



Agency Universe Study 2022 – ACT Technology Results Summary

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.

ACT is providing this overview of the technology-focused results of this 2022 survey. Far more detail, comparison charts, and insight are available in the Management Summary and Full Report, both of which can be ordered on the [IIABA AUS webpage](#).

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.

1,452 respondents were included in the study and the geography of the respondents is as follows:

Northeast	CT, PA, MA, ME, NH, NJ, NY, RI, VT	11% of responding agencies
Midwest	IA, IL, IN, KS, MI, MN, MO, ND, NE, OH, SD, WI	23% of responding agencies
South	AL, AR, DC, DE, FL, GA, KY, LA, MD, MS, NC, OK, SC, TN, TX, VA, WV	43% of responding agencies
West	AK, AZ, CA, CO, HI, ID, MT, NM, NV, OR, UT, WY, WA	21% of responding agencies

Overarching Industry Trends

- The prior study was conducted in 2020 and would reflect a world just beginning to navigate a global pandemic.
- The current study was conducted in 2022 and reflects a world that did navigate and is emerging from a global pandemic.
- In both studies, our industry has seen an unprecedented external capital influx in the way of insurtech investments.... Some of that was overtly focused on disruption and removing agents/brokers and some carriers from the equation.
- What's happening?
 - Independent Agency market share has gone UP and is at its highest in at least 8 years.
 - The number of Independent Agencies went UP nearly 10% to 40,000...the highest count in 20 years .
 - 62% of agencies grew revenue an average of 27% year over year and another 13% of agencies remained flat.
 - Agency values have continued to increase and are at an all time high – doubling in just a decade.
 - Agency M&A continues at a record pace year over year.

High-Level Observations

- 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 since 2020 (13% vs. 23%), while the proportion in large metro areas has increased (51% vs. 40%).
- Business conditions for agencies continue to be favorable for agencies; 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.

Agency Universe Study Key Technology Based Observations

- When asked about Covid's impact on an agency, the top responses had to do with employee engagement, remote work, partnering with carriers, and cyber.
 - Yet, carrier connectivity/API was #5 when ranking carrier feedback.
- Inside the technology section, marketing remains the most highly rated challenge cited by agencies, with 17% rating it their number 1 challenge.
 - Dealing with multiple carrier interfaces is a very close #2 challenge with 16% citing this as their top challenge.
 - Keeping pace with tech changes and cost of technology are #3 and #4 respectively with a combined 18% citing these as a top challenge.
- The percentage of respondents noting the importance of process functions being available in their AMS has gone up in every category – for both PL and CL.
 - Sales, Marketing, and Distribution saw the largest increase, but are still the lowest rated.
- Conversely, 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. Note: usage rates increase with agency size.
- 52% of agencies say they have achieved significant improvement in efficiency through new technology. Lower, perhaps, than anticipated. But, up from 47% in 2020.
- A surprisingly low percentage of agencies indicate they have a written data security plan (33%, down slightly from 2020) or disaster plan (24% in 2022 and 2020).
- Online quoting availability is still rare, ranging from 8% in CL to 20% for personal auto and most likely to be offered through current comparative rater extensions, but it's notable that fillable form technology and carrier or CRM-APIs are mentioned as solutions when online quoting is offered.
- Overall, adoption of CL comparative rating is quite low at 7% answering Yes and another 23% Planning an implementation. There is noteworthy discrepancy based on agency size – Jumbo agencies are far more likely to use a CL rating tool.
- Noting that 20% of the agency universe were established within the past 5 years:
 - New agencies are significantly more likely to be small and PL focused, but there are a surprisingly high number of new agencies focused on CL (tech opportunity?).
 - New agencies tend to make more use of technology than others, especially compared to the other agencies in the smaller size ranges (across all areas of data, customer acceptance of digital solutions, remote contact, use of apps, chat, portals, etc).

Thoughts and questions for consideration

- What influence do current agency valuations and operating margins have on overall technology adoption – particularly given the observable delta in technology adoption rates by agency size.
- Is the financial health of independent agencies a factor in the relatively slower pace of technology adoption in smaller agencies compared to larger agencies?
- Does the observable gap in tech adoption by agency size correlate to smaller/mid size agencies noting greater challenges around talent acquisition and overall ability to staff their teams?
- How do we, as industry, evaluate technology adoption through the lens of agency count vs amount of premium (revenue) controlled?
 - For example, while commercial comparative rater adoption rate is low based on agency count, how much premium is controlled by agencies that have adopted?
- The Future One Agency Universe Study defines Jumbo as over \$10M in revenue, representing 1.8% of the 40,000 agencies. Meanwhile 83.6% of agencies are under \$1.25M...61.6% are under \$500k.
 - What does this ratio tell us about technology pricing models and ability to show ROI across more individual agencies?
 - Is this an influence on relatively slower agency adoption in smaller agencies?
- Many of the results reported are similar in rank and percentages have minimally changed year over year. Even dating back to the 2018 vs 2016 study, there is consistently noted feedback around talent, marketing, finding leads, keeping up with technology, and carrier differences.
- Thinking about the future:
 - What does success look like?
 - With 20% of the agencies being new since 2016, will the independent agency universe always have enough turnover for results to be relatively similar – or perhaps just a significantly longer change cycle than some may desire?
 - What very specific areas need the most attention and can be most meaningfully influenced?
 - What part of this multi-year sameness is just a byproduct of the nature of our industry – risk averse, underwriting based decision making to ensure financial stability?

The following pages include detailed responses for most of the technology and Covid questions in the 2022 Agency Universe Study. Review, digest, draw your own conclusions, and have healthy dialogue.

Special COVID-19 Technology-Related Impact Information

- 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.

Technology Section; High-level Findings

- 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.

Marketing Budget:

% of Agencies who include each technology activity as part of Marketing Program

	2020	2022	Change
Social Media	58%	62%	+ 4%
Creating/Maintaining Website	49%	52%	+ 3%
Search Engine Optimization (SEO)	30%	31%	+ 1%
Creating/maintaining portal technology	30%	31%	+ 1%
E-marketing activities	20%	21%	+ 1%
Print Advertising	7%	9%	+ 2%

- 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.

Overall Agency Technology Challenges:

	2020	2022	Change
Marketing agency effectively on the internet	41%	43%	+ 2%
Dealing with multiple carrier interfaces	38%	41%	+ 3%
Keeping pace with technology changes	28%	32%	+ 4%
Overall cost of technology	26%	28%	+ 2%
Ensuring data transmission confidentiality	14%	14%	---

- 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.

Comparative Raters:

Personal Lines:

	2020	2022	Change
EZLynx	23%	28%	+ 5%
PL Rating (Vertafore)	15%	13%	- 2%
Applied Rater/SEMCAAT	6%	5%	- 1%
TurboRater (ITC)	4%	6%	+ 2%
EZ-Rater	1%	2%	+ 1%
Other	1%	3%	+ 2%
Do Not Use Comparative Rater	40%	33%	- 7%

- 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 and to specifically cite using a PL Rater.

Commercial Lines:

Does your agency use a commercial lines comparative rater? (New question 2022)	2022	
Yes	28%	
No, but planning to do so	13%	
No and no plans to do so	5%	

- 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.

Management Systems:

- 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.

Value of Transactions/Functions Through Management System Functions (PL and CL):

Note: *green font indicates increase from 2020, red font indicates decrease, black font is 'no change' or new to survey:*

Function	PL	CL
Customer view/search	85%	83%
eDocs & Messages	76%	72%
Inquiries on claims, billing, etc.	67%	65%
Endorsements	62%	64%
Real Time Auto Quotes	66%	---
Real Time Home Quotes	62%	---
Rate Quote Requests	---	54%
Bridging quotes from mgmt system	67%	49%
Payments	60%	59%
Policy Issue	58%	53%
Claims Reporting	49%	52%
Business Intelligence*	46%	---
Carrier Loss Runs	47%	51%
Availability of sales and marketing info	46%	44%
Digital distribution/selling	43%	42%

*Newly added in 2022 survey for PL

Personal Lines:

- Agencies place a great deal of value on key personal lines agency management system functions, especially customer view/search.
- The value of sales and marketing info and digital distribution has increased in 2022, but both are viewed as least valuable.

Commercial Lines:

- As with personal lines, customer view/search continues to be most valuable in 2022 for commercial lines.
- For Commercial Lines, availability of sales/marketing info and digital distribution are least likely to be used.

Overall processing technologies used:

	2020	2022	Change
Personal Lines Download	75%	68%	- 7%
Commercial Lines Download	65%	54%	- 11%
Carrier ePolicy Delivery to agency	60%	57%	- 3%
Direct Bill Commissions Download	53%	45%	- 8%
Paperless office (Commercial Lines)	57%	51%	- 6%
Agency ePolicy delivery to clients	52%	46%	- 6%
Secure email	41%	35%	- 6%

- 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 2022.
- 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.

Electronic Communications Used:

	2020	2022	Change
Texting with clients	64%	65%	+ 1%
Agency eSignature solutions	59%	61%	+ 2%
Carrier eSignature solutions	53%	56%	+ 3%
Video chat with customers	16%	14%	- 2%
Agency 24-hr customer self-serve portal	13%	16%	+ 3%
Online chat with clients	12%	16%	+ 3%
Mobile apps from the carrier	32%	40%	+ 8%
Mobile apps for clients	10%	20%	+10%
Mobile app from AMS	9%	9%	---
Automated Chatbots	3%	4%	+ 1%

- 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.

Attitudes Towards Technology:

These responses are ranked as '6' or '7' on a 7-point scale.

	2020	2022	Change
Agency sees need for an agency cyber liability policy	66%	63%	- 3%
Achieved improvements through use of new technologies	47%	52%	+ 5%
Agency believes digital marketing is a core discipline	46%	52%	+ 6%
Agency has implemented written security policy	34%	33%	+ 1%
Agency has a written disaster recovery plan/trains employees	24%	24%	---

- 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%).

Perceptions on Electronic/Digital Resources:

	2020	2022	Change
Insureds are just as likely to accept e-documents as paper	49%	50%	+ 1%
Agency has seen significant cost savings by offering paperless options offered by carriers	39%	41%	+ 2%
Agency has seen significant cost savings by offering customers paperless communications options	37%	40%	+ 3%
Agency measures ROI in use of traditional marketing	26%	21%	- 5%
Agency measures ROI in use of digital/social media marketing	19%	22%	+ 3%

- Small agencies are more likely to agree that insureds are likely to accept e-docs (61%).
- Perceptions of digital resources has remained stable in 2022.