

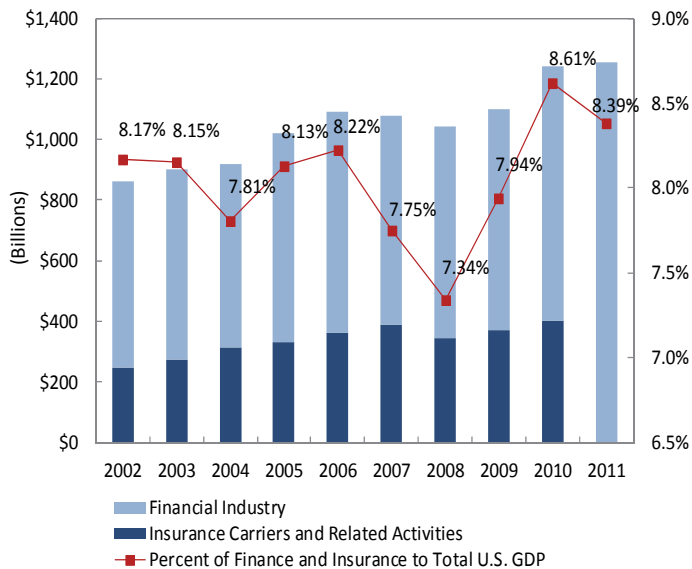
In this issue, we are pleased to feature an analysis of insurance-related gross domestic product (GDP) and insurance employment trends, as well as revenue and budgetary statistics for state insurance departments. The data was derived from statistical data collected by the NAIC from state insurance departments, and is available on NAIC's Center for Insurance Policy and Research website.¹ Employment and GDP data were derived from the U.S. Bureau of Labor Statistics (BLS) and the U.S. Bureau of Economic Analysis (BEA), respectively.

The finance and insurance industry plays an integral role in the U.S. economy, making up 7% – 9% of total GDP in the United States (Figure 1). GDP attributed to the finance and insurance industry reached its highest point in 10 years in 2010. Insurance alone accounted for roughly 3% of total GDP. Figure 2 shows that for the years 2002 – 2011, insurance premiums made up 10% – 12% of total U.S. GDP, although this measurement is not a true representation of the industry's contribution of added value.

As a result of the Great Recession, total non-farm employment fell significantly across all industries for three straight years beginning in 2009. Employment in the insurance industry followed the same trend, declining from 2.12 million in 2009 to 2.06 million in 2010 and 2.05 million in 2011 (Figure 3 on the following page). Trend data shows that the percentage of insurance employment relative to total non-farm employment remained near 1.7% in 2002 and 2006, but fell below 1.6% following the recent financial crisis. Although the economy still faces challenges created by the recent recession, the BLS predicts insurance sector employment to grow from 2010 to 2020, stemming from the needs of an increasing population and new insurance products on the market.²

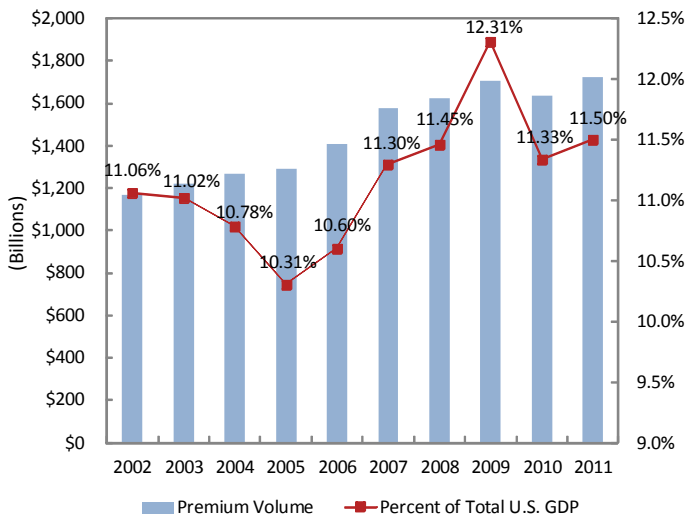
(Continued on page 27)

FIGURE 1: FINANCE AND INSURANCE GDP AS A PERCENT OF TOTAL U.S. GDP*



* 2011 data is not available for insurance and related activities.
 Source: NAIC Scorecard and Bureau of Labor Statistics.

FIGURE 2: PREMIUM VOLUME COMPARED TO TOTAL U.S. GDP



Source: NAIC Insurance Department Resources Report and Bureau of Economic Analysis.

¹ www.naic.org/cipr_statistics.htm

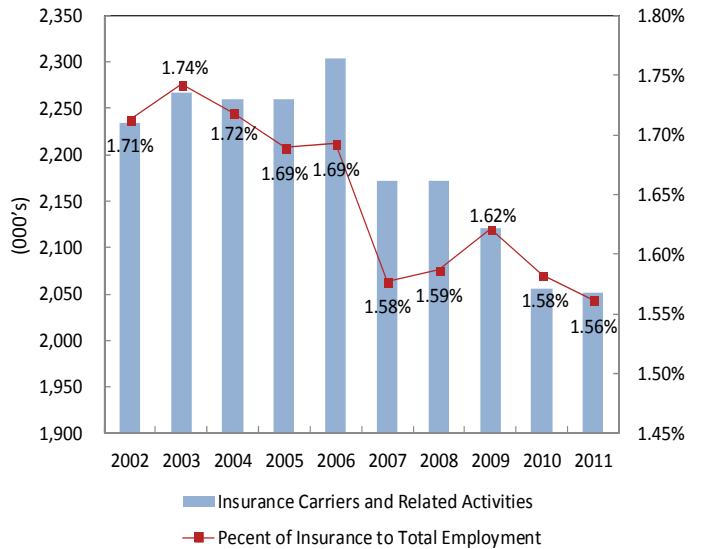
² www.bls.gov/ooh/about/projections-overview.htm

DATA AT A GLANCE (CONTINUED)

Because of the economic downturn, state insurance departments, much like the private sector, have been forced to operate more efficiently and on a tightened budget. Figures 4 and 5 show that total revenues and budgets as reported by all state insurance departments have marginally increased over the prior 10 years. Budgets climbed for all states from 2006 to 2009, fell in 2010 and increased slightly in 2011.

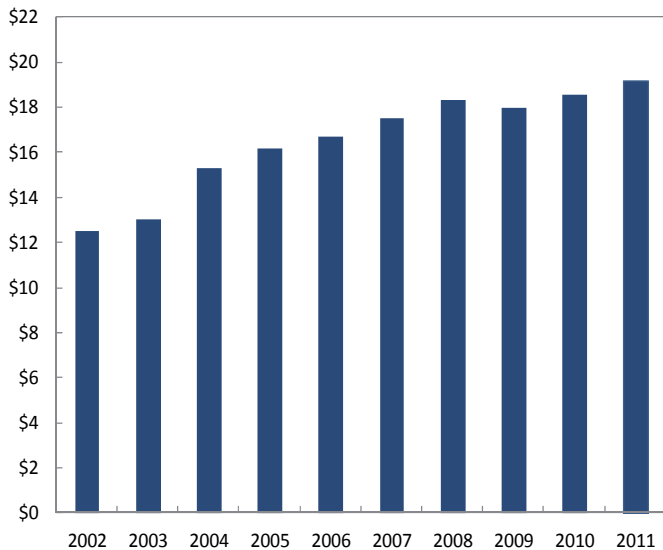
The NAIC publishes statistical data collected from insurance departments in each of the 56 jurisdictions.³ Data relative to employment, revenue, budgets, GDP and historical premiums per line for each state or territory, as well as national statistics can be found at www.naic.org/cipr_statistics.htm.

FIGURE 3: INSURANCE INDUSTRY EMPLOYMENT COMPARED TO TOTAL NON-FARM EMPLOYMENT



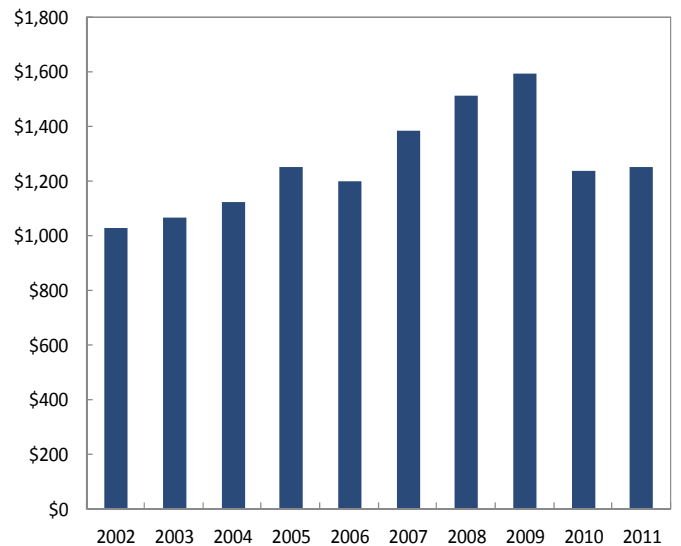
Source: NAIC Scorecard and Bureau of Labor Statistics.

FIGURE 4: REVENUE—ALL STATE/TERRITORY INSURANCE DEPARTMENTS (\$ BILLIONS)



Source: NAIC Insurance Department Resources Report.

FIGURE 5: BUDGET—ALL STATE/TERRITORY INSURANCE DEPARTMENTS (\$ MILLIONS)



Source: NAIC Insurance Department Resources Report.

³ This report also includes information found in the Insurance Department Resources Report, which is available for purchase at: www.naic.org/store_pub_naic_state.htm#dept_resources. For more information about this data, please contact a member of the Research and Actuarial Department staff. Additional information can be found at: www.naic.org/research_actuarial_dept.htm.



**National Association of
Insurance Commissioners**

**& The CENTER
for INSURANCE
POLICY
and RESEARCH**

NAIC Central Office

Center for Insurance Policy and Research

1100 Walnut Street, Suite 1500

Kansas City, MO 64106-2197

Phone: 816-842-3600

Fax: 816-783-8175

<http://www.naic.org>

<http://cipr.naic.org>

© Copyright 2012 National Association of Insurance Commissioners, all rights reserved.

The National Association of Insurance Commissioners (NAIC) is the U.S. standard-setting and regulatory support organization created and governed by the chief insurance regulators from the 50 states, the District of Columbia and five U.S. territories. Through the NAIC, state insurance regulators establish standards and best practices, conduct peer review, and coordinate their regulatory oversight. NAIC staff supports these efforts and represents the collective views of state regulators domestically and internationally. NAIC members, together with the central resources of the NAIC, form the national system of state-based insurance regulation in the U.S. For more information, visit www.naic.org.

The views expressed in this publication do not necessarily represent the views of NAIC, its officers or members. All information contained in this document is obtained from sources believed by the NAIC to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, such information is provided "as is" without warranty of any kind. **NO WARRANTY IS MADE, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY OPINION OR INFORMATION GIVEN OR MADE IN THIS PUBLICATION.**

This publication is provided solely to subscribers and then solely in connection with and in furtherance of the regulatory purposes and objectives of the NAIC and state insurance regulation. Data or information discussed or shown may be confidential and or proprietary. Further distribution of this publication by the recipient to anyone is strictly prohibited. Anyone desiring to become a subscriber should contact the Center for Insurance Policy and Research Department directly.
