

Insurance Talent
JACOBSON

WARD GROUP
A McLagan | Aon Hewitt Company



INSURANCE LABOR MARKET STUDY

August 7, 2012

About Ward Group

- A consulting and analytical firm specializing in the insurance industry and the leading provider of industry benchmarking and best practices services for U.S. and Canada
- Expertise in staffing level analysis and expense management
- Annual evaluation of the financial performance of industry
- We help insurance companies measure results, optimize performance and be more profitable



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About The Jacobson Group

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



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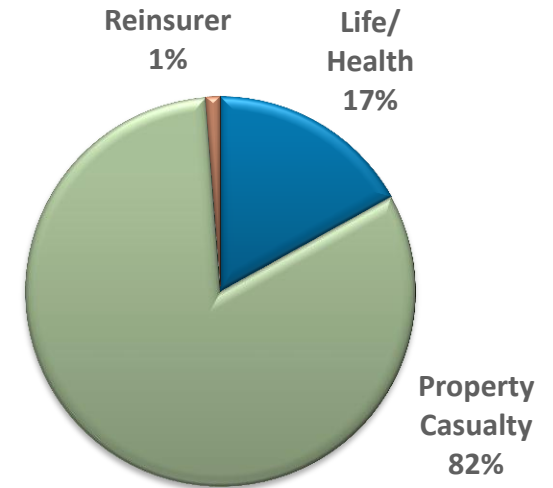
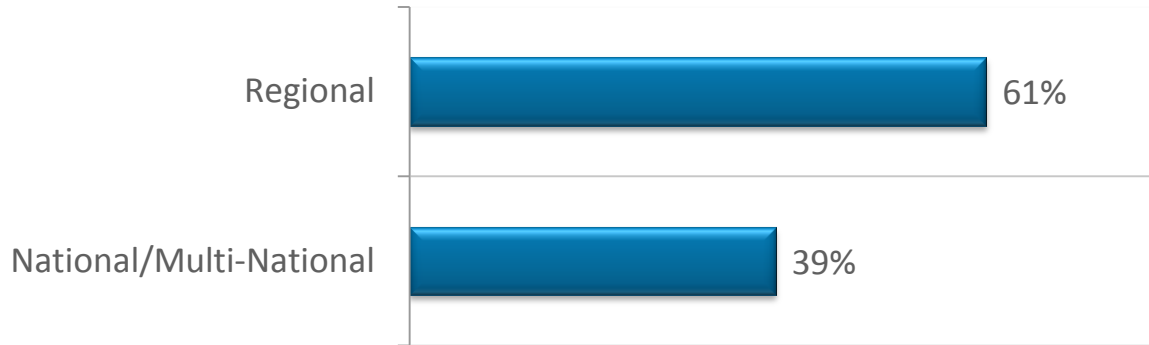


Study Objectives

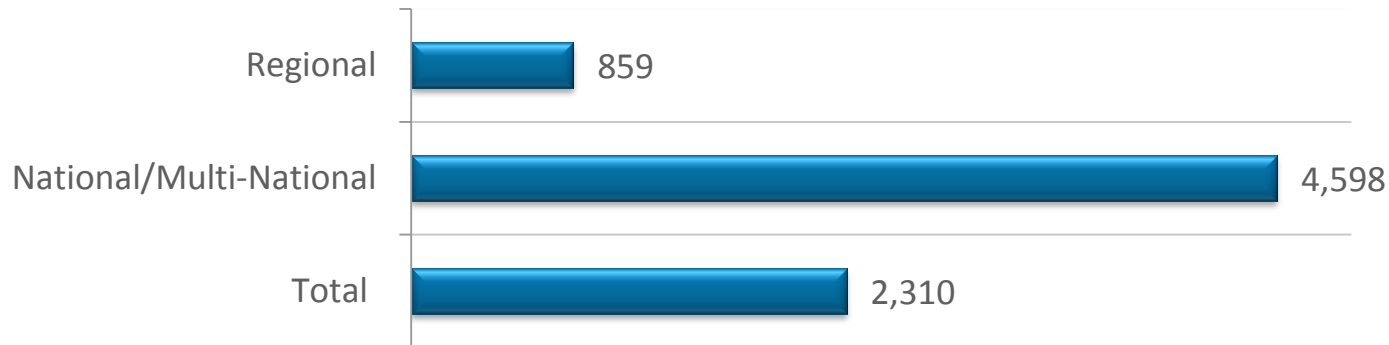
- Analyze current labor trends and future staffing expectations
- Provide an overview of staffing challenges by discipline
- Provide commentary on the industry's labor market

Participant Profile

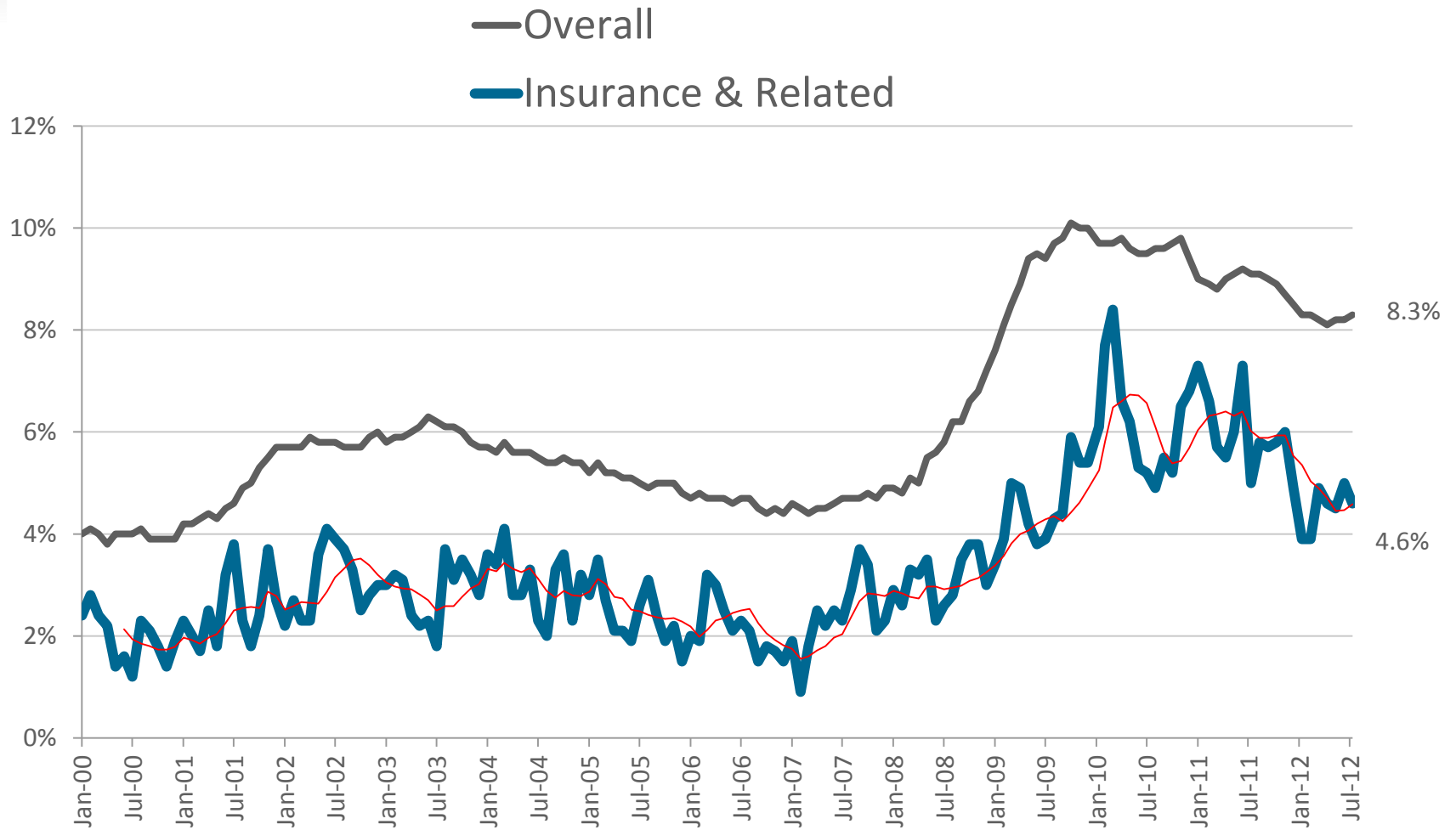
Business Profile



Average Number of Employees

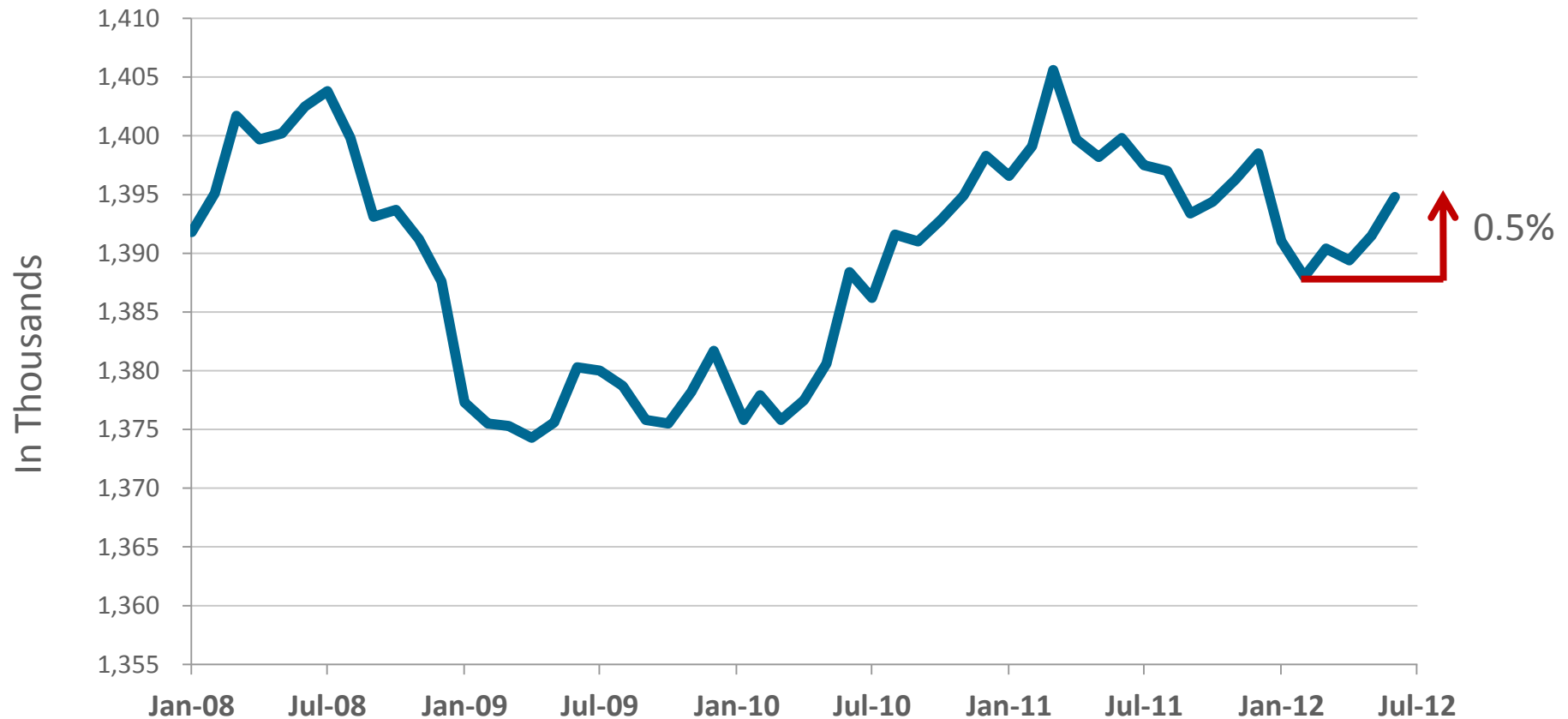


Unemployment Rates



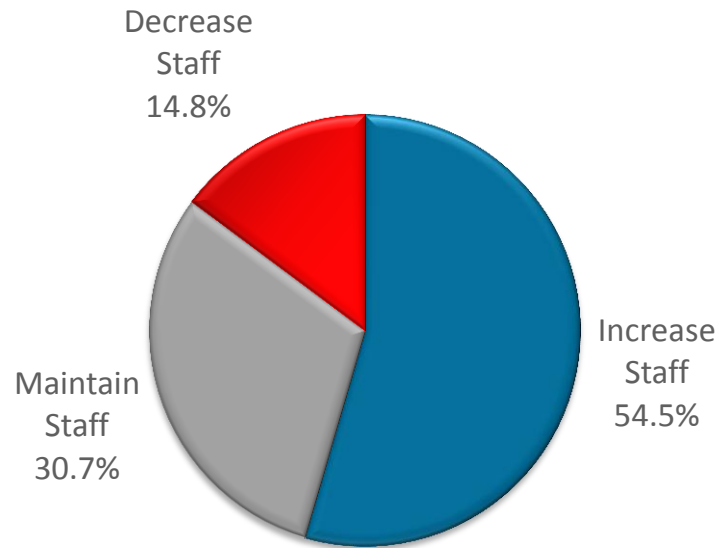
Source: U.S. Bureau of Labor Statistics

Insurance Carrier Employment

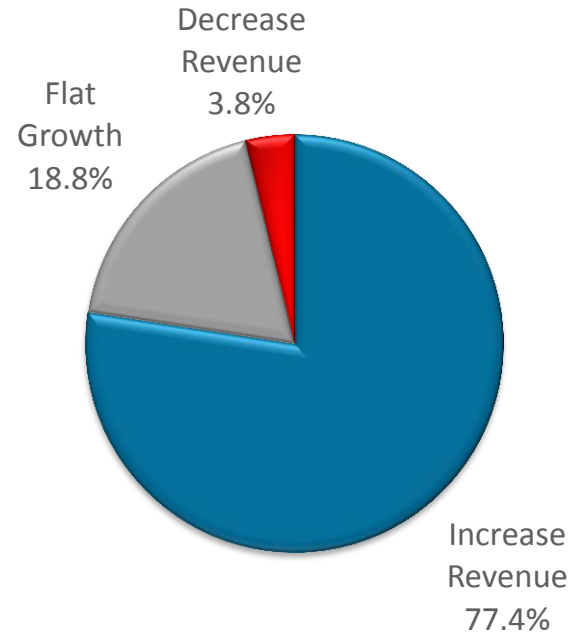


Revenue and Staffing Expectations

12-Month Staffing Plan



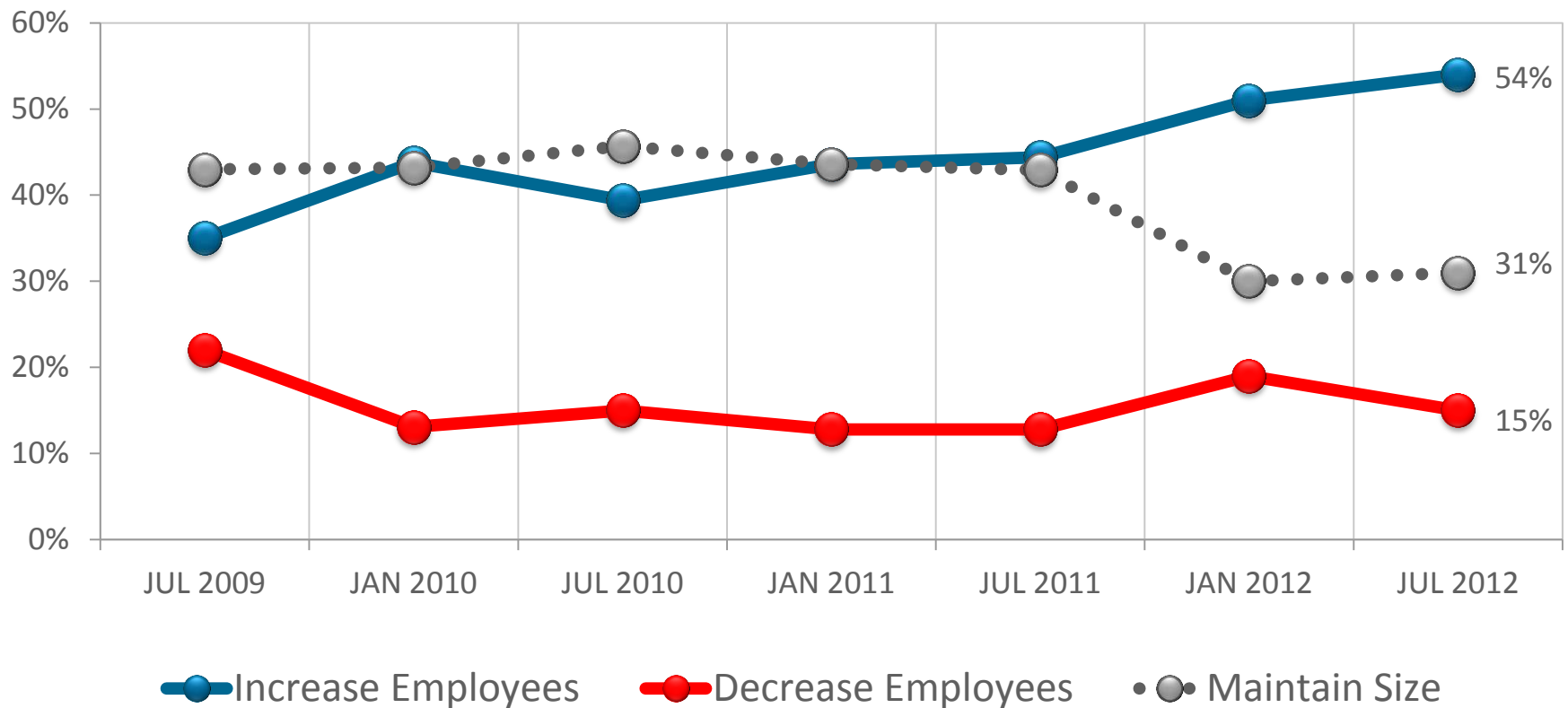
12-Month Revenue Plan



12-Month Staffing Plans

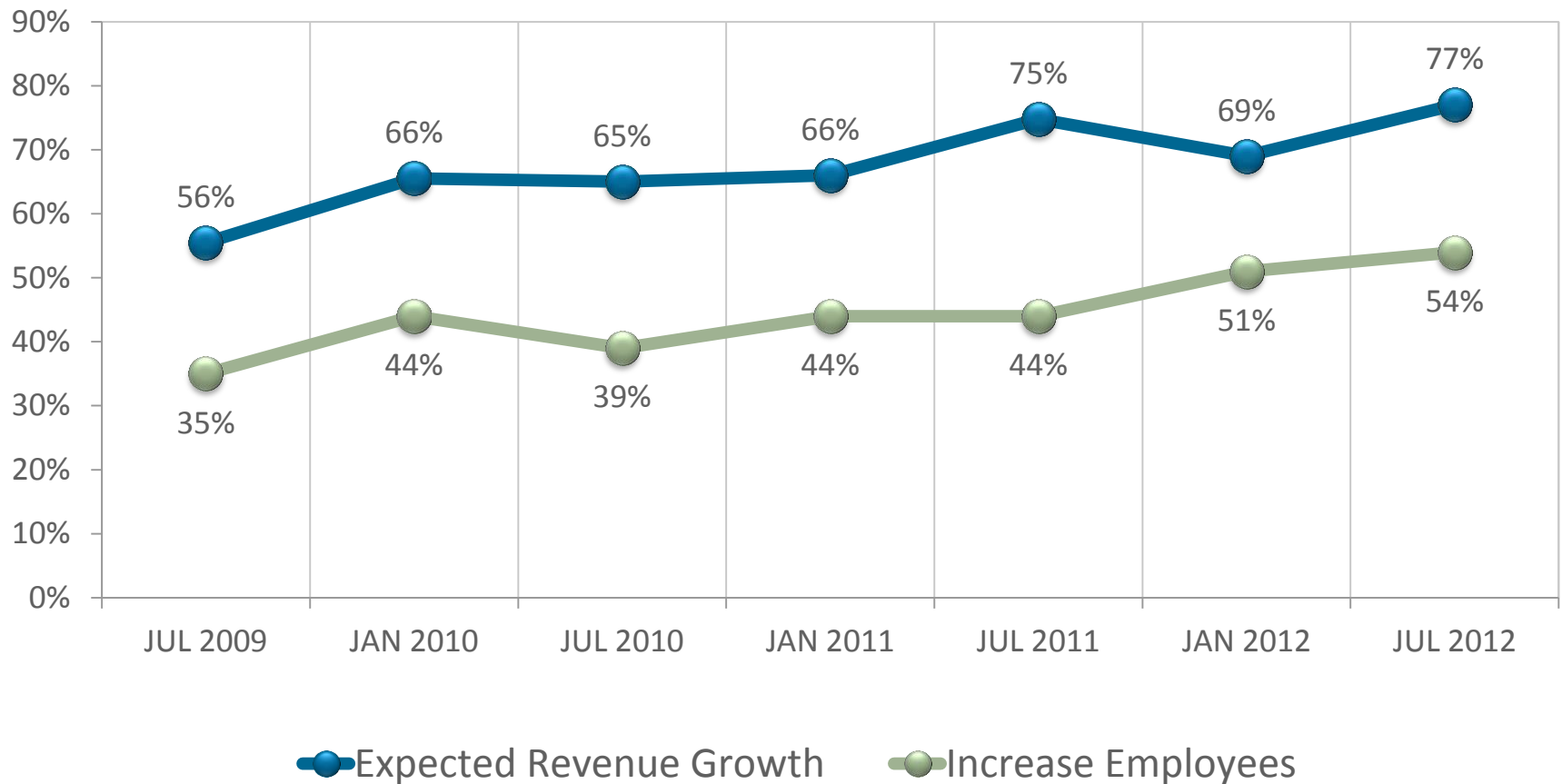
July 2009 – July 2012

Prior Survey Results

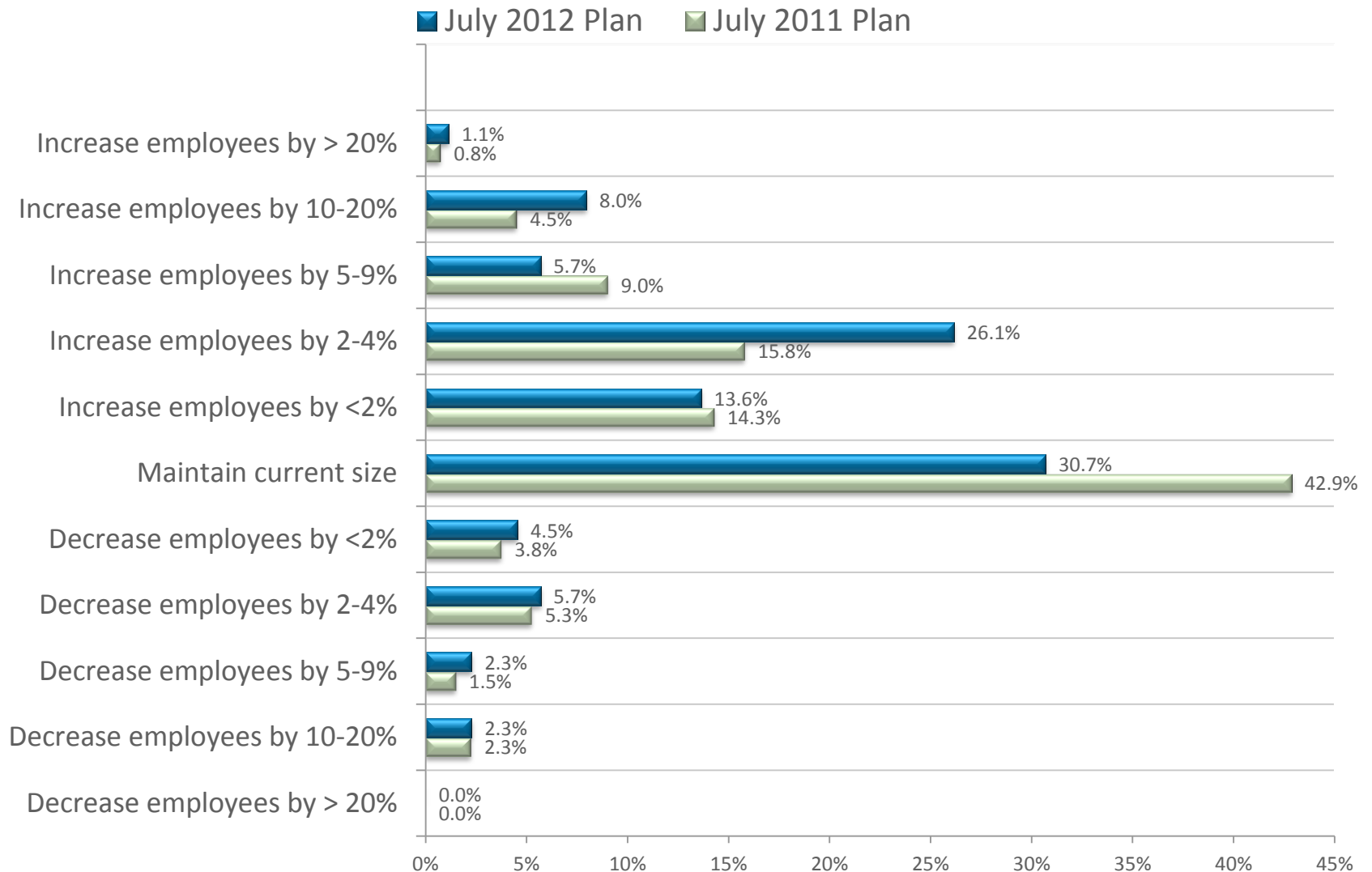


12-Month Staffing Plans Increase versus Expected Revenue Growth

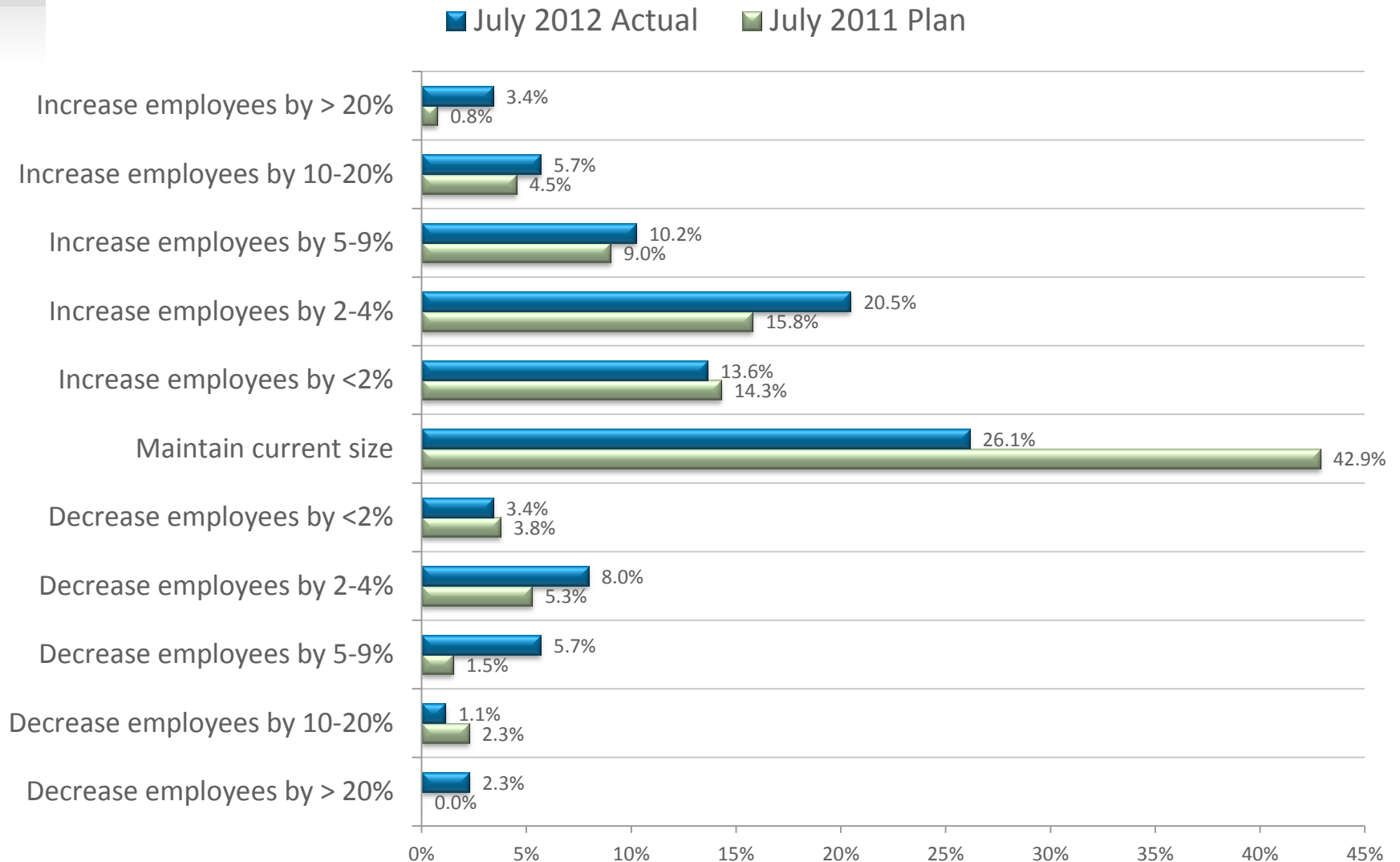
July 2009 – July 2012



12-Month Staffing Plans



12-Month Staffing Plans vs. Actual

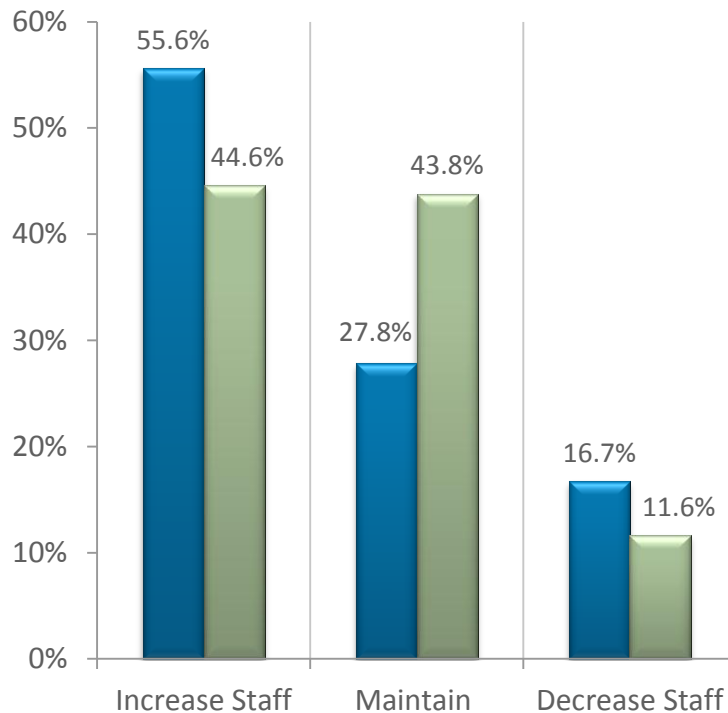


12-Month Staffing Plans

Comparison to July 2011 By Industry

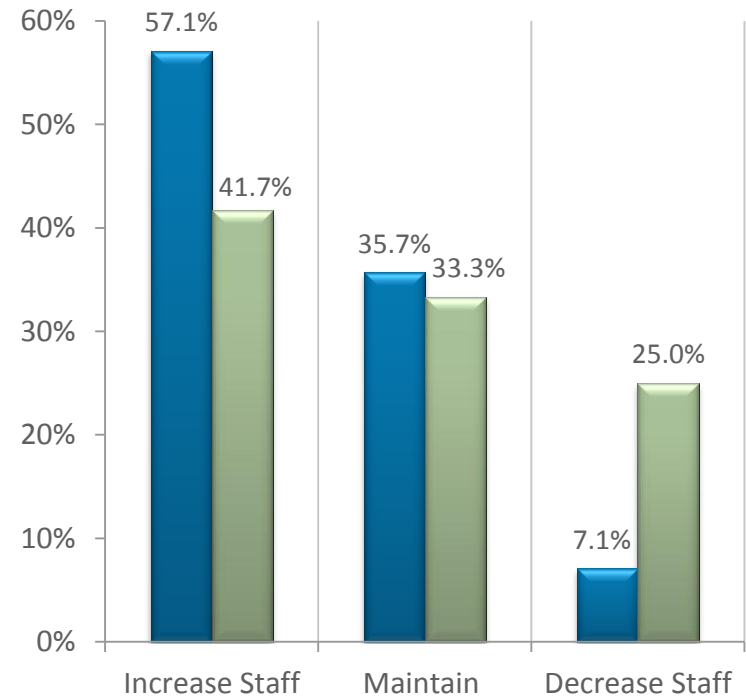
Property/Casualty

■ July 2012 Plan ■ July 2011 Plan



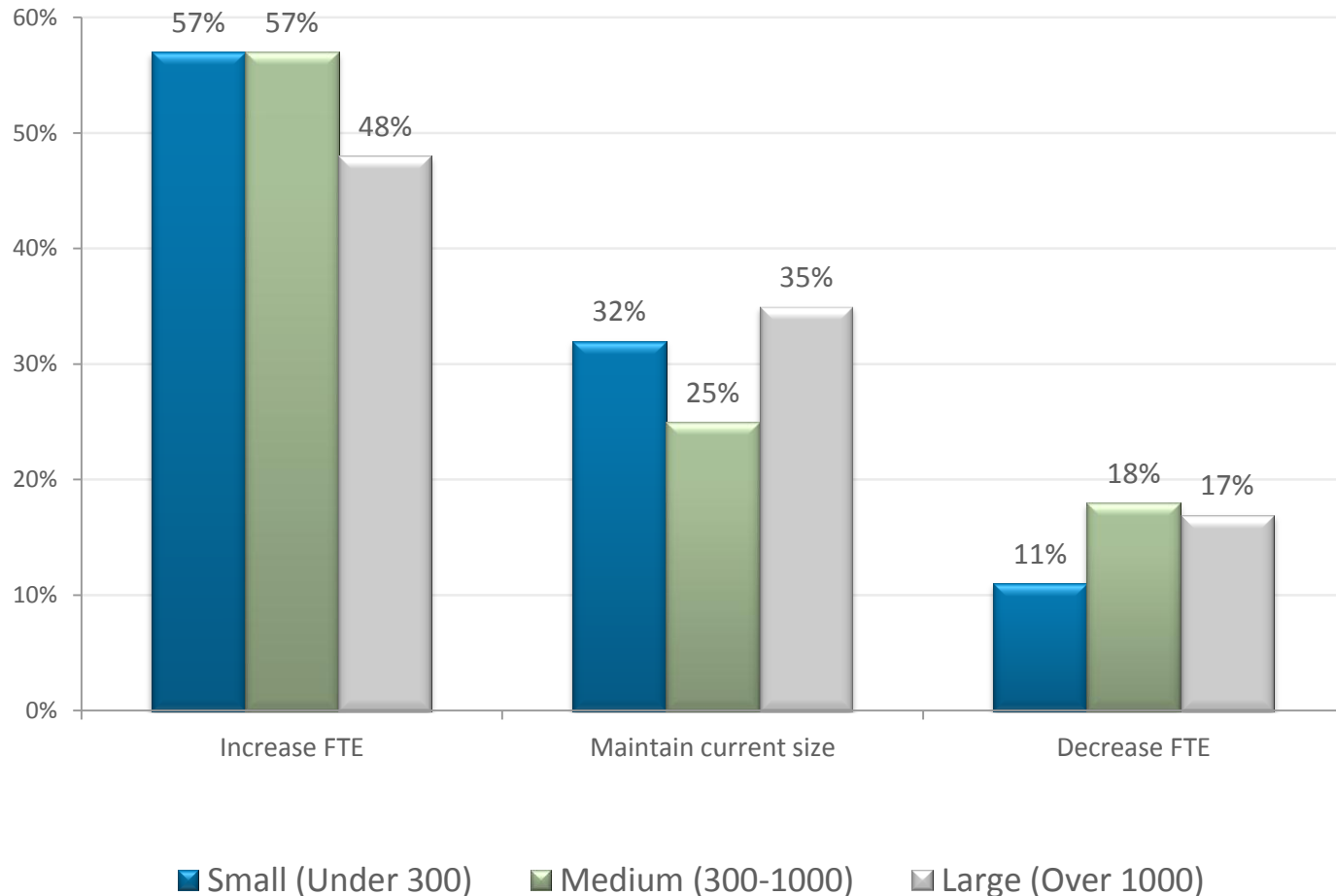
Life/Health

■ July 2012 Plan ■ July 2011 Plan

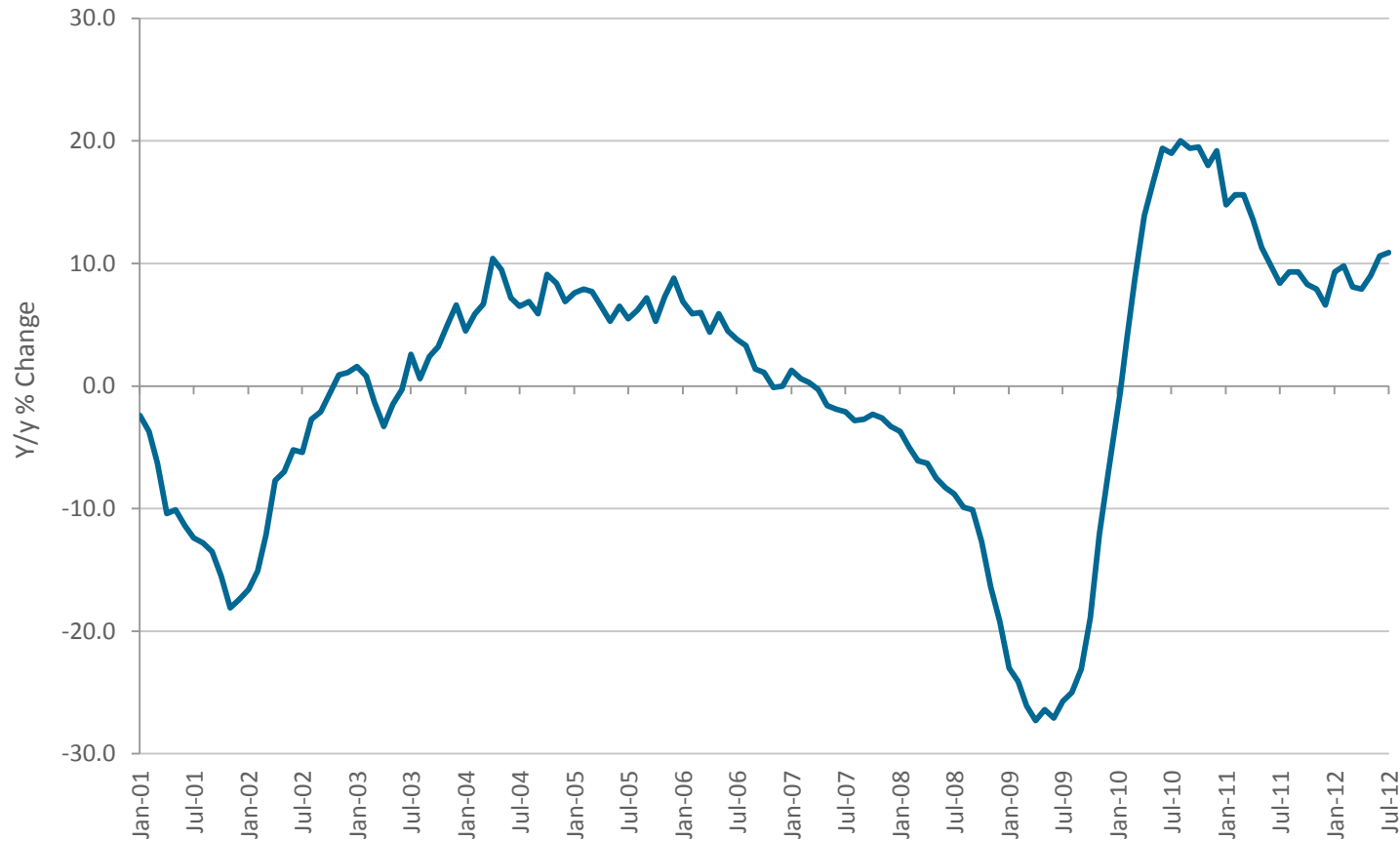


12-Month Staffing Plans

By Employee Size



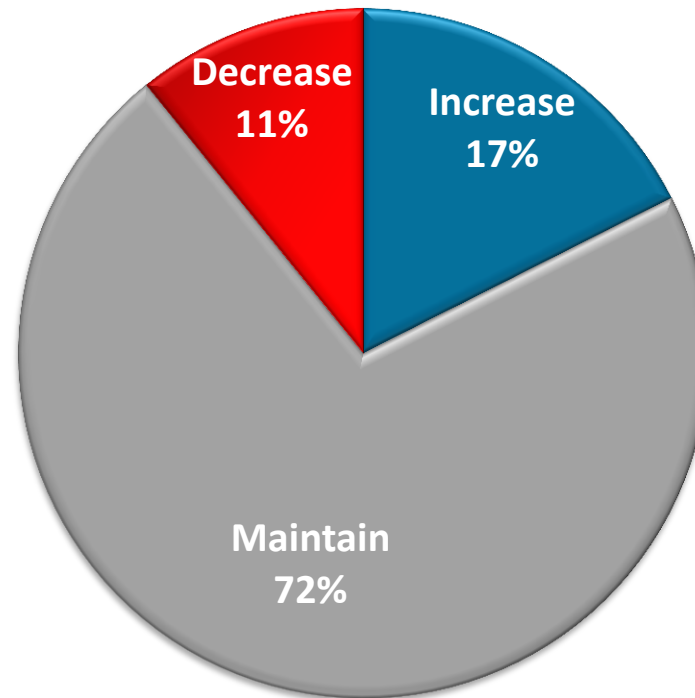
Temporary Employment



An increase of 245,400 temporary jobs through the first half of this year brought the temporary staffing penetration rate to 1.9% in June 2012, compared to 1.34% in June 2009.

Temporary Employees

Use of Temporary Employees Over Next 12 Months





Notable Survey Trends – 2012

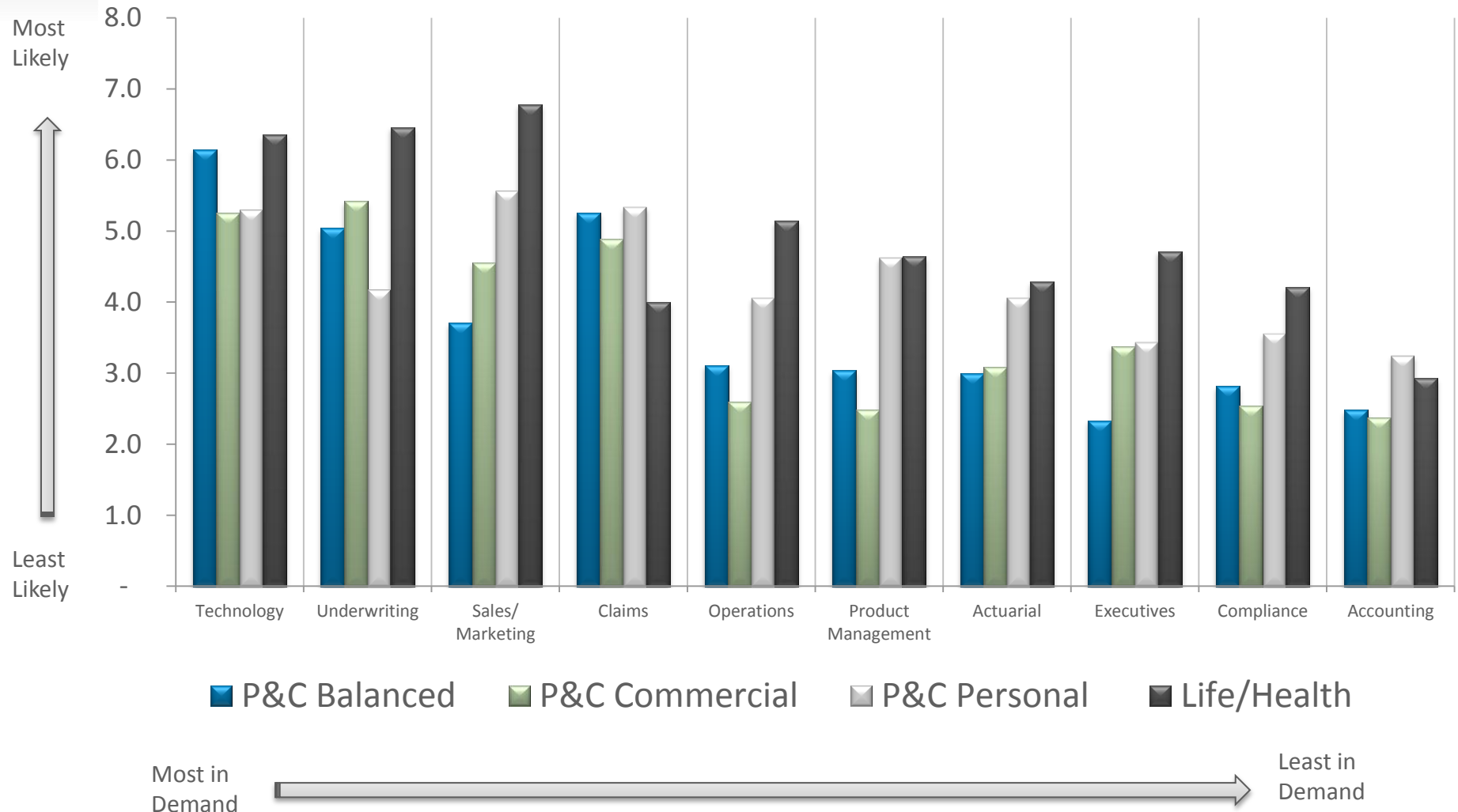
- The TOTAL industry grew 0.90% versus an anticipated rate of 1.03%.
- The P&C industry grew 0.83% versus an anticipated rate of 1.29%.
- The L&H industry grew 1.38% versus an anticipated rate of 0.46%.

Recruiting Challenges Still Exist

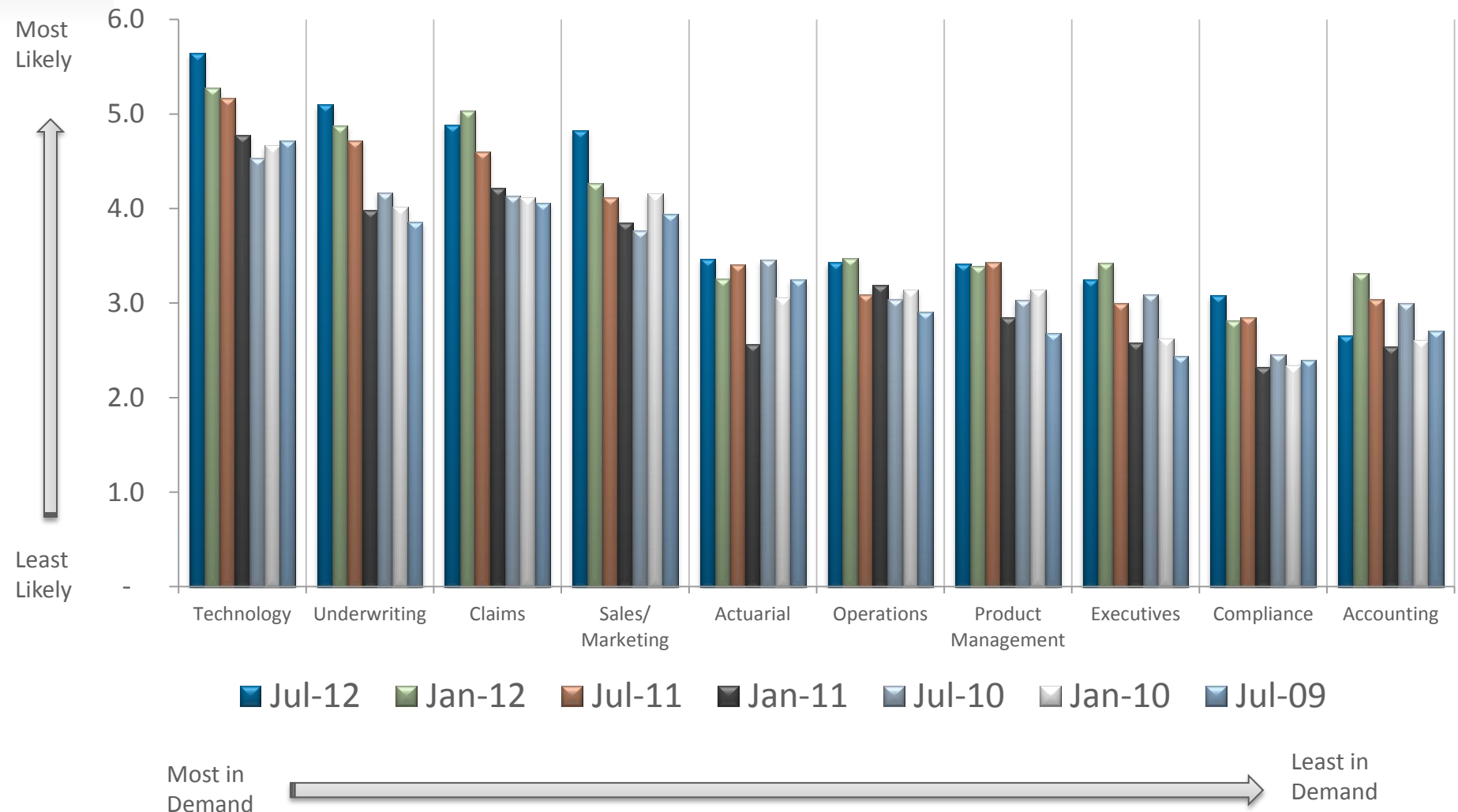


- On a scale of 1 – 10 (10 being most difficult), companies responded that positions are still moderately difficult to fill and recruiting is slightly more difficult in most disciplines than it was a year ago.
- Positions rated 5 or above are considered moderate or difficult to fill.
- Product line has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

Likelihood of Increasing Staff By Function

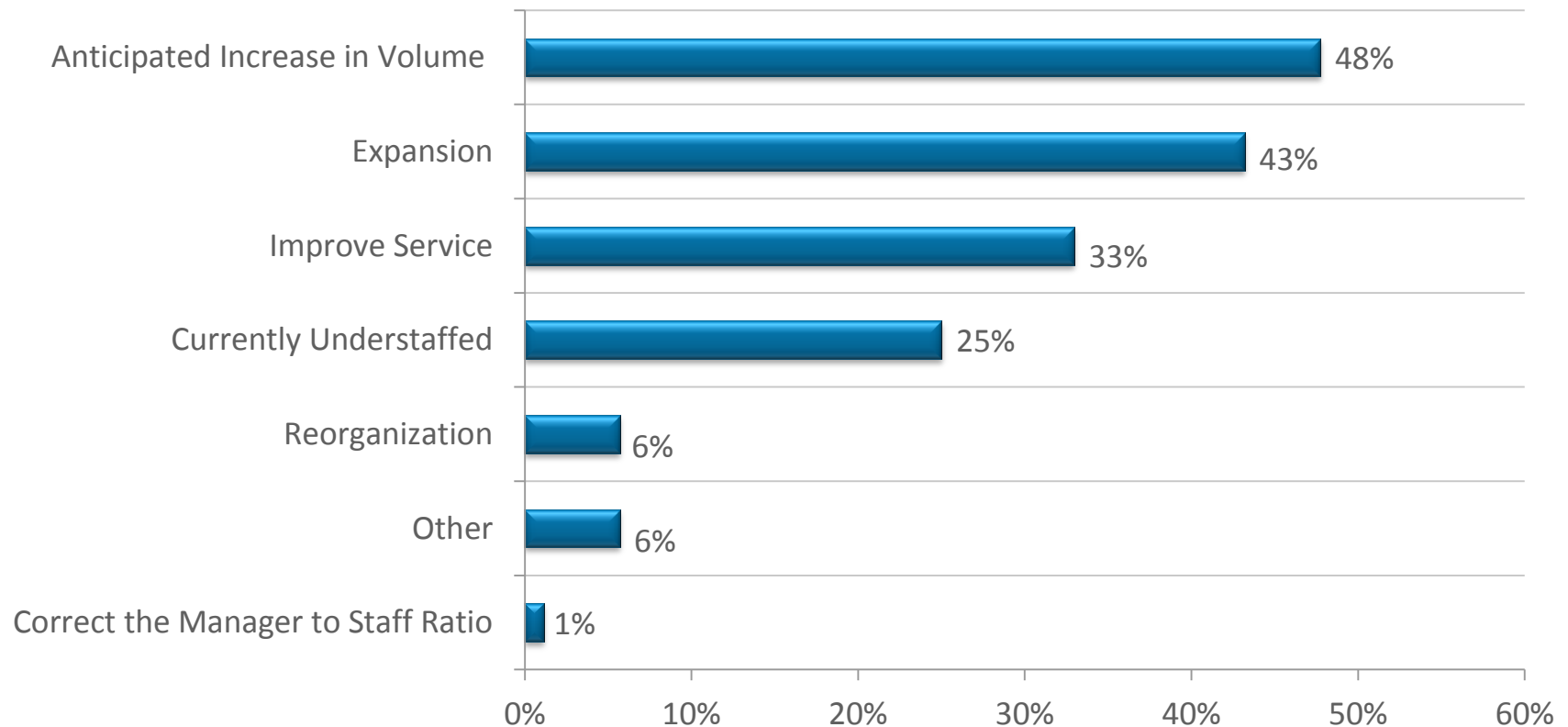


Likelihood of Increasing Staff By Function By Survey Period



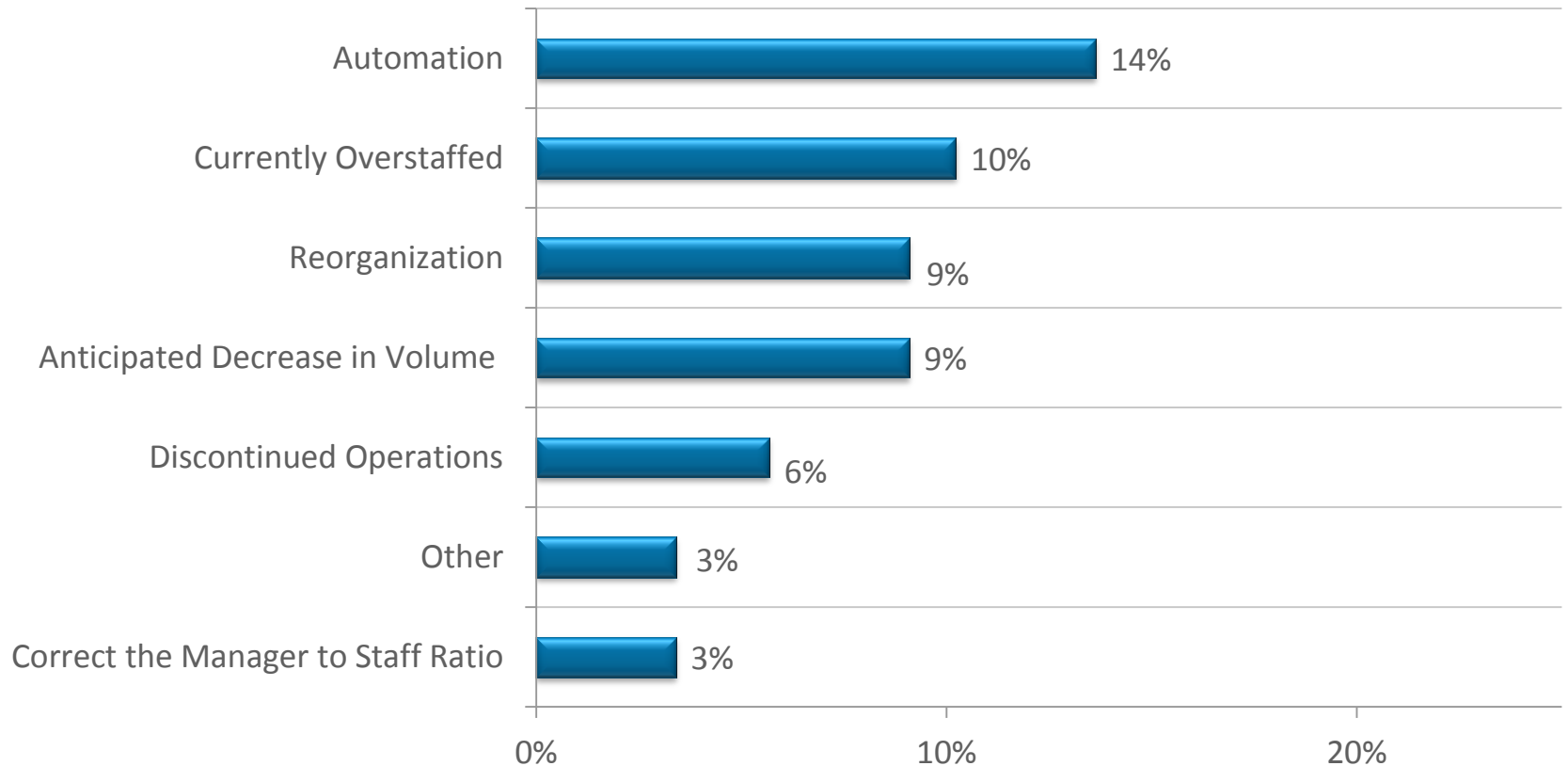
Staff Increases

Reason to Increase Staff During Next 12 Months



Staff Decreases

Reason to Decrease Staff During Next 12 Months





Summary and Closing Thoughts



Summary

- Optimism to grow revenue is at the highest level since the survey began in 2009. It is 8 points higher than the January survey.
- 44% of the companies stated that change in market share will drive their expected revenue changes.
- 54.5% of all companies plan to increase staff during the next 12 months, which is 3.3 points higher than the January survey. This is the greatest percentage of companies anticipating to increase staff in the history of the study.
- The likelihood of companies increasing staff is up 1.7% since January 2012. This trend was consistent in most functions. Accounting, Claims, Executives, and Operations were the only functions that showed a slight decrease in likelihood to increase staff.
- For the third straight survey, the primary reason to increase staff during the next 12 months continues to be an increase in business volume. 48% of companies listed this reason to hire compared to a previous high of 53% in July 2011.
- 14% of companies reported automation being the reason for a reduction in staff during the next 12 months. With the exception of one survey, this reason for a reduction has declined each survey from a high of 31% in July of 2009.



Summary

- 6% of companies reported decreasing staff due to contraction of business or discontinued operations, compared to 11% in January 2012.
- 57% of small and mid-sized companies plan to add additional staff during the next 12 months, which is 9 points higher than large companies.
- Technology, Underwriting and Claim roles are expected to grow the greatest during the next 12 months.
- With permanent staffing increasing and unemployment down to 4.6%, recruiting remains difficult and has increased slightly over the past 2 years.
- 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.
- More companies are planning to increase their use of temporary staffing services versus 6 months ago. 17% are planning to increase their use versus only 14% six months ago.

Projection

If the industry follows through on its plans, we will see a 1.00% increase in industry employment during the next 12 months, creating new jobs.

	Projected Growth
Total Benchmark	1.00%
Life & Health	2.63%
Property Casualty (PC)	0.93%
• PC Personal	2.12%
• PC Commercial	2.36%
• PC Balanced	0.38%



Staying Informed

Our next survey will be conducted in January 2013.

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

Thank you for your participation!

Questions?