

The Airmic logo features the word "airmic" in a white, lowercase, sans-serif font. Above the letter "i" is a white, stylized roof-like symbol. The background of the entire page is a dark blue gradient with a complex network of glowing blue lines and nodes, resembling a digital globe or data network.

airmic

Future of the Profession

An insight from Airmic
March 2020

FOREWORD

There will be a future demand for a broad variety of knowledge and skills, both disruptive technical skills and specialised industry and core business skills.

If risk professionals can acquire the right balance of knowledge and skills, this will create a huge opportunity for them to increase their level of influence in their organisations and the wider world.

In this context, it is important for Airmic to be closely attuned to the needs and aspirations of our members and the professions. With that in mind, Airmic embarked on this study to better understand the latest challenges and opportunities facing risk professionals today. In our last in-depth survey of the profession in 2018, our members told us there was a need for risk professionals to upgrade some of their more traditional knowledge and skills and take a more progressive approach to learning and development. That has continued to be the case in 2020, and we remain of the opinion that risk professionals who can combine digital literacy with a creative mindset and strong influencing skills will be best positioned to succeed as valued business partners.

We are also particularly pleased to have received 227 responses, which is of sufficient statistical relevance to have given us the confidence to make the observations and analyses of the risk profession in the report. I think the number of responses is also a testament to the level of interest our members have taken in the future development of the risk management and insurance industry.

Rather than pause at the findings of this survey, we have gone one step further. Airmic has developed a Competency Framework for risk professionals to help them navigate their career and personal journey. The Competency Framework is being launched together with this report, and I encourage you to read it!

Julia Graham
Deputy CEO and Technical Director
Airmic






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INTRODUCTION





In their book *The Future of the Professions*, Richard and Daniel Susskind paint two scenarios of the future for professionals. The first is a glum picture where the miracles of technological innovation render the whole concept of the professions obsolete. The other is a scenario where a whole range of new professional opportunities emerge for them.¹

Coupled with a scenario of rising life expectancies, in which people may need to work into their 70s or even 80s,² professionals need to constantly reinvent their knowledge and skills to ensure employability beyond today's typical business and state retirement ages.

Faced with these prospects, there is a need for risk and insurance professionals to stretch beyond their comfort zone, pass the professional fitness test and be professionally fit for the future. Risk professionals and bodies such as Airmic need to be keenly attuned to the challenges and opportunities of the future and prepare for them.

To better understand the latest challenges and opportunities facing risk professionals today, Airmic surveyed its members between December 2019 and January 2020.

The key takeaway from the survey is that risk professionals must be constantly aware of developments within and outside their organisations. At the same time, Airmic needs to be sensitised to its members in terms of their continued professional development and knowledge and skills fitness needs.

Risk professionals must be more dynamic in stakeholder engagement. Above all, in practical terms, they must be better aligned with business priorities. As John Ludlow, CEO of Airmic, says: "The risk professional is someone who understands context and business and becomes a business partner."

This report provides insight into how Airmic members are experiencing and responding to shifts in their responsibilities, and how they can deliver on these challenges and opportunities now and in the future.

It affirms other studies, particularly with regard to the impact of technological trends on the profession. Yet other findings of this survey explode some popular perceptions.

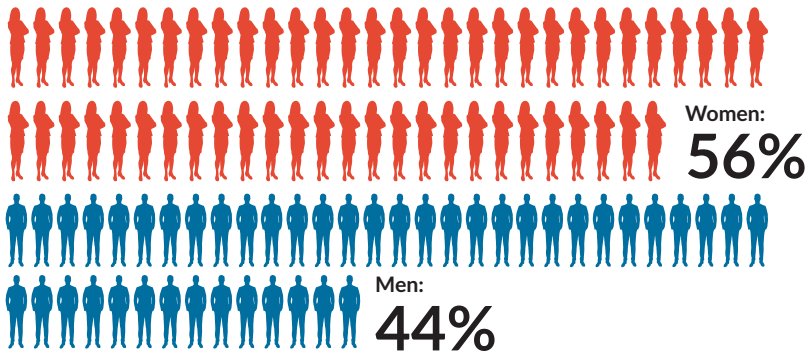


1. PROFILE OF THE PROFESSION

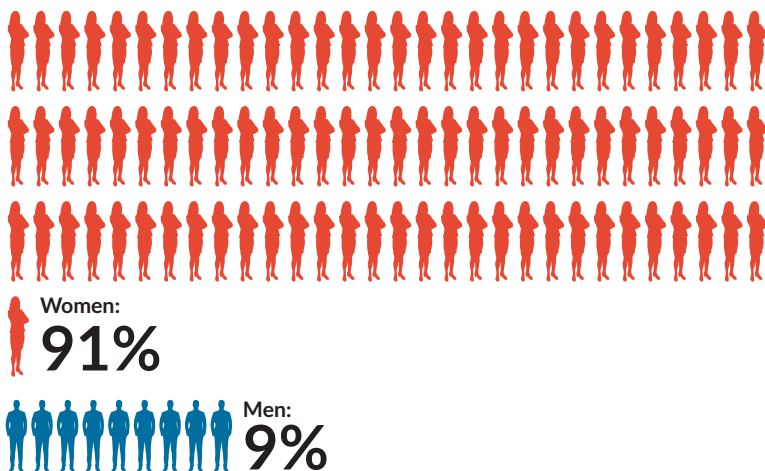


This report is based on 227 responses gathered from a survey conducted by Airmic over a one-month period from December 2019 to January 2020. This is of sufficient statistical relevance for us to make the observations in this report with confidence.

Millennials in the risk profession



Millennial risk professionals with 10-15 years of experience in the profession



| Generation/ Born in the years... |
|--|
| Baby Boomers 1946 to 1964 |
| Generation X 1965 to 1980 |
| Millennials (also known as Generation Y) 1981 to present |

There is a pipeline of female talent. Younger risk professionals are more likely to be female and the survey suggests that women tend to stay in the risk profession longer than men do.

According to recent analysis by Willis Towers Watson, companies with practices that support greater gender diversity are rated more effective by their employees across a range of topics than those that do not. Additionally, this analysis found that companies that offer supportive family services and health education programmes for women provide better environments for finding work/life balance and managing workloads.³

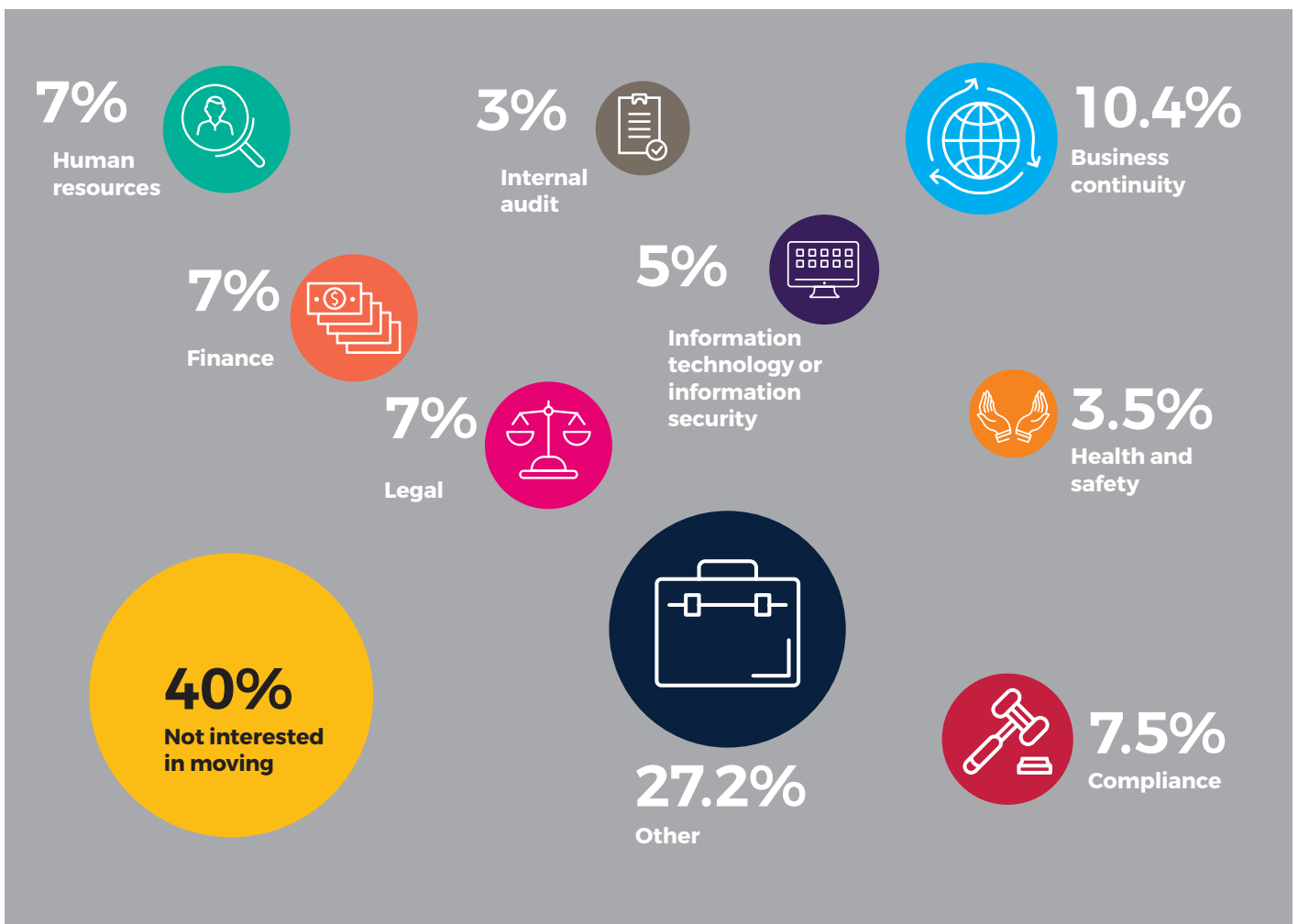
2. PROFESSIONAL ASPIRATIONS



As far as job satisfaction is concerned, risk professionals enjoy their role.

Of our respondents, 40% were not interested in moving into another function in their organisation, when presented with the opportunity to do so.

Given the option, most respondents also did not want to move to a different organisation. Most risk professionals are happy to stay put.



Which other function within their current organisation do risk professionals want to move to?



Millennials: Not exactly the “entitled generation”

The term “millennials” first caught on around 20 years ago, when the generation of those born in the 1980s and 1990s were entering the workforce. Fuelled by studies on the topic at that time and subsequently by the media, the popular perception had been that millennials were driven towards work that comes with a greater social purpose, rather than a fixation on good pay.⁴ Millennials became known as the “entitled generation”.⁵

Compared to Generation X, which preceded them, millennials are mostly “digital natives” who have grown up in the digital age of computers and the internet, rather than having acquired familiarity with digital systems as an adult. Digital natives are comfortable with technology from an early age and consider technology to be an integral and necessary part of their lives. They have come of age in the era of social media.

Fast forward to the year 2020, and those early perceptions of millennials and their career aspirations have not always held up. Our survey reflects some of those new trends.

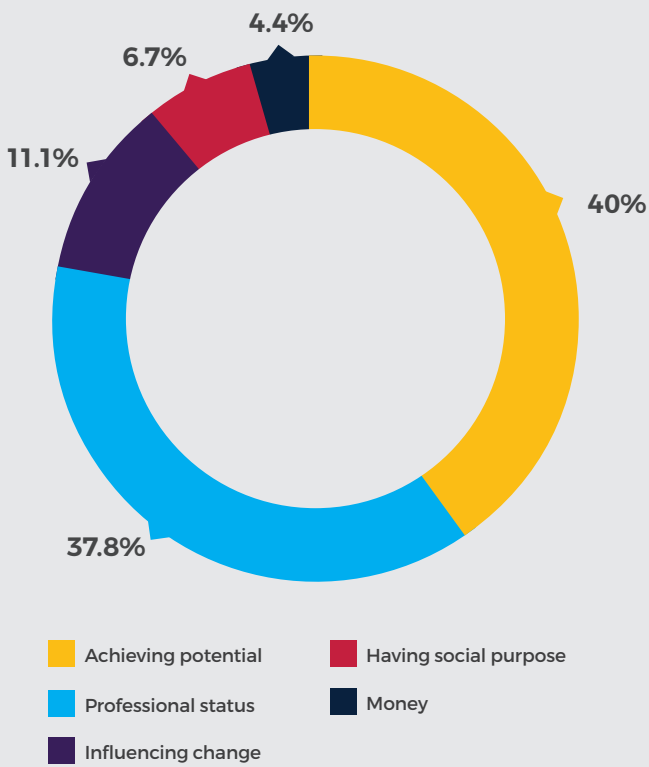
Only 4.4% of our millennial respondents felt that having a social purpose was an indication of professional result success, which is lower than the average risk professional. Moreover, our millennial respondents place more importance on professional status, on achieving their personal potential and on money, compared to our average respondent. Additionally, our millennial respondents place lower importance on issues of work-life balance than our average respondent, compared to other aspects of their job that they enjoy.

Indeed, millennials are twice as likely to stress over money than their baby boomer parents, as a 2018 research survey by Willis Towers Watson revealed, challenging the perception that millennials are a carefree generation.⁶

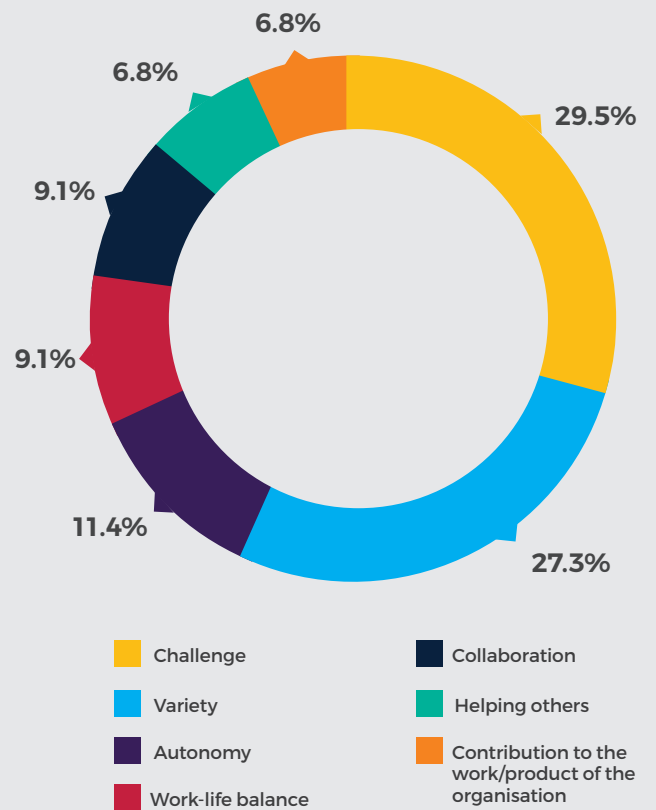
Perhaps this all reflects the emerging anxieties over career and financial security that millennials face, in a gig economy characterised by zero-hour contracts.⁷

This signals that we should resist the temptation to pigeonhole each risk professional by their generational grouping. In any case, those generational characteristics can change over time, in response to global trends and developments in the economy, as we have seen with millennials.

As Dr Alexis Abramson, an expert in what are known as ‘generational cohorts’, says people can pigeonhole themselves into aligning with the characteristics of their generational grouping, but they would never fit the standard description of that grouping exactly.⁸



How millennial risk professionals describe professional success



What millennial risk professionals enjoy most about their jobs

3. THE PROFESSION IN TRANSFORMATION





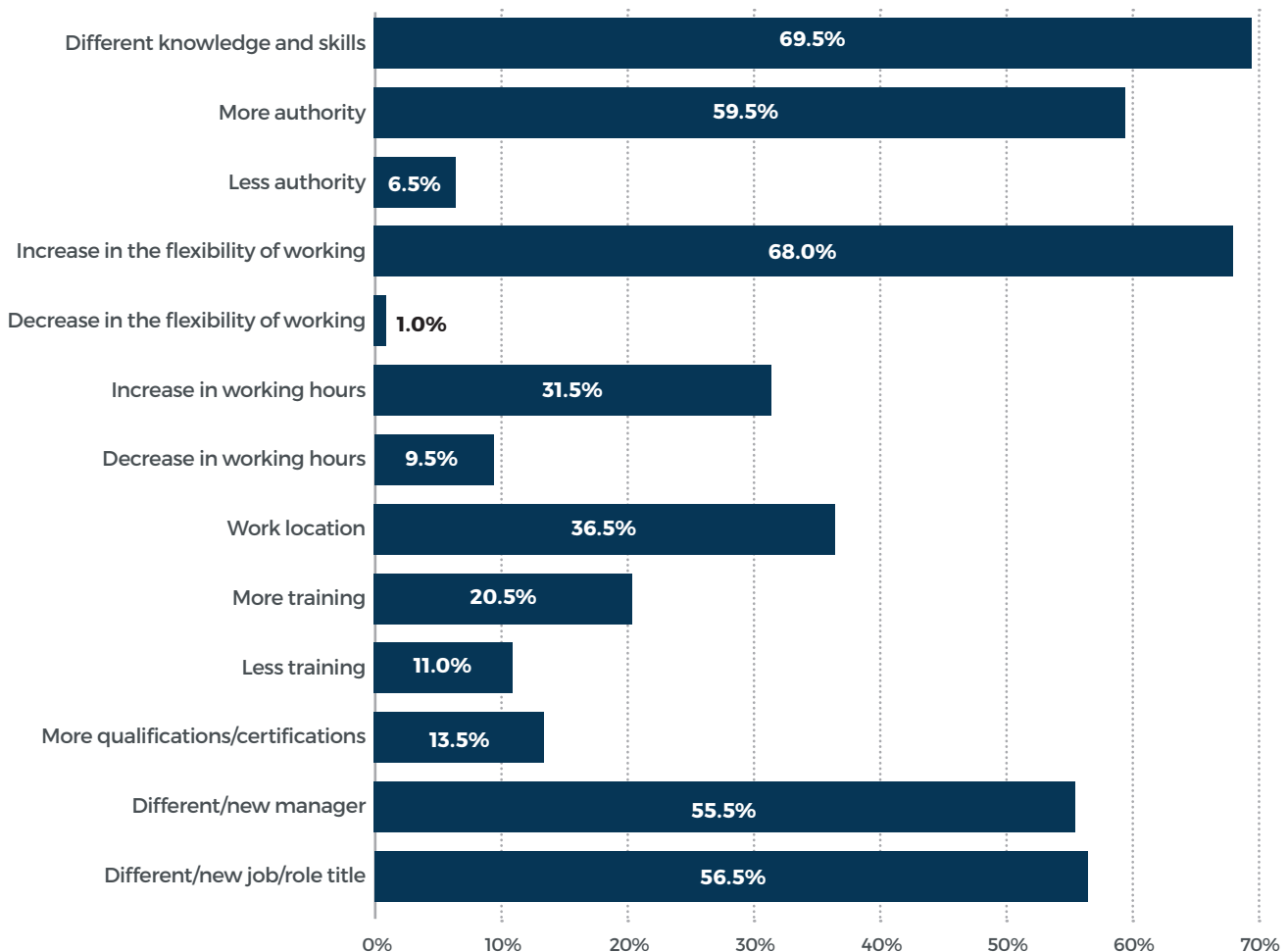
Over the last four years, risk professionals have increasingly seen their roles require different knowledge and skills. At the same time, they are likely to gain more authority and see changes in who their managers are and their own job titles.

Much of these changes in the risk profession could be seen against a backdrop where the asset value of companies has been shifting towards the intangible.

Current risk identification tools such as the risk register might be misleading and give a false sense of confidence.

Risk registers focus on tangible or traditional risks, which tend to be static and involve looking backwards. Therefore, organisations are moving to complement risk registers using horizon scanning and scenario analysis, which can identify potentially headline-grabbing, organisation-threatening issues that may also be less tangible.⁹

This calls for risk professionals to become business partners. They need to collaborate effectively with others and challenge their functional peers and the leadership team of their organisation in order to champion the new type of risk management.



How has the role of risk professionals changed in the past four years?



Using technology at work

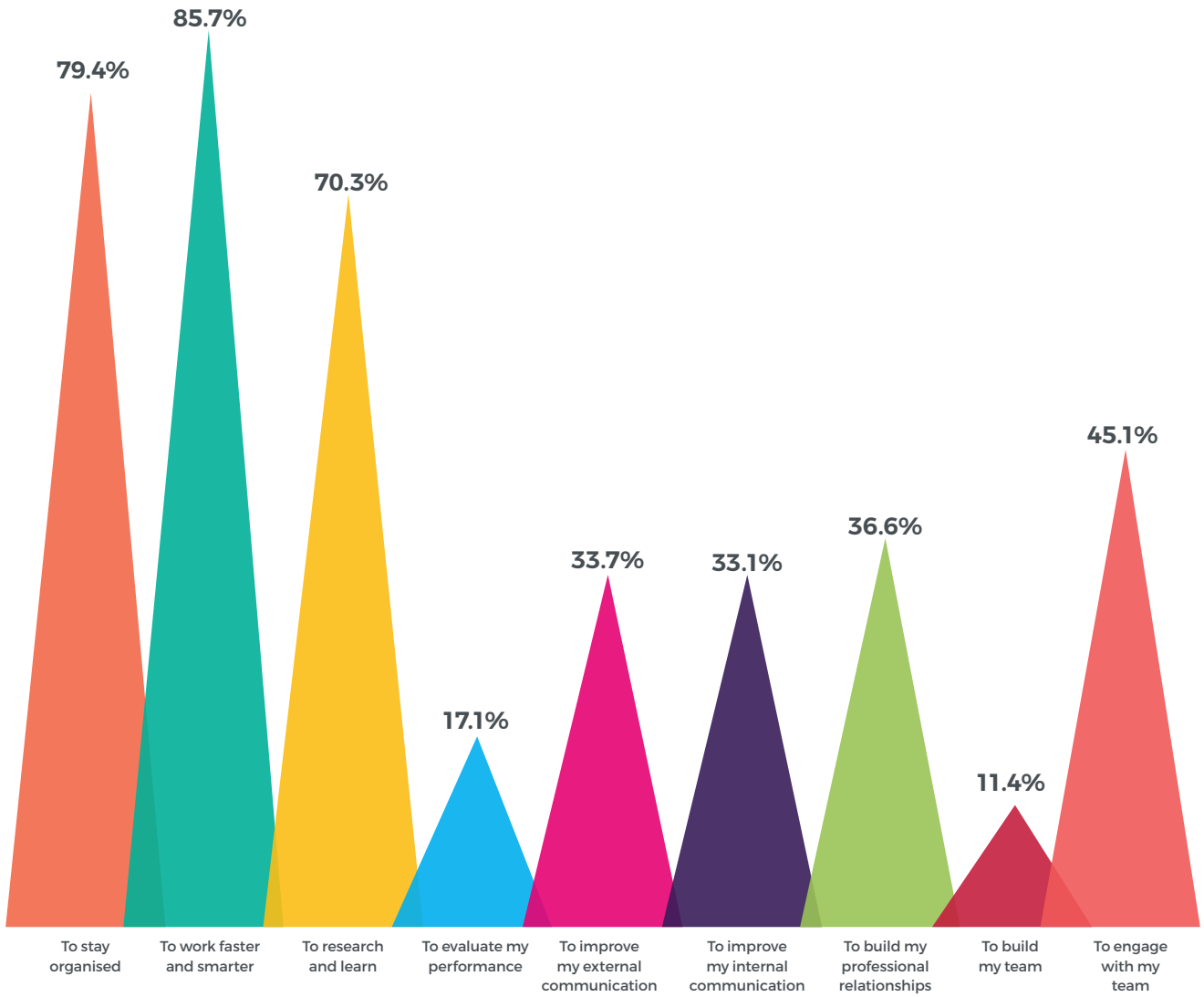
Most of our respondents are using technology to work faster and smarter, in line with how studies such as the World Economic Forum's "Jobs of Tomorrow" report envisage professionals will continue delivering value through their work in the digital age.¹⁰

However, while they are also using technology to stay organised and for research and learning purposes, fewer respondents are harnessing technology for self-evaluation and for building up professional relationships and communication.

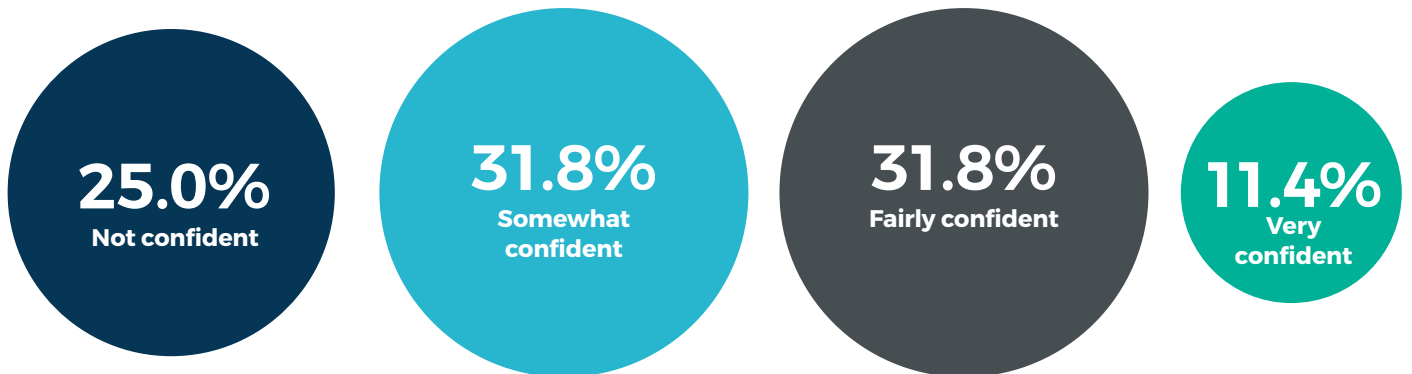
As technology increasingly takes over more routine, manual tasks, the value of the risk professional will hinge on interpersonal communication and on their emotional and social intelligence. A study of more than 2,000 work activities in more than 800 occupations, by the McKinsey Global Institute, concluded that the hardest jobs to automate are those involving managing and developing people, as well as jobs that require deep expertise in decision-making and planning.¹¹

With the ubiquity of internet search engines, users can receive advice and guidance at any time of the day. Each month, more people visit the WebMD network of health websites than visit all doctors working in the United States.¹² This is not to suggest that doctors have outlived their usefulness at the present time, but that more patients are turning to trusted websites for advice on more common ailments such as colds and flu. Professionals are losing some of their monopoly over expertise in their respective fields.

Risk professionals need to upskill and constantly reinvent themselves, or risk being made redundant by technology. On a more positive note, this presents the opportunity for professionals to offer more value, if they can find the best ways to work hand-in-hand with technology. The World Economic Forum's "Jobs of Tomorrow" report reflects that the demand for both digital and human resources is driving growth in the professions of the future. This affirms the second of the two scenarios presented by Richard and Daniel Susskind in *The Future of the Professions*, in which technology complements the work of human professionals.



How risk professionals use technology in their roles



How confident do baby boomers feel in using emerging technology?



CONCLUSION

Airmic members rated the need for different knowledge and skills, coupled with an increase in authority and more flexible working, as the greatest changes to their jobs over the last four years. Digital literacy, a creative mindset and negotiating and influencing were considered the most important skills for the future. The technical aspects of the risk professional's role are being stretched into areas requiring influencing skills, business awareness and technology fluency. Those who can combine these will be best positioned to support their organisation in today's dynamic environment and achieve personal professional success.

Disruption is the new normal and no industry is exempt from change. Life is faster, more complex and connected, more challenging – and more exciting! Although technology will facilitate change, risk professionals will take the decisions that can drive change. This context creates new risks and new opportunities, and demands a shift in emphasis for the risk professional.



- 1 Risk professionals must become business partners.** They must demonstrate strong business and commercial acumen and engage more intensely with the organisation's purpose, strategy, major objectives and investments. This will sharpen their ability to develop valuable insights into emerging risk concerns and help them develop innovative risk mitigation solutions.

Organisations are moving to complement risk registers using horizon scanning and scenario analysis to identify threatening issues that may also be less tangible. Current risk identification tools such as the risk register might be misleading and give a false sense of confidence. That is because risk registers focus on tangible or traditional risks, which tend to be static and involve looking backwards.



- 2 Risk professionals must be professionally fit for the future.** They must develop analytical skills and methodologies using new data science and automation techniques. Coupled with a good grasp of emerging technologies, this should free risk professionals up for higher-level (as opposed to routine) risk work and enable them to engage and act as trusted advisors to business leaders and functional peers.



- 3 Risk professionals should further harness technology for self-evaluation and for building up professional relationships and communication.** They must be more dynamic in stakeholder engagement. A more creative and collaborative approach to managing risks and opportunities will enable them to recognise and address institutional and individual biases, discover blind spots and surface emerging risks and opportunities for which evidence may be limited or conflicting.

In response to the findings of this survey, Airmic has developed a competency framework for risk professionals to help them navigate their career and personal development in the midst of such seismic shifts. Above all, a cultural and professional change is required because risk professionals have historically focused on the technical aspects of their job. Those who can mesh strategic vision, influencing skills, commercial awareness and technological fluency on top of the traditional technical risk competencies will be best positioned to help their organisation negotiate today's dynamic risk environment.

"Lifelong learning can enhance our understanding of the world around us, provide us with more and better opportunities, and improve our quality of life," says Julia Graham, Airmic's Deputy CEO and Technical Director. "Lifelong learners are motivated to learn and develop because they want to."



NOTES

- ¹ Richard Susskind and Daniel Susskind (2015) *The Future of the Professions: How Technology will Transform the Work of Human Experts* (Oxford: Oxford University Press).
- ² Lynda Gratton and Andrew Scott (2016) *The 100-Year Life: Living and Working in an Age of Longevity* (London and New York: Bloomsbury).
- ³ Willis Towers Watson. "Companies with greater gender diversity deliver better employee experiences." Press release, 9 September 2019. Accessed online at: <https://www.willistowerswatson.com/en-US/News/2019/09/companies-with-greater-gender-diversity-deliver-better-employee-experiences>
- ⁴ PwC (2011) *Millennials at Work: Reshaping the workplace*. Accessed online at: <https://www.pwc.de/de/prozessoptimierung/assets/millennials-at-work-2011.pdf>; Forbes. "Why Millennials Want More Than Just Work: The Importance Of Your 'Double Bottom Line.'" 9 June 2017. Accessed online at: <https://www.forbes.com/sites/theyec/2017/06/09/why-millennials-want-more-than-just-work-the-importance-of-your-double-bottom-line/#47b9beeb5784>; The Guardian. "Millennials want purpose over paychecks. So why can't we find it at work?" Accessed online at: <https://www.theguardian.com/sustainable-business/2016/sep/14/millennials-work-purpose-linkedin-survey>
- ⁵ TIME. "Millennials: The Me Me Me Generation." 20 May 2013. Accessed online at: <https://time.com/247/millennials-the-me-me-me-generation/>
- ⁶ Willis Towers Watson (2018) "Money worries biggest cause of stress for UK Millennials." Press release, 4 October 2018. Accessed online at: <https://www.willistowerswatson.com/en-GB/News/2018/10/money-worries-biggest-cause-of-stress-for-millennials-in-the-uk>
- ⁷ Financial Times. "Job security is living the millennial dream." 24 May 2016. Accessed online at: <https://www.ft.com/content/8d22895a-20dc-11e6-aa98-dbd1e01fab0c>; ManpowerGroup (2016) *Millennial Careers: 2020 Vision Facts, Figures and Practical Advice from Workforce Experts*. Accessed online at: https://www.manpowergroup.com/wps/wcm/connect/660ebf65-144c-489e-975c-9f838294c237/MillennialsPaper1_2020Vision_lo.pdf?MOD=AJPERES
- ⁸ BBC. "Millennials, baby boomers or Gen Z: Which one are you and what does it mean?" Accessible online at: <https://www.bbc.co.uk/bitesize/articles/zf8j92p>
- ⁹ Airmic (2018) *Embracing Change: Confronting Challenges in Risk Management – A Survey of AIRMIC members 2018*.
- ¹⁰ McKinsey Global Institute (2017) *A Future That Works: Automation, Employment, and Productivity*. January 2017.
- ¹¹ Susskind and Susskind, *The Future of the Profession*, p. 1.
- ¹² Ibid.





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