

INSURECONOMY

an economic impact and future growth study of Ontario's high-value insurance sector

Insurance plays a critical role in the Ontario economy by assuming part of the financial risk inherent in running a business, driving a car, or owning or renting a home. The sector is diverse, with national and international elements that include life, health, property and casualty insurance (auto, home and business).

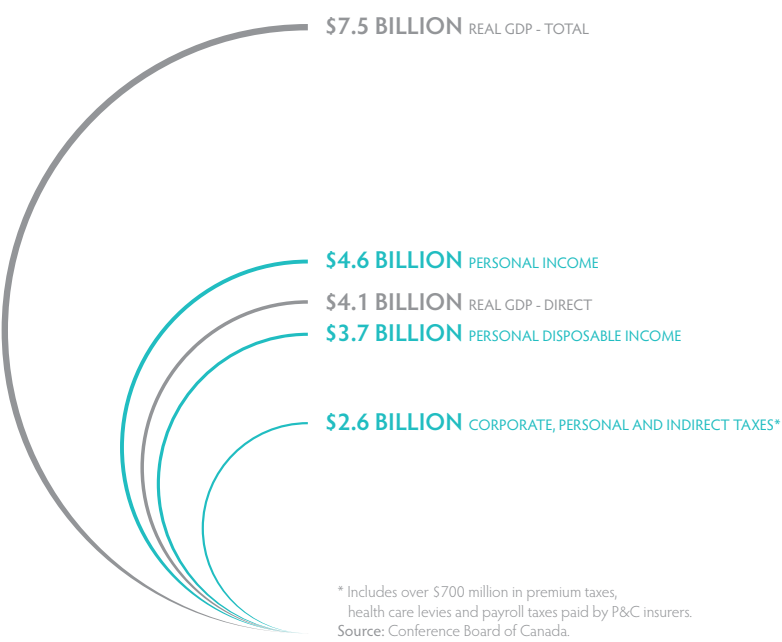
This report summarizes the results of a broad-based review of the insurance industry in Ontario, undertaken by the Conference Board of Canada and Jupia Consultants.

An Economic Engine

The insurance industry in Ontario is made up of over 6,000 business establishments employing more than 77,000 people. More than 2% of people employed in the private sector in Ontario work for the insurance industry.

The property and casualty insurance industry in Ontario directly contributed \$4.1 billion to real gross domestic product (GDP) in 2009. The economic multiplier (GDP boost) for the industry is 1.81. Including direct, indirect and induced impacts, \$7.5 billion in real GDP can be attributed to the property and casualty insurance sector.

ECONOMIC IMPACT OF ONTARIO'S P&C INSURANCE INDUSTRY (2009)

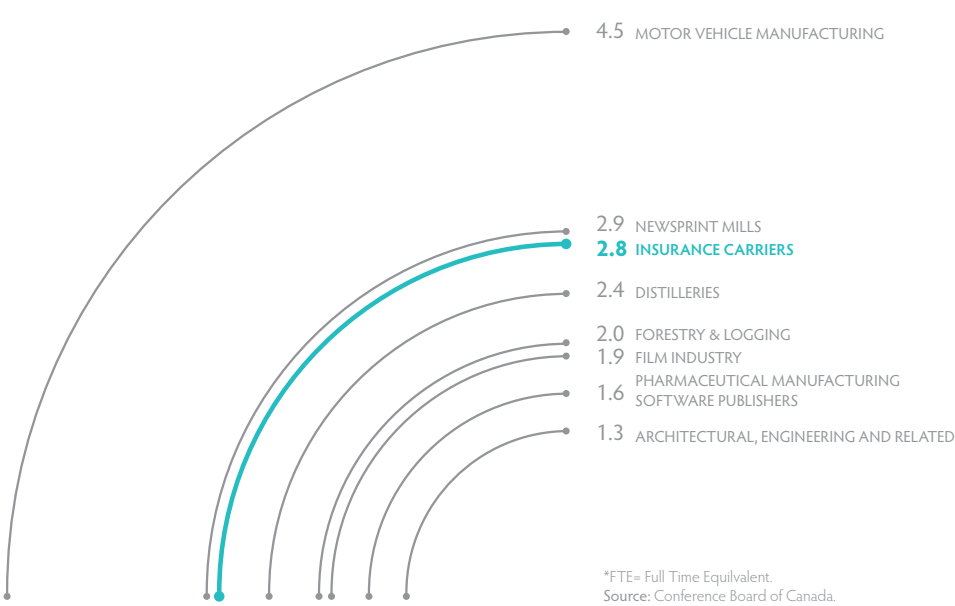


Spending Stays in Ontario

When an Ontarian purchases an iPod or television, buys clothing or goes to the movies most of the economic activity associated with those purchases leaves the province to support economic development elsewhere. Not so with the insurance industry.

For every dollar of premium paid by a customer, upwards of 80 cents is spent within the province either directly through the cost of operations (payroll, facilities, etc.), or indirectly through the cost of claim payouts (auto body shops, law firms, medical practitioners, etc.).

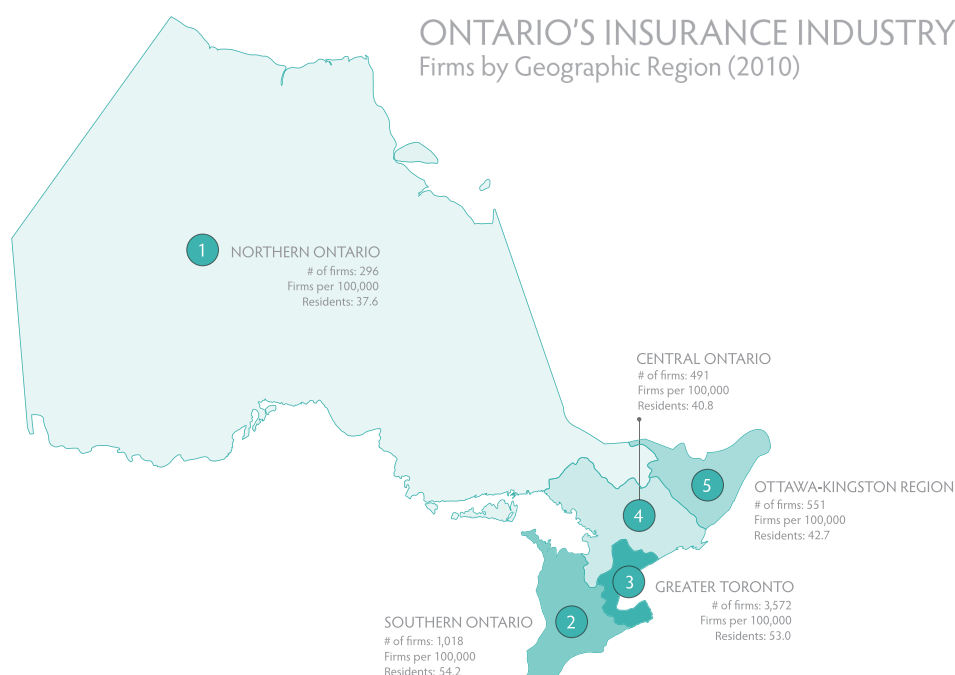
TOTAL EMPLOYMENT SUPPORT PER DIRECT JOB (FTE)*



Ontario: An Insurance Hub

Employment and economic activity in the insurance industry is widely distributed across the province of Ontario. Adjusted for the population size, there are more insurance industry business establishments in the Hamilton to Windsor corridor than in the Toronto area. And nearly half of total industry employment is located outside the Toronto metropolitan area.

ONTARIO'S INSURANCE INDUSTRY: Firms by Geographic Region (2010)



Future Growth

The insurance industry has been growing steadily in Ontario since 2005, with insurance carriers increasing their workforce by 18%. Overall, the insurance industry increased total employment by over 12% – well above the provincial employment growth rate of only 4%.

There is potential for significant further growth by increasing value-added services and expanding the sector's national and international reach. 43% of the firms surveyed indicated they were planning to grow their employment by 10% or more in the next three years.

EMPLOYMENT TRENDS: Last Three Years (% of firms)

