



# INSURANCE LABOR MARKET STUDY

August 13, 2013

# 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



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# 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



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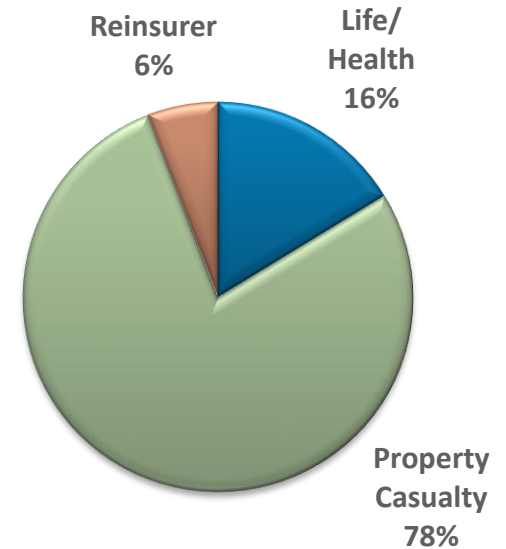
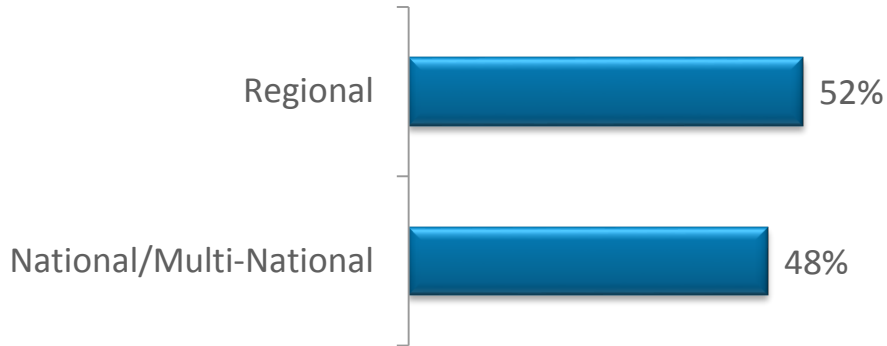


# Study Objectives

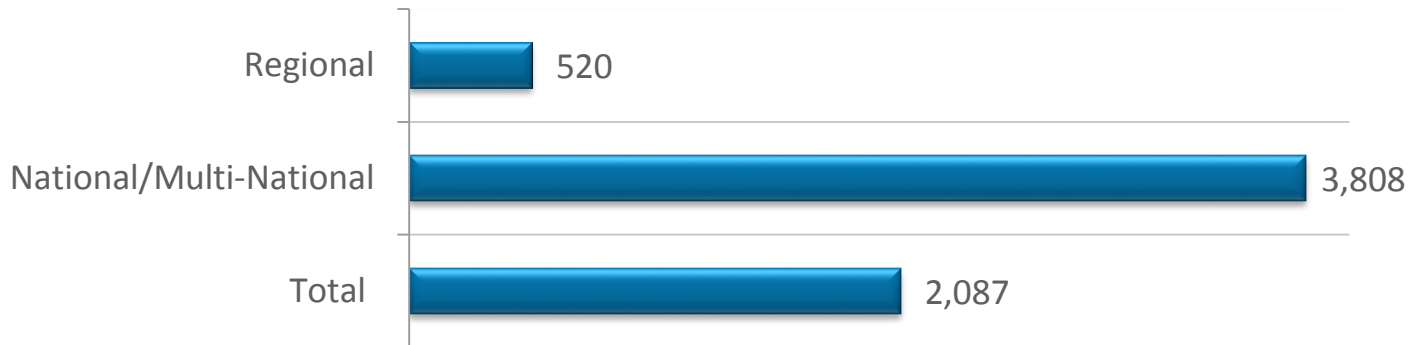
- Analyze current labor trends and future staffing expectations
- Provide an overview of staffing challenges by discipline
- Provide commentary on the industry's labor market

# Participant Profile

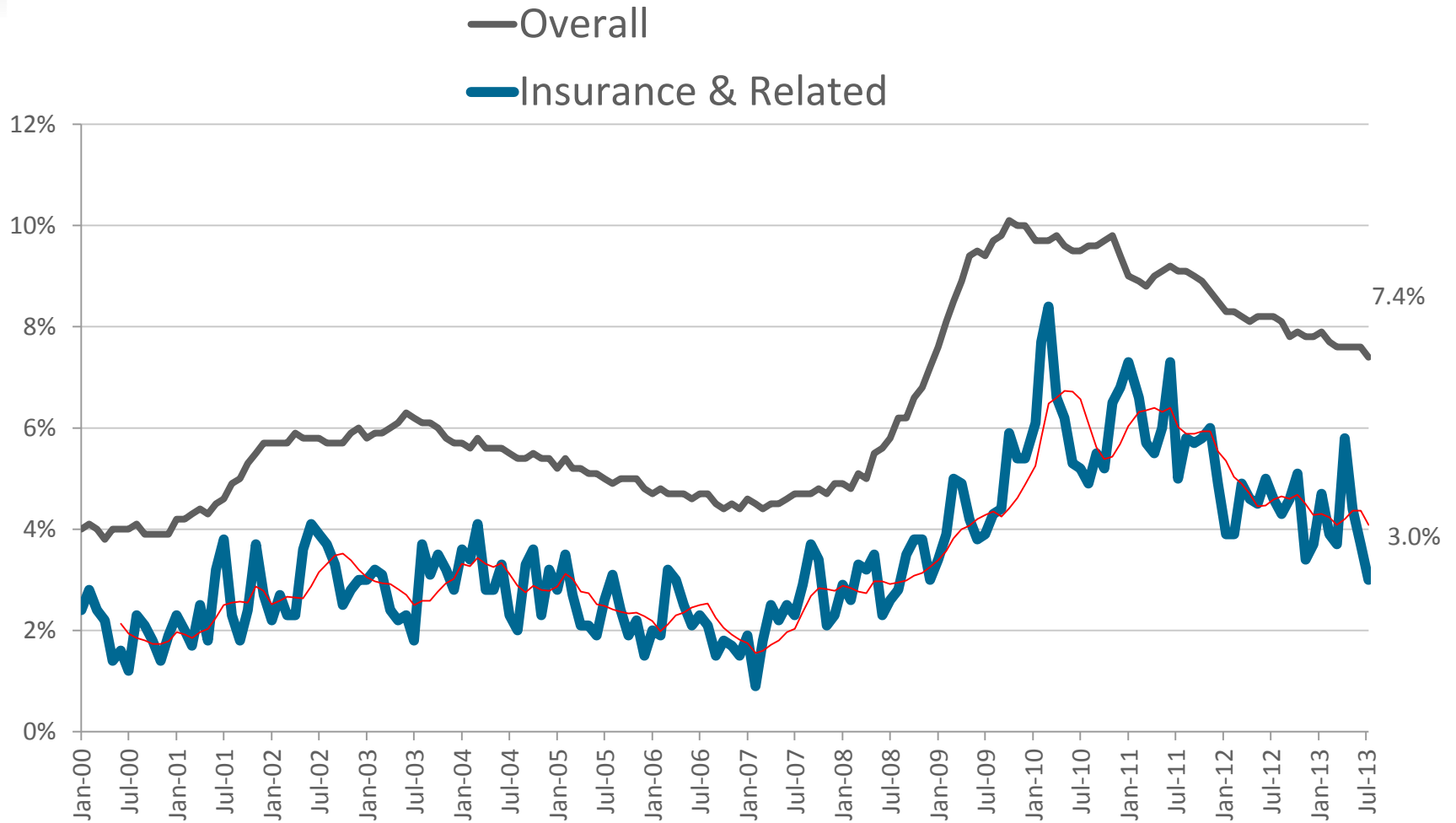
## Business Profile



## Average Number of Employees

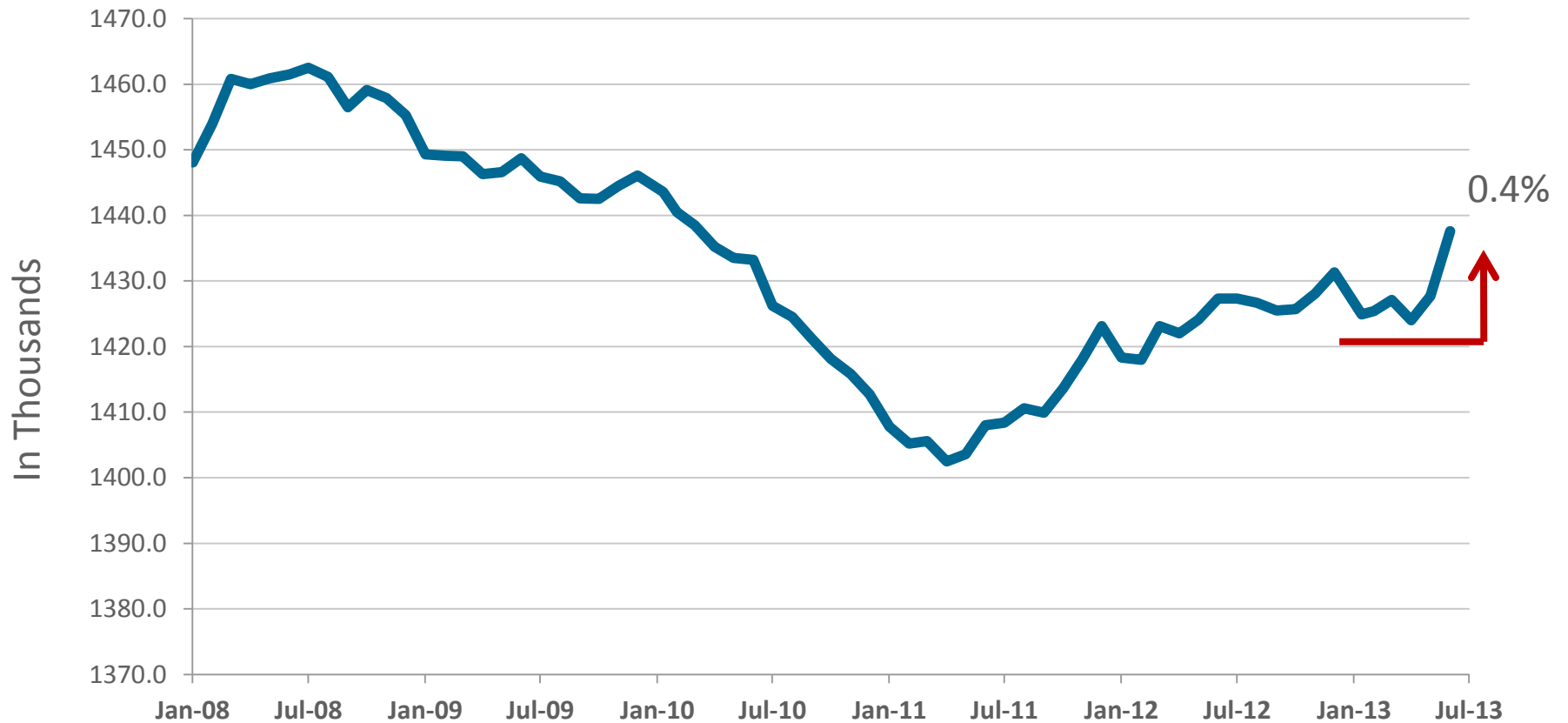


# Unemployment Rates



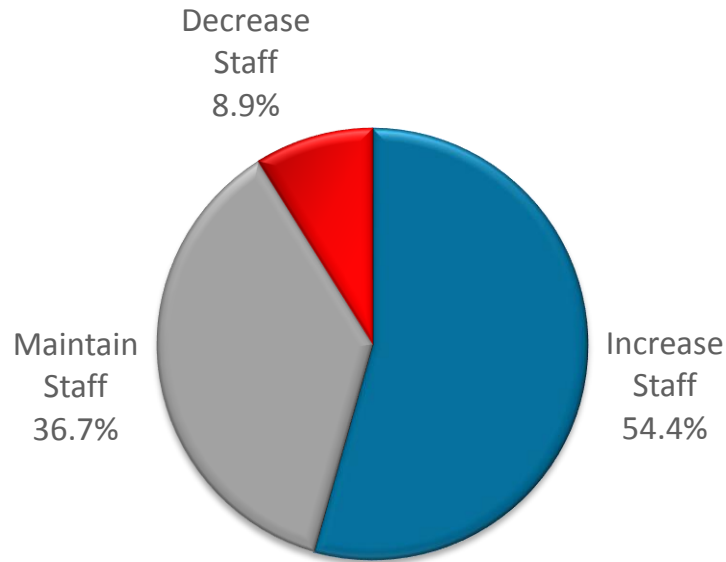
Source: U.S. Bureau of Labor Statistics

# Insurance Carrier Employment

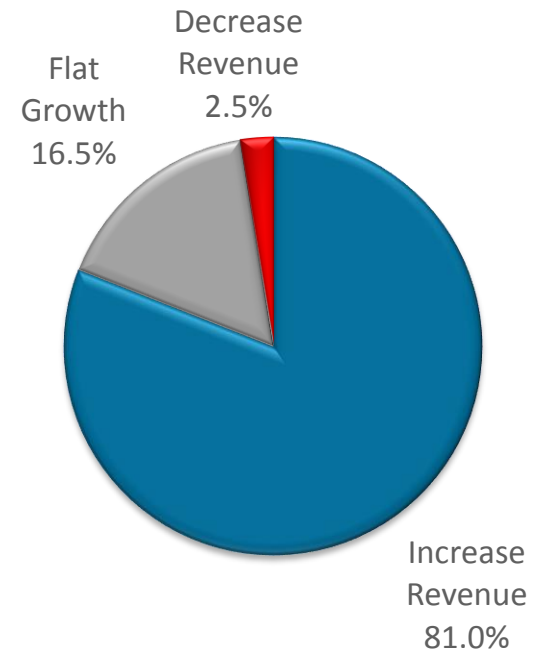


# Revenue and Staffing Expectations

## 12-Month Staffing Plan



## 12-Month Revenue Plan





# 12-Month Staffing Plans

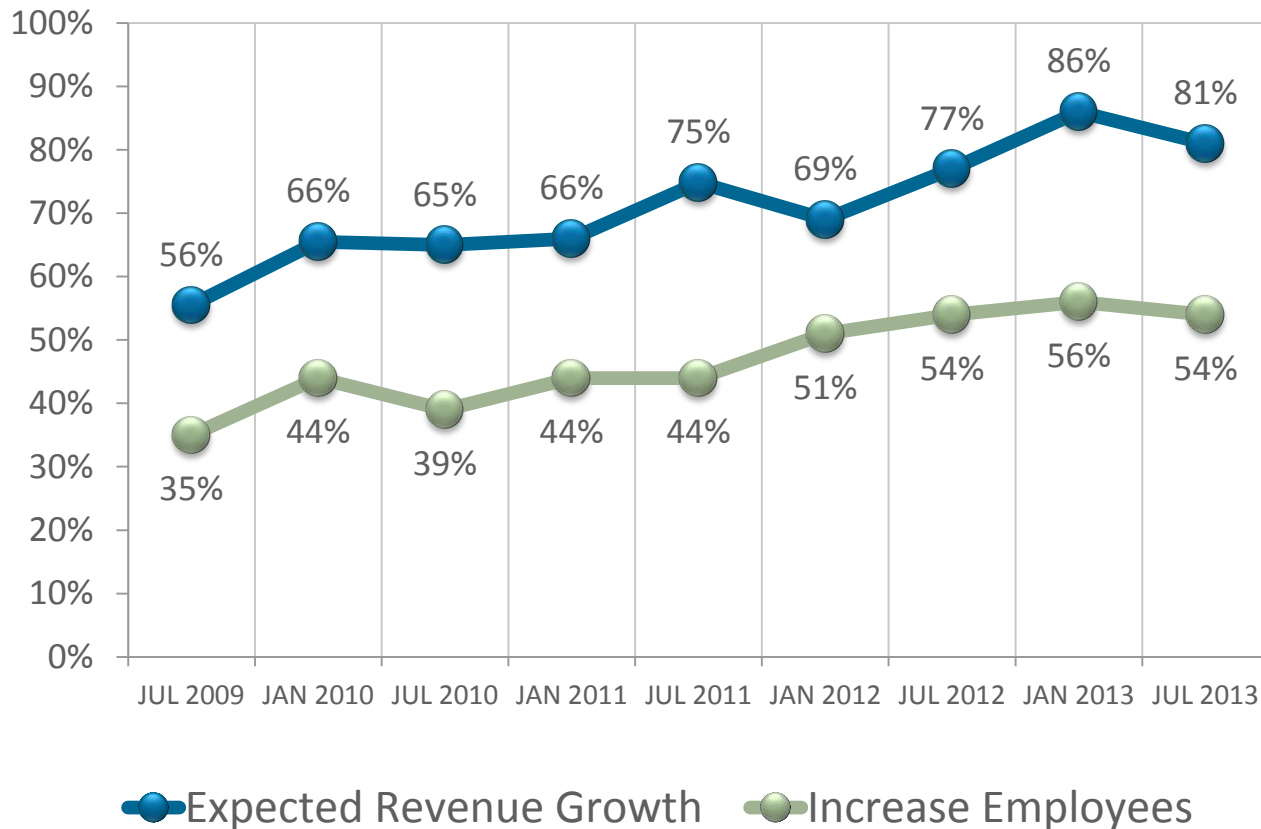
July 2009 – July 2013

### Prior Survey Results



# 12-Month Staffing Plans Increase versus Expected Revenue Growth

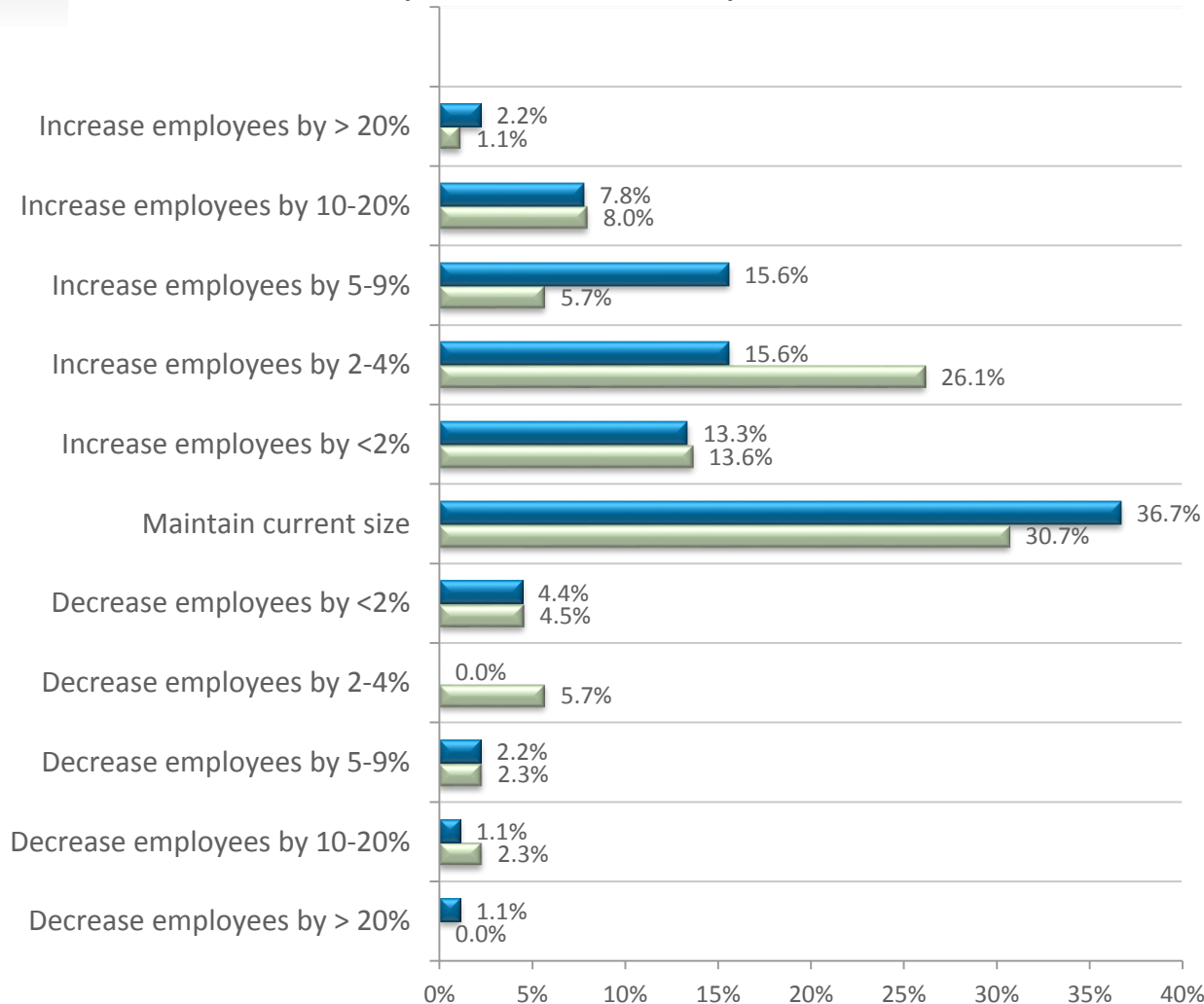
July 2009 – July 2013



- 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

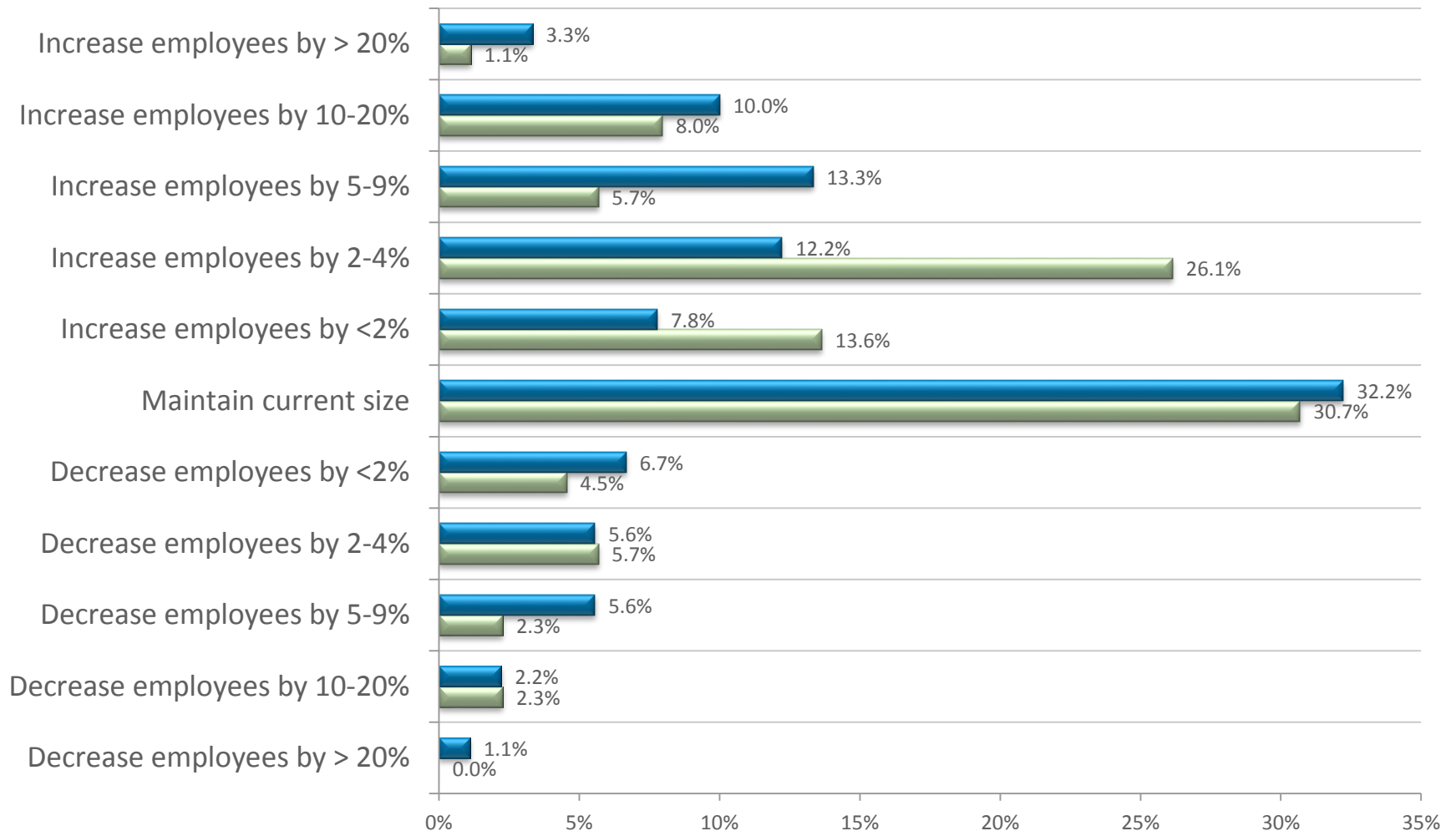
■ July 2013 Plan   ■ July 2012 Plan



- 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

■ July 2013 Actual    ■ July 2012 Plan

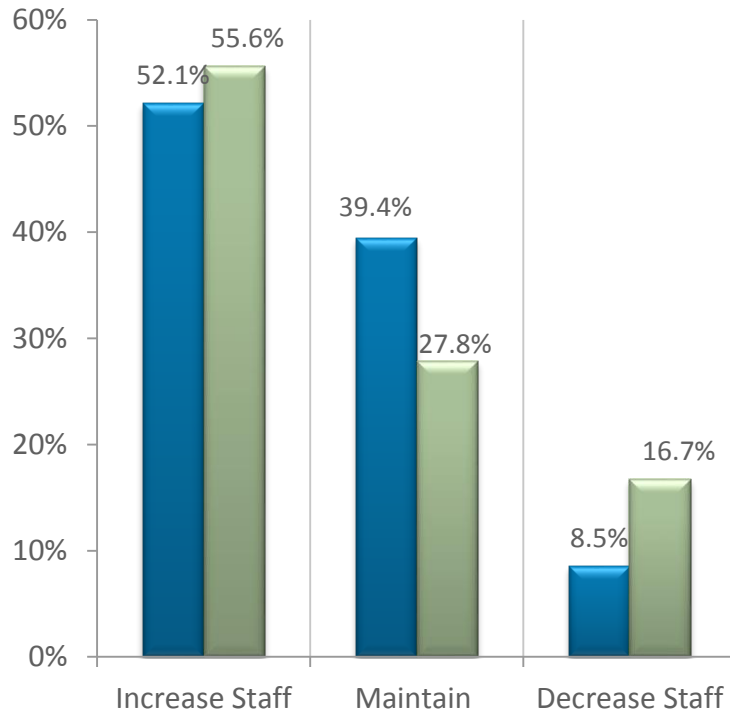


# 12-Month Staffing Plans

## Comparison to July 2012 By Industry

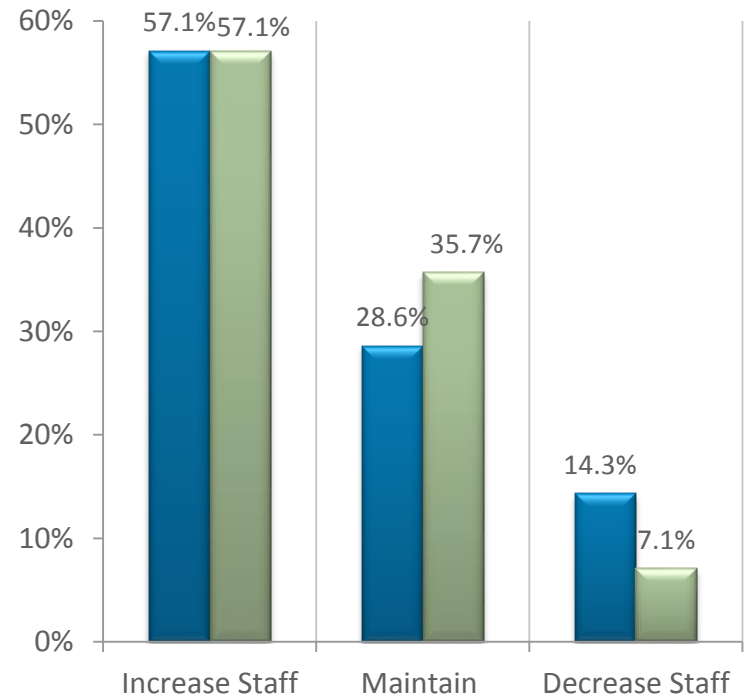
### Property/Casualty

■ July 2013 Plan   ■ July 2012 Plan



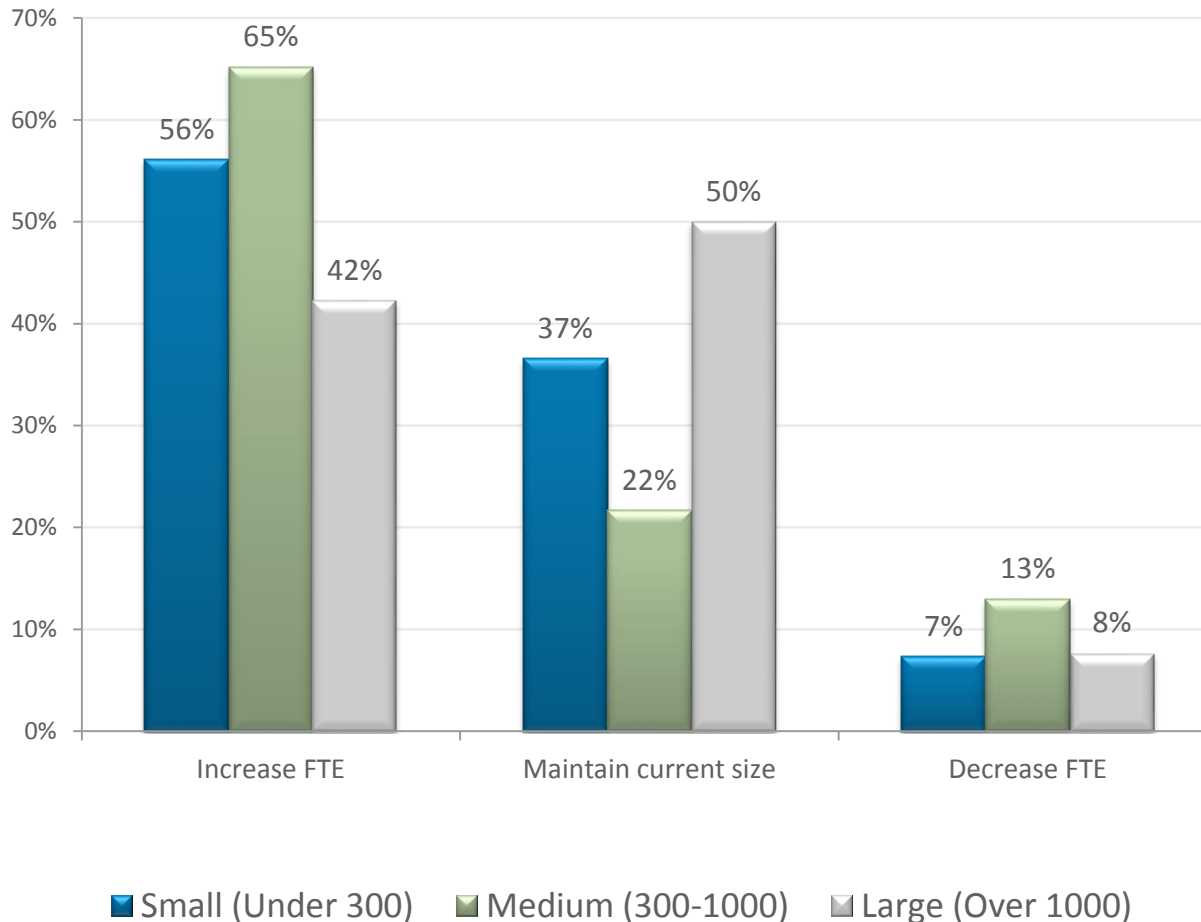
### Life/Health

■ July 2013 Plan   ■ July 2012 Plan



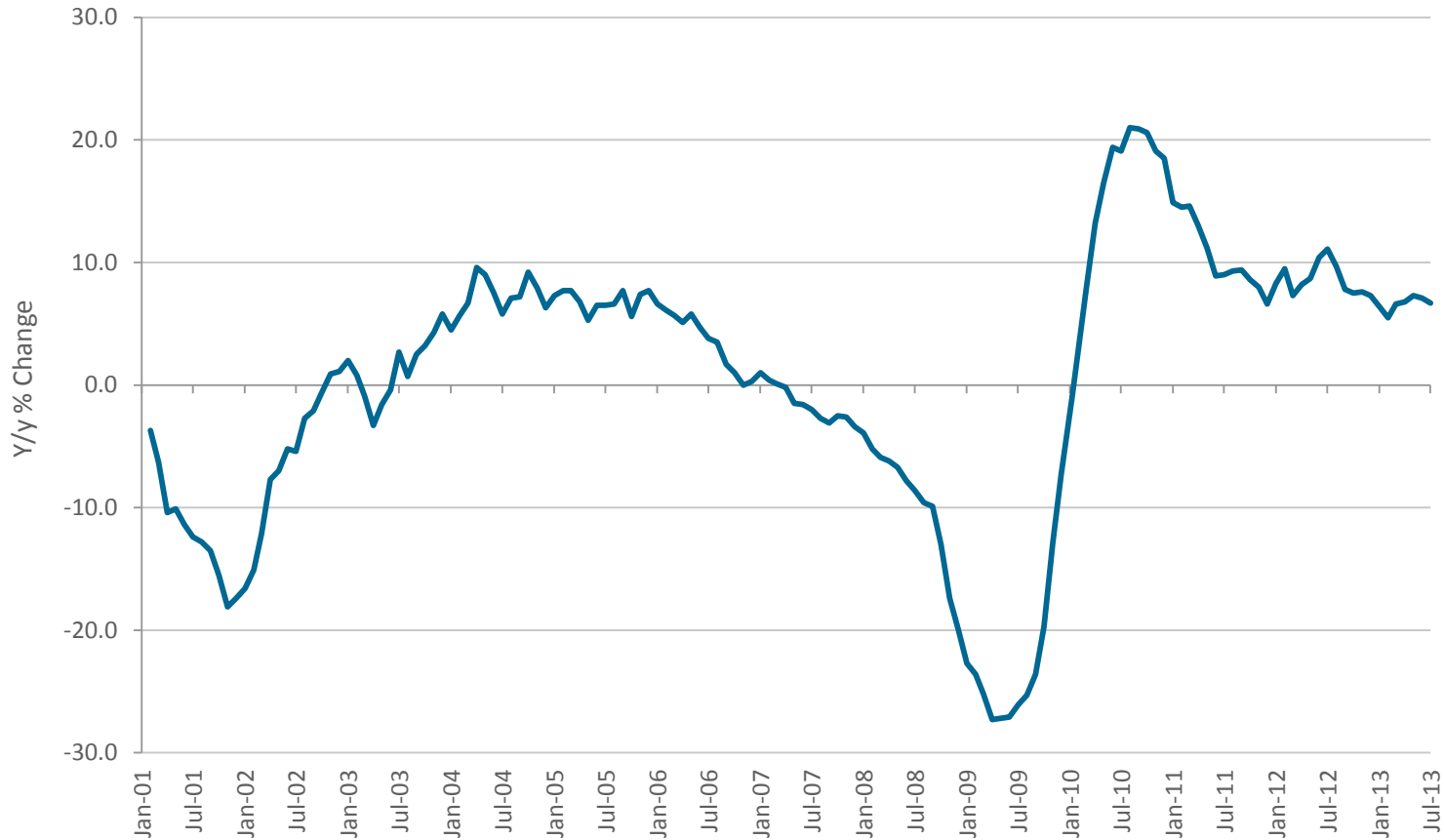
# 12-Month Staffing Plans

## 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.

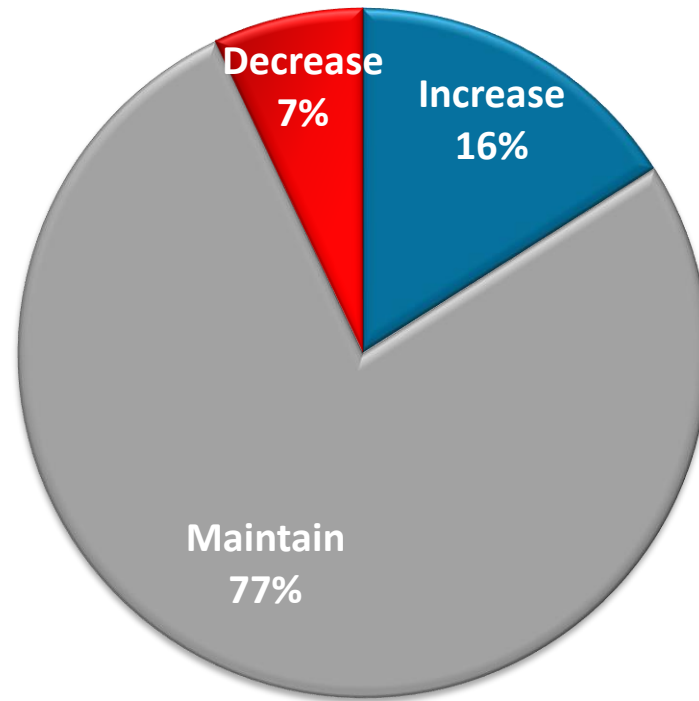
# Temporary Employment



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%.

# Temporary Employees

Use of Temporary Employees  
Over Next 12 Months





# Notable Survey Trends

July 2012 to July 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%.

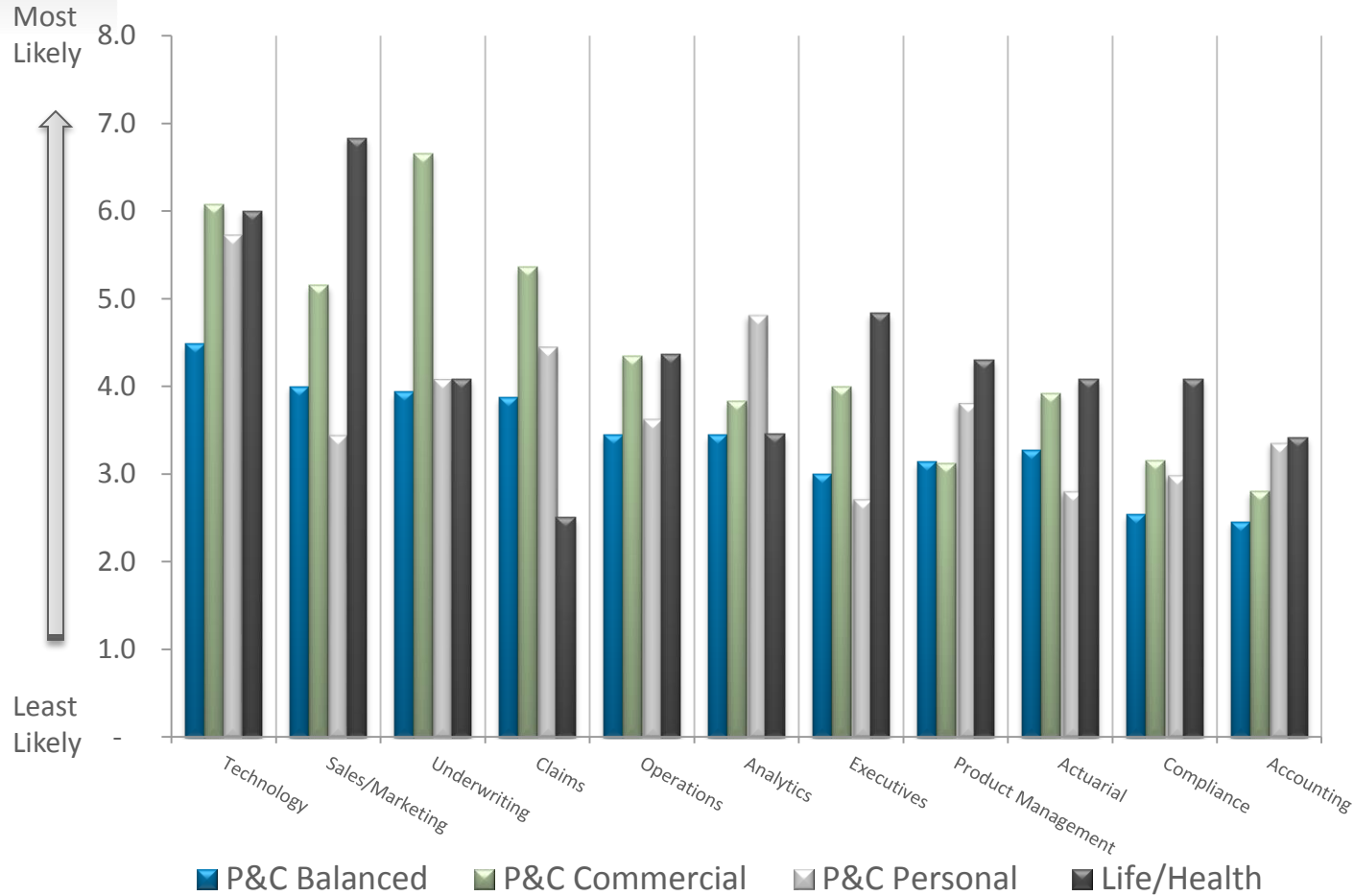
Note: Outliers have been excluded from calculations

# Recruiting Difficulty Continues



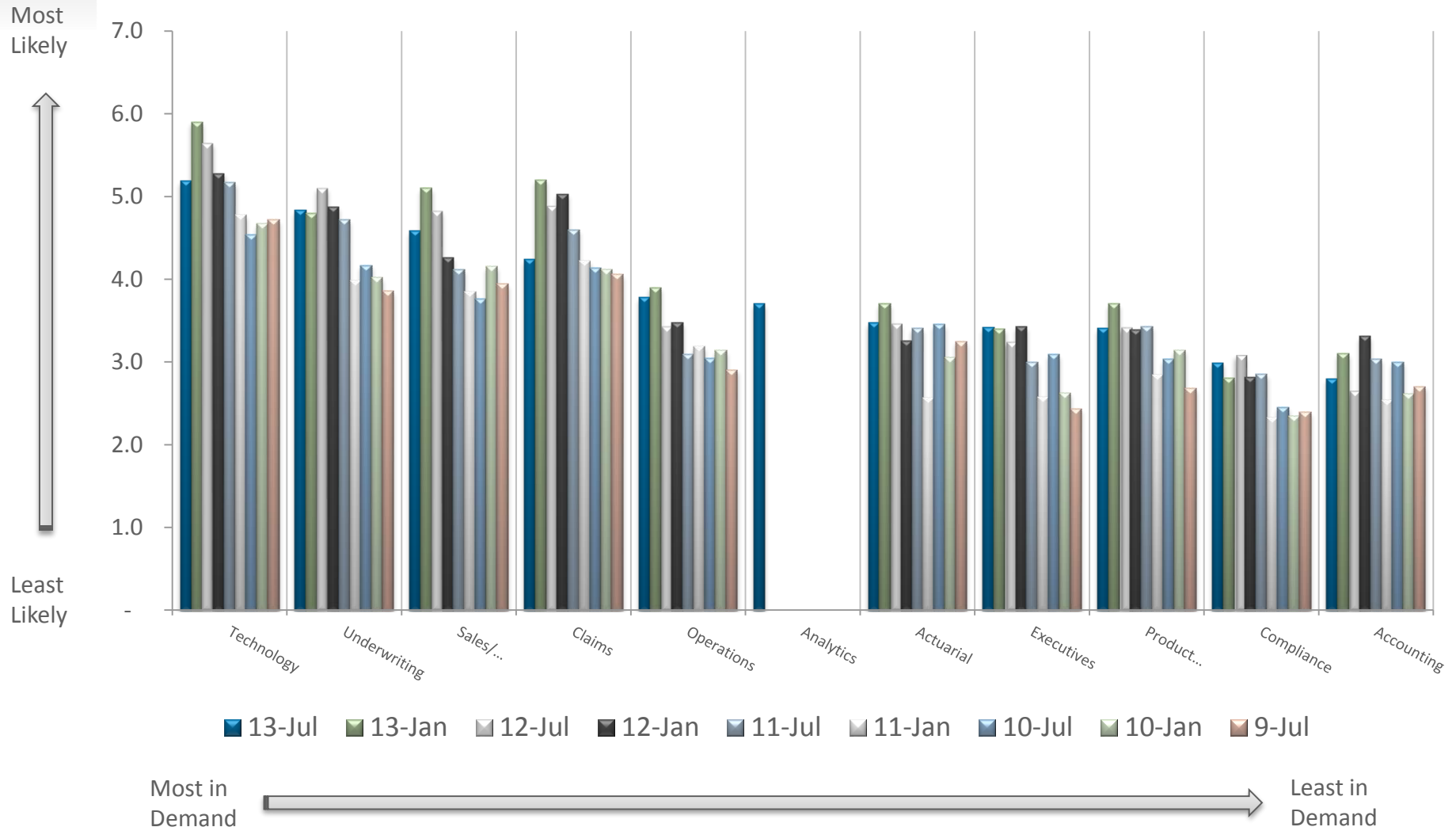
- On a scale of 1 – 10 (10 being most difficult), companies responded that positions are still moderately difficult to fill and recruiting is slightly more difficult in most disciplines than it was a year ago.
- Positions rated 5 or above are considered moderate or difficult to fill.
- Product line has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

# Likelihood of Increasing Staff By Function



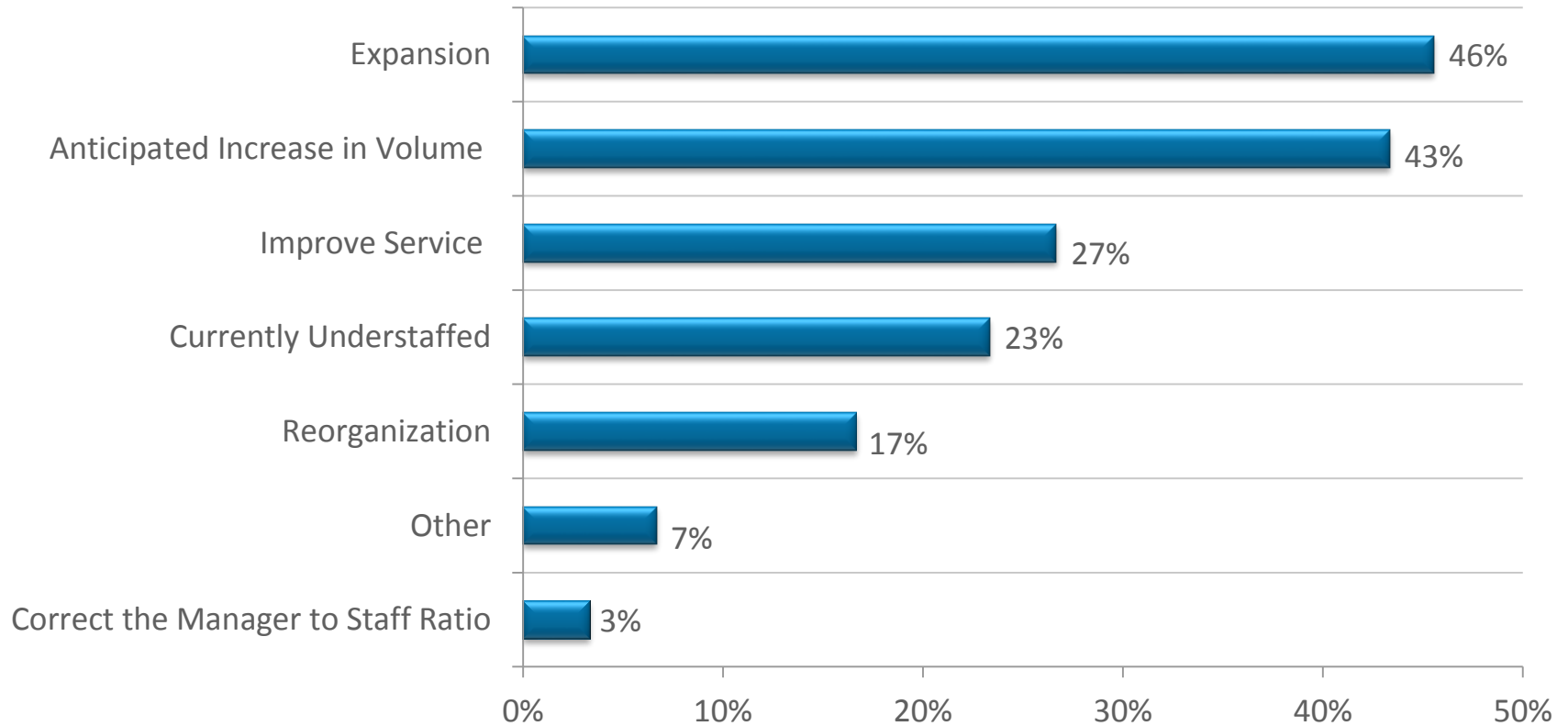
- After Technology, large companies are most likely to increase staff in Sales/Marketing while medium- and small-sized look to Underwriting.
- Commercial lines companies have a significantly higher need for Underwriters in the next 12 months compared to other lines.
- Life/Health companies have the greatest 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



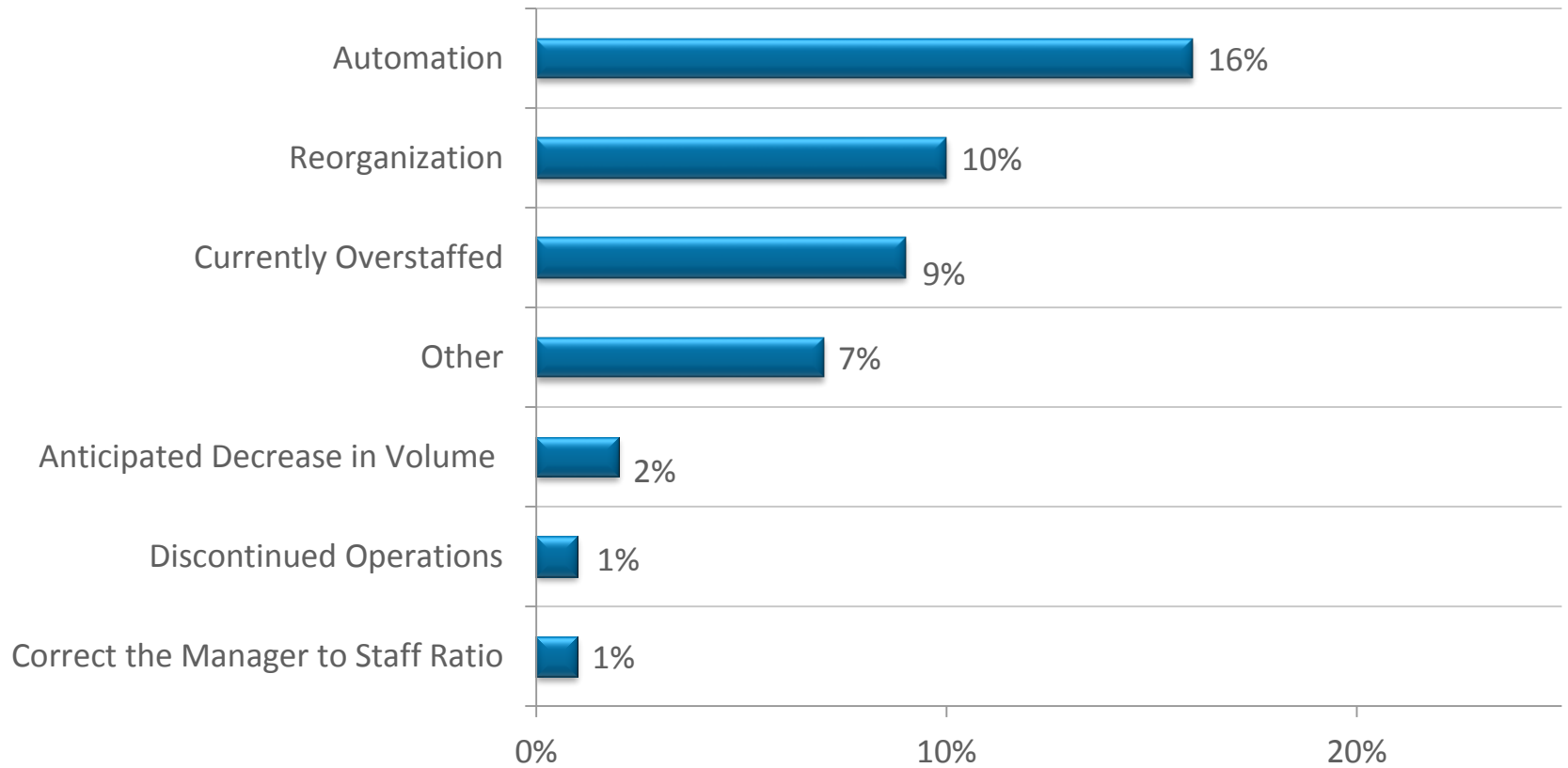
# Staff Increases

## Reason to Increase Staff During Next 12 Months



# Staff Decreases

## Reason to Decrease Staff During Next 12 Months





# Summary and Closing Thoughts

# Summary

- 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%.



# Summary

- 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 2<sup>nd</sup> half-of-the-year usage increasing. 16% are planning to increase their use versus 18% reported 12 months ago.

# 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%

Note: Outliers have been excluded from calculations

# Staying Informed

Our next survey will be conducted in January 2014.

For information on how to participate, please email  
[valbers@wardinc.com](mailto:valbers@wardinc.com)

**Thank you for your participation!**

**Questions?**