



1 The US job market ended 2023 on a strong note, with employers adding a net 216K jobs in December—including 164K in the private sector. Both categories (net and net private) trended up throughout the fourth quarter, a further sign that the labor market is moving towards balance rather than deteriorating.

Overall, 2023 averaged net monthly gains of 225K jobs and 169K private jobs, down from 2022 but still healthy and near the pre-pandemic average. The top growing sectors for the year were education and healthcare, leisure and hospitality services, and government.

Wage growth moderated in 2023 but remained robust even as the labor market moved to a more balanced state. This trend will likely persist into 2024 and continue to support payroll growth for workers compensation.

2 Some signs of seasonal quirks were apparent again in the latest labor data. The fall in the November hires rate and December participation rate could be related to lower seasonal hiring. We caution drawing conclusions from just one data point as more will be necessary to assess whether these moves were due to seasonality or weakening in the data.

3 The labor market in 2023 evolved meaningfully from 2022 and in a positive way for workers compensation. Payroll growth remained robust while turnover metrics moderated back to near pre-pandemic averages as the labor market moved towards a more balanced state.

Drivers of Premium	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Net Employment Change (Thous.)	105	236	165	262	105	173	216
Net Private Employment Change (Thous.)	86	145	114	199	44	136	164
Average Hourly Earnings (y/y %)	4.4	4.3	4.3	4.2	4.1	4.0	4.1
Average Hours Worked (Hours)	34.4	34.3	34.4	34.4	34.3	34.4	34.3
Payroll (Calculated)* Growth (y/y %)	6.3	5.6	6.0	5.6	4.9	5.4	5.4

*Calculated Payroll = Total Private Employment * Average Hourly Earnings * Average Hours Worked

Averages

	1-Year	3-Year	5-Year	2015-19
Employment Change	225	410	124	190
Net Private Employment Change	169	373	116	177
Average Hourly Earnings	4.3	4.6	4.4	2.7
Average Hours Worked	34.4	34.6	34.5	34.4
Payroll Growth	6.1	8.3	5.6	4.6

Drivers of Frequency	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Unemployment Rate (%)	3.6	3.5	3.8	3.8	3.8	3.7	3.7
Labor Force Participation Rate (%)	62.6	62.6	62.8	62.8	62.7	62.8	62.5
Prime Age Participation Rate (25-54, %)	83.5	83.4	83.5	83.5	83.3	83.3	83.2
Job Openings (Thous.)	9,165	8,920	9,497	9,350	8,852	8,790	-
Hires Rate (%)	3.8	3.7	3.7	3.8	3.7	3.5	-
Quits Rate (%)	2.4	2.3	2.3	2.3	2.3	2.2	-
Layoffs Rate (%)	1.0	1.1	1.1	1.0	1.0	1.0	-

Averages

	1-Year	3-Year	5-Year	2015-19
Unemployment Rate	3.6	4.2	4.9	4.4
Labor Force Participation Rate	62.6	62.2	62.3	62.9
Prime Age Participation Rate	83.3	82.4	82.2	81.7
Job Openings	9,669	10,152	8,805	6,361
Hires Rate	3.8	4.1	4.1	3.8
Quits Rate	2.4	2.6	2.5	2.2
Layoffs Rate	1.0	1.0	1.3	1.2

Source: Bureau of Labor Statistics; 1-, 3-, and 5-year averages are rolling 12-, 36-, and 60-month averages from the latest data point