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## Insurance Industry Labor Market Study

February 9, 2023

# About Ward

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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](http://ward.aon.com).

# About The Jacobson Group

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The Jacobson Group is the leading provider of talent to the insurance industry. For more than 50 years, Jacobson has been connecting insurance organizations with professionals at all levels across all industry verticals. Jacobson provides insurance talent solutions to support virtually any human capital need.

We offer executive search and an array of staffing services including professional recruiting, temporary staffing and interim experts.

For more information about Jacobson's talent solutions, please visit [jacobsononline.com](http://jacobsononline.com).

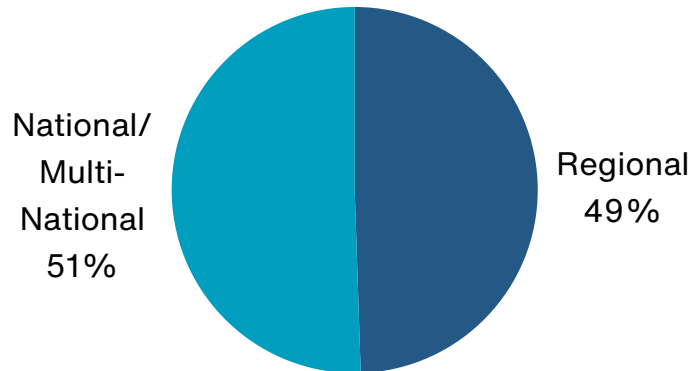
# Study Objectives

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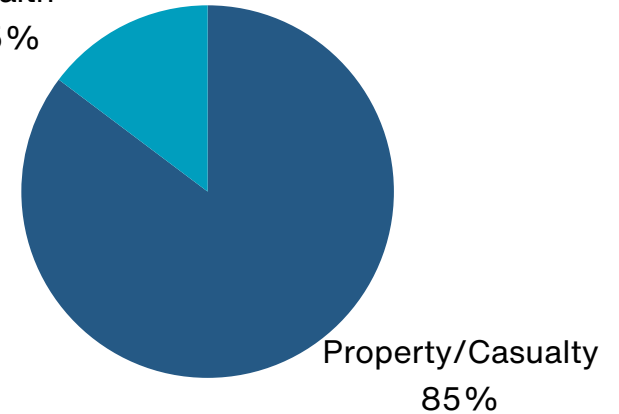
- Analyze current labor trends and future staffing expectations
- Provide an overview of staffing challenges by discipline
- Provide commentary on the industry's labor market

# Participant Profile

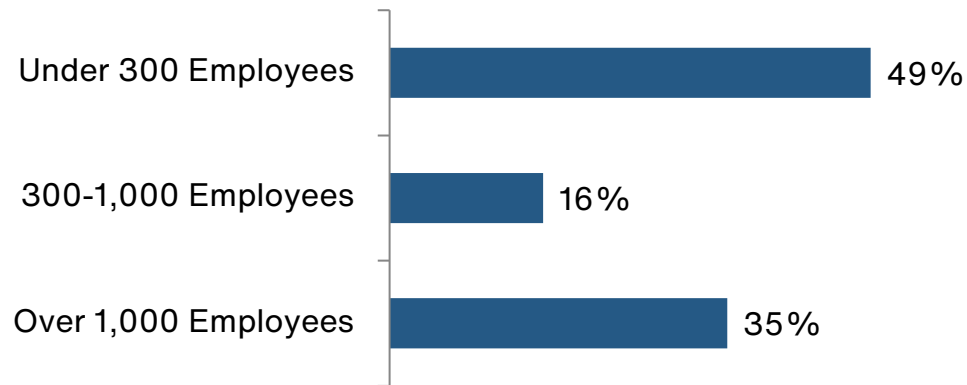
## Business Profile



Life/  
Health  
15%



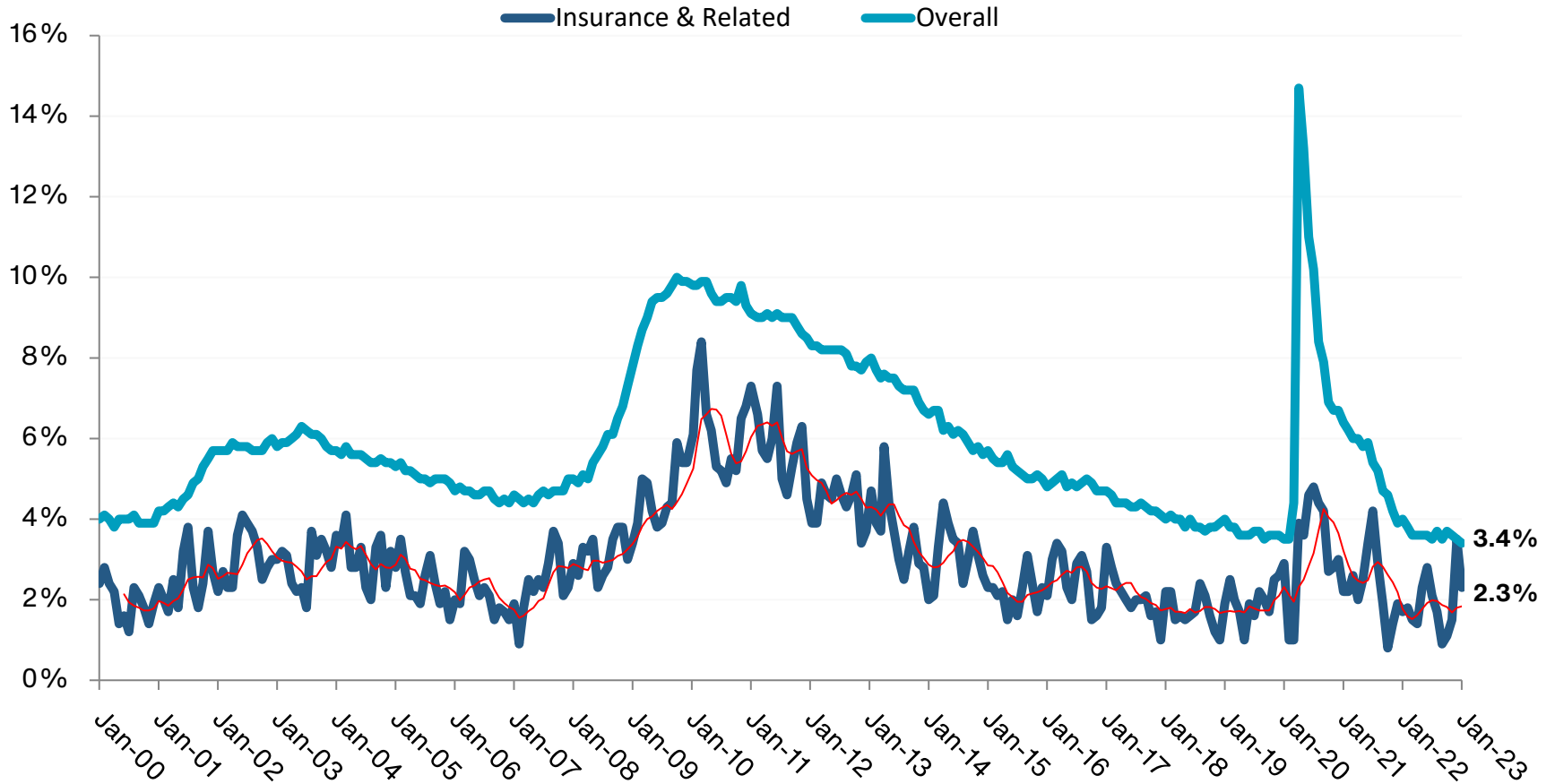
## Company Size



The total average number of employees is 2,782

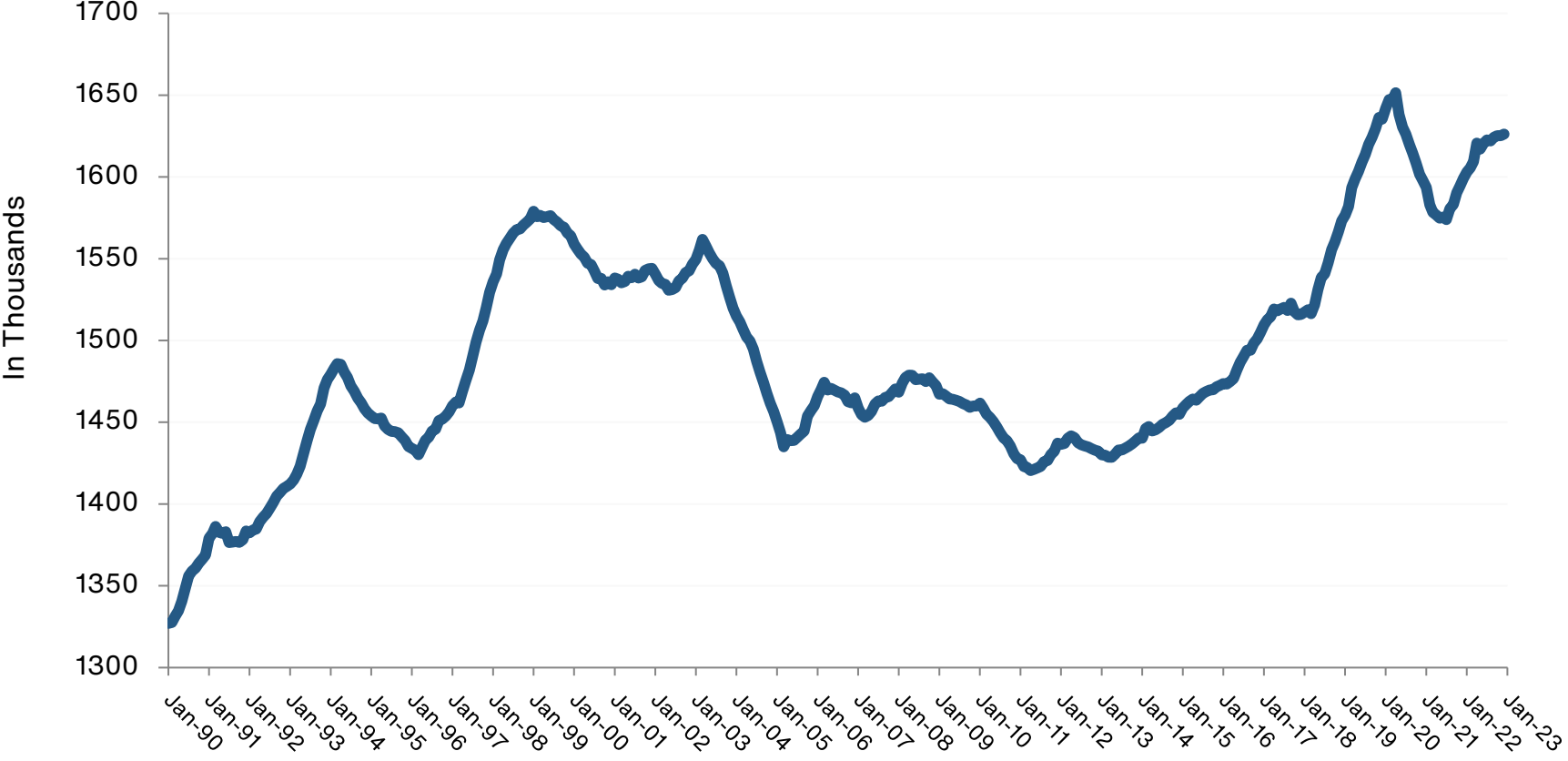
\*Percentages in chart rounded to nearest whole number

# Unemployment Rates



Source: U.S. Bureau of Labor Statistics

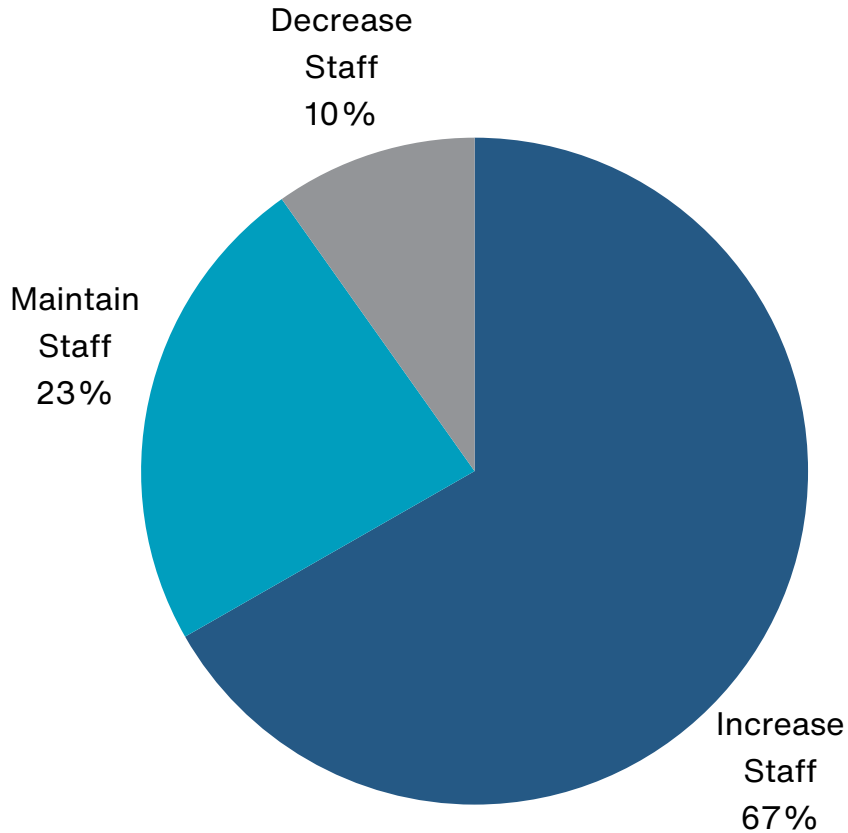
# Insurance Carrier Employment



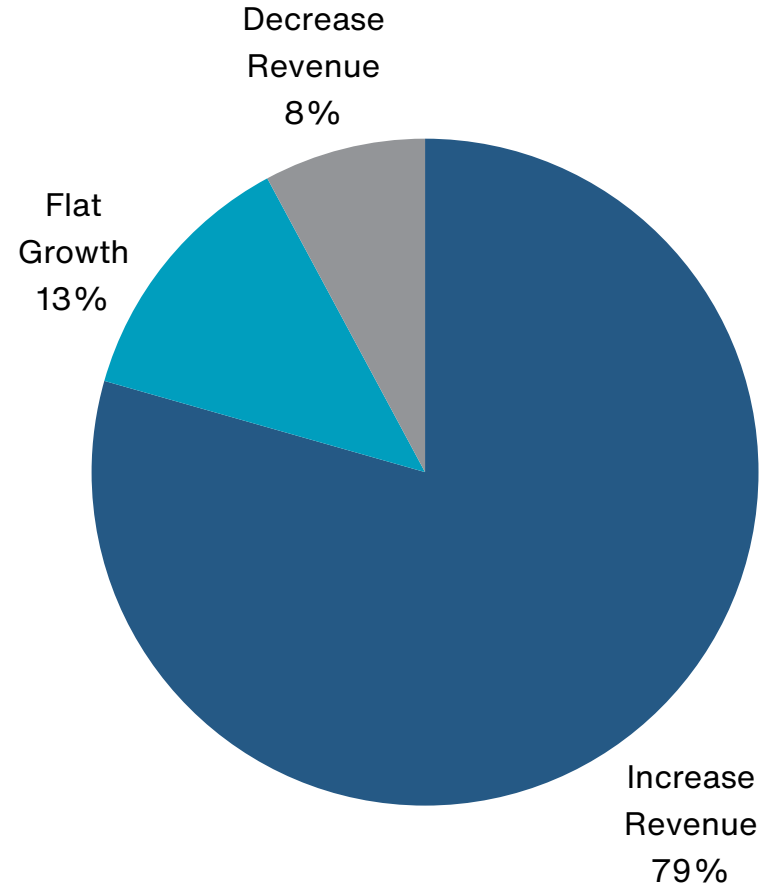
Source: U.S. Bureau of Labor Statistics

# Revenue and Staffing Expectations

## 12-Month Staffing Plan



## 12-Month Revenue Plan

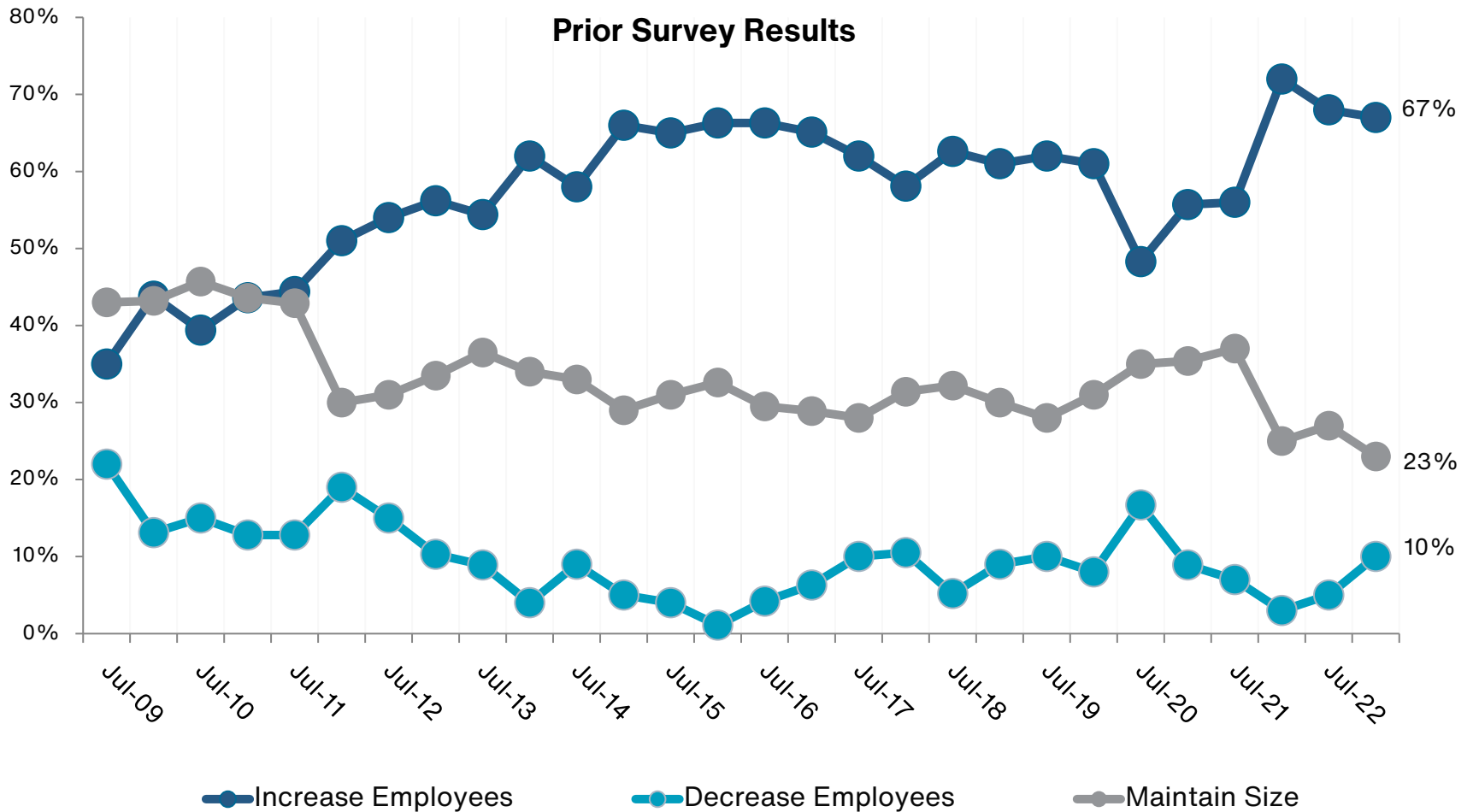


\*Percentages in chart rounded to nearest whole number



# 12-Month Staffing Plans

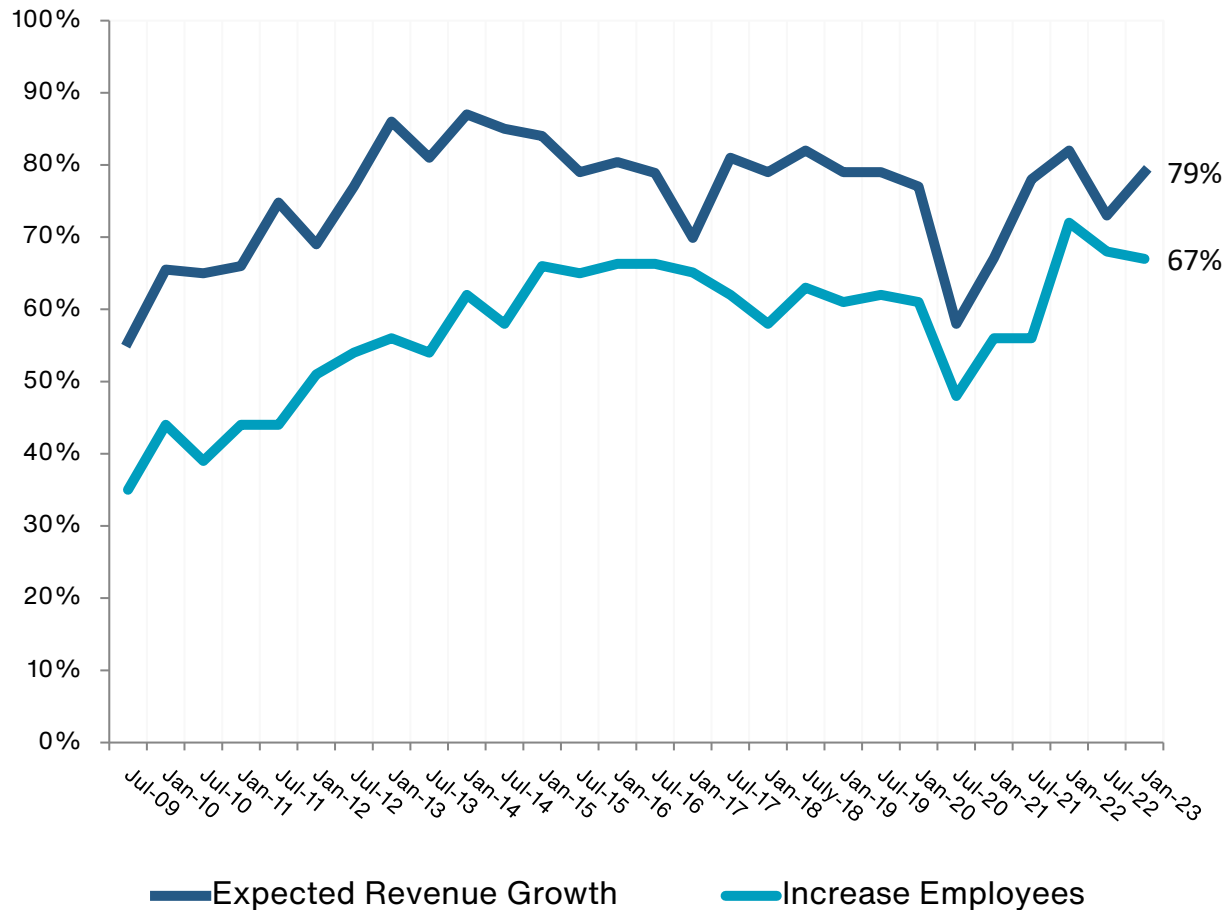
July 2009 – January 2023



\*Percentages in chart rounded to nearest whole number

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

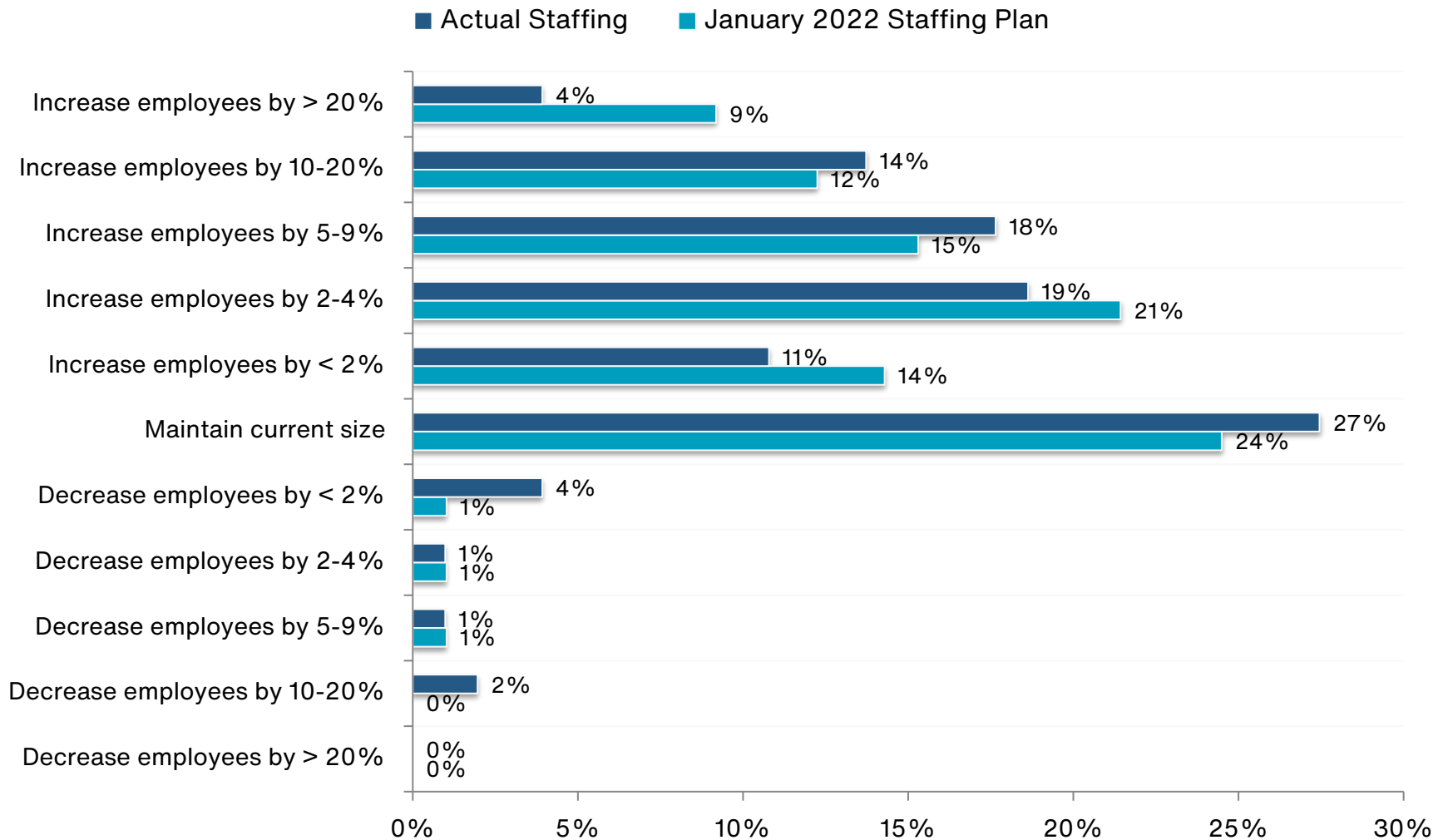
July 2009 – January 2023



- 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

\*Percentages in chart rounded to nearest whole number

# Prior Year 12-Month Plan vs. Actual Staffing



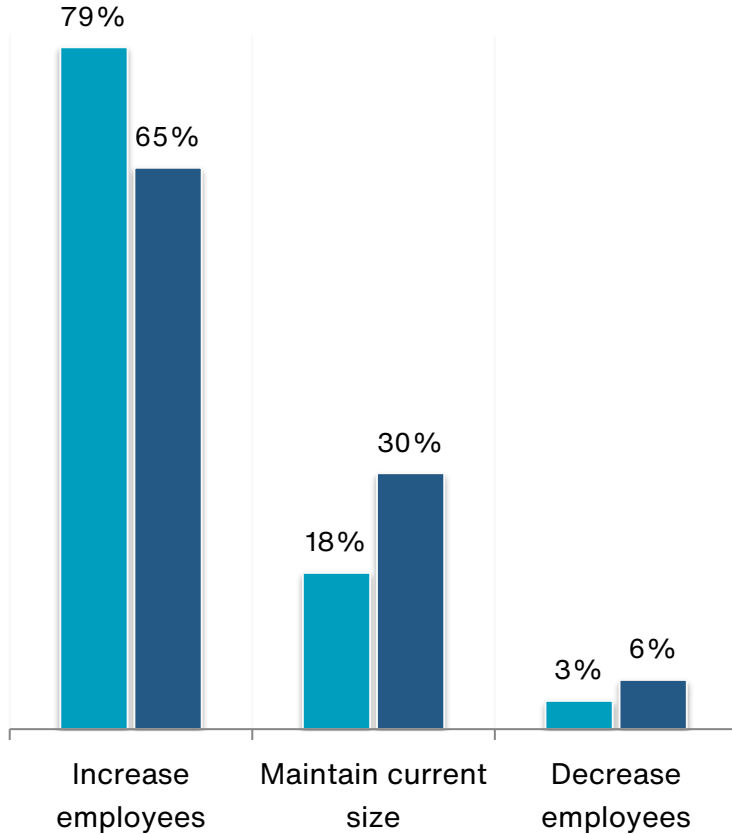
65% of companies added staff since January 2022, while 8% reduced staff

\*Percentages in chart rounded to nearest whole number

# Prior Year 12-Month Plan vs. Actual Staffing

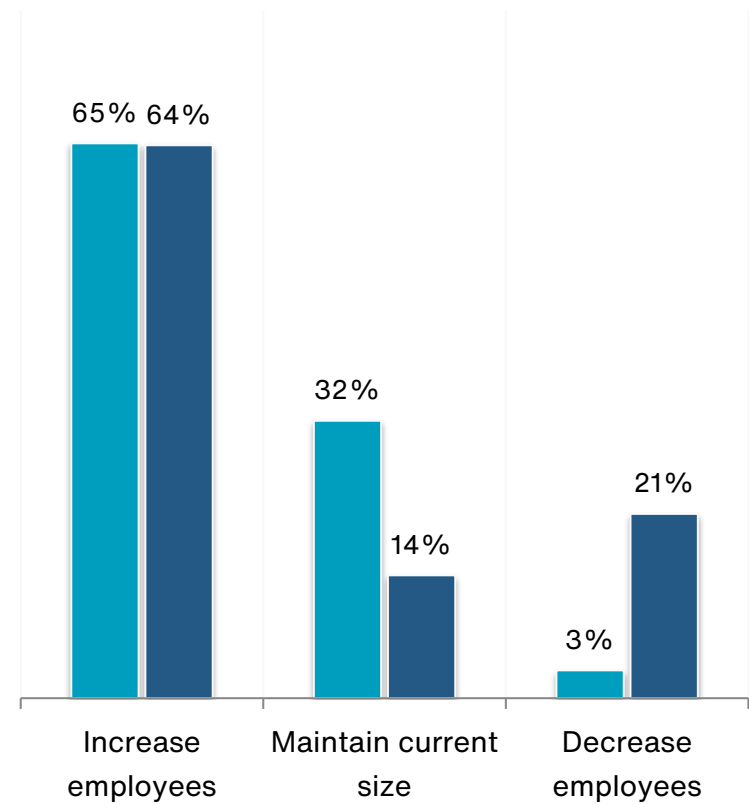
## Property/Casualty

■ January 2022 Staffing Plan ■ Actual Staffing



## Life/Health

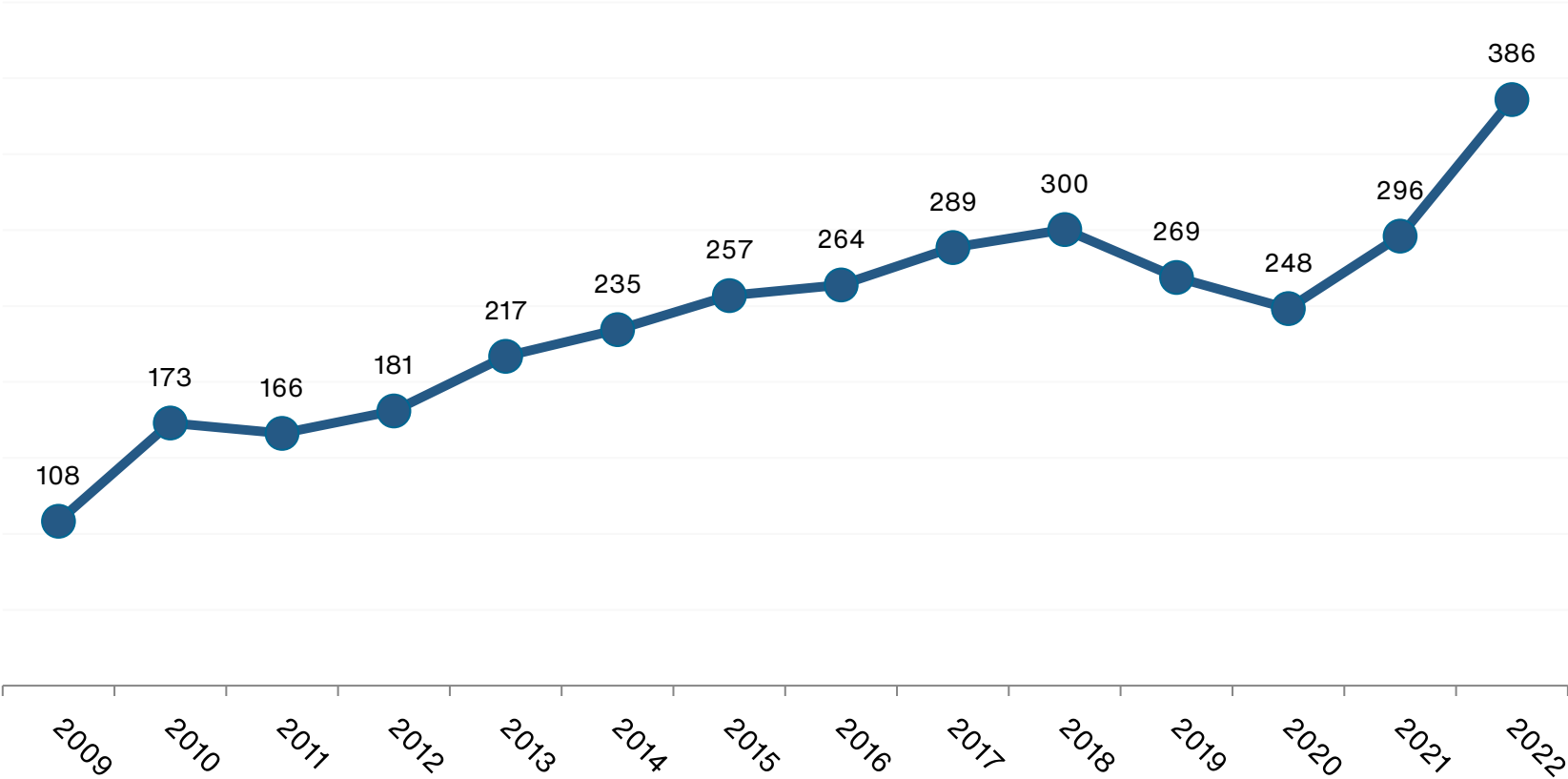
■ January 2022 Staffing Plan ■ Actual Staffing



\*Percentages in chart rounded to nearest whole number

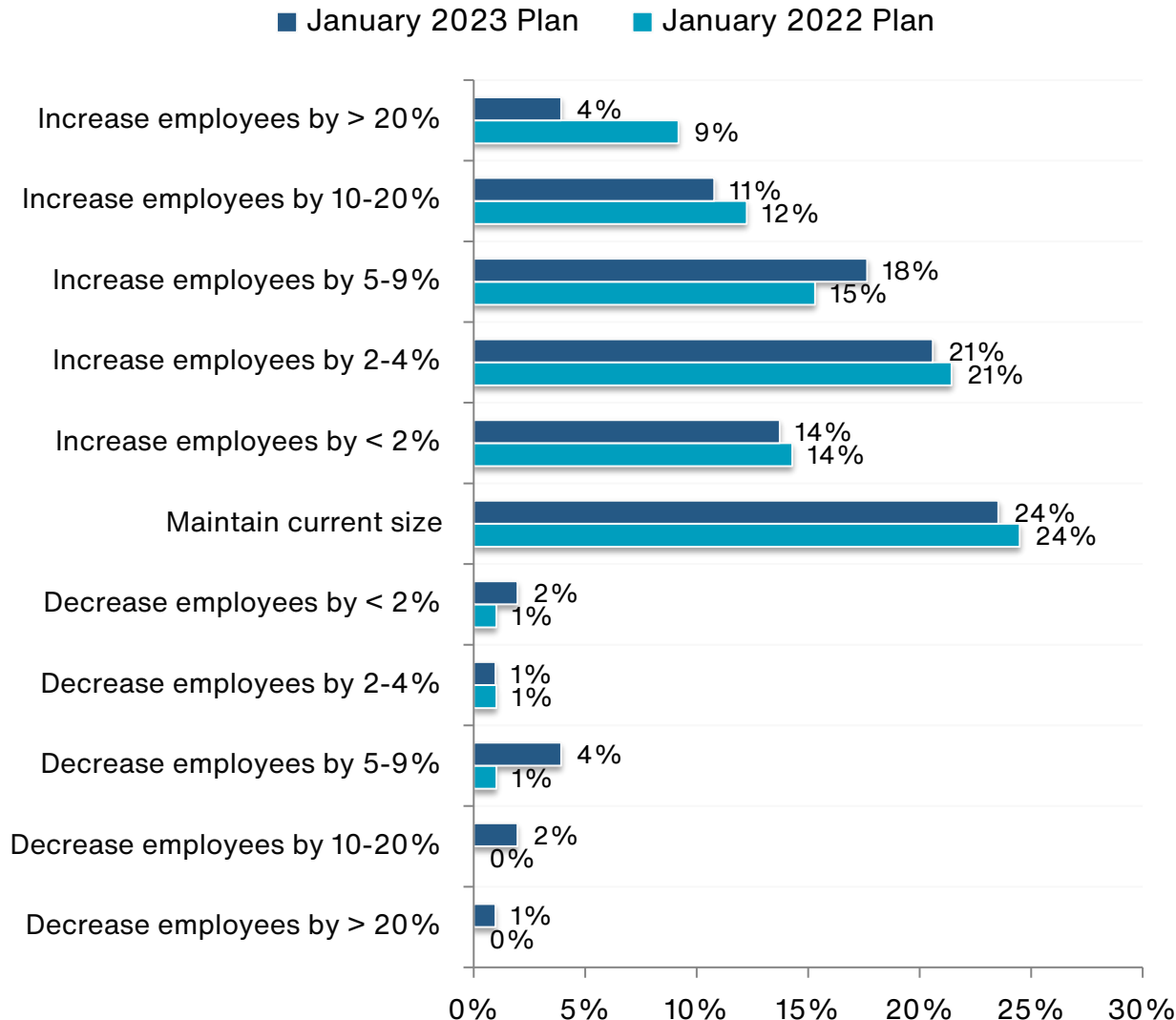
# Job Openings in Finance and Insurance

Annual Averages, In Thousands



Source: U.S. Bureau of Labor Statistics

# 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

\*Percentages in chart rounded to nearest whole number

# 12-Month Staffing Plans

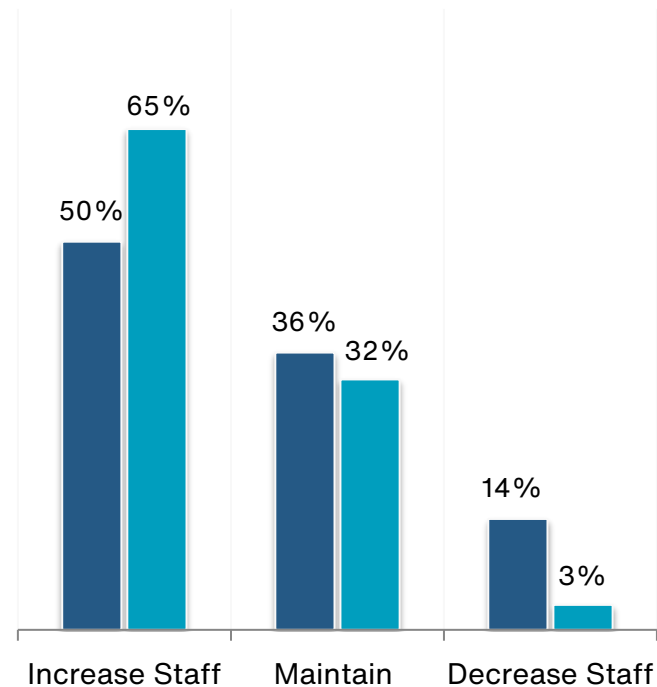
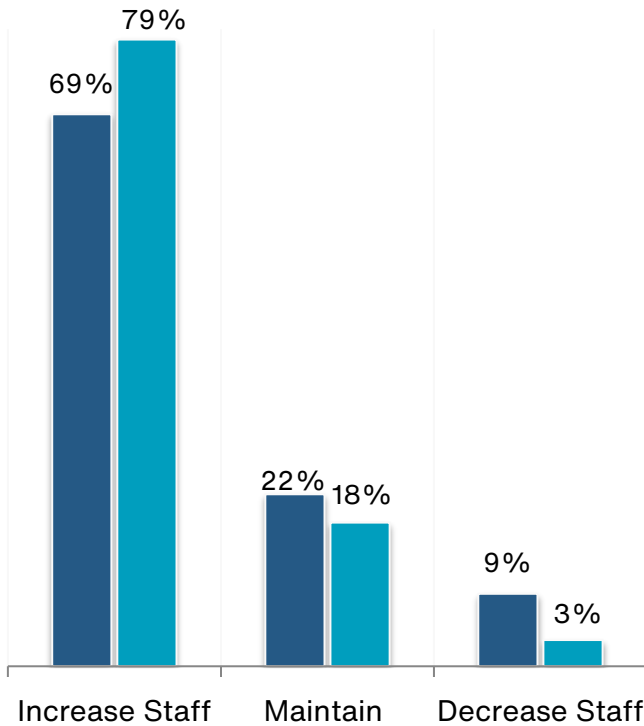
## Comparison to January 2022 by Industry

### Property/Casualty

### Life/Health

■ January 2023 Plan   ■ January 2022 Plan

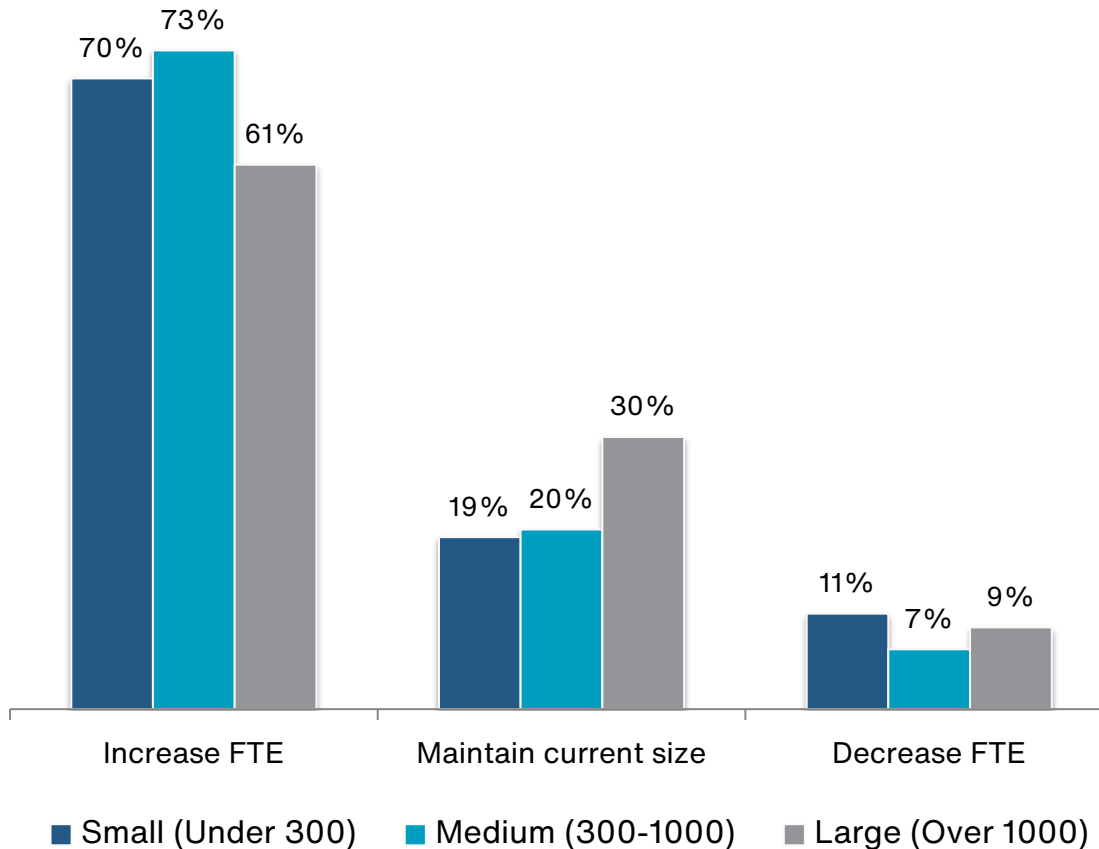
■ January 2023 Plan   ■ January 2022 Plan



\*Percentages in chart rounded to nearest whole number

# 12-Month Staffing Plans

## By Employee Size



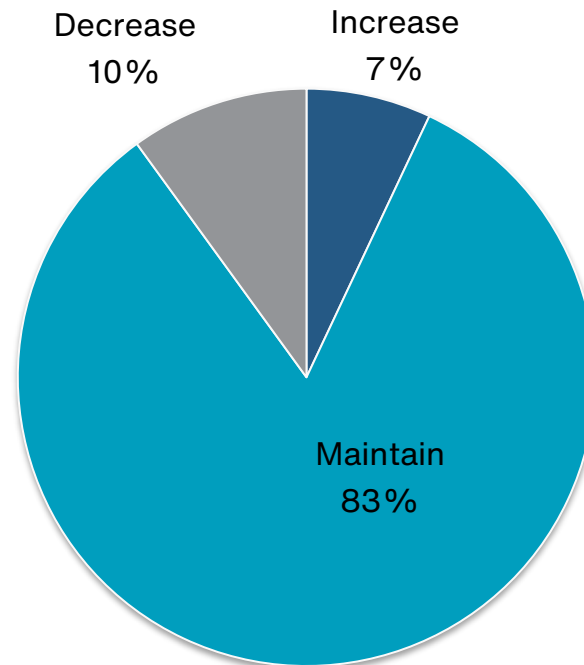
- Since July, overall expectations to add staff decreased 1 point to 67%. Small companies are expecting an increase of 70% compared to 61% in July. Medium-sized companies decreased their 12-month expectations from 80% in July to 73% in January while large companies decreased from 72% to 61%
- 45% of 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

\*Percentages in chart rounded to nearest whole number



# Temporary Employees

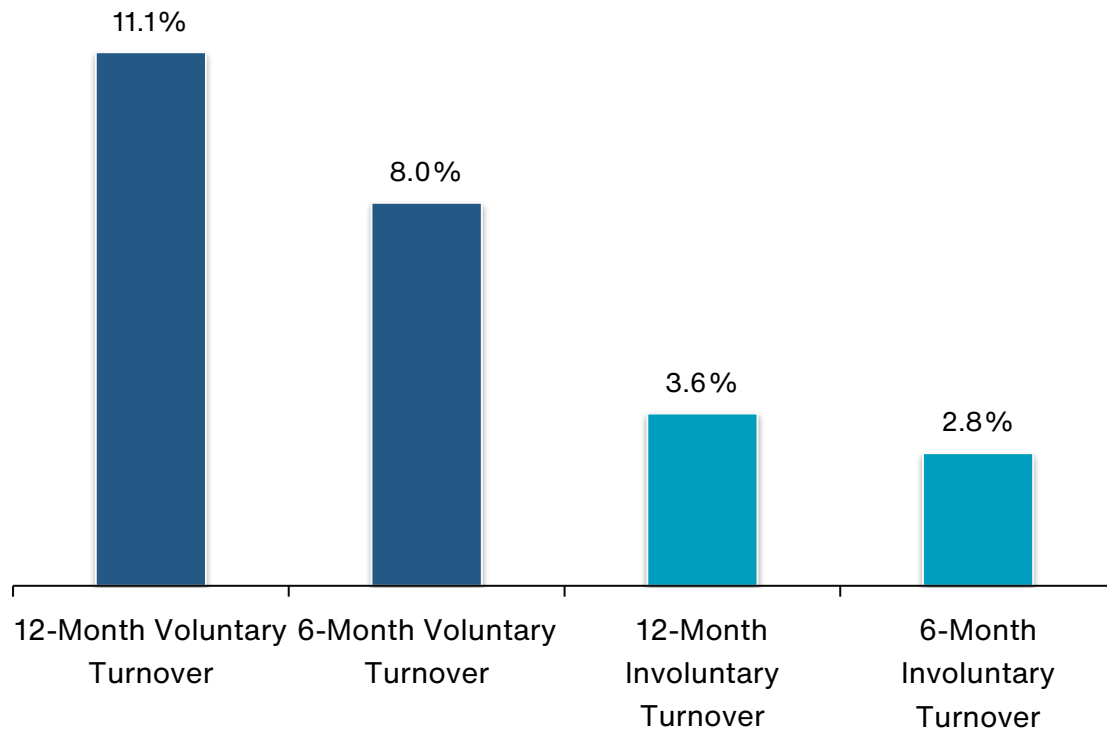
## Use of Temporary Employees During Next 12 Months



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



- 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`

\*Results include only those companies which provided turnover percentages

# Notable Survey Trends

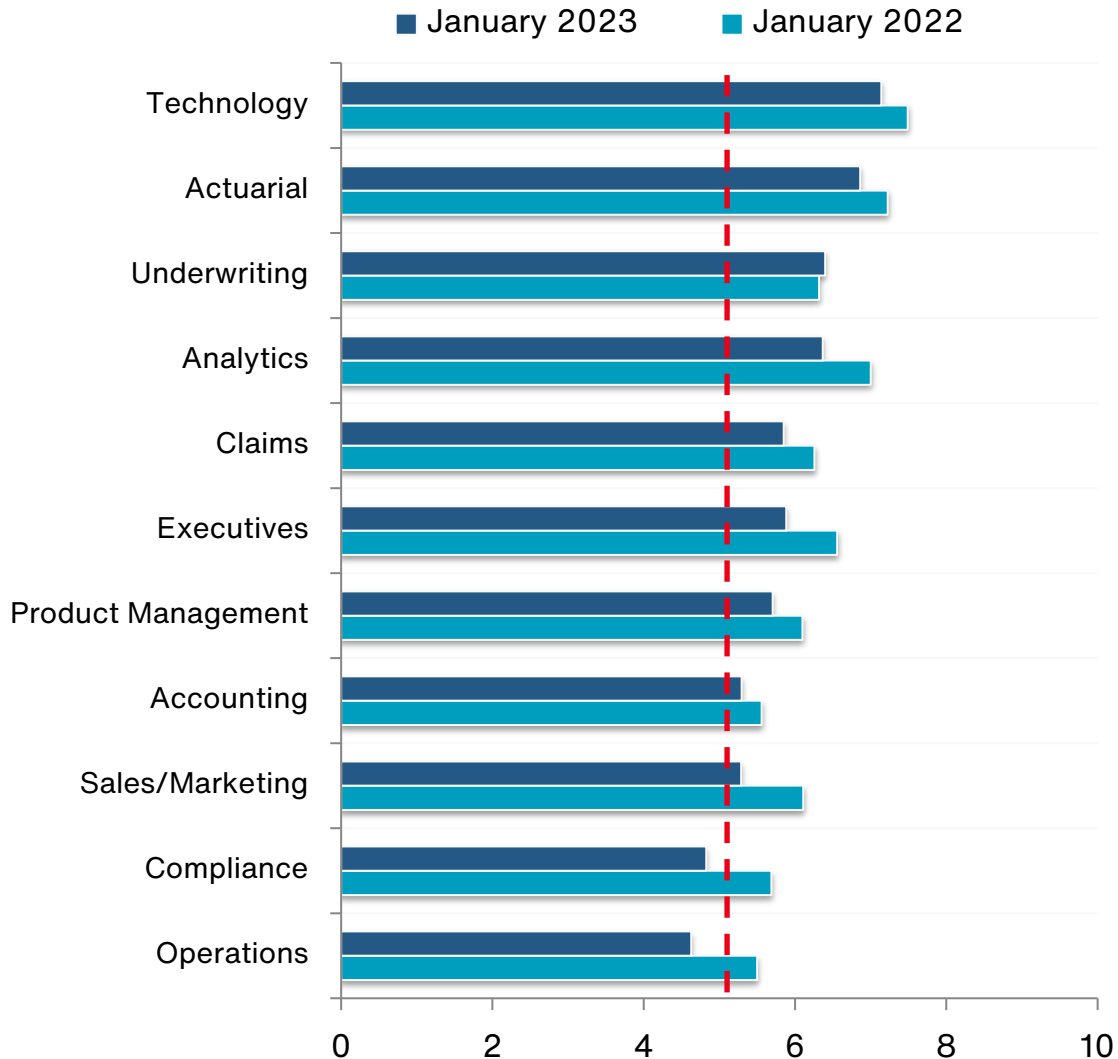
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## January 2022 to January 2023

- 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

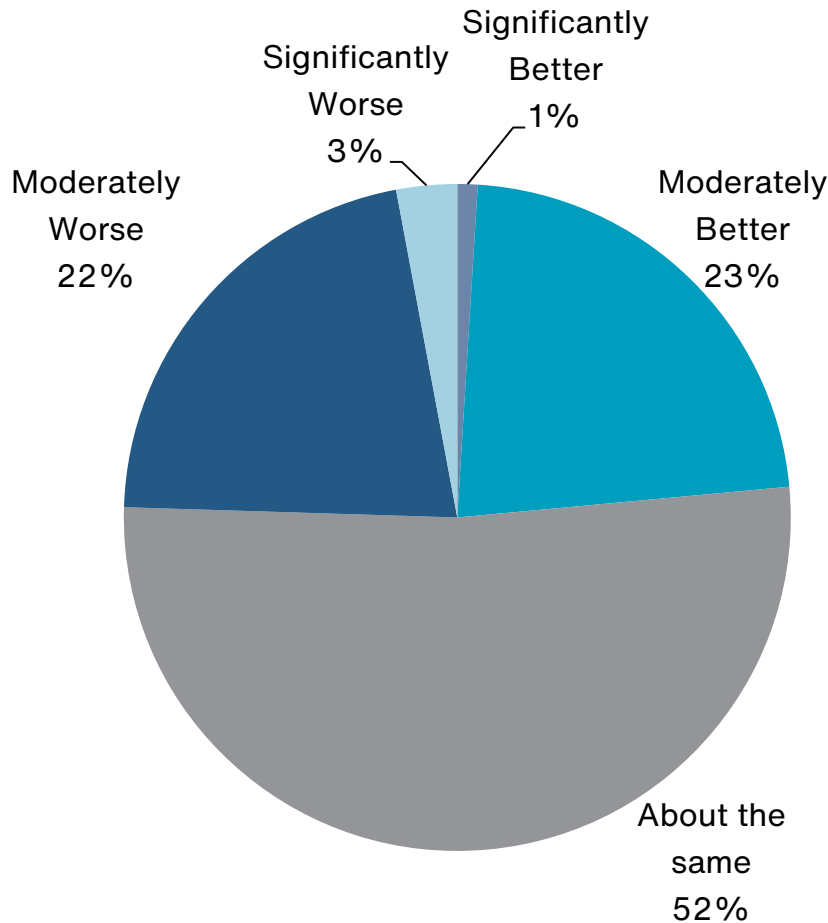
Note: Data compares responses from the 2022 and 2023 labor studies. Outliers have been excluded from calculations

# 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

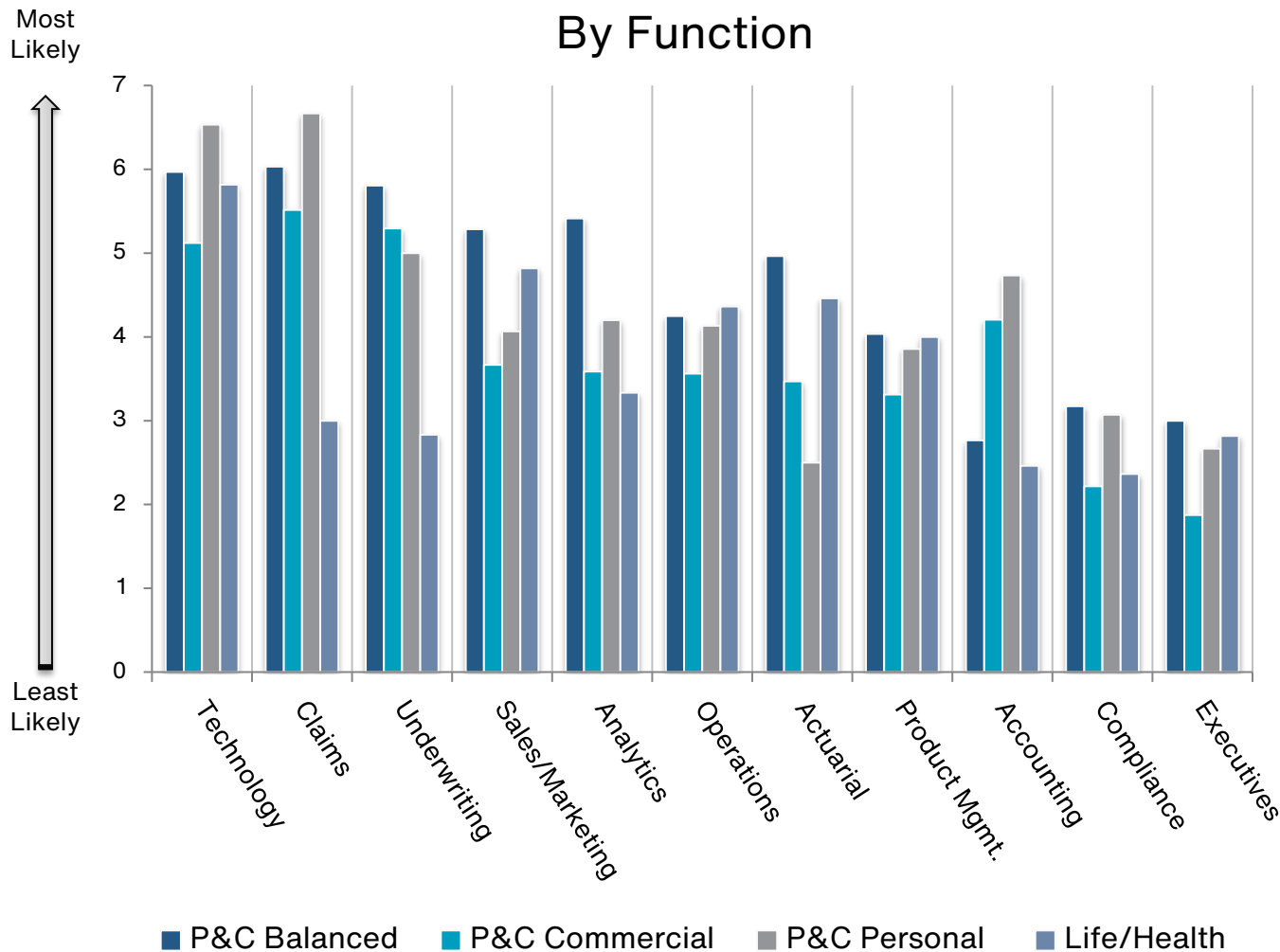
# Ability to Hire Talent Compared to One Year Prior



- 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

\*Percentages in chart rounded to nearest whole number

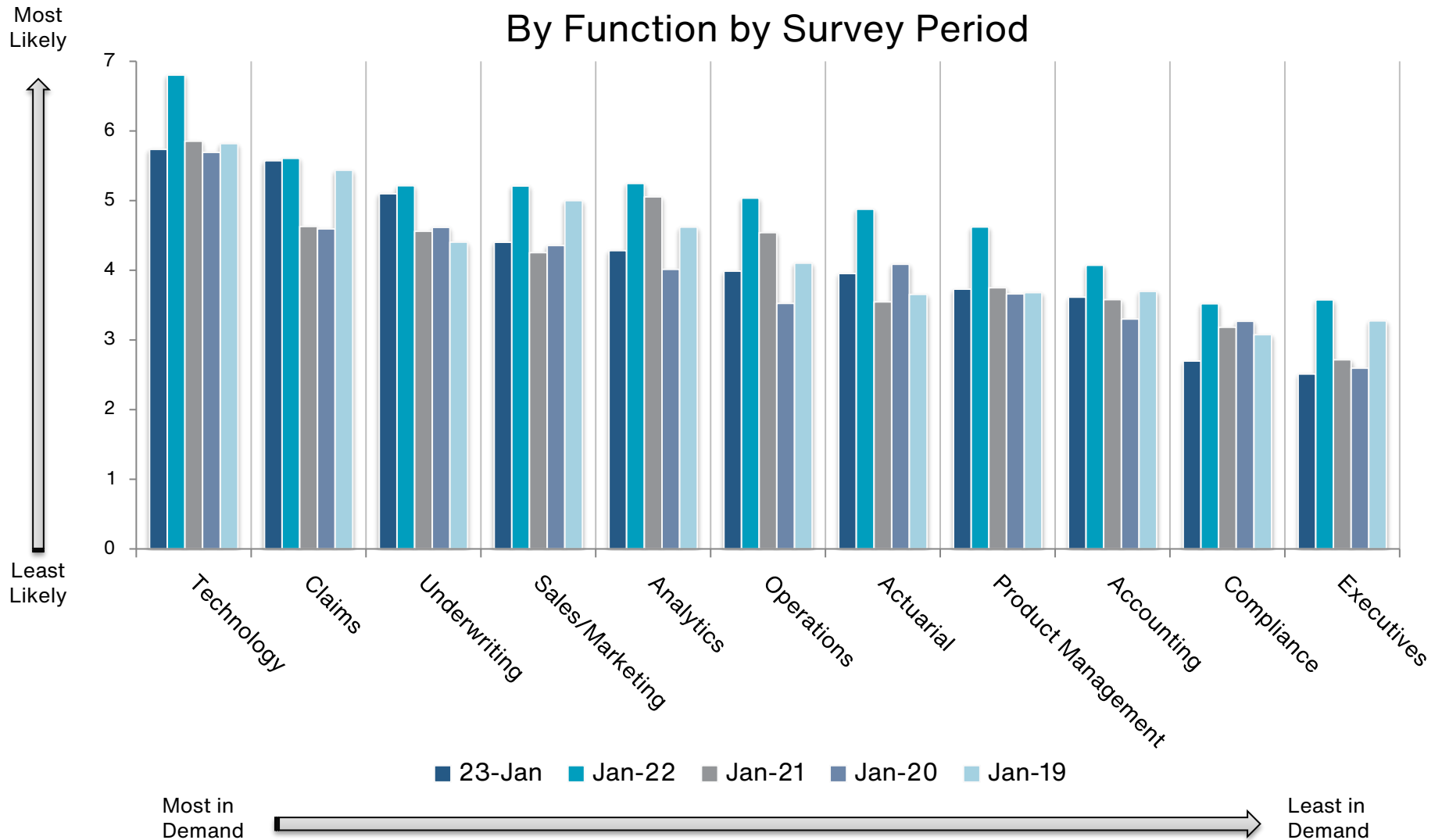
# Likelihood of Increasing Staff



- 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

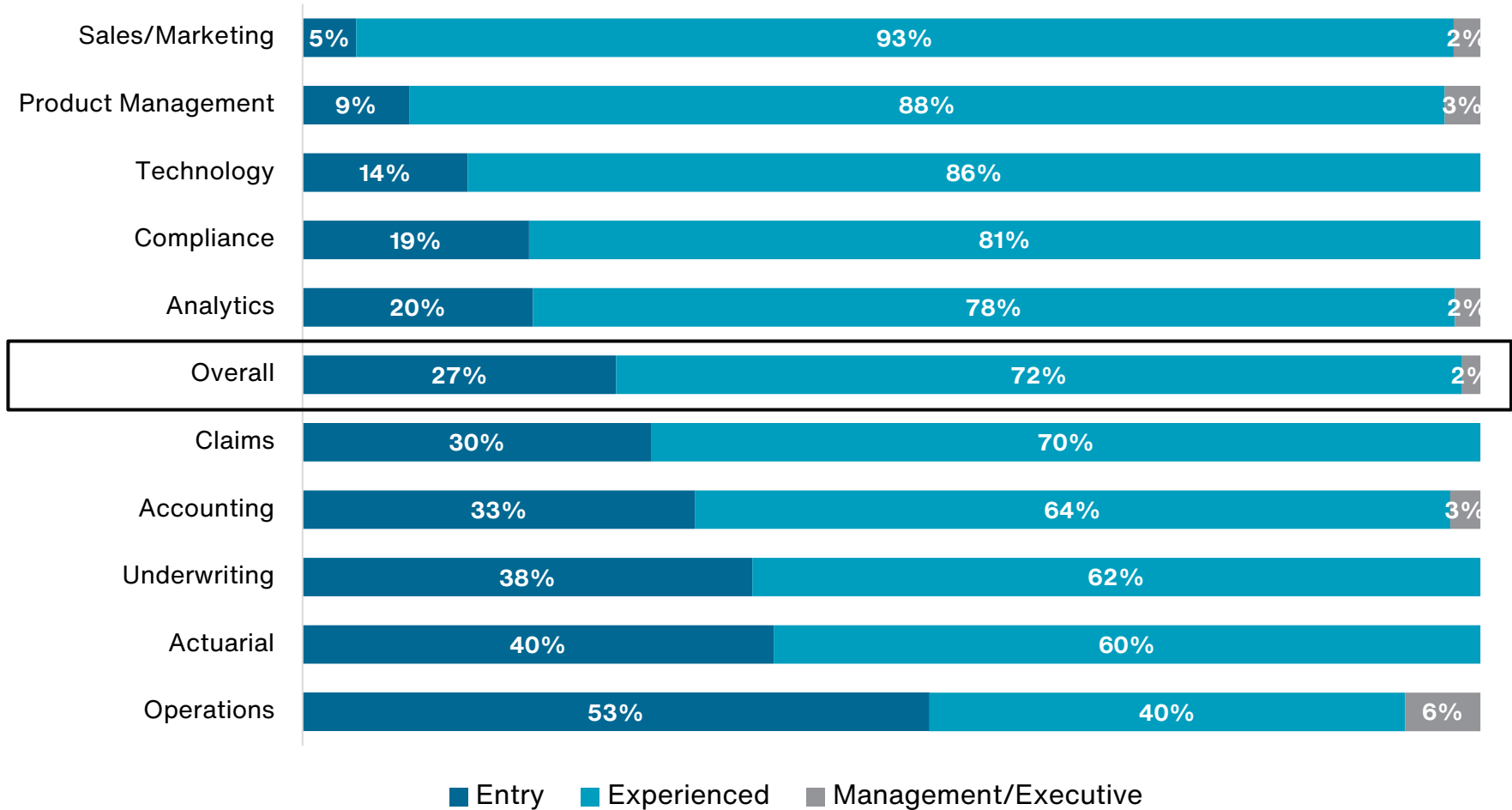
Most in Demand ←————→ Least in Demand

# Likelihood of Increasing Staff



# Employee Types Most Likely to Be Added

## By Function

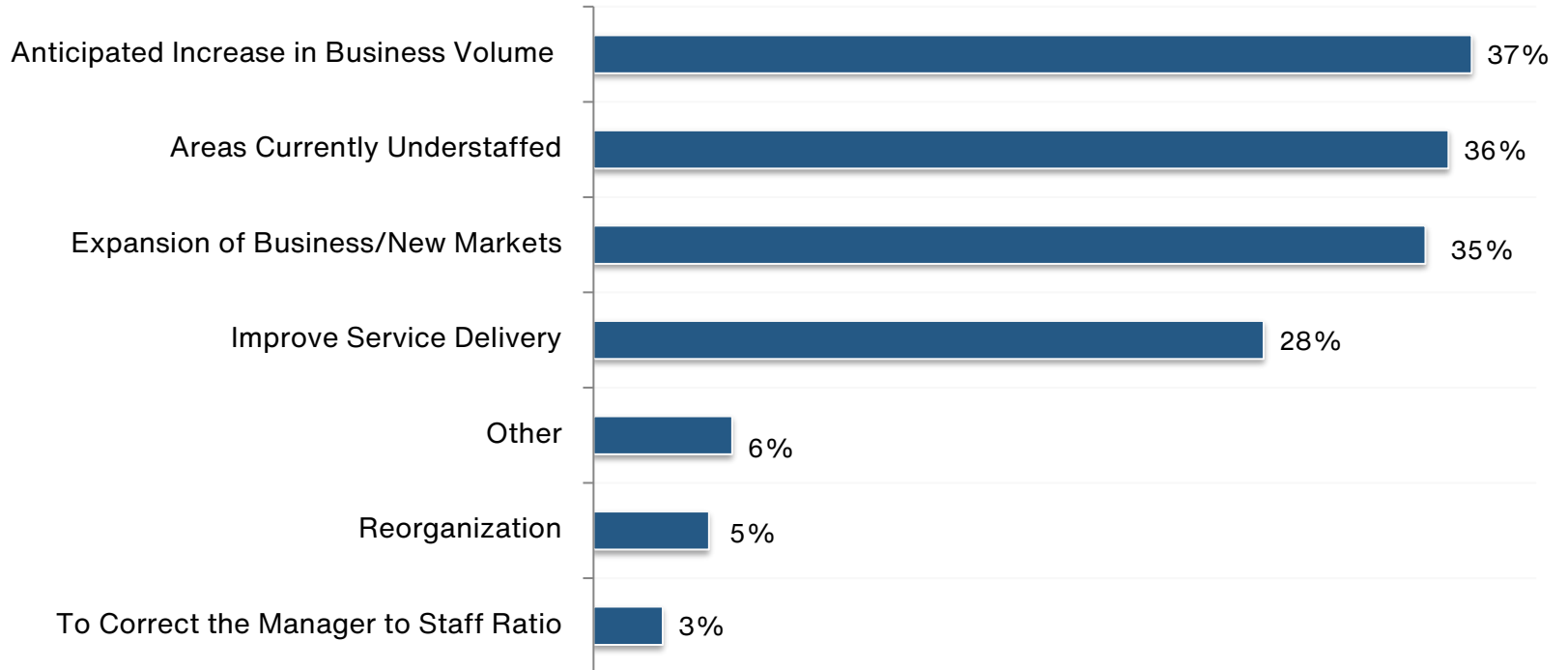


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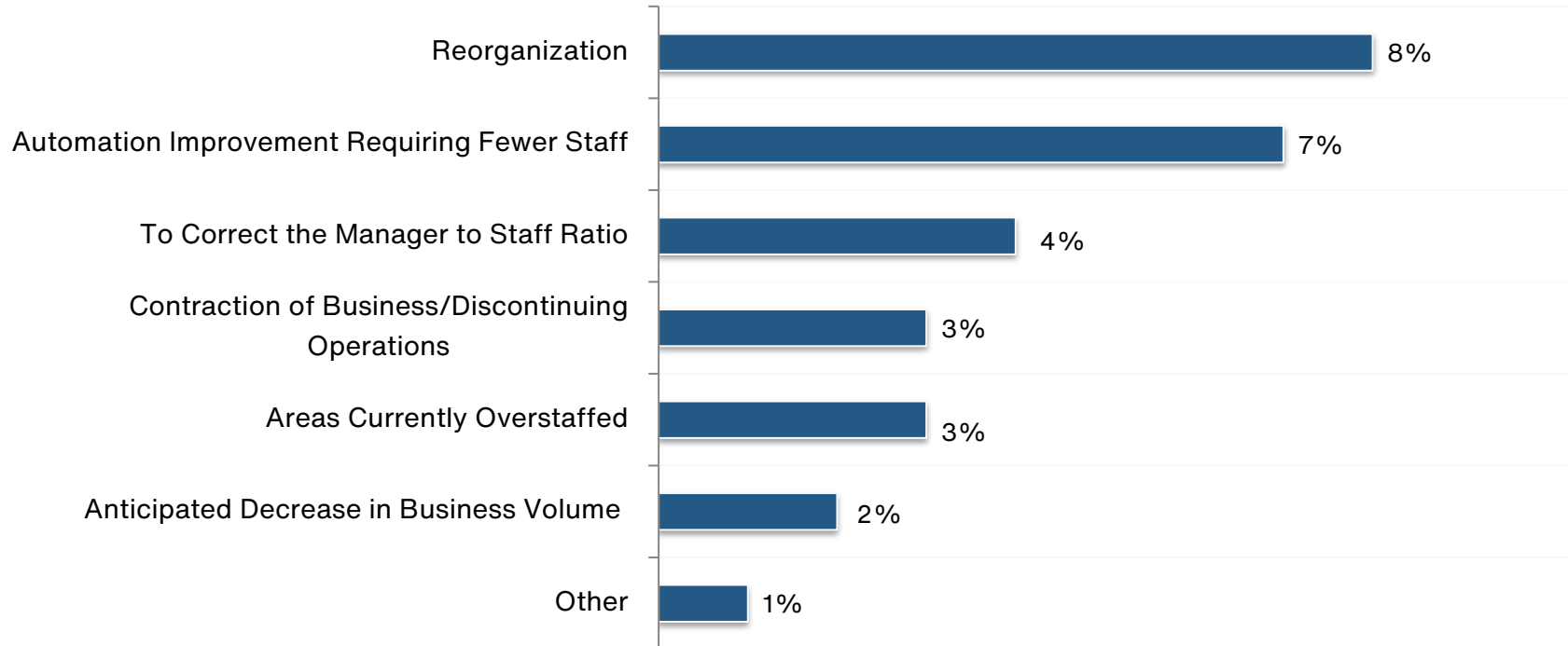
# Staff Increases

## Reason to Increase Staff During Next 12 Months



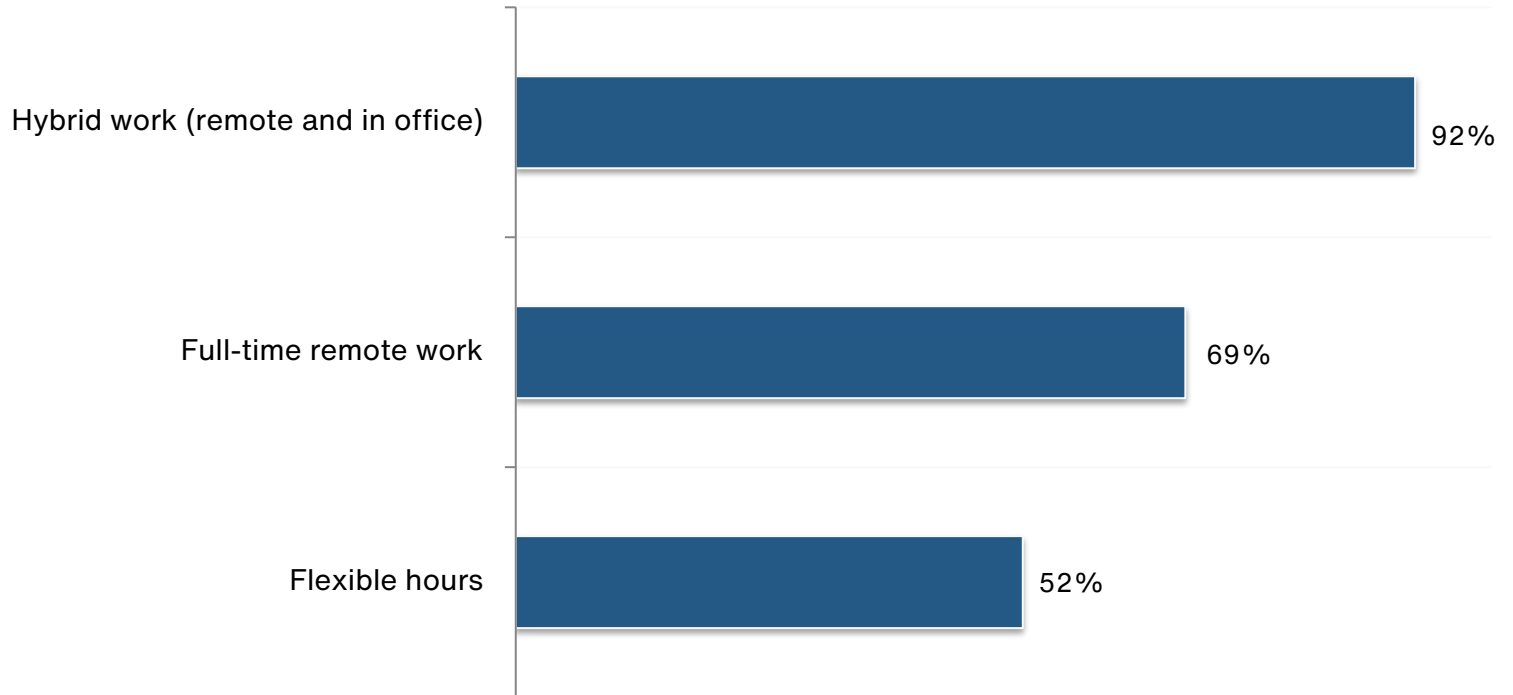
# Staff Decreases

## Reason to Decrease Staff During Next 12 Months

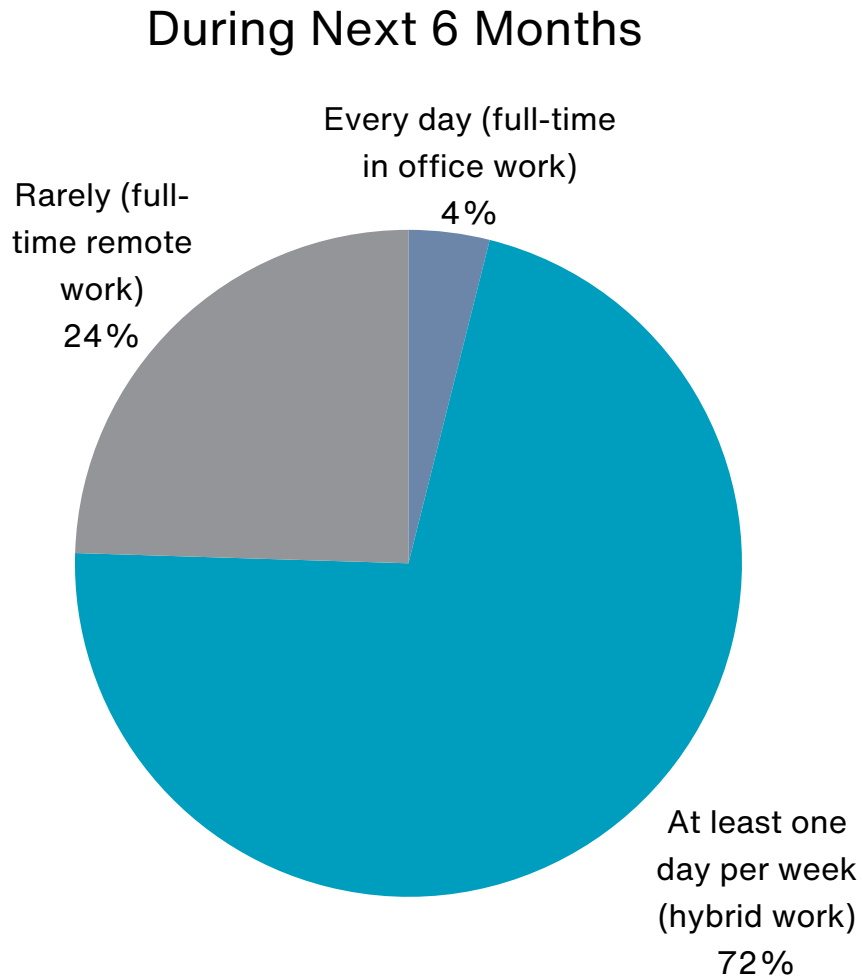


# Current Workplace Flexibility

## Flexible Work Options Offered to Employees



# Expected In-Office Work for Majority of Employees

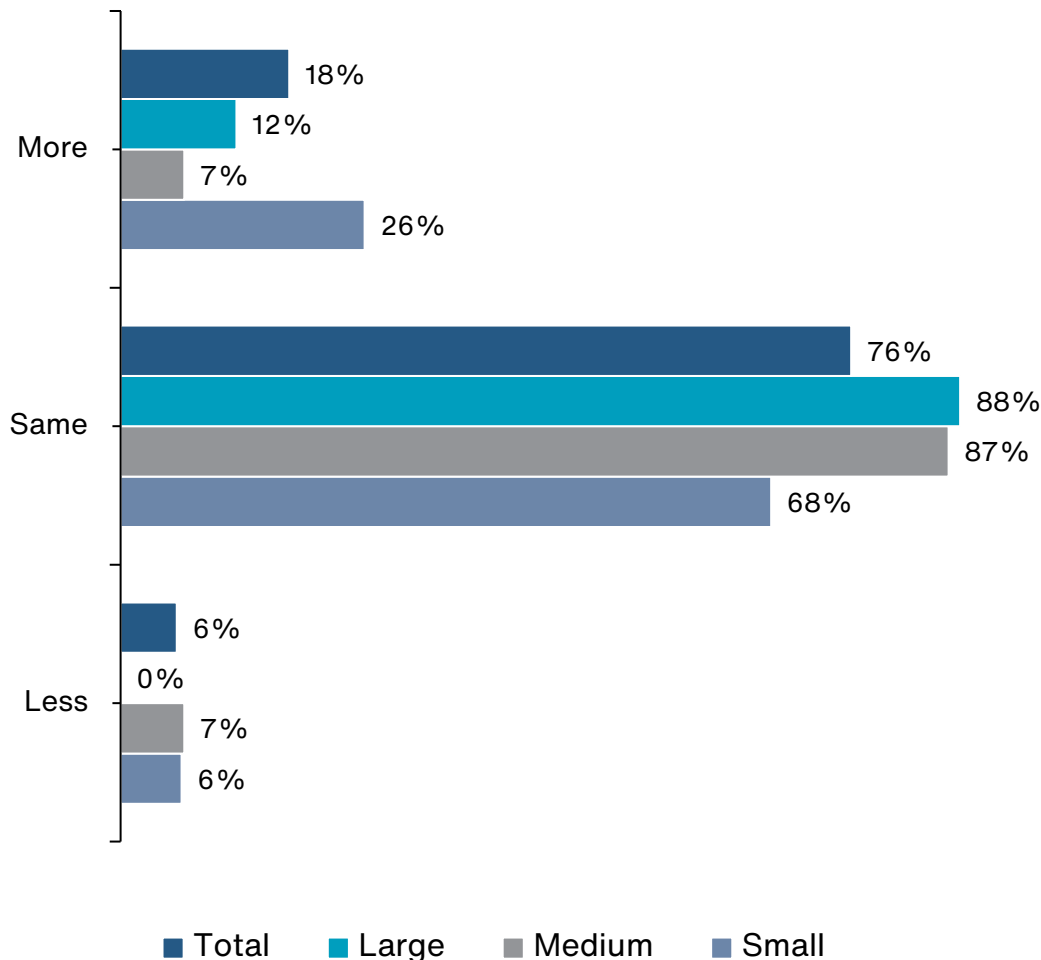


- 93% of Life/Health companies and 68% of P&C companies expect employees to come into the office at least 1 day a week
- Personal Lines companies are most likely to offer full-time remote work at 40% compared to Commercial and Balanced Lines at 30% and 19%, respectively
- Expectations of a hybrid staffing 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%)

\*Percentages in chart rounded to nearest whole number

# Expected In-Office Requirements

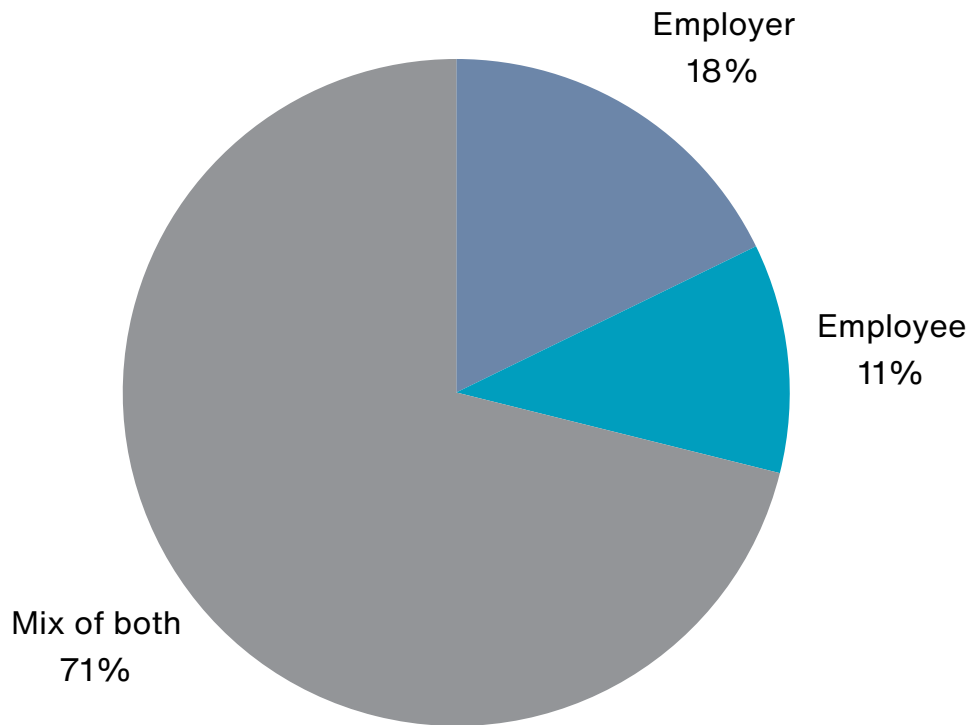
## Mid-Year 2023 Expectations by Employee Size



- 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 require 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?



- 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

\*Percentages in chart rounded to nearest whole number



## Summary and Closing Thoughts

# Summary

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- 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



# Summary

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- 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

# 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%

# Staying Informed

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Our next survey will be conducted in July 2023.

For information on how to participate, please email  
[vincent.albers@aon.com](mailto:vincent.albers@aon.com)

**Thank you!**