

2020 Q1 ITERATION

Insurance Labor Market Study

Conducted by The Jacobson Group and Aon plc

Learn about current labor trends and staffing expectations for the next year.



Insurance Talent

JACOBSON

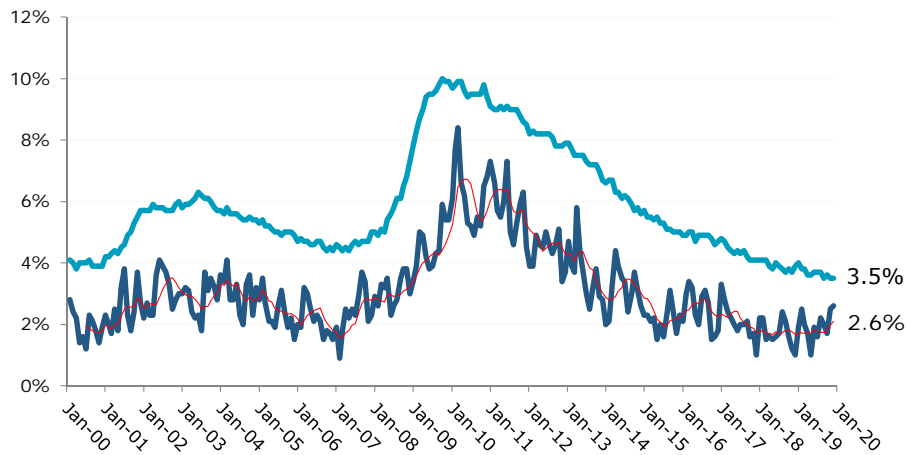
SUMMARY OF FINDINGS

- Sixty-one percent of companies plan to increase staff during the next 12 months, driven by 71 percent in life and health lines and 67 percent in property and casualty balanced lines. However, employee growth seems to be waning slightly.
- Seventy-five percent of medium-sized companies plan to add staff during the next 12 months. This is 13 and 30 points higher than small and large companies, respectively.
- Eight percent of companies expect a decrease in staffing during the next 12 months, one point lower than one year ago.
- Expectations to grow revenue is at 77 percent, two points lower than the July survey.
- Medium-sized companies are the most optimistic to increase revenue as 90 percent expect growth, compared to 72 percent for small companies and 75 percent for large companies.
- Optimism for revenue growth decreased 11 points to 81 percent for life and health companies from July, while property and casualty companies decreased 2 points to 76 percent.
- Fifty-seven percent of companies stated change in market share will drive their expected revenue shifts with 26 percent referencing an increase/decrease in pricing.
- The primary reason to increase staff during the next 12 months is the expectation of an expansion of business and new markets. Forty-eight percent of companies listed this as the primary reason-to-hire followed by 40 percent who anticipated an increase in business volume.
- As in the July survey, 21 percent of companies report automation will be the primary reason for reductions in staff during the next 12 months, followed by reorganization at 10 percent.
- Technology, claims and underwriting roles are expected to grow the greatest during the next 12 months. After technology, sales/marketing roles are the greatest need for life and health companies, compared to technology and underwriting for property and casualty companies.
- Recruitment difficulty is increasing. The candidate's market is being fueled by virtually non-existent unemployment, mass retirements and job growth driven by modernization efforts.
- Demand for product managers is increasing as few companies will hire individuals without experience into these roles.
- Technology, actuarial and executive positions are the most difficult to fill.

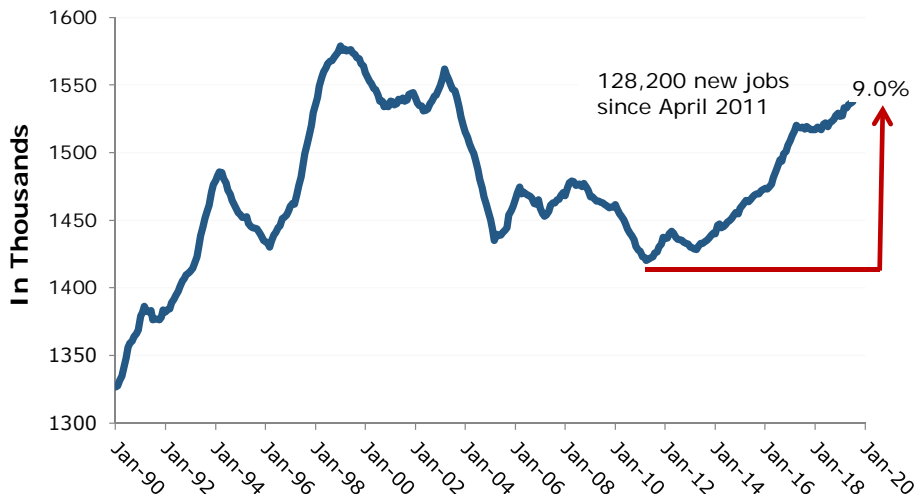
INSURANCE EMPLOYMENT

Unemployment Rates

■ Overall
 ■ Insurance and Related
■ 6-Month Moving Average (Insurance and Related)



Insurance Carrier Employment



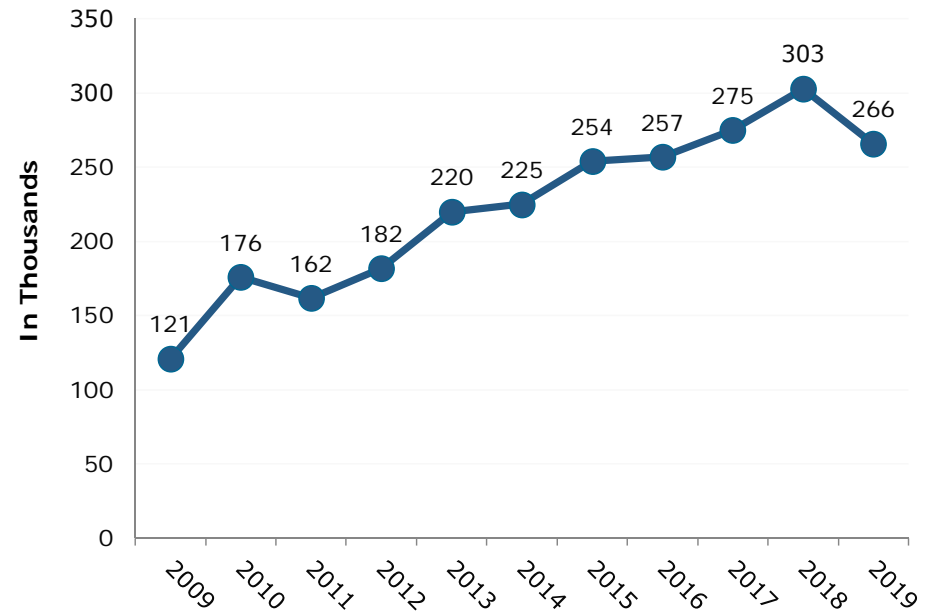
Source: U.S. Bureau of Labor Statistics





JOB OPENINGS

Job Openings in Finance and Insurance

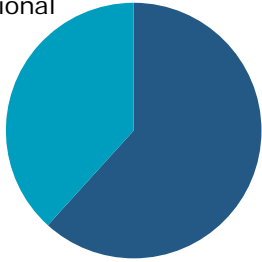


Source: U.S. Bureau of Labor Statistics

PARTICIPANT PROFILE

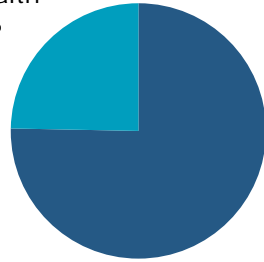
Business Profile

National/
Multi-National
38%



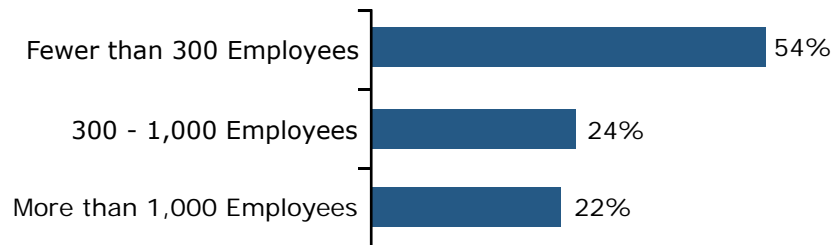
Regional
62%

Life/Health
25%



Property/Casualty
75%

Company Size



The total average number of employees is 1,865.





NOTABLE SURVEY TRENDS AND PROJECTIONS

Survey Trends from January 2019 to January 2020

- The total industry grew 0.72 percent versus an anticipated rate of 1.19 percent.
- The property and casualty industry grew 0.40 percent versus an anticipated rate of 1.61 percent.
- The life and health industry grew 1.27 percent versus an anticipated decrease of 0.40 percent.

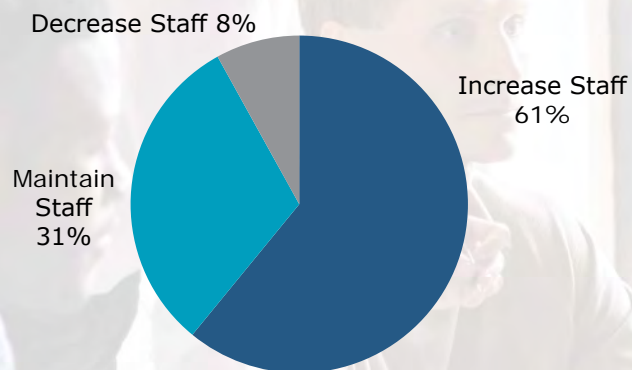
Survey Projection

If the industry follows through on its plans, we will see a 0.77 percent increase in industry employment during the next 12 months, creating new jobs.

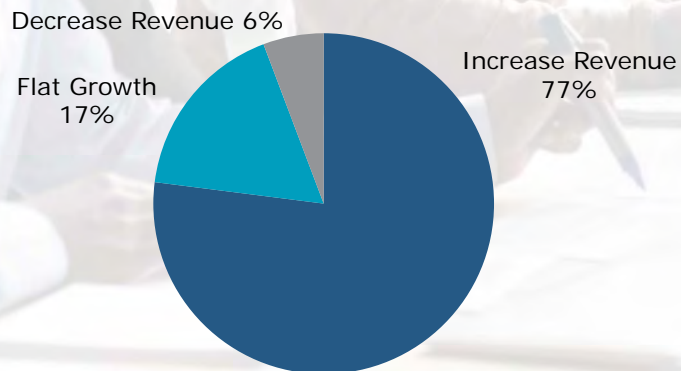
	Projected Growth
Total Benchmark _____	0.77%
Life and Health _____	1.45%
Property and Casualty (PC) _____	0.54%
- PC Personal _____	0.68%
- PC Commercial _____	0.23%
- PC Balanced _____	1.29%

REVENUE AND STAFFING EXPECTATIONS

12-Month Staffing Plan



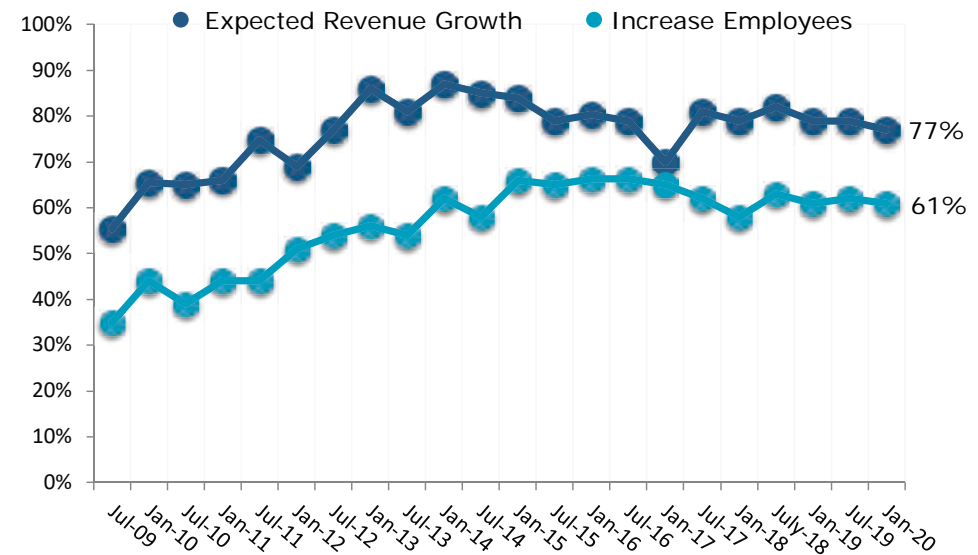
12-Month Revenue Plan



STAFFING AND REVENUE CORRELATIONS

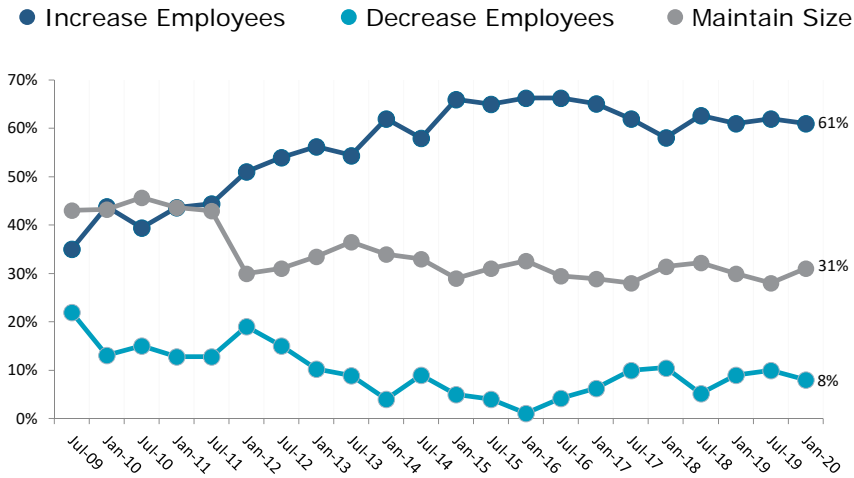
- Seventy-seven percent of companies expect an increase in revenue growth, down two points from July's survey.
- Eighty-one percent of life and health companies expect an increase in revenue.
- Seventeen percent of companies expect flat revenue growth, the same as July.
- Both property and casualty and life and health companies responded that the primary driver for expected revenue changes will be market share, at 54 percent and 67 percent respectively.

12-Month Staffing Plans Increase vs. Expected Revenue Growth



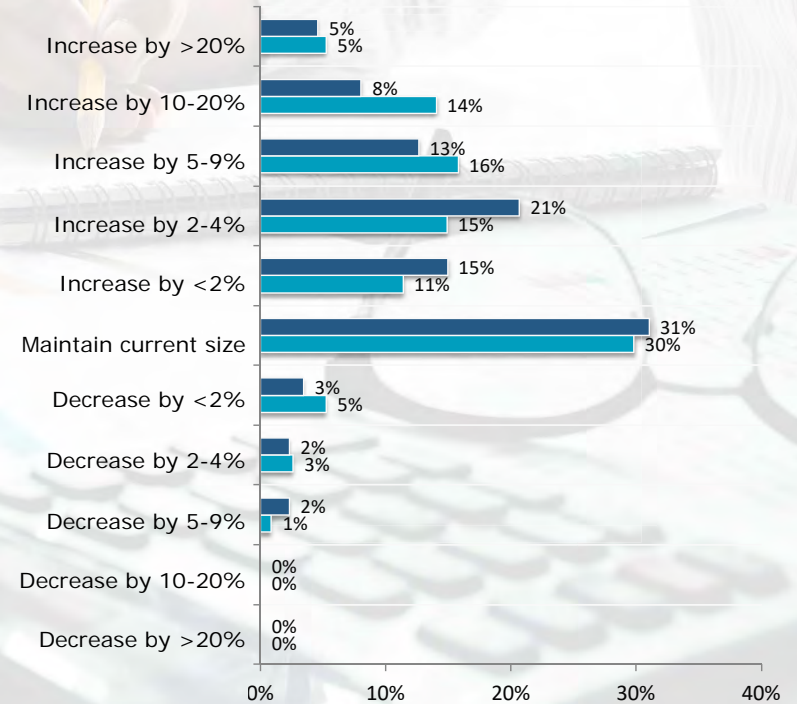
OVERVIEW OF STAFFING PLANS

12-Month Staffing Plans
Prior Survey Results



- Sixty-seven percent of balanced lines property and casualty companies are expecting to increase staff during the next 12 months. This is 17 and 10 points higher than personal and commercial lines property and casualty companies, respectively.
- Of the companies who plan to add staff during the next 12 months, 81 percent expect an increase in revenue with 58 percent responding it will be due to a change in market share.
- Seventy-four percent of companies who plan to maintain staff size during the next 12 months are expecting an increase in revenue growth.

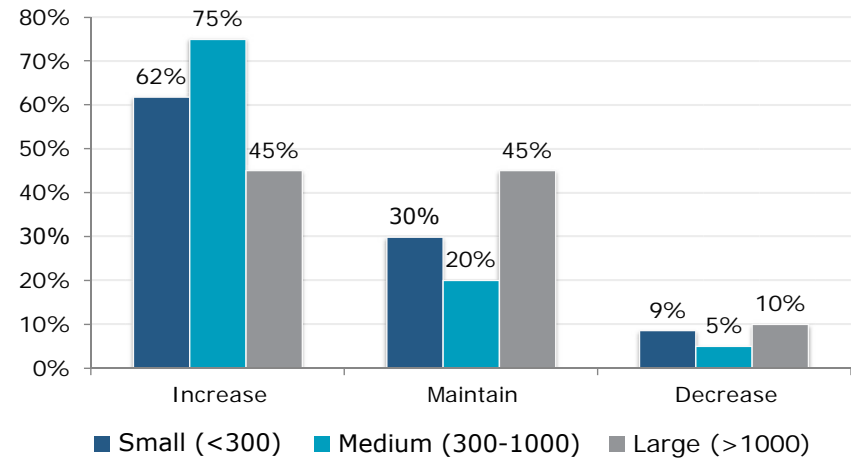
12-Month Employee Staffing Plans
January 2020 Plan | January 2019 Plan



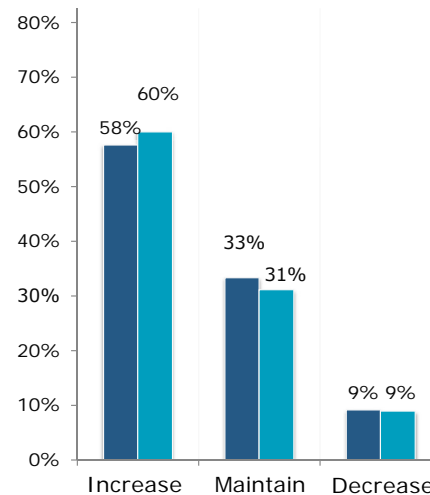
12-MONTH STAFFING PLANS: COMPARISON TO JANUARY 2019

- Forty-five percent of medium companies are expecting growth in revenue/premium greater than 10 percent. This compares to 30 percent for small and 10 percent for large companies.
- Seventy-seven percent of large companies responded that revenue growth will be driven by market share compared to 39 percent of medium and 56 percent of small companies.
- Ninety percent of medium-sized companies expect revenue growth in the next 12 months with 25 percent planning to maintain or decrease employees.
- In July, 64% of medium-sized and large companies were expecting to increase staff while 59% of small companies were expecting the same.

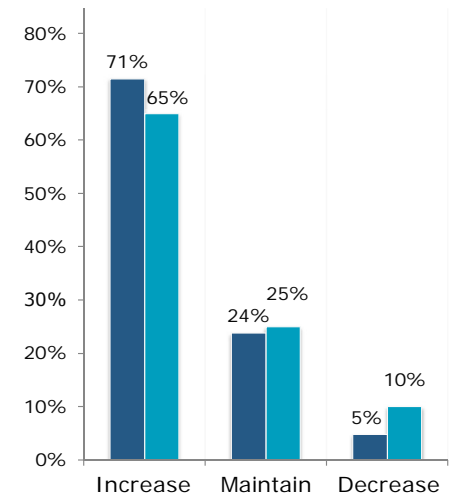
Staffing by Employee Size



Property/Casualty Staffing



Life/Health Staffing

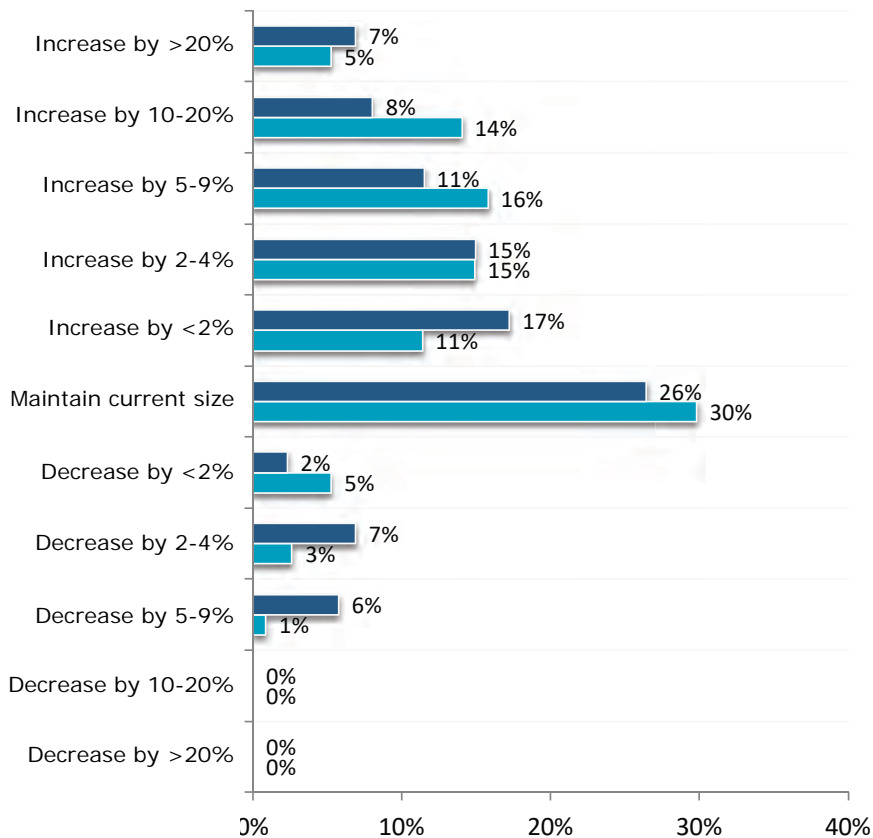


■ January 2020 Plan ■ January 2019 Plan

12-MONTH STAFFING PLANS VS. ACTUAL

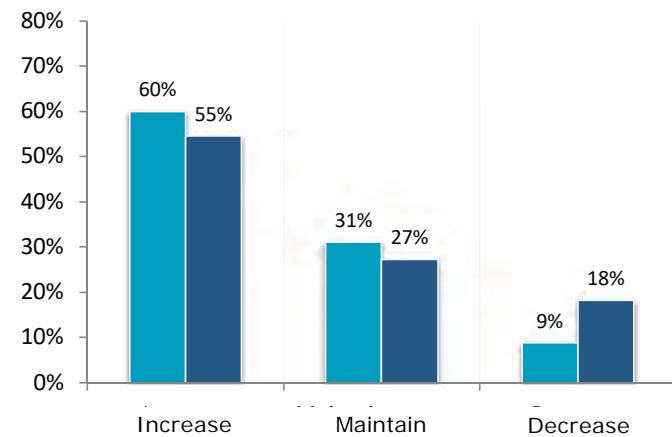
Overall Industry Staffing

Actual Staffing (Dark Blue) | January 2019 Plan (Light Blue)



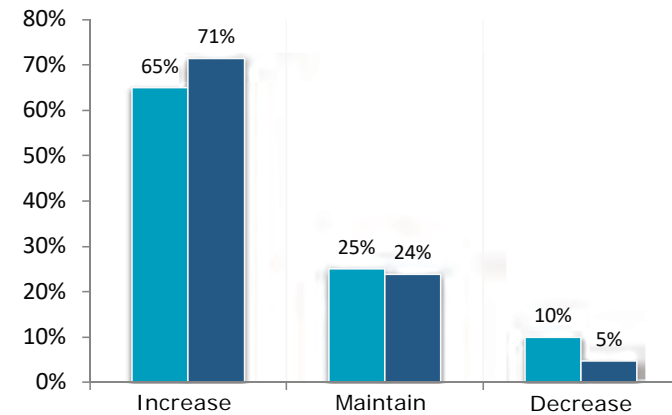
Property/Casualty Staffing

Actual Staffing (Dark Blue) | January 2019 Plan (Light Blue)



Life/Health Staffing

Actual Staffing (Dark Blue) | January 2019 Plan (Light Blue)



REASONS TO INCREASE/DECREASE STAFF

Reasons to Increase Staff During the Next 12 Months

Expansion of Business/New Markets _____	48%
Anticipated Increase in Business Volume _____	40%
Areas Currently Understaffed _____	33%
Service Delivery Improvement _____	30%
Reorganization _____	11%
Other _____	10%
Manager-to-Staff Ratio Correction _____	1%

Reasons to Decrease Staff During the Next 12 Months

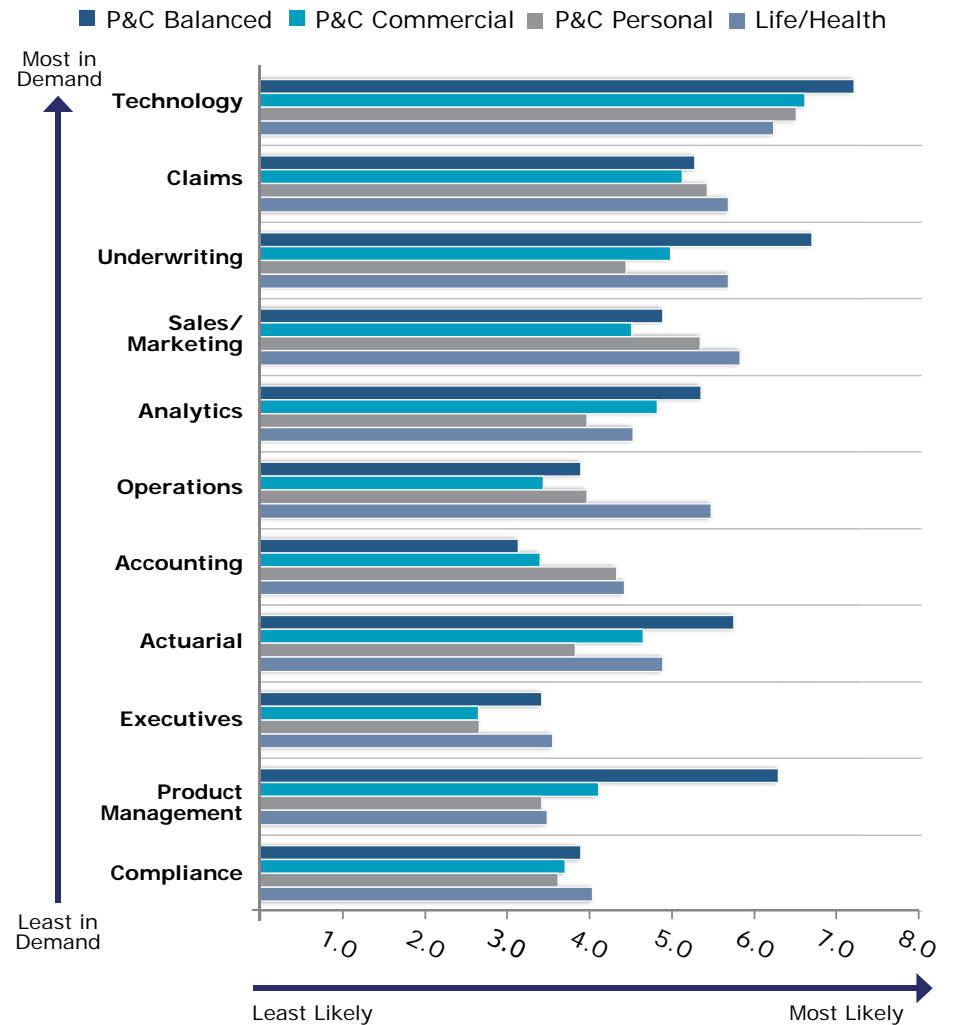
Automation Improvements Requiring Fewer Staff _____	21%
Reorganization _____	10%
Areas Currently Overstaffed _____	8%
Anticipated Decrease in Business Volume _____	6%
Other _____	3%
Contraction of Business/Discontinuing Operations _____	2%
Manager-to-Staff Ratio Correction _____	1%



LIKELIHOOD OF INCREASING STAFF BY FUNCTION

- 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 analytics.
- Medium-sized companies are looking for technology staff then analytics in the next 12 months.
- After technology, small companies have the greatest staffing need in claims roles.

By Function by Industry

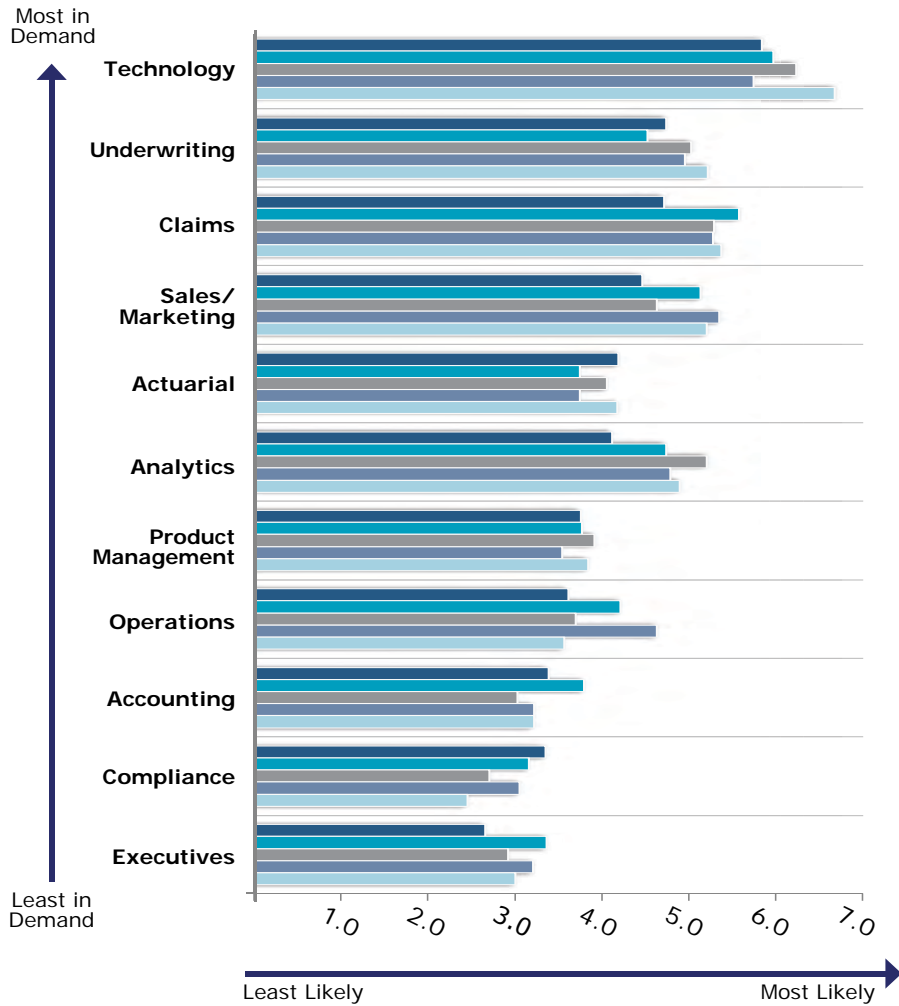




LIKELIHOOD OF INCREASING STAFF BY FUNCTION

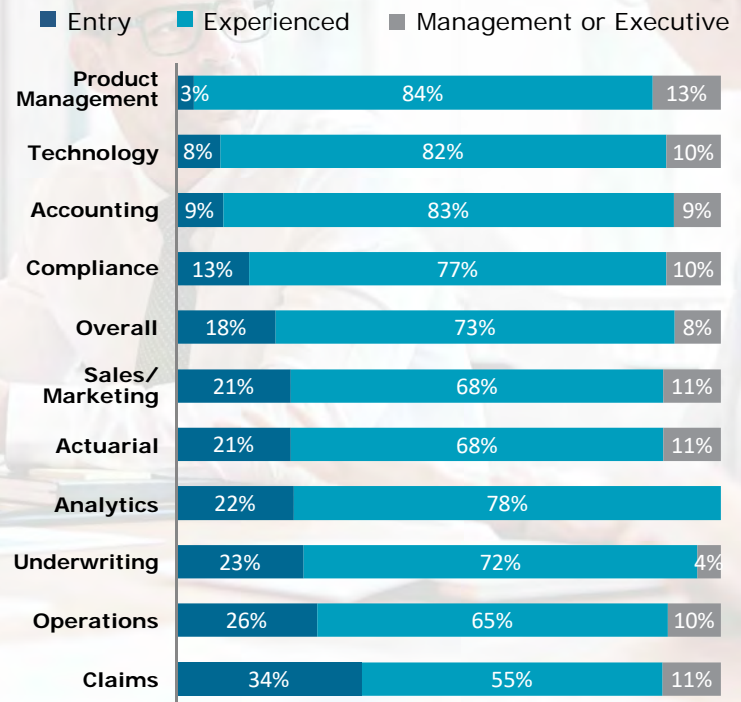
By Function by Survey Period

■ Jan. 2020 ■ Jan. 2019 ■ Jan. 2018 ■ Jan. 2017 ■ Jan. 2016



LIKELIHOOD OF INCREASING STAFF BY FUNCTION

By Function by Employee Type



*Percentages above rounded to nearest whole number

RECRUITING DIFFICULTY CONTINUES

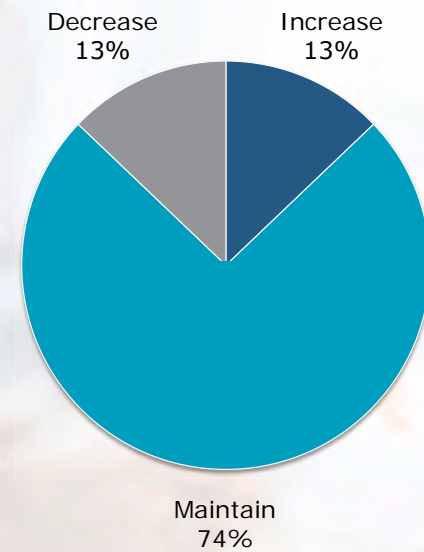
- On a scale of 1 – 10 (10 being most difficult), companies responded that positions are still moderately difficult to fill.
- Positions rated five or above are considered moderate or difficult to fill.
- Product line has a significant impact on the ease of filling positions.
- Recruiting difficulty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





TEMPORARY EMPLOYMENT

Use of Temporary Employees During Next 12 Months





PARTICIPATE IN THE LABOR STUDY

The next iteration of our study will be conducted in July 2020. Sign up now and we will notify you when it launches. It takes no longer than five minutes to complete, and all responses are confidential. Sign up today: jcbsn.gr/LaborStudySignup.

ABOUT THE LABOR STUDY

Our Semi-Annual Insurance Labor Market Study has offered valuable insurance labor insights since 2009 and has become an accurate predictor of the industry's staffing trends. For more insights into this year's trends, access the survey results webinar recording: jcbsn.gr/2020Q1LaborStudyResults.

ABOUT JACOBSON

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

We provide an array of services including executive search, professional recruiting, temporary staffing and subject matter experts. Regardless of the need or situation, Jacobson is the insurance talent solution. Further information is available at jacobsononline.com.

ABOUT WARD

Ward 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 3,000 operational and compensation benchmarking exercises for companies of all sizes.

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