



Connecticut's Insurance Industry: *Economic Impacts & Contributions*

Prepared by:

Connecticut Economic Resource Center, Inc.

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Introduction

Insure Connecticut's Future and the Connecticut Insurance and Financial Services Cluster present this study as part of an ongoing effort to quantify the impact of the insurance industry on the economy and, ultimately, on the quality of life in the state of Connecticut.

For more information, please visit www.bestpolicy4CT.com.



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Insurance carrier industry definition

NAICS Code	Industry Name
524113	Life Insurance
524114	Health Insurance
524126	Property/Casualty Ins.
524130	Re-insurance



Number of insurance carrier headquarters in CT

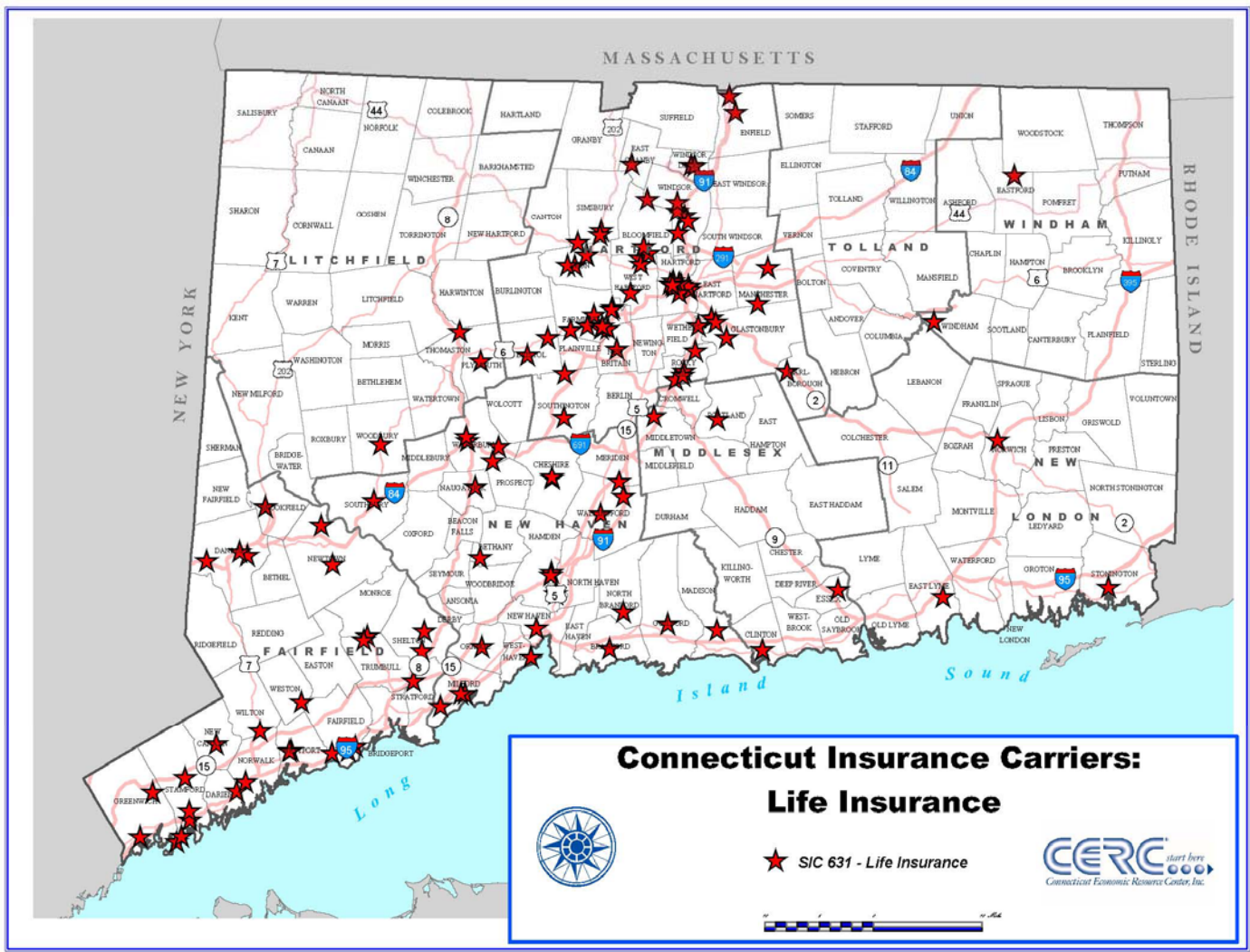
- ◆ 17 Life insurance
- ◆ 11 Accident and health insurance
- ◆ 5 Hospital and medical service plans
- ◆ 26 Fire, marine, and casualty insurance
- ◆ 5 Surety insurance
- ◆ 8 Reinsurance

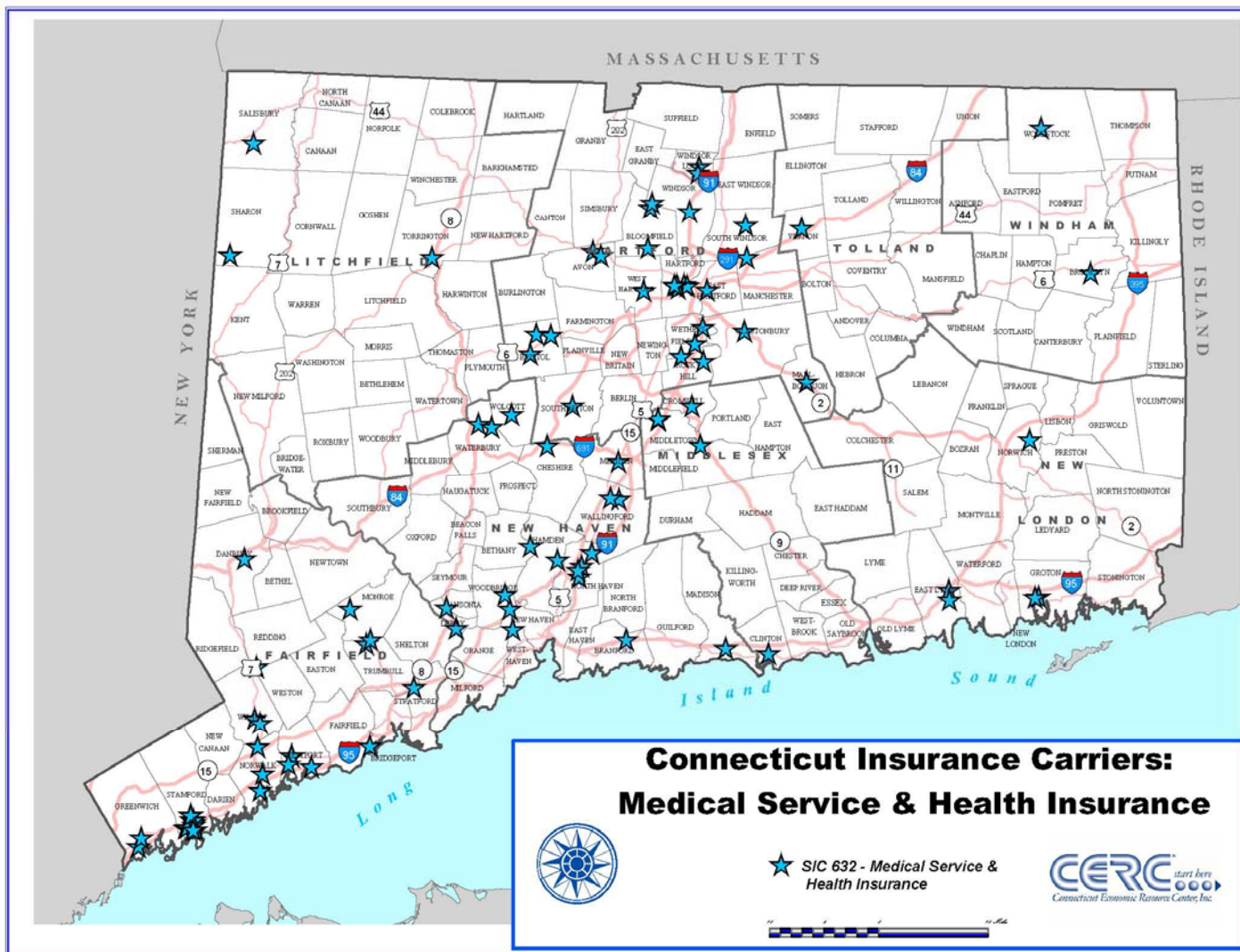
Source: D&B Sales & Marketing Solutions, 2006; Connecticut Insurance Department, 2006

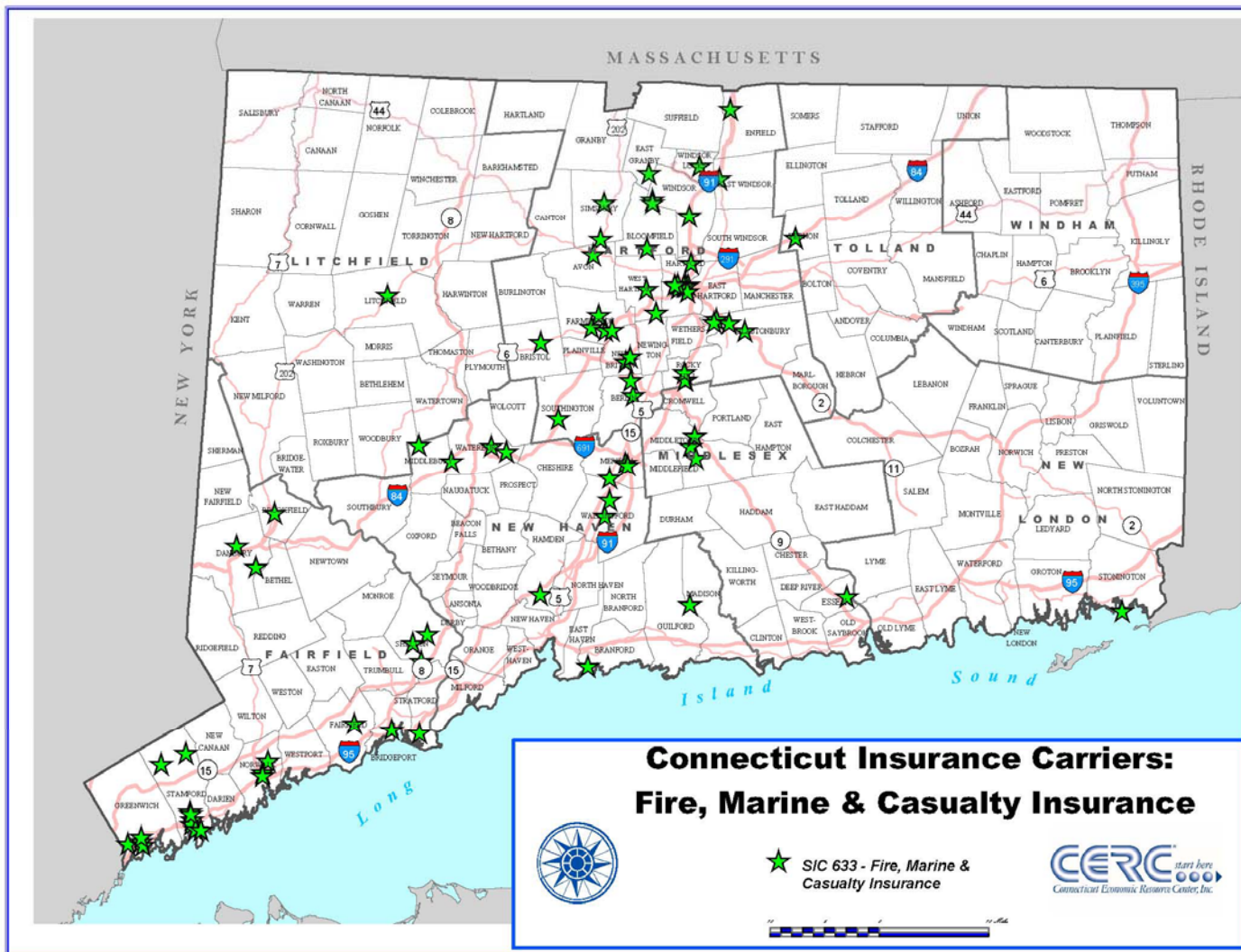
Connecticut Magazine's list of
the 100 largest companies headquartered in the state

2006	2005	COMPANY	TOWN	SALES (000s)
4	4	The Hartford Financial Services Group	Hartford	\$22,693,000
5	5	Aetna Inc.	Hartford	\$19,904,000
13	17	W.R. Berkley Corp	Greenwich	\$4,513,000
18	20	Phoenix Companies Inc.	Hartford	\$2,732,000
19	--	Odyssey Re Holdings Corp.	Stamford	\$2,656,000
48	--	Knights of Columbus Corp.	New Haven	\$850,000
86	86	Independence Holding Co.	Stamford	\$223,000

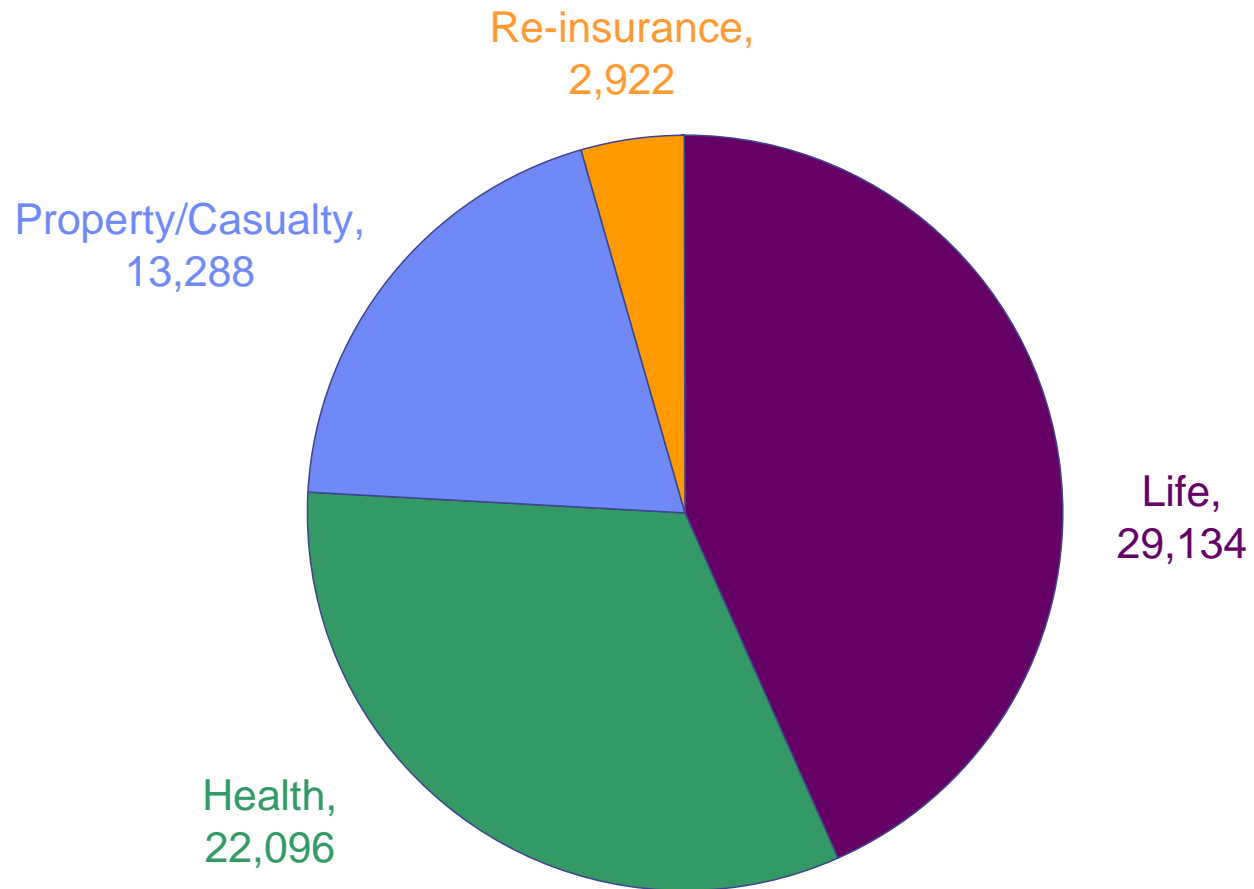
Source: <http://www2.connecticutmag.com/site/ct100.asp>. Ranked according to annual sales, 2005.







There were more than 67,000 insurance carrier jobs in Connecticut in 2004



Source: U.S. Census Bureau, County Business Patterns

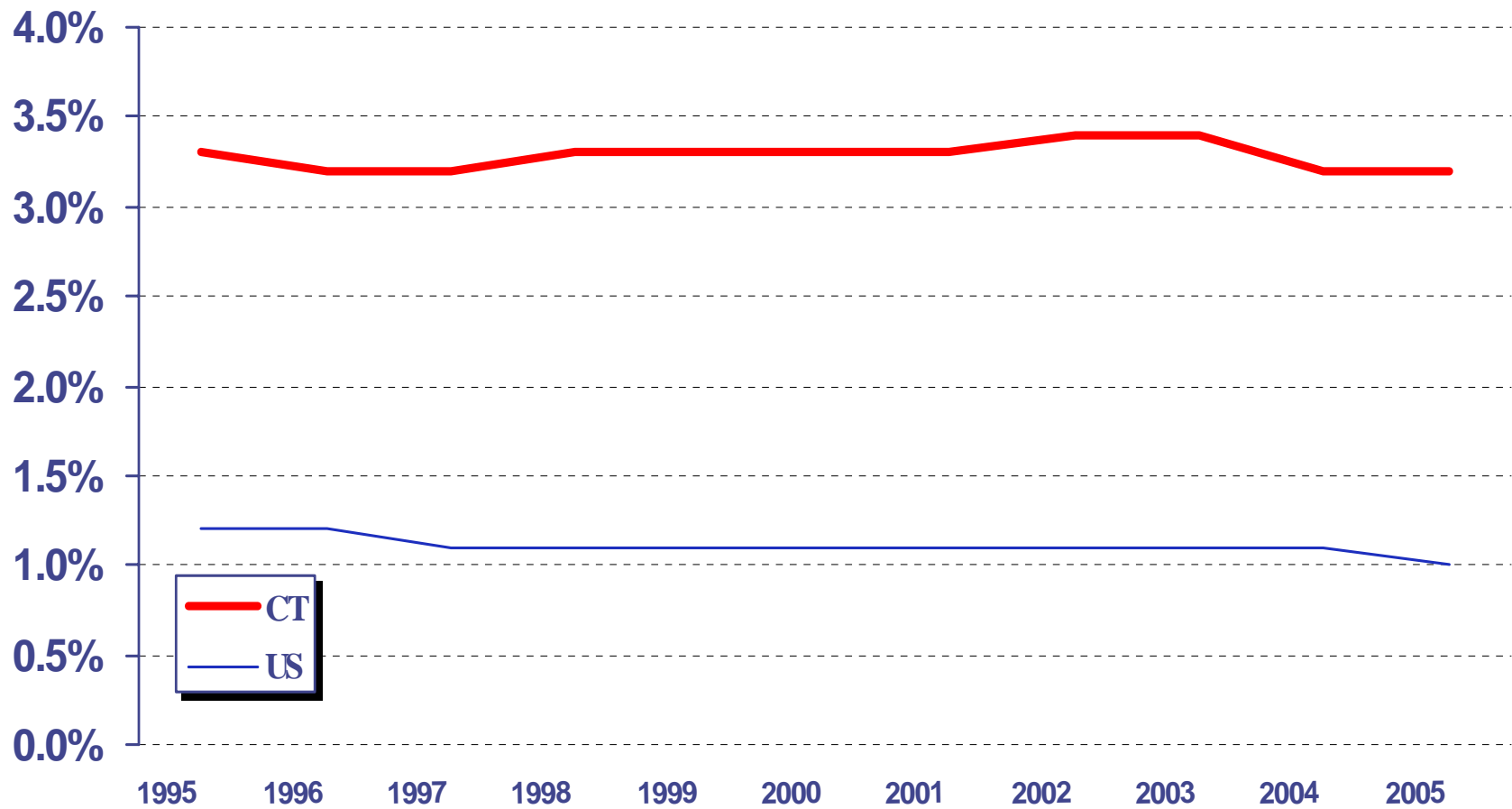
Insurance employment by county: 1994 and 2004

Region	1994 (SIC)		2004(NAICS)		Growth
	Total	Percent	Total	Percent	
Connecticut	66,921		67,667		1.1%
Fairfield	6,187	9%	8,528	13%	37.8%
Hartford	49,067	73%	49,370	73%	0.6%
New Haven	5,421	8%	3,926	6%	-27.6%
Other	6,246	9%	5,843	9%	-6.5%

Source: US Census Bureau, County Business Patterns

CT has triple the U.S. average of insurance carrier jobs

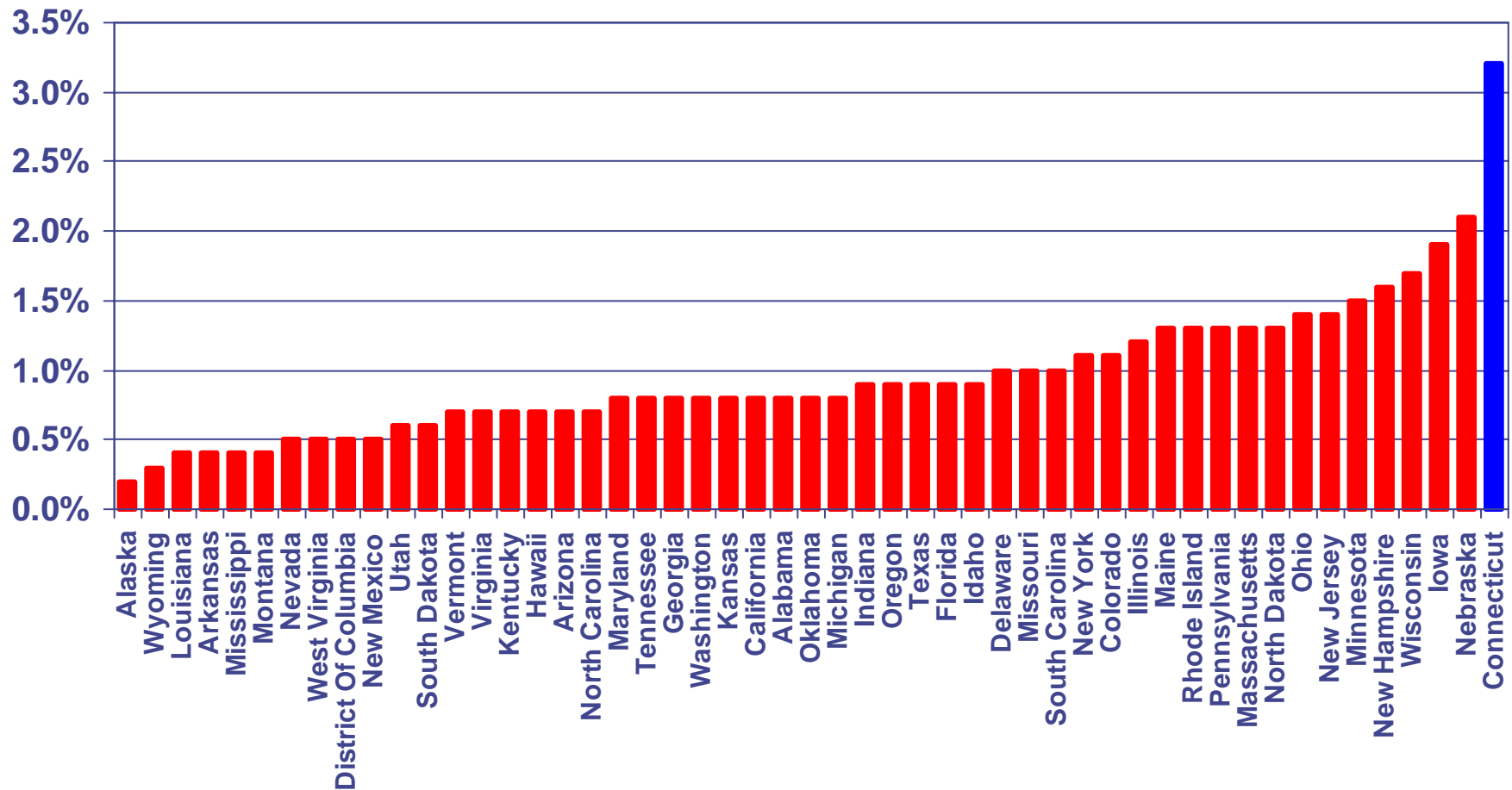
Insurance carrier jobs, percent of total state employment – 1995-2005



Source: Moody's Economy.com, BLS

CT has the highest concentration of insurance carrier jobs in the U.S.

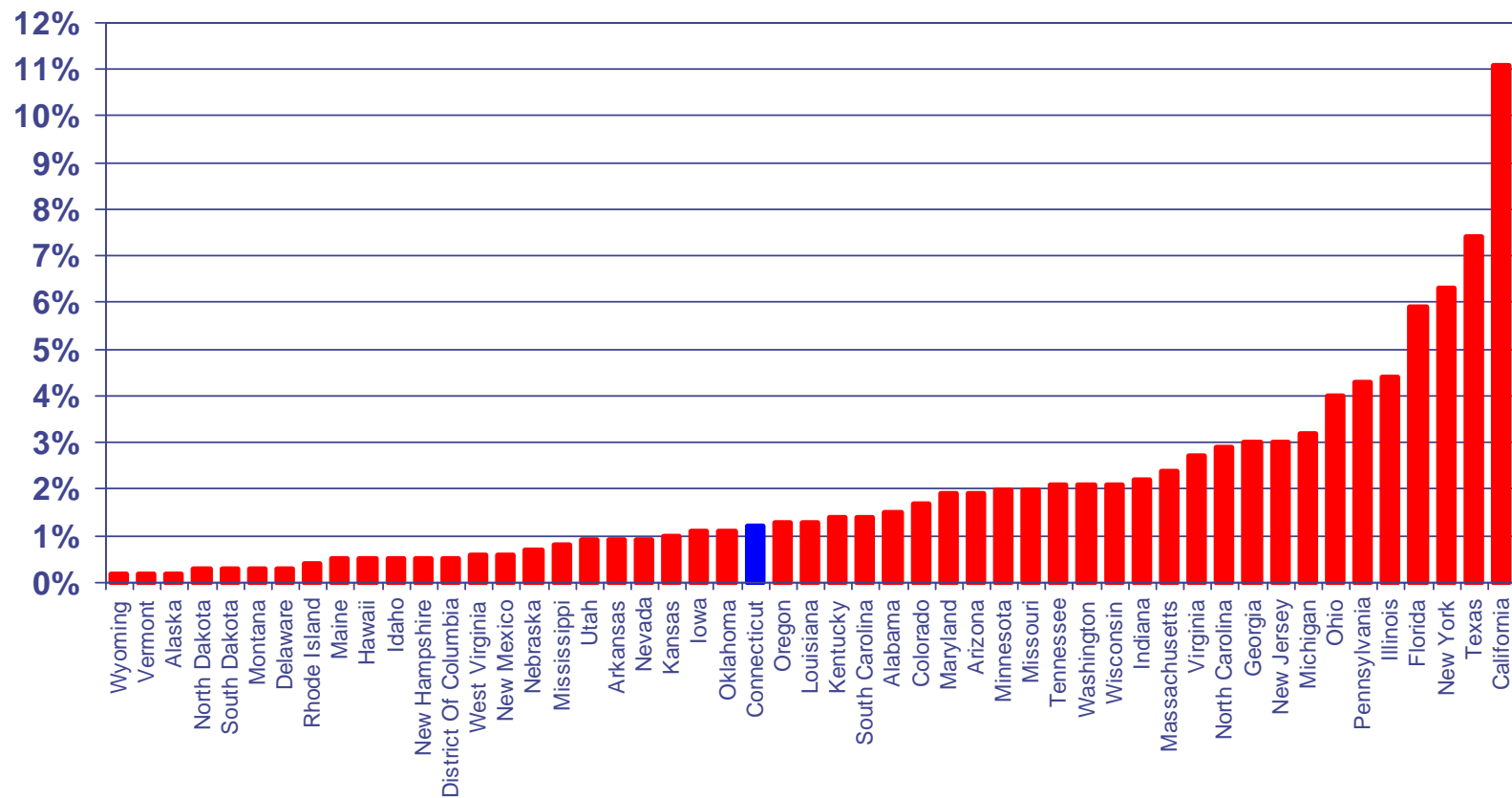
Employment: Insurance carriers (SA) as a percent of state total – 2006 est.



Source: Moody's Economy.com

CT's share of total U.S. employment is just 1.2 percent

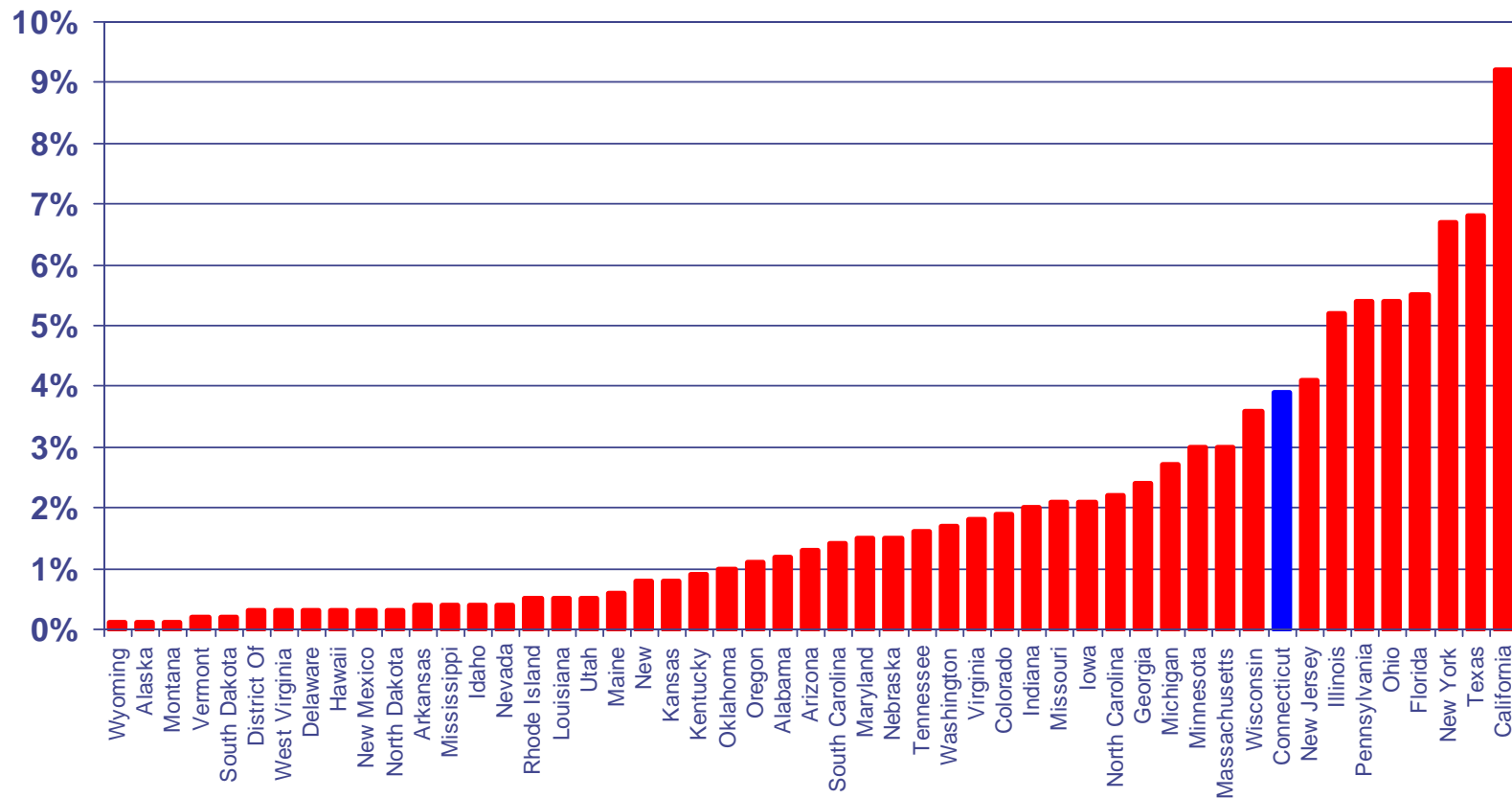
Total state employment (SA) as a percent of total U.S. employment – 2006 est.



Source: Moody's Economy.com, BLS

CT's share of total U.S. insurance carrier employment is 3.9 percent

State insurance carrier employment (SA) as a percent of total U.S. insurance carrier employment – 2006 est.



Source: Moody's Economy.com, BLS

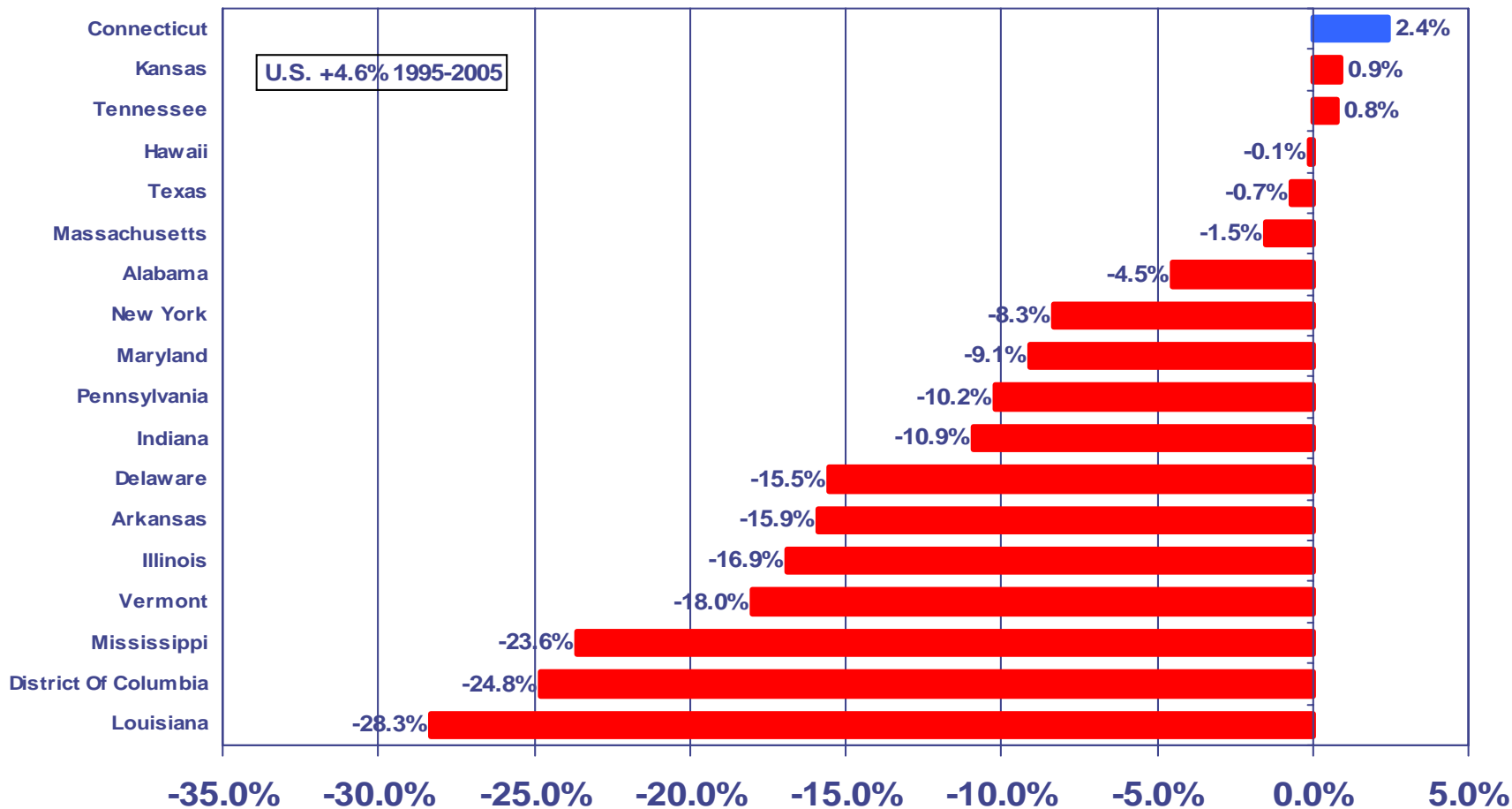
The insurance carrier industry has the slowest projected growth rate in the IFS sector

Industry	Employment		10-Year Change	
	2004	2014	Net	Percent
Finance and Insurance	120,550	131,130	10,580	8.8%
Credit Intermediation and Related Activities	31,660	33,320	1,660	5.2%
Securities, Commodity Contracts, Other Financial	18,400	23,850	5,450	29.6%
Insurance Carriers and Related Activities	65,640	68,310	2,670	4.1%
Funds, Trusts, and Other Financial Vehicles	4,750	5,550	800	16.8%

Source: Connecticut Department of Labor

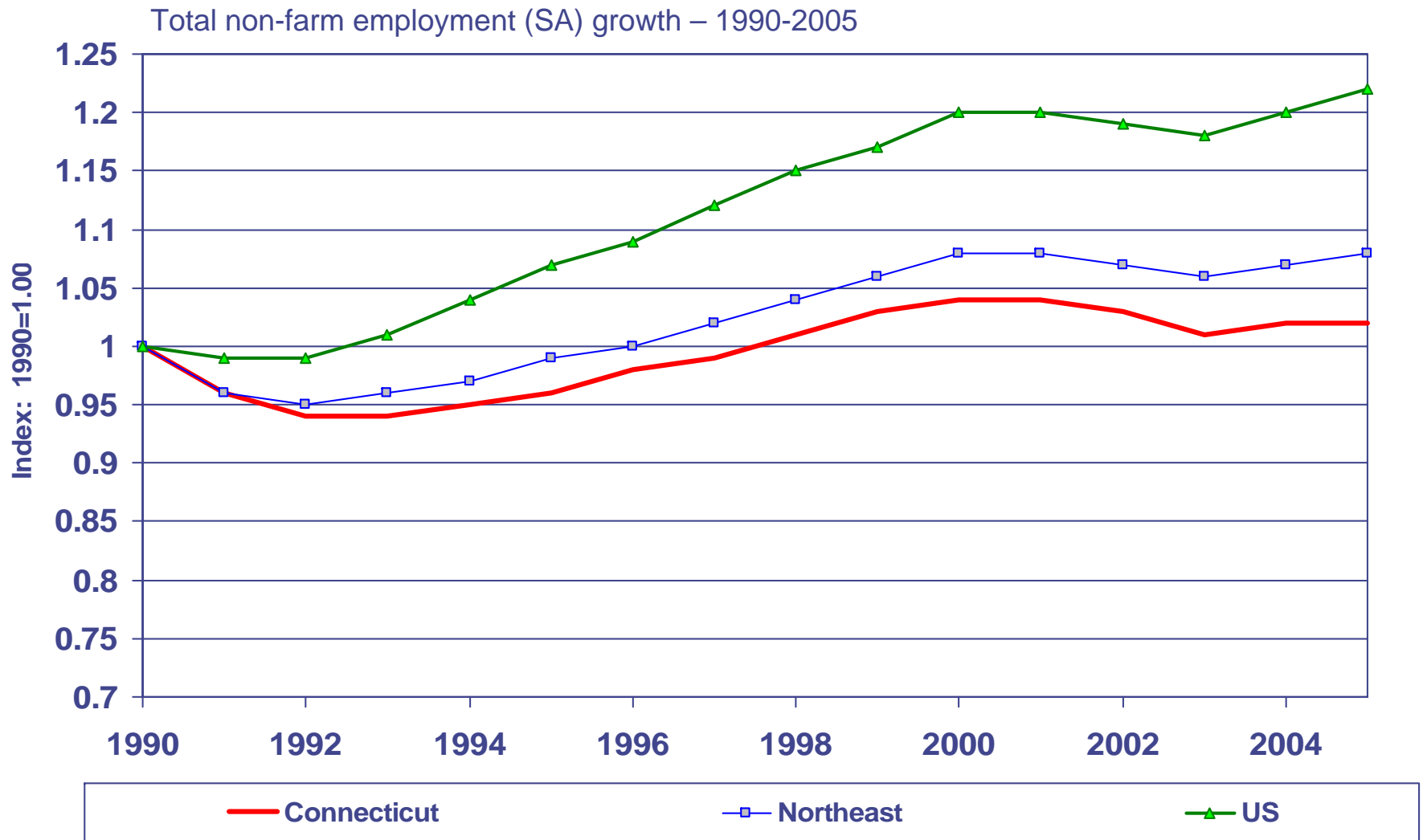
Insurance carrier employment has grown 2.4% in CT since 1995

Percent gain/loss in insurance carrier jobs by state, 1995 - 2005 (est.) – Bottom 18 States



Source: Moody's Economy.com, BLS

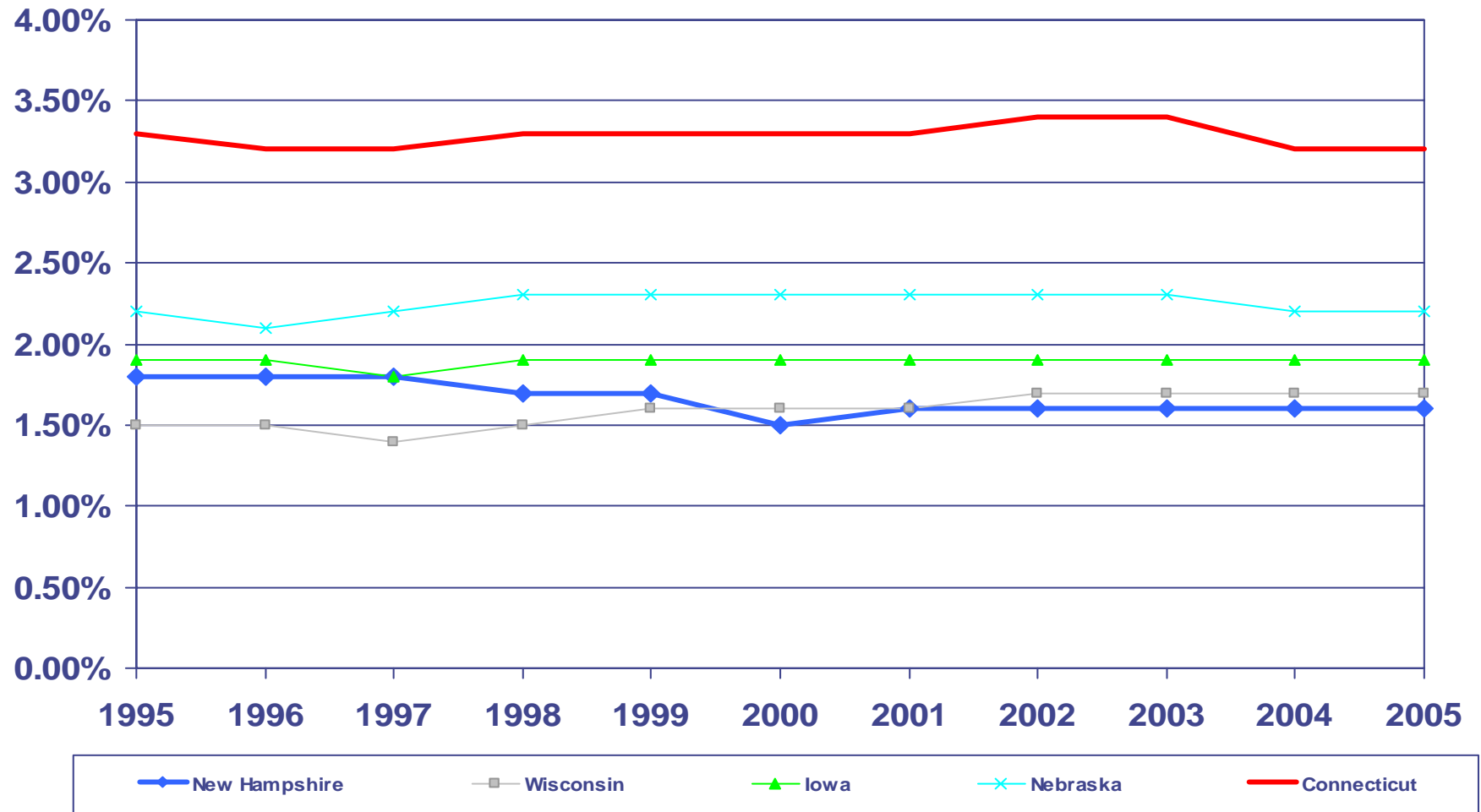
CT has lagged the U.S. and the Northeast in total employment growth



Source: Moody's Economy.com

Since 1995, CT's reliance on insurance carrier jobs has not changed

Insurance carrier jobs as a percent of total state employment – 1995-2005 – Top 5 States



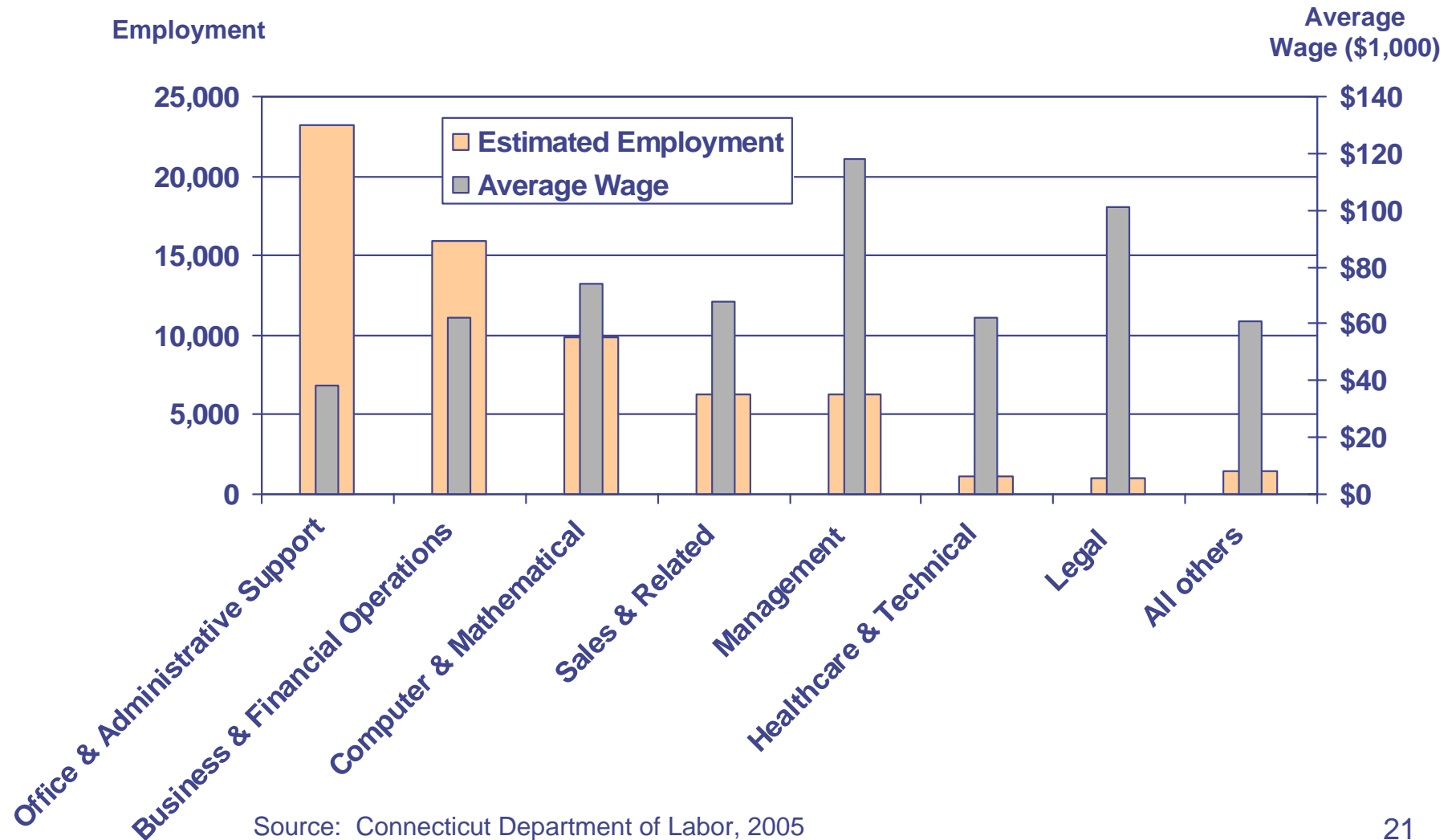
Source: Moody's Economy.com, BLS

Occupational employment and wages in the Connecticut insurance carrier industry: 2005

Occupations	Estimated Employment	Average Wage
All Occupations in Insurance Carrier Industry	65,200	\$61,846
Management Occupations	6,230	\$118,275
Business And Financial Operations Occupations	15,960	\$62,135
Computer And Mathematical Occupations	9,840	\$73,710
Architecture And Engineering Occupations	90	\$78,325
Life, Physical, And Social Science Occupations	560	\$72,750
Community And Social Services Occupations	140	\$49,120
Legal Occupations	1,050	\$100,730
Education, Training, And Library Occupations	20	\$67,705
Arts, Design, Entertainment, Sports, And Media Occupations	420	\$57,665
Healthcare Practitioners And Technical Occupations	1,170	\$62,130
Protective Service Occupations	90	\$33,305
Sales And Related Occupations	6,300	\$68,295
Office And Administrative Support Occupations	23,170	\$37,960
Installation, Maintenance, And Repair Occupations	80	\$44,670
Production Occupations	60	\$40,520
Transportation And Material Moving Occupations	20	\$51,990

Source: Connecticut Department of Labor

Employment & average wage by occupational group in the insurance carrier industry



Source: Connecticut Department of Labor, 2005



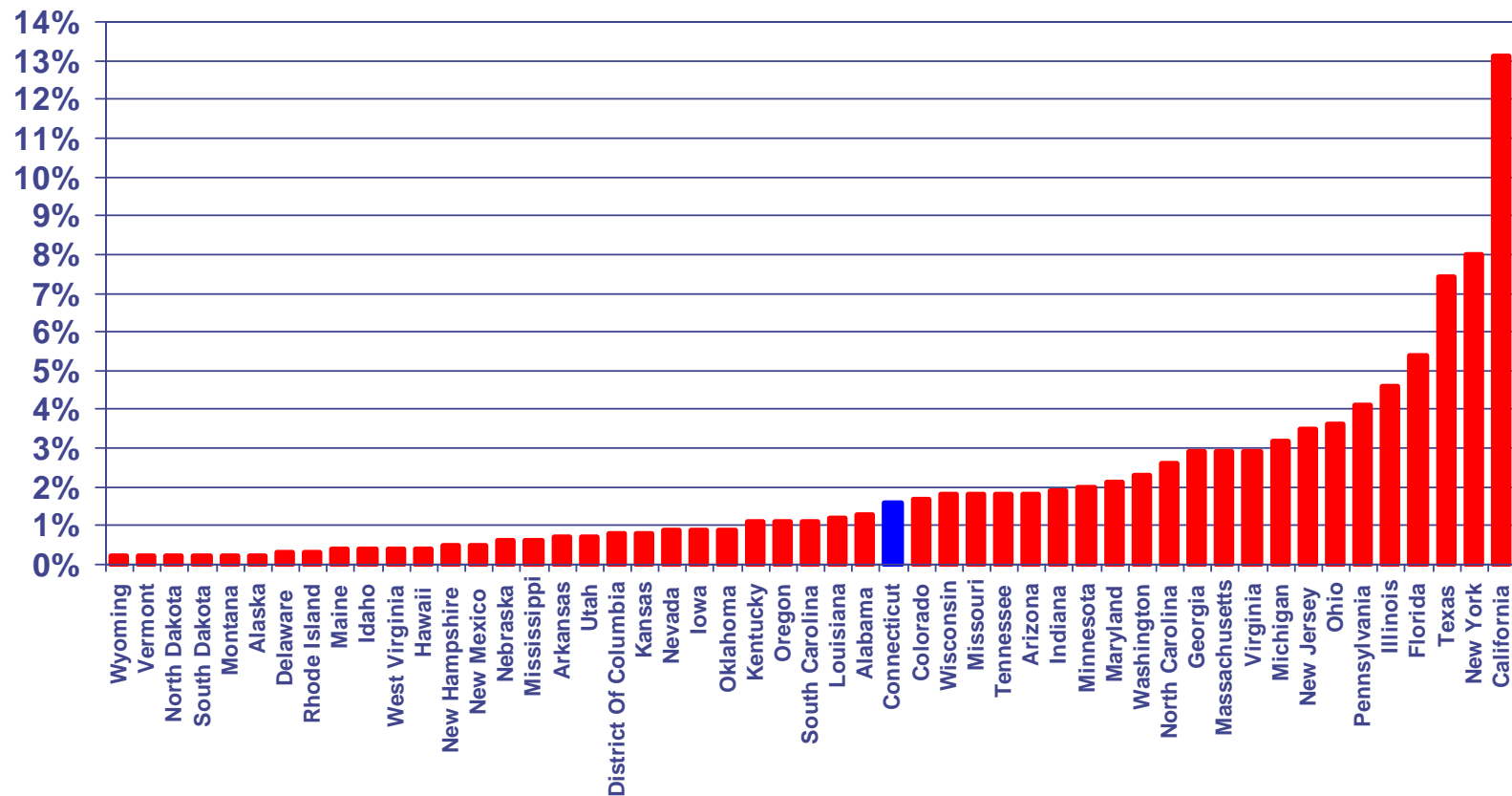
Wages and salaries

<u>Industry</u>	<u>Annual Payroll (000)</u>
Life Insurance	\$2,290,766
Health Insurance	\$2,281,558
Property/Casualty Ins.	\$1,037,769
Re-insurance	\$559,826
Total	\$6,169,919

Source: U.S. Census, County Business Patterns, 2004

CT's share of total U.S. wages is just 1.6 percent

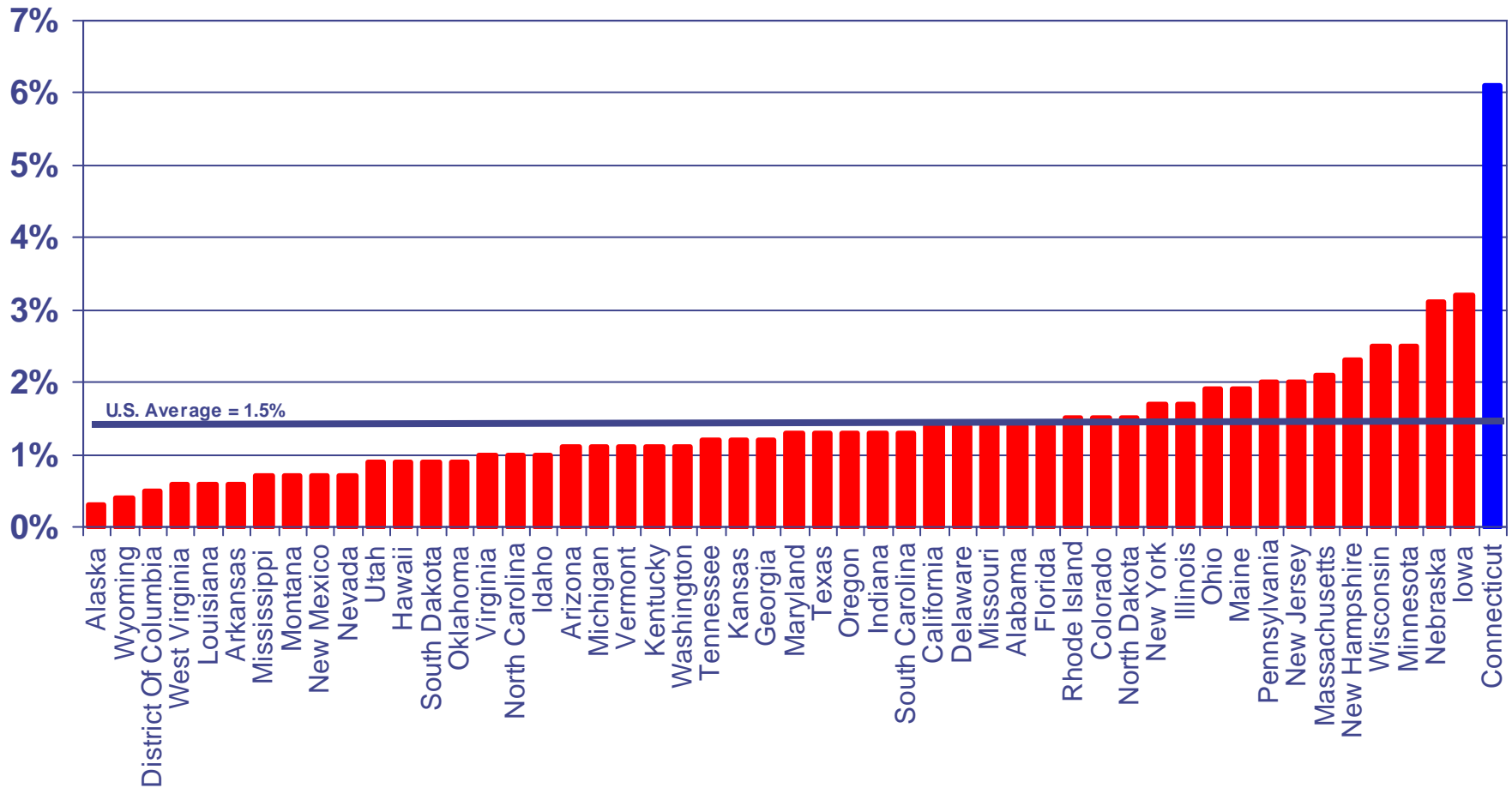
Total state wage and salary disbursements as a percent of U.S. total – 2006 (est.)



Source: Moody's Economy.com, BEA

CT's insurance carrier wages represent 6.1 percent of state total, the highest in the U.S.

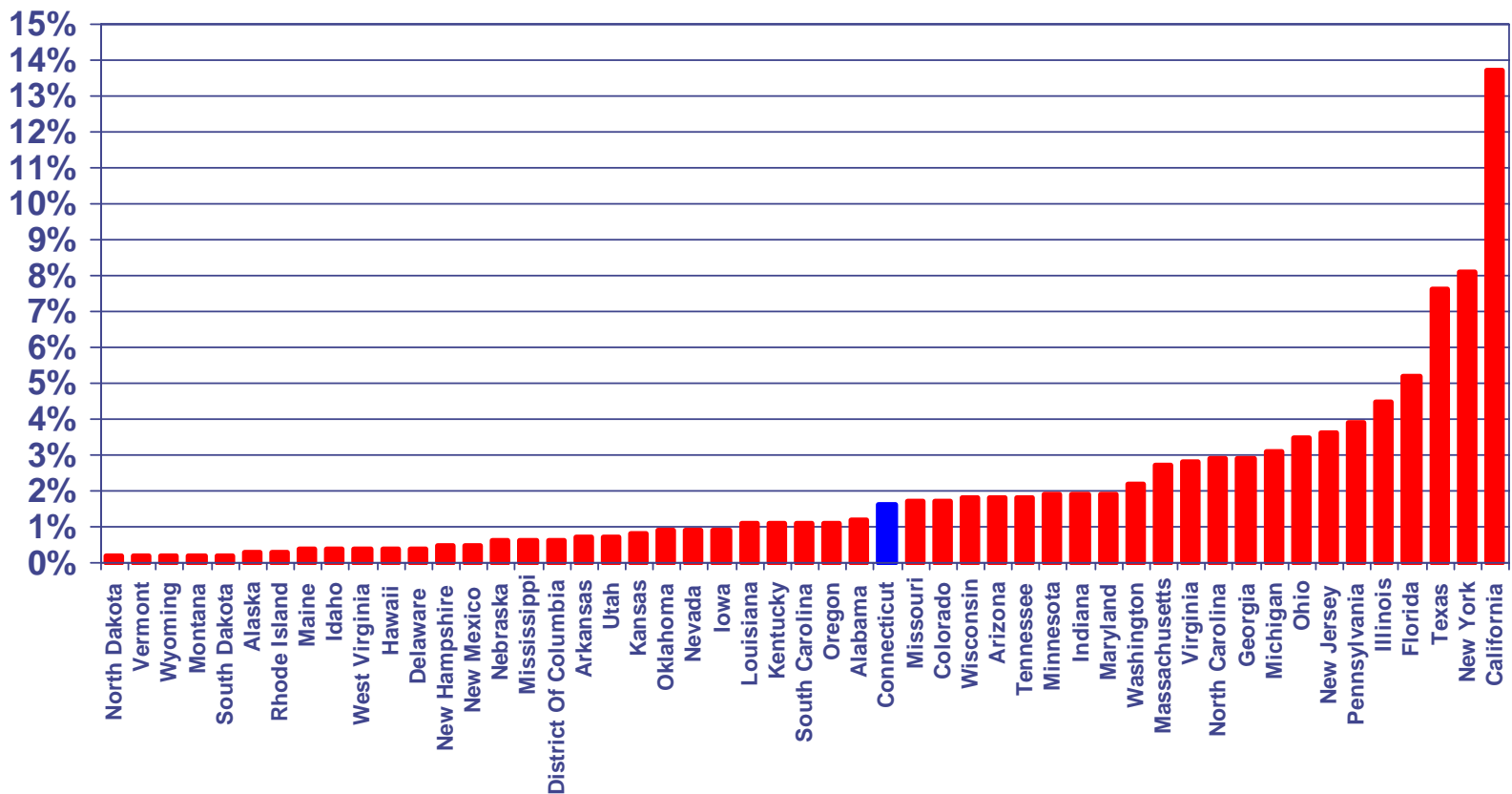
Insurance carrier wage and salary disbursements as a percent of total state wages – 2006 est.



Source: Moody's Economy.com

CT's Gross State Product represents just 1.6 percent of total U.S. Gross Domestic Product

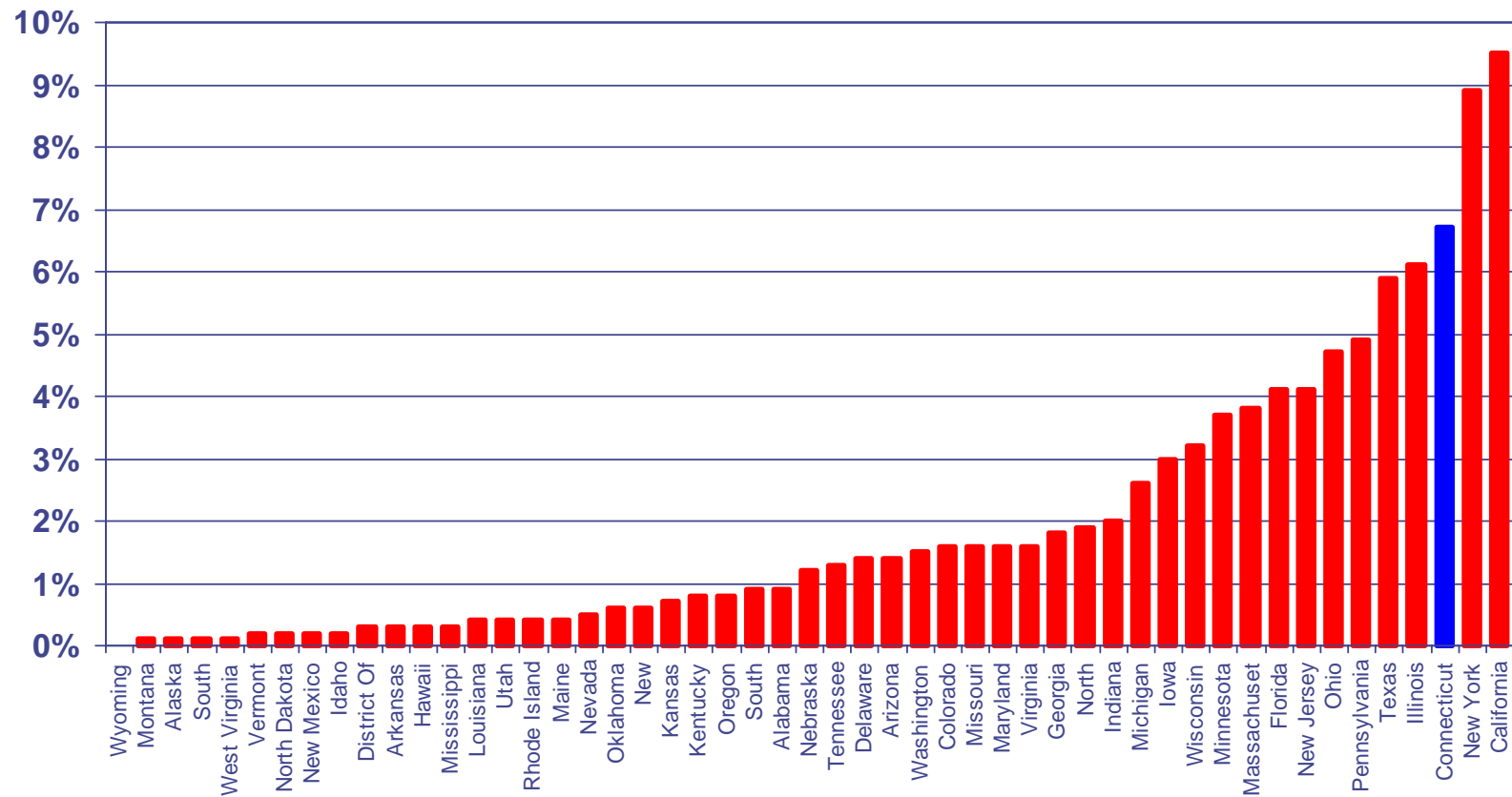
Total real GSP as a percent of total U.S. GDP – 2006 est.



Source: Moody's Economy.com, BEA

CT's share of total U.S. insurance carrier GDP is 6.7 percent

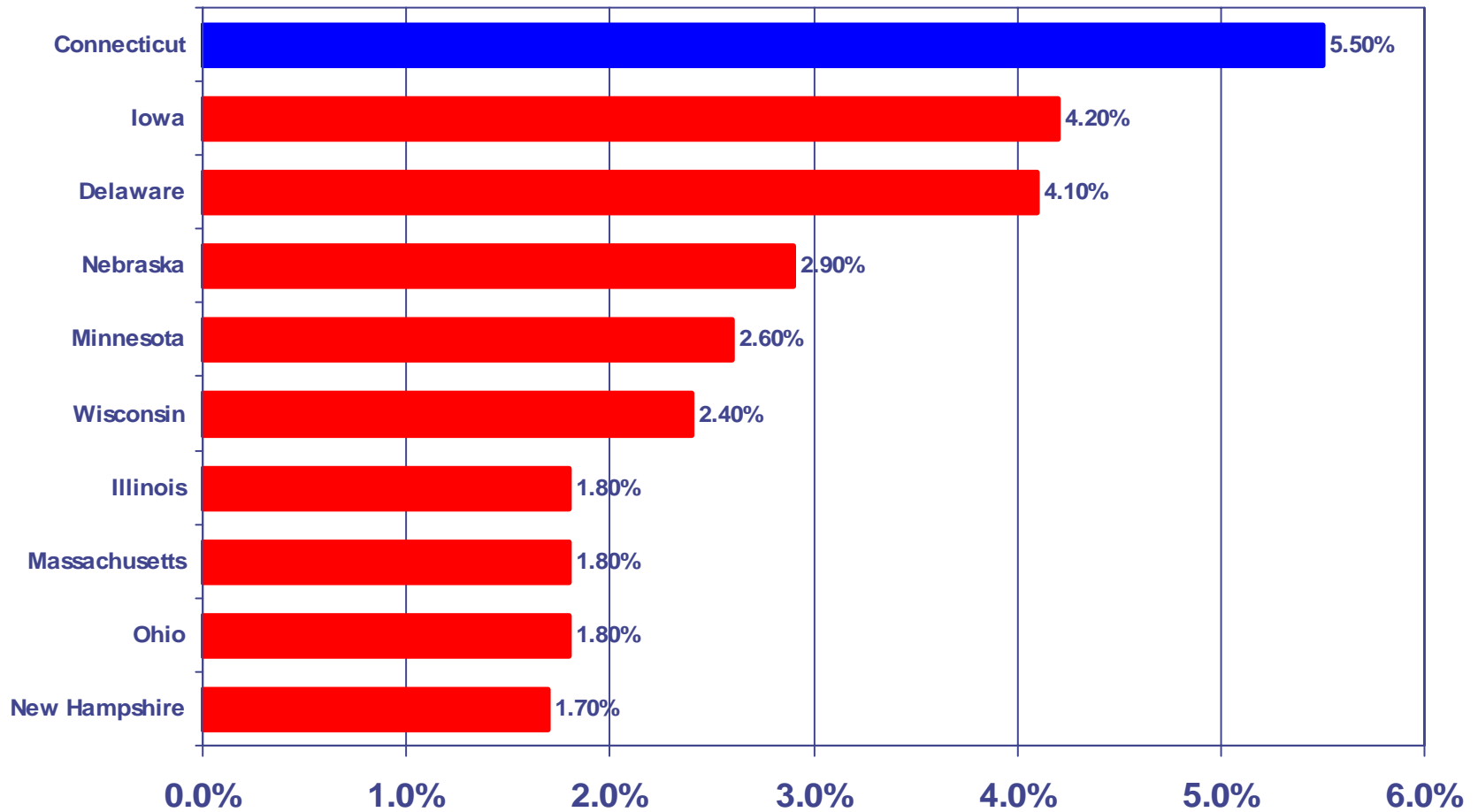
State insurance carrier GSP as a percent of total U.S. insurance carrier GDP – 2006 est.



Source: Moody's Economy.com, BEA

CT ranks first in GSP generated by insurance carriers

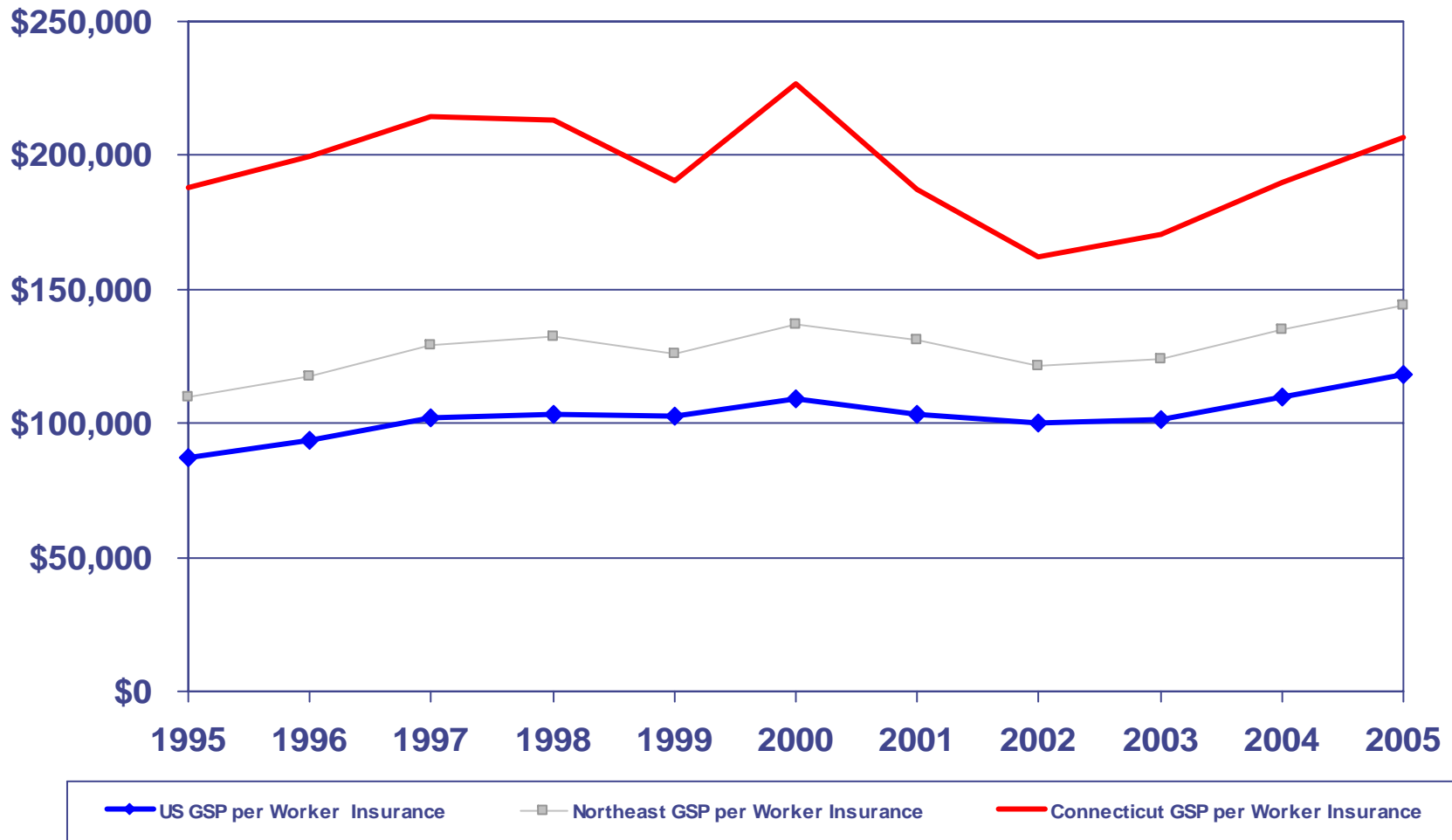
Percent share of total state GSP from insurance carrier employment (SA) – 2006 est. Top 10 states



Source: Moody's Economy.com

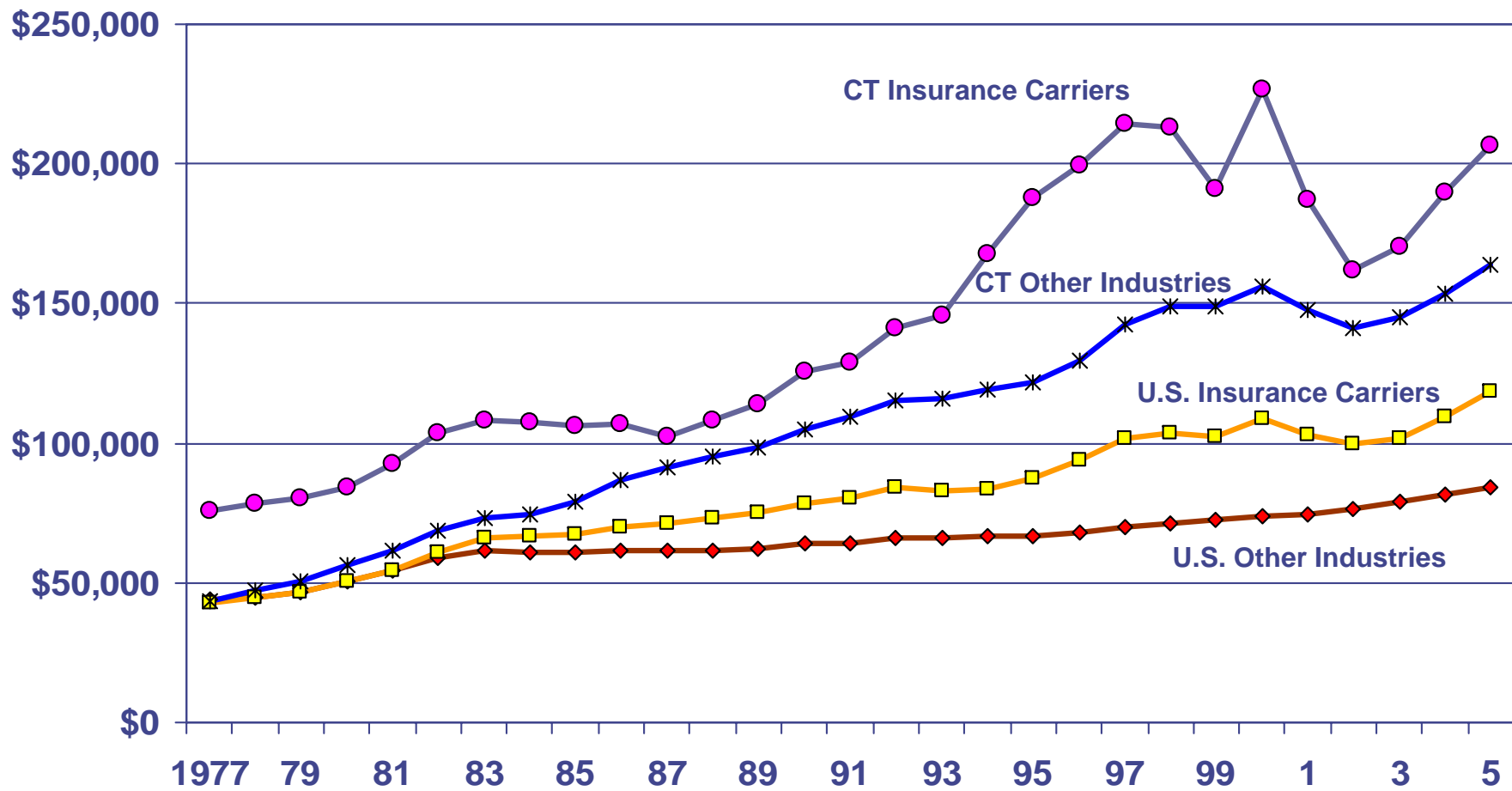
CT insurance workers produce more GSP per worker than both the region and the nation

Real GSP per insurance worker - Connecticut, Northeast and the U.S. - 1995-2005



Source: Moody's Economy.com, BEA

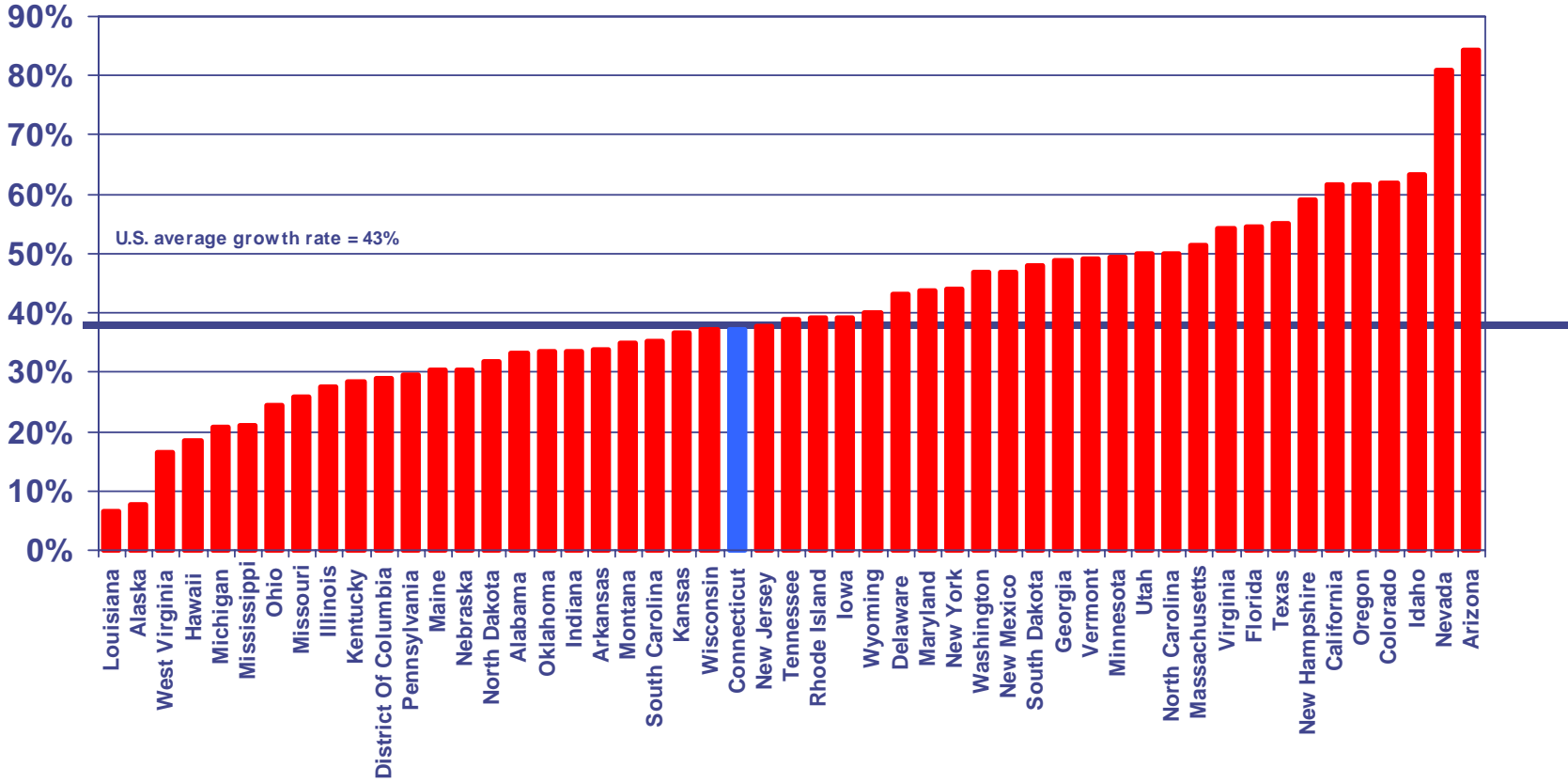
GSP per worker: CT and the U.S. for insurance carriers and all other industries, 1994-2005



Source: Economy.com (BLS)

CT has lagged other states in GSP growth since 1995

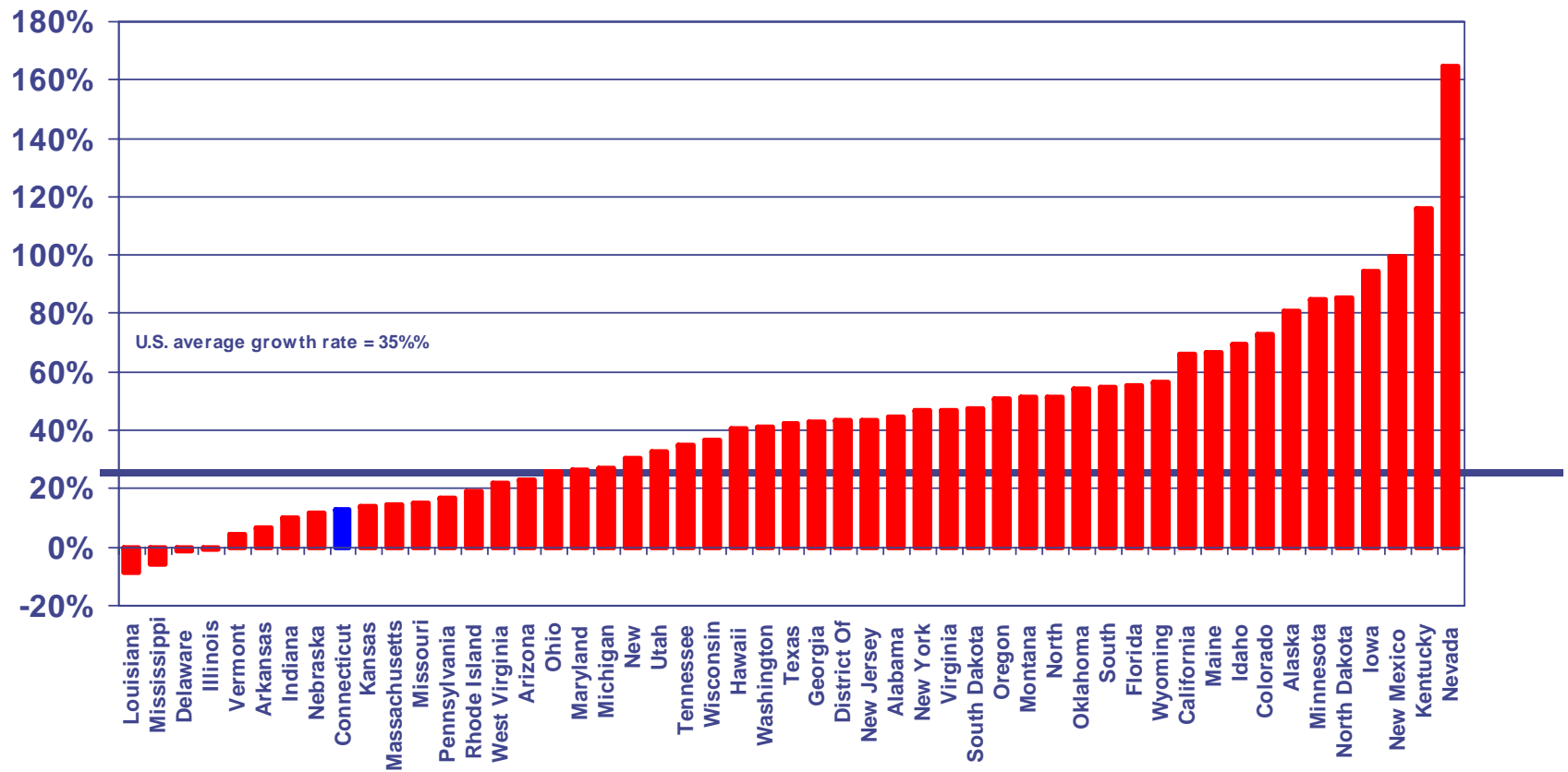
Percentage change in total GSP, 1995 – 2005 est.



Source: Moody's Economy.com, BEA

CT has lagged most states in insurance carrier GSP growth since 1995

Percentage change in insurance carrier GSP, 1995 – 2005 est.



Source: Moody's Economy.com, BEA



Gross product originating from insurance carriers (Value Added)

- ◆ In 2004, the total value added by the insurance carrier industry in Connecticut was about \$12.2 billion, which represented about 6.7 percent of total GSP in that year.

Value added is an industry's gross output (sales, receipts, other operating income, commodity taxes, inventory change) minus its intermediate inputs (consumption of goods and services imported or purchased from other U.S. industries).

Source: Bureau of Economic Analysis, 2004



Insurance industry purchases

- ◆ Every year insurance carriers purchase, on average, just under \$1 billion in goods and services from other industries in Connecticut.



Industry multipliers

- ◆ One new job in the insurance industry results in an additional 1.35 jobs in the Connecticut economy.
- ◆ An increase of \$1 in labor income in the insurance carrier industry results in an additional \$0.76 in Connecticut's economy.
- ◆ Increasing sales by \$1 in Connecticut's insurance carrier industry results in an additional increase of \$0.77 in other industries in Connecticut.



Taxes paid by the insurance carrier industry

- ◆ Personal wage taxes: \$210 million (2004 estimate)
- ◆ Premiums taxes: \$244 million (2004-2005)
- ◆ Local property taxes: significant
 - ◆ At least 18 towns have insurance companies as top five taxpayers (2004)

Source: Connecticut Department of Revenue Services



The insurance carrier industry by the numbers

	#	% CT
Employment	67,000	4.4%
Wages & salaries	\$6,169,919	8.5%
GSP	\$13 billion	6.4%
Total sales	\$14.7 billion	5.0%

Sources: U.S. Census, County Business Patterns; Moody's Economy.com; IMPLAN, 2003

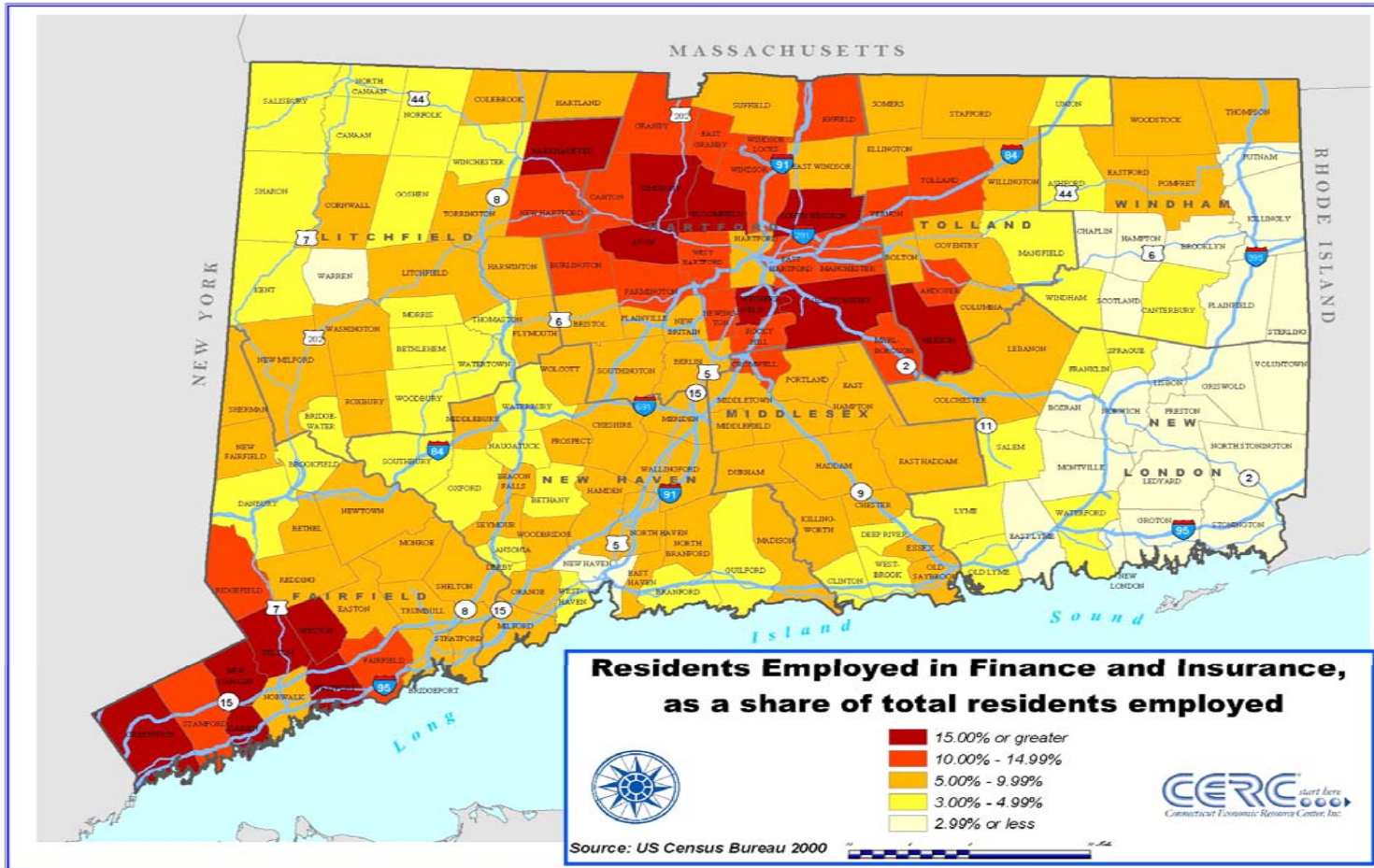


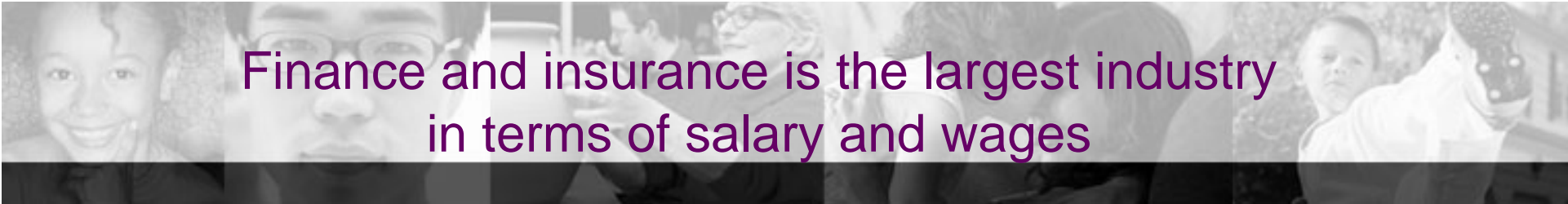
Finance and insurance is the 4th largest industry sector in CT

EMPLOYMENT

Industry Sector	#	%
Health care and social assistance	237,579	15.5%
Retail trade	197,028	12.8%
Manufacturing	188,418	12.3%
Finance & insurance	137,330	8.9%
Accommodation & food services	124,603	8.1%

Source: U.S. Dept. of Commerce, Bureau of Census and Bureau of Economic Analysis, 2002





Finance and insurance is the largest industry in terms of salary and wages

ANNUAL PAYROLL

Industry Sector	#	%
Health care and social assistance	\$8,967,008	12.3%
Retail trade	\$5,024,940	6.9%
Manufacturing	\$9,578,888	13.1%
Finance & insurance	\$14,967,480	20.5%
Accommodation & food services	\$2,284,618	3.1%

Source: U.S. Dept. of Commerce, Bureau of Census and Bureau of Economic Analysis, 2002



Finance and insurance is the largest sector in terms of GSP

G S P

Industry Sector	#	%
Health care and social assistance	\$13,710	8.3%
Retail trade	\$11,146	6.7%
Manufacturing	\$20,958	12.6%
Finance & insurance	\$29,107	17.5%
Accommodation & food services	\$3,338	2.0%

Source: U.S. Dept. of Commerce, Bureau of Census and Bureau of Economic Analysis, 2004



The finance and insurance sector is a significant part of the CT economy

FINANCE & INSURANCE

	#	%
Employment	137,330	8.9%
Annual Payroll	\$14,967,480	20.5%
GSP	\$29,107	17.5%

Source: U.S. Dept. of Commerce, Bureau of Census and Bureau of Economic Analysis, 2002, 2004



The insurance carrier industry is a vital part of CT's economic base – 1 of 2

Top 5 states by industry segment; 1.0 is U.S. average

◆ Life

- ◆ Connecticut: 5.85
- ◆ Iowa: 4.02
- ◆ Wisconsin: 2.87
- ◆ Maine: 2.64
- ◆ New Hampshire: 2.19

◆ Health and Medical

- ◆ Connecticut: 3.88
- ◆ Nebraska: 2.59
- ◆ Pennsylvania: 2.00
- ◆ Minnesota: 1.72
- ◆ Maryland: 1.64

1.0 is U.S. average. This means, for example, that the life insurance carrier industry is nearly six (6) times as important to Connecticut's economy as it is to the U.S. economy as a whole.

Source: U.S. Census, County Business Patterns 2004; Note: Some states not included in analysis due to suppressions.



The insurance carrier industry is a vital part of CT's economic base – 2 of 2

Top 5 states by industry segment; 1.0 is U.S. average

◆ **Property/Casualty**

- ◆ Illinois: 1.97
- ◆ Connecticut: 1.70
- ◆ Nebraska: 1.67
- ◆ Ohio: 1.62
- ◆ New Hampshire: 1.60

◆ **Re-insurance**

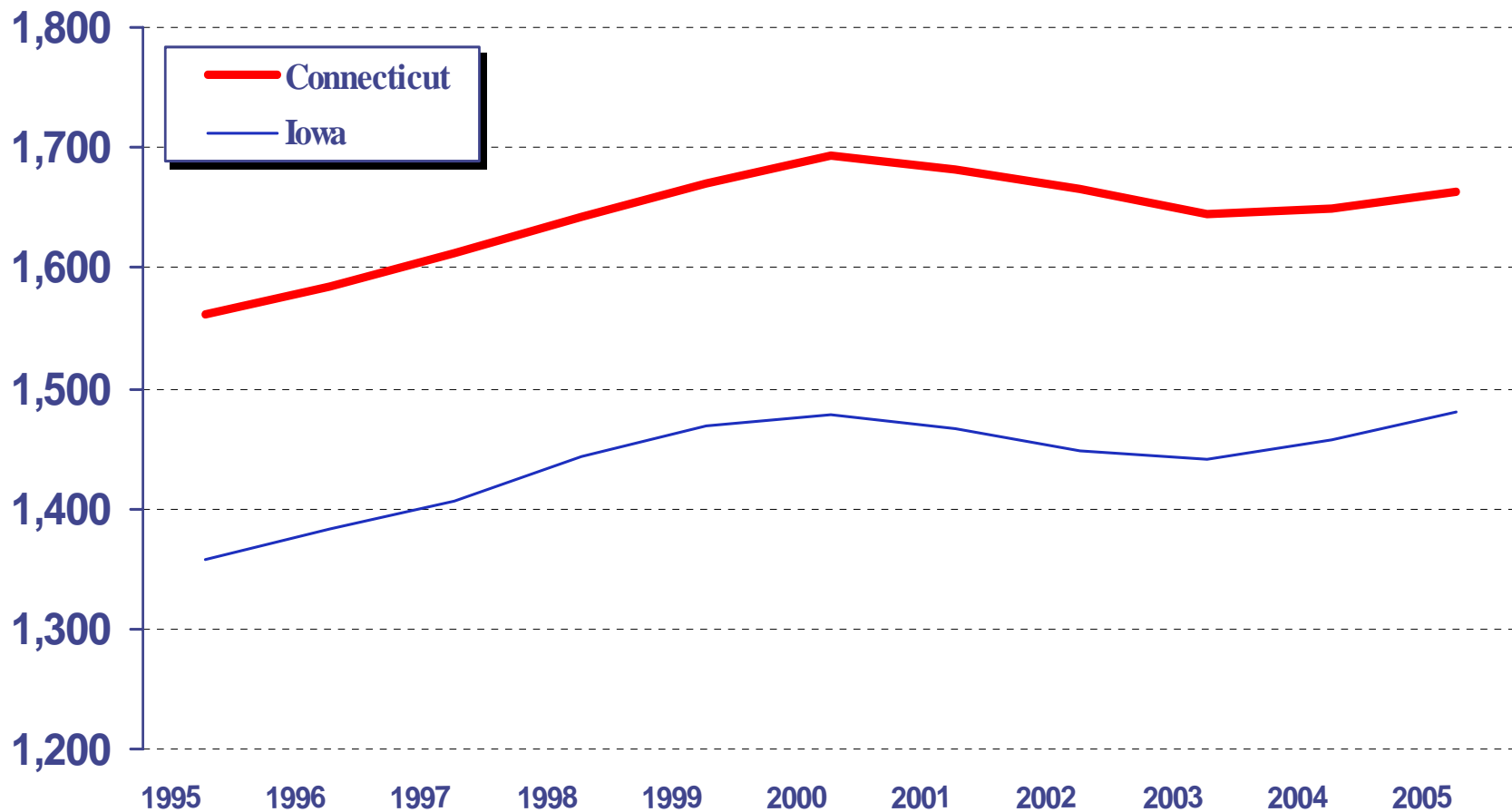
- ◆ Connecticut: 9.67
- ◆ New Jersey: 2.92
- ◆ Missouri: 2.67
- ◆ Pennsylvania: 2.26
- ◆ Maryland: 2.02

1.0 is U.S. average. This means, for example, that the re-insurance industry is more than nine (9) times as important to Connecticut's economy as it is to the U.S. economy as a whole.

Source: U.S. Census, County Business Patterns 2004; Note: Some states not included in analysis due to suppressions.

CT and Iowa have the same total employment growth trends

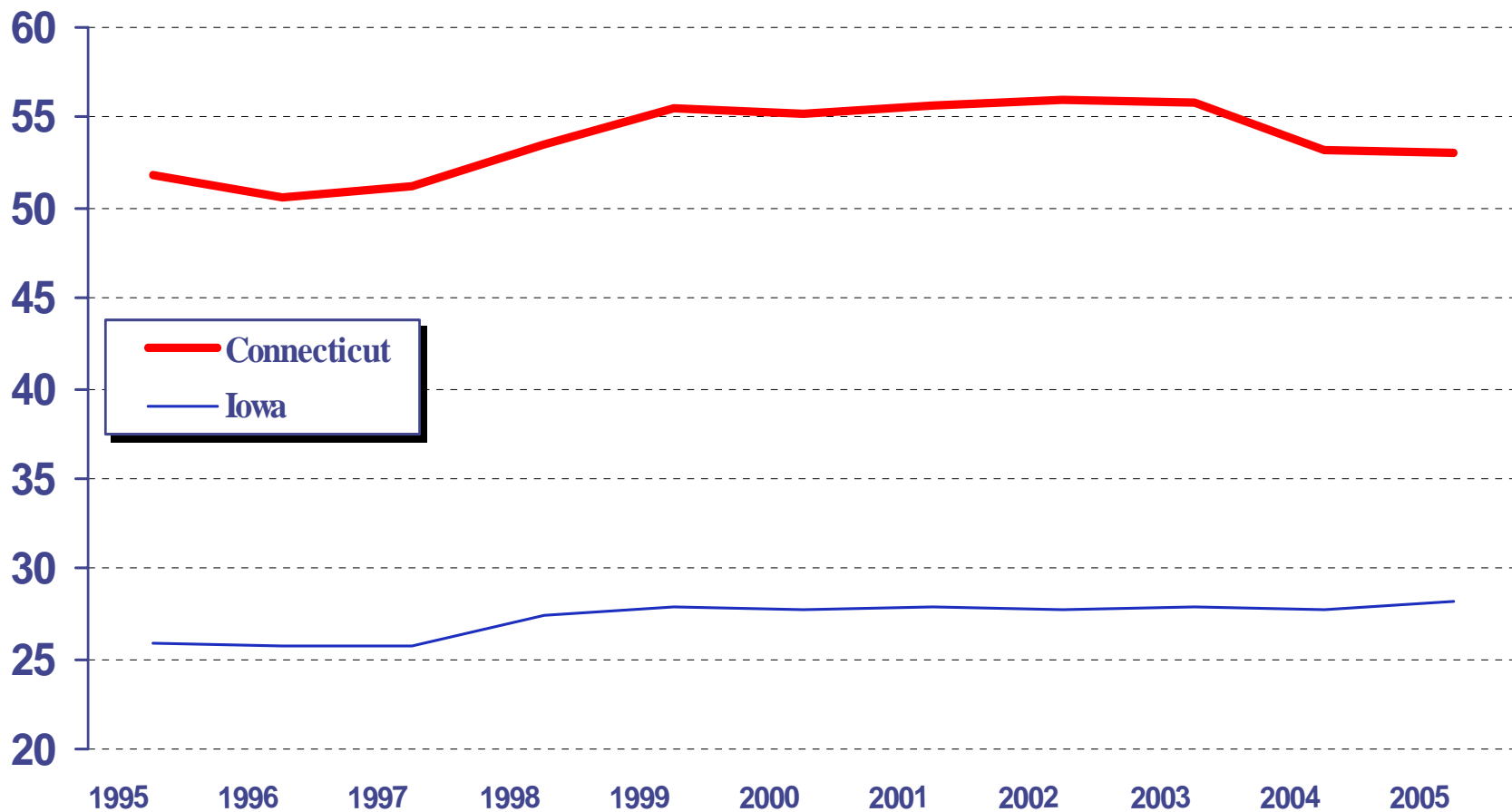
Total employment (SA) jobs, CT vs. Iowa (Thousands - SA) – 1995-2005



Source: Moody's Economy.com, BLS

CT and Iowa insurance carrier employment

Insurance carrier jobs, CT vs. Iowa (Thousands – SA) – 1995-2005



Source: Moody's Economy.com, BLS



Insurance carrier job growth

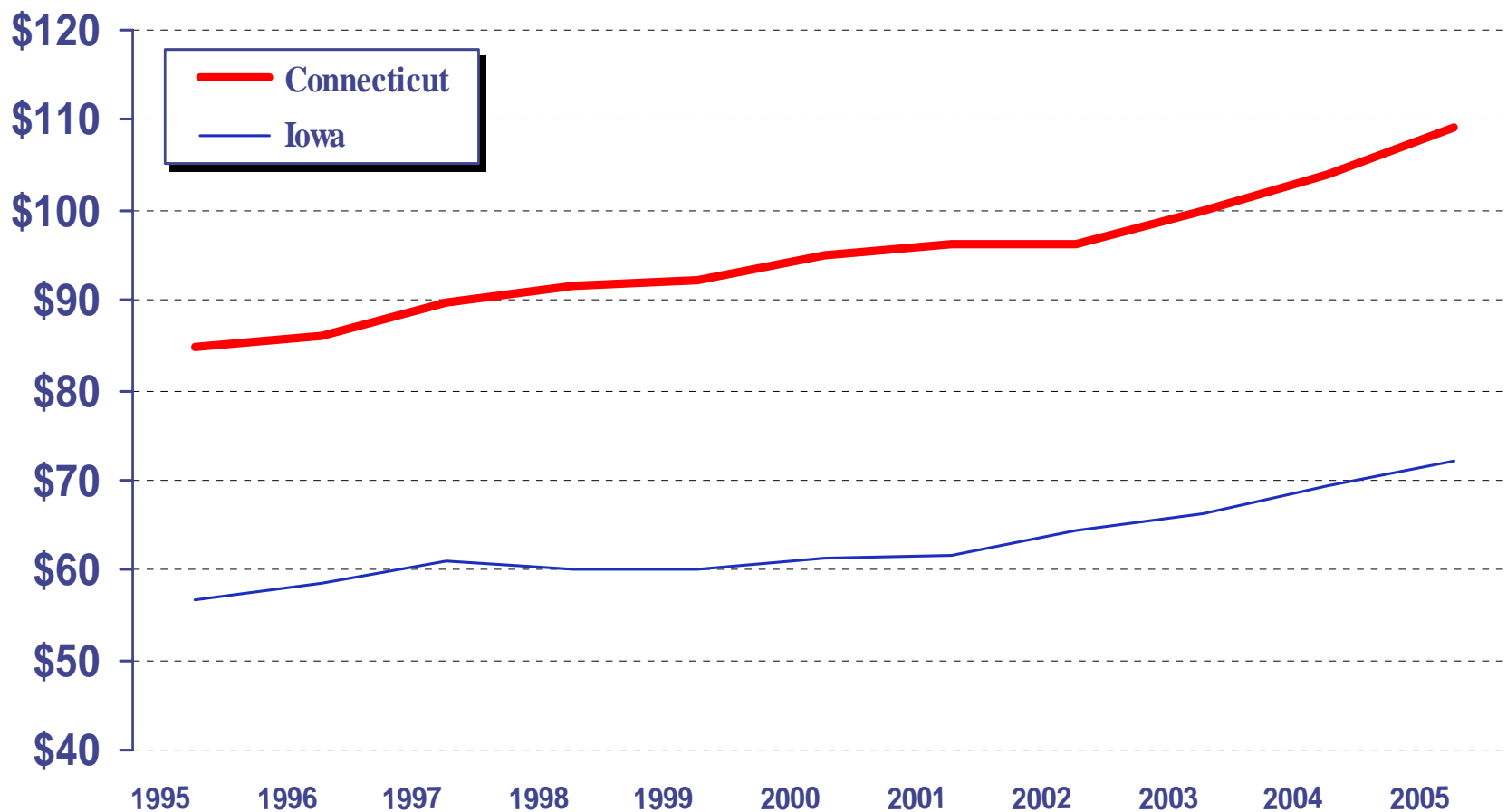
Percent change in insurance carrier jobs – 1995-2005

State	Percent Change
Connecticut	2.4%
Iowa	8.8%

Source: Moody's Economy.com, Bureau of Labor Statistics

Overall, CT workers are more productive than Iowa workers

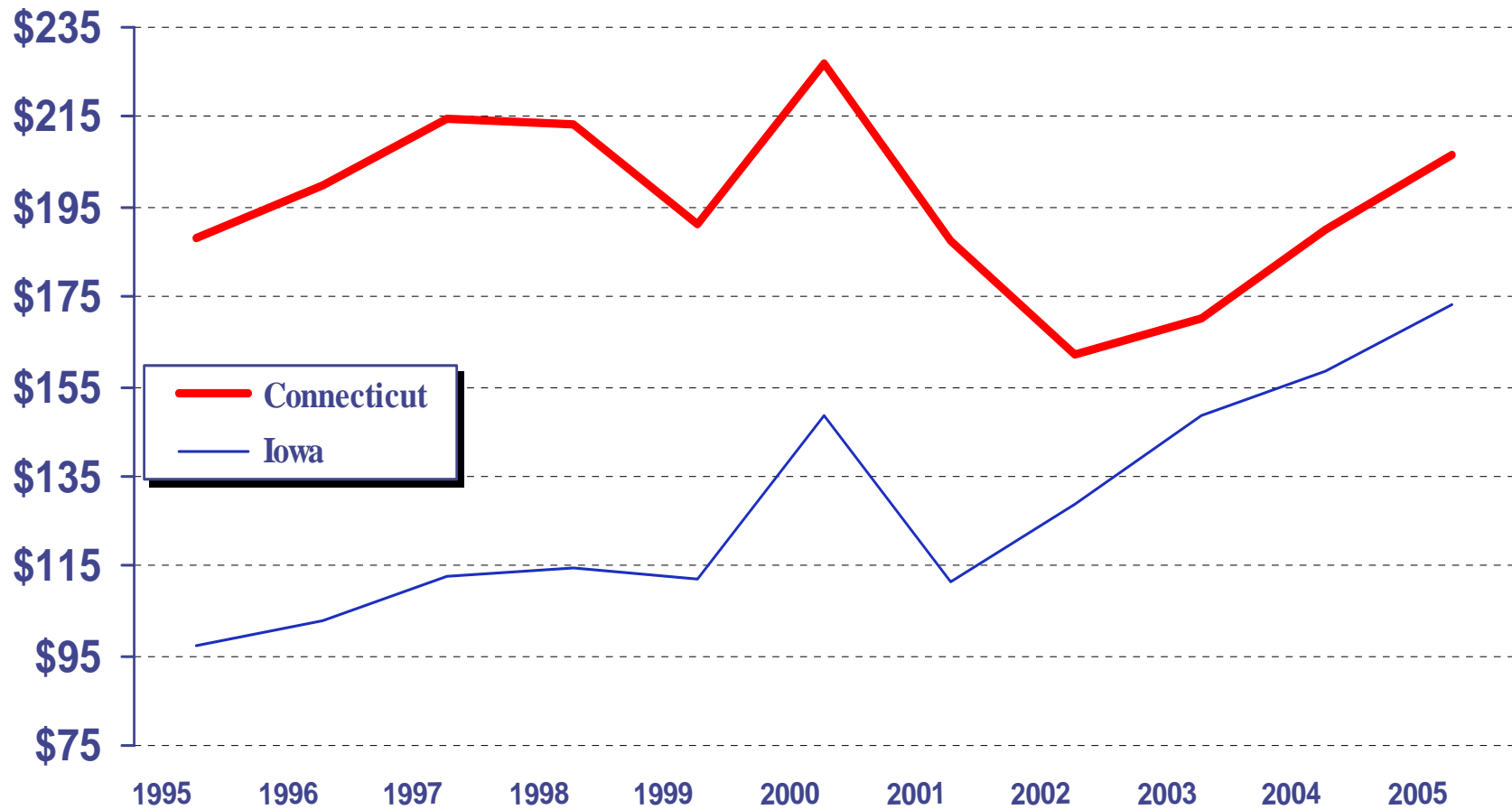
GSP per worker, CT vs. Iowa (Thousands – SA) – 1995-2005



Source: Moody's Economy.com, BEA

Iowa has nearly caught up to CT
in terms of GSP per insurance carrier worker

GSP per insurance carrier worker, CT vs. Iowa (Thousands – SA) – 1995-2005



Source: Moody's Economy.com, BEA