



National News

## Survey: Claims Service Is Tops for Agents When Evaluating Carriers

By Kenneth J. St. Onge  
July 8, 2009

Quality claims service continues to be the top factor in how independent agents evaluate their carriers, although insurers' financial strength ratings are now a much bigger concern for agents than in the past, an exclusive survey reveals.

The survey — "How Independent Agents View Carriers: The Super-Regionals" — polled nearly 1,100 agents in all 50 states, and asked 100 questions about various aspects of their relationships with the carriers they represent, and ranked those responses in 24 categories. It's the first survey of its kind that focuses on agents' views of "super-regional" carriers, which form the middle ground between national and local insurance companies.

Claims services topped the list of qualities agents look for, just as it did in last year's survey — underscoring the importance agents place in carriers that resolve claims efficiently. Nearly two out of three agents called claims service a "critical" factor they look for in carriers.

Insurers' financial strength ratings ranked second most-important in the survey, a significant jump from the number five spot that factor ranked on a previous survey by Channel Harvest last year in which independent agents rated national carriers.

Nearly half of those polled said financial strength ratings were critical. The jump likely reflects recent dramatic instability in the entire financial services sector, including the government takeover of AIG.

Competitive pricing was third most-valued, slipping from the number two position on last year's list. Underwriting, too, is a major concern for agents: Nearly half of the top 10 involved some aspect of underwriting — from flexibility and availability to expertise and clarity.

"Agents placed the highest importance on things that matter to their customers, not themselves," said Kevin Jenne, project manager for the survey and research director for co-sponsor Aartrijk. "They clearly prioritized things such as claims service and pricing over the service and compensation they receive."

The survey revealed a number of key findings about agents' attitudes toward the carriers they represent.

The importance of compensation is a major finding, particularly in that it ranked less important than most other issues. Compensation to agents was well down the importance list, ranking nineteenth out of the 24 issues covered by the survey.

The survey also revealed that only some carriers are meeting agents' expectations. Insurers are meeting expectations only on having dedicated underwriters. Carriers on average significantly underperform on several items in the top 10, including claims service quality, underwriting responsiveness, and competitive pricing. However, there are some super-regional carriers agents listed who meet and even exceed agents' demands in these areas.

The survey also found that agents tend to favor super-regionals over larger and smaller carriers in nearly every measured attribute, including pricing, customer and agent service, compensation and even marketing support. This appears to reflect a preference for companies that are big enough to meet their needs for coverage, technology and so forth, while not being perceived as uncaring or bureaucratic as some national carriers. This preference is reflected in their placement: Agents on average place more of their business with super-regionals than with either nationals or small carriers.

One agent, commenting on his preference for a super-regional company over a larger national carrier, said he

"wanted a company that would give us more local sales and underwriting support and that would give us a voice when situations would arise that would be challenging. We'd feel we'd have a voice with a large regional carrier, more than a national carrier who didn't give us the time that we felt we deserved (or) needed."

Also, independence is vital: Several large carriers with strong brands have angered agents with indiscriminate agency appointments and direct sales. These agents generally praise the strengths of these carriers, but adamantly oppose the carriers' competing with them or undercutting their sales efforts.

### **About the Survey**

The survey was conducted by Channel Harvest — a partnership between Aartrijk and Campbell Communications — and sponsored by Insurance Journal. Insurance Journal will report more selected findings of the survey, such as agent attitudes on industry issues, in subsequent articles.

The survey instrument covered more than 100 separate questions. A total of 1,098 agents responded to the survey and passed validation criteria. For most general questions in the survey, the number of responses yielded a margin of error of 3 percent at a 95 percent confidence level. Quantitative survey results are presented in a variety of formats, including rankings of frequently used carriers, ratings of individual carriers, and comparisons of carrier ratings.

The "How Independent Agents View Carriers," is the second in a projected series tracking agents' views on issues in the insurance marketplace. For more information on obtaining the survey report, contact Peter van Aartrijk at [peter@Aartrijk.com](mailto:peter@Aartrijk.com).

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National News

## Survey: Carrier Size Matters But So Do Price, Underwriting and Service

By Andrea Ortega-Wells

July 20, 2009

When it comes to selecting a carrier partner, size matters. But when it comes to ending a carrier relationship, price, underwriting flexibility and service matter the most.

That's according to the survey — "How Independent Agents View Carriers: The Super-Regionals" — which polled nearly 1,100 agents in all 50 states, and asked questions about various aspects of their relationships with the carriers they represent. It's the first survey of its kind that focuses on agents' views of "super-regional" carriers, which form the middle ground between national and local insurance companies.

### Small Enough to Care

Agents prefer super-regional carriers over larger and smaller carriers in nearly every measured attribute, including pricing, service to the customer, service to the agent, compensation and even marketing support. This appears to reflect a preference for companies that are big enough to meet their needs for coverage, while not being perceived as uncaring or bureaucratic as some national carriers.

"For the agents, it seems like there's a tension between being in an unbalanced power relationship," said Kevin Jenne, project manager for the survey and research director for co-sponsor Aartrijk. "When you are dealing with a national carrier you don't have a lot of power in the relationship. When dealing with a very small company, sometimes they don't have the reach or capacity to write the coverages you want, and sometimes they don't have the financial strength to make you feel confident placing business with them."

This preference is noted in placement: Agents on average place more of their business with super-regionals than with either nationals or small carriers. Agents believe large regional or "super-regional" carriers fared better than small and national carriers in almost every way, both for commercial and personal business.

Super-regional carriers have a lot of advantages in areas like pricing and service," Jenne said. "There's an impression that regional carriers care more about the agents and are taking better care of them."

For commercial business, national carriers were perceived to have a slight advantage on offering "best coverage." However, in every other way, super-regionals ranked better than nationals.

Customers were also more likely to ask for a regional carrier than for a super-regional, but more agents said that no type has an advantage in this area.

### Breaking Up Is Hard to Do

More than a third (37 percent) of agents responding to the survey said they had ended a relationship with a large regional carrier in the past. And while some agents ended relationships with carriers to reduce the number of carrier relationships in the agency, others said they ended relationships because they were dissatisfied with underwriting requirements or pricing.

Many agents who had terminated carrier relationships felt that either the underwriting was too strict, or the pricing too poor, to enable them to meet the volume requirements placed on them by carriers.

One agent wrote cooperation with underwriters played a key factor in why the agency terminated their relationship with the carrier. The agent said, "Carrier was requiring a minimum premium volume that we could not obtain because of a total lack of cooperation at the underwriting level. No account was seeming very good to the underwriter and their pricing reflected that attitude."

Service issues mattered as well. Some agents noted that service from their carrier lacked, either for their agency personnel or their insureds.

One agent said, "[The carrier] insisted that everything go to their service center and the commercial business was not well cared for. They ran off more business than they saved. Also, they insisted on having the service work done by service center employees who were not qualified to do the service."

Agents also reported unfair treatment from their carriers as a reason why they terminated carrier relationships.

One agent said the carrier's decision to jump in and out of markets left the agency to move a large book of business. "They would jump into tougher risks and we would build a volume, then they would pull out of that class and we would have to move the entire volume. They were too hot and cold," the agent wrote.

Jenne said when an agency is forced to move an entire volume, that move can be "very disturbing" for the agency and its customers.

Another agent said, "Our volume dropped from nearly \$1 million to \$250,000 over five to eight years. They priced themselves out of the Michigan market. Great company. We just couldn't keep or place any business with them."

Time and time again, agents said what's most important is the customers' need, Jenne said. "It keeps coming back to the customers' requirements," he said; the customers' need for better pricing is what agents place first.

While fewer than a third of agents (30 percent) said that they had rolled a book of business to a new carrier, among those who did, they did so primarily because their carrier withdrew from their state. Other frequent responses for reasons why agents moved books to a new carrier involved expectations of better agency compensation, service or underwriting.

### **About the Survey**

The survey was conducted by Channel Harvest — a partnership between Aartrijk and Campbell Communications — and sponsored by Insurance Journal. Insurance Journal will report more selected findings of the survey, such as agent and customers in the recession, in an upcoming article. A previous article on the survey findings, [Claims Service Is Tops for Agents When Evaluating Carriers](#), discussed what performance factors are most important to agents.

The survey instrument covered more than 100 separate questions. A total of 1,098 agents responded to the survey and passed validation criteria. For most general questions in the survey, the number of responses yielded a margin of error of 3 percent at a 95 percent confidence level. Quantitative survey results are presented in a variety of formats, including rankings of frequently used carriers, ratings of individual carriers, and comparisons of carrier ratings.

"How Independent Agents View Insurance Carriers," is the second in a projected series tracking agents' views on issues in the insurance marketplace. For more information on obtaining the survey report, contact [peter@aartrijk.com](mailto:peter@aartrijk.com).

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