

2012 edition:

# The Insurance Industry in OHIO



## Insurance provides property and financial security

Insurance is just one of the factors that enables Ohioans to make long-term commitments and secure a better future. In 2011 insurance played a role in:

-  • **13,762 new family dwellings and apartments that broke ground**
-  • **81,662 new businesses that were formed, creating new job opportunities\***
-  • **\$8.5 billion in wages earned by Ohio's 176,222 construction industry employees**
-  • **The sale of 249,622 cars and 270,119 trucks and SUVs at Ohio dealerships**
-  • **Protecting Ohio's 8.7 million licensed drivers by providing auto insurance through a strong, competitive market**
-  • **Over \$6 billion paid to Buckeye residents employed by Ohio's insurance industry**
-  • **Providing protection to Ohio's 4,112 schools, along with enabling the construction and renovation of new and existing schools**

\*For 2011 includes new businesses that hire more than 2 employees.

Ohioans purchase insurance to protect their assets and as a means of financial security. Ohio's insurance industry covered \$26.3 billion in losses in 2011 including:

-  • **Over \$5.8 billion in homeowners, auto, commercial and other property/casualty insurance losses including: \$3.5 billion for personal and commercial auto accident losses, \$2.1 billion in homeowners insurance losses and \$112 million for claims related to accident and health**
-  • **\$20.5 billion distributed to the beneficiaries of employer-based accident and health insurance policies**

## Insurance - It's affordable in Ohio

The next time you pay your insurance premiums, think about this. Ohioans pay nearly \$169 less than the US average for auto insurance and \$267 less for homeowners insurance. Ohio's average homeowners insurance premium (study includes D.C.) is 6<sup>th</sup> lowest in the country. Our 2009 average homeowners insurance premium was \$613 compared to the US average of \$880. Ohio's average auto insurance expenditure is 11<sup>th</sup> lowest in the US - \$616 compared to the US average of \$785.

(Source: National Association of Insurance Commissioners)  
Consumers benefit from the hundreds of companies vying for their insurance business, keeping premiums competitive. Only IL has more auto insurance carriers than Ohio. Only three states—NY, IL and PA—have more writers of homeowners insurance. (Source: A.M. Best)

**Ohio's average auto premium is less than it was nine years ago! In 2003 it was \$672. Based on ODI rate change reports, it averaged \$648 in 2011.**

Sources: NAIC auto statistical reports, 2005-09 ODI rate change reports and Ohio Insurance Institute projections 2010-11



## Built-in consumer protection

The insurance industry protects consumers when an insurer declares bankruptcy or becomes insolvent. The Ohio Insurance Guaranty Association provides consumers a safety net should their insurance company fail. This allows policyholders to recoup unearned premiums or compensation for claims in process. The association provides a mechanism to collect and pool funds from all state licensed insurance companies. Insurers are assessed based on their statewide market share. Since 1970, the Ohio fund assessed companies over \$89 million. There were no assessments or refunds in 2011, so this figure remains unchanged from 2010.

## Insurance as an employer

Insurance is a major player in Ohio when it comes to employment opportunities. Ohio is home to 240 insurance companies. It's one of the state's major employers with over 96,000 employees and wages over \$6 billion. Ohio has 74,455 licensed resident insurance agents, according to the Ohio Department of Insurance (ODI). There's an additional 137,412 non-resident agents licensed by the ODI too. 2010-11 employment figures below don't include single-person businesses that service the insurance industry as consultants or self-employed agents. Over one-third (37.9%) of the state's insurance industry employment is in the property/casualty (P/C) insurance field.

*Ohio's finance/ insurance industry sector is the state's 9<sup>th</sup> largest employer with the 6<sup>th</sup> highest average weekly wage.*

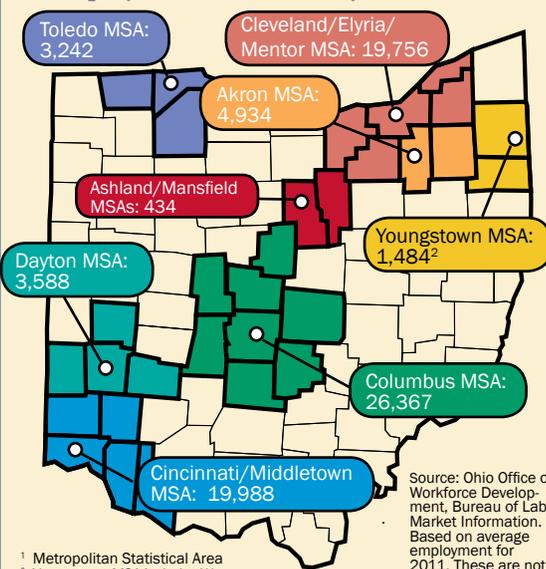
(2010 data from Ohio Department of Job and Family Services, Office of Workforce Development, Bureau of Labor Market Information)

## Ohio employment by insurance line—2010 and 2011

Insurance Line	2010 Employment	2010 Wage Estimates	2011 Employment	2011 Wage Estimates
Life	10,316	\$660,996,000	10,316	\$676,727,000
Health/Medical	13,378	833,722,000	13,236	875,648,000
Property/Casualty	36,222	2,623,144,000	36,152	2,643,075,000
Title	1,598	75,942,000	1,491	75,098,000
Agents/Brokers	24,093	1,260,490,000	23,873	1,249,743,000
Pension/Health/Welfare Funds	273	12,171,000	288	13,152,000
Other	10,193 <sup>1</sup>	556,539,000	10,065 <sup>1</sup>	558,433,000
<b>Total</b>	<b>96,073<sup>2</sup></b>	<b>\$6,023,004,000</b>	<b>95,241<sup>2</sup></b>	<b>\$6,091,876,000</b>

<sup>1</sup> Includes surety companies, reinsurers, claims adjusters, third party administrators, and others employed in insurance-related fields  
<sup>2</sup> Totals reflect those who qualified for unemployment compensation and don't include agents or insurance industry consultants operating as single-person businesses. In 2010, the self-employed insurance industry workforce was estimated at 9,321. Self-employed estimates for 2011 are 15,825. Source: Ohio Department of Job & Family Services, Bureau of Labor Market Information. Totals may be slightly off due to rounding.

## 2011 Preliminary insurance industry employment estimates by Ohio MSA<sup>1</sup>



Ohio is one of the best states from a P/C insurance regulatory environment garnering an A+ rating in 2012. Source: R Street Institute

**The average annual salary for an Ohioan working in insurance was \$62,746 in 2010, 34% above the Ohio average annual salary of \$41,359.**



Source: Ohio Department of Job and Family Services, Office of Workforce Development, Bureau of Labor Market Information

Ohio ranks 7<sup>th</sup> in US insurance industry employment & 6<sup>th</sup> in health insurance employment.

Sources: Insurance Information Institute, US Bureau of Labor Statistics and OAHF.

**Ohio insurers & related activity employment is projected to have a 5.2% increase, between 2008 - 18.**

Source: "Ohio Industry Employment Projections Report, 2008-18," ODJFS, Bureau of Labor Market Information

*The effective tax rate for Ohio insurance companies is 5.6%, one-third higher than Ohio's average rate of 4.2% for other business sectors.*

Source: Ernst & Young  
Ohio's 2010 insurance carrier payroll was 9<sup>th</sup> highest in the nation.  
Source: Insurance Information Institute

## Ohio insurance industry employment average by year—2007-2011

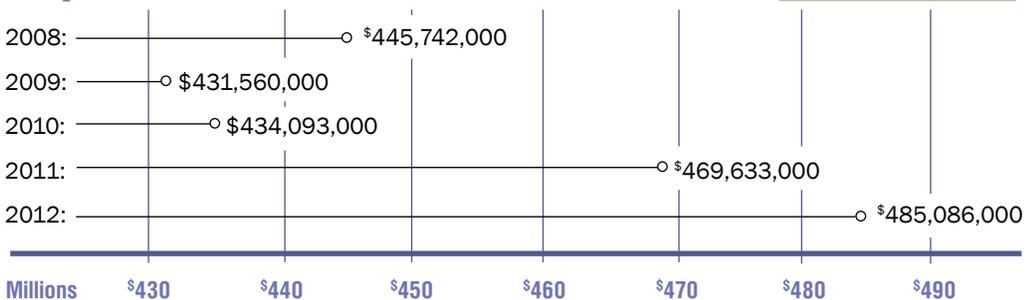
Year	Total industry <sup>1</sup>	Insurance carriers	Agents, broker & related services
2007	99,348	64,097	35,251
2008	98,491	63,920	34,571
2009	97,717	63,633	34,083
2010	95,526	62,305	33,221
2011	94,733	61,814	32,919

<sup>1</sup> These figures are based on NAICS codes 5241 (Insurance Carriers), 5242 (Insurance Agencies, Brokerages & Other Insurance-Related Activities) and 524 (Total for Insurance Carriers & Related Activities). Totals may be slightly off due to rounding.  
Source: Ohio Office of Workforce Development, Bureau of Labor Market Information

## Insurance as an economic contributor

Insurance companies continue to be a major contributor to Ohio's bottom line. In 2012 insurance companies will pay over \$485 million in taxes—that's over \$1.3 million a day.

## State taxes paid by insurance companies 2008-2012



## Home sweet home

Ohio is home to 240 insurers including 133 P/C and 38 life/health insurance companies. We're ranked 6<sup>th</sup> in the US based on the number of P/C insurance companies and life/health insurers headquartered in the state. The word is out on Ohio's healthy insurance environment. 1,642 insurance companies are licensed to conduct business in the Buckeye state. This includes 984 P/C insurance companies, 498 life/health insurers and 30 health insurance carriers.



## For more information

- **Ohio Insurance Institute** ..... 614-228-1593  
www.ohioinsurance.org
- **Ohio FAIR Plan** ..... 800-282-1772  
www.ohiofairplan.com
- **Ohio Automobile Ins. Plan** ..... 614-221-2596  
www.assignedriskohio.com
- **Ohio Assn. of Health Plans** ..... 614-228-4662  
www.oahp.org
- **Assn. of OH Life Ins. Companies** ..... 614-227-2374  
www.aolic.com
- **OH Insurance Guaranty Assn.** ..... 614-442-6601  
www.ohioga.org
- **Ohio Department of Insurance** ..... 614-644-2658  
www.insurance.ohio.gov
- **Insurance Information Institute:** "How Insurance Supports Ohio's Economy" ..... http://bit.ly/OoE2t9
- **This publication** ..... http://bit.ly/Rq56kP
- **Additional resources** ..... http://bit.ly/MjtVtYB

# THE INSURANCE INDUSTRY IN



Representing Ohio's property/casualty insurance industry

2012 edition



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## *Ohio's Insurance Industry*

When you think of insurance, you might think about the last premium you paid or the windstorm claim you had last summer. But there's more to insurance than just premiums and claims. By taking a look at its overall impact in the Buckeye state, you begin

to realize that without it, many of the things we take for granted—our health, a car or our home—wouldn't be so easy to attain or manage. And for the tens of thousands employed by Ohio's insurance industry, it provides financial security.