

“Career Trends Among Commercial Lines Underwriting”

By Zach Carruthers

HCap Search, a division of HCap International, a Kansas City-based consulting firm, has recently completed a survey of commercial lines underwriters from around the United States. HCap Search, formerly known as Christopher and Long, has 24 years of search experience in the insurance industry.

Employment trends over that period of time have changed dramatically. The study sampled opinions from underwriters whose experience ranged from one to five years (16%); six to ten years (17%); eleven to fifteen years (19%); sixteen to twenty years (13%); or over twenty years (34%).

Given the climate of the industry (contraction, hard market, etc.), HCap wondered whether commercial underwriters were more or less likely to change companies than they were three years ago. Underwriters replied by a slim margin, 49% to 42% (9% expressed no difference), that they were less likely to switch employers.

With the climate such as it is, what are the compensation trends? Were increases likely to be more or less than they were a few years ago? Our sample responded that companies are tending to be somewhat tighter with increases: (32% anticipated a greater year over year increase, while 49% predicted a smaller increase than the year before).

Has the consolidation of companies created excess talent or have few trainees entering the field over the past ten years countered this trend. We found that underwriters believed that the demand for underwriting was on the increase; with over 72% of the respondents answering that demand was “great” or “very great”.

Somewhat paradoxically, our respondents answered in nearly equal numbers that the number of career options available were about the same as they had been for the past five years, suggesting to us that talent has been dwindling while the number of career options has been fairly static. This is creating a much higher demand: the same number of jobs but fewer underwriters available to fill them.

“We weren’t terribly surprised to find this apparent contradiction,” says President of HCap Search, Barry Tower. “For years we’ve wondered when the other shoe would drop. When our clients ask us to find talent with less than five or six years of experience, we have to tell them that the industry has not trained or retained many underwriters during the 1990’s.”

Survey designers were interested in whether opportunity or compensation was the prime motivator for change. For commercial lines underwriters, the survey found that opportunity was more important than salary by a factor of 2 times (63% to 25%).

The survey studied the perception of counteroffers. Was the accepting a counteroffer a good idea or bad? 54% of those surveyed believed that accepting a counteroffer was ill advised, while 35% saw it as advantageous. Gary Abram, a partner at HCap Search, says “it’s unusual when there isn’t some fallout from accepting a counter-offer, but accepting counter-offers is much more prevalent than in the past.”

How about job changes? Was the underwriter inclined to make moves to other companies? Of our sample, only 15% had worked for only one company, while 74% had worked for two to five employers. 9% had worked for more than six.

Tower, who has been working in the insurance search field since 1980, has seen dramatic changes in compensation over the years, as well as the graying of most underwriting departments. “The harder market has created a fairly urgent demand for talent,” he says. “But it’s very difficult today to find mobile and affordable people.”

The survey shed light on some trends seen by search companies like HCap, and confirmed several hypotheses by those working in the field. Clearly, over the past 25 years, commercial lines underwriters have experienced significant consolidation of companies, contraction of their companies into fewer and fewer offices and major advances in technology and productivity. Still, the survey shows that the profession seems to be fairly healthy with strong demand for proven expertise, albeit with fewer career options.

