
CAREER OPPORTUNITIES IN INSURANCE AND RISK MANAGEMENT

Description of the Field

Insurance and risk management help to safeguard against financial losses associated with uncertainty and risk. People and businesses pay premiums to an insurance company to take on risks associated with health, property, and liability. In turn, the insurance company will pay for certain financial losses suffered. Insurance companies and risk managers help individuals, families and businesses to plan for the future and to protect themselves against unexpected losses.

Insurance companies and risk managers analyze and anticipate the financial loss potential and, in exchange for assuming this risk, calculate an appropriate premium charge. This premium charge is the result of extensive research and review. No two risks are the same; this makes the job consistently challenging. As companies expand overseas and diversify their services, insurance needs and risk management profiles become more complex. Differing local regulations can create diverse insurance needs for a multinational corporation operating in a number of countries. Companies may wish to cover losses that might be incurred as a result of international trade, expropriation or political risks such as civil unrest or terrorism.

Moreover, companies now face increasing litigation for environmental (e.g. pollution) or employment practices liability (e.g. race discrimination or sexual harassment). Insurance providers might supply policies for each of these various kinds of potential loss. However, an insurance company's risk management department, or a separate risk management firm, can help an organization integrate many insurance policies into a single plan geared to simplify procedures, allow for loss transfers, centralize statistical reporting, and maximize cash flows.

Career Paths and Entry Salaries

Entry-level insurance sales positions start at the low \$30,000 level. However, because sales agents often work on a commission basis, earnings potential can range between \$30,000 - \$53,000. An entry-level risk manager may start at \$35,000/year, but individuals with graduate degrees or more experience can earn considerably more. Entry-level account executive positions with risk management firms can start between \$50,000 - \$80,000, depending on qualifications.

There are many different types of insurance because almost every aspect of our lives involves risk. Therefore, an insurance career can include dealing with a number of different kinds of insurance or a person can specialize in a particular type of organization within the insurance industry: insurance companies, risk management firms, reinsurers, intermediaries, or loss adjusters.

Each insurance company has positions that can be generally divided into the following sectors: claims, underwriting, sales (agents and brokers), actuarial, finance, and risk management. In the sales, finance and actuarial sectors, professional employees are normally required to pass a set of professional examinations prior to or in the first year or two of work (licensing, CPA designation, or actuarial exams). These exams are often the key to salary and professional advancement in these fields.

Often employers will rotate employees to train them in the various aspects of the insurance business. The risk management field tends to be less structured, with more opportunities for quick advancement or career development within a firm.

Demand

Employment in sales within the insurance sector is projected to grow more slowly than average as the increasing use of computers allows agents to handle more sales. However, captive insurance and risk management continue to be growth areas. In addition, the concern in the United States over declining social security benefits indicate growth in certain portions of the personal insurance market.

Qualifications Necessary to Enter the Field

A graduate degree is usually required for executive or managerial positions and is important for salary and career advancement. Course work in mathematics, finance, business and economics is recommended for work in the insurance field. For risk management and captive insurance, international business and finance as well as regional expertise in politics and economics are helpful. International law courses may also be a plus. Excellent oral and written communication skills are necessary, as are research, analysis and decision-making abilities.

Sample Group of Employers

American International Group

Allstate

Prudential

State Farm Insurance

Mutual of New York (MONY)

American International Underwriters

London Life

Assurant Group

Chubb

Allenbrook

Reliance

Future Challenges to the Profession

The increasing use of computers by agents to handle more sales is not expected to negatively impact positions at the managerial or executive levels and will positively impact positions in insurance or risk management information systems and technology.

At the same time, corporate departments traditionally responsible for risk management are experiencing pressures to increase efficiency or downsize. This has caused an increased number of companies to seek outside sources for risk-management analysis. In addition, corporations are beginning to transfer out of traditional insurance sources because of volatile (and sometimes costly) underwriting cycles and price variability. These corporations are then turning to captive insurance companies where separate insurance policies are combined into one captive policy by the insurer.

Another trend for insurance providers and risk managers is to provide integrated risk management to companies, in which analysis of risks is not limited to those sectors where insurance is traditionally available. Thus, both insurable sectors and uninsured sectors (e.g. currency, commodities or interest rates) are analyzed so that companies can minimize losses and achieve strategic goals.

To Obtain More Information

Websites:

The Insurance Career Center: <http://www.greatinsurancejobs.com> (information on employers, careers, contacts, resumes, and examinations)

Actuarial Careers: www.casact.org

Captive Insurance: www.captive.com (includes lists of companies and job opportunities)

Association of Professional Insurance Women: www.apiw.org (information on career development, insurance industry links, education, and related organizations)

Associations: Associated Risk Managers International 816 Congress Ave., Suite 990 Austin, TX 78701

Phone: 512.479.6886 / Fax: 512.479.0577