



Long live the independent agency  
channel: Adapting to become their  
P&C Personal Lines carrier of choice

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Price is still king in the highly commoditized property and casualty (P&C) personal lines realm, so carriers should continuously evolve their value proposition with sustainable strategies that stand out to independent agents (IAs).

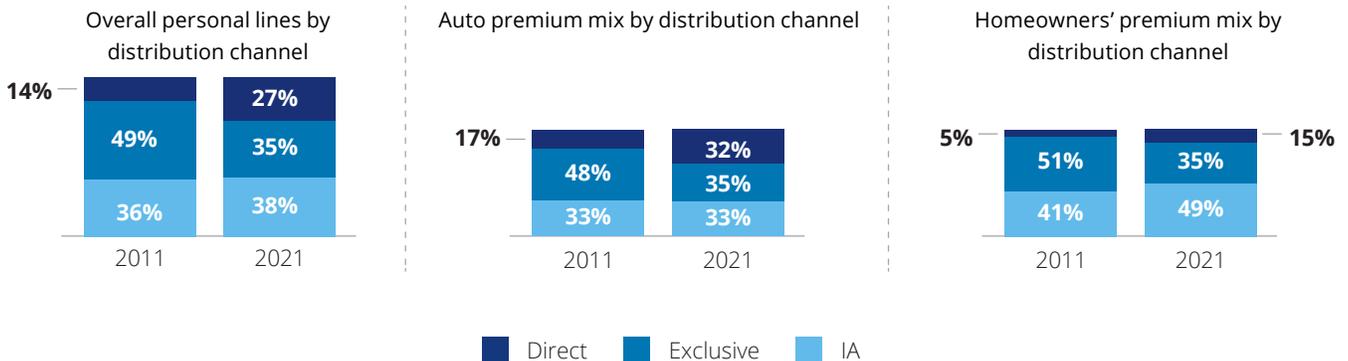
Over the past two decades, largely unfulfilled predictions held that the P&C personal lines IA channel was positioned for extinction, as disruption from InsurTech solutions and direct-to-consumer distribution (digital, contact center) used up much of the oxygen in conversations about the future of insurance sales.<sup>1</sup>

While the exclusive agent channel may have taken the brunt of consumers' shift to direct-to-consumer distribution, the IA channel appears to be holding strong. In fact, there are the same number of IAs in 2022<sup>2</sup> as in 2002<sup>3</sup>. Shifting wants, needs, and expectations among customers and producers appear to be driving a trend toward independent agencies as a preferred distribution strategy over the captive agency model for many carriers<sup>4</sup> (figure 1). The independent agent could provide both access to multiple carriers and a specialist's input before finalizing a policy purchase.

**Figure 1. Insurers are strengthening their independent agent force, resulting in stability and growth in personal lines sales**



- Sources:**
1. Ronimarie Acord, "Progressive Acquires ASI, Improves Homeowners Offering," IA Magazine, October 16, 2015
  2. Katie Butler, "IA Talks Transition with Nationwide," IA Magazine, June 7, 2018
  3. "Allstate Closes Acquisition of National General Holdings Corp.," Allstate, January 4, 2021
  4. "Metromile Expands Reach Through Independent Agents," GlobeNewswire, October 20, 2021
  5. "Liberty Mutual Insurance Completes Acquisition of State Auto Group," Liberty Mutual, March 1, 2022.



**Note:** May not total to 100% due to a small share of other channels

**Source:** Independent Insurance Agents & Brokers of America (IIABA) Big "I" Research: 2012 & 2022 Market Share Report.

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Therefore, becoming the carrier of choice for the independent sales force, which now represents over 37% of all personal line premiums written<sup>5</sup>, will likely require a deeper understanding of what IAs seek out most from their relationships with carriers. They may require more sophisticated analytics capabilities, carrier support in writing new business, and exceptional customer servicing capabilities that resonate above other carriers.

Deloitte recently surveyed 300 IAs to ask them what matters most in fostering relationships with personal lines carriers (see sidebar). While much of the resulting data was intuitive, how carriers respond amid an intensely competitive environment and quickly emerging technology advancements could potentially result in further redistribution of market share for the sector.

**About the survey**

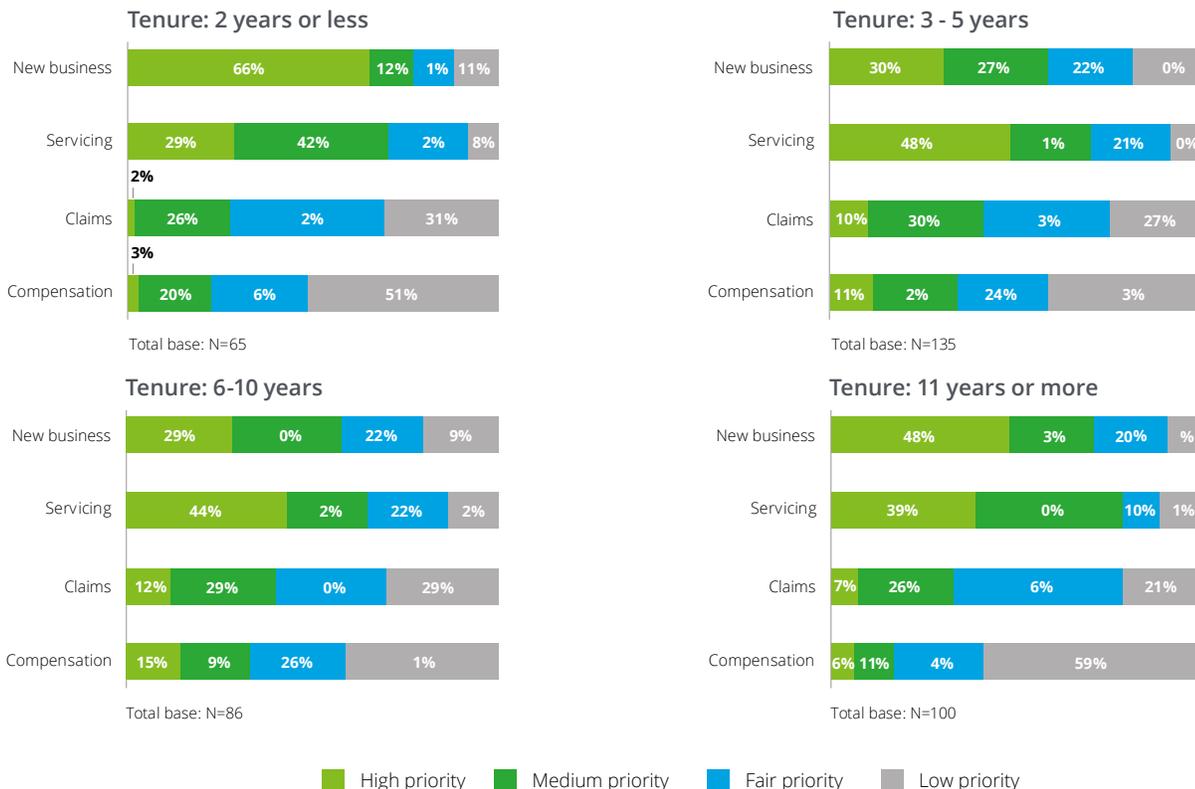
Deloitte Consulting LLP surveyed 300 Independent Agents (IAs) regarding their Personal Lines insurance carrier preferences to understand what matters most to IAs when placing business and if operational factors impact decision-making. IA carrier preferences were probed across the value chain, including New Business, Servicing, Claims Support, and Compensation. Respondents included people from various roles, tenure, age, agency footprint, primary regional locations, agency size by annual revenue and number of employees.

**Dig deeper to more accurately understand IA priorities**

When asked to rank their highest priority when selecting a carrier to place business with, “writing new business” and “servicing” were chosen nearly equally by the overall respondent pool.

However, under closer examination, a dichotomy appeared based on the tenure of the IAs surveyed (figure 2). Those agents in business under two years reported that they valued writing new business more than twice as much as those operating between three and 10 years. Interestingly, respondents with the highest tenure (11+ years) also seemed to favor writing new business over servicing as the most important element when choosing a carrier, possibly to help replenish their book as older policies go into “set it and forget it” mode and long-term policyholders start to shop around for coverage.

**Figure 2. Priority when selecting a carrier to place business with differs among respondents due to tenure of the IA**

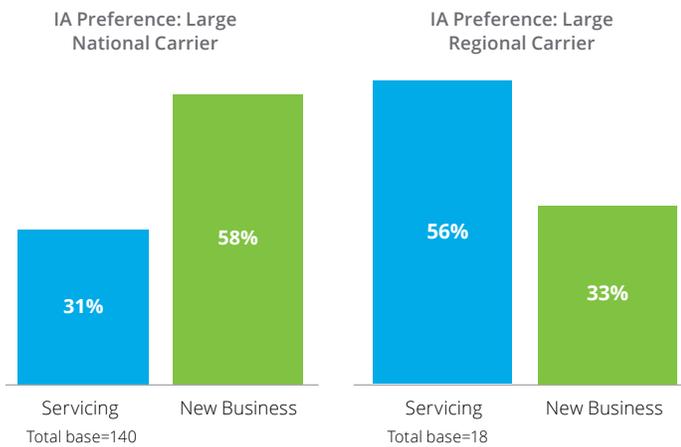


**Note:** Figures may not add up to 100 due to rounding  
**Source:** Independent Agent Survey, Deloitte Consulting

Moreover, a similar dichotomy appeared to emerge based on the geographic reach of the carrier. Facilitating the ability to write new business was a higher priority than servicing for those respondents who specified they prefer working with large national insurers, with a mirror image resulting from respondents whose preference is writing with regional carriers (figure 3).

Deeper and more meaningful relationships may be established if carriers can successfully segment IAs to understand their essential priorities and approach them in the most meaningful ways.

**Figure 3. Respondents highest priority differed between those that had a preference for carriers geographic reach (regional vs. national)**



Source: Independent Agent Survey, Deloitte Consulting

**Digital experiences via fast, easily accessible systems and platforms can be key differentiators**

Faster and seamless front-end systems and platforms may have become table stakes for carriers. Indeed, nearly two-thirds of respondents said reliable system access and speed are the most important considerations when selecting which personal lines carriers to onboard.

The survey suggests that IAs highly value self-service tools, including digital policy and service administration, agent portal and dashboard capabilities, and integrated analytics/tools to automatically pull in key quote information.

A very strong correlation emerged between underwriting speed and ease of writing new business. Indeed, the survey revealed a very low tolerance for system downtime when quoting a new client, with no hesitation to go with another carrier in the event the process is interrupted. In fact, respondents emphasized poor construction of digital experience (e.g., unintuitive digital functionality) (62%), inefficient and complex quoting tools (61%), and cumbersome data entry (58%) as their top challenges when working with carriers.

*"If a carrier's system is difficult to maneuver in or requires redundant information, is always slow / lagging, or if there are frequent underwriting flags, I'll only use that carrier as a last resort."*  
- IA Survey Respondent

*"Quote to bind speed is very important to me, especially when I am in front of the client to issue the policy."*  
- IA Survey Respondent

*"The ease of the quoting platform and the agent platform is a big consideration. If it takes me 15 minutes to quote with an average company but only five minutes to quote with a good company, I will choose the fastest and easiest."*  
- IA Survey Respondent

Given the highly disparate IA systems, one solution carriers can consider to help deliver a more efficient and effective digital experience for IAs is to develop applications with headless architectures. These solutions can provide business logic and functionality without a presentation layer that, through application programming interfaces (APIs), can connect to a variety of front-office IA systems for scalability and flexibility. For example, instead of asking IAs to be compatible with one specific software, Acuity Insurance built a headless architecture that can work with many different systems so IAs can choose which they want to interface with.<sup>6</sup>

When carriers are considering whom to target for the rollout of more streamlined digital capabilities for IAs, they may want to take a counter-intuitive approach: Try building momentum by focusing first on the "movable middle" instead of starting with the largest or most productive IAs. They might find more buy-in by segmenting and targeting smaller or newer players, as they may be hungrier for growth as well as more open to innovation and adoption of digital tools.

While it may require considerable investment by carriers to enhance the digital experience for more efficient connectivity to IAs, it should be weighed against the substantial market share in play from this distribution channel.

### Maximize value of engaging IA channel through analytics

One of the advantages to using the IA channel is that they are often deeply embedded in their communities, and because of this they might be able to more accurately understand clients' needs and build strong, trusted relationships with them. An IA who speaks the same language as the customer or understands the cultural dynamics of a specific community's demographics may be more appealing to that potential client base as a trusted "translator" of insurance products.

For carriers to also benefit from these deep-rooted connections, they may need to develop a better understanding of the demographics and communities the IAs accommodate. This could require more sophisticated analytics capabilities to precisely predict and recommend the "best fit" agent for a consumer rather than just assigning the nearest agent available within an acceptable geographical radius. With the current spotlight on diversity and financial inclusion, this strategy could be a win-win for all stakeholders in the personal lines equation.

### Provide appropriate support to let IAs concentrate on what they do best

The time dedicated to supporting client queries can impact an IA's ability to focus on customer outreach and write new business. Therefore, IAs responding to the survey said that carriers who can provide points of contact for things like basic customer service capabilities (59%), support to route servicing queries (49%), and to escalate more complex servicing queries (44%) are more appealing to work with.

For example, on the claims side, respondents prefer playing only a secondary role. The survey respondents most value on-demand, easy access to claims agents and point-of-contact support (57%) so they can easily and quickly respond to customer queries. Most respondents also appreciate the capability to rapidly and transparently view customer claims statuses and timelines (74%), while nearly 70% say they want self-service tools to manage aspects of claims support.

*"Having to leave a message for the claims team with no promise or time frame of a return call is the worst, especially when there is no option to review the information you're looking for online."*

*- IA Survey Respondent*

*"I prefer detailed transactions available online so if a customer calls I can see the status up to date."*

*- IA Survey Respondent*

*"It's great when the carrier provides agency access to notes and payments made."*

*- IA Survey Respondent*

Over and above customer inquiries, 77% of respondents were especially interested in having a point of contact related to underwriting to contact them quickly when they are writing with a new customer or going through the renewal experience.

*"When it comes to underwriting, what's important to me is that personal touch ... knowing that I can email or call my contact and get the response I need quickly so that my quoting is not being held up."*

*- IA Survey Respondent*

Carriers may need to develop more nimble and relevant engagement models to help ensure that servicing capabilities are seamless and smooth. Less time addressing customer queries regarding servicing could free up IA capacity for activities that help retain clients, pursue new customers, and build community networks. The importance of personal relationships, whether with the carrier's underwriting staff or an insurer point of contact is important as it can free agents to generate new business that would potentially benefit all stakeholders.

## The easier you are to do business with, the more business you might do

Despite a proliferation of digital advancements that could challenge insurance distribution, the independent agency channel has maintained prominence among the shifting sands of the personal lines landscape. Carriers may need to continually evolve their relationships with IAs, as the persistent strength of this distribution force is poised to possibly rebalance the power equation. There is a potential opportunity to gain market share for those who recognize how to reposition to better serve the specific needs of these agencies.

## End notes

1. Sam Friedman, "40 years of watching independent agents adapt to survive: Despite emerging challenges, independent agents are not likely 'going the way of the milkman' anytime soon," PropertyCasualty360, September 14, 2021.
2. AnneMarie McPherson Spears, "[7 Findings from the 2022 Agency Universe Study](#)", Independent Agent magazine, the official publication of the Independent Insurance Agents and Brokers of America, October 13, 2022.
3. Independent Insurance Agents & Brokers of America (IIABA), "[2018 Agency Universe Study](#)" December 9, 2018.
4. The Standard, "[Independent agents poised to gain greater market share, says SIAA panel](#)," September 20, 2022.
5. Independent Insurance Agents & Brokers of America (IIABA) Big 'I' Research, "2022 Market share report", August 8, 2022.
6. Anthony Bellano, "Expansion spurs growth for US P/C mutuals moving up the charts, Best's Review, September 2022 ©A.M.Best – used with permission.

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Our insights can help you take advantage of change. If you're looking for fresh ideas to address your challenges, we should talk.

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