



The Brightwater **Insurance Survey**



In Association with the IBA

Irish Brokers
association 


Brightwater
RECRUITMENT SPECIALISTS

Introduction

At Brightwater, we believe that our expertise and knowledge is part of our service to you. As part of this service, we undertook a survey of insurance professionals to gauge the market and to find out what issues are pertinent to the insurance sector. As recruiters, we speak to insurance professionals on a daily basis and it is apparent that some issues (eg. general economic contraction) have an impact on different organisations in different ways while some challenges such as increased regulatory costs and price competition seem to be the same regardless of the size or scope of the organisation.

The insurance sector here is continuing to both grow and change at a steady pace. Despite some high profile redundancies and restructuring, there are still extensive job opportunities across the insurance industry which is an encouraging sign. What is also welcome is the high level of optimism across the board with just under 60% of respondents saying they experienced an increase in revenue in the last year and over 61% predicting an increase in revenue for the coming year. We were delighted to have the cooperation of the IBA in conducting a survey which highlights many of the key issues and challenges that the industry has faced in recent years, as well as offering predictions of what is yet to come. We would like to thank the IBA, in particular Brian McNelis and Hazel Rock for their support on this survey.

Thank you to all who participated in this survey, your input is greatly appreciated and I am sure you will find the results both interesting and helpful.



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Survey Objectives

The main objectives of this survey were:

To gain an understanding of trends and developments within the Irish insurance sector

To gain an understanding of perceived challenges and areas of concern in the Irish insurance sector

To benchmark perceptions of salaries in the Irish insurance sector

To assess what motivates insurance professionals

Data Collection Process

This report is based on a survey specifically issued to a carefully selected cross-section of the Irish insurance sector and was conducted using Survey Monkey software during October 2013. The survey was conducted in association with the IBA and was also publicised to its members via its website. Any questions regarding the report should be directed to Brightwater's Insurance specialist Adam Ryan or to our Head of Marketing Eileen Moloney.

Demographics

The data in this report is based on the survey responses of just under 150 members of the Irish insurance community.

The breakdown of respondents was as follows:

Senior Management	38%
Management	22%
Supervisory level	17%
Team members	22%
New entrants	1%

Of those areas surveyed, the types of companies in which the respondents currently work were:

Life

Non-Life

Reinsurance

Captive



Survey Findings

 *click on chapters below*

For ease of reading those sections of particular interest to you, the findings of this survey have been laid out in 5 chapters.

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Chapter 1

Organisational Context

This chapter serves to give a quick introduction to the respondents themselves and the sectors in which they work. This data was collected in order to establish what the trends are in the insurance industry (and whether they differ dependent on company type, location and size). The majority of our respondents (45%) worked in a broker organisation while 34% worked in a general insurer (see fig. 1.2). Other areas of the types of companies the respondents worked in included pensions, intermediary, captive re-insurance, health care providers and consultancies.

The majority of respondents were from a broking background which would be a fair reflection of the numbers employed across insurance as a whole. Of those respondents the majority work in organisations with a head count of 1-20 employees (see fig. 1.3) which again would tie in with the typical size of the average Irish broker and hopefully will give our survey a real 'grass roots' accuracy. The next largest number of respondents (20%) work in organisations where the head count is over 500. These organisations (primarily insurers) represent the next biggest employers

in the sector (34%), and whilst this is good news in terms of diversity of employment, this could be an area of concern should any further major multinationals decide to make large volume redundancies as has happened in the recent past or decide to pull out of Ireland altogether. Any large scale restructuring would primarily have an impact on Dublin as this is where over 81% of respondents have offices. As the majority of respondents were at the senior management level (see fig. 1.5), they are able to predict any trends from an overall management view.

Figure 1.1

In which of the following areas of insurance do you currently work?

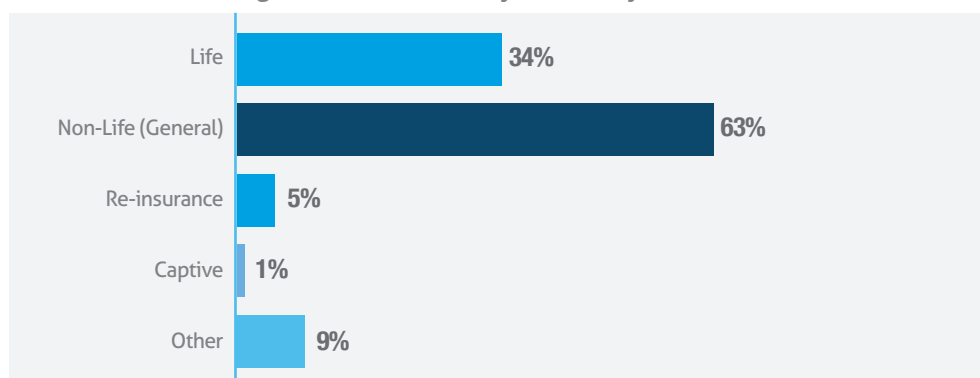


Figure 1.2

In which of the following types of companies do you currently work?

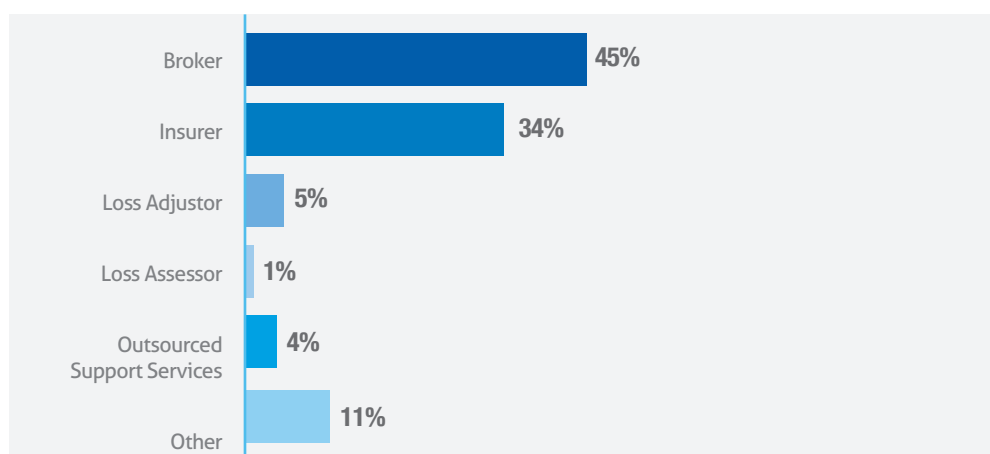


Figure 1.3

What size organisation are you working in?

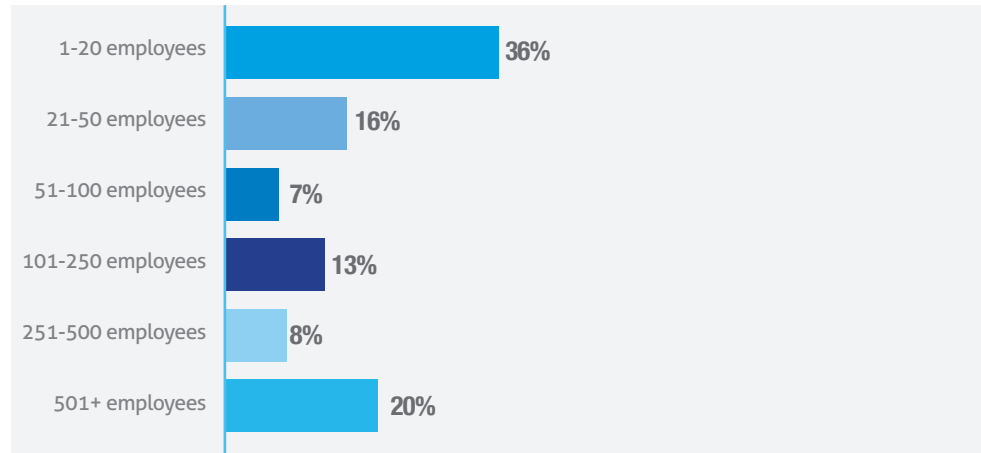


Figure 1.4

In which of the following does your organisation currently have offices?

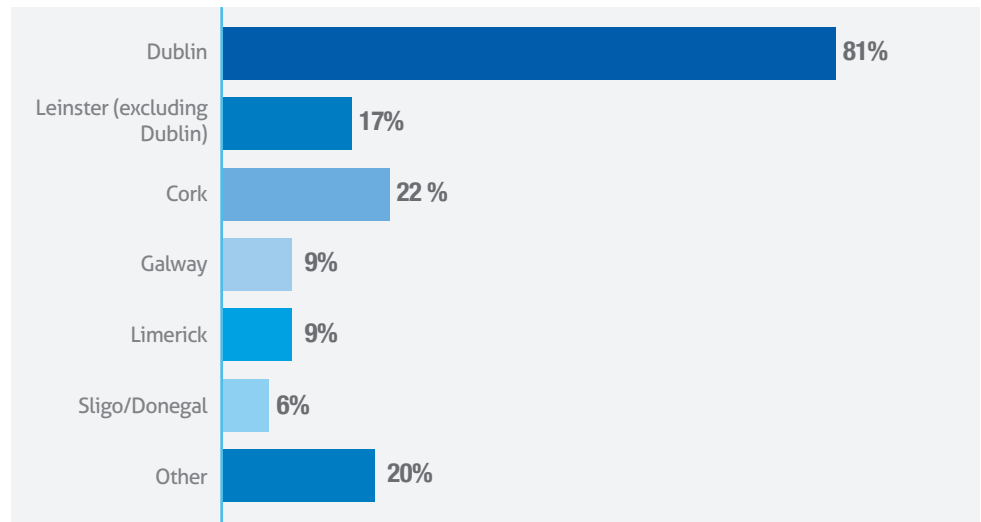
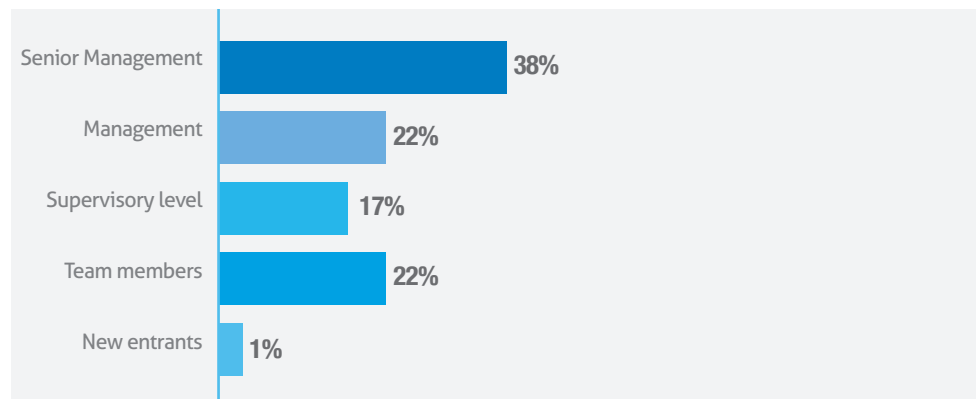


Figure 1.5

At what level are you working?



Chapter 2

Recent Trends

Headcount

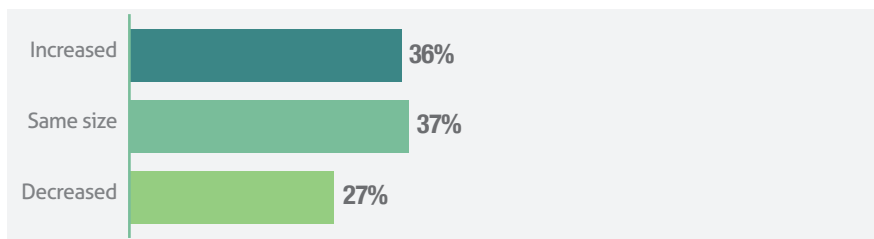
The numbers of organisations planning either to keep their headcount relatively static and those planning to increase in size were nearly identical with 37% and 36% respectively (see fig. 2.1). However it was interesting to note the disparity of numbers between the larger sized companies (101 employees to 501+) and the smaller organisations (1 employee to 100 employees). The larger organisations

have radically cut their headcounts with over 44% reporting a decrease in the number of their employees in the last twelve months compared to only 15% of the smaller organisations. This would tie into a trend of recent years where large companies are refining processes and working to find efficiencies within their businesses. Only 24% of the larger companies stayed the same size while the industry

witnessed somewhat of a stabilisation amongst smaller organisations in terms of their headcount (nearly 46%). Nearly 39% of the smaller companies stepped up their recruitment in the last year, reporting an increase in their headcount while 32% of the larger companies increased their headcount which is an encouraging sign for the insurance sector.

Figure 2.1

Which of the following statements is most applicable to the size of your business in the last year in terms of headcount?



Increase in Business

An even more positive sign for the insurance sector is that 60% of respondents reported that they saw certain areas within their business increase/improve in the last year (see fig. 2.2). The size of the company did not matter in this instance with only 10% in the difference between larger companies (101-501+ employees) and their smaller counterparts. Nearly 65% of the larger companies reported an increase in business across certain areas in the last twelve months while just over 56% of the smaller companies also reported an increase in business. It is interesting to note that 51% of respondents who reported that

their business had seen an increase in the last year came from a broker background. The highest levels of growth came from respondents with either 1-20 staff or 500+.

Of those that had seen growth in business last year, nearly 55% also saw a rise in staff headcount. It was also the top recruitment trend over the last twelve months for their businesses. 58% of respondents reported that sales was the main area where business has increased over the last twelve months (see fig. 2.3).

Other areas highlighted included digital marketing, PPI policy review and farm

insurance. It is encouraging to note that many companies experienced more than one area of real growth reflecting the wide variety of options that the insurance sector has to offer in terms of careers. Life respondents saw particularly high increases in the areas of administration and sales with 65.4% and 61.5% respectively. Many of these businesses also plan to increase their headcount in sales over the next year, reflecting the importance of growing new business further. Again of the same group, over 69% gained this increase as a result of new business, diversification into new product lines (32%) or M&A (21%) (see fig. 2.4).



Figure 2.2
Have any areas within your business seen an increase in the last year?

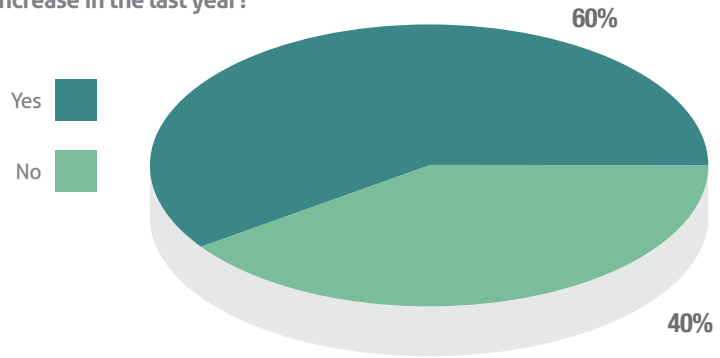


Figure 2.3
In which of the following areas has business increased?

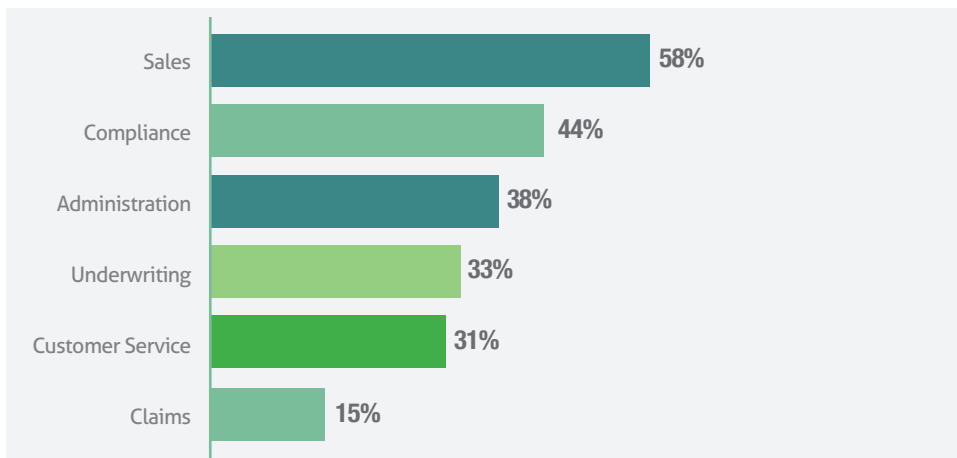
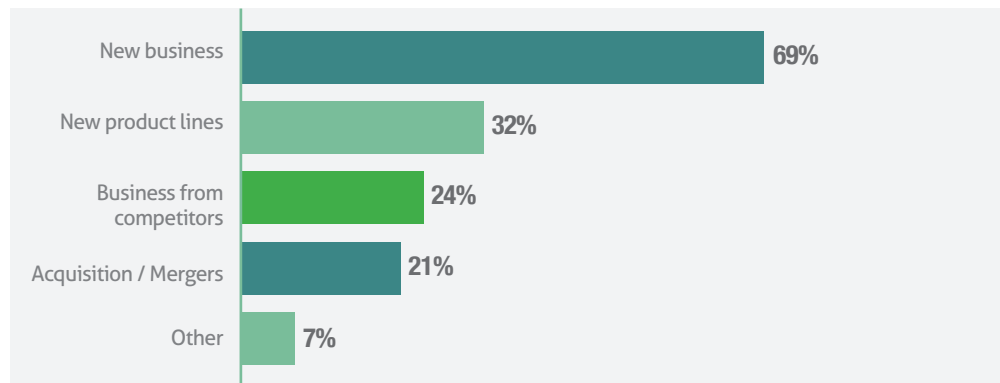


Fig 2.4
From which of the following has growth in revenue come?



These respondents were also confident of a growth in revenue in 2014 (73%). One insurance professional surveyed mentioned that they have gained business from the increase in their take from current clients. This is perhaps an

encouraging sign that insurance clients are prepared to take on more products and invest further. Debt management is another area of growth for some of those surveyed. While it is a pity that debt management is a requirement, it is

good to see that financial professionals are branching out and providing much needed advice in this space to their clients. Other respondents reported a growth in business but not a corresponding increase in revenue.

Chapter 3

Future Trends

Revenue Growth for 2014

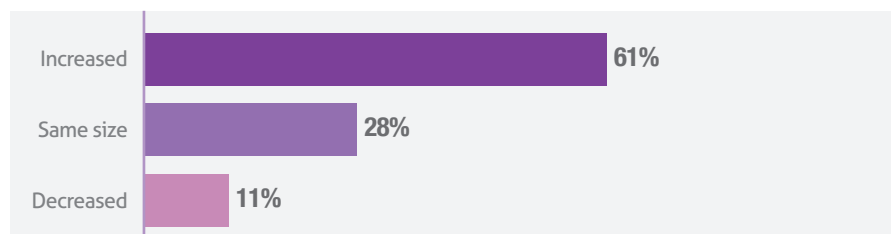
There seems to be a wave of optimism amongst the respondents with over 61% of those surveyed predicting an increase in revenue for 2014, 28% predicting that their revenue will stay static and only 11% gloomily predicting a decrease in revenue (see fig. 3.1). The non-life sector is seemingly the most buoyant in outlook for growth in 2014 (62%) and brokers

had the most positive outlook in terms of types of companies. Small companies too were optimistic about 2014 (which were mainly made up of brokers) with over 60% of those with 1-20 employees predicting revenue growth in 2014. SMEs are now on the road to recovery which is an encouraging sign for both recruitment and revenue growth. In

previous years, it has mainly been the large multinationals reporting growth while SMEs struggled to stabilise their revenue and prevent losses. The small brokers are the ones who are most in touch with the 'grass roots' economy of Ireland and this new-found optimism in this arena bodes well for future growth of the insurance sector and the economy as a whole.

Figure 3.1

How do you envisage your business will grow in 2014 in terms of revenue?



Legislation

While the insurance industry has been subject to more legislation changes than most industries, it is interesting to note that no more than 35% of respondents cited any one particular change in legislation that has had or is likely to have the most impact on their business (see fig. 3.2).

When asked which of the changes in legislation have had the most impact on their business, only 25% cited Minimum Competency Requirements and while much of the talk in recent times has focused on Solvency requirements, only 30% in total said that this has had an impact. Media hype would have suggested that this

figure would have been much higher but perhaps this is due to the fact that Solvency II's implementation date has been pushed out so the full impact may not be seen yet. Only a handful cited the Insurance Mediation Directive 2 as something that would impact their business, possibly leading to the suggestion that they had already put measures in place before the Directive came into play. The Consumer Protection Code saw the highest response with just under 35% of respondents saying that this has had or would have the most impact. This is good news for the general public however and shows that

the industry is taking the matter with the gravity that it deserves. Whilst it would appear that no specific area of legislation is of particular concern, we will see further on in this chapter that the cost of implementing regulations is a key concern, particularly for smaller businesses.

There was no real visible difference between small companies and the larger multinationals in terms of impact of legislation.

When asked to select the three key issues that were most likely to pose a challenge to their organisation in 2014 and beyond (see fig. 3.3), the top area



of concern was increased regulatory cost with 70% of respondents citing this as their main challenge, followed closely by general economic contraction (66%) and pricing product/price competition (65%). It is interesting to note the differences between the smaller companies and their larger counterparts in this area as an overwhelming 74% of companies with over 100-500+ employees cited general economic contraction as their main challenge compared to 60% of smaller companies (1-101 employees).

Hopefully recent news that Ireland is now out of recession, economic contraction will be less of a concern going forward.

In contrast, the main area of concern for the smaller companies was increased regulatory cost (74%) compared to 64% of the larger companies. Brokers were also concerned about increased regulatory cost (68% of brokers surveyed cited this as their main challenge for 2014 and beyond).

Female leadership was mentioned by

some respondents as a challenge for going forward. This mainly came from the larger companies which begs the question is Ireland going to follow the UK where they are in the process of putting mandatory quotas on Top 100 boards for females? This could prove somewhat of a headache for HR departments in the larger companies who will be forced to revise policies and issue new guidelines for both recruitment and internal promotions.

Figure 3.2

Which of the following changes in legislation have had, or are likely to have, the most impact on your business?

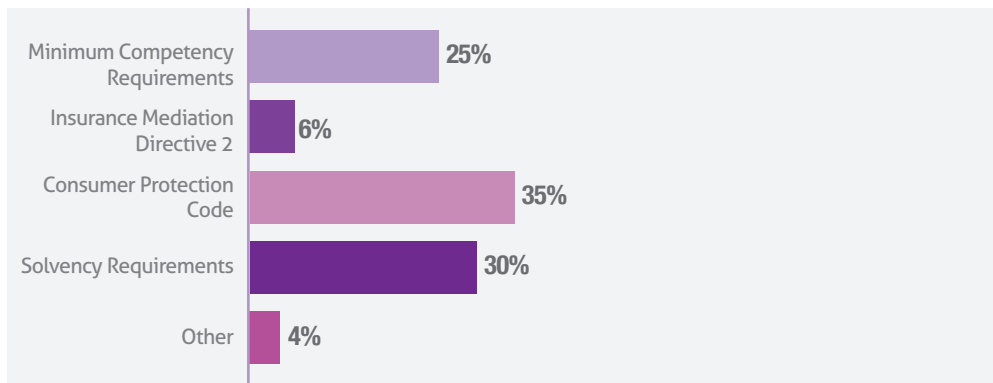
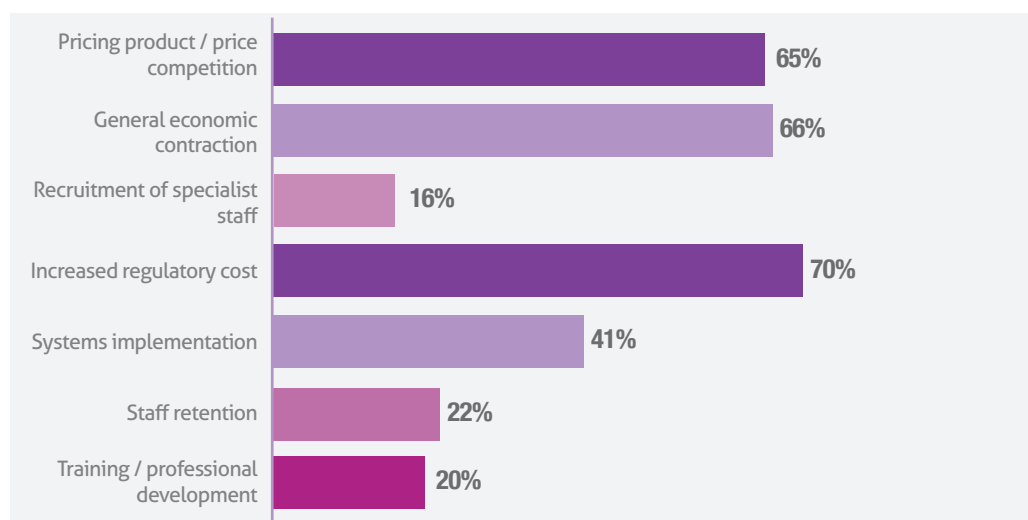


Figure 3.3

Please select the three key issues that are most likely to pose a challenge to your organisation in 2014 and beyond.



Chapter 4

Professional Development

Following on from the previous chapter, we can see the impact of Minimum Competency Requirements when it comes to professional development and recruitment requirements. Organisations are investing heavily in their current staff and have set stricter requirements when recruiting for new employees. A high (and consistently increasing) number of people working within the insurance industry have, or are working towards, professional qualifications. Over 62% of the respondents in the survey reported that their highest level of qualification is a professional qualification relating to

the insurance sector (see fig. 4.1).

CIP, ACII and QFA all featured highly on the list of professional qualifications held by the survey's respondents (see fig. 4.2).

It is clear from the answers that many of the insurance professionals surveyed hold a variety of professional qualifications whilst the other responses included Master degrees and grandfathering. More weight than ever is being attached to the professional qualifications (QFA, MIIPM, APA etc), with those candidates that have the qualifications being picked

up first by employers and obtaining the highest salaries. Companies also tend to provide on-going support for employees if they wish to study for these qualifications. The majority of respondents (51%) also gained or are in the process of gaining their professional qualifications via The Insurance Institute of Ireland (see fig. 4.3) but there are plenty of options available for further qualifications depending on qualification needed. Brokers seemed to favour the Insurance Institute route with over 49% of broker respondents saying that this was where they gained their qualifications.

Figure 4.1

What is your highest level of qualification?

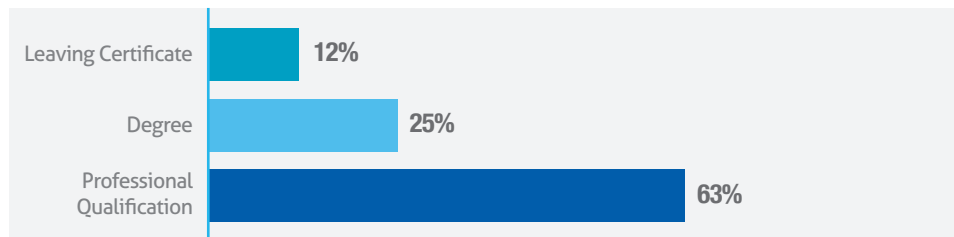


Figure 4.2

Which of the following professional qualifications do you hold?

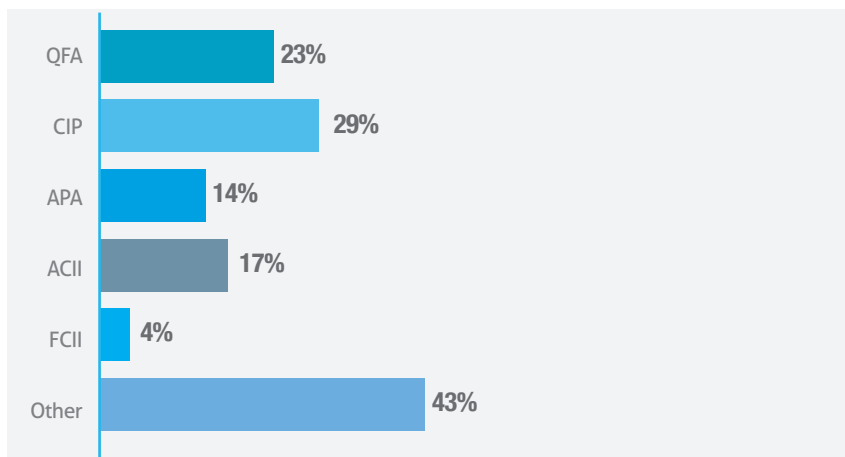


Figure 4.3

Through which of the following was your professional qualification completed?

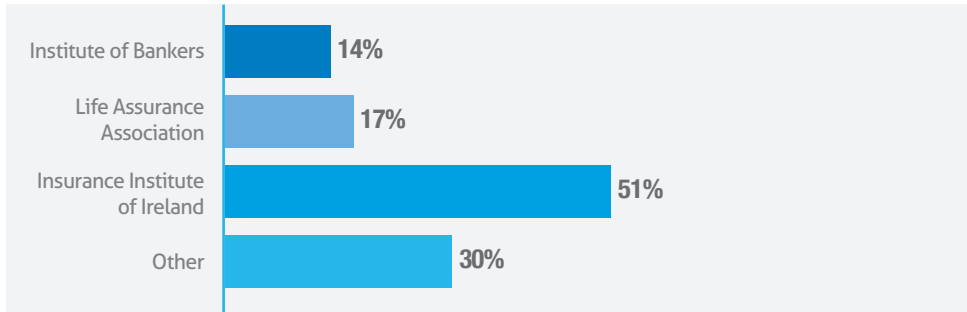


Figure 4.4

Does your company support professional development?

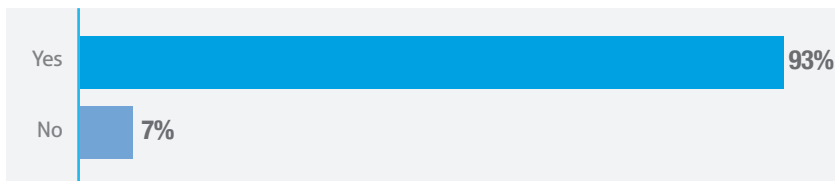
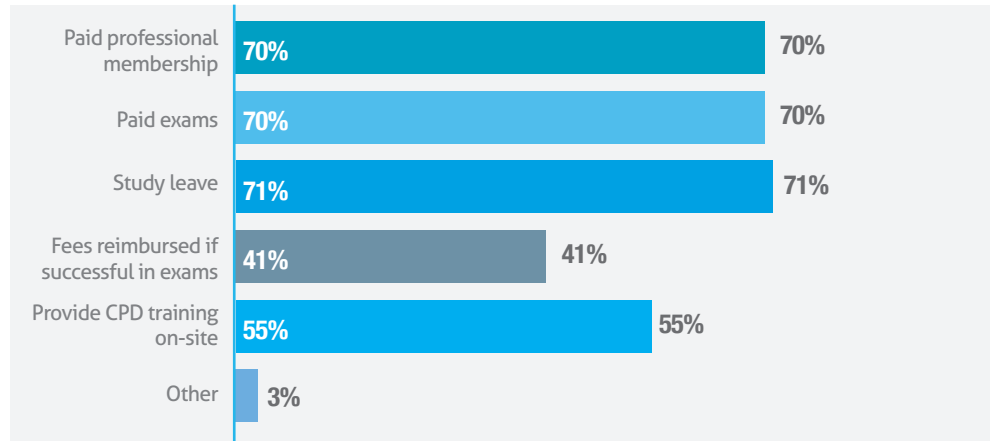


Figure 4.5

How do they support professional development?



An overwhelming number of companies (nearly 93%) supported professional development of their staff (see fig. 4.4). The type of professional development support varied from paying professional membership fees to providing CPD training on-site, (see fig. 4.5) and it is clear from the high volume of responses that employers within the insurance sector understand the importance of providing some type of CPD support and have responded

in a positive manner to this. Other types of support included mentoring towards CIP and helping with training for exams. It is also interesting to note that companies who provide a large range of CPD support options are all those who have reported plans to increase their permanent headcount due to business growth. While only 28% of respondents felt that the professional development support on offer had been a major contributing

factor in taking the job, it is clear that CPD support is still an important part of any potential package. This is borne out by the fact that of those respondents who currently do not receive any professional development support from their employer, two thirds of these cite this as a potential factor in their decision to leave the organisation. This could lead to potential staff retention issues for any employers not providing this type of support.

Chapter 5

Recruitment & Remuneration Trends

Recruitment Plans

In the last twelve months, over 23% of the respondents reported that their firms had gone through redundancies but on the flip side, 20% saw an increase in permanent headcount due to business growth. While there have been a number of redundancies in the past year, there is a general feeling that most of the restructuring has now taken place and it is also heartening to see that nearly 10% of respondents have reported that they have recruited for niche specialisms, a key area of growth

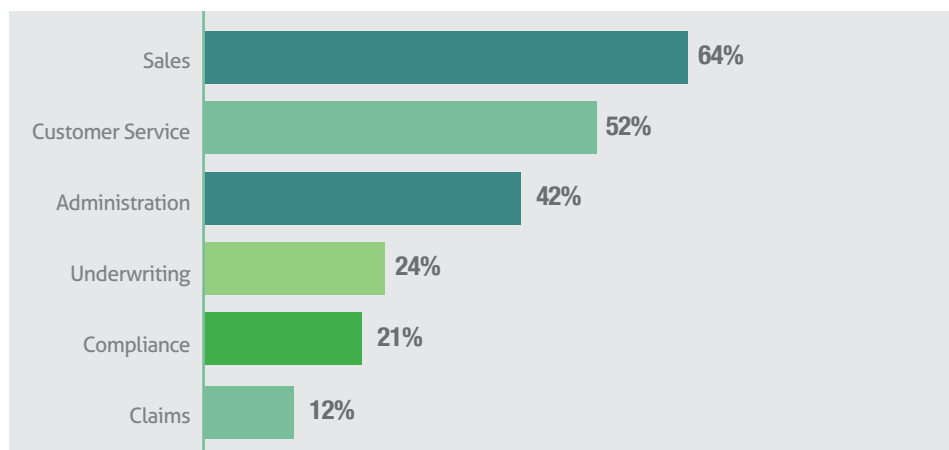
for many companies. Nearly 18% of respondents have reported recruitment for replacement staff only but this is encouraging given that in previous years, this type of recruitment wasn't taking place at all and that existing staff had to cope with increasing workloads.

When it came to plans to increase headcount, the main areas were in sales and customer service (see fig. 5.1). The relatively low level of roles being planned for compliance areas is in line with what the market has recently

experienced. The number of new compliance roles being created this year has decreased compared to recent years. This may well be due to the fact that most companies have increased their compliance areas substantially over the last while and now feel they are more than adequately resourced in this space. The leap in projected sales headcount reinforces the positive message that there is new business to be gained.

Figure 5.1

In which of the following areas is your organisation planning to increase headcount?



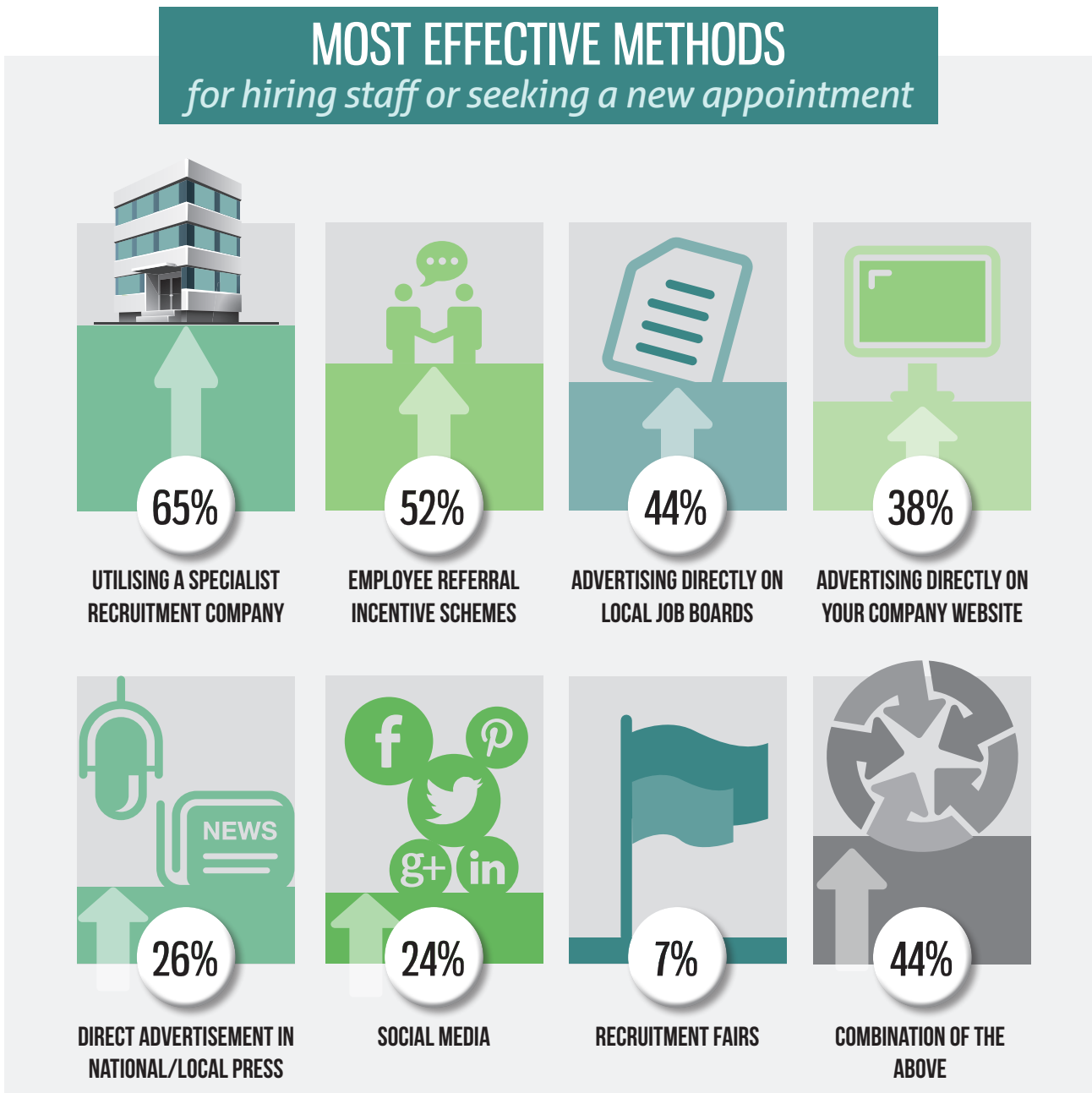
Recruitment Methods

When looking for new talent, employers in the insurance sector prefer to use a combination of methods with specialist recruitment companies and employee referral incentive schemes coming out on top with 65% and 52% respectively. However using

their own websites, print advertising and job boards also seem to be popular methods of recruitment. Using a combination of strategies again seems to be the key to both recruitment and searching for a new job (see fig. 5.2).

Figure 5.2

In your experience, what are the 3 most effective methods you would use when either hiring staff or seeking a new appointment yourself?



Using a specialist recruitment company is by far the most popular method with both brokers and large insurers. Recruitment is a time consuming and expensive process so it is vital for business to get the right person first time. Small companies including brokers may not have the time or resources to dedicate to finding the right person (particularly for experienced hires) while larger

organisations going through periods of change or growth equally do not have the manpower to look after large volumes of recruitment. Specialist recruiters are able to save employers considerable amounts of time and therefore costs. The best people are also passive job seekers and are not necessarily looking at jobs boards. these 'passive' candidate contacts are what specialist recruiters spend years

developing. It is also interesting to see the rise in popularity of social media as a recruitment tool with some respondents citing LinkedIn as an excellent source of insurance professionals particularly in the sales arena. Employee referral incentive schemes are also growing in popularity with 58% of brokers citing this as an effective recruitment method.

Remuneration

It is encouraging to note that less than 9% of respondents saw a decrease in salaries in their organisations over the last year while 69% saw salaries remain the same. Just over 22% of respondents reported an increase in salaries (see fig. 5.3). This ties in with Brightwater's Salary Survey 2014 which shows that salaries have maintained their level or grown slightly. Approximately 25% of companies had pay rises across the board for all staff (inflationary rises of 1%-2%) while the majority of the remaining rewarded only key staff. In recent years, those

companies most likely to be rewarding staff with increases in salaries tended to be multinationals but it is a pleasant surprise to find a rising number of domestic businesses joining them. This is reflected in the statistics that 27% of the smaller organisations (1-100 employees) reported an increase in salaries compared to just 16% of the larger companies (101-500+ employees).

Benefits packages in the insurance sector seems to be varied. As befitting the industry, contributory pensions form the biggest parts of

remuneration packages with over 67% of respondents citing this as part of their organisation's standard benefits (see fig. 5.4). Study support again was a major part of the package as mentioned in Chapter 4 of this survey. Medical insurance and life assurance too seemed to be standard across the industry with 42% and 46% respectively. The industry also seems to be more supportive than most of flexitime with nearly 29% of respondents saying that their particular organisation offered this as part of their standard package.

Figure 5.3

How have salaries changed within your organisation in the past year?

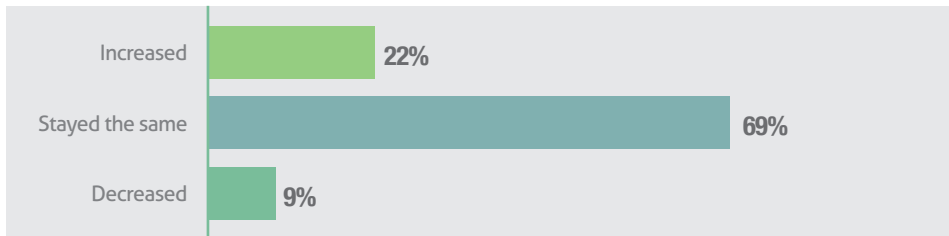
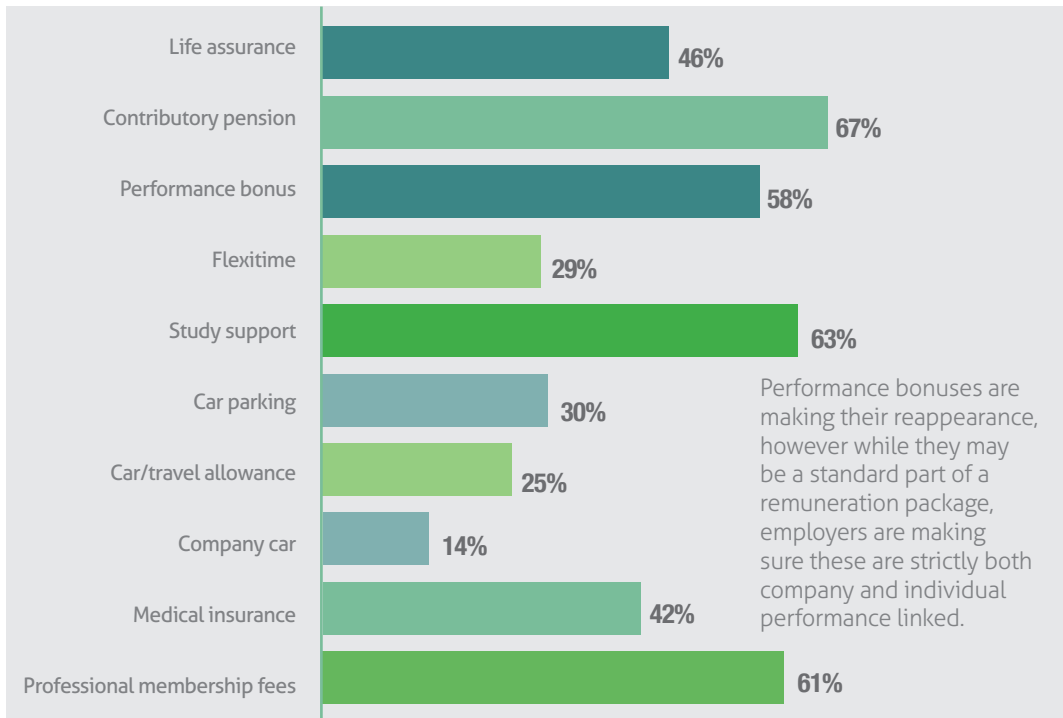
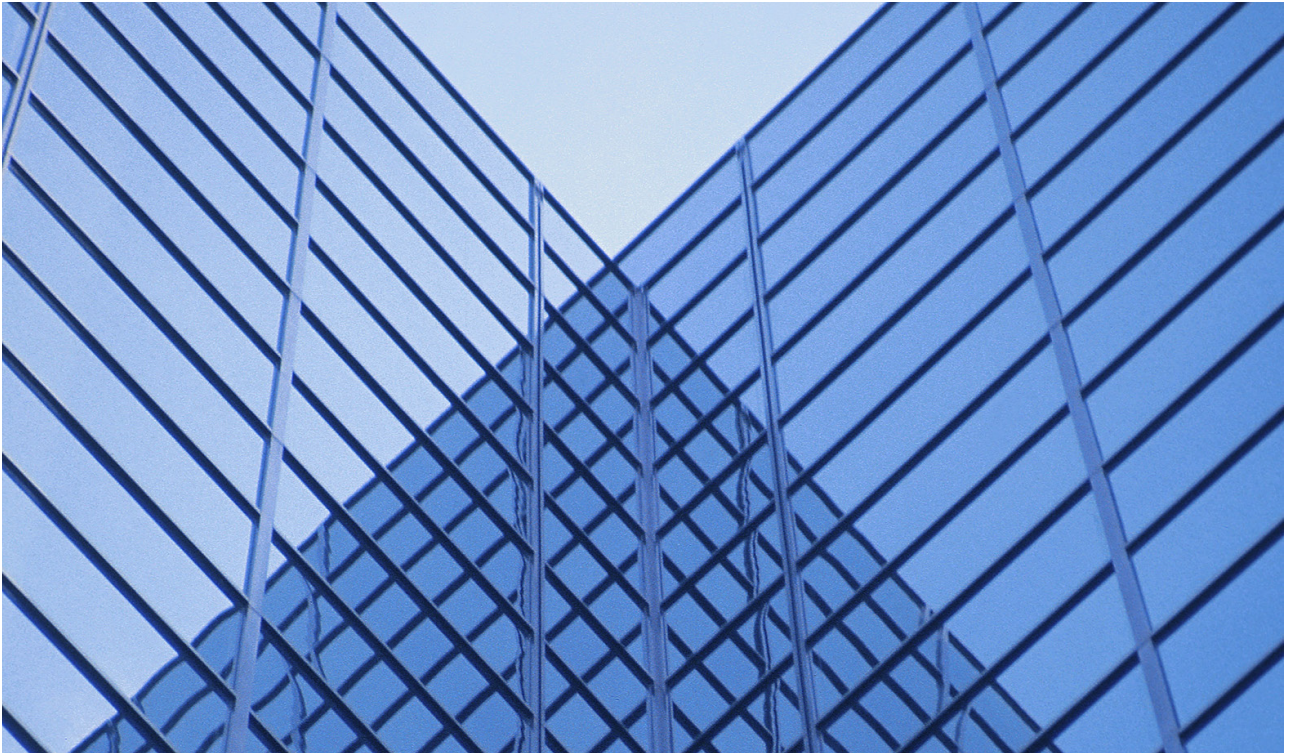


Figure 5.4

Which of the following form part of your organisation's remuneration package? (Respondents allowed to tick as many as appropriate).





Conclusion

"Overall sentiment from the survey is positive which ties in with the general feeling we are getting across the market at the moment in our other salary surveys" says Adam Ryan, consultant with Brightwater's Insurance division. If there is one statistic that is notable from this survey, it should be the fact that over 60% of respondents expect their business to grow in 2014. There is no doubt that we have been going through a period of upheaval in the sector that started with sweeping regulatory changes pre economic downturn and has been compounded by the recent recession. As Ireland exits recession, the consensus would appear to be that those companies that have weathered the recent changes are hopefully well placed to capitalise as things improve.

Ryan does have a cautionary warning however, "The regulatory burden does still represent a real and present danger to those very small insurance brokers without the revenue to spread costs across" he says "so we do expect to see mergers and acquisitions to continue in this space".

"Finally it is heartening to see that almost all of the companies surveyed are investing in their people in the form of up-skilling with professional qualification and assisting in Continuous Professional Development" Ryan continues, "which should lead to increased consumer confidence down the line and an increase in brokered business thereafter".



About Brightwater Insurance

Brightwater Insurance is part of the Brightwater Group, Ireland's leading specialist recruitment group. We recruit insurance professionals across both brokering and general insurance at all levels. With our excellent

reputation in the market, we attract highly experienced permanent and contract staff. The roles are diverse ranging from sales to highly technical positions such as actuarial. Brightwater Insurance has been established in

Ireland for over twelve years and in that time we have developed superb working relationships with a wide range of insurance companies from small brokers to large multinationals.

Our specialist teams include:

Insurance
Accountancy & Finance
Banking
Sales & Marketing

Fund Services
Legal
Human Resources
Executive

Engineering & Operations
Science & Pharmaceutical
Supply Chain & Logistics
Temporary & Contract

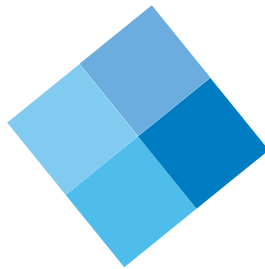
Information can be found on our website at www.brightwater.ie and on the Brightwater Facebook page.

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