



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 third quarter of 2020.

Summary of Findings

- 48% of companies plan to increase staff during the next 12 months driven by the Personal Lines P&C segment at 60%
- 17% of companies are planning to decrease the number of employees, which is the highest total reported since January of 2012 and the third highest total since 2009. This is up from 8% expected in January
- 50% of medium-sized companies plan to add staff during the next 12 months. This is 2 and 3 points higher than small and large companies, respectively
- Expectations to grow revenue is at 58%, 19 points lower than the January survey
- Large companies are the most optimistic to increase revenue as 73% expect growth, compared to 67% for medium-sized companies and 48% for small companies
- Optimism for revenue growth decreased 6 points to 75% for Life/Health companies from January while Property/Casualty companies decreased 19 points to 57%
- 44% of the companies stated that change in market share will drive their expected revenue changes with 33% referencing it being due to economic expansion/contraction
- The primary reasons to increase staff during the next 12 months is the anticipated increase in business volume and areas being understaffed. 45% of companies listed these as the primary reasons-to-hire
- 17% of companies report that both decrease in business volume and being overstaffed will be the primary reasons for reductions in headcount during the next 12 months
- Technology, Underwriting, and Analytics roles are expected to grow the greatest during the next 12 months. While Technology is the most likely area for Commercial and Balanced Lines companies, Personal Lines companies are looking to Claims as the area of greatest need
- Recruiting difficulty has not eased and in fact has increased a slight bit. Continued employment growth, albeit at a significantly slower pace, will not provide relief in the near future
- Compliance and Analytics are the top 2 areas where companies are looking for employees with prior experience
- Actuarial, Technology, and Analytics positions are the most difficult to fill

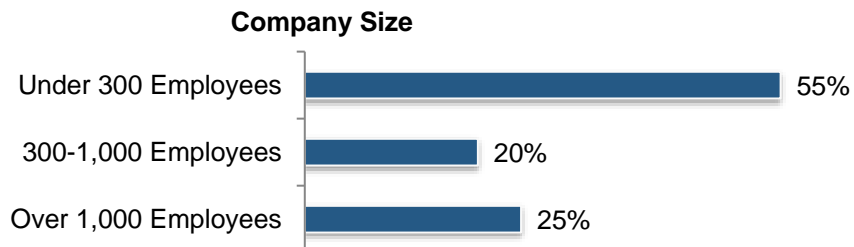
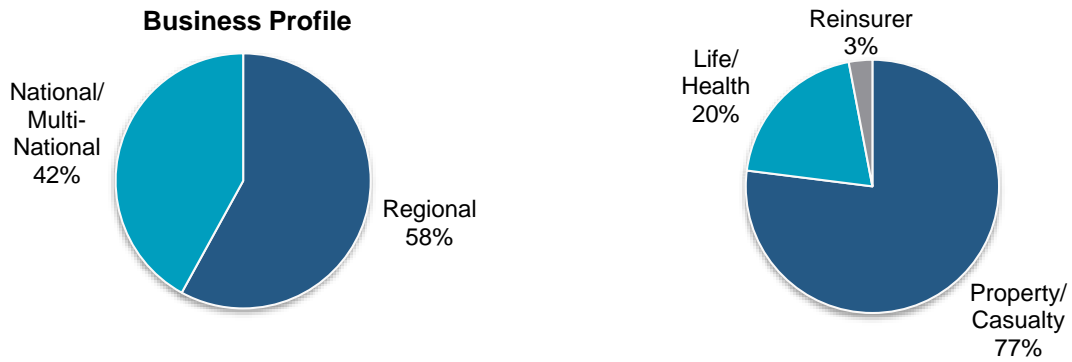
Projection

If the industry follows through on its plans, we will see a 0.99% increase in industry employment during the next 12 months, creating new jobs.

Projected Growth	
Total Benchmark	0.99%
Life & Health	0.62%
Property/Casualty (PC)	1.31%
- PC Personal	0.70%
- PC Commercial	1.13%
- PC Balanced	1.34%

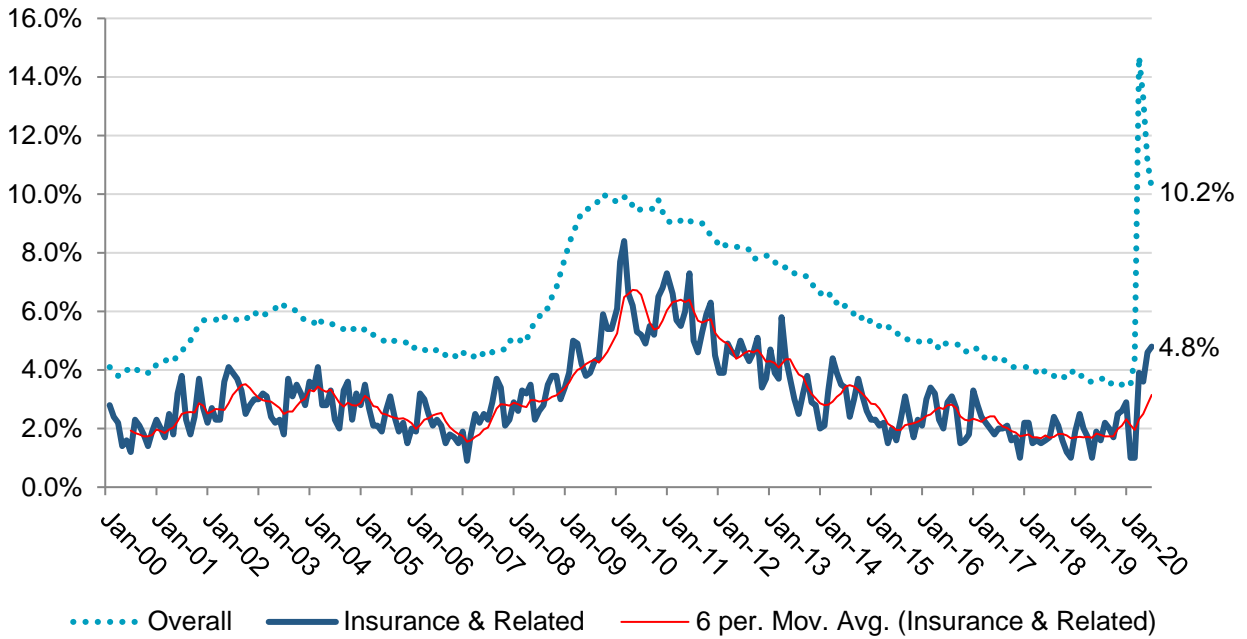
Survey Results

Participant Profile



The total average number of employees is 2,045

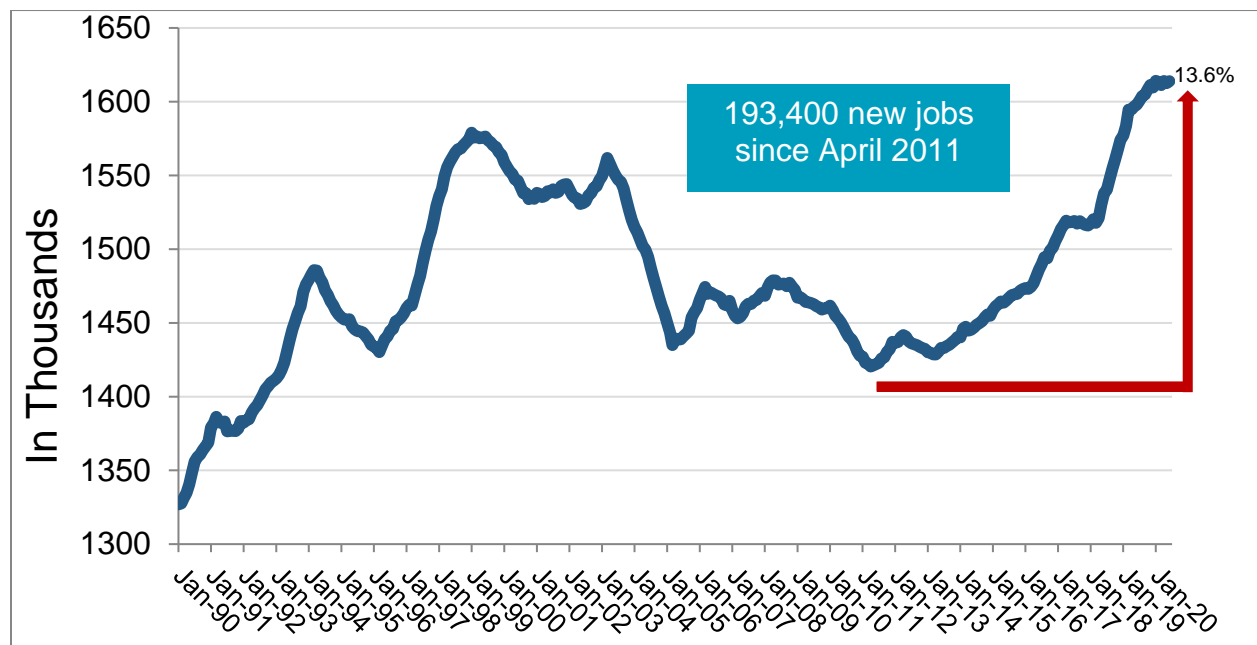
Unemployment Rates



*Percentage indicated 6-month trailing average

Source: U.S. Bureau of Labor Statistics

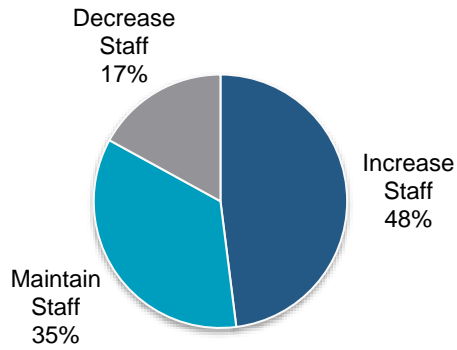
Insurance Carrier Employment



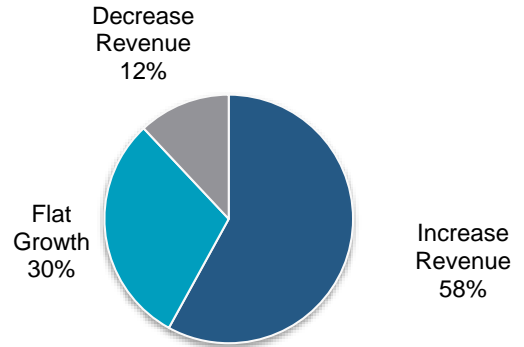
Source: U.S. Bureau of Labor Statistics

Revenue and Staffing Expectations

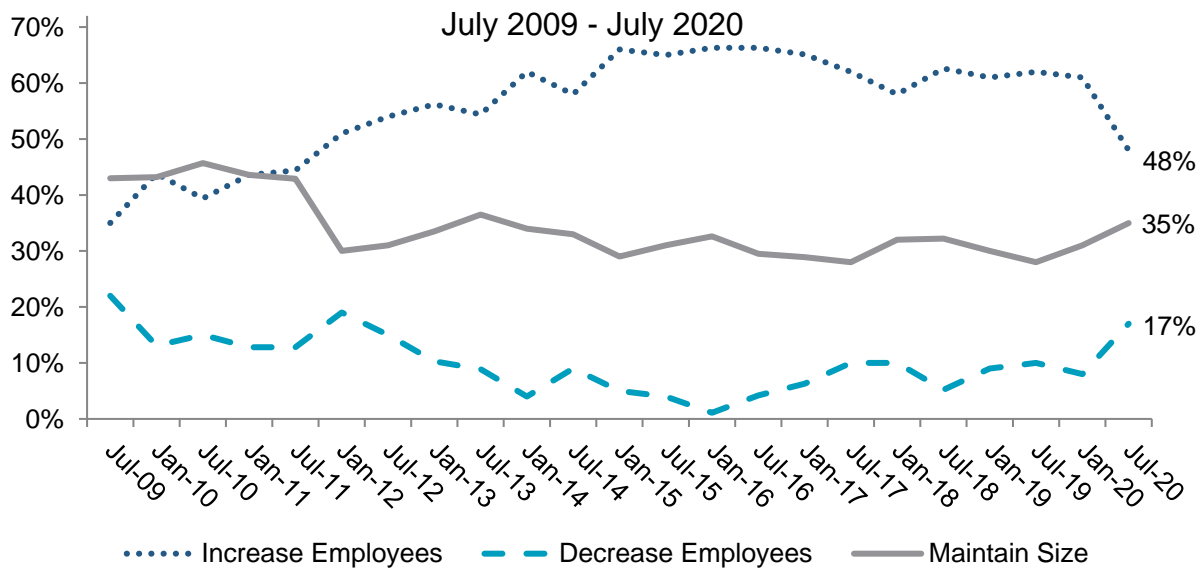
12-Month Staffing Plan



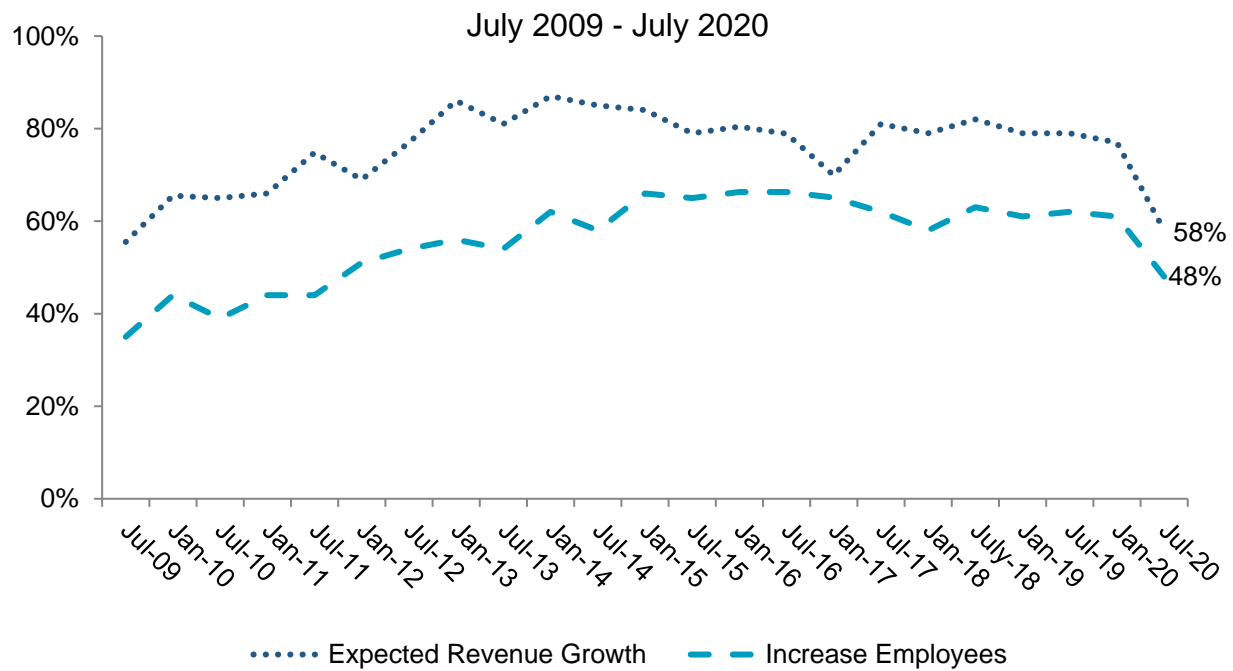
12-Month Revenue Plan



12-Month Staffing Plans

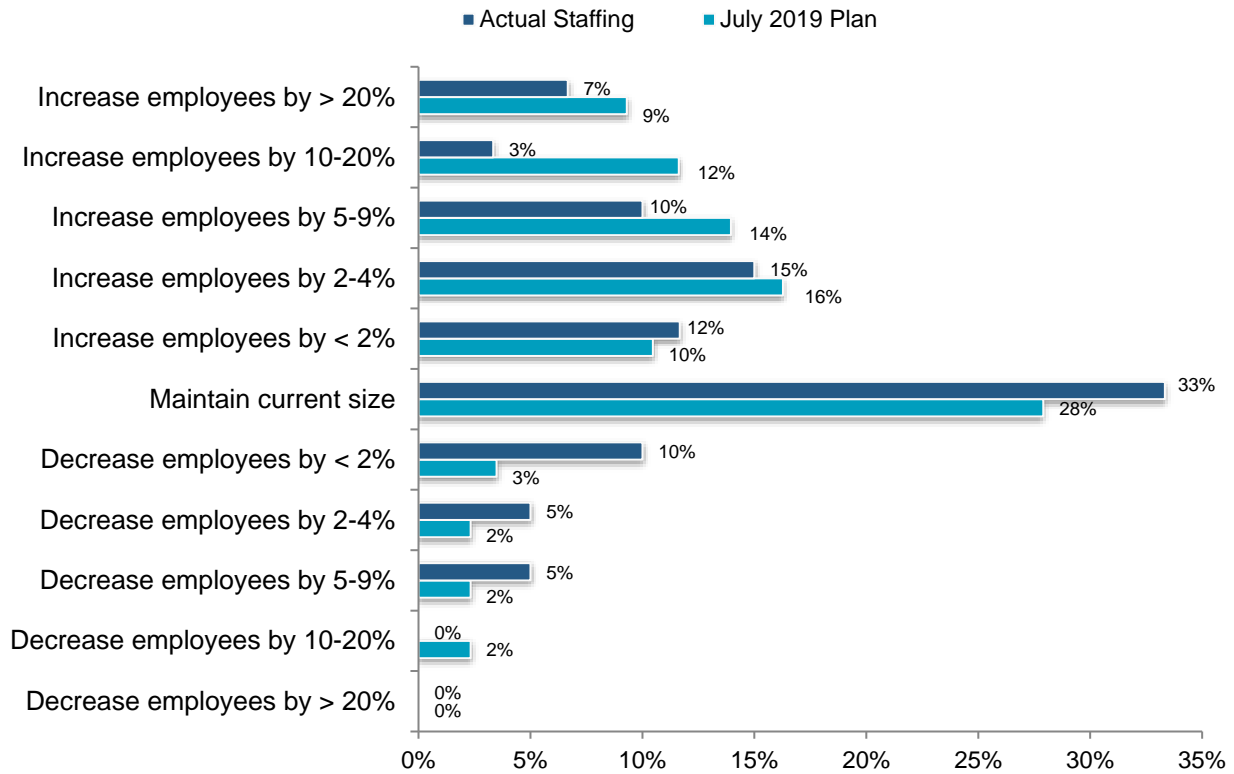


12-Month Staffing Plans Increase vs. Expected Revenue Growth

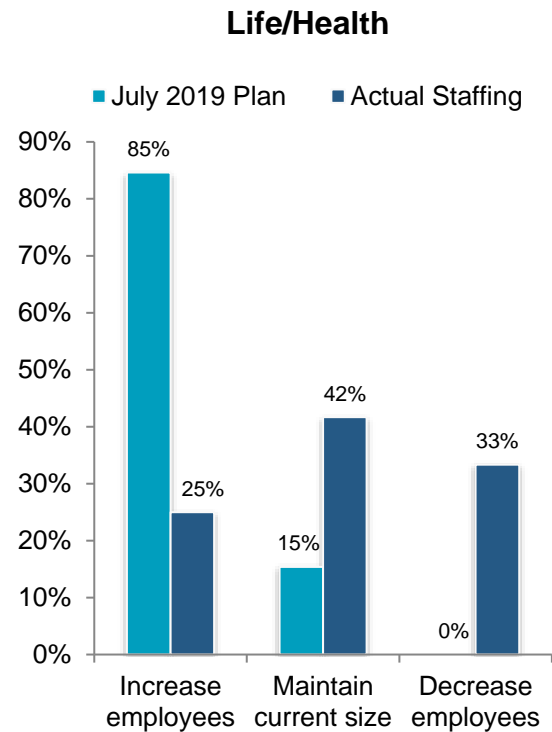
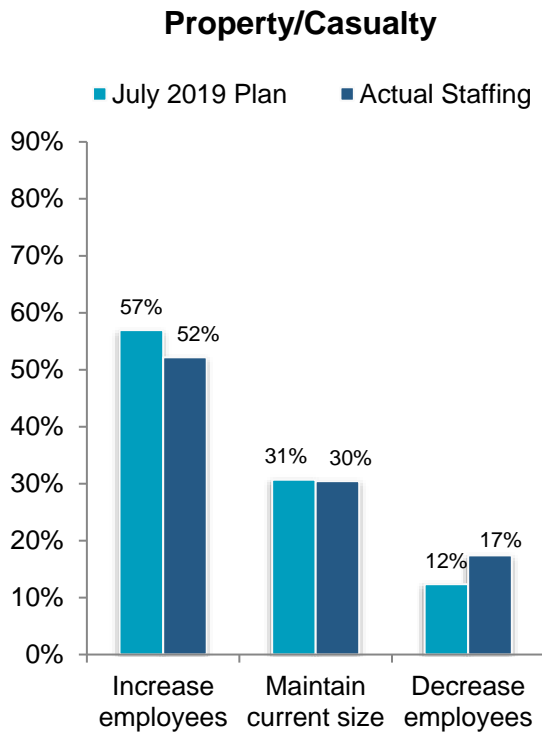


- 58% of companies expect an increase in revenue growth, down 19 points from the January survey
- 30% of companies expect flat revenue growth, up 13 points from January
- P&C companies responded that the primary driver for expected revenue changes will continue to be market share at 42%. Life/Health companies responded at 46% for both market share and economic expansion/contraction

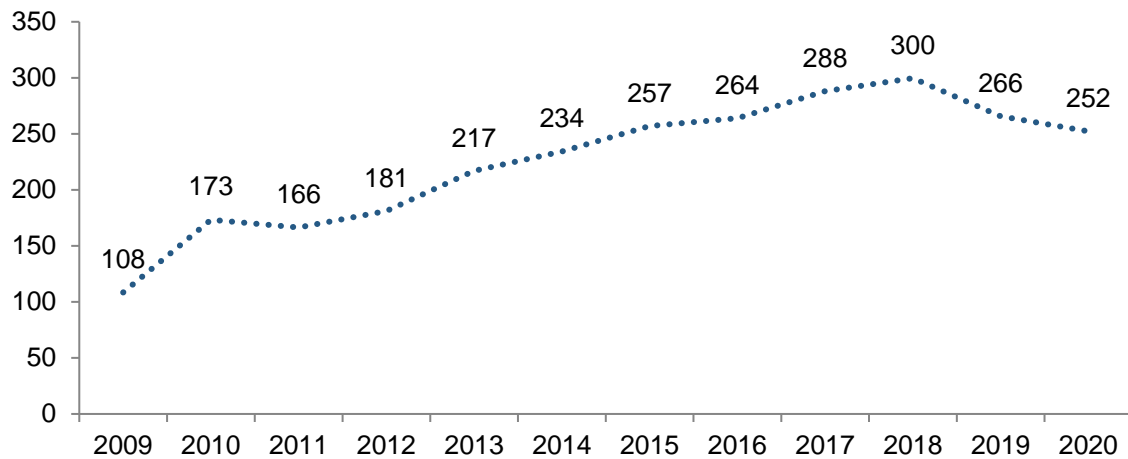
Prior Year 12-Month Staffing Plans vs. Actual



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

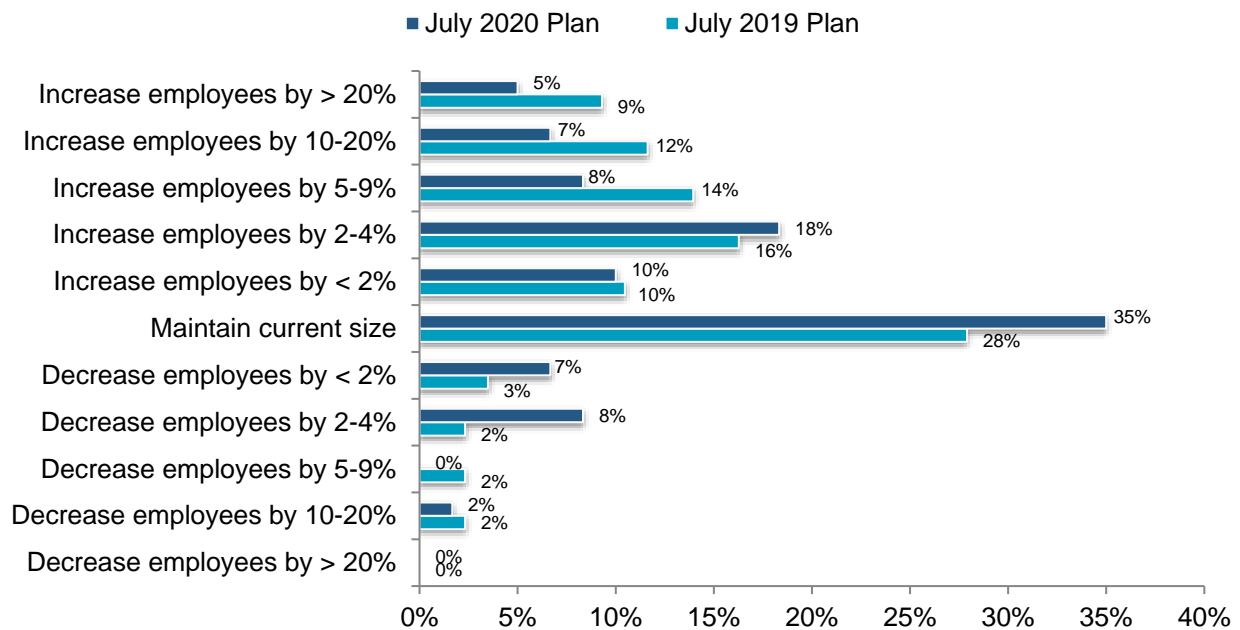


Job Openings in Finance and Insurance



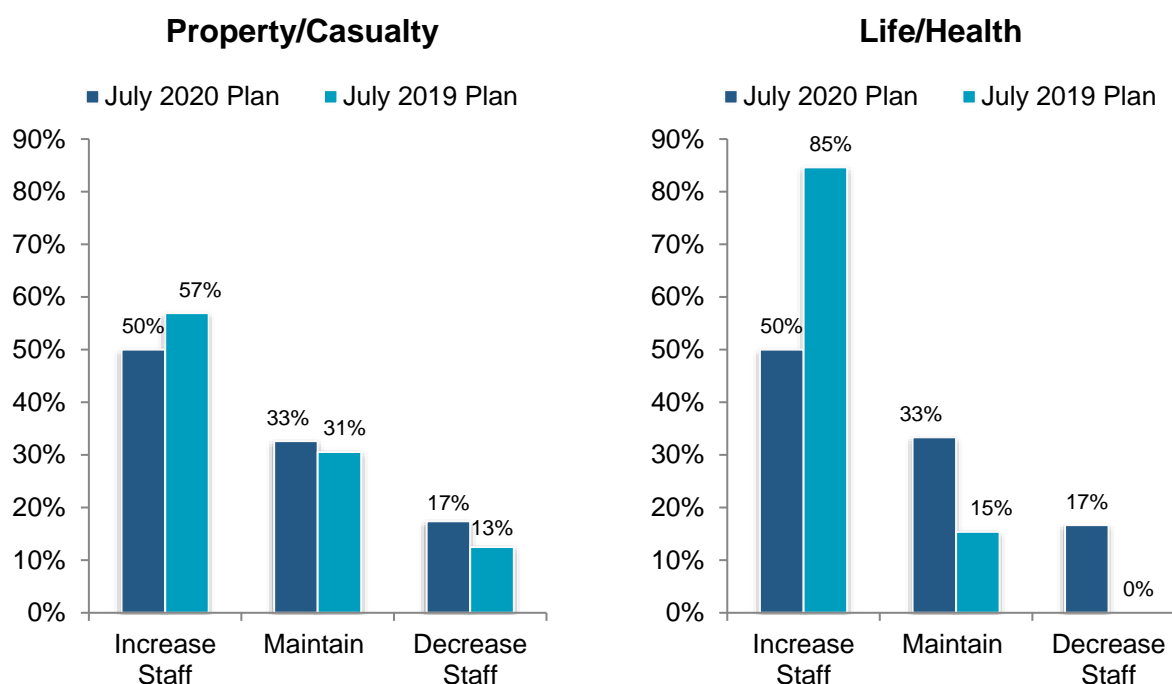
Source: U.S. Bureau of Labor Statistics

12-Month Staffing Plans

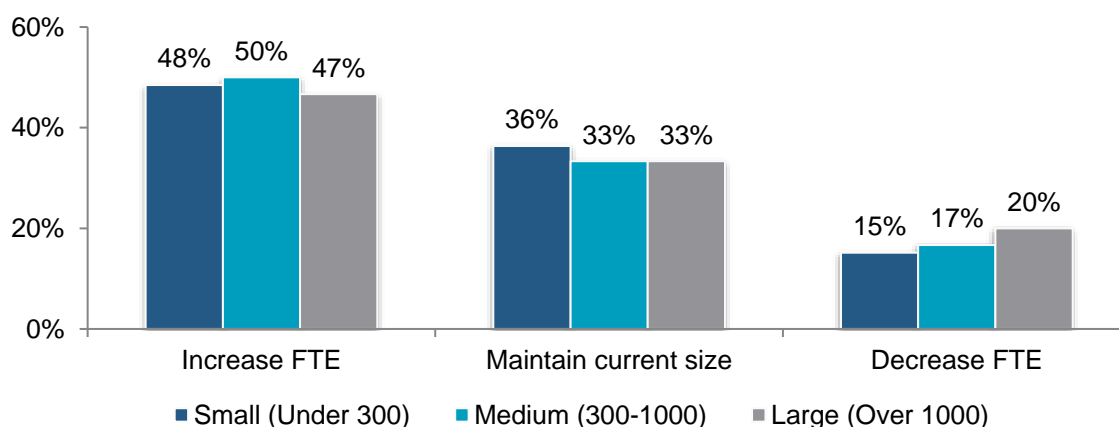


- 60% of Personal Lines P&C companies are expecting to increase staff during the next 12 months. This is 8 and 20 points higher than Commercial and Balanced Lines P&C companies, respectively
- Of the companies who plan to add staff during the next 12 months, 79% expect an increase in revenue with 54% responding that it will be due to a change in market share. Of those planning a decrease in staff, 20% expect revenue decreases to be driven by economic expansion/contraction
- 33% 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 2019 by Industry

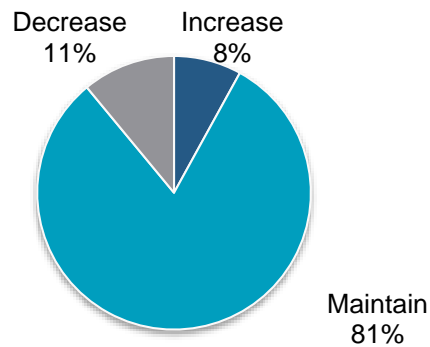


12-Month Staffing Plans - By Employee Size

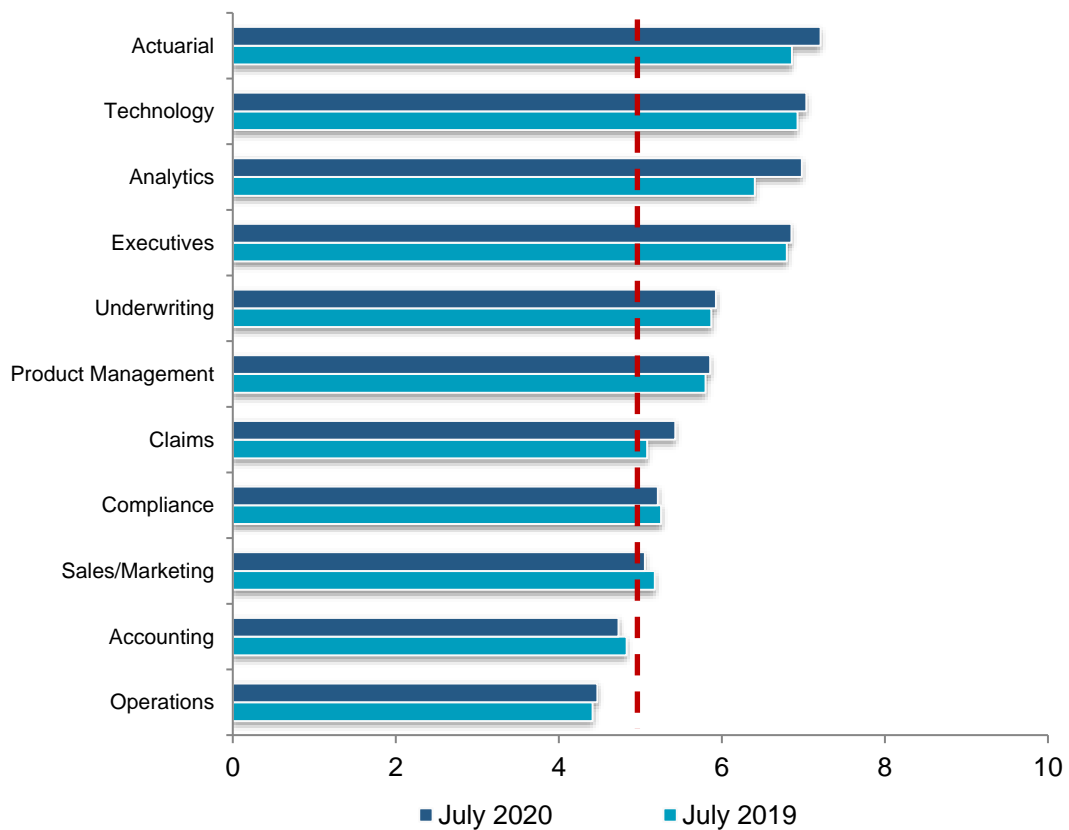


- Since January, expectations to increase staff have shifted. Small companies were expecting an increase of 62% compared to 48% in July. Medium-sized companies moved from 75% to 50%. Large companies differed from their peers in that they expect a slight increase from 45% to 47%
- 33% of medium-sized companies are expecting growth in revenue/premium greater than 10%. This compares to 27% for small and 13% for large companies
- While small and medium-sized companies responded that revenue changes will be driven by market share, large companies believe the driver will be economic expansion/contraction

Use of Temporary Employees during Next 12 Months

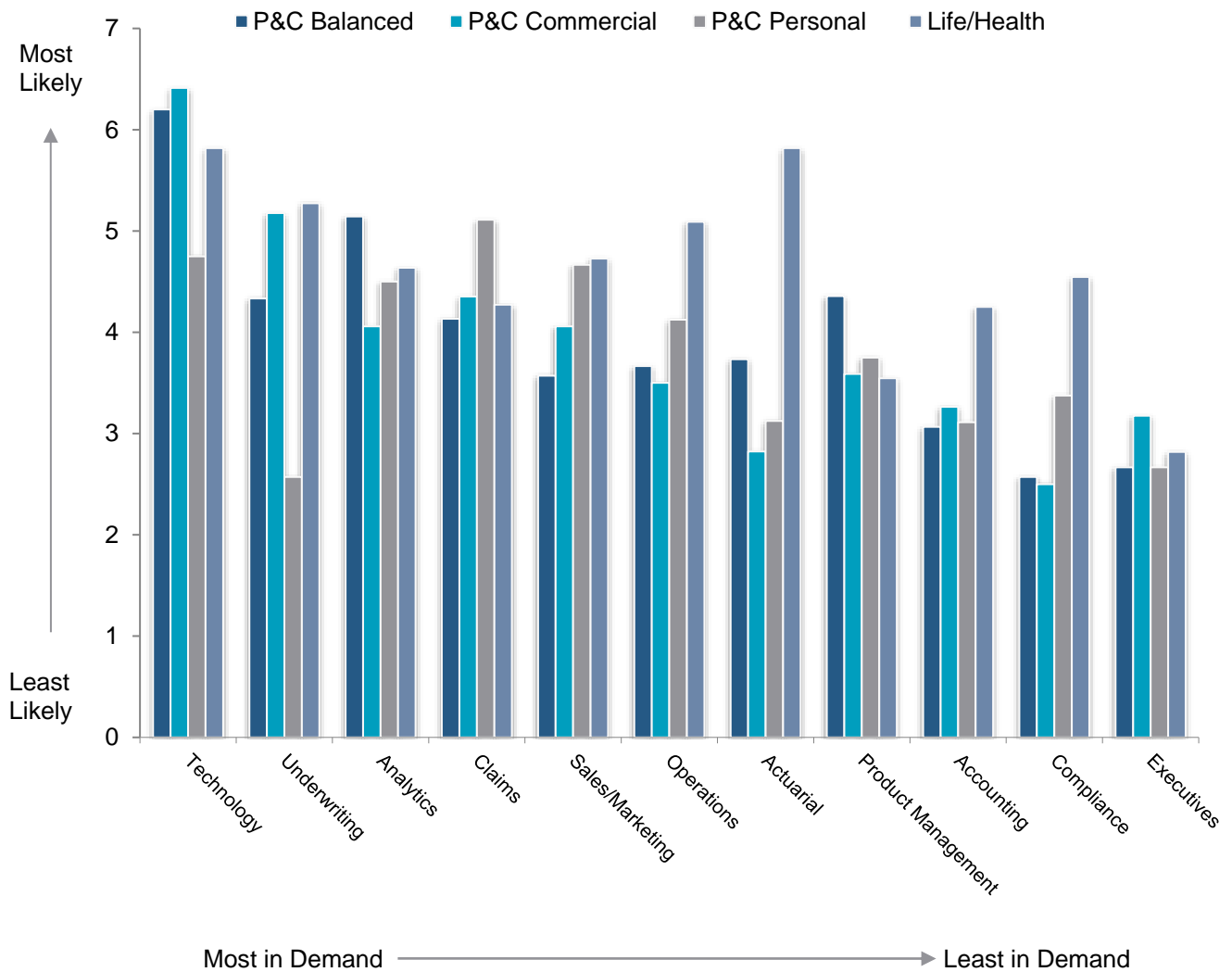


Recruiting Difficulty Continues



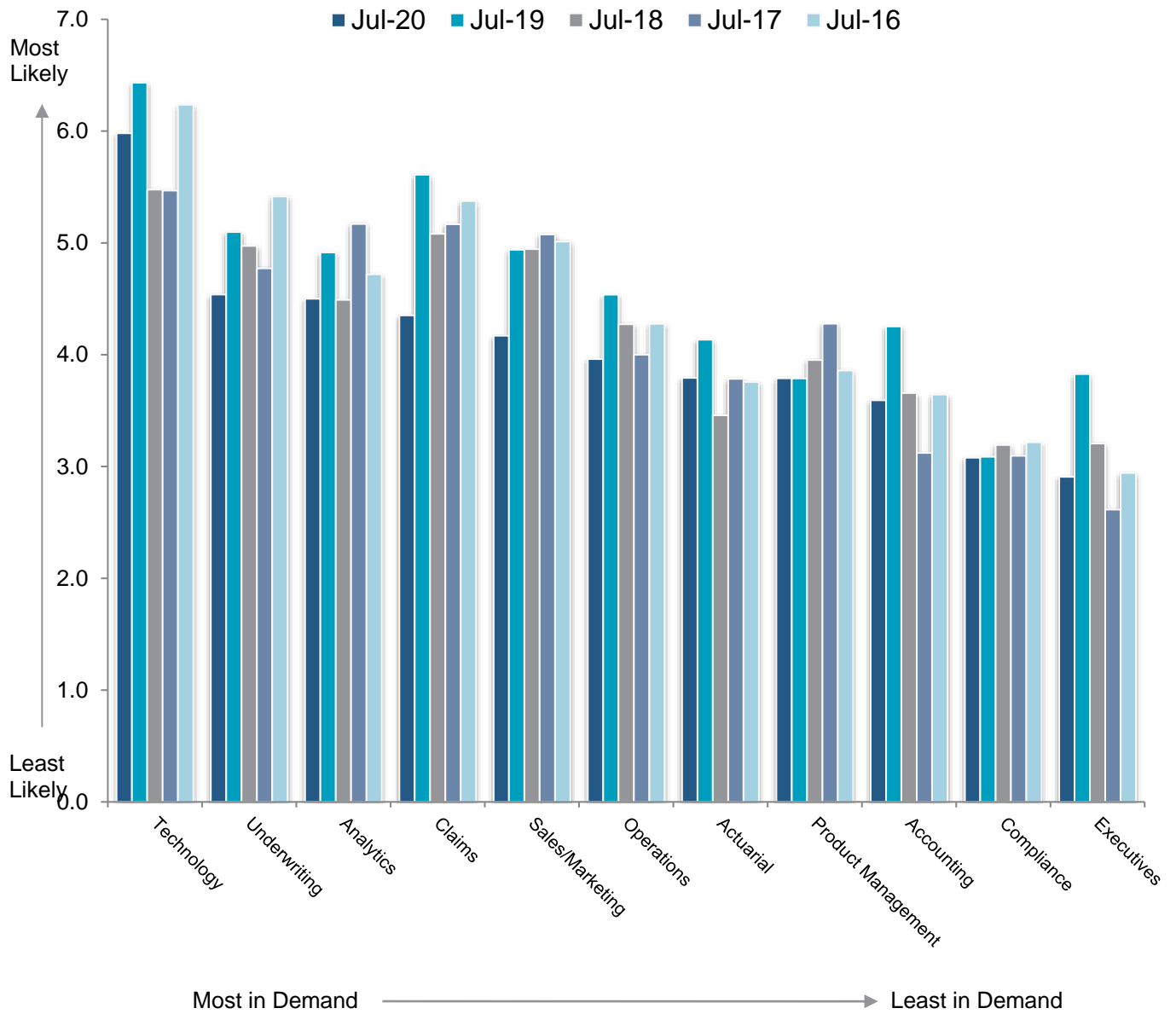
- On a scale of 1 – 10 (10 being most difficult), companies responded that positions are still moderately difficult to fill
- Positions rated 5 or above are considered moderate or difficult to fill
- Product line has a significant impact on the ease of filling positions
- Recruiting difficulty is increasing! 8 of 11 categories have seen recruiting difficulty increase slightly over the past year

Likelihood of Increasing Staff by Function

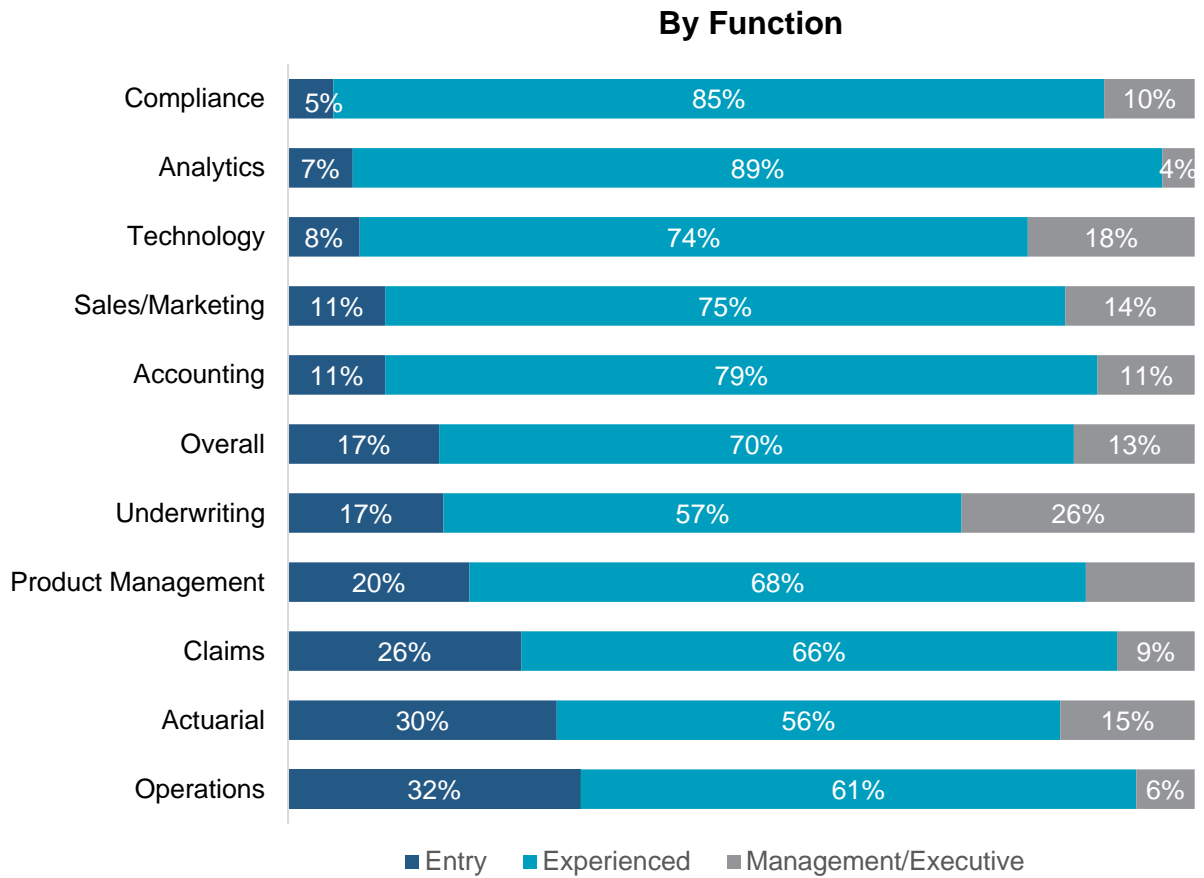


- In total, the industry's greatest need is in Technology staff
- Technology is the area most likely to increase staff for large companies, followed by Analytics and Underwriting. Medium-sized companies are looking towards Technology then Underwriting in the next 12 months. After Technology, small companies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

Likelihood of Increasing Staff by Function by Survey Period

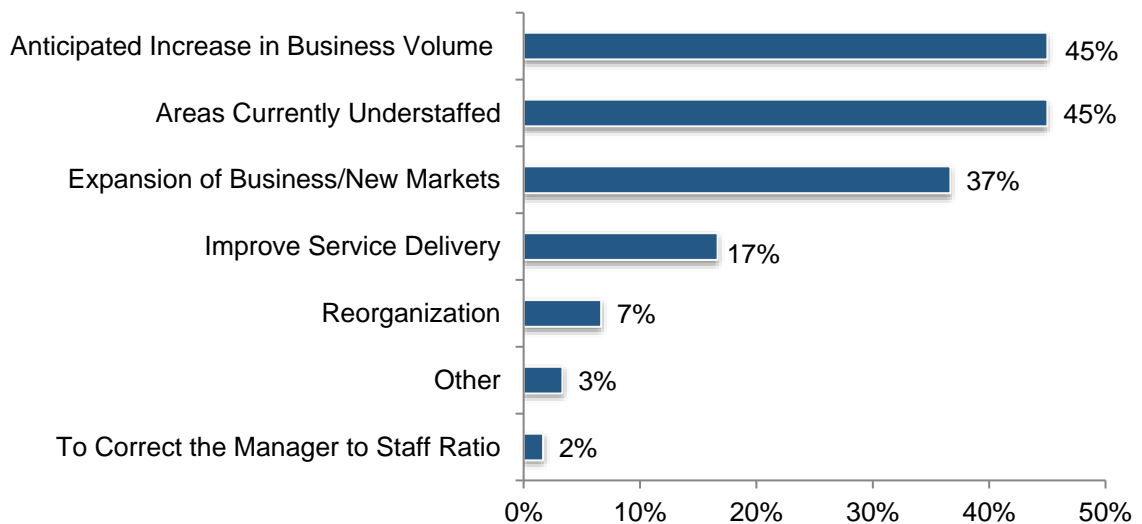


Employee Types Most Likely to Add

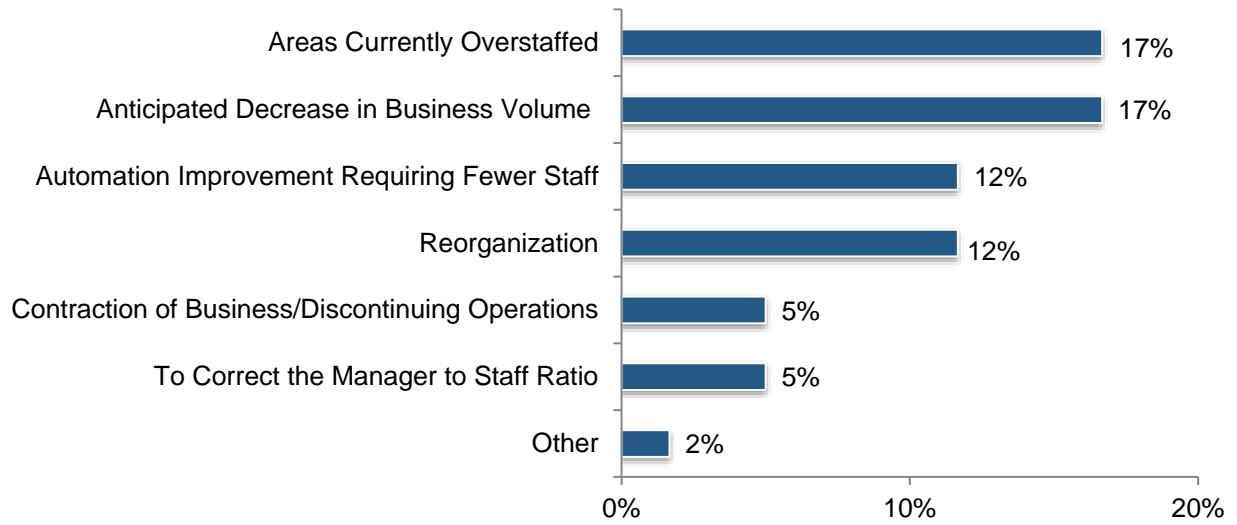


**Percentages above rounded to nearest whole number*

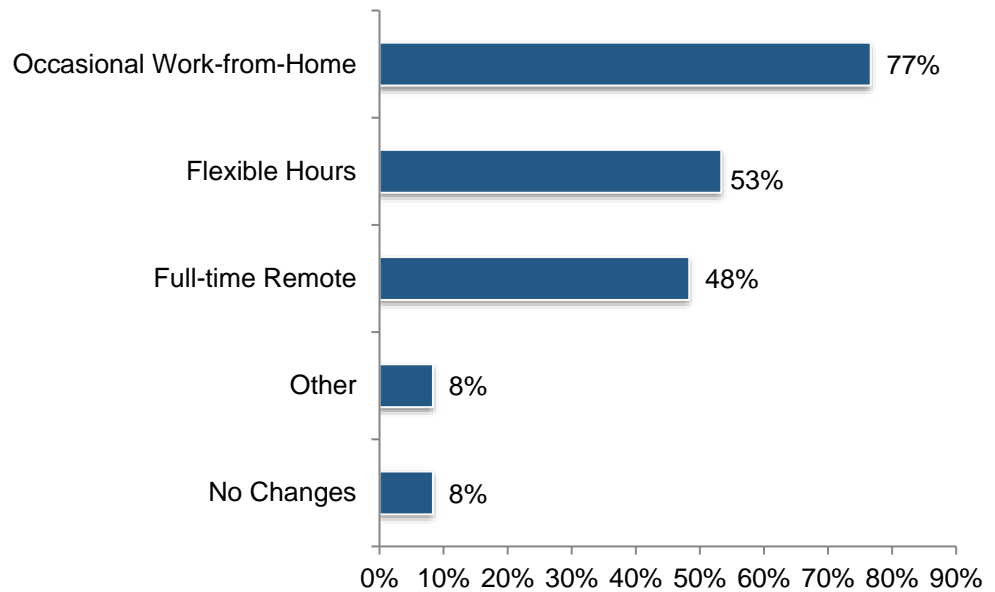
Reason to Increase Staff during Next 12 Months



Reason to Decrease Staff during Next 12 Months



Flexible Options for Employees When Offices Reopen From COVID-19



Contact Information

Jeff Rieder

Partner and Head of Ward

Aon

+1.513-746-2400

jeffrey.rieder@wardinc.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.

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 jacobsononline.com.