

Connecticut Financial Services Industries: Strong and Adaptive

By Joan McDonald

Commissioner, Connecticut Department of Economic and Community Development

Aftershocks of the economic quake that re-aligned Wall Street in recent weeks will continue for months to come, and few industries will likely feel their effect more than financial services, including banking and insurance – bulwarks of Connecticut’s economy.

Fortunately, the financial-services industry in Connecticut is better positioned than most states to weather the upheaval to come. There are a number of reasons for this, but none greater than the sector’s most valuable resource: the financial-services workers of Connecticut.

“Connecticut’s workers have the highest productivity of any in the nation,” said state Insurance Commissioner Thomas R. Sullivan. “The skills offered by workers in the state’s insurance and financial services sector are the best available anywhere.”

In public remarks at the annual “Insurance Day” celebration in 2008, Aetna Inc. President and CEO Ronald A. Williams said he hears continually from economic development representatives of other states, cajoling and offering enticements to relocate or open operations elsewhere. Aetna, he said, hasn’t done so for one simple reason: No other state matches Connecticut’s wealth of skilled workers – such as underwriters, auditors, and account managers – that Aetna’s workforce demands.

Lessons of the Past

The strength of the state’s financial services sector is no accident. The state has learned from the past to prepare for difficult times, said state Banking Commissioner Howard F. Pitkin.

“Our community banks are in great shape,” Pitkin said. “We – institutions and regulators alike – all learned a lesson in the 1990s, when the bottom fell out of the state’s commercial real estate market. The state’s community banks avoided getting mired in sub-prime loans.”

“Today, our community banks are on solid footing,” Pitkin continued. “Some are even in a position to fill a credit void – by issuing short-term loans to businesses that are having difficulty getting credit from their larger commercial banks.”

The insurance and financial services (IFS) sector has high concentrations of workers in Greater Hartford and Fairfield County, but it is well represented all across the state, by local banks, investment and finance professionals, and agents and consultants who support the insurance industry.

The IFS sector also has a positive “lift” effect on the overall state economy. A 2006 survey found, for instance, that each job in the insurance industry generates 2.35 jobs in the state economy, and that each \$1.00 increase in insurance-labor income injects \$1.76 to the state economy.

Investing in the Labor Force

The adaptability of Connecticut’s financial services workforce is due in part to the state’s willingness to invest in its workers through programs such as the IFS Center for Educational Excellence. The IFS Center, which is funded by a grant from the U.S. Department of Labor, continually monitors the state’s banking, insurance and financial services sectors to track the job skills they need.

Based on demand for specific skills, the IFS Center develops and delivers advanced education courses to foster those skills. Courses are administered and implemented through the state’s community colleges (Capitol Community College in Hartford and Norwalk Community College in Norwalk), and as on-site training at no cost to students, at employer sites across the state.

Designed to be flexible and responsive to the industry’s changing needs, the IFS Center continues to monitor the labor needs of the state’s financial services industry. The program is poised to continue supporting financial services workers and their employers in adapting to whatever changes the future holds.

Connecticut’s insurance and financial services industries offer a broad range of services all across the state, from financing agriculture loans to providing health care coverage, to managing retirement funds and backing the latest crop of Yankee entrepreneurs. The IFS workforce is necessarily diverse and highly skilled. Its expertise and experience are unrivaled.

In recent years, the IFS sector’s productivity has also reached world-class levels, largely thanks to application of disciplines developed by sister companies in Connecticut’s manufacturing sector. Processes championed by industrial leaders such as General Electric and United Technologies, aimed at increasing manufacturing efficiencies, have been applied successfully to the IFS business practices. The result is leaner, smarter organizations who tap more fully into all their employees have to offer.

Connecticut’s insurance and financial services industries depend on the best workers available anywhere. To a large extent, that workforce *is* the insurance and financial services industry. Programs such as the IFS Center will ensure that our state continues to nurture and build that workforce, to equip it for the challenges ahead, whatever they may be.