

# Snapshot Report

## *2018 U.S. Independent Insurance Agent Satisfaction Study*



**J.D. POWER**

**Greg Hoeg**

VP, Insurance Practice  
[Gregory.Hoeg@jdpa.com](mailto:Gregory.Hoeg@jdpa.com)

**Jessica McGregor**

Director, Insurance Practice  
[Jessica.McGregor@jdpa.com](mailto:Jessica.McGregor@jdpa.com)

**Tom Super**

Director, Insurance Practice  
[Thomas.Super@jdpa.com](mailto:Thomas.Super@jdpa.com)

**In alliance with the  
Independent  
Insurance Agents &  
Brokers of America,  
the Big “I,” we are  
excited to introduce  
the inaugural *J.D.  
Power U.S.  
Independent  
Insurance Agent  
Satisfaction Study.<sup>SM</sup>***

Independent agents (IAs) represent the largest and most preferred distribution channel serving insurance consumers in the increasingly competitive P&C market. In this groundbreaking study, the relationships between independent agents and insurance carriers are examined, as well as how carriers can better meet the needs of agents and, by extension, customers.

This national study of 1,380 independent insurance agents—involving 1,424 evaluations of personal lines, and 1,217 evaluations of commercial lines—measures their satisfaction with the insurance carriers with whom they work and identifies trends and improvement opportunities. J.D. Power examines a number of topics from the agents’ perspective, including the quoting/underwriting process, claims process, policy servicing, communications, commission management, product/service offerings, and insurer risk appetite.

This analyst briefing of the 2018 U.S. Independent Insurance Agent Satisfaction Study provides the following:

- Review of the state of the independent agent market
- Understanding of the independent agent’s relationship with P&C insurers and the agent’s role in overall profitability
- Identification of opportunities for P&C insurers to improve the experiences of agents and customers



**Independent Insurance Agents  
& Brokers of America, Inc.**

# State of the Independent Agent Market

Independent agents are a force that P&C carriers cannot ignore if they wish to succeed.

## Key Findings Underlying Improvement Opportunities

- Independent agents are the **largest and most preferred channel** for customers, writing 83% of commercial and 35.5% of personal lines premiums.<sup>1</sup>
- Independent agents' **market share lead is being attacked** as the industry becomes more concentrated in larger carriers and direct distribution grows.<sup>2</sup>
- To differentiate themselves, independent agents are trending toward **quality through specialization**<sup>3</sup> and view P&C insurers as partners in that process; there is a need to provide a greater risk capacity and flexibility in policies.
- Among surveyed agents, **Auto-Owners Insurance (795 on a 1,000-point scale)** earns the highest score among personal lines companies, and **Liberty Mutual (714)** performs highest among commercial lines companies.
- Overall, P&C insurers are **not meeting agent expectations**, with low levels of satisfaction found across both personal (696) and commercial (686) lines—some of the lowest levels of B2B studies at J.D. Power.
  - Insurance companies with the highest satisfaction have the highest commissions ratio yet the most profitable operating ratios.

## Most Important Opportunities in Order of Key Performance Indicator Improvement

- Improve the **ease of doing business** with agents to increase sales volumes, customer retention, and overall satisfaction.
- Develop **more flexible product options with a broader risk appetite** to increase market share as insurance sales increase and the economy continues to improve.
- Significant opportunity exists to increase **cross-sell penetration**—with upside to both insurer revenues and agent satisfaction and commissions.
- Carriers with the highest independent agent satisfaction are able to offer a **competitive agent commission while maintaining expense ratio discipline**.
- The independent agent is a vital component of a carrier's **omnichannel strategy** so customers can interact with a brand how they want, when they want.
- Agent satisfaction is linked to the number of **communications and training** received from insurers.

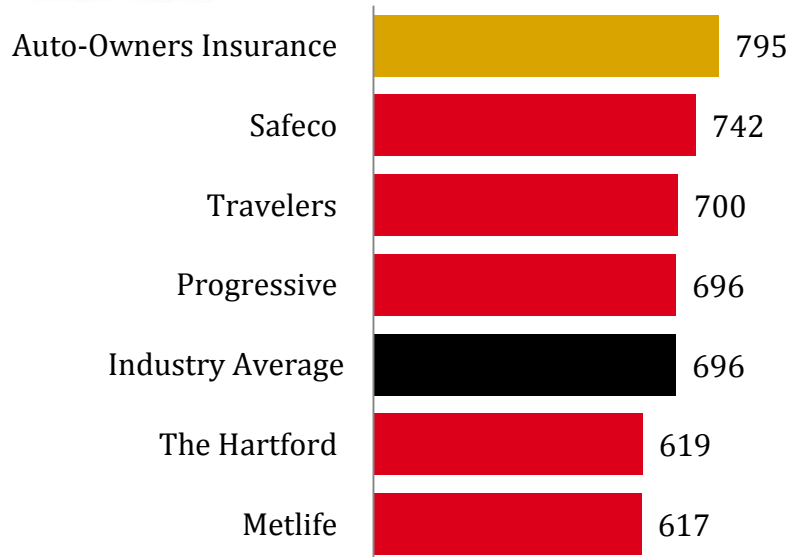
Sources: (1) Independent Insurance Agents and Brokers of America, Inc, 2017 Market Share Report; (2) S&P Global Market Intelligence, (3) Independent Insurance Agents and Brokers of America, Inc, 2016 Agent Universe Report  
© 2018 J.D. Power. All Rights Reserved. CONFIDENTIAL AND PROPRIETARY—For Internal Use.

# ***Auto-Owners Insurance (795) and Liberty Mutual (714) Earn Top Honors***

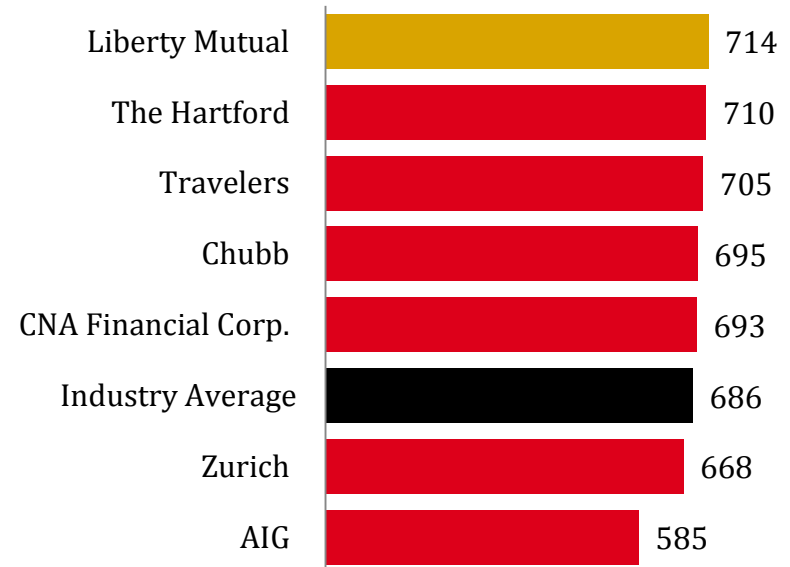
Commercial lines' scores indicate closer competition among top performers than personal lines.



**2018 U.S. Independent Insurance Agent Satisfaction Study *Personal Lines***



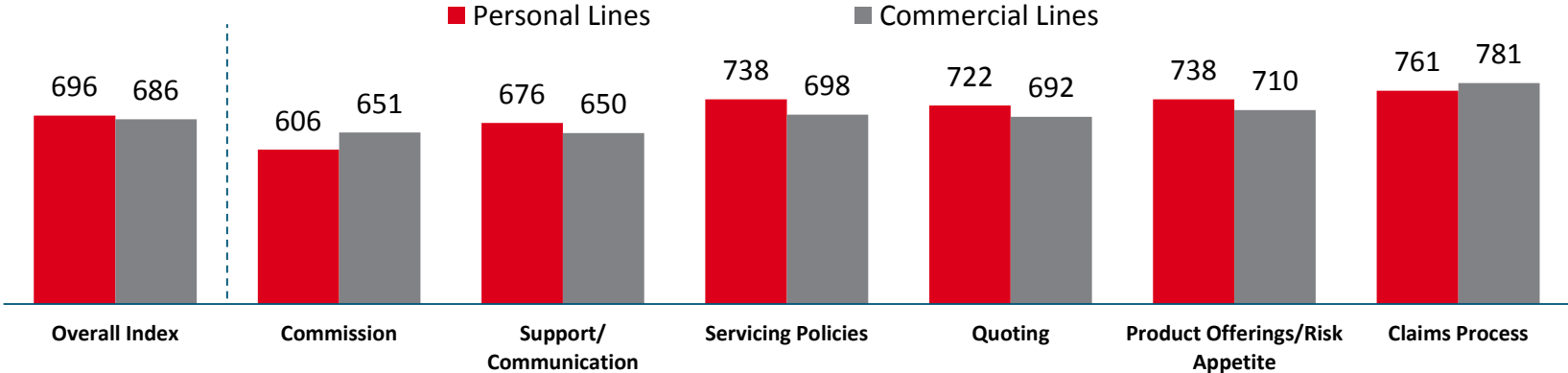
**2018 U.S. Independent Insurance Agent Satisfaction Study *Commercial Lines***



# Expectations—B2B vs. Consumers

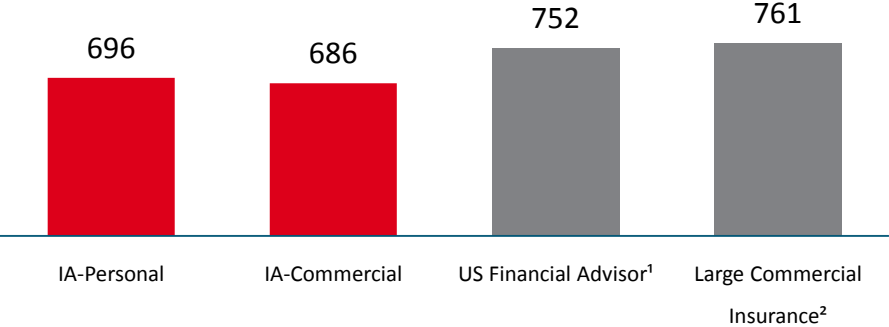
Agents, as industry professionals, set a higher mark for insurer performance than do consumers.

Overall Index and Factor Scores for 2018 Independent Agent Study—Industry Performance



- Relative to J.D. Power’s consumer-focused studies and B2B studies across industries, independent agents’ overall satisfaction with both personal and commercial lines carriers is much lower.
- Key Performance Indicators -- KPIs (best practices that have the greatest impact on overall satisfaction scores) have a relatively low “meet” rate – among the lowest of any study at J.D. Power

Overall Satisfaction Index Comparison—B2B Studies



<sup>1</sup>J.D. Power 2017 Financial Advisor Satisfaction Study<sup>SM</sup>

<sup>2</sup>J.D. Power 2017 Large Commercial Insurance Study<sup>SM</sup>

## Top-5 Impactful Key Performance Indicators (KPIs)

For both personal lines and commercial lines, many of the KPIs (best practices that have the greatest impact on overall satisfaction scores) are delivered at relatively low frequencies

No.	Factor	KPIs—Personal Lines
1	Product Offerings/Risk Appetite	Insurer is “completely” flexible during the design/onboarding of the IA’s clients’ policies
2	Quoting	IA can easily find support material on insurer’s online website/dashboard to help sell policy
3	Commission	Total compensation is sufficient to reinvest into the business and achieve a reasonable ROI
4	Product Offerings/Risk Appetite	Limits of coverages offered by insurer are “more than enough”
5	Product Offerings/Risk Appetite	Insurer “offers standard coverage but will accommodate specialty and unusual risks”

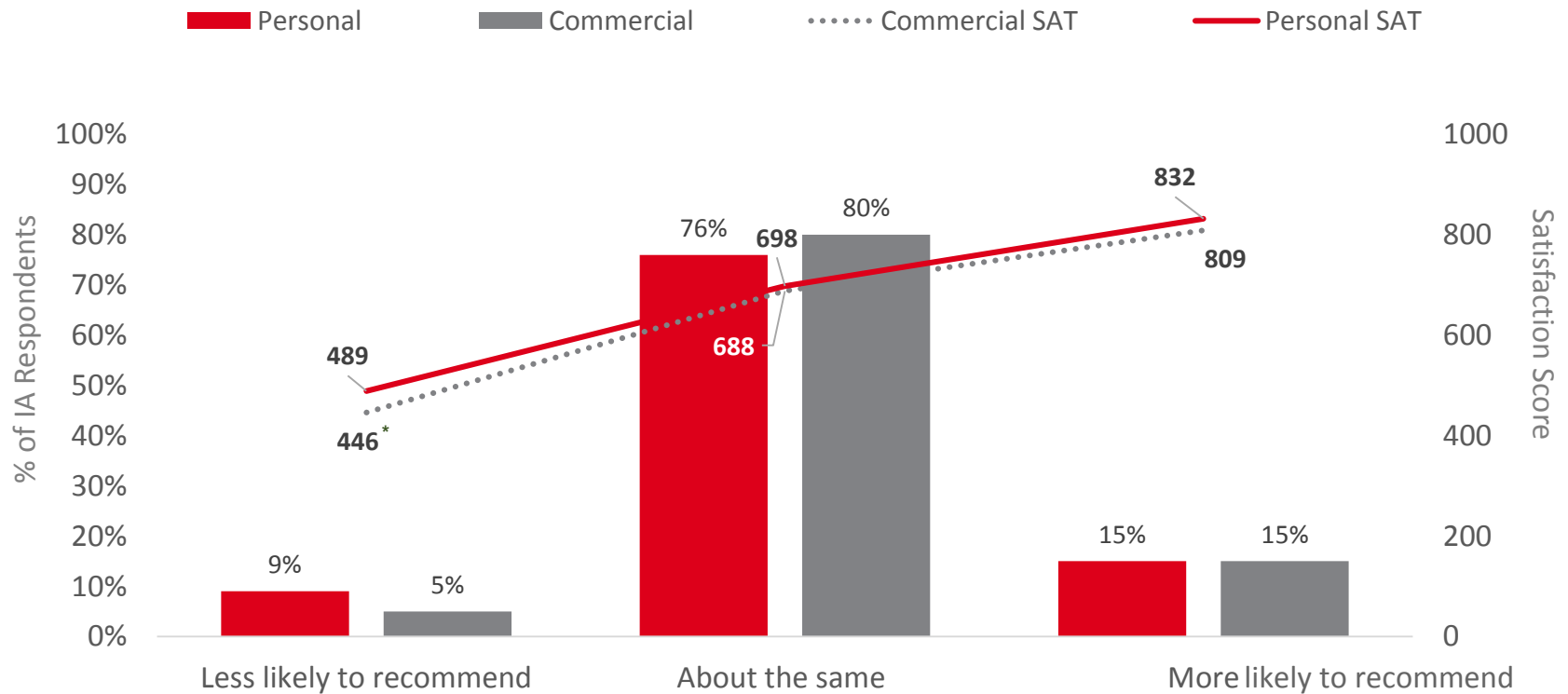
  

No.	Factor	KPIs—Commercial Lines
1	Product Offerings/Risk Appetite	Insurer is “completely” flexible during the design/onboarding of the IA’s clients’ policies
2	Product Offerings/Risk Appetite	IA’s clients “often” or “sometimes” qualify for a policy/program
3	Quoting	IA can easily find support material on insurer’s online website/dashboard to help sell policy
4	Product Offerings/Risk Appetite	Limits of coverages offered by insurer as “more than enough”
5	Commission	Total compensation is sufficient to reinvest into the business and achieve a reasonable ROI

# Opportunity 1: Improve the Ease of Doing Business

Not surprisingly, satisfied agents are more likely to recommend an insurer to their clients in both personal and commercial lines.

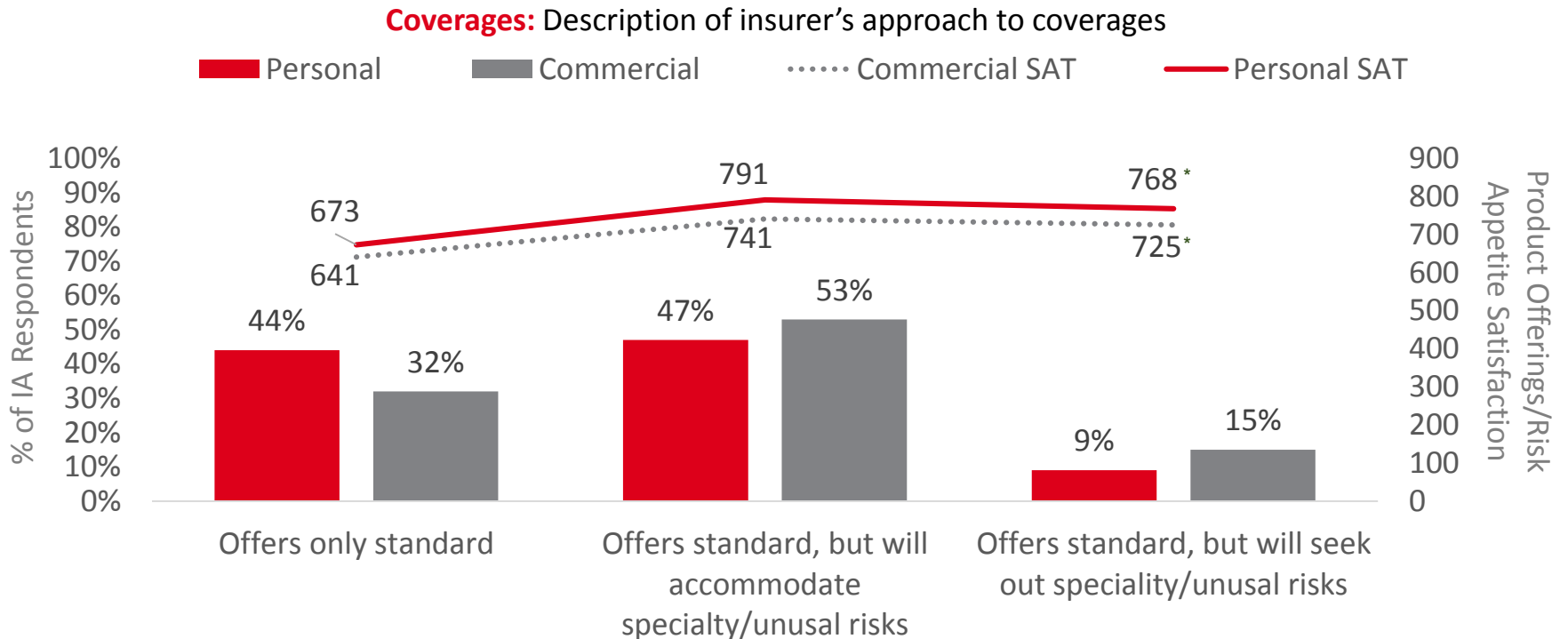
**Recommendations:** Likelihood for IA to recommend insurer in the next 6 months



\*Caution: Small sample size (30 < n < 100)

## Opportunity 2: Develop More Flexible Product Options

Independent agents are more satisfied with carriers showing greater flexibility and broader product risk appetite.



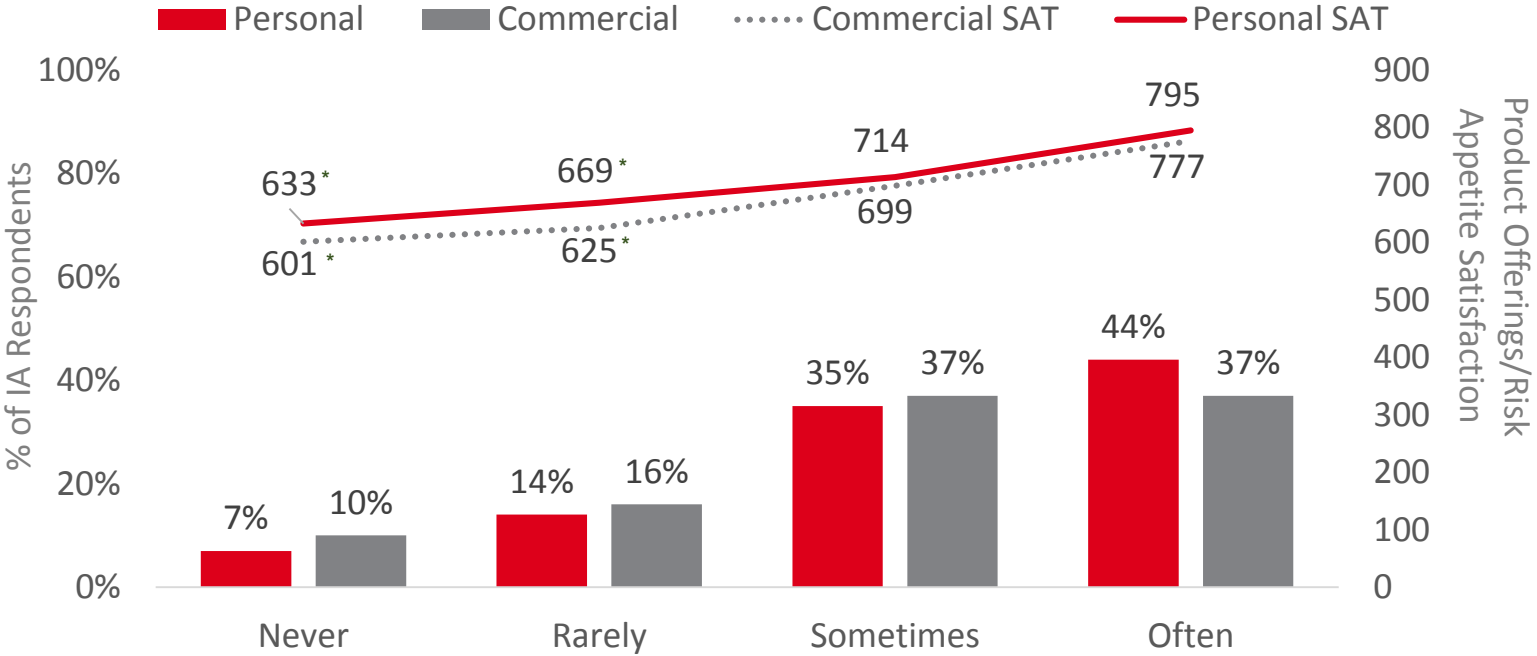
\*Caution: Small sample size (30 < n < 100)



# Opportunity 3: Increase Cross-Sell Penetration

Independent agents are more satisfied with carriers that are able to meet their customer’s multi-line needs.

**Cross-Sell:** How often are you able to provide bundled policies to customers interested in bundling?

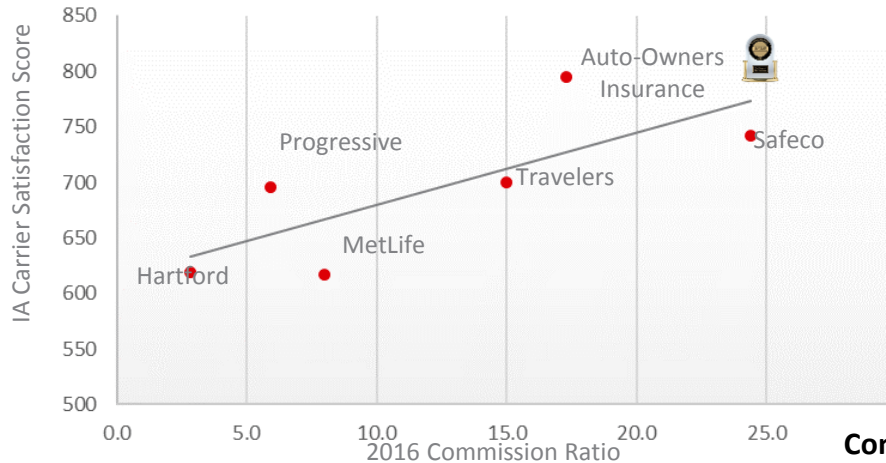


\*Caution: Small sample size (30 < n < 100)

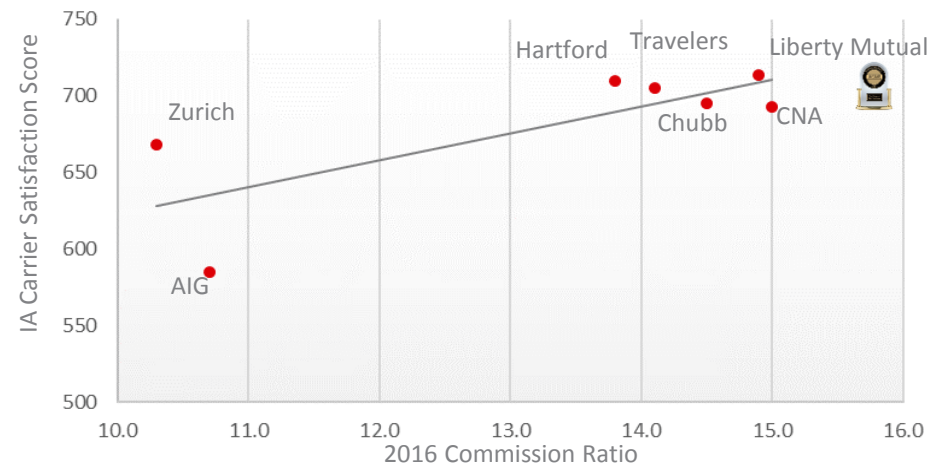
## Opportunity 4: Balance Incentives and Costs

Top-performing insurance carriers in the study are more likely to have a higher commission ratio in 2016, investing more in their agent channel, with this seemingly paying off in their customer acquisition and retention strategies—with more profitable operating ratios as well.

**Personal Lines: Insurer Overall Satisfaction vs. 2016 commission ratio<sup>1</sup>**



**Commercial Lines: Insurer Overall Satisfaction vs. 2016 commission ratio<sup>1</sup>**

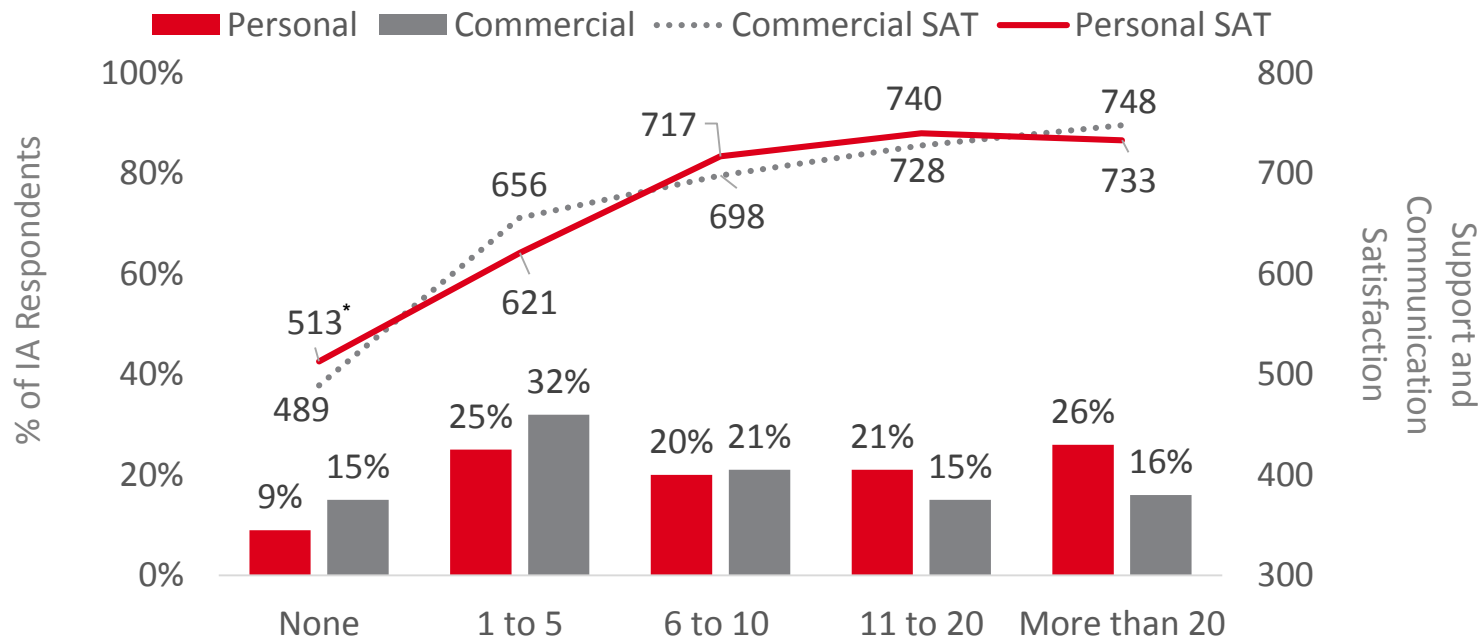


Sources: (1) J.D. Power Insurance Performance Portal

# Opportunity 5: Communications and Training

Improved IA satisfaction is linked to the volume of communications and training received.

**Support and Communication:** Number of insurer communications received in past 6 months



\*Caution: Small sample size (30 < n < 100)

## Contributors

Tim Dunne

Greg Hoeg

Matt Holland

Jessica McGregor

Jon Osborn

Jon Sundberg

Tom Super

# J.D. POWER

## Global Offices

### AMERICAS

#### Headquarters

3200 Park Center Drive  
13th Floor  
Costa Mesa, CA 92626  
Phone 1 (714) 621-6200  
Toll Free 1 (888) 477-5372

#### Westlake Village, California

30870 Russell Ranch Road  
Suite 300  
Westlake Village, CA 91362  
Phone 1 (805) 418-8000  
Toll Free 1 (800) 274-5372  
Fax 1 (805) 418-8900

#### Troy, Michigan

320 E. Big Beaver Road  
Suite 500  
Troy, MI 48083  
Phone 1 (248) 680-6200  
Toll Free 1 (888) 274-5372

#### Orlando, Florida

Capital Plaza Two  
31 E. Pine Street  
Orlando, FL 32801  
Toll Free 1 (800) 274-5372

#### McLean, Virginia

8401 Greensboro Drive  
Suite 1000  
McLean, VA 22102  
Phone: (800) 544-6232

#### Chicago, Illinois

55 East Monroe  
Chicago, IL 60603  
Toll Free 1 (800) 274-5372

#### New York

136 Madison Avenue,  
5th & 6th Fl.  
New York, NY, 10016  
Toll Free 1 (800) 274-5372

#### Toronto, Canada

161 Bay Street, 27th Floor  
Toronto, ON M5J 2S1, Canada  
Phone 1 (416) 507-3255

#### São Paulo, Brazil

*J.D. Power do Brasil*  
8501, Av. das Nações Unidas,  
17th Floor, room 1732  
Eldorado Business Tower –  
Pinheiros  
São Paulo/SP,  
Brazil, 05425-070  
Phone 55-11-3039-9777

#### Mexico City, Mexico

*J.D. Power de México*  
Prado Sur 150,  
Planta Baja Col. Lomas de  
Chapultepec,  
Del. Miguel Hidalgo,  
Ciudad de México, 11000  
Phone (52) 55 5081 4400

### ASIA PACIFIC

#### Tokyo, Japan

Metro City Kamiyacho  
5-1-5 Toranomom  
Minato-ku, Tokyo, Japan 105-0001  
Phone 81 3 4550 8080

#### Shanghai, China

Suite 1601, Shanghai Kerry Centre  
1515 Nanjing West Road  
JingAn District  
Shanghai 200040 China  
Phone 86 21 2208 0818

#### Beijing, China

Suite 1601, 16/F Tower D, Beijing  
CITC  
A6 Jianguomenwai Avenue  
Chaoyang District  
Beijing 100022 China  
Phone 86 10 6569 2704

#### Singapore

8 Shenton Way  
#44-02/03/04 Temasek Tower  
Singapore 068811  
Phone 65 6733 8980

#### Bangkok

Unit 7, 21st Fl.,  
Interchange 21 Building  
399 Sukhumvit Road, Klongtoey Nua  
Wattana, Bangkok 10110 Thailand  
Phone 662 259 4180

#### Malaysia

Subang Jaya One City, Level 8,  
MCT Tower, Sky Park, One City,  
Jalan USJ25/1,  
Subang Jaya Selangor, Subang  
Jaya, 47650, Malaysia

### EUROPE

#### Munich, Germany

Theresienhohe 13a  
80333 München  
+49 89 288 0366 0

For more information, please visit:

**jdpower.com**

J.D. Power does not guarantee the accuracy, adequacy, or completeness of any information contained in this publication and is not responsible for any errors or omissions or for the results obtained from use of such information. Advertising claims cannot be based on information published in this publication. Reproduction of any material contained in this publication, including photocopying in part or in whole, is prohibited without the express written permission of J.D. Power. Any material quoted from this publication must be attributed to J.D. Power.

© 2018 J.D. Power. All Rights Reserved.

**J.D. POWER**