



# 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 third quarter of 2016.

## Summary of Findings

- 66.3% of companies plan to increase staff during the next 12 months driven by 73% in the commercial lines category
- 4.2% of companies expect a decrease in staffing during the next 12 months, which is the 3rd lowest percentage in the history of the survey
- 75% of small companies plan to add staff during the next 12 months. This is nearly 34 points higher than large companies
- Expectations to grow revenue were the same as the July 2015 survey
- Large companies are the most optimistic in increasing revenue as 82% expect growth compared to 79% and 77% for small and mid-sized companies, respectively
- 61% of the companies stated that change in market share will drive their expected revenue changes, up 3 points from the January survey
- The primary reason to increase staff during the next 12 months is the expectation of an increase in business volume. 59% of companies listed this as the primary reason-to-hire followed by 45% who reported expansion of business/new markets
- 14% of companies report that automation will be the primary reason for reductions in staff during the next 12 months. Reorganization is the next highest at 11%
- Technology, Claims, and Underwriter roles are expected to grow the greatest during the next 12 months. These are the same results from the prior 3 surveys
- The industry's focus on continuing to increase staff paired with mass retirements and virtually non-existent industry unemployment will only further interfuse an already challenging recruiting environment
- Executive, Technology, and Actuarial positions are the most difficult to fill
- Companies are requiring less temporary staff during the 2nd half of the year. 13% of companies are planning to decrease their use versus 7% reporting the same 6 months ago. Over the life of the survey, this is a consistent trend between January and July

## Notable Survey Trends from July 2015 to July 2016

- The TOTAL industry grew 1.69% versus an anticipated rate of 1.98%.
- The P&C industry grew 1.49% versus an anticipated rate of 1.96%.
- The L&H industry grew 3.30% versus an anticipated rate of 2.06%.

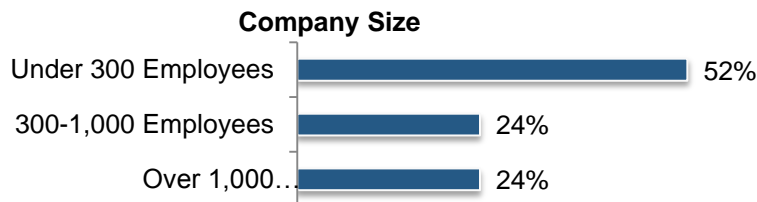
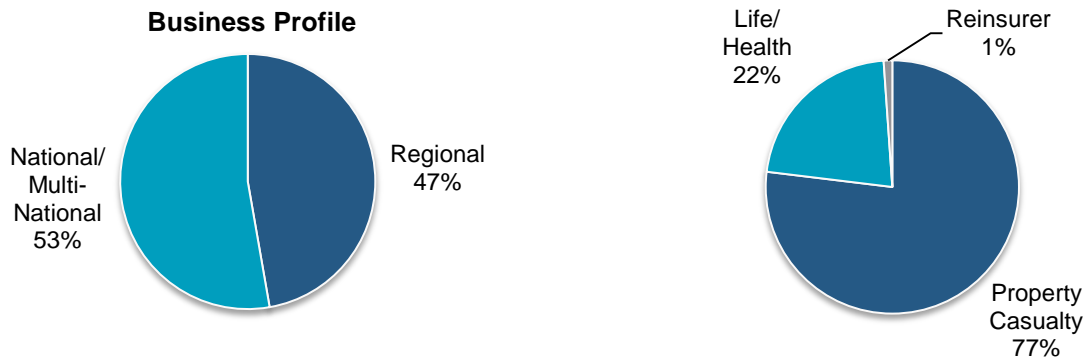
## Projection

If the industry follows through on its plans, we will see a 1.37% increase in industry employment during the next 12 months, creating new jobs.

Projected Growth	
Total Benchmark	1.37%
Life & Health	1.35%
Property Casualty (PC)	1.40%
– PC Personal	1.39%
– PC Commercial	2.16%
– PC Balanced	0.93%

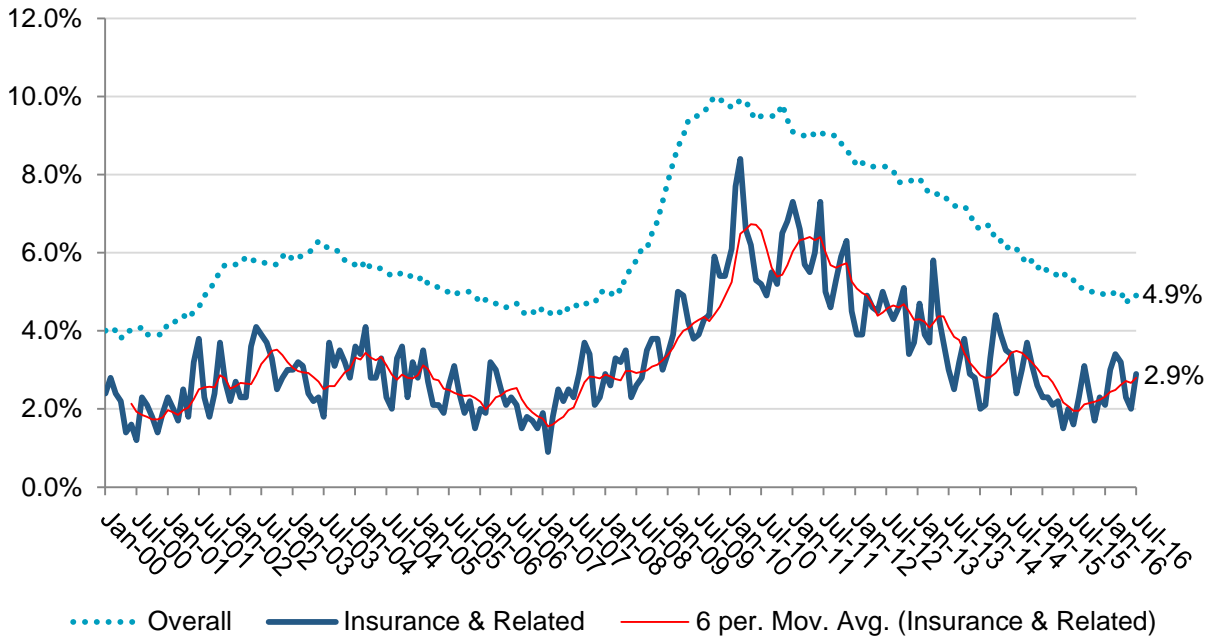
## Survey Results

### Participant Profile



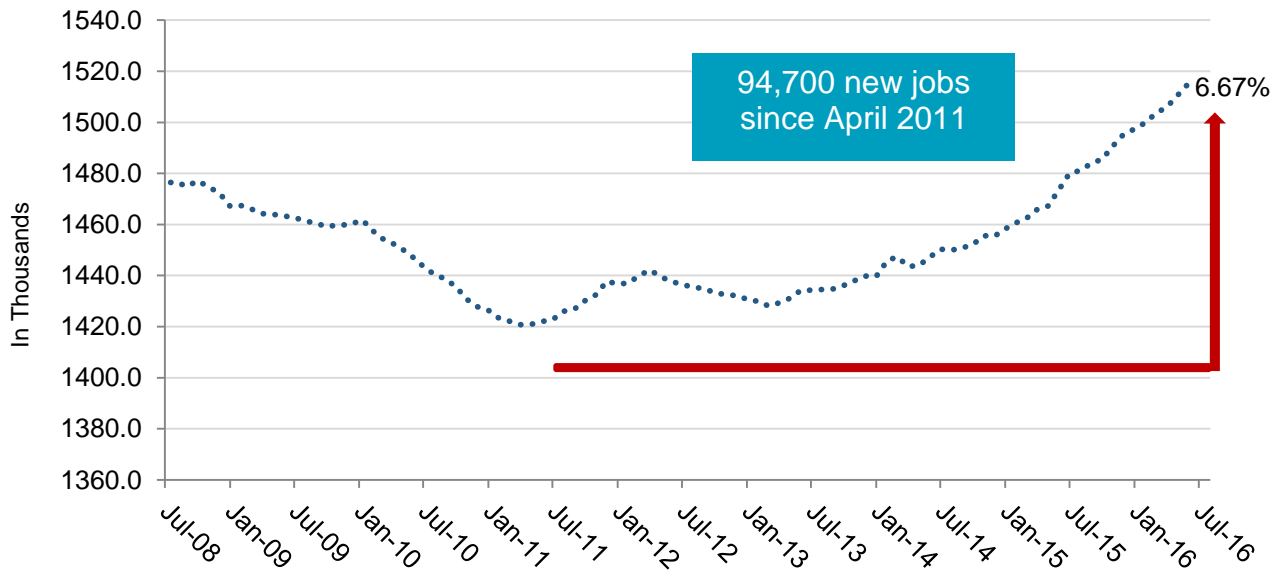
The total average number of employees is 1,478

## Unemployment Rates



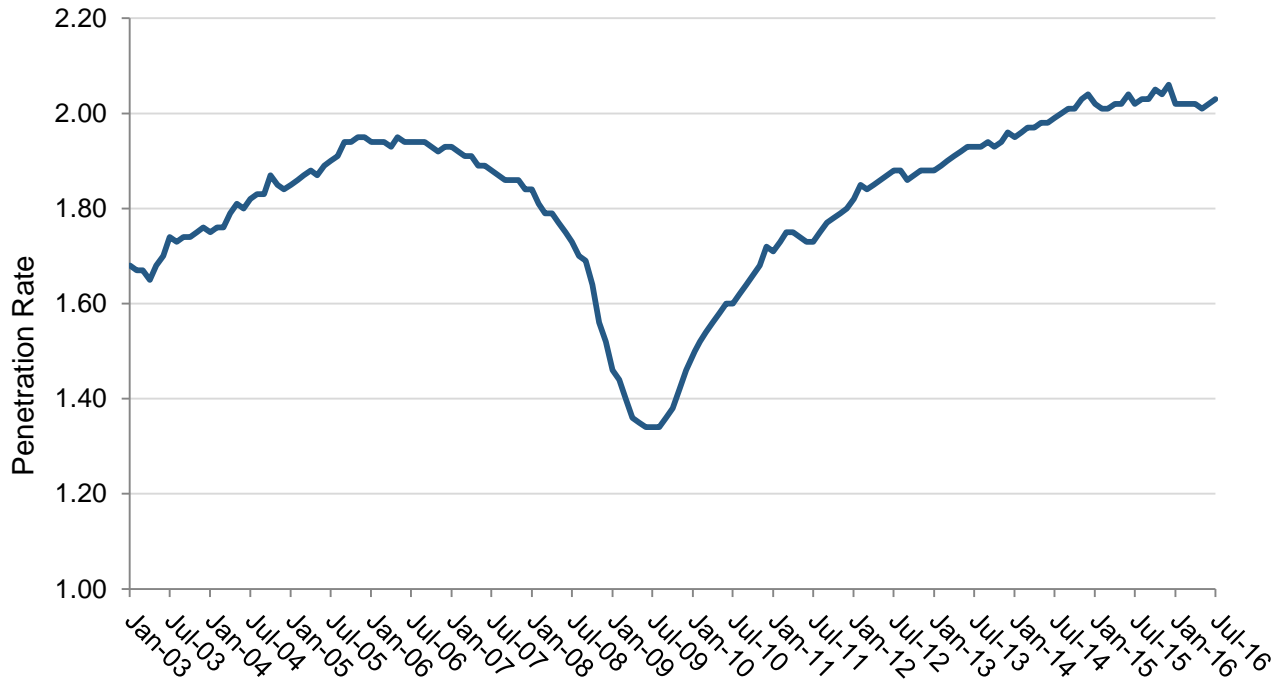
Source: U.S. Bureau of Labor Statistics

## Insurance Carrier Employment



Source: U.S. Bureau of Labor Statistics

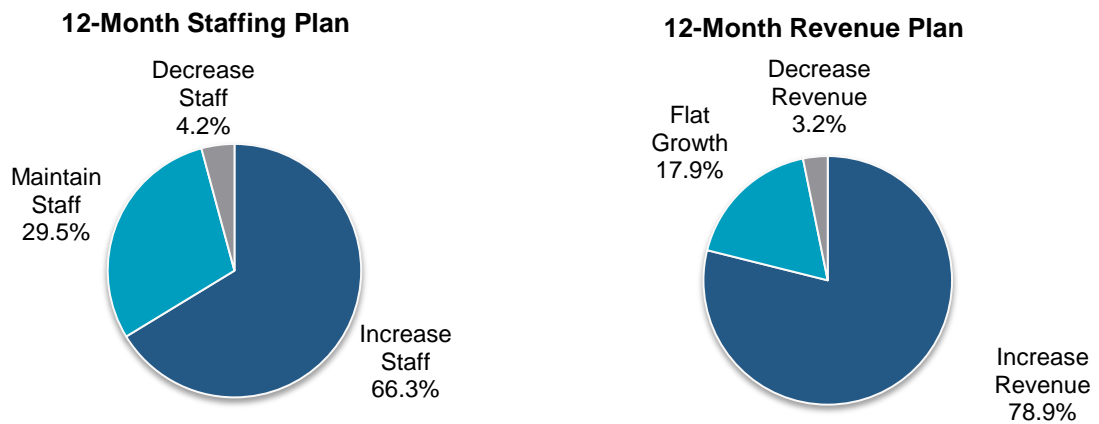
## Temporary Employment



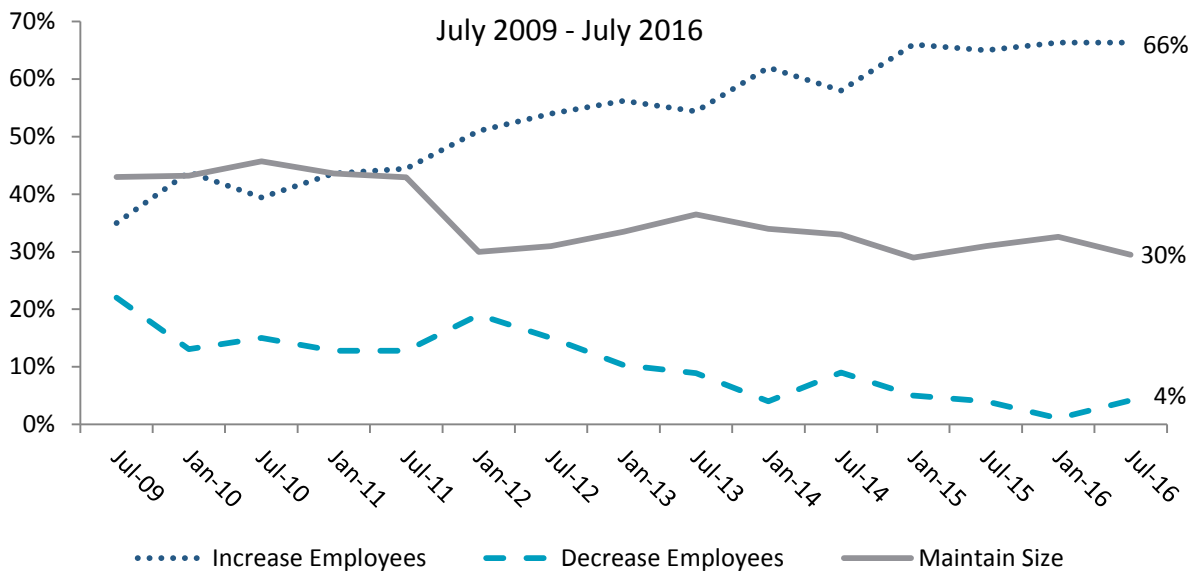
Temporary employment is up by 29,800 jobs since January. The temporary penetration rate is now 2.03%

Source: U.S. Bureau of Labor Statistics

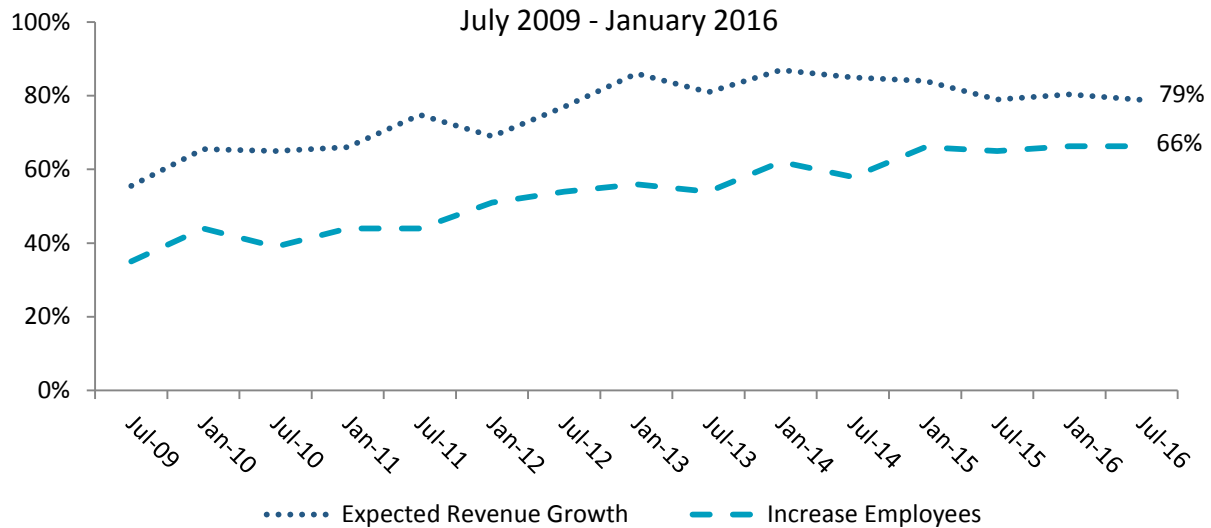
## Revenue and Staffing Expectations



## 12-Month Staffing Plans

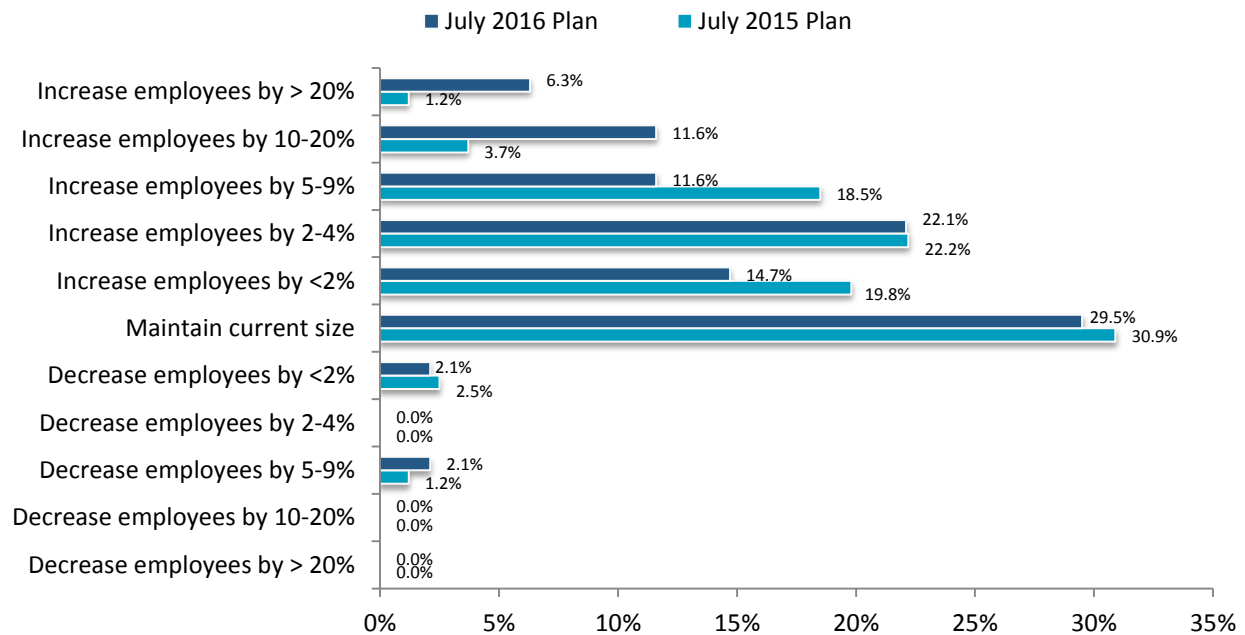


## 12-Month Staffing Plans Increase vs. Expected Revenue Growth



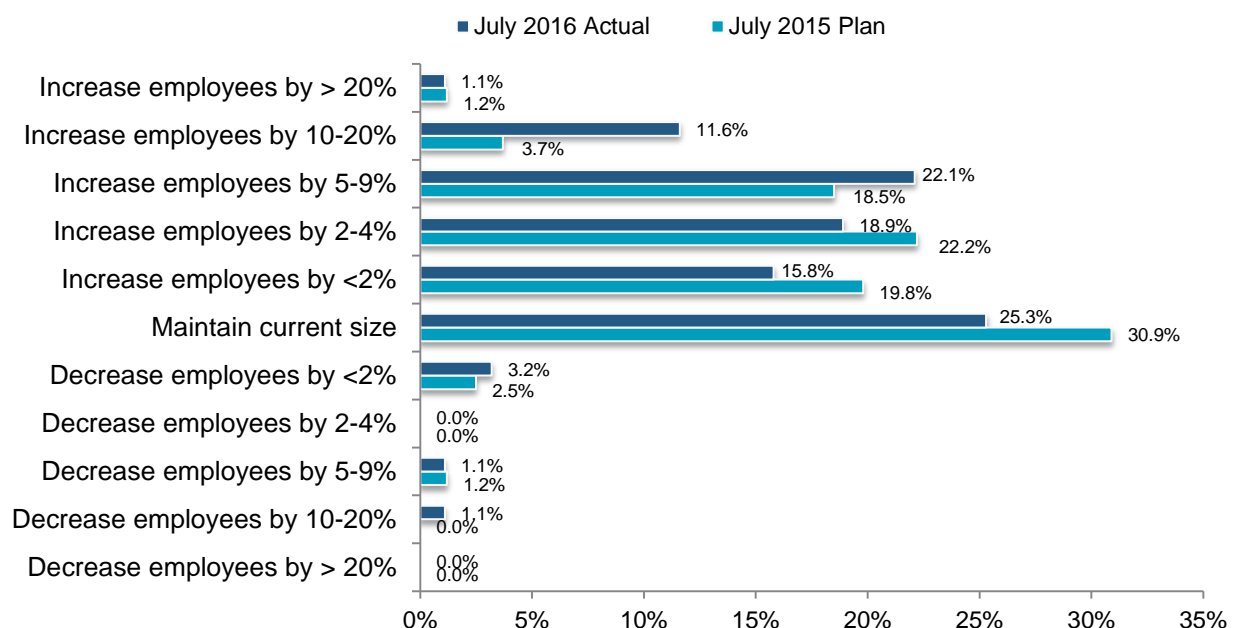
- 80% of P&C and Life/Health companies expect an increase in revenue growth
- Both P&C and Life/Health companies responded that the primary driver for expected revenue changes will be market share
- 29% of commercial lines companies expect economic expansion/contraction to drive revenue changes

## 12-Month Staffing Plans

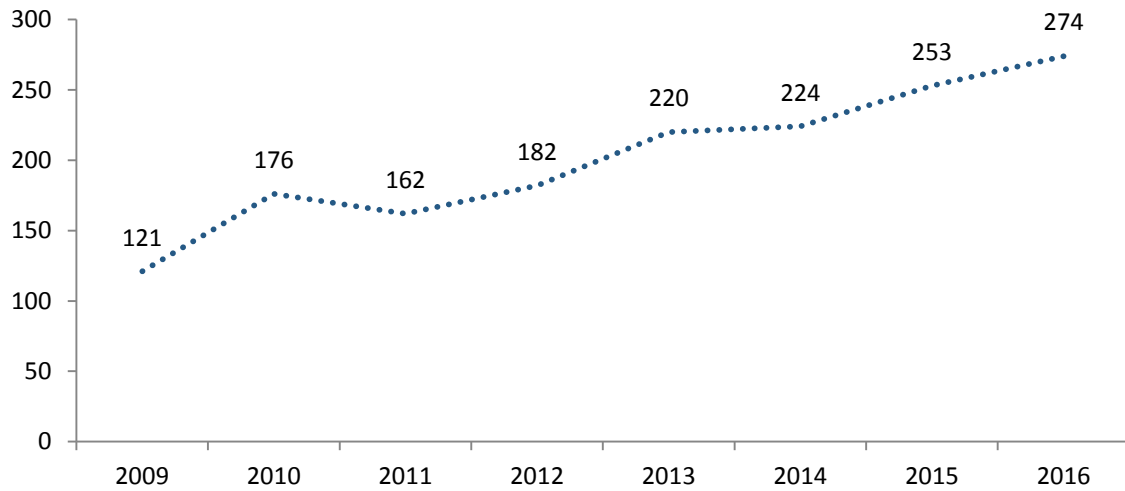


- 73% of commercial lines P&C companies are expecting to increase staff during the next 12 months. This is 5 and 10 points higher than personal and balanced lines companies, respectively
- Of the companies who plan to add staff during the next 12 months, 89% expect an increase in revenue with 59% responding that it will be due to a change in market share
- 41% of large companies (>1,000 FTE) are expecting to increase staff in the next 12 months compared to small (<300 FTE) and medium-sized companies (300-1000 FTE) at 75% and 68%, respectively

## 12-Month Staffing Plans vs. Actual

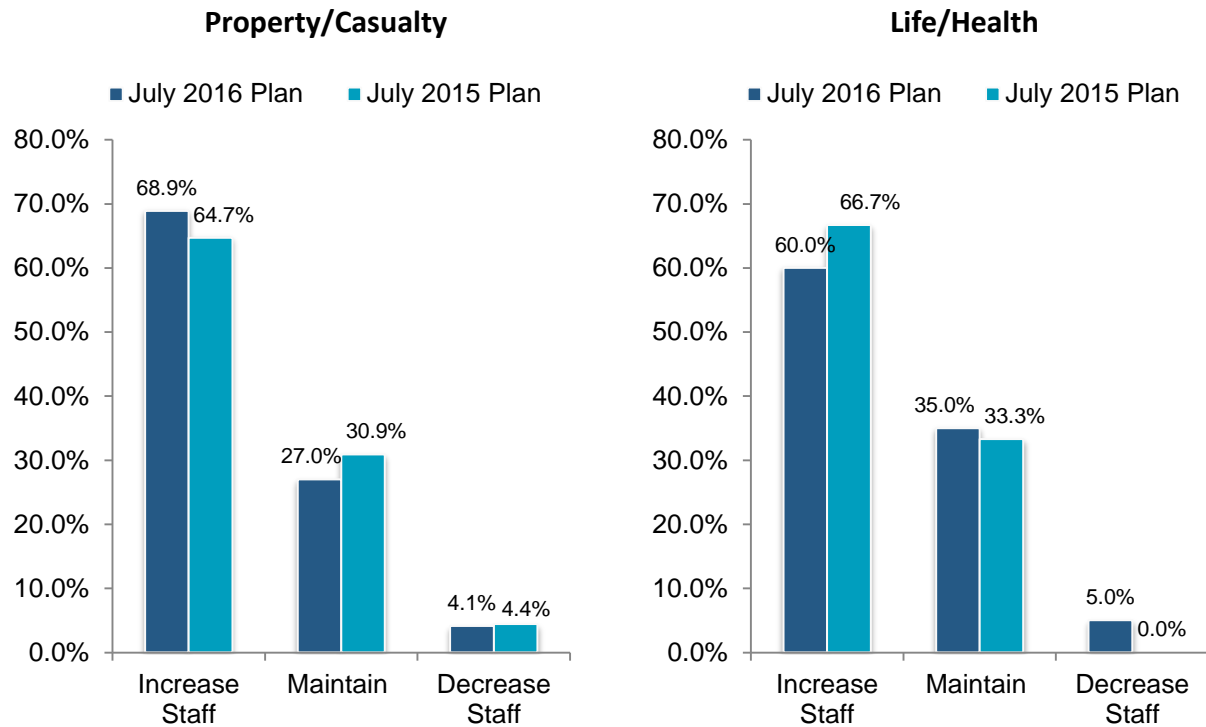


## Job Openings in Finance and Insurance

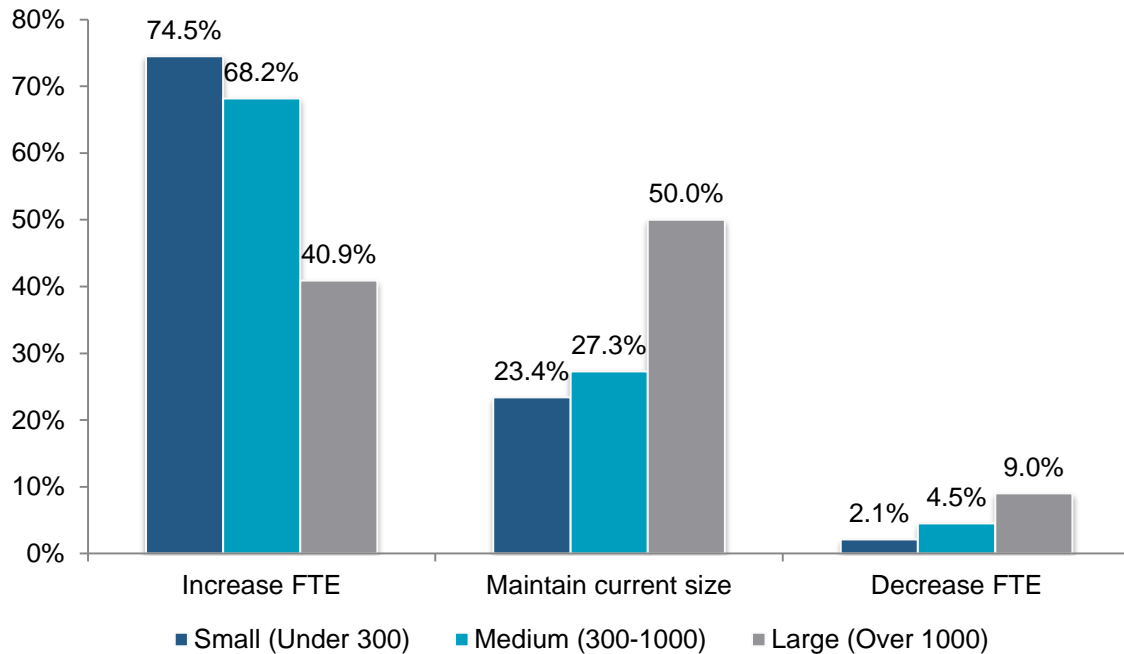


Source: U.S. Bureau of Labor Statistics

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

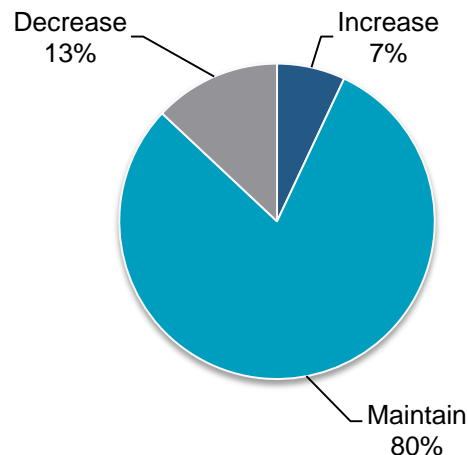


## 12-Month Staffing Plans - By Employee Size



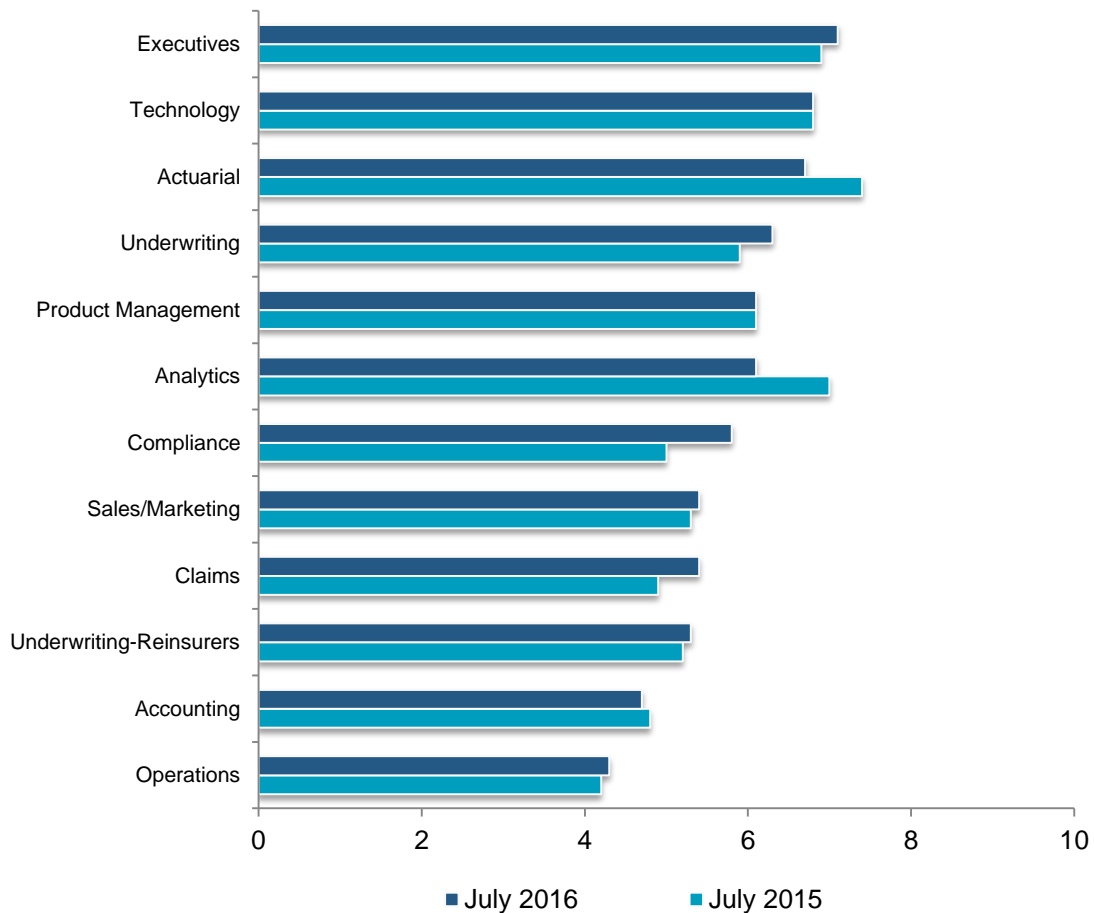
- 41% of medium-sized companies are expecting growth in revenue/premium greater than 10%. This compares to 26% for small companies and 5% for large companies
- 71% of large companies responded that revenue growth will be driven by market share compared to 64% of medium and 56% of small-sized companies
- In January, 78% of small companies were expecting to increase staff while 56% of large and medium-sized companies, respectively, were expecting the same

## Use of Temporary Employees during Next 12 Months



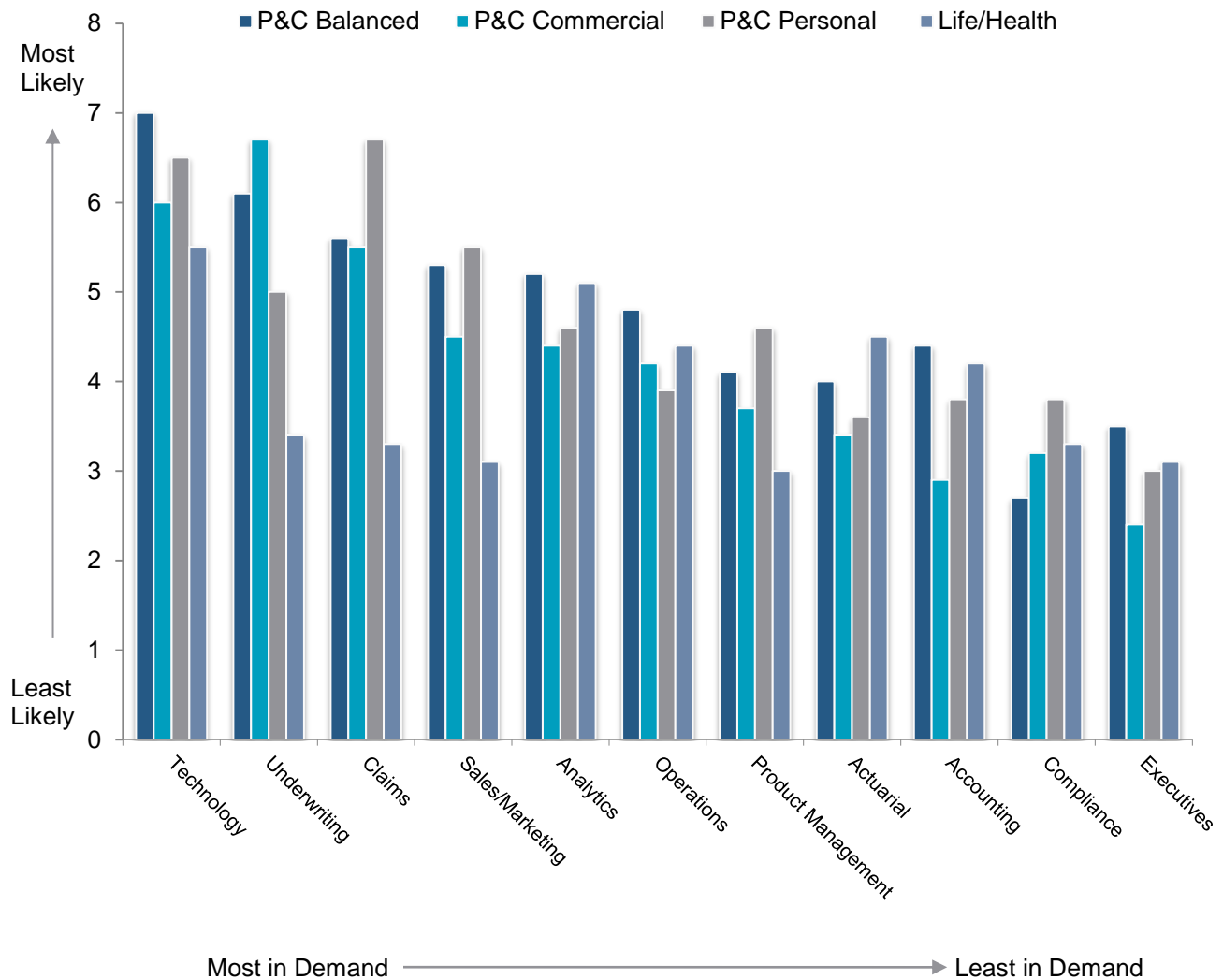


## Recruiting Difficulty Continues



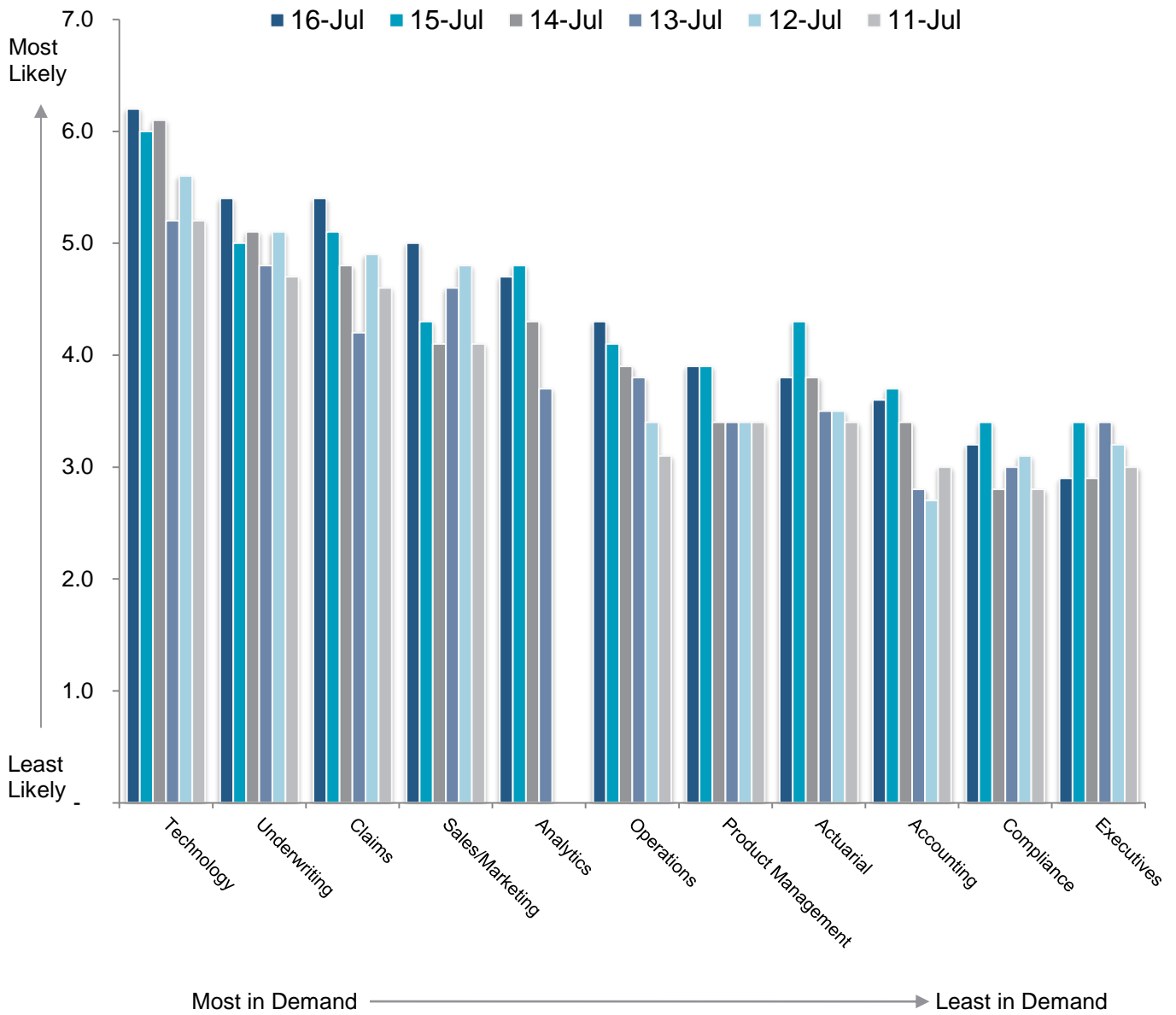
- On a scale of 1 – 10 (10 being most difficult), companies responded that positions are still moderately difficult to fill and recruiting is slightly more difficult in most disciplines than it was a year ago
- Positions rated 5 or above are considered moderate or difficult to fill
- Product line has 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



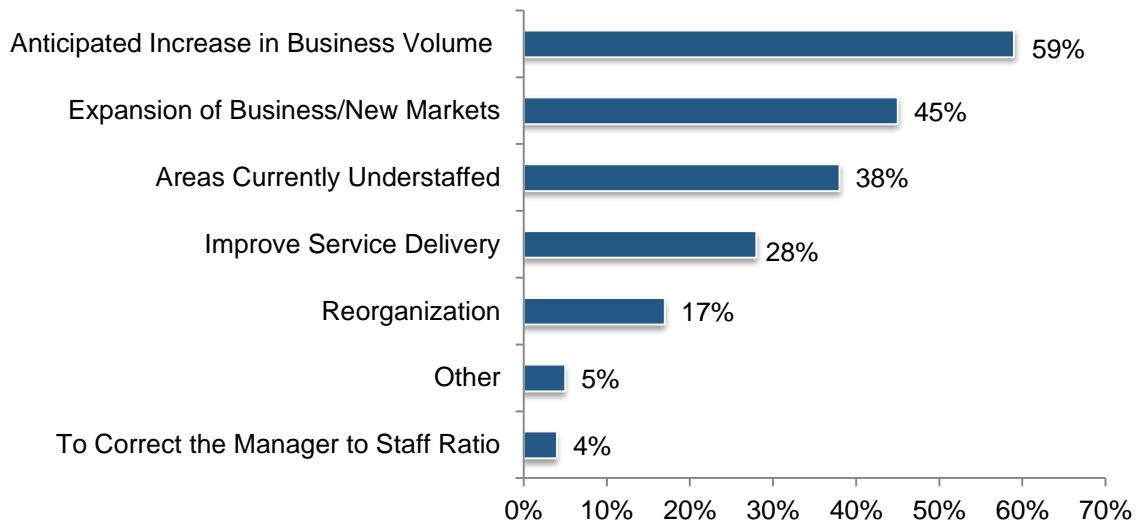
- Analytics is the area most likely to increase staff for large companies followed by Technology and Product Management. After Technology, small companies are looking to Claims and medium-sized companies toward Underwriting for increases
- Personal lines companies are most likely to increase staff in Claims in the next 12 months compared to Underwriting for commercial lines and Technology for balanced lines companies
- In total, Life/Health and P&C companies have the greatest need in Technology

## Likelihood of Increasing Staff by Function by Survey Period

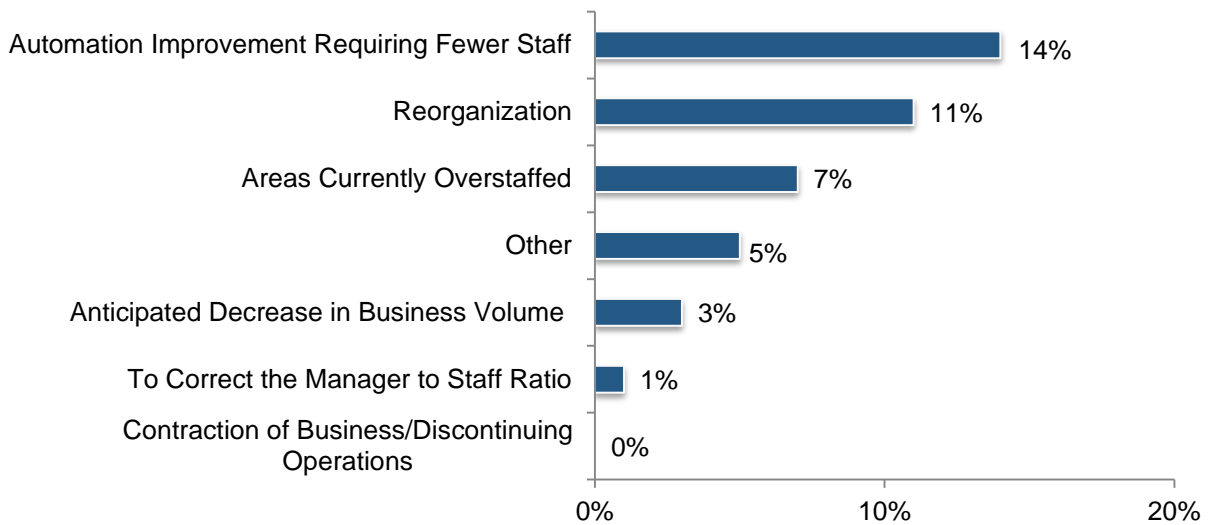


\*Analytics included as additional function in July 2013 survey.

## Reason to Increase Staff during Next 12 Months



## Reason to Decrease Staff during Next 12 Months



## Contact Information

### Jeff Rieder

Partner and Head of Ward Group  
Aon Hewitt  
+1.513-746-2400  
[Jeffrey.Rieder@wardinc.com](mailto:Jeffrey.Rieder@wardinc.com)

### Greg Jacobson

CEO  
The Jacobson Group  
+1.312-884-0407  
[GJacobson@jacobsononline.com](mailto:GJacobson@jacobsononline.com)

## 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](http://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](http://www.jacobsononline.com).