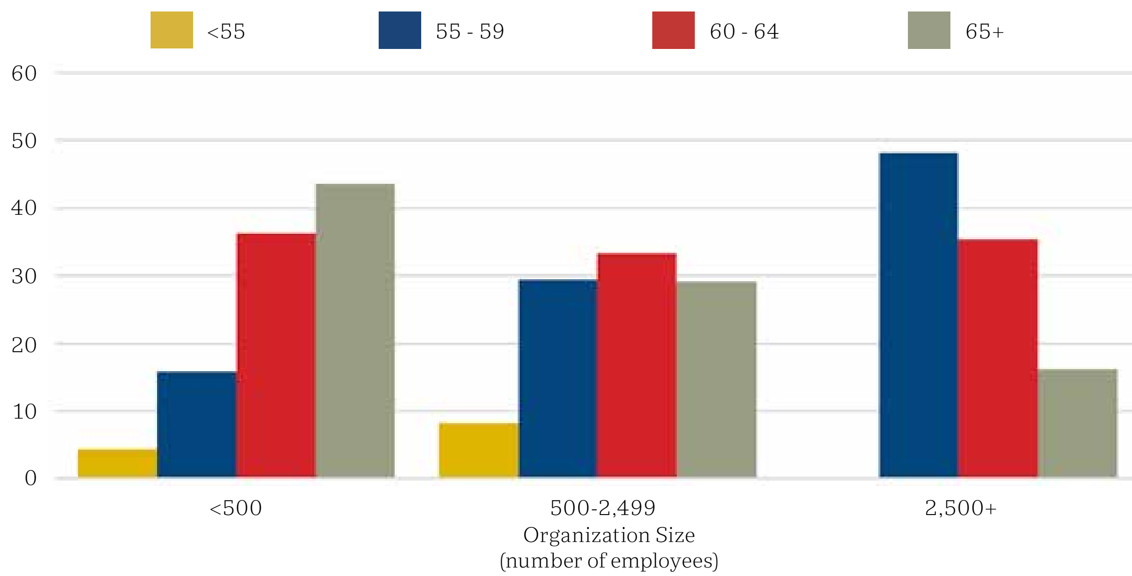
Nonetheless, later retirements generally provide welcome news for the P&C insurance industry insofar as it suggests the impacts of boomer retirements could well be more gradual than initially anticipated.[19] The pace of retirement can be further delayed if employers provide flexible work arrangements (e.g., phased retirement plans) to workers that would otherwise retire. In fact, 86 percent of employees cited an interest in continuing to work for their current employer past their formal retirement date if provided a suitable opportunity.[20] It is also notable that the median retirement age for workers who are able to work remotely is much later (63.2 for those with formal arrangements and 64.4 for those with informal arrangements) than for those who can't (61.1).

There are other segments of the P&C insurance workforce where significant disparities in the typical retirement age exist. To begin with, across organization types median retirement ages range from a low of 59.8 at Crown corporations to a high of 66 at independent adjusters and brokers. The availability and generosity of pension plans at the different types of organizations is likely a major factor driving this difference. For example, Crown corporations often offer defined benefit pension plans similar to those of provincial civil servants. Meanwhile, independent adjusters and brokers are typically much smaller organizations and are thus much less likely to offer defined benefit plans. This same reasoning applies to the results by organization size, with employees working at smaller organizations tending to retire later. (See Chart II-45.)

19 Talentculture, "Preparing for the Retirement Boom."
20 Insurance Institute of Canada 2017 employee survey..

Chart II-45: Employees at Smaller Organizations Generally Retire Later

Retirement distribution by organization size, percent



Source: The Conference Board of Canada

As one would expect, full-time permanent employments tend to retire youngest (61.5), while those in temporary part-time positions retire much later (65.8). There are two potential reasons for this. First, people who are working in more tenuous positions such as part-time contract work are less likely to have been able to build up the financial means for retirement over their careers. Alternatively, people who are able to retire may choose to take temporary part-time positions as a transition into retirement.

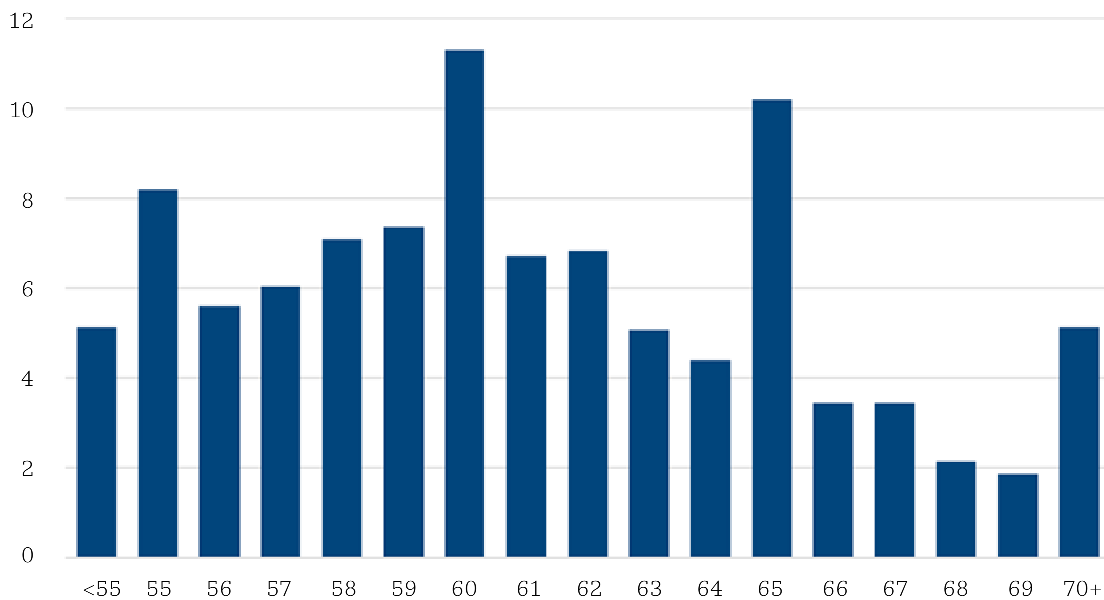
From a regional perspective, Saskatchewan has the lowest median retirement age of 59.6, while Alberta and Ontario share the highest median retirement age (63.2). Gender and location of work (i.e., rural or urban) appear to have only a minimal impact on retirement outcomes. Those in rural locations tend to retire when they are a few months older, while men tend to retire when they are about eight months older than their female colleagues. The gender gap is much larger in the broader Canadian workforce, with men retiring two years later than women.

Nowhere do retirement ages vary more than across occupations, where median retirement ages range from 57.5 for employees in product development/innovation to 64.5 for sales and service staff. Financial reasons may be one of the factors influencing the median retirement age across occupations, with occupations prone to earning lower salaries tending to retire later. Legal, IT, and managers are other occupations that stand out as having young median retirement ages. Young retirements among managers may be particularly concerning when combined with the fact that they have one of the oldest age mixes. This would imply that many managers will need to be replaced in the years to come.

Finally, it is worth noting that the P&C insurance industry also displays a recognizable retirement pattern. Employees are much more likely to retire in anniversary years, with one in three retirements happening when people are aged either 55, 60, or 65. (See Chart II-46.) Helping to explain this occurrence are the structures of defined benefit pension plans, which may incentivize employees to retire at these ages.

Chart II-46: P&C Workers Are Most Likely to Retire on Key Anniversary Ages

Share of retirements by age, percent



Source: The Conference Board of Canada

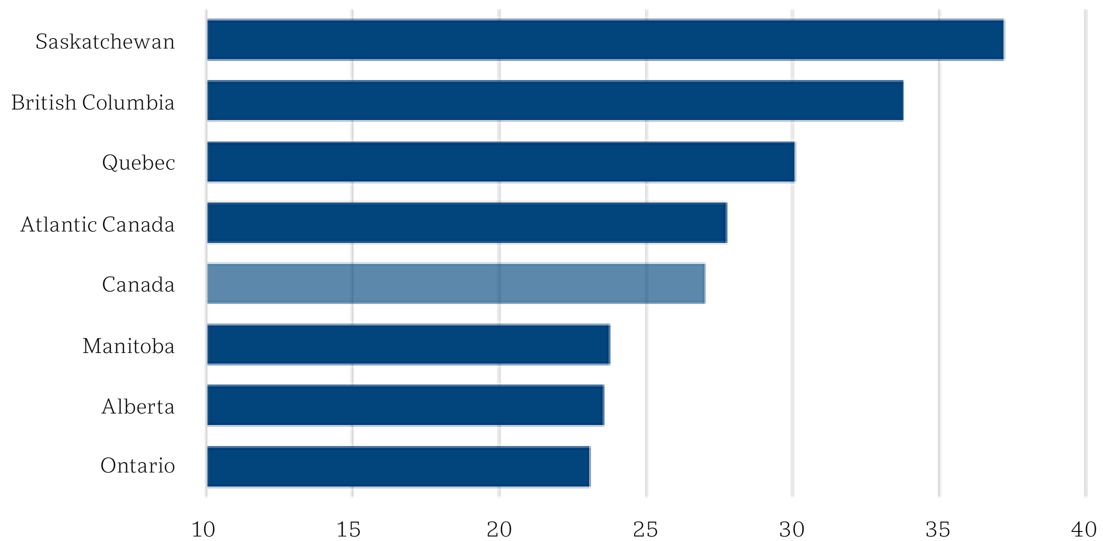
More than One-Quarter of the P&C Insurance Workforce Is Expected to Retire in the Coming Decade

By combining the age and retirement profiles of the different segments of the industry's workforce we can forecast the expected number of retirements over the next 10 years. Given the differences in these profiles, some segments of the industry are much more exposed to the effects of retirements than others. In aggregate, we expect 27 percent of the industry's current workforce to retire by 2027. This is on par with what was forecasted in the 2012 demographic study. Thus, the gradual rise in the median age of retirement for the industry is helping to offset the aging of the workforce.

Several provinces stand to be more impacted by retirement than others. For example, Saskatchewan is expected to be the most impacted, with 37 percent of its current workforce retiring by 2027. (See Chart II-47.) Making matters worse for that province, it does not have sufficient young workers to offset the incoming wave of retirements—only 14 percent of the industry's workforce in Saskatchewan is under 30, ahead of only Atlantic Canada (12 percent). Closely trailing Saskatchewan is British Columbia, where 34 percent of the current workforce is expected to retire over the coming 10 years. Retirements are expected to be milder in Ontario and Alberta, provinces that also happen to have strong cohorts of younger workers. The share of P&C insurance workers under the age of 30 is highest in Ontario (19 percent) and second highest in Alberta (17 percent).

Chart II-47: Saskatchewan to Lose Over One-Third of Its Workforce to Retirements by 2027

Share of current workforce to retire by 2027, percent

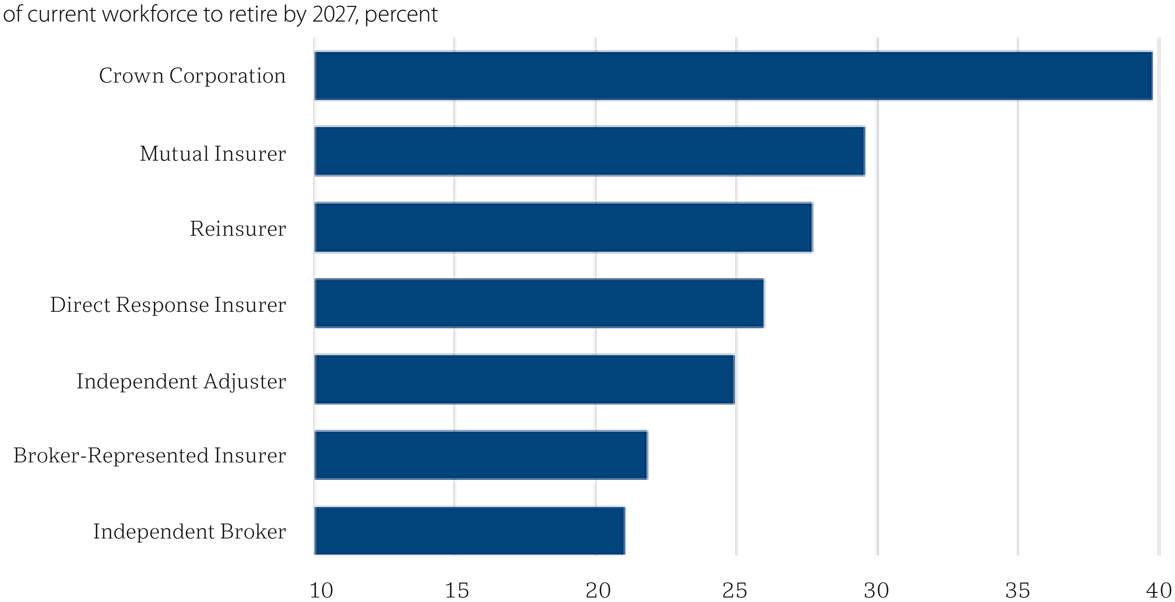


Source: The Conference Board of Canada

Among organizations within the industry, retirements will pose the largest challenge to Crown corporations over the next 10 years. In total, 39.8 percent of their current workforce is expected to retire by 2027. (See Chart II-48.) No other organization type has a retirement share over 30 percent. In fact, Crown corporations are so heavily impacting the results that most other organization types will actually see a below-average share of their workforces retire in the next decade. As well, the large presence of Crown corporations in Saskatchewan and British Columbia is the key reason why retirement rates in those provinces are so high.

Chart II-48: Crown Corporation Face the Greatest Outflow of Workers Due to Retirement

Share of current workforce to retire by 2027, percent



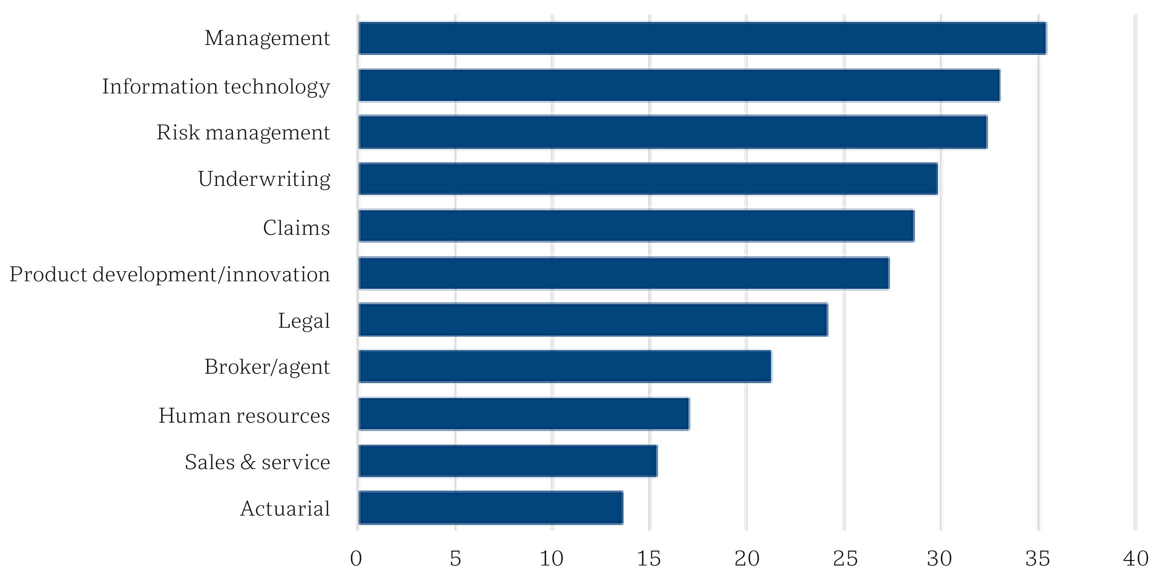
Source: The Conference Board of Canada

Two factors help to explain the circumstances of Crown corporations. First, Crown corporations have the oldest workforce among organizations when measured by median age. Second, employees working at Crown corporations tend to retire younger. Also important to note is that Crown corporations currently have weak replacement prospects—for every 100 employees over the age of 55, Crown corporations only employ 73 workers under the age of 30. For other organization types, there are 103 workers younger than 30 for every 100 workers over 55.

There is also wide variation in the expected retirement rates across occupations. Most notably, retirements will result in the exit of a third or more of the management, IT, and risk management workforces. (See Chart II-49.) Senior managers in particular will have a very high retirement rate, with 52 percent of existing senior managers expected to retire over the next 10 years. No other occupational group will have such a high retirement rate.

Chart II-49: Management Are among the Occupations That Are Most Exposed to Retirement

Share of current workforce to retire by 2027, percent



Source: The Conference Board of Canada

Although middle managers (37 percent) and front-line managers (31 percent) will have lower retirement rates, they are also above average. What is more, these are the people who would be expected to eventually move into senior management roles. As such, not only will senior managers experience a high rate of attrition due to retirement, so too will the primary pipelines into senior management roles. Against this backdrop, one point worth noting is that management roles have become less prevalent across the industry over the past decade, accounting for 12.1 percent of the workforce in 2017 (down from 15.0 percent in 2007). Insofar as additional consolidation within the industry drives organizations to further reduce their management workforce, this could alleviate the challenges of replacing retiring managers.

Other more specific occupational groups do stand out as having unusually high retirement rates. For example, appraisers (48 percent of existing workers) and people who work in investigations (37 percent) are expected to have high rates of retirement over the next decade. As well, 35 percent of the people who work in underwriting support are expected to retire by 2027. These considerable departures will create noticeable gaps in experience and talent that will put succession planning at the forefront of the agenda for organizations, particularly employers who are more dependent on these occupations.

Occupations in sales and service, human resources, and actuarial work can expect to experience the lowest retirement rates. However, departures for other reasons may still be important for these occupations. For example, sales and service occupations have one of the highest voluntary turnover rates among occupations. As well, in our discussions with industry representatives, several suggested that many actuaries transition into management at some point in their career. Given the high rate of expected retirements among managers, an unusually large number of actuaries may shift into management in the years to come.

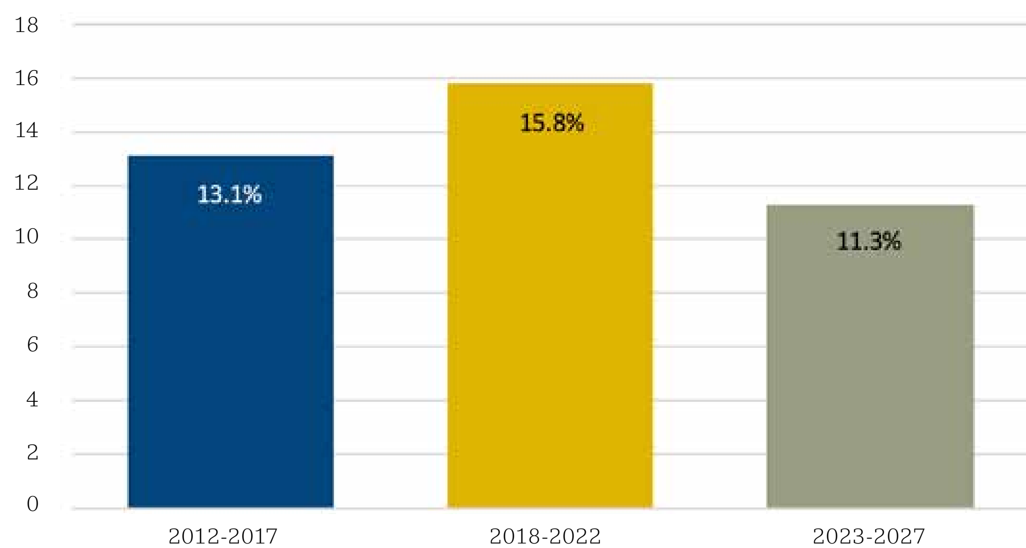
When it comes to the industry's retirement outlook, there are additional trends worth noting. For instance, retirements are expected to be more severe in rural areas. In fact, 31 percent of workers in rural locations are expected to retire by 2027 versus 26 percent of workers in urban areas. This will pose challenges to organizations with offices in rural locations, given that they are more likely to face recruiting challenges than those in urban areas. Against this backdrop, it is worth noting that improvements in drone technology are increasingly facilitating the industry's ability to perform risk assessment and loss adjusting tasks. This could help alleviate the need to replace various occupations in rural areas.

As well, women are expected to retire at greater rates than men. In the coming decade, 27.8 percent of the women currently working in the industry are expected to retire, compared with 25.7 percent of men. This, combined with the fact that the male workforce in the industry has been trending younger, may lead to men accounting for a modestly higher share of the industry's workforce. That will be a significant change from what the industry has experienced over the past decade.

Finally, it is worth noting that the peak of retirements will occur in the next five years. (See Chart II-50.) Between 2018 and 2022, 15.8 percent of the current workforce is expected to retire, equivalent to 3.2 percent of the workforce retiring each year. Over the subsequent five-year period the pace will slow to 2.3 percent per year for a total of 11.3 percent of the current workforce. This reflects the large number of workers in the industry who are over the age of 50 (29.6 percent of the total workforce) and at high risk of retiring. If employers wish to implement programs to slow the pace of retirement, they will need to be implemented in the very near future.

Chart II-50: The Nest Five Years Will Be the Peak for Industry Retirements

Share of workforce expected to retire over five-year periods, percent



Source: The Conference Board of Canada

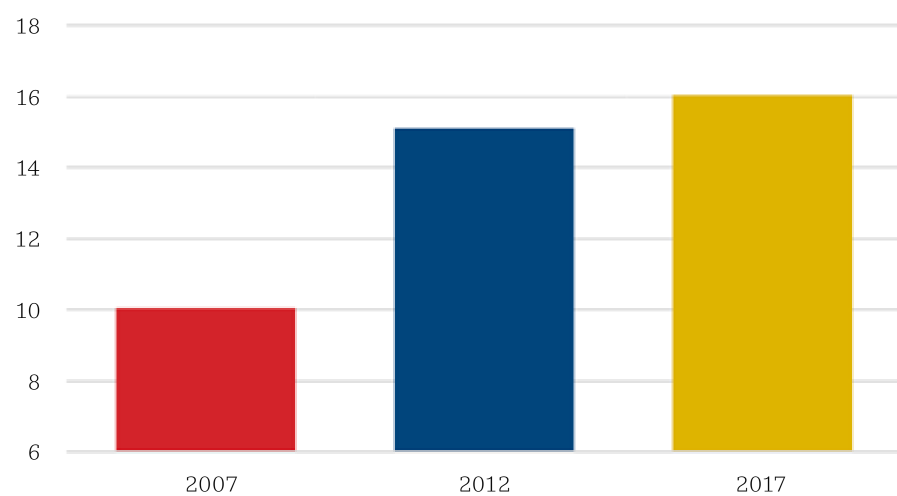
Comparing the Results for the "Group of 15"

A total of 15 organizations participated in each of the three censuses conducted by The Insurance Institute in 2007, 2012, and 2017. As such, it is possible to examine cohort data on a longitudinal basis for this selected population of organizations. Unfortunately, this "Group of 15" has shrunk from a previous Group of 20 organizations that participated in the 2007 and 2012 censuses. But given that roughly one in seven employees within Canada's P&C insurance industry worked for one of these 15 organizations in 2017, analyzing trends in the Group of 15 cohort remains useful insofar as it allows us to validate observed trends from the overall 2017 census.

One noticeable result from the Group of 15 cohort analysis is the slowdown in its employment growth. Between 2007 and 2012, the combined workforce of the Group of 15 grew by 48 percent. The upward trend continued over the subsequent five-year period, although at a much slower pace, with employment rising by a further 5.8 percent for a total gain of 56.6 percent over a decade. (See Chart II-51 & Table II-1.) In comparison, total Canadian employment rose by 9.8 percent over the past decade. However, the strong pace of job growth for the Group of 15 does overstate the expansion in the P&C insurance industry. Indeed, data from the Insurance Bureau of Canada indicates that industry employment grew by a much more modest pace of 36 percent over this period.[21] Instead, the strong gains in employment among the Group of 15 reflect the important role of mergers and acquisitions in the industry over the past decade.

Chart II-51: Employment Is Levelling Off among Group of 15 Organizations

Number of employees (000s), Group of 15



Source: The Conference Board of Canada

21 Based on data from the Insurance Bureau's annual "Facts" reports.

Table II-1 : Group of 15 Employment

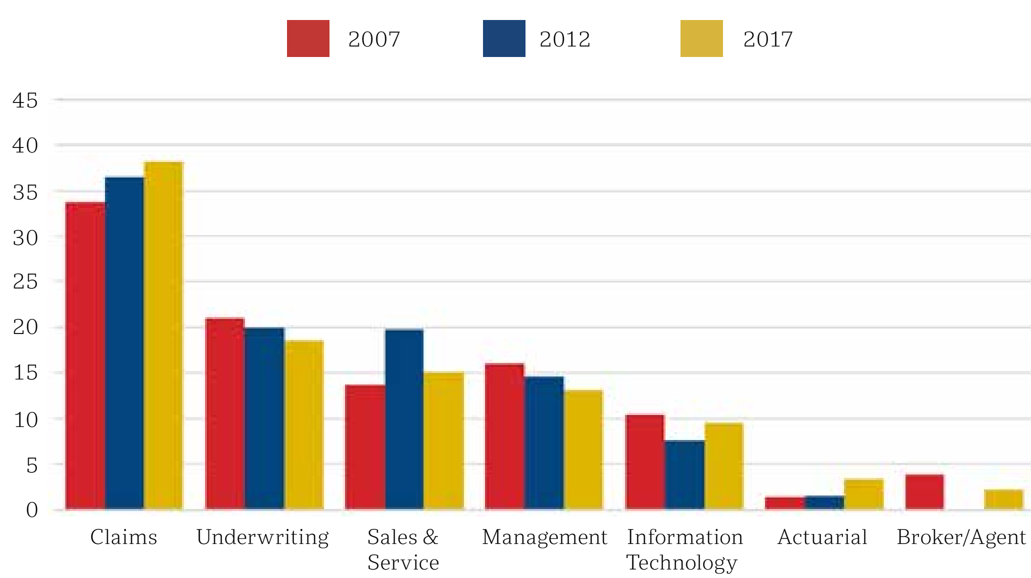
Occupation	Number of employees			Change in number of employees (n)			Change in number of employees (percent)		
	2007	2012	2017	2007-12	2012-17	2007-17	2007-12	2012-17	2007-17
Actuarial	143	227	486	84	259	343	58.7	114.1	239.9
Broker	388	-	330	-	-	-58	-	-	-14.9
Claims	3,358	5,317	5,591	1,959	274	2,233	58.3	5.2	66.5
IT	1,032	1,112	1,385	80	273	353	7.8	24.6	34.2
Management	1,592	2,130	1,914	538	-216	322	33.8	-10.1	20.2
Upper Management	208	268	253	60	-15	45	28.8	-5.6	21.6
Middle Management	454	790	603	336	-187	149	74.0	-23.7	32.8
Other Management	930	1,067	768	137	-299	-162	14.7	-28.0	-17.4
Unidentified	-	-	290	-	-	-	-	-	-
Sales & Service	1,358	2,881	2,224	1,523	-657	866	112.2	-22.8	63.8
Underwriting	2,087	2,911	2,710	824	-201	623	39.5	-6.9	29.9
Other	-	166	953	-	787	-	-	474.1	-
Total	9,958	14,744	15,593	4,786	849	5,635	48.1	5.8	56.6

Source: The Conference Board of Canada

Not unrelated to the changing size of the Group of 15's workforce is the shift in its occupational mix. Some occupations have grown in importance over the past decade (i.e., they accounted for a rising share of the workforce). These occupational categories include claims, actuarial, and sales and service. Most notable among these occupations is claims, which accounted for two-fifths of all job gains among the Group of 15 between 2007 and 2017, such that it now accounts for 36 percent of the Group of 15's workforce compared to 34 percent a decade earlier. (See Chart II-52.)

Chart II-52: Claims Accounts for a Growing Share of Group of 15 Employment

Share of employees by occupation, Group of 15, percent



Source: The Conference Board of Canada

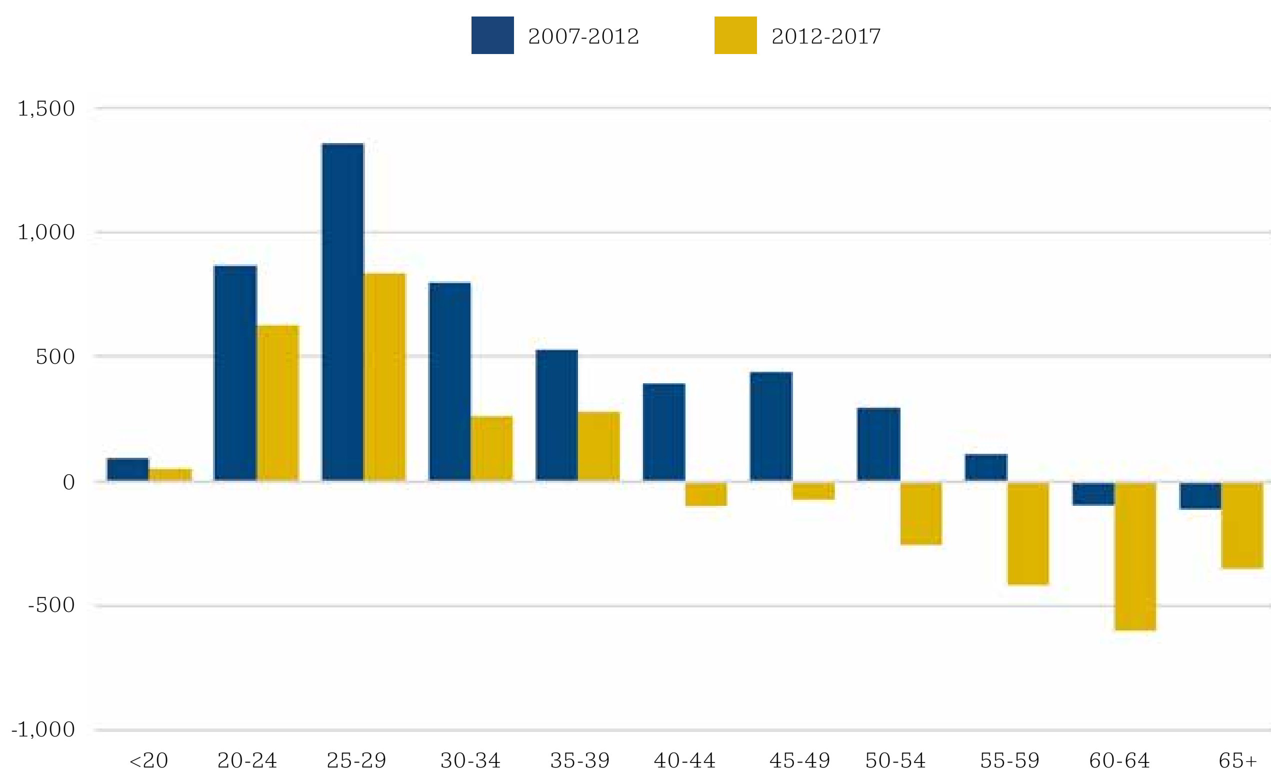
Second to only claims in terms of increasing prevalence within the cohort are actuarial occupations. Between 2007 and 2017, actuaries' share of the workforce at the Group of 15 increased by two percentage points. In fact, actuarial positions have grown four times faster than any other occupational category. The result is that actuarial employment has more than tripled over the past decade.

Other occupational groups have become less prevalent among the Group of 15. These include management, underwriting, brokers, and perhaps most surprisingly IT. However, it is important to note that these occupational categories have not necessarily experienced job losses. In fact, brokers are the only occupational category where employment fell between 2007 and 2017. In contrast, the other three occupational categories experienced job growth, albeit below the rate for all occupations. For example, there are 30 percent more positions in underwriting across the Group of 15 today than a decade earlier. Nonetheless, underwriting now accounts for 17 percent of the cohort's workforce compared to 21 percent in 2007.

Another interesting trend in the Group of 15 employment data is that these organizations have witnessed a strong outflow of mature workers due to retirement. This trend is apparent when we look at the differentials in the size of the cohorts' age groups across time. For example, if the 50–54 age bracket in 2017 contains fewer employees than the 45–49 age bracket in 2012,[22] this implies that the number of exits have exceeded new recruitment for the 50–54 age bracket. In contrast, a positive differential would suggest that recruitment is exceeding the number of exits. The period between 2007 and 2012 is characterized as a stretch of robust hiring. This is evidenced by positive differentials across nine of the eleven age groups. (See Chart II-53.) Since 2012, however, recruitment has not kept pace with the outflow of workers over the age of 40. This not only reflects a pickup in retirements, but also weaker net recruitment among workers older than 40.

Chart II-53: Recruitment No Longer Keeping Pace with Outflow of Workers

Differential by age group, Group of 15, number of employees



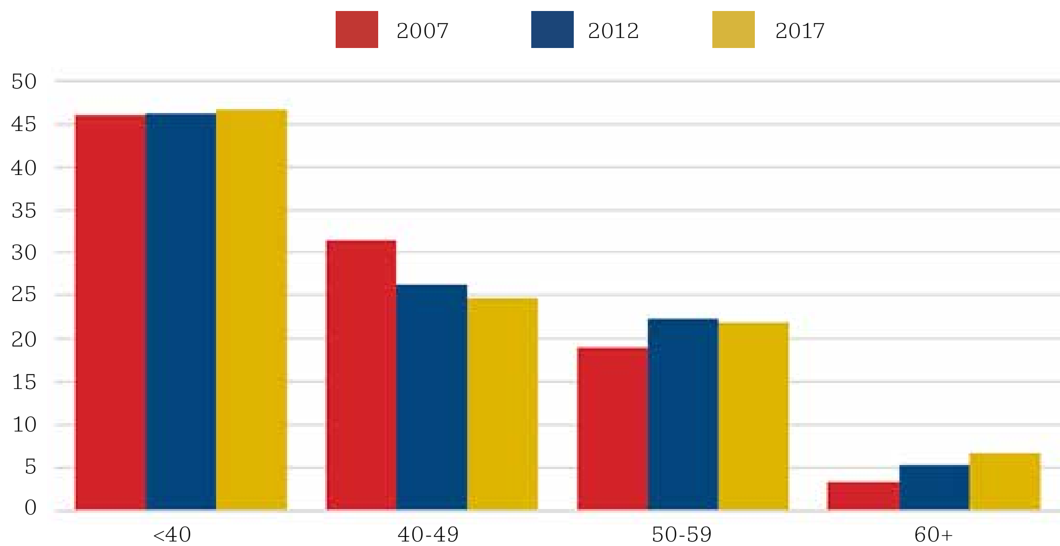
Source: The Conference Board of Canada

22 It is assumed that all employees in a five-year age group in 2012 move into the next five-year age group in 2017.

Retirement is the key reason why there are net outflows in the older age cohorts, and this trend is expected to accelerate in the years to come. In line with the results for the entire census, the Group of 15 has seen its workforce gradually grow older—29 percent of its workforce (30 percent for the census sample) was older than 50 in 2017, compared to 22 percent (23 percent) in 2007. (See Chart II-54.) This would be less concerning were it not for the fact that that workers within the P&C insurance industry tend to retire younger. The Group of 15 organizations had a median retirement age of 60 (slightly younger than the broader census), suggesting that nearly one in three of the Group of 15 employees are likely to retire over the coming decade.

Chart II-54: Aging Workforce Is Foreshadowing an Approaching Wave of Retirements

Share of the workforce by age group, Group of 15, percent



Source: The Conference Board of Canada

Amplifying the impact of retirements is that its inflow of young workers remains weak relative to its expected outflow of older workers. While the Group of 15 employed 17 workers under the age of 30 for every 10 employees aged 55 or older in 2007, the entry-to-exit ratio fell to 1 to 1 in 2017. Flexible work arrangements such as phased retirement plans can help employers reduce the impacts of retirements. Nevertheless, the large number of retirements will make it difficult for employers within the Group of 15 to maintain let alone grow their current workforce.

Part III - Human Resources Trends in Canada's Property and Casualty Insurance Industry

**This part of the report provides a detailed analysis of the key human resources (HR) challenges facing the P&C insurance industry.
The analysis indicates that:**

- Leadership and management top the list of challenges
- Succession planning is becoming a priority
- Turnover is a key driver of recruitment needs
- Competition for P&C talent is on the rise
- The four largest provinces have the greatest R&R challenges
- Key occupations that face R&R challenges include Underwriters, Actuaries and Data Analytics
- Technology is transforming the skills landscape
- Greater workplace flexibility is key

Introduction

Canada's labour market is changing, and these changes are being driven by a variety of trends. Perhaps most important, Canada's labour force growth is slowing as fewer young people enter the workforce and retirement rates accelerate in response to an aging workforce. At the same time, the skill requirements of the workforce are changing, sometimes rapidly, as technological progress leads to obsolescence for some skills and a growing need for new ones. Indeed, in some cases entire occupational groups are disappearing or being created.

Because of these trends, employers are having to work harder to attract and retain employees with the skills they need to be successful, and the property and casualty (P&C) insurance industry is not immune. It is in this environment that The Insurance Institute of Canada (The Institute) has asked the Conference Board of Canada to conduct an analysis of the key human resources (HR) challenges facing the P&C industry.

This report is based on a survey of senior HR professionals in the P&C industry conducted during the spring of 2017. The results provide an update to previous surveys of HR professionals conducted for The Institute in 2007[23] and 2012.[24] Although the survey asked a variety of questions, its key focus was on the recruitment and retention challenges facing the industry, as well as how skill requirements in the industry's workforce are changing.

About the Survey

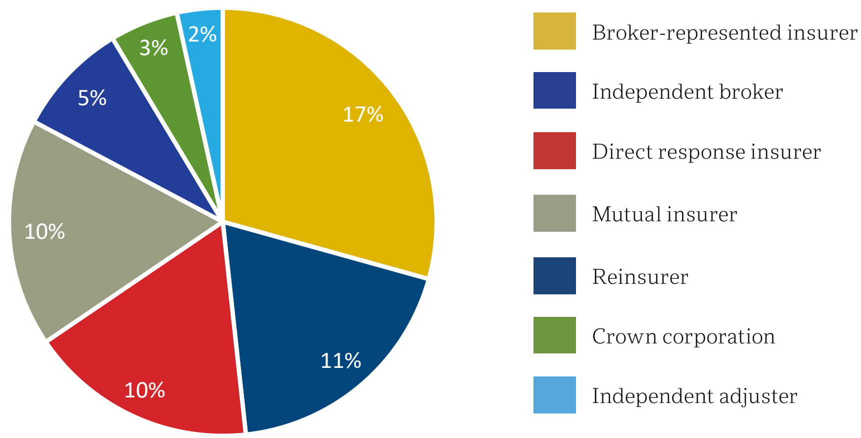
A total of 48 organizations responded to the HR survey, which between them employed 52,800 people in 2016. The Insurance Bureau of Canada estimates that the P&C industry employed 124,900 people in 2016.[25] As such, the survey respondents account for about 42 percent of the industry's total employment, providing a rich sample. The number of respondents also improved significantly over The Institute's previous surveys, which stood at 43 percent in 2007 and 25 percent in 2012.

The survey respondents also included a variety of different types of organizations and sizes, with good coverage across provinces. For example, broker-represented insurers and independent brokers were the two largest industry segments among respondents. (See Chart III-1.) Because these definitions are not mutually exclusive, employers could choose multiple categories for themselves. Larger organizations were more likely to report they sold P&C insurance products both directly and through brokers, while simultaneously undertaking reinsurance activities.

23 The Insurance Institute of Canada, "A Demographic Analysis of the P&C Insurance Industry in Canada 2007–2017."
24 The Insurance Institute of Canada, "A Demographic Analysis of the P&C Insurance Industry in Canada 2012–2022."
25 Insurance Bureau of Canada, "FACTS of the Property and Casualty Insurance Industry in Canada 2017."

Chart III-1: Broker Represented Insurers Accounted for the Largest Group of Respondents

Share of respondents by organization type, percent

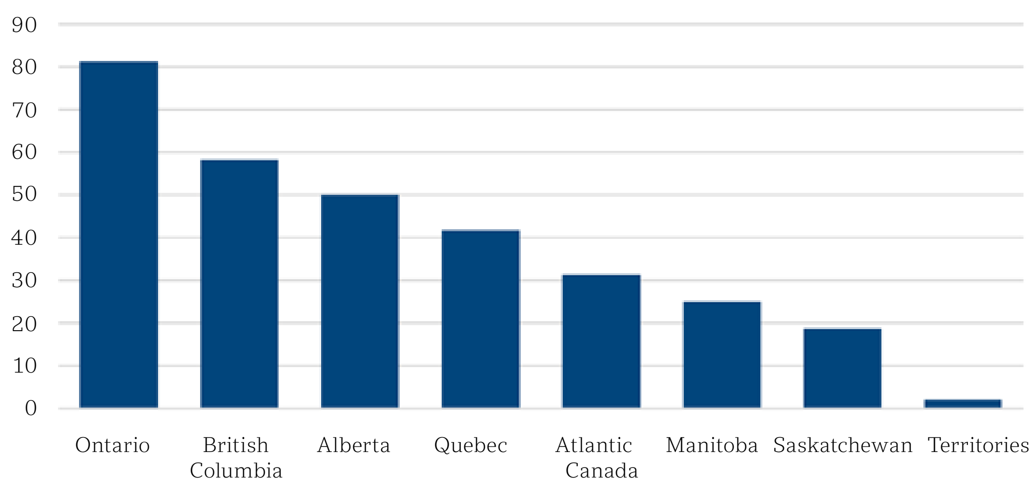


N=48
Source: The Conference Board of Canada

The regional coverage for the survey is also reasonable. A total of 27 of the 48 responding organizations reported operating in more than one province. Ontario has the highest degree of coverage, with more than 80 percent of respondents having a presence in the province. (See Chart III-2.) As well, more than half of respondents report having operations in British Columbia and Alberta. Quebec is the only province that might be underrepresented, but the two largest insurers in Quebec (Desjardins and Intact) are covered by the survey.

Chart III-2: Ontario Has the Best Representation in the Survey

Share of respondents with operations in a province or region, percent

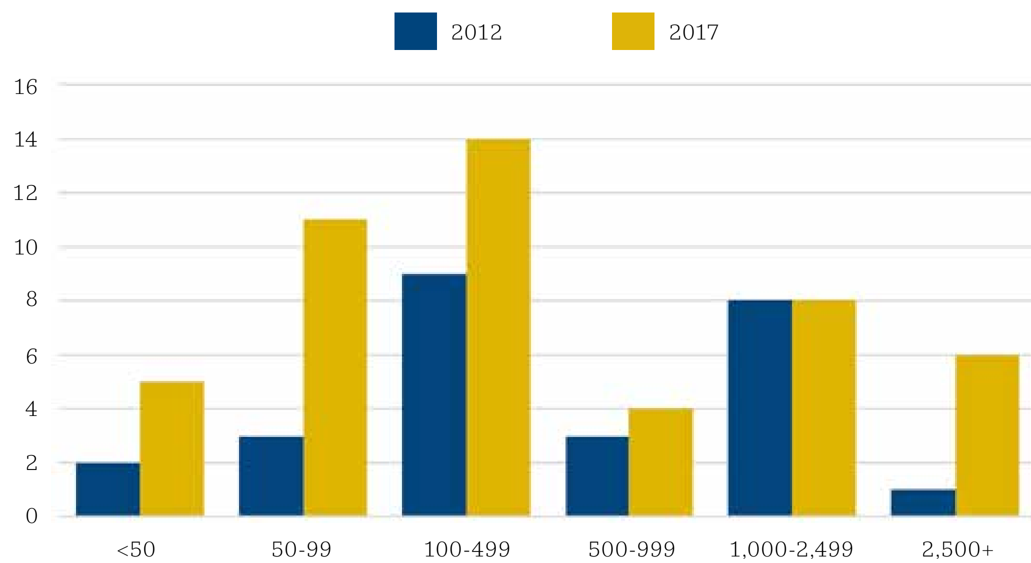


N=48
Source: The Conference Board of Canada

Finally, there is a wide range in organization sizes for the survey respondents, from only a handful to thousands of employees. What is more, for every size range, the 2017 survey had either no change or an increase in the number or organizations participating versus the previous survey. (See Chart III-3.) Of note was the increase in the number of very large organizations (those with more than 2,500 employees) that participated. This may reflect consolidation in the industry over the past five years, but it also means that a much larger share of the employment base in the industry is covered by the survey.

Chart III-3: Survey Coverage Has Increased for Most Organization Size Ranges

Number of respondents by organization size



N=48
Source: The Conference Board of Canada

Perspectives on Key HR Issues

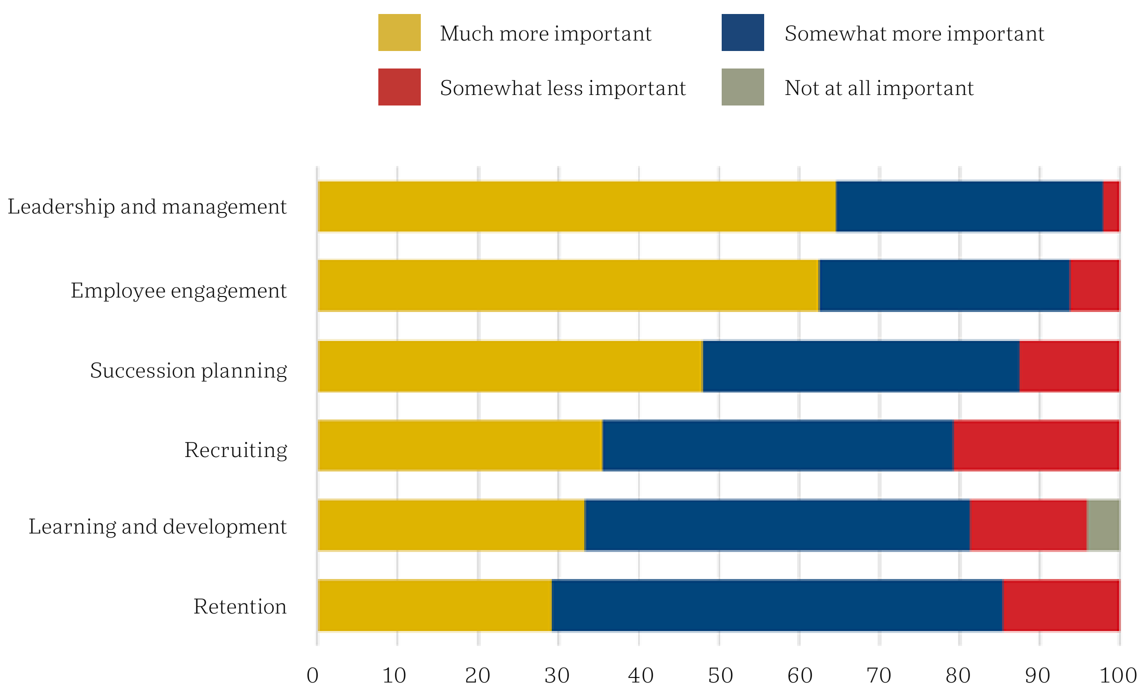
Leadership and Management Top the List

One of the additions to the 2017 survey was a question about the most important HR issues facing P&C insurance organizations. The number-one issue raised by respondents was leadership and management, followed closely by employee engagement. (See Chart III-4.) This is not to suggest that recruitment and retention, the traditional focus of The Institute's HR surveys, is no longer important, but most respondents reported leadership as being a much more important issue (65 percent). In contrast, respondents were more likely to indicate that recruitment (56 percent) and retention (44 percent) were somewhat more important.

Chart III-4: Leadership and Management Was Ranked as the Most Important HR Issue

How important were the following issues, compared to other human resource management issues facing your organization?

Share of respondents, percent



N=48
Source: The Conference Board of Canada

In subsequent conversations with P&C HR professionals, some additional light was shed on this finding. For example, good leadership was expected to lead to higher employee engagement, which ultimately would lead to improved retention. In short, any challenges with retention could be at least partially addressed through good leadership development. There is considerable evidence to support this expectation. For example, a meta-analysis of 263 research studies conducted in 2013 found that higher employee engagement does lead to a measurable reduction in turnover.[26] As well, in its biannual Learning and Development Outlook, the Conference Board of Canada found a strong link between leadership performance and employee retention.[27] In this study, effective leadership was also found to contribute to improved employee engagement and performance, and higher levels of customer satisfaction.

There is also evidence to support the link between effective leadership and retention with The Institute's survey. For example, respondents were asked to identify the key factors that make retention less difficult in their organizations, and the number-one factor identified was fit with corporate culture, with 77 percent of respondents identifying it as a top five factor influencing retention. (See Chart III-5.) These results are similar to those in the 2012 survey, where culture and work–life balance were the two issues most commonly identified as being important to retention. Of course, an organization's leadership team is one of the key determinants of culture.

26 Harter et al., "The Relationship between Engagement at Work and Organizational Outcomes."
27 Cotsman and Hall, "Learning and Development Outlook,"

Chart III-5: Fit with Corporate Culture Is a Key Issue Impacting Retention

Where it has not been difficult to retain employees, what are the top five factors that make retention less difficult?

Share of respondents, percent

Source: The Conference Board of Canada

Another issue raised by P&C HR professionals is that the leadership skills required for success in the industry are changing. The industry has traditionally promoted people into management positions from within. One way this is evident is the fact that managers have the highest average tenure among occupations in the industry. Based on data from the industry census conducted as part of this project, 52 percent of managers have been with their current organization for more than 10 years.

However, industry consolidation means that the average size of P&C organizations is growing. At the same time, the industry is facing increased competition from new entrants, and technology is changing how P&C organizations deliver value. In this environment, some P&C HR professionals suggested there is a growing need for leaders who bring outside experience and knowledge. Thus, the industry may have a growing need to hire leaders from outside of the industry, and this need may be driven by the rising influence of technology on the P&C industry. This may also be why leadership and management skills were one of the highest-ranked skill sets that respondents expected to be looking for when evaluating candidates.

Many thought leaders suggest that we are now living in an "age of disruption," or more generally, a period of transformative change. These changes are being driven by the convergence of multiple information and communication technologies, as well as changing consumer expectations, and the result is that technology has become a key concern for many business leaders. For example, in a recent survey of CEOs by KPMG, 39 percent believed that their companies would be significantly transformed within the next three years.[28] As a business that relies on collecting and processing information, P&C insurance is likely to be at the forefront of these disruptions, and that may require different skills from the industry's leaders.

28 KPMG, "Leadership in the Age of Disruption."

Succession Planning Is Becoming a Priority

After leadership and employee engagement, succession planning was the third most important priority that HR professionals identified. This result is consistent with other indications from within the survey, and also the broader issue of an aging workforce both in Canada's total workforce and specifically in P&C insurance. For example, 20.5 percent of Canada's current labour force is over the age of 55.[29] With the median retirement age currently standing at 63.3, The Conference Board estimates that about 10 per cent of the labour force, or nearly 2 million people, will retire over the next five years.[30]

The Conference Board of Canada also conducts an annual survey of different organizations about their HR issues, and the survey includes questions about retirement.[31] The latest survey found that 1.9 percent of workers retired in 2016, and 9.1 percent of workers are expected to retire in the coming five years. Future retirement rates are expected to be highest in the transportation, government, and utilities industries. Respondents in the financial services sector (which includes P&C insurance) report retirement rates similar to the average for the labour force as a whole.

Within the P&C industry, the impacts of the aging workforce are also apparent. For example, according to the HR survey results, 1.8 percent of the industry's workforce retired in 2016. As well, two-thirds of survey respondents reported they are conducting retirement forecasts, while 79 percent now conduct analyses on their workforce demographics. About three-quarters of respondents report that these tools are very or somewhat effective at helping their organizations with their recruitment issues. These are similar usage and effectiveness shares to what the industry reported in 2012.

More broadly, survey respondents indicate that 80 percent of their recruiting is now being done for the purposes of replacing positions, while only 20 percent is related to hiring for new positions. This ratio is up from 69 percent in 2012.
There are several factors that could have contributed to this increase, including a rise in turnover rates or a general slowdown in employment growth within the industry. However, the rise in the share of recruiting that is being done for position replacement does support the idea that succession planning is growing in importance as an HR issue.

Indeed, at HR roundtables for the P&C industry hosted by The Institute in the summer of 2017, succession planning was a key issue raised by participants.[32] For example, participants mentioned that they are increasingly hiring people not just for their current needs, but also with an eye to how candidates may fill future needs. As well, participants noted that they are actively hiring from within, with the objective of developing people for mid- and senior-level positions.

Using Succession Planning to Address Leadership Challenges

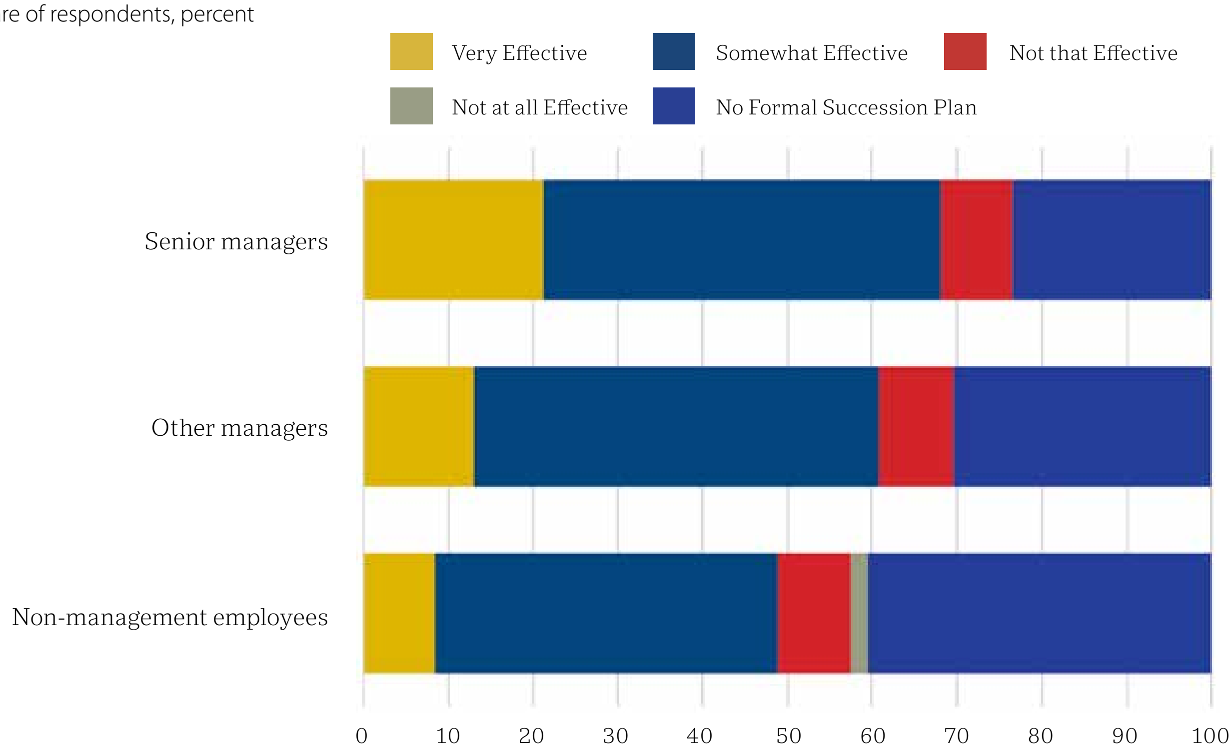
Using succession planning to address employee departures, whether due to retirement or other reasons, at all employee levels can be an effective tool for ensuring an organization's success. However, given the importance of senior management to an organization's performance, the industry is much more likely to use succession planning with those positions. In 2016, 76 percent of survey respondents reported using succession planning for senior managers, versus 60 percent for non-management positions. As well, respondents were more likely to report that succession planning was more effective for management positions than for non-management ones. (See Chart III-6.)

29 Statistics Canada, CANSIM table 282-0002.
30 Statistics Canada, CANSIM table 282-0051.
31 McAteer, "Compensation Planning Outlook 2017."
32 The Insurance Institute of Canada, "Let's Talk Talent: Summary of June 2017 HR Roundtable Discussions."

Chart III-6: Succession Planning Is Most Often Used and Most Effective with Senior Management

How effective has your formal succession planning process been at managing your organization's retention issues among the following positions?

Share of respondents, percent



N=47
Source: The Conference Board of Canada

What is more, there is a strong need for effective succession planning when it comes to replacing senior managers. Although respondents report that senior managers have been among the easiest occupations to retain over the past two years, 76 percent also report that recruitment needs for senior managers going forward are either very or somewhat urgent. Only a few other occupations had a higher share.

One of the factors that has likely made retention of senior managers easier in the past two years is targeted retention efforts to keep them. Among respondents that undertake targeted retention activities, 73 percent report that succession planning was a motivation for instituting targeted retention. This was second behind only retaining specific skills in the organization.

Summary

The survey results clearly indicate that HR professionals are concerned about effective leadership in their organizations. Good leadership will be critically important as organizations adapt in the current age of disruption. It is also a key factor in determining an organization's performance across a variety of metrics, including ones related to HR, such as employee engagement, turnover, and retention.

HR professionals are addressing these concerns in a few ways. First, leadership is one of the more important skills that HR professionals are seeking out when hiring. Second, respondents are using succession planning to address future departures of key leaders. Finally, respondents report they are placing a high degree of urgency on hiring senior managers in the coming years.

Recruitment and Retention Remain on the Radar of HR Professionals

Although recruitment and retention (R&R) were ranked as being less important than some other issues for HR professionals in the P&C industry, they are still key HR functions. For example, four out of five respondents reported that R&R was either much more or more important compared to other HR issues facing their organizations. This was only a modest reduction in importance compared to the 2012 survey results.

One of the key reasons why recruitment is so important to the industry is that virtually everyone undertakes it. Respondents indicate that over the past two years 88 percent of them have recruited someone, while 98 percent say they plan to recruit over the next two years. Generally, only small organizations with a limited number of employees do not need to undertake recruiting activity on a regular basis.

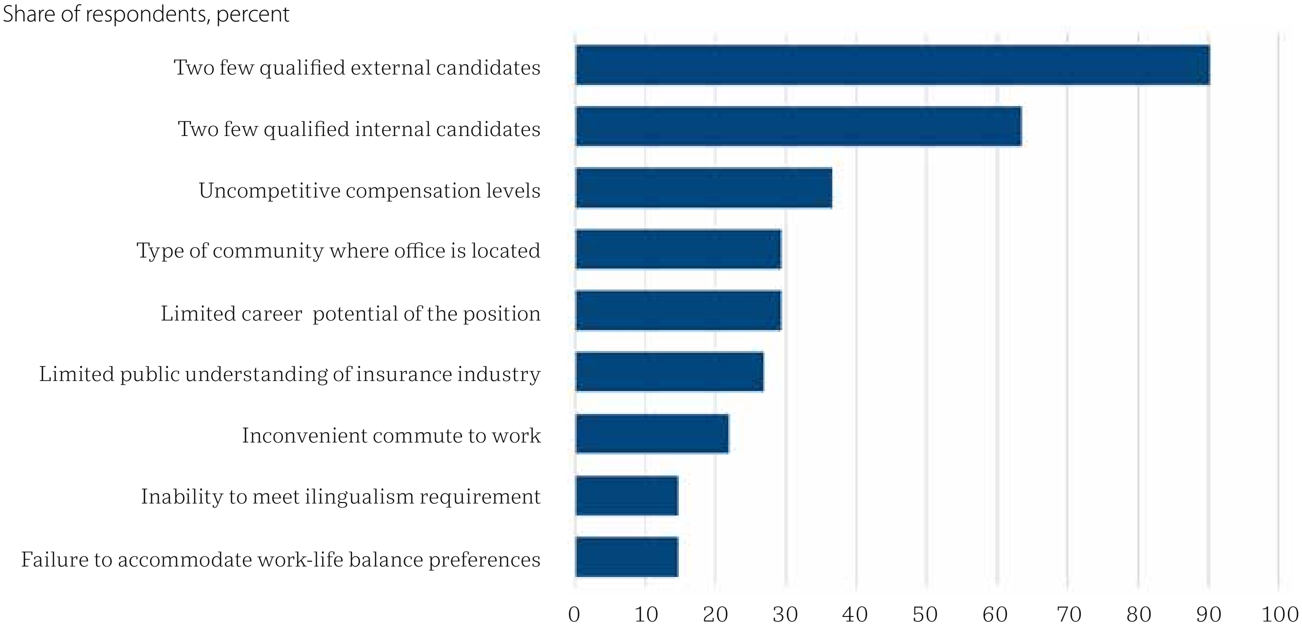
One thing of note in the survey results is that one-third of open positions in the industry are filled internally. Although there isn't a readily available data set to which the results for the P&C industry can be compared, a variety of research has shown that there are clear benefits to hiring internally where possible. For example, one study found that external candidates tend to have sub-par performance, higher voluntary and involuntary turnover rates, and demand higher rates of pay.[33] As such, it is understandable that P&C employers fill a significant share of their positions with internal candidates.

The interest in recruiting internal candidates is also apparent when we examine the responses about key impediments to recruitment. Indeed, 63 percent of respondents suggested that having too few internal candidates was a concern. This was second only to too few external candidates. (See Chart III-7.)

Chart III-7: Too Few Candidates Are the Top Recruitment Challenge

Where recruitment has been difficult, what are the top five factors that make recruitment more difficult?

Share of respondents, percent



N=41, respondents could choose up to five responses
Source: The Conference Board of Canada

Another notable trend in the survey results is the rapid shift in how the P&C industry advertises its open positions. In 2012, newspapers were still the number-one way organizations advertised their recruiting activities, and digital channels were

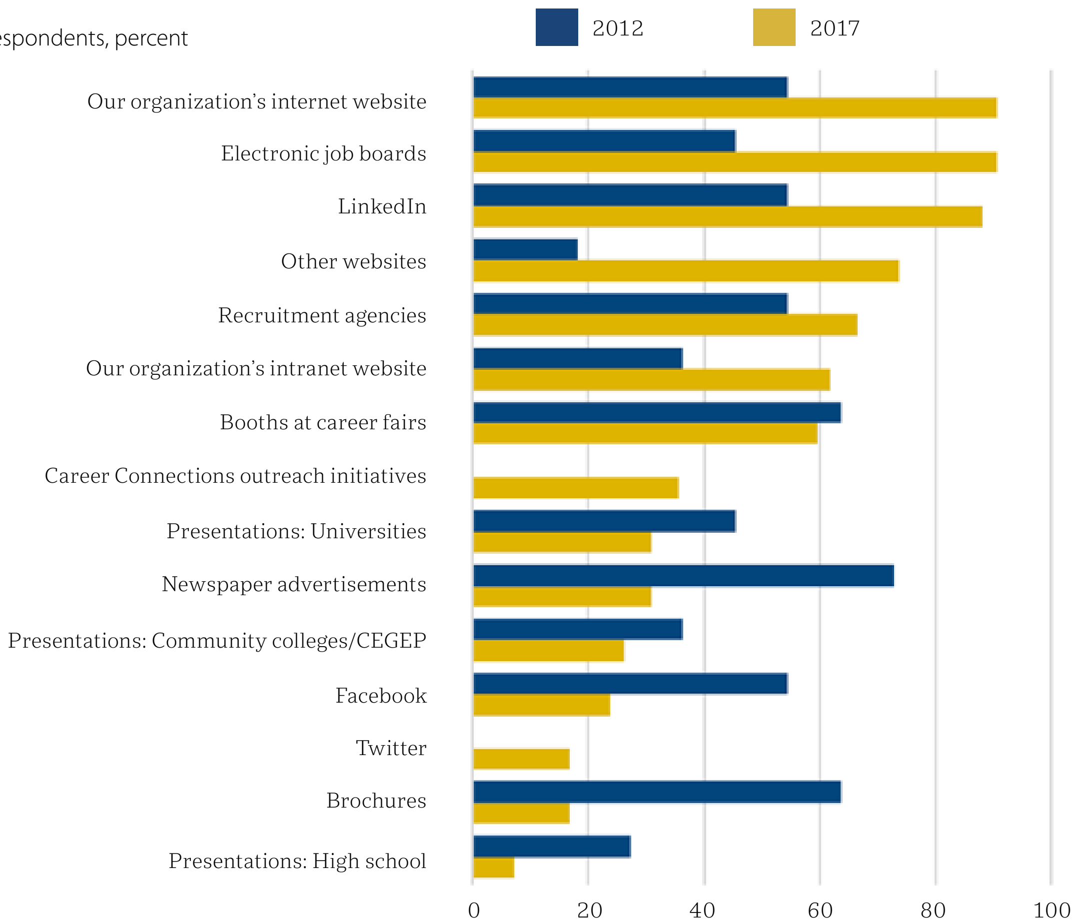
33 Bidwell, Matthew. "Paying More to Get Less: The Effects of External Hiring versus Internal Mobility."

clearly ranked second behind other more traditional methods, such as booths at career fairs. By 2017, digital media had clearly taken over as the preferred method for advertising positions. (See Chart III-8.) The top three methods for advertising positions were all digital and were used by 90 percent of respondents.

Chart III-8: Digital Channels Are Now the Primary Means of Recruiting

Which of the following tools are used to communicate your recruitment activities?

Share of respondents, percent



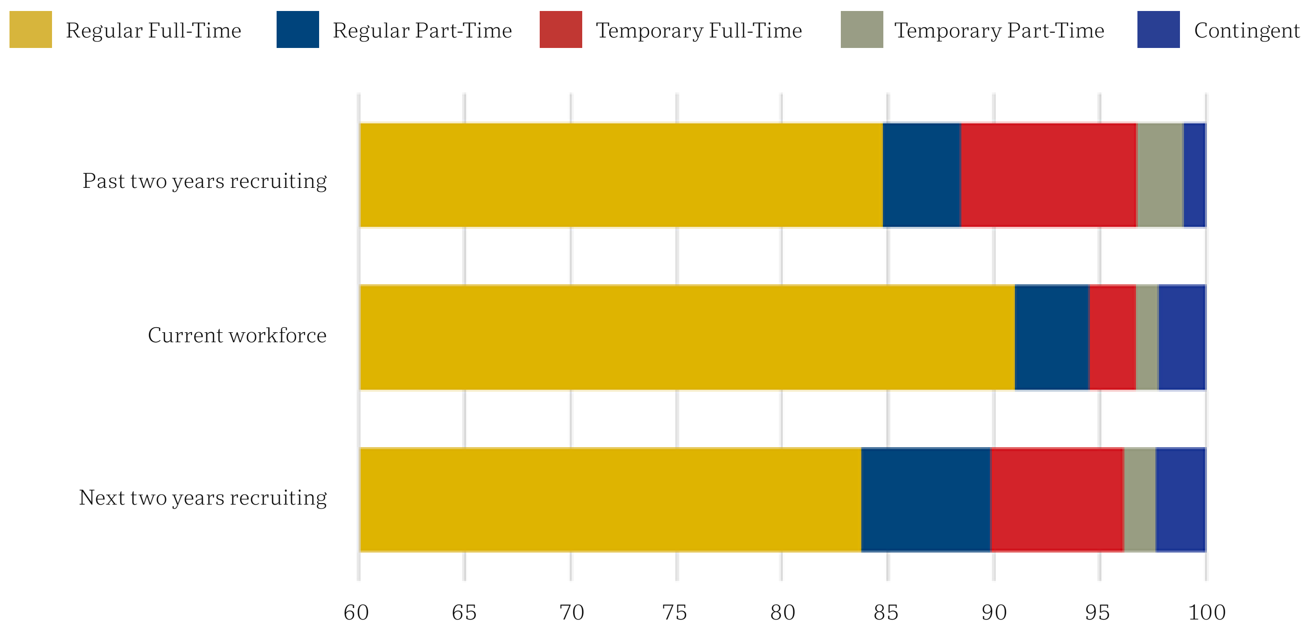
N=42, respondents could select all that applied
Source: The Conference Board of Canada

The types of positions that the industry is recruiting for is also changing. For example, the experience level required for positions is trending toward being both more entry level and more experienced, with fewer mid-level positions. In the current survey, 31 percent of positions required less than 2 years' experience compared with 26 percent in 2012. At the same time, the share of positions requiring more than 10 years' experience rose to 9 percent from 7 percent.

The industry's recruiting patterns also differ significantly from its traditional focus on full-time permanent employment. At present, 91 percent of the industry's workforce is full-time permanent, but part-time, temporary, and contingent workers were more common in recent recruiting, and that trend is expected to continue in the coming years. (See Chart III-9.) One reason for this may be that the turnover rates vary significantly across these types of employment. From the census data gathered as part of this project, we know that full-time permanent positions have the lowest turnover rates, and therefore the lowest need for recruiting, while turnover rates in temporary and contingent positions are about five times higher. Also, part-time and contingent work may be one way that employers are transitioning their more experienced employees into retirement. However, it should be noted that very few respondents indicate they are explicitly using phased retirement or part-time work to recruit or retain mature workers.

Chart III-9: Recruiting Efforts Are Less Focused on Regular Full-Time Positions

Share of workforce by type of worker, percent



N=48
Source: The Conference Board of Canada

As well, employers may be responding to rising demand for work–life balance and workplace flexibility when hiring. Numerous studies have identified that millennials put a high degree of importance on flexible work schedules when choosing where to work.[34] As well, 74 percent of survey respondents indicated that accommodating work–life balance issues was an important factor that improves retention.

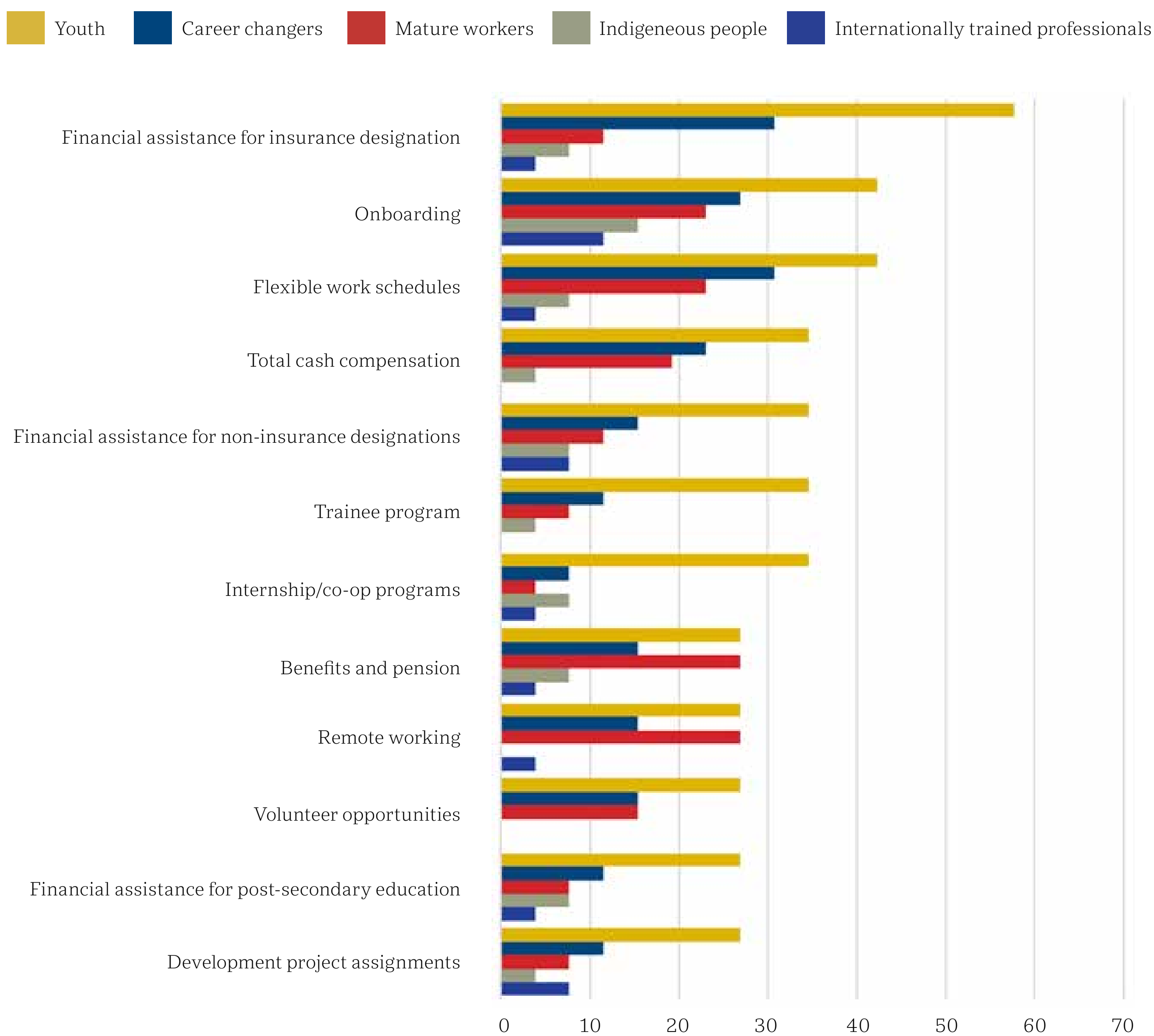
Finally, respondents were asked about their targeted recruitment activities. Most (62 percent) respondents do undertake targeted recruitment activities, with the key motivations being bringing in specific occupations (73 percent of respondents) and skills (69 percent), and meeting overall staffing needs (62 percent). The groups most commonly targeted with these programs are young people and career changers. (See Chart III-10.) This is not overly surprising given that these are also the groups that are most likely to need support coming into the P&C insurance industry. However, it is worth noting that programs like flexible schedules, benefits packages, and remote work arrangements are also used to attract mature workers. Finally, the availability of targeted recruitment programs are not always well aligned with their effectiveness; only one of the top five programs is offered by more than half of employers. (See Table III-1, p. 66.)

34 Levit, Alexandra. "The Death of the 9-to-5: Why We'll All Work Flex Schedules Soon"

Chart III-10: Youth and Career Changers Are Commonly Pursued with Targeted Recruitment Tools

Among the recruitment tools that you currently use, please indicate whether it is specifically used to target one or more of these labour market cohorts.

Share of respondents who use a tool with each group, percent



N=26
Source: The Conference Board of Canada

Table III-1 : Some Effective Targeted Recruitment Tools Are Not Widely Used

Targeted Recruitment Tools	Share of respondents that cited tool as very or somewhat effective (percent)	Share of respondents who use this tool (percent)
Internship/co-op programs	100	50
Job rotation	100	23
Flexible work schedules	94	62
Volunteer opportunities	91	42
Financial assistance for insurance development and designation	90	81
Remote working	88	65
Financial assistance for non-insurance designations	87	58
Benefits and pension	86	81
Trainee program	83	46
Financial assistance for post-secondary education	83	46
Total cash compensation	80	77
Hiring bonus	80	38
Development project assignments	79	54
Onboarding	71	65
Access to career development resources	67	69
Part-time work	63	31
Access to or use of cutting edge technology or software	46	50
Language support	40	19
Scholarships	40	19

N=26
Source: The Conference Board of Canada

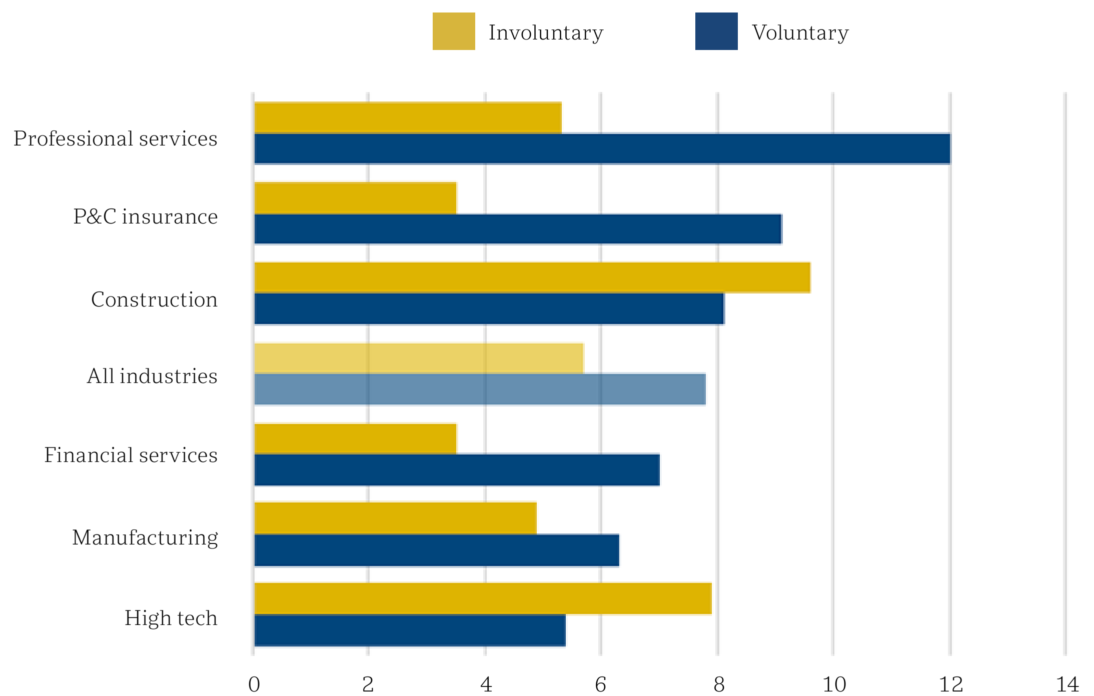
Turnover Is a Key Driver of Recruitment Needs

The clear majority of the recruiting activity that the P&C industry undertakes is related to replacing existing positions that have become vacant rather than filling new positions. In fact, 86 percent of the positions filled by respondents over the past two years previously existed and were left vacant by someone's departure. This is a considerable increase from 2012, when existing positions accounted for 69 percent of recruiting activity. Respondents expect this trend to continue, with 80 percent of hiring activity over the next 2 years expected to be related to filling existing positions.

One potential reason for the shift in recruitment toward filling existing vacant positions is increased turnover. Although we don't have the P&C industry's voluntary turnover rates over time, we do know that they were above the average for all industries in 2016, but similar to those in other professional and financial services industries. (See Chart III-11.) As well, average turnover rates for the economy have been gradually increasing since their drop during the financial crisis.[35] This pattern is typical, with turnover rates rising in tight labour markets and falling during times of economic difficulties.

Chart III-11: Voluntary Turnover Rates in the P&C Industry Are Above Average

Turnover rates for select industries, 2016, percent



Source: The Conference Board of Canada

Another factor that may be limiting the need to hire for growth in the industry is there is little growth in industry employment. Employment estimates published by the Insurance Bureau of Canada indicate that the P&C insurance industry has grown from 115,400 employees in 2011[36] to 124,900 in 2016 [37]—equivalent to modest growth of about 1.6 percent per year over the past five years. Official estimates of employment published by Statistics Canada for the broad insurance sector (including life and health insurance) have also shown weak gains over this period. Rising use of technology in key occupations may be improving worker productivity and contributing to this trend.

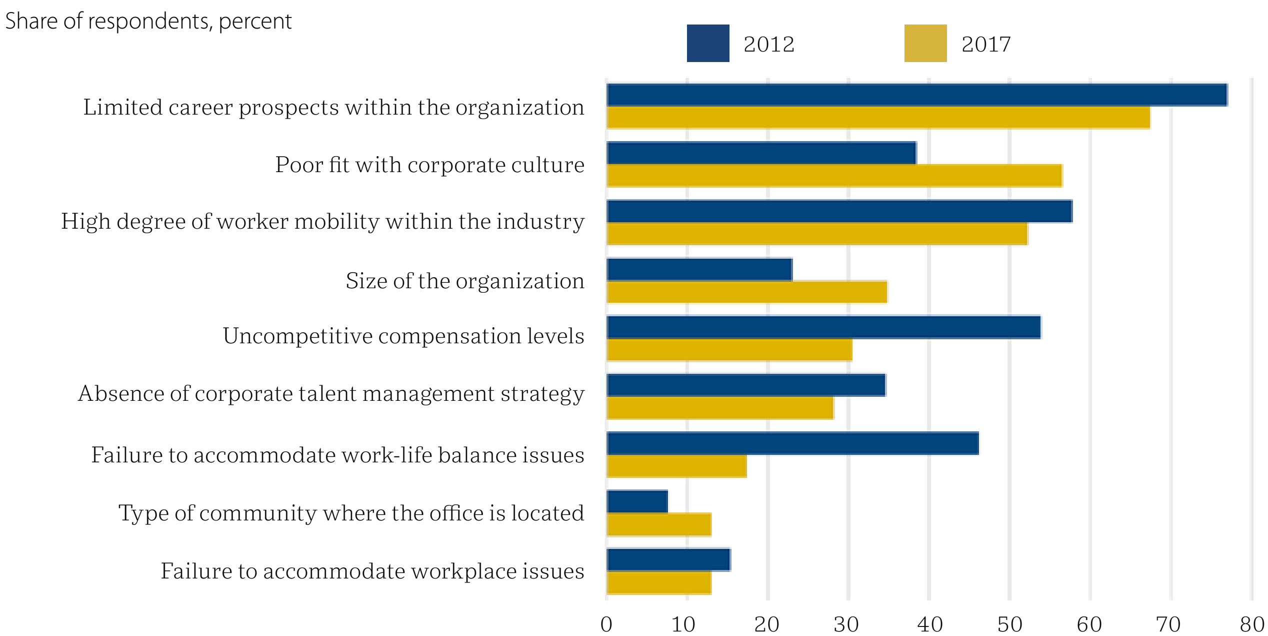
35 McAteer, Heather. "Compensation Planning Outlook 2017."
36 Insurance Bureau of Canada, "Facts of the Property and Casualty Insurance Industry in Canada 2013," p. 5.
37 Insurance Bureau of Canada, "Facts of the Property and Casualty Insurance Industry in Canada 2017," p. 4.

Key Trends in Retention

With turnover being a significant issue in the P&C insurance industry, it is informative to look at the factors that are impacting retention. Two of the key questions we asked HR professionals about retention are the key factors that are making it more difficult to retain talent and the factors that are helping with retention. In terms of barriers to retention, the number-one issue raised by respondents was limited career prospects within the organization. (See Chart III-12.)

Chart III-12: Limited Career Prospects Are the Top Retention Issue

Where it has been difficult to retain employees, what are the top five factors that make retention more difficult?



2017 Survey N=46, 2012 Survey N=26
Source: The Conference Board of Canada

What is more, organization size and ease of moving around in the insurance industry were also identified as key barriers to retention, and these are likely interrelated with limited internal career prospects. Opportunities to move up or even horizontally are often limited in smaller organizations, leading employees to look outside the organization for the challenges they desire. Indeed, all of the organizations that indicated size was a retention issue had fewer than 500 employees. As well, the ease of moving between organizations in the insurance industry would facilitate this. In subsequent conversations with P&C insurance professionals, several suggested that it is not uncommon for individuals to move in and out of the same organization as they progress through their career.

The results also clearly show that fit with corporate culture is important to retention. It is the number-two reason why people leave an organization, and it is the number-one factor identified by respondents that helps with retention. What is more, corporate fit has become more important over the past five years. In the 2012 survey, corporate fit was ranked fourth in terms of why people chose to leave and second as a factor that improves retention. Other factors that have improved retention in the industry include accommodation of work–life balance and competitive compensation. In both cases, respondents indicate the P&C industry has shown considerable improvement since 2012.

Given the importance of retaining key people we also asked respondents about the tools they use to improve retention. For example, 83 percent of respondents indicate they have communication strategies for their retention activities. Of those that do have communication strategies, one-on-one conversations (90 percent), management communications (72 percent), and intranet sites (62 percent) were the most common approaches. Other, more public techniques were used by fewer than 25 percent of respondents. A strategic interest in retaining key employees rather than all employees may be one factor that leads to a selective communication strategy

Exit interviews are another method employers often use to determine how they might improve retention. While most respondents (85 percent) indicated they do conduct exit interviews, none of them found them "very effective" at managing retention. In fact, of those who do conduct exit interviews, nearly half found them to be either not effective or not that effective. Although exit interviews can be very effective at collecting information about ways to improve, they are too often ineffective. Potential reasons for this include failing to act on the gathered information, lack of candidness from the interviewee, and lack of use of best practices when they are conducted.[38]

Finally, respondents were asked about their use of targeted retention. The first thing of note is that fewer than half of respondents (44 percent) have undertaken targeted retention activities in the past two years. Of those who have, the key motivations for these programs include retaining specific skills (82 percent), succession planning (73 percent), replacing retiring employees (55 percent), and meeting overall staffing needs (55 percent).

There is also an interesting divergence between the effectiveness of particular activities and the degree of their implementation. For example, the technique rated as the most effective, job rotation, is used by fewer than half of the respondents that undertake targeted retention. (See Table III-2.) Finally, respondents do not generally use targeted retention for specific demographic groups, but among those who do, programs are generally aimed at mature and young workers.

Table III-2 : Some Effective Targeted Retention Tools Are Not Widely Used

Targeted Retention Tools	Share of respondents that cited tool as very or somewhat effective (percent)	Share of respondents who use this tool (percent)
Mentoring	100	73
Job rotation	100	41
Working remotely	100	82
Differentiated compensation	100	59
Flexible work schedules	94	82
Technical expertise development and networking	90	45
Individualized career development	89	82
Development project assignments	88	73
Phased retirement	83	27
Retention bonus	78	41
Access to career development resources	76	77
Onboarding	75	73
Financial assistance for non-insurance designations	73	68
Financial assistance for post-secondary education	70	45
Financial assistance for insurance development and designation	67	82
Volunteer opportunities	67	55
Part-time work	67	41
Pension arrangements	67	41
Stock ownership	67	27
Access to or use of cutting edge technology or software	33	55

N=22
Source: The Conference Board of Canada

38 Spain, Everett and Boris Groysberg, "Making Exit Interviews Count."

Competition for P&C Talent is on the Rise

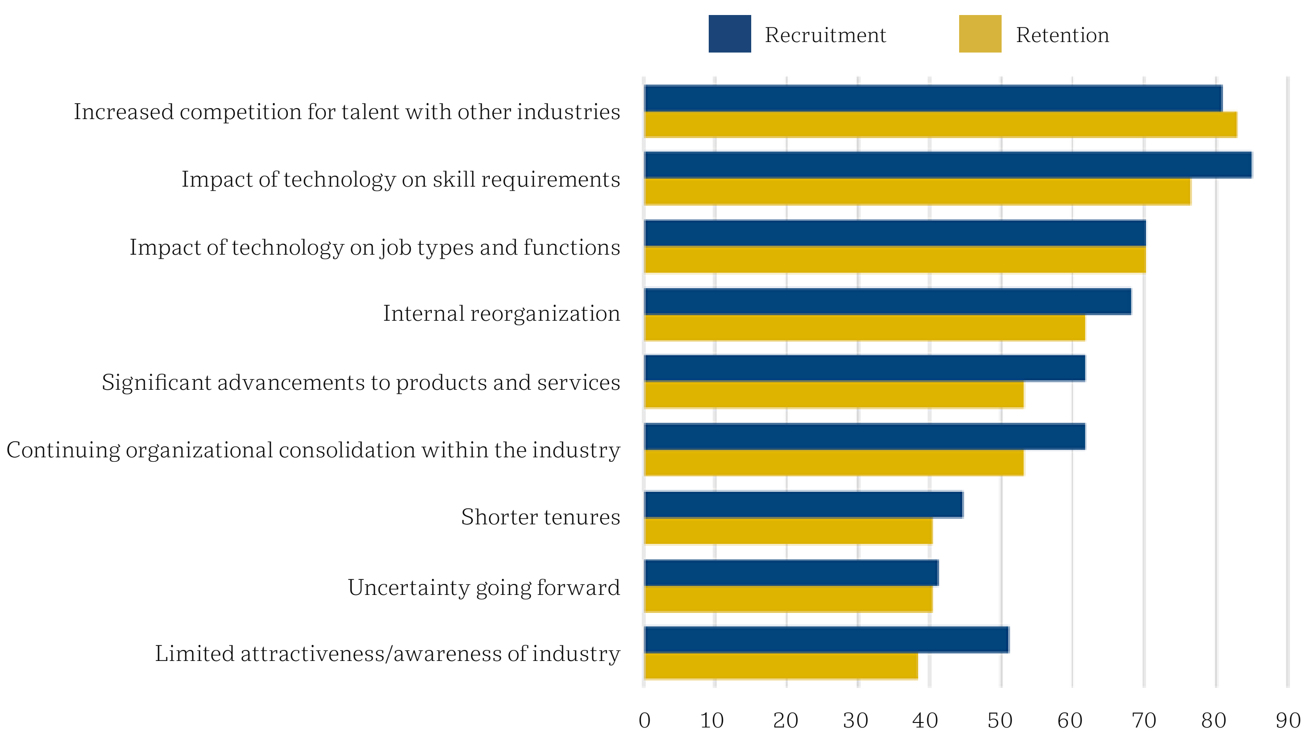
Of course, if employees are leaving their current organizations, a key question is where are they going? When asked this question, respondents indicated that 68 percent moved on to other P&C insurance organizations, which was down modestly from 73 percent in 2012. At the same time, when asked to name the top three sources of competition for their candidate pool when recruiting, 100 percent of respondents indicated other insurance organizations. Finally, 52 percent of respondents reported that a high degree of worker mobility within the industry is a key retention challenge, compared with 48 percent of respondents in 2012. As such, P&C insurance organizations are still clearly competing with one another for talent; however, there is limited evidence that this internal competition has notably intensified over the past five years.

There are signs that the P&C industry is having to increasingly compete with other types of organizations to fill their staffing needs, though. For example, the number-one factor identified by respondents that will impact their recruitment efforts over the next two years is increased competition for talent with other industries. (See Chart III-13.) Similarly, respondents also indicated that it would be the number-one factor impacting retention over the next two years. Banking, professional services, and technology companies were the three primary industries that respondents see as their sources of competition. (See Chart III-14.)

Chart III-13: Increased Competition with Other Industries for Talent is the #1 Future Recruitment and Retention Concern Raised by Respondents

Over the next two years, to what extent will the following trends impact your organization's recruitment and retention of employees?

Share of respondents indicating to a great or to some extent, percent

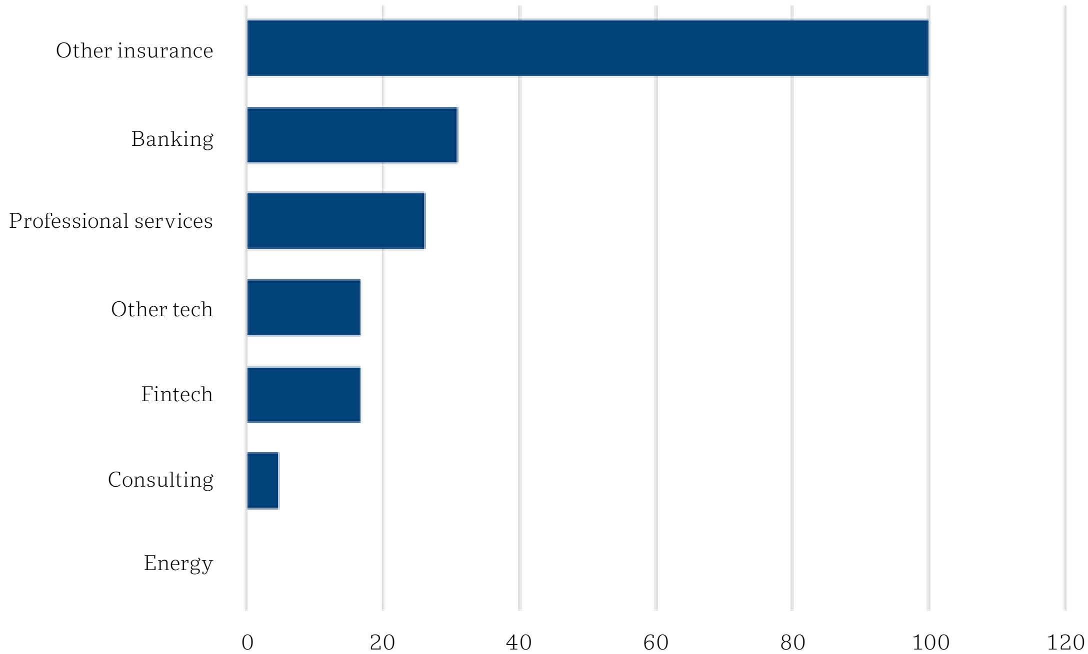


N=47
Source: The Conference Board of Canada

Chart III-14: Other Insurers, Banks, and Professional Services Organizations Are the Main Competitors for Industry Recruitment

Which of the following industries represents the strongest competition for the candidate pool of labour from which you recruit?

Share of respondents indicating each industry is a competitor for recruitment, percent



N=42
Source: The Conference Board of Canada

The Four Largest Provinces Have the Greatest R&R Challenges

When it comes to the recruitment challenges that the industry is facing in different regions, respondents have been consistent over time. For example, in the current survey, Alberta was listed as the province with the largest recruitment challenges. This was true over the past two years and is expected to be true over the coming two years. (See Chart III-15.) Alberta was also top ranked for recruitment challenges in the 2012 and 2007 surveys. In fact, the only major change over this period is that respondents now report it is getting more difficult to recruit in Quebec than in previous years, with the province ranked second in 2017 versus fifth in previous years. Part of the rising recruiting difficulties in Quebec reflect an inadequate supply of licensed graduates exiting the province's CEGEPs.[39]

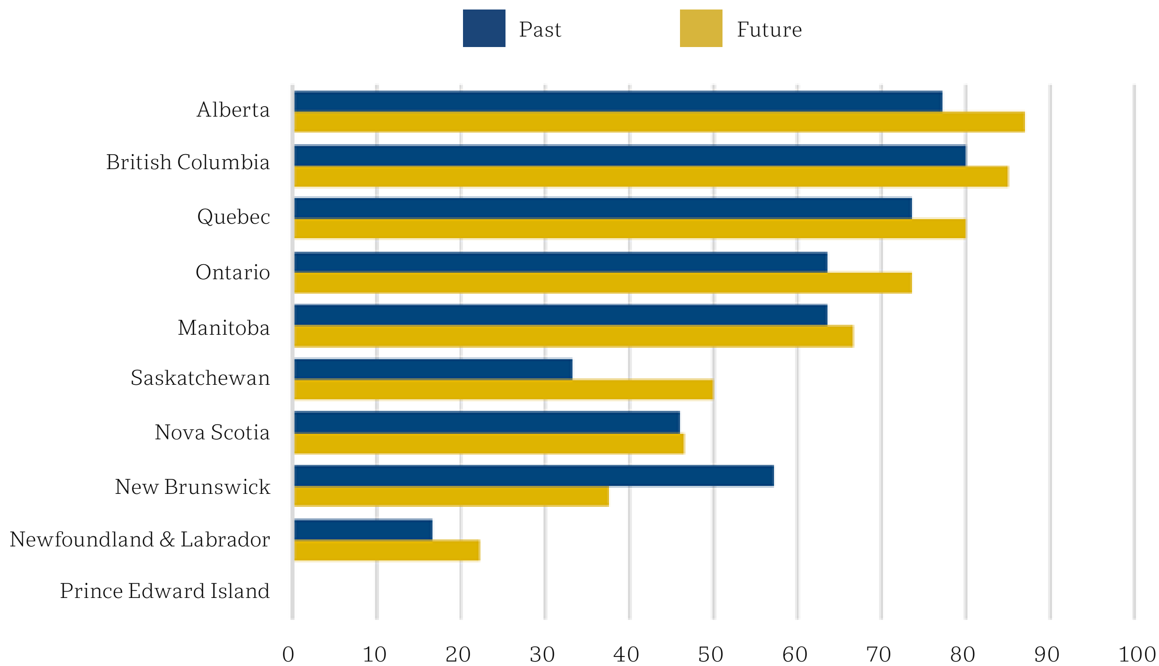
Alberta's continued reign at the top of the list may be the result of a couple of factors. First, the energy sector dominates the province's economy, and although it has struggled since 2014, the sector drew in many workers before that time, and those who have become available recently likely do not have the right skill mix to work in the P&C insurance industry. Second, the industry does not have any large anchor companies that are headquartered in the province that might act as doorways into P&C insurance. We have seen that the industry tends to recruit internally, and without local anchor companies it may be harder for the industry to build up the critical mass of skills it needs in the province.

39 CEGEPs are publicly funded pre-university colleges in Quebec.

Chart III-15: Alberta Continues to be Ranked as Having the Highest Recruitment Challenges

Over the past (next) two years, how difficult has it been (do you expect it to be) to recruit in each province or territory where you have an office?

Share of respondents citing very difficult or somewhat difficult, percent



N=47
Source: The Conference Board of Canada

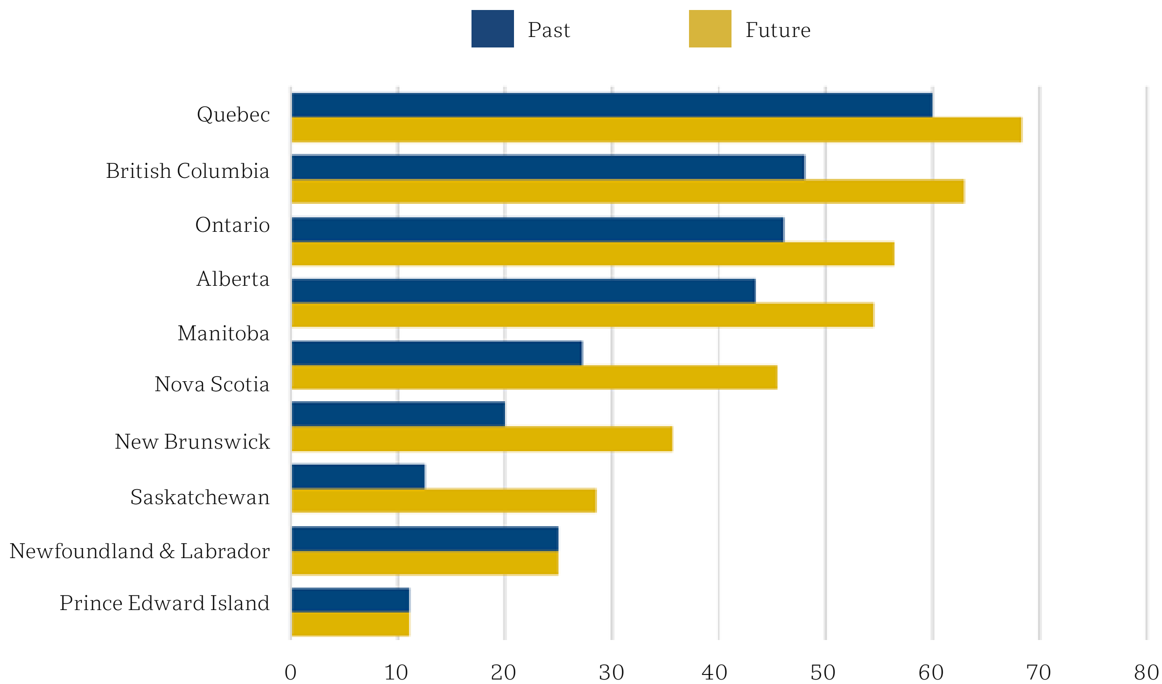
One other thing that stands out in terms of recruitment challenges by province is the comparison between the previous two years and the next two years. With the exception of New Brunswick, respondents expect recruitment to be more challenging in the future than it has been in the recent past. The biggest difference is in Newfoundland and Labrador, where a shrinking population and economic difficulties may make recruiting more difficult for all employers in the province, despite its chronically high unemployment rate.

When it comes to retention, we see a slightly different order in terms of the provinces with the greatest challenges, but the four largest provinces continue to top the rankings. It is Quebec that stands at the top of the rankings in terms of both recent and expected future retention challenges for the industry. (See Chart III-16.) This marks a significant change over the past decade; in 2007 Quebec was ranked fifth among the provinces in terms of difficulties recruiting. Some employers reported that one factor contributing to this may be worker perceptions about working for non-Quebec companies. It is worth noting that retention challenges in most provinces are also expected to rise in the coming years. This is in line with respondents' expectations of increased competitive pressure for workers.

Chart III-16: Quebec Now Faces the Highest Retention Challenges

Over the past (next) two years, how difficult has it been (do you expect it to be) to retain employees in each province or territory where you have an office?

Share of respondents citing very difficult or somewhat difficult, percent



N=47
Source: The Conference Board of Canada

Another factor that may be influencing the reported degree of R&R challenges by province may be that the types of roles required in each province may vary. For example, the industry in Quebec has above average concentrations in several occupations, including actuaries, investment professionals, and agents/brokers, but below average concentrations in other areas, such as adjusters and underwriters.[40] And as we will discuss in the next section, the R&R challenges in the P&C insurance can vary significantly by occupation.

Finally, it is interesting to note that despite the variation in reported provincial challenges across provinces, the key factors that make it easier or more difficult to undertake R&R activities don't vary in a large way across provinces. For example, too few external and internal candidates were the top recruitment barriers identified in each of the provinces. As well, corporate culture, worker mobility, and career prospects within the organization were consistently the top factors impacting retention across the provinces.

40 Based on occupational data from Statistics Canada's 2016 census.

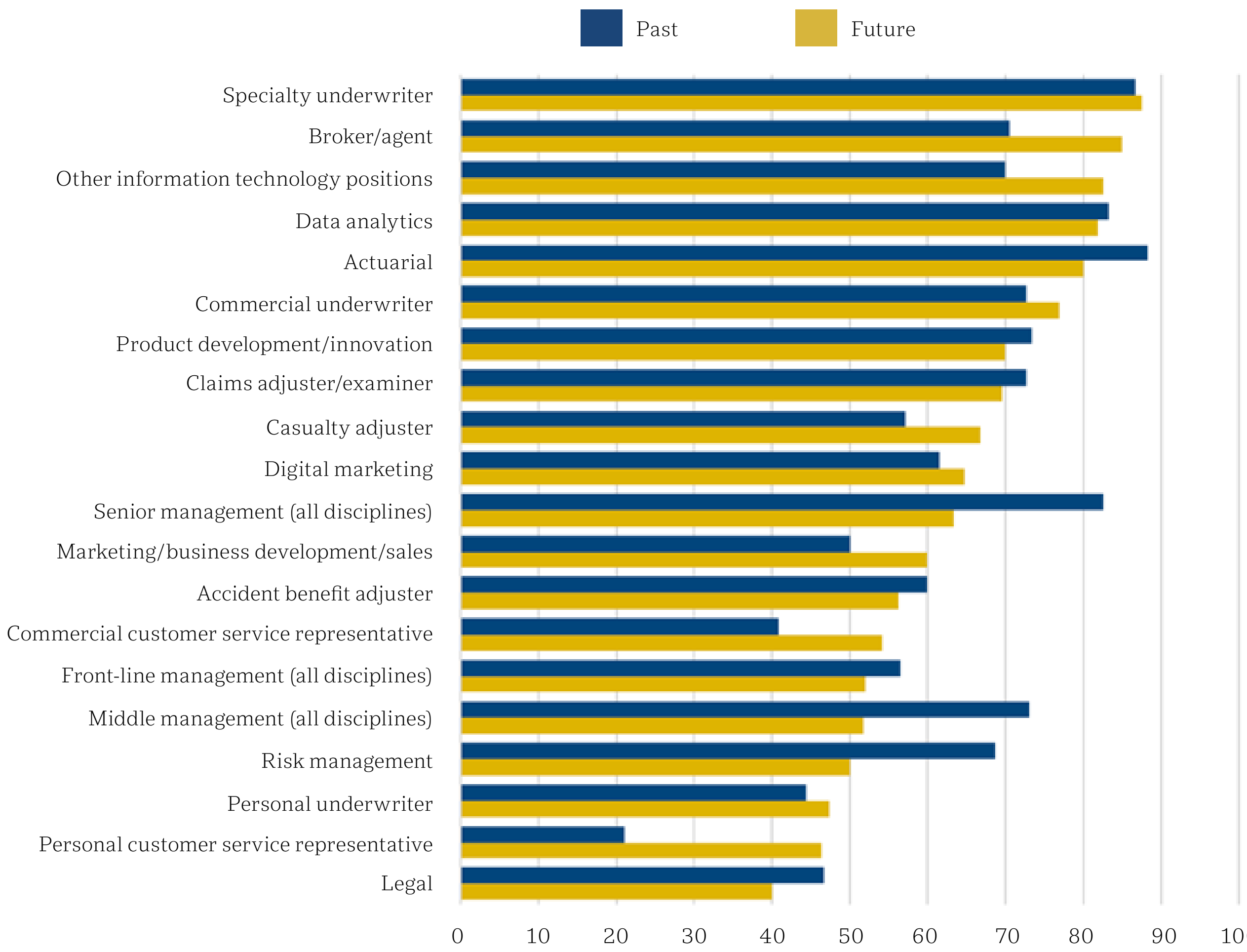
Key Occupations that Face R&R Challenges Include Underwriters, Actuaries, and Data Analytics

Each of the surveys for HR professionals conducted by The Institute over the past decade have asked about R&R challenges for different occupational groups. Based on feedback from insurance organizations, several new occupations were added to the survey this year. These additions were generally thought to be occupations that are already difficult to recruit for or would become more important in the years to come based on the changes the industry is experiencing/expecting. In fact, respondents ranked nearly all the new occupations near the top of the list in terms of urgency for R&R. (See Chart III-17.)

Chart III-17: Specialty Underwriters Are Ranked as Having the Highest Urgency for Recruitment

Over the past (next) two years, how difficult has it been to recruit employees (how urgent is your recruitment need expected to be) in the occupational categories listed below?

Share of respondents citing very difficult/urgent or somewhat difficult/urgent, percent



N=47
Source: The Conference Board of Canada

One example of the changes made in 2017 was to the underwriter occupational group. Previously, respondents were asked about underwriters in general, but in 2017 this category was split into personal, commercial, and specialty underwriters. This change led to interesting results, with specialty underwriters standing out as a major challenge. In fact, specialty underwriters were ranked as the most challenging occupation to recruit for, both in the past and in the future. They were also the most challenging occupation to retain historically and are expected to be the third most challenging to retain in the coming years.

Commercial underwriters were also highly ranked relative to other occupations, generally being ranked among the top four in terms of R&R challenges. However, personal underwriters were ranked as having a below average degree of urgency. These relative rankings among the different types of underwriters may reflect the degree of automation that is occurring for these different products. As the highest volume and simplest form of risk, personal lines have been the first to begin the shift toward automated underwriting. For example, a recent survey found that 42 percent of P&C insurers in the United States had "mastered or almost mastered" automated underwriting in personal insurance, compared to less than 10 percent for commercial and specialty lines.[41]

Another area where the 2017 survey asked about greater occupational detail was for information technology–related positions, such as digital marketing and data analytics. In general, respondents ranked these occupations as having above average degrees of R&R urgency, but data analytics positions stand out. Respondents suggested that these positions are among the most difficult to recruit for, with the occupation being ranked among the top three in terms of past and future recruitment urgency. To date, retention has been less of an issue, but that is expected to change with retention challenges for data analysts expected to rise significantly in the coming years.

Among the occupations that were covered in each of the three surveys of HR professionals over the past decade, actuaries stand out as a consistent challenge for R&R. People conducting actuarial work were ranked as being among the hardest to retain and most urgent to recruit in 2007 and 2012, and that trend continued in 2017. In fact, although retention challenges are expected to rise for all occupations, actuarial positions are expected to rise from very challenging to the most challenging over the next two years. (See Chart III-18.) Brokers and agents are another occupational group that have consistently been ranked as having significant R&R challenges over the past decade.

When results are broken down by organization type, it becomes noticeable that occupations near the top of the list in terms of urgency for recruitment are not consistent across the entire P&C insurance industry. For instance, direct-response insurers are much more concerned with hiring data analysts and digital marketers in the future, while broker-represented insurers place greater emphasis on commercial and specialty underwriters. (See Table III-3.) And while brokers and agents are among the top three occupations in terms of urgency in future recruitment for both mutual insurers and independent brokers, information technology positions remain a challenge for most types of organizations within the industry.

Table III-3 : Highest Urgency for Recruitment by Organization Type

Organization type	Top 3 "urgent" occupations in future recruitment	Sample size
Broker-represented insurer	Commercial underwriter	17
	Specialty underwriter	
	Other information technology positions	
Independent broker	Personal underwriter	11
	Specialty underwriter	
	Broker/agent & commercial customer service representative	
Direct-response insurer	Data analysts	10
	Digital marketer	
	Other information technology positions	
Mutual insurer	Broker/agent	9
	Actuarial	
	Other information technology positions	
Other (including reinsurers, Crown corporations and independent adjusters)	Specialty underwriter	7
	Actuarial	
	Claims adjuster/examiner & casualty adjuster & other information technology positions	

Source: The Conference Board of Canada

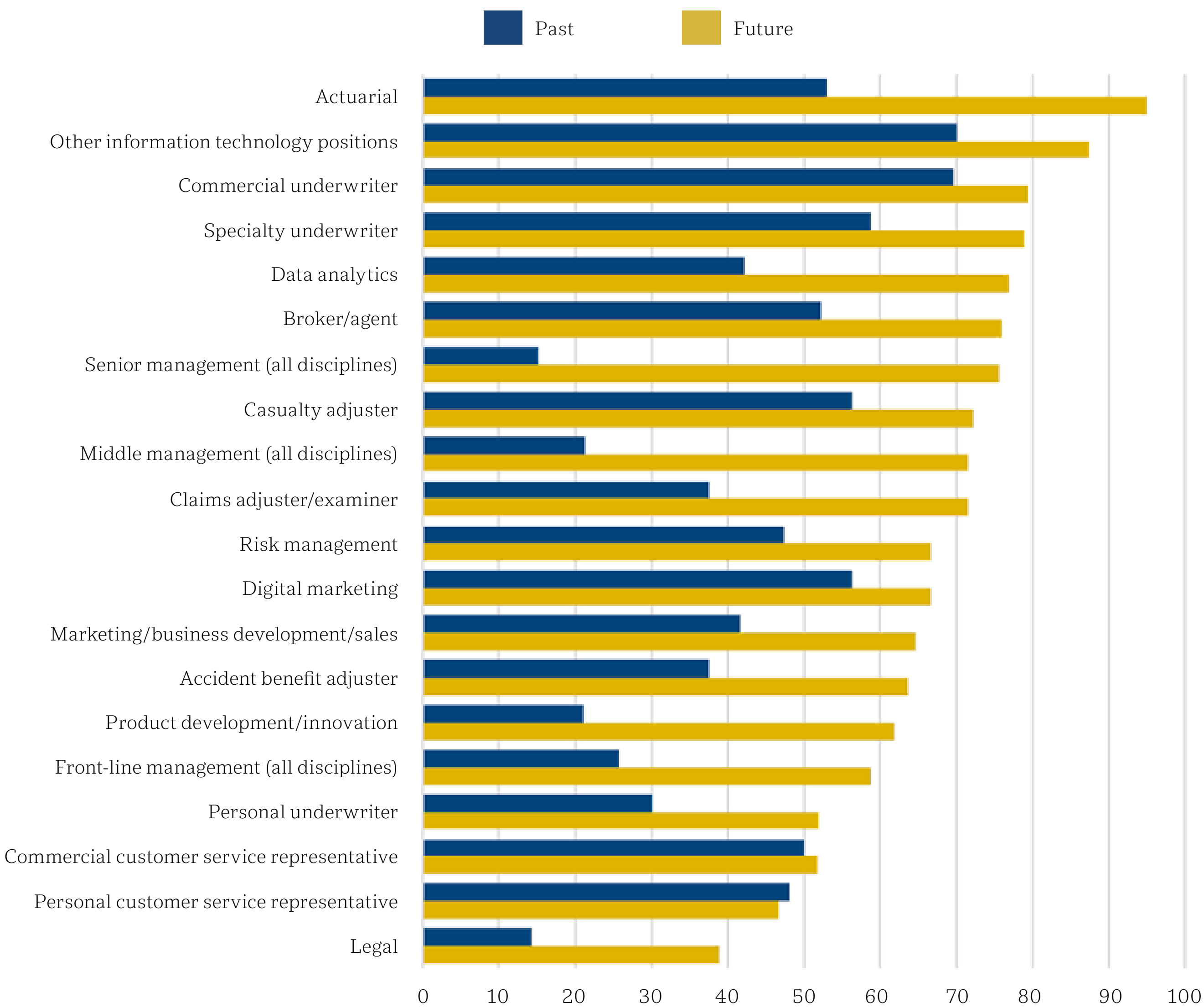
41 Burnmark, "Insuretech."

At the other end of the spectrum are occupations where the R&R urgency is lower or has declined over the past decade. These include occupations like customer service representatives, adjusters, and risk management. There are several potential reasons for these occupations having a lower rank. For example, it may be easier to train people to fill these roles rather than hiring them with pre-existing specialized skills. As well, demand may be falling relative to supply because of factors like new tools or software that are making workers more productive.

Chart III-18: Actuaries Are Expected to Present the Greatest Retention Challenges

Over the past (next) two years, how difficult has it been to retain employees (how urgent is the issue of retention) in the occupational categories listed below?

Share of respondents citing very difficult/urgent or somewhat difficult/urgent, percent



N=47
Source: The Conference Board of Canada

Summary

The results of the survey, as they relate to R&R, suggest that the P&C insurance industry is in transition. In some respects, the industry's workforce is still isolated from the broader economy. For example, most positions are filled either from within organizations or from other businesses in the industry. At the same time, many of the jobs that face the most severe R&R challenges, such as actuaries and underwriters, require skills that are specific to the industry. This gives the impression of an industry that works hard to attract people, but once they are inside there is limited leakage to other industries.

In this environment, larger organizations that can provide clear career paths for their employees may face fewer retention challenges. Factors like fit with corporate culture have also become more important, as employers seek to differentiate themselves in a setting where there is a high degree of worker mobility within the industry. This mobility may also lead to an above average rate of turnover, as workers seek the right mix of challenges to advance their careers.

But this description of the industry's workforce may be gradually growing out of date. HR professionals clearly believe they will be increasingly competing with other industries for the skills the industry will need in the coming years. And while respondents already experience difficulties in recruiting key occupations, these challenges will only become more pressing because of the increasing adoption of technologies in many different aspects of the P&C insurance business.

Technology Is Transforming the Skills Landscape

Technology-driven change remains one of the key trends impacting Canada's P&C insurance industry. Driven by the emergence of innovations in telematics, robotic process automation, and other digital technologies, aspects of the industry—from business models to workforce requirements—are being redefined. Unsurprisingly, Ernst and Young identified technology not only as a high-impact force, but also as the most impactful external force influencing Canada's P&C market in 2017, ahead of factors like economic and political uncertainty, customer expectations, regulation, competitive landscape, and catastrophes.[42]

Findings from our 2017 survey support the idea that organizations within the P&C insurance industry are becoming increasingly concerned about the impacts of technological change. Specifically, HR professionals highlighted their concern regarding the impact of technology on future recruitment and retention. Over 40 percent of respondents cited technology (with respect to its potential to impact job types, functions, and skills) as a trend that will greatly impact their organization's recruitment over the coming two years. This was more than double the share of respondents who believed that technology greatly impacted hiring over the past two years. What is more, trends directly related to technology now make up two of the top three trends that are expected to impact future recruitment and retention, with impact of technology on job types and functions edging out internal re-organization since the last HR survey was conducted in 2012. (See Chart III-19.) Even increased competition for talent with other industries, the top concern raised by respondents, is being heavily influenced by technological change.

One of the key areas through which technological change will impact the P&C insurance industry is its occupational makeup. Some occupations will become less relevant as automation and other technologies antiquate tasks that were traditionally performed by people. Potential areas this could impact include claims (which are often still reviewed manually), as well as underwriting (which to a fair extent still depends on human judgment to evaluate risks and set premiums).[43] At the same time, there will be jobs created due to emerging technologies and new product offerings within the industry. Such jobs could fall within existing occupational categories or could require skills that are not yet fully understood.

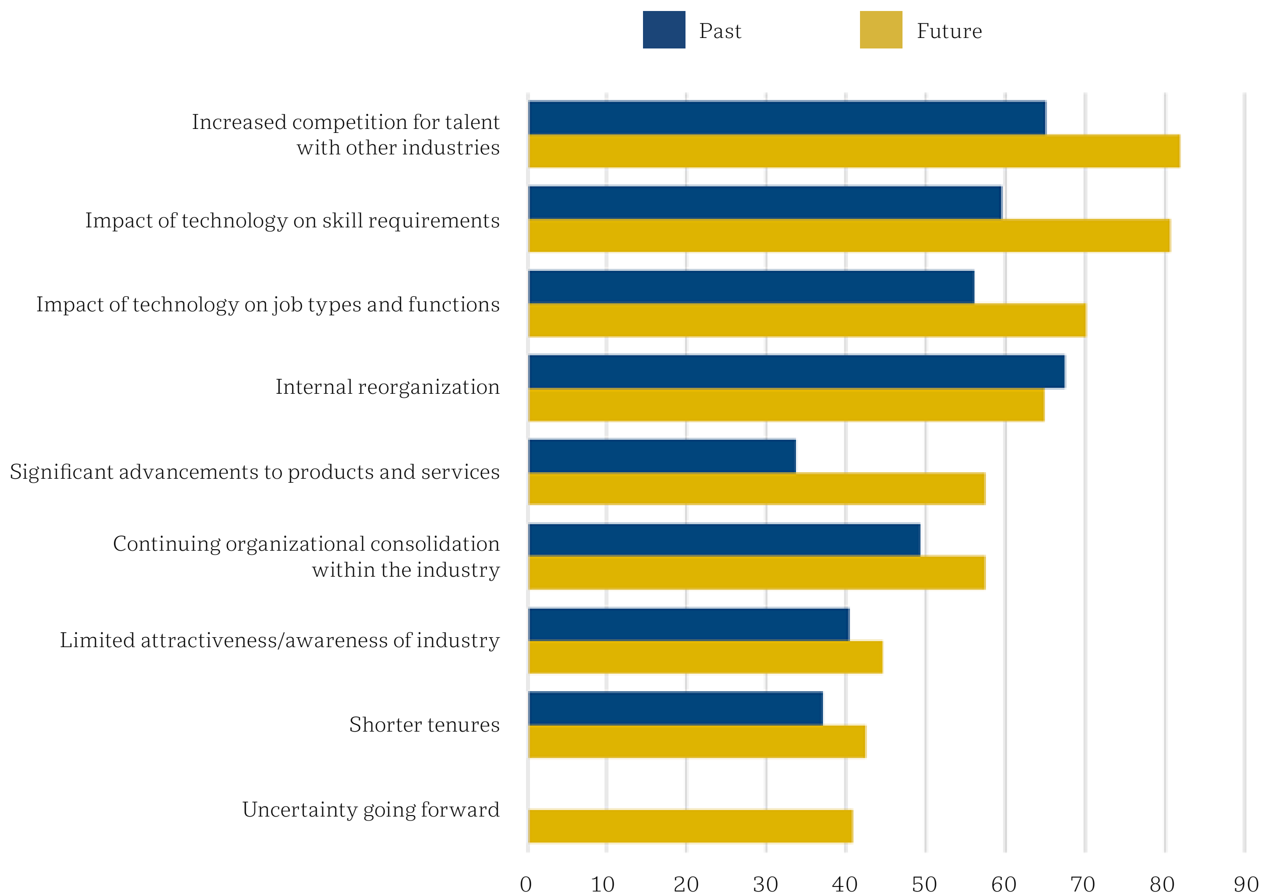
To shed some light on which occupations potentially face the strongest disruption in the future, we can evaluate HR professionals' insights concerning their future recruitment needs. Indeed, when asked to identity the urgency in their recruitment needs across numerous occupations, respondents rated specialty underwriters, brokers, and data analysts highest.

42 Ernst & Young, 2017 Canadian Property and Casualty Insurance Outlook."
43 The Economist, The Coming Revolution in Insurance."

Chart III-19: Future Recruitment and Retention Increasingly Being Influenced by Technological Change

Over the past (next) two years, to what extent did (will) the following trends impact your organization's recruitment/retention of employees?

Share of respondents citing to a great extent or to some extent, percent



N=42
Source: The Conference Board of Canada

However, differences emerge when respondents are separated by their attitude toward technology. Respondents that cited technology as a trend that will greatly impact their organization's future recruitment and retention were much more likely to indicate greater urgency in hiring digital marketers, data analysts, and IT positions relative to respondents that were less concerned about the impact of technology. (See Chart III-20.)

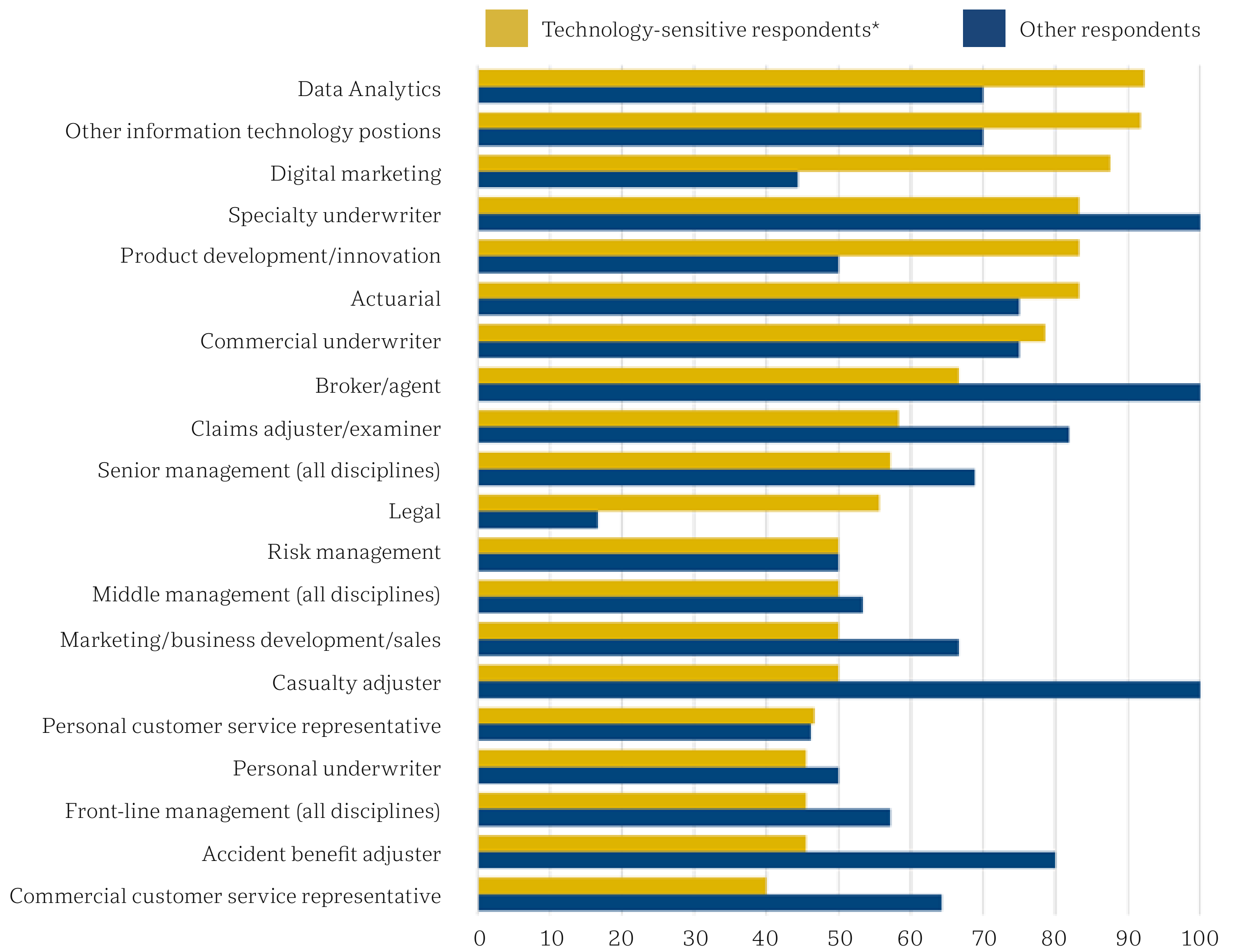
As well, technology-sensitive respondents appeared much less interested in hiring brokers and commercial customer service representatives relative to their counterparts. This may reflect expectations that some of the functions provided by these roles are more likely to be automated in the coming years.

It is also worth noting that technology-sensitive organizations are generally larger than their peers. When measured in terms of employment, technology-sensitive organizations were four times as large as those that were less sensitive to technology. This may reflect several factors. For example, larger organizations may have more resources to invest in technology development and implementation. As well, larger organizations may by investing more in strategic planning.

Chart III-20: Recruitment Needs of Technology-Sensitive Respondents{} Centered Around Digital Marketers and Data Analysts*

Over the next two years, how urgent is your recruitment need expected to be in each of the occupational categories listed below?

Share of respondents citing very urgent or somewhat urgent, percent



*HR professionals that cited technology as a trend that will greatly impact their organization's recruitment and retention in the future.
N=47
Source: The Conference Board of Canada

Beyond evaluating the urgency of recruiting certain occupations in the future, we can also glean information on changing demand patterns for jobs within the P&C insurance industry. This is important because intent to hire is not always well aligned with urgency. For instance, specialty underwriters are the occupation with the highest overall recruitment urgency, however, only a third of respondents plan on hiring this occupation in the future. This comes in contrast to senior management positions, where recruitment urgency is lower, yet just under two-thirds of organizations plan to recruit senior managers over the next two years. Using only the urgency scale fails to provide context to the scope of potential change across occupations.

To assess changing demand patterns of occupations, we compare what share of respondents plan to recruit a given occupation in the future and compare this proportion to the share of respondents that hired the occupation in the past. (See Table III-4. p. 80.) The most striking result from this analysis is that an additional 14 percent of organizations plan on hiring customer service representatives in the future relative to the past. Meanwhile, 4 percent fewer organizations plan on hiring legal staff, and 3 percent fewer are looking to hire claims adjusters. Looking at potential occupational growth that could be driven by technological change, various occupations stand out. These include product development/innovation jobs (7 percent more organizations plan to recruit), digital marketing (5 percent), and data analytics (4 percent).

Table III-4 : Changing Recruitment Patterns

Occupation	Share of respondents who hired this occupation in the past (percent)	Share of respondents who expect to hire this occupation in the future (percent)	Change in share (percent)
Personal customer service representative	45	60	14
Senior management (all disciplines)	55	64	9
Product development/innovation	36	43	7
Digital marketing	31	36	5
Data analytics	43	47	4
Commercial underwriter	52	55	3
Broker/agent	40	43	2
Actuarial	40	43	2
Other information technology positions	48	49	1
Marketing/business development/sales	52	53	1
Risk management	38	38	0
Middle management (all disciplines)	62	62	0
Commercial customer service representative	52	51	-1
Casualty adjuster	33	32	-1
Front line management (all disciplines)	55	53	-2
Specialty underwriter	36	34	-2
Accident benefit adjuster	36	34	-2
Personal underwriter	43	40	-2
Claims adjuster/examiner	52	49	-3
Legal	36	32	-4

N=42
Source: The Conference Board of Canada

Beyond influencing the occupational makeup of the P&C insurance industry, technological change is also redefining the skill requirements of its workforce. To better assess the scope of changing demand for various skillsets, the 2017 survey included a new question about which skills and capabilities HR professionals expect to be the most important when recruiting in the future. Generally, the three most sought-after skills included business development and sales skills, customer service skills, and communication skills. Part of the greater emphasis on these skills could reflect the industry's move toward greater customer centricity. However, it is interesting to note that in-demand skills are not consistent across organization types. In fact, no two types of organizations value the same array of skills. (See Table III-5.) For example, no organizations value industry-specific knowledge and experience as much as independent brokers, innovation skills as much as direct-response insurers, and technological literacy and STEM (science, technology, engineering, and math) skills as much as mutual insurers.

Table III-5 : "In-Demand" Skills in Future Recruitment by Organization Type

Organization type	Top 3 "skills and capabilities" in future recruitment	Sample size
Broker-represented insurer	Analytics and data analysis skills	17
	Business development and sales skills	
	Customer service skills	
Independent broker	Business development and sales skills	11
	Industry-specific knowledge and experience	
	Problem-solving skills	
Direct-response insurer	Analytics and data analysis skills	10
	Creativity and flexibility	
	Innovation skills	
Mutual insurer	Business development and sales skills	9
	Customer service skills	
	Technological literacy and STEM skills	
Other (including reinsurers, Crown corporations and independent adjusters)	Creativity and flexibility	7
	Customer service skills	
	Leadership/management skills	

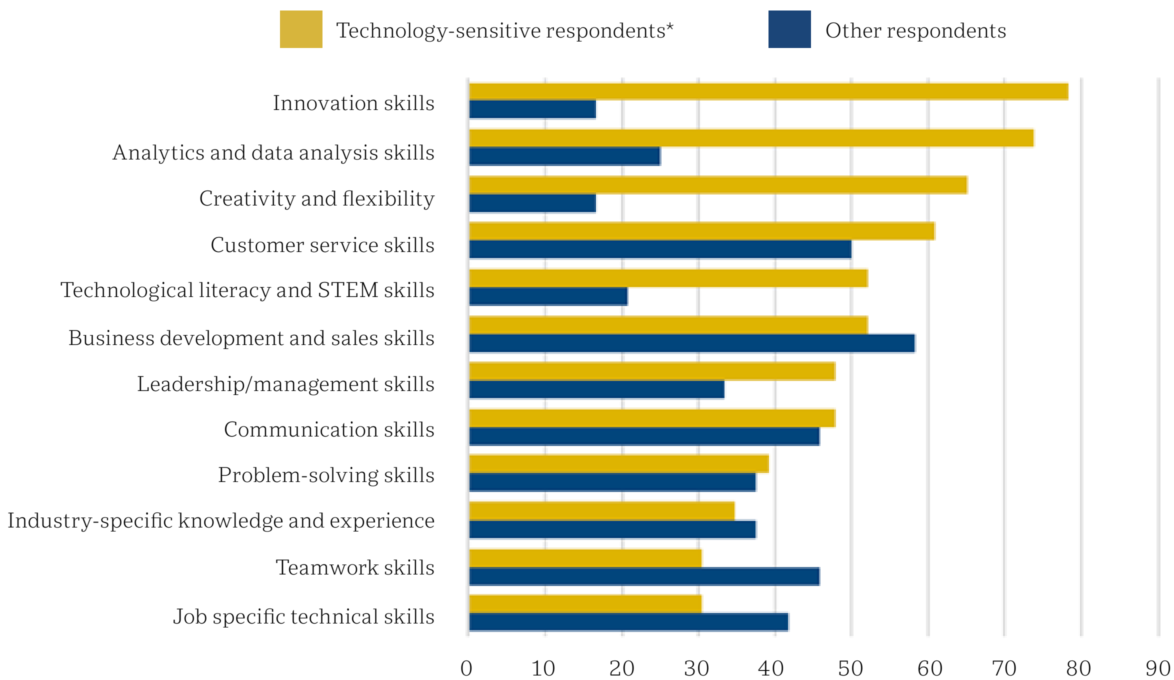
Source: The Conference Board of Canada

Arguably more interesting than the topline results of "in-demand" skills is how respondents' perceptions of technology influence the skills they valued most. Most notably, respondents that cited technology as a trend that will greatly impact their organization's future recruitment and retention were much more likely to value innovation, analytics and data analysis, and technological literacy and STEM skills. (See Chart III-21.) And while these technology-sensitive respondents did place significant value on customer service and leadership/management skills, they were also much more likely to value creativity and flexibility relative to respondents that were less concerned about the impact of technology.

Chart III-21: Technology-Sensitive Respondents Expect Innovation and Data Analysis Skills to be Most Important in Future Recruitment

Over the next two years, how important do you expect the following skills and capabilities to be relative to others when recruiting workers (evaluating candidates)?

Share of respondents citing skill or capability as much more important than others, percent



*Respondents that cited technology as a trend that will greatly impact their organization's recruitment and retention in the future.
N=47
Source: The Conference Board of Canada

These results provide a perspective on how HR professionals concerned by technological change are adapting to it. Six years ago, Douglas Thomas and John Seely Brown predicted the half-life of a learned skill to be five years in their book *New Culture of Learning: Cultivating the Imagination for a World of Constant Change*. Given the technological change that has occurred since then, it wouldn't come as a surprise that the pace at which skills are becoming obsolete has only accelerated.[44] Thus, while baseline technical skills may remain requisites for industry positions, HR professionals across organizations that are more concerned by the impact of technology appear to be placing greater value on workplace critical skills such as innovation or creativity and flexibility, which could be more predictive of an individual's ability to adapt to change.

As technological change redefines the occupational and skills landscape, targeted recruitment will likely play an increasingly important role in the staffing strategies of HR professionals. In the 2012 survey, respondents suggested that targeted recruitment was instituted by their organization largely to meet overall staffing needs; meeting the needs of specific occupations was ranked last. Five years later, meeting the needs of specific occupations has become the top reason behind implementing targeted recruitment, followed by bringing new skills into the organization. (See Table III-6.)

44 Pelster et al. 2017 Deloitte Global Human Capital Trends: Careers and Learning.

Table III-6 : Targeted Recruitment Increasingly Geared toward Meeting the Needs of Specific Occupations

Ranked 1 to 6

Reason behind instituting targeted recruitment	2012	2017
Meet the needs of specific occupations	6	1
Bring new skills into the organization	2	2
Meet overall staffing needs	1	3
Create greater diversity in the workplace overall	3	4
Replace retiring employees	3	4
Position organization as employer of choice with targeted group	3	6

Source: The Conference Board of Canada

Generally, attitudes toward technology did not influence reasons behind instituting targeted recruitment. However, respondents that were more sensitive to the impact of technology were more likely to have implemented targeted recruitment strategies. In fact, three-quarters of technology-sensitive respondents engage in targeted recruitment—well above the 55 percent rate for other respondents. While the 2017 survey did not ask about future targeted recruitment specifically, these results suggest that attitudes toward technology may influence the likelihood that organizations implement a targeted recruitment plan in the future.

Summary

The survey results clearly indicate that technology-driven change remains one of the key trends impacting Canada's P&C insurance industry. This broad category of change, driven largely by digital disruption and technological advancements, is not only redefining the workforce composition of the industry but also the skills required to be successful over time. Moreover, it is contributing to increasing competition for talent between industries.

While technological change will undoubtedly reshape the industry as well as its workforce in the future, there is evidence to suggest that an organization's attitude toward technology influences what occupations and skills it will value in the future. For example, respondents that cited technology as a trend that will greatly impact their organization's future recruitment and retention were much more likely to indicate urgency in hiring digital marketers, data analysts, and IT positions relative to peers that were less concerned by the effects of technology. As well, technology-sensitive respondents were much more likely to value innovation, analytics and data analysis, and technological literacy and STEM skills over their peers.

In today's rapidly changing technological landscape, an organization's competitive edge depends on its ability to understand and adapt to evolving talent needs. This will involve retaining existing talent and developing in-house capabilities, but it will also involve attracting outside talent with the skills organizations need to acquire. As organizations look to meet evolving talent needs, targeted recruitment and retention strategies will put greater emphasis on meeting the needs of specific occupations and bringing new skills into the organization, as opposed to meeting general staffing needs.

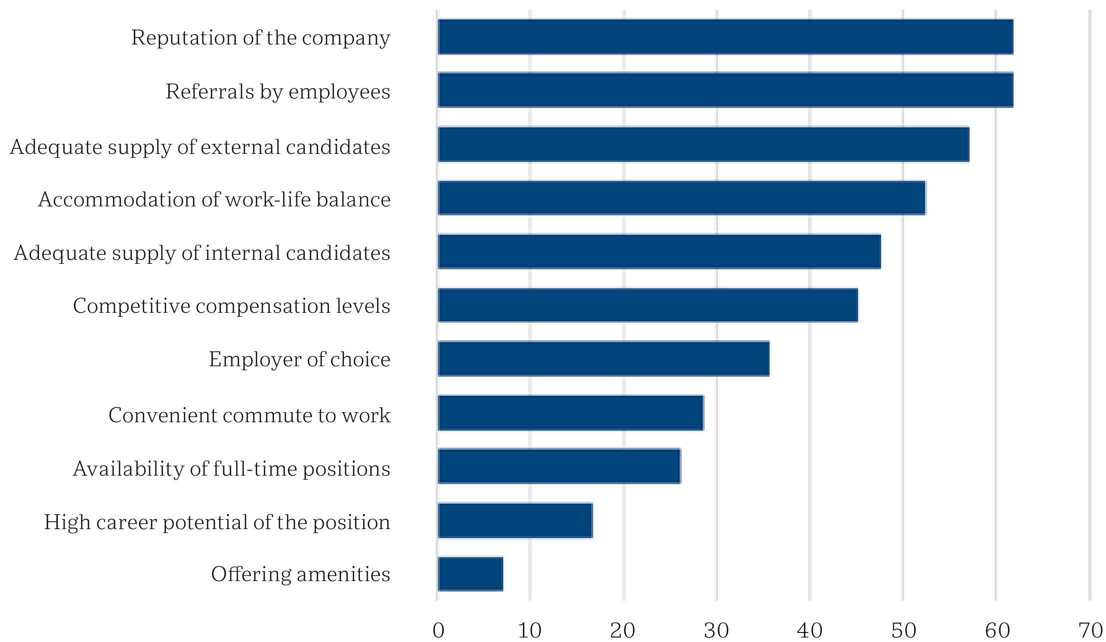
Buying into Greater Workplace Flexibility

The other theme that has become clearly apparent in the HR survey results over the past decade is a gradual shift toward greater workplace flexibility. For example, in the 2012 survey 46 percent of respondents suggested that work–life balance was a significant factor making recruitment more difficult. In the most recent survey, that share had fallen to 17 percent, and work–life balance was now ranked as the seventh most important issue instead of the fourth. Improved work–life balance is also helping to improve recruitment in the industry, with most respondents reporting that it is a factor that makes recruitment easier. (See Chart III-22.)

Chart III-22: Work–Life Balance Is One of the Key Factors Making Recruitment Easier

Where recruitment has not been difficult, what are the top five factors that make recruitment less difficult?

Share of respondents, percent



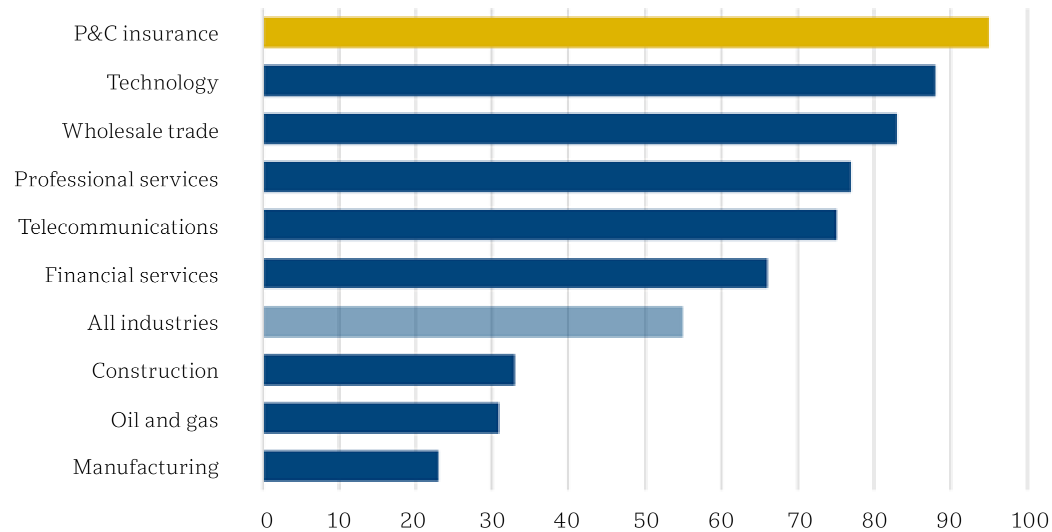
N=42
Source: The Conference Board of Canada

The most likely reason why the industry has seen this improvement is that flexible work schedules have become more common. For example, 95 percent of respondents indicate that they now allow at least some people to work remotely. This is well above the average we see for other employers; in a recent survey, the Conference Board of Canada found that 55 percent of organizations reported allowing people to work from home on at least a part-time basis either formally or informally.[45] (See Chart III-23.) As well, nearly one-quarter of HR professionals in the P&C insurance industry report that they allow half or more of their workers to work from home on at least an occasional basis.

45 MacLean, Kathryn. 2018. "Flexible Work Arrangements: Transforming the Way Canadians Work."

Chart III-23: Working from Home Is Common in the P&C Insurance Industry

Share of respondents that allow working from home on at least an informal basis, percent



Source: The Conference Board of Canada

Contingent workers[46] are also expected to account for an outsized share of recruitment. For example, contingent workers accounted for only 1.1 per cent of recruitment over the past two years. However, respondents expect that 2.4 per cent of recruiting in the coming two years will be for contingent positions.

One potential benefit of contingent employment is that it could help employers implement their phased retirement programs. These programs remain underused relative to other targeted retention tools; only about one-quarter of respondents with targeted retention programs reported using phased retirement programs. This limited use is typical of other employers: A recent Conference Board of Canada survey found that only 39 percent of organizations offer phased retirement as on option, and among those who do nearly all report that fewer than 20 percent of eligible workers use it.[47] However, as an increasing proportion of the industry's workforce reaches the age of retirement, phased retirement may become more popular.

The rising use of contingent workers may in part be a way for the industry to deal with peak workloads during natural disasters, when demand for certain skills like adjusting and claims processing spike. Indeed, the Insurance Bureau of Canada reports that federal disaster relief spending in Canada has risen from an annual average of $100 million in the 1990s to $600 million this decade as the cost and frequency of natural disasters has increased, suggesting that these spikes are larger and more common. [48]

The shift toward more flexible work environments is also being driven by employee demands. For example, work–life balance is now cited by 74 percent of respondents as a key factor making retention easier, and is ranked second only behind fit with corporate culture.

According to survey respondents, programs that address work–life balance are most commonly targeted at young workers, most likely as a way to attract them into the industry, and at mature workers, most likely as a way to delay retirement. For youth, flexible work schedules are the most used work–life balance tool, with 42 percent of organizations that use targeted recruitment tools reporting they use them specifically with youth. What is more, they are the second most effective targeted recruitment tool after internships and co-op programs.

46 Contingent workers are defined as a provisional group of workers who work for an organization on a non-permanent basis and are not included on the payroll (e.g. freelancers, independent professionals, independent contractors, consultants).

47 MacLean, Kathryn. 2018. "Flexible Work Arrangements: Transforming the Way Canadians Work."

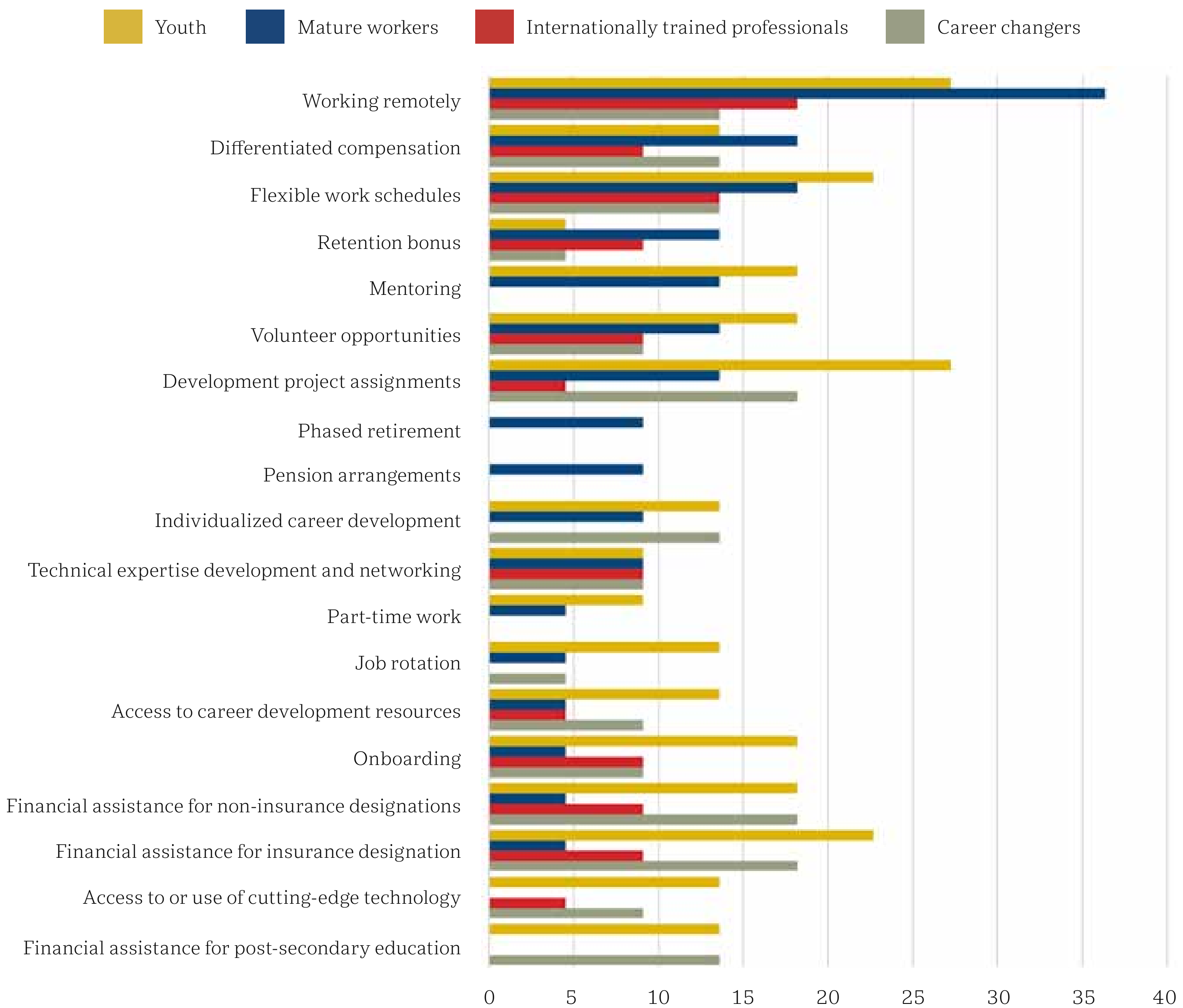
48 Insurance Bureau of Canada, "Severe Weather, Natural Disasters Cause Record Year for Insurable Damage in Canada."

For mature workers, working from home is the tool most commonly used to address work–life balance. This is true for both targeted recruitment and targeted retention activities. (See Chart III-24.) As well, respondents who use targeted retention tools were more likely to use working from home as a retention tool with mature workers than with any other demographic group. This may reflect both the desire of employees and the degree of trust among employers, who may be more willing to let long-standing employees work in an unsupervised environment.

Chart III-24: Respondents Are Most Likely to Use Working Remotely as a Targeted Retention Tool with Mature Workers

Among the retention tools that you currently use, please indicate whether it is specifically used to target one or more of these labour market cohorts.

Share of respondents who use a tool with each group, percent



N=42
Source: The Conference Board of Canada

Part IV - Career and Job Perspectives of Professional Employees in Canada's Property and Casualty Insurance Industry

Introduction

This part of the report provides a detailed analysis of the perspectives of employees in the P&C insurance industry about their experience, education and training, advancement, workplace culture, retirement and other themes. The analysis indicates that:

- Work tenure and experience levels in the industry are high
- Salaries are rising
- Overall job satisfaction is high
- Employee engagement is strong
- Industry is making strides in compensation and benefits
- Workplace flexibility is a strength
- Engagement in workplace culture is strong
- High participation in employer-sponsored training
- Ambivalent attitudes toward support for career advancement
- Limited opportunities for advancement is the number one factor limiting promotions
- Perceptions of promotions processes are generally positive

This section of the report is based on findings from a survey of employees in the P&C insurance industry. The survey collected information on employees' perspectives about experience, education and training, advancement, workplace culture, and retirement, among other themes.

The survey was administered as an online survey in the autumn of 2017. It was distributed by 28 employers within the P&C insurance industry who agreed to include their employees in the survey. As well, The Institute distributed the survey to their members who did not work at the 28 participating organizations. The survey was targeted at current working insurance professionals in the P&C insurance industry.

A total of 7,327 individuals participated in the survey, a significant increase over the previous surveys in 2009 (2,894) and 2012 (4,614). What is more, the respondents represent a significant share of the industry's total workforce, estimated at 124,900 people in 2016 by the Insurance Bureau of Canada.[49] As most of the survey questions were kept optional to increase overall survey participation, some participants opted not to answer some questions.

Where possible, comparisons are made between the 2017 employee survey and earlier employee surveys (2012 and 2009). Some comparisons are also made with the information collected in the other research activities that were conducted as part of The Institute's 2017 update of its demographic study.

Overview of Sample

Location

The majority of respondents in the sample were working in Ontario at the time of the survey (38.8 percent). Fifteen percent were working in Manitoba or Saskatchewan, 14.5 percent in Alberta, 12.5 percent in British Columbia, and even proportions (about 10 percent) in the Atlantic provinces combined and Quebec. Fewer than one percent were working in the territories.

Table IV-1 (See p. 88.) shows that the 2017 survey sample is within six or fewer percentage points of the 2017 census data. There is slight over-representation in the 2017 survey of employees from Manitoba/Saskatchewan, Alberta, and Atlantic Canada. Meanwhile, the three largest provinces—Ontario, Quebec, and British Columbia—are all slightly under-represented in the sample. However, the over-representation of the less populous regions/provinces points to strong efforts

49 Insurance Bureau of Canada, "Facts of the Property and Casualty Insurance Industry in Canada 2017," p. 4.

to generate awareness of the survey in these regions. In terms of proportions, all provinces except Ontario and Manitoba/Saskatchewan had a higher representation in the 2017 survey than in any previous year.

Table IV-1 : Provincial Breakdown

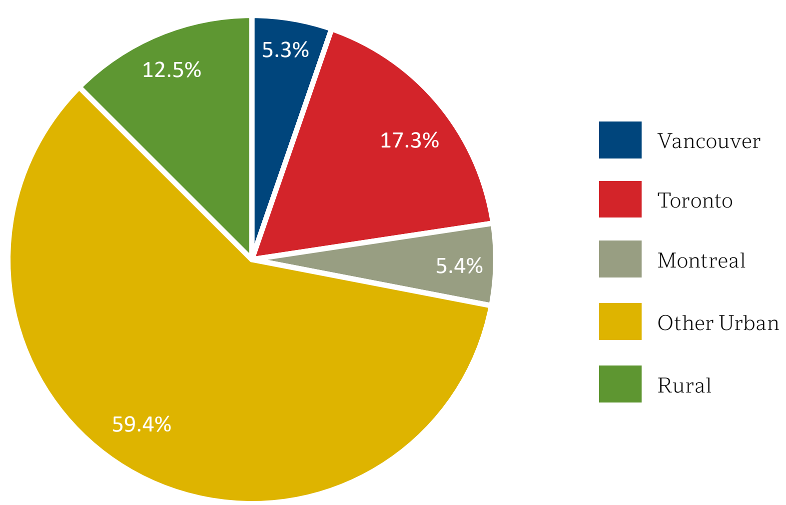
Province/Territory	2017 S (%)	2017 C (%)	2012 (%)	2009 (%)
British Columbia	12.5	17.2	3.6	9.7
Alberta	14.5	9.7	10.5	12.3
Saskatchewan and Manitoba	15	9.5	12.9	17.4
Ontario	38.8	43.6	64.1	49.7
Quebec	9.6	15.7	2.9	5.6
Atlantic	9.7	4.3	5.8	5.1

Notes: 2017 S denotes 2017 survey; 2017 C denotes 2017 census; 2012 and 2009 denote employee surveys for those years. Atlantic includes Newfoundland and Labrador, Nova Scotia, New Brunswick, and Prince Edward Island. Territories (including Northwest Territories, Yukon, and Nunavut) are not shown
Source: The Conference Board of Canada

Most of the survey respondents (88 percent) were working in a Canadian census metropolitan area (CMA) at the time of the survey, while 12 percent were in a rural area. (See Chart IV-1.) This is similar to the share found in the 2017 census, where 91 percent of people were identified as working in an urban area. By way of comparison, 85.5 percent of workers across all industries in Canada are found in urban areas.[50] Respondents in a CMA included 17 percent who were in the Greater Toronto Area (GTA), 5 percent in Montreal, and 5 percent in Vancouver.

Chart IV-1: P&C Workers Are Primarily Located in Urban Areas

Share of respondents, percent



Source: The Conference Board of Canada

50 Statistics Canada, CANSIM table 282-0138.

Gender and Age

In keeping with previous years, the 2017 sample includes more women (69 percent) than men (31 percent). (See Table IV-2.) The survey had a larger share of women participants relative to the 2017 census (62 percent) and, accordingly, a smaller share of men. This is consistent with the previous employee surveys, where women have been over-represented in the sample. However, there are more than sufficient responses from men to allow for analysis of how opinions may differ by gender.

Table IV-2 : Gender and Age Breakdown

Gender	2017 S (%)	2017 C (%)	2012 (%)	2009 (%)
Female	69.0	62.4	68.1	70.3
Male	30.7	37.6	31.9	29.7
Age	**2017 S (%)**	**2017 C (%)**	**2012 (%)**	**2009 (%)**
<25	3.6	4.9	3.5	4.8
25-29	10.7	12.2	12.4	12.4
30-34	13.5	14.2	14.1	15.5
35-39	14.9	12.2	13.4	15
40-44	12.9	12.2	15.1	14
45-49	12.7	12.5	14.7	14
50-54	13.5	12.4	13.2	12
55+	18.3	17.2	13.6	12.3

Source: The Conference Board of Canada

According to age group, respondents to the employee survey reflect the census figures within +/– 3 percentage points. The average age of survey respondents was 44.6 years, higher than the previous two employee surveys (41.7 in 2012; 40.9 in 2009). It is also higher than what was recorded in the 2017 census data (41.9). As such, older workers are somewhat over-represented in the survey results, while younger workers are proportionately under-represented.

Language, Place of Birth, and Self-Identification

The 2017 survey included a higher proportion of employees (8.2 percent) who speak mainly French at work than either previous employee surveys. (See Table IV-3, p. 90.) This increase is likely due to the fact that the survey was distributed to Institute members as well as through employers. In previous years, the survey was only distributed through employers. Also of note, a slightly higher proportion of respondents self-identified as being francophone (11.5 percent), thus some francophones are working primarily in English. By way of comparison, 20.3 percent of people identified French as their mother tongue, and 20.0 percent said they work in French in Statistics Canada's 2016 census.[51]

51 Statistics Canada, 2016 census catalogue 98-400-X2016093.

Table IV-3 : Language and Place of Birth

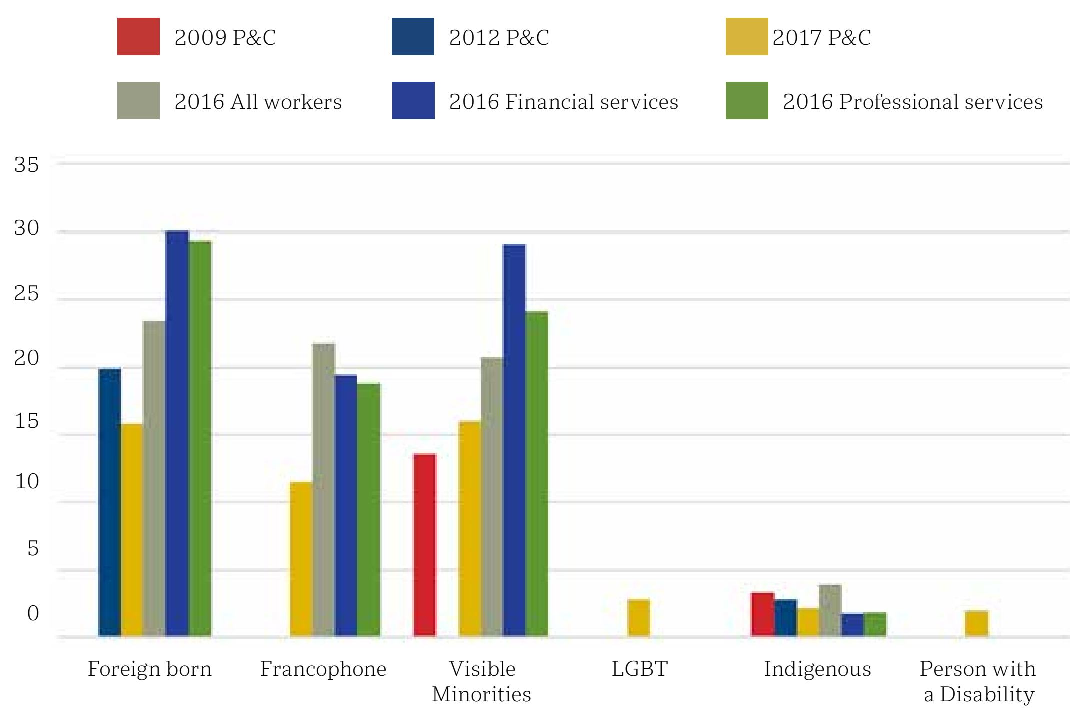
Language used most at work	2017 (%)	2012 (%)	2009 (%)
English	91.5	97.6	95
French	8.2	2.4	5
Born in Canada	**2017 (%)**	**2012 (%)**	**2009 (%)**
Yes	84.3	80.1	81.5
No	15.7	19.9	18.5

Source: The Conference Board of Canada

Minority group representation in the P&C insurance industry generally remains low compared to the workforce as a whole and to comparator industries, such as professional and financial services. (See Chart IV-2.) One exception is Indigenous peoples: In 2017, 2.2 percent of employees identified as Indigenous. Although this is below the 3.9 percent of all workers who identified as Indigenous in the 2016 census, it is above what was reported for the professional services (1.8 percent) and financial services industries (1.7 percent).[52]

Chart IV-2: Minority Groups Are Generally Under-Represented in P&C Insurance

Share of respondents who self-identify in certain groups, percent



Source: The Conference Board of Canada

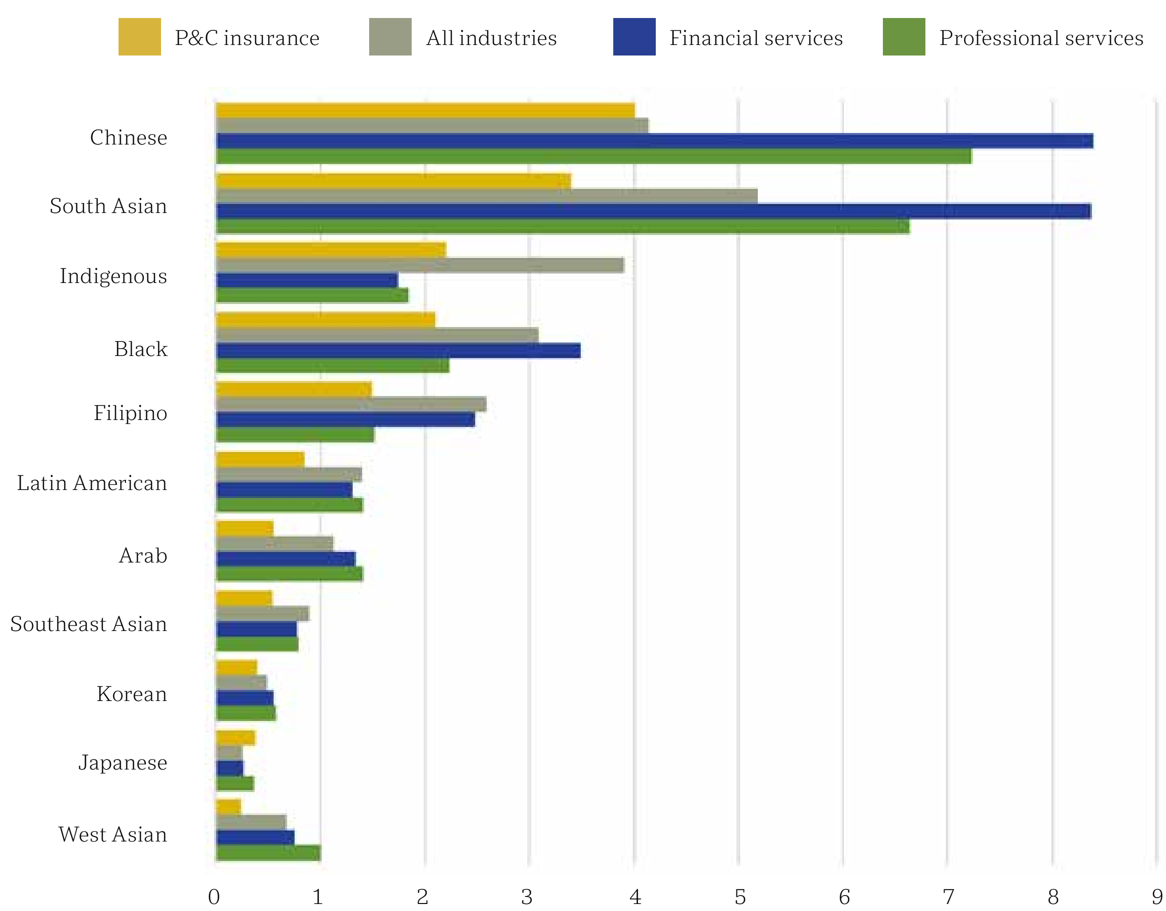
52 Statistics Canada, 2016 census catalogue 98-400-X2016359.

The proportion of employees who were born outside of Canada (15.7 percent) is also below average. In Statistics Canada's 2016 census, 25 percent of people who were working were foreign born.[53] As well, both the financial services and professional services employ a larger share of immigrants in their workforce, each at 31 percent. Immigrants who work in the P&C insurance industry come from a wide array of countries. The single largest source country for the industry is China, which accounted for 11.5 percent of immigrant employees. The United Kingdom (10.6 percent), India (8.9 percent), the United States (6.8 percent), and the Philippines (6.5 percent) were other common source countries for immigrant employees. In total, foreign-born respondents came from 110 different countries.

Visible minorities are one group whose presence has grown in the P&C insurance industry over the past decade. In 2017, 16 percent of respondents reported being part of a non-white ethnic group, up from 13.6 percent in 2009. Despite the improvement, this is still below average. In comparison, 23.7 percent of people who were working at the time of Statistics Canada's 2016 census identified themselves as a visible minority, while 25 percent of those working in professional services and 29.5 percent of those in the financial services sector self-identified in a non-white ethnic group.[54] People of Chinese and South Asian ethnicity were the two most common visible minority groups in both the P&C insurance industry and the broader workforce. (See Chart IV-3.)

Chart IV-3: P&C Insurance Has Below-Average Representation in Most Visible Minority Groups

Share of respondents who self-identify in specific ethnic groups, percent



Source: The Conference Board of Canada

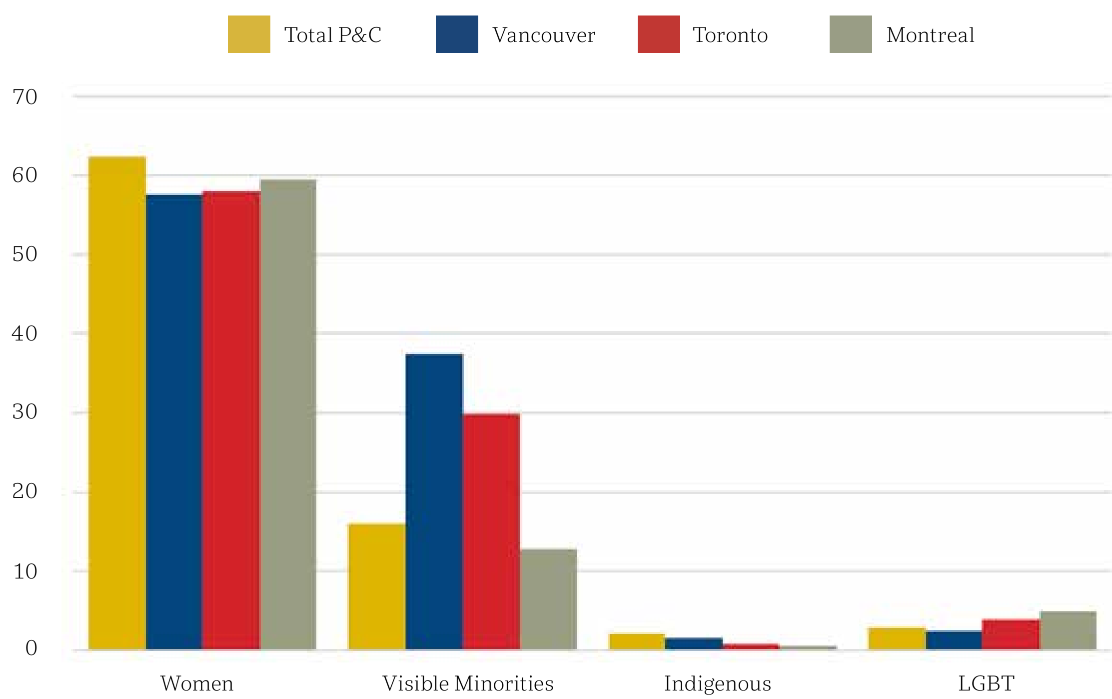
53 Statistics Canada, 2016 census catalogue 98-400-X2016361.
54 Statistics Canada, 2016 census catalogue 98-400-X2016360.

The 2017 survey also asked for the first time if people self-identified as being lesbian, gay, bisexual, or transgender (LGBT) or if they have a disability. In total, 2.8 percent of respondents self-identified as LGBT, and 1.9 percent identified themselves as a person with a disability. These figures establish benchmarks for future demographic studies and initiatives to promote diversity and inclusion in the P&C insurance industry.

Something that is interesting to note is the difference in representation of minority groups across Canada's three most populous cities. Most notably, visible minorities have greater representation in Vancouver and Toronto, where they account for 37.5 percent and 29.8 percent, respectively, of each city's P&C insurance workforce—well above the 16.0 percent average for the entire workforce. (See Chart IV-3b.) This is in contrast to Montreal, where visible minorities make up only 12.7 percent of P&C employees. That being said, Montreal had the highest representation of LGBT workers among these major cities, at almost double the share of the overall workforce (4.9 percent versus 2.8 percent). For other minority groups, including women and Indigenous peoples, all major cities have lower-than-average representation.

Chart IV-3b: Visible Minority P&C Workers Are Much More Common in Toronto and Vancouver

Share of respondents who self-identify in certain minority groups, percent



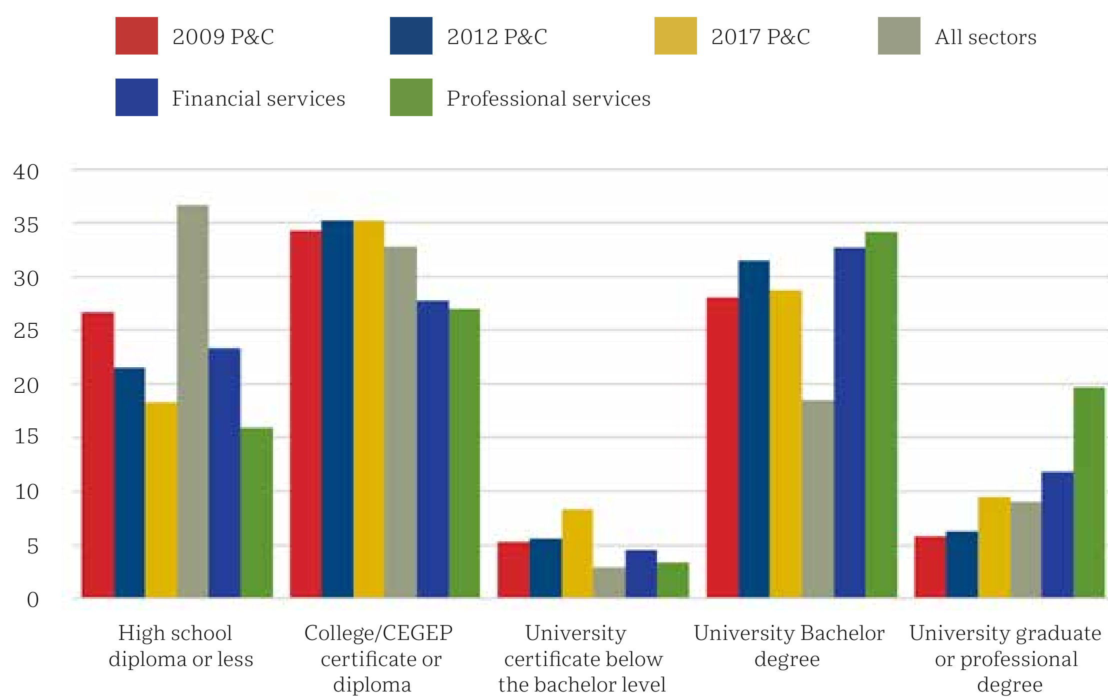
Source: The Conference Board of Canada

Education

According to the 2017 employee survey, the educational attainment of the P&C workforce is rising. About 82 percent of respondents in the 2017 survey had some post-secondary education, compared to 78.6 percent in 2012 and 73.4 percent in 2009. (See Chart IV-4.) Furthermore, the proportion with a graduate degree or a professional degree jumped more than three percentage points to 9.5 percent of respondents in 2017. This is well above average for the workforce as a whole, but the level of educational attainment in the P&C insurance industry is below that of the financial services and professional services industries.[55] Both industries have fewer college graduates and more people with university degrees. Professional services in particular has a large concentration of people with graduate degrees (19.7 percent).

Chart IV-4: Educational Attainment in the Industry Is Rising

Share of respondents by highest level of education, percent



Source: The Conference Board of Canada

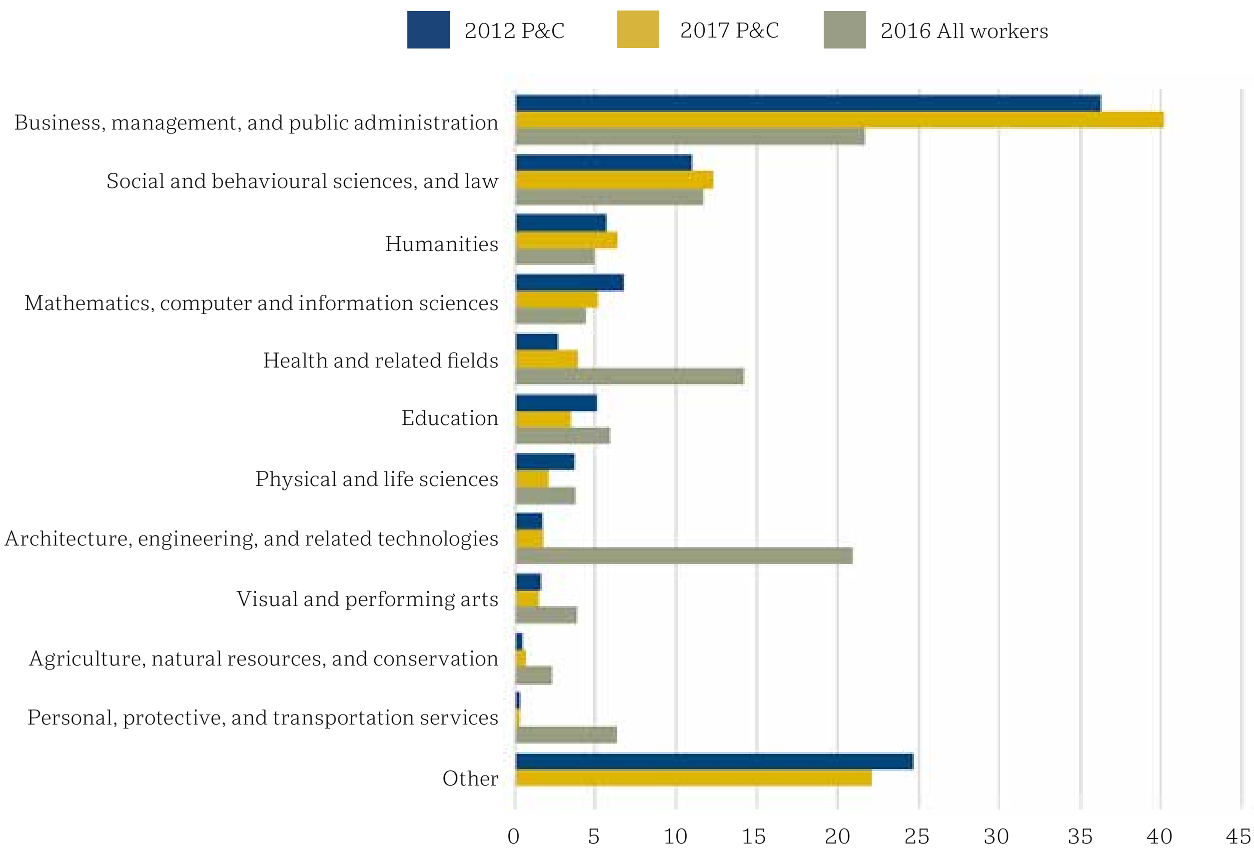
Although the level of educational attainment has risen for the broader workforce over the past decade, the P&C insurance industry continues to have a level of educational attainment that is well above average. For example, 38.2 percent of the P&C workforce has a university degree, compared with 29.8 percent for the entire workforce.[56] This has implications for the age profile of the industry, as those with post-secondary education tend to enter the workforce later in life.

Among respondents with a post-secondary degree, business, management, and public administration remain the most common fields of study. More than 40 percent of respondents indicated that was the field of study for their highest level of education, up three percentage points from 2012. (See Chart IV-5.) This compares to 21.7 percent for the entire workforce. What is more, most of the people who indicated "other" for their field of education have completed a business program, thus, it is safe to say that this is the area of study for most workers in the P&C insurance industry.

55 Statistics Canada, 2016 census catalogue 98-400-X2016371.
56 Statistics Canada, CANSIM table 282-0004.

Chart IV-5: Business Is the Most Common Field of Post-Secondary Study for the P&C Insurance Industry

Share of respondents by major field of study, percent



Source: The Conference Board of Canada

Individuals who attained their highest educational credential outside of Canada are considered internationally educated professionals. The 2012 employer survey noted that 15 percent of respondents attained their highest educational credential outside of Canada. This share fell to 12.7 percent in the 2017 survey. The decline may reflect the change in the sampling methodology for the 2017 survey.

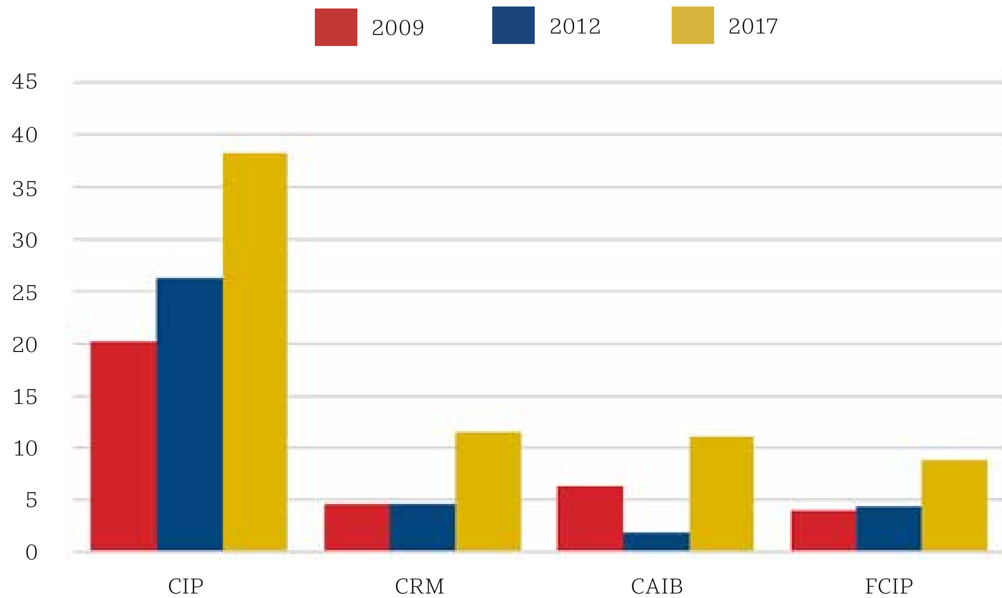
However, it is worth noting that only 10.1 percent of people in the entire Canadian workforce obtained their highest level of education outside the country.[57] Thus, although a below-average share of people working in the P&C insurance industry are foreign born, an above-average share are internationally educated. This reflects the fact that some Canadian-born workers in the industry are foreign educated (6.7 percent), as well as the fact that many foreign-born workers come to the industry with a high level of education from outside of the country (40.9 percent).

Finally, more employees report that they hold the four most common professional designations among people working in the industry. The number of employees holding a Chartered Insurance Professional (CIP) designation has nearly doubled since 2009, from 20.2 percent to 38.3 percent. (See Chart IV-6.) The same is also true for the next three most common designations: Canadian Risk Management (CRM), Canadian Accredited Insurance Broker (CAIB), and Fellow Chartered Insurance Professional (FCIP), although the incidence of each still remains much smaller than the CIP. Since the 2017 survey was sent to members of The Institute, but the 2009 survey was not, it is likely that this change in methodology is influencing the results for this question

57 Statistics Canada, 2016 census catalogue 98-400-X2016285.

Chart IV-6: Employees with Professional Designations Have Become More Numerous

Percent of respondents with select professional designations



Source: The Conference Board of Canada

P&C Insurance Worker Profile

Occupation

The top four occupational groupings of employees responding to the survey were broker/agent (22.7 percent), claims (19.9 percent), underwriting (17.8 percent), and management (12.1 percent). (See Table IV-4.) All other occupational groups accounted for 27.5 percent of respondents. This marks a significant difference from both the industry census conducted in 2017 and the previous employee survey conducted in 2012.

Table IV-4 : Most Survey Respondents Come from Four Occupational Groups

Occupation	2017 S (%)	2017 C (%)	2012 (%)
Broker/agent	22.7	8.4	7.5
Claims	19.9	31	30
Underwriting	17.8	17.8	18.1
Management	12.1	12.2	12.9
Sales and service	6.5	15.4	8
Information technology	4.5	9	5.1
Risk management	2.0	1.3	1.2
Product development/innovation	0.9	0.4	N/A
Legal	0.8	1.4	N/A
Actuarial	0.7	1.8	1.2
Other	15.6	0.7	12.9

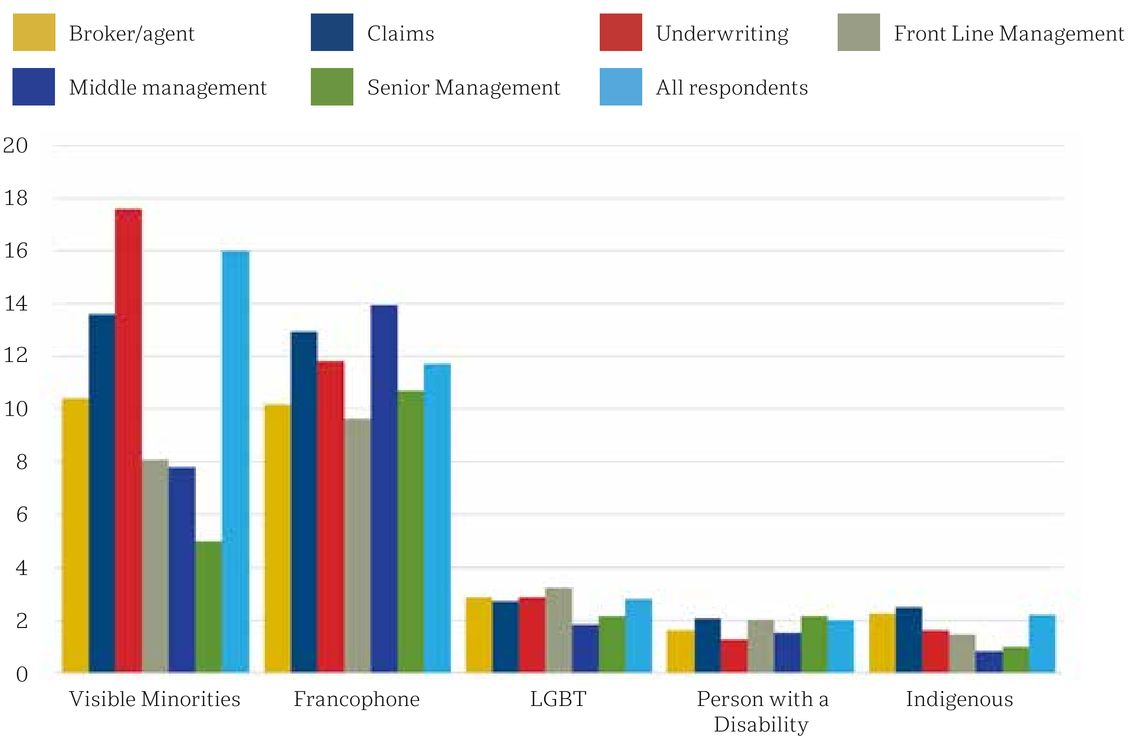
N (2017 S) = 7,289
Source: The Conference Board of Canada

The fact that the survey was distributed to Insurance Institute members in 2017 likely accounts for much of the difference in the occupational mix for this survey versus the previous one. As well, the census data under-represent brokers/agents because many of them work for smaller organizations that were not covered by the census. This is why we also examine data from provincial regulators in the census. Finally, employers were only asked about specific occupations in the census, so it is not surprising that the “other” category is unusually small in the census. As such, the occupational profile for the current survey more closely resembles what exists in the industry.

When it comes to representation of minorities among the largest occupational groupings, underwriting has generally average to above-average representation. For example, 17.6 percent of underwriters belong to a visible minority group, and 2.9 percent of underwriters self-identified as LGBT. (See Chart IV-7.) Although brokers/agents and claims professionals had lower representation for visible minorities, they did have representation among Indigenous peoples that was slightly above average.

Chart IV-7: Minorities Are Generally Under-Represented in Management Positions

Share of respondents by demographic group in select occupations, percent



Source: The Conference Board of Canada

Minority groups were generally under-represented in management occupations, but representation was generally higher for front-line managers than for middle or senior managers. Only 5.0 percent of senior managers were part of a visible minority, but 8.1 percent of front-line managers were in this group. There were a couple of exceptions to this trend. For example, an above-average share of front-line managers (3.2 percent) identified themselves as LGBT.

However, the P&C insurance industry is not unusual in having low representation of visible minorities in senior roles. According to a study presented by the Diversity Institute in 2017, visible minorities in Toronto make up a mere 3.3 percent of corporate boards (down from 4.8 percent in 2014) even though more than half of the population identifies as a visible minority.[58] The study also found that visible minorities account for around 9.2 percent of senior management in Toronto’s private sector, up from 8.3 percent in 2014. Finally, the study reported that representation for visible minorities among boards (0.7 percent) and senior management (3.0 percent) was even lower in Montreal.

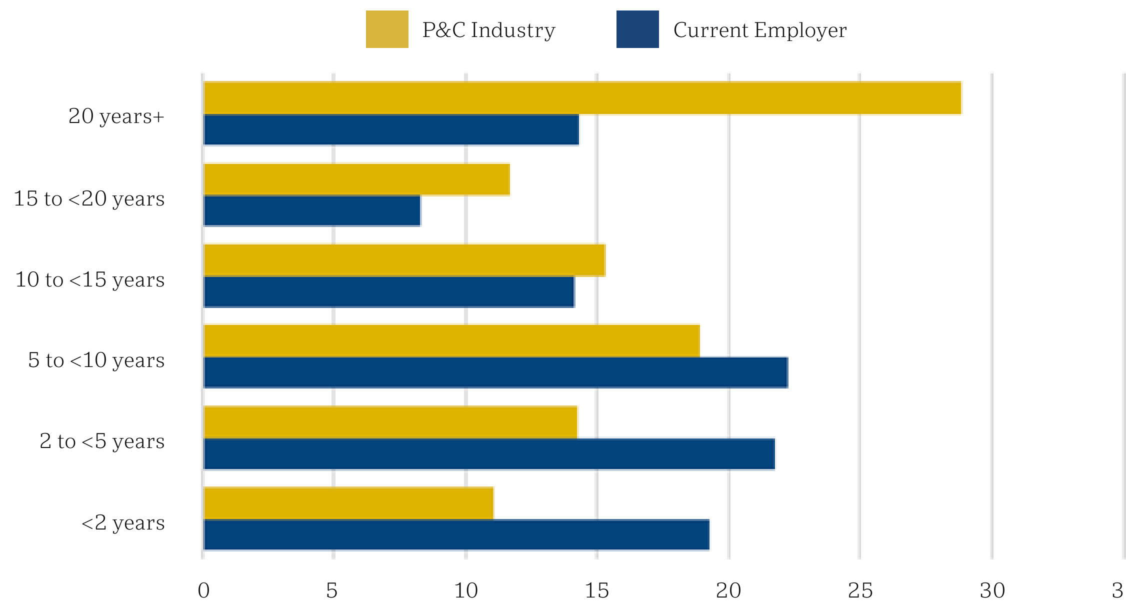
58 Cukier, “Diversity Leads.”

Work Tenure and Experience Levels in the P&C Industry Are High

Tenure in the P&C insurance industry is long. Over half of survey respondents in 2017 had been in the industry 10 years or more, including 28.8 percent who had worked 20 years or more in P&C insurance. (See Chart IV-8.) In terms of tenure with their current employer, 36.7 percent of respondents have been with their current employer for more than 10 years. This is a similar share to what was reported in the census (34.6 percent) and what is reported for the broader financial services sector by Statistics Canada (34.8 percent).[59] It is much higher than the share for the professional services sector (28.7 percent).

Chart IV-8: Two in Five Employees Have Been in the Industry 15+ Years

Tenure with current employer and within the P&C industry, share of respondents, percent



Source: The Conference Board of Canada

The average tenure of respondents has changed significantly over time. For example, in the 2009 survey 25.2 percent of respondents had been with their current organization for less than two years. In 2017, that share had fallen to 19.3 percent, with every other tenure cohort experiencing an increase in its share. Similarly, those who have been in the P&C insurance industry less than two years fell from 18.1 percent in 2009 to 11.1 percent in 2017, while those in the industry more than 20 years rose from 23.4 percent to 28.8 percent. This shift may reflect the change in the sampling methodology for the 2017 survey, as those with a CIP or FCIP designation have much higher tenures than average, both with their current employer and in the P&C insurance industry.

Despite this long tenure, most respondents (62.9 percent) worked outside of the industry before switching to P&C insurance. In fact, the median age for people who started with their first employer in the P&C industry within the past two years was 31, meaning that the median age for entry into the industry is about 30. This remains true when occupations that would not traditionally be considered entry level (such as management and specialty insurance occupations) are excluded from the calculations. Not surprisingly, those who had worked in another industry generally have shorter tenures in the industry; 75.3 percent were employed in another industry for less than 10 years.

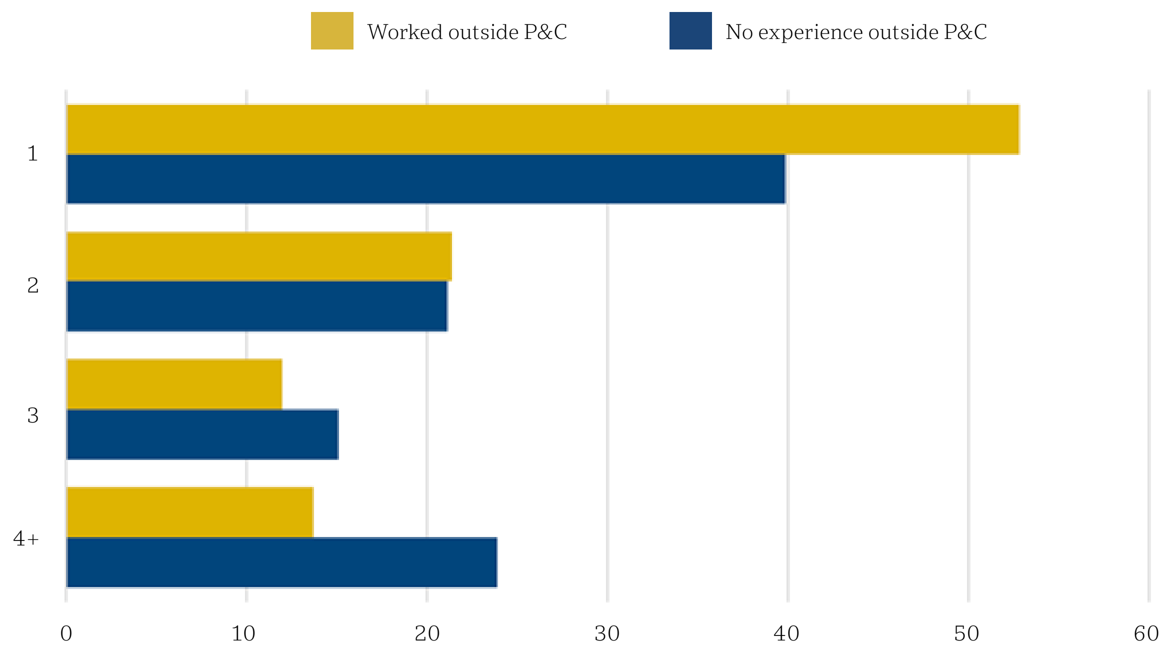
Among the six in ten who have worked outside of the P&C insurance industry, more than half have held employment with just one P&C insurer (52.9 percent). However, respondents who have no experience working outside the P&C insurance industry are much more likely to have had multiple employers. In fact, they are almost twice as likely to have had four or

59 Statistics Canada, CANSIM table 282-0042.

more P&C insurance employers (23.9 percent versus 13.7 percent). (See Chart IV-9.) One reason for this is that those who have worked outside of the P&C insurance industry have significantly less tenure in the industry than those who started their professional careers inside the industry. For example, 39.1 percent of respondents who have only worked in the P&C industry have been in the industry for 20 years or more versus 21.6 percent for those who have other experience.

Chart IV-9: Employees with Other Industry Experience Have Had Fewer P&C Employers

Share of respondents by number of employers, percent



Source: The Conference Board of Canada

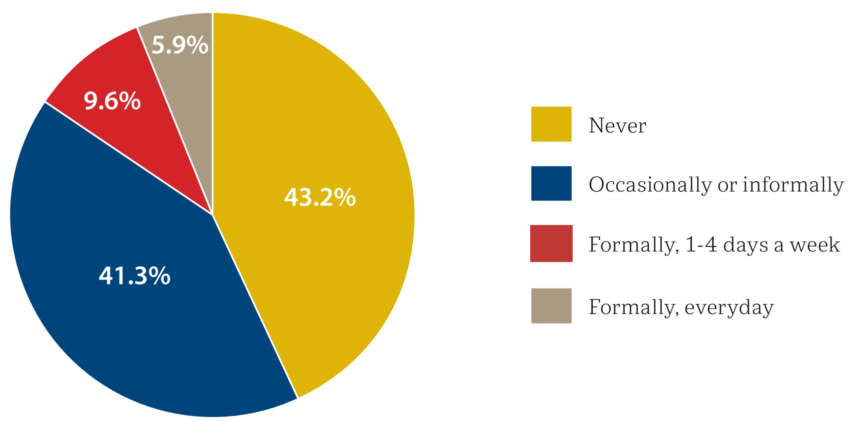
Employee Status and Remote Workers

Most employees surveyed in 2017 were permanent full-time employees (95.4 percent). Permanent part-time employees made up 2.5 percent of respondents, while the rest were either temporary or contingent workers. This share of permanent full-time workers is up modestly from the previous employee surveys in 2012 (93.2 percent) and 2009 (92.6 percent), but permanent full-time employment has consistently been the norm in the industry. It is also modestly higher than the data from the census, where permanent full-time staff accounted for 92.6 percent of employment. This may reflect the fact that non-permanent employees were less likely to respond to the survey.

The 2017 survey introduced a question about employees' remote working status. This was in response to the sector's employers enacting policies to improve work–life balance and workplace flexibility in recent years. The current survey shows that over half of respondents work remotely at least part of the time. (Chart IV-10.) This was much higher than the share recorded in the census (33 percent) and is likely more accurate; many employers included in the census could not identify if specific workers could work remotely or not. Occasional or informal remote work is by far the most common arrangement, with only 15.6 percent of workers having a formal arrangement and only 5.8 percent working from home every day.

Chart IV-10: Over Half of Employees Can Work Remotely

Share of respondents by remote working status, percent



Source: The Conference Board of Canada

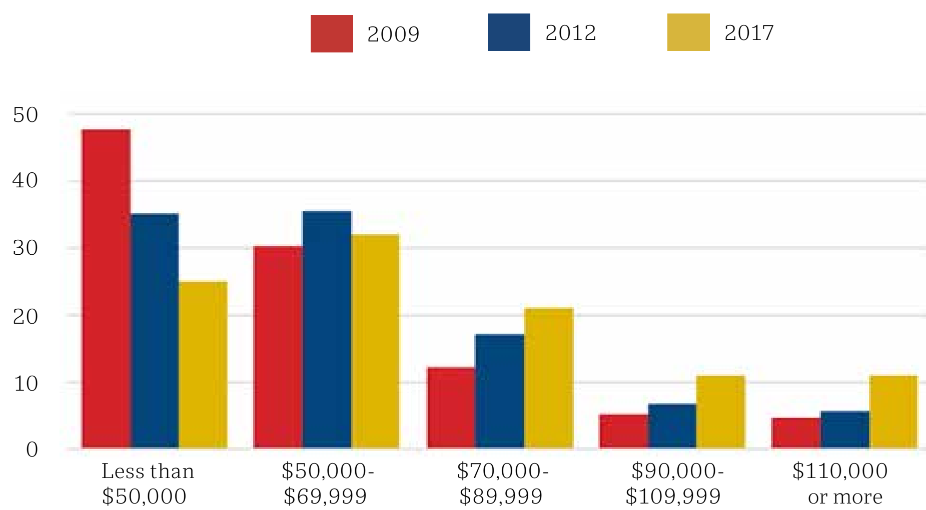
The employee survey corroborates some of the other findings from the census in terms of remote work. For example, millennials are less likely to have remote work arrangements (47.2 percent) than people in the older cohorts (61.7 percent). As well, men (64.4 percent) are more likely than women (53.5 percent) to have remote work arrangements. Finally, managers (81.3 percent), IT workers (72.3 percent), and people working in claims (60.6 percent) are the ones who are most likely to have remote work arrangements.

Salaries Are Rising

There has been an upward progression in industry salaries over the past decade. For example, between 2012 and 2017, the share of earners in the $110,000+ range doubled in size to 11.0 percent. (See Chart IV-11.) At the other end of the income spectrum, employees earning less than $50,000 has shrunk from a little under half in 2009 to one-quarter today. Although an average wage for the industry cannot be precisely calculated from the survey, we estimate that the average wage has risen from about $59,000 to $71,000 between 2009 and 2017, an increase of 19.7 percent. This change outpaces the rate of inflation over this period (13.9 percent), suggesting that price-adjusted incomes in the industry have risen. Factors such as a tightening labour market and increasing demand for employees with higher credentials could be driving real salaries higher. At the same time, the increasing interaction between labour and technology has likely underpinned productivity growth within the industry, supporting upward pressure on wages.

Chart IV-11: Industry Incomes Are Shifting Up

Share of respondents, percent



Source: The Conference Board of Canada

In 2017, the median salary range of regular full-time employees was $50,000 to $69,999. About one in three (32.0 percent) employees earned within this range. Occupational groups where the median lies below the industry median include brokers/agents (particularly for personal lines), customer service representatives, and underwriting support. In all three cases median salaries were between $30,000 and $49,999. The highest median incomes were among senior management ($130,000 to $149,999). (See Chart IV-12.)

There is also significant variation in salary ranges when comparing people who work in rural areas versus those who work in urban areas. For example, 47 percent of those who work in rural areas earned under $50,000 per year versus 23 percent for those in urban areas. The major factor explaining this difference is that the occupational mix in rural areas is heavily skewed toward brokers, who earn significantly less than average. However, the lower cost of living in rural areas is also likely a contributing factor to this discrepancy.

The highest salary earners in 2017 were mostly employees with long tenures in the P&C insurance industry. Over half of employees who earned $70,000 or above were employees with 15 or more years of tenure in the industry. However, some of the longest tenured employees—9.8 percent—earn less than $50,000. (See Chart IV-13.) Some of the people in this category are close to retirement or are working part time, suggesting that their lower incomes may reflect a transition to retirement. However, there is a group of long-serving employees who earn lower incomes

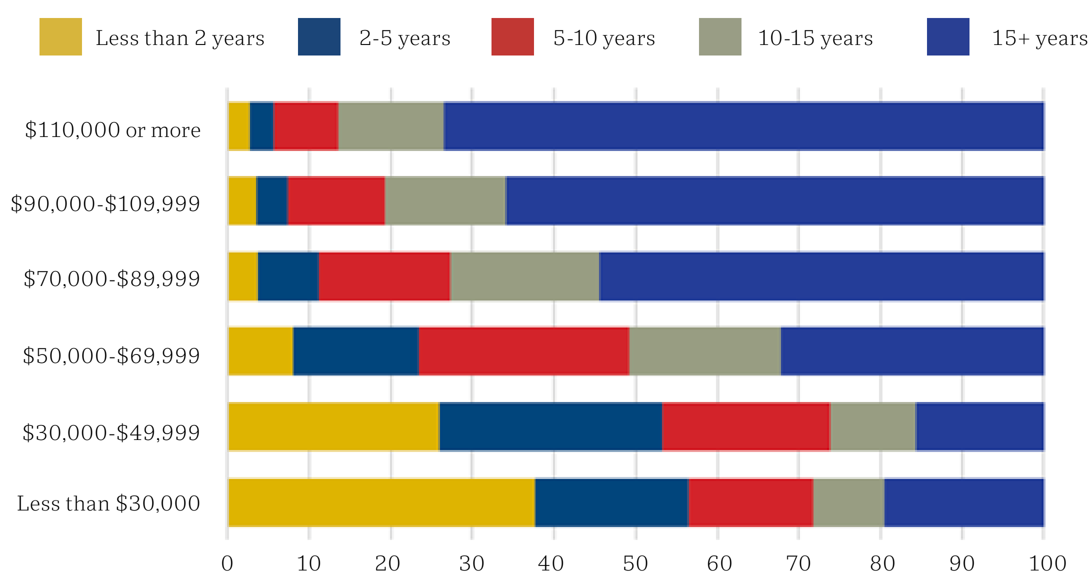
Chart IV-12: Salaries Vary Considerably across the Four Largest Occupations

Share of respondents in select occupational groups by salary, percent

Source: The Conference Board of Canada

Chart IV-13: The Highest Earners Have Longer Tenures in the P&C Industry

Share of respondents by tenure and annual salary range, percent



Source: The Conference Board of Canada

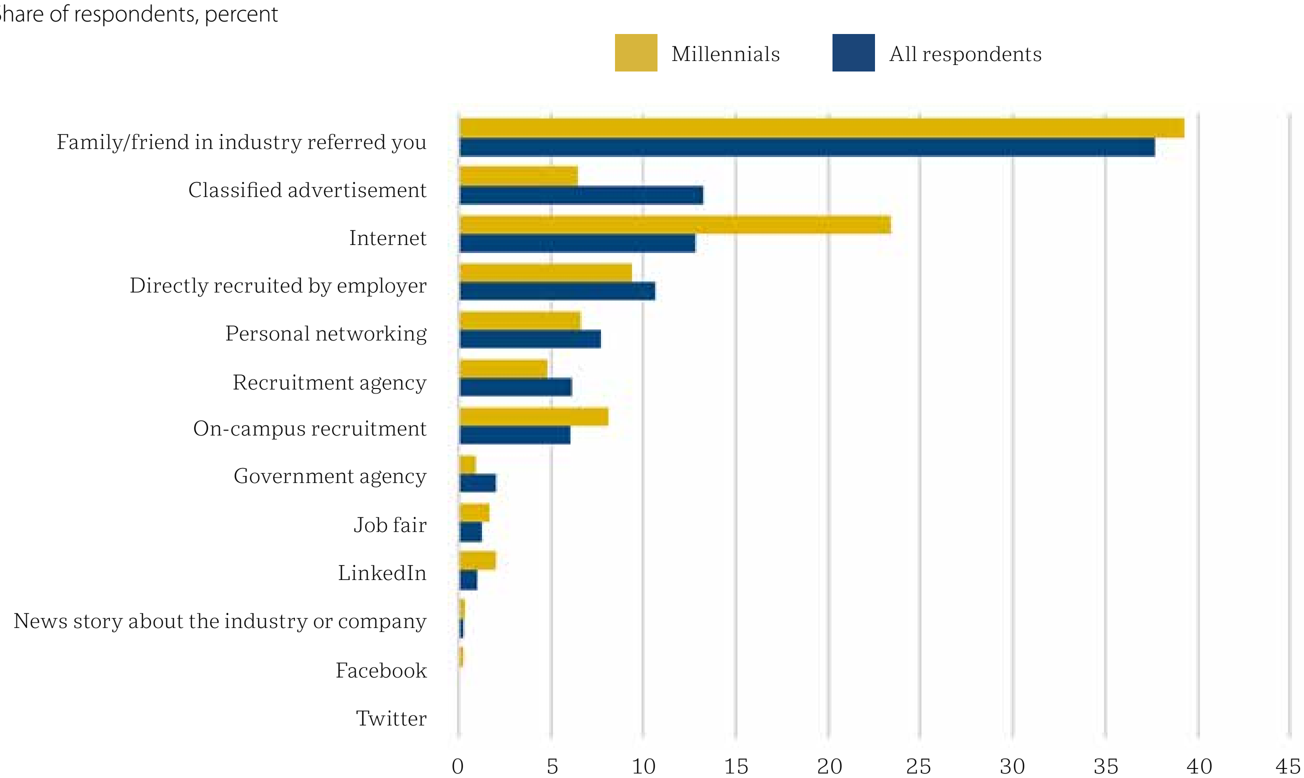
Recruitment Sources

The major source of referral to jobs in the P&C industry is through personal connections—family or friends who already worked in the sector. The 2017 survey found that 38 percent of employees found their first insurance job by these sources. (See Chart IV-14.) Although that is consistent with the previous surveys, the share is down modestly from 2012, when 44 percent of respondents reported that was their path of entry into the sector. Changes to options in the question and the sample may have contributed to this decline.

Chart IV-14: Family and Friends Are the Primary Way People Enter P&C Insurance

When you were hired into your first job in the property and casualty insurance industry, how did you learn about the job opening?

Share of respondents, percent



Source: The Conference Board of Canada

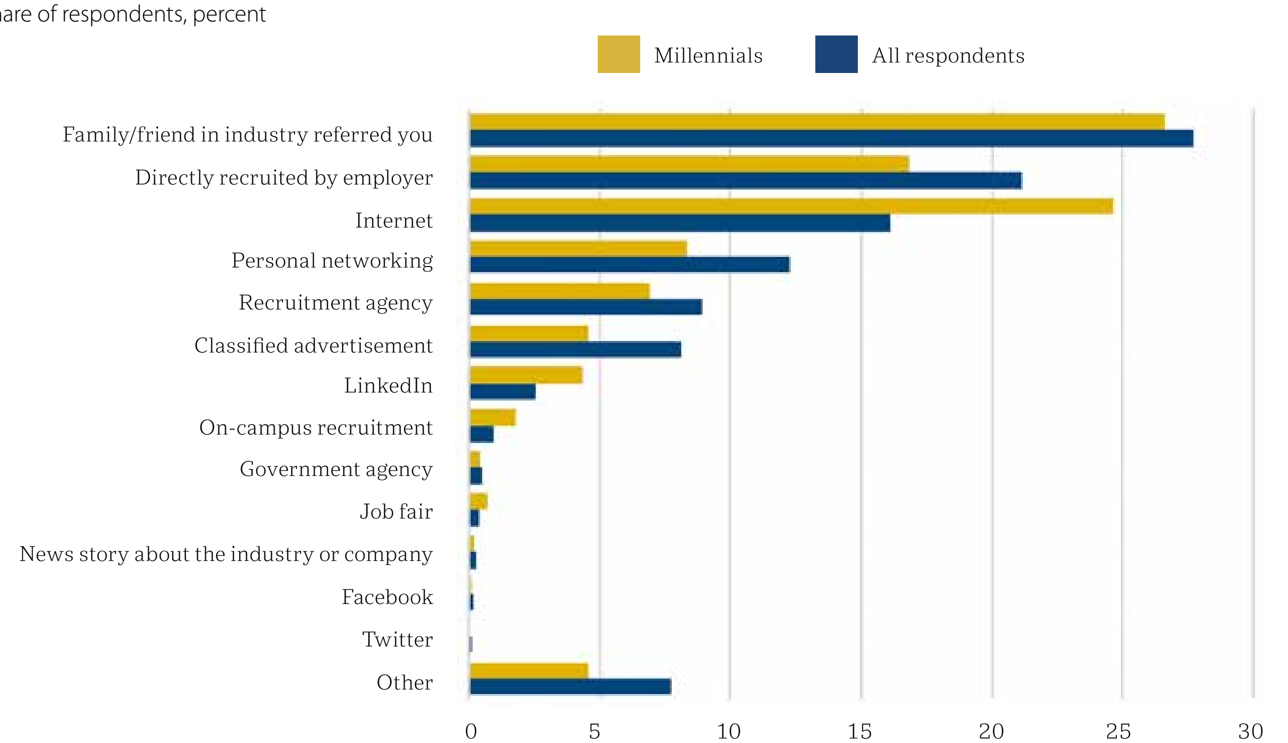
Classified ads, the Internet, direct recruitment by an employer, and personal networking were also common means for people to enter the industry. One thing of note is that the Internet and social media tools have become more important, rising from 9.9 percent of respondents in 2012 to 14.1 percent in 2017. However, they are still used by a minority of people. Even among millennials, only 25.6 percent of respondents indicated that the Internet and social media were the primary means of entry into the industry, after family and friends.

For the first time, the 2017 survey also asked how people learned about the job opening that led them to their current employer. For this question we see a markedly different situation. Although friends and family are still number one, their share drops to 27.7 percent. (See Chart IV-15.) Instead, being recruited directly by an employer becomes much more important (21.2 percent). Personal networking, the Internet, and recruitment agencies also become more important. Millennials are more likely to have come to their current employer through the Internet and less likely to have come through direct recruitment. The lower level of direct recruitment may reflect the fact that they generally have less experience.

Chart IV-15: Direct Recruitment and Personal Networking Are Important for Finding Current Employer

When you were hired by your current employer, how did you learn about the job opening?

Share of respondents, percent



Source: The Conference Board of Canada

Job Satisfaction and Engagement

Job satisfaction and employee engagement are distinct concepts. Job satisfaction reflects employees' contentedness with what they get from their organization such as pay, benefits, and job security. Engagement reflects employees' connection to their work and suggests the degree to which they are willing to give back to their workplace.[60]

There is a clear sense of satisfaction among employees working in the P&C insurance industry. Among the biggest contributors to job satisfaction in the sector is solid (and improving) compensation and flexible working arrangements. Employees in the P&C insurance industry also show decisively high levels of engagement. Compared to employees across multiple sectors, employees in the P&C industry score higher on several key indicators of employee engagement.

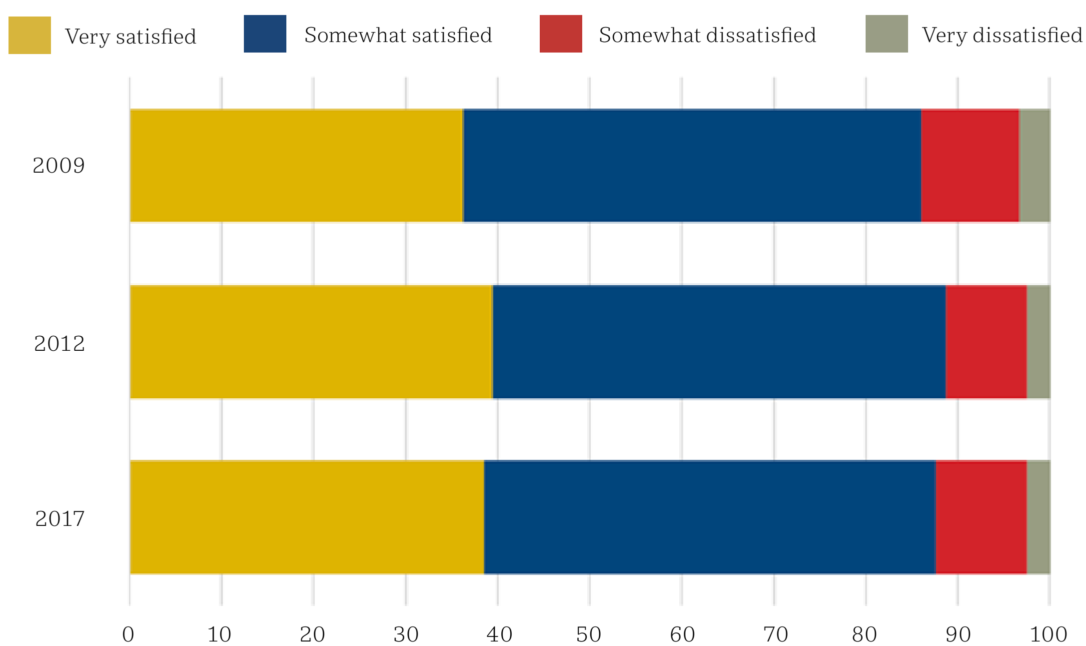
Overall Job Satisfaction Is High

The results of the employee survey suggest that overall job satisfaction in the P&C insurance industry continues to be high. Eighty-seven percent of employees said they were somewhat or very satisfied with their job in 2017. Moreover, this high level of job satisfaction has barely changed since 2009. (See Chart IV-16.) Despite this optimistic portrayal of job satisfaction, it is important to be mindful of the potential for bias across aggregate job satisfaction results. Considering the survey was voluntary, it could well have drawn respondents with more positive attitudes about the industry.

Chart IV-16: Job Satisfaction Remains High in P&C Insurance

Considering all aspects of your job, how satisfied are you with the job?

Share of respondents, percent



Source: The Conference Board of Canada

60 Armstrong and Wright, "Employee Engagement: Leveraging the Science to Inspire Great Performance." p. 9–10.

Many factors drive high job satisfaction. The top factors for P&C industry employees have remained little changed over the past decade:

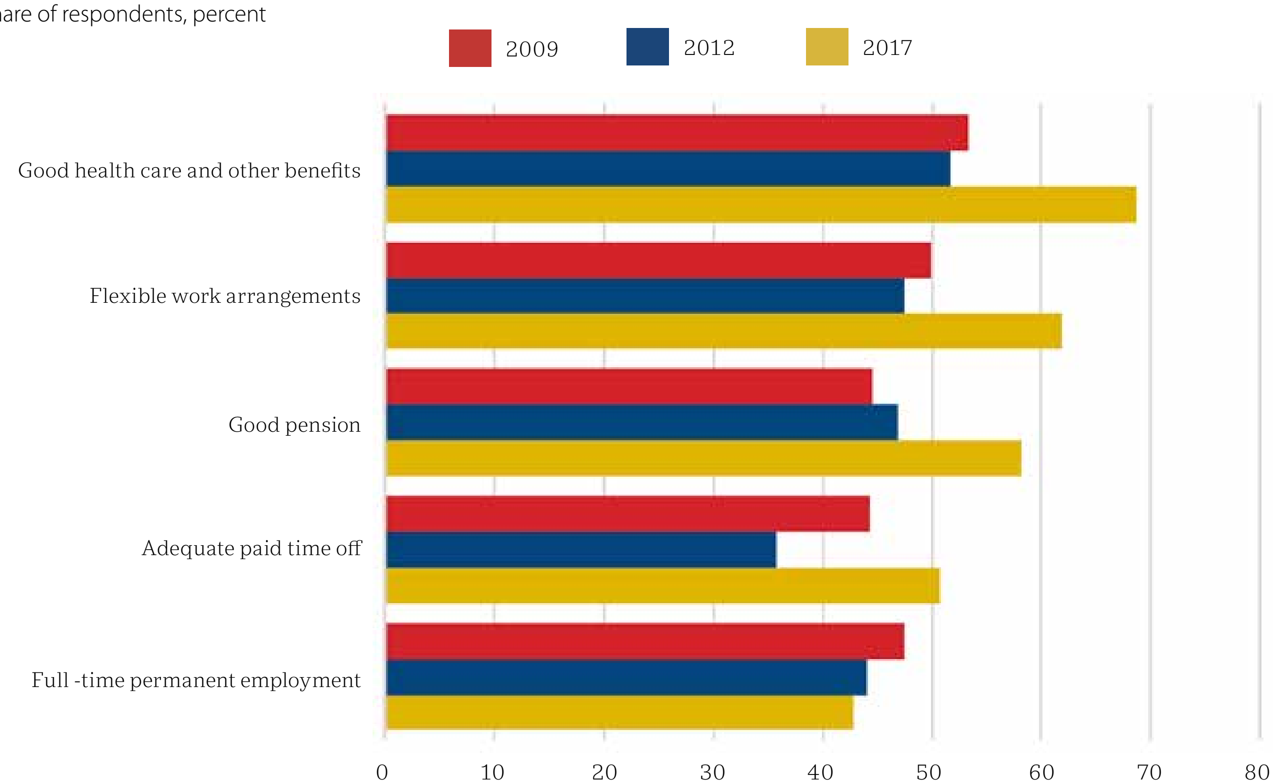
- A competitive salary/wages
- Good health care and other benefits
- Flexible work arrangements
- Good pension benefits
- Adequate paid time off (e.g., vacation, sick days)
- Full-time permanent employment

Although these factors have consistently been top ranked, their relative importance has changed. For example, the importance of benefits and pensions has grown. (See Chart IV-7.) At the same time, the importance of full-time permanent employment has declined. In its stead, flexible work arrangements have grown in importance. P&C employers have responded by offering opportunities such as remote working and flex time.

Chart IV-17: Top Drivers of Job Satisfaction among P&C Industry Employees

For you personally at this point in your career, in addition to a competitive salary or wages, what are the most important aspects of your ideal job?

Share of respondents, percent



Source: The Conference Board of Canada

The levels and drivers of job satisfaction are similar across demographic groups within the industry; however, differences do exist. One notable difference among subgroups is that men are somewhat more interested in opportunities for promotion and somewhat less interested in their amount of paid time off and opportunities for part-time work than their female colleagues. (See Table IV-5, p. 106.) Also of note, people who are visible minorities are slightly more interested in workplace diversity, opportunities for promotion, and mentorship programs. At the same time they are less interested in paid vacations.

Table IV-5 : Satisfaction Levels and Factors in an Ideal Job

Share of respondents in each group, percent

Satisfaction with Current Job	Total	Men	Women	Millennials	Gen X	Boomers	Visible Minorities
Very satisfied	38.2	39.4	38.0	35.6	37.3	43.4	30.8
Somewhat satisfied	49.5	48.2	49.9	50.6	50.5	45.9	55.2
Somewhat dissatisfied	9.8	10.1	9.7	10.9	9.9	8.7	11.1
Very dissatisfied	2.5	2.3	2.5	2.9	2.3	2.0	3.0
Top 5 Factor in an Ideal Job							
Good health care and other benefits	68.5	62.2	71.6	67.0	68.9	70.3	69.6
Flexible work arrangements	61.9	58.6	63.3	61.7	64.5	58.6	63.7
Good pension benefits	57.9	58.0	58.1	44.7	60.5	70.3	55.0
Adequate paid time off	50.6	45.9	52.9	54.8	49.7	47.7	40.9
Full-time permanent employment	42.7	41.9	43.0	46.8	43.3	37.1	39.6
A short commute	29.8	30.5	29.6	28.3	30.6	30.7	33.7
Opportunity for promotion	28.5	32.0	26.9	44.3	27.7	11.4	35.8
Challenging work	25.5	29.0	24.1	23.4	25.3	28.4	20.1
Relationship with my co-workers	21.5	20.1	21.9	20.7	20.1	24.2	18.8
Relationship with my manager	20.4	20.2	20.5	19.5	20.5	21.3	20.8
Collegial and respectful work environment	16.7	14.4	17.9	13.6	16.2	21.0	16.9
Access to training/education	15.8	14.4	16.3	21.4	14.9	10.2	18.1
Job autonomy	12.1	17.1	9.9	9.1	11.8	15.9	9.3
Corporate culture that supports your values	10.1	11.4	9.6	9.5	10.3	10.7	10.3
Access to mentorship	5.0	5.3	4.8	7.4	4.8	2.4	7.3
Opportunity for part-time work	4.4	2.4	5.4	2.0	3.1	9.0	2.7
Working for an employer of choice	3.6	5.0	3.1	2.3	4.0	4.7	3.0
Diverse workplace	2.5	2.4	2.7	2.9	2.6	2.3	6.6
Corporate social responsibility of the organization	2.5	2.9	2.3	2.6	2.0	2.9	3.0
Size of organization	1.9	2.9	1.4	1.6	1.9	2.1	1.8
Type of community where the office is located	1.9	2.4	1.6	1.5	1.8	2.2	1.3

Source: The Conference Board of Canada

Millennials also had some unique perspectives. They were much less interested in pensions and much more interested in promotions than average, although this may reflect their younger age. They were also more interested in education and training as well as mentorship opportunities. Boomers were the opposite, with markedly less interest in promotions and full-time work, but higher interest in pensions and benefits. They also placed higher importance on job autonomy and challenging work.

Additionally, responses to ideal job characteristics vary between rural and urban workplaces. For example, rural respondents were more likely to cite factors such as relationship with co-workers, type of community where the office is located, and access to training/education as ideal characteristics of their jobs. In comparison, urban workers were more likely to cite job autonomy, a diverse workplace, a short commute, and flexible work arrangements as aspects of their ideal job.

Employee Engagement Is Strong

The Conference Board of Canada has identified seven separate factors that influence employee engagement:[61]

1. Autonomy
2. Confidence in senior leadership
3. Relationship with managers
4. Relationships with co-workers
5. Interesting and challenging work
6. Professional and personal growth
7. Acknowledgement and recognition

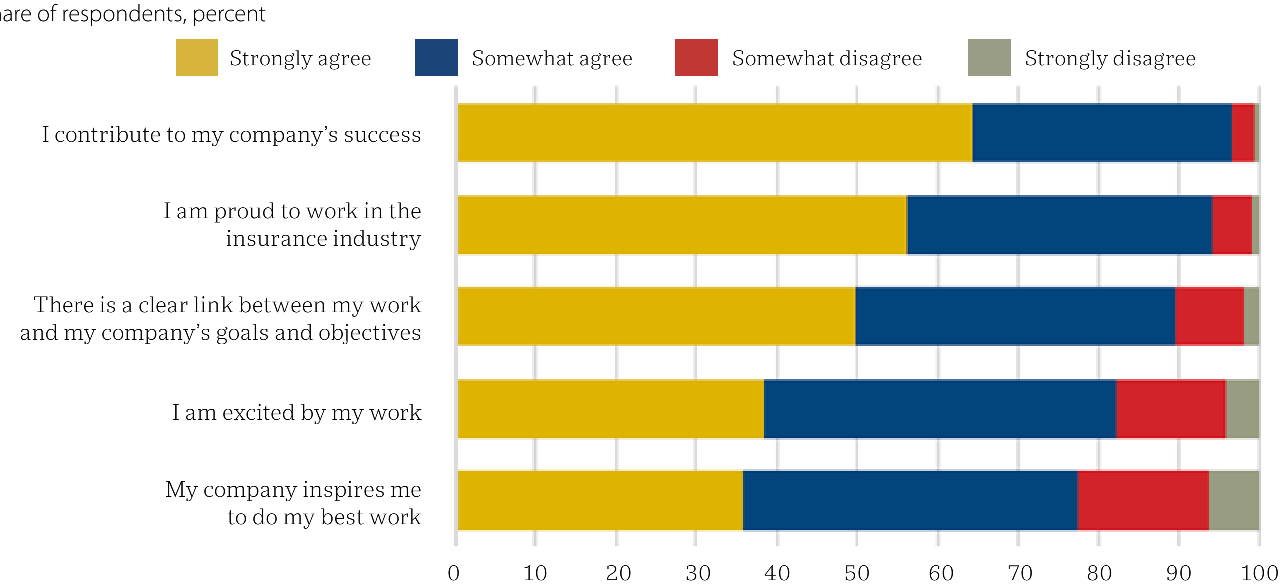
The Conference Board of Canada has estimated that just 27 percent of Canadian employees across all industries were highly engaged in their work in 2014, as determined by scores across a 10-year sample of employee engagement surveys.[62]

In striking contrast, P&C insurance industry employees offered strong positive responses on items that measure employee engagement. Over half of P&C employees strongly agreed that they contribute to their company's success (64.2 percent) and that they are proud to work in the insurance industry (56.2 percent). (See Chart IV-18.) About half of employees felt strongly that there is a link between their work and company goals and objectives (49.8 percent). And although fewer would say strongly that they are excited by their work (38.4 percent) and that they feel inspired by their company to do their best work (35.8 percent), these are still laudable proportions given the high level of disengagement among Canadian workers in general.

Chart IV-18: P&C Employees Feel Engaged with the Industry and Their Work

To what extent do you agree with the following statements?

Share of respondents, percent



Note: "Don't know/not applicable" results have been excluded.
Source: The Conference Board of Canada

61 Todd Armstrong and Ruth Wright, Employee Engagement: Leveraging the Science to Inspire Great Performance." p. 14.
62 Todd Armstrong and Ruth Wright, Employee Engagement: Leveraging the Science to Inspire Great Performance." p. 3, 19.

Research on employee engagement by The Conference Board of Canada has found that, in general, engagement is higher among senior management, new employees, non-profit organizations, and small/mid-size organizations (50–99 employees). Across industries, there is a pattern of lower engagement among employees with longer tenures (20–25 years) and in clerical and support occupations, technical and skilled trade occupations, and larger organizations (100–1,499 employees).[63]

The P&C insurance industry shows some commonalities with the broader employee satisfaction and engagement research but also distinguishes itself in some ways:

- Similar to broader Canadian patterns of employee engagement, new P&C employees showed stronger levels of engagement on most items. However, unlike other Canadian employees, the longest-tenured P&C employees are also among the most engaged, with levels that rival the newest employees. The pattern with regard to tenure shows a "hollowing out" of engagement among the mid-tenured cohort. For example, while about two in five of the newest employees (under two years) and the most seasoned employees (15+ years) strongly agreed that they are excited by their work, this sentiment was shared by only around one-third of mid-tenured employees (tenures more than two years but less than 15).
- Also mirroring the Canadian workforce, lower-skilled P&C employees are among the least engaged. Customer service representatives were less likely to say they strongly agree on aspects of engagement, such as having pride in the industry (40.5 percent), that their work is linked to their company's goals and objectives (38.0 percent), and that they are excited by their work (25.2 percent). In contrast, management showed generally higher-than-average levels of engagement. Marketing and business development workers also showed higher-than-average engagement on some items.
- In general, francophone workers showed stronger levels of engagement. For example, 67.6 percent strongly agreed they were proud to work in their industry, and 59.6 percent said they could see a link between their work and their company's goals.

Other subgroup differences include the following:

- Visible minorities were less likely to agree strongly on most items of engagement, such as that their work is linked to their company's goals and objectives (45.2 percent), that they contribute to their company's success (59.8 percent), and that their company inspires them to do their best work (31.8 percent). Interestingly, for those who self-identified as a visible minority, engagement scores are modestly lower than if we use an ethnicity-based definition.
- LGBT employees were less likely to agree strongly on some items of engagement, such as that they are excited by their work (32.5 percent) and that their company inspires them to do their best work (26.6 percent).
- In general, older employees were more likely to express stronger engagement than employees between the ages of 25–39. For example, only 47.2 percent of 25–29 year olds strongly agreed they were proud to work in their industry, compared to 60.3 percent of those 55 and older.

Compensation and Benefits: Making Strides

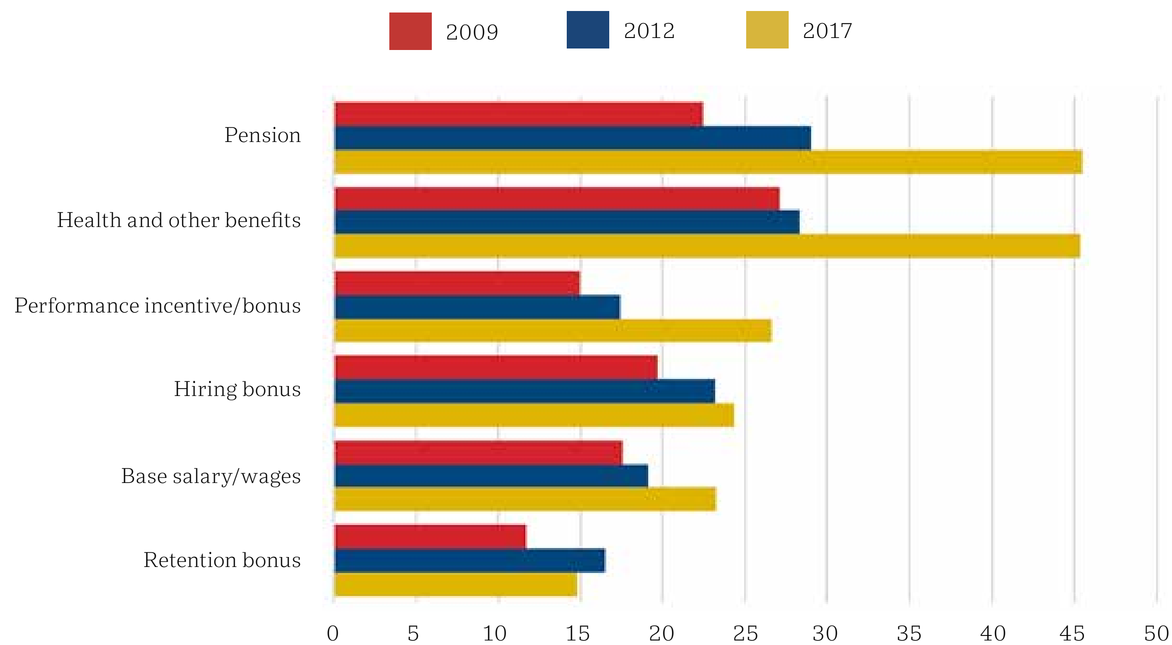
Historically, total compensation and rewards has been an area that has detracted from P&C employees' overall job satisfaction. Over the past 10 years, however, there have been notable gains in satisfaction in most areas pertaining to total compensation and rewards. In 2017, the proportion of employees saying they are very satisfied with their pension, health and other benefits, and performance incentives/bonuses was well above the 2012 figures. (See Chart IV-19.) Just over 45 percent of employees were very satisfied with their pension (45.5 percent) and health and other benefits (45.4 percent), while one-quarter of employees (26.6 percent) were very satisfied with performance pay.

63 Armstrong and Wright, "Employer Engagement: Leveraging the Science to Inspire Great Performance." p. 21

Chart IV-19: Satisfaction with Compensation Is on the Rise

How satisfied are you with your employer's policies/programs on each of the following?

Share of respondents saying they are very satisfied, percent



Source: The Conference Board of Canada

Though satisfaction with base salary has edged upward, satisfaction levels remained low in 2017 relative to other drivers of satisfaction. Just under a quarter (23.3 percent) of employees were very satisfied with their base salary in 2017. Though this represents a gain from 2012 (19.1 percent), the combined proportion of those very satisfied and somewhat satisfied with base salary and wages remained flat between 2012 and 2017 (71.6 and 71.8 percent, respectively). Furthermore, the proportion of employees who said that salary increases by their employer were "good" or "excellent" declined between 2012 and 2017 (41.1 to 37.9 percent). All this is despite the notable upward shift in salaries described earlier. This suggests that the industry has spent some time catching up on wages.

Workplace Flexibility Is a Strength

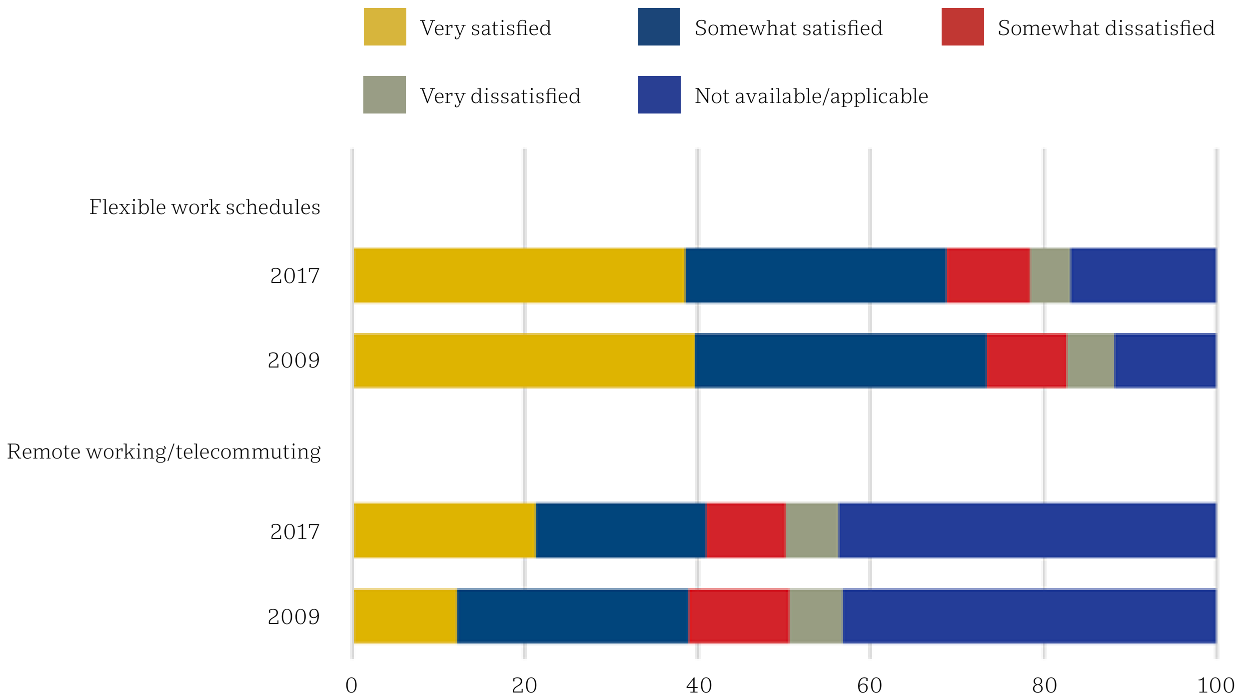
Survey results show that P&C insurance employers generally offer convenient, flexible working arrangements—a benefit that P&C employees value highly. More P&C employees than ever before have access to remote working, and they value this and the flexibility it affords. After compensation (base salary and health and other benefits), most P&C employees said that flexible work arrangements are the top selling point of their ideal job. More than 6 in 10 (61.9 percent) employees ranked flexible work arrangements within their top five most important job factors.

In 2017, over half of P&C employees (56.2 percent) indicated that remote working was available in their workplace. This is similar to the share of respondents that reported they were able to telecommute in 2009. However, among those who had access to remote working arrangements, those who were very or somewhat satisfied with it rose modestly, from 68.7 percent in 2009 to 73.0 percent in 2017. (See Chart IV-20.) The rising satisfaction could be partly attributed to employers dedicating more resources to improving the experience and better support remote workers.

Chart IV-20: Satisfaction with Remote Working and Flexible Work Arrangements Is High

How satisfied are you with your employer's policies/programs on the following?

Share of respondents, percent



Source: The Conference Board of Canada

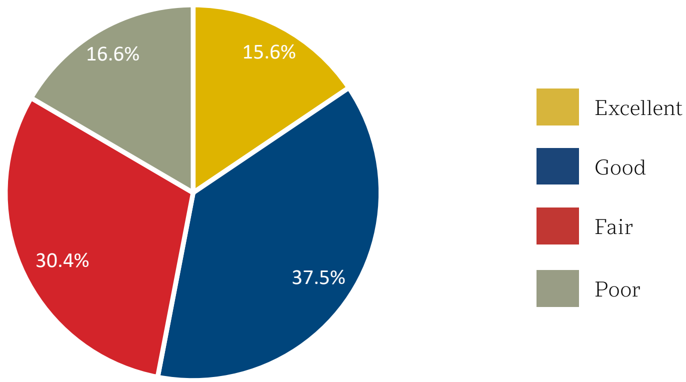
P&C employers also continue to receive strong ratings for their flexible work schedules. Although a slightly smaller proportion of employees indicated in 2017 that they had access to flexible work schedules, satisfaction has remained consistently high (around 83 percent very or somewhat satisfied since 2009).

To maintain a competitive edge and retain their talent, P&C employers should be on the lookout for opportunities to improve employee access to technology. This is an area that shows some weakness and could stall future satisfaction with remote working and flexible working arrangements. Though 53 percent of P&C employees say their access to the latest technology is excellent or good, this leaves a large proportion with access that is poor (16.6 percent) or just fair (30.4 percent). (See Chart IV-21.) IT workers were more likely to state their access to the latest technology was poor or fair (61.9 percent), but notably millennials were only slightly more likely than average to report the same thing (49 percent). Also, the proportion saying their access to the latest technology is only fair or poor has decreased marginally since 2012.

Chart IV-21: Half of Respondents Rate Their Access to Technology as Good or Excellent

How would you rate your current job in terms of the opportunity for access to the latest technology?

Share of respondents, percent



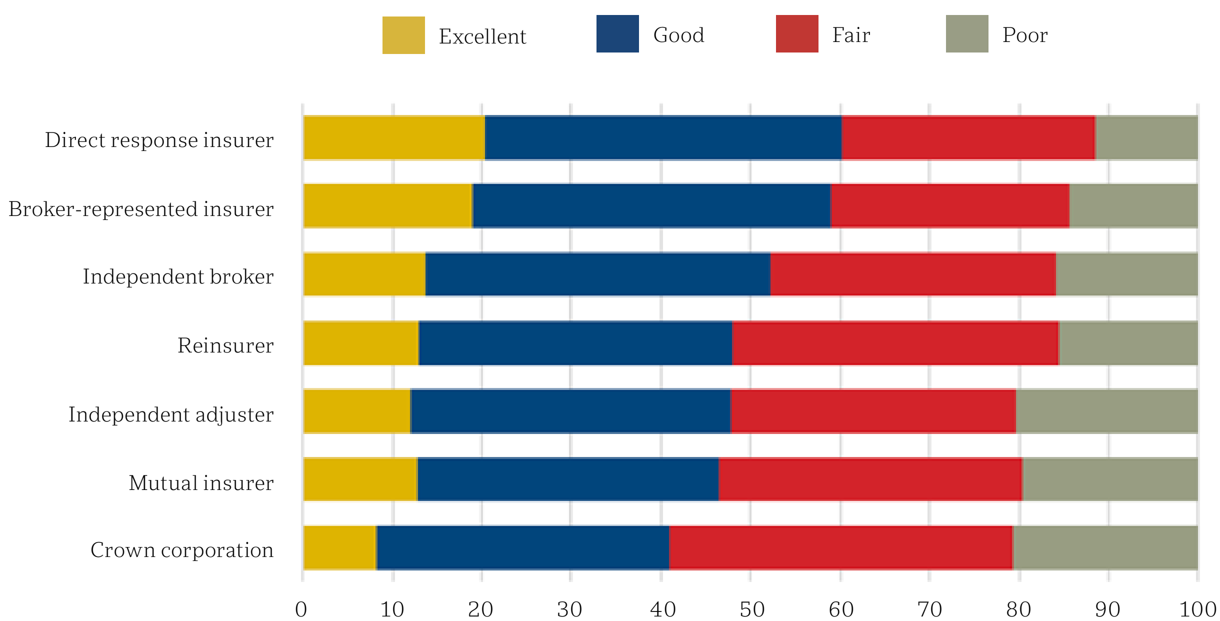
Source: The Conference Board of Canada

Also of note, employees at direct response insurers and broker-represented firms had comparatively better access to new technologies. (See Chart IV-22.) Crown corporations were weighted toward the opposite end of the scale and had the lowest share of employees who rated their access to technology good or excellent. It is possible that the lack of competition limits the need for Crown corporations to adopt the latest technologies. As well, based on the census results, the employee mix was much older than average at Crown corporations. Older workers may be less inclined to push their employers to adopt the latest technologies.

Chart IV-22: Crown Corporations Have Room to Improve Access to the Latest Technologies

How would you rate your current job in terms of the opportunity for access to the latest technology?

Share of respondents by organization type, percent



Source: The Conference Board of Canada

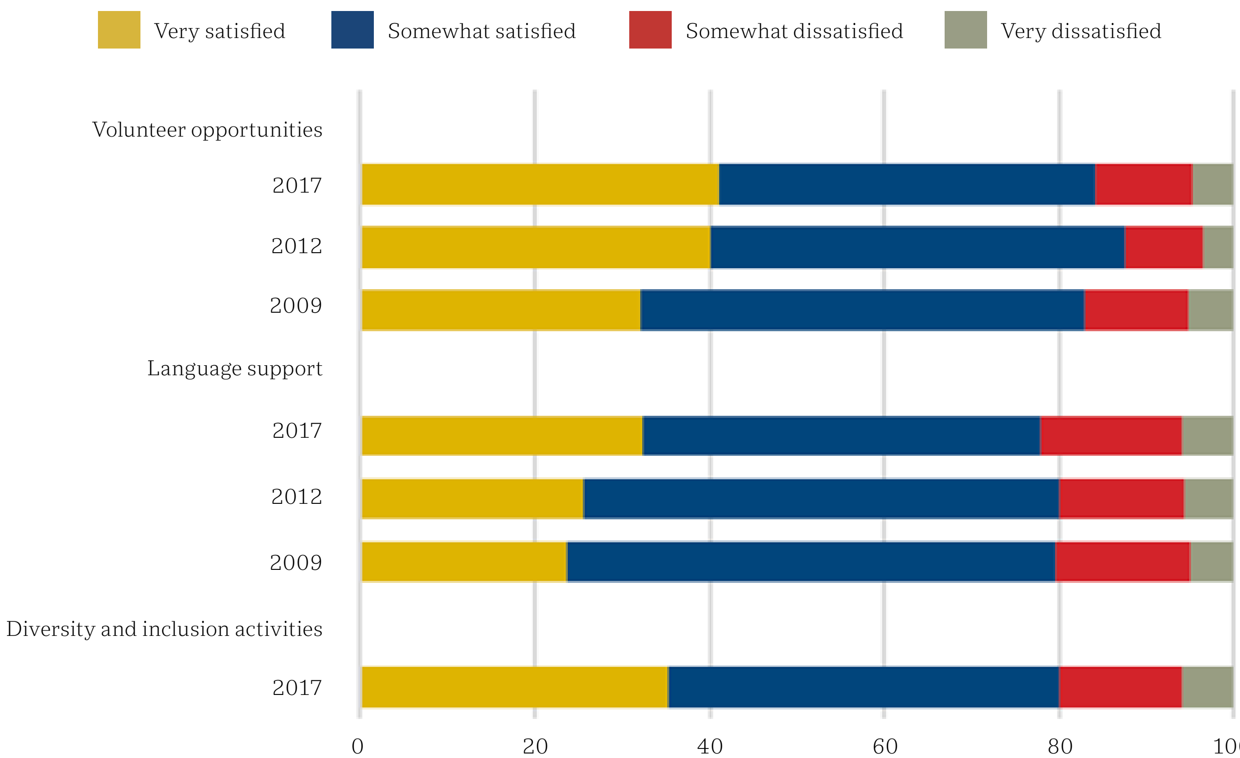
Engagement in Workplace Culture Is Strong

The high job satisfaction and engagement scores are supported by generally strong scores on elements related to workplace culture and relationships with co-workers. More than three-quarters of employees were somewhat or very satisfied with their employers' initiatives that provide language support (78.0 percent), diversity and inclusion activities (80.0 percent), and volunteer opportunities (84.1 percent). (See Chart IV-23.) Scores on language support and volunteer opportunities saw only marginal changes since 2009.

Chart IV-23: Initiatives Supporting Workplace Culture and Inclusion Are a Strength

How satisfied are you with your employer's policies/programs on the following?

Share of respondents, percent



Source: The Conference Board of Canada

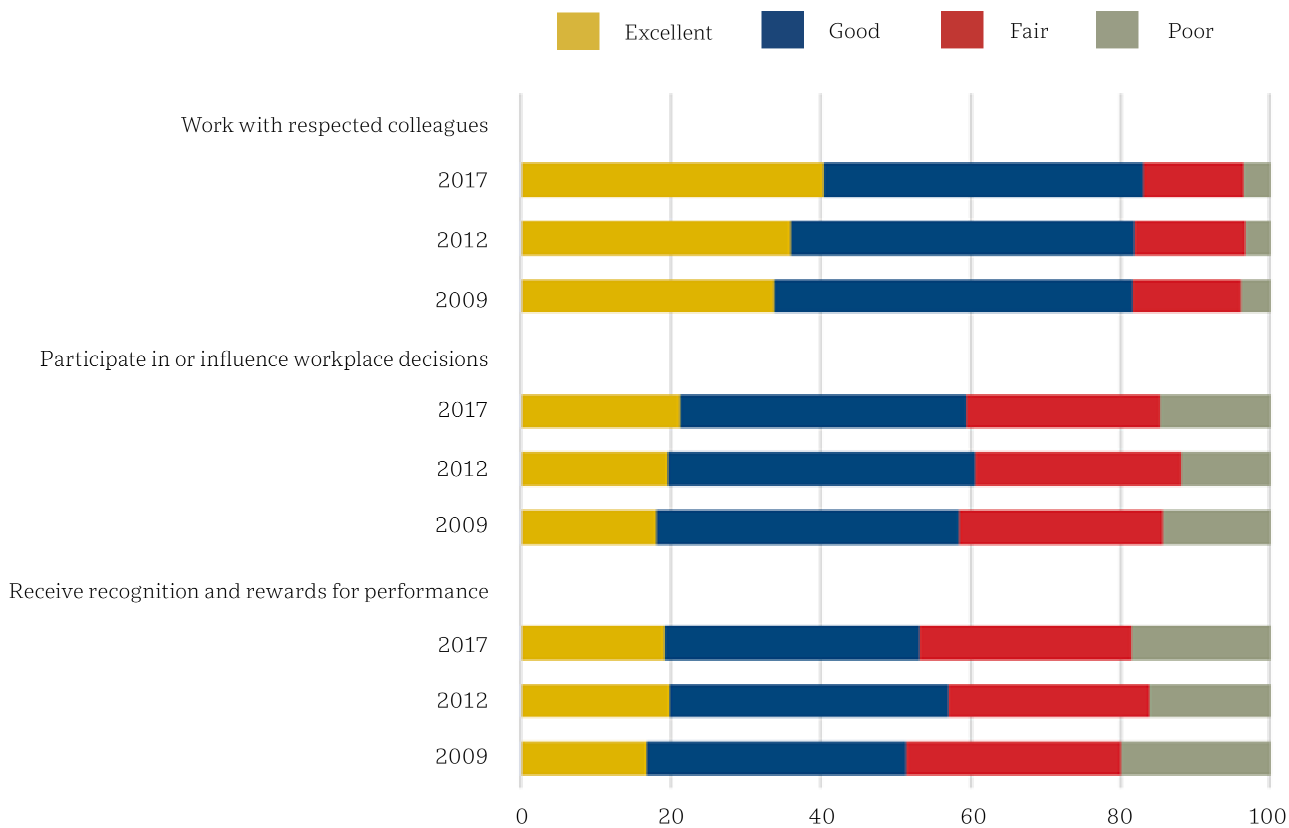
The groups that are most impacted by these policies are also generally satisfied with them, but their satisfaction scores are lower. For example, 30 percent of francophones were somewhat or very dissatisfied with language support versus 22 percent for all respondents. As well, 26 percent of visible minorities were dissatisfied with diversity initiatives versus 20 percent for the entire sample.

Further exemplifying positive work culture, most employees feel they have good or excellent opportunities to work with respected colleagues. More than 8 in 10 employees (83.0 percent) rated their opportunities to work with respected colleagues as excellent or good. This result is largely unchanged from previous surveys. (See Chart IV-24.)

Chart IV-24: Room to Improve Opportunities to Influence Decision Making and Recognition for Performance

How would you rate your current job in terms of the opportunity to do the following?

Share of respondents, percent



Source: The Conference Board of Canada

Where some improvement could be made to support workplace engagement is in improving opportunities for employees to feel they can influence decision making and recognizing top performers. While 6 in 10 (59.5 percent) employees in 2017 felt they had good or excellent opportunities to influence decision making, around one in seven employees (14.7 percent) felt these opportunities were poor. This is largely unchanged from earlier surveys. A further area for improvement is recognizing performance: 47 percent of employees rate the recognition they receive for performance as fair or poor.

Education and Training

The potential for personal and professional growth at one's organization is a driver of engagement. Management practices that nurture personal and professional growth include training and development, tailored development planning, and clear pathways for progression within the organization.[64]

Employees in P&C insurance demonstrate a commitment to carving out a career path in the industry and with their organization. Participation in employee-sponsored and external training relevant to the insurance industry is high. However, satisfaction with access to training opportunities—whether formal training leading to a credential or informal, on-the-job opportunities to learn and grow—is more muted. This will make it a challenge to retain experienced talent.

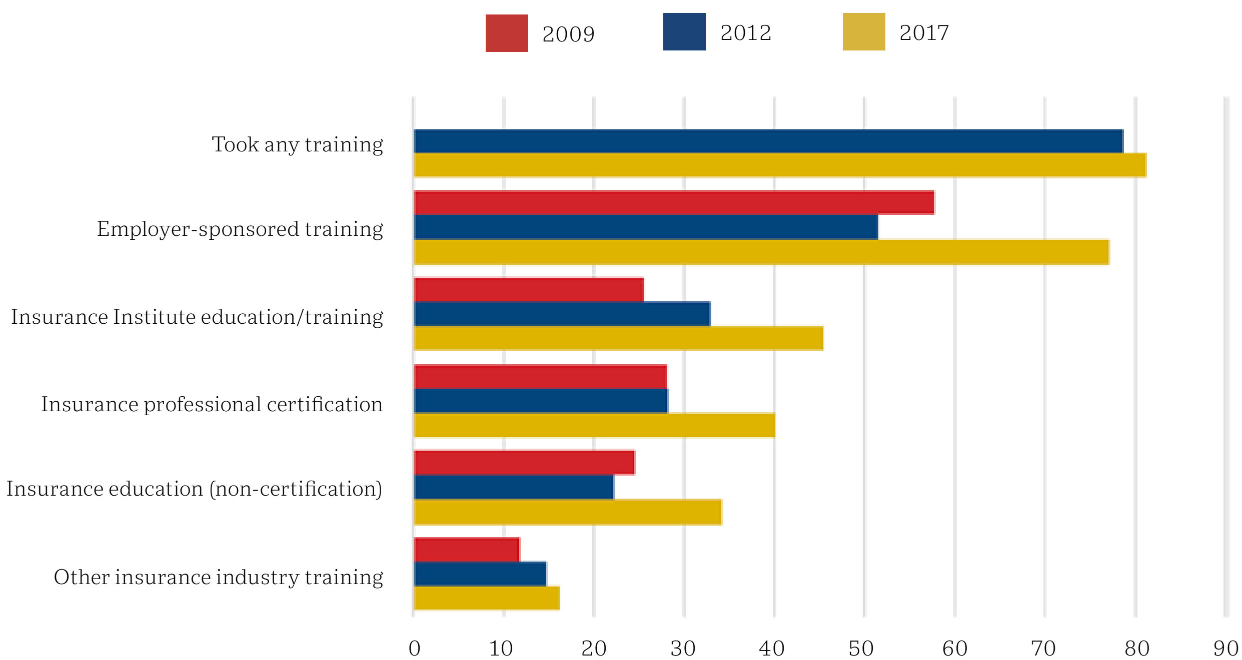
64 Armstrong and Wright, "Employer Engagement: Leveraging the Science to Inspire Great Performance." p. 73-82.

High Participation in Employer-Sponsored Training

The most recent survey showed a jump in employees taking part in insurance industry–related training. In 2016,[65] more than 8 in 10 employees (81.9 percent) took part in training, up slightly from the 2012 survey. There were notable increases in employees taking part in employer-sponsored training (77.1 percent), in training offered by The Insurance Institute (45.5 percent), in training related to the CIP designation (40.1 percent), and in insurance education not leading to certification (34.2 percent). (See Chart IV-25.)

Chart IV-25: Participation in Insurance Industry–Related Training Has Spiked

Share of respondents, percent



Source: The Conference Board of Canada

It should be noted that access to training was generally consistent across subgroups within the industry. For example, millennials were only slightly more likely than average to be undertaking training (84.3 percent), while among boomers, who are all over the age of 50, 79.3 percent undertook some form of training in 2016. As well, the incidence of training across other subgroups, such as gender, visible minorities, and those who identified themselves as LGBT, are not significantly different from the average.

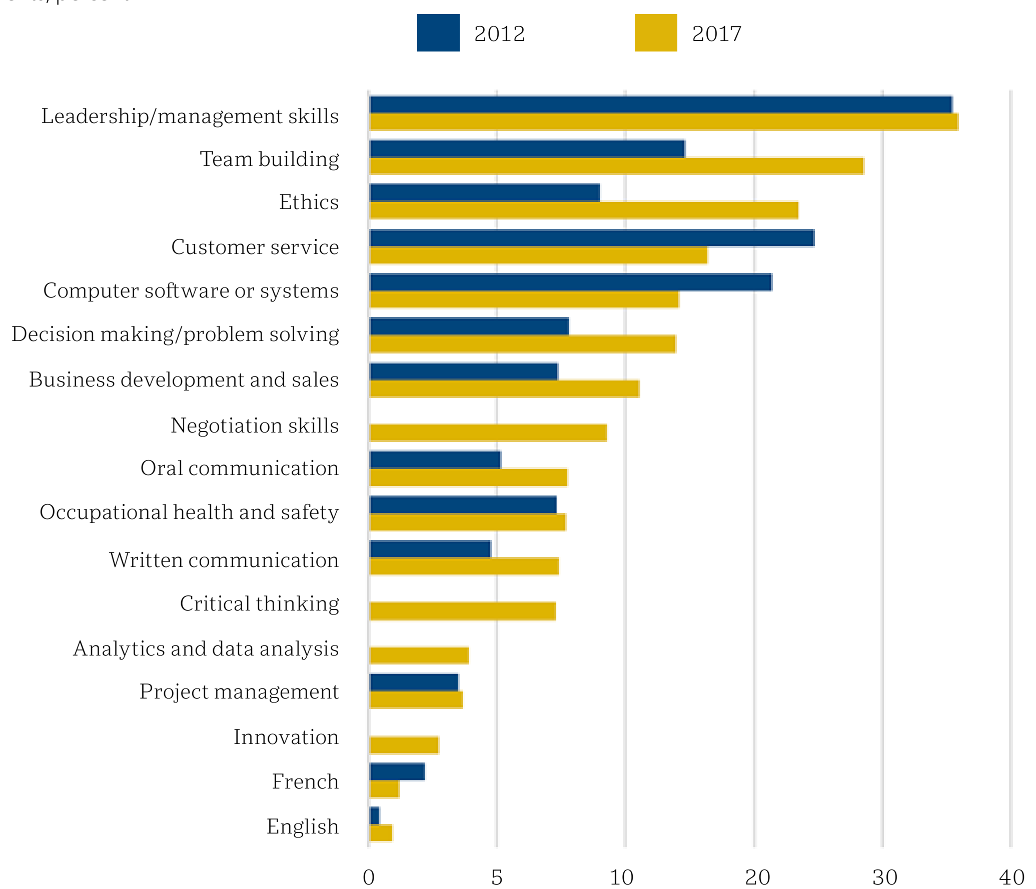
Leadership and management skills remained a popular training topic for non-insurance training. More than one in five employees took part in this kind of training in 2016 (22.9 percent). (See Chart IV-26.) Current managers had the highest probability of taking leadership/management training (66.7 percent) in the previous year. Those in other occupations who received leadership training may have been identified as future leaders at their organizations. In general, managers are more likely to receive training in skills that are related to management, such as team building and decision making.

65 Respondents were asked to report on whether they took any training in the previous calendar year, 2016.

Chart IV-26: Participation in Training (Not Insurance Specific)

In the past year, did you take training/education programs in any of the following areas?

Share of respondents, percent



Source: The Conference Board of Canada

Team building and ethics became more popular training topics in 2016 relative to the previous survey. In contrast, smaller proportions of respondents participated in training on customer service and computer software/systems. Again, much of this training appears to be occupation specific. For example, 30.2 percent of respondents in data analysis and other IT roles received training in data analysis compared to 3.9 percent for all respondents.

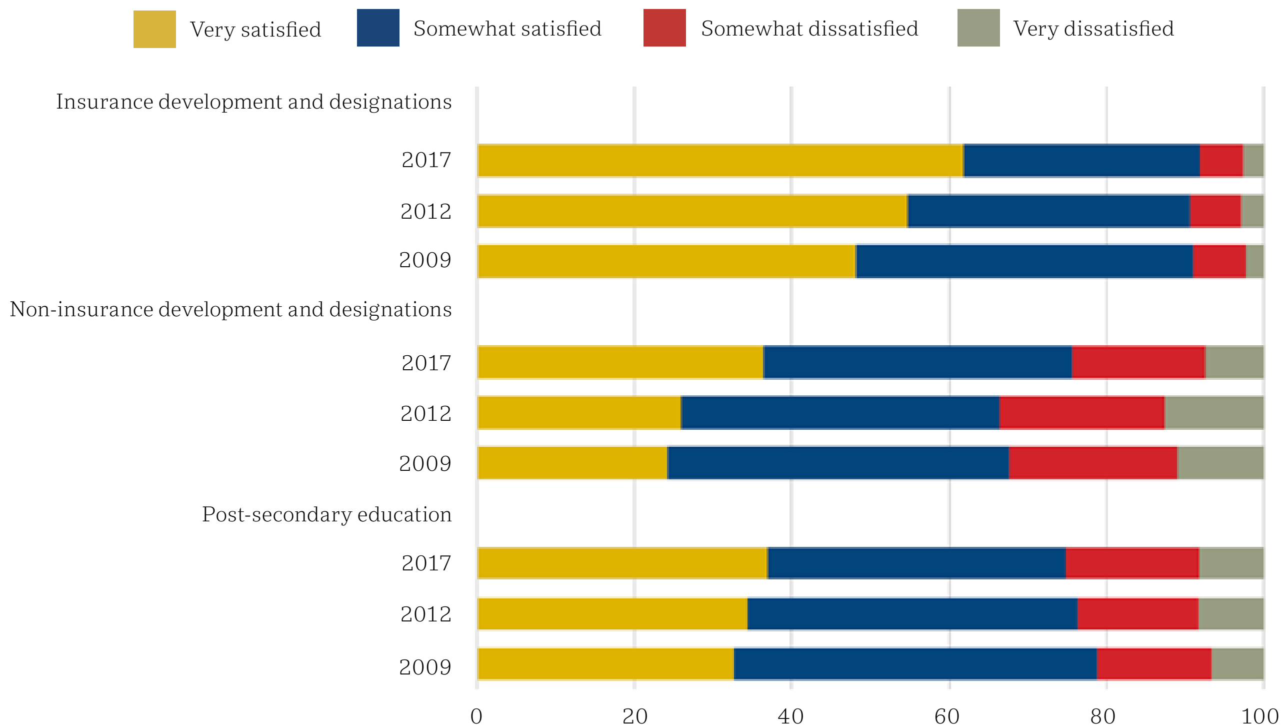
Interestingly, the skills that are currently being developed through training are not necessarily aligned with what HR professionals and executives in the industry expect will be the needed skills of tomorrow. For example, the top three skills identified by HR professionals were business development, customer service, and communications. For executives, the top three skills identified were analytical skills, creativity, and customer service. Yet, despite the importance of customer service to both HR professionals and executives, fewer people are receiving customer service training. It should be noted that HR professionals and executives ranked the need to invest in all types of skills highly, but the discrepancies between training practices and skills expectations is worthy of note.

Employees in the industry are generally pleased with their access to financial aid for insurance-related training (i.e., courses that work toward the CIP). Financial support for non-insurance-related development and designations may have improved between 2012 and 2017, as indicated by an uptick in about 10 percent of employees saying they are very satisfied with this support. Satisfaction with financial support for post-secondary education is also strong (about three in four said they were very or somewhat satisfied). (See Chart IV-27.) Millennials were particularly happy with assistance for post-secondary education; 88.5 percent of millennials who had access to this benefit reported that they were very or somewhat satisfied with the policy.

Chart IV-27: High Satisfaction with Financial Assistance for Training

How satisfied are you with your employer's policies/programs on: [the following]?

Share of respondents, percent.



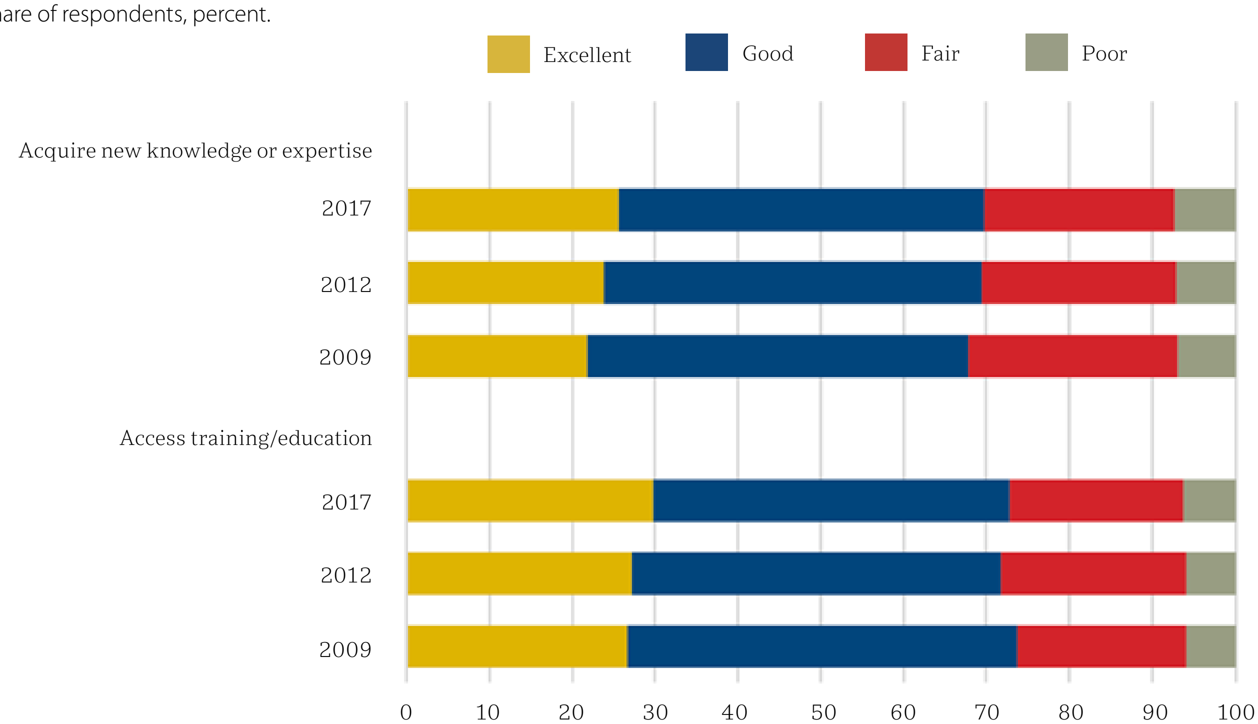
Source: The Conference Board of Canada

Finally, employees are generally positive about their ability to acquire new knowledge or expertise in their job and to access training. Around three in four rate their current job as good or excellent on these points. (See Chart IV-28.) This rating has been generally consistent over the past decade, although a slightly higher share of respondents rate their opportunities as excellent today than they did in 2009.

Chart IV-28: Positive Attitudes toward Opportunities for Training and Developing Expertise

How would you rate your current job in terms of the opportunity to do: [the following]?

Share of respondents, percent.



Source: The Conference Board of Canada

Career Advancement and Promotions

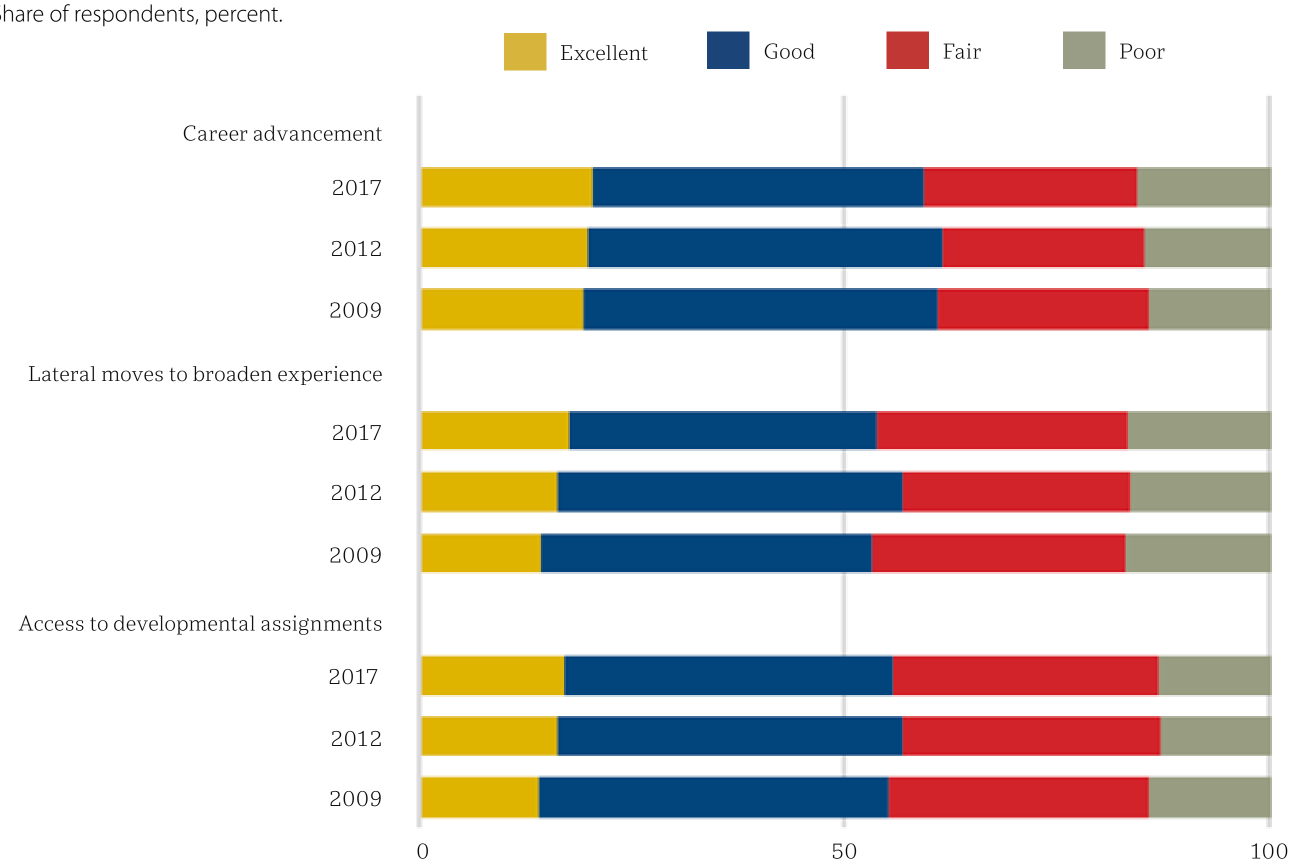
Ambivalent Attitudes toward Support for Career Advancement

While employees are clearly pleased with their access to training and the financial support they receive for it, the story is more tempered regarding support for on-the-job development that assists employees in deepening their connection to their employment and advancing their career with their employer. This has remained fairly consistent since 2009. Around one in seven employees in 2017 viewed opportunities for career advancement (15.5 percent) and lateral moves to broaden experience (16.8 percent) as poor. Likewise, 13.1 percent rated their access to developmental assignments as poor. (See Chart IV-29.)

Chart IV-29: Mixed Attitudes toward Opportunities to Develop and Advance Careers

How would you rate your current job in terms of the opportunity for the following?

Share of respondents, percent.



Source: The Conference Board of Canada

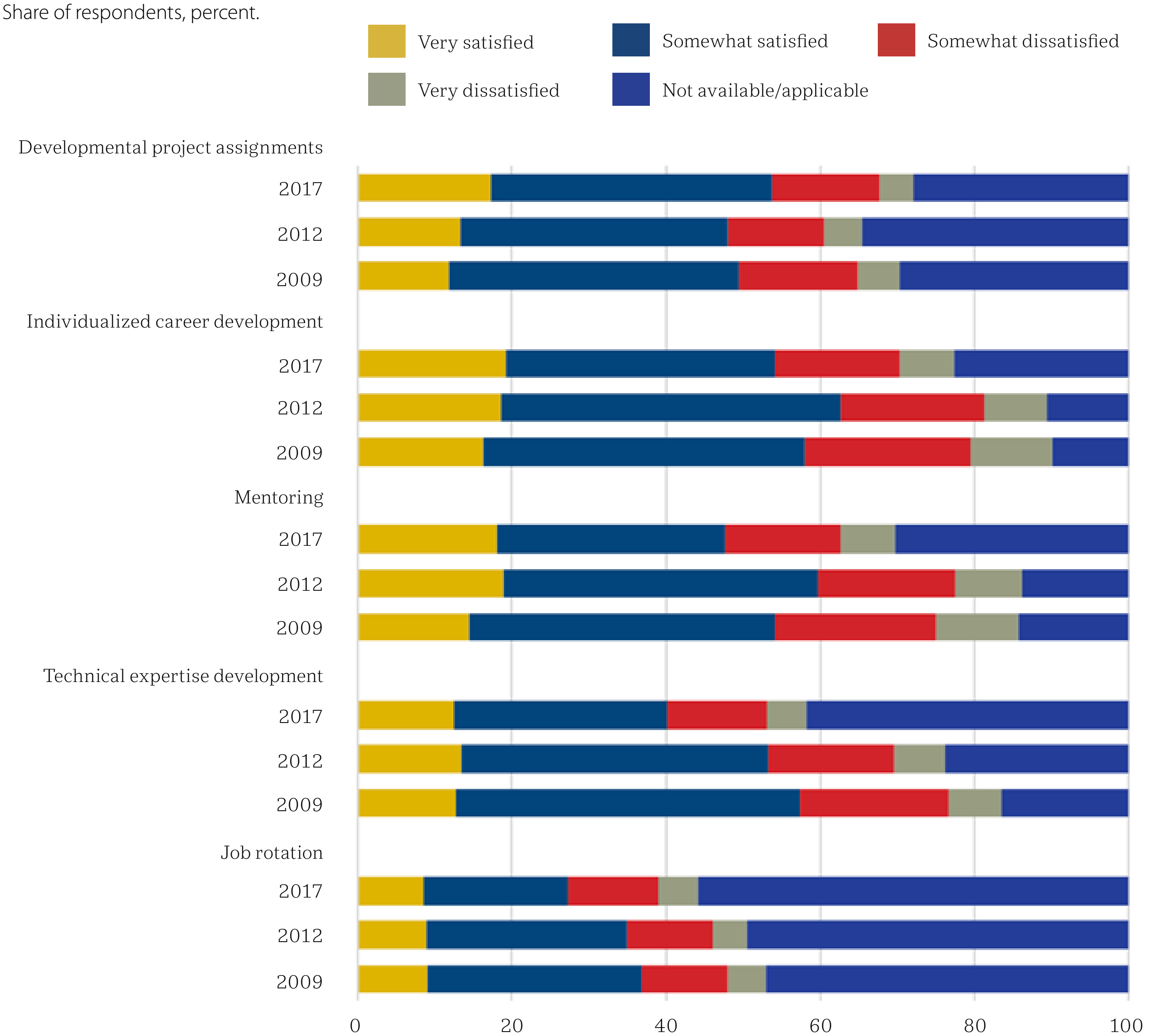
There is some variation in the results across groups within the industry. For example, millennials have somewhat better opinions about opportunities for career advancement (64.1 percent rate them as excellent or good versus 59.2 percent for all respondents), lateral moves (57.2 percent versus 53.9 percent), and developmental assignments (57.6 percent versus 55.6 percent). Meanwhile, Generation X responses are similar to the average, while boomers rate these opportunities as somewhat below average. Given that the younger generations place a higher importance on career advancement than boomers, it is encouraging that they have more positive views. Respondents who self-identified as visible minorities, francophones, or persons with disabilities also had slightly below-average scores on these three questions, but those who stated they were LGBT had average scores. Finally, it is interesting to note that managers had much more positive opinions about opportunities for career advancement, with 69.5 percent rating them as excellent or good versus 57.8 percent of employees in non-management positions.

The generally low ratings about opportunities for career advancement, lateral moves, and developmental assignments may reflect the fact that many employees do not have access to them. For example, when asked about their satisfaction with different on-the-job developmental opportunities, more than half of employees (55.8 percent) said in 2017 that job rotation was not available to them. (See Chart IV-30.) Smaller (but still considerable) proportions said that technical expertise, mentoring, individualized career support, and development project assignments were not available. One factor that is likely influencing this result is that the range of experiences in which to learn and develop on the job is likely limited in some workplaces, particularly for small employers. Indeed, in the HR survey, smaller firms were much more likely to report that their size was a key barrier to retention.

Chart IV-30: Room to Provide More On-the-Job Development Opportunities

How satisfied are you with your employer's policies/programs on: [the following]?

Share of respondents, percent.



Source: The Conference Board of Canada

When we examine the satisfaction results by respondent subgroups we see similar results to the question about opportunities. For example, millennials are more likely to report that they are very or somewhat satisfied with all five of these programs at their employers, most notably for mentoring (54.7 percent versus 47.6 percent for all respondents), and are more likely to report that these programs are available to them. (See Table IV-6, p. 120.) As well, people with disabilities report below-average satisfaction for all of these programs, but the results for other minority groups are mixed. Most notably, all minority groups reported below-average degrees of satisfaction with individualized career development programs.

Table IV-6 : Satisfaction with Development Opportunities Are Mixed

How satisfied are you with your employer's policies/programs on the following?

Share of respondents in each group that were very or somewhat satisfied with each program, percent

Development Opportunities	Total	Millennials	Gen X	Boomers	Visible minorities	Francophones	LGBT	People with disabilities
Individualized career development	54.2	58.6	55.0	49.5	50.7	49.8	49.5	50.3
Developmental project assignments	53.7	54.8	55.4	52.0	51.9	59.3	49.4	48.9
Mentoring	47.6	54.7	47.0	41.6	50.6	50.6	50.6	40.3
Technical expertise development	40.2	41.9	41.8	37.9	38.1	41.4	38.1	34.9
Job rotation	27.3	34.9	26.3	20.5	30.9	29.5	25.5	19.4

Source: The Conference Board of Canada

Also of note, there was a significant drop in the share of respondents who indicated that mentoring, individualized career development, and technical expertise development were available to them in 2017. This may reflect the change in sampling methodology for the survey, but it is an area for concern if employers are seeking to use these tools to improve retention of people with the highest potential for promotion.

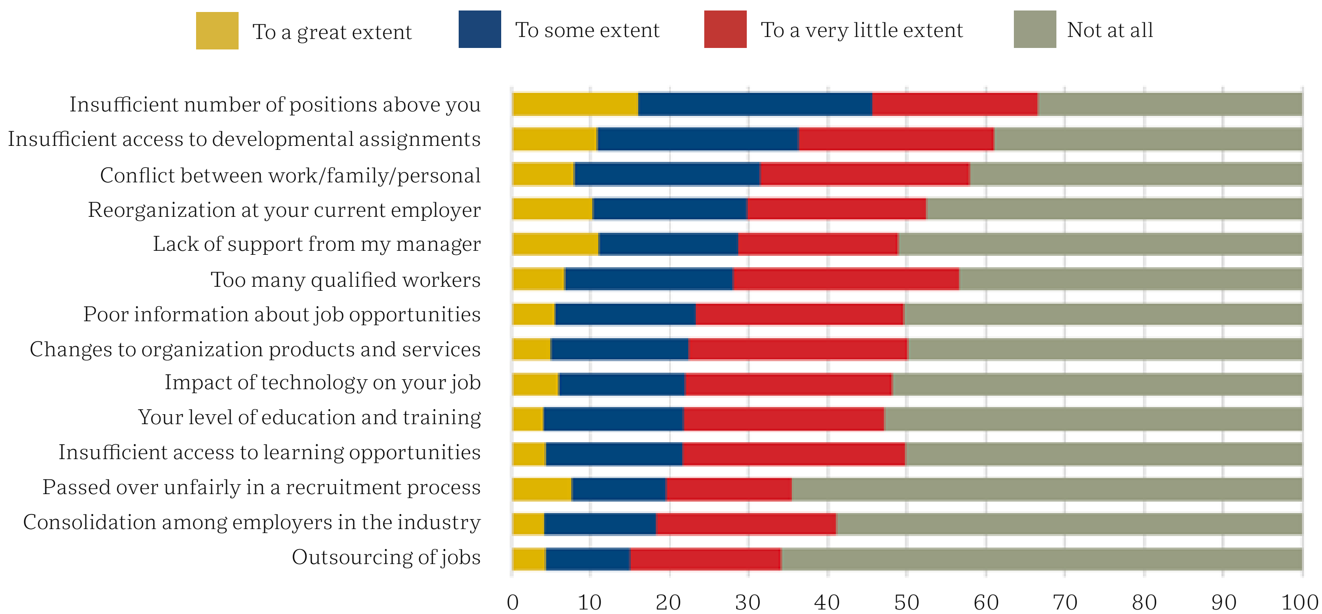
Limited Opportunities for Advancement Is the Number One Factor Limiting Promotions

HR professionals within the industry noted that limited career prospects within organizations are their number one retention issue. This finding is consistent with the common perception among employees that the reason for their limited career advancement is due to an insufficient number of positions above them. This is the number one reason employees perceive their careers to be limited: just under half of employees in 2017 (45.7 percent) said this was the case to some or a great extent. (See Chart IV-31.) This was down only modestly from 49.4 percent in 2009.

Chart IV-31: Insufficient Positions above You Remains the Top Factor Limiting Career Advancement

To what extent have any of the following factors adversely affected your career progress over the last three years?

Share of respondents, percent.

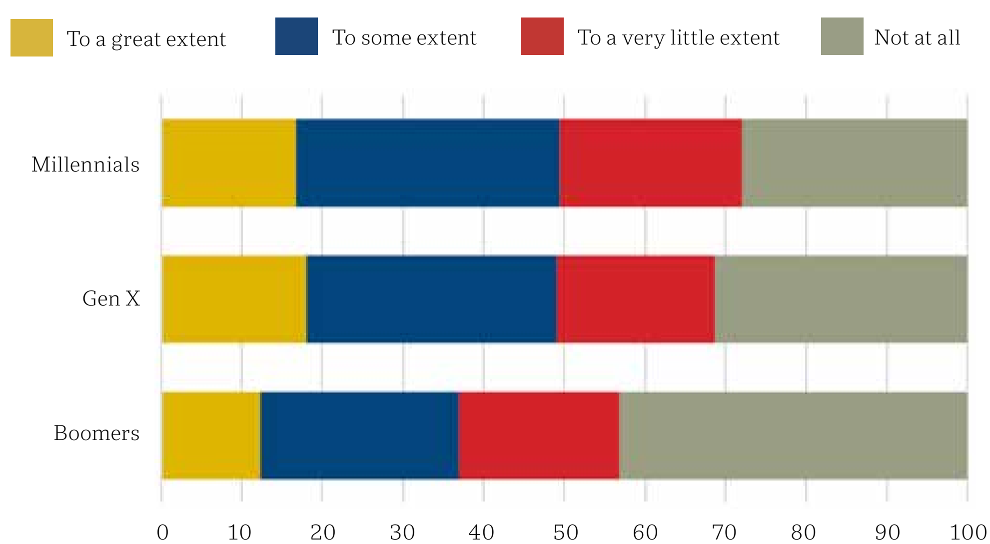


Source: The Conference Board of Canada

Chart IV-32: Younger Workers Are More Affected by an Insufficient Number of Positions above Them

To what extent have an insufficient number of positions above you adversely affected your career progress over the last three years?

Share of respondents by cohort, percent



Source: The Conference Board of Canada

The second most commonly cited reason for lack of career advancement relates to other factors internal to organizations: 36.3 percent of respondents say they have insufficient access to developmental assignments that would help them prepare for advanced positions. Conflict between work and family obligations is also a top barrier for 3 in 10 employees (31.4 percent), but notably, this has decreased from about two-fifths of employees who said this in 2009 (40.3 percent). This decline could be related to the growing attention employers are giving to workplace flexibility and the greater opportunities for remote working they are providing. This challenges assertions that making use of flexible work arrangements impedes employee career advancement.[66]

Beyond the top three factors limiting career advancements there are other interesting insights in the data. For example, based on ongoing events in the P&C insurance industry, three new options were added to this question in the 2017 survey. One of them—consolidation among employers in the industry—was ranked near the bottom, with only 18.2 percent of respondents indicating that it was a barrier to advancement. Changes to an organization's products or services ranked near the middle, but reorganization at the current employer was ranked fourth, with 29.8 percent of respondents indicating that this issue had impacted their career advancement to some extent or a great extent. The factors were added based on feedback from P&C HR professionals. Thus, their concern that reorganizations are impacting advancement potential appears to be justified.

Among the factors previously provided to respondents there were also some notable changes in scores over time. For example, significantly fewer respondents (21.8 percent) indicated that their education and training are a barrier to promotion compared to 2009 (28.4 percent). This may reflect the general increase in educational attainment for the industry's workforce over this period. It may also reflect the fact that the share of respondents in the most recent survey with industry-specific credentials, such as the CIP, has risen significantly. Only 16.2 percent of those with a CIP designation reported that their education was a barrier to promotion. Also of note, the share of people suggesting that the impact of technology was a barrier nearly doubled, from 11.7 percent in 2012 when the question was first asked to 22 percent in 2017. The impact of technology on the industry's workforce has been a consistent theme in this year's research.

Factors in Achieving Promotions

Just over half of respondents (54.6 percent) had been promoted at some point while working for their current employer. This share was generally consistent across subgroups of workers within the industry. For example, there was almost no difference between men and women or across age groups. In fact, a slightly higher share of women reported they have been promoted. Minority groups also appear to have access to promotions, with only a slightly below-average share of members of visible minority groups (51.5 percent) and the LGBT community (51.1 percent) having been promoted with their current employer. People in rural areas were less likely to have been promoted than those in urban areas (46.7 percent versus 56 percent).

Of those who had received a promotion, almost two-thirds (64.8 percent) perceived that their previous experience with their current employer was a factor in their promotion. (See Chart IV-33.) Likewise, past performance evaluations were also thought by many to be a factor (62.6 percent). Knowing the hiring manager was still the third most common factor that went into promotions, according to employees in 2017 (46.1 percent), but this factor has fallen in importance since 2009. Other factors continue to have similar levels of effect on promotions as they have had in the past.

66 See, for example, K. D. Elsbach, D. M. Cable, and J. W. Sherman, "How Passive 'Face Time' Affects Perceptions of Employees: Evidence of Spontaneous Trait Inference." Human Relations 63, no. 6 (June 2010): 735–760.

Chart IV-33: Experience at Current Employer Perceived as Most Important Factor in Promotions

Which of the following factors were important in earning your most recent promotion?

Share of respondents, percent.

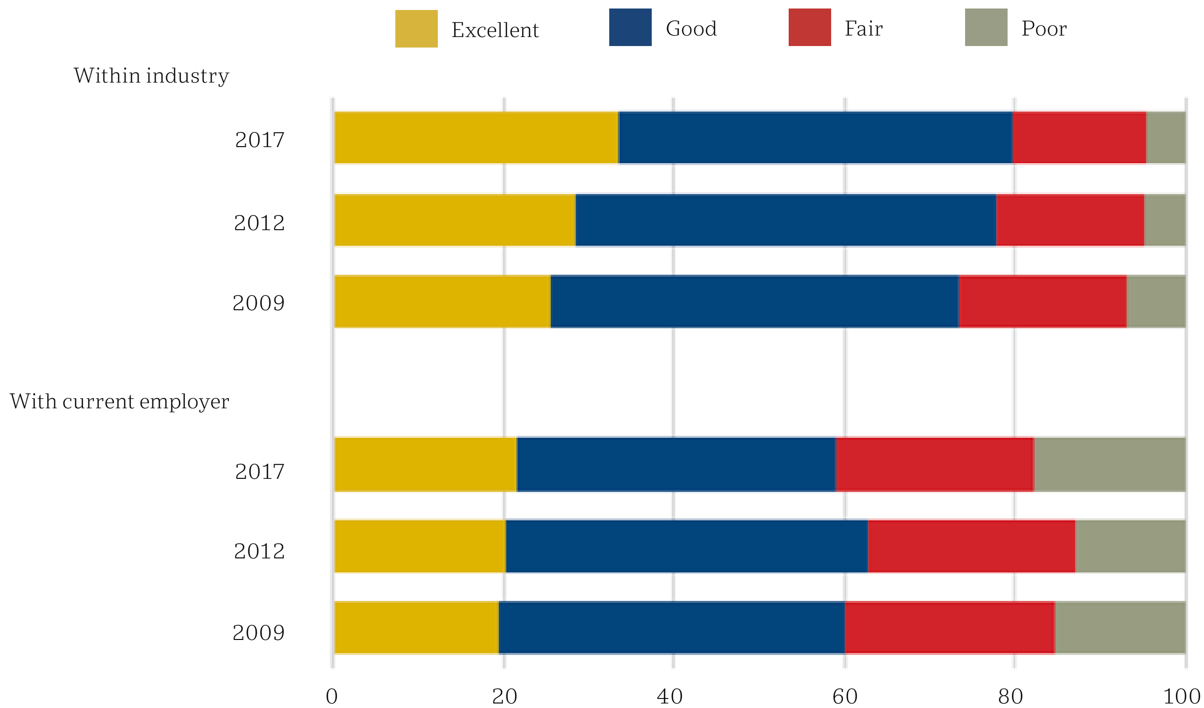
Source: The Conference Board of Canada

Perceptions of potential to advance at another organization elsewhere in the P&C insurance industry have grown more positive since 2009. In 2017, 72.9 percent of employees said their advancement opportunities outside their organization were good or excellent. (See Chart IV-34.) This was an increase from 67.4 percent in 2009. The view of advancement opportunities within employees' own organizations is less optimistic: 56.4 percent of employees felt their opportunities were good or excellent (compared to 57.9 percent in 2009). This positivity toward advancement within the industry may be due to the impact of an aging workforce, with more perceived opportunities being available.

Chart IV-34: Perceptions of Advancement Opportunities within the Industry Have Grown More Positive

Given your education, training, and experience, how would you assess your opportunity for career advancement?

Share of respondents, percent.



Source: The Conference Board of Canada

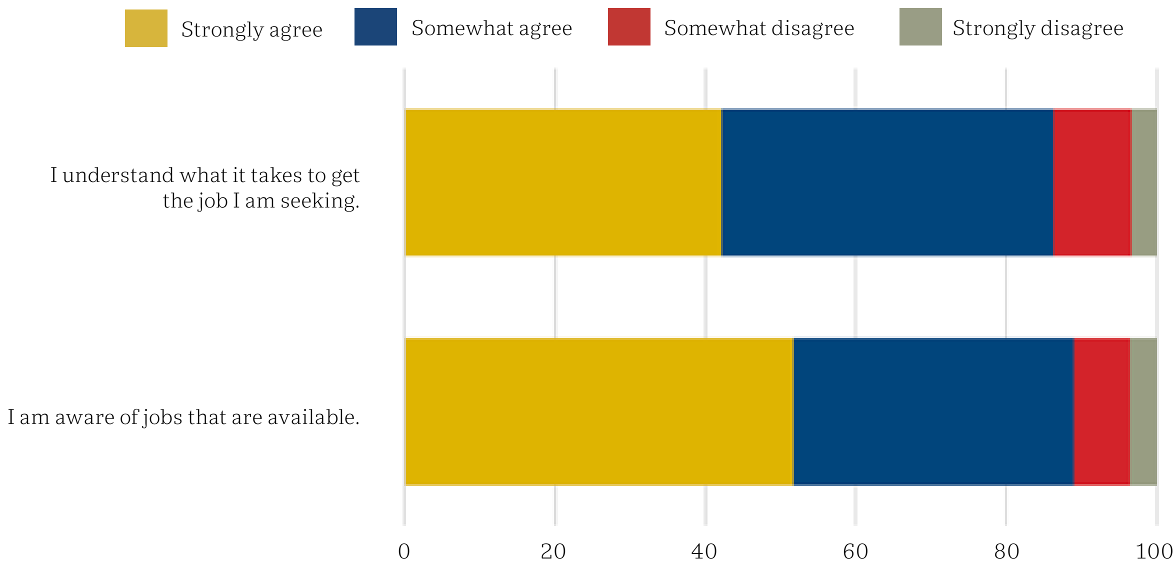
Perceptions of Promotions Processes Are Generally Positive

Respondents were also asked about their perceptions regarding the promotion process, and in general those opinions were positive. For example, among those who expressed an opinion, more than 8 in 10 respondents strongly or somewhat agreed that they are aware of the jobs that are available (89.0 percent) and that they understand what is required to get the job they are seeking (86.3 percent). (See Chart IV-35.) These high shares are consistent across time and demographic groups. However, it is worth noting that the share who answered "don't know or not applicable" rose significantly in 2017 for both questions. The reason for this increase, other than a change in the sampling methodology, is not clear.

Chart IV-35: Respondents Feel Informed about the Promotion Process

Thinking about the job competition process within your organization, state your level of agreement with the following statements.

Share of respondents, percent.



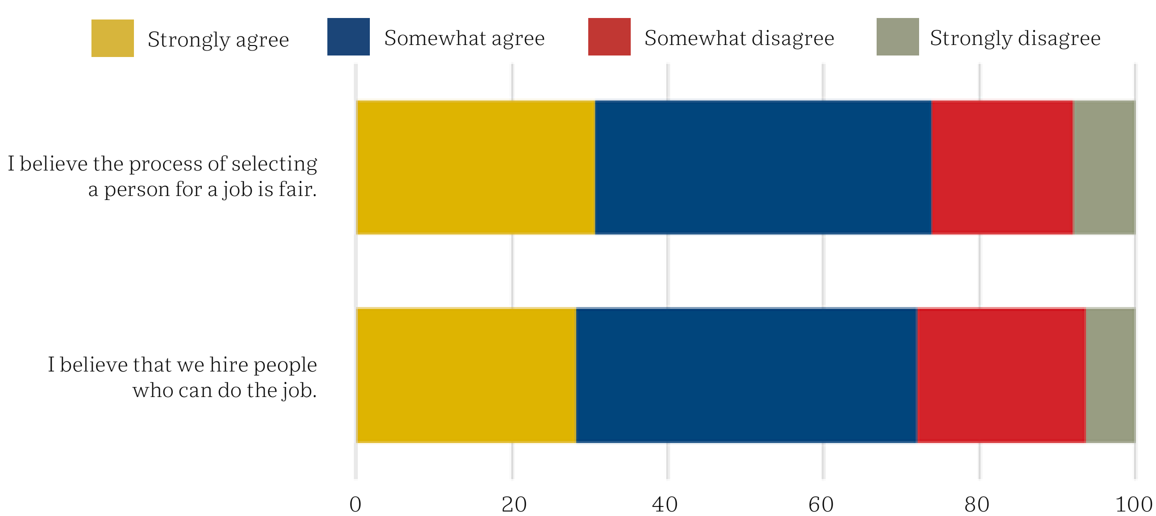
Note: "Don't know" responses are excluded.
Source: The Conference Board of Canada

Responses about those who are hired and the fairness of the promotion process are still positive, but somewhat less so. For example, 72 percent of respondents who expressed an opinion stated that they strongly or somewhat agreed that the right people are hired. (See Chart IV-36.) As well, 73.9 percent thought that the selection process when hiring was fair. Although these shares have not changed significantly over time, it is worth noting that some minority groups are somewhat less positive. For example, only 68.1 percent of visible minorities thought that the hiring process was fair.

Chart IV-36: Respondents Are Less Happy with the Fairness of the Promotion Process

Thinking about the job competition process within your organization, state your level of agreement with the following statements.

Share of respondents, percent



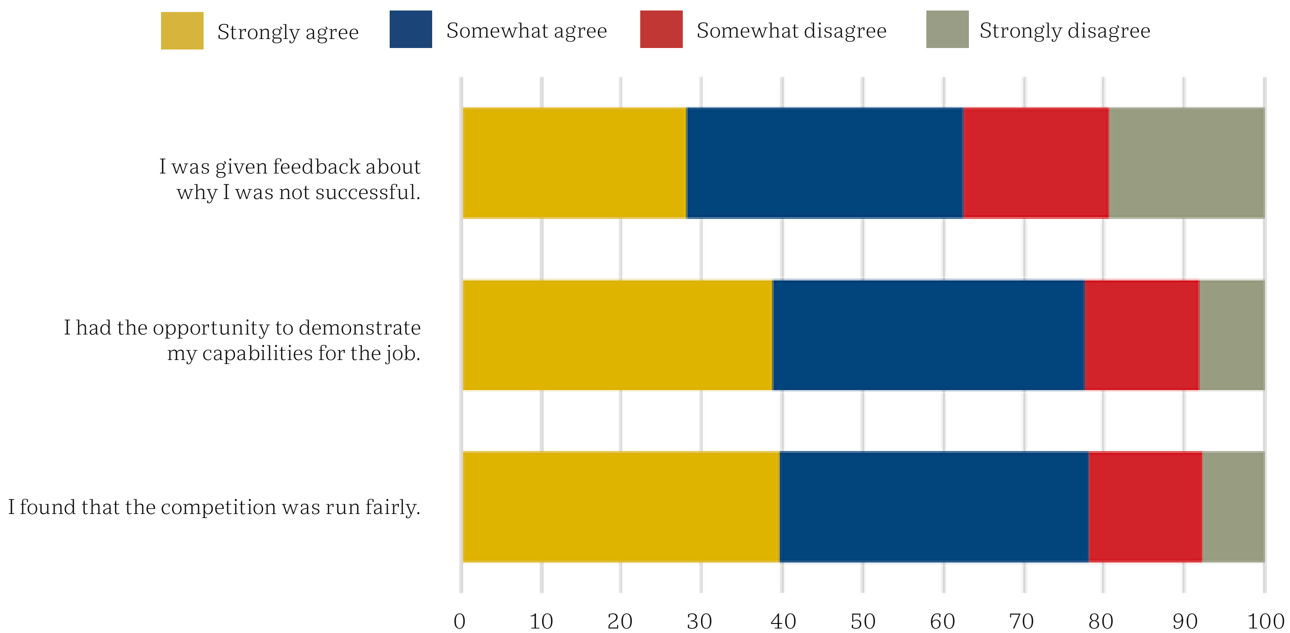
Note: "Don't know" responses are excluded.
Source: The Conference Board of Canada

Among employees who had been in competition for a job within their organization in the past three years, over three-quarters felt that the competition was run fairly (78.2 percent) and that they were given the opportunity to demonstrate their skills (77.6 percent). (See Chart IV-37.) Employers could improve their feedback processes to candidates, as almost two in five (37.5 percent) did not agree that they were given feedback. Notably, LGBT candidates were more likely to report that they were not given feedback (57.0 percent). These shares have been consistent over time, but it should be noted that in general a large share of people (one-third to one-half) answered that they "didn't know" for these questions.

Chart IV-37: Job Competitions Are Fair, but Feedback Could Be Improved

Thinking about the job competition process within your organization, state your level of agreement with the following statements.

Share of respondents, percent.



Note: "Don't know" responses are excluded.
Source: The Conference Board of Canada

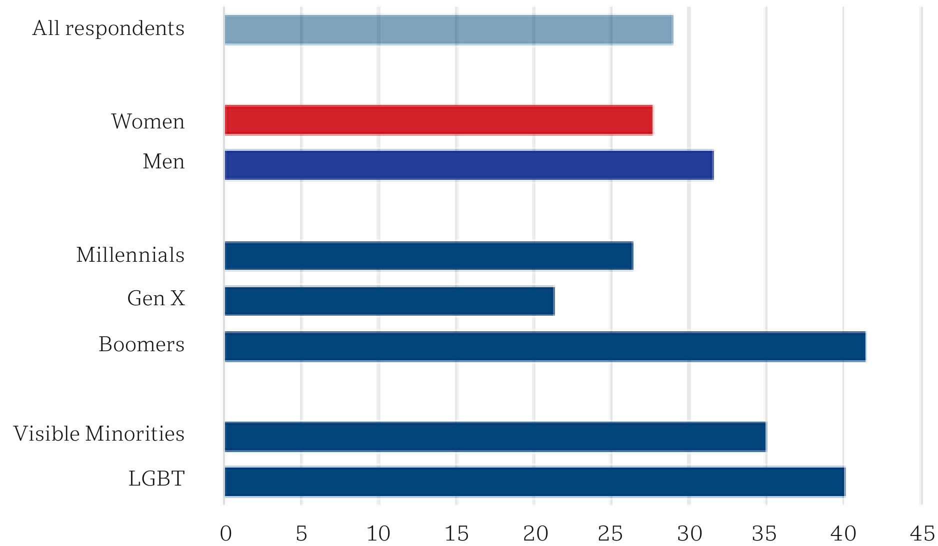
Talent Acquisition Needs and Retirement

Departures

The share of employees planning to leave their employer within the next five years has declined marginally, from 33.9 percent in 2009 to 29.0 percent in 2017. Of those who are planning to leave, most (55 percent) plan to leave within the next two years. There is also considerable variation among the different subgroups within the P&C insurance workforce. For example, visible minority groups (35 percent), LGBT respondents (40.1 percent), men (31.6 percent), and boomers (41.4 percent) all have above-average departure intention rates. (See Chart IV-38.) The elevated rate for boomers can partially be explained by a higher retirement rate; 46.4 percent of those planning to leave plan to retire.

Chart IV-38: Share of Employees Planning to Leave Their Employer Varies by Group

Share of respondents planning to leave their employer in the next five years, percent

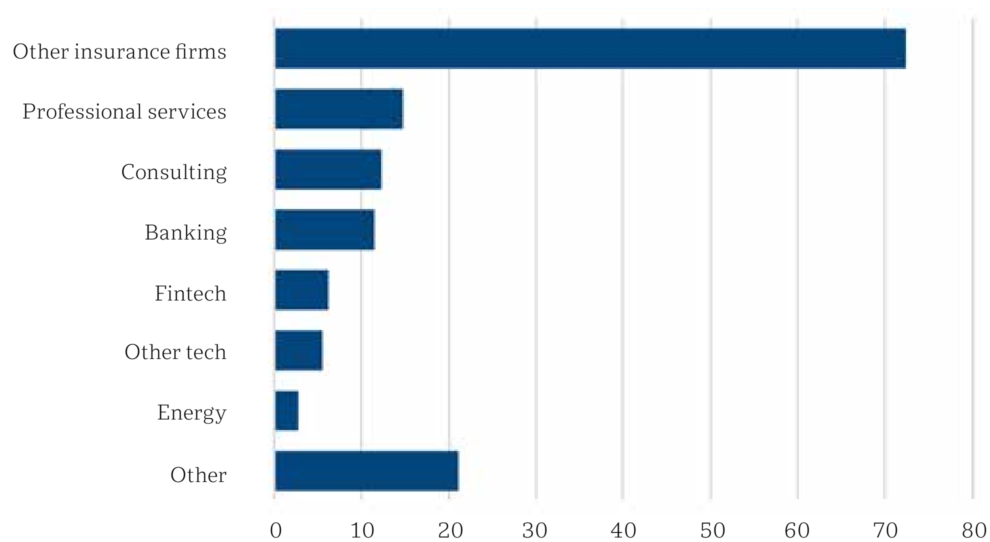


Source: The Conference Board of Canada

The good news for the industry is that 72.5 percent of employees who plan to leave their employer in the next five years for reasons other than retirement plan to stay in the P&C insurance industry. (See Chart IV-39.) Consulting (12.3 percent) and professional services (14.8 percent) were the two most common industries outside of P&C insurance employees indicated they would go. Among those who answered "other," government and starting their own business were the two most common responses. Note that respondents could choose up to three responses, thus the shares do not add up to 100 for this question.

Chart IV-39: Other Insurance Firms Are the Biggest Draw for Departing Employees

Destination for respondents who plan to leave their current employer in the next five years, percent



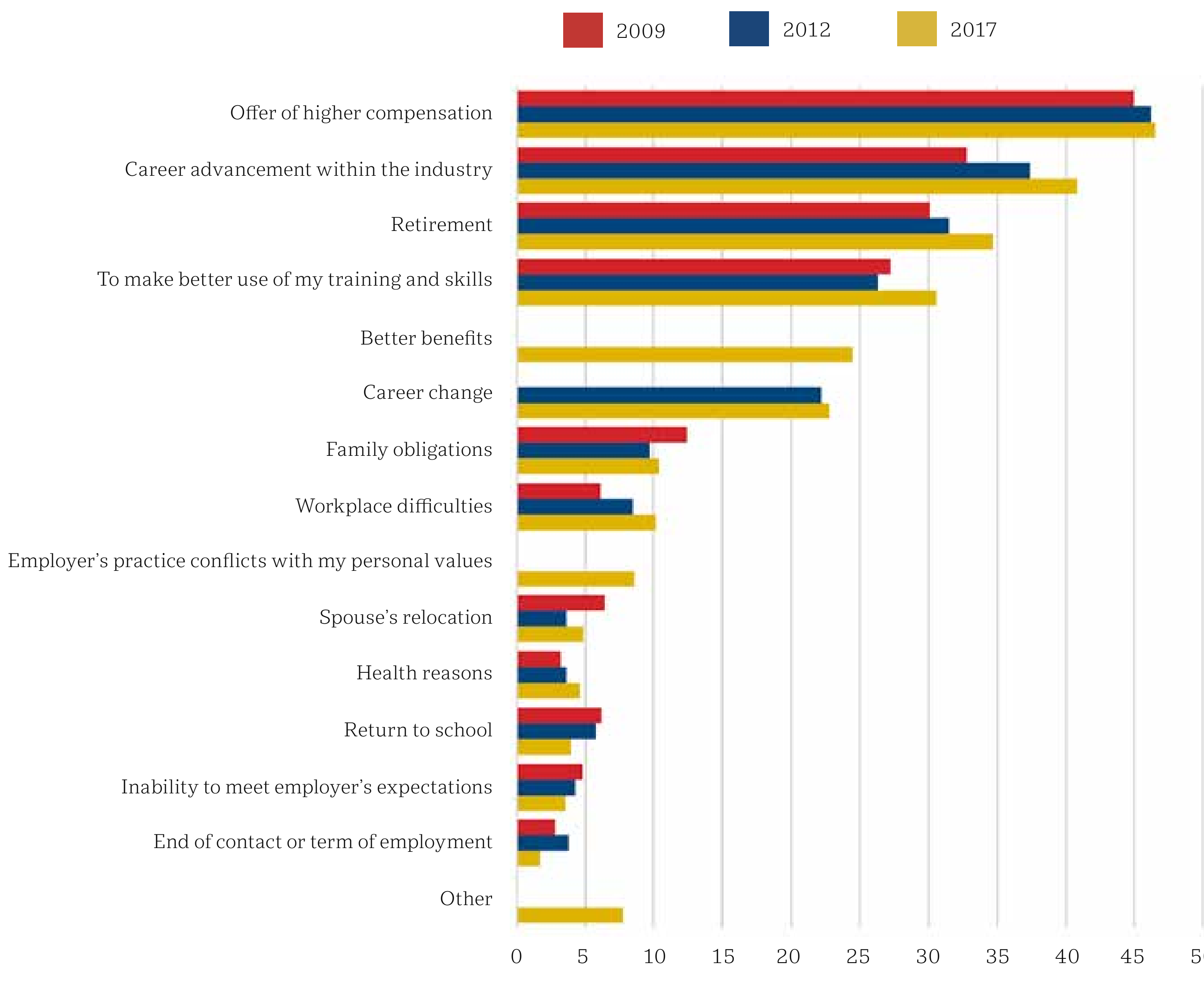
Note: up to three responses were accepted. Excludes employees indicating retirement as the destination for their departure.
Source: The Conference Board of Canada

For those who are planning on leaving their current employer, higher compensation (46.6 percent) and career advancement (40.9 percent) are the biggest motivators. (See Chart IV-40.) These have been consistently ranked as the top two factors for people planning on leaving in each of the employee surveys. Notably, career advancement is being increasingly cited by respondents over time. Employers' retention strategies for key employees will need to include remaining competitive in terms of compensation and career advancement opportunities.

Chart IV-40: Compensation, Career Advancement Are the Biggest Motivators to Leave Employer

If you plan to leave your current employer within the next five years, what would be the most likely reason or reasons for your departure?

Share of respondents, percent.



Note: Respondents could choose multiple options.
Source: The Conference Board of Canada

Other notable trends for this question include the addition of two new options. Nearly one-quarter of respondents (24.5 percent) suggested that better benefits would be a reason to leave their current employer. This is consistent with the earlier findings that good benefits are one of the key factors in an ideal job for most workers in the P&C insurance industry. A much smaller share (8.5 percent) thought that conflict with personal values would be a reason to leave their current employer. Finally, it is notable that a growing share of people, 34.7 percent in 2017, who are planning on leaving their employer would do so for retirement. This is consistent with the gradual aging of the industry's workforce.

Retirement

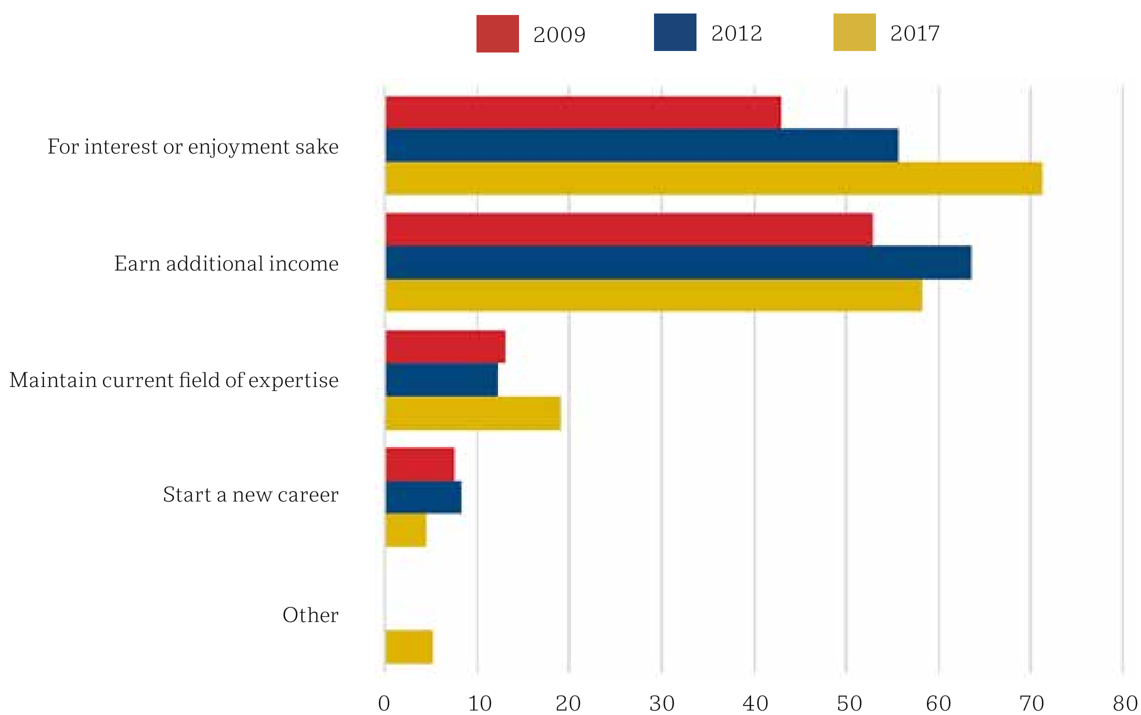
Retirement is the third most commonly cited reason for intending to leave respondents' current employer within the next five years. More than one in three who plan to leave their employer in the next five years plan to do so for retirement reasons. This is equivalent to about one-tenth of all the respondents to these questions. However, 74.4 percent of those who plan to retire intend to keep working in some capacity after their formal retirement. This is a striking increase from 2012 (64.2 percent) and is good news for the industry's need to retain talent.

Interest and enjoyment are the top drivers for retirees to keep working past their formal retirement date, cited by 71.2 percent of respondents who plan to keep working past retirement. (See Chart IV-41.) This is a significant change from the previous surveys, when earning additional income was the number one reason for working past retirement. The improvement in earnings over the past decade may have contributed to fewer people needing to earn additional income after retirement.

Chart IV-41: Most Near-Retirees Want to Keep Working for Interest, Enjoyment

Which of the following best describes your reason for working after retirement?

Share of respondents who intend to retire and keep working, percent



N=535 Note: More than one response was accepted
Source: The Conference Board of Canada

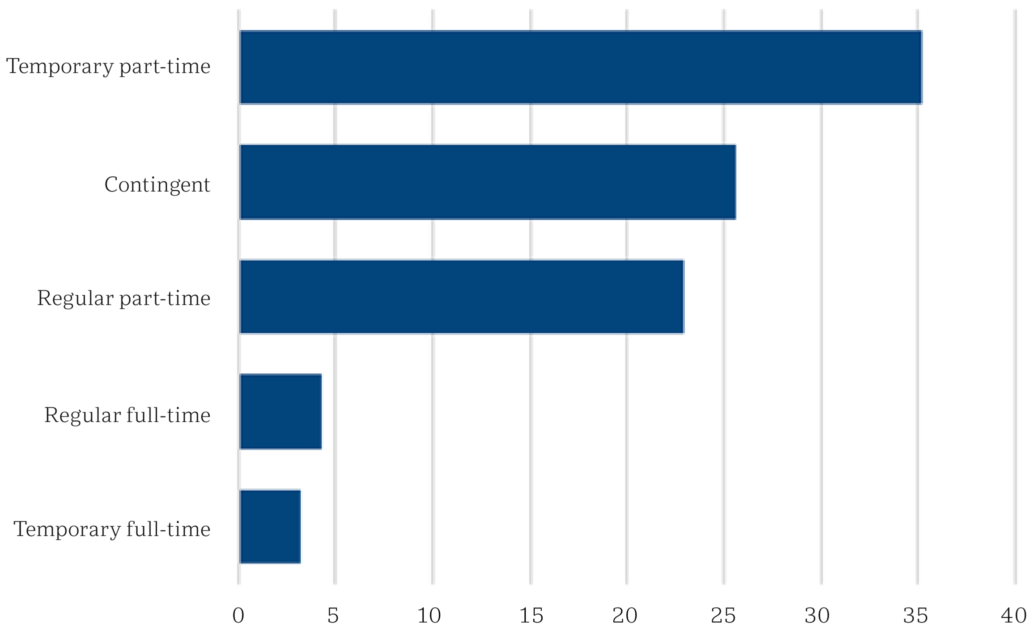
That said, earning additional income is still important for well over half of expected retirees (58.3 percent). These two factors are consistently ranked first and second no matter what the current income range of the respondent, although those at higher incomes are somewhat less likely to choose "earn additional income." Thus, even among those at lower income levels within the industry, earning income is a secondary consideration for working past retirement, suggesting that the pensions being offered to most respondents are adequate.

Those nearing retirement feel positively enough about their current employer that they would consider continuing on in some employment arrangement past their retirement date (86.0 percent). Although restrictions on "double dipping" for those who are collecting a pension but still working is a challenge that would need to be overcome, part-time work and phased retirement are options that employers may choose to offer retiring employees. These mutually beneficial arrangements help employers meet their need to retain experienced senior talent while allowing employees nearing or at retirement a flexible transition.

The most appealing work arrangement for those planning to work past retirement is part-time and contingent work. Over one-third would like to carry on as a part-time employee temporarily (35.5 percent), and another 23.1 percent would carry on in a permanent part-time capacity. (See Chart IV-42.) Contingent work (i.e., short contracts) appeals to another 25.8 percent. Fewer than 1 in 20 retirees would like to continue some form of full-time work past retirement.

Chart IV-42: Many Near-Retirees Intend to Keep Working in Part-time, Contingent Capacities

Share of respondents intending to retire and keep working, percent



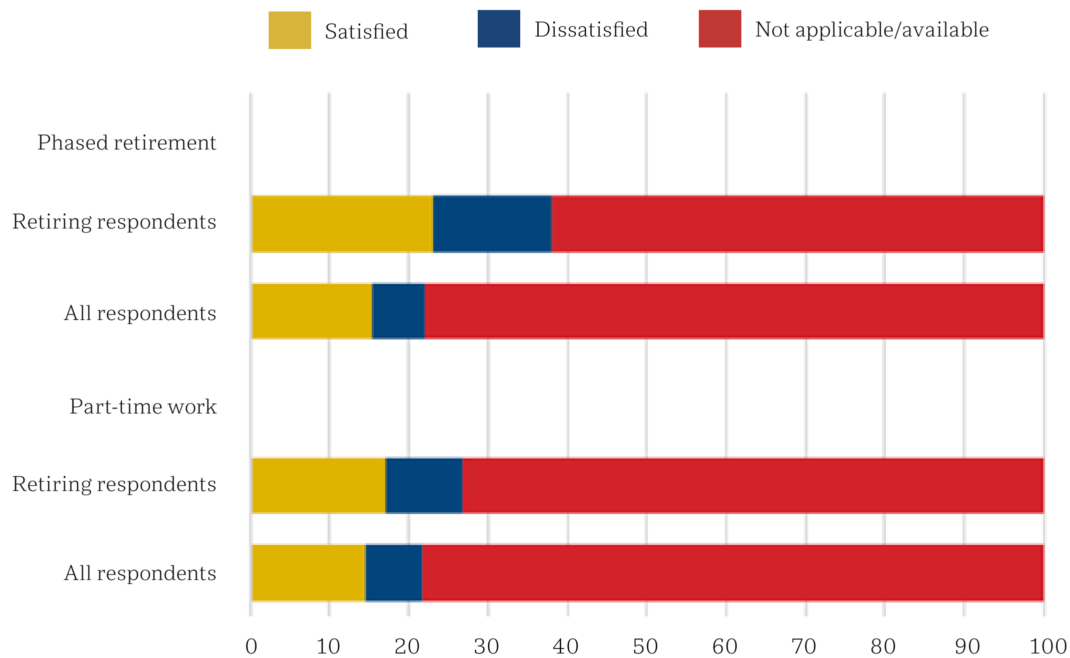
Note: More than one response was accepted. Excludes those saying "not at all."
Source: The Conference Board of Canada

While few employees knew of part-time or phased retirement options available at their organization, a slightly larger proportion of employees who are planning to retire in the next five years were able to comment on their satisfaction with these arrangements. Just under one-quarter of retiring employees (23.0 percent) are satisfied or very satisfied with options for phased retirement. (See Chart IV-43.) Satisfaction with part-time work options was lower at 17.2 percent. Almost three-quarters of retiring employees (73.2 percent) said part-time work was not available or not applicable to them, and 62.0 percent said this about phased retirement. These figures suggest that employers who are concerned about retaining talent past their formal retirement could consider more flexible arrangements for retiring employees, or strive for greater awareness of existing options.

Chart IV-43: Few Retiring Employees Are Familiar with Options for Part-Time Work, Phased Retirement

How satisfied are you with your employer's policies/programs on: [the following]?

Share of respondents, percent.



Note: Retiring employees n=723
Source: The Conference Board of Canada

Relocation to Underserved Areas

The size of the population in Canada's rural areas is not growing, and at the same time it is aging rapidly. In comparison, most of Canada's metropolitan areas are getting bigger and are comparatively younger. This means that the P&C insurance industry faces unique challenges when seeking to find adequate staff with the right skillsets to serve populations in smaller communities and rural areas. In particular, brokerages and adjusting firms will be under stress. This is because these functions are more likely to be found in rural areas. As well, there are regulatory requirements that stipulate factors such as the level of senior staff required relative to junior staff. Finding the right mix of qualifications in rural areas may be unusually difficult.

Employers who have a presence in both large and small communities could seek to relocate employees rather than attempt to recruit in smaller locations. Other industries or organizations with similar staffing challenges (e.g., mining, armed forces) might provide examples of best practices for inducing qualified individuals to relocate. For example, offering a financial incentive, covering moving expenses, or ensuring a career transition to a more appealing location after temporary postings are options that can be considered.

The Canadian Employee Relocation Council (CERC) has found that nearly one in five employees (18 percent) in 20 countries say they would be very likely to relocate for up to two years with a 10 percent pay raise.[67] Additional incentives on top of a pay raise would nearly double the proportion of employees willing to relocate, especially the guaranteed option to return to their current role after two years. The same survey found that employees most inclined to relocate for up to two years include senior executives/decision makers, employees under the age of 35, business owners, and unmarried employees.

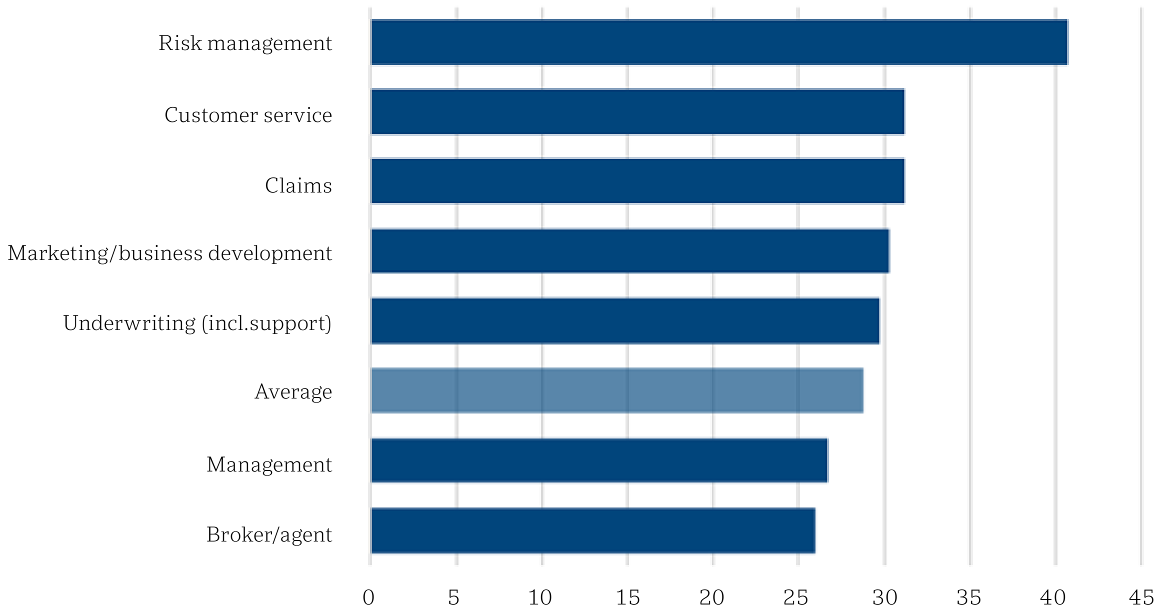
67 Canadian Employee Relocation Council, 2017 Global Mobility Survey – Executive Summary.

The 2017 employee survey indicated that, given the right incentives, around 3 in 10 employees (28.9 percent) would consider relocating.[68] Another 17.9 percent indicated that they already live in a small community, while the remaining 53.2 percent would not be willing to move. Employees in risk management (40.7 percent) showed the strongest willingness to relocate, relative to other occupational groups. (See Chart IV-44.)

Chart IV-44: Employees in Risk Management Are Most Willing to Relocate

Would you be willing to relocate to a smaller community (a community with a population of less than 50,000) for your current job or something similar?

Share of respondents willing to relocate by occupation, percent



Source: The Conference Board of Canada

There is also significant variation among other subgroups in the industry in terms of their willingness to relocate. More men (33.9 percent) than women (26.5 percent) are willing to relocate. (See Chart IV-45.) Consistent with global findings,[69] employees under the age of 35 in the P&C insurance industry are most likely to be inclined to relocate, with those under 25 the most eager (42.0 percent). Interestingly, employees who identify as having a disability (34.9 percent) have an above-average inclination to relocate. LGBT employees also show an above-average willingness to relocate (33.1 percent).

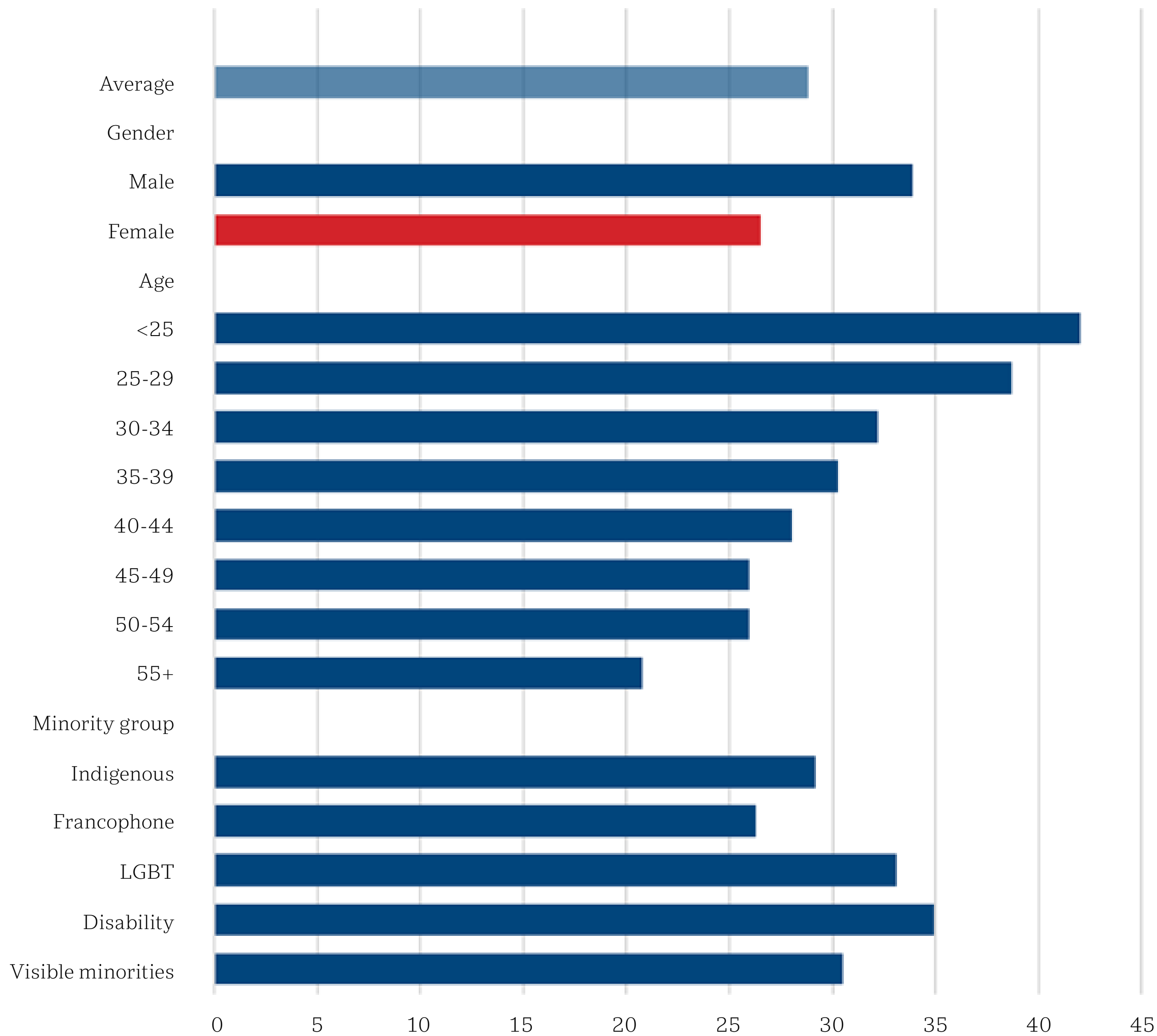
68 Though this is higher than the proportion in the 2017 CERC Global Mobility Survey, it is worthwhile noting that CERC survey respondents were considering the potential for global relocation as opposed to relocation within Canada.

69 CERC, 2017 Global Mobility Survey.

Chart IV-45: Men, Employees under 35, and Some Minority Groups Are Most Willing to Relocate

Would you be willing to relocate to a smaller community (a community with a population of less than 50,000) for your current job or something similar?

Share of respondents willing to relocate by subgroup, percent



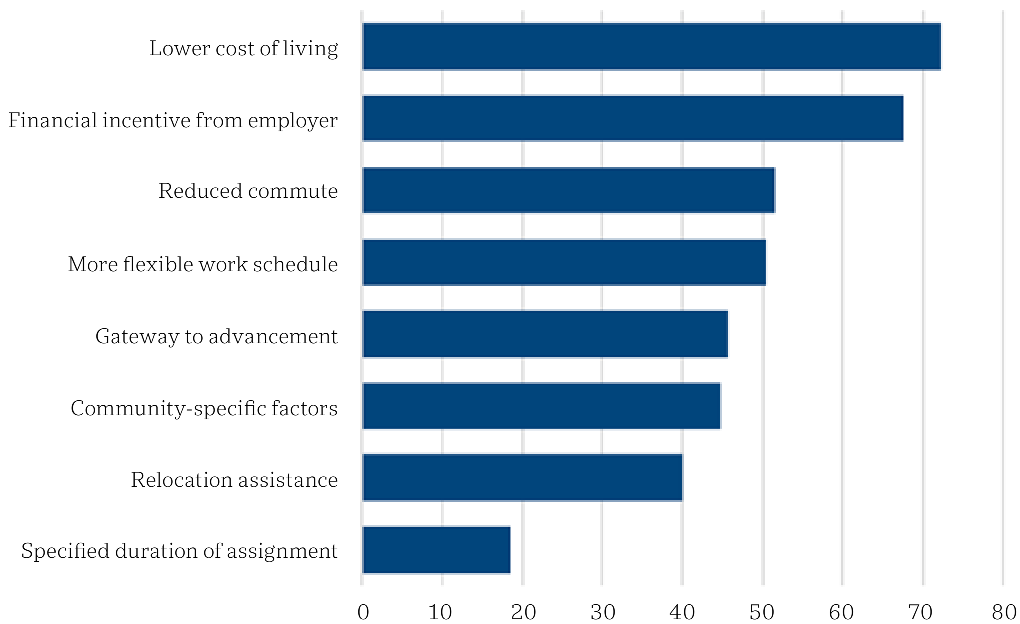
Source: The Conference Board of Canada

Respondents were also asked about the factors that would induce them to move. Of note, two of the top three motivators do not require investment by the employer. Along with a financial incentive of some sort, the lower cost of living and a reduced commute—which many rural communities provide—may be all that is needed to entice many employees to relocate. More than 7 in 10 (72.2 percent) would be willing to relocate on the basis of having a lower cost of living. (See Chart IV-46.) That said, two in three (67.5 percent) would be enticed by the offer of a financial incentive, such as a one-time bonus or a salary increase. Increased flexibility in work schedules (50.5 percent) and using remote assignments as a stepping stone to advancement (45.7 percent) are two other means that employers can use to entice people to work in rural locations.

Chart IV-46: Financial Incentives Are Most Likely to Entice Employees to Relocate

If willing to relocate, what factors would make you interested in relocating?

Share of respondents willing to relocate, percent



Source: The Conference Board of Canada

Part V - Summary of Key Findings

This section summarizes the research findings and provides insights on:

- The demographics of the industry's workforce
- The key recruitment and retention challenges
- The talent acquisition needs and retirement implications, and
- The impact of technology on skills requirements.

Canada's labour market is changing, and these changes are being driven by a variety of trends. Perhaps most importantly, Canada's labour force growth is slowing, and the average age of the workforce is rising. At the same time, the skill requirements of the workforce are changing, sometimes rapidly, as technological progress leads to obsolescence for some skills and a growing need for new ones. Indeed, in some cases entire occupational groups are disappearing or being created.

Because of these trends, employers are having to work harder to attract and retain employees with the skills they need to be successful, and the property and casualty (P&C) insurance industry is not immune.

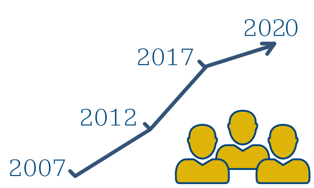
It is in this environment that the Insurance Institute of Canada contracted with the Conference Board of Canada to conduct an analysis of the demographics of the industry's workforce, the key recruitment and retention challenges, the talent acquisition needs and retirement, and the impact of technology on skill requirements.

The intention of this report is to provide employers with the insights needed to understand these trends and to incorporate into their strategic talent management plans in order to mitigate their impact.

The analysis in this report summarizes the seven key findings and conclusions from the research:

1. Adapting to Demographic Change
2. Impact of Technology Will Accelerate
3. Acclimatizing to a New Talent Environment
4. Understanding the Employee Value Proposition
5. Rethinking Recruitment and Retention
6. Who Will be the Leaders of Tomorrow
7. Expanding Diversity and Inclusion

The P&C insurance industry employment growth in Canada



126,200 people in 2017
118,600 people in 2012
110,135 people in 2007

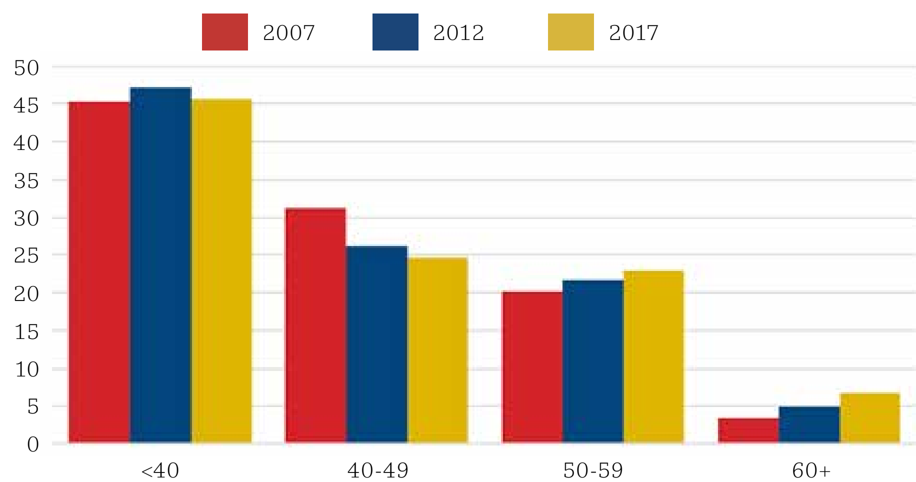
1. Adapting to Demographic Change

Demographic change is one of the key factors that will shape the industry's workforce. Specifically, Canada's P&C insurance industry will face a wave of departures over the coming decade as most of the industry's baby boomers will retire.

Currently, close to 30 percent of the industry's workforce is over the age of 50, compared to only 23 percent in 2007. (See Chart V-1.). Based on the industry's current age and retirement profile, more than one in four workers will retire by 2027. (See Chart V-2.) What is more, most of these retirements will occur over the next five years – 15.8 percent of the industry's current workforce is expected to retire between 2018 and 2022, equivalent to 3.2 percent of the workforce retiring each year. In comparison, 11.3 percent of the current workforce is forecast to retire over the subsequent five-year period (2023 to 2027), equivalent to 2.3 percent per year.

Chart V-1: Mature Workers are Driving the Aging of the Industry's Workforce

Share of P&C workforce, by age, percent



IIC 2017 census
Source: The Conference Board of Canada

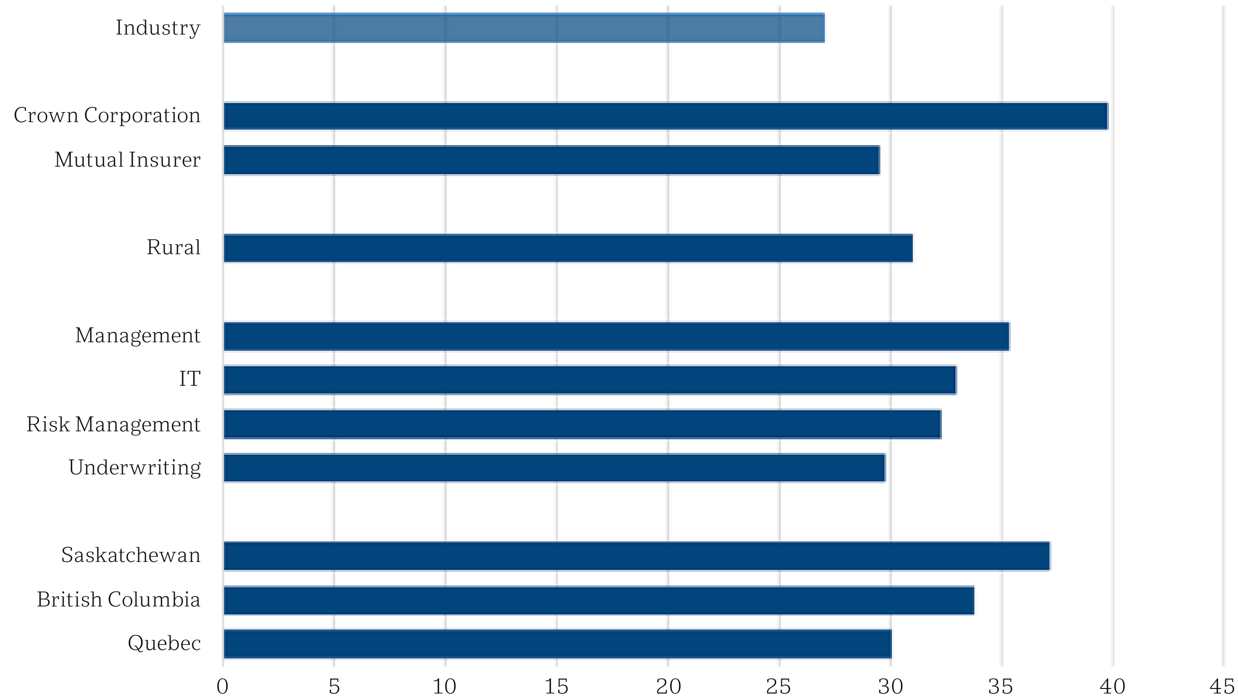
Differences in age and retirement profiles mean that some segments of the industry are much more exposed to the effects of retirements than others. (See Chart V-2.) Consider the following:

- No province will be more impacted by retirement than Saskatchewan, where 37 percent of the current workforce is expected to retire by 2027.
- Retirements are expected to be more severe in rural areas, with 31 percent of workers in rural locations forecast to retire by 2027 versus 26 percent of workers in urban areas.
- Among organizations within the industry, retirements will pose the largest challenge to Crown corporations: Over the next 10 years, roughly 40 percent of their current workforce is expected to retire.
- There is also wide variation in the expected retirement rates across occupations: Retirements will result in the exit of a third or more of the management, information technology (IT), and risk management workforces.

Given the high rate of retirement, one major concern for the industry is that its inflow of young workers is barely sufficient to match the outflow of older workers.

Chart V-2: Retirements Will Be Particularly High for Some Industry Segments

Share of current workforce to retire by 2027, percent



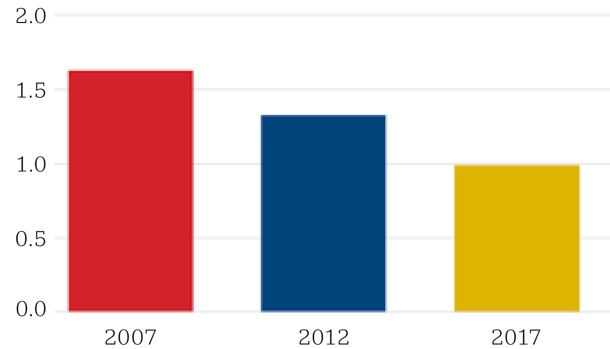
IIC 2017 census
Source: The Conference Board of Canada

Organizations' capacity to grow let alone sustain their businesses over the near and medium terms will hinge on their ability to replace retiring employees. But with boomers retiring in larger numbers throughout the Canadian economy, P&C insurance organizations will increasingly find themselves competing with other industries for new recruits.

In this environment, having a strong cohort of young workers is advantageous insofar as it represents a buffer to the outflow of retiring workers. Unfortunately for the industry, this buffer has weakened over the past decade. The entry-to-exit ratio, one way to gauge the industry's ability to replace retiring workers, suggests that the industry only has one worker under 30 for every employee aged 55 or older. This is well below the ratio of 1.6 that the industry enjoyed in 2007. (See Chart V-3.)

Chart V-3: Young Workers Are Now Barely Sufficient to Offset the Expected Outflow of Older Workers

Ratio of those aged <30 to those aged 55+



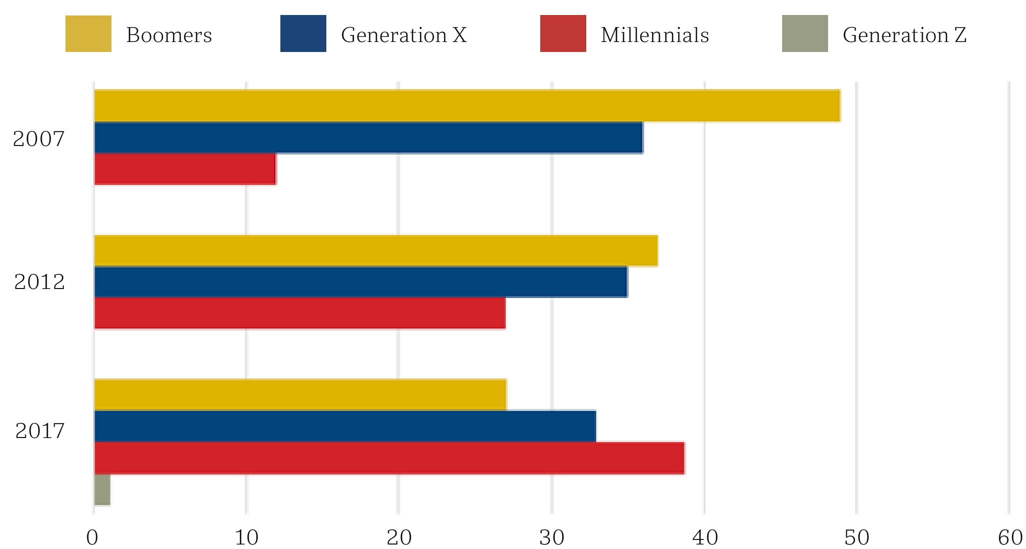
IIC 2017 census
Source: The Conference Board of Canada

Although demographic change represents a key force influencing the composition of the industry's workforce, there are a few positive takeaways for the industry as it looks to manage the impact of rising retirements:

- **For one, a strong pace of recent hiring has supported a surge in the millennials' share of the workforce over the past decade.**[1] As such, millennials now represent the largest cohort within the P&C insurance industry, ahead of both boomers and generation X. (See Chart V-4.) In fact, millennials now account for 39 percent of the P&C insurance workforce, well ahead of their share of about 31 percent in the broader workforce.

Chart V-4: Millennials Have Become the Largest Cohort within the Workforce

Share of total workforce by cohort, percent



IIC 2017 census
Source: The Conference Board of Canada

1 For the purposes of this report, Boomers are defined as people age 51 or over, Generation X is defined as people between the ages of 38 to 50, Millennials are defined as those between the ages of 22 and 37, and Generation Z is defined as those under the age of 22.

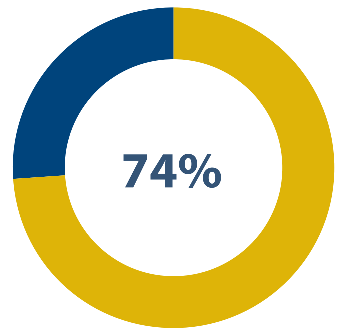
- **In addition, employees are beginning to retire later.** Although workers in the P&C industry still retire much earlier than average (the median age of retirement is 64.1 for all workers), the median retirement for the industry has inched up from 59.5 in 2007 to 61.3 in 2017. This trend has been supported by changing pension plans, longer lives, rising debt levels, the impacts of the recent financial crisis on savings, and the growing prevalence of flexible work arrangements. Ultimately, later retirements provide welcome news for the P&C insurance industry insofar as it suggests the impact of boomer retirements could be more gradual than initially anticipated.

2. The Impact of Technology Will Accelerate

Technological-driven change represents another key force impacting Canada's P&C insurance industry. Driven by the emergence of innovations in telematics, robotic process automation, and other digital technologies, aspects of the industry, from business models to workforce requirements, are being redefined.

Considering the pace of recent technological change, it should come as no surprise that industry stakeholders are becoming increasingly apprehensive about its impact. Consider these findings:

- Three in four executives believe that technological change is advancing at a faster pace than they can adapt.[2]
- Over 40 percent of human resource (HR) professionals cited technology (with respect to its potential to impact job types, functions, and skills) as a trend that will greatly impact their organization's recruitment over the coming two years, more than double the share of respondents who believed that technology greatly impacted hiring over the past two years.[3]



Percent of executives believe that technological change is advancing at a faster pace than they can adapt.

From a workforce perspective, one of the key areas through which technological change will impact the P&C insurance industry is its occupational makeup.

Some occupations will become less relevant as automation and other technologies eliminate tasks that were traditionally performed by people. Potential areas this could impact include claims (which are often still reviewed manually) as well as underwriting (which to a fair extent still depends on human judgment to evaluate risks and set premiums).[4]

At the same time, there will be jobs created due to emerging technologies and new product offerings within the industry. Such jobs could fall within existing occupational categories or might require skills that are not yet fully understood.

To help shed some light onto which occupations are most at risk of disruption due to technological change, it helps to evaluate the urgency in recruitment needs of organizations that are most sensitive to technology.

2 The Insurance Institute of Canada 2017 executive survey.
3 The Insurance Institute of Canada 2017 HR professional survey.
4 *The Economist,* "The Coming Revolution in Insurance."

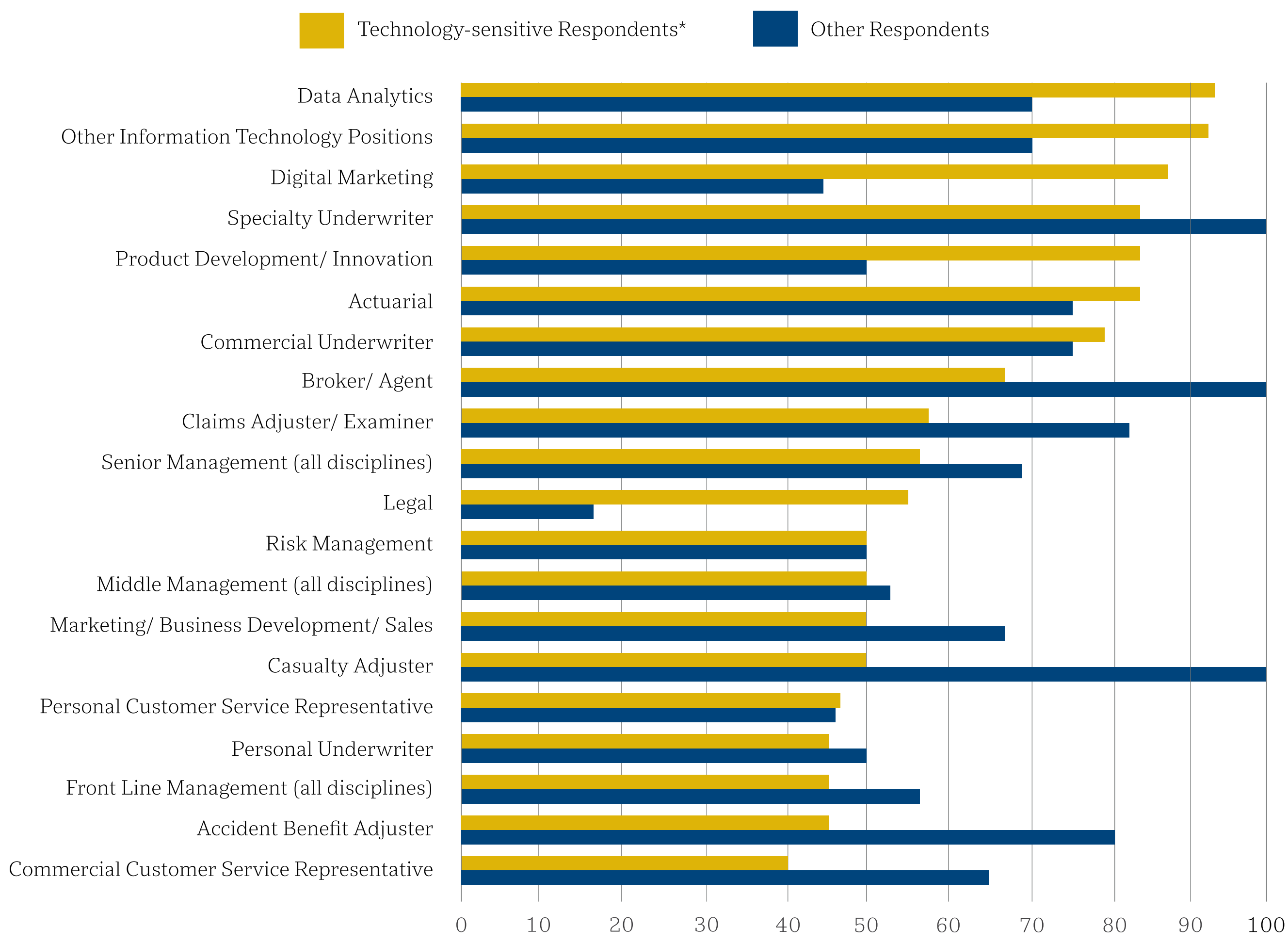
Results suggest that organizations that cited technology as a trend that will greatly impact their future recruitment and retention were much more likely to indicate greater urgency in hiring digital marketers, data analysts, and IT positions relative to respondents that were less concerned by the impact of technology. (See Chart V-5.)

As well, technology-sensitive respondents indicate a lower urgency in hiring brokers and commercial customer service representatives relative to their counterparts. This may reflect expectations that some of the functions provided by these roles are more likely to be automated in the coming years.

Chart V-5: Recruitment Needs of Technology-Sensitive Respondents Centred on Digital Marketers and Data Analysts

Over the next two years, how urgent is your recruitment need expected to be in each of the occupational categories listed below?

Share of respondents citing very urgent or somewhat urgent, percent



*Respondents that cited technology as a trend that will greatly impact their organization's recruitment and retention in the future.

IIC 2017 HR professional survey
N=47
Source: The Conference Board of Canada

Beyond influencing the occupational makeup of the P&C insurance industry, technological change is also redefining the skill requirements of its workforce.

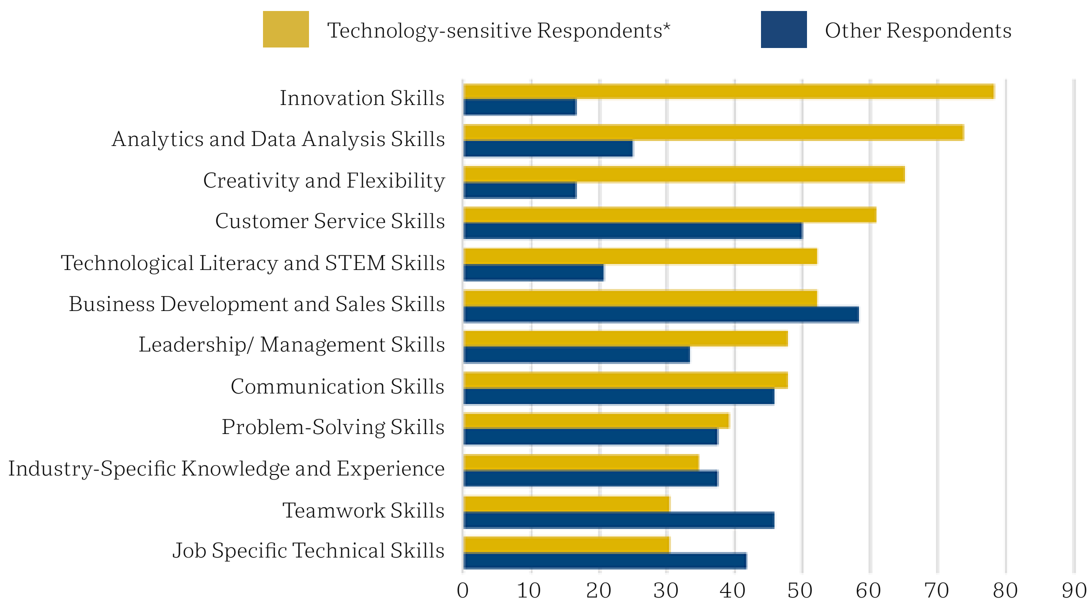
Notably, HR professionals that are more concerned about the impact of technology appear to be placing much greater value on analytics and data analysis, technological literacy, and STEM skills than their counterparts. (See Chart V-6.) This likely reflects the fact that these organizations are increasingly adopting data-centric approaches across all areas of work, something that requires employees that can analyze data, recognize patterns, and draw insights from these data.

What is interesting to note, however, is that technology-sensitive respondents are also much more likely to value workplace critical skills such as innovation or creativity and flexibility, which could be more predictive of an individual's ability to adapt to change.

Chart V-6: Technology-Sensitive Respondents Expect Innovation and Data Analysis Skills to Be Most Important in Future Recruitment

Over the next two years, how important do you expect the following skills and capabilities to be relative to others when recruiting workers (evaluating candidates)?

Share of respondents citing each skill or capability as much more important than others, percent



*Respondents that cited technology as a trend that will greatly impact their organization's recruitment and retention in the future.

IIC 2017 HR professional survey
N=47
Source: The Conference Board of Canada

3. Acclimatizing to a New Talent Environment

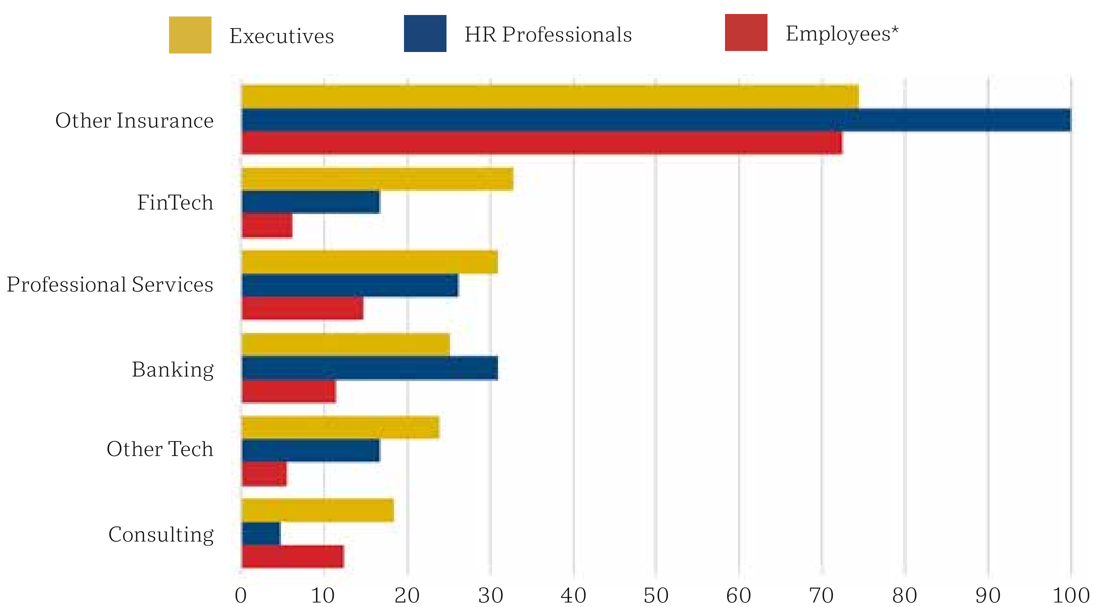
Industry stakeholders agree that the largest source of competition for talent in the P&C industry remains other insurance organizations. For example, both HR professionals and industry executives ranked "other insurance" as the strongest competition for their candidate pool of labour, well ahead of other industries, including fintech, professional services, and consulting. (See Chart V-7.) What is more, results from the employee survey suggest that three-quarters of departing employees[5] expect to continue working within the insurance industry.

However, the demographic and technological changes that P&C insurers are experiencing are not unique to the industry. The result is that employers are having to increasingly compete with other industries to attract and retain employees with the skills they need to be successful.

Unsurprisingly, HR professionals identified increased competition for talent with other industries as the number one factor that will impact their recruitment and retention efforts over the next two years, ahead of factors such as the impact of technology on job functions and skill requirements, and internal reorganization. (See Chart V-8.)

Chart V-7: Other Insurers Remain the Largest Source of Competition for Talent

Share of respondents indicating each industry is a competitor for recruitment, percent



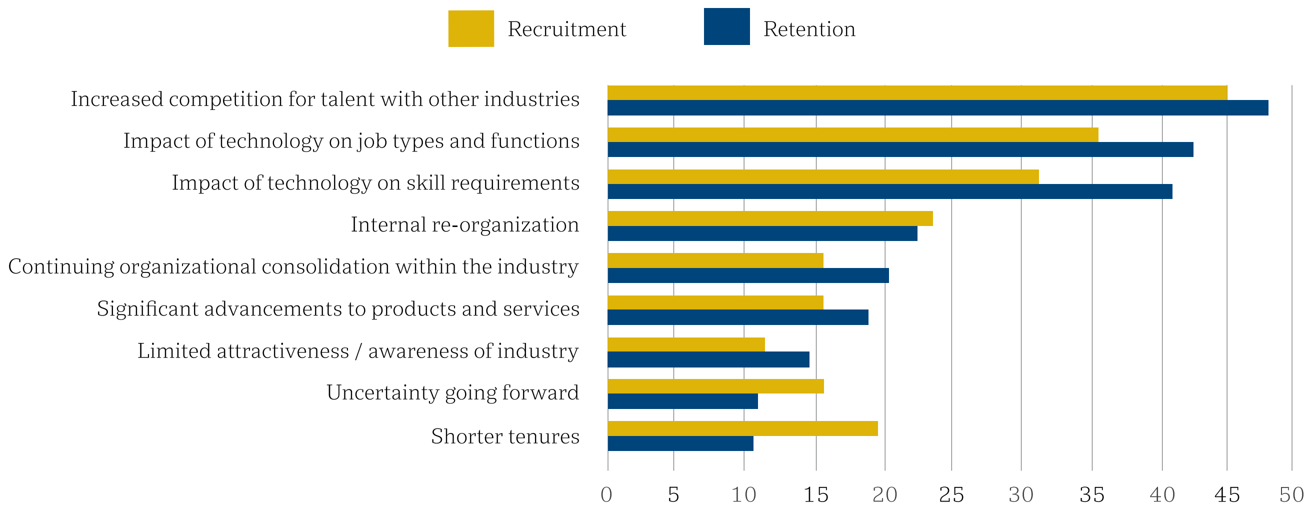
* Expected destination for respondents who plan to leave their current employer in the next five years (excludes employees indicating retirement as destination for their departure)

IIC 2017 HR professional survey (Chart III-14), IIC 2017 employee survey (Chart IV-39), IIC 2017 executive survey (see Chart 19 in the Emerging Issues) Research Report, *A Changing Workforce: Implications of Technological Disruption for the P&C Insurance Industry in Canada)*
Source: The Conference Board of Canada

5 Employees who plan to leave their current employer in the next five years, excluding those that plan to retire.

Chart V-8: Yet Increased Competition for Talent Is a Major Concern for HR Professionals in the P&C Industry

Share of respondents indicating factor would impact recruitment and retention to a great extent, percent



IIC 2017 HR professional survey
Source: The Conference Board of Canada

A key reason for this seeming discrepancy is that the sources of competition vary considerably depending on what occupational group is being considered. In fact, the high retention of workers within the sector is heavily skewed toward traditional insurance roles. For example, 79 percent of departing employees in underwriting occupations as well as three-quarters of brokers, and 74 percent in claims are likely to consider the insurance sector for future jobs. In contrast, departing employees in IT, an occupational category that contains occupational groups with above-average degrees of recruitment urgency, like digital marketing and data analytics, are much more likely to consider other industries for future work opportunities. Only half of these respondents cited the insurance sector as a likely destination for their next job.

Competition for people with digital skills is expected to be particularly high. Technology is changing the roles that matter most for organizations, and this is making it increasingly important for organizations to attract, develop, and retain talent in business-critical roles. Growth in demand for these skills is strong across industries, and the supply of graduates with in-demand digital skills is not expected to keep pace. The resulting shortages of people with in-demand skills will continue to fuel competitive pressures for existing and emerging talent. Against the backdrop of an increasingly competitive talent landscape, a key concern for organizations is not being able to acquire difference-making talent.

Given this situation, the fact that the industry has had difficulties attracting IT workers in recent years is a key concern. The industry has an older-than-average IT workforce- only 20.6 percent of people who work in IT occupations within the industry are under the age of 35, compared to 32.6 percent of IT workers in the workforce as a whole.[6] In part, the industry's older-than-average IT workforce reflects the fact that IT recruits tend to enter the industry at an older age: According to the employee survey, the median age of IT employees that have joined the P&C insurance industry over the past two years is 34.

At the same time, the industry is more likely to employ older IT staff: 16.9 percent of the industry's IT workforce is over the age of 55, compared to 12.4 percent for the workforce as a whole. One potential reason behind the industry's current IT age

6 Based on data from Statistics Canada's 2016 census.

structure is its need to maintain legacy systems, something that may be less attractive to young IT talent. Looking forward, the phasing out of legacy systems should gradually make the industry more attractive to young IT professionals. However, considerable competition for IT talent from other industries will continue to hamper the industry's ability to recruit IT workers. **Given the growing importance of IT to the sector's business operations, this may be a reason for concern.**

In an age of disruption, in which an organization's competitive edge increasingly depends on its ability to understand and adapt to its evolving talent needs, employers will need to:

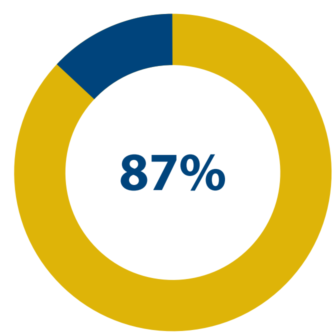
- re-evaluate their recruitment and retention practices to circumvent the costs associated with labour gaps in key occupations. This will not only require future talent strategies to be more continuous and targeted in nature, but also that employers increasingly consider roles for non-traditional workers (e.g., contingent workers).
- provide broader access to developmental assignments and clear career paths if they are to remain attractive to younger workers.
- expand flexible workplace solutions as a key differentiator for both millennials, who place a greater value on them, and potential retirees, as a means to retain them longer. Although the industry performs well in terms of work–life balance and flexible work arrangements, such as the ability to work remotely, these benefits are becoming more common.

4. Understanding the Employee Value Proposition

Job satisfaction and employee engagement are distinct concepts.

Job satisfaction reflects employees' contentedness with what they get from their organization, such as pay, benefits, and job security.

Engagement reflects employees' connection to their work and suggests the degree to which they are willing to give back to their workplace.[7]



Percent of employees saying they were somewhat or very satisfied with their job in 2017.

The P&C insurance industry scores highly on both these measures, and the factors contributing to these scores have not changed much over the past decade. This suggests that the P&C industry has a value proposition that is most attractive to people with a certain preference set in relation to work.

Overall job satisfaction in the P&C insurance industry is high, and it has remained so over time.

7 Armstrong and Wright, *Employee Engagement: Leveraging the Science to Inspire Great Performance, p. 9–10.*

Eighty-seven percent of employees said they were somewhat or very satisfied with their job in 2017. This high level of job satisfaction has barely changed since 2009, which is remarkable given that the underlying sample of respondents for the surveys has changed considerably over this period. The top factors that drive high job satisfaction for P&C industry employees have also not changed significantly over the past decade. (See Chart V-9.) These include the following:

- A competitive salary/wages
- Good health care and other benefits
- Flexible work arrangements
- Good pension benefits
- Adequate paid time off (e.g., vacation, sick days)
- Full-time, permanent employment

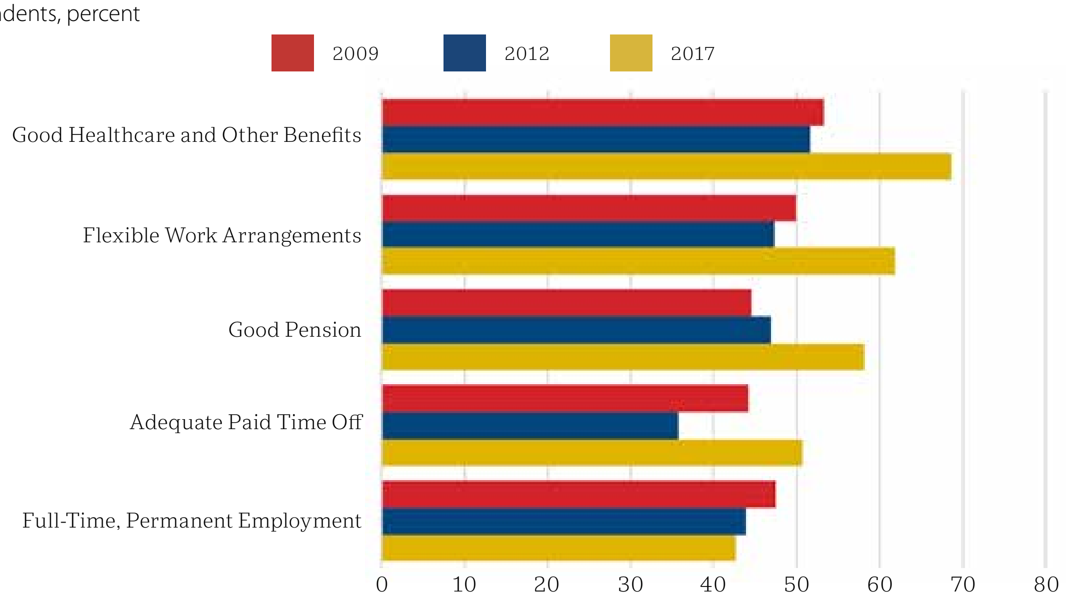
The levels and drivers of job satisfaction are similar across demographic groups within the industry, although differences do exist. Notable differences among subgroups include:

- Men are somewhat more interested in opportunities for promotion and somewhat less interested in their amount of paid time off and opportunities for part-time work than their female colleagues.
- Millennials were much less interested in pensions and much more interested in promotions than average, although this may reflect their younger age. They were also more interested in education and training, as well as mentorship opportunities.
- Boomers were the opposite, with markedly less interest in promotions and full-time work but higher interest in pensions and benefits. They also placed higher importance on job autonomy and challenging work.

Chart V-9: Top Drivers of Job Satisfaction among Employees Have Not Changed

For you personally at this point in your career, in addition to a competitive salary or wages, what are the most important aspects of your ideal job?

Share of respondents, percent



IIC 2017 employee survey
Source: The Conference Board of Canada

The P&C industry also has very high levels of employee engagement.

The Conference Board of Canada has estimated that just 27 percent of Canadian employees across all industries were highly engaged in their work in 2014, as determined by scores across a 10-year sample of employee engagement surveys.[8]

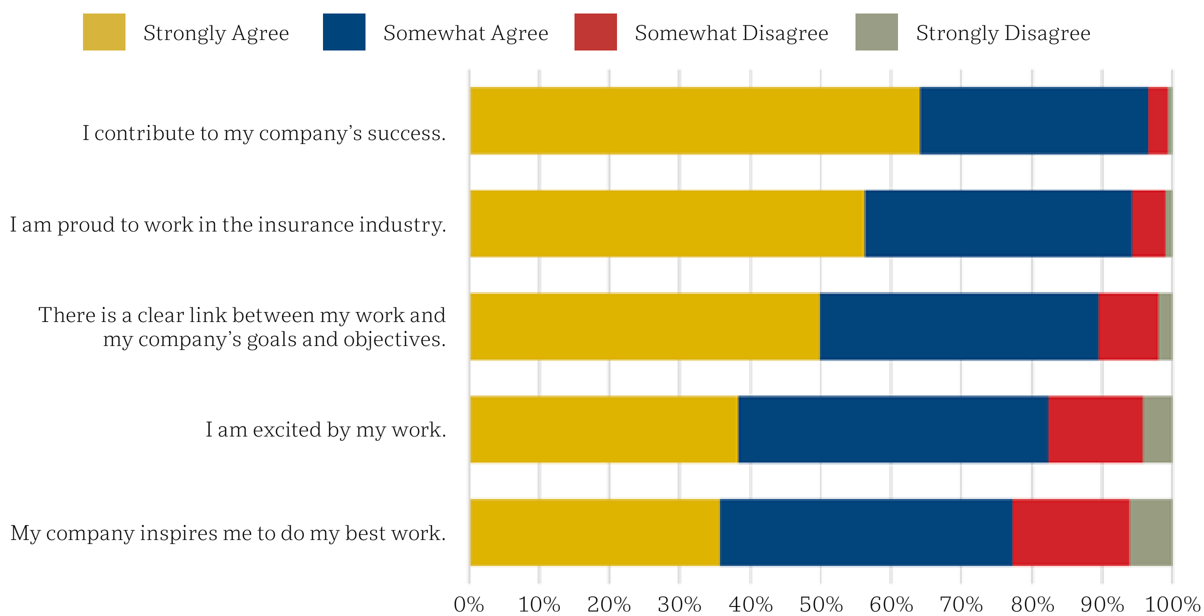
In striking contrast, over half of P&C employees strongly agreed that they contribute to their company's success (64.2 percent) and that they are proud to work in the insurance industry (56.2 percent). (See Chart V-10.)

Although other questions about employee engagement have lower scores, in every case a third or more of respondents report they are highly engaged. What is more, the high levels of engagement are consistent across most types of workers, with only mid-career and lower-skilled employees displaying noticeably lower levels of engagement.

Chart V-10: P&C Employees Feel Engaged with the Industry and Their Work

To what extent do you agree with the following statements?

Share of respondents, percent



Note: "Don't know/not applicable" results have been excluded.
IIC 2017 employee survey
Source: The Conference Board of Canada

There are a number of factors that are contributing to the high rate of employee engagement. For example:

- 83 percent of respondents to the employee survey rated their opportunities to work with respected colleagues as excellent or good, and relationships with co-workers are a key determinant of engagement.
- a majority of employees reported they have good or excellent opportunities for career advancement (59.3 percent), influencing workplace decisions (59.6 percent), receiving recognition (53.4 percent), and access to training (72.7 percent) and developmental assignments (55.7 percent).

Maintaining and improving on these strengths will be essential to continuing the industry's strong performance on engagement.

8 Armstrong and Wright, *Employee Engagement: Leveraging the Science to Inspire Great Performance, p. 3, 19.*

5. Rethinking Recruitment and Retention

Something that most HR professionals agree on is that recruitment and retention will be more challenging in the future than it has been in the recent past.

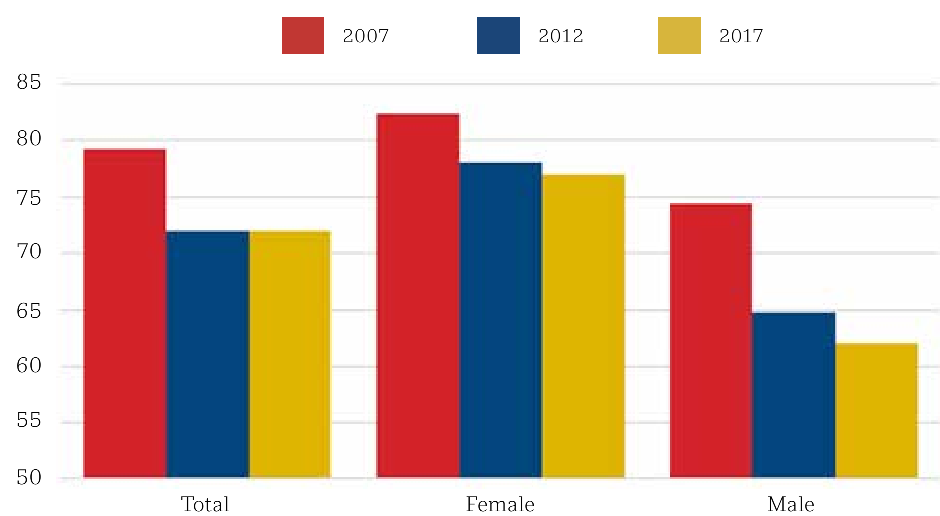
The need for continued organic growth in the industry will be one consideration; 7 out of every 10 industry executives anticipate an expansion in the industry's workforce over the coming five years.[9]

The need to develop and acquire new skills is also expected to support employment gains across the industry. This need will be occurring in an environment where the obstacles to future recruitment and retention are mounting.

For example, employee tenures are trending down and competition for talent is increasing, two factors that are not unrelated. (See Chart V-11.)

Chart V-11: Employee Tenures Are Becoming Shorter, Particularly among Men

Median tenure with current employer by gender, months



IIC 2017 census
Source: The Conference Board of Canada

As technological change redefines the occupational and skills landscape, targeted recruitment and retention will likely play an increasingly important role in the staffing strategies of industry organizations.

The recent survey of HR professionals found that fewer than half of respondents (44 percent) reported undertaking targeted retention activities in the past two years, while somewhat more (62 percent) undertook targeted recruitment activities.

However, those that were more sensitive to the impact of technology were more likely to implement targeted recruitment and retention strategies. In fact, three-quarters of technology-sensitive respondents engage in targeted recruitment, well above the 55 percent rate for other respondents. Furthermore, 48 percent of technology-sensitive respondents engage in targeted retention compared to 42 percent for other respondents.

9 The Insurance Institute of Canada 2017 executive survey

Something that is interesting to note is that the key motivation behind implementing targeted recruitment and retention strategies has gradually shifted over the past five years.

- In the 2012 survey, respondents suggested that targeted recruitment was instituted by their organization largely to meet overall staffing needs; meeting the needs of specific occupations was ranked last.
- Five years later, meeting the needs of specific occupations has become the top reason behind implementing targeted recruitment, followed by bringing new skills into the organization. (See Table V-1.)

Table V-1: Targeted Recruitment Increasingly Geared toward Meeting the Needs of Specific Occupations

Rank, 1 to 6

Reason behind instituting targeted recruitment	2012	2017
Meet the needs of specific occupations	6	1
Bring new skills into the organization	2	2
Meet overall staffing needs	1	3
Create greater diversity in the workplace overall	3	4
Replace retiring employees	3	4
Position organization as employer of choice with targeted group	3	6

IIC 2017 HR professional survey
Source: The Conference Board of Canada

Considering that technology will only become more ingrained across business functions, recruitment and retention will increasingly be geared toward seeking out candidates with specific skills. As such, the likelihood that organizations implement a targeted recruitment plan in the future will likely increase.

In addition to becoming more targeted, future recruitment and retention will also become more fluid. In other words, organizations will increasingly engage in continuous recruitment and retention.

- On the recruitment side, organizations will be required to anticipate potential skills or labour shortages. This will not only help them avoid unfilled vacancies, but also let them keep a close eye on the talent pool independent of current recruitment needs.
- On the retention side, organizations will need to keep an eye on key factors that support retention, particularly among their difference-making talent. For example, an above-average share of IT employees in the industry indicated dissatisfaction with their training opportunities. This suggests that increased training for IT staff could improve retention.

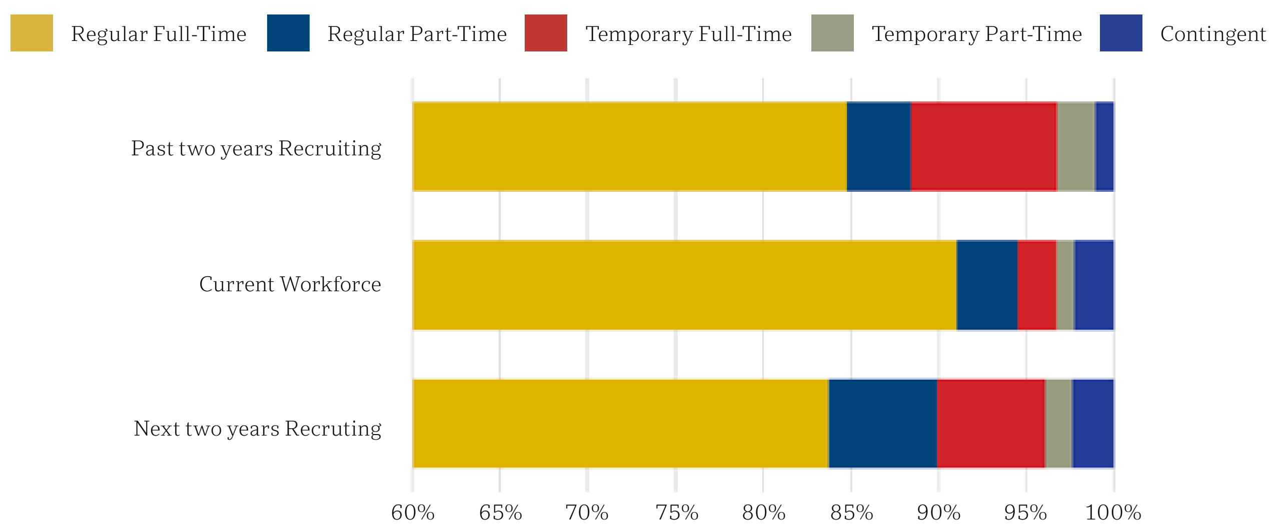
Amid increased recruitment and retention challenges, many organizations are also expected to consider an increased role for non-traditional workers in their future talent strategies.

For example, contingent workers[10] are expected to become more prevalent within Canada's P&C insurance workforce in the coming years as organizations look to alleviate short-term skills gaps and respond to on-demand hiring (e.g., to deal with peak workloads during natural disasters).

What is more, contingent work could help organizations navigate the knowledge loss stemming from retirements, in so far as it represents an appealing work arrangement for those planning to work past retirement. A growing inclination to hire contingent workers was highlighted in the survey of HR professionals-while contingent workers accounted for only 1.1 percent of recruitment over the past two years, HR professionals within the industry expect that 2.4 percent of recruiting in the coming two years will be for contingent positions. (See Chart V-12.)

Chart V-12: Recruiting Efforts Are Less Focused on Regular Full-Time Positions

Share of workforce by type of worker, percent



IIC 2017 census, IIC 2017 HR professional survey
N=48
Source: The Conference Board of Canada

Increasingly, employers are offering flexible workplace solutions to accommodate growing demands for work–life balance issues. However, it appears these arrangements may not always be reaching their most receptive audience.

> The recent industry census suggests that 95 percent of P&C insurance organizations now allow at least some people to work remotely. This is well above the average for other employers; in a recent survey, The Conference Board of Canada found that 55 percent of organizations reported allowing people to work from home on at least a part-time basis either formally or informally.[11]

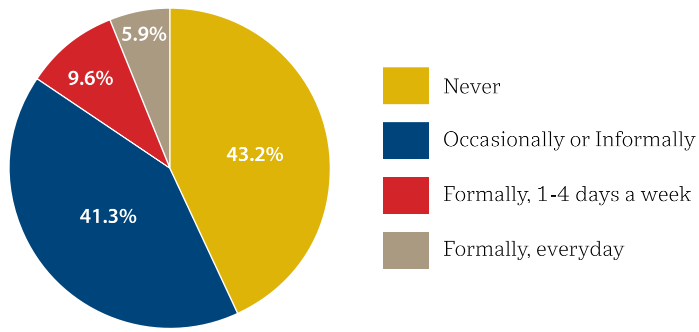
It is also worth noting that remote work arrangements are not just offered to a handful of employees at the organizations where they are available. In fact, over half of all employees within the industry report that they work remotely at least part of the time. (See Chart V-13.)

10 Contingent workers are defined as a provisional group of workers who work for an organization on a non-permanent basis and are not included on the payroll (e.g., freelancers, independent professionals, independent contractors, consultants).

11 MacLean, *Flexible Work Arrangements: Transforming the Way Canadians Work.*

Chart V-13: Over Half of Employees Can Work Remotely
Share of respondents by remote working status, percent

IIC 2017 employee survey



Source: The Conference Board of Canada

Despite its prevalence, however, it is interesting to note that the industry appears to allow more remote work as a person's experience rises. Consider these findings:

- The tendency to work remotely increases from a low of 25 percent for workers under the age of 30 to a high of 40 percent for workers over.
- While this may be a perk to boost retention, this result may also be influenced by the fact that younger workers are more likely to find themselves in roles that limit remote work options.
- For example, 52.7 percent of employees in sales and service occupations (whose median age is among the lowest in the industry) never work remotely versus only 17.3 percent of managers (who find themselves on the opposite end of the age spectrum).

In any case, multiple surveys have clearly shown that millennials place a higher value on remote work and work–life balance than older generations. As such, the industry will find value in aligning its current practices with these preferences, especially as it looks to become more attractive to younger recruits.

Beyond providing broader flexible workplace solutions to millennials, employers, and particularly those concerned about retaining talent past their formal retirement, should consider more flexible arrangements for retiring employees. Interestingly:

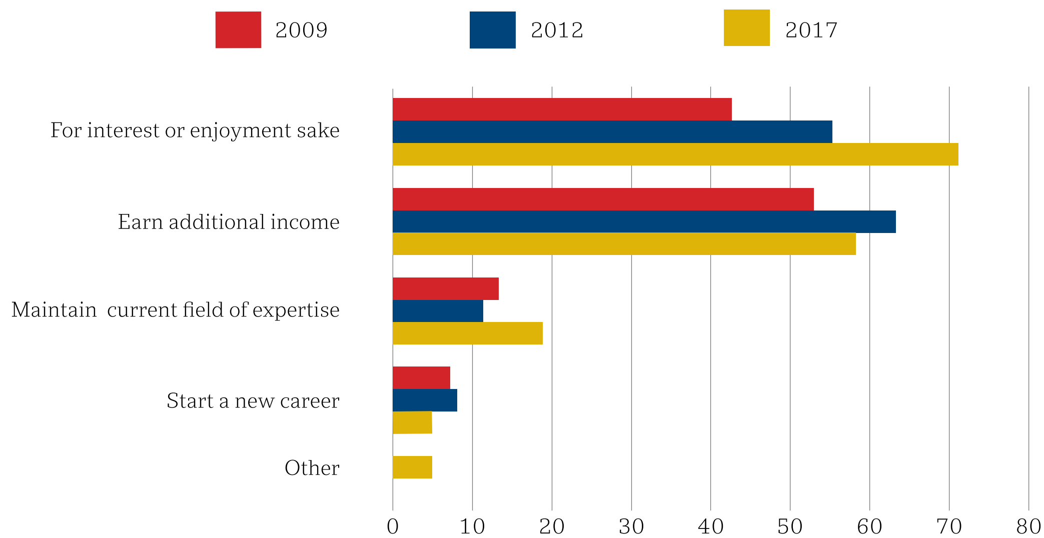
- A striking finding from the employee survey was that 75% of those who plan to retire intend to keep working in some capacity after their formal retirement – well above the 64.2 percent in 2012.
- The top driver for retirees to keep working past their formal retirement date has shifted from earning additional income to interest and enjoyment. (See Chart V-14.)
- Despite this, almost three-quarters of retiring employees (73.2 percent) said part-time work was not available or not applicable to them, and 62.0 percent said this about phased retirement. Although restrictions on "double-dipping" for those who are collecting a pension but still working would be a challenge that would need to be overcome.

These figures suggest that employers who are concerned about retaining talent past their formal retirement should be considering more flexible arrangements for retiring employees, or strive for greater awareness of existing options.

Chart V-14: Most Near-Retirees Want to Keep Working for Interest, Enjoyment.

Which of the following best describes your reason for working after retirement?

Share of respondents who intend to retire and keep working, percent



IIC 2017 employee survey
N=535
Source: The Conference Board of Canada

As the industry looks to acclimatize to a new talent environment, retention strategies for key employees will need to include remaining competitive in terms of career development and advancement opportunities. Indeed:

- The number one barrier to retention raised by HR professionals was limited career prospects within the organization.
- This problem was most apparent among smaller organizations, where opportunities for lateral and upward movement are more limited.
- This finding is consistent with the common perception among employees within the industry, who are pleased with their access to training and the financial support they receive for it, but much less content with their opportunities for career advancement, lateral moves, and developmental assignments.
- For example, more than half of employees (55.8 percent) said that job rotation was not available to them, while 45.7 percent of employees reported that there are an insufficient number of positions above them.

Against this backdrop, employers will need to both broaden access to developmental assignments and provide clear career paths for their employees to retain experienced talent. Otherwise, employees will look outside their organization for the challenges they desire.

6. Who Will Be the Leaders of Tomorrow?

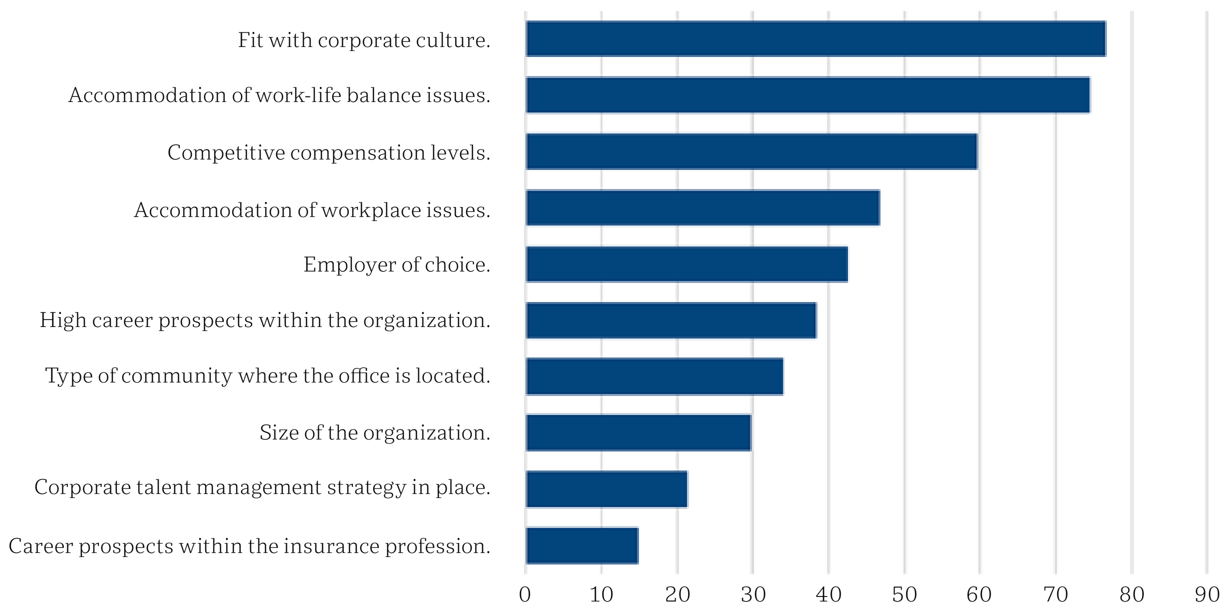
Due to its influence on an organization's performance across a variety of HR metrics, leadership and management continues to remain an important pillar of any organization. Research studies have demonstrated that effective leadership contributes to improved employee engagement and performance, and that higher employee engagement leads to a measurable reduction in turnover.

There is also evidence to support the link between effective leadership and retention within The Institute's survey of HR professionals. For example, HR professionals were asked to identify the key factors that make retention less difficult in their organizations, and the number one factor identified was fit with corporate culture, with 77 percent of respondents identifying it as a top five factor influencing retention. (See Chart V-15.) Unquestionably, an organization's leadership team is one of the key determinants of culture.

Chart V-15: Fit with Corporate Culture Is a Key Issue Impacting Retention

Where it has not been difficult to retain employees, what are the top five factors that make retention less difficult?

Share of respondents, percent



IIC 2017 HR professional survey
N=47
Source: The Conference Board of Canada

Despite its conventional importance to organizations, several factors have propelled leadership and management into the spotlight:

To begin with, **the leadership skills that are required for success in the industry are changing.** In contrast to leaders of the past, who were often tasked with executing predetermined strategies, increasing efficiency, and improving pre-existing processes, future leaders will increasingly be relied upon to make strategic decisions and must be willing to create something entirely new.[12]

12 Abbatiello et al., "Leadership Disrupted."

The need to create and support a culture of adaptability will require new skills and practices from the industry's managers and leaders. At the same time, effective leaders in an era of accelerating change will still require traditional leadership skills (e.g., the ability to inspire and motivate others).

Against this backdrop, not everyone agrees that today's leaders are fully prepared to tackle tomorrow's challenges. For example, Deloitte's 2017 Global Human Capital Trends Survey found that only 5 percent of financial services CEOs feel that they have strong digital leaders in place.[13]

In addition to the evolving role of managers and leaders, **management finds itself exceptionally exposed to retirements.**

By 2027, one in three managers are forecast to retire – the highest share across all occupational categories within the industry.

Even more concerning, 52 percent of existing senior managers are expected to retire over the next 10 years, versus 37 percent of middle managers and 31 percent of front-line managers.

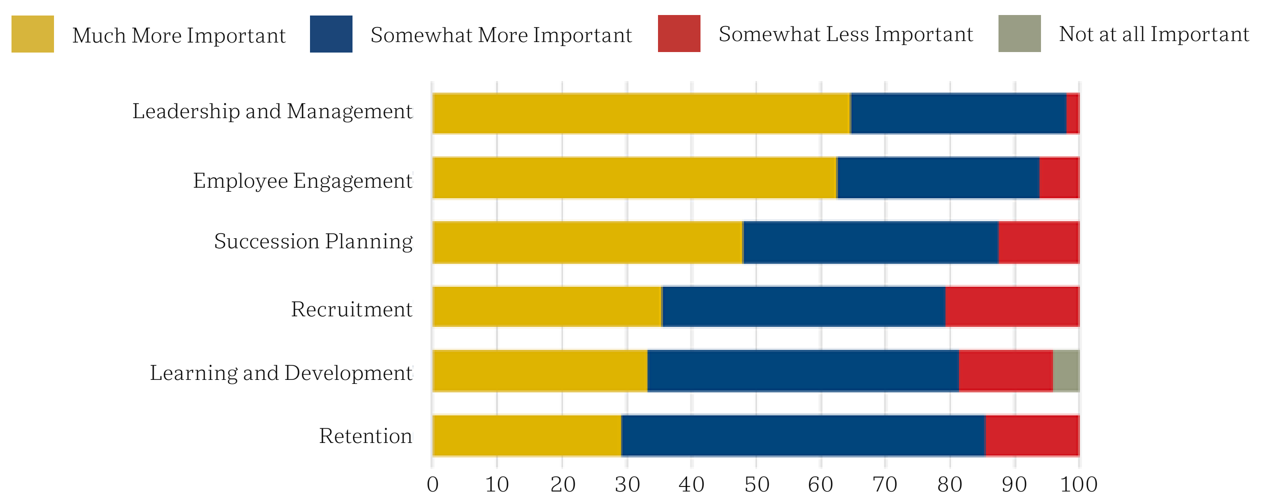
Although replacing senior management positions will remain a significant challenge in itself, a high rate of attrition in the primary pipelines into senior management roles will further complicate matters.

When one combines the industry's need to replace retiring managers with evolving leadership requirements, it is understandable why HR professionals identified leadership and management as the most important issue they are currently facing. (See Chart V-16.)

Chart V-16: Leadership and Management Was Ranked as the Most Important HR Issue

How important were the following issues, compared to other human resource management issues facing your organizations?

Share of respondents, percent



IIC 2017 HR professional survey
N=48
Source: The Conference Board of Canada

13 Abbatiello et al., "Leadership Disrupted."

P&C insurance organizations are addressing their leadership and management concerns in various ways:

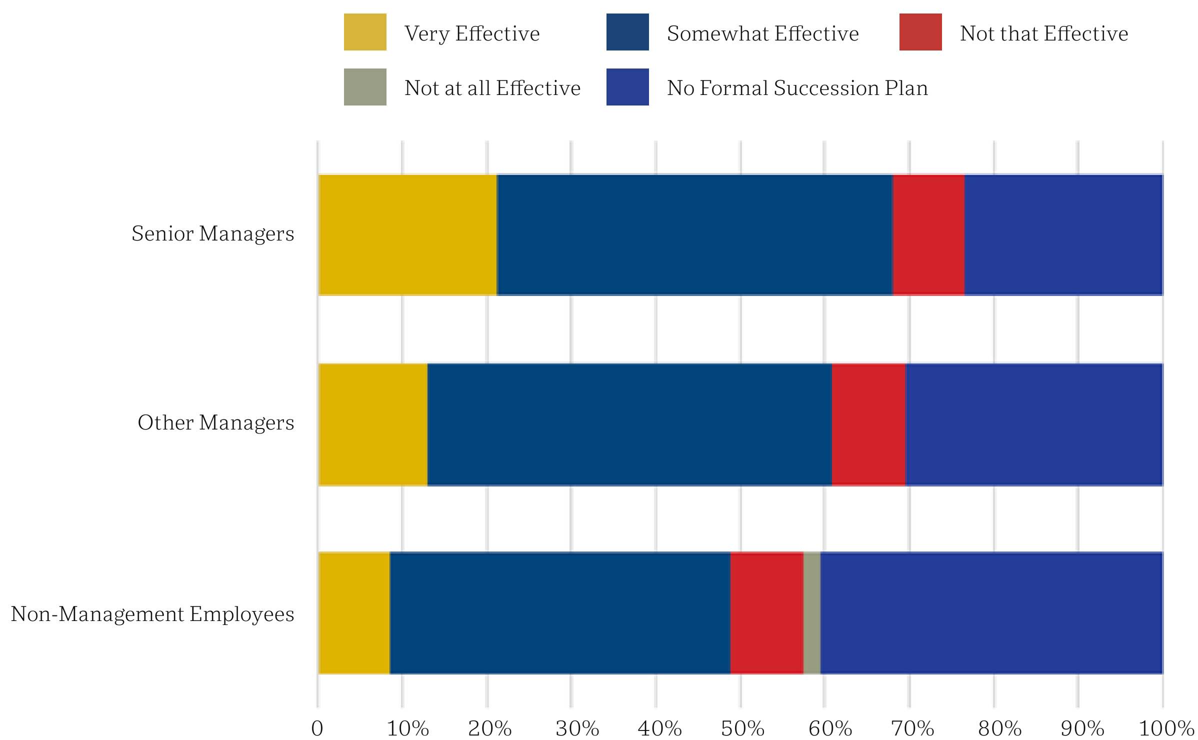
1. **Organizations are increasingly seeking out leadership skills when hiring**. Indeed, leadership and management skills were one of the highest ranked skillsets HR professionals expect to be looking for when evaluating candidates over the coming two years, with technology-sensitive organizations placing greater value on leadership skills than their counterparts. A greater future recruitment emphasis on leadership and management skills should come as no surprise when one considers the fact that C-suite respondents[14] ranked leadership and management skill as the most important skill of the future for the industry.

2. **Organizations are also using succession planning to address future departures of key leaders.** Our research suggests that succession planning has been most effective for the industry when targeting senior management positions. (See Chart V-17.)

Chart V-17: Succession Planning Is Most Often Used and Most Effective with Senior Management

How effective has your formal succession planning process been at managing your organization's retention issues among the following positions?

Share of respondents, percent



IIC 2017 HR professional survey
N=47
Source: The Conference Board of Canada

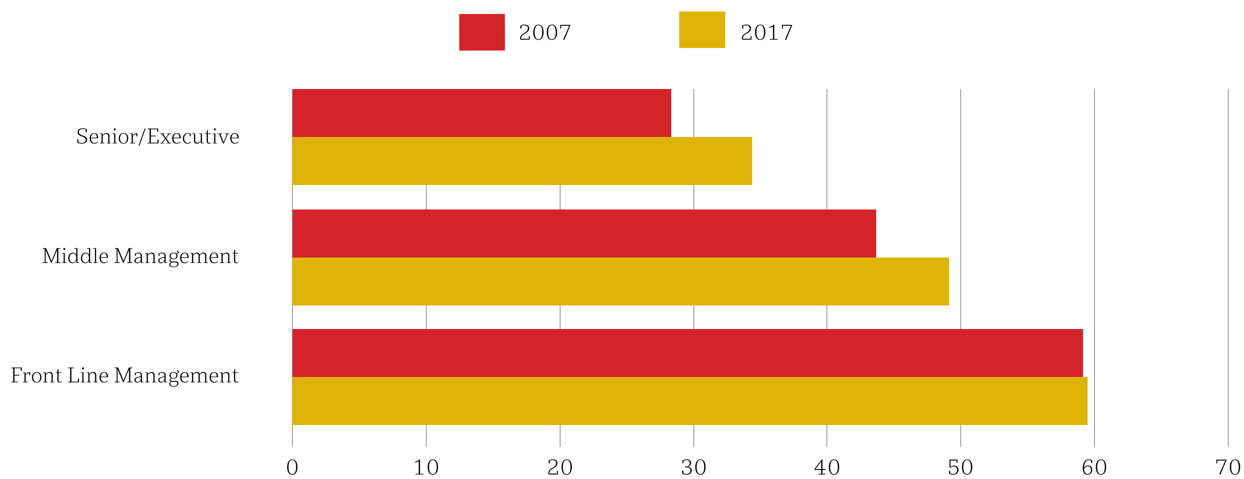
Although a greater emphasis on a combination of hiring leadership skills and succession planning should help to mitigate leadership and management gaps, the industry will also need to reconsider where it sources future managers and leaders.

14 The Insurance Institute of Canada 2017 executive survey.

- On the one hand, this may involve a greater willingness to consider external candidates for leadership and management roles. Traditionally, the industry has promoted people into management positions from within, but the rising influence of technology on the P&C industry is putting a premium on leaders who bring outside experience and knowledge.
- On the other hand, the industry will need to evaluate its traditional internal pipelines of potential managers and leaders. For example, women accounted for only 35 percent of senior management positions in the P&C insurance industry in 2017, despite accounting for 62 percent of its total workforce. (See Chart V-18.)
- Even though women's share of management positions in the industry has improved over the past decade, such that women are better represented in management positions within the P&C insurance industry than comparative industries (e.g., professional services and financial services), there is still noticeable room for improvement in expanding the role of women in management positions.

Chart V-18: Share of Women in Senior and Middle Management Positions Has Increased

Share of female employment in P&C insurance management occupations, percent



IIC 2017 census
Source: The Conference Board of Canada

Finally, the industry should be receptive to contemporary thinking on development practices as it looks to recruit and develop future leaders and managers. For instance, whereas past leaders may have been selected based on experience, tenure, performance, or simply for having paid their dues, future leaders may be identified early in their careers based on their creativity and ability to lead teams, and thus be given outsized responsibilities to develop their leadership skills. Moreover, leaders may increasingly be developed through problem-solving and real-world projects in addition to training and professional development programs.

7. Expanding Diversity and Inclusion

When it comes to diversity and inclusion in the industry, there is room for improvement.

Several minority groups remain under-represented in the P&C insurance industry compared to the workforce as a whole. For example:

- In 2017, 2.2 percent of employees identified as indigenous. In comparison, 4.3 percent of people who were working at the time of Statistics Canada's 2016 census identified themselves as Aboriginal.[15]
- Visible minorities represent another group whose representation remains below average-16 percent of P&C employees reported being part of a non-white ethnic group in 2017, compared to 21.3 percent of people who were working at the time of Statistics Canada's 2016 census. However, in the case of visible minorities, it is worth noting that representation has improved from 13.6 percent of the P&C insurance workforce in 2009.
- By providing employees with the option to identify as being lesbian, gay, bisexual, or transgender (LGBT) or a person with a disability, the 2017 employee survey helped highlight the prevalence of other minority groups within the industry. In total, 2.8 percent of respondents self-identified as LGBT, and 1.9 percent identified themselves as a person with a disability. These figures establish benchmarks for future Insurance Institute demographic studies and initiatives to promote diversity and inclusion in the P&C insurance industry.

Beyond identifying the under-representation of minority groups relative to the Canadian labour market, our demographic research highlighted noticeable variation in representation of minorities across industry occupations. Consider:

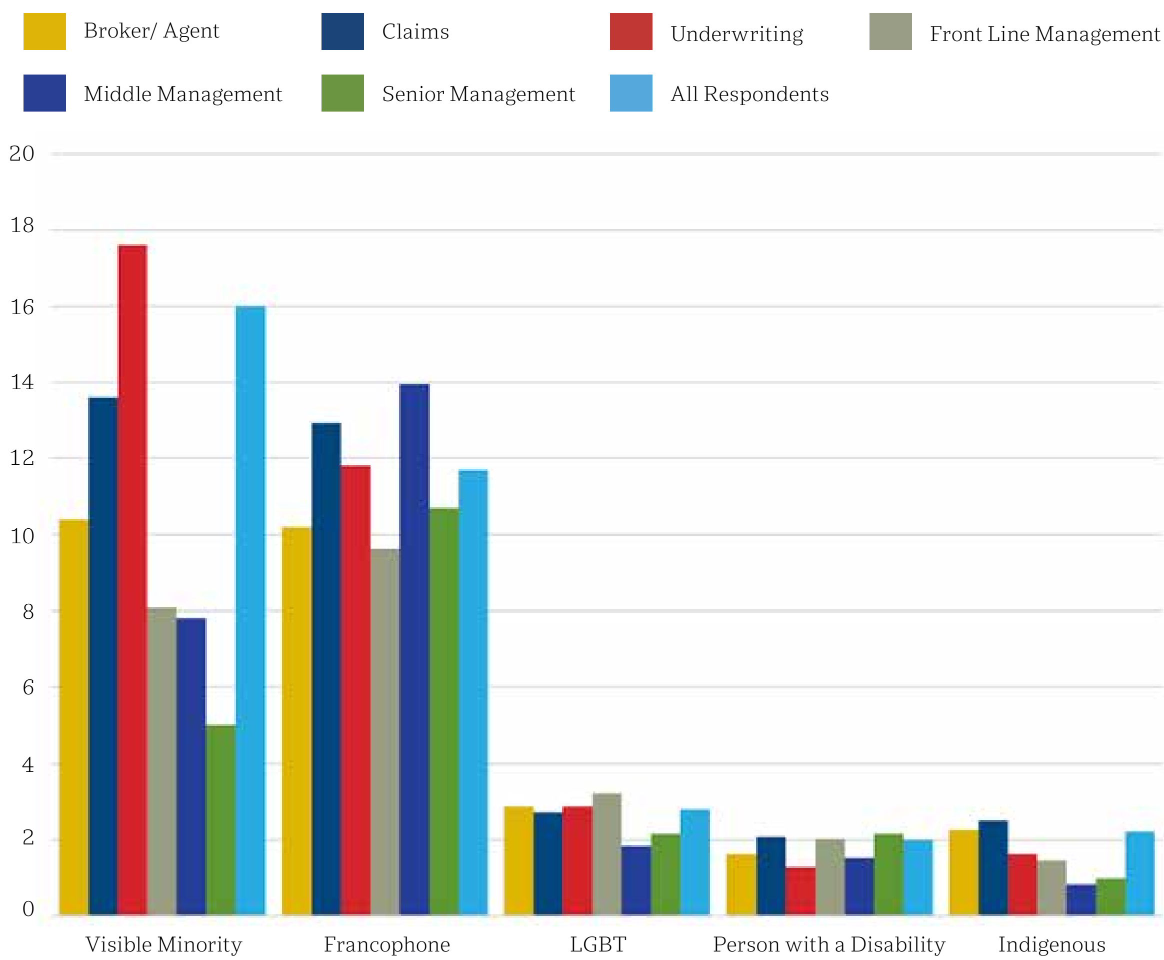
- On the one hand, minorities tend to have average to above-average representation across occupations in underwriting and claims. (See Chart V-19.) For example, 17.6 percent of underwriters belong to a visible minority group, and 2.9 percent of underwriters self-identified as Indigenous.
- On the other hand, minority groups were generally under-represented in management occupations. Most notably, only 5.0 percent of senior managers were part of a visible minority, while 8.1 percent of front-line managers were in this group.
- There were a couple of exceptions to this trend. For example, an above-average share of front-line managers (3.2 percent) identified as LGBT.

In light of these findings, it is important to note that the P&C insurance industry is not unusual in having low representation of visible minorities in senior roles. According to a study presented by the Diversity Institute in 2017, for instance, visible minorities in Toronto make up a mere 3.3 percent of corporate boards (down from 4.8 percent in 2014), even though more than half the population identifies as a visible minority.[16]

15 Statistics Canada, 2016 census, catalogue 98-400-X2016268.
16 Cukier, "Diversity Leads."

Chart V-19: Minorities Are Generally Under-Represented in Management Positions

Share of respondents by demographic group in select occupations, percent



IIC 2017 employee survey
Source: The Conference Board of Canada

Although engagement levels are high among minority groups, they are lower than the average levels of engagement seen across the P&C insurance workforce. For example:

- Most visible minorities (59.8 percent) feel that they contribute to their organization's success – slightly lower than the 61.1 percent of the overall workforce.
- What is more, 45.2 percent of visible minority groups perceive a link between their work and their organization's goals and objectives, compared to 49.8 percent for the overall workforce.
- 31.8 percent of visible minorities and 26.6 percent of LGBT employees strongly agreed that their organization inspires them to do their best work, noticeably lower than the 38.4 percent for all P&C employees.

Various factors may help to explain lower engagement among minority groups within the industry.

- To begin with, minority groups generally held less positive opinions about the promotion process within the industry. Compared to 73.9 percent of all employees, a lesser 68.1 percent of visible minorities believed that the hiring process was fair. This sentiment may well stem from their under-representation across key management positions.
- However, it is interesting to note that minority groups do appear to have access to promotions, with only a slightly below-average share of members of visible minority groups (51.5 percent) and the LGBT community (51.1 percent) having been promoted with their current employer, versus 54.6 percent for all employees.
- Interconnected with their perceptions on promotion, respondents who identified as being visible minorities, francophones, and persons with disabilities also had slightly below-average scores on questions concerning career advancement, lateral moves, and developmental assignments.
- Finally, results from the employee survey suggest that 26 percent of visible minorities were dissatisfied with diversity initiatives versus 20 percent for the entire sample.

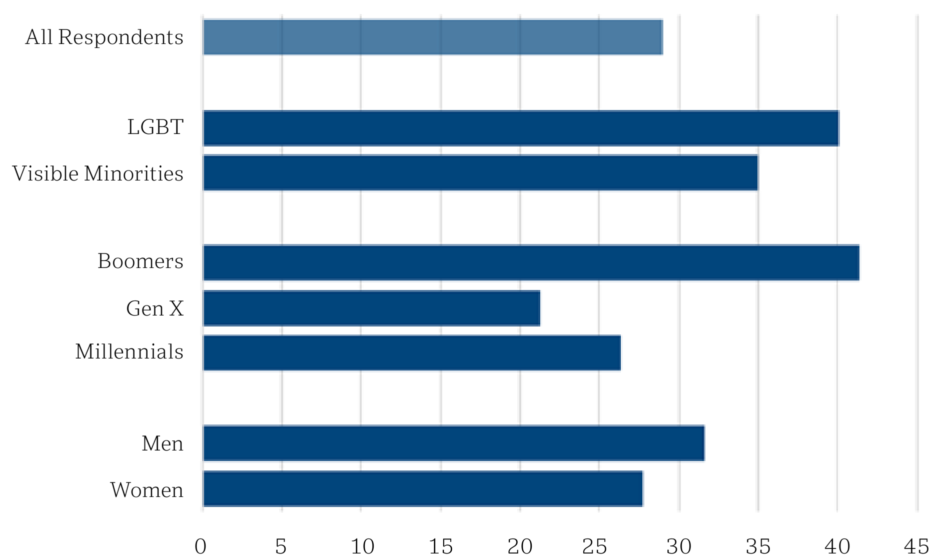
One potential consequence of below-average levels of engagement among minorities is that individuals within these groups are more likely to leave their organization.

According to the employee survey, two in five LGBT respondents and 35 percent of visible minorities intend to leave their current employer over the next five years. (See Chart V-20.)

Such elevated departure intention rates are only rivalled by boomers, whose elevated rate can partially be explained by a higher retirement rate: 46.4 percent of those planning to leave plan to retire.

Chart V-20: Share of Employees Planning to Leave Their Employer Varies by Group

Share of employees planning to leave their employer in the next five years, percent



IIC 2017 employee survey
Source: The Conference Board of Canada

To improve retention of minority groups and promote greater diversity within the industry, P&C leaders will need to consider ways that the industry can expand diversity at the top and across their organizations.

Key Findings and Conclusions

The research presents seven key findings and conclusions:

1. Boomer departures will have significant impact.
2. Technology is redefining workforce needs.
3. Competition for talent is set to intensify.
4. Future talent strategies need to be rethought.
5. Leadership and management gaps are looming.
6. Diversity and inclusion need promoting.
7. Understanding and cultivating culture will be important to attracting talent.

This report has discussed some of the key trends shaping Canada's P&C insurance workforce. Combining a comprehensive demographic analysis of the industry's workforce with perspectives from HR professionals and employees, it is apparent that the P&C insurance industry finds itself in a period of transformative change. Against this backdrop, few factors will be as critical as the skills of the industry's workforce in navigating this change successfully. As such, the industry will continue to devise strategies to acquire or develop critical skills across its workforce. In doing so, insurance organizations should keep these seven key findings in mind.

The Growing Talent Challenges:

- The gap between capabilities that organizations have and those they require keeps widening.
- The industry is facing a significant outflow of workers due to retirement.
- Industry employers will increasingly find themselves competing for talent with other organizations both within and out of the insurance industry.

The Changing Talent Requirements:

- Analytics and data analysis skills are growing in importance and urgency as organizations look to increase their ability to collect, interpret, and monetize data and their competitive advantage.
- Customer service skills are a key ingredient to greater customer centricity and the increasing digital engagement of consumers as organizations look to improve the customer experience and brand loyalty.
- Management and leadership skills are changing: leaders will need to think divergently about new ways of doing things and make strategic decisions, often with less information and greater risk tolerance – as organizations look to create a culture of adaptability.

Insurance organizations will not only need to become more targeted in skill acquisition, but also foster lifelong learning to ensure the continuous skill development of their workforce.

1. Bracing for Boomer Departures

One-quarter of Canada's P&C insurance workforce is expected to retire over the coming decade, with most of these retirements expected over the next five years. To date, a strong inflow of young workers has allowed the industry to manage the impacts of retirements; however, the industry's entry-to-exit ratio is declining. In fact, the industry now employs only one worker under 30 for every employee aged 55 or older. At this level, the industry will be able to maintain its employment levels but will be unable to grow.

Considering that 75 percent of those who plan to retire intend on working in some capacity after their formal retirement, many organizations may look to expand their portfolio of flexible work arrangements to manage the impact of retirements. In fact, few impending retirees know much about their options leading into retirement, such as phased retirement and part-time work. In making retirees aware of their options, organizations will need to be mindful of the fact that interest and enjoyment have overtaken income as the key motive behind work after formal retirement.

2. Technology Is Redefining Workforce Needs

Increasingly, technological-driven change is influencing the skill and labour requirements of the P&C insurance industry workforce. To better understand how this change is manifesting itself, our analysis separates organizations by their attitude toward technology. From an occupational perspective, technology-sensitive organizations expressed a greater urgency to hire digital marketers, data analysts, and IT positions, and a lower urgency to hire brokers and commercial customer service representatives than their counterparts. This may be a reflection of the fact that the IT workforce at technology-sensitive organizations is much older than average and will therefore have a much higher need to replace retiring IT workers in the years to come.

On the skills front, technology-sensitive organizations are much more likely to stress the hiring of technical skills, such as analytics and data analysis, to facilitate their transition toward data-centric approaches across all areas of work. At the same time, they value workplace critical skills, such as innovation, creativity, and flexibility, which could be more predictive of an individual's ability to adapt to change. Ultimately, the hiring habits of technology-sensitive organizations gives us a glimpse into the future composition of the industry's workforce.

3. The Competition for Talent Is Set to Intensify

The demographic and technological trends discussed in this report are not unique to the P&C insurance industry. This means that employers in a wide variety of industries will not only be seeking to replace retiring workers, but also looking to hire or develop people with in-demand digital skills. Considering the supply of graduates with in-demand digital skills is not expected to keep pace with this pickup in demand, there will be a high degree of competition for both existing and emerging talent.

While our research suggests that much of the competition for talent is internal to the P&C insurance industry, this result is skewed toward traditional insurance roles (e.g., underwriting, brokering, claims). In contrast, P&C insurance organizations are much more likely to be competing with other industries for recruits in occupational categories like IT or for digital skills across other job types.

4. Rethinking Future Talent Strategies

In an environment in which an organization's competitive edge is increasingly defined by its ability to understand and adapt to evolving talent needs, employers are having to rethink their talent strategies. Organizations will increasingly engage in targeted recruitment and retention to seek out candidates with specific skills. At the same time, some employers will consider a role for non-traditional workers to alleviate the impacts associated with short-term skills gaps. Others, particularly those that face pressures to retain talent in rural communities, will benefit from enticing existing employees to relocate to these areas. Finally, organizations will increasingly explore flexible workplace solutions as a perk to both millennials and potential retirees, but must also define clear career paths and expand development opportunities to retain younger workers.

5. Navigating Leadership and Management Gaps

The P&C insurance industry faces large potential leadership gaps in the future. Not only are leadership skills that are required for success in the industry changing, but the industry is expected to witness strong attrition among managers caused by retirements over the coming decade. Considering that organizations are becoming increasingly reliant on leaders to help them adapt to digital change, this development is far from favourable for the industry.

To navigate the looming leadership and management turnover, P&C insurance organizations will need to engage in succession planning and place a greater emphasis on leadership skills when hiring and developing future talent. At the same time, the industry will need to reconsider where it sources future leaders and managers, becoming more open to hiring external candidates, as well as women, into these positions.

6. Promoting Diversity and Inclusion

Our research highlighted several potential areas for further improvement in the P&C insurance industry when it comes to diversity and inclusion. Although the proportion of employees in the industry who are visible minorities has risen over the past decade, this share remains below average for the Canadian workforce. What is more, engagement levels of visible minorities are lower than average. It is also evident that visible minorities—as well as Indigenous employees, LGBT employees, and people with disabilities—have less positive opinions about the promotion process and are less likely to be in management.

The P&C insurance industry needs to reflect the diversity of the communities it serves. Moving forward, P&C leaders should consider ways that the industry can expand diversity at the top and at all levels within their businesses. Showing diversity within leadership will contribute to setting the tone for an industry that is open and welcoming to workers of all backgrounds.

7. Understanding the Importance of Culture

Our research has highlighted the importance of workplace culture in the industry's ability to attract and retain workers. Culture is also critical to the industry's success in maintaining high employee engagement and satisfaction. As such, understanding the key value propositions of the industry for employees will be critical to future success in attracting and retaining the skills that the industry needs.

In terms of engagement, workers report high satisfaction in terms of working with respected colleagues, their ability to influence workplace decisions, receiving recognition, and strong opportunities for personal and career development. Also of note, workers in the industry have consistently ranked factors such as flexible work arrangements, good pension and health benefits, and the availability of full-time permanent positions as the key things that they look for in their ideal job. These are the key strengths of the industry's workplace culture and should be highlighted when seeking to attract new entrants to the industry.

Table A-1a: Industry Median Age and Entry-to-Exit Ratios by Gender, Province, Location, Organization Size, Organization Type and Employment Status

	Median age	Share of workforce under 30 percent	Share of workforce 55+ percent	Ratio of those aged <30 to those aged 55+
P&C Insurance	**41**	**17**	**17**	**1.0**
Gender				
Female	42	17	17	1.0
Male	40	18	17	1.1
Province				
British Columbia	43	16	17	0.9
Alberta	40	17	17	1.0
Saskatchewan	42	14	21	0.7
Manitoba	38	16	12	1.4
Ontario	41	19	17	1.1
Quebec	42	16	18	0.9
Atlantic Canada	43	12	18	0.7
Location				
Rural	45	13	19	0.7
Urban	41	17	15	1.2
Organization Size				
<100	44	14	24	0.6
100-499	43	15	20	0.8
500-999	44	16	23	0.7
1,000-2,499	41	16	18	0.9
2,500+	41	18	15	1.2
Organization Type				
Broker-Represented Insurer	40	19	16	1.2
Crown Corporation	44	13	18	0.7
Direct Response Insurer	41	16	16	1.0
Independent Adjuster	44	18	25	0.7
Independent Broker	43	16	21	0.8
Mutual Insurer	41	17	16	1.1
Reinsurer	42	14	18	0.8
Employment Status				
Permanent Full-time	42	15	15	1.0
Permanent Part-Time	42	27	19	1.4
Temporary Full-time	28	54	9	5.9
Temporary Part-Time	27	57	19	3.0
Contingent	38	0	1	0.0

Table A-1b: Industry Median Age and Entry-to-Exit Ratios by Occupation

	Median age	Share of workforce under 30 percent	Share of workforce 55+ percent	Ratio of those aged <30 to those aged 55+
P&C Insurance	**41**	**17**	**17**	**1.0**
Occupation				
Actuarial	**33**	**37**	**8**	**4.7**
Broker/Agent	**40**	**18**	**17**	**1.1**
Personal/consumer	37	25	14	1.9
Commercial	46	8	26	0.3
Specialty	45	10	20	0.5
Claims	**41**	**19**	**17**	**1.1**
Personal/consumer	41	18	14	1.3
Commercial	42	12	18	0.7
Specialty	42	16	16	1.0
Appraiser	49	5	32	0.2
Investigations	45	7	23	0.3
Claims support (e.g., analysis, audits)	42	19	20	1.0
Human resources	**38**	**17**	**9**	**1.8**
Recruitment/acquisition	36	17	3	6.0
Learning/development	42	4	4	1.0
Talent management/generalist	38	21	10	2.0
Organizational development	40	14	8	1.7
Information technology	**43**	**10**	**17**	**0.6**
Data analytics	45	10	19	0.5
Digital marketing	40	20	6	3.7
Other IT positions	43	9	17	0.6
Legal	**38**	**18**	**14**	**1.3**
Management	**46**	**3**	**19**	**0.2**
Senior/executive	50	0	29	0.0
Middle management	46	1	19	0.1
Front-line management	44	5	16	0.3
Product development/innovation	**36**	**23**	**14**	**1.7**
Risk management	**44**	**11**	**28**	**0.4**
Sales & service	**37**	**25**	**14**	**1.8**
Marketing/business development (e.g., B2B)	39	16	14	1.1
Personal customer service representative	35	30	12	2.6
Commercial customer service representative	42	19	20	1.0
Specialty service representative	41	17	18	1.0
Underwriting	**41**	**18**	**19**	**1.0**
Personal/consumer	41	17	17	1.0
Commercial	41	16	19	0.9
Speciality	40	18	19	1.0
Underwriting support	42	23	24	1.0
Regulator Data				
Adjuster	**47**	**7**	**29**	**0.2**
Broker/Agent	**44**	**17**	**25**	**0.5**

Table A-2a: Gender for the Industry by Province, Location, Age, Organization Size, Organization Type and Employment Status

	Female (percent of workforce)	Male (percent of workforce)	Ratio of women to men
P&C Insurance	62	38	1.7
Province			
British Columbia	65	35	1.8
Alberta	69	31	2.2
Saskatchewan	60	40	1.5
Manitoba	52	48	1.1
Ontario	61	39	1.6
Quebec	60	40	1.5
Atlantic Canada	71	29	2.4
Location			
Rural	69	31	2.2
Urban	62	38	1.6
Age			
Under 25	61	39	1.6
25-34	60	40	1.5
35-44	61	39	1.6
45-54	66	34	1.9
55+	63	37	1.7
Organization Size			
<100	60	40	1.5
100-499	63	37	1.7
500-999	69	31	2.2
1,000-2,499	61	39	1.6
2,500+	63	37	1.7
Organization Type			
Broker-Represented Insurer	61	39	1.6
Crown Corporation	61	39	1.6
Direct Response Insurer	65	35	1.8
Independent Adjuster	54	46	1.2
Independent Broker	72	28	2.5
Mutual Insurer	63	37	1.7
Reinsurer	64	36	1.8
Employment Status			
Permanent Full-time	62	38	1.6
Permanent Part-Time	82	18	4.4
Temporary Full-time	61	39	1.6
Temporary Part-Time	53	47	1.1
Contingent	35	65	0.5

Table A-2b: Gender for the Industry by Occupation

	Female (percent of workforce)	Male (percent of workforce)	Ratio of women to men
P&C Insurance	**62**	**38**	**1.7**
Occupation			
Actuarial	56	44	1.3
Broker/Agent	61	39	1.6
Personal/consumer	69	31	2.3
Commercial	47	53	0.9
Specialty	46	54	0.8
Claims	64	36	1.8
Personal/consumer	68	32	2.1
Commercial	60	40	1.5
Specialty	70	30	2.3
Appraiser	22	78	0.3
Investigations	43	57	0.8
Claims support (e.g., analysis, audits)	75	25	3.0
Human resources	86	14	6.2
Recruitment/acquisition	80	20	4.0
Learning/development	74	26	2.8
Talent management/generalist	92	8	11.1
Organizational development	80	20	4.1
Information technology	37	63	0.6
Data analytics	53	47	1.1
Digital marketing	44	56	0.8
Other IT positions	36	64	0.6
Legal	74	26	2.9
Management	52	48	1.1
Senior/executive	35	65	0.5
Middle management	49	51	1.0
Front-line management	59	41	1.5
Product development/innovation	64	36	1.8
Risk management	49	51	0.9
Sales & service	69	31	2.3
Marketing/business development (e.g., B2B)	67	33	2.0
Personal customer service representative	72	28	2.6
Commercial customer service representative	80	20	4.0
Specialty service representative	75	25	3.1
Underwriting	73	27	2.7
Personal/consumer	80	20	4.0
Commercial	66	34	2.0
Speciality	55	45	1.2
Underwriting support	84	16	5.3
Regulator Data			
Adjuster	49	51	1.0
Broker/Agent	59	41	1.4

Table A-3a: Industry Tenure by Gender, Province, Location, Age, Organization Size, Organization Type and Employment Status

	Median tenure (years)	Share of workforce by years of tenure, percent			
		1 or fewer	> 1 to 5	>5 to 10	10+
P&C Insurance	6.0	15	30	20	34
Gender					
Female	6.4	14	29	20	36
Male	5.2	17	32	20	30
Province					
British Columbia	6.2	17	29	14	39
Alberta	4.7	16	37	22	25
Saskatchewan	8.4	11	26	22	41
Manitoba	3.2	27	35	19	20
Ontario	5.8	15	31	22	32
Quebec	7.7	14	24	21	-1
Atlantic Canada	6.3	12	33	22	33
Location					
Rural	7.2	11	28	20	41
Urban	5.8	14	31	21	34
Age					
Under 25	0.7	57	42	1	0
25-34	3.0	20	50	25	5
35-44	6.0	12	31	26	31
45-54	11.5	7	21	17	55
55+	16.0	4	14	15	66
Organization Size					
<100	4.7	17	35	21.7	26.6
100-499	4.0	21	34	18.5	26.6
500-999	8.0	11	27	16.5	44.9
1,000-2,499	4.9	16	35	20.2	29.3
2,500+	7.0	11	28	21.8	38.7
Organization Type					
Broker-Represented Insurer	6.3	13	29	25	33
Crown Corporation	9.3	16	22	14	48
Direct Response Insurer	4.6	17	37	22	25
Independent Adjuster	3.7	22	34	20	23
Independent Broker	4.8	16	36	17	32
Mutual Insurer	5.2	17	32	19	31
Reinsurer	5.0	16	34	22	28
Employment Status					
Permanent Full-time	6.3	11	31	22	36
Permanent Part-Time	7.7	16	27	13	44
Temporary Full-time	0.3	78	19	2	1
Temporary Part-Time	0.7	56	32	6	6
Contingent	1.0	48	45	6	1

Table A-3b: Industry Tenure by Gender, Province, Location, Age, Organization Size, Organization Type and Employment Status

	Median tenure (years)	Share of workforce by years of tenure, percent			
		1 or fewer	> 1 to 5	>5 to 10	10+
P&C Insurance	6.0	15	30	20	34
Occupation					
Actuarial	4.6	17	35	17	32
Broker/Agent	4.2	20	35	18	28
Personal/consumer	2.8	27	41	15	17
Commercial	7.8	10	27	21	42
Specialty	6.4	12	33	18	37
Claims	5.7	16	31	20	33
Personal/consumer	5.6	17	32	15	35
Commercial	5.3	16	33	20	31
Specialty	4.5	14	38	23	24
Appraiser	8.6	9	30	16	45
Investigations	6.8	11	30	22	37
Claims support (e.g., analysis, audits)	4.9	19	32	18	31
Human resources	4.0	21	34	23	22
Recruitment/acquisition	2.2	29	43	17	11
Learning/development	6.5	10	28	30	32
Talent management/generalist	3.1	24	37	20	19
Organizational development	7.3	17	31	25	28
Information technology	6.7	16	26	21	37
Data analytics	7.0	13	24	27	37
Digital marketing	2.6	39	33	15	13
Other IT positions	6.5	17	27	20	36
Legal	2.8	32	33	12	23
Management	10.6	6	20	22	52
Senior/executive	11.4	9	19	16	56
Middle management	11.4	6	18	20	56
Front-line management	9.6	4	23	25	48
Product development/innovation	4.4	18	33	18	30
Risk management	5.9	18	28	25	30
Sales & service	4.0	20	36	21	24
Marketing/business development (e.g., B2B)	6.1	15	32	23	30
Personal customer service representative	2.8	24	40	21	16
Commercial customer service representative	4.4	18	34	16	32
Specialty service representative	5.0	17	34	18	32
Underwriting	6.5	13	29	22	36
Personal/consumer	7.8	8	28	24	40
Commercial	6.3	12	31	22	35
Speciality	5.4	15	32	22	30
Underwriting support	6.4	15	27	21	37

Table A-4: Remote Work by Gender, Province, Location, Age, Organization Size, Organization Type, Employment Status and Occupation

Share of the workforce that work remotely at least some of the time, percent

	Remote work
P&C Insurance	**35**
Gender	
Female	32
Male	40
Province	
British Columbia	34
Alberta	29
Saskatchewan	20
Manitoba	9
Ontario	36
Quebec	47
Atlantic Canada	69
Location	
Rural	30
Urban	35
Age	
Under 25	18
25-34	29
35-44	34
45-54	39
55+	41
Organization Size	
<100	49
100-499	28
500-999	17
1,000-2,499	28
2,500+	50
Organization Type	
Broker-Represented Insurer	44
Crown Corporation	19
Direct Response Insurer	51
Independent Adjuster	39
Independent Broker	32
Mutual Insurer	34
Reinsurer	92
Employment Status	
Permanent Full-time	35
Permanent Part-Time	25
Temporary Full-time	30
Temporary Part-Time	27
Contingent	16

		Remote work
P&C Insurance		**35**
Occupation		
Actuarial		20
Broker/Agent		19
	Personal/consumer	6
	Commercial	43
	Specialty	71
Claims		41
	Personal/consumer	64
	Commercial	55
	Specialty	31
	Appraiser	69
	Investigations	97
	Claims support (e.g., analysis, audits)	16
Human resources		38
	Recruitment/acquisition	35
	Learning/development	75
	Talent management/generalist	40
	Organizational development	60
Information technology		32
	Data analytics	80
	Digital marketing	84
	Other IT positions	30
Legal		41
Management		31
	Senior/executive	53
	Middle management	47
	Front-line management	20
Product development/innovation		34
Risk management		63
Sales & service		37
	Marketing/business development (e.g., B2B)	55
	Personal customer service representative	58
	Commercial customer service representative	47
	Specialty service representative	78
Underwriting		40
	Personal/consumer	45
	Commercial	49
	Speciality	65
	Underwriting support	14

Table A-5: Voluntary and Involuntary Turnover Rates by Gender, Age, Province and Occupation

	Voluntary turnover rate, percent	Involuntary turnover rate, percent
P&C Insurance	**6.5**	**4.0**
Gender		
Female	6.3	3.4
Male	6.8	4.9
Age		
<20	17.4	10.9
20 - 24	11.8	5.5
25 - 29	8.6	2.4
30 - 34	6.8	2.1
35 - 39	5.0	3.3
40 - 44	4.6	1.9
45 - 49	3.1	1.6
50 - 54	2.4	1.9
55 - 59	2.0	2.1
60 - 64	1.8	2.4
65+	2.5	4.9
Province		
British Columbia	6.0	2.2
Alberta	8.4	5.5
Saskatchewan	6.8	0.9
Manitoba	9.0	15.2
Ontario	6.6	3.4
Quebec	5.4	4.9
Atlantic Canada	4.4	2.7
Occupation		
Actuarial	5.6	6.3
Broker/Agent	12.3	4.2
Claims	5.7	2.8
Human resources	8.5	5.9
Information technology	4.9	7.4
Legal	7.4	0.8
Management	3.6	3.9
Product development/innovation	7.7	10.1
Risk management	5.5	3.6
Sales & service	8.6	3.8
Underwriting	6.6	3.8

Table A-6: Median Retirement Age and Projected Retirement Rates by Gender, Province, Organization Type and Occupation

	Median retirement age *	Share of current workforce to retire by 2027, percent
P&C Insurance	**60**	**27**
Gender		
Female	60	28
Male	61	26
Province		
British Columbia	60	34
Alberta	63	24
Saskatchewan	60	37
Manitoba	61	24
Ontario	63	23
Quebec	61	30
Atlantic Canada	62	28
Organization Type		
Broker-Represented Insurer	63	22
Crown Corporation	59	40
Direct Response Insurer	62	26
Independent Adjuster	66	25
Independent Broker	66	21
Mutual Insurer	60	30
Reinsurer	62	28
Occupation		
Actuarial	61	14
Broker/Agent	63	21
Personal/consumer	63	17
Commercial	65	31
Specialty	66	28
Claims	60	29
Personal/consumer	60	28
Commercial	64	30
Specialty	59	30
Appraiser	61	48
Investigations	64	37
Claims support (e.g., analysis, audits)	61	32
Human resources	61	17
Information technology	59	33
Legal	60	24
Management	60	35
Senior/executive	60	52
Middle management	60	37
Front-line management	60	31
Product development/innovation	58	27
Risk management	62	32
Sales & service	64	15
Marketing/business development (e.g., B2B)	62	16
Personal customer service representative	65	14
Commercial customer service representative	66	23
Specialty service representative	68	21
Underwriting	60	30
Personal/consumer	60	30
Commercial	62	30
Speciality	60	30
Underwriting support	62	35

**Median retirement age in the table is calculated over the 5 year period (2012 - 2017). Median retirement age for the industry, for 2017 only, was 61.3 - the highest it has been over that five year period, indicating that retirement is gradually drifting up.*

Table A-7: List of Participating Organizations

The Insurance Institute of Canada would like to thank the following organizations for their participation in any or all phases of the 2017/18 research study. Without your participation, this research would not provide such collective insight into the p&c insurance industry's workforce in Canada.

Participating Organizations	HR SURVEY	CENSUS	EMPLOYEE SURVEY	EXECUTIVE SURVEY
AIG Insurance Company of Canada	Y	Y	Y	Y
Allstate Insurance Co of Canada	Y	Y	-	-
Arthur J Gallagher Canada Limited	Y	Y	Y	Y
Ayr Farmers Mutual Insurance Company	Y	Y	Y	Y
Baird MacGregor Insurance Brokers LP & Hargraft Schofield LP	Y	-	-	-
Cayuga Mutual Fire Insurance Company	Y	Y	-	Y
Chubb Insurance Company of Canada	Y	Y	Y	Y
CMW Insurance Services Ltd / Capri Insurance	Y	Y	Y	Y
Cowan Insurance Group, Frank Cowan Company, The Guarantee Company of North America, Princeton Holdings Limited, Cowan Asset Management	Y	-	-	-
Crawford & Company (Canada) Inc.	Y	Y	Y	Y
Cunningham Lindsey	-	Y	Y	Y
Desjardins General Insurance Group	Y	Y	-	-
Economical Insurance	Y	Y	Y	Y
Encon Group	-	Y	Y	Y
Erie Mutual Insurance	Y	-	-	-
Family Insurance Solutions	Y	Y	-	-
Farm Mutual Re	Y	Y	Y	Y
Foster Park Brokers Inc.	Y	Y	-	-
Gore Mutual Insurance	Y	Y	Y	Y
H.L. Staebler Insurance	-	Y	-	-
HUB International Insurance Brokers Canada West	Y	-	-	-
HUB International Ontario Ltd.	Y	-	-	-
Insurance Corporation of BC	Y	Y	-	-
Intact Financial Corporation (Including Intact Insurance & belairdirect, excluding brokerlink)	Y	Y	-	Y
JDIMI - Jones Deslauriers Insurance Management Inc	Y	Y	Y	Y
Lackner McLennan Insurance Ltd. and Erb and Erb Insurance Brokers	Y	-	-	-
Liberty International Underwriters	Y	Y	Y	Y
Lussier Dale Parizeau	-	Y	-	-
Lyon & Butler Insurance Brokers Ltd.	Y	Y	-	-
Manitoba Public Insurance	Y	-	-	-

Table A-7: List of Participating Organizations

Participating Organizations	HR SURVEY	CENSUS	EMPLOYEE SURVEY	EXECUTIVE SURVEY
Markel International	-	Y	Y	-
Marsh Canada Limited	-	Y	Y	Y
Mennonite Mutual Insurance	Y	-	-	-
Munich Reinsurance Company of Canada and Temple Insurance Company	Y	Y	Y	Y
Northbridge Financial Corporation (includes Federated)	Y	Y	Y	Y
Old Republic Insurance Canada	Y	Y	-	-
Peace Hills Insurance	-	Y	Y	Y
Pearson Dunn / A Jones Brown Company	Y	-	-	-
Portage La Prairie Mutual	-	Y	Y	Y
Promutuel de l'Estuaire	-	Y	-	-
Red River Mutual	-	Y	-	-
Royal & Sun Alliance Insurance Company of Canada (RSA), Western Assurance, Johnson	Y	Y	Y	Y
RRJ Insurance Group (KRG; Frost Whetter Oaklin; Schofield-Aker; Pioneer; Topping)	Y	-	-	-
S.J.Kernaghan Adjusters Ltd	Y	Y	-	-
Saskatchewan Mutual	-	Y	Y	Y
SGI Canada	Y	Y	Y	Y
Swiss Reinsurance Company Ltd, Canadian branch	Y	Y	Y	Y
TD Insurance	Y	Y	Y	-
The Boiler Inspection and Insurance Company of Canada	Y	Y	Y	Y
The Commonwell Mutual Insurance Company	-	Y	Y	Y
Travelers Canada	Y	Y	-	-
Trillium Mutual Insurance Company	Y	Y	Y	Y
Trisura Guarantee Insurance Company	-	Y	-	-
Unica Insurance	Y	-	-	-
Usborne & Hibbert Mutual Insurance Company	Y	Y	-	-
Vézina assurances inc.	Y	-	-	-
Wawanesa Mutual Insurance Company	Y	Y	Y	Y
Western Financial Group	Y	Y	Y	Y
Willis Towers Watson	Y	-	-	-
Wynward Insurance Group	Y	Y	-	-
Zurich Canada	Y	Y	-	-
Total Number of Participating Organizations	48	48	29	29

N.B. Employee and Executive Surveys employed a two-pronged approach:

(1) Employers were encouraged to participate by distributing the employee and executive surveys to their people.
(2) The Institute also distributed the surveys to its members who did not work at the participating organizations. Therefore respondents to the surveys encompassed more than 29 employers in the industry.

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Glossary

- **Age cohort**: A group of people born in the same generation. The following table outlines the age cohorts addressed in this study.

Age Cohort	Born	Age at time of 2017 Census
Pre-boomers	before 1948	70+
Boomers	1948-1966	51 to 69
Generation X	1967-1979	38 to 50
Millennials	1980-1995	22 to 37
Generation Z	1996 - present	<22

- **Career Changer**: A person who is hired into the property and casualty insurance industry from another industry and includes persons who have retired from employment in another industry.
- **Employee status**: The following table outlines the different types of employment status addressed in this study:

Status	Description
Regular full time	Employee working 30 or more hours per week
Regular part time	Employee working less than 30 hours per week
Temporary full time	A non-permanent employee working 30 or more hours per week for a limited time (e.g. one-year contract)
Temporary part time	A non-permanent employee working less than 30 per week for a limited time (e.g. one-year contract)
Contingent	A provisional group of workers who work for an organization on a non-permanent basis and are not included on the payroll (e.g. freelancers, independent professionals, independent contractors, consultants).

- **Indigenous Peoples**: An Indigenous person is a North American Indian or a member of a First Nation, a Métis or an Inuk. North American Indians or members of a First Nation include status, treaty or registered Indians, as well as non-status and non-registered Indians.
- **Internationally Trained Professionals (or Internationally Educated Professionals)**: An individual who has recently immigrated to Canada with post-secondary education or professional credentials and who has a desire to work in a similar capacity or role and/or work at their skill level to be successful.
- **Involuntary departures**: An employee departure that is initiated by the employer (e.g., severances, dismissals, redundancies).
- **Involuntary turnover**: The involuntary turnover rate is calculated as the number of people who departed from a job involuntarily (such as being dismissed) divided by the total number of workers.
- **Mature worker:** A person 55 years of age or older.
- **Remote worker status**: Employees that work outside of a corporate office at least some of the time were categorized into one of the two following groups:

Status	Description
Formal	An employee who regularly works remotely for a fixed share of their time in formal agreement with their employer.
Informal	An employee who can work remotely on an occasional basis.

- **Technology-sensitive respondent (HR survey)**: An HR professional that reported the impact of technology on job types and functions, and skill requirements, will impact their organization's future recruitment and retention of employees to a great extent.
- **Voluntary departures**: An employee departure that is employee-initiated (excluding retirements).
- **Voluntary turnover**: The voluntary turnover rate is calculated as the number of people who departed from a job voluntarily (such as leaving for another job) divided by the total number of workers.
- **Youth**: A person under 25 years of age.

Additional Notes

Gender – Both the industry-wide census and employee survey provide an overview of gender representation within the P&C insurance industry. In the case of the latter, respondents were given the opportunity to self-identify their gender as "male," "female" or "other." The result — 0.4 per cent of respondents identified as "other". It is important to be mindful of this result when interpreting census results pertaining to gender.

Organizational Type – Throughout this study, stakeholders were asked to identify the organizational type that best represented the structure of their organization. The list of organizational types included:

- Broker represented insurer
- Crown corporation
- Direct response insurer
- Independent adjuster
- Independent broker
- Mutual insurer
- Reinsurer

Respondents that believed that multiple structures existed were encouraged to select all organizational types that were applicable to their organization. For such respondents, data was entered across each selection. For example, the survey responses of an HR professional that categorized their organization as both a direct response insurer and a mutual insurer, would be captured in results relating to both organization types.

How have the demographics of the industry's workforce changed between 2007 and 2017?

Millennials now the biggest cohort.

The industry's demographic profile has changed significantly in the decade - even the past 5 years!

In 2007, the biggest cohort was boomers (over 40). In 2017, the biggest cohort was millennials (under 40).

In comparison to the general labour market:

The industry was older and out of step in 2007.
The industry was not as old, more in step in 2012.
The industry is much younger and ahead in 2017.

	2007	2012	2017
BOOMERS	49% (AGE 41-60)	37% (AGE 46-65)	27% (AGE 51-70)
GEN X	36% (AGE 28-40)	35% (AGE 33-45)	33% (AGE 38 - 50)
MILLENNIALS	12% (AGE 12-27)	27% (AGE 17-32)	39% (AGE 22-37)

Median age of retirement is inching up from 60. Peak retirements still to come.

More than one in four workers will retire by 2027. In fact, most of these retirements will occur in the next five years - 16 percent of the industry's current workforce is expected to retire between 2018 and 2022, equivalent to 3.2 percent of the workforce retiring each year.

Current entrants are barely offsetting exits.

In 2007, the industry was recruiting 16 new entrants under the age of 30 for every 10 employees aged 55+ who could retire. But in 2017, the industry was only recruiting 10 under the age of 30 for every 10 employees aged 55+. At a ratio of 1:1, the industry may be able to maintain its employment levels but will be unable to grow.

This document is the Full Report of *Demographics of the P&C Insurance Industry in Canada 2017–2027,* and therefore includes an in-depth understanding of the labour market research. For a more compact version that includes an overview of the key findings of the labour market research, please consult the Executive Summary or the Executive Brief, available at www.insuranceinstitute.ca/research.

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