

The Capacity Problem Hiding Behind the Talent Shortage

Why the London Market's hardest workforce question is no longer how to hire, but how to hold on to what it knows

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The London Market's next workforce challenge is not only attracting talent, but **preserving the expertise that gives the market its edge.**

Quarterly theme: Following Intogreat's Q1 LMF paper on getting offshoring right while staying in control, this Q2 article turns to the workforce pressure now facing insurance leaders: how to protect capability, capacity, and operational resilience as specialist talent becomes harder to replace.

In the space of twelve months, talent has gone from an acknowledged difficulty to the defining challenge of UK insurance. In Gallagher Bassett's The Carrier Perspective: 2026 Claims Insights, talent attraction and retention has climbed from seventh place to first among the concerns of UK insurers, with nearly a quarter naming it their single greatest business challenge. Seventy-two per cent report that finding qualified candidates has become harder, and 48 per cent identify claims management and adjusting as the roles facing the most acute shortages.

For London Market leaders, the issue is not simply whether enough people can be hired. It is whether enough judgment, context, and market memory can be retained, transferred, and scaled before the next wave of experienced people leaves.

Those numbers will not surprise anyone who runs an operation in this market. They confirm what has been audible in conversations with Chief Operating Officers for some time. But the figures, striking as they are, describe the symptom rather than the condition. The shortage of qualified people is real. It is also the surface of a deeper and more structural problem, one that most workforce strategies are not built to solve.

The deeper problem is this. The London Market is not simply short of people. It is losing capability faster than it can replace it, and the two are not the same thing.

This matters particularly in the London Market because so much of the work depends on specialist judgment rather than process alone. Complex claims, delegated authority arrangements, binder management, broker relationships, and cross-market coordination all rely on people who know not only what the rulebook says, but how the market actually operates in practice. That kind of knowledge is difficult to hire quickly and dangerous to lose quietly.

Replacing headcount is not the same as replacing expertise

One of the most useful observations in the Gallagher Bassett research is that the real difficulty is not simply replacing roles, but replacing the accumulated judgment behind them. New hires can fill vacancies, but they do not immediately replace the experience, context, and decision-making confidence that stretched teams rely on.

Workforce pressure in the UK insurance market

Indicator	What it signals
Talent attraction and retention is the top UK insurer challenge at 22%	Workforce pressure has moved from an HR concern to a strategic operating issue.
72% report increasing difficulty finding qualified candidates	The available specialist talent pool is tightening.
48% identify claims management and adjusting as the most impacted roles	The shortage is concentrated in judgment-heavy operational roles.
73% use generative AI in claims resolution	Technology adoption is accelerating, but it still depends on human oversight and expertise.

This is the heart of the matter. When a senior claims handler with fifteen years of experience retires, the business does not lose one unit of labour that can be replaced by recruiting one unit of labour. It loses judgment built over a career. It loses the institutional memory of how a particular class of complex claim behaves, which counterparties can be trusted, where the precedents sit, and how to handle the situation that is not in any manual. That expertise walks out of the door, and the person who eventually replaces the role may take years to rebuild that depth of judgment.

The demographics make this unavoidable. Across the sector, a significant share of the most experienced workforce is approaching retirement, and the pipeline behind them is increasingly thin. Entry pathways for graduates and less-experienced workers are not keeping pace with the expertise leaving the market. Claims work has become more complex, not less, which raises the expertise required precisely as the supply of it contracts. The result is a widening gap between the capability a business needs and the capability it can recruit. This does not mean the market should slow its efforts to attract younger talent. It means the opposite. The next generation needs to be brought in with greater intent, but recruitment alone will not solve the issue if the knowledge of experienced people is allowed to leave the business before it has been transferred.



You are not short of people. You are short of the knowledge those people carried, and that is a far more expensive thing to lose.

From a people problem to a capacity constraint

Once the problem is understood as a loss of capability rather than a shortage of bodies, its consequences look different. An empty desk is not a neutral state that costs a salary in lost productivity until it is filled. It is an active drain on the business.

Every unfilled specialist role redistributes its work onto colleagues who are already at capacity. Those colleagues absorb overtime, defer their own development, and edge closer to the burnout that drives the next resignation. Service levels slip. Turnaround times lengthen. The client experience degrades in ways that are difficult to measure until a renewal is lost. Recruitment fees mount, and hiring windows for specialist roles often stretch over several months, meaning each vacancy can compound before it closes.

This is why workforce pressure has stopped being a matter for the human resources function alone and has become a question of operational resilience. As one industry analysis of the Gallagher Bassett findings put it,

the combination of harder-to-fill roles and rising claims complexity means workforce pressure is now a direct driver of cost, not just a people issue. When capacity cannot meet demand, the business is constrained in what it can underwrite, service, and grow. The talent shortage has become a ceiling on the business itself.

The instinctive responses, and their limits

Faced with this, the market is responding in ways that are sensible but insufficient on their own.

The first response is to pay more. Yet the research shows UK insurers increasingly favour investment in training and development over simply raising wages, with around sixty per cent now adopting a grow your own approach. This is a wise long-term instinct. It is also slow, and it does nothing for the capacity gap that exists today. Growing your own expertise is essential, but it takes years. The challenge for leadership is how to keep the operation resilient while that next generation develops.

The second response is to invest in technology, and artificial intelligence in particular, in the hope that automation will close the gap. Seventy-three per cent of UK insurers now use generative AI in claims resolution. But the evidence does not support the idea that AI removes the need for skilled people. AI changes the nature of the work. It does not remove the need for human judgment, and in claims, where a decision carries real consequence for a real policyholder, the principle that a human remains accountable for the outcome is not negotiable. AI takes tasks. It does not take the expertise that decides which tasks matter.

Both responses are correct. Neither, on its own, addresses the immediate reality that the work needs to be done now, by people who are qualified to do it, and there are not enough of them within reach.

The question worth asking

If the problem is structural, the answer must be structural too. And the most useful shift a leadership team can make is to stop asking a question about hiring and start asking a question about workforce design.

The instinctive question is: how do we fill these roles from the local market? The more productive question is broader: how do we protect the expertise already inside the firm, develop the next generation faster, and access additional capability where it can be built safely and well?

This is not wordplay. It changes the decision a leadership team has to make. A business that limits its talent search to its own city or country is fishing in a single, shrinking pond, in direct competition with every other firm fishing in the same one. A business that designs its workforce to draw on capability wherever it exists is operating from a fundamentally larger pool, and is building capacity ahead of demand rather than scrambling to react when a gap appears.

This is the logic that has led a growing number of insurers, brokers, and managing general agents in Australia, the United States, and increasingly the United Kingdom to build what is best described as parallel capability: skilled teams, operating to the firm's own standards and under the firm's own governance, based in a different geography. It is worth being precise about what this is and is not, because the distinction is the whole point.

The better model is not simply to move work elsewhere, but to build dedicated teams that operate within the firm's own processes, standards, and governance.

For a regulated market, this distinction matters. Capacity that sits outside governance creates risk. Capacity designed inside governance creates resilience.

In its weakest form, traditional outsourcing hands work to a third party and accepts their way of doing it. Parallel capability is different. The team follows the firm's procedures, sits within its governance framework, is held to its performance standards, and becomes an extension of the business rather than a vendor to it. Done well, this expands capacity without compromising quality or control. Done poorly, treated as a cost-cutting exercise rather than a capability strategy, it does the opposite, and the market has seen enough examples of both to know the difference.



Capability is built through **people, process, governance, and the deliberate transfer of experience**

The operating agenda for leadership

Recognising the workforce problem as structural does not, by itself, solve it. But it changes what a leadership team does next. Five operating priorities follow from it.

Audit where capability loss hurts most.

Not every vacant role carries the same risk. Rank the gaps by the cost to the business when the expertise is missing, not merely by how urgently the seat needs filling. The roles that quietly carry the most institutional knowledge are the ones to protect first.

Diversify where capability comes from.

A single talent source is a single point of failure. The most resilient firms are matching the source to the need: local hiring for the senior, client-facing, and regulated roles where proximity matters, and a wider geographic pool for the specialist and operational capacity that does not depend on a postcode.

Build knowledge transfer before the exit point.

The most experienced people in the business often carry knowledge that cannot be reconstructed after they leave. Firms need a deliberate knowledge transfer programme that captures judgment, client context, escalation history, decision patterns, and informal ways of working before retirement, resignation, or role transition creates a gap. This is not simply documentation. It is the structured transfer of operational wisdom from experienced people to the next layer of the workforce.

Fix the bottleneck after the hire, not before it.

The research is clear that ramp-up time is where stretched teams lose the most ground. Structured onboarding, proper documentation, and a deliberate transfer of knowledge shorten the time to productivity dramatically. The constraint is rarely finding a capable person. It is getting them to full contribution before the pressure forces a shortcut.

Plan the workforce on a rolling horizon.

Reactive hiring is the most expensive habit in the market. The firms that will hold their advantage are building a workforce forecast that looks three to six months ahead, so that capacity is built before the gap opens, not after.

The firms that win the next decade will not be the ones that hire fastest. They will be the ones that transfer knowledge fastest.

The decade ahead

The talent shortage is not a cycle that will pass if firms wait it out. It is a structural shift in the supply of insurance expertise, driven by demographics, by the declining appeal of the sector to new entrants, and by the rising complexity of the work itself. Waiting is not a strategy. The firms that treat this as a temporary hiring difficulty will spend the next decade reacting to it. The firms that treat it as a permanent change in how a workforce must be designed will build the capacity to outperform while their competitors are still posting vacancies and hoping.

The London Market has always distinguished itself by the depth of expertise it commands. Its next advantage will belong to the firms that protect that expertise, pass it on, and build the capacity to scale it. This is no longer only a hiring challenge. It is a test of whether the market can preserve the judgment, continuity, and resilience that have always set it apart.

About the Author

Adam Conrad has spent over 17 years guiding financial services and insurance organisations across the US, UK, and Australia to build high-performing offshore teams. He is the CEO of Intogreat Solutions and the author of *Is Offshoring Right For Us?*, a practical guide for senior executives navigating offshoring decisions. His career spans Accenture, Deutsche Bank, and ANZ before founding Intogreat Solutions, giving him a perspective that spans both the boardroom and the operational reality of building teams across geographies.

Sources

Gallagher Bassett, *The Carrier Perspective: 2026 Claims Insights*, based on responses from 250 senior insurance leaders across the United Kingdom, Australia, and North America. Figures cited include Gallagher Bassett's published UK findings and coverage in *Insurance Business UK*, April 2026.

Figures on AI adoption are drawn from Gallagher Bassett's 2026 Claims Insights reporting. All third-party figures are attributed to their original publishers; this article is independent commentary and is not affiliated with or endorsed by the sources cited.

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