

Insurance Labor Market Study

The Jacobson Group and Ward Group 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 2015.

■ Survey Objectives

- Analyze current labor trends and future staffing expectations
- Provide an overview of staffing challenges by discipline
- Provide commentary on the industry's labor market

■ Summary of Findings

- Expectations to grow revenue decreased 3.3 points from the January 2014 survey. This remains the fourth highest level since the survey began in 2009.
- 60.8% of the companies stated that change in market share will drive their expected revenue changes, down 2.2 points from the July survey.
- 66% of companies plan to increase staff during the next 12 months. This is 8 points higher than the July survey and the highest percentage since the survey began in 2009. Nearly 1/3 of all companies plan to increase employees by 2-4%
- The primary reason to increase staff during the next 12 months is the expectation of an increase in business volume. Down from 67% in the July study, 53% of companies listed this reason-to-hire compared to 45% who reported expansion into new markets.
- 4.7% of companies expect a decrease in staffing during the next 12 months. This is down 3.9 points from the July study.
- 13% of companies reported that automation is the primary reason for reductions in staff during the next 12 months. Reorganization is the next highest at 11%.
- 69% of small companies plan to add staff during the next 12 months. This is 3 and 7 points higher than mid-sized and large companies, respectively.
- Technology, Claims, and Underwriter roles are expected to grow the greatest during the next 12 months.
- With the highest percentage of surveyed companies indicating an increase in hiring and continued low unemployment in the insurance industry, the difficulty in recruiting will only continue to intensify.
- Technology, Actuarial, and Executive positions are the most difficult to fill.
- Companies are requiring more temporary staff during the 1st half of the year. 10% of companies are planning to increase their use versus 8% reporting the same 6 months ago.

■ Notable Survey Trends from January 2014 to January 2015

- The TOTAL industry grew 1.73% versus an anticipated rate of 0.89%.
- The P&C industry grew 1.50% versus an anticipated rate of 0.76%.
- The L&H industry grew 2.23% versus an anticipated rate of 1.77%.

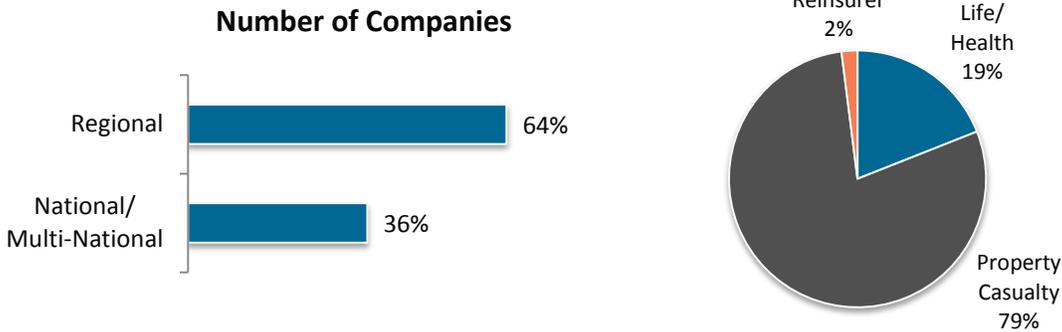
■ **Projection**

If the industry follows through on its plans, we will see a 1.48% increase in industry employment during the next 12 months, creating new jobs.

	Projected Growth
Total Benchmark	1.48%
Life & Health	1.22%
Property Casualty (PC)	1.66%
• PC Personal	1.35%
• PC Commercial	2.72%
• PC Balanced	1.12%

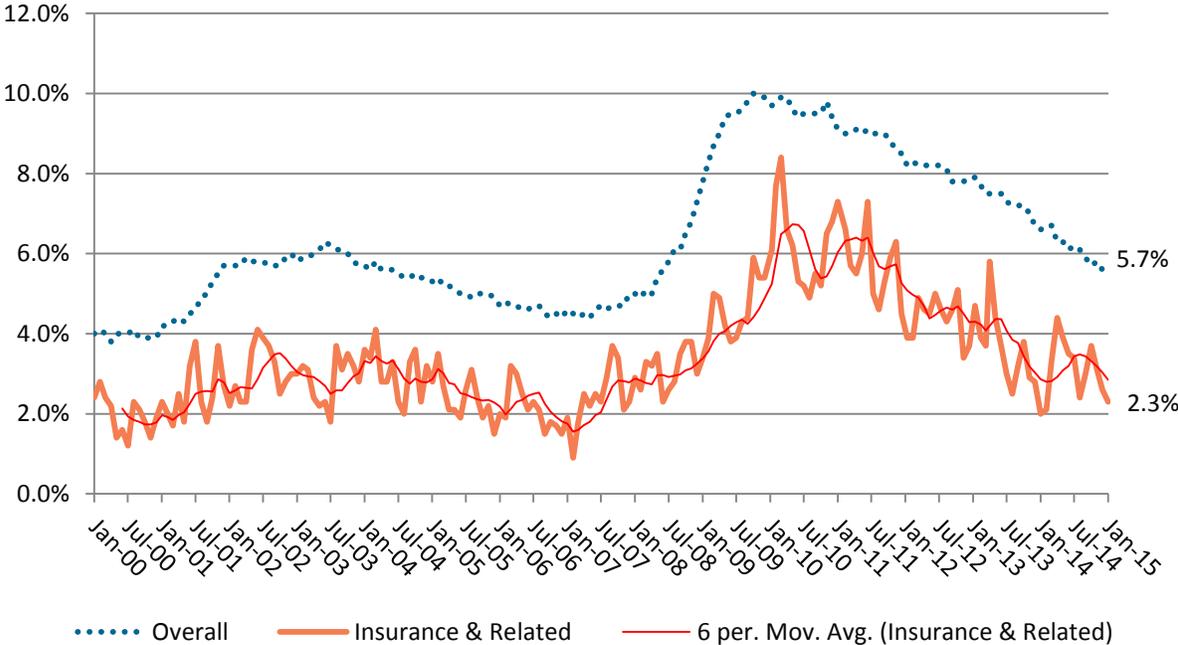
■ **Survey Results**

Participant Profile



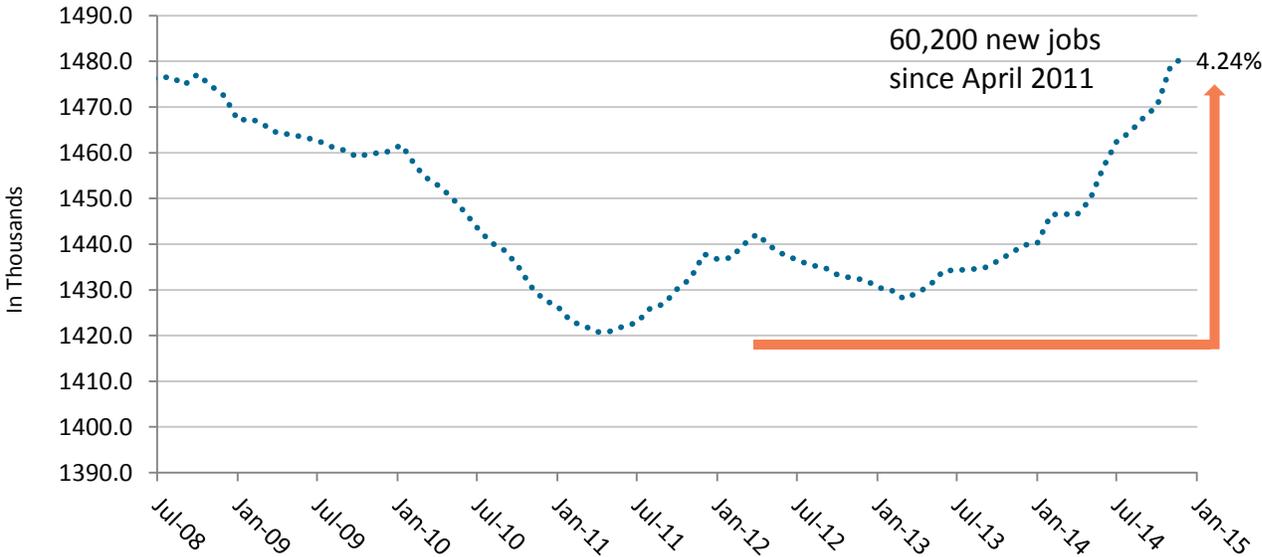
- The total average number of employees is 1,165.

Unemployment Rates



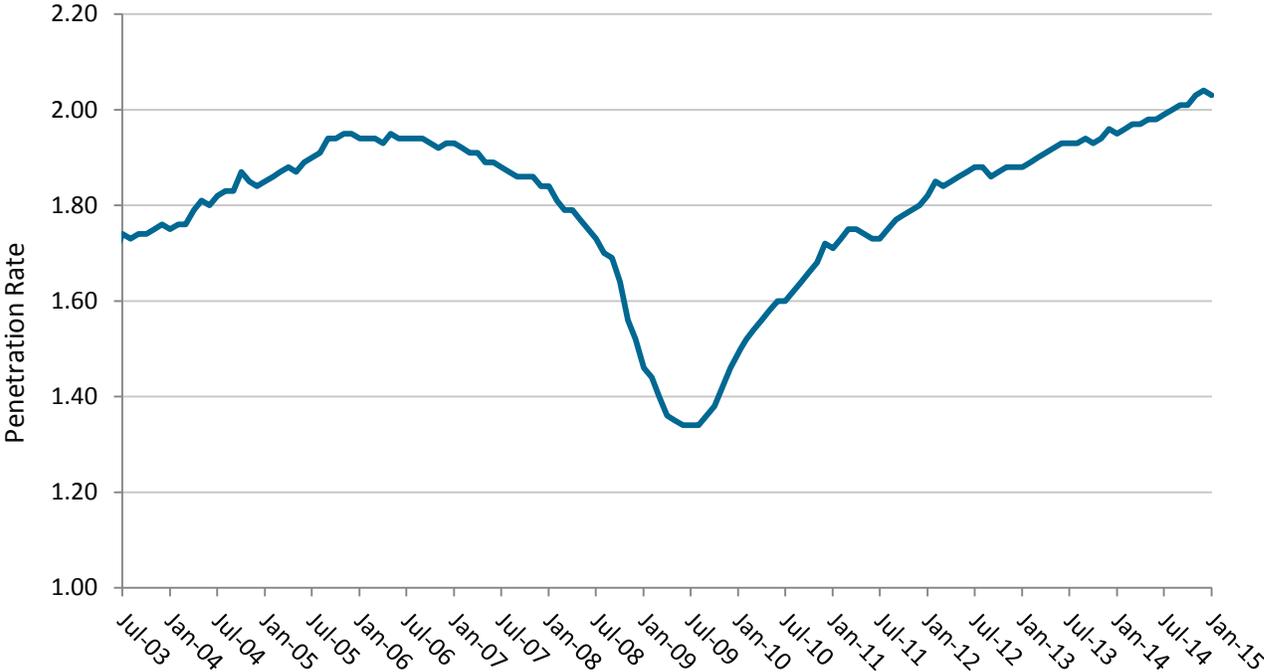
Source: U.S. Bureau of Labor Statistics

Insurance Carrier Employment



Source: U.S. Bureau of Labor Statistics

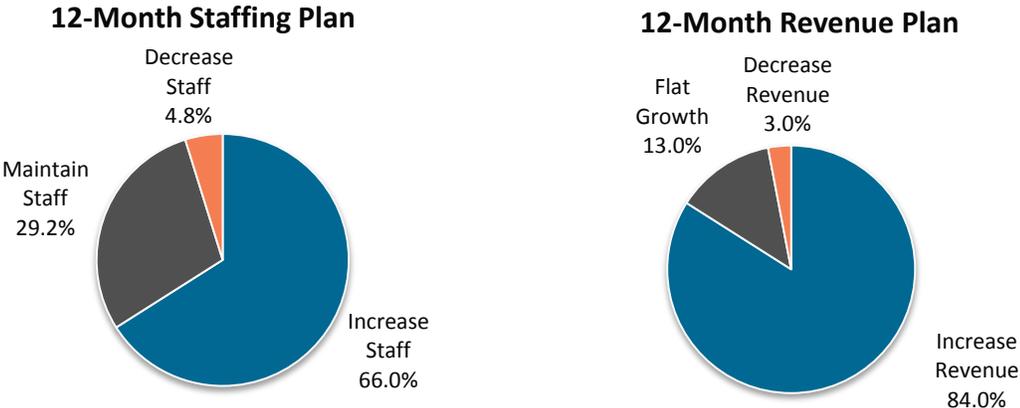
Temporary Employment



Temporary employment is up by 94,600 jobs since July. The temporary penetration rate is now 2.03%.

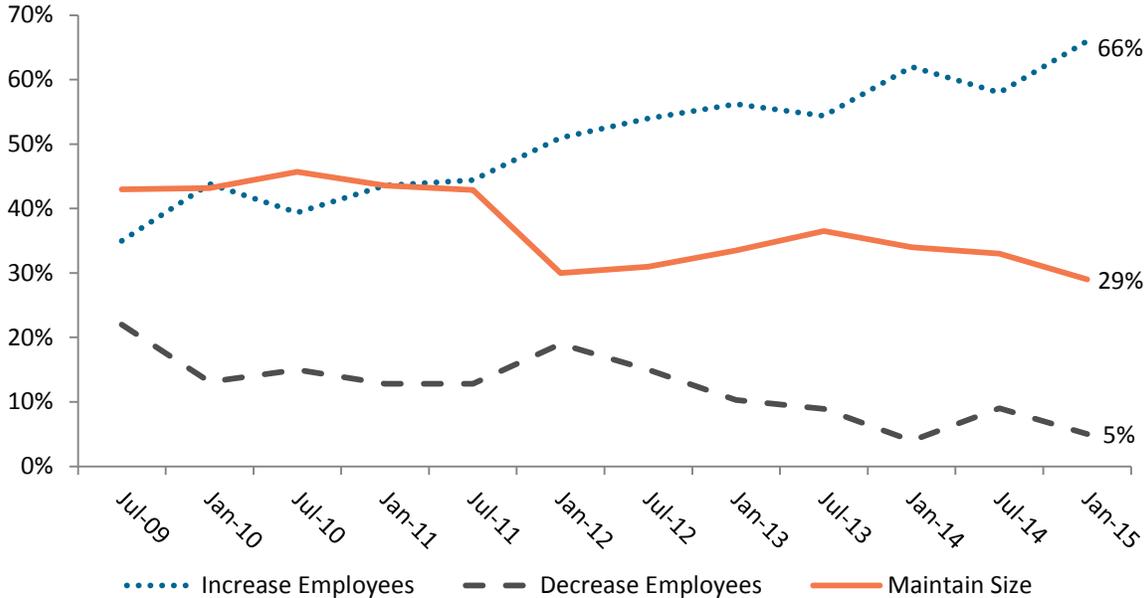
Source: U.S. Bureau of Labor Statistics

Revenue and Staffing Expectations



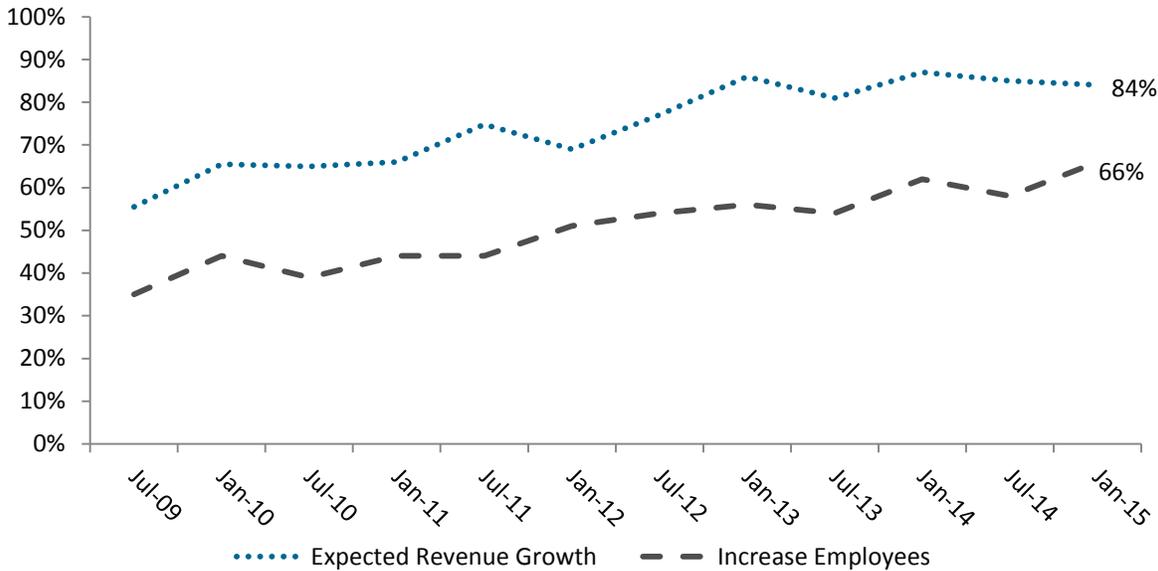
12-Month Staffing Plans

July 2009 – January 2015



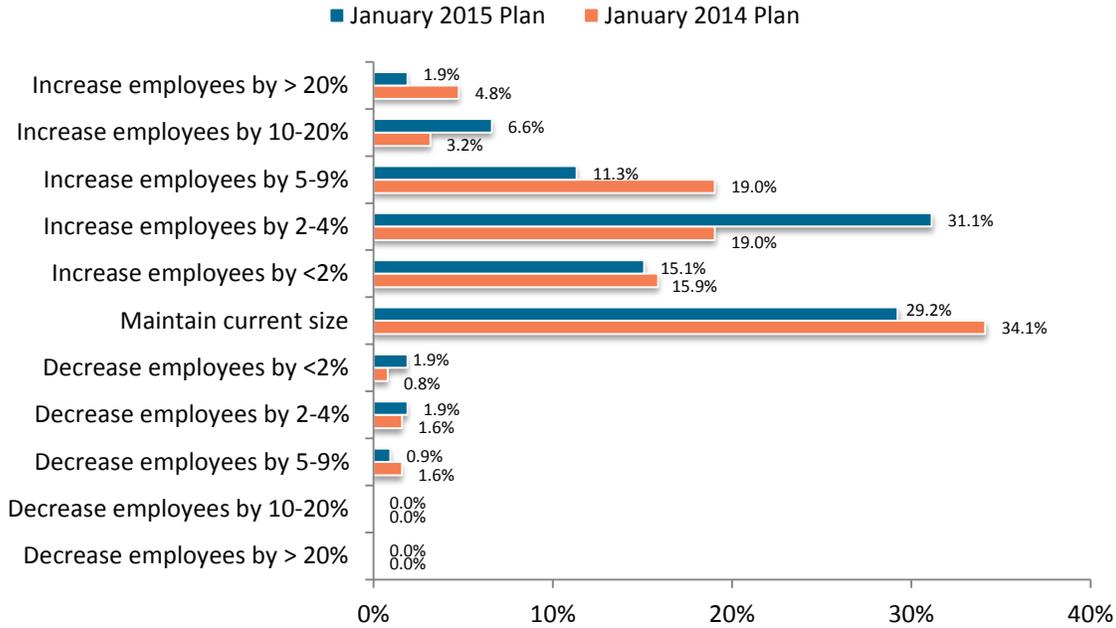
12-Month Staffing Plans Increase vs. Expected Revenue Growth

July 2009 – January 2015



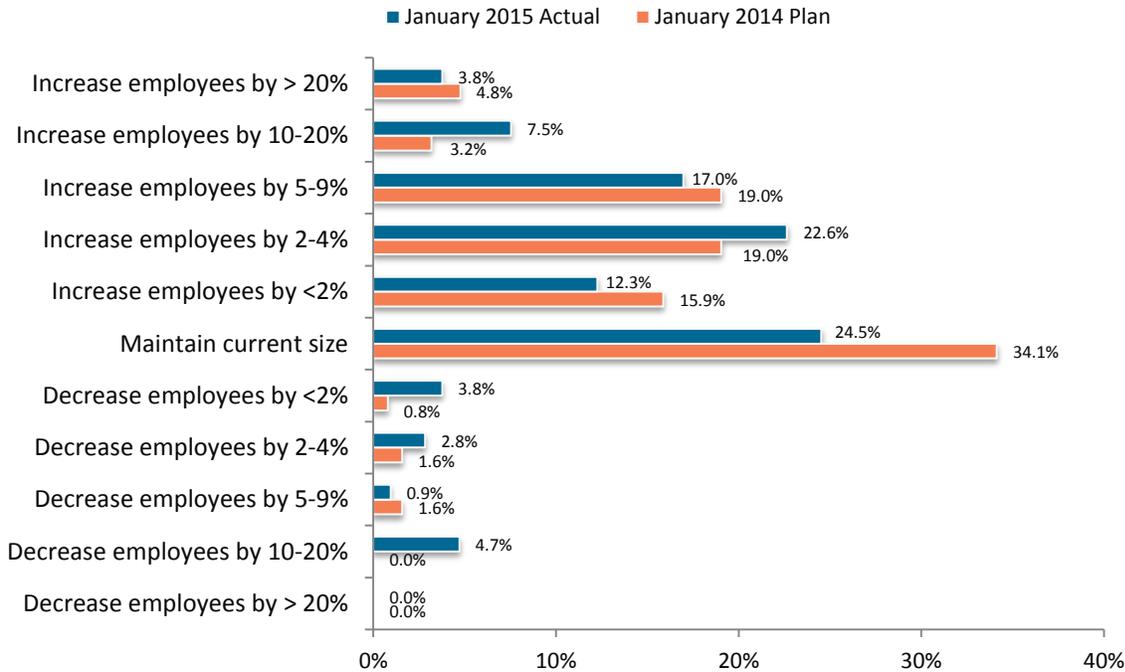
- 88% of P&C companies expect an increase in revenue growth, while 71% of Life/Health companies responded the same.
- 2.5% of all P&C companies expect a decrease in revenue during the next 12 months. Life/Health companies do not expect a decrease.
- Both Life/Health and P&C companies responded that the primary driver for expected revenue changes will be market share rather than pricing or expansion/contraction.
- 63% of national/multi-national companies expect market share to drive revenue changes compared to 60% of regional carriers.

12-Month Staffing Plans



- 74% of commercial P&C companies are expecting to increase staff during the next 12 months. This is 10 and 17 points higher than balanced and personal lines companies, respectively.
- Of the companies who plan to add staff during the next 12 months, 89% expect an increase in revenue with almost 67% responding that it will be due to a change in market share.
- 69% 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 (>1000 FTE) at 66% and 62%, respectively.

12-Month Staffing Plans vs. Actual



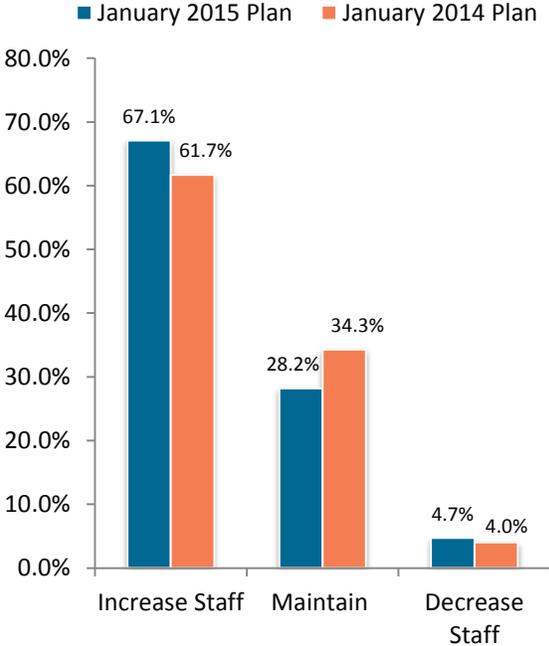
Job Openings in Finance and Insurance



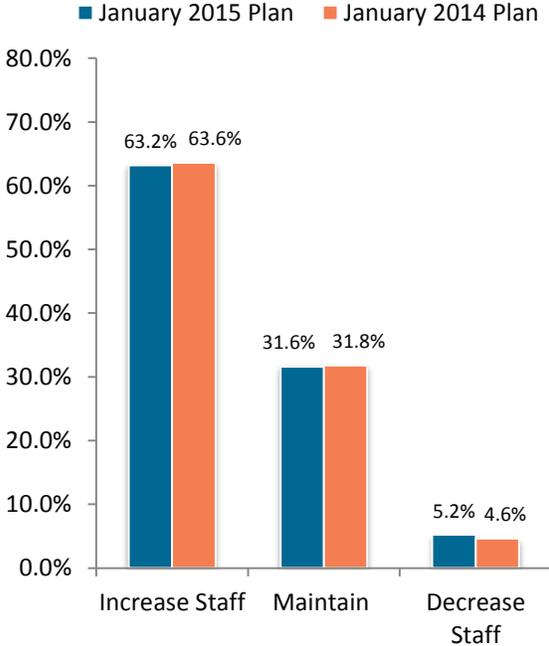
Source: U.S. Bureau of Labor Statistics

12-Month Staffing Plans Comparison to January 2014 By Industry

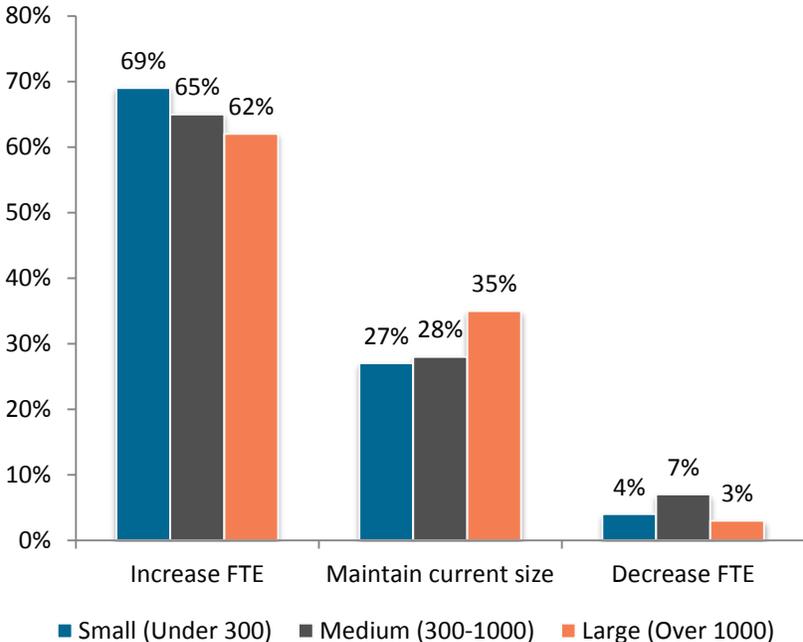
Property/Casualty



Life/Health



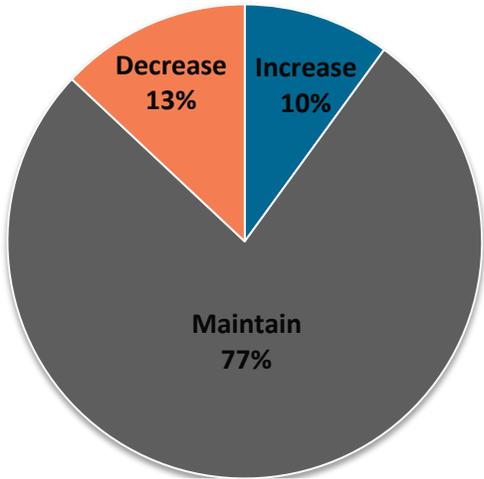
**12-Month Staffing Plans
 By Employee Size**



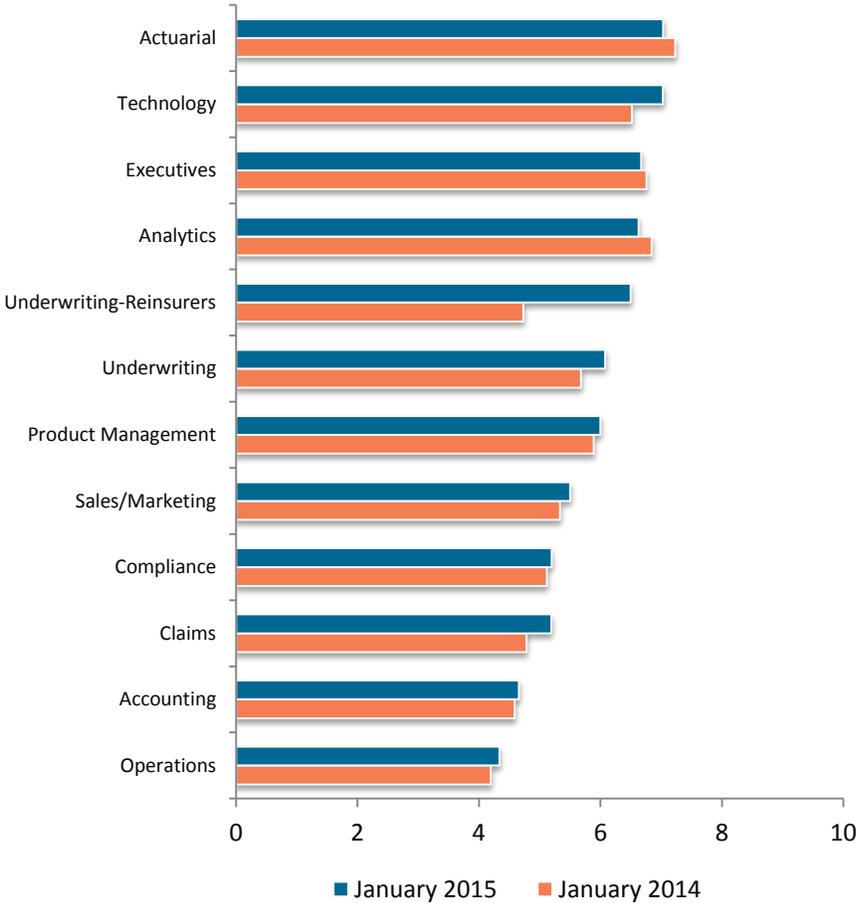
- 40% of small companies are expecting growth in revenue/premium greater than 10%. This compares to 12% for large companies and 26% for medium-sized companies.
- 65% of small companies responded that revenue growth will be driven by market share compared to 63% of large and 52% of medium-sized companies.

Temporary Employees

**Use of Temporary Employees
 During Next 12 Months**



Recruiting Difficulty Continues

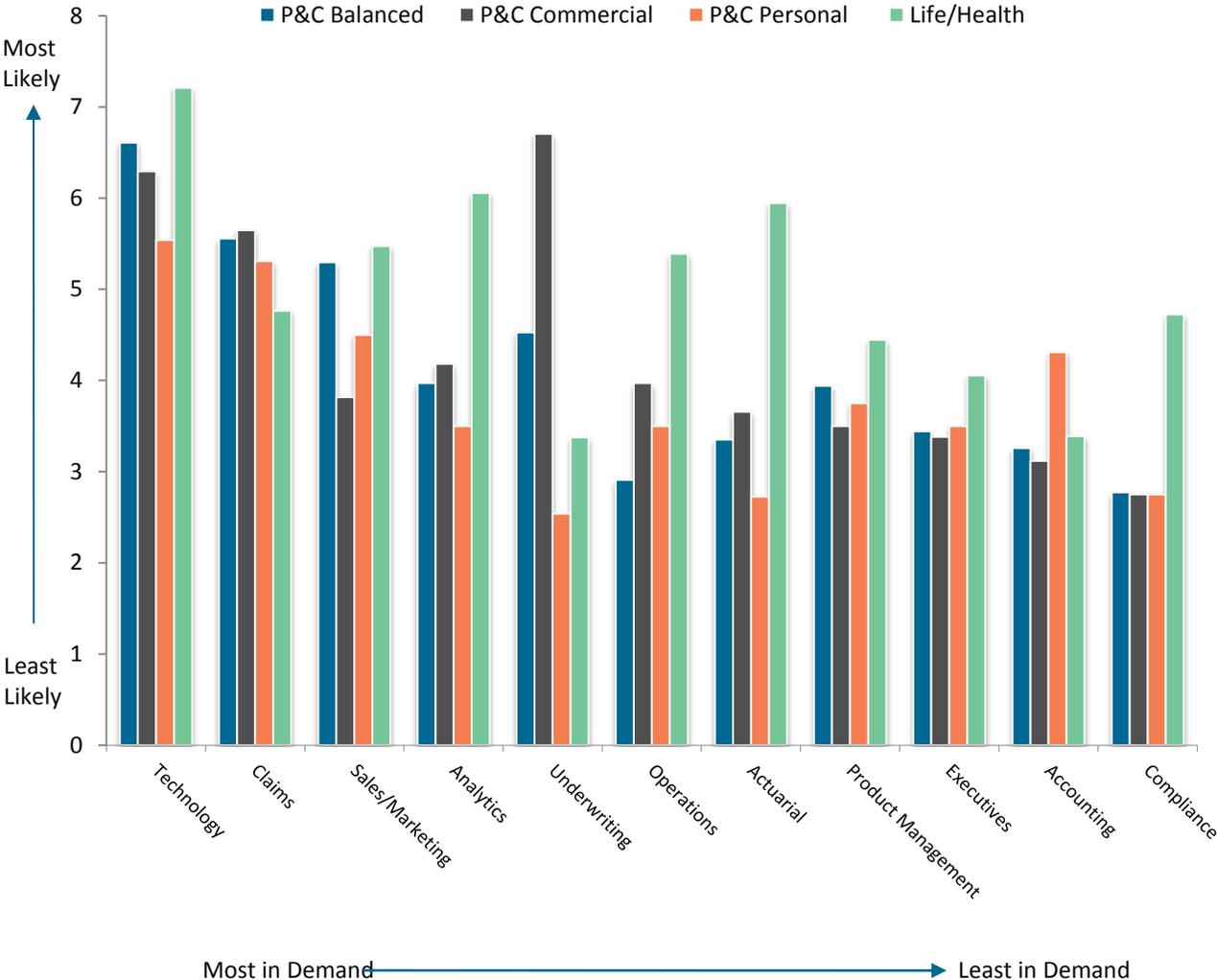


On a scale of 1 – 10 (10 being most difficult), companies responded that positions are still moderately difficult to fill and recruiting is slightly less difficult in most disciplines than it was a year ago.

Positions rated 5 or above are considered moderate or difficult to fill.

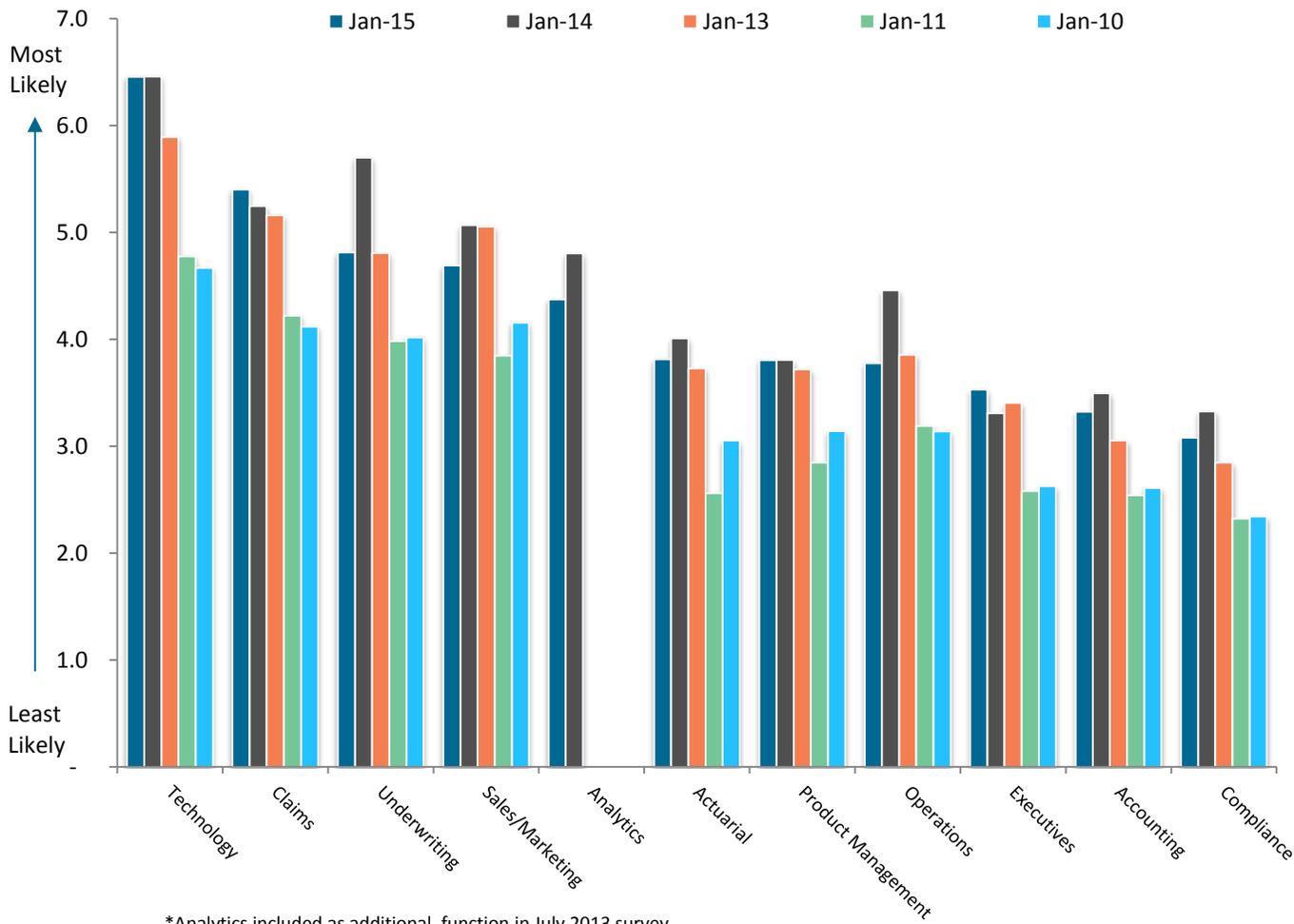
Product line has a significant impact on the ease of filling positions.

Likelihood of Increasing Staff By Function



- After Technology, large companies are most likely to increase staff in Analytics and Sales/Marketing, while small companies look to Claims. Medium-sized companies are looking to Underwriting then Technology.
- Commercial lines companies have a higher need for Underwriters in the next 12 months compared to personal lines companies.
- Life/Health companies have the greatest need in the Technology function followed by Analytics.
- Technology has had the greatest likelihood to increase staff in 11 of the past 12 surveys for P&C companies.

Likelihood of Increasing Staff By Function By Survey Period

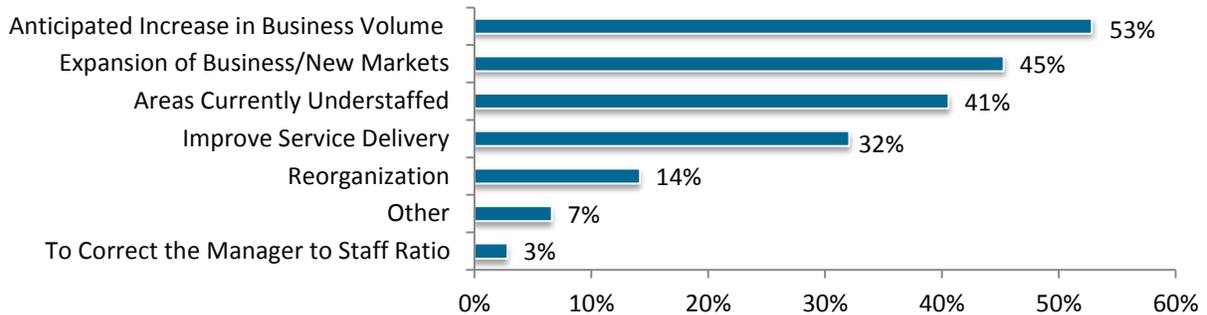


*Analytics included as additional function in July 2013 survey

Most in Demand → Least in Demand

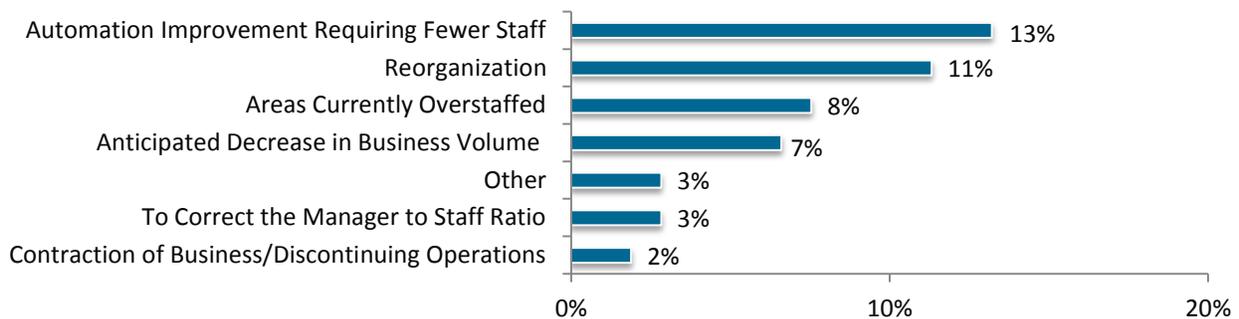
Staff Increases

Reason to Increase Staff During Next 12 Months



Staff Decreases

Reason to Decrease Staff During Next 12 Months



■ Contact

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■ About The Jacobson Group

The Jacobson Group is the leading global provider of insurance talent. For more than 40 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.

■ About Ward Group

Ward Group is the recognized leader of benchmarking and best practices studies for insurance companies. The firm analyzes staff levels, compensation, business practices and expenses for all areas of company operations and helps insurers measure results, optimize performance and improve profitability. For more information about Ward Group, visit www.wardinc.com.