

The Economic Impact of the Insurance Industry in Illinois- 2016 Key Findings

This Study was conducted in 2016 by the Katie School of Insurance at Illinois State University under the direction of Katie School Executive Director, James R. Jones. The 28 page complete study can be found at www.katieschoolstudies.org

Questions regarding the content of this study should be directed to james.jones@ilstu.edu

Key Findings of the Study

- ✓ The Illinois insurance industry is exceptionally robust and competitive. As of 2015, there were 192 property and casualty insurers, 39 life insurers, and 41 health insurers domiciled in Illinois.
- ✓ 1 out of every 5 dollars of property and casualty insurance premium in the U.S. is underwritten by Illinois insurance companies.
- ✓ The Illinois insurance industry GDP in 2014 was fourth in the entire nation with respect to the national insurance industry. .
- ✓ The insurance industry in Illinois contributes 3.67 percent of the GDP to the state of Illinois. This is higher than construction, transportation, information, and accommodation and food services industries, and many times more than industries such as agriculture or mining.
- ✓ According to SNL Financial, Illinois insurance companies wrote nearly \$190 billion in insurance premiums for property-casualty, life, and health insurance combined in 2015. This placed Illinois second overall in the country and ranks higher than in every sector compared to other “insurance industry rich” states like Wisconsin, California, and Ohio, and much higher than the surrounding states of Indiana, Iowa, and Missouri.
- ✓ \$126 billion comes from the Property & Casualty sector. This represents a remarkable 21.64 percent of the entire P&C insurance sector in the United States.
- ✓ 144, 723 people are employed directly by the insurance industry in Illinois. This is more than any of the surrounding states and in fact is more than twice the insurance industry employment of Indiana or Iowa.

- ✓ The median wage for insurance workers was nearly 50 percent higher than median for all workers in Illinois.
- ✓ The median wage for insurance workers in Illinois was 15 percent higher than the median wage for workers in insurance nationally.
- ✓ Over 300,000 people are employed either directly or indirectly related to insurance industry for Illinois.
- ✓ Illinois insurer's investments totaled over \$412 billion; with nearly \$306 billion in bonds of which nearly \$29 billion were in the government bonds. This means the insurance industry serves to finance a wide array of projects such as schools, roads, bridges, mass transit initiatives and health care facilities
- ✓ In 2015, Illinois insurers paid out \$122 billion for P&C, life, and health losses and over \$61 billion to policyholders in the U.S for losses to homes, autos, and businesses. That represents 21.27 percent of all property and casualty claims made in the entire country!
- ✓ \$186 billion in policyholder surplus was held on Illinois insurer balance sheets in 2015.
- ✓ Illinois has just under 5 percent of the workforce in the insurance industry. However, some occupations are particularly present in Illinois, such as insurance underwriters with more than 10 percent of those in the country working in Illinois.
- ✓ Workers in the insurance industry in Illinois earned just over \$12 billion or nearly 3 percent of the total earnings for workers in the state.
- ✓ Illinois revenue from insurers through taxes, licenses, fees, and fines totaled \$411,371,823 in 2015.
- ✓ Taxes paid by insurance workers to the state of Illinois are estimated to be over \$1.5 billion.¹

¹ Employee compensation for workers in Illinois in 2014 was \$409.93 billion. Insurance industry workers were paid 3% of overall employee compensation for the state therefore the estimated individual income taxes paid by industry workers to the state was \$ 1. Additionally data from the taxfoundation.org was used to estimate sales, excise, and property taxes for 144,723 workers. These added an addition (\$206,230,275 sales and excise taxes, and 287,275,155 Property tax). This is likely to be underestimated because sales tax and property taxes correlate with income, so the 50 percent higher income would make that \$1.5 billion even more.



Introduction to Study

This study conducted in 2016 by the Katie School of Insurance at Illinois State University examined the role of the insurance industry in Illinois with respect to its impact on the economy, including its role in state employment, loss indemnification, and institutional investment in government and corporate bonds, and its role as a contributor to state tax revenues.

Data was sourced from SNL Financial database, the Bureau of Economic Analysis (BEA), the Bureau of Labor Statistics (BLS), U.S. Census Bureau, Illinois Comptrollers Website, Illinois Insurance Department website, Illinois Information Workforce Center, Illinois Department of Employment Security (IDES), and then with the Insurance Information Institute, and other sources to confirm data. The most recent available information was included in this study. For insurance company financial data the last available year is the 2015 results. The most recent available economic and employment data was 2014. A special thanks to the Independent Insurance Agents of Illinois, the Illinois Insurance Association, and NAIFA for sponsoring this study.

About the Katie School at Illinois State University (www.katieschool.org)

The Katie School at Illinois State University has a mission to support students interested in pursuing careers in the insurance industry. The Katie School provides scholarships, internships, education, extracurricular programs, and cutting-edge research in which students can participate. The Katie School supports high school students by hosting summer risk management and insurance camps. The Katie School supports applied, relevant research focused on providing insights on real industry issues, and supports continuous learning and professional development for industry practitioners, through seminars and workshops. Industry studies by the Katie School can be found at www.katieschoolstudies.org