

## 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 third quarter of 2014.

### ■ 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 nearly 3 points from the January survey. This remains the third highest level since the survey began in 2009.
- 63% of the companies stated that change in market share will drive their expected revenue changes, up 2.5 points from the January survey.
- 58% of companies plan to increase staff during the next 12 months. Though this is nearly 4 points lower than the January survey, it is the second highest percentage since the survey began in 2009.
- The primary reason to increase staff during the next 12 months is the expectation of an increase in business volume. 67% of companies listed this reason to hire compared to 43% who reported expansion into new markets.
- 8.6% of companies expect a decrease in staffing during the next 12 months. This is up 4.6 points from the January study.
- 16% of companies reported that automation and reorganization are the primary reasons for reductions in staff during the next 12 months.
- 67% of small companies plan to add staff during the next 12 months. This is 17 and 19 points higher than mid-sized and large companies, respectively.
- Technology, Underwriting, and Claims roles are expected to grow the greatest during the next 12 months, which is consistent with the January survey.
- With the second highest percentage of surveyed companies indicating an increase in hiring and low unemployment in the insurance industry, the difficulty in recruiting will only continue to intensify.
- Technology, Actuarial, and Analytics positions are the most difficult to fill. Executive positions continue to be difficult to fill.
- Companies are requiring fewer temporary staff during the second half of the year. 15% of companies are planning to decrease their use versus 13% reporting the same 6 months ago.

### ■ Notable Survey Trends 2014

- The TOTAL industry grew 1.35% versus an anticipated rate of 1.15%.
- The P&C industry grew 1.39% versus an anticipated rate of 1.26%.
- The L&H industry grew 1.16% versus an anticipated rate of 0.67%.

■ **Projection**

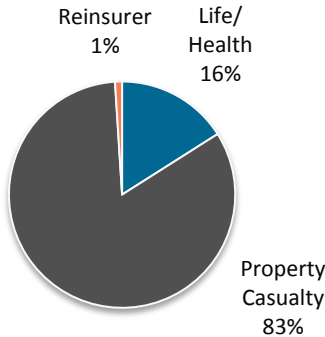
If the industry follows through on its plans, we will see a 1.01% increase in industry employment during the next 12 months, creating new jobs.

	Projected Growth
Total Benchmark	1.01%
Life & Health	0.33%
Property Casualty (PC)	1.10%
• PC Personal	1.29%
• PC Commercial	2.69%
• PC Balanced	0.29%

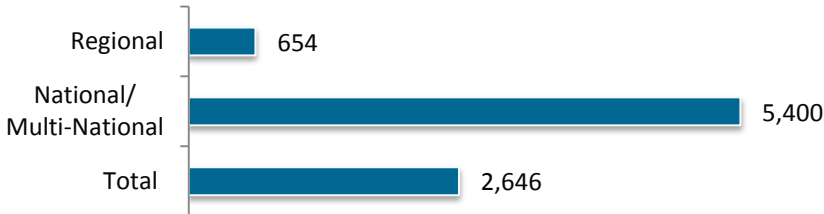
■ **Survey Results**

**Participant Profile**

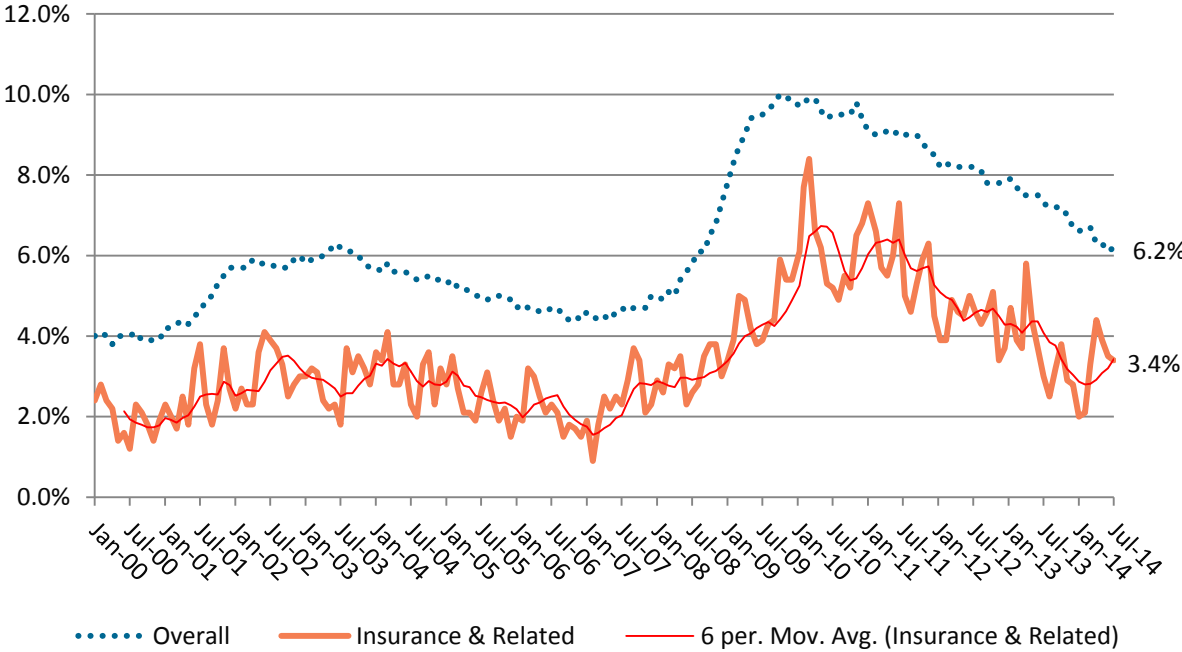
**Number of Companies**



**Average Number of Employees**

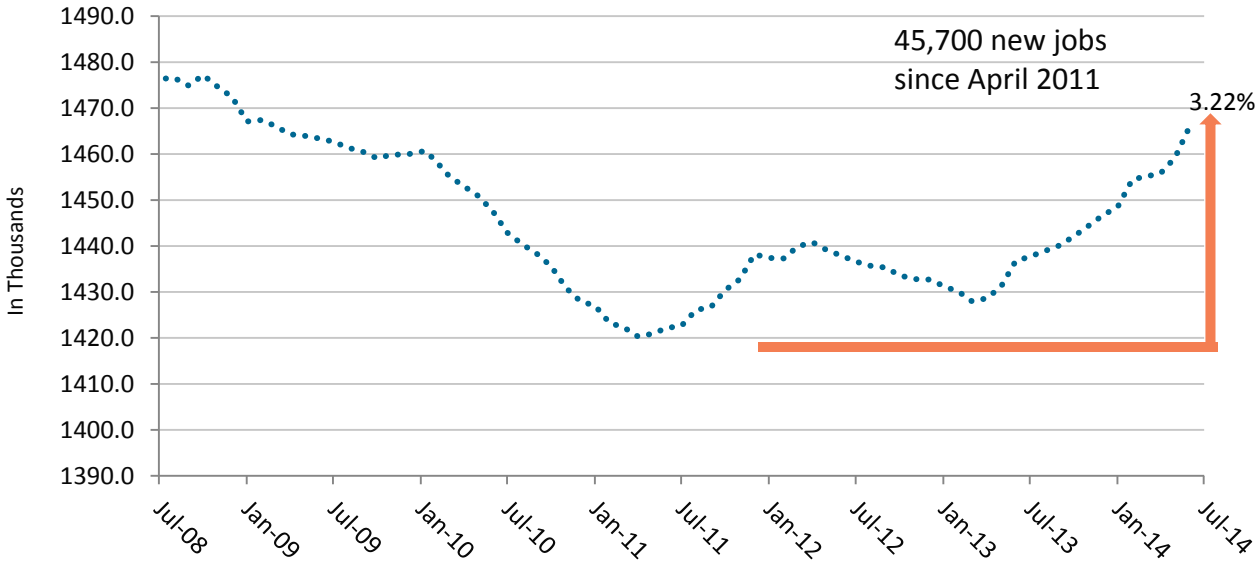


### Unemployment Rates



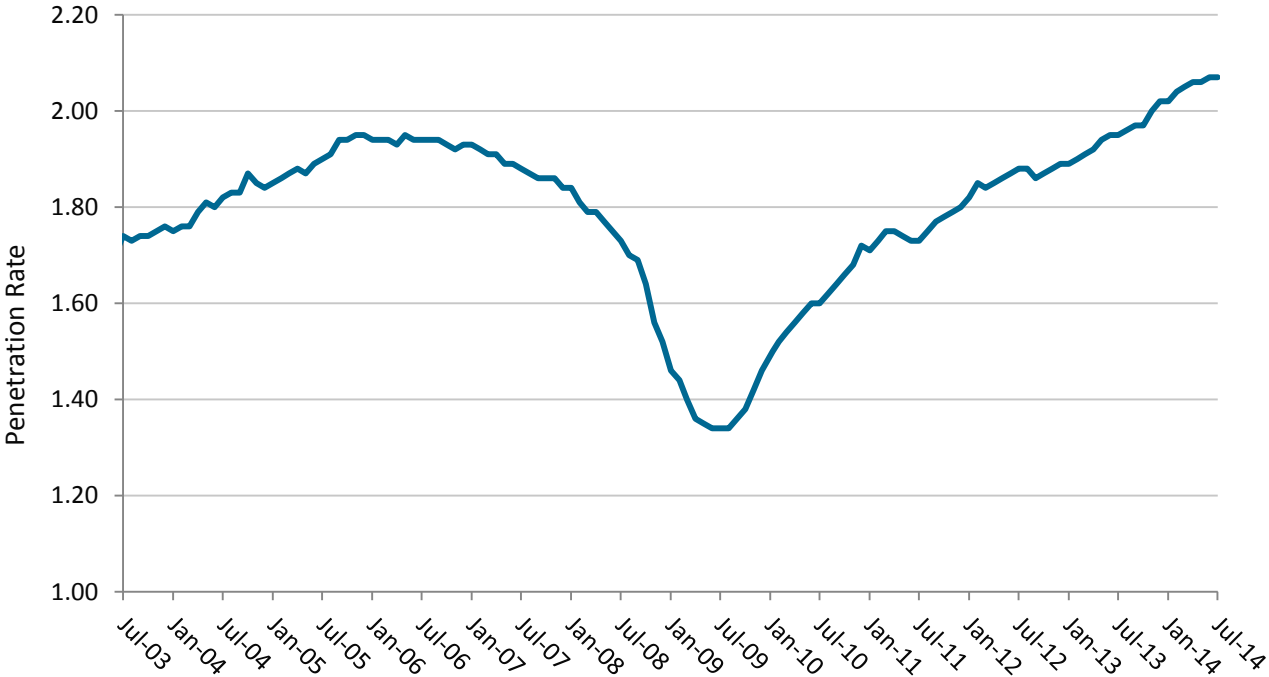
Source: U.S. Bureau of Labor Statistics

### Insurance Carrier Employment



Source: U.S. Bureau of Labor Statistics

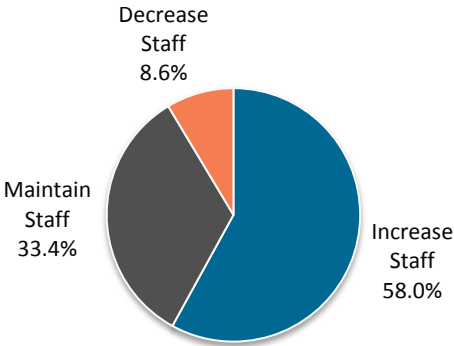
**Temporary Employment**



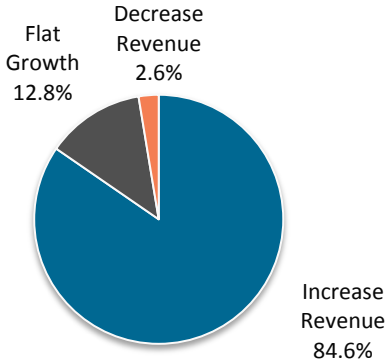
Temporary employment is up by 99,500 jobs since January. The temporary penetration rate has increased to 2.07%.

**Revenue and Staffing Expectations**

**12-Month Staffing Plan**

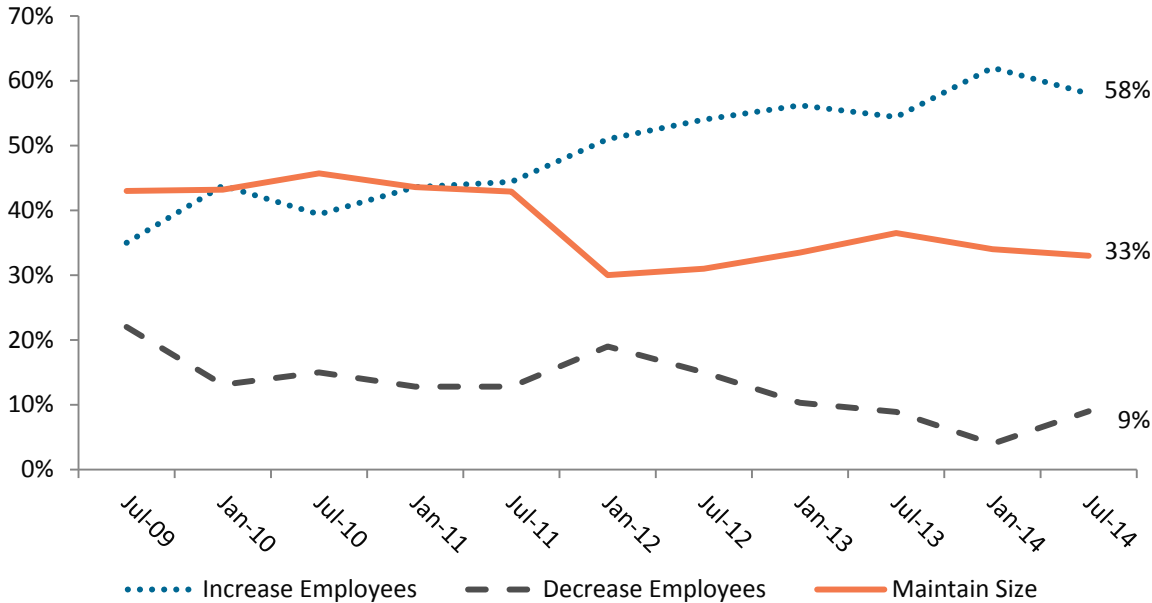


**12-Month Revenue Plan**



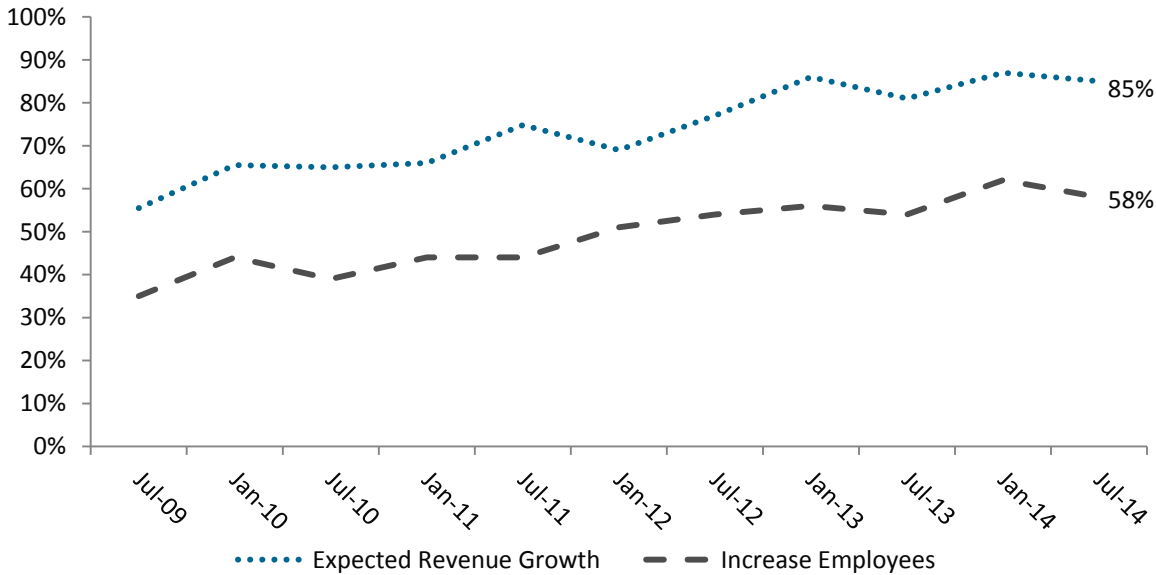
**12-Month Staffing Plans**

July 2009 – July 2014



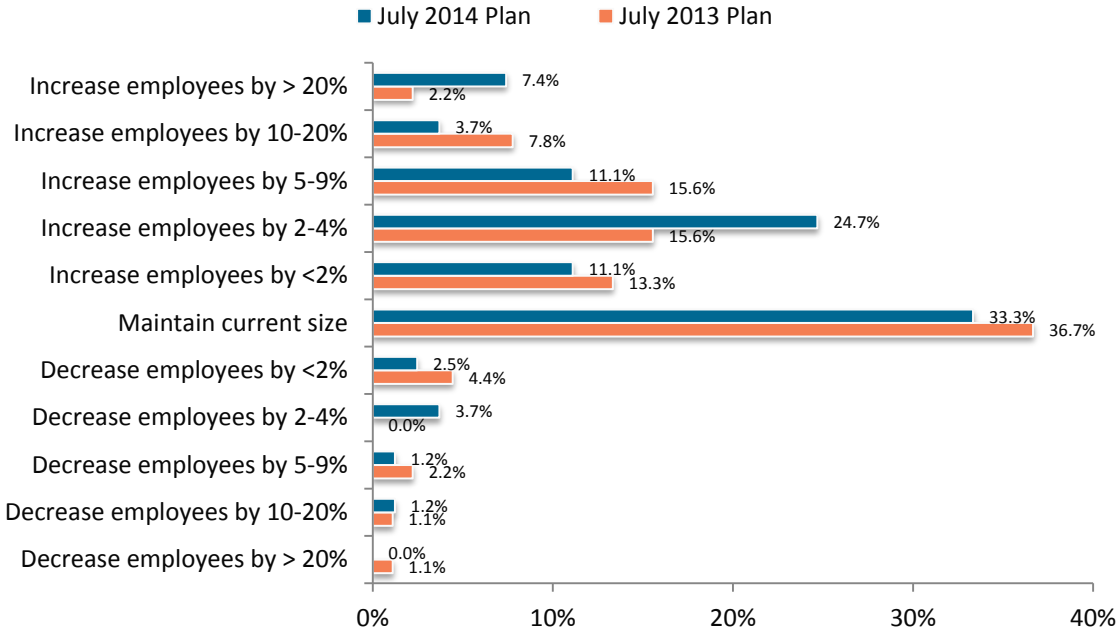
**12-Month Staffing Plans Increase vs. Expected Revenue Growth**

July 2009 – July 2014



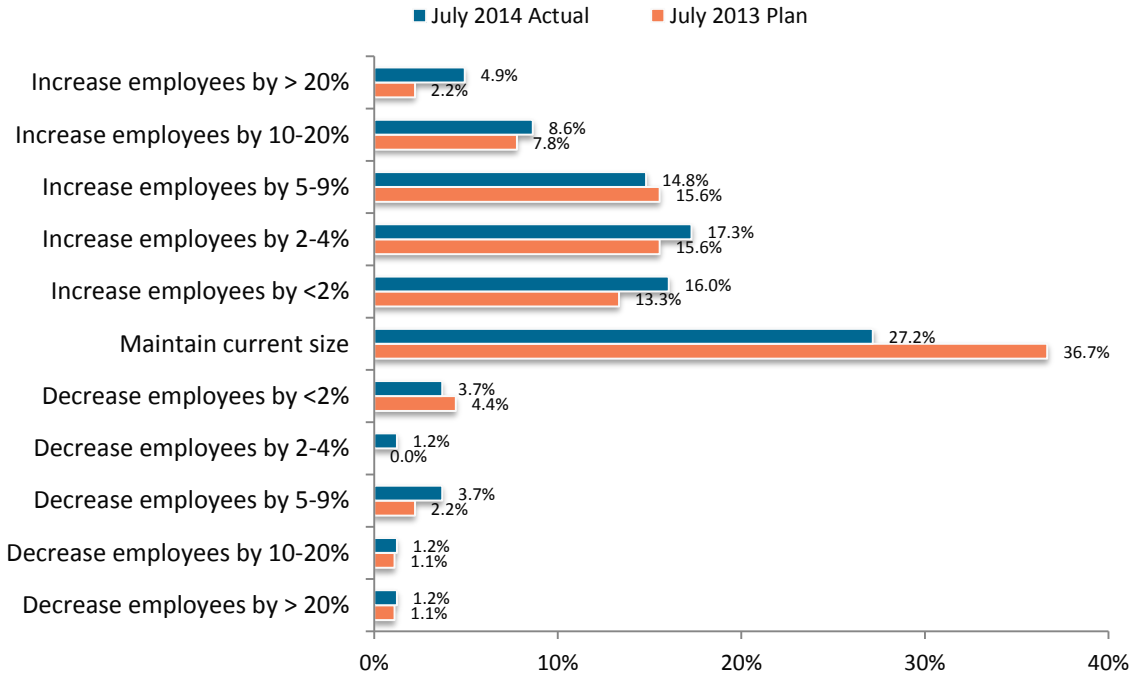
- 87% of P&C companies expect an increase in revenue growth while 80% of Life/Health companies responded the same.
- Less than 3% of all surveyed companies expect a decrease in revenue during the next 12 months. 10% of Life/Health companies expect a decrease.
- Both Life/Health and P&C companies responded that the primary driver for expected revenue changes will be market share rather than pricing or expansion/contraction.
- 77% of national/multi-national companies expect market share to drive revenue changes compared to 53% of regional carriers.

### 12-Month Staffing Plans

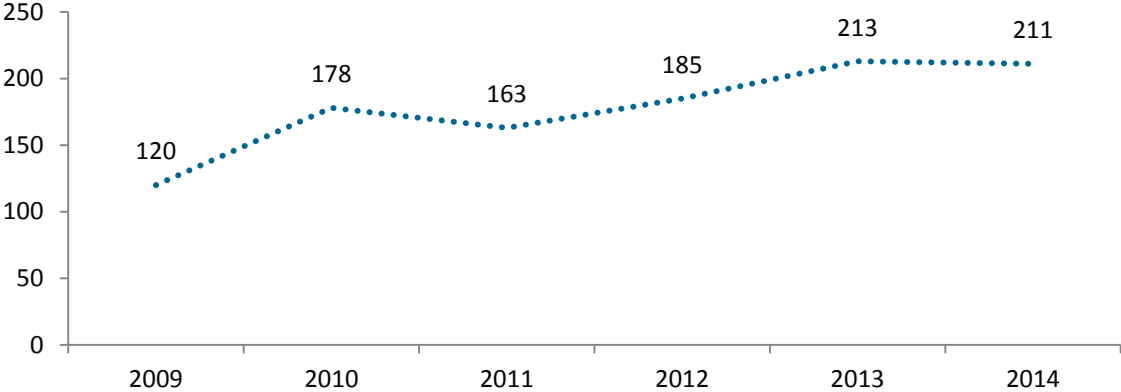


- 74% of commercial P&C companies are expecting to increase staff during the next 12 months. This is 26 and 18 points higher than balanced and personal lines companies, respectively.
- Of the companies who plan to add staff during the next 12 months, 89% expect an increase in revenue with almost 61% responding that it will be due to a change in market share.
- 67% 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 50% and 48%, respectively.

### 12-Month Staffing Plans vs. Actual

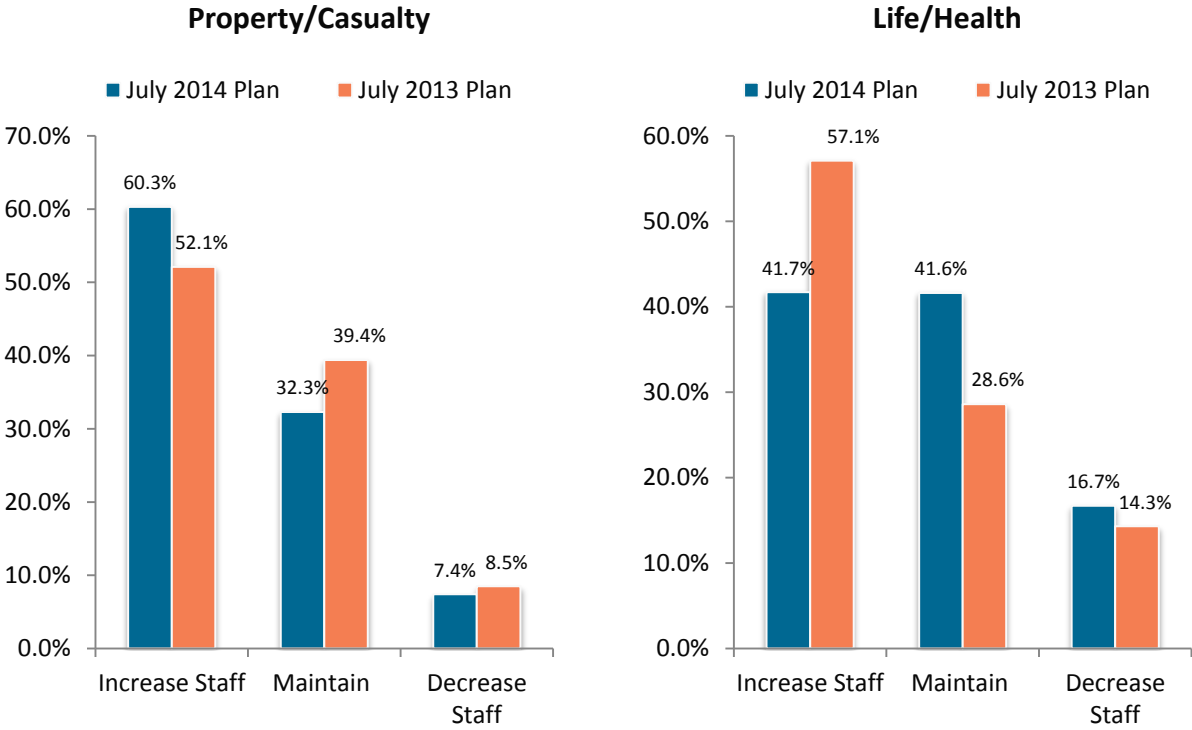


### Job Openings in Finance and Insurance

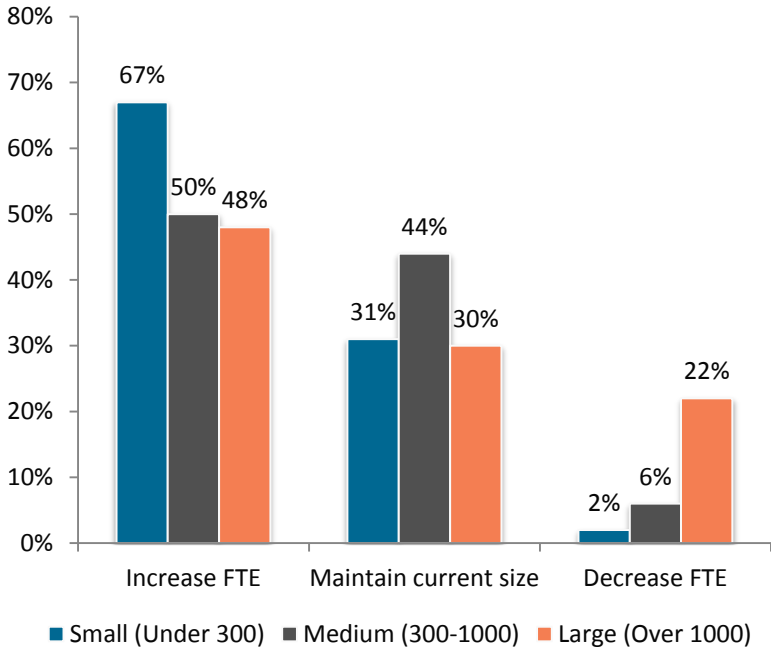


Source: U.S. Bureau of Labor Statistics

### 12-Month Staffing Plans Comparison to July 2013 By Industry



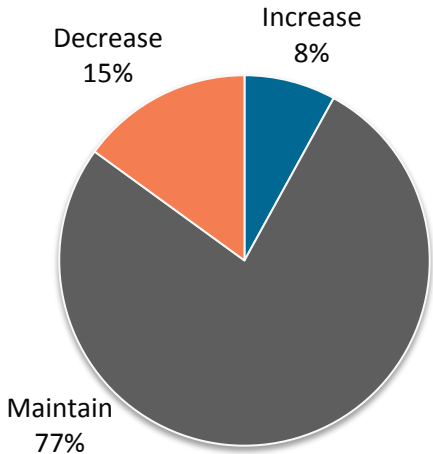
**12-Month Staffing Plans  
 By Employee Size**



- 54% of small companies are expecting growth in revenue/premium at greater than 10%. This compares to 23% for large companies and 27% for medium-sized companies.
- 79% of large companies responded that revenue growth will be driven by market share compared to 62% of small and 47% of medium-sized companies.

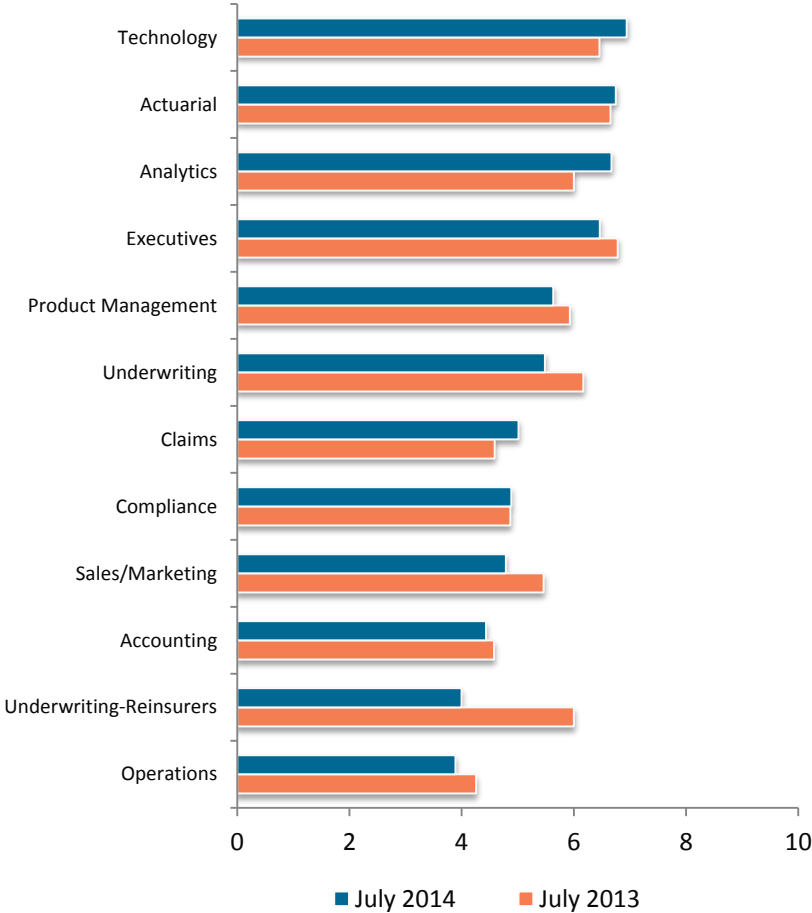
**Temporary Employees**

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





**Recruiting Difficulty Continues**

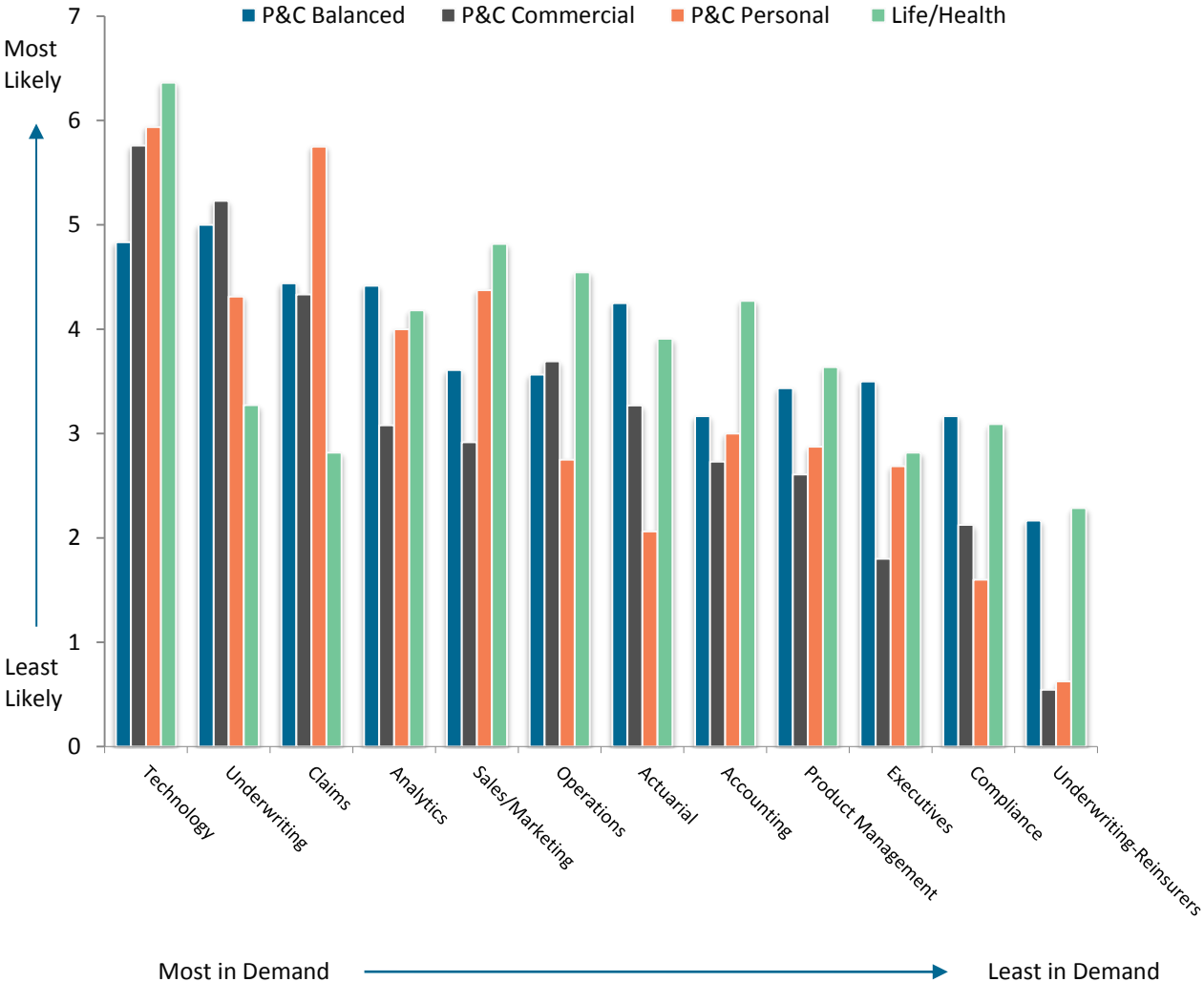


On a scale of 1 – 10 (10 being most difficult), companies responded that positions are still moderately difficult to fill and recruiting is slightly less difficult in most disciplines than it was a year ago.

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

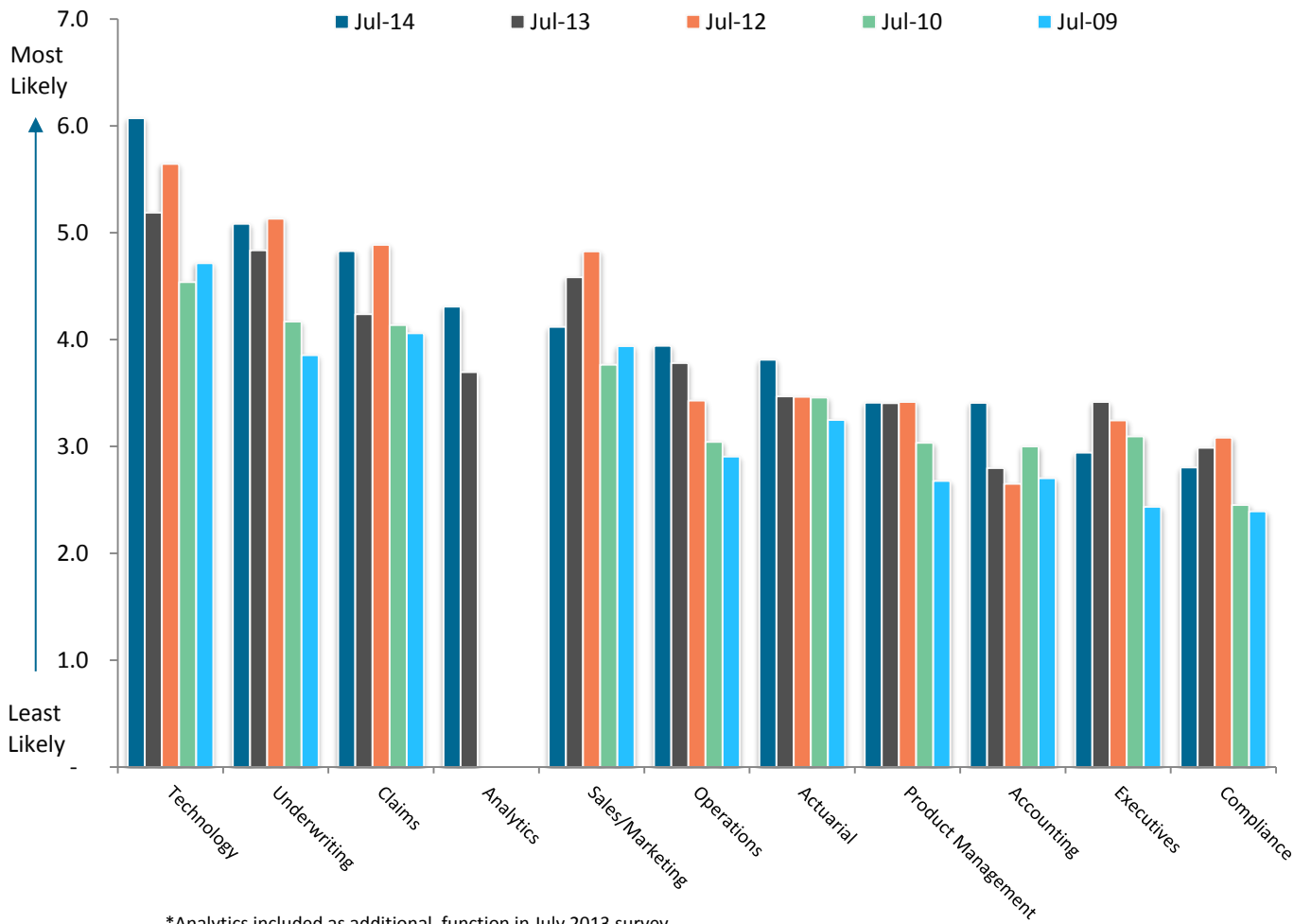
Product line has a significant impact on the ease of filling positions.

**Likelihood of Increasing Staff By Function**



- After Technology, large companies are most likely to increase staff in Analytics, medium-sized companies in Claims and small companies look to Underwriting.
- 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 Sales/Marketing.
- Technology has had the greatest likelihood to increase staff in 10 of the past 11 surveys for P&C companies.

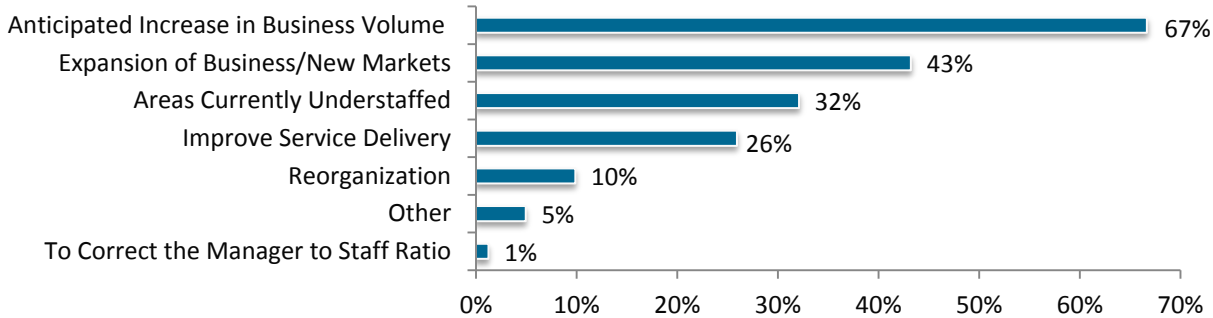
**Likelihood of Increasing Staff By Function By Survey Period**



Most in Demand → Least in Demand

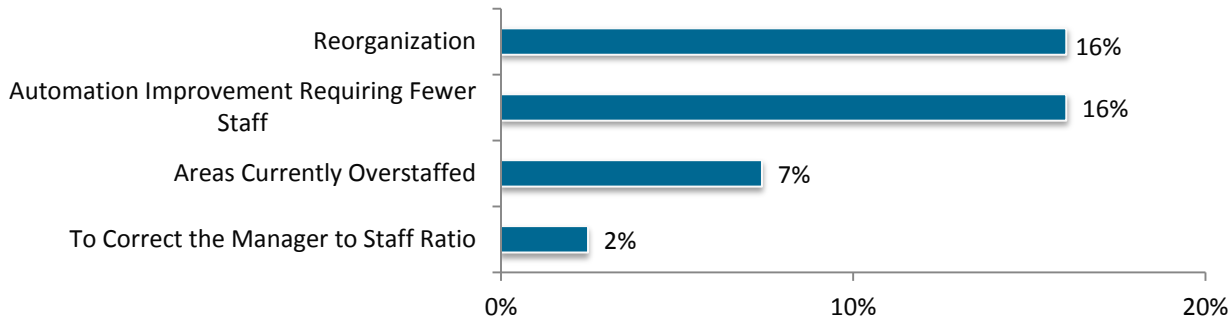
**Staff Increases**

**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 [www.jacobsononline.com](http://www.jacobsononline.com).

**About Ward Group**

Ward Group is the recognized leader in insurance company benchmarking and best practices and a major sponsor of primary operational research studies. Ward Group analyzes staff levels and expenses for all areas of insurance company operations. The firm's professional staff is uniquely qualified to help companies measure results, optimize performance and improve profitability. For more information about Ward Group, visit [www.wardinc.com](http://www.wardinc.com).