Insurance
5 trends to expect in 2024

Explore five trends that will shape the industry and its workspaces in the year ahead

JLL SEE A BRIGHTER WAY

Global Research

January 2024

jll.com

Insurance | 5 trends to expect in 2024

1 Future workforce in focus

2 Adapting the portfolio for hybrid

3 Investing in a holistic workplace experience

4 Keeping pace with net-zero goals

5 The AI evolution

01

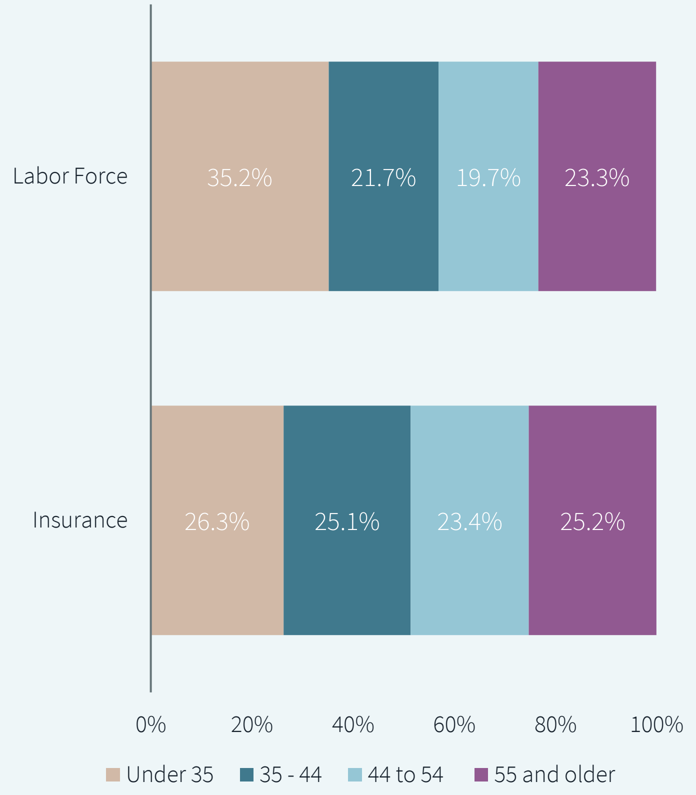
Future workforce in focus

The insurance industry must address its aging workforce and adapt its value proposition to attract young talent. Employees aged 55 and older currently fill over 700,000 jobs in the industry and only 26% of the insurance workforce is under age 35, compared to 35% of the total labor force. Given increasing competition from tech/insurtech firms, organizations must create a work experience that provides a meaningful connection for young employees seeking in-person collaboration and mentorship, while also providing the flexibility that is expected in the new hybrid world. As the older employee group retires over the next decade, the industry will need to offer a new employee value proposition to attract and retain Gen Z talent, those born between 1997 – 2012, as they are predicted to constitute 30% of the total labor force by 2025.

A JLL Research study found that employees aged 18- 24 are most likely to feel empowered to define their own workstyles, while also being the most energized by a high level of interaction at work. Gen Z is looking for both the flexibility of a hybrid schedule, as well as the mentorship and collaboration of in-person work.

Additionally, 78% of financial services organizations, including insurance companies, say their employees will increasingly expect the workplace to have a positive impact on the environment. Sustainability is also a top concern for the young urban office worker. 72% of Gen Z believe that the environment is one of the most critical issues of today.

Age distribution of employed persons in 2022: Insurance v. Labor force



Source: JLL Research, BLS

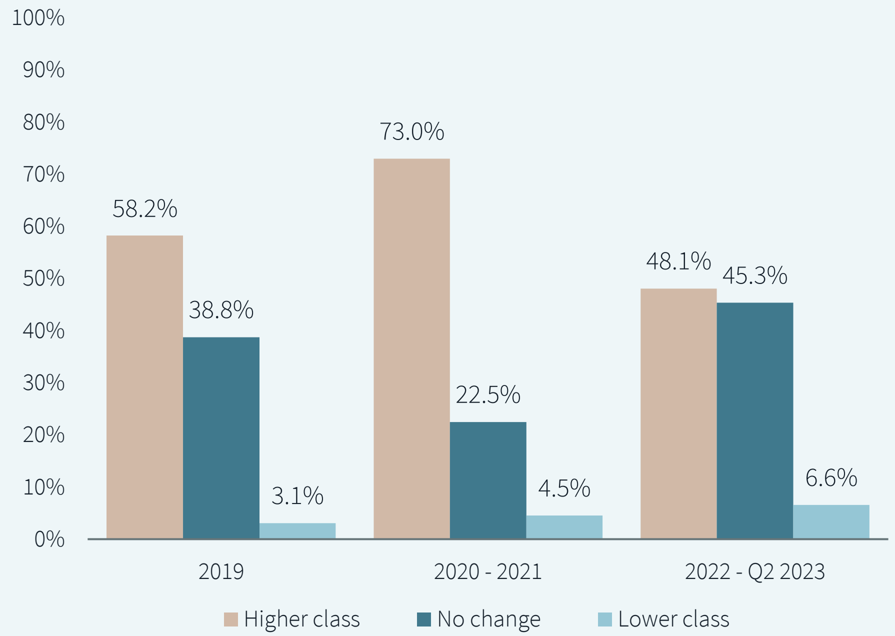
02

Adapting the portfolio for hybrid

As the insurance industry transitions to a hybrid work style after being primarily remote during the pandemic, companies will need to strategically reassess their space needs to balance cost-savings and enhance the customer and employee experience. With 70% of leading insurance companies currently employing a hybrid workstyle, averaging 2.3 days in the office per week, it will be essential for insurance companies to utilize their hybrid strategy as a driving factor when determining long term space needs.

With 62% of insurance relocations since 2019 being to higher-class office space, more insurance companies are opting to shrink their leased footprint in exchange for a more meaningful workplace that encourages in-person collaboration and promotes productivity. As insurance companies determine their long-term location strategy and adapt to a hybrid workstyle, they will need to consider factors like access to skilled talent and location costs. Since 2020, the bulk of insurance leasing activity has been concentrated in New York City, Atlanta, Philadelphia, Chicago, and Indianapolis. Notably, artificial Intelligence will be a major factor in the insurance industry moving forward and insurance companies will need to adapt their location strategies to build an increasing presence in AI talent hubs which are primarily found in major coastal markets. They should also re-assess the need for tertiary office locations where the talent pool is limited, and utilization is low.

Building Class relocations within the Insurance industry



Source: JLL Research

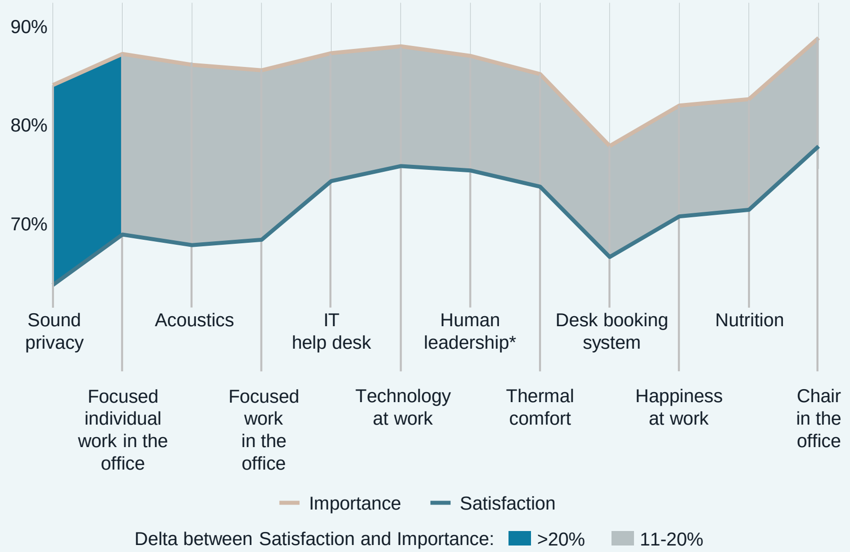
03

Investing in a holistic workplace experience

The insurance industry must embrace creating a workplace that maximizes collaboration, productivity and innovation as firms look to energize employees that are returning to the office while attracting and retaining a new generation of talent. Four years on from the start of the pandemic, employers continue to deploy both soft and hard tactics to get employees back to the office, but still almost half (45%) of employees globally say their home environment better supports their overall productivity. Given changing work dynamics, a study by JLL Research found that 90% of financial services firms are either piloting or have partially adopted seat-sharing. However, seat-sharing must be done intentionally and is highly dependent on the nature of the work being done by that business unit.

Creating workspaces that draw employees back must provide a meaningful experience for them beyond management's desire to be more office centric. Although hybrid workers value workspaces that support collaboration and socialization, a study by JLL Research found that 51% of the time in offices is spent on focused work. Employers must consider the importance of private workstations and other factors that support desk-based work, while also activating a workplace that encourages collaboration and drives purpose. Management needs to view the evolution of the workspace as an opportunity to inspire and meet the varying needs of an evolving workforce that is seeking engagement and purpose in their work.

Employee gap between importance and satisfaction of office factors



*My organization provides a nurturing and inclusive work environment that promotes leaders who put employees first and encourages a positive culture

Source: JLL Global Benchmarking Services, 2023

04

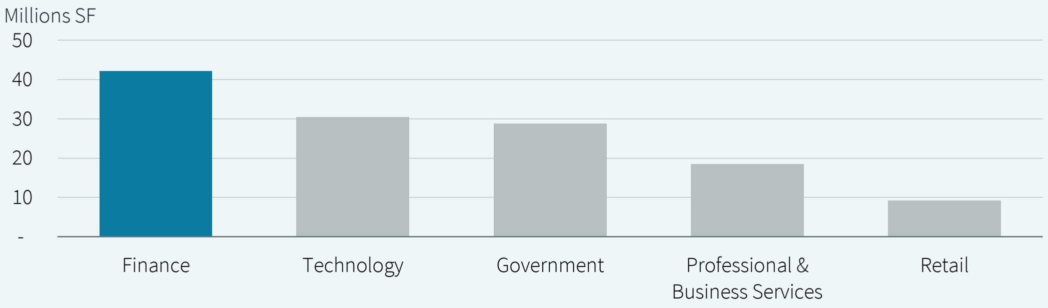
Keeping pace with net-zero goals

In comparison to leading financial services institutions, the top insurance providers have not yet achieved the same level of consistency in managing their GHG emissions. Currently, there is a lack standardized methodology for setting goals observed across the leading insurance companies. However, given the potential to decrease their carbon footprint through portfolio optimization, it is crucial for insurance firms to take action promptly given low supply of future green supply and rising costs for premium space.

As major gateway markets face challenges related to supply and demand imbalances for carbon-friendly buildings, the financial services sector, including insurance, stands out as the industry most dedicated to meeting carbon targets. Consequently, the industry is poised to encounter fierce competition for sustainable space as traditional financial services companies pay top of market rents to secure the best quality space. By 2030, demand for top space will outstrip supply in eight U.S. cities by 75%.

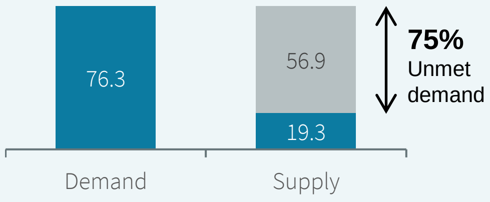
Demand

Sector breakdown of space requirements from carbon-committed tenants*



Supply-demand deficit (Millions SF)

Occupational requirements vs. development pipeline



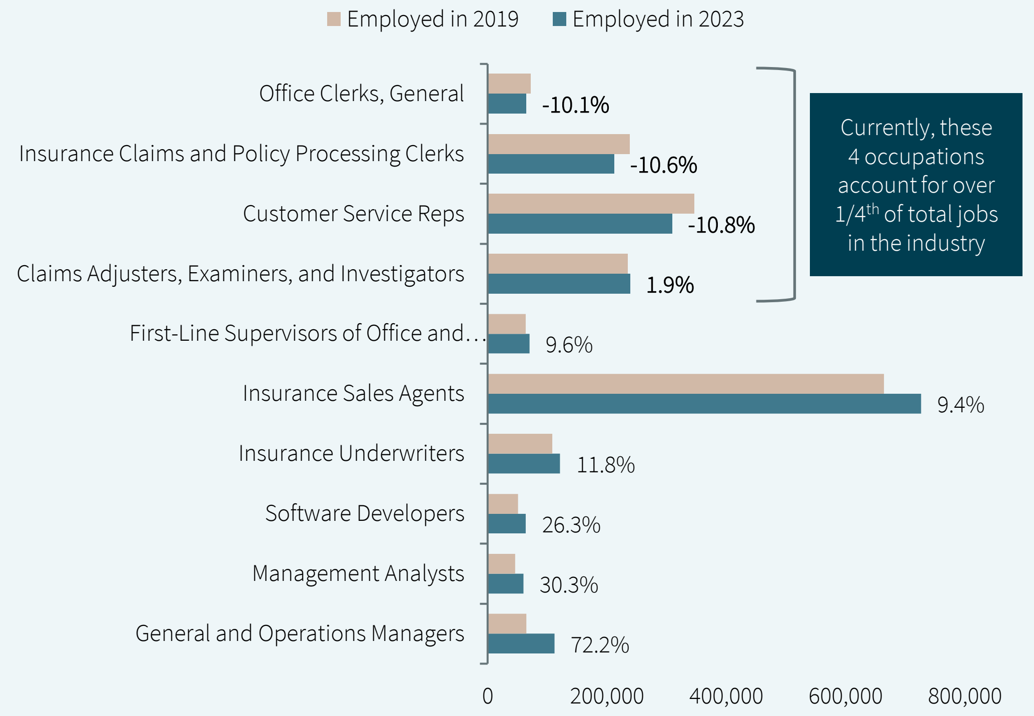
Demand - low carbon occupational requirements, adjusted by quality of existing stock; supply - high quality future green supply City coverage: Boston, Chicago, Dallas, Miami, New York, San Francisco, Seattle and Washington, D.C.

Source: JLL Research, 2023

05

The AI evolution

The rise of AI advancements will have a transformative impact on essential parts of insurance business operating models. Advances in automation are likely to impact key processes within insurance such as underwriting, claims processing, and customer service. In the coming years, over 25% of total insurance jobs are likely to see significant changes due to implementation of AI. As a result, the industry is seeing a stronger need for professionals adept in cloud computing, machine learning and generative AI as the tech talent war escalates across all industries. With the advent of innovative "insurtech" companies, it becomes imperative for traditional insurance providers to make strategic investments in both advanced technologies and a highly skilled workforce in order to maintain a competitive edge. This will require the need for reskilling and upskilling the existing workforce to reinforce technology skills, and creating a workplace environment that fosters a culture of continuous learning and innovation.



Source: JLL Research, BLS

JLL SEE A BRIGHTER WAY

Research authors

Elsa Wilson
Senior Analyst
Industries and Work Dynamics Research
elsa.wilson@jll.com

Sarah Bouzarouata
Senior Manager
Industries and Work Dynamics Research
sarah.bouzarouata@jll.com

Amber Schiada
Senior Director
Industries and Work Dynamics Research
amber.schiada@jll.com

To find out more about JLL services, contact:

Ben Bailey
Managing Director, Insurance
JLL Work Dynamics
ben.bailey@jll.com

Giles Wrench
Vice Chairman, Financial Services & Insurance
JLL Americas Markets
giles.wrench@jll.com

Research at JLL

JLL's research team delivers intelligence, analysis and insight through market-leading reports and services that illuminate today's commercial real estate dynamics and identify tomorrow's challenges and opportunities. Our more than 550 global research professionals track and analyse economic and property trends and forecast future conditions in over 60 countries, producing unrivalled local and global perspectives. Our research and expertise, fueled by real-time information and innovative thinking around the world, creates a competitive advantage for our clients and drives successful strategies and optimal real estate decisions.

About JLL

For over 200 years, JLL (NYSE: JLL), a leading global commercial real estate and investment management company, has helped clients buy, build, occupy, manage and invest in a variety of commercial, industrial, hotel, residential and retail properties. A Fortune 500® company with annual revenue of $20.9 billion and operations in over 80 countries around the world, our more than 105,000 employees bring the power of a global platform combined with local expertise. Driven by our purpose to shape the future of real estate for a better world, we help our clients, people and communities SEE A BRIGHTER WAY℠. JLL is the brand name, and a registered trademark, of Jones Lang LaSalle Incorporated. For further information, visit jll.com.