

Presenters:



Jeff Rieder
Partner, Aon and Head of Ward
Jeffrey.Rieder@wardinc.com
(513) 746-2400 (direct)



Greg Jacobson
CEO
The Jacobson Group
GJacobson@jacobsononline.com
(312) 884-0407 (direct)

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 more than 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

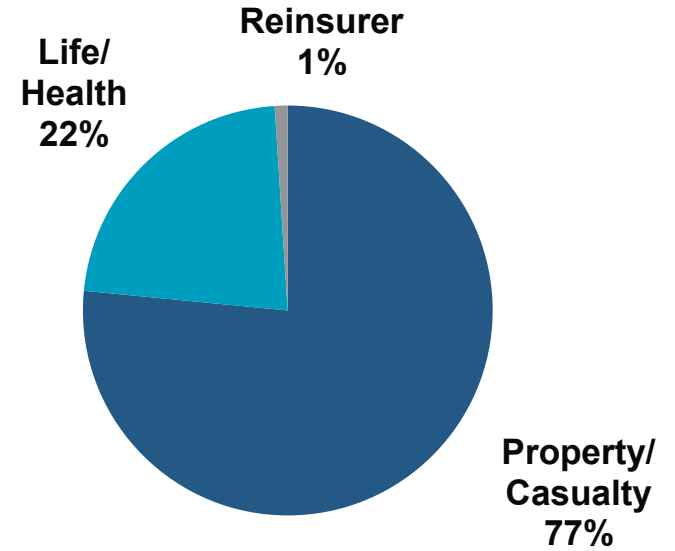
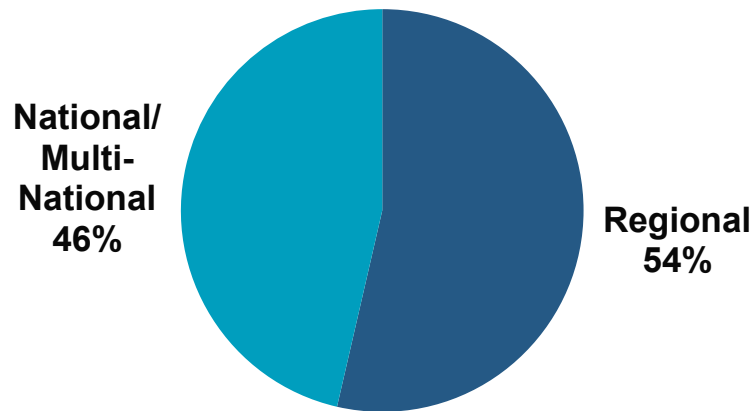
For more information about Jacobson's talent solutions, please visit jacobsononline.com.

Study Objectives

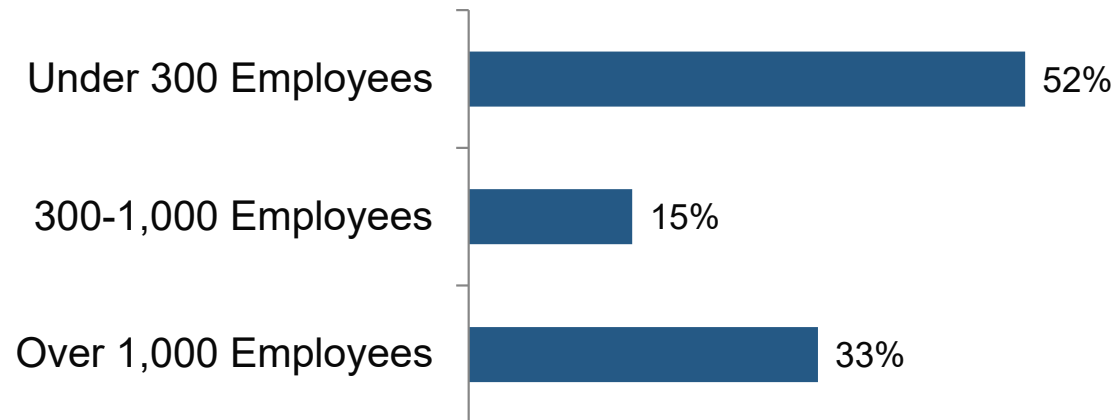
- Analyze current labor trends and future staffing expectations
- Provide an overview of staffing challenges by discipline
- Provide commentary on the industry's labor market

Participant Profile

Business Profile



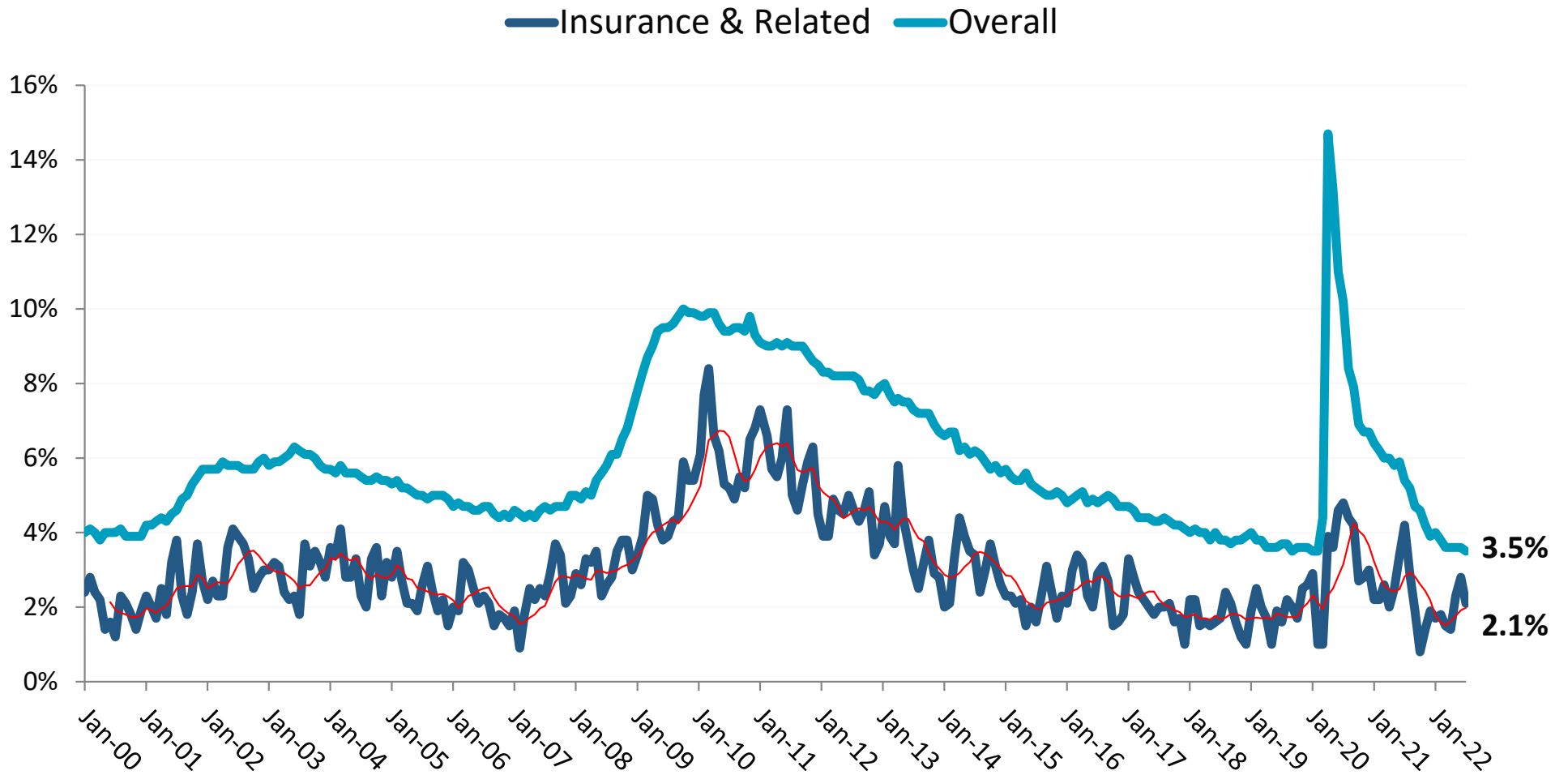
Company Size



The total average number of employees is 2,766

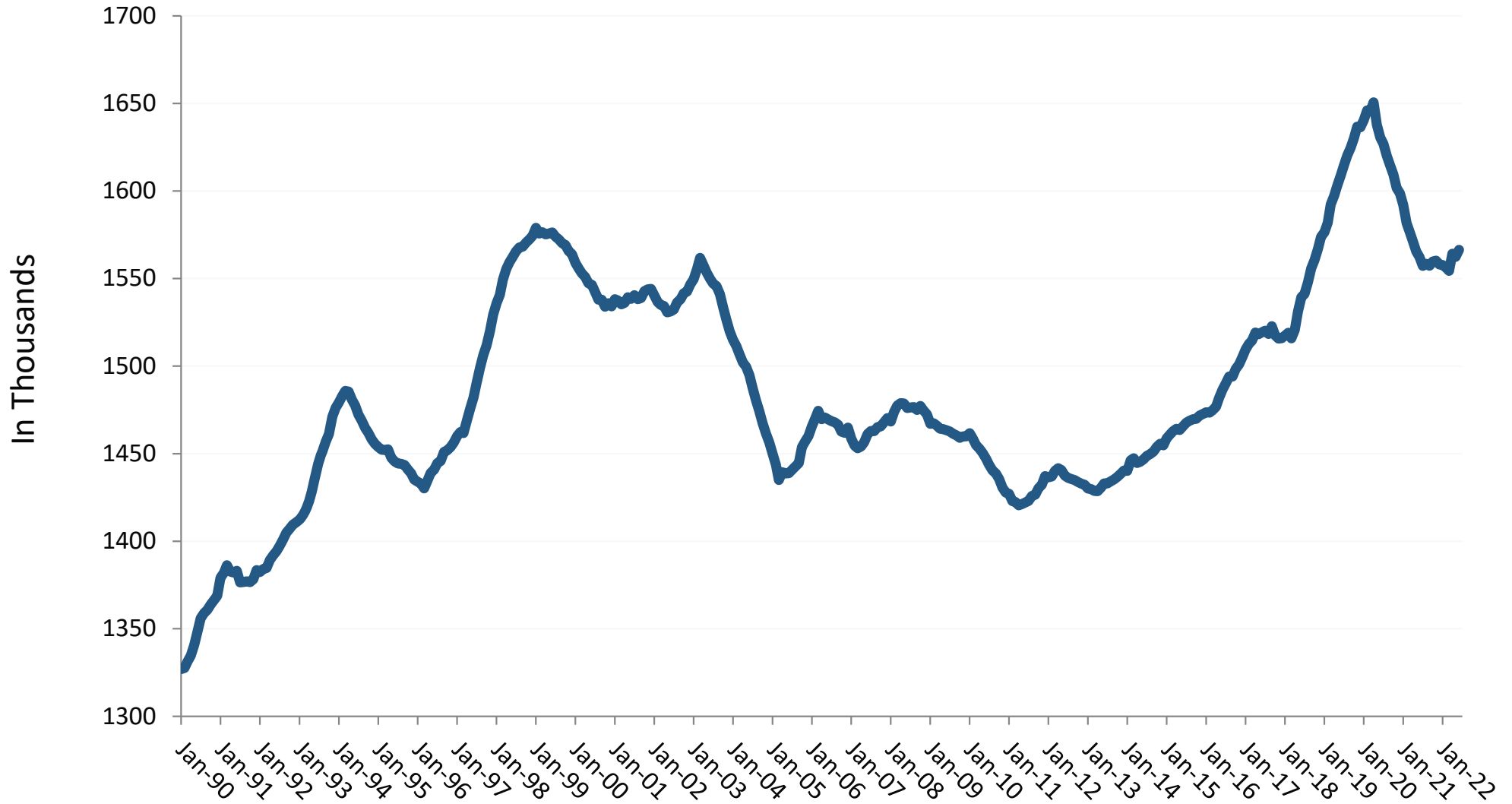
*Percentages in chart rounded to nearest whole number

Unemployment Rates



Source: U.S. Bureau of Labor Statistics

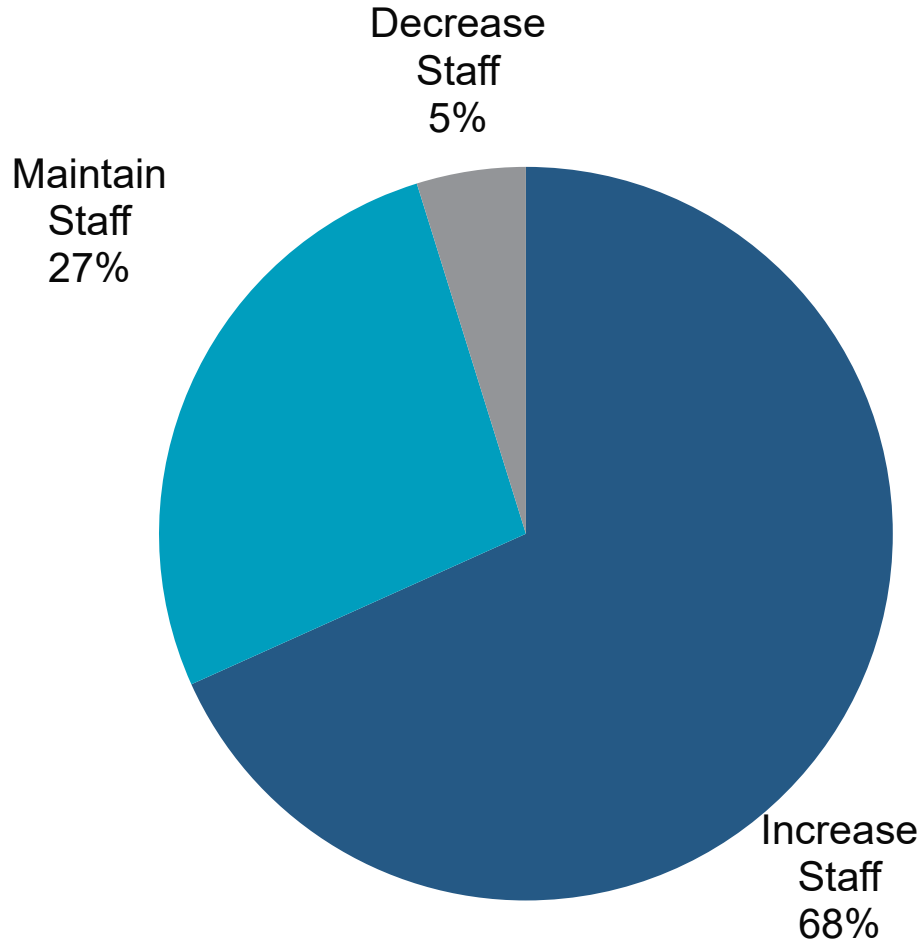
Insurance Carrier Employment



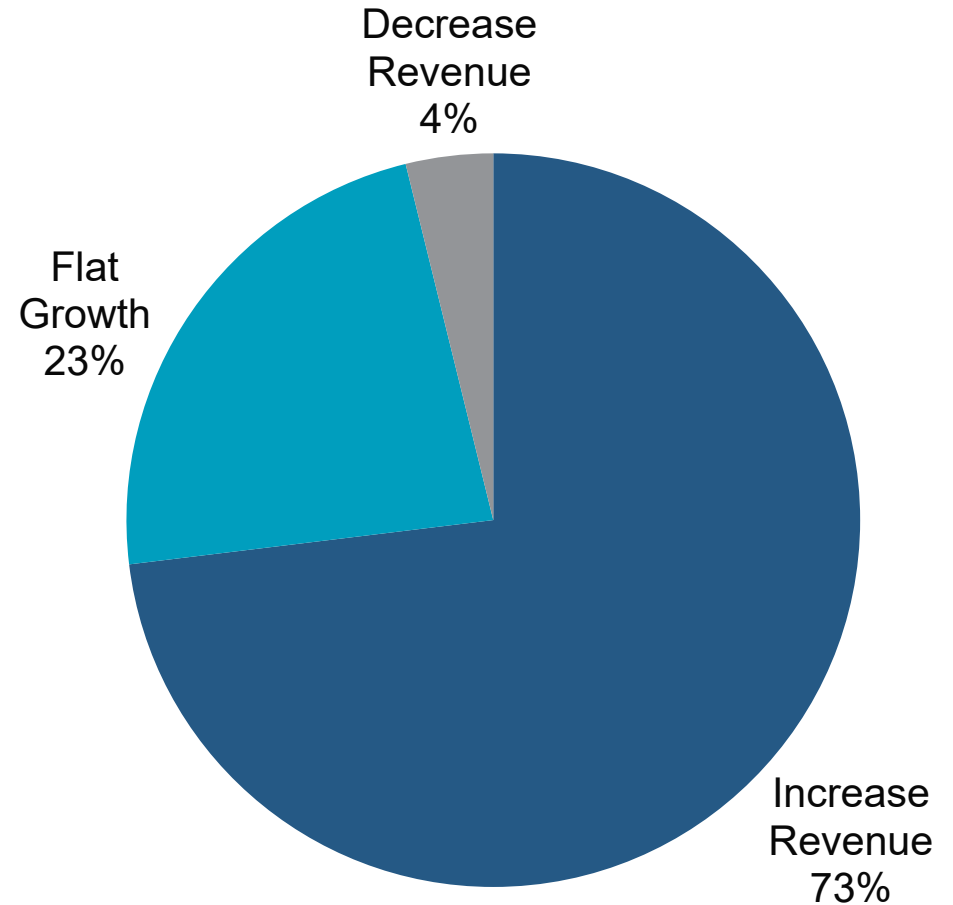
Source: U.S. Bureau of Labor Statistics

Revenue and Staffing Expectations

12-Month Staffing Plan



12-Month Revenue Plan

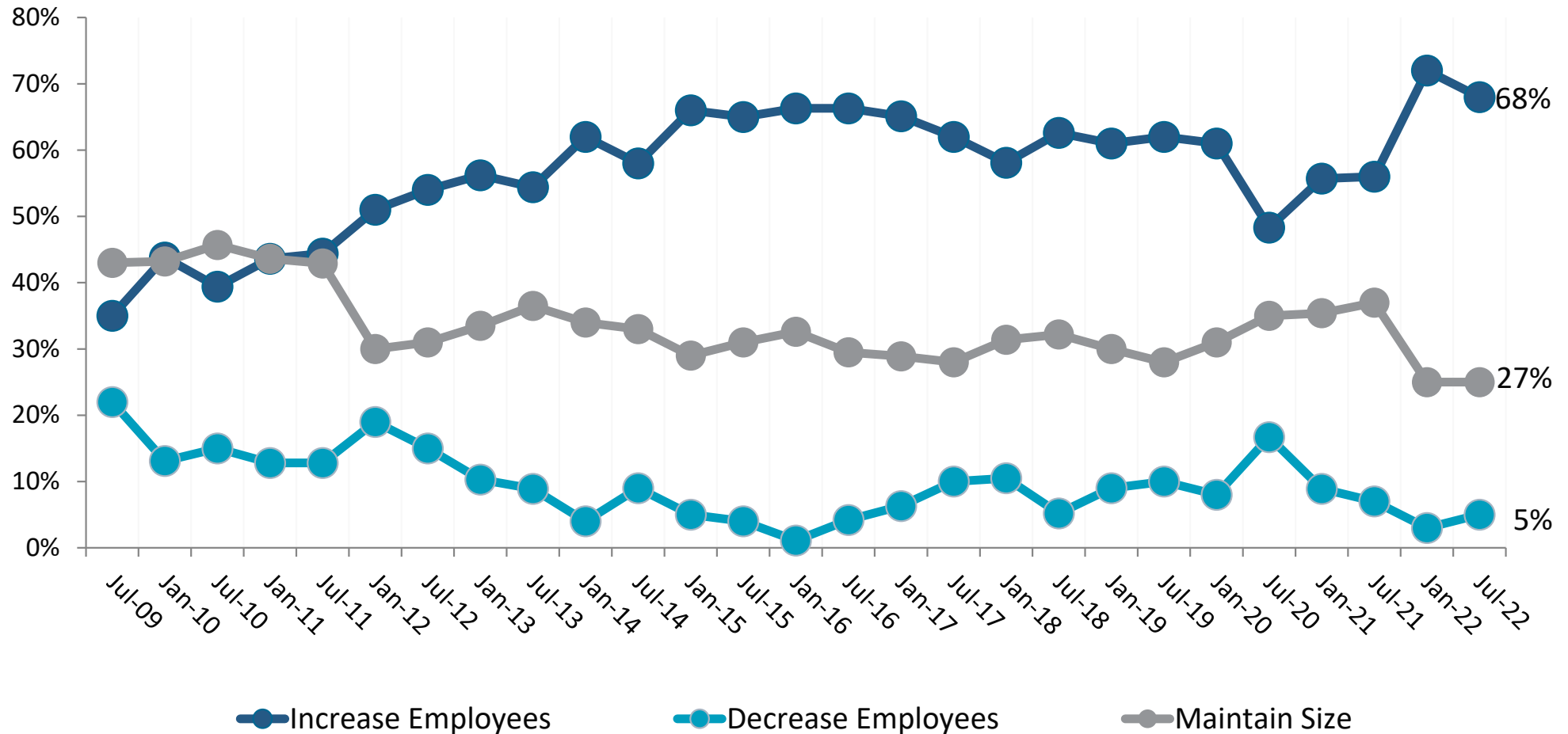


*Percentages in chart rounded to nearest whole number

12-Month Staffing Plans

July 2009 – July 2022

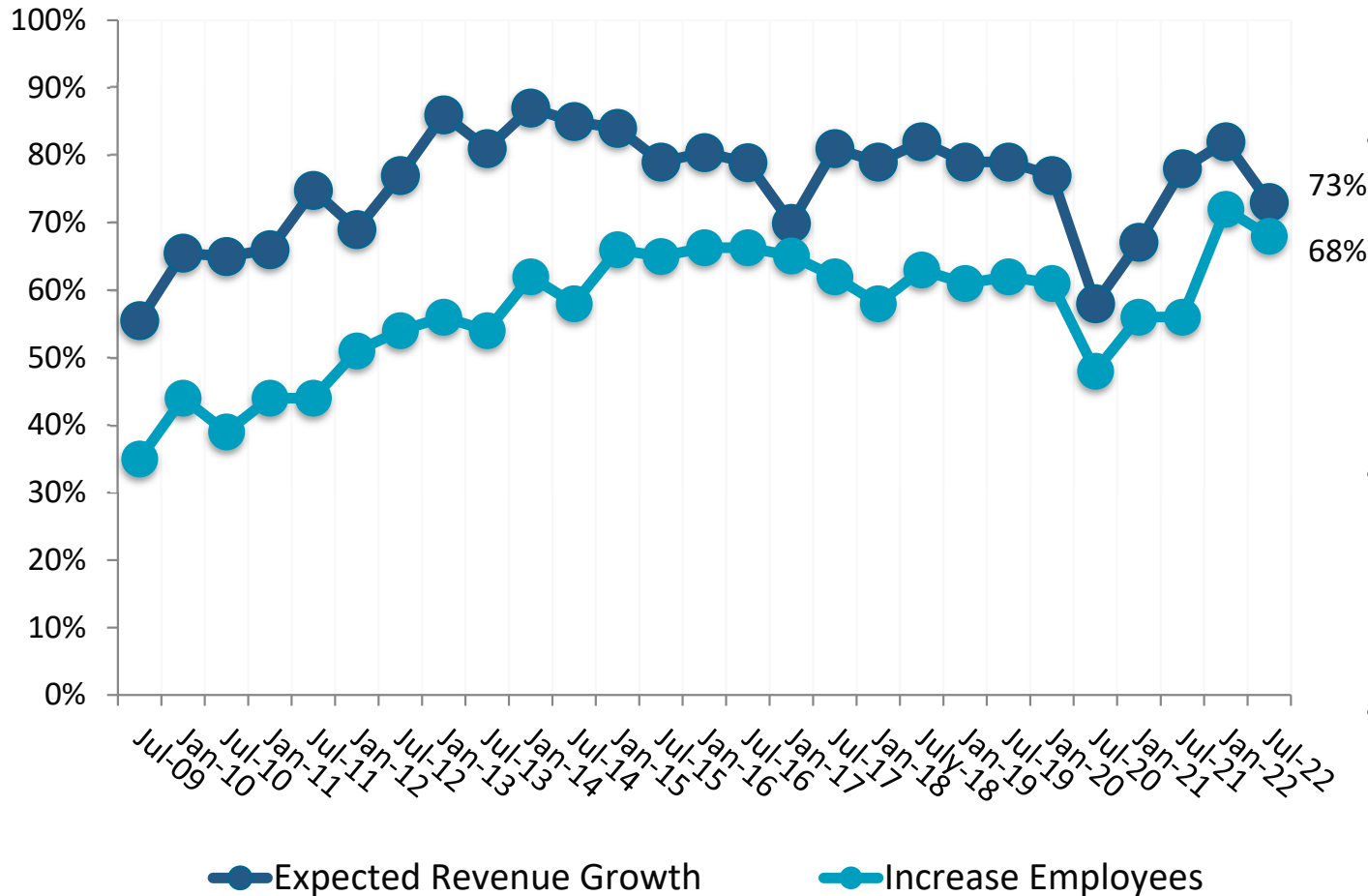
Prior Survey Results



*Percentages in chart rounded to nearest whole number

12-Month Staffing Plans Increase vs. Expected Revenue Growth

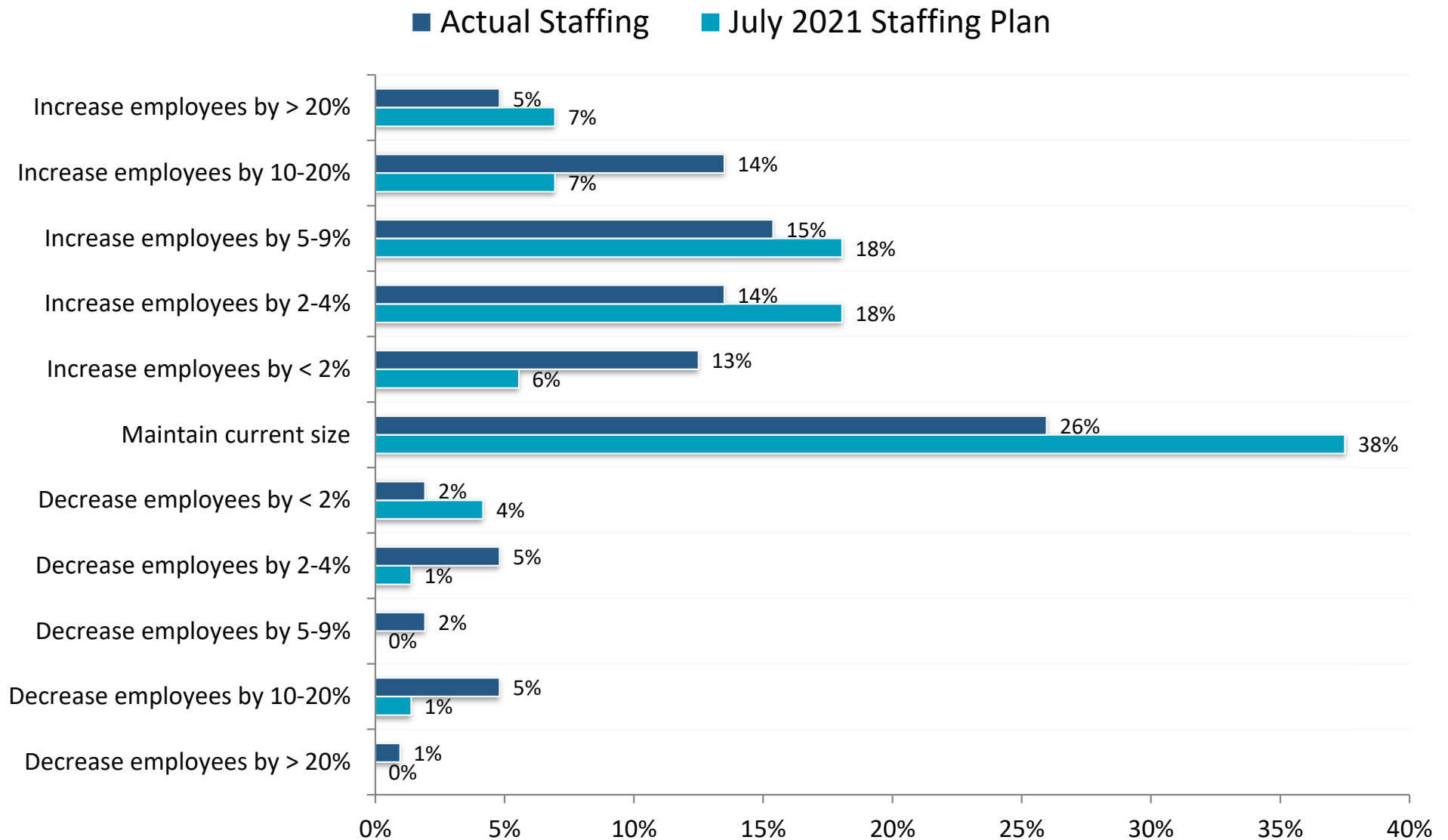
July 2009 – July 2022



- 73% of companies expect an increase in revenue growth, down 9 points from the January survey and 5 points from the July 2021 outlook
- In January, 3% of companies were expecting a decrease in staff. The July 2022 expectations increase to 5%, driven by the Life/Health segment
- 4% of companies expect a decrease in revenue growth, up 2 points from the January survey
- P&C and Life/Health companies responded that the primary driver for expected revenue changes will be market share at 49% and 50%, respectively

*Percentages in chart rounded to nearest whole number

Prior Year 12-Month Plan vs. Actual Staffing

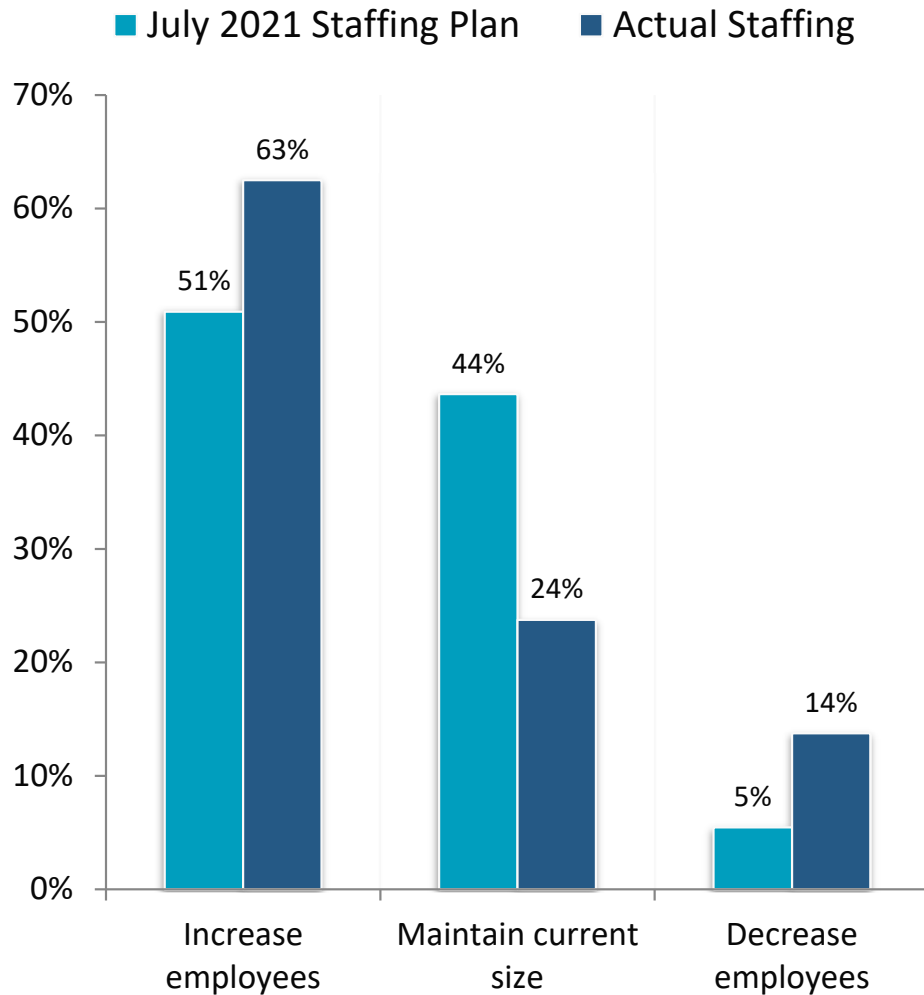


60% of companies added staff since July 2021, while 14% reduced staff

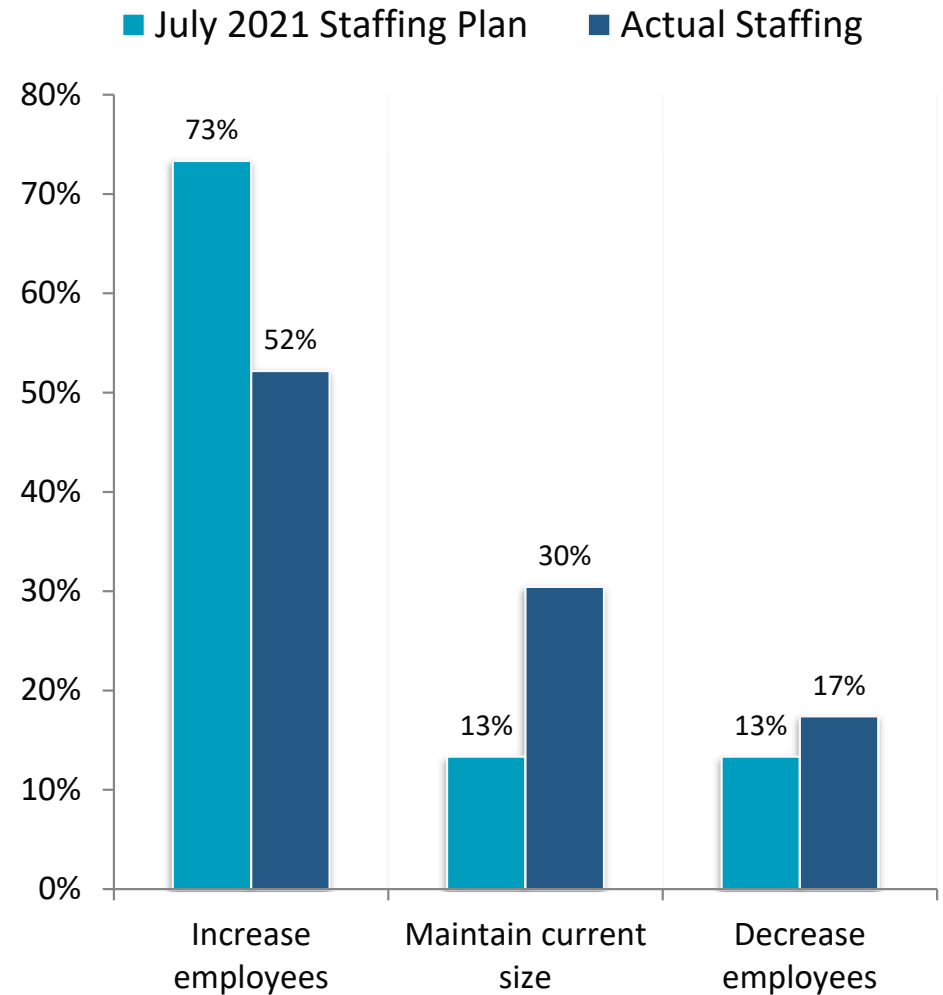
*Percentages in chart rounded to nearest whole number

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

Property/Casualty

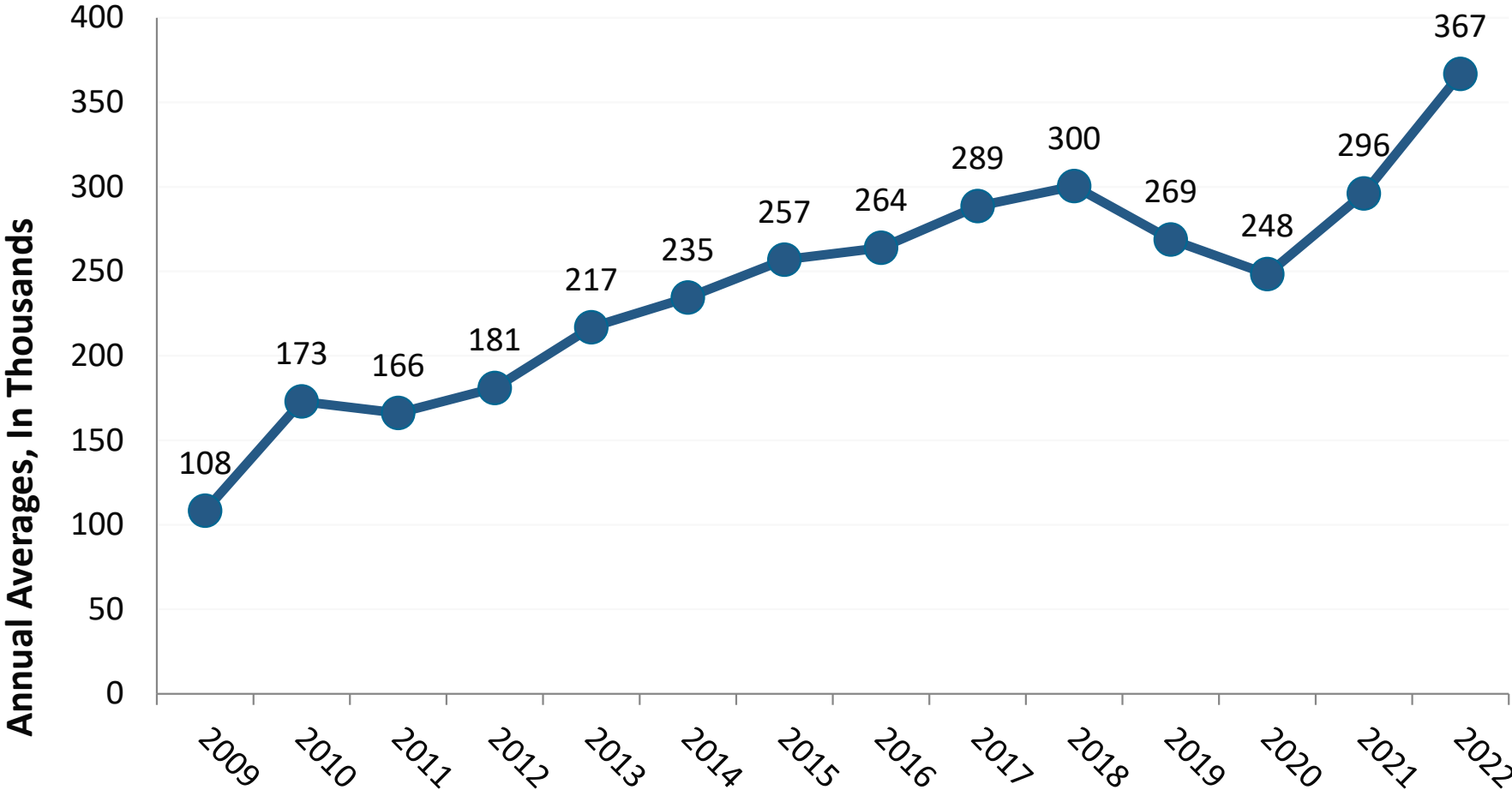


Life/Health



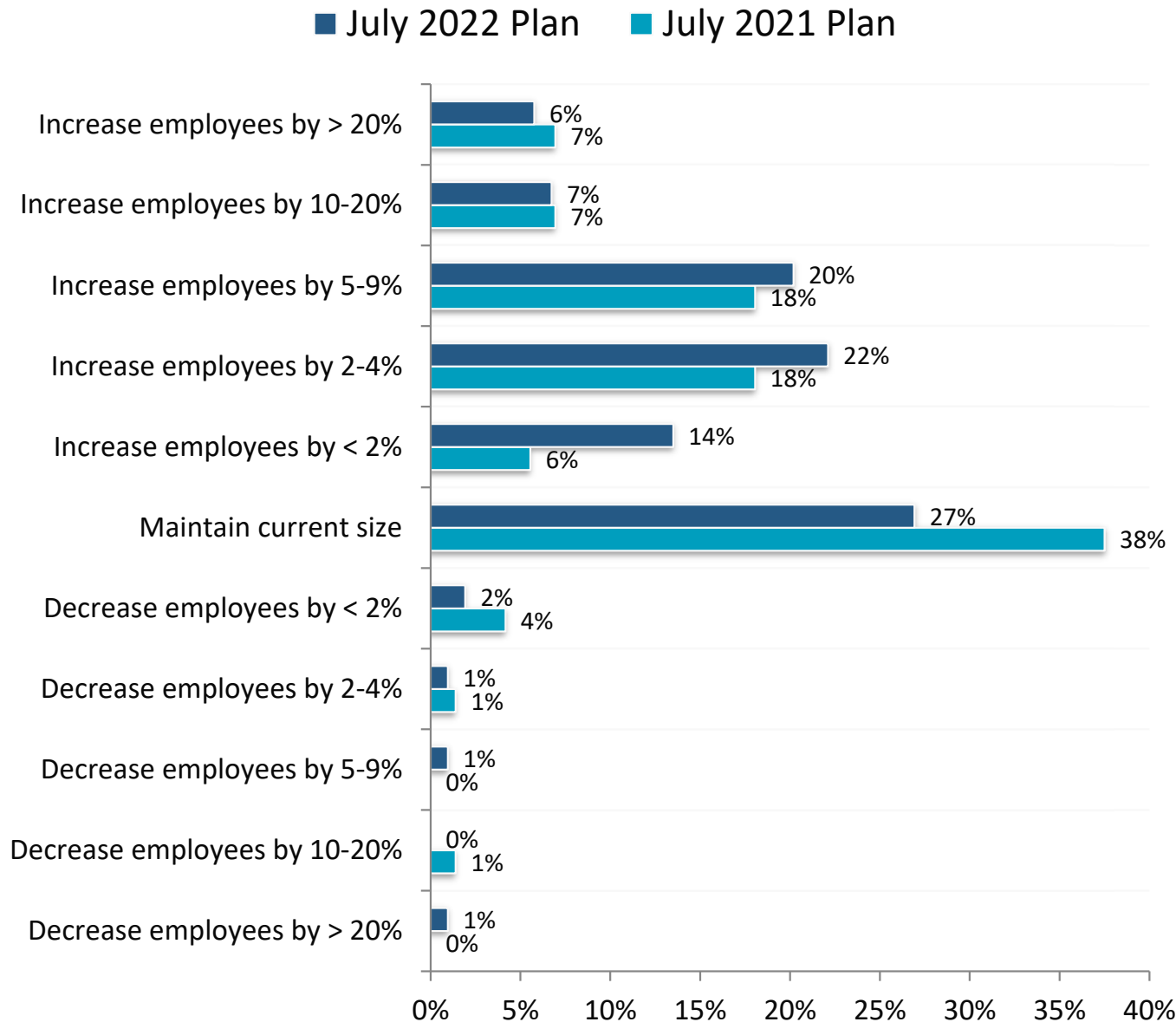
*Percentages in chart rounded to nearest whole number

Job Openings in Finance and Insurance



Source: U.S. Bureau of Labor Statistics

12-Month Staffing Plans



- 77% of Balanced Lines P&C companies are expecting to increase staff during the next 12 months. This is 8 and 15 points higher than Commercial and Personal Lines P&C companies, respectively
- Of the companies who plan to add staff during the next 12 months, 83% expect an increase in revenue with 55% responding that it will be due to a change in market share. Of those planning a decrease in staff, 20% expect a decrease in revenue
- 57% of companies who plan to maintain staff size during the next 12 months are expecting an increase in revenue growth. 4% of those companies are expecting a decrease

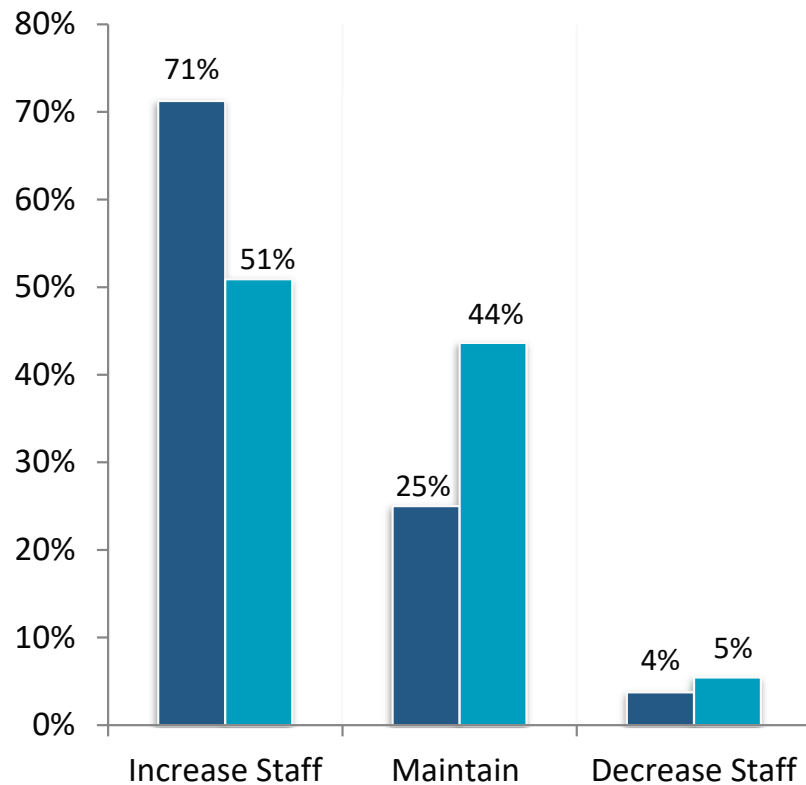
*Percentages in chart rounded to nearest whole number

12-Month Staffing Plans

Comparison to July 2021 by Industry

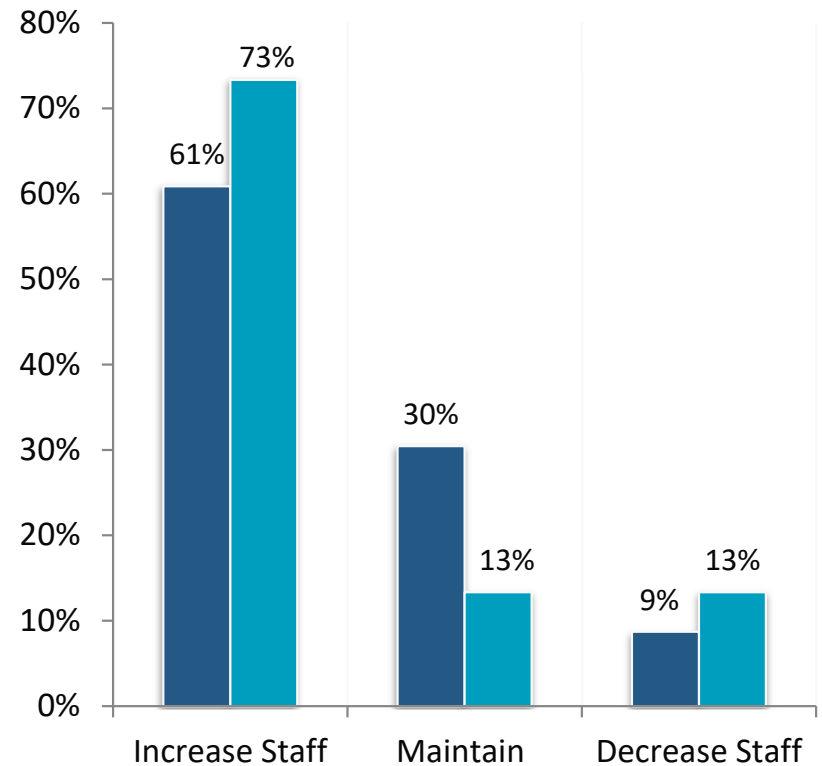
Property/Casualty

■ July 2022 Plan ■ July 2021 Plan



Life/Health

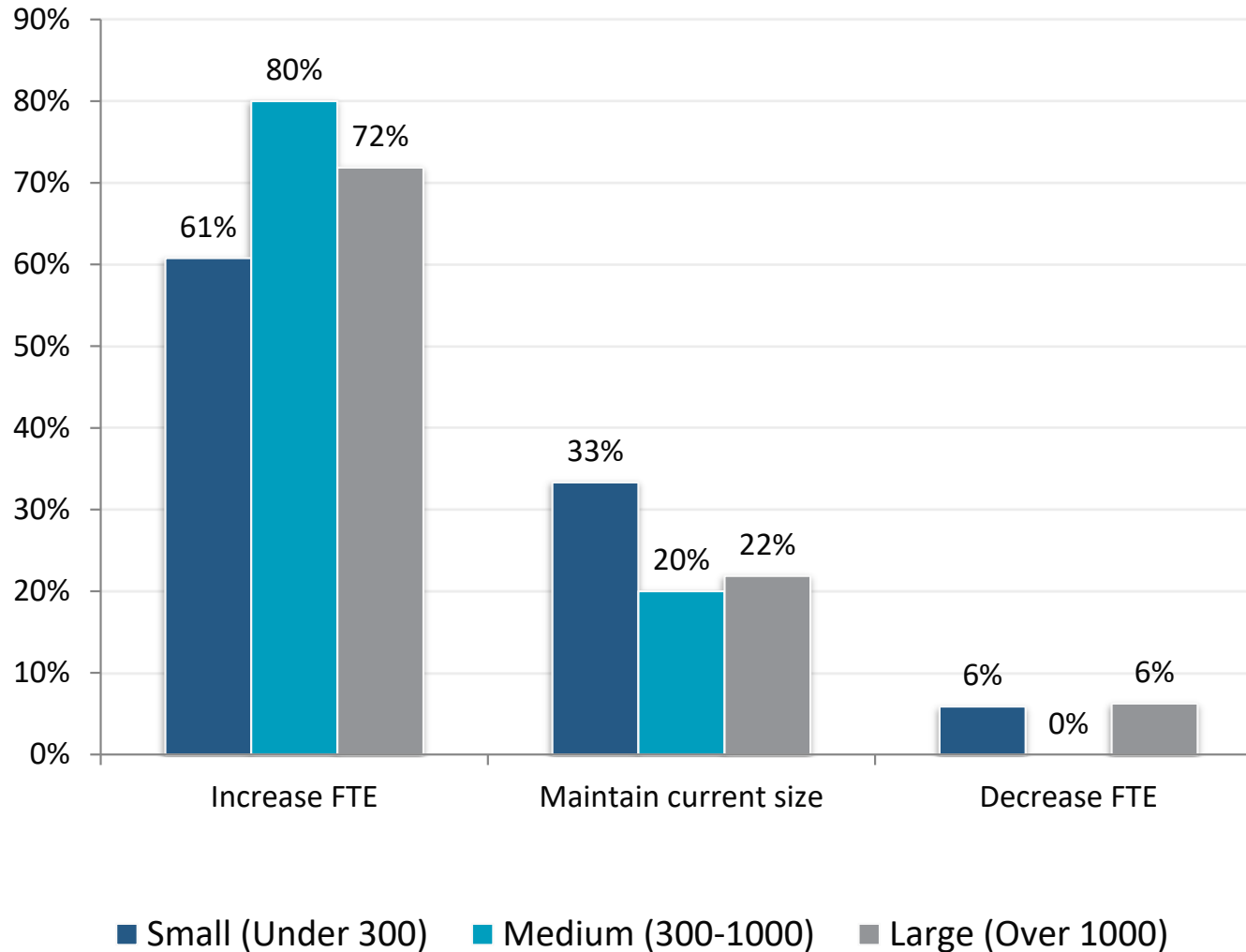
■ July 2022 Plan ■ July 2021 Plan



*Percentages in chart rounded to nearest whole number

12-Month Staffing Plans

By Employee Size

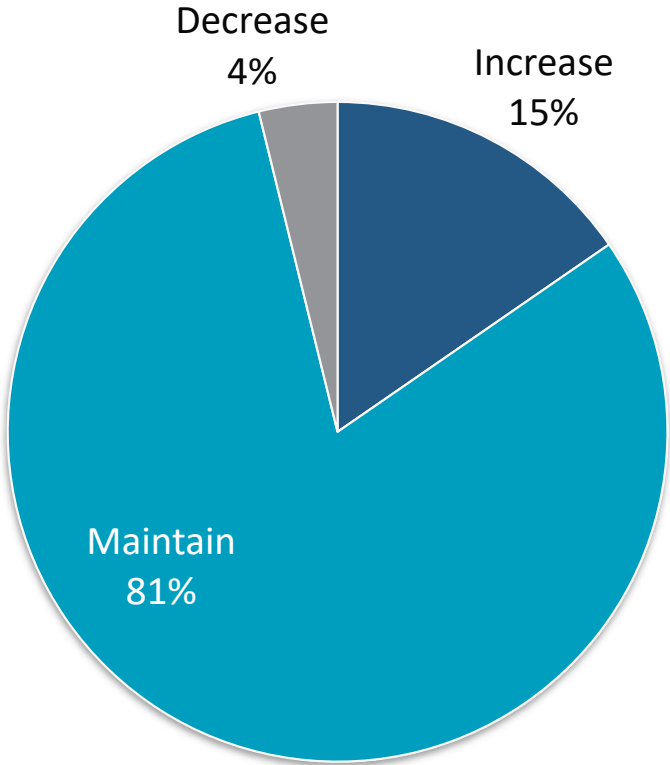


- Since January, overall expectations to add staff decreased 4 points to 68%. Small companies are expecting an increase of 61% compared to 76% in January. Medium-sized companies increased their 12-month expectations from 67% in January to 80% in July while large companies increased from 71% to 72%
- 31% of both small and large companies are expecting growth in revenue/premium greater than 10% over the next 12 months. This compares to 27% for medium-sized companies
- All segments expect revenue changes to be driven by market share

*Percentages in chart rounded to nearest whole number

Temporary Employees

Use of Temporary Employees During Next 12 Months



With 96% of companies planning to increase or maintain temporary staff levels in the next 12 months, temporary staffing demand is at the highest point in the history of the study

*Percentages in chart rounded to nearest whole number

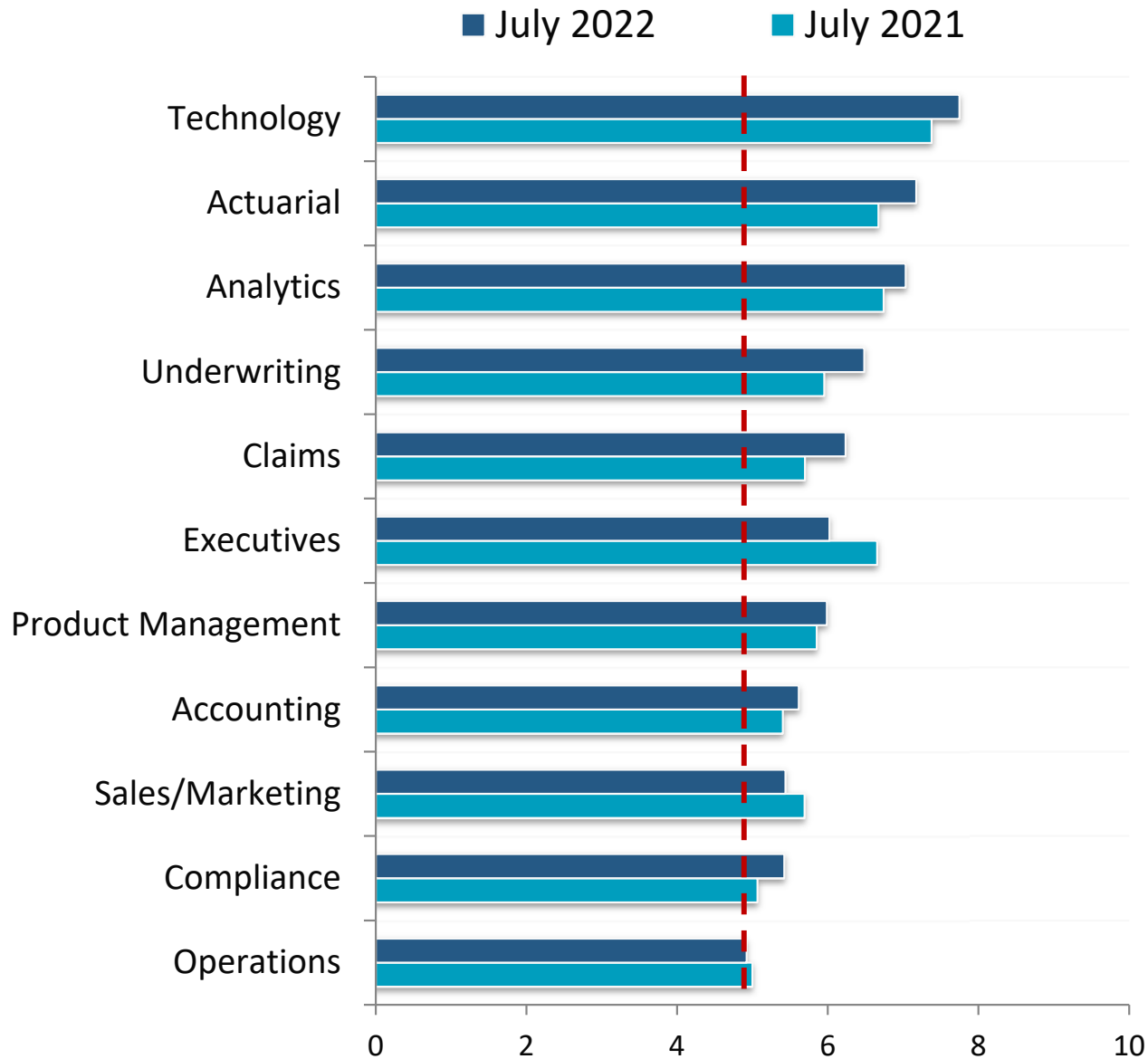
Notable Survey Trends

July 2021 to July 2022

- The Total industry grew 0.59% versus an anticipated rate of 1.81%
- The P&C industry grew 1.88% versus an anticipated rate of 1.61%
- The L&H industry grew 0.10% versus an anticipated rate of 2.46%

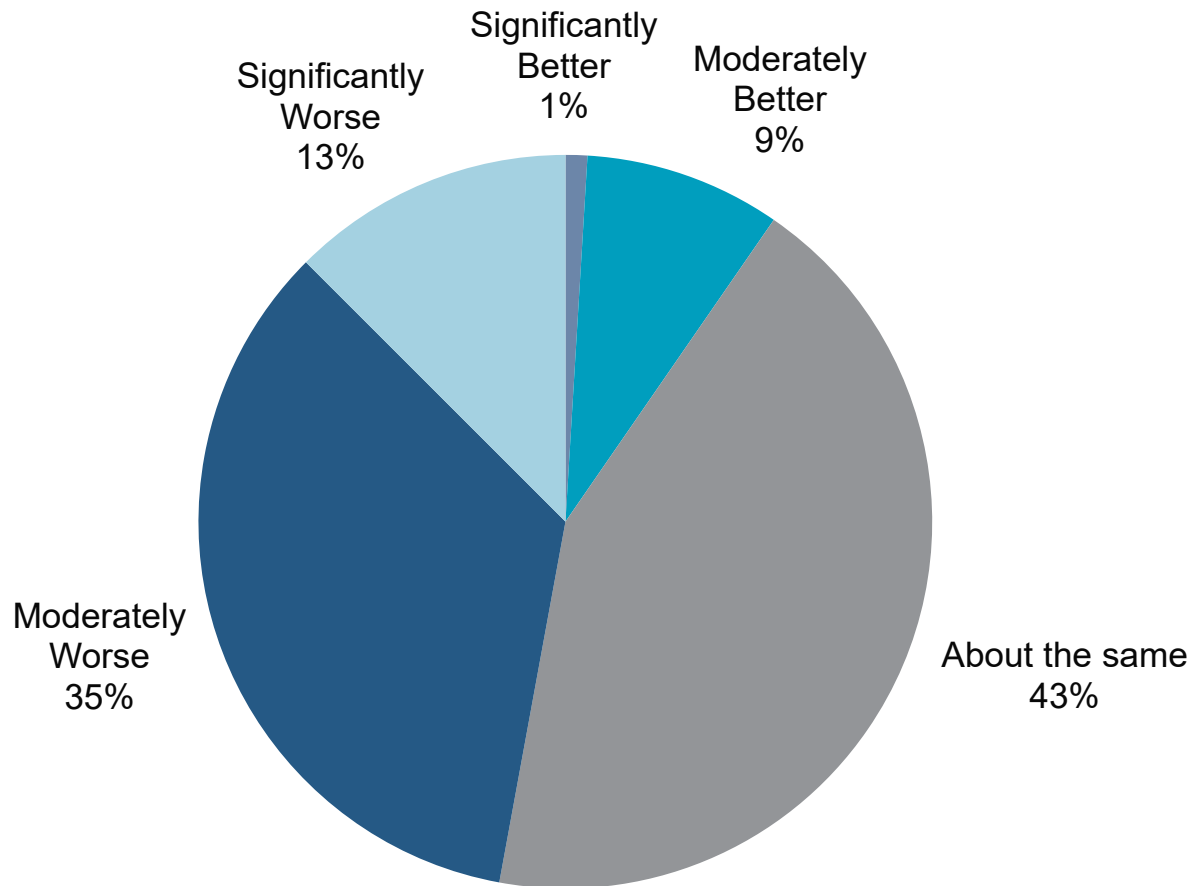
Note: Outliers have been excluded from calculations

Recruiting Difficulty Remains at All-Time High



- 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
- This remains one of the most difficult recruiting environments in the study's history with an average difficulty rating of 6.2, the same as reported in January

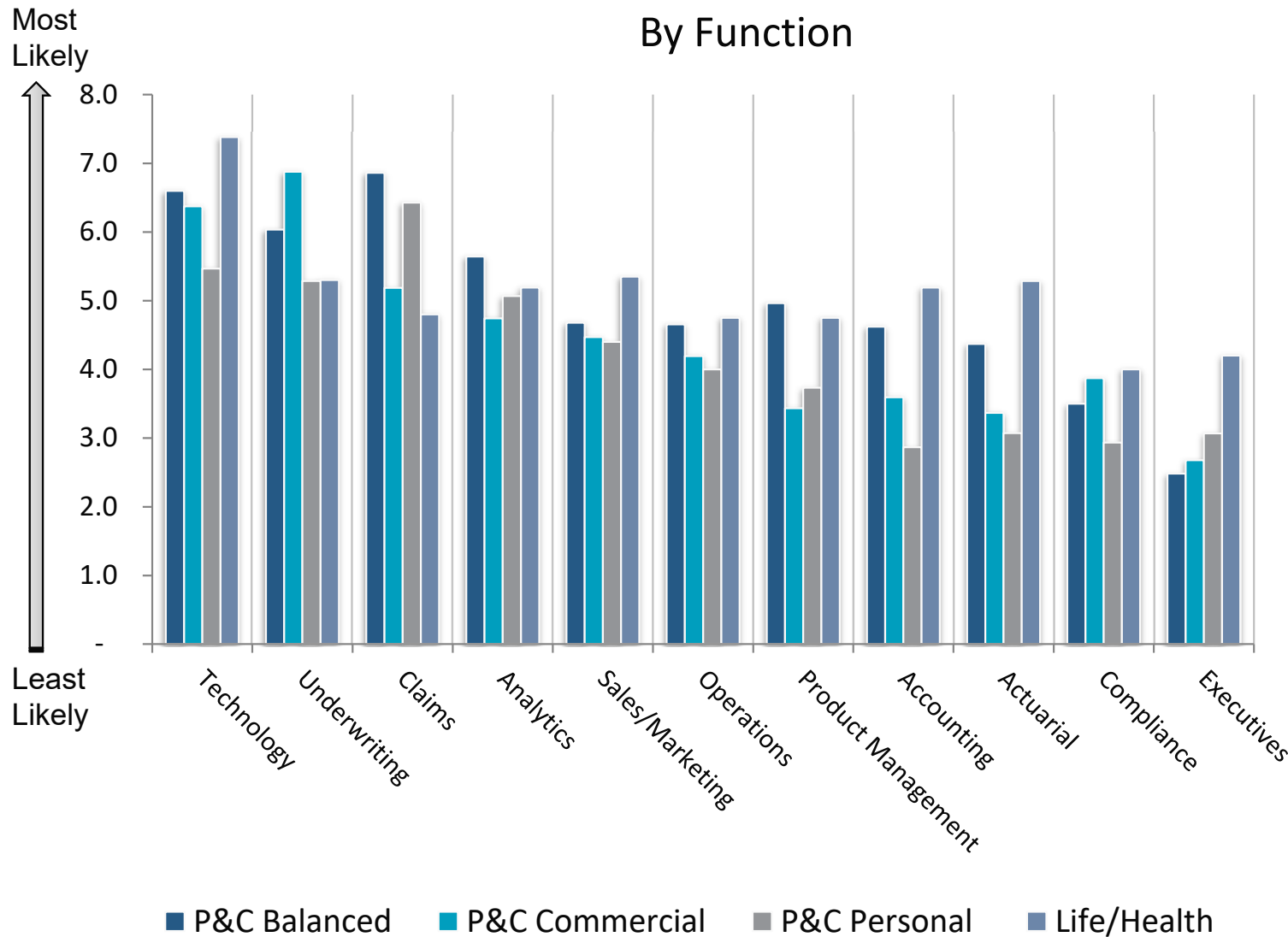
Ability to Hire Talent Compared to One Year Prior



- In total, 48% of companies feel the ability to hire talent has become more difficult compared to the prior year. 10% responded it became less difficult
- 52% of Life/Health companies feel it has worsened compared to P&C companies at 45%
- Medium-sized companies had the most difficulty with 60% responding that it was more challenging, compared to 59% and 33% for large and small companies, respectively

*Percentages in chart rounded to nearest whole number

Likelihood of Increasing Staff



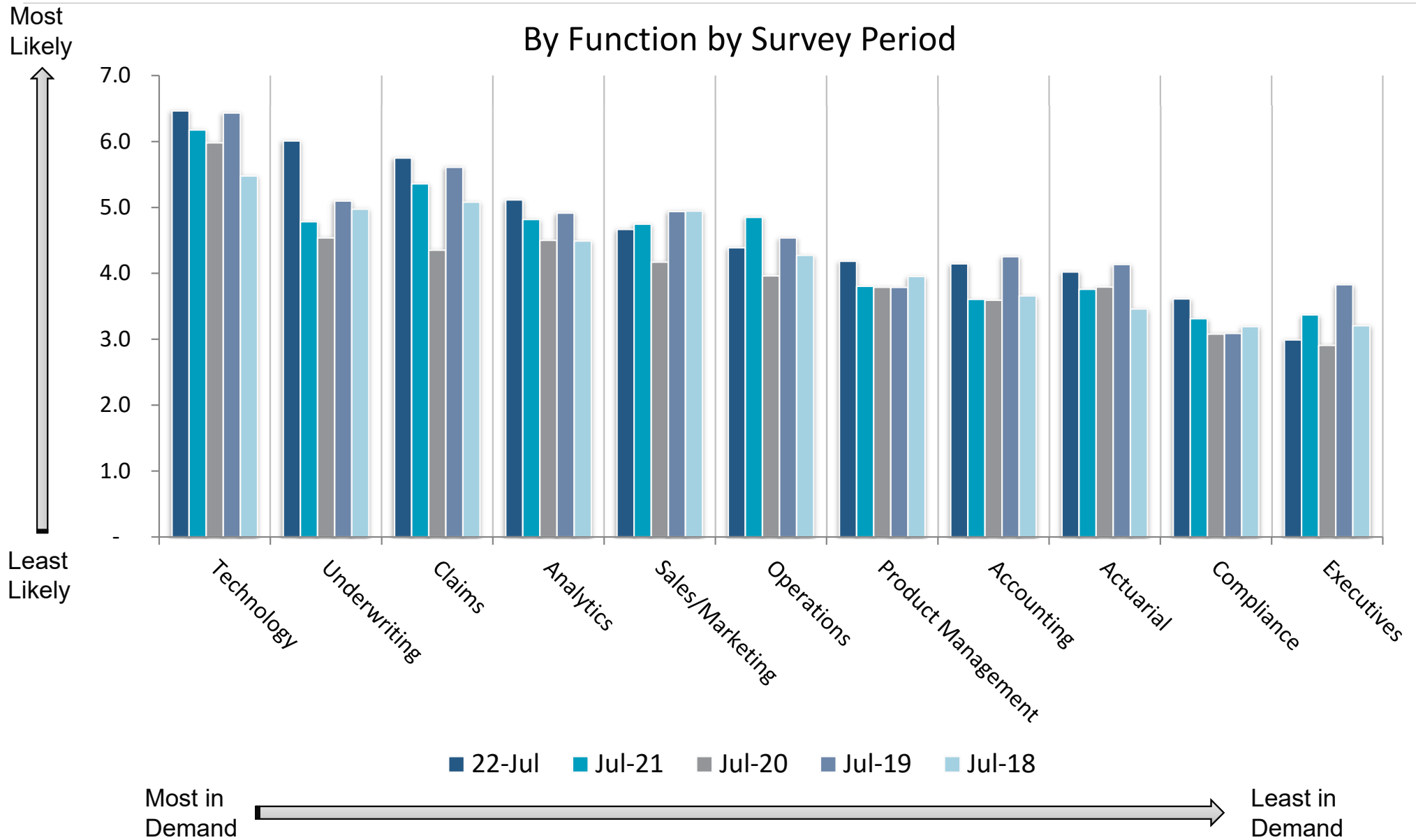
- In total, the industry's greatest need is in Technology staff
- Technology is the area most likely to increase staff for large companies, followed by Underwriting and Claims. Medium-sized companies are looking towards Technology then Claims in the next 12 months. After Technology, small companies have the greatest need in Underwriting
- Technology, Sales/Marketing, and Underwriting are the most likely areas for hiring in the Life/Health segment

Most in Demand



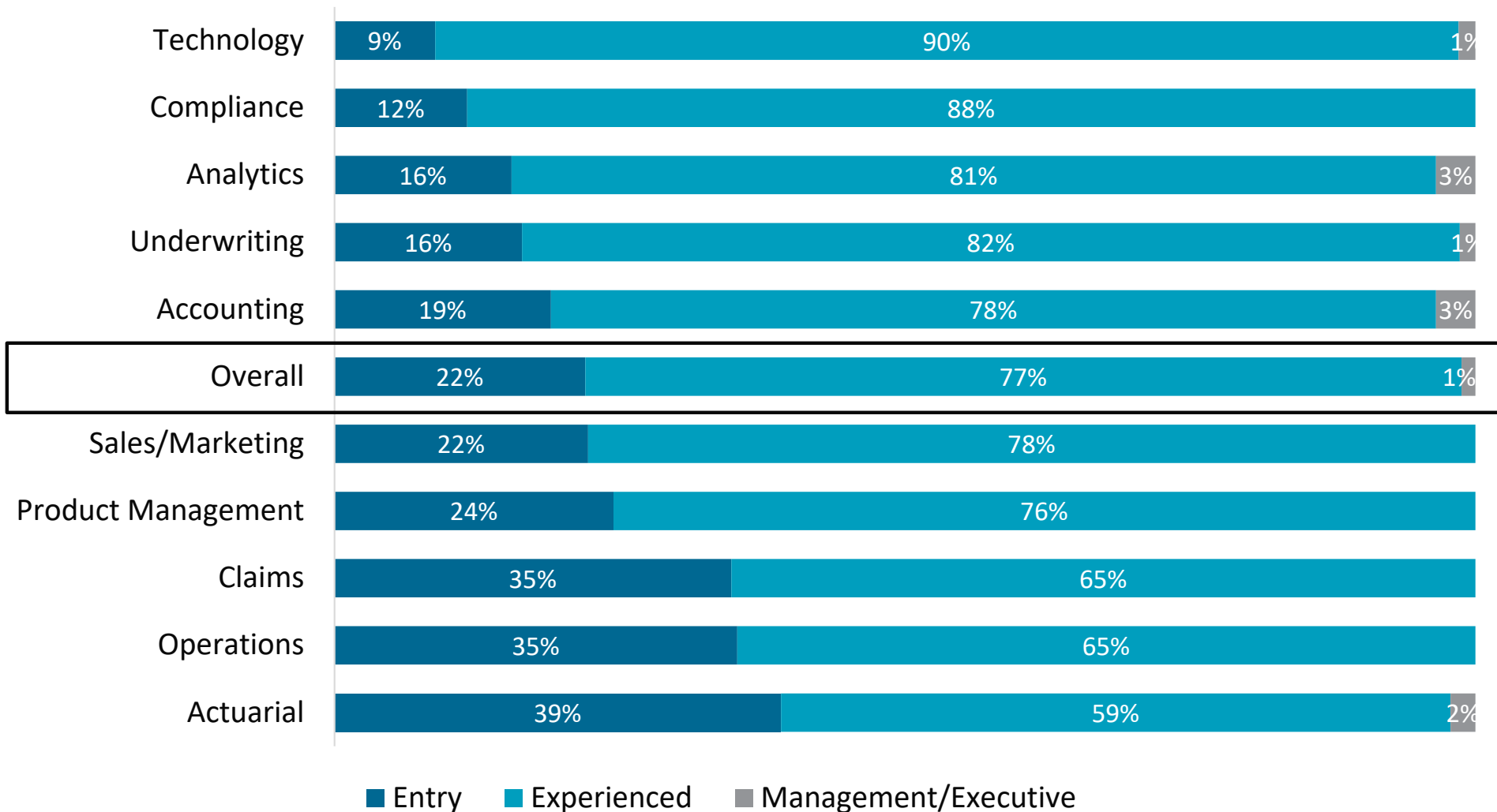
Least in Demand

Likelihood of Increasing Staff



Employee Types Most Likely to Be Added

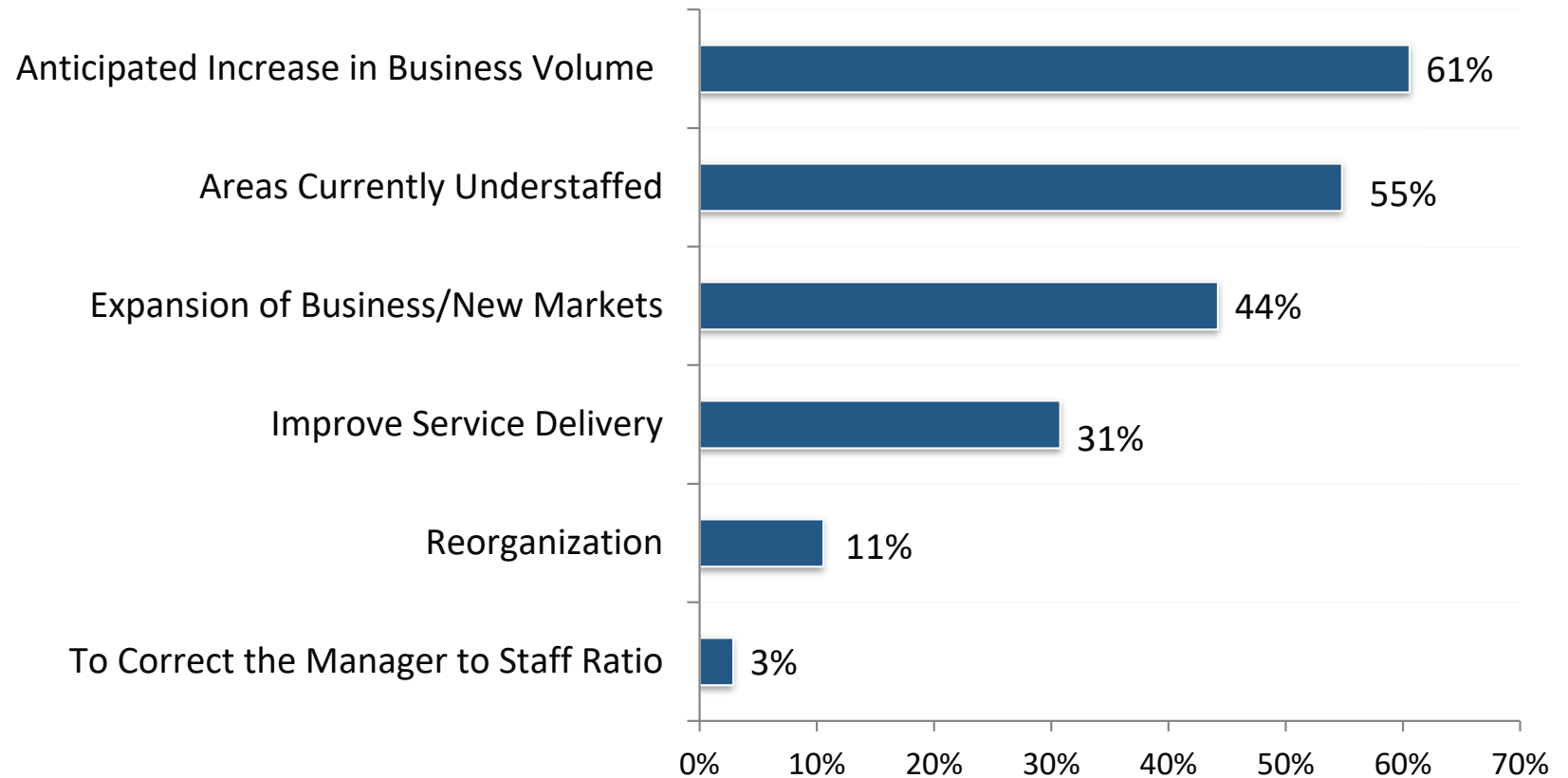
By Function



*Percentages above rounded to nearest whole number

Staff Increases

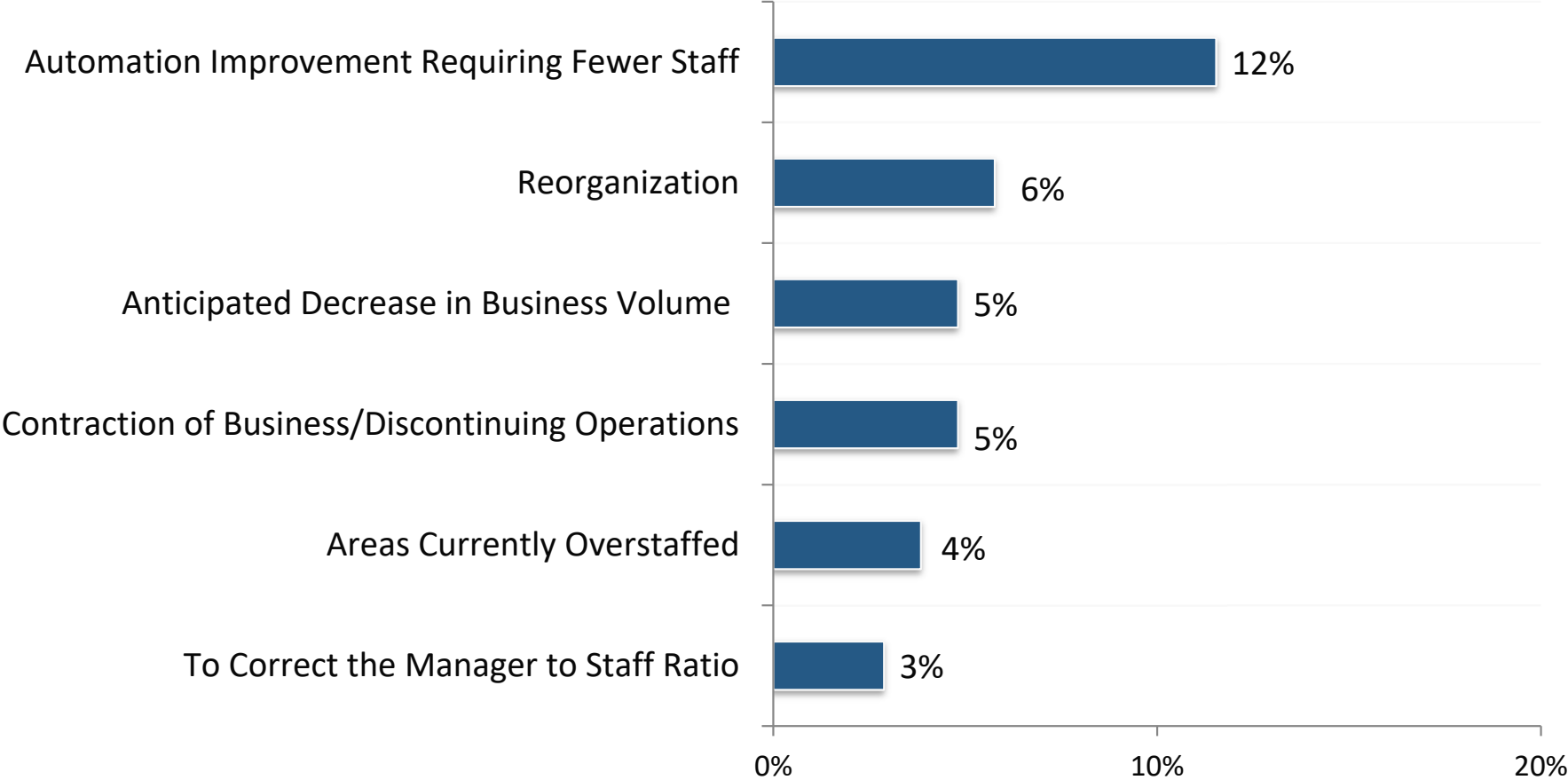
Reason to Increase Staff During Next 12 Months



Over the past 4 studies, there has been a significant shift in companies responding that areas are understaffed. The average during that time is 53%, which is 18 points higher than the average of all prior studies

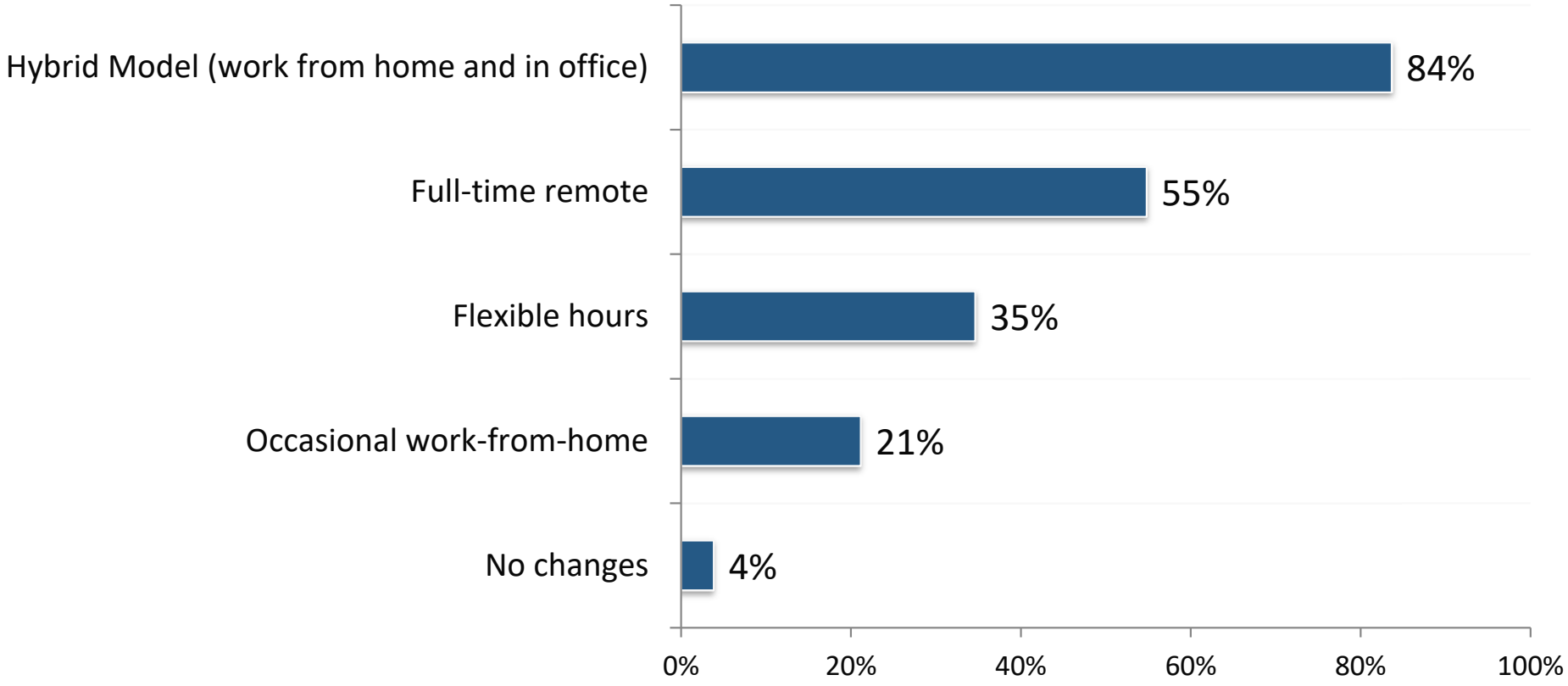
Staff Decreases

Reason to Decrease Staff During Next 12 Months



COVID-19 Impact on Employee Offerings

Flexible Options Offered for Employees When Offices Open or Have Reopened from COVID-19





Summary and Closing Thoughts

Summary

- 68% of companies plan to increase staff during the next 12 months driven by the Property/Casualty segment at 71%
- 5% of companies are planning to decrease their number of employees. This is up from the 3% expected in the January study
- 80% of medium-sized companies plan to add staff during the next 12 months. This is 8 and 19 points higher than large and small companies, respectively
- 73% of companies expect to grow revenue during the next 12 months. This is 9 points lower than the January survey
- Balanced Lines P&C companies are the most optimistic to increase revenue as 81% expect growth, compared to 79% of Commercial Lines companies and 75% of Personal Lines. 52% of Life/Health companies expect an increase in revenue
- 50% of the companies stated that change in market share will drive their expected revenue changes, while 29% cited pricing factors
- The primary reason companies plan to increase staff during the next 12 months is an expected increase in business volume. 61% of companies listed this as the primary reason to hire followed by areas being understaffed

Summary

- 12% of companies report that improved automation will be the primary reason for reductions in headcount during the next 12 months
- Technology, Underwriting, and Claims roles are expected to grow the greatest during the next 12 months
- Organizations are focused on establishing more concrete plans for moving forward and operating in the post-pandemic climate. This realignment, coupled with a record number of open jobs, is further fueling the competitive recruiting climate.
- Technology and Compliance are the top two areas where companies are looking to add experienced staff. Actuarial and Operations roles were identified as areas most likely to add entry positions
- Technology, Actuarial, and Analytics positions are the most difficult to fill
- 48% of companies feel the ability to hire talent has become more difficult compared to the prior year

Projection

If the industry follows through on its plans, we will see a 0.94% increase in industry employment during the next 12 months, creating new jobs.

	Projected Growth
Total Benchmark	0.94%
Life & Health	0.28%
Property/Casualty (PC)	2.14%
PC Personal	1.27%
PC Commercial	2.56%
PC Balanced	2.54%

Staying Informed

Our next survey will be conducted in January 2023.

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

Thank you!