

Michigan Insurance Industry Economic Impact



Agencies & Insurance Companies Are an Economic Bright Spot

- Insurance and financial services are one sector of Michigan's workforce that has repeatedly grown and been successful in recent years.
- Approximately 60,000 persons are employed by the insurance industry in Michigan. This does not include the jobs created by businesses patronized by those 60,000 employees. That number is estimated to be nearly 100,000.
- While the manufacturing sector is outsourcing jobs and shipping jobs overseas, Michigan's independent insurance agents are Michigan-based, community-minded businesses that provide jobs throughout our state.
- Michigan insurance companies pay more than \$400 million annually to state and local government in taxes, special licenses, sales, real estate and employment taxes, motor vehicle registration and retrieval fees. The industry also pays more than \$180 million to fund special programs mandated by state law.
- Unlike other industries in Michigan's struggling economy, the insurance industry in Michigan has actually grown - the insurance payroll grew by 20 percent from 2000 to 2003 to more than \$3 billion. The insurance industry contributes more than \$241 million in state and regulatory taxes.
- More than 1,500 insurance companies are licensed to do business in Michigan. More than 150 insurance companies are headquartered in Michigan.
- Michigan has the 17th largest concentration of insurance companies in the U.S.
- Between 2003-08, the overall consumer price index (CPI) increased by 17%. During that same time period, auto insurance costs rose 8% compared to 35% in hospital & related services, 31% in medical care, 22% in legal services, and 18% in motor vehicle repairs.

Excessive Regulation Discourages Economic Growth & Recovery

- The insurance industry in Michigan is already heavily regulated.
- The Commissioner of the Office of Financial and Insurance Regulation (OFIR) already has the authority to guarantee rates are actuarially justified and reject any proposed insurance rate deemed excessive or unfairly discriminatory.
- Previous OFIR studies have already indicated that Michigan has a very competitive insurance industry and that auto insurance rates are not excessive.

* Source: Insurance Institute of Michigan and Bureau of Labor Statistics



Michigan Association of Insurance Agents
<http://michagent.org>