



# Insurance Labor Market Study

The Jacobson Group and Ward Group, part of Aon plc (NYSE: AON), 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 2018.

## Summary of Findings

- 58% of companies plan to increase staff during the next 12 months driven by 74% in commercial lines and 71% in personal lines
- 11% of companies expect a decrease in staffing during the next 12 months, 5 points higher than a year ago
- 76% of small companies plan to add staff during the next 12 months. This is 16 and 44 points higher than medium-sized and large companies, respectively
- Expectations to grow revenue are 2 points lower than July at 79%
- Large companies are the most optimistic to increase revenue as 86% expect growth, compared to 80% for medium-sized and 72% for small companies
- Optimism for revenue growth increased 13 points to 94% for Life/Health companies from July 2017 while Property/Casualty companies decreased 3 points to 77%. This is the second highest total for the Life/Health segment since the survey began
- 65% of the companies stated that change in market share will drive their expected revenue changes with 20% referencing pricing
- The primary reason to increase staff during the next 12 months is the expectation of expansion of business or new markets. 51% of companies listed this as the primary reason-to-hire followed by 47% who reported anticipating an increase in business volume
- 23% of companies report that automation will be the primary reason for reductions in staff during the next 12 months followed by reorganization at 17%
- Technology, Claims, and Analytics 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 insurance industry continues to face an unprecedented talent recruitment environment. Today's increasingly challenging labor reality is being impacted by increased staffing demands, a growing mid-level talent gap, impending retirements, virtually non-existent industry unemployment and a shallowing talent pool
- Technology, Actuarial, and Analytic positions are the most difficult to fill
- Companies are requiring more temporary staff. 12% of companies are planning to increase their use, up from 11% last January

## Notable Survey Trends from January 2017 to January 2018

- The Total industry grew 0.79% versus an anticipated rate of 1.56%
- The P&C industry grew 0.84% versus an anticipated rate of 1.79%
- The L&H industry grew 0.55% versus an anticipated rate of 0.61%

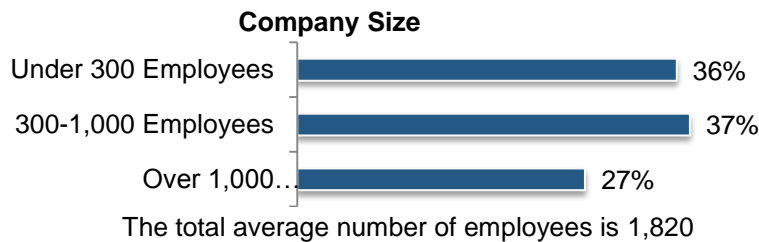
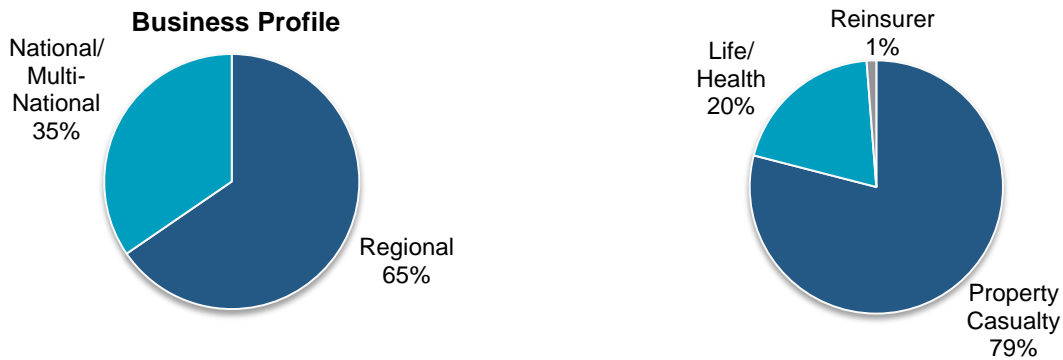
## Projection

If the industry follows through on its plans, we will see a 1.19% increase in industry employment during the next 12 months, creating new jobs.

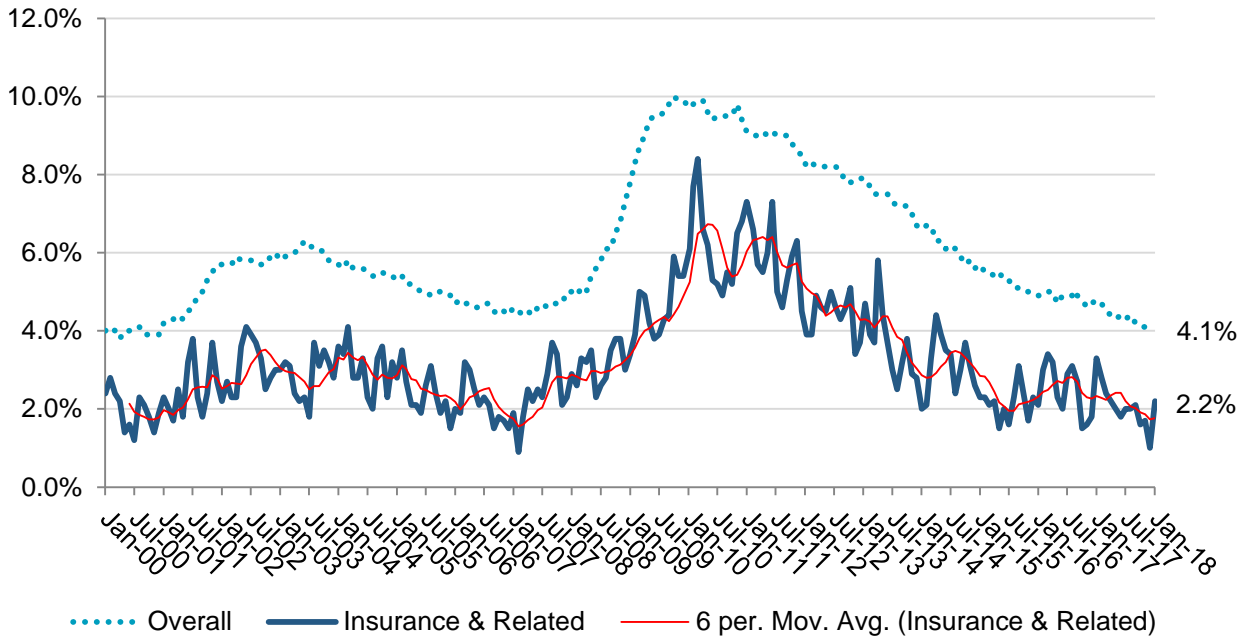
Projected Growth	
Total Benchmark	1.19%
Life & Health	-0.40%
Property Casualty (PC)	1.61%
– PC Personal	0.98%
– PC Commercial	2.01%
– PC Balanced	1.58%

## Survey Results

### Participant Profile



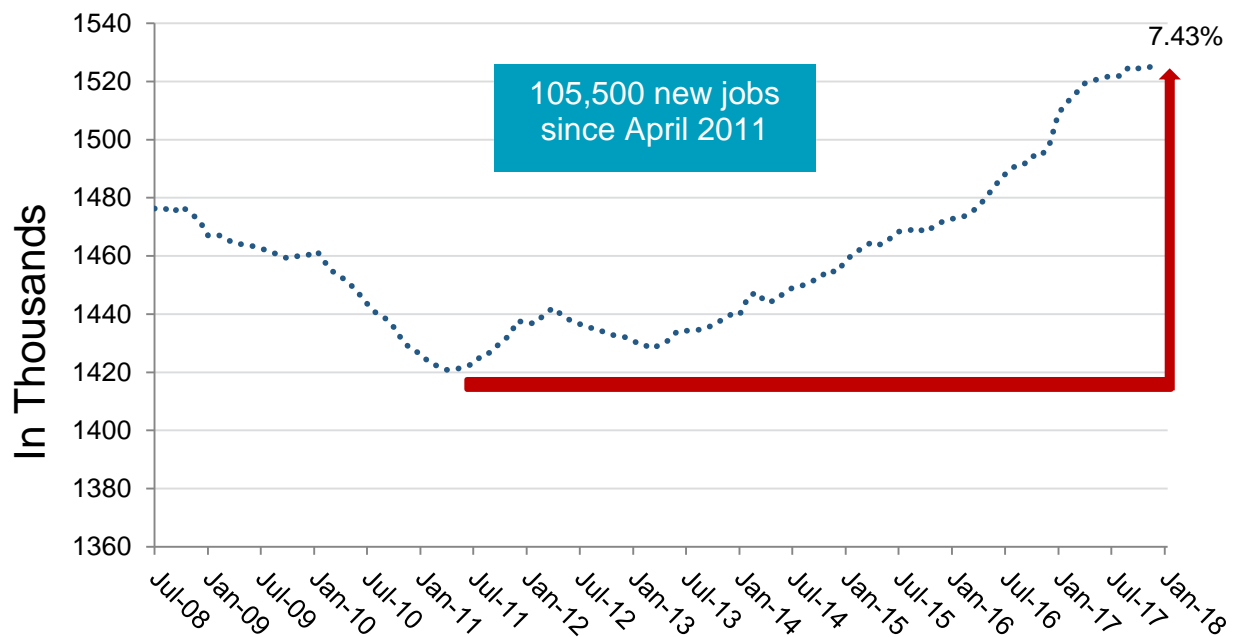
## Unemployment Rates



\*Percentage indicated 6-month trailing average

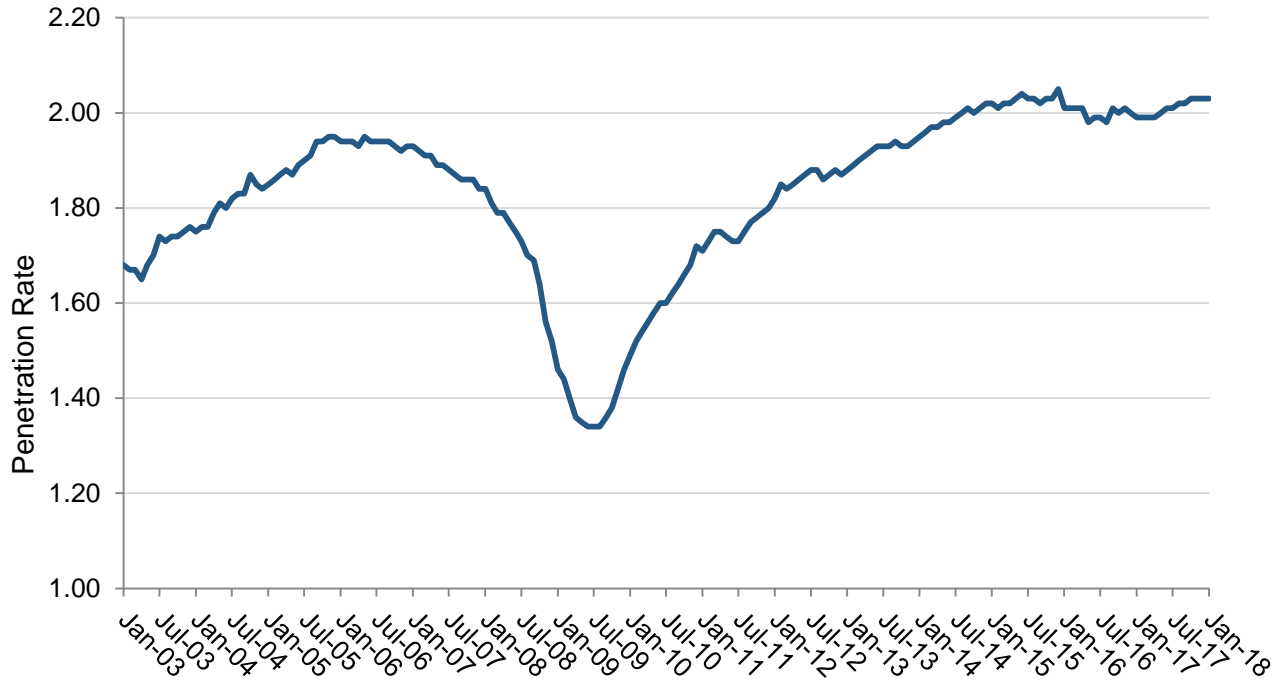
Source: U.S. Bureau of Labor Statistics

## Insurance Carrier Employment



Source: U.S. Bureau of Labor Statistics

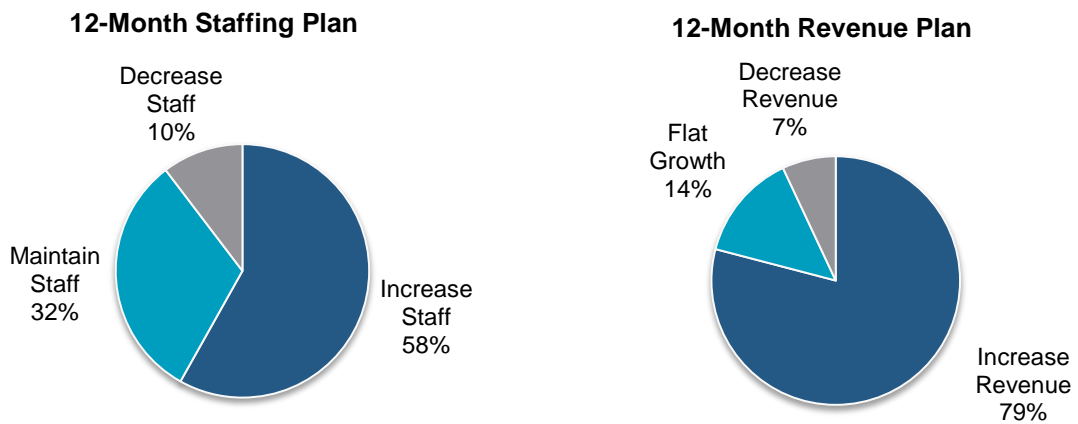
## Temporary Employment



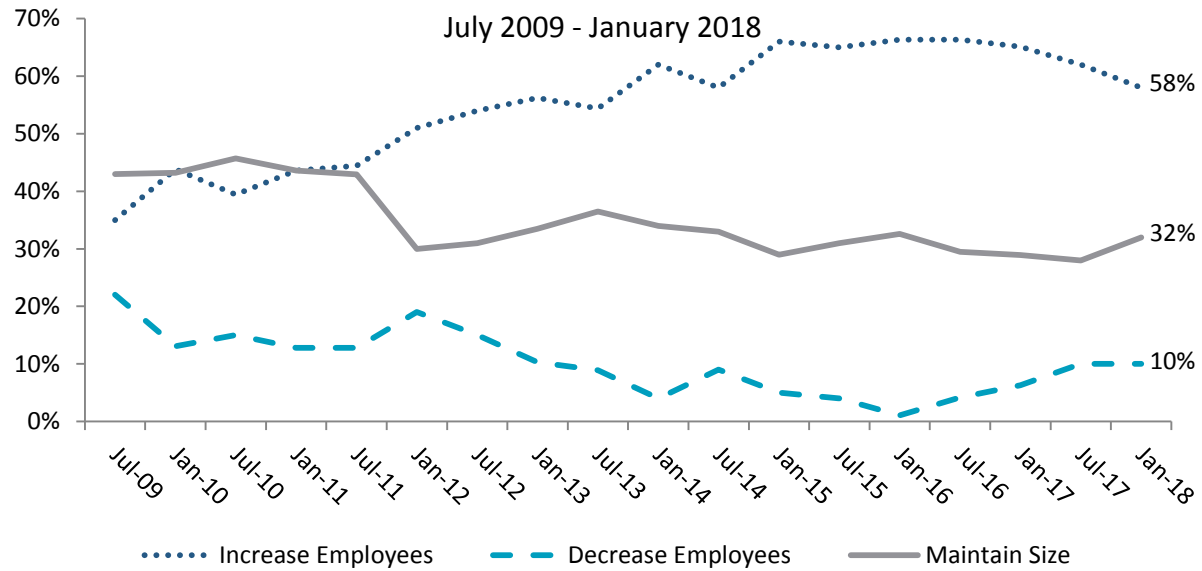
Temporary employment is up by 43,000 jobs since July. The temporary penetration rate is now 2.03%

Source: U.S. Bureau of Labor Statistics

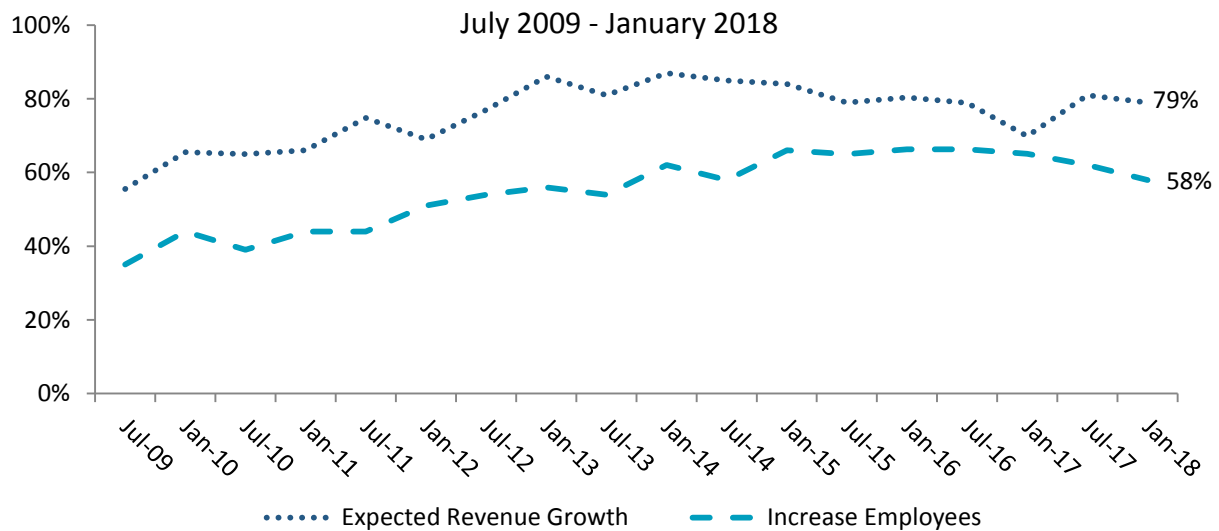
## Revenue and Staffing Expectations



## 12-Month Staffing Plans

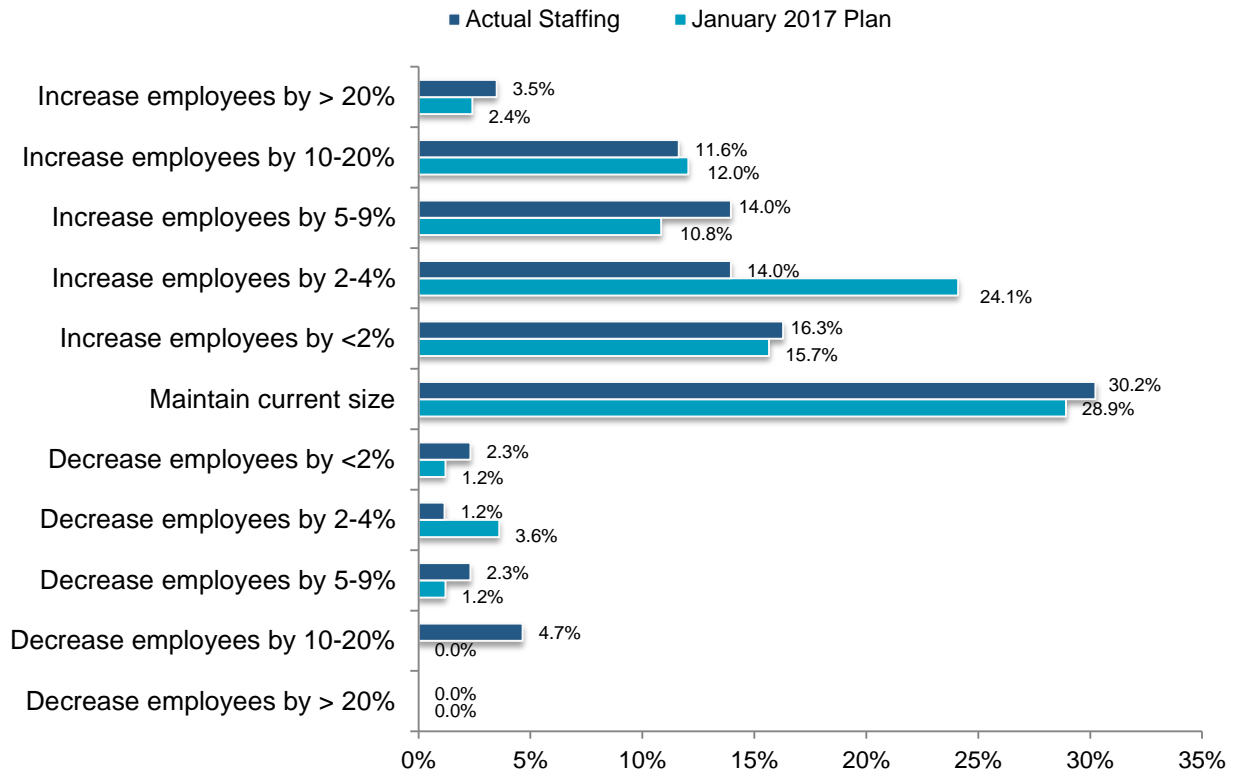


## 12-Month Staffing Plans Increase vs. Expected Revenue Growth

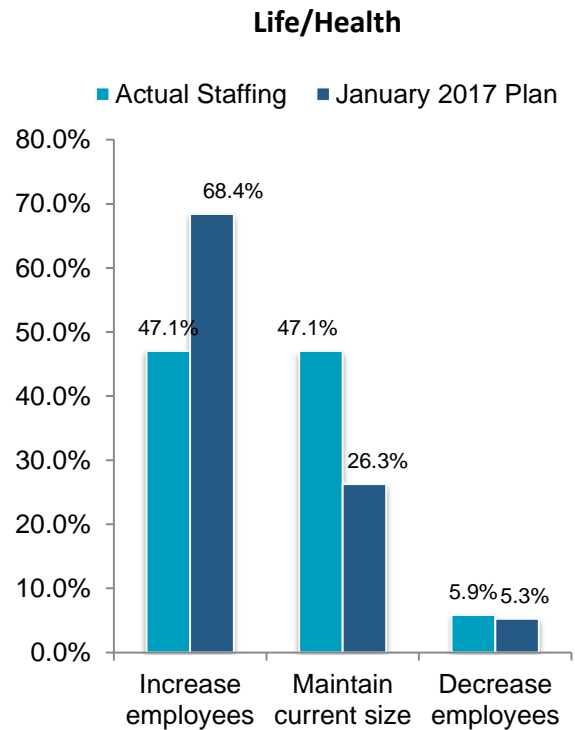
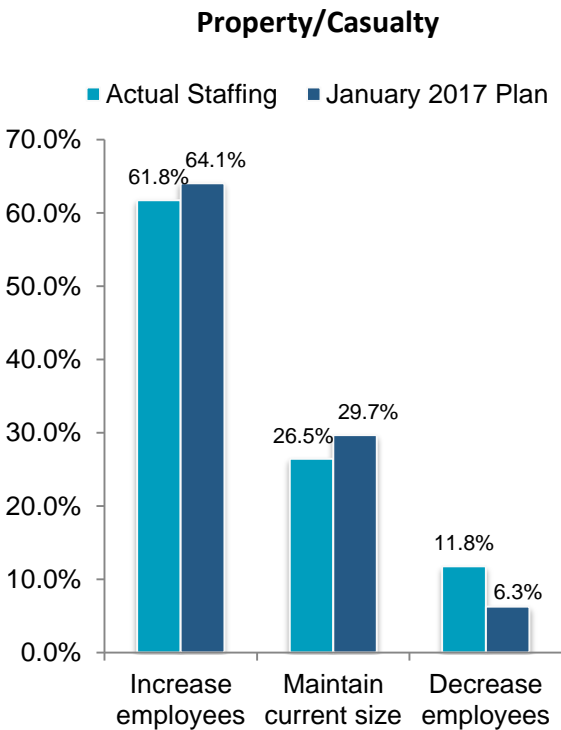


- 79% of companies expect an increase in revenue growth, down 2 points from the July survey
- 94% of Life/Health companies expect an increase in revenue
- 14% of companies expect flat revenue growth, up 1 point from July
- Both P&C and Life/Health companies responded that the primary driver for expected revenue changes will be market share, at 67% and 59% respectively

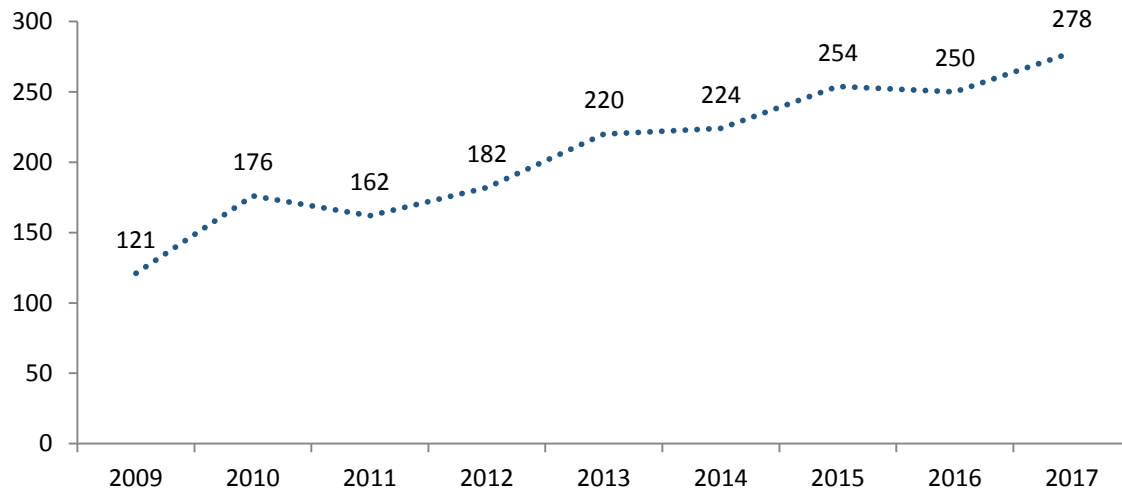
## 12-Month Staffing Plans vs. Actual



## 12-Month Staffing Plans vs. Actual – By Industry

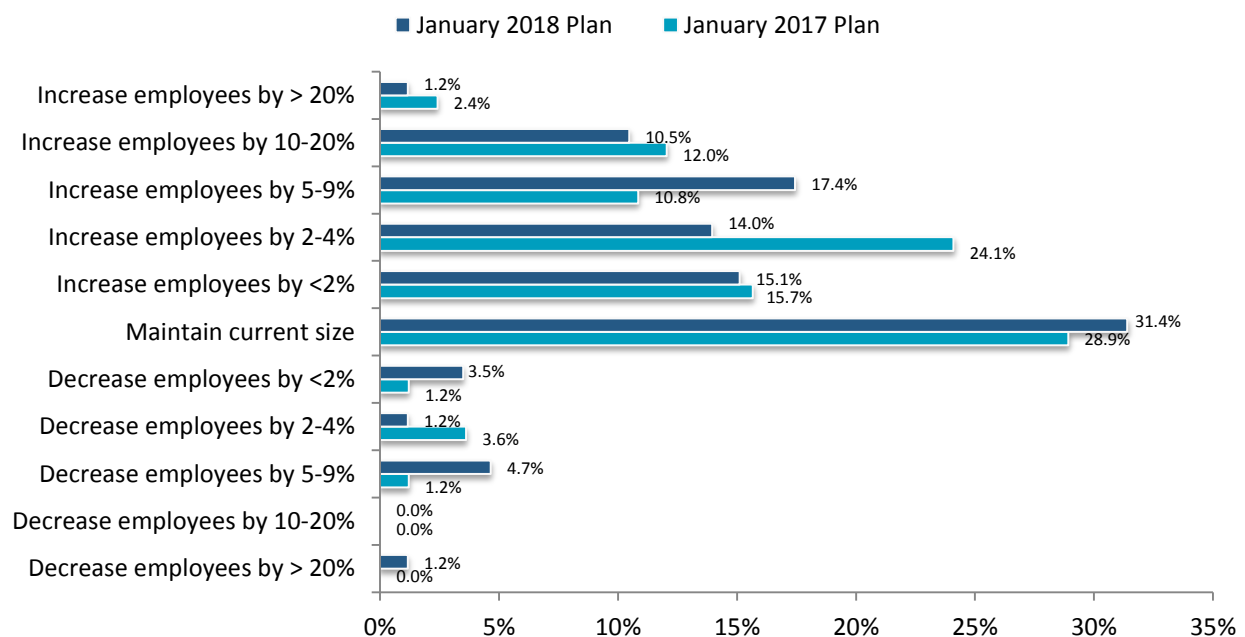


## Job Openings in Finance and Insurance



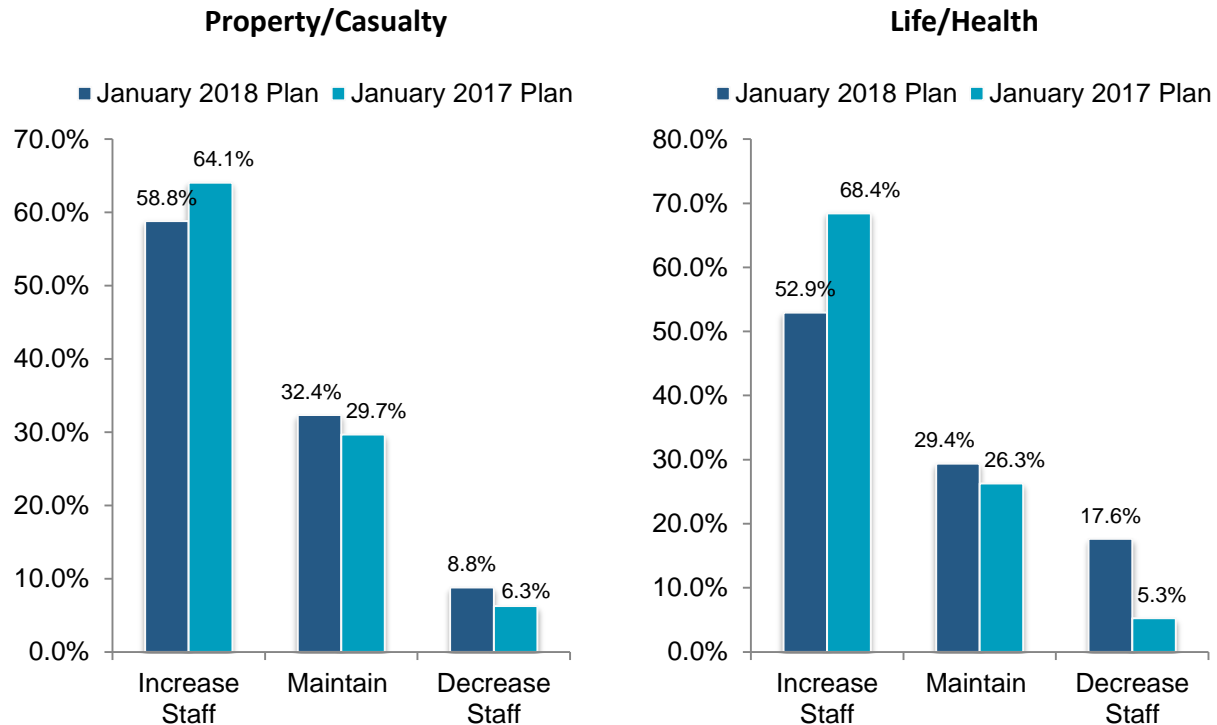
Source: U.S. Bureau of Labor Statistics

## 12-Month Staffing Plans

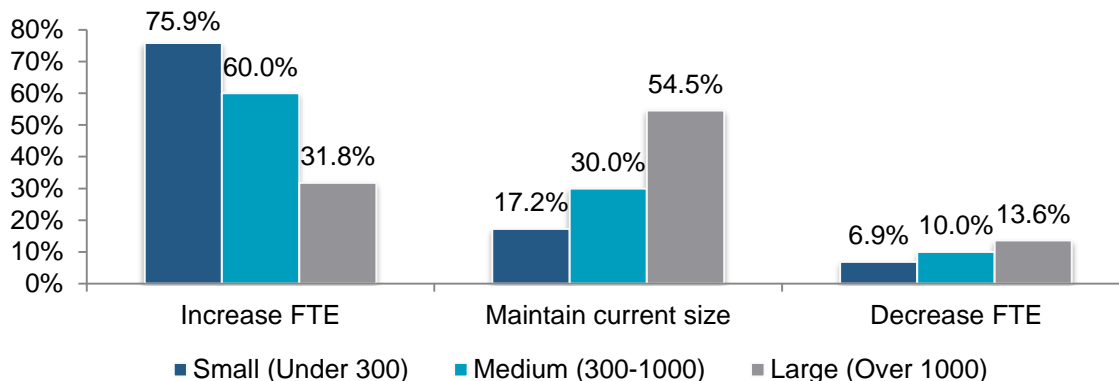


- 74% of commercial lines P&C companies are expecting to increase staff during the next 12 months. This is 3 and 37 points higher than personal and balanced lines P&C companies, respectively
- Of the companies who plan to add staff during the next 12 months, 88% expect an increase in revenue with 71% responding that it will be due to a change in market share
- 74% of companies who plan to maintain staff during the next 12 months are expecting an increase in revenue growth

## 12-Month Staffing Plans - Comparison to January 2017 by Industry



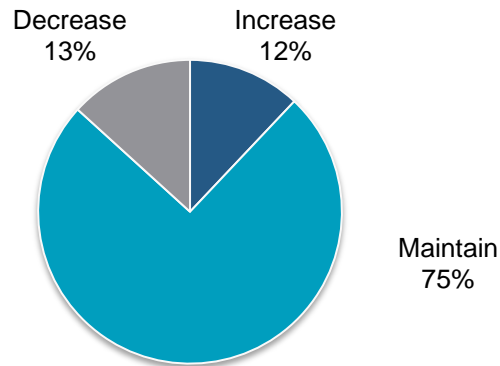
## 12-Month Staffing Plans - By Employee Size



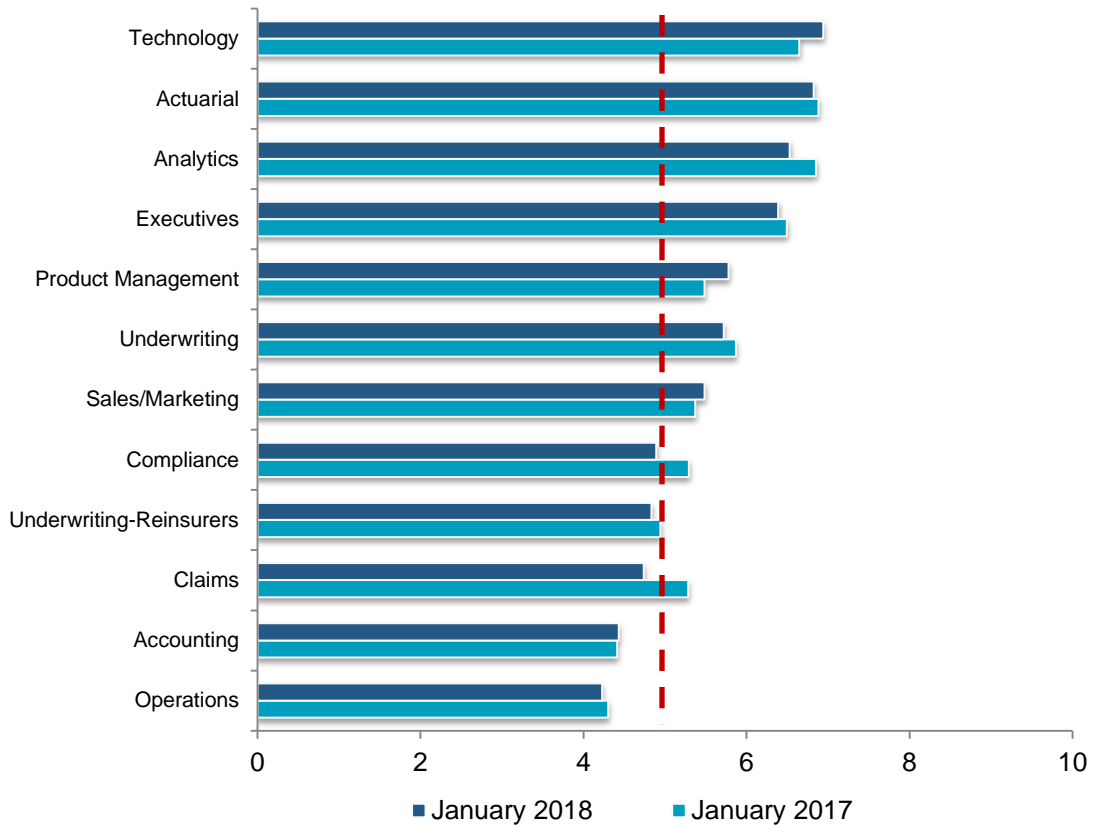
- 33% of medium-sized companies are expecting growth in revenue/premium greater than 10%. This compares to 27% for large companies and 17% for small companies
- 82% of small companies responded that revenue growth will be driven by market share compared to 43% of medium-sized and 71% of large companies
- 86% of large companies expect revenue growth in the next 12 months with 68% planning to maintain or decrease employees
- In July, 75% of small companies were expecting to increase staff while 62% of medium-sized companies and 48% of large companies were expecting the same



## Use of Temporary Employees during Next 12 Months

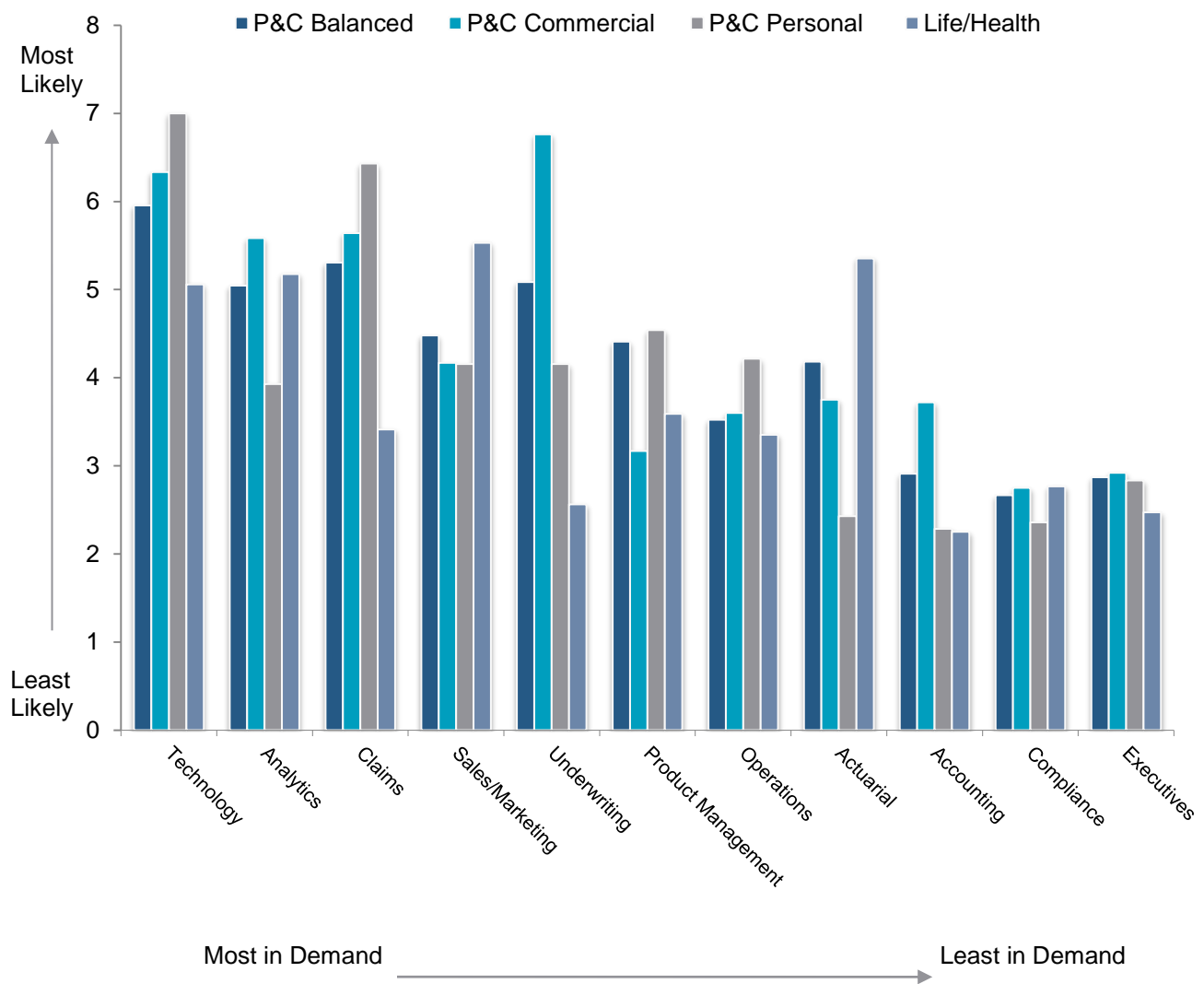


## Recruiting Difficulty Continues



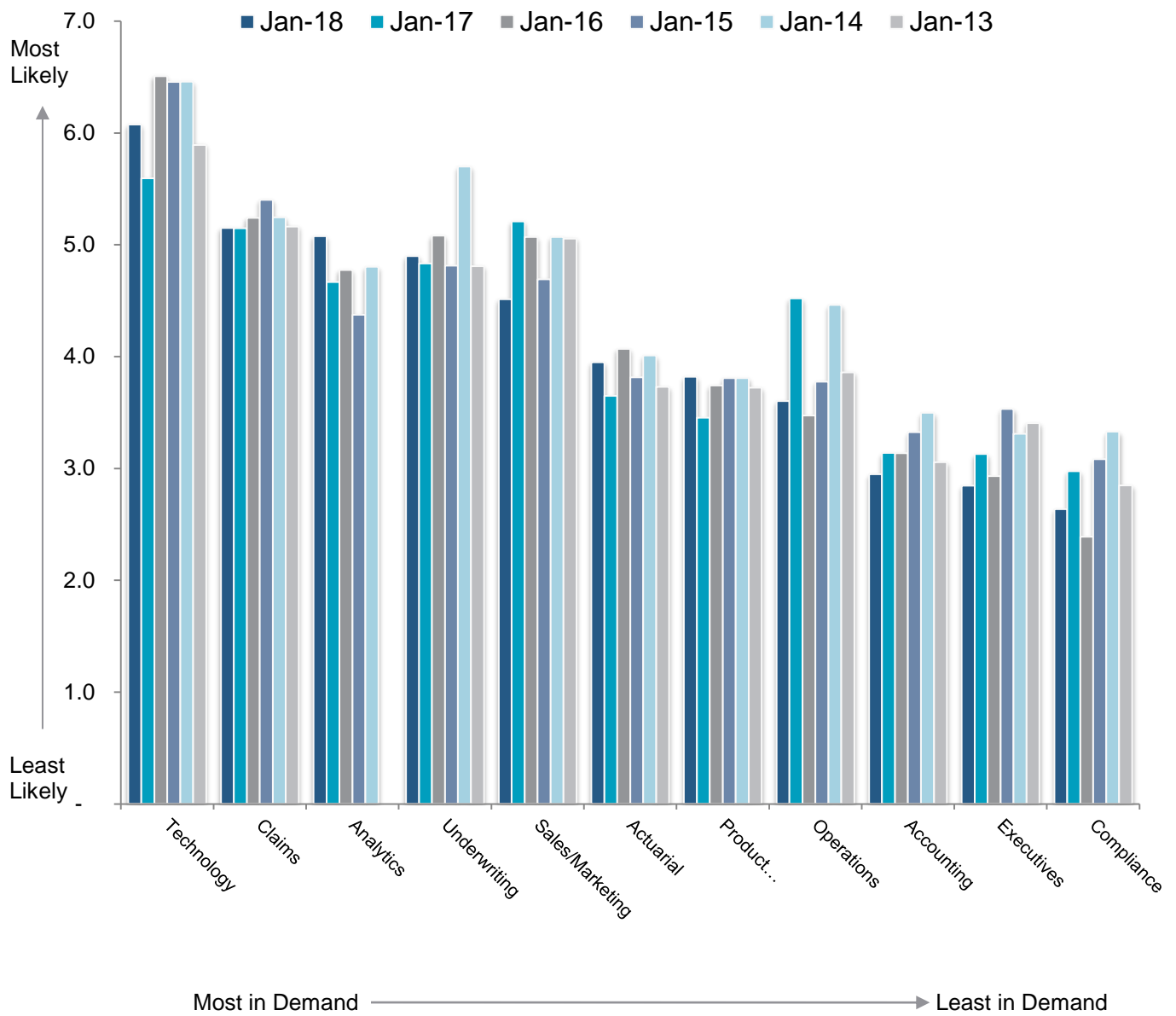
- On a scale of 1 – 10 (10 being most difficult), companies responded that positions are still moderately difficult to fill
- Positions rated 5 or above are considered moderate or difficult to fill
- Product line has a significant impact on the ease of filling positions
- 3 of 12 categories have seen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

## Likelihood of Increasing Staff by Function



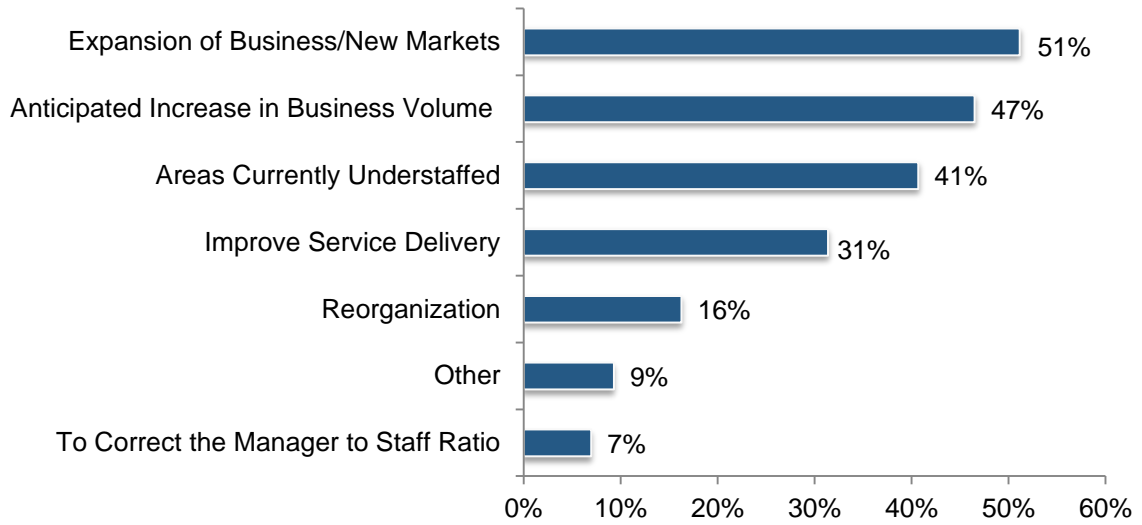
- Analytics is the area most likely to increase staff for large companies followed by Technology and Sales/Marketing. Medium-sized companies are looking towards Technology then Underwriting in the next 12 months. After Technology, small companies have the greatest need in Claims
- Personal and balanced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

## Likelihood of Increasing Staff by Function by Survey Period

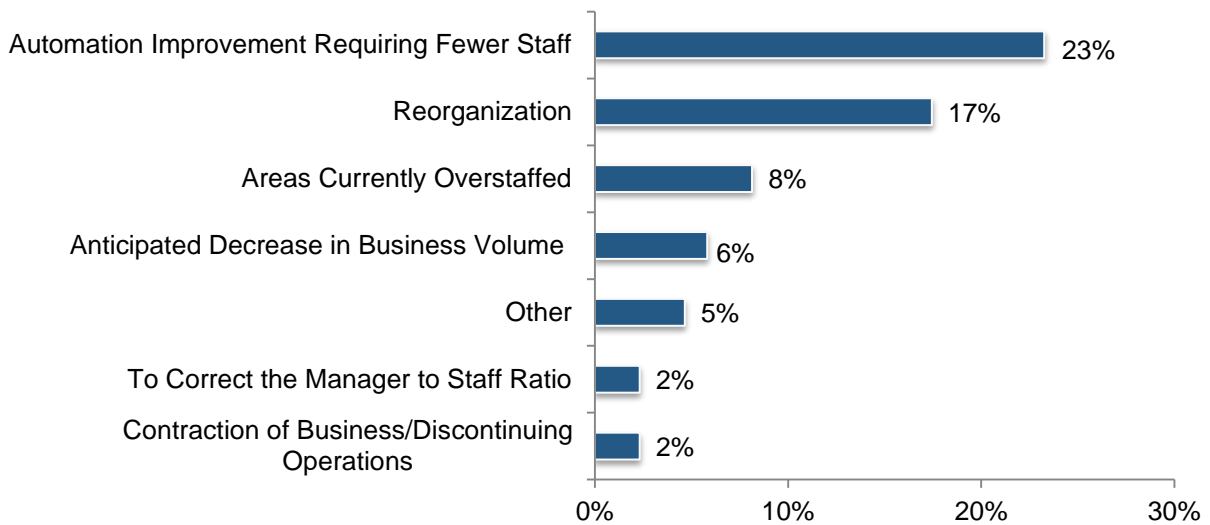


\*Analytics included as additional function in July 2013 survey.

## 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 plc (NYSE: AON). For more information, please visit [wardinc.com](http://wardinc.com).

## About The Jacobson Group

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