

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 was derived from the U.S. Department of Labor's Bureau of Labor Statistics (BLS) and the U.S. Department of Commerce'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 U.S. (Figure 1). GDP attributed to the finance and insurance industry reached its highest point in 10 years in 2010. Insurance alone accounts for roughly 3% of total GDP. Figure 2 shows, for the years 2003–2012, 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.

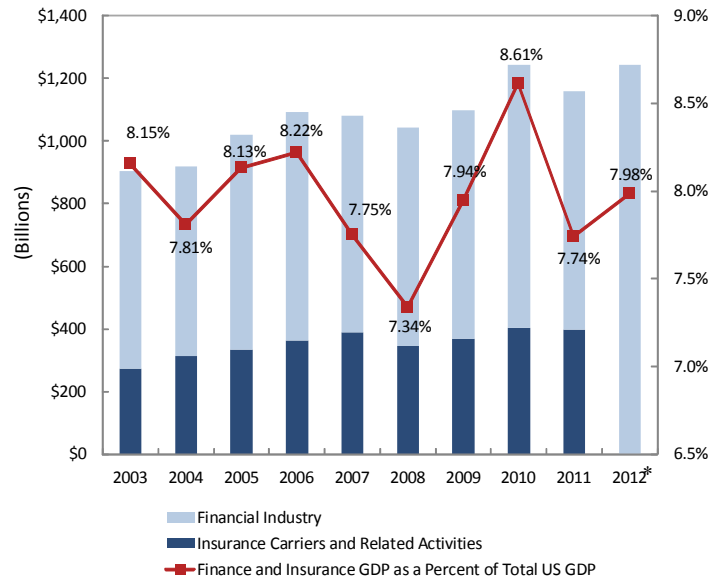
As a result of the financial crisis of 2007–2008, total non-farm employment fell significantly across all industries for three straight years beginning in 2008. Non-farm employment increased slightly in 2011 and 2012, but still has yet to reach pre-recession levels. Employment in the insurance industry has followed the same trend, declining for three straight years beginning in 2009. Insurance industry employment went from 2.12 million in 2009 to 2.06 million in 2010 and 2.05 million in 2011.

Employment in the insurance industry experienced a slight increase in 2012, reaching 2.08 million (Figure 3 on the following page). Trend data shows the percentage of insurance employment relative to total non-farm employment remained near 1.7% in 2006, but fell below 1.6% following the financial crisis. Although the economy still faces challenges created by the recent recession, the BLS predicts insurance sector employment to grow from 2010–2020, stemming from the needs of an increasing population and new insurance products on the market.²

Because of the economic downturn, state insurance departments, much like the private sector, have been forced to operate more efficiently and on a tightened

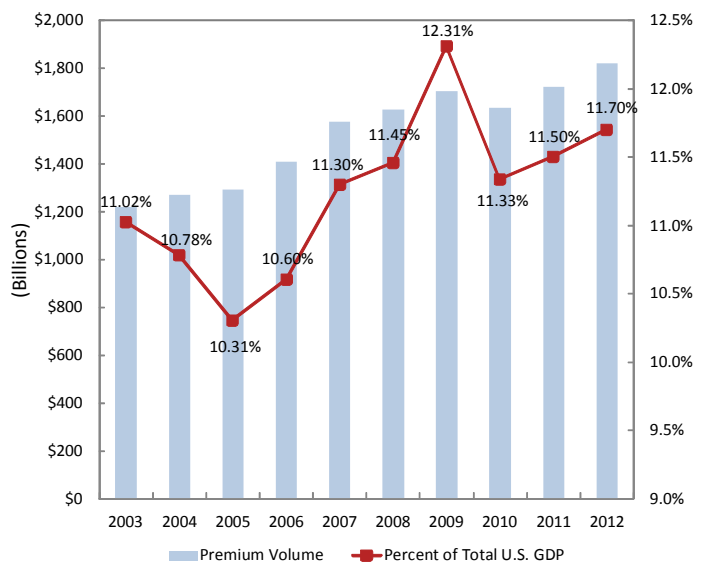
(Continued on page 17)

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



* 2012 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)

budget. Figure 4 and Figure 5 show total revenues and budgets as reported by all state insurance departments have marginally increased over the prior 10 years. Budgets climbed for all of the states from 2006 to 2009, fell in 2010, increased only slightly in 2011 and again in 2012.

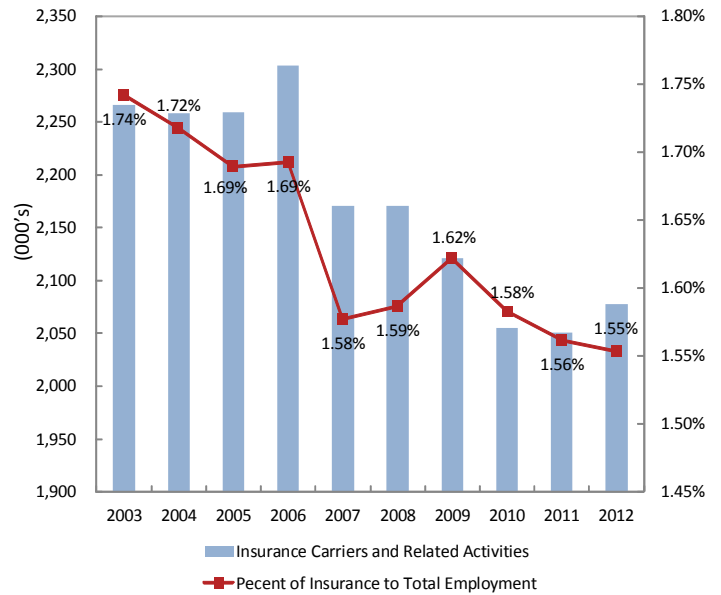
The NAIC publishes statistical data collected from insurance departments in each of the 56 jurisdictions. Data relative to employment, revenue, budgets, GDP and historical premiums per line for each state or territory, as well as national statistics, can be found at www.naic.org/cipr_statistics.htm.

This report also includes information found in the Insurance Department Resources Report, which is available for purchase on the NAIC Store at www.naic.org/store_pub_naic_state.htm#dept_resources.

ABOUT THE RESEARCH & ACTUARIAL DEPARTMENT:

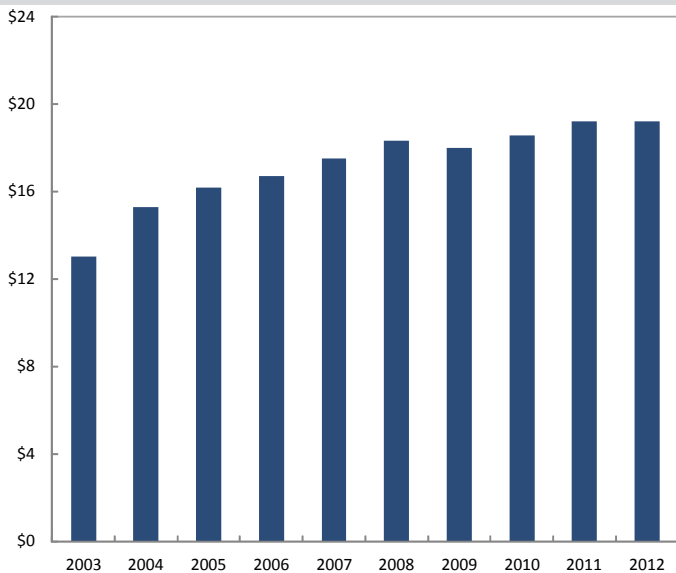
The NAIC's Research & Actuarial Department is committed to providing insurance regulators, consumers, academics, industry and government entities and other interested persons with insurance statistical, actuarial, financial and market conduct information for both economic analysis and regulatory monitoring of the insurance marketplace. For more information about this data, please contact a member of the NAIC Research and Actuarial Department. Additional information can be found at www.naic.org/research_actuarial_dept.htm.

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



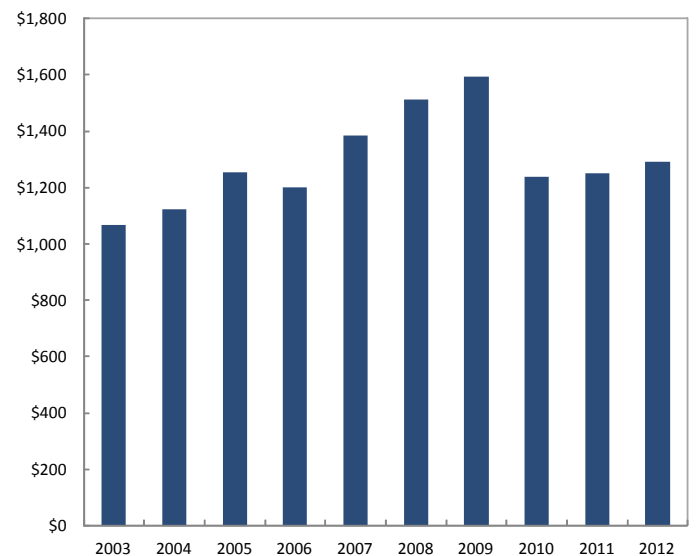
Source: NAIC Scorecard and Bureau of Labor Statistics.

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.



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