



Building the Best Organizations in the Insurance Industry

P/C INSURANCE INDUSTRY ENLISTING VETERANS IN TALENT WAR

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The property/casualty insurance industry is calling on the military for help in the talent war.

Through special units, concerted outreach, mentoring programs, job fairs and partnerships with veterans organizations, insurance companies and brokers are letting it be known that the insurance industry has opportunities for more than a few good men and women looking for post-military careers in the private sector.

Some of the activities are leading to direct hiring of veterans within the industry while others are generating greater awareness by veterans of the career opportunities in insurance and better understanding by insurance human resource managers of the benefits of hiring veterans.

A number of insurers have been recognized as among the country's most military-friendly firms. They have budgets devoted to hiring veterans, welcome reservists into their ranks, and cultivate a culture where veterans are comfortable. One broker, Aon, even has a special global services unit staffed entirely by military veterans.

The property/casualty insurance industry has long struggled to compete with other industries for recruits. Insurance executives and consultants have blamed this situation on a poor reputation, lack of appeal of insurance careers among high school and college students, and a limited pool of trained talent.

The talent war is not new but today the insurance industry is under heavy pressure to come up with a more successful strategy.

The insurance industry workforce is old. The average age of an insurance industry professional is 54, and 60 percent of insurance industry professionals are older than 45. According to a 2010 McKinsey report, 20 percent of the insurance workforce is near retirement age compared to 15 percent in the broader financial services workforce. By 2018, this number for the insurance industry is expected to rise to 25 percent.

Just as the insurance industry needs to attract more quality talent, the pool is shrinking. According to the Bureau of Labor Statistics, an estimated 60 percent of all new jobs in the 21st century will require skills and experience held by only 20 percent of the current workforce.

The industry is well aware that it faces a challenge.

The talent risk was number two out of 40 in a recent worry index compiled by Lloyd's from a survey of executives. It jumped from 22 a year ago; a rise Lloyd's said was "potentially driven by demographic, competition and productivity pressures." Forty-five percent of respondents in North America rated talent as a high or very high priority.

"We have gone from a credit crunch to a talent crunch, despite the unemployment picture," said Richard Ward, chief executive of Lloyd's. "CEOs feel they are lacking people with specific skills, but they are also concerned about having

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leaders and managers who can help them navigate the difficult global business environment. Extraordinary conditions require exceptional leaders.”

Also, according to McKinsey, CEOs of leading property/casualty insurance carriers and brokerages cite managing talent as one of the industry’s top three priorities. They see having talented employees as “one of the few ways that carriers and brokers can distinguish themselves at a time when many products and services are not differentiated.”

One way the industry is distinguishing itself is by welcoming military veterans into its ranks.

- When the phone rings in the WorldAware Operation Center within Aon Corp.’s world headquarters in Chicago, it’s typically not someone calling with good news or to say, “Have a nice day.” Chances are the caller is someone having a bad day, someone in trouble abroad, someone in a crisis situation who needs help. The call is answered by one of the members of a unique military-like crisis operations team that is staffed entirely by veterans, several of them wounded warriors. These insurance warriors include Mike Kiewski, Chad Watson and Yesenia Ortiz. They bring the same core values they learned in the military to their insurance jobs, including an awareness that when something needs to be done, it needs to be done right away and done right the first time. There’s no time for errors or excuses. (Learn more – read and listen– about these veterans and their work at Aon in an upcoming story.)
- Shane Crockett served 13 years in the U.S. Navy starting in 1993, first as an electrician, then as a commissioned officer on submarines, splitting time between operating the nuclear reactor and tactical war fighting. He served in the Pacific, out of Hawaii, and was also deployed to the Persian Gulf for Operation Iraqi Freedom in the early 2000s. After leaving the Navy, he got a job in engineering and earned his MBA. Crockett is a graduate of Liberty Mutual’s corporate development program and is now a regional vice president for underwriting for Liberty Mutual. Crockett credits the military for teaching him not only how to crunch and analyze numbers, but also how to think on his feet and how to be a leader. Liberty Mutual figured an engineer who could manage a team of 11 on a submarine responsible for a nuclear device could handle whatever pressure the insurance business brings his way. (Learn more – read and listen– about veteran Crockett and Liberty Mutual’s program in an upcoming story.)
- Like tens of thousands of young men, C.G. Caldwell joined the military right out of high school; in his case, it was the Coast Guard. He served in health services aboard some of the Coast Guard’s largest ships for 11 years. After leaving the Coast Guard, he got hired as a Farm Bureau agent in North Carolina. After doing that for awhile, Caldwell decided to take what he learned and start his own independent insurance agency in the Raleigh, North Carolina suburb of Cary. He says the confidence he gained in the military made it possible for him to risk going out on his own and starting his own insurance agency. (Read more about veteran Caldwell and his success in an upcoming story.)
- Insurance agents James R. Pender and Gary V. Trippe of BB&T-Oswald Trippe and Co. have experienced disability in their own families. That has been part of their motivation for many of their volunteer and charitable activities over the years. Now they are directing their interest in helping disabled persons into building a new organization, Disabled Veterans Insurance Careers, which promises to provide education, training and employment in the insurance industry for disabled veterans —jobs they can perform from their homes. “Our hope is that we someday will have some of them in the executive suites of the carriers or the agencies. I’m going

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to be very disappointed if we don't," Pender told *Insurance Journal*. (Learn more – read and listen– about DVIC in an upcoming story.)

Job Prospects

Today' job seekers, both veterans and non-veterans, face a weak economy and a tough job market. But the job prospects are worse for veterans than non-veterans. According to the U.S. Bureau of Labor Statistics (BLS), the unemployment rate for veterans who served in the military at any time since September 2001 (a group referred to as Gulf War-era II veterans) was 12.1 percent last year, compared to 9 percent for non-veterans.

Younger males are more likely to be unemployed than others. Young male veterans (ages 18 to 24) who served in Iran and Afghanistan had an unemployment rate of 21.9 percent in 2010. For veterans aged 20 to 24, unemployment rate averaged 30 percent last year, more than double that of non-veterans in the same age bracket, according to the Iraq and Afghanistan Veterans of America (IAVA).

There are 850,000 veterans who can't find work now — 250,000 of them from the Iraq and Afghanistan wars, the IAVA says, and there will be one million more vets entering the job market over the next five years

The difficulty veterans face in landing jobs may be explained in part by education. Many vets entered the military right out of high school and do not have college degrees, although many did receive specialized training in the military. But vets' rate of unemployment still exceeds that of non-vets who similarly have no college background.

The lack of hiring for vets may reflect concerns over disabilities. About 25 percent of Gulf War-era II veterans report having a service-connected disability. The government hires more disabled vets than the private sector. About one-third of employed veterans with a service-connected disability work in the public sector, many in the federal government.

"After World War II, employers used to snap up veterans because of their tremendous skills sets gained in the service – whether that be technical, leadership, or other job specific aptitudes," said Monica Matthieu, PhD, research assistant professor at the Brown School at Washington University in St. Louis and an expert on veteran mental health.

"But now, veterans are facing higher unemployment rates than civilians as employers may be concerned about veterans' struggle with the mental and physical health aftereffects of military service."

HR Perceptions

The high unemployment rate for veterans might also be due to employers and human resource managers who do not themselves have military experience and who may harbor certain perceptions or prejudices.

At a recent conference in San Diego held by the Society for Human Resource Management (SHRM), human resource managers were asked why corporate America isn't hiring more military veterans. The results of the poll of 429 HR professionals exposed a number of concerns:

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- 60 percent said translating military skills to civilian jobs is a challenge in writing résumés, interviewing and other job-hunt communications.
- 48 percent said difficulty transitioning from the structure and hierarchy in the military culture to the civilian workplace presents a hiring challenge.
- 36 percent said the amount of time it takes military veterans to adapt to the civilian workplace culture overall is a challenge.
- 46 percent of HR professionals believe post-traumatic stress disorder or other mental health issues may present a challenge to hiring.
- 22 percent think combat-related physical disabilities may present a challenge to hiring.

The responses showed how some hiring professionals in corporate America perceive military veterans. But those were the responses of HR managers who had never hired a veteran. Among those companies that have hired military veterans, views on their performance were very different and positive:

- About 97 percent said military veterans bring a strong sense of responsibility to their work.
- 96 percent said military veterans work well under pressure.
- 92 percent said that military veterans see a task through to completion.
- 91 percent said they bring strong leadership skills.
- 91 percent said they found military veterans.
- 90 percent observed strong problem-solving skills among military veterans to be highly professional.

Military-friendly companies including those involved in the growing effort to bring military veterans into the insurance business say they do so because it is good business.

“Greg Case [Aon CEO] said it best. He said when he came here... that Aon must be the ‘destination of choice for the world’s best talent,’” David Dahler, director of human resources for Aon Corp. in Chicago, told *Insurance Journal*. “They [veterans] have those innate skills and attitudes that you just can’t replicate. They all come with it.”

Dahler has found veterans can fill a number of different roles. “Because of the attitude they bring and the work ethic, we can put them into a wide variety of jobs and after reasonable training periods they’re ready to go and are very successful typically,” he said.

Larry Israelite, manager of human resource development for Liberty Mutual, said his company has also had good experience hiring veterans. “They understand the nature of structure and how relationships have to be in place in order to be effective,” he said. “They’ve done very well.”

“They see the role that they can play in the overall success of a project, initiative or company’s business goals by performing their task the best way they can and by getting results with those things that are achievable right at their fingertips, not necessarily having to go beyond their four walls,” said Shawn Tubman, who works with Israelite at Liberty Mutual as manager of corporate employment.

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Insurance companies and brokers are backing veterans' organizations including the American Corporate Partners and Wounded Warriors that are helping returning soldiers deal with war wounds, transition to civilian life and find employment. In addition to providing monetary support, insurance professionals are personally mentoring soldiers on their return to civilian life, assisting them with resumes and job searches, and recruiting at job fairs like those sponsored for veterans by the U.S. Chamber of Commerce under its "Hiring Our Heroes" program.

Some in the insurance industry are being recognized for their efforts.

Every year since 2003, the veteran-owned publisher G.I. Jobs, has been rating large employers for their efforts in hiring veterans. The latest G.I. Jobs Top 100 Military Friendly Employers list includes USAA (which serves military customers), Prudential, Travelers, Progressive, Combined Insurance, The Hartford and State Farm.

Another popular publication for veterans, Military Edge, recently honored 45 employers for their pro-veteran employment policies. The editors looked for budgets devoted to military recruitment, a culture of veterans in workforce and among executives, and good pay and benefit policies for active reservists. Among the 45 cited were Aon, USAA, MetLife, The Hartford, Progressive, State Farm and Travelers.

Insurance industry involvement is taking various forms, including participation in job fairs targeting veterans and signing up for programs where executives mentor veterans who are trying to get ahead.

The Hartford, which has made the G.I. Jobs Top 100 three times, currently employs more than 500 veterans. Its programs for veterans include a recruiting project team that focuses on military and veteran outreach, partnerships with associations and participation in career fairs for veterans. It also has dedicated a section of its career website to attract military veterans.

Many insurance carriers and brokers participate in career fairs that are targeted at those leaving the military. These fairs aim to assist veterans with their transition and job searches in insurance and other industries.

In March of 2011, the U.S. Chamber of Commerce launched its "Hiring Our Heroes" program, a year-long nationwide effort in which a number of insurers participate to help veterans and their spouses find employment. Since March 2011, the chamber has hosted 83 hiring fairs in 41 states. Thus far, the organization said, 5,000 veterans and military spouses and 60 wounded warriors have found employment. Additional fairs are scheduled through the end of March 2012.

Chicago-based broker Aon has elevated its participation in job fairs with Aon Salute to America's Wounded Warriors events. Disabled veterans, many of whom have benefitted from rehabilitation and transition services from the Wounded Warriors program, are invited to meet with experts in resume writing, job search and networking. They are also given access to a jobs database.

The day continues with a panel of veterans-turned-executives from the companies sponsoring the event who talk about their military life and how they made the transition into the private sector. There is a ceremony where General Richard B. Myers, former chairman of the Joint Chiefs of Staff, and Aon CEO Greg Case speak. The day ends with a two hour

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networking session where local companies with job openings meet each individual candidate. The events have drawn from 22 to 50 people in various locales including Chicago, New York and Pittsburgh.

“We give them all the various resources that are available to them and really just get them ready to look at the private sector and how we get into that network,” said Dahler. “They leave that really feeling pretty good about all the contacts they didn’t realize they had that could lead to potential opportunities.”

Mentoring Programs

American Corporate Partners matches military veterans with business leaders for one year for mentoring in career development and networking.

Liberty Mutual started its mentoring project two years ago with 50 employees volunteering to be mentors, a force that has grown to 100.

“[T]he point of the program is to take folks that are working in a non-military environment and pair them up with people transitioning into, or looking to transition into, professions that are not related to the military,” said Tubman. “The goal of the mentoring relationship is to identify the skills and abilities that folks have gained through the military experience and how then can they apply them to the corporate world.”

Tubman said it has been a good program for Liberty Mutual not only because of engagement by employees but also because more military people have become aware of careers in insurance. “That’s been a byproduct of our involvement on the mentorship side of the program. We’ve been pretty satisfied with that and we’re planning on continuing to participate,” he said.

Navy veteran Shane Crockett benefited from mentoring at Liberty Mutual on his way to becoming a regional vice president of underwriting for the company. Crockett had a senior executive as a mentor in the program, someone he could ask, as he puts it, “the dumb insurance questions,” and someone who would talk with him about insurance fundamentals and provide some career guidance.

About 50 employees at Aon have served as mentors for the ACP, according to Dahler. In addition, the broker provides financial support to ACP.

“It’s been a tremendous success. It’s been a great partnership. Vets have used us as a reference for other companies who are thinking about doing this,” said Dahler.

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