

Insurance Labor Market Study

The Jacobson Group and Ward Group 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 first quarter of 2014.

■ Survey 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

■ Summary of Findings

- Expectations to grow revenue increased 6 points from the July survey. This is the highest level since the survey began in 2009 by 1.1 points from the previous high (January 2013 survey).
- 61% of the companies stated that change in market share will drive their expected revenue changes, up 2.6 points from the July survey.
- 62% of companies plan to increase staff during the next 12 months, which is nearly 7.5 points higher than the July survey.
- The primary reason to increase staff during the next 12 months is the expectation of an increase in business volume. 55% of companies listed this reason to hire compared to 48% for those who report expansion into new markets.
- Companies expecting a decrease in staffing during the next 12 months is at its lowest point in the history of the survey at 4%. This is nearly 5 points lower than expectations from July of 2013.
- 17% of companies reported automation being the primary reason for reductions in staff; however, this number is still below the historical average of 21%.
- 70% of small and 61% of mid-sized companies plan to add staff during the next 12 months. This is 21 and 13 points higher than large companies, respectively.
- Technology, Underwriting, and Claims roles are expected to grow the greatest during the next 12 months.
- With the highest percentage of companies in the history of this survey indicating an increase in hiring and virtually no unemployment in the insurance industry, the difficulty in recruiting will only continue to intensify.
- Actuarial, Analytics, and Executive positions are the most difficult to fill. Analytic positions appear more difficult recently as it is up almost 10% from the July survey.
- Seasonal trends are emerging in temporary staffing demand, with 1st half-of-the-year usage decreasing. 15% of companies are planning to increase their use versus 16% reporting the same 6 months ago.

■ Notable Survey Trends 2014

- The TOTAL industry grew 0.83% versus an anticipated rate of 1.21%.
- The P&C industry grew 0.70% versus an anticipated rate of 1.20%.
- The L&H industry grew 1.97% versus an anticipated rate of 1.89%.

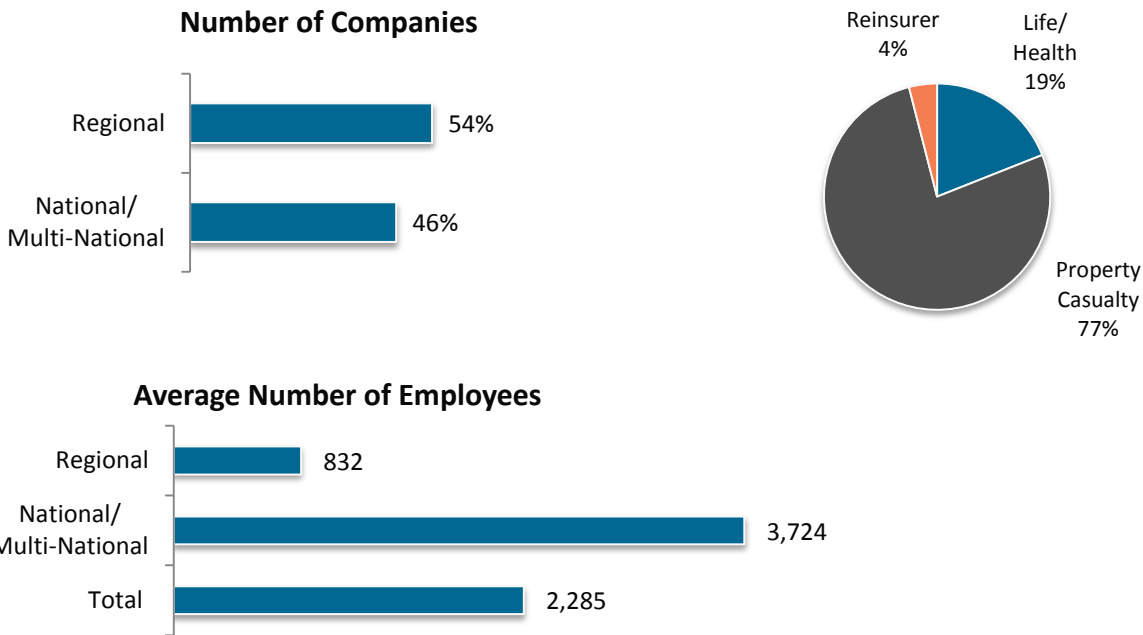
■ **Projection**

If the industry follows through on its plans, we will see a 0.89% increase in industry employment during the next 12 months, creating new jobs.

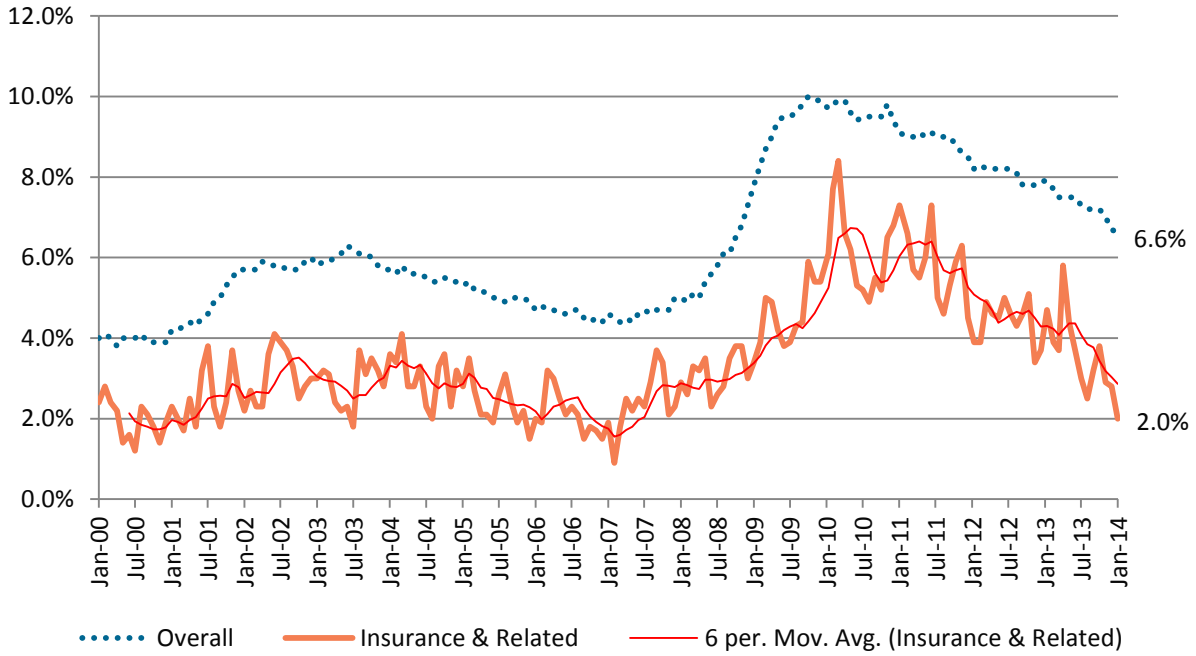
	Projected Growth
Total Benchmark	0.89%
Life & Health	1.77%
Property Casualty (PC)	1.26%
• PC Personal	1.19%
• PC Commercial	2.17%
• PC Balanced	0.50%

■ **Survey Results**

Participant Profile

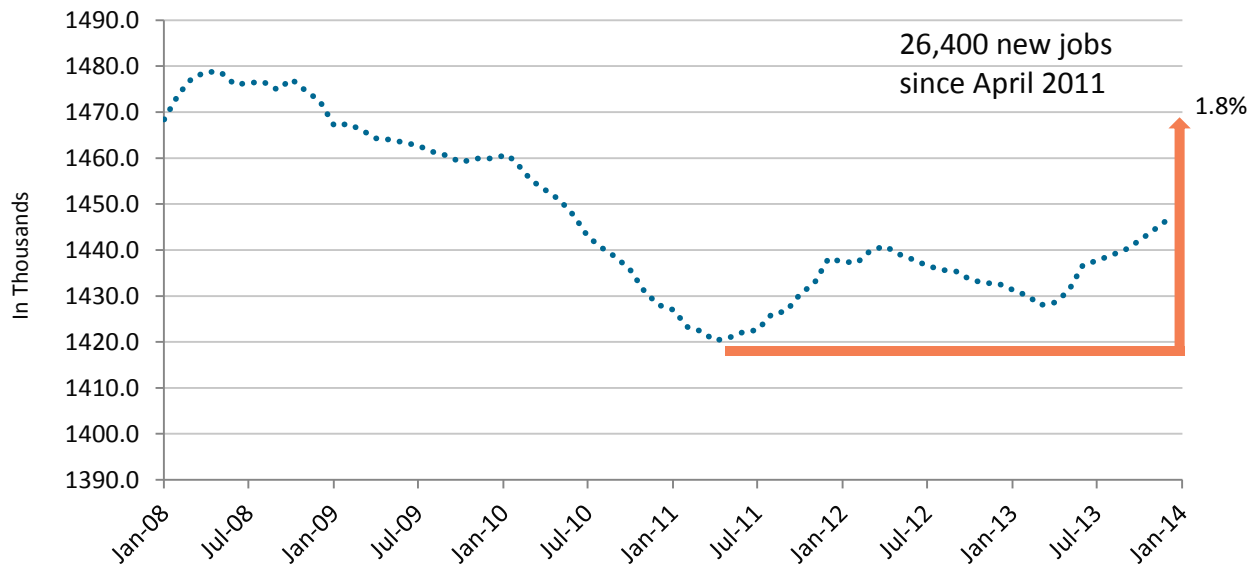


Unemployment Rates



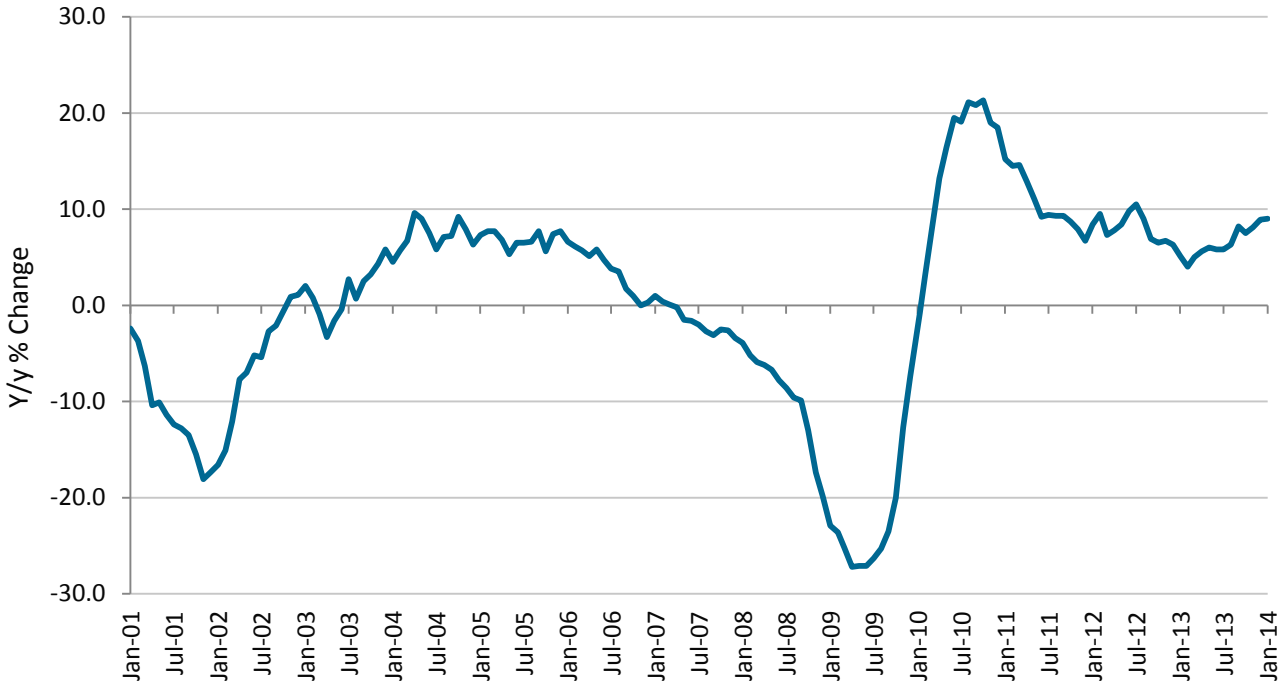
Source: U.S. Bureau of Labor Statistics

Insurance Carrier Employment



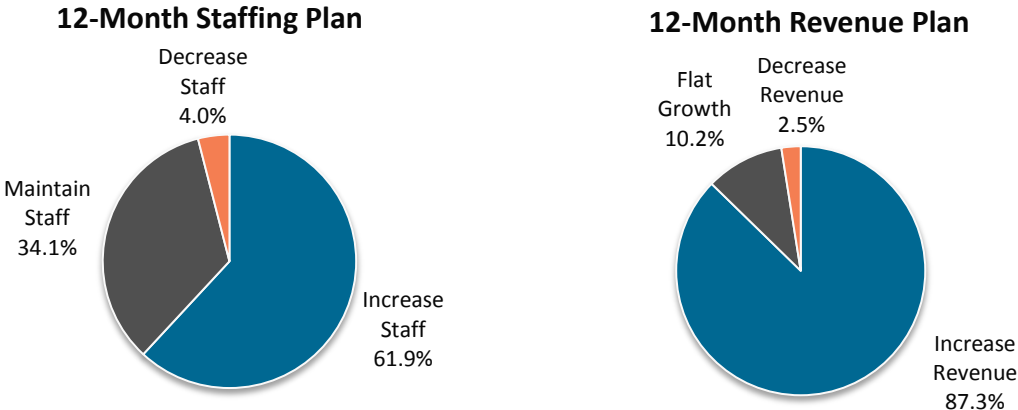
Source: U.S. Bureau of Labor Statistics

Temporary Employment



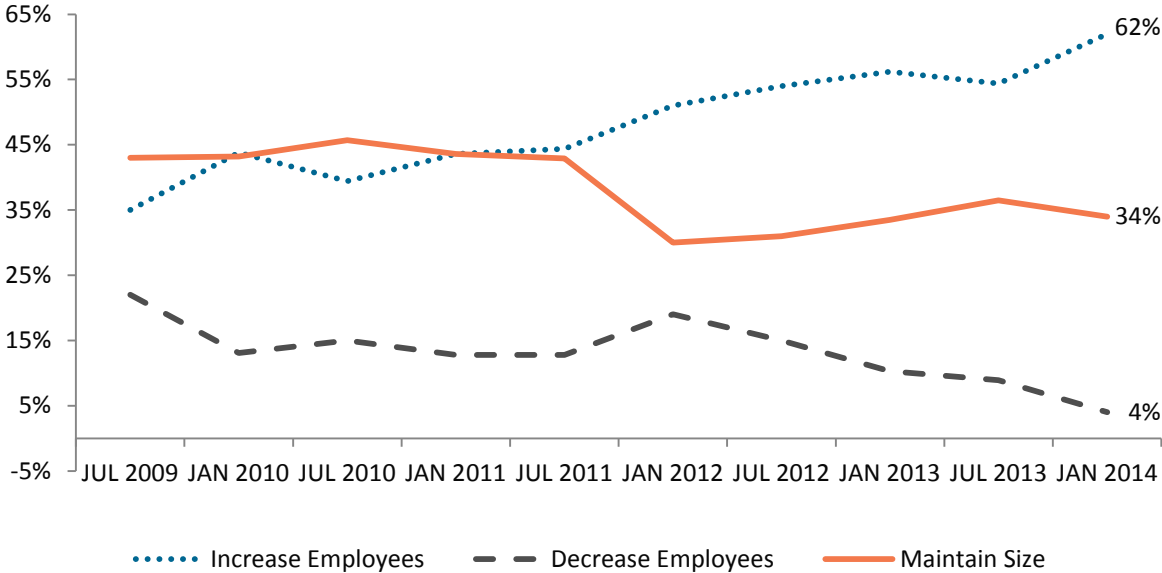
Temporary employment is up by 98,500 jobs since August. The temporary penetration rate has increased to 2.06%.

Revenue and Staffing Expectations



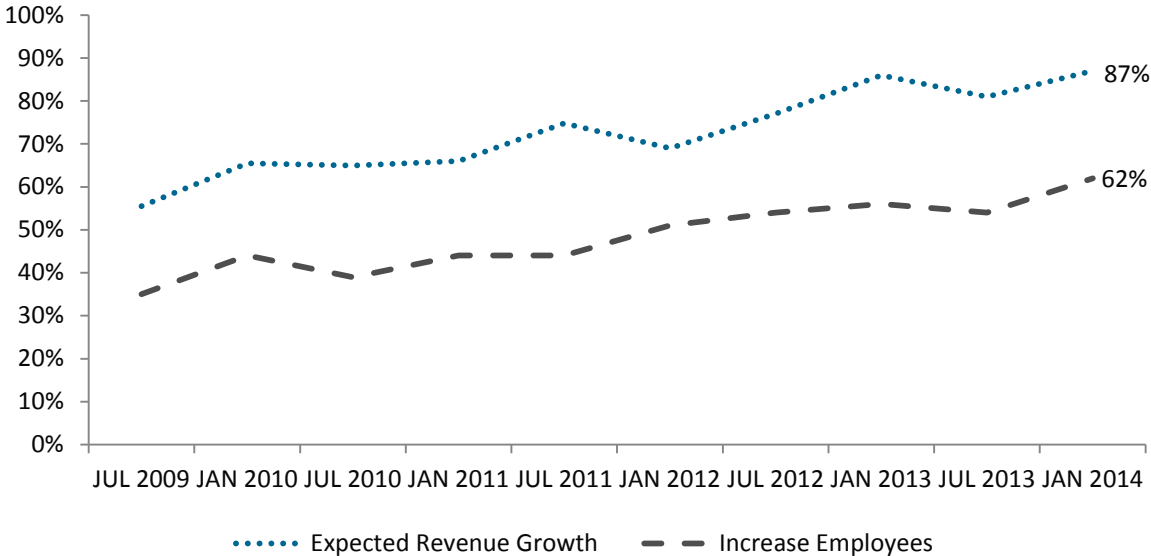
12-Month Staffing Plans

July 2009 – January 2014



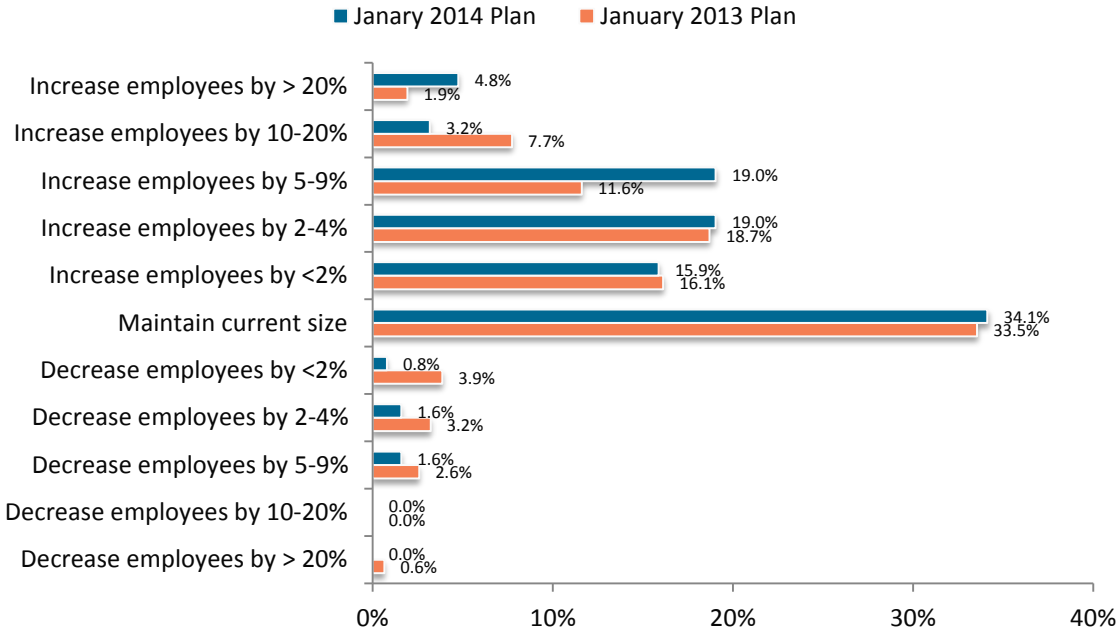
12-Month Staffing Plans Increase vs. Expected Revenue Growth

July 2009 – January 2014



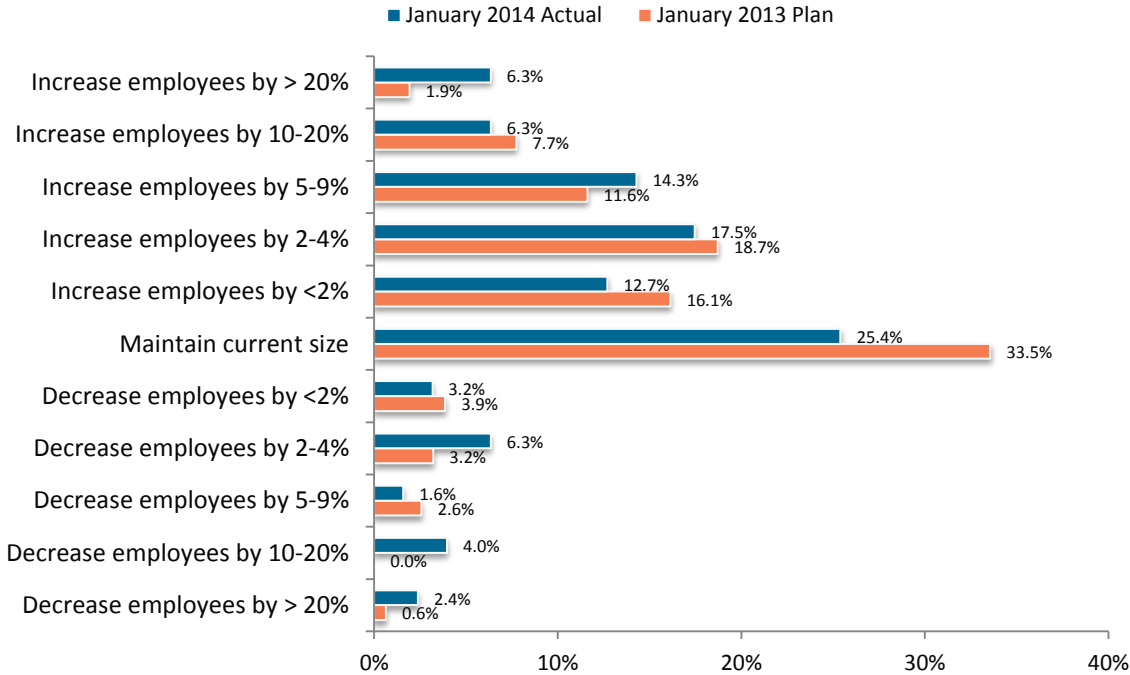
- 85% of P&C companies expect an increase in revenue growth while 95% of Life/Health companies responded the same
- Less than 3% of all surveyed companies expect a decrease in revenue during the next 12 months. Life/Health companies do not expect a decrease.
- Both Life/Health and P&C companies responded that the primary driver for expected revenue changes will be market share rather than pricing or expansion/contraction.
- 73% of national/multi-national companies expect market share to drive revenue changes compared to 49% of regional carriers.

12-Month Staffing Plans

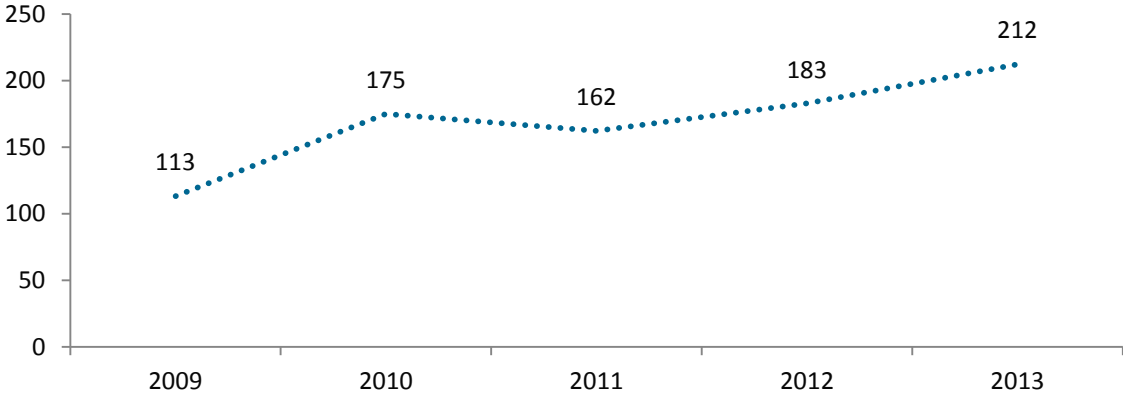


- 67% of commercial P&C companies are expecting to increase staff during the next 12 months. This is 8 and 9 points higher than balanced and personal lines companies, respectively.
- Of the companies who plan to add staff during the next 12 months, 92% expect an increase in revenue with almost 68% responding that it will be due to a change in market share.
- 70% of small companies (<300 FTE) are expecting to increase staff in the next 12 months compared to medium (300-1000 FTE) and large-sized companies (>1000 FTE) at 62% and 49%, respectively.

12-Month Staffing Plans vs. Actual



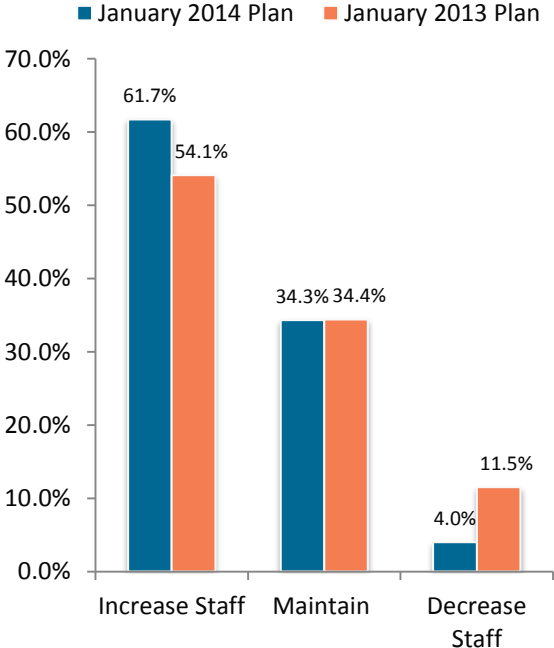
Job Openings in Finance and Insurance



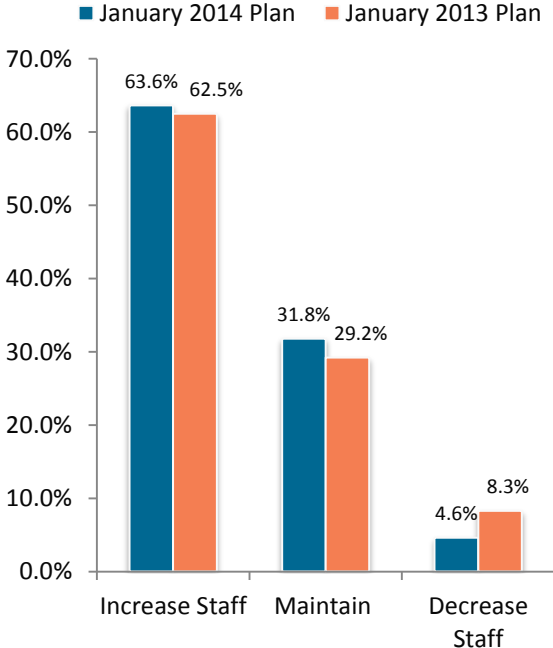
Source: U.S. Bureau of Labor Statistics

**12-Month Staffing Plans
 Comparison to January 2013 By Industry**

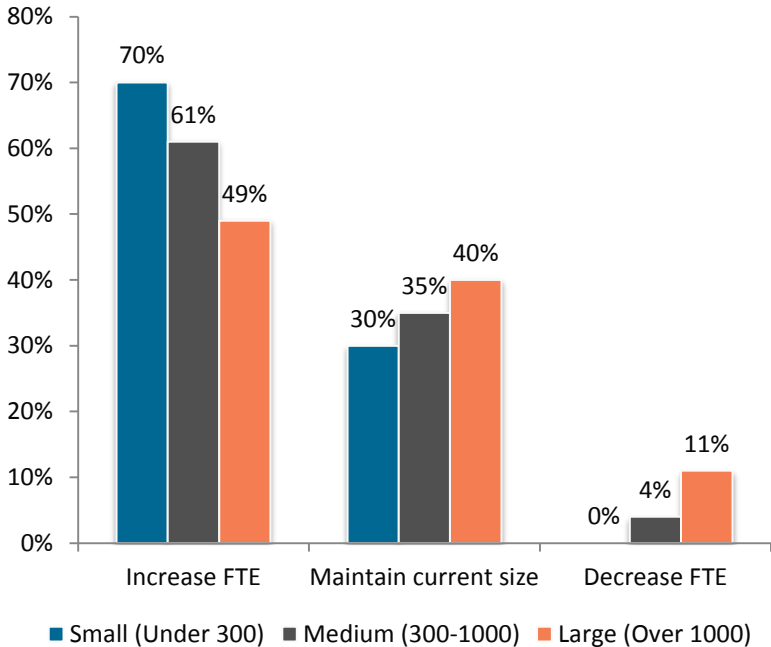
Property/Casualty



Life/Health



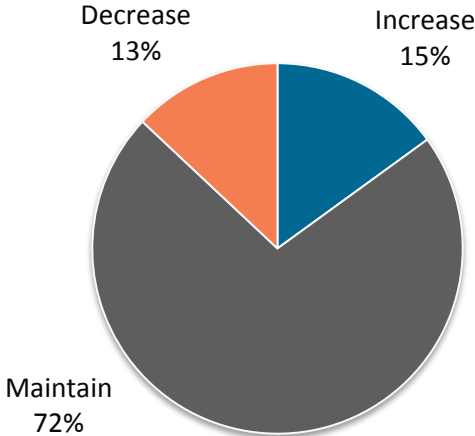
**12-Month Staffing Plans
 By Employee Size**



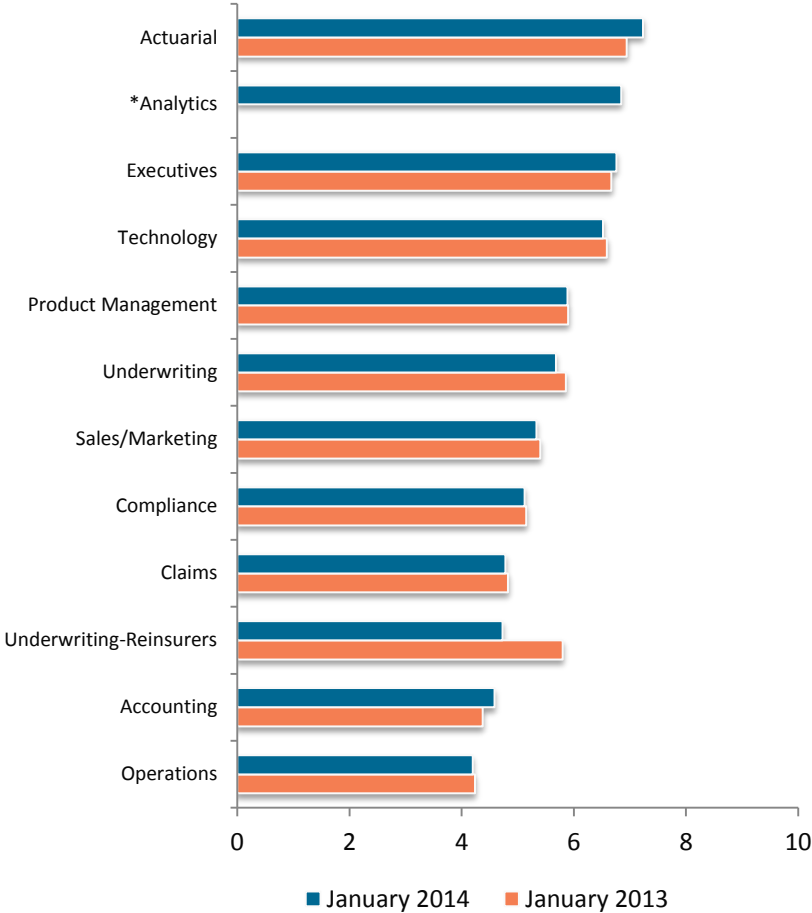
- 35% of small companies are expecting greater than 10% growth in revenue/premium. This compares to 17% for large companies and 24% for medium-sized companies.
- 78% of large companies responded that revenue growth will be driven by market share compared to 50% of small and 56% of medium-sized companies.

Temporary Employees

**Use of Temporary Employees
 During Next 12 Months**



Recruiting Difficulty Continues



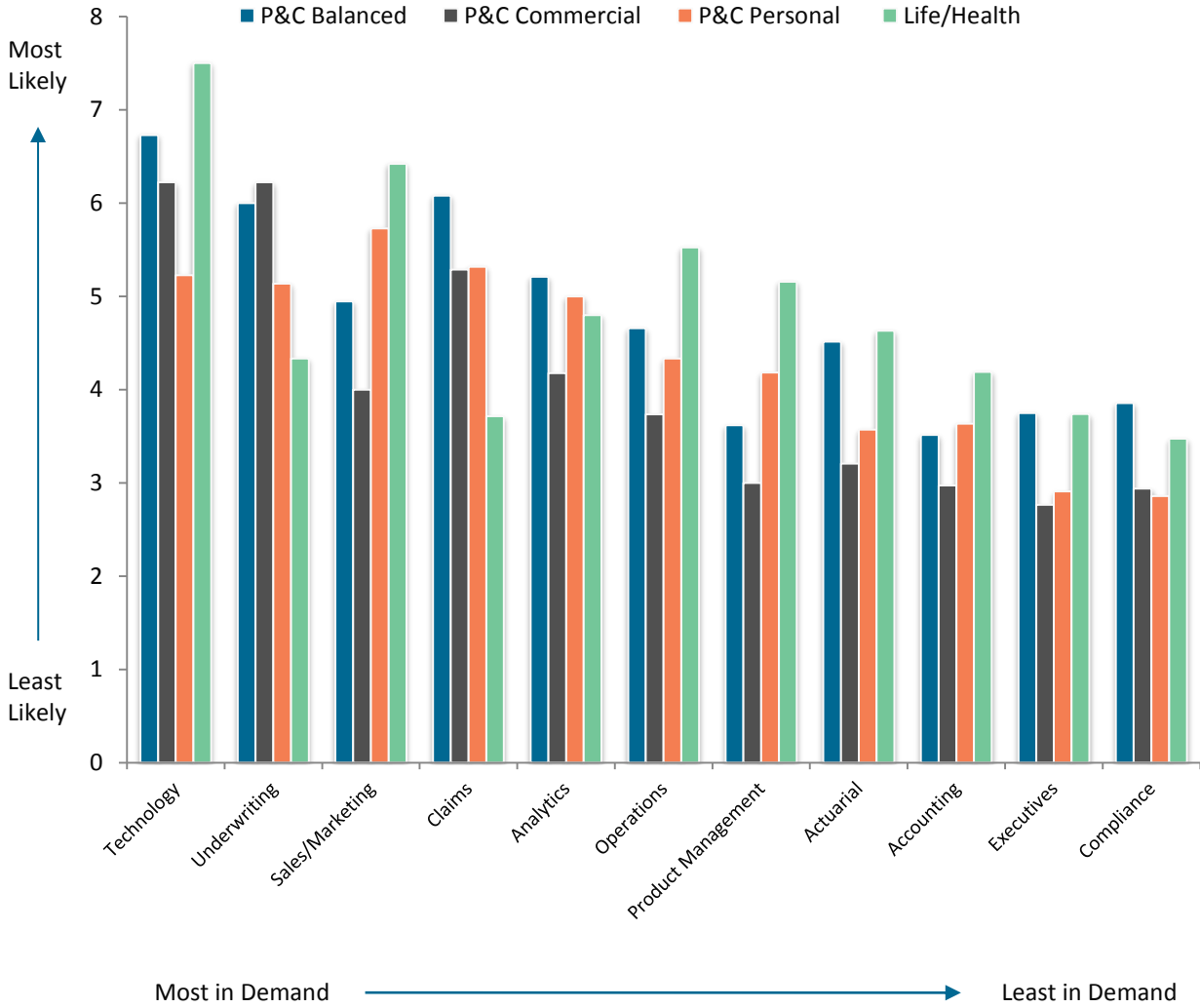
*Analytics included as additional function in July 2013 survey

On a scale of 1 – 10 (10 being most difficult), companies responded that positions are still moderately difficult to fill and recruiting is slightly less difficult in most disciplines than it was a year ago.

Positions rated 5 or above are considered moderate or difficult to fill.

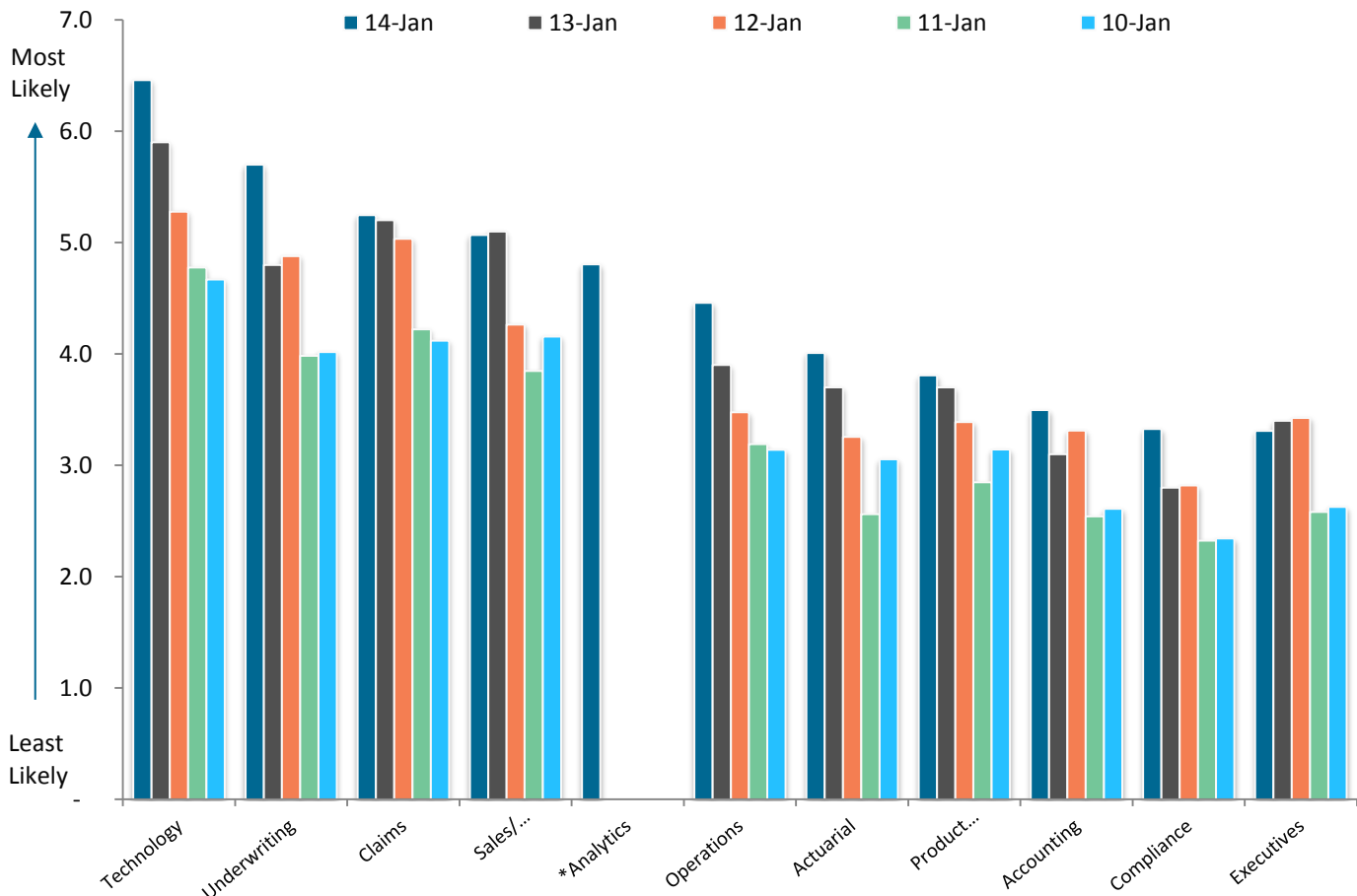
Product line has a significant impact on the ease of filling positions.

Likelihood of Increasing Staff By Function



- After Technology, large and medium-sized companies are most likely to increase staff in Analytics. Small companies look to Underwriting then Technology.
- Commercial lines companies have a significantly higher need for Underwriters in the next 12 months compared to personal lines companies.
- Life/Health companies have the greatest need in the Technology function followed by Sales/Marketing.
- Technology has had the greatest likelihood to increase staff in 9 of the past 10 surveys for P&C companies.

Likelihood of Increasing Staff By Function By Survey Period

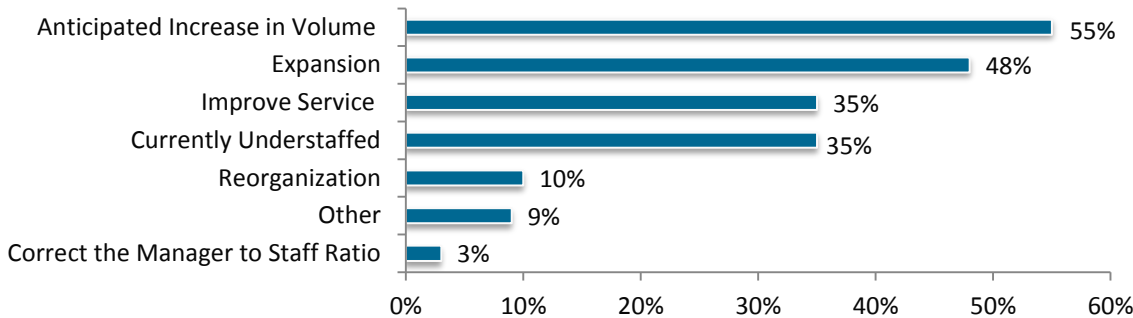


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Most in Demand → Least in Demand

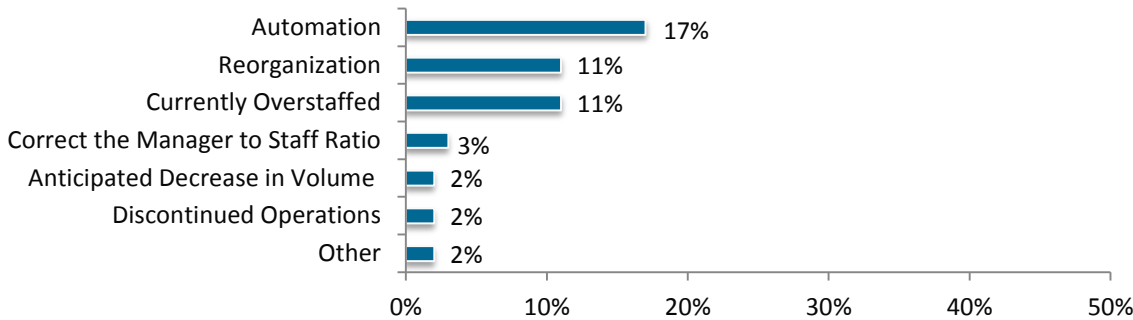
Staff Increases

Reason to Increase Staff During Next 12 Months



Staff Decreases

Reason to Decrease Staff During Next 12 Months



Contact

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About The Jacobson Group

The Jacobson Group is the leading global provider of insurance talent. For more than 40 years, Jacobson has been connecting insurance organizations with professionals from the board room to the back room on both a permanent and temporary basis. We offer a variety of solutions including executive search, professional recruiting, emerging talent, RPO, temporary staffing, subject matter experts, and onsite and work-at-home operations support. Regardless of the need or situation, Jacobson is the insurance talent solution. Further information is available www.jacobsononline.com.

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