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Insurance Labor Market Study

February 6, 2020

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 help 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

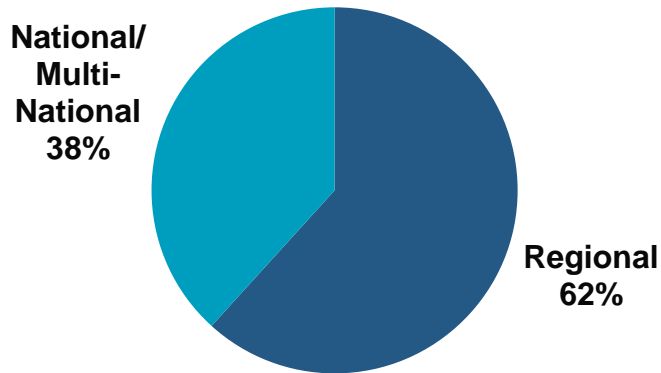
For more information about Jacobson's talent solutions, please visit jacobsononline.com.

Study Objectives

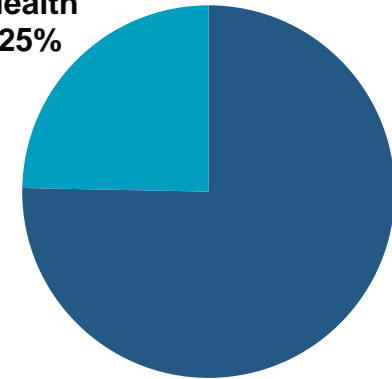
- Analyze current labor trends and future staffing expectations
- Provide an overview of staffing challenges by discipline
- Provide commentary on the industry's labor market

Participant Profile

Business Profile

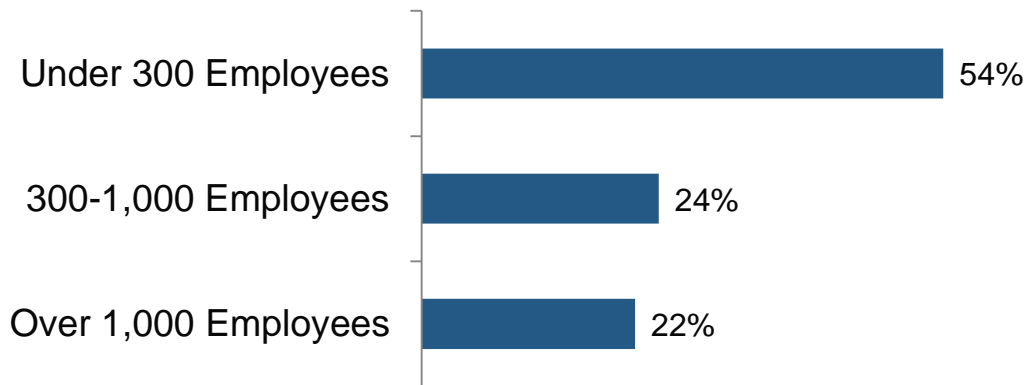


Life/
Health
25%



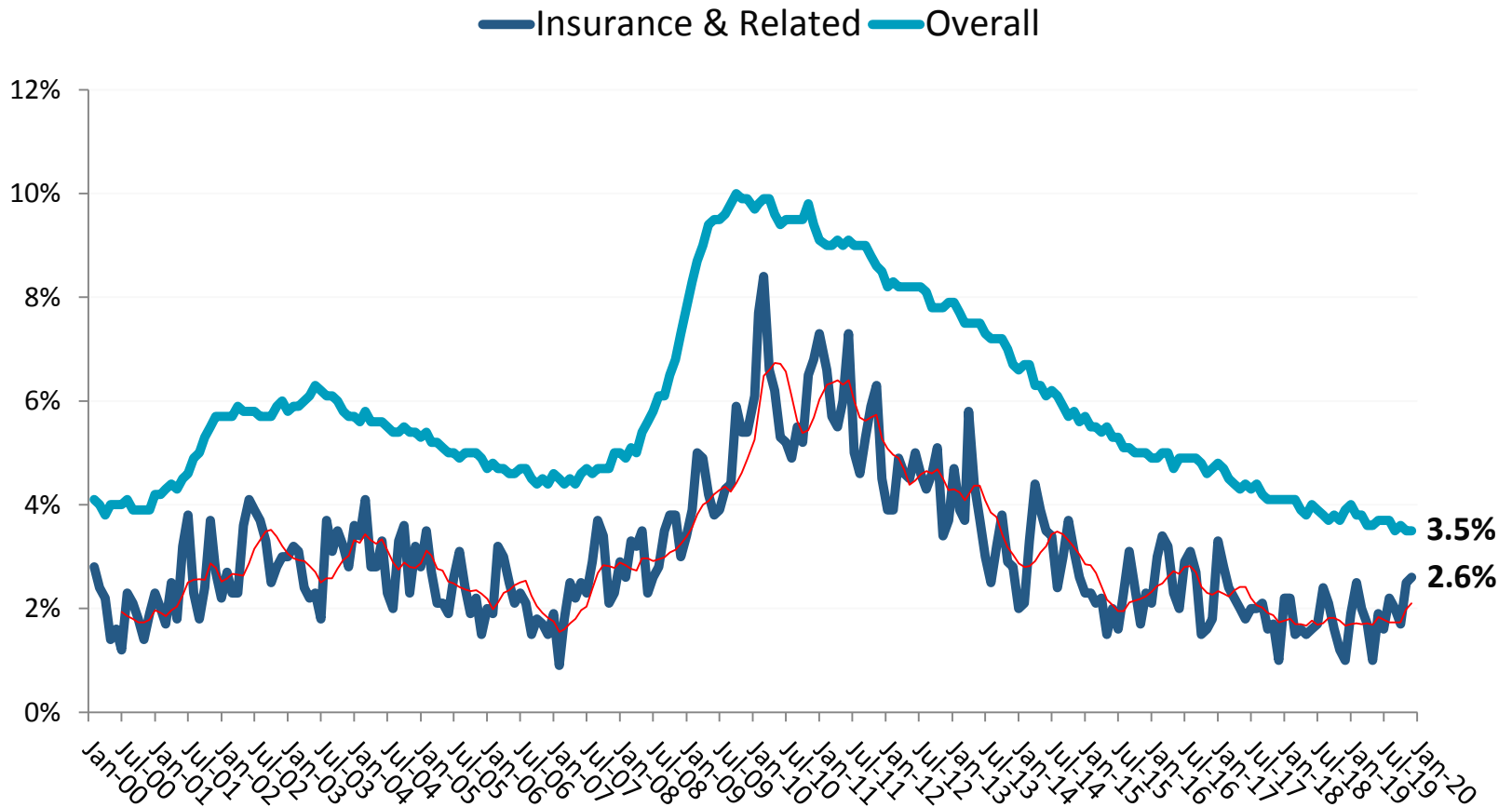
Property/
Casualty
75%

Company Size



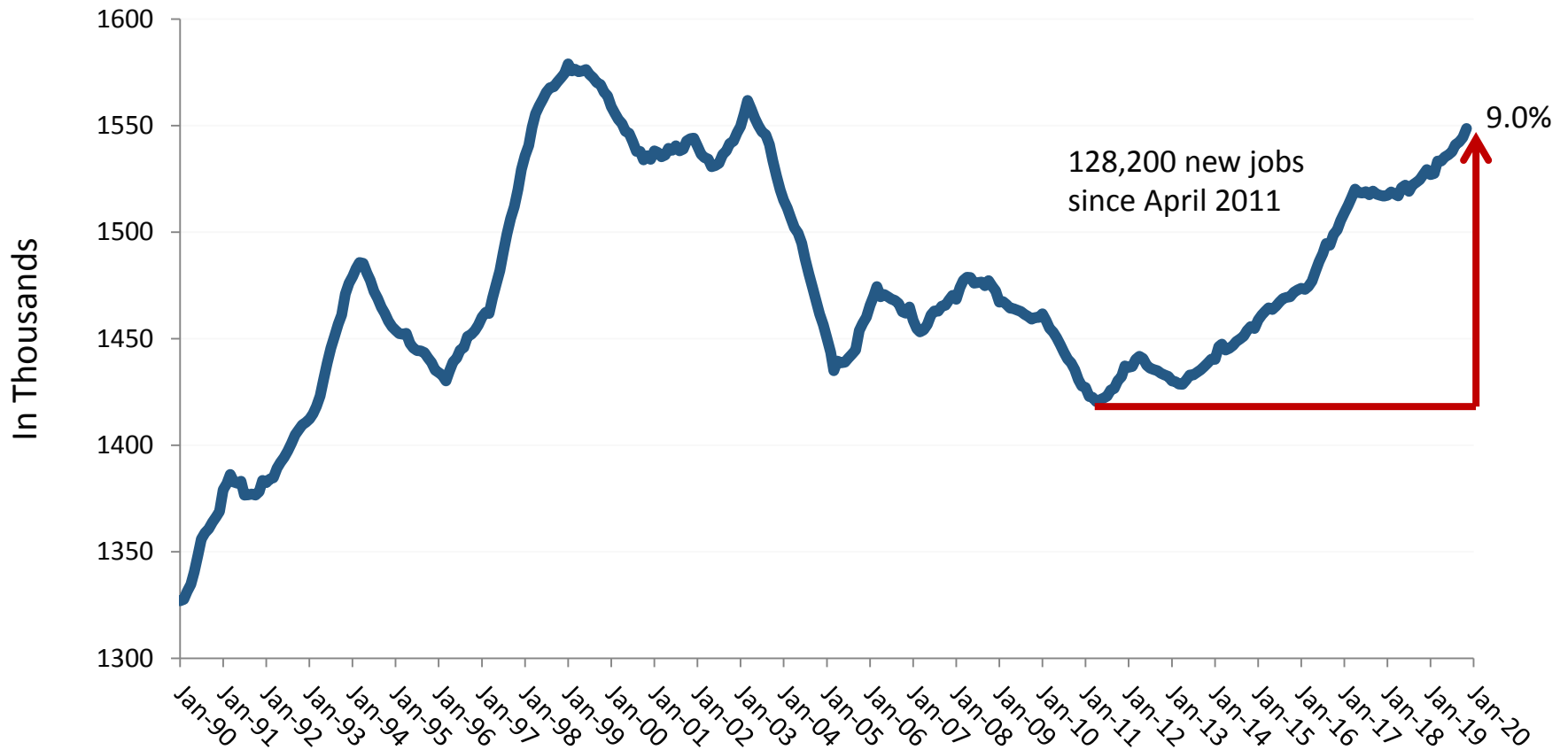
The total average number of employees is 1,865

Unemployment Rates



Source: U.S. Bureau of Labor Statistics

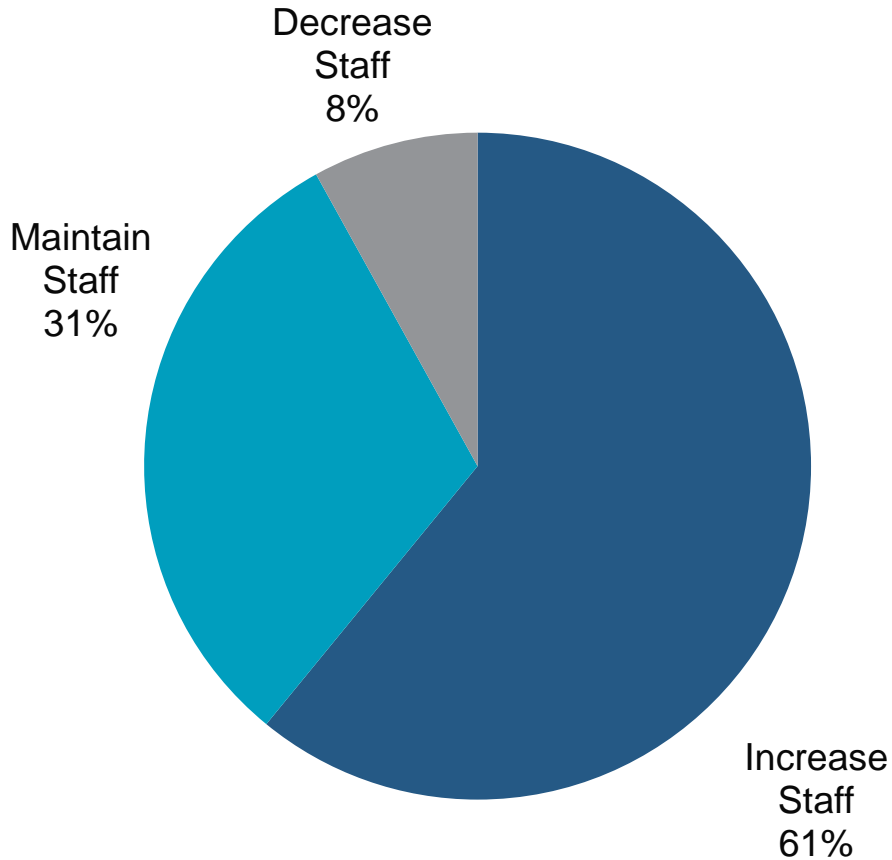
Insurance Carrier Employment



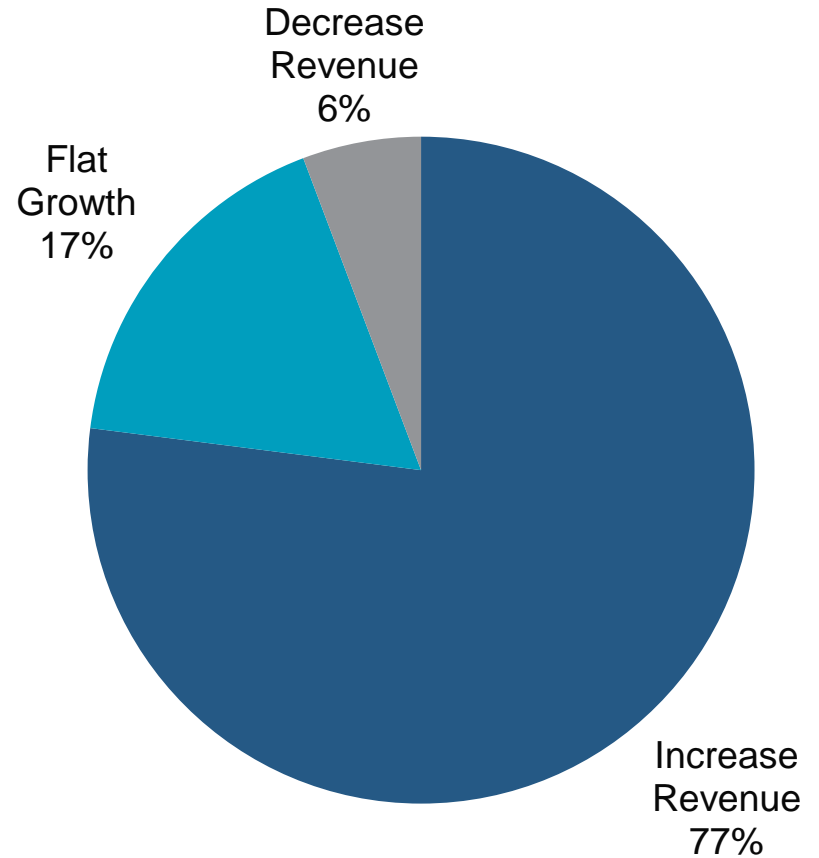
Source: U.S. Bureau of Labor Statistics

Revenue and Staffing Expectations

12-Month Staffing Plan



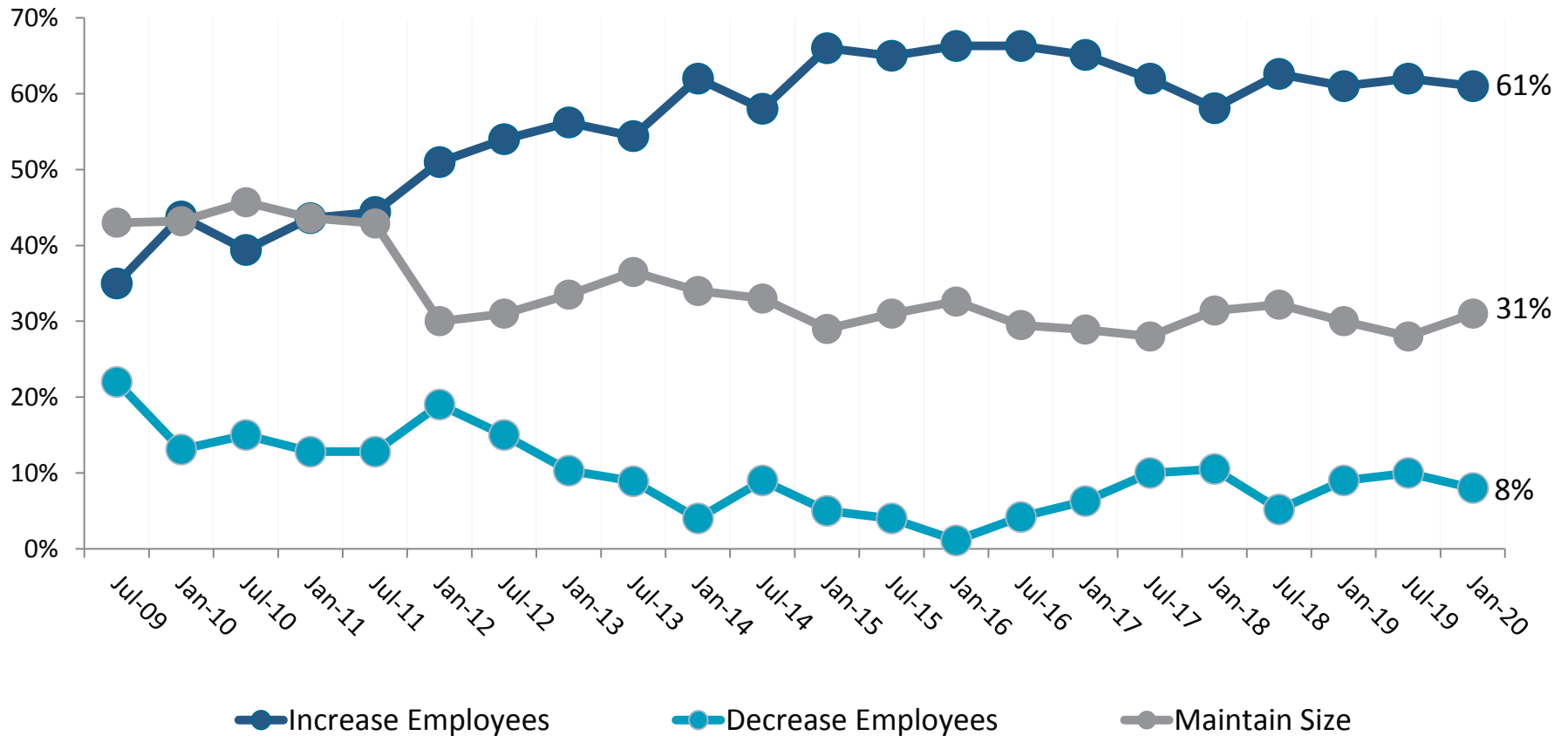
12-Month Revenue Plan



12-Month Staffing Plans

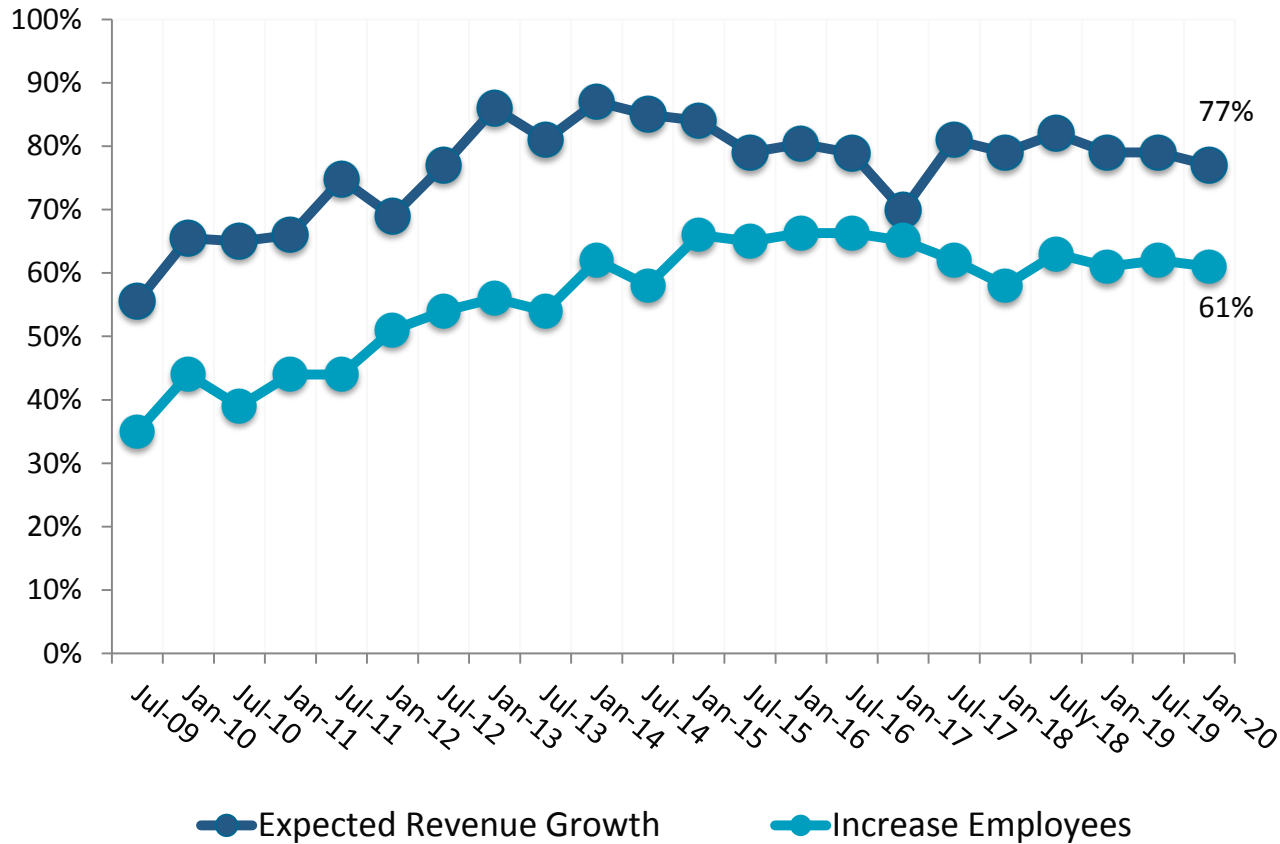
July 2009 – January 2020

Prior Survey Results



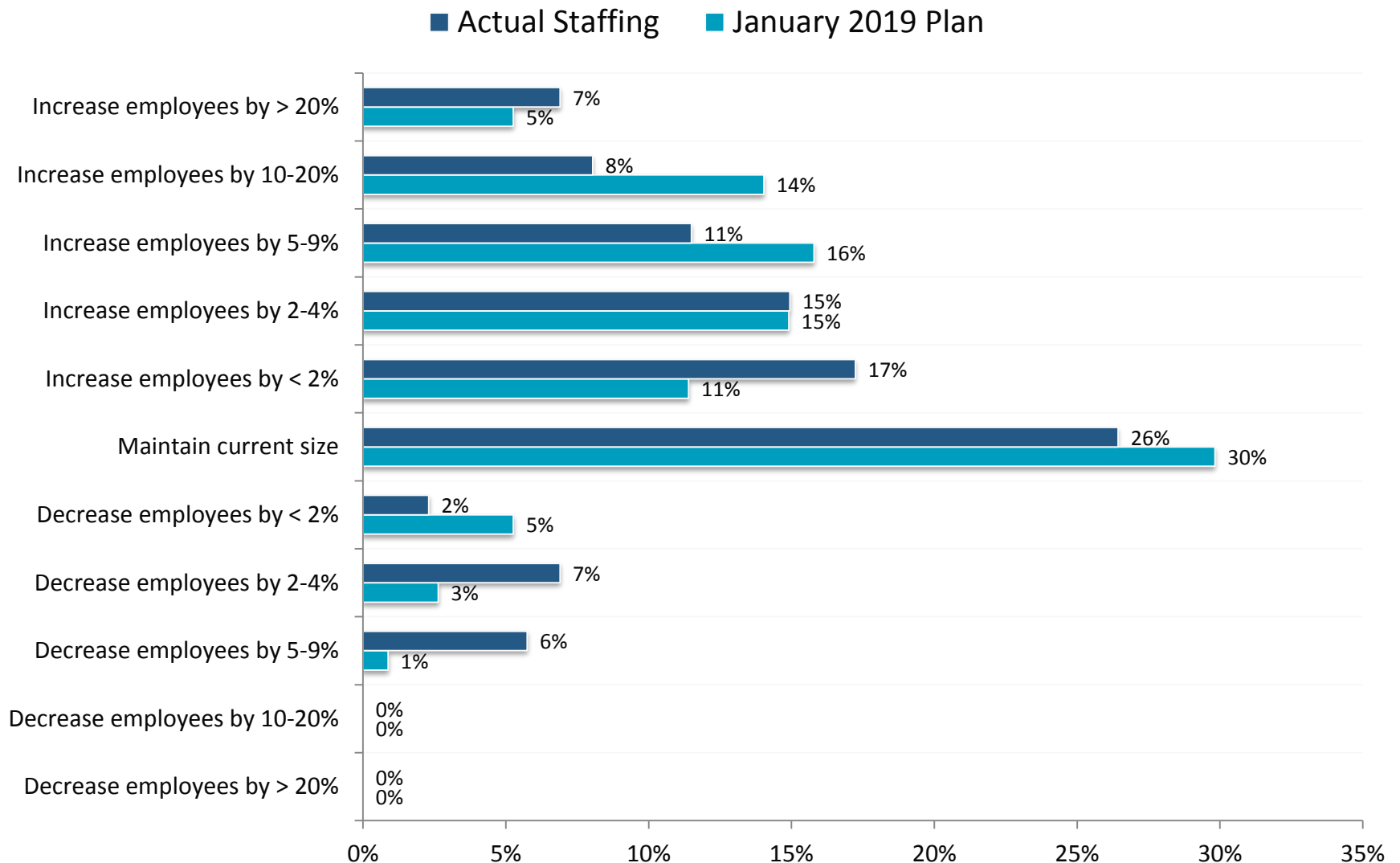
12-Month Staffing Plans Increase vs. Expected Revenue Growth

July 2009 – January 2020



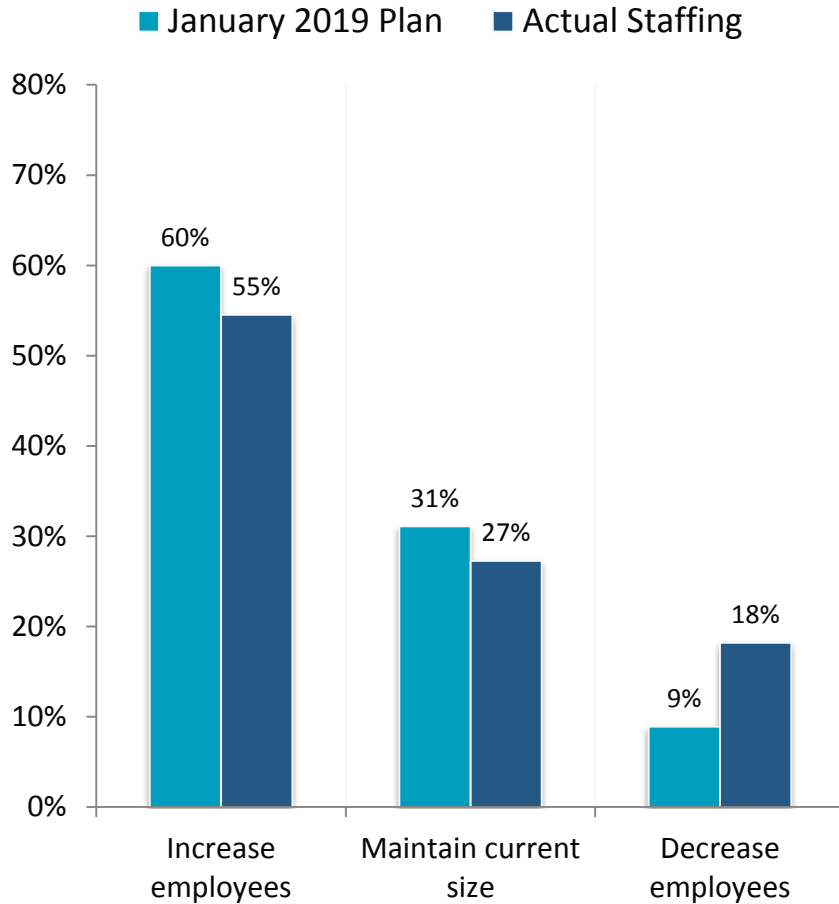
- 77% of companies expect an increase in revenue growth, down 2 points from the July survey
- 81% of Life/Health companies expect an increase in revenue
- 17% of companies expect flat revenue growth, the same as July
- Both P&C and Life/Health companies responded that the primary driver for expected revenue changes will be market share, at 54% and 67% respectively

12-Month Staffing Plans vs. Actual

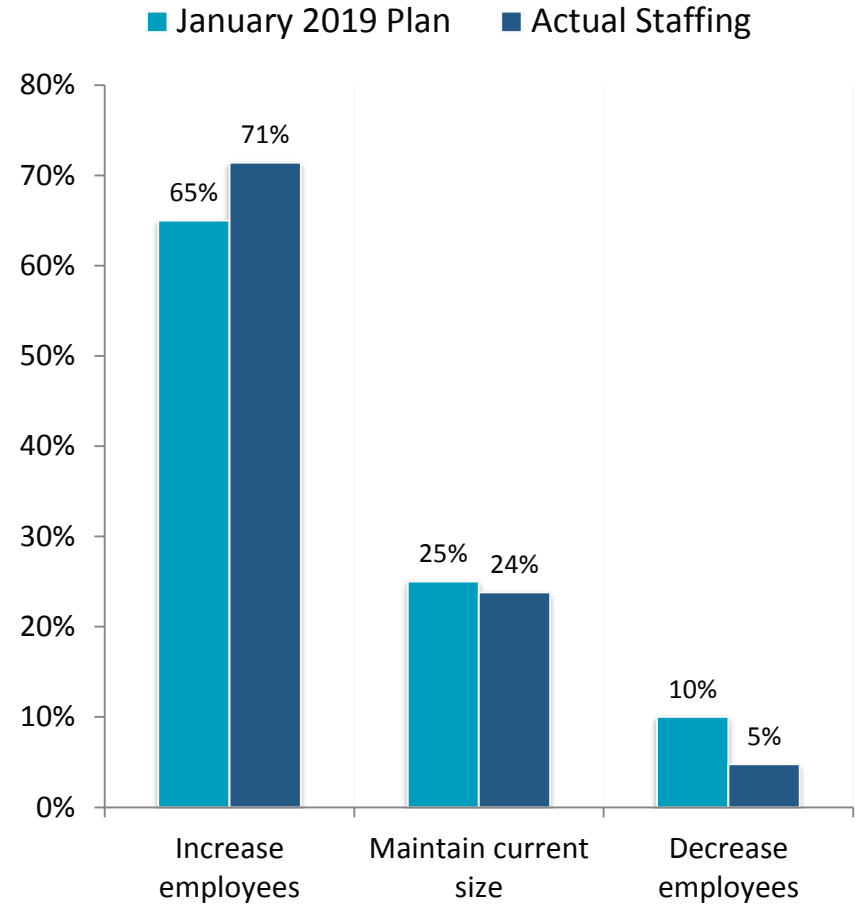


12-Month Staffing Plans vs. Actual – By Industry

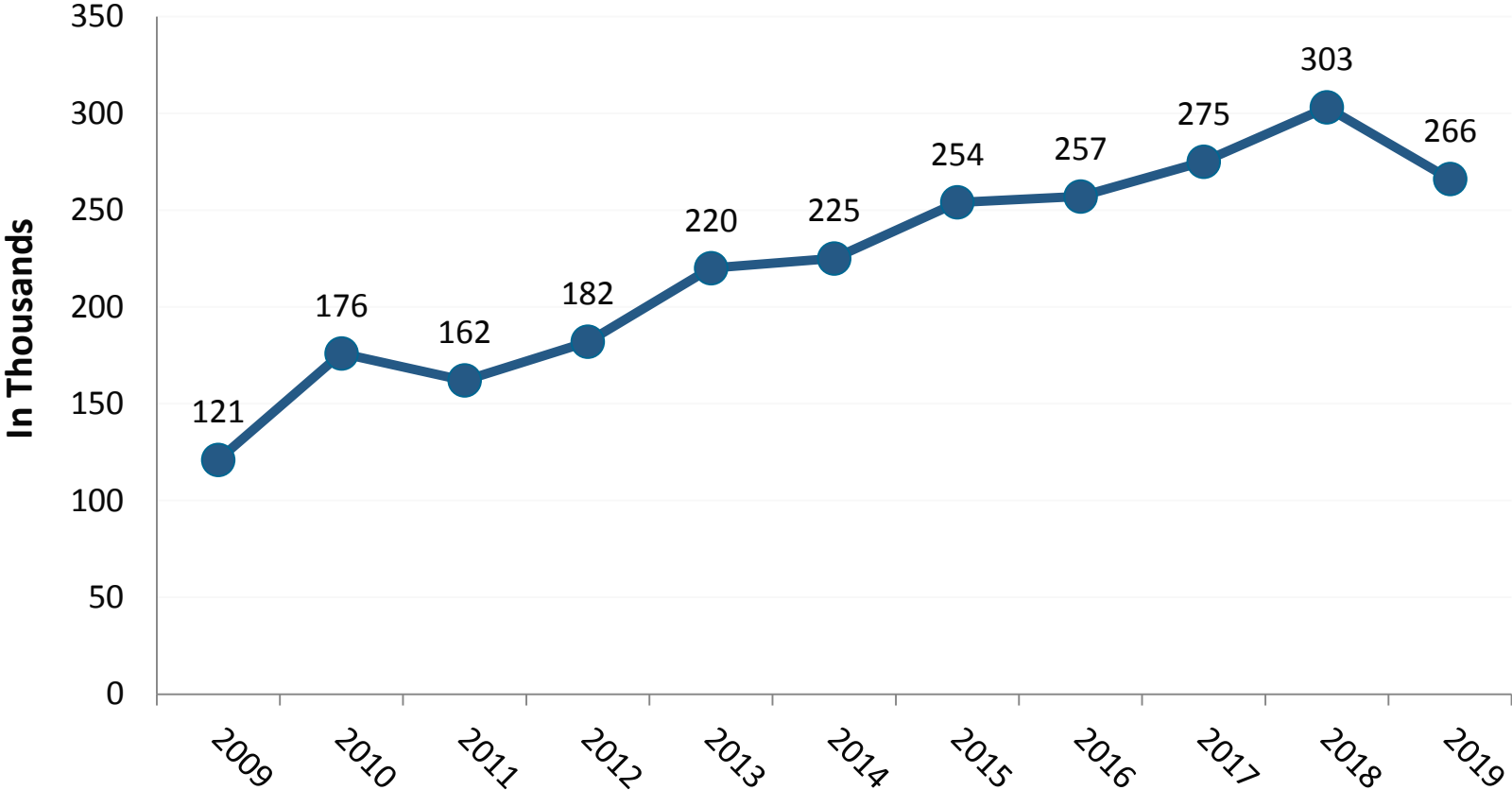
Property/Casualty



Life/Health

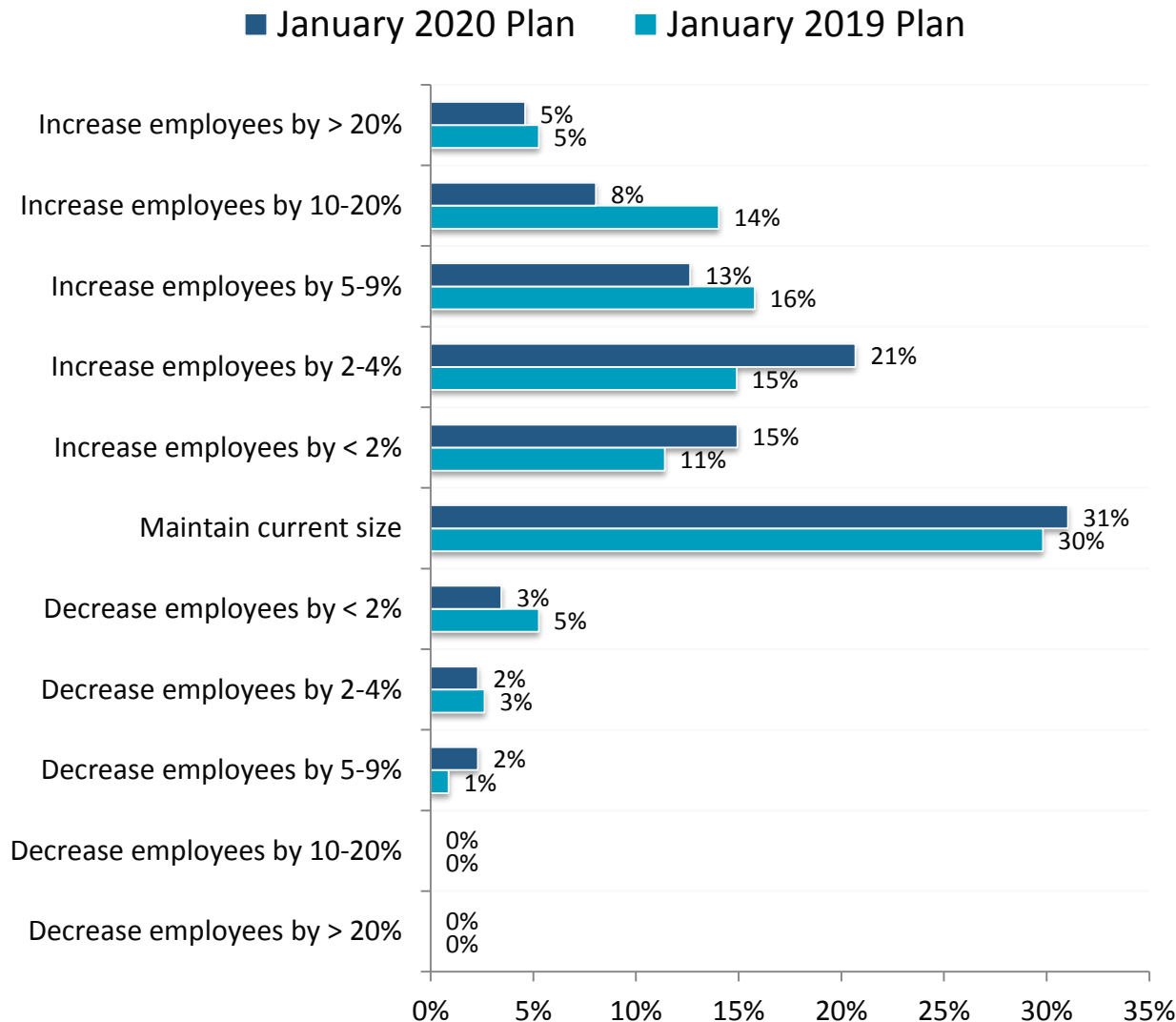


Job Openings in Finance and Insurance



Source: U.S. Bureau of Labor Statistics

12-Month Staffing Plans



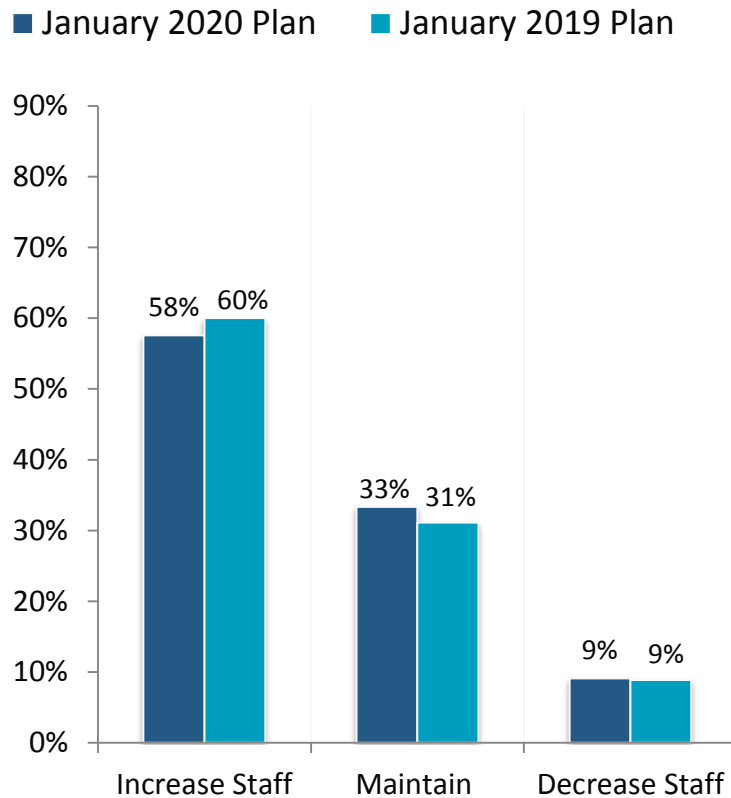
- 67% of Balanced Lines P&C companies are expecting to increase staff during the next 12 months. This is 17 and 10 points higher than Personal and Commercial Lines P&C companies, respectively
- Of the companies who plan to add staff during the next 12 months, 81% expect an increase in revenue with 58% responding that it will be due to a change in market share
- 74% of companies who plan to maintain staff size during the next 12 months are expecting an increase in revenue growth

*Percentages in chart rounded to nearest whole number

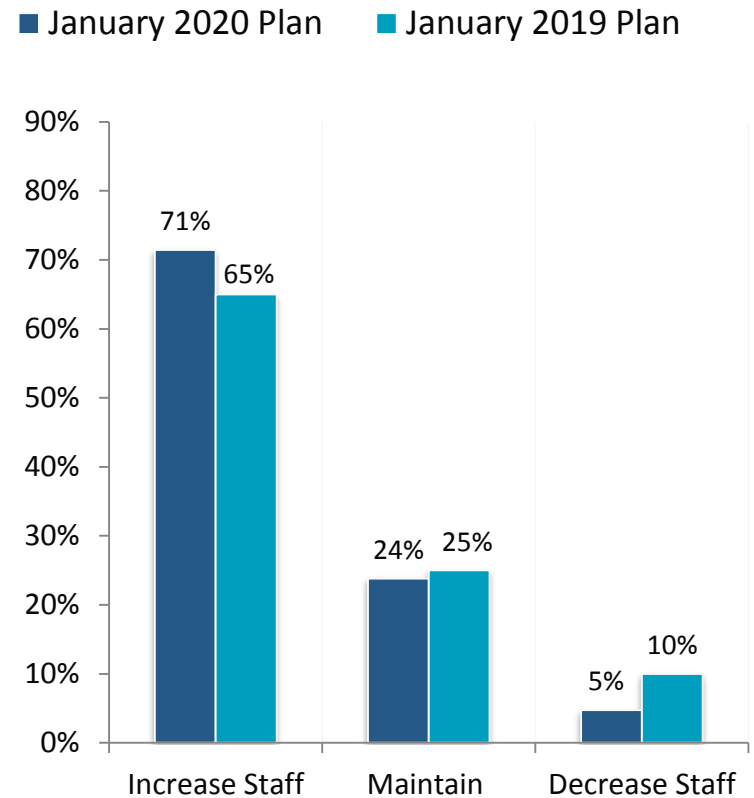
12-Month Staffing Plans

Comparison to January 2019 by Industry

Property/Casualty

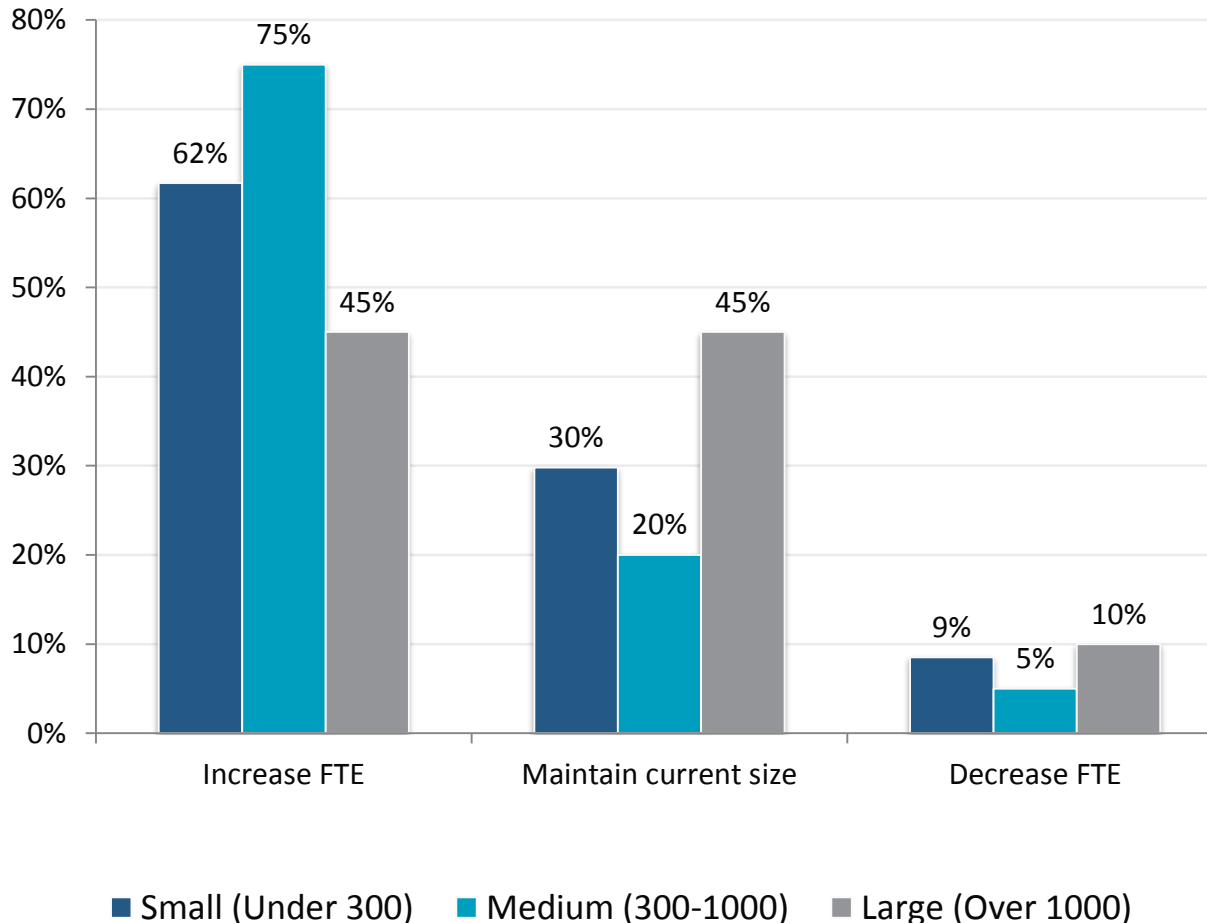


Life/Health



12-Month Staffing Plans

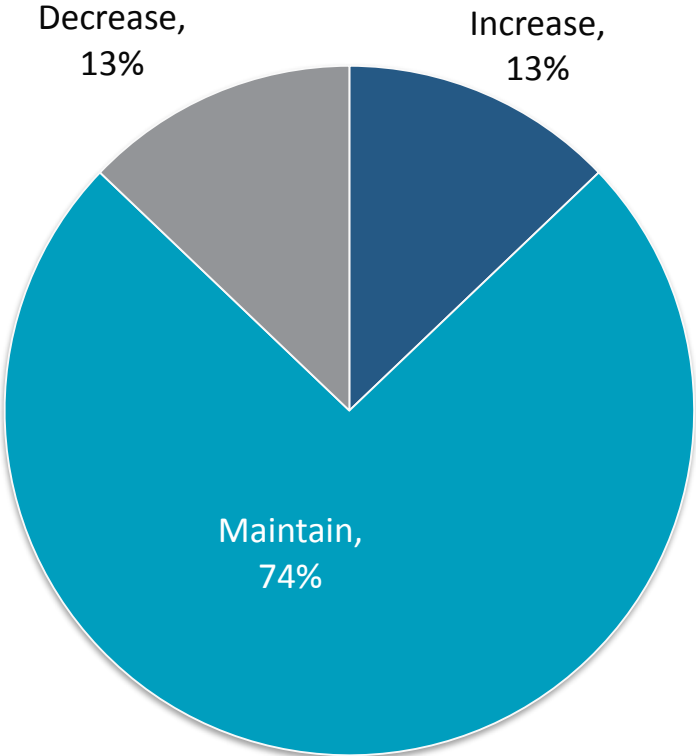
By Employee Size



- 45% of medium-sized companies are expecting growth in revenue/premium greater than 10%. This compares to 30% for small and 10% for large companies
- 77% of large companies responded that revenue growth will be driven by market share compared to 39% of medium-sized and 56% of small companies
- 90% of medium-sized companies expect revenue growth in the next 12 months with 25% 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

Temporary Employees

Use of Temporary Employees During Next 12 Months



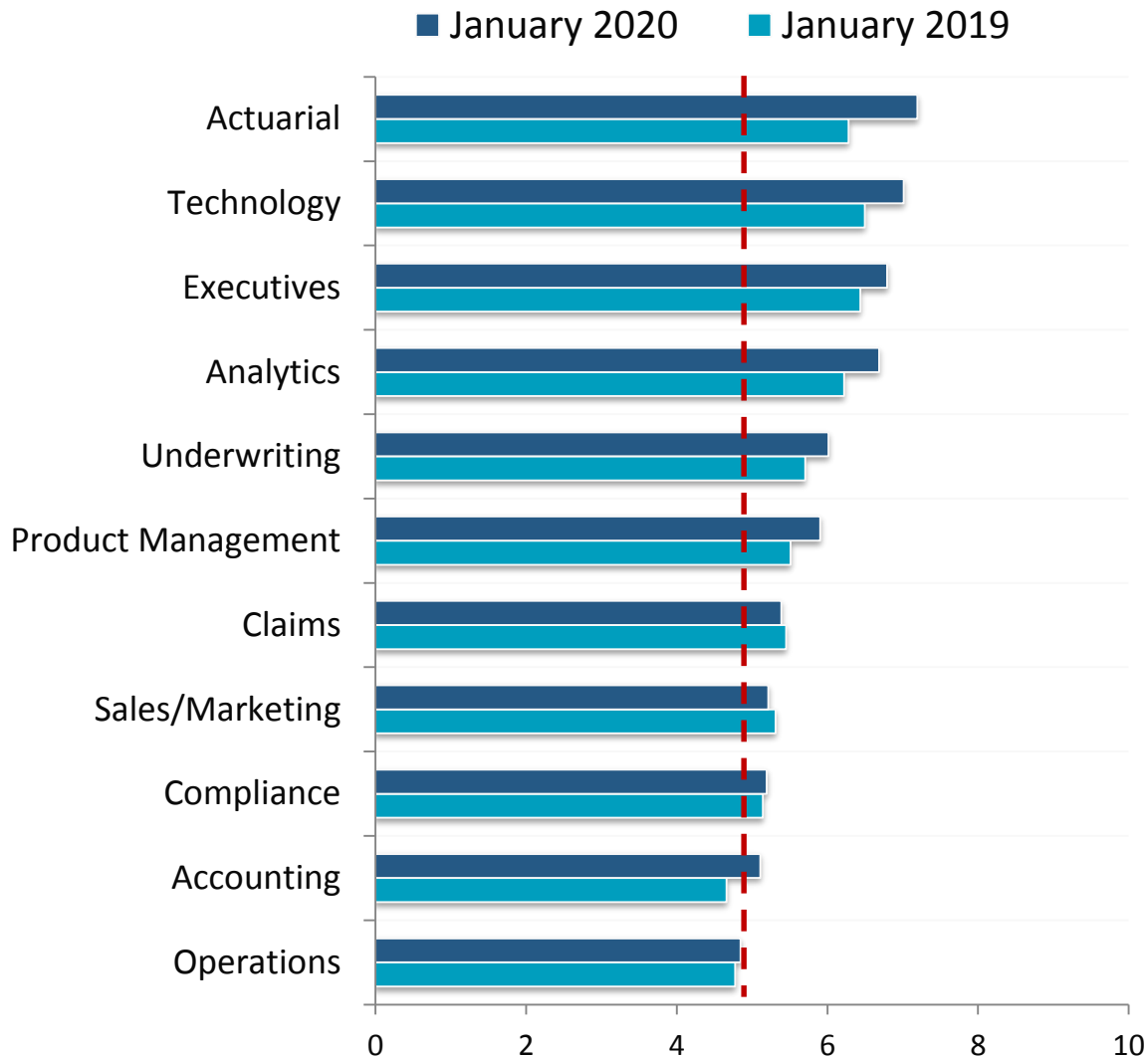
Notable Survey Trends

January 2019 to January 2020

- The Total industry grew 0.72% versus an anticipated rate of 1.19%
- The P&C industry grew 0.40% versus an anticipated rate of 1.61%
- The L&H industry grew 1.27% versus an anticipated rate of -0.40%

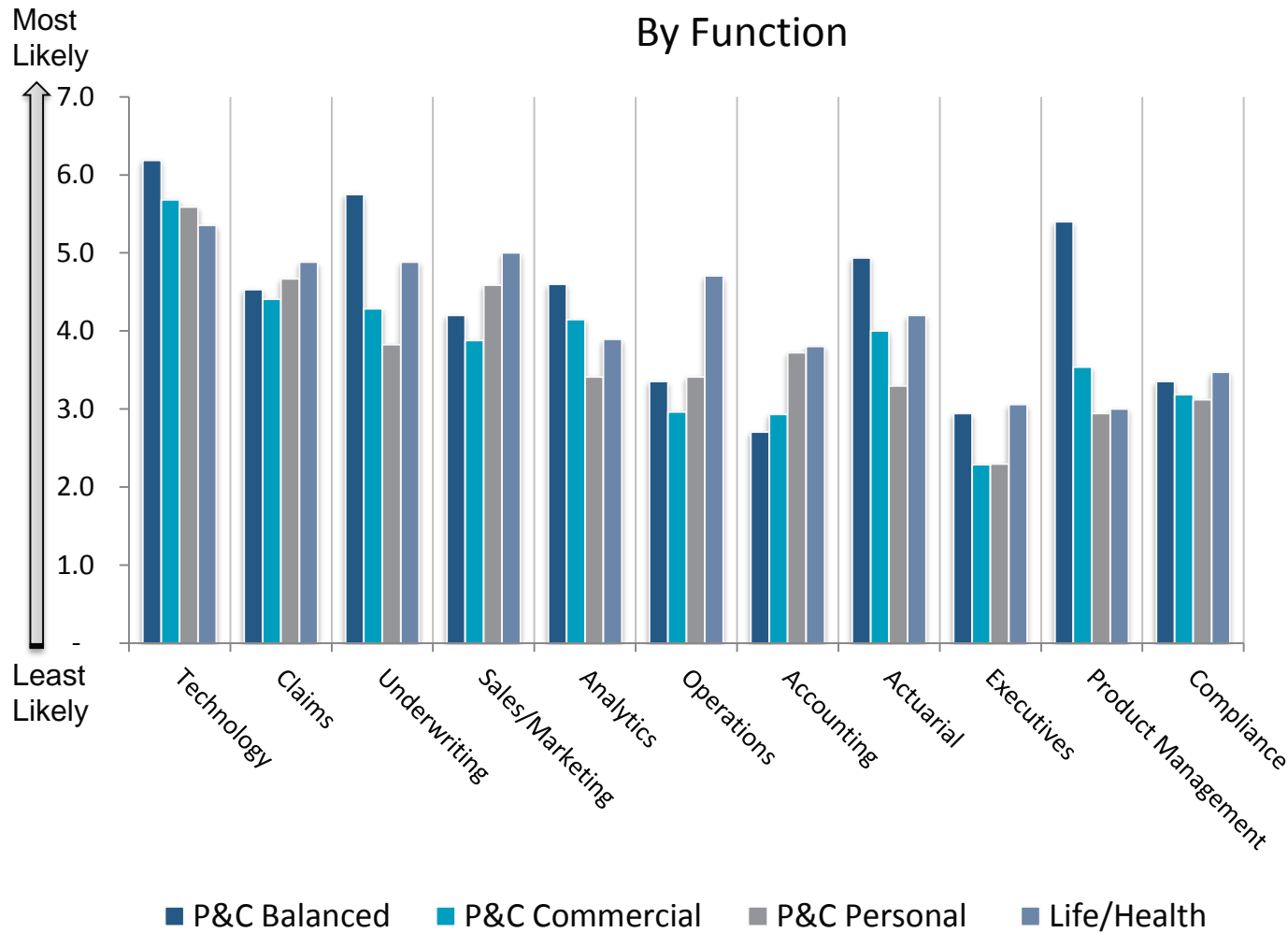
Note: Outliers have been excluded from calculations.

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
- Recruiting difficulty is increasing! 9 of 11 categories have seen recruiting difficulty increase slightly over the past year

Likelihood of Increasing Staff



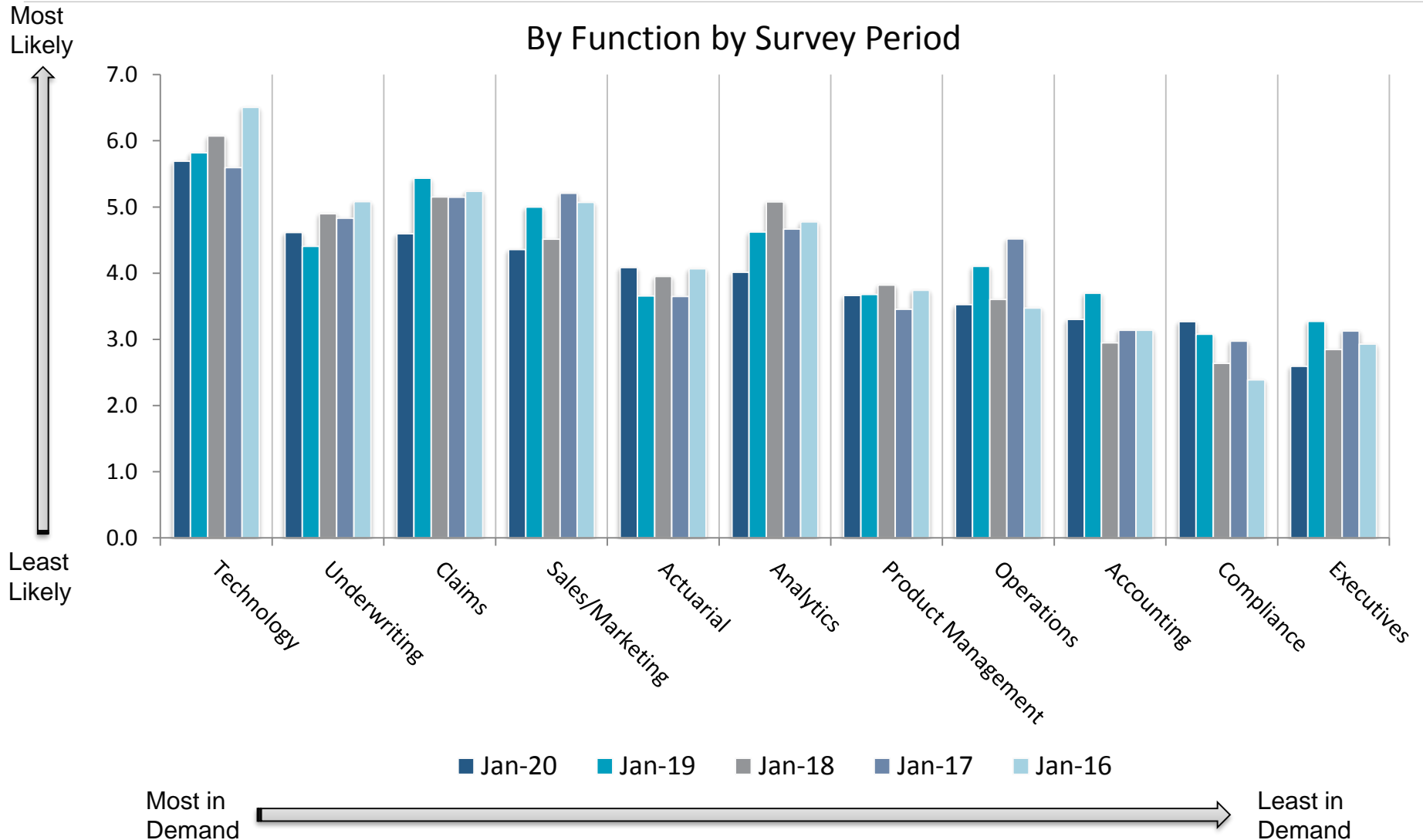
- In total, the industry's greatest need is in Technology staff
- Technology is the area most likely to increase staff for large companies, followed by Sales/Marketing and Analytics. Medium-sized companies are looking towards Technology then Analytics in the next 12 months. After Technology, small companies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

Most in Demand



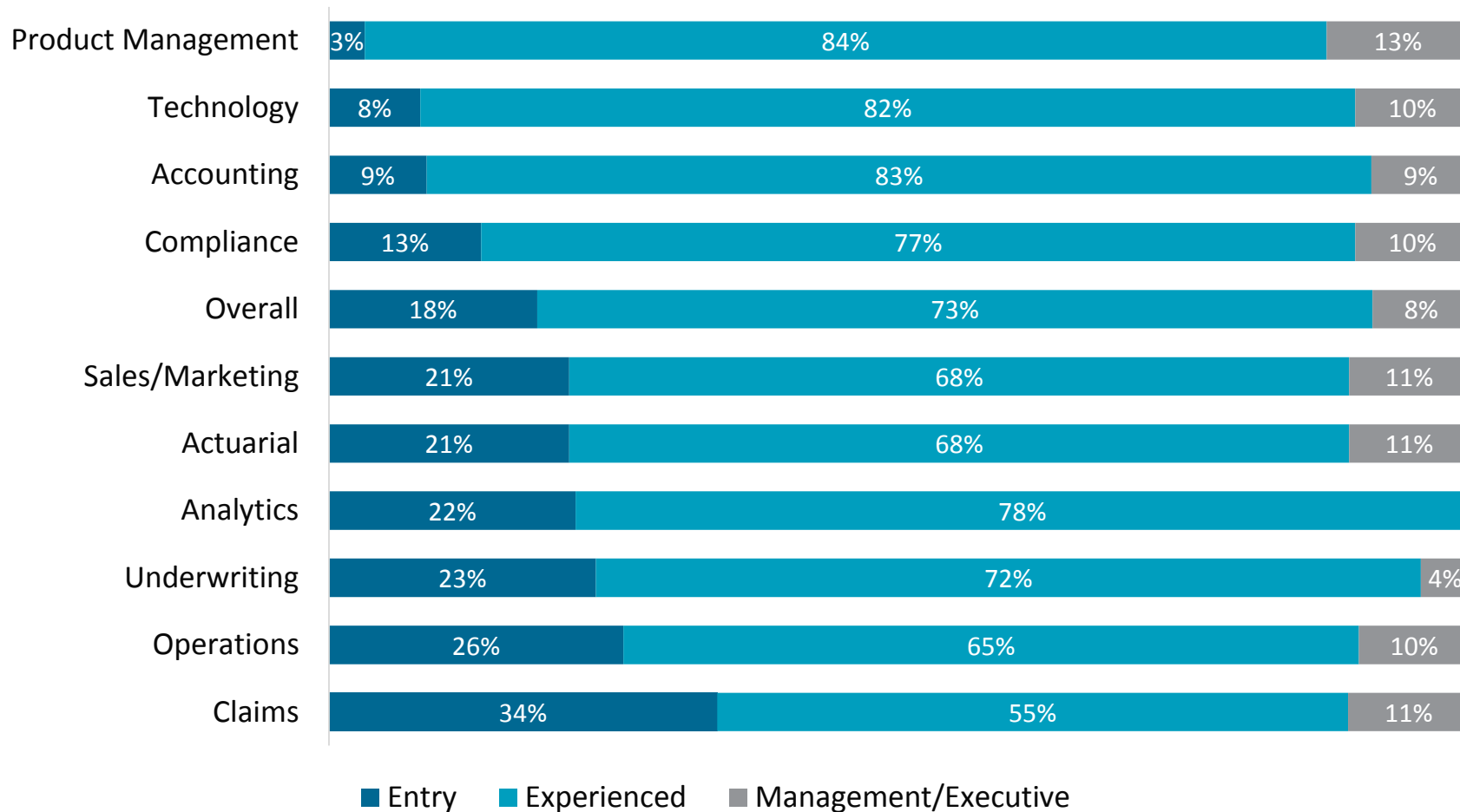
Least in Demand

Likelihood of Increasing Staff



Employee Types Most Likely to Add

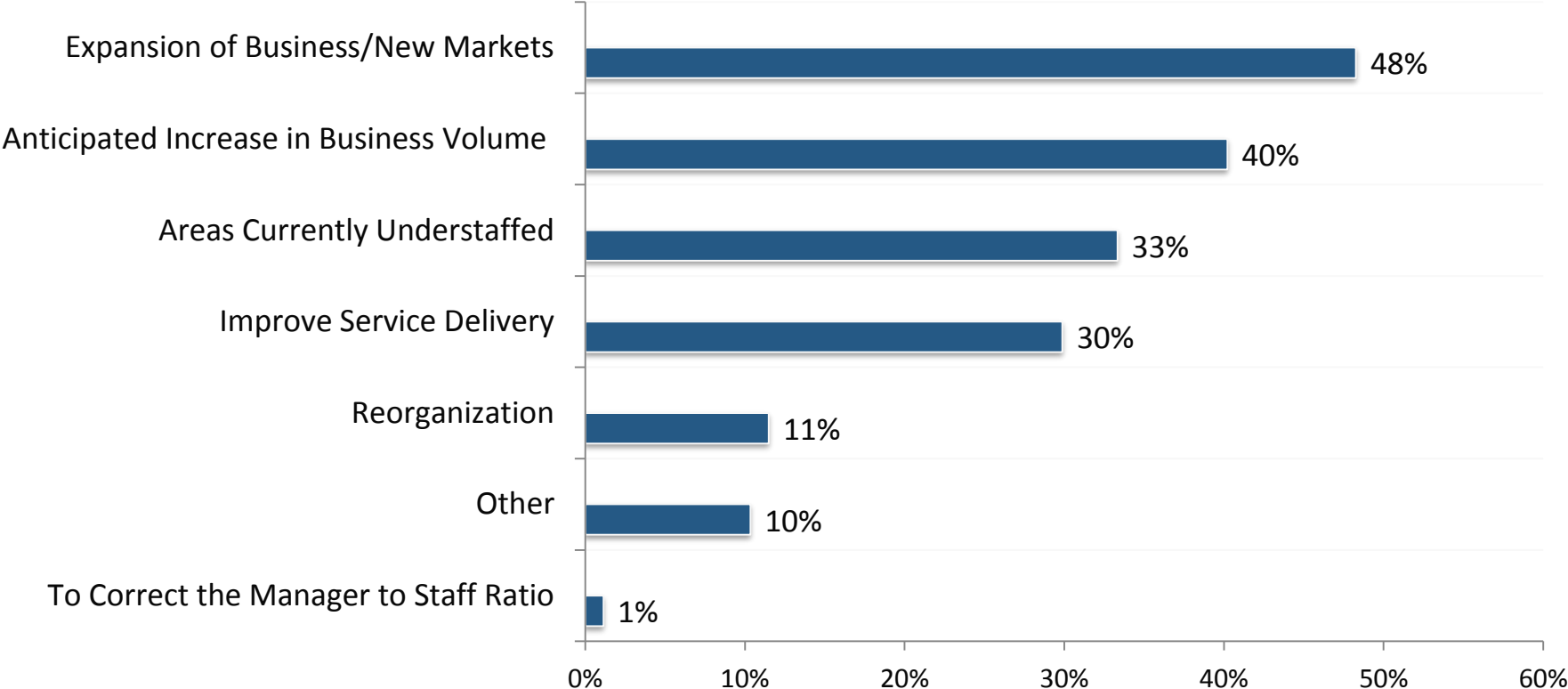
By Function



*Percentages above rounded to nearest whole number

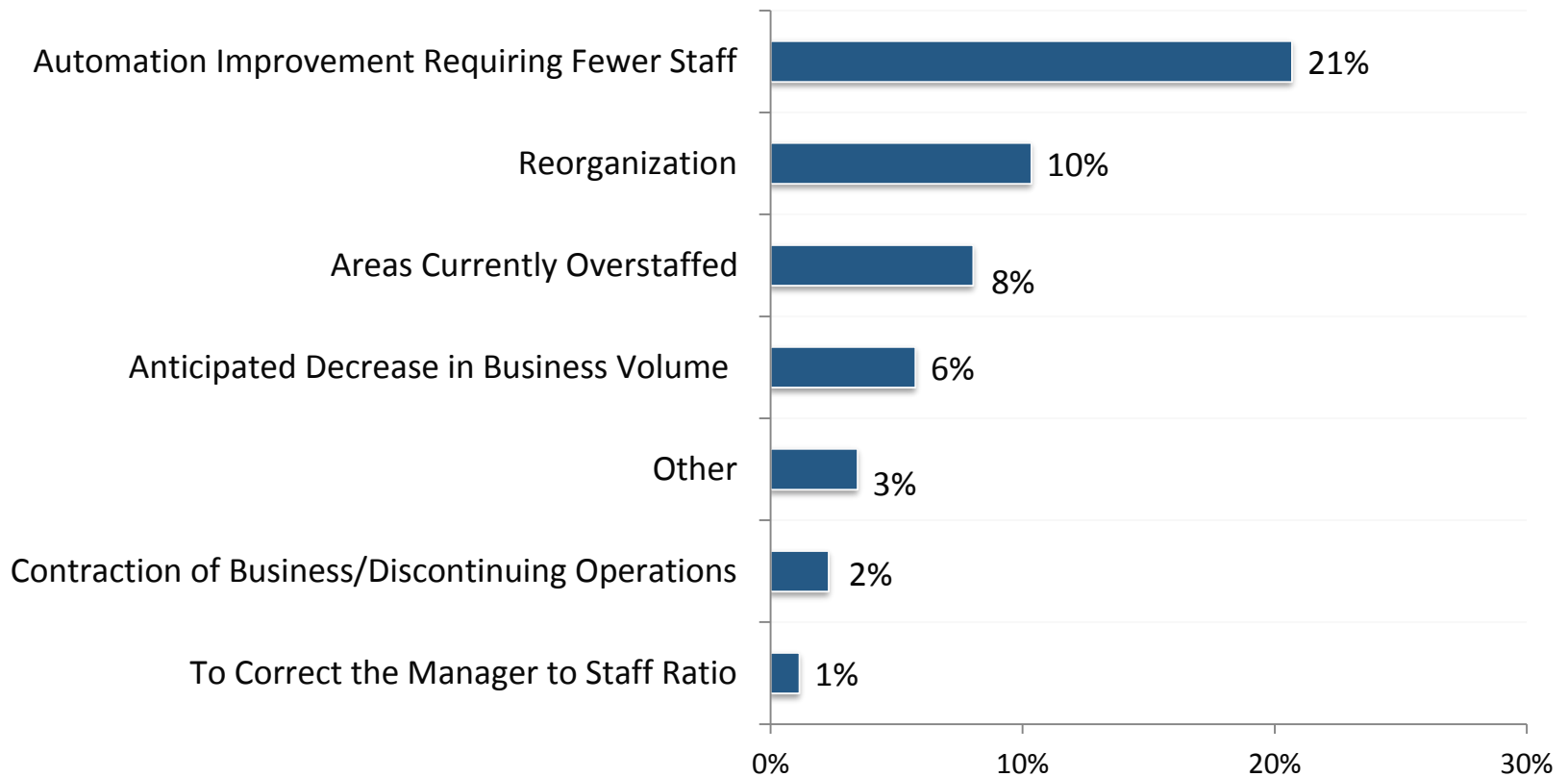
Staff Increases

Reason to Increase Staff During Next 12 Months



Staff Decreases

Reason to Decrease Staff During Next 12 Months





Summary and Closing Thoughts

Summary

- 61% of companies plan to increase staff during the next 12 months driven by 71% in Life/Health Lines and 67% in Balanced Lines. However, employee growth seems to be waning slightly
- 75% 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
- 8% of companies expect a decrease in staffing during the next 12 months, 1 point lower than one year ago
- Expectations to grow revenue is at 77%, 2 points lower than the July survey
- Medium-sized companies are the most optimistic to increase revenue as 90% expect growth, compared to 72% for small companies and 75% for large companies
- Optimism for revenue growth decreased 11 points to 81% for Life/Health companies from July while Property/Casualty companies decreased 2 points to 76%
- 57% of the companies stated that change in market share will drive their expected revenue changes with 26% referencing an increase/decrease in pricing

Summary

- The primary reason to increase staff during the next 12 months is the expectation of expansion of business and new markets. 48% of companies listed this as the primary reason-to-hire followed by 40% who anticipated an increase in business volume
- As in the July survey, 21% of companies report that automation will be the primary reason for reductions in staff during the next 12 months. Reorganizations follows at 10%
- 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 Underwriting for Property/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 will get very tight as few companies will hire individuals without experience into these roles
- Actuarial, Technology, and Executive positions are the most difficult to fill

Projection

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

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

Staying Informed

Our next survey will be conducted in July 2020.

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

Thank you!