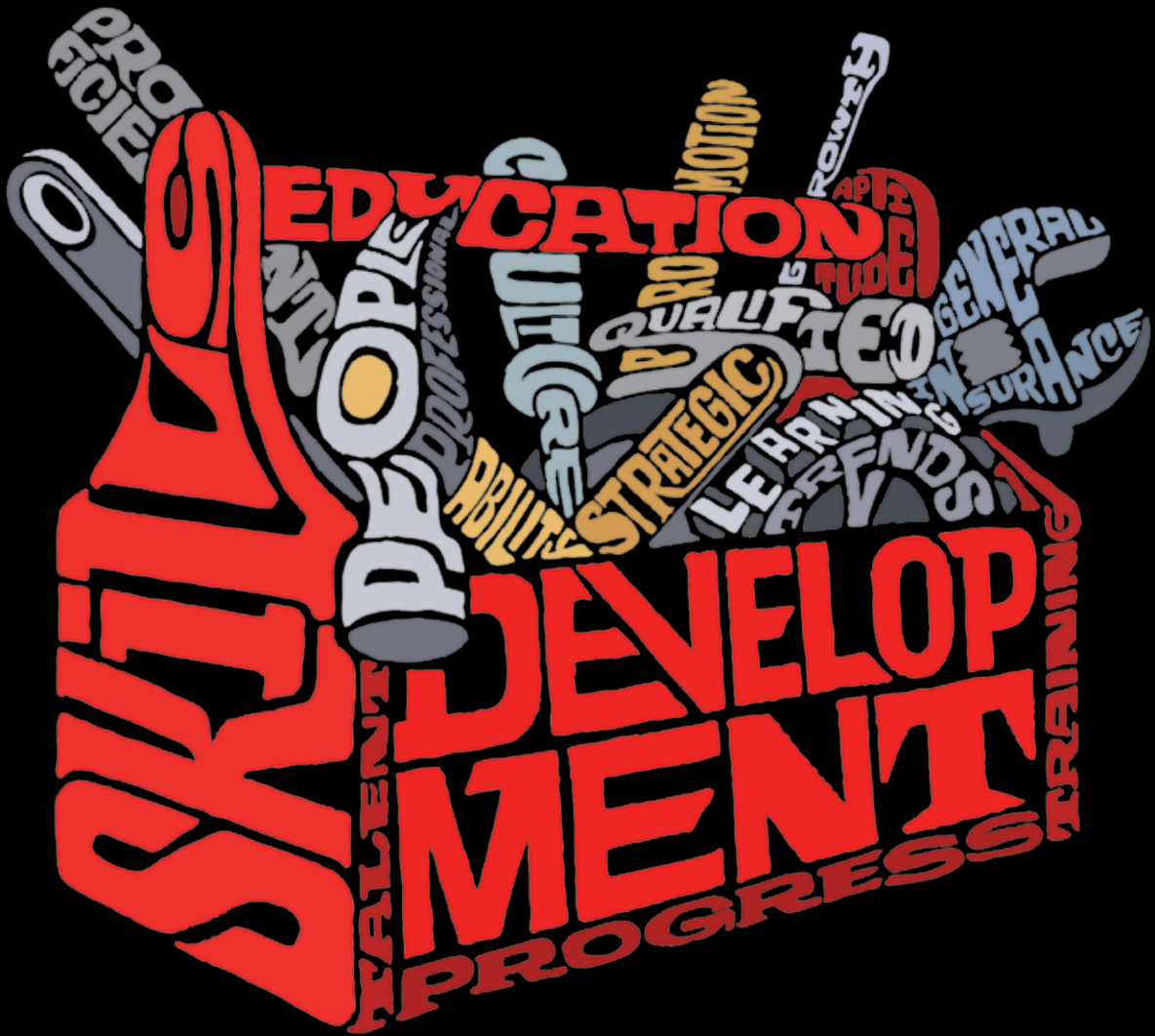
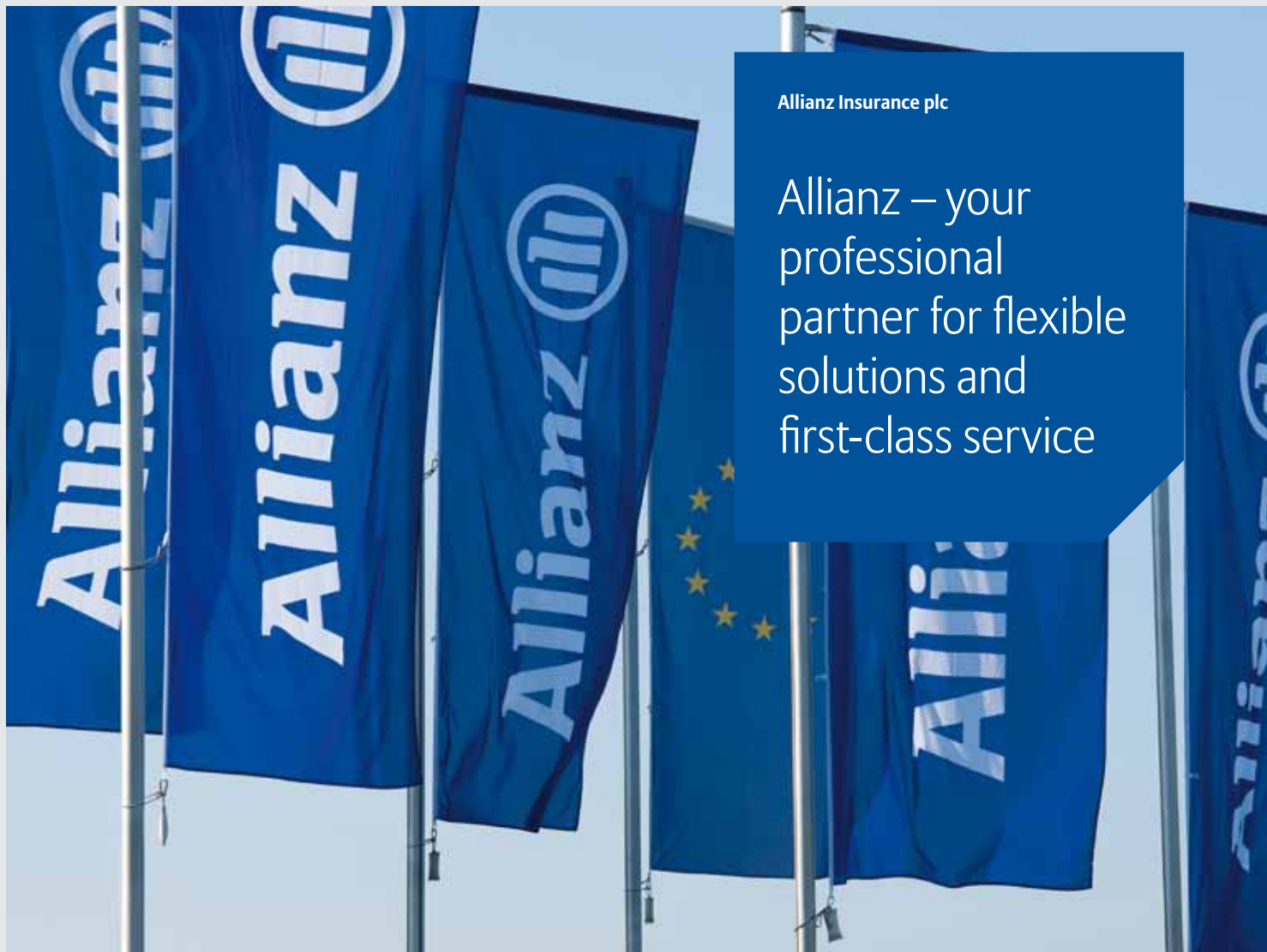


SKILLS SURVEY 2012



SKILLS SURVEY SUPPLEMENT 2012



Allianz Insurance plc

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Tackling the skills gap head on

Neil Clutterbuck, director underwriting and technical, Allianz Commercial

As we continue to operate in a difficult economic environment, the requirement for skills and talent has never been greater. It is key to remember that the employees of a company are critical to creating a sustainable and successful business.

The 2012 survey, the sixth of its kind, provides us with an excellent insight into how the insurance profession values skills and development.

I find it very encouraging that the results demonstrate a significant drop in the number of employers who reported skills shortages and I firmly believe this can be attributed to the increasing emphasis that the profession puts on training and development. It is also very pleasing to see that such a high number of CII members recognise the importance of professional qualifications, which again reflects the sector's promotion of further education.

Building on success

Unsurprisingly, the majority of employers believe the profession should concentrate its efforts on improving technical skills. For many years Allianz has recognised that having the very best technical skills is critically important to our future business performance, and internal development programmes such as our Underwriting Academy, have been hugely successful. Now in its 11th year, the programme has allowed more than 5,000 delegates to build

Some of the survey findings are a reminder that there is still more work to be done within the profession

the skills required to fulfil career aspirations, whilst they achieve professional qualifications through study support and CII accreditation.

At Allianz we also believe it is key to work with our broker partners to develop their technical and professional skills. Building on the success of the Allianz Partners Academy, this year we launched a new scholarship programme for brokers, which enables scholars to achieve their CII Diploma in Insurance in 18 months, through access to first-class tuition, revision sessions, free study texts and networking opportunities. The feedback we have already received from those taking part this year has been overwhelmingly positive.

Filling the gaps

Some of the survey findings are a reminder that there is still more work to be done within the profession, with 73% of respondents claiming they are seeing gaps in certain skill sets. The results also tell us many employers in the sector do not feel the education system serves financial services well.

Despite this, it is pleasing to see that 58% of businesses offered work placements or internships to school leavers or graduates. I believe that we have a responsibility to make today's students aware of the diverse and exciting career opportunities which are available for them in insurance, so that we can access strong new talent and this is why Allianz recently has signed up to the CII's Internship Pledge.

The profession has made great inroads already when it comes to tackling the skills gap. By continuing to invest in the skills of our existing employees, combined with offering a variety of attractive routes into the profession at education level, we can embed the insurance industry with professional, qualified future leaders. ●

Food for thought



First run in 2007, the CII skills survey paints a picture of the skills landscape within insurance. Daniel Pedley examines the expectations and concerns of the insurance market in these challenging times

It is not by chance that the UK has one of the largest insurance sectors in the world. It is a position achieved through the skills and expertise of its people. Without the right people and the right skills our insurance industry would not be the competitive force it is today. As an industry we have a long history of developing the necessary skills to meet the changing needs of the market. That need is greater than ever in the face of global competition and rapid technological change.

The importance of skills is something that is of great significance to the Chartered Insurance Institute (CII) working on behalf of the profession. This is illustrated by our ongoing work in this area through publications like our skills prospectus and recent guides promoting internships and apprenticeships. It is also vital to you, the CII membership. Skills and talent is a debate in which you are always keen to contribute, and once again we have received a large number of responses to our annual skills survey.

Reviewing the landscape

First run in 2007, the CII skills survey helps to paint a picture of the skills landscape within insurance, as well as giving members the opportunity to share their thoughts on the UK education system. The surveys are a key component of the CII's policy development and wider messaging on this issue – providing a significant evidence base upon which to draw and helping us to articulate the needs of the industry. Over 4,000 of you responded this year, 2,300 of whom represented general insurance – and it is on the GI results that this supplement focuses.

This year's results show an industry that continues to be dogged by skills shortages. Though employers have reported a drop, still too many say they are struggling with technical skills shortages. For the first time we delved into the impact of these shortages and found quality and service standards had been detrimentally affected. Food for thought. It isn't all bad news however, as a large number of employers will be looking at increasing headcount over the next year.

Changing times

As education (in England and Wales in particular) begins a period of fundamental change, there is a clear message from employers that some changes cannot come soon enough. Insurance is not alone in calling for improvements in those entering employment – especially in terms of literacy and numeracy skills.

Where we differ is in the attitude of “give us the tools and we'll do the job”. Employers are keen to develop their own people but feel that they should not have to right the failings of the education system.

Insurance has a good track record of nurturing talent throughout a career and the proactive attitude is demonstrated in collaborative initiatives like Discover Risk, that aims to encourage young people to consider insurance as a career, and the Aldermanbury Declaration, which sets out a framework for professional development.

The false economy

We cannot be complacent, and reported skills shortages illustrate this. More needs to be done in developing links with schools, colleges and universities to promote insurance. Employers have an important role as advocates for the profession. Equally important is that firms and individuals continue to invest, in whatever way they can, in training and development. Times are tough for many but neglecting skills will ultimately prove to be a false economy. Many are finding more cost effective ways of staying ahead of the game.

Our survey provides a valuable insight into the skills related issues that the insurance industry is currently facing as well as providing a window into the future; showing what needs to be tackled in order to remain competitive. There is a clear appetite from our members to get involved in the skills debate and as the world's largest professional body for insurance, we will continue to make that voice heard. ●

Daniel Pedley, public affairs manager, CII

Mind the gap...

Thousands of members across the sector responded to our sixth annual skills survey. This is what they had to say...

Skills and talent are burning issues for businesses of all shapes and sizes, across all sectors. Insurance is no different in that respect. Last year's global insurance *Banana Skins* report, by the Centre for the Study of Financial Innovation, showed talent to be the sixth most pressing issue facing the industry, and our members continually tell us that skills is a business priority. Clearly, skills matter.

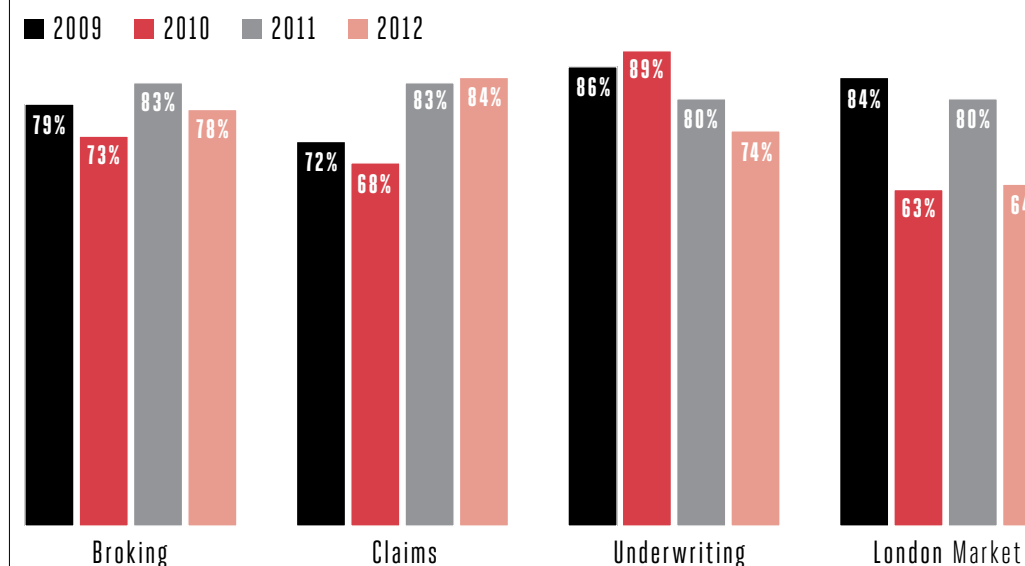
With no end in sight to the economic difficulties both in the UK and further afield, it is paramount that insurance firms have the right skills mix. Not getting this right can have consequences for competitiveness at home and abroad. And in an ever more crowded global market place – and in an industry like insurance – this has to be high on everyone's agenda (indeed over three quarters of employers say that skills is regularly discussed at board level).

Our survey provides an insight into how general insurance is dealing with today's skills challenges and gives us an idea of what to look for in the future. Previous years' surveys covered a period of significant economic turmoil and we are able to see trends across the results. We are also able to use the results to see how we fare against other sectors of UK plc given the proliferation of similar skills focused surveys from the likes of the CBI. >>

38% of GI employers say that it has become more difficult to recruit staff over the last 12 months

43% of GI employers expect to increase headcount in the next 12 months

Figure 1: GI shortages by CII faculty 2009-12



Impact of skills shortages

(top three ranked)

- 1 Our service quality/standards fell
- 2 Our talent related expenses are more than expected
- 3 We were unable to achieve growth

Allianz responds....

It's encouraging to see that this year there has been an 8% fall in those reporting skills shortages across claims, broking and underwriting - no doubt this decrease has been driven by the increasing number of initiatives that are in place to support development in those areas.

Despite this drop, the results still demonstrate that the majority of employers in the general insurance industry believe there is a skills gap which is having a negative impact on their business standards and growth.

If we are to see this gap disappear, one of the keys to achieving this is to encourage employees to further their development through technical training and obtaining professional qualifications. As well as a successful internal learning and development programme for employees, we are supporting 30 brokers to achieve the Diploma in Insurance through our scholarship programme and providing ongoing technical training for over 400 brokers annually through our Academy Course Programme, helping to raise industry levels of professionalism and competence. In a tough economic climate, businesses may be tempted to cut back on funding for training programmes but by continuing to invest in them during these times, it's highly likely they will be rewarded with a more motivated, skilled workforce, which in turn will lead to improvements in standards.

Allianz responds....

Technical skills remain the most important to respondents and rightly so - the technical capabilities of our people are the key to remaining a successful business.

This can be achieved through well-structured technical training programmes, which are dedicated to providing employees with a framework to attain relevant skills so that they have the highest levels of expertise possible.

Our Underwriting Academy, now in its 11th year, has been hugely successful in ensuring employees have the technical skills they require whilst they achieve professional qualifications through study support and CII accreditation.

Allianz responds....

Literacy and numeracy are incredibly important to the insurance profession, so it is a concern that such a high proportion of general insurance respondents do not feel that new entrants are very well equipped in those areas and it is particularly worrying that only 8% think entrants were well prepared.

A focus on raising these standards should of course remain top of the agenda for the government's education and skills policy, but there are also steps which the sector can take to tackle this issue.

It's important that we publicise the exciting career opportunities which can be available to those leaving full time education and emphasise the many benefits of working in insurance, to ensure that we attract the right level of talent. By offering a variety of attractive routes into the profession at education level and through working more closely with schools, colleges and universities, we can highlight the many exciting career paths which are available in insurance.

It is then down to the individual business to ensure that those individuals have access to the relevant training, professional development and level of support, so that they can build the skills required to fulfil their career aspirations.

Skills shortages

Skills shortages represent a major challenge, even in times when labour markets appear to be favourable. And we are continuing to see their spectre loom large over GI. On the positive side this year's results showed a significant drop in employers reporting shortages - a fall of 8% points. However, almost three quarters still said they had gaps (73%), and when this figure is split by respondents' faculty we see some disciplines doing better than others.

The London Market, for example, saw a large drop (16% point). Over the past four years we have seen emerging trends across the faculty disciplines (figure 1) - with claims experiencing a 12% point rise in shortages. On the other hand, underwriting has had a 12% point fall, whilst both the London Market and broking have experienced fluctuations to a greater or lesser degree.

Such gaps can, and do, have an adverse impact on businesses. These manifest themselves in a variety of ways. GI employers told us that these shortages were affecting, first and foremost, their service quality and standards. Perhaps just as worryingly, these shortages are also impacting companies' growth. PriceWaterhouseCoopers asked the same question in their 2012 Global CEO survey and the rise in recruitment costs came top. Interestingly, service quality (which GI employers ranked number one in our survey) was bottom of the list of seven options in the PwC survey.

When asked how the industry should tackle skills related issues, employers, perhaps unsurprisingly, said that the industry should concentrate its efforts on improving technical skills (42%). This is certainly in line with the aims of the CII's Aldermanbury Declaration which, in part, aims at achieving this objective. Interestingly, attracting new talent only came fourth (out of seven) (10%), perhaps reflecting a move to developing existing talent, rather than taking on new staff and incurring the associated costs in the current unfavourable economic climate.

Recruitment and retention

One way of addressing skills gaps is by attracting and developing new talent. Members, however, believe that the quality of new entrants is deteriorating, in terms of basic levels of numeracy and literacy. Those believing that these new entrants are "very well" prepared has dropped to its lowest level (8%) since we began the skills survey. This represents a 10% point drop on last year and was matched by a large rise (up by 13% points to 39%) in those who say new entrants are "not very well prepared". This view is supported by a fall in the percentage of employers who say that the education system meets the needs of financial services (from 54% in 2011 to 49%).

Figure 2: How well does the education system meet the needs of financial services (GI employers)

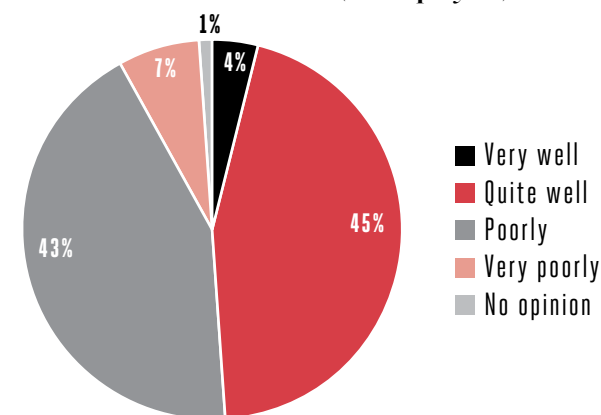
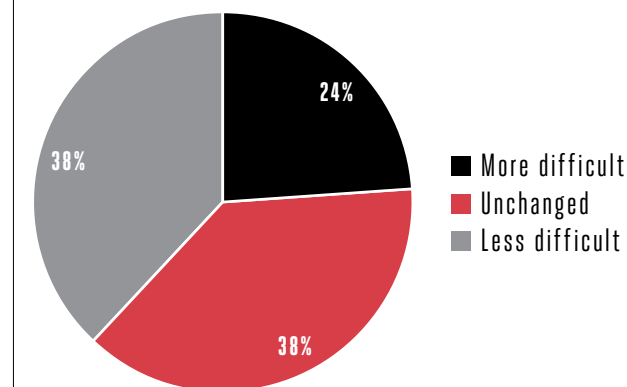


Figure 3: Has it become more difficult or less difficult to hire staff, or remain unchanged, over the past 12 months?



This negative view is perhaps not surprising given the ongoing publicity surrounding educational standards and rigour, and replicates the findings of other surveys, from the likes of the CBI and the Federation of Small Businesses - both of whom call for improvements in basic literacy and numeracy. And like other surveys, our members believe that the primary focus of the government's education and skills policy should be on increasing standards of literacy and numeracy.

In tough economic times it is only natural that employers look at how best to make their HR related budgets work. One of the ways is improving retention, so as to save on recruitment costs. GI employers told us that their preferred method of retention was using training and development and clear progression routes. Only 9% said that it was difficult to retain staff, whatever incentives they offered.

There are times when it is necessary to recruit and we have seen a shift in the methods preferred by employers. There has been a significant move away from those that incur costs, such as recruitment consultants and advertisements, to a reliance on word of mouth - perhaps a sign of the impact the economy is having on budgets. It will also be interesting to monitor over the coming years whether the funding reforms in higher education will lead to a shift in the numbers of those going to university, which in turn could create a greater emphasis on the quality of school leavers. We have seen increased interest in insurance in 'grow your own' schemes like apprenticeships and structured internships. Well over half of GI employers (58%) offer work placements and internships which provide experience of our industry to potential recruits.

Against this backdrop, and the generally tough financial outlook, one might have expected employers to shy away from increasing staff numbers - especially as we have seen a number of redundancies over the past year across GI. However, 43% of employers say that they expect to increase headcount over the next year - twice as many as those who say they will be reducing (20%). This is more or less consistent with the PwC global survey where 51% of global insurance CEOs said they imagine headcount will rise.

Professional qualifications

An integral component of an individual's development, as well as our industry's skills base, is professional qualifications. We have seen a continued rise in their importance and an increase in their demand. Since we began asking this question in 2009 we have seen a steady increase in the number of members who recognise the importance of professional qualifications - today that number stands at 89%. This is a clear recognition of the work the CII and industry as a whole is doing to enhance the standing of insurance and its recognition as a profession. >>

Allianz responds...

It is refreshing to see a significant growth in the number of firms offering work placements or internships. Graduate programmes can prove to be extremely beneficial for businesses and work well alongside personal and technical development programmes. This year we increased our graduate intake to 40, which is the highest it's ever been and a clear indication of how much value they bring to the business.

The key to a successful programme is to ensure that graduates are given the opportunity to gain experience across multiple areas of the business whilst they are also given the time and resources needed to obtain professional qualifications, which will equip them with the skills and knowledge required to carry out their future roles.

In addition to our successful graduate scheme, last year we launched a new technical apprenticeship programme, which provides students with A-level qualifications a combination of hands-on work experience and a professional study programme which supports them to achieve their CII qualifications.

Summer placement schemes are a great way of providing students with practical experience in the insurance industry. Now in its fourth year, the Allianz summer internship scheme has been extremely popular and this year attracted 7,500 applicants for the 24 available places. All interns are given feedback on their contribution to the business, with the option of being fast-tracked onto one of the Allianz graduate schemes upon completion of their studies.

We would encourage businesses to consider graduate and internship schemes, which can be hugely beneficial to both parties providing there is a sound structure in place with clear progression routes. Companies which are keen to attract as much talent as possible will realise the benefit of engaging with students and offering practical, paid experience with real responsibility.

With resources and guidance available, such as the CII's internship good practice guide, firms can be more confident that they have the key components in place for success.

Allianz responds...

It is really pleasing to see that the overwhelming majority of respondents place importance on acquiring qualifications and that this figure has continued to grow during 2012. Businesses feel that the key driver for this increase comes from employee demand - which demonstrates that we have really embedded a culture of learning and development into the profession and also reflects the sector's promotion of further education.

At Allianz the success rate of those taking qualifications has been fantastic - a sign that our employees are committed to further learning. This year the overall pass rate achieved by Allianz employees for all CII subjects taken was 82%, while employees achieved 43 distinctions and 13 new Advanced Diplomas.

These recent results and continual high performance demonstrate that employees are dedicated to their professional development, which echoes the findings that 89% put importance on qualifications. We believe that our commitment to creating an internal high-quality learning environment, through initiatives such as the Underwriting Academy, Excellence in Sales and Excellence in Claims, is also a major factor in helping to achieve these results.

Figure 4: Increase in demand for professional qualifications over past three years

■ Strongly agree ■ Tend to agree ■ Neither ■ Tend to disagree ■ Strongly disagree

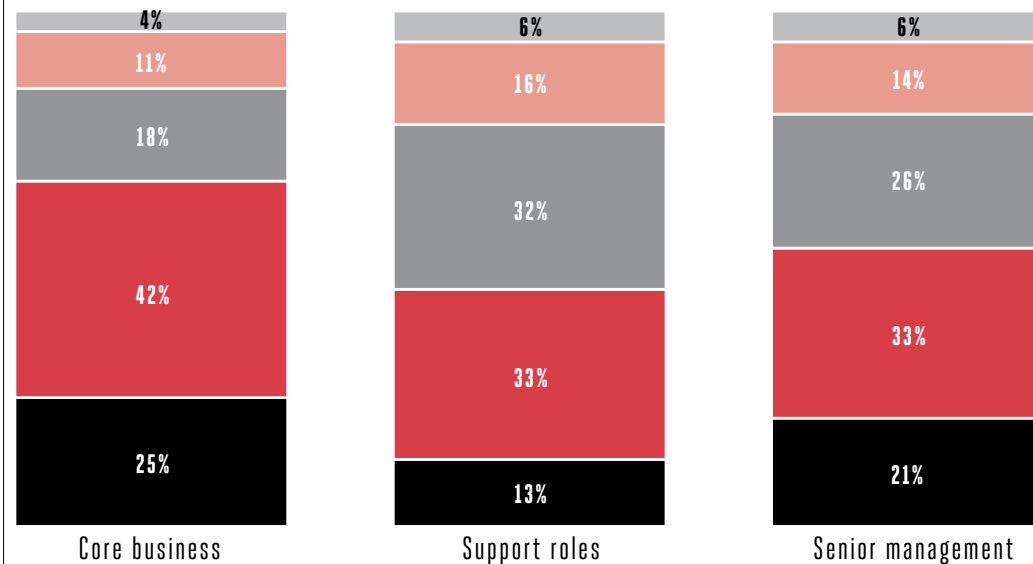


Table 1: Showing preferred recruitment methods 2011-2012

2011		2012	
1. Recruitment consultants	26%	1. Word of mouth	44%
2. Word of mouth	23%	2. Graduate recruitment	19%
3. Advertising	19%	3. Recruitment consultants	14%
4. Graduate recruitment	17%	4. Advertising	11%
5. Schools	8%	5= Schools	6%
6. Apprenticeships	7%	5= Apprenticeships	6%

» This is also borne out by what employers tell us in terms of demand for professional qualifications – the majority report increases across all levels: core business, support roles and senior management. The main drivers for this are regulatory requirements and developing a professional culture. The ongoing crisis in banking, especially following the recent Libor scandal, has seen ever louder calls for increased professional standards. We could see this spill over into insurance, especially with a new regulatory regime on the horizon.

The 2012 survey paints a complicated skills picture within GI. On the one hand it is pleasing that there appears to have been a drop in skills shortages; yet the number of employers reporting them is still worryingly (and perhaps in the long term, unsustainably) high. It may also be that we are witnessing the development of a potential problem for the future if new entrants are not up to the job or if firms move away from bringing in new talent.

It is important that even in tough times, like we face today, firms do not neglect investing in their people – however tempting it may be. Not doing so could be disastrous for the future. Indeed we have already seen what impact shortages can have on businesses. Some approaches do not have to be expensive, such as developing links with local schools to secure a future talent pipeline.

The CII will continue to support members, employers and the profession as a whole through initiatives like Discover Risk and the Aldermanbury Declaration. In doing so we are securing the future of our insurance profession. ●

89% of GI members see the importance of acquiring professional qualifications

58% of GI employers offer work placements and internships

Source: All charts, graphs and table - Chartered Insurance Institute Skills Survey 2012

What should UK education & skills policy focus on?

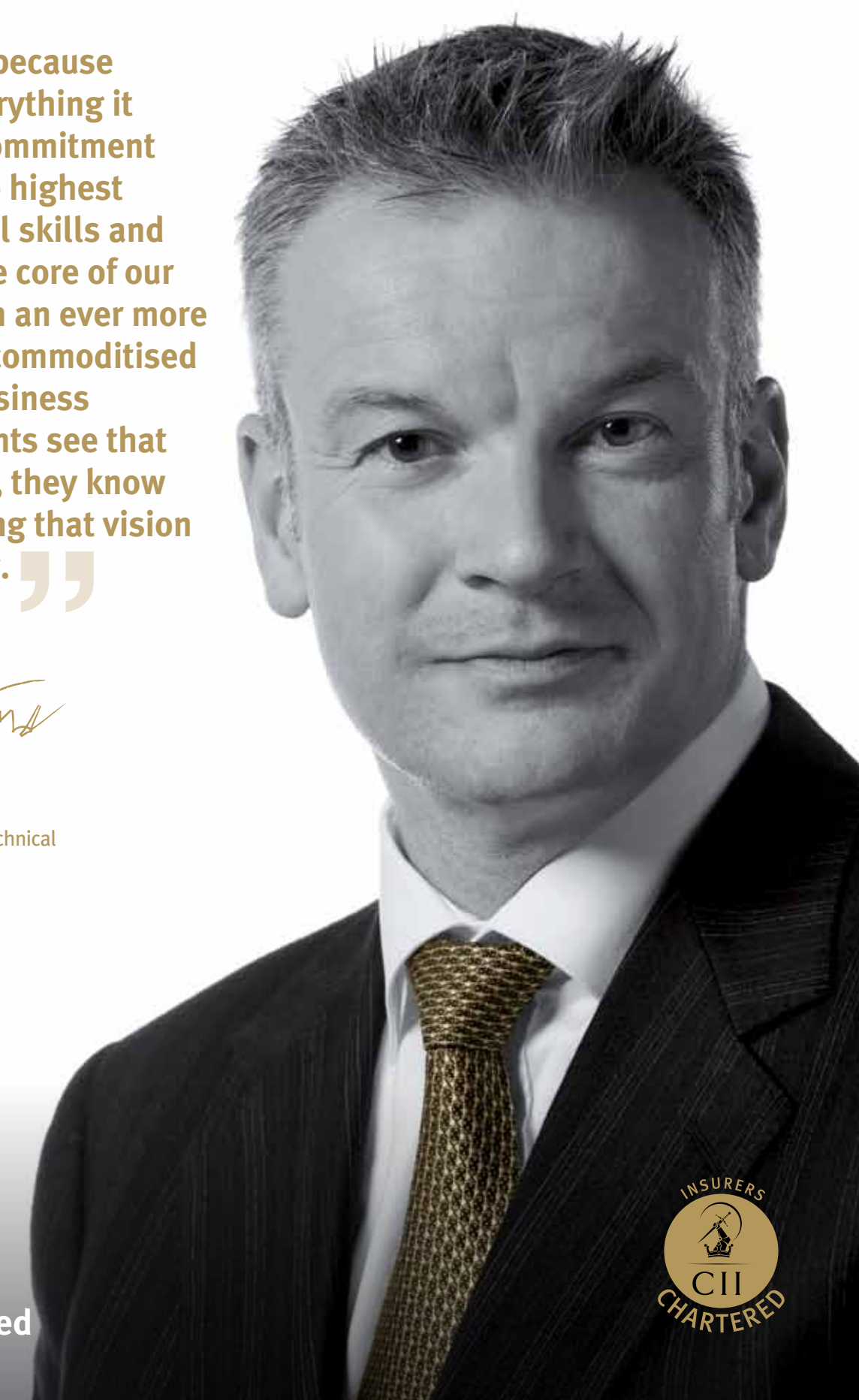
(top three ranked)

- 1 Improving skills of literacy and numeracy
- 2 Greater focus on science, technology, engineering and maths
- 3 Improving soft skills

“

We're Chartered because we believe in everything it stands for. Our commitment to developing the highest levels of technical skills and expertise is at the core of our business vision in an ever more competitive and commoditised market. When business partners and clients see that we are Chartered, they know that we are making that vision a practical reality.”

Neil Clutterbuck, ACII
Chartered Insurer
Director, Underwriting and Technical
Allianz Commercial



cii.co.uk/chartered

On the case...

Employers within the industry give their opinions on a wide range of issues around the skills debate including skills shortages, education standards and sourcing talent.

Entry level skills

How well do you think that the UK education system meets the needs of the insurance industry and what are your views on the skill levels of new entrants?

"The education system does meet the needs of the insurance industry. The shortage lies in the way that the insurance industry is sold into schools, colleges and universities. Students need to be made aware of how much is on offer within insurance.

"When hiring, we look for well rounded individuals that reflect our customer base. Sometimes we find that there is a shortage of individuals with adequate work or customer experience."

Allianz

"We only employ graduates and like that recent graduates seem to understand business. They tend to be quite driven but sometimes have unrealistic ambitions. The standard of written English has reduced and so reports and articles drafted by such staff often need to be rewritten."

Sterling

"On the whole the UK education system meets the needs of insurers very well. We have recruited some very articulate and confident college leavers into apprentice roles recently and have been impressed with their intelligence and general ability.

"What the education system needs to do is make young people more aware of the different industries, such as what the insurance sector does, so that they have a better understanding when it comes to making decisions about careers."

Aviva

"We support a series of graduate schemes in the business across a number of professional areas. This helps provide us with junior talent for workforce planning purposes as well as those capable of achieving the breadth of competency requirements early on. GCSE education by itself is not sufficient for our needs without workbase experience having been achieved."

Zurich

Skills shortages

Do you believe that areas of the insurance industry are suffering from skills shortages?

"No, not at the moment but there is a danger though that it will develop unless the industry ensures that we continue to train and develop the youngsters. The price we need to pay for good people is increasing though."

Sterling

"Yes, we need more young, dynamic underwriters within our general insurance business so that we can build our talent pipeline for the future. Building expertise takes time and we need to ensure that we have a continuation of talent coming into the business to maintain that skill set.

"It is important that we recruit and invest in younger talent that we can train up to be the future of our business, for example, we recruited 21 apprentices into our GI business in 2012 and have further places available in 2013."

Aviva

"Customer service is one such area, where focus on communications, service excellence, empathy and respect for the customer are all areas where we see greater challenges in the employment market. There needs to be a greater balance between technical role skills and behavioural skills. Communication skills standards can be much stronger, especially around written word, spelling, punctuation, as well as verbal quality issues.

"It is tempting to only teach new recruits about the task they are to undertake. Time would also be well spent on them understanding the wider context, the customer, the product, the means of communication that the customer seeks/is offered."

Zurich

"The insurance industry has an ageing employee profile and people new to the industry have tended to gravitate toward the support functions in areas such as marketing or development.

"Whilst there has been a continued focus on customer management capability we have tended to see an erosion of the core skills associated with the technical routes such as underwriting - particularly numeracy - risk assessment and claims management.

At Towergate we have a Business School with a comprehensive technical insurance faculty which has a focus on restoring the core skills. We have more than 1,000 people studying for CII exams at any one time and our Chartered status in both broking and underwriting underpins our training and development philosophy. Put simply, you need to know what you are talking about and then talk about it well!"

Towergate

Next generation of talent

Do you offer internships/apprenticeships/work placements? If so, do you believe that such initiatives are helpful in sourcing the next generation of talent?

"There are a variety of routes into Allianz including summer internships, school leaver and graduate programmes. Potential interns can apply to take part in a structured, nine week programme that gives them experience across commercial underwriting, claims, finance, actuarial, sales, marketing and pricing. In 2011 Allianz also launched a school leaver programme for A-level students through the retail division.

"In addition Allianz continues to strengthen its established graduate programme. Offering a variety of routes into a business allows access for talent at any stage and this is absolutely essential in finding our future leaders."

Allianz

"We offer internships, graduate programmes and work placements where it works for us as a business and we've found these to be very successful.

"Our recently launched apprentice programme is aimed specifically at well qualified A-level students and our first intake of apprentices has been in 2012, with further intakes planned for 2013 and beyond. We plan to take apprentices into our underwriting, actuarial and information technology teams within our general insurance business in 2013."

Aviva

"We have a very small number of internships in certain areas and we also have active apprentice schemes in place where close to over 500 colleagues have successfully graduated through to qualification level. We have also launched a management trainee scheme where we take colleagues who are early on in their career through an 18 month leadership development programme.

"This programme has been very successful, both for us as a business and for the trainees, as they have a more rounded understanding of our business and go onto bigger roles with greater responsibility."

LV

"We operate a very successful apprenticeship scheme and also a graduate intern scheme, which brings in talented individuals both at the lower and higher end of the academic spectrum. The apprenticeships programme is firmly focused on our sales and customer management pipeline and the training programme we have in place is very much tailored to Towergate's business agenda. This works well for us and we are able to shape the knowledge and skills of young people before they have acquired bad practice elsewhere.

"The graduate programme brings in highly capable talented people to do a range of project based roles where we are able to offer them the opportunity to work within a dynamic organisation and with business managers and leaders across the business. We very often find that they are a great fit for our business and that we are able to provide them with a permanent role."

Towergate

Impact of economic downturn

Has the continuing economic downturn had an impact on the ways you recruit and on the type/quality of people applying for posts?

"Yes it has. We are generally recruiting less people now due to a reduction in staff turnover as a direct result of the economic downturn. We also have experienced higher quality candidates applying for vacancies due to the competitive nature of the job market at present."

Aviva

"The economic downturn has forced a lot of companies to make cutbacks and released thousands of potential candidates into the jobs market. While this means that employers now have more candidates to choose from, they still need to be selective to ensure they are taking on the right talent. The downside of these cutbacks is that some of the best people are now more reluctant to leave their current company for an unknown new employer and need to be given a strong reason to 'jump ship'."

LV

"The economic downturn has seen a higher volume of applicants which means there is a greater need for employers to have effective sourcing, screening and selection tools to identify top talent.

"There is a greater emphasis on some form of online ability and judgement tests to bring forward the most suitable candidates and then a range of assessment tools beyond the standard interview, such as presentations, group exercises and case studies."

Zurich

"Despite the economic climate and regular announcements of significant downsizing in the financial services sector there appears to be little indication that good, qualified and talented people are struggling to seek out roles and opportunities.

"If anything - we have a shortage of experienced people in the insurance industry and we must continually strive to collectively encourage those coming out of education to try us out. We are seeing an increasing number of temporary people employed in businesses. This is a direct result of the need to remain flexible in a period of uncertainty for the financial sector and the need to constantly respond to the changing demands of the consumer."

Towergate

Equipped to learn?



“ We have to keep raising the bar and this means continuing to invest in training. Those businesses that don't, will live to regret it ”

With the recession still impacting on firms across the UK Sam Barrett asks, is there a 'ticking timebomb' when it comes to the training that the industry offers to its staff?

Illustration: Oscar Wilson

In tough economic times, it's easy to cut back on any spend that doesn't make an immediate difference to how the organisation is run. But, while many companies have slashed their training and development budgets to ride out the recession, there's now a real danger that this could result in a skills shortage in the years to come.

It's recognised as a significant risk by Chris Hanks, general manager of Allianz Commercial. "If you cut training budgets, you've lost it forever," he says. "You lose years of people with the right skills and this can't be easily replaced. The industry can really suffer as a result of underinvestment in training and development."

He says the problem is compounded by the industry dynamic. In the past every insurer had a big office in every town and these would train people before sending them out into the wider industry. "These offices are now closed, or have become a sales point, so this training isn't happening," he says. "It's not good news for the industry."

The scaling back of training over the years is also recognised by brokers. Andy Parsons, HR director at Bluefin, says he's seen a slow contraction in training among the insurers since the 1980s. "We're feeling the pain now," he adds. "The industry needs more capacity in the classic disciplines. We need to be able to access people such as underwriters and claims handlers empowered to make quick decisions. Unfortunately there are some

significant gaps in these areas."

The importance of investing in training in the UK is to be brought into sharper focus next year when the new regulator, the Financial Conduct Authority (FCA) is launched. Its introduction is being regarded by some, especially brokers, as a reason to get

their houses in order as far as training and competence are concerned, with it taking a tougher line on standards across the industry. Mark Sayer, chief operating officer for insurance at Jelf, explains: "I'm not expecting more focus on training under the FCA but I do think the consequences of not investing in this area will be more apparent."

Business benefits

As well as improving the skills levels across the industry, there are a number of completely selfish reasons why employers should invest in employee training and development. Employees who feel their employer is interested in their development tend to be more engaged and loyal. This has benefits in terms of productivity but it also improves employee retention, both of which

can help to make an organisation more profitable.

It can also help to future-proof the business. Carol Davies, associate director for group HR and learning and development at BGL, says one of the key reasons for training employees is to develop the future. "We want employees to be ready for promotion. No business can afford to stand still," she says.

Well trained employees can benefit an organisation financially in other ways too. For instance, LV recently reviewed its training for customer service staff and by making it more focused, has shortened the length of time before new starters can answer phones to customers from eight weeks to three weeks. "We're still satisfying compliance requirements and meeting the highest levels of customer care but this programme has saved the business thousands of pounds," explains Paul Smith, head of HR at LV.

On top of this, the insurance industry faces pressure from its customers to keep training up to scratch. "Client expectations are always increasing," says Mr Sayer. "We have to keep raising the bar and this means continuing to invest in training. Those businesses that don't, will live to regret it."

Budgetary blip?

While it may be difficult to address a slowdown in training that has been going on since the 1980s, there are some encouraging signs from the market. Ian Jerrum, managing director at insurance training company Searchlight says he has seen a big increase in training over the last nine to 10 months. "The increase has come across the board too," he says. "There's been a big increase in demand for technical training but also in areas such as management and leadership."

As an example, through the CII's Broker Academy his firm has delivered 300 courses to more than 2,000 delegates this year - an increase of around 40% on the previous year.

Bluefin's Mr Parsons has also noted more commitment to training across the

industry. In particular, he says that although one insurer pulled its horns in a couple of years ago, as far as supporting brokers with training was concerned, it had recently come back into the market.

There are several reasons for the change in attitude towards training. Mr Jerrum believes it's a combination of finances and the realisation of the importance of training employees. "Many firms did cut back during the difficult years of 2008 to 2010 but they started to spend last year and have come back in a big way this year," he says. "You can't cut spending without it having repercussions: you have to look after your staff."

Technical support

Anecdotal evidence suggests that even where budgets have been cut, insurance industry companies have fought hard to maintain training on the technical side. For instance at Groupama, although the training budget has been cut by between 10% and 15%, the budget earmarked for professional training hasn't changed. "Technical training is important and it's an area where the business is willing to spend money," explains Paul Cann, HR director at Groupama.

Others also remain wedded to the importance of technical training. For example at loss adjusters Cunningham Lindsey, although it also provides employees with training in soft skills, the primary focus is on improving technical knowledge with employees working towards CII qualifications. "There is a risk of a skills shortage so we're careful to provide as much technical training as we can," says Paul Reeve, technical training manager at Cunningham Lindsey.

Soft skills training is also important. Although it's less likely to result in a potentially debilitating skills gap in a few years time, many recognise that it would be a mistake to cut back in this area. "It's easy to underestimate the importance of soft skills but insurance is such a competitive marketplace that having the best track record for customer services gives you a real competitive advantage," says LV's Mr Smith.

To support this, his firm has invested in training to help employees look after customers. For example, a large part of the training programme, developed for broker facing staff, is designed to enhance soft skills and make them more empathic, able to listen to the client's needs and adapt the communication style to suit them.

Training, especially in soft skills, is also



important when taking on school leavers according to Mr Jerrum. He says that the focus of the national curriculum means that business skills are not taught in schools. This can mean that simple things like how to write an email or use a telephone for business need to be taught. "They're great at text speak but employers can find business skills lacking," he adds.

A more creative spend

Although training may be back on the agenda, with budgets under pressure, the insurance industry has been forced to find ways to make training more cost-effective. Mr Cann says: "Spending is down but the numbers going through training has increased," he says. "In 2011 we were able to provide three times as much training to employees as we did in 2010 and we expect similar results this year."

To enable him to increase the amount of training Groupama has delivered to its employees, Mr Cann has overhauled the firm's training and development programme. Rather than provide training through a number of different providers, all external training is delivered through one provider. This is supplemented by in-house training and a variety of e-learning programmes.

Smarter - as well as cheaper - forms of training do appear to be gaining popularity. E-learning is easy to deliver and allows employees to access learning at a time and speed that is convenient to them. It also suits the younger, plugged-in generation.

Mr Parsons has noted a shift towards shorter, more targeted training too. "So-called espresso training is becoming increasingly popular," he says. "Although it sounds like the speed dating equivalent of training, there's a lot of evidence to suggest that information sticks for longer after a short session such as a lunch and learn than after a two day workshop."

Working in partnership

Insurer training is also being used by

brokers. Much of this is provided free and tends to involve a short session focused on a product or a technical area. But Mr Jerrum warns against using this as the main form of training. "These courses are free but brokers shouldn't rely on them. The trainers aren't usually professionally trained and, although the broker will learn about the insurer's products, these sessions are often used as a subliminal way to get more business," he says.

But, while he recommends these sessions as a supplement to training programme, he does praise some of the more structured training offered by the insurers. He singles out Axa, which through its support of the CII Broker Academy and the provision of training premises, has helped to keep the cost of external training down.

Other insurers are also providing broader training to brokers. For example, Allianz runs its Partners Academy, which provides a range of product and management related training to more than 400 brokers a year. This has been extended this year with the launch of the scholarship scheme for brokers to help them achieve their CII Diploma in Insurance.

New talent

Training is also regarded as a key component for attracting new talent to the industry. Graduate programmes are becoming more commonplace across the insurance industry and, although the sector doesn't have the most exciting reputation, competition for places is fierce. For instance, at Allianz, this year's 40 graduate training places were fought over by 30,000 applicants.

Apprenticeships are another option for businesses looking for assistance with the cost of staff development. Supported by the government, these provide some support towards the cost of training, dependent on the age of the apprentice and the sector. Those aged 16 to 18 qualify for 100% funding for their training; 19 to 24, up to 50%; and 25 plus, it will be dependent on the sector.

It's an option that Mr Parsons has used, with more than 130 employees across the organisation benefitting from it. "Using the apprenticeship scheme has really helped them accelerate their training," he says. "The funding is great but it can be tricky working out what's available and how to claim it."

He also recommends looking for regional based initiatives to help employers. "There is money available to support training but don't just chase it because it's available," he adds. "Make sure it fits your business objectives." ●

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