



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 2017.

Summary of Findings

- 65% of companies plan to increase staff during the next 12 months driven by 67% in the commercial lines and personal lines categories, respectively
- 6% of companies expect a decrease in staffing during the next 12 months, 5 points higher than a year ago
- 77% of small companies plan to add staff during the next 12 months. This is 12 and 25 points higher than medium-sized and large companies, respectively
- Expectations to grow revenue are 9 points lower than July at 70%. This is the lowest level since the January 2012 survey and 17 points lower than the high 3 years ago
- Large and small companies are the most optimistic to increase revenue as 72% and 71% expect growth, respectively, compared to 65% for mid-sized companies
- Optimism for revenue growth decreased 19 points to 63% for Life/Health companies from January 2016 while Property/Casualty companies dropped 8 points to 72%
- 53% of the companies stated that change in market share will drive their expected revenue changes with 29% referencing changes in pricing
- The primary reason to increase staff during the next 12 months is the expectation of an increase in business volume. 58% of companies listed this as the primary reason-to-hire followed by 54% who reported expansion of business/new markets
- 16% 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 11%
- Technology, Sales/Marketing, and Claims roles are expected to grow the greatest during the next 12 months. Sales/Marketing is the greatest need for Life/Health companies while Technology is for Property/Casualty companies
- The industry remains focused on combatting the growing talent gap and increasing staff. A challenging recruitment environment persists amidst virtually non-existent industry unemployment and its resulting shallow talent pool
- Actuarial, Analytics, and Technology positions are the most difficult to fill
- Companies are requiring more temporary staff during the 1st half of the year. 11% of companies are planning to increase their use versus 7% and 5% reporting the same 6 and 12 months ago, respectively

Notable Survey Trends from January 2016 to January 2017

- The Total industry grew 1.14% versus an anticipated rate of 1.72%
- The P&C industry grew 0.98% versus an anticipated rate of 1.38%
- The L&H industry grew 1.91% versus an anticipated rate of 2.59%

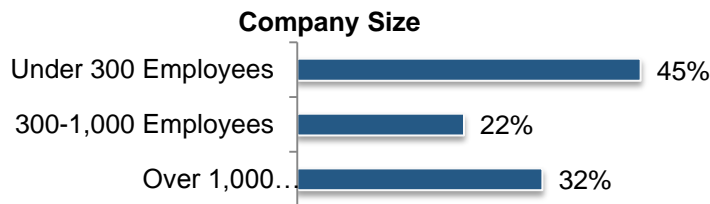
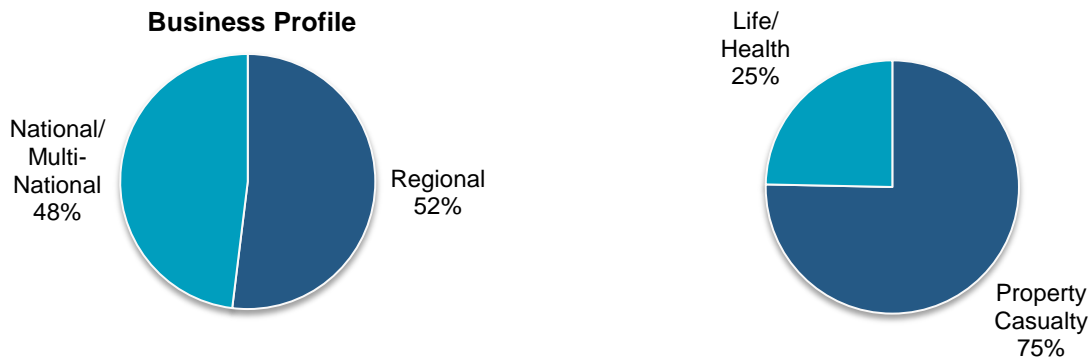
Projection

If the industry follows through on its plans, we will see a 1.56% increase in industry employment during the next 12 months, creating new jobs.

	Projected Growth
Total Benchmark	1.56%
Life & Health	0.61%
Property Casualty (PC)	1.79%
– PC Personal	0.33%
– PC Commercial	2.63%
– PC Balanced	1.64%

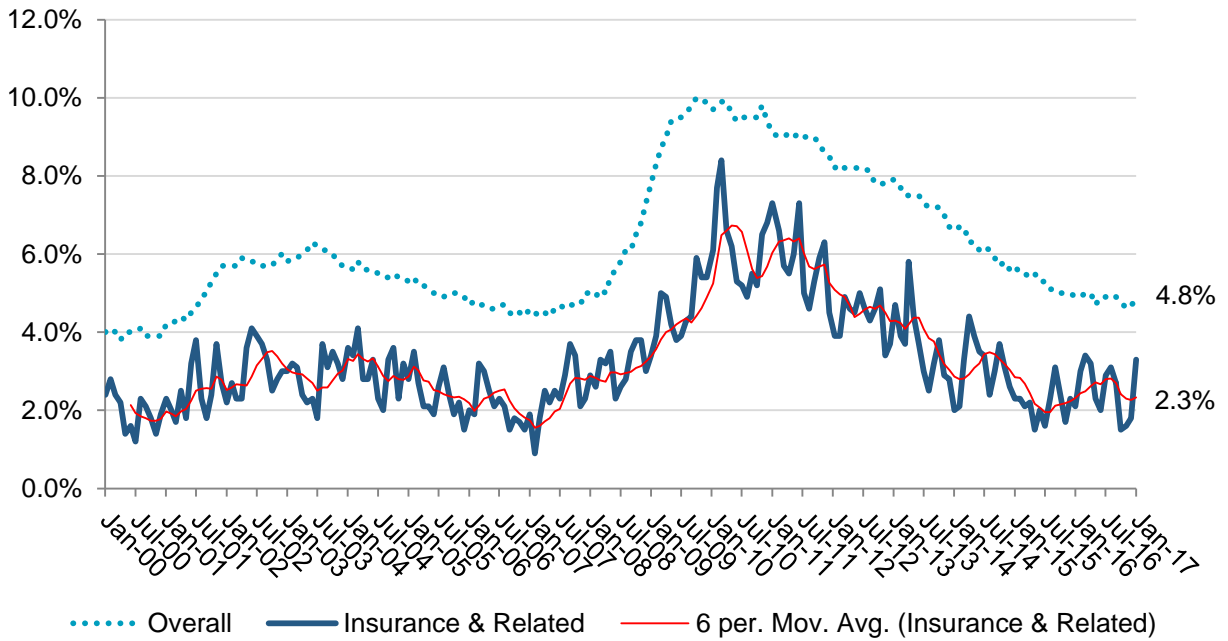
Survey Results

Participant Profile



The total average number of employees is 3,819

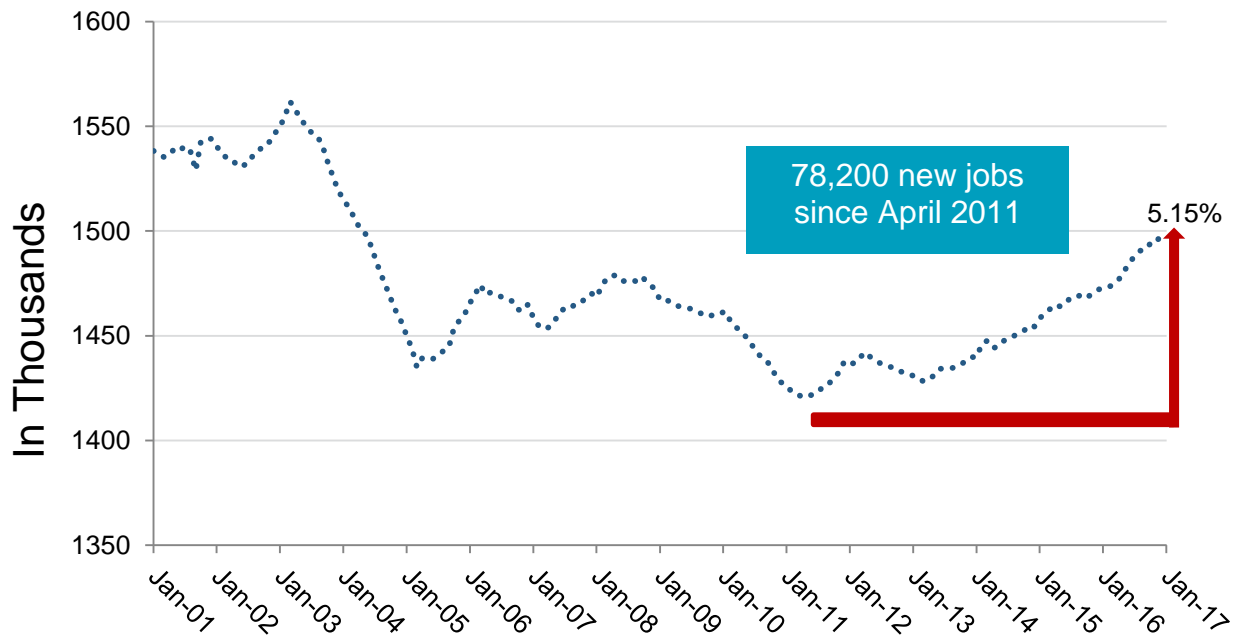
Unemployment Rates



*Percentage indicated 6-month trailing average

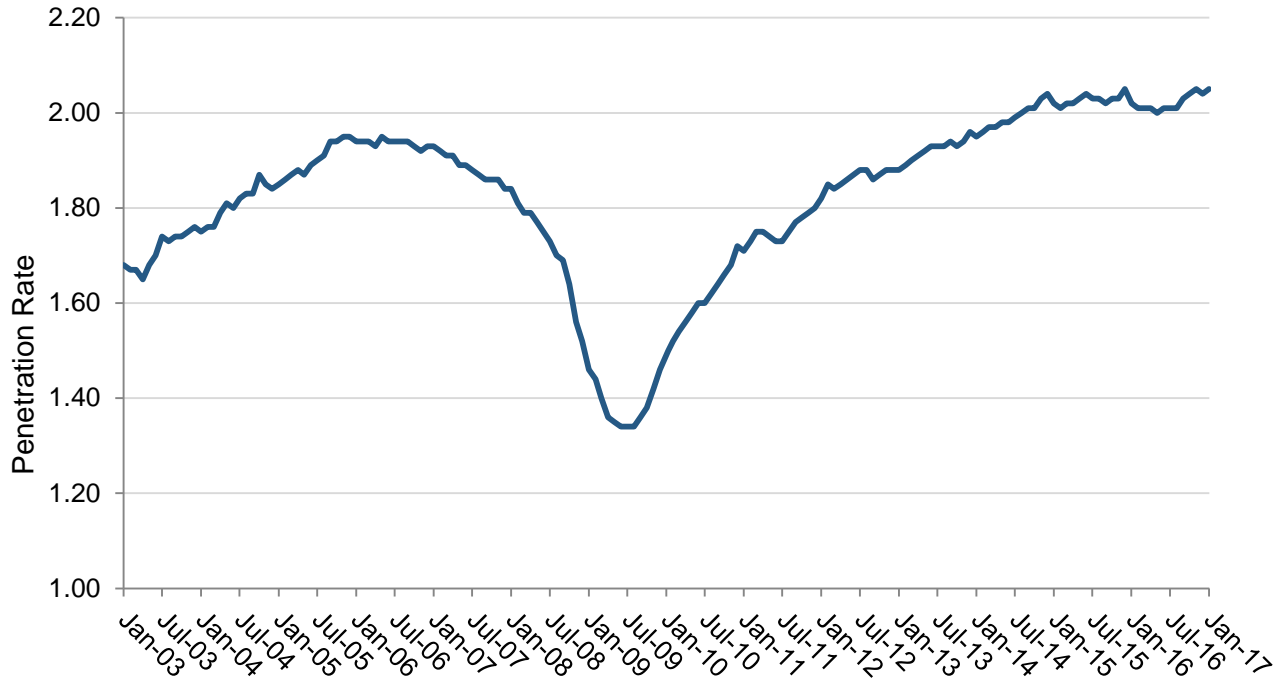
Source: U.S. Bureau of Labor Statistics

Insurance Carrier Employment



Source: U.S. Bureau of Labor Statistics

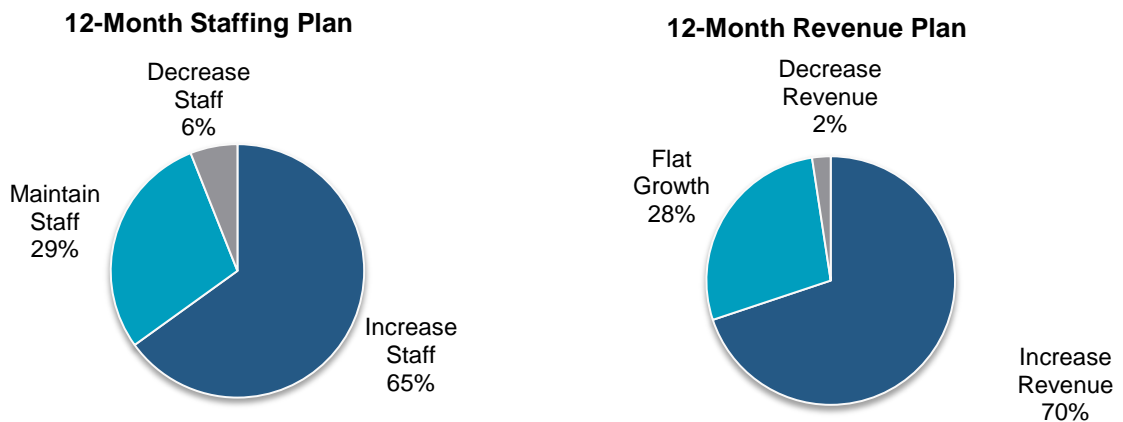
Temporary Employment



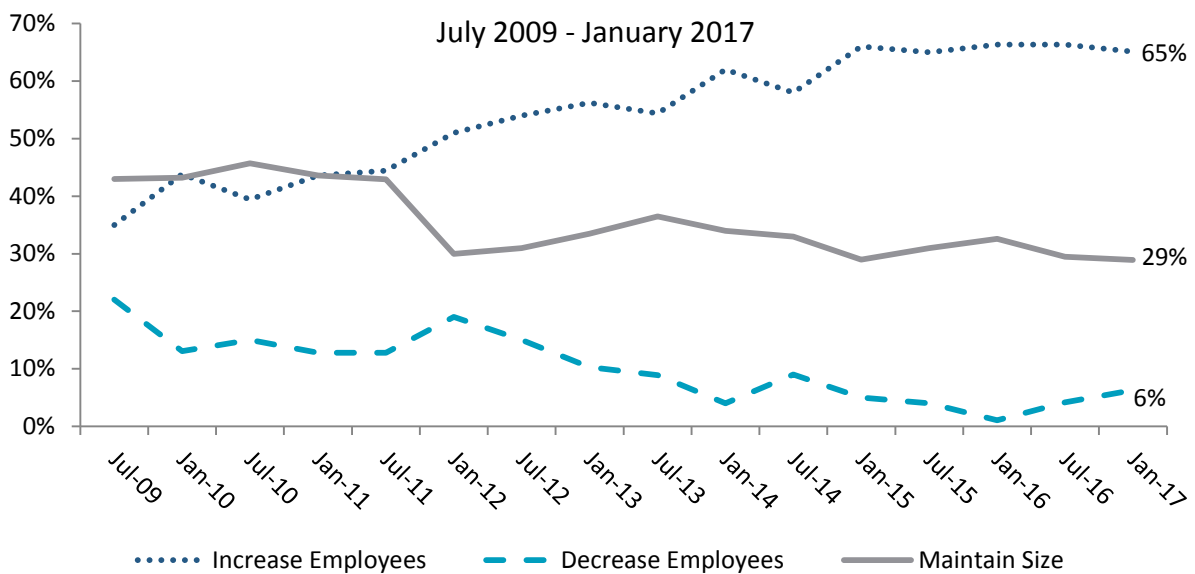
Temporary employment is up by 70,600 jobs since July. The temporary penetration rate is now 2.05%

Source: U.S. Bureau of Labor Statistics

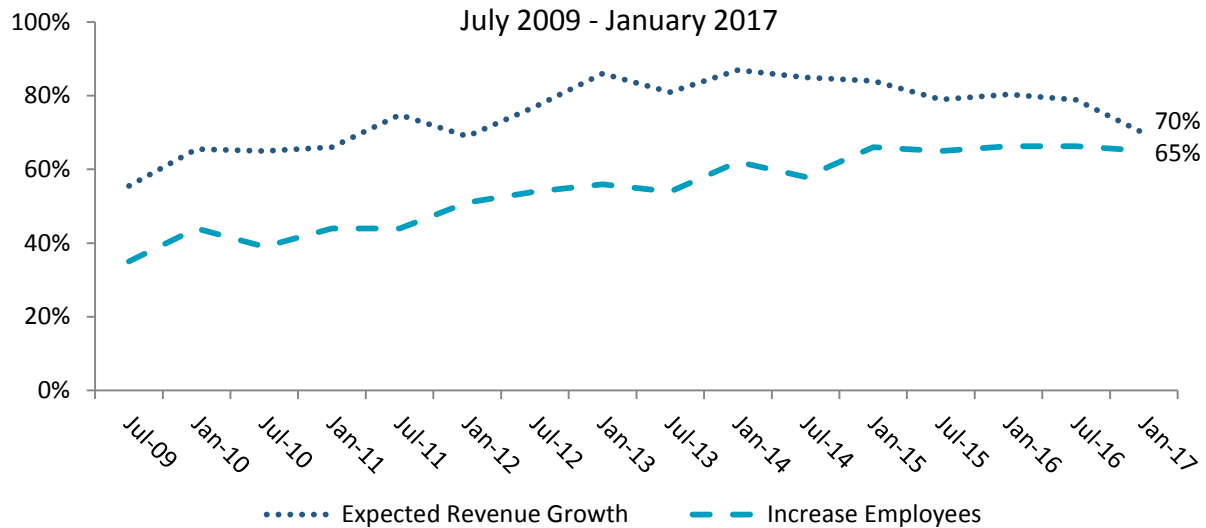
Revenue and Staffing Expectations



12-Month Staffing Plans

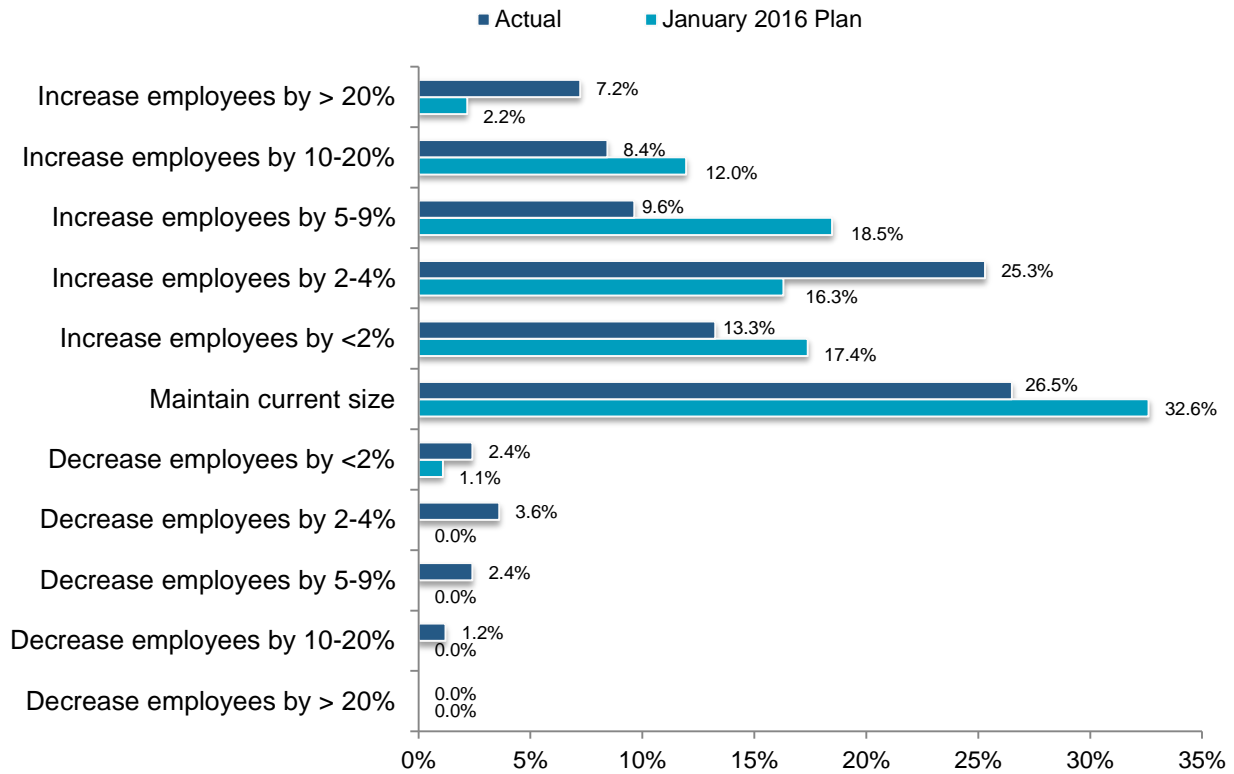


12-Month Staffing Plans Increase vs. Expected Revenue Growth

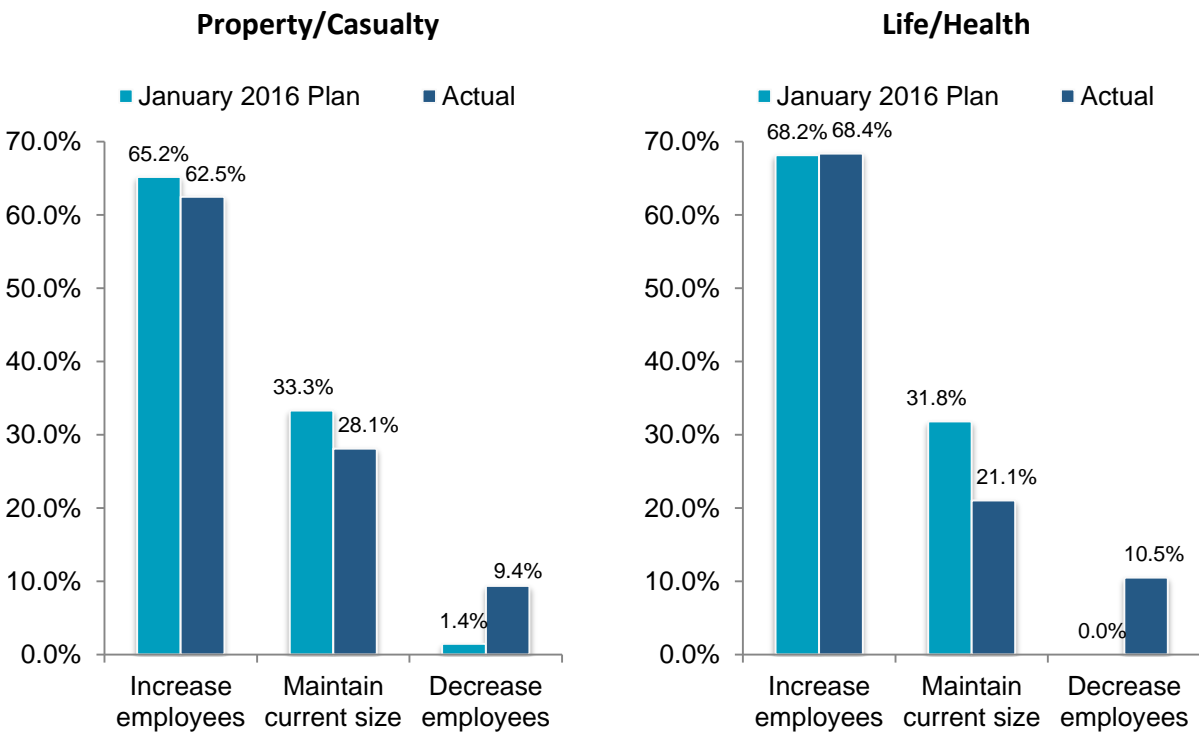


- 70% of P&C and Life/Health companies expect an increase in revenue growth, down 9 points from the July survey
- Expected revenue growth is at its lowest level since the January 2012 survey
- 28% of companies expect flat revenue growth, up from 18% in July
- Both P&C and Life/Health companies responded that the primary driver for expected revenue changes will be market share, 55% and 44% respectively
- 31% of life companies expect economic expansion/contraction to drive revenue changes

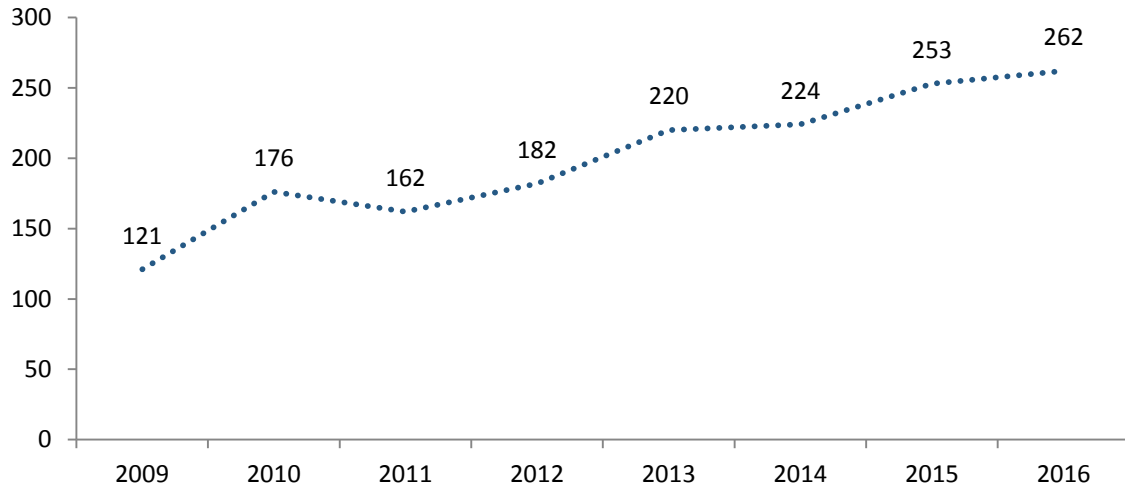
12-Month Staffing Plans vs. Actual



12-Month Staffing Plans vs. Actual – By Industry

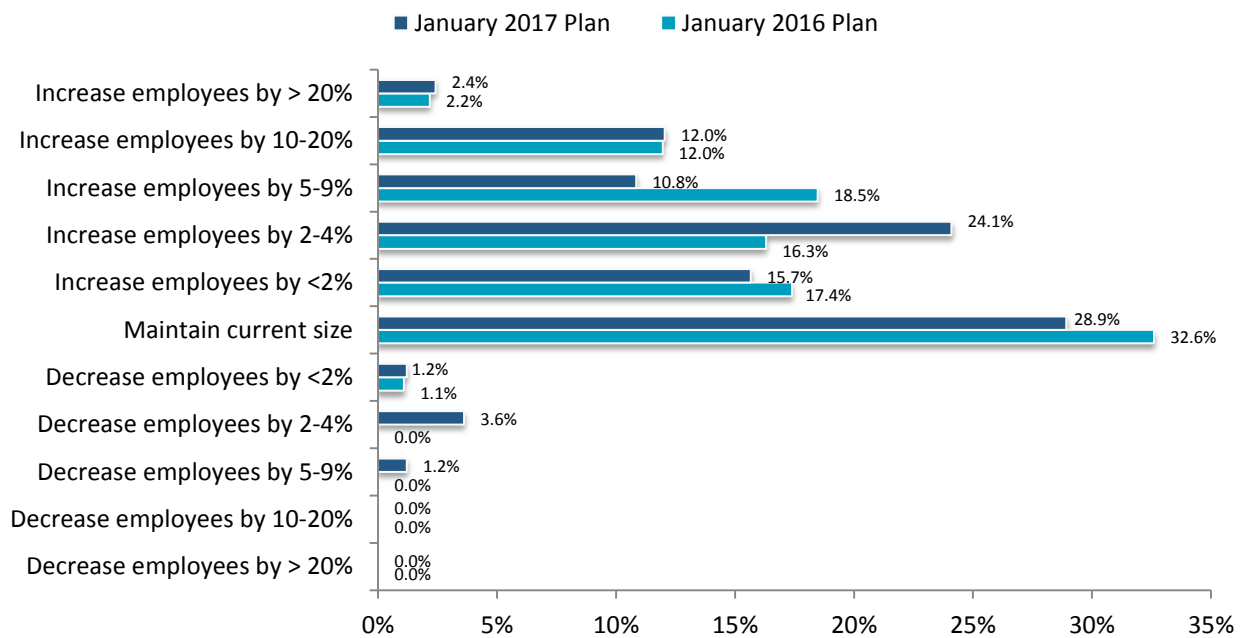


Job Openings in Finance and Insurance



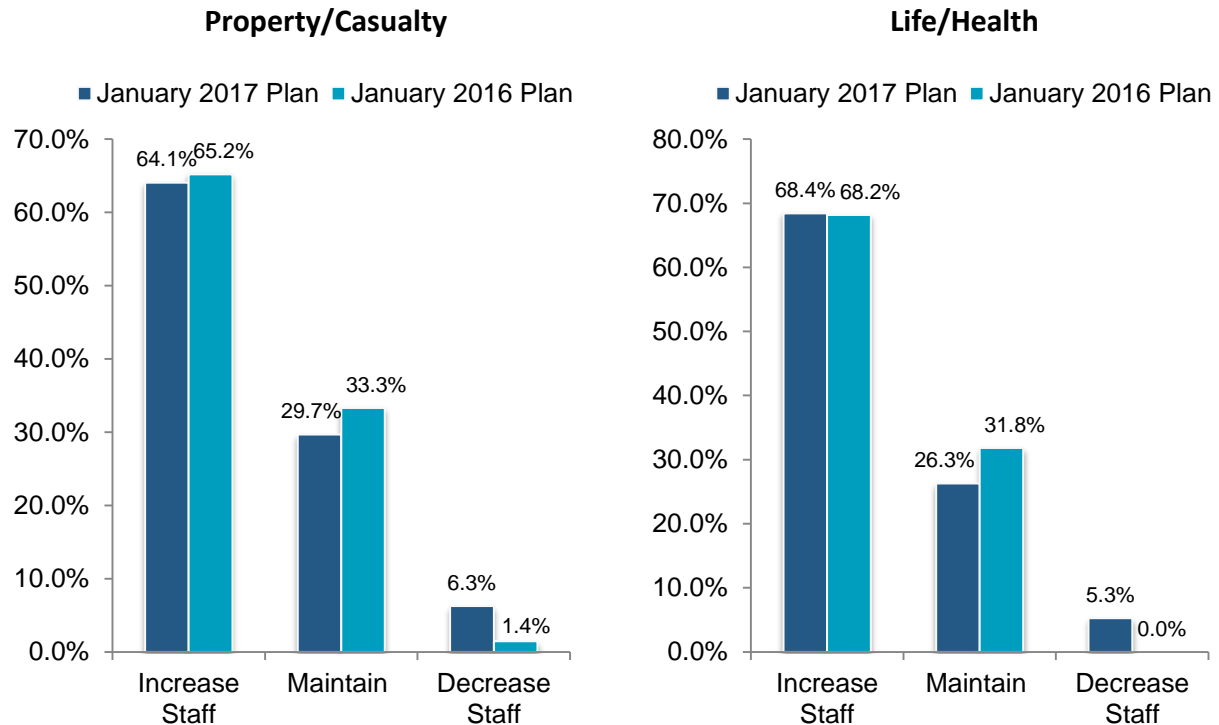
Source: U.S. Bureau of Labor Statistics

12-Month Staffing Plans

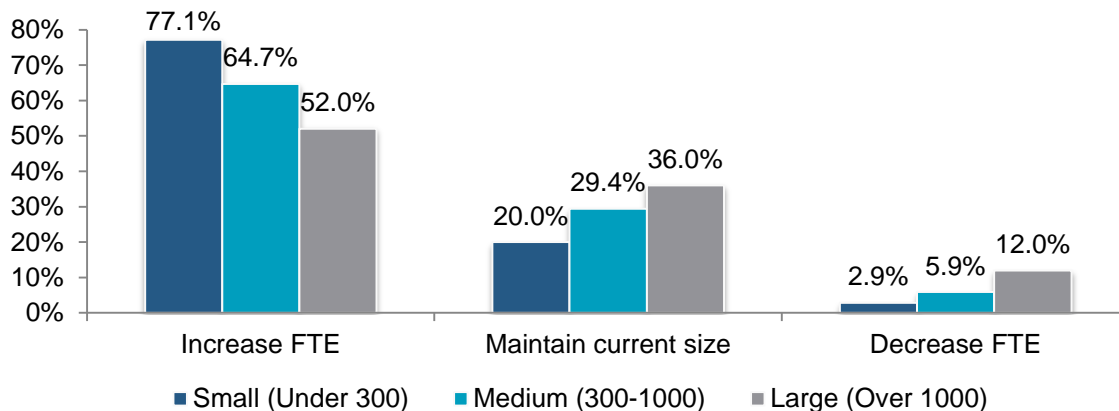


- 67% of commercial lines P&C and personal lines P&C companies are expecting to increase staff during the next 12 months. This is 7 points higher than balanced lines companies
- Of the companies who plan to add staff during the next 12 months, 82% expect an increase in revenue with 53% responding that it will be due to a change in market share

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

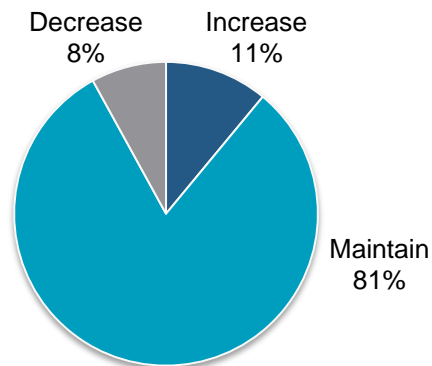


12-Month Staffing Plans - By Employee Size



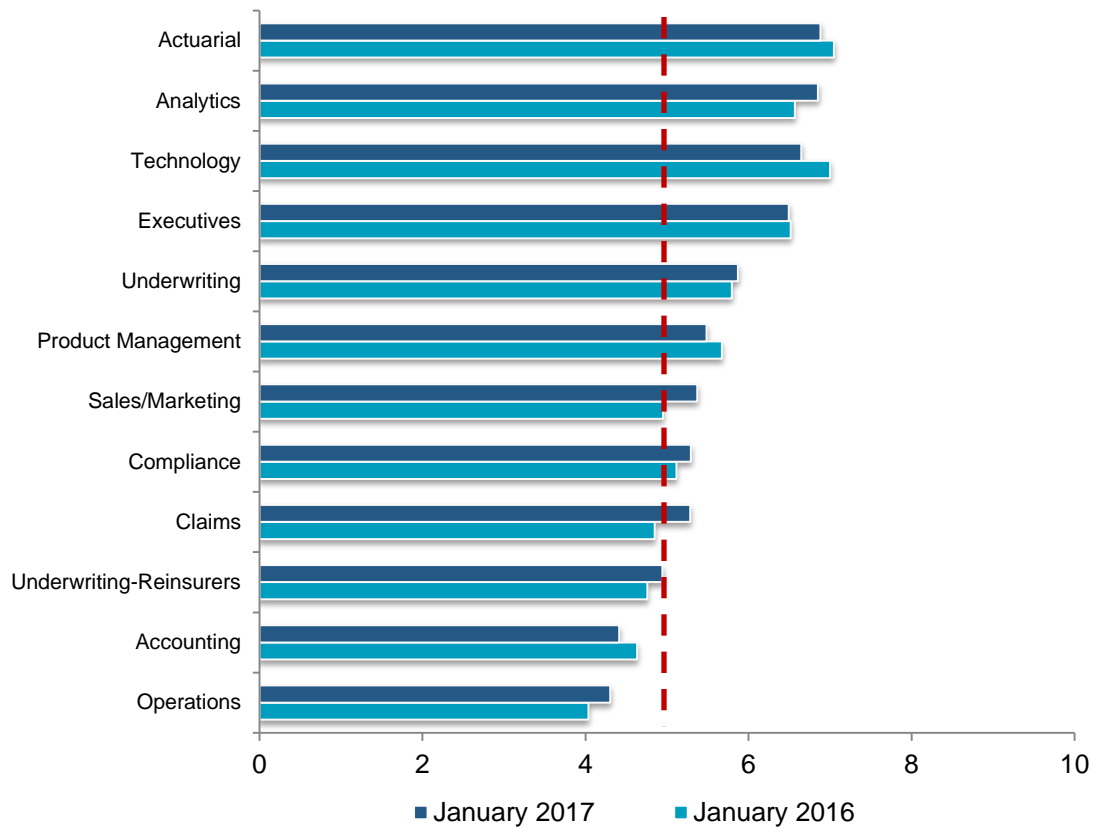
- 31% of small companies are expecting growth in revenue/premium greater than 10%. This compares to 24% for medium-sized companies and 16% for large companies
- 57% of large companies responded that revenue growth will be driven by market share compared to 50% of medium-sized and 55% of small companies
- In July, 75% of small companies were expecting to increase staff while 68% of medium-sized companies and 41% of large companies were expecting the same

Use of Temporary Employees during Next 12 Months



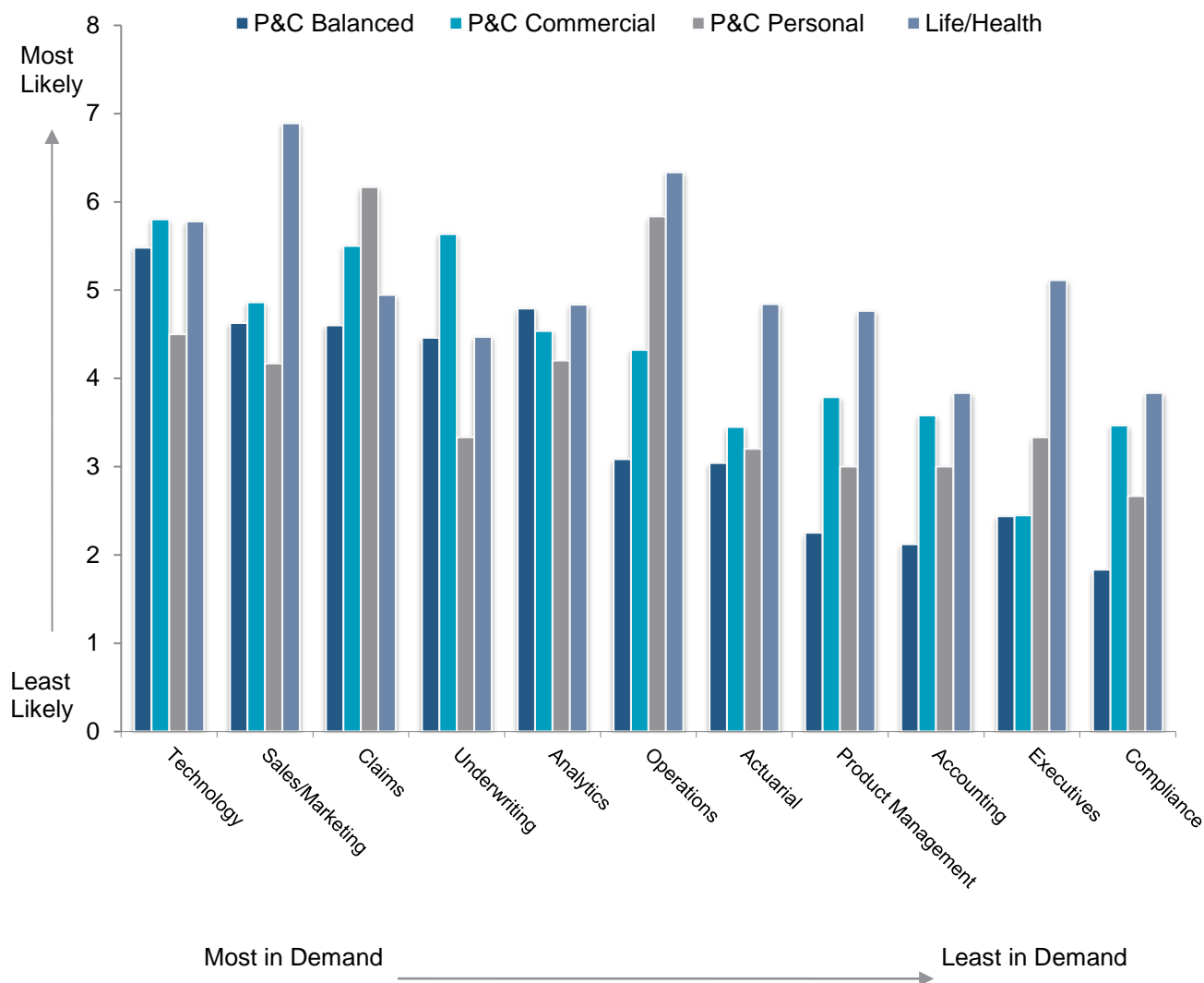
This study showed the highest anticipated increase in temporary staff usage since January 2014

Recruiting Difficulty Continues



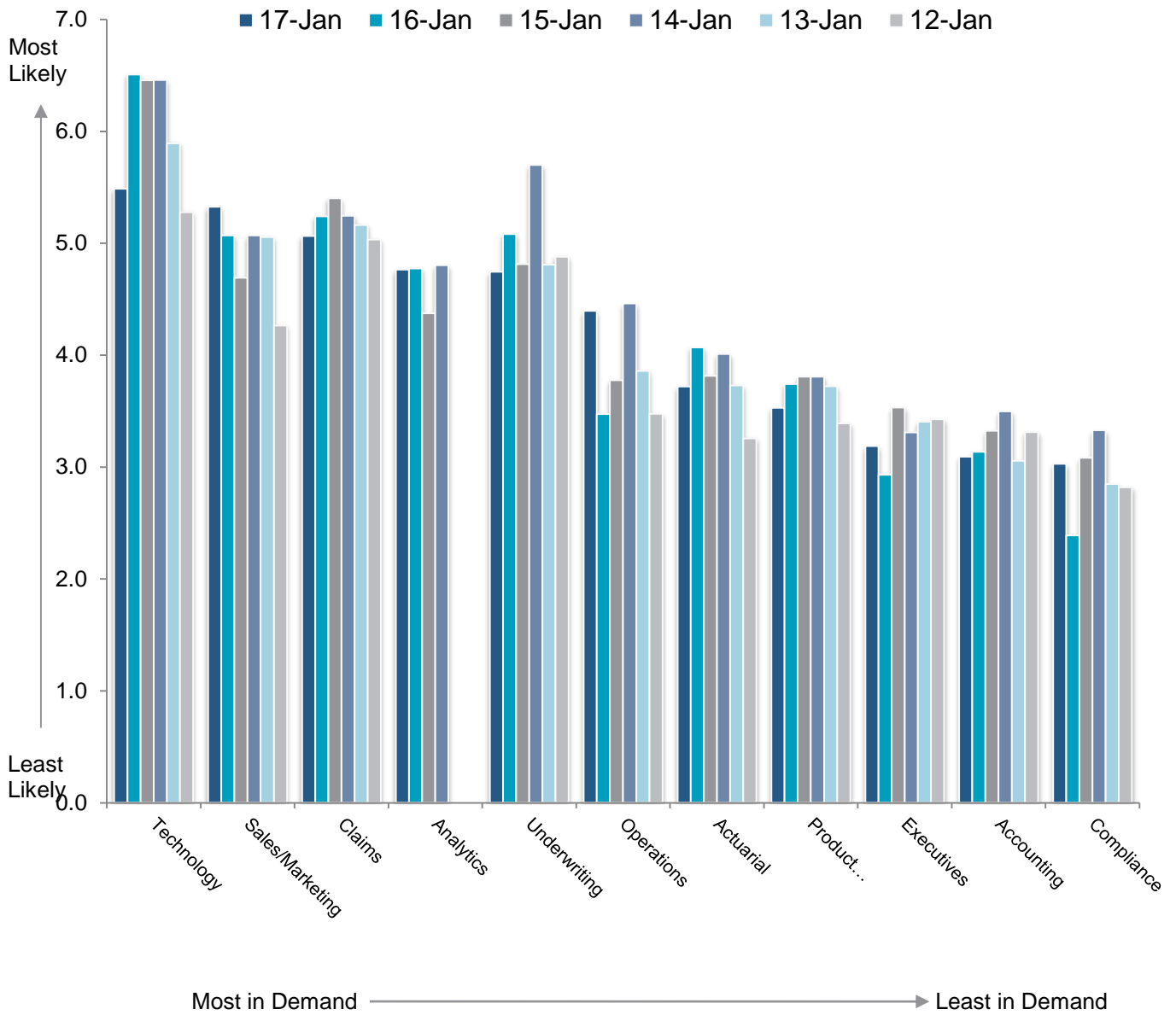
- On a scale of 1 – 10 (10 being most difficult), companies responded that positions are still moderately difficult to fill and recruiting is slightly more difficult in most disciplines than it was a year ago
- Positions rated 5 or above are considered moderate or difficult to fill
- Product line has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

Likelihood of Increasing Staff by Function



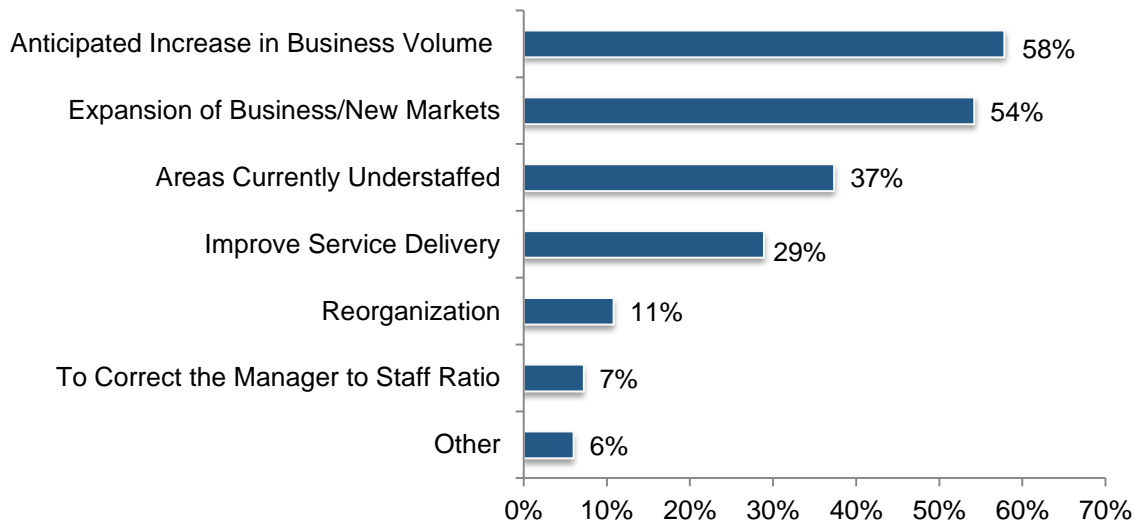
- Technology is the area most likely to increase staff for large companies followed by Sales/Marketing and Analytics. Medium-sized companies are looking towards Analytics then Technology in the next 12 months. After Claims, small companies greatest need is in Operations
- Personal lines companies are most likely to increase staff in Claims in the next 12 months compared to Technology for commercial and balanced lines companies
- In total, the industry's greatest need is in Technology staff

Likelihood of Increasing Staff by Function by Survey Period

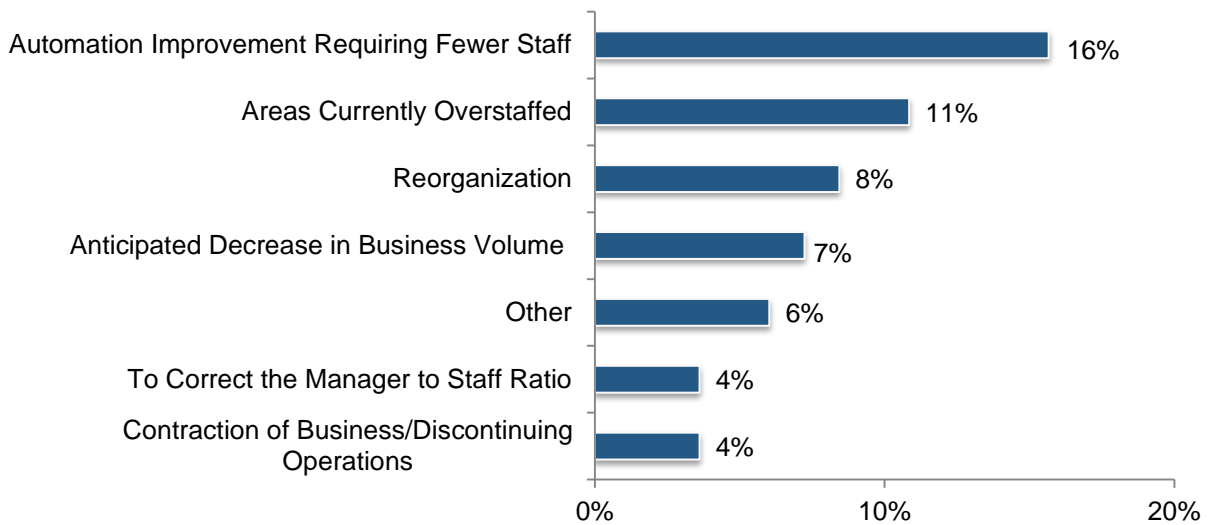


*Analytics included as additional function in July 2013 survey.

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.