

# The insurance agency workforce

| Evolving into the next normal

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# Introduction

This report marks a milestone with Vertafore's fifth annual survey and analysis of the state of the insurance workforce.

In keeping with the top-of-mind employment issues in our industry, our earlier reports looked at the needs of our multi-generational workforce and how our industry was working to find new talent.

These topics are still highly relevant in the insurance industry. However, the historic events of the past two years have caused once-in-a-generation shifts in the employment landscape. Our 2020 report dove into how insurance professionals were navigating the business impacts of the pandemic and remote work while still meeting the needs of their clients.

Our most recent survey—conducted in November and December 2021—provides insights into how insurance professionals at all levels are grappling with the Great Resignation, as well as how they feel about their work, career prospects, and their technology.

As in the past, we asked respondents about their career satisfaction, whether they would recommend a job in insurance to friends, and how they feel about technology and modernization. In addition, for the first time, we specifically asked agency owners and principals about their retention strategies and hiring challenges. Finally, we asked insurance professionals about their reasons for staying at or leaving jobs in the insurance industry.



## We discovered some interesting things about the agency workforce:

- **One in five** of our survey takers reported changing companies in the past 12 months, and financial considerations—such as salary and bonuses—were the main drivers.
- In the face of staffing challenges, **nearly 80% of agency owners and principals** report making changes to retain their employees, including increasing compensation and offering flexible schedules and remote work options.
- As in past years, most insurance professionals would recommend a career in our industry to their friends. However, the percentage of respondents who would make **that recommendation dipped by 7%**, and nearly half would consider leaving the industry for factors like better compensation, a better work-life balance, and career advancement.
- Finally, when it comes to their technology, respondents have mixed feelings. While **three out of four of our survey takers felt** technology has had a positive impact on their agency in the past two years, **more than half** also said their agency could do a better job staying up to date with tech advances.

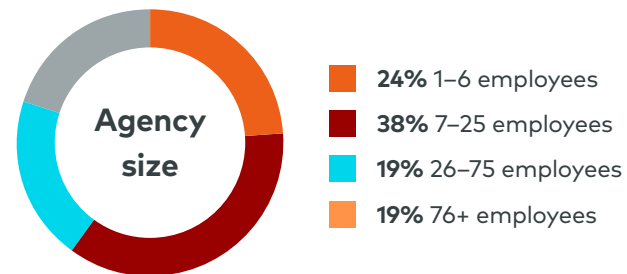
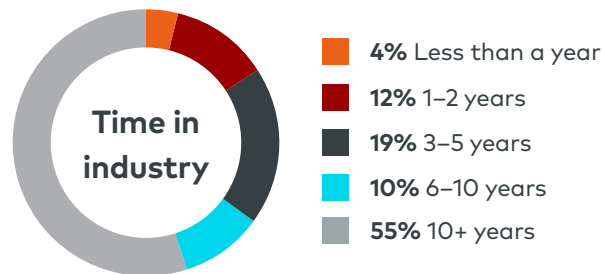
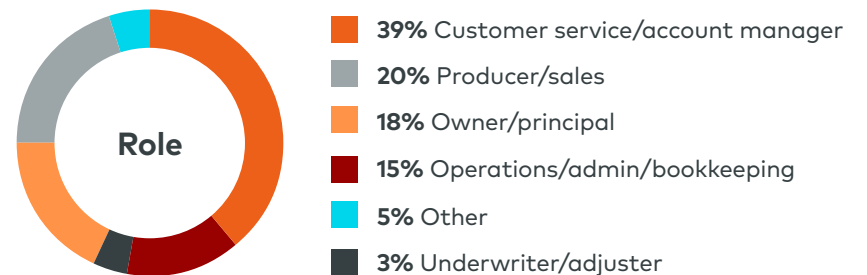
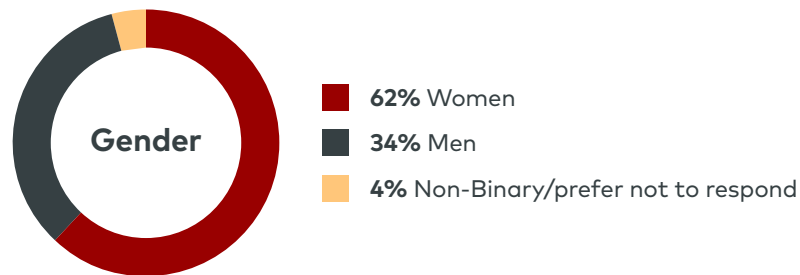
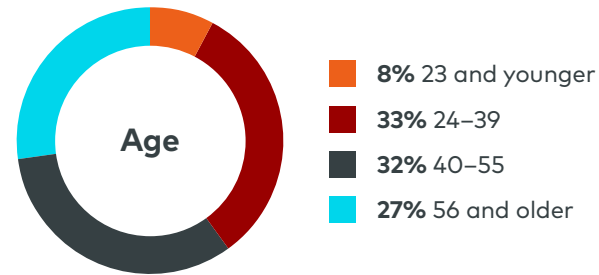
Agencies are working to create the “next normal” as they reconfigure their employment and technology infrastructures. Employees are readjusting their expectations for where, when, and how they want to work. Throughout these upheavals, agencies are still providing the service that the industry has come to expect.



## Our 2021 survey takers

More than 1,300 individuals from independent agencies and MGAs responded to our survey. We heard from everyone: people early in their careers to those who see retirement on their horizon. We heard from one-person agency owners and employees who are one of hundreds in their office.

Overall, our data shows that insurance professionals are happy and satisfied with their careers. Like other industries, insurance has strained under the weight of the pandemic, but has shown a resilience that makes this community strong and unique.



# The Great Resignation

If 2020 will be remembered for the widespread shift to remote and hybrid work, 2021 will certainly be remembered for dramatic shifts among workers themselves.

In 2021, an estimated 38 million U.S. workers left their jobs. Many accepted new positions, but some left the traditional workspace entirely.

Employee turnover in the insurance industry was estimated to be [11.9% in 2017](#): a retiring workforce and an attractive labor market outside the insurance space accounted for a large portion of this percentage.

However, our current survey results suggest that, for agencies of all sizes, the employee turnover rate has grown to **20%**.

We saw this information from both sides. **20%** of agency employees said they had changed jobs in the last 12 months; **20%** agency owners said they had either "slightly more" or "significantly more" employees leave.

The insurance industry has traditionally enjoyed low turnover rates, but these results indicate a shift that may catch agencies off guard. Compensation, technology, remote work, benefits, and office culture are on the table and may be drivers for job searching.

**20%** of our respondents moved to a new company in the last 12 months



Nearly half of our respondents who left a position last year did so in pursuit of improved financial opportunities. Non-compensatory reasons, such as remote work, better benefits, and professional development were also factors.

## Insurance professionals explain why they left their jobs in 2021:

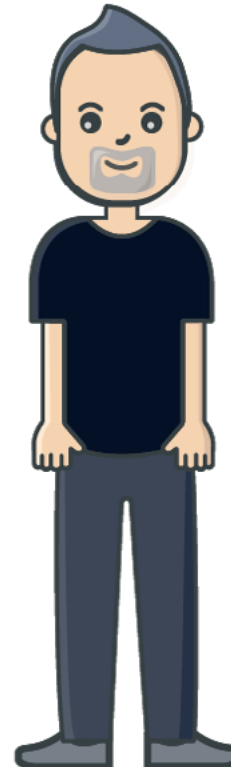
"I moved to be closer to family."



"I worked for 25 years for my last employer. They started requiring that you do five jobs and pay you for one."



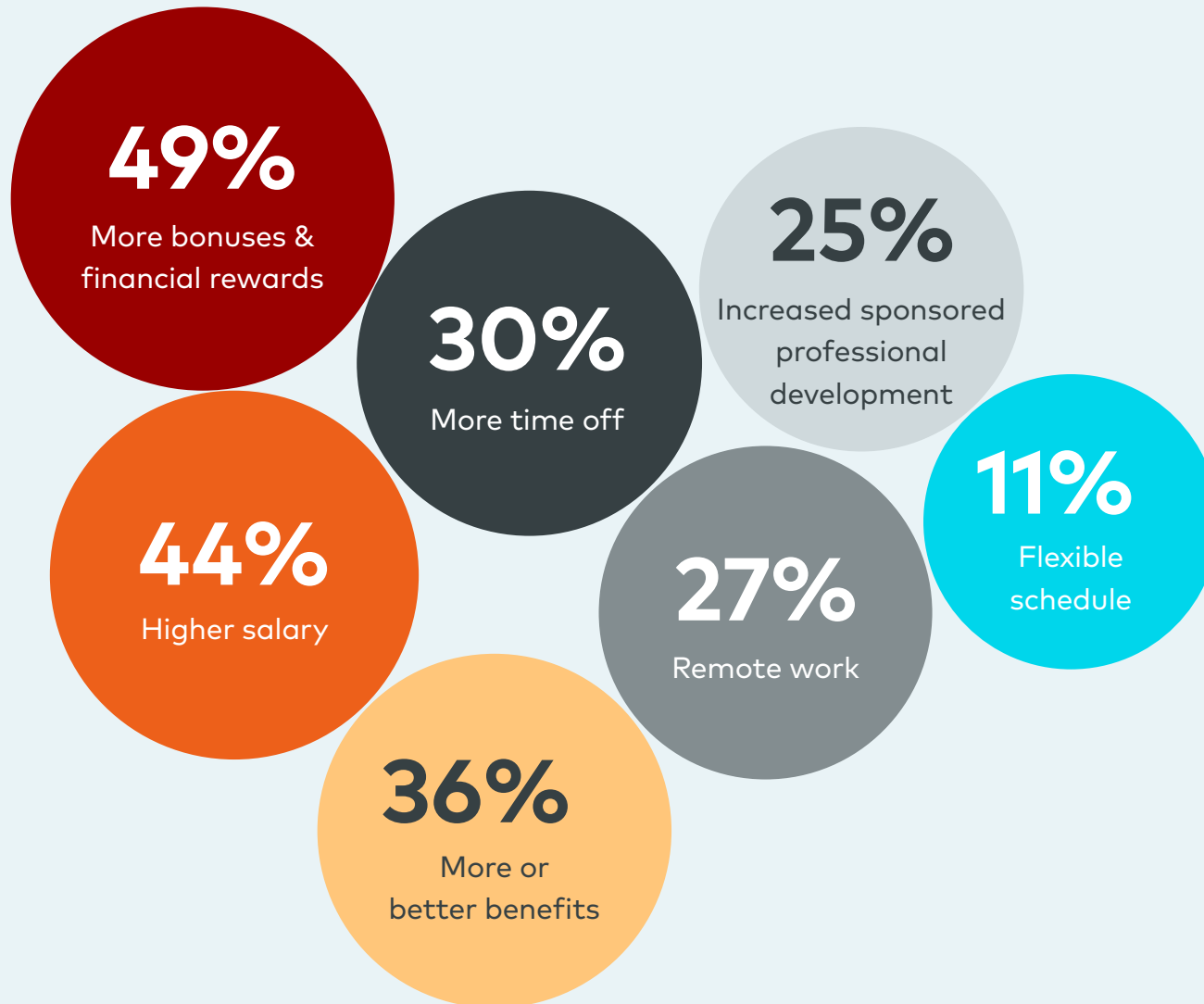
"I switched fields after being Mr. Mom."



"My agency was acquired by another."

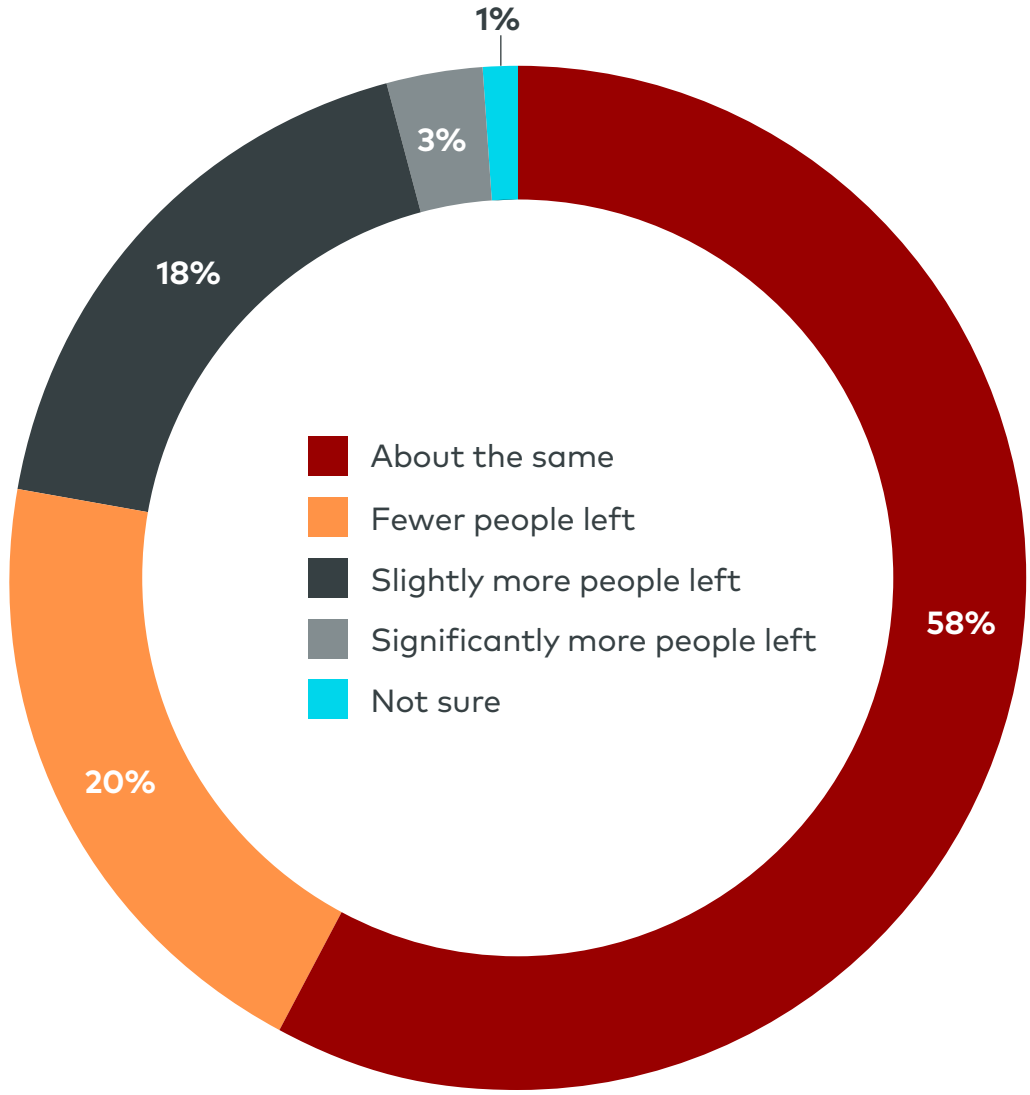


## Why insurance professionals changed jobs





### Employee retention rate changes in 2021, according to agency owners



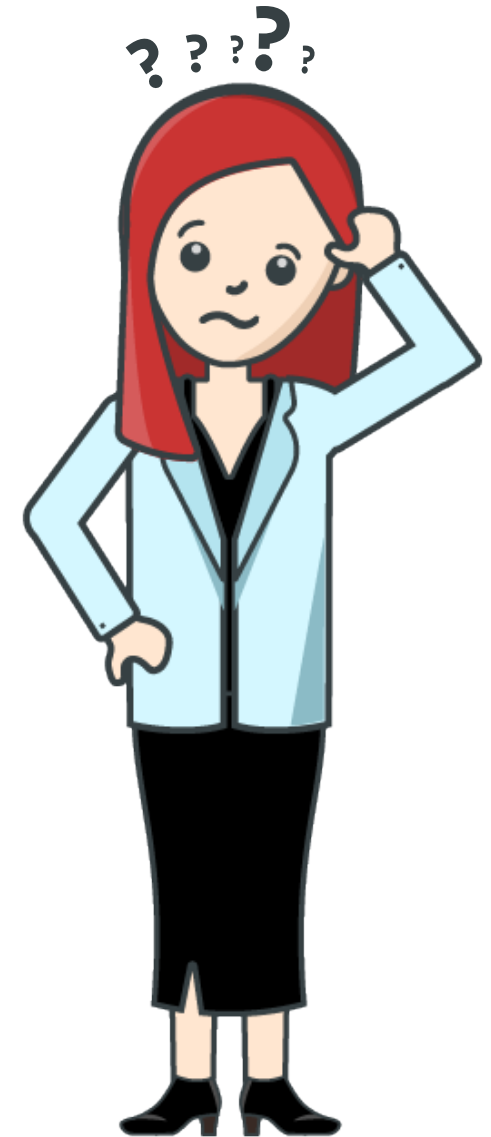
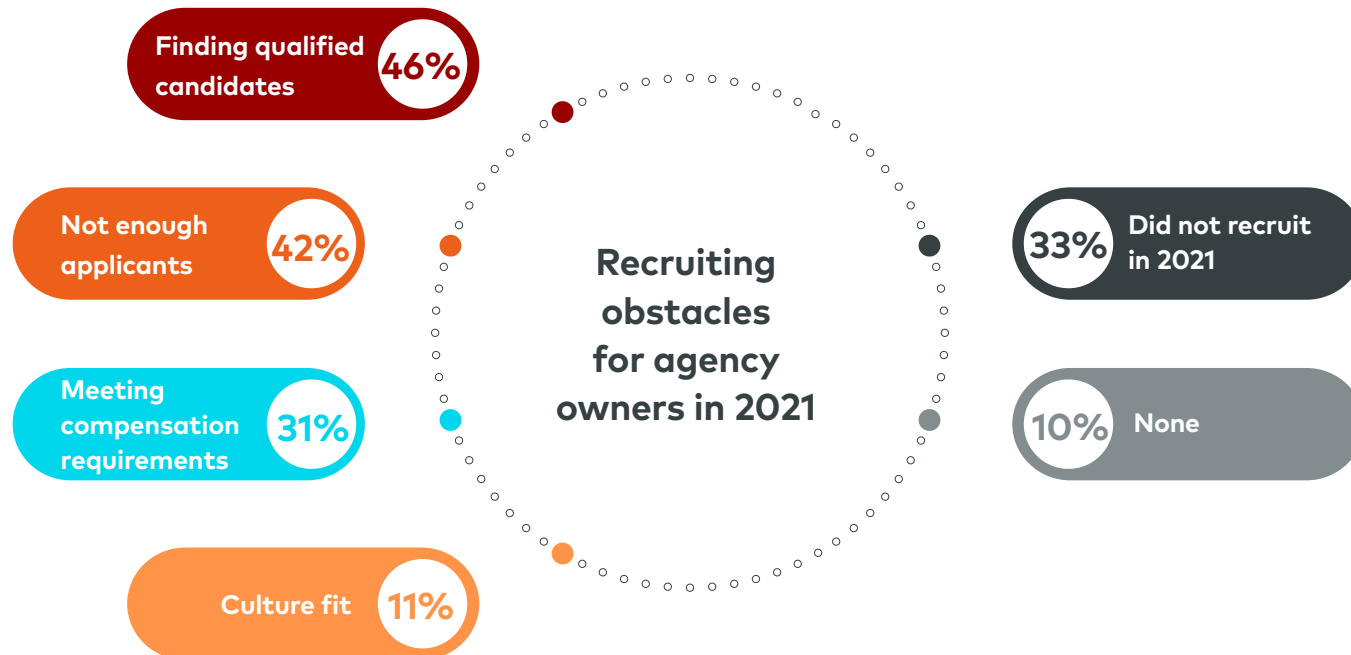
Three quarters of our agency owner respondents reported a steady or improved employee attrition rate in 2021 compared to prior years.

And the majority of those who had employees leave indicated only a "slight" loss of employees.

## Owner's perspective: Finding candidates was difficult

When we asked owners what recruiting issues they had in 2021, the most significant was "finding qualified applicants," followed closely by "not enough applicants."

While **33%** of owners reported not recruiting at all in 2021, those who did search for new employees faced a shortage in the number of people attracted to those open positions and the quality of those candidates. And the numbers also show that **31%** of owners had trouble meeting recruits' compensation requirements.



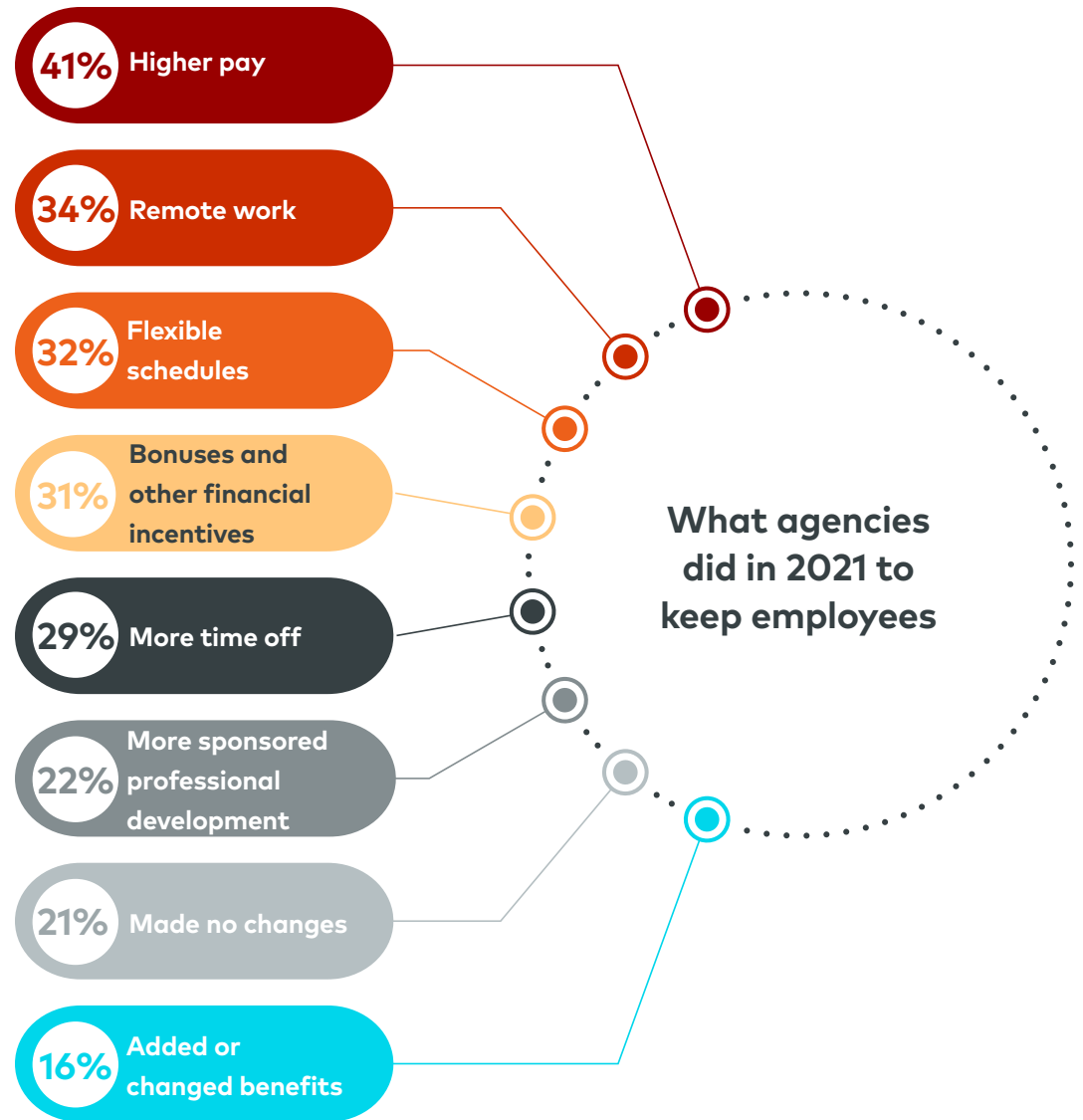
## Agency owners get it

While just **21%** of agency owners and principals reported a slight or significant uptick in employee turnover in 2021, nearly four in five of them said they had made changes in the past year to retain employees.

"Show me the money" is clearly resonating with employees as they look for new positions and negotiate to stay in the ones they already have. And agency owners seem to get it, as **41%** of them said they were increasing compensation to retain employees. Offering remote work, flexible schedules, and other financial incentives are also popular retention strategies.

### Agency mergers on the rise

Several insurance professionals said that they left positions last year because of an agency merger or acquisition. This follows the growing trend of insurance agency acquisition. In fact, according to [The Big "I"](#), M&A was up 30% in 2021.

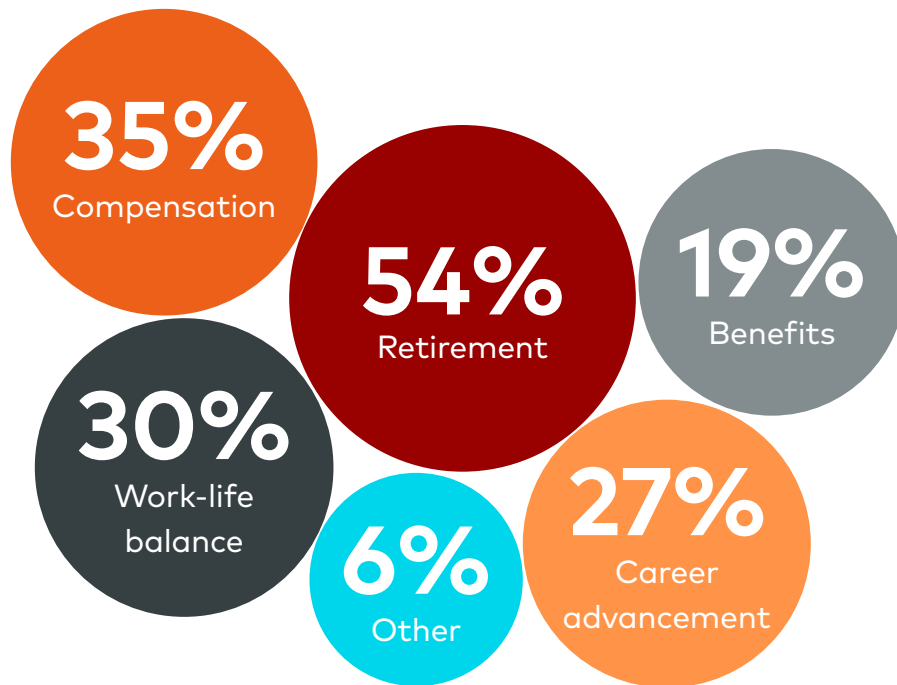


## The search for job satisfaction

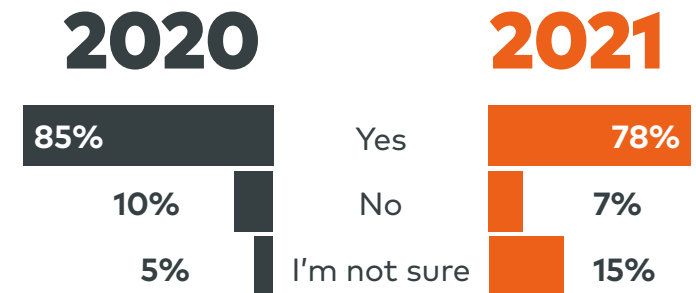
Like the prior year's survey, we asked insurance professionals why they might leave the industry. And the answers remained similar year over year: a majority of respondents named "retirement" as a reason for leaving the insurance industry.

Repeating last year's trends, "compensation" and "work-life balance" followed retirement. This data makes sense—2021 was a year when "work-life balance" trended in employment conversations around the world. Agencies benefit by looking at employment factors that lie outside the normal compensation/schedule equations as employees will likely continue to search for jobs that make them happy.

### Why insurance professionals would leave their positions



### I'd recommend a career in insurance to a friend



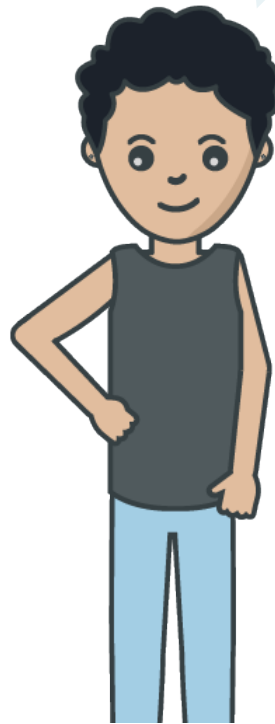
The majority of respondents would recommend insurance as a career choice to friends, but number who would do so fell by 7% compared to last year's survey. More of our survey takers were ambivalent about offering a recommendation.

**Young insurance professionals told us they want learning and growth opportunities in their careers.**

"Unlike the banking industry, insurance offers better earning potential, and the opportunity for continual learning and growth."



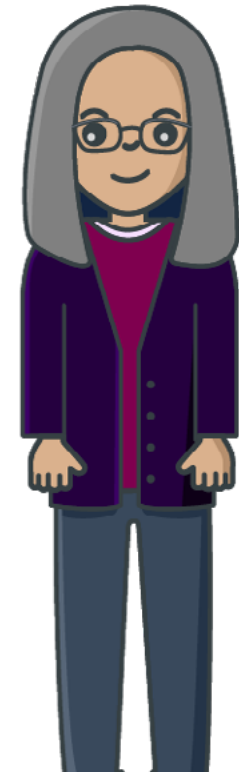
"It's seen as an "old man's career" when really it isn't. It's a hidden secret. I don't think young people give it time or credit to what you can learn and how you can grow."



"There doesn't seem to be a lot of people gravitating toward this industry."



"I would love to see someone of the younger generation who wants to learn about customer service, not just the technology involved with the insurance industry."



# A career rooted in community

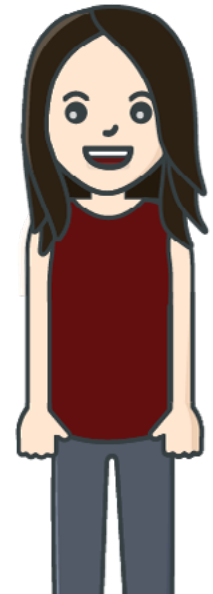


Each year, we ask respondents what they like most about their career.

Like last year, respondents ranked “working directly with my community” as their top answer. The industry’s joy in serving a community appears throughout this survey and emerges as true satisfaction for the work that agencies of every size do.

Respondents also selected compensation/financial stability, career growth opportunities, and job security as top points of satisfaction.

“I love the people in insurance, both the individuals and business-wise. But mainly, I love the ever-changing marketplace. It is never dull and there is always something new to learn!”



## Money matters

Most insurance professionals report being satisfied with their career and say that compensation factors heavily into that satisfaction.

Our respondents indicated "compensation" was a significant factor for four different questions designed to understand how they feel about their careers. Although the insurance industry has shown itself to be more stable, employees are still looking for the best opportunities they can find.

### COMPENSATION

43%

Insurance professionals who said compensation is what they like most about the insurance industry.

35%

Insurance professionals who said they would leave the industry because of compensation-related issues.

50%

Insurance professionals who said compensation influenced them to change jobs.

50%

Insurance professionals who said compensation would make them more likely to stay in their current positions.

### How our community is finding—and keeping—great people

Prospective and current employees have more choice than ever when it comes to where they work. The tangibles—salary, benefits, incentive programs—clearly matter. However, agencies are also emphasizing less-tangible factors to find and keep talent.

#### Putting an emphasis on culture

Many professionals want to align a company's mission, purpose, values, culture, and leadership team. Many agencies are using this moment to be more vocal about what makes them unique. Whether it's talking about the company's volunteering and community engagement, posting a vision statement, sharing recent awards, or even sharing the latest employee pet photos, thoughtfully emphasizing culture has never been more important.

#### Embracing a broader talent pool

With the barrier to remote work broken, agencies that are more willing to consider remote and hybrid options are finding themselves better positioned to be an employer of choice, both for new recruits as well as current employees.

Many agencies are also investing time and resources in programs to attract diverse job seekers. As an industry, we are doubling down on DE&I initiatives to hire more women and younger talent from diverse backgrounds, including communities of color and LGBTQ.

## Succession planning as a retention tool

### EXECUTIVE SPOTLIGHT

# Kristin Nease

“Nearly half of the owners and principals who took our survey said they are considering retirement in the next five years. So what does that mean for their agencies and staff? Are they thinking ahead and setting people up for success? Are they sharing their expectations clearly with the entire staff? Or are they keeping it all a secret and hoping for the best?”

Communicating expectations for succession prevents the harm of having an employee leave who did not know there was a plan for them.

Employees benefit from knowing what management considers to be the next steps in their career. Principals don't need to schedule their retirement, but it's critical that they say, 'I see a path for you, and if you want to take it, I'm going to help you.'”



**Kristin Nease**, VP of Human Resources at Vertafore, has expertise in employee relations, employment law, benefits, leadership development, acquisitions, and talent management. She is committed to sustaining a culture that welcomes and supports all people.



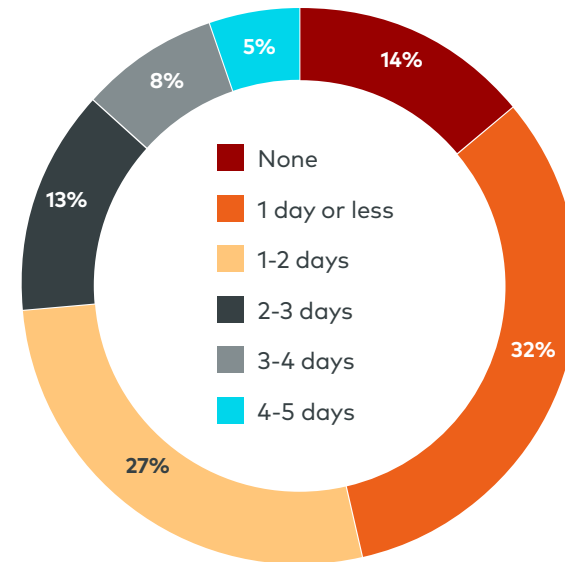
# Remote work is the new employee benefit

In its November 2020 [report](#), the McKinsey Global Institute analyzed the potential for remote work in insurance and financial industries and they concluded "three quarters of activities in the finance and insurance industries can be done remotely without a loss of productivity."

Even as the pandemic eased, remote work was still top of mind in 2021.

- Most agencies were remote at least some of the time. Few were entirely in the office or 100% remote.
- Among respondents who changed jobs last year, more than 1 in 4 said they left for remote work opportunities.
- Nearly 30% of all respondents said more remote work opportunities would make them more likely to stay with their current company.
- The amount of remote work correlated with an agency's size. Smaller agencies reported more time in office than larger agencies.
- More than a third of agencies said they added remote work as a retention tool.

## Owners/principals explain the remote work their agencies performed in 2021



"The ability to work from anywhere gives us the ability to hire from a much larger pool of employees."



# The insurance industry and gender



"I think if we can give a female voice to the insurance industry it will change things. Because in the past, it's always been a good ol' boys club. I think of this as a movement of women in insurance. There are a lot of agents and agencies making a lot of money out there, creating wealth and assets. And I think if we can get women to identify in this industry as somebody who could take that on, then we're going places."

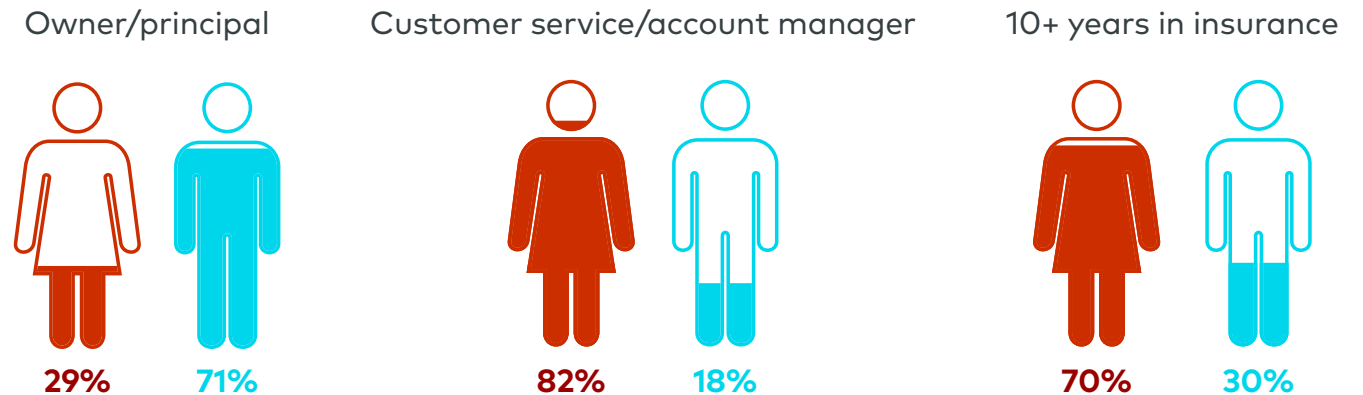
- **Kim Beach**, Founder and CEO, *InsureWomen* and Owner, *Village Insurance*

Women are 60% of the insurance industry workforce. Yet they hold:

- **19%** of board seats
- **11%** of inside officer positions
- **12%** of C-suite positions.

In our survey, women insurance professionals represented a much lower percentage of agency owners or principals and a higher percentage of customer service roles compared to men. However, more women than men indicated they had been in the industry more than 10 years.

## Women in the insurance industry workforce



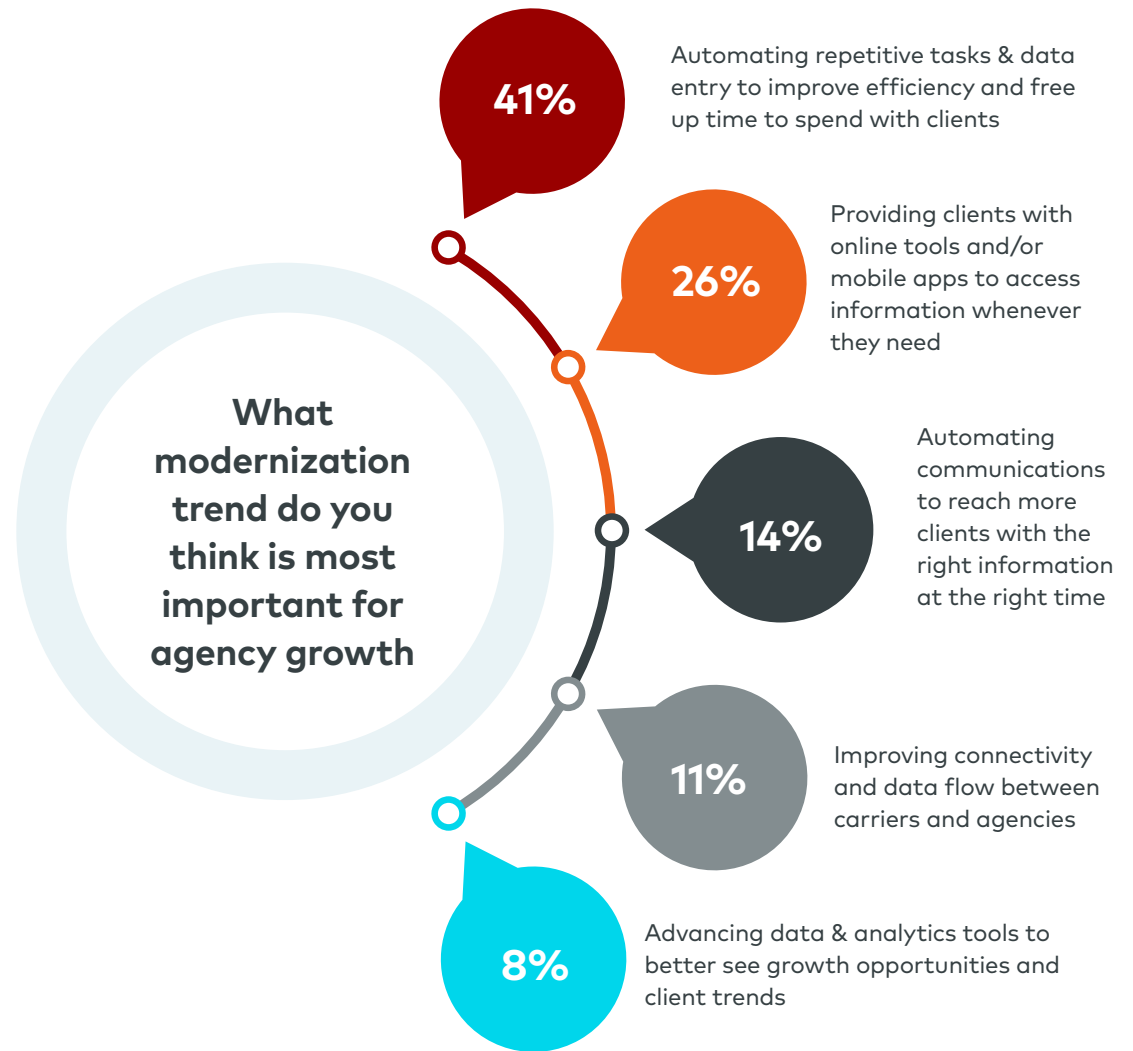
The insurance industry is taking important steps to address this gender-based leadership gap, with initiatives like [The Big "I" Diversity Council](#), [Million Women Mentors Women in Insurance Initiative](#) and the [Association of Professional Insurance Women](#). These national programs focus on bringing women into leadership roles across the financial and insurance industries.

# Technology optimism and implementation

We asked insurance professionals a series of questions to gain insight into their views on insurance technology. We wanted to know what technology they use (and don't), how they feel about that technology, and if their solutions are truly meeting their needs and expectations.

The results? The trend from previous years continues—**nearly 80%** of our surveyed insurance professionals said InsurTech has had a **positive impact** on their agency, such as increasing efficiency and strengthening relationships with clients.

These responses also reflect the top answers when we asked respondents to pick which modernization trends they think are most important for agency growth: **improving efficiency and engaging with clients** was the most common answer.



## Agency modernization scorecard

Agencies reported a reserved optimism about the state of their current insurance technology in their survey answers. Although only **13%** said they are "always looking for the latest and greatest tech," **32%** said they were doing "better than most."

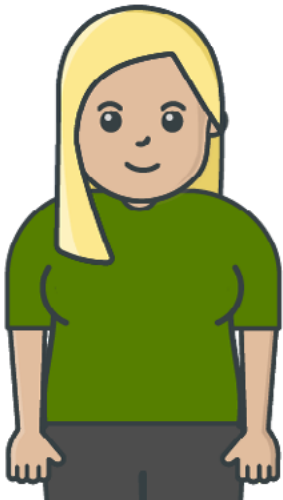
On the other hand, only **2%** said they are not keeping up and **11%** said they have "more misses than hits."

As insurance becomes even more technologically advanced and remote work standardizes, agencies that have not embraced technology designed for their success may find that they cannot keep up. It is important that the industry finds way to provide even the smallest agencies with the technology that will keep them running as efficiently as their largest competitors.

### Assessment of an agency's ability to stay up to date with technology advancements

**42%**

We do okay but could improve



**32%**

Better than most



**13%**

We're always looking out for the latest and greatest tech



**11%**

More misses than hits



**2%**

Not at all



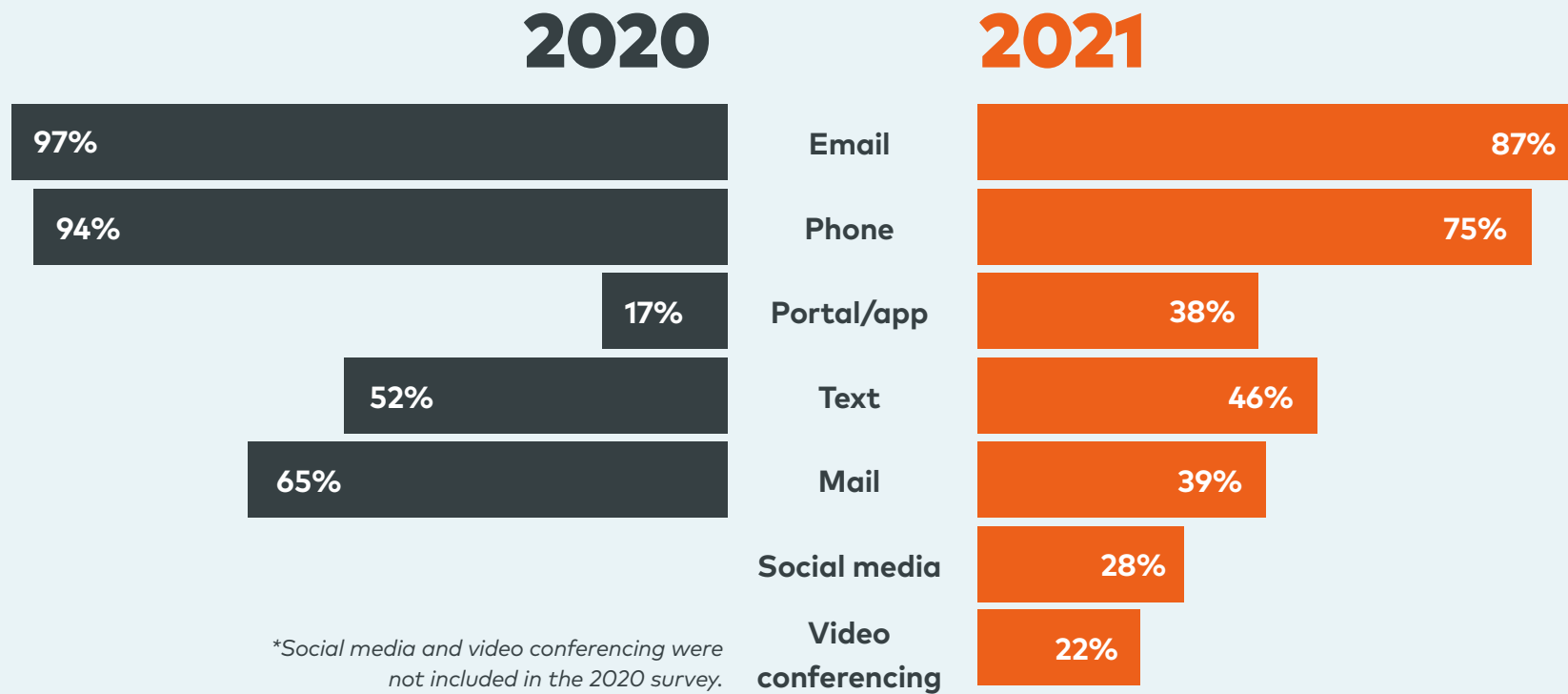
## Keeping up with the agency down the street

The technology that insurance professionals use on a regular basis may influence their perception of agency modernization. While respondents reported broad usage of long-standing tools of the trade—like an agency management system and email—there is lower adoption of more recent tech innovations such as client apps, automated client communications, and content management.

Technology our survey takers use		
Agency management tools	Rating and quoting	Digital client engagement
<b>80%</b> Agency management system	<b>60%</b> Platform for personal lines	<b>29%</b> Client portal or app
<b>22%</b> Workflow management	<b>32%</b> Platform for commercial lines	<b>26%</b> Automated client communications
<b>10%</b> Content management		<b>14%</b> CRM/sales automation platform

## How agencies communicate with their clients

When it comes to using technology to communicate with their clients, insurance professionals are reporting a significant change in 2021 compared to 2020. Email, phone call, text, and mail have all dropped compared to last year's survey, while portal/app usage has climbed from just 17% in 2021 to 38% in 2022. It is clear from our most recent data that more agencies are using alternative forms of communication to reach their clients and conduct business.



It is promising to see more agencies changing up their communication tools. However, it's evident that there's **more potential for a client experience that helps agents meet clients where they are.**

## Enabling a modern client experience

While it is clear that the use of client portals and apps is on the rise compared to previous years, the majority of respondents have not yet put a portal into place for their end-insureds to access documents—and nearly half of respondents who reported using a client portal are relying on the carriers' portals to communicate with clients instead of their own.

While this may seem like a smart cost-saving strategy, it could be reinforcing a brand loyalty to the carrier instead of to the independent agency.

As end-insureds continue to expect a more digital, 24/7 experience—but without losing the personal touch—agencies can look to solutions that are key to an improved client digital experience.

### Solutions in this category include:



Online portals for self-service access to information and key documents



Mobile apps and mobile-responsive web sites



Web chat tools

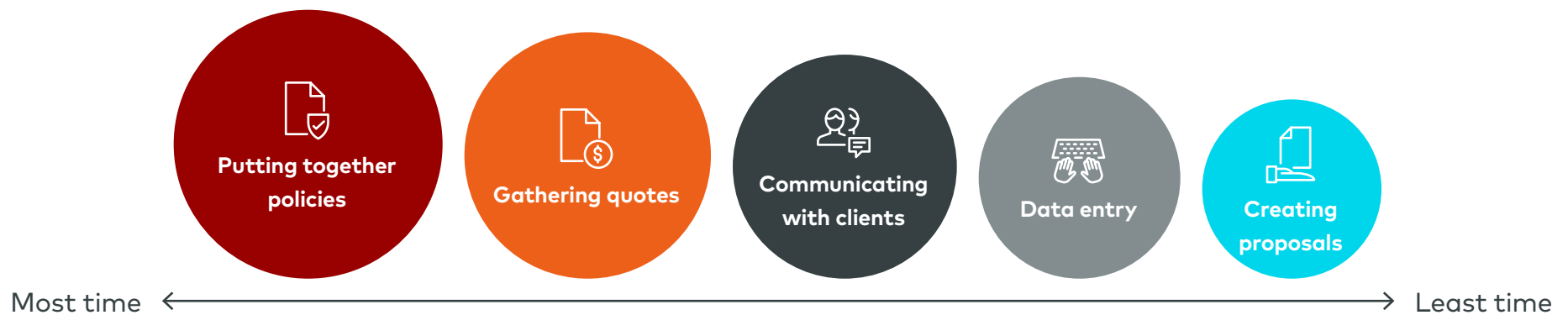


Automated communications to reach clients with the right information at the right time

## Spending time where it counts most

When asked how agents spend a typical workday, they reported the majority of their time goes to administrative tasks, such as putting together proposals and gathering quotes.

### Time spent on agency tasks



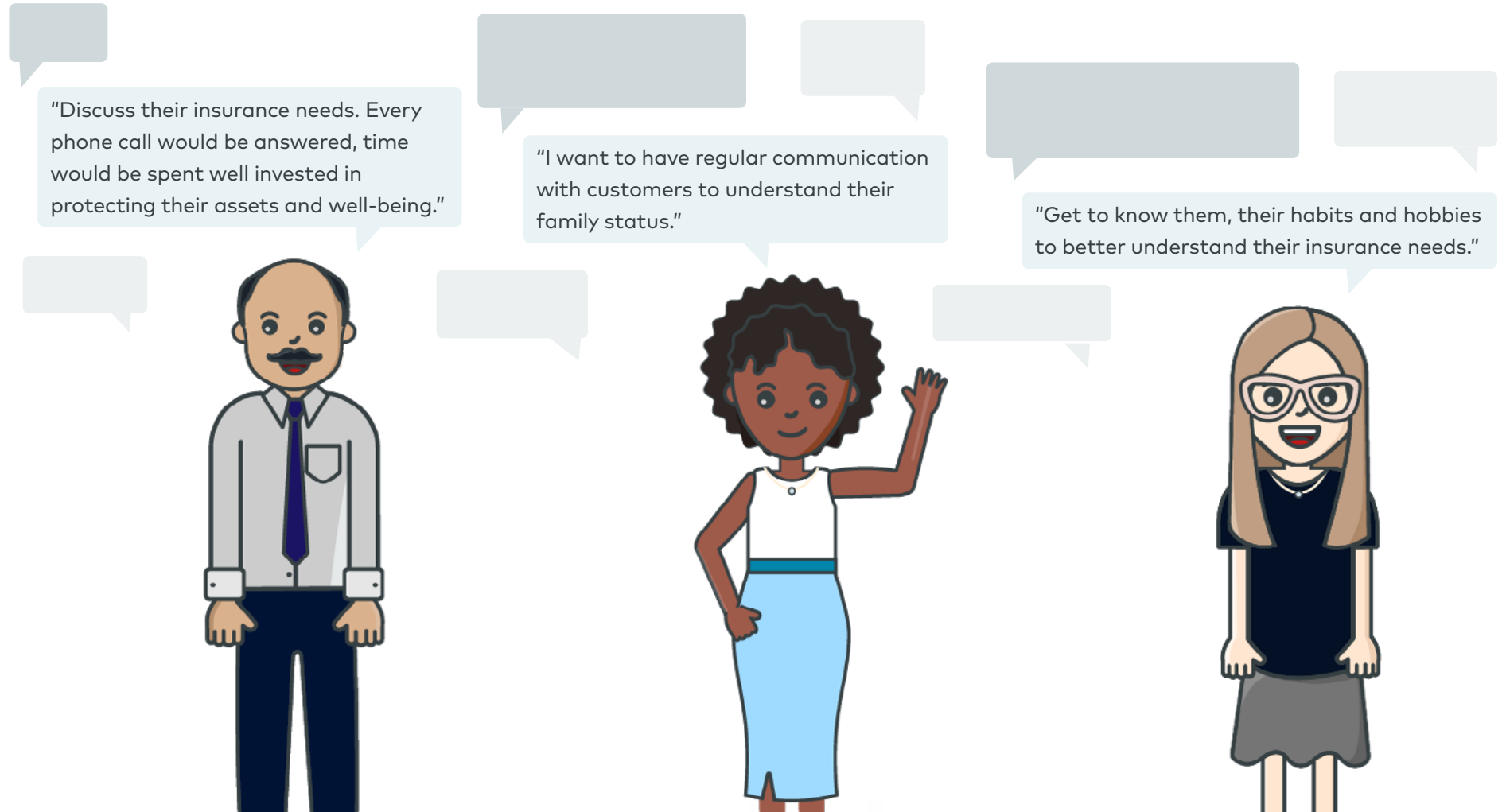
We also asked our respondents what they would rather spend more of their time on each week. We found that increasing efficiency and freeing up time to do what matters most is important to our survey respondents—and "what matters most" is serving their clients and community.

When asked to describe the client issue they would like to improve if time were not an issue, most of our respondents said they would like to "spend more time building relationships with clients."



## Improving client relationships

Open survey responses to what agents would rather be doing with their time reinforce the importance of an agency's relationship with clients. These responses, and so many more like them, reinforce the importance of an agency's relationships with clients.



## Embracing InsurTech and modernization

The market is crowded with InsurTech solutions, and successfully adding to an agency's tech stack is not a one-size-fits-all endeavor. However, if agencies look at factors such as solutions purpose-built for insurance that are created with friendly API connectivity, that's a great start.

With the breadth of InsurTech solutions available to today's agency, providing agents with the solutions they need to increase efficiency and revenue is a path towards a modern agency—and modern agencies not only have happier customers, they also have happier employees.





The tools clients want are also the tools insurance professionals want. They want efficient processes, digital solutions, clear communication, and ease of use without the loss of a personal connection.

### A closer look at modernization

Whether it's from agency consolidation, increased client and employee expectations for a more modern experience, or snowballing data, independent agencies are feeling the pressure to change.

But how do agencies invest in the right changes? The key is integrated solutions that work together and with an agency's existing InsurTech.

Data from Vertafore's thousands of independent agency partners links investing in four core pillars of modernization to exponentially higher revenue growth and profitability. Agencies that modernize in these areas can see nearly three times more revenue growth compared to the industry average:

-  Client digital experience
-  Agency management
-  Market connectivity
-  Data and insights

## Modernization in the real world

### EXECUTIVE SPOTLIGHT

# James Thom



"Our industry is finding more ways than ever to connect digitally. Agencies are increasing their ability to digitally manage their processes and communicate with clients in ways that increase efficiency, client retention, and growth. In the coming year, we'll see more agencies take advantage of solutions that allow them to automate their client communications and marketing in a way that still delivers valuable, targeted information."

**James Thom** is Senior Vice President and Chief Product Officer at Vertafore. James oversees the Product Management organization as Chief Product Officer, driving Vertafore's leadership position in InsurTech.

"There are at least three InsurTech solutions that can help independent agents improve their client relationships:

- E-signature and payment collections
- Client self-service tools
- Automated client engagement programs

Technology has given insurance clients more freedom and comfort in how they engage with agents. Independent agents who have adopted these solutions are equipped to thrive and grow their book of business. Agents who haven't adopted these technologies will continue to be at a disadvantage."

### EXECUTIVE SPOTLIGHT

# Doug Mohr



**Doug Mohr** is Vice President of Industry Relations and Partnerships at Vertafore.

# What we've learned

2021 was a complicated year for the insurance industry. Agencies were tasked with finding ways to keep employees safe and to get work done. Remote work became the norm for many and will likely continue to be an important employment factor throughout this year as well.

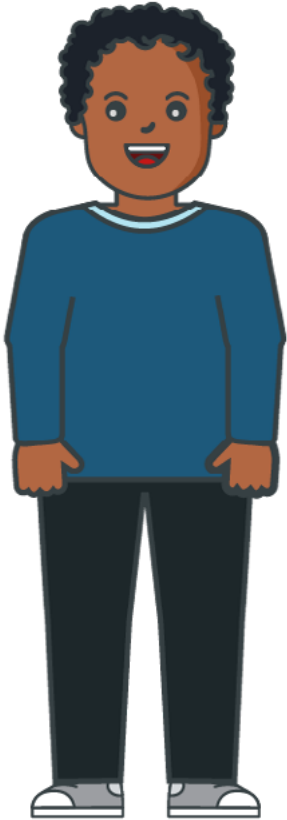


## What to take away

- The insurance industry is populated with people who are committed to their craft. They have experience and expertise and are constantly looking for better ways to finish their work, communicate with clients, and improve their communities.
- Women continue to be underrepresented in leadership and ownership roles, but the insurance community is taking steps to correct this imbalance.
- The Great Resignation hit insurance, but many agencies have been proactive about making changes to keep their talent, including boosting compensation and bonuses, adding remote work opportunities, and accommodating flexible schedules.
- Financial issues are at the forefront of employment decisions as agencies look to attract and retain qualified employees.
- The insurance industry is optimistic and excited about InsurTech, but some agencies are finding it difficult to implement technology designed to ease their data, communication, and underwriting burdens.
- Agents are looking for more time to create personal relationships with their clients because they understand that insurance is a people-focused industry that thrives when people feel heard, understood, and cared for.

## The insurance workforce is always changing

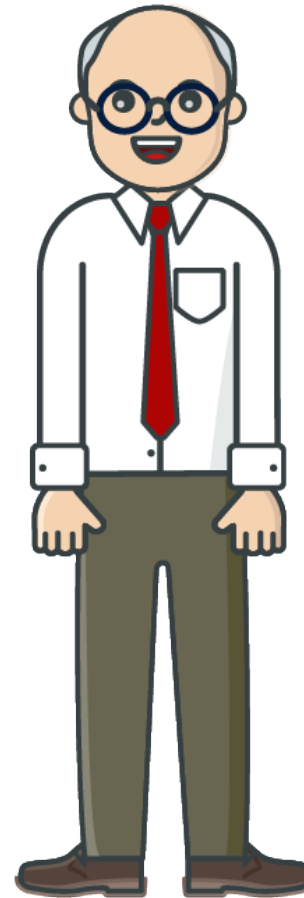
"It's time to change the current business model to incorporate the changing cultural shift."



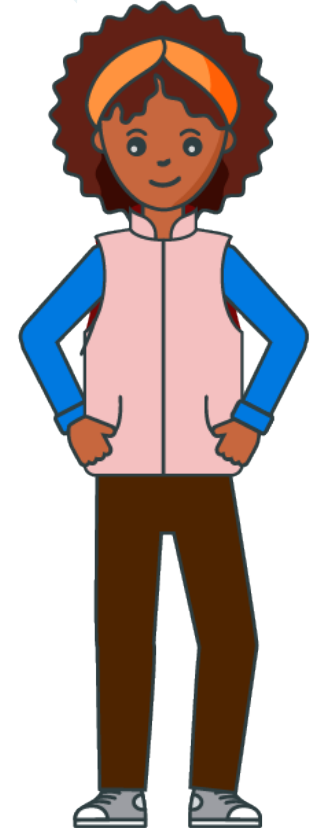
"We've started having more office 'party' lunches and giving surprise thank-you gift cards to boost morale."



"I changed jobs to care for an aging parent."



"Being short-staffed, I haven't had time to hire. I need people that already know our systems because I don't have time to train employees."





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