



LABOR STUDY RESULTS

2023 Semi-Annual Insurance Labor Market Study Results
Quarter Three

August 2023



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 2023.

Summary of Findings

- 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
- 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

Notable Survey Trends from 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

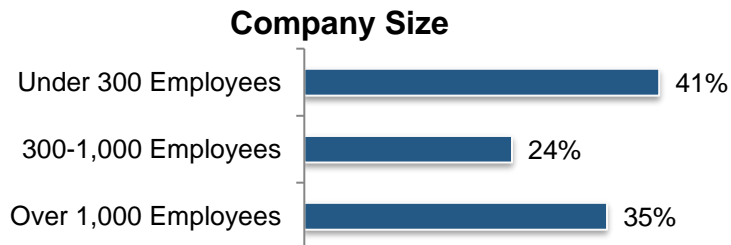
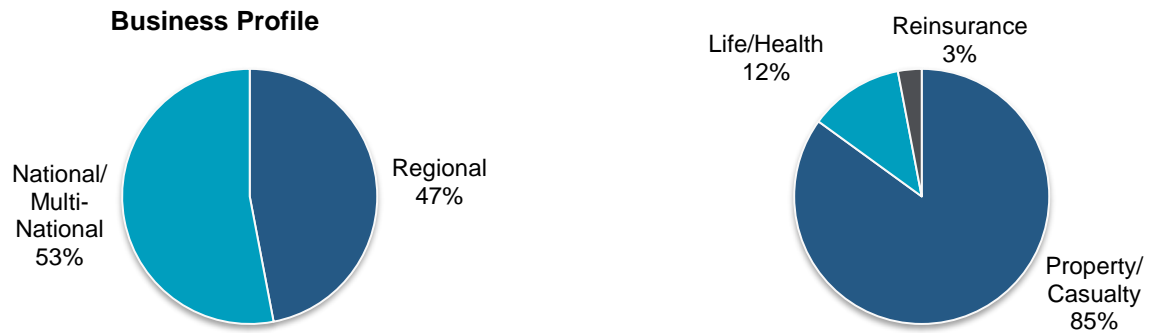
Projection

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%

Survey Results

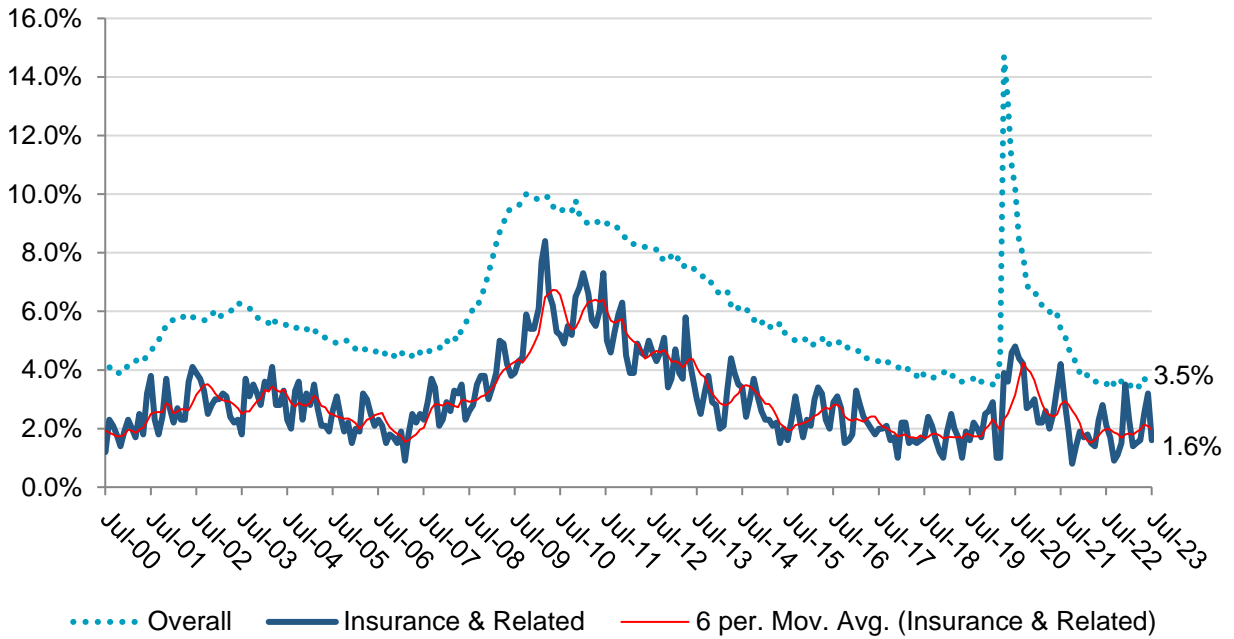
Participant Profile



The total average number of employees is 2,582

**Percentages in chart rounded to nearest whole number*

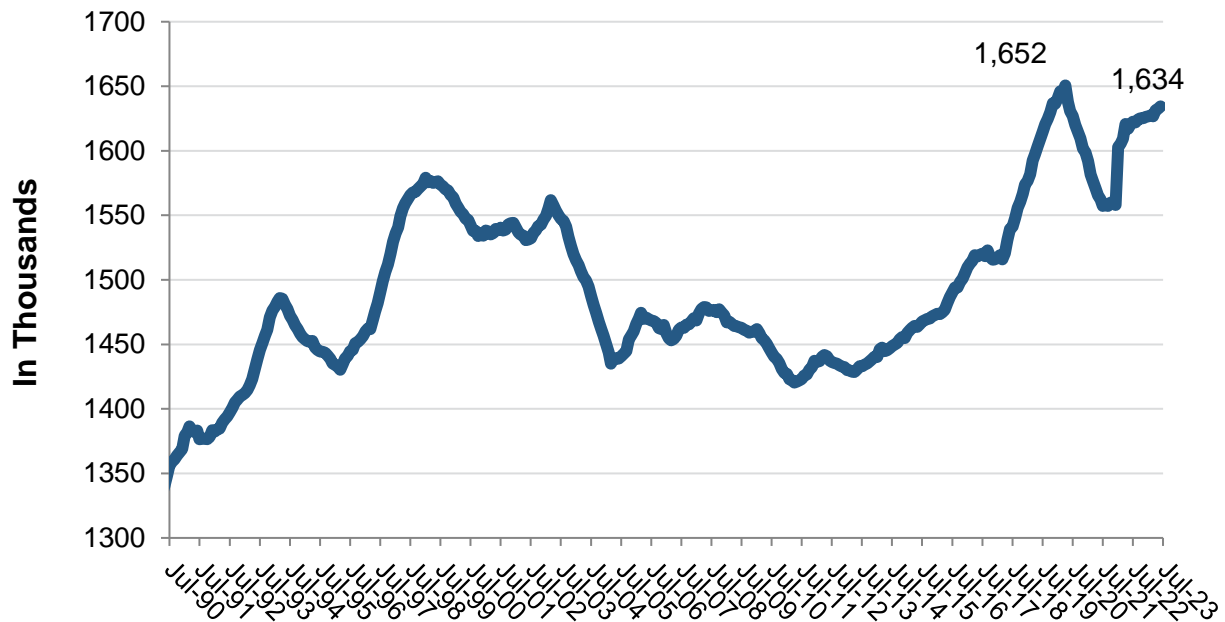
Unemployment Rates



*Percentage indicated 6-month trailing average

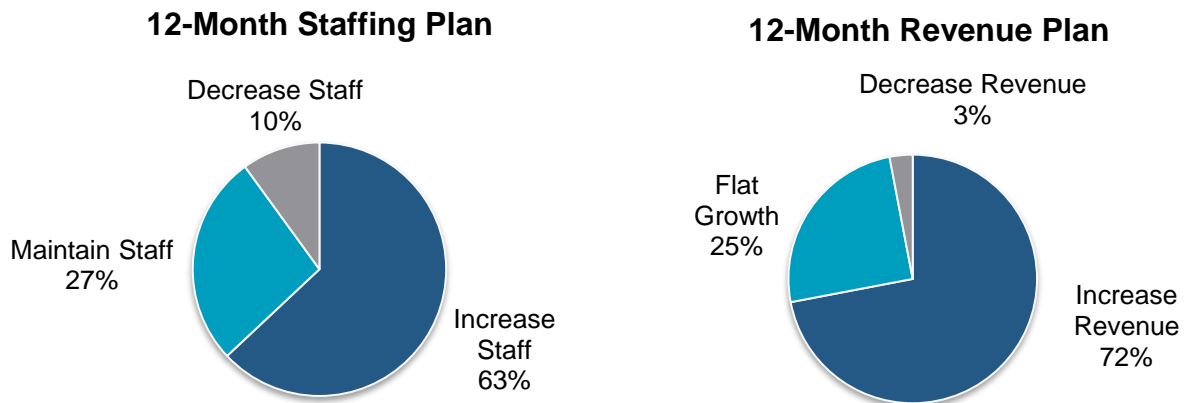
Source: U.S. Bureau of Labor Statistics

Insurance Carrier Employment



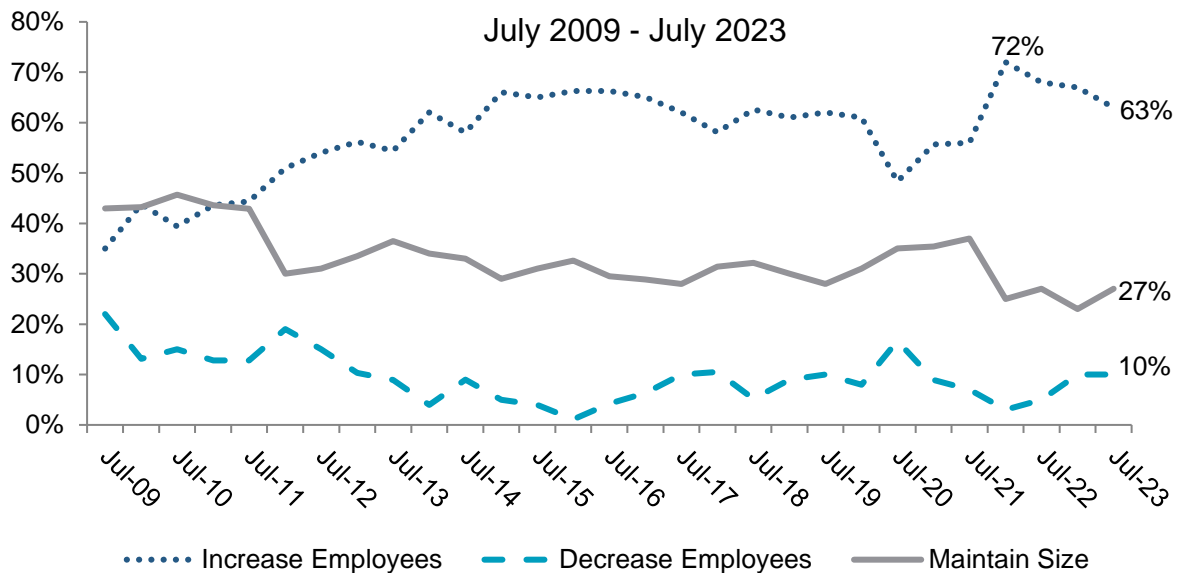
Source: U.S. Bureau of Labor Statistics

Revenue and Staffing Expectations



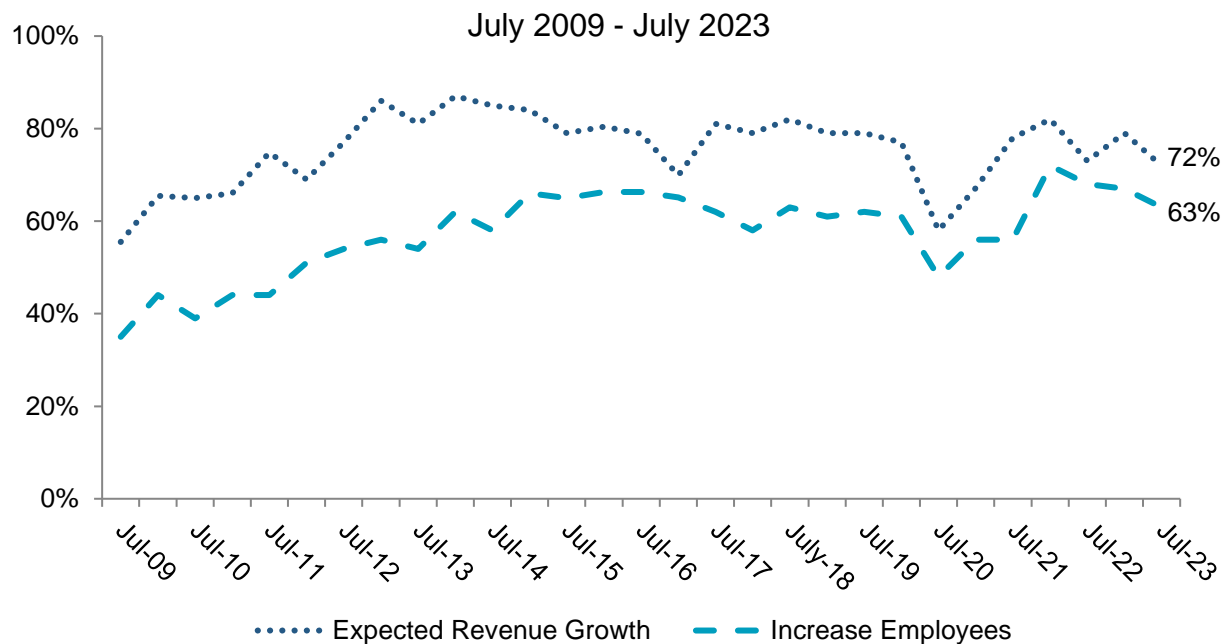
*Percentages in chart rounded to nearest whole number

12-Month Staffing Plans



*Percentages in chart rounded to nearest whole number

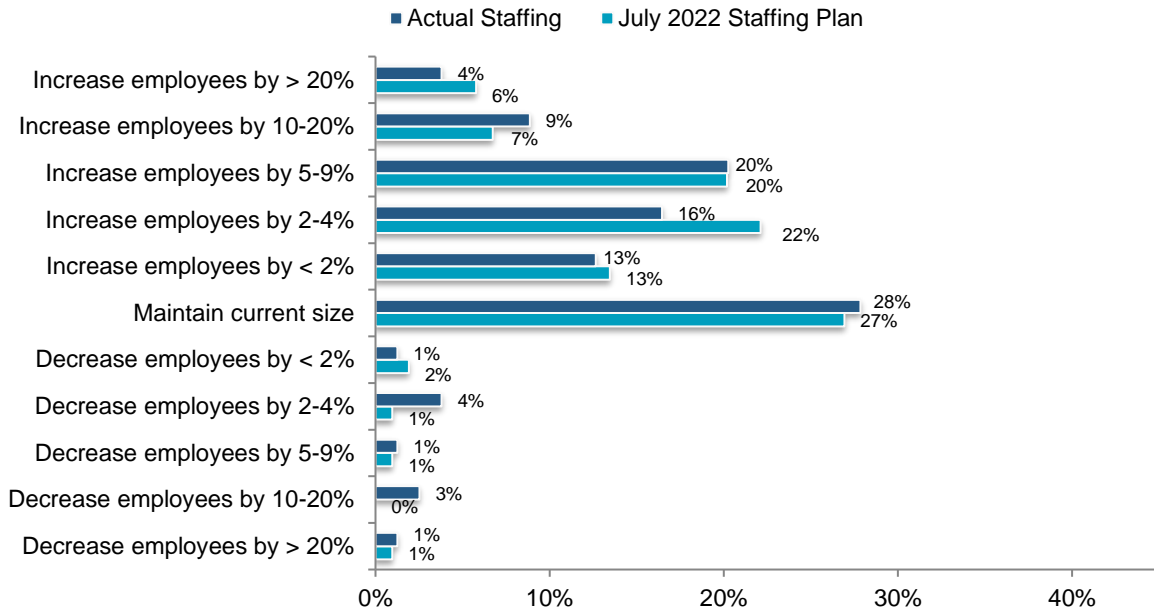
12-Month Staffing Plans Increase vs. Expected Revenue Growth



*Percentages in chart rounded to nearest whole number

- 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

Prior Year 12-Month Plans vs. Actual Staffing

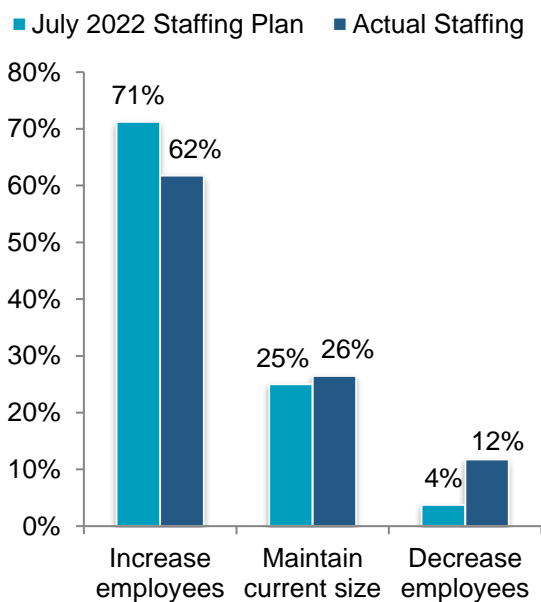


*Percentages in chart rounded to nearest whole number

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

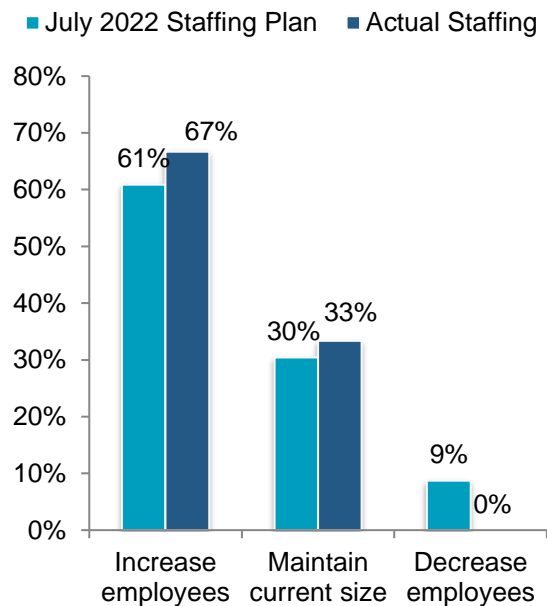
Prior Year 12-Month Staffing Plans vs. Actual - By Industry

Property/Casualty



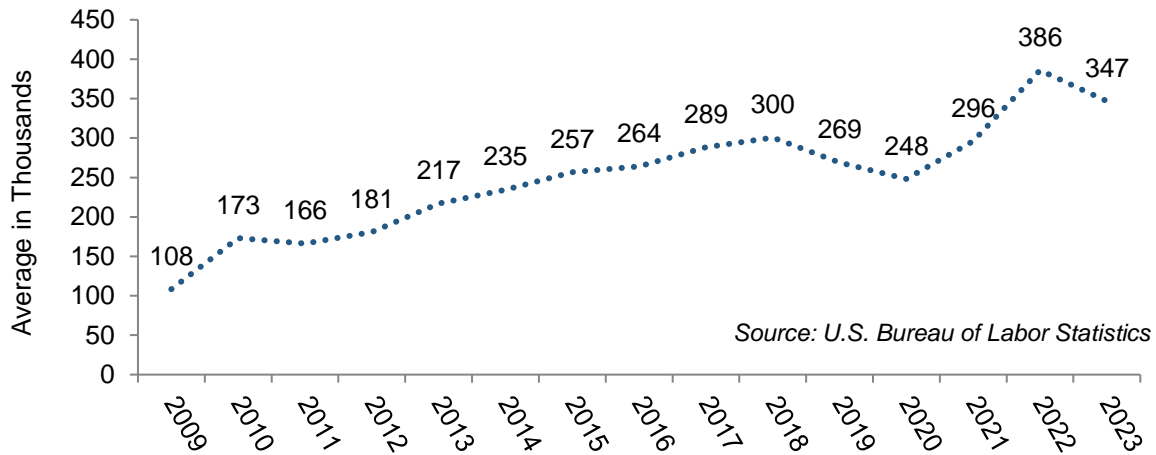
*Percentages in chart rounded to nearest whole number

Life/Health

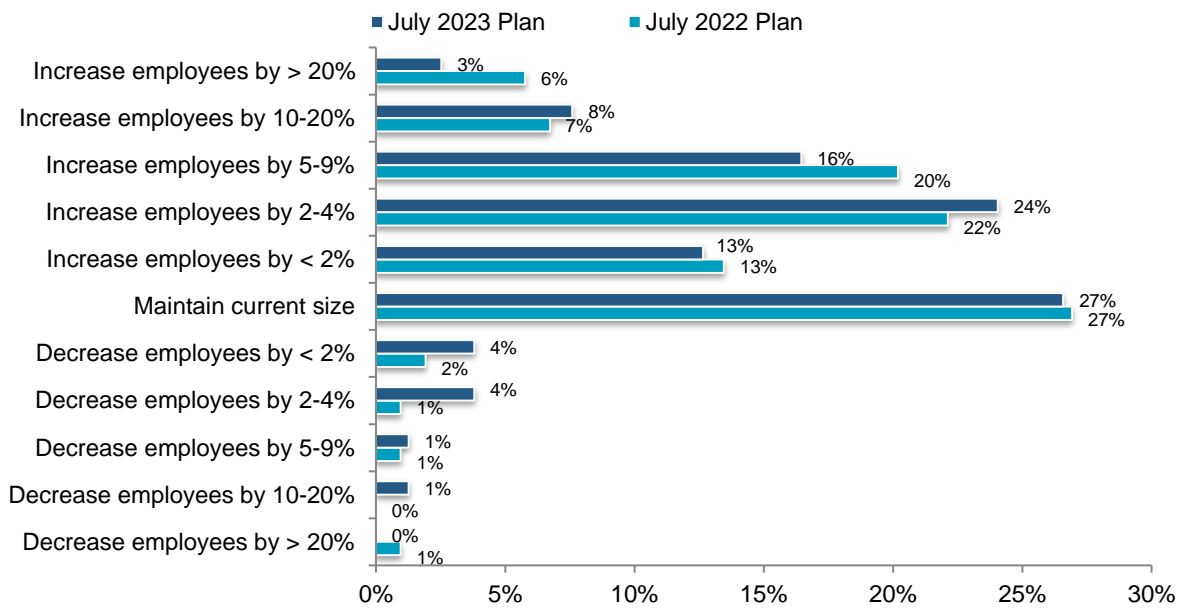


*Percentages in chart rounded to nearest whole number

Job Openings in Finance and Insurance

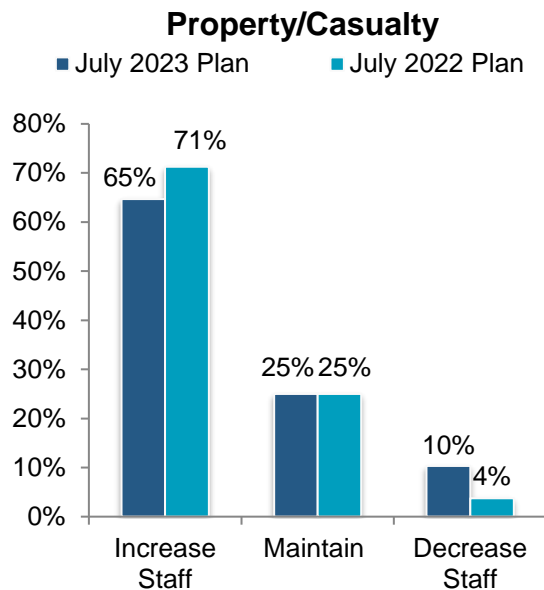


12-Month Staffing Plans

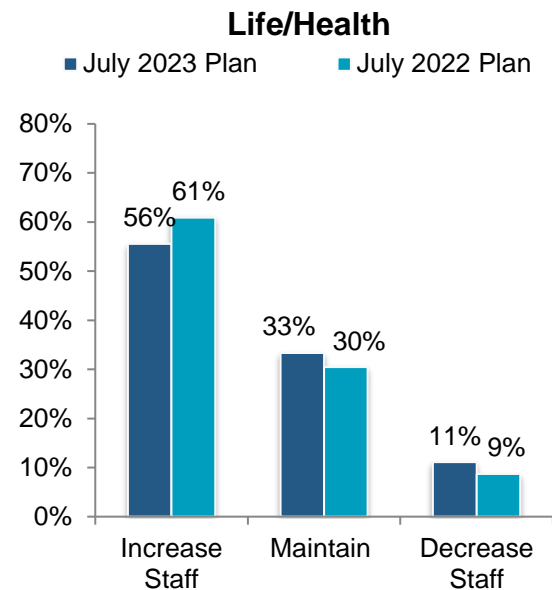


- 75% of Balanced Lines P&C companies are expecting to increase staff during the next 12 months. This is 14 and 21 points higher than Commercial and Personal Lines P&C companies, respectively.
- Of the companies who plan to add staff during the next 12 months, 86% expect an increase in revenue with 53% 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

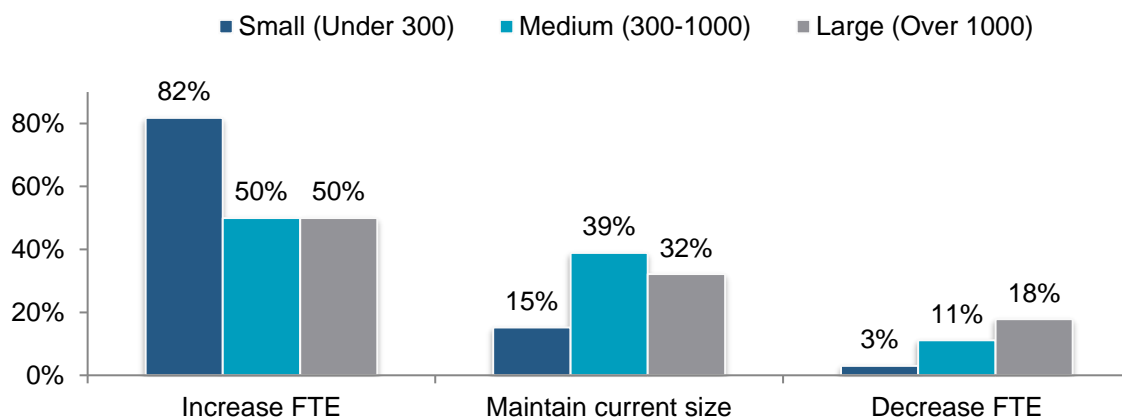


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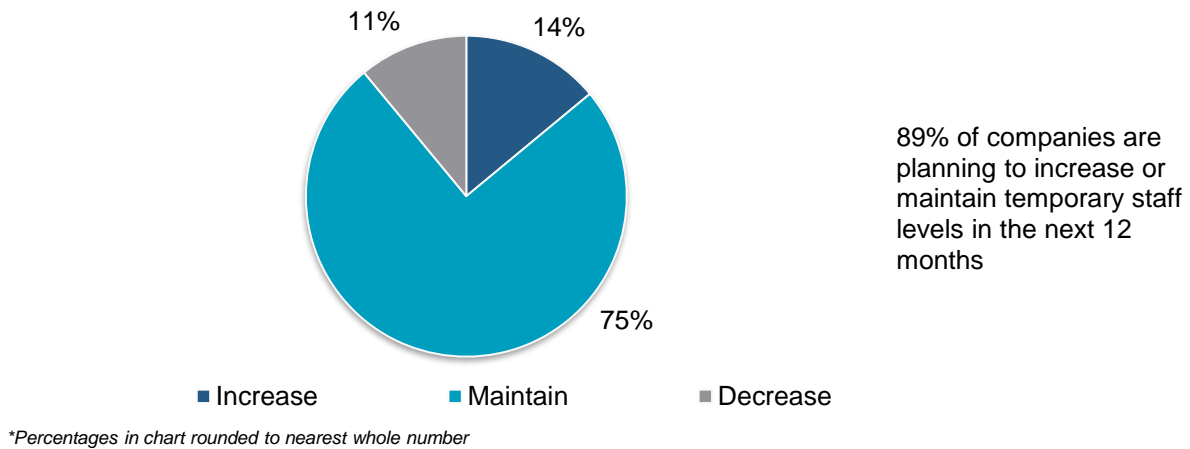
12-Month Staffing Plans - By Employee Size



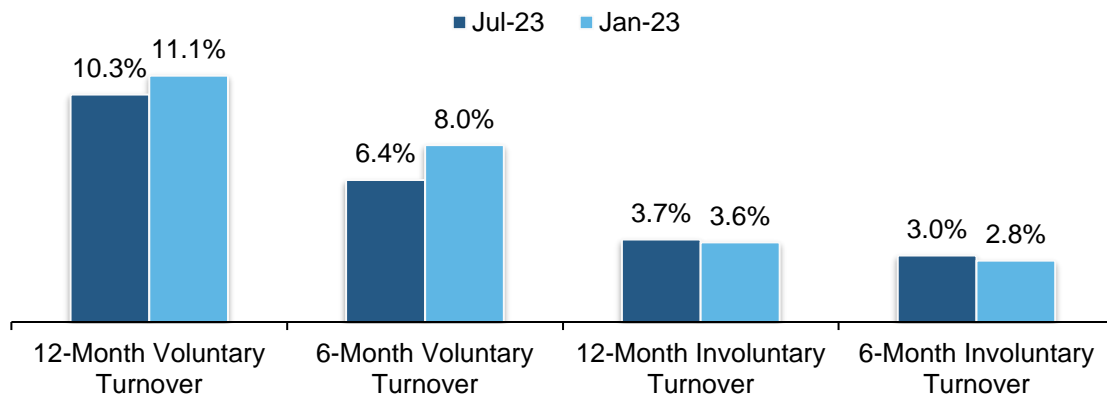
*Percentages in chart rounded to nearest whole number

- 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

Use of Temporary Employees During Next 12 Months

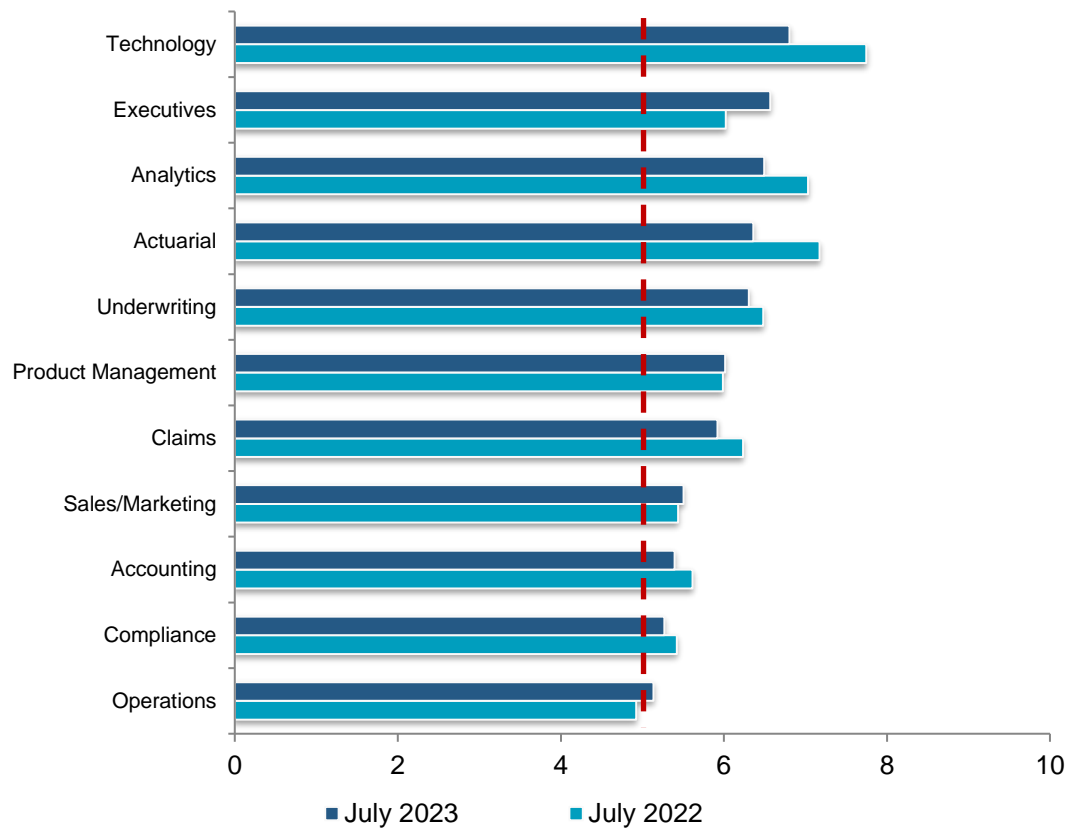


Voluntary and Involuntary Turnover Percentage



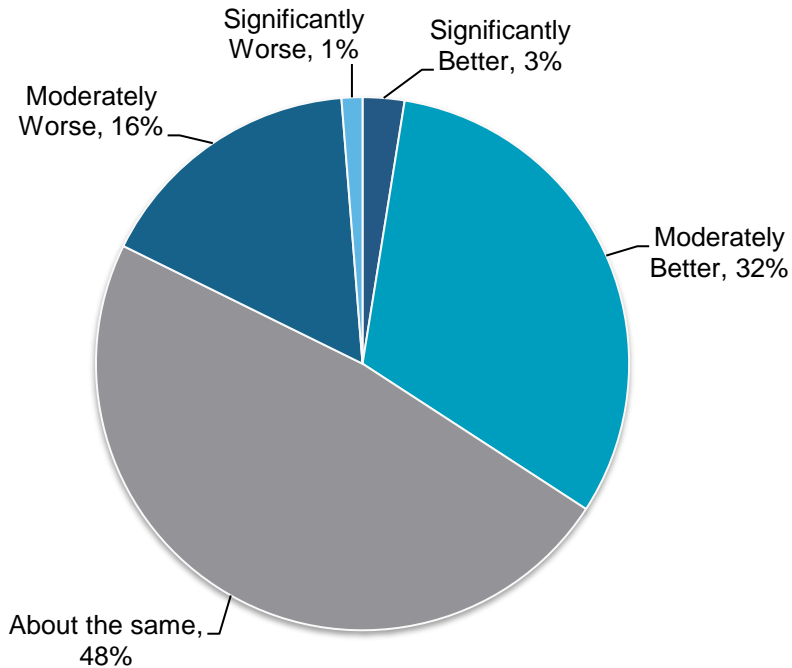
- At 6.4%, 6-month voluntary turnover is 4 points lower than the 12-month average of 10.3%. 6-month involuntary turnover is also slightly lower at 3% compared to 3.7% for 12-months
- Compared to January, voluntary turnover has decreased in the 6- and 12-month timeframes, while involuntary turnover saw 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

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

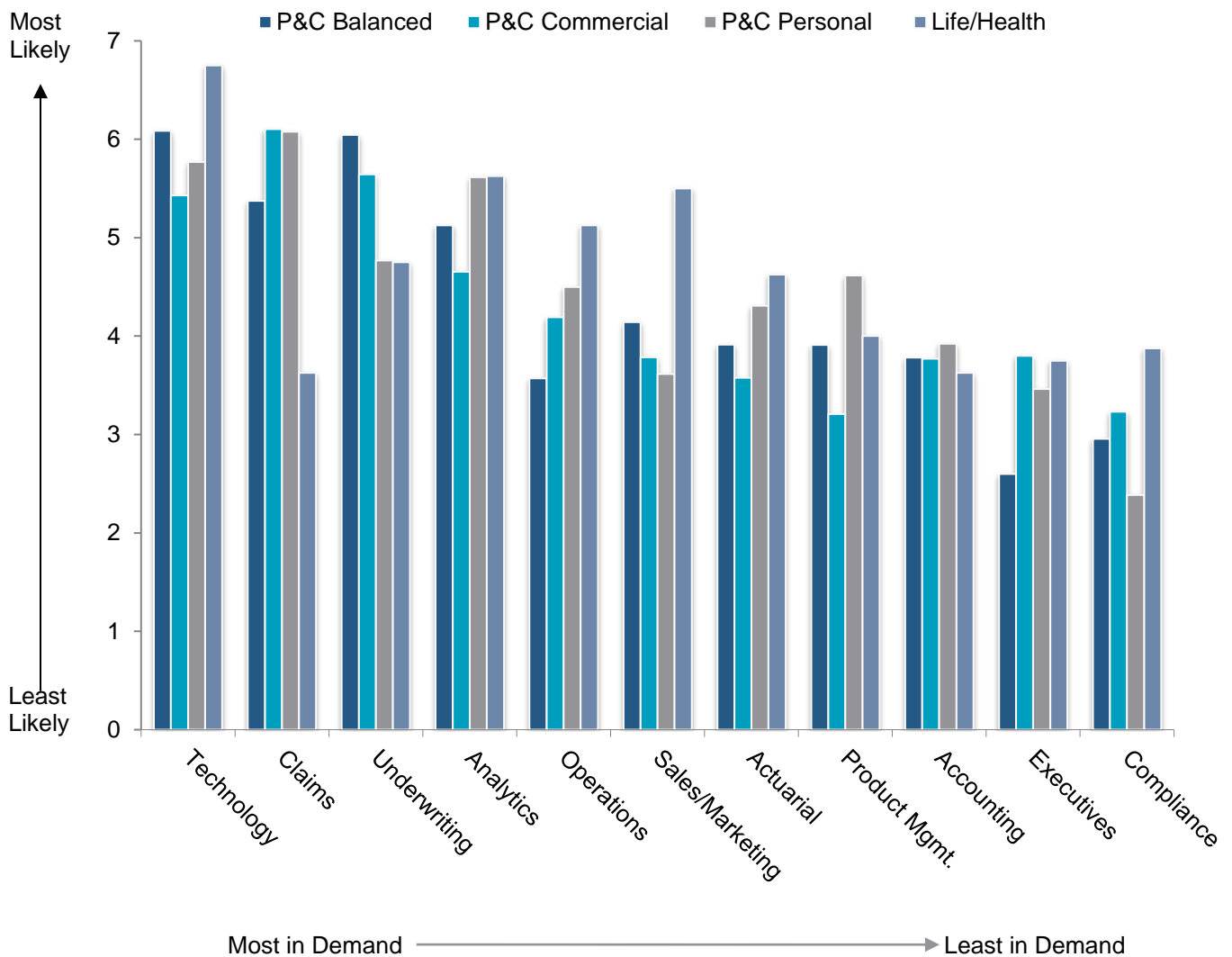
Ability to Hire Talent Compared to One Year Prior



**Percentages in chart rounded to nearest whole number*

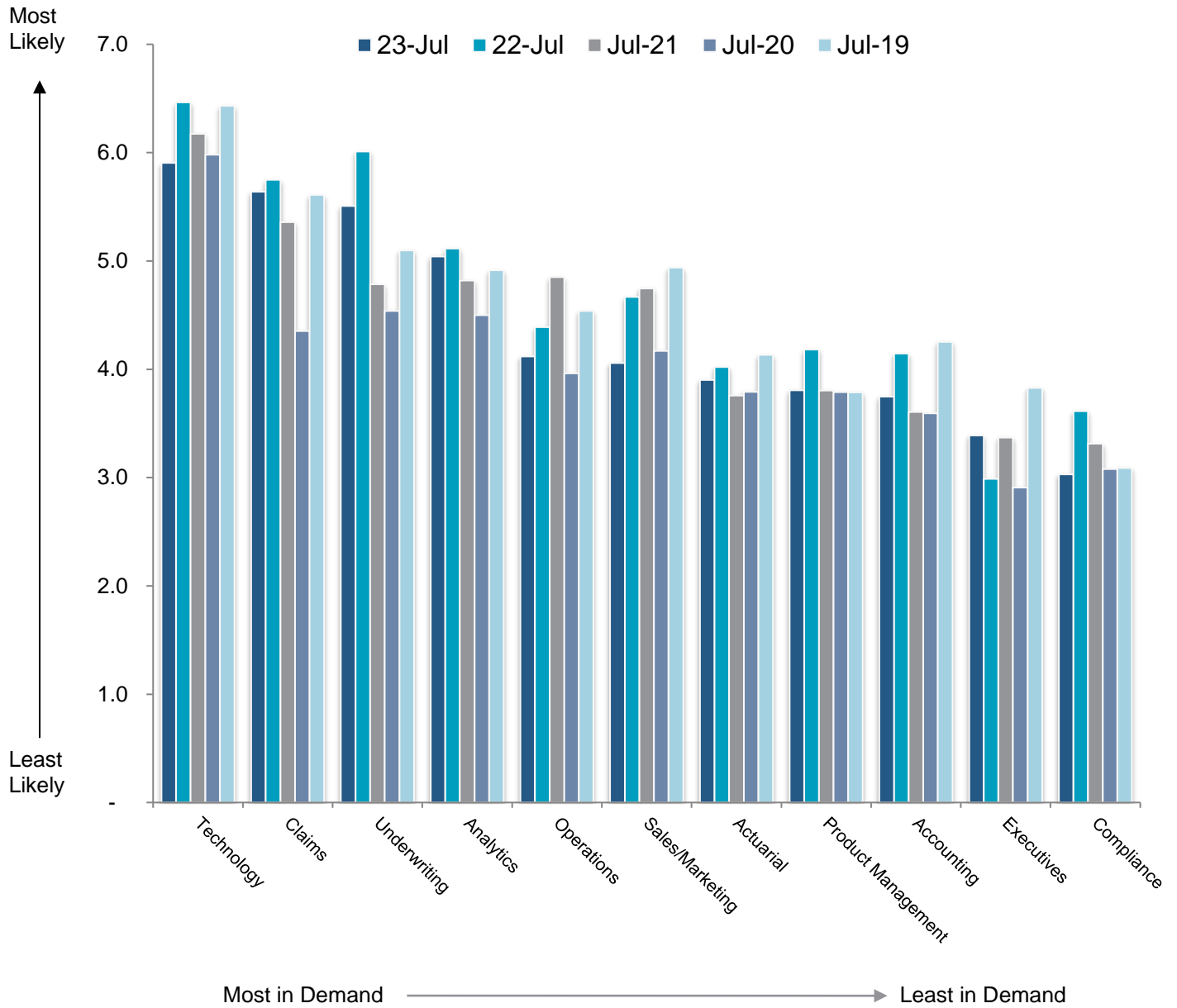
- In total, 17% of companies feel the ability to hire talent has become more difficult compared to the prior year. This is down from 48% in the July 2022 survey. 35% feel hiring difficulty has eased in the past year
- 33% of Life/Health companies feel the ability to hire has worsened, compared to P&C 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

Likelihood of Increasing Staff by Function

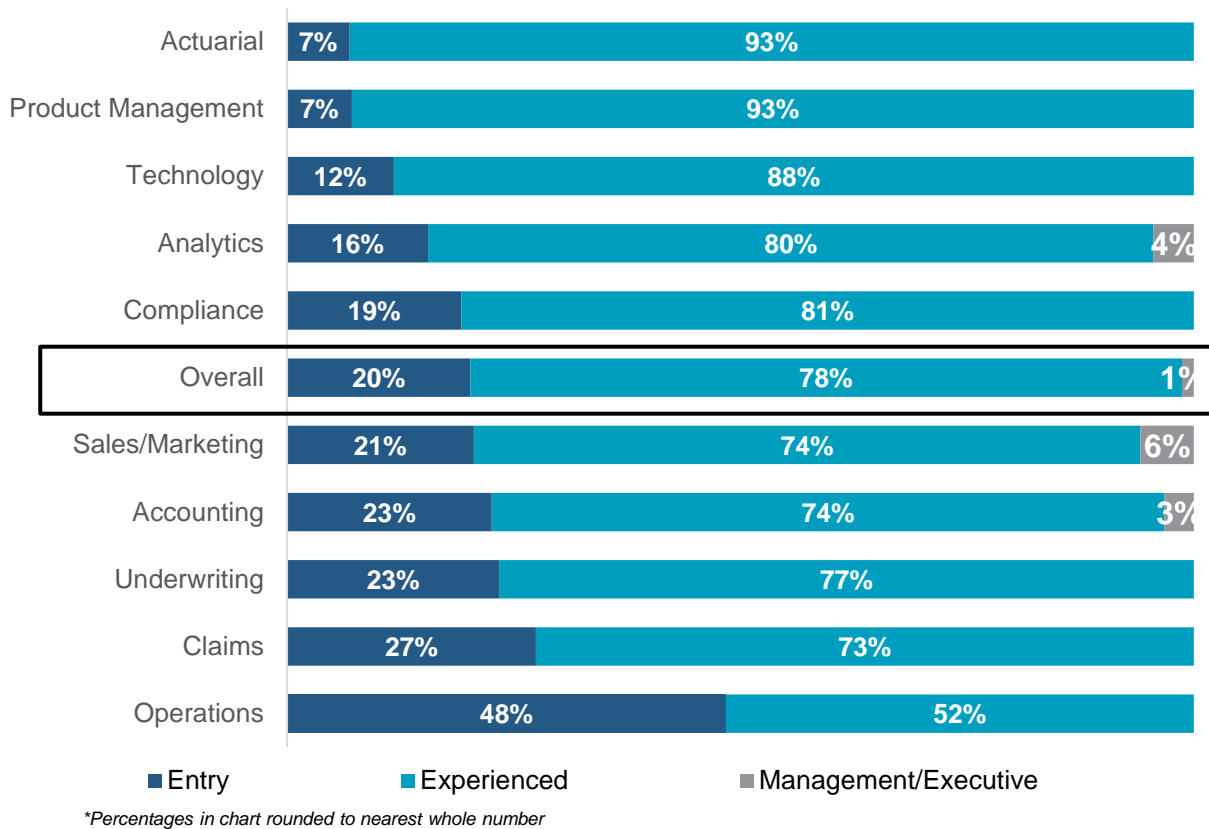


- In total, the industry's greatest need is Technology staff
- Large companies are most likely to hire Technology roles, followed by Underwriting and Analytics in the next 12 months. Medium-sized companies are looking toward Technology then Analytics, while small-sized companies have the greatest need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

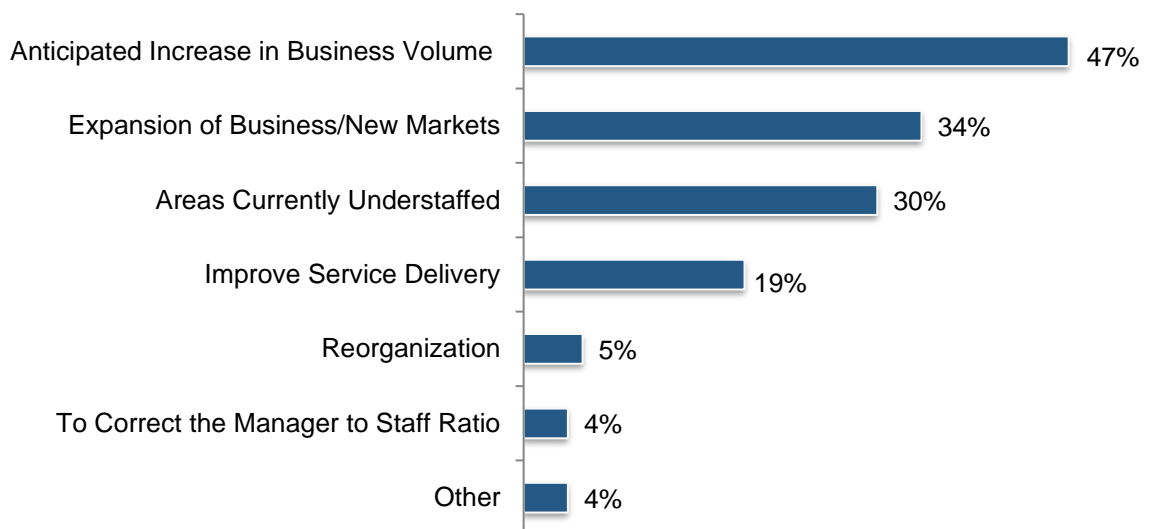
Likelihood of Increasing Staff by Function by Survey Period



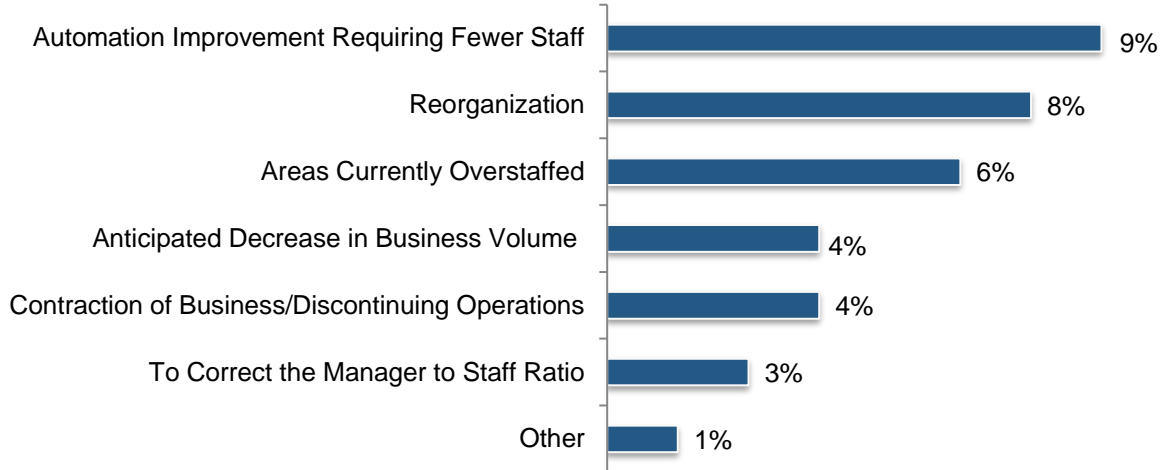
Employee Types Most Likely to be Added by Function



Reason to Increase Staff During Next 12 Months

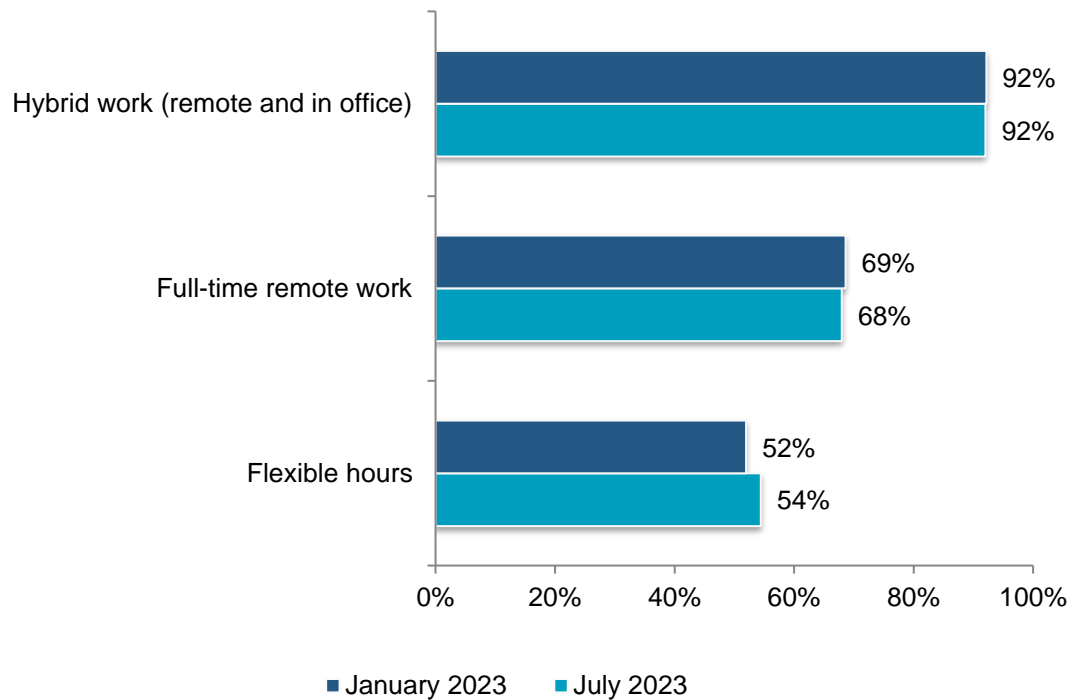


Reason to Decrease Staff During Next 12 Months

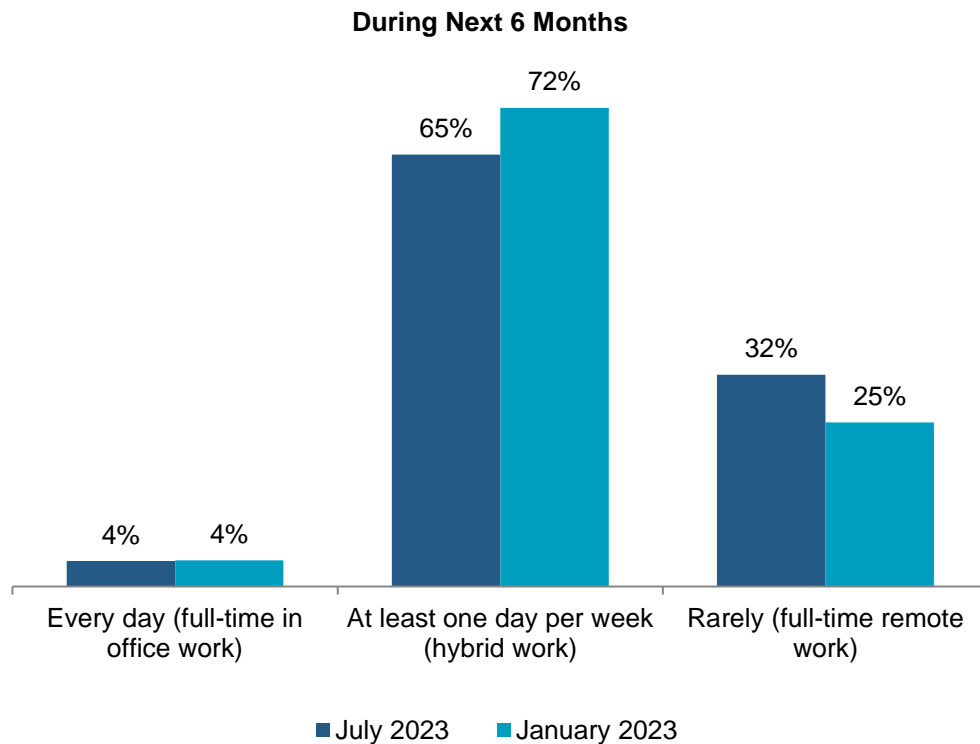


Current Workplace Flexibility

Flexible Work Options Offered to Employees



Required In-Office Work for Majority of Employees

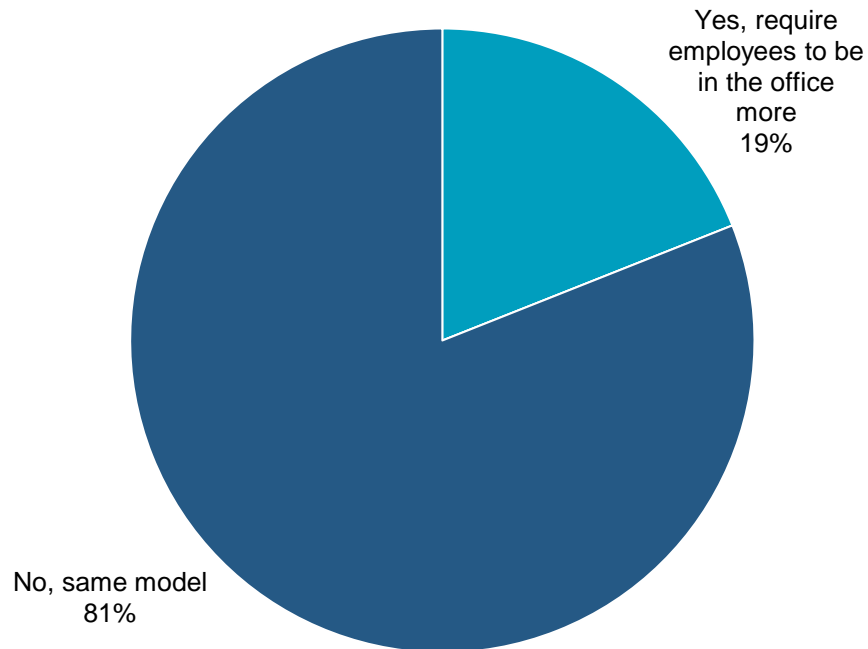


**Percentages in chart rounded to nearest whole number*

- 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

Expected Changes for Moving Forward

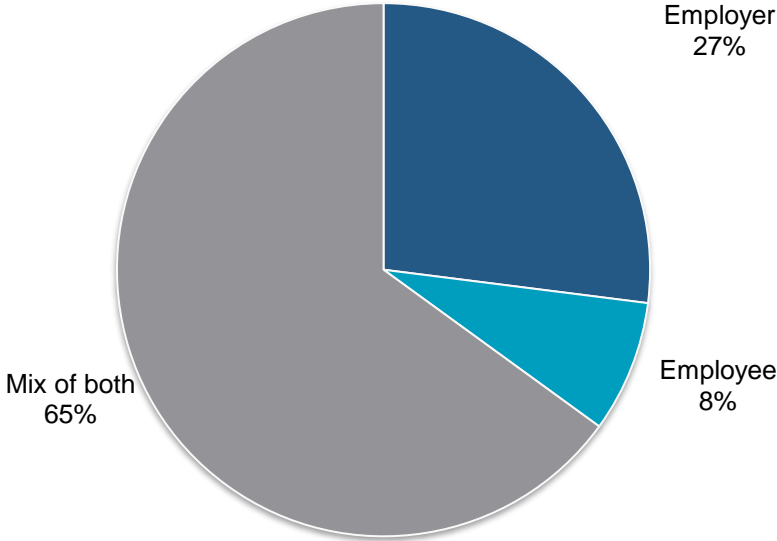
Anticipated Requirements After Next 6 Months



**Percentages in chart rounded to nearest whole number*

- 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?



**Percentages in chart rounded to nearest whole number*

- 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

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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.

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