



AGENCY UNIVERSE STUDY

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An Exploration and Analysis of the Independent Agency System
Growth | Technology | Staffing | Social Media | Operations



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About Future One and the 2022 Agency Universe Study




Future One is a cooperative effort of the Independent Insurance Agents & Brokers of America (IIABA) and independent agency companies. It sponsors a variety of programs to enhance the independent agency system and agency-carrier relationships, both legislatively and in the business environment.

One of Future One's major efforts has been the Agency Universe Study (AUS), first conducted in 1983. The study was repeated at 4-5 year intervals over the next 13 years (1987, 1992, 1996, 2000) and, starting in 2002, has been conducted biennially to track the fast-paced changes in the industry.



The AUS continues to provide information – much of it unavailable anywhere else – that is useful to independent agency principals, independent agency carriers, and the IIABA in its public information and education efforts.

- The study provides independent agency principals and managers with insights into how their peers operate, as well as business strategies that may be helpful to them.
 - Carriers obtain information, ranging from agency principals' and managers' opinions about the future of the independent agency system to how agencies use technology. This information helps carriers make better decisions as they work with independent agency principals.
 - IIABA cites the AUS several hundred times each year in its work with independent agency principals, the trade press and public officials.
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About Future One and the 2022 Agency Universe Study

The Survey

The Agency Universe Study includes: 1) Estimating the total number of independent property/casualty agencies in the United States, and 2) a wide-ranging survey of independent insurance agencies regarding their businesses, business practices and tools, opinions, and relations with carriers. Most of this report focuses on the survey results.

The 2022 survey continues to focus on both agencies as whole business enterprises and, for multi-office agencies, on specific locations or satellite offices. Individual locations of multi-office agencies were included starting in 2006 because carriers often deal as much with specific offices as with multi-office agencies as a whole, because some decisions are made at the office level, and because different offices within large agencies often focus on different market segments.

The first chapter in this report, The Agency System, provides data on agencies' overall structures and revenues at the agency level, regardless of the number of offices the agency has. Subsequent chapters focus on operations at the individual office location level. (In the few cases where both branch and headquarters locations responded to the survey, headquarters location responses were included in The Agency System chapter, and all responses were included in subsequent chapters). However, throughout this report, agencies are classified by size in terms of their size as whole enterprises, across all offices. For the 78% of agencies that have just one location, operations at the enterprise level and at the individual office level are identical.

The 2022 survey included many questions that were asked in previous versions of this research, both because they continue to be areas of interest and so that trends can be tracked. In most cases where 2022 and 2020 questions were identical, responses for both 2022 and 2020 are included in this report. For more comparisons of 2022 to 2020, readers can refer to the cross-tabulations.

In 2020, a new section of the report was added about the impact of the COVID-19 pandemic on the agencies' business.


Survey Methodology

There is no single comprehensive listing of independent agencies and brokers that could be used as sample for this study. Therefore, to obtain as broad a representation as possible, Future One used the IIABA's listing of independent agencies, which is compiled from state association membership lists, and also listings of their agencies that a number of participating carriers were willing to provide. The sample was de-duplicated to remove multiple listings of the same agency that came from different lists.

Undoubtedly, the willingness of some carriers (but not others) to include their agency listings in the sample biases the data to some extent, by leading to overrepresentation of those carriers' agencies. However, the extent of this bias is limited by the fact that agencies represent multiple carriers, and undoubtedly in many cases represent both a carrier that provided listings and carriers that did not. Of course, a very large number of agencies also appear on the IIABA's membership list.




About Future One and the 2022 Agency Universe Study




Data was collected via web-based interviewing. E-mail invitations (and reminders) were sent to agency principals and/or other agency contacts, requesting their participation in the research. Each invitation included a survey link with a unique PIN to enable respondents to complete the survey in more than one sitting if necessary, and to make it possible to analyze the survey results using information from the sample, such as classifying agencies by community types using their zip codes.


The response rate to the survey this year fell to an all time low. In order to increase the number of completed interviews to ensure we collected enough completed surveys in order to look at all of the various subgroups, we also employed an open link. The link was included in various newsletters and communications to agents in general. This allowed agents who were not included in the carrier sample to complete the survey. In total, 1,452 respondents were included in the study.




Because Future One needed to collect a very broad range of information, two versions of the questionnaire were used to reduce the number of questions asked of each respondent. Each version contained a set of core questions common to both versions, plus some sections exclusive to each version. For example, version 1 asked about technology usage while version 2 asked about marketing.



Another method used to shorten the interview length was limiting each respondent to answering no more than two sections about specific lines of business and account sizes: personal, small commercial (<\$15K total annual P&C premium), medium commercial (\$15K-\$99K total annual P&C premium), and large/very large commercial (\$100K+ total annual P&C premium). Among respondents eligible to answer more than two sections, the following priority was used to maximize the number of evaluations for types encountered less often: large/very large commercial, medium commercial, small commercial, personal. The eligibility criteria for answering each section, based on the number of accounts by line/account size, are shown below.

- 
- Personal: 50+ accounts
 - Small commercial – accounts with < \$15,000 in annual premiums - 50+ accounts
 - Medium commercial – accounts providing \$15,000 to \$100,000 in annual premiums - 10+ accounts
 - Large/very large commercial - accounts paying \$100,000 or more in annual premiums - 2+ accounts


As in previous AUS reports, the terms “personal lines carrier,” “small commercial lines carrier,” etc., are used throughout. Of course, many carriers provide coverage for both personal lines accounts and commercial lines accounts of various sizes. In this report, these designations refer to the type or size of accounts that agencies write with a carrier, not the lines or products offered by the carrier. Thus, Travelers is a “small commercial lines” carrier when we are referring to coverage of small businesses that agencies place with it.






About Future One and the 2022 Agency Universe Study


Analysis



The data cross-tabulation tables (or “banners”) used to analyze the data classify the participating agencies on a variety of dimensions. In the cross-tabs, statistically discernible differences between sub-groups (different agency sizes, different regions, etc.) are identified. From the viewpoint of tracking development of the independent agency system, the most important differences are those between 2020 and 2022. In this report’s charts, statistically discernible differences between 2020 and 2022 are identified by marking the 2020 percentage with ^. To reduce clutter in already crowded charts, the statistical significance of other comparisons (e.g. among agency sizes) is not noted systematically in this report. Those who want to check the statistical significance of a particular difference can use the data tables.




Within the entire study population of 1,452, the margin of error at a 95% confidence level is ± 2.59 percentage points. However, it is important to remember that the margin of error within a group, and between groups, is determined by the number of responses from agencies in that group. Some of the sub-groups used in the analysis are relatively small, so caution must be exercised when interpreting those results. Footnotes are included wherever particular caution is warranted due to very small sample sizes.




The main categories used in the analysis and reporting, along with the total number of respondents in each, are detailed on the following pages.

Agency Revenue



Agencies range from one-person operations with less than \$100,000 in insurance revenue to nationwide operations with more than \$25 million in insurance revenue. These differences in size are closely related to many other differences among agencies, such as number of carriers, use of intermediaries, and mix of business.

For purposes of the analysis, size is defined in terms of self-reported insurance revenue. Six categories that have proven in prior years to differentiate agencies are used again in 2022.




Respondents were asked to estimate the agency’s 2021 revenue as a whole, including all locations. A total of 1,184 respondents provided an estimate.




About Future One and the 2022 Agency Universe Study



Estimating the Size of the Agency Universe and the Distribution of Agencies by Size



Estimating the size of the agency universe and the distribution of agencies by size presents significant difficulties. The most obvious source of authoritative data, the Census of Business, is carried out every five years, but it does not distinguish cleanly between property/casualty and life/health agencies, or between “captive” agencies owned by carriers and independent agencies. The same limitations are present in the largest commercial database, Dun & Bradstreet. In addition, by law, the Census cannot provide data on specific businesses, just as it must ensure the privacy of data on households.



Given these difficulties, over the years Future One has used a variety of data sources and methods to estimate the total number agencies. Until 2012, an estimate of the total number of agencies and brokerages was obtained from the D&B database listings. However, due to changes to that database, the 2014 and 2016 estimates of the total number of agencies and brokerages were derived from the Census of Business, as well as data from the US Department of Labor, Bureau of Labor Statistics. D&B database counts were used to approximate the proportions of agencies that fall into each revenue category. However, changes in the way D&B classifies insurance agencies and related businesses led us to seek a more industry-specific resource.



In 2018, estimates on the total number of independent agencies and the total number of agencies and brokerages by revenue size were obtained from MarketStance (a Verisk company). In 2017 MarketStance merged with the Insurance Service Office, a long-time supplier of underwriting guidance to property/casualty carriers. MarketStance maintains and continually updates a database of independent agencies and is regarded by the industry as the highest-quality source for this data. In addition, many carriers involved in the Agency Universe Study have worked with MarketStance, and we found MarketStance’s current estimate of the total number of independent agencies close to estimates the IIABA and individual carriers use. For these reasons, the Research Committee decided to simply use the MarketStance estimates of the overall number of independent agencies in the United States and their estimates of agencies in the revenue categories we have used for years. We continue to use these estimates in 2022.



We believe that these procedures will provide more accurate information and clearer pictures of trends in future waves of The Agency Universe Study.

Additional details on these methods can be found in Appendix B.






About Future One and the 2022 Agency Universe Study



Weighting the Survey Data

Due to a different recruitment approach in 2020, coupled with the lower response rate, a change to the weighting scheme was made. In previous waves, to represent the agency universe accurately, the survey responses needed to be weighted by agency revenue size. For example, in relation to their numbers in the agency universe, many more Large and Jumbo agencies responded than Small and Medium-Small agencies. Therefore, it was necessary to give the responses from Small and Medium-Small agencies higher weights than responses from the Large and Jumbo agencies.

In prior waves, respondents who did not provide their agency's revenue were given a weight of zero, essentially removing them from the data. In 2020, respondents who did not provide revenue information was given a weight a 1.0. This approach led to a change in the proportion of principals vs. non-principals. In order to mitigate the impact of this change, a two-tiered weighting scheme was employed. In addition to weighting the data by revenue size as was done in past wave, the data was also weighted to match the proportion of principals vs. non-principals that have participated in the study in the past. Appendix B provides more information on the weighting. This weighting scheme was repeated in 2022.



Accessing Report Information

The report includes a Reader's Guide, which provides definitions and details about analysis that are essential to understanding the study results. Reading it before proceeding to the body of the report is strongly recommended.



Accessing Additional Information

The Agency Management Summary will focus on implications of the study findings.



Reader's Guide

Questionnaire Sections

The questionnaire is divided into 12 sections. The section numbers shown below will assist the reader in identifying the correct section for each question noted as the source for a graph in the report. For example, QA1 refers to a question asked in the "Your Agency" section.

- V. COVID-19 (new section in 2020)
- A. Your Agency
- B. Your Agency's Revenues and Markets
- C. Market Access Providers
- D. The Carriers You Represent
- E. Customer Service Centers
- F. Your Agency's Staff
- G. The Insurance Business Environment
- H. Your Agency's Future
- I. Marketing
- J. Information Sources
- L. Your Agency's Technology
- K. About You



Reader's Guide

The Unit of Analysis

In the Agency Universe Study, the unit of analysis is the agency. Most findings are presented as percentages of agencies or averages across agencies. The reader should keep in mind that these are findings about agencies, not revenue. They do not take into account the fact that revenues are quite concentrated in larger agencies.

Mix of Business

Using information on sources of insurance revenue, responding agency locations were classified into three groups based on their primary concentration.

Personal Lines Dominant (Weighted n=845, 61% of agencies providing information)

70%+ insurance revenue from:

P&C personal lines commissions

P&C personal lines profit sharing, contingent commissions, and supplemental commissions

Individual medical insurance commissions, bonuses, and fees

Individual life, annuities, mutual funds and other investment products

Commercial Lines Dominant (Weighted n=109, 8% of agencies providing information)

70%+ insurance revenue from:

P&C commercial lines commissions

P&C commercial lines profit sharing, contingent commissions, and supplemental commissions

Value-added services (e.g. risk management, claim administration, loss prevention)

Retirement plan (401k, 403b, 457) commissions, bonuses and fees

Group medical insurance commissions, bonuses and fees

Other employee benefits (e.g., dental, disability, life) commissions, bonuses, and fees

Balanced (Weighted n=424, 31% of agencies providing information)

Agencies not falling into either of the two "dominant" groups (but providing sufficient information to categorize revenue sources).

Note: 342 agencies were not assigned to a mix of business group because they did not provide the necessary information.



Reader's Guide

Age


Agencies were classified into one of two groups, based on self-reported year when their agency was established.

New (Weighted n=333, 20% of agencies providing information)

Agencies established within past five years (2018 or later)

Established (Weighted n=1,302, 80% of agencies providing information)

Agencies established before 2018



Geography

The study utilized the four U.S. Census regions and the nine Census Divisions, as shown below.

Northeast (Weighted n=193, 11% of responding agencies)

New England (Weighted n=54, 3% of agencies)

CT, MA, ME, NH, RI, VT

Middle Atlantic (Weighted n=139, 8% of agencies)

NJ, NY, PA

Midwest (Weighted n=390, 23% of responding agencies)

East North Central (Weighted n=257, 15% of agencies)

IL, IN, MI, OH, WI

West North Central (Weighted n=133, 8% of agencies)

IA, KS, MN, MO, ND, NE, SD

South (Weighted n=740, 43% of responding agencies)

South Atlantic (Weighted n=327, 19% of agencies)

DC, DE, FL, GA, MD, NC, SC, VA, WV

East South Central (Weighted n=121, 7% of agencies)

AL, KY, MS, TN

West South Central (Weighted n=292, 17% of agencies)

AR, LA, OK, TX

West (Weighted n=351, 21% of responding agencies)

Mountain (Weighted n=171, 10% of agencies)

AZ, CO, ID, MT, NM, NV, UT, WY


Pacific (Weighted n=180, 11% of agencies)

AK, CA, HI, OR, WA



Reader's Guide


Community Types



Using U.S. Census data, agencies were classified into one of four groups based on the ZIP Code information contained in the sample. Where an MSA (Metropolitan Statistical Area) is part of a CMSA (Consolidated Metropolitan Statistical Area), we used the MSA to determine community population. For example, an agency in Stamford, CT would be counted as being in a medium metro area (Bridgeport-Stamford), rather than in the larger CSA including New York City.

Rural Areas/Small Towns (Weighted n=224 13% of responding agencies)

Population less than 50,000




Small Metropolitan Areas (Weighted n=250, 15% of responding agencies)

Population 50,000 - 249,999

Medium Metropolitan Areas (Weighted n=347, 21% of responding agencies)


Population 250,000 - 999,999



Large Metropolitan Areas (Weighted n=858, 51% of responding agencies)

Population 1,000,000 or more

Note that a few urbanized areas with populations somewhat greater than 50,000 have not been classified as MSAs by the Federal Office of Management and Budget. Nonetheless, we included agencies in these areas in the Small Metropolitan Area category.





Acknowledgements

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Zeldis Research, an independent market research firm, directed the study. Since 1991, Zeldis Research has been designing customized market research to help clients understand their customers. Zeldis Research has extensive experience in the insurance industry, as well as consumer products, education, financial services, healthcare, and publishing, and offers the full spectrum of quantitative and qualitative techniques, including advanced analytic approaches.




With deep and broad sector experience and an understanding of the products relevant to the insurance industry, Zeldis Research helps clients understand consumer and business trends and the complex influences that could impact marketing efforts.

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KEY FINDINGS

**The Independent Agency Universe in
2022**




Overall Independent Agency Size and Market Conditions

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- In 2022, the estimated total number of independent property/casualty agents and brokers in the United States stands at 40,000. Based on MarketStance data, in 2022, the estimated percentage of Small agencies (with less than \$150,000 in revenue) stands at 38%. At the other end of the scale, Jumbo agencies (\$10 million+ in revenue) now account for 1% of the universe.
 - The proportion of agencies in small town and rural areas have decreased in 2020 (13% vs. 23%), while the proportion in large metro areas has increased (51% vs. 40%).
 - Business conditions for agencies continue to be favorable despite a decrease; two in three agencies (62%) saw revenue gains from 2020 to 2021 (lower than 2018-2019, in which 70% saw gains). However, the average size of revenue gains has increased vs. 2020, at +27% (vs. +20%) among those reporting an increase. The 25% of agencies that saw decreases in revenues (up from 15% in 2020) report higher percentage losses in 2022 (average decrease of -22%, compared to -16% in 2020). Personal lines revenue has grown less in 2022 than 2020, with 60% of agencies reporting an increase (versus 67% in 2020) as have commercial lines revenue (57% vs. 63%).
 - Larger agencies continue to be more likely to focus on commercial lines (37%) than smaller agencies (5%-20%). Three in four Small agencies are personal lines dominant, with one in three of Jumbo agencies commercial lines dominant.







COVID-19 Impact

- About one in four agencies report COVID-19 had a significant impact on their operations (23%), revenue (23%), and commercial lines customer base (24%).
 - Small agencies (34%) and newer agencies (43%) are more likely to report a significant impact on their revenue .
 - Maintaining employee engagement, working with carriers to handle customer service requests, and having the IT infrastructure to support work-from-home capabilities are the top challenges during the pandemic.
 - Going forward, identifying operating efficiencies, building an online presence for marketing, and implementing/improving online business tools are the most important factors for succeeding in 2022.
 - Top areas needing support as a result of the pandemic are new business opportunities, providing support with operating efficiencies to provide better customer service, and offering digital tools for digital servicing.
 - Four in ten (42%) agencies believe carriers are meeting the challenges of the pandemic extremely well; only one in twenty feel carriers are doing a poor job.
 - Three in four (77%) agencies report no impact to staff due to the pandemic.
 - The biggest operating changes agencies made due to the pandemic are providing more digital services and digital interactions.
 - Two in five agencies prefer a return to in-person visits with their carrier rep in the next year, and one in four prefer a mix of online and in-person.
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Market Access Providers and Carrier Relationships

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- About half of agencies use wholesale brokers (53%) or MGAs (50%) for commercial lines.
 - Agencies are appointed with an average of 16.4 carriers across all lines; larger agencies have a significantly larger number of appointments. Nearly nine in ten (86%) work with Excess and Surplus carriers, with larger agencies more likely to access them directly, and smaller agencies placing E&S business through MGAs.
 - For personal lines, Progressive, Foremost, and Liberty Mutual carriers are represented by the most agencies (as in 2020). In small commercial, Progressive is again cited most often, with Travelers, The Hartford, and Liberty Mutual following. Progressive is mentioned most often for medium commercial, and Travelers is mentioned most often for large commercial.
 - The majority of agencies strongly prefer that customers get routine customer service from the agency. Jumbo agencies are more likely to use carrier customer service centers, with 35% using them for both personal and commercial lines.
 - Agencies are most comfortable allowing customers to use self-service to get policy documents/ID cards (77%). Two in three would be comfortable with billing inquiries and claims filings. One in five or fewer would be comfortable with customers obtaining policy quotes, making policy changes, and purchasing policies via self-serve.



Marketing

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- Marketing budgets have decreased directionally this wave after decreasing last wave. (By “directional,” we are referring to differences that are not large enough to be statistically significant.) As in 2020, social media/digital marketing and agency website development are the most important marketing activities.
 - Social media continues to grow in importance (62% select as a top activity compared to 58% in 2020), while print advertising and Yellow Pages activity remains low. Facebook is used by 85% of agencies and LinkedIn by 64% of agencies, with other social media channels used much less often. Social media is primarily used to attract new prospects and build the agency’s brand.
 - Annual reviews and regular telephone calls are the primary means of keeping in touch with both Personal and Commercial Lines customers while referrals are key in both personal and commercial lines prospecting.



Technology

- Agencies continue to leverage technology; two in three use a comparative rater for personal lines, and more than eight in ten use agency management systems. AMS systems are most likely to be used for customer view/search. Less than one in three agencies use a comparative rater for commercial lines.
- Use of paperless office for commercial lines has decreased directionally since 2020 and electronic communications remain stable including texting with clients (65% vs. 64% in 2020), agency e-signature tools (61% vs. 59%), and carrier e-signature tools (56% vs. 53%). (By “directional,” we are referring to differences that are not large enough to be statistically significant.)
- Nearly half of agents are likely to agree that insureds are just as likely to accept e-documents as paper (50%) and four in ten (41%) agree that they have seen significant cost savings by using carriers’ paperless communication options .
- The need for cyber policies is stable at 63%.
- Agencies are most likely to offer customers online quoting for auto (48%) and online quoting for home (46%) in the next two years.







Agency Challenges

- Accessing well-qualified leads to personal lines prospects who have started looking for insurance on the web continues to be most important after an increase in 2020 (56%).
- Providing new coverages/products remains the most important issue facing agencies, as does the need for usage-based insurance.
- Carrier claims performance (71% more important) and carriers' customer experience performance (69%) have become more important over the past two years.
- Four in ten agencies believe the Independent Agency channel is extremely resilient to increasing changes in the marketplace and the way insurance products are sold.
- Agency perpetuation plans continue to be an area of focus, with nearly nine in ten having at least some type of plan. The most common plans center around children/family members or other agency principals.
 - The aging of the agency population is fairly stable. The average age of principals with 20% or more ownership is 54. In 2022, 17% were 66 or older, as it was in 2020.
 - One in three anticipate some type of ownership change in the next five years, but only a few expect a change in the next year.
 - Agencies of all sizes also struggle with finding and screening job candidates with strong potential.
 - Lack of talent available to succeed is the top obstacle to future agency ownership followed by uncertainty of agency net worth.
- Agencies are also concerned about the impact of emerging purchase channels. One-third believe personal lines purchased directly through insurance companies and personal lines purchased through non-insurance websites will significantly impact their agency; one in four are concerned about small commercial direct purchase (through the carrier or through emerging online providers).



Information Sources

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- Six in ten agencies believe business intelligence is extremely important. Nearly three in four agencies are looking for industry-related news and more than half are looking for carrier-specific product news.
 - Three in four agencies feel carrier-provided information via email/newsletters is the most important way to derive business intelligence. Informal conversations with carriers and peers are also important.
 - *Independent Agent* is the most common information source. IA's News & Views is the most commonly read e-newsletter.
 - TrustedChoice.com is top IIABA program in both awareness and usage. Young Agents, Best Practices Program, and Virtual University programs follow. E-mail is by far the most preferred channel for IIABA information; few prefer social media.



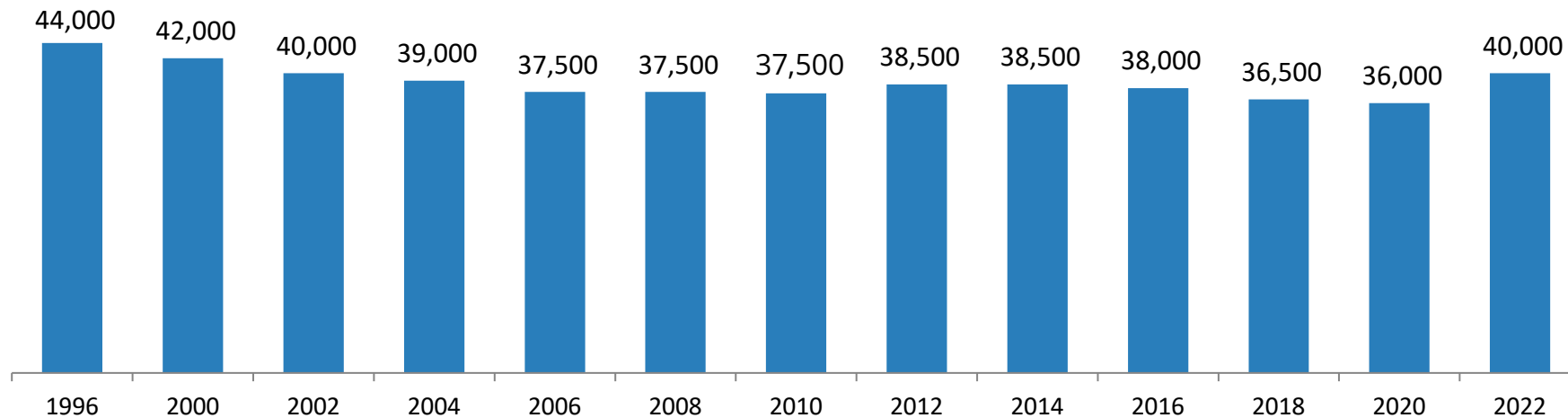
THE AGENCY SYSTEM



The estimated total number of independent agencies stands at 40,000. This is an increase from 2020.

- These estimates are rounded to the nearest 500 to avoid giving the impression of more precision than they actually have. (For details on how these estimates were made, see Appendix B.)
- The increase in agencies is likely due to many agents striking out on their own or breaking free from captive agencies during the pandemic.

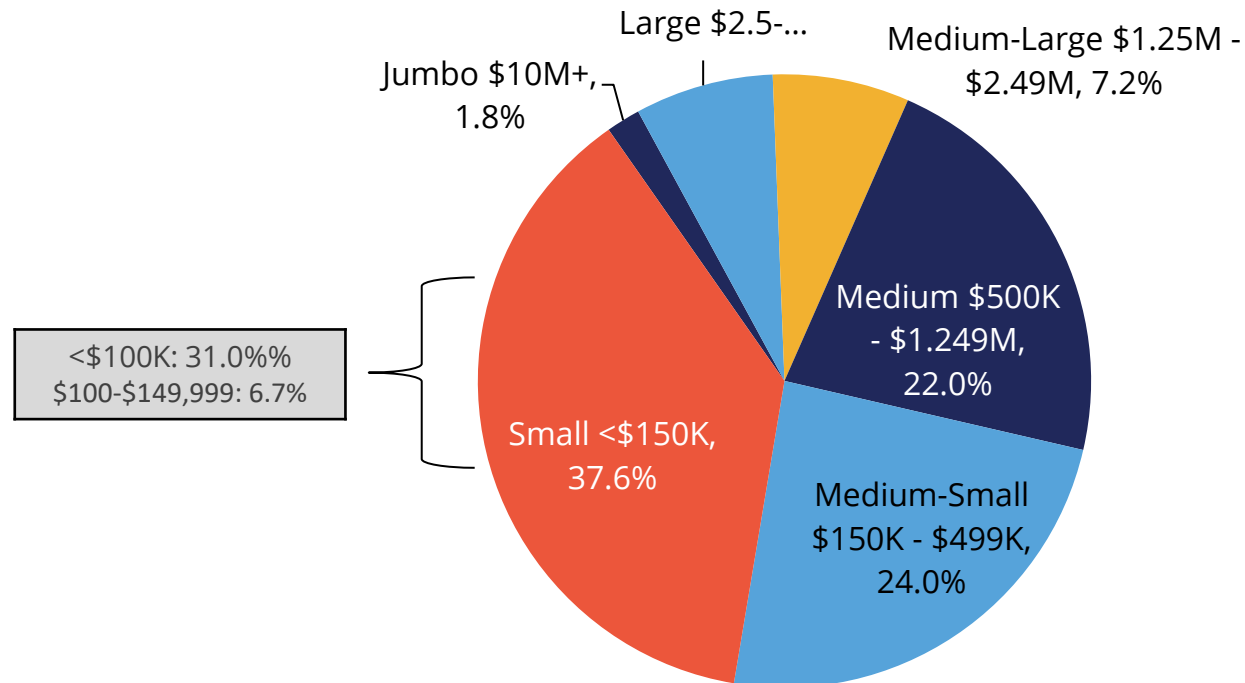
Total Number of Independent Agencies, 1996-2022



In 2022, 38% of all independent agencies and brokerages are Small, and 24% are Medium-Small.

- Note that in 2018, a new resource was used to estimate the universe size (the MarketStance database, widely considered more insurance industry-focused and reliable than the data available from D&B).

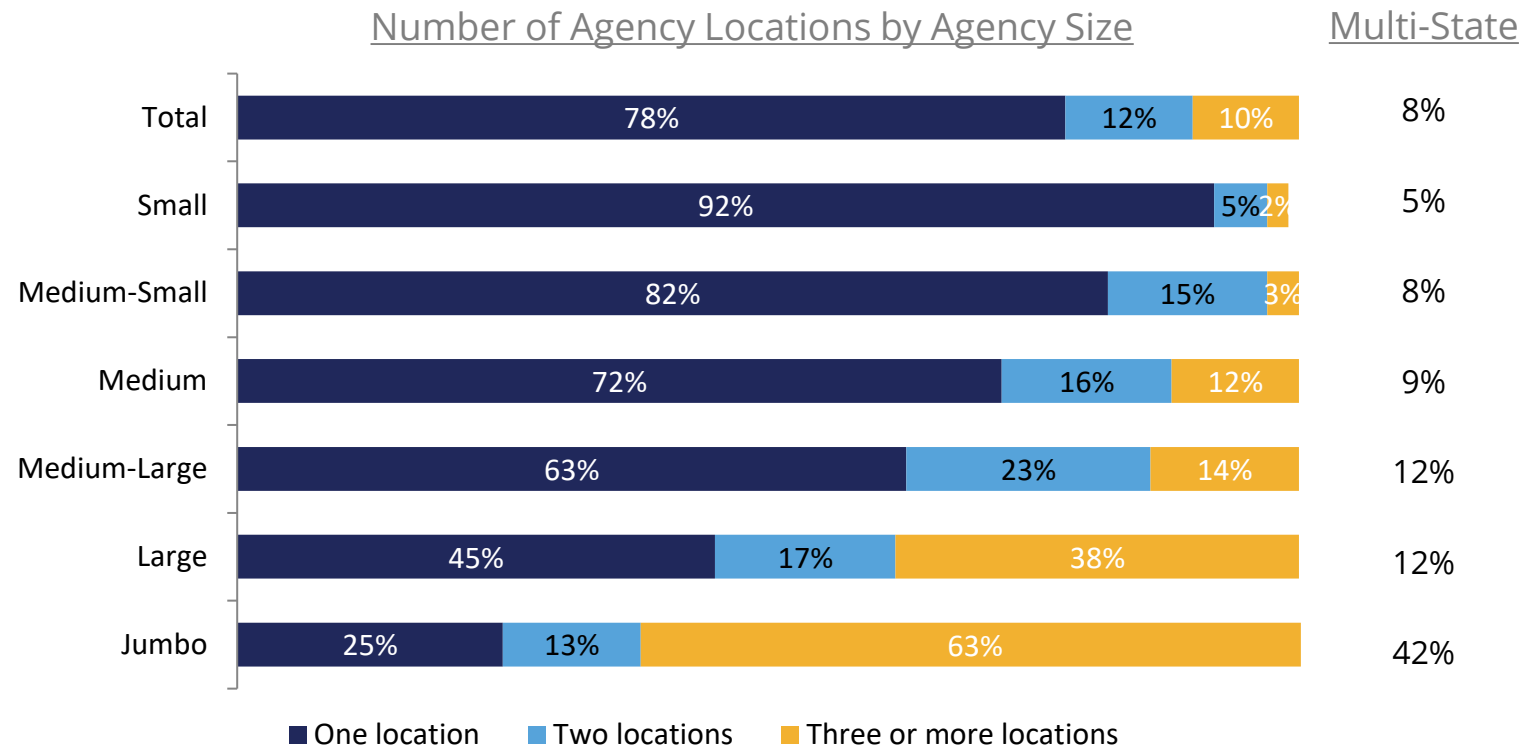
Agency Distribution by Revenue Size - 2022



QA9: Thinking about all of your agency or brokerage firm's offices/locations, in 2021, what were your agency's total revenues from insurance business and investment products commissions, contingencies and fees?
Total Answering Weighted n=1452.

For all groups except Large and Jumbo, the majority of agencies continue to have only one location.

- Relatively few agencies (8%) have locations in more than one state, although 42% of Jumbo agencies have multi-state presences.
- About two in five (39%) agencies are licensed in only one state (35% in 2020), ranging from 54% of Small agencies to 2% of Jumbo agencies.
- Of those agencies with multiple locations, the overwhelming majority (77%) of the respondent locations for this survey were headquarters locations (compared to 78% in 2020) .
- The proportion of agencies with multiple locations is 22%, down from 28% in 2020.

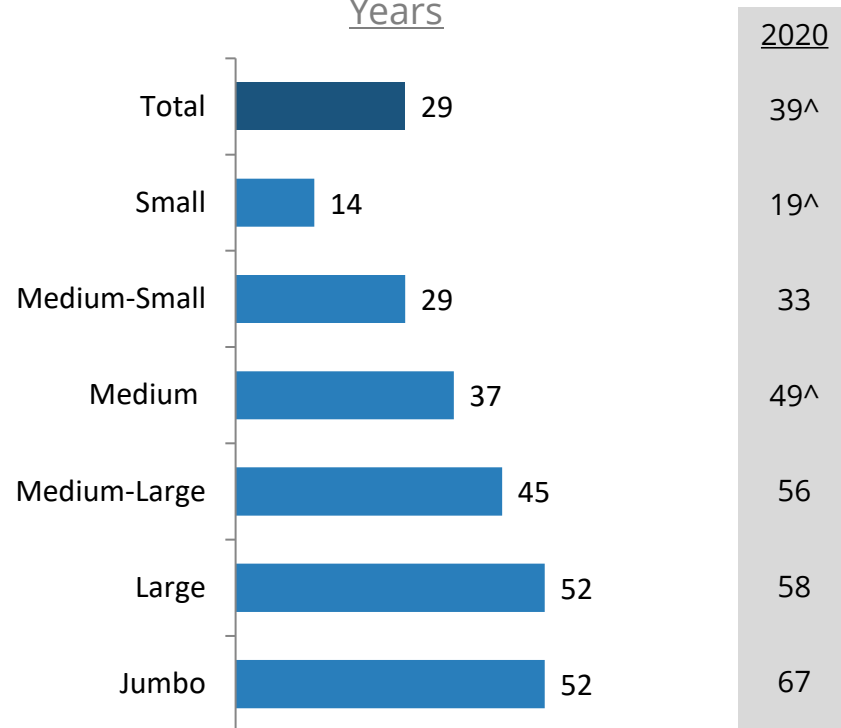


QA1/A2: How many locations does your agency have in your own state? /...in other states?
Total Answering Weighted n=1710; QA3, Total Answering Weighted n=373; QA2B, Total Answering Weighted n=1670.

One in five agencies (20%) were established in the last five years, significantly higher than the proportion of new agencies in 2020 (14%). On average, agencies are about 29 years old.

- Smaller agencies continue to be more likely to be new, with an average of 14 years of experience; eight in ten new agencies are small (83%).

Average Agency Age by Agency Size
Years



Compared to longer-established agencies, newer agencies (founded 2018 or later) are more likely to:

- Be Small (83% vs. 25%)
- Be personal lines dominant (74% vs. 58%)

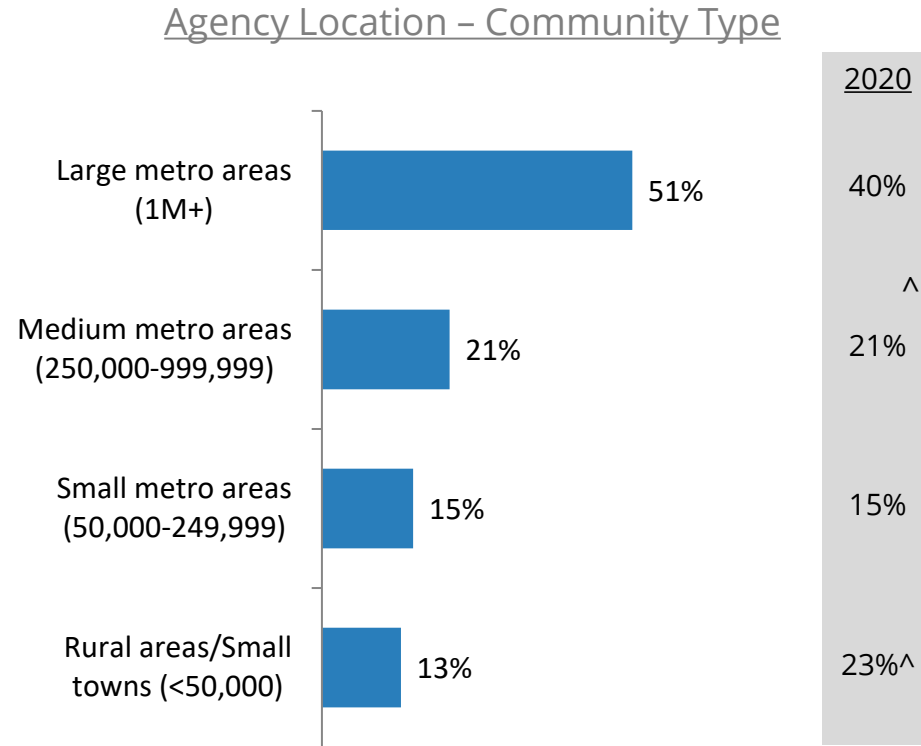
Newer agencies also tend to make more use of technology, and are more likely to:

- Rate digital marketing as a top 3 marketing effort. (73% vs. 46%)
- Strongly agree insureds are just as likely to accept e-documents as paper documents (68% vs. 45%)
- Measure ROI in use of digital and social media marketing (34% vs. 17%)
- Prefer remote contact with carriers (email-17% or phone-19%) vs. in-person-31%)
- Use mobile apps from carriers (52% vs. 37%), online chat with clients (25% vs. 14%), and agency 24-hr self-service portals (27% vs. 13%)

^ indicates significant difference 2020 – 2022
QA10: In what year was your agency established?
Total Answering Weighted n=1636.

In 2022, about half of independent agencies are in large metro areas.

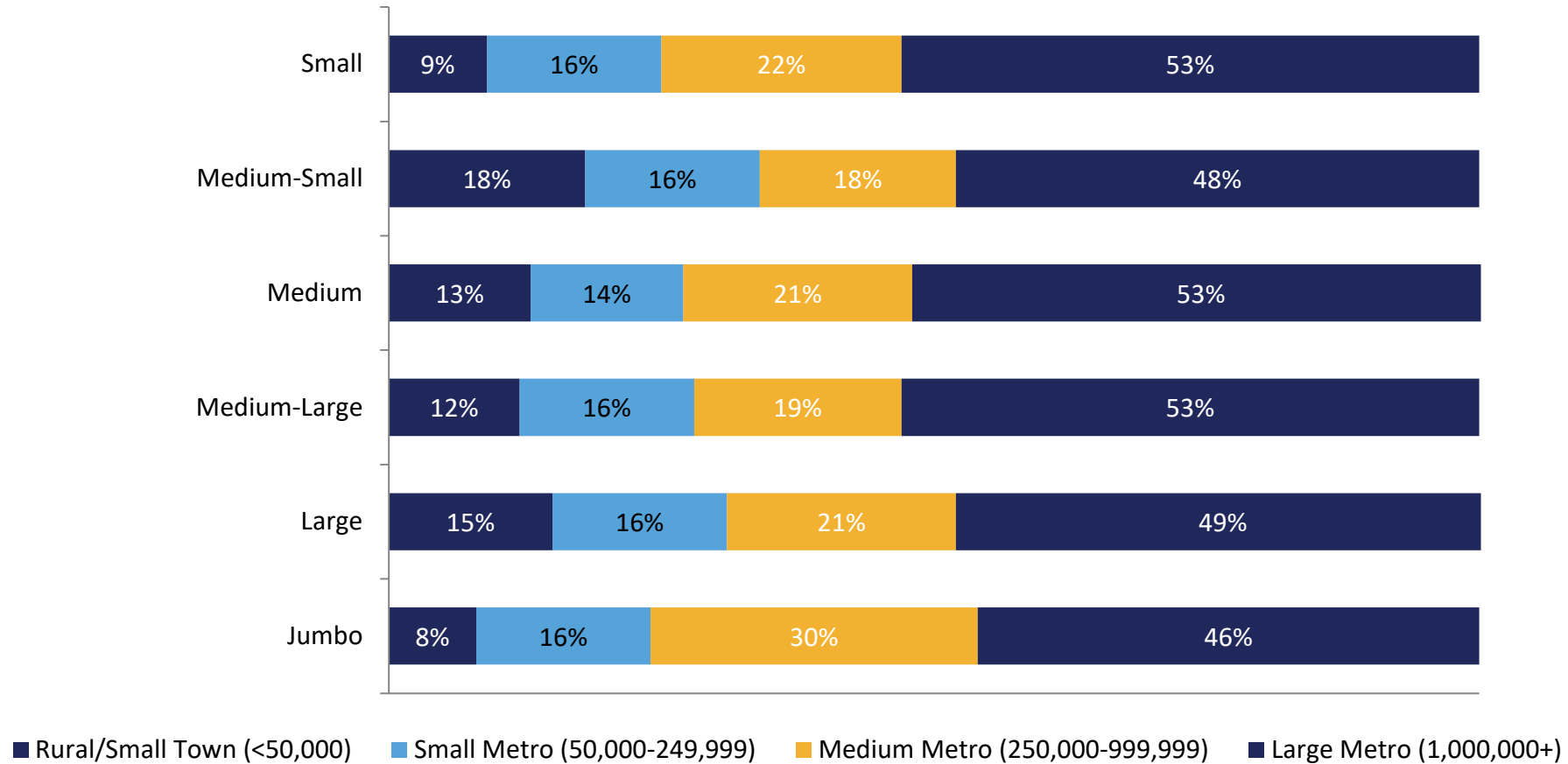
- The proportions of agencies in small town/rural areas have decreased since 2020, while the proportion in large metro areas has increased.



^ indicates significant difference 2020 – 2022
Based on Agency Zip Code, Total Answering Weighted n=1680.

About half of agencies are located in large metropolitan areas in most categories, with Small, Medium, and Medium-Large agencies (53%) most likely located in large metro areas.

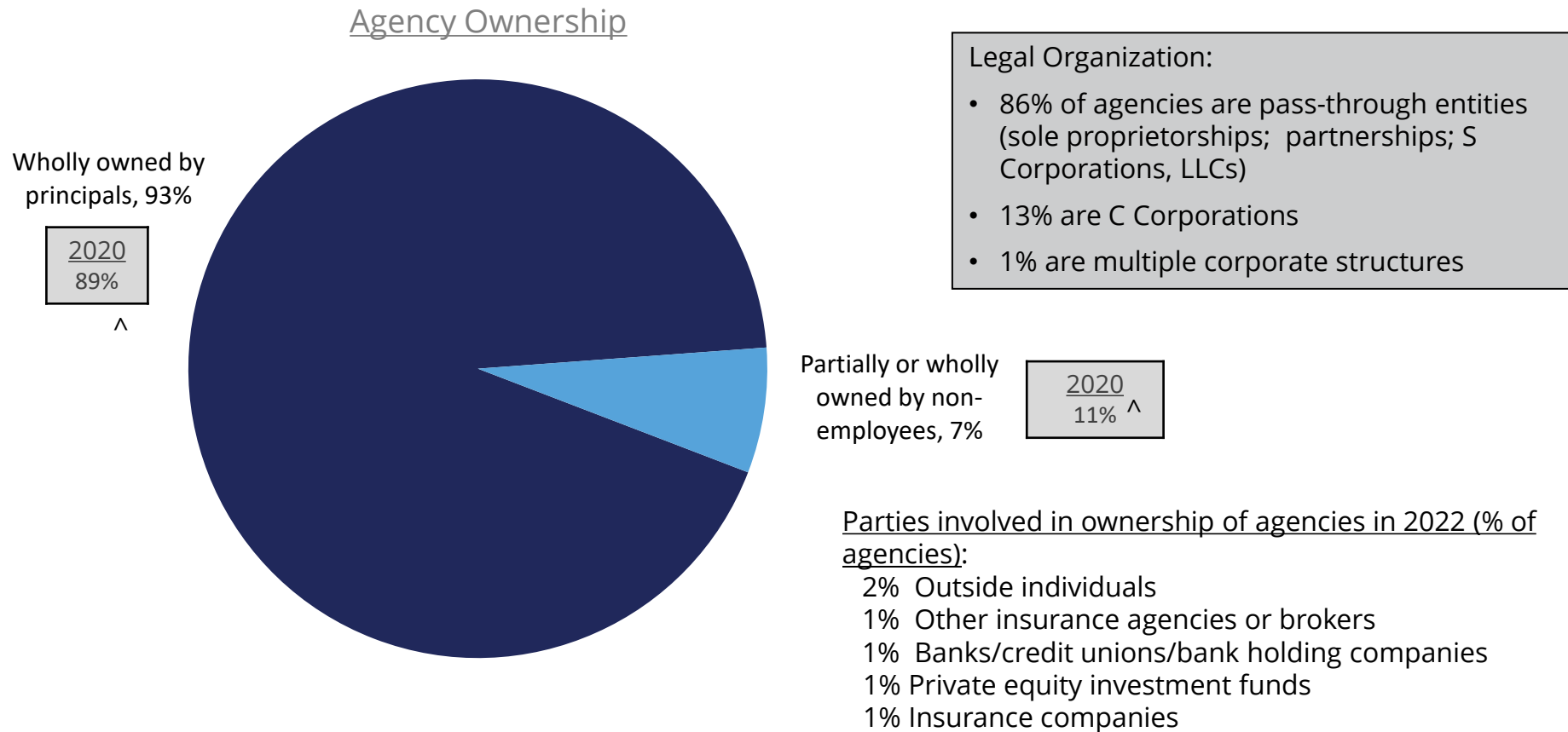
Agency Location – Community Type by Agency Size



Based on Agency Zip Code, Weighted n=1680.

As in 2020, nearly all agencies are owned by principals.

- One in three Jumbo agencies are wholly-owned (35%) or partly-owned (8%) by outside people or organizations.



^ indicates significant difference 2020 – 2022

QA4/A5: Which of the following best describes your agency as a whole? /Which of the following describes your co-owner or co-owners?

Total Answering Weighted n=1702:

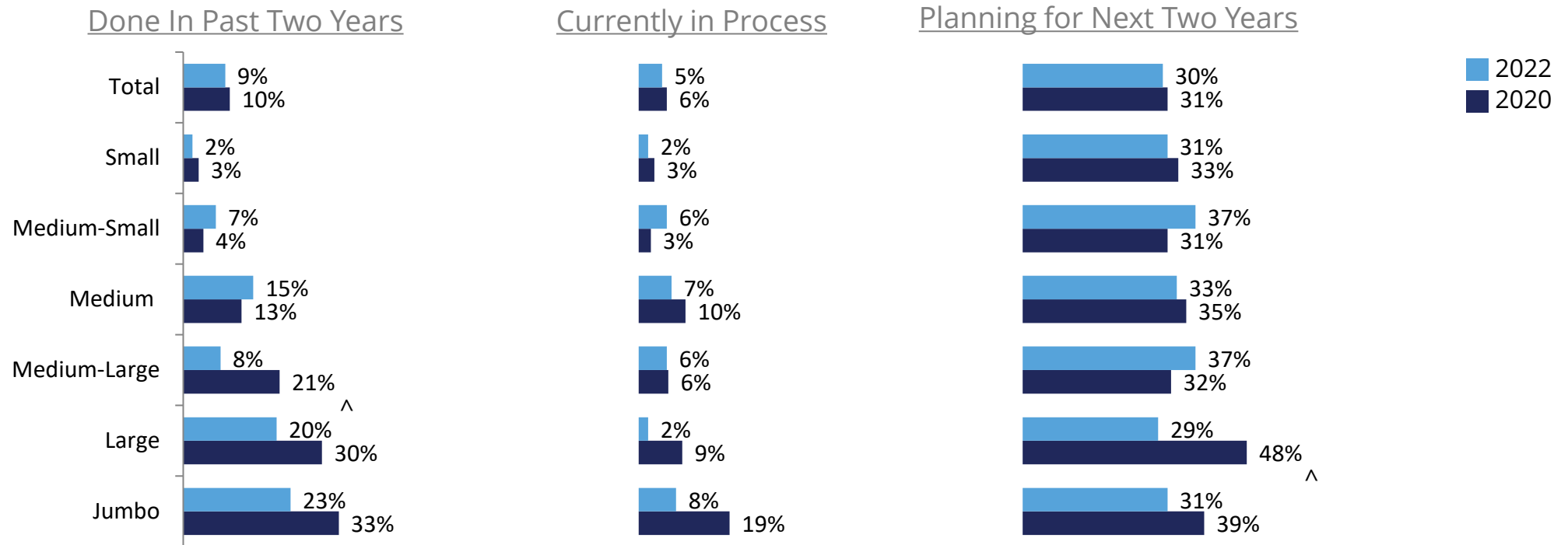
QA9C: Which of the following best describes the legal organization of your agency?

Total Answering Weighted n = 1602.

Ten percent of agencies have been involved in acquisitions or mergers within the past two years. Overall acquisition/merger activity is widespread among Medium Large, Large and Jumbo Agencies.

- Overall, 9% have been involved with acquisitions (5% have acquired another agency's book and 4% have acquired another agency's book and operations), 2% have merged with another agency.
- Nearly one-third of agencies have plans for merger/acquisition activity in the next two years; 21% plan to acquire another agency's book and operation, 15% plan to acquire another agency's book. 5% anticipate being acquired by another agency.

% Involved in Acquisitions and/or Mergers



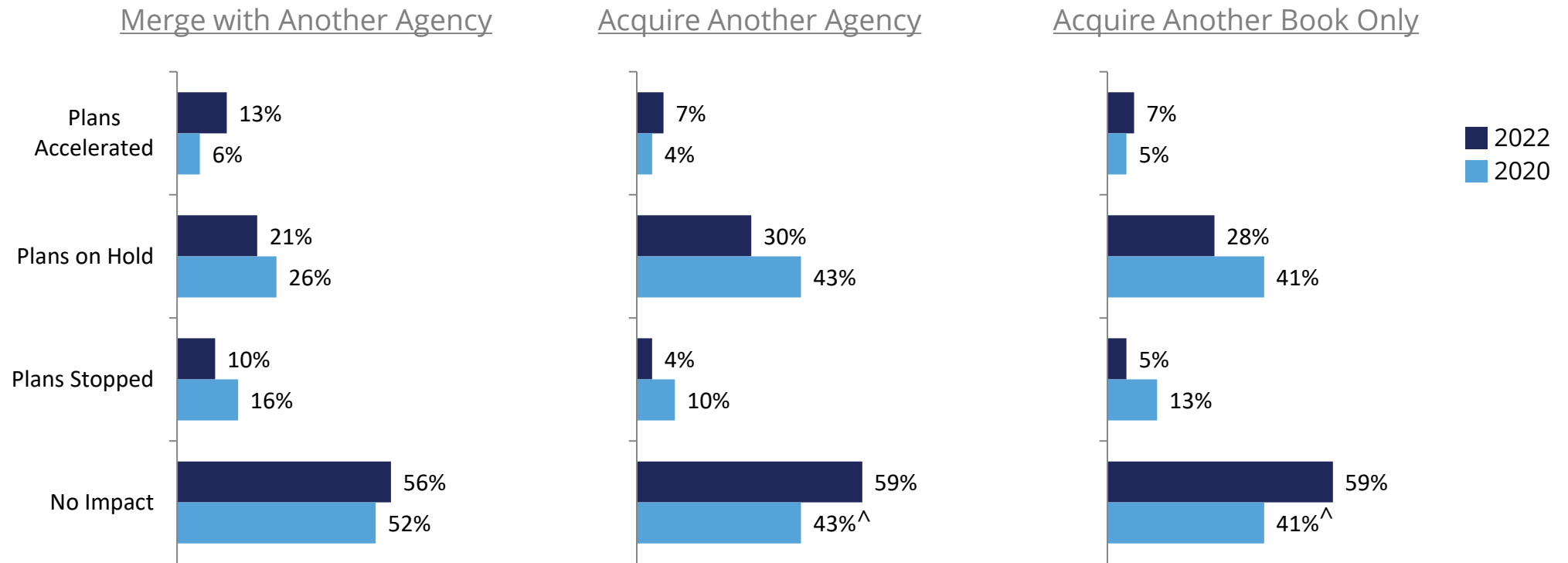
^ indicates significant difference 2020 – 2022

QA6: Which of the following has your agency done, is your agency currently doing, or does your agency plan to do in the next two years?

Total Answering Weighted n=729-732 (among sole/headquarters locations).

More than 50% of agencies stated that COVID-19 had no impact on their merger/acquisition plans. When impacted, agencies noted that plans were put on hold.

Impact of COVID-19 on Acquisitions and/or Mergers



^ indicates significant difference 2020 – 2022

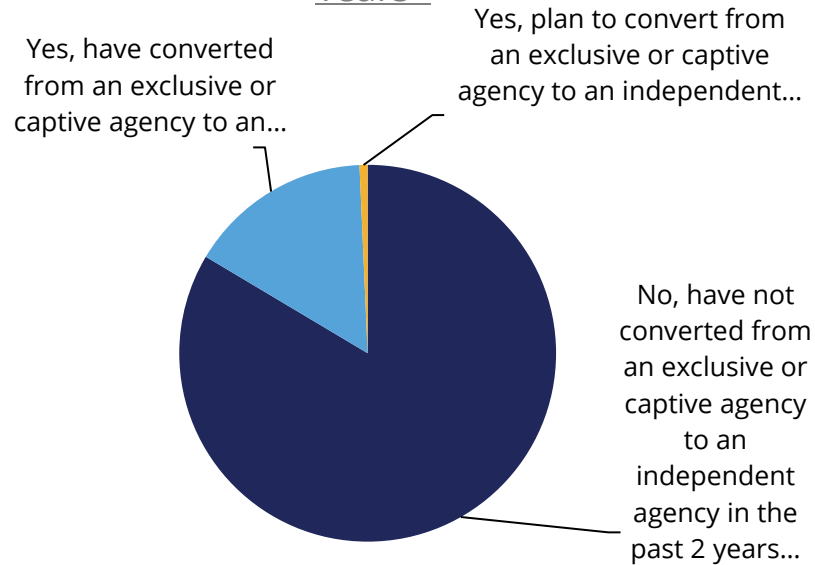
QA6A: How has the COVID-19 pandemic impacted these plans?

Total Answering Weighted n=37-146.

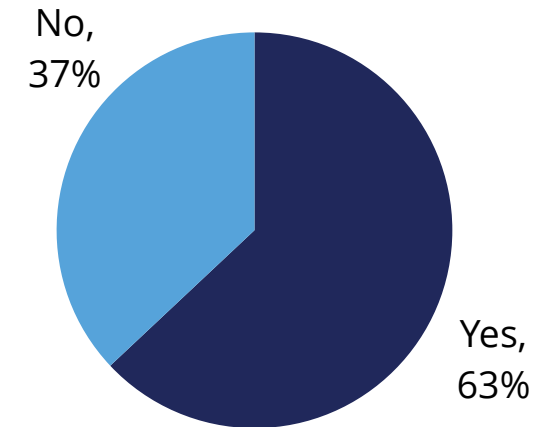
One in six agencies have converted from an exclusive/captive agency to an independent agency in the past two years. Two in three of those who converted worked with an agency franchisor/aggregator.

- Small agencies are most likely to have converted from an exclusive or captive agency to an independent agency in past 2 years (21%).

Converted/Plan to Convert from Exclusive or Captive Agency in Past/Next Two Years*



Worked with Agency Franchisor/Aggregator to Establish Independent Agency*



QA11AB: Has your agency converted from an exclusive or captive agency to an independent agency (all or part of agency) in the past 2 years or have any plans to do so in the next 2 years?

Total Answering Weighted n=1720

QA11A: In establishing your independent agency, have you worked with an agency franchisor or aggregator (e.g. SIAA, Iroquois, Smart Choice, etc.) that has direct contracts with carriers, provides centralized service to your customers, and splits commissions with your agency

Total Answering-Those Who Converted Weighted n=264 *new question in 2022

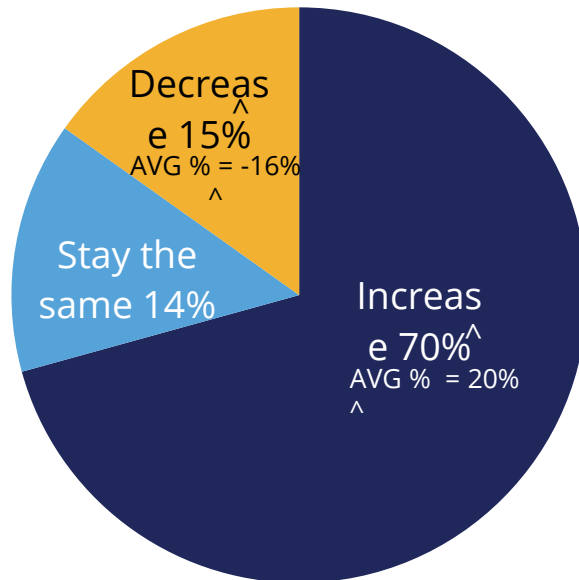


AGENCY REVENUE

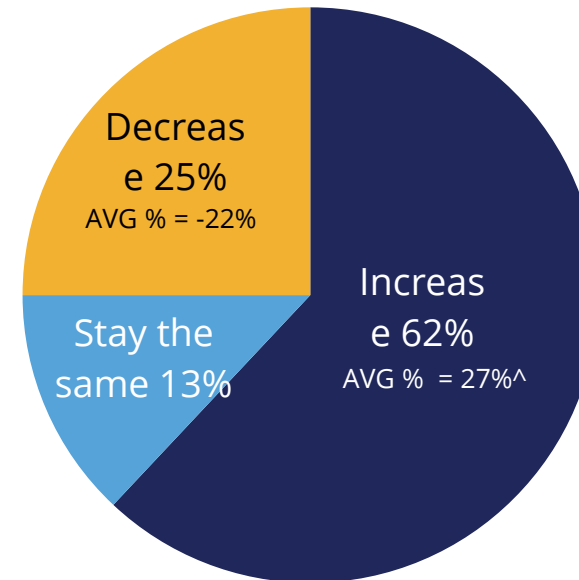
Less than two-thirds of agencies saw revenue increases between 2020 and 2021, significantly lower than those reporting an increase in 2018 to 2019, but the average increase has risen, at 27% between 2020-2021. At the same time, one in four (25%) report decreased revenue.

- Jumbo agencies are significantly more likely to report an increase (87%) than are Small agencies (59%), Medium-Small agencies (57%), Medium agencies (70%), and Large agencies (68%). For more detail, see Appendix A.

Change in Total Revenue 2018 vs. 2019



Change in Total Revenue 2020 vs. 2021



^ indicates significant difference 2020 - 2022

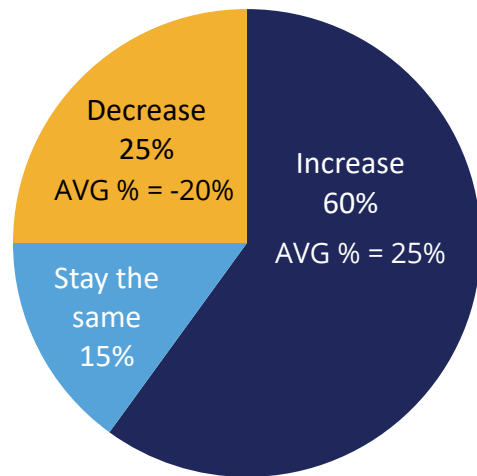
QA9B/B2: Approximately how much did your agency's insurance revenue change between 2020 and 2021?

Total Answering Weighted n=1703.

About three in five agencies report increases in personal lines revenue and commercial lines revenue from 2021 to 2022.

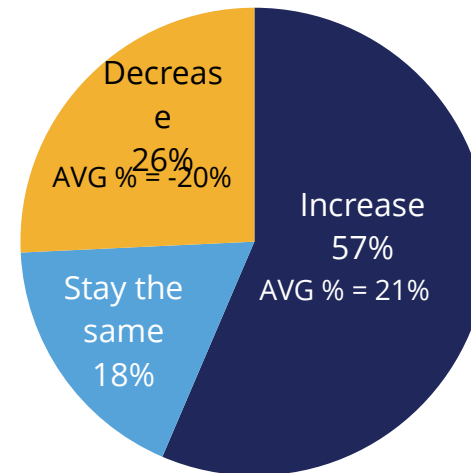
- As in past AUS studies, Small agencies that saw increased revenues experienced larger increases than others, in percentage terms.
- For more detail on revenue changes by agency size categories, see Appendix A.

Change in Personal Lines Revenue
2020 vs. 2021



2018 vs. 2019
Increase 67% ^
Stay the same 17%
Decrease 16% ^

Change in Commercial Lines Revenue
2020 vs. 2021



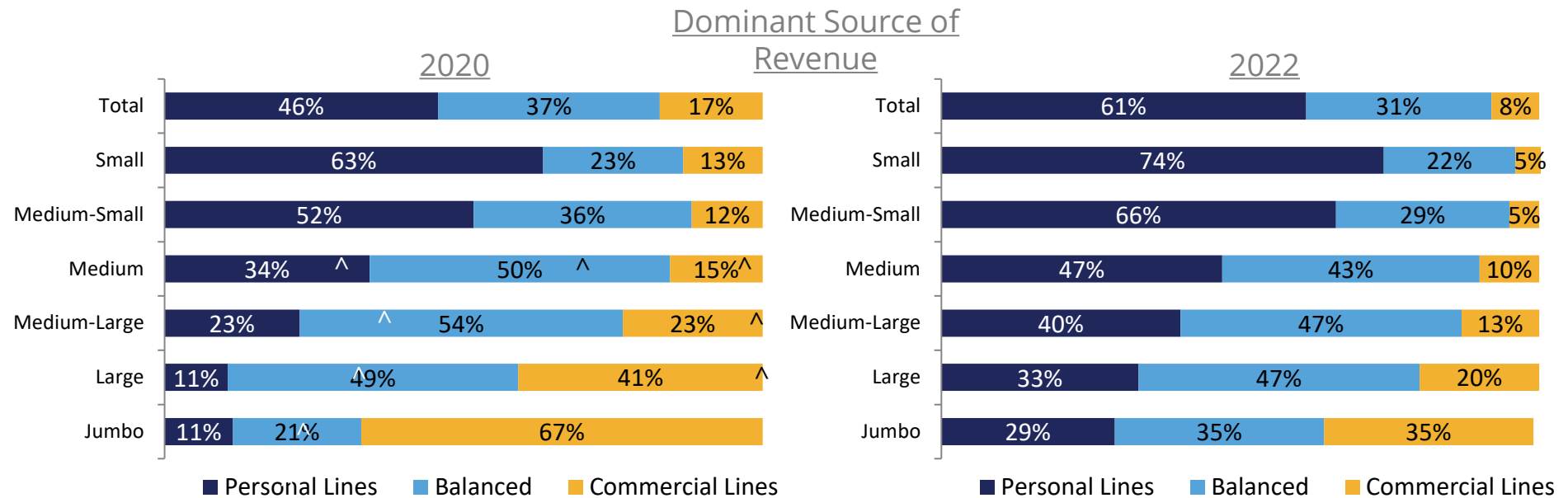
2018 vs. 2019
Increase 63% ^
Stay the same 18%
Decrease 19% ^

^ indicates significant difference 2020 - 2022

QA9B/B2: Approximately how much did your agency's insurance revenue change between 2020 and 2021?
Personal Lines Total Answering Weighted n=1681; Commercial Lines Total Answering Weighted n=1625.

Larger agencies continue to be more likely to focus on commercial lines than smaller agencies. Three in four Small agencies are personal lines dominant, with slightly over a third of Jumbo agencies commercial lines dominant.

- “Dominant” is defined as 70% or more of revenue from personal or commercial lines (commissions plus bonuses, as defined in the Reader’s Guide); “Balanced” are all agencies in between those two extremes.



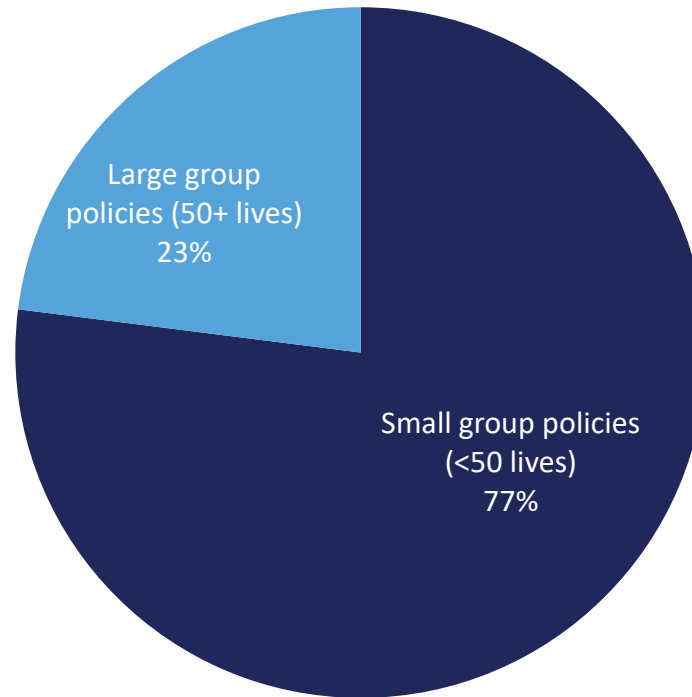
^ indicates significant difference 2020 - 2022

QB5A: What percent of your agency's total 2021 insurance revenue came from each of the following sources?

Total Answering Weighted n=1378.

The large majority of group medical insurance revenue comes from small group policies.

Sources of Group Medical Insurance Revenue

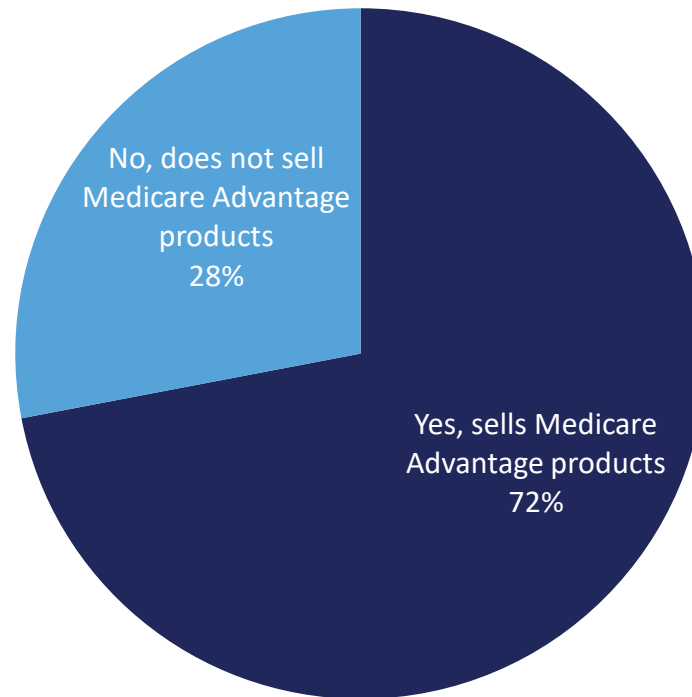


2020
Small group policies 80%
Large group 20%

QB1B: In 2021, what percentage of your agency's group medical insurance revenue came from ...?
Total Answering Weighted n=101 (sell group medical insurance).

75% of agencies reporting 5% or more of their revenue coming from medical insurance commissions, bonuses or fees sell Medicare Advantage products.

Sells Medicare Advantage Products*

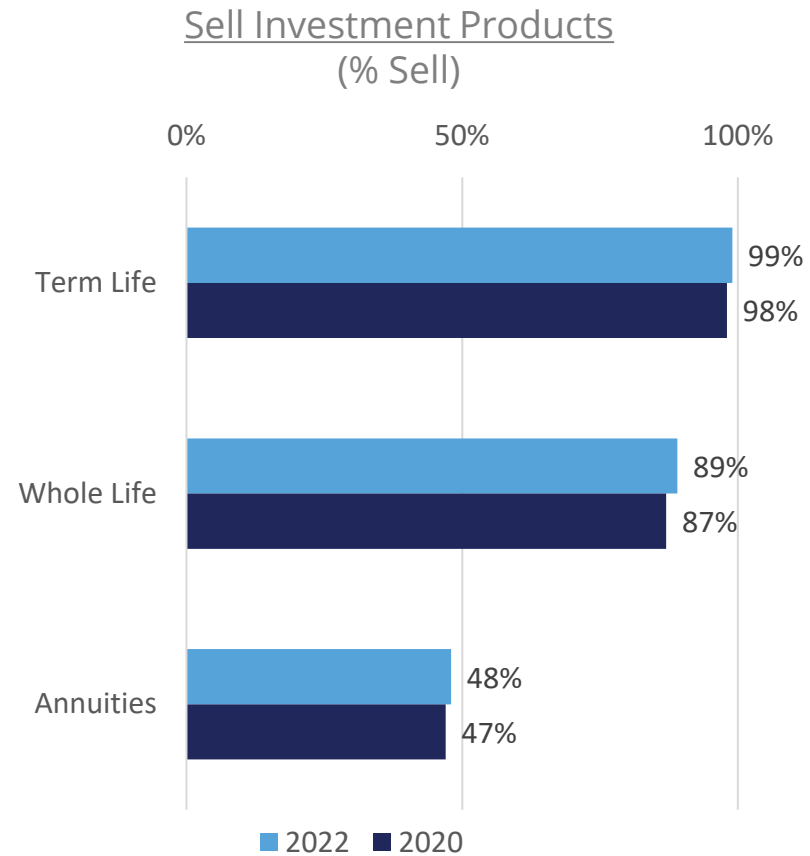


QB1C: Does your agency sell Medicare Advantage products?

Total Answering Weighted n=107 (Individual medical insurance commissions, bonuses, and fees are 5% or higher).
2022

*New question in

Nearly all agencies with investment product revenue sell Term Life products while nine in ten sell Whole Life; about half sell Annuities.



QB1D: Does your agency sell any of the following?
Total Answering Weighted n=438 (report investment product revenue).

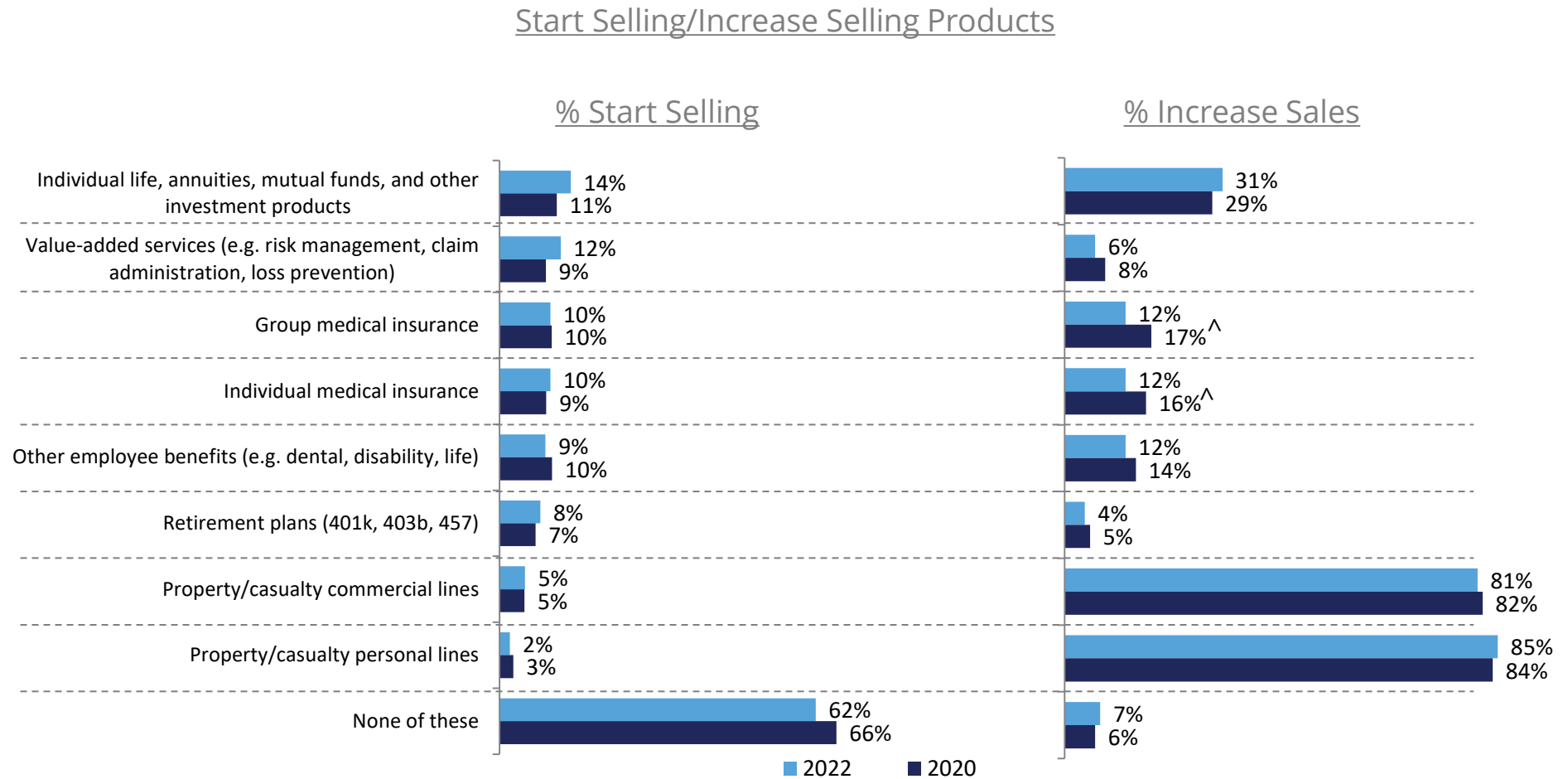
Personal and Commercial Lines commissions account for most agency revenue. Of the minority who earn revenue from individual or group life and investment products, this makes up a very small portion of their business.

- Jumbo agencies are more likely to receive revenue from profit-sharing/contingencies, group products, retirement plans, and value-added services, but each accounts for less than 7% of their overall revenue.

Revenue Source	Proportion with <u>Any</u> Revenue	Average % of Revenue from Source
<u>Property and Casualty</u>		
Personal Lines Base Commissions	98%	63%
Commercial Lines Base Commissions	87%	25%
Personal Lines Profit-Sharing/Contingent/Supplemental	46%	4%
Commercial Lines Profit-Sharing/Contingent/Supplemental	26%	2%
<u>Individual</u>		
Individual Life, Annuities, Non-Annuity Investments	32%	2%
Individual Medical Insurance Commissions/Bonuses/Fees	14%	2%
<u>Group</u>		
Group Medical Insurance Commissions/Bonuses/Fees	13%	1%
Other Employee Benefits Commissions/Bonuses/Fees	8%	<1%
Retirement Plan Commissions/Bonuses/Fees	3%	<1%
Value-Added Services (e.g., Risk Management, Claim Administration)	1%	<1%
All Other Insurance Revenue Sources	9%	<1%

QB5A: What percent of your agency's total 2021 insurance revenue came from each of the following sources?
Total Answering Weighted n=1378.

62% of agencies do not plan to start selling any new products in 2022; however, 85% plan to increase their property/casualty personal and 81% plan to increase their commercial lines sales.



^ indicates significant difference 2020 - 2022

QB1E: What lines does your agency plan to start selling or increase in the next year?

Start Selling Total Answering Weighted n=1219; Increase Sales Total Answering Weighted n=1537.

Although the number of commercial accounts have decreased directionally since 2020, Jumbo agencies report more large and very large accounts than in 2020. (By “directional,” we are referring to differences that are not large enough to be statistically significant.)

- Readers should keep in mind that these figures are for respondents’ offices, and in most cases except for Small agencies, the offices are not the whole agencies. Even in most Jumbo agencies, a small percentage of locations specialize in Very Large accounts.

2022 Average # of Commercial Accounts by Account and Agency Size*

Account Size Defined by Annual Premium	Agency Size						
	2022 Total	Small	Medium -Small	Medium	Medium -Large	Large	Jumbo
Small (Under \$15K)	197	35	160	236	459	466	2064
Under \$5,000	121	27	88	159	313	309	1117
\$5,000-\$14,999	76	8	72	77	147	157	946
Medium (\$15K-\$99K)	26	3	11	26	99	78	350
Large (\$100K-\$999K)	6	2	1	3	6	18	179
Very Large (\$1M plus)	3	<1	0	<1	2	34	58

QB8: In 2021, how many of the following types of accounts did your agency have?

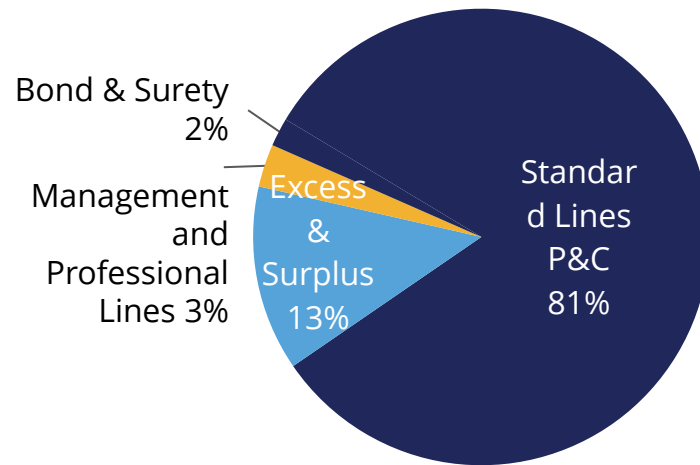
Total Answering Weighted n=1053.

*OUTLIERS REMOVED: TOTAL PERSONAL LINES = <65,000 / <\$5K = <40,000 / \$5K - \$14.9K = <20,000 / \$15K - \$99.9K = <60,000 / \$1 MIL+ = <20,000

Mixes of products sold are the same as 2020, with agencies deriving roughly 80% of commercial lines revenue from standard products.

- Jumbo Agencies are more likely to generate income from other product categories, including Management and Professional Lines and Bond & Surety.
- Among agencies with revenue from E&S products, 67% say their agencies have producers who are licensed to write E&S (ranging from 65% among Small agencies to 91% among Jumbo agencies). The remainder are likely processing their Excess & Surplus business via wholesalers.

2022 % of Total Commercial Lines
Revenue From Each Product
Category



	Small	Med-Small	Med	Med-Large	Large	Jumbo
Standard Lines P&C	82%	83%	79%	76%	75%	69%
Excess & Surplus	12%	12%	14%	17%	18%	15%
Management and Professional	3%	2%	3%	4%	4%	7%
Bond & Surety	2%	2%	3%	4%	3%	7%

QB7A: In 2021, what percent of your agency's total property/casualty commercial lines insurance revenue came from each of the following product categories?

Total Answering Weighted n=1328

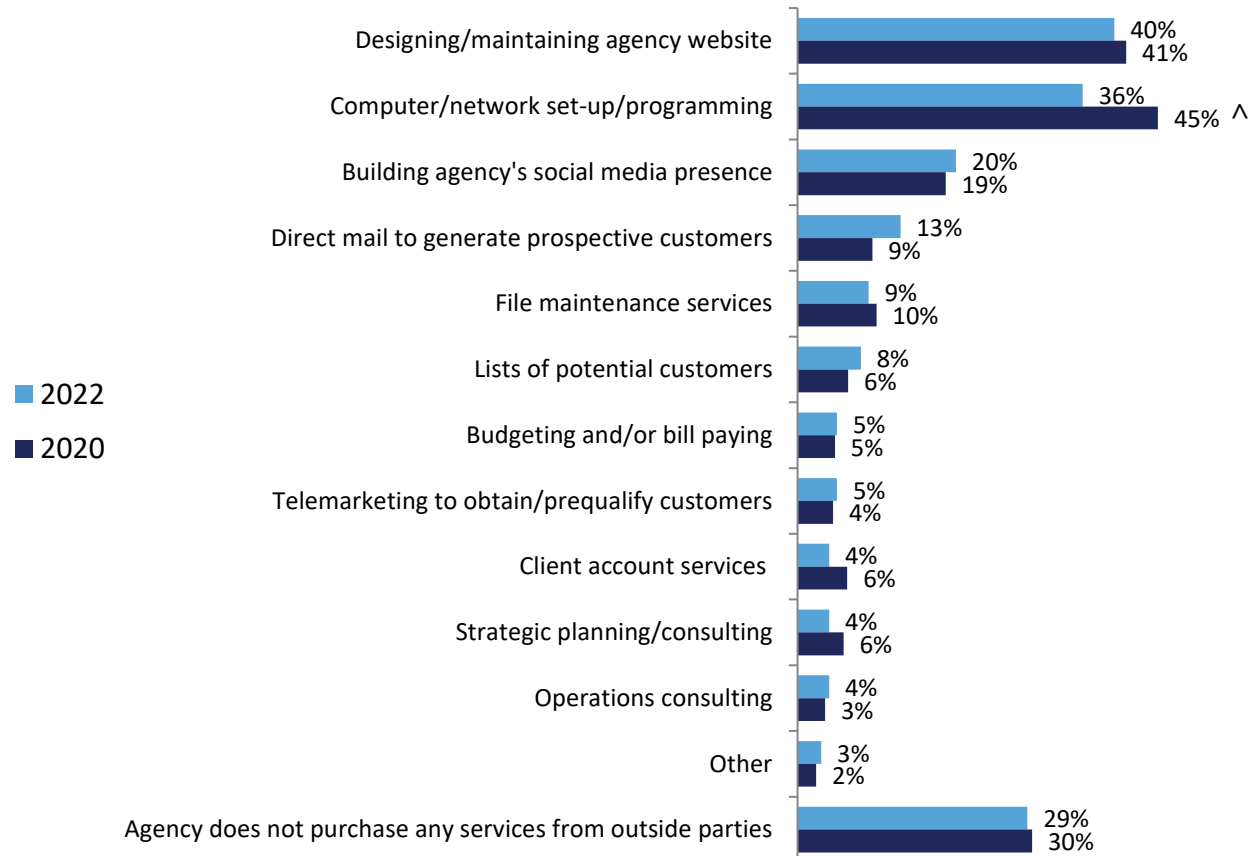
QB7B: Does your agency have producers who are licensed to write Excess and Surplus (E&S) insurance?

Total Answering Weighted n=927.

Seven in ten agencies purchase services from one or more third-party contractors, usually IT functions and/or website development and maintenance.

- Use of outside services to handle client account services tends to grow with agency size, with Jumbo agencies much more likely than smaller agencies to go outside for these functions.
- Jumbo agencies outsource more than smaller agencies for lists of potential customers (35%) and file maintenance services (29%).

Percent of Agencies Outsourcing Each Function to Third-Party Contractors

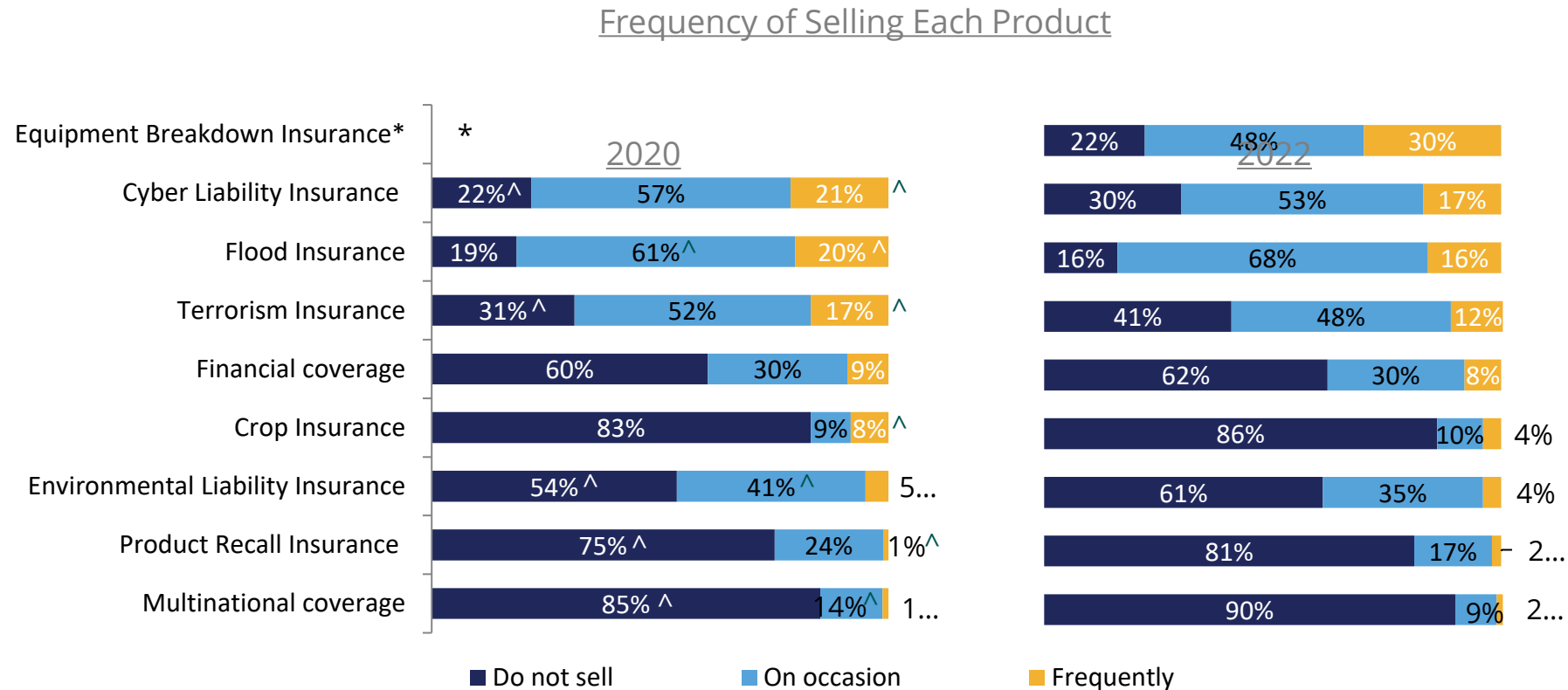


Any Outside Services
2022: 71%
2020: 70%

^ indicates significant difference 2020 - 2022
QG2: In 2021, which if any of the following services did your agency purchase from outside parties?
Total Answering Weighted n=591.

Fewer than 25% frequently sell any type of specialty commercial coverage, with the exception of equipment breakdown coverage, which is sold by a third of agencies. Cyber, terrorism, and crop insurance have all shown significant decreases since 2020.

➤ Predictably, sales of each type of insurance increase as agency size increases.



^ indicates significant difference 2020 - 2022

QB7C: How often do you sell each of the following for your commercial accounts?

Total Answering Weighted n=1533-1623.

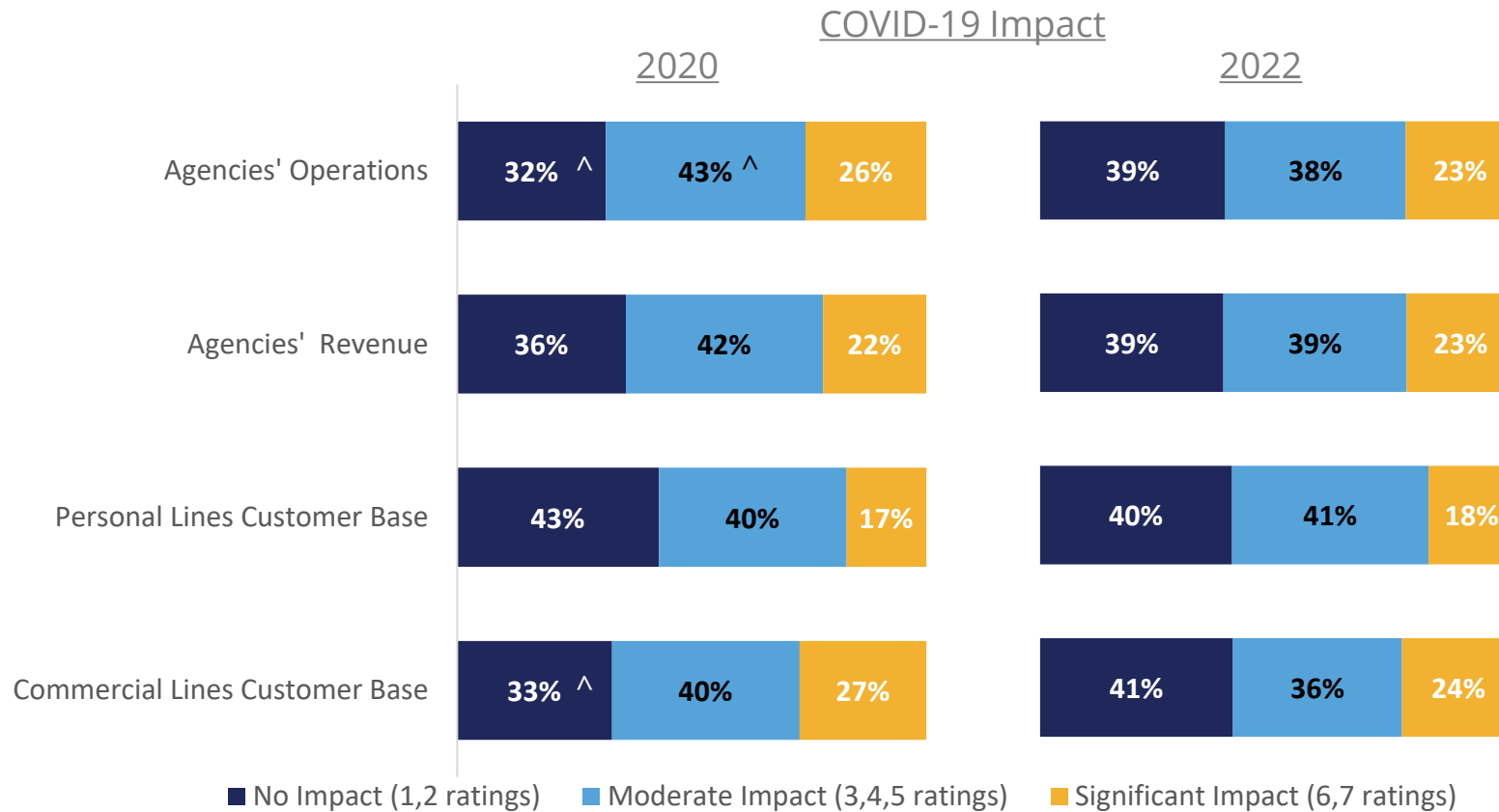
*New item in 2022



COVID-19 IMPACT

About one in four agencies report COVID-19 had an impact on their operations, revenue, and commercial lines customer base in 2021.

- Small agencies are more likely to report a significant impact on their revenue (34%), their agency operations (33%) and personal lines customer base (28%).
- Newer agencies are more likely to cite an impact on revenue (43%) and personal lines customer base (35%).



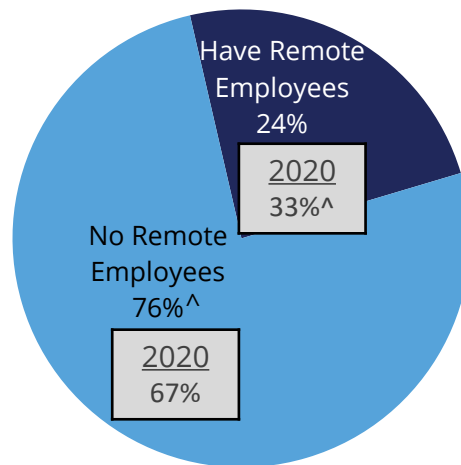
^ indicates significant difference 2020 - 2022
QV1: How significant of an impact has the COVID-19 pandemic had on each of the following?
Total Answering Weighted n=1592-1693.

About one in four agencies had employees working remotely before COVID-19, with this increasing to two in three during the height of the pandemic; the percentage of agencies with remote employees has settled to slightly fewer than half currently.

- Among agencies with remote employees, about one in three employees worked remotely, increasing to about half during the height of the pandemic. About two in five employees work remotely currently.
- Jumbo agencies are more likely to allow employees to work remotely.

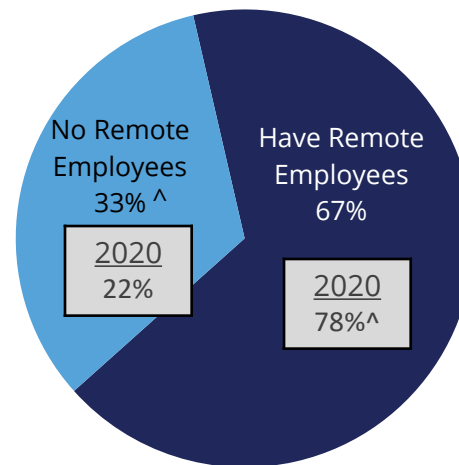
Working Remotely

Prior to COVID-19



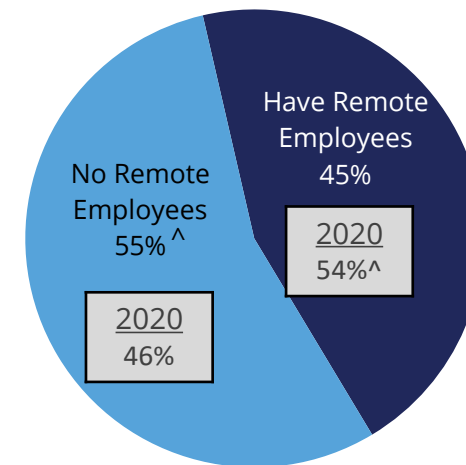
36% ^
of employees
worked from home,
on average (vs. 20%
2020)

At Height of COVID-19



49%
of employees
worked from home,
on average (vs. 49%
2020)

Currently



40% ^
of employees
worked from home, on
average (vs. 34%
2020)

^ indicates significant difference 2020 - 2022
QV5: What proportion of your employees worked primarily remotely or from home (thinking about those who work/worked from home at least three days a week) in each of the following timeframes
Total Answering Weighted n=1641, 1652, 1670.

Maintaining employee engagement, working with carriers to handle customer service requests, and having the IT infrastructure to support work-from-home capabilities are the top challenges amid COVID.

Challenges Amid COVID-19
% Extremely Challenging (6,7 Ratings)



^ indicates significant difference 2020 - 2022
QV6: Thinking about the COVID-19 pandemic, how challenging have each of the following been for your agency?
Total Answering Weighted n=734-803 (COVID-19 had impact on operations).
*New item in 2022

Identifying operating efficiencies is the most important factor to succeed in 2022. Building an online presence for marketing and implementing/improving online business tools are also among the most important factors in 2022.

- Building an online presence is more important for Small (57%), while Jumbo agencies cite identifying ways to attract and retain staff (63%).
- Newer agencies are more likely to cite building an online marketing presence as important (56%).

Most Important Activities for Success in 2022

% Selected as Top 3



QV6A: Which of the following do you feel will be most important for your agency to be successful in 2022?
Total Answering Weighted n=1693.
Note: Cannot trend due to the addition of new items

*New item in 2022

Top areas needing support as a result of the pandemic are finding new business opportunities, providing support with operating efficiencies to provide better customer service, and offering digital tools for digital servicing.

- Small agencies are more likely to need support with helping agencies find new business opportunities (48%) while Jumbo agencies are more likely to need more general communications to check in with agencies (33%).
- Those whose agencies have had a merger/acquisition in the past 2 years are more likely to need support with operating efficiencies to more effectively service customers (47%).

Areas Needing Support Due to Pandemic



QV7: In which of the following areas do you need the most support from carriers as a result of the ongoing COVID-19 pandemic and current labor shortage ?

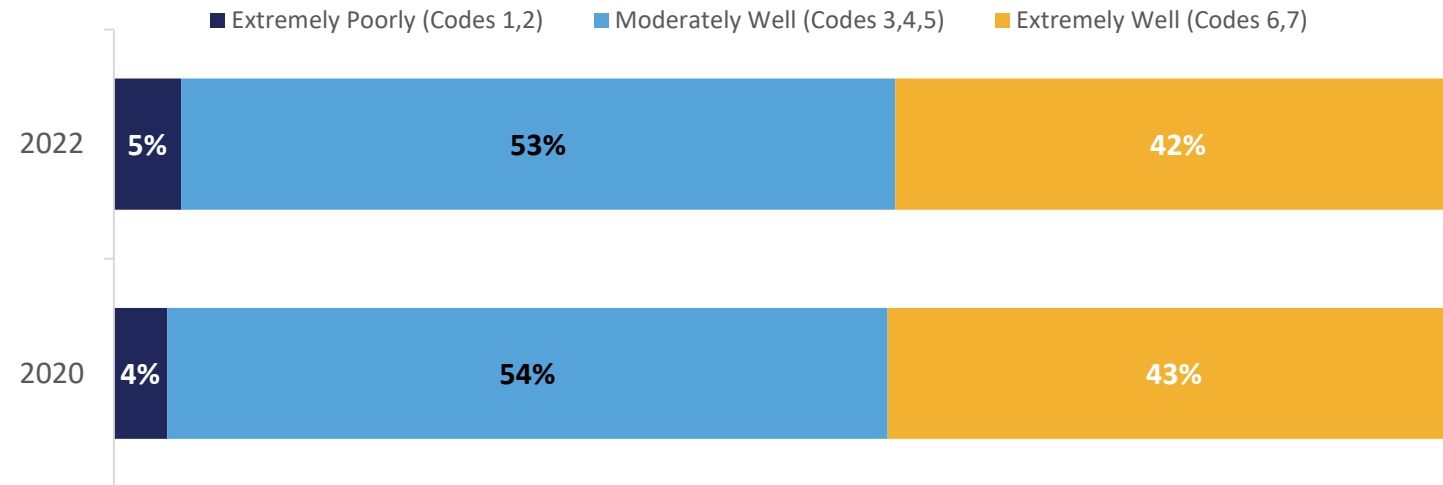
Total Answering Weighted n=1653.

Note: Cannot trend due to the addition of new items

*New item in 2022

Four in ten agencies believe carriers are meeting the challenges of the pandemic extremely well; very few feel carriers are doing a poor job.

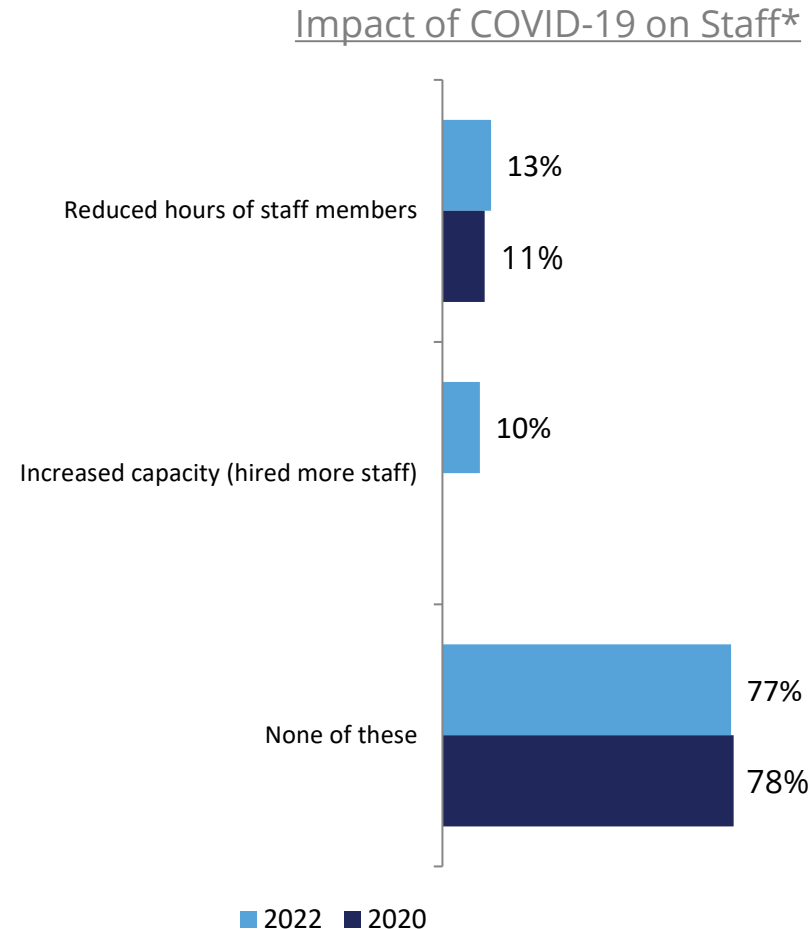
Carriers Meeting Challenges of COVID-19



QV8: In your opinion, how well are carriers meeting the challenges of the pandemic?
Total Answering Weighted n=1649.

Three in four agencies report no impact to staff due to the pandemic.

- Small agencies are more likely to report reduced capacity (18%) while Jumbo agencies are more likely to report increased capacity (33%).



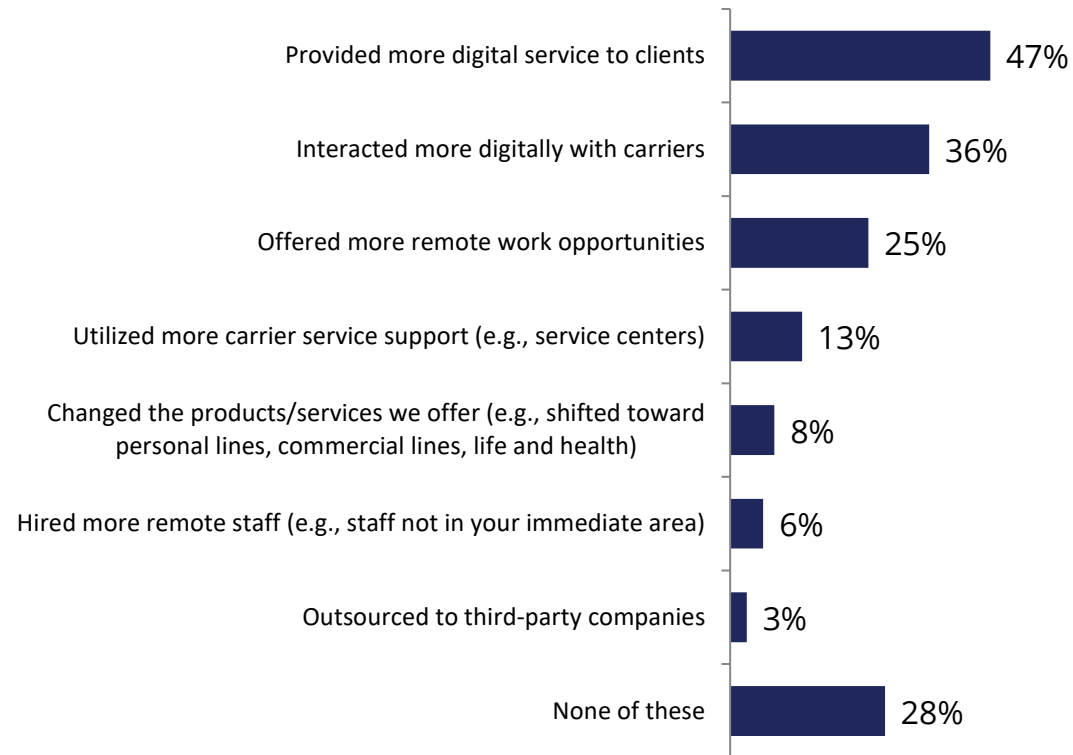
QV9: Has your agency done any of the following as a result of the COVID-19 pandemic?
Total Answering Weighted n=1691

*Changed question options in 2022

Digital service and digital interaction are the biggest operating changes agencies made due to COVID-19.

- Jumbo agencies are most likely to offer more remote work opportunities (58%) and Small agencies are most likely to have changed the products/services offered.
- Newer agencies are more likely to have provided more digital service to clients (54%) and to have interacted digitally with carriers (45%).

Biggest Operating Changes to Agencies Due to COVID-19*



QV10: What are the biggest operating model changes your agency made as a result of the pandemic and its impact on the marketplace?

Total Answering Weighted n=1720.

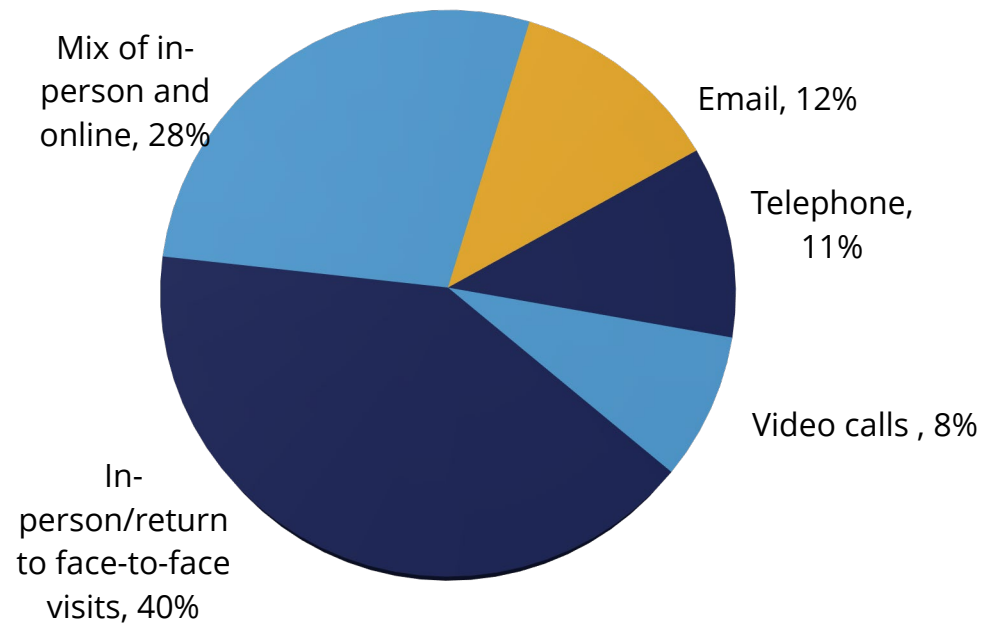
*New question in 2022



Four in ten agencies prefer a return to in-person visits with their carrier reps in the next year, and one in four prefer a mix of online and in-person.

- Small agencies are less likely to prefer face-to-face (30%) and more likely to prefer email (17%) or telephone (19%).

Preferred Method of Contact with Carrier Reps*



V14: Looking ahead to the next year, what is your most preferred method of contact with carrier reps?
Total Answering Weighted n=1712

*New question in 2022

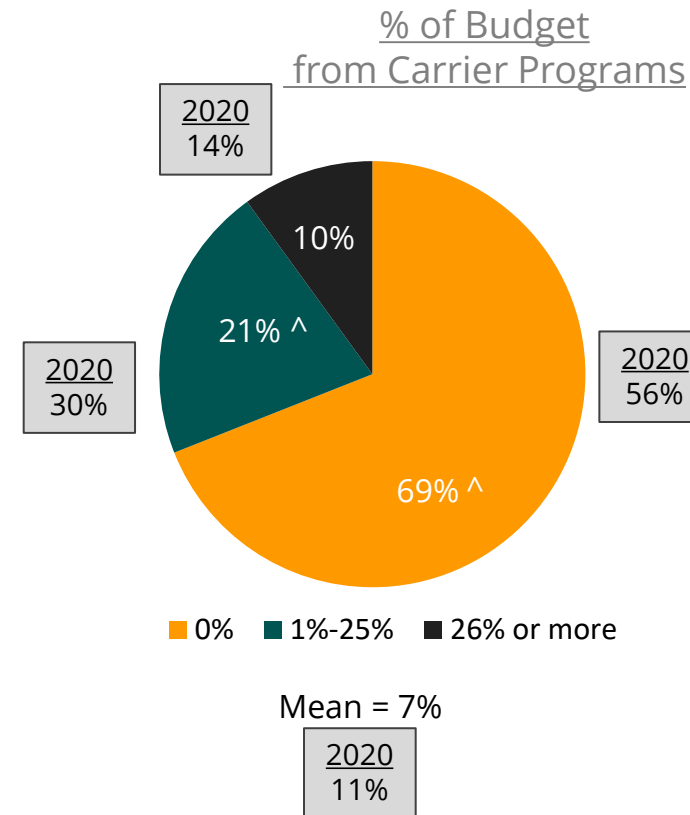
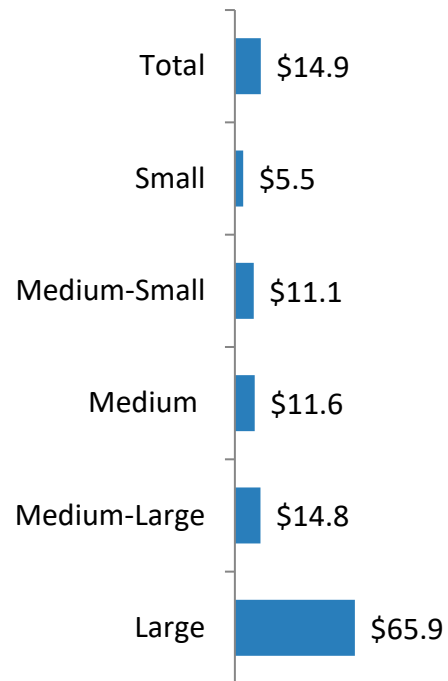
A decorative graphic on the left side of the slide consisting of several colored circles of varying sizes: a large orange circle at the top, a small yellow circle below it, a medium grey circle, a small light blue circle, and a medium orange circle at the bottom. Additionally, a medium blue circle is located in the bottom right corner of the slide.

MARKETING

Total marketing budget decreased directionally from 2020 to 2022. Nearly all (92%) had some marketing budget in 2021. (By “directional,” we are referring to differences that are not large enough to be statistically significant.)

- Carriers provide at least some marketing budget support for 31% of agencies, but 81% of Small agencies received no support.
- Those with a marketing budget say their agency’s marketing budgets represent an average of 25% of total 2021 expenditures (significantly higher than 18% in 2019), ranging from 39% of Small agency expenditures to 11% of Large agency expenditures.

Average Marketing Budget by Agency Size*
(in thousands)



[^] indicates significant difference 2020 – 2022

Q11: What was your agency's entire marketing budget for 2021? Total Answering Weighted n=365

Q12: What percentage of your 2021 marketing budget came from carriers through programs with your agency? Has a marketing budget Weighted n=311;

Q11A: What percent of your agency's total 2021 expenditures did that marketing budget represent? Has a marketing budget Weighted n=282.

* Jumbo agencies not shown due to low base size

About two-thirds cite social media activities and half cite agency website maintenance among their top three marketing activities, followed by portal technology and search engine optimization.

- Nearly all (91%) engage in at least one marketing activity.
- Small agencies tend to place more importance on social media marketing, and Large agencies are highly focused on portal tech. Newer agencies are more likely to engage in at least one marketing activity.

Selected as One of Top Three Marketing Activities



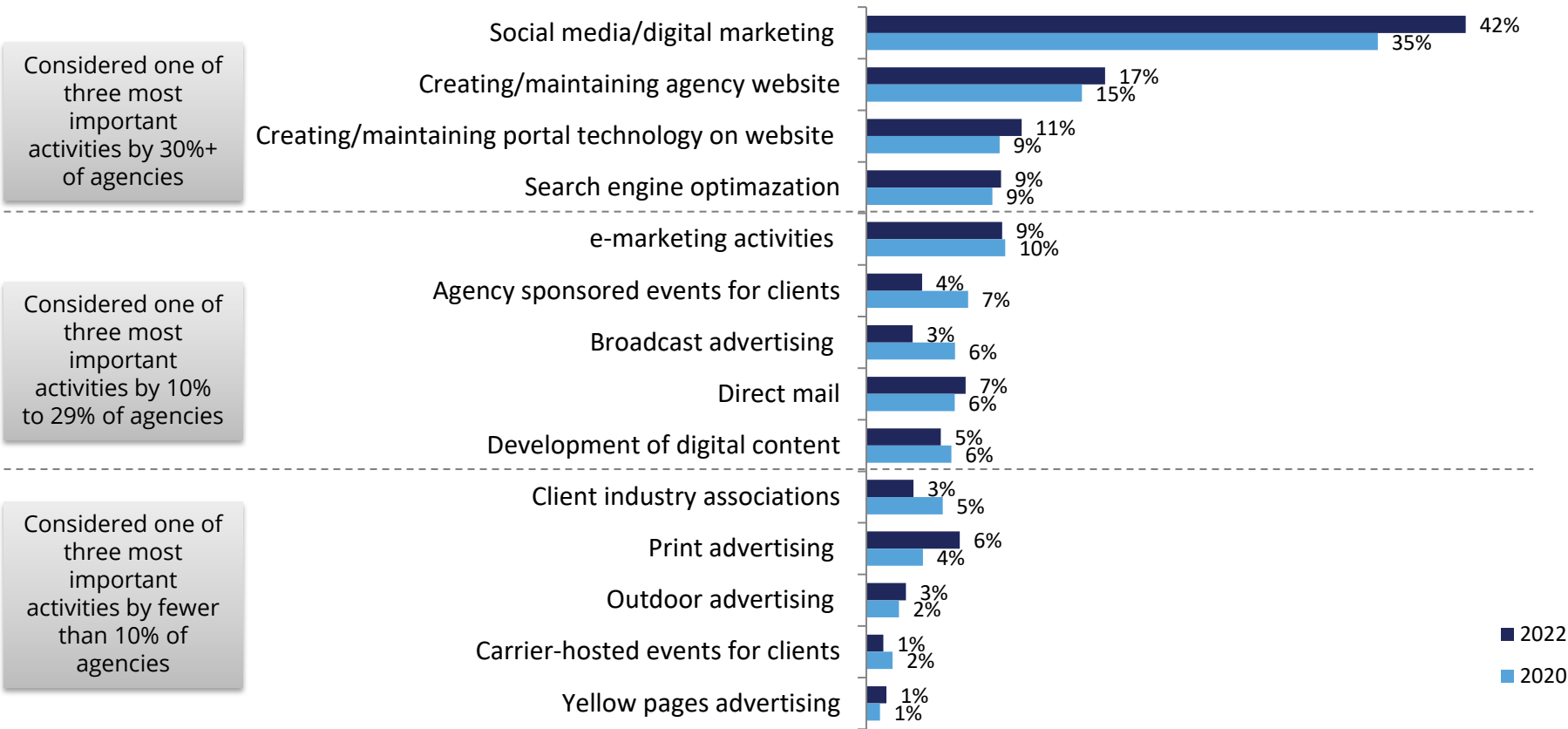
Q13B: Please select below what you consider to be the top three most important marketing activities for your agency.
Total Answering Weighted n=671.

^ indicates significant difference 2020 – 2022

Roughly 40% of agencies receives support from carriers for social media marketing.

- Although considered among the most important activities, agencies receive less support for creating/maintaining websites, search engine optimization and portal tech, perhaps because these require customization for each agency.
- About two in three (68%) say they receive some support from carriers.

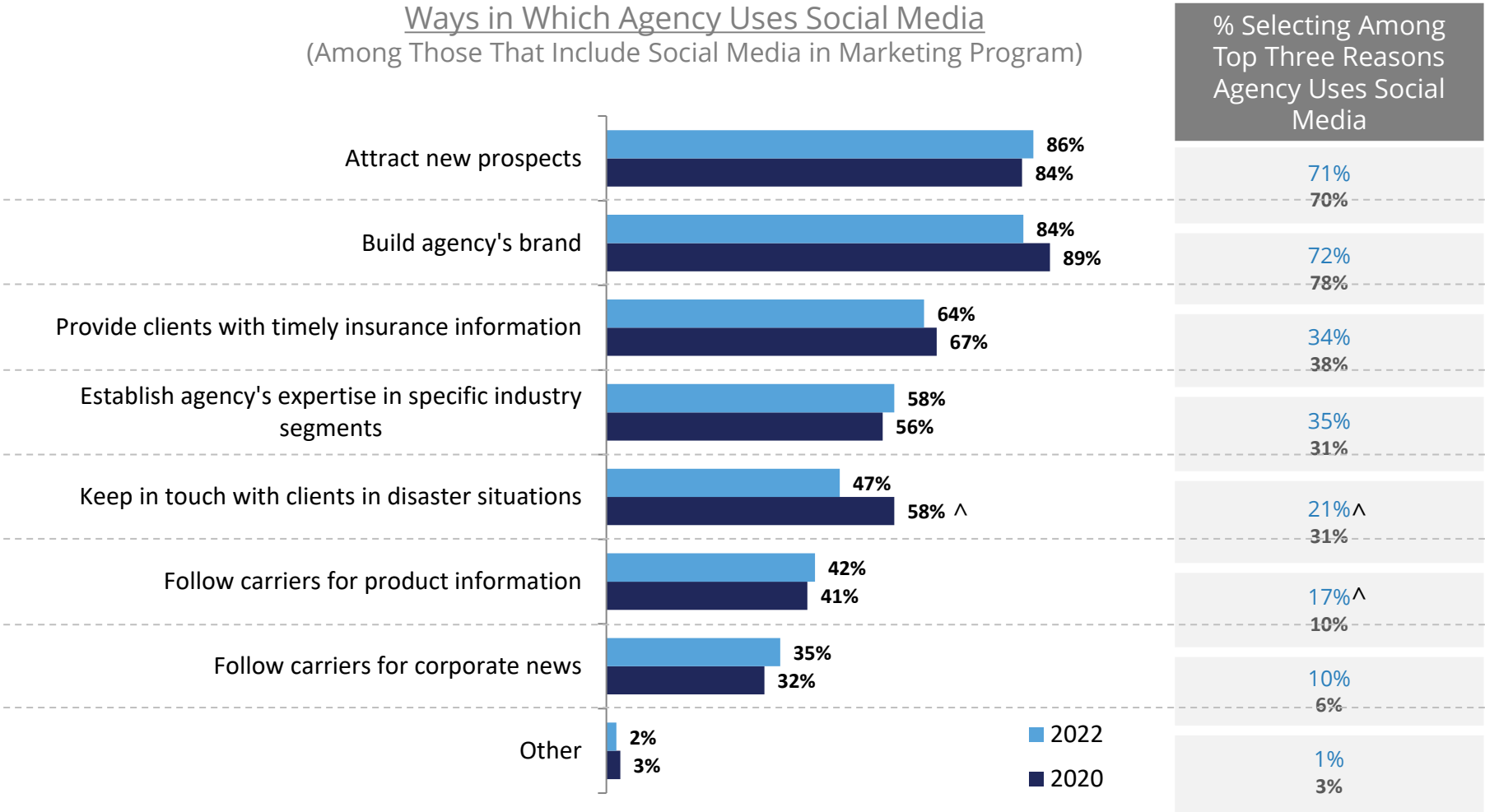
Carrier Support for Marketing Activities in Order of Importance
Among Agencies Who Engage in Each Activity



Q13B2: Indicate below which, if any, of these activities were supported by carriers in 2021
Total Answering Weighted n=551.

Social media continues to serve as a tool for attracting new prospects and building agencies' brands.

➤ Keeping in touch with clients in disaster situations has decreased since 2020.



^ indicates significant difference 2020 - 2022

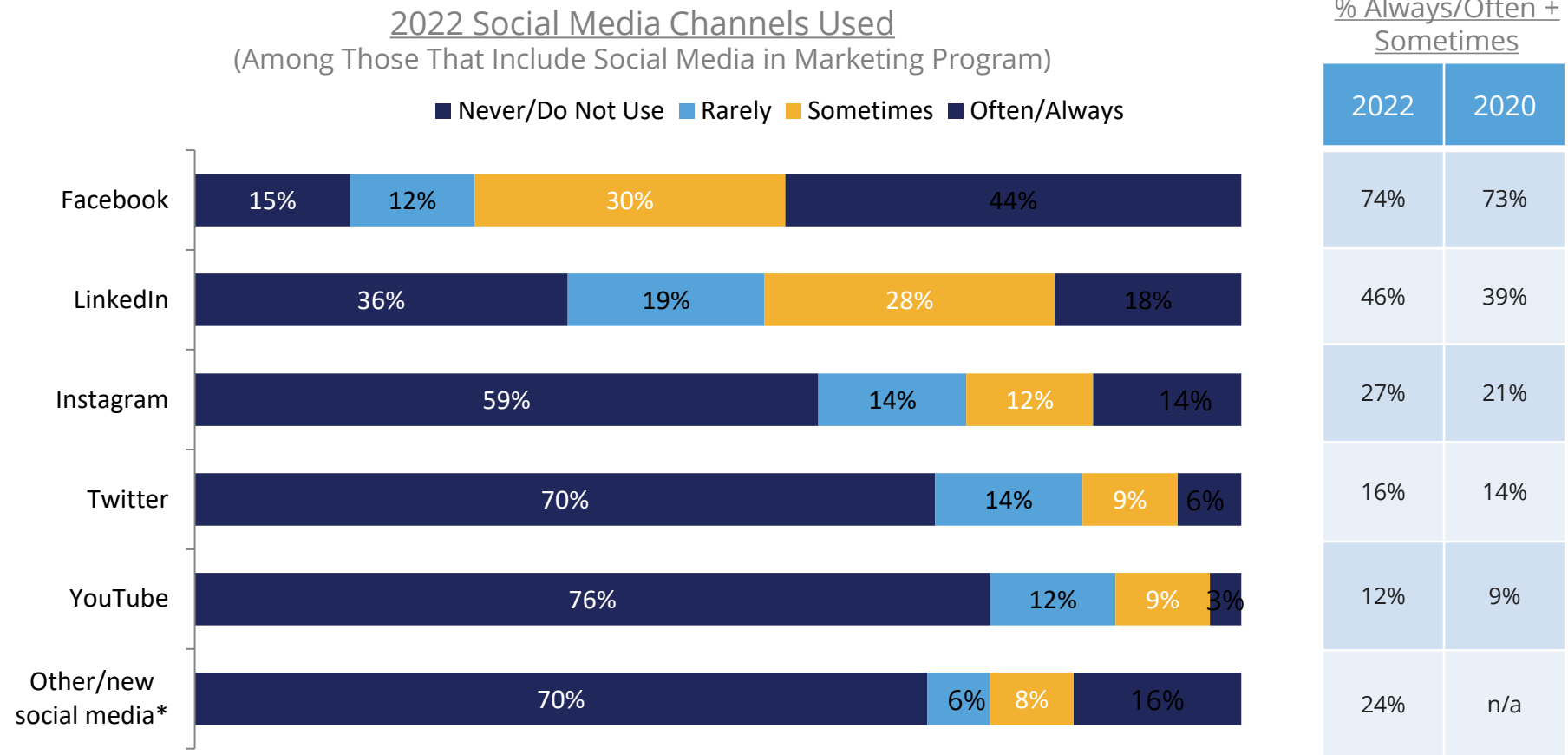
Q13F: Please select all of the ways in which your agency uses digital/social media channels / Please select the top THREE reasons your agency uses digital/social media channels.

Total Answering Weighted n=475, 448.

Facebook is the primary social media channel used, followed by LinkedIn. The proportion of agencies using LinkedIn and Instagram “always/often/sometimes” directionally increased from 2020 to 2022. (By “directional,” we are referring to differences that are not

large enough to be statistically significant.)

- Jumbo agencies are more likely to use LinkedIn (81%), Instagram (50%), and Twitter (38%) (“sometimes + always/often”).

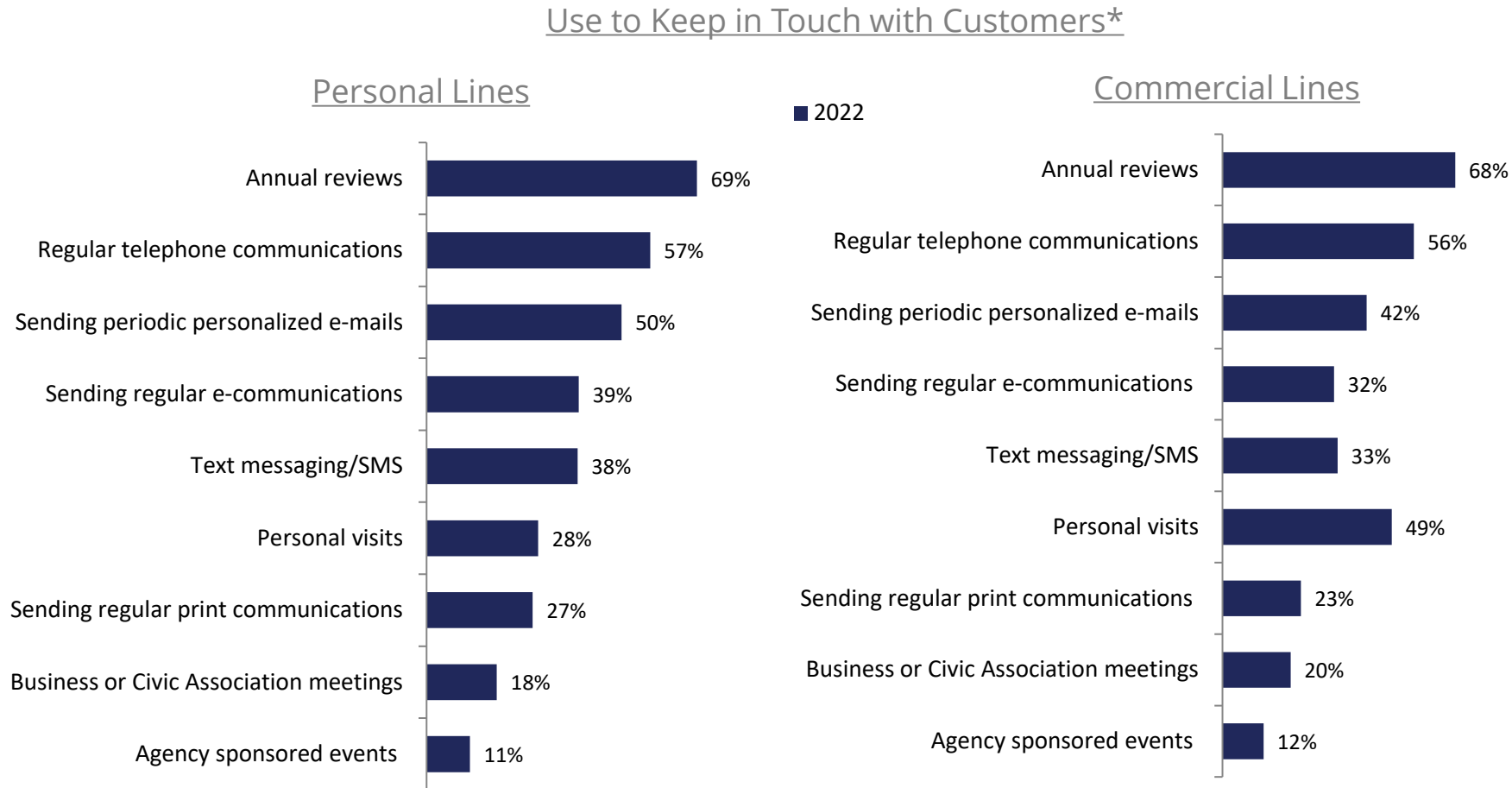


^ indicates significant difference 2020 – 2022
Q13FB: How often does your agency use each of the following digital/social media channels to keep in touch with customers and/or prospects?
Total Answering Weighted n=111-694.

*new item in 2022

Annual reviews and regular telephone calls are the primary means of keeping in touch with both personal and commercial Lines customers.

- Small agencies are more likely to use text messages for both personal and commercial lines.



Q15: Which of the following does your agency use to keep in touch with customers and prospects?

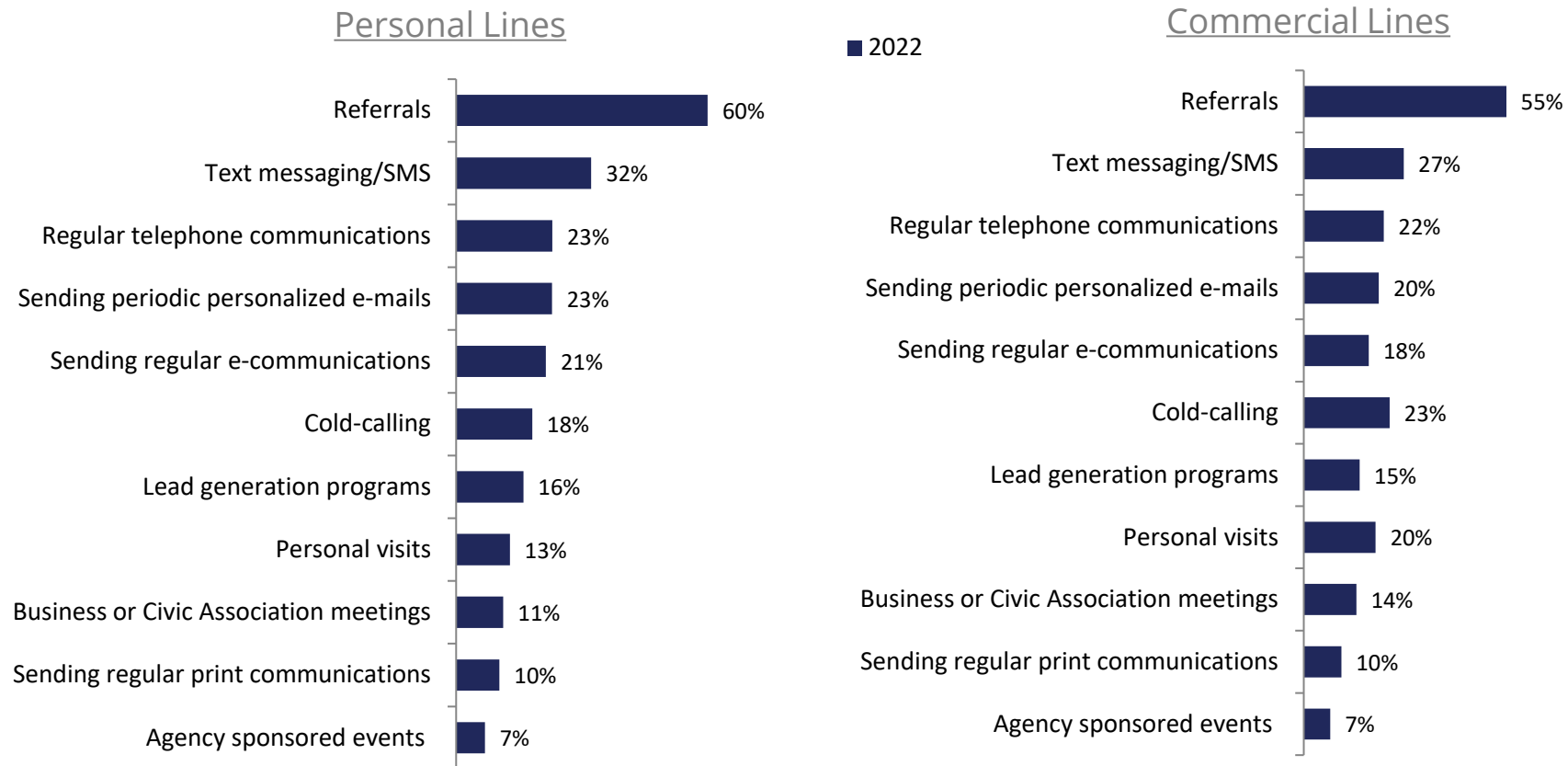
Total Answering
Weighted n=653,
621.

*New question in
2022

Referrals are key in both personal and commercial lines prospecting.

- Small agencies are more likely to use text messages and regular phone calls for both personal and commercial lines.

Use to Keep in Touch with Prospects*



Q15: Which of the following does your agency use to keep in touch with customers and prospects?
Total Answering Weighted n=618, 588.

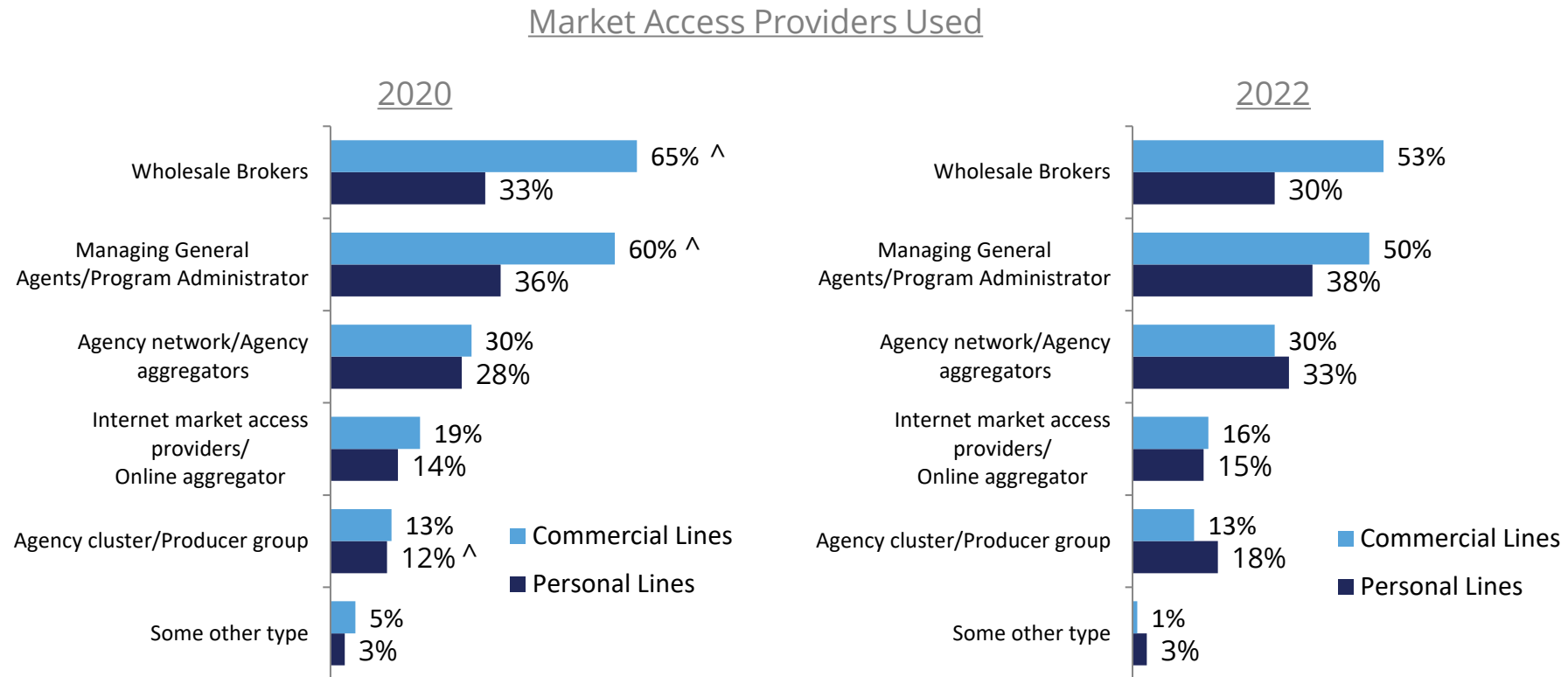
*New question in 2022



MARKET ACCESS PROVIDERS

About half of agencies use MGAs and wholesale brokers for commercial lines, though both have significantly decreased since 2020.

- Smaller agencies are less likely to use wholesale brokers, while Large agencies are the heaviest users of wholesale brokers for both personal and commercial lines.



^ indicates significant difference 2020 – 2022

QC1: In Column A, indicate whether your agency places personal lines insurance through each type of market access provider. In

Column B, indicate whether your agency places commercial lines insurance through each market access provider.

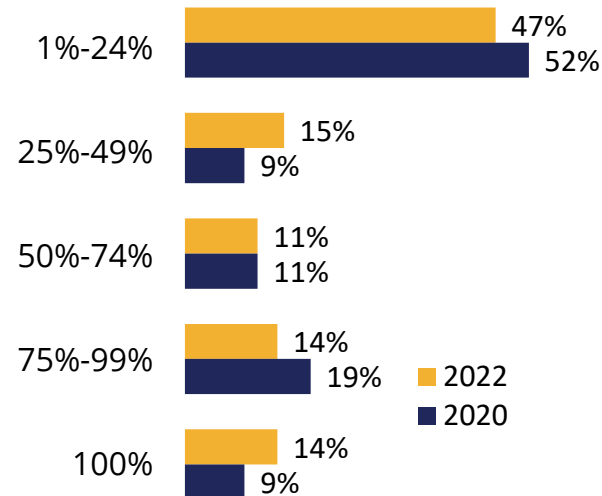
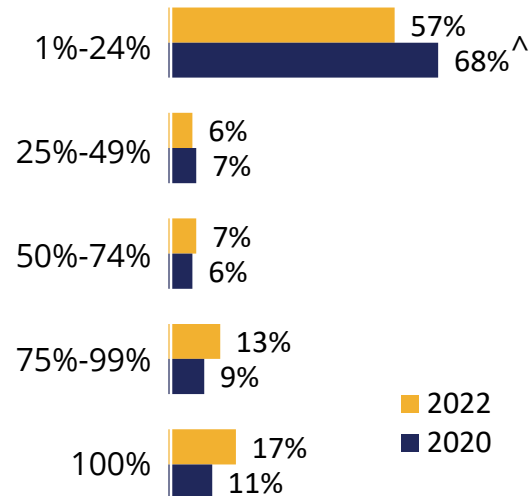
Total Answering Weighted n=180-673.

More than a third of personal and commercial lines income is placed through market access providers (among those who use them).

- Small agencies are most likely to place a larger proportion of business through market access providers for personal and commercial lines.

% of Personal Lines Income Derived Through Market Access Providers
(Among Agencies that Use Market Access Providers)

% of Commercial Lines Income Derived Through Market Access Providers
(Among Agencies that Use Market Access Providers)



■ 2022
■ 2020

■ 2022
■ 2020

[^] indicates significant difference 2020 – 2022

QC1D: Thinking about all the types of Personal lines market access providers your agency uses (as reported in the prior question), about what percentage of your total personal lines income is derived from business placed through these market access providers? PL Total Answering Weighted n=402;

QC1E: Thinking about all the types of Commercial lines market access providers your agency uses (as reported in the prior question), about what percentage of your total commercial lines income is derived from business placed through these market access providers? CL Total Answering Weighted n=455.

	Among Users, Mean % of Income Through Market Access Providers*					
	Total	Small	Med - Small	Medium	Med - Large	Large
Personal Lines	39% [^]	50%	36%	29%	20%	24%
Commercial Lines	41%	51%	44%	27%	32%	39%

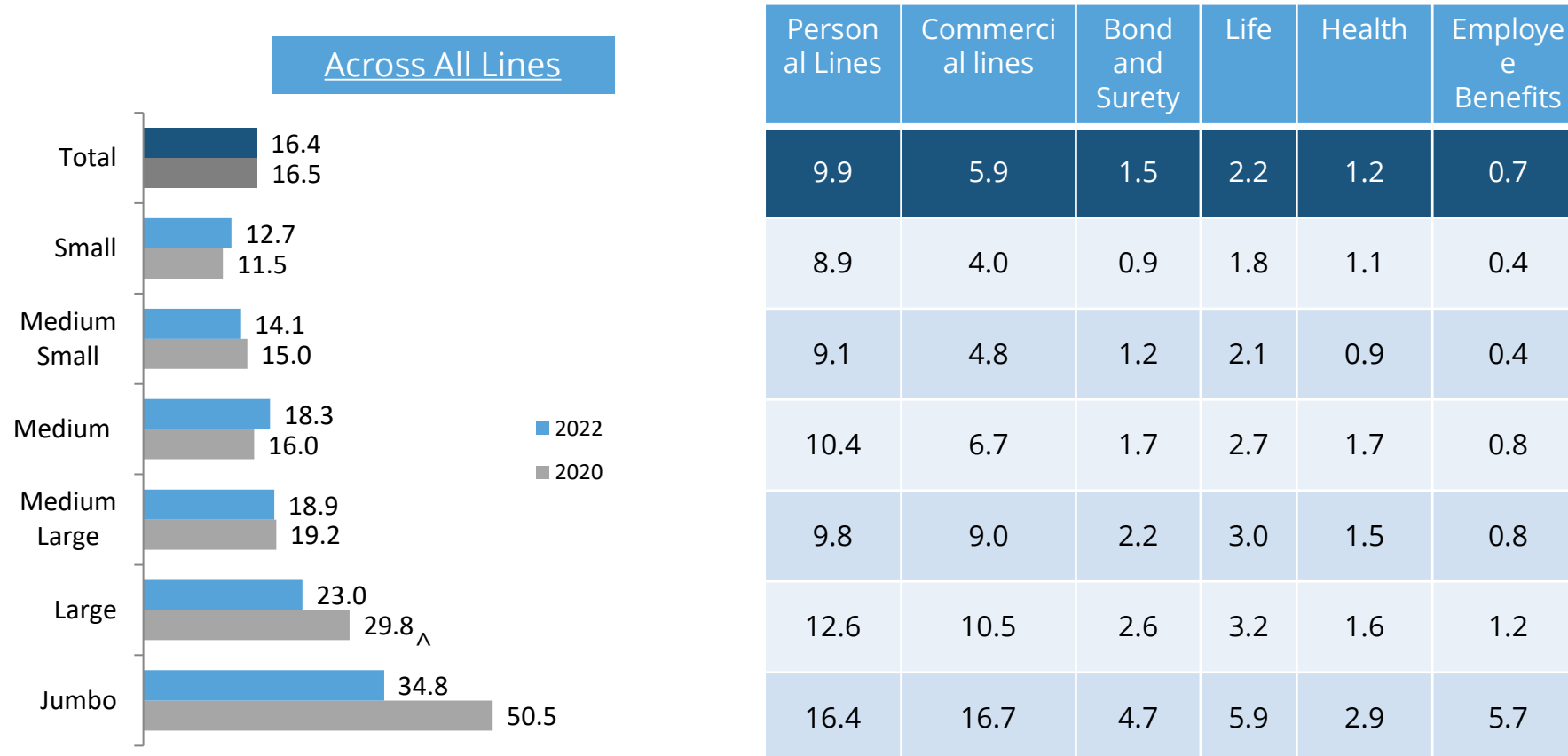


AGENCY-CARRIER RELATIONSHIPS

Agencies have appointments/contracts with an average of 10 standard personal lines carriers and six standard commercial lines carriers.

- For all lines, the number of appointments/contracts increases with the size of the agency.

Average Number of Carrier Direct Appointment or Contracts



[^] indicates significant difference 2020 – 2022

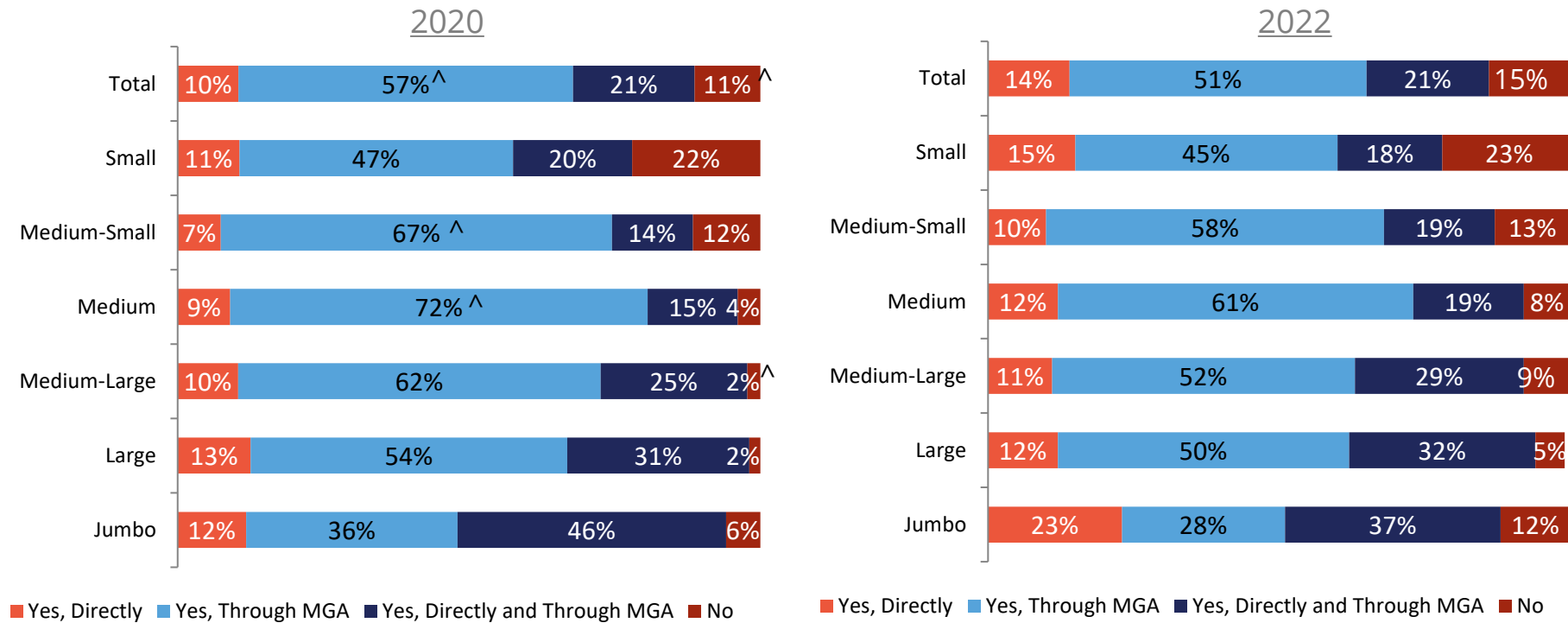
QD1: In total across all lines, how many carriers/providers does your agency currently have a direct appointment with? Total Answering Weighted n=1386

QD2: For each category below, how many carriers/providers does your agency currently have a direct appointment with? Total Answering Weighted n=1306

Over eight out of ten agencies work with Excess and Surplus carriers, most often through MGAs.

- Almost 90% of Jumbo agencies work with Excess and Surplus carriers, and among all sized agencies, are more likely to work with them directly.
- One in five Small agencies does not work with E&S carriers.

Working with Excess and Surplus Carriers

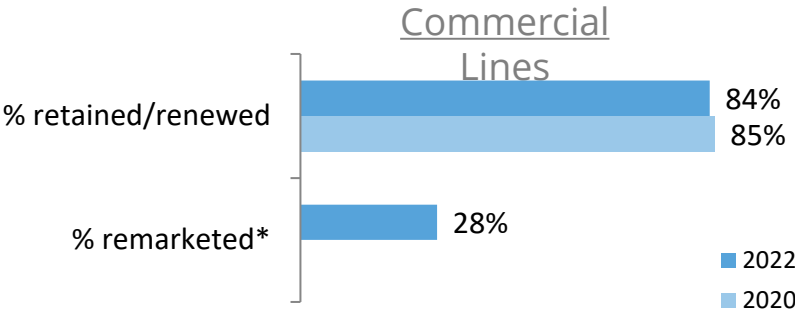


[^] indicates significant difference 2020 – 2022

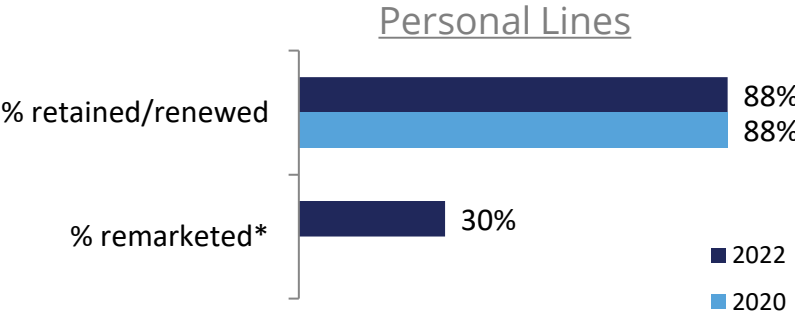
Agencies retain almost 90% of their business from year to year, while about 30% remarket their business.

- While retention and renewal rates differ little among agency size categories, Large and Jumbo agencies are more likely to remarket commercial lines business.

% of Existing Book Retained Each Year
(In Terms of Premium)



2022					
Small	Med-Small	Med	Med-Large	Large	Jumbo
83%	83%	86%	88%	87%	80%
26%	27%	29%	29%	43%	49%



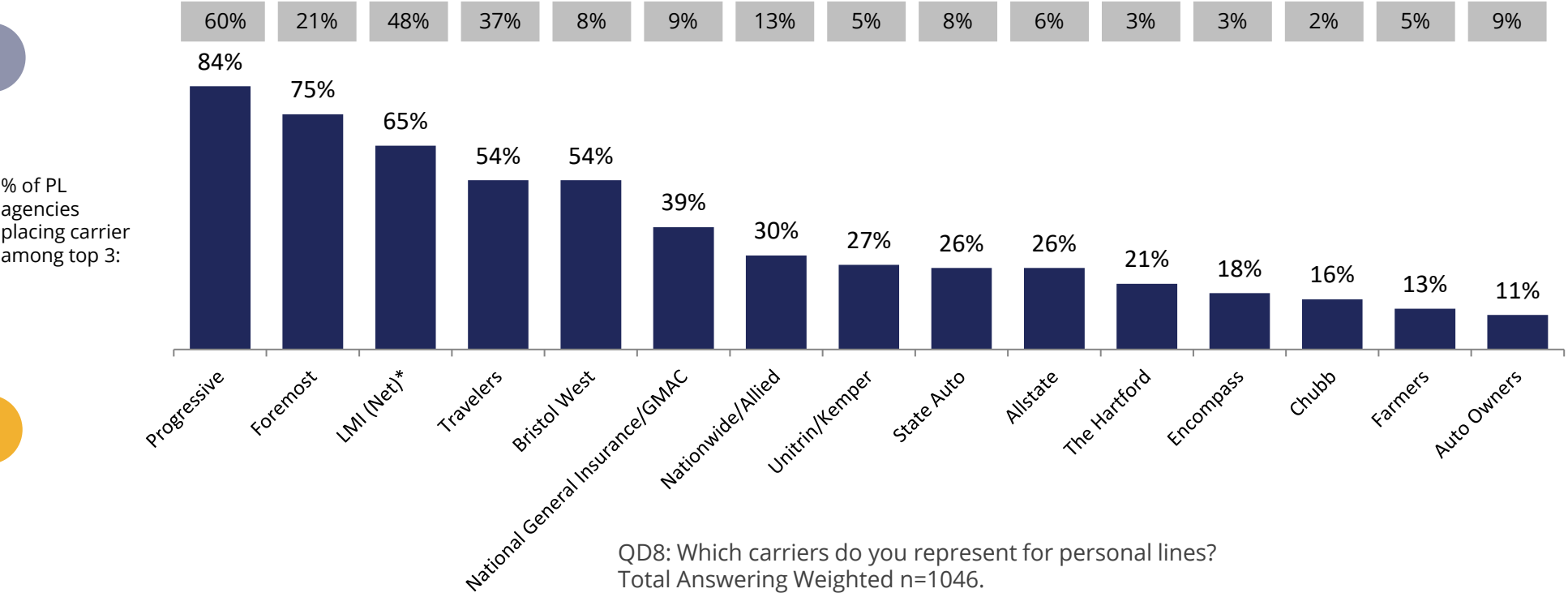
87%	88%	87%	88%	85%	83%
31%	31%	30%	31%	32%	43%

Q112B: On average, what percent of your agency's existing book is retained/renewed each year?
Total Answering Weighted n=498,526
Q112C: On average, what percent of your agency's book is re-marketed each year?
Total Answering Weighted n=466, 446 *new question in 2022

Five carriers have personal lines relationships with more than one-third of agencies writing personal lines: Progressive, Foremost, the various Liberty Mutual Insurance (LMI) carriers, Travelers and Bristol West, consistent with 2020.

- LMI carriers (65% vs. 53%), Travelers (54% vs. 46%), Bristol West (54% vs. 38%), National General/GMAC (39% vs. 15%), State Auto (26% vs. 21%), Unitrin/Kemper (27% vs. 14%), Allstate (26% vs. 15%), and Farmers (13% vs. 4%) have seen significant increases in agency relationships since 2020, while relationships decreased for Progressive (84% vs. 90%) and Auto Owners (11% vs. 21%).
- While Bristol West is heavily represented, it is much less likely to be ranked as a top 3 carrier.

2022 Personal Lines Carriers Represented
(mentioned at least 10%)

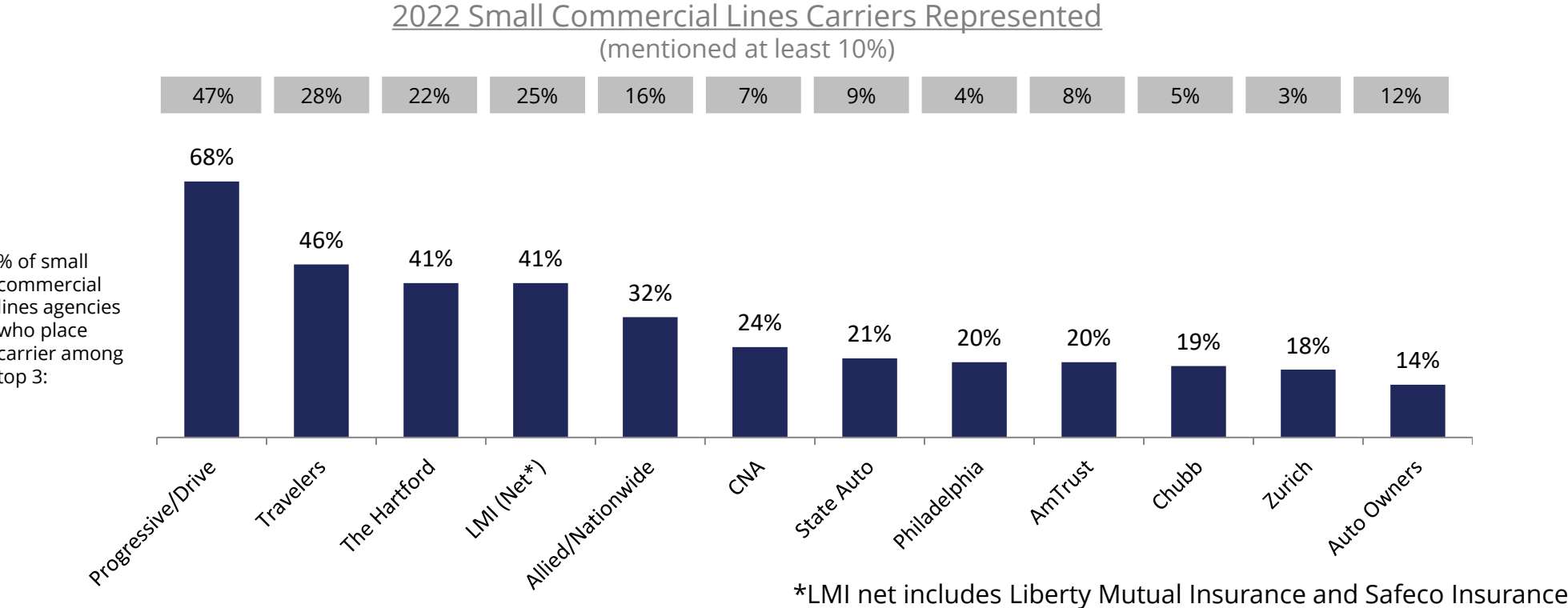


Bristol West is owned by Farmers
*LMI (net) includes Safeco Insurance

QD8: Which carriers do you represent for personal lines?
Total Answering Weighted n=1046.
QD9A: From the list below, please rank the top three carriers your agency does business with in terms of premiums written
Total Answering Weighted n=989.

Progressive, Travelers, The Hartford, and Liberty Mutual each have small commercial lines relationships with more than a third of independent agencies.

- Auto Owners has shown significant decreases in agency relationships since 2020 (14% vs. 26%).
- Jumbo agencies are more likely to cite Auto Owners as a top carrier.

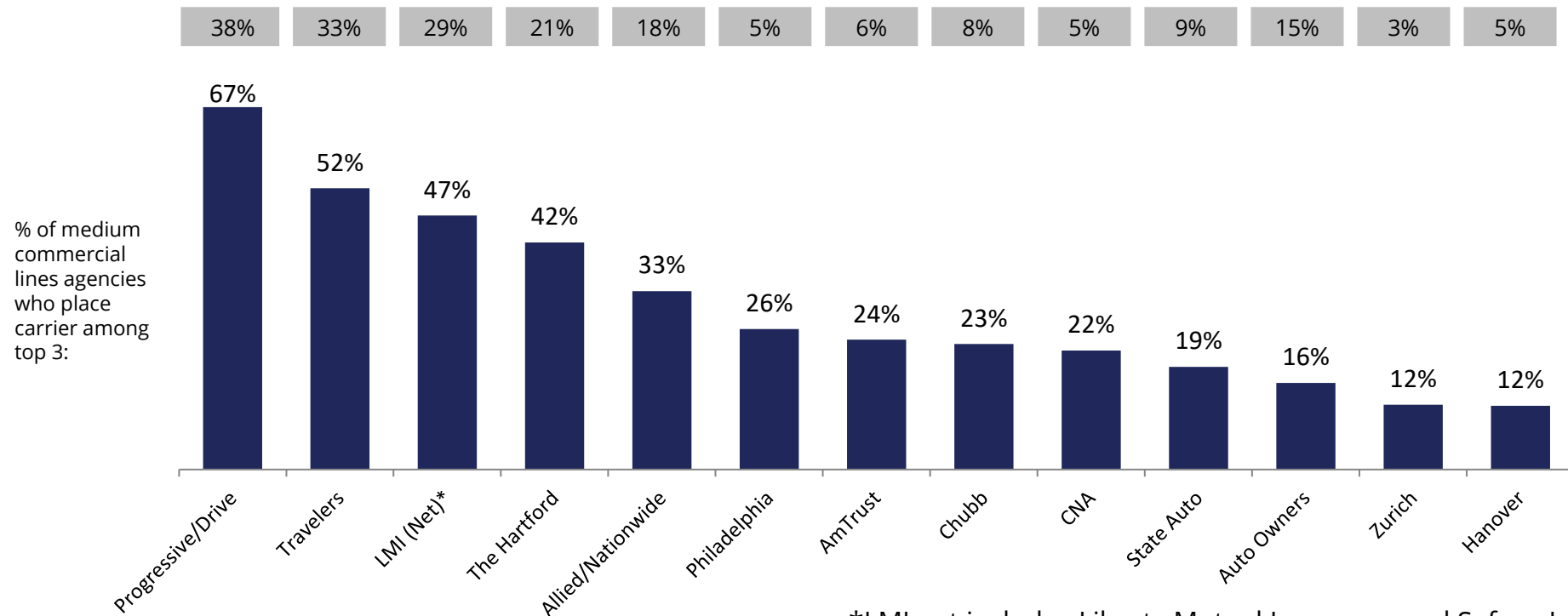


QD12: Which carriers do you represent for small commercial lines?
Total Answering Weighted n=500.
QD13A: From the list below, please rank the top three carriers your agency does business with in terms of premiums written
Total Answering Weighted n=444.

For medium commercial lines, Progressive is affiliated with about two-thirds of agencies and Travelers with about one-half. More than 40% of agencies represent both LMI and The Hartford.

- At least three of four Large and Jumbo agencies represent Travelers (77% and 76%, respectively) for medium commercial lines. Small and Medium-Small agencies name Progressive more often (70% and 71%, respectively).

2022 Medium Commercial Lines Carriers Represented
(mentioned by at least 10%)



*LMI net includes Liberty Mutual Insurance and Safeco Insurance

QD16: Which carriers do you represent for medium commercial lines?

Total Answering Weighted n=416.

QD17A: From the list below, please rank the top three carriers your agency does business with in terms of premiums written.

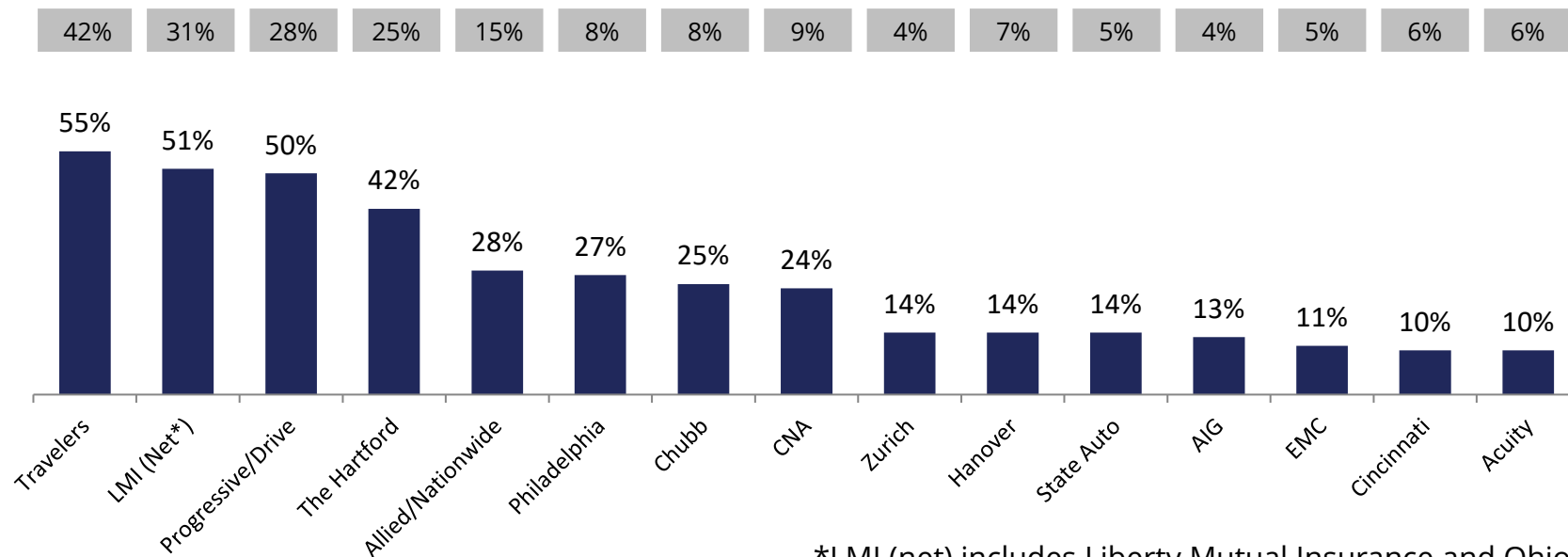
Total Answering Weighted n=386.

Travelers, Liberty Mutual, Progressive, and The Hartford are top carriers for large commercial lines.

- Predictably, Jumbo agencies represent more carriers than smaller agencies for large commercial coverages. They are also more likely to represent Travelers, The Hartford, Chubb, CNA, State Auto, and LMI as carriers. Small agencies are more likely to cite Progressive as a carrier.
- Progressive has seen an increase (50% vs. 38%) in agency relationships since 2020.

2022 Large Commercial Lines Carriers Represented
(mentioned by at least 10%)

% of large commercial lines agencies who place carrier among top 3:



*LMI (net) includes Liberty Mutual Insurance and Ohio Casualty

QD20: Which carriers do you represent for large commercial lines?

Total Answering Weighted n=236.

QD21A: From the list below, please rank the top three carriers your agency does business with in terms of premiums written.

Total Answering Weighted n=210.

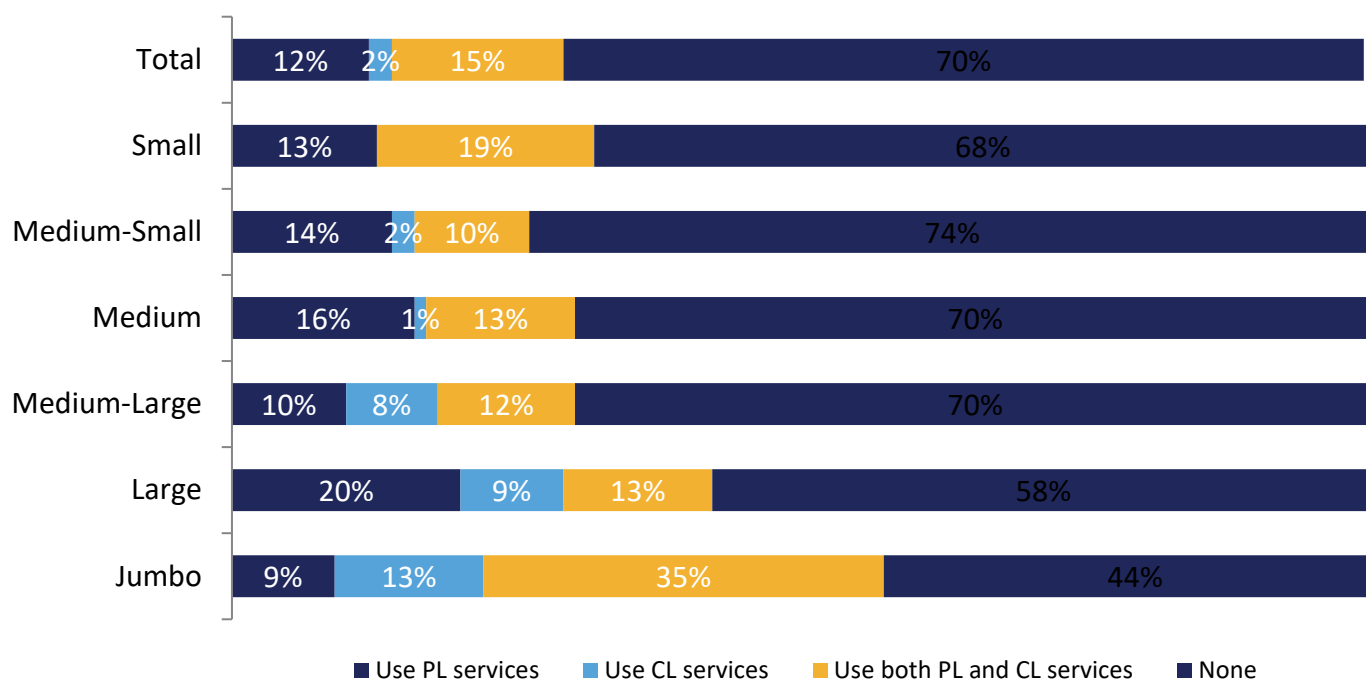


CUSTOMER SERVICE CENTERS

Almost a third of agencies use service centers, with Medium-sized agencies using them least often.

- The highest users of customer services centers, Jumbo agencies, are most likely to use the centers for both personal and commercial lines services.
- About one in three Small agencies and over half of Jumbo agencies use carrier customer service centers.

Percentage of Agencies Using Carriers' Customer Service Centers*



2020:
 Use PL services 8%
 Use CL services: 3%
 Use both PL and CL services: 10%
 None: 79% ^

^ indicates significant difference 2020 - 2022

QE1: Do you have contracts with one or more carriers in which their customer service centers provide non-claims service to your accounts and are responsible for any errors and omissions, in return for a reduction in the commission they pay you

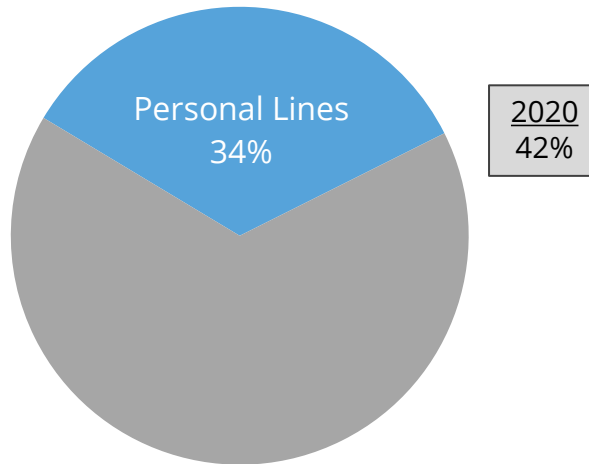
Total Answering Weighted n=625.

* Percentage of agencies who "have contracts with one or more carriers in which their customer service centers provide non-claims service to accounts and are responsible for any errors and omissions, in return for a reduction in the commission they pay you."

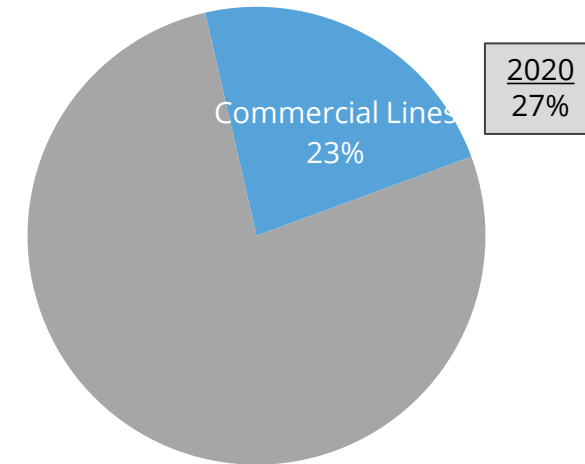
CSCs provide service for 34% of personal lines business and 23% of commercial lines business, both directionally lower than in 2020. (By “directional,” we are referring to differences that are not large enough to be statistically significant.)

Customer Service Center Usage

2022 Proportion of Personal Lines Book



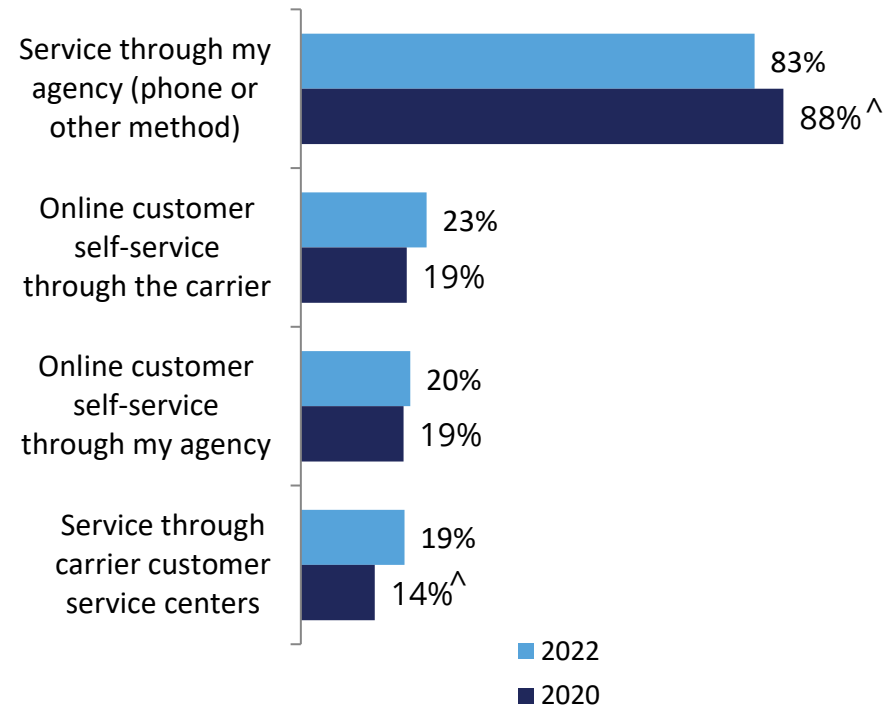
2022 Proportion of Commercial Lines Book



QE1A: Carrier customer service centers provide routine customer service for what proportion of your agency's book of business?
PL: Total Answering Weighted n=144; CL: Total Answering Weighted: n=91 (have contracts with CSC).

80% prefer customer service goes through their agency via phone or other non-online methods, significantly down from 2020. Service through carrier customer service centers is up from 2020.

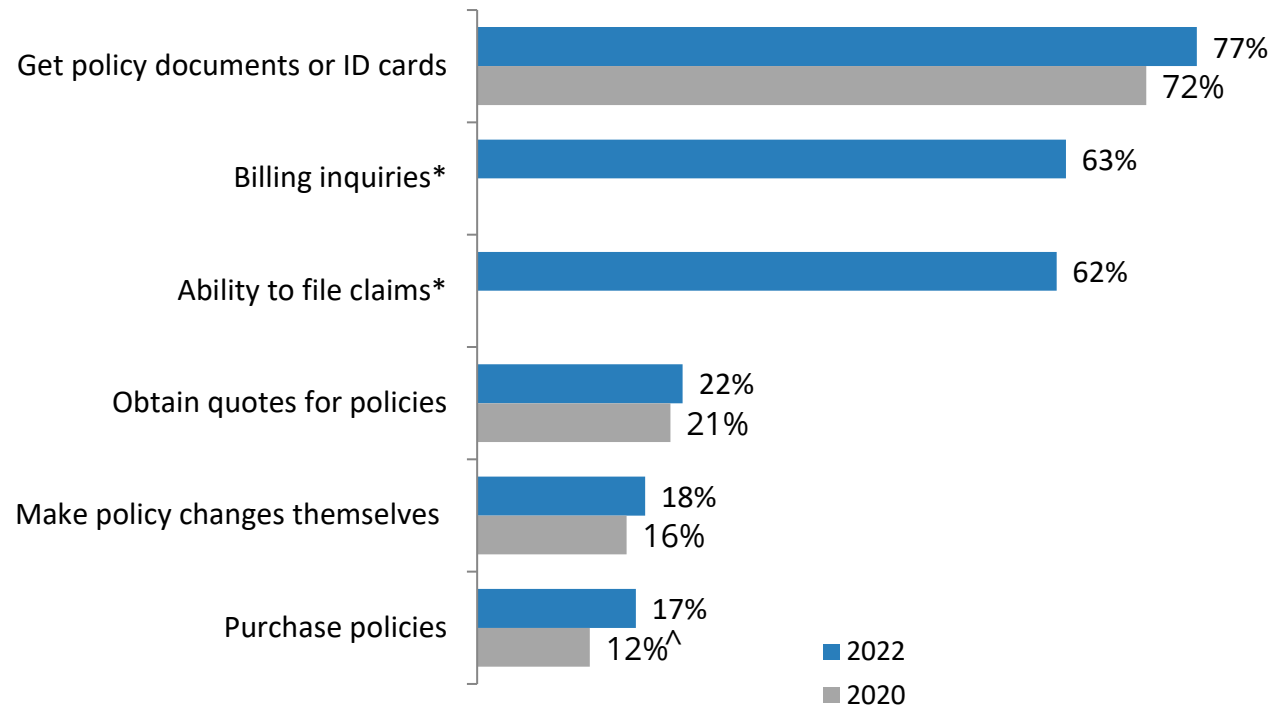
Customer Service Preference



QE1B: In general, how do you prefer that routine customer service is provided to your accounts?
Total Answering Weighted n=725.

Agencies are most comfortable allowing customers to use self-service to get policy documents/ID cards, for billing inquiries, and filing claims. One in five or fewer would be comfortable with customers obtaining policy quotes, making policy changes, and purchasing policies via self-serve.

Comfort Allowing Self-Service Activities
6/7 on 7-point scale, 7=very comfortable

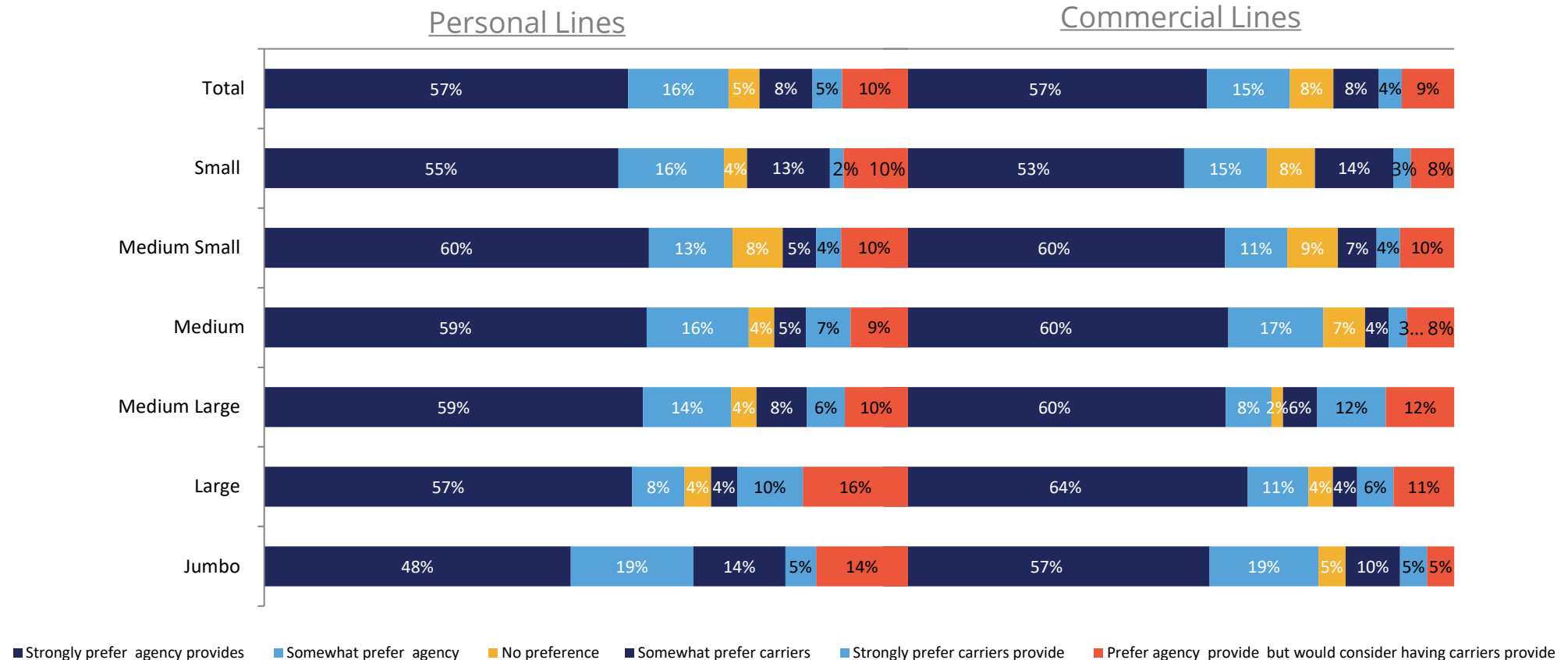


QE1C: How comfortable would you be in allowing customers to do each of the following via your agency's customer self-serve digital platforms (website, app, etc.)?
Total Answering Weighted n=728-735.
2022

*new item in

The majority of agencies prefer that customers get routine customer service from the agency rather than carriers.

Preference for the Way Customers Get Routine Customer Service*



QE12: In general, how would you prefer your customers get routine customer service (e.g., answers to billing or coverage questions, providing ID cards, address changes, etc.)?
Total Answering Weighted n=732, 692.

*New question for 2022.

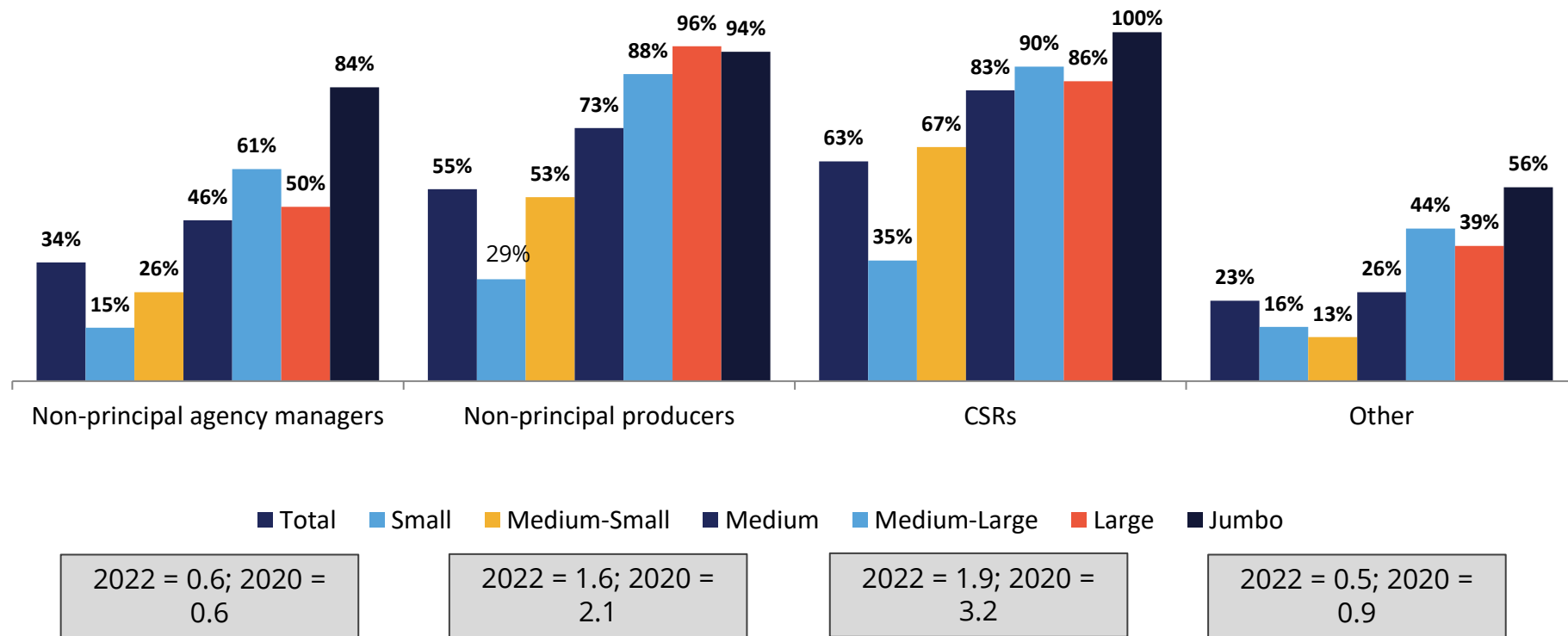


AGENCY STAFF

The average size of agency staffs (6.1) is significantly lower than in 2020 (8.4).

- Nearly all agencies have at least one agency principal, so distribution for that position is not charted (2022 mean = 1.5; 2020 mean = 1.6). The average number of agency principals varies from 1.1 for Small agencies to 1.8 for Large and 3.6 for Jumbo agencies.
- On average, agencies report a total of 6.1 staff members across all positions (median = 4.0), ranging from 2.3 staff members for Small agencies to 39 staff members for Jumbo agencies.*

Agencies With at Least One Staff Member (Full Time or Part Time) in Each Position by Agency Size

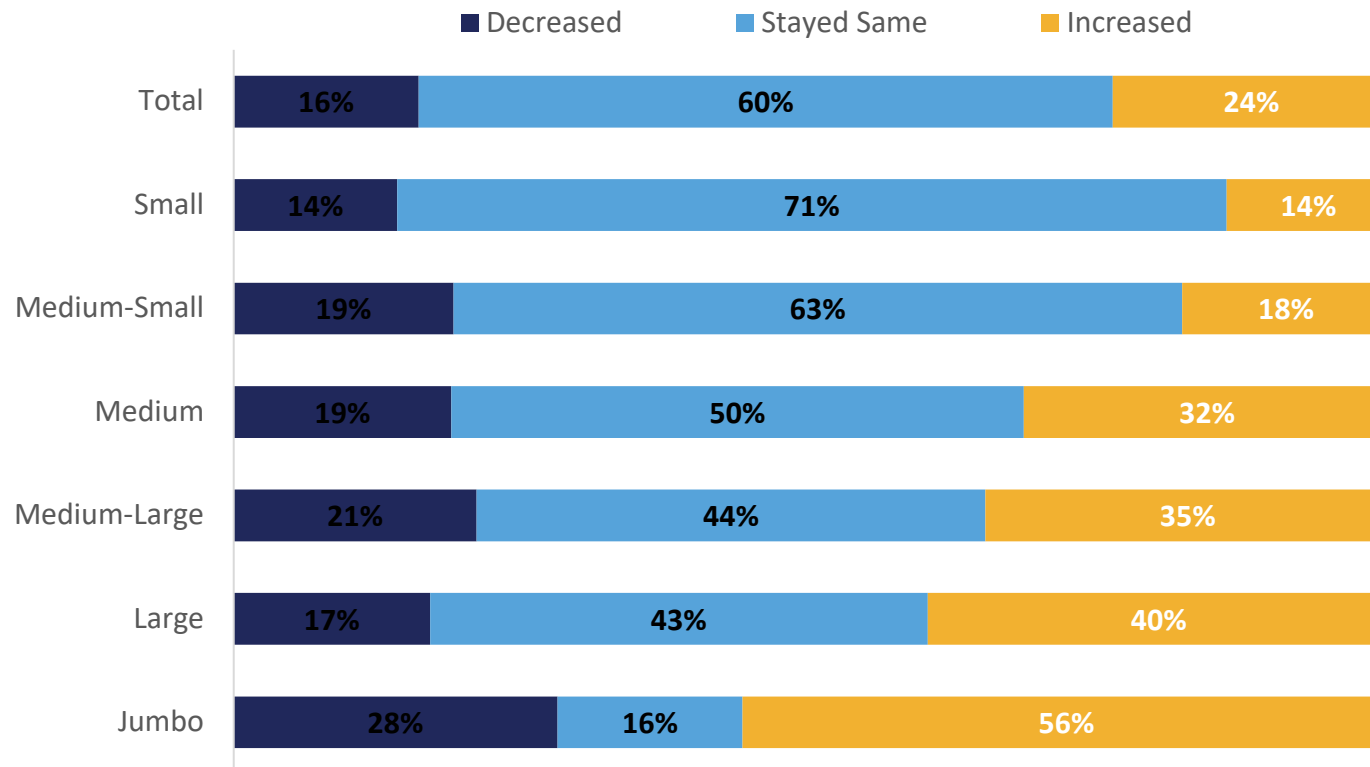


* Base for total mean and median calculation is respondents providing an answer for number of employees for all positions (Weighted n=675)
 Boxed number shows average number in each position among all agencies.
 QF1: How many total employees (including full time and part time) does your agency have in each type of position?
 Total Answering Weighted n=687-708.

One in four agencies say their employee count has increased in the past two years – Medium to Jumbo agencies are more likely to say they have added employees.

- The percentage of change in agencies employees has remained stable in 2022.

Change in Agency's Total Number of Employees



Agency staffing breakouts by gender and ethnicity are generally comparable to 2020; however, the percentage of agencies with a least one male as principal/senior manager has declined while the percentage of agencies with a least one female as principal/senior manager has increased slightly.

- Most (86%-100%) agencies in the Medium size category or larger have at least one male principal/senior manager, significantly more than the proportion of Small and Medium-Small agencies with male principals or senior managers (53% and 72%).

% of Agencies With Each Employee Type by Gender and Ethnicity

	Agency Principals/ Senior Mgrs	Non-Principal Agency Managers	Non-Principal Producers	CSRs	Other
Gender					
Men	68%	40%	62%	26%	29%
Women	47%	74%	66%	88%	81%
Ethnicity					
Caucasian/Non-Hispanic White	83%	84%	84%	79%	72%
Latino/Hispanic	10%	11%	19%	17%	14%
African-American/Black	5%	4%	11%	11%	4%
Asian Indian/Other South Asian American	4%	3%	4%	5%	5%
East Asian-American/Pacific-Islander	<1%	1%	2%	3%	2%
Native American or Alaska Native	<1%	0%	1%	<1%	0%

QF2: How many women and men work in each type of position at your agency?

QF3: What ethnic groups are represented in your staff?

Total Answering Weighted n= 693,242,388,445,158



The majority of principals, agency managers, and producers work in both personal and commercial lines, although this is most often the case among smaller agencies.

- Broadly speaking, Small, Medium-Small, and Medium agencies are much more likely to have principals and producers who are working in both personal and commercial, while larger agencies tend to have more specialized roles limited to personal or commercial lines.
- More Agency Principal/Senior Managers are selling both personal and commercial lines compared to 2020 (81% vs. 76%).

% of Each Employee Type Who Works in Each Line

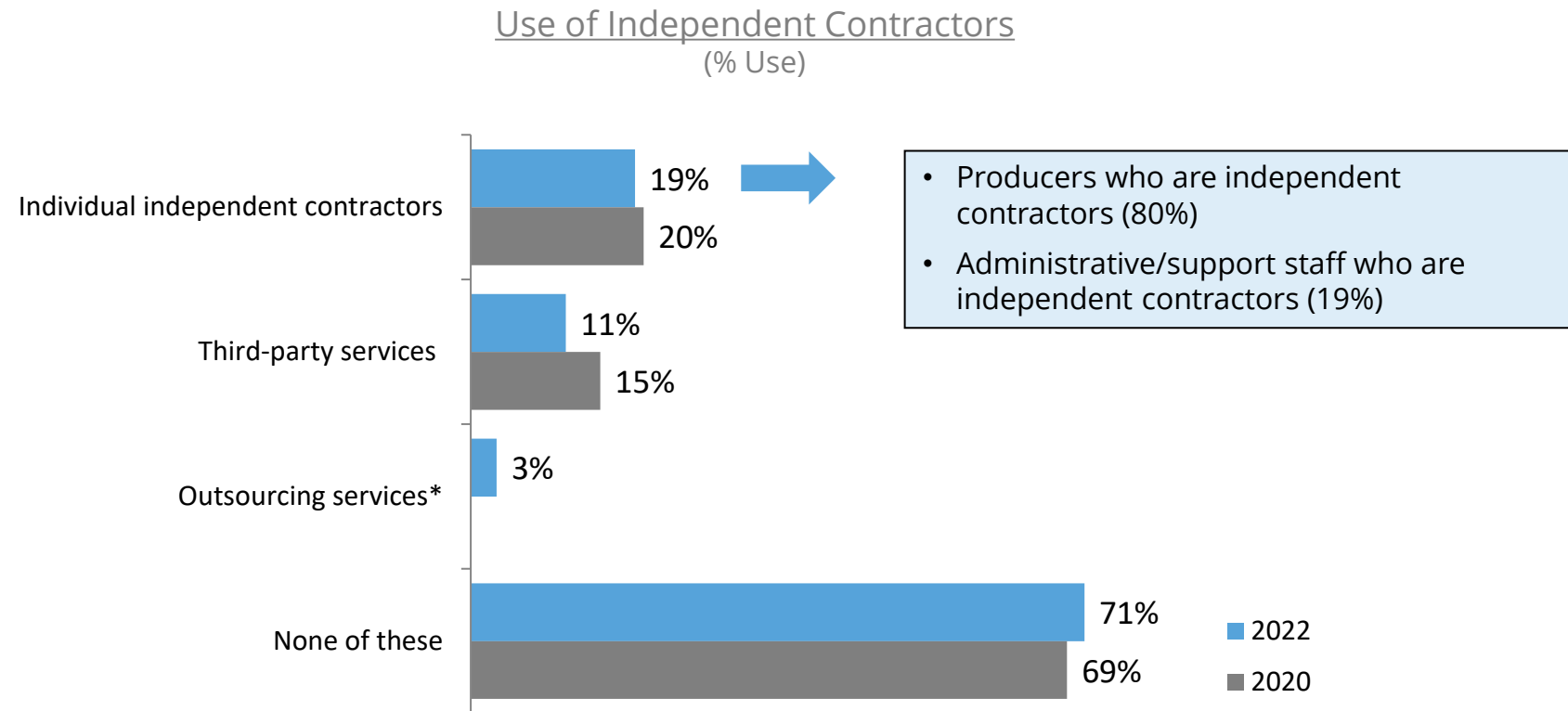
	Agency Principals/ Senior Mgrs	Non- Principal Agency Managers	Non- Principal Producers	CSRs
Personal Lines Only	6%	9%	25%	35%
Commercial Lines Only	7%	7%	9%	26%
Both Personal and Commercial Lines	81%	74%	64%	37%
Management Only/Does Not Work in Personal or Commercial Lines	6%	9%	1%	2%

QF4: How many of each type of employee below work in personal lines only, commercial lines only, or both personal and commercial lines?

Total Answering Weighted n= 802, 297, 856, 1002.

About one in five agencies use independent contractors and one in ten use third party services. Most independent contractors are producers.

- Medium-Large to Jumbo companies are most likely to use third-party services (20%-26%).



^ indicates significant difference 2020 - 2022

QF15: Does your agency use any of the following types of independent contractors to conduct any of your business?

Total Answering Weighted n=693

F15a: Does your agency have any of the following?

Total Answering Weighted (use independent contractors) n=129

*new item in 2022

A series of five circles of varying sizes and colors (orange, yellow, grey, light blue, and dark orange) arranged vertically in the top-left corner of the slide.

TECHNOLOGY

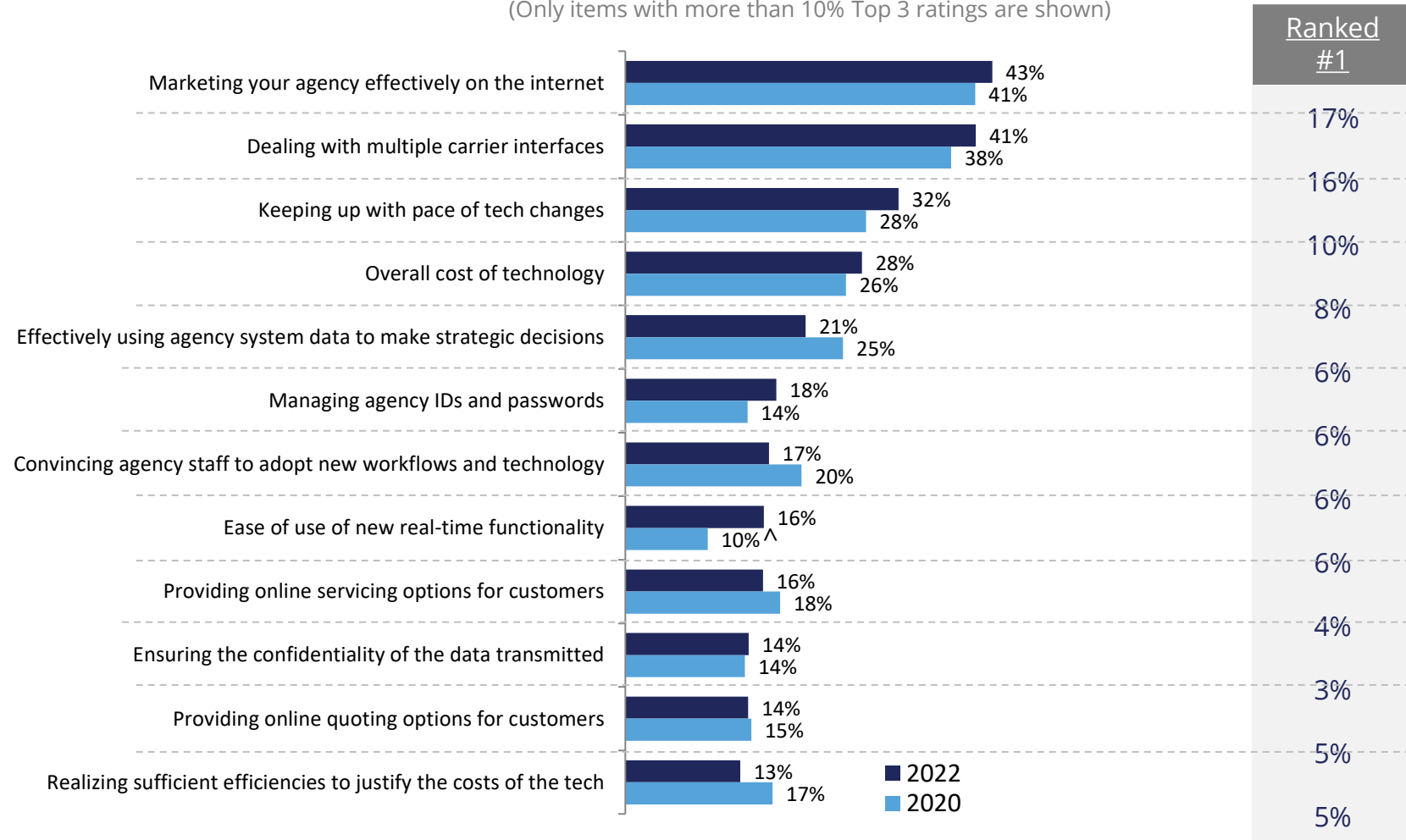
A single blue circle located in the bottom-right corner of the slide.

Marketing the agency effectively on the Internet and dealing with multiple carrier interfaces are the top technological challenges.

- Small to Medium agencies feel particularly challenged to market their agency on the Internet; Larger agencies are most likely to be challenged in staff adoption of new workflows/technologies.

Top Technology Challenges - % Ranked 1, 2 or 3

(Only items with more than 10% Top 3 ratings are shown)

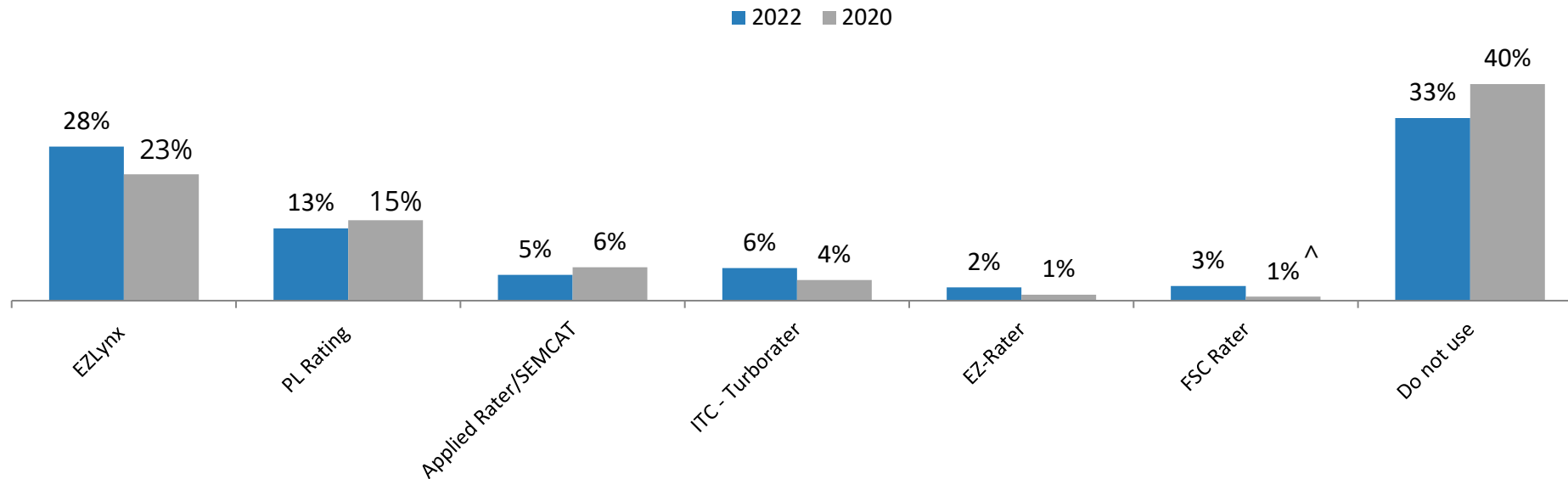


^ indicates significant difference 2020 - 2022
 QL1: From the list below, please rank the top THREE challenges in managing your agency's technology/business process function
 Total Answering Weighted n=646.

Two in three agencies use comparative raters; although usage is fragmented, mentions of EZLynx and PL Rating are most common.

- Larger agencies are more likely to use comparative raters in general, and to mention PL Rating specifically.

Comparative Raters Used Most Often For Personal Lines
(mentioned by at least 2%)



[^] indicates significant difference 2020 – 2022

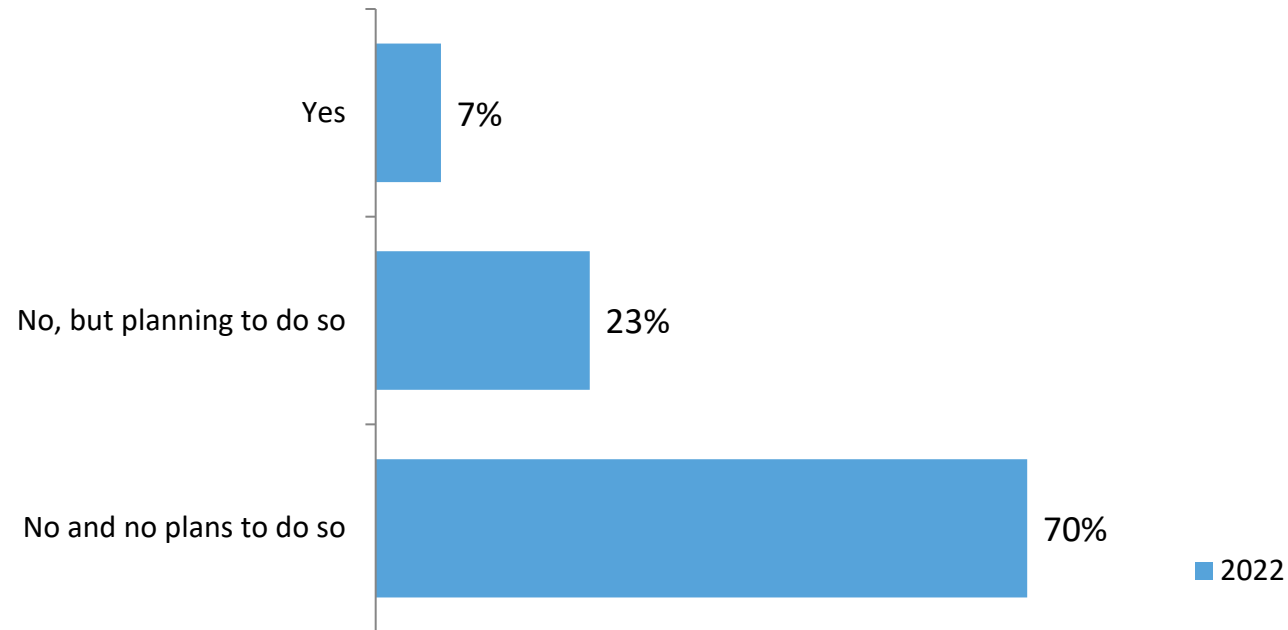
QL7C: Which Comparative Rater, if any, does your agency use most often for personal lines?

Total Answering Weighted n=671.

Seven in ten agencies do not use a comparative rater for commercial lines and have no plans to do so; fewer than one in ten currently use a comparative rater for commercial lines.

- Jumbo agencies are most likely to use a comparative rater for commercial lines.

% Use of Comparative Rater for Commercial Lines*



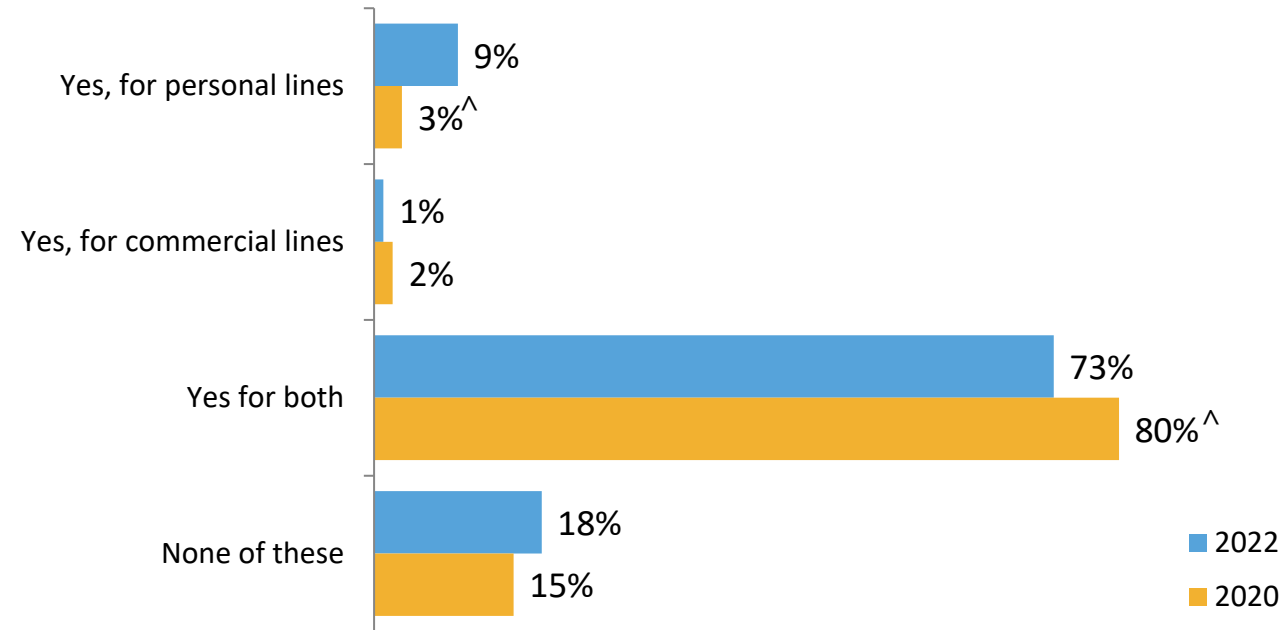
QL7D: Does your agency use a commercial lines comparative rater?
Total Answering Weighted n=666.

*New question in 2022

Three in four agencies use agency management systems for both personal lines and commercial lines.

- Almost all Medium, Large, and Jumbo agencies use an AMS.

% Use of Agency Management Systems



^ indicates significant difference 2020 – 2022

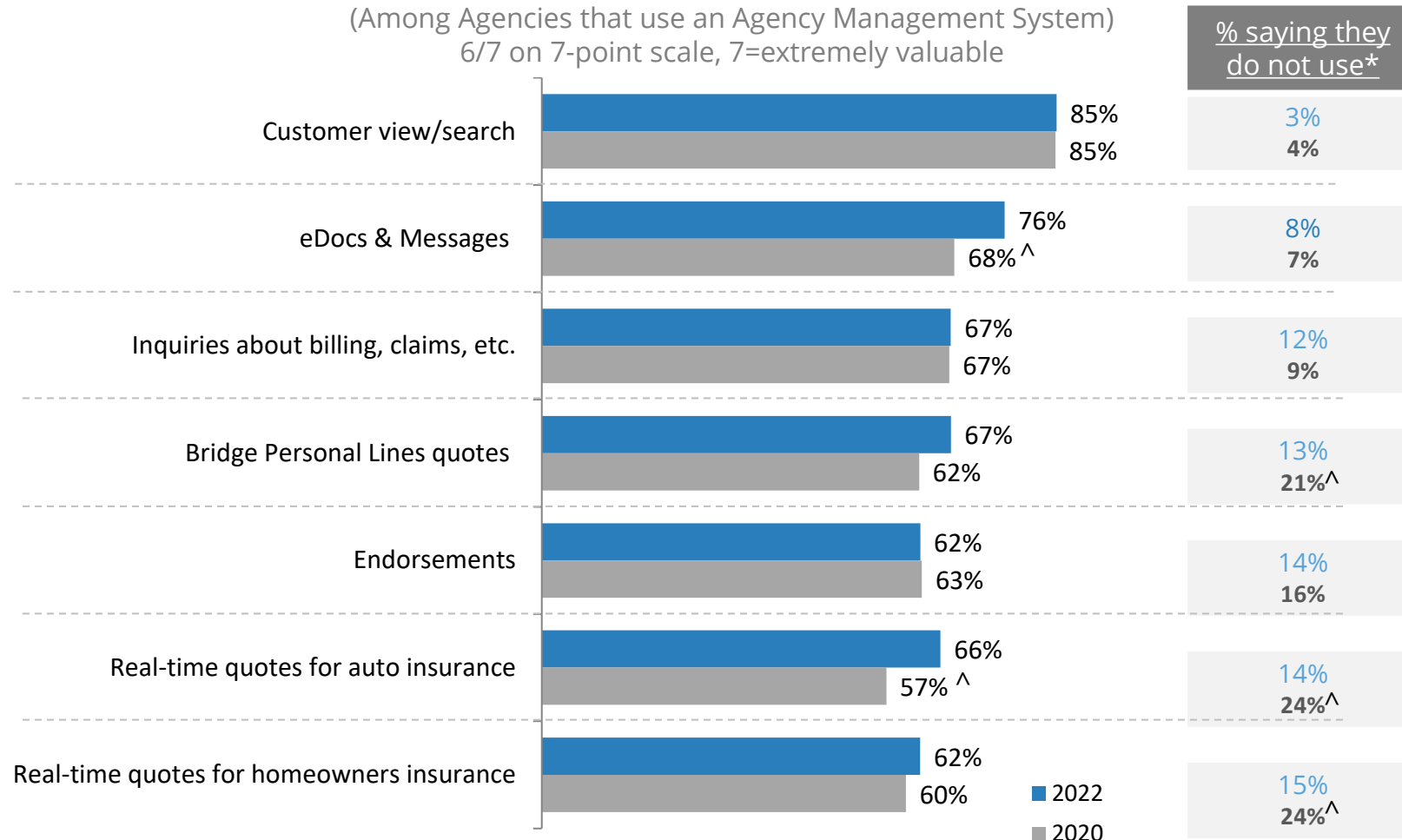
QL8B: Does your agency use an agency management system?

Total Answering Weighted n=702.

Agencies place a great deal of value on key personal lines agency management system functions, especially customer view/search.

Value of Transactions/Functions Through Agency Management System: Personal Lines

(Among Agencies that use an Agency Management System)
6/7 on 7-point scale, 7=extremely valuable



QL10: Please think about each of the following transactions/functions your agency does through an Agency Management System for personal lines accounts. How valuable are they to your agency?

Total Answering Weighted
n=358-485.

[^] indicates significant difference 2020 – 2022

*Removed from question base for data shown in graph.

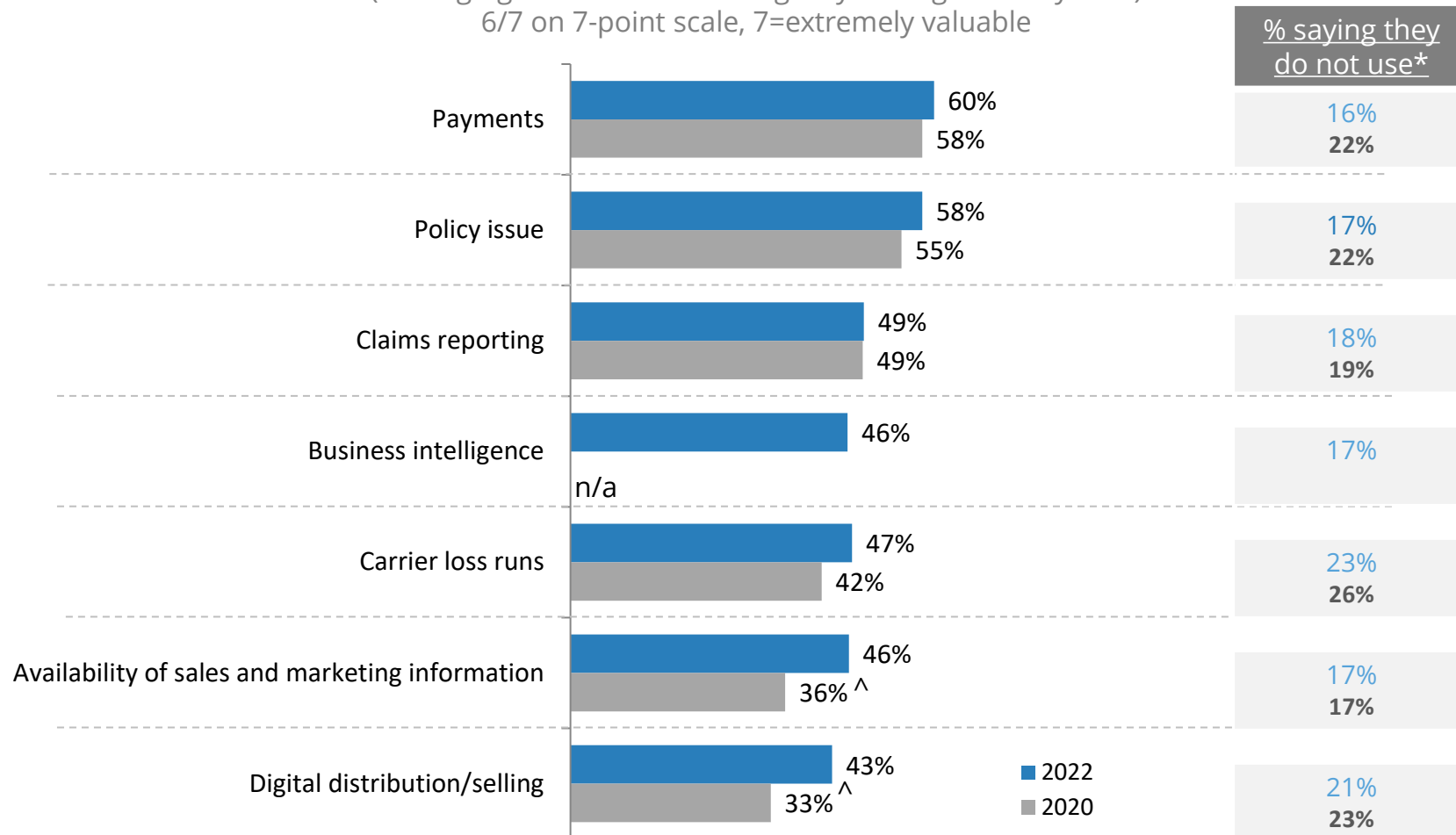
The value of sales and marketing info and digital distribution has increased in 2022 but are still viewed as least valuable.

^ indicates significant difference 2020 – 2022

*Removed from question base for data shown in graph.

Value of Transactions/Functions Through Agency Management System: Personal Lines Continued

(Among Agencies that use an Agency Management System)
6/7 on 7-point scale, 7=extremely valuable



QL10: Please think about each of the following transactions/functions your agency does through an Agency Management System for personal lines accounts. How valuable are they to your agency?

Total Answering Weighted n=358-485.

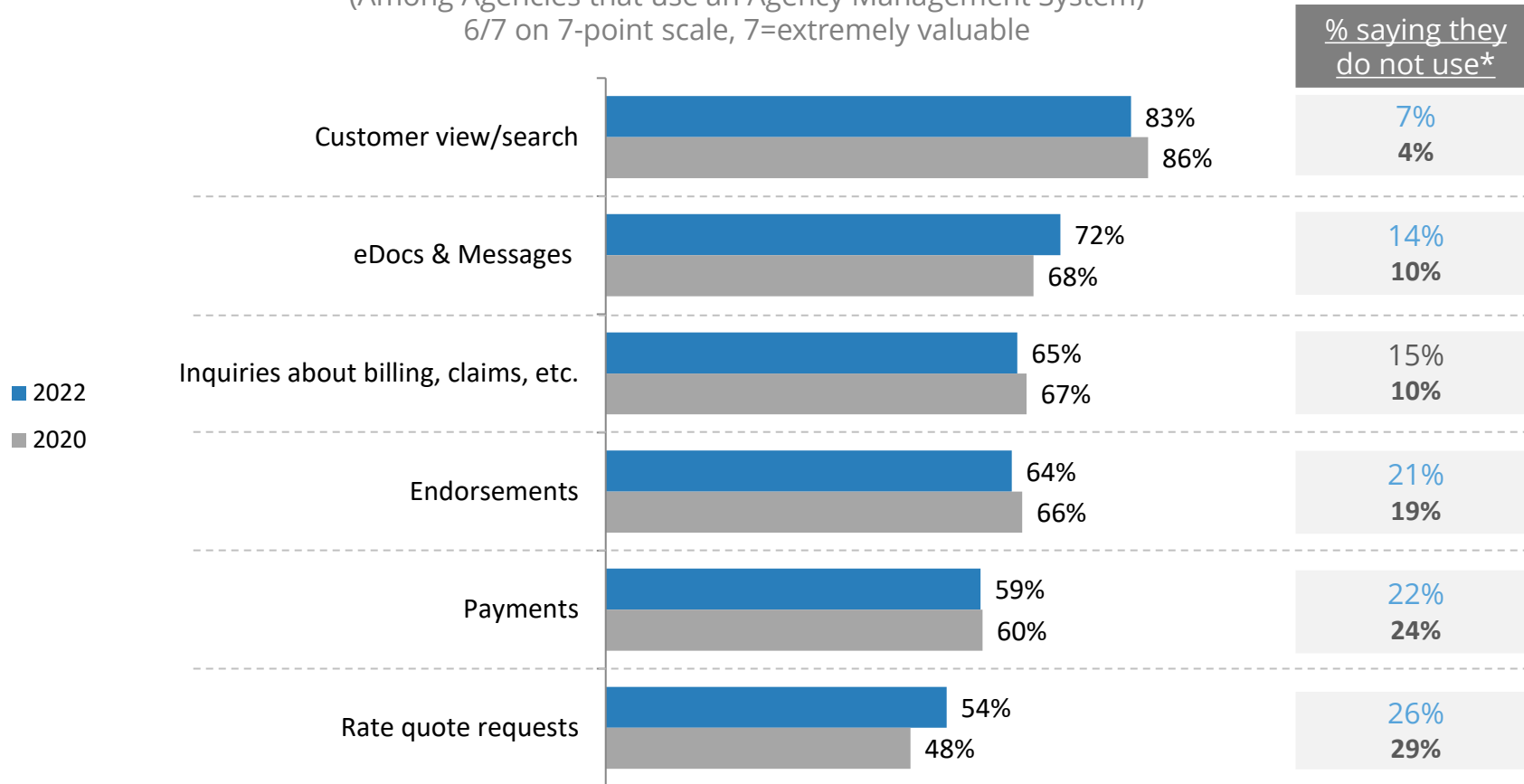
As with personal lines, customer view/search continues to be most valuable in 2022 for commercial lines.

^ indicates significant difference 2020 – 2022

*Removed from question base for data shown in graph.

Value of Transactions/Functions Through Agency Management System: Commercial Lines

(Among Agencies that use an Agency Management System)
6/7 on 7-point scale, 7=extremely valuable



QL12: Please think about each of the following transactions/functions your agency does through an Agency Management System for commercial lines accounts. How valuable are they to your agency?

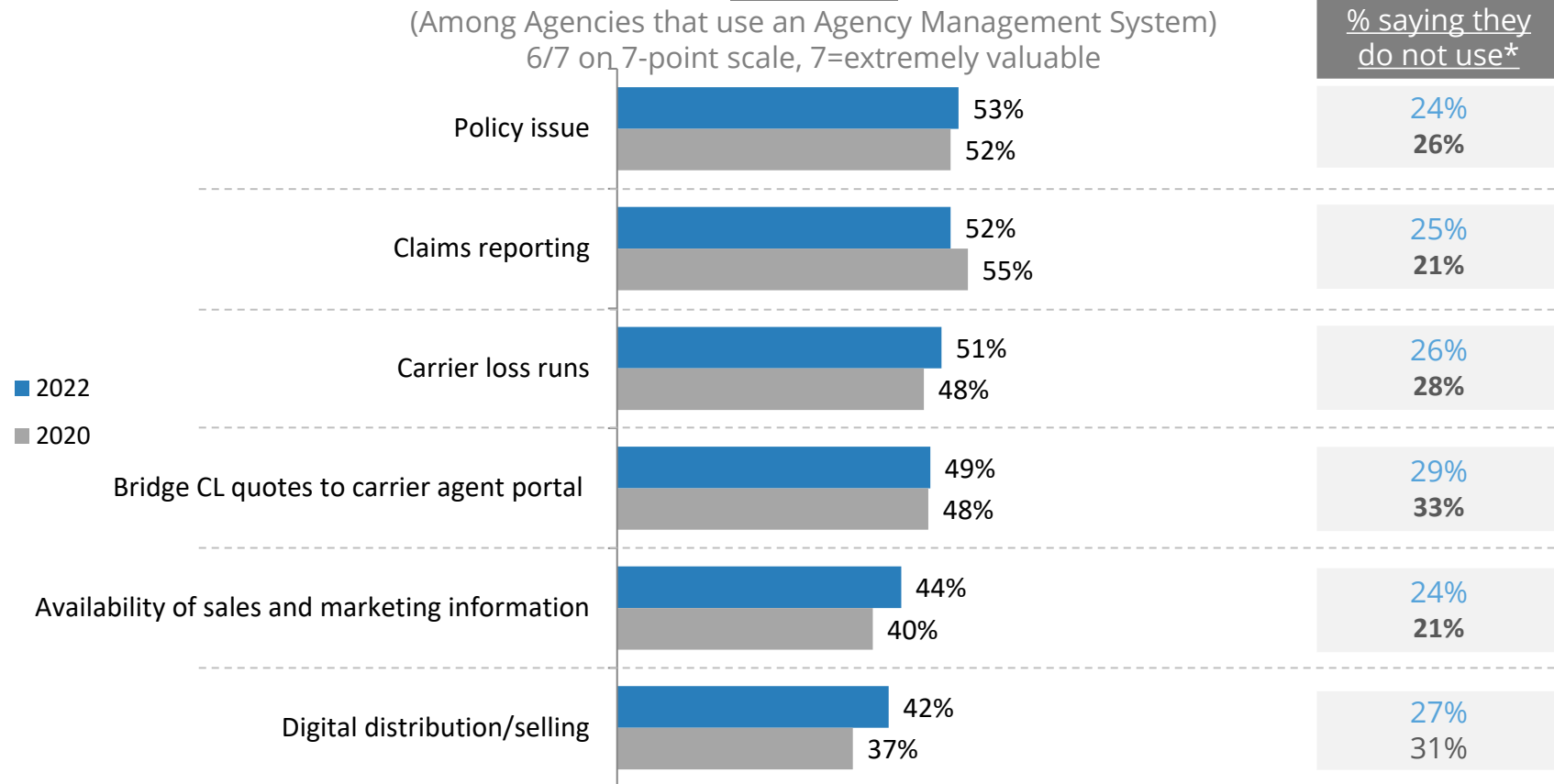
Total Answering Weighted
n=271-390.

For Commercial Lines, availability of sales/marketing info and digital distribution are least likely to be used.

^ indicates significant difference 2020 – 2022

*Removed from question base for data shown in graph.

Value of Transactions/Functions Through Agency Management System: Commercial Lines Continued



QL12: Please think about each of the following transactions/functions your agency does through an Agency Management System for commercial lines accounts. How valuable are they to your agency?

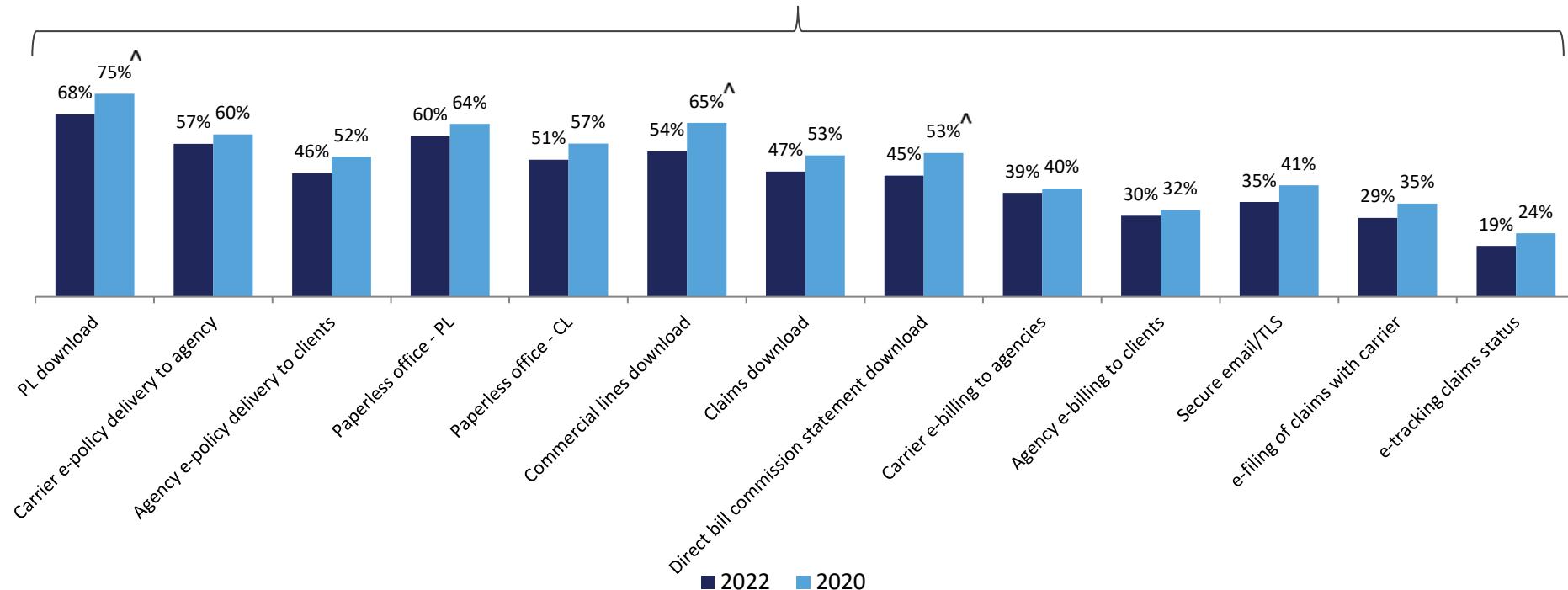
Total Answering Weighted n=271-390.

The use of processing technology overall dipped slightly in 2022. Two in three agencies use personal lines download tools and half use commercial lines download tools – both dropped significantly in 2022.

- Use of all processing technologies is at least slightly down in 2020.
- E-policy delivery is more common than e-billing.
- For most processing technologies, usage increases with agency size, with Jumbo agencies particularly likely to use the technologies.

Processing Technologies Used

Use at least one type of processing technology: 2022=91%; 2020=94%



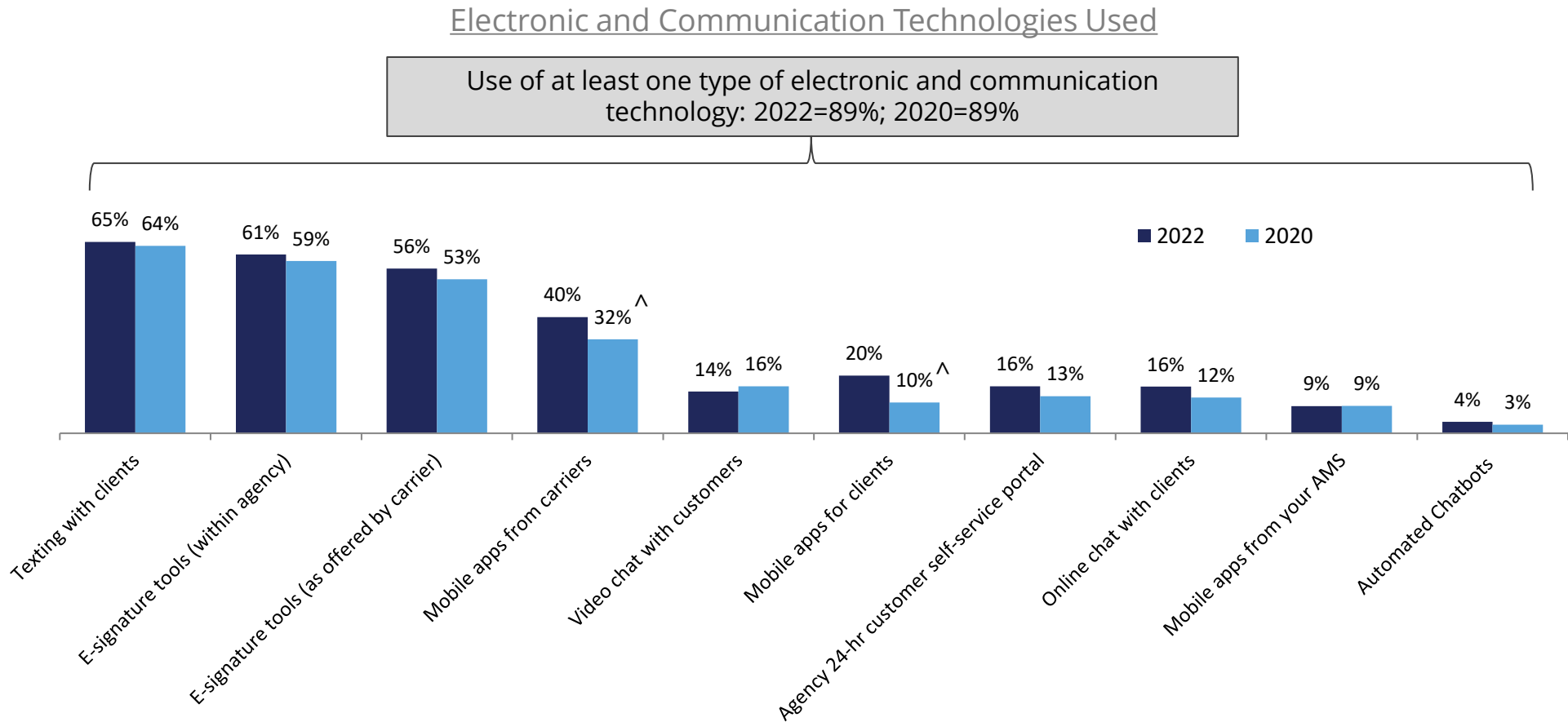
[^] indicates significant difference 2020 – 2022

QL16: Which of the following technologies does your agency use for client communications?

Total Answering Weighted n=643.

The overall use of electronic communications technology is stable in 2022.

- The use of mobile apps from carriers and for clients have increased significantly in 2022.



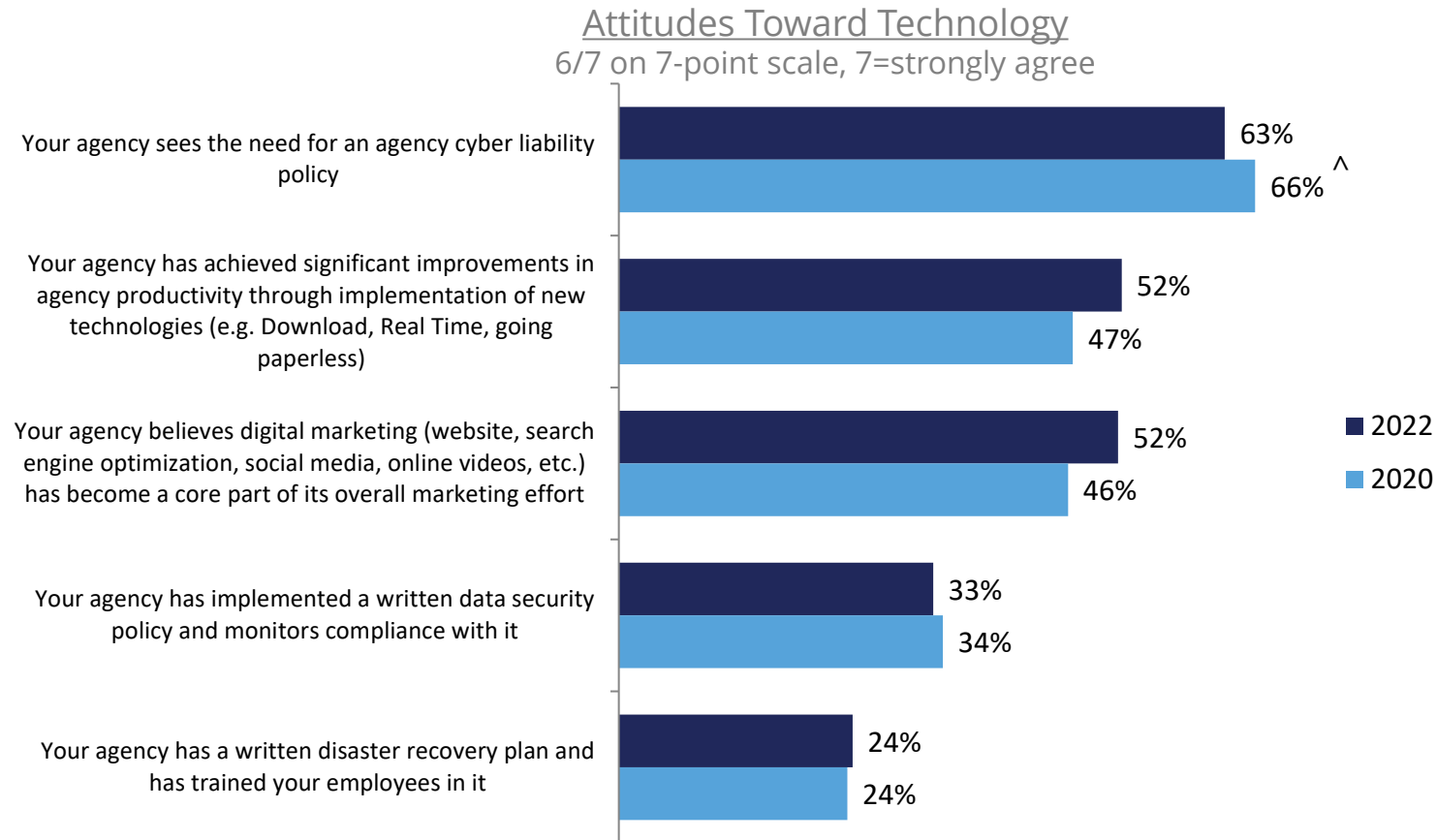
^ indicates significant difference 2020 – 2022

QL16: Which of the following technologies does your agency use for client communications?
Total Answering Weighted n=643.

Two in three agencies see a need for their own cyber liability policy, on par with 2020. Half achieved improvement in productivity due to tech and believe digital marketing has become a core marketing effort.

- Jumbo agencies are most likely to have implemented a written security policy and monitor compliance (63%) and have a written disaster recovery plan (61%).

^ indicates significant difference 2020 – 2022

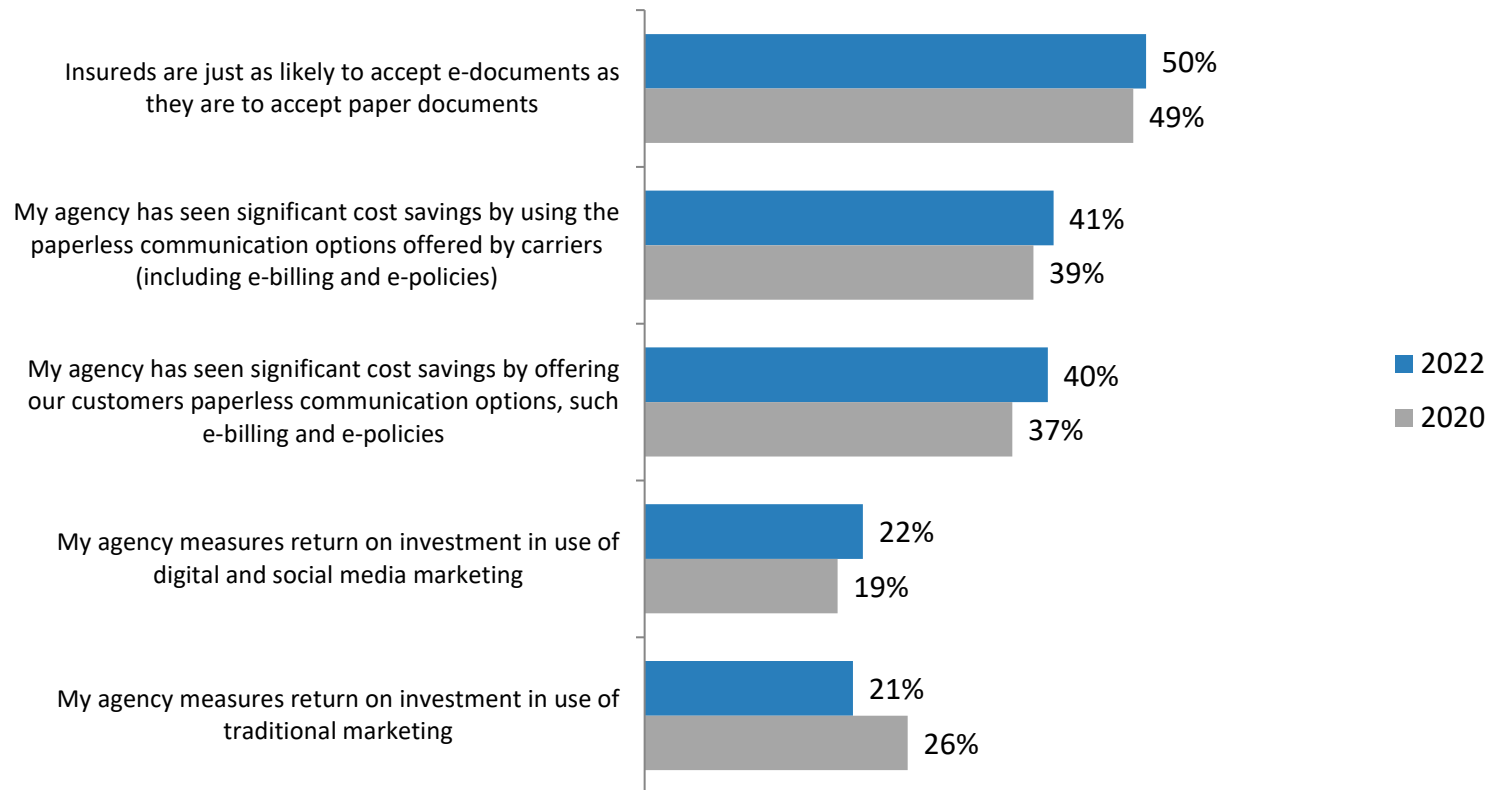


QL17: How strongly do you agree or disagree with each of the following statements about agency technology and data security?
Total Answering Weighted n=520-603.

Perceptions of digital resources has remained stable in 2022.

- Small agencies are more likely to agree that insureds are likely to accept e-docs (61%).

Perceptions of Electronic/Digital Resources
6/7 on 7-point scale, 7=strongly agree



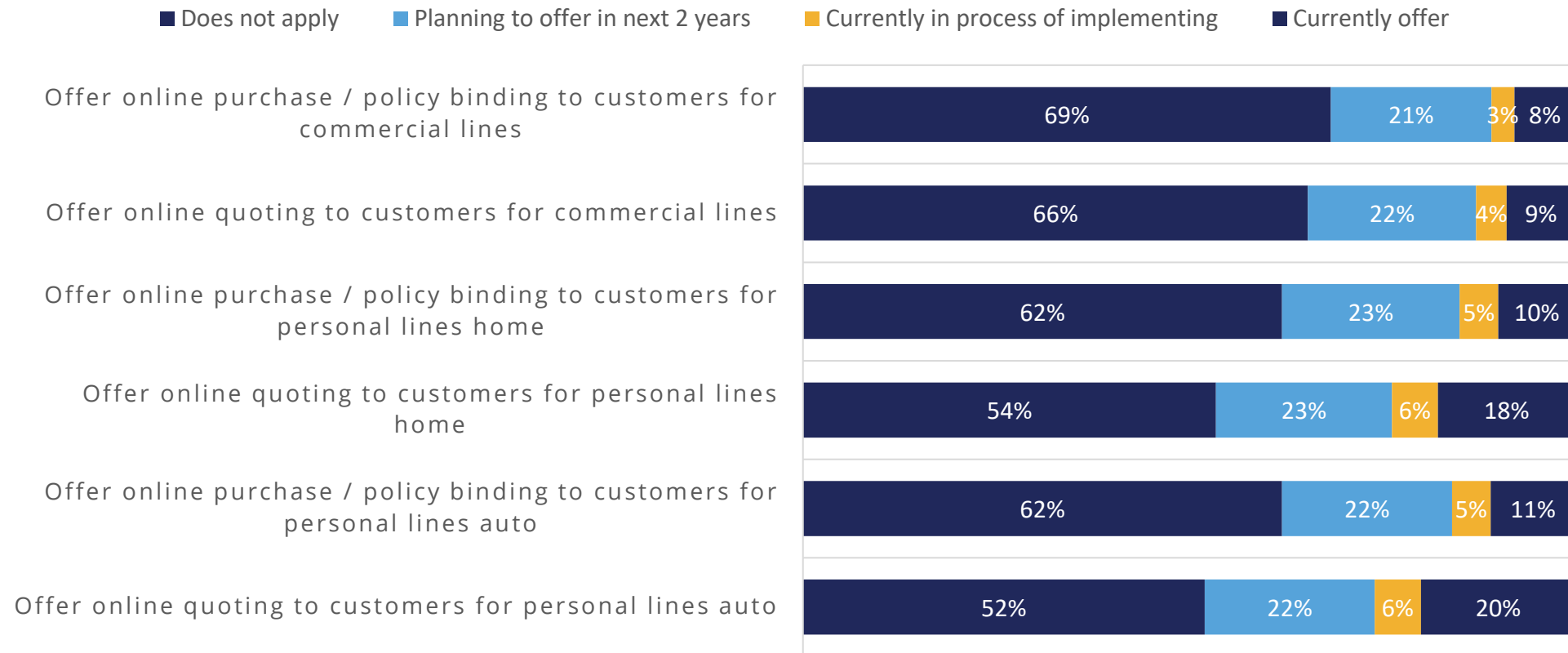
^ indicates significant difference 2020 – 2022

Q112: How strongly do you agree or disagree with each of the following statements?
Total Answering Weighted n=439-578.
**Asked only among those who include digital/social media in marketing program.

Online quoting for customers for auto is most likely to be offered followed by online quoting to customers for home.

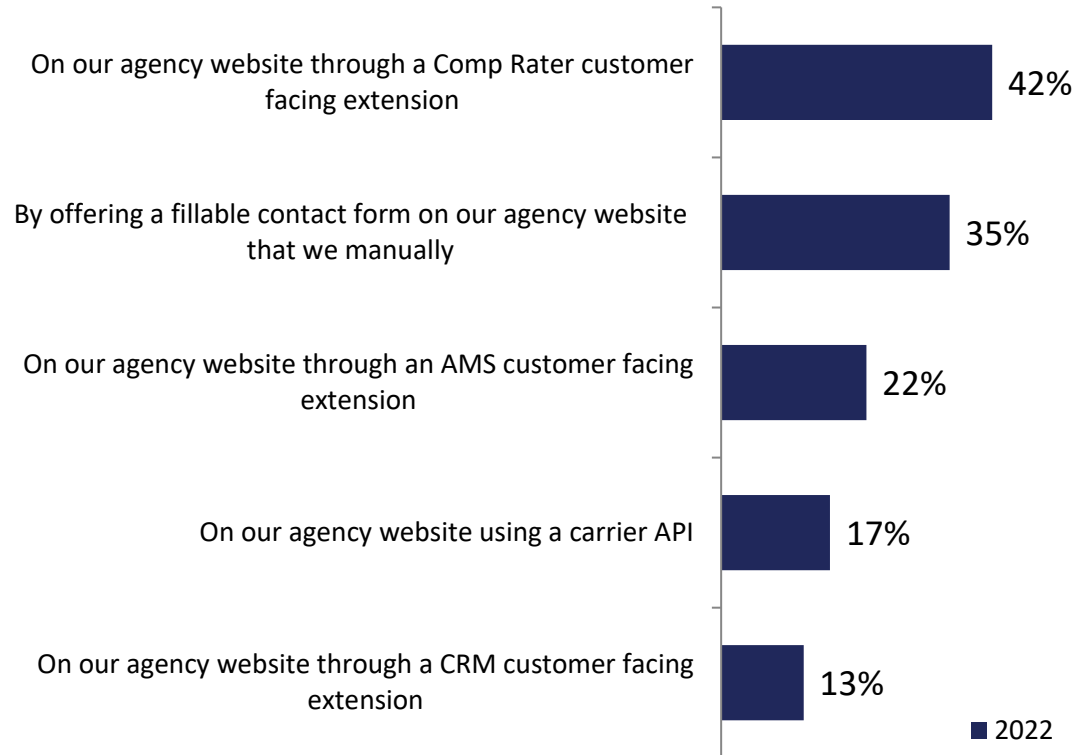
- Jumbo agencies are more likely to currently offer or to be currently implementing each of these offerings.

Tech Offerings in Next 2 Years*









A comparative rater on the agency website and a fillable contact form on the agency website are the top ways customers can access online quoting/binding functions.

Online Quoting/Binding Customer Channel*



QL19: You mentioned that you are offering online quoting and / or binding to customers, how are you making that capability available to customers?
Total Answering Weighted (offering online quoting and / or binding to customers) n=138. *New question in 2022

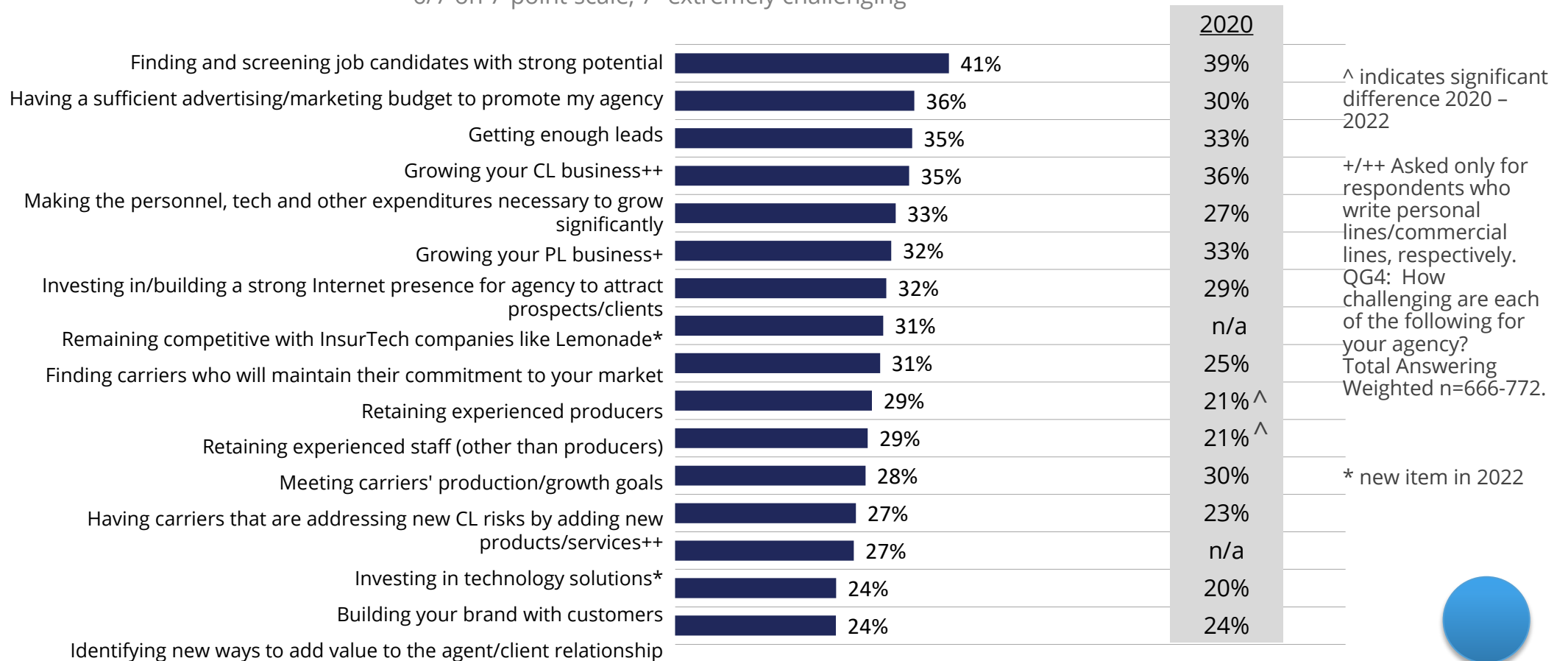


ATTITUDES & PERCEPTIONS

Finding qualified job candidates continues to be the key challenge for agencies; growing personal and commercial lines business also continue to be a concern.

- Retaining experienced producers and experienced staff is more of an issue in 2022.
- Small agencies are more concerned about *getting enough leads*, *having a sufficient marketing budget*, and *making the personnel, tech expenditures necessary to grow significantly*.

Extent to Which Agencies Find Each Item Challenging 6/7 on 7-point scale, 7=extremely challenging



Accessing well-qualified leads to personal lines prospects who have started looking for insurance on the web is most important.

- Agencies who agree their agency has placed more focus on customer experience cite additional staff training (68%), measuring customer satisfaction (48%), and sharing insights and customer experience success stories (42%); nearly one in four have developed a customer journey/experience map (24%).

Insurance Business Environment 6/7 on 7-point scale, 7=strongly agree

We need a way to access well-qualified leads to PL prospects who have started looking for insurance on the Web*

56%

2020

55%

Our agency has placed more focus on customer experience than in the past

52%

48%

There is a significant need for training opportunities to help CSRs and producers sell on value rather than price

49%

47%

Clients have expectations for 24/7 online access to their account through the carrier to be able to self-service

49%

42%^

^ indicates significant difference 2020 - 2022

* Asked only for respondents who write personal lines.

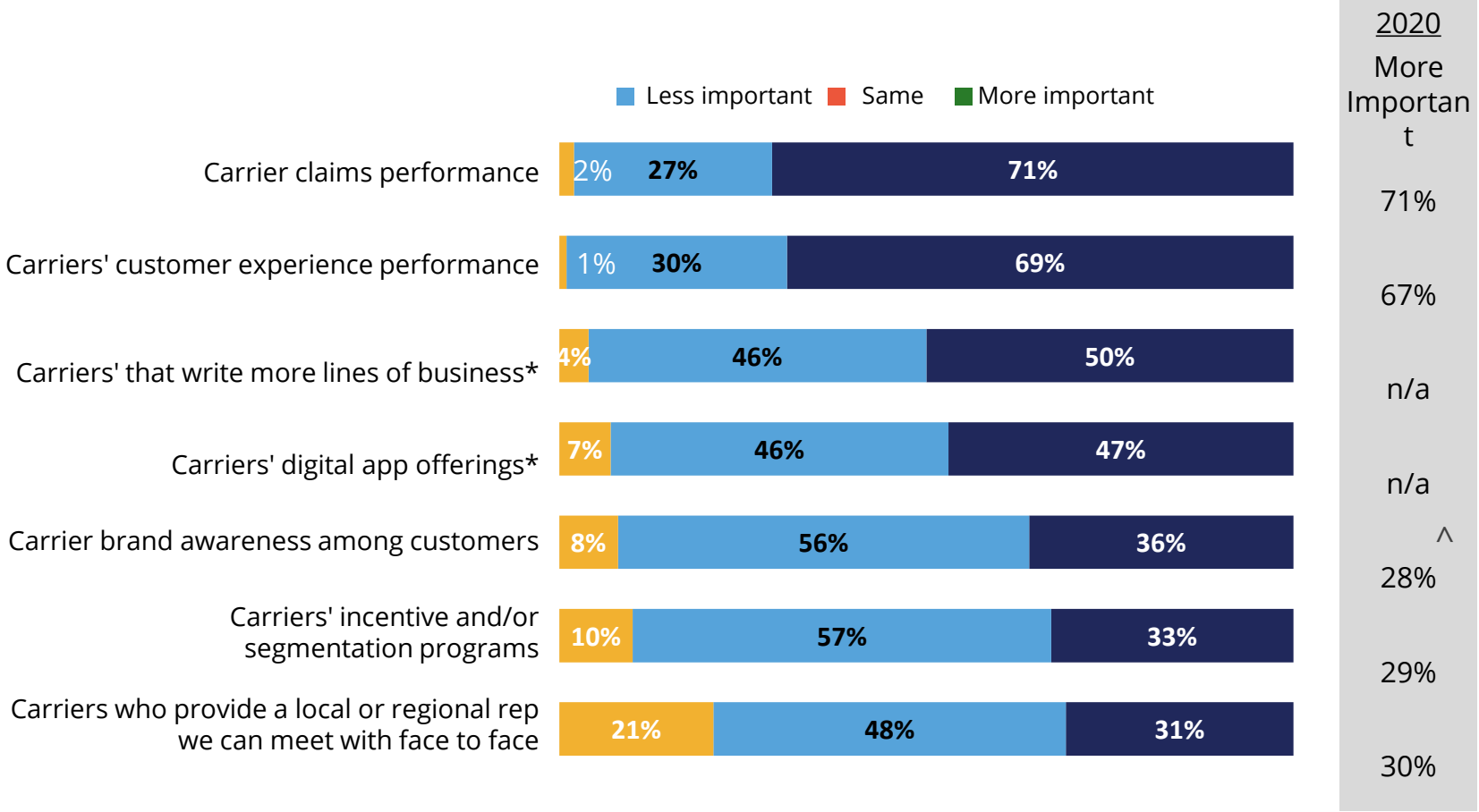
QG1: How strongly do you agree or disagree with each of the following statements?

Total Answering Weighted n=773-817; QG1A, Weighted n=557.

Carrier claims performance and carriers' customer experience performance have become more important over the past two years.

- Carrier brand awareness among customers is more important among small agencies (45%).

Change in Importance of Factors in Placement Decisions Over Past 2 Years



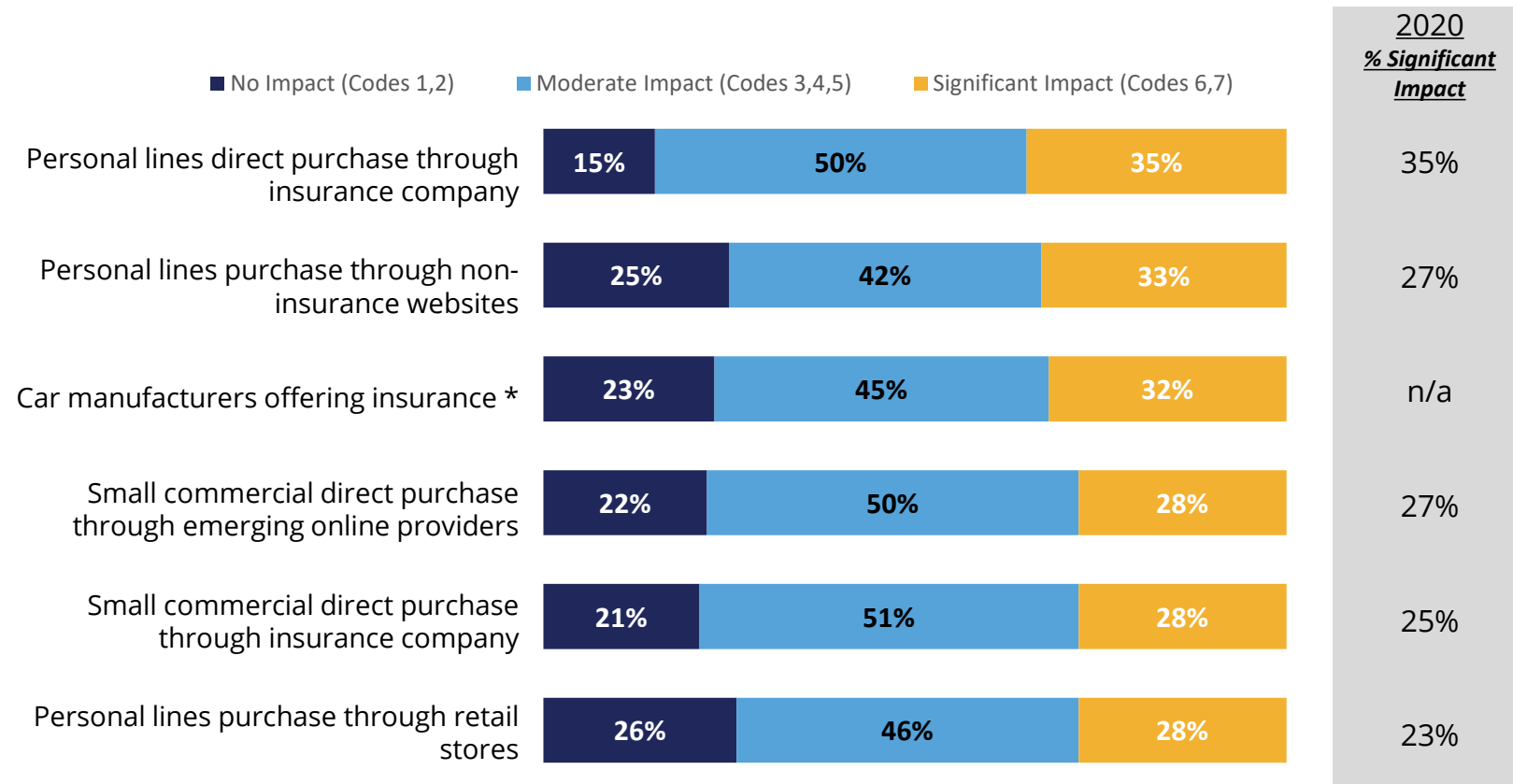
^ indicates significant difference 2020 - 2022
QG1B: Thinking about your carrier placement decisions, how has the importance of each of the following changed over the past two years?
Total Answering Weighted n=786-798.

*New item in 2022

More than one-third of agencies believe direct purchase through insurance companies will have a significant impact on their agency within the next two years.

- There are no significant differences by agency size.

Anticipated Impact on Agency of Emerging Purchase Channels and Trends (Over Next Two Years)



^ indicates significant difference 2020 - 2022

QG5A: Within the next 2 years, how much of an impact do you think each of the following emerging purchase channels for P&C insurance will have on your agency?

Total Answering Weighted n=688-722.

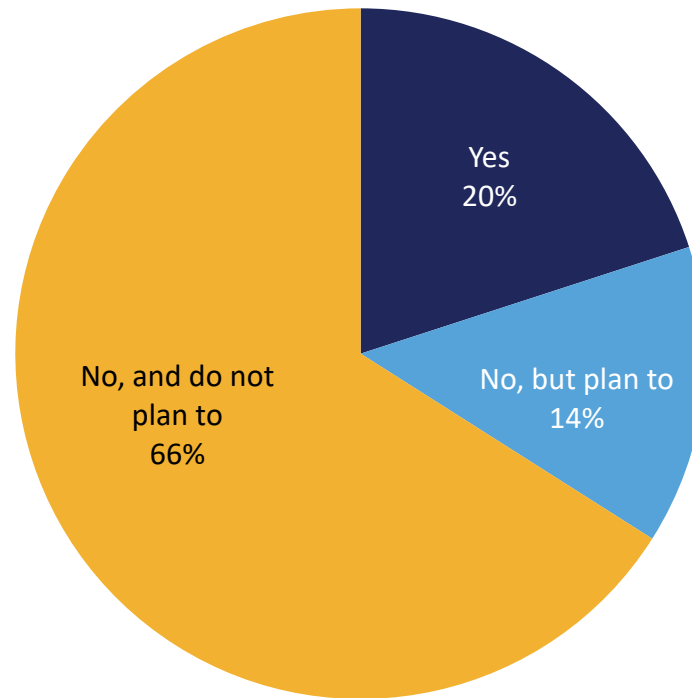
*new item in 2022



One in five agencies currently partner with emerging online providers while two in three agencies have no plans to do so.

- Small agencies are most likely to partner with emerging online providers (27%).

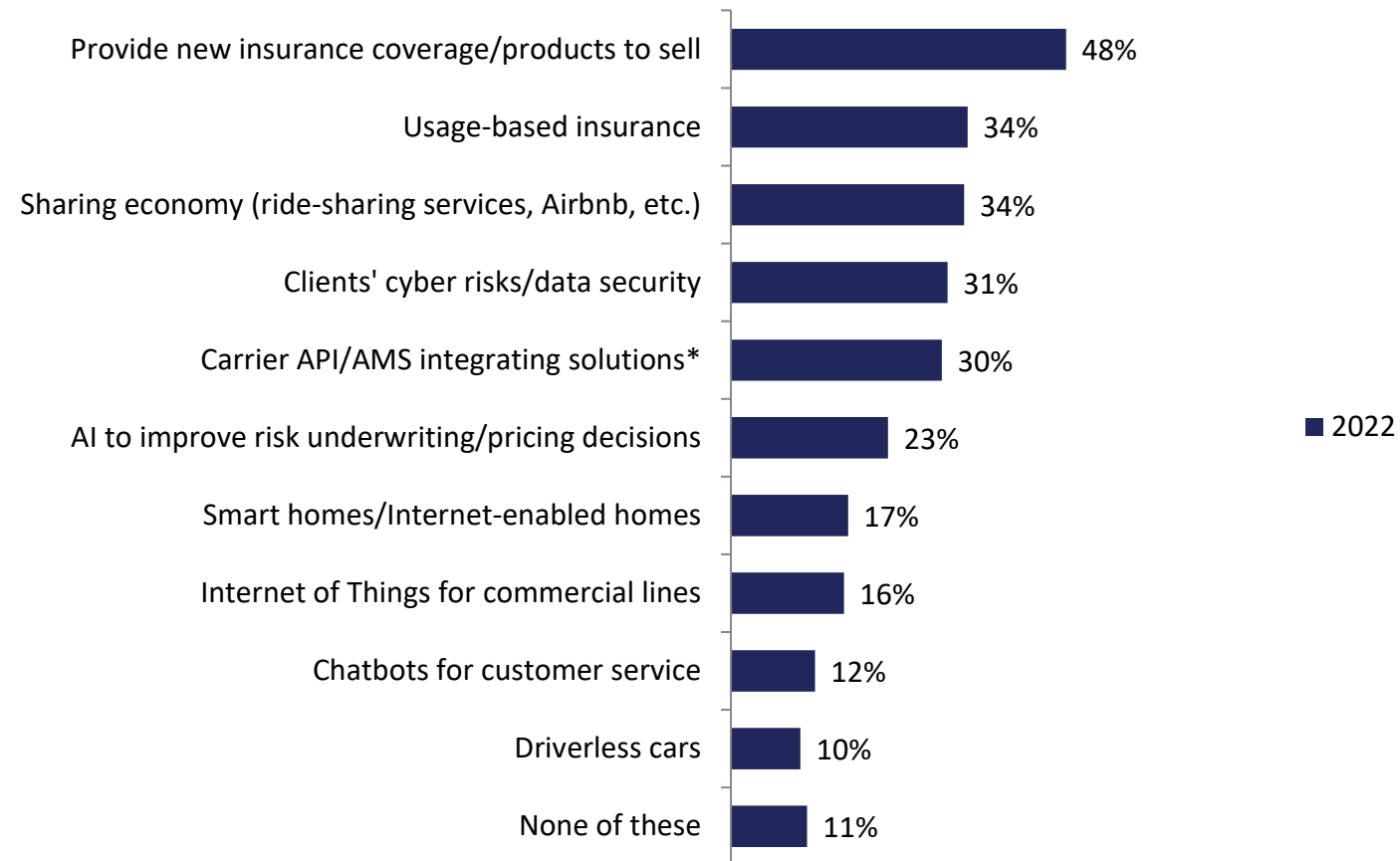
Partnering with Emerging Online Providers
(e.g., InsurTech Companies such as
Lemonade)*



Providing new coverages/products remains the most important issue; the need for carrier API/AMS integrating solutions emerges in 2022.

- Interest in having carriers address client cyber risks increases with size of the agency.

Most Important Issues for Carriers to Address
(mentioned at least 10%)



QG5B: Which of the following issues are most important for carriers to address to help your agency?
Total Answering Weighted n=693.

*New item

in 2022
Note: Cannot trend due to addition of new items



Over 40% of agencies believe the Independent Agency channel is extremely resilient to increasing changes in the marketplace and the way insurance products are sold.

- There are no significant differences by agency size.

Perceived Resiliency of Independent Agency Channel *



QG4B: Thinking ahead to the future, how resilient do you think the Independent Agency channel is to increasing changes in the marketplace and the way insurance products are sold ?

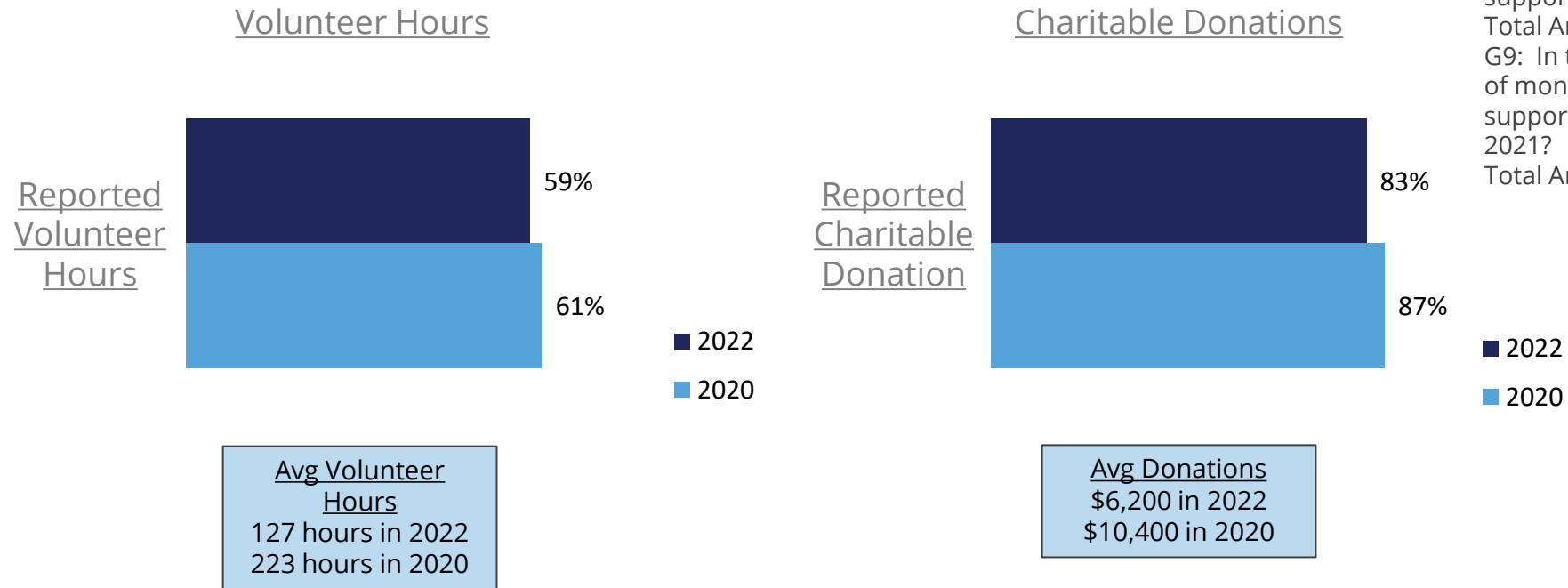
Total Answering Weighted n=815.

*New question in 2022

Nearly six in ten agencies report volunteering in 2021 and eight in ten gave to charities.

- Small and Medium Small agencies are much less likely to report any volunteering hours (54%/51%) and charitable donations (76%/84%).

Volunteering and Charitable Donations



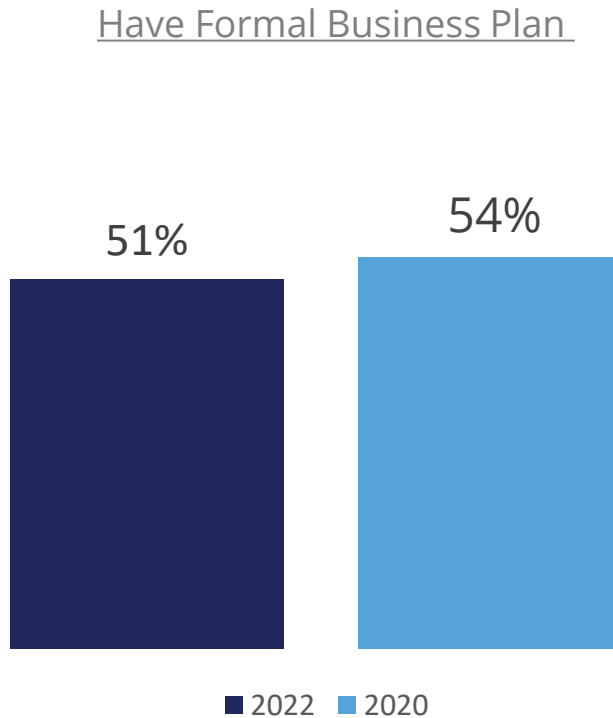
QG8: In total, how many staff volunteer hours did your agency support in 2021?
Total Answering Weighted n=385
G9: In total, what was the level of monetary charitable giving supported by your agency in 2021?
Total Answering Weighted n=400.



AGENCY PERPETUATION PLANNING

Slightly more than half of agencies have a formal business plan in place.

- Jumbo (91%) agencies are more likely to have a formal business plan.

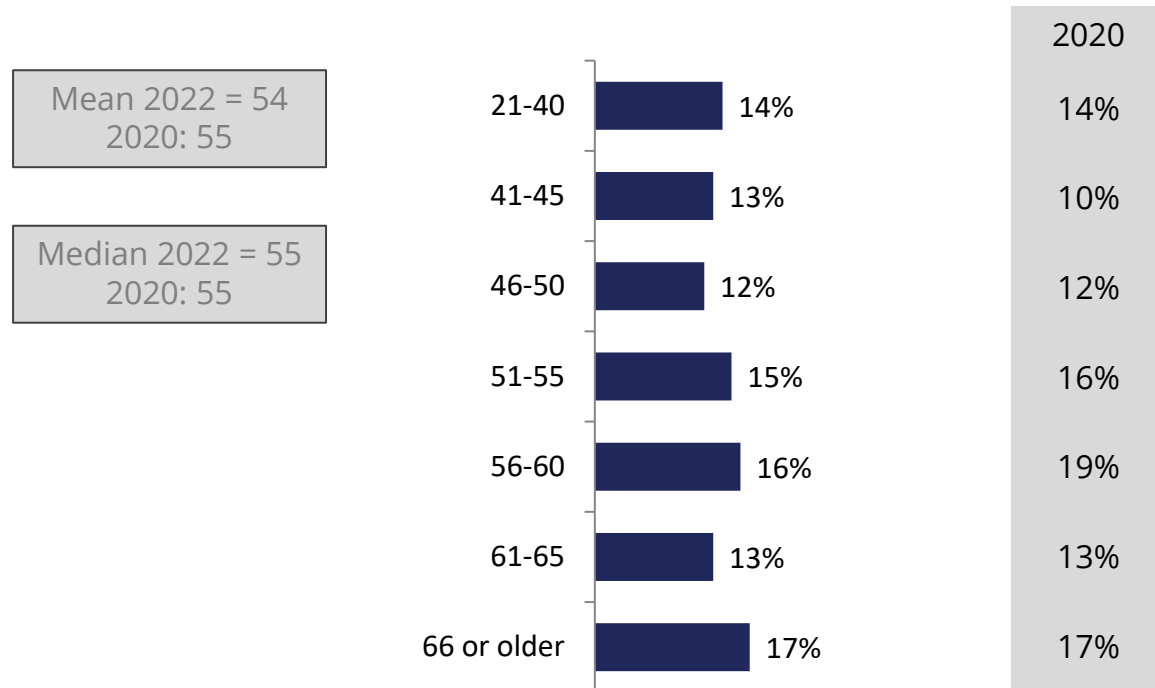


QH4A: Does your agency have a formal business plan (e.g., written goals for premium growth, plans for obtaining new accounts, marketing/advertising, technology investment plans, etc.)?

Total Answering Weighted n=704.

The average age of principals with 20% or more ownership in their agencies is 54 years old, with 17% of those principals age 66 or older.

Age of Principals With 20+% Ownership



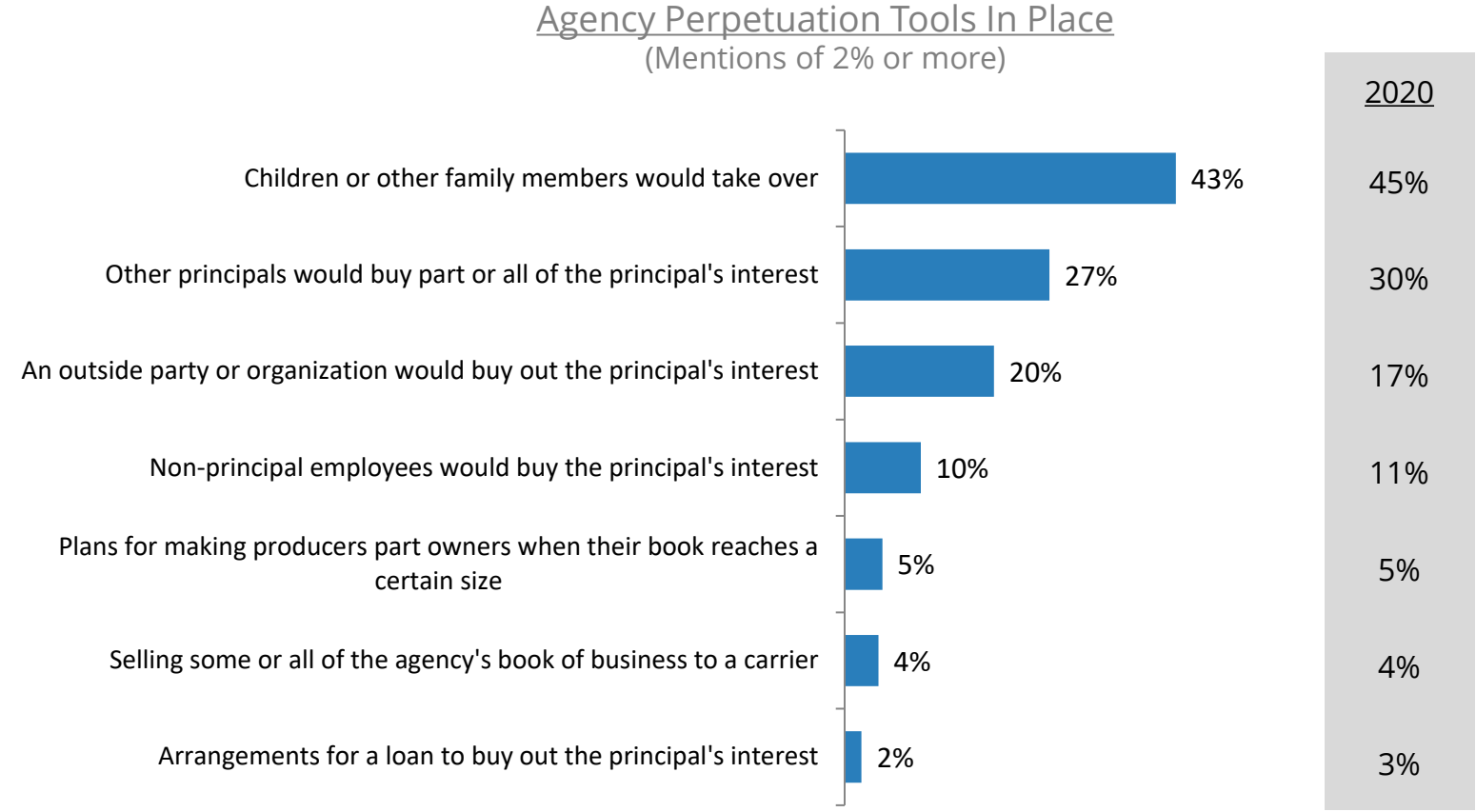
^ indicates significant difference 2020 - 2022

QH9: What is the age of each of the principals with at least 20% ownership?

Total Answering Weighted n=887.

More than eight out of ten (85%) agencies have some type of agency perpetuation tool or plan in place, on par with 2020 (89%).

➤ Only four plans/tools are currently in place at 10% or more of independent agencies.



^ indicates significant difference 2020 - 2022
QH10: Which if any of the following agency perpetuation tools does your agency have in place in case of a principal's retirement, disability, or death?
Total Answering Weighted n=567.

Agencies are most interested in additional information and implementation support for perpetuation tools related to having a family member take over or an outside party buy out the principal's interest.

- Large and Jumbo agencies are most interested in information about making producers part owners when their book reaches a certain size.

Agency Perpetuation Tools Agencies Would Consider,
Assuming More Information/Support Regarding Implementation

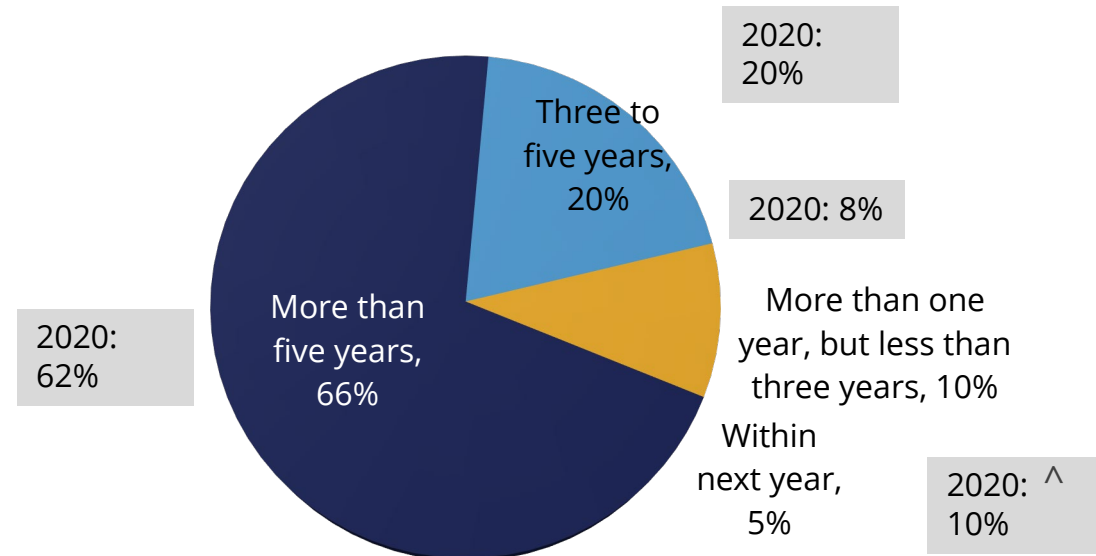
	2022 Total	Small	Medium-Small	Medium	Medium-Large	Large	Jumbo
Children or other family members would take over	28%	30%	27%	25%	21%	16%	27%
An outside party or organization would buy out the principal's interest	28%	33%	28%	29%	26%	10%	9%
Other principals would buy part or all of the principal's interest	15%	8%	19%	19%	16%	10%	27%
Plans for making producers part owners when their book reaches a certain size	13%	14%	7%	14%	24%	26%	21%
Non-principal employees would buy the principal's interest	13%	8%	12%	18%	21%	16%	9%
Selling some or all of the agency's book of business to a carrier	10%	14%	11%	6%	5%	3%	0%
Arrangements for a loan to buy out the principal's interest	6%	7%	6%	8%	11%	10%	0%
Plans to issue stock to buy out the retiring principal's interest	3%	1%	3%	5%	0%	6%	18%

 = Top agency perpetuation tools that would be considered within each revenue size category

Almost four in ten anticipate some type of ownership change in the next five years, but only a few expect a change in the next year.

- However, even when at least one agency principal is age 66 or older, fewer than one in three (32%) anticipate an ownership change in the next three years.

When Agencies Anticipate Major Ownership Changes
(involving at least 20% of agency ownership)

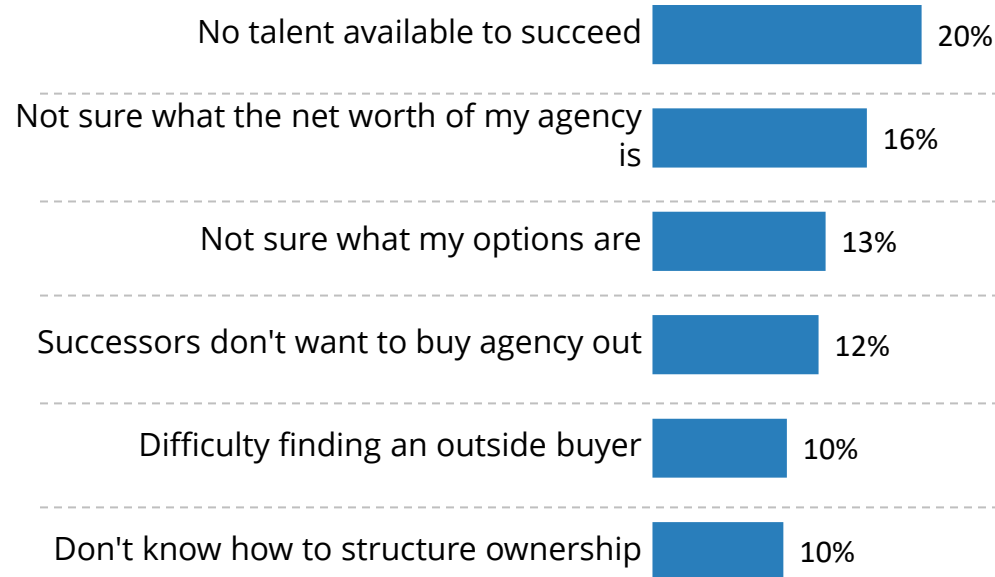


^ indicates significant difference 2020 - 2022
QH11: When does your agency anticipate a major ownership change (i.e. a change involving at least 20% of the agency ownership)?
Total Answering Weighted n=500.

	Small	Med-Small	Med	Med-Large	Large	Jumbo
More than five years	71%	59%	65%	57%	58%	50%
Three to five years	17%	23%	16%	24%	39%	20%
More than one year, but less than three years	10%	13%	13%	13%	3%	20%
Within the next year	1%	5%	6%	7%	0%	10%

Lack of talent available to succeed is the top obstacle to future agency ownership followed by uncertainty of agency net worth.

Obstacles to Future Ownership of Agency*
6/7 on 7-point scale, 7=strongly agree



2022**				
Small	Med-Small	Med	Med-Large	Large
21%	21%	22%	14%	10%
15%	17%	17%	9%	10%
16%	13%	11%	9%	7%
17%	11%	7%	15%	7%
18%	5%	7%	6%	11%
9%	11%	12%	3%	7%

QH12: How significant are the following obstacles you might face when it comes to the future ownership of your agency after you leave?

Total Answering Weighted (Principals/Owners) n=418-453.

** Jumbo not shown due to low base size

*New question in 2022



INFORMATION SOURCES

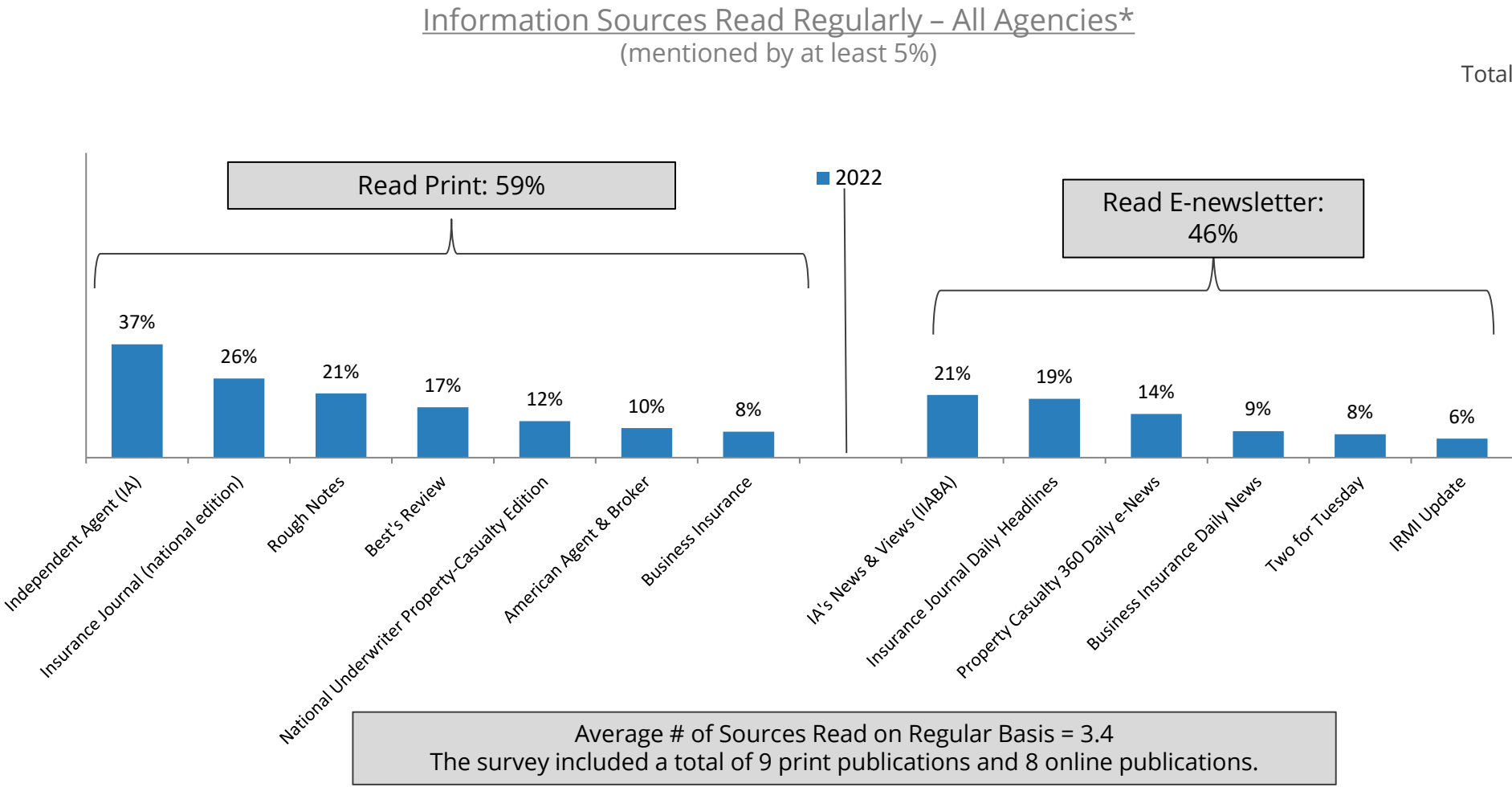


Independent Agent is the most common information source. IA's News & Views is the most commonly read e-newsletter.

➤ Larger agencies are more likely to use most of the information sources, both print and electronic.

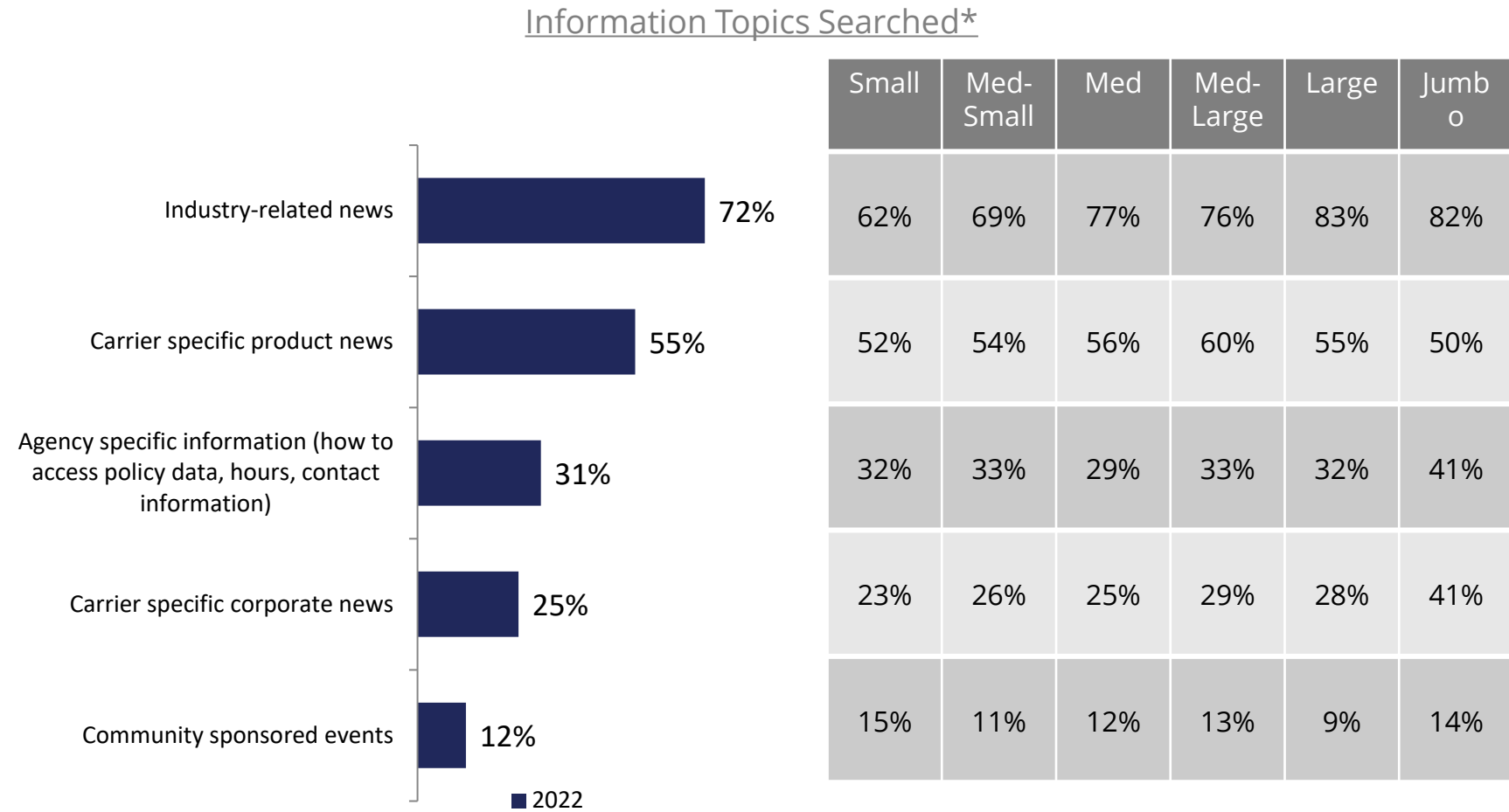
QJ1: What insurance information sources do you read on a regular basis?
Total Answering Weighted n=651.

*New question in 2022



Nearly three in four agencies are looking for industry-related news and more than half are looking for carrier-specific product news.

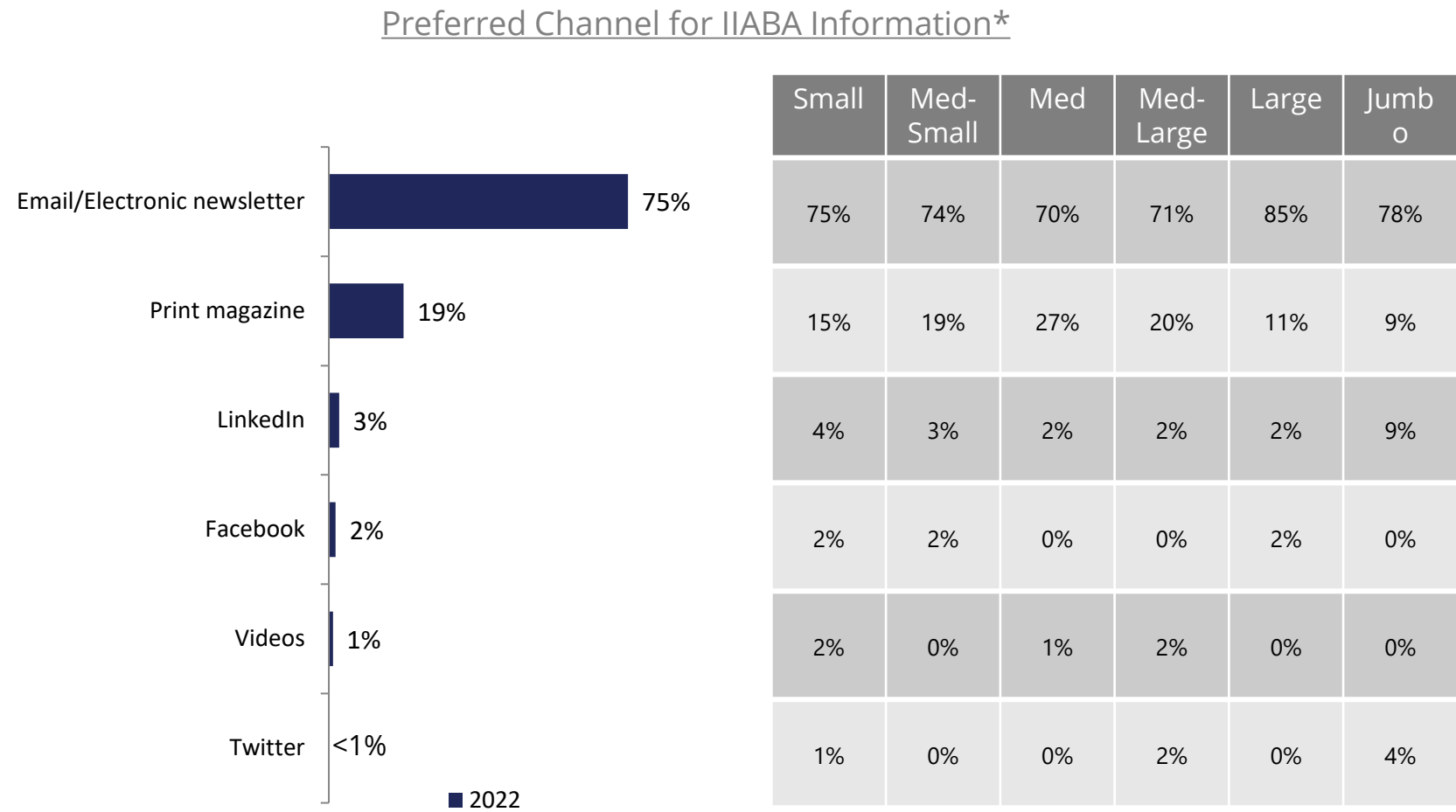
➤ Small agencies are least likely to search for industry-related news (62%).



QJ3A: What insurance topics are you most often looking for information on?
Total Answering Weighted n=612.

*New question in 2022

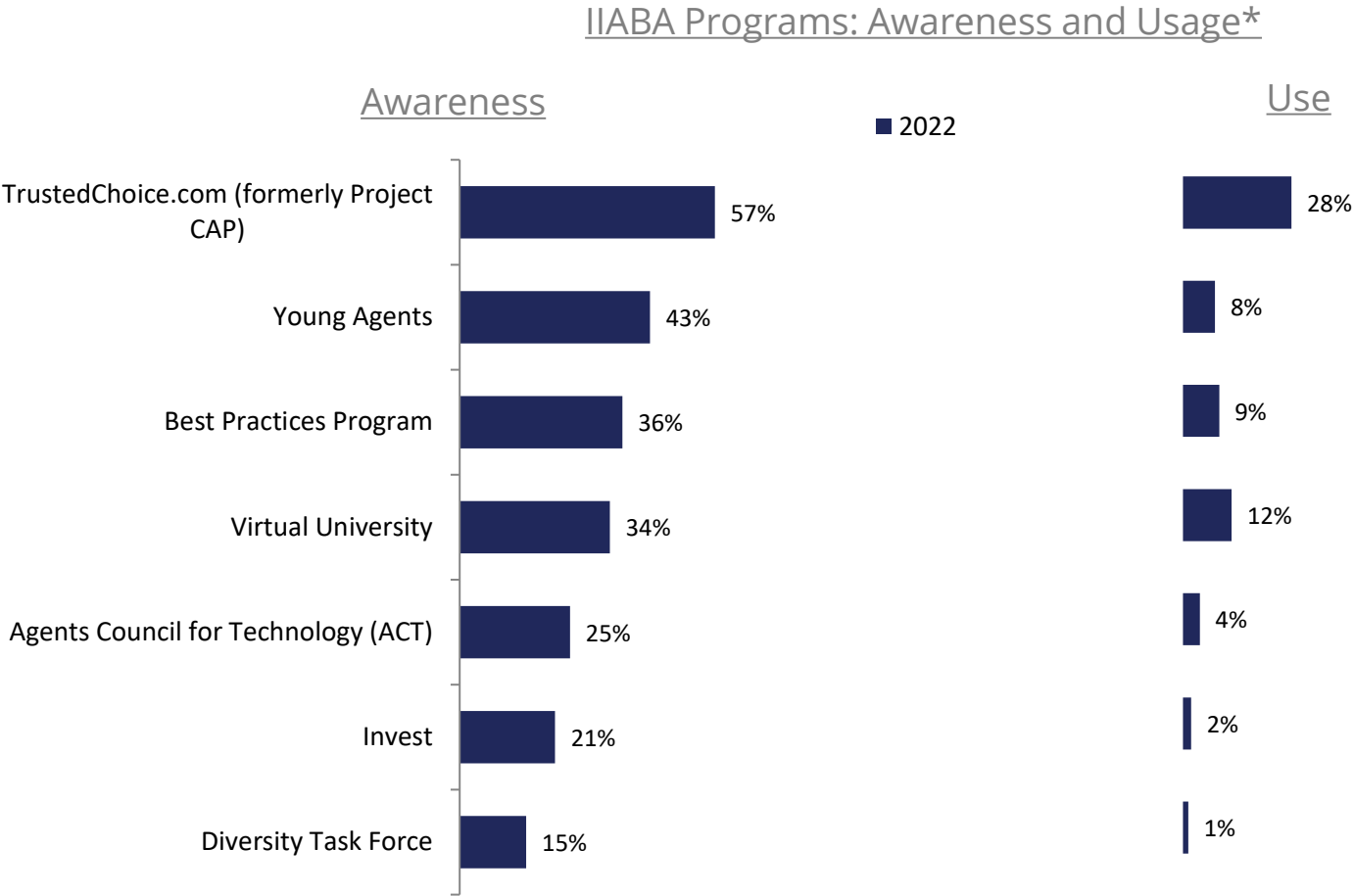
E-mail is by far the most preferred channel for IIABA information; few prefer social media.



QJ3B: How do you most prefer to receive news and information from the Independent Insurance Agents and Brokers of America (IIABA)?
Total Answering Weighted n=674.
*New question in 2022

TrustedChoice.com is top IIABA program in both awareness and usage. Young Agents, Best Practices Program, and Virtual University programs follow.

➤ Small agencies are less likely to be aware of all programs.



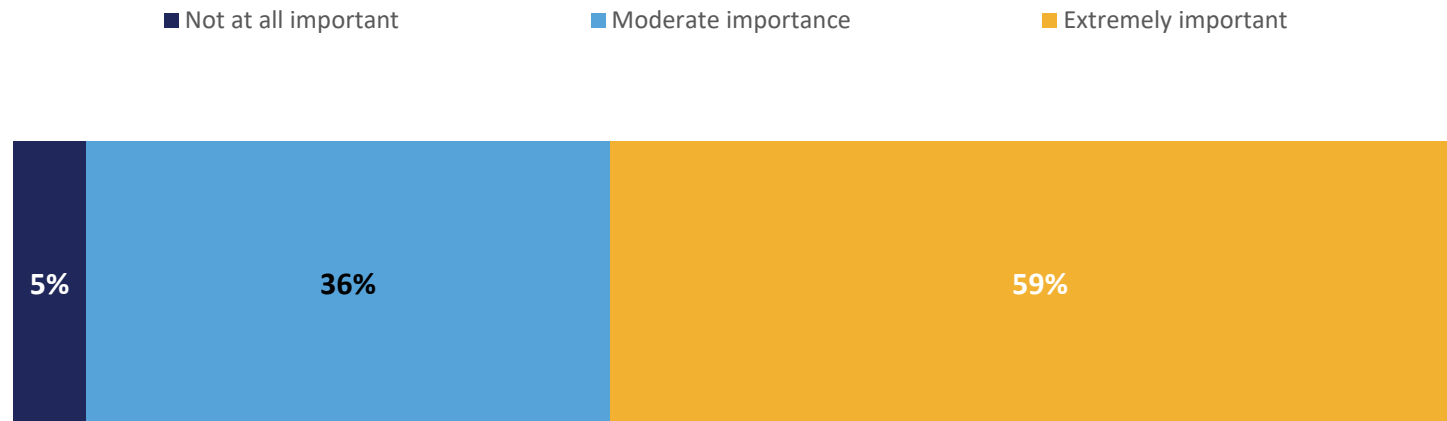
QJ4: In Column A, please indicate whether you have heard of any of the following programs and initiatives developed/ offered by the Independent Insurance Agents and Brokers of America (IIABA). In Column B, please indicate whether you currently participate in (or use study findings from) any of these programs.

Total Answering Weighted n=520.
*New question in 2022

Six in ten agencies believe business intelligence is extremely important.

- There are no differences by agency size.

Importance of Business Intelligence*



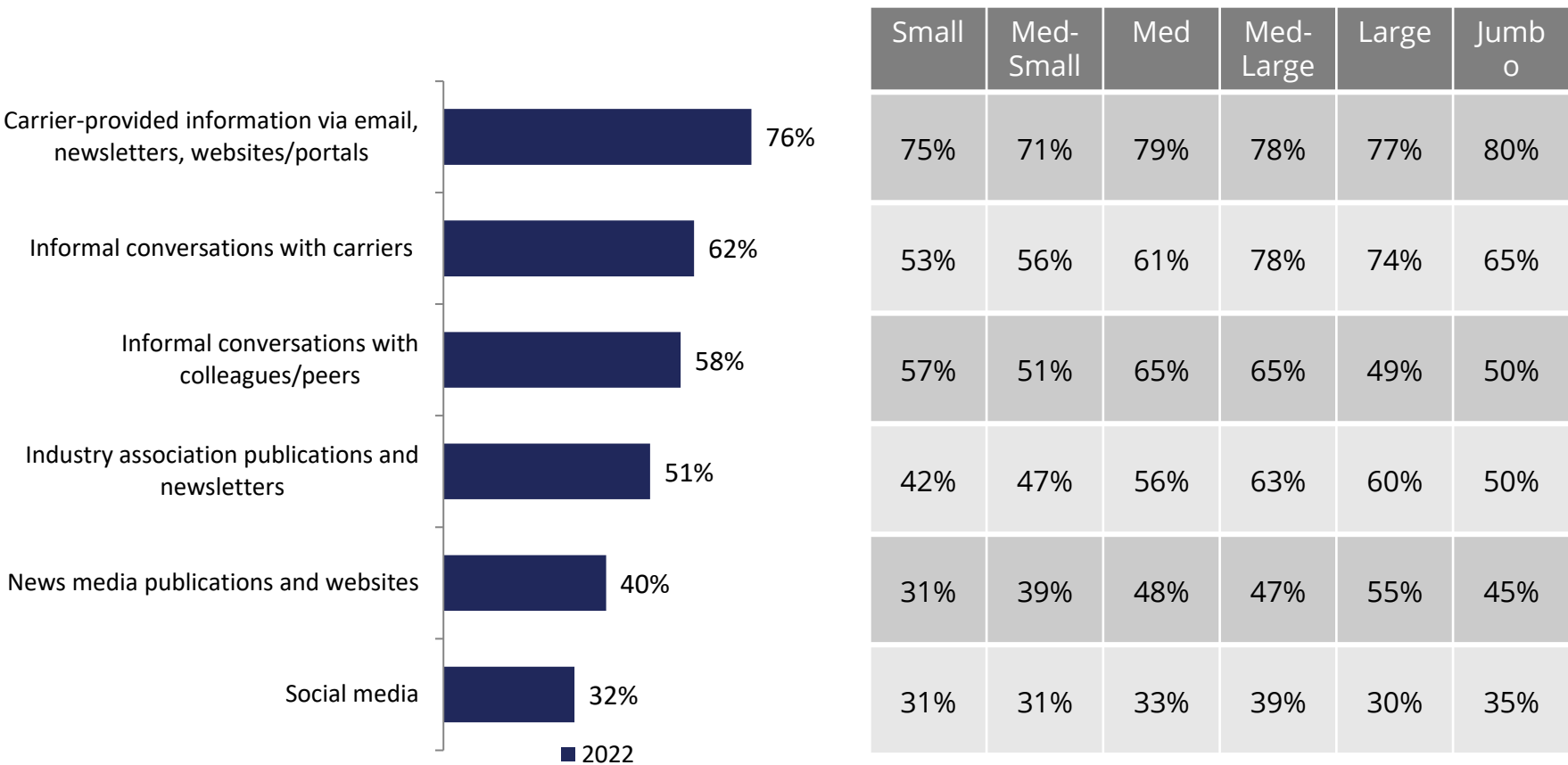
QJ5: How important is business intelligence to you in your agency planning and management ?
Total Answering Weighted n=746.

*New question in 2022

Three in four agencies feel carrier-provided information via email/newsletters is the most important way to derive business intelligence. Informal conversations with carriers and peers are also important.

- Small agencies are less likely to consider industry association publications and news media publications as important ways to derive business intelligence.

Most Important Ways to Derive Business Intelligence*



QJ6: What are the most important ways you derive business intelligence?

Total Answering Weighted n=673.

*New question in 2022



APPENDIX A

Supplementary Data

Table A-1
Changes in Total Revenue by Agency Size

Change in Total Revenue
(2020 to 2021 and 2018 to 2019
)

	2022 Study (Changes 2020 to 2021)					2020 Study (Changes 2018 to 2019)				
	Increase		Stayed the Same	Decrease		Increase		Stayed the Same	Decrease	
	Yes	AVG %		Yes	AVG %	Yes	AVG %		Yes	AVG %
Small	59%	38%	13%	29%	30%	65%	34%	17%	17%	24%
Med-Small	57%	24%	11%	33%	17%	66%	17%	13%	21%	14%
Medium	69%	22%	11%	19%	15%	76%	13%	9%	15%	9%
Med-Large	74%	21%	9%	17%	17%	83%	13%	7%	9%	9%
Large	68%	16%	5%	27%	14%	85%	12%	6%	9%	15%
Jumbo	87%	25%	6%	6%	4%	85%	13%	2%	12%	18%

QA9B/B2: Approximately how much did your agency's insurance revenue change between 2020 and 2021?
 Total Answering Weighted n=1703.

Table A-1
Changes in Personal Lines Revenue by Agency Size

Change in Personal Lines
Revenue
(2020 to 2021 and 2018 to 2019
)

	2022 Study (Changes 2020 to 2021)					2020 Study (Changes 2018 to 2019)				
	Increase		Stayed the Same	Decrease		Increase		Stayed the Same	Decrease	
	Yes	AVG %		Yes	AVG %	Yes	AVG %		Yes	AVG %
Small	58%	36%	14%	28%	29%	67%	31%	16%	16%	23%
Med-Small	57%	22%	12%	31%	15%	64%	15%	16%	20%	12%
Medium	67%	21%	13%	20%	12%	68%	11%	16%	16%	9%
Med-Large	69%	18%	9%	22%	15%	77%	11%	12%	11%	7%
Large	67%	13%	10%	24%	14%	79%	9%	9%	12%	9%
Jumbo	84%	22%	7%	9%	7%	77%	9%	10%	13%	14%

QA9B/B2: Approximately how much did your agency's insurance revenue change between 2020 and 2021?
 Total Answering Weighted

Table A-1
Changes in Commercial Lines Revenue by Agency Size

Change in Commercial Lines
Revenue
(2020 to 2021 and 2018 to 2019)

	2022 Study (Changes 2020 to 2021)					2020 Study (Changes 2018 to 2019)				
	Increase		Stayed the Same	Decrease		Increase		Stayed the Same	Decrease	
	Yes	AVG %		Yes	AVG %	Yes	AVG %		Yes	AVG %
Small	56%	28%	18%	26%	31%	54%	29%	23%	23%	24%
Med-Small	51%	20%	15%	34%	16%	60%	13%	17%	24%	12%
Medium	61%	16%	20%	20%	14%	68%	12%	13%	19%	8%
Med-Large	69%	16%	12%	20%	13%	82%	11%	7%	12%	7%
Large	65%	17%	8%	27%	9%	80%	11%	7%	13%	10%
Jumbo	84%	20%	9%	7%	10%	83%	13%	3%	13%	16%

QA9B/B2: Approximately how much did your agency's insurance revenue change between 2020 and 2021?
 Total Answering Weighted

Respondent Profile

	Total	Small	Medium -Small	Medium	Medium -Large	Large	Jumbo
Company Position							
Principal/President/CEO/COO/other senior management	77%	83%	84%	83%	73%	59%	32%
Producer	13%	15%	12%	12%	15%	21%	32%
Customer Service Representative	3%	0%	0%	0%	2%	5%	4%
Account Manager	3%	0%	1%	2%	5%	4%	20%
Customer Service Manager	1%	1%	1%	2%	2%	5%	4%
Personal/Commercial Lines Manager	0%	0%	0%	0%	0%	1%	2%
Other	2%	0%	1%	1%	2%	4%	6%

QK1: Before we begin, what is your position?
Total Answering Weighted n=1720.

Respondent Profile (cont'd)

	Total	Small	Medium -Small	Medium	Medium -Large	Large	Jumbo
Number of Years in Property and Casualty Business							
Less than 10 years (Net)	20%	27%	15%	10%	14%	20%	31%
Less than 5 years	10%	13%	6%	2%	6%	7%	23%
5 - 9 years	10%	14%	9%	9%	8%	13%	8%
10 - 19 years (Net)	24%	28%	22%	26%	21%	16%	13%
10 - 14 years	11%	13%	11%	9%	7%	8%	3%
15 - 19 years	13%	15%	10%	17%	14%	8%	10%
20 or more years	56%	46%	64%	64%	65%	64%	56%
Number of Years Agency Principal or Senior Manager							
5 or less (Net)	26%	40%	19%	13%	16%	10%	22%
Less than 1 year	5%	8%	1%	1%	3%	0%	11%
1-2 years	9%	15%	6%	3%	3%	3%	11%
3-5 years	12%	17%	12%	9%	11%	7%	0%
6-10 years	15%	19%	15%	14%	7%	12%	22%
11-20 years	24%	19%	27%	28%	31%	25%	22%
More than 20 years	35%	22%	40%	44%	46%	53%	33%

QK4A: How many years have you been in the property and casualty business?
Total Answering Weighted n=1398.
QK4B: How many years have you been an agency principal or senior manager?
Total Answering Weighted n=1063.

Respondent Profile (cont'd)

	Total	Small	Medium -Small	Medium	Medium -Large	Large	Jumbo
Number of Carrier Panels, Councils, or Advisory Groups Participated In							
None	64%	70%	66%	59%	49%	54%	39%
1 or more (Net)	36%	30%	34%	41%	51%	46%	61%
1	16%	16%	15%	21%	20%	17%	21%
2 or more	20%	15%	19%	19%	31%	30%	39%
Mean	1%	1%	1%	1%	1%	1%	4%
Gender							
Male	54%	55%	66%	62%	61%	46%	59%
Female	46%	44%	34%	38%	39%	54%	41%
Gender Non-Binary	<1%	<1%	0%	0%	0%	0%	0%



APPENDIX B

Additional Details on Methods



Estimating the Total Number of Independent Agencies and Survey Weighting

In the past, to determine the proportion of these independent P&C agencies that fall into various revenue size categories, we reverted to D&B proportions (then believed to be the only source for break-outs by revenue). However, several inconsistencies in the way D&B classifies and reports agencies led to concerns about the accuracy of the universe estimation. Several steps were taken to account for this: agencies were searched in Google with the resulting information used to determine whether they are independent agencies, and agencies were called if necessary.

In 2018, efforts were made to identify a more comprehensive, insurance-focused resource to use for the universe sizing. Several AUS Steering Committee members were aware of and/or have business relationships with MarketStance, an insurance data company owned by Verisk. MarketStance has a comprehensive, continually updated database of independent agencies: the Agent/Broker Insight database.

The Agent / Broker Insight database is a comprehensive source of US insurance Agencies and brokerages. Agency and broker records are validated and enhanced through a series of analyses and processes that incorporate many data sources including insurance, state department, third-party vendor, professional association, surveys and MarketStance information. Insurers leverage Agent/Broker Insight to identify opportunities in appointed agency territories, direct communication with their distribution channels, identify potential agency relationships, and track agency productivity.

The committee agreed that the MarketStance database would be used to obtain counts by revenue size. Counts were provided at the agency level for all agencies with P&C business (health/life-only agencies were excluded). The universe counts used for the weighting are shown on the next page.

Due to a different recruitment approach in 2020, coupled with the lower response rate, a change to the weighting scheme was made. In previous waves, to represent the agency universe accurately, the survey responses needed to be weighted by agency revenue size. For example, in relation to their numbers in the agency universe, many more Large and Jumbo agencies responded than Small and Medium-Small agencies. Therefore, it was necessary to give the responses from Small and Medium-Small agencies higher weights than responses from the Large and Jumbo agencies.

In prior waves, respondents who did not provide their agency's revenue were given a weight of zero, essentially removing them from the data. In 2020, respondents who did not provide revenue information were given a weight of 1.0. This approach led to a change in the proportion of principals vs. non-principals. In order to mitigate the impact of this change, a two-tiered weighting scheme was employed. In addition to weighting the data by revenue size as was done in a past wave, the data was also weighted to match the proportion of principals vs. non-principals that we've seen in the past. Appendix B provides more information on the weighting.

Estimating the Total Number of Independent Agencies

A	B	C	D	E
Agency Size Category - Revenue in Million \$s	P&C Agencies in MarketStance Database	Percentage of Universe	Counts from 2020 Survey*	Percentage of 2020 Sample
<= .1	12279	31%	191	16%
.1 - .149	2640	7%	106	9%
.15 - .249	1283	3%	141	12%
.25 - .499	8257	21%	203	17%
.5 - 1.249	8738	22%	240	20%
1.25 - 2.499	2870	7%	124	11%
2.5 - 4.999	1784	4%	77	11%
5 - 9.999	1107	3%	52	4%
10 - 24.999	545	1%	50	4%
25+ (Net)	173	<1%	16	1%
	39849		1200	
*Among those answering				