The Insurance Industry in Ohio

Contribution to the Economy

- Ohio's insurance industry (NAICS 524) provided services valued at $13.0 billion in 2007 – about 3.9 percent of the U.S. total, and ranking the state eighth in the nation.
- The $13.0 billion represents 2.8 percent of Ohio's Gross Domestic Product. This is greater than the insurance industry's 2.4 percent of U.S. Gross Domestic Product, indicating a modest concentration of the industry in the state.
- The inflation-adjusted 6.3 percent net growth of the industry in Ohio from 2002 through 2007 is greater than the state's overall growth of 4.0 percent.

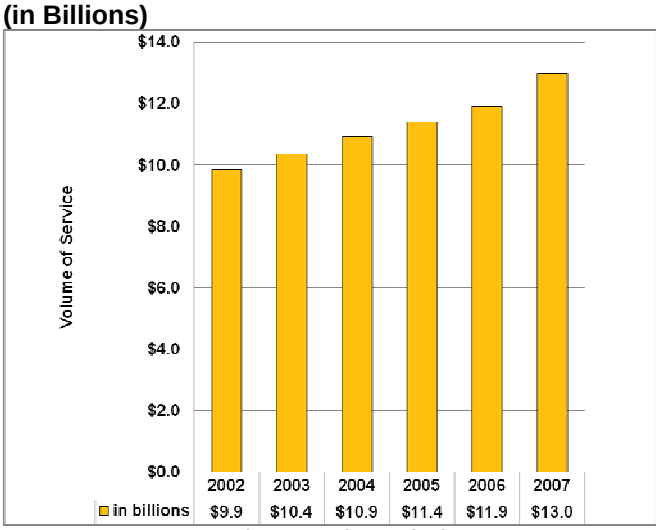
Employment – the Industry in Ohio

- Sixty-eight and a half percent of the 109,800 industry jobs in Ohio during 2007 were with carriers – the organizations writing policies and assuming risks. Of this group (NAICS 5241), 43,300 – 39.5 percent – worked at establishments focused on property, casualty or title insurance, while 31,700 – 28.9 percent – worked in life or health.
- Agencies and brokerages (NAICS 52421) comprised the vast majority of industry establishments in Ohio during 2007: 5,417 of 7,313, or 74.1 percent. They usually are small operations, but collectively provided over 26,300 jobs – 24 percent of the industry total.
- Eighty-three hundred people worked in claims adjustment, third-party administration of funds, or other insurance-related activities (NAICS 52429), and comprised 7.6 percent of the industry work force.

Employment – Ohio's Share of the Industry

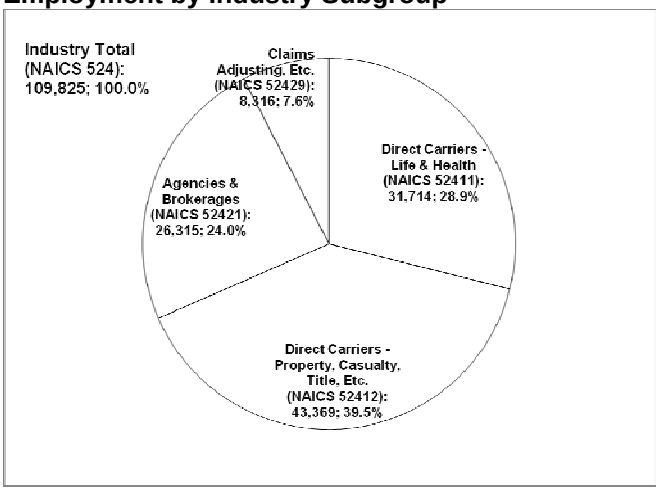
- Insurance industry employment is slightly greater in Ohio: 4.7 percent of the industry jobs are located here, compared with 4.0 percent of all private sector employment in the nation.
- The greatest concentration of industry employment in Ohio is found in the large property and casualty segment (NAICS 524126): 7.8 percent.
- Also driving the industry concentration here are the relatively large numbers focused on life insurance (NAICS 524113) – 4.4 percent – and third-party administration of funds (NAICS 524292) – 4.8 percent.

Insurance Industry GDP in Ohio, 2002-2007 (in Billions)



Source: U.S. Bureau of Economic Analysis

Employment by Industry Subgroup



Source: U.S. Census Bureau, 2009

Ohio's Share of U.S. Employment in Insurance

Selected Industries	Share of U.S.
Insurance	4.7%
Life Insurance Carriers	4.4%
Health Insurance Carriers	3.9%
Property & Casualty Carriers	7.8%
Title Carriers	1.9%
Other Direct Carriers	2.0%
Reinsurance Carriers	0.7%
Agencies & Brokerages	3.8%
Claims Adjusting	3.1%
Third Party Administration of Funds	4.8%
All Other Activities	1.7%

Source: U.S. Census Bureau

Employment: Past, Present, and Projections

Recent Trends

- Insurance industry employment in Ohio has fluctuated in recent years, drifting down from about 107,400 in 2002 to 103,000 in 2005 before rising above 109,800 in 2007 – according to County Business Patterns.
- The decrease and increase mostly reflects the changes in the carrier group (NAICS 5241); employment fell from more than 73,200 in 2002 to just below 67,700 in 2005 before jumping to almost 75,200 in 2007.
- Employment in the agents and brokers group (NAICS 5242) has fluctuated between 34,100 (2002) and 36,400 (2006).

The Current Situation

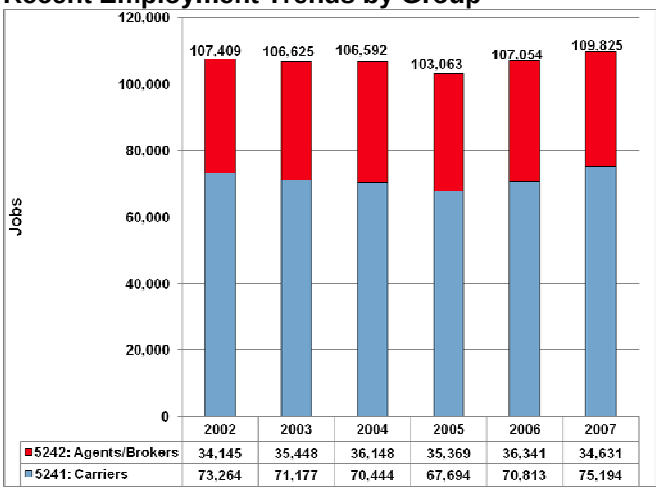
- The most recent data (Third Quarter, 2009) from the U.S. Bureau of Labor Statistics pegs industry employment at 103,900, down from the year-earlier level of 107,400.
- This decline of 3,500 largely reflects the drop in employment with agents and brokers from 34,700 to 31,300.

Projections

- Over the long term, the Labor Market Information Division projects industry employment rising by 7,900 from an estimated 106,100 in 2006* to 114,000 in 2016; this 7.4 percent increase is higher than the 5.0 percent increase forecast for all Ohio workers.
- The greater and faster part of this growth is forecast to occur in the agents and brokers group: a 16.1 percent increase of 5,500 from 34,200 to 39,700.
- The carriers group is forecast to add 2,500 jobs, growing 3.5 percent from 71,800 to 74,300.

* - Figures for 2006 from the Census Bureau are not the same as those from the Labor Market Information Division due to methodological differences.

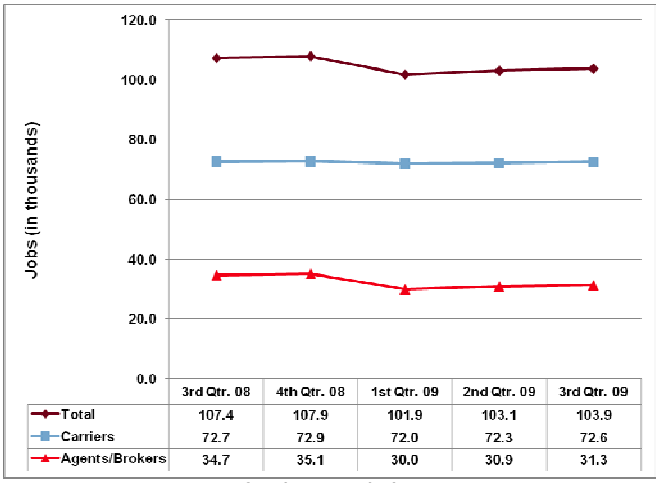
Recent Employment Trends by Group



	2002	2003	2004	2005	2006	2007
5242: Agents/Brokers	34,145	35,448	36,148	35,369	36,341	34,631
5241: Carriers	73,264	71,177	70,444	67,694	70,813	75,194

Source: U.S. Census Bureau

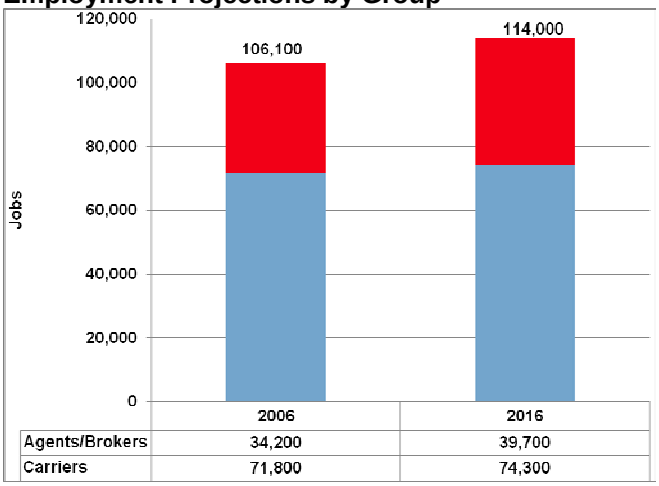
The Current Situation



	3rd Qtr. 08	4th Qtr. 08	1st Qtr. 09	2nd Qtr. 09	3rd Qtr. 09
Total	107.4	107.9	101.9	103.1	103.9
Carriers	72.7	72.9	72.0	72.3	72.6
Agents/Brokers	34.7	35.1	30.0	30.9	31.3

Source: U.S. Bureau of Labor Statistics

Employment Projections by Group



	2006	2016
Agents/Brokers	34,200	39,700
Carriers	71,800	74,300

Source: ODJFS/LMI

Companies and Projects

The Biggest Companies

- Six insurance carriers with headquarters in Ohio made Fortune's list of the 1,000 largest American companies, as judged by revenue received in 2008; it is exceeded only by New York.

- The largest – Nationwide – is ranked 124th overall, followed by Progressive at 209th, Western & Southern at 441st, American Financial at 527th, Cincinnati Financial at 570th, and Medical Mutual of Ohio* at 806th.

- Western & Southern concentrates on the life-and-health side of the business; Medical Mutual* includes managed care with its health insurance business; the other four focus on the property-and-casualty side.

- Other Fortune U.S.-1,000 companies with carrier operations in Ohio include Aetna*, Auto-Owners, Citigroup*, Liberty Mutual, Massachusetts Mutual, New York Life, Northwestern Mutual, and State Farm.

Major Projects

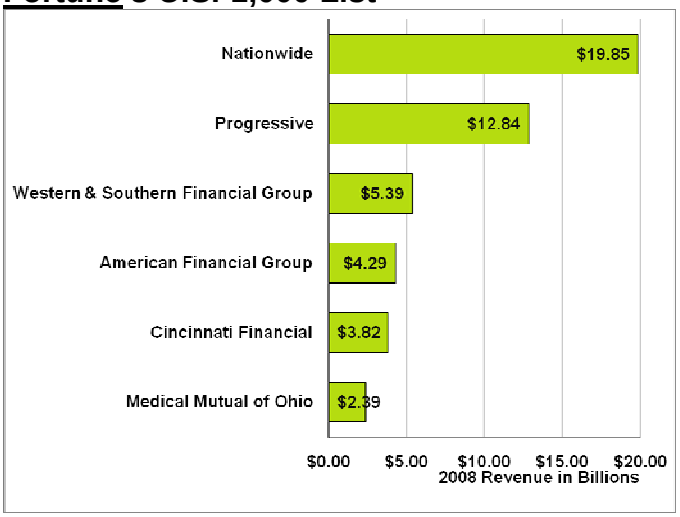
- Since 2002, insurance companies have announced 49 major projects with intentions to invest over $3.5 billion. 4,900 new jobs were anticipated at announcement. 2008 was the peak year for projects – $539.1 million.

- Three companies announced investments exceeding $100 million: Citigroup* – $471 million in 2006, American Financial – $322 million in 2008, and Nationwide – $180 million also in 2008; other companies that planned investments of at least $50 million include Cincinnati Financial and Grange.

- Nine companies anticipated adding at least 200 jobs at the time of announcement; they included Progressive – 1,100 in 2003, Grange – 873 from 2005 through 2008, Cincinnati Financial – 500 in 2004, State Farm – 266 in 2003, THI Holdings – 250 in 2005, and American Security, Fidelity National, Health Plan Services, and the Homesite Group – 200 each, in various years.

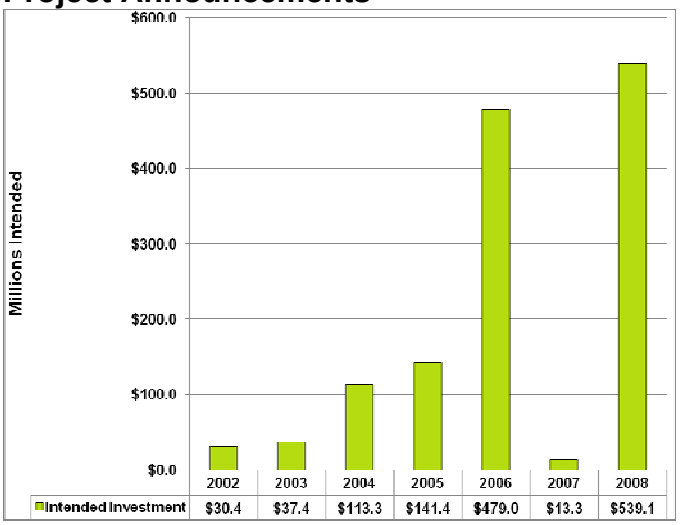
* - The principal business of the company is not strictly limited to insurance.

Ohio Insurance Companies on Fortune's U.S.-1,000 List



Source: Fortune

Project Announcements



Source: Ohio Dept. of Development

Top Six Announcements in 2008

Company	Jobs Anticipated	Dollars (millions)
American Financial	n.a.	$322.0
Fidelity National	200	n.a.
Grange	73	$3.3
Nationwide Mutual	40	$180.0
Nationwide Better Health	85	n.a.
State Auto	10	$18.4

Source: Ohio Dept. of Development

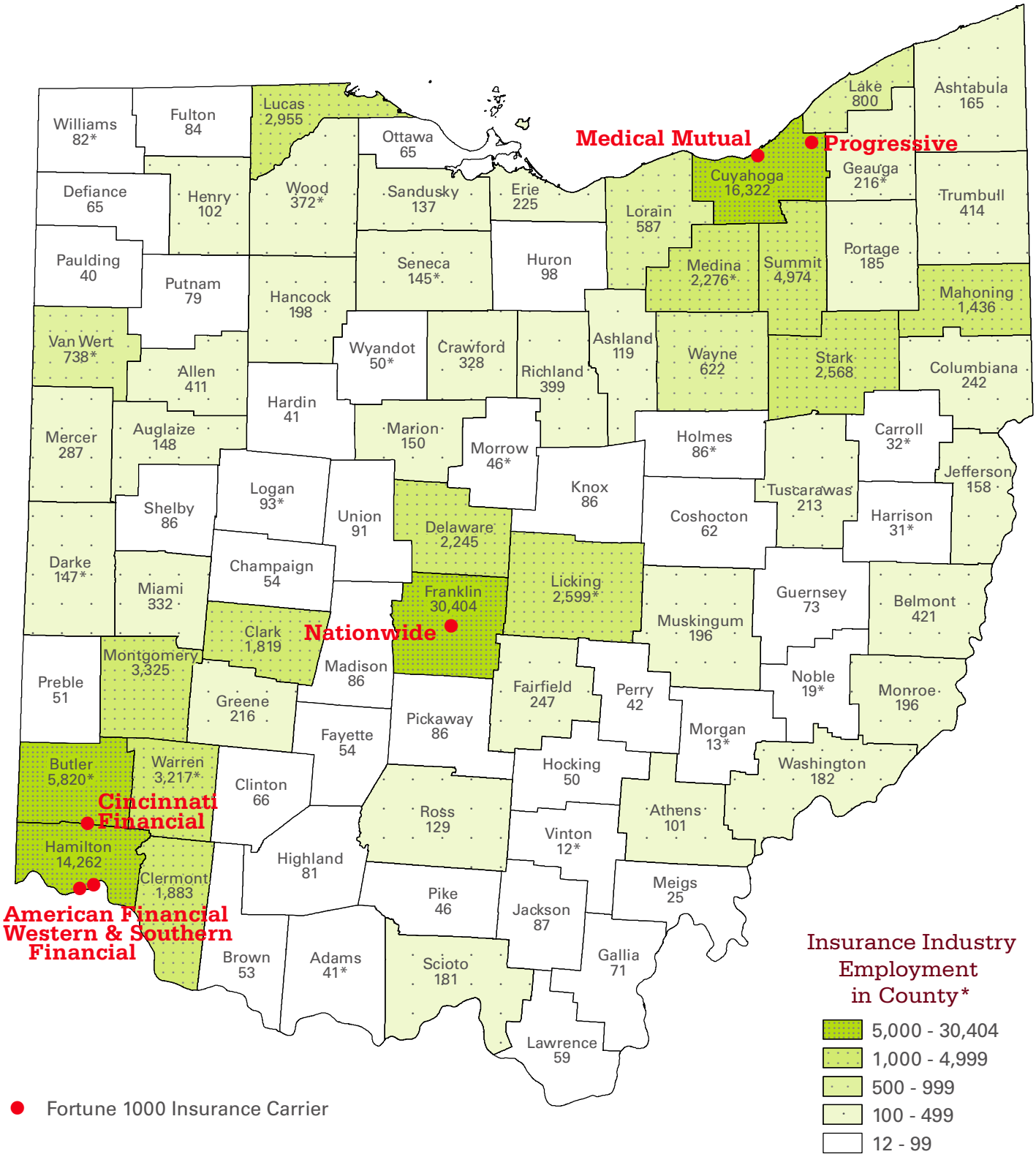
Insurance Industry Employment by County

Statewide 109,825

Ohio Department of Development

Ted Strickland, Governor
Lee Fisher, Lt. Governor

Lisa Patt-McDaniel, Director



● Fortune 1000 Insurance Carrier

Source: 2007 County Business Patterns, US Census Bureau.

Prepared by: Policy Research and Strategic Planning, Ohio Department of Development (December 2009).

*Asterisk indicates an estimated value; 1,031 Ohio jobs could not be assigned to the counties.

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