



YALUCA presents

# Winning the War for Talent:

Attracting, Retaining and  
Upskilling the Life Insurance  
Workforce





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## DISCLAIMER

The Australasian Life Underwriting Claims Association (ALUCA) Ltd.'s Young ALUCA (YALUCA) whitepaper provides the views and ideas of the membership. This YALUCA whitepaper is intended to provide a spectrum of information on attracting, retaining and upskilling young talent in the life insurance industry. It is the user's prerogative whether to accept the views detailed in this document. Whilst ALUCA has made best efforts to ensure the accuracy of any content, it can accept no responsibility for any action of others arising from the content of this report. Readers should therefore ensure they take the appropriate legal, taxation, actuarial, financial and any other advice where necessary before making any decisions in this respect. ALUCA accepts no responsibility for any errors or omissions in this report, or for any consequence of any suggested actions or conclusions detailed in the report, or actions or conclusions inferred by anyone reading the report.

See Appendices for Methodology, Limitations of Study and Consideration of Bias.

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## EXECUTIVE SUMMARY

The Winning the War for Talent: Attracting, Retaining and Upskilling the Life Insurance Workforce whitepaper has been developed collaboratively by the Young ALUCA (YALUCA) Group, with three streams – attraction, retention, upskilling – being investigated by young life insurance professionals in the underwriting, claims, business analyst and legal fields across both group and retail life insurance markets.

Working in life insurance provides an opportunity to help and support customers at their time of need, provides a strong sense of purpose and pays employees well. Life insurance provides opportunities for people with many different qualifications and experiences and allows young people to grow, develop and upskill. As companies who directly benefit from healthy lifestyles, life insurers are also in an ideal position to provide excellent wellbeing programs and understand the benefits of flexible work arrangements.

Companies that prioritise culture and flexible work arrangements, have strong values, are supported by robust technology and offer clear career progression opportunities are more likely to succeed in retaining young professionals in the life insurance industry.

*See 'Key Takeaways' on page 30 to view a snapshot of the findings and focus areas of this paper.*



## INTRODUCTION

As Steve Jobs once famously said, “Hiring the best is your most important task”. In today’s post-pandemic world, with fierce competition for talent, slowing corporate growth forecasts, rising cost-of-living and where entire workplaces have transformed to hybrid or work-from-home models, this seems truer than ever. In fact, research from Hays in 2022 found that as many as 91% of employers were experiencing skills shortages<sup>1</sup>.

Today’s workforce is dramatically different, a shift which has not gone unnoticed by senior leaders. According to KPMG, in 2023, 77% of industry leaders rank attracting and retaining talent above other concerns like cyber risks, digital transformation, regulation and flexible workplaces<sup>2</sup>. Similarly, the war for talent and staff shortages were also key concerns identified in ALUCA’s most recent member survey.

### *So how does the life insurance industry fare in the war for talent?*

Life Insurance has a noble cause, helping 100,000 Australians each year through life insurance payments<sup>3</sup> when they need it most. It also pays well, with financial and insurance services paying an annual average full-time salary of \$111,722 according to ABS 2022 statistics, which is 21% above the average Australian full-time salary and ranks the industry as one of the most well-paid sectors in Australia, behind mining and information media<sup>4</sup>. It is a career with international potential, comfortable working conditions and has flexible opportunities for employees to work from home. Yet despite all this, a recent ALUCA webinar poll of 122 professionals found an astounding 91% ‘fell into’ the industry rather than entering life insurance as a deliberate choice.

How can we attract the best and brightest minds to want to join and deliberately plan to join our crucial industry? What are the current attitudes of staff towards upskilling, and how can we address these? How do we better retain existing experience and expertise in the industry?

As your industry association, ALUCA is committed to representing the frontline voice of life insurance, including young life insurance professionals. Driven by ALUCA’s Young ALUCA (YALUCA) Group, this whitepaper aims to assist the life insurance industry in attracting, retaining, and upskilling young professionals specific to claims, underwriting and rehabilitation.

Primary research initially involved YALUCA Group members conducting in-depth, 1-on-1 interviews with senior leaders across the life insurance industry, including C-level executives. This was followed by a survey specifically targeting life insurance professionals under 35 years old to hear from those at the beginning of their careers or who have recently entered the life insurance industry, providing a valuable understanding of current successful methods of young talent acquisition. Further secondary research provided context and additional insight into the current state of the industry’s workforce.

A number of trends and ideas have been unearthed, which are detailed in the following sections. To assist all areas of the life insurance sector and help grow our vital industry, this paper delves into current motivations of young life insurance employees, successful methods of staff attraction and retention and where the opportunities for change may lie.



## PURPOSE, PROGRESSION and PAY: ATTRACTING EXCEPTIONAL TALENT TO THE LIFE INSURANCE INDUSTRY

Attracting and retaining top talent has always been a paramount goal for every industry and business, yet this is especially so in today's competitive and highly regulated environment. The benefits that exceptional employees bring to an organisation are undeniable, ranging from increased productivity and improved business and customer outcomes to fostering positive innovation and enhancing the overall reputation of the company. Conversely, the failure to attract talent can have detrimental effects on a business, hindering its growth and sustainability.

In the Australian market, where numerous life insurance companies compete for customers, the focus on attracting the best employees is crucial for long-term strength and success. The competition for talent may lead to an artificial inflation of salary, which can strain the resources and financial viability of companies in the long run. Additionally, a shortage of qualified staff can limit the industry's capacity to meet the increasing demand for its services. Furthermore, a lack of diverse and talented employees can hinder innovation, impeding the development of new products, services and technological advancements.

The ability to attract and retain the best talent is of utmost importance in the life insurance industry. Companies must proactively address the challenges posed by limited resources and increased competition. As priorities change for different generations, the life insurance industry needs to adjust.

As our oldest Millennials reach the age of 42 and Generation Z enter their mid-20s, their unique life experiences have significantly influenced their perceptions of employment. Millennials have often been characterised as the "job hopping" generation<sup>5</sup>, while Gen Z has recently garnered attention for their tendency towards "quiet quitting"<sup>6</sup>. These two generations expect their time is limited and seek work that will help them improve their career prospects<sup>7</sup>. These expectations have evolved in response to various factors including the COVID-19 pandemic, economic uncertainties and the rising cost of living and differs significantly from their Baby Boomer predecessors, who work hard for a company in exchange for long-term skill development and job security<sup>7</sup>.

In today's world, characterised by start-ups, fintech companies and unparalleled connectivity, Millennials and Gen Z have witnessed the benefits and opportunities offered by other industries. They are keenly aware of how these industries promote themselves and are curious about how they can access similar advantages. This shift in mindset is driven by a desire for greater flexibility, a positive work environment, innovative work practices and a sense of purpose in their careers.

In light of these changes, it is crucial for employers in the life insurance industry to adapt their strategies and align them with the evolving expectations of Millennials and Gen Z.

By embracing new approaches, evolving technology, and offering appealing benefits and career opportunities, the life insurance industry can position itself as an attractive and fulfilling employment option for Millennials and Gen Z.



**GEN Z**  
Born Between  
**1995 - 2015**



**MILLENNIAL**  
Born Between  
**1980 - 1994**



**GEN X**  
Born Between  
**1965 - 1979**



**BABY BOOMER**  
Born Between  
**1944 - 1964**



## Reputation is Everything

The life insurance industry has faced challenges in public perception which further discourages young professionals from considering it as a career option. This was amplified by the Hayne Royal Commission and the events leading into it, as well as news reports from isolated incidents. Clouded by the industry's negative reputation, the Australian public remains largely unaware of the significant contributions and support provided by the industry, including a staggering payout of over \$12 billion in 2019 alone<sup>8</sup>.

Unfortunately, media reports often focus on isolated cases of delayed payments or declined claims, neglecting the industry's overall positive impact. According to the 2023 YALUCA survey, individuals entering the life insurance industry held a mostly neutral perception, with an average score of 4.7 on a scale of 0 (terrible perception) to 10 (exceptional perception).

### Q3:

What was your perception and thoughts towards the life insurance industry BEFORE you started your career in it?



In addition to negative industry perception, awareness is low. How can we engage individuals with an industry they are unaware of? The Financial Services Council's whitepaper on Australia's Life Underinsurance Gap reveals that approximately 1 million Australians lack adequate coverage for death or total and permanent disability, while 3.4 million Australians are underinsured for income protection<sup>9</sup>.

In contrast to the familiarity and regular engagement the general public has with banking services, life insurance only interacts with individuals during the purchase and claims stages. It is a common occurrence for policyholders to discover during the claims process that their existing coverage is insufficient for their needs. Many Australians are also unaware they have life, TPD or income insurance as part of their superannuation<sup>10</sup>.

In recent years, a concerning decline in financial literacy has been observed across all age groups in Australia, as revealed by the Household Income and Labour Dynamics in Australia (HILDA) survey<sup>11</sup>. This was further reflected in YALUCA interviews with industry leaders, who highlighted the general lack of awareness about the life insurance industry and what products it offers, compounded by limited financial literacy among the younger population. On reflection of their pre-employment mindset, respondents to the YALUCA survey rated their understanding of life insurance at a mere average of 2.3 out of 10.

It is also concerning and interesting to note that life insurance has been excluded from the current list of Fee-Free TAFE Certificates and Diplomas. In a joint initiative of the Australian and NSW Governments, TAFE NSW is offering more than 300 qualifications including a Certificate IV in Banking Services, a Certificate IV in Financial Services and a Certificate IV in Finance and Mortgage Broking all free of tuition fees for eligible students<sup>12</sup>. Yet a Certificate IV in Life Insurance is absent from this list, providing yet another reason for students to consider roles in other industries.



## Key Focus Areas – Industry Reputation and Awareness

- Shift public perception beyond claim time and highlight the broader value that life insurance provides.
- Highlight the industry’s customer-focused aspect and demonstrate that it encompasses more than just death claims. By emphasising the industry’s purpose and the vital role it plays in providing support to society, we can attract individuals who have a desire to help people during times of need.
- An industry marketing campaign that specifically targets younger individuals, using a variety of digital media channels.
- Increase financial literacy specific to life insurance. The rising popularity of financial podcasts could further shift public perception while increasing financial literacy amongst the general population. Podcasts like My Millennial Money and She’s on the Money may not specifically focus on life insurance, but often dedicate multiple episodes to discussing various aspects of the industry. By featuring life insurance as part of broader financial discussions, podcasts may play a vital role in educating young listeners about the industry and its significance.
- Increase the awareness of life insurance as a product and as a viable career option, by integrating financial literacy education into school curriculum. This is reinforced by verbatim responses from YALUCA’s survey, who feel that enhancing financial literacy in both life insurance and superannuation (pension) can be achieved through educational initiatives in schools and tertiary education.

## Hidden in Plain Sight – Promoting a Powerful Purpose

Research shows that young people are attracted to a feeling of purpose in the work they do and are constantly “shopping” for better jobs. A Gallup survey of what employees look for in their employer, by generation, found that Young Millennials and Gen Z look for ethical leadership as their second highest priority, behind employee well being<sup>13</sup>. Similarly, Deloitte recently conducted a global survey which found that Gen Z and Millennials make career decisions based on their values. Approximately 4 in 10 (44% of Gen Z, 37% of Millennials) have rejected assignments due to ethical concerns, while 39% (Gen Z) and 34% (Millennials) have turned down employers that do not align with their values<sup>14</sup>.

This is further cemented by the findings from YALUCA’s industry survey of young professionals in life insurance, where 46.8% selected “purpose in your work” in the top 3 attributes that attracted them to a career in the life insurance industry, as did a further five people who had other verbatim answers such as “helping people”. There was some variation between those working in claims (47.5% of respondents selected purpose), underwriting (33.3%) and rehabilitation (66.7%):

Top 3 factors for being attracted (ATT) to industry + key factors to remain (RET) for Claims, Underwriting (U/W) and Rehab professionals %	ATT Claims	RET Claims	ATT U/W	RET U/W	ATT Rehab	ATT Rehab
Salary/Rewards	67.3%	71.3%	62.5%	70.8%	77.8%	89%
Career Development	78.2%	57.4%	54.2%	41.7%	66.7%	78%
Lifestyle/Flexibility	44.6%	66.3%	29.2%	54.2%	22%	55.5%
Purpose	47.5%	44.6%	33.3%	45.8%	66.7%	66.7%
Culture of Industry/Workplace	12.9%	33.7%	12.5%	41.7%	44.5%	0%





As one survey responder explained;

*“Particularly from a claim’s perspective, the personal reward in knowing that you have helped people in one of the lowest points in their lives. You get to see this everyday - there’s not many roles in financial services that offer this human connection.”*

If 46.8% of young professionals surveyed were attracted to the industry by purpose, when few were familiar with life insurance, along with negative press, imagine how many young people the industry could attract with positive promotion of the work we do?

The truth is, a career in life insurance is full of purpose. Life insurance is there for people during challenging times, supporting them through serious injury, illness and even the death of a loved one. Life insurance also plays an important role for the community, offering financial support to those unable to work due to disability, lessening the burden for government-funded income/disability support.

## Key Focus Areas – Promoting a Powerful Purpose

- Communicate the positive societal impacts and meaningful work that life insurance provides. Promote the ethical and caring nature of life insurance and the stories about the support it provides to customers e.g. APRA’s life insurance claims and disputes statistics from June 2022 show that, (apart from a 67% admittance rate Group Ordinary Trauma claims which consisted of only 12 finalised claims), between 79% and 99% of claims (split by cover types and distribution channels) were admitted between June 2018 and June 2022 with 11 out of 20 of the cover types and distribution channels recording an admittance rate of 90% or more<sup>15</sup>.
- To address this misunderstanding in purpose, the industry can promote itself to young talent via engaging video content on social media.
- Promote the causes the life insurance industry supports. Young people can then see and appreciate the ways life insurers contribute positively and substantially to the world.

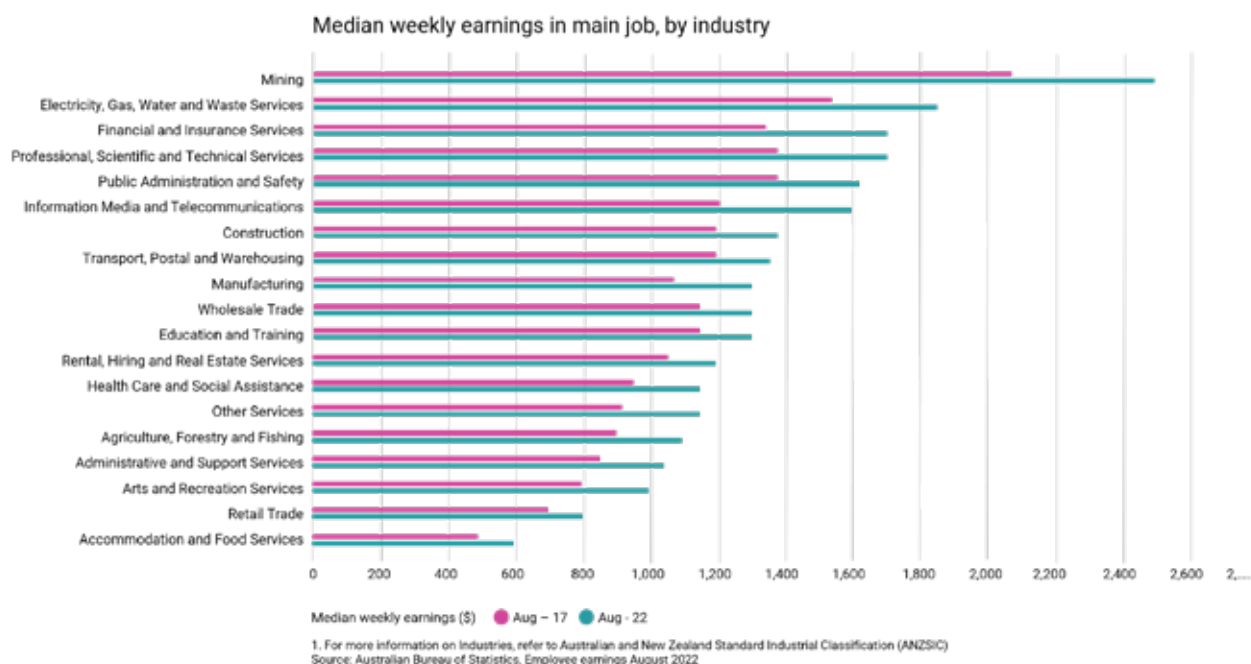
## The Life Insurance EVP

When YALUCA asked senior executives about the challenges facing life insurance in attracting young professionals, a common theme in response was that the industry fails to effectively promote its Employee Value Proposition (EVP), such as hybrid workplaces, the absence of shift work and competitive compensation packages. Other benefits offered throughout the industry which are reportedly poorly promoted include paid parental leave, short-term incentive payments, discounts at major retailers, discounted life insurance products and novated leases.

Another specific challenge revealed from some executive leader interviews is that the industry may be seen as limited in terms of diversity and therefore is not representative of society.



Despite not being apparent to outsiders, a career in the life insurance industry is full of opportunity. With its links to the financial services and superannuation industries, the opportunities for progression and development are endless, and, for many, that brings with it financial rewards. According to the Australian Bureau of Statistics, in November 2022, full-time employees in the financial and insurance services industry earned approximately \$400 more per week (\$2,201.50) than the national full-time average (\$1,805.90)<sup>16</sup>. In August 2022, jobs in the financial and insurance services industry were the third highest paying<sup>4</sup>.

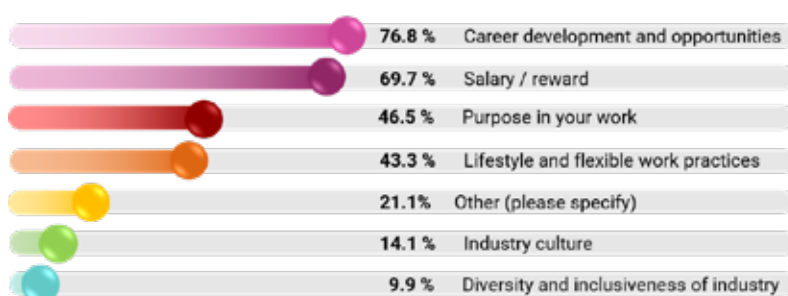


Responses from 142 young life insurance professionals surveyed make it clear that opportunities in the industry and the resulting financial reward could benefit from better promotion. First, YALUCA survey results confirm that salary and career development are most important to young life insurance professionals, with 23.9% of verbatim responses giving 'salary' as a reason for why we would recommend the industry to others, and 29% mentioning career development and opportunities. Interestingly, 8% of verbatim responses included 'salary' in their reasons for why they wouldn't recommend the industry to others.

In response to the top 3 most important attributes that attracted them to the industry, 76.8% selected career development and opportunities in their top 3, 69.7% selected salary/reward in their top 3 choices and 46.5% selected purpose in their top 3.

#### Q4:

What were the top 3 attributes that attracted you to a career in the life insurance industry? (Please select 3)





## Key Focus Areas – The Life Insurance EVP

- Promote the industry's benefits for parents and families - highlighting the industry's flexibility for young parents, how the industry can accommodate a healthy work-life balance as well as the support provided through parental leave, irrespective of gender.
- Share feel-good moments and industry successes, highlighting the positive impact the life insurance industry has had, not just in terms of the products it offers, but also in terms of diversity, inclusivity, and legislative/regulatory changes that benefit customers. Further to this, showcasing the industry's link to superannuation funds and the partnership between the two sectors to enhance individuals' lives.
- Career development and opportunities is the #1 most attractive attribute of the life insurance industry, according to YALUCA's survey of current young life insurance professionals. Mapping out career pathways may help the industry address this.
- Including an ALUCA membership (working groups, scholarship, CPLI accreditation, industry awards, webinars, conference, educational courses, board member opportunities) in employee packages can also bolster a career development offering to attract young professionals to the industry – provided these benefits are clearly articulated throughout the recruitment process.
- Offering competitive compensation packages may also help the industry attract individuals who may not have previously considered life insurance as a career option and can better ensure their long-term commitment.

## Establishing Right Place, Right Time

There are currently no established pathways from school, TAFE or university into the life insurance industry, resulting in limited opportunities for individuals with specific training or qualifications. This is all in the context of a younger generation who “job shop” and yearn to see their path forward through a career. Some roles within the industry do deviate from this trend, such as actuaries and rehabilitation professionals, however, the larger areas of claims and underwriting do not have direct qualifications. The lack of formal education pathways is a major challenge in attracting talent, repeatedly identified in YALUCA interviews with senior life insurance leaders.

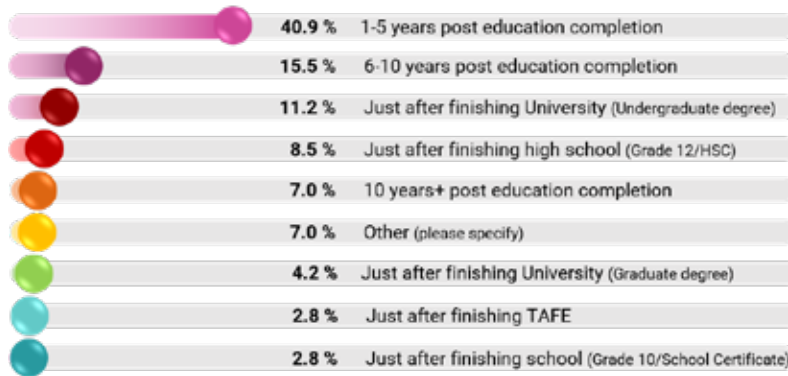
Although salary and development opportunities are desirable attributes of a career in the life insurance industry, those attributes aren't well known when young people first complete their education. This could also be consistent with there being no clear pathway into a career in life insurance as well as the versatility of a career in life insurance, offering opportunities for those with qualifications/interests in a variety of fields.

In response to ‘What were the top 3 attributes that attracted you to a career in the life insurance industry?’, over one third (34.5%) of ‘other’ verbatim responses indicated attraction to a career in life insurance due to being able to apply existing experience/ qualifications or transferring from a related industry. Tertiary qualifications of those surveyed spanned across allied health, arts, business, finance/economics, education, science, sports/health, law, medicine and more. The vast majority of those surveyed didn't select life insurance as their immediate career choice, with 70% of participants commencing their career in life insurance more than a year after completing their education.



### Q13:

When did you start your first role in life insurance?



According to 2021 Census data, approximately 5.5 million Australians reported having a bachelor's degree or higher, a 30.7% increase since 2016<sup>17</sup>. This suggests that more people are valuing education. The life insurance industry must capitalise on this and educate Australians on the value of life insurance, both as a product and as an employer. This could be by creating or adding to existing tertiary courses as part of financial literacy, providing guest speakers to schools and tertiary education institutions or involvement in career days and fairs.

Young life insurance professionals concurred. In YALUCA's survey, suggestions to better attract talent to the industry included; recruiting through entry-level roles while creating clear career pathways, implementing specific traineeships as a structured pathway program, and engaging with universities and high schools to increase visibility and attract graduates to the industry. In addition, it may be beneficial to better explain the career pathways and opportunities available to these students, encouraging them to consider a career in life insurance directly after completing their education.



## Key Focus Areas – Promoting Life Insurance Career Pathways

- Highlighting a potential career path in job descriptions.
- Sharing success stories of employees who have grown within the company.
- Participating in university, TAFE and school career days.
- Offering guest/motivational speakers to schools, universities and TAFE to both improve financial literacy and promote careers in the life insurance industry.
- Providing part-time employment opportunities that align with educational schedules.
- Highlighting the array of skills/occupations that are transferable to the industry, plus how the industry can teach skills transferable to other industries.
- Offering graduate/onboarding programs/internships. New recruits can rotate through different areas gaining varied experience, contributing to the business and understanding of where their interests lie but also earning an income whilst they learn, like an apprenticeship. For example, Ireland offers the Insurance Institute's Insurance Practitioner Apprenticeship programme aimed at attracting new talent into the insurance sector.
- Seeking out talent from other markets. As seen from those surveyed by YALUCA, life insurance employees come from a diverse range of experiences. Insurers therefore don't need to limit their searches for new employees in directly related fields or from competitors. Instead, people with transferrable skills can be employed and trained on the job.

## Networking and Non-Traditional Pathways

Networking and the influence from friends and family cannot be overlooked in the quest to attract talent to life insurance. Based on YALUCA survey data, the sources of job information or employment opportunities can be categorised as follows:

### Q1:

How did you first find out about a career in the life insurance industry?



Notably, in response to the question “How did you first find out about a career in life insurance?”, 32.4% responded “family and friends”, with another 19.7% responding “employer/colleagues”, indicating the value of personal networks in the employment process. Referral schemes are common in the life insurance industry, which could be a contributing motivating factor also.



## Key Focus Areas – Networking and Non-Traditional Pathways

- Targeting individuals who have become disillusioned with their current careers, such as nurses and those in the allied health industry who may be experiencing decreased career longevity. Some rehabilitation occupations e.g., nursing, physio, exercise are physically demanding, so insurance roles can be a way for rehabilitation professionals to utilise their health skillset, whilst avoiding physically demanding work and travel.
- Emphasising transferable skills and showcasing the variety of roles available.
- Emphasising the ability to switch roles within the industry can highlight the potential for long-term career progression.
- Shifting the focus of job promotion and advertisements towards highlighting critical thinking and analytical skills, rather than specific tertiary education or qualifications.
- Providing education and training to expand the pool of applicants.
- Employee assistance programs are now expected as the norm, with initiatives such as recharge days, allowing the use of personal days as pre-planned mental health breaks, and other wellbeing programs provided by companies becoming significant selling points. It is known that a high percentage of referrals into the life insurance industry come from friends and family, and based on this, a happy employee is more likely to refer someone, highlighting the importance of these wellbeing programs in attracting talent to the industry.
- Develop a referrals program for existing employees to offer financial reward for introducing successful applicants into organisations.

## Revolutionising the '9 to 5'

In the YALUCA survey of young life insurance professionals, lifestyle and flexible work practices emerged as the fourth most important factor when considering a career in the life insurance industry. While the life insurance industry has made progress in terms of flexible work practices since the pre-COVID era, there is still room for improvement.

Offering greater flexibility in terms of working hours and locations can attract a broader pool of candidates to consider a career in life insurance. For more, see 'Lifestyle and Flexible Work Practices' in the 'Retention' section of this paper (page 18).

## Key Focus Areas – Flexible Work Options

- Being open to different types of flexible work such as flexitime (a working schedule which allows employees to choose when to start and end their workday) and job share arrangements to attract potential candidates.
- Considering part-time entry-level roles for individuals studying or managing parenthood can be an alternative to broaden the industry's appeal and create opportunities for individuals at various life stages.
- Considering fully remote work options, as they open up the entire Australian region as a hiring pool and do not limit recruitment to metropolitan areas.



## RETAINING TALENTED YOUNG PEOPLE IN THE AGE OF DISRUPTION

The vast benefits that staff retention brings to a business include the retention of company policy experience, sensitive information, specific knowledge and expertise, partner contacts and relationships are preserved, significant recruitment cost savings, improved company morale and culture to name a few!

In fact, the hiring of a replacement employee costs employers 33% of an employee's annual salary<sup>18</sup>, which means this staggering cost could range anywhere from \$25,000 - \$50,000 or more per employee. The administrative cost includes reading resumes and cover letters, attending interviews, phone calls, HR and payroll cost, payout of leave to leaving staff member etc.

Retaining employees with significant experience within an organisation will help to ensure their knowledge of legacy products and systems remain readily available to team members who may otherwise have difficulty finding such information and prevent such information from becoming lost. Retaining longstanding employees also helps maintain connection and communication channels between departments, as they utilise relationships they have built over time with members from other teams.

It is worth noting that due to the age of the industry in Australia and through acquisitions, some companies in the market have a significant amount of legacy products and back books which have not been migrated to new operating systems, and which are often subject to complex and outdated policies. Retaining people who know how to process, underwrite and assess these policies is invaluable.

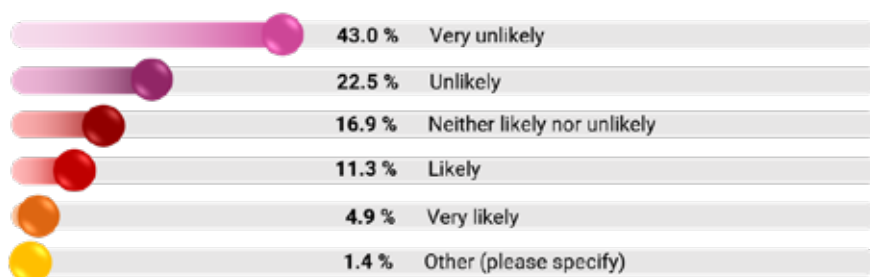
Our survey results indicate that 16.3% of young employees are either likely or very likely to leave the industry within the next 24 months, and insurers may find it worthwhile projecting the costs of replacing these staff. Furthermore, the insurance industry consists of an ageing workforce and the retention of young people especially will become more important over the coming decade<sup>19</sup>.

### Top Challenges Threatening Retention in Life Insurance

Encouragingly, the YALUCA survey found that the majority (65.5%) of respondents reported being unlikely or highly unlikely to leave the industry in the next 12-24 months. This was consistent across claims, underwriting and rehabilitation respondents.

#### Q9:

How likely are you to leave the life insurance industry in the next 12-24 months?



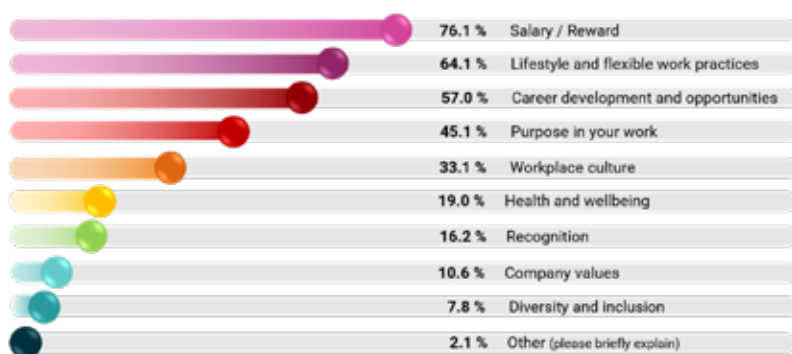


While most young life insurance employees report being likely to stay, recent trends in retention have raised concern within the industry. According to ABS estimates, approximately 10% (48,400 employees) of the Australian workforce in the Financial and Insurance industries changed their jobs in the year to February 2023. This is higher than the average across all industries in Australia (9.5%) and is the highest annual job mobility seen since 2012<sup>20</sup>.

Life insurance leaders we surveyed believe that several factors are contributing to employee turnover. Rising living costs appear to be prompting many employees to leave their organisations for better paid opportunities. Several leaders also attributed some turnover to the frustrations of young people who wished to progress in their career more quickly. The desire for more flexible work options following the COVID-19 pandemic was highlighted significantly in our survey of young life insurance employees. Negative stigma exacerbated by Hayne Royal Commission was also described as discouraging to young people who desire to have a positive, meaningful impact on society through their work.

## Q6:

Reflecting now on continuing to build your career in the life insurance industry (i.e. employee retention), what are the top 3 reasons that are important to you to stay in the industry? (please select 3)



## The Golden Handcuffs

In number one place, over 76% of young life insurance professionals surveyed listed 'salary/reward' in their top 3 reasons when considering remaining in the life insurance industry.

Historically, a professional role in life insurance was tantamount to a stable and well-paid career, usually not requiring a university degree or any formal tertiary study. An individual could enter the industry after finishing school on a decent salary with ample opportunity for progression and the promise of career longevity in a stable industry.

Times have changed. Over the last 10 years, the number of adults (those aged 15-74) with a higher education qualification – at least bachelor's degree level – has increased to 50.8%, and HECS-HELP debts have likewise risen with it. Around 3 million Australians are now estimated to owe over \$74 billion, which is a doubling of the debt in the past decade<sup>21</sup>.

As of 2019, Australia was ranked 8 out of the 41 OECD countries for education rates for those aged 25-34 with a tertiary education qualification<sup>22</sup>. Like all modern professions in Australia, it is now largely expected a young person will have a university degree to be considered for a role in the life insurance industry, and most recruitment position descriptions outline a desire for a degree in a related field.





Today, the life insurance industry is competing with a lot more industries to attract and retain impressive young talent than it did just 10 years ago. While a career in the life insurance industry remains an attractive option, because the population is so highly educated, it is not the outlier it once was. Young people are now comparing their salaries to their equally well-accomplished peers, so the idea of what is considered well-paid and what is not (or perhaps what is average) has changed. This in turn influences what staff expect future earnings to be and influences a person's willingness to remain in the industry.

As indicated by our survey results, many young people working in the industry recognise that they are well paid. However, young people express concern they are not remunerated commensurately with output. There are also wage discrepancies between companies. Wages are failing to keep up with the cost of living; salaries are initially high but only tend to increase in small increments thereafter.

Industry leaders we interviewed specifically described difficulty retaining young employees who leave their organisation, not to exit the industry, but to work for different life insurers offering higher salaries for the same role. As one claims leader observed;

*"You can jump from insurer to insurer with the same skills and increase your pay".*

Another leader from rehabilitation shared;

*"Financial drivers have been probably the most impactful. I think that's just the financial climate that we're in, people are looking to maximise their skill sets and be remunerated accordingly, because times are tough and money talks."*

## Key Focus Areas – Salary/Remuneration

- The Workplace Gender Equality Amendment Bill 2023 states organisations with more than 100 employees need to publicly release data on gender pay gaps, and in December 2022 secrecy clauses in employment contracts were banned, meaning salaries can be discussed openly without penalties. Sharing information about pay scales and how salaries are determined can increase trust, as employees can learn they are being paid fairly and competitively<sup>23</sup>.
- Offering pay transparency is important to employees and has many benefits, including improving trust and morale, improving a company's value proposition, while building confidence that salary aligns with skills and experience<sup>22</sup>, and it creates a fairer environment<sup>24</sup>.
- Being transparent about pay may help reduce the risk of losing employees to competitors when the main motivation is a more competitive salary.
- Offering a 'retention' bonus/pay rise for loyal, productive staff who have been at the same company for a certain period or offering other entitlements such as additional annual leave days. This would boost morale, reward loyalty and still be far cheaper for the business than a recruitment process.



## Lifestyle and Flexible Work Practices

When reflecting on why they choose to continue working in life insurance, the second highest priority for young people was 'lifestyle and flexible work practices'. Our findings are consistent with existing research demonstrating that young people, in particular, highly value flexible work options. Eagle Hill Consulting found that in the US, 61% of Gen Z and 57% of Millennial workers would consider other employment if remote work options were removed. These percentages were higher than the general US workforce (47%) and higher compared to Baby Boomer employees (29%)<sup>25</sup>.

In a post-COVID corporate world, the working week has drastically changed, and young people recognise the benefits flexible working has to offer. According to ALUCA's 2022 member survey, hybrid work policies have been implemented at most Australian life insurance companies, with only 0.5% of members surveyed stating their company requires them to work 100% in the office. The most commonly reported hybrid model for life insurance by 41.9% of ALUCA members surveyed was 2 days working from home and 3 core days in the office.

When we asked young life insurance professionals if they would recommend the life insurance industry to friends and family, 17.7% of respondents specifically cited flexible work as a driving factor. They highlighted the important role flexible work practices have in their lives and acknowledge how imperative this is in reducing day-to-day stress;

*"I would recommend as Life insurance is not as scary as I thought it would be. The workplace culture and work/life balance are great attributes to this industry and whilst there is a lot of work I am not stressed."*

Others stated the life insurance industry is behind other comparable industries, while some respondents were very concerned opportunities for flexible work were being removed or were not what they had been promised;

*"With the recent return to office mandates, flexibility has been reduced in our organisation and across the Life Insurance sector, despite teams operating across multiple states. Given the already challenging workloads, regulatory and market landscape, sitting in an office for no real productivity or collaborative gain is not appealing and opportunities are being sought in higher paying, more rewarding, more flexible and more prestigious sectors."*

The reductions in flexibility were noted to be contributing to poor work-life balance and increasing stress at home.

Managers are under increased pressure to improve productivity due to economic uncertainty, however the widely held belief that working from home reduces productivity is a myth<sup>26</sup>. Employees are willing to travel to the office for good reason (i.e to collaborate and brainstorm) but 77% of Australians need the reason to be more legitimate than simply company expectations<sup>27</sup>.



## Key Focus Areas - Lifestyle and Flexible Work Practices

- Embracing flexible work practices or risk losing great employees to competitors with more attractive conditions.
- Culture will not be improved by forcing people to give up flexible work - such enforcement may foster resentment, particularly among young people.
- The industry may improve retention rates by taking a top-down approach and encouraging managers to model flexibility, while justifying any mandated office attendance with compelling and practical reasons beyond culture and company policy.

## Career Development for Retention

While 'career development and opportunity' was the most attractive attribute when entering a career in the life insurance industry, it was the third most important factor to remain in the industry, with 57% of respondents selecting 'career development and opportunity' in their top 3 reasons to stay. However, the consensus is that progress is slow and may require moving to a competitor;

*"It's hard to move around and progress your career within one company, so to see any increase in benefits or job opportunities you have to leave a company and go to another one. It essentially means every 3 or so years you have to change companies to get better opportunities or pay. It is these reasons I have already been considering leaving the industry."*

This aligns with a 2018 LinkedIn Workplace Learning Report, which found a staggering 94% of employees would stay at a company longer if it invested in their career development. Further data from Deloitte revealed that organisations with a strong learning culture had staff engagement and retention rates that were 30-50% higher and overall were 17% more profitable than their peers<sup>28</sup>.

## Key Focus Areas – Career Development for Retention

- Building career development into performance reviews and discussing this regularly (not 6-12 monthly).
- Professional growth strategies such as coaching or company mentorship programs.
- Reviewing and promoting internal hiring, with a focus on transferrable skills.
- Providing time off and funding to attend courses aligned to career goals.
- Including an ALUCA membership (working groups, scholarships, CPLI accreditation, industry awards, webinars, conferences, educational courses, board member opportunities etc.) in employee packages.



## Start With Why

For those in our YALUCA survey who would recommend a career in life insurance, 35.8% mentioned that their career is “rewarding” and “noble” in purpose;

*“I love what I do. It is such a privilege to be able to help people and hopefully positively impact their life during what is often one of the worst experiences that they have ever gone through.”*

There is a vast amount of literature linking passion and purpose with high performance and retention in the workplace. Results from a 2022 Macquarie University survey of 249 Australian full-time employees revealed that passionate employees perform better at work, were more satisfied in their careers and experienced greater psychological wellbeing<sup>29</sup>.

## Key Focus Areas – Promoting Purpose for Retention

Suggestions to reinforce a sense of purpose include;

- A ‘Volunteer Day’ every calendar year, so employees can dedicate one working day to volunteering at a charity of their choice.
- Circulating a positive customer testimonial or success story every month to all staff that reiterates how life insurance helps people in their greatest time of need.
- A ‘Purpose Day’ where staff are recognised for their achievements in a purpose sense - employees are encouraged to share their own favourite recent experience of purpose with their managers or senior leaders.
- Discussing the purpose of the work as a team at a purpose-led offsite meeting, including the company’s latest mission and objectives from a purpose perspective.
- Placing more emphasis on a company’s ESG initiatives with staff and encouraging feedback.
- Celebrating/rewarding staff who achieve positive customer outcomes.
- Keeping workloads manageable so underwriting, claims and rehabilitation professionals have the time to connect with customers and bring meaning to their work.

## The Value of a Positive Culture

Workplace culture was highlighted as a significant motivating factor when considering leaving and/or recommending the life insurance industry, with 33% of young life insurance professionals surveyed by YALUCA selecting ‘workplace culture’ in their top 3 reasons to stay in the industry. Culture was more significant for Underwriters with 42% selecting culture in their top 3, compared to 34% for claims and 0% of rehabilitation.

A few respondents (8%) specifically outlined a “great” or “positive” culture as having a heavy influence but recognised this was company-specific and ultimately determined by the people around them.



## Key Focus Areas – Cultivating a Positive Workplace Culture

- Empathy from management and an open and safe workplace where mental health issues or concerns can be discussed.
- Flexible work practices may improve culture, combined with encouraging belonging and connection in the team with regular catchups.
- Creating an inclusive and respectful environment.
- Investing in employee growth with learning and development opportunities.

## The Mental Toll and ‘Shelf Life’ faced by Life Insurance Staff

Wellness is becoming a priority for the wider workforce in general. According to a 2022 global survey by Willis Towers Watson, 71% of organisations expect to provide customised wellbeing programs to employees by 2025. Top priorities include physical and mental health, with emphasis on stress and burnout<sup>30</sup>.

In ALUCA’s 2022 Member Survey of life insurance professionals, an astonishing 41% of respondents stated they were extremely or very stressed in their job due to either poor work-life balance, too many emails, too many deadlines/targets, regulatory pressures, job insecurity and staff not being replaced. In this same survey, 17% of respondents did not feel they could openly share with their colleagues that they were struggling with their mental health.

When asked about recommending the industry to friends and family, 10.6% of young life insurance employees we surveyed stressed that a career in this industry is not suited to everyone;

*“I would recommend for growth and salary however I would not refer any of my anxious friends due to the pressure that is placed on consultants. I have considered leaving to another industry that is less stressful and less time pressures however the salary is lower and not feasible.”*

These survey respondents explained that the job can involve corresponding with people who are experiencing some of life’s most traumatic events and relies on being able to separate work and home life, while maintaining compassion and empathy for claimants. Certain situations can cause distress, and people deemed vulnerable to stress and anxiety are recommended to avoid it as a career. It is commonly acknowledged by life insurance employees that a ‘shelf life’ exists for claims staff in particular, who cannot tolerate such emotionally draining work for prolonged periods of time.

In response to why they would/would not recommend a career in life insurance, 25.7% of survey respondents reported a lack of investment being made into employee support/development/progression and high workloads. This comes at the expense of employee wellbeing, as it causes workloads to become unmanageable and exposes staff to significant burnout risk, for example;

*“I don’t feel like this industry truly values their employees and chooses to save money by redundancies or pushing position overseas instead of investing in current team structures. This creates more work but less capacity for existing teams, leading to very stressful environments where staff are not supported and end up burnt out. This has made me reevaluate whether I want to continue in this industry.”*



Employees must keep up with regulatory and legislative changes, manage challenging workloads, adhere to very strict timeframes and stakeholder engagement. This is complicated by high turnover rates and 'availability creep'<sup>27</sup>, where the distinction between work and home becomes blurred and leads to working increased unpaid hours.

This creates a high stress environment where staff do not feel adequately supported, and those working in claims outline they do not feel able to make the meaningful connections they require to do their jobs well. Distress can result in a decline in performance and in overall levels of wellbeing<sup>31</sup>. As one YALUCA survey respondent explained;

*"As the industry continues to be tightened (ASIC, LICOP) there is more and more pressure on consultants to ensure work is being completed to the highest quality in the least amount of time. It is becoming harder to assess against policy terms and stay within the limits LICOP and ASIC allow. Speaking to colleagues there is now a trade-off between the salary and the stress that is caused by the work. Many work late, nights and weekends to ensure big items (pro-fair, decline, IME's) are able to be completed in an appropriate timeframe. I know I am lucky to be in a role where my salary is high, however mental health and wellbeing is impacted in our role. I think this will only become worse with LICOP and ASIC continuing to tighten their grip on the sector."*

According to the recent Microsoft Work Trends Index, Australians experience some of the highest rates of burnout in the world, with 62% of Australian employees reporting experiencing burnout, compared to the global average of 48%<sup>32</sup>.

## Key Focus Areas – Mental Health and a Resilient Workforce

- Ensuring flexible work practices are built into company policies can reduce work stress.
- Debriefing can be an effective strategy to improve mental health and build resilience. Debriefing is recognised as a powerful event group support. It involves a structured voluntary discussion aimed at putting an abnormal event into perspective. It offers clarity about an event experienced and assists in establishing a process for recovery<sup>31</sup>.
- Secondments can provide a way for an employee to continue to deliver value for the business, while taking a much-needed break from the mental toll of their usual role and learning another aspect of the business such as quality assurance, risk analysis etc.
- Investing in regular soft skills training such as critical thinking, emotional intelligence, behavioural economics and communication may help to prepare employees for confronting calls and tense, stressful situations. These skills will be covered in further detail in the 'Upskilling' section of this paper (see 'Skills to Help Futureproof the Industry', page 26).
- Providing greater transparency at the time of hiring on what the actual position entails, the personal impact you can achieve and what supports are in place. Those at increased risk of exposure to incidents that may cause distress (e.g. claims assessors) should be trained in Mental Health First Aid. At least one worker in every section should have specialist critical incident stress management training<sup>31</sup>.
- Providing a safe environment where staff always feel comfortable raising any mental health concerns.



## The Impact of AI and Technology on Retention

Young professionals in life insurance, particularly underwriters, are concerned about the increasing sophistication of AI, and how it will affect their careers. The World Economic Forum's 2020 Future of Jobs Report identified the insurance underwriter role as being in decline<sup>33</sup>. Underwriters we surveyed and interviewed report awareness of this trend. One underwriting executive leader remarked;

*"As a career or as a role, underwriting jobs are not an area where there's going to be growth in future, because it can be done by machines and it's done more consistently by machines. What we've got to start doing is completely relooking at the role descriptions."*

Young employees we surveyed report concern that evolving digital solutions will eliminate their roles;

*"AI is taking over a lot of my role - better to leave in the next 5 years. I would not advise anyone to start in the underwriting side now"*

Such concerns could impact the morale of employees who notice reduction of roles in response to automation and decide to leave for different roles perceived as more secure.

Another concern reported by young life insurance employees was feeling behind in terms of technology. Many processes are still very manual, with a lot of systems required in use simultaneously. This may be off-putting to this cohort, who are digital natives. They want to feel supported by advanced and robust technological practices and may look elsewhere if this requirement is not met.

AI is only part of the answer and the industry will always need to retain people – validating and crafting AI integration as well as interacting with consumers. Life insurance is a people-focused business, with a unique customer-facing experience which requires human-to-human connection in order to deliver outstanding customer outcomes.

### Key Focus Areas – Reducing the Impact of AI and Technology on Retention

- On the surface, it seems like where there is a gradual decline in underwriting roles, there is a desperate need for claims roles. Could one not be somehow filled by the other? To promote retention in roles being impacted by automation, insurers could consider cross-skilling (see Cross-Skilling, page 28) - how the experience, skills and knowledge in a role such as underwriting can be transferred to emerging and more secure positions.
- By emphasising exceptional training and career development opportunities, insurers can generate powerful incentives for young people to remain in roles under threat of automation. As we discuss in the 'Upskilling' chapter of this paper, young people are highly motivated to progress in their careers and would therefore be incentivised to work in a role where they can develop valuable skills and knowledge that would help them grow professionally.
- Embracing AI and technology to improve processes, reduce administration tasks and ultimately freeing up time to focus on human-to-human interactions and meaningful customer contact.



## UPSKILL FOR ADAPTABILITY: FUTUREPROOFING THE LIFE INSURANCE WORKFORCE

Upskilling allows organisations to minimise any skill gaps, improve morale by investing in employee growth, increase productivity via an agile workforce and save on recruitment costs<sup>34</sup>. Although upskilling employees involves investment of time and resources, it can be achieved for as little as one-sixth of the cost of hiring externally, according to the Josh Bersin study with the General Assembly<sup>35</sup>. So how does the life insurance industry fare in the realm of upskilling?

In YALUCA interviews with industry leaders across ten life insurance companies, employee upskilling was universally agreed as a matter of high importance. Many described upskilling as vital for ensuring basic competencies in core skills, as well as being essential for younger, less experienced employees and those wishing to progress into more specialised roles. This is also a requirement for an AFS licence i.e. “We expect you will conduct annual reviews or take various regular steps that constitute review of staff competency to ensure ongoing compliance with your AFS licence obligations.”<sup>36</sup>

### Creating a Culture of Learning

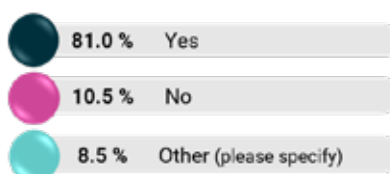
Learning is becoming more integrated with work, and workplaces are becoming increasingly perceived as a place of learning in addition to productive output. This trend is reflected in a 2020 Deloitte survey, which found that 73% of respondents consider organisations to be primarily responsible for reskilling and upskilling the workforce, more so than governments, educational institutions or even employees themselves<sup>37</sup>.

Like all organisations, insurers must balance the need to upskill employees with the need to operate productively. Based on our interview data, most organisations accommodate and encourage professional upskilling during work hours.

However, our ALUCA survey of young people working in life insurance found that 80% of respondents would like more opportunities to invest in professional learning during work hours. These findings were consistent among claims (83%) and rehabilitation (88%). By comparison, fewer underwriters (62%) reported wanting more opportunities to upskill during work hours, although this percentage still reflects the majority. Two respondents from underwriting specifically reported that there is not enough time to manage their workload as it is, let alone to invest in upskilling.

### Q10:

Would you like more opportunities and investment in upskilling during work hours?







So how much time during work hours should insurers allow for education? We asked life insurance industry leaders and received vastly different perspectives. One interviewee from HR opined that insurers should accommodate all necessary professional learning during work hours because to expect upskilling outside work hours restricts work participation to essentially those who are "single and have no hobbies".

On the other hand, an interviewee from underwriting raised concerns that if claims, underwriting and rehabilitation employees are perceived as professionals like accountants, nurses, and actuaries, then employees should be expected to invest in their professional learning outside work hours. Consensus has yet to be reached regarding how much formal learning should be done each week and how much of that learning should be done during work time.

## Key Focus Areas – Creating a Culture of Learning

- Providing ample opportunity and resources for young professionals to upskill may capitalise on the motivation they have to invest in their professional education.
- Striving to foster a culture that supports learning. Employees should feel psychologically safe to share different ideas, discuss mistakes and learn from failures and successes to foster a supportive learning culture. Insurers could therefore encourage a "learn it all" growth mindset that rewards improvement as opposed to a "know it all" fixed mindset that punishes mistakes, so that employees feel more comfortable sharing ideas, feedback and knowledge<sup>38</sup>.
- Managers could also encourage employees to make use of all available learning resources. The 2023 LinkedIn Learning Report found that only 35% of learners reported being encouraged to upskill by their manager in the past six months<sup>39</sup>.

## A 'Choose Your Own Adventure' Approach

Subject to a baseline level of standardised learning, the life insurance industry leaders we interviewed all endorsed giving employees the freedom to focus on learning they find useful. Our interviewees also endorsed offering a variety of learning modes (webinar, reading, classroom), so employees could select learning content compatible with their individual learning styles. As one executive leader interviewee explained;

*"I am not going to tell you what you need in your role and development because we are all on different stages of our journey as well in terms of our learning. It is on the individual to access the learning that is going to be helpful and relevant to them. You do not have to do a course, you can go on LinkedIn Learning or YouTube or attend a networking lunch or a conference, or you can reach out to your network, and you will learn so much more because you will have chosen to do it."*



Several interviewees advocated for "bite-sized" learning modules or short instructional videos, which employees can watch when they need a quick summary of a process at a time of immediate relevance. For example, if a claims assessor, when reviewing profit and loss statements, needed a quick introduction or refresher on how to calculate income, a short and concise video available at the time would be more meaningful and the information easier to retain when compared to a 60-minute classroom session removed from practical context. Bite-sized content is expected to be especially helpful to young people, as one interviewee explained;

*"Delivery should be short and sharp because studies have demonstrated that attention spans are dropping, particularly in young people".*

Artificial Intelligence can also be harnessed to help predict future skill requirements within life insurance. IBM has created an AI self-assessment tool to help employees identify career pathways suited to them and the training needed to help them develop the skills required to follow that pathway<sup>40</sup>. Mastercard uses the AI program Faethm to predict how technology will impact the job market, so they can tailor learning programs to expected changes. They also create employee profiles ranking skills based on performance, career conversations and job descriptions. They use this information to identify strengths and development areas<sup>41</sup>.

## Key Focus Areas – Customised, Bite-Sized Upskilling

- While it is necessary that some learning content and specific organisational practices be taught by internal departments and through standardised curriculum, empowering young people to pursue topics of personal interest is expected to yield greater learning outcomes relative to heavily prescriptive approaches to upskilling.
- Bite-sized content has the potential to empower employees with relevant knowledge better when they need it most.
- Using technology to drive the development of young professionals, which is especially useful to those newer to the industry with less idea of available career pathways and who are still formulating their career goals.

## Skills to Help Futureproof the Industry

Since 2015, job skillsets have changed by approximately 25%<sup>39</sup> and in 2020, the World Economic Forum estimated that 50% of employees would need reskilling by 2025<sup>33</sup>. This rate of change is expected to accelerate in the coming years<sup>42</sup>, making it difficult to predict the future skill needs of various roles. Based on a literature review, our interview and survey responses, we anticipate that interpersonal communication, critical analysis, and data literacy will become vital skills for young life insurance professionals to master in the coming years as technology evolves.

In the life insurance landscape, almost every industry leader we surveyed described interpersonal communication or "soft skills" as essential and in high demand. A commonly reported opinion was that interpersonal connection would be even more vital in the coming years as relating to other people cannot be automated. One interviewee from Claims summarised the prevailing sentiment accurately when they told us;

*"Some of the most important skills related to how you relate interpersonally and with customers. We are in a service industry; we are a service business; we are a people business. So how you connect and interface with human beings is a critical element."*

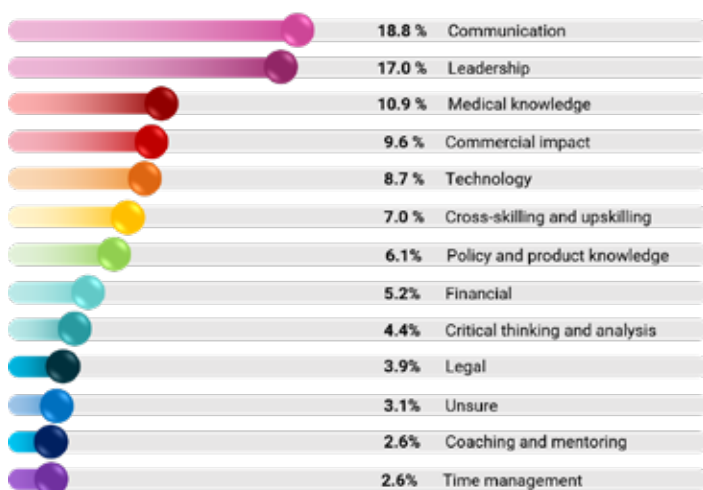


Leaders we interviewed from claims, underwriting and operations also described the ability to critically analyse information as being of high importance. Life insurance professionals review large amounts of medical, financial and policy information. They also require extensive knowledge of processes; therefore, the strong ability to formulate well-reasoned opinions based on evidence is highly advantageous across many roles within life insurance. Several leaders from underwriting and human resources described data literacy as one of the most important skills in our interviews.

The ALUCA survey results demonstrate that young life insurance professionals have a strong desire to develop those skills. In response to the question, "What three skills would you be most interested in developing?", communication and leadership skills were the most reported. A variety of communication skills were noted, including dispute resolution, navigating challenging conversations, public speaking/presenting, letter writing, negotiation and networking. Medical knowledge, understanding of business/commercial practices and technology skills were also among the most highly regarded by young life insurance professionals.

## Q11:

What three skills would you be most interested in developing?



Our interview and survey responses are consistent with the results of surveys relating to the wider financial services industry. Critical thinking, emotional intelligence, leadership, social influence and technology use and monitoring were all identified as being among the top 10 emerging skills relevant to financial services by the World Economic Forum<sup>33</sup>. LinkedIn likewise found analytical skills, customer service, communication and leadership to be among the top 10 in-demand skills<sup>39</sup>.

## Key Focus Areas – Skills to Help Futureproof the Industry

- The ability to glean insights from data is expected to become increasingly valuable as machines become more capable of generating reports based on larger amounts of information.
- A strong interest in leadership skills suggests that many young people are motivated to step up into more senior leadership roles.
- Developing skills in data analysis, medical knowledge, technology skills, behavioural economics and communication, all of which are key as we talk more directly to customers.



## The Benefits of Cross-Skilling

In response to the prevailing challenges encountered within the life insurance industry, strategic implementation of cross-skilling methodologies emerges as a compelling approach to upskill young life insurance professionals.

Young life insurance professionals are interested in cross-skilling, with seven respondents of our YALUCA survey reporting a desire to 'cross-skill' outside the scope of their core role. One respondent from rehabilitation specifically reported wanting to learn how to change careers within life insurance so as not to be "pigeonholed". Young claims professionals reported interest in cross-skilling into underwriting, rehabilitation, business analytics and product. We elicited a similar sentiment from several industry leaders with regards to cross-skilling. One underwriting leader we interviewed reported that they believe professional upskilling could be further facilitated by providing employees with cross-skilling opportunities, expressing a strong belief in the value of transferrable skills;

*"Any skills, even if they are technically specific, like underwriting or claims assessment in life insurance, are always transferrable. We've got to do a better job of promoting really good skill sets to have in a broader business context. Life insurance would then be a more attractive career option for young people because it gives them a real breadth of skills that can be applied to any industry."*

The industry may well benefit from providing such cross-skilling opportunities. Life insurers are typically vast organisations offering a wide variety of roles, and different roles have different demands. A transition might even be temporary, with the purpose of providing relief to an employee who has been stressed from a specific role. For example, a claims assessor who has become tired of interfacing with customers under particularly stressful circumstances may find respite working as an underwriter who deals with customers in different contexts.

The findings derived from the YALUCA survey highlight a concern amongst underwriters considering leaving the life insurance industry due to an inability to "move around and progress within a company" and secure progressive career paths with their current employers. This conveys the need for innovative up-skilling strategies that facilitate lateral movement and promotion within the company, mitigating retention issues. Moreover, the survey responses highlighted the importance of individual purpose alignment to the industries values and priorities. Strengthening this connection via cross-skilling instils young professionals with a purpose-led sense of alignment and commitment to the life insurance industry.

## Key Focus Areas – Cross-Skilling

- Job shadowing can provide young professionals with a diverse and comprehensive range of skills beyond their primary technical expertise, while addressing their multifaceted development needs.
- Cross-business unit mentoring may help break down entrenched siloed thinking within business units, fostering an environment of innovative collaboration beyond department boundaries.
- Secondments may help life insurance professionals develop a greater understanding of end-to-end business practices, becoming more valuable contributors to their organisation. This opportunity can lead to longer tenure and a more adaptable career path.



## CONCLUSION

To conclude, this paper makes it clear that urgent change is needed to help lift the industry, particularly in such uncertain times, and any repetition or cross-over in this paper demonstrates just how closely intertwined attraction, retention and upskilling in life insurance are.

For the purpose-led young professional pool of talent of today, who are determined to find flexibility and career development while carrying heavy HECS debts and cost of living pressures, a career in life insurance seems ideally suited. If only they knew.

The noble purpose life insurance delivers upon, the high percentage of claims paid and the positive impact that life insurance has on so many people's lives in their time of need is smothered by seemingly constant negative press and a general lack of product awareness in market. Simultaneously, clear pathways from education into life insurance are somewhat non-existent, and attraction seems largely reliant on the good word of friends and family already in the industry. Furthermore, how do we keep up that 'good word'?

In an industry facing rapid technological, social, regulatory and economic changes, the old adage 'everyone is replaceable' certainly does not apply. Retaining a capable, mentally resilient, trained, qualified and adaptable workforce is more important than ever. What's more, as we can deduce from the extensive external research conducted and the responses received from young life insurance professionals, keeping this workforce happy and motivated may likely amount to significant recruitment cost savings for the business, combined with more experienced, knowledgeable, refreshed and enriched staff who feel driven to deliver better customer outcomes.

It is encouraging to note that many of the suggestions in this paper are relatively simple and low-cost for businesses to introduce. It is likewise heartening to know there are many unique traits of a life insurance career that already exist that directly appeal to young talent. Equally, the passionate, dedicated and ambitious workforce that life insurance so crucially needs already clearly exists within it – albeit with a risk of not remaining in the industry.

ALUCA is solely dedicated to supporting the distinct needs, issues and opportunities of life insurance professionals, giving a voice to underwriting, claims and rehabilitation professionals at the frontline. As a not-for-profit industry member association, our purpose is to drive excellence in life insurance via three core values – educate, advocate, connect – to which this research and advocacy piece plays a timely and crucial role.

While this may seem like a summation on this topic, in many ways this is just the beginning. We propose that further industry feedback, new industry recruitment and retention strategies, consultation with external bodies and further research is required to analyse the impact of the insights from this paper and more fully understand how life insurance can successfully 'win the war on talent' by attracting, retaining and upskilling young professionals.

## KEY TAKEAWAYS

FINDINGS	FOCUS AREAS
<p><b>Industry Reputation, Low Awareness &amp; Promoting a Powerful Purpose</b></p>	<ul style="list-style-type: none"> <li>• The life insurance industry has faced challenges in public perception e.g., Hayne Royal Commission.</li> <li>• Clouded by the industry's negative reputation, the public remains largely unaware of the significant contributions of the industry.</li> <li>• Individuals entering the industry held a neutral perception.</li> <li>• Pre-employment, survey respondents rated their understanding of life insurance at a mere average of 2.3 out of 10.</li> <li>• Young people are attracted to a feeling of purpose.</li> <li>• In our survey, 47.5% of claims respondents selected 'purpose' for the top 3 attributes attracting them to a career in life insurance, compared to underwriting (33.3%) and rehabilitation (66.7%).</li> </ul>

FINDINGS	FOCUS AREAS
<p><b>The Life Insurance EVP, Harnessing the Unique Benefits</b></p>	<ul style="list-style-type: none"> <li>• Promote the industry's benefits for parents and families.</li> <li>• Share industry successes, highlighting the industry's positive impact in terms of diversity, inclusivity, and legislative/regulatory changes that benefit customers.</li> <li>• Mapping out career pathways.</li> <li>• Including an ALUCA membership (working groups, scholarship, CPLI accreditation, industry awards, webinars, conference, educational courses, board member opportunities) in employee packages.</li> <li>• Offering competitive compensation packages may help attract individuals who may not have previously considered life insurance as a career option.</li> </ul>

## KEY TAKEAWAYS

FINDINGS	FOCUS AREAS
<p><b>Increasing Visibility of Life Insurance at Educational Institutions &amp; Promoting Career Pathways</b></p> <ul style="list-style-type: none"> <li>• There are currently no established pathways from school, TAFE or university into the life insurance industry.</li> <li>• In response to 'What were the top 3 attributes that attracted you to a career in the life insurance industry?', over one third (34.5%) of 'other' verbatim responses indicated attraction to a career in life insurance due to being able to apply existing qualifications from a related industry.</li> <li>• The vast majority of those surveyed didn't select life insurance as their immediate career choice, with 70% of participants commencing their career in life insurance more than a year after completing their education.</li> </ul>	<ul style="list-style-type: none"> <li>• Highlighting a potential career path in job descriptions.</li> <li>• Sharing success stories of employees who have grown within the company.</li> <li>• Participating in university, TAFE and school career days.</li> <li>• Offering guest/motivational speakers to schools, universities and TAFE.</li> <li>• Providing part-time employment opportunities that align with educational schedules.</li> <li>• Offering graduate/onboarding programs/internships, like an apprenticeship.</li> </ul>

FINDINGS	FOCUS AREAS
<p><b>Networking &amp; Non-Traditional Pathways</b></p> <ul style="list-style-type: none"> <li>• Networking and the influence from friends and family cannot be overlooked in the quest to attract talent to life insurance.</li> <li>• In response to the question "How did you first find out about a career in life insurance?", 32.4% responded "family and friends", with another 19.7% responding "employer/colleagues", indicating the value of personal networks in the employment process.</li> </ul>	<ul style="list-style-type: none"> <li>• Targeting individuals who have become disillusioned with their current careers, such as nurses.</li> <li>• Engaging with non-traditional industries e.g., law, allied health, accounting and education.</li> <li>• Emphasising transferable skills and showcasing the variety of roles available.</li> <li>• Prioritising wellbeing of staff is crucial in attracting top talent</li> <li>• Developing a referrals program for existing employees.</li> </ul>

FINDINGS	FOCUS AREAS
<p><b>Benefits and Top Challenges of Retention</b></p> <ul style="list-style-type: none"> <li>• Benefits of retention include; company policy experience, sensitive information, specific legacy knowledge and expertise are retained, partner relationships are preserved, significant recruitment cost savings, improved company morale and culture.</li> <li>• Hiring a replacement employee costs businesses \$25,000 - \$50,000 or more per employee.</li> <li>• 16.3% of young employees are either likely or very likely to leave the industry within the next 24 months.</li> </ul>	<ul style="list-style-type: none"> <li>• insurers may find it worthwhile projecting the costs of replacing these staff (16.3% of young professional workforce) over the next 2 years.</li> </ul>

## KEY TAKEAWAYS

FINDINGS	FOCUS AREAS
<p><b>The ‘Golden Handcuffs’ &amp; the Impact of Salary on Retention</b></p>	<ul style="list-style-type: none"> <li>Over 76% of young professionals surveyed listed ‘salary/reward’ in their top 3 reasons to remain in the life insurance industry.</li> <li>Over the last 10 years, the number of adults with a higher education qualification has increased to 50.8%, with 3 million Australians now estimated to owe over \$74 billion in HECS-HELP debts, a doubling of the debt in the past decade.</li> </ul>

FINDINGS	FOCUS AREAS
<p><b>Lifestyle and Flexible Work Practices</b></p>	<ul style="list-style-type: none"> <li>The 2nd highest priority in retention of young people was ‘lifestyle and flexible work practices’.</li> <li>When asked if they would recommend the life insurance industry to friends and family, 17.7% of young professionals specifically cited flexible work as a driving factor.</li> <li>Employees are willing to travel to the office for good reason (i.e. to collaborate and brainstorm) but 77% of Australians need the reason to be more legitimate than simply company expectations.</li> </ul>

FINDINGS	FOCUS AREAS
<p><b>Creating a Culture of Learning</b></p>	<ul style="list-style-type: none"> <li>Upskilling allows organisations to minimise any skill gaps, improve morale, increase productivity via an agile workforce and save on recruitment costs.</li> <li>Upskilling can be achieved for one-sixth of the cost of hiring externally.</li> <li>Organisations are considered to be primarily responsible for reskilling and upskilling the workforce, more so than governments, educational institutions or even employees themselves.</li> <li>Our YALUCA survey found 80% of respondents would like more opportunities to invest in professional learning during work hours.</li> </ul>



## KEY TAKEAWAYS

FINDINGS	FOCUS AREAS
<p><b>The Mental Toll and ‘Shelf Life’ Faced by Life Insurance Staff</b></p>	<ul style="list-style-type: none"> <li>• 10.6% of young life insurance employees we surveyed stressed a career in this industry is not suited to everyone, as the job can involve corresponding with people who are experiencing some of life’s most traumatic events.</li> <li>• 25.7% of survey respondents reported a lack of investment being made into employee support.</li> <li>• Employees must keep up with regulatory and legislative changes, manage challenging workloads, adhere to very strict timeframes and stakeholder engagement.</li> <li>• Australians experience some of the highest rates of burnout in the world with 62% of Australians experiencing burnout, compared to the global average of 48%.</li> </ul>

FINDINGS	FOCUS AREAS
<p><b>The Impact of AI and Technology on Retention</b></p>	<ul style="list-style-type: none"> <li>• Young life insurance professionals are concerned about how AI will affect their careers and eliminate their roles.</li> <li>• Such concerns could impact the morale of employees, who decide to leave for different roles perceived as more secure.</li> <li>• Another concern reported by young life insurance employees was feeling behind in terms of technology. Many processes are still very manual, which may be off-putting to digital natives.</li> </ul>

FINDINGS	FOCUS AREAS
<p><b>The Value of a Positive Culture</b></p>	<ul style="list-style-type: none"> <li>• 33% of those surveyed selected ‘workplace culture’ in their top 3 reasons to stay in the industry.</li> <li>• A few respondents (8%) outlined a “great” or “positive” culture as having a heavy influence but recognised this was company-specific.</li> </ul>

# KEY TAKEAWAYS

FINDINGS	FOCUS AREAS
<p><b>A 'Choose Your Own Adventure' Approach</b></p> <ul style="list-style-type: none"> <li>Life insurance leaders endorse giving employees the freedom to focus on learning they find useful, with a variety of learning modes e.g., webinar, reading, classroom.</li> <li>Short instructional videos can provide employees with a quick summary of a process at a time of immediate relevance.</li> <li>Artificial Intelligence can also be harnessed to help predict future skill requirements within life insurance.</li> </ul>	<ul style="list-style-type: none"> <li>While some learning content is necessary to be taught by internal departments, empowering young people to pursue topics of personal interest is expected to yield greater learning outcomes relative to heavily prescriptive approaches to upskilling.</li> <li>Bite-sized content can give employees relevant knowledge when they need it most.</li> </ul>

FINDINGS	FOCUS AREAS
<p><b>Skills to Help Futureproof the Life Insurance Industry</b></p> <ul style="list-style-type: none"> <li>In response to the YALUCA survey question, "What 3 skills would you be most interested in developing?", communication and leadership skills were the most reported. Communication skills included dispute resolution, navigating challenging conversations, public speaking, letter writing, negotiation and networking. Medical knowledge, understanding business/commercial practices and technology skills were also highly regarded by young life insurance professionals.</li> </ul>	<ul style="list-style-type: none"> <li>The ability to glean insights from data is expected to become increasingly valuable as machines become more capable of generating reports based on larger amounts of information.</li> <li>Strong interest in leadership skills suggests many young people are motivated to move into senior leadership roles.</li> <li>Developing skills in data analysis, medical knowledge, technology skills, behavioural economics and communication.</li> </ul>

FINDINGS	FOCUS AREAS
<p><b>The Benefits of Cross-Skilling</b></p> <ul style="list-style-type: none"> <li>Seven respondents of our YALUCA survey reported a desire to 'cross-skill' outside the scope of their core role.</li> <li>Life insurers are typically vast organisations offering a wide variety of roles, with different demands. A transition might even be temporary, with the purpose of providing relief to an employee who has been stressed from a specific role.</li> <li>Cross-skilling also may improve an employee's competence in their core role. A claims assessor with strong understanding of underwriting practices will be more capable in identifying when non-disclosure is a concern and how to investigate.</li> </ul>	<ul style="list-style-type: none"> <li>Job shadowing can provide young professionals with a diverse range of skills beyond their primary technical expertise, while addressing their development needs.</li> <li>Cross-business unit mentoring may help break down entrenched siloed thinking within business units, fostering an environment of innovative collaboration beyond department boundaries.</li> <li>Secondments may help life insurance professionals develop a greater understanding of end-to-end business practices, becoming more valuable contributors to their organisation. This opportunity can lead to longer tenure and a more adaptable career path.</li> </ul>

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## APPENDICES

### Methodology

- In the development of the paper, the life insurance industry has been consulted via Executive Leader Forums in 2022 and 2023.
- ALUCA went through a recruitment process in late 2022 to recruit a group of young life insurance professionals under 35 years old and form the Young ALUCA (YALUCA) Group. Each volunteer was selected based on skills and capabilities.
- The whitepaper topic 'Winning the War for Talent: Attracting, Retaining and Upskilling the Life Insurance Workforce' was selected based on discussions with the YALUCA Group in consultation with the ALUCA National Board.
- Primary research initially involved YALUCA Group members conducting in-depth, 1-on-1 interviews with 40 senior leaders including C-level executives and HR Directors across 10 companies in the life insurance industry, held in early 2023.
- To supplement the qualitative data, this was followed by a survey specifically targeting life insurance professionals under 35 years old to hear from those at the beginning of their careers or who have recently entered the life insurance industry, providing a valuable understanding of current successful methods of young talent acquisition. Four surveys were sent to ALUCA's membership and wider industry in March 2023 to April 2023 with 142 responses received as follows: Claims survey = 101 respondents, Underwriting survey = 21 respondents, Rehabilitation survey = 9 respondents; and Other Life Insurance Professionals survey = 11 respondents.
- Further secondary research provided context and additional insight into the current state of the life insurance industry's workforce.
- The aim of this is to assist the life insurance industry in attracting, retaining, and upskilling young professionals specific to claims, underwriting and rehabilitation.
- This draft whitepaper is now being circulated to the industry for feedback. It is not intended to be prescriptive, but rather, provides a wide range of suggestions which life insurance companies may find helpful to adopt or alter depending on their own unique business needs.

### Limitations of Study

It is worth noting the limitations of this study. In order to facilitate free thinking and honesty, to truly capture the current attitudes and behaviours towards attracting, retaining and upskilling young life insurance professionals, responders to the YALUCA survey were able to do so anonymously. This means ALUCA is unable to verify the age, industry, qualifications, experience and expertise of individual responses. The study was also limited in the number of responses captured (142 responses) and therefore does not reflect the view of every young life insurance professional nor the views of any particular life insurance business.

While ALUCA did make it clear in all communications for the YALUCA survey that this survey is only intended to capture the views of those working in life insurance who are under the age of 35, we still received responses from 26 professionals (18.3%) who stated they are over the age of 35. Time constraints and finite resources are other limitations worth noting.

To help manage these limitations, the quantitative survey responses were cross-examined against the qualitative answers received from YALUCA's targeted one-on-one interviews, in which only life insurance senior leaders were approached to participate. Many trends witnessed in the survey responses do largely align with and reinforce the views expressed in these targeted industry interviews. To further test the validity of survey responses, external research was conducted and all results were also discussed at length amongst the YALUCA Group, which is comprised of 8 carefully

selected, experienced, knowledgeable young life insurance professionals. What's more, the results of this survey, the interviews, the initial conclusions made by the YALUCA Group, and the initial ideas generated were then shared with the ALUCA National Board as well as over 30 senior executives across the life insurance industry for further consultation and feedback.

ALUCA is committed to representing the frontline voice of life insurance, including young life insurance professionals. Driven by ALUCA's Young ALUCA (YALUCA) Group, this whitepaper aims to assist the life insurance industry in attracting, retaining, and upskilling young professionals specific to claims, underwriting and rehabilitation.

## Consideration of Bias

It is also worth considering bias in the research and writing of this paper. Due to the limited sample size of 142 survey respondents, sample bias may have occurred which may have skewed the results. Similarly, to help facilitate effective interviews, numbers were limited and selection bias may have occurred which may have influenced results. Whilst ALUCA has made best efforts to ensure the accuracy of any content, the personal views of individual YALUCA Group members may have led to bias in this paper and may have impacted the question structure in this study.

## About ALUCA

The Australasian Life Underwriting and Claims Association (ALUCA) has a proud history and heritage built on the passion and dedication of a group of life insurance underwriters and claims volunteers dating back to the 1960's with a commitment to educate, advocate and connect the life insurance industry.

ALUCA has grown from strength to strength as a 2,000+ strong, leading life insurance membership group. Our membership is at the coal face of life insurance as underwriting, claims and rehabilitation members in addition to life insurance Medical Officers, and service providers representing the voice from the front.

Advocacy is a key strategic pillar and priority for ALUCA, advocating for our members and the industry is central to what we do with industry sustainability as a key focus area.

## More About the Young ALUCA (YALUCA) Group

Formally launching in late 2022, the YALUCA Ambassador Group is a standalone Group in ALUCA's wider structure, working closely with the Claims, Rehabilitation and Underwriting Groups as well as ALUCA's other Working Committees.

The YALUCA Group provides advice and input into ALUCA's member value proposition, ensuring ALUCA's values resonate with young professionals, embracing sustainability, social justice, ESG and other areas that are important to the industry and the next generation.

Every YALUCA volunteer underwent a recruitment process with ALUCA. The YALUCA Group members represent a number of life insurance businesses and specialities range across claims, underwriting and legal. The full list of YALUCA whitepaper writers and contributors can be found in the 'Acknowledgements and Thanks' section of this paper.

ALUCA

