

Insuring More for Michigan

The Insurance Industry's Contribution to Michigan's Economy

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**PUBLIC SECTOR
CONSULTANTS**

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Michigan's Insurance Industry: Executive Summary

The insurance industry in Michigan is known for helping residents and businesses protect themselves from catastrophic losses, health crises, and financial losses. The industry provides insurance for homes, buildings, automobiles, health, individual and group life, and retirement products. But the insurance industry is not just there when something goes wrong; they are there every day in our lives, donating to local charities, volunteering in our communities, paying taxes to support our state and local governments, and employing family and neighbors. Michigan's insurance industry creates tens of thousands of jobs and billions of dollars of income for Michigan residents. In 2017, there were 1,679 regulated insurance entities in the state, and the industry directly employed thousands of Michiganders. The industry offers life, health, property and casualty, and other insurance, generated by insurance carriers¹ and distributed across the state by insurance agents, financial advisors, and independent agencies and brokerages.² Michigan insurers serve outside of the state as well, reaching all 49 remaining states and Washington, D.C.

The insurance industry's economic activity generates over a billion dollars in taxes for Michigan governments, including cities, villages, townships, and schools. The insurance industry employs office and administrative support professionals, people skilled in business and financial operations, and those with computer-based skills, such as programmers and database administrators. They employ direct and contract labor across the state to design, manage, and sell insurance policies and provide advice on



Photo credit: UnitedHealth Group

retirement products to Michigan residents, as well as to provide services to other states. Insurance industry employees, in turn, generate economic activity through the purchases they make in an induced effect on the economy. In addition, participants within the insurance industry purchase goods and services from other industries to support their operation, contributing in both an indirect and an induced effect, all supporting Michigan's economic activity.

¹ Carriers, also known as manufacturers, produce, manage, and distribute the range of insurance options available for purchase.

² The insurance industry is made up of five insurance sectors: life, health, property and casualty, agencies and brokerages, and other insurance-related activity.

In 2017, Michigan insurance providers helped drive a total of \$38.3 billion in economic output and contributed to 4.6 percent of the state's overall gross domestic product.

In 2017, Michigan insurance providers:

- Directly employed over 80,000 workers statewide, which supported an additional 58,000 indirect jobs, for a total of nearly 140,000 jobs supported by the insurance industry.³
- Paid a total of \$9.1 billion in earnings and compensation directly and indirectly.
- Helped drive a total of \$38.3 billion in economic output and contributed to 4.6 percent of the state's overall gross domestic product (GDP) in 2017 (BEA 2018).⁴
- Directly generated approximately \$1 billion in state and local taxes and helped drive a total of \$1.4 billion in tax payments statewide.
- Invested over \$2.7 billion directly in Michigan's economy.
- Volunteered an estimated 170,000 hours to charitable causes and contributed \$59.6 million to charities.
- Employed people in fields such as office and administrative support (31.2 percent of the total employed by the insurance industry); business and financial operations (28.5 percent); management (13.3 percent); and information technology, e.g., programmer and database administrators (12.3 percent).

³ This report refers to the combination of indirect and induced economic contributions (jobs, output, labor income, value added) as indirect economic contributions, for simplicity.

⁴ Economic output includes activity outside the scope of GDP. Share of state GDP is calculated based on the value added to the economy from the insurance industry activity, in direct, indirect, or induced form, estimated to be \$23.5 billion for 2017. This value was used to calculate the insurance industry's contribution to Michigan's GDP.

This report estimates the economic contributions of the insurance industry to Michigan's economy.⁵ The estimate includes the contribution that insurers and insurance agencies make in terms of employment, economic output, and taxes paid across the state for life, health, property and casualty, insurance agencies and brokerages, and from other insurance-related activity (reinsurance carriers, other direct insurances, claims adjusting, third-party administration of insurance and pension funds, and all other insurance-related activities). This study allows for both a broad look at the overall insurance industry, as well as an investigation of the contribution of each sector of the insurance industry.⁶ Examining each sector of the insurance industry allows a review of their unique employment and occupation needs as well as their contribution to Michigan's economy.⁷ The analysis was conducted and reported in 2017 dollars.⁸ Please refer to Appendix A for information about the data sources, including the survey of insurance carriers and agencies, and estimation techniques.

Employment is the base of economic analysis for this report. County Business Pattern (CBP) data was used to identify the number of people employed in each sector of the insurance industry, as well as to identify the employment in each county. This data was supplemented with nonemployer statistics data to account for the self-employed in the insurance industry (primarily



Photo credit: Amerisure Mutual Insurance Company

independent agencies). A survey of the insurance industry also provided detailed information on employment, types of jobs, wages paid, as well as other data that were used in the generation of this report and to verify data obtained from other sources. Five surveys were developed to target the specific needs of the various insurance providers and to allow for detailed information to be collected. This report investigates the positive economic contributions of the insurance industry—it does not attempt to estimate if some portion of these jobs would exist, even if the insurance industry were not present. Conservative estimates were used whenever possible to avoid overstating the industry's contribution.

⁵ Economic contribution findings from this report cannot be compared to *The Economic Footprint of Michigan's Insurance Industry* report from 2016 due to methodological differences, including a different definition of the overall insurance industry.

⁶ This analysis is a contribution analysis, not a net economic impact analysis. Even with the hypothetical removal of the insurance industry from Michigan's economy, some of those employed by the industry would remain in the state and take jobs in other fields. This analysis does not estimate how many jobs would be lost to the state without the insurance industry.

⁷ The insurance sector analyses cannot be combined. Feedback loops in economic modeling happen when jobs are created through indirect/induced economic activity in the primary sector (such as hotels offering insurance to staff). When modeling an entire industry, these must be removed or the total contribution of the primary sector would be larger than the available employment/output present in the region. While feedback loops were removed for the statewide analysis, each sector analysis was run separately, and feedback loops were not eliminated (except for agencies) because, individually, they do not make up the entire industry. This allows us to examine their contribution to other insurance sectors in addition to their contribution to the broader economy.

⁸ Inflation rates can be applied to industry outputs and labor but not to total employment.

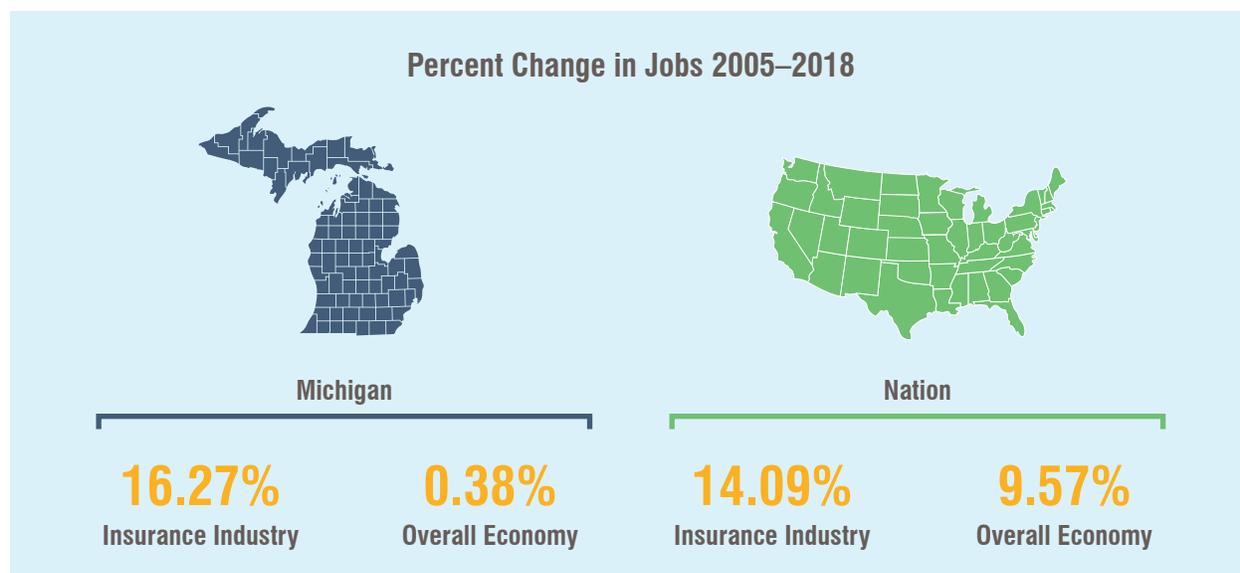


How Big is Michigan's Insurance Industry?

Insurers play an important role in Michigan's economy, creating tens of thousands of jobs and billions of dollars of income for Michigan residents. According to data obtained from Economic Modeling Specialists International (EMSI)(2019), the insurance industry directly contributes 2.7 percent of Michigan's GDP, slightly below the national share of the industry, at 3.6 percent. Overall, the insurance industry ranks in the top 12 percent of industries in Michigan (ranked 11th out of 94) in terms of GDP at \$12.8 billion (at the three-digit North American Industry Classification System [NAICS] code level). Industries of a similar economic footprint include chemical manufacturing (\$13.2 billion); credit intermediation and related activities—banks, credit unions, etc. (\$13.1 billion); specialty trade contractors—concrete, framing, glass, etc. (\$12.8 billion); and management of companies and finances (\$11.7 billion).

According to the U.S. census, in 2017, the insurance industry employed over 80,000 people in Michigan and paid an average salary of \$68,400, which is higher than the average income in Michigan of \$61,172. Across the industry, employment was concentrated in insurance agencies, which make up nearly two in five (39 percent) insurance industry employees. After insurance agencies, property and casualty, health, and other insurance sectors have employment numbers that are fairly evenly distributed, which together constitute over half (55 percent) of industry employees (see Appendix B). Life insurance employment represents the smallest sector in Michigan's industry, but also the highest paying, with average pay 31 percent higher than the overall insurance industry (\$89,700 compared to \$68,400). Employment in Michigan's insurance industry has grown over the past 13 years, outpacing the industry's growth at the national level, as well as the state and national economies' overall growth rates. This trend is expected to continue.

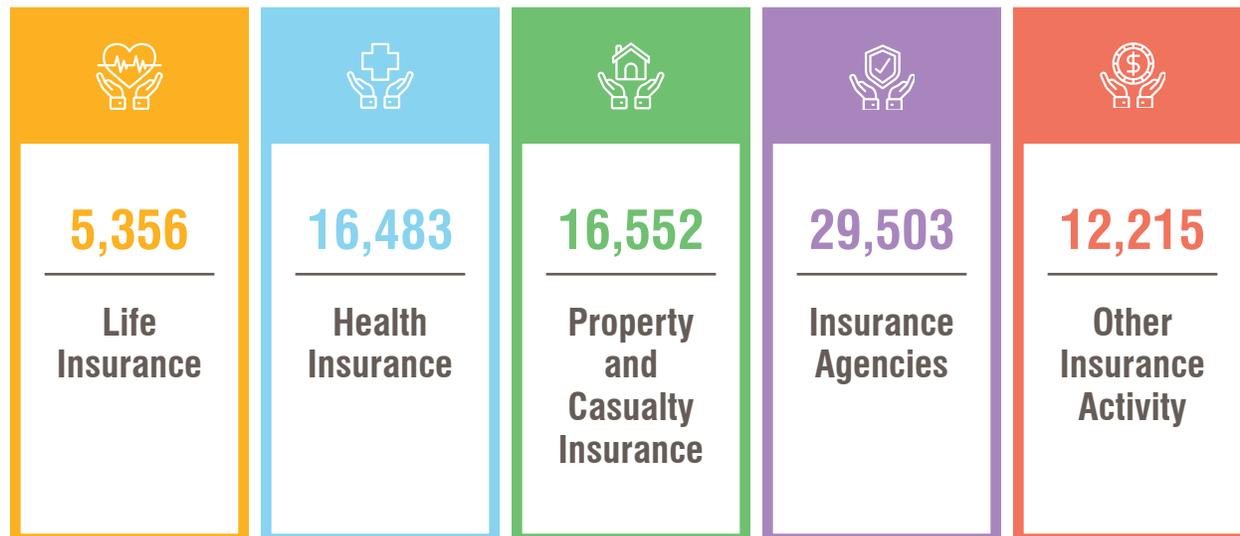
EXHIBIT 1. Michigan Insurance Industry Overall



Source: EMSI 2019. Analysis by Public Sector Consultants.

Note: Insurance includes life, health, property and casualty, and agencies and brokerages, but does not include other insurance-related activity.

EXHIBIT 2. Michigan Insurance Industry Employment



Source: U.S. Census Bureau 2018. Analysis by Public Sector Consultants.

Note: Health insurance employment was supplemented with employment data obtained from the survey of health insurance companies, with these employees being removed from insurance agencies, based on research and discussions with industry experts. Total average pay was calculated by incorporating estimated pay for sole proprietors based on average County Business Pattern pay for the same subsector.

Outside of the direct contributions to the workforce, the insurance industry collected premiums of nearly \$69.7 billion and paid claims totaling nearly \$44.6 billion in Michigan alone, according to the Department of Insurance and Financial Services (DIFS 2017). Exhibit 3 provides a breakdown of the insurance industry premiums and claims for 2017. In addition, these companies hold nearly \$8.9 trillion in assets, pay taxes, and make charitable contributions in communities statewide (DIFS 2017). According to DIFS (2017), there are nearly 260,000 individual insurance agents and nearly 20,000 insurance agencies authorized to provide services in Michigan.

EXHIBIT 3. Michigan Insurance Industry: 2017 Establishments, Premiums, and Claims

Insurance Industry	Number of Regulated Insurance Entities	Michigan Premiums (millions)	Michigan Claims (losses paid—millions)
Life Insurance	383	\$4,762.2	\$3,514.6
Accident and Health Insurance*	404	\$32,465.0	\$27,015.3
Property and Casualty Insurance	808	\$19,106.7	\$10,266.3
Annuity and Other Fund Deposits	250	\$11,181.2	\$3,629.9
Title Insurance	14	\$391	\$10.5
Overall Insurance Industry*	1,679	\$69,667.6	\$44,586.7

Source: DIFS 2017

Note: These categories are not mutually exclusive, some insurance companies are reported in more than one category. The overall insurance industry is not a sum of data presented, but the total when removing double counting. Columns may not total due to some carriers being included in more than one category. The total removes any double counting.



Photo credit: Delta Dental

Insurance Industry's Economic Contribution

In addition to being a significant employer, the insurance industry greatly contributes to the broader economy. The contribution arises from the industry's spending and the many insurance industry employees who live and work in Michigan and contribute through their spending and the taxes that they pay.

This economic contribution analysis reflects the value of insurance industry-related economic activity, through direct and indirect effects.⁹ The insurance industry directly employs people throughout the state, but also supports

employment indirectly through purchases of goods and services. Spending by employees of the insurance industry and employees of businesses supported by the insurance industry affects other industries and generates induced economic activity. This process of indirect and induced economic activity gradually declines as spending occurs outside of the region, is placed in savings, or is paid in taxes; however, the general additional economic activity, resulting from employee spending and industry spending at vendors, is known as the multiplier effect. These activities, discussed in the next section, are also included in the IMPLAN economic model (see Appendix A).¹⁰ A further description of the economic model and how indirect contributions are calculated can be found in Appendix A.

⁹ References to the indirect effects include both the indirect and induced effects to the economy.

¹⁰ This analysis uses the IMPLAN (IMPact analysis for PLANning) input-output (I-O) modeling system to estimate the employment and economic activity of the insurance industry, the direct, indirect and induced. The indirect and induced are referred to jointly as indirect..

In 2017, the insurance industry directly employed over 80,000 people in Michigan, which helped generate a total direct and indirect employment of nearly 140,000 in the state.

Overall Economic Activity Statewide

In 2017, the insurance industry directly employed over 80,000 people in Michigan, which helped generate a total direct and indirect employment of nearly 140,000 in the state.¹¹ The industry directly generated \$30.3 billion in economic output, which helped drive a total of \$38.3 billion in direct and indirect economic activity. See Appendix B for more detail on the economic contribution, including indirect and induced effects.

DIRECT	TOTAL
80,109	138,207
Employees	Employees
\$6,405.3	\$9,120.0
Labor Income (millions)	Labor Income (millions)
\$30,311.8	\$38,276.9
Economic Contribution (millions)	Economic Contribution (millions)

The average total compensation (wages plus benefits) for the insurance industry averages nearly \$80,000 per employee.¹² This is nearly \$12,000 more than the average pay estimated by available CBP data, or an estimated benefits rate of 17 percent of pay, which is consistent with the 18 percent benefits rate estimated through the insurance industry survey.

Industries Affected

The activity of Michigan's insurance industry helps drive employment and economic output in other industries. The insurance industry purchases products and services to support its operations and insurance industry employees' shop at local grocery stores, eat at restaurants, and spend their income in the economy. After the direct contribution from insurers and

insurance agencies, the sector helps drive nearly five billion dollars in indirect activity in areas such as:

- Owner-occupied dwellings (\$718.1 million in economic activity)¹³
- Real estate (\$635.3 million in economic activity)
- Hospitals (\$420.7 million in economic activity)

Appendix B provides a summary of the top ten industries affected by the insurance industry.

¹¹ Indirect economic contributions (jobs, labor income, GDP, etc.) in this report refer to both indirect and induced economic contributions, which have been combined for simplicity.

¹² The survey of insurance companies estimated an average total compensation of about \$91,000, which is higher than the IMPLAN estimated compensation. Given that the survey had few individual and small-company respondents, no compensation adjustments have been made to the analysis.

¹³ Owner-occupied dwellings is an industry created in IMPLAN to account for activity related to homeownership. It functions as if homes were rented and places value on home improvements, maintenance activities, construction projects, etc. There is no employment association with this sector, as all employment would occur in the industry the homeowner purchases the services from, such as construction.

Tax Contributions

The insurance industry also contributes to state and local governments through the variety of taxes it pays. Insurers and agencies pay business income taxes, property taxes, employee personal income taxes, among others. Insurance industry employees pay personal and property taxes. In addition, the businesses supported by the insurance industry, and their employees, pay state and local taxes, further contributing to public funds.

Insurers based in Michigan pay a flat tax of 1.25 percent on the premiums they write, while out-of-state insurers who write policies in Michigan pay the same flat 1.25 percent of premiums, or the rate that is imposed on Michigan insurance companies in their home state, whichever is higher. In addition, the insurance industry pays property taxes on the buildings they own, corporate income taxes, and state and local individual income taxes on pass-through income.¹⁴ Health insurance providers specifically also have a state health insurance claims assessment and federal Affordable Care Act health insurance fees.

In 2017, the insurance industry directly paid nearly \$1.3 billion in taxes¹⁵ in Michigan. Compared to the total corporate income taxes, business privilege taxes, and state property taxes collected in 2017 for Michigan (\$5.9 billion), the insurance industry paid over 22 percent of the state's business and related taxes (including unemployment insurances).¹⁶ When combined with the indirect taxes, the total contribution

of the insurance industry to the state and local governments is over \$1.6 billion. In addition, people employed in the economy directly by the insurance industry, or indirectly through induced economic contributions, paid nearly \$219 million in taxes in 2017.

Beyond the taxes paid, insurers also make significant contributions to the state for the regulation of the industry. In fact, in 2017, insurers paid \$7.2 million in licensing fees and an additional \$17.1 million in assessment and regulatory fees to support DIFS operations, which oversees the finance and insurance industries (DIFS 2017).

EXHIBIT 4. Statewide Tax Contribution of the Insurance Industry (millions)



Source: Analysis by Public Sector Consultants using IMPLAN Economic Modeling 2017.

¹⁴ Pass-through income (also known as flow-through income) is income that is not taxed at a corporate level but is taxed at the individual company owners' level.

¹⁵ Taxes paid by businesses include taxes on production, imports, corporations, business privilege taxes, property taxes, and other miscellaneous taxes.

¹⁶ Business privilege taxes include taxes paid for single businesses and Michigan businesses, unemployment insurance, quality assurance assessment fees, insurance company retaliatory fees, health insurance claims assessment fees, state casino gaming, oil and gas severance, corporate organization, and horse race wagering. These taxes are classified separately from income, property, and sales taxes.

Investments in Michigan's Economy

The insurance industry also contributes to Michigan's economy through the investments businesses make in real estate and financial areas, fixed maturities, commercial mortgage loans, municipal bonds, as well as other investments in Michigan. The survey of insurance carriers, agencies and agents reported a total investment in Michigan of \$2.7 billion dollars for 2017. This is a significant increase in reported Michigan investments since the insurance industry was last surveyed in 2015, and could be due to an improving economy or improved reporting/participation by survey respondents.

\$44,547,862

Real Estate

\$41,380,516

**Shares in Michigan
Companies**

\$1,357,566,450

Municipal Bonds

Insurance Workforce

Industry Employment

Since 2005, the insurance industry in Michigan has grown at a faster rate than the national average (16 percent growth for Michigan, compared to 14 percent growth for the nation). This is due in part to the strong growth in the health insurance industry as well as the far below average decline in the life insurance industry over the past 13 years. In fact, Michigan is expected to increase life and health insurance employment above the national growth rate and nationwide industry average.

Appendix B presents the change in employment and employment concentration (location quotient—LQ) from 2005–2018 to examine the

strength and growth of the insurance industry (EMSI 2018).¹⁷

Michigan's concentration of employment in the insurance industry has significantly increased over the past 13 years. While Michigan has a below-average concentration of life insurance employment, the state has continued to increase its concentration of this industry by over 28 percent, even while experiencing a slight decline in total employment. This is because the life insurance sector in Michigan has declined far less than the national average of 18.4 percent for the same time period. Employment in the health insurance industry has outpaced national growth by 4 percent and has a current employment concentration equal to the national average of 1.0 (see Appendix B).

¹⁷ Location quotient is reported in relation to the national average, which is always 1.0. For a description of location quotient and shift share analysis, as well as the EMSI data used to examine industry employment over time, please see Appendix A.

EXHIBIT 5. Michigan Insurance Industry, By Sectors

Insurance Industry	Percentage Change in LQ 2005–2018	Percentage Change in Jobs 2005–2018, Michigan	Percentage Change in Jobs 2005–2018, Nation
Life Insurance	28.2%	-4.2%	-18.4%
Health Insurance	12.9%	16.7%	12.7%
Property and Casualty Insurance	6.5%	-3.4%	-1.0%
Agencies and Brokerages	6.7%	34.5%	37.6%
Insurance Industry*	N/A	16.3%	14.1%

Key Takeways

1

The insurance industry is growing faster than the national average at over 16% from 2005–2018.

2

Michigan has a competitive advantage in life and health insurance sectors showing strong growth (health) and ability to withstand national level decline (life).

Source: EMSI 2019. Analysis by Public Sector Consultants.

Note: The insurance industry combines life, health, property and casualty, and agencies and brokerages, but does not include other insurance providers.

Many insurers support local, statewide, and national nonprofits or charities, donating significant resources every year, some on a monthly basis. A few examples of insurers that donate monthly to charities include:

- **Meiers Lombardini Lemanski Insurance** in East Lansing—**\$500 per month** donated to a charity selected recommended by clients and selected by the company's charity committee
- **Ron Jackson Insurance Agency** in Kalamazoo—**\$1,000 per month** donated, at a minimum, to charities through the company's Quotes for a Cause program



Photo credit: Meiers Lombardini Lemanski Insurance

Occupations

Insurance-related Occupations

Insurers are not just actuaries and agents; employees are a diverse group of highly skilled and technical experts. Statewide, insurance-related occupations are highly paid and typically require a high-school degree or bachelor's degree for entry into the field. Bachelor's degrees are required for technology-related fields, such as computer analyst, financial managers, etc. Exhibit 6 presents the top insurance-related occupations in Michigan (EMSI 2019). Overall, insurance sales agents make up most employment in the insurance industry. This would include most insurance agencies and sole proprietors. Median wages (where half of people in the field make more than this amount and half make less) are higher than the statewide average of \$17.32 (BLS 2017).

EXHIBIT 6. Top Insurance-related Occupations

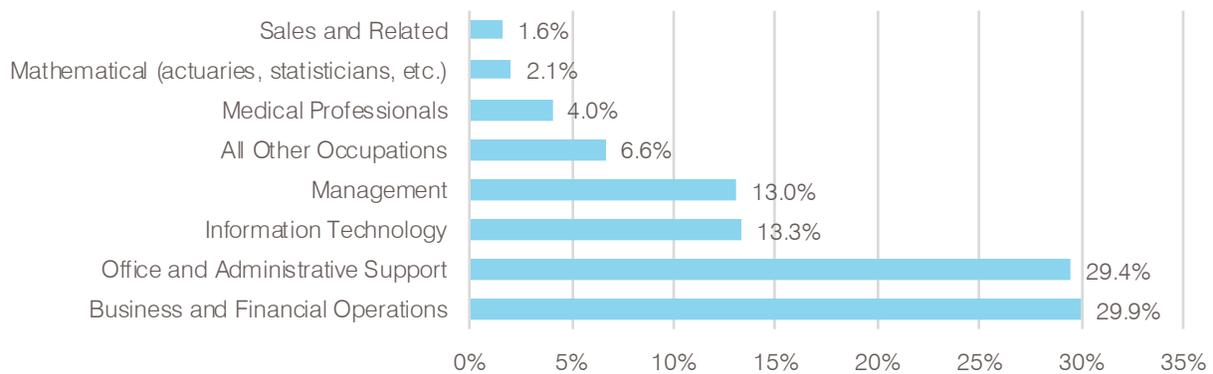
Description	Median Hourly Earnings	Percentage Change in Jobs 2005–2018	Total Employed in 2018	Percentage of Total Industry Employment
Insurance Sales Agents	\$24.17	11.9%	18,577	31.6%
Customer Service Representatives	\$15.55	-0.8%	7,499	12.8%
Insurance Claims and Policy Processing Clerks	\$17.95	-24.0%	3,961	6.7%
Claims Adjusters, Examiners, and Investigators	\$31.29	-5.1%	3,569	6.1%
Insurance Underwriters	\$28.34	-41.6%	1,786	3.0%
Office Clerks, General	\$15.54	-6.6%	1,734	2.9%
Secretaries and Administrative Assistants (except legal, medical, and executive)	\$16.70	-6.4%	1,209	2.1%
First-line Supervisors of Office and Administrative Support Workers	\$26.29	41.4%	976	1.7%
Software Developers, Applications	\$42.25	27.6%	926	1.6%
General and Operations Managers	\$49.15	47.2%	917	1.6%
Management Analysts	\$37.62	10.7%	884	1.5%
Computer Systems Analysts	\$39.75	-9.4%	867	1.5%
Business Operations Specialists, All Other	\$31.17	38.4%	841	1.4%
Financial Managers	\$53.39	-2.9%	800	1.4%
Accountants and Auditors	\$31.78	-35.1%	733	1.2%

Source: EMSI 2019. Analysis by Public Sector Consultants.

Insurance Carriers—Top Occupation Groups

According to the survey of the insurance industry conducted for this report, employment for life, health, and property and casualty is divided across four primary occupation categories, with concentrations in business and financial operations (29.9 percent), office and administrative support (29.4 percent), information technology (13.3 percent), and management (13.0 percent). Unlike the figures in Exhibit 7, which included insurance carriers and agencies and brokerages, these numbers only include insurance carriers. There were too few insurance agencies who provided occupation data to extrapolate out their employment for inclusion in this analysis.

EXHIBIT 7. Insurance Carrier Occupations



SOCIAL CONTRIBUTION SPOTLIGHT

Insurers support their staff in community volunteering, often contributing significant time. A few examples, as reported in the insurer survey, include:

- **Jackson National Life Insurance** staff—Over **40,000 hours** volunteered
- **Meridian** staff—**6,272 hours** volunteered
- **Health Alliance Plan** leaders—Over **4,700 hours** with over 40 nonprofit boards and committees, and employee hours volunteered
- **UnitedHealth Group** staff—**7,643 hours** volunteered



Photo credit: Delta Dental



Photo credit: Jackson National Life Insurance Company

Employment Needs

When asked to name the top three occupations insurers were looking to add to their organizations in the next five years, the most frequent responses were IT professionals and software developers, actuaries and data analysts, and customer service representatives. Insurers also reported seeking to hire staff in a variety of other fields, with the full list, in order of most responses, below:

1	IT professionals and software developers
2	Actuaries, data scientists, and data analysts (tied with IT professionals)
3	Customer service representatives

- Computer programmers and computer systems analysts
- Insurance agents
- Specialists (clinical program, commercial, exclusive financial, performance improvement, etc.)
- Underwriters and claims representatives
- Sales professionals
- Nurses and social workers
- Operations and administrative support
- Information services specialists
- Medical management
- Other (network development and clerks)

In addition, insurers are expanding and are seeking skilled marketing and advertising specialists, corporate communications specialists, attorneys, corporate trainers, charitable giving/foundation managers, corporate facilities management specialists, and more.

Given the number of respondents and the share of the market they represent, it is estimated that the insurance industry contributed \$59.6 million to charities in 2017.

Social Contributions

Many businesses and individuals in the insurance industry make monetary contributions to charitable causes and have formal programs to encourage and support staff engagement in a variety of charitable, volunteer, and community service activities.

During the course of 2017, the insurance industry participants that responded to the survey informing this report made monetary charitable donations ranging from an insurance agency contributing \$3,000, to an insurer donating over \$7 million to various causes. Based on responses to the survey, there was a combined total of nearly \$17 million donated to charity in 2017. Given the number of respondents and the share of the market they represent, it is estimated that the insurance industry contributed \$59.6 million to charities in 2017. This is a low-end estimate, due to the fact that there was not enough data to make accurate estimations for charitable giving by insurance agencies, who employ nearly 30,000 individuals in the state.

The insurance industry also made in-kind charitable contributions which ranged from an insurance agency volunteering 60 hours, to a life insurance carrier contributing over 40,000 hours to causes across Michigan. On average, insurers (through their employees) contributed over 6,000 volunteer hours each, and it is estimated that the life, health, and property and casualty insurers promote or encourage employees to volunteer nearly 170,000 hours combined.

Volunteer activity contributions noted by the insurance industry included providing direct service at schools, clinics, and community centers, such as filling and distributing backpacks/school supplies, serving food, painting, landscaping and farm labor, clinic work, providing holiday presents to sponsored families, and highway cleanup. Participants identified a diverse array of organizations and events, including American Cancer Society, Arbor Circle, Boys and Girls Club, Feeding America, Forgotten Harvest, Habitat for Humanity, Kids' Food Basket, March of Dimes, Matrix Human Services, Senior Neighbors, Special Olympics, United Way Day of Caring, and the Urban League, among others.

SOCIAL CONTRIBUTION SPOTLIGHT

Over the past three years, the **Michigan Association of Insurance Agents Young Agents** has made significant contributions to:

- **God's Children Haiti**—\$4,000 in donations in addition to food and supplies (2016)
- **Make-A-Wish Foundation**—\$16,000 in donations and sponsorship of two children (2017)
- **Professional Law Enforcement Association**—\$11,000 in donations to purchase vests for K9 units (2018)



Photo credit: Michigan Association of Insurance Agents Young Agents



Photo credit: Blue Cross Blue Shield

Insurers often partner with nonprofits to raise awareness about an issue or event, support fundraising efforts, or to encourage staff volunteering. They also make significant contributions of time and money. Recently:

- **Auto-Owners Insurance** staff supported state and national charities, such as March of Dimes, American Cancer Society, Old Newsboys collections, and the American Red Cross
- **Blue Cross Blue Shield** contributed \$60 million to the Michigan Health Endowment Fund; was the state's largest private donor to Michigan's free clinics; and supported Building Healthy Communities, a comprehensive program designed to educate Michigan students on healthy behaviors
- **Delta Dental** employees volunteered with Life Remodeled in Detroit, read to children throughout mid- and southeastern Michigan for March is Reading Month, built a float and walked in America's Thanksgiving Parade in Detroit, and packed weekend survival kits for low-income families
- **John Hancock Life Insurance** partnered with EVERFI to bring the Michigan Scholars Program to schools; the program is currently offering free financial education programs in 35 public schools in the state
- **Jackson National Life Insurance** supports several organizations, including Boys & Girls Clubs of America, Junior Achievement, Ele's Place, the Tri-County Office on Aging, and the Greater Lansing Food Bank
- **Meridian** staff volunteered at the Belle Isle Earth Day Spring Clean-Up community event, and also adopted 39 families (the largest sponsor) at Matrix Human Services in Detroit, providing them with gifts during the holiday season
- **Priority Health** and its individual departments/ teams participated in volunteer opportunities with United Way, Arbor Circle, Feeding America, Forgotten Harvest, God's Kitchen, Habitat for Humanity, Kids' Food Basket, Mel Trotter Ministries, Senior Neighbors, the Urban League, and others
- **Walton Insurance Group** hosted an annual Christmas walk-through for the Jackson community, which provides gifts and holiday activities to children and their families

Economic Contribution in Michigan—Insurance Sectors

The life, health, and property and casualty insurers, as well as agencies and brokerages and other insurance-related activity sectors, are closely related to each other. Activity in any one of the sectors results in economic activity indirectly in the other sectors. For the statewide analysis, these feedback loops were removed so that the total economic contribution did not overestimate activity in the insurance industry (by life insurance making purchases from health insurance, etc.). However, for the individual insurance sectors, these linkages highlight important economic activity and relationships. In order to examine these connections, the economic contribution analysis for life, health, property and casualty, and other insurance industry-related activity does not remove the industry linkages in IMPLAN (see Appendix A for more detail). This was possible because these sectors do not make up a majority of their combined industry. The insurance agencies and brokerages sector, on the other hand, makes up the vast majority of their industry sector (a separate sector from life, health, and property and casualty insurers), requiring removal of the feedback links to not double count agencies and brokerage activity.

While the direct contributions of the life, health, and property and casualty insurers, as well as agencies and brokerages and other insurance-related sectors, can be combined, the resulting indirect and total economic contributions cannot. Doing so would result in double counting jobs, labor income, and economic contribution for the insurance industry, insurance agencies and other related sectors.



**LIFE
INSURANCE**



**HEALTH
INSURANCE**



**PROPERTY AND CASUALTY
INSURANCE**



**INSURANCE AGENCIES AND
BROKERAGES**



**OTHER INSURANCE
ACTIVITIES**



Life Insurance

Life insurance helps to provide financial security to an individual's family or other designated beneficiaries in the event of the policyholder's death. A variety of life insurance policies exist that can be used to cover essential living expenses, such as nursing home bills, mortgage payments, outstanding loans, or child care costs. The type of coverage needed depends upon the unique financial circumstances of each policyholder and the expenses that may be incurred or continue upon death. Additionally, annuities, which are a type of life insurance, are retirement products that retirees can use to guarantee that they will never run out of money, no matter how long they live or how poorly the financial markets may perform.

In 2017, the life insurance industry directly employed over 5,356 people statewide, which helped drive a total employment of about 19,000 in Michigan.

The life insurance industry makes a significant contribution to Michigan's employment and economic base. In 2017, the life insurance industry directly employed over 5,356 people statewide, which helped drive a total employment of about 19,000 in Michigan. The life insurance industry directly generated \$2.9 billion in economic output, which resulted in a total of \$5.3 billion in economic activity.

Industries Affected

Michigan's life insurers also make a significant contribution to numerous other industries statewide.¹⁸ The life insurance sector purchases

products and services to support its operations, and life insurance industry employees purchase goods and services in the state. The top industries affected by the life insurance sector are:

- Insurance agencies, brokerages, and related activities (\$1.1 billion)
- Owner-occupied dwellings (\$99.5 million)
- Real Estate (\$87.7 million)
- Hospitals (\$58.3 million)

Appendix B provides a summary of the top ten industries affected by the life insurance industry.

Tax Contributions

Although the smallest employer in the insurance industry sector, the life insurance industry contributes over \$130 million in direct taxes and contributes to a total of over \$195 million in state and local taxes in Michigan. People employed in the economy directly by the life insurance industry, or indirectly through induced economic contributions, paid over \$30 million in 2017.

Occupations

Life insurance industry employment is divided across three primary occupations statewide, with concentrations in business and financial operations (38.3 percent), office and administrative support (31.8 percent), and management (13.3 percent).

¹⁸ For a list of the top ten industries affected by the life insurance industry, see Appendix B.

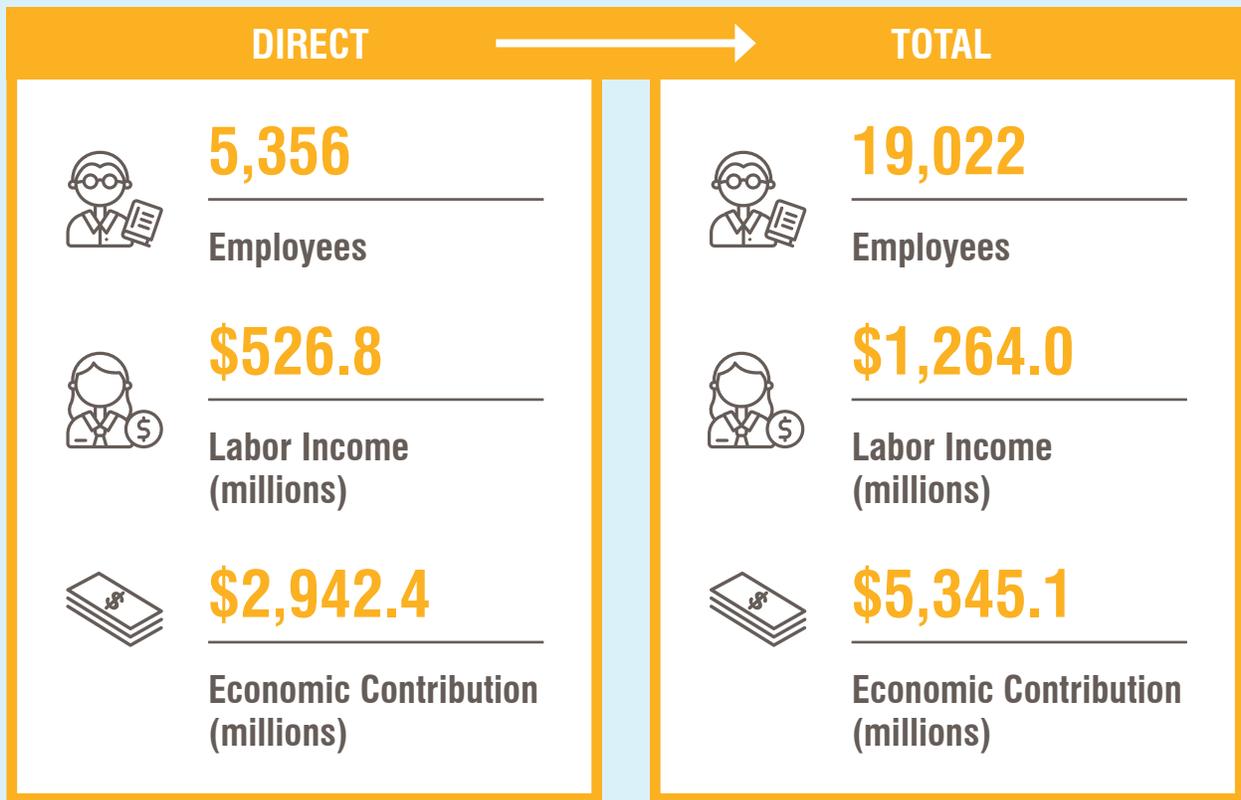
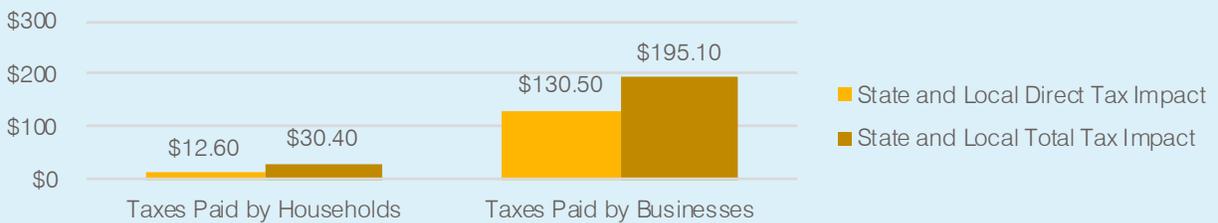
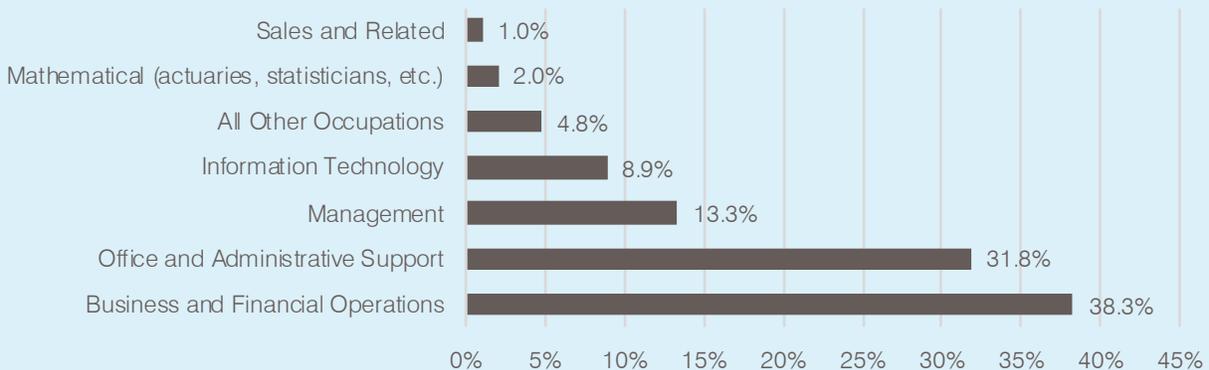


EXHIBIT 8. Statewide Tax Contributions of the Life Insurance Industry (millions)



Source: Analysis by Public Sector Consultants using IMPLAN Economic Modeling 2017.

EXHIBIT 9. Life Insurance Occupations





Health Insurance

Health insurance is a type of insurance coverage that reimburses policyholders for medical expenses. There are many different forms of public and private health insurance, including Medicare, Medicaid, and commercial medical coverage, as well as supplemental insurance products, such as dental, vision, and long-term care benefits. Though health insurance policies may vary in cost and services, depending upon the type purchased, coverage can typically be classified as large group, small group, or individual, all forms of which are included in this analysis.

In 2017, the health insurance industry directly employed over 16,000 people statewide, which helped drive a total direct and indirect employment of nearly 59,000.

The health insurance industry makes a significant contribution to Michigan's employment and economic base. In 2017, the health insurance industry directly employed over 16,000 people statewide, which helped drive a total direct and indirect employment of nearly 59,000. The health insurance industry directly generated nearly \$9.1 billion in economic output, which contributed to a total of \$16.4 billion in direct and indirect economic activity.

Industries Affected

Michigan's health insurance providers help support other business through the purchase of goods and services as well as through the employees they pay, who go out into the

community and spend money. The top industries affected by the health insurance sector are:

- Insurance agencies, brokerages, and related activities (\$3.4 billion)
- Owner-occupied dwellings (\$306.2 million)
- Real estate (\$269.8 million)

See Appendix B for a list of the top ten industries affected by the health insurance sector.

Tax Contributions

The health insurance industry contributes \$649 million in direct taxes and contributes to a total of over \$847.9 million in state and local taxes in Michigan. People employed in the economy directly by the health insurance industry, or indirectly through induced economic contributions, paid over \$93 million in 2017.

Occupations

Health insurance industry employment is divided across four primary occupations statewide, with concentrations in office and administrative support (39.4 percent), business and financial operations (16.9 percent), management (12.5 percent), and information technology (12.1 percent). More employees are in the office and administrative support field than in the next three occupations, combined. There is a higher percentage in the office and administrative support roles among the health insurance area than among the insurance industry overall (29.4 percent).

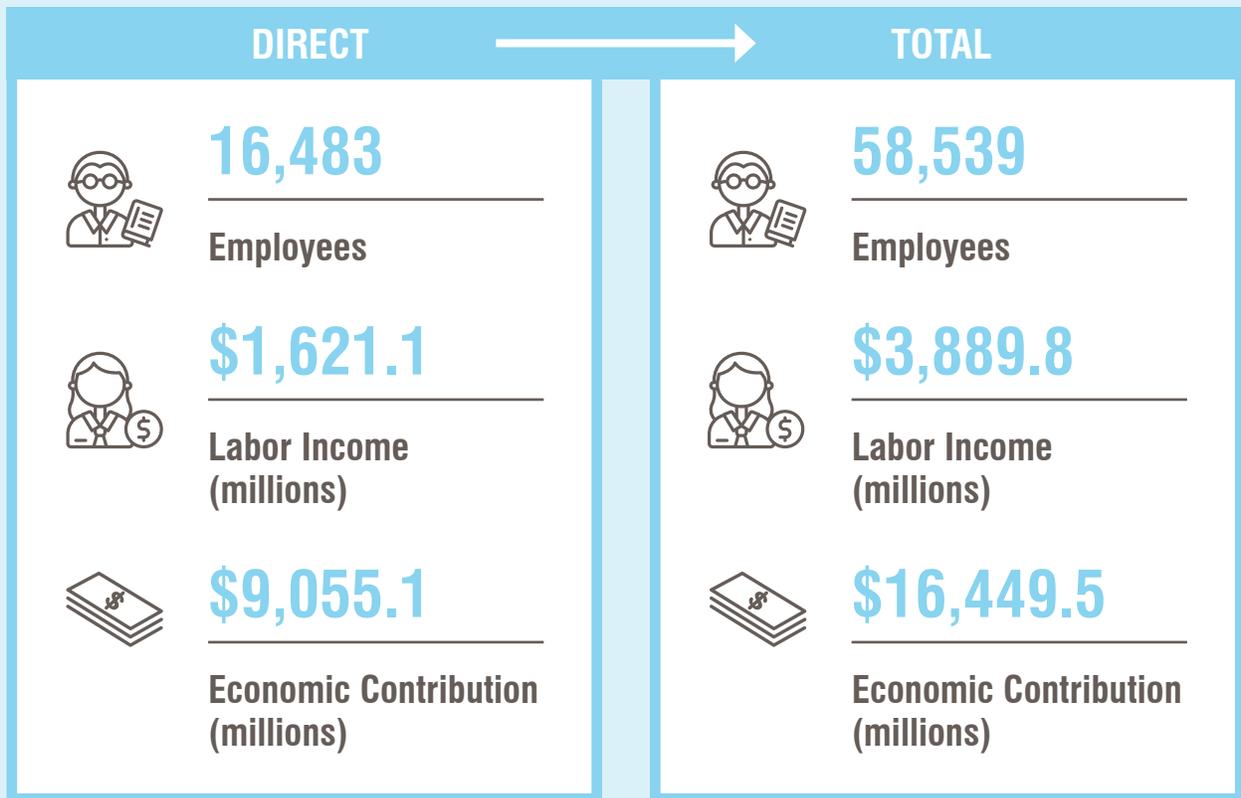
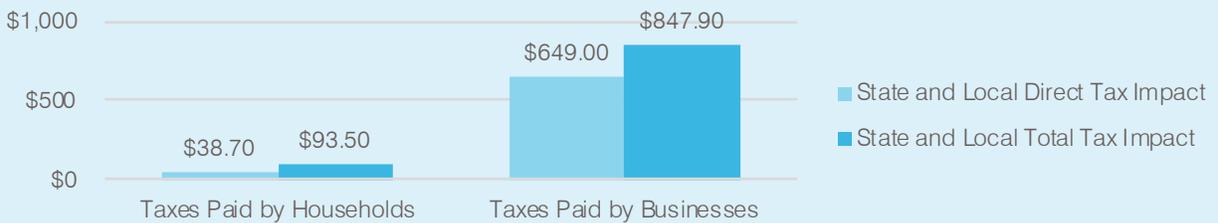
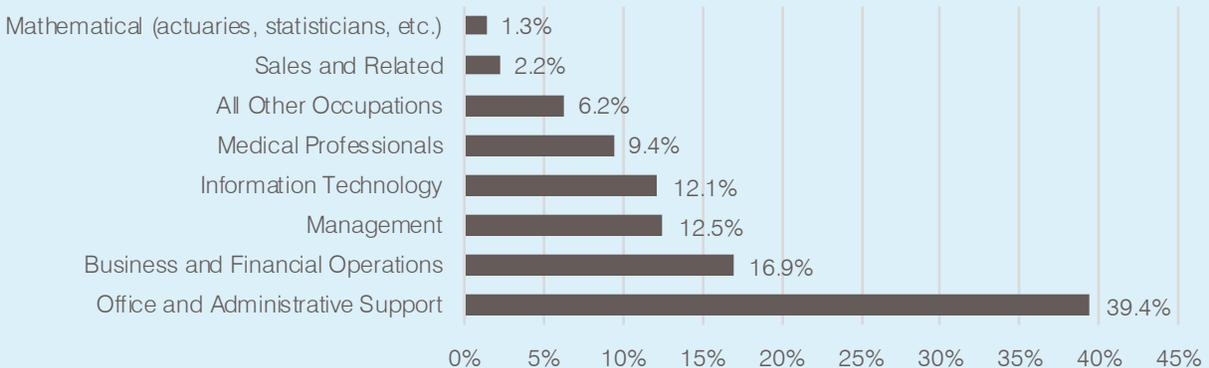


EXHIBIT 10. Statewide Tax Contributions of the Health Insurance Industry (millions)



Source: Analysis by Public Sector Consultants using IMPLAN Economic Modeling 2017.

EXHIBIT 11. Health Insurance Occupations





Property and Casualty Insurance

Property and casualty insurance protects against loss or damage to real or personal property, and includes homeowners insurance, renters insurance, and automobile insurance. Some events that may require the need for property insurance include a variety of natural disasters, such as lightning, tornadoes, windstorms, or hail, as well as accidents that occur while operating an automobile. Additionally, property insurance coverage may reimburse for other outside events, including business interruption, loss of rents, explosion, civil commotion, or damage from aircrafts or vehicles.

In 2017, the property and casualty insurance industry directly employed nearly 17,000 people statewide, which helped drive a total direct and indirect employment of nearly 59,000 people in Michigan.

Property and casualty insurance providers make a significant contribution to Michigan's employment and economic base. In 2017, the property and casualty insurance industry directly employed nearly 17,000 people statewide, which helped drive a total direct and indirect employment of nearly 59,000 people in Michigan. The property and casualty insurance industry directly generated nearly \$9.1 billion in direct economic output, which generated over \$16.5 billion in direct and indirect economic activity.

Industries Affected

Michigan's property and casualty insurance providers employ over 16,000 people and have a similar economic contribution as the health insurance industry. This sector's contribution to total employment, labor income, and economic

output is heavily concentrated in insurance agencies, brokerages, and related activities at \$3.4 billion in economic contribution.

Other industries affected by this industry include:

- Owner-occupied dwellings (\$307.5 million)
- Real estate (\$270.9 million)
- Hospitals (\$180.2 million)

See Appendix B for a list of the top ten industries affected by the property and casualty insurance sector.

Tax Contributions

The property and casualty insurance industry contributes over \$403 million in direct taxes and contributes to a total of nearly \$603 million in state and local taxes in Michigan. People employed directly by the property and casualty insurance industry or indirectly through induced economic contributions paid nearly \$94 million in 2017.

Occupations

Property and casualty insurance industry employment is divided across four primary occupations statewide, with concentrations in business and financial operations (40.2 percent), office and administrative support (18.7 percent), information technology (14.1 percent), and management (12.7 percent).

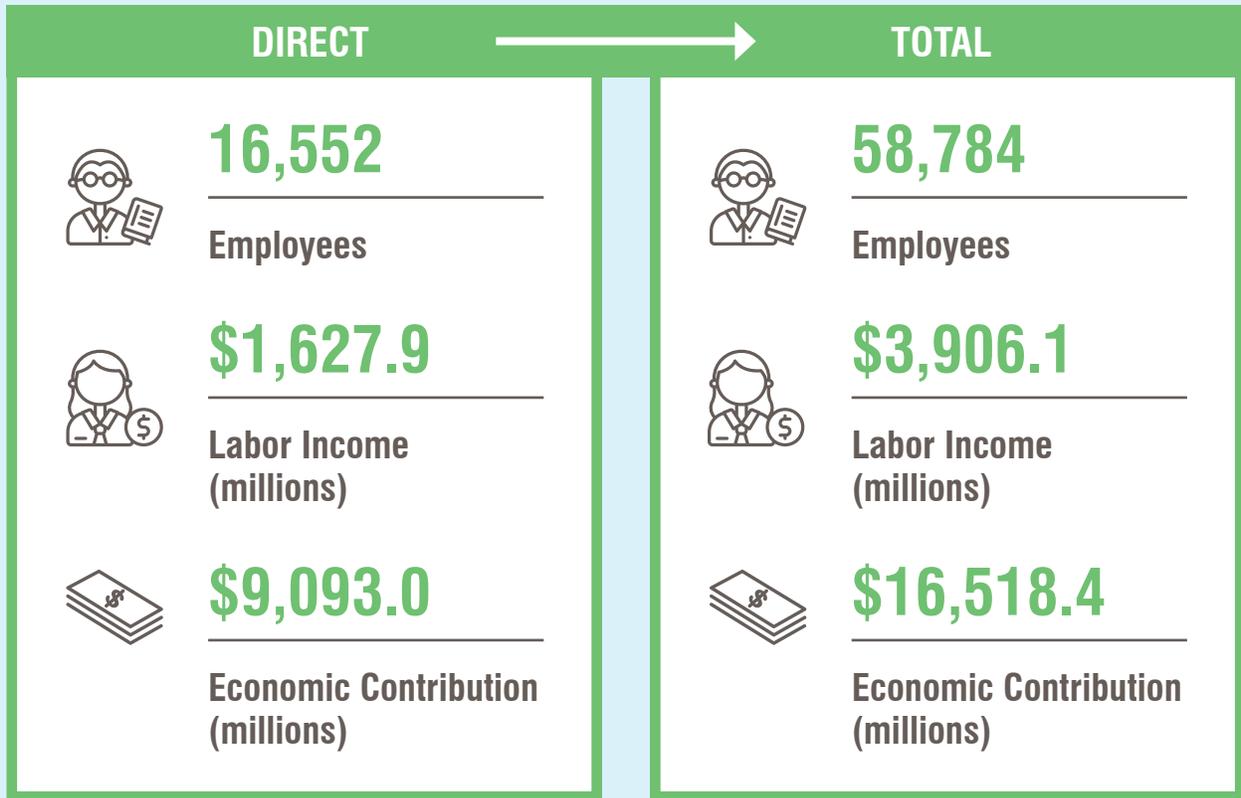
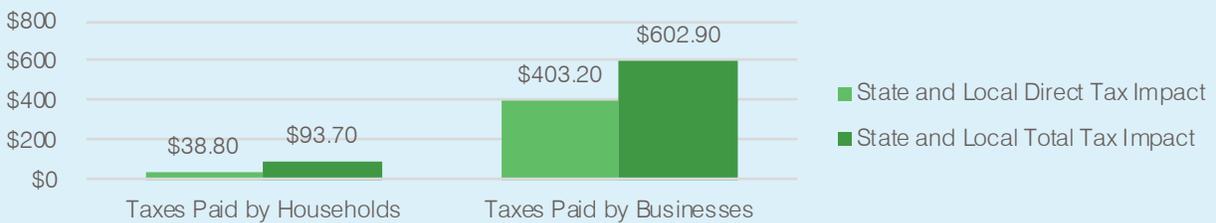
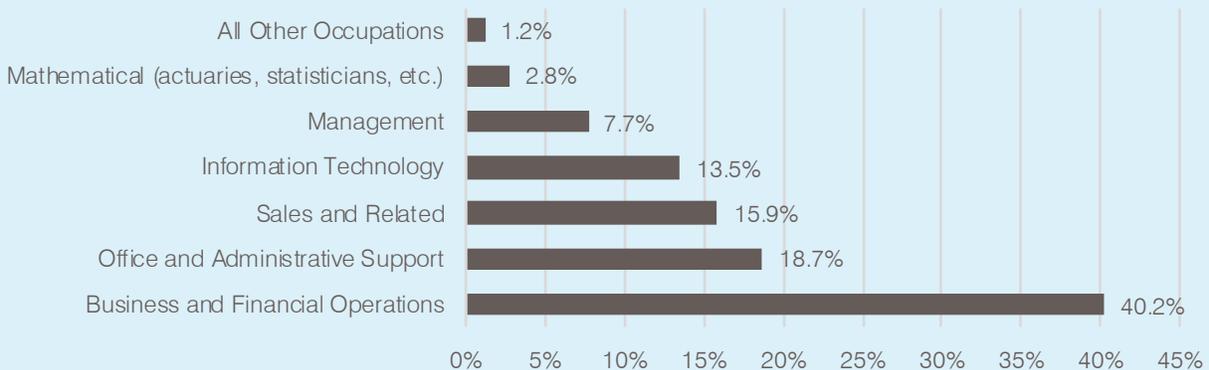


EXHIBIT 12. Statewide Tax Contributions of the Property and Casualty Insurance Industry (millions)



Source: Analysis by Public Sector Consultants using IMPLAN Economic Modeling 2017.

EXHIBIT 13. Property and Casualty Insurance Occupations





Insurance Agencies and Brokerages

Insurance agencies sell, service, or negotiate insurance policies. According to the National Association of Insurance Commissioners (NAIC) (2019), individual agents may work either exclusively with one company as a captive agent or contract with several different companies as an independent agent. In addition, financial advisors that help individuals and families manage risks associated with mortality and morbidity (through life insurance) as well as retirement (through annuities and other retirement savings products) fall into the insurance agencies and brokerages sector. Most sole proprietors in the insurance industry are classified as insurance agencies. In this report, the insurance agencies sector includes brokerages that work to find the best insurance coverage to meet the needs of an individual or company.

Insurance agencies directly employed nearly 30,000 people statewide, which helped drive a total employment of nearly 47,000 in Michigan for 2017.



Michigan's insurance agencies are the largest employer in the insurance sector. This sector's analysis is unique in that the economic model was adjusted to remove duplicate economic contribution so that indirect contributions do not duplicate direct contributions. This was not needed for the other sectors (life, health, and property and casualty) since they do not make up a majority of their overall IMPLAN sector.

Insurance agencies directly employed nearly 30,000 people statewide, which helped drive a total employment of nearly 47,000 in Michigan for 2017. The industry directly generated nearly \$6.2 billion in economic output, which contributed a total of \$8.7 billion in economic activity.

Industries Affected

The insurance agencies and brokerages analysis is a very conservative estimate of the industry's total economic contribution due to the IMPLAN model modification (see Appendix A). Even using conservative estimates, the agencies sector makes significant contributions to other industries. The top industries affected by the insurance agencies sector are:

- Real estate (\$210.0 million)
- Owner-occupied dwellings (\$208.2 million)
- Insurance carriers (\$128 million)

See Appendix B for a list of the top ten industries affected by the insurance agencies and brokerages sector.

Tax Contributions

Insurance agencies and brokerages, the largest employer in the insurance sector, contribute over \$45 million in direct taxes and a total of nearly \$153 million in state and local taxes in Michigan. People employed directly by insurance agencies and brokerages or indirectly through induced economic contributions paid nearly \$64 million in 2017.

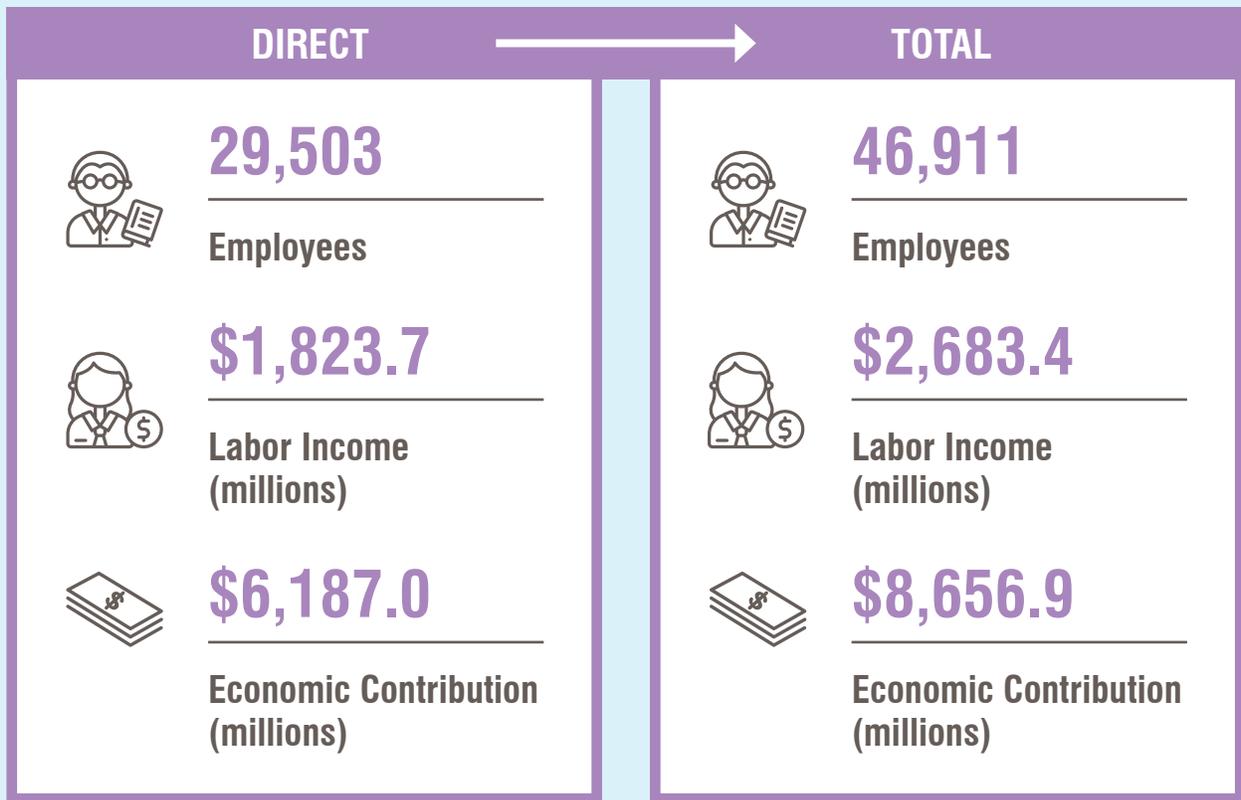
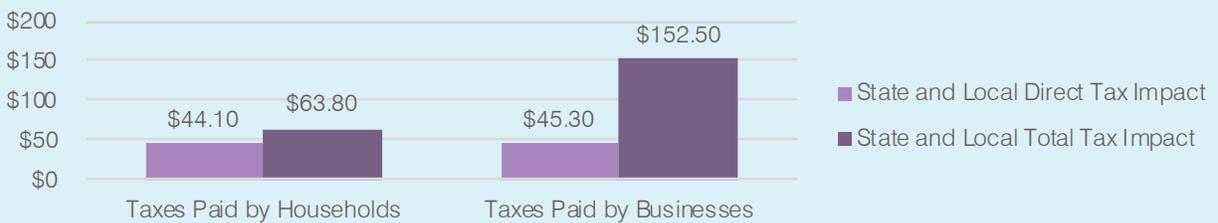


EXHIBIT 14. Statewide Tax Contributions of Insurance Agencies and Brokerages (millions)



Source: Analysis by Public Sector Consultants using IMPLAN Economic Modeling 2017.



Photo credit: Jackson National Life Insurance Company



Other Insurance Activity

Other insurance activity includes reinsurance carriers, other direct insurances, claims adjusting, third-party administration of insurance and pension funds, and all other insurance-related activities. These additional forms of insurance make up a significant portion of the industry, similar in size to the health and property and casualty sectors.

In 2017, other insurance activities directly employed over 12,000 people statewide, which helped drive a total direct and indirect employment of 30,000 in Michigan.

In 2017, other insurance activities directly employed over 12,000 people statewide, which helped drive a total direct and indirect employment of 30,000 in Michigan. These activities directly generated over \$3 billion in

economic output, which helped drive a total of \$6.1 billion in direct and indirect economic activity statewide.

Industries Affected

The largest indirect employment, labor income, and economic output contributions were to:

- Insurance agencies, brokerages, and related activities (\$1.3 billion)
- Insurance carriers (\$173.9 million)

See Appendix B for a list of the top ten industries affected by other insurance activity.

Tax Contributions

Other insurance activities contribute nearly \$51 million in direct taxes and contribute to a total of nearly \$136 million in direct and indirect state and local taxes in Michigan. People employed directly by the other insurance activities sector or indirectly through induced economic contributions paid nearly \$43 million in 2017.

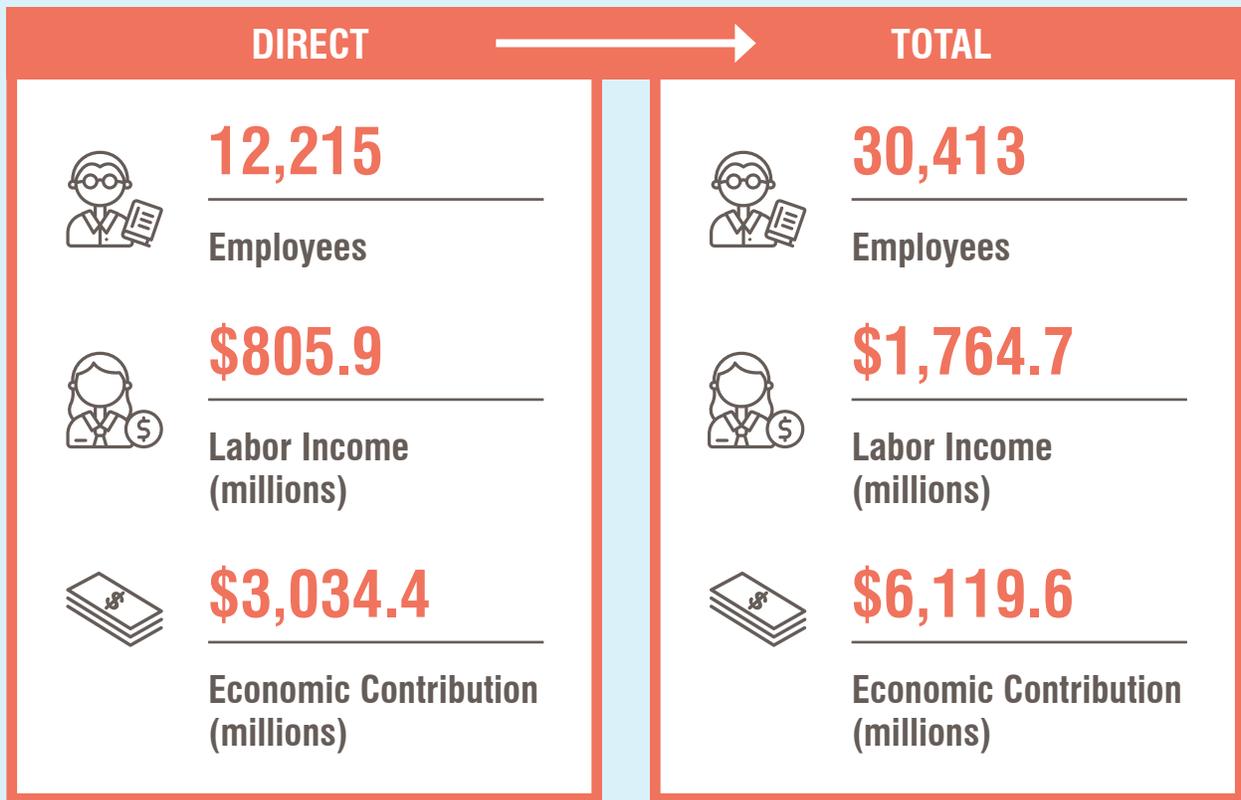


EXHIBIT 15. Statewide Tax Impact of Other Insurance Activity (millions)



Source: Analysis by Public Sector Consultants using IMPLAN Economic Modeling 2017.

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Appendix A. Data Sources and Methodology

Surveys of Michigan Insurance Providers

To help inform this report, provide additional data, and validate available secondary information, a survey of the insurance industry was implemented. Five surveys were developed, to target the specific needs of the various insurance providers and allow for detailed information to be collected. Not all respondents completed all sections of the survey, but those that provided information on premiums and claims wrote 31 percent of Michigan’s overall policy premiums and paid 32 percent of the claims for any type of insurance in the state for 2017. When looking at the insurance subsectors, health insurance respondents wrote 41 percent of the state’s health premiums, life insurance respondents wrote 88 percent of the state’s life and annuity premiums, and property and casualty respondents wrote 35 percent of the state’s property and casualty premiums. In addition, those who reported employment data make up 22 percent of total insurance employment in the state, while making up 45 percent of total employment in life, health, and property and casualty sectors combined. While the insurance industry is broad and composed of multiple entities of various sizes, the survey respondents represent all four major insurance sectors and a large portion of the overall industry.

Employment by Sector and County

It is difficult to accurately separate the insurance industry into its subindustry sectors of life, health, property and casualty, agencies and brokerages, and other insurance-related activities. This is because business classification is self-identified to the federal government and can vary from business to business. In fact, different office buildings for the same company may be reported as different “industries” based on their North American Industry Classification System code. Each location is considered a separate enterprise and can be recorded under the industry most closely related to the location’s primary “product.” For example, an office may provide claims adjusting for a health insurance company and could be recorded under health (direct health and medical insurance carrier) or other insurance (claims adjusting). The various data sets available, Quarterly Census of Employment and Wages (QCEW), Bureau of Labor Statistics, and County Business Pattern data, all use slightly different methods to allocate employment and economic activity between subsectors and across counties.

This analysis uses 2016 CBP data (the most recently available), as it most closely matches the insurance sector employment and total county employment found through the insurance industry survey and known locations/employment of large insurance companies in Michigan. This data was supplemented with nonemployer statistics to account for the self-employed in the insurance industry.

IMPLAN Model

There is a waterfall effect of economic activity that occurs around initial spending by a business or industry. Direct spending by an industry to purchase goods and services, as well as to pay employees, contributes to other sectors of the economy. The businesses and employees supported by the direct

spending purchase goods and services in the state and generate additional business spending and employment, and those additionally generated employees and supported businesses also spend money—supporting even more employment and economic activity. These follow-on spending activities gradually decline as spending occurs out of the region, is placed in savings, or is paid in taxes. This additional economic activity, resulting from the spending of employees and spending at vendors, is known as the multiplier effect. This analysis estimates the insurance industry’s full economic contribution to the state, including the multiplier effect.

An input-output (I-O) model uses a series of multipliers to estimate the total value of these follow-on spending activities. It tracks how spending flows through interdependent industries to meet demand. This analysis uses the IMPLAN (IMpact analysis for PLANning) I-O modeling system to estimate the employment and economic activity the insurance industry generates in Michigan. The economic contribution is split into the following categories:

- **Direct effect**—The direct employment and spending of the insurance industry in Michigan
- **Indirect effect**—The employment and spending generated in Michigan by the insurance industry’s purchases of goods and services
- **Induced effect**—The effect on the local economy from the household spending of those directly or indirectly employed by the insurance industry. As these employees spend money in Michigan on local goods and services, the resulting employment and spending generated is the induced effect. For purposes of this report, the induced effect and indirect effect have been combined to simplify reporting.

Model Modifications—Overall

When estimating the economic contribution of entire industries, model modification is required in order to remove double counting of industry impacts. The following IMPLAN model modifications were made:

1. Commodity production and trade flows were altered within the IMPLAN model for both IMPLAN sectors used in the model. These adjustments made sure that the full employment was accounted for within the identified sectors and not duplicated through indirect or induced impacts from activity in sectors already included in the direct effects of the model.
 - a. Commodity production was customized to change its underlying multipliers by fixing the coefficient for both insurance sectors to 1.000000 such that 100 percent of the commodities from a given sector were contained within itself.
 - b. Trade flows were customized by zeroing out the local use ratio, meaning that no other sectors were able to make purchases from this sector within the state.

The model adjustments were necessary for the overall insurance industry estimation at the statewide, regional, and county levels since these analyses were already fully accounting for the sectors’ employment and output and including additional sector purchases from other industries, which would double count the amounts already used in the model.

Model Modifications—Industry Sectors

While the statewide, regional- and county-level estimations required the removal of feedback loops impacting the insurance industry, the same is not true for the sector analyses. The life, health, property and casualty, and agencies analyses were conducted separately from each other. Any one of these subsectors in IMPLAN do not make up the entire IMPLAN industry, and it is highly likely that they would impact each other. For example, activity in the life insurance industry would result in activities of insurance agents. Since the goal of these individual insurance industry estimates was to examine their individual contribution to the state’s economy, feedback loops were not omitted. However, this means that these industries’ economic contribution cannot be combined, as this would result in highly inflated economic estimates.

Time Series Occupation and Employment Data

Past and present data from 2005 to 2018 was obtained from Economic Modeling Specialists International (EMSI), and provided by the Michigan Economic Development Corporation (MEDC). For each NAICS code, the data included jobs, median wages, location quotient, shift share, and other variables to determine strength and growth potential of the insurance industry.

- **Shift share analysis**—Examines the current level of employment in an industry and estimates how much of the industry’s predicted growth or decline can be attributed to changes in the nation’s overall economy (national growth effect), how much can be attributed to predicted changes in the target industry at the national level (industry mix effect), and how much of the predicted employment change can be attributed to unique regional characteristics (regional competitiveness effect—which, in this report, is referred to as competitive advantage or disadvantage).
- **Location quotient analysis**—Identifies how a region’s share of total employment in an industry or industry cluster compares with the nation’s share of employment within that industry. A location quotient of one indicates that the regional employment percentage is the same as the national employment percentage, or that the industry’s share of regional employment is “average.” A location quotient greater than one indicates a share of employment devoted to a certain industry that is larger than the national average.

NAICS codes were also used to determine Standard Occupational Classification (SOC) Systems belonging to occupations related to the insurance industry. Past and present occupation data from 2005 to 2018 was obtained from EMSI and provided by MEDC. For each SOC code, data pulled included occupational growth, LQ, median hourly earnings, shift share, and other variables.

Appendix B. Additional Analysis

EXHIBIT 16. NAICS Codes

Insurance Industry	Detailed Industries	NAICS Code
Life	Direct life insurance carriers	524113
Health	Direct health and medical insurance carriers	524114
Property and Casualty	Direct property and casualty insurance carriers	524126
Agencies and Brokerages	Insurance agencies and brokerages	524210
Other Insurance Activity	Direct title insurance carriers	524127
Other Insurance Activity	Other direct insurance (except life, health, and medical) carriers	524128
Other Insurance Activity	Reinsurance carriers	524130
Other Insurance Activity	Claims adjusting	524291
Other Insurance Activity	Third-party administration of insurance and pension funds	524292
Other Insurance Activity	All other insurance-related activities	524298

Source: U.S. Census Bureau 2018. Analysis by Public Sector Consultants.

EXHIBIT 17. Michigan Insurance Industry Breakdown

Insurance Industry	2018 Location Quotient	Percent Change in LQ 2005–2018	Competitive Effect	Percentage Change in Jobs 2005–2018, Michigan	Percentage Change in Jobs 2005–2018, Nation
Life Insurance	0.44	28.2%	475	-4.2%	-18.4%
Health Insurance	1.00	12.9%	387	16.7%	12.7%
Property and Casualty Insurance	1.03	6.5%	-382	-3.4%	-1.0%
Agencies and Brokerages	0.89	6.7%	-647	34.5%	37.6%
Insurance Industry*	N/A	N/A	N/A	16.3%	14.1%

Source: EMSI, 2018 Q4 data. Provided by Michigan Economic Development Corporation. Analysis by Public Sector Consultants.

EXHIBIT 18. Statewide Economic Contribution of the Insurance Industry

Effect	Employment	Labor Income (millions)	Economic Contribution (millions)
Direct	80,109	\$6,405.3	\$30,311.8
Indirect/Induced	58,098	\$2,714.7	\$7,965.1
Total	138,207	\$9,120.0	\$38,276.9

Source: Analysis by Public Sector Consultants using IMPLAN Economic Modeling 2017.

Note: The value added to the economy directly or indirectly from the insurance industry is reported as GDP. GDP, however, is not the same as the total economic activity that is associated with the insurance industry or its total contributions.

EXHIBIT 19. Top Ten Industries Affected by the Insurance Industry, by Output

Industry	Employment	Labor Income (millions)	Economic Contribution (millions)
Direct Contribution			
Insurance Carriers	39,783	\$3,912.6	\$21,855.1
Insurance Agencies, Brokerages, and Related Activities	40,326	\$2,492.7	\$8,456.7
Indirect/Induced Contribution			
Owner-occupied Dwellings	0	\$0	\$718.1
Real Estate	3,453	\$97.4	\$635.3
Hospitals	2,693	\$203.5	\$420.7
Monetary Authorities and Depository Credit Intermediation	1,291	\$98.9	\$283.6
Wholesale Trade	1,175	\$102.2	\$280.4
Funds, Trusts, and Other Financial Vehicles	619	\$29.2	\$256.1
Limited-service Restaurants	2,522	\$47.7	\$207.4
Other Financial Investment Activities	1,331	\$19.1	\$205.0
Total—Top Ten Industries by Output	93,192	\$7,003.3	\$33,318.5
Total—All Sectors	138,207	\$9,120.0	\$38,276.9

Source: Analysis by Public Sector Consultants using IMPLAN Economic Modeling 2017.
Note: Totals do not sum due to rounding.

EXHIBIT 20. Statewide Economic Contribution of the Life Insurance Industry

Effect	Employment	Labor Income (millions)	Economic Contribution (millions)
Direct	5,356	\$526.8	\$2,942.4
Indirect/Induced	13,666	\$737.2	\$2,402.7
Total	19,022	\$1,264.0	\$5,345.1

Source: Analysis by Public Sector Consultants using IMPLAN Economic Modeling 2017.

EXHIBIT 21. Top Ten Industries Affected by the Life Insurance Industry, by Output

Industry	Employment	Labor Income (millions)	Economic Contribution (millions)
Direct Contribution			
Insurance Carriers	5,356	\$526.8	\$2,942.4
Indirect/Induced Contribution			
Insurance Carriers	359	35.3	197.3
Insurance Agencies, Brokerages, and Related Activities	5,241	\$323.9	\$1,099.0
Owner-occupied Dwellings	0	\$0.0	\$99.5
Real Estate	477	\$13.4	\$87.7

Industry	Employment	Labor Income (millions)	Economic Contribution (millions)
Hospitals	373	\$28.2	\$58.3
Monetary Authorities and Depository Credit Intermediation	180	\$13.8	\$39.5
Wholesale Trade	163	\$14.1	\$38.9
Funds, trusts, and Other Financial Vehicles	85	\$4.0	\$35.2
Limited-service Restaurants	350	\$6.6	\$28.8
Other financial Investment Activities	185	\$2.7	\$28.5
Total—Top Ten Industries by Output	12,769	\$968.9	\$4,655.0
Total—All Sectors	19,022	\$1,264.0	\$5,345.1

Source: Analysis by Public Sector Consultants using IMPLAN Economic Modeling 2017.
 Note: Totals do not sum due to rounding.

EXHIBIT 22. Statewide Economic Contribution of the Health Insurance Industry

Effect	Employment	Labor Income (millions)	Economic Contribution (millions)
Direct	16,483	\$1,621.1	\$9,055.1
Indirect/Induced	42,056	\$2,268.7	\$7,394.4
Total	58,539	\$3,889.8	\$16,449.5

Source: Analysis by Public Sector Consultants using IMPLAN Economic Modeling 2017.

SOCIAL CONTRIBUTION SPOTLIGHT

More and more insurers are offering staff paid time off to encourage volunteering. The following are some of the companies that indicated they provide paid volunteer time for staff:

- Amerisure Mutual Insurance Company
- Priority Health
- Jackson National Life Insurance
- Gleaner Life Insurance Society
- Delta Dental
- American International Group, Inc.
- Blue Cross Blue Shield



Photo credit: Delta Dental

EXHIBIT 23. Top Ten Industries Affected by the Health Insurance Industry, by Output

Industry	Employment	Labor Income (millions)	Economic Contribution (millions)
Direct Contribution			
Insurance Carriers	16,483	\$1,621.1	\$9,055.1
Indirect/Induced Contribution			
Insurance Carriers	1,105	\$108.7	\$607.2
Insurance Agencies, Brokerages, and Related Activities	16,128	\$996.9	\$3,382.2
Owner-occupied Dwellings	0	\$0.0	\$306.2
Real Estate	1,466	\$41.3	\$269.8
Hospitals	1,149	\$86.8	\$179.5
Monetary Authorities and Depository Credit Intermediation	553	\$42.3	\$121.4
Wholesale Trade	501	\$43.6	\$119.6
Funds, trusts, and Other Financial Vehicles	262	\$12.4	\$108.3
Limited-service Restaurants	1,078	\$20.4	\$88.7
Other financial Investment Activities	570	\$8.2	\$87.8
Total—Top Ten Industries by Output	39,295	\$2,981.7	\$14,325.8
Total—All Sectors	58,539	\$3,889.8	\$16,449.5

Source: Analysis by Public Sector Consultants using IMPLAN Economic Modeling 2017.

Note: Totals do not sum due to rounding.

EXHIBIT 24. Statewide Economic Contribution of the Property and Casualty Insurance Industry

Effect	Employment	Labor Income (millions)	Economic Contribution (millions)
Direct	16,552	\$1,627.9	\$9,093.0
Indirect/Induced	42,232	\$2,278.2	\$7,425.4
Total	58,784	\$3,906.1	\$16,518.4

Source: Analysis by Public Sector Consultants using IMPLAN Economic Modeling 2017.

EXHIBIT 25. Top Ten Industries Affected by the Property and Casualty Insurance Industry, by Output

Industry	Employment	Labor Income (millions)	Economic Contribution (millions)
Direct Contribution			
Insurance Carriers	16,552	\$1,627.9	\$9,093.0
Indirect/Induced Contribution			
Insurance Carriers	1,110	\$109.2	\$609.8
Insurance Agencies, Brokerages, and Related Activities	16,196	\$1,001.1	\$3,396.4
Owner-occupied Dwellings	0	\$0.0	\$307.5
Real Estate	1,473	\$41.5	\$270.9
Hospitals	1,154	\$87.2	\$180.2

Industry	Employment	Labor Income (millions)	Economic Contribution (millions)
Monetary Authorities and Depository Credit Intermediation	555	\$42.5	\$121.9
Wholesale Trade	503	\$43.8	\$120.1
Funds, trusts, and Other Financial Vehicles	263	\$12.4	\$108.8
Limited-service Restaurants	1,083	\$20.5	\$89.0
Other financial Investment Activities	572	\$8.2	\$88.2
Total—Top Ten Industries by Output	39,460	\$2,994.2	\$14,385.8
Total—All Sectors	58,784	\$3,906.1	\$16,518.3

Source: Analysis by Public Sector Consultants using IMPLAN Economic Modeling 2017.
Note: Totals do not sum due to rounding.

EXHIBIT 26. Statewide Economic Contribution of Insurance Agencies and Brokerages

Effect	Employment	Labor Income (millions)	Economic Contribution (millions)
Direct	29,503	\$1,823.7	\$6,187.0
Indirect/Induced	17,408	\$814.7	\$2,469.9
Total	46,911	\$2,638.4	\$8,656.9

Source: Analysis by Public Sector Consultants using IMPLAN Economic Modeling 2017.

EXHIBIT 27. Top Ten Industries Affected by Insurance Agencies and Brokerages, by Output

Industry	Employment	Labor Income (millions)	Economic Contribution (millions)
Direct Contribution			
Insurance Agencies, Brokerages, and Related Activities	29,503	\$1,823.7	\$6,187.0
Indirect/Induced Contribution			
Real Estate	1,141	\$32.2	\$210.0
Owner-occupied Dwellings	0	\$0	\$208.2
Insurance Carriers	233	\$22.9	\$128.0
Hospitals	776	\$58.6	\$121.1
Funds, Trusts, and Other Financial Vehicles	211	\$9.9	\$87.1
Wholesale Trade	344	\$30.0	\$82.2
Monetary Authorities and Depository Credit Intermediation	343	\$26.3	\$75.4
Offices of Physicians	387	\$38.5	\$56.6
Limited-service Restaurants	686	\$13.0	\$56.4
Total—Top Ten Industries by Output	33,624	\$2,055.1	\$7,212.2
Total—All Sectors	46,911	\$2,638.3	\$8,656.9
Total—All Sectors	58,784	\$3,906.1	\$16,518.3

Source: Analysis by Public Sector Consultants using IMPLAN Economic Modeling 2017.
Note: Totals do not sum due to rounding.

EXHIBIT 28. Statewide Economic Contribution of Other Insurance Activity

Effect	Employment	Labor Income (millions)	Economic Contribution (millions)
Direct	12,215	\$805.9	\$3,034.4
Indirect/Induced	18,198	\$958.8	\$3,085.2
Total	30,413	\$1,764.7	\$6,119.6

Source: Analysis by Public Sector Consultants using IMPLAN Economic Modeling 2017.

EXHIBIT 29. Top Ten Industries Affected by Other Insurance Activity, by Output

Industry	Employment	Labor Income (millions)	Economic Contribution (millions)
Direct Contribution			
Insurance Agencies, Brokerages, and Related Activities	10,823	\$669.0	\$2,269.7
Insurance Carriers	1,392	\$136.9	\$764.7
Indirect/Induced Contribution			
Insurance Agencies, Brokerages, and Related Activities	6,419	\$396.8	\$1,346.2
Insurance Carriers	317	\$31.1	\$173.9
Owner-occupied Dwellings	0	\$0.0	\$139.2
Real Estate	744	\$21.0	\$136.9
Hospitals	519	\$39.2	\$81.1
Monetary Authorities and Depository Credit Intermediation	136	\$6.4	\$56.4
Wholesale Trade	230	\$20.0	\$54.8
Funds, Trusts, and Other Financial Vehicles	234	\$17.9	\$51.4
Limited-service Restaurants	465	\$8.8	\$38.2
Other Financial Investment Activities	248	\$3.6	\$38.1
Total—Top Ten Industries by Output	21,527	\$1,350.7	\$5,150.7
Total—All Sectors	30,413	\$1,764.7	\$6,119.5

Source: Analysis by Public Sector Consultants using IMPLAN Economic Modeling 2017.

Note: Totals do not sum due to rounding.

Partners and Contributors

The Life Insurance Association of Michigan (LIAM) is a statewide trade association representing both domestic and foreign (out-of-state) life insurance companies and engages in focused legislative, regulatory, and public affairs activities for the benefit of Michigan's insurance consumers. LIAM contracted PSC to conduct this report on behalf of the insurance industries in Michigan.





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