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The truth about agent-company relations: Insurers excel at fundamentals; partnership skills need work

PIA's Company Performance Survey show how well carriers do in agents' priorities

GLENMONT, N.Y. – When it comes to what they consider most important in a company relationship, independent agents are satisfied with the work of their insurance carriers, according to the findings of the **2009 Company Performance Survey**, administered by the Professional Insurance Agents of Connecticut, New Hampshire, New Jersey and New York State Inc. But, while companies go above and beyond to master the fundamentals, like claims handling and underwriting, agents say more work needs to be done in other high-priority areas, such as communication and technology.

“It’s reassuring to find that insurance companies are doing so well where it matters most to independent agents,” said Diane Fowler, executive director of PIACT, PIANH, PIANJ and PIANY. “Companies are demonstrating sound, consistent underwriting and paying client claims promptly and fairly; it’s great to see carriers excelling in precisely the areas our members deem important.”

New developments this year

PIA’s Company Performance Survey gauges insurance producers’ views of their carriers and gives independent agents the opportunity to share opinions on their companies’ handling of claims; products and pricing; technology; underwriting and more. New this year, the survey data was compared against the findings of PIA’s Company Benchmark Survey, which gave agents the opportunity to rate the most important factors when deciding whether or not to work with a carrier. Agents named claims handling and underwriting as the two most important criteria by which they judge a company’s value. “The findings made a lot of sense,” said Kevin M. Ryan, CIC, PIANY president. “After all, the smoother the claims process, the quicker agents can help their clients.”

Also for the first time this year, PIA is offering PIA member companies detailed reports covering not only their performance scores but also their agents’ comments and how well they fare against other carriers on the top-10 benchmark factors agents value most. “Each year, we’re contacted by more and more company representatives, requesting inclusion in the survey or information on the results,” William R. Vowteras, CPIA, PIANJ president said. “Clearly, the findings are incredibly valuable to company representatives.”

Companies need to listen, consider feedback

Listening and responding to agents, user-friendly technology, underwriting flexibility and speedy problem-solving make up a cluster of partnership issues where the biggest gap occurs between agents’ expectations and the average company’s performance. These items

(along with claims and other underwriting factors) appeared among agents' top-10 most important needs on the PIA Benchmark Survey.

Performance ratings and comments show numerous ways companies lose out when they fail to communicate with agents as equal partners. In the one underwriting area (flexibility) in which performance scores are below average, too many companies seem unwilling to explore the opportunities a risk presents, using agents' first-hand input, and figuring out a way to accept it. Even in today's soft market, underwriting flexibility and appetite was the topic mentioned most often, when agents named what commercial-lines units need to work on. (For personal lines, it's price.)

"Companies have a real opportunity to stand out from the rest of the pack if they concentrate on their partnership skills," said James A. Goodman, CIC, PIACT president. "Effective two-way communication opens the doors to more production."

Companies' uneven response is evident in other areas as well. A surprising number of agent comments centered on call-backs or return e-mails from certain carriers. Resolving issues quickly is among agents' highest priorities when judging a company—but on average, companies score only so-so. Some carriers just don't demonstrate what one agent calls "that sense of urgency," whether it's underwriter response time or customer service. Some also seem slow to act on their agents' ear-to-the-ground market advice.

A final way companies can differentiate themselves is technology, which received the lowest average score in the 2009 survey. It also figured large in comments, especially agents calling for improvement. One agent, stating what a specific company needs to improve, replied: "Automation—absolutely, absolutely critical for survival and growth." According to Goodman, "Agents do business where transactions prove easy and efficient. That's why each year's survey lets agents provide current, detailed feedback to their carriers on several technology-related items."

Agent comments geared toward sales

After rating each individual carrier from 20 separate standpoints, agents were prompted to name the company's greatest strength and something they would like to see improve. In their comments, agents tended to focus on sales-related features like rating technology, products, pricing and underwriting flexibility. Technology comments, for example, overwhelmingly cite the companies' rating systems, with 44 percent identifying rating technology as a company's greatest asset, while 56 percent picked it as the thing they want a company improve.

"It's strictly business when agents have to name a company's one main strength," said Stanley H. Pollack, CIC, PIANH president. "And, when we're asked for one item we'd like to see fixed, we'll focus on what we need to make the sale. After looking at companies from all sides, it comes down to this: Can we write business with them, or not?"

Eight-year track record, biggest response this year

The PIA Company Performance Survey, launched in 2002 in a pilot by PIACT, broke all-time agent participation records in 2009. A total of 1,226 agents responded, evaluating an average of 5.7 insurers each, resulting in more than 7,000 total individual evaluations. Agents were asked to rate carriers on 20 performance items in seven subject areas including product and pricing; treatment of agents; marketing; technology; claims handling; service and underwriting. Respondents were asked to provide separate ratings for personal and commercial lines in some cases where a company operates them as distinct business units.

The **top three scorers in Connecticut** include: Travelers (commercial); Vermont Mutual; and Chubb (personal). **New Hampshire's top three:** MMG Insurance Co.; Concord Group; and Vermont Mutual. (PIANH will present awards to several of the highest-scoring companies at its Fall Education Festival, Oct. 8 in Concord, N.H.) **New Jersey's top three:** ACE/Atlantic Mutual (personal); ARI; and Chubb (personal). **New York's top three:** Sterling Insurance Co.; Erie Insurance Group; and New York Central Mutual.

In addition to the individual reports available on request to PIA member companies, PIA member agents may request information on performance of companies they represent, and the October editions of the associations' PIA magazine contain state-specific results, including the top-performing companies for each of the survey's 20 items. For more on the survey and to access a searchable database of historical results, representing more than 29,000 individual company ratings from prior years, see here: www.pia.org/GIA/cps/.

PIACT, PIANH, PIANJ and PIANY join in a partnership of four state trade associations representing independent insurance agencies, brokerages and their employees throughout their respective states.