

February 2022



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 2022.

Summary of Findings

- 72% of companies plan to increase staff during the next 12 months driven by the Property/Casualty segment at 79%
- 3% of companies are planning to decrease their number of employees. This is down from the 7% expected in the July study
- 76% of small companies plan to add staff during the next 12 months. This is 5 and 9 points higher than large and medium-sized companies, respectively
- 82% of companies expect to grow revenue during the next 12 months. This is 4 points higher than the July survey and driven by medium-sized companies
- Commercial lines companies are the most optimistic to increase revenue as 83% expect growth, compared to 82% of personal lines companies and 81% of balanced.
- 71% of the companies stated that change in market share will drive their expected revenue changes, while 20% cited pricing factors
- The primary reason to increase staff during the next 12 months is companies expecting an increase in business volume. 61% of companies listed this as the primary reason to hire followed by areas being understaffed
- 12% of companies report that reorganization will be the primary reason for reductions in headcount during the next 12 months
- Technology, Claims, and Analytics roles are expected to grow the greatest during the next 12 months
- The talent landscape is further intensifying as the industry hits a record amount of job openings. Evolving candidate expectations have set the stage for continued movement and ongoing reshuffling, creating one of the most difficult recruiting climates the industry has ever seen.
- Product Management and Technology 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 positions
- Technology, Actuarial, and Analytics positions are the most difficult to fill

Notable Survey Trends from January 2021 to January 2022

- The Total industry grew 0.44% versus an anticipated rate of 0.74%
- The P&C industry grew 0.90% versus an anticipated rate of 0.76%
- The L&H industry grew 0.32% versus an anticipated rate of 0.49%

Note: Outliers have been excluded from calculations

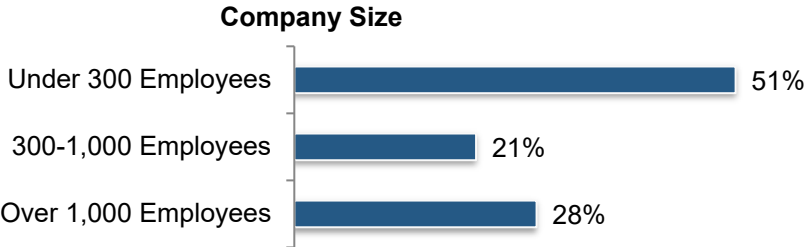
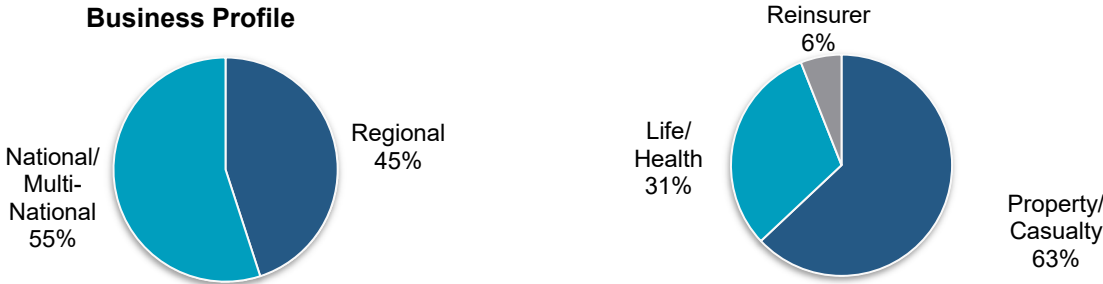
Projection

If the industry follows through on its plans, we will see a 1.84% increase in industry employment during the next 12 months, creating new jobs.

| Projected Growth | |
|------------------------|-------|
| Total Benchmark | 1.84% |
| Life & Health | 1.69% |
| Property/Casualty (PC) | 2.60% |
| – PC Personal | 2.05% |
| – PC Commercial | 4.50% |
| – PC Balanced | 1.64% |

Survey Results

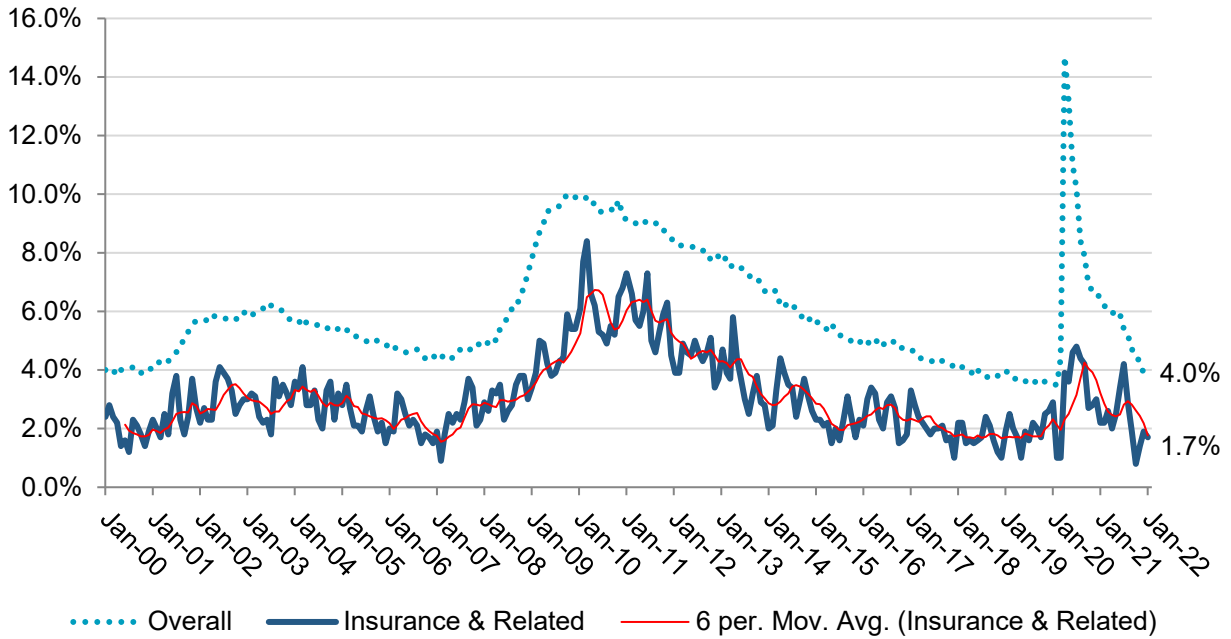
Participant Profile



The total average number of employees is 2,157

*Percentages in chart rounded to nearest whole number

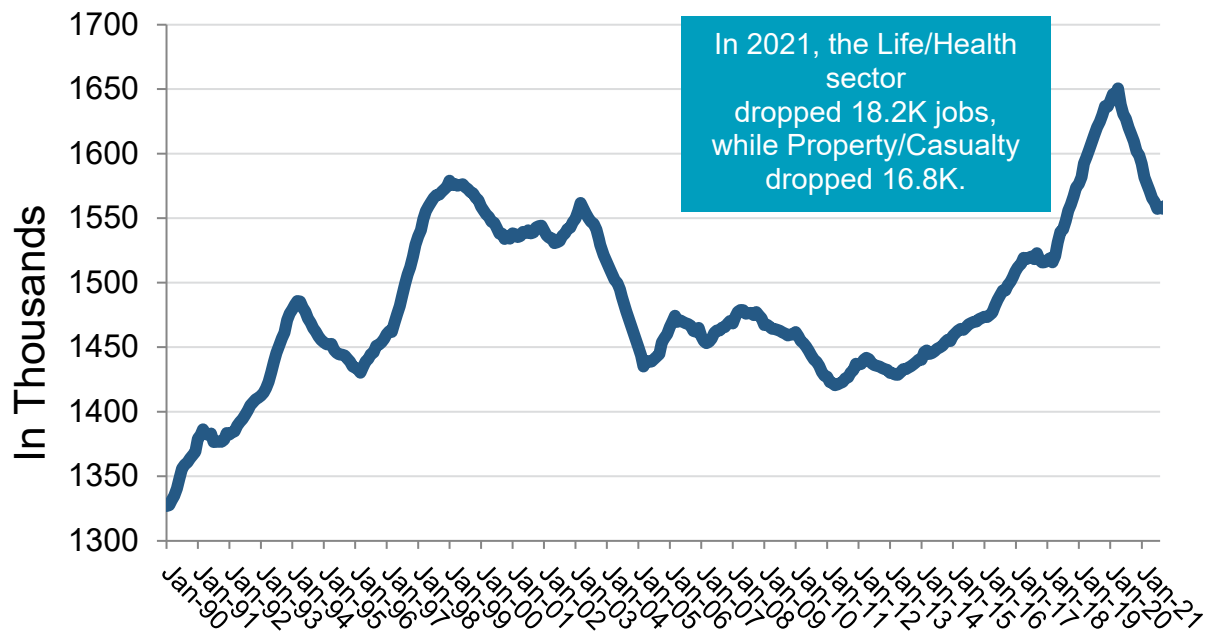
Unemployment Rates



*Percentage indicated 6-month trailing average

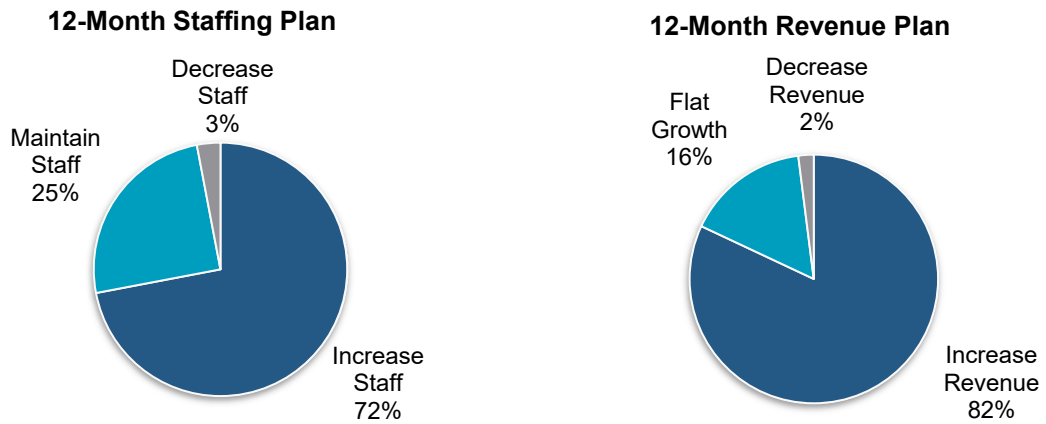
Source: U.S. Bureau of Labor Statistics

Insurance Carrier Employment



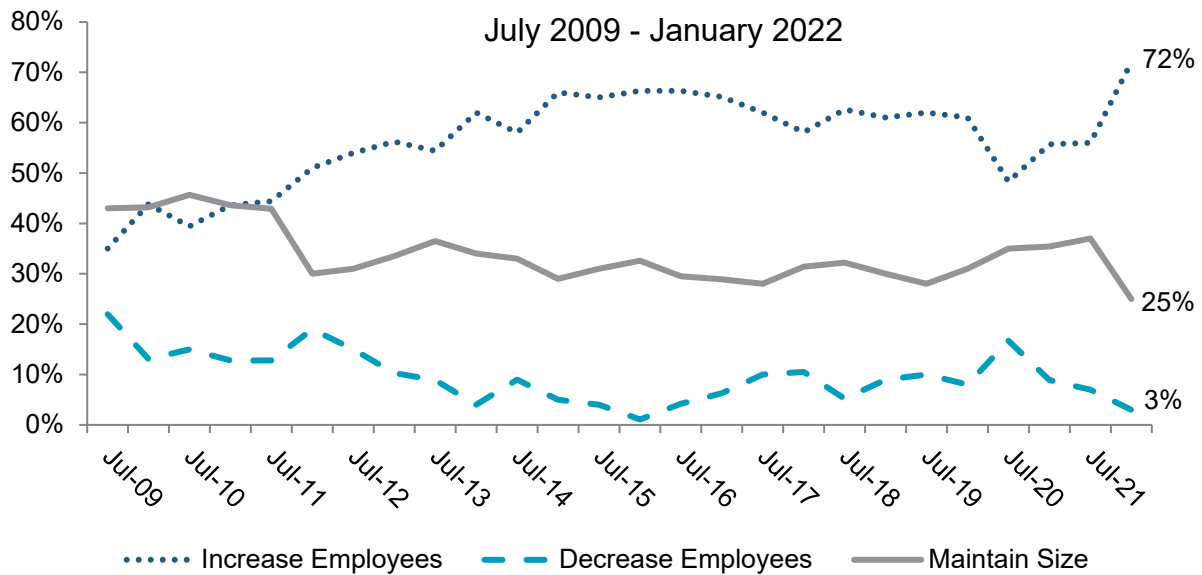
Source: U.S. Bureau of Labor Statistics

Revenue and Staffing Expectations



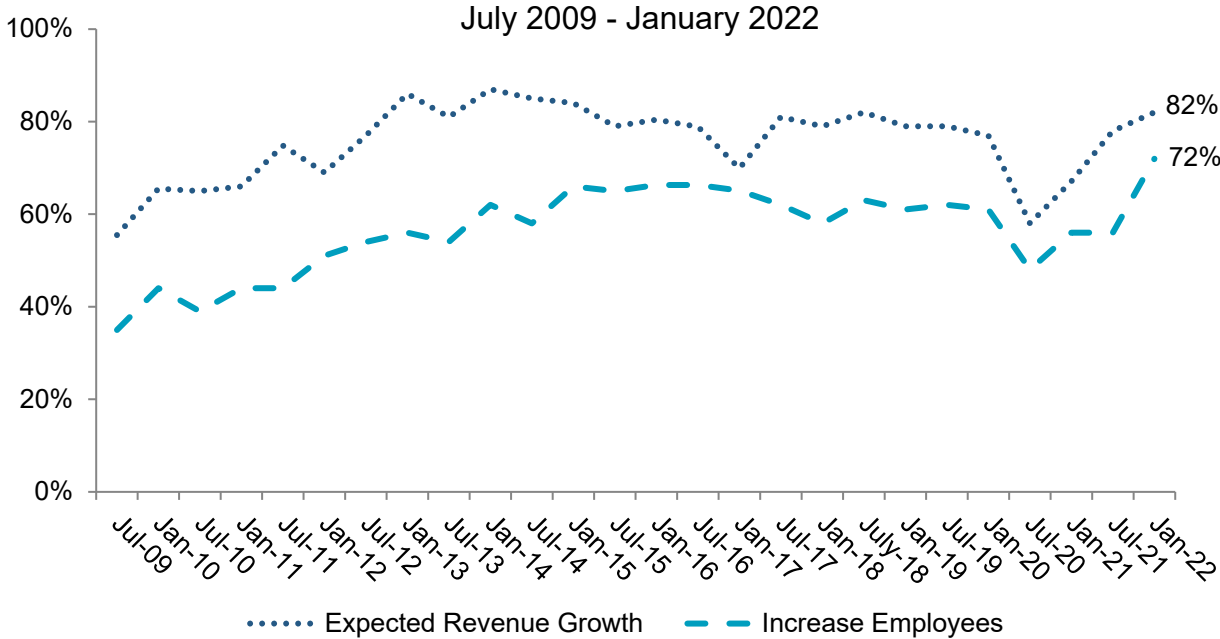
*Percentages in chart rounded to nearest whole number

12-Month Staffing Plans



*Percentages in chart rounded to nearest whole number

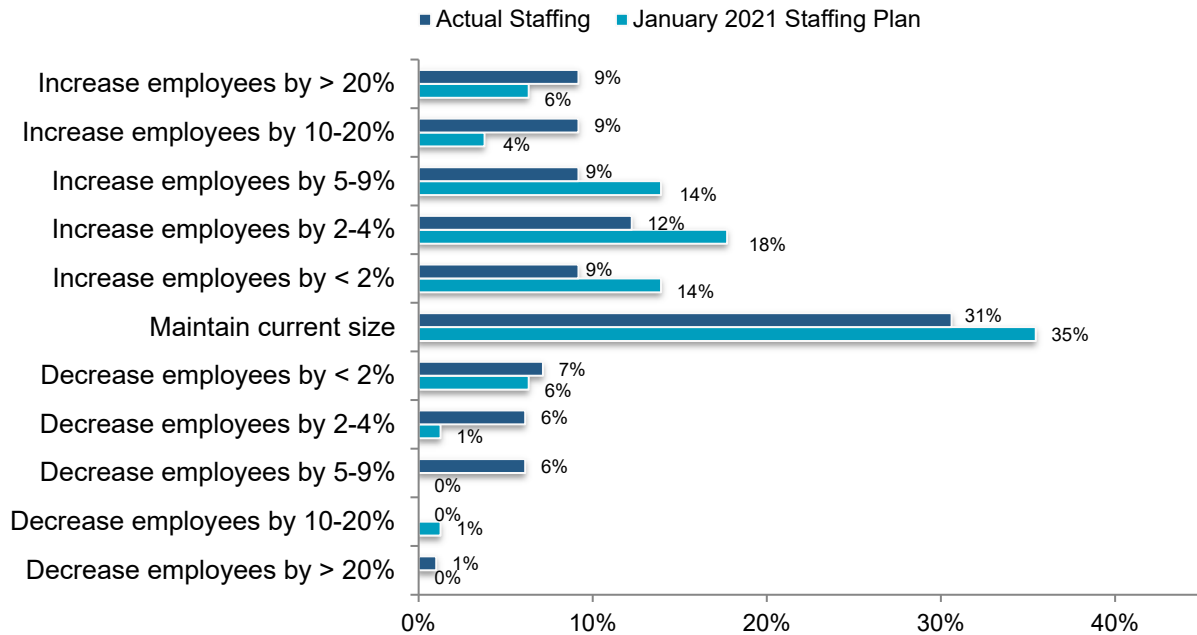
12-Month Staffing Plans Increase vs. Expected Revenue Growth



*Percentages in chart rounded to nearest whole number

- 82% of companies expect an increase in revenue growth, up 4 points from the July survey and 15 points higher than the January 2021 outlook
- 72% increase is the highest 12-month staffing plan in the history of this study
- In July, 7% of companies were expecting a decrease in staff. The January 2022 expectations reduce to 3%, driven by both P&C and Life/Health segments
- 2% of companies expect a decrease in revenue growth, up 1 point from the July survey
- P&C and Life/Health companies responded that the primary driver for expected revenue changes will be market share at 71% and 83%, respectively

Prior Year 12-Month Plans vs. Actual Staffing

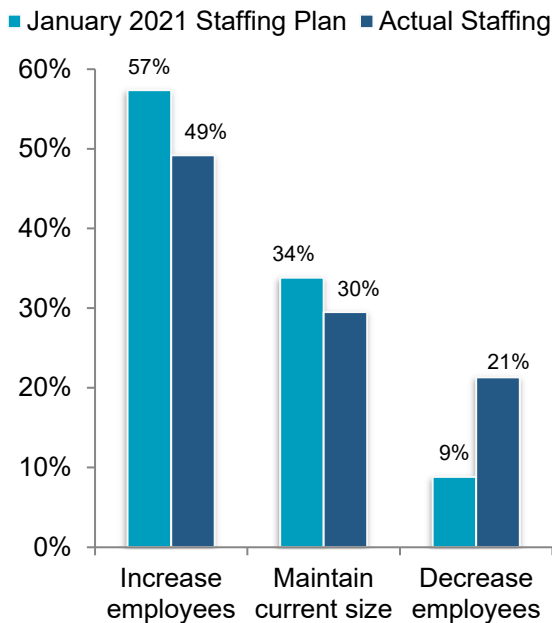


*Percentages in chart rounded to nearest whole number

*49% of companies added staff since January 2021, while 20% reduced staff

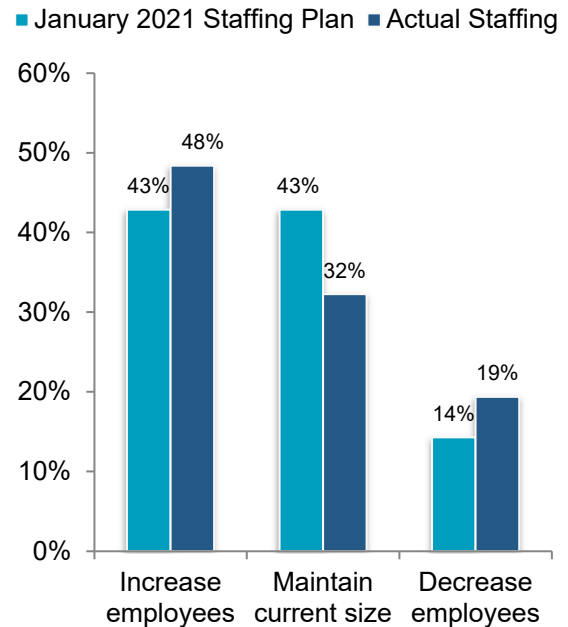
Prior Year 12-Month Staffing Plans vs. Actual - By Industry

Property/Casualty



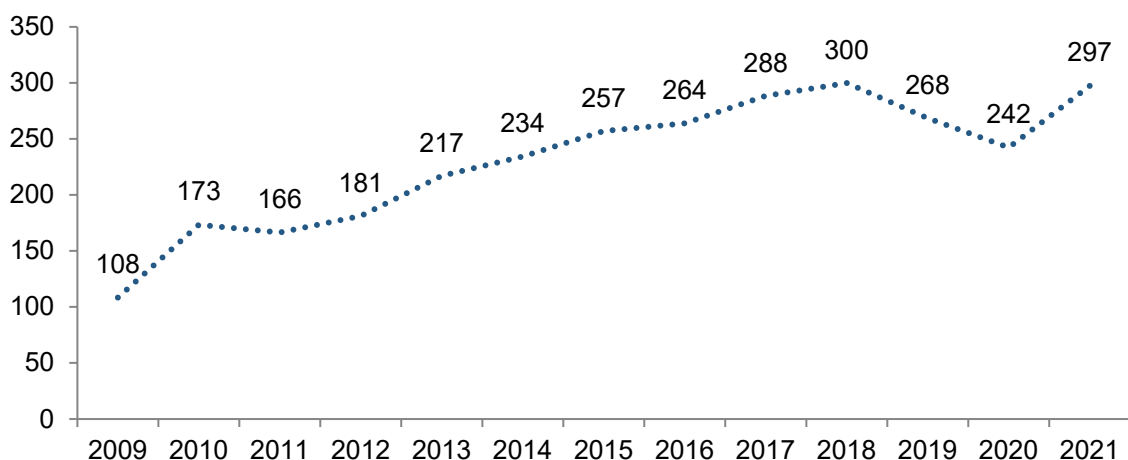
*Percentages in chart rounded to nearest whole number

Life/Health



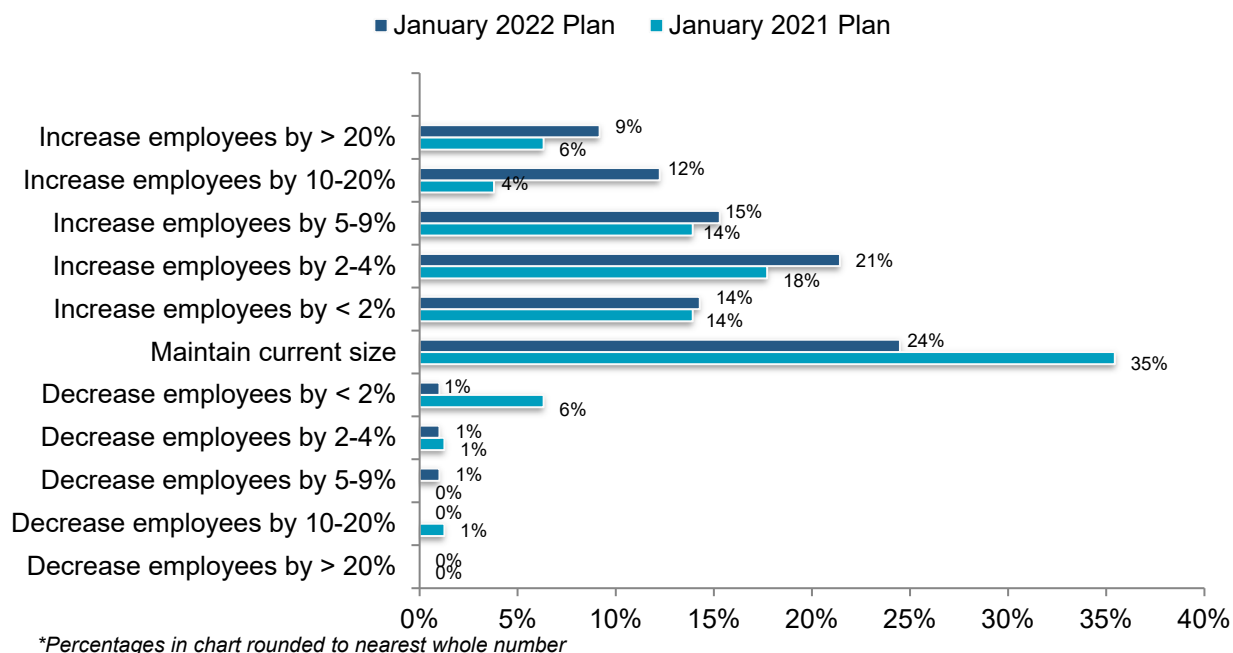
*Percentages in chart rounded to nearest whole number

Job Openings in Finance and Insurance



Source: U.S. Bureau of Labor Statistics

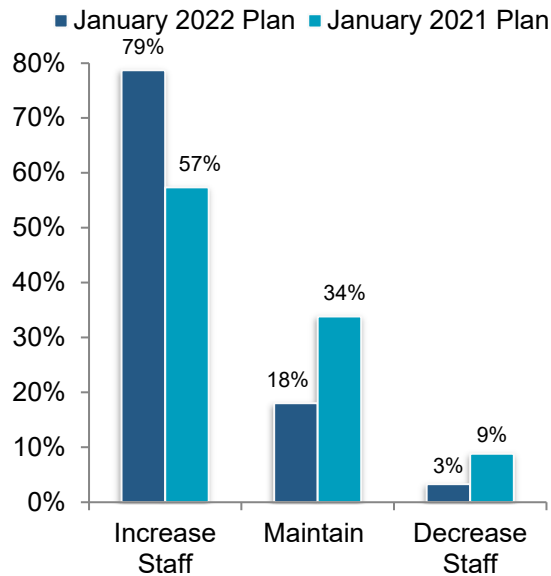
12-Month Staffing Plans



- 82% of Personal Lines P&C companies are expecting to increase staff during the next 12 months. This is 1 and 7 points higher than Balanced and Commercial Lines P&C companies, respectively
- Of the companies who plan to add staff during the next 12 months, 89% expect an increase in revenue with 70% responding that it will be due to a change in market share. Of those planning a decrease in staff, none expect a decrease in revenue
- 63% 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

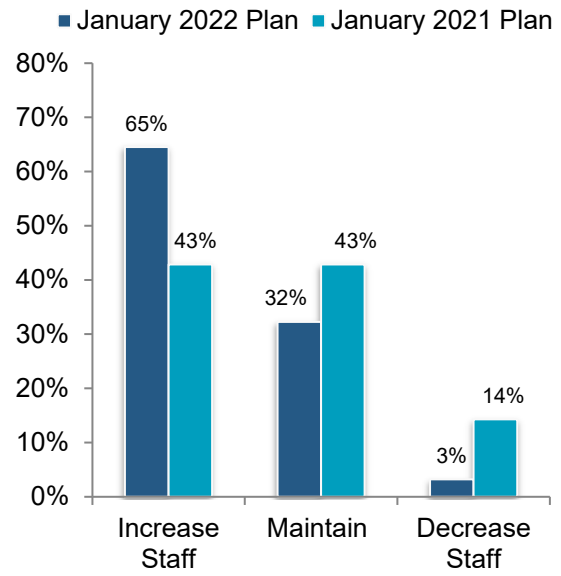
12-Month Staffing Plans - Comparison to January 2021 by Industry

Property/Casualty



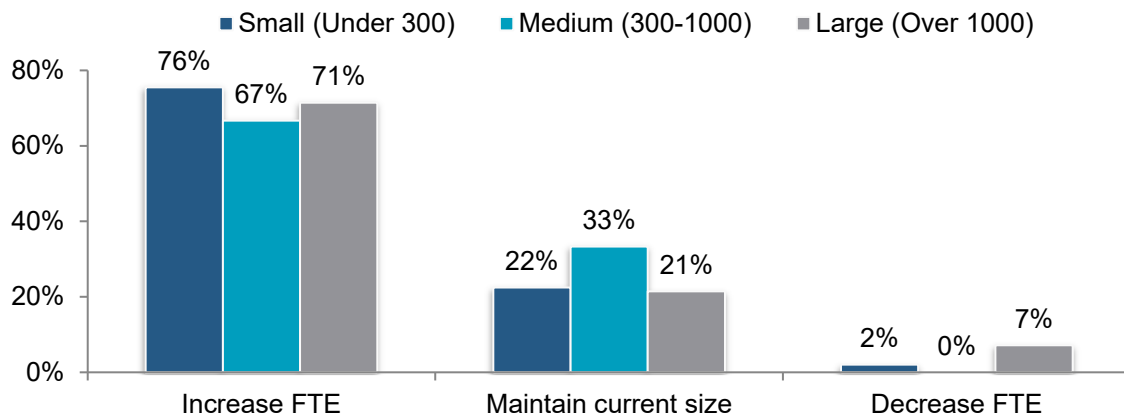
*Percentages in chart rounded to nearest whole number

Life/Health



*Percentages in chart rounded to nearest whole number

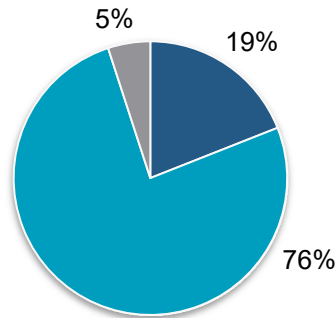
12-Month Staffing Plans - By Employee Size



*Percentages in chart rounded to nearest whole number

- Since July, overall expectations to add staff increased 16 points to 72%. Small companies are expecting an increase of 76% compared to 62% in July. Medium-sized companies increased their 12-month expectations from 47% in July to 67% in January while large companies increased from 52% to 71%
- 48% of medium-sized companies are expecting growth in revenue/premium greater than 10%. This compares to 31% for small and 25% for large companies
- All segments expect revenue changes to be driven by market share

Use of Temporary Employees during Next 12 Months

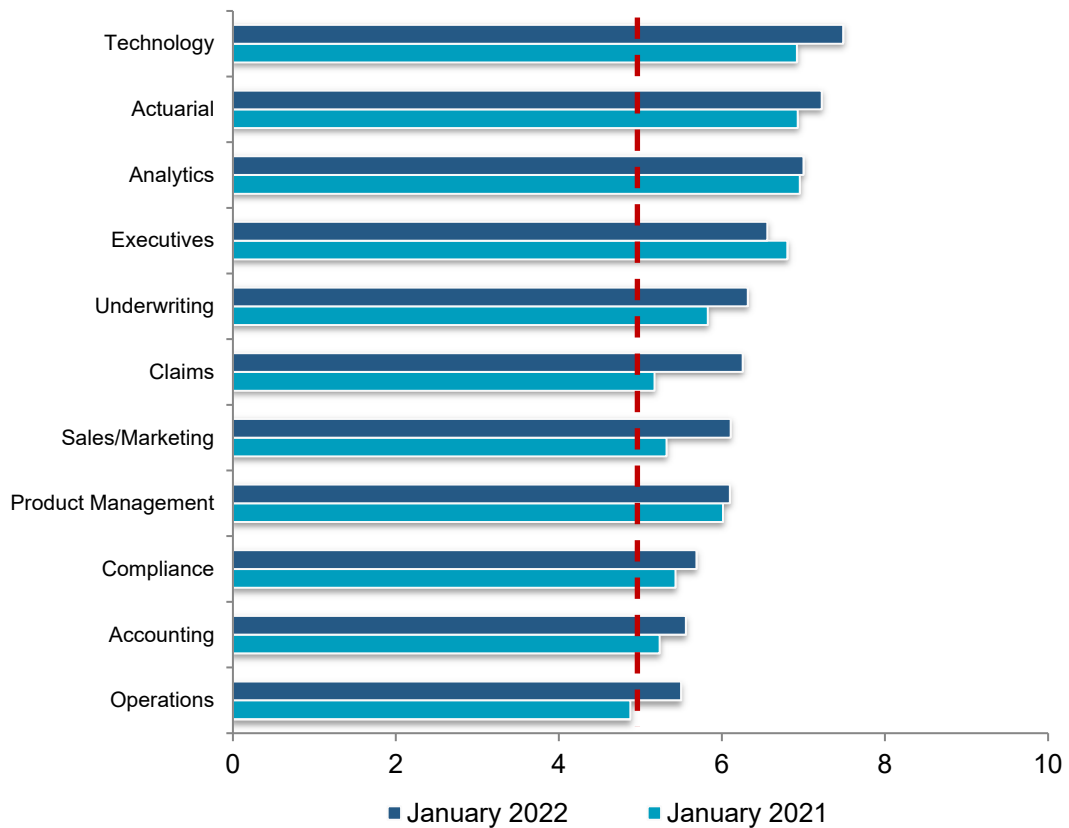


■ Increase ■ Maintain ■ Decrease

**Percentages in chart rounded to nearest whole number*

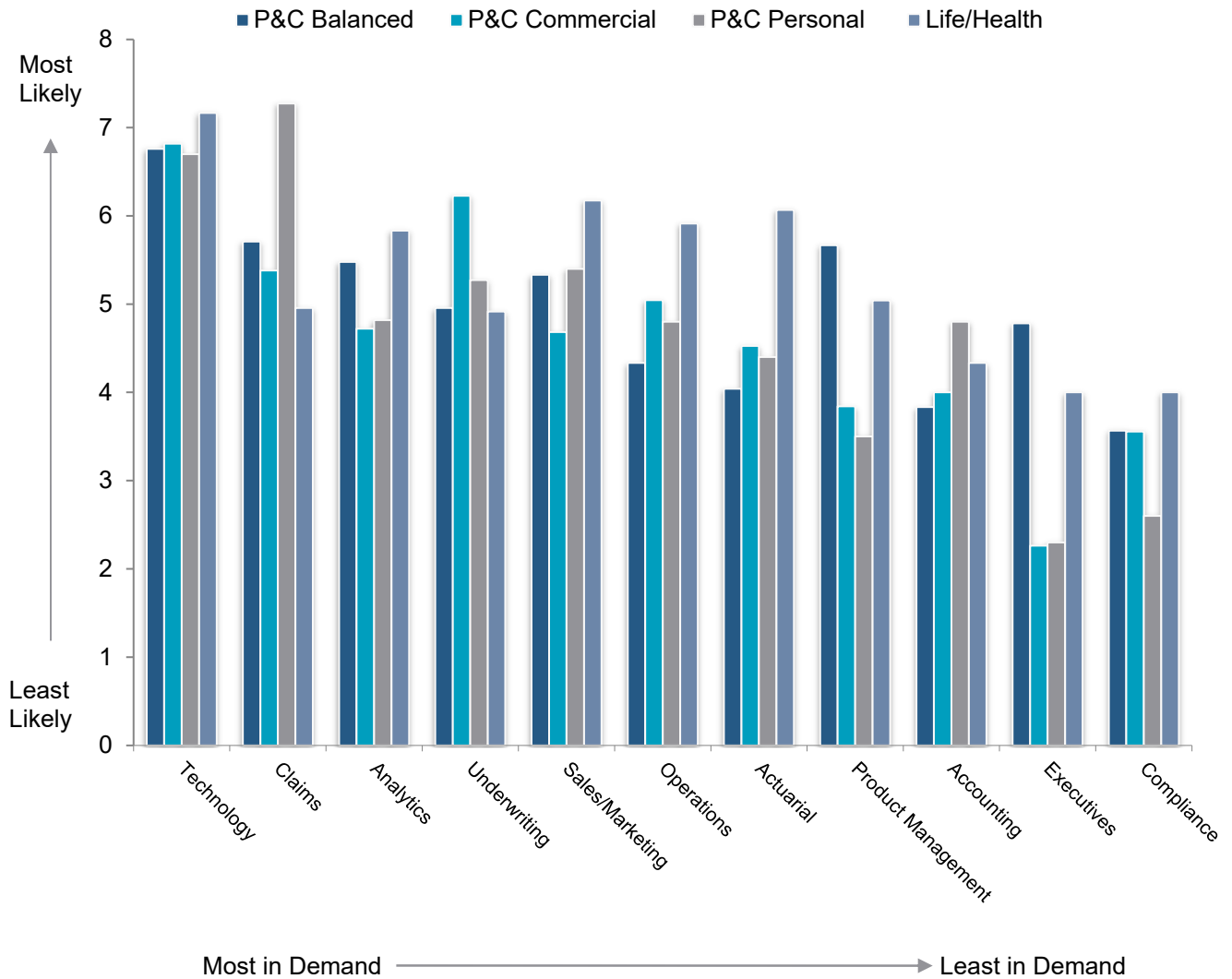
With an expected increase of 19% over the next 12 months, temporary staffing demand is at the highest point in the history of this study.

Recruiting Difficulty Continues



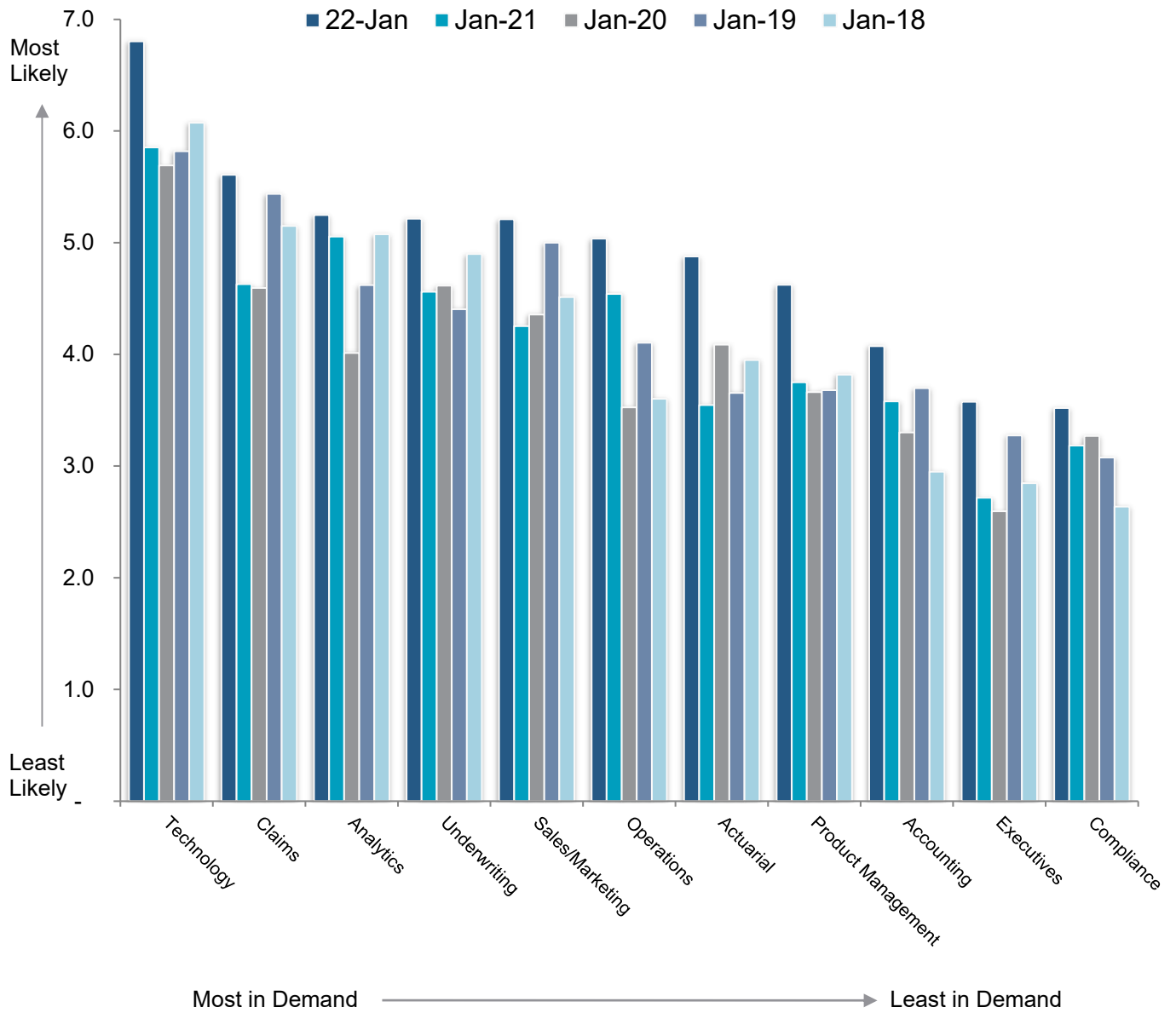
- On a scale of 1 – 10 (10 being most difficult), companies responded that positions are still moderately difficult to fill
- Positions rated 5 or above are considered moderate or difficult to fill
- Product line has a significant impact on the ease of filling positions
- This is the most difficult recruiting environment in the study's history with an average difficulty rating of 6.2 and all functions rated at a 5 or above

Likelihood of Increasing Staff by Function

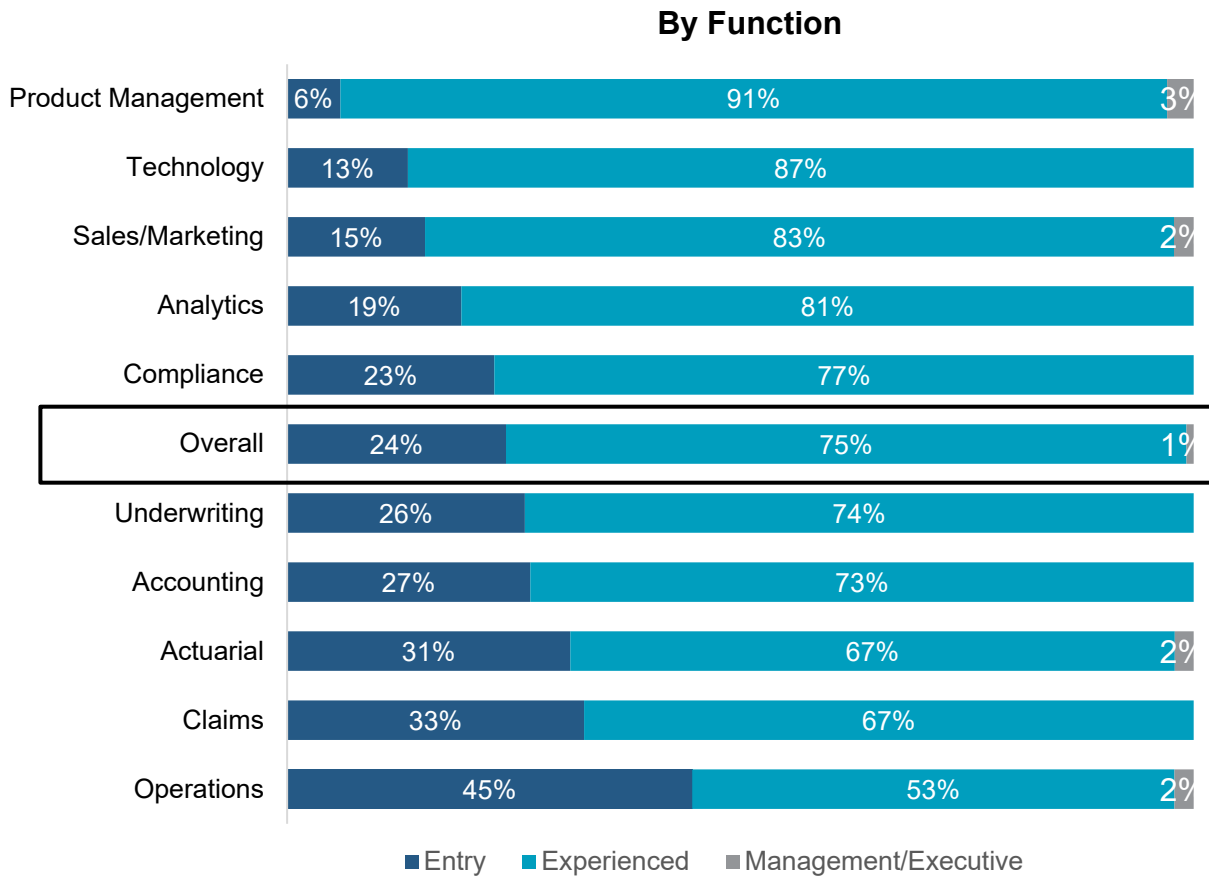


- In total, the industry's greatest need is in Technology staff
- Technology is the area most likely to increase staff for large companies, followed by Underwriting and Analytics. Medium-sized companies are looking towards Technology then Analytics in the next 12 months. After Technology, small companies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

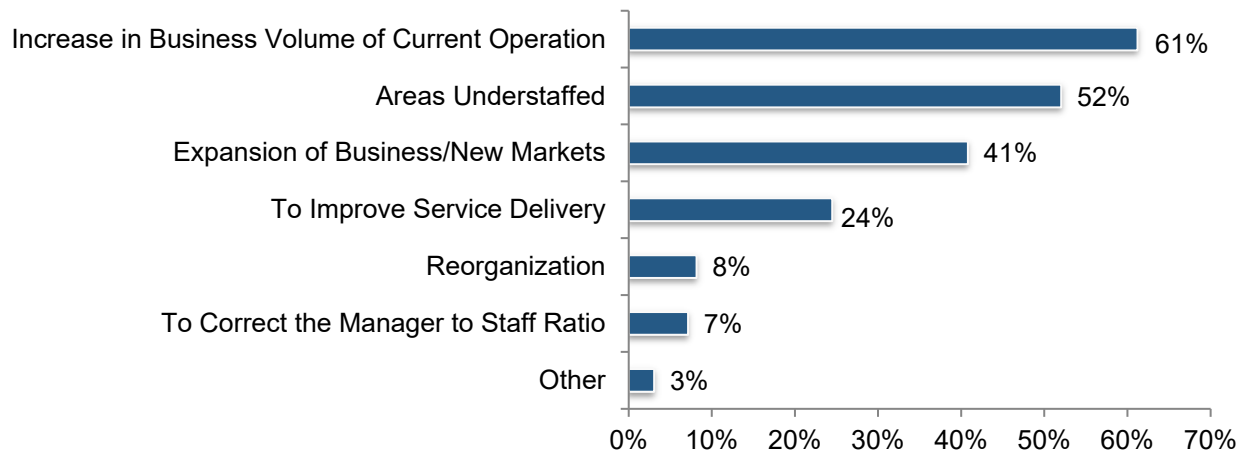


Employee Types Most Likely to be Added



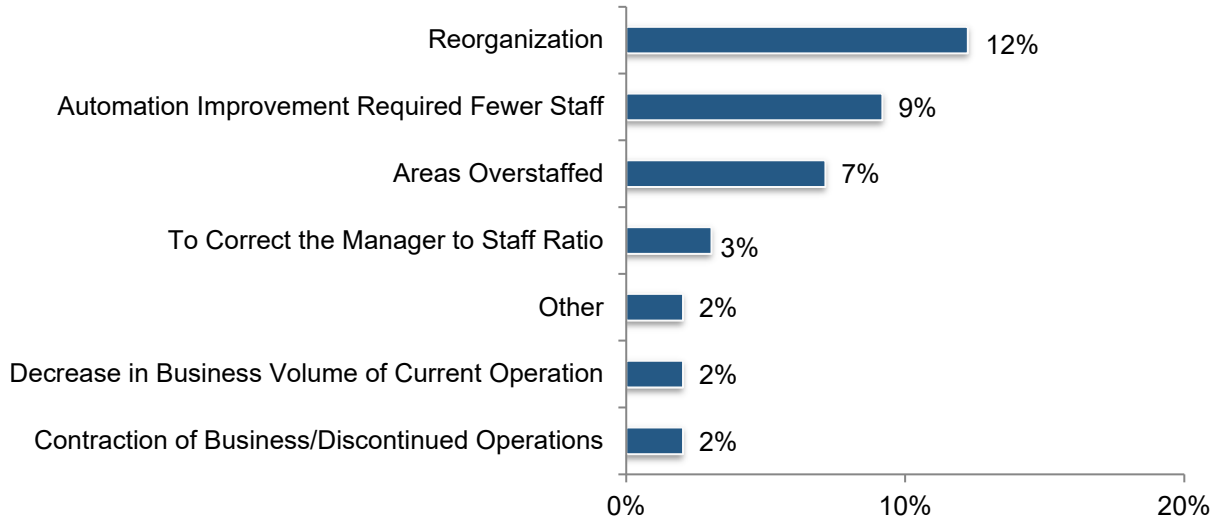
**Percentages in chart rounded to nearest whole number*

Reason to Increase Staff during Next 12 Months



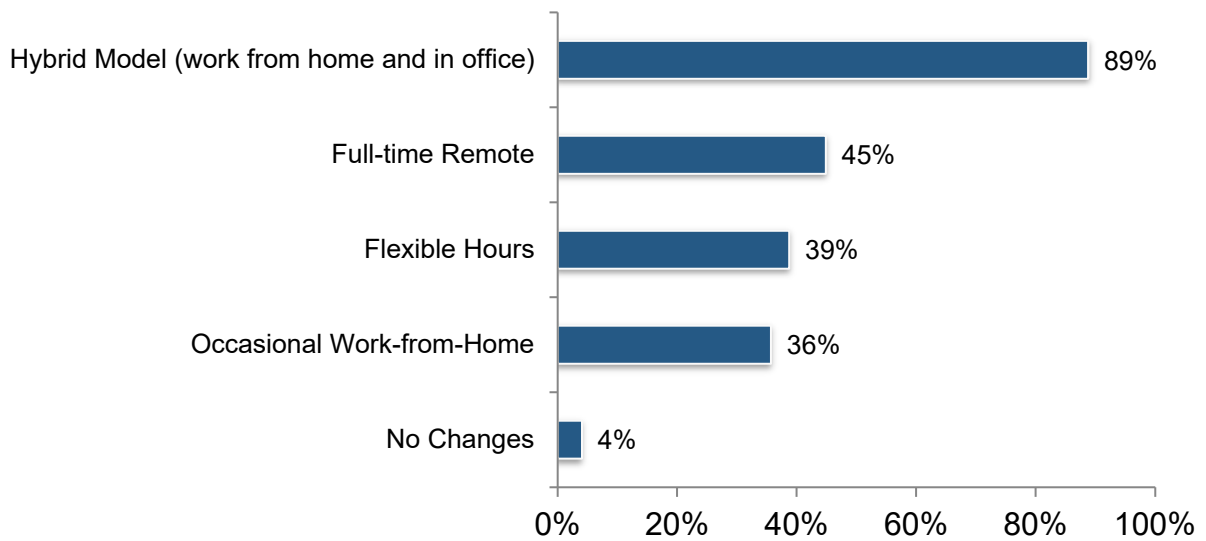
Over the last 3 studies, there has been a significant shift in companies responding that areas are understaffed. The average during that time is 53%, which is 18 points higher than the average of all prior studies

Reason to Decrease Staff during Next 12 Months



Flexible Options for Employees When Offices Reopen From COVID-19

Flexible Options Offered for Employees When Offices Open or Have Reopened from COVID-19



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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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The Jacobson Group is the leading provider of talent to the insurance industry. For 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.