

SALUTE TO INDEPENDENT AGENTS PAGE 8

What's Next for Agency Growth in a Softening Market?

By: James Keane

The longest hard market in recent history is showing signs of softening. As rates begin to stabilize and competition picks back up, independent insurance agency owners will find their priorities shifting from navigating a hard market's obstacles to sustaining growth as conditions soften.

Transitioning to a Buyer's Market

As every agent knows, a soft market is essentially a buyer's market, defined by an excess of insurer capacity that can aid in addressing risks. Shifting catastrophe trends have played a significant role in the softening market. For the last decade, the market has experienced \$100 billion in annual catastrophe losses. While industry models previously considered that figure to be high, new modeling accounts for \$150 billion annually. What used to be an astronomical number is now accounted for in expected losses.

This new dynamic has helped create additional market capacity, reinforced by reinsurance developments.

Property, for example, is projected to be down from 5% to 20% for catastrophe-exposed risks and flat-to-down 10% for higher quality risks. These factors have all contributed to what is shaping up to be the softest market in nearly 10 years.

What a Soft Market Means

While a softer market does ignite competition and offer insureds more options, for independent agents, the change in market may not present a simple transition.

Insurance carriers are recalibrating their strategies in real time. Many of these same carriers performed well financially in 2024 and 2025, and they will continue to make adjustments going forward for profitability. For example, it is not uncommon today for a carrier to accommodate specific lines over entire accounts, opting out of writing one line in an account that does not align with a carrier's goals or appetite. This creates a moving target for independent agents as they navigate the best way to partner with carriers whose priorities are changing and align with the risks they seek to place.

Additionally, premiums decline in a soft market, directly impacting agency revenue, reducing cashflow and placing pressure on agents. As a result, maintaining growth in independent agencies as the market shifts requires a change in perspective:

Client Retention: In a soft market, client retention becomes even more critical. As carriers expand capacity, clients have more options for coverage than in recent years, meaning shopping around may seem more appealing to cut costs.

While shopping coverage may be an effective approach for some clients, it is not one size fits all. This is where independent agents can offer tremendous value.

Education is crucial to ensuring clients understand the market, their options and the risks and rewards associated with each one. Continuing to foster communicative, transparent relationships with clients will help solidify client retention, ensuring agents are not working against losses while trying to grow their businesses.

Salute to Independent Agents

Inorganic growth: Because agents often receive a flat percentage of their clients' premium payments, as premiums drop, agents may feel the strain.

In a soft market, agents must place renewed emphasis on a combined approach of organic and inorganic growth. Some agencies, for example, may benefit from acquiring assets that specialize in niche markets to expand their books and add a revenue stream. Taking this approach while also prioritizing growth on existing accounts will help position the agency for consistent growth regardless of market conditions.

Technology: As carriers become more dependent on technology to make decisions, agents will need to have a deep understanding of both the carrier's technology resources as well as their own capabilities to ensure they can comfortably work with carrier systems, as well as meet any requirements.

The ability to share data with carriers will improve submission quality and loss trends necessary for them to make well-rounded decisions before writing business.

When properly employed, technology can help ease burdens, reduce friction between carriers and agents and aid in a mutually beneficial relationship necessary to maintaining a competitive edge in a soft market.

The key to growth, regardless of in-the-moment market conditions, is long-term planning.

Education is crucial to ensuring clients understand the market, their options and the risks and rewards associated with each one.

Market shifts are inevitable. Every shift or adjustment in those conditions comes with opportunities and challenges tailored to those specific instances.

While some may urge small strategic changes, every decision should be rooted in meeting long-term goals. Otherwise, independent agents run the risk of managing their businesses in a reactive, rather than proactive manner.

If independent agents are considering

adding a new program or refining their existing strategies, they would be wise to think beyond how they will be impacted in the short term and ensure any moves will support the agency long after current market fluctuations have abated.

Independent agents should take a cautiously optimistic approach to the current softening market. Those agents who remain disciplined, adapt with a long-term mindset and prioritize client and carrier relationships will find they cannot only grow in the soft market, but that those practices will also instill resilience that reinforces their position in the industry for years to come. ■



James Keane is vice president, SIAA – The Agent Alliance, which has more than 5,200 member agencies and more than \$18 billion in written premium.

To learn more about SIAA NXT and The Intelligent Distribution Platform, which is delivering more value than ever to SIAA member agencies and partner carriers, visit siaanxt.com.

Reprinted by permission of Standard Publishing Corp. © 2026.

To subscribe to *The Standard* and stay up-to-date on what's happening in New England insurance, please go to www.spcpub.com or call 617-457-0600.