



INSURANCE LABOR MARKET STUDY

August 21, 2014

About Ward Group

- Ward Group is a consulting and analytical firm specializing in the insurance industry and the leading provider of industry benchmarking and best practices services. Our services include:
 - Expense, staffing & performance analysis for all functions
 - Compensation and pay practices surveys
 - Executive compensation consulting
 - Distribution management
- Annual evaluation of the financial performance of industry



Jeff Rieder, CPA, CPCU
Partner
Ward Group
jrieder@wardinc.com
(513) 746-2400 (direct)

About The Jacobson Group

- The Jacobson Group is the leading global provider of insurance talent. For more than 40 years, we have been connecting organizations with insurance professionals through a variety of solutions including the following:
 - Executive search
 - Professional recruiting
 - Emerging talent
 - Recruitment process outsourcing
 - Temporary staffing
 - Subject matter experts
 - Onsite and work-at-home operations support



Greg Jacobson

CEO

The Jacobson Group

GJacobson@jacobsononline.com

(312) 884-0407 (direct)

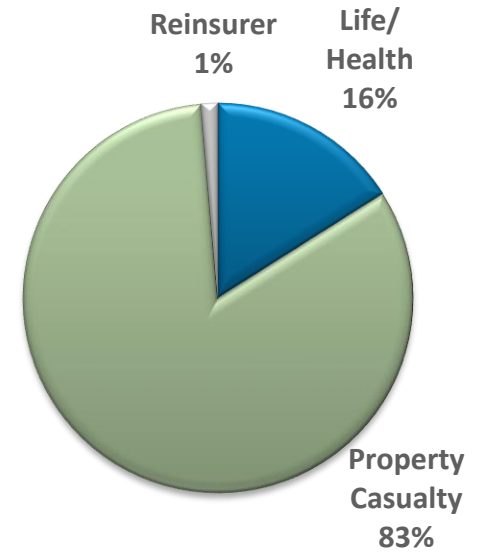
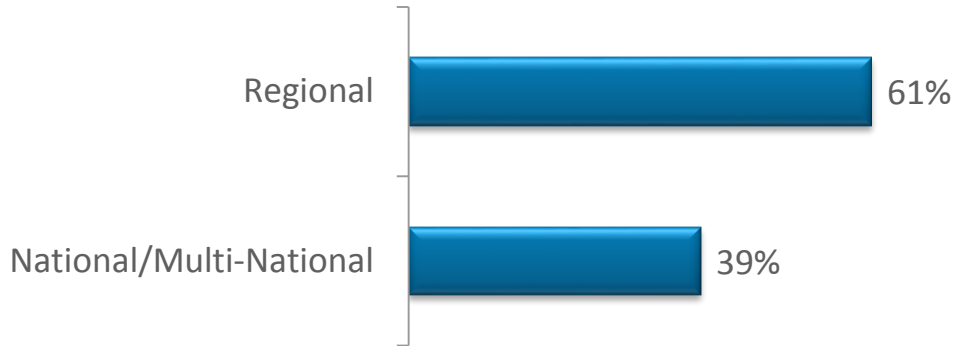


Study Objectives

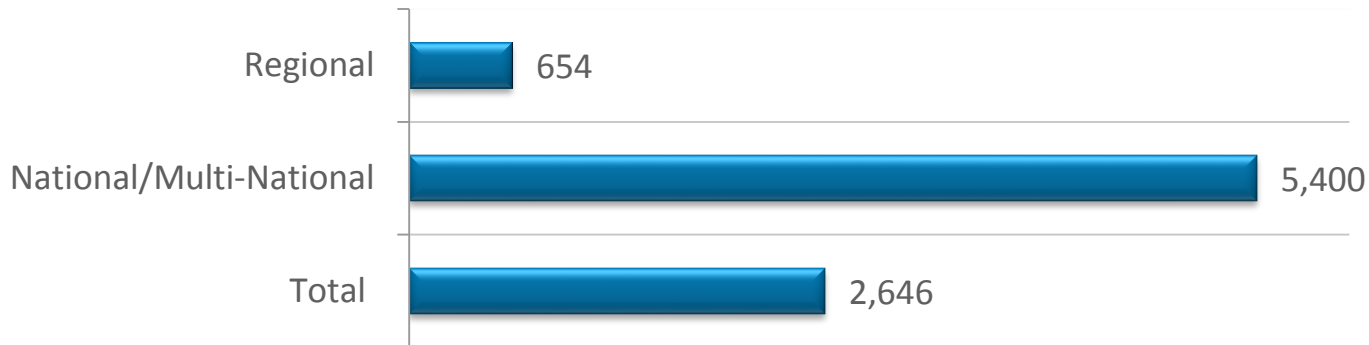
- Analyze current labor trends and future staffing expectations
- Provide an overview of staffing challenges by discipline
- Provide commentary on the industry's labor market

Participant Profile

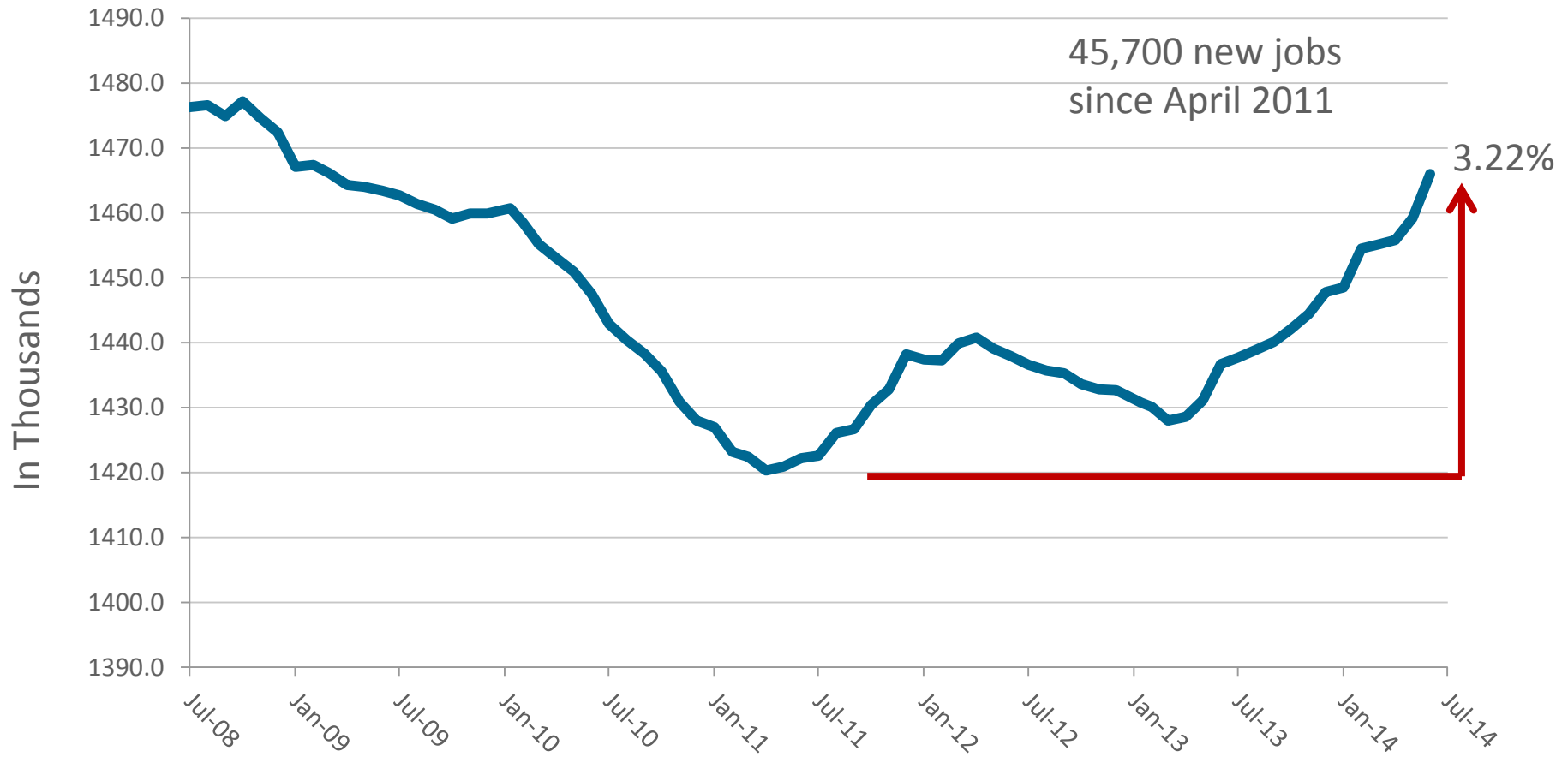
Business Profile



Average Number of Employees

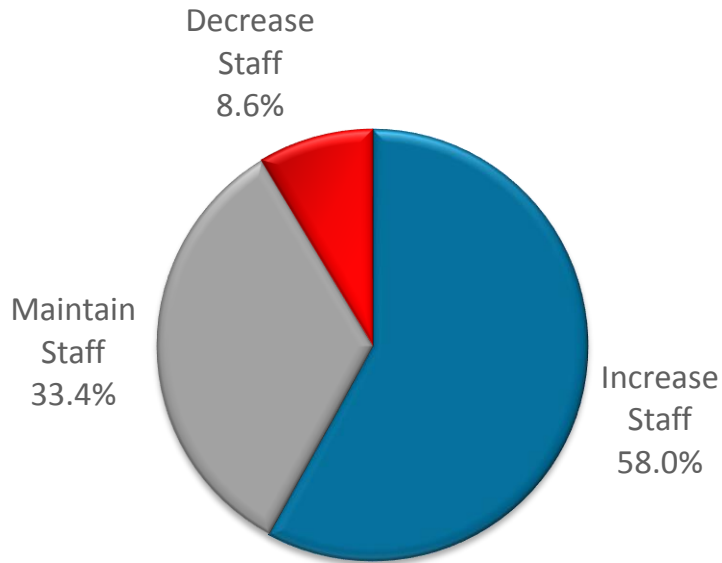


Insurance Carrier Employment

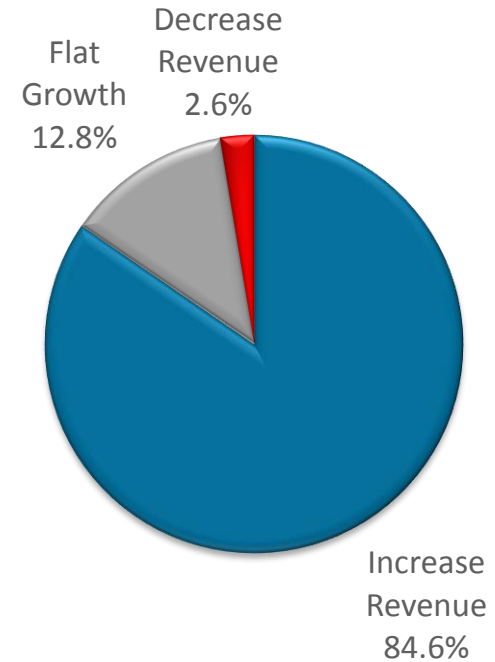


Revenue and Staffing Expectations

12-Month Staffing Plan



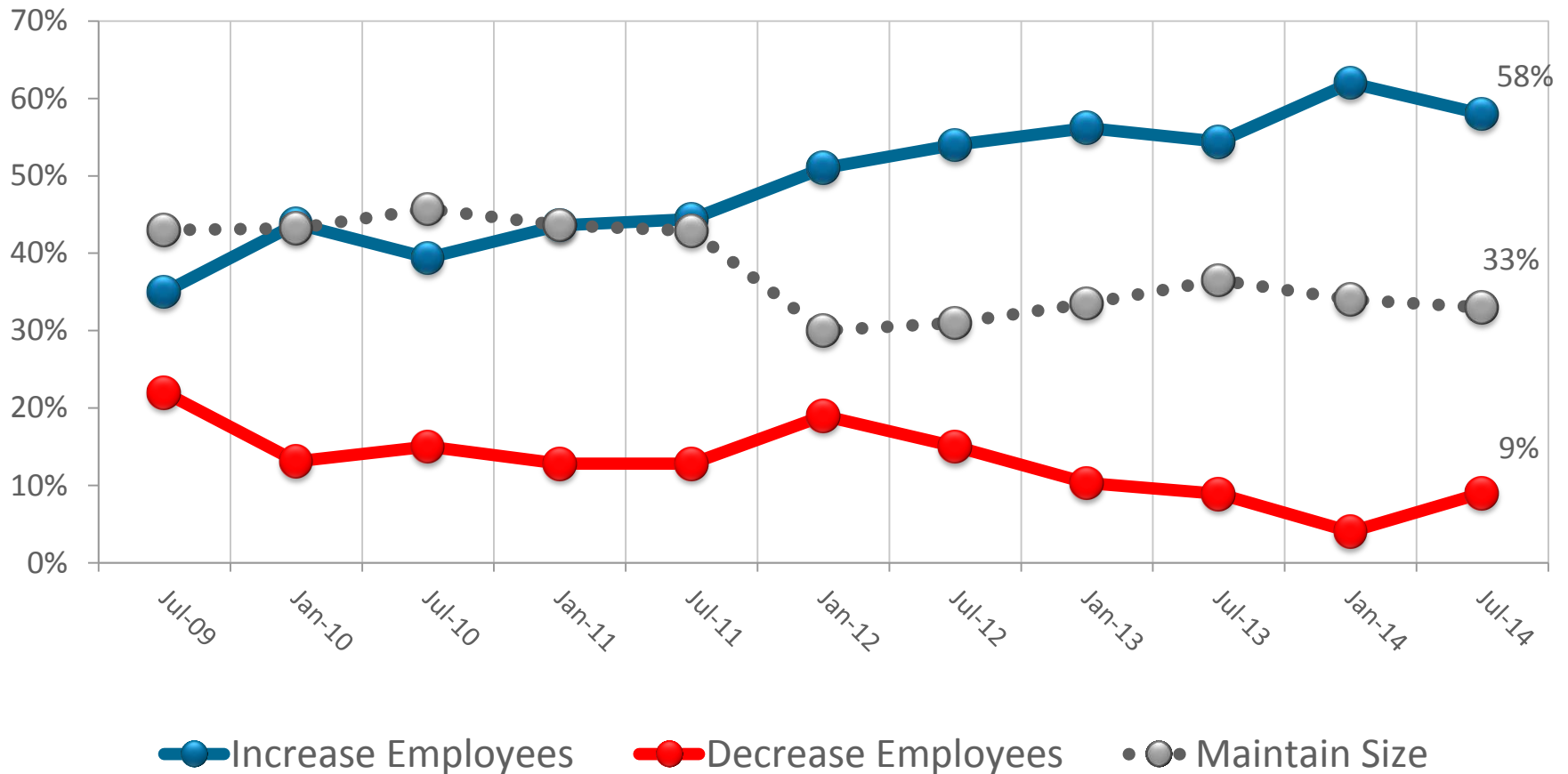
12-Month Revenue Plan



12-Month Staffing Plans

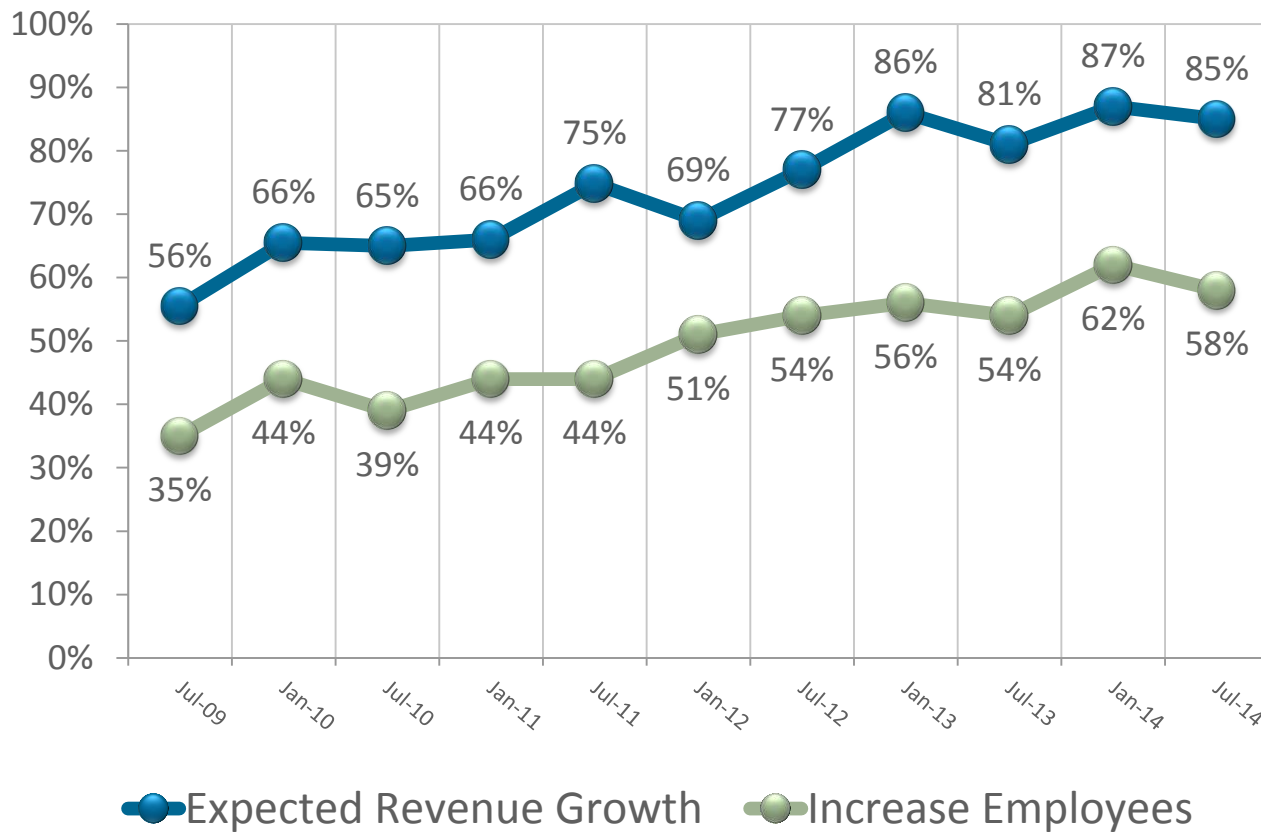
July 2009 – July 2014

Prior Survey Results



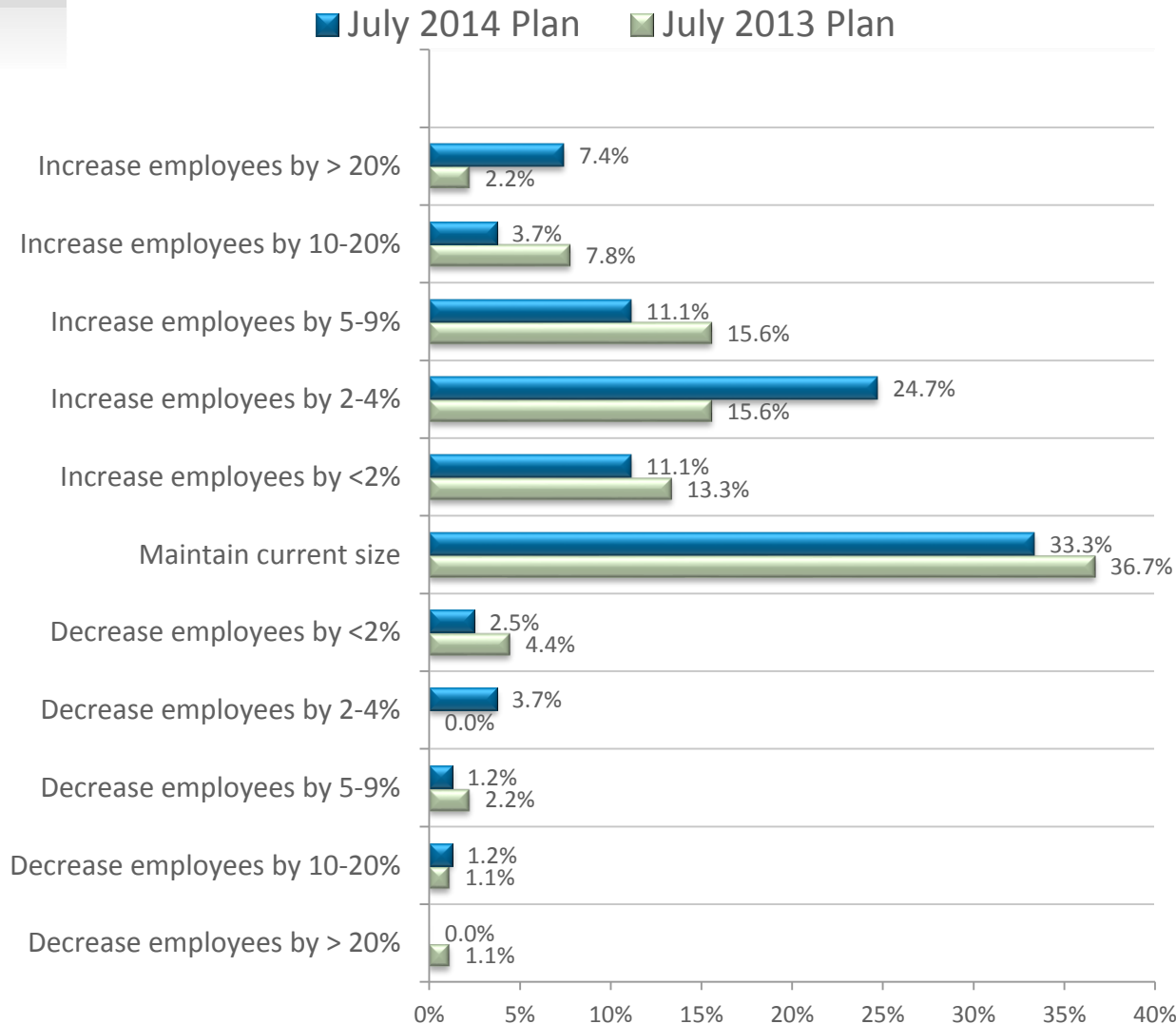
12-Month Staffing Plans Increase versus Expected Revenue Growth

July 2009 – July 2014



- 87% of P&C companies expect an increase in revenue growth while 80% of Life/Health companies responded the same.
- Less than 3% of all surveyed companies expect a decrease in revenue during the next 12 months. 10% of Life/Health companies 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.
- 77% of national/multi-national companies expect market share to drive revenue changes compared to 53% of regional carriers.

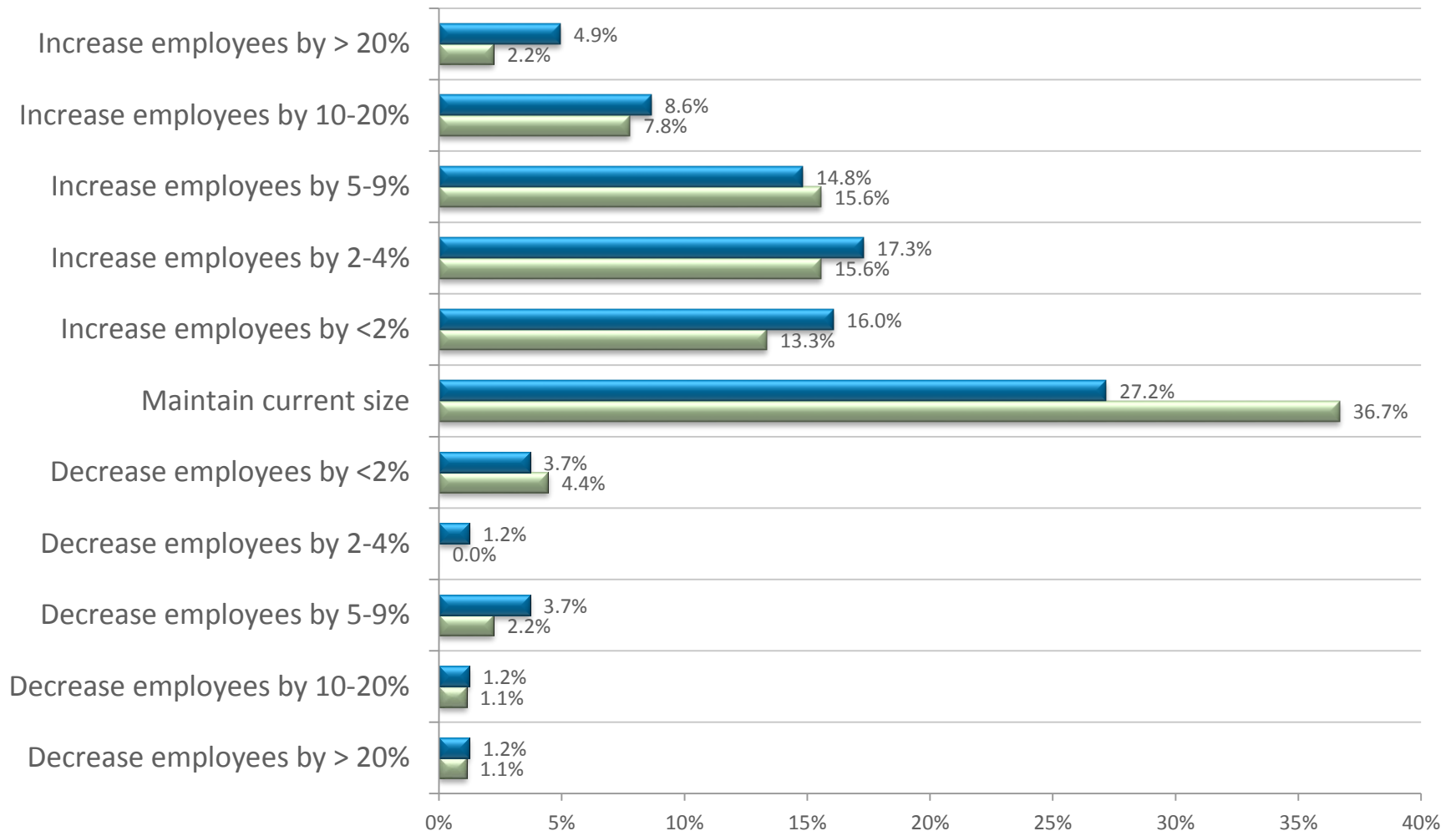
12-Month Staffing Plans



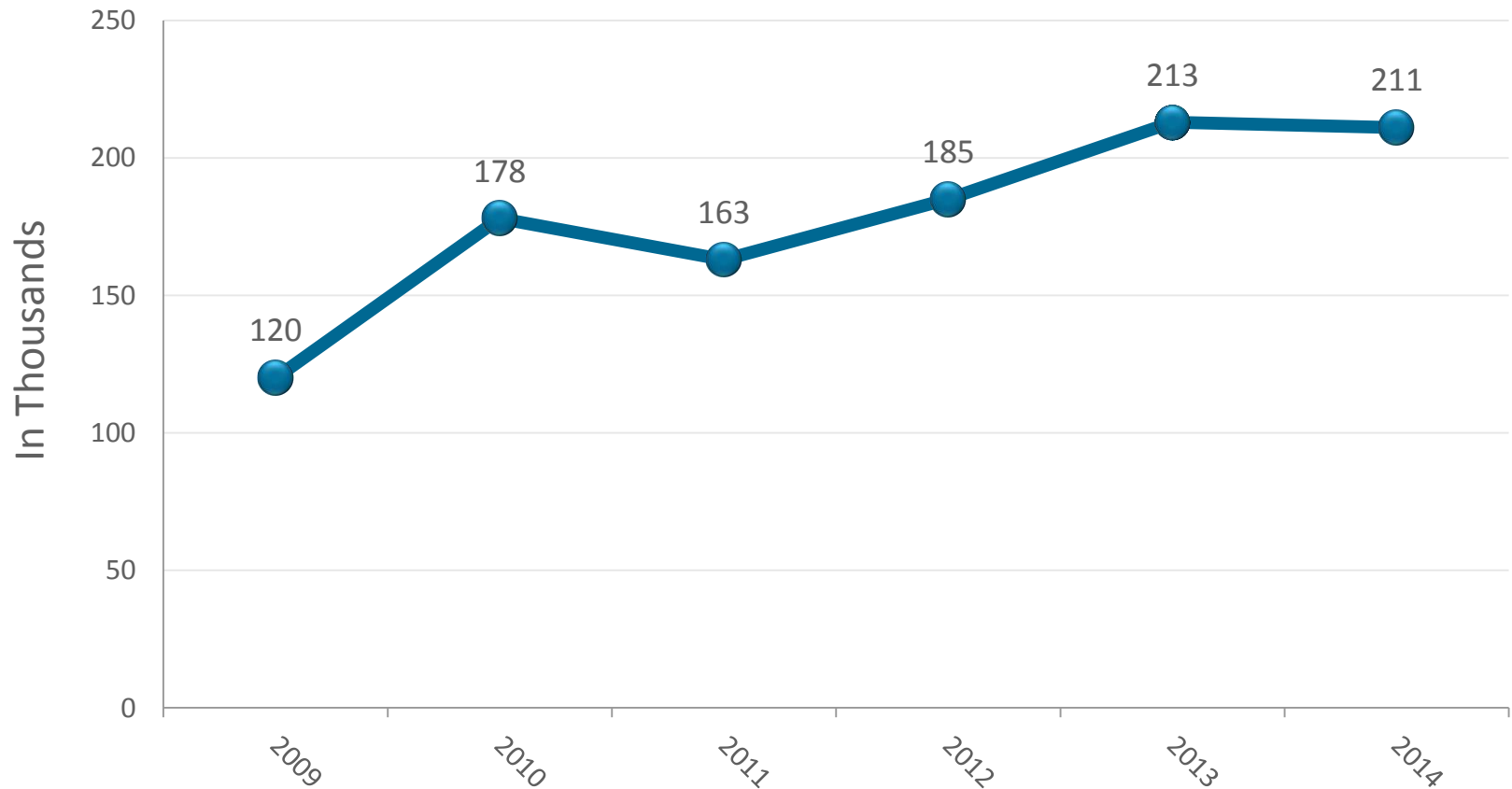
- 74% of commercial P&C companies are expecting to increase staff during the next 12 months. This is 26 and 18 points higher than balanced and personal lines companies, respectively.
- Of the companies who plan to add staff during the next 12 months, 89% expect an increase in revenue with almost 61% responding that it will be due to a change in market share.
- 67% 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 50% and 48%, respectively.

12-Month Staffing Plans vs. Actual

■ July 2014 Actual ■ July 2013 Plan



Job Openings in Finance and Insurance

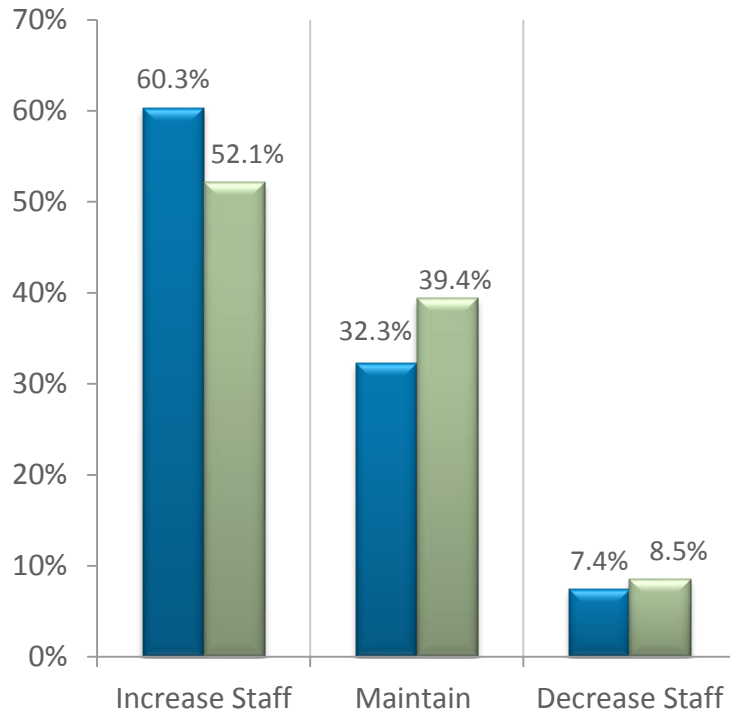


12-Month Staffing Plans

Comparison to July 2013 By Industry

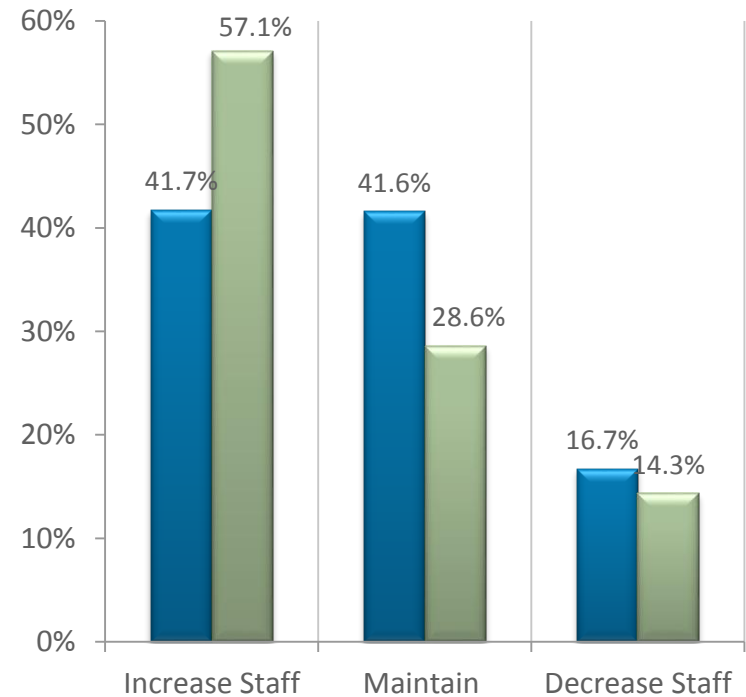
Property/Casualty

■ July 2014 Plan ■ July 2013 Plan



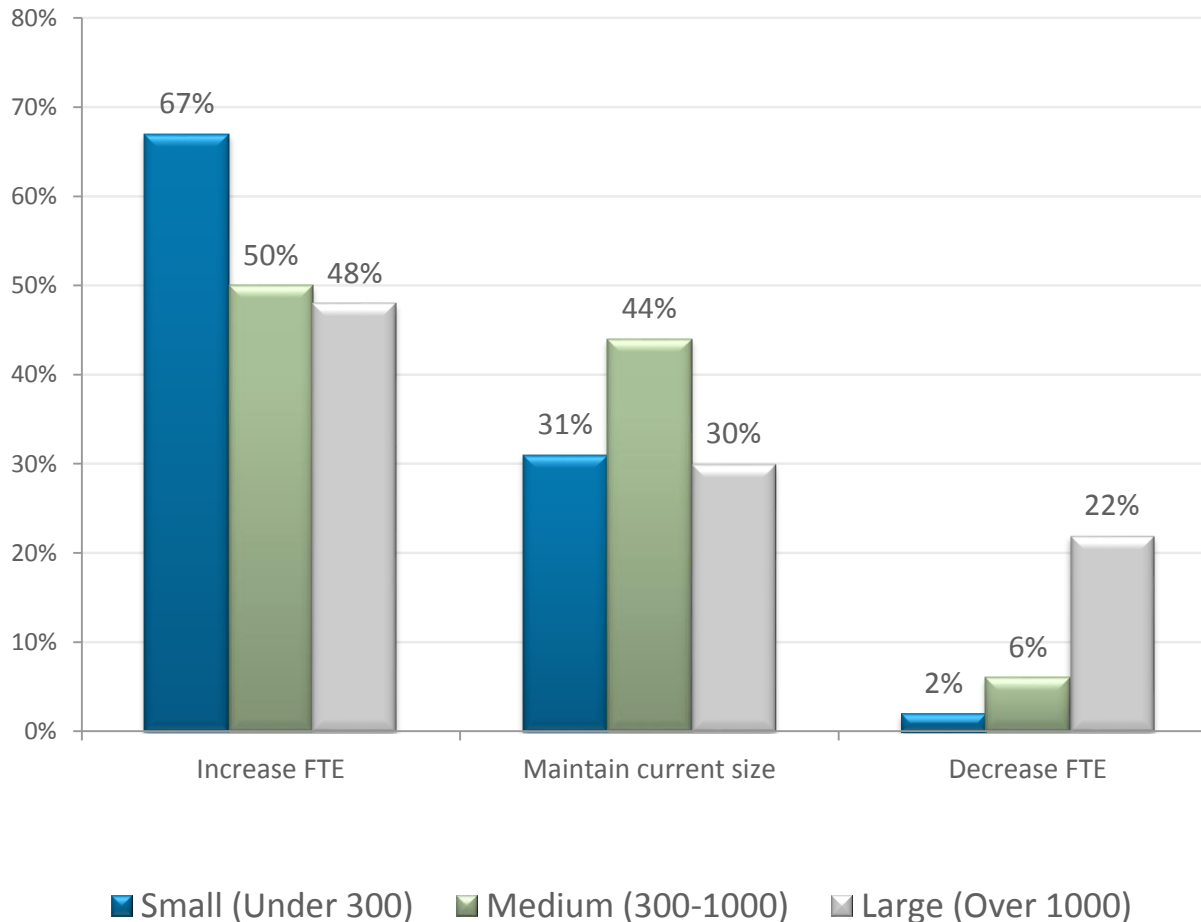
Life/Health

■ July 2014 Plan ■ July 2013 Plan



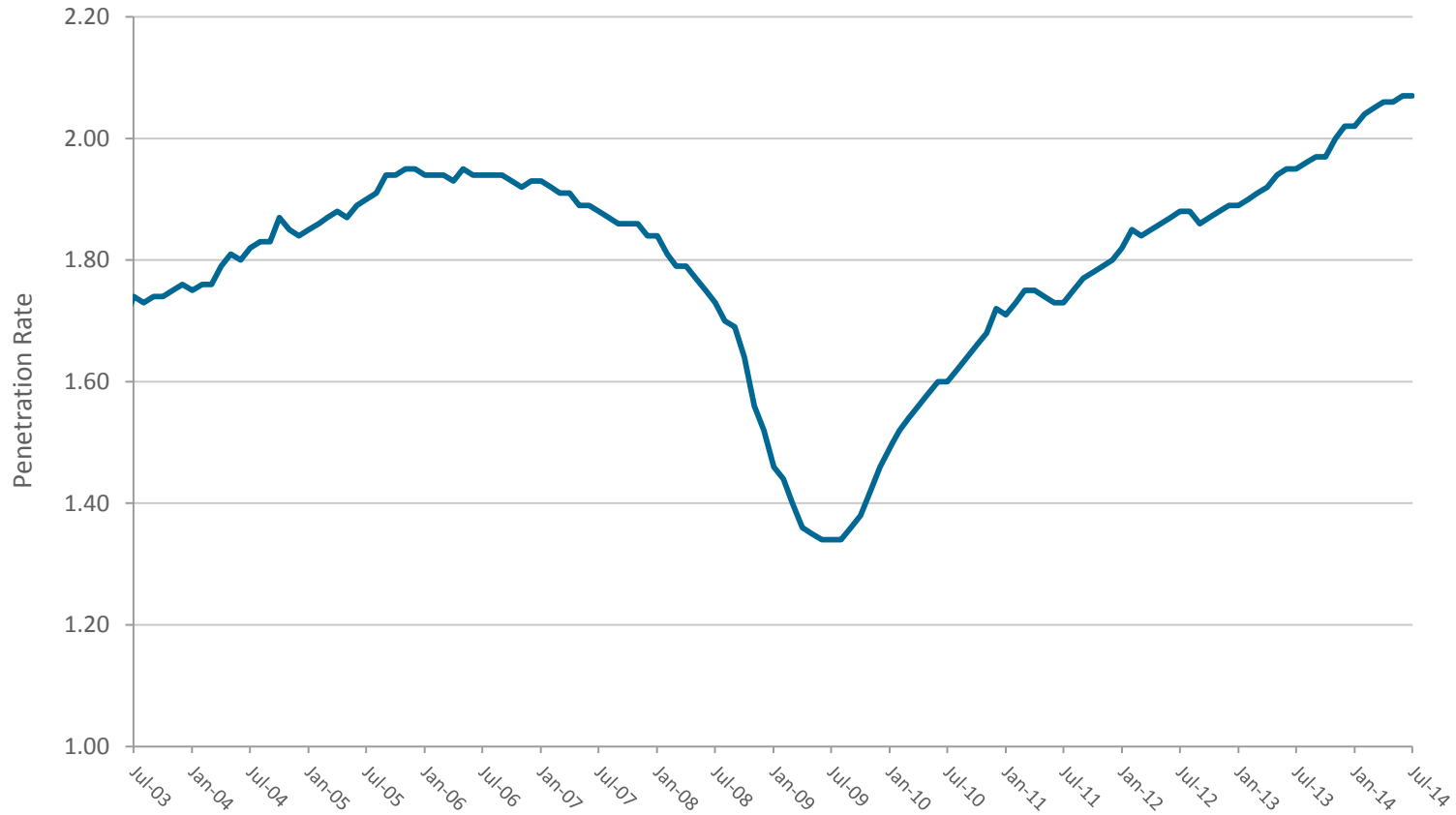
12-Month Staffing Plans

By Employee Size



- 54% of small companies are expecting growth in revenue/premium at greater than 10%. This compares to 23% for large companies and 27% for medium-sized companies.
- 79% of large companies responded that revenue growth will be driven by market share compared to 62% of small and 47% of medium-sized companies.

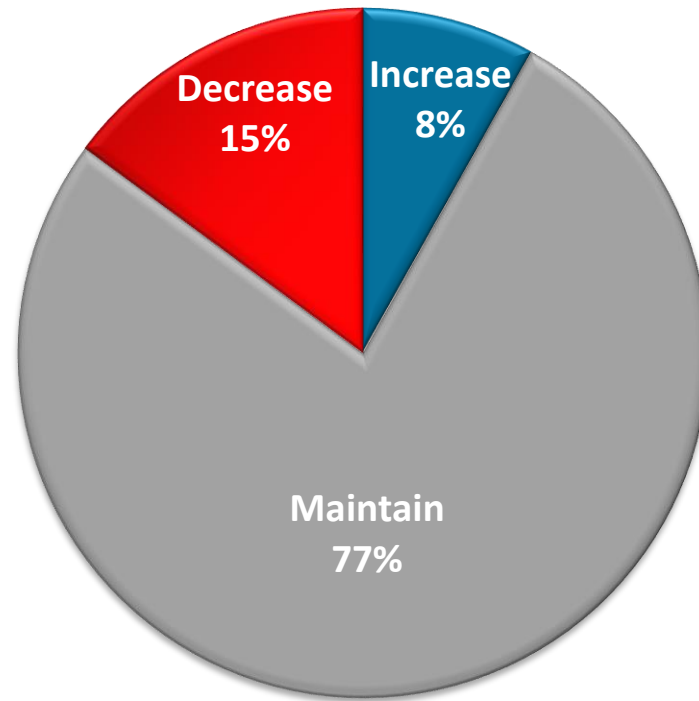
Temporary Employment



Temporary employment is up by 99,500 jobs since January. The temporary penetration rate has increased to 2.07%.

Temporary Employees

Use of Temporary Employees During Next 12 Months



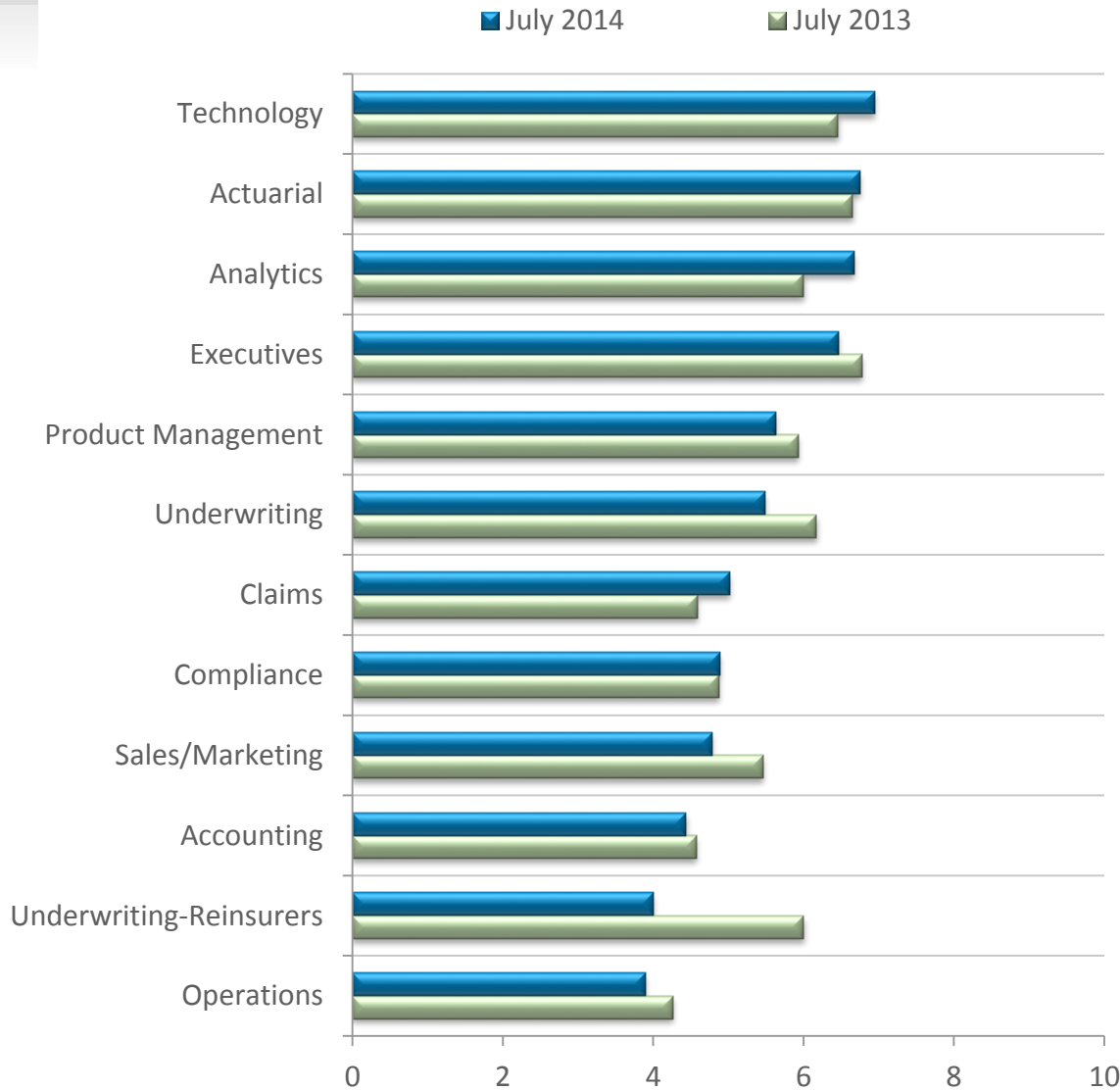
Notable Survey Trends

July 2013 to July 2014

- The TOTAL industry grew 1.35% versus an anticipated rate of 1.15%.
- The P&C industry grew 1.39% versus an anticipated rate of 1.26%.
- The L&H industry grew 1.16% versus an anticipated rate of 0.67%.

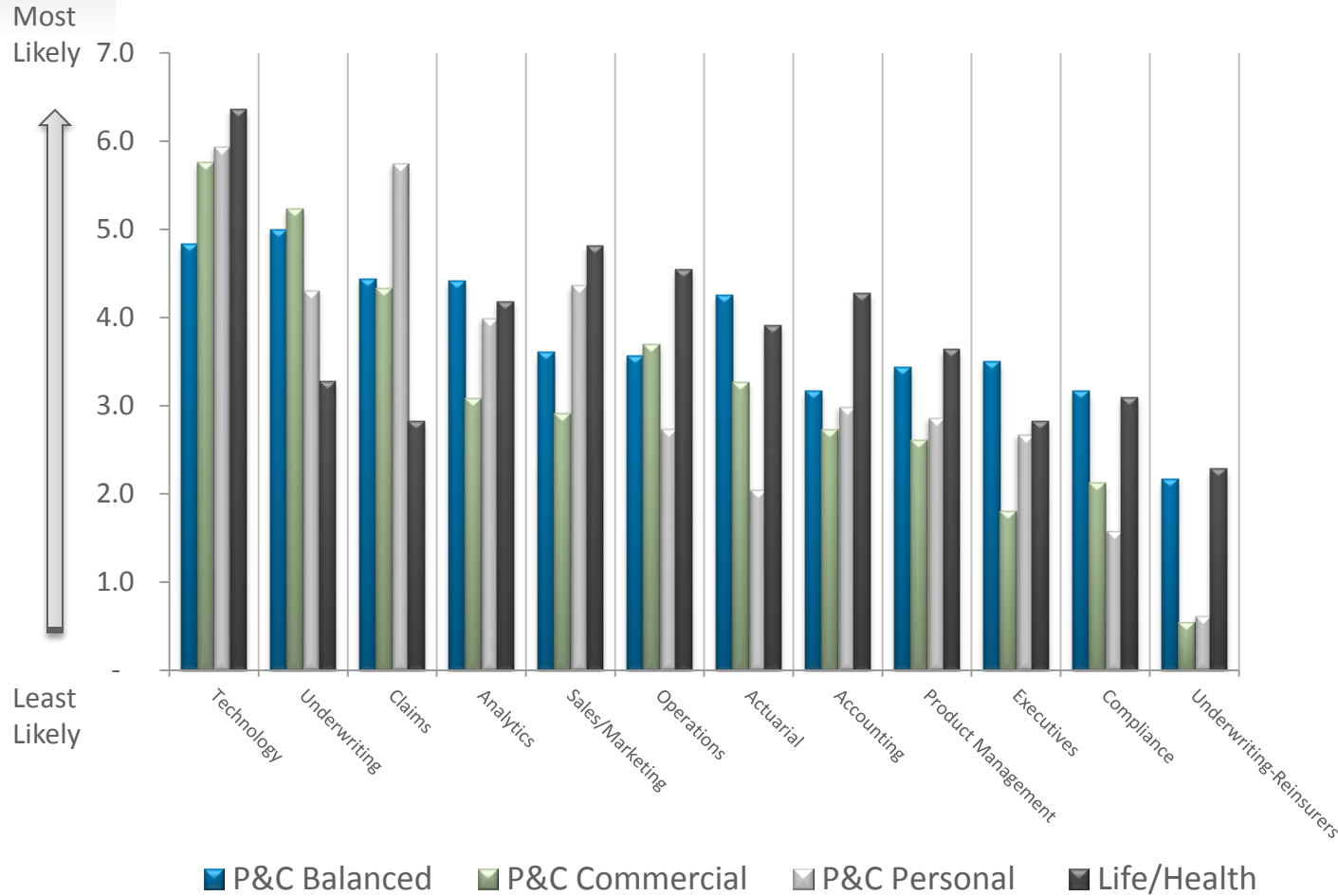
Note: Outliers have been excluded from calculations

Recruiting Difficulty Continues



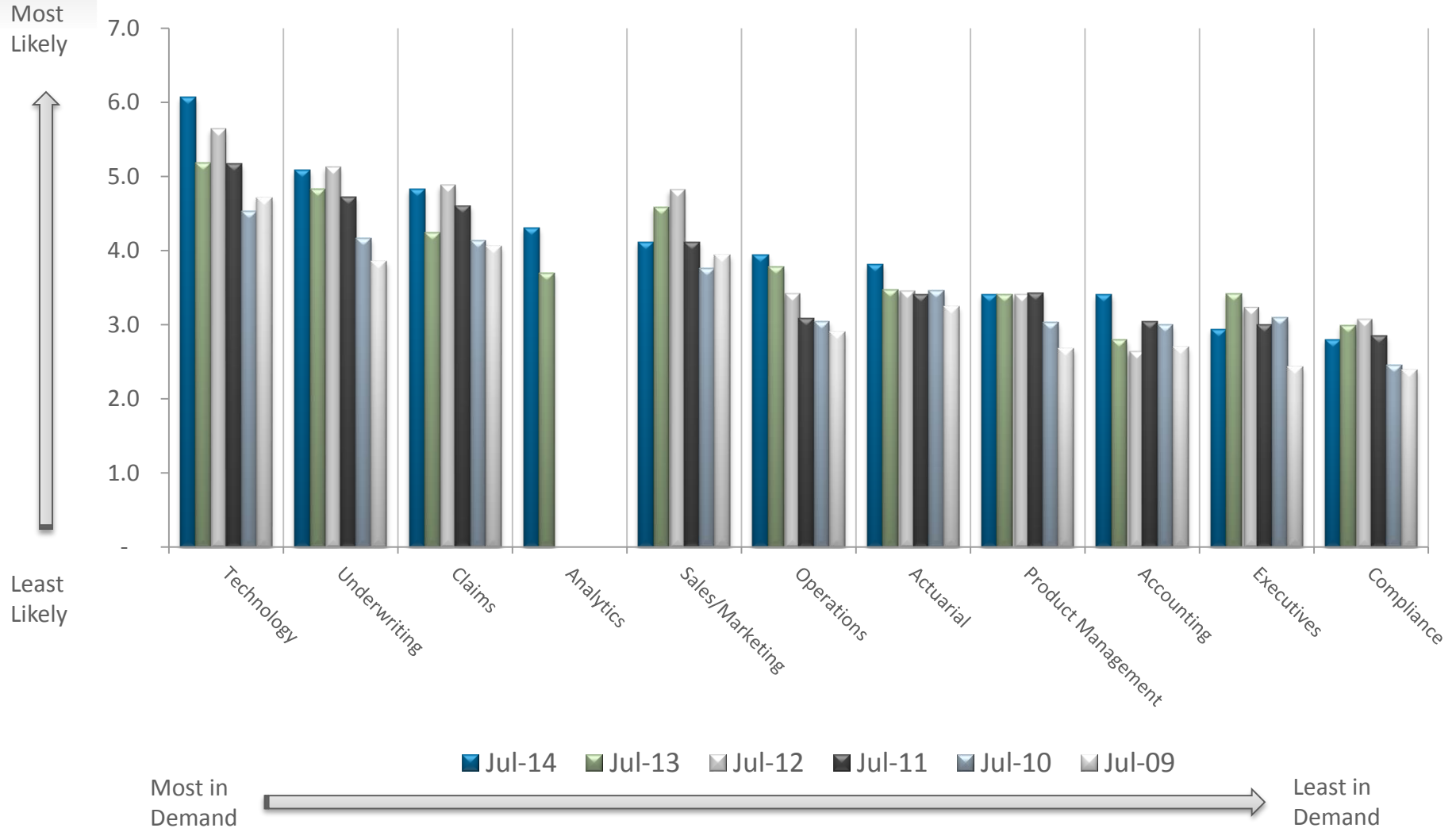
- On a scale of 1 – 10 (10 being most difficult), companies responded that positions are still moderately difficult to fill and recruiting is slightly less difficult in most disciplines than it was a year ago.
- Positions rated 5 or above are considered moderate or difficult to fill.
- Product line has a significant impact on the ease of filling positions.

Likelihood of Increasing Staff By Function



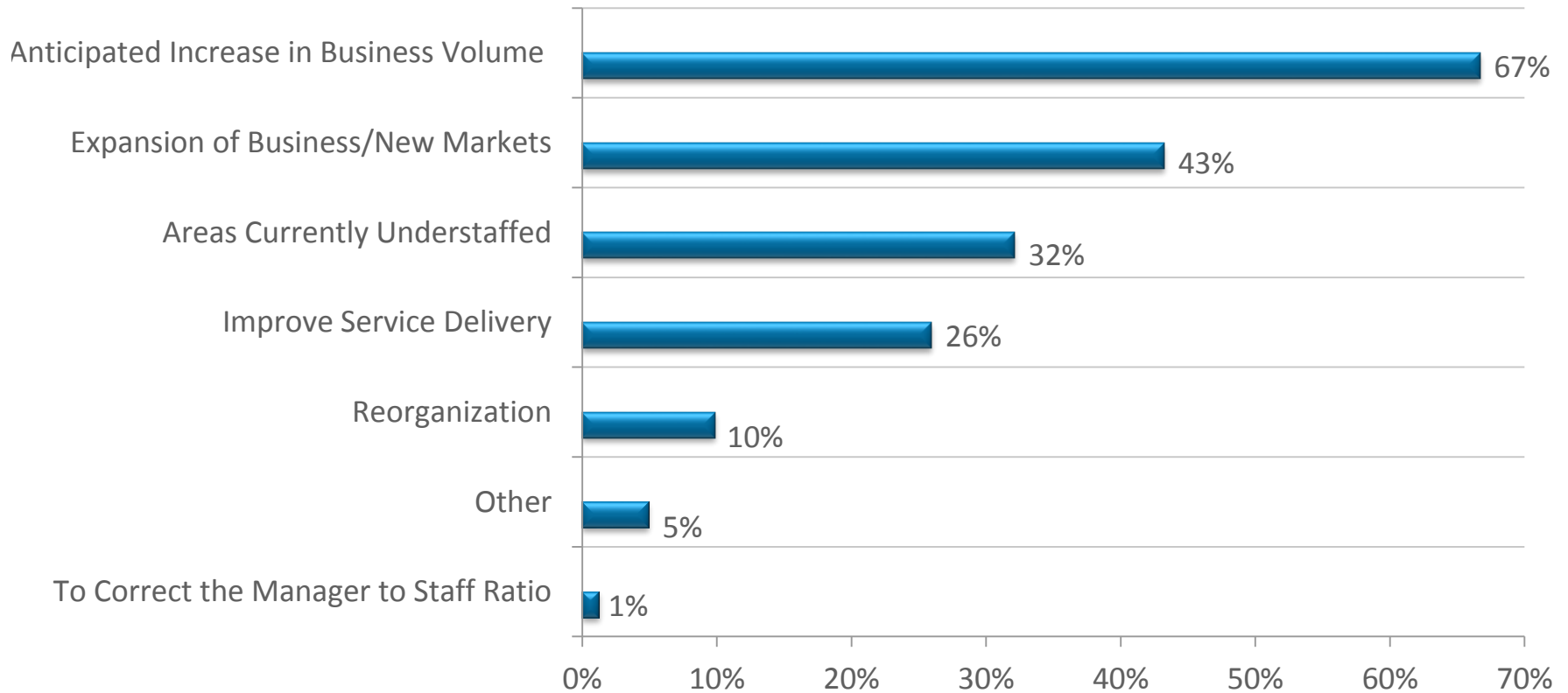
- After Technology, large companies are most likely to increase staff in Analytics, medium-sized companies in Claims and small companies look to Underwriting.
- Commercial lines companies have a higher need for Underwriters in the next 12 months compared to personal lines companies.
- Life/Health companies have the greatest need in the Technology function followed by Sales/Marketing.
- Technology has had the greatest likelihood to increase staff in 10 of the past 11 surveys for P&C companies.

Likelihood of Increasing Staff By Function By Survey Period



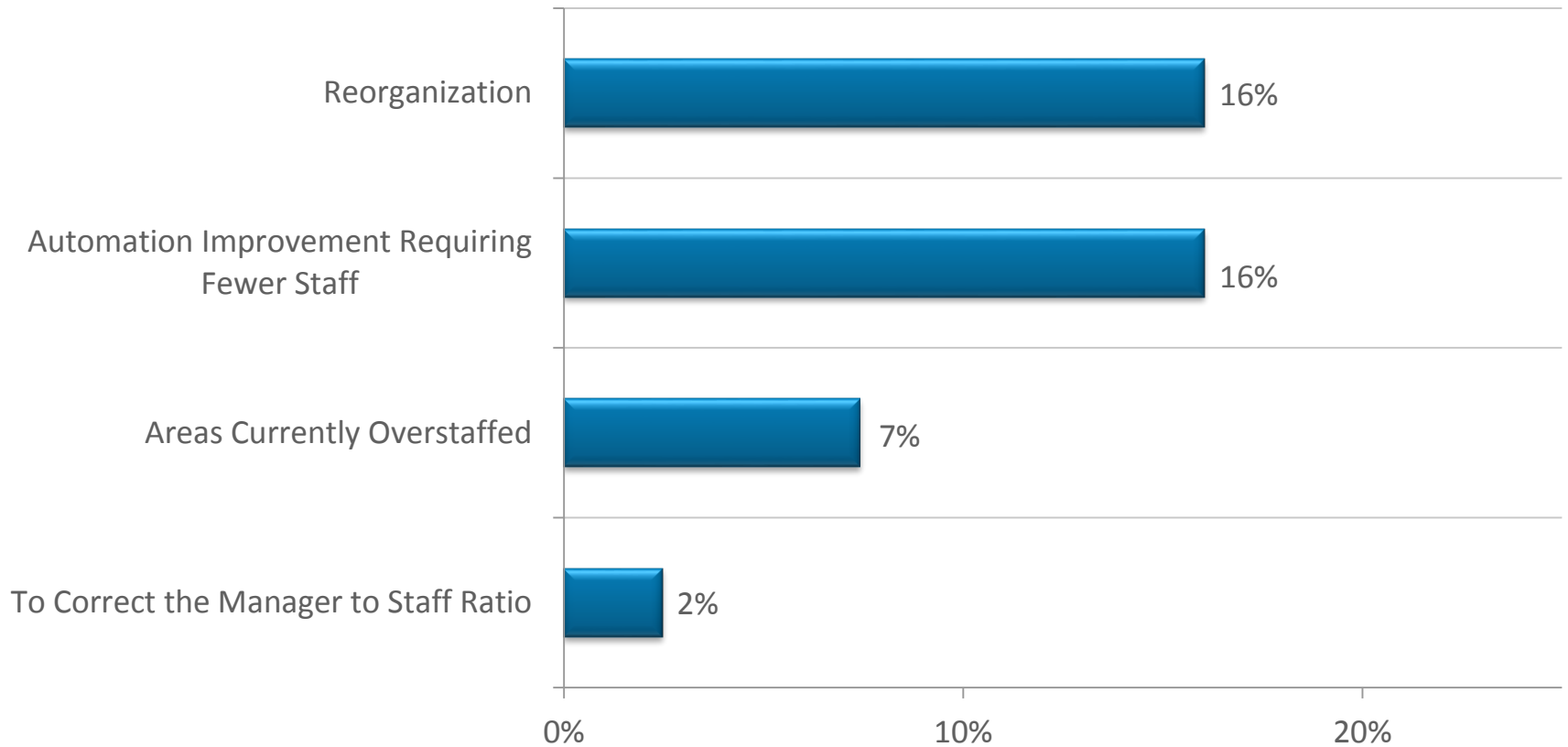
Staff Increases

Reason to Increase Staff During Next 12 Months



Staff Decreases

Reason to Decrease Staff During Next 12 Months





Summary and Closing Thoughts

Summary

- Expectations to grow revenue decreased nearly 3 points from the January survey. This remains the third highest level since the survey began in 2009.
- 63% of the companies stated that change in market share will drive their expected revenue changes, up 2.5 points from the January survey.
- 58% of companies plan to increase staff during the next 12 months. Though this is nearly 4 points lower than the January survey, it is the second highest percentage since the survey began in 2009.
- The primary reason to increase staff during the next 12 months is the expectation of an increase in business volume. 67% of companies listed this reason to hire compared to 43% who reported expansion into new markets.
- 8.6% of companies expect a decrease in staffing during the next 12 months. This is up 4.6 points from the January study.
- 16% of companies reported that automation and reorganization are the primary reasons for reductions in staff during the next 12 months.

Summary

- 67% of small companies plan to add staff during the next 12 months. This is 17 and 19 points higher than mid-sized and large companies, respectively.
- Technology, Underwriting, and Claims roles are expected to grow the greatest during the next 12 months, which is consistent with the January survey.
- With the second highest percentage of surveyed companies indicating an increase in hiring and low unemployment in the insurance industry, the difficulty in recruiting will only continue to intensify.
- Technology, Actuarial, and Analytics positions are the most difficult to fill. Executive positions continue to be difficult to fill.
- Companies are requiring fewer temporary staff during the second half of the year. 15% of companies are planning to decrease their use versus 13% reporting the same 6 months ago.

Projection

If the industry follows through on its plans, we will see a 1.01% increase in industry employment during the next 12 months, creating new jobs.

	Projected Growth
Total Benchmark	1.01%
Life & Health	0.33%
Property Casualty (PC)	1.10%
• PC Personal	1.29%
• PC Commercial	2.69%
• PC Balanced	0.29%

Note: Outliers have been excluded from calculations



Staying Informed

Our next survey will be conducted in January 2015.

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

Thank you for your participation!

Questions?