

# Delaware Department of Insurance Bureau of Captive & Financial Insurance Products

## THE ECONOMIC CONTRIBUTIONS OF THE CAPTIVE INSURANCE INDUSTRY

The economic contributions of the Delaware Captive Industry to the State of Delaware were calculated using data from:

- A survey of the 1081 captive insurance companies doing business in Delaware
- A survey of firms providing services to captive insurance companies in Delaware
- Operating statistics from the Delaware Department of Insurance, Bureau of Captive and Financial Insurance Products

Total Direct and Multiplier Contributions of the Captive Insurance Industry in Delaware	Contribution to Delaware GDP	Contribution to Jobs in Delaware	Contribution to Incomes in Delaware	Contribution to Taxes in Delaware
	\$359,960,254	2,537	\$108,967,761	\$5,607,745

### Total Returns to Delaware's Economy Per \$1000 Spent by DOI for the Captive Industry

*Total Direct Spending by DOI for the Captive Industry = \$1,303,848*

Delaware GDP per \$1000 of DOI Spending for the Captive Industry	\$276,075			
Delaware Jobs per \$1000 of DOI Spending for the Captive Industry		1.95		
Delaware Income per \$1000 of DOI Spending for the Captive Industry			\$83,574	
Delaware State and Local Tax Revenue per \$1000 of DOI Spending for the Captive				\$4,301

### List of the Industries in the State that Are Most Impacted by the Captive Industry (Sorted by Number of Jobs)

Most Affected Business Sectors	Total Spending for Goods and Services throughout the Economy	Jobs Supported by the Spending (F.T.E.)
Finance and Investment Activities	\$120,444,706	950.0
Legal, Accounting, and Other Professional Support to Businesses	\$32,377,154	447.1
Retail Stores	\$38,019,964	209.8
Hospitals and Medical Services	\$47,824,197	255.3
Government Enterprises	\$21,086,355	102.5
Real Estate	\$3,785,086	73.4
Restaurants	\$5,661,866	94.5
Services to Buildings	\$6,999,806	77.2
Banking	\$20,464,231	32.2

#### Methodology for Measuring the Captive Industry's Contributions

The analysis began by carefully measuring the direct expenditures by, and in support of, the captive insurance industry in Delaware. The data on these expenditures came from surveys of the participants in the industry including the captives themselves and the firms that provide services to them and from the Department of Insurance. Care was taken to ensure that each initial expenditure is counted once, and only once; there is no double-counting of contributions. These initial expenditures ripple through the economy in the form of purchases of goods and services from the many diverse business suppliers that support the captive's activities, directly or indirectly. In addition there are further impacts on the economy as the employees associated directly with the industry as well as those of its direct and indirect suppliers, spend their wages and salaries. All of these further purchases are termed "additional multiplier contributions." The total contribution is the sum of the direct or initial spending and the multiplier contributions. At all stages of purchasing of goods and services and paying of wages and salaries, additional taxes are paid to Federal, State and Local governments. The multiplier contributions and tax payments are calculated using the IMPLAN Group's widely used and respected modeling system which is based on published Federal government data.

*Produced by the Center for Applied Business and Economic Research, Alfred Lerner College of Business, University of Delaware and sponsored by the Delaware Department of Insurance. Released August 2016.*

