

Insurance Practice

# Eight talent imperatives for Asian insurers

To compete in the next normal, Asian insurance companies must take bold action to transform their talent strategy and embrace new ways of working.

*This article is a collaborative effort by Alistair Carmichael, Violet Chung, Arne Gast, Bernhard Kotanko, and Gaurava Sahi, representing views from McKinsey's Insurance Practice.*



**While talent has been a top priority** of the insurance industry for the past decade, the COVID-19 pandemic and the Great Attrition<sup>1</sup> have created a new sense of urgency: a recent McKinsey global survey revealed that 40 percent of employees are considering changing jobs in the near term. In this new reality, insurance leaders must transform their talent models,<sup>2</sup> develop new capabilities at scale and at pace, and embrace new ways of working.

As part of our Asia Insurance Executive Roundtable (AIXOR) series, we recently convened a panel of chief human resource officers (CHROs) from leading Asian insurers. Drawing from the insights of these HR executives, as well as McKinsey's research and perspectives, we discuss eight imperatives for insurers to rethink their HR strategy across three critical areas: ownership, impact levers, and value enablers.

## Elevate HR ownership

1. *Form a 'G-3.'* Traditionally, performance and value management have been driven by the CEO and CFO. By expanding this group and creating a "G-3"<sup>3</sup>—CEO, CFO, and CHRO—insurers can ensure that talent is an integral part of all strategic decisions. This trio of executives should work together to establish a strong sense of purpose, shape a culture that attracts and retains top talent, adopt new ways of working, and allocate the resources required to nurture and grow its people. Fortunately, HR leaders in the Asian insurance industry are well

positioned to build the new capabilities and mindset required by the G-3 model, as more than 50 percent of CHROs in Southeast Asia bring experience from outside of HR.<sup>4</sup>

2. *Make talent a board priority.* Board members can be effective allies to advance the talent agenda<sup>5</sup>—serving as role models, coaches, and stewards of a long-term vision for the search for new talent. In a global survey on board priorities, more than half of board members expressed an interest in committing more time to curating company talent and culture.<sup>6</sup> The G-3 should actively mobilize and shape the board agenda to include articulating an inspiring purpose, defining talent and culture aspirations, succession planning for a broader set of key roles and capabilities beyond the CEO, and oversight and guidance to develop future-proof capabilities.

## Drive more impact

3. *Map talent to value.* State-of-the-art HR functions understand which individual roles are most critical for value creation<sup>7</sup>—and ensure that those roles are filled by the right talent. Critical roles do not always adhere to organizational hierarchy, function, or job level. Based on our experience, critical roles in insurance often include asset liability management and capital management, underwriting<sup>8</sup> and pricing, customer analytics and distribution, and claims<sup>9</sup> and customer service. Even though some of these roles

---

<sup>1</sup> Aaron De Smet, Bonnie Dowling, Marino Mugayar-Baldocchi, and Bill Schaninger, "Great Attrition' or 'Great Attraction'? The choice is yours," McKinsey, September 8, 2021.

<sup>2</sup> "Transforming the talent model in the insurance industry," McKinsey, July 6, 2020.

<sup>3</sup> Dominic Barton, Dennis Carey, and Ram Charan, "An agenda for the talent-first CEO," McKinsey, March 6, 2018.

<sup>4</sup> "Developing the next generation of CHROs in Southeast Asia" Report: HR background no longer critical to securing CHRO role," Bloomberg, May 23, 2017.

<sup>5</sup> Hugo Bague, Frithjof Lund, and Mary Meaney, *Boards, talent, and culture*, McKinsey, August 30, 2021.

<sup>6</sup> Conor Kehoe, Frithjof Lund, and Nina Spielmann, "Toward a value-creating board," McKinsey, February 1, 2016.

<sup>7</sup> Mike Barriere, Miriam Owens, and Sarah Pobereskin, "Linking talent to value," McKinsey, April 12, 2018.

<sup>8</sup> Kia Javanmardian, Diego Mattone, Chi-Dao Phan, and Sirius Ramezani, "Underwriting talent: Strategies for property and casualty insurers," McKinsey, November 22, 2021.

<sup>9</sup> Andy Fong, Kristen Ganjani, Elixabete Larrea, and José Miguel Novo Sánchez, "Claims 2030: A talent strategy for the future of insurance claims," McKinsey, December 10, 2020.

# Insurers will need to tap into new and wider talent pools across a broader geographic range, especially with the growth of remote work.

may be several layers below the C-suite, they deliver disproportionately immense value to the business. HR leaders should therefore prioritize talent recruitment, development, mobility, and performance management for these roles.

4. *Develop skills at scale.* As AI and other forces disrupt the industry,<sup>10</sup> Asian insurers must recruit and develop new skills at scale—most importantly in digital capabilities, advanced analytics, customer experience, human-centered design, and agile. To do so, insurers will need to tap into new and wider talent pools across a broader geographic range, especially with the growth of remote work. HR leaders will also be required to create a more inclusive culture, embrace new ways and places of working, and infuse creativity and innovation into traditional learning and capability-building models.
5. *Invest in employee experience.* Now is the time for insurers to take a holistic, people-centric approach to the insurance employee life cycle. HR leaders can use customer-experience thinking to deliver high-quality experiences

tailored for different employee segments in the workforce—with special attention to the moments that matter, using these to draw common threads across employee segments. Insurance workforces span a diverse range of roles; for example, the needs and challenges of top digital talent differ significantly from those of frontline salespeople. Our research on the Great Attrition<sup>11</sup> shows that employees want meaningful interactions at work, not just transactions. HR leaders should take care to bring a human touch to these interactions, such as celebrations, difficult conversations, and performance discussions.

6. *Renew the HR function.* To effectively drive these talent imperatives, the HR function needs to shift toward a new model. This includes elevating the strategic and commercial acumen of its people (through capability building and recruitment); becoming an “early adopter” of other imperatives, such as talent analytics and agile ways of working; and embedding itself in core business programs and journeys to become an engine of transformation from within, rather than a support function on the outside.

---

<sup>10</sup> Ramnath Balasubramanian, Ari Libarikian, and Doug McElhane, “Insurance 2030—The impact of AI on the future of insurance,” McKinsey, March 12, 2021.

<sup>11</sup> “Great Attrition” or “Great Attraction?”, September 8, 2021.

## Unlock new sources of value

7. *Strengthen people analytics.* The vast breadth and depth of people data remain underused today. People analytics<sup>12</sup> has the potential to identify levers for greater talent impact and curate personalized talent journeys that allow employees to harness their potential, shape fulfilling professional-development paths, and achieve greater value for the company. While use cases span the entire talent life cycle, insurance companies have mostly applied emerging people-analytics capabilities to better recruit digital talent, measure manager effectiveness, increase employee retention, and identify high-potential employees.
8. *Go agile.* Insurers are among the most conservative organizations, often adhering to traditional multilayered hierarchies and made of siloed functional structures. But the future of insurance will require simpler, faster, and

more agile operating models<sup>13</sup> that can quickly adapt to changes in the external environment. This means fewer organizational layers, a shift to cross-functional teams and workflows, and empowered business units and teams. Across industries and geographies, we have observed substantial uplift in productivity and employee engagement<sup>14</sup> in teams that have adopted agile working practices.

---

Asian insurers recognize the need for bold action to respond to industry headwinds and capture the full potential of their talent. However, most are still at the beginning of their journey, and some are focusing on incremental change. We recommend a holistic approach to transforming the talent strategy across all eight imperatives. Only then can insurers build a talent-first organization that can thrive in the next normal.

---

<sup>12</sup> Elizabeth Ledet, Keith McNulty, Daniel Morales, and Marissa Shandell, "How to be great at people analytics," McKinsey, October 2, 2020.

<sup>13</sup> "The five trademarks of agile organizations," McKinsey, January 22, 2018.

<sup>14</sup> "An operating model for the next normal: Lessons from agile organizations in the crisis," McKinsey, June 25, 2020.

**Alistair Carmichael** is an associate partner in McKinsey's Sydney office; **Violet Chung** is a partner and **Bernhard Kotanko** is a senior partner in the Hong Kong office; **Arne Gast** is a senior partner in the Kuala Lumpur office; and **Gaurava Sahi** is an associate partner in the Gurugram office.

Designed by McKinsey Global Publishing  
Copyright © 2021 McKinsey & Company. All rights reserved.

## Contact

### **Violet Chung**

Partner, Hong Kong  
Violet\_Chung@McKinsey.com

### **Bernhard Kotanko**

Senior partner, Hong Kong  
Bernhard\_Kotanko@McKinsey.com

### **Arne Gast**

Senior partner, Kuala Lumpur  
Arne\_Gast@McKinsey.com