



Claims workforce of the future: 2030

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Foreword

In our recent publication; *Workforce of the future: The competing forces shaping 2030*¹, we reported on how people think the workforce will evolve over the coming years, based on research from across the globe. In that publication we highlighted the speed of change and importance of organisations planning for the affect that this will have on their workforce.

For the insurance industry the speed of change is arguably greatest within the claims function and this report looks at what the claims workforce of the future might look like, using some of the themes in *Workforce of the future: The competing forces shaping 2030*.

In addition to industry specific issues there are wider forces impacting society and the way we work that will result in significant changes to insurance companies and their claims functions. These forces, or “Megatrends” that are discussed in *Workforce of the future: The competing forces shaping 2030* will change the way we work in the future and need to be taken into account when developing the strategy for training and recruiting the claims workforce of the future.

One of these Megatrends is technological breakthroughs and we already see a number of organisations’ claims functions turning to technology and data enabled ways of working.

Demographic shifts, resource scarcity, shifts in global economic power and rapid urbanisation are the other Megatrends that will impact the claims workforce of the future.

Through the changes insurers are making today they are necessitating a claims workforce that will look and feel very different in 2030 than it does now. The ability to combine analytics with new technologies will become as important as to how the customer is engaged with, while the need for traditional claims technical knowledge and performing of heavily manual or repetitive tasks will decrease. The optimal insurer will be a bionic organisation, harnessing the power of data and technology, while combining this with a human touch that the customer really values.

To create the workforce of 2030 insurers need to act now to understand the people, skills, talents and experiences needed for those people working with claims that they will need to remain competitive and relevant.

This report builds on the PwC *Workforce of the future: The competing forces shaping 2030* by considering the specific challenges that are facing claims functions now as they begin to plan for the workforce they need for the future.

Jim Richard
UK Insurance Leader

Michael Cook
UK Claims Advisory Leader and Insurance Blockchain Lead

51%
of insurance CEOs are extremely concerned about the speed of technological change
PwC’s 21st CEO Survey



*Customer understanding +
information advantage and automation =
the bionic organisation*



*Customer experience + targeting future
expectations = insurers’ value proposition*

¹ <https://www.pwc.com/gx/en/services/people-organisation/workforce-of-the-future/workforce-of-the-future-the-competing-forces-shaping-2030-pwc.pdf>

The messages for leaders



Act now.

This isn't about some 'far future' of work – change is already happening in the insurance industry, and accelerating.



No regrets and bets.

The future isn't a fixed destination. Plan for a dynamic rather than a static future. You'll need to recognise multiple and evolving scenarios. Make 'no regrets' moves that work with most scenarios – but you'll need to make some 'bets' too.



Make a bigger leap.

Don't be constrained by your starting point. You might need a more radical change than just a small step away from where you are today.



Own the automation debate.

Automation and Artificial Intelligence (AI) will affect every level of the business and its people. It's too important an issue to leave to IT (or HR) alone. A depth of understanding and keen insight into the changing technology landscape is a must.



People not jobs.

Organisations can't protect jobs which are made redundant by technology – but they do have a responsibility to their people. Protect people not jobs. Nurture agility, adaptability and re-skilling.



Build a clear narrative.

A third of workers are anxious about the future and their job due to automation – an anxiety that kills confidence and the willingness to innovate. How your employees feel affects the business today – so start a mature conversation about the future.

Megatrends

The Megatrends are the tremendous forces reshaping society and with it, the world of work: the economic shifts that are redistributing power, wealth, competition and opportunity around the globe; the disruptive innovations, radical thinking, new business models and resource scarcity that are impacting every sector. Insurers need a clear and meaningful purpose and mandate to attract and retain employees, customers and partners in the decade ahead.

The Megatrends identified by PwC form an input into how we view the claims workforce in 2030 and this report focuses on the skills and talents that will be required in the future as a result of the technological breakthroughs that will disrupt the insurance industry and change the way we work in the future.

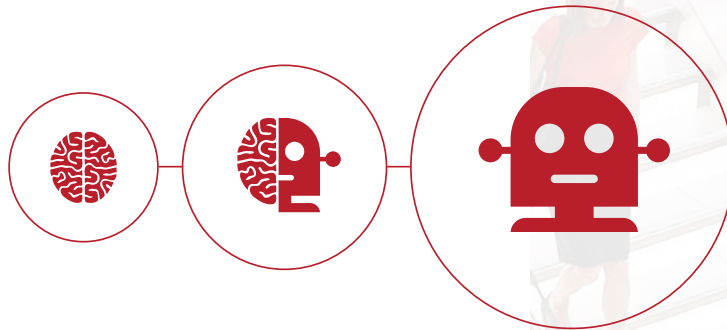


Technological breakthroughs Rapid advances in technological innovation

Automation, robotics and AI are advancing quickly, dramatically changing the nature and number of jobs available. Technology has the power to improve our lives, raising productivity, living standards and average life span, and free people to focus on personal fulfilment. But it also brings the threat of social unrest and political upheaval if economic advantages are not shared equitably.

*A quarter of Insurance
CEOs expect their
headcount to decrease –
compared to 18% for
other industries*

PwC's 21st CEO Survey





Demographic shifts

The changing size, distribution and age profile of the world's population

With a few regional exceptions the world's population is ageing, putting pressure on business, social institutions and economies.

Our longer life span will affect business models, talent ambitions and pension costs. Older workers will need to learn new skills and work for longer. 'Re-tooling' will become the norm. The shortage of a human workforce in a number of rapidly-ageing economies will drive the need for automation and productivity enhancements.



Rapid urbanisation

Significant increase in the world's population moving to live in cities

By 2030, the UN projects that 4.9 billion people will be urban dwellers and, by 2050, the world's urban population will have increased by some 72%².

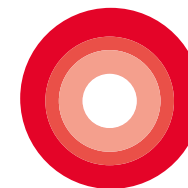
Already, many of the largest cities have GDPs larger than mid-size countries. In this new world, cities will become important agents for job creation.



Shifts in global economic power

Power shifting between developed and developing countries

The rapidly developing nations, particularly those with a large working-age population, that embrace a business ethos, attract investment and improve their education system will gain the most. Emerging nations face the biggest challenge as technology increases the gulf with the developed world; unemployment and migration will continue to be rampant without significant, sustained investment. The erosion of the middle class, wealth disparity and job losses due to large-scale automation will increase the risk of social unrest in developed countries.



Resource scarcity and climate change

Depleted fossil fuels, extreme weather, rising sea levels and water shortages

Demand for energy and water is forecast to increase by as much as 50% and 40% respectively by 2030³. New types of jobs in alternative energy, new engineering processes, product design and waste management and re-use will need to be created to deal with these needs. Traditional energy industries, and the millions of people employed by them, will see a rapid restructuring.

Find out more about PwC's other Global Megatrends <http://www.pwc.co.uk/megatrends>

2 UN Department of Economic and Social Affairs. http://www.un.org/en/development/desa/population/publications/pdf/urbanization/WUP2011_Report.pdf

3 National Intelligence Council. https://www.dni.gov/files/documents/GlobalTrends_2030.pdf

The Four Worlds of Work 2030

In *Workforce of the future: The competing forces shaping 2030* we discussed how the Megatrends provide the context for future worlds but they don't dictate their shape or features at a specific point in time. How humans respond to the challenges and opportunities which the Megatrends bring will determine the worlds in which the future of work plays out.

Public sentiment, and its impact, is difficult to predict, affected by culture, history and many other local factors. As we've seen in recent years, public sentiment can radically affect the approach of a nation in the space of a single election or referendum. But there's no doubt that governments and public sentiment will influence the forces underpinning each scenario.

For this reason, we added some distinctly human dynamics into our scenario analysis: the 'push and pull' effect of collectivism versus individualism, and integration versus fragmentation.

Collectivism versus individualism

Will 'me first' prevail, or will societies work together through a sense of collective responsibility? What is the role of government in balancing a strong economy with the interests of its people? Regions and countries – and even cities – will inevitably take a different view on the level of state intervention needed.

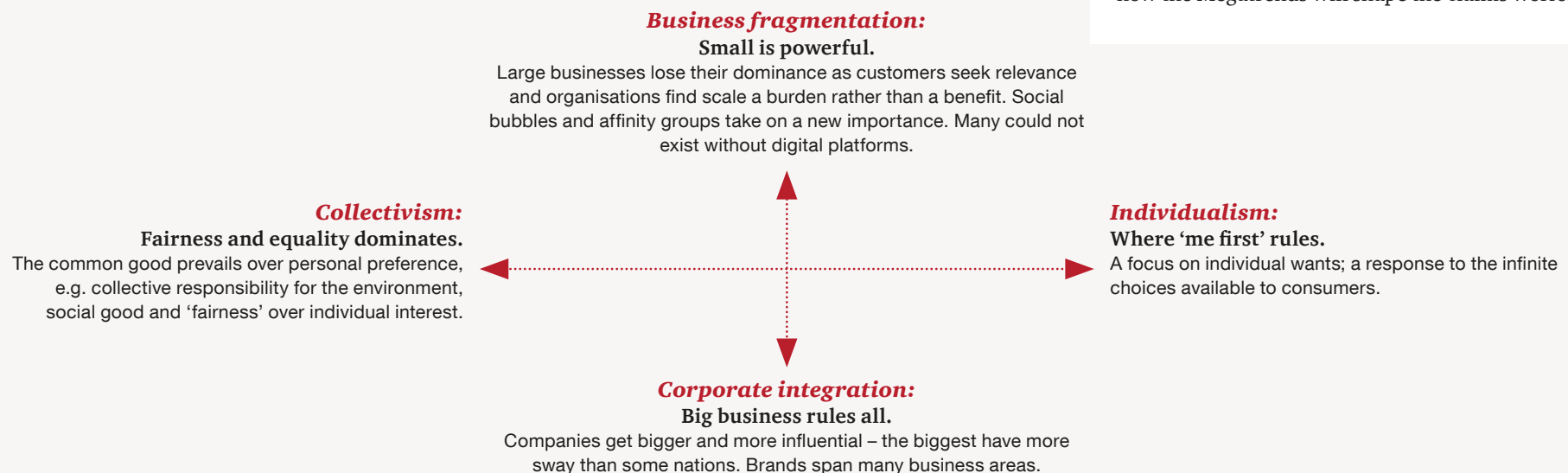
Integration versus fragmentation

Will digital technology inevitably mark the end for large companies? Technology has allowed tiny businesses to tap into a vast reservoir of information, skills and financing that used to be available only to large organisations. Through the use of technology, small has become powerful.

It's also allowed large companies to drastically reduce their internal and external costs. Organisations can be more productive with fewer staff and can expand their operations (through contingent workers, for example) without having to invest significant amounts of capital. But once again, human agency plays its part.

Government actions can incentivise or penalise larger businesses, or encourage small business and start-ups.

Appendix 1 to this report provides further consideration on the worlds of work, while the body of the report focuses on how the Megatrends will shape the workforce of 2030.





The claims workforce of today

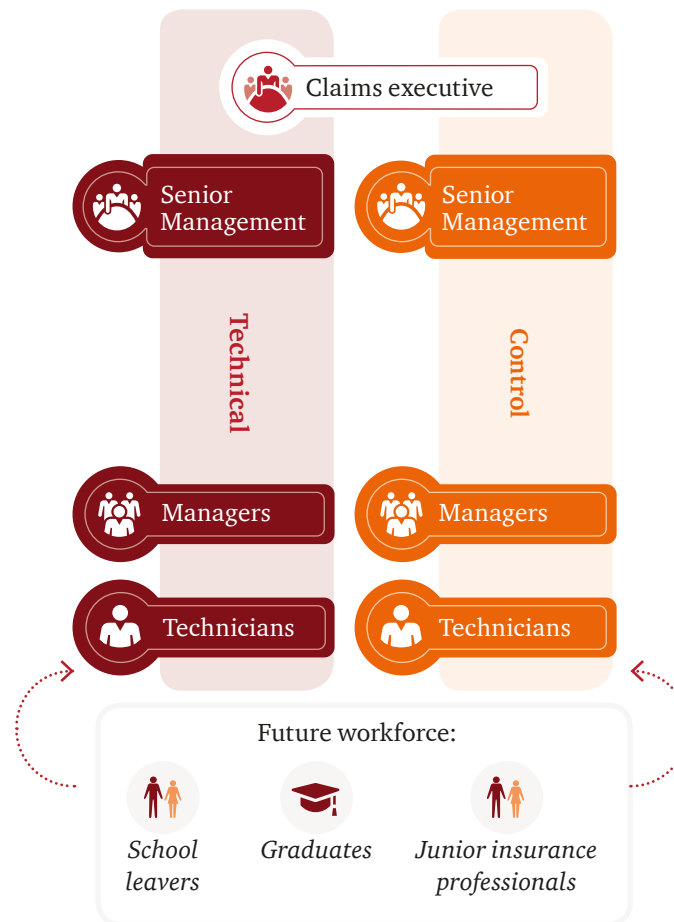
Today's typical non-life insurance claims team has not changed much in recent years and it is likely that most claims executives and senior management have progressed through this traditional structure, where work is split between those performing external (technical) and internal (control) claims roles. The skills and talent required at each level of those working in claims has remained unchanged for some years and as a result of this the background and experience of the people brought into an insurer's claims function have largely been the same since those in more senior roles started their career. Succession planning for these senior team members continues to be an area of concern for many insurers.

39%

of insurance CEOs are planning to collaborate with entrepreneurs or start-ups in the coming 12 months to drive corporate growth or profitability

PwC's 21st CEO Survey





The claims workforce functions of today



In general we see the progression through a claims professional as having been linear, with junior team members joining as technicians and working their way up, learning the traditional skills as they go. The table on the next page shows some example skills and experience that claims professionals currently have.

Current recruitment plans and training of claims staff are based on the status quo of the skills that have been required over the last 15 years. New joiners are taught the technical aspects of claims, as well as the way in which each insurers' systems, workflows and diary systems and associated limitations are used to try and secure the best outcome for the business and customer. Technology is already changing the roles that will be required in the future and the workforce of the 2030 claims team will look considerably different to how it does today.

Understanding what changes are expected tomorrow as a result of the decisions that are being made today is vitally important in informing who the claims workforce of the future will be, how they're going to be trained alongside existing claims team members and what they are going to be doing. This will make succession planning even more challenging in the future.

<i>Level</i>	<i>Role</i>	<i>Average experience</i>
 Claims Executive	Has built previous senior role with experience from elsewhere in the business (e.g. operations). Responsible for reporting into the Board on the function's performance.	15+ years
 Senior Management	Will often have either a legal, operational or technical claims background. Responsible for a certain line of business.	10+ years
 Manager	Will oversee a team of claims handlers, getting involved in the more technical and complex cases while providing authorisation for reserves and payments. Some involvement with customers, especially during complaints. Has gained knowledge from more junior claims roles.	4-10 years
 Technician	Perform a large amount of administrative and processing work, during which a grounding in technical claims handling and negotiation skills is gained. School and university leavers and other junior insurance employees fill large number of vacancies.	2-5 years

The impact of transformation and automation



Disrupting the process

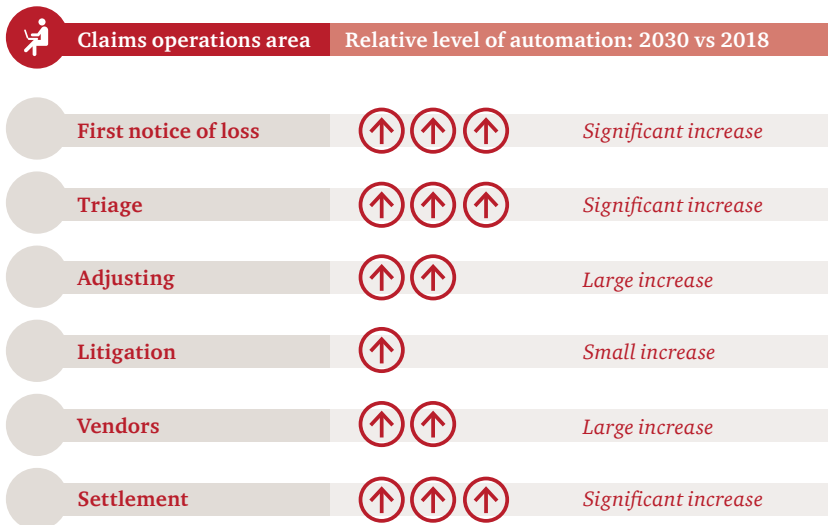
The transformation programmes that insurers have started to undertake will increase the level of automation claims by 2030, when larger, more traditional insurers will have transformed the way they operate. This will be more than just replacing legacy systems and rationalising workflows and will become more about using data and technology to build a way of working that optimises the process and outcomes for the business and customers alike.

To understand how this automation will affect the claims workforce we have considered the six key parts of the claims handling process, comparing our view of the level of automation today against where we see this going to by 2030.

This change in the level of automation will disrupt the ways in which UK claims workforce operate, which will affect the ways in which people work, as well as fundamentally changing the skills that are required in the claims workforce 2030, with much of this being relevant to claims workforce located outside of the UK.



Customer experience + targeting future expectations = insurers' value proposition



FNOL and triage

FNOL processes are increasingly automated. By 2030 this will have progressed to having the majority of FNOLs being automated. The process will have improved too, with better data being captured up-front which informs the rest of the handling process.

While some claims will not go through an automated process, these will be in the minority with constant analysis of performance of claims being used to refine the logic that powers the automation.

Litigation

The process of litigation management will see some increase in automation as data models help claims teams make more informed decisions on which claims will litigate and what the strategy should be.

Adjusting and vendors

12 years worth of improved, targeted data capture will mean that more elements of claims can be processed without claims handlers' intervention through improved business logic. This will free up time for insurance companies to focus on the more complex claims, while also allowing for more time to be invested in the customer experience. Drones and virtual reality are technologies that are already changing the way we adjust today.

Vendors and third parties' systems will be more integrated with insurers systems, not only increasing the speed of resolving claims but improving the experience for the customer.

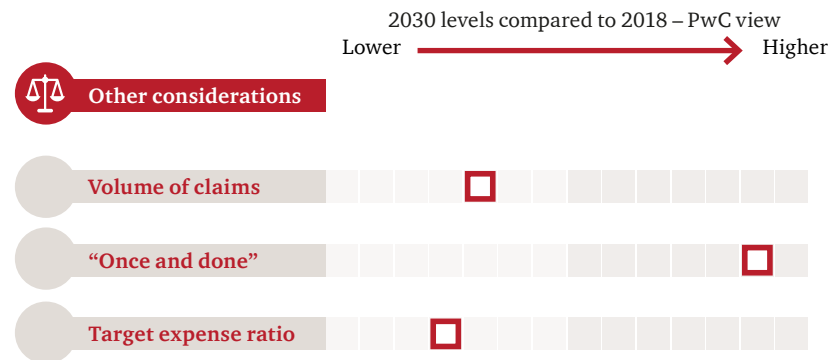
Settlement

In 2030, most claims payments will be received quickly and with little to no intervention being required by a claims handler or finance team. Claimants (or third parties) will receive payments direct to their account, with enhanced fraud checks being in-built into the process.

PwC view of 2030

The impact on skills

In addition to transformation and automation, there are a number of changes, driven by both technology and other factors that will impact the way the workforce of today will need to operate by 2030.



The changing role of insurers

As insurers increasingly focus on preventing losses and reducing the severity of loss events, the volume of claims will decrease which will impact the size and skillset of the claims workforce. Wider technological advances, whether it be driverless cars (which the UK Government expects to have to legislate for highly automate driving from 2025), intelligent homes that warn owners about an event before it happens and the internet of things will result in a reduction in the number of claims.

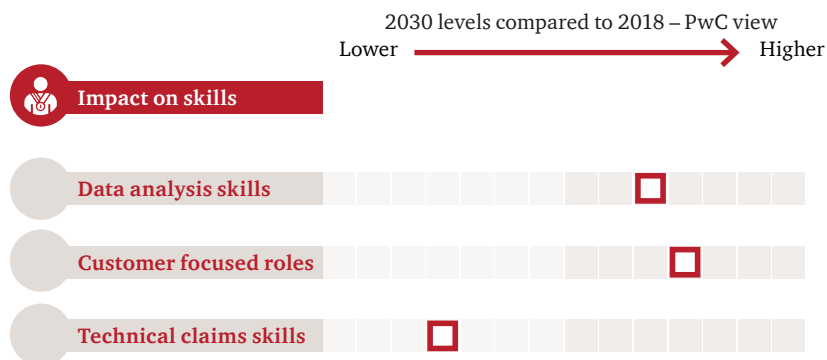
Once and done

As a result of the increased level of automation across the lifecycle of a claim, the percentage of claims that are settled with no, or very limited claims handler involvement will increase. This approach has already been seen in the industry and has been a focus for insurers looking to provide a differentiated customer proposition and manage claim costs. Speed of handling and settlement, when done right, benefits the customer and the insurer.

While settling retail claims in a matter of seconds remains a gift of the smaller start-ups, large traditional insurers are beginning to take notice and are appreciating that the direction of travel towards a lightening quick claims decision is the new normal; especially if they want to be able to meet the expectations of their customers.

Target expense ratios

As insurers replace legacy IT systems, improve efficiencies and deploy new technology, expense ratios will ultimately decrease. Early adopters can obtain competitive advantage. Management will increasingly expect to see reductions and pay-back for investment in technology. Claims functions will need to decide whether they want to run the leanest operation possible, or whether some of this reduction in existing costs is reinvested.



Skills

By 2030, volumes of claims will have decreased and an increasing percentage of claims will be handled with little or no human intervention, with this resulting in a smaller headcount being required to carry out the technical elements of claims. More highly skilled people will be required to support the handling and response to climate change related weather events.

The growing demand of data professionals to help across a number of areas including predictive analytics, use of drones, climate change, identity theft, cyber security, and the internet of things. As technology continues to advance it can improve the user experience and creates new opportunities and roles in the claims industry. Alongside this, demographic shifts will result in a potential workforce that has a very different size and distribution of age and experience.

Claims functions will have optionality around how they react to this change and to what extent they embrace this. An optimal 2030 claims function will be offering a differentiated service to their customers and will likely be the only contact that a customer has with their insurer. Behind the scenes data analysis of claims will be fine-tuning business rules that drive automation, providing insight and pricing advantages to the business.

The decisions that are made across these areas will necessitate different workforces in 2030.

31%
of insurance CEOs are
extremely concerned
about changing
consumer behaviour

PwC's 21st CEO Survey

Claims workforce 2030

Our view of the optimal claims workforces of 2030 is one in which the function increases the value that it provides to both its customers and the wider business. The focus on customer experience, combined with the right balance of data, analytics and analysis results in a truly bionic organisation.

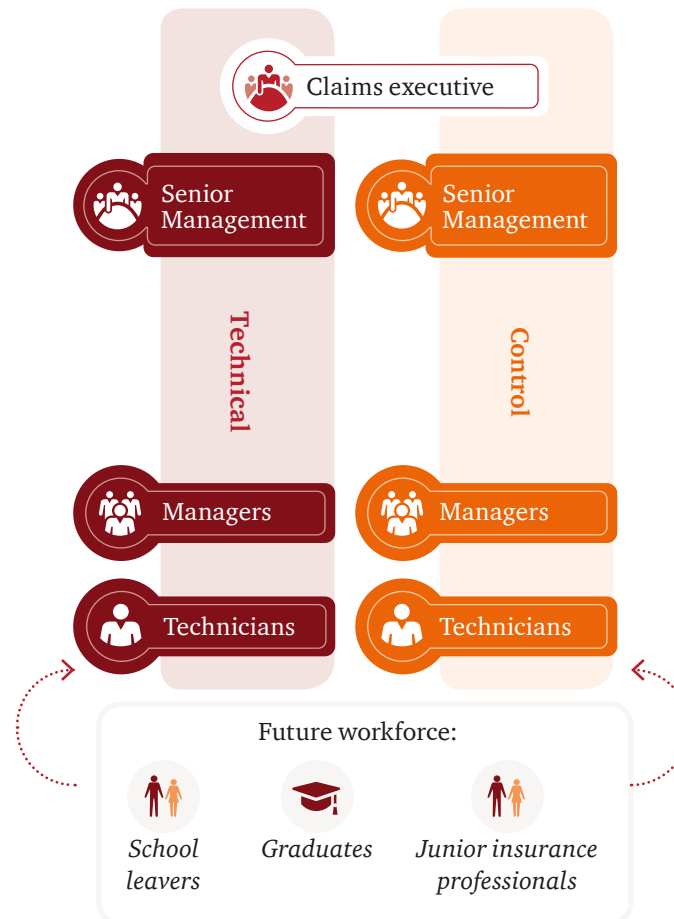
While some technical claims skills will always be needed to underpin the claims function, there is a much greater focus on the service that customers get and the analysis that is done over the data that insurers have over their claims, especially for the organisations that want to have a top performing claims function. This will also lead to an improved information loop between underwriters and claims teams. With higher quality data being analysed and shared on a more frequent basis, underwriters will have the information they need to make more precise pricing decisions.

To get to this future state by 2030, claims functions will not only need to invest in technology, but will need a very different workforce to the one they have today. To make this transformation they need to understand what skills they need and where these will come from. As a result of continued urbanisation this will increasingly be from cities and less from regional locations. Management will need to focus on talent strategies that are needed to help attract and develop the skillsets needed.

With so many things moving at such a quick rate, working out what skills will be needed in any future workforce will be challenging.

As we have shown, when you start to think through each stage of the claims handling process it is easy to see how much disruption the claims function will go through, though what is less simple is working out how this will affect the skills and talent that currently work in claims.

The claims workforce functions of today



Less of a need for technicians in technical roles.

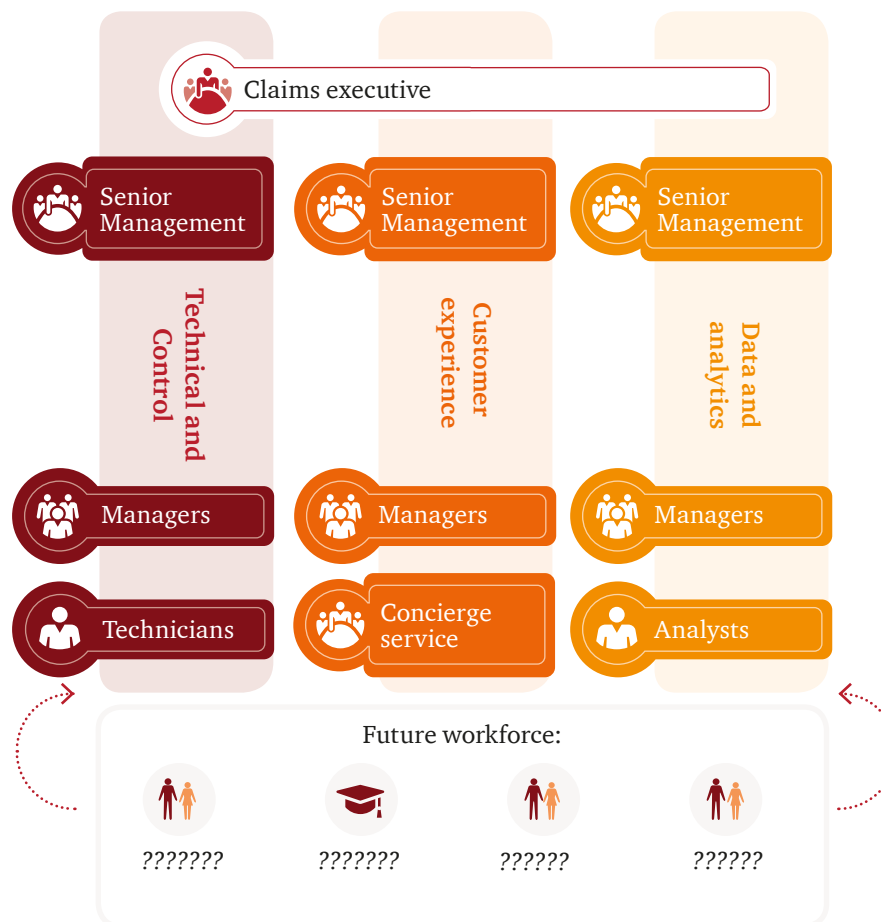
The experience and skills the claims executive needs to have will have changed, and organisations' training and progression structures need to accommodate for training the future leaders today.

Customer experience and data & analytics become as important to the claims function as traditional technical and control roles.

Investment needed to train people in new skills while also identifying what skills new talent has and where this is sourced from.

Customer experience + targeting future expectations = insurers' value proposition

Claims workforce 2030 of the future



47%

of CEOs are clear on how automation can improve customer experience

PwC's 21st CEO Survey

82%

of insurance CEOs say that technology will disrupt their sector in the next five years

PwC's 21st CEO Survey

The claims workforce 2030

Sector specific considerations

The skills and talent that will be needed in the claims function of 2030 will vary by industry and sector. The following scenarios provide some thoughts on how each area of the non-life insurance industry might need to change by 2030.



Personal lines insurer

Large volume of claims going through an almost entirely automated process is the norm.

Data on losses is harvested in a way that enables insurers to develop deep understandings of their customers on an individual rather than segmented basis.

Claims functions are increasingly the only part of the organisation that has human interaction with its customers; those claims functions delivering the best customer experience differentiate themselves from the competition and thrive.



Commercial insurers

Large and complex claims still require claims handler expertise, however increasing numbers of small and medium size enterprise claims are automated. Shifts in global economic power will change the type of insurance and claims that arise from developing nations. The claims workforce will need to adapt to these changes.

Through enhanced data capture insurers are able to offer their clients improved offerings around loss prevention and mitigation strategies.

Advanced analytics are used to quantify exposures while the use of drone and other technologies enables insurers to inform clients of their losses, rather than reacting to claims being notified by insureds or brokers.



Reinsurers

Through better data and segmentation of risk insurers purchase less reinsurance and retain a higher proportion of the risk on their own balance sheet.

Benefits from technology currently emerging, such as Blockchain create efficiencies in the claims and wider operations within a reinsurer, reducing costs and improving the service to insurers and insureds alike. Automation continues to operationalise manual processes involved in complex reinsurance programs.

Insurers increasingly look to reinsurers to provide expertise in technical claims areas for which they retain less knowledge of in-house.



Brokers and intermediaries

With insureds increasingly going direct to insurers, brokers will focus on providing advocacy to their clients, advising them on the risks they face and the best way to mitigate against these. They may also be expected to understand the models that sit behind the increasingly sophisticated pricing technology to help their clients understand the factors that affect their premium price.

As losses get more complex there will be a growing need for co-ordinated risk management solutions which brokers can provide.

	Personal lines insurer	Commercial insurers	Reinsurers	Brokers and Intermediaries
Size of claims team	↓	–	–	↓
Level of change skill	↑	–	↑	↑
Opportunity for cost saving	↑	↑	–	–
Change in customer needs	↑	↑	↑	↑

The claims workforce 2030

Claims personas

In 2030 the focus on the service delivered to customers and the increased sophistication of the technology will be the two defining factors that have evolved the claims workforce from where it is today.

Insurers have decisions to make as to the level of investment and adoption they want to make in these areas. Depending on what these decisions are will result in different workforces that are able to offer their customers and the wider business a varying level of service.

In the following section we have created 4 claims personas which provide a view on what activities the workforce will be performing in 2030, as a result of the level of investment that has been made in technology and the service to customers.

Each of these personas requires a team with different skills and talent, and has wider consequences for staff engagement, customer satisfaction, claims cost and relative expense ratio.

These personas are:




1

The bionic organisation



2

The customer concierge



3

Claims engineers



4

Worker bees

81%
of insurance CEOs are concerned about the availability of digital skills in the industry (up to 86% in their own workforce).
CEO Survey

2030 Claims Workforce Scenario 1: “Bionic organisation”



High

Customer – centricity



High

Technology adoption

Scenario 1:

Claims functions focus on the customer and have invested in continuous improvement through technology

Impact on the claims workforce

- There is a need for a hybrid of personal service providing high value interactions working alongside the data analytics team and a small, technical claims team.
- Senior managers and claims executive are more likely to have progressed to positions as a result of strong interpersonal and background in analysis than those with purely claims handling background.
- The data rich environment allows for a more sophisticated segmentation of work by risk and value; greater specialisation and subject knowledge. The best underwriting functions utilise the real time claims data to constantly reassess the pricing strategy.
- Staff empowered and enabled by technology focus on high value activities; commercial acumen and innovation flourishes.
- Reduced core workforce size but higher skill; augmented by mix of homeworkers, offshore and crowdsourced agents on demand. More head office technical support roles.

Questions resulting from this scenario

- Do you understand what technology decisions are being made today that will affect the claims function? Are you engaged with current technology decisions and will you continue to be in the future?
- How do you keep and retain only the best claims technical staff, especially if more senior roles are filled with those with a more customer focussed and data background?
- Who are the people joining the claims function at junior levels, what are their backgrounds and how do you attract the best talent? Do your talent management strategies have suitable knowledge transfer policies?
- For people from the current 2018 workforce, how do you go about training them to have the skills and experience that you need going forwards?

Staff engagement

Customer satisfaction

Claims loss cost

Relative claims expense

Potential outcomes





2030 Claims Workforce Scenario 2: “Customer Concierge”



Customer – centricity

Technology adoption

Scenario 2:
Claims functions focus on the customer, making the minimum amount of investment needed to support this.

Impact on the claims workforce

- There is a de-skilling of the traditional claims technical base, with a shift to more retail and customer service skills.
- A large workforce has to be retained or even expanded to deliver higher service expectations, especially against backdrop of technology that has not kept up with the times. While staff are held back by outdated infrastructure they make up for some of this with soft skills and personal attention.
- Low investment in technology means staff need to run faster to stay still making it harder to sustain in the long term. Difficult to add value to the underwriting function through data and analytics, though the customer focus helps with retention levels.
- May find it hard to attract younger “digital natives” in to workforce, though less of a business need for this.
- Focus shifts from cost control to service delivery at high scale, with risk of some loss of indemnity controls.

Questions resulting from this scenario

- Do you understand the minimum investment that is required to keep your technology platforms viable?
- Do people with the ability, or potential to offer truly distinctive customer service exist in the workforce today? If not, how will you attract them and where will you find them?
- If you feel you already offer a differentiated customer service, how will this need to look in the future for you to stay ahead? Do your customers and staff share your view?

Staff engagement

Customer satisfaction

Claims loss cost

Relative claims expense

Potential outcomes



2030 Claims Workforce Scenario 3: “Claims engineers”



Customer – centricity



Technology adoption

Scenario 3: *Focus on technology delivering the claims handling process*

Impact on the claims workforce

- The overall handling process is highly automated with lots of claims automation, self service, virtualisation and straight through processing.
- Reduced size and shape of the workforce as people are there to “run the machine” or manage exceptions and problems only.
- Lots more back office support roles and more higher paid technical roles to build rules, conduct analysis and continuously enhance technology.
- Customer facing workforce is small but well equipped with productivity and decision tools; highly scalable and efficient, potentially built around a robust or defensive claims handling strategy.

Questions resulting from this scenario

- How well would a claims function in this design work for your different customer segments? Does not investing on a customer focused approach matter to your customers and would it give others a competitive edge?
- Would the claims team have the understanding and ability to work with and update the technology, or does this move to elsewhere in the business? If it does, what is the role of the claims function?
- If you focus on the technology, why would the relevant skilled people chose your organisation or this industry?

	<i>Staff engagement</i>	<i>Customer satisfaction</i>	<i>Claims loss cost</i>	<i>Relative claims expense</i>
Potential outcomes	⬆️	↔️	⬇️	↔️



2030 Claims Workforce Scenario 4: “Worker bees”



Customer – centricity



Technology adoption

Scenario 4:

Drive to keep expense ratio down results in no meaningful investment

Impact on the claims workforce

- Process remains fragmented and attritional – lots of lower skilled staff needed to keep the operation running.
- Staff are a necessary overhead to shift work and so more staff moved to low cost locations.
- Gradually the workforce is reduced by attrition and productivity initiatives but hits lower limit. Competitors attract the best talent.
- No underwriting advantage from claims. Reliant on targeting niche sections of the market and brand.
- Downward spiral of cost cutting, labour efficiency, commoditisation of staff means people work very hard to keep up; increasingly unattractive place to work.
- Payroll costs increase due to turnover, training , contractors etc, but offset by reduced IT spend.
- Indemnity controls under increasing pressure.

Questions resulting from this scenario

- Is this a solution which is viable in the mid to long term? Without investment, staying at a low cost may need to be the differentiator and if this is the case, do you know where cost can be taken out of the business?
- How do you get the workforce you need and where are they based? Are you at risk of getting individuals who cannot get employment elsewhere?

	Staff engagement	Customer satisfaction	Claims loss cost	Relative claims expense
Potential outcomes	↓	↓	↑	↓

5 key questions



Technology is removing the traditional roles carried out by your junior claims team. What's the route into your function for the claims leader of the future?



What's the compelling reason to join your claims function over another part of the business/ your competitors? How do you attract the skills and talent you need?



If the traditional route into senior claims roles through a technical/ legal background moves towards one more focused on data and customer, how are you going to provide career progression to those with technical skills?



Who in your function understands the technology and the data models underpinning this? Who is training those who need to understand this in the future?



Is there an appetite to re-train your existing workforce, how will this be done?

Appendices



Appendix 1: The Four Worlds of Work in 2030

Fragmentation



Social-first and community businesses prosper. Crowdfunded capital flows towards ethical and blameless brands. There is a search for meaning and relevance with a social heart. Artisans, makers and 'new Worker Guilds' thrive. Humanness is highly valued.



Organisations and individuals race to give consumers what they want. Innovation outpaces regulation. Digital platforms give outsized reach and influence to those with a winning idea. Specialists and niche profit-makers flourish.

Collectivism



Social responsibility and trust dominate the corporate agenda with concerns about demographic changes, climate and sustainability becoming key drivers of business.

Individualism



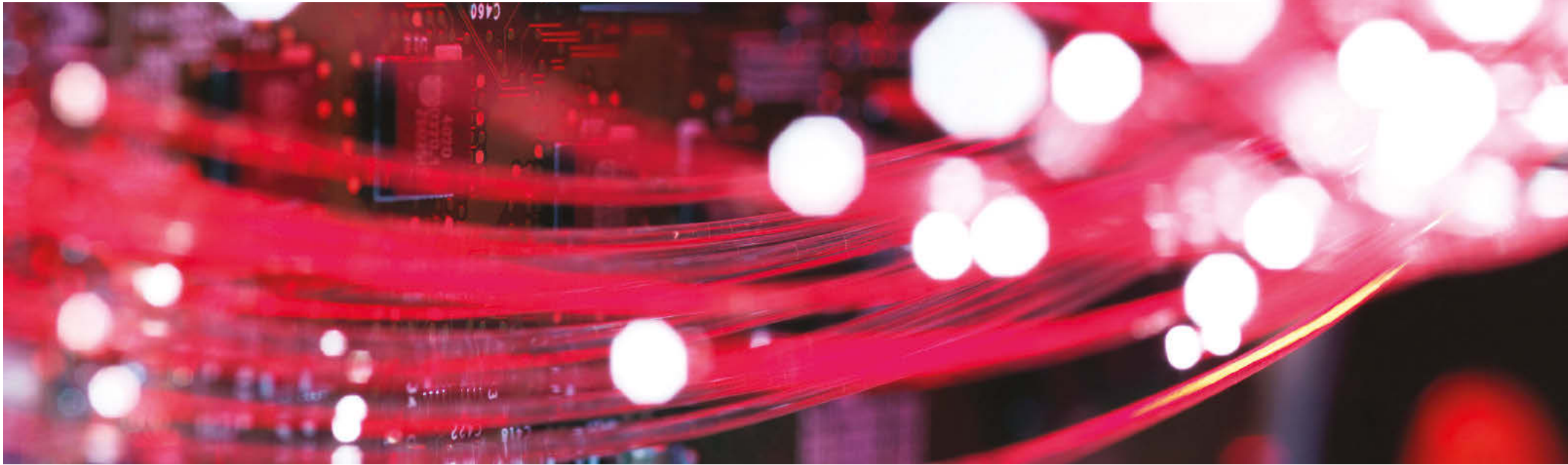
Big company capitalism rules as organisations continue to grow bigger and individual preferences trump beliefs about social responsibility.

Integration

Appendix 2: Innovation rules: The Red World

In a world with few rules, a vibrant market of specialists and niche profit-makers race to serve the needs of individuals and powerful affinity groups.

Red World: *The road to 2030*



60%

think 'few people will have stable, long-term employment in the future'.

CEO Survey

A world of innovation with few rules

The Red World is a perfect incubator for innovation.

New products and business models develop at lightning speed, far more quickly than regulators can control. Technology encourages the creation of powerful, like-minded, cross-border social 'bubbles'. Businesses innovate to create personalisation and find new ways to serve these niches.

There are high rewards on offer for those ideas and skills that best meet what companies and consumers want. But in a world with few rules, the risks are high. Today's winning business could be tomorrow's court case.

Agility and speed are essential

Big business has been outflanked in a digital-enabled world that's teeming with small entrepreneurial companies.

Digital platforms match worker with employer, skills with demand, capital with innovator, and consumer with supplier. This allows serial entrepreneurs to reach far beyond their size in terms of influence and scale.

Anxious to compete, larger employers fragment to create their own internal markets and networks to cut through old-style hierarchies and encourage and reward workers to come up with new ideas. The pace of development and testing of new products and services has accelerated, increasing the risk of brand damage and failure.

What it means for workers

Specialism is highly prized in the Red World and a career, rather than being defined by an employer or institution, is built from individual blocks of skills, experience and networks.

Near-zero employee organisations are the norm. Organisations of a few pivotal people use technology, the supply chain and intellectual property, rather than human effort and physical assets, to generate value.

The commercial value of learning takes precedence; a university degree is seen as less valuable than specific and relevant skills or experience.

Workers know that the most sought-after skills will mean the biggest reward package. Many move frequently and stay only as long as the project or business lasts. Contract negotiations are key and ownership of intellectual property and the freedom to work are as important as financial incentives.

Who leads on people strategy?

- Innovation and people are inseparable in the Red World.
- HR does not exist as a separate function and entrepreneurial leaders rely on outsourced services and automation for people processes.
- Larger organisations scour the world to ‘acqui-hire’ talent and intellectual property using specialist talent strategists in combination with AI to identify the specialists they want.
- Digital platforms match worker with employer and skills with demand.
- Performance is all about the end result rather than the process – ‘old-fashioned’ performance measurement and analysis is rare.

What does the workforce look like?

- Specialism is highly prized and workers seek to develop the most sought-after skills to command the biggest reward package.
- Organisations are typically stripped-down and nimble, supplemented by talent attracted by the next promising opportunity.
- A small number of ‘pivotal people’ with outstanding management skills command high rewards.
- Like-minded workers gravitate towards each other, aided by technology, sparking bubbles of innovation.
- Projects quickly flourish, evolve and resolve and specialists move rapidly from one to the next.

Organisational challenges

- Speed to market is everything in the Red World – any decision-making process or hierarchy that delays innovation is a barrier to success.
- While ideas flourish, organisations compete to ‘own’ them.
- Innovation creates a high-risk environment; regulation struggles to catch up – but when it does, it impacts unevenly and suddenly.
- Workforces are lean but there’s still intense competition for critical skills.

“There’s a lack of loyalty from the company towards the employees. Workers with skills in demand will prosper, those with outdated skills will be abandoned.”

CEO Survey

Part-time Government employee (66), USA



Appendix 3: Corporate is king: The Blue World

Global corporates take centre stage. Consumer choice dominates. A corporate career separates the haves from the have nots.

Blue World: *The road to 2030*



Capitalism reigns supreme

In the Blue World, companies see their size and influence as the best way to protect their prized profit margins against intense competition from their peers and aggressive new market entrants. Corporations grow to such a scale, and exert such influence, that some become more powerful than nation states.

Success depends on a productive workforce as large companies compete for the best talent. They push past the limits of human ability by investing in augmentation technology, medication and implants to give their people the edge.

Extreme talent

Corporates may dominate the Blue World, but workforces are lean.

Exceptional talent is in high demand – employers secure a core group of pivotal high-performers by offering excellent rewards but otherwise buy in flexible talent and skills as and when they're needed.

Human effort, automation, analytics and innovation combine to push performance in the workplace to its limits; human effort is maximised through sophisticated use of physical and medical enhancement techniques and equipment, and workers' performance and wellbeing are measured, monitored and analysed at every step. A new breed of elite super-workers emerges.

What it means for workers

For workers in the Blue World, the pressure to perform is relentless. Those with a permanent role enjoy excellent rewards, as do in-demand contract workers with specialist skills – but both know that their future employability depends on keeping their leading-edge skills relevant.

A corporate employer separates the haves from the have nots; companies provide many of the services, from children's education, eldercare and healthcare, previously provided by the state.

The price workers must pay is their data. Companies monitor and measure obsessively, from the location of their workforce to their performance, health and wellbeing – both in and outside the workplace. Organisations use the data to predict performance and importantly, to anticipate people risk.

70%
*would consider using
treatments to enhance
their brain and body
if this improved
employment prospects
in the future.*

CEO Survey

Who leads on people strategy?

- The Chief People Officer (CPO) is a powerful and influential figure, sometimes known as the 'Head of People and Productivity', and who sits on the board.
- The science of human capital has developed to such a degree that the connection between people and performance is explicitly demonstrated by the CPO.
- The people risk agenda is one which is taken seriously by the board – as a result, the CPO and HR become more influential.

What does the workforce look like?

- Aside from a core group of high-performers, talent is bought in where and when it's needed. 'Retainer and call-up' contracts are frequently used for rare skills.
- Top talent is fiercely fought over – the best engage an agent to negotiate and manage their career.
- Employers begin their search for exceptional talent early, forming links with schools and engaging promising youngsters.
- Employees of all levels take an active role in their own career development, honing their skills whenever they can and however they can – including human enhancements.
- Society divides into those with a corporate career – and those who don't have access to the same level of financial rewards, healthcare and benefits.

Organisational challenges

- The challenges of size and scale mean that organisations are at greater risk from external threats such as technology terrorism or meltdown and they find it difficult to effect change quickly.
- The value of human capital at the top level is high and the upward pressure on reward, particularly for senior executives, is intense.
- Organisations must develop models and systems which enable individuals and their agents to negotiate the value of their human capital based on employees' personal investment strategies.

"The gap between the rich and the poor. Either people will have a high paying job or no job at all."

CEO Survey

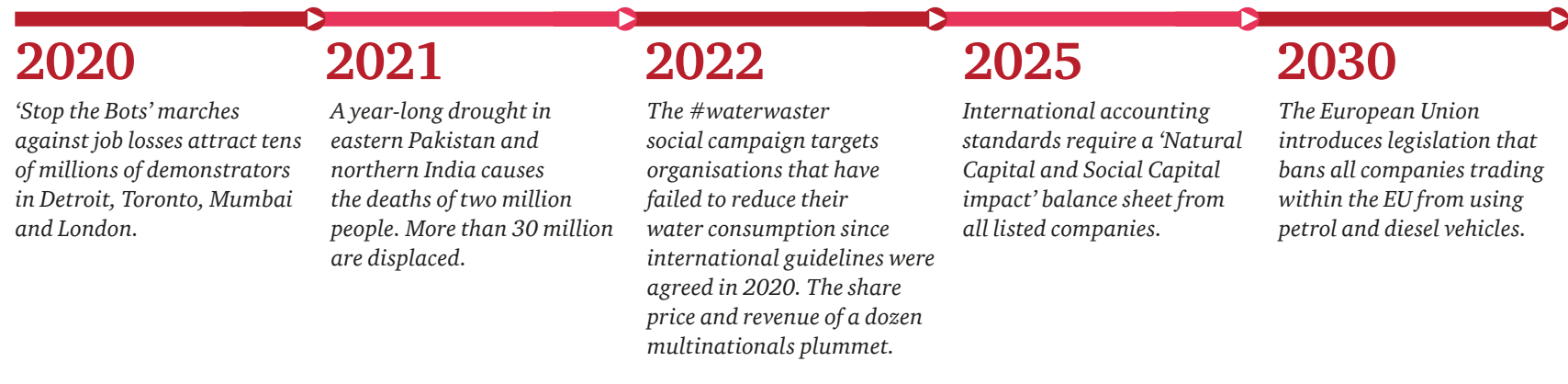
Unemployed female (50),
Germany



Appendix 4: Companies care: The Green World

The need for a powerful social conscience is paramount. Workers and consumers show loyalty towards organisations that do right by their employees and the wider world.

Green World: *The road to 2030*



Companies have to care

In the Green World, corporate responsibility isn't just a nice-to-have – it's a business imperative. Companies are open, collaborative organisations that see themselves as playing an essential role in developing their employees and supporting local communities.

Reacting to public opinion, increasingly scarce natural resources and stringent international regulations, companies push a strong ethical and green agenda. This is characterised by a strong social conscience, a sense of environmental responsibility, a focus on diversity, human rights and fairness of all kinds and a recognition that business has an impact that goes well beyond the financial.

Trust is the basic currency underpinning business and employment. Companies have to place their societal purpose at the heart of their commercial strategy.

The automation conundrum

Automation and technology are an essential element of the Green World as they help to protect scarce resources and minimise environmental damage.

Technology is used extensively to replace the need for travel, driving rapid innovation in communications technology.

But the question of where people fit into the automated Green World looms large. Technology is a double-edged sword for Green World employers – it allows them to meet their ethical and environmental agenda, but at what cost to humans?

What it means for workers

Employees enjoy family-friendly, flexible hours and are encouraged to take part in socially-useful projects. They trust their employer to treat them fairly in terms of pay, development and conditions and in return are expected to reflect the culture of the company in their approach and behaviour.

The high ethical standards to which companies are held has cascaded down to employees; conduct and ethics are taken very seriously at work and performance is assessed against a wide range of measures, including how efficiently workers manage their travel and resources.

23%
say 'doing a job that makes a difference' is most important to their career.

CEO Survey

Who leads on people strategy?

- The CEO drives the people strategy for the organisation, believing that the people in the organisation, their behaviours and role in society have a direct link to the organisation's success or failure.
- The HR function, renamed 'People and Society' embraces a broad mix of HR, marketing, corporate social responsibility and data analytics.
- A priority for HR is developing and maintaining a series of virtual social networks across the organisation and client base to encourage communication and minimise the need for travel.
- Many people decisions are tightly controlled by regulation, from diversity quotas to, mandatory wellbeing support (eg sleep clinics and 'digital dieting'), to the number of redundancies companies can make during a downturn.

What does the workforce look like?

- Workers are attracted to Green World companies by the opportunity to work for an organisation they admire, whose values match their own.
- Even so, competition remains intense for the best talent; financial reward is still important.
- The incentives package is an essential tool in attracting and retaining workers and has become increasingly inventive. Three weeks' paid leave a year to work on charity and social projects is standard practice.
- Workers are expected to reflect the values of their employer – both at work and at home through 'organisational pledges'.
- Travel is tightly controlled and monitored and there are incentives for inventive and efficient use of resources.
- The idea of a 'job for life' returns to the workplace lexicon.

Organisational challenges

- Communicating corporate purpose and values effectively, to the right people, is a fundamental requirement.
- Building and maintaining trust with employees and wider society, especially when it comes to the use of automation, is essential.
- The brand must be protected at all times. The possibility of non-socially responsible behaviour within the organisation or anywhere along the supply chain carries huge risks. Quality assurance and vigilance is paramount.
- Being compliant is not enough: organisations are under pressure to raise the bar and establish policies and practices which go beyond and even anticipate regulatory requirements.
- Organisations have to balance the trade-off between short-term financial and long-term societal good.

"Climate change [will be the biggest impact on the way we work], we are going to have to change our priorities."

CEO Survey

Female manager in the pharmaceutical industry (30), USA



Appendix 5: Humans come first: The Yellow World

Fairness and social good are dominant. Businesses with a heart and artisans thrive in a bustling and creative market with a strong emphasis on ethics and fairness.

Yellow World: *The road to 2030*



We're all in this together

In the Yellow World, workers and companies seek out greater meaning and relevance in what they do.

A strong desire for 'fairness' in the distribution of wealth, resources and privilege drives public policy, leading to increased government intervention and consumers and workers voting with their feet.

Workers find flexibility, autonomy and fulfilment, working for organisations with a strong social and ethical record. This is the collective response to business fragmentation; the desire to do good, for the common good. A wider range of work is regulated by a concept of 'good jobs' and decent work; moving away from traditional employer/employee relationships.

The two sides of technology

Technology has helped to create the vibrant Yellow World by lowering barriers to entry by providing easy access to crowdfunded capital and a worldwide market. This allows entrepreneurial companies to compete in areas previously the domain of large organisations.

But there is a central conflict around technology and automation; in the Yellow World, people are less likely to take the downsides of automation without a fight. As more people are impacted by technical advances and see their skills become obsolete, disaffection and the push-back against policies that seem to favour the 'elite' grow.

However, 'invisible technology' such as AI-driven 'back office' functional support and the automation of tasks that are damaging or impossible for humans, still pervades.

What it means for workers

Workers feel the strongest loyalty not to their employer, but to people with the same skills or cause.

The Yellow World is the perfect breeding ground for the emergence of new worker Guilds, similar to the craft associations and trade fraternities of the Middle Ages. These Guilds develop in order to protect, support and connect independent workers and often provide training and other benefits that have traditionally been supplied by employers.

25%
*say their ideal employer
is an organisation
with values matching
their own.*

CEO Survey

Who leads on people strategy?

- Business leaders are responsible for people direction and management.
- HR rarely exists as a separate function as organisations rely on outsourced services, specialist suppliers and automation for people processes.
- Guilds support workers to build skills and experience by providing training and career development support alongside other help and advice.
- Digital platforms create mobility and help match worker with employer and skills and attributes with demand.
- Performance is about delivering an organisational goal but also, importantly, about employees' behaviours and societal impact.

What does the workforce look like?

- Like-minded workers gravitate towards each other, aided by technology platforms.
- Individuals come together to collaborate on projects or to deliver on an idea – for as long as it takes.
- Guilds help workers create scale when needed, remain current and build trust in their services.
- Guilds provide members with a strong sense of identity – individuals see themselves as members of their profession, identifying with each other because of their particular skills set, interests and goals.
- Non-financial rewards are assessed fairly in a trade-off for less pay.
- Work is often a fluid concept and a regimented 9 to 5, Monday to Friday working week is rare; the borders between home and work are blurred.

Organisational challenges

- Brand and a good ethical record is essential in the Yellow World. The risk of brand damage from rogue workers must be actively managed.
- Organisations are judged on trust and fairness; organisational purpose must be clearly articulated and lived.
- Ethical and transparent supply chain management is critical and penalties apply all along the chain for non-compliance.
- In the Yellow World, relationships with governments and NGOs are vital and need to be closely managed.

“The ability to work from anywhere, combined with the advances in telecommunications makes us geographically neutral. However we must ensure that the personal touch is retained.”

CEO Survey

Manager (52), UK



Appendix 6: 7 talent priorities for action

<i>Build trust and purpose</i>	<i>Plan for workforce of the future</i>	<i>Create digital ‘talent exchanges’</i>	<i>Rethink skill development</i>
<ul style="list-style-type: none"> • Promote the organisation as a source of finance, a store of value, and facilitator of transactions, and focusing on social responsibility. • Emphasise privacy & security. • Attract and deploy globally mobile talent that is rotated across global financial centres. • Innovate to solve problems. • Comply with regulations – embed risk behaviours in performance and incentives. 	<ul style="list-style-type: none"> • Anticipate marketplace shifts, and prepare for disruptive scenarios and workforce needs. • Need for customer-centric operating models, new skills and capabilities to adapt to and respond to changing customer behaviour patterns. • Customise talent programmes and how cultures are integrated when organisations acquire or partner with FinTech players. 	<ul style="list-style-type: none"> • Focus on character, risk appetite and ethical compass as well as performance and capabilities to ensure right fit between employer and contingent employee. • Focus on increasing diversity of experience/industry and ensure that diversity is seen as critical to the business through measurement, coaching and steps to tackle unconscious bias. 	<ul style="list-style-type: none"> • Invest in customised education to provide talent development opportunities and develop greater awareness. • Continue investments in management and staff training to embed risk culture in daily decision making. • Capitalise on simulation and gamification tools to increase take-up of learning opportunities and real – life application.





Digitise work

- Encourage self-service for routine matters and refocus branch/call centre staff on higher value-added activities such as relationship building and sales.
- Reskill talent being displaced by robotics (e.g. bank tellers displaced by ATMs being retrained as customer service representatives or people who can help customers conduct their own online research).

Embed human and capital analytics

- Surveillance data tracking will be the norm; employees will accept monitoring of their professional communications and some elements of their social media presence as part of the job.
- Provide employees with transparency and assurance over how their data is being used (similar to how organisations manage and explain customer data usage).

Redesign compensation

- Drive compensation changes through decreasing costs and a downward pressure on returns.
- Maximise the reward for top performers and weed out poor performers using value-based compensation model.
- Identify and report on 'material risk takers', and meet growing regulatory demands for an auditable link between rewards and performance.

Notes

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