

Alberta's Insureconomy

The Economic Contribution of the Property and Casualty Insurance Industry



The property and casualty (P&C) insurance industry directly contributed **\$1.2 billion** to Alberta's GDP in 2018.



For every **100 jobs** created in the P&C insurance industry, **42 are created** in other areas of the province's economy.



There were **10,842 people** working in Alberta's P&C insurance industry in 2018.



P&C insurance companies paid **\$375 million** in premium taxes and **\$155 million** in health care levies in 2017.

For every \$1 in economic activity generated within the P&C insurance industry, another \$1.00 is generated in other industries in the province, totalling \$2.00, for a total footprint¹ of **\$2.6 billion** in 2018.

The total economic footprint associated with the P&C insurance network supports **15,445 jobs** in Alberta, about **1 in every 150 jobs**.

¹ Footprint refers to the sum of the industry's direct, indirect and induced economic impacts



In 2018, the P&C insurance industry was responsible for **\$2.2 billion** worth of income in Alberta and created **\$334 million in income taxes** for the federal and provincial governments.

Executive summary

The property and casualty (P&C) insurance industry has a substantial direct economic impact in Alberta, but its total footprint is much larger. The insurance industry also creates indirect (supply chain) impacts through the demand for other goods and services that serve as inputs for insurance products.

Additional economic impacts are produced when the employees of the insurance industry and their suppliers spend their income. The sum of the direct, indirect, and induced effects represents the overall contribution, or the economic footprint, that the insurance industry has on Alberta's economy.

The direct impacts of an industry are easily measurable; they are the result of the industry's own activities, such as the GDP created by its activities and the wages paid to employees. The P&C insurance industry directly contributed \$1.2 billion to Alberta's GDP in 2018¹ and directly employed an estimated 10,842 people as carriers, brokers, or agents.

P&C insurance has an important economic footprint. Every \$1 in activity generated by P&C insurance created \$1.00 in other areas of the provincial economy, for a total of \$2.00. Accounting for all the supply chain effects of the P&C insurance industry, its total economic footprint contributed \$2.6 billion of Alberta's total GDP and 15,445 jobs in 2018.

Claims that are incurred by insurers result in economic activity in other industries in Alberta. Albertans have been on the front line of three of Canada's most expensive natural disasters since 2010, including the Fort McMurray wildfire, the 2013 floods in the southern part of the province, and the 2011 Slave Lake wildfire. In the wake of these disasters, these claims— which contributed to a staggering \$10.1 billion in total direct claims in 2016²—boost real GDP in many other industries, such as auto repair and home reconstruction.

1 Economic impact data are reported in inflation-adjusted 2018 dollars to reflect purchasing power in 2018.

2 These figures were provided by the Insurance Bureau of Canada and are not adjusted for inflation.



In 2018, P&C insurers in Alberta incurred **\$6.4 billion** in direct claims.

Introduction

This briefing quantifies the economic footprint of Alberta's P&C insurance industry on key economic indicators such as gross domestic product (GDP), employment, income, and government revenues.

Statistics Canada's regional input-output model was used to quantify the indirect and induced impacts of the sector. The Conference Board of Canada's provincial forecasting model was used to derive the full set of impacts on a wide range of indicators, including expenditure-based GDP, labour market indicators, and tax revenues. This briefing describes the insurance industry in Alberta, with a special focus on recent natural disasters that have affected the province, and highlights the economic contribution of the insurance sector.

Alberta's insurance industry

The insurance industry is made up of direct insurers, reinsurers, and agents and brokers. Reinsurance carriers take on risks from direct insurers. Agencies and brokerages facilitate the underwriting by selling insurance policies and providing advice.

Insurance is a key facilitator of economic activity. It allows businesses to make investments knowing they are protected against large losses. Insurance plays an important role in society by transferring, spreading, and pooling risk across a range of people and businesses. Policyholders pay premiums in exchange for protection against uncertain, but possible, substantial losses in the future. The premiums paid by policyholders can be used to compensate those who do incur unexpected losses. In 2016, the year of the devastating Fort McMurray wildfire, P&C insurers in Alberta incurred \$10.1 billion in direct claims.³

3 Ibid.



Claims incurred for the **Fort McMurray wildfire** are estimated to have added **\$1.3 billion** to the construction sector alone.

The insurance industry benefits the economy directly by creating jobs, paying wages to employees, and generating revenue for firms in other industries, as well as paying taxes to government. Indirect benefits of the industry are also created through the insurance industry supply chain. When insurance companies make purchases, they create new demand for products and services, resulting in new jobs and higher wages in other industries. Finally, when the employees of the insurance industry and their suppliers spend their income, that creates new economic activity in many sectors. This spending can be attributed to the insurance industry as induced effects. Together, these effects represent the insurance industry's economic footprint.

The P&C insurance industry in Alberta is an important contributor to real GDP. In 2018, it employed about 10,842 individuals and added \$1.2 billion to the provincial economy. In addition, these figures do not include insurance premium taxes paid in the province, which were \$375 million, and health care levies, amounting to an additional \$155 million, in 2017.⁴ Claims paid out to policyholders will also contribute to economic activity that is captured in other industries. For instance, claims incurred for the May 2016 Fort McMurray wildfire are estimated to have added \$1.3 billion to the construction sector alone over the 2016–19 period, but these claims are not reflected in the insurance industry's footprint. (See "Measuring Direct GDP in the Insurance Industry.")

Measuring direct GDP in the insurance industry

Insurance carriers earn revenues through the premiums that are paid by policyholders, as well as by reinvesting those premiums to generate additional income. Data related to these revenues are collected by Statistics Canada, along with information on claims, and are used to estimate the direct economic contribution of the insurance industry. More specifically, the insurance industry's real GDP is calculated by adding premiums to investment income and then subtracting claims incurred.⁵ This highlights one way in which the insurance industry is unique: it can bolster the economy even when its own

⁴ Ibid.

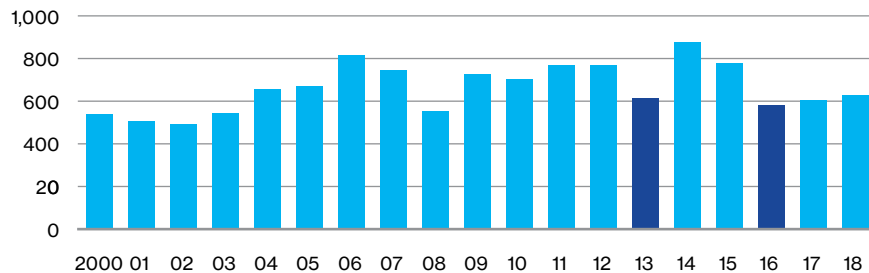
⁵ Intersecretariat Working Group on National Accounts, *System of National Accounts 2008* (New York: European Commission, United Nations, Organisation for Economic Co-operation and Development, International Monetary Fund, and World Bank, 2009).

real GDP is declining. When property is destroyed, the claims made by the policyholder cause the insurance industry's real GDP to decline. However, when policyholders spend the claim settlement money to replace lost or damaged items, this causes GDP in other industries to increase.

Over 2008–12, P&C insurance carriers in Alberta incurred an average \$1,114 in total claims per Albertan per year. Floods helped push that figure up to \$1,521 in 2013. And when wildfires destroyed huge swaths of Fort McMurray, P&C carriers incurred claims of \$1,926 per capita, almost twice as much as in a normal year. The claims incurred from these events subtracted from real GDP in the insurance industry but were spent by policyholders on goods and services, such as rebuilding or home repair, replacing damaged vehicles, or temporary accommodations. The impact of these claims is not quantified in this briefing because this would lead to a double counting of effects. However, annual changes in GDP that are directly attributed to the insurance industry can be influenced by claims, especially in years when catastrophic events occur.

The impact of high claims produces a drag on the insurance industry's real GDP that is especially evident for P&C carriers in 2013 and 2016. (See Chart 1.) Over 2001–15, the direct GDP generated by P&C insurance carriers grew at an average annual rate of 2.4 per cent. In 2013 and 2016, however, the industry registered declines of more than 20 per cent.

Chart 1
Alberta's P&C insurance carriers' real GDP
 (2018 \$ millions)



Sources: The Conference Board of Canada; Statistics Canada; Insurance Bureau of Canada.

Results

In 2018, the P&C insurance industry, including carriers, agents, and brokers, directly contributed \$1.2 billion in GDP to Alberta's economy. For every \$1 in real GDP created by the P&C insurance industry's own activities, \$1.00 was generated in other areas of the economy, for a total contribution of \$2.00. As a result, Alberta's P&C insurance industry supported 15,445 jobs and had a total footprint of \$2.6 billion. (See Table 1.)

Table 1

Property and casualty insurance impact on Alberta's key economic indicators

(footprint*, 2018 \$ millions unless otherwise noted)

	2012	2013	2014	2015	2016	2017	2018
GDP, P&C insurance (direct only)	1,211	1,080	1,373	1,320	1,138	1,179	1,223
Real GDP at market prices	2,442	2,258	2,772	2,601	2,396	2,402	2,495
Real GDP at basic prices	2,545	2,288	2,888	2,742	2,405	2,479	2,570
Average weekly wages industrial composite (percentage change)	0.1	0.1	0.1	0.1	0.1	0.3	0.3
Personal income	1,733	1,800	2,188	2,200	2,162	2,109	2,249
Personal disposable income	1,463	1,519	1,857	1,848	1,806	1,775	1,893
Population of labour force age (level difference)	301	396	492	594	693	800	896
Labour force (level difference)	9,309	8,680	10,854	10,654	9,779	9,932	10,039
Employment (level difference)	14,321	13,354	16,698	16,391	15,044	15,280	15,445
Unemployment rate (level difference in rate)	-0.2	-0.2	-0.3	-0.3	-0.2	-0.2	-0.2
Retail sales	1,579	1,406	2,182	1,945	1,415	1,748	1,891
Housing starts	435	454	472	381	265	419	439
Taxes less subsidies on production	67	68	82	82	81	73	78
Personal income tax collections	251	263	311	331	335	312	334
Economic multiplier	2.02	2.09	2.02	1.97	2.10	2.0	2.0

* footprint refers to the sum of the direct, indirect and induced impacts.

Sources: The Conference Board of Canada; Statistics Canada.

The P&C insurance industry's economic footprint provided \$2.2 billion in personal income in the province. Just under \$334 million in personal income taxes for federal and provincial governments was generated by the industry.

As shown in Table 2, the largest increase in GDP by industry occurred in the finance, insurance, and real estate sector. This is because this sector captures the direct GDP in the P&C insurance sector and the large supply chain impact on the agents and brokers network, as well as other notable increases in demand for lessors of real estate and banking and other depository credit intermediation. In addition, these impacts do not include the value of the spending that results from claims payouts, which causes economic activity in other industries (such as construction) to increase.

Table 2

Property and casualty insurance impact on Alberta's real GDP, by industry and labour market
(footprint*, level difference)

	2012	2013	2014	2015	2016	2017	2018
GDP, P&C insurance (millions \$ 2018)	1,211	1,080	1,373	1,320	1,138	1,179	1,223
Real GDP at basic prices (millions \$ 2018)	2,545	2,288	2,888	2,742	2,405	2,479	2,570
Agriculture and other primary	37	32	42	39	32	35	36
Utilities	18	16	20	19	16	17	18
Manufacturing	43	38	50	47	40	42	44
Construction	24	21	28	26	22	23	24
Wholesale and retail trade	115	100	131	123	103	110	114
Transportation and warehousing	55	48	63	59	50	53	55
Information and cultural industries	77	66	87	82	68	73	76
Finance, insurance, and real estate	1,574	1,404	1,784	1,715	1,480	1,533	1,589
Professional, scientific, and technical services	218	217	248	226	231	219	229
Administrative and support, waste management, and remediation services	116	118	132	121	128	118	124
Arts, entertainment, and recreation	9	8	10	9	8	8	9
Accommodation and food services	38	33	43	40	34	36	37
Other services (except public administration)	35	28	39	35	27	31	32
Non-commercial services	49	42	56	52	43	46	48
Public administration	6	5	7	6	5	5	5

(continued ...)

Table 2 (cont'd)

Property and casualty insurance impact on Alberta's real GDP, by industry and labour market
(footprint*, level difference)

	2012	2013	2014	2015	2016	2017	2018
Employment, P&C insurance industry (direct only, level)	8,492	8,805	10,034	10,198	10,094	10,457	10,842
Total employment (level difference)	14,321	13,354	16,698	16,391	15,044	15,280	15,445
Agriculture and other primary	113	89	114	103	70	68	69
Utilities	207	179	228	217	157	159	178
Manufacturing	161	123	161	177	168	169	186
Construction	69	62	73	79	69	70	74
Wholesale and retail trade	971	749	993	957	861	880	888
Transportation and warehousing	425	370	482	475	378	405	395
Finance, insurance, and real estate	9,170	9,503	10,851	11,005	10,893	11,172	11,181
Other commercial services industries	2,773	1,940	3,315	2,926	2,113	1,994	2,101
Non-commercial services	402	316	449	424	313	341	348
Public administration	30	23	32	29	20	23	25
Unemployment	-5,013	-4,674	-5,845	-5,737	-5,265	-5,348	-5,406

* footprint refers to the sum of the direct, indirect and induced impacts.
Sources: The Conference Board of Canada; Statistics Canada.

In 2018, the P&C insurance industry supported \$229 million in real GDP in professional, scientific, and technical services through its demand for computer systems design and related services; accounting, tax preparation, and payroll services; and legal services. In the information and cultural industries, \$68 million in real output was supported—mainly due to increased demand for telecommunications.

When accounting for indirect and induced impacts, the P&C industry supported a total of 15,445 jobs in 2018. Naturally, most job gains were in the finance, insurance, and real estate sector. But other commercial services also experienced notable employment benefits, amounting to just over 2,101 jobs supported by the P&C insurance industry in that sector. The unemployment rate in Alberta was lowered by a 0.2 percentage point due to the job creation supported by the P&C insurance industry in 2018. (See “Capturing Labour Market Impacts.”)

Capturing labour market impacts

The Conference Board's economic model of Alberta's economy captures a complex labour market model. When demand for labour increases, as is the result in this analysis, the increase in employment is not reflected, one-for-one, in a decrease in the number of those unemployed. In fact, a number of other effects, which mitigate the impact on the unemployed, are captured by the model. For example, labour is regionally mobile and, as employment is lifted in Alberta, net interprovincial migration also increases.

Moreover, as job prospects improve, more people naturally enter the workforce. The increase in participation rates can occur among all age groups but is typical of younger cohorts who often opt to work rather than remain in school when employment prospects become more favourable. Thus, the simulation results suggest that, although total employment was lifted by roughly 15,445 in 2018, the number of unemployed people dropped by just 5,406. This is because the labour force increased by 10,039, which is the result of people deciding to enter (or re-enter) the workforce and interprovincial migration inflows. Because of the dynamic response of the labour force, the impact on the unemployment rate was small.

The 2016 figures for P&C insurance are influenced by the rise in claims resulting from the Fort McMurray wildfires. That year, direct GDP fell 25 per cent. Employment, on the other hand, did not register a decline. While higher claims will cut into the profits of insurance companies, the industry still has supply chain needs and its workers will still purchase goods and services. As a result, natural disasters lead to smaller negative consequences for the indirect and induced effects. In 2016, when P&C insurance carriers' direct GDP fell 25 per cent, the total economic footprint fell only 20 per cent. In years without major natural disasters, this means that each \$1 in economic activity created by P&C insurance generates slightly less in other areas of the economy than in years in which they do occur.



The insurance industry is paramount in this process and fuels the economic activity associated with the rebuilding efforts caused by natural disasters.

When disaster strikes

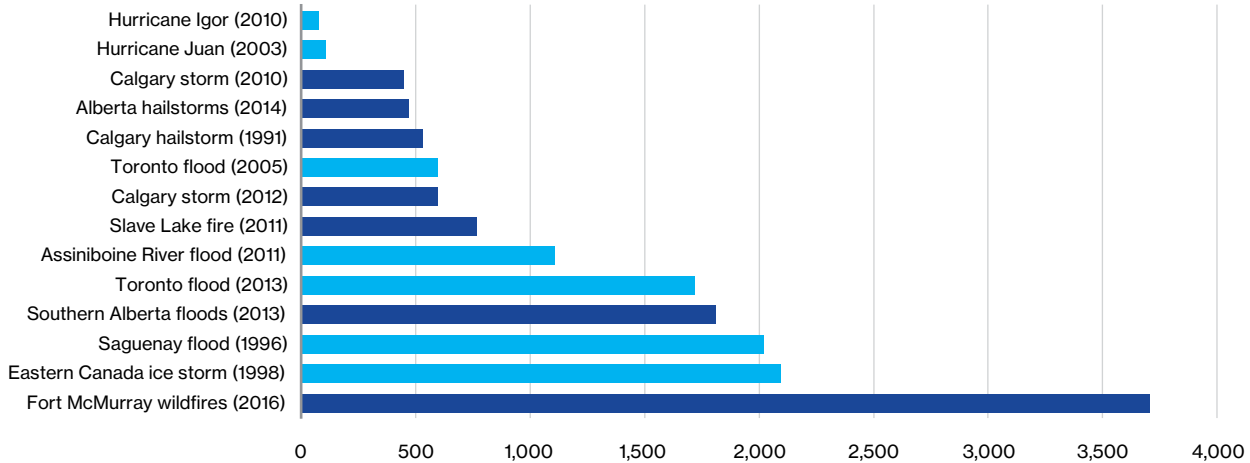
Canada has suffered several major natural disasters in recent years, and P&C insurance carriers are where the rebuilding efforts begin. Every Canadian province has suffered through severe weather events such as flooding, wildfires, ice storms, tornadoes, or hurricanes. Although the short-term impacts of these events are costly, disasters ultimately spur economic activity as households, businesses and governments rebuild their assets and replace lost goods. The insurance industry is paramount in this process and fuels the economic activity associated with the rebuilding efforts caused by natural disasters.

The typical lift to GDP following disasters is attributed to how GDP is quantified. Indeed, GDP measures economic activity that generates income through wages, profits, or the use of capital. It does not directly measure losses in assets such as homes and vehicles. Nor does it measure the direct hit to private or public capital. This is because the loss affects assets that were created in the past. If, for example, a retail store is destroyed by a fire, the loss in value of that store would not be directly captured in the GDP numbers. However, going forward, the loss of the store's business operations, wages paid, and profits earned would be captured in the data and would take away from GDP. On the other hand, if the store is rebuilt, the construction effort would add to economic activity.

Monetary damages caused by disasters have increased substantially since the 1970s.⁶ The costs of some of Canada's major natural disasters are illustrated in Chart 2. The insurance industry plays an important role in mitigating financial losses to households and businesses. Thus, the insurance industry is a key financial service and a pillar to recovery from these devastating events.

6 Derek Kellenberg and A. Mushfiq Mobarak, "The Economics of Natural Disasters," *Annual Review of Resource Economics* 3, no. 1 (2011): 297–312, accessed February 11, 2019, <https://www.annualreviews.org/doi/pdf/10.1146/annurev-resource-073009-104211>.

Chart 2
Cost of Canada's disasters
 (2018 \$ millions)



Note: These figures are intended to show total costs and therefore include farmers' insurance.
 Sources: Environment and Climate Change Canada, "Igor Retired From Hurricane Name List"; Canadian Underwriter, "Hurricane Juan Damage Pegged at \$85 Million"; Emily Mertz, "Top 10 Most Costly Disasters in Canadian History for Insurers," Global News; Manitoba 2011 Flood Review Task Force, *Report to the Minister of Infrastructure and Transportation*; CBC News, "Saguenay Flood Cost \$1 Billion"; The Conference Board of Canada.

Canada's two costliest natural disasters in the last five years occurred in Alberta. In May and June of 2016, the Fort McMurray wildfire destroyed 590,000 hectares of forest and nearly 2,000 residential and commercial structures. At the time of the wildfire, it was estimated that a total of \$5.3 billion would be injected into Alberta's economy for the rebuilding effort, making it Canada's most costly natural disaster for insurance providers. The bulk of the reconstruction effort, estimated at \$3.6 billion, was financed through property and casualty insurance claims.

Around 67 per cent of these payments were to help households get back on their feet. Most were used for repairing, refurbishing, and rebuilding homes; replacing lost or damaged property; and replacing or fixing damaged vehicles. Funds were also allocated toward services, in part to provide households with temporary living accommodations, and for cleanup and other services needed to render homes safe to occupy. At the time of the wildfire, the Conference Board estimated that replacing vehicles and other household durables would add \$600 million to household consumption in 2017 and 2018.

Alberta's Insureconomy

The Economic Contribution of the Property and Casualty Insurance Industry

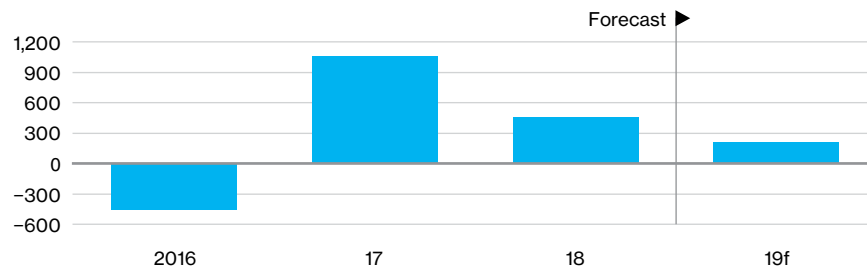
Initial estimates, made in 2016, suggested that commercial properties claims would total \$1.2 billion to repair or rebuild damaged property and cover business interruptions.

Although it was estimated that the wildfire shaved 0.1 per cent off the real GDP in Alberta in 2016, the rebuilding efforts are estimated to have boosted Alberta's GDP by 0.4 per cent in 2017, and will add 0.2 per cent in 2018 and 0.1 per cent in 2019. (See Chart 3.) The increased economic activity resulting from the rebuilding effort will generate close to 16,000 person-years of employment in the province over 2016–19.

Chart 3

Fort McMurray wildfires' impact on Alberta's GDP

(chained \$ millions)



f = forecast

Source: The Conference Board of Canada.

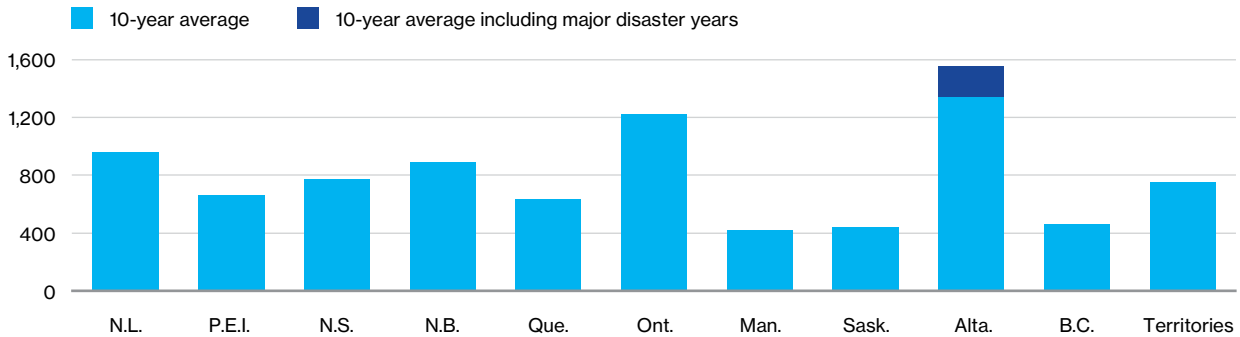
A few months after the June 2013 flooding in southern Alberta, including Calgary, insurable losses were estimated to have exceeded \$1.7 billion, three to four times what they were during the heavy flooding of 2005. At the time, this was Canada's most expensive disaster (before adjustments for inflation). These insurance payments added to GDP as residents repaired and rebuilt their homes or replaced damaged goods. At the time of the disaster, the Conference Board estimated that the impact on the economy would be modest in 2013, taking about a 0.1 percentage point from growth. However, rebuilding efforts added as much as a 0.4 percentage point to GDP growth in 2014.

Similarly, P&C insurers stepped in during the Slave Lake wildfire that occurred from May 14 to May 16, 2011. The fire forced the evacuation of all 7,000 residents and destroyed around 400 properties. P&C insurers

are equipped to react quickly to disasters. In Slave Lake’s case, insurance companies arrived at evacuation centres within 36 hours to assist victims, issuing cheques to help cover living expenses for the displaced and beginning to process claims.

Even in years without major disasters, P&C insurers process numerous claims stemming from wind, rain, and hail damage to vehicles, homes, and buildings. Alberta tends to see more of these destructive events than other provinces. Even after excluding the three years in which the three most recent major natural disasters occurred (2011, 2013, and 2016), average annual per capita claims in Alberta were 55 per cent higher than the rest of the country and 10 per cent higher than in second-place Ontario. (See Chart 4.) These claims reduce the insurance industry’s GDP, but add to the GDP in many other sectors of the economy, such as retail and wholesale trade, as homeowners and businesses spend these funds to rebuild or repair their assets.

Chart 4
Disasters cost more in Alberta
 (average net claims per capita, 2018 \$)



Sources: The Conference Board of Canada; Insurance Bureau of Canada.

Fortunately, deaths from natural disasters have been low in developed countries. Nonetheless, natural disasters have tremendous effects on people’s lives through the loss of personal items and homes, and thus livelihoods. A strong financial sector, which includes property and casualty insurers, is an essential player in recovering from these events.

Final remarks

Insurance plays a crucial role for society and the economy by limiting exposure to risk and financial losses for individuals and businesses. In the process, it generates economic activity. Alberta's insureconomy contributes significantly to the province's GDP, employment, and government revenues.

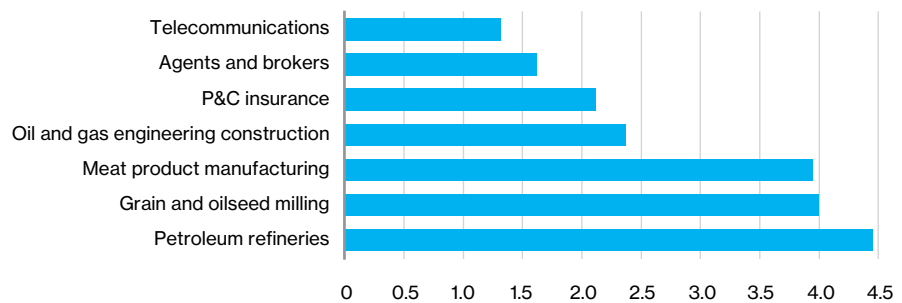
P&C insurance was directly responsible for \$1.2 billion of Alberta's real GDP in 2018, but has a much larger economic footprint because it generates additional economic activity through its supply chain and other spending. This supports thousands of jobs beyond those employed within the sector alone.

For each \$1 in real GDP directly attributed to P&C insurance, an additional \$1.00 in GDP is created in other industries for a total impact of \$2.00. (See Chart 5.) In 2018, that added up to a total footprint of \$2.6 billion, which supported 15,445 jobs in Alberta.

Chart 5

Economic multipliers for select industries

(economic multiplier)



Sources: The Conference Board of Canada; Statistics Canada.

P&C insurance
lays the foundation
for businesses
and individuals
to invest in
their future.

In Alberta, where people and businesses have come to expect natural disasters, P&C insurance plays an important role. Albertans who invest in their businesses or buy property leave themselves exposed to the risk of large financial losses when disasters strike. P&C insurance limits exposure to these risks, laying the foundation for businesses and individuals to invest in their future.

Key assumptions and methodology

Statistics Canada produces real GDP estimates for insurance carriers, but these estimates include both the P&C and life and health (L&H) insurance industry segments. Therefore, to estimate the direct contribution of just the P&C sector, it was necessary to separate Statistics Canada's real GDP estimate into two parts: P&C carriers and L&H carriers.

The Conference Board used detailed financial data for insurance carriers to calculate the GDP estimates for the P&C and L&H sectors. Mirroring the method used in the system of national accounts, the GDP for these two subsectors was calculated by adding insurance premiums to investment income and then subtracting the insurance claims incurred and increases in life insurers' technical reserves.^{7,8} The P&C sector's share of total GDP for the insurance sector was then calculated by dividing the GDP from P&C insurance carriers by the total GDP for insurance carriers (defined as L&H plus P&C). This share was then applied to the real GDP data for insurance carriers in Alberta available from Statistics Canada to derive an estimate of real GDP for Alberta's P&C insurance carriers.

7 Intersecretariat Working Group on National Accounts, *System of National Accounts 2008* (New York: European Commission, United Nations, Organisation for Economic Co-operation and Development, International Monetary Fund, and World Bank, 2009).

8 Technical reserves are only subtracted from industrial GDP estimates for the life insurance industry, according to the System of National Accounts. Health, medical, and P&C insurers also have reserves, but these are not subtracted from industrial GDP.

Alberta's Insureconomy

The Economic Contribution of the Property and Casualty Insurance Industry

Increased demand for a specific industry's services will not only have direct impacts, but will also spread throughout the economy.

The objective of this briefing is to quantify the impact of Alberta's insurance industry on key economic indicators, such as GDP, employment, income, and government revenues. The analysis evaluates the combined direct, indirect, and induced economic impacts using the following parameters:

- **Direct impacts** are attributed directly to an industry's employees, the wages earned, and the firms' revenues generated.
- **Indirect impacts** (or supply chain impacts) are generated by the "direct impact" businesses through their demand for intermediate inputs or other support services. For example, activity in the P&C sector creates demand for legal and administrative services.
- **Induced impacts** are derived when employees of the aforementioned industries spend their earnings and owners spend their profits. These purchases lead to more employment, higher wages, and increased income and tax revenues, and can be felt across a wide range of industries.

Increased demand for a specific industry's services will not only have direct impacts, but will also spread throughout the economy. Indirect effects are first felt through an increase in demand for products and services from suppliers. Then, second-round induced effects produce a smaller but more widespread impact on all sectors of the economy, mainly through a general increase in consumer spending.

We relied on Statistics Canada's regional input-output (I-O) model to estimate the indirect and induced impacts of the insurance industry.^{9,10}

The I-O model simulations provided us with a detailed breakdown of the indirect and induced impacts of the insurance carriers industry and the agents and brokers network. The I-O model does not produce impacts on expenditure categories, such as household consumption, business investment, or government spending; nor does it show the impacts on income categories, such as wages and salaries or tax revenues. The Conference Board's provincial forecasting model was used to assess these impacts over 2014–18, as well as the ensuing labour market effects.

9 For more information about Statistics Canada's interregional input-output model see: Erik Poole, *A Guide to Using the Input-Output Model of Statistics Canada* (Ottawa: Statistics Canada, 1999).

10 The simulation ordered from the I-O model was on insurance carriers (North American Industry Classification System code 5241) in Alberta. Appendix A contains a detailed description of NAICS code 5241.

Appendix A

The following definitions have been copied from Statistics Canada's website and refer to the 2017 North American Industry Classification System (NAICS):¹

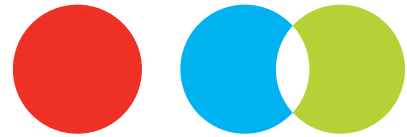
Insurance carriers – NAICS code 5241

This industry group comprises establishments primarily engaged in underwriting annuities, insurance policies, and reinsurance. The establishments of this group invest premiums to build up a portfolio of financial assets to be used against future claims. Contributions and premiums are set on the basis of actuarial calculations of reserves. Direct insurance carriers that are primarily engaged in underwriting annuities and insurance policies directly to policyholders, and reinsurance carriers that are primarily engaged in assuming all or part of the risk associated with existing insurance policies originally underwritten by other insurance carriers, are included. Industries are defined in terms of the type of risk against which the policyholders are being insured, such as death, loss of employment due to age or disability, and property damage.

Agencies, brokerages, and other insurance-related activities – NAICS code 5242

This industry group comprises establishments primarily engaged in selling insurance or providing services related to insurance.

¹ Statistics Canada, "North American Industry Classification System (NAICS) Canada 2017 Version 2.0," last modified March 23, 2018, accessed February 11, 2019, <http://www23.statcan.gc.ca/imdb/p3VD.pl?Function=getVD&TVD=380372&CVD=380374&CPV=524&CST=01012017&CLV=2&MLV=5>.



Where insights meet impact

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To cite this report: Spence, Stephen. *Alberta's Insureconomy: The Economic Contribution of the Property and Casualty Insurance Industry— July 2019*. Ottawa: The Conference Board of Canada, 2019.

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