

January 2023



Insurance Labor Market Study

The Jacobson Group and Ward, part of Aon plc (NYSE: AON), 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 first quarter of 2023.

Summary of Findings

- 67% of companies plan to increase staff during the next 12 months, driven by the Property/Casualty segment at 69%
- 10% of companies are planning to decrease their number of employees. This is up from the 5% expected in the July study
- 73% of medium-sized companies plan to add staff during the next 12 months. This is 3 and 12 points higher than small and large companies, respectively
- 79% of companies expect to grow revenue during the next 12 months. This is 6 points higher than the July survey
- Commercial Lines P&C companies are the most optimistic to increase revenue as 81% expect growth, compared to 78% of Balanced Lines companies and 67% of Personal Lines. 93% of Life/Health companies expect an increase in revenue
- 50% of the companies stated that change in market share will drive their expected revenue changes, while 35% cited pricing factors
- The primary reason companies plan to increase staff during the next 12 months is an expected increase in business volume. 37% of companies listed this as the primary reason to hire followed by areas being understaffed
- 8% of companies report that reorganization will be the primary reason for reductions in headcount during the next 12 months
- Technology, Claims, and Underwriting roles are expected to grow the greatest during the next 12 months

- Insurers are continuing to determine their needs and expectations for moving forward. While recruiting difficulty has eased slightly, there has been a realignment of talent as carriers establish long-term plans
- Sales/Marketing and Product Management are the top two areas where companies are looking to add experienced staff. Operations and Actuarial roles were identified as areas most likely to add entry-level positions
- Technology, Actuarial, and Underwriting positions are the most difficult to fill
- 25% of companies feel the ability to hire talent has become more difficult compared to the prior year. This is down from 48% in the July study
- At 8%, average 6-month voluntary turnover is 3 points lower than the 12-month average of 11%. The average 6-month involuntary turnover is also lower at 3%, compared to 4% for 12-months
- Currently, 92% of companies offer a hybrid model to their employees, followed by 69% with full-time remote and 52% with flexible work hours
- During the next 6 months, 72% of companies expect their employees in the office at least one day a week (hybrid). 18% of companies expect employees to be required in the office more frequently by mid-year 2023
- 71% of companies utilize a mix of both manager and staff to determine the required days in office for hybrid employees

Notable Survey Trends from January 2022 to January 2023

- The Total industry headcount grew 1.83% versus an anticipated rate of 1.84%
- The P&C industry headcount grew 1.92% versus an anticipated rate of 2.60%
- The L&H industry headcount grew 1.27% versus an anticipated rate of 1.69%
- Total industry turnover, voluntary and involuntary, was 14.7% for the past 12 months

Note: Data compares responses from the 2022 and 2023 labor studies. Outliers have been excluded from calculations

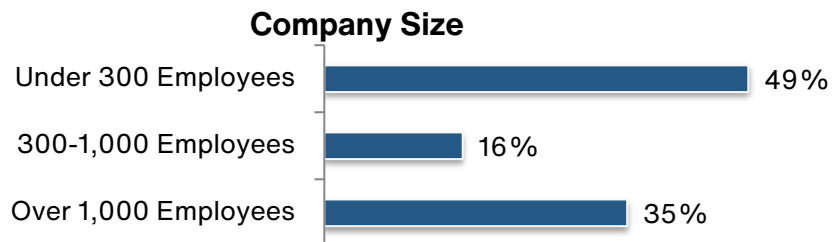
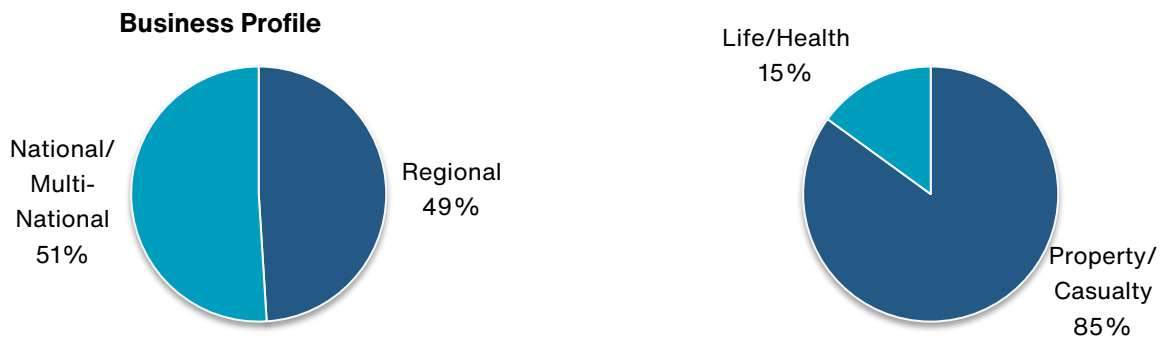
Projection

If the industry follows through on its plans, we will see a 1.67% increase in industry employment during the next 12 months, creating new jobs.

| Projected Growth | |
|------------------------|-------|
| Total Benchmark | 1.67% |
| Life & Health | 0.51% |
| Property/Casualty (PC) | 2.07% |
| – PC Personal | 1.36% |
| – PC Commercial | 2.16% |
| – PC Balanced | 2.14% |

Survey Results

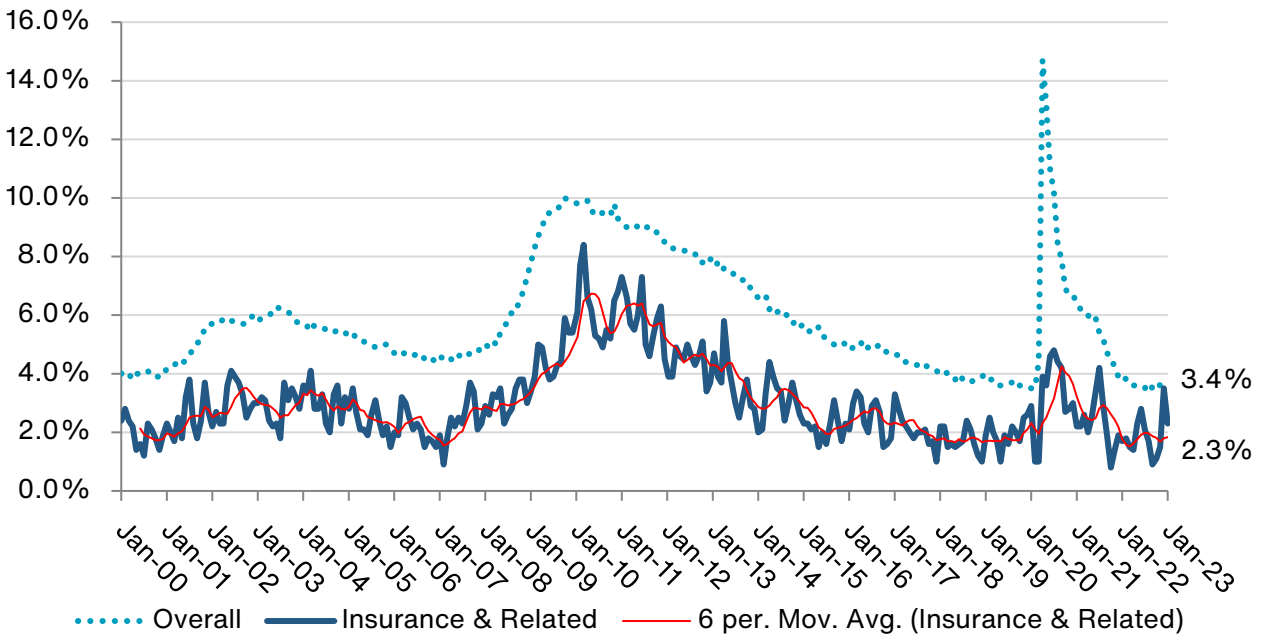
Participant Profile



The total average number of employees is 2,728

*Percentages in chart rounded to nearest whole number

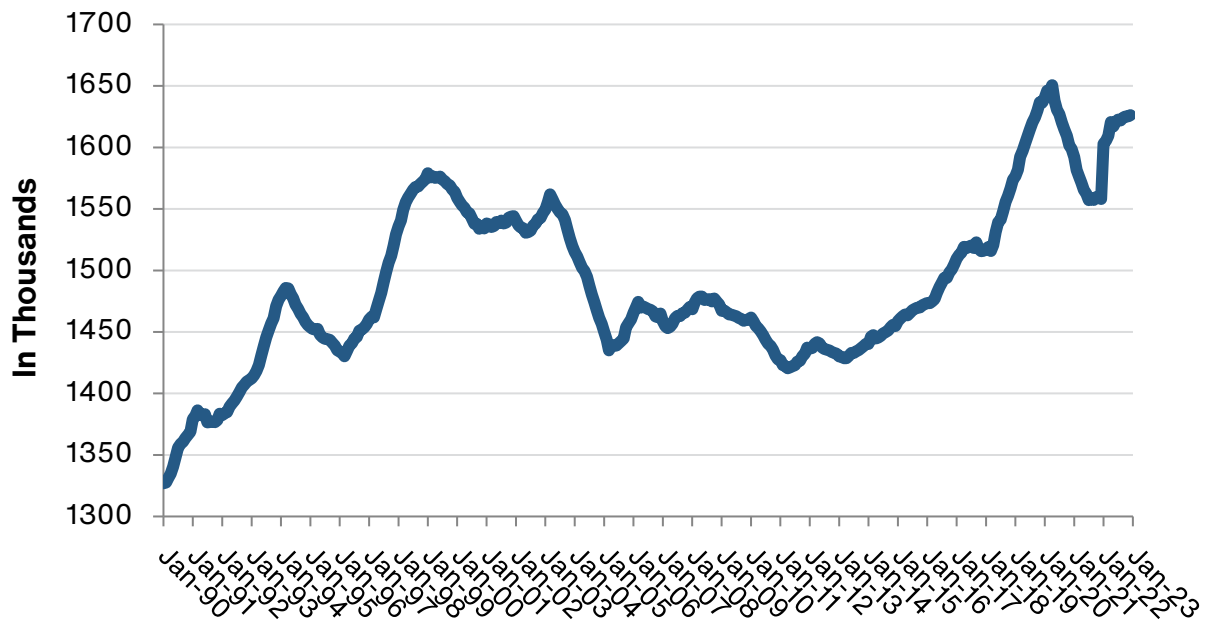
Unemployment Rates



*Percentage indicated 6-month trailing average

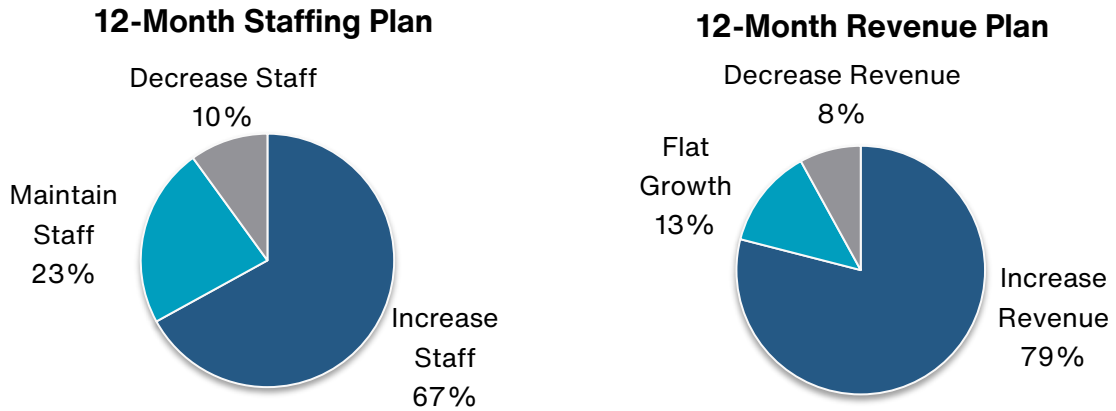
Source: U.S. Bureau of Labor Statistics

Insurance Carrier Employment



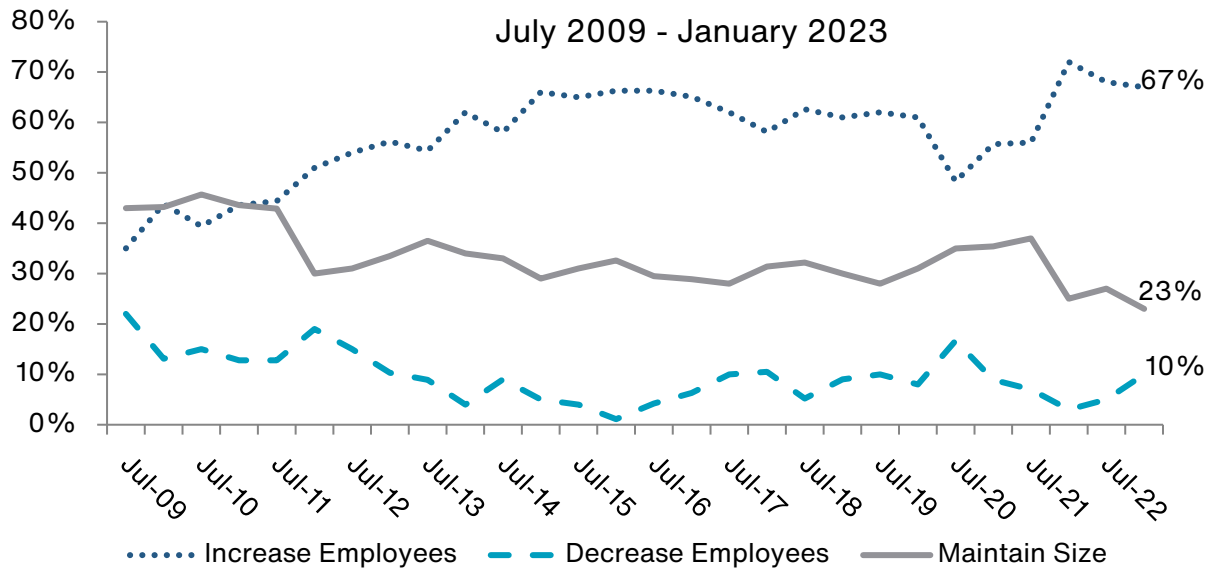
Source: U.S. Bureau of Labor Statistics

Revenue and Staffing Expectations



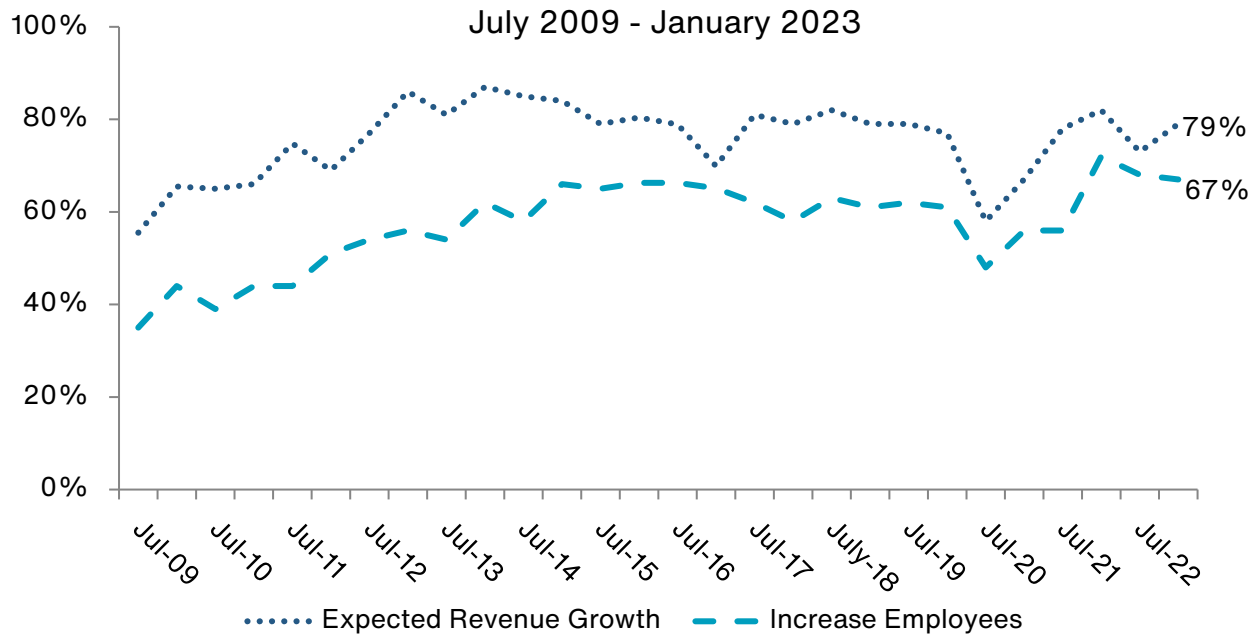
*Percentages in chart rounded to nearest whole number

12-Month Staffing Plans



*Percentages in chart rounded to nearest whole number

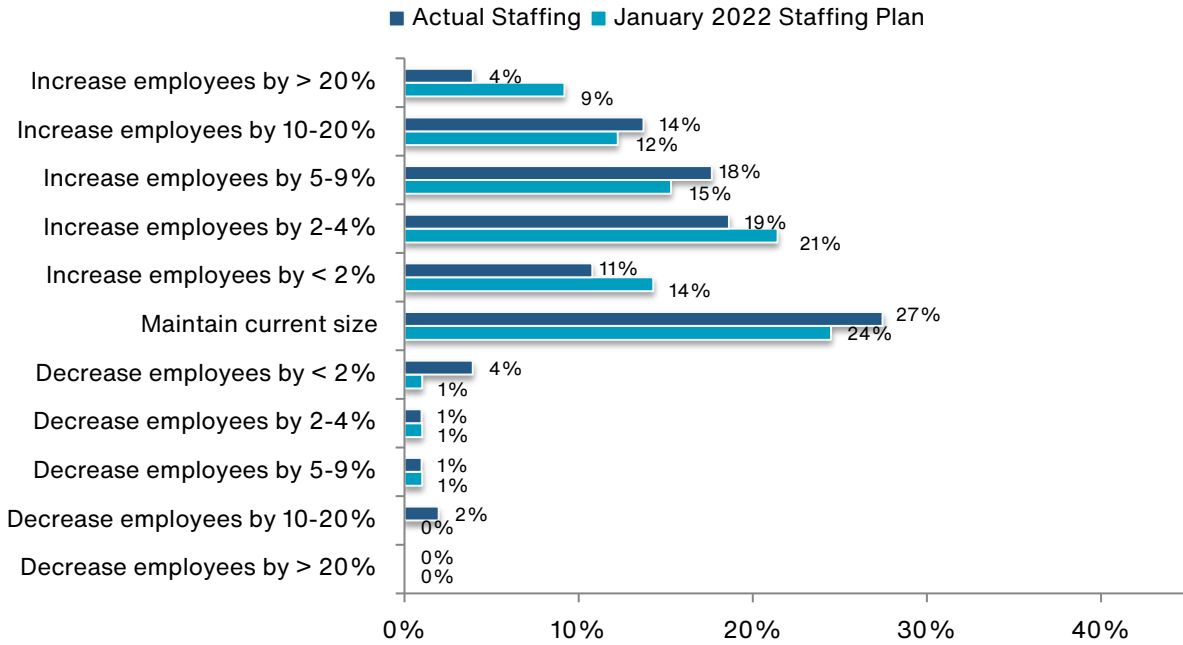
12-Month Staffing Plans Increase vs. Expected Revenue Growth



*Percentages in chart rounded to nearest whole number

- 79% of companies expect an increase in revenue growth, up 6 points from the July survey and down 3 points from the January 2022 outlook
- In July, 5% of companies were expecting a decrease in staff. The 12-month expectations for January 2023 increased to 10%, driven by the Life/Health segment
- 8% of companies expect a decrease in revenue growth, up 4 points from the July survey
- P&C and Life/Health companies responded that the primary driver for expected revenue changes will be market share at 45% and 79%, respectively

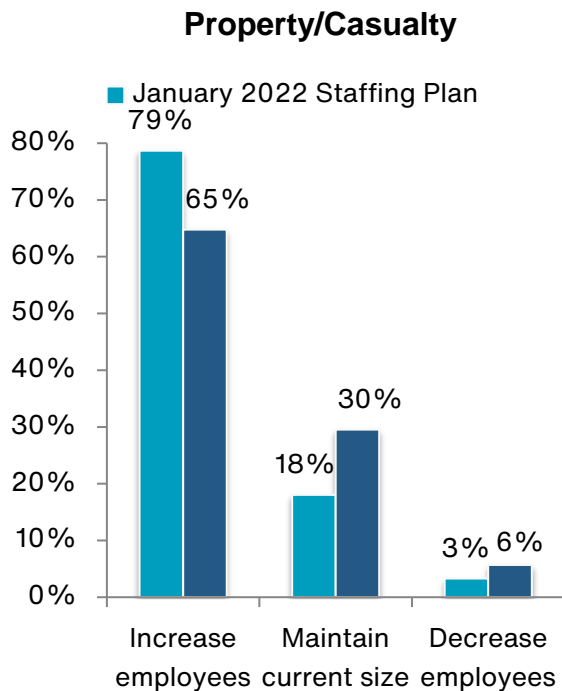
Prior Year 12-Month Plans vs. Actual Staffing



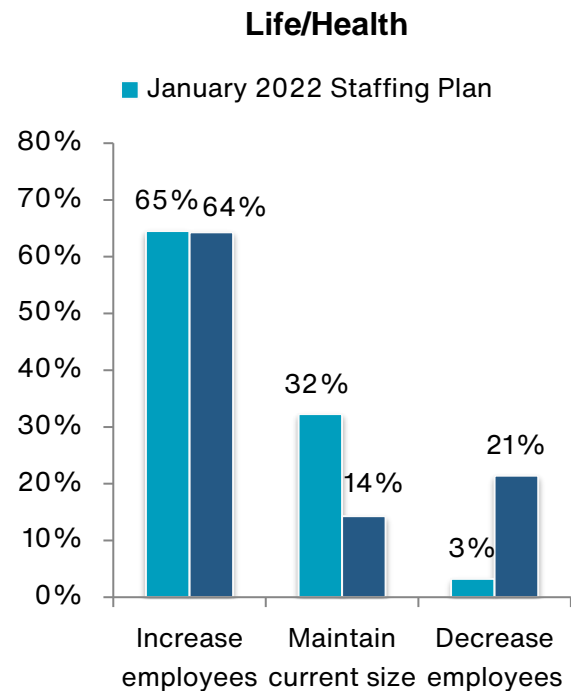
*Percentages in chart rounded to nearest whole number

65% of companies added staff since January 2022, while 8% reduced staff

Prior Year 12-Month Staffing Plans vs. Actual - By Industry

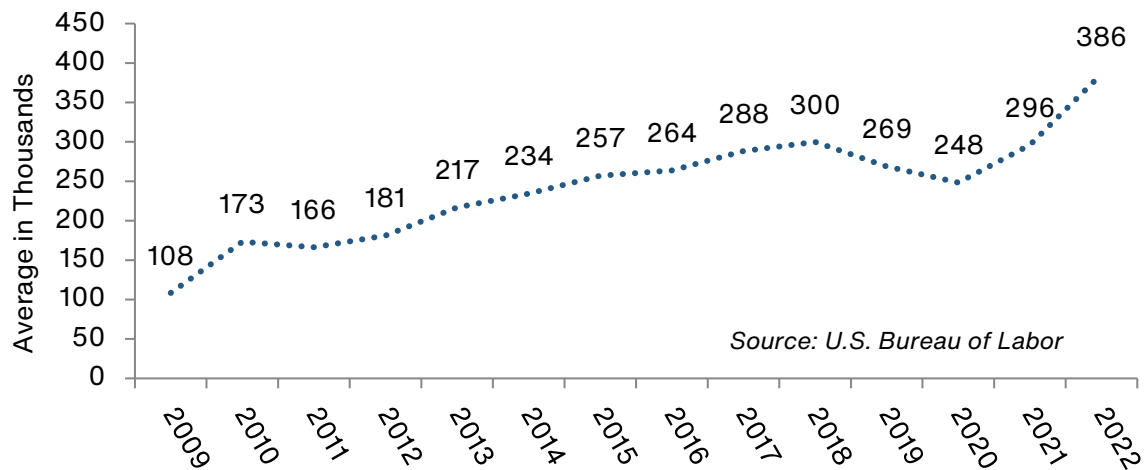


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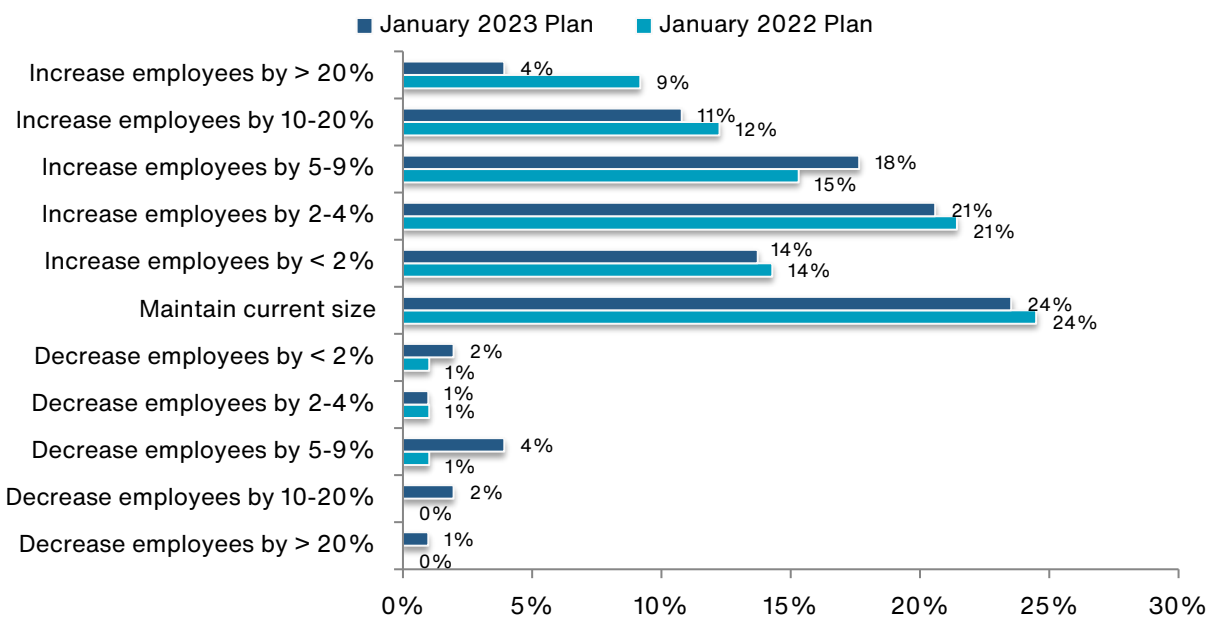


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Job Openings in Finance and Insurance

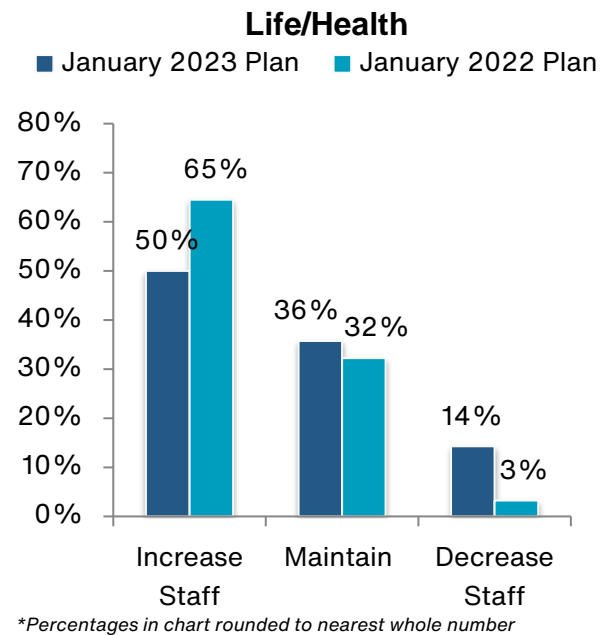
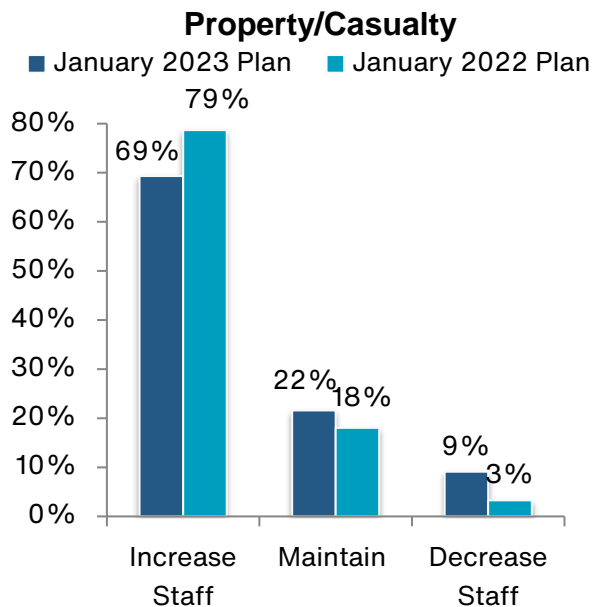


12-Month Staffing Plans

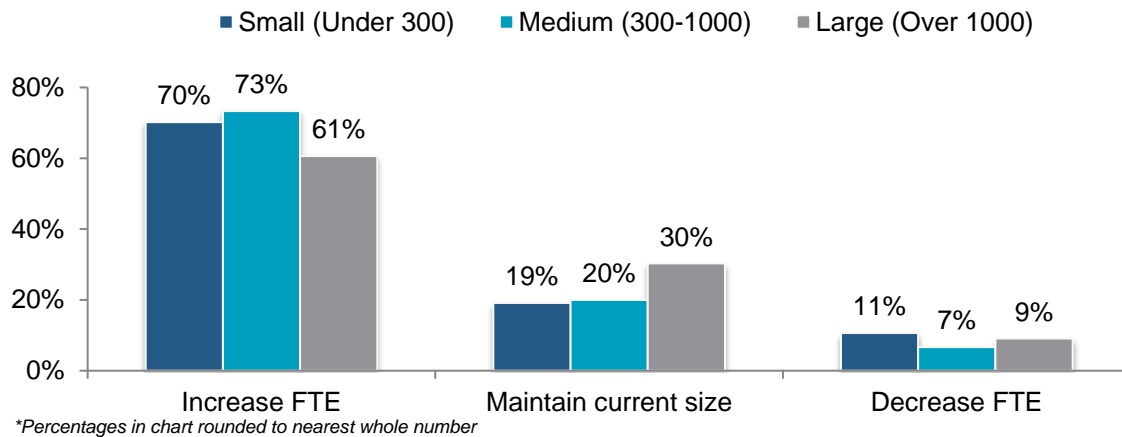


- 76% of Commercial Lines P&C companies are expecting to increase staff during the next 12 months. This is 9 and 12 points higher than Personal and Balanced Lines P&C companies, respectively
- Of the companies who plan to add staff during the next 12 months, 88% expect an increase in revenue with 48% responding that it will be due to a change in market share. Of those planning a decrease in staff, 40% expect a decrease in revenue
- 71% of companies who plan to maintain staff size during the next 12 months are expecting an increase in revenue growth. 4% of those companies are expecting a decrease

12-Month Staffing Plans - Comparison to January 2022 by Industry

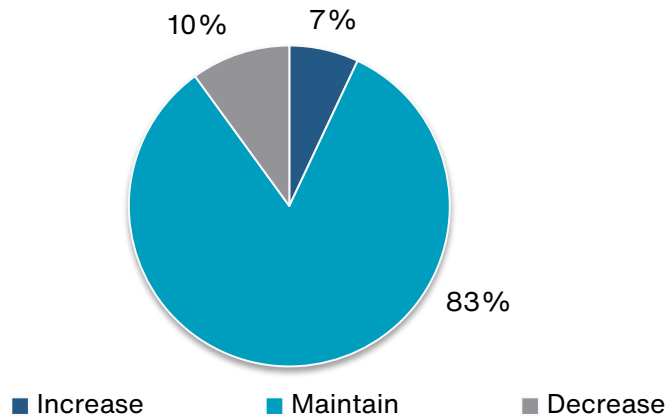


12-Month Staffing Plans - By Employee Size



- Since July, overall expectations to add staff decreased 1 point to 67%. Small companies are expecting an increase of 70% compared to 61% in July. Medium-sized companies decreased their 12-month expectations from 80% in July to 73% in January while large companies decreased from 72% to 61%
- 45% of small and 42% of large companies expect growth in revenue/premium greater than 10% over the next 12 months. This compares to 33% for medium-sized companies
- While all company sizes expect revenue changes to be driven by market share, small companies report an equal amount to be driven by pricing increases

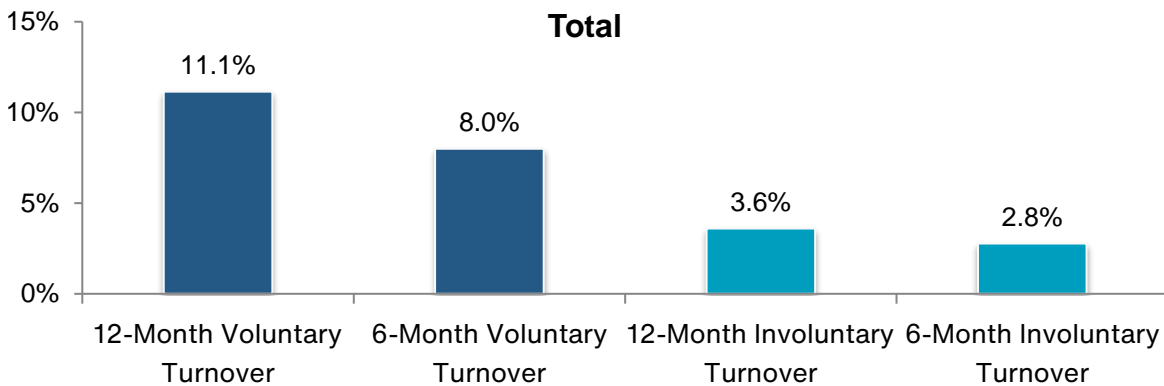
Use of Temporary Employees During Next 12 Months



90% of companies are planning to increase or maintain temporary staff levels in the next 12 months

**Percentages in chart rounded to nearest whole number*

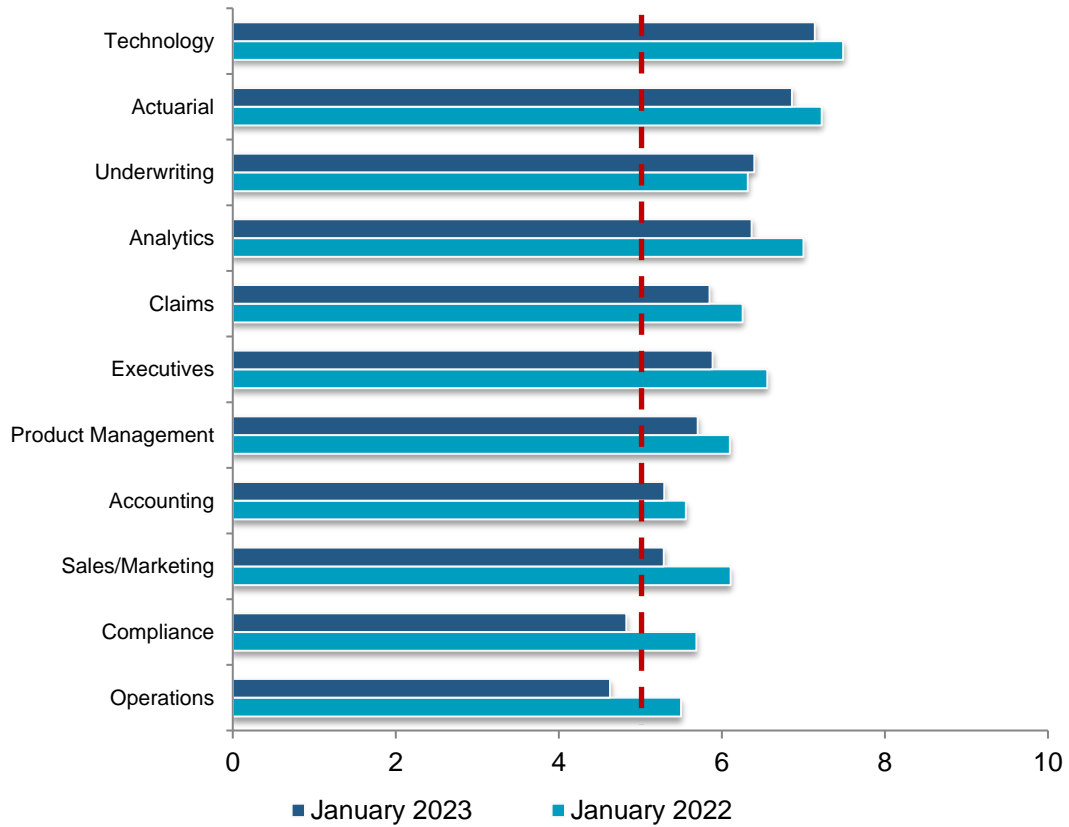
Voluntary and Involuntary Turnover Percentage



**Percentages in chart rounded to nearest whole number*

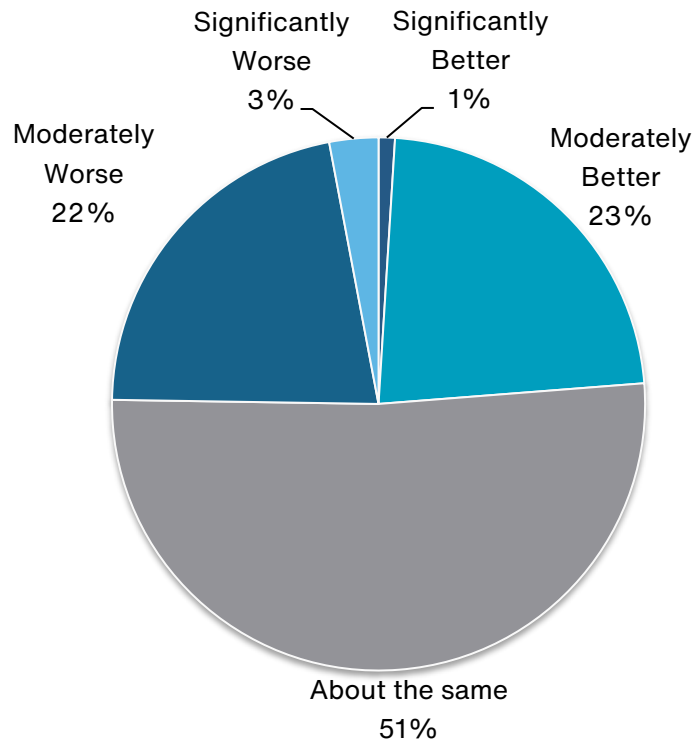
- At 8%, 6-month voluntary turnover is 3 points lower than the 12-month average of 11.1%. 6-month involuntary turnover is also lower at 2.8% compared to 3.6% for 12-months
- Across all voluntary and involuntary timeframes, Life/Health companies report slightly higher turnover percentages than P&C companies
- Within P&C, Personal Lines companies had the highest 12-month voluntary turnover compared to Balanced and Commercial Line companies at 10.8% and 10.1%, respectively
- Compared to medium-sized and large, small companies reported the lowest 6 and 12-month voluntary turnover percentages

Recruiting Difficulty Remains High



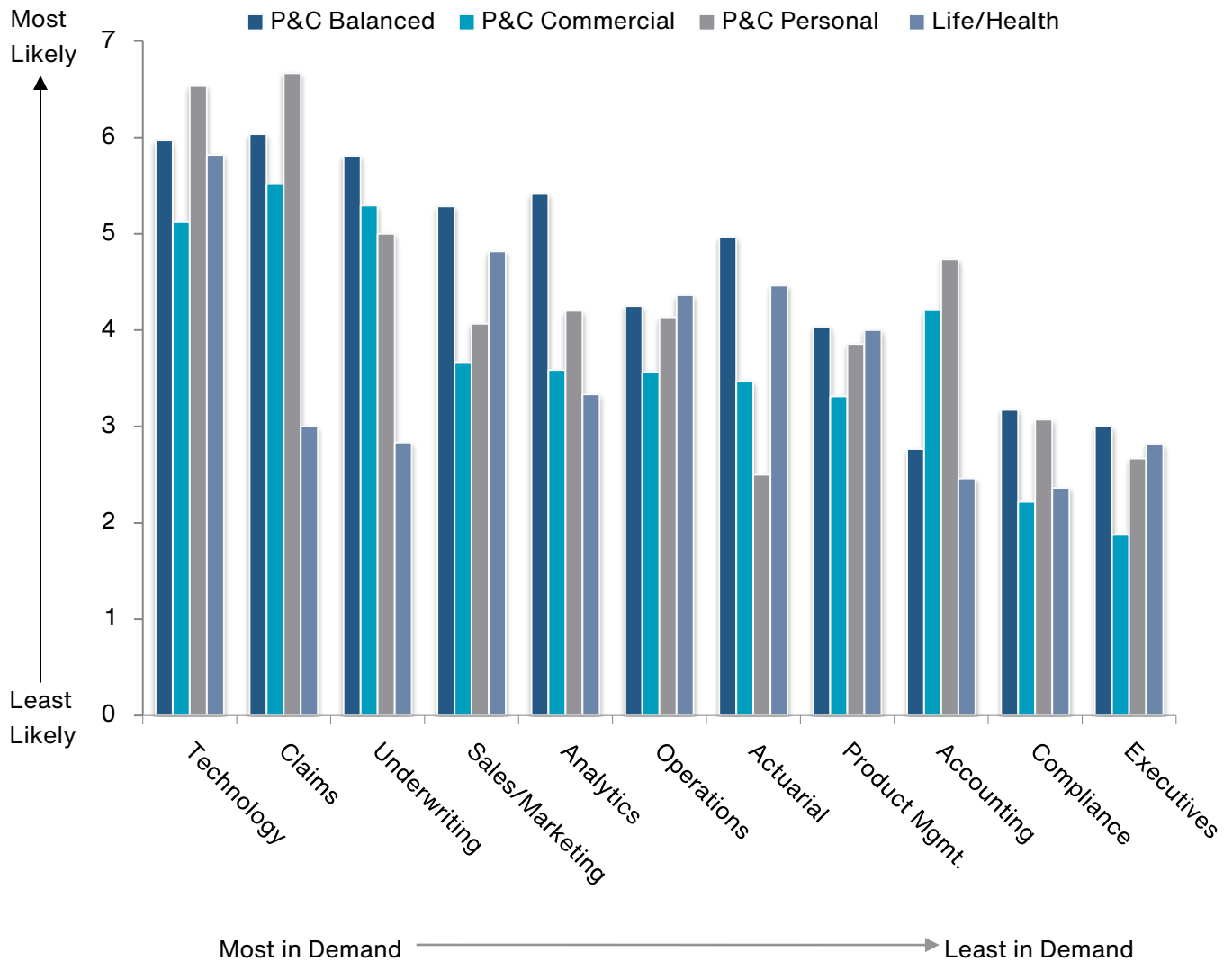
- On a scale of 1 – 10 (10 being most difficult), companies responded that nearly all positions are still moderately difficult to fill
- Positions rated 5 or above are considered moderate or difficult to fill
- Product line has a significant impact on the ease of filling positions
- Compared to 2022, recruiting difficulty has eased in 10 of 11 categories

Ability to Hire Talent Compared to One Year Prior



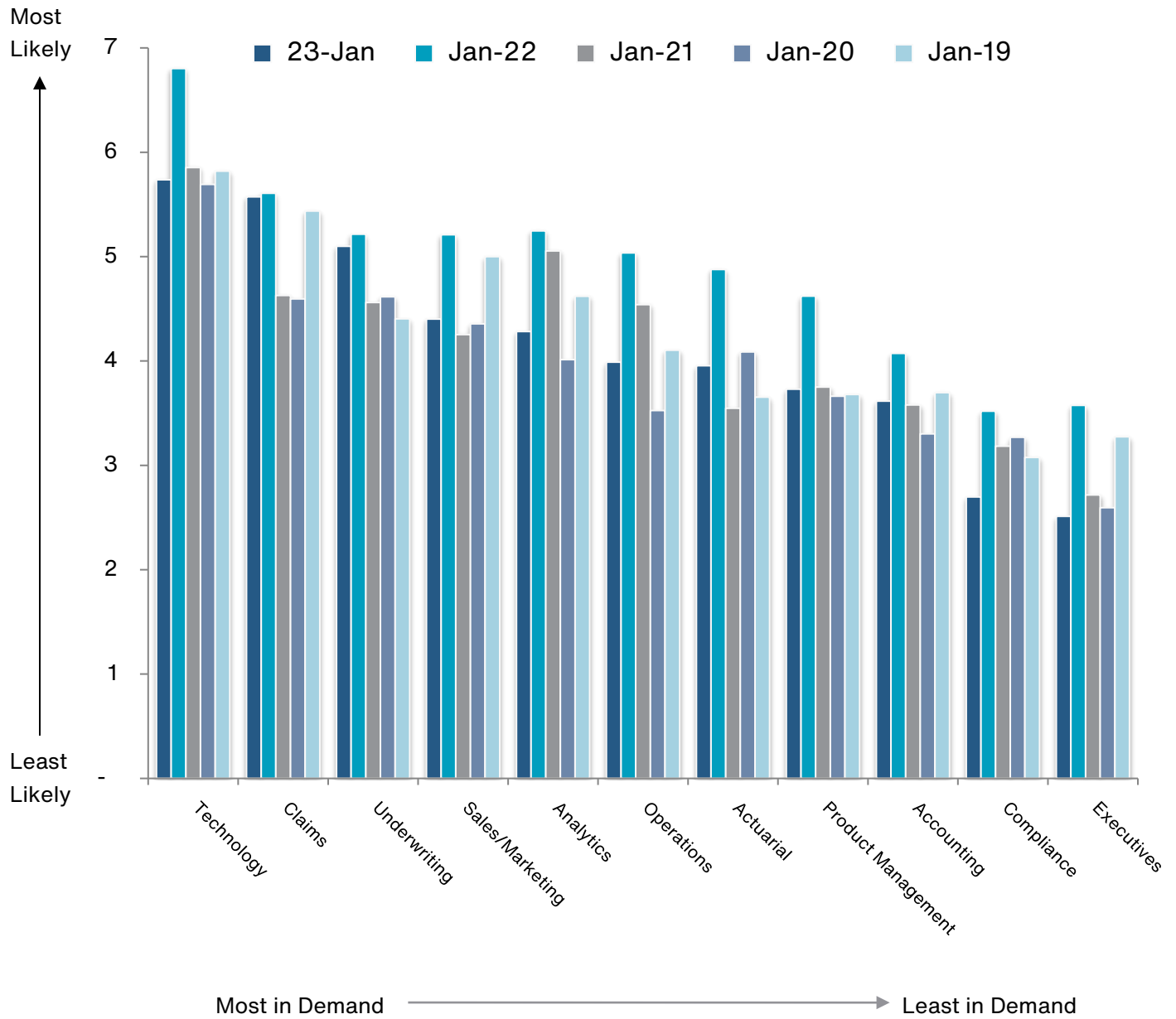
- In total, 25% of companies feel the ability to hire talent has become more difficult compared to the prior year. This is down from 48% in July. 24% feel it became less difficult
- 29% of Life/Health companies feel it has worsened compared to P&C companies at 23%
- Large companies had the most difficulty, with 27% responding that it was more challenging, compared to 21% and 20% for small and medium-sized, respectively

Likelihood of Increasing Staff by Function

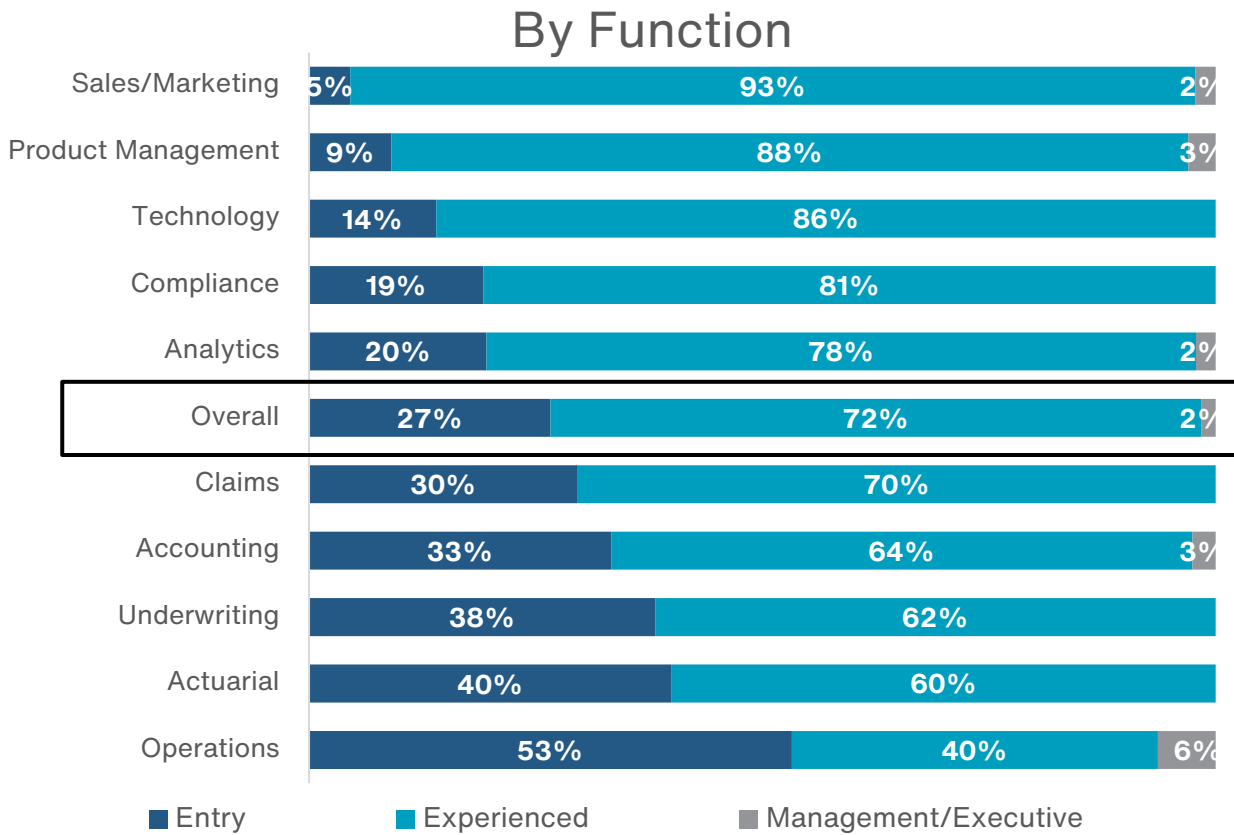


- In total, the industry's greatest need is Technology staff
- Technology is the area most likely to increase staff for large companies, followed by Analytics and Underwriting. Medium-sized companies are looking towards Technology then Underwriting in the next 12 months. Small companies have the greatest need in Claims, followed by Technology
- Technology, Sales/Marketing, and Actuarial are the most likely areas for hiring in the Life/Health segment

Likelihood of Increasing Staff by Function by Survey Period

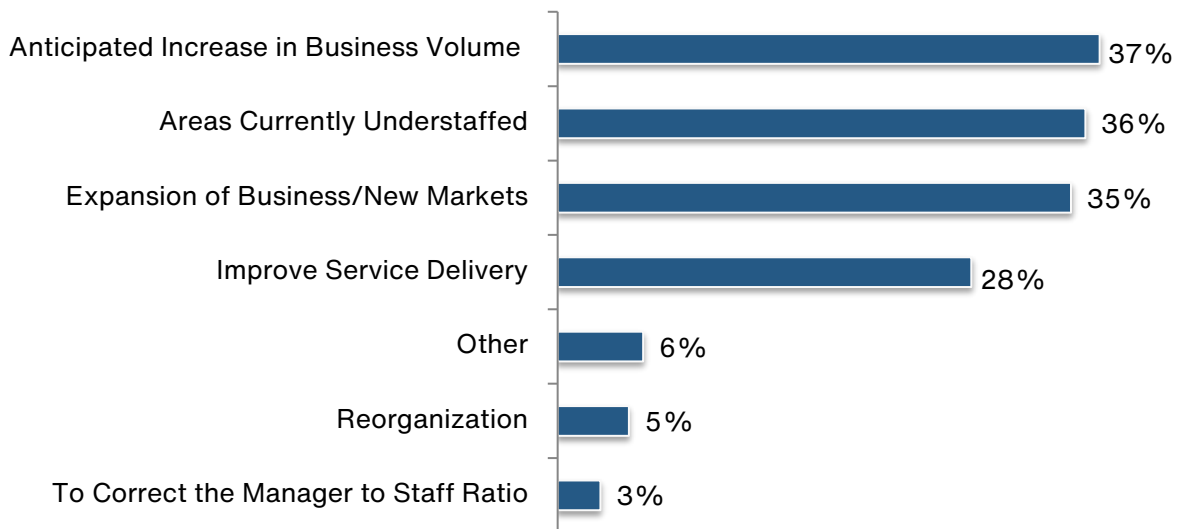


Employee Types Most Likely to be Added

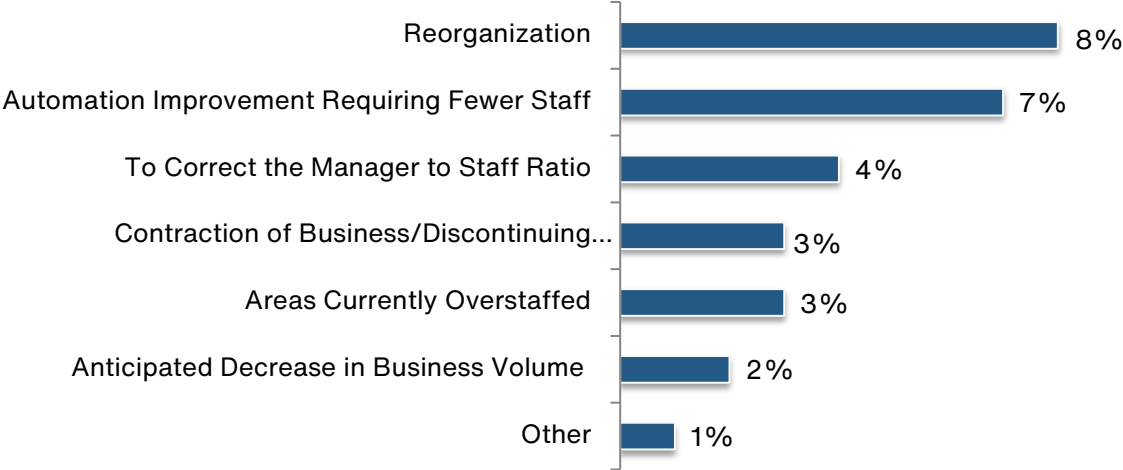


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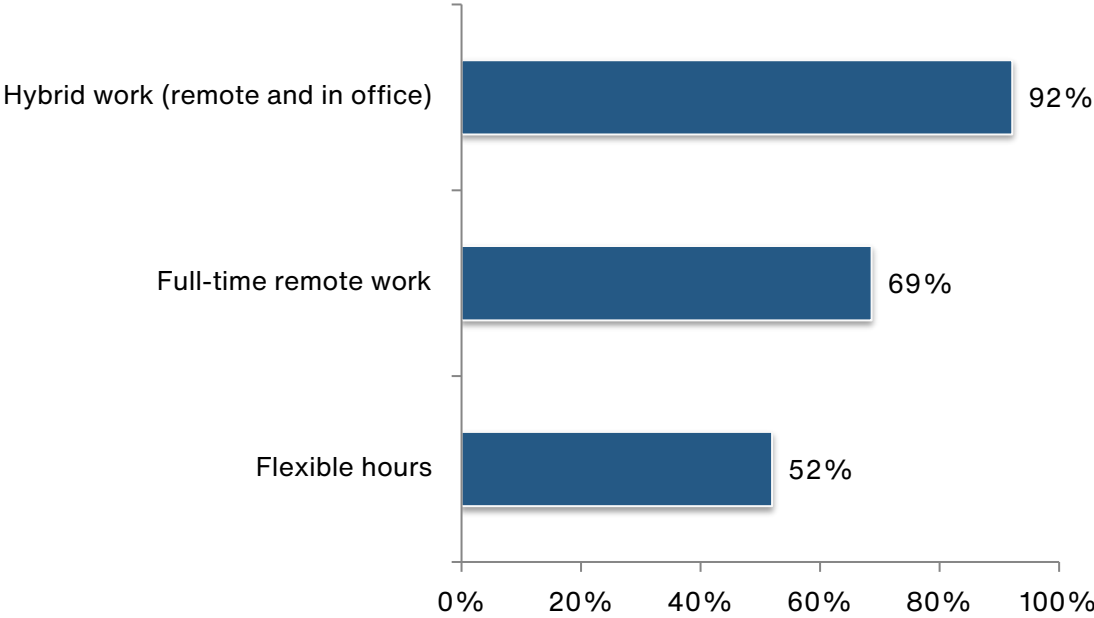
Reason to Increase Staff During Next 12 Months



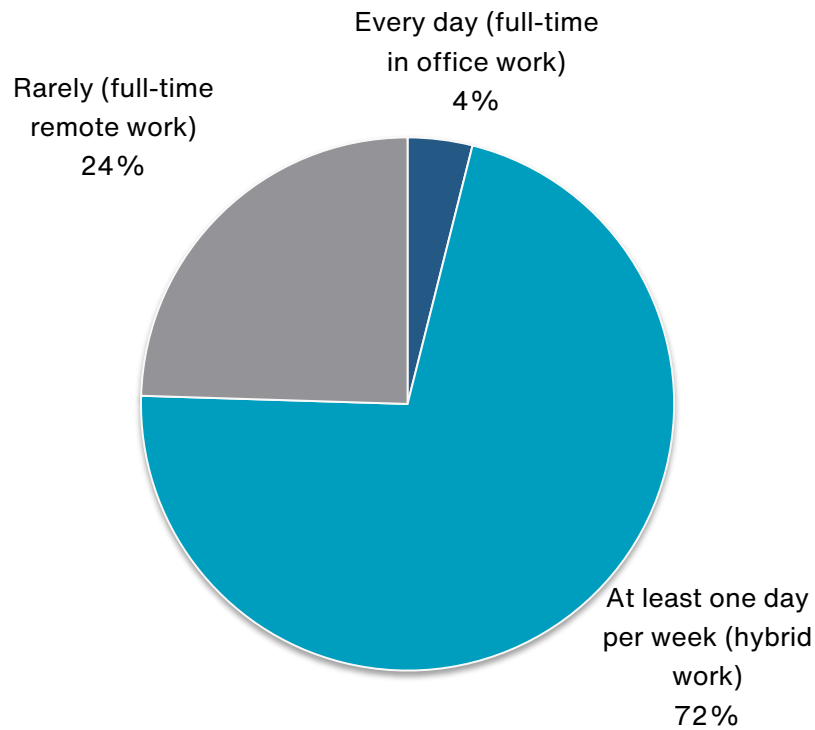
Reason to Decrease Staff During Next 12 Months



Current Flexible Work Options Offered to Employees



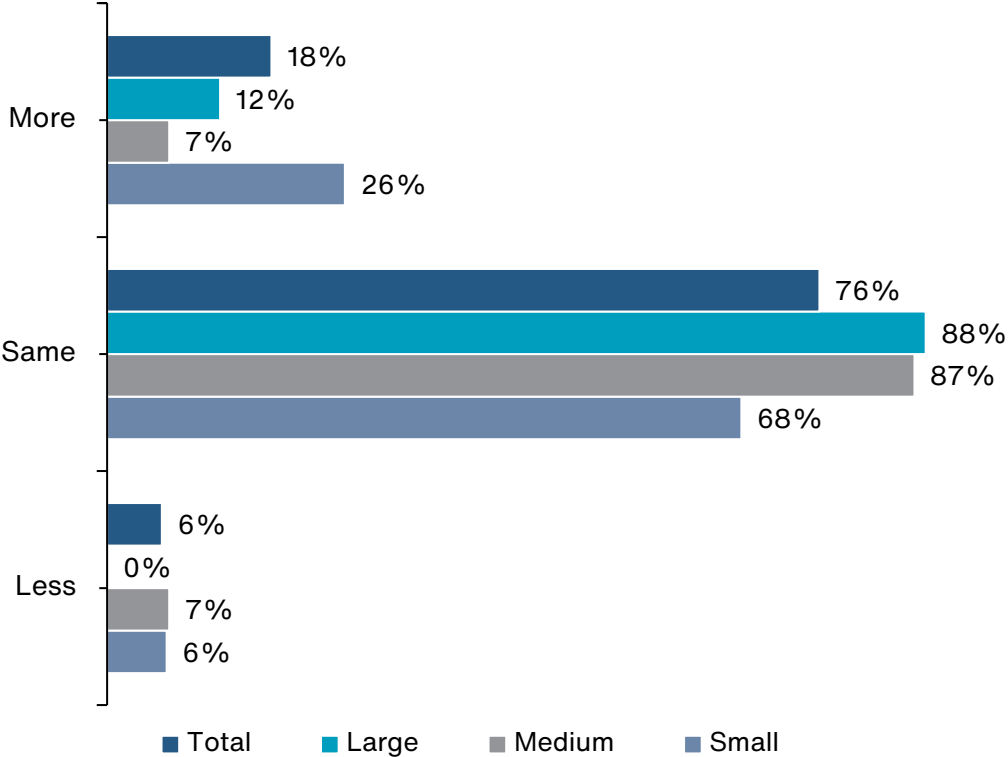
Expected In-Office Work for Majority of Employees – During Next 6 Months



**Percentages in chart rounded to nearest whole number*

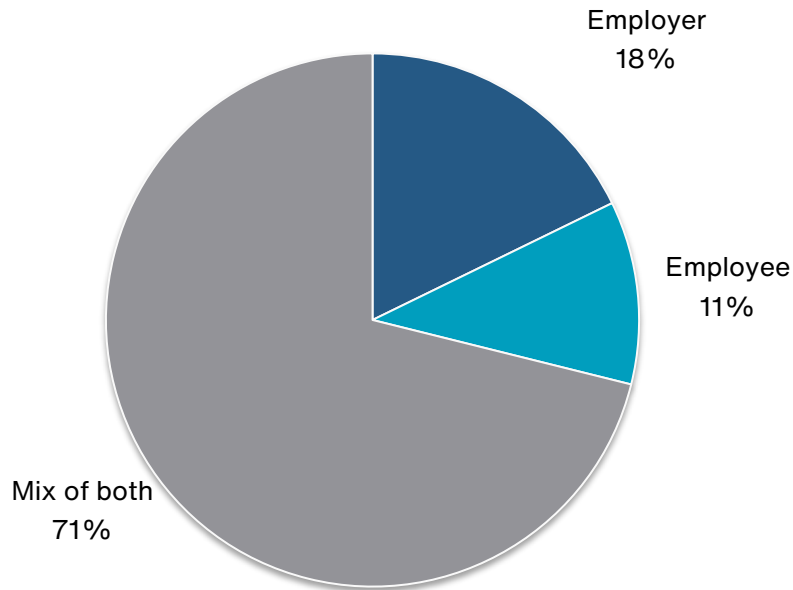
- 93% of Life/Health companies and 68% of P&C companies expect employees to come into the office at least 1 day a week
- Personal Lines companies are most likely to offer full-time remote work at 40% compared to Commercial and Balanced Lines at 30% and 19%, respectively
- Expectations of a hybrid staffing model are highest for large companies (82%) followed by medium-sized (80%) and small (62%)
- The only respondents expecting employees in-office every day are from small companies (9%). This segment is also more likely to offer full-time remote work (30%), compared to large (20%) and medium-sized companies (18%)

Expected In-Office Requirements - Mid-Year 2023 Expectations by Employee Size



- In 6 months, 76% of companies plan to make no changes to in-office requirements. 18% anticipate requiring employees to come in more
- 26% of small companies expect employees to be required in the office more in 6 months, compared to large and medium-sized companies at 12% and 7%, respectively
- Life/Health companies expect employees to be required in the office more in 6 months (21%), compared to P&C companies (17%)
- Within P&C, Personal Lines companies are most likely to required employees in the office more, at 33% compared to 14% for both Commercial and Balanced Lines companies

Hybrid Strategy - Who determines required days in office?



**Percentages in chart rounded to nearest whole number*

- For those companies offering a hybrid work option to employees, 71% use a mix of both employer and employee input to determine days required in office
- 23% of small companies have the employer set the days, compared to medium-sized and large at 15% and 13%, respectively
- While 13% of P&C companies allow employees to determine their days in office, no Life/Health company reported this as an option

Contact Information

Jeff Rieder

Partner, Head of Ward Benchmarking

Aon

+1.513-746-2400

jeffrey.rieder@aon.com

Greg Jacobson

CEO

The Jacobson Group

+1.312-884-0407

gjacobson@jacobsononline.com

About Ward

Ward is the leading provider of benchmarking and best practices studies for the industry. We analyze staff levels, compensation, business practices and expenses for all areas of company operations and help insurers to measure results compared to peer groups, optimize performance and improve profitability. Since 1991, we have performed more than 3,000 operational and compensation benchmarking exercises for companies of all sizes.

Ward is part of Aon plc (NYSE: AON). For more information, please visit ward.aon.com.

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