The Agency Universe Study ('AUS') is a product of Future One, a cooperative effort of the Independent Insurance Agents & Brokers of America (IIABA) and independent agency companies. The AUS started in 1983 and was fielded every 4-5 years until 2002, when it went to biennially to stay abreast of the fast-paced changes in the industry.

For those who do not purchase the full AUS report, ACT is providing this overview of the technology – focused results of this 2018 survey. Far more detail, comparison charts, and insight are available in the Management Summary and Full Report, both of which can be ordered on the IIABA AUS webpage.

High-Level Observations

For 2018, the total number of independent agencies in the United States decreased from 38,000 in 2016 to 36,500. Since 2004, the estimate had not fluctuated greatly, running between 37,500 and 39,000. The Big 'I' detected an inconsistency with the way the total number was being measured. Formerly, the Big 'I' used Dunn & Bradstreet, but are now using MarketStance for insights on IA population, as there is more direct insights available. There was also a small amount of the change is due to M&A activity, though some of that is balanced off by the increased startups (young new agents).

The survey had 1,629 respondents, using their 2017 experiences as a lens to provide insights.

From 2016-2018, the number of Small agencies (<$150k revenue) increased from 21% to 35%.

The number of agencies in small towns/rural areas stayed steady at 19%. *Note: This may be partly due to changes in the methods areas are classified by the federal government.*

Jumbo agencies (>$10m revenue) increased from 1.6% to 2%.

Business conditions for agencies continue to be favorable; three in four agencies (76%) saw revenue gains from 2016 to 2017 (similar to 2014-2015, in which 74% saw gains).
The average size of revenue gains is similar to 2014, at +25% among those reporting an increase. The 11% of agencies that saw decreases in revenues report similar percentage losses to 2014 (average decrease of -14%, compared to -15% in 2014).
Personal lines revenue has grown more in 2018 than 2016, with 74% of agencies reporting an increase (versus 70% in 2014).
As shown in past studies, larger agencies are more likely to focus on commercial lines, whereas smaller agencies are personal lines dominant.

Technology Section; High-level Findings

Marketing Budget - % *of Agencies who include each technology activity as part of Marketing Program*

	2016	2018	Change
Creating/Maintaining Website	61%	58%	-3%
Social Media	49%	48%	-1%
SEO	31%	31%	---
Creating/maintaining portal technology	25%	29%	+4%
E-marketing activities	14%	20%	+6%
Social Media	48%	49%	+1%
Print Advertising	19%	15%	-4%

Nearly all (93%) engage in at least one marketing activity.

Large and Jumbo agencies tend to place more importance on agency-sponsored events and client industry associations, and, to a lesser extent, development of digital content and e-marketing. Small agencies tend to place higher importance on direct mail and print advertising. Medium Large agencies are highly focused on social media marketing; newer agencies focus more on social media and events than older agencies do.

Overall Agency Technology Challenges:

More than half of agencies see dealing with multiple carrier interfaces as a top technological challenge. Marketing the agency effectively on the Internet, overall cost of technology, and keeping pace with technology advances are also key challenges.

Responses indicate that Small agencies feel particularly challenged to market their agency on the internet; Larger, especially Jumbo agencies are most likely to be challenged in staff adoption of new workflows & technologies. Some changes from 2016, below are those ranked 1, 2, or 3 as a top challenge:

	2016	2018	Change
Marketing agency effectively on the internet	57%	55%	-2%
Dealing with multiple carrier interfaces	44%	49%	+5%
Keeping pace with technology changes	36%	32%	-4%
Overall cost of technology	32%	35%	+3%
Ensuring data transmission confidentiality	24%	26%	-2%

Note: that Managing IDs & passwords as a challenge was relatively unchanged from 2016, at 22% (+1%). This low number comes as something of a surprise, though the ID Federation initiative is working to address this.

Comparative Raters:

- Highest utilization in **Personal** Lines:
    - EZLynx: 21% (-1% change from 2016)

- PL Rating: 13% (up 2%)
- SEMCAT (now Applied Rater): 4% (-2%) N*ote there may be some confusion with the naming change, as the AUS study tried to clarify*
- FSC Rater: 2% (+3%)
- ITC TurboRater, AccuAuto, and EZ Rater: each 2%
- All others combined account for 10% (-2% from 2016) – This includes rater from AMs (e.g., TransactNOW and Transformation Station)
- 43% report they are not using a comp rater (unchanged from 2016).

Management Systems:

Trend continues stable, with little change between the market shares of the major systems.
82% of respondents are using a management system (up 3% from 2014).

Highest utilization:
15%   AMS360 (-2%)
13%   TAM (+1%)
 9%   EZLynx (+1%), and QQ Catalyst (+5%)
 6%   EPIC (+3%)
 5%   HawkSoft (-1%)
 3%   DORIS, Eclipse
 2%   Agency Software, Partner XE, Xanatek
11%   Other
20%   Do not use (+2%)

Use of QQCatalyst has increased since 2016.

Almost all Medium, Large, and Jumbo agencies use an AMS. They are more likely to use EPIC (especially Jumbo agencies) and Vertafore's Sagitta (used almost exclusively by Jumbo agencies).

Management System Functions (PL and CL):

Compared to 2014, fewer agencies seem to find Payments to be a valuable PL management system function. Overall, Similar results between PL & CL, although PL slightly higher.
Surveyed value of functions through management system.
*Note: green font indicates increase from 2016, red font indicates decrease, **black** font is 'no change' or new to survey:*

Function	PL	CL	
Customer view/search	79%	77%	*both -3%*
Inquiries on claims, billing, etc.	65%	68%	
Endorsements	67%	67%	
Real Time Auto Quotes	69%		
Real Time Home Quotes	68%		
Rate Quote Requests		56%	

Policy Issue	63%	62%	
Alerts/Activity Notifications	69%	72%	
Bridging quotes from mgmt system	61%	50%	*New to 2018 AUS*
Payments	61%	62%	
Claims Reporting	52%	57%	
Carrier Loss Runs	41%	54%	(Note: important to 74% of Jumbo agencies)

Overall processing technologies used:

Seven in ten agencies use personal lines and 50% use commercial lines download tools.

	2016	2018	
Personal Lines DL	68%	69%	
Commercial Lines Download	56%	56%	
Carrier ePolicy Delivery to agency	51%	55%	
Direct Bill Commissions Download	49%	53%	
Paperless office (Commercial Lines)	38%	46%	
Agency ePolicy delivery to clients	39%	46%	
Secure email	29%	34%	*Increased for 2016-2018, after a drop 2014-2016*

Note: E-policy delivery is more common than e-billing.

Electronic Communications Used:

- Texting with clients, and use of electronic signature tools for the agency and carrier have increased since 2016.
- Use of technology varies with agency size. For example, Jumbo agencies are particularly likely to use tablets/smartphones (63%), an intranet (49%) and an agency self-service portal (37%).
- One in five Small agencies say they use none of these technologies compared to 2-3% of Jumbo, Large and Medium-Large agencies.

*Note: green font indicates increase from 2016, red font indicates decrease, **black** font is 'no change' or new to survey:*

	2016	2018
Activity Notifications from the carrier	44%	46%
Texting with clients	43%	50%
Tablets/smartphones	34%	34%
Agency eSignature solutions	33%	42%
Carrier eSignature solutions	29%	39%
Instant Messaging within the agency	16%	19%
Intranet for internal communications	13%	12%
Mobile apps **from the carrier**	13%	17%
Mobile apps **for clients**	12%	15%

Attitudes Towards Technology:
Cyber concerns continue at the top of everyone's list.
- Jumbo agencies are almost three times as likely as small agencies to see the need for their own cyber liability policy (91% vs. 34%).
- Jumbo agencies are also more likely than smaller agencies to offer cyber liability policies to customers (82%) and to have implemented a written security policy and monitor compliance (77%).

These responses are ranked as '6' or '7' on a 7-point scale.

Agency sees need for an agency cyber liability policy	56%
Achieved improvements through use of new technologies	47%
Agency offers a cyber policy to customers	44% *(down only 1% from 2016)*
Agency believes digital marketing is a core discipline	45%
Agency has implemented written security policy	35% *(up only 1%)*
Agency has a written disaster recovery plan/trains empls.	26%
Agency has a focused mobile strategy for customers	16%
Agency has a focused mobile strategy for employees	17%

Perceptions on Electronic/Digital Resources:
The level of insureds' receptivity to e-documents and agencies that have realized cost savings by using paperless communications both increased since 2016.

	2016	2018
Insureds are just as likely to accept e-documents as paper	35%	44%
Agency has seen significant cost savings by offering paperless options offered by carriers	29%	38%
Agency has seen significant cost savings by offering customers paperless communications options	29%	34%
Agency measures ROI in use of traditional marketing	22%	22%
Agency measures ROI in use of digital/social media marketing	18%	19%

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