

Presenters:



Insurance Industry Labor Market Study

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About Ward

Ward, a business unit of Aon plc, is an advisory consulting and analytical firm specializing in the insurance industry and the leading provider of industry benchmarking and best practices services. We analyze staff levels, compensation, business practices and expenses for all areas of company operations and help insurers measure results, optimize performance and improve profitability.

Our services include:

- Expense, staffing & performance analysis for all functions
- Compensation and pay practices surveys
- Executive compensation consulting
- Sales and distribution effectiveness
- Annual evaluation of the financial performance of industry

For more information about Ward's solutions for insurance companies, please visit ward.aon.com.

About The Jacobson Group

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

- Executive search
- Professional recruiting
- Temporary staffing
- Subject matter experts

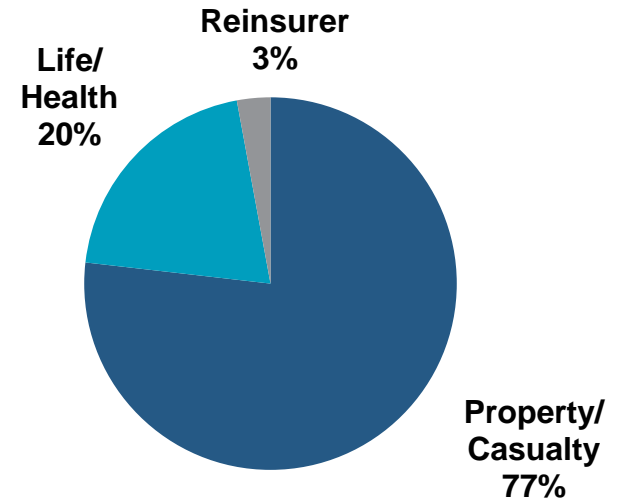
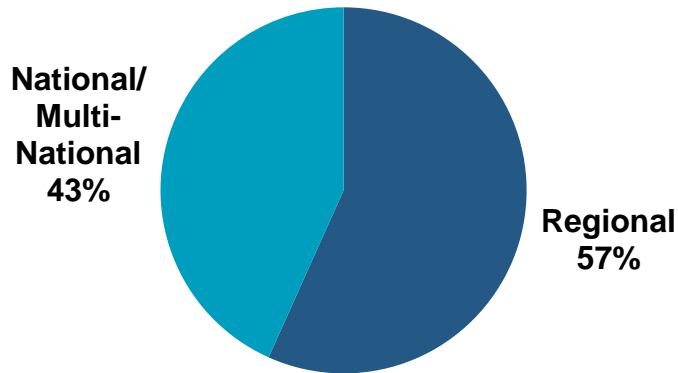
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Study Objectives

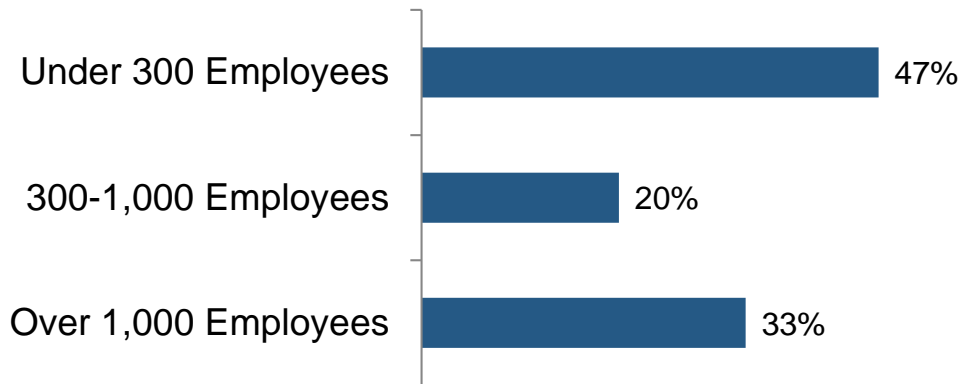
- Analyze current labor trends and future staffing expectations
- Provide an overview of staffing challenges by discipline
- Provide commentary on the industry's labor market

Participant Profile

Business Profile



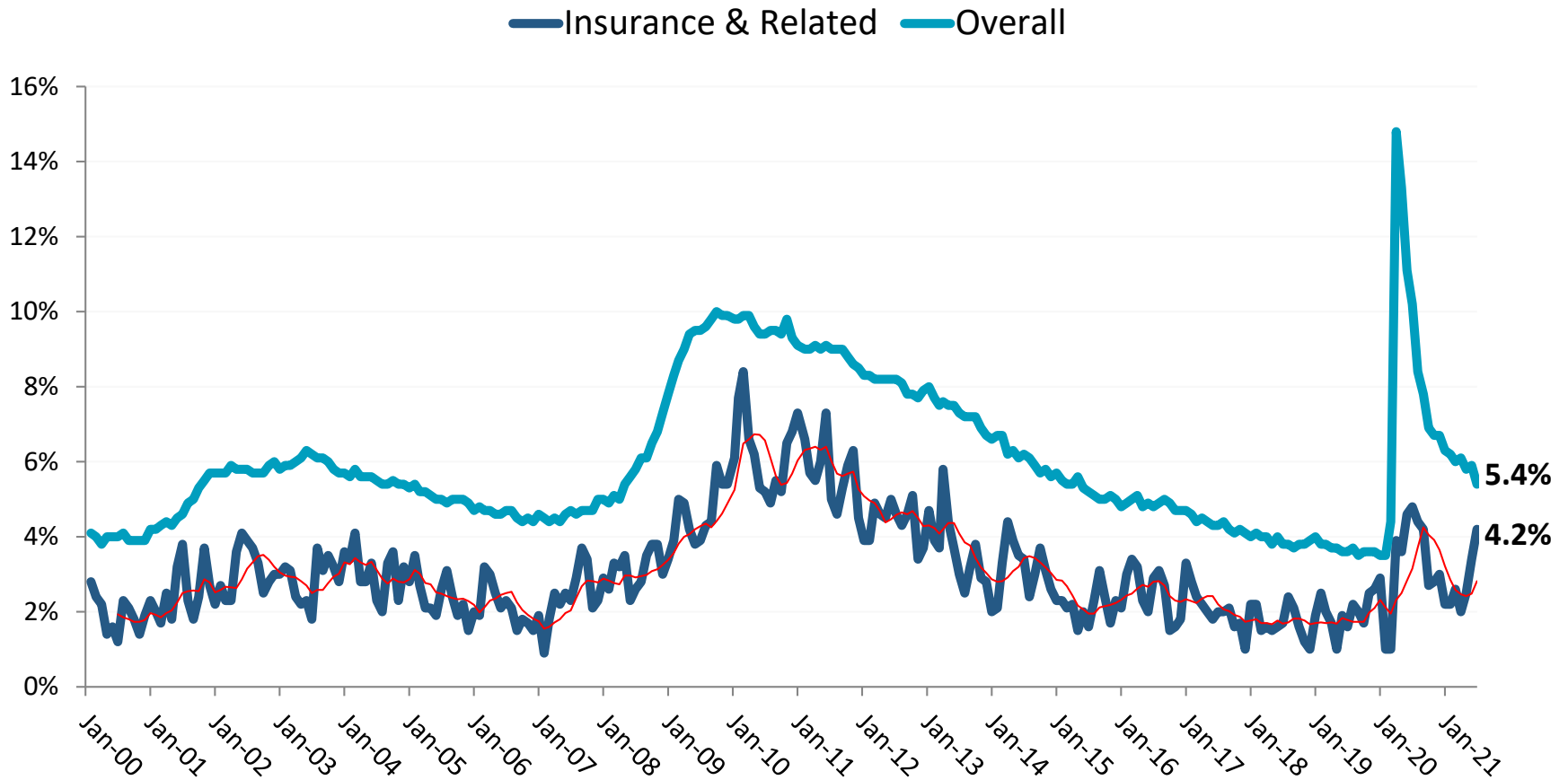
Company Size



The total average number of employees is 1,640

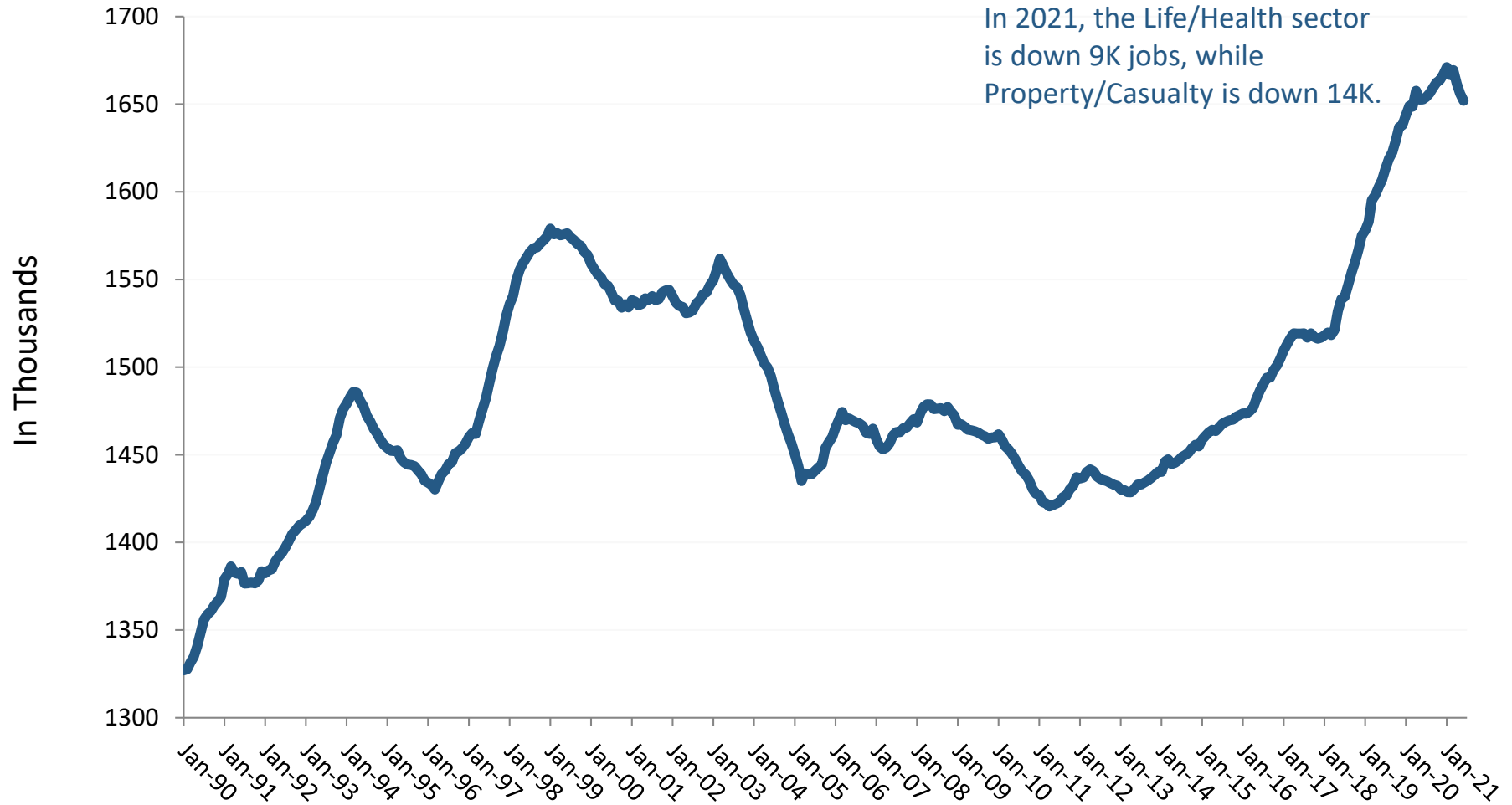
*Percentages in chart rounded to nearest whole number

Unemployment Rates



Source: U.S. Bureau of Labor Statistics

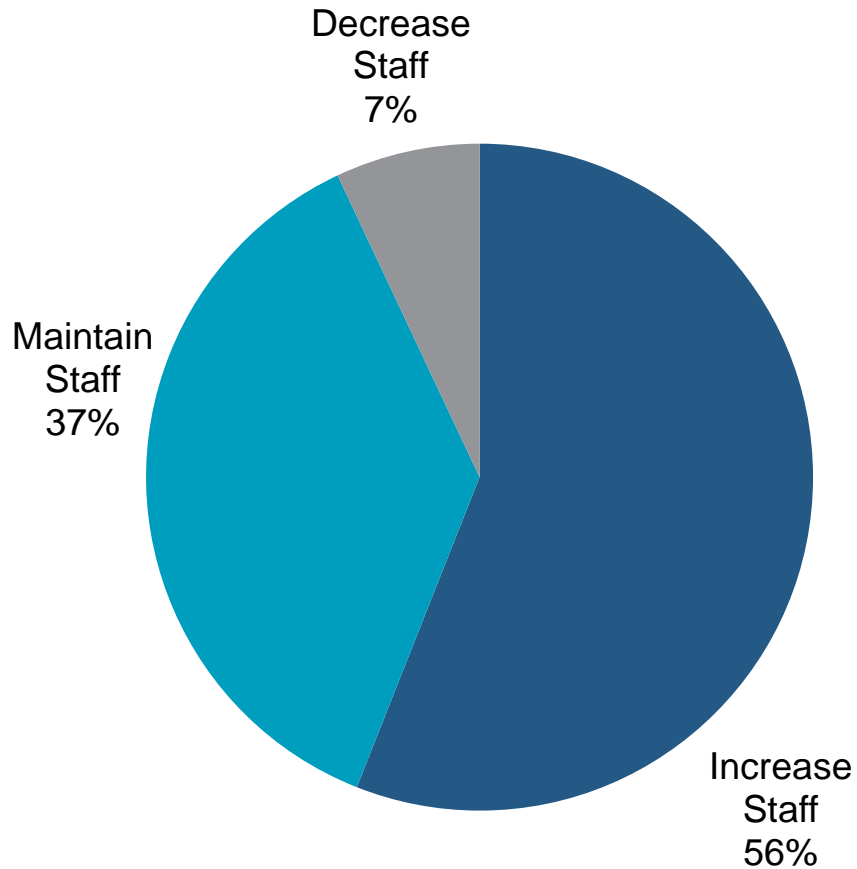
Insurance Carrier Employment



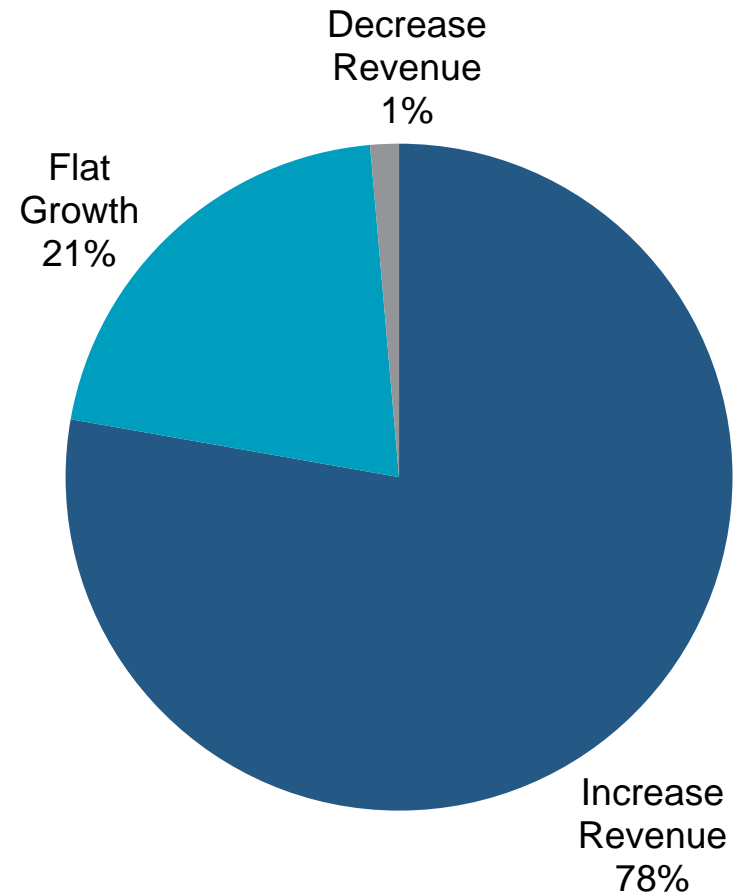
Source: U.S. Bureau of Labor Statistics

Revenue and Staffing Expectations

12-Month Staffing Plan



12-Month Revenue Plan

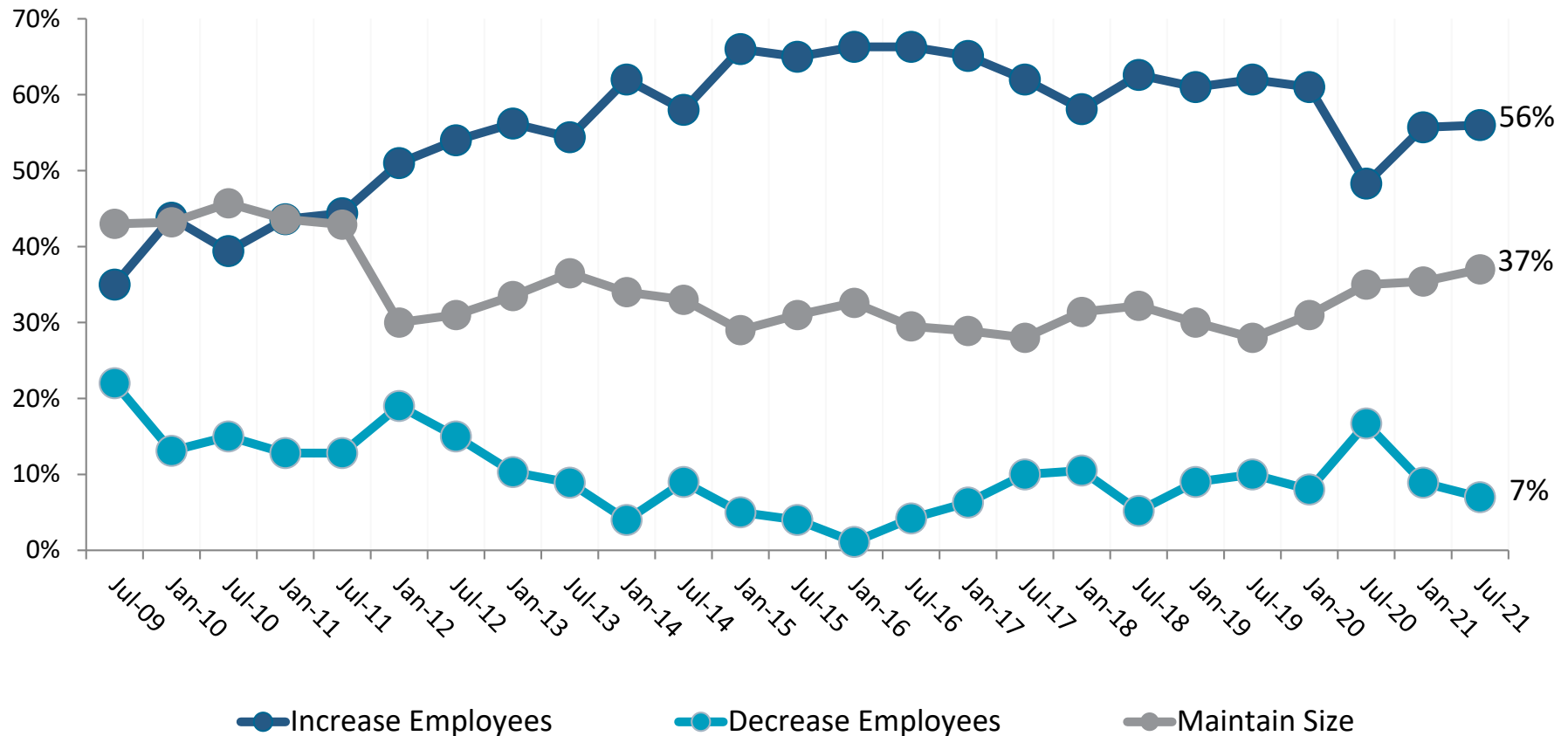


*Percentages in chart rounded to nearest whole number

12-Month Staffing Plans

July 2009 – July 2021

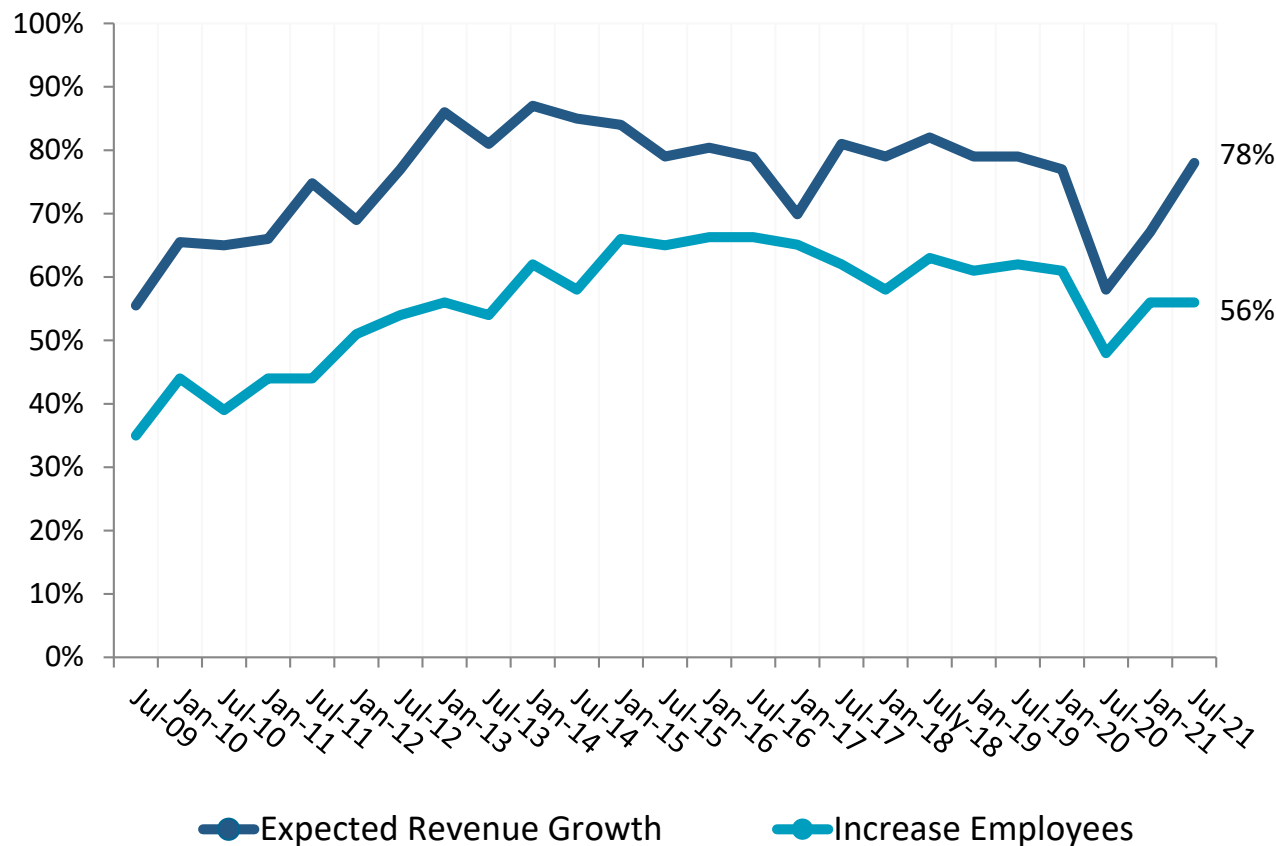
Prior Survey Results



*Percentages in chart rounded to nearest whole number

12-Month Staffing Plans Increase vs. Expected Revenue Growth

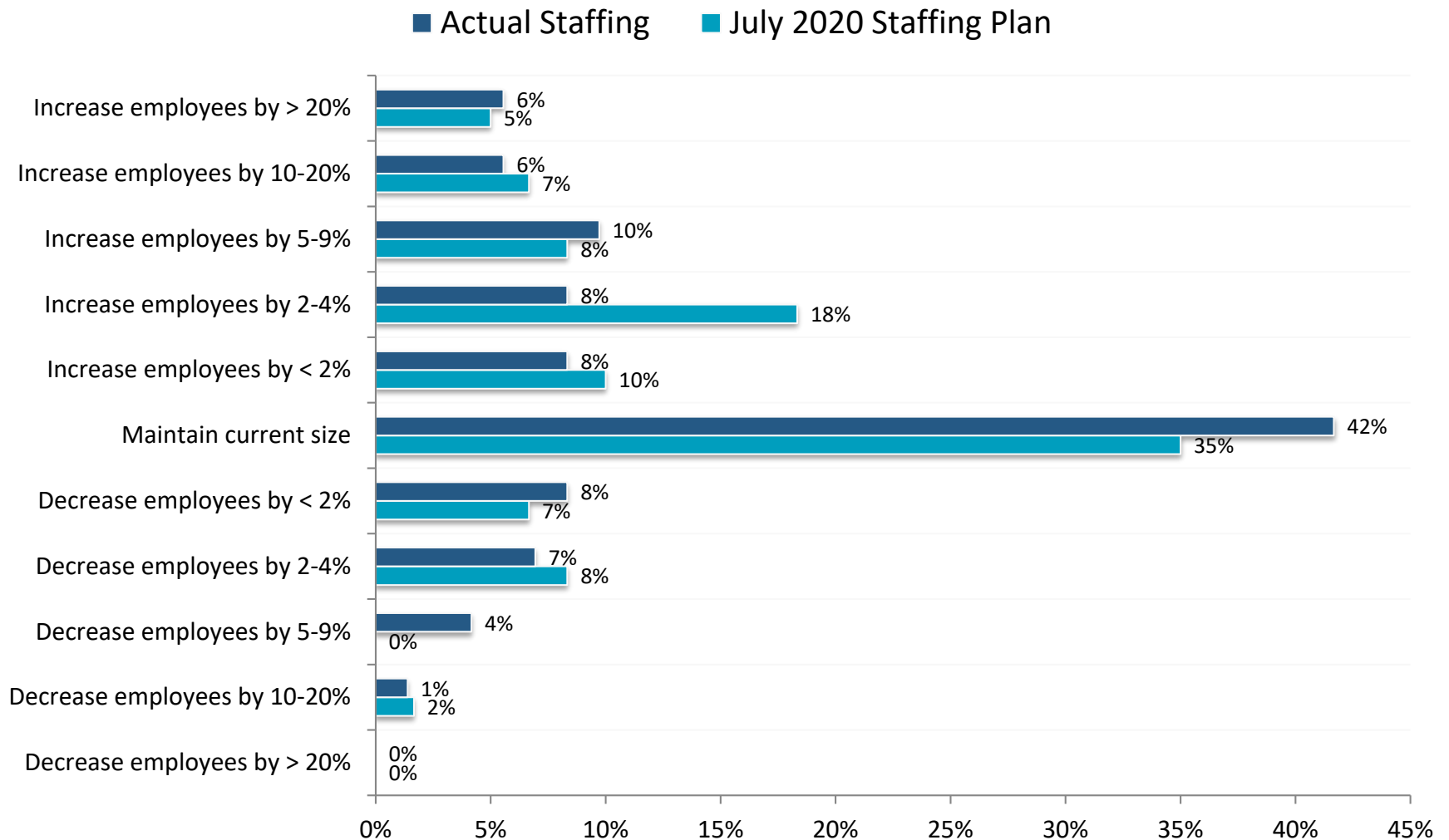
July 2009 – July 2021



- 78% of companies expect an increase in revenue growth, up 11 points from the January survey and 20 points higher than the July 2020 outlook
- In January, 9% of companies were expecting a decrease in staff. July 2021 expectations reduced to 7% driven by the P&C segment
- 1% of companies expect a decrease in revenue growth. This is down 2 points from the January survey and 11 points from July 2020. No P&C company expects a decrease in revenue during the next 12 months
- P&C and Life/Health companies responded that the primary driver for expected revenue changes will be market share at 58% and 50%, respectively

*Percentages in chart rounded to nearest whole number

Prior Year 12-Month Plan vs. Actual Staffing

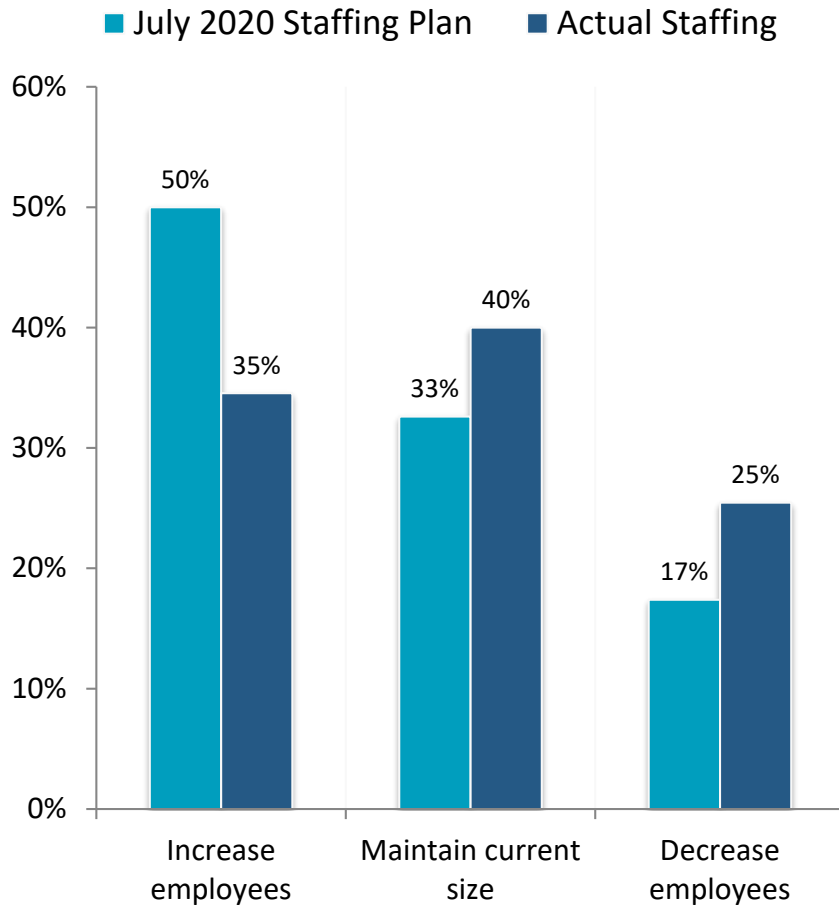


38% of companies added staff since July 2020, while 20% reduced staff

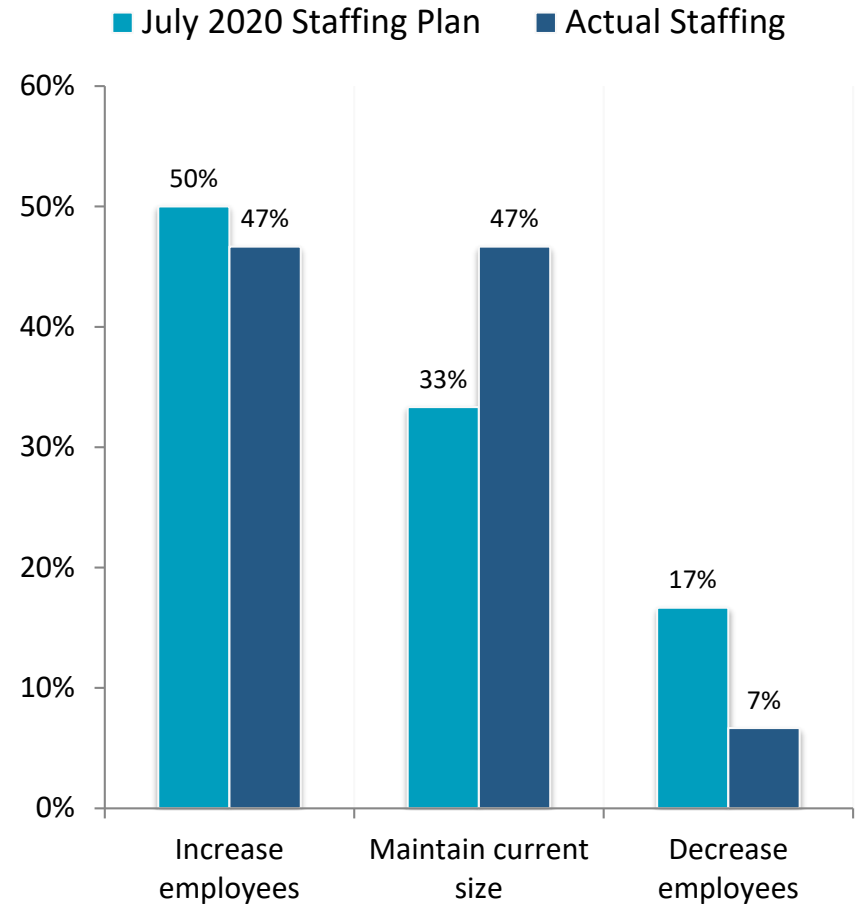
*Percentages in chart rounded to nearest whole number

Prior Year 12-Month Plan vs. Actual Staffing - By Industry

Property/Casualty

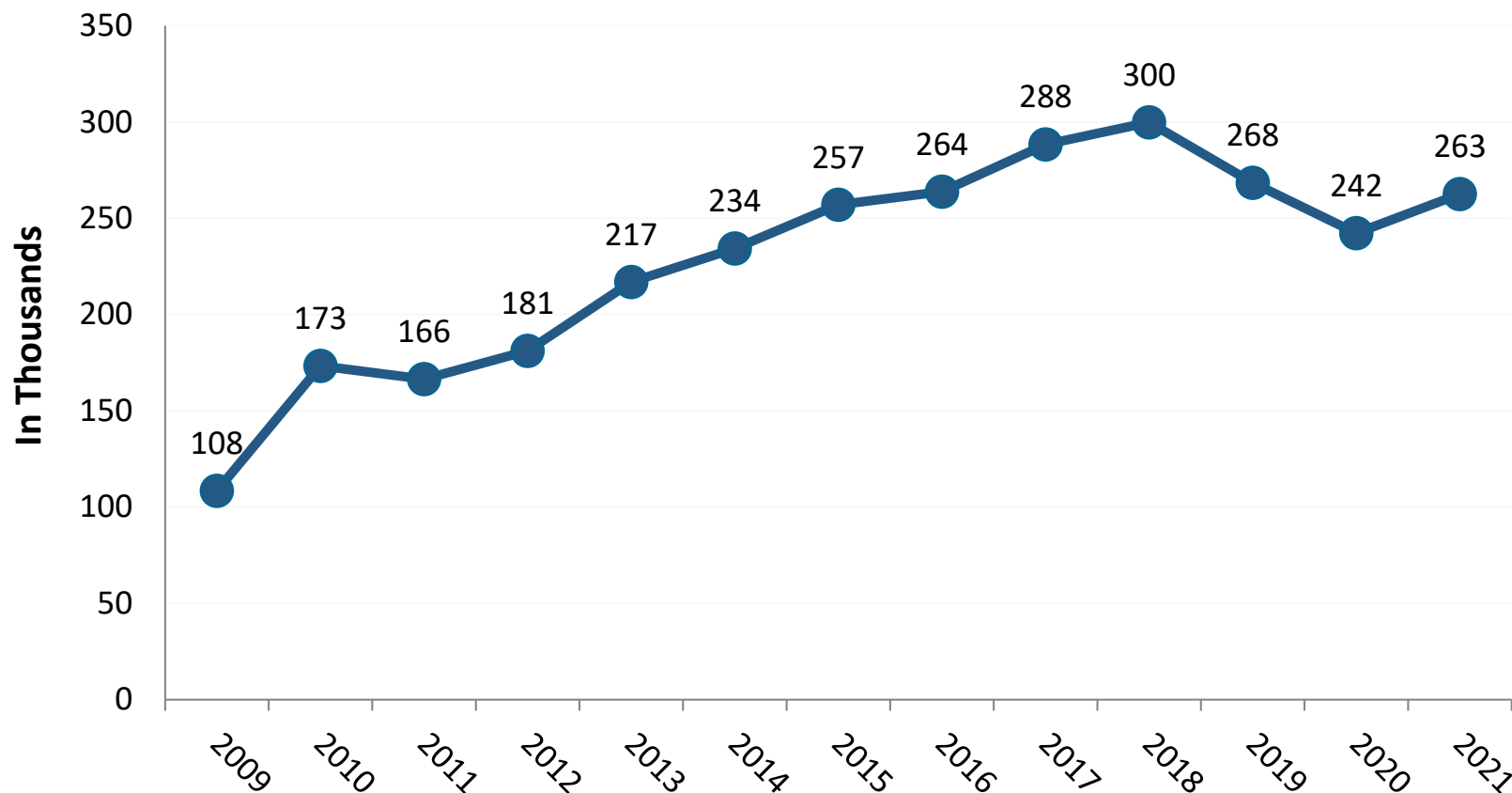


Life/Health



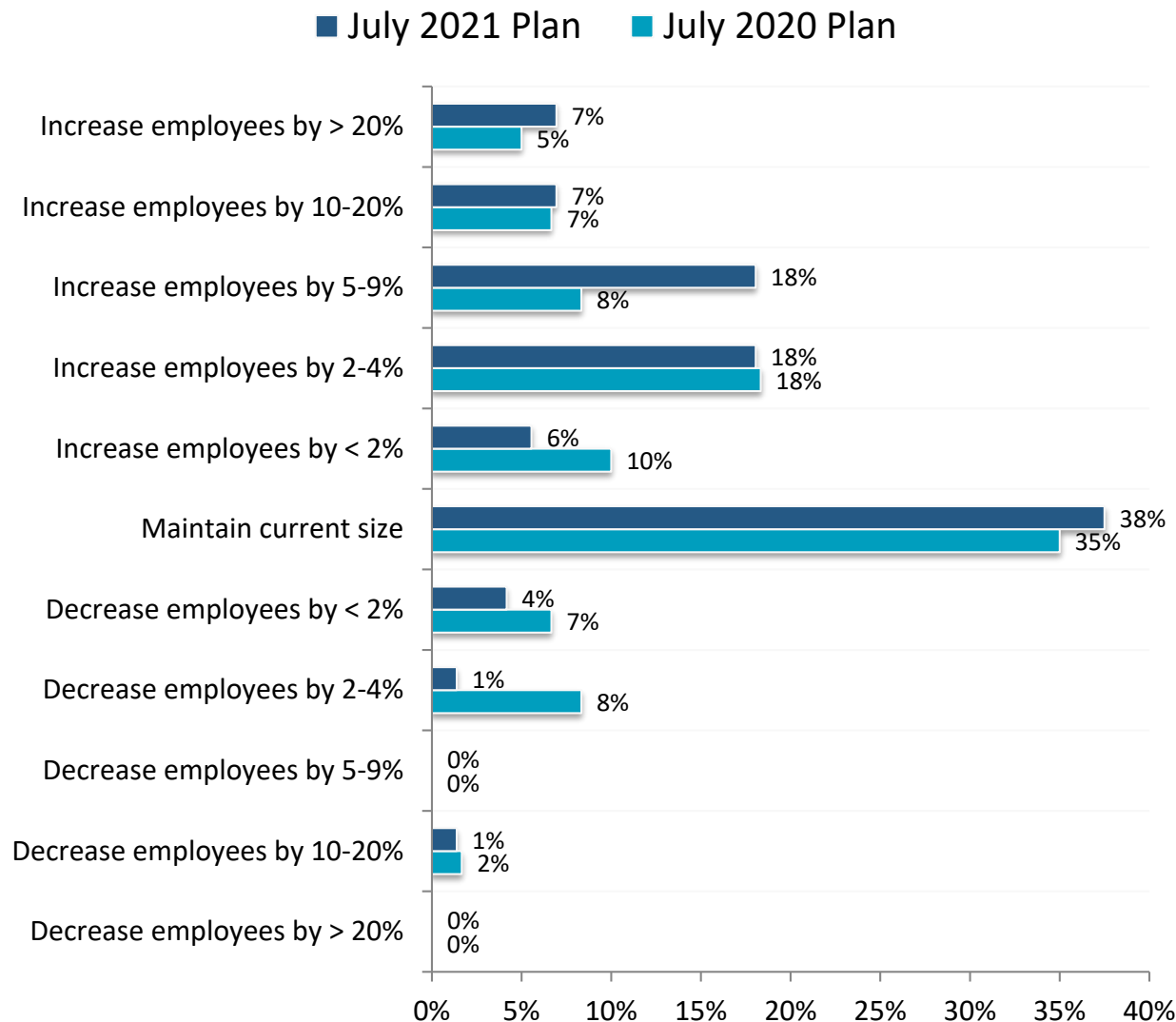
*Percentages in chart rounded to nearest whole number

Job Openings in Finance and Insurance



Source: U.S. Bureau of Labor Statistics

12-Month Staffing Plans



- 54% of Commercial Lines P&C companies are expecting to increase staff during the next 12 months. This is 1 and 14 points higher than Balanced and Personal Lines P&C companies, respectively
- Of the companies who plan to add staff during the next 12 months, 85% expect an increase in revenue with 54% responding that it will be due to a change in market share. Of those planning a decrease in staff, all expect revenue decreases to be driven by a change in market share
- 70% of companies who plan to maintain staff size during the next 12 months are expecting an increase in revenue growth. None of those companies are expecting a decrease

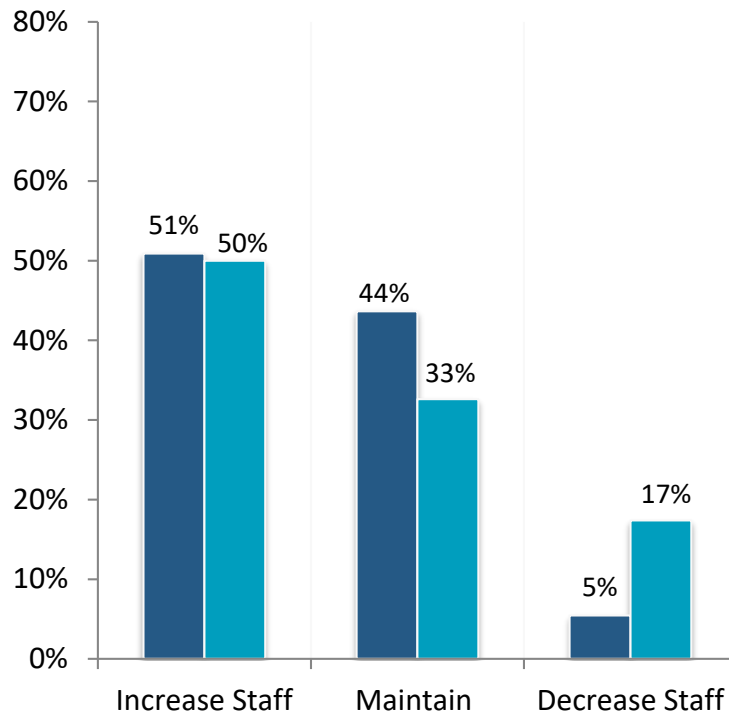
*Percentages in chart rounded to nearest whole number

12-Month Staffing Plans

Comparison to July 2020 by Industry

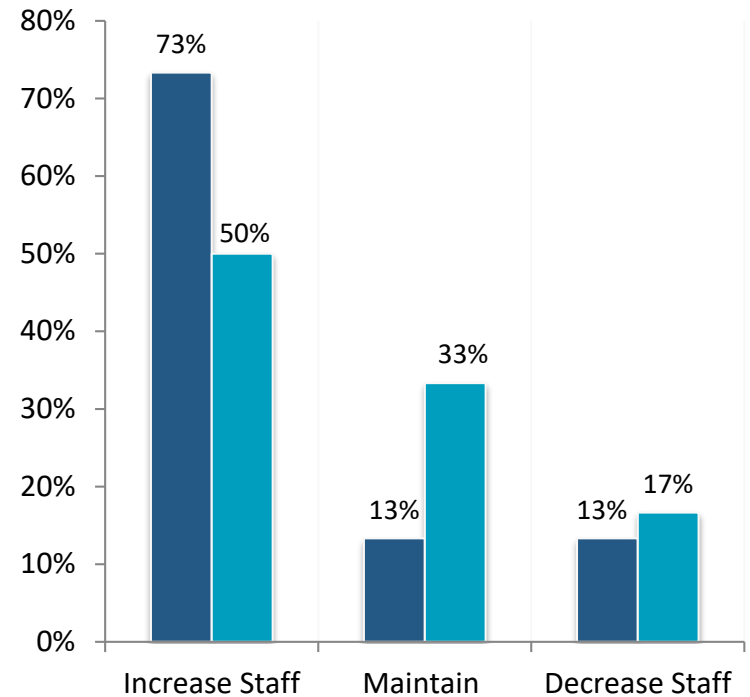
Property/Casualty

■ July 2021 Plan ■ July 2020 Plan



Life/Health

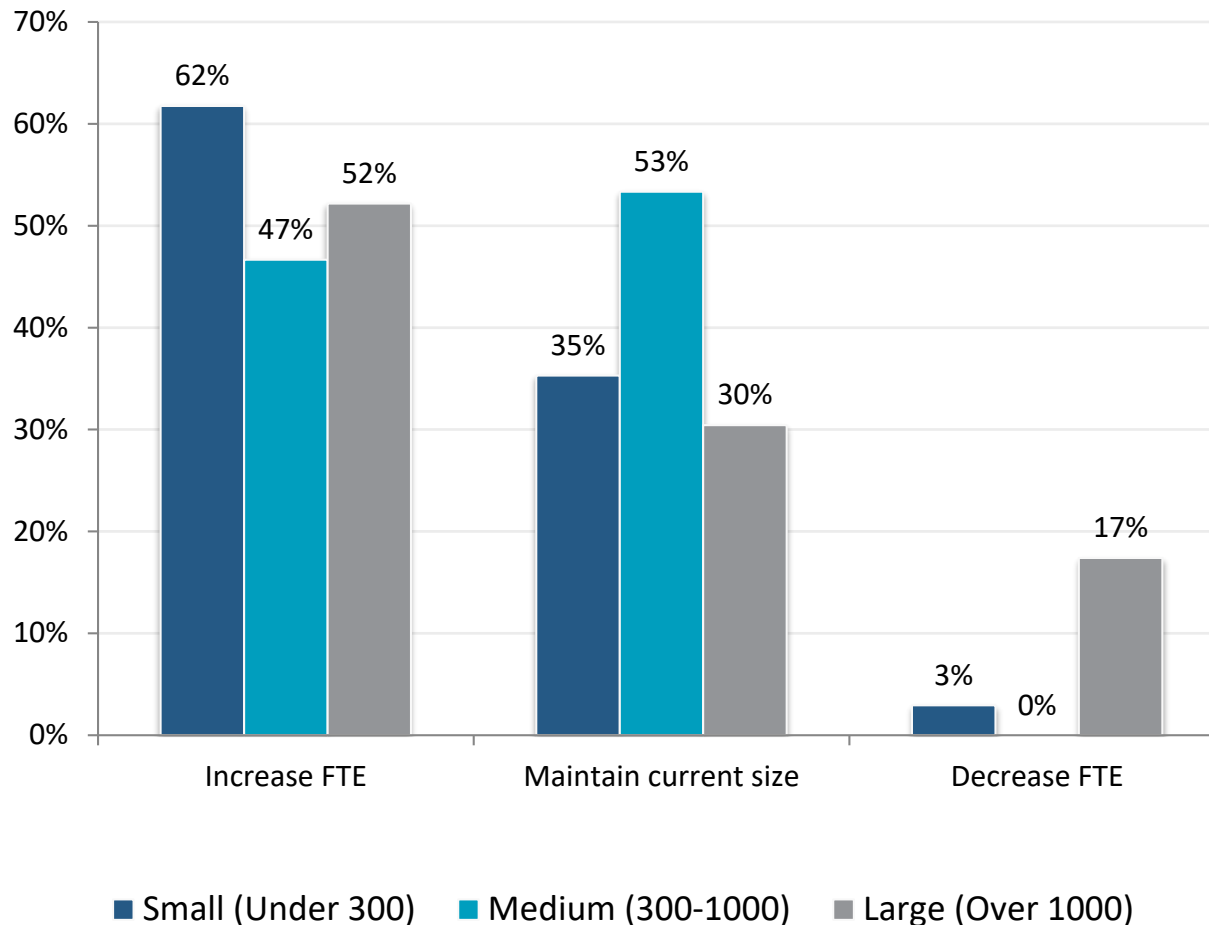
■ July 2021 Plan ■ July 2020 Plan



*Percentages in chart rounded to nearest whole number

12-Month Staffing Plans

By Employee Size

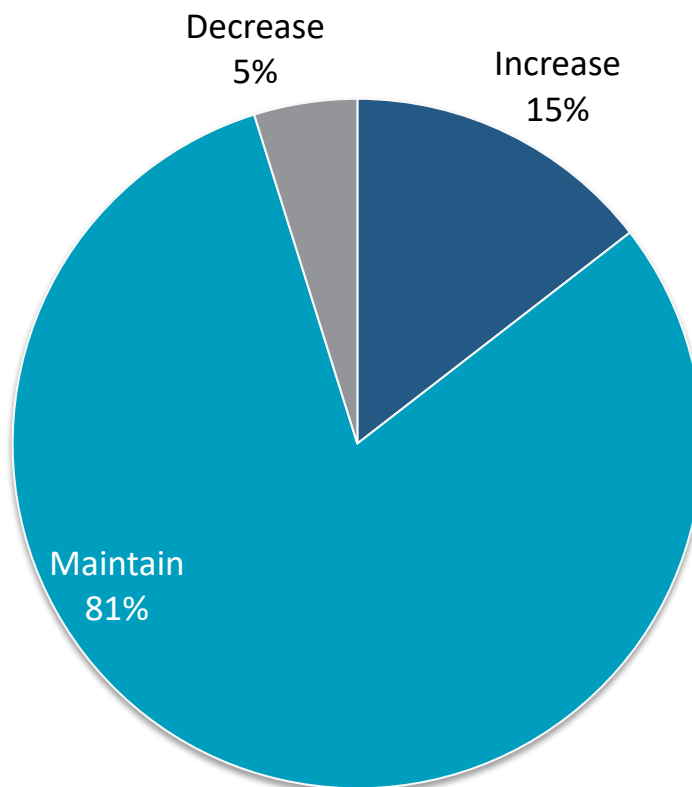


- Since January, overall expectations to add staff remained flat at 56%. Small companies were expecting an increase of 62% compared to 61% in January. Medium-sized companies decreased 12-month expectations from 61% in January to 47% in July while large companies increased from 44% to 52%
- 36% of small companies are expecting growth in revenue/premium greater than 10%. This compares to 33% for medium-sized and 30% for large companies
- Large and small companies expect revenue changes to be driven by market share while medium-sized companies identify economic expansion/contraction

*Percentages in chart rounded to nearest whole number

Temporary Employees

Use of Temporary Employees During Next 12 Months



*Percentages in chart rounded to nearest whole number

Notable Survey Trends

July 2020 to July 2021

- The Total industry grew 0.81% versus an anticipated rate of 0.99%
- The P&C industry grew 0.21% versus an anticipated rate of 1.31%
- The L&H industry grew 2.85% versus an anticipated rate of 0.62%

Note:

Outliers have been excluded from calculations.

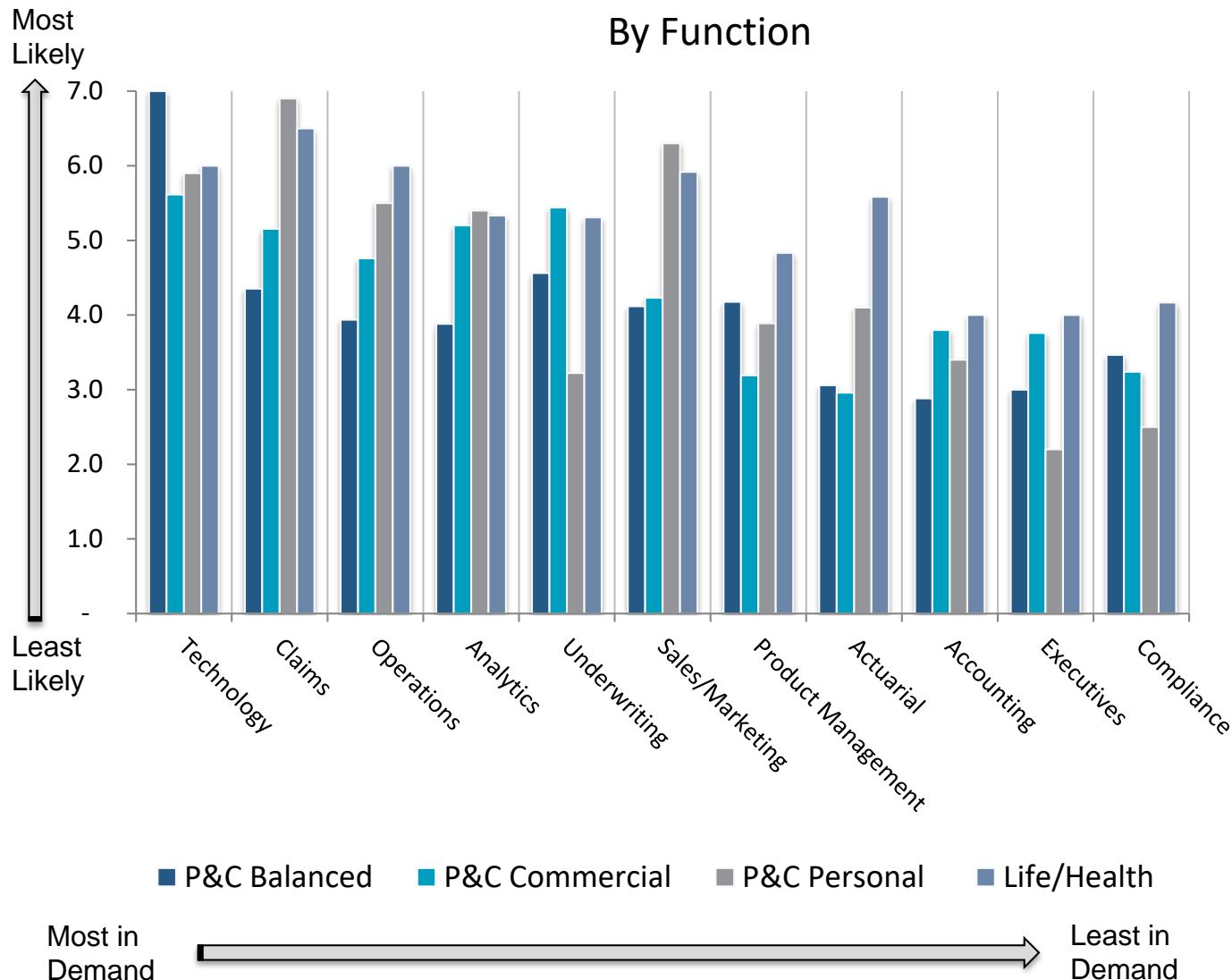
According to the BLS, the decrease in jobs during the past 6 months was mostly led by larger companies.

Recruiting Difficulty Continues



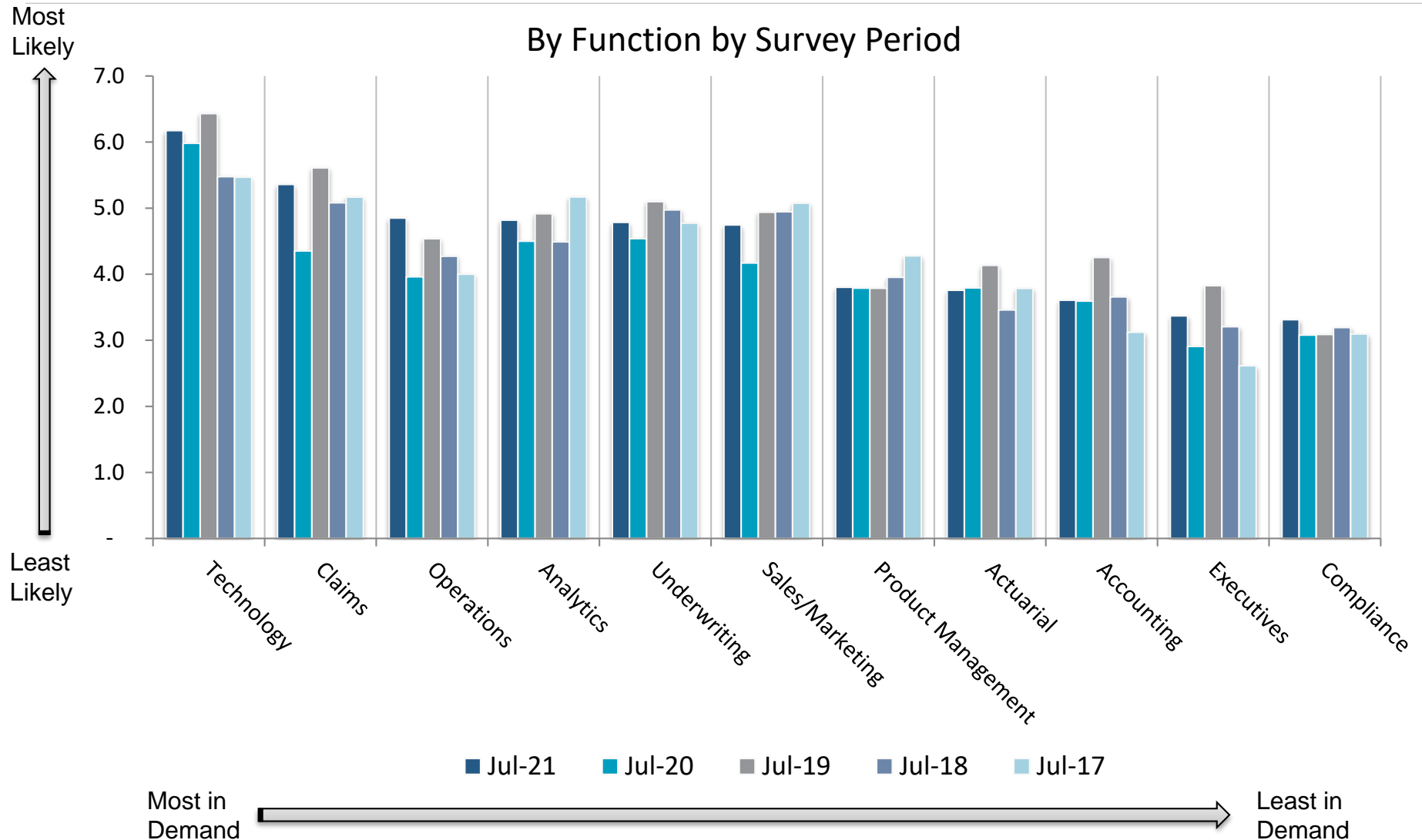
- On a scale of 1 – 10 (10 being most difficult), companies responded that positions are still moderately difficult to fill
- Positions rated 5 or above are considered moderate or difficult to fill
- Product line has a significant impact on the ease of filling positions
- Recruiting difficulty is increasing! This is the first time in the survey's history that all functions were rated at a 5 or above

Likelihood of Increasing Staff



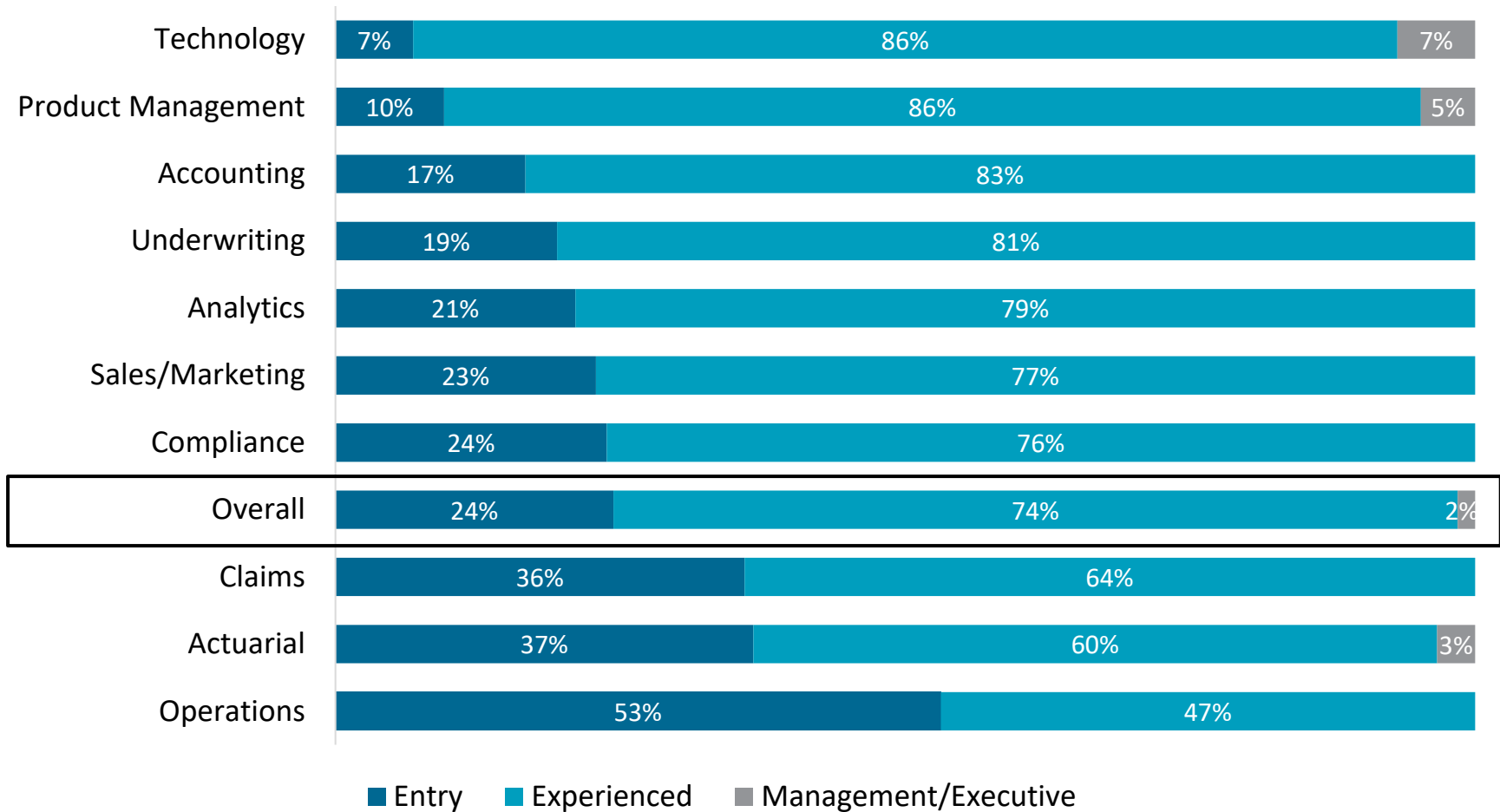
- In total, the industry's greatest need is in Technology staff
- Technology is the area most likely to increase staff for large companies, followed by Sales/Marketing and Underwriting. Medium-sized companies are looking towards Technology then Analytics in the next 12 months. After Technology, small companies have the greatest need in Claims
- Claims, Operations, and Technology are the most likely areas for hiring in the Life/Health segment
- During the past 2 years, operations has shifted from the 6th to the 3rd most likely area of increasing staff

Likelihood of Increasing Staff



Employee Types Most Likely to Be Added

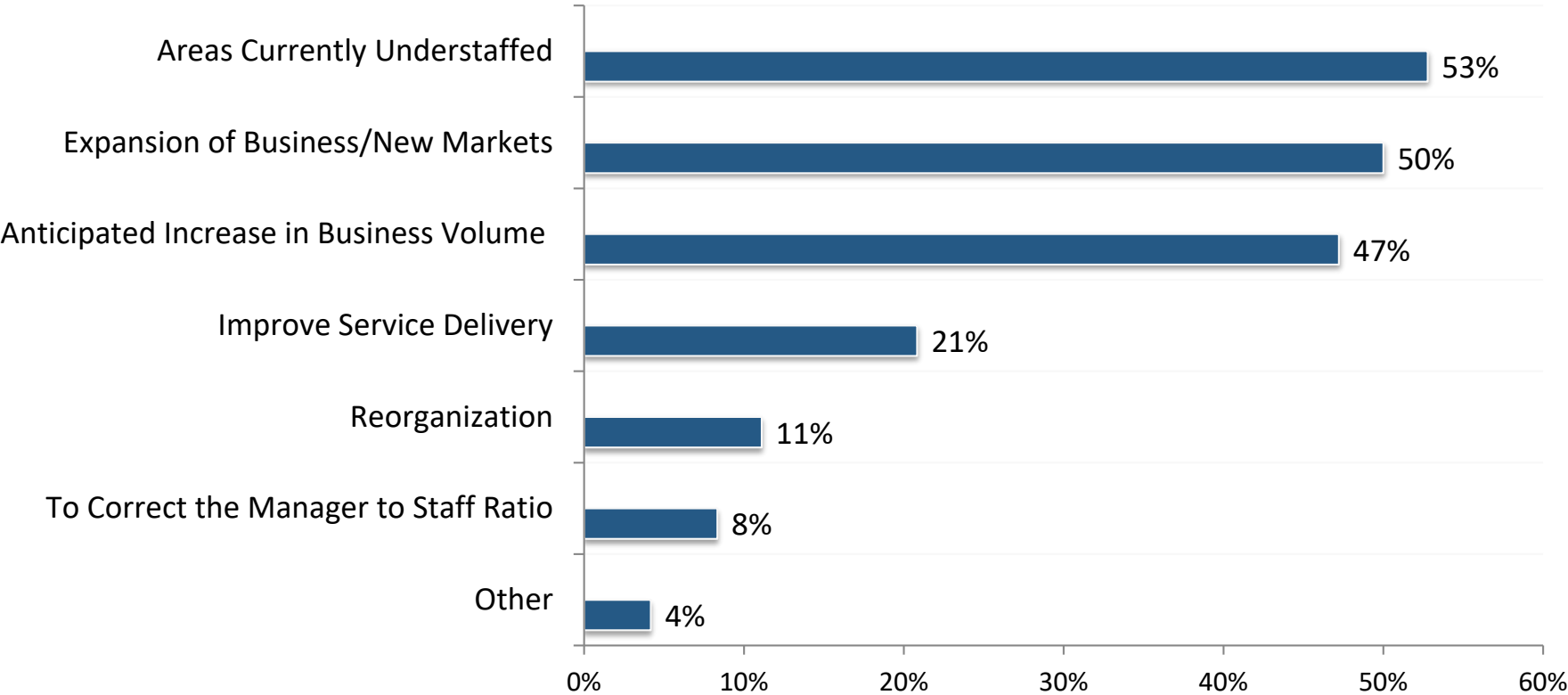
By Function



*Percentages above rounded to nearest whole number

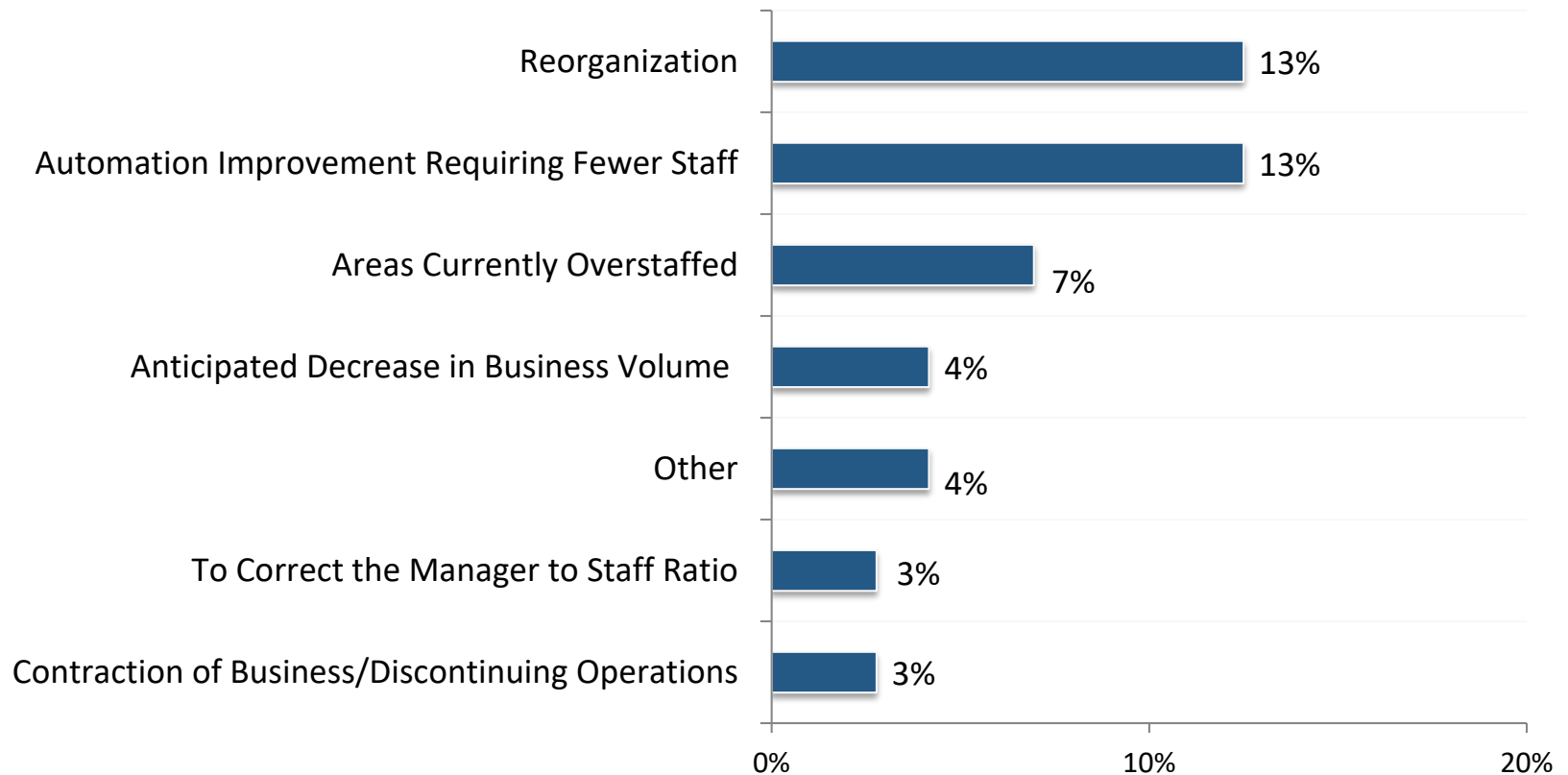
Staff Increases

Reason to Increase Staff During Next 12 Months



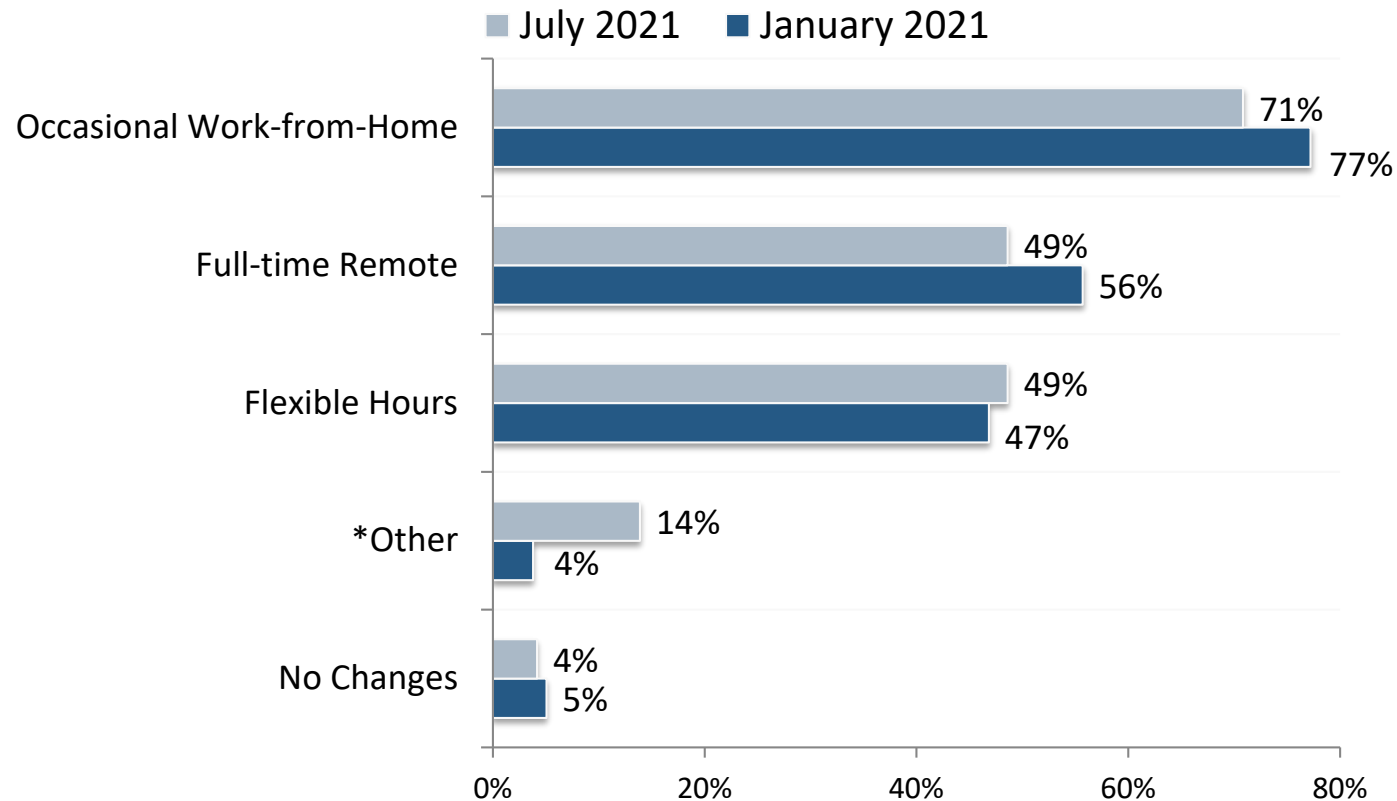
Staff Decreases

Reason to Decrease Staff During Next 12 Months



COVID-19 Impact on Employee Offerings

Flexible Options for Employees When Offices Reopen From COVID-19



*Other category primarily references hybrid models of 2-3 days a week remote strategy



Summary and Closing Thoughts

Summary

- 56% of companies plan to increase staff during the next 12 months driven by the Life/Health segment at 73%
- 7% of companies are planning to decrease their number of employees. This is down from the 9% expected in the January study
- 62% of small companies plan to add staff during the next 12 months. This is 15 and 10 points higher than medium-sized and large companies, respectively
- 78% of companies expect to grow revenue during the next 12 months. This is 11 points higher than the January survey and driven by Property/Casualty companies at 83%
- Commercial lines companies are the most optimistic to increase revenue as 88% expect growth, compared to 84% of balanced lines companies and 70% of personal lines. No Property/Casualty company expects a decrease in revenue
- 55% of the companies stated that change in market share will drive their expected revenue changes, while 28% cited economic factors

Summary

- The primary reason to increase staff during the next 12 months is areas being understaffed. 53% of companies listed this as the primary reason to hire followed by expansion of business
- 13% of companies report that both reorganization and automation will be the primary reason for reductions in headcount during the next 12 months
- Technology, Claims, and Operations roles are expected to grow the greatest during the next 12 months
- The industry is amidst “The Great Reshuffle” as professionals waiting to make moves earlier on in the pandemic are now exploring their options and re-evaluating their place at their current employers. This has made recruiting, especially at experienced levels, extremely competitive
- Technology and Product Management are the top two areas where companies are looking to add experienced staff. Operations and Actuarial roles were identified as areas most likely to add entry positions
- Technology, Analytics, and Actuarial positions are the most difficult to fill

Projection

If the industry follows through on its plans, we will see a 1.81% increase in industry employment during the next 12 months, creating new jobs.

	Projected Growth
Total Benchmark	1.81%
Life & Health	2.46%
Property/Casualty (PC)	1.61%
PC Personal	1.82%
PC Commercial	2.23%
PC Balanced	1.18%

Staying Informed

Our next survey will be conducted in January 2022.

For information on how to participate, please email
vincent.albers@wardinc.com

Thank you!