

Insurance Industry Employment Trends: 1990-2017 (February 2017)

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The U.S. Labor Department's Bureau of Labor Statistics (BLS) just published data as of February 2017 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 April 7 provides national data for March 2017 and industry/sector-specific data for February 2017. 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, and reinsurers, agents & brokers, independent claims adjusters, and third-party administrators. In February 2017, on a year-over-year basis, employment in most segments of the insurance industry was up to varying degrees.

P/C carrier employment rose in February 2017 by 1,900. P/C carrier employment often rises in February; since 1990, for example, it rose in February 17 times, was flat 3 times, and fell 8 times. For the 12 months ending in February 2017, P/C carrier employment rose by 11,600 (+2.1 percent) to 561,200. This is the smallest 12-month rise since the 12 months ending in August 2014. Longer-term trends in P/C carrier employment are hard to see. One could say that for the last dozen years, employment has remained in a range of 540,000 to 560,000, but from mid-2011 to mid-2014, it dropped continuously, hitting 515,000 before rebounding to its current level.

Employment by life/annuity carriers rose in February 2017 vs. February 2016 (up 6,700, or +1.9 percent) to 351,300. But since March 2006 (when a reclassification between life/annuity and health carriers ended), employment in the life/annuity segment has generally remained in a range of 340,000-370,000. However, the pattern is similar to that of P/C carriers: in early 2013 employment dropped below 340,000, hitting 318,000 in March 2015 before rebounding to its current level. Note: this analysis is complicated by a BLS reclassification of jobs between the life/annuity and the medical insurance carriers, as described in the next paragraph.

The health carrier segment had been gaining jobs quite steadily for decades, hitting a peak in March 2015 at 517,900. However, over the ensuing 12 months the BLS reclassified some jobs to the life/annuity sector, so that health carrier employment in March 2016 was 60,700 lower, at 457,200. Since then it has grown slowly, reaching 471,800 in February 2017. 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 aim to repeal ACA, it will be interesting to watch whether this employment growth continues, stalls, or reverses.

The agent/broker segment gained 8,400 jobs in February 2017 vs. February 2016 (up 1.1 percent) to 781,200. Employment growth in this category in the last three years has been extremely strong. In February 2013 this segment employed 659,200, so that in 48 months, employment rose by 122,000, or 18.5 percent.

More granularly, employment rose by 31,600 in 2013, by 52,300 in 2014, and by 26,600 in 2015. However, the spurt ended: in 2016, employment rose only 7,800.

Among the smaller industry segments, reinsurance carrier employment in the U.S. fell in February 2017 vs. February 2016 (down 300, or -1.2 percent) to 24,800. Employment at independent claims-adjusting firms on a year-over-year basis for February 2017 rose by 2,400 (4.3 percent) to 58,500. This is near the highest that employment at independent claims-adjusting firms has been in at least the last 27 years (the peak was 59,500 in November 2016). Year-over-year employment in the category of third-party administration of insurance funds rose by 2,600 (1.4 percent) to 186,700. 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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