

The Insurance Industry

Michigan Insurance Industry Employment

There are over 1,600 property/casualty, life and health insurance companies helping to protect citizens in Michigan. It is estimated that about 50,000 persons are employed by the Michigan insurance industry.

And that doesn't include the thousands more jobs in the businesses that work with insurance companies,

including everything from printers and accounting firms to shipping haulers and caterers. It also doesn't include the jobs created by businesses patronized by those 50,000 employees. That number is estimated to be nearly 100,000.

Insurance companies also pay billions of dollars each year in claims and benefits to policyholders. These dollars are used to pay for medical care of those injured, rebuild and repair houses, repair automobiles and replace personal property, all of which create more jobs -- and stimulate additional economic development.

An Overview of Michigan's Insurance Industry 2005-2010

| | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
|------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Direct written premium in Michigan (000) | \$49,771,390 | \$50,268,630 | \$51,978,101 | \$52,583,000 | \$51,963,575 | \$51,839,491 |
| Employment (average annual): | | | | | | |
| * insurance companies | 31,782 | 31,520 | 31,672 | 30,873 | 29,159 | 27,492 |
| * agents, brokers services | 24,504 | 24,186 | 23,258 | 22,849 | 22,199 | 22,460 |
| Insurers authorized to do business in Michigan | 1,564 | 1,557 | 1,548 | 1,569 | 1,583 | 1,676 |
| New Agent Licenses Issued | 20,856 | 21,893 | 24,425 | 23,700 | 23,448 | 21,732 |

Source: Bureau of Labor Statistics, Michigan Office of Financial and Insurance Services Annual Report.

The Insurance Industry

The Insurance Industry: A Good Corporate Citizen

The insurance industry supports developing products and programs to help reduce costs, promote safety and save lives. For example:

- Research to improve auto technology to increase occupant safety.
- Programs to reduce drunk driving.
- Highway safety research to improve the driving environment.

Support for auto theft and burglary reduction

- programs.
- Support for neighborhood revitalization efforts.
- Special investigative units to fight fraudulent claims.
- Programs to improve safety in the workplace.
- Programs to promote fire safety and prevention.
- Support for disaster prevention planning.

Annual Rate Of Return: Net Income After Taxes As A % Of Equity

| Year | <u>Property/casualty insurance*</u> | | <u>Non-property/casualty insurance industries</u> | | | |
|------|-------------------------------------|-------------------------|---------------------------------------------------|-------------------------|-------------------------------------|-----------------------|
| | <u>Statutory accounting**</u> | <u>GAAP accounting§</u> | <u>Diversified financial§§</u> | <u>Commercial banks</u> | <u>Electric & Gas utilities</u> | <u>Fortune 500§§§</u> |
| 2002 | 3.0 | 2.1 | 19.5 | 17.3 | 7.9 | 10.2 |
| 2003 | 8.5 | 8.8 | 19.5 | 14.9 | 10.5 | 12.6 |
| 2004 | 9.7 | 9.4 | 15.0 | 15.5 | 10.5 | 13.9 |
| 2005 | 10.8 | 9.6 | 15.0 | 16.0 | 10.0 | 14.9 |
| 2006 | 13.4 | 12.7 | 15.0 | 15.0 | 11.0 | 15.4 |
| 2007 | 12.0 | 10.9 | -1.0 | 11.0 | 11.0 | 15.2 |
| 2008 | 0.8 | 0.1 | 8.0 | 3.0 | 13.0 | 13.1 |
| 2009 | 6.2 | 5.0 | 9.0 | 4.0 | 9.0 | 10.5 |
| 2010 | 6.7 | 5.6 | 10.0 | 8.0 | 10.0 | 12.7 |
| 2011 | 3.4 | 2.7 | 12.0 | 8.0 | 10.0 | 14.5 |

*Return on equity on a GAAP accounting basis, Fortune.

**Net income after taxes, divided by year-end policyholders' surplus. Calculated by the Insurance Information Institute from Highline Data. Statutory accounting is used by insurers when preparing the Annual Statements they submit to regulators.

§ Return on average net worth, ISO.

§§Return on equity on a GAAP accounting basis, Fortune. Combined stock and mutual companies as calculated by the Insurance Information Institute.

§§§ Companies whose major source of revenue comes from providing diversified financial services. These companies are not specifically chartered as insurance companies, banks or savings institutions or brokerage or securities companies, but they may earn revenue from these sources.

§§§§ Fortune 500 Combined Industrial and Services Businesses median return on equity.

Source: National Association of Insurance Commissioners (NAIC) Annual Statement Database, via Highline Data, LLC.

Copyrighted information. No portion of this work may be copied or redistributed without the express written permission of Highline Data, LLC.; ISO; Fortune.