

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

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The U.S. Labor Department's Bureau of Labor Statistics (BLS) just published data as of December 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 slides are not seasonally adjusted and are one month behind the national data; accordingly, the report released on February 3 provides national data for January 2017 and industry/sector-specific data for December 2016.) Data for the last few months are preliminary and are often revised later, but revisions are usually small. In addition to the monthly revisions, once a year in the national report for January the BLS revises the entire prior year's data to reflect new total employment estimates (based on unemployment compensation data); this is called the annual benchmark revision. This year the benchmark had a noticeable effect on reported employment in the insurance industry. 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.

In December 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 December 2016, P/C carrier employment rose by 17,600 (+3.2 percent) from 542,500 to 560,100. These numbers were affected by the benchmark revision. For example, in the BLS report for November, the P/C carrier employment level was reported at

523,500, whereas now November 2016 is 537,600. Using the new numbers, P/C carrier employment fell sharply from a March 2009 peak during the Great Recession at 571,700 to a trough of 513,300 in January 2014 (-10.2 percent), and then up to 560,700 in August 2016 (+9.2 percent). In the last 24 months P/C carrier employment has risen by 43,700.

Employment by life/annuity carriers rose in December 2016 vs. December 2015 (up 8,200, or +2.4 percent) to 352,700. These numbers were also affected by the benchmark revision: for example, in the BLS report for November, the life/annuity carrier employment level was reported as 335,000, whereas now November 2016 is 350,600. But since March 2005 (when a reclassification between life/annuity and health carriers ended), employment in the life/annuity a segment has generally stayed in a narrow range, roughly between 330,000 and 360,000.

The health carrier segment had been gaining jobs quite steadily for decades, but both the latest benchmark revisions and what appears to have been a job reclassification have altered that picture. For example, in the BLS report for November, the health carrier segment employment level was reported as 556,800, whereas now November 2016 is 469,400. Using the new numbers, in December 2016 vs. December 2015 employment fell (down 4,100, or -0.9 percent) to 471,500. The drop has been going on since March 2015, so it cannot be attributed to the 2016 election results. Given the likelihood of changes in healthcare financing that are being discussed, it is reasonable to expect further employment reductions in this sector in the coming months.

The agent/broker segment gained 6,000 jobs in December 2016 vs. December 2015 (up 0.8 percent) to 781,600. These numbers were not much affected by the benchmark revision. For example, in the BLS report for November, the agent/broker employment level was reported as 778,400, whereas now November 2016 is 780,900. Employment growth in this category in the last three years has been extremely strong. In December 2012 this segment employed 664,300, so that in 48 months, employment rose by 117,300, or 17.7 percent. More granularly, employment rose by 31,600 in 2013, by 52,300 in 2014, and by 27,400 in 2015. However, the spurt is over; in 2016 employment in this segment is up only 6,000.

Among the smaller industry segments, reinsurance carrier employment in the U.S. fell in December 2016 vs. December 2015 (down 500, or -1.9 percent) to 25,200. This is the smallest December-over-December change since 2013 over 2012, indicating a steady employment level in this segment. Employment at independent claims-adjusting firms on a year-over-year basis for December 2016 rose by 2,400 (4.2 percent) to 59,100. Except for 59,600 in November 2016, 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 6,900 (3.8 percent) to 187,800. This category was affected by the benchmark revision: the prior November 2016 report of 176,300 is now 186,200. 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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