

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

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The U.S. Labor Department's Bureau of Labor Statistics (BLS) just published data as of October 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 in our charts are not seasonally adjusted and are one month behind the national data; accordingly, the report released on December 2 provides national data for November 2016 and industry/sector-specific data for October 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 property/casualty (P/C), life/annuity, health (mainly medical expense) insurers, and reinsurers, agents & brokers, independent claims adjusters, and third-party administrators.

Overall, the U.S. economy is nearing full employment. In November there were more than 123.7 million people employed in the private sector (not seasonally adjusted) 2.05 million more than a year earlier (up 1.7 percent) and a new peak. In October 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 October 2016, P/C carrier employment rose by 11,900 (+2.3 percent) from 511,500 to 523,400. However, employment in this sector has both risen and fallen in the last 12 months. After rising for nine straight months starting in October 2015, it fell sharply in August and September 2016 (down 6,100 in those two months), only to rise slightly in October. It has remained in the 515,000 to 530,000 range for roughly the last five years.

Employment by life/annuity carriers rose in October 2016 vs. October 2015 (up 4,900, or +1.5 percent) to 333,900. However, since March 2006 (when a reclassification between life/annuity and health carriers ended), employment in the life/annuity segment has generally been falling. It was 366,500 in March 2006 and reached a bottom in March 2015, at 318,500. It has been generally rising since then (up 3,700 in June 2016 alone), so that from March 2015 to date the segment has gained 15,400 jobs.

The health carrier segment has been gaining jobs quite steadily for decades. In October 2016 vs. October 2015 it rose sharply (up 20,200, or 3.8 percent) to 553,100. 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. This long growth streak might be ended, or even reversed, depending on whether and when the ACA is repealed and what replaces it.

The agent/broker segment gained 6,100 jobs in October 2016 vs. October 2015 (up 0.8 percent) to 780,100. Employment growth in this category in the last three years has been extremely strong. In July 2012 this segment employed 660,700, so that in the subsequent 51 months, employment rose by 119,400, or 18.0 percent. More granularly, employment rose by 31,600 in 2013, by 52,300 in 2014 and by 26,600 in 2015.

However, the spurt might be ending: with 10 months of 2016 in, employment in this segment is up only 5,300.

Among the smaller industry segments, reinsurance carrier employment in the U.S. fell slightly in October 2016 vs. October 2015 (down 500, or 2.0 percent) to 25,000. Employment at independent claims-adjusting firms on a year-over-year basis for October 2016 rose sharply by 2,400 (4.2 percent) to 58,900. Year-over-year employment in the category of third-party administration of insurance funds rose by 3,400 (2.0 percent) to 176,500. This category has grown quite steadily for over 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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