

## Quality and Depth of Skills Development in the Insurance Industry



*Professional advice is more crucial than ever in an increasingly complex risk environment – filling this skills gap needs new urgency.*

Uncertainty has become the new constant in a world that is increasingly volatile and heavily impacted by technological change. Individuals and organisations of all sizes and specialisations need a steady, experienced hand to navigate these risks, to proactively identify them and to find solutions to transfer the risks that simply cannot be controlled.

Comprehensive risk management requires the steady guidance of skilled advisors with deep levels of expertise and specialisation across thousands of diverse risk profiles, industry sectors, operating environments and regulatory frameworks. “Beyond their technical competencies, insurance brokerages play an integral role in fulfilling customer expectations along their insurance journey and supporting them during their claims experience,” says Jacques de Villiers, general manager commercial inland at Aon South Africa.

In fact, broker specialisation and the technical competency needed in the insurance sector is deepening as business and risk becomes more complex and interconnected and technology becomes more entrenched. “This raises a serious skills conundrum for the insurance industry which is facing a significant workforce transition while the demand for professionals with advanced technological, technical and interpersonal skills grows. Stemming this widening skills gap is simply not happening fast enough,” says De Villiers.

With the ever-increasing complexities around insurance products as well as the growing expectation clients have of intermediaries to provide them with better advice, the need for skilled and knowledgeable young insurance professionals is growing at pace, while the skills pipeline is simply not filling up.

While digitisation and AI is proving to be helpful on self-help platforms that offer D-I-Y functionality such as making non-risk binding changes, cover confirmations, document uploads, claims submission and so on; they are not capable of providing the expert advice needed in a complex and diverse risk environment. "Digitisation and AI have in fact been automating certain jobs and repetitive functions in the insurance sector for years, but there is simply no replacing human intuition, interpretation of risk and the formulation of risk-averse strategies," says De Villiers

"As risks and insurance products become more complex, and underwriting requirements more stringent, face-to-face professional advice remains essential, and trust is a big component that no machine can provide. There is simply no replacement for risk expertise in building a client's trust that their most pressing business risks are taken care of, and that they will have a claims advocate in their corner if things go wrong," he explains.

To add to the challenge of skills availability in the insurance market, employee rotation is on the rise. The pandemic and subsequent hybrid work models have seen employees re-evaluate their work-life-wellbeing balance, looking for flexible working arrangements and finding alternative opportunities that fit their criteria. As skills shortages climb, finding replacements come with a much higher price tag.

"While the shortage of skills in the insurance industry is not new, it is accelerating. It demands of every insurance player – big or small – to revisit their skills development strategies and succession planning to ensure that we can meet the risk demands of our clients and ensure the sector remains healthy with continued skills development and retention of great human talent," says De Villiers.

### **Are current early career skills development structures still fit-for-purpose in the insurance industry?**

Some could argue that the BBBEE legislation is helpful in terms of driving the quantity of learnerships and internships in the industry. And while this may be the case, there is a fundamental shift that is required in how learnerships and internships are implemented.

"Currently a business that aims to maximise its BBBEE score under skills development will be measured on the number of INSETA-recognised learnerships of unemployed youth relative to its overall headcount. The bigger the organisation, the higher the number or required learnerships. These learnerships run over a 12-month period, after which an expectation of absorption of the learners is created. However, it is not always feasible for all successful learners to be absorbed into the business that hosts them," says Zanele Dintwa, people lead at Aon South Africa.

According to the annual report published by the INSETA for the reporting period 2020 – 1133 youth entered an internship programme and 462 were accepted into employment after completion of the

programme in the same period. This was achieved against an absorption target of 406. While this result was seen as a high achievement against targets, an absorption rate of just over 30% seems incredibly low for an industry with serious skills shortages.

There may be several reasons why there is seemingly low absorption of unemployed learners in real terms. "Costs play a big role as there is a constant need to enrol new learners for the next reporting period and thus costs are redirected to the next intake, which drives quantity over quality. It negates the process to being a tick box exercise that presents its fair share of cost challenges, rather than serving as a solution that has a strategic alignment to the needs of the business and industry," Dintwa explains. One could also argue that 12 months is simply not enough time to develop insurance skills to the level that is required to have a meaningful impact in the insurance sector. "It would make more sense to shift the focus from a pure 'number of unemployed learners' approach, to a focus on the quality of the learnerships and the qualification that the learner walks away with at the end of it," Dintwa offers as a solution.

"Once learners have completed their 12-month work-based learnership and passed their exams, we offer them a further opportunity to join our internship program from an Aon perspective. This provides learners with a further 24 months of workplace experience. Our interns are guided into formal insurance qualifications so that there is continued growth of knowledge and practical experience," Dintwa explains. Skills development that is aimed at providing learners with the depth and breadth of knowledge that they require, is more likely to deliver the specialty insurance skills that the industry needs. "This could mean that instead of running a learnership for 20 unemployed people over a 12-month period and only absorbing six of the candidates, it may be more beneficial to run a learnership for 12 learners over a two-year period and absorbing all, because the skills acquired are more appropriate."

As the demand for administrative skills decreases and the demand for specialist insurance skills increases, the industry will benefit more in the long run by prioritising quality and depth of skills development and training, rather than large intakes with low absorption targets simply for tick-box purposes.

"It will be beneficial for the insurance industry to leverage the power of learnerships to have a meaningful impact on the lives of learners, business and our industry. Learnership programmes need to be built around skills progression that is aimed at taking the business, people, industry and economy forward, in order to achieve a true competitive advantage," Dintwa concludes.

#### References

INSETA-Annual-Report-2019-20.pdf