Growing South Carolina's Insurance Industry:
If You Build It, Will They Come?

South Carolina Insurance Executive Roundtable
University of South Carolina
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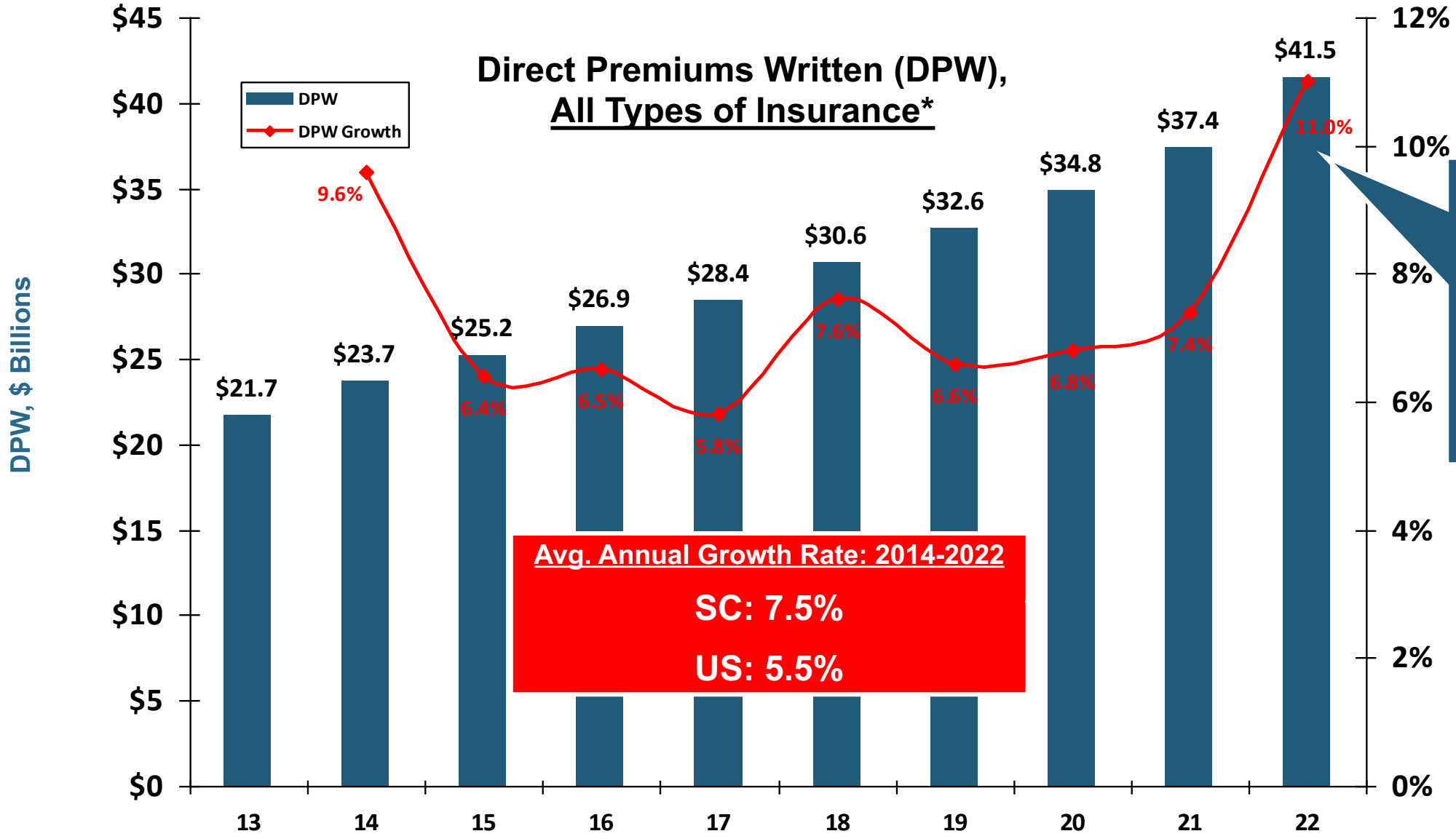
South Carolina: Hallmarks of Insurance Success

- **Insurance Marketplace**
  - SC's strong economy and favorable demographics drive premium growth at a pace well above national average
  - Competition is vibrant in most market segments
- **Supportive Regulatory Environment**
- **SC: One of the World's Largest Captive Domiciles**
- **Talent Pool**
  - USC has one of the largest and oldest Risk Management & Insurance programs in the US with a very strong reputation among employers
  - Graduates are heavily recruited, earn very competitive salaries and have documented track records of success

A Growing Market: SC Direct Premium Growths Outpaces the US Overall

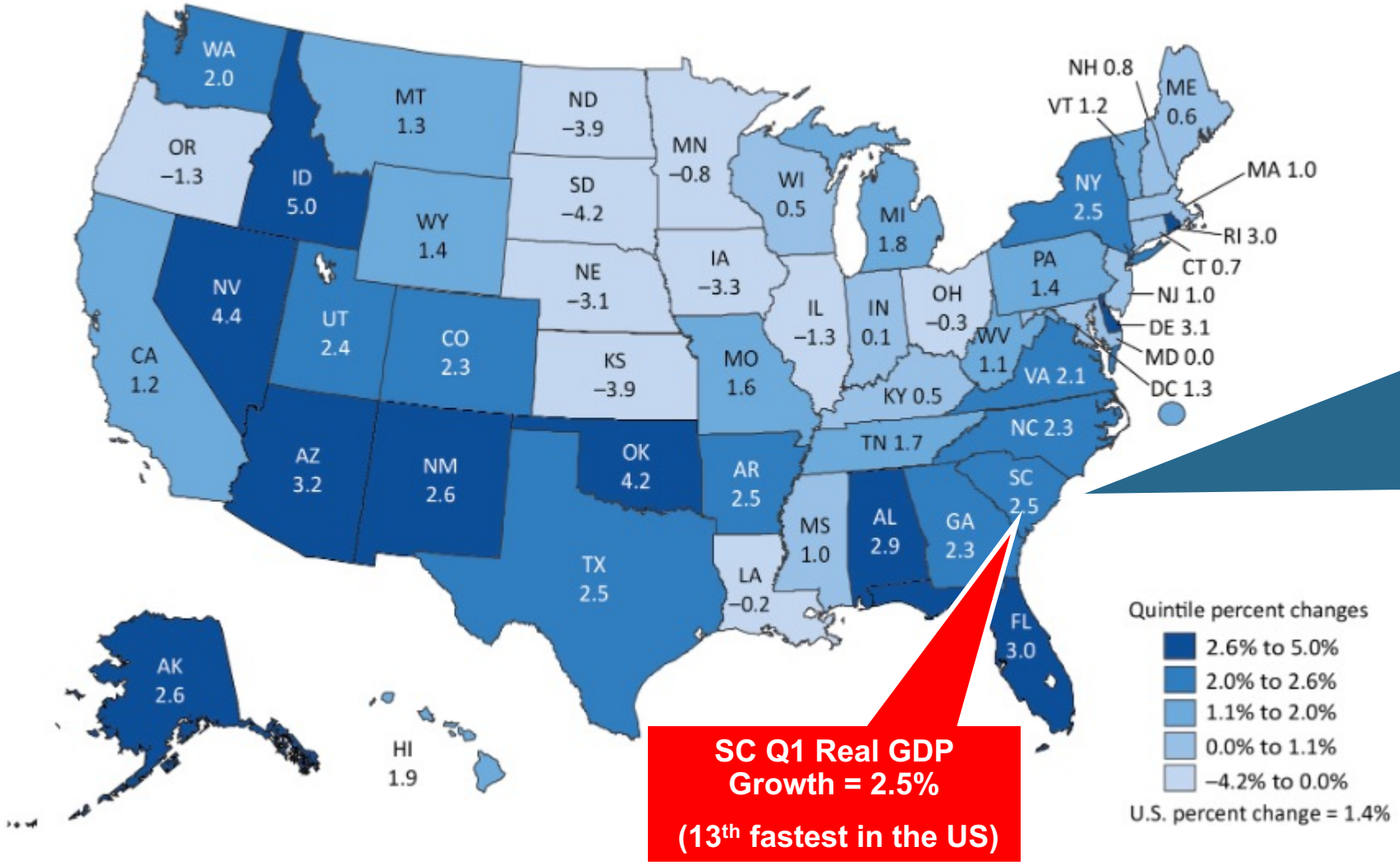


SC premium growth across all types of insurance has outpaced the US overall by a significant margin over the past decade (or more)

Strong demographics and a strong economy are major growth drivers

*Includes property, liability, life and health insurance.
Source: NAIC.

Real GDP by State, 2023:Q4 – 2024:Q1



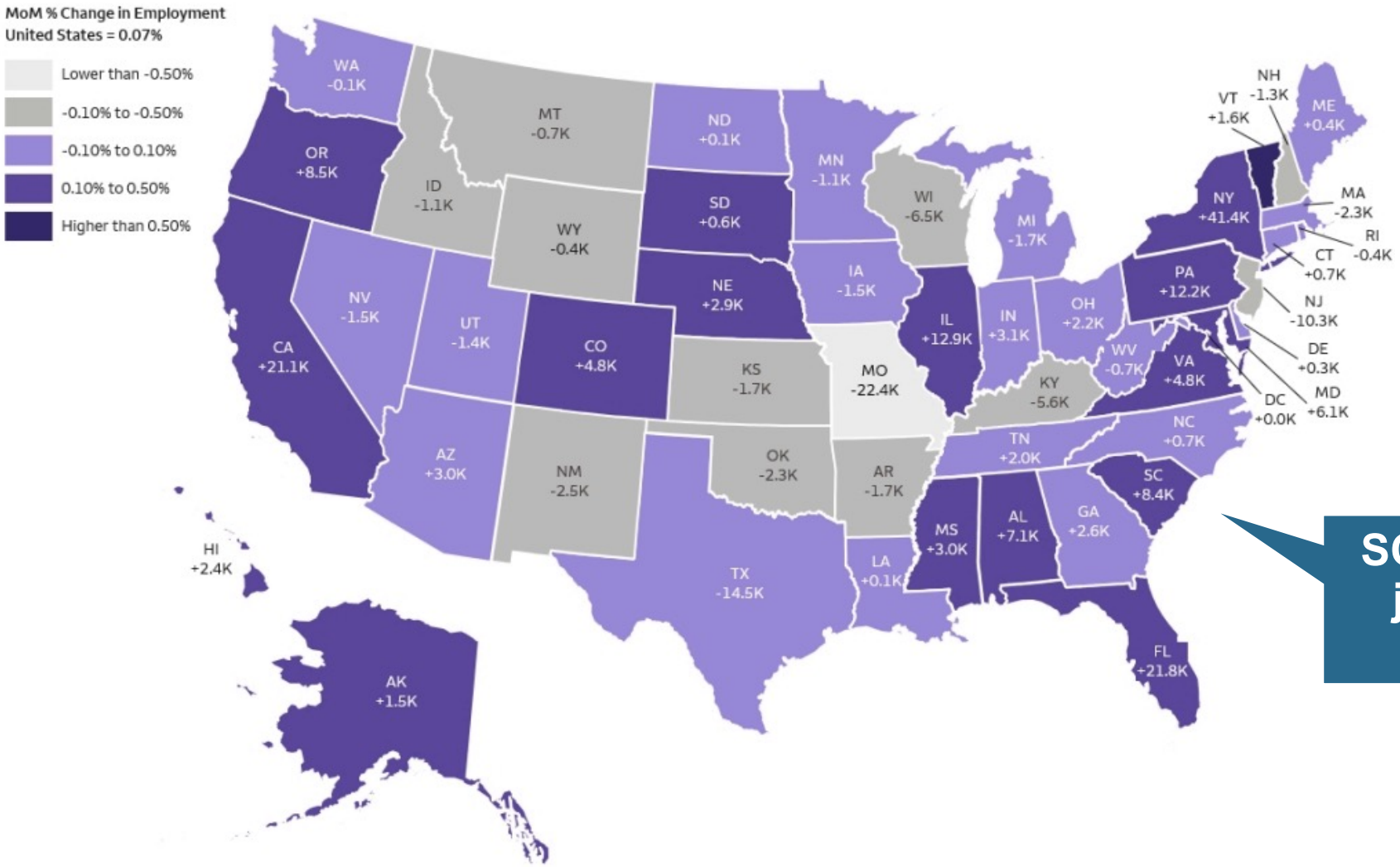
SC Q1 Real GDP Growth = 2.5%

(13th fastest in the US)

South Carolina is a growth juggernaut. The state's economy consistently outperforms the US overall, driving all types of insurable exposures

Sources: US Bureau of Economic Analysis at https://www.bea.gov/data/gdp/gdp-state; Risk and Uncertainty Management Center, University of South Carolina.

Month-over-Month Change in Employment by State, June 2024 – July 2024



Unemployment Rate: July 2024

SC: 3.9%

US: 4.3%

SC is creating new jobs faster than most states

Sources: US Dept. of Labor and Wells Fargo Economics; Risk and Uncertainty Management Center, University of South Carolina.

South Carolina: Home Grown Talent from USC

- **USC's RMI Program**
  - Established in 1984
  - Currently 5th largest program in the US with ~80-90 graduates per year
- **Student Demographics**
  - Majority are from out-of-state (same is true for DMSB overall)
- **Employment Outcomes**
  - Most internships and full-time career roles are located outside SC
  - Largest markets for our grads:
    - NYC Metro Area
    - Washington DC Metro Area
    - Charlotte
    - Atlanta
    - Chicago
    - Boston
    - Philadelphia
    - Richmond
    - Denver
    - Tampa/St. Petersburg
    - Hartford
    - Charleston
    - Columbia
    - Greenville/Spartanburg

South Carolina: Where Does Our Talent Go?

- Insurers (P&C, Life, Health, Reinsurers)
- Brokers and Agencies
- Banks (or other financial institutions)
- Financial Advisory Firms
- Consulting Firms
- Manufacturers
- Service Industries (e.g., real estate)
- Government Agencies (Federal/State/Local)
- Graduate School
  - (MBAs, MS in Finance (or similar), Law School, MS in Health-related field)

South Carolina: Some Obstacles and Challenges

- South Carolina has relatively few, large domestically-domiciled insurers
- The state is relatively small from a market perspective, accounting for just 1.54% of total US property/liability insurance premiums
- SC's tort environment is extremely hostile (ranked 10th worst in the US) and is routinely the source of insurance market dysfunction and instability in critical lines of insurance
  - Insurers have generally been unable to achieve meaningful legislative reforms related to the tort environment
- Majority of RMI Graduates Take Jobs Outside SC…Why?
  - Majority of major employers are outside SC; State has no 'insurance hub'
  - Most student are from out of state and they return (near) home
  - Cities such as Charlotte, Atlanta and Denver are very attractive to young people
- What Can Be Done to Bolster Talent Attraction and Development and Grow the Industry?
  - That's what we're here to talk about!

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Thank you for your time and your attention!

For a copy of this presentation, email me at robert.hartwig@moore.sc.edu or

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SC's Tort Environment Is Bad for Its Economy, Citizens, Insurers and Businesses

- **At 2.55%, SC's tort costs as a share of GDP are the 10th highest in country, second only to FL**
- **LA's tort costs exceeded $6.2 billion in 2020**

State	Total Tort Costs [1]	State GDP [2]	Tort Costs as % of State GDP [3]
FL	$40,173	$1,106,036	3.63%
LA	$7,040	$235,437	2.99%
NM	$2,745	$98,472	2.79%
DE	$2,033	$75,787	2.68%
NJ	$16,552	$618,579	2.68%
MT	$1,358	$51,509	2.64%
MS	$2,998	$113,846	2.63%
AR	$3,380	$130,751	2.59%
GA	$15,922	$622,628	2.56%
SC	$6,239	$244,882	2.55%
Top 10 States	**$98,439**	**$3,297,926**	**2.98%**

Source: US Chamber of Commerce Institute for Legal Reform, "Tort Costs in America: An Empirical Analysis of Costs and Compensation of the US Tort System," Nov, 2022. Available at: https://instituteforlegalreform.com/research/tort-costs-in-america-an-empirical-analysis-of-costs-and-compensation-of-the-u-s-tort-system/