Insurance Industry Employment Trends: 1990-2016 (November 2016)

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The U.S. Labor Department?s Bureau of Labor Statistics (BLS) just published data as of November 2016 on detailed insurance industry employment, and the Insurance Information Institute I.I.I. website contains updated multi-decade trend data in chart form. The insurance industry/sector-specific data are not seasonally adjusted and are one month behind the national data; accordingly, the report released on January 6 provides national data for December 2016 and industry/sector-specific data for November 2016. Data for the last few months are preliminary and are often revised later, but revisions are usually small. The I.I.I.?s slides show employment trends for P/C, life/annuity, health (mainly medical expense) insurers, reinsurers, agents & brokers, independent claims adjusters and third-party administrators.

In November 2016, on a year-over-year basis, employment in most segments of the insurance industry was up to varying degrees.

For the 12 months ending in November 2016, P/C carrier employment rose by 9,600 (+1.9 percent) to 523,500. But this result does not echo longer-term trends. Over the last four years, for example, P/C carrier employment has both risen and fallen, in a narrow range of 510,000 to 530,000. That 4-year period of relative employment stability followed a 3-year period of a sharp headcount reduction, from 572,000 in March 2009 to 530,000 in March 2012.

Employment by life/annuity carriers rose in November 2016 vs. November 2015 (up 3,500, or +0.3 percent) to 335,000. But since March 2006 (when a reclassification between life/annuity and health carriers ended), employment in the life/annuity a segment has generally been falling. In smaller time segments, the pattern is similar to that of P/C carriers. For example, in the last 30 months life/annuity carrier employment has both risen and fallen, in a narrow range of 320,000 to 335,000. That 2.5-year period of relative employment stability followed a 4-year period of a continual headcount reduction, from 375,000 in March 2010 to 330,000 in March 2014.

The health carrier segment has been gaining jobs quite steadily for decades. In November 2016 vs. November 2015 it rose sharply (up 20,300, or 3.8 percent) to 556,800. At least some of this growth is undoubtedly connected with the flood of health insurance applications, purchases, and claims attributable to the Affordable Care Act (ACA), and some to population growth, but it is important to acknowledge that this rate of growth has been characteristic of this sector for decades?long before the ACA was proposed. Now that the Congress and the President-elect aim to repeal ACA it will be interesting to watch whether this employment growth continues, stalls, or reverses.

The agent/broker segment gained 900 jobs in November 2016 vs. November 2015 (up 0.1 percent) to 778,400. Employment growth in this category in the last three years has been extremely strong. In November 2012 this segment employed 663,400, so that in 48 months employment rose by 115,000, or 17.3 percent. More granularly, employment rose by 31,600 in 2013, by 52,300 in 2014, and by 26,600 in 2015. However, the spurt appears to be ending: with eleven months of 2016 in, employment in this segment is up

only 3,600.

Among the smaller industry segments, reinsurance carrier employment in the U.S. fell in November 2016 vs. November 2015 (down 700, or -2.7 percent) to 24,900. Employment at independent claims-adjusting firms on a year-over-year basis for November 2016 rose by 2,400 (4.2 percent) to 59,200. This is the highest that employment at independent claims-adjusting firms has been in at least the last 25 years. Year-over-year employment in the category of third-party administration of insurance funds rose by 1,900 (1.1 percent) to 176,300. This category has grown quite steadily for more than two decades, though not as fast as employment at medical expense insurers. It was set back slightly by the Great Recession, but has generally added jobs since then.

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