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Insurance 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 helps 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 nearly 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

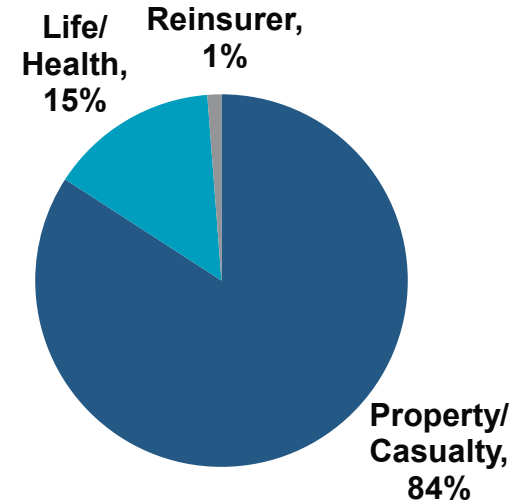
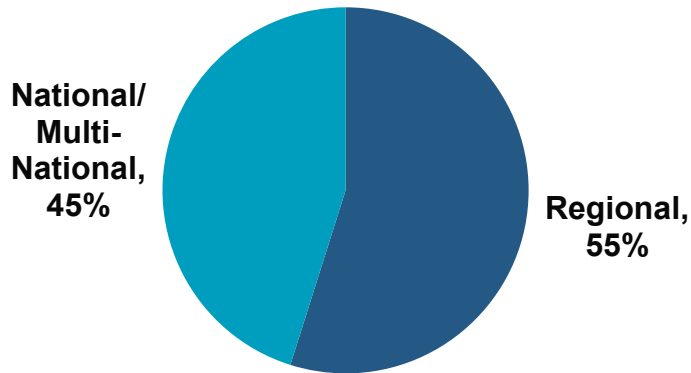
For more information about Jacobson's talent solutions, please visit jacobsononline.com.

Study Objectives

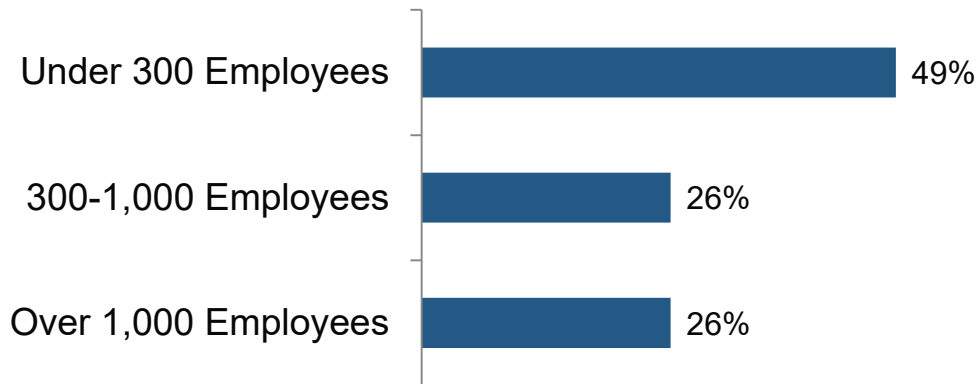
- Analyze current labor trends and future staffing expectations
- Provide an overview of staffing challenges by discipline
- Provide commentary on the industry's labor market

Participant Profile

Business Profile

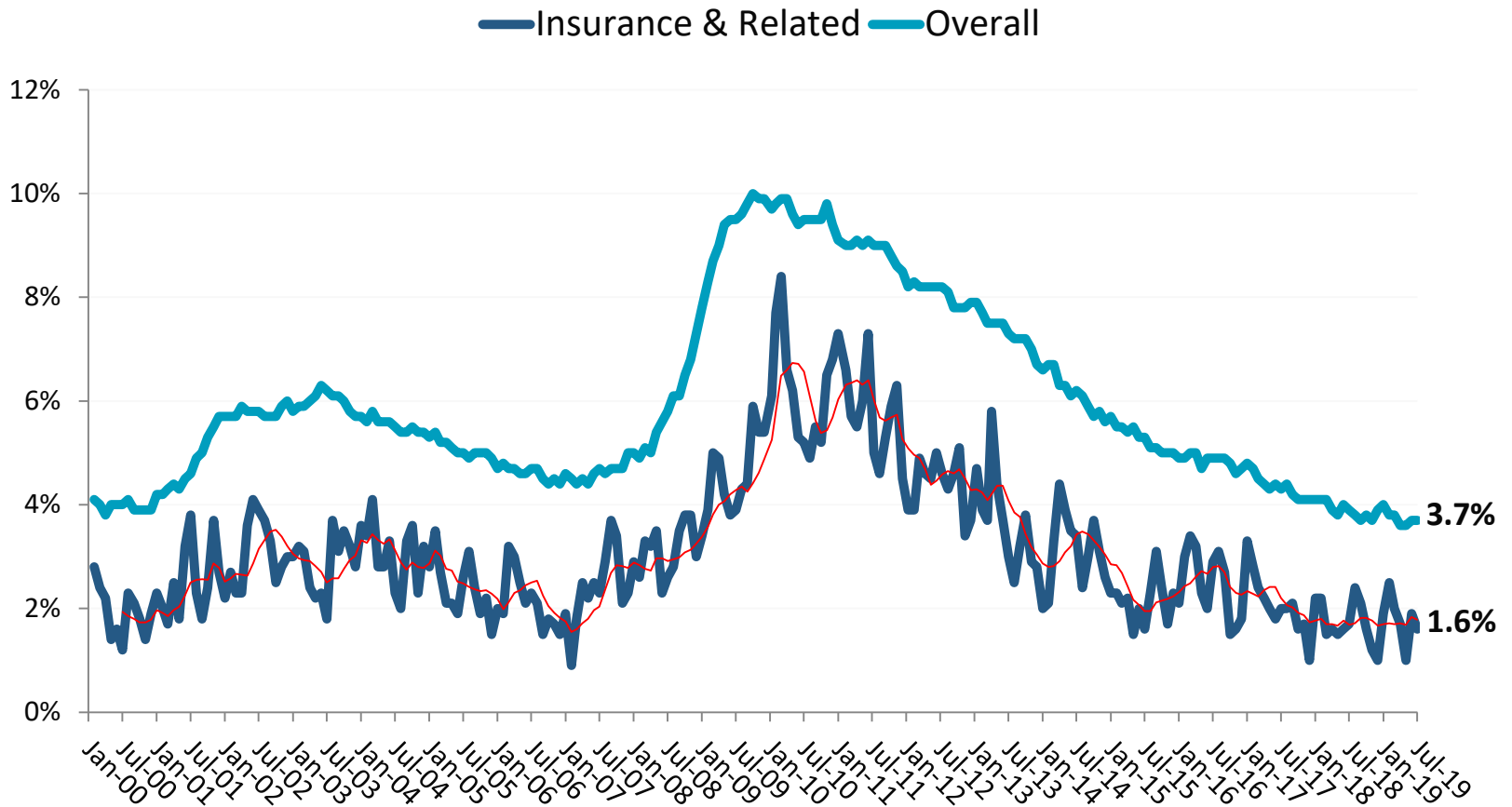


Company Size



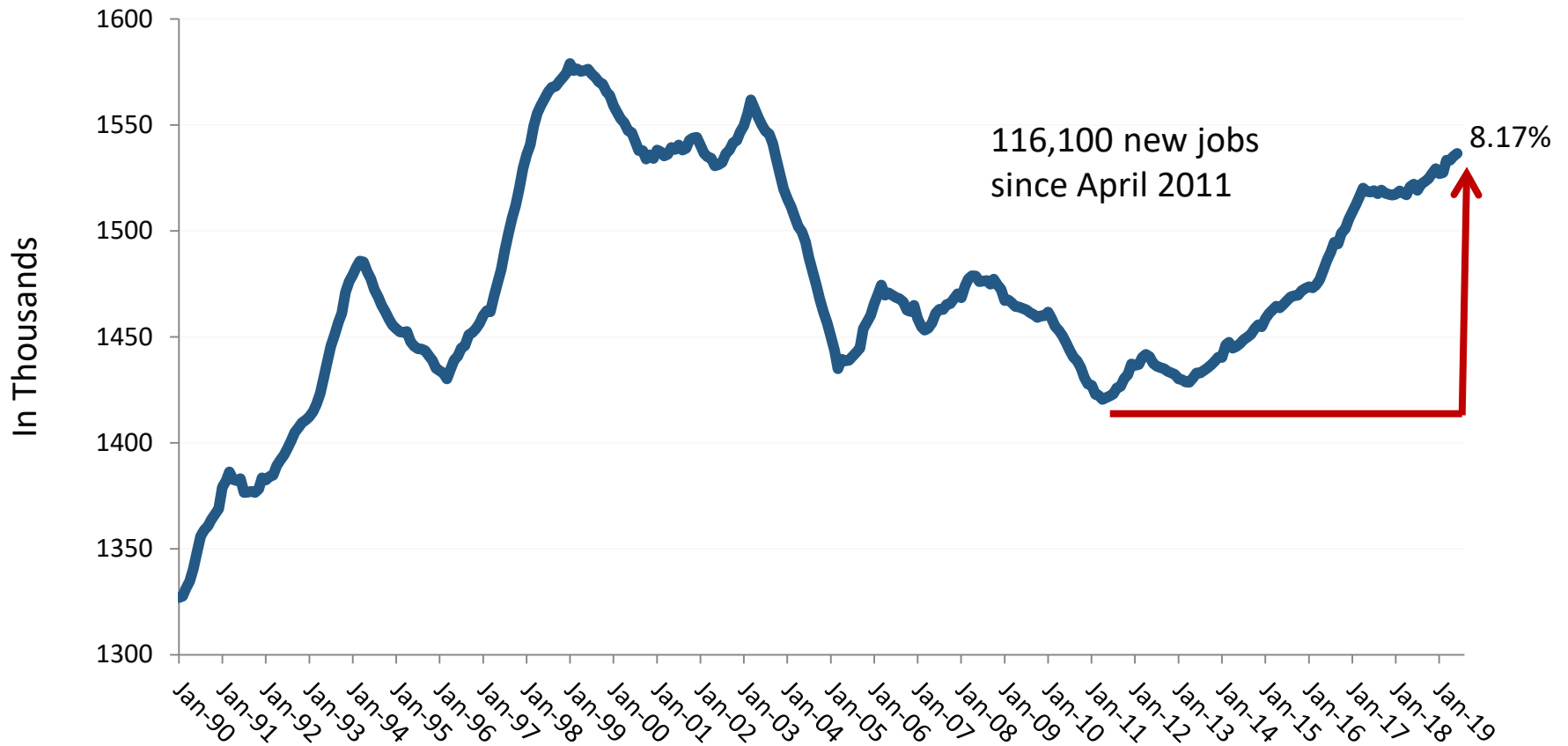
The total average number of employees is 1,734

Unemployment Rates



Source: U.S. Bureau of Labor Statistics

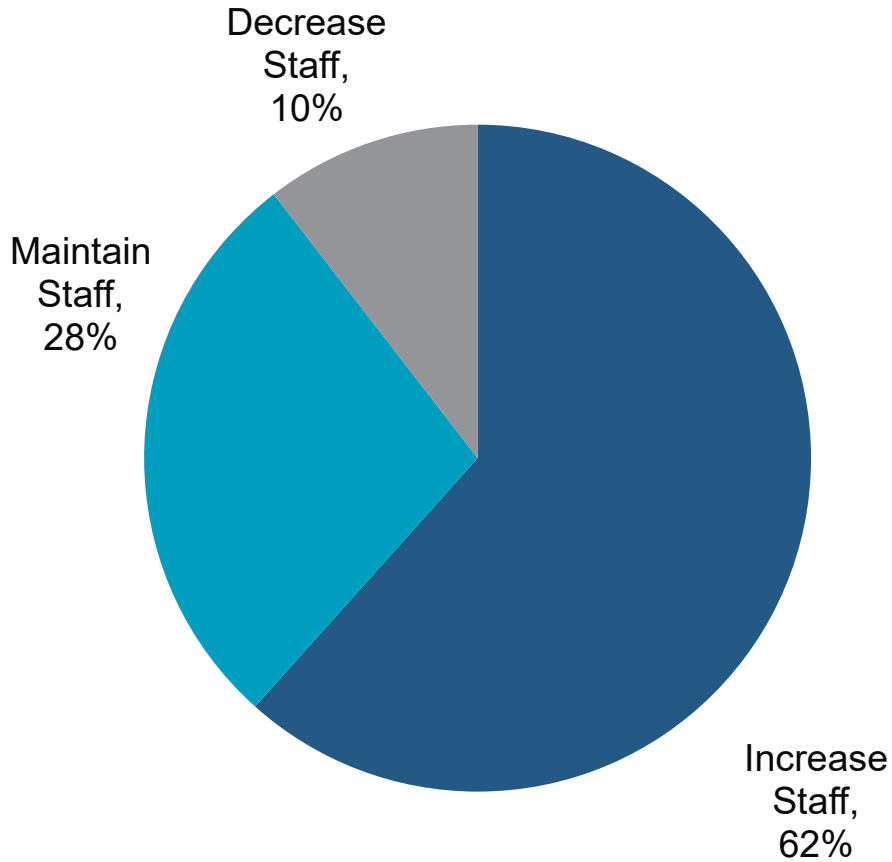
Insurance Carrier Employment



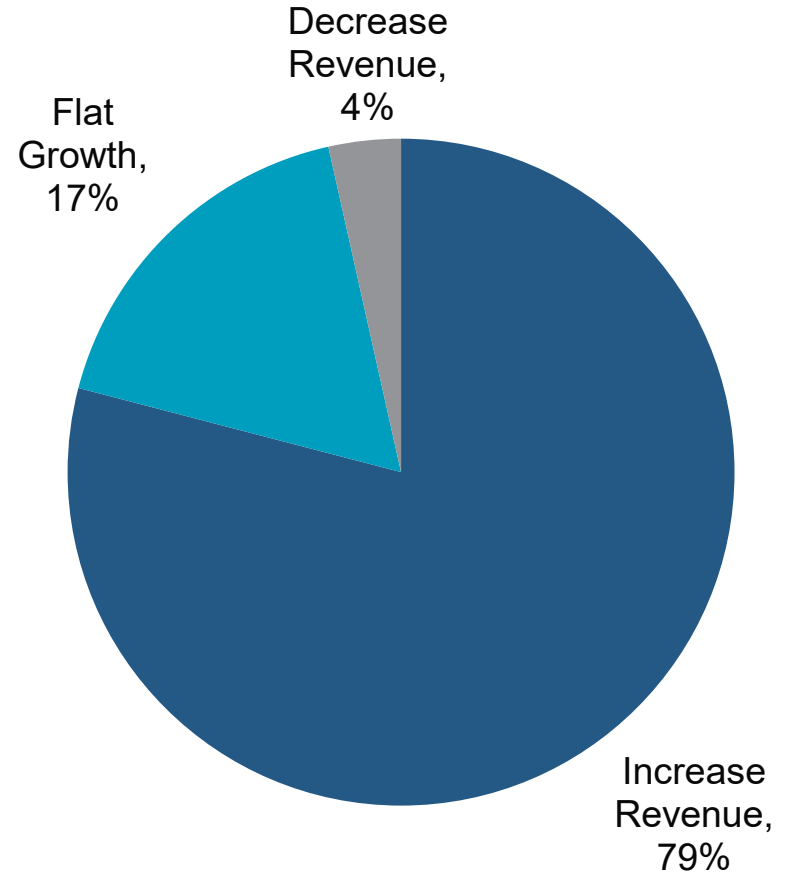
Source: U.S. Bureau of Labor Statistics

Revenue and Staffing Expectations

12-Month Staffing Plan



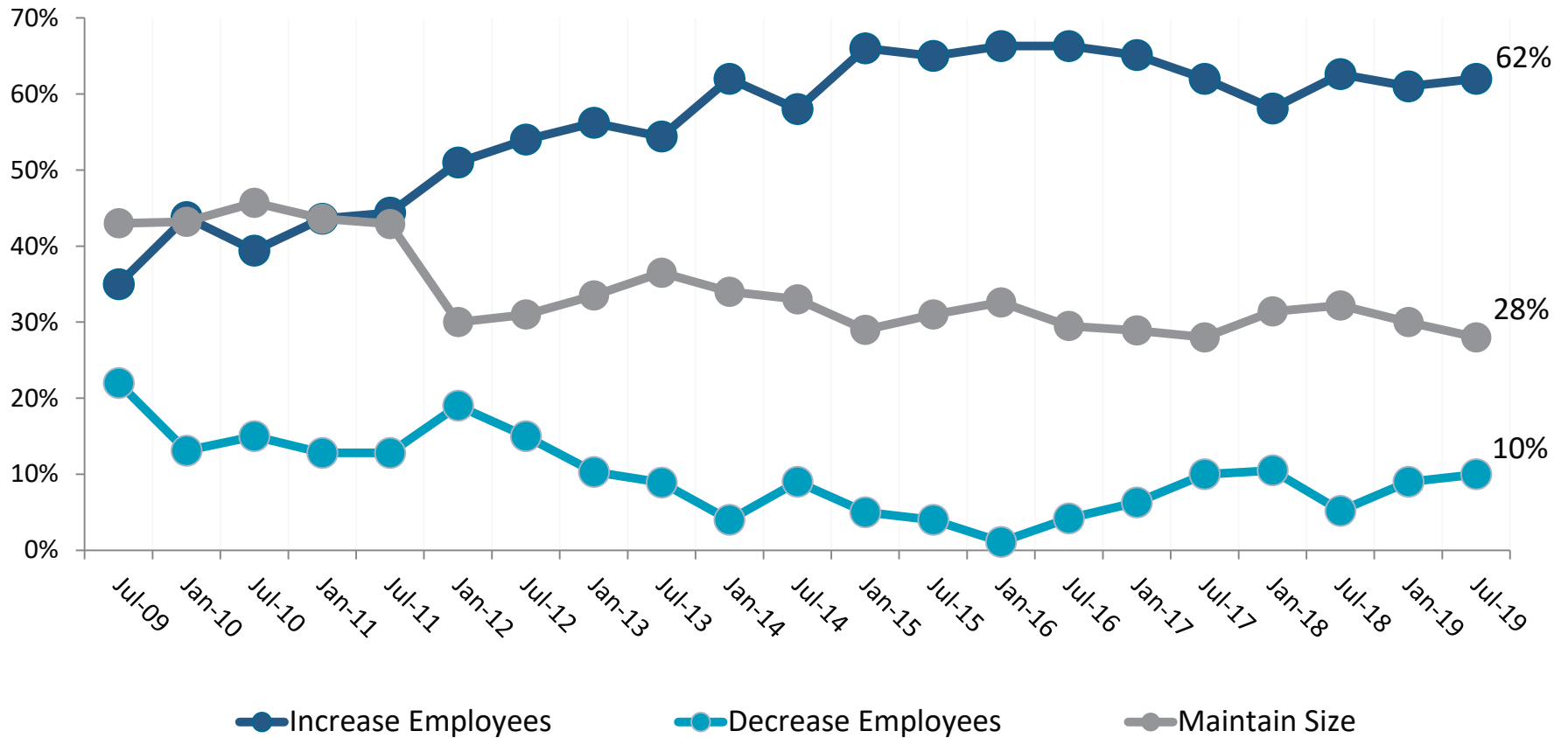
12-Month Revenue Plan



12-Month Staffing Plans

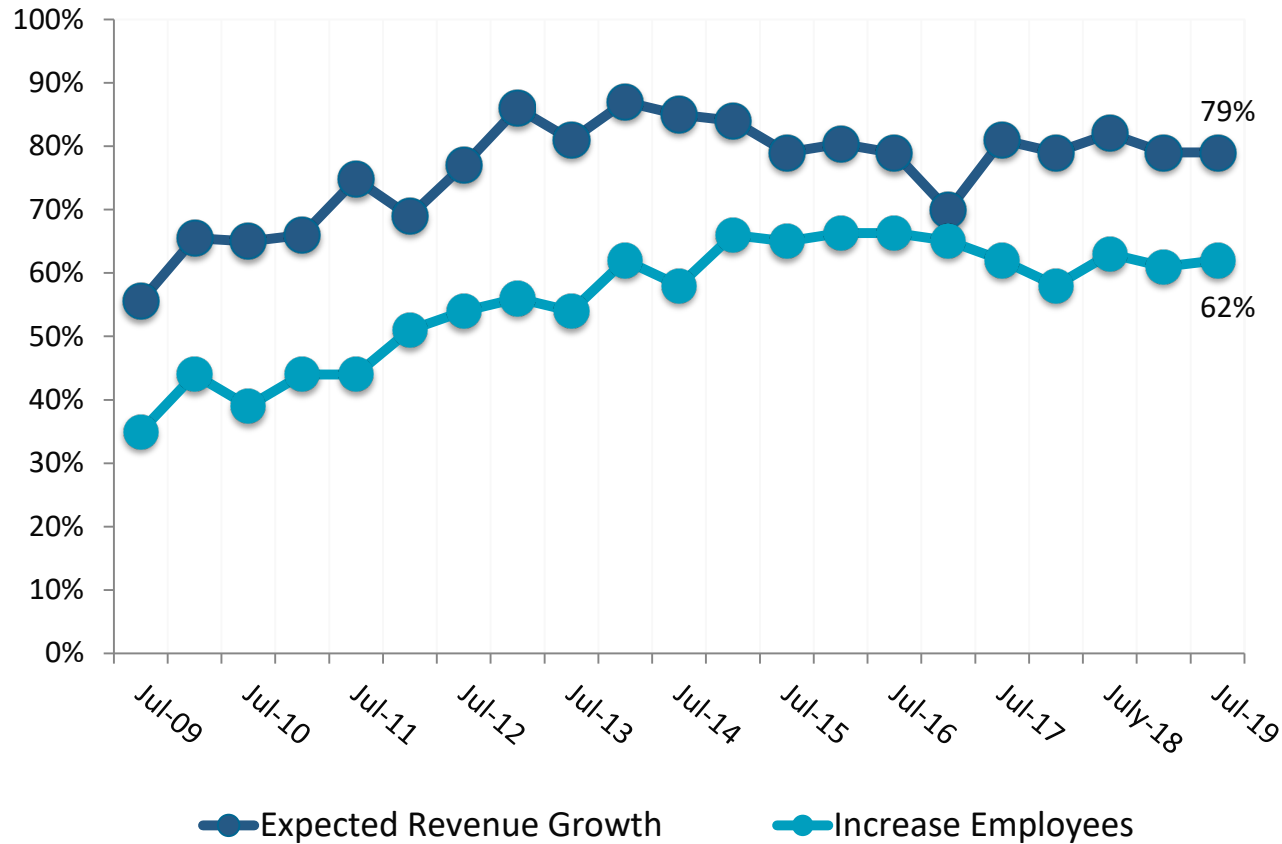
July 2009 – July 2019

Prior Survey Results



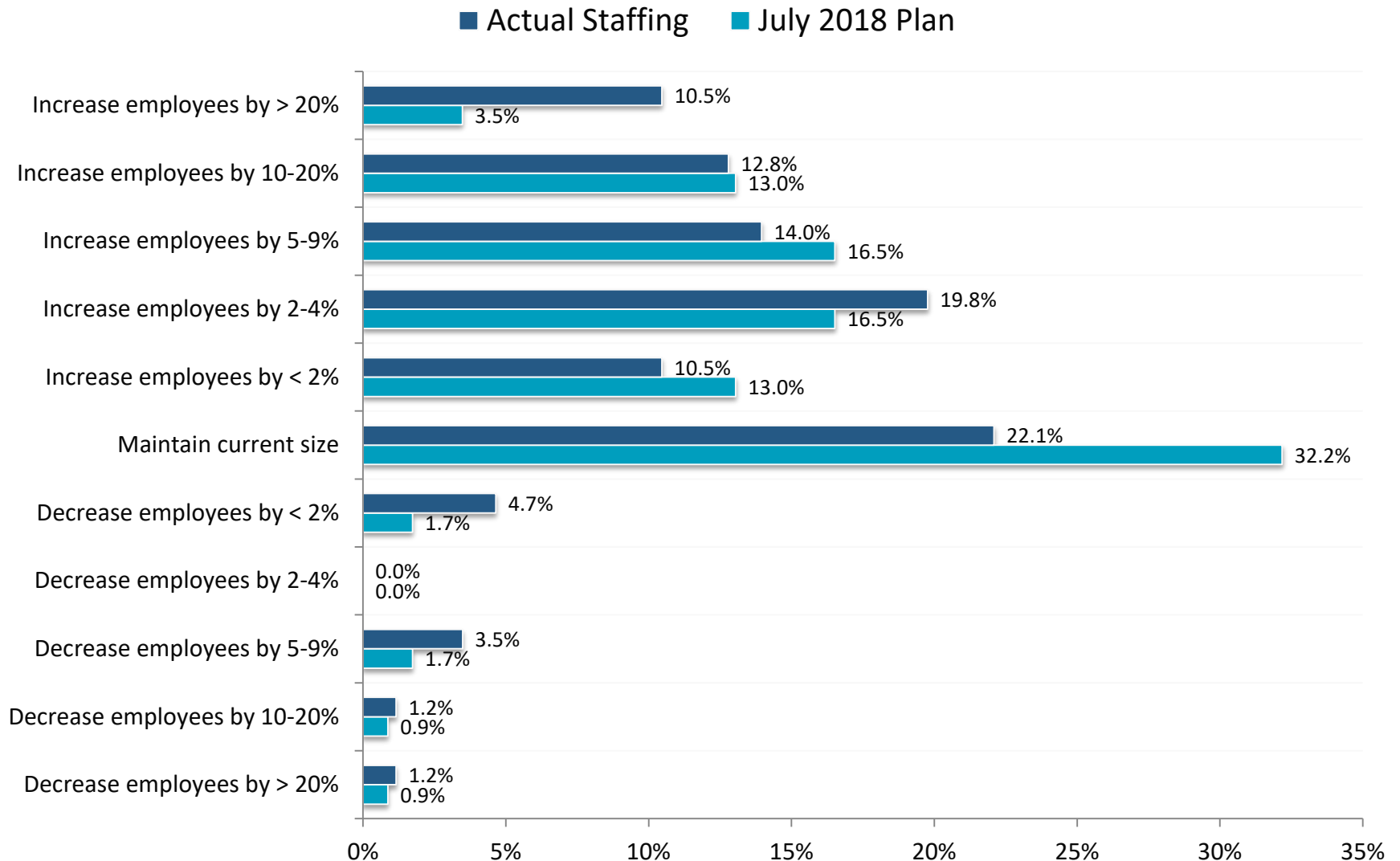
12-Month Staffing Plans Increase vs. Expected Revenue Growth

July 2009 – July 2019



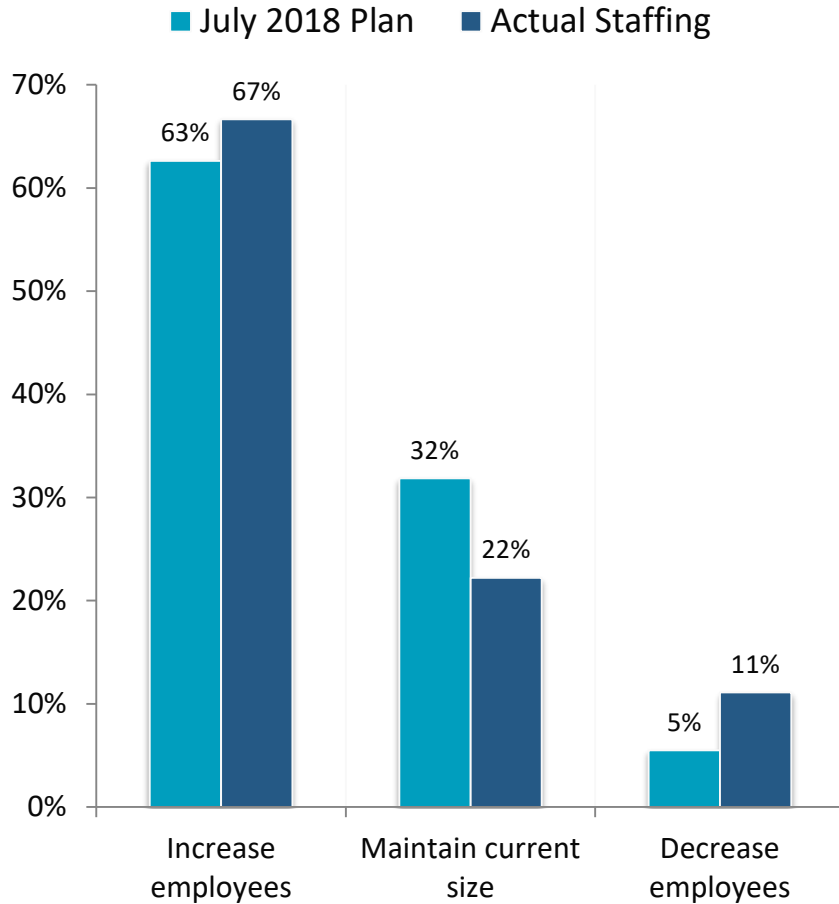
- 79% of companies expect an increase in revenue growth, same total as January survey
- 92% of Life/Health companies expect an increase in revenue
- 17% of companies expect flat revenue growth, up 1 point from January
- Both P&C and Life/Health companies responded that the primary driver for expected revenue changes will be market share, at 59% and 77% respectively

12-Month Staffing Plans vs. Actual

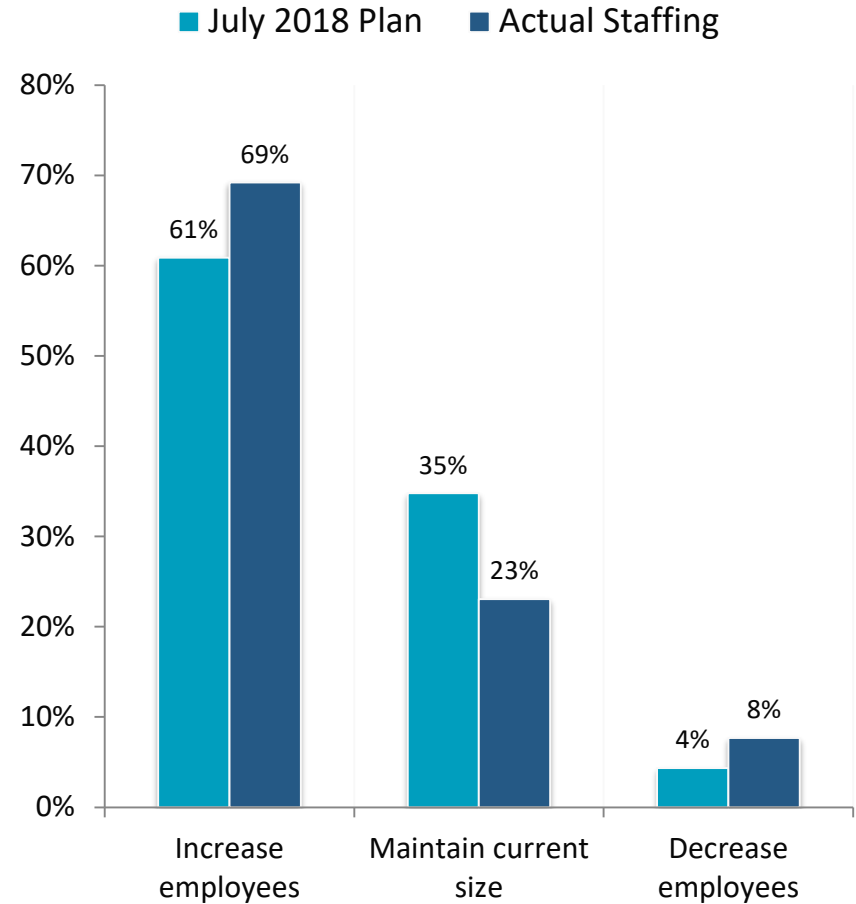


12-Month Staffing Plans vs. Actual – By Industry

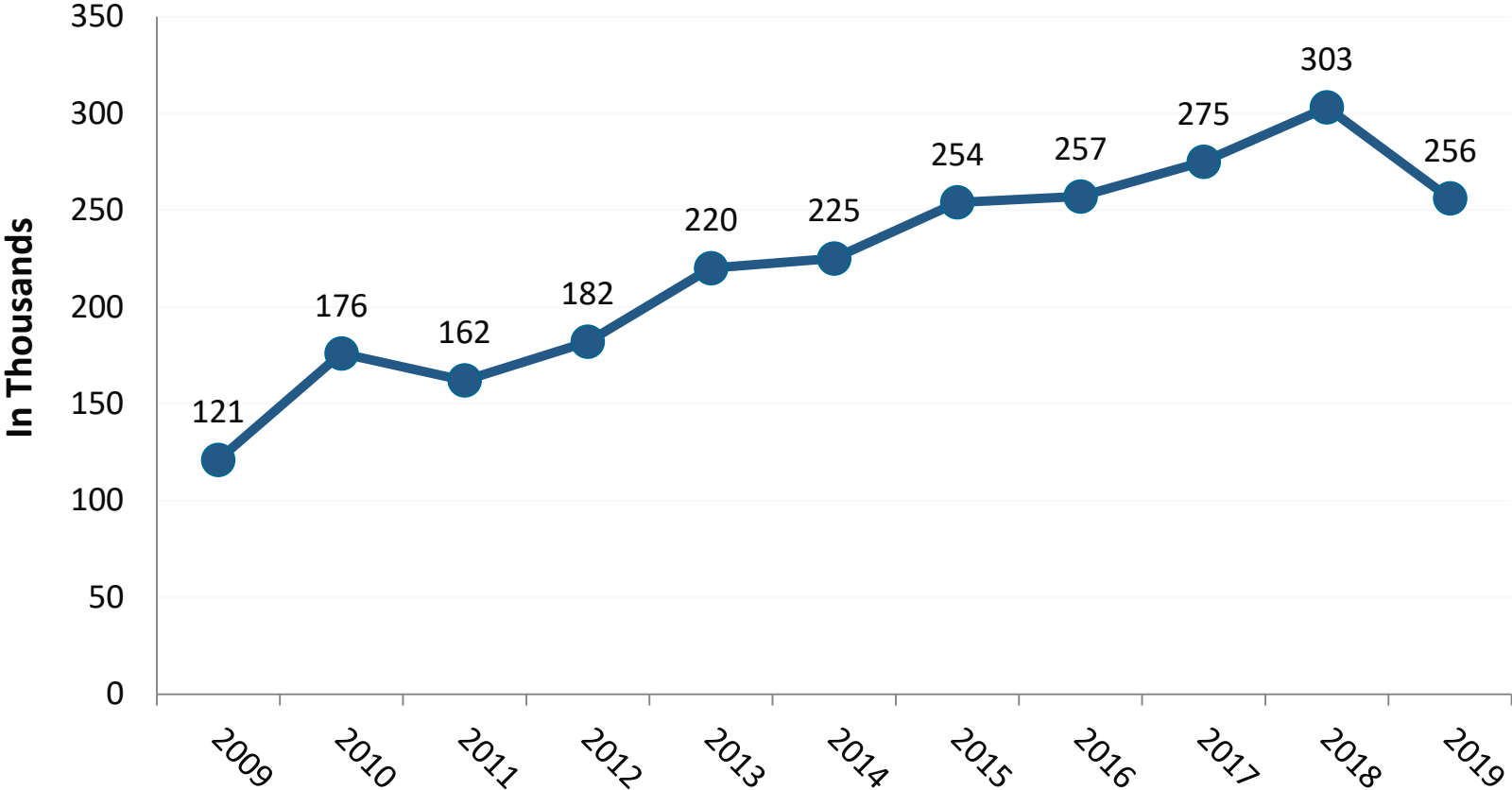
Property/Casualty



Life/Health

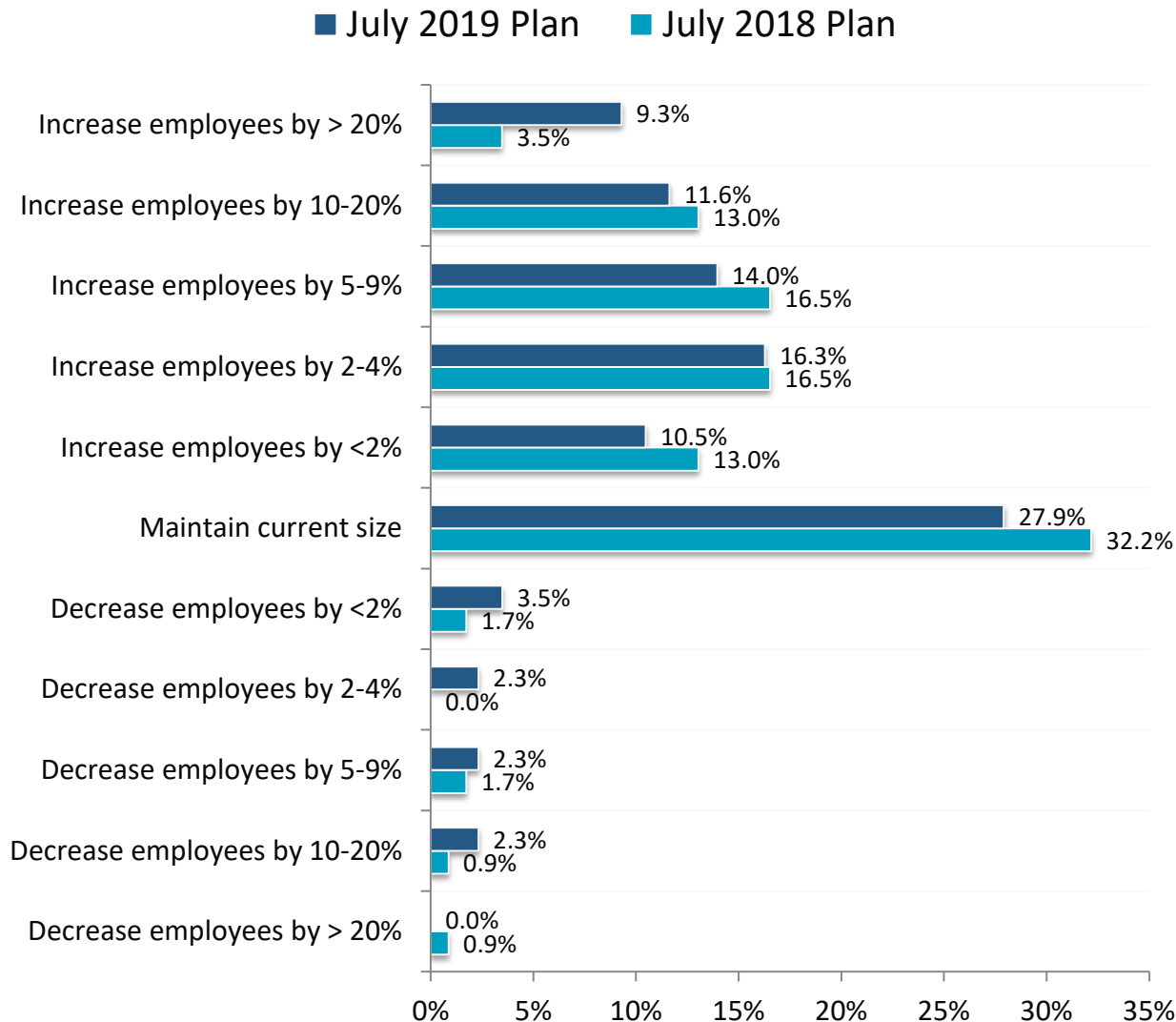


Job Openings in Finance and Insurance



Source: U.S. Bureau of Labor Statistics

12-Month Staffing Plans



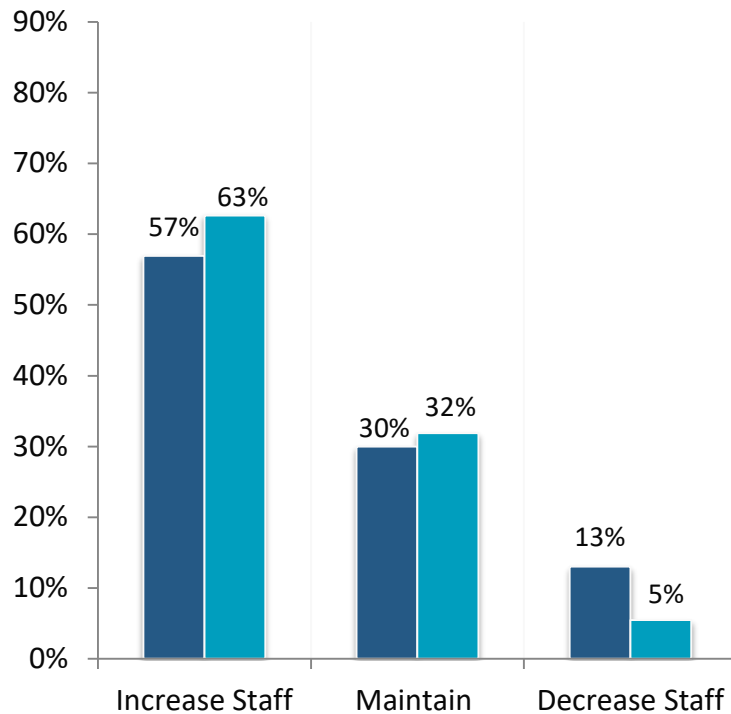
- 64% of Commercial Lines P&C companies are expecting to increase staff during the next 12 months. This is 4 and 22 points higher than Personal and Balanced Lines P&C companies, respectively
- Of the companies who plan to add staff during the next 12 months, 91% expect an increase in revenue with 67% responding that it will be due to a change in market share
- 58% of companies who plan to maintain staff size during the next 12 months are expecting an increase in revenue growth

12-Month Staffing Plans

Comparison to July 2018 by Industry

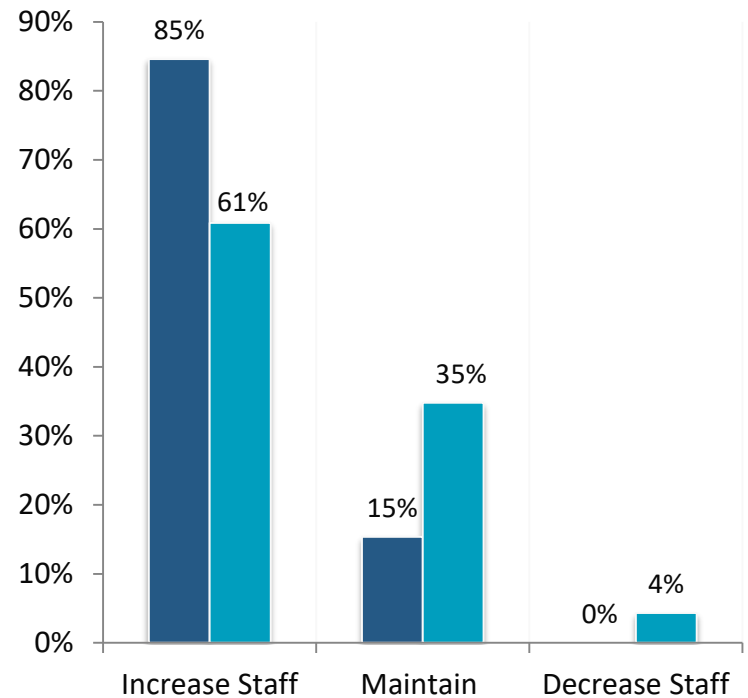
Property/Casualty

■ July 2019 Plan ■ July 2018 Plan



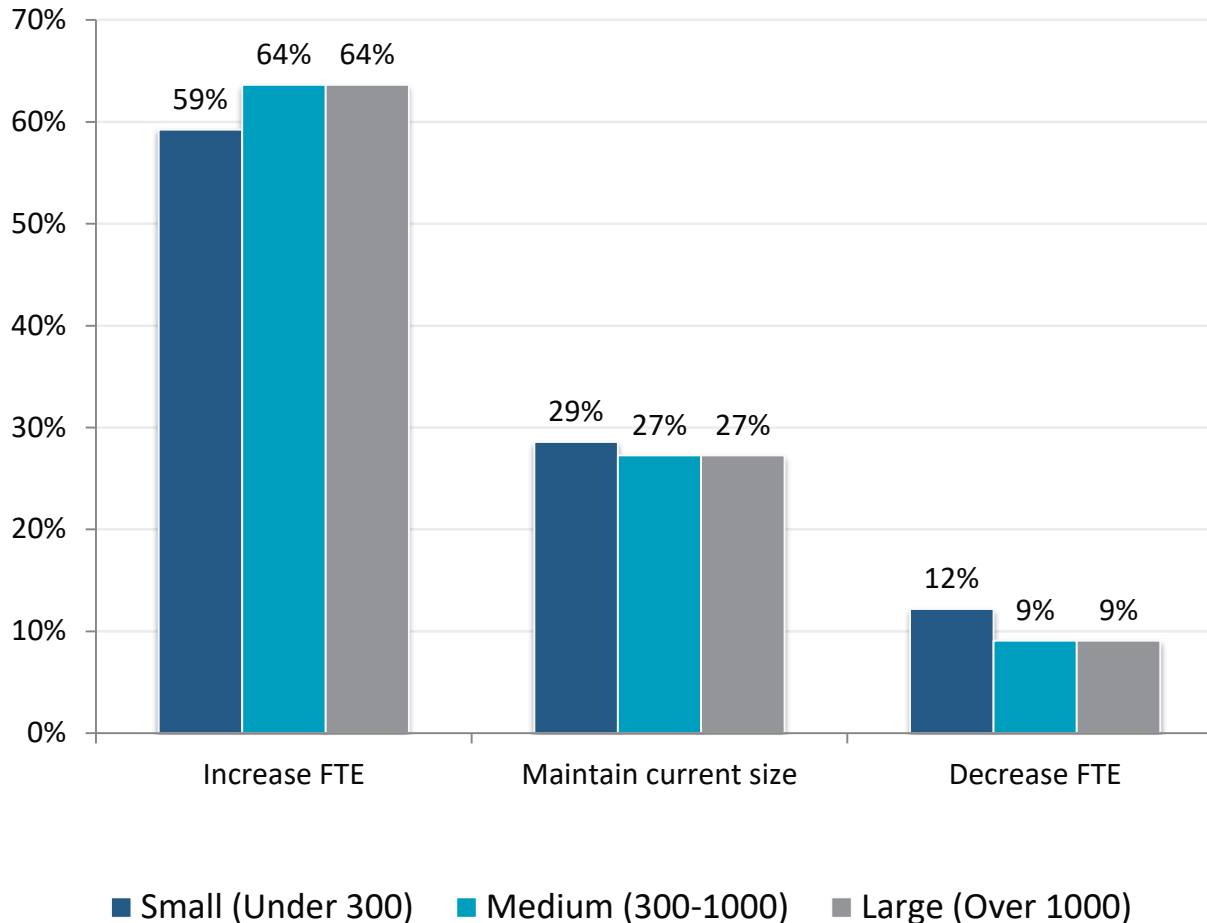
Life/Health

■ July 2019 Plan ■ July 2018 Plan



12-Month Staffing Plans

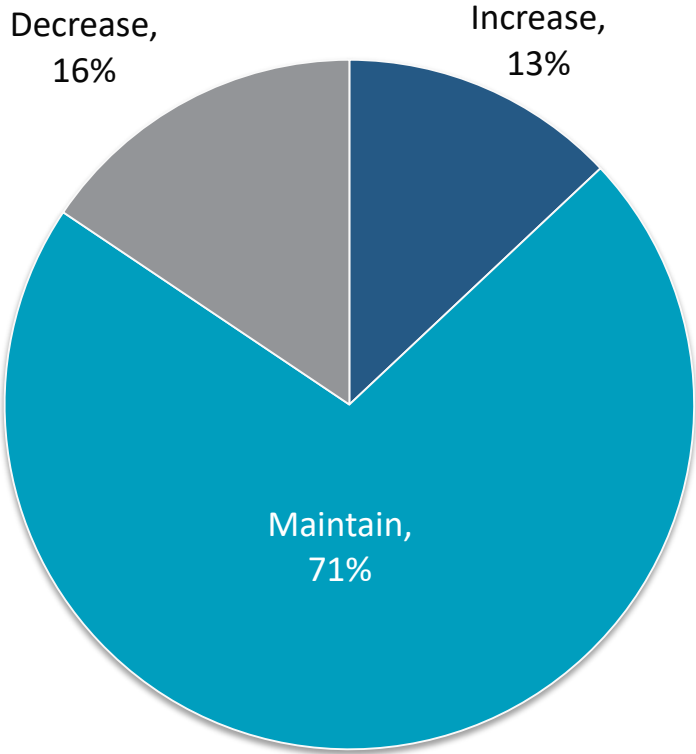
By Employee Size



- While large and medium-sized companies had the same response rate, they varied in expectations with 55% of medium-sized companies expecting an increase over 5% compared to 36% for large companies
- 46% of medium-sized companies are expecting growth in revenue/premium greater than 10%. This compares to 45% for small and 18% for large companies
- 67% of large companies responded that revenue growth will be driven by market share compared to 62% of medium-sized and 59% of small companies
- 82% of large companies expect revenue growth in the next 12 months with 36% planning to maintain or decrease employees
- In January, 74% of medium-sized companies were expecting to increase staff while 67% of small and 39% of large companies were expecting the same

Temporary Employees

Use of Temporary Employees During Next 12 Months



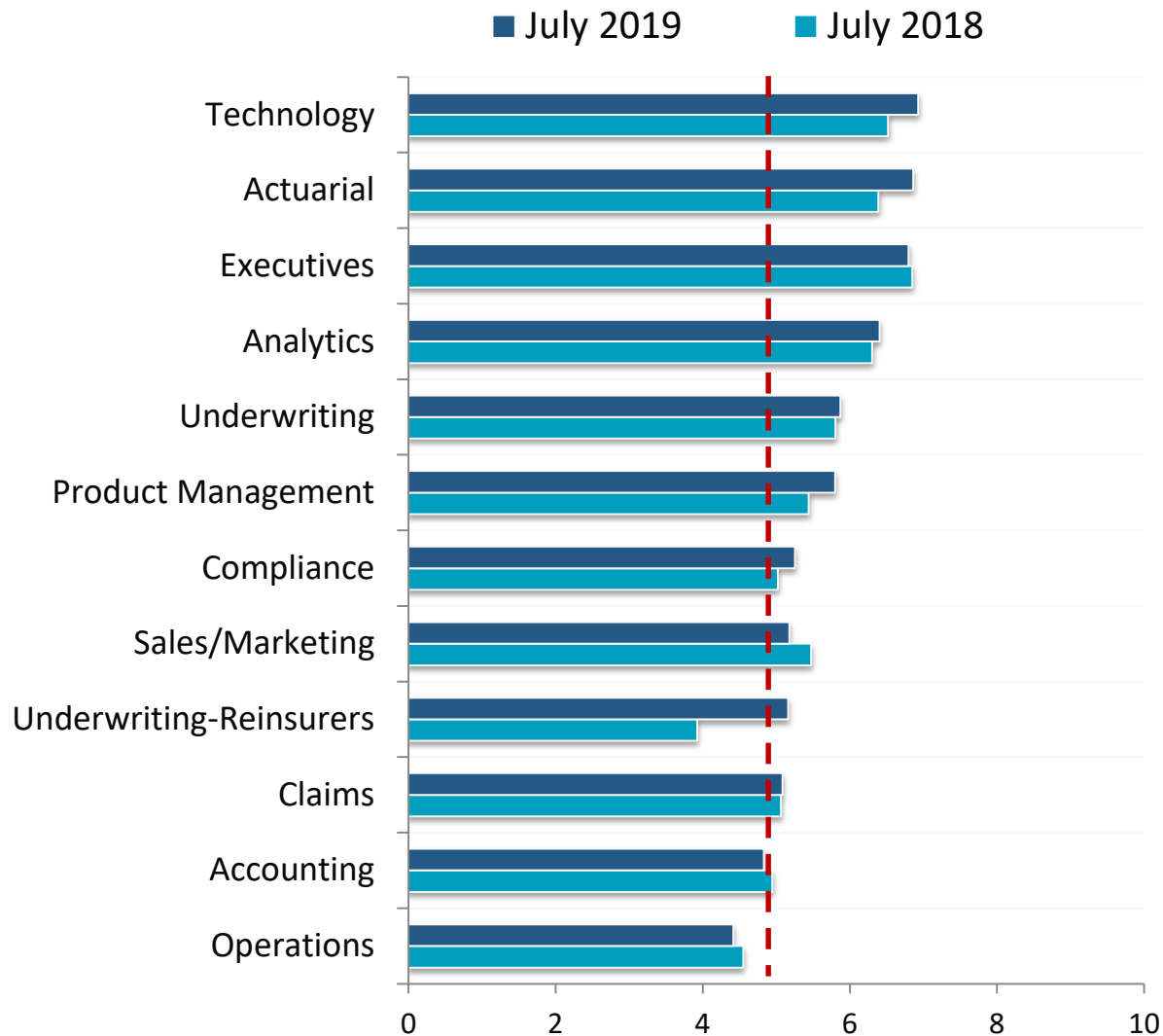
Notable Survey Trends

July 2018 to July 2019

- The Total industry grew 1.31% versus an anticipated rate of 0.60%
- The P&C industry grew 0.93% versus an anticipated rate of 0.47%
- The L&H industry grew 2.56% versus an anticipated rate of 1.26%

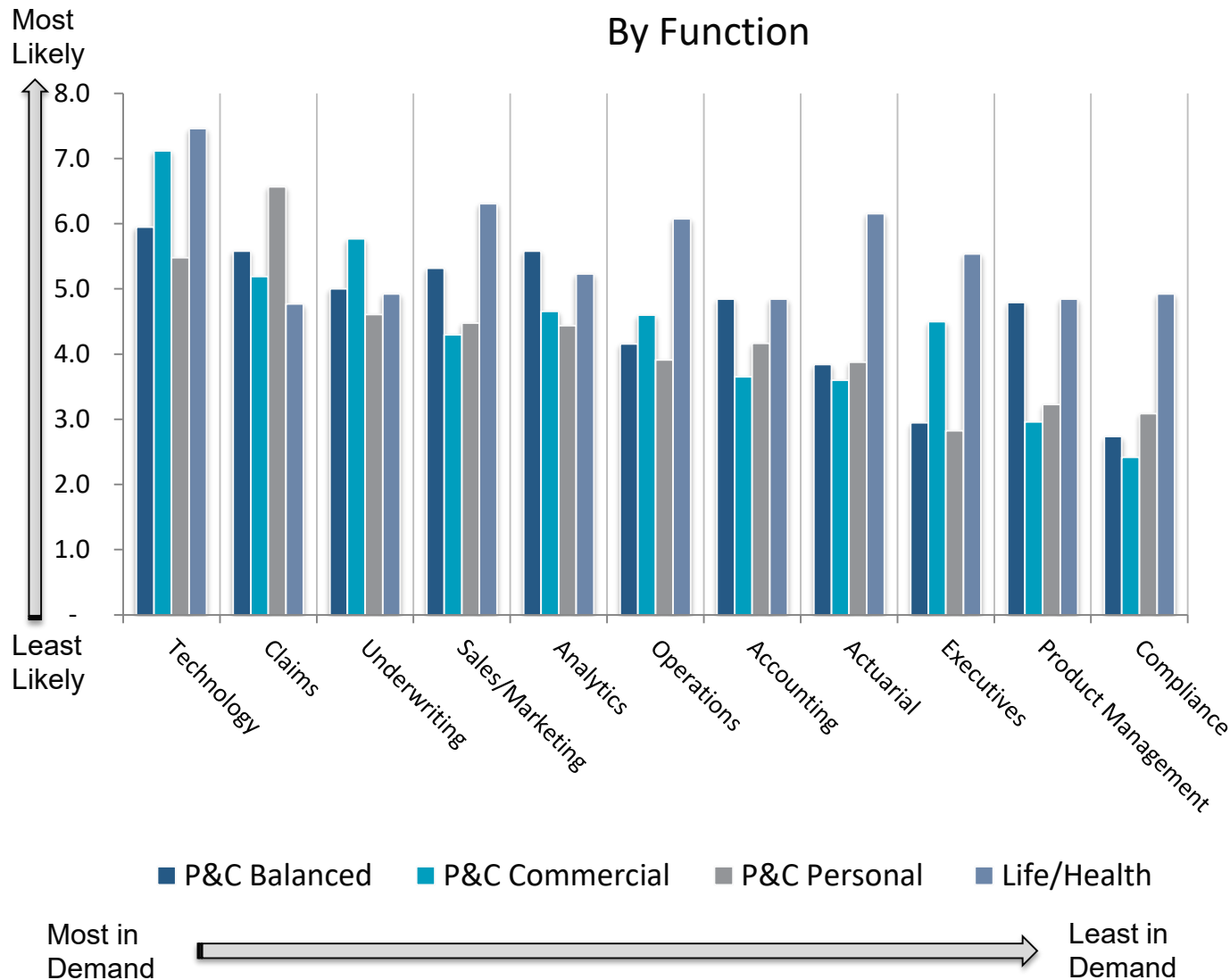
Note: Outliers have been excluded from calculations.

Recruiting Difficulty Continues



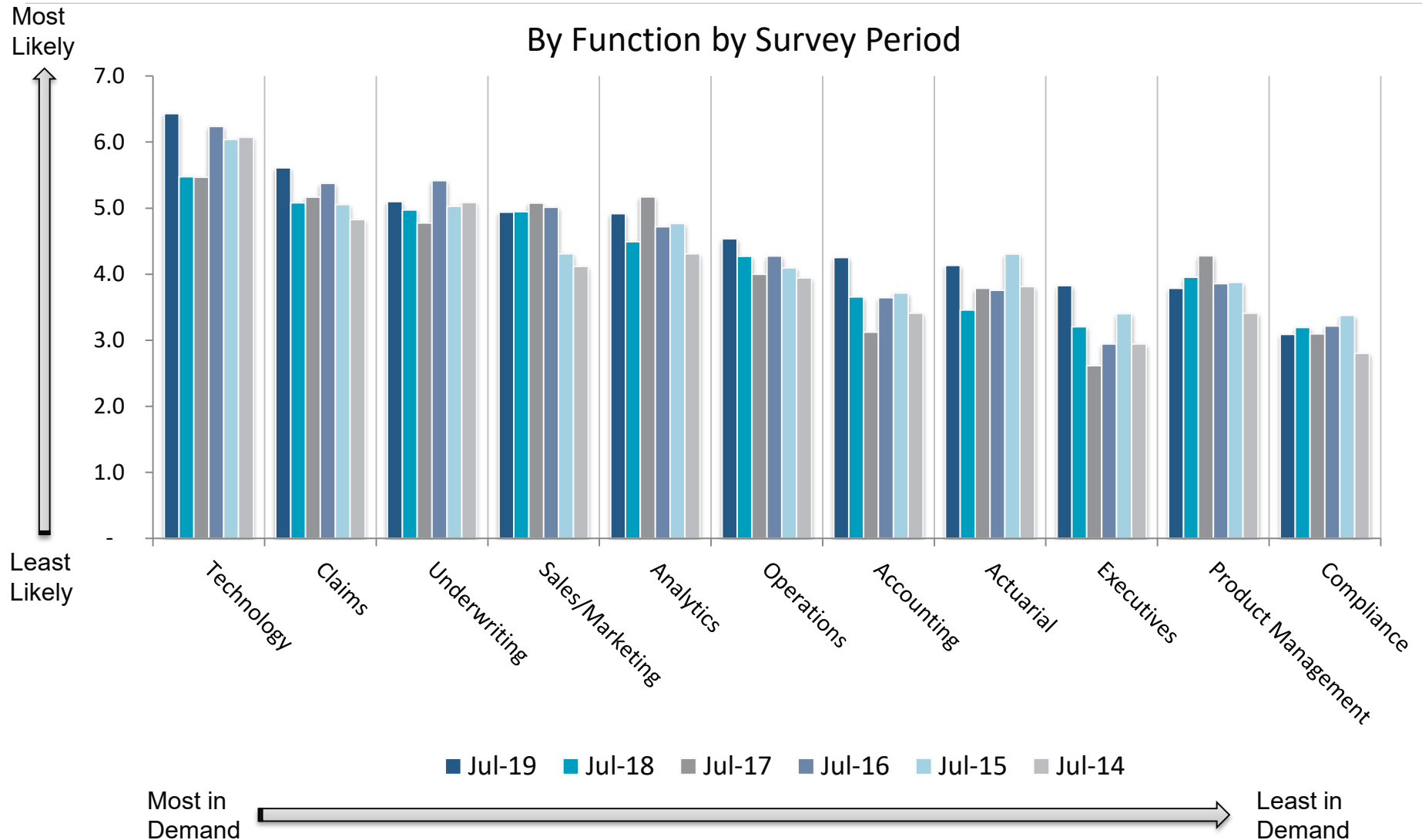
- On a scale of 1 – 10 (10 being most difficult), companies responded that positions are still moderately difficult to fill
- Positions rated 5 or above are considered moderate or difficult to fill
- Product line has a significant impact on the ease of filling positions
- 8 of 12 categories have seen recruiting difficulty increase slightly over the past year

Likelihood of Increasing Staff



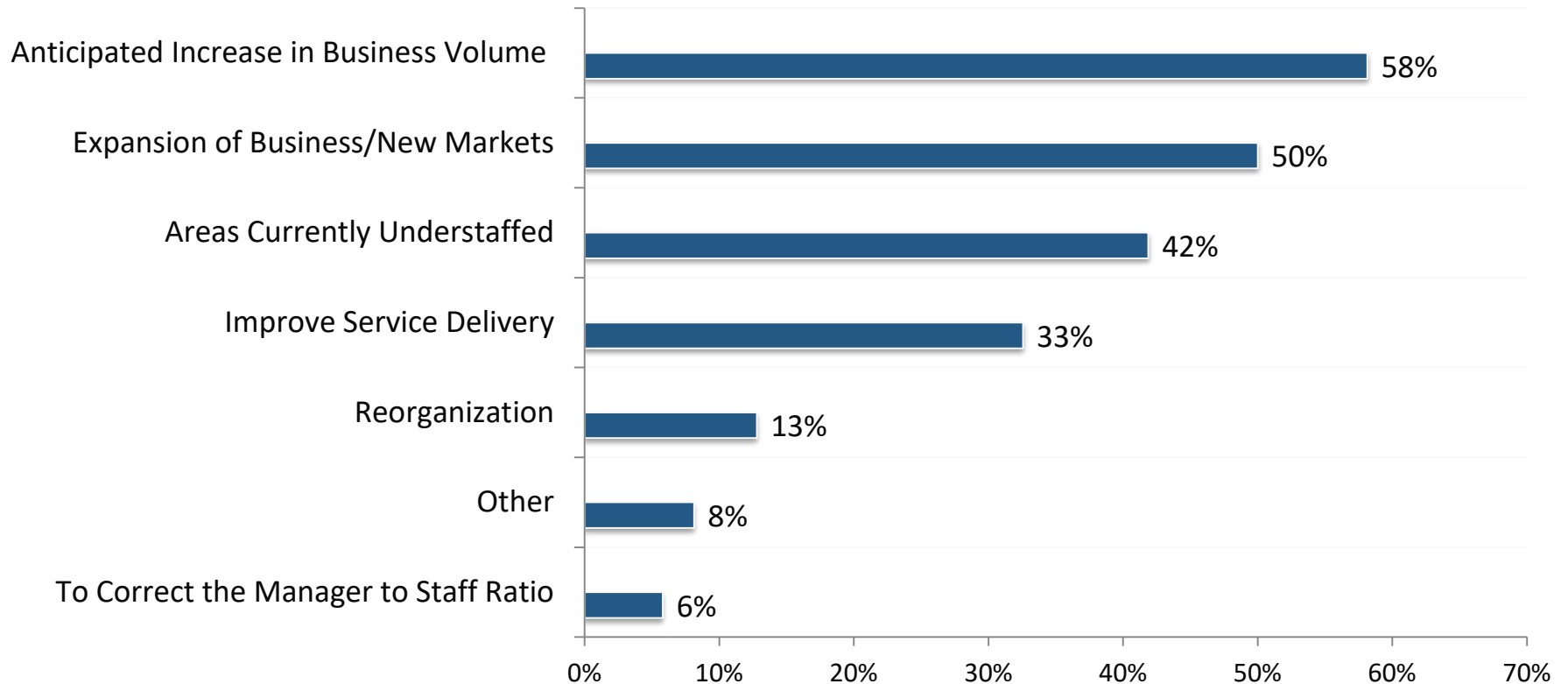
- In total, the industry's greatest need is in Technology staff
- Technology is the area most likely to increase staff for large companies, followed by Analytics and Sales/Marketing. Medium-sized companies are looking towards Technology then Claims in the next 12 months. After Technology, small companies have the greatest need in Claims
- Technology is the greatest need for Life/Health, Commercial and P&C Balanced Lines companies. Personal Lines companies are most likely to increase staff in Claims in the next 12 months

Likelihood of Increasing Staff



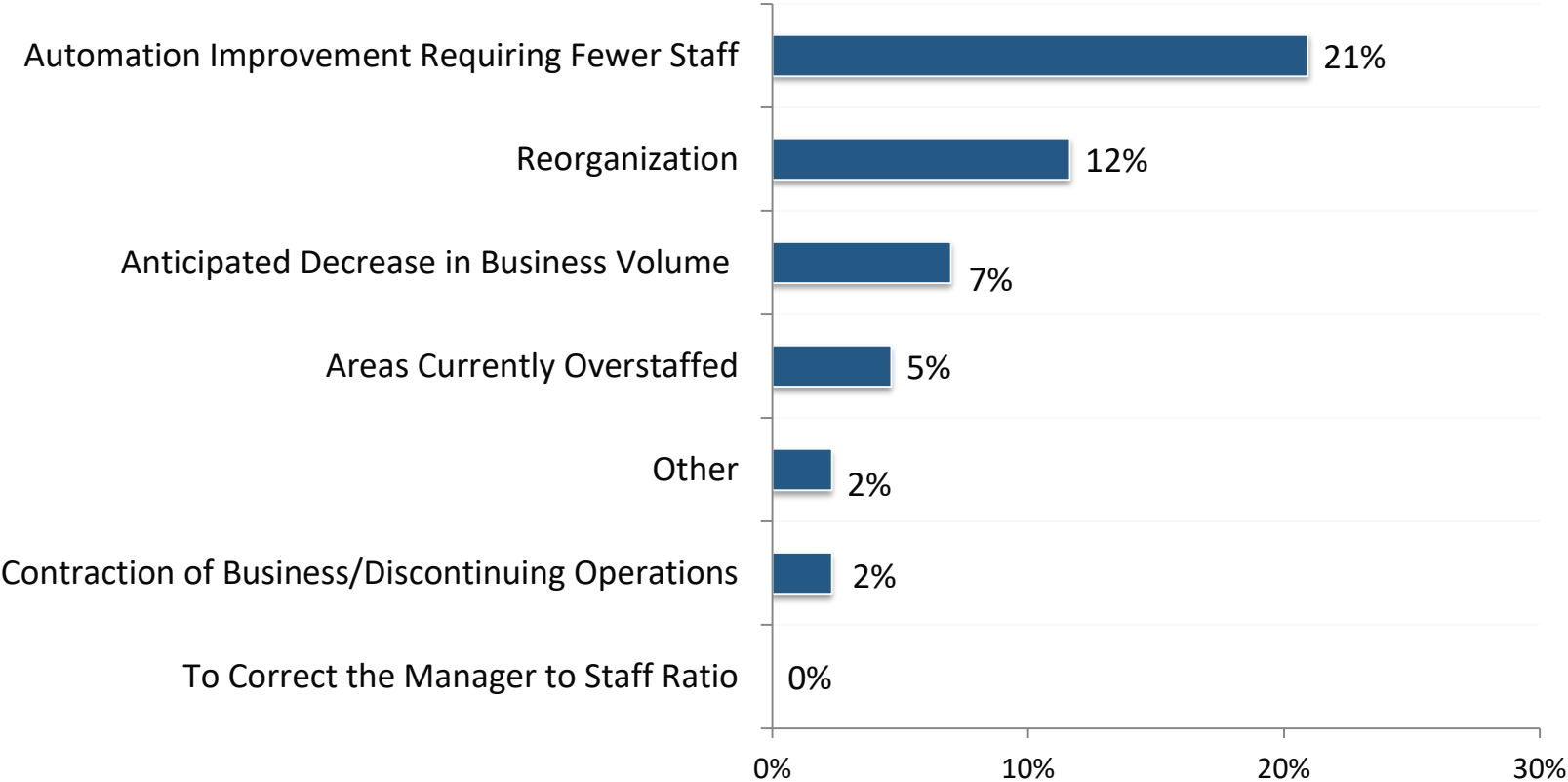
Staff Increases

Reason to Increase Staff During Next 12 Months



Staff Decreases

Reason to Decrease Staff During Next 12 Months





Summary and Closing Thoughts

Summary

- 62% of companies plan to increase staff during the next 12 months driven by 85% in Life/Health Lines and 64% in Commercial Lines
- 64% of medium-sized and large companies plan to add staff during the next 12 months. This is 5 points higher than small companies
- 10% of companies expect a decrease in staffing during the next 12 months, 5 points higher than one year ago
- Expectations to grow revenue remained the same as January at 79%
- Large companies are the most optimistic to increase revenue as 82% expect growth, compared to 79% for small companies and 77% for medium-sized companies
- Optimism for revenue growth increased 22 points to 92% for Life/Health companies from January while Property/Casualty companies decreased 4 points to 78%
- 61% of the companies stated that change in market share will drive their expected revenue changes with 23% referencing an increase/decrease in pricing

Summary

- The primary reason to increase staff during the next 12 months is the expectation of an increase in business volume. 58% of companies listed this as the primary reason-to-hire followed by 50% who anticipated an expansion of business/new markets
- 21% of companies report that automation will be the primary reason for reductions in staff during the next 12 months, followed by reorganization at 12%
- 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/Health companies, compared to Technology then Claims for Property/Casualty companies
- Recruitment difficulty persists. The candidate's market is being fueled by virtually non-existent unemployment, mass retirements and job growth driven by modernization efforts
- Technology, Actuarial, and Executive positions are the most difficult to fill
- Companies are requiring fewer temporary staff. 13% of companies are planning to increase their use, down from 18% in January

Projection

If the industry follows through on its plans, we will see a 1.34% increase in industry employment during the next 12 months, creating new jobs.

	Projected Growth
Total Benchmark	1.34%
Life & Health	2.27%
Property/Casualty (PC)	1.16%
PC Personal	1.10%
PC Commercial	1.64%
PC Balanced	0.95%

Staying Informed

Our next survey will be conducted in January 2020.

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

Thank you!