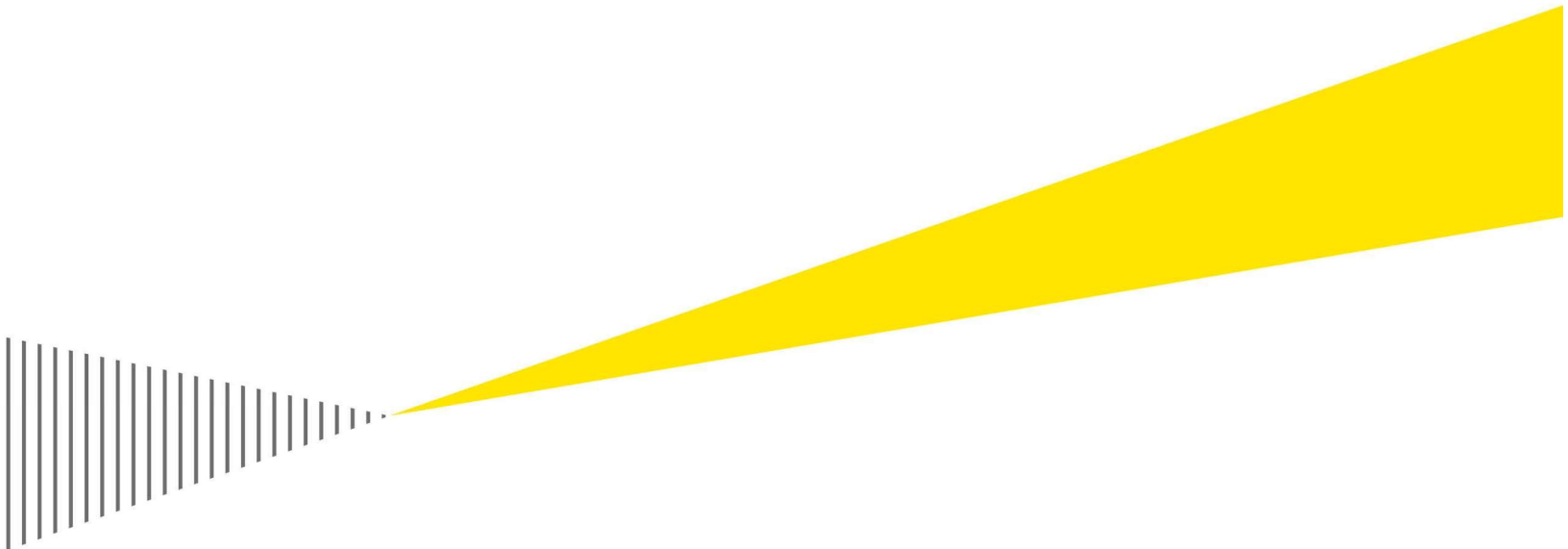


New York life insurance industry size, economic contributions, and recent trends

Prepared for Life Insurance Council of New York

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Executive Summary

This report presents information on the size of the life insurance industry in New York, the industry's economic and tax contributions made to the state economy, and recent industry trends. Information is presented on industry employment, number of insurers, and life insurance policies owned by New York residents. Industry employment and insurers in New York are compared to a set of ten states that include:

- California
- Connecticut
- Florida
- Illinois
- Iowa
- Massachusetts
- Ohio
- Pennsylvania
- Texas
- Virginia

These states include seven of the largest states in terms of premiums written for life insurance policies, plus three states with sizeable insurance industries as a share of private, non-government, industry employment (Connecticut, Iowa and Virginia).

The life insurance industry consists of two segments:

1. **Life insurance carriers** that are primarily engaged in underwriting (assuming risk and charging premiums) of policies.
2. **Insurance agencies and individual agents** that are primarily engaged in the selling of life insurance policies.

Key findings

Key findings from the analysis include:

Importance of the life insurance industry to New York State

- ▶ In 2017, 86 companies were domiciled in New York. Of the peer states, New York had the second highest number of domiciled life insurers (only Texas had more with 102).
- ▶ Total life insurance industry employment, including life insurance carrier employees and agents, was 72,847 in 2016 (most recent data available).
 - Based on US Census Bureau data, there were 32,298 employees at life insurance carriers in New York in 2016 – more than any of the peer states. New York's share of US life insurance carrier employment was 8.8% in 2016. Life insurance carrier employment comprised 0.39% of all private employment in New York in 2016, which was above the US average of 0.29%.
 - Employment at New York insurance agencies that sell life insurance was estimated to be 40,549 in 2016. This includes employees at insurance agencies as well as individual agents that sell life insurance.

- ▶ There were over 8.2 million individual and credit life insurance policies in force (group data was not available) in New York in 2017 with a face amount (value upon death or policy maturity) of \$2.4 trillion.
- ▶ In 2017, \$12.7 billion in premiums were written for New York residents owning life insurance policies.
- ▶ Payments made by life insurance companies to New York beneficiaries of life insurance policies totaled \$6.8 billion in 2017. Average daily payments per business day were \$26.0 million in 2017.

Economic and tax contributions of the industry in New York

- ▶ In 2016, the life insurance industry supported 188,247 New York jobs, 1.5% of statewide employment that year. The life insurance industry directly employed 72,847 workers in 2016 and supported an additional 115,400 employees in the broader economy. The overall employment multiplier is 2.6, which can be interpreted to mean that for every 10 direct life insurance industry jobs an additional 16 jobs are supported elsewhere in the New York economy. See Table ES-1 below.
- ▶ The New York life insurance industry directly or indirectly supported \$34.1 billion of value added, 2.2% of New York’s total GDP in 2016. Of this amount, \$12.3 billion was earned directly by life insurance carrier and agency employees as labor income (wages and benefits) and \$8.6 billion was labor income of employees at businesses that sell to the life insurance industry (suppliers) or at businesses where life insurance and supplier employees spend their money (e.g. restaurant or grocery store). See Table ES-1.

Table ES-2. Economic and tax contributions of the life insurance industry in New York, 2016

Billions of 2016 dollars; number of full-time and part-time employees

	Direct contribution	Indirect contribution	Induced contribution	Total economic contribution	Overall multiplier
Output	\$30.7	\$7.8	\$13.2	\$51.7	1.69
Value added	\$20.3	\$5.2	\$8.6	\$34.1	1.68
Labor income	\$12.3	\$3.7	\$4.9	\$20.9	1.70
Employment	72,847	31,530	83,870	188,247	2.58
State and local taxes	\$2.1	\$0.6	\$0.7	\$3.4	1.61

Note: Employment includes self-employed persons. Figures may not sum due to rounding.

Source: EY analysis using the 2016 IMPLAN model of New York State.

- ▶ Employment at supplier businesses of the life insurance industry is concentrated in professional services and other financial service sectors. An estimated 20,544 of the 31,530 jobs indirectly-supported by the New York life insurance industry are in the finance and insurance and professional and technical services industries. See Figure 5 on page 10.

- ▶ Total economic activity by the life insurance industry generated an estimated \$3.4 billion in state and local taxes in New York in 2016. This amount includes taxes paid by both businesses and individuals on their income, purchases, and property. These estimates are based on statewide average annual tax collections, comparing total state and local tax collections (for each tax) to overall state personal income. See Table 9 on page 12.

Trends in the New York State life insurance industry

- ▶ Employment at New York life insurance carriers decreased between 2000 and 2016 by nearly 16%. However, employment at life insurance carriers in New York increased 4% between 2012 and 2016, while employment nationally decreased 1.2%. Consequently, New York's share of life insurance carrier employment nationally increased from 8.4% in 2012 to 8.8% in 2016.
- ▶ Total life insurance industry employment (carriers plus agents) fell 11.5% between 2000 and 2016 compared to 9.8% nationally.
- ▶ The number of individual and credit life insurance policies in force for New York residents declined 3.8% between 2012 and 2017.
- ▶ Premiums written on life insurance policies, or the amount charged annually on life insurance policies owned by New York residents, remained the same from 2012 to 2017 compared to an 8.6% increase nationally.

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I. Life insurance industry employment, wages, and insurers

Number of life insurers by state of domicile

Table 1 shows the number of life insurers by state of domicile, or the state in which the insurance company is chartered and licensed to operate under the state's regulations and statutes, for New York and ten peer states. According to the American Council of Life Insurers, 85 life insurance companies were domiciled in New York in 2012. The number of companies domiciled in New York increased slightly between 2012 and 2017; there were 86 life insurers domiciled in New York in 2017 (the most recent year available for this comparison).

Of the ten peer states, nine experienced a decrease in the number of life insurers domiciled in state and one state (Iowa) experienced an increase in number of insurers domiciled. As a whole, the number of life insurers in the United States declined from 850 companies in 2012 to 767 in 2017 for a 10% drop nationwide. In contrast, New York experienced a 1% increase in number of domiciled insurers resulting in New York's share of US domiciled life insurers increasing from 10.0% in 2012 to 11.2% in 2017. See Table 1 below.

Table 1 . Life insurers domiciled in New York and comparison states, 2012 and 2017

	2012	2017	# Change	% Change
Texas	117	102	-15	-13%
New York	85	86	1	1%
Illinois	57	50	-7	-12%
Ohio	40	39	-1	-3%
Iowa	26	32	6	23%
Pennsylvania	33	31	-2	-6%
Connecticut	27	22	-5	-19%
Massachusetts	16	14	-2	-13%
California	14	11	-3	-21%
Florida	11	9	-2	-18%
Virginia	4	3	-1	-25%
United States	850	767	-83	-10%
<i>New York's share of US domiciled life insurance companies</i>	<i>10.0%</i>	<i>11.2%</i>		

Source: American Council of Life Insurers (ACLI) Life Insurer Fact Books, 2012 and 2017. ACLI tends to release an updated Life Insurer Fact Book in the fourth quarter of each calendar year, containing data for the previous calendar year; 2018 life insurer data are not yet available.

Analysis: EY

Employment in life insurance industry

The analysis estimates employment at New York establishments where the *primary activity* is developing and selling life insurance products. This approach includes workers at life insurance carriers; agents and administrative staff at insurance agencies where life insurance policies are sold; and individual agents selling life insurance. Licensed life insurance agents that work in another industry (e.g. a financial firm), and are included in employment estimates of another code in government data, are not included in this “industry” approach. Each segment of the life insurance industry is discussed below.

Life insurance carrier employment

Table 2 shows employment at life insurance carriers in New York and the United States from 2000 to 2016 according to US Census Bureau County Business Patterns data. Employment at life insurance carriers in New York declined from 38,367 employees in 2000 to 32,298 in 2016—a 15.8% drop. Overall, the United States lost over 125,000 life insurance industry employees since 2000, a 25.5% decline. Since 2012, life insurance carrier employment in New York grew 4.2% from 30,993 to 32,298 employees, while declining 1.2% nationally. As a result, New York’s share of life insurance carrier employment nationwide increased from 8.4% in 2012 to 8.8% in 2016.

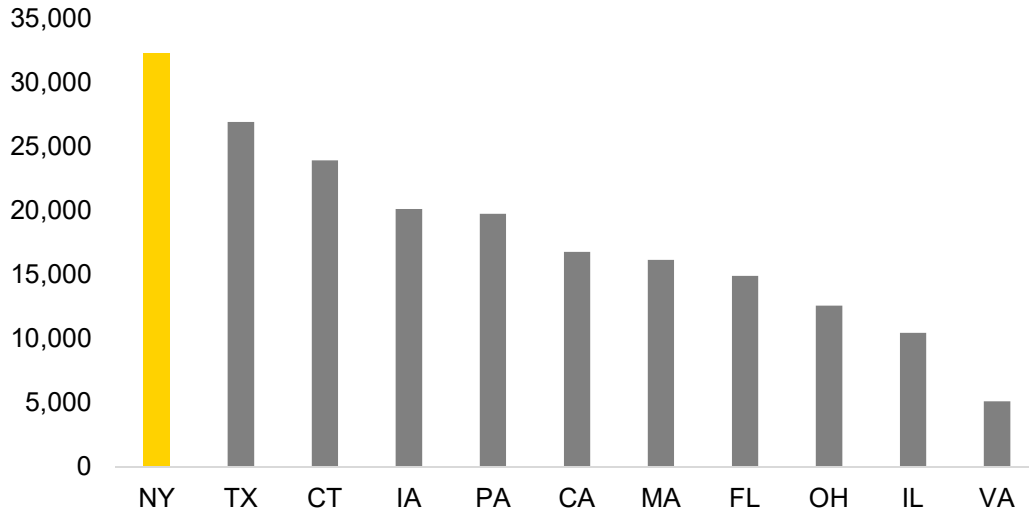
Table 2. Employment at New York life insurance carriers, 2000-2016

	NY life insurance carrier employment	US life insurance carrier employment	NY share
2000	38,367	491,081	7.8%
2012	30,993	370,269	8.4%
2016	32,298	365,677	8.8%
Change 2000-2016	-6,069	-125,404	
% change	-15.8%	-25.5%	+1.0pp

Source: US Census Bureau County Business Patterns NAICS 524113.

New York had the largest number of employees at life insurance carriers of the peer states in 2016 at 32,298. As shown in Figure 1, New York had over 5,000 more employees at life insurance carriers than the second largest state (Texas) and 8,000 more employees than the third largest state (Connecticut). See also Appendix Table 1.

Figure 1. Employment at life insurance carriers, New York and peer states, 2016



Source: US Census Bureau County Business Patterns, 2016

Table 3 shows insurance carrier employment as a share of all private sector (non-government) industry employment in New York and peer states. In 2016, life insurance carrier employment made up 0.39% of total private employment in New York. This is the fourth largest industry share of the peer states with Connecticut (1.56%), Iowa (1.49%) and Massachusetts (0.50%) having larger shares in 2016.

Table 3. Life insurance carrier employment as a share of total private industry employment, 2016

State	Life insurance carrier % of total private industry employment
Connecticut	1.56%
Iowa	1.49%
Massachusetts	0.50%
New York	0.39%
Pennsylvania	0.37%
Ohio	0.26%
Texas	0.26%
Illinois	0.19%
Florida	0.18%
Virginia	0.16%
California	0.11%
US average	0.29%

Source: US Census Bureau County Business Patterns

Life insurance agency employment

Insurance agency employment includes licensed agents, as well as administrative staff and other employees, at establishments where the primary activity is selling insurance. There is no single industry code for life insurance agencies since many agencies sell several types of products. Table 4 provides an estimate of employment at insurance agencies that sell life insurance. Employment was estimated using three data sources: (1) employment at insurance agencies from US Census Bureau data on insurance agency NAICS code 524210, (2) employment at sole proprietorships that sell insurance (e.g. self-employed person licensed to sell insurance products) from US Census Bureau nonemployer establishment data, and (3) New York Department of Financial Services annual study that reports that in 2012 75% of authorized agents sell life/accident/health in New York and in 2016 65% of authorized agents sell life/accident/health in New York.^{1,2} Employment at agencies and self-employed agents were added together in each year and multiplied by the appropriate share selling life insurance (75% or 65% respectively) to estimate the share of insurance agency employment in New York related to life insurance.

Employment at all insurance agencies (not just life) totaled 48,047 in New York in 2016 (see column A). There were 14,291 self-employed insurance agents (see column B) in New York for total agency employment of 62,338 (column C) in 2016. An estimated 40,549 employees (62,388 * 65%) worked at businesses that sold *life* insurance policies in 2016 in New York. Agency employment has decreased during the past sixteen years due to the decline in agents selling life insurance, decreasing 7.8% since 2000, and 5.9% since 2012.

Table 4. Estimated life insurance agency employment in New York, 2000-2016

	Employment at insurance agencies with paid employees (A)	Insurance agency "nonemployer" establishments (B)	Total employment at insurance agencies & brokerages (A + B = C)	Estimated life insurance agency employment (C * X%)
2000	45,286	13,543	58,829	43,962
2012	43,386	14,288	57,674	43,099
2016	48,047	14,291	62,338	40,549
Change 2000-2016	2,761	748	3,509	-3,412
% change	6.1%	5.5%	6.0%	-7.8%

Note: NAICS code 524210 was used for employment at insurance agencies with paid employees. Nonemployer establishments include corporations, partnerships, and proprietorships that have no paid employees. Estimated insurance agencies selling life insurance is from the New York Department of Financial Services annual report on the share of authorized insurers that sell life/accident/health insurance.

Sources: US Census Bureau County Business Patterns; US Census Bureau Nonemployer Statistics; New York Department of Financial Services Annual Report for Year Ended December 31, 2012.

¹See New York Department of Financial Services Annual Report to the Governor and Legislature for the year ended December 31, 2012, issued June 15, 2013. See page 43 for the share of agents authorized to sell life/accident/health as a share of total agents (104,563/139,924 = 75% in 2011).

²See New York Department of Financial Services Annual Report to the Governor and Legislature for the year ended December 31, 2017, issued June 15, 2018, which has two years of data. See page 51 for the share of agents authorized to sell life/accident/health as a share of total agents (89,697/137,894 = 65% in 2016)

Licensed agents for life insurance (in all industries)

The section above describes employment at insurance agencies and self-employed agents in New York where life insurance is sold. A different measure of insurance agency employment is the number of New York residents who have a license to sell life insurance. According to the New York Department of Financial Services, there were 97,660 agent licenses issued to New York residents to sell life/accident/health insurance in 2017.³ However, the licensed agent figure is likely too high since it includes all people with a life insurance license in all industries, not just at an establishment where the primary activity is selling insurance, and likely includes licensed individuals who are not actively selling insurance.

Total life insurance industry employment (carriers plus agencies)

Table 5 shows life insurance carrier plus estimated life insurance agency employment in New York in 2000, 2012, and 2016. Total life insurance industry employment fell 11.5% in New York between 2000 and 2016 compared to 9.8% nationally. The result is that New York's share of the total life insurance industry declined from 7.4% in 2000 to 7.2% in 2016. Between 2012 and 2016, employment in the life insurance industry in New York declined 1.7% compared to 4.6% nationally.

Table 5. Estimated employment in New York life insurance industry, 2000-2016

	NY life insurance carriers	Est. NY life insurance agencies	New York total	US total	NY share
2000	38,367	43,962	82,329	1,120,046	7.4%
2012	30,993	43,099	74,092	1,059,583	7.0%
2016	32,298	40,549	72,847	1,010,427	7.2%
Change 2000-2016	-6,069	-3,412	-9,481	-109,619	
% change	-15.8%	-7.8%	-11.5%	-9.8%	-0.2pp

Note: NAICS code 524210 was used for employment at insurance agencies with paid employees. Nonemployer establishments include corporations, partnerships, and proprietorships that have no paid employees. Estimated insurance agencies selling life insurance is from the New York Department of Financial Services annual report on the share of authorized insurers that sell life/accident/health insurance.

Sources: US Census Bureau County Business Patterns; US Census Nonemployer Statistics; New York Department of Financial Services Annual Report for Year Ended December 31, 2012; New York Department of Financial Services Annual Report for Year Ended December 31, 2017.

Total life insurance industry employment is shown in Figure 2 for New York and peer states. New York's estimated employment of 72,847 in 2016 is the third highest of the peer states, following California (90,601 employees) and Texas (83,240 employees). See also Appendix Table 1.

³See New York Department of Financial Services Annual Report to the Governor and Legislature for the year ended December 31, 2017, issued June 15, 2018. See page 51 for the number of licenses issued to sell life/accident/health insurance.

Figure 2. Life insurance industry employment (carriers and agents) in New York and peer states, 2016



Sources: EY analysis using US Census Bureau County Business Patterns; US Census Bureau Nonemployer Statistics; New York Department of Financial Services Annual Report for Year Ended December 31, 2017.

II. Economic and tax contributions of the life insurance industry

Overview of economic and tax contributions

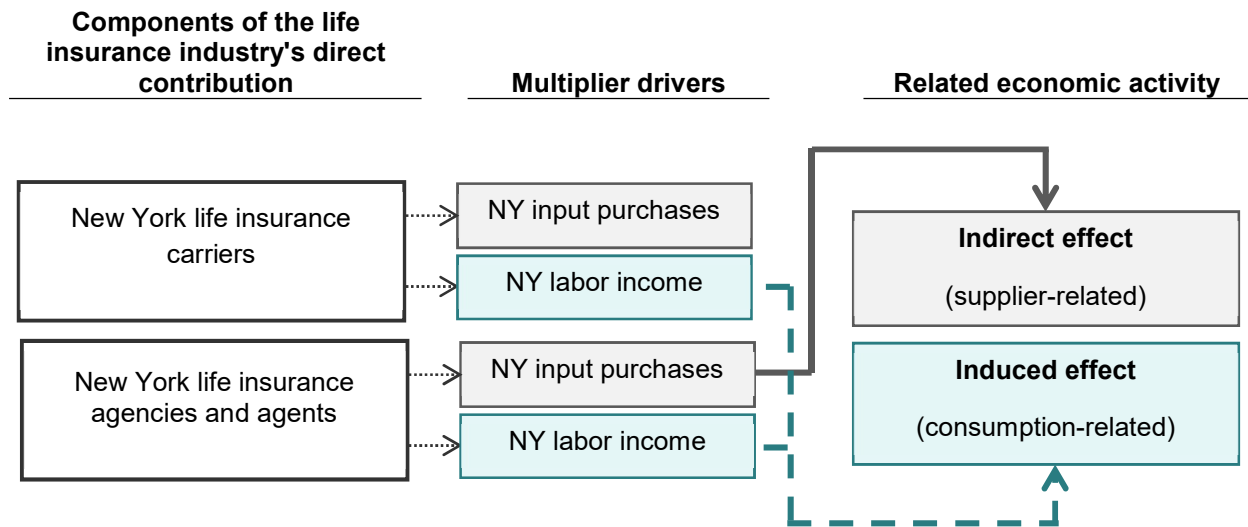
The life insurance industry’s economic contributions extend beyond the activity at insurance carrier and agency offices. There are three components of total contribution:

- ▶ **Direct contributions (life insurance industry)** are the employment, labor income, value added, output and taxes of life insurance companies and agencies. Direct taxes include insurance corporation franchise tax (Article 33), general corporate franchise tax (Article 9-A), and Section 206 assessments paid by life insurance companies.
- ▶ **Indirect contributions (supplier-related)** are the result of the life insurance industry’s purchases from suppliers (e.g. professional services) and the subsequent rounds of supplier purchases in the New York economy.⁴
- ▶ **Induced contributions (consumption-related)** are related to consumer spending in New York by life insurance industry and supplier employees. Spending by employees at New York restaurants and stores supports employment in these other industries.

Figure 3 on page 7 illustrates how spending by employees and supplier purchases flow through the New York economy to create indirect and induced impacts.

⁴ The amount and nature of the industry’s in-state suppliers was determined by the 2016 New York IMPLAN model.

Figure 3. Overview of the components of economic contribution



The direct, indirect, and induced contributions are described in terms of the following indicators:

- ▶ **Economic output** for the insurance industry is premiums received (revenue) less expected claims.
- ▶ **Value added** is equivalent to gross domestic product (GDP). It is defined as economic output less purchases of operating inputs and includes labor income (wages and benefits), company profits and indirect business taxes.
- ▶ **Labor income** includes the value of wages and benefits for employees and self-employed income.
- ▶ **Employment** consists of full- and part-time employees.
- ▶ **Tax contributions** consist of state and local taxes, including taxes on property, sales, and income.

The estimated economic impacts presented in the following tables are based on estimated employment and compensation in the New York life insurance industry during 2016 and reflect average economic relationships in the state from the IMPLAN model of New York State. Indirect and induced effects are driven by (1) input purchases by the life insurance industry and its suppliers; (2) the percentage of each type of commodity that is purchased from within the state; and (3) household consumption profiles for life insurance industry employees and suppliers.

This analysis is based on industry multipliers for two industries representing the two sectors of the life insurance industry: (1) IMPLAN industry 437 insurance carriers and (2) IMPLAN industry 438 insurance agencies and related activities.

The New York life insurance industry's total economic contributions to the New York economy in 2016 are summarized in Table 6. The life insurance industry supported a total of \$34.1 billion of New York GDP in 2016, of which \$20.9 billion was labor income to workers. The \$12.3 billion in direct labor income for the life insurance industry was estimated using government average wage and benefit data for life insurance carrier and insurance agency employees, and estimates of

proprietor income from the IMPLAN model of New York for relevant sectors.⁵ The industry was a substantial source of employment, with nearly 73,000 direct workers supporting more than 115,000 jobs elsewhere in the economy. The overall multipliers of the industry are shown in the table below. The labor income multiplier of 1.70 means that for every \$1 earned by employees in the life insurance industry employees in industries indirectly-supported by the life insurance industry earned \$0.70.

Table 6. Estimated economic contributions of the life insurance industry in New York State, 2016

Billions of 2016 dollars; number of full- and part-time employees

	Direct contribution	Indirect contribution	Induced contribution	Total economic contribution	Overall multiplier
Output	\$30.7	\$7.8	\$13.2	\$51.7	1.69
Value added	\$20.3	\$5.2	\$8.6	\$34.1	1.68
Labor income	\$12.3	\$3.7	\$4.9	\$20.9	1.70
Employment	72,847	31,530	83,870	188,247	2.58

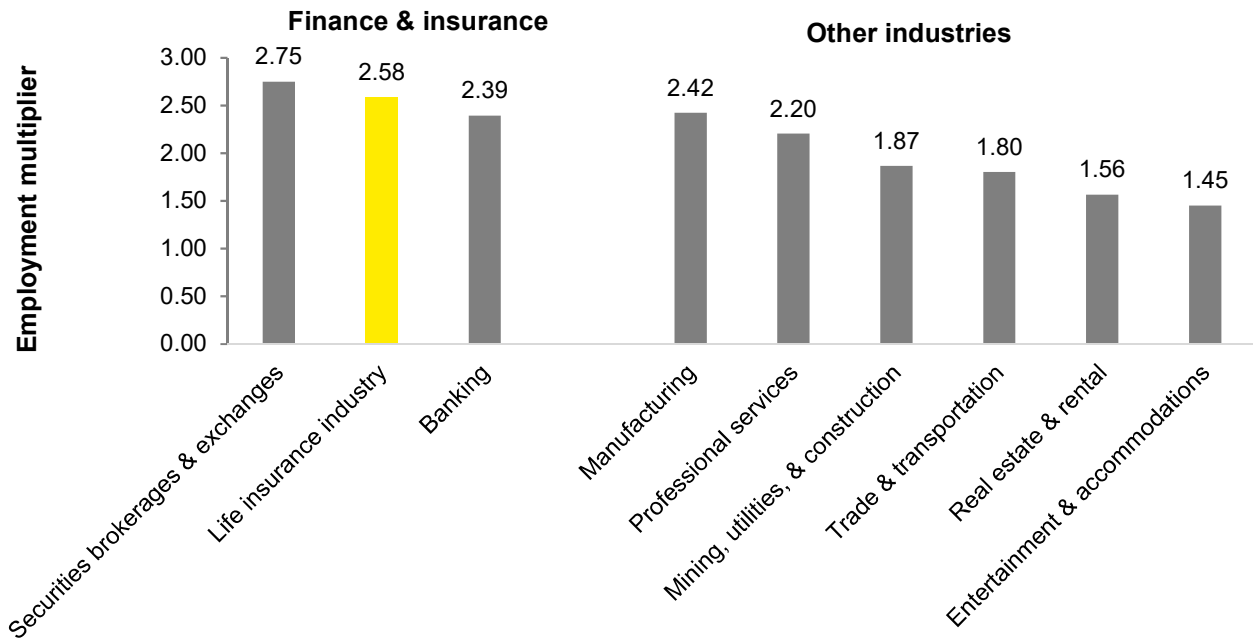
Note: Employment includes self-employed persons. Figures may not sum due to rounding.

Source: EY analysis using the 2016 IMPLAN model of New York State.

Figure 4 shows that the life insurance industry had a higher overall employment multiplier than many other sectors of the New York economy in 2016. For example, every 10 life insurance industry jobs supported 16 jobs elsewhere in the state, while every 10 jobs in the entertainment and accommodations industry supported only 5 indirect and induced jobs. Finance and insurance industries tend to have high employment multipliers due to the high wages of employees.

⁵ Average compensation for employees in the life insurance industry was estimated to be \$163,146 in 2016. This estimate uses average wage data from Census County Business Patterns for insurance carrier employees (NAICS 524113) and agency employees (NAICS 524210), and BLS data on total benefits as 33% of total compensation for employees of insurance carriers.

Figure 4. Employment multipliers of New York finance and insurance industries and other industries

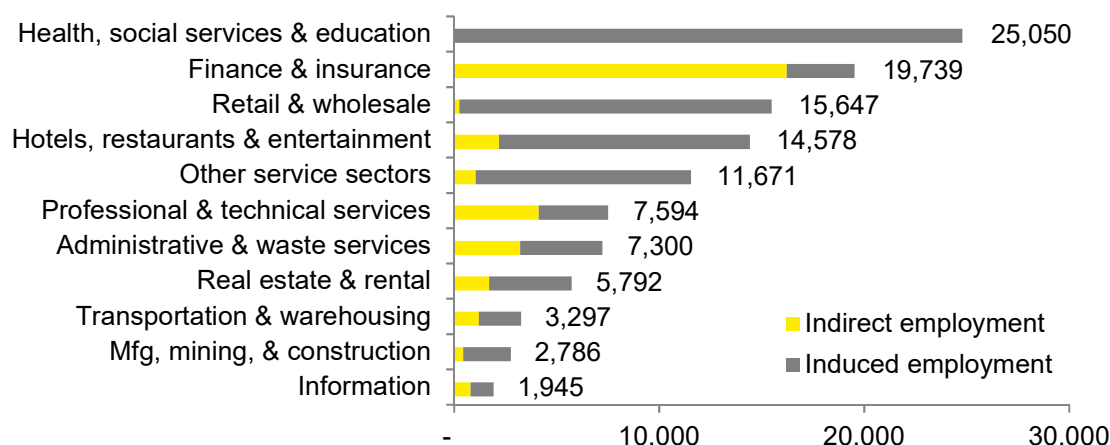


Source: EY analysis using the 2016 IMPLAN model of New York State.

Note: The life insurance industry employment multiplier of 2.58 can be interpreted to mean that for every 10 direct life insurance industry jobs an additional 16 jobs are supported elsewhere in the New York economy.

Indirect and induced employment supported by direct life insurance industry activity is shown in Figure 5. The industries in which the life insurance industry had the largest employment impacts include health, social services, and education; retail and wholesale trade; and hotels, restaurants, and entertainment—industries that largely sell to individual consumers, rather than to other businesses. In each of these industries, the impacts were concentrated in induced employment resulting from life insurance employee spending, rather than indirect jobs resulting from the spending of life insurance companies.

Figure 5. Distribution of indirect and induced employment by major sector related to the New York life insurance industry, 2016



Source: EY analysis using the 2016 IMPLAN model of New York State.

Note: Total indirect and induced employment related to the NY life insurance industry = 115,400 jobs

The New York finance and insurance industry comprised approximately 19% of state GDP in 2016, as shown in Table 7 below. Insurance activities represented approximately one-fifth of this activity. The direct GDP contribution of the New York life insurance industry was \$20 billion, or 1.3% of state GDP. The industry supported almost \$14 billion more in additional value added, bringing its total GDP contribution to 2.2% of the state’s total.

Table 7. New York finance and insurance industry GDP, 2016
Billions of dollars

Industry	New York GDP	As % of total
New York finance and insurance industry		
Banking	\$138.7	9.0%
Securities, commodity contracts, investments	\$93.2	6.1%
Insurance carriers and related activities		
Life insurance industry (direct GDP contribution)	\$20.3	1.3%
Other insurance industries	\$39.5	2.6%
Total, insurance carriers and related activities	\$59.8	3.9%
Funds and other financial vehicles	\$2.7	0.2%
Total, New York finance and insurance industry	\$294.4	19.1%
All other industries	\$1,246.6	80.9%
Total New York GDP	\$1,541.0	100.0%
Addendum: Value added contributions of the New York life insurance industry to state GDP		
Direct	\$20.3	1.3%
Indirect	\$5.2	0.3%
Induced	\$8.6	0.6%
Total value added	\$34.1	2.2%

Source: EY analysis using state GDP data from the Bureau of Economic Analysis.

The New York life insurance industry is a prominent source of investment for New York businesses, real estate, and other activities. Table 8 shows the investments of life insurers nationwide in the New York economy in 2016. Most of the \$482 billion invested in the New York economy was in stock and bonds. The economic contributions of businesses that rely on the life insurance industry’s investments are not quantified in this study.

Table 8. Life insurance company investments in the New York economy, 2016

Billions of dollars

Asset type	Amount
Stocks & bonds	\$388
Mortgage loans	\$41
Real estate	\$3
Other	\$50
Total assets	\$482
Life insurance company investments in NY as % of state GDP	31%

Source: American Council of Life Insurers.

Estimated tax contributions and supporting information

Table 9 shows the estimated total tax contributions of the life insurance industry in New York by tax category. In 2016, the life insurance industry supported state and local tax payments of over \$3.4 billion. The industry’s direct contribution consisted of sales and excise, individual income, property, and other taxes paid by its employees, as well as several taxes and fees paid by life insurance companies.

Life insurance companies paid an estimated \$241 million in franchise tax under Article 33 of the New York tax law—as further detailed in the appendix, this franchise tax includes taxes on income or capital, as well as premium taxes. Separately, domestic life insurance carriers are subject to an assessment under Section 206 (previously Section 332) of the New York Insurance law to fund the operations of the New York Insurance Department (now part of the New York Department of Financial Services). Life insurance carriers paid an estimated \$57 million under this assessment in 2016.

Table 9. Estimated state and local tax and fee contributions due to the New York life insurance industry (carriers and agents), 2016

Millions of 2016 dollars

	Direct contribution	Indirect contribution	Induced contribution	Total tax contribution
State taxes				
Sales & excise	\$243	\$74	\$96	\$413
Corporate income taxes, franchise taxes, & administrative assessments*	327	18	24	369
Individual income	486	147	192	826
Other state taxes	61	19	24	104
Total state taxes	\$1,118	\$258	\$336	\$1,712
Statewide local taxes				
Property	577	175	228	980
Other local taxes	430	130	170	731
Total local taxes	\$1,007	\$305	\$398	\$1,711
Total state & local tax contributions	\$2,125	\$563	\$735	\$3,423

* Direct taxes here include the insurance corporation franchise tax paid by domestic and foreign insurance carriers under New York Tax Law Article 33 and the general corporate franchise tax paid by insurance agencies under Article 9-A. Also included here is the estimated New York Insurance law Section 206 assessment of \$57 million paid in 2016 by New York domestic life insurance carriers.

Note: Figures may not sum due to rounding.

Source: EY analysis using the IMPLAN model and data from Census County Business Patterns and the New York Department of Taxation and Finance. The industry Section 206 assessment was estimated using the life insurance industry's share of premiums using the most recent available report (FY2009).

Table 10 shows New York State corporate and business taxes in 2016. The insurance industry as a whole contributed nearly \$1.3 billion in state tax revenue. This is 21% of the total \$6.0 billion in state corporate and businesses taxes in 2016. As shown in Table 9, EY estimates that the life insurance industry directly contributed \$327 million in state corporate taxes in 2016, or 1.6% of the life insurance industry's GDP (shown in Table 7 as \$20.3 billion). Overall, state corporate and business taxes were equal to 0.44% of private-sector GDP in New York in 2016.

Table 10. New York State corporate and business taxes, 2016*Millions of 2016 dollars*

Tax	Total tax liability	As % of total
Franchise tax on general business corporations (Article 9-A)	\$2,476	41%
Taxes on transportation and utilities companies, and agricultural cooperatives (Article 9)	802	13%
Bank tax	338	6%
Franchise tax on insurance corporations (Article 33)	1,288	21%
Petroleum taxes	1,124	19%
Total, all articles	\$6,028	100%
Corporate taxes as share of private sector GDP (\$1.4 trillion)	0.44%	

Source: Fiscal Year Tax Collections: 2016-2017 Table 5: New York State Corporation and Business Taxes, New York Department of Taxation and Finance. https://tax.ny.gov/pdf/2016-17_collections/Table%205.pdf
 Note: Article 32 was repealed in 2014; banking corporations are instead subject to the newly-revised Article 9-A tax on general corporations.

III. Life insurance policies owned by New York residents

Life insurance purchases

Purchases of life insurance policies by New York residents totaled approximately \$230 billion in 2017 as shown in Table 11. The amount of purchases, or face value of new insurance policies purchased in 2017, increased 21% from \$190 billion in 2012. New York's share of total US life insurance purchases increased over the past five years from 6.7% in 2012 to 7.6% in 2017. Purchases of individual policies comprised approximately 59% of the total; 40% of purchases were group policies and the remaining 1% were credit policies.

Table 11. New York life insurance purchases, by type (billions of \$)

	Individual	Group	Credit	New York total	US total	New York share of US
2003	\$133	\$61	\$5	\$198	\$2,830	7.0%
2012	\$134	\$54	\$2	\$190	\$2,829	6.7%
2017	\$136	\$91	\$3	\$230	\$3,036	7.6%
% change, '03-'17	2.2%	50.7%	-43.9%	15.9%	7.3%	+.6pp
% change, '12-'17	0.9%	70.2%	42.5%	20.9%	7.3%	+.9pp

Source: American Council of Life Insurers (ACLI) Life Insurer Fact Books, 2012-2017. ACLI tends to release an updated Life Insurer Fact Book in the fourth quarter of each calendar year, containing data for the previous calendar year; 2018 life insurer data are not yet available.

Note: Purchases of credit-type life insurance were not reported in the 2012 ACLI Life Insurer Fact Book.

Definitions: Individual life insurance insures one person. A group life insurance policy insures a group of people. It is usually issued to an employer for the benefit of employees. Credit policies are issued through a lender or lending agency to cover payment of a loan, installment purchase or other obligation in case of disability.

Number of policies in force and face amount

Table 12 shows that the number of individual and credit life insurance policies in force in New York declined by 3.8% from 2012 through 2017. There were 8.2 million policies in force in New York by 2017 (group data not available). The number of credit policies in force increased by 4.5%, while the number of individual policies decreased 4.4% from 8.0 million to 7.6 million. The US Census Bureau estimates that there were approximately 8.3 million households in New York in 2017.⁶ This suggests that there was approximately one policy per household. (For further perspective, the estimated population of New York was approximately 19.8 million in 2017.)

The national decline in the number of life insurance policies in force was 5.3%—a faster decline than in New York. The total number of policies in force in the United States declined from 154.8 million in 2012 to 146.7 million in 2017.

Table 12. Number of life insurance policies in force for New York residents, by type (thousands)

	Individual	Credit	New York total	US total	New York share of US
2003	8,904	1,554	10,458	183,335	5.7%
2012	7,995	572	8,567	154,813	5.5%
2017	7,647	598	8,245	146,685	5.6%
% change, '03-'17	-14.1%	-61.5%	-21.2%	-20.0%	-0.1pp
% change, '12-'17	-4.4%	4.5%	-3.8%	-5.3%	+0.1pp

Source: American Council of Life Insurers (ACLI) Life Insurer Fact Books, 2012-2017. Note: Special provisions of policies are excluded. The number of group life insurance policies purchases is not reported in ACLI Life Insurer Fact Books.

Definitions: Life insurance policies “in force” indicate the number of life insurance policies outstanding. Individual life insurance insures one person. Credit policies are issued through a lender or lending agency to cover payment of a loan, installment purchase or other obligation in case of disability.

⁶ “State & County QuickFacts: New York,” United States Census Bureau.

Despite the decline in the number of New York life insurance policies in force from 2012 through 2017, the face amount of policies in force increased by 13.5%, to almost \$2.4 trillion. However, as shown in Table 13, New York lagged the national life insurance industry, which saw the face amount of policies in force increase by 14.3%, from \$28.5 trillion in 2012 to \$32.6 trillion in 2017. New York's share of the face amount of US life insurance policies in force fell slightly from 7.4% in 2012 to 7.3% in 2017.

Table 13. Face amount of New York life insurance policies in force, by type (billions of \$)

	Individual	Group	Credit	New York total	US total	New York share of US
2003	\$938	\$562	\$7	\$1,508	\$19,430	7.8%
2012	\$1,435	\$668	\$4	\$2,107	\$28,523	7.4%
2017	\$1,647	\$739	\$4	\$2,391	\$32,611	7.3%
% change, '03 to '17	75.5%	31.5%	-38.6%	58.6%	67.8%	-0.5pp
% change, '12 to '17	14.8%	10.6%	6.2%	13.5%	14.3%	-0.1pp

Source: American Council of Life Insurers (ACLI) Life Insurer Fact Books, 2012-2017. ACLI tends to release an updated Life Insurer Fact Book in the fourth quarter of each calendar year, containing data for the previous calendar year; 2018 life insurer data are not yet available.

Definition: "Face amount" refers to the amount that will be paid upon death or policy maturity. The amount of life insurance in force is the total face amounts and dividends additions of life insurance policies outstanding. Special provisions of policies are excluded. Individual life insurance insures one person. A group life insurance policy insures a group of people. It is usually issued to an employer for the benefit of employees. Credit policies are issued through a lender or lending agency to cover payment of a loan, installment purchase or other obligation in case of disability.

Premiums written for New York residents

Premiums written for policies held by New York residents is shown in Table 14. Premiums written for policies held by New Yorkers remained relatively constant between 2012 and 2017 at nearly \$80 billion. However, the mix of premiums changed as life insurance premiums and combined accident and health premiums increased 15.5% and 32.2%, respectively. By contrast, annuity premiums and other insurance premiums declined 10.1% and 36.4%, respectively. Nationwide premiums written increased by 7.3% between 2012 and 2017 compared to a decline of 0.3% in New York. Between 2003 and 2017, premiums written in New York increased from \$48.9 billion to \$79.7 billion for an average annual increase of 3.3%.

Table 14. New York premiums written, by type (billions of \$)

	Life	Annuity	Combined A&H	Other	Deposit- type contracts	New York Total	US total	New York share of US
2003	\$9.3	\$15.3	\$5.4	\$8.9	\$10.0	\$48.9	\$556.8	8.8%
2012	\$11.0	\$19.4	\$7.3	\$12.9	\$29.3	\$79.9	\$753.0	10.6%
2017	\$12.7	\$17.4	\$9.7	\$8.2	\$31.7	\$79.7	\$807.6	9.9%
% change, '03 to '17	36.9 %	13.4%	80.8%	-8.0%	215.3%	62.8%	45.1%	+1.1pp
% change, '12 to '17	15.5 %	-10.1%	32.2%	-36.4%	8.0%	-0.3%	7.3%	-0.7pp

Source: National Association of Insurance Commissioners Annual Report Schedule T data, via SNL Financial.
 Definitions: According to the 2013 ACLI Fact Book, an annuity is a financial contract issued by a life insurance company that offers tax-deferred savings and a choice of payout options to meet an owner's needs in retirement: income for life, income for a certain period of time, or a lump sum. Accident and health policies insure against accidental injury or illness. Deposit-type contracts are contracts that do not include mortality or morbidity risks. In contrast, life insurance policies are contracts that do incorporate mortality or morbidity risks.

Looking specifically at premiums written for life insurance policies, premiums in New York increased 15.5% between 2012 and 2017 compared to 14.2% nationally. New York's share of life insurance premiums has remained relatively constant, increasing slightly from 7.9% in 2012 to 8.0% in 2017, as shown in Table 15. Since 2003, New York's share of life insurance premiums declined 0.2 percentage points.

Table 15. Life insurance premiums written (\$ billions)

	NY life insurance premiums written	US life insurance premiums written	New York share of US total
2003	\$9.3	\$113.2	8.2%
2012	\$11.0	\$139.7	7.9%
2017	\$12.7	\$159.6	8.0%
% change '03 to '17	36.9%	41.0%	-0.2pp
% change, '12 to '17	15.5%	14.2%	+0.1pp

Source: National Association of Insurance Commissioners Annual Report Schedule T data, via SNL Financial.

Payments made to life insurance beneficiaries living in New York

Total benefit payments to New Yorkers by year between 2003 and 2017 is shown in Table 16. Between 2012 and 2017, benefit payments to New Yorkers increased by approximately 32%, while US-wide benefit payments increased by nearly 24%. Table 16 shows that the share of total US payments to life insurance beneficiaries living in New York increased from 6.1% in 2012 to 6.5% in 2017, but is below the 6.9% share in 2003. Individual benefit payments as a share of total New York benefit payments remained constant during the period, at 77%. Benefit payments for

both individual and group policies saw similar increases, while credit policies declined. Annual payments to New York life insurance beneficiaries averaged greater than \$26 million per business day (5 day week) in 2017.

Table 16. Payments to New York life insurance beneficiaries, by type (millions of \$)

	Individual	Group	Credit	Total	US total	New York share of US
2003	\$2,352	\$1,171	\$34	\$3,557	\$51,757	6.9%
2004	\$2,534	\$1,322	\$34	\$3,890	\$55,514	7.0%
2005	\$2,589	\$1,105	\$30	\$3,724	\$58,145	6.4%
2006	\$2,901	\$1,071	\$29	\$4,001	\$59,515	6.7%
2007	\$3,156	\$1,116	\$28	\$4,300	\$63,547	6.8%
2008	\$3,166	\$1,353	\$26	\$4,544	\$71,182	6.4%
2009	\$3,401	\$1,346	\$25	\$4,772	\$73,386	6.5%
2010	\$3,440	\$1,030	\$23	\$4,493	\$75,710	5.9%
2011	\$3,712	\$1,180	\$20	\$4,912	\$79,704	6.2%
2012	\$3,934	\$1,160	\$23	\$5,118	\$83,817	6.1%
2013	\$4,321	\$1,164	\$20	\$5,505	\$87,366	6.3%
2014	\$4,615	\$1,078	\$18	\$5,711	\$91,122	6.3%
2015	\$4,946	\$1,319	\$17	\$6,282	\$96,010	6.5%
2016	\$4,906	\$1,302	\$19	\$6,227	\$100,225	6.2%
2017	\$5,215	\$1,535	\$16	\$6,766	\$103,747	6.5%
% change, '03 to '17	121.7%	31.1%	-53.3%	90.2%	100.5%	-0.4pp
% change, '12 to '17	32.5%	32.3%	-29.9%	32.2%	23.8%	+0.4pp

Source: American Council of Life Insurers (ACLI) Life Insurer Fact Books, 2012-2017. ACLI tends to release an updated Life Insurer Fact Book in the fourth quarter of each calendar year, containing data for the previous calendar year; 2018 life insurer data are not yet available.

Definitions: Individual life insurance insures one person. A group life insurance policy insures a group of people. It is usually issued to an employer for the benefit of employees. Credit policies are issued through a lender or lending agency to cover payment of a loan, installment purchase or other obligation in case of disability.

Appendix

Estimating industry employment

The life insurance industry includes:

- **Life insurance carriers** that are primarily engaged in underwriting (assuming risk and charging premiums) of policies. Activities by carriers are captured in the North American Industry Classification System (NAICS) code 524113.
- **Insurance agencies** that are engaged in selling life insurance policies.

The analysis of life insurance industry employment and wages relies on data reported by the US Census Bureau's County Business Patterns. County Business Patterns (CBP) surveys businesses from the Business Registry, with the initial source being the Internal Revenue Service (IRS). Self-employed workers are not surveyed. Employment and wages at surveyed businesses are for the week of March 12th. The most recent data from CBP is for 2016. The 2017 data is expected to be released in the fall of 2019.

Since detailed data on the employment, payroll, and number of establishments for *only* life insurance agencies is not available, the analysis uses data from several sources to estimate employment at establishments that sell life insurance. The analysis begins by estimating employment at all establishments that sell any type of insurance. Employment from NAICS industry 524210 of 48,047 was added to "nonemployer" establishments of 14,291 that are sole proprietorships that sell insurance. This yielded estimated insurance agency employment in New York of 62,338 employees in 2016. Not all of these insurance establishments sell life insurance. To estimate the share that sells life insurance, a study from the New York Department of Financial Services (DFS) was consulted. The DFS reports that 89,697 agents sold life/accident/health insurance out of 137,894 agents, or 65% of authorized insurers in 2016.⁷ When reporting industry-wide statistics for the life insurance industry the analysis includes 65% of estimated insurance agency employment (NAICS 524210 plus nonemployer insurance establishments) for New York and comparison states. The same calculations were used for 2012 data, estimating that 75% of authorized insurers sold life/accident/health insurance. Industry life insurance agency employment was estimated, rather than using licensed agents, to be consistent with the industry data reported for life insurance carriers.

Insurance product data

Data regarding life insurer operations are based on publications of statutory data by the National Association of Insurance Commissioners (NAIC). The NAIC data are tabulated and published by the American Council of Life Insurers (ACLI) in annual "Fact Books." These Fact Books are typically published in the fourth quarter of each calendar year, with data reflecting the previous calendar year. As such, data through 2017 are reported in this study. ACLI Fact Books are the

⁷ New York Department of Financial Services, Department of Financial Services Annual Report to the Governor and Legislature for the year ended December 31, 2017, June 15, 2018. See Number of Authorized Insurers on page 51.

source for several elements of this study, including data on life insurers domiciled by state, life insurance purchases, life insurance policies in force, life insurance premiums written, and payments made to life insurance beneficiaries.

Economic contribution methodology

This analysis uses an input-output economic model to estimate the economic contributions of the life insurance industry in New York. The regional economic multipliers in this study were estimated using the 2016 IMPLAN Group LLC input-output model of the State of New York. IMPLAN is used by more than 500 universities and government agencies.

Table A-1 shows the industries selected to model the life insurance industry in New York.

Table A-1. Selected IMPLAN industries and corresponding NAICS codes

IMPLAN industry code	IMPLAN industry description	NAICS industry code(s)	NAICS industry description
437	Insurance carriers	5241	Insurance carriers
		524113	Direct life insurance carriers
		524114, 52412, 52413	Other insurance carriers
438	Insurance agencies, brokerages, & related activities	5242	Agencies, brokerages, & other insurance-related activities
		52421	Insurance agencies and brokerages, including life
		52429	Other insurance related activities

Total contributions presented in this analysis include direct, indirect, and induced effects. Two adjustments were made that changed the overall multipliers for the analysis compared to IMPLAN’s standard multipliers for these two industries. First, an adjustment was made to labor income for insurance carriers (IMPLAN code 437) to reflect the high wages (\$128,403) reported by US Census County Business Patterns and high benefits (\$64,467), as calculated using US Bureau of Labor Statistics data for insurance carriers. A similar adjustment was made to IMPLAN code 438 for life insurance agents with wages of \$94,384 and benefits of \$47,387.

Second, adjustments were made to remove the double-counting of life insurance carriers and agents when modeling the other sector. An adjustment was made to make sure that life insurance agency employment was not counted as both a direct impact (modeled in IMPLAN 437 for insurance agencies) and as an indirect impact of life insurance carriers (when modeling carriers in IMPLAN code 438). According to the IMPLAN model, 68% of insurance carriers' purchases from New York businesses are from insurance agencies, brokerages, and related activities

industry, which includes life insurance agencies and agents (See Table A-1).⁸ Since life insurance agency employees are captured as direct impacts, the indirect impacts for life insurance carriers were adjusted to remove the estimated portion related to life insurance agents that is already captured directly to avoid double-counting.

Tax contribution methodology

In New York, insurance companies are taxed under State Tax Law Article 33.⁹ Under Article 33, life insurance corporate taxes are calculated as:

Highest of:

- | | | | | |
|--|---|----------------------------|---|---|
| <ul style="list-style-type: none"> • 7.1% of net income¹⁰ • 0.16% of business and investment capital¹¹ • Alternative tax base¹² • Fixed dollar minimum tax of \$250 | + | 0.7% on insurance premiums | + | Other taxes:
Subsidiary capital tax
MTA surcharge ¹³ |
|--|---|----------------------------|---|---|

Life insurance taxes are limited to a minimum of 1.5% of taxable premiums (before credits) and a maximum of 2% of taxable premiums. In FY2010, life insurers comprised 18.9% of the total New York State insurance tax revenues of \$1.10 billion.¹⁴ This ratio was applied to 2016 total New York insurance tax revenues of \$1.28 billion to estimate the portion paid by life insurance carriers since the report was discontinued after 2010 and a more recent percentage could not be calculated.¹⁵

Under Section 206 (previously Section 332) of the New York Insurance law, New York insurance companies are subject to a separate assessment intended to defray the operating costs of the New York Insurance Department (now a component of the New York Department of Financial Services). This assessment is levied on a pro rata basis across New York-domiciled insurance companies, based on gross direct premiums and other considerations written or received by them in New York in the most-recently ended calendar year. The taxable premiums of life insurers were used to apportion the Section 206 assessments paid by domestic insurance companies.

⁸ According to the 2016 IMPLAN model of New York, nearly 96% of insurance carriers' purchases from the insurance agencies, brokerages, and related activities industry are made from in-state firms.

⁹ Insurance agencies are taxable under the general corporate franchise tax under Tax Law Article 9-A. Life insurance corporations subject to the insurance corporation franchise tax under Tax Law Article 33 are defined as "Companies authorized by the Superintendent of Financial Services to conduct an insurance business consisting of either insuring the lives of human beings or providing annuity contracts, according to the New York State Department of Taxation and Finance. Life insurance companies are not subject to the Article 9-A general corporate franchise tax.

¹⁰ Equal to federal taxable income with certain modifications.

¹¹ Fair market value of corporation's assets, minus average current liabilities and subsidiary capital

¹² Entire net income plus total salaries and compensation paid to the officers and stockholders

¹³ Certain businesses in New York City and surrounding counties are also subject to the metropolitan transportation business tax (MTA surcharge).

¹⁴ The New York State Department of Taxation and Finance did not continue to report detailed insurance collection statistics after FY2010. See: http://www.tax.ny.gov/research/stats/stat_corp/corporate_tax_statistical_report.htm.

¹⁵ New York State Department of Taxation and Finance.

New York state and local tax contributions related to direct life insurance agencies and agent activity and indirect and induced economic activity were estimated by multiplying the estimated labor income contribution by the ratio of state and local tax revenue to personal income for each tax in New York. Personal income used to calculate the tax ratios includes wages, salaries, bonuses, employer contributions for insurance, pension funds, and government social insurance. Personal income is a reasonable proxy for labor income used in this report because both measures include income and benefit sources.

Appendix Table

Appendix Table 1. Life insurance industry in New York and comparison states, 2017

	NY	CA	CT	FL	IL	IA	MA	OH	PA	TX	VA	US
Number of life insurers	86	11	22	9	50	32	14	39	31	102	3	767
Industry employment	72,847	90,601	32,364	61,552	43,942	29,564	30,251	34,754	46,361	83,240	18,526	1,010,427
Industry Average wage	\$109,467	\$80,668	\$112,357	\$68,146	\$80,941	\$79,830	\$104,645	\$65,379	\$81,655	\$68,346	\$68,591	\$79,890
Employment - carriers	32,298	16,784	23,934	14,914	10,442	20,129	16,156	12,586	19,766	26,938	5,096	365,677
Average wage - carriers	\$128,403	\$105,888	\$121,423	\$95,701	\$99,733	\$89,098	\$121,528	\$76,954	\$95,369	\$82,843	\$88,163	\$102,661
Employment - agencies	40,549	73,817	8,430	46,638	33,500	9,435	14,095	22,168	26,595	56,302	13,430	644,750
Average wage - agencies	\$94,384	\$74,933	\$86,616	\$59,335	\$75,083	\$60,057	\$85,293	\$58,807	\$71,462	\$61,410	\$61,165	\$66,975

Source: American Council of Life Insurers (ACLI) Life Insurer Fact Books, 2017. ACLI tends to release an updated Life Insurer Fact Book in the fourth quarter of each calendar year, containing data for the previous calendar year; 2018 life insurer data are not yet available;

"County Business Patterns," US Census Bureau. <http://www.census.gov/econ/cbp/>; "Nonemployer Statistics," US Census Bureau.

<https://www.census.gov/econ/nonemployer/>;

New York Department of Financial Services Annual Report for Year Ended December 31, 2017;

Notes: Life insurance carrier employment data is NAICS code 524113. Life insurance agency employment is NAICS code 524210 (insurance agencies) plus individual insurance agents times 65% to reflect the share of agents with a life insurance license in New York in 2016. Average wages reflect employment and payroll in NAICS 524113 (life insurance carriers) and NAICS 524210 (insurance agencies).