

## 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 third quarter of 2013.

### ■ 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 decreased 5 points from the January survey. This is still the second highest level since the survey began in 2009 and is 3.5 points higher than that of the July 2012 survey.
- 58% of the companies stated that change in market share will drive their expected revenue changes, up nearly 7 points from the July survey.
- 54% of companies plan to increase staff during the next 12 months, which is nearly 2 points lower than the January survey.
- For the first time in the last five surveys, the primary reason to increase staff during the next 12 months is expansion of business. 46% of companies listed this reason to hire compared to 43% for those expecting an increase in business volume.
- Companies expecting a decrease in staffing during the next 12 months is at its lowest point in the history of the survey at under 9%. This is nearly 6 points lower than expectations from July of last year.
- 16% of companies reported automation being the primary reason for reductions in staff; however, this number is well below the average of 21%.
- Only 9% of companies report a planned reduction in staff, lowest in the study's history.
- 57% of small and mid-sized companies plan to add additional staff during the next 12 months. This is 9 points higher than large companies surveyed.
- Technology, Underwriting, and Sales/Marketing roles are expected to grow the greatest during the next 12 months.
- Although the amount of companies intending to hire in the next 6 months reduced by 2 percentage points since the last iteration and unemployment has decreased to 3%, the skills gap presses on and recruiting difficulty continues.
- Actuarial, Executive and Technology positions continue to be the most difficult to fill. Commercial P&C Underwriting positions also continue to be in higher demand and are more difficult to fill.
- Seasonal trends are emerging in temporary staffing demand, with second-half-of-the-year usage increasing. 16% are planning to increase their use versus 18% reported 12 months ago.

**■ Notable Survey Trends 2013**

- The TOTAL industry grew 1.22% versus an anticipated rate of 1.00%.
- The P&C industry grew 1.58% versus an anticipated rate of 0.93%.
- The L&H industry grew 0.89% versus an anticipated rate of 2.63%.

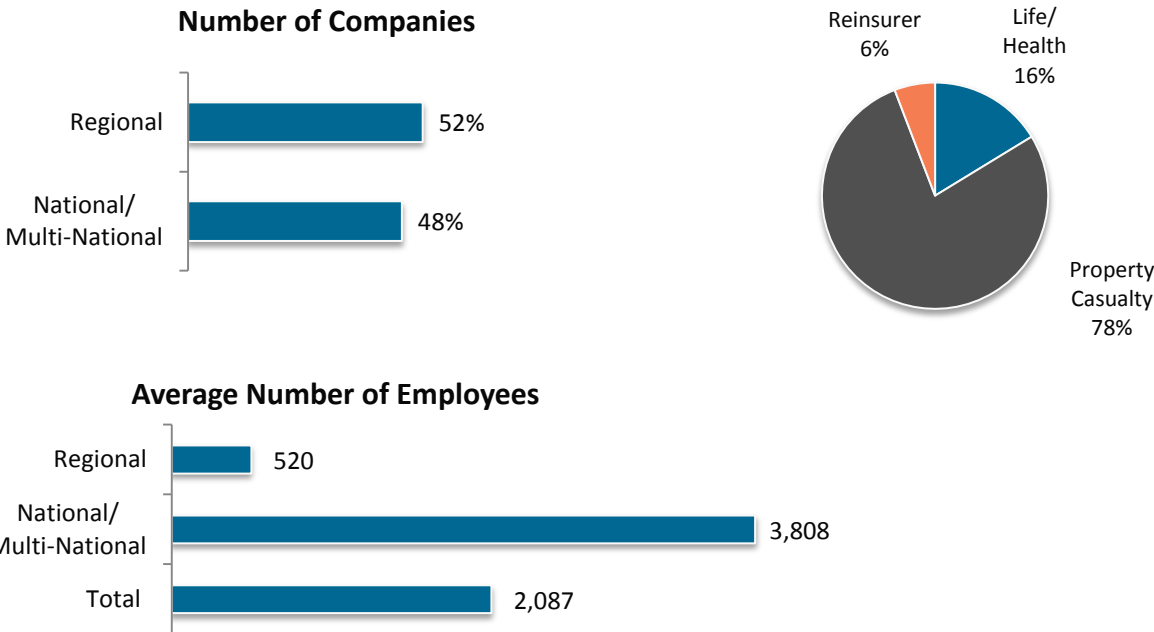
**■ Projection**

If the industry follows through on its plans, we will see a 1.15% increase in industry employment during the next 12 months, creating new jobs.

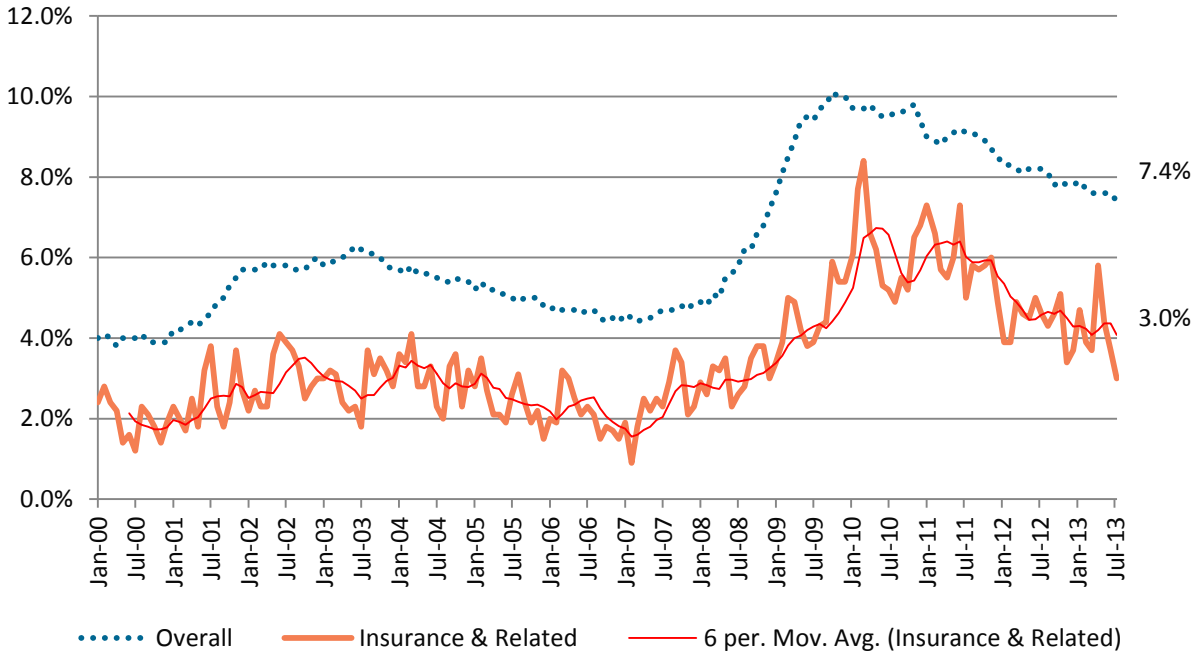
	Projected Growth
Total Benchmark	1.15%
Life & Health	0.67%
Property Casualty (PC)	1.26%
• PC Personal	0.47%
• PC Commercial	1.68%
• PC Balanced	1.01%

**■ Survey Results**

**Participant Profile**

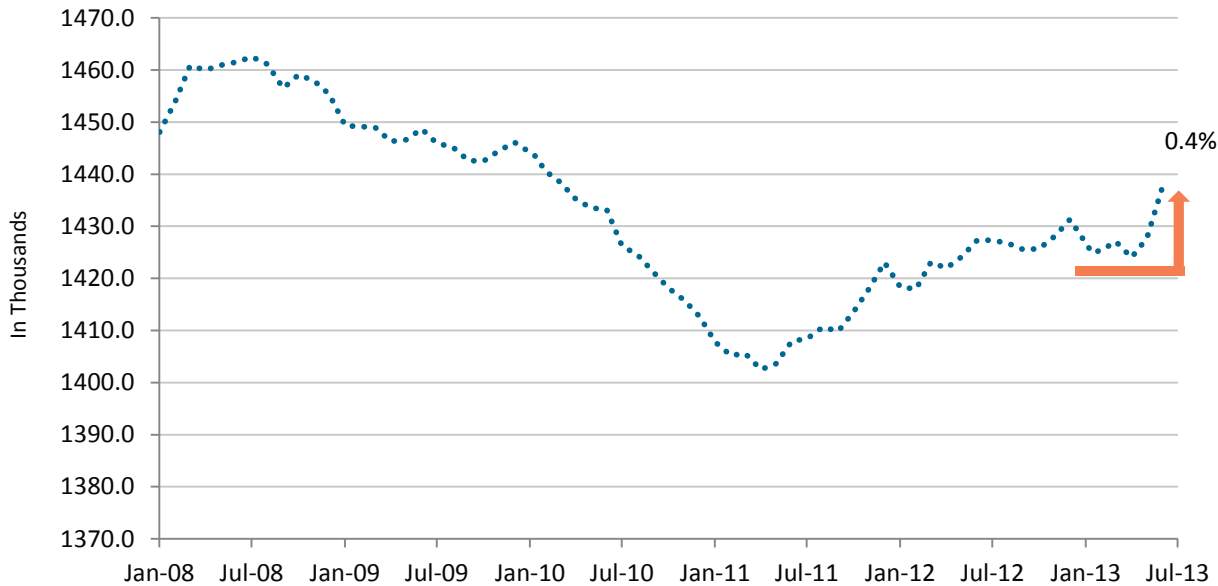


### Unemployment Rates



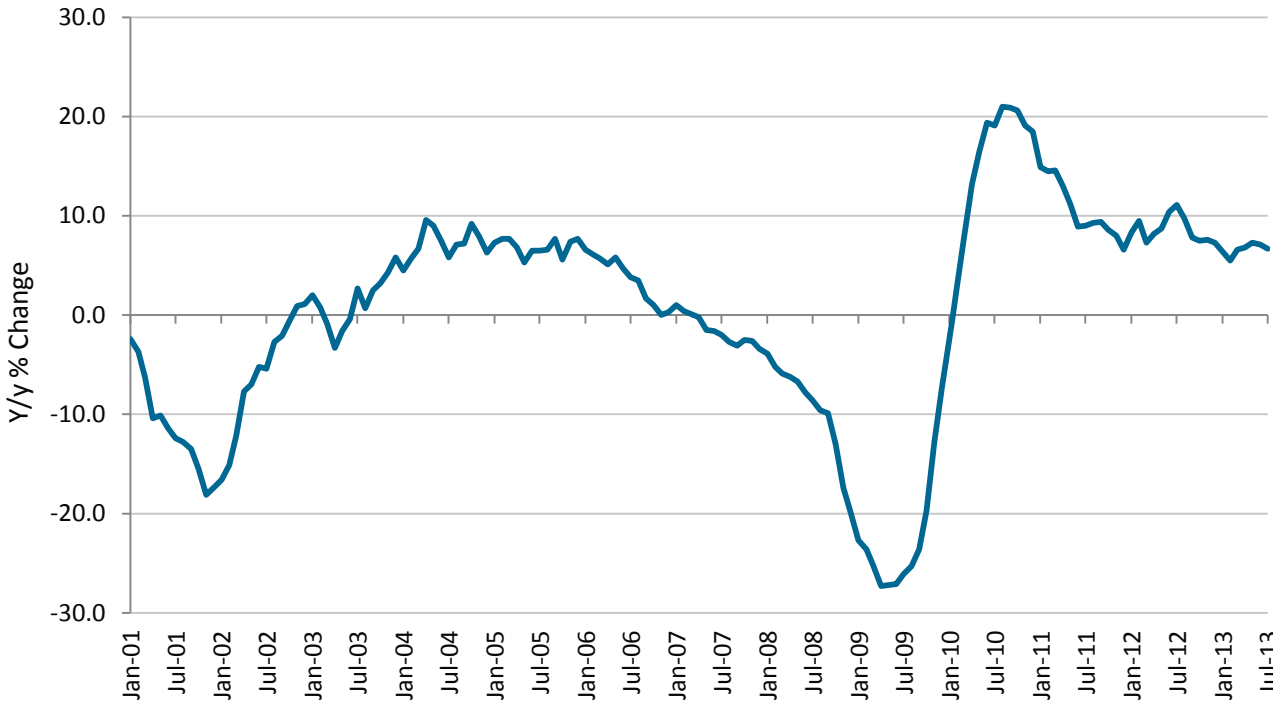
Source: U.S. Bureau of Labor Statistics

### Insurance Carrier Employment



Source: U.S. Bureau of Labor Statistics

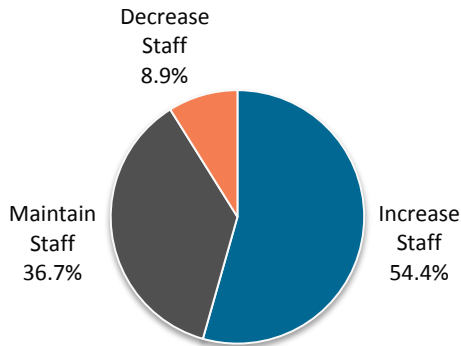
**Temporary Employment**



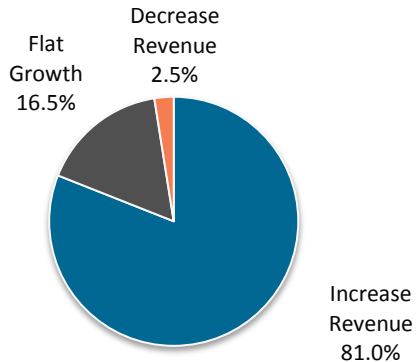
Temporary employment is up by 118,500 jobs in the past 6 months. The temporary penetration rate has increased by 4.76% in the past year to 1.98%.

**Revenue and Staffing Expectations**

**12-Month Staffing Plan**

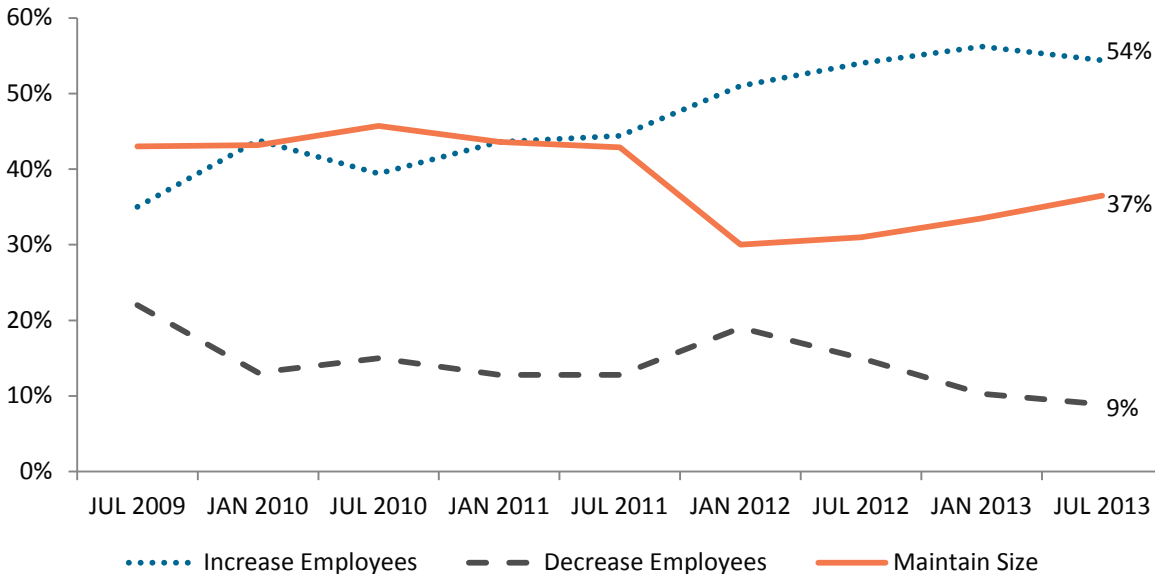


**12-Month Revenue Plan**



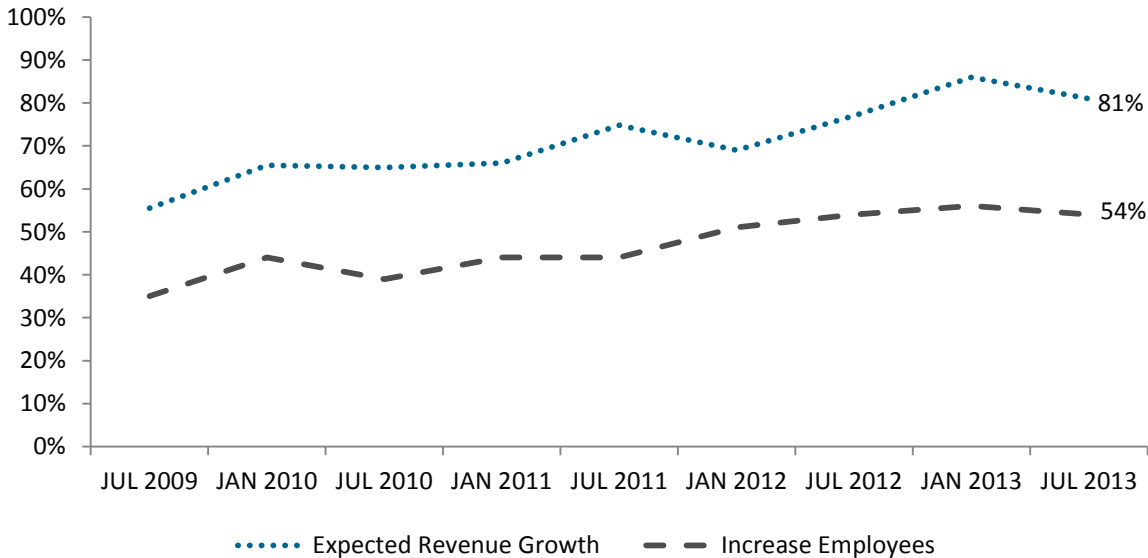
**12-Month Staffing Plans**

July 2009 – July 2013



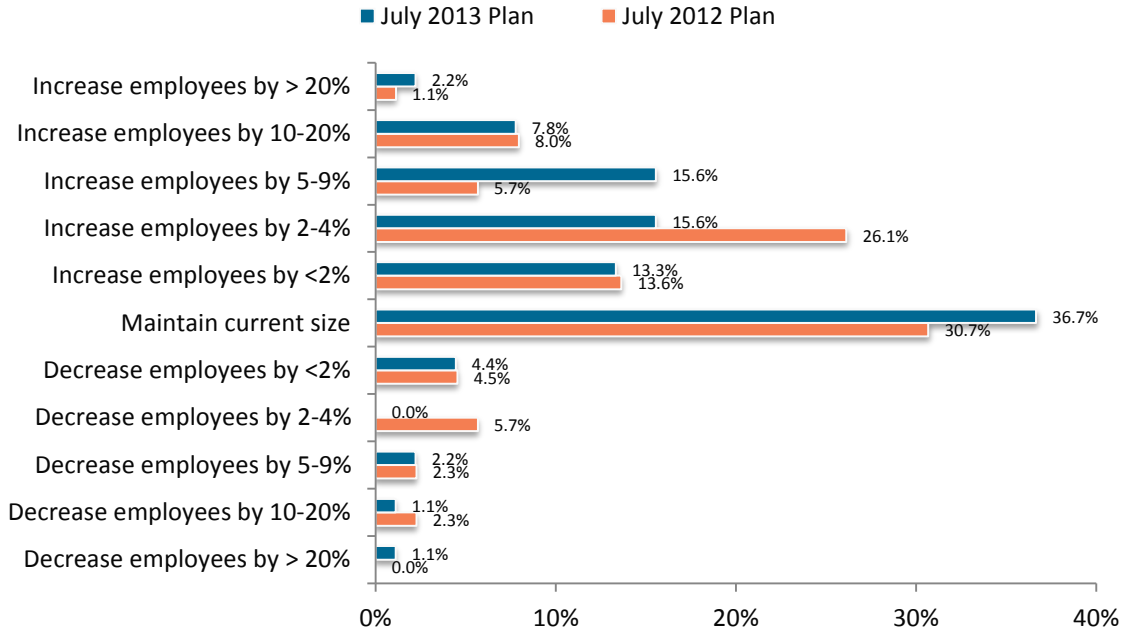
**12-Month Staffing Plans Increase vs. Expected Revenue Growth**

July 2009 – July 2013



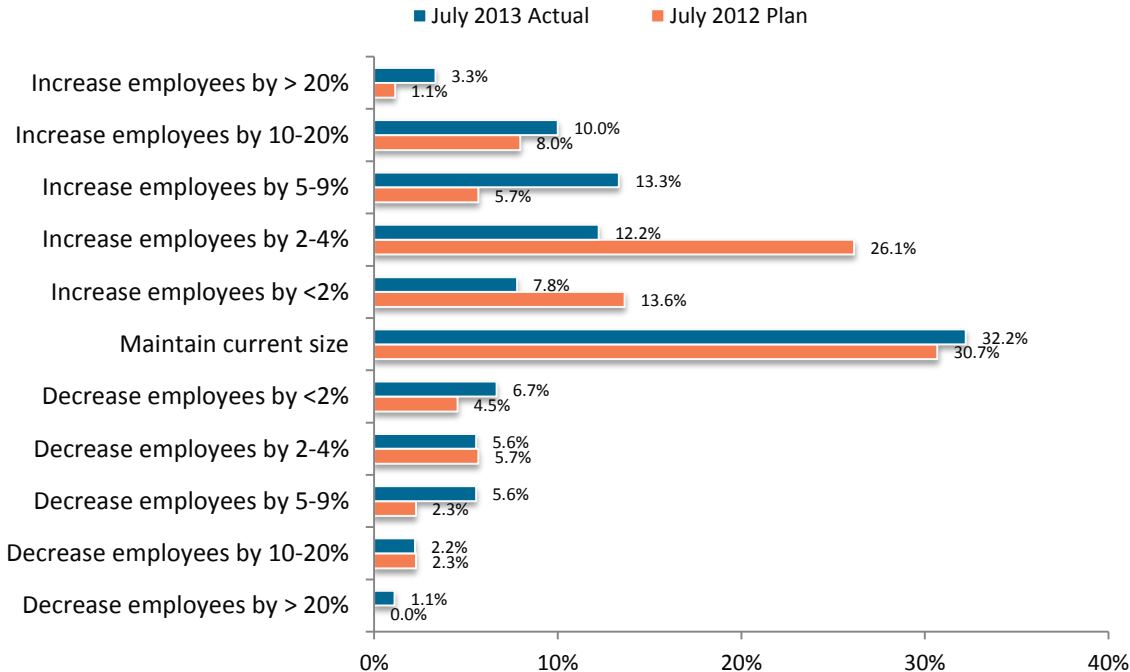
- More than 85% of P&C companies expect an increase in revenue growth with just under 77% of Life/Health companies responding the same.
- Less than 3% of all surveyed companies expect a decrease in revenue during the next 12 months. None with a decrease greater than 10%.
- Both Life/Health and P&C companies responded that the primary driver for expected revenue changes will be market share rather than pricing or expansion/contraction.

### 12-Month Staffing Plans

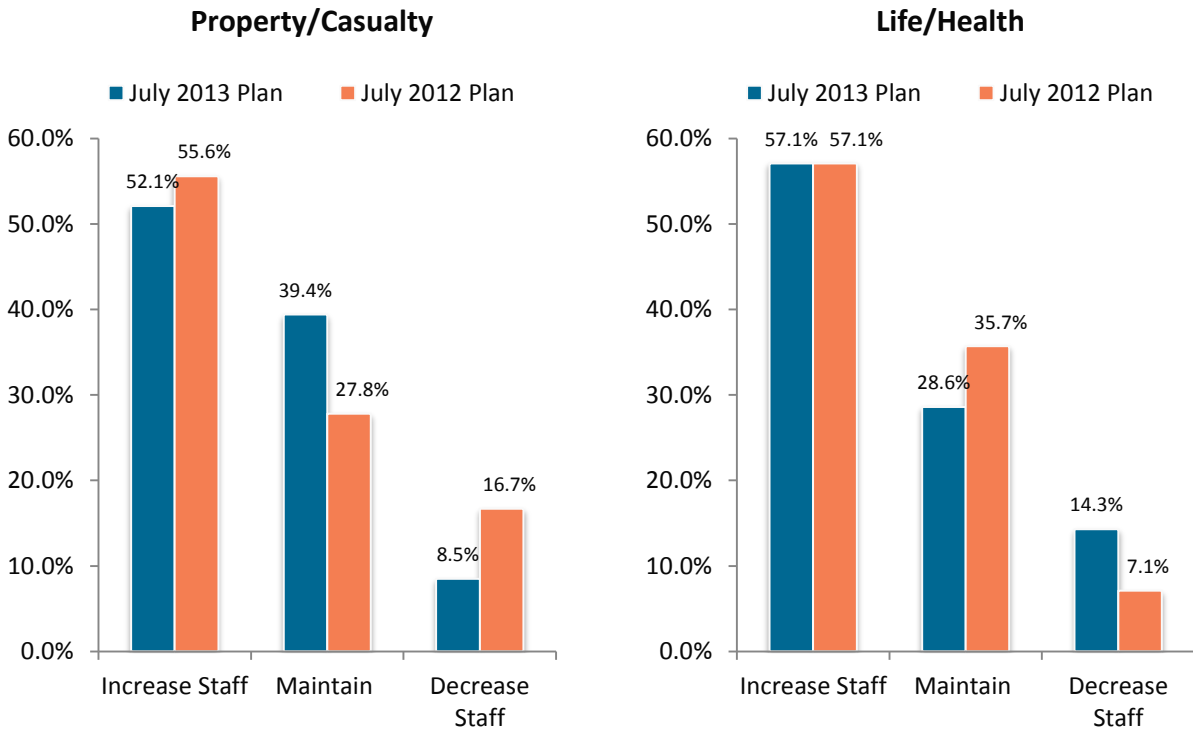


- Increased staffing plans for national and multi-national carriers during the next 12 months are 20 points higher than that of regional carriers.
- 71% of commercial lines companies are expecting to increase staff during the next 12 months. This is 35 and 30 points higher than personal and balanced lines companies, respectively.
- Of the companies who plan to add staff during the next 12 months, 97% expect an increase in revenue with almost 57% responding that it will be due to a change in market share.

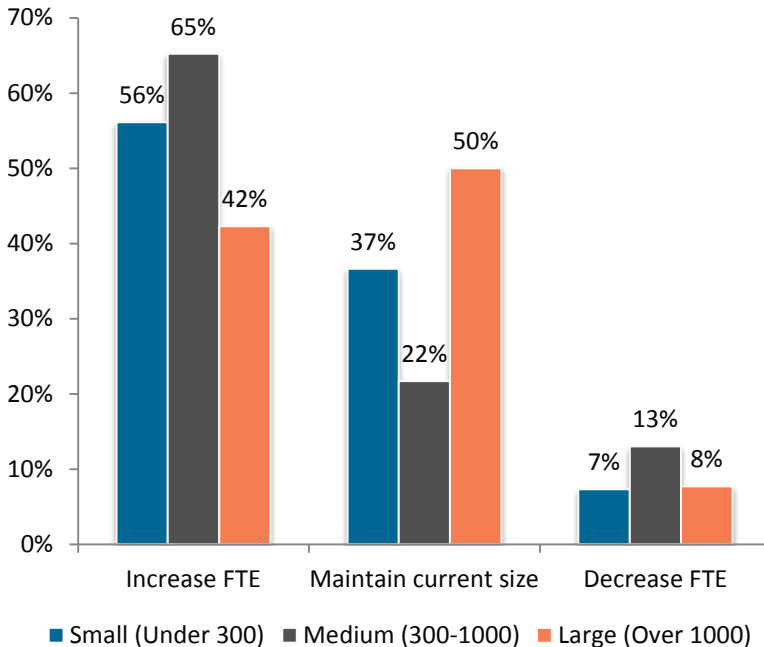
### 12-Month Staffing Plans vs. Actual



**12-Month Staffing Plans  
 Comparison to July 2012 By Industry**



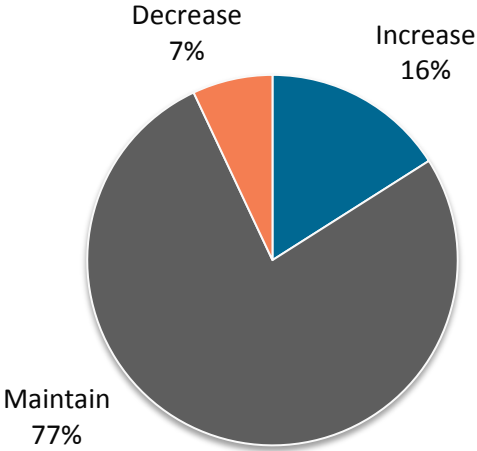
**12-Month Staffing Plans  
 By Employee Size**



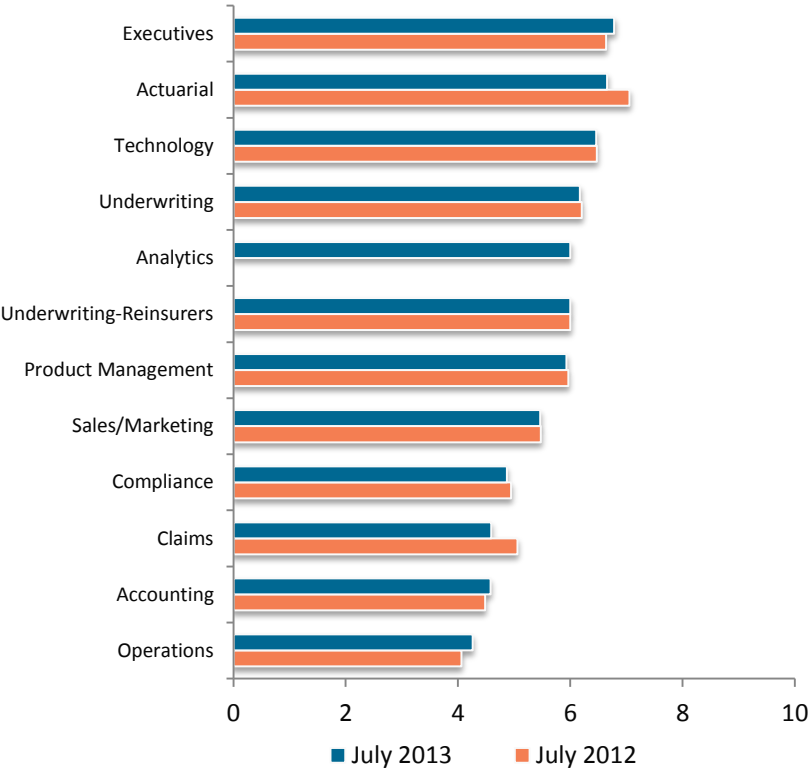
- 35% of medium-sized companies are expecting greater than 10% growth in revenue/premium. This compares to 25% for large companies and 31% for small companies.
- While 48% of medium-sized companies responded that revenue growth will be driven by pricing changes, 71% of small companies and 58% of large companies look to changes in market share.

### Temporary Employees

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



### Recruiting Difficulty Continues



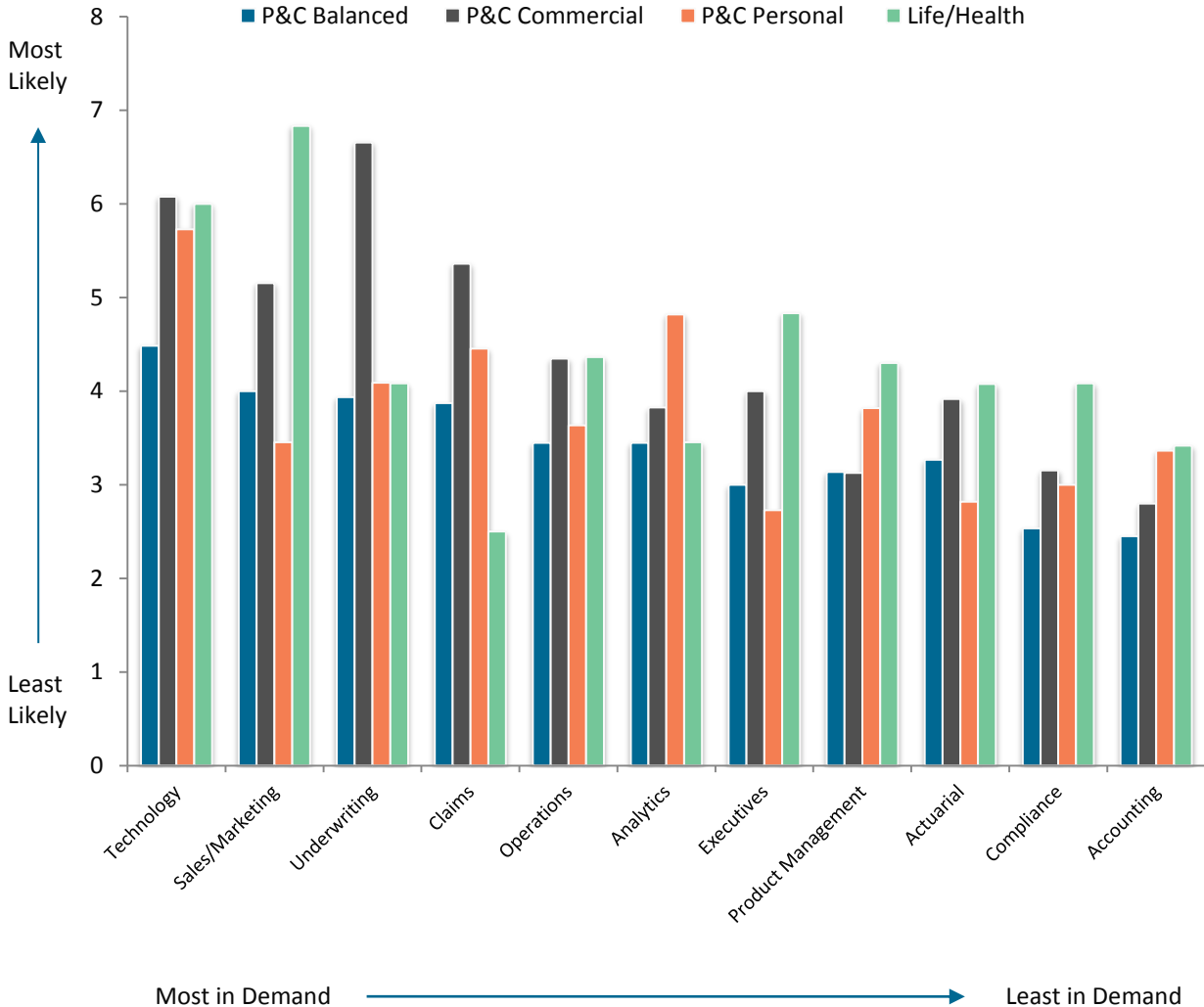
On a scale of 1 – 10 (10 being most difficult), companies responded that positions are still moderately difficult to fill; and recruiting is slightly more difficult in most disciplines than it was a year ago.

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

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

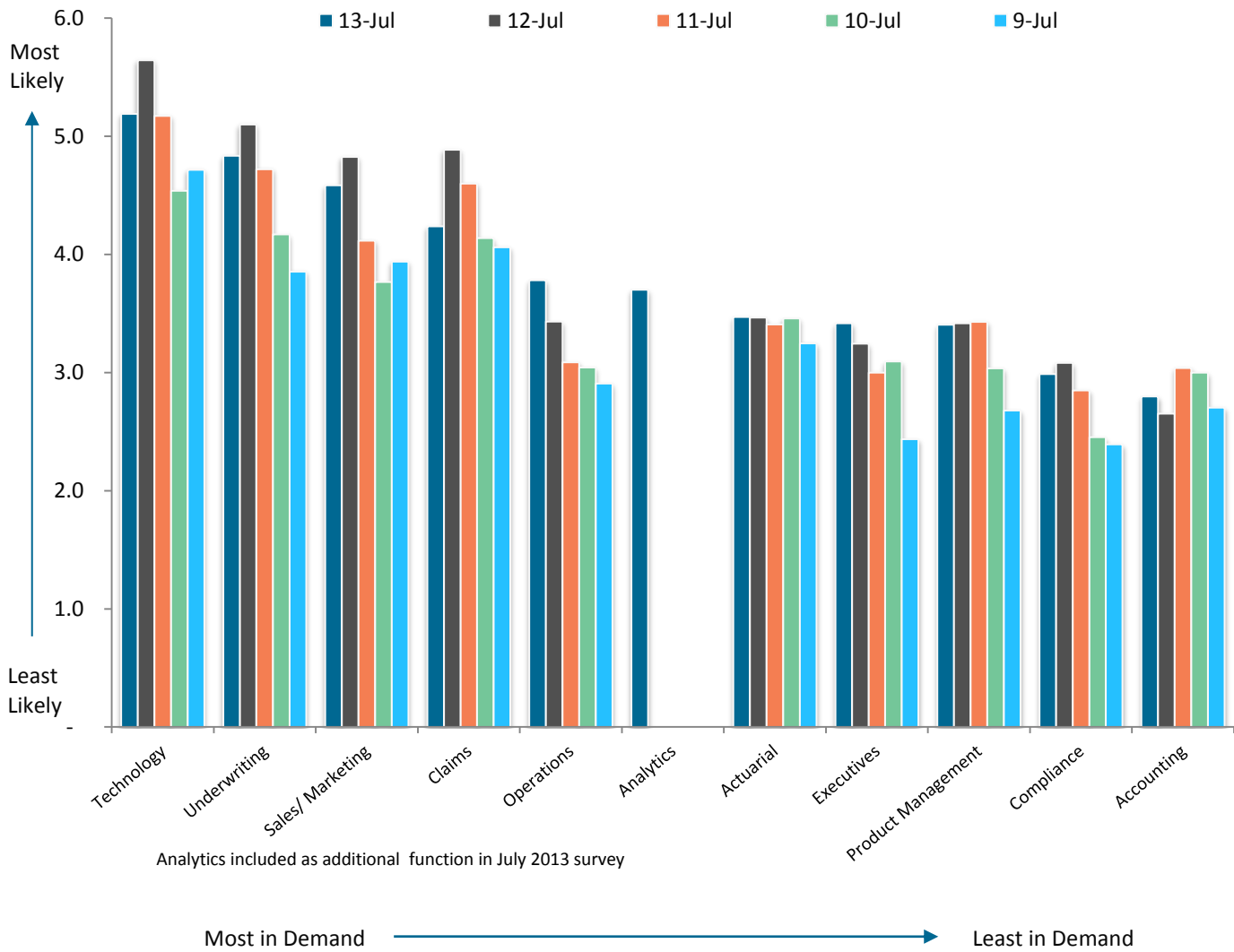


**Likelihood of Increasing Staff By Function**



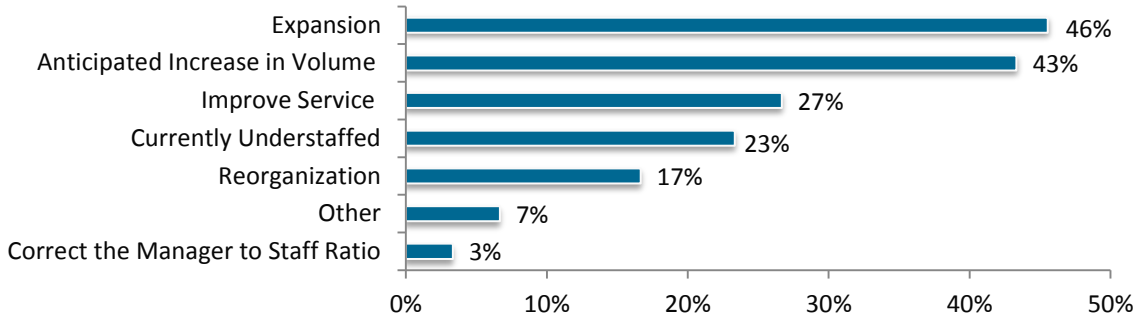
- After Technology, large companies are most likely to increase staff in Sales/Marketing while medium- and small-sized look to Underwriting.
- Commercial lines companies have a significantly higher need for Underwriters in the next 12 months compared to other lines.
- Life/Health companies have the greatest need in the Sales/Marketing function.
- Technology has had the greatest likelihood to increase staff in 8 of the past 9 surveys for P&C companies.

**Likelihood of Increasing Staff By Function By Survey Period**



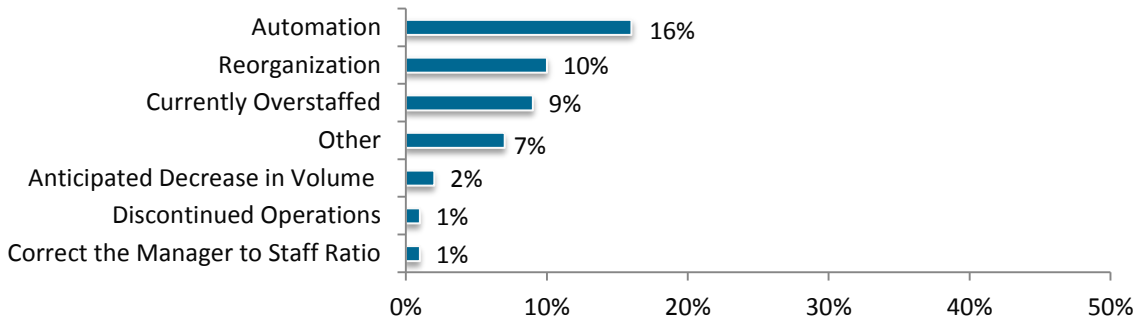
**Staff Increases**

**Reason to Increase Staff During Next 12 Months**



**Staff Decreases**

**Reason to Decrease Staff During Next 12 Months**



**Contact**

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