HIRING SURGE AHEAD:

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Job creation and sustainable growth are top of mind as the nation watches the U.S. economy gain momentum. A strengthening economy has encouraged confidence in the insurance industry. Hiring is on the agenda as many organizations open up their budgets. According to the January 2012 iteration of the Insurance Labor Outlook Study, conducted by The Jacobson Group and Ward Group, hiring projections are the highest they have been since the recession began.

Now in its fourth year, the Insurance Labor Outlook Study polls industry organizations throughout all sectors on their hiring and revenue situations. This time around, the survey collected data from 112 companies, with an average of 2,755 employees, covering in excess of 300,000 employees. Data was collected from January 9 through January 25, 2012. We have analyzed the responses to paint a clearer picture of what to expect in the market this year.

REVENUE AND HIRING OVERVIEW

Revenue projections are optimistic. Sixty-nine percent of companies surveyed expect to grow revenue in 2012, while 20 percent are expecting to see flat growth. While optimism to grow revenue is higher than prior studies, it fell 6 points from the previous high of July 2011. Only 11 percent are expecting a decrease. Nearly 47 percent of companies stated that change in market share will drive their expected revenue changes.

In the greatest amount in the history of the study, 51.2 percent of all companies plan to increase staff during the next 12 months, up 4.5 points since July 2011. As figure 1 shows, projected growth typically follows the path of projected revenue. In July 2011, we saw a bit of hesitation in terms of ramping up staff. It is fair to assume that companies are feeling more comfortable with revenue projections and therefore investing in building up their workforce.

Figure 1: 12-Month Staffing Plans Increase versus Expected Revenue Growth

When projected growth is broken down by company size, 60 percent of small carriers plan to add additional staff over the next 12 months, which is 13 points higher than responses for mid–sized companies and 18 points higher than large companies.

Following suit, temporary staff usage is slated to increase. Seventy-six percent of respondents intend to maintain their use of temporary staff while 14 percent will increase it. It is typical to experience an increase in temporary staff usage as companies prepare to hire permanently.

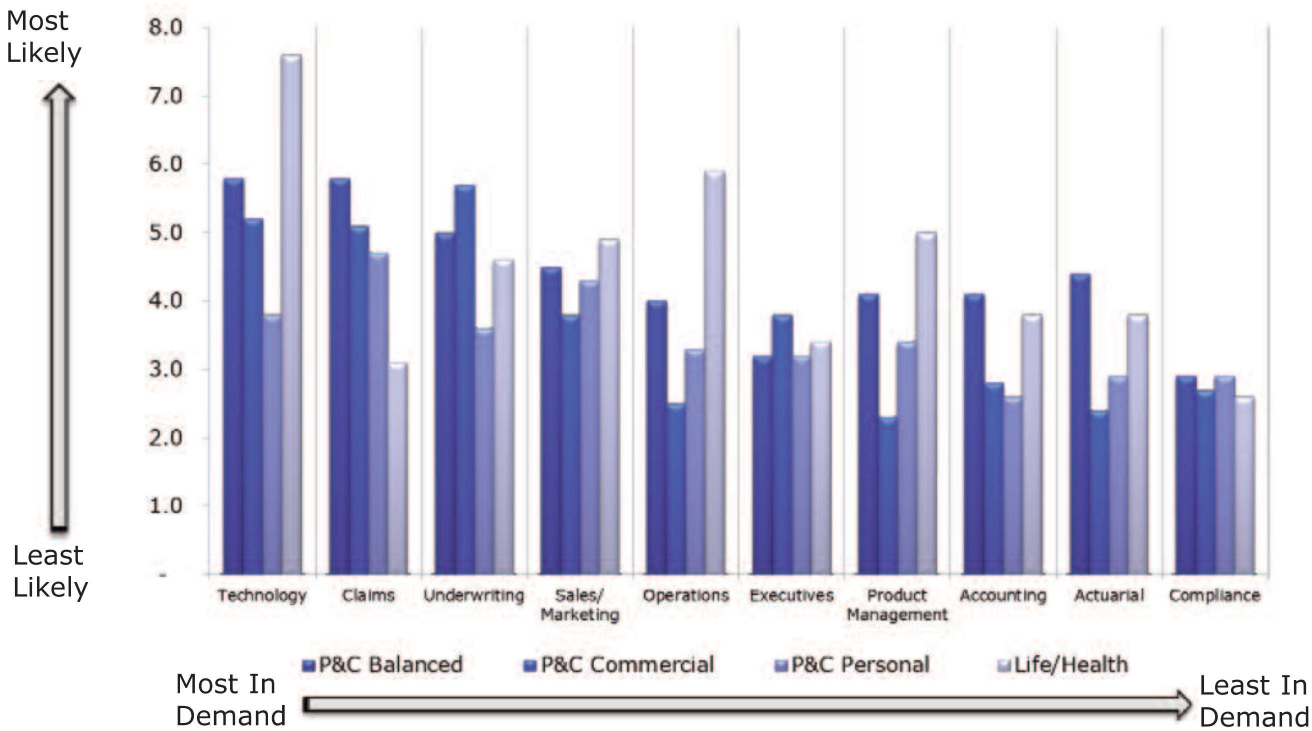
As expected, anticipated volume and expansion were listed as the top reasons that companies plan to increase staff, at 43 percent and 42 percent, respectively. Additionally, 33 percent of respondents are currently understaffed. Companies are hiring to make up for previous cuts in staff and to support future growth initiatives.

For the 19 percent of respondents that intend to decrease staff, automation was the number one reason, with 20 percent of respondents listing it as a factor. Only eight percent of companies reported decrease in business volume as a contributing factor, compared to a low of 17 percent in July 2009.

A BREAKDOWN BY DISCIPLINE

As figure 2 illustrates, demand has grown in nearly every function. Once again, technology professionals were ranked as most in demand as companies continue to invest in their technological infrastructure. Underwriting and claim roles are in high demand, as well. Complianceand product management demand remained flat. Actuarial was the only function that showed a slight decrease in likelihood to increase staff.

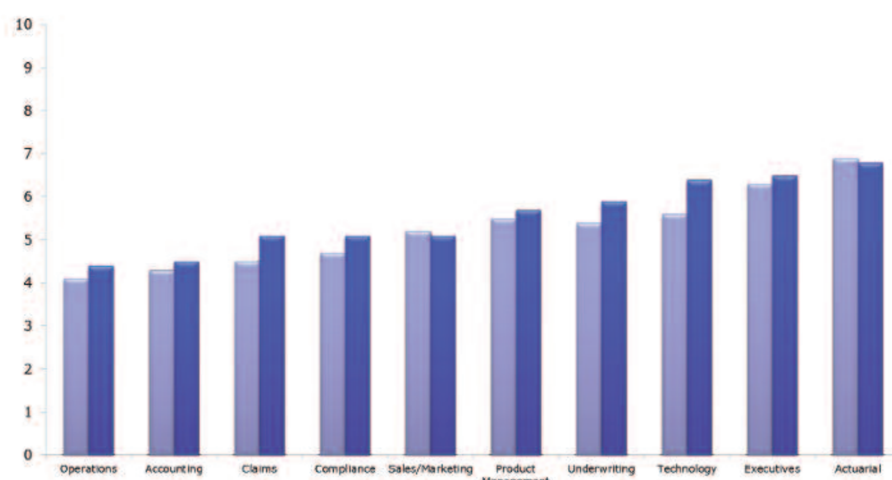
Figure 2: Likelihood of Increasing Staff by Function



RECRUITING CHALLENGES

While demand is high, recruiting proves to be a challenge. Survey participants were asked to rank each function's difficulty to recruit for on a scale of one to ten. Figure 3 shows that all functions, with the exception of actuarial, are more difficult than they were six months ago. Actuarial, executive and technology positions continue to pose the greatest challenge. Difficulty in recruiting stems from an aging workforce and resulting skills gap. To offset recruiting challenges, organizations must reinforce training and development initiatives to build up their talent pipeline.

Figure 3: Level of Difficulty Recruiting by Function



OVERALL OUTLOOK

We can conclude that the next year will be marked by sustainable growth. Though difficulty in recruiting still presents a challenge, we will see an increase in hiring as companies build up their workforce to account for a greater volume of business, as well as future growth objectives. If the industry follows through on its plans, we will see a 1.39 percent increase in industry employment over the next 12 months, thus, creating new jobs.

Participation in the semi-annual Insurance Labor Outlook Study is free and open to the entire insurance industry. For more information, contact Vince Albers of Ward Group at valbers@wardinc.com. For a full summary of the study's findings, click here.

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