



The Future of the Agent

A look at the evolution of the independent agent in a post-COVID landscape

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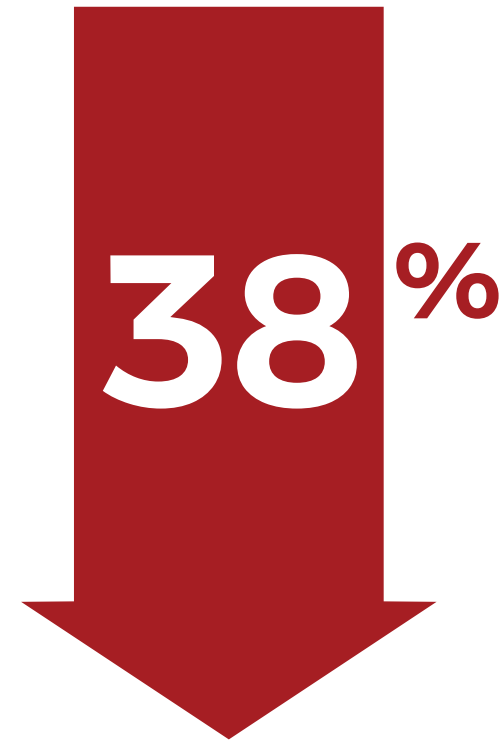
Independent agents (IAs) represent an important part of the insurance ecosystem, but their role is experiencing significant changes thanks to several major trends that have now been given more urgency because of COVID-19.

Technology adoption has taken the insurance industry by storm, but until recently, independent agents have been able to conduct business their own way, on their own terms. Businesses were built on personal relationships and deals negotiated over lunch or coffee. But evolving customer expectations and the seemingly overnight shift to remote work has forced the hands of agents to step up and change how they acquire and work with customers.



COVID-19 BUSINESS IMPACT

Independent agents were hit hard by COVID-19 with 78% saying that their business was negatively impacted, reporting an average **38% drop in sales and revenue.**



Prior to the pandemic, IAs were confident in their financial futures, but since the pandemic, feelings of security and optimism are waning.



62% of agents were optimistic about their career outlook prior to the pandemic. Agents are **16% less likely to say that now.**



56% felt they had strong job security prior to the pandemic. Today, agents are **13% less likely to say that.**



Only **12%** of agents reported feeling optimistic about their financial futures today and were **71% less likely to say this now** than before the pandemic.

COVID-19 also fundamentally changed the role of independent agents and how they conduct business, which came with a new set of challenges.

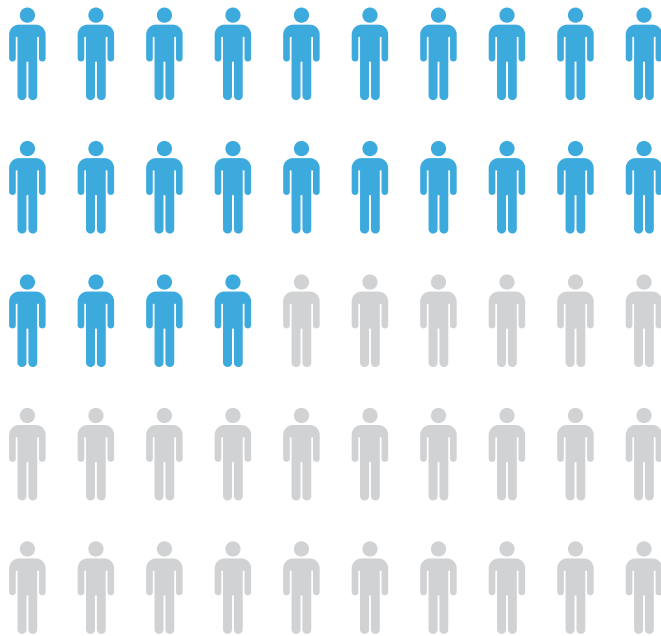
93% of agents agree that the way they conduct **business has changed**.

54% say they had to make **significant changes** to the way they conduct business.

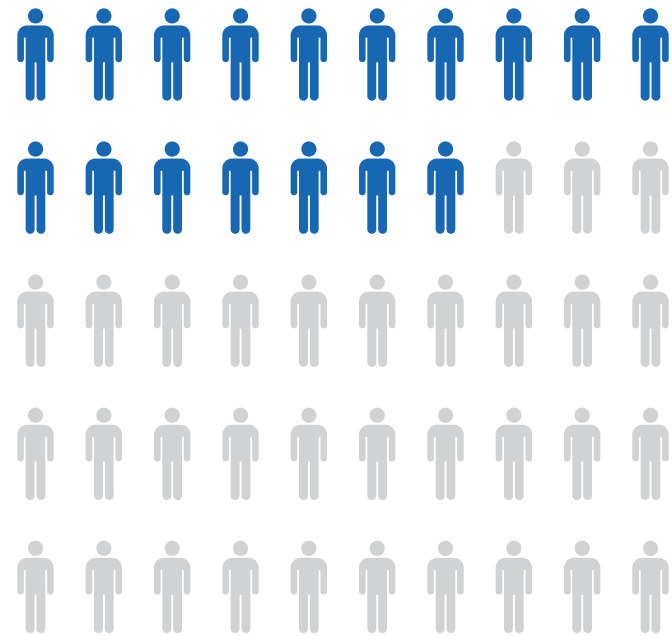
79% report their roles **fundamentally changed** due to the pandemic.



Lack of technology leads to challenges on the customer front.



48% of agents reported **client relationships had suffered** due to the pandemic.



33% struggled with **client retention**.

The transition to remote work was inevitable, yet...

60% of agents said that they were **unprepared to work fully remote.**

57% of IAs wish they had **better technology** to assist them and their business during the pandemic.





EVOLVING CUSTOMER EXPECTATIONS



93%

of IAs agree that when it comes to purchasing insurance, customer expectations are evolving.

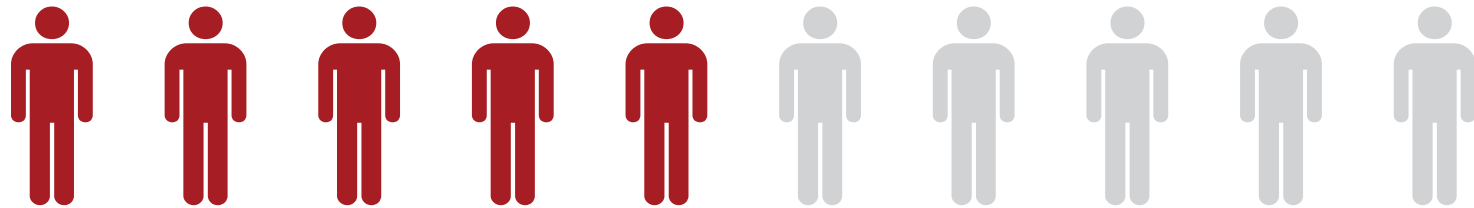
Even prior to the pandemic, IAs began to notice a shift in customer needs and felt challenged as digital demands grew.

62% reported their job becoming **increasingly challenging** before the pandemic.

46% cited that customers were looking for **more digital tools**.

And **40%** of agents said they were looking to **invest in more digital tools** in an effort to better serve their customers.





Today, 50% of IAs report that they are looking to invest in more digital solutions as they work to rebuild client relationships and attract new customers.

Customers are all in when it comes to digital and automated solutions.

76% of agents report customer expectations around **automated processes** have increased.



75% say expectations for more **digital tools** have increased.



73% report seeing an increase in customers wanting an **all digital experience**.



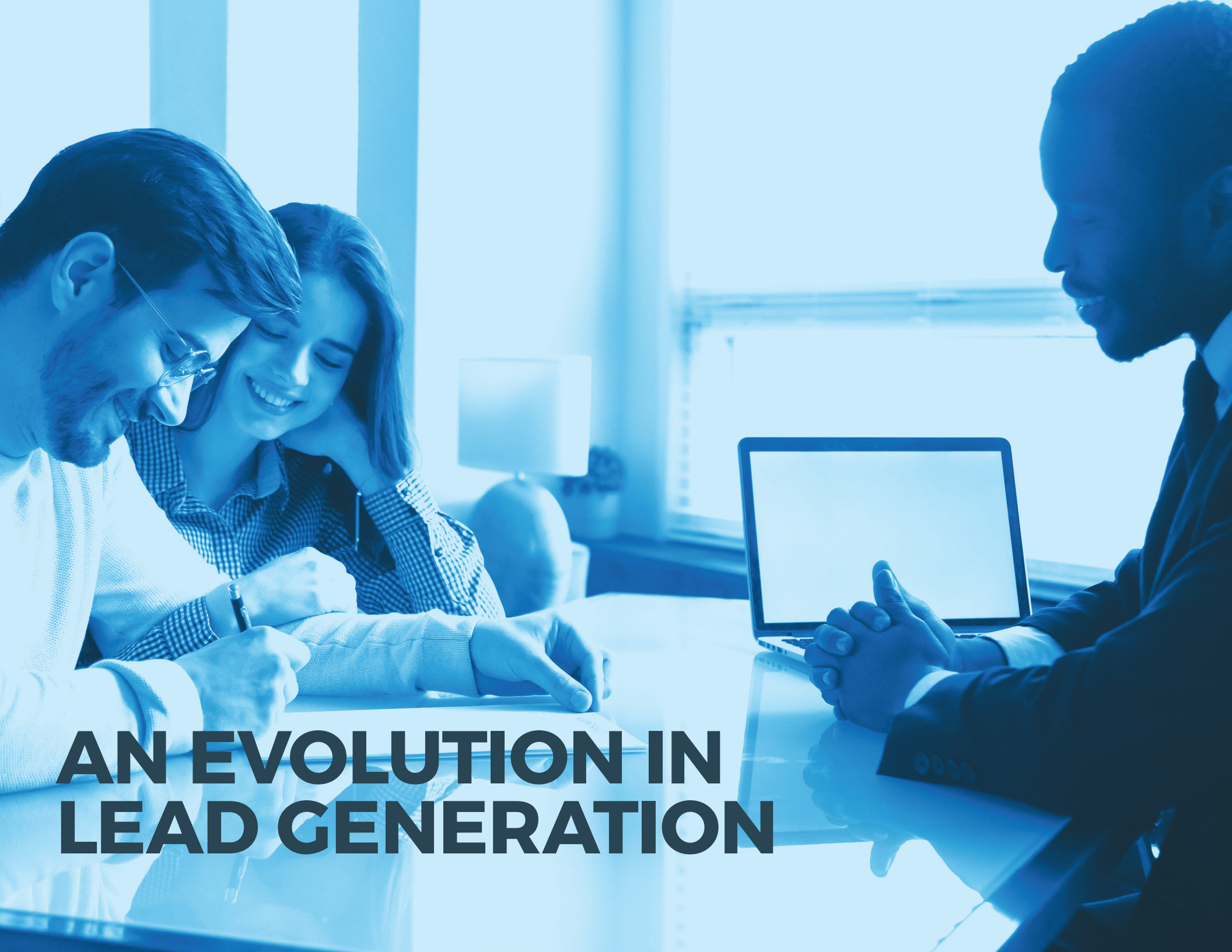
But customers are also more focused on the interactions they have with their agents.

91% of agents report an increase in customers wanting the **option to speak with their agent** if they have questions.

70% say there has been an increase in customers **wanting to meet face-to-face**.

68% say they have noticed an increase in customers **valuing their advice**.





AN EVOLUTION IN LEAD GENERATION

81% of agents cite affinity groups as a strong source of lead generation.

The Top 5 Most Cited Groups Are:

- 1. Employers: 68%
- 2. Banks/Credit Unions: 47%
- 3. Real Estate Agents: 43%
- 4. Automobile Dealers: 39%
- 5. Alumni Associations: 31% (tie)
- 5. Mortgage Partners: 31% (tie)



Social media is driving lead generation for agents.



33% cite **organic social media** and **19%** cite **paid + sponsored social media** as their primary sources of new business leads.



Millennial agents were **56%** more likely to cite **paid social media** as their primary source of leads compared to their non-millennial peers, suggesting that they are not as focused on scaling traditional channels.

And word of mouth still carries weight.

23% of our agents say referrals are their primary lead generating source.

Non-millennial agents were **22%** more likely to say referrals were their primary source of lead generation.





THE FUTURE AND TECHNOLOGY ADOPTION

25%

50%

75%

The future success of independent agents depends on a digital transformation strategy.

75% of agents agree that investment in technology is critical to the survival of IAs.

91% of agents agree that as a whole, IAs have been slow to adopt new technology, which has severely impacted business.

96% say slow technology adoption has made it **harder to connect with new customers**.

Slow adoption has also made them **less valuable to carriers (80%)**.

and the **overall insurance ecosystem (65%)**.

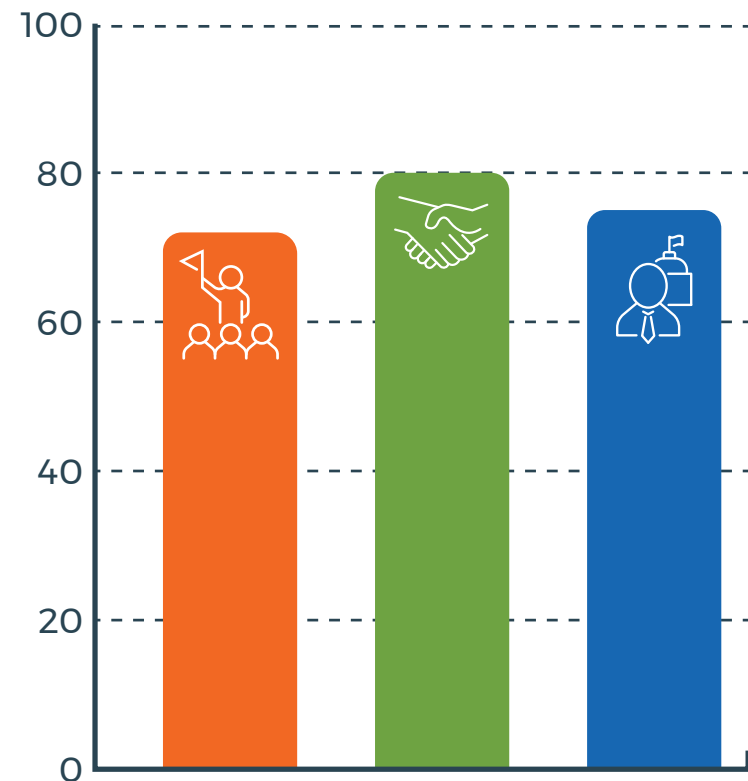


Technology is the only way for IAs to remain competitive in the insurance landscape moving forward.

More investment in technology and digital solutions will not only **help IAs attract new customers (72%)**,

but also **retain the ones they already have (80%)**.

More than **75%** believe IAs will be **better partners to their carriers** with increased technology investments.



But IAs are hopeful that the next generation of agents will be willing and able to embrace and adopt new technologies.



66% believe they will **quickly invest in technology solutions.**

80% believe they will **invest more heavily in tech.**

93% believe that the next generation of IAs will **drive faster technology adoption.**

In addition to technology investments, here are the top ways IAs can remain valuable within the insurance ecosystem:

68% say that IAs need to better understand and cater to **younger generations of customers**.

59% cite a continued **focus on innovation**.

48% say that providing customers with **digital access to products and services** is key.



Closing

The independent agent landscape is due for a large scale reduction in workforce in the coming years as the average age of IAs continues to grow and many have already begun planning for retirement. However, despite this shift, there is a new generation of IAs ready to step up to the plate, embrace technology, and foster quicker adoption to ensure they remain a vital part of the overall insurance landscape.

While a majority (94%) of IAs surveyed admitted to being more comfortable serving their older customers than

millennials, our study shows that regardless of customer age, they all want the same thing -- digital solutions to better assist them with purchasing insurance. Human interaction is still valued and needed, but when it comes to overall business strategy in a post-COVID-19 world, IAs will be set up for success if they embrace a model rooted in technology. Now is the time for IAs to review their business models, evaluate what digital solutions make sense for their needs, and then start weaving these solutions into the mix. The future of the independent agent depends on this.

Survey methodology

We surveyed more than 100 US based independent agents selling auto, home, commercial, and life insurance.

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