



A Bureau of Business Research Report
From the UNL College of Business

FINAL REPORT

2015 Economic Impact of the Nebraska Insurance Industry

Prepared for
The Nebraska Insurance Federation

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EXECUTIVE SUMMARY

The insurance industry is a key driver of the Nebraska economy. A significant share of industry business is “exported” to customers located in other States and nations and the industry is an important source of high wage employment in the State. The insurance industry also provides opportunities to retain younger Nebraskans within the State and has a significant economic and tax revenue impact.

This report by the University of Nebraska-Lincoln Bureau of Business Research (UNL-BBR) provides a profile of the Nebraska insurance industry for the year 2015, both statewide and in individual regions such as the Omaha Metropolitan Area (MSA) and the Lincoln MSA. The report also estimates the annual economic and tax revenue impact of the Nebraska insurance industry for the year 2015 and compares 2015 impacts with impact estimates from 2010. In particular, economic and tax revenue impacts from 2015 are compared with estimated impacts for the year 2010 in the report *The 2010 Economic Impact of the Insurance Industry on Metropolitan and Non-Metropolitan Nebraska* by the UNL-BBR and Goss and Associates. Both the current report and the 2010 report were developed for the Nebraska Insurance Federation.

Key findings of the study are:

- The insurance industry is a high wage industry. The average annual wage among insurance carriers and related activities was \$64,926 during 2015. This is 50 percent more than the average for all private employment in Nebraska. Wage growth also is strong for employees at insurance industry businesses. Average annual wages grew by 3.6 percent per year from 2010 to 2015, well above the rate of inflation.
- The Nebraska insurance industry had 33,300 jobs in 2015.
- The industry also is concentrated in Nebraska. Nebraska had 84 percent more jobs in the insurance industry in 2015 than would be expected in a State of its size. This is the second highest concentration among any State.
- Nebraskans statewide benefit from employment opportunities in insurance industry businesses. Approximately 60 percent of Nebraska insurance industry employment is found in the Omaha MSA with about 20 percent of the jobs in the Lincoln MSA and another 20 percent in the other regions of the State.
- The Nebraska insurance industry also contributes to brain gain in Nebraska by helping the State retain and attract new workers. The industry generates 1,540 job openings each year due to net job growth or retirements from the industry. These occupations provide new job opportunities to a mix of 4-year college graduates and high school graduates.

- The insurance industry also had a substantial annual economic impact on Nebraska. The estimated impact was \$14.24 billion during 2015. This impact included \$3.43 billion in labor income supporting approximately 59,700 jobs. These impacts have grown significantly since 2010.
- The total tax revenue impact, including taxes and fees paid directly to the Nebraska Department of Insurance, was \$511.6 million in 2015.

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1. INTRODUCTION

The insurance industry is a key component of the Nebraska economy, providing an important source of high wage employment in the State. The industry also is concentrated in Nebraska, accounting for an outsized share of the State economy. As a leading industry, the insurance industry provides job opportunities to retain young Nebraskans within the State and also has a significant economic and tax revenue impact.

This report by the University of Nebraska-Lincoln Bureau of Business Research (UNL-BBR) provides a profile of the Nebraska insurance industry for the year 2015, both statewide and in individual regions such as the Omaha Metropolitan Area (MSA) and the Lincoln MSA. The report also estimates the annual economic and tax revenue impact of the Nebraska insurance industry for the year 2015. Further, economic and tax revenue impacts from 2015 are compared with estimated impacts for the year 2010 in the report *The 2010 Economic Impact of the Insurance Industry on Metropolitan and Non-Metropolitan Nebraska* by the UNL-BBR and Goss and Associates. Both the current report and the 2010 report were developed for the Nebraska Insurance Federation.

The report is organized as follows. Chapter 2 provides a profile of the Nebraska insurance industry including employment and wages in the industry. Results are presented for Nebraska as whole as well as for the Omaha, Lincoln and other regions of the state. Chapter 3 presents the 2015 annual economic and tax revenue impact of the Nebraska insurance industry. Impact estimates are presented for individual industries and by region of the State and 2015 impacts are compared to 2010 impacts. Chapter 4 examines the ongoing contribution of the Nebraska insurance industry to brain gain in the State, by estimating the annual number of job openings in the industry. Chapter 5 provides a summary of the report.

2. INDUSTRY CHARACTERISTICS

A key characteristic of the Nebraska insurance industry is its high level of professional employment and associated high wage rates. Table 1 shows the average annual wages paid to workers in the insurance industry and other key Nebraska industries during 2015. The average annual wage data is from Bureau of Labor Statistics of the United States Department of Labor, through its *Quarterly Census of Employment and Wages*. The average annual wage in the insurance industry, known as the insurance carriers and related activities industry, was \$64,926 in Nebraska during 2015. This is 50 percent more than the average for all private employment in Nebraska and above wages in other key industries such as information (broadcasting, publishing, telecommunications, web portals), education and health care, and professional and business services. Wage growth also is strong for employees in the insurance industry. Average annual wages grew by 3.6% per year in Nebraska from 2010 to 2015, well above the rate of inflation and at least as rapid as in any other industry listed in Table 1. Annual inflation averaged just 1.5% per year during the 2010 to 2015 period, suggesting that real average wages grew by over 2.0% per year for workers in the insurance industry.

Table 1
The Level and Growth of Average Annual Wages in Nebraska 2010 to 2015
Insurance and Other Key Industries

Industry	Average Annual Wages in Nebraska		
	2010	2015	Annual Growth 2010-2015
Private Employment	\$36,686	\$42,352	2.9%
Manufacturing	\$42,089	\$46,828	2.2%
Information	\$49,646	\$58,009	3.2%
Professional and Business Services	\$48,152	\$57,463	3.6%
Education and Health Services	\$39,037	\$42,503	1.7%
Insurance Carriers & Related Activities	\$54,512	\$64,926	3.6%
Insurance Agencies and Brokerages	\$45,556	\$55,882	4.2%
Insurance Carriers	\$59,102	\$71,005	3.7%
Direct Life and Health Insurance Carriers	\$59,687	\$74,106	4.4%
Direct Insurers Except Life and Health	\$57,948	\$63,906	2.0%

Source: Quarterly Census of Employment and Wages, Bureau of Labor Statistics.

Table 1 also has information on components of the insurance industry. These are the sub-industries of insurance carriers and insurance agencies and brokerages. Average annual wages are high in both sub-industries. Employees of insurance agencies and brokerages made almost as much in 2015 as employees in the information industry or the professional and business services industry. Wages also grew rapidly in that sub-sector, by an average of 4.2% per year. The wages

of insurance carriers were even higher. The average annual wage of insurance carrier employees was \$71,005 in 2015. The wages of insurance carrier employees also grew at a brisk 3.7% annual rate between 2010 and 2015. Within the insurance carrier sub-industry, employees of direct life and health insurance carriers earned the highest average wages, and also experienced the most rapid wage growth between 2010 and 2015.

The overall picture within the insurance industry is of high and growing wages. Table 2 examines another key industry characteristic. The amount of Nebraska business premiums written is reported for 2011 and 2015 in four categories: life insurance, annuity, accident and health and property and casualty. The source is the 2011 and 2015 *Summary of Insurance Business in Nebraska*, which is a report of the Nebraska Department of Insurance. The report shows that Nebraska business premiums written rose from \$8.89 billion during 2011 to \$11.42 billion in 2015. Annual growth therefore averaged 6.5 percent from 2011 to 2015. Growth varied by type of insurance during this 4-year period. Accident and health premiums written rose from \$2.43 billion in 2011 to \$4.14 billion in 2015, a 14.3 percent annual increase. By contrast, life insurance grew by just 2.1 percent per year and property and casualty by 4.6 percent. Annuities were flat. This growth occurred during a period when the number of insurance companies domiciled in Nebraska was stable. According to the Nebraska Department of Insurance, the number of Nebraska domiciled insurance companies fell slightly from 105 in 2011 to 103 in 2015.

Table 2
 Premiums Written by Category of Insurance Nebraska 2011 to 2015
 Domestic and Foreign Companies Combined

Industry	Premiums Written (Billions of \$)		
	2011	2015	Average Annual Growth 2011-2015
Life Insurance	1.01	1.10	2.1%
Annuity	1.70	1.69	-0.1%
Accident and Health	2.43	4.14	14.3%
Property and Casualty	3.76	4.49	4.6%
Total	8.89	11.42	6.5%

Source: Summary of Insurance Business in Nebraska, Nebraska Department of Insurance.

Table 3 examines job growth in the insurance industry, which is also referred to as the insurance carrier and related activities industry. Job growth in the insurance carrier and related activities industry is compared to job growth in other key sectors of the Nebraska economy from 2010 to 2015. The data source is the *Current Employment Statistics* of the Bureau of Labor Statistics. This data source provides a more comprehensive count of employment but does not provide sub-industry detail within the insurance carrier and related activities industry.

Results in Table 3 indicate that employment growth was modest for the insurance carriers and related activity industry from 2010 to 2015. Employment rose by 1,200 jobs over 5 years for an average annual growth rate of 0.7 percent. This was roughly half the aggregate rate of employment growth during the period, as represented by nonfarm employment. The employment growth rate also was faster in several other key Nebraska industries including manufacturing, professional and business services and education and health services. Annual job growth in insurance carriers and related activities, however, was faster than annual growth in the information industry.

Table 3
The Level and Growth of Employment in Nebraska 2010 to 2015
Insurance and Other Key Industries

Industry	Employment		
	2010 (thousands)	2015 (thousands)	Annual Growth 2010-2015
Nonfarm Employment	945.1	1,006.3	1.3%
Manufacturing	91.7	97.3	1.2%
Information	17.0	17.5	0.6%
Professional and Business Services	101.1	117.2	3.0%
Education and Health Services	140.7	149.4	1.2%
Insurance Carriers and Related Activities	32.1	33.3	0.7%

Source: Current Employment Statistics, Bureau of Labor Statistics.

Results in Table 3 also show the insurance industry accounts for a significant share of private sector employment in Nebraska. In 2015, the insurance carriers and related activities industry provided 33,300 jobs out of total nonfarm employment of 1,006,300 in Nebraska, or 3.3% of employment.

These shares are well above corresponding shares in other States. Appendix 1 shows State location quotients for 2015 for the insurance carriers and related activity industry for those 37 States (plus the District of Columbia) where industry employment is reported in the *Current Employment Survey*. Employment in the insurance carriers and related activities industry is typically modest, especially as a share of total employment, in those states where industry employment is not reported.

A location quotient is a measure of specialization in a particular industry. Each location quotient shows a ratio, defined as the share of total employment in the insurance industry in a state divided by the share of total employment in the industry nationwide. Therefore, a location quotient value greater than 1.0 indicates that the industry accounts for a larger share of employment in the state economy than in the national economy. For example, a location quotient

value of 2.0 for a state indicates that the state has twice as large a share of employment in the insurance industry as the nation as a whole. Table 4 provides data for states with the 5 highest location quotients.

Table 4: Top 5 States Ranked by Insurance Industry Location Quotients, 2015

	2015 Location Quotients
State	Insurance Carriers & Related Services
Connecticut	1.96
Nebraska	1.84
Iowa	1.52
Rhode Island	1.35
Minnesota	1.30

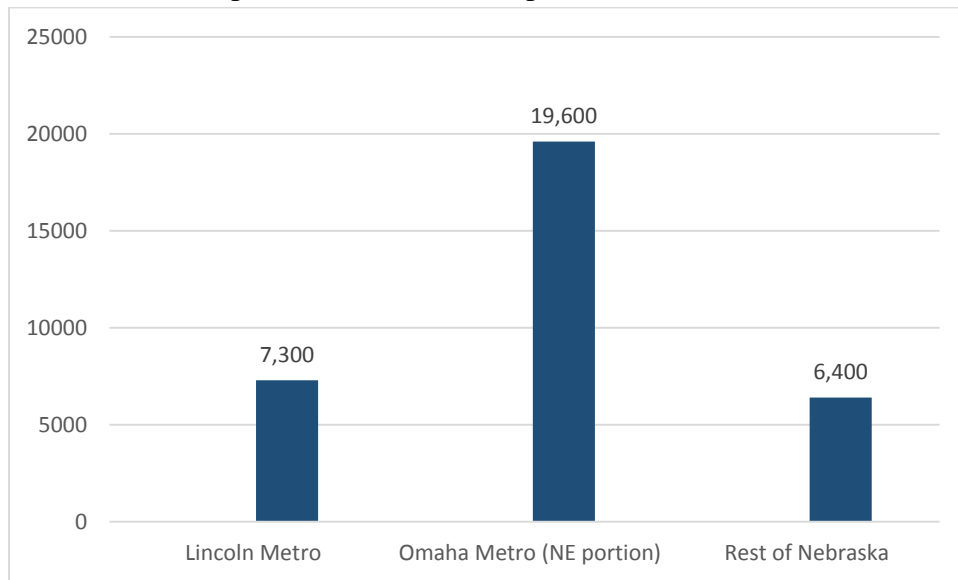
Source: Current Employment Survey, Bureau of Labor Statistics.

Rankings in Table 4 indicate that Nebraska is the second ranked State in terms of the concentration of employment in the insurance industry, with a location quotient of 1.84 in 2015. Nebraska trails only Connecticut, with a location quotient of 1.96. The elevated location quotient for Nebraska reinforces the key role that insurance carriers play in the Nebraska economy, supporting employment in the State by providing services around the nation.

A related question is the concentration of the insurance industry within regions of Nebraska. Figure 1 shows 2015 industry employment in the Omaha MSA (Nebraska portion), the Lincoln MSA and the rest of Nebraska. The portions of Nebraska outside of the Omaha MSA and the Lincoln MSA are primarily composed of non-metropolitan counties but do include the four counties of the Grand Island MSA and two counties in the Sioux City, Iowa MSA. The data is once again from the *Current Employment Survey*.

Results in Figure 1 show that the Nebraska insurance industry is concentrated in the Omaha MSA followed by the Lincoln MSA. In particular, 19,600 jobs, or just under 60 percent of employment, was located in the Omaha MSA (Nebraska portion) in 2015. The Lincoln MSA was home to 7,300 insurance jobs in 2015, or over 20 percent of employment. The rest of Nebraska housed 6,400 jobs, just under 20 percent of the total.

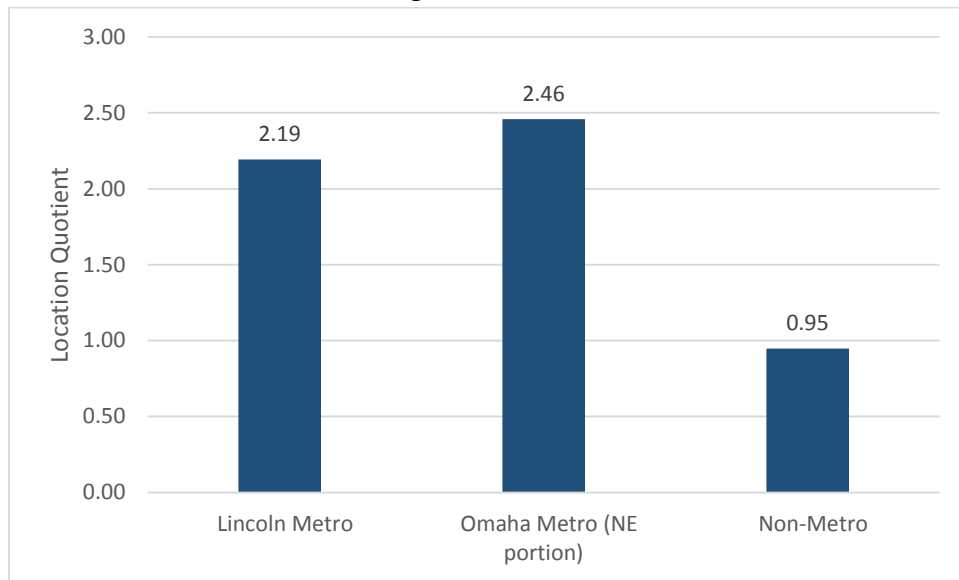
Figure 1: Distribution of Insurance Carriers and Related Services Employment within Metropolitan and Non-Metropolitan Nebraska, 2015



Source: Current Employment Survey, Bureau of Labor Statistics.

High employment figures, however, might be expected for the Omaha MSA, since a substantial share of all Nebraska employment is located in that metropolitan area. Therefore, location quotient values are required to provide a true measure of insurance industry concentration in Nebraska's metropolitan areas. The location quotient for the insurance carriers and related activities industry is above 2 in both the Omaha MSA and the Lincoln MSA. The location quotient is just below 1.0 in the rest of Nebraska's counties, many of which are non-metropolitan counties. The insurance industry therefore is spread throughout the State of Nebraska but is a specialization of the Omaha MSA and Lincoln MSA economies. Location quotients for Nebraska counties are provided in Appendix 2, for those counties where insurance industry data is available in the *Quarterly Census of Employment Wages*. Industry employment by county is not available in the *Current Employment Survey*.

Figure 2: Location Quotients for Insurance Carriers and Related Services in Metropolitan and Non-Metropolitan Nebraska, 2015



Source: Current Employment Survey, Bureau of Labor Statistics.

3. ECONOMIC AND TAX REVENUE IMPACT

The Nebraska insurance industry serves customers throughout Nebraska but also throughout the region, the nation and the world. The geographic diversity of the customer base implies that the Nebraska insurance industry generates an economic and tax revenue impact on the state of Nebraska. This section of the report estimates that economic impact for the state of Nebraska, for specific regions within the state and for different segments of the economy.

The business activity, employment and wages supported by new money flowing into Nebraska from insurance industry customers is the direct economic impact of the industry. There is also a second component of the economic impact known as the multiplier impact. The multiplier impact occurs as new money attracted to the State from insurance industry customers circulates further within the Nebraska economy. Insurance carriers, for example, will purchase goods and services from other Nebraska businesses such as computers and copiers, office and cleaning supplies, or accounting and legal services. These other Nebraska businesses will grow as a result. Likewise, employees of the Nebraska insurance businesses will spend their paychecks at state business of all kinds including mortgage payments and rent, insurance and health care, automobile payments and gasoline, retail items, groceries or food and restaurants, to provide a few examples. The multiplier impact, therefore, is felt in businesses throughout the economy, which is why it is possible to look at economic impact on an industry-by-industry basis. The economic multiplier is calculated for Nebraska using the IMPLAN model.¹ The sum of the direct economic impact and the multiplier impact is the total economic impact.

Table 5 shows the total economic impact of the Nebraska insurance industry for the year 2015 in terms of output, labor income and employment. Labor income includes employee wages, salaries and benefits and the proprietor income of the self-employed. The insurance industry had an economic impact of \$14.24 billion in Nebraska during 2015, including \$3.43 billion in labor income. That labor income was spread over an estimated 59,748 jobs.

Table 5: 2015 Annual Economic Impact of the Insurance Industry on Nebraska

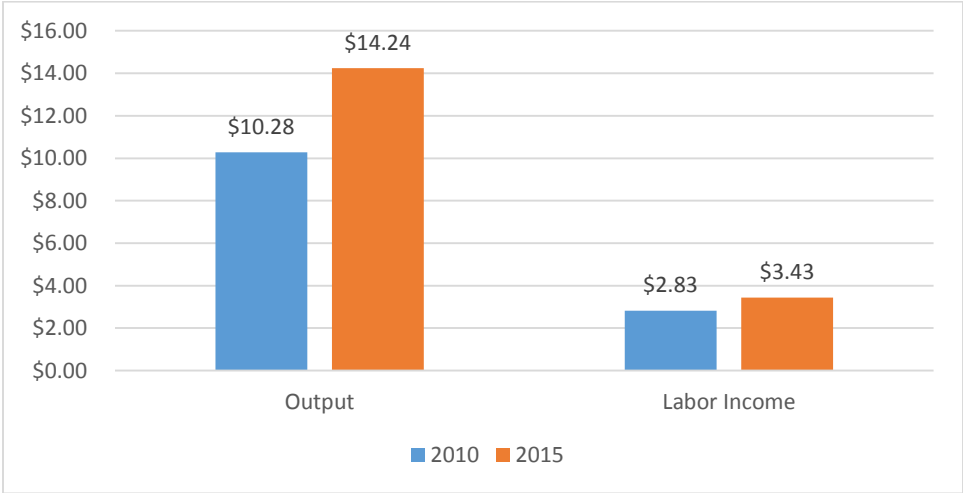
	Economic Impact 2015		
Region	Output or Sales (Billions of \$)	Labor Income (Billions of \$)	Employment
State of Nebraska	\$14.24	\$3.43	59,748

Source: UNL Bureau of Business Research calculations using IMPLAN model

¹ The IMPLAN model software is the leading multiplier model with capacity to estimate the economic impact of businesses and organizations in over 400 industries, in cities, counties, states, or combinations of counties.

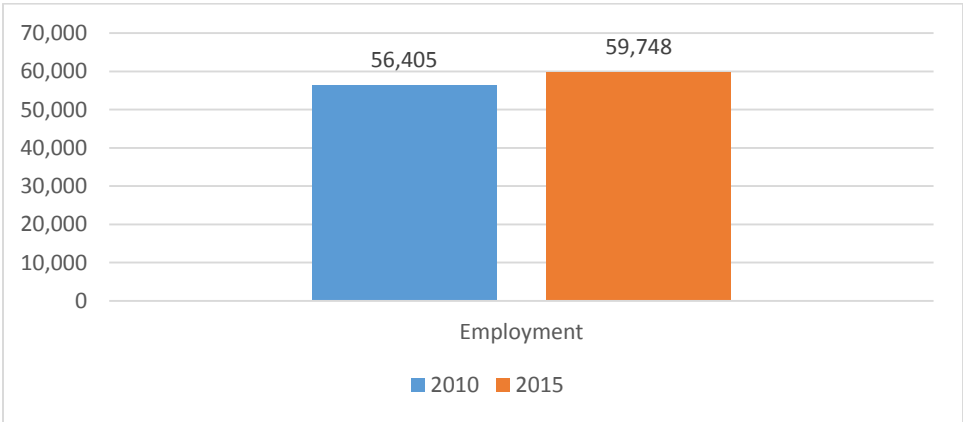
Figure 3 compares the economic impact of the insurance industry on Nebraska in 2015 with the impact during 2010 estimated in the previous report *The 2010 Economic Impact of the Insurance Industry on Metropolitan and Non-Metropolitan Nebraska*. Figure 4 compares the 2015 employment impact with the impact in 2010. The economic impact grew from \$10.28 billion in 2010 to \$14.24 billion in 2015. There was more modest growth in the labor income impact, which is not surprising given rising wages but limited job growth in the industry from 2010 to 2015. The impact on Nebraska labor income rose from \$2.83 billion in 2010 to \$3.43 billion in 2015. As seen in Figure 4, the employment impact rose from 56,405 in 2010 to 59,748 in 2015.

Figure 3: Economic Impact of Insurance Carriers & Related Services on Nebraska 2010 and 2015, Output and Labor Income



Source: UNL Bureau of Business Research calculations using IMPLAN model and *The 2010 Economic Impact of the Insurance Industry on Metropolitan and Non-Metropolitan Nebraska*

Figure 4: Economic Impact of Insurance Carriers & Related Services on Nebraska 2010 and 2015, Employment



Source: UNL Bureau of Business Research calculations using IMPLAN model and *The 2010 Economic Impact of the Insurance Industry on Metropolitan and Non-Metropolitan Nebraska*

Since the multiplier impact occurs at businesses throughout the economy, Table 6 reports the 2015 economic impact of the Nebraska insurance industry by detailed industry. The largest impact, naturally, is on the insurance industry itself, but there is an impact on most Nebraska industries. The annual economic impact for the insurance industry is nearly 36 thousand jobs. This includes both direct impact and the multiplier impact. The impact on other industries also is part of the multiplier impact. Outside of the insurance industry, the largest employment impact is in the business services industry, which includes legal, accounting, engineering and other professional and technical services along with the management of businesses (headquarters), temporary services and waste management. The multiplier impact of the insurance industry supports an estimate 4,862 jobs in business and professional services, with annual labor income of \$250.4 million. The multiplier impact supports an estimated 3,659 jobs in the entertainment and recreation industry. Restaurants and other eating and drinking places are a large part of this industry along with arts and cultural activities and other types of entertainment as well as lodging. The impact on the finance industry is an estimated 2,947 jobs with an annual labor income impact of \$134.8 million. The finance industry outside of insurance includes banking, real estate brokers and establishments involved in rentals. The estimated employment impact on the retail trade sector is an estimated 2,687 jobs with an annual labor income impact of \$80.1 million. Many other sectors are impacted as well. The results in Table 6 indicate that businesses throughout the economy benefit from the Nebraska insurance industry.

Table 6: 2015 Annual Economic Impact of the Insurance Industry on Nebraska by Industry

Industry	Output Impact (Millions of \$)	Labor Income Impact (Millions of \$)	Employment Impact
Agriculture	\$14.6	\$4.7	42
Mining	\$2.5	\$0.7	11
Utilities	\$19.4	\$5.0	11
Construction	\$40.8	\$14.5	204
Manufacturing	\$92.7	\$17.9	272
Wholesale Trade	\$105.0	\$36.7	493
Retail Trade	\$194.9	\$80.1	2,687
Transportation	\$71.1	\$25.0	562
Information	\$222.6	\$45.7	690
Finance	\$416.2	\$134.8	2,947
Insurance	\$11,248.3	\$2,416.9	35,910
Real Estate	\$453.4	\$13.1	929
Business and Professional Services	\$529.0	\$250.4	4,862
Education Services	\$33.3	\$15.8	498
Health and Social Services	\$358.0	\$194.1	3,745
Entertainment and Recreation	\$202.4	\$70.6	3,659
Other Services	\$123.6	\$73.9	1,813

Source: UNL Bureau of Business Research calculations using IMPLAN model.

One other way to view the economic impact of the Nebraska insurance industry is to examine the economic impact by region of the State. Table 7 shows the annual economic impact from insurance businesses located in the Omaha MSA (Nebraska portion only), the Lincoln MSA and the rest of the State. From 55 to 60 percent of the annual impact is from insurance businesses located in the Nebraska portion of the Omaha MSA. The annual impact of these Omaha area businesses is \$8.38 billion, including \$2.02 billion in labor income earned at an estimated 35,167 jobs. The Lincoln MSA and the rest of the state each account for around 20 percent of the statewide impact.

Table 7: 2015 Annual Economic Impact of the Insurance Industry on Nebraska
By Region of the State

Region	Economic Impact 2015		
	Output or Sales (Billions of \$)	Labor Income (Billions of \$)	Employment
State of Nebraska	\$14.24	\$3.43	59,748
Omaha MSA (Nebraska Portion Only)	\$8.38	\$2.02	35,167
Lincoln MSA	\$3.12	\$0.75	13,098
Rest of State	\$2.74	\$0.66	11,483

Source: UNL Bureau of Business Research calculations using IMPLAN model

Economic impacts also lead to tax revenue impacts. Specifically, estimates of the labor income (wages, salaries and proprietor income) impact imply that there will be additional state income tax impacts. Further, a portion of that income also is used to purchase goods and services subject to the sales tax, and property subject to the property tax. This makes it possible to estimate state income taxes, state and local sales tax impacts, and local property tax impacts based on the labor income in Table 8. Table 8 also reflects taxes paid directly by insurance businesses to the Nebraska Department of Insurance, including the premium tax, the fire insurance tax and fees.

Taxes and fees collected during the 2014-15 fiscal year are utilized for the year 2015. Table 8 shows the estimates of the state and local tax impact from taxes and fees paid directly to the Nebraska Department of Insurance, state income taxes, state and local sales taxes and local property taxes. As seen in Table 8, taxes and fees paid directly to the Nebraska Department of Insurance totaled \$109.9 million during the 2014-15 fiscal year. The largest tax impact is on state and local sales taxes, followed by state income taxes. The total tax revenue impact, including taxes and fees paid directly to the Nebraska Department of Insurance, was \$511.6 million in 2015.

Table 8: 2015 Annual Tax Revenue Impact of the Insurance Industry on Nebraska

	Tax Revenue Impact 2015				
	Taxes and Fees Paid Directly to the Nebraska Department of Insurance (Millions \$)	State Income Taxes (Millions \$)	State and Local Sales Taxes (Millions \$)	Local Property Taxes (Millions \$)	Total (Millions \$)
Nebraska	\$109.9	\$92.7	\$240.3	\$68.7	\$511.6

Source: UNL Bureau of Business Research calculations

4. CONTRIBUTIONS TO BRAIN GAIN

The insurance industry contributes to brain gain in the state of Nebraska by creating new job opportunities for skilled workers. Job opportunities arise when an industry expands and requires an increase in the number of workers. Job openings also arise when existing industry employees leave the industry through retirement, death, or disability. The new opportunities created provide a chance to attract or retain skilled workers to Nebraska. We examine both net job growth and net job opportunities from retirement, beginning with openings due to net job growth.

The Labor Market Information Division of the Nebraska Department of Labor produced an employment forecast from 2010 to 2020 for most Nebraska industries, including insurance carriers and related activities. The projection calls for a steady expansion of employment in the insurance industry between 2010 and 2020, with a cumulative 5.1 percent employment increase, or nearly 1,750 jobs from 2010 to 2020. Annually, the industry was projected to add 175 new net jobs, as indicated below in Table 9. This annual rate of job growth is forecast for the 2016 to 2020 period.

Table 9: Net Projected Job Growth in Nebraska for Insurance Carriers and Related Activities

	2016 to 2020			
	Cumulative Job Creation 2010-2010		Annual Average Job Creation 2016-2020	
	Number of Jobs	Percent Growth	Number of Jobs	Percent Growth
Nebraska	1,750	5.1%	175	0.5%

Source: Nebraska Department of Labor, Labor Market Information Division.

This net increase in employment provides one source of job opportunities within the Nebraska insurance industry. The other source is turnover among existing employees within the industry. Permanent exits through retirement, death or disability generate opportunities for new workers even in the absence of net job growth. Estimates of the rate of such permanent exits can be calculated using the Job Openings and Labor Turnover Survey (JOLTS) of the U.S. Department of Labor, which contains the rate of separations by industry by reason for the separation.

Reasons for separation include quits, layoffs, and other separations. The “other separations” category in JOLTS includes retirements, deaths, separations due to employee disability and transfers to other locations (which could be out of state). With the occasional exception of transfers, each of these “other separation” sub-categories reflects a case where there would need to be a net new worker entering the industry in Nebraska. The JOLTS survey produces separation rates by industry at the national level. Data for 2015 indicate the annual rate for “other separations” is 4.1 percent in the finance and insurance industry. Data from this most recent year is the best predictor of separations in the 2016 to 2020 period, since the labor market had

stabilized by 2015, after the upheaval and recovery from the Great Recession.² The other separation rate of 4.1 percent is applied to the total number of workers in the Nebraska insurance industry in 2015, which was 33,300, in order to estimate the annual number of such separations per year. The results are shown in Table 10. There would need to be 1,365 replacement workers each year. Adding the 175 new workers due to projected net industry job growth, these results suggest that the industry would generate 1,540 job openings for new workers in a given year.

Table 10: Estimated Annual “Other Separations” in the Nebraska Insurance Industry 2016 to 2020

	Net Losses From Industry Employment, 2015		Annual Need for Additional Workers	
	Number of Jobs	Annual “Other Separations” Rate	Due to “Other Separations”	Including Net Job Growth
Nebraska	33,300	4.1%	1,365	1,540

Many of these new openings would occur in the most common insurance industry occupations such as: 1) customer service representatives; 2) insurance claims and policy processing clerks; 3) insurance sales agents; 4) claims adjusters, examiners, and investigators; and 5) insurance underwriters, as indicated in Table 11. Table 11 lists the top 5 occupations in the insurance industry.

Table 11: Top Five Occupations and Education Requirements for Insurance Carriers and Related Services

Top Occupation	Education
Customer Service Representatives	H.S. Diploma
Insurance Claims and Policy Processing Clerks	H.S. Diploma
Insurance Sales Agents	Bachelor’s Degree
Claims Adjusters, Examiners, and Investigators	Bachelor’s Degree or Some College
Insurance Underwriters	Bachelor’s Degree

² Jolts data from January through July of 2016 suggest that the other separations rate in the finance and insurance industry is likely to be very close to 4.1% during 2016.

Table 11 also lists the typical education of workers in each of the top 5 occupations according to the U.S. Bureau of Labor Statistics. The education requirements listed represent a mix of employment opportunities for persons with a high school degree, a bachelor's degree or some college. The range of opportunities offered means that the insurance industry contributes to "brain gain" among the educated workforce in Nebraska by providing options for young Nebraskans looking for employment in the state. Such brain gain can be enhanced through efforts to improve education opportunities for young workers.

5. CONCLUSION

The insurance industry is one of Nebraska's leading industries. Jobs in the insurance industry pay high wages. A significant share of industry business is "exported" to customers located in other states and nations. The insurance industry also creates job opportunities throughout our state. Further, the industry creates 1,540 net new job openings each year through net job growth or openings generated due to the normal functioning of the labor market, such as retirements. Finally, the insurance industry also has a significant statewide economic impact.

The average annual wage among insurance carriers and related activities was \$64,926 during 2015. This is 50 percent more than the average for all private employment in Nebraska and above wages in other high wage industries such as information (broadcasting, publishing, telecommunications, web portals) and business and professional services. Wage growth also is strong for employees at insurance carriers and related activities. Average annual wages grew by 3.6 percent per year from 2010 to 2015, well above the rate of inflation.

The Nebraska insurance industry is a major employer with 33,300 jobs in 2015. The industry also is concentrated in Nebraska. Nebraska has 84 percent more jobs in the insurance industry than would be expected in a state of its size (location quotient equals 1.84). This is the second highest concentration among any State and implies that Nebraska insurers are serving customers in other States and around the world as well as customers in Nebraska. Nebraskan's statewide benefit from these job opportunities. Approximately 60 percent of insurance industry employment is found in the Omaha MSA with about 20 percent of the jobs in the Lincoln MSA. Further, about 20 percent of the jobs were located in the other counties and regions of Nebraska.

The Nebraska insurance industry also contributes to brain gain in the state by helping Nebraska retain and attract new workers. In particular, the industry generates 1,540 job openings per year due to net job growth or retirements from the industry. Many of these new openings would occur in the most common insurance industry occupations such as: 1) customer service representatives; 2) insurance claims and policy processing clerks; 3) insurance sales agents; 4) claims adjusters, examiners, and investigators; and 5) insurance underwriters. These occupations provide new job opportunities to a mix of 4-year college graduates and high school graduates.

The Nebraska insurance industry also has a substantial annual economic and tax revenue impact on the State. Specifically, the Nebraska insurance industry had an economic impact of \$14.24 billion on Nebraska during 2015, including \$3.43 billion in labor income. That labor income was spread over an estimated 59,748 jobs. These impact estimates are above those reported for 2010 in the earlier study *The 2010 Economic Impact of the Insurance Industry on Metropolitan and Non-Metropolitan Nebraska* by the UNL-BBR and Goss and Associates. The employment impact rose by 3,300 jobs between 2010 and 2015. Approximately 60 percent of the 2015

economic impact was due to insurance companies located in the Omaha Metropolitan Area, with 20 percent due to insurance companies located in the Lincoln Metropolitan Area and 20 percent due to insurance companies located in other parts of the state. The total tax revenue impact of the insurance industry, including taxes and fees paid directly to the Nebraska Department of Insurance, was \$511.6 million in 2015.

APPENDIX 1: STATE LOCATION QUOTIENT VALUES FOR 2015

State	Location Quotients
	Insurance Carriers & Related Activities
Alabama	0.78
California	0.68
Colorado	0.95
Connecticut	1.96
Delaware	0.78
District of Columbia	0.28
Florida	1.06
Georgia	1.05
Idaho	1.01
Illinois	1.20
Indiana	0.85
Iowa	1.52
Kansas	1.29
Kentucky	0.99
Louisiana	0.71
Maine	1.12
Maryland	0.84
Massachusetts	1.18
Michigan	0.91
Minnesota	1.30
Mississippi	0.53
Missouri	1.09
Nebraska	1.84
New Hampshire	1.25
New Jersey	1.21
New York	0.92
North Carolina	0.75
North Dakota	1.01
Ohio	1.24
Oklahoma	0.75
Oregon	0.78
Pennsylvania	1.15
Rhode Island	1.35
Texas	0.93
Utah	0.70
Washington	0.76
Wisconsin	1.28

Source: Current Employment Survey, Bureau of Labor Statistics.

APPENDIX 2: LOCATION QUOTIENT VALUES FOR NEBRASKA COUNTIES 2015

State	Insurance Carriers & Related Activities
Adams	0.61
Antelope	0.88
Boone	0.50
Box Butte	0.68
Brown	0.35
Buffalo	0.45
Burt	1.45
Butler	0.49
Cass	0.44
Cedar	0.84
Chase	0.78
Cherry	0.24
Clay	0.72
Colfax	0.39
Cuming	0.73
Custer	0.71
Dawson	0.35
Deuel	1.49
Dodge	0.33
Douglas	2.71
Frontier	0.32
Gage	0.29
Gosper	4.41
Greeley	0.90
Hall	1.06
Hamilton	0.66
Holt	0.92
Howard	1.19
Jefferson	0.37
Johnson	0.38
Keith	0.83
Knox	0.72
Lancaster	2.05
Lincoln	0.46
Madison	0.84
Merrick	0.59
Morrill	0.77
Nance	0.67
Nemaha	0.87
Otoe	0.55
Phelps	0.68
Platte	0.26
Sarpy	0.31

Scotts Bluff	0.58
Seward	0.46
Sheridan	0.82
Thurston	0.17
Valley	0.53
Washington	1.09
Wayne	1.49
York	0.49

Source: Quarterly Census of Employment and Wages, Bureau of Labor Statistics.

APPENDIX 3: ABOUT THE BUREAU OF BUSINESS RESEARCH AND KEY PERSONNEL

The Bureau of Business Research

The Bureau of Business Research is a leading source for analysis and information on the Nebraska and Great Plains economy. The Bureau conducts both contract and sponsored research on the economy of states and communities including: 1) economic and fiscal impact analysis; 2) models of the structure and comparative advantage of the current economy; 3) economic, fiscal, and demographic outlooks, and 4) assessments of how economic policy affects industry, labor markets, infrastructure, and the standard of living. The Bureau also competes for research funding from federal government agencies and private foundations from around the nation and contributes to the academic mission of the University of Nebraska-Lincoln through scholarly publication and the education of students. The Bureau website address is www.bbr.unl.edu.

Key Personnel

Dr. Eric Thompson – Principal Investigator

Dr. Eric Thompson is an Associate Professor in the Department of Economics at the University of Nebraska-Lincoln. He received his Ph.D. in Agricultural Economics from the University of Wisconsin-Madison with an emphasis in community economic development. He has served as Director of the Bureau of Business in the College of Business Administration at the University of Nebraska-Lincoln since August 2004.

Under the auspices of the Bureau of Business Research, Dr. Thompson spearheads a quarterly publication, *Business in Nebraska*. The Bureau partners with the Nebraska Business Forecast Council to dedicate two issues of *Business in Nebraska* to forecasting the Nebraska business climate, wages and employment outlook. The remaining two issues cover diverse and timely topics facing the state of Nebraska. In 2011, he began publishing a monthly Leading Economic Indicator report. These publications are free and available via email and at the Bureau website, bbr.unl.edu.

Professor Thompson has published 10 peer reviewed articles in journals such as *Journal of Regional Science*, *American Journal of Agricultural Economics*, and *Regional Science and Urban Economics*. Thompson has served as President of both the Nebraska Economics and Business Association (NEBA) and the Association for University Business and Economic Research (AUBER). His book, co-authored with Professor William Walstad, *Entrepreneurship in Nebraska: Conditions, Attitudes, and Actions*, was published in 2008.

Throughout his career Thompson has received over one hundred national and local grants from organizations such as the U.S. Department of Transportation, U.S. Chamber of Commerce, National Association of State Courts, Nebraska State Historical Society, Platte Institute for Economic Research, Nebraska Department of Roads, and Lincoln Chamber of Commerce.