The People Imperative:
Advanced Analytics Roles in the Insurance Industry
Finding and Retaining Skills for the Future

Data and Advanced Analytics in the Life & Annuity Industry

Data science and advanced analytics are critical to the life and annuity industry. The value of insights from the vast amount of data available can dramatically improve business performance. While the industry was a bit late in adopting technologies like machine learning and artificial intelligence, these, and other advanced analytic techniques, are now commonplace. Use started in marketing and under-writing, and expanded to fraud detection, pricing, product design, and beyond. The opportunity and potential are huge.

Realizing the potential requires knowledge and resources. Early on, only the largest life and annuity companies employed their own teams of data scientists while small and midsize companies relied on consultants. Now that most companies have their own teams, associated talent and team building challenges are critical issues. How do companies attract, hire, and retain the best talent?

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The good news is that the talent is out there and the pool is growing. Many workers are attracted to the data science field because of its flexibility, upward mobility, and compensation. In fact, data scientist ranked as one of the top three "Best Jobs in America" for the last seven years.[1] At last count, there are almost a thousand programs in the U.S. that offer training in the discipline. Even those without a formal background or training in analytics are looking to move into this work.

Demand is growing, too. The Bureau of Labor Statistics[2] expects 31.4 percent employment growth for data scientists between 2020 and 2030. The pandemic put a pause on many businesses and some used that time to look into their data assets. That meant more analysis. Moreover, remote work has made it easier to interview for a new job (with the switch from an in-person interview to a remote meeting) and easier to leave (you don't have to inform the boss in person).

The Talent Environment in Data Analytics

As companies look to build their teams, they face a new talent environment. What does it look like?

Competition for talent is fierce. Data is everywhere, and most companies are looking to analyze theirs (and their customers'). Digital transformation, also ubiquitous, is driving the need for data scientists. Feedback from industry professionals suggests that competition for talent comes more from outside the industry than within it. (Data analytics teams in other industries tend to be larger than at insurance and annuity companies.) Competition for talent remains, despite the fact that supply is up.

Demand is up, but so is supply. The number of data analytics programs has grown quickly over the last decade and schools are churning out new data analytics graduates at a brisk pace. According to the Institute for Advanced Analytics, there are almost 250 masters level programs in Analytics or Data Science at U.S. universities. These programs produce an estimated 8,000 to 10,000 graduates per year.[3] In addition, many mid-career professionals are looking to transfer their business analysis skills to change roles. That said, one executive told us that he has been seeing a trend in applications from candidates with less experience, or less formal experience.

There is a strong pipeline of international talent. Many international candidates are well qualified for these roles. Offering a job and a visa commitment is one way to secure talent and may make the talent "stickier." Some companies are building a strategy around this type of talent.

Good data scientists are still hard to find, especially those with knowledge of the insurance industry. Even though there are thousands of graduate level scientists available, not many are familiar with the industry or its products, data, and business issues. Those with good business, industry, and analytics knowledge are called "unicorns" for a reason.

Image matters. As an industry, life insurance and annuity companies do not have the same brand recognition (especially internationally) as companies like Google, Amazon, and Facebook/Meta. According to a Glassdoor survey, Gen Z ranks Big Tech companies as the best employers. Companies seen as tech companies (and more companies are trying to position themselves that way) have a clear advantage.

Recruiting and Retention Strategies

What strategies will help companies attract good talent? What are table stakes and what are differentiators?

Recruiting

- *Flexibility is table stakes, and hybrid does not mean flexible.* Candidates want more control over where and when they work. Most data scientists have the opportunity to work fully remote. The benefit of remote work is that employers can look nationally, or even globally, for talent. Of course, this means that on-boarding and engagement strategies need to evolve as well.

- *Recruiters have to move fast.* Candidates are getting more offers more quickly. There may be fewer interviews, but more interaction and "hand holding."

- *Involve the right people, and consider bringing in executives earlier in the process.* Executives can help sell a role, and it shows an interest in the candidate and some level of commitment.

- *Tell a great story.* The executives that we interviewed said that the life and annuity industry can't match the salaries of competitors in other industries. For that reason, having a compelling story about the benefits of a career in the industry is critical. Some of the key benefits are:

> Insurance and annuity companies offer the full gamut of data analytics applications. Employees work on a variety of business issues and with many types of data. There are applications in marketing, underwriting, operations, sales, distribution, security, and others. You can have an interesting and varied career with one company.
>
> The industry's mission is a noble one. Helping people protect their financial security and take care of loved ones is important, and offers meaning to the work. Meaningful work is important to many, particularly Gen Z employees.
>
> In a world of tech companies that come and go, the insurance industry has demonstrated longevity — many companies have been around for a hundred years or more. As long as risk exists, insurance is necessary. Insurance companies also have a good level of professionalism and development programs.

- *Market the role by focusing on its impact and opportunity,* not the tasks. Job descriptions should make the role sound attractive, not be a list of tasks. Emphasize any opportunities to grow and develop. Focus on the skills needed, but don't have a long laundry list of requirements.

- *Caveat emptor.* Candidates are likely fielding a number of offers. Don't assume a role that has been accepted will always be filled. One executive pointed out that some international candidates are accepting multiple offers. They continue to look, even during the visa transfer process.

Retention

- Retention starts with the hiring process. Have a comprehensive on-boarding program that includes a 30-, 60-, and 90-day plan as well as a list of important contacts. Build a "network map" of important people to know. Employees with more connections at a company are more likely to stay.

- Create formal retention plans. Learn what employees value through stay interviews. Tailor a development plan focused on things the employee values. High value employees tend to value opportunities to make a difference or solve problems. Or, they may value independent work.

- Have a clearly defined career path. Does your analytics function have a career path? If not, it would be a good idea to start creating one. Also, understand that many data scientists do not aspire to management positions. Consider career plans based on employee skills and interests.

- Build team cohesion, even remotely. Find ways to foster camaraderie among team members and figure out how often to have in-person interaction. One company offers a monthly in office event for employees. Another asks employees to come in to the office for a quarterly event or for a few days.

- Find opportunities in applications the employee values or wants to learn. Many data scientists are curious. Give them opportunities to test and learn skills.

Data science and advanced analytics in the life and annuity industry offers a great career opportunity. Finding great people to fill available roles will be easier with a thoughtful strategy and plan.

[1] https://fortune.com/education/business/articles/2022/08/17/data-science-jobs-are-a-top-pick-for-gen-z-per-new-glassdoor-report/.

[2] https://www.bls.gov/ooh/computer-and-information-technology/computer-and-information-research-scientists.htm

[3] https://analytics.ncsu.edu/?page_id=4184#:~:text=Graduate%20Degree%20Programs%20in%20Analytics,to%2010%2C000%20graduates%20per%20year.