August 2017

Insurance Talent JACOBSON

AON Empower Results®

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 2017.

Summary of Findings

- 62% of companies plan to increase staff during the next 12 months driven by 73% in personal lines and 69% in Life/Health segments
- 10% of companies expect a decrease in staffing during the next 12 months, 6 points higher than a year ago
- 75% of small companies plan to add staff during the next 12 months. This is 13 and 27 points higher than medium-sized and large companies, respectively
- Expectations to grow revenue are 10 points higher than January at 81%. This is the first time since July 2012 that expectations increased from the January to July survey period
- Mid-sized and large companies are the most optimistic to increase revenue as 85% and 84% expect growth, respectively, compared to 79% for small companies
- Optimism for revenue growth increased 18 points to 81% for Life/Health companies from January 2017 while Property/Casualty companies increased 8 points to 80%
- 67% of the companies stated that change in market share will drive their expected revenue changes with 19% referencing economic expansion/contraction
- The primary reason to increase staff during the next 12 months is the expectation of areas being currently understaffed. 46% of companies listed this as the primary reason-to-hire followed by 45% who reported anticipating an increase in business volume
- 26% of companies report that automation will be the primary reason for reductions in staff during the next 12 months. This is the highest percentage listed in the history of the survey for reasons to reduce staff
- Technology, Analytics, and Claims 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 industry continues to face an increasingly competitive recruitment environment. This tightening market is being driven by virtually non-existent industry unemployment, a growing talent gap, a shallowing talent pool and increased staffing demands
- Analytics, Executive, and Actuarial positions are the most difficult to fill
- Companies are requiring more temporary staff during the 2nd half of the year. 12% of companies are planning to increase usage versus 11% and 7% reporting the same 6 and 12 months ago, respectively

Notable Survey Trends from January 2016 to January 2017

- The Total industry grew 1.26% versus an anticipated rate of 1.37%
- The P&C industry grew 1.97% versus an anticipated rate of 1.40%
- The L&H industry grew -0.78% versus an anticipated rate of 1.35%

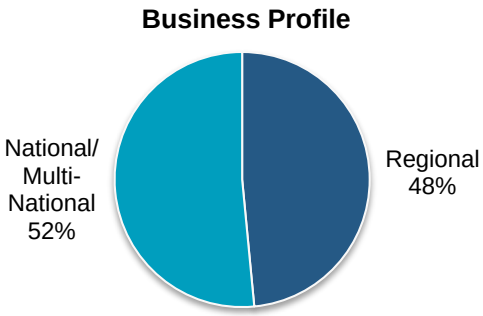
Projection

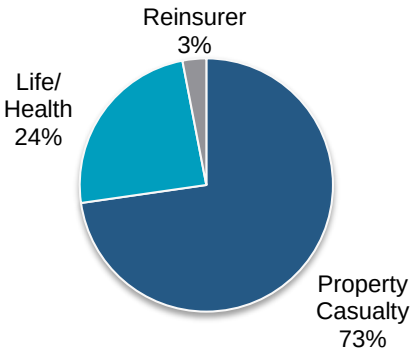
If the industry follows through on its plans, we will see a 1.14% increase in industry employment during the next 12 months, creating new jobs.

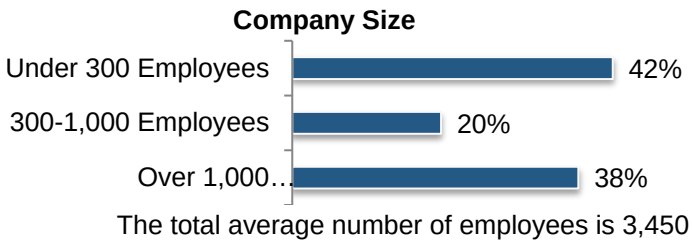
	Projected Growth
Total Benchmark	1.14%
Life & Health	1.98%
Property Casualty (PC)	0.79%
– PC Personal	1.99%
– PC Commercial	1.03%
– PC Balanced	0.48%

Survey Results

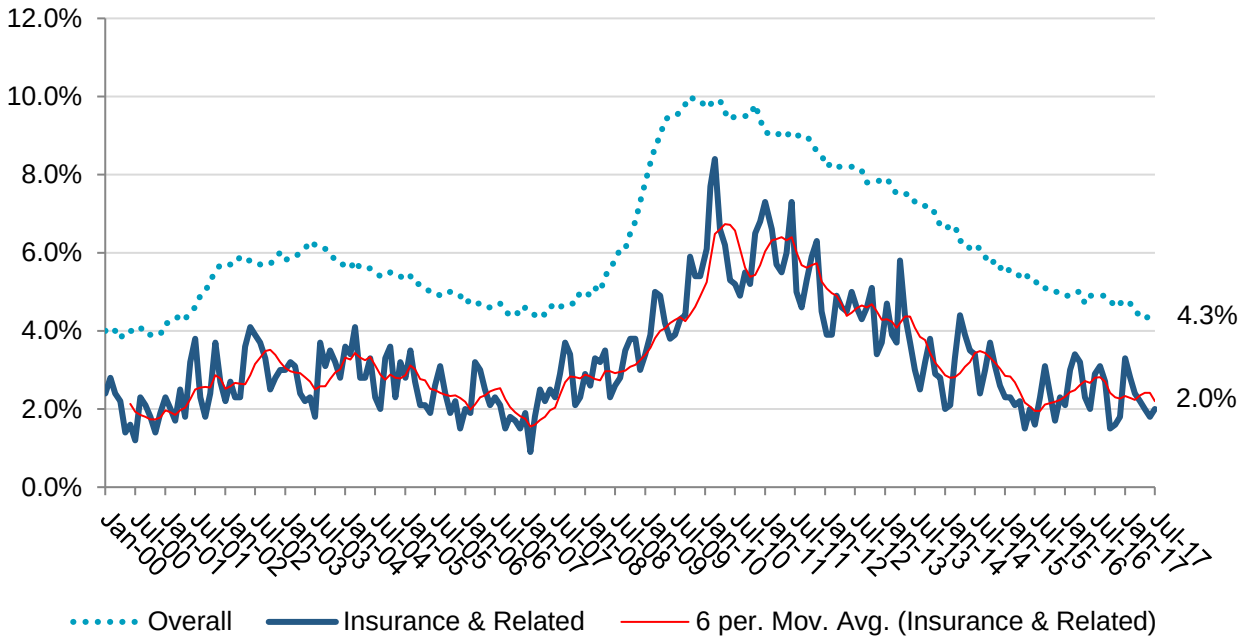
Participant Profile







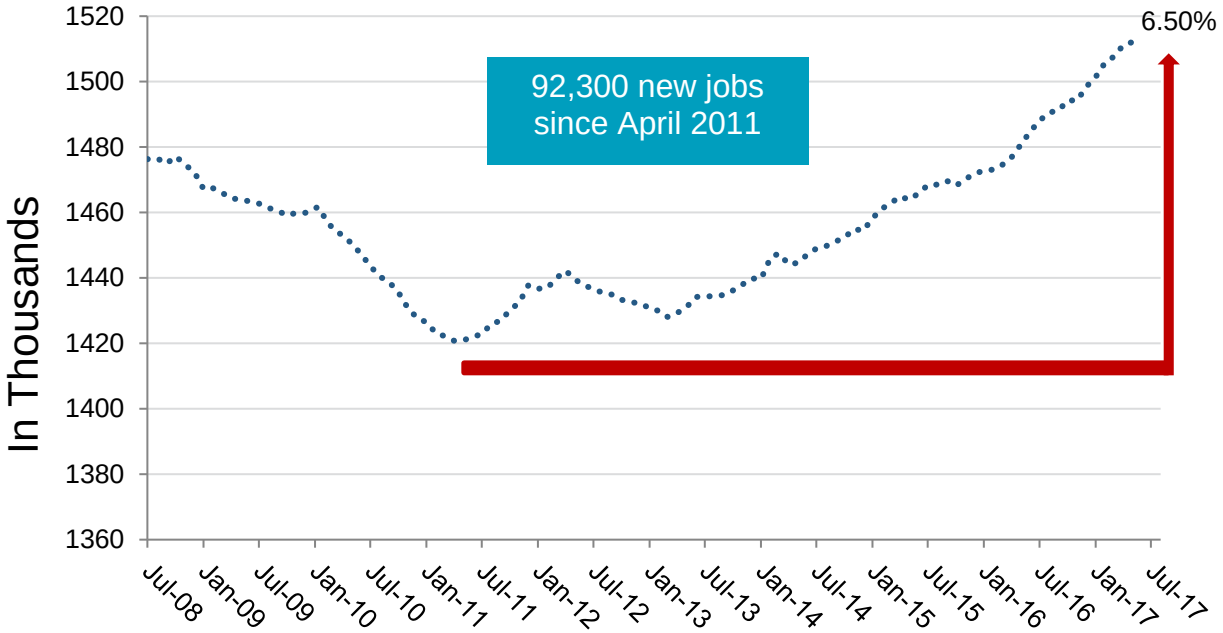
Unemployment Rates



**Percentage indicated 6-month trailing average*

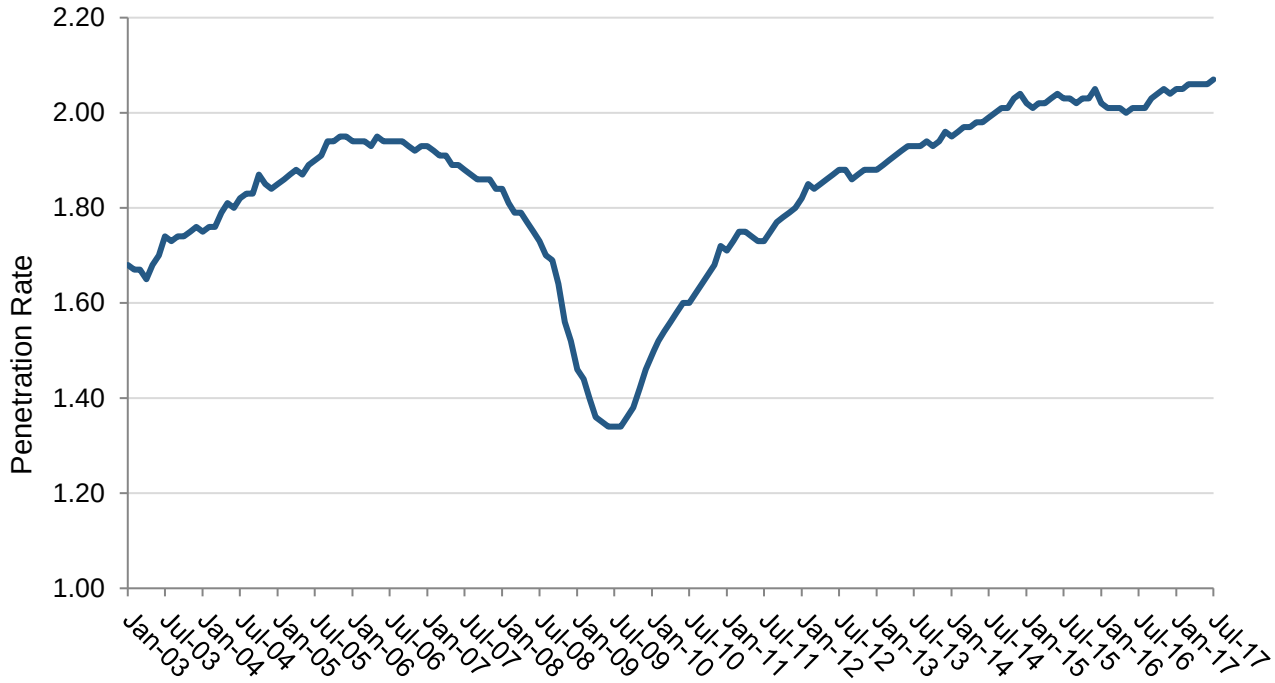
Source: U.S. Bureau of Labor Statistics

Insurance Carrier Employment



Source: U.S. Bureau of Labor Statistics

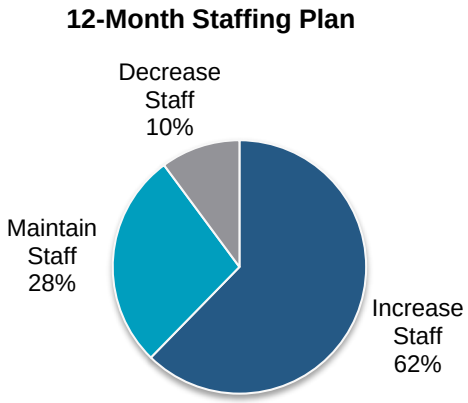
Temporary Employment

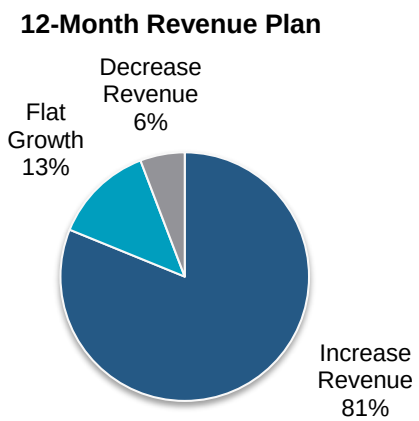


Temporary employment is up by 57,200 jobs since January. The temporary penetration rate is now 2.07%

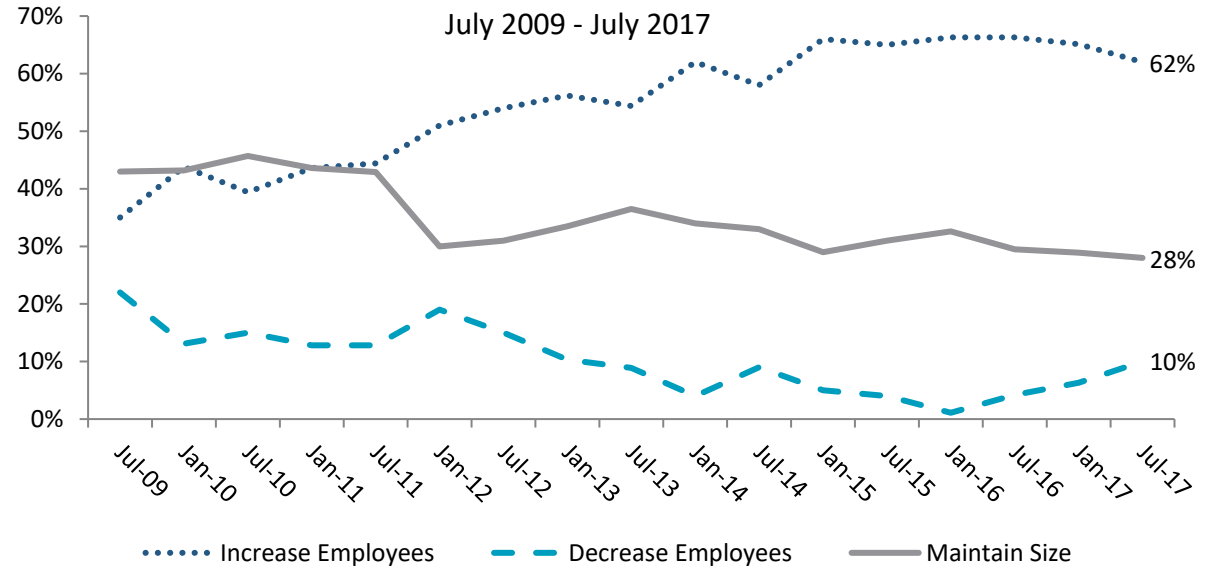
Source: U.S. Bureau of Labor Statistics

Revenue and Staffing Expectations

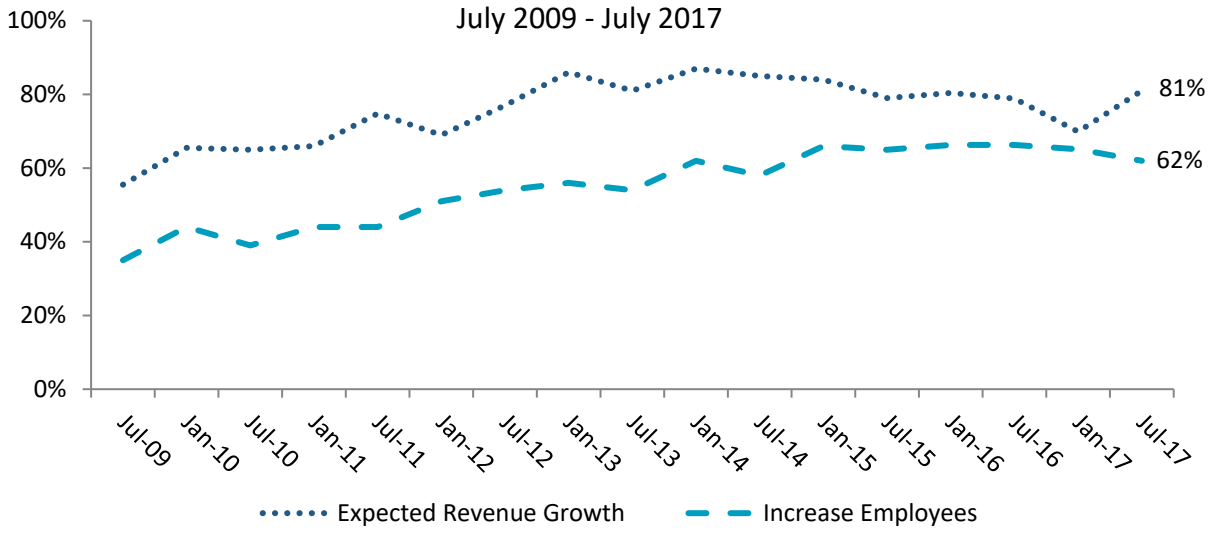




12-Month Staffing Plans



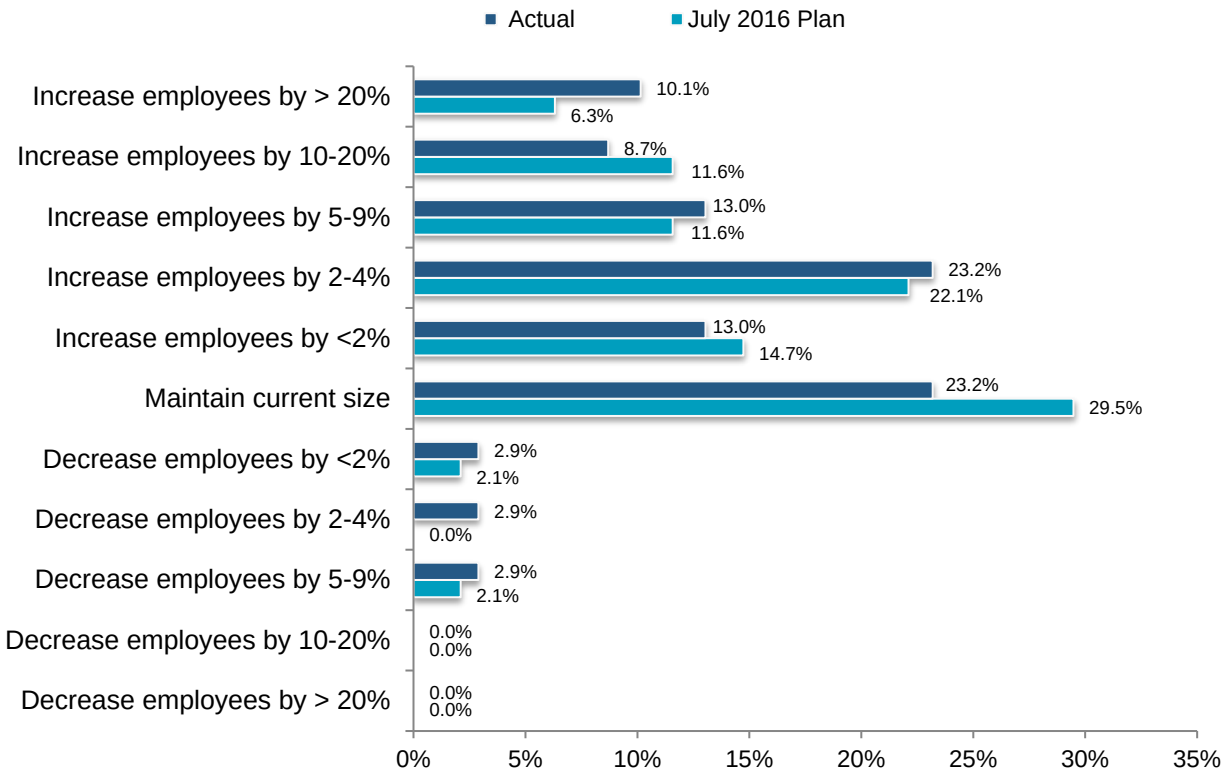
12-Month Staffing Plans Increase vs. Expected Revenue Growth



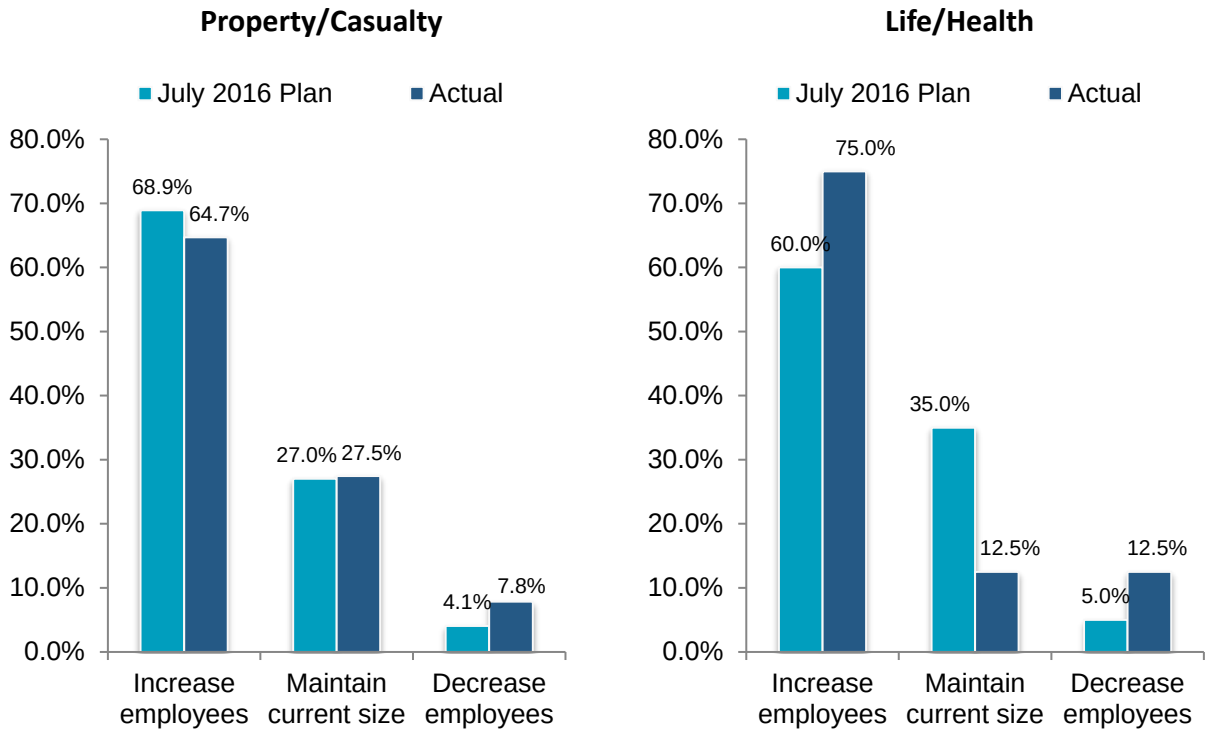
- 81% of companies expect an increase in revenue growth, up 11 points from the January survey
- Commercial lines P&C companies do not expect a decrease in revenue
- 13% of companies expect flat revenue growth, down from 28% in January
- Both P&C and Life/Health companies responded that the primary driver for expected revenue changes will be market share, 67% and 64% respectively

- 29% of life companies expect economic expansion/ contraction to drive revenue changes

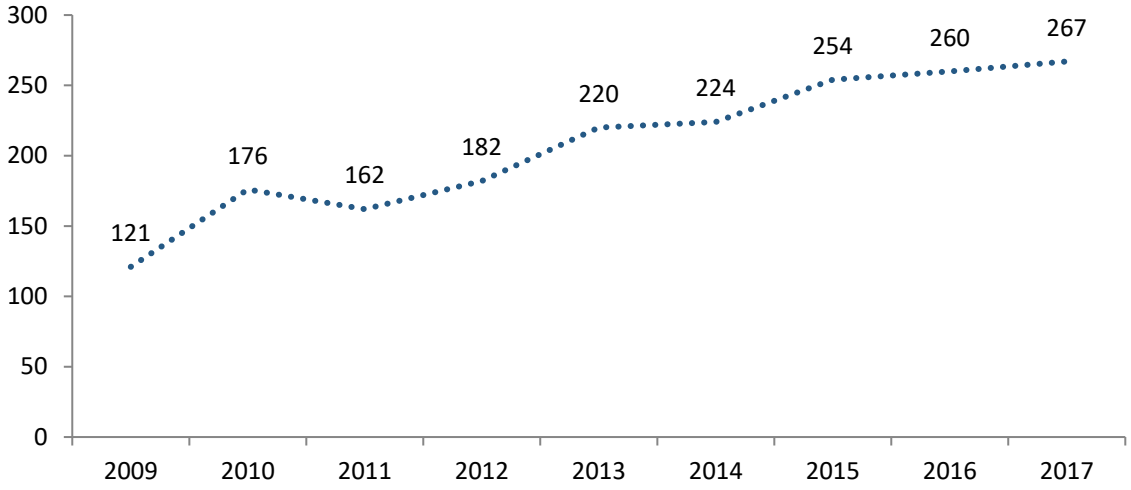
12-Month Staffing Plans vs. Actual



12-Month Staffing Plans vs. Actual – By Industry

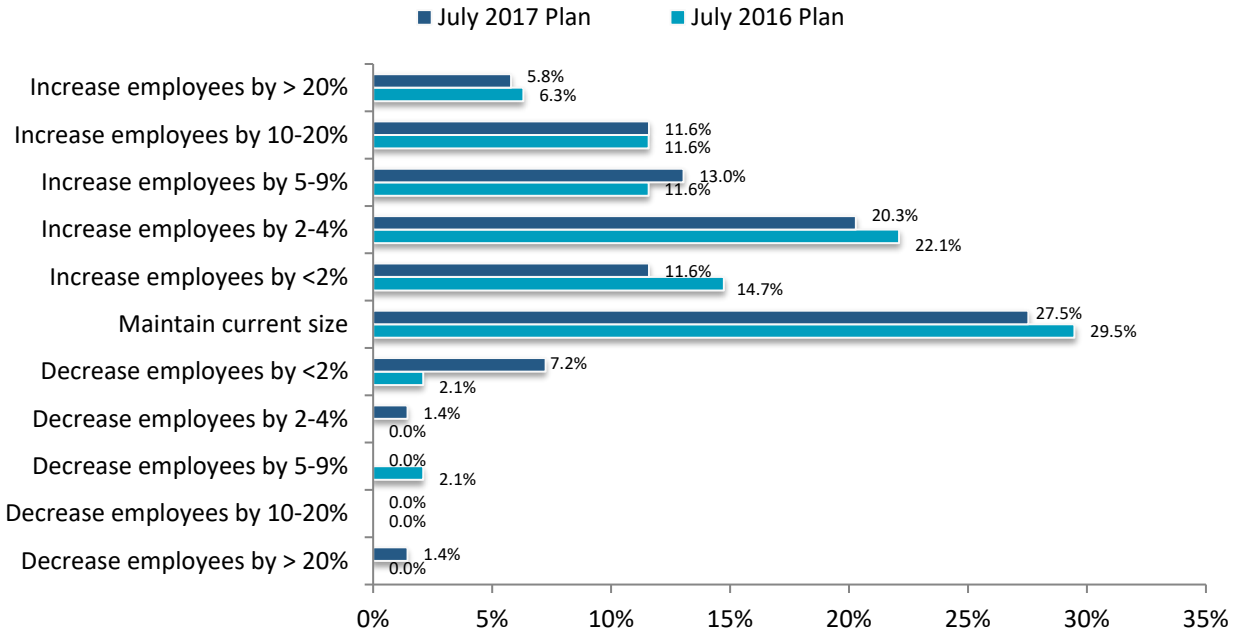


Job Openings in Finance and Insurance



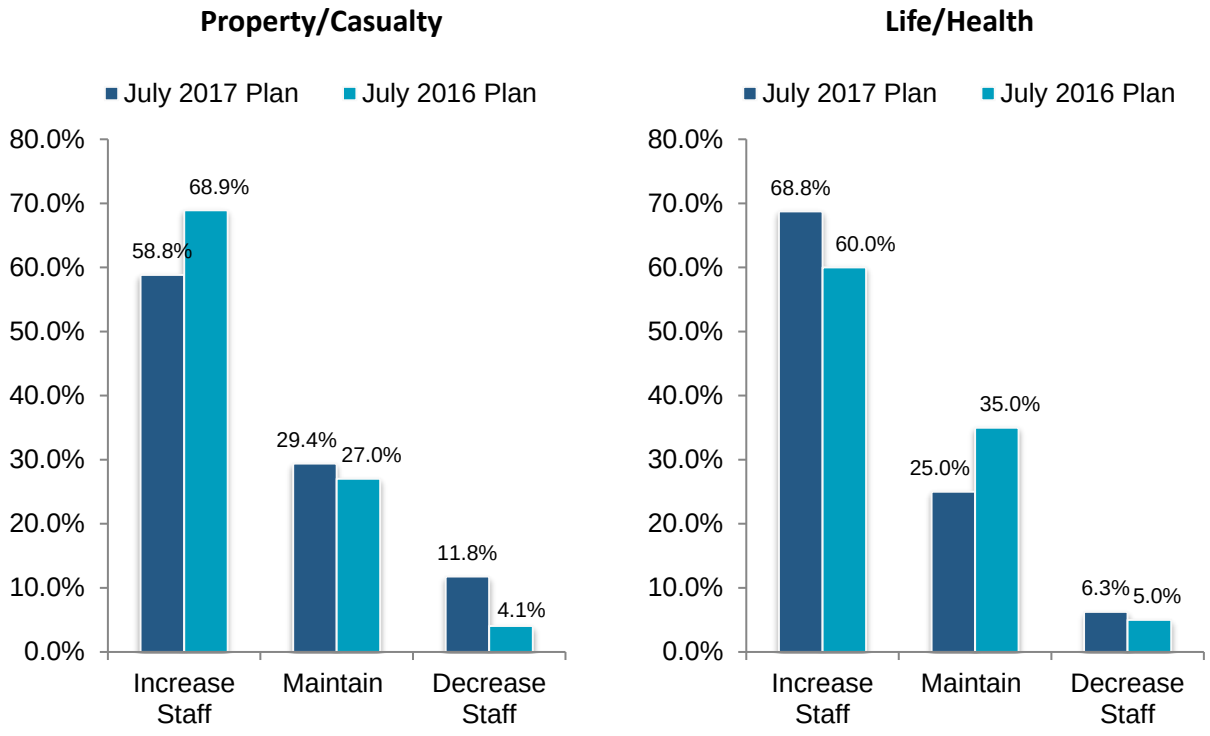
Source: U.S. Bureau of Labor Statistics

12-Month Staffing Plans

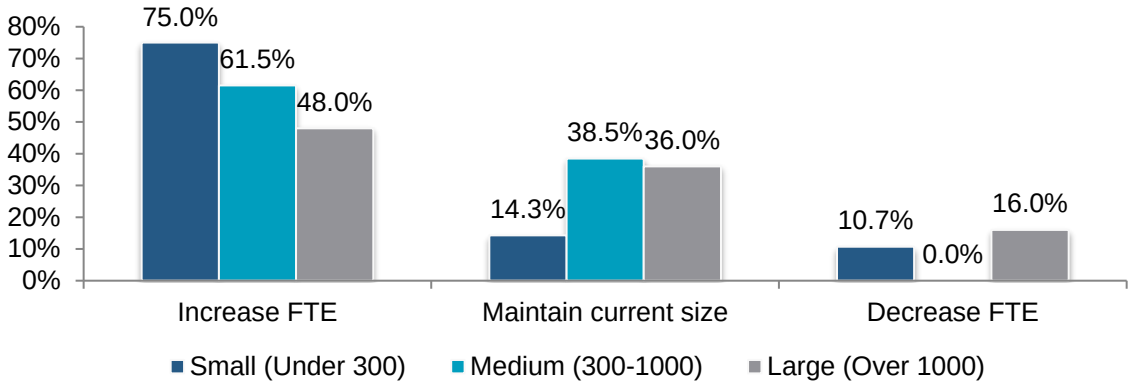


- 73% of personal lines P&C companies are expecting to increase staff during the next 12 months. This is 6 and 30 points higher than commercial and balanced lines P&C companies, respectively
- Of the companies who plan to add staff during the next 12 months, 93% expect an increase in revenue with 73% responding that it will be due to a change in market share
- 68% 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 2016 by Industry

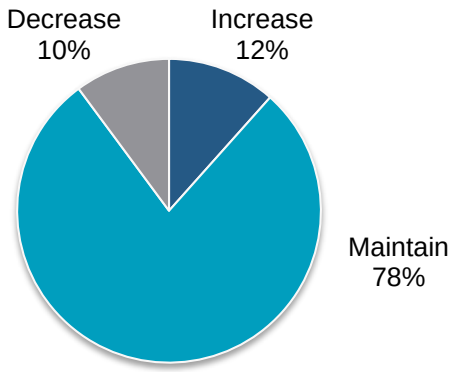


12-Month Staffing Plans - By Employee Size

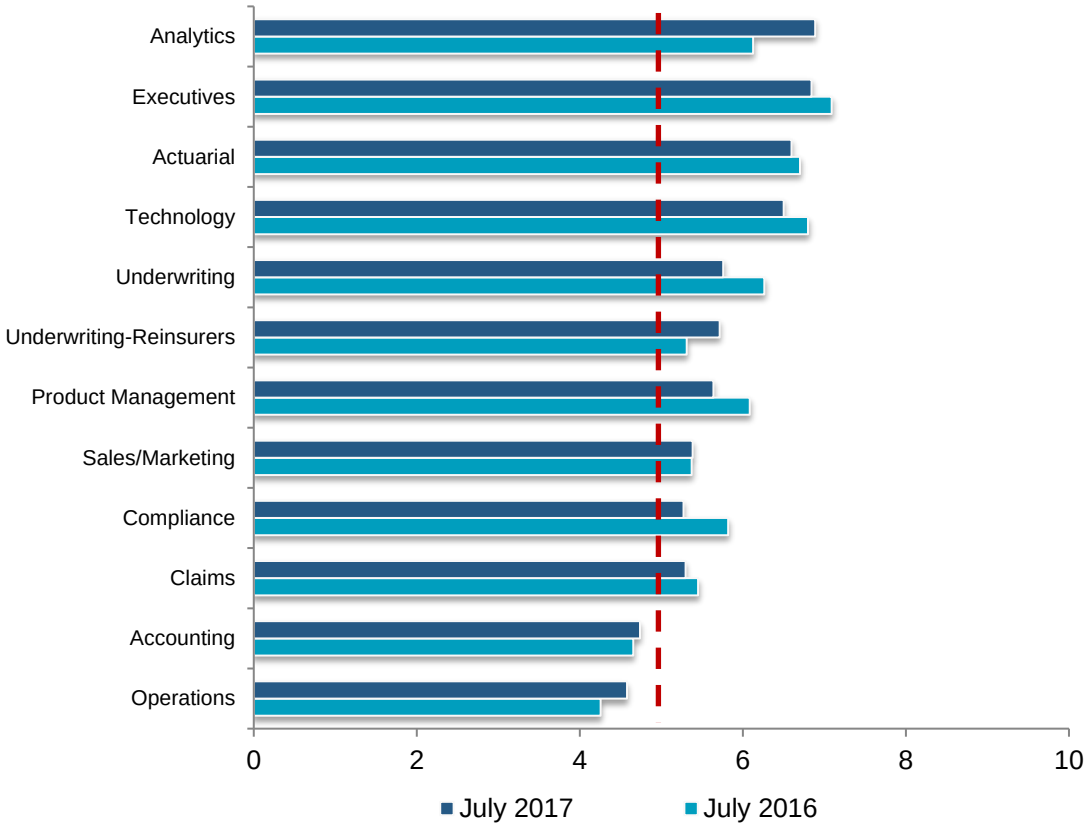


- 39% of small companies are expecting growth in revenue/premium greater than 10%. This compares to 31% for medium-sized companies and 12% for large companies
- 79% of small companies responded that revenue growth will be driven by market share compared to 39% of medium-sized and 75% of large companies
- 85% of medium size companies expect revenue growth in the next 12 months with 46% responding that it will be due to a change in economic expansion/contraction
- In January, 77% of small companies were expecting to increase staff while 65% of medium-sized companies and 52% of large companies were expecting the same

Use of Temporary Employees during Next 12 Months

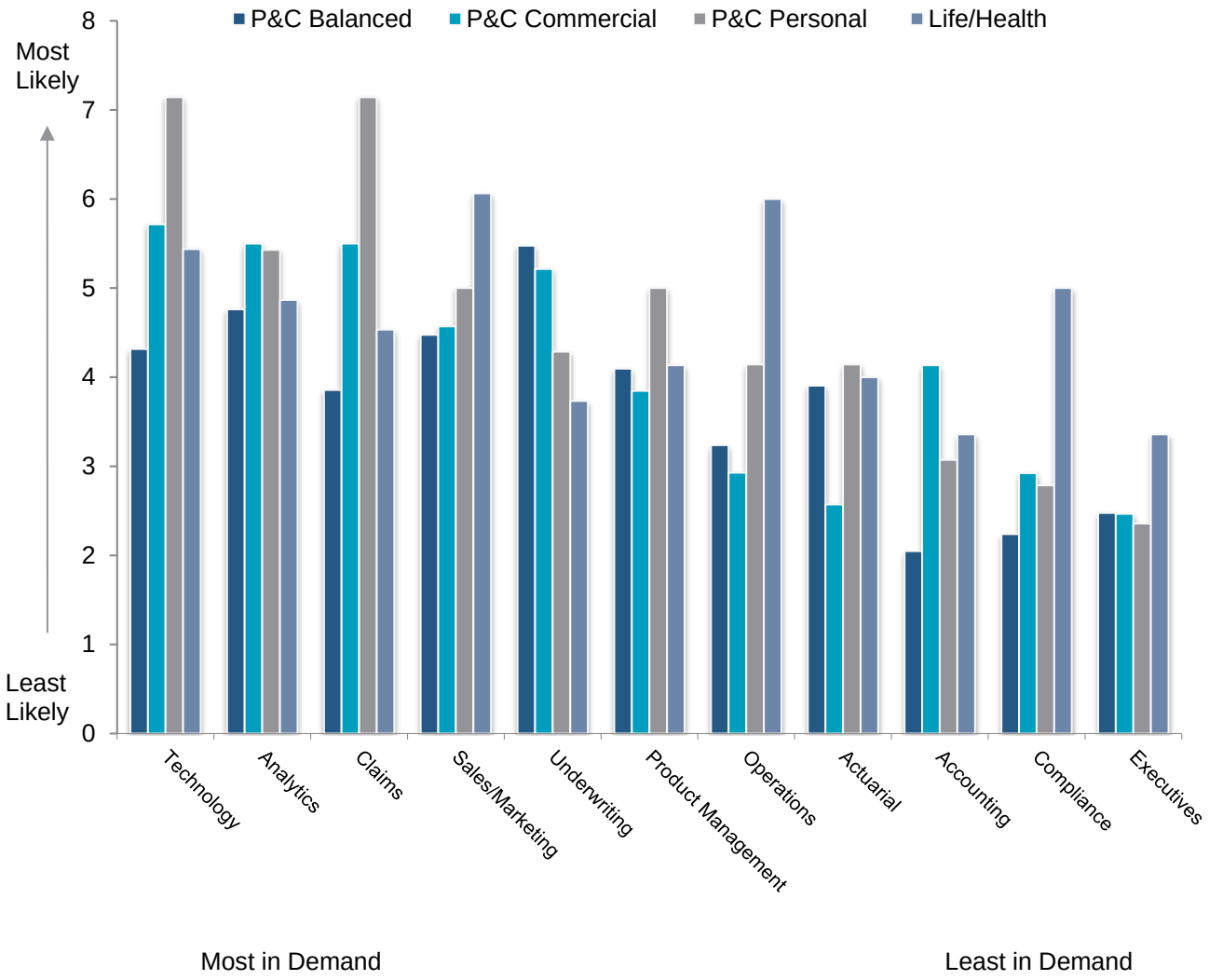


Recruiting Difficulty Continues



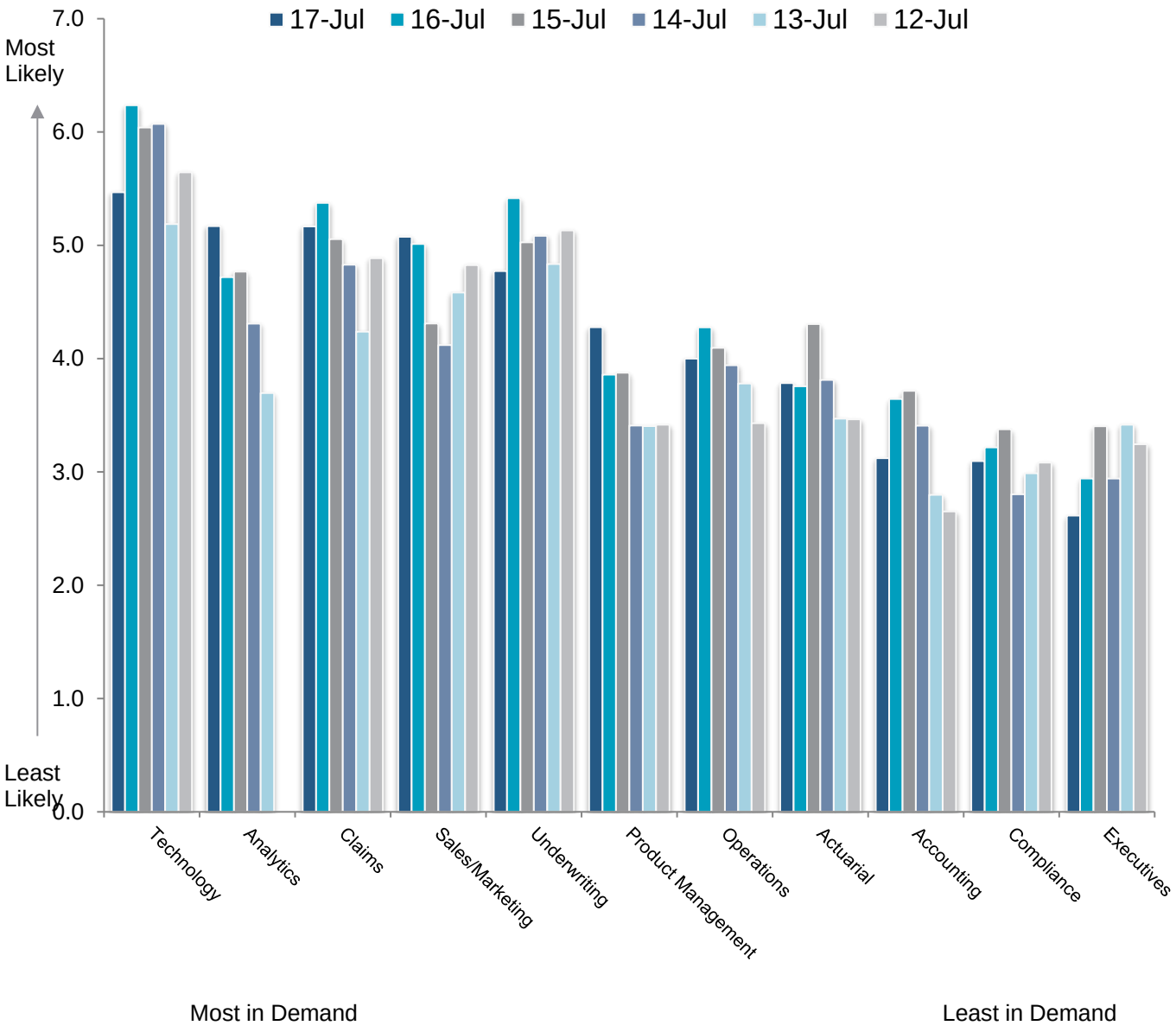
- On a scale of 1 – 10 (10 being most difficult), companies responded that positions are still moderately difficult to fill
- Positions rated 5 or above are considered moderate or difficult to fill
- Product line has a significant impact on the ease of filling positions
- 5 of 12 categories have seen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

Likelihood of Increasing Staff by Function



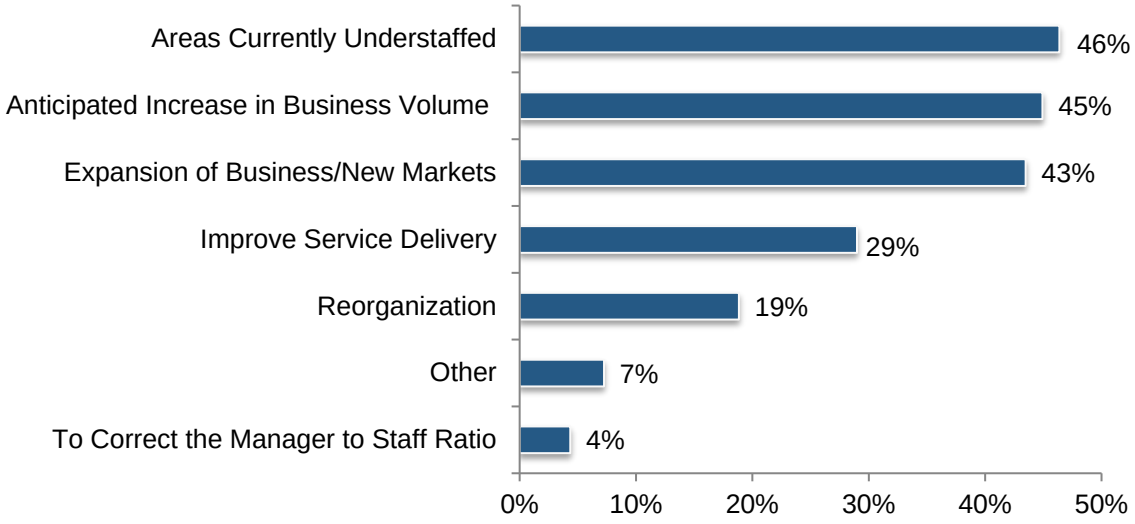
- Analytics is the area most likely to increase staff for large companies followed by Technology and Product Management. Medium-sized companies are looking towards Technology then Claims in the next 12 months. After Claims, small companies greatest need is in Sales/marketing
- Personal lines companies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

Likelihood of Increasing Staff by Function by Survey Period

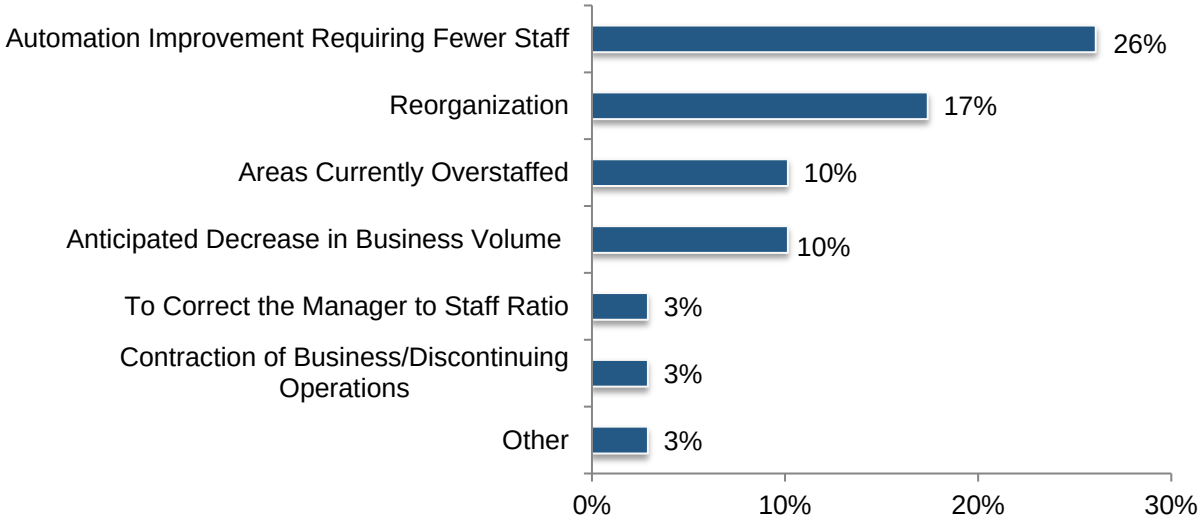


***Analytics included as additional function in July 2013 survey.**

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.

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