

Insurance Times: Opinion Exchange: Youth Squad

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Future One, a collaboration of the Independent Insurance Agents & Brokers of America (IIABA) and 19 independent agency companies, has shared preliminary findings from the 2002 Agency Universe Study which demonstrate the growth of young agents, penetration of niche markets and agent response to customer service centers.

The findings bode well for the future of the agency system in general and for the industry's commitment to technology, in particular.

The Agency Universe Study affirms a growing presence of younger professionals heading independent agencies. One in seven agencies experienced a change in ownership in the past two years. In 81 percent of the ownership transfers, the acquisition was made by another agency principal (62 percent) or an agency producer (19 percent).

Slightly less than one-third of all agency principals are younger than 45 years old and nearly three-quarters of all new agency principals are also in that age group. One-quarter of new agency principals are women, while just 12 percent of new agency principals older than 45 are women. However, 64 percent of principals less than 35 years of age and 39 percent of principals aged 35 to 44 work in agencies where an older principal owns a controlling interest in the agency.

Among the attitudinal differences between younger and older agents, those less than 35 years old give technology greater importance. Younger principals were more enthusiastic in support of technology to enhance education, research, agency management information, access to markets and 24/7 customer service.

That could be the most important finding of all for an industry frequently criticized as a laggard in adopting technology.

The study also reveals a healthy skepticism on the part of agents regarding the the growth of customer service centers to manage client needs. Currently about 30 percent of agencies use the centers, with larger agencies more likely to use service centers than their smaller counterparts. Agent satisfaction can best be described as temperate. Just 52 percent of agents voiced satisfaction with personal lines call centers; the response dipped to 46 percent satisfaction for commercial lines agents.

"While the implementation of the service centers by carriers might meet consumer and carrier desires for better accessibility to customer information, many agents have expressed lukewarm feelings about the use and implementation of the service centers," says Madelyn H. Flannagan, IIABA vice president of education and research.

Additionally, almost 40 percent of agents are involved in niche or target marketing, with a concentration of agents —72 percent—in commercial endeavors. Commercial lines agents listed construction/contractors as their top niche; other target markets included agriculture and professional insurance (i.e. attorneys, architects, engineers, veterinarians). For personal lines agents, non-standard and classic auto, coastal properties and mobile homes were top niches.

An agency's ability to meet the special needs of customers as well as the relationship an agent holds with a carrier likely to underwrite the specialty risk were cited most often as the key factors in providing a niche focus.

Agents also cited the special skills of a producer and access through an association representing the market. This, however, is not a new trend as agents reported that they had served their particular target market for an average of 21 years.

A complete summary of the 2002 Agency Universe Study will be available next month. For more information. visit www.independentagent.com.

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If, despite the avowed crackdown on corporate fraud, you're still considering embezzling insurance funds, don't do so in China.

A Chinese insurance company employee has been executed for embezzling 4.17 million yuan (\$504,000) in insurance premiums, the official Xinhua News Agency reported.

Deng Chenhui was put to death after China's Supreme Court upheld a sentence issued by the city's No. 2 Intermediate People's Court, Xinhua said.

The report said the court refused to identify the name of the insurance company that Deng worked for. Only 2.47 million yuan (\$300,000) of the embezzled funds have been recovered by police, Xinhua said.

China frequently gives harsh penalties to people convicted of economic crimes in an attempt to enforce order over what it calls its "socialist market economy," a somewhat chaotic hybrid of free-for-all capitalism and authoritarian state planning.