



Insurance Labor Market Study

The Jacobson Group and Ward Group, part of Aon Hewitt, a business unit of Aon, plc, conducted a study to investigate hiring trends within the insurance industry. The following presents the findings of an Insurance Labor Market survey conducted in the first quarter of 2016.

Summary of Findings

- 66.3% of companies plan to increase staff during the next 12 months driven by 68% in the Life/Health category. These are the highest percentages expected in the history of the survey
- Only 1 company expects a decrease in staffing during the next 12 months. This represents the lowest percentage of companies expecting a decrease since the survey began in July of 2009
- 78% of small companies plan to add staff during the next 12 months. This is 22 points higher than mid-sized and large companies, respectively
- Expectations to grow revenue decreased 3.6 points from the January 2015 survey. This is second straight year over year decrease in revenue growth expectations for the January survey
- Large companies are the most optimistic in increasing revenue as 96% expect growth compared to 78% and 72% for small and mid-sized companies, respectively
- 58% of the companies stated that change in market share will drive their expected revenue changes, down 4.2 points from the July survey
- The primary reason to increase staff during the next 12 months is the expectation of an increase in business volume. 57% of companies listed this as the primary reason-to-hire followed by 54% who reported expansion of business/new markets
- 21% of companies report that automation will be the primary reason for reductions in staff during the next 12 months. Areas being overstaffed is the next highest at 8%
- Technology, Claims, and Underwriter roles are expected to grow the greatest during the next 12 months. These are the same results from the prior 2 surveys
- With the highest percentage of surveyed companies indicating an increase in hiring and continued low unemployment in the insurance industry, a difficult recruiting climate will persist
- Technology, Actuarial, and Analytic positions are the most difficult to fill
- Companies are requiring less temporary staff during the 1st half of the year. 5% of companies are planning to increase their use versus 9% reporting the same 6 months ago

Notable Survey Trends from January 2015 to January 2016

- The TOTAL industry grew 0.88% versus an anticipated rate of 1.48%.
- The P&C industry grew -0.52% versus an anticipated rate of 1.66%.
- The L&H industry grew 1.37% versus an anticipated rate of 1.22%.

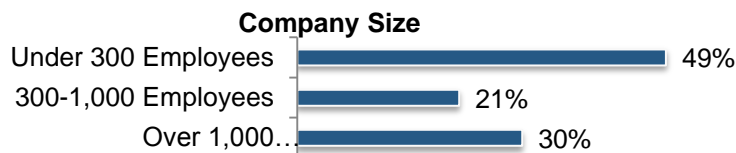
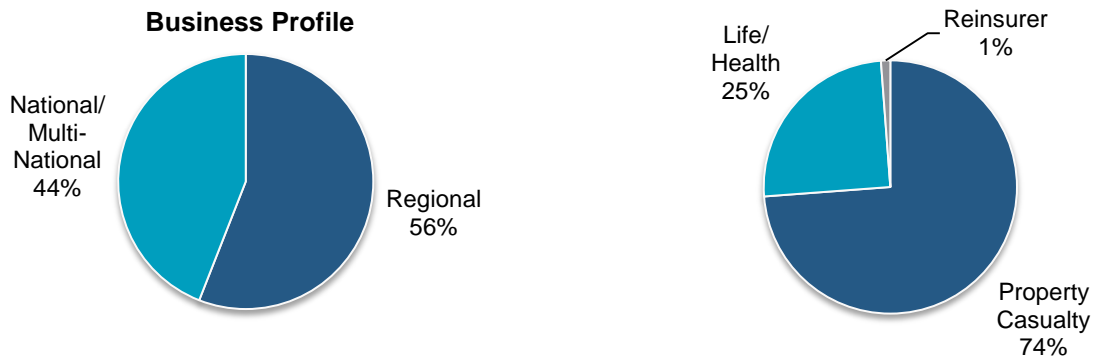
Projection

If the industry follows through on its plans, we will see a 1.72% increase in industry employment during the next 12 months, creating new jobs.

Projected Growth	
Total Benchmark	1.72%
Life & Health	2.59%
Property Casualty (PC)	1.38%
– PC Personal	2.02%
– PC Commercial	1.74%
– PC Balanced	0.98%

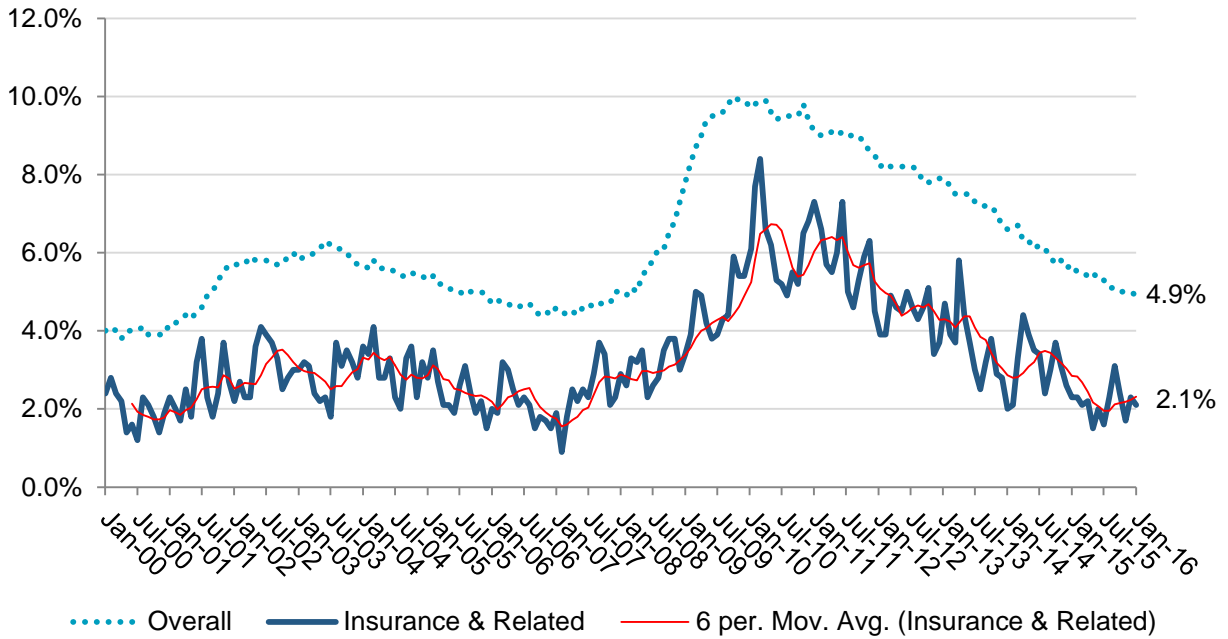
Survey Results

Participant Profile



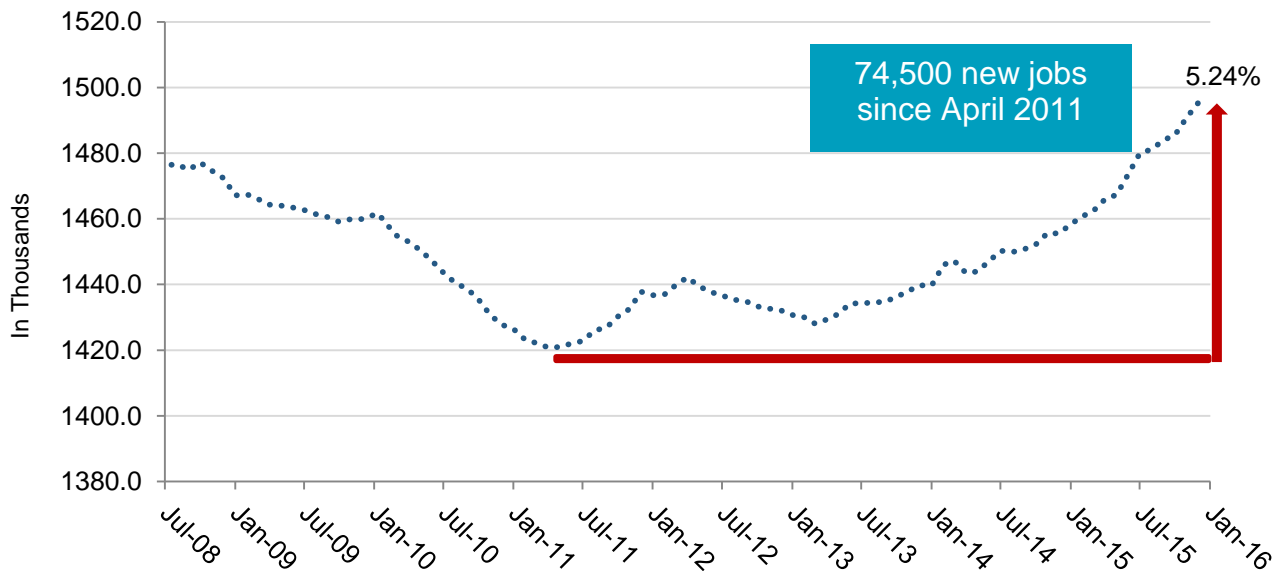
The total average number of employees is 1,776

Unemployment Rates



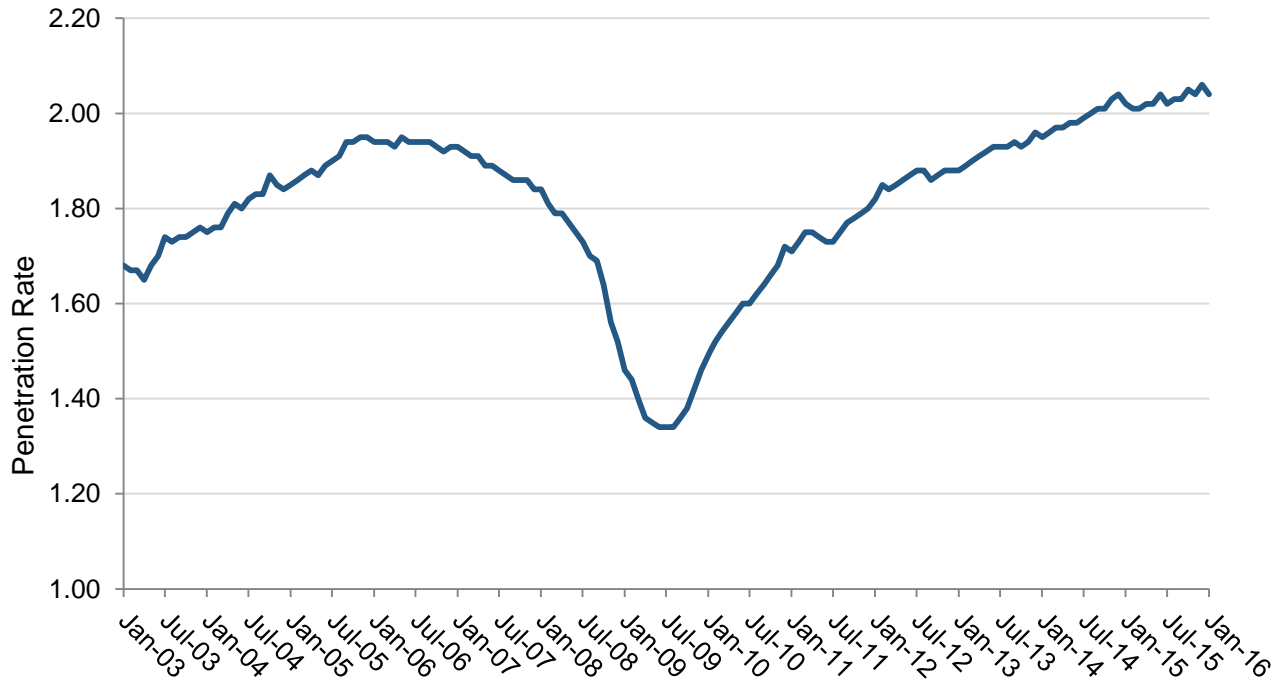
Source: U.S. Bureau of Labor Statistics

Insurance Carrier Employment



Source: U.S. Bureau of Labor Statistics

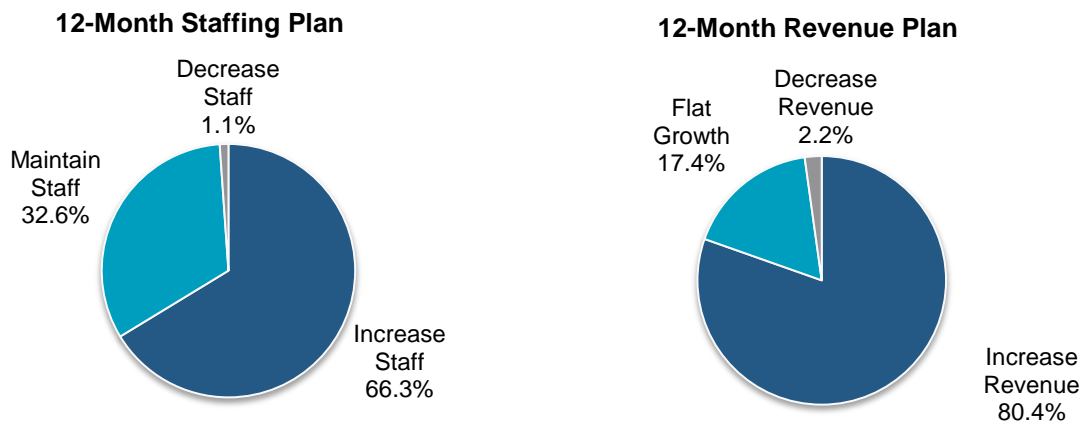
Temporary Employment



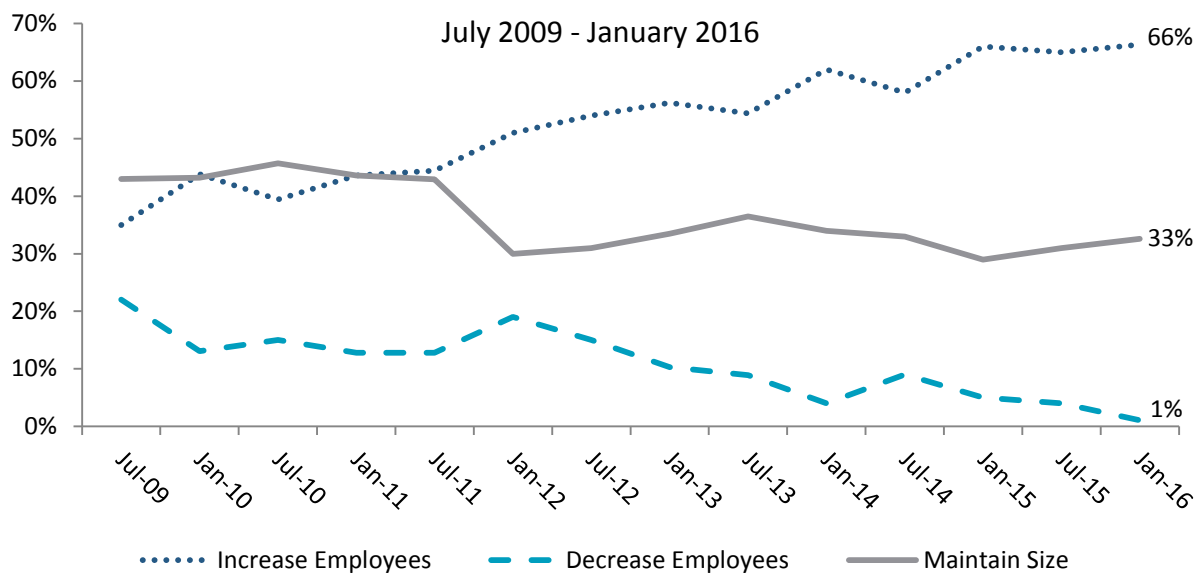
Temporary employment is up by 43,600 jobs since July. The temporary penetration rate is now 2.04%

Source: U.S. Bureau of Labor Statistics

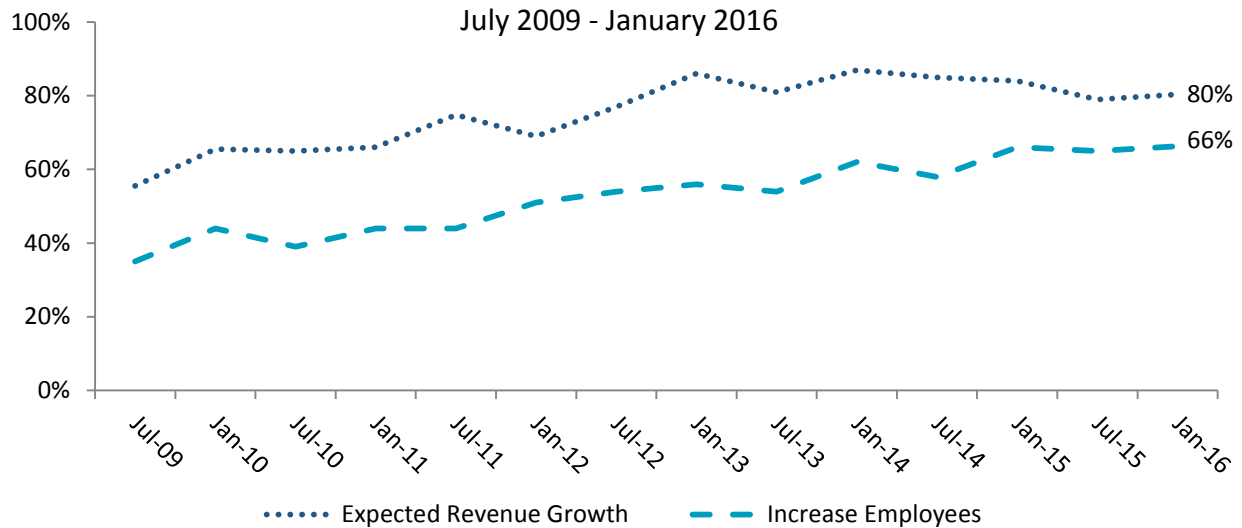
Revenue and Staffing Expectations



12-Month Staffing Plans

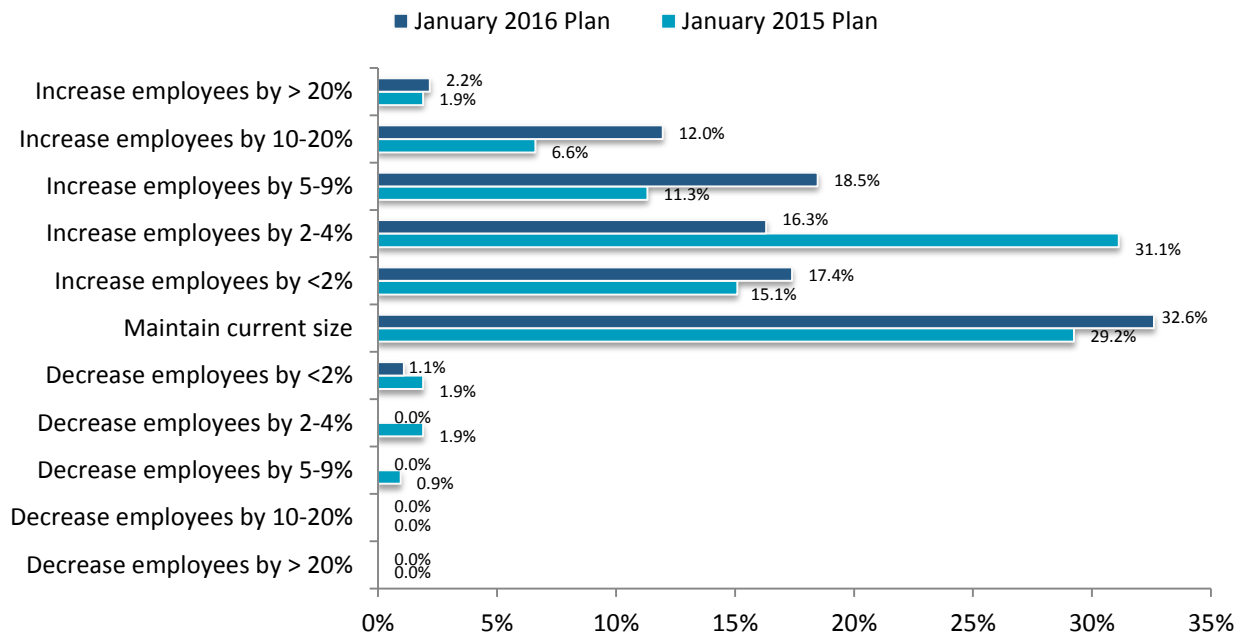


12-Month Staffing Plans Increase vs. Expected Revenue Growth



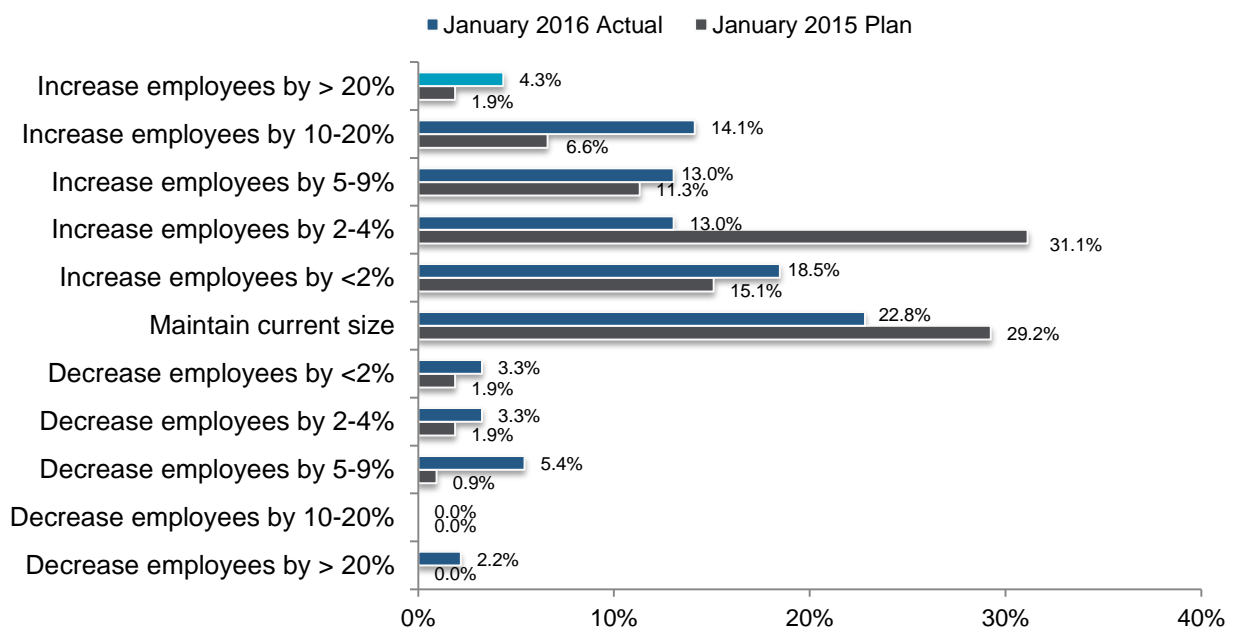
- 80% of P&C companies expect an increase in revenue growth, while 82% of Life/Health companies responded the same
- Both P&C and Life/Health companies responded that the primary driver for expected revenue changes will be market share
- 50% of personal lines companies expect pricing to drive revenue changes

12-Month Staffing Plans

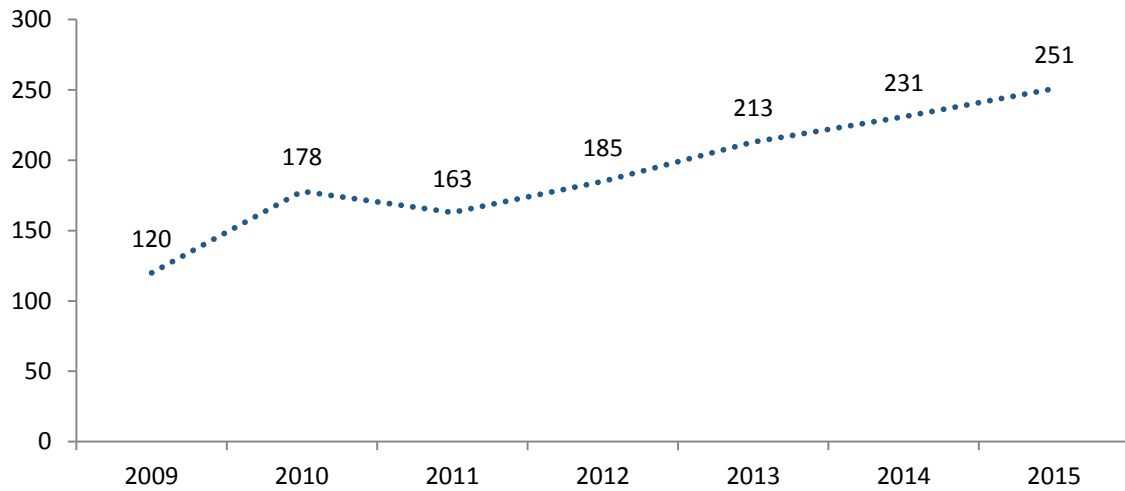


- 72% of balanced lines P&C companies are expecting to increase staff during the next 12 months. This is 11 points higher than commercial and personal lines companies, respectively
- Of the companies who plan to add staff during the next 12 months, 80% expect an increase in revenue with almost 60% responding that it will be due to a change in market share
- 78% of small companies (<300 FTE) are expecting to increase staff in the next 12 months compared to medium (300-1000 FTE) and large sized companies (>1,000 FTE) at 56%, respectively

12-Month Staffing Plans vs. Actual

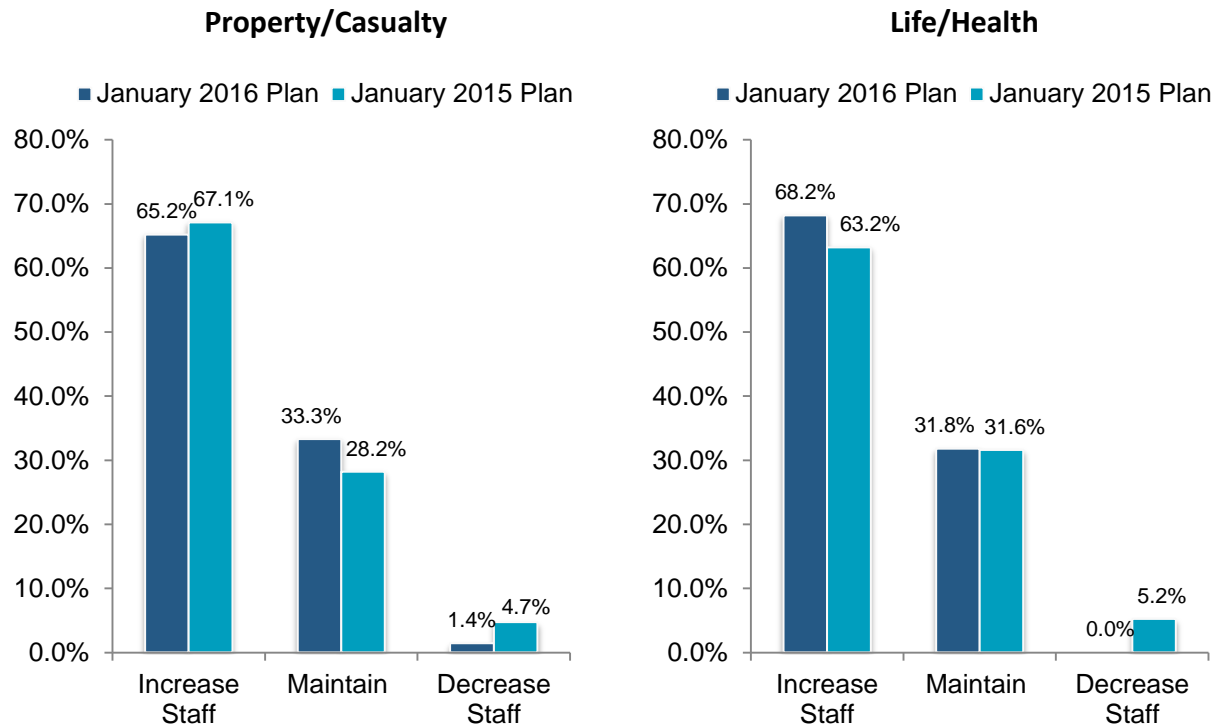


Job Openings in Finance and Insurance

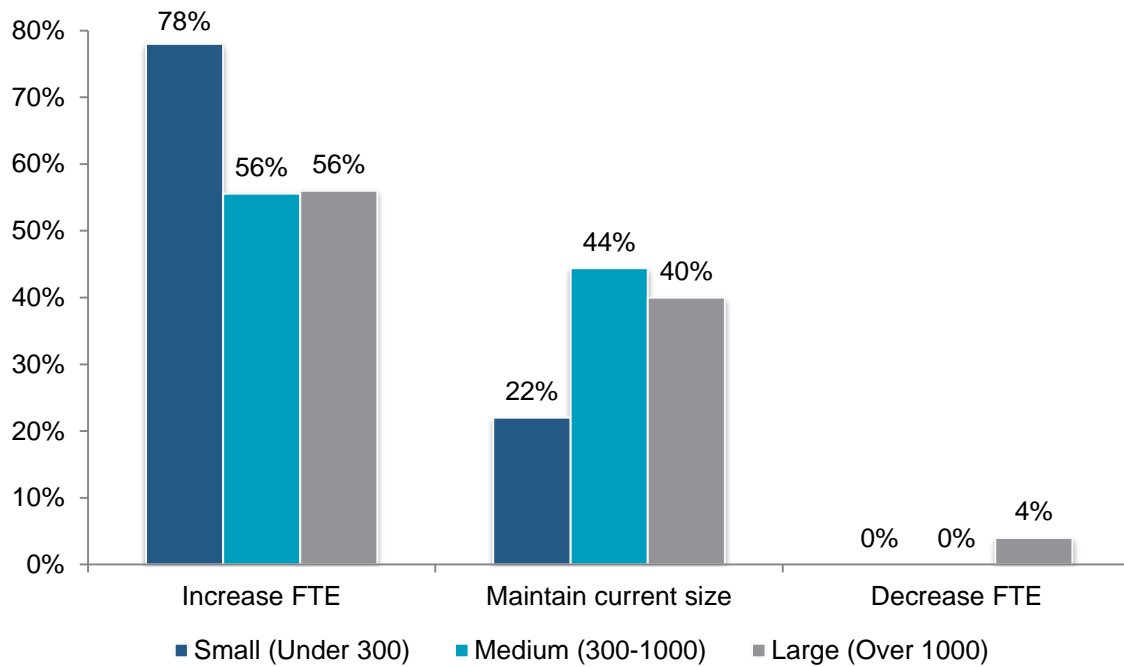


Source: U.S. Bureau of Labor Statistics

12-Month Staffing Plans - Comparison to January 2016 by Industry

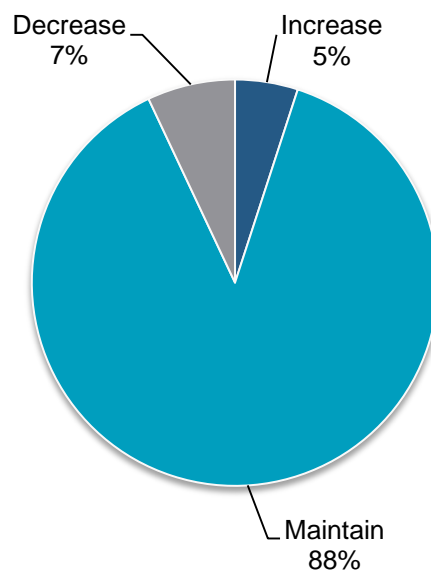


12-Month Staffing Plans - By Employee Size

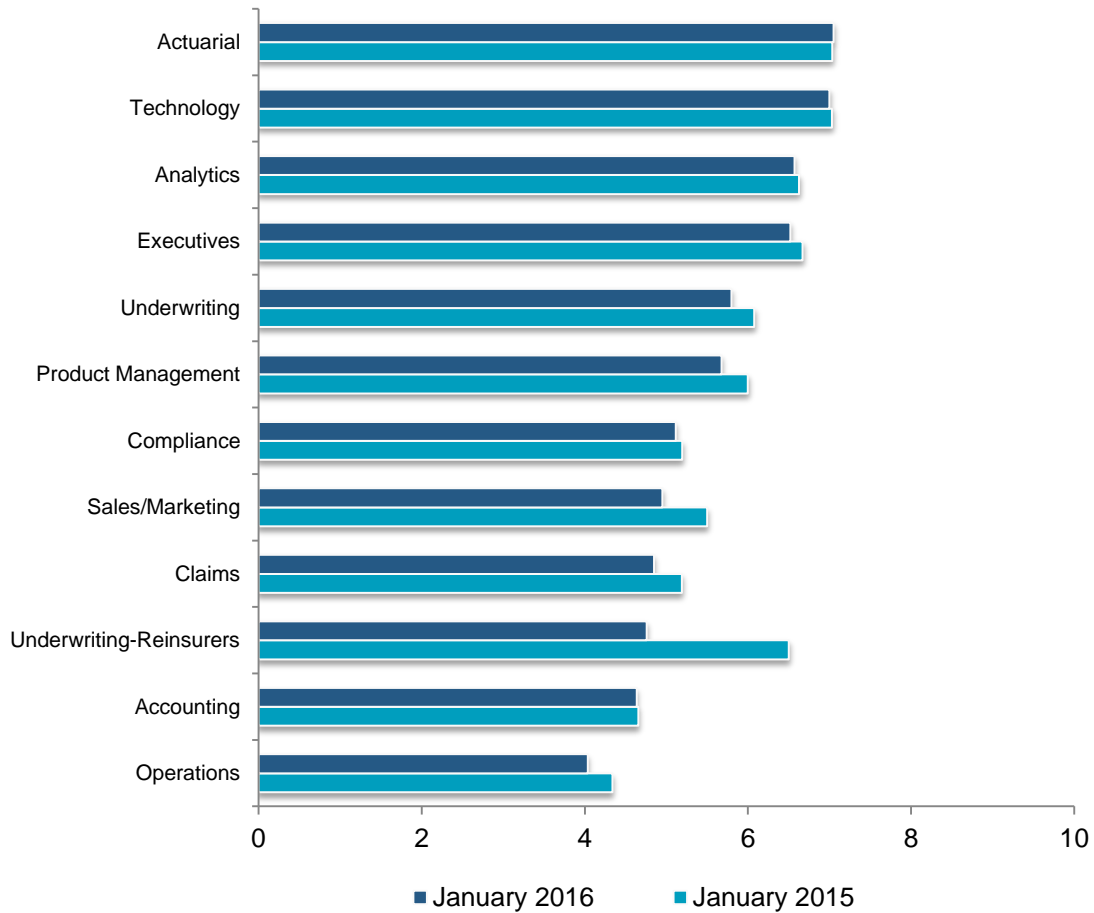


- 33% of medium-sized companies are expecting growth in revenue/premium greater than 10%. This compares to 27% for small companies and 20% for large companies
- 65% of small companies responded that revenue growth will be driven by market share compared to 61% of large and 41% of medium-sized companies

Use of Temporary Employees during Next 12 Months

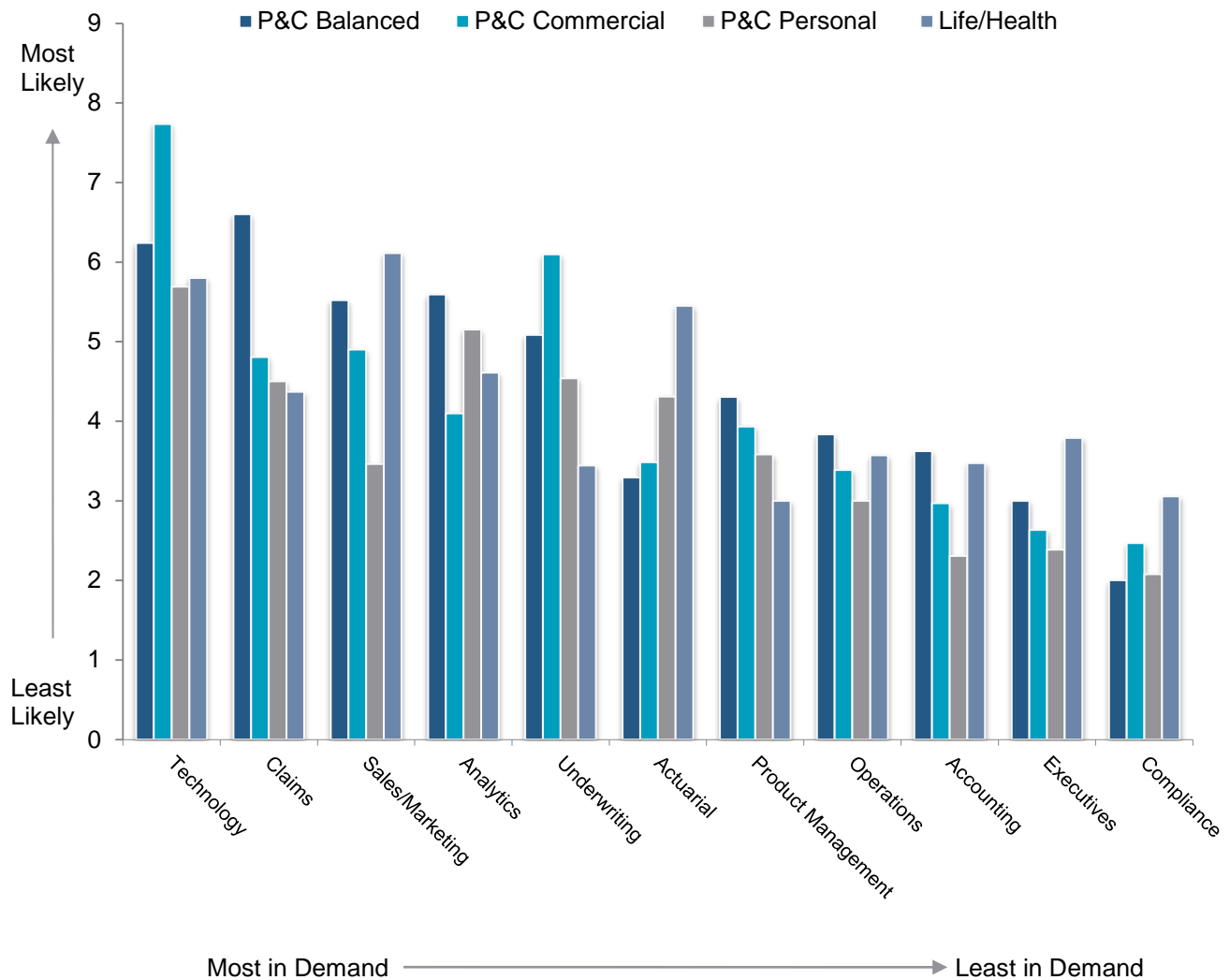


Recruiting Difficulty Continues



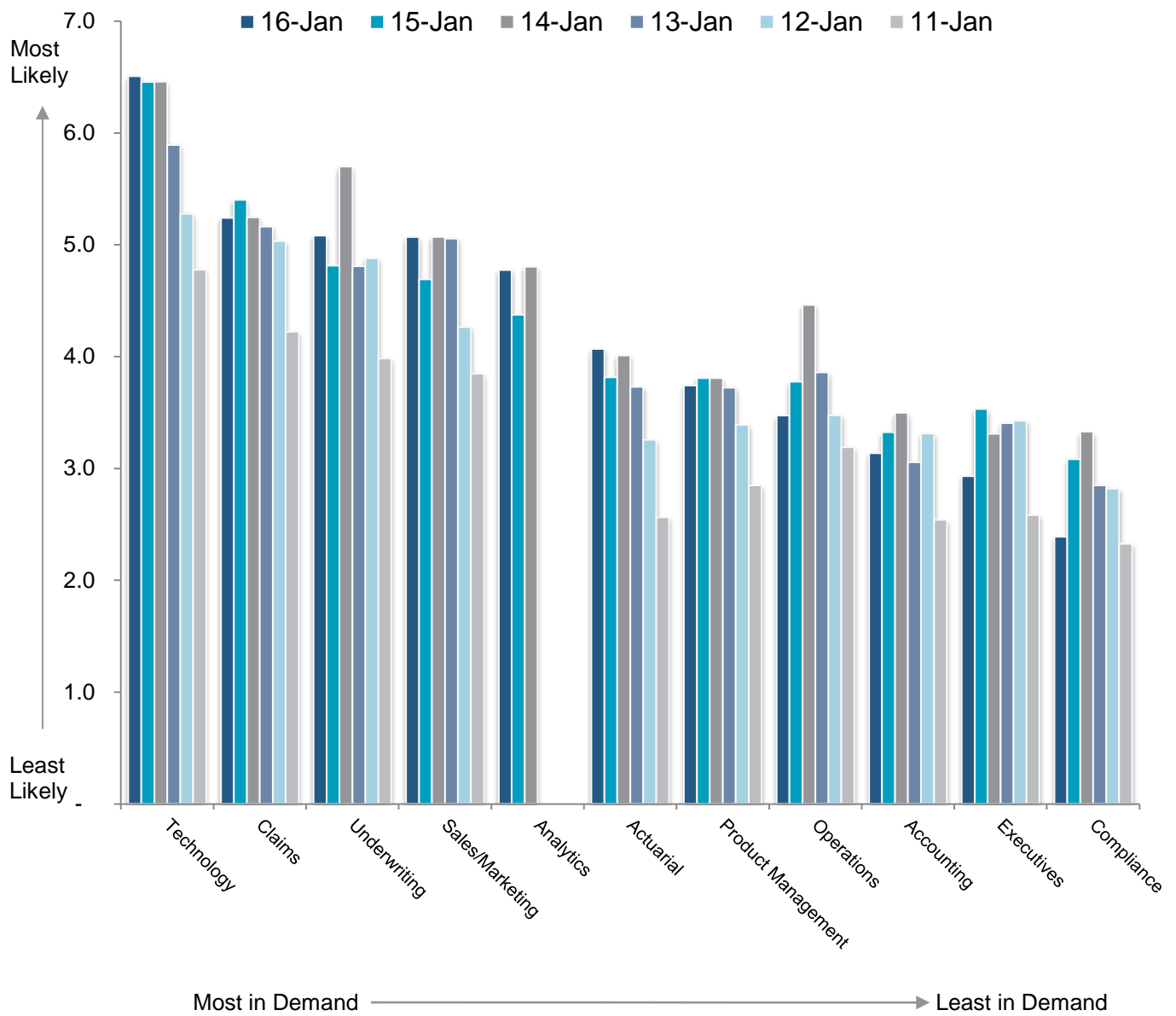
- On a scale of 1 – 10 (10 being most difficult), companies responded that positions are still moderately difficult to fill and recruiting is slightly less difficult in most disciplines than it was a year ago
- Positions rated 5 or above are considered moderate or difficult to fill
- Product line has a significant impact on the ease of filling positions
- 9 of 12 categories have seen recruiting difficulty decrease slightly over the past year

Likelihood of Increasing Staff by Function



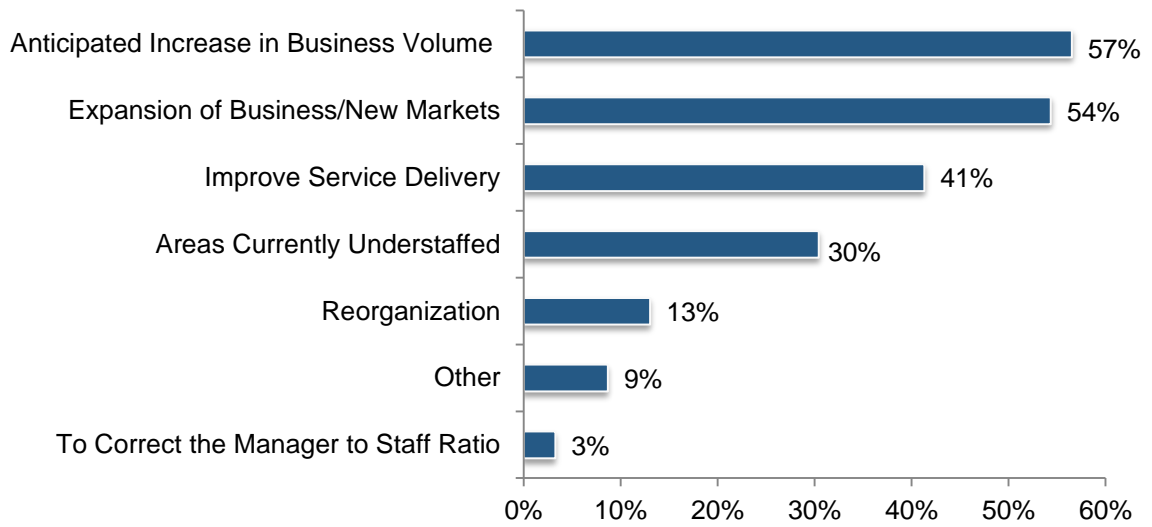
- Technology is the area most likely to increase staff for all sizes of companies. For large and medium-sized companies, Analytics is the area next in line for expected increases while small companies look to Claims
- Personal and commercial lines companies expect the greatest staff increases in Technology in the next 12 months compared to balanced lines companies with Claims
- Life/Health companies have the greatest need in Sales/Marketing which correlates with the 11 point increase in revenue goals from January 2015

Likelihood of Increasing Staff by Function by Survey Period

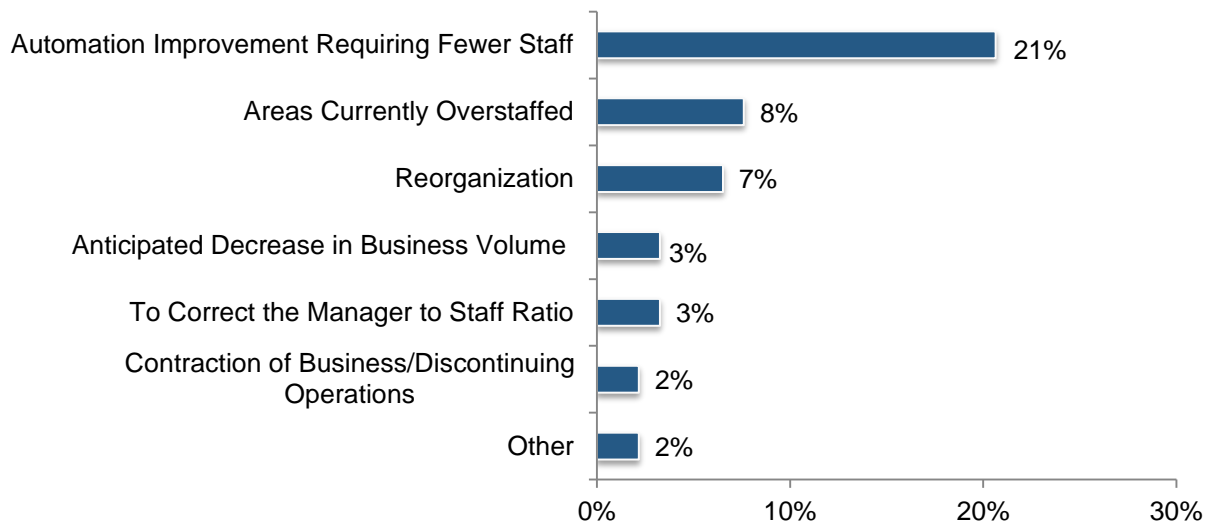


*Analytics included as additional function in July 2013 survey.

Reason to Increase Staff during Next 12 Months



Reason to Decrease Staff during Next 12 Months



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About Ward Group

Ward Group is the leading provider of benchmarking and best practices studies for the industry. We analyze staff levels, compensation, business practices and expenses for all areas of company operations and help insurers to measure results compared to peer groups, optimize performance and improve profitability. Since 1991, we have performed more than 2,500 operational and compensation benchmarking exercises for companies of all sizes, including more than half of the top 100 U.S. insurance carriers.

Ward Group is part of Aon Hewitt, a business unit of Aon plc (NYSE: AON). For more information, please visit wardinc.com.

About The Jacobson Group

The Jacobson Group is the leading global provider of insurance talent. For more than 45 years, we have been connecting insurance organizations with professionals from the board room to the back room on both a permanent and temporary basis. We offer a variety of solutions including executive search, professional recruiting, emerging talent, RPO, temporary staffing, subject matter experts, and onsite and work-at-home operations support. Regardless of the need or situation, Jacobson is the insurance talent solution. Further information is available at www.jacobsononline.com.