



INSURANCE  
NETWORKS  
ALLIANCE

# 2022 INSURANCE NETWORKS STUDY

RESEARCH AND ANALYSIS BY  **Advisen**  
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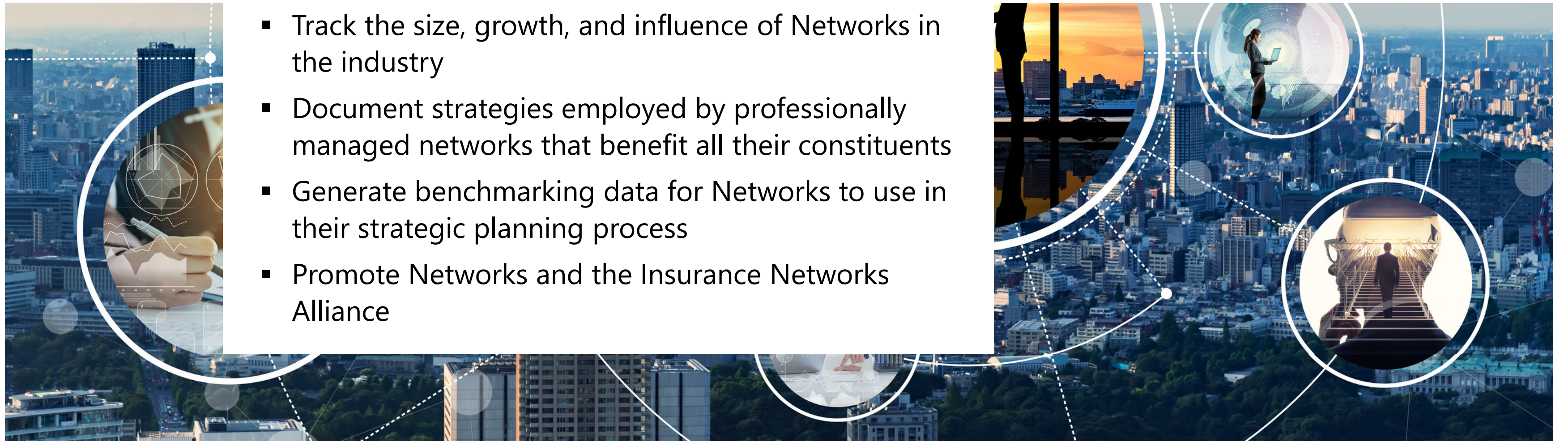




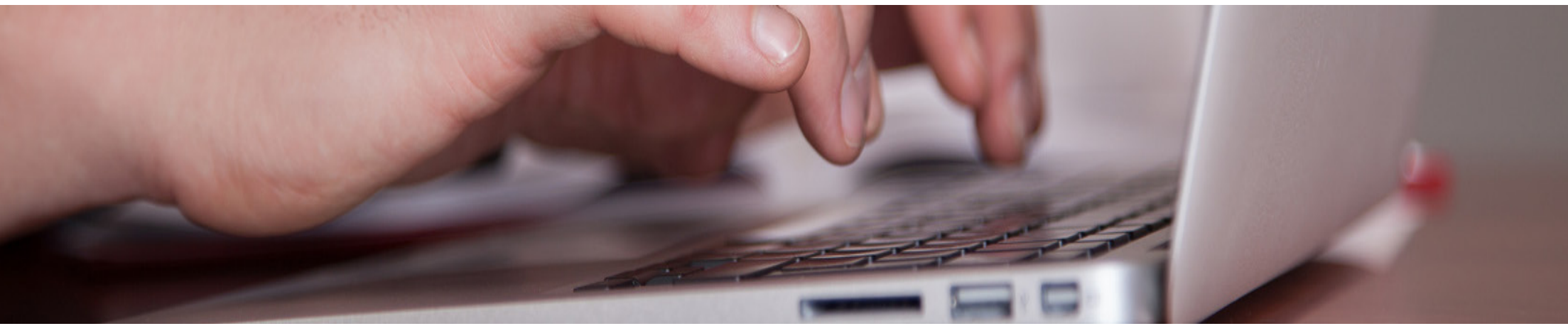
# WHY WE DID THE STUDY

To further help our member networks navigate the evolving networks landscape, the Insurance Networks Alliance conducted the **2022 Insurance Networks Study**. Specifically, we want to:

- Track the size, growth, and influence of Networks in the industry
- Document strategies employed by professionally managed networks that benefit all their constituents
- Generate benchmarking data for Networks to use in their strategic planning process
- Promote Networks and the Insurance Networks Alliance







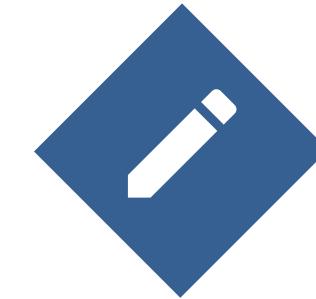
# METHODOLOGY



Conducted an online survey between 28 September and 30 November 2021



Survey completed at least in part by 34 respondents



They responded to questions on general network information, agency membership requirements, agency contract, network services offered to members, technology used by networks, and size and growth of the agency network.



These topics were designed and reviewed by the INA Advisory Committee and Advisen. The responses were collated and analyzed by Advisen.



Apart from responding to quantitative survey questions, the participants also shared their views through their responses to a series of open-ended questions designed to gather further insight into ongoing trends.

# ////// METHODOLOGY

- This report contains several estimates – the total number of networks, the number of agencies covered by networks and the premiums associated with networks.
- We used separate methods to estimate each. For the number of networks, the INA now includes thirty networks. They have identified another 85 networks bringing the total identified to 115. After discussions, we estimated that there are an additional 35 networks which brings the total to 150.





# METHODOLOGY

- We then needed to estimate the number of agencies belonging to networks, the network-controlled premiums, as well as the total of network and agency premiums. We used a combination of sources including the results of the survey, a review of websites, additional published materials, and the experience of the INA Advisory Committee. Sometimes we were able to find the network-controlled premiums and not the number of unique agencies. We found that the median network-controlled premium per agency was \$1.8 million so we used that figure to calculate the missing figure. We also adjusted the estimated number of agencies down by 40 percent as a rough way to account for those agencies that belong to more than one network.
- We then needed to estimate the total of network-controlled premiums plus agency premiums. For those organizations where we had these figures already, we took the ratio and found it to have a median value of 1.45. So when we did not have the total figure, we multiplied the Network Controlled Premiums by 1.45 to estimate the total premiums.







# SPONSORS

**Thank you.**

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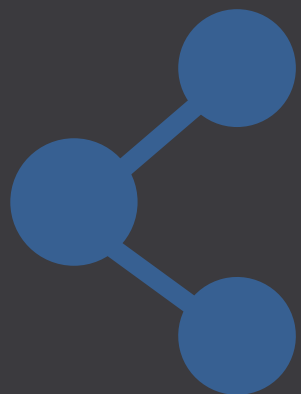
**Smart**  **Choice®**

**We KNOW**   
*for Insurance Agents*  
 **Utica National Insurance Group®**

# Thank you.

- **Advantage Partners**
- **Advantage Partners Network**
- **Agent Support Network of America**
- **Agents Alliance**
- **Agents Alliance of Montana**
- **ANE, Agency Network Exchange**
- **Associated Risk Managers - KY & OH**
- **Bainswest**
- **Combined Agents of America**
- **Evolution Insurance Partners Marketing**
- **First Choice Agents Alliance**
- **Georgia Agency Partners**
- **Grindstone Financial Group**
- **Indium**
- **Insurance Agency Network**

## PARTICIPANTS

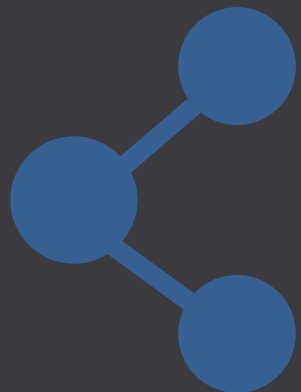




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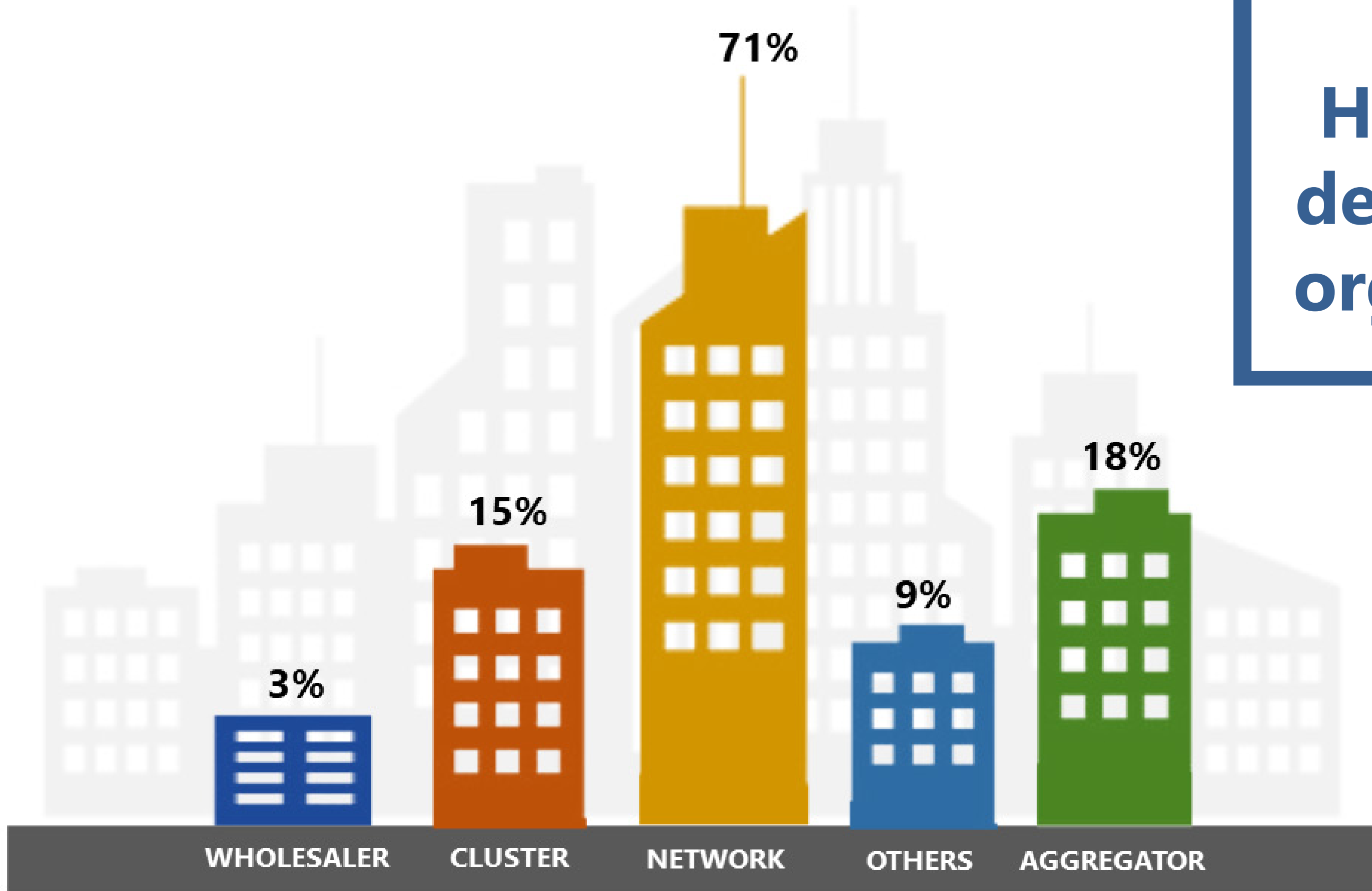
- Insurance Solutions Pacific Coast
- ISU Insurance Agency Network
- Keystone Insurers Group
- New Jersey Agents Alliance
- OLI Insurance Services
- Pacific Interstate Insurance Broker
- PacWest Alliance Insurance Services
- Premier Group Insurance Inc.
- Premiere Agency Network LLC
- Renaissance Alliance Insurance Services
- Smart Choice
- The Insurance Alliance Network
- Total Insurance Plus
- United Valley Insurance Services
- Voldico Insurance

## PARTICIPANTS





# How do you describe your organization?

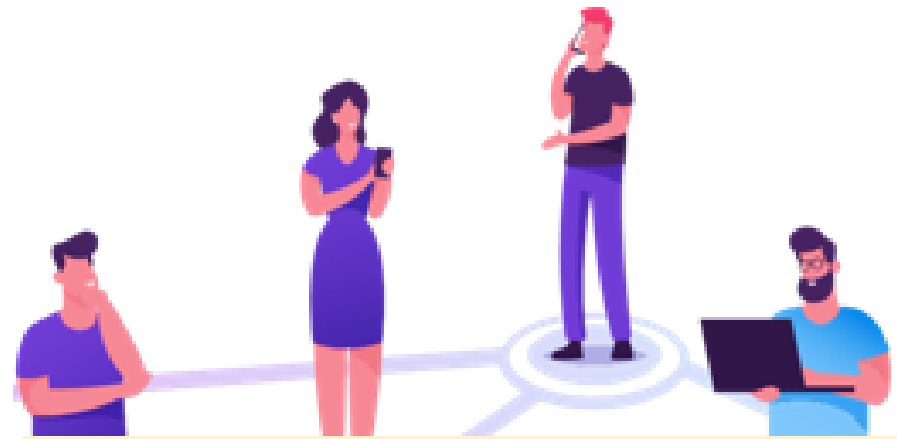


\* The total is 116% because respondents were allowed to select more than one description of themselves.



# INSURANCE AGENCY NETWORKS

BY THE NUMBERS (2021)



An estimated **150** insurance agency networks in the US

An estimated **22,000** agencies are members of networks

**\$138B**

in estimated total network premium (network and agency controlled)

**\$66B**

in estimated total network-controlled premium

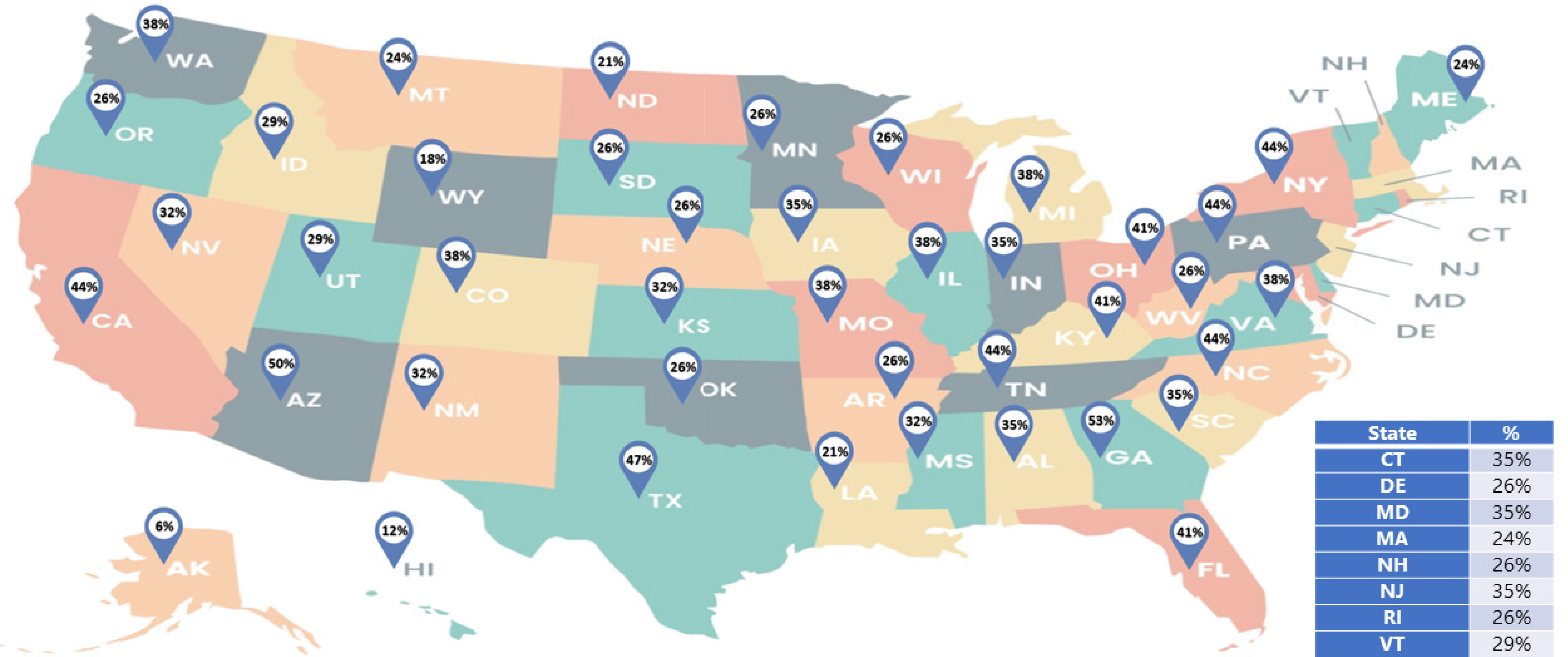
Networks accounted for an estimated **5%** of U.S. insurance net premiums written in 2020, amounting to **\$1.28T**

Insurance networks are vastly distributed across the U.S.



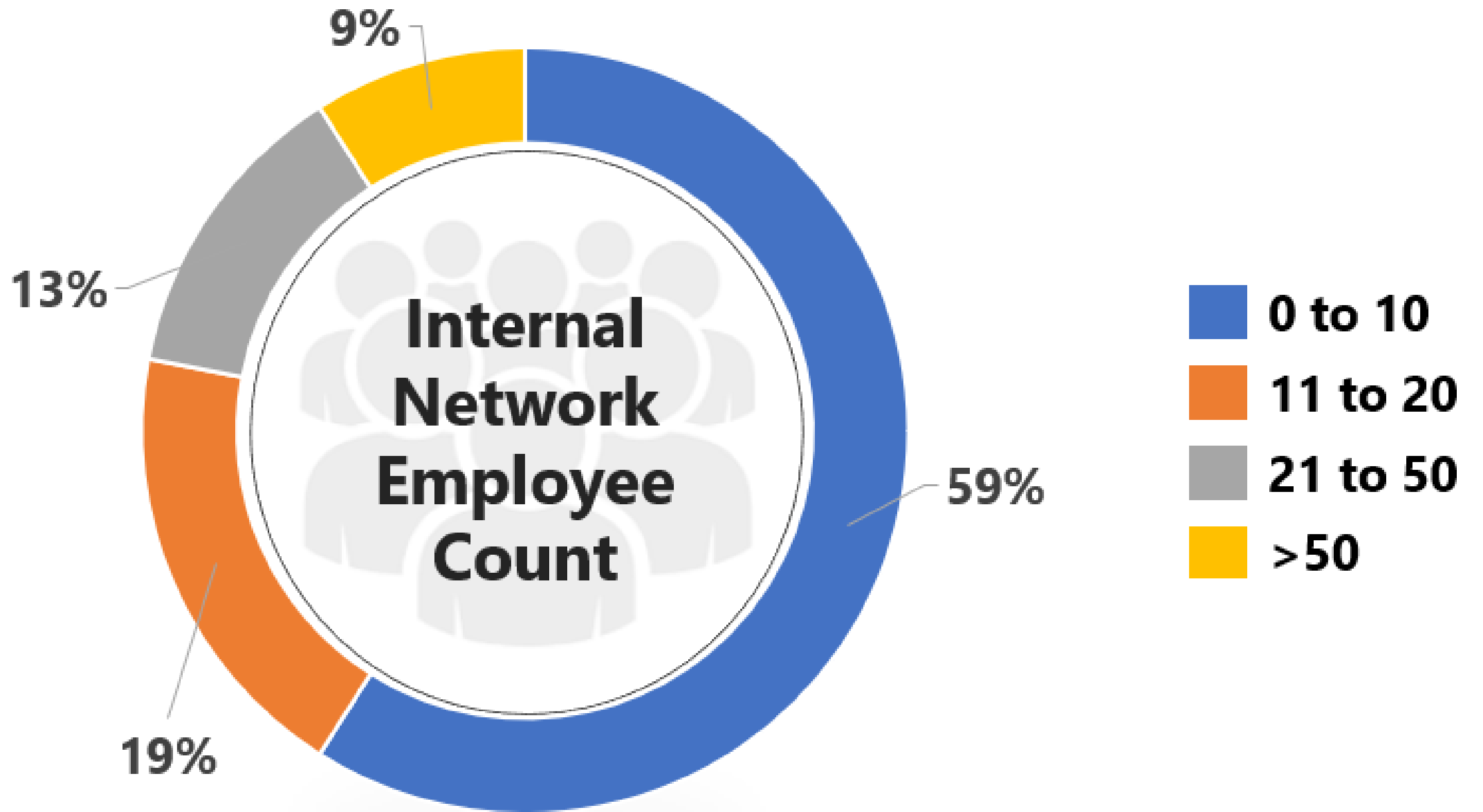
Georgia, Arizona and Texas topped the list of states where networks operate and thus, have more competition.





# STATES

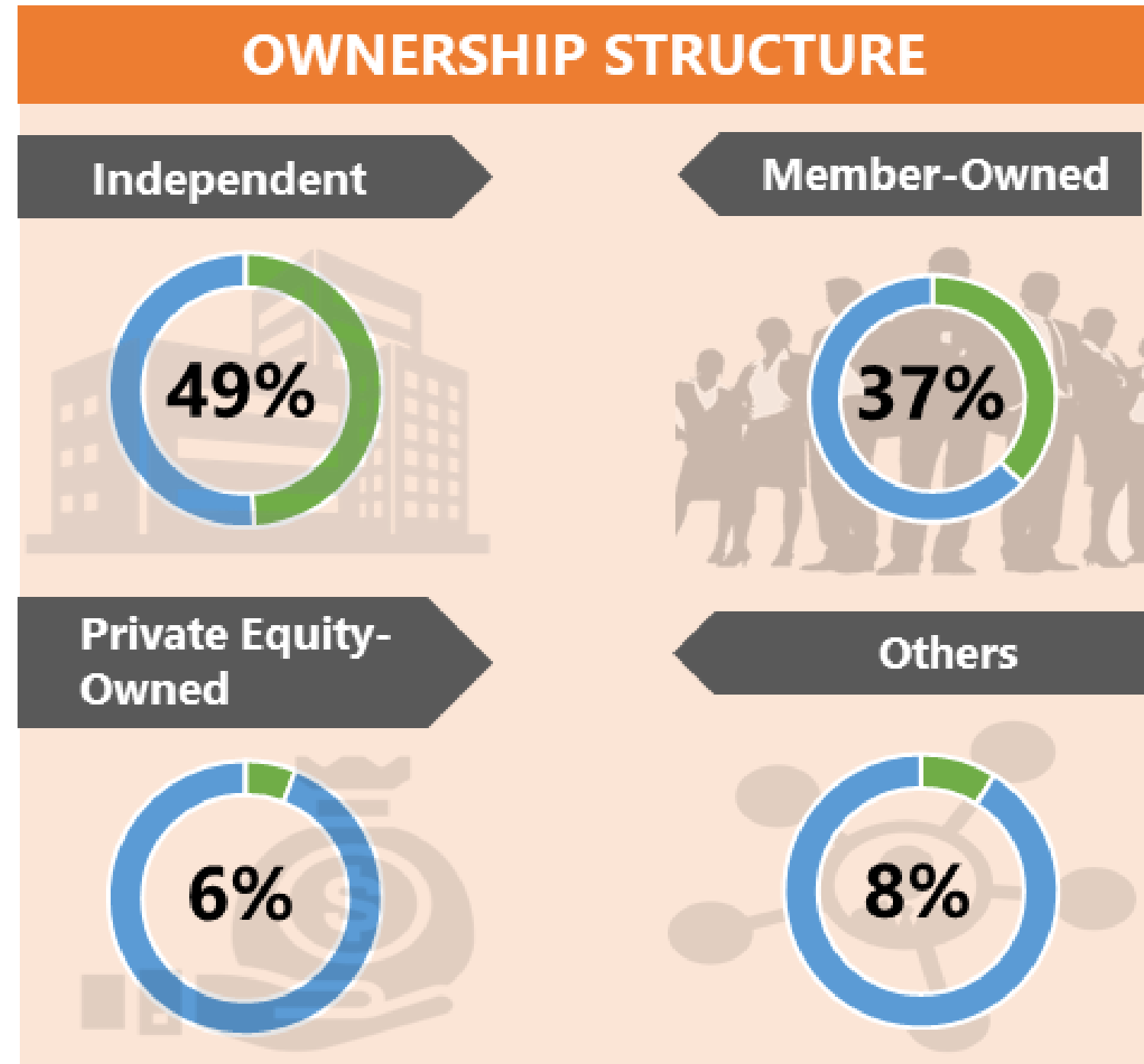
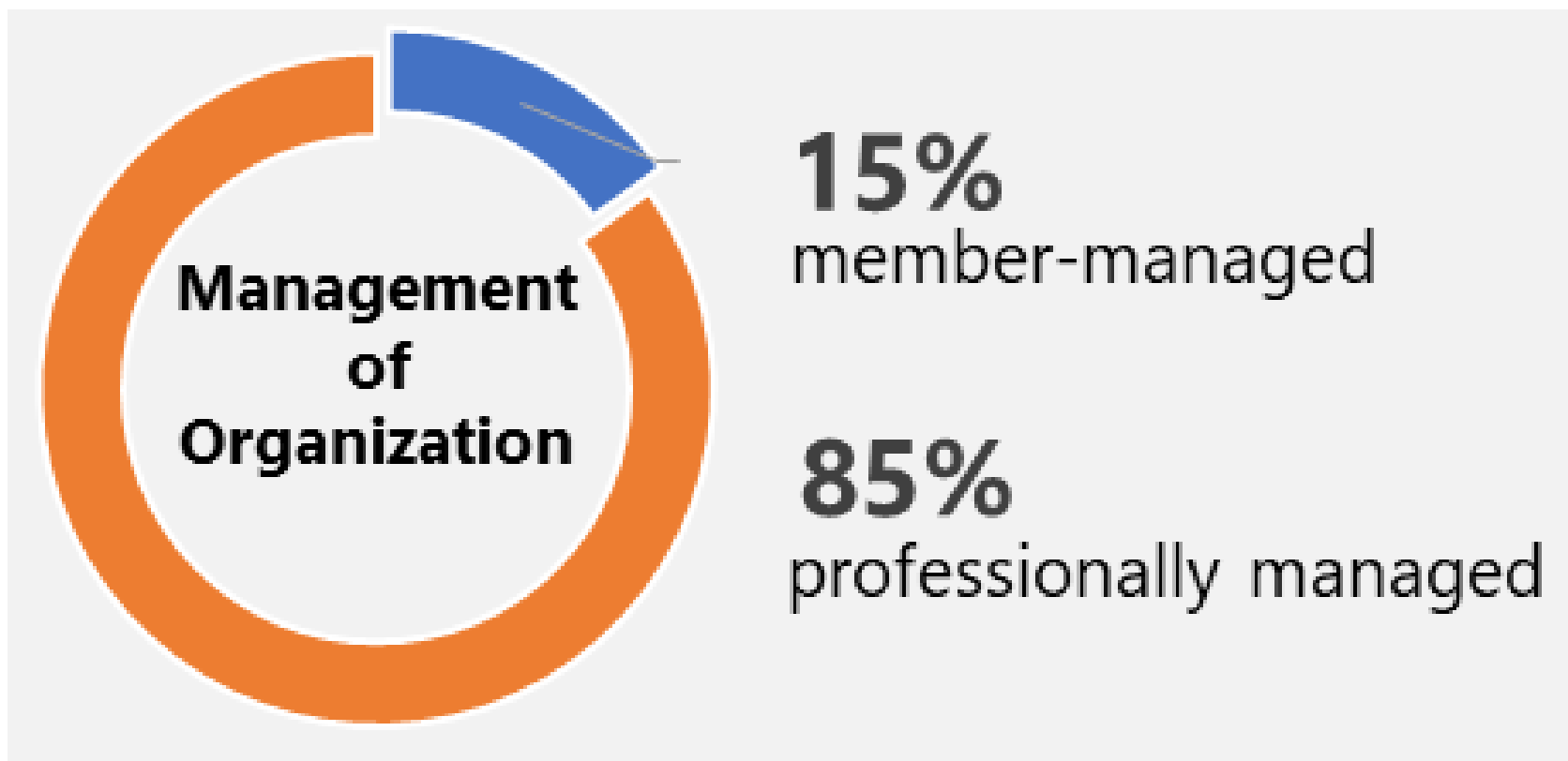
Where Networks Operate







Majority of insurance agency networks are professionally managed and half are independently owned.



# Insurance agency networks ensure quality membership by applying a set of **PERFORMANCE STANDARDS**

## EXPERIENCE



**66%**

References



**63%**

Will consider start-ups with a book of business



**53%**

Minimum number of years in business



**31%**

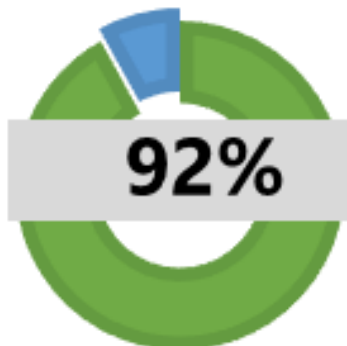
Ownership eligibility exclusions



**31%**

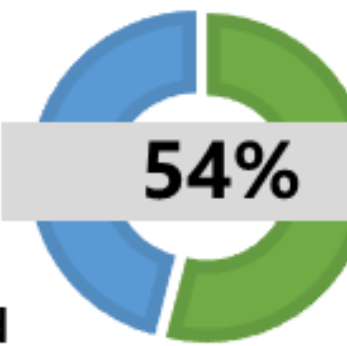
Will consider start-ups without a book of business

## AGENCY FINANCIAL REQUIREMENTS



**92%**

Minimum profitability % is required



**54%**

Minimum revenue growth % is required

## BOOK PERFORMANCE REQUIREMENTS



90%



Profitability



77%



Premium Level



67%



Premium Growth



57%



Annual carrier performance review required



33%



Contingency History

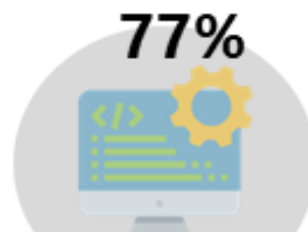


27%



Line of Business Restrictions

## TECHNOLOGY



**77%**

Agency Management System



**65%**

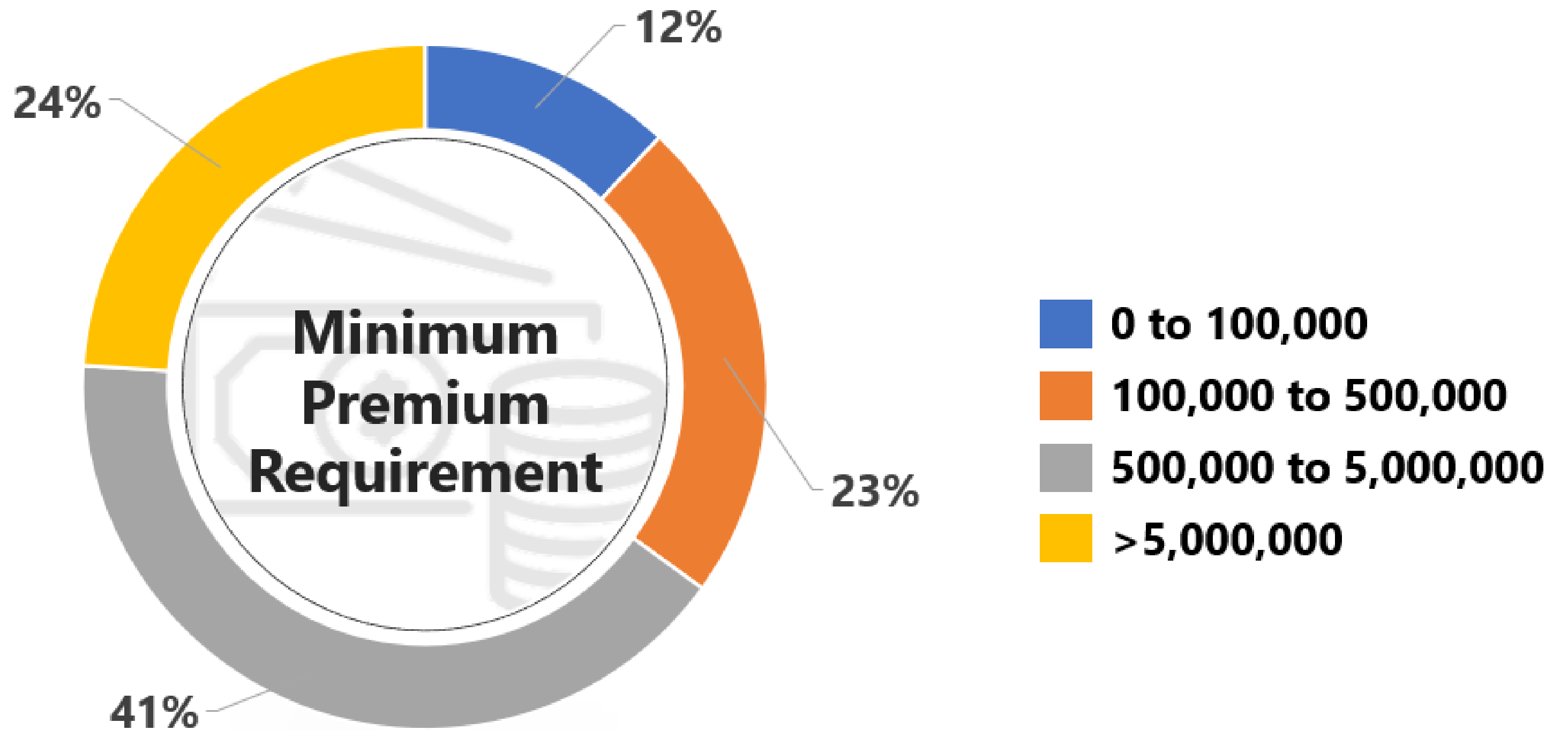
Ability to produce and share data

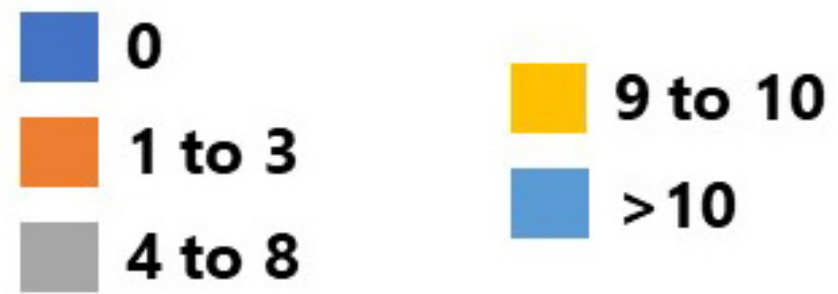
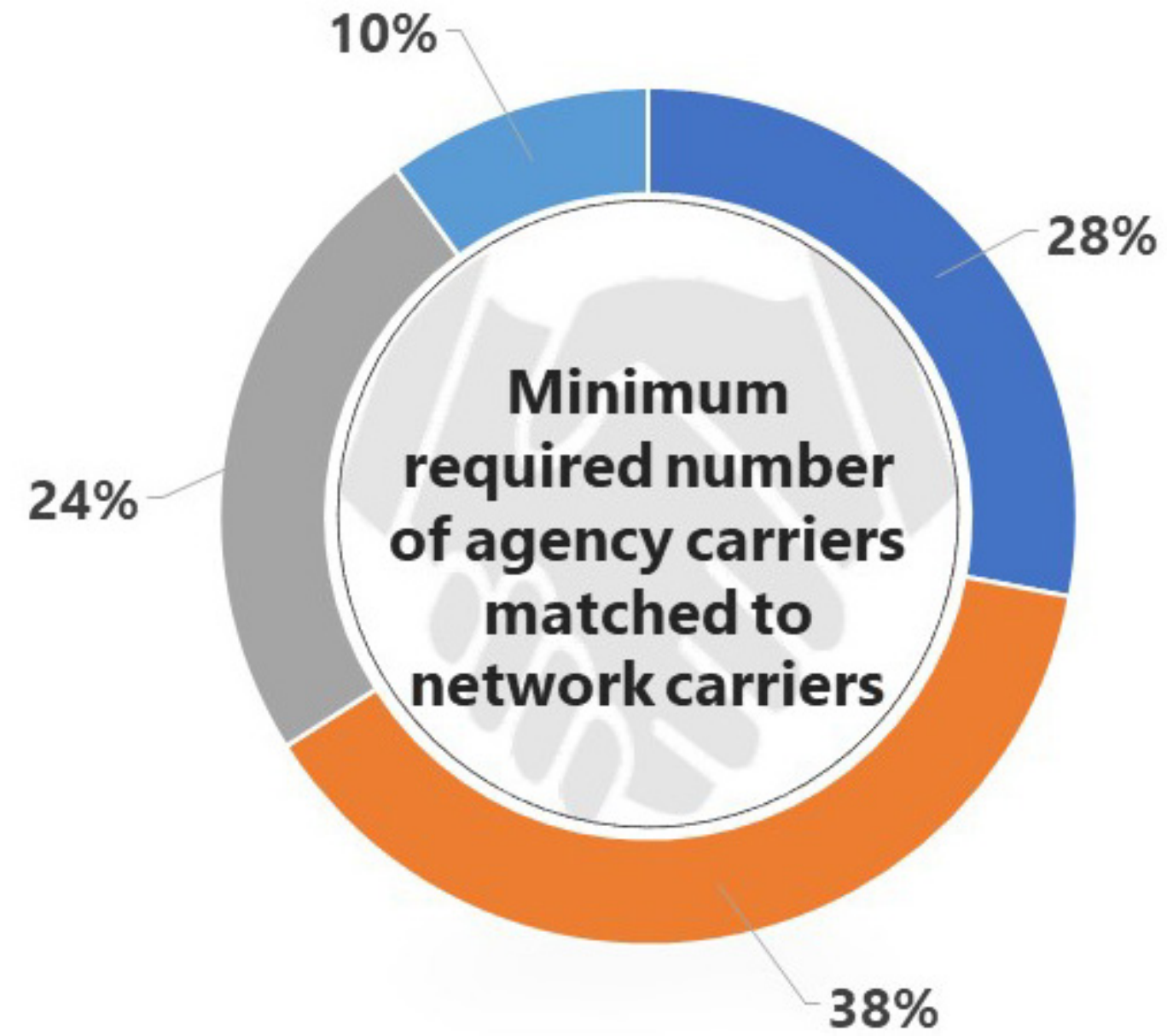


**42%**

Customer Relationship Management System







# Insurance agency networks offer a wide range of

## SERVICES

### Tend to be offered IN-HOUSE



Strategic planning



Business meetings



Market placement assistance



Wholesale & brokerage assistance

### Tend to be offered using PREFERRED VENDORS



Technology



Financing



Lead Generation



E&O Program

### TEND NOT TO BE OFFERED



HR hotlines



Recruitment and staffing assistance



Payroll services



### DIVIDED BETWEEN PREFERRED VENDORS AND NOT OFFERED



Legal assistance

### DIVIDED BETWEEN IN-HOUSE AND PREFERRED VENDORS



Training services



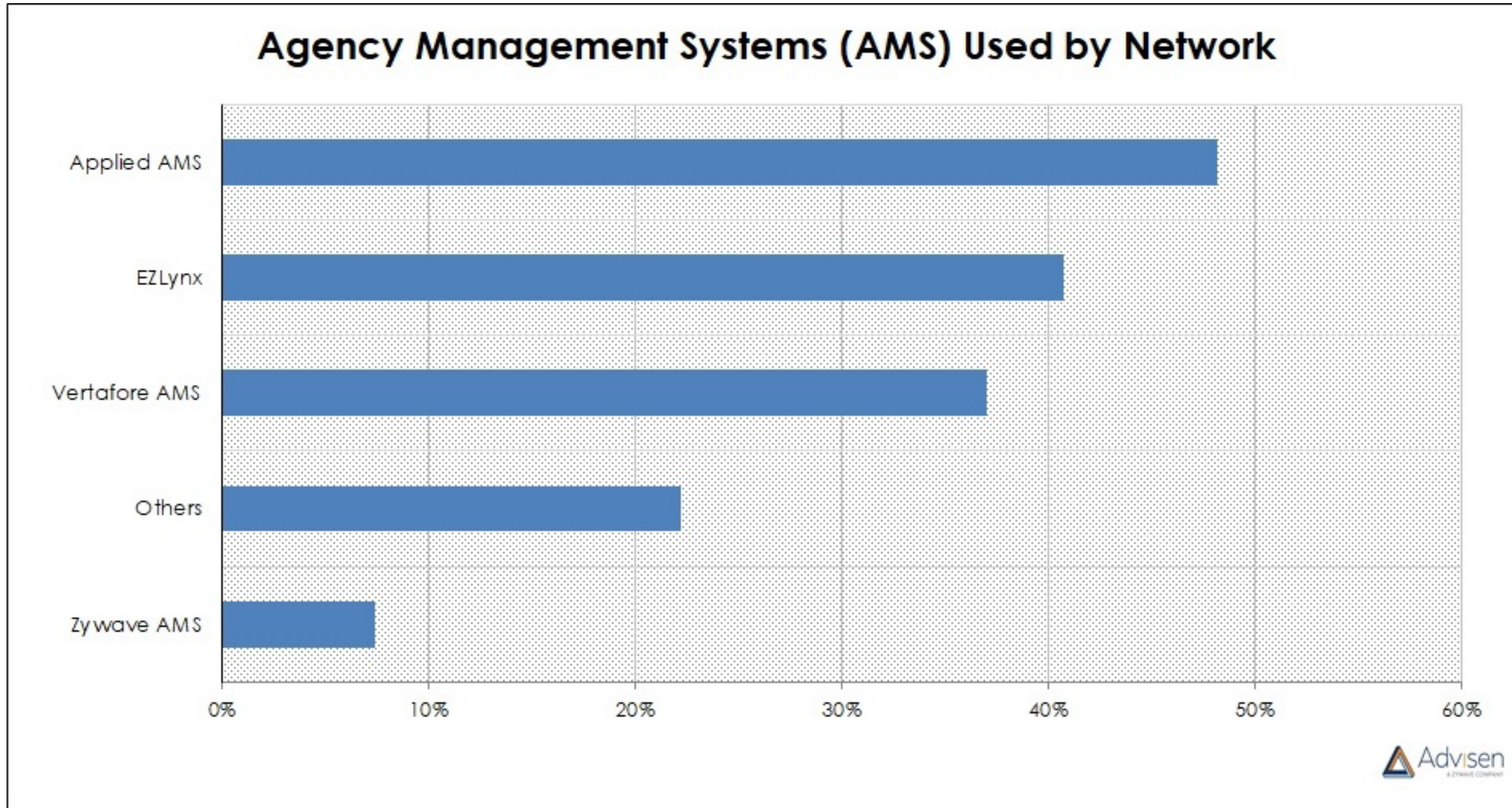
Branding and marketing assistance



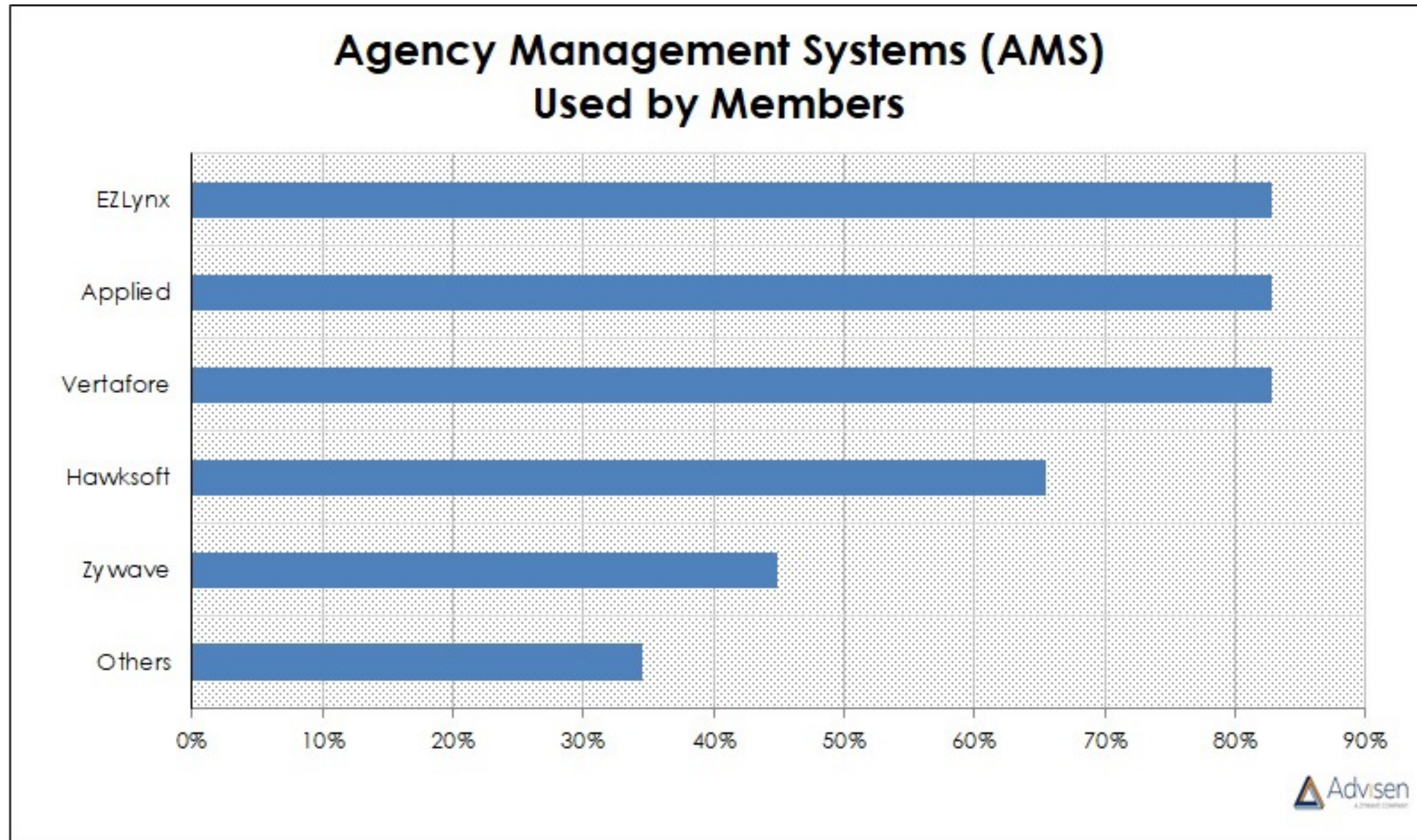
Perpetuation assistance

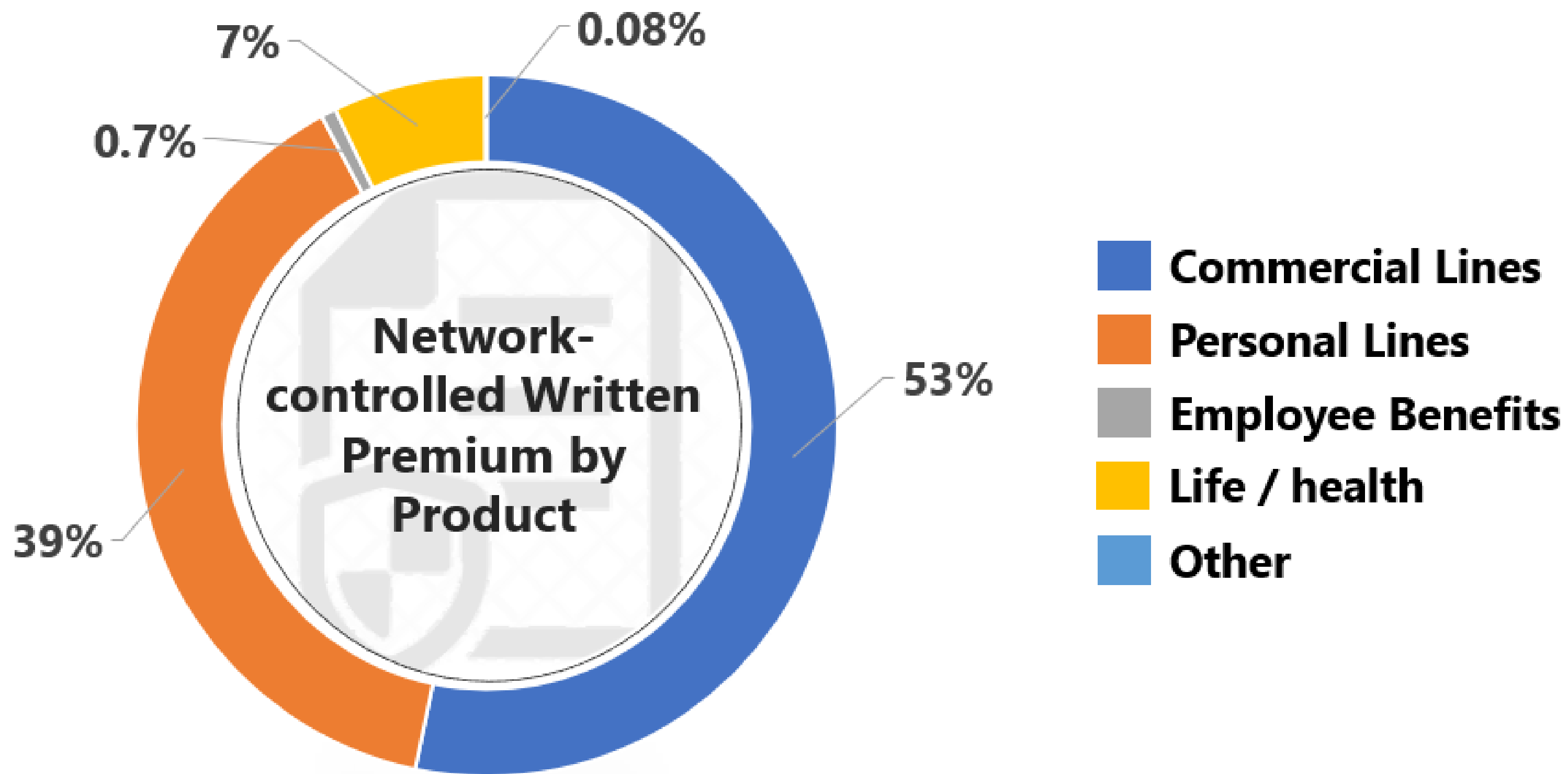


# Agency Management Systems (AMS) Used by Networks



# Agency Management Systems (AMS) Used by Members









# Top 10 Commercial Lines Markets for 2022 Insurance Networks Study Respondents





# Top 10 Personal Lines Markets for 2022 Insurance Networks Study Respondents





# Top 10 Niche Markets

## for 2022 Insurance Networks Study Respondents

1  **CRC Group**  
Wholesale & Specialty

2  **RPS** RISK  
PLACEMENT  
SERVICES

3 **Burns &  
Wilcox**

4  **AR** Arlington/Roe®

5  **Tapco**

6  **HERITAGE**  
INSURANCE

7 **National General**   
Insurance

8 **KEMPER**

9  **MASS PROPERTY**  
INSURANCE

10  **attune**



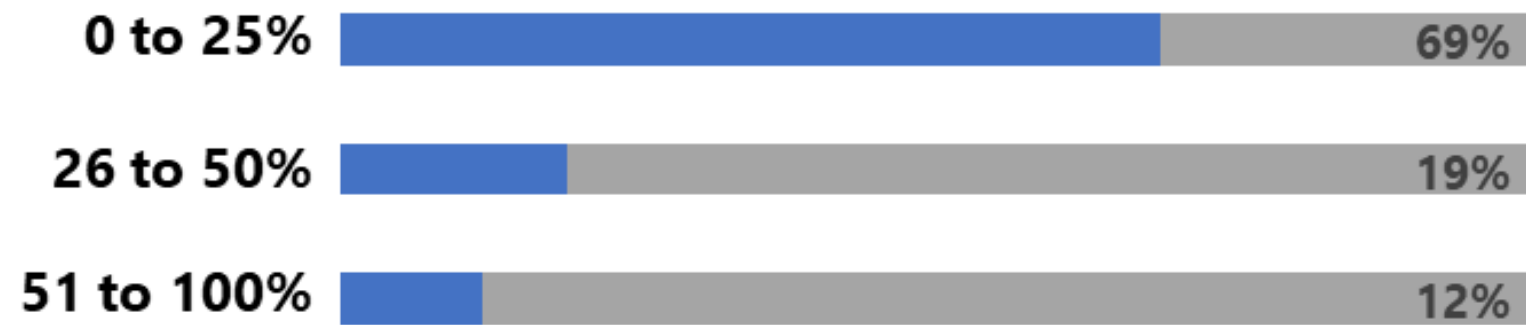
Book ownership and profit-sharing deals are advantageous to members of agency networks.

87%

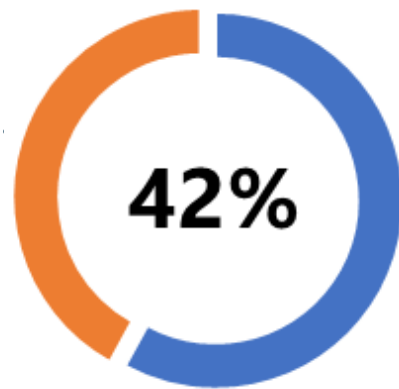
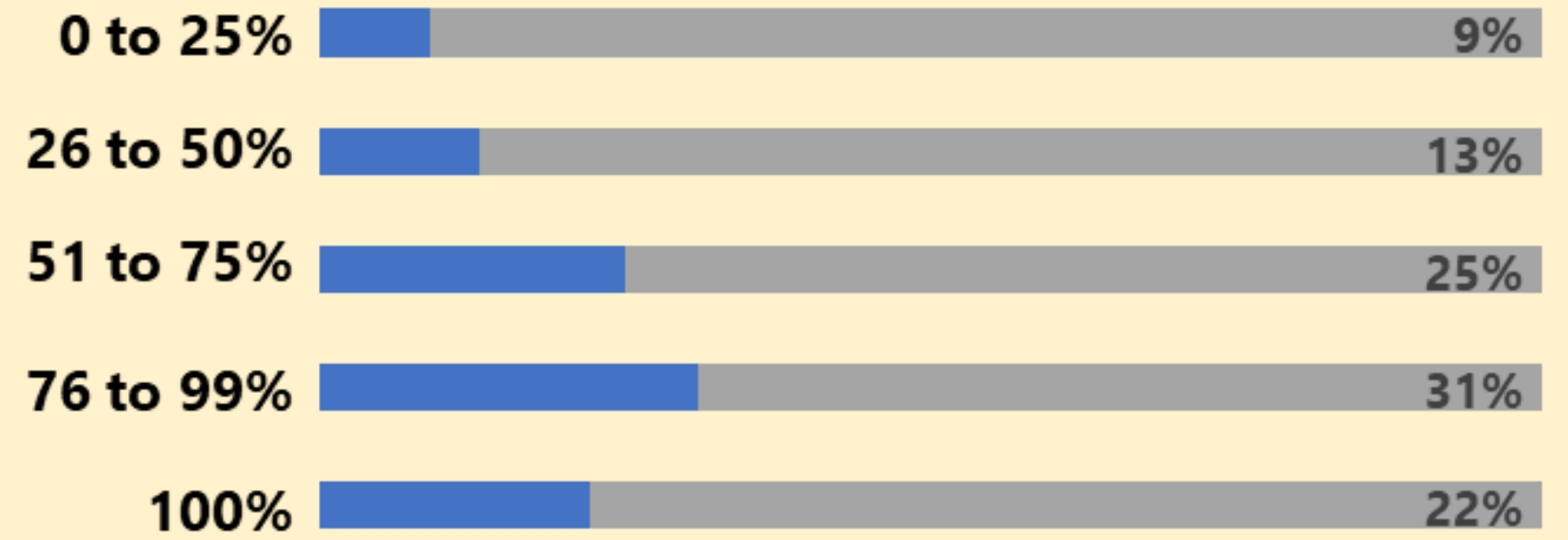
said agency members retain book ownership



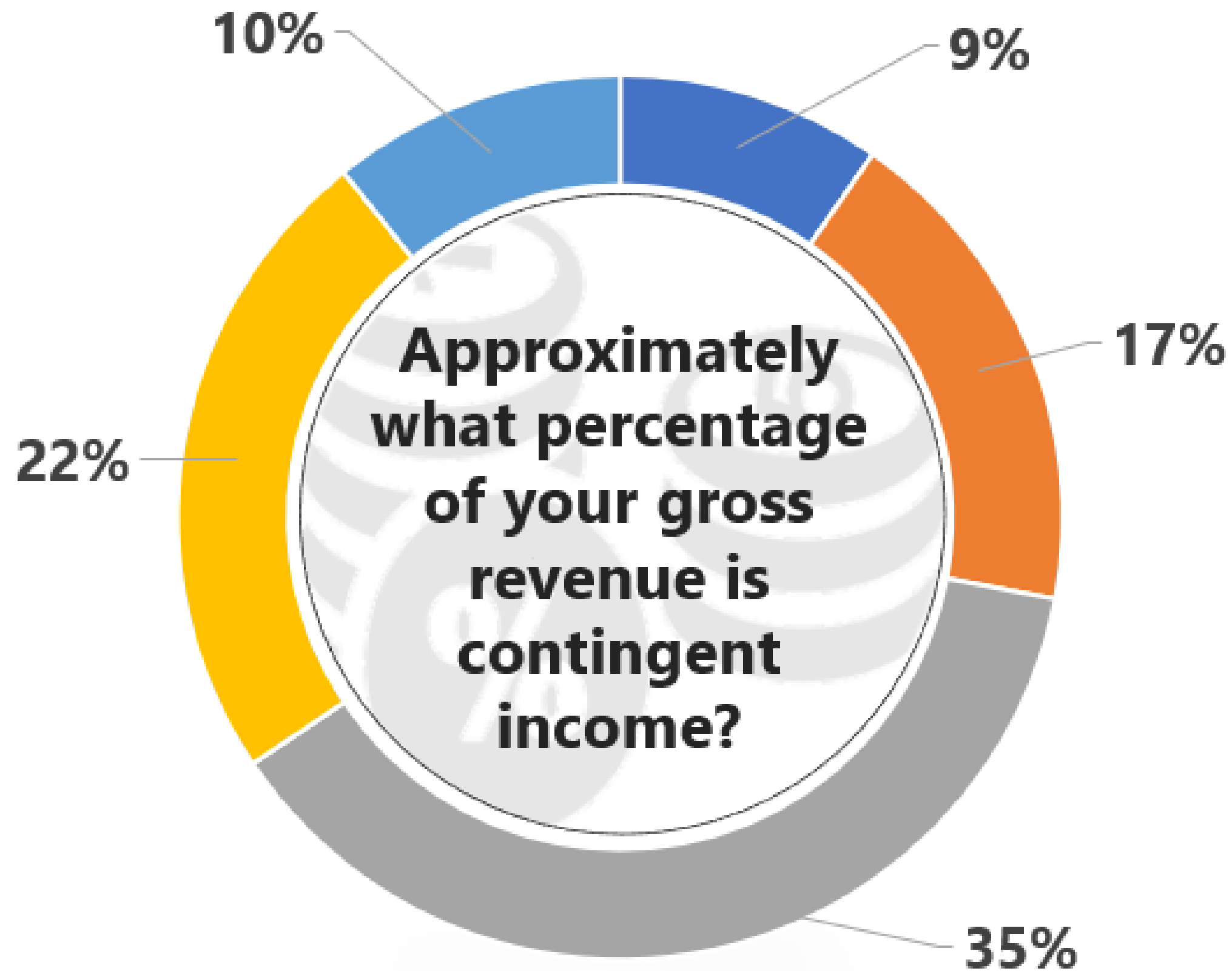
PROFIT-SHARING RETAINED BY THE NETWORK



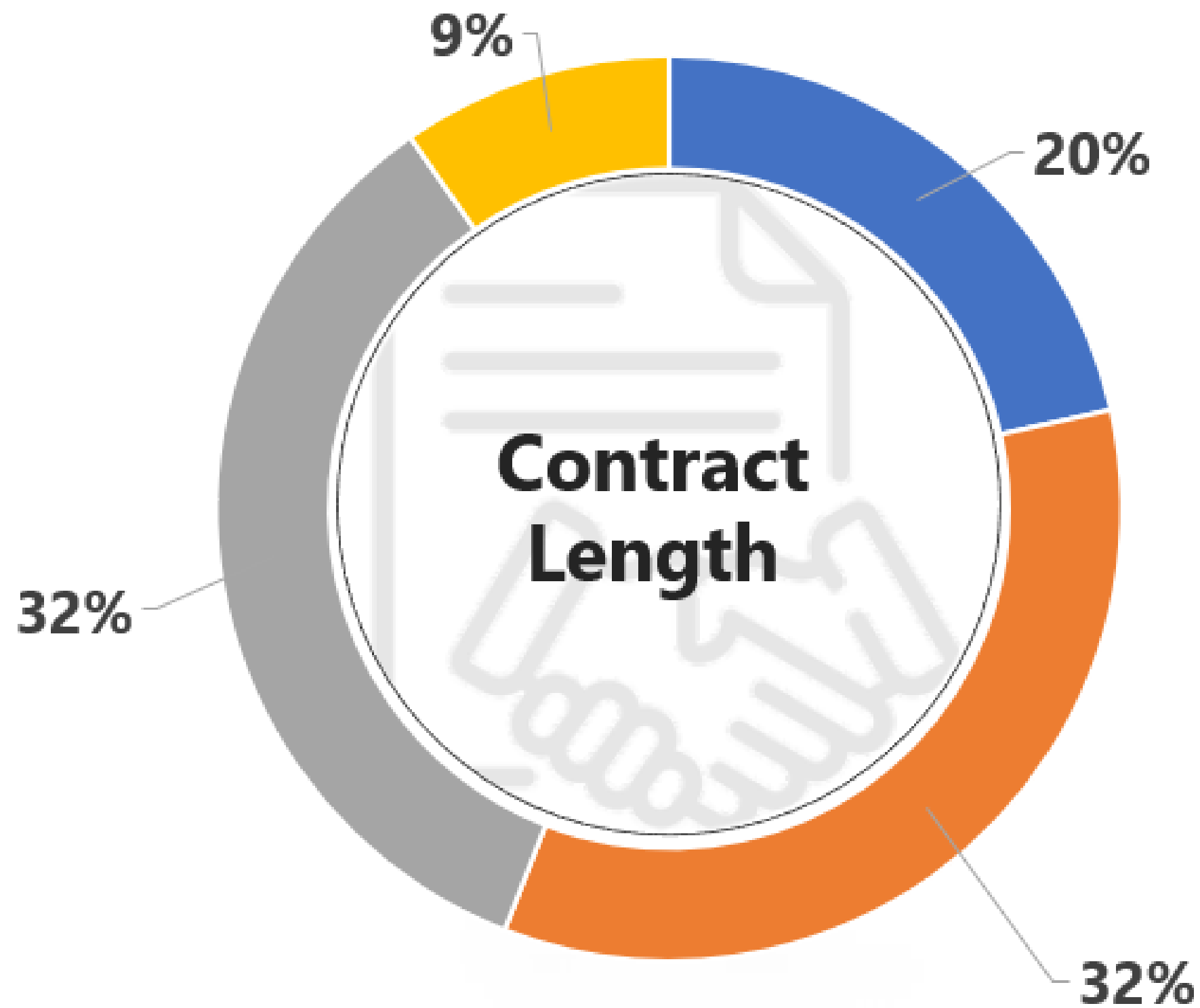
PROFIT-SHARING RETAINED BY OR PAID TO MEMBER AGENCIES



of respondents said right of first refusal applies to members who are looking to sell



- Less than 5%**
- 5% to 10%**
- 11% to 30%**
- 31% to 50%**
- Greater than 50%**

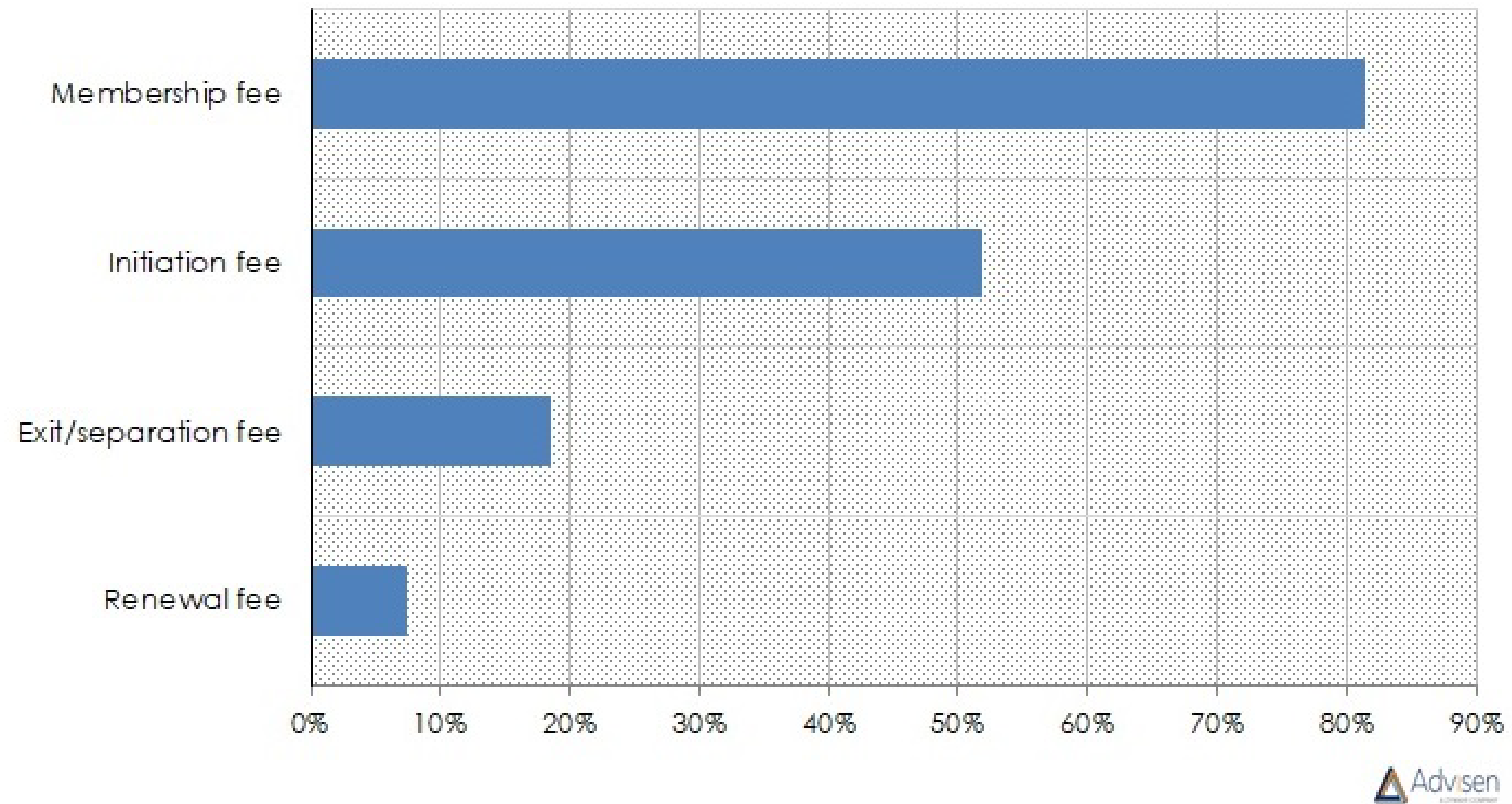


- Monthly**
- Annual**
- Multi-Year**
- Others**

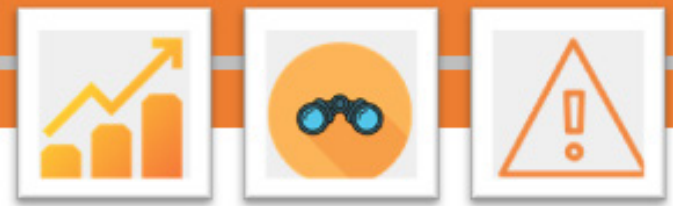


# Fees

## Fees



Agency networks are faced with emerging trends, opportunities and threats.



### EMERGING TRENDS

Insurance technology

Data analytics

Perpetuation planning

Changing consumer demands

M&A

### OPPORTUNITIES

M&A

EXPANSION  
(increasing number of new agency owners and captive agents joining agency networks)

TECHNOLOGY-BASED SOLUTIONS

### THREATS

M&A

Start-up networks that are not professionally managed

Growing saturation of network groups

Market share controlled by a few players

Insurance agency networks polled are **bullish about the future of the business.**



*“The future is strong! There's a huge opportunity for networks to create real value for the independent agency channel.”*

*“The rise in popularity of agency networks has increasingly shifted and shaped the insurance landscape over the last 15 to 20 years. The veteran agency networks have a responsibility to lead and nurture.”*

*“Networks are the most powerful tool for member agencies to remain privately owned and to grow”*

*“Networks need to be professionally run and be able to show value to their members and carriers.”*





Insurance agency networks polled are **bullish about the future of the business.**



*“Professional networks need to continue to differentiate, so that carriers recognize quality networks in a different way than co-ops.”*

*“Technology today empowers the agency of the future.”*

*“We must work together to strengthen the entire group of networks. Carriers must recognize the value networks bring to the results.”*



*“Our agency has a variety of programs available to suit the needs of all agent experience levels. There are some guidelines and minimum requirements in place in order for agencies to be able to access our core carrier partners and products.”*



# KEY FINDINGS

- **Insurance agency networks are thriving and are recognized for providing a platform for connectivity among agencies and carrier partners.**
- **There are an estimated 150 insurance agency networks in the US which are vastly diverse in terms of size, location, ownership structure, number of years in business, and other factors.**
- **There are 22,000 agencies that are members of insurance agency networks.**







# KEY FINDINGS

- **Insurance agency networks are a significant part of the insurance industry, with total network premiums controlled by networks and agencies pegged at \$138 billion and total network-controlled premium at \$66 billion. Insurance agency networks' total network-controlled premium accounted for five percent of the \$1.28 trillion in U.S. insurance industry net premiums written reported by the Insurance Information Institute for 2020.**
- **The majority of insurance agency networks are professionally managed by full-time staff dedicated specifically to overseeing their organizations.**







# KEY FINDINGS

- **Insurance agency networks apply a set of performance standards for agencies that want to join them. On top of their list when screening prospective member agencies are references, profitability, premium level, minimum profitability percentage, and agency management system (AMS) used.**
- **Insurance agency networks offer a wide range of services. Strategic planning, business meetings, market placement assistance, and wholesale and brokerage assistance tend to be offered in-house, while technology, financing, lead generation and E&O programs tend to be outsourced to preferred vendors. Training services and branding and marketing assistance tend to be divided between in-house and vendors. Insurance agency networks tend to not provide human resources services such as HR hotlines, recruitment and staffing assistance, and payroll services.**





# KEY FINDINGS

- **Consolidation, insurance technology, data analytics, and perpetuation planning were the top emerging trends identified by respondents for the next five years.**
- **Survey respondents see consolidation both as an opportunity and a threat.**
- **The INA members polled are bullish about the future of insurance agency networks. They believe that successes will be sustained especially if the networks will continue to create real value for their members and carriers, as well as work to further strengthen the networks.**







Thank you!

2022 INSURANCE NETWORKS STUDY

