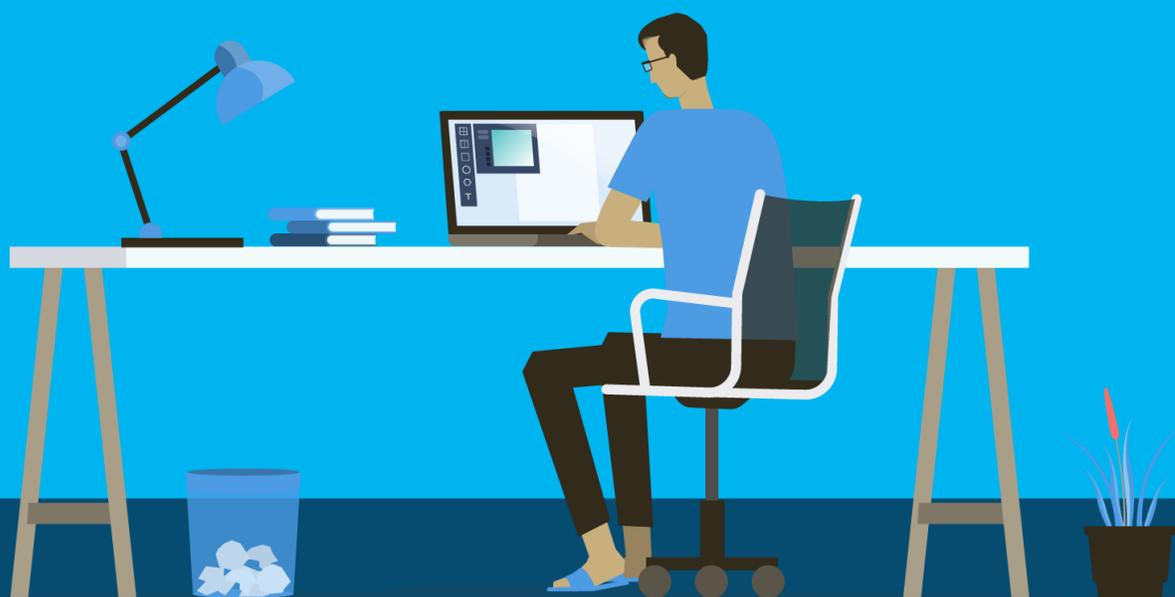


Insurance Practice

Why insurers should embrace remote work

The industry push for more digital talent aligns with long-term remote-work opportunities.

by Julie Goran and Tom Welchman



In a recent McKinsey Global Institute analysis of the potential for long-term remote work,¹ highly skilled and highly educated workers in a handful of industries were found to be able to work remotely three or more days a week just as effectively as working from an office.

One of the industries with the highest potential for this setup? Insurance.

According to the research, which analyzed more than 2,000 activities in more than 800 occupations, three-quarters of the time spent on activities in the finance and insurance industries can be done remotely without a loss of productivity. These activities include analyzing information, processing claims, and underwriting.

Part of the reason the insurance industry is poised for success with remote work is because a large share of the industry operates in advanced economies. Among the countries examined in the analysis, Germany, the United Kingdom, and the United States topped the charts for potential share of time spent working remotely without a loss of productivity, theoretically being able to work remotely and effectively one-third of the time.

These findings are particularly interesting as the insurance industry undergoes a radical digital transformation, with a large part of that evolution focusing on rebuilding the talent acquisition processes and pipelines. As insurance executives look to increase their number of digital employees, one recommendation is to hire top talent, regardless of geography, who will work remotely.² Before the pandemic, some insurers were averse to doing so, but the crisis has shown that insurers can successfully form virtual agile teams, provide remote insurance advice, and handle policy sales and routine claims management remotely. We've even seen management teams that have interacted only virtually, having come together after the start of the pandemic.

Many insurers are also considering how working remotely can help them become more diverse, especially for technical roles, historically an area in which companies have had difficulty making progress.

The fact that finance and insurance are primed to become leaders in remote working environments further stresses the need for insurers to make significant progress in building their digital

¹ For the full McKinsey Global Institute report, see "What's next for remote work: An analysis of 2,000 tasks, 800 jobs, and nine countries," November 2020, on McKinsey.com.

² Julie Goran, Krish Krishnakanthan, Eleonora Sharef, and Kurt Strovink, "How US insurers can build a winning digital workforce for the future," September 9, 2020, McKinsey.com.

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capabilities. Our research shows that the need for technological skills in the sector will increase 55 percent from now through 2030, while the need for physical and manual skills will decrease 14 percent.³ Claims specifically can expect 50 percent of the tasks associated with that role to become automated. Given the pandemic's acceleration of digital advancement in general, we expect this trend to continue.

Of course, the push for more remote work environments is not without complications. While routine auto claims, for example, can be handled by adjusters sitting at their kitchen table or even by artificially intelligent bots, complex claims requiring in-person analyses of damage and nuanced judgment will more likely still need to happen on-site.

Furthermore, a fully remote workforce—and even a hybrid model—presents challenges both in creating a strong and cohesive culture within an organization and for employee value proposition. For global insurers, that mix of in-office and remote work can be further complicated by differing hybrid experiences among countries or locations.

But, given that the largest swath of insurance jobs can be done successfully with a good internet connection, considering fully remote options or hybrid models could be advantageous paths for insurers to explore. Although returning to an office might be emotionally charged, over time we expect to see the world settle down into a hybrid model, with some days in the office and some days working remotely. Some senior leaders still prefer being in the office every day, but those leaders will need to model the behavior they would like their people to follow. A hybrid option allows companies to rethink their real estate footprint while helping the industry shed stuffy perceptions that some industry professionals, particularly millennials, have characterized as a detractor for wooing new talent.

As insurance executives continue assembling their digital talent, analyses such as these show that the effectiveness of long-term remote work setups should factor into their workforce plans and help them develop innovative employment value propositions.

³ Tanguy Catlin, Ari Chester, Julie Goran, Megan McConnell, and Scott Rutherford, "Transforming the talent model in the insurance industry," July 6, 2020, McKinsey.

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