

Presenters:



Jeff Rieder
Partner, Aon and Head of Ward
Jeffrey.Rieder@aon.com
(513) 746-2400 (direct)



Greg Jacobson
CEO
The Jacobson Group
GJacobson@jacobsononline.com
(312) 884-0407 (direct)

Insurance Labor Market Study

August 17, 2023

About Ward

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.

About The Jacobson Group

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 services and comprehensive staffing solutions, including professional recruiting, temporary staffing and interim experts.

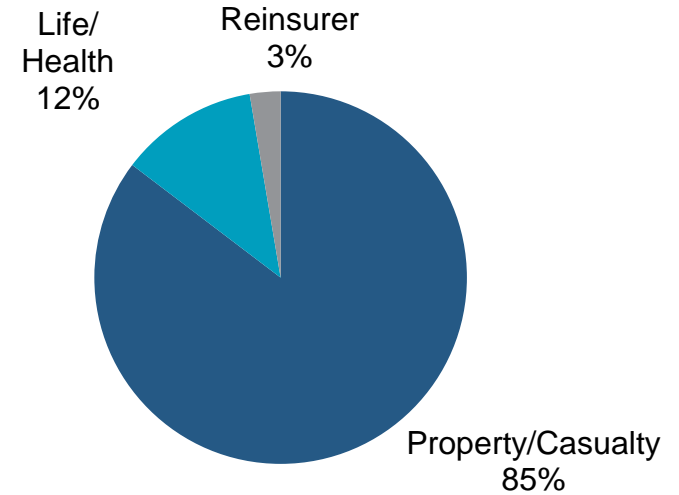
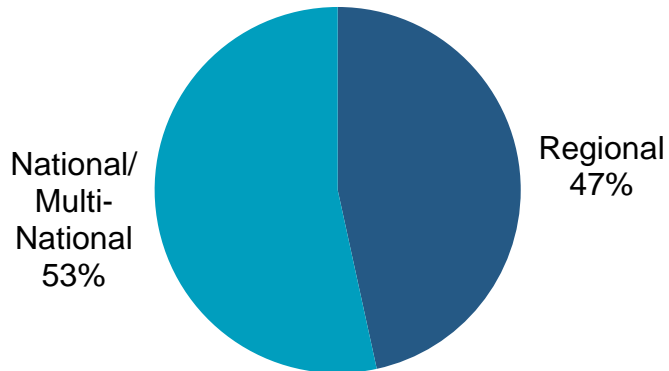
For more information about Jacobson's talent solutions, please visit jacobsononline.com.

Study Objectives

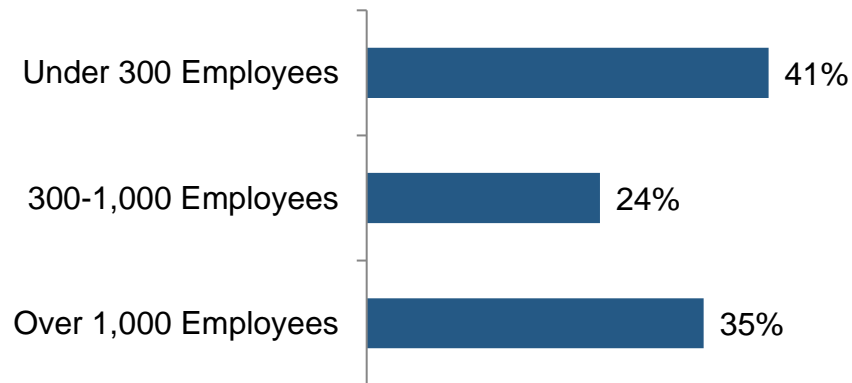
- Analyze current labor trends and future staffing expectations
- Provide an overview of staffing challenges by discipline
- Provide commentary on the industry's labor market

Participant Profile

Business Profile



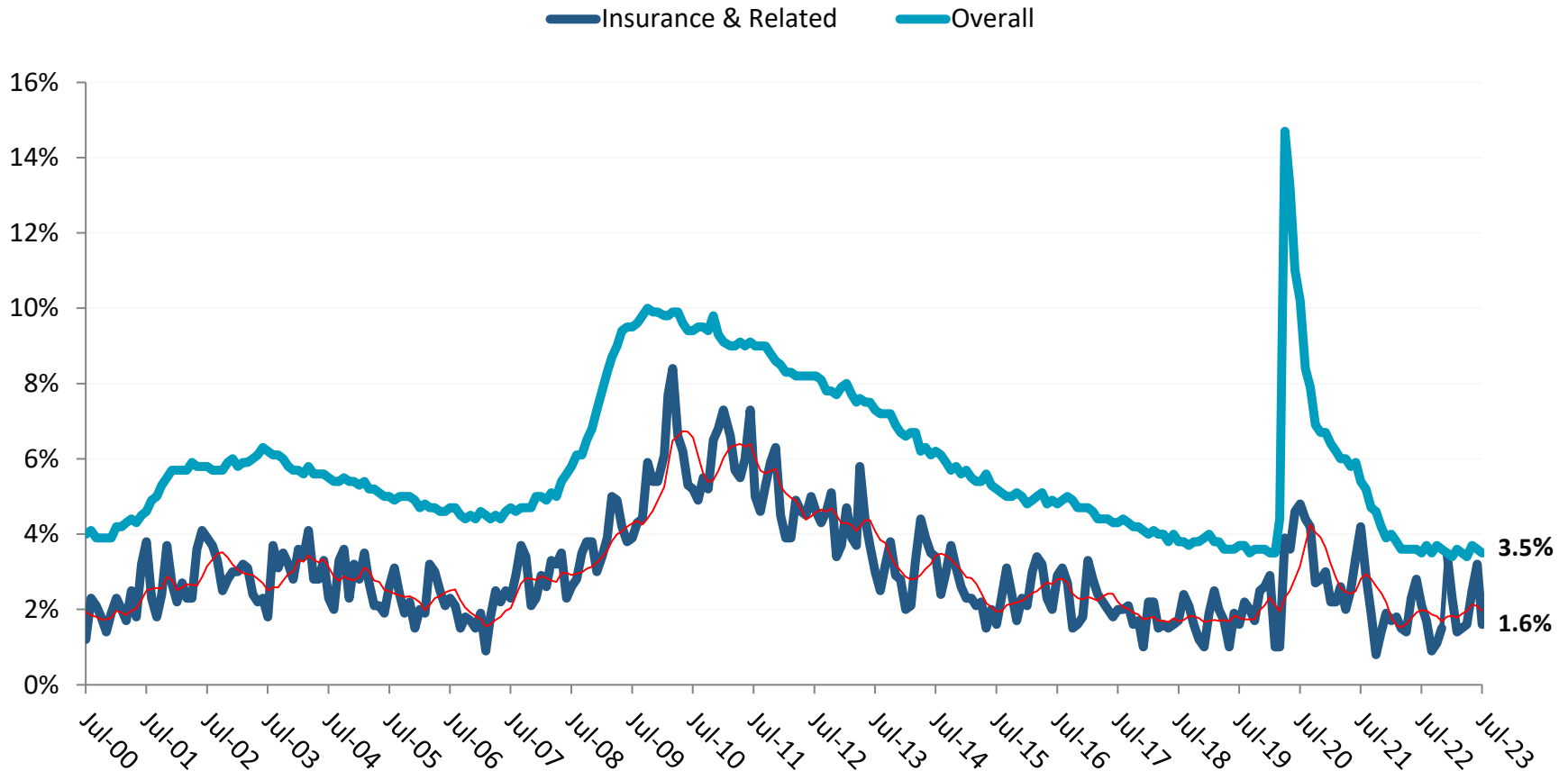
Company Size



The total average number of employees is 2,582

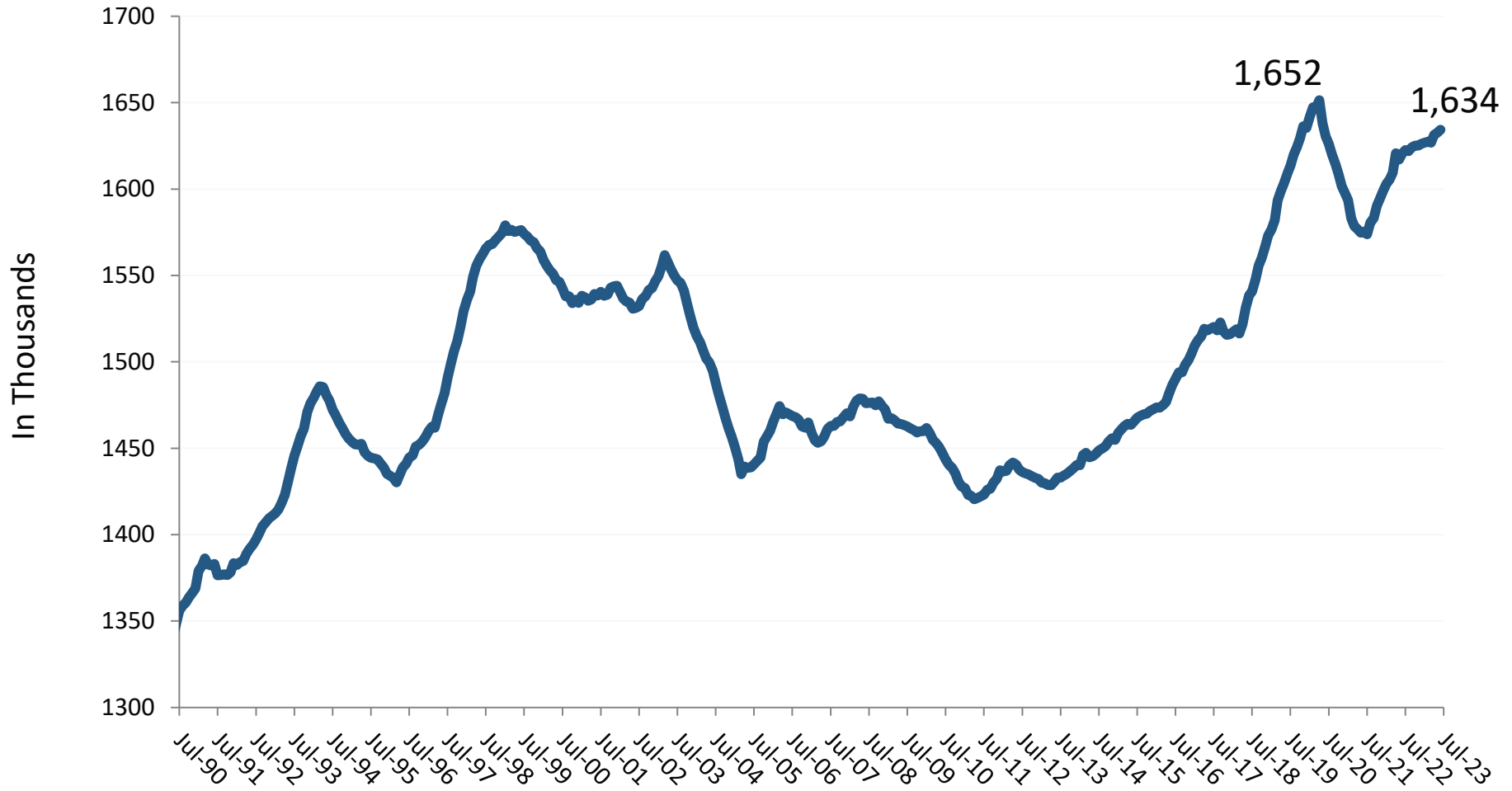
*Percentages in chart rounded to nearest whole number

Unemployment Rates



Source: U.S. Bureau of Labor Statistics

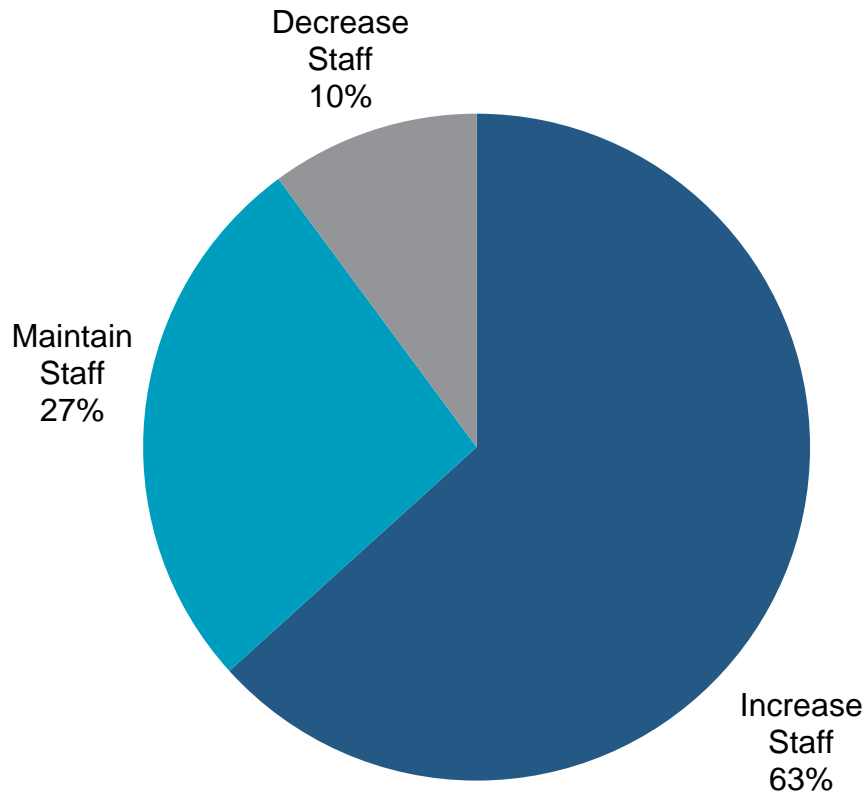
Insurance Carrier Employment



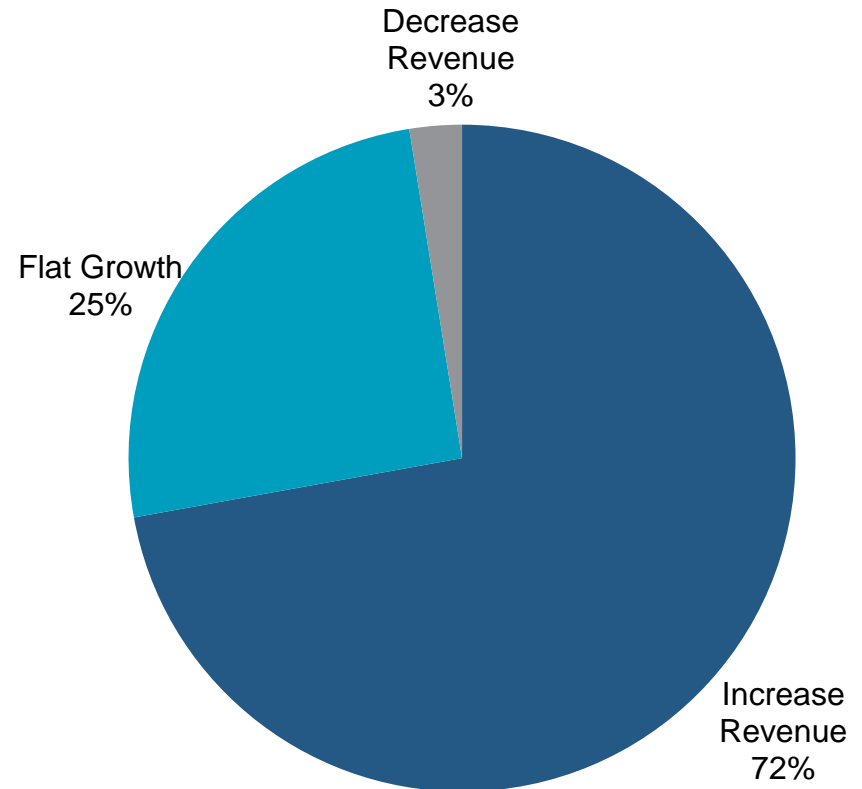
Source: U.S. Bureau of Labor Statistics

Revenue and Staffing Expectations

12-Month Staffing Plan



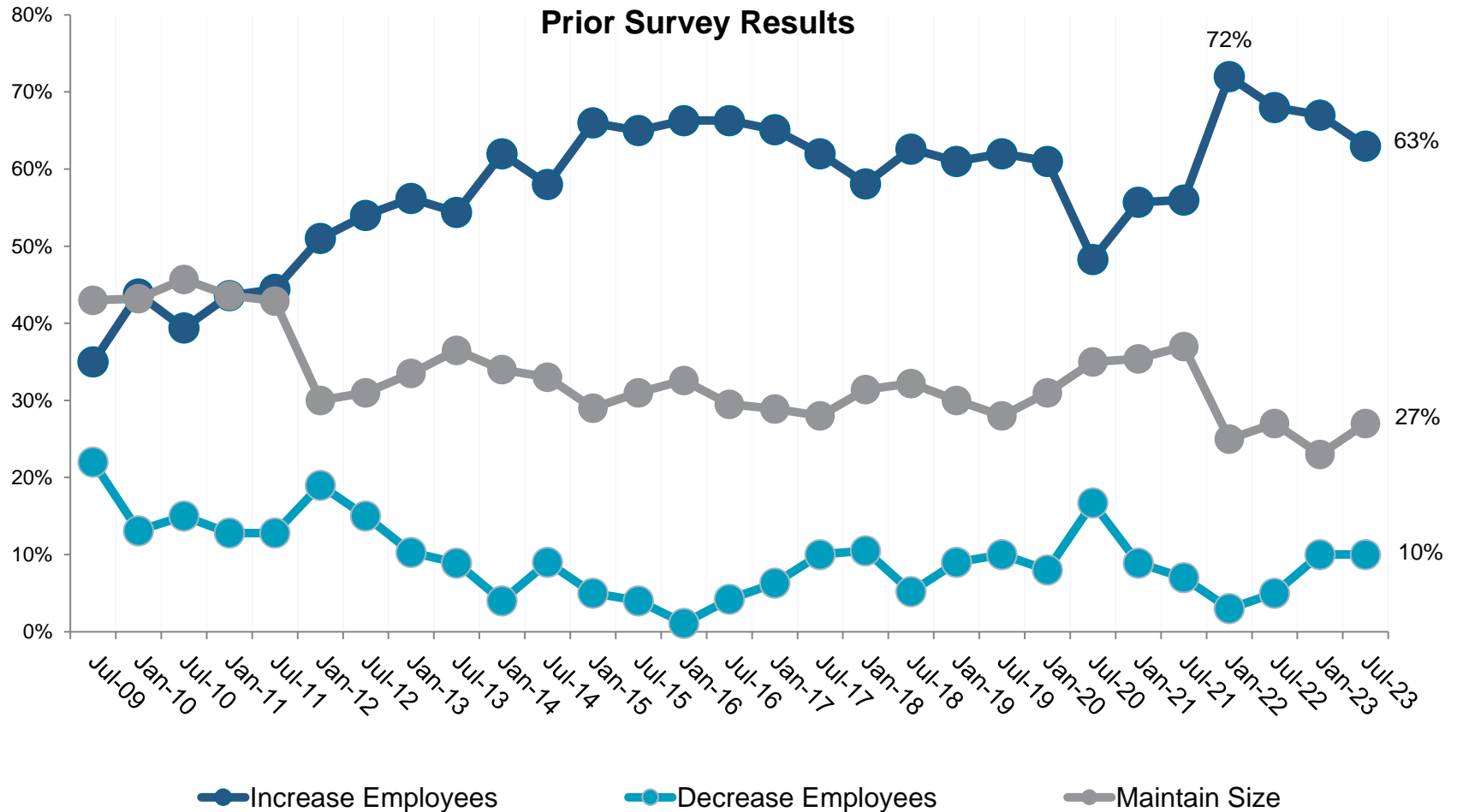
12-Month Revenue Plan



*Percentages in chart rounded to nearest whole number

12-Month Staffing Plans

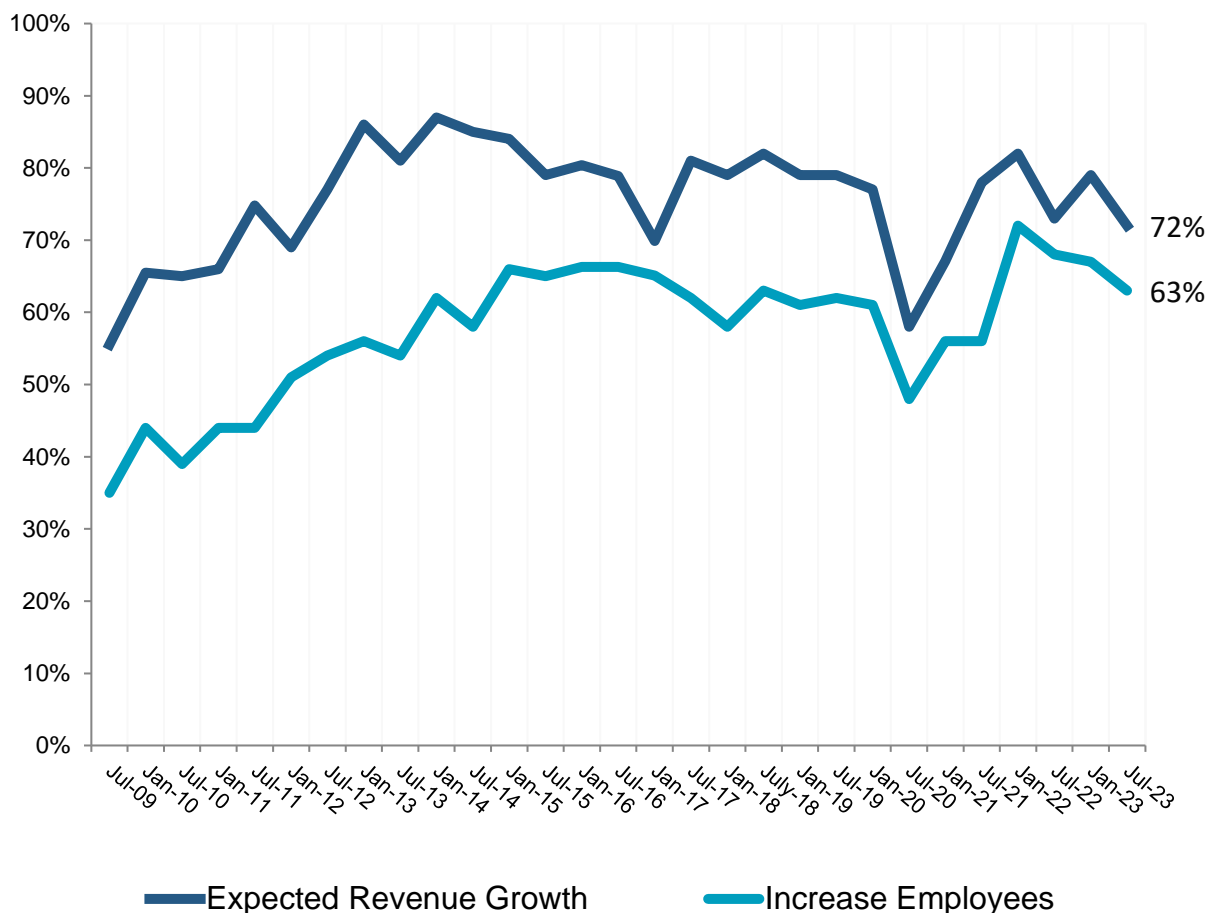
July 2009 – July 2023



*Percentages in chart rounded to nearest whole number

12-Month Staffing Plans Increase vs. Expected Revenue Growth

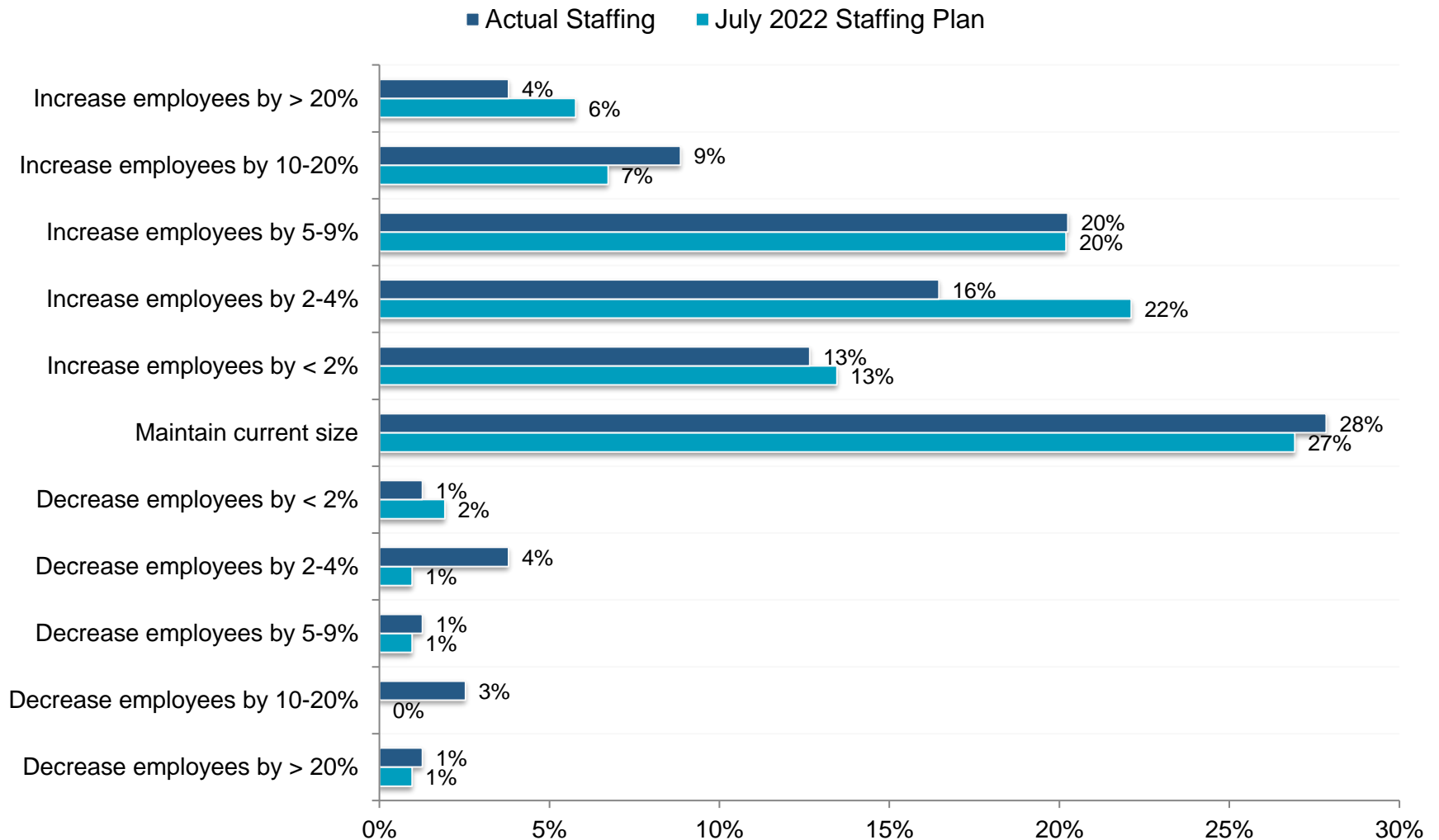
July 2009 – July 2023



- 72% of companies expect an increase in revenue growth, down 7 points from the January survey and down 1 point from the July 2022 outlook
- 10% of companies are expecting a decrease in staff, matching January 2023 expectations
- 3% of companies expect a decrease in revenue growth, down 5 points from the January survey
- P&C companies responded that the primary driver for expected revenue changes will be market share at 48%. Life/Health companies responded with an even distribution between market share and economic expansion/contraction as the primary reason for revenue changes

*Percentages in chart rounded to nearest whole number

Prior Year 12-Month Plan vs. Actual Staffing



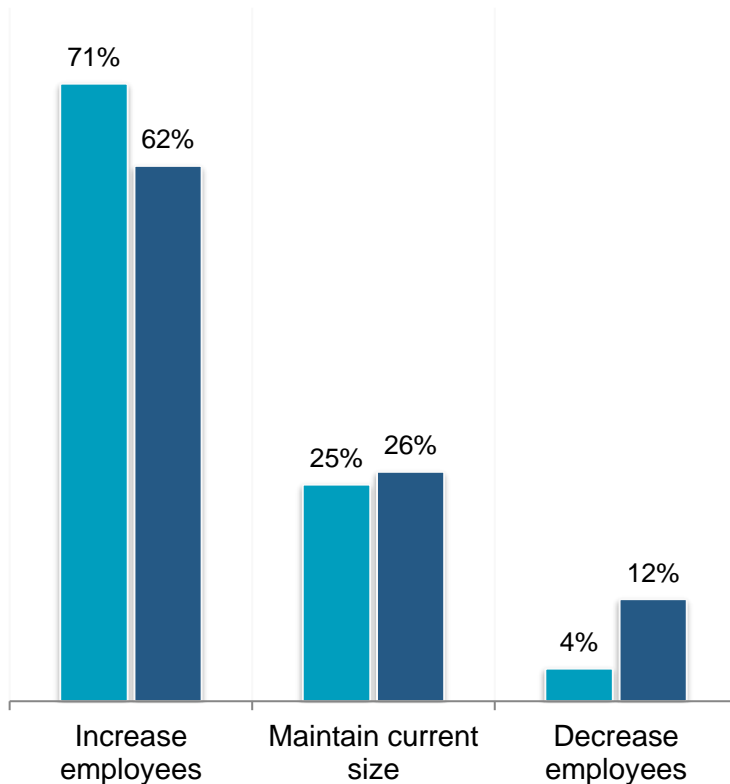
62% of companies added staff since July 2022, while 10% reduced staff

*Percentages in chart rounded to nearest whole number

Prior Year 12-Month Plan vs. Actual Staffing

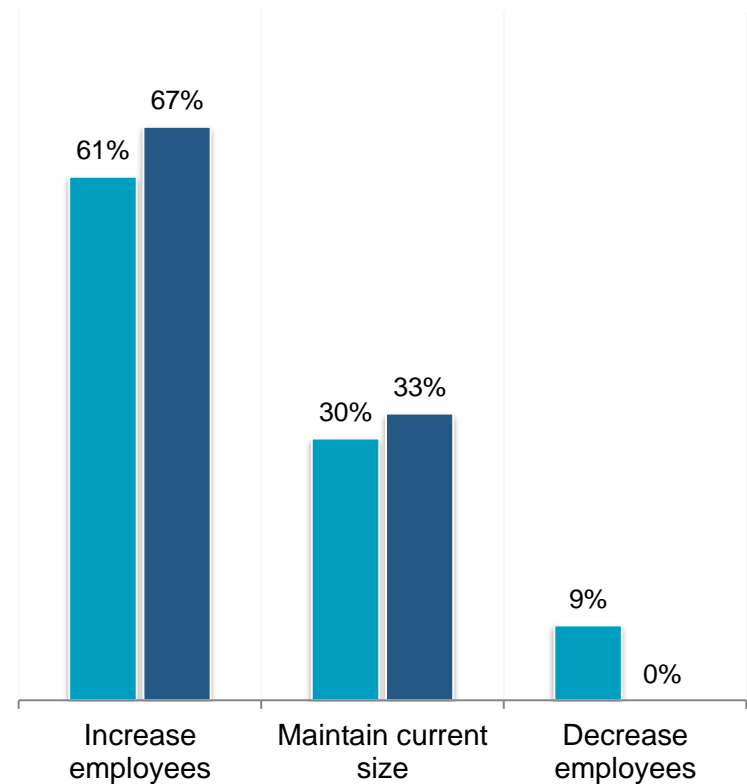
Property/Casualty

■ July 2022 Staffing Plan ■ Actual Staffing



Life/Health

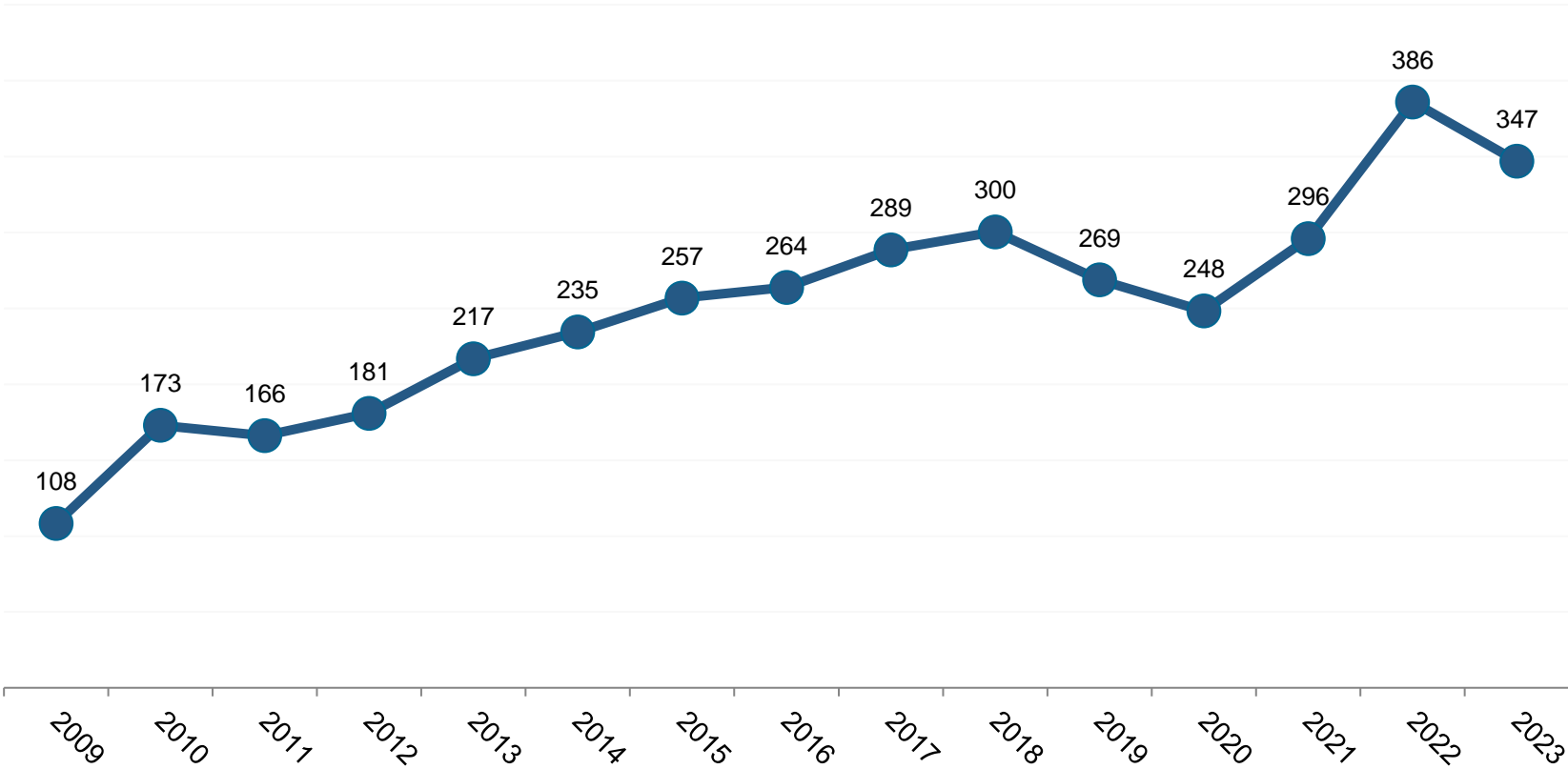
■ July 2022 Staffing Plan ■ Actual Staffing



*Percentages in chart rounded to nearest whole number

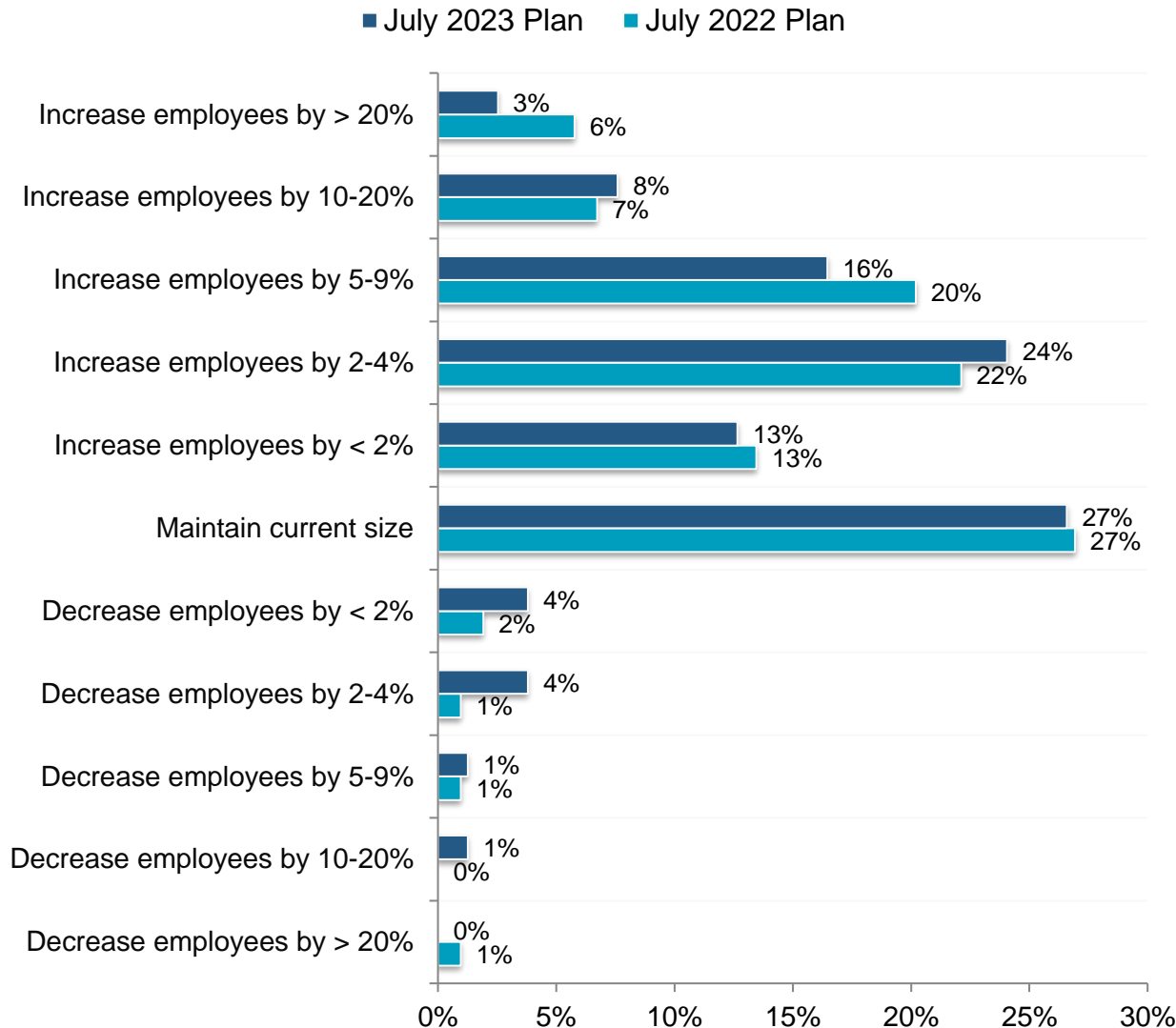
Job Openings in Finance and Insurance

Annual Averages, In Thousands



Source: U.S. Bureau of Labor Statistics

12-Month Staffing Plans



*Percentages in chart rounded to nearest whole number

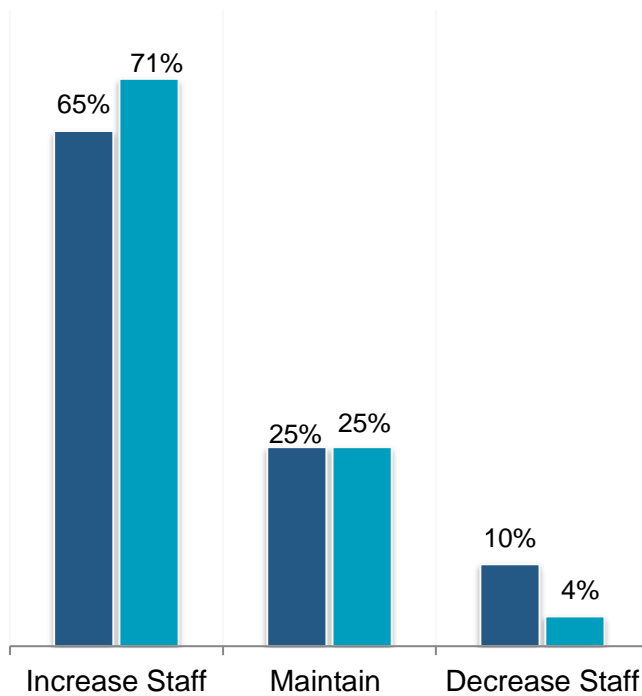
- 75% of Balanced Lines P&C companies are expecting to increase staff during the next 12 months. This is 14 and 21 points higher than Commercial and Personal Lines P&C companies, respectively.
- Of the companies who plan to add staff during the next 12 months, 86% expect an increase in revenue with 53% responding that it will be due to a change in market share. Of those planning a decrease in staff, no companies expect a decrease in revenue
- 48% of companies who plan to maintain staff size during the next 12 months are expecting an increase in revenue growth. 5% of those companies are expecting a decrease

12-Month Staffing Plans

Comparison to July 2022 by Industry

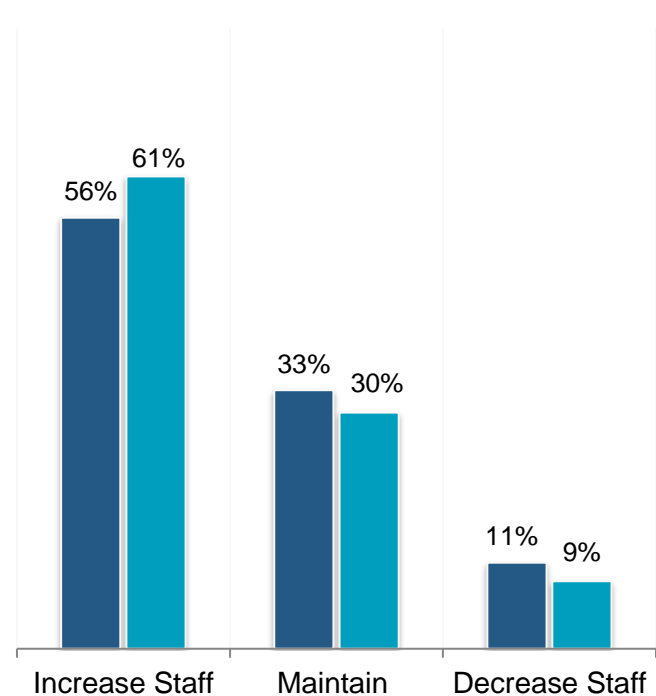
Property/Casualty

■ July 2023 Plan ■ July 2022 Plan



Life/Health

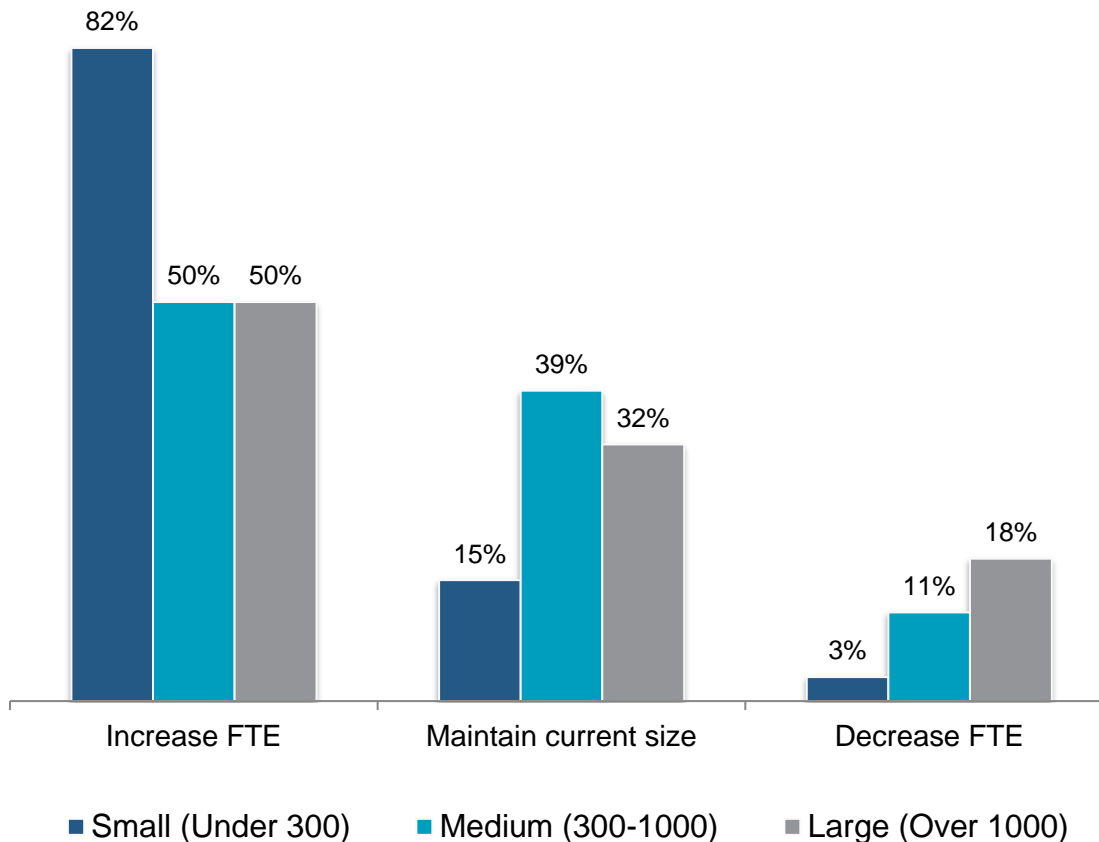
■ July 2023 Plan ■ July 2022 Plan



*Percentages in chart rounded to nearest whole number

12-Month Staffing Plans

By Employee Size

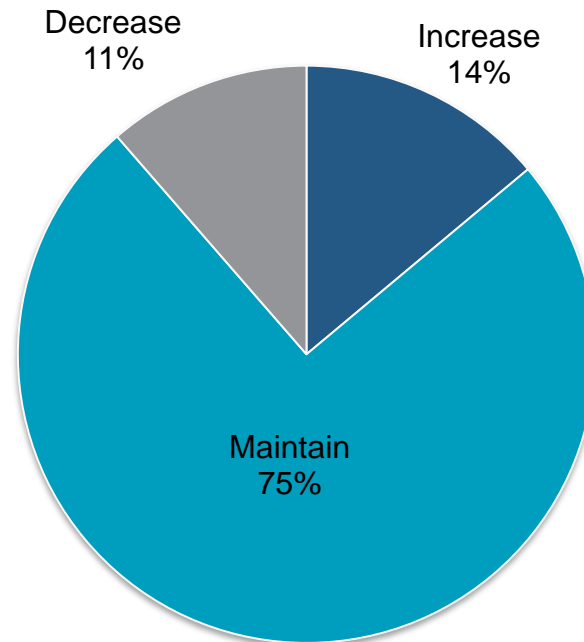


- Since January, overall expectations to add staff decreased 4 points to 63%. 82% of small companies are expecting an increase compared to 70% in January 2023. Medium-sized companies decreased their 12-month expectations from 73% in January to 50% in July while large companies decreased from 61% to 50%
- 52% of small and 39% of medium-sized companies expect growth in revenue/premium greater than 10% over the next 12 months. This compares to 25% for large companies
- While all company sizes expect revenue changes to be driven by market share, large companies report an equal amount to be driven by pricing increases

*Percentages in chart rounded to nearest whole number

Temporary Employees

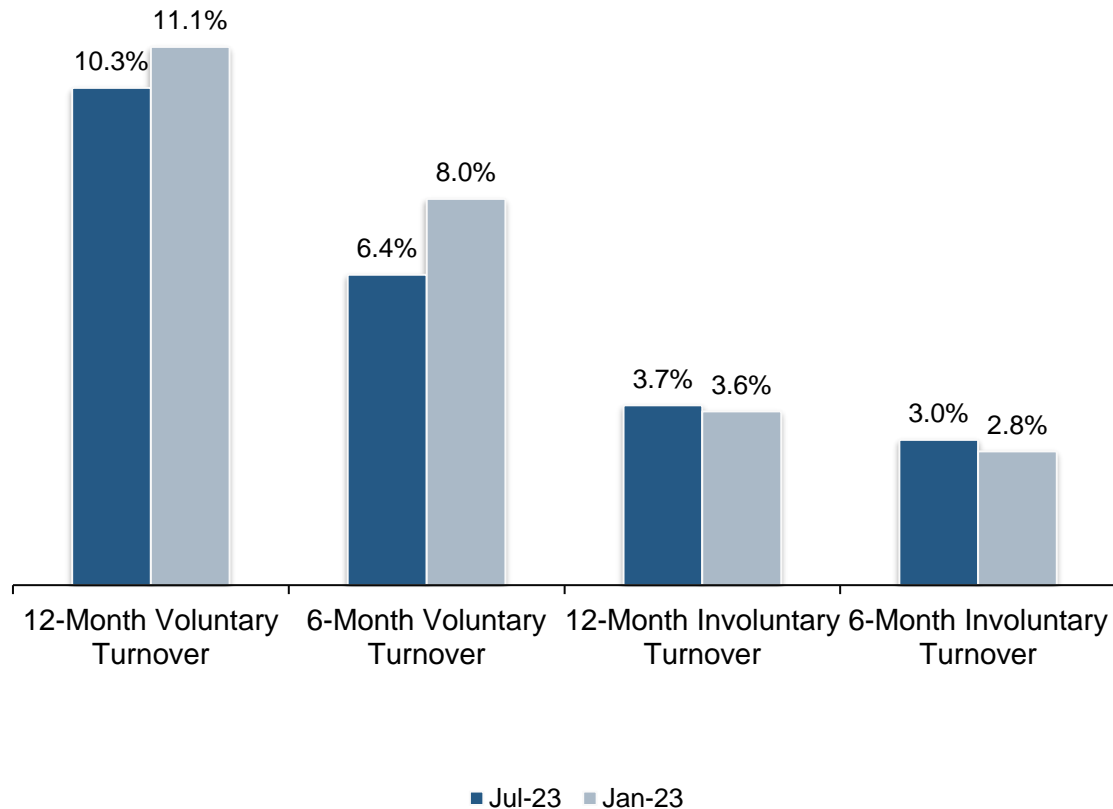
Use of Temporary Employees During Next 12 Months



89% 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 6.4%, 6-month voluntary turnover is 4 points lower than the 12-month average of 10.3%. 6-month involuntary turnover is also slightly lower at 3% compared to 3.7% for 12-months
- Compared to January, voluntary turnover has decreased in the 6- and 12-month timeframes, while involuntary turnover saw a slight increase
- In July, Life/Health companies reported higher turnover percentages than P&C companies in all categories except 6-month involuntary turnover
- Within P&C, Commercial Lines companies had the highest 12-month voluntary turnover at 12% compared to Balanced and Personal Line companies at 9.2% and 8.1%, respectively
- Compared to medium-sized and large companies, small companies reported the lowest 12-month voluntary turnover percentage

*Results include only those companies which provided turnover percentages

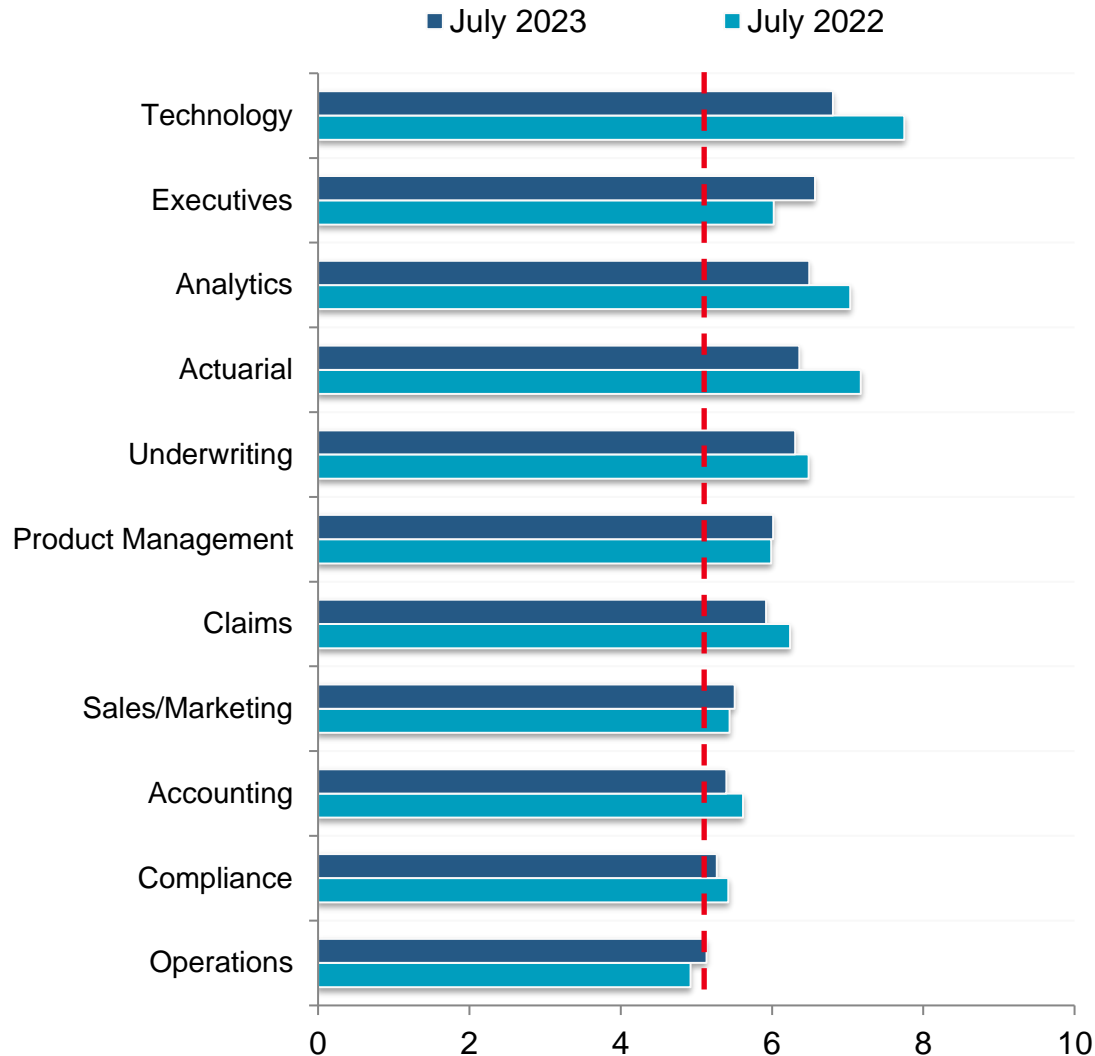
Notable Survey Trends

July 2022 to July 2023

- The Total industry headcount grew 1.10% versus an anticipated rate of 0.94%
- The P&C industry headcount grew 1.25% versus an anticipated rate of 2.14%
- The L&H industry headcount grew 0.83% versus an anticipated rate of 0.28%
- Total industry turnover, voluntary and involuntary, was 14.0% for the past 12 months

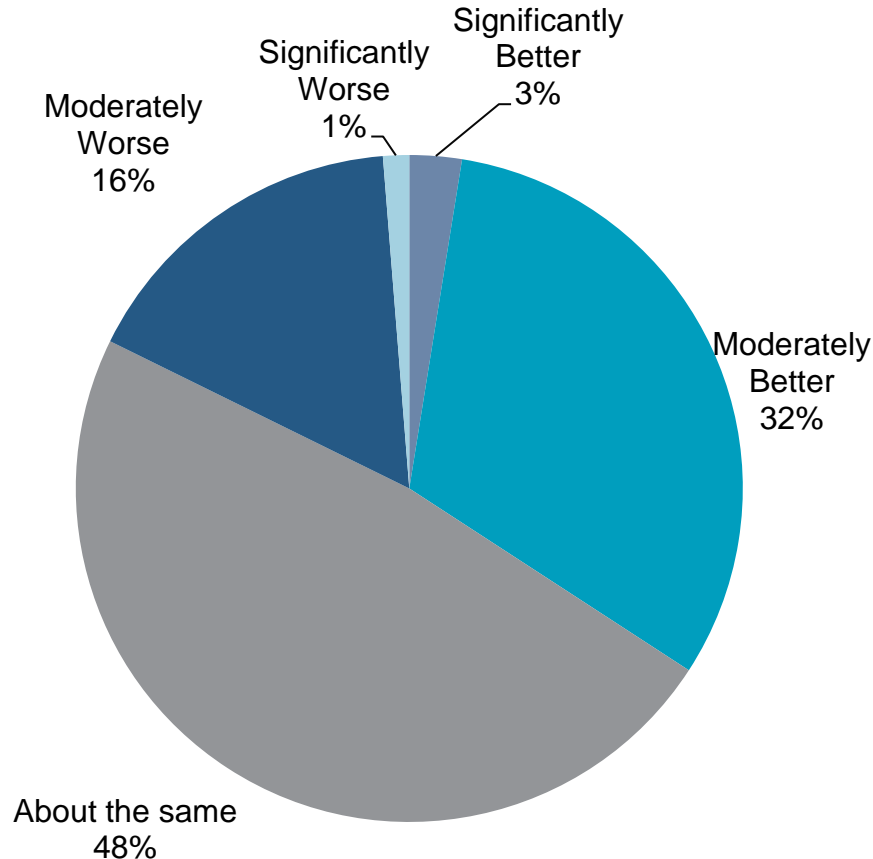
Note: Data compares responses from the 2022 and 2023 labor studies. Outliers have been excluded from calculations

Recruiting Difficulty Remains High



- On a scale of 1 – 10 (10 being most difficult), companies responded that all positions are at least 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 July 2022, recruiting difficulty has eased in 7 of 11 categories

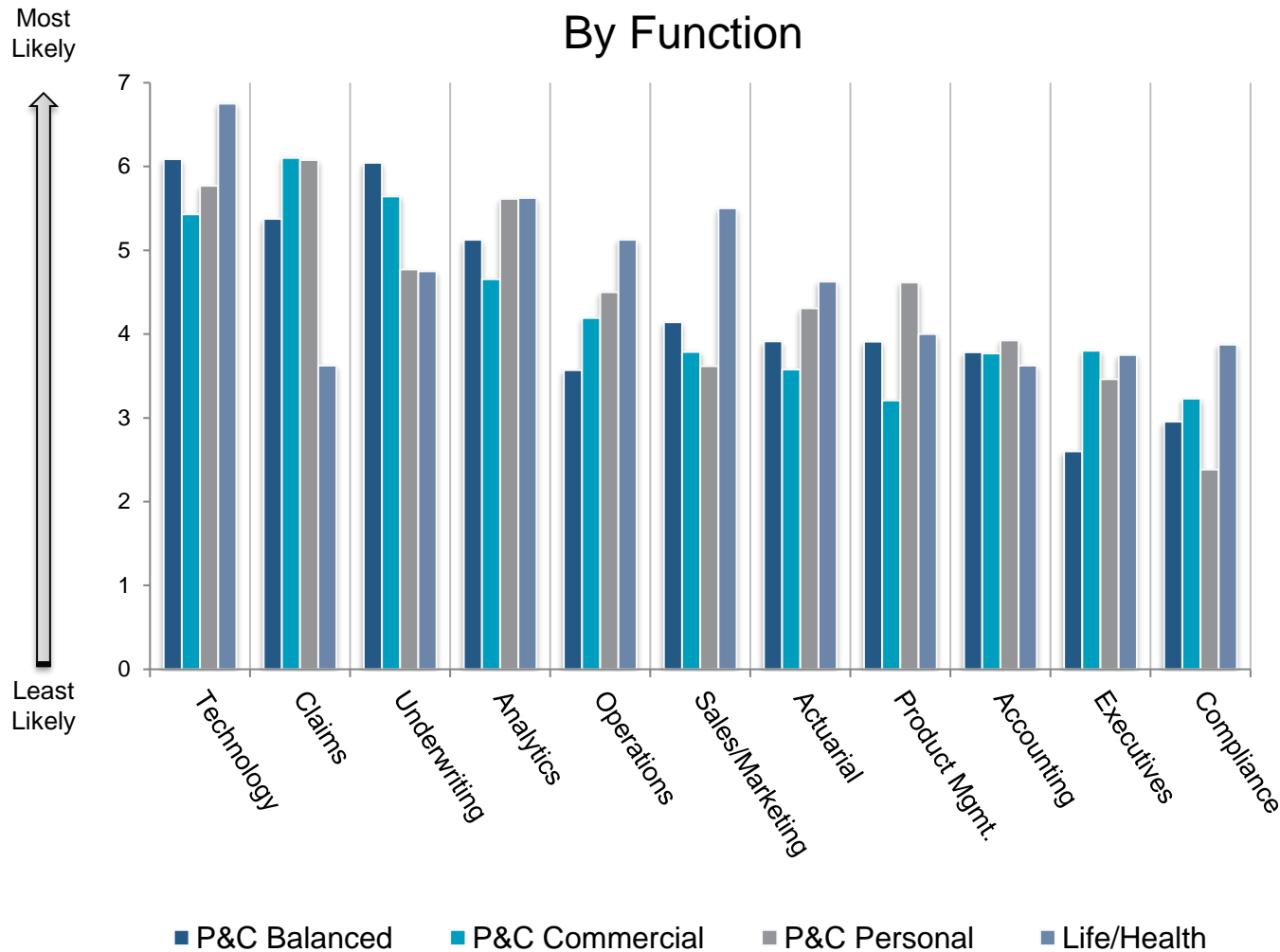
Ability to Hire Talent Compared to One Year Prior



- In total, 17% 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 2022 survey. 35% feel hiring difficulty has eased in the past year
- 33% of Life/Health companies feel the ability to hire has worsened, compared to P&C companies at 15%
- Increased difficulty in hiring talent was consistent across all company sizes, with 18% of large and small companies and 17% of medium-sized companies feeling it has become more difficult.

*Percentages in chart rounded to nearest whole number

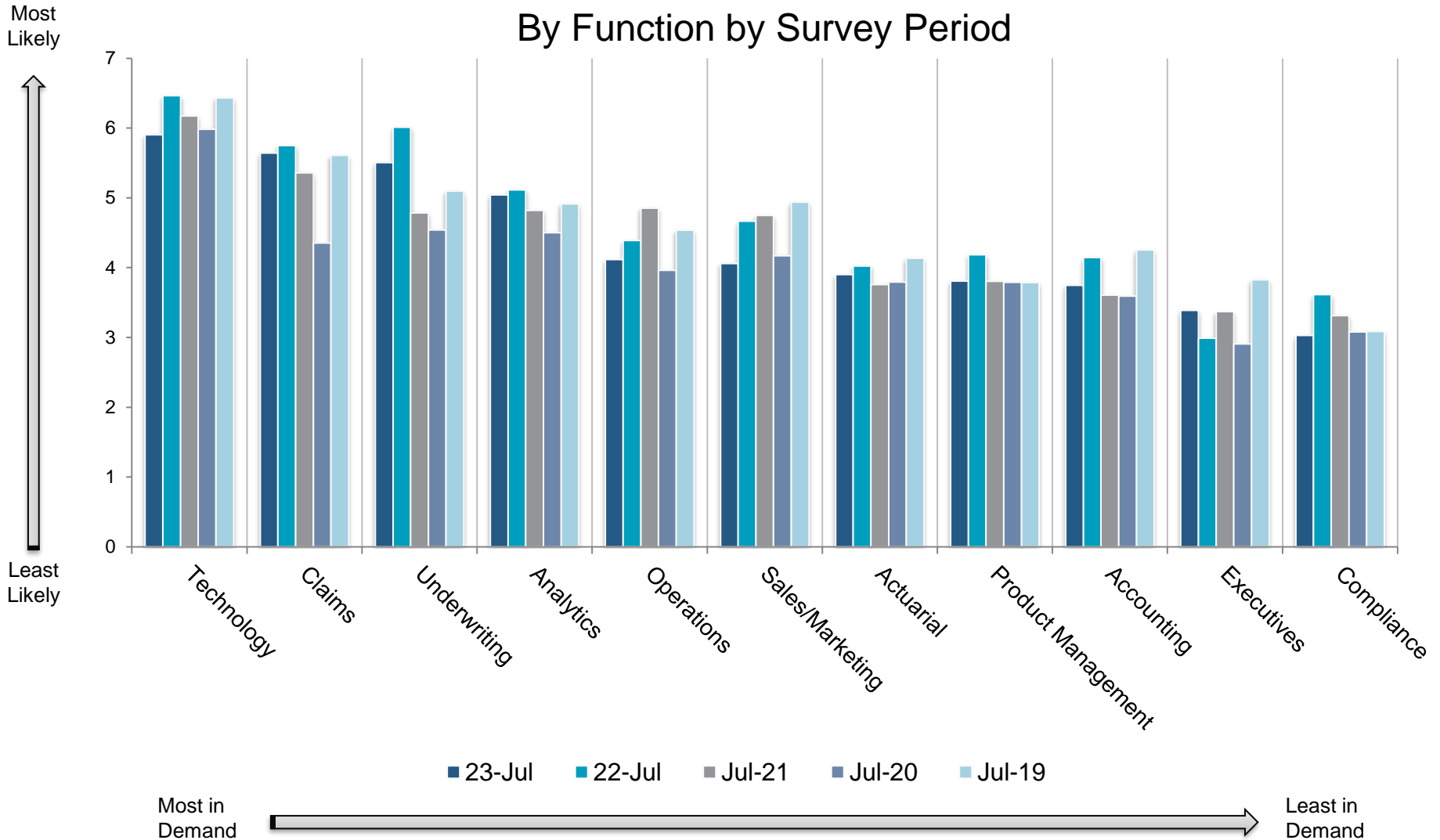
Likelihood of Increasing Staff



- In total, the industry's greatest need is Technology staff
- Large companies are most likely to hire Technology roles, followed by Underwriting and Analytics in the next 12 months. Medium-sized companies are looking toward Technology then Analytics, while small-sized companies have the greatest need in Claims, followed by Technology
- Technology, Analytics, and Sales/Marketing are the most likely areas for hiring in the Life/Health segment

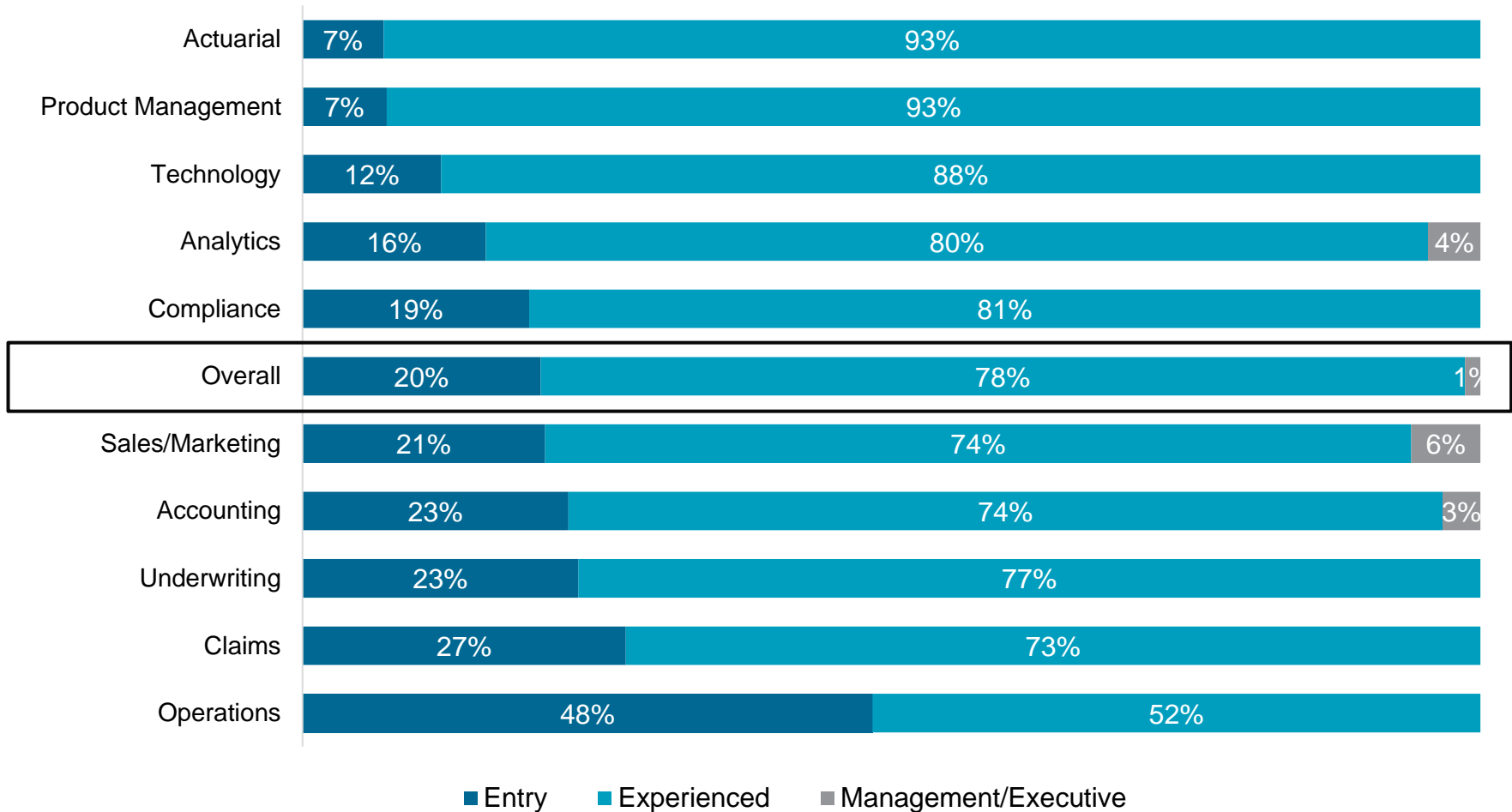
Most in Demand ← → Least in Demand

Likelihood of Increasing Staff



Employee Types Most Likely to Be Added

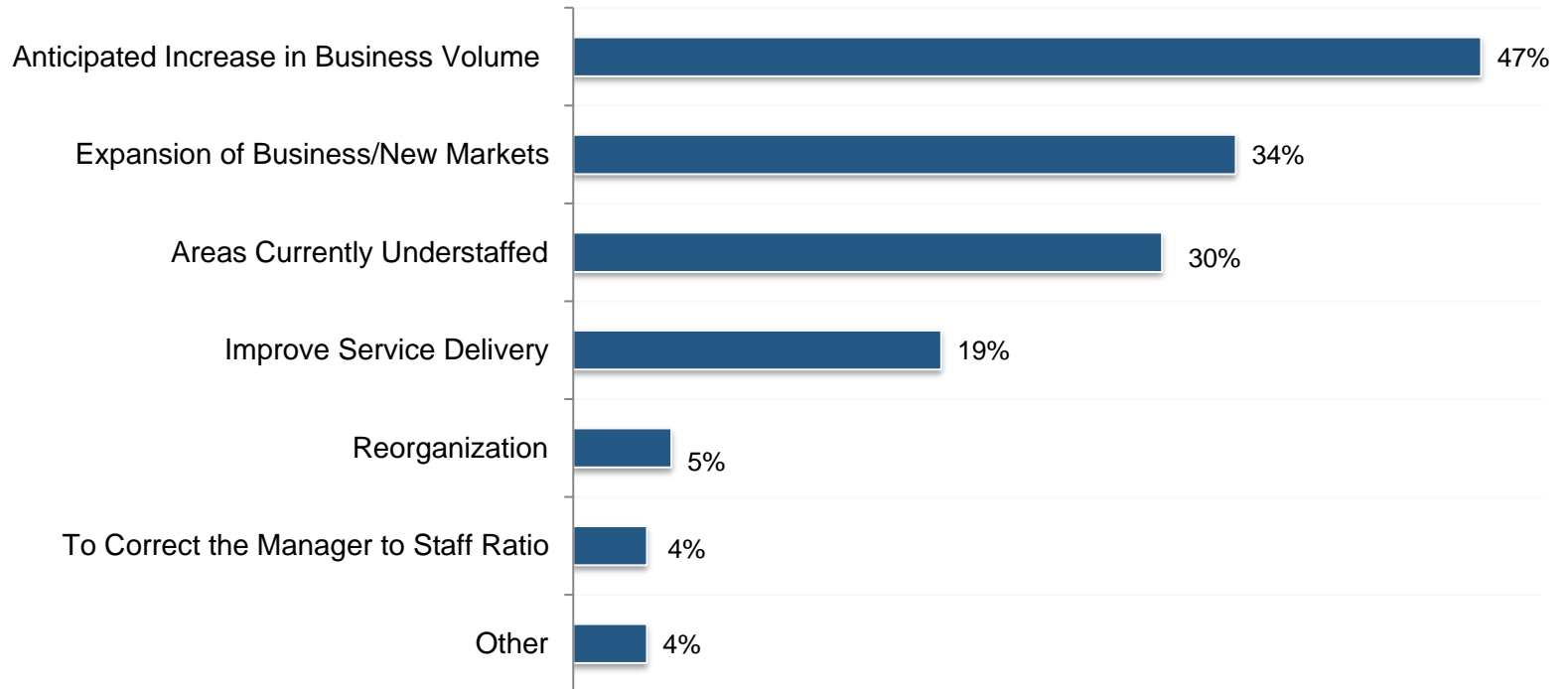
By Function



*Percentages in chart rounded to nearest whole number

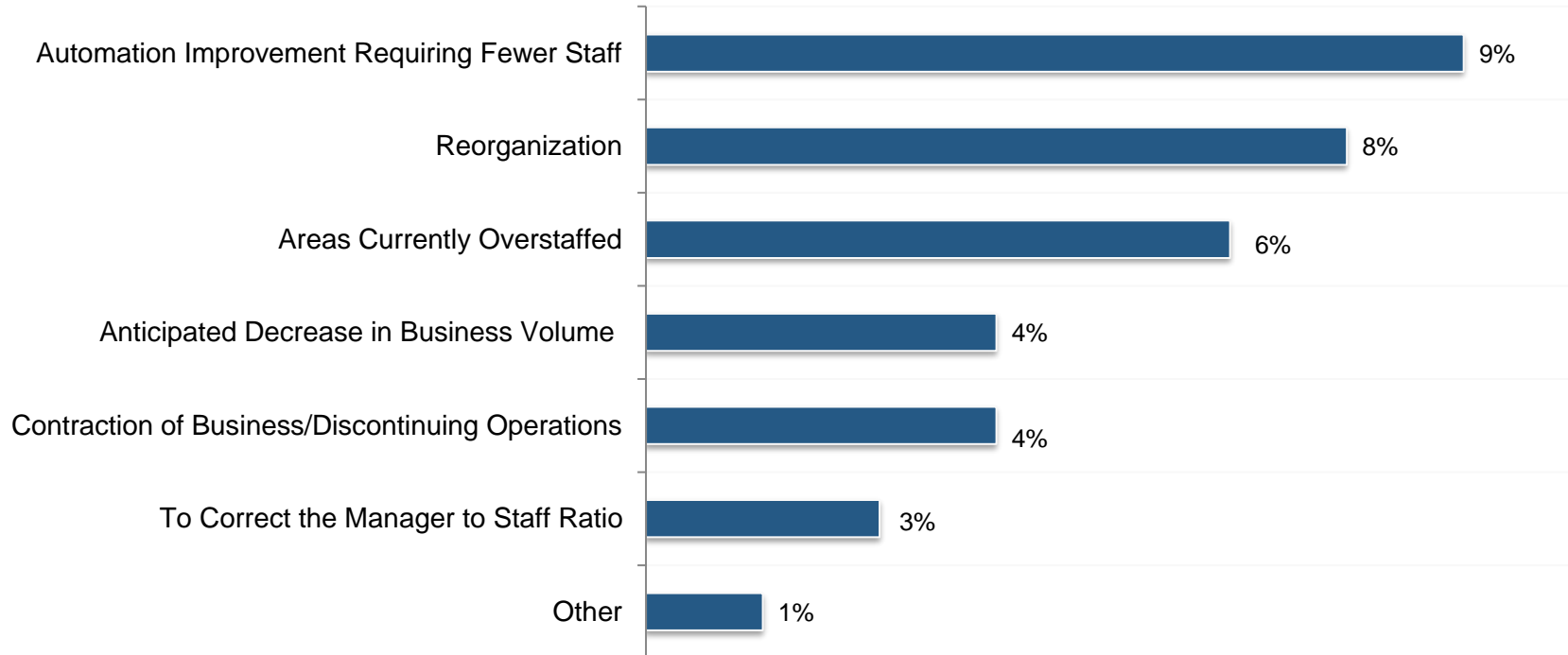
Staff Increases

Reason to Increase Staff During Next 12 Months



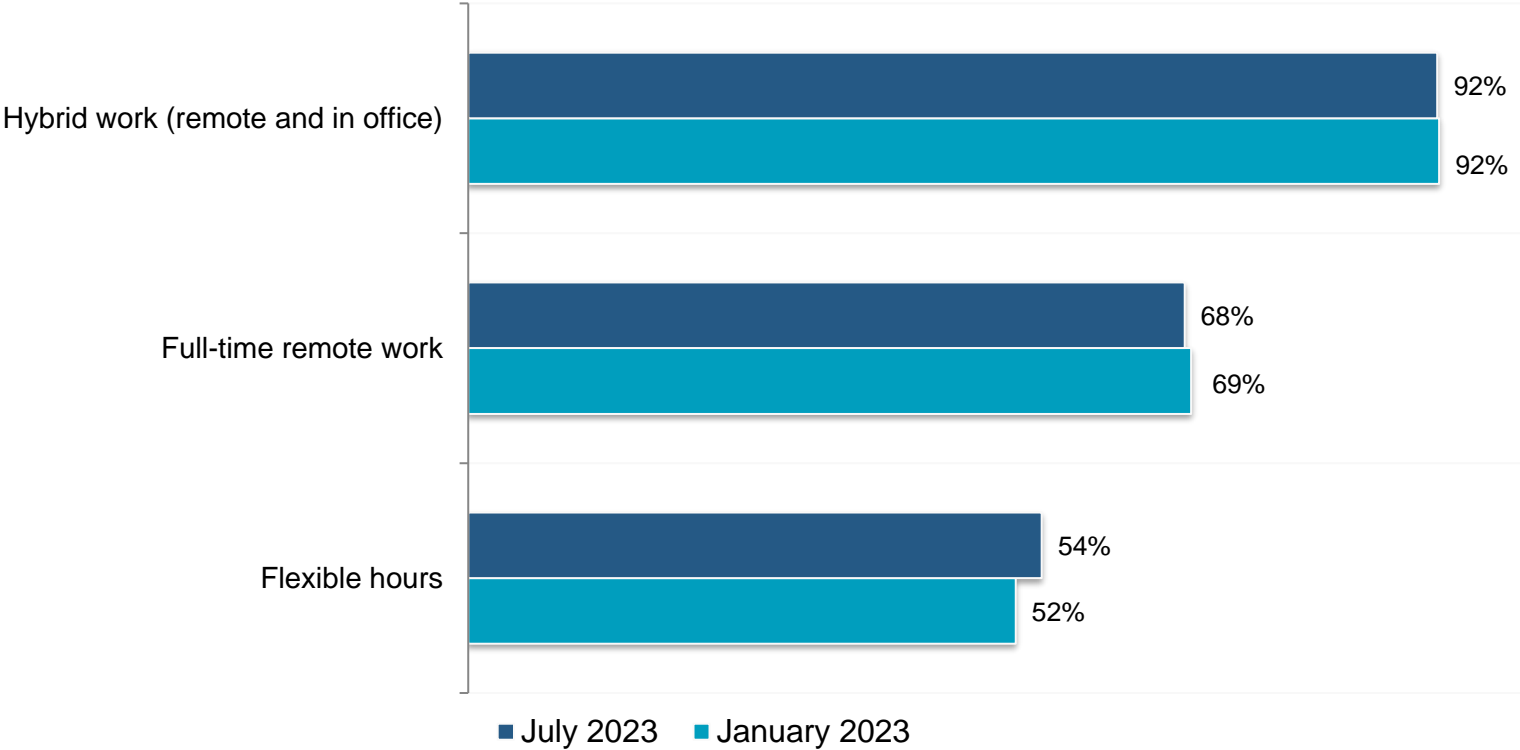
Staff Decreases

Reason to Decrease Staff During Next 12 Months



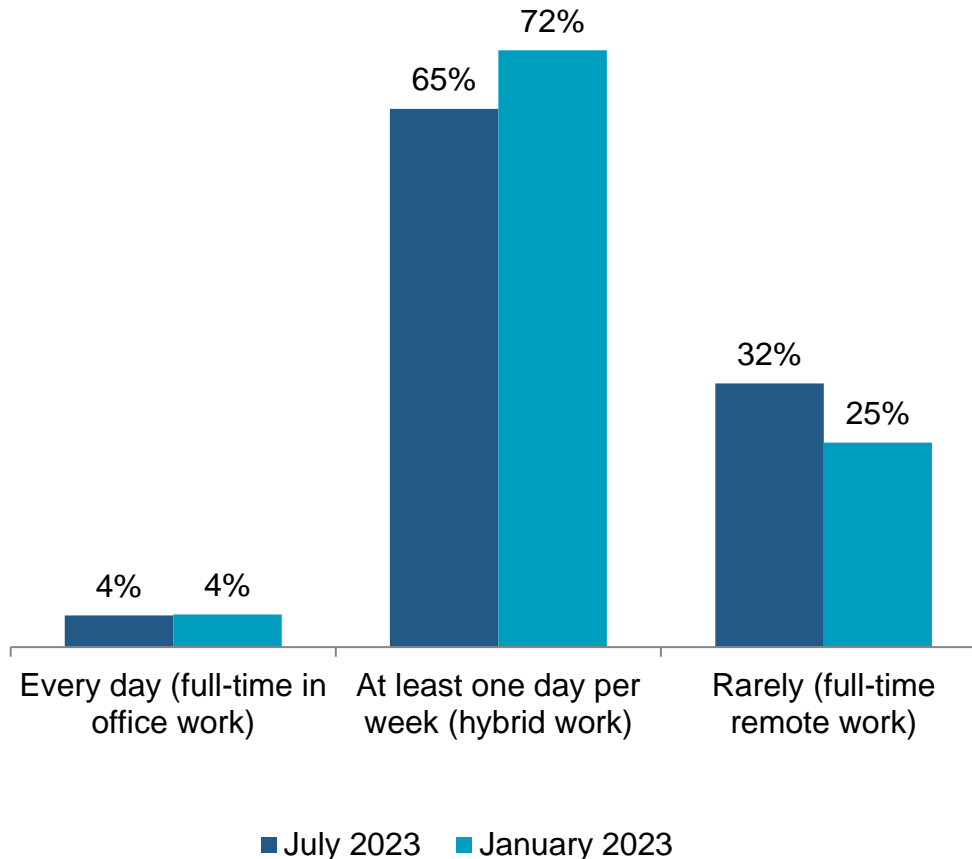
Current Workplace Flexibility

Flexible Work Options Offered to Employees



Required In-Office Work for Majority of Employees

During Next 6 Months

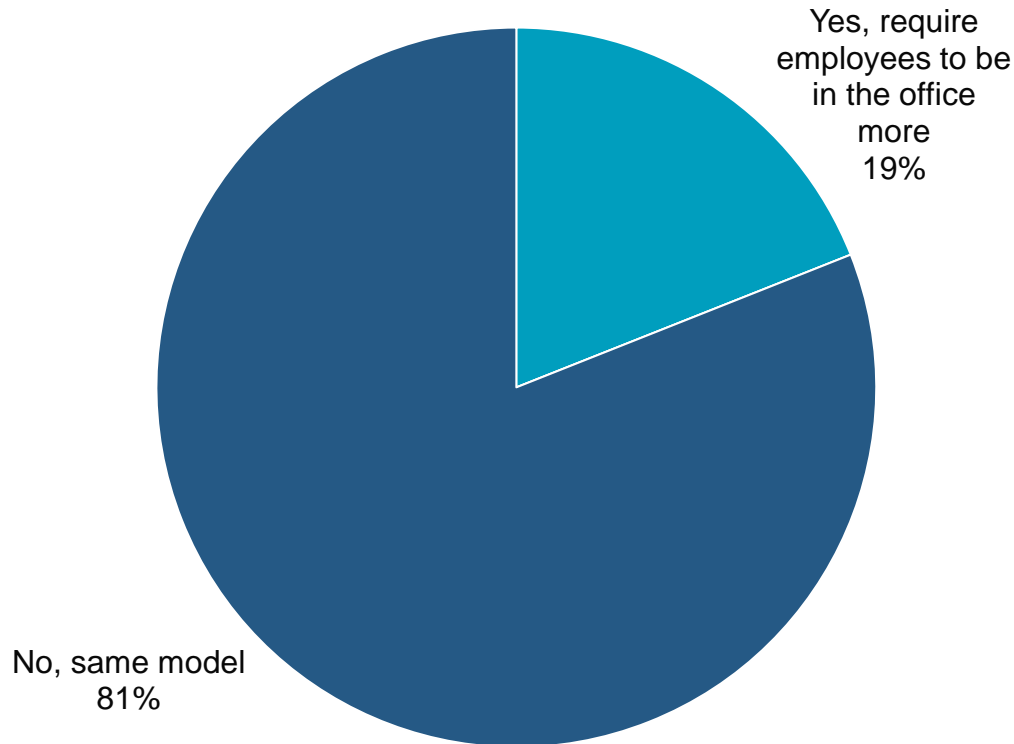


- During the next six months, 65% of companies are expecting employees in-office, down from 72% in January. This increased expectations for full-time remote work from 25% to 32%
- 89% of Life/Health companies and 64% of P&C companies expect the majority of employees to come in at least once per week
- Personal Lines companies are most likely to offer full-time remote work at 46% compared to Commercial and Balanced Lines at 39% and 25%, respectively
- Expectations of hybrid staffing models are highest for large companies (79%) followed by medium-sized (67%) and small (52%)
- 6% of small and 4% of large companies are requiring employees in-office every day. No medium-sized companies have those expectations

*Percentages in chart rounded to nearest whole number

Expected Changes for Moving Forward

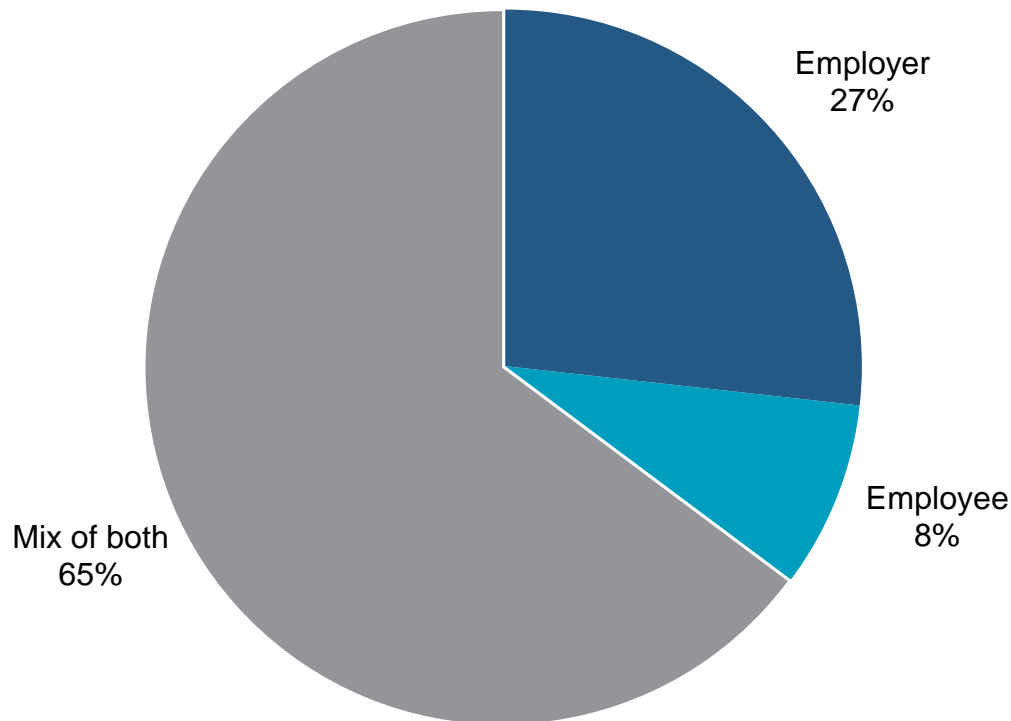
Anticipated Requirements After Next 6 Months



- After the next 6 months, 81% of companies expect no changes to in-office requirements. 19% anticipate requiring employees to come in more
- 21% of large companies expect employees to be required in the office more after 6 months, compared to small and medium-sized companies at 18% and 17%, respectively
- Life/Health companies expect employees to be required in the office more after the next 6 months (44%), compared to P&C companies (16%)
- Within P&C, Personal Lines companies are most likely to require employees in the office more after 6 months, at 23%, compared to 19% for Commercial and 8% of Balanced Lines companies
- No companies responded with expectations to have employees in the office less after 6 months

Hybrid Strategy

Who determines required days in office?



- For those companies offering a hybrid work option to employees, 65% use a mix of both employer and employee input to determine days required in office
- 27% of companies have the employer determine the days required in office, up from 18% in January
- 31% of medium-sized companies have the employer set the days, compared to small and large at 30% and 21%, respectively
- While 8% of P&C companies allow employees to determine their days in office, 13% of Life/Health company reported this as an option

*Percentages in chart rounded to nearest whole number



Summary and Closing Thoughts

Summary

- 63% of companies plan to increase staff during the next 12 months, driven by the Property/Casualty segment at 65%
- 10% of companies are planning to decrease their number of employees. This is the same total expected in the January study
- 82% of small companies plan to add staff during the next 12 months. This is 32 points higher than both the medium-sized and large companies
- 72% of companies expect to grow revenue during the next 12 months. This is 7 points lower than the January survey
- Commercial Lines P&C companies are the most optimistic to increase revenue as 84% expect growth, compared to 75% of Balanced Lines companies and 54% of Personal Lines. 67% of Life/Health companies expect an increase in revenue
- 47% of the companies stated that change in market share will drive their expected revenue changes, while 36% cited pricing factors
- The primary reason companies plan to increase staff during the next 12 months is an expected increase in business volume. 47% of companies listed this as the primary reason to hire, followed by expansion of business/new markets
- Automation is the most common reason companies plan to reduce headcount during the next 12 months, followed by reorganization

Summary

- Technology, Claims, and Underwriting roles are expected to grow the greatest during the next 12 months
- Carriers are navigating the evolving market amid a strong and stable talent landscape. Industry unemployment remains low and job openings are elevated compared to pre-pandemic numbers
- Actuarial and Product Management are the top two areas where companies are looking to add experienced staff. Operations and Claims roles were identified as areas most likely to add entry-level positions
- Technology, Executive, and Analytics positions are the most difficult to fill
- In total, 17% 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 2022 survey
- At 6.4%, average 6-month voluntary turnover is 4 points lower than the 12-month average of 10.3%. The average 6-month involuntary turnover is also lower at 3%, compared to 3.7% for 12-month
- Currently, 92% of companies offer a hybrid model to their employees, followed by 68% with full-time remote. 54% offer flexible work hours
- During the next 6 months, 65% of companies expect their employees in the office at least one day a week (hybrid). After the next 6 months, 19% are expecting to change their approach to require employees to be in-office more
- 65% of companies utilize a mix of both manager and staff input to determine the required days in office for hybrid employees

Projection

If the industry follows through on its plans, we will see a 0.66% increase in industry employment during the next 12 months, creating new jobs.

	Projected Growth
Total Benchmark	0.66%
Life & Health	0.51%
Property/Casualty (PC)	0.74%
PC Personal	1.21%
PC Commercial	1.00%
PC Balanced	0.29%

Staying Informed

Our next survey will be conducted in January 2024.

For information on how to participate, please email
vincent.albers@aon.com

Thank you!