

2019 Q3 ITERATION

# Insurance Labor Market Study

*Conducted by The Jacobson Group and Aon plc*

Learn more about current labor trends and staffing expectations for the next year.



Insurance Talent

**JACOBSON**

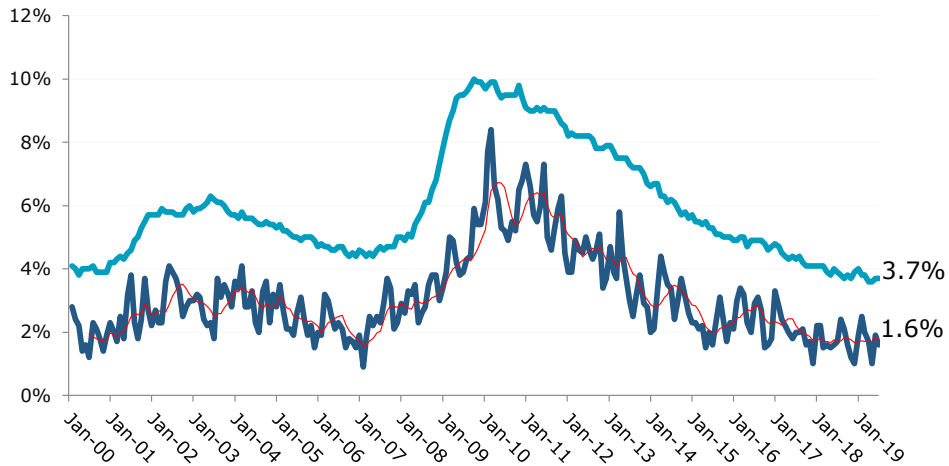
## SUMMARY OF FINDINGS

- Sixty-two percent of companies plan to increase staff during the next 12 months, driven by 85 percent in life and health lines and 64 percent in commercial lines.
- Sixty-four percent of medium and large companies plan to add staff during the next 12 months. This is 5 points higher than small companies.
- Ten percent of companies expect a decrease in staffing during the next 12 months, 5 points higher than one year ago.
- Expectations to grow revenue remained the same as January at 79 percent.
- Large companies are the most optimistic to increase revenue as 82 percent expect growth, compared to 79 percent for small companies and 77 percent for medium companies.
- Optimism for revenue growth increased 22 points to 92 percent for life and health companies from January, while property and casualty companies decreased 4 points to 78 percent.
- Sixty-one percent of companies stated change in market share will drive their expected revenue changes with 23 percent referencing an increase/decrease in pricing.
- The primary reason to increase staff during the next 12 months is the expectation of an increase in business volume. Fifty-eight percent of companies listed this as the primary reason-to-hire followed by 50 percent who anticipated an expansion of business/new markets.
- Twenty-one percent of companies report automation will be the primary reason for reductions in staff during the next 12 months, followed by reorganization at 12 percent.
- Technology, claims and underwriting roles are expected to grow the greatest during the next 12 months. After technology, sales/marketing roles are the greatest need for life and health companies, compared to technology then claims for property and casualty companies.
- Recruitment difficulty persists. The candidate's market is being fueled by virtually non-existent unemployment, mass retirements and job growth driven by modernization efforts.
- Technology, actuarial and executive positions are the most difficult to fill.
- Companies are requiring fewer temporary staff. Thirteen percent of companies are planning to increase their use, down from 18 percent in January.

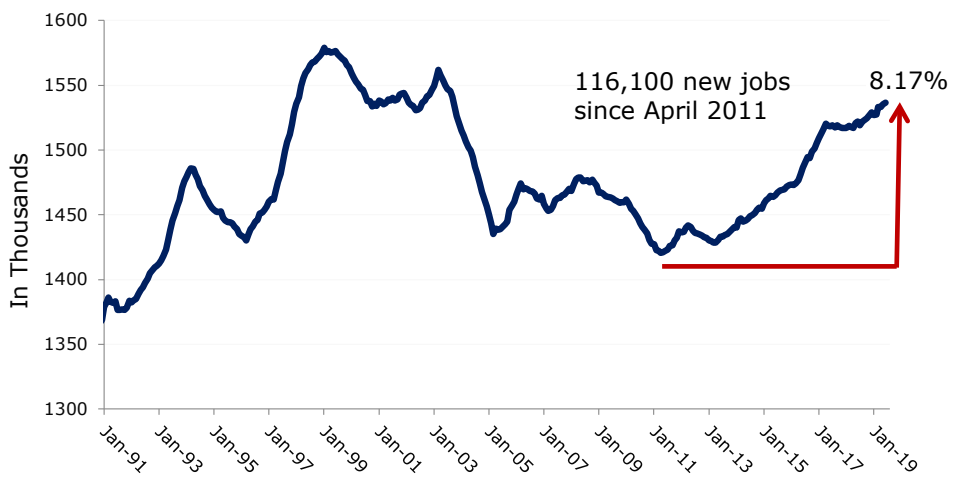
# INSURANCE EMPLOYMENT

## Unemployment Rates

■ Overall 
 ■ Insurance & Related  
■ 6-Month Moving Average (*Insurance & Related*)



## Insurance Carrier Employment

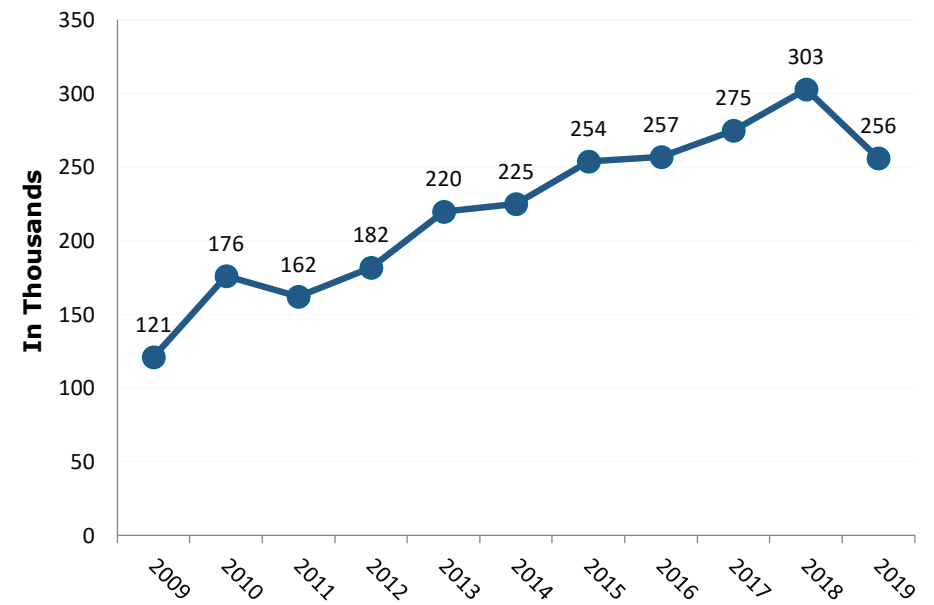


Source: U.S. Bureau of Labor Statistics



## JOB OPENINGS

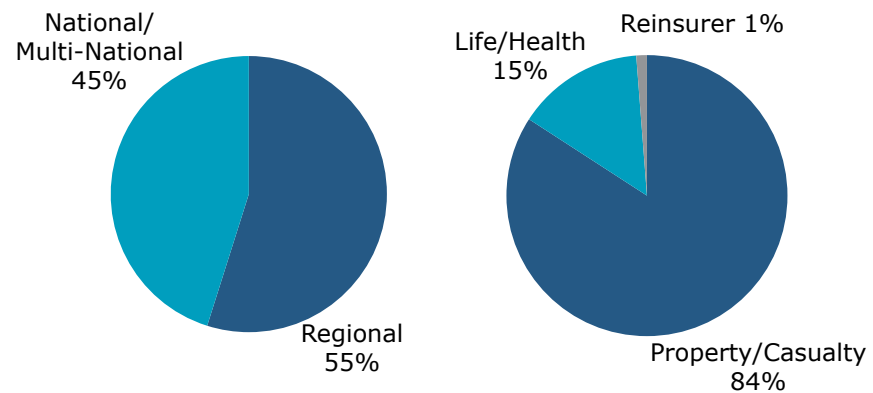
### Job Openings in Finance and Insurance



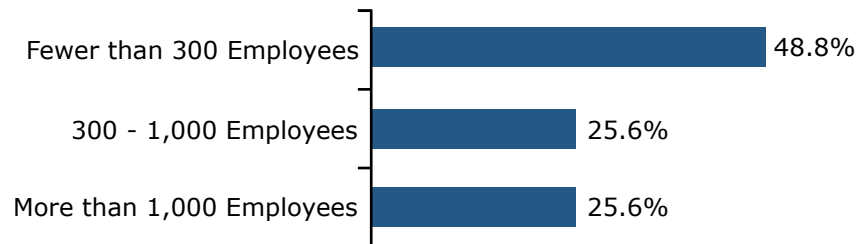
Source: U.S. Bureau of Labor Statistics

## PARTICIPANT PROFILE

### Business Profile



### Company Size



The total average number of employees is 1,734.





## NOTABLE SURVEY TRENDS AND PROJECTIONS

### Survey Trends from July 2018 to July 2019

- The total industry grew 1.31 percent versus an anticipated rate of 0.60 percent.
- The property and casualty industry grew 0.93 percent versus an anticipated rate of 0.47 percent.
- The life and health industry grew 2.56 percent versus an anticipated rate of 1.26 percent.

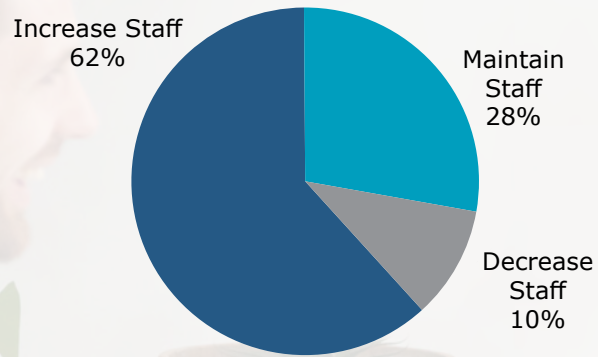
### Survey Projection

If the industry follows through on its plans, we will see a 1.34 percent increase in industry employment during the next 12 months, creating new jobs.

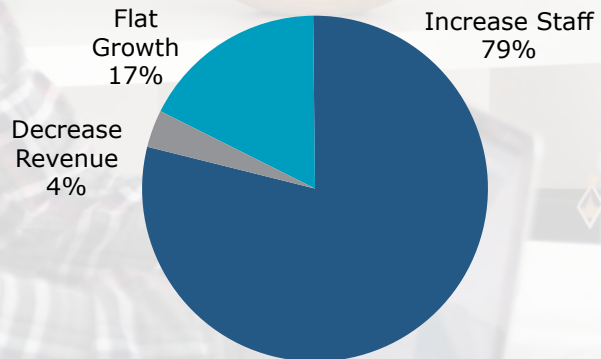
	Projected Growth
Total Benchmark _____	<b>1.34%</b>
Life and Health _____	<b>2.27%</b>
Property and Casualty (PC) _____	<b>1.16%</b>
- PC Personal _____	<b>1.10%</b>
- PC Commercial _____	<b>1.64%</b>
- PC Balanced _____	<b>0.95%</b>

# REVENUE AND STAFFING EXPECTATIONS

## 12-Month Staffing Plan



## 12-Month Revenue Plan

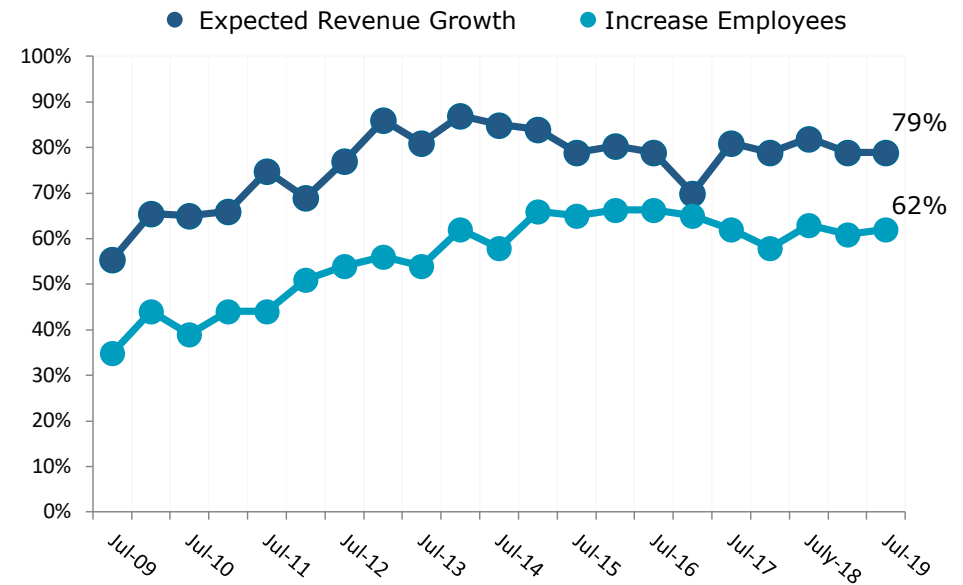




## STAFFING AND REVENUE CORRELATIONS

- Seventy-nine percent of companies expect an increase in revenue growth, which is the same total as January's survey.
- Ninety-two percent of life and health companies expect an increase in revenue.
- Seventeen percent of companies expect flat revenue growth, up 1 point from January.
- Both property and casualty and life and health companies responded that the primary driver for expected revenue changes will be market share, at 59 percent and 77 percent respectively.

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



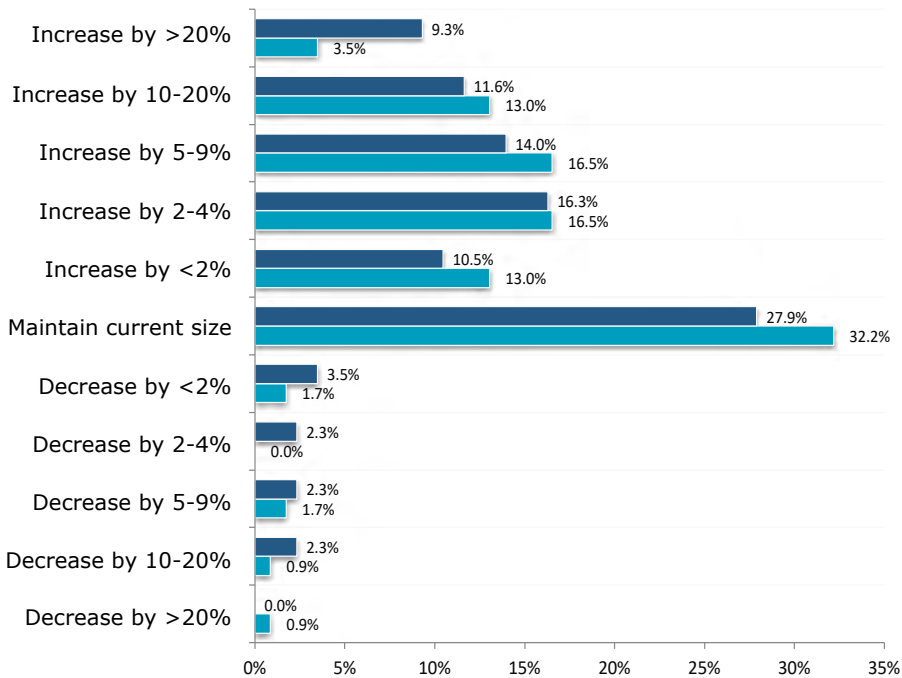




# OVERVIEW OF STAFFING PLANS

## 12-Month Employee Staffing Plans

■ July 2019 Plan ■ July 2018 Plan

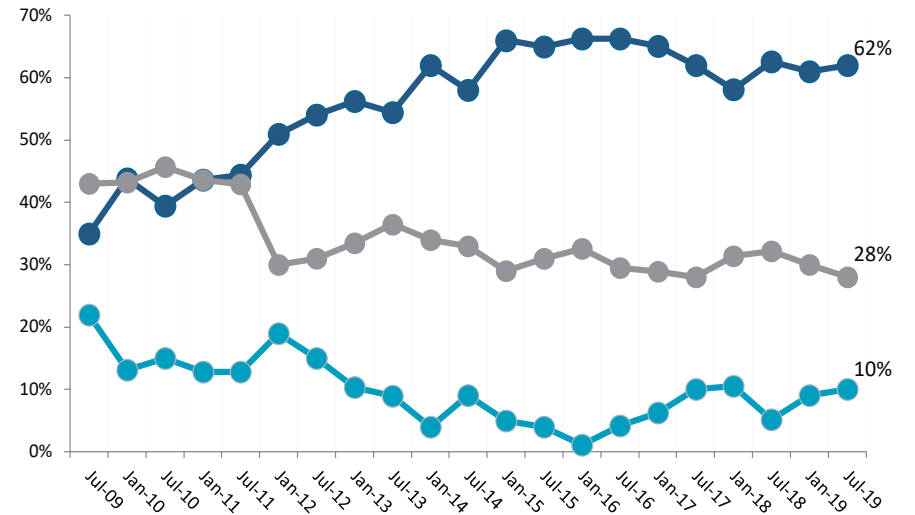


- Sixty-four percent of commercial lines property and casualty companies are expecting to increase staff during the next 12 months. This is 4 and 22 points higher than personal and balanced lines property and casualty companies, respectively.

## 12-Month Staffing Plans

Prior Survey Results

● Increase Employees ● Decrease Employees ● Maintain Size



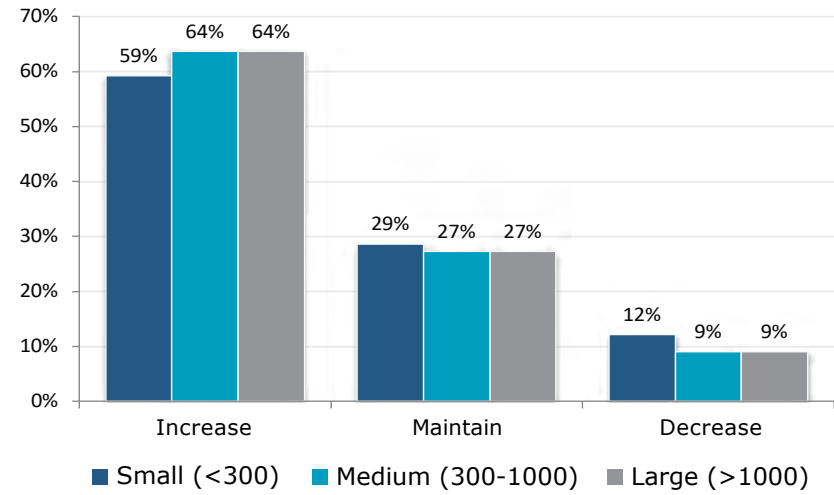
- Of the companies who plan to add staff during the next 12 months, 91 percent expect an increase in revenue with 67 percent responding it will be due to a change in market share.
- Fifty-eight percent of companies who plan to maintain staff size during the next 12 months are expecting an increase in revenue growth.



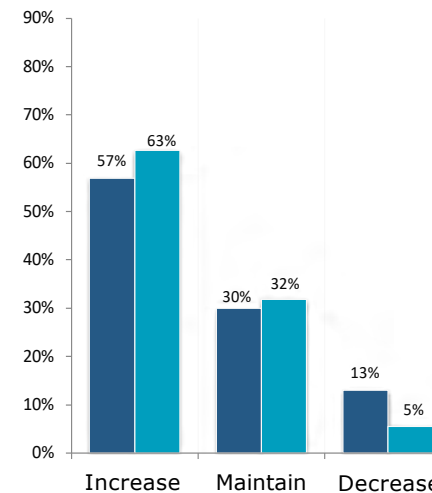
## 12-MONTH STAFFING PLANS: COMPARISON TO JULY 2018

- While large and medium companies had the same response rate, they varied in expectations with 55 percent of medium companies expecting an increase larger than 5 percent compared to 36 percent for large companies.
- Forty-six percent of medium companies are expecting growth in revenue/premium greater than 10 percent. This compares to 45 percent for small and 18 percent for large companies.
- Sixty-seven percent of large companies responded that revenue growth will be driven by market share compared to 62 percent of medium and 59 percent of small companies.
- Eighty-two percent of large companies expect revenue growth in the next 12 months with 36 percent planning to maintain or decrease employees.
- In January, 74 percent of medium companies were expecting to increase staff while 67 percent of small and 39 percent of large companies were expecting the same.

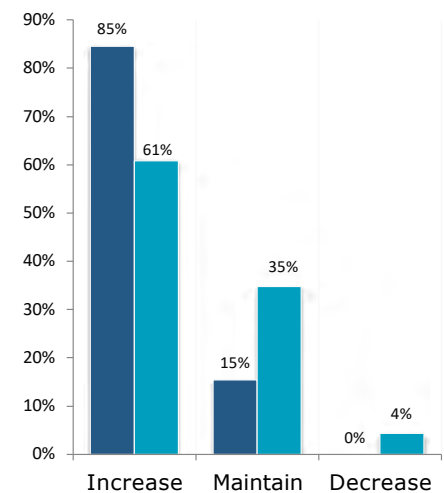
### Staffing by Employee Size



### Property/Casualty Staffing



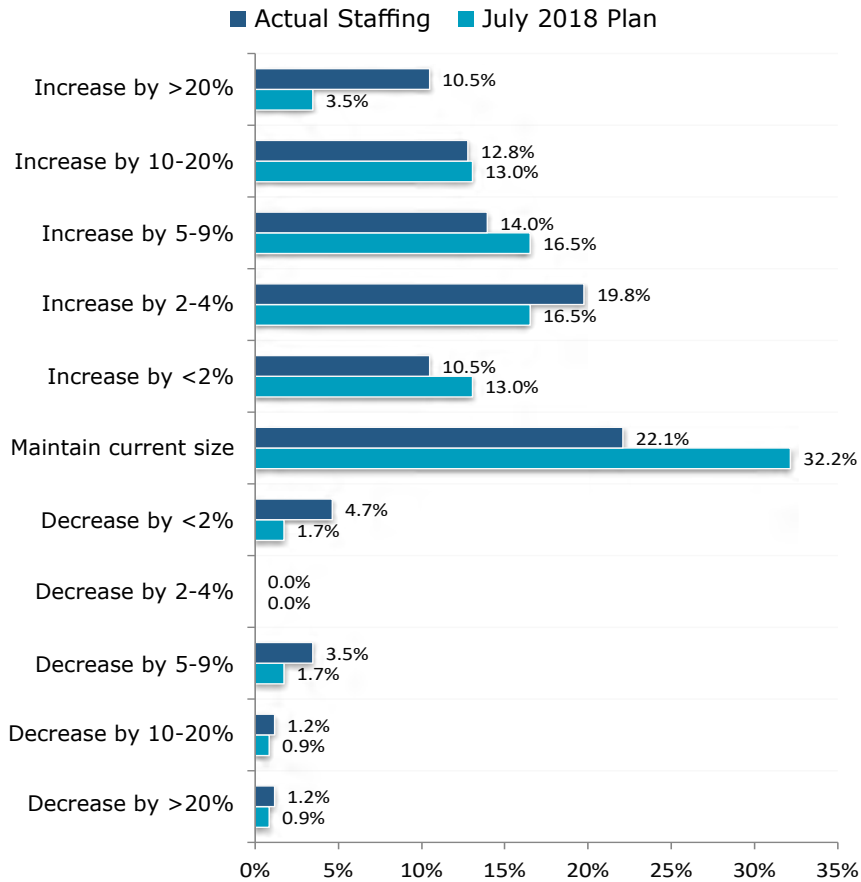
### Life/Health Staffing



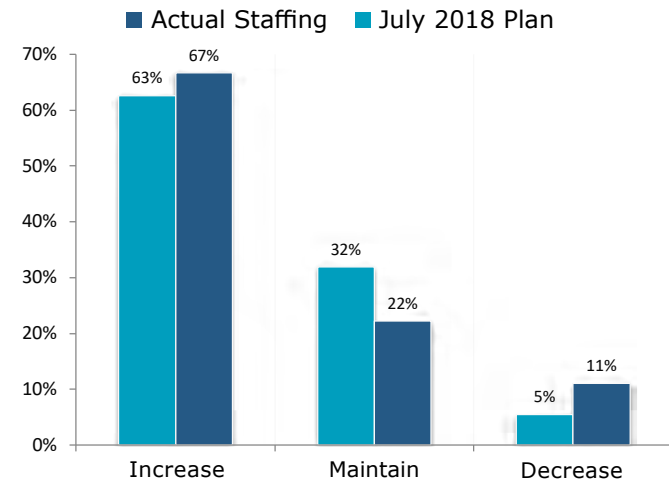
■ July 2019 Plan ■ July 2018 Plan

# 12-MONTH STAFFING PLANS VS. ACTUAL

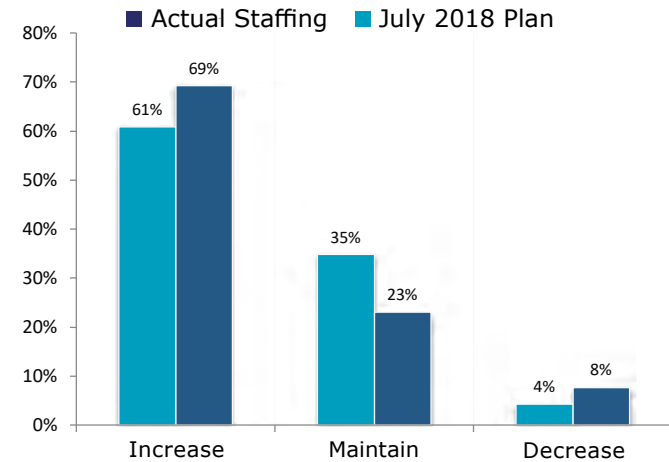
## Overall Industry Employees



## Property/Casualty Staffing



## Life/Health Staffing



## REASONS TO INCREASE/DECREASE STAFF

### Reasons to Increase Staff During the Next 12 Months

Anticipated Increase in Business Volume _____	<b>58%</b>
Expansion of Business/New Markets _____	<b>50%</b>
Areas Currently Understaffed _____	<b>42%</b>
Service Delivery Improvement _____	<b>33%</b>
Reorganization _____	<b>13%</b>
Other _____	<b>8%</b>
Manager-to-Staff Ratio Correction _____	<b>6%</b>

### Reasons to Decrease Staff During the Next 12 Months

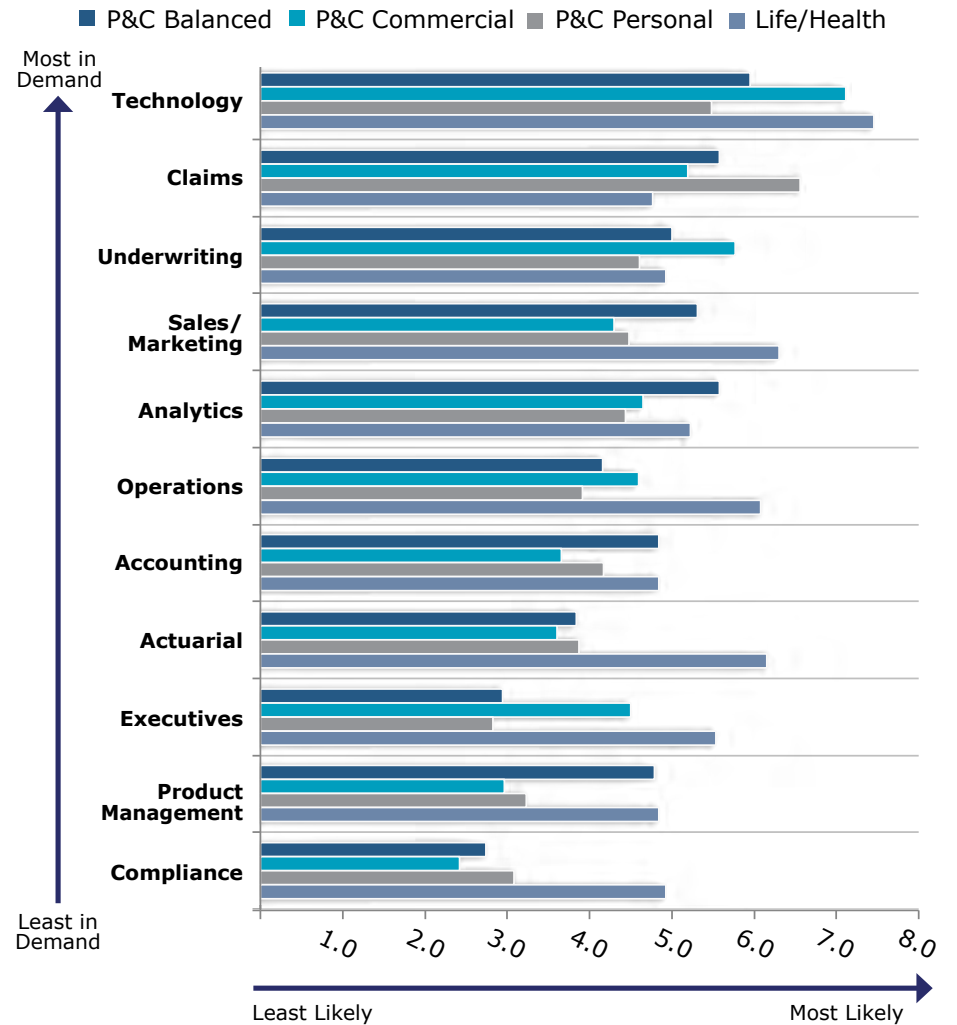
Automation Improvements Requiring Fewer Staff _____	<b>21%</b>
Reorganization _____	<b>12%</b>
Anticipated Decrease in Business Volume _____	<b>7%</b>
Areas Currently Overstaffed _____	<b>5%</b>
Other _____	<b>2%</b>
Contraction of Business/Discontinuing Operations _____	<b>2%</b>
Manager-to-Staff Ratio Correction _____	<b>0%</b>



## LIKELIHOOD OF INCREASING STAFF BY FUNCTION

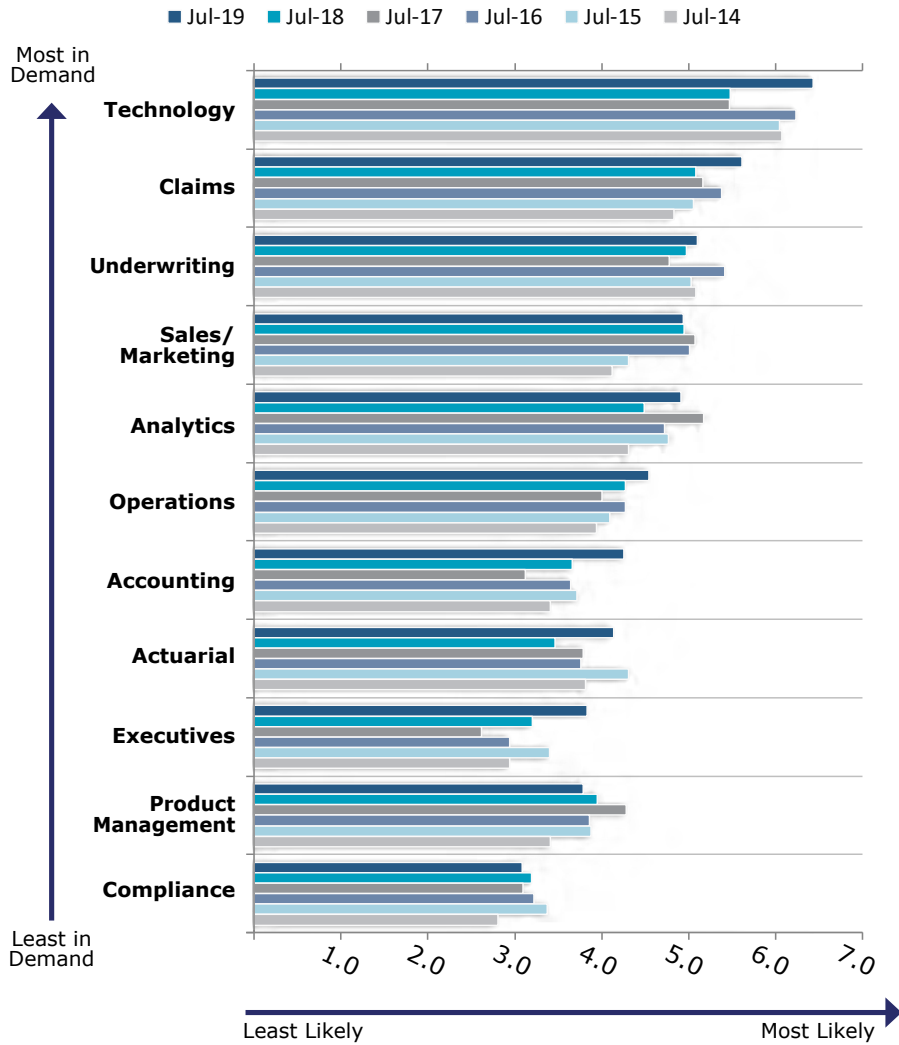
- In total, the industry's greatest need is in technology staff.
- Technology is the area most likely to increase staff for large companies, followed by analytics and sales/marketing. Medium-sized companies are looking towards technology then claims in the next 12 months. After technology, small companies have the greatest need in claims.
- Technology is the greatest need for life and health, commercial, and property and casualty balanced lines companies. Personal lines companies are most likely to increase staff in claims in the next 12 months.

By Function by Industry



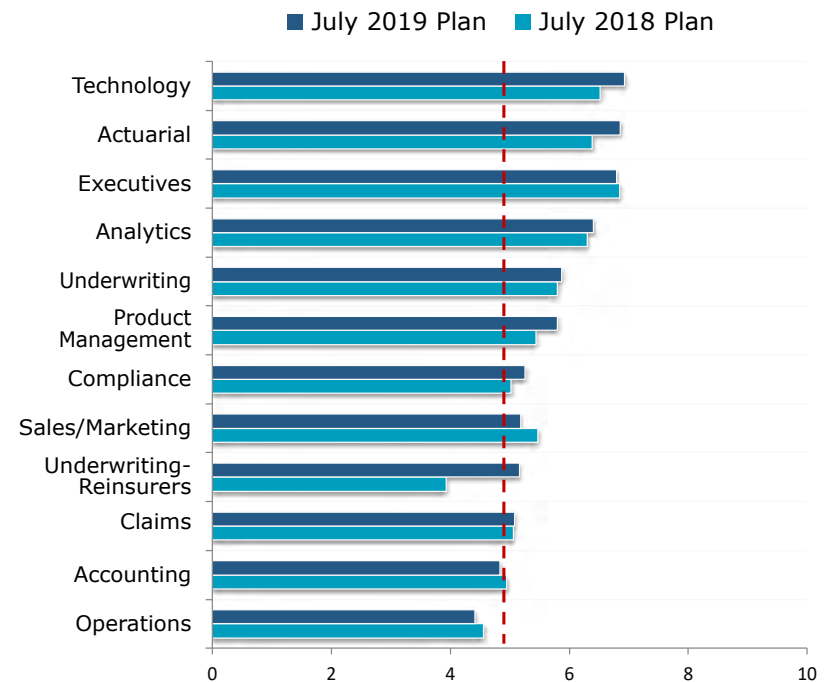
# LIKELIHOOD OF INCREASING STAFF BY FUNCTION

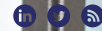
By Function by Survey Period



## RECRUITING DIFFICULTY CONTINUES

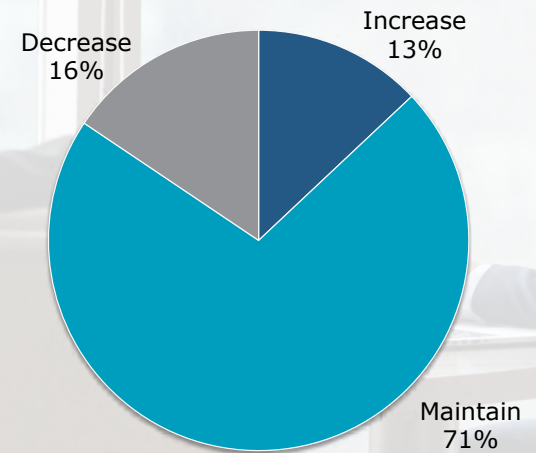
- On a scale of 1 – 10 (10 being most difficult), companies responded that positions are still moderately difficult to fill.
- Positions rated five or above are considered moderate or difficult to fill.
- Product line has a significant impact on the ease of filling positions.
- Eight of 12 categories have seen recruiting difficulty increase slightly throughout the past year.





## TEMPORARY EMPLOYMENT

### Use of Temporary Employees During Next 12 Months







## OUR LABOR STUDY

Our Semi-Annual Insurance Labor Market Study has offered valuable insurance labor insights since 2009 and has become an accurate predictor of the industry's staffing trends. For more insights into this year's trends, access the survey results webinar recording: [jcbsn.gr/2019Q3LaborStudyResults](https://jcbsn.gr/2019Q3LaborStudyResults).

## HOW TO PARTICIPATE

The next iteration of our study will be conducted in January 2020. Sign up now and we will notify you when it launches. It takes no longer than five minutes to complete, and all responses are confidential. Sign up today: [jcbsn.gr/LaborStudySignup](https://jcbsn.gr/LaborStudySignup).



## ABOUT JACOBSON

The Jacobson Group is the leading provider of talent to the insurance industry. For nearly 50 years, Jacobson has been connecting organizations with insurance professionals at all levels across all industry verticals.

We provide an array of services including executive search, professional recruiting, temporary staffing and subject matter experts. Regardless of the need or situation, Jacobson is the insurance talent solution. Further information is available at [jacobsononline.com](http://jacobsononline.com).

## ABOUT WARD

Ward 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 3,000 operational and compensation benchmarking exercises for companies of all sizes.

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