



Insurance Labor Market Study

The Jacobson Group and Ward Group, 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 third quarter of 2018.

Summary of Findings

- 63% of companies plan to increase staff during the next 12 months driven by 72% in personal lines and 66% in commercial lines
- 5% of companies expect a decrease in staffing during the next 12 months, 5 points lower than one year ago
- 79% of medium-sized companies plan to add staff during the next 12 months. This is 20 and 24 points higher than small and large companies, respectively
- Expectations to grow revenue are 3 points higher than January at 82%
- Medium-sized companies are the most optimistic to increase revenue as 93% expect growth, compared to 80% for small and 76% for large companies
- Optimism for revenue growth decreased 16 points to 78% for Life/Health companies from January while Property/Casualty companies increased 5 points to 82%
- 53% of the companies stated that change in market share will drive their expected revenue changes with 25% referencing economic expansion/contraction
- The primary reason to increase staff during the next 12 months is the expectation of an increase in business volume. 66% of companies listed this as the primary reason-to-hire followed by 43% who reported expansion of business/new markets
- 11% of companies report that automation will be the primary reason for reductions in staff during the next 12 months followed by reorganization at 9%
- Technology, Claims, and Underwriting roles are expected to grow the greatest during the next 12 months. After Technology, Operation roles are the greatest need for Life/Health companies while Claims is for Property/Casualty companies
- A challenging recruitment reality still persists. The insurance industry faces a candidate's market amid the talent crisis brought on by an aging workforce, mid- and executive-level talent gaps and a virtually non-existent unemployment rate.
- Executive, Technology, and Actuarial positions are the most difficult to fill
- Companies are requiring more temporary staff. 13% of companies are planning to increase their use, up from 12% last July

Notable Survey Trends from July 2017 to July 2018

- The Total industry grew 0.96% versus an anticipated rate of 1.14%
- The P&C industry grew 0.90% versus an anticipated rate of 0.79%
- The L&H industry grew 1.18% versus an anticipated rate of 1.98%

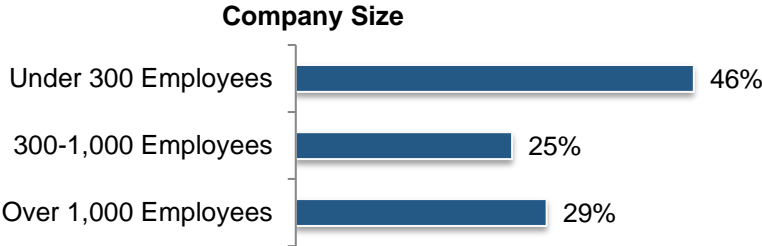
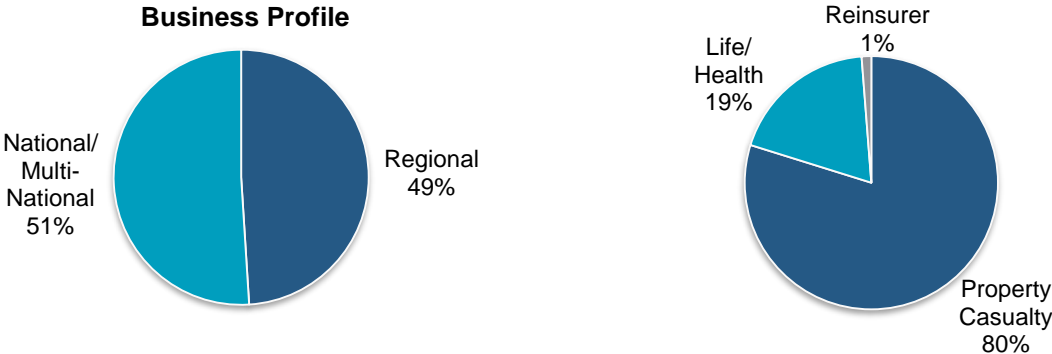
Projection

If the industry follows through on its plans, we will see a 0.60% increase in industry employment during the next 12 months, creating new jobs.

Projected Growth	
Total Benchmark	0.60%
Life & Health	1.26%
Property Casualty (PC)	0.47%
– PC Personal	1.13%
– PC Commercial	0.51%
– PC Balanced	0.31%

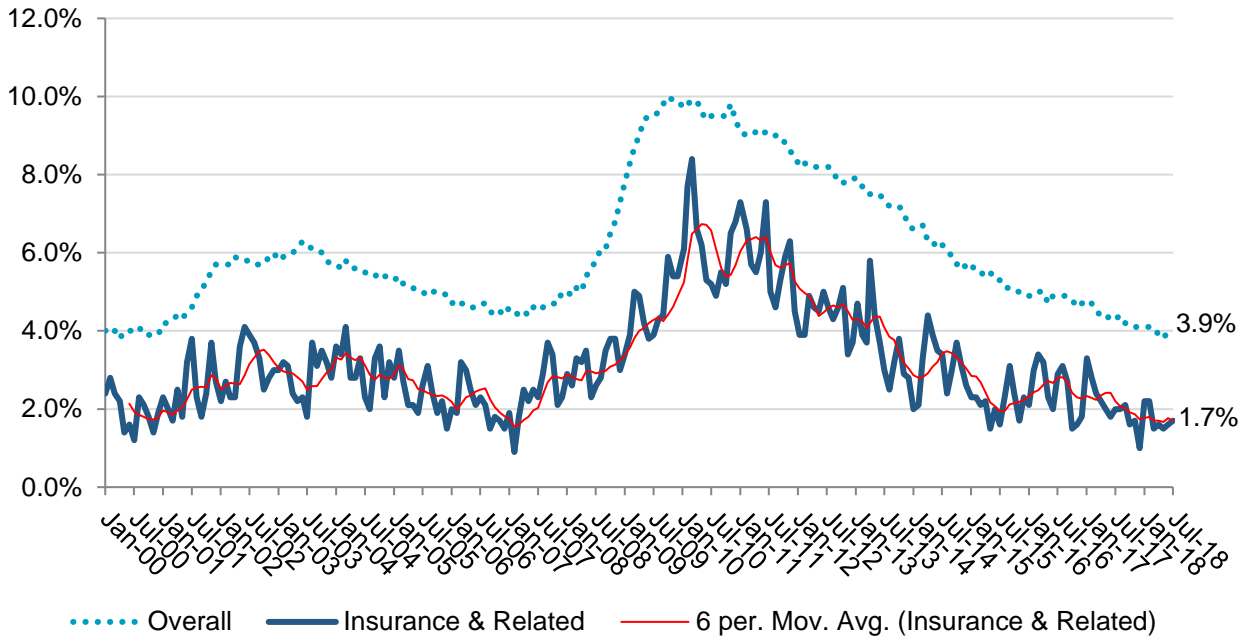
Survey Results

Participant Profile



The total average number of employees is 2,907

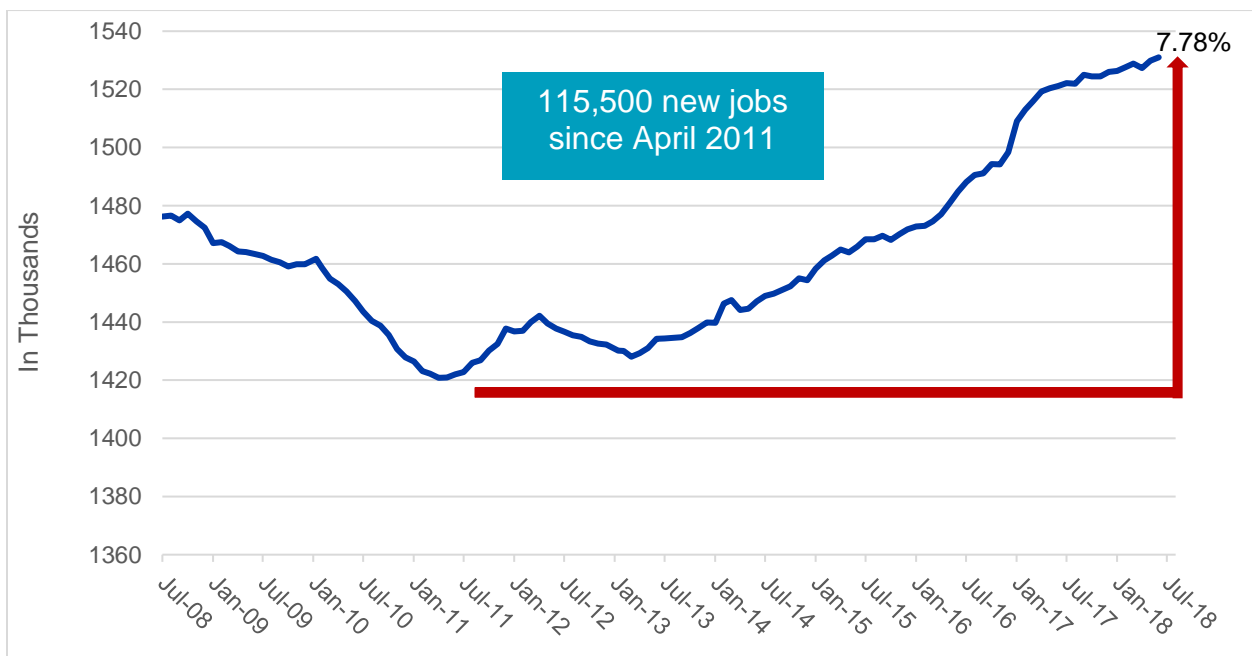
Unemployment Rates



*Percentage indicated 6-month trailing average

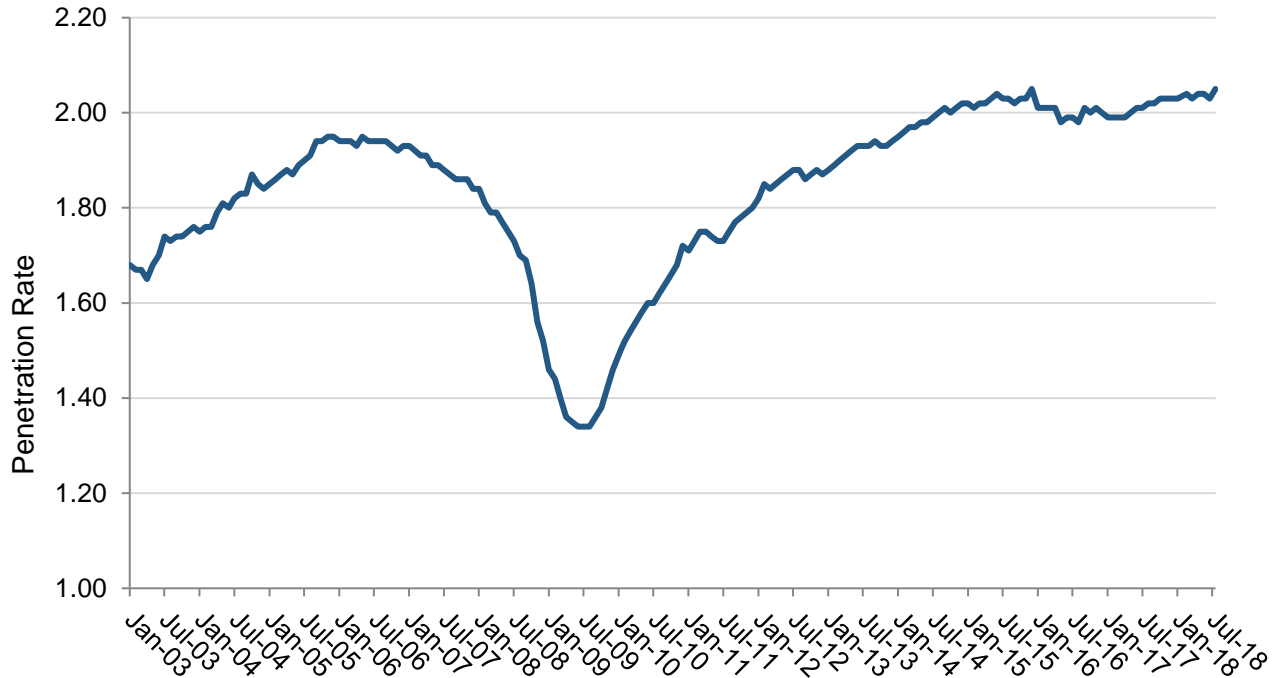
Source: U.S. Bureau of Labor Statistics

Insurance Carrier Employment



Source: U.S. Bureau of Labor Statistics

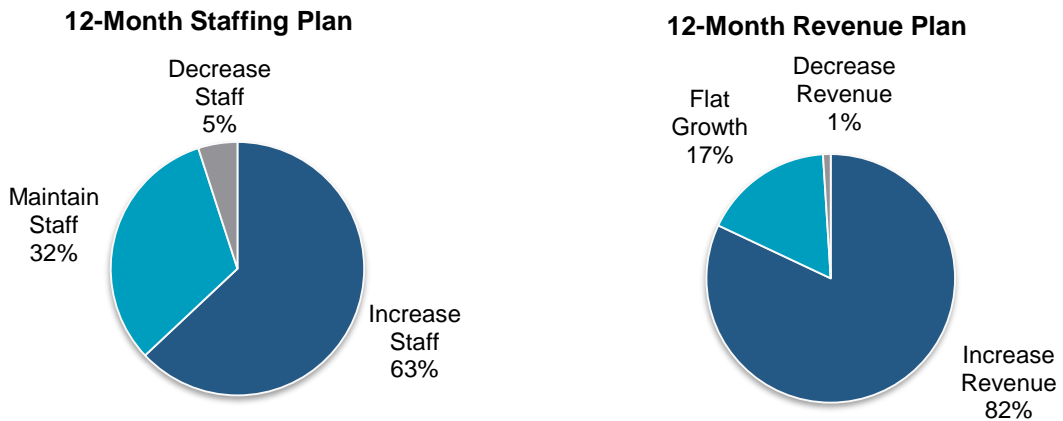
Temporary Employment



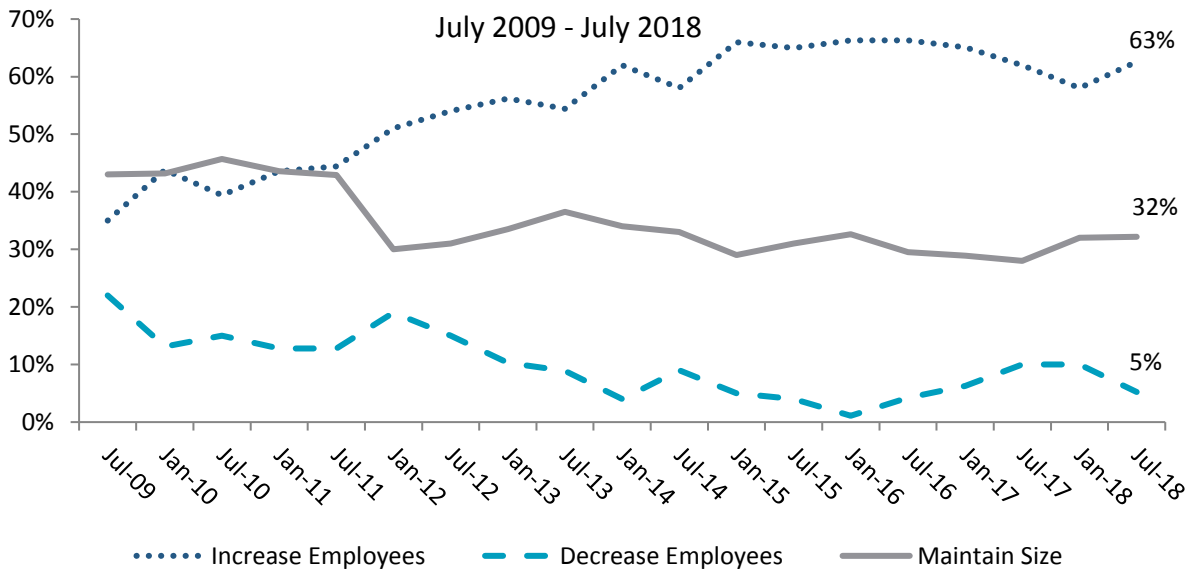
Temporary employment is up by 56,700 jobs since January. The temporary penetration rate is now 2.05%.

Source: U.S. Bureau of Labor Statistics

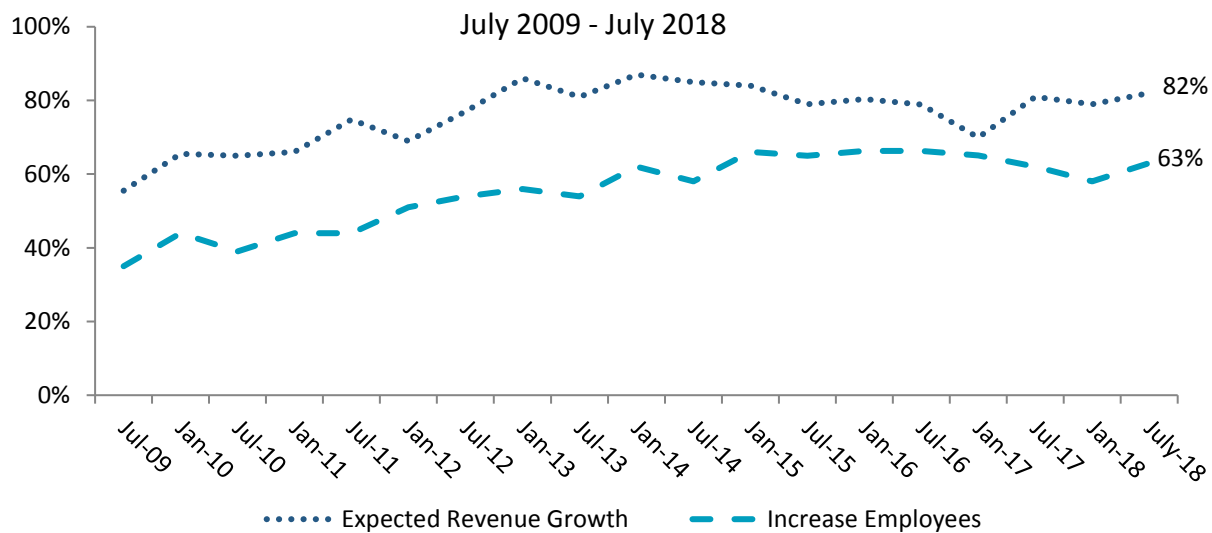
Revenue and Staffing Expectations



12-Month Staffing Plans

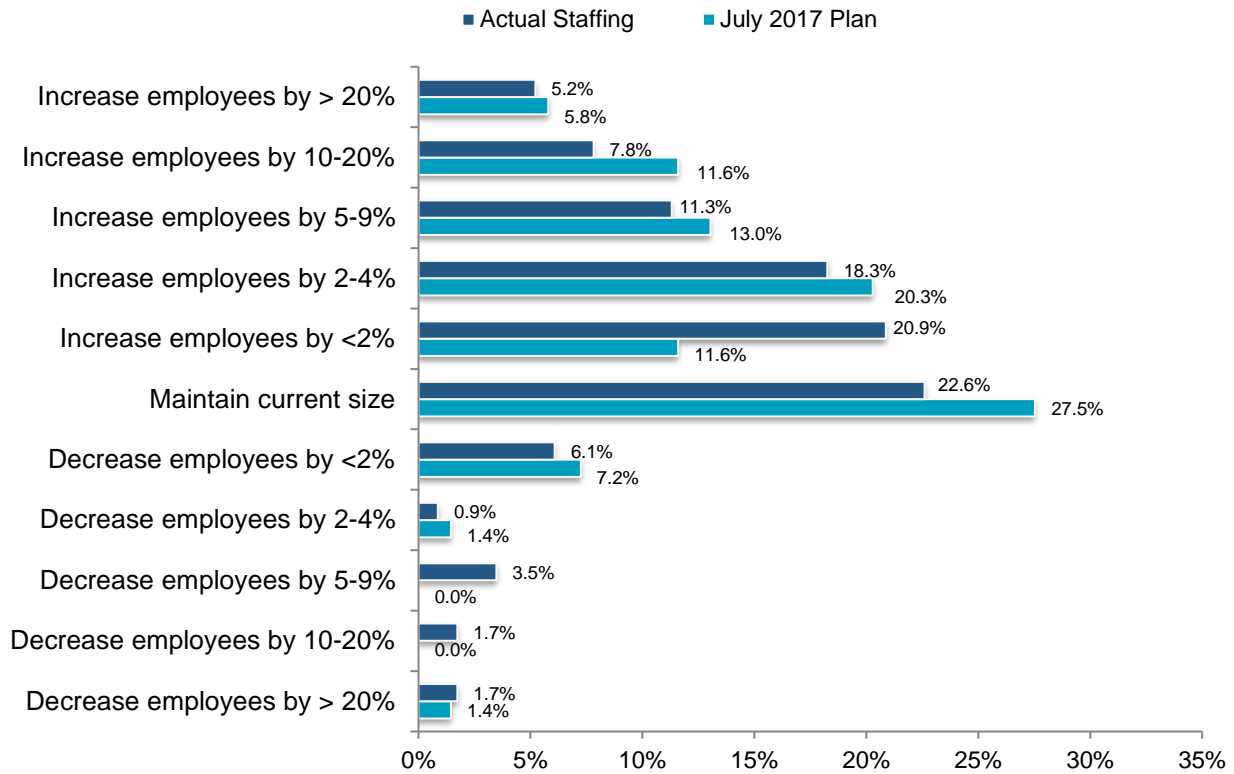


12-Month Staffing Plans Increase vs. Expected Revenue Growth

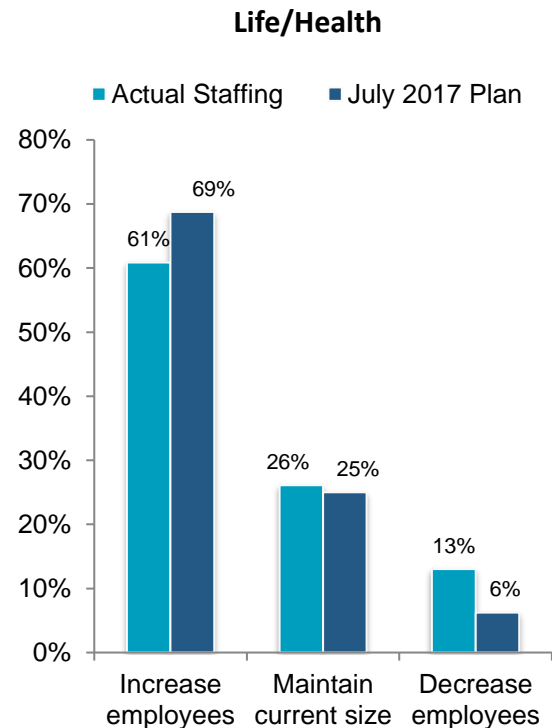
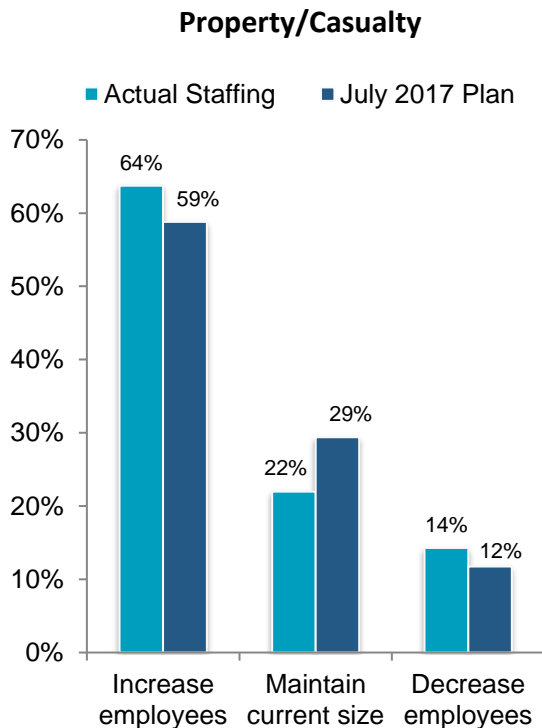


- 82% of companies expect an increase in revenue growth, up 3 points from the January survey
- 78% of Life/Health companies expect an increase in revenue
- 17% of companies expect flat revenue growth, up 3 points from January
- Both P&C and Life/Health companies responded that the primary driver for expected revenue changes will be market share, at 51% and 62% respectively

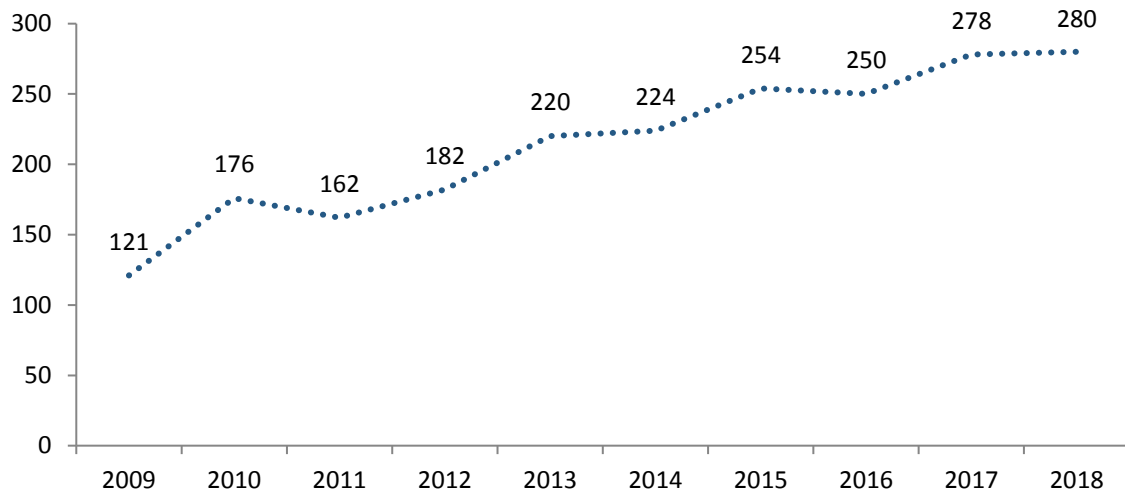
12-Month Staffing Plans vs. Actual



12-Month Staffing Plans vs. Actual – By Industry

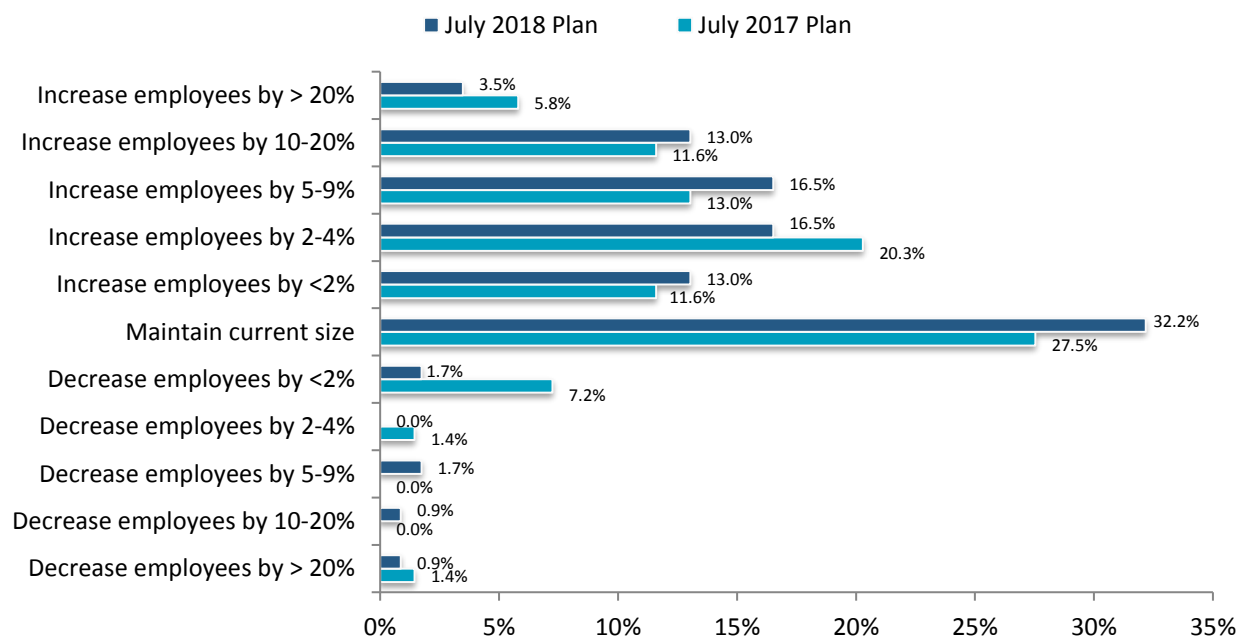


Job Openings in Finance and Insurance



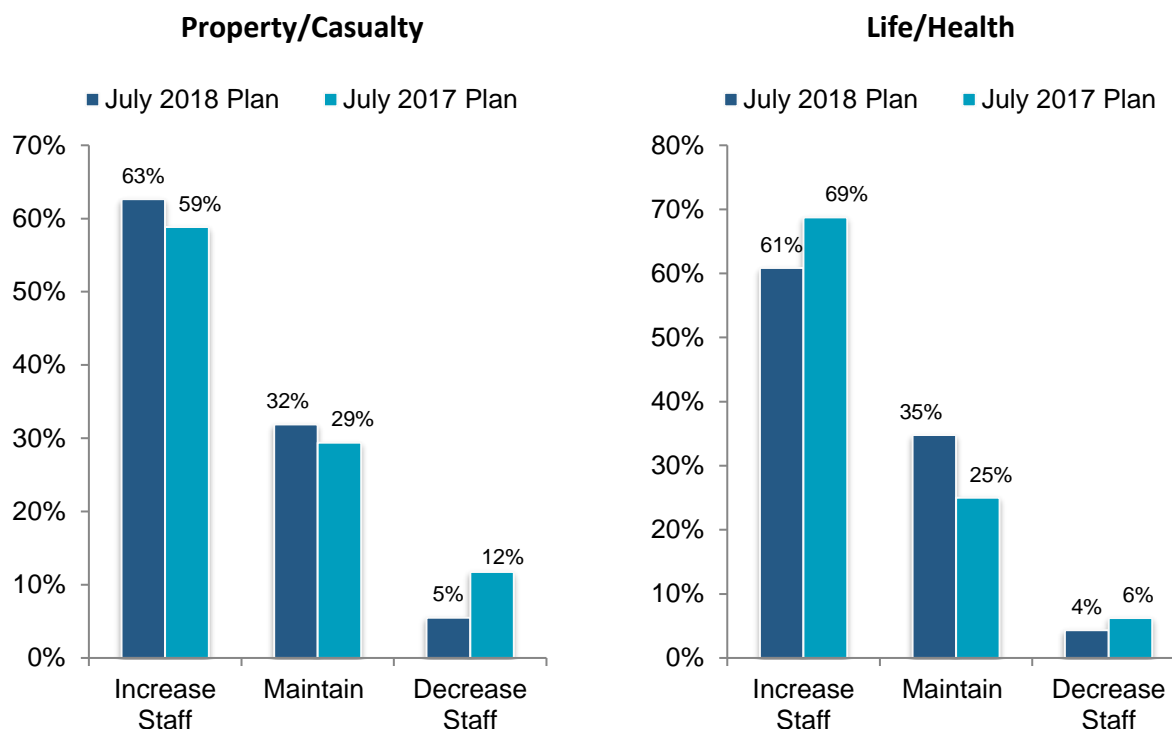
Source: U.S. Bureau of Labor Statistics

12-Month Staffing Plans

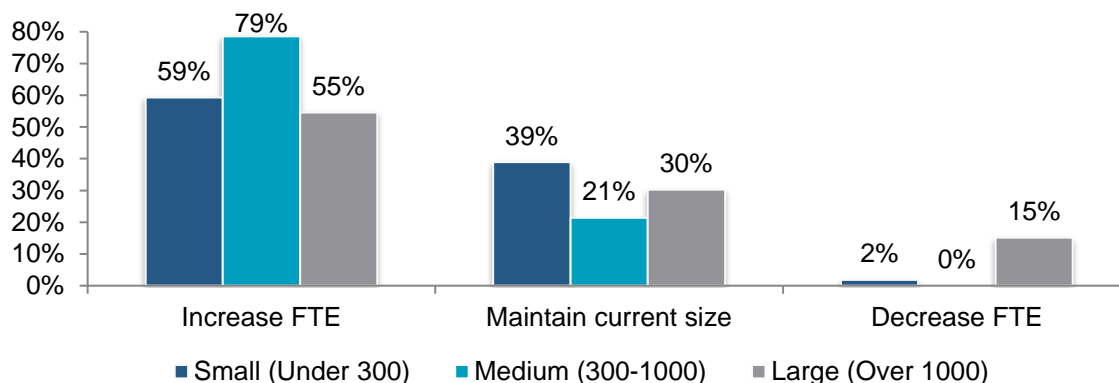


- 72% of personal lines P&C companies are expecting to increase staff during the next 12 months. This is 6 and 18 points higher than commercial and balanced lines P&C companies, respectively
- Of the companies who plan to add staff during the next 12 months, 90% expect an increase in revenue with 58% responding that it will be due to a change in market share
- 68% of companies who plan to maintain staff size during the next 12 months are expecting an increase in revenue growth

12-Month Staffing Plans - Comparison to July 2017 by Industry

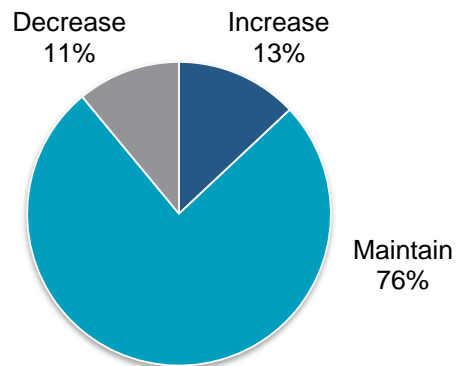


12-Month Staffing Plans - By Employee Size

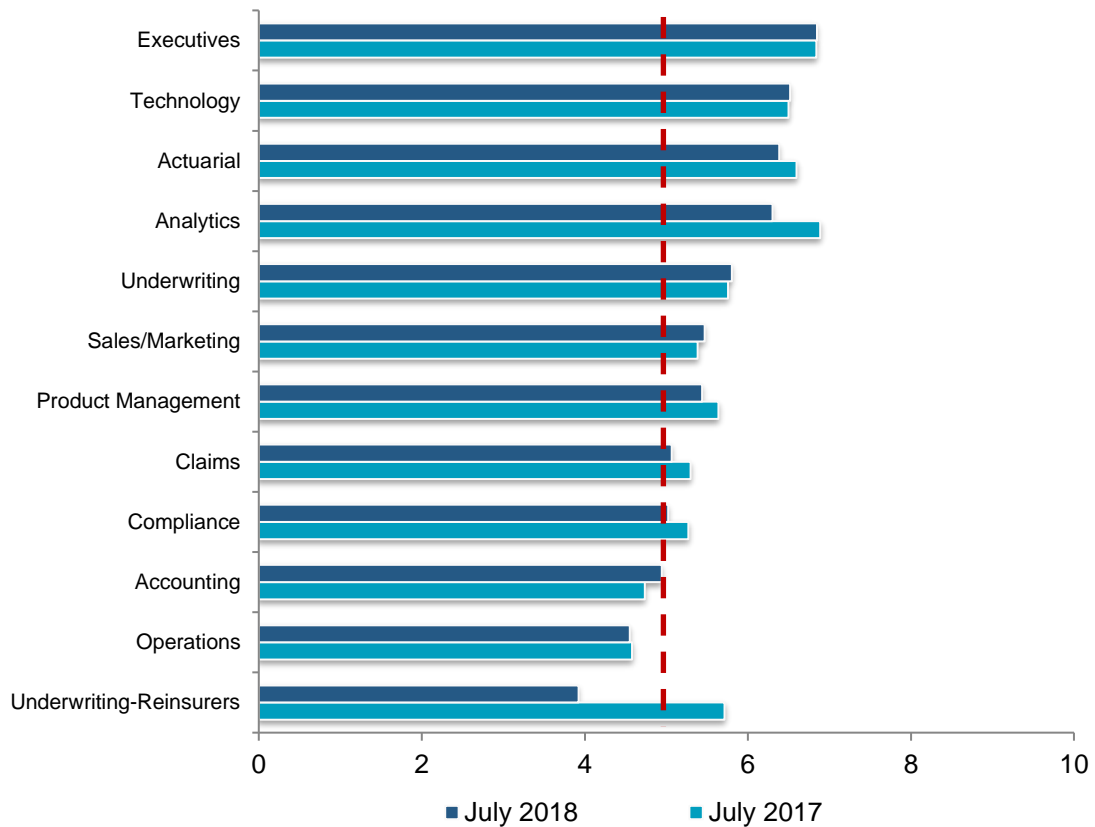


- 37% of small companies are expecting growth in revenue/premium greater than 10%. This compares to 29% for medium-sized companies and 24% for large companies
- 65% of large companies responded that revenue growth will be driven by market share compared to 55% of small and 37% of medium-sized companies
- 93% of medium-sized companies expect revenue growth in the next 12 months with all planning to maintain or increase employees
- In January, 76% of small companies were expecting to increase staff while 60% of medium-sized companies and 32% of large companies were expecting the same

Use of Temporary Employees during Next 12 Months

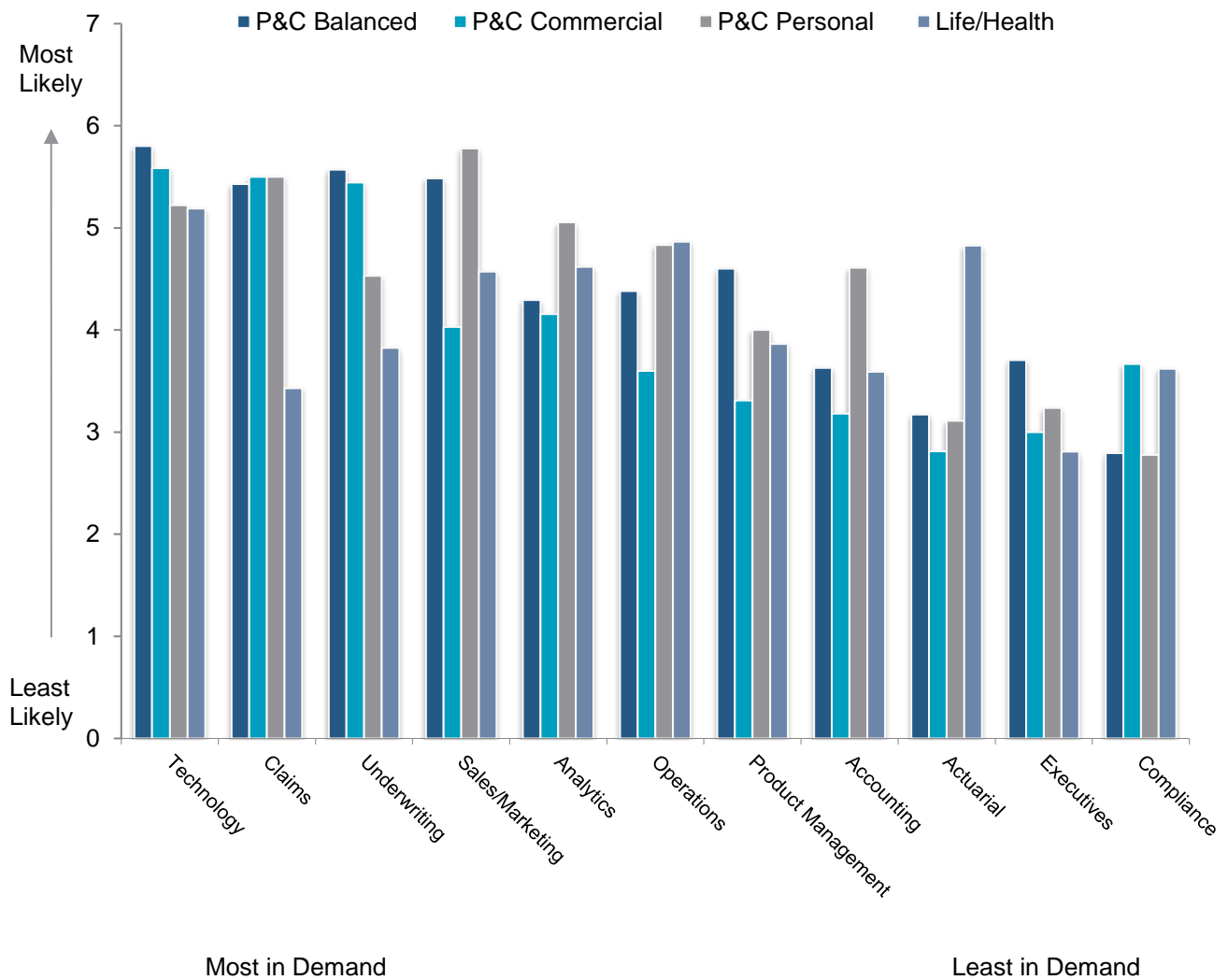


Recruiting Difficulty Continues



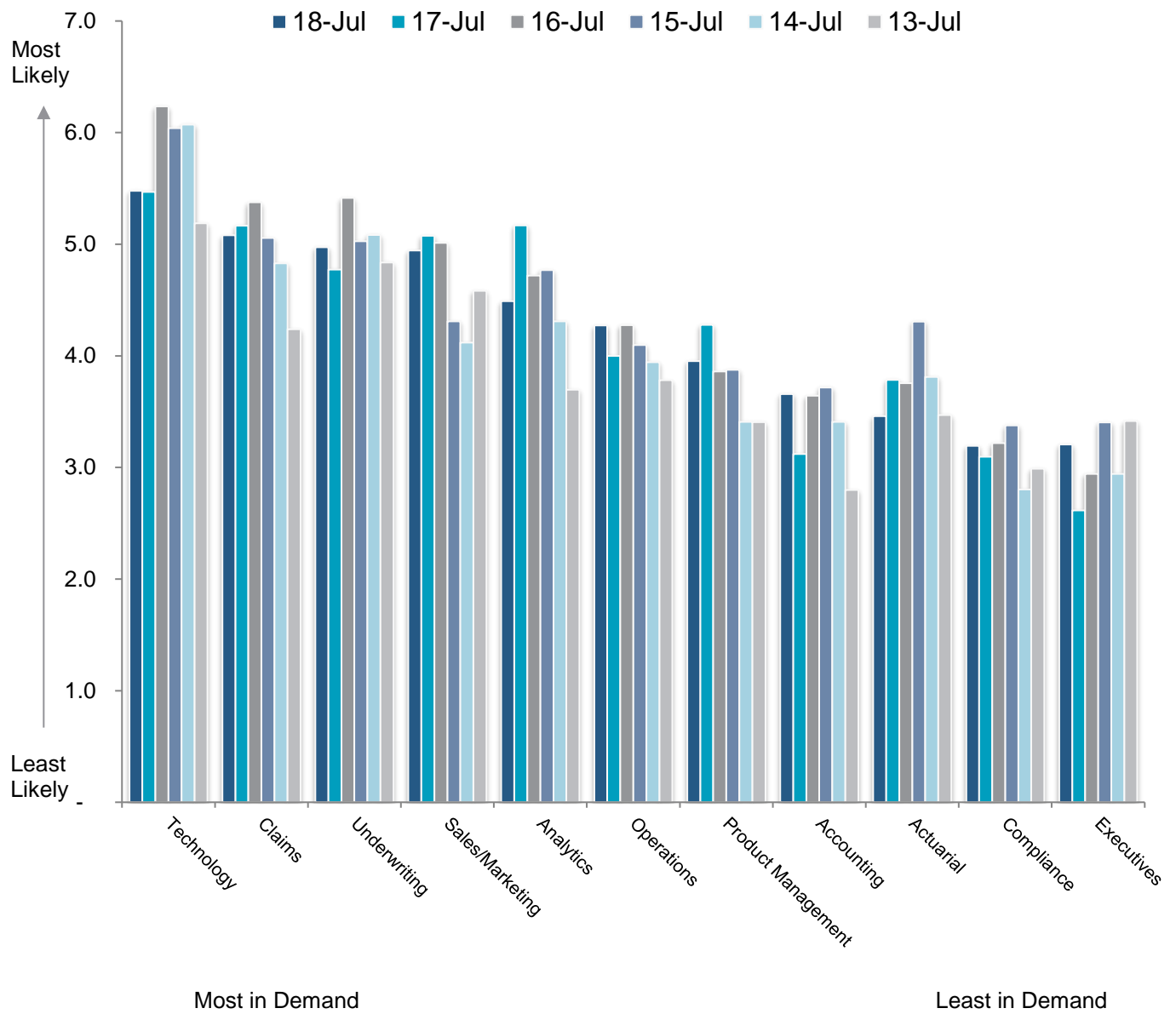
- On a scale of 1 – 10 (10 being most difficult), companies responded that positions are still moderately difficult to fill
- Positions rated 5 or above are considered moderate or difficult to fill
- Product line has a significant impact on the ease of filling positions
- 5 of 12 categories have seen recruiting difficulty increase slightly over the past year

Likelihood of Increasing Staff by Function

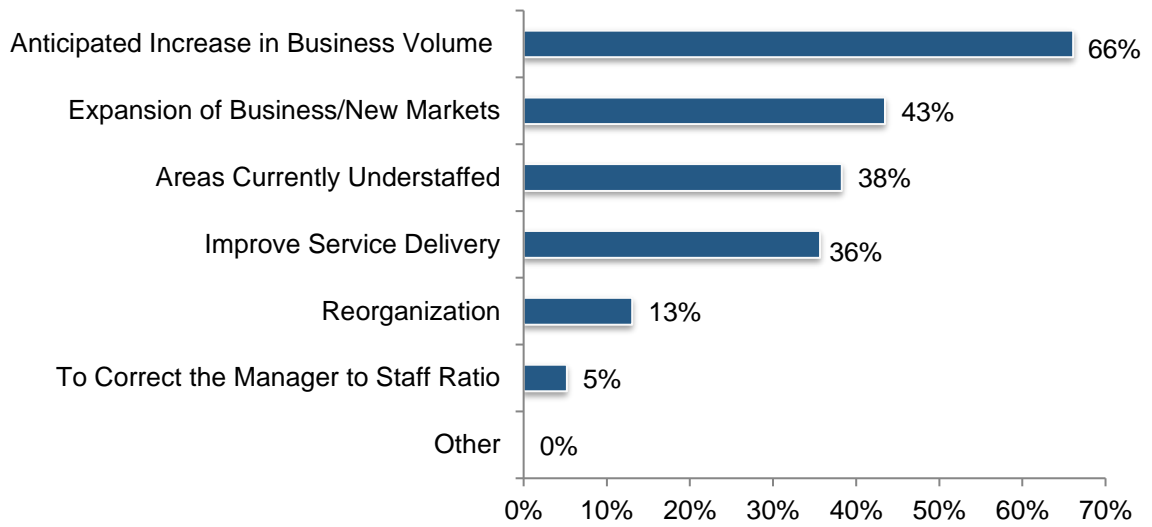


- Technology is the area most likely to increase staff for large companies followed by Analytics and Sales/Marketing. Medium-sized companies are looking towards Technology then Claims in the next 12 months. After Claims, small companies have the greatest need in Technology
- Commercial and balanced lines companies are most likely to increase staff in Technology in the next 12 months compared to Sales/Marketing for personal lines companies
- In total, the industry's greatest need is in Technology staff

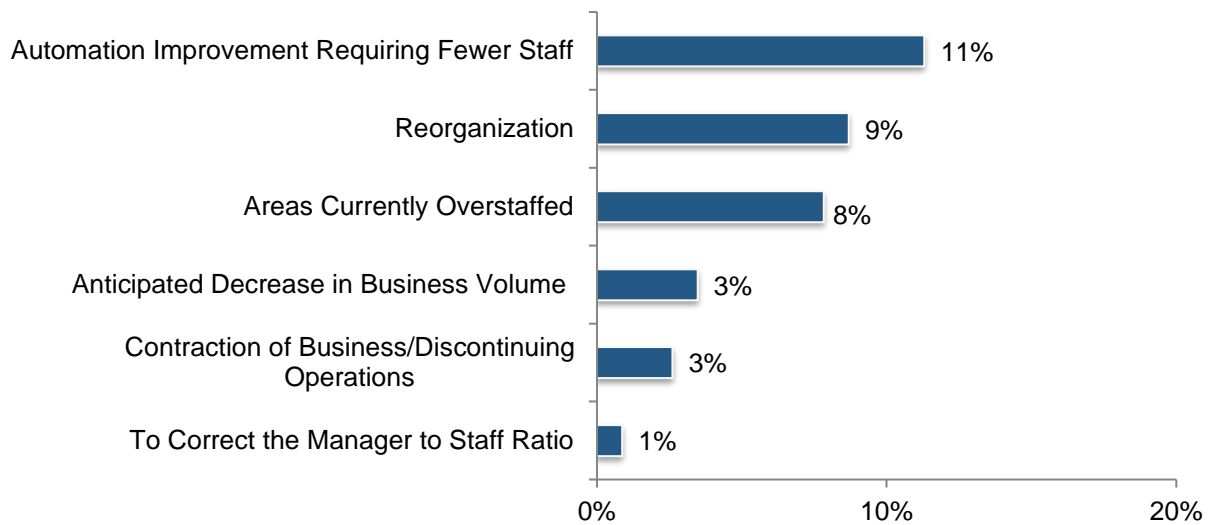
Likelihood of Increasing Staff by Function by Survey Period



Reason to Increase Staff during Next 12 Months



Reason to Decrease Staff during Next 12 Months



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About Ward Group

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

About The Jacobson Group

The Jacobson Group is the leading provider of talent to the insurance industry. For nearly 50 years, Jacobson has been connecting organizations with insurance professionals at all levels across all industry verticals. We provide an array of services including executive search, professional recruiting, temporary staffing and subject matter experts. Regardless of the need or situation, Jacobson is the insurance talent solution. Further information is available at www.jacobsononline.com.