

## Independent Agents Poised to Gain Greater Market Share, Says SIAA Panel

*Partnerships, Collaboration and Embracing Digitalization Key to Transforming the Industry*

Even with economic headwinds and the amount of merger and acquisition (M&A) activity in the insurance sector, the independent agency channel is getting bigger and better, according to panelists who took part in SIAA's IA Evolve virtual conference.

For as long as he has been in the industry, Matt Masiello, chief executive officer, SIAA, has heard that independent agencies will diminish. "I've been told that we're dinosaurs, that we don't deliver a value proposition to the consumer, that carriers don't need us and that banks, Insurtechs and everyone else is going to put us out of business. This is the strongest I've ever seen the channel. We are converting exclusive channel business over to the independent agency channel."

While he would not go so far as to say direct writers are plateauing, he does think their limited product offerings are problematic for some consumers. "We're seeing carriers double down on their independent agency investment. We're seeing technology partners invest significantly into the channel. There are thousands of people starting agencies right now because it's a great opportunity," said Masiello.

The channel is growing even with the threat of a recession, debt markets and M&A activity, which shows no signs of slowing. At the same time, the number of independent agencies have remained relatively steady over the past several years.

"Big agencies are getting bigger, more complex, there's no question about that, but newer, smaller agencies are popping up every day," said Amy Zupon, chief executive officer, Vertafore. "I find the amount of M&A activity and the amount of independent agencies staying about the same to be a pretty fascinating tribute to the strength of the independent channel."

Market share data points to growth in the independent agency channel. "The headline that is soon to be written is that independent agents are going to continue to win. You have many carriers that are pivoting models to exclusively focus on independent agents, and the prospects at large continue to be very advantageous for the independent agency system," said Tyler Asher, president, independent agent distribution, Liberty Mutual and Safeco Insurance.

In the years ahead, Asher expects to see

consumers flocking to quality service experiences and expert advice. "Independent agents are a tremendous fit in terms of the value proposition that agents provide and what consumers are interested in. And I really do think that independent agents right now are better positioned than they have ever been," said Asher.

Panelists argued that direct writers are targeting a different customer altogether — a client that independent agents should not waste time competing for. "Some business just belongs in the direct channel. It tends to be lower limit, lower premium, higher risk, low loyalty, low commission. I'm a firm believer that that business does belong in a direct channel. We should fight within our weight class, which is do business with people who are looking for the value that we deliver," said Masiello.

### Going It Alone Is Not an Easy Option

In recent years, a growing number of independent agencies have partnered with other agencies or joined clusters or aggregators. Ryan Hanley, founder and president, Rogue Risk, who served in the role of panel moderator, said after

being both outside of an aggregator and inside of a network (his agency was acquired by SIAA in April 2022), he feels like the future is being part of a group, particularly because they have greater access to carriers.

“For young startup agencies, it’s very difficult to get appointments. If you can only get one or two, [you’re] handcuffed. By joining a network, you’re able to get access and really hit the ground running,” said Hanley.

Masiello noted that small businesses in general in the U.S. often thrive through collaboration. For him, partnering is about more than carrier access. It’s about having access to thought leadership and technology user groups. “Scale brings you to the table to be active participants in the future of not just how you’re going to grow your agency and your individual business, but how we’re going to grow the industry overall.”

In addition, agencies should take greater advantage of carrier support. Carrier programs range from digital marketing tips to training producers to onboarding new employees. “Going independent doesn’t mean going it alone. I think there’s lots of ways for agencies to pick up scale, whether that’s being a part of something or whether that’s tapping into programs that carriers offer,” said Asher.

Given that every agency, carrier and third-party vendor is different, what are the best ways to go about partnering? Whether panelists were creating a partnership, building a partner program or forming a customer relationship, it comes down to trust and communication. Having that base level of trust and open, honest communication is table stakes, according to Zupon. The second

step is for it to be a win-win situation for everyone involved.

“We’re looking for solutions that solve a problem that our customers actually are facing right now. Is it something that matters to their business? Is it going to make a difference and does it do so in a way that automates and simplifies things for them? We’re not looking just to have a partner because it’s like a flashy new object. We want to actually do something that’s physically going to solve a problem,” explained Zupon.

There are countless technology tools designed to be the next cool idea, but they are often solutions looking for a problem. Hanley noted the difficulty of differentiating an interesting tool from one that actually helps with workflow.

Whether looking for an agency or a technology partner, Asher noted that the key is having a shared philosophy to drive a mutually beneficial partnership and a “shared commitment to continue to help the channel evolve.” For an agency partner, that means looking for an agent who maintains a growth mindset and is looking to add new producers when possible and is willing to take risks on new technology to enhance the customer experience.

“We see partners of all different sizes, shapes and operating models, but really the agents that we find the most success with are those who really meet those core commitments to want to grow, to do good in their local community, and who are deeply committed to advancing the channel,” said Asher.

### Unresolved Problems

The insurance industry is a complicated ecosystem. Despite the latest technology solutions, many problems remain unsolved.

Independent agents, carriers, wholesalers and managing general agents have a collective purpose to help the end customer get the best coverage they can for the right rate with as frictionless an experience as possible. Yet, connectivity issues remain.

“We have not even come close to crossing the chasm of navigating the possibility of improving the way all of these stakeholders connect across one another,” said Zupon.

There is still much to do for agents, carriers and technology providers to truly put the customer at the center of all that they do.

“We’re all interacting in the service of the customer each and every day — whether that’s a simple transaction like paying a bill, whether that’s the customer trying to change their policy, potentially online, whether it’s a claim filing — and yet the way we communicate and share data between the agency, agency management systems and the carrier still isn’t quite in real time,” said Asher.

For Masiello, service is the area that needs the most improvement, although the industry is heading in the right direction. “We’re not yet giving the consumer what they want relative to the service. Some of that is because we’re not evolving our business model. We as an industry need to figure out how we’re going to service this business moving forward. Is it the connectivity and giving them the ability to do it themselves through interfacing with our AMS [agency management system] or our mobile apps? Is it carrier self service? I’m a big believer that not only do we as agencies need to find our value proposition in the insurance cycle as technology and digitization continue to come in, we’ve got to find our value proposition for the consumer.” ■

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