



Research Findings Report

Industry: Insurance Professionals

2009

Geographic Region: United States

Goldline Research recently completed its evaluation of insurance professionals of the United States. Our research study was conducted from early March 2009 through early May 2009.

Often, insurance is perceived as a relatively recession-resistant industry by insurance industry pundits. Consumers and businesses alike generally have a difficult time cancelling insurance policies for industry staples such as auto and health insurance as these policies are considered “must-have” as opposed to “nice-to-have”. Despite the aforementioned perception, during our research this year, we heard time and again that consumers and businesses were reducing coverage levels across numerous types of policies in response to the difficult economic environment. The depth of the current downturn appears to have reached the insurance industry in ways that many professionals in the industry perhaps did not anticipate.

Despite the current economic difficulties, the insurance industry is still faring better than most industries that we evaluate. Anecdotally, in the insurance industry, many firms that we spoke with mentioned that business was off 10-20% year-to-year. That compares very favorably to industries that we evaluate such as staffing and executive search where business is down in many instances well over 50% year-to-year. Thus, while the insurance industry is definitely feeling the effects of the economic recession, most firms do not appear to be facing the economic straits that firms in other industries are.

There are more than 300,000 independent insurance agents and brokers throughout the United States. Like many other professional services industries, the insurance industry has a large number of small and medium-sized agents and brokers that are highly concentrated in terms of size and scale. We have historically found that successful brokers are typically able to scale into the \$10-\$20 million range in terms of annual premiums sold but generally have a difficult time exceeding that level. In fact, fewer than 25% of the firms that we have evaluated have exceeded the \$20 million annual premium level, and, equally telling, slightly more than 25% of the firms that we have evaluated fall below the \$10 million annual premium level.

During our research, we found that the typical firm has nearly 20 years of industry experience, has almost 11 staff members, of whom 9 are considered professional staff (typically licensed brokers), and services approximately 950 clients. The typical firm sells approximately \$15.0 million of premiums per year. Equally important, the typical firm represents approximately 30 different carriers. This data reinforces the concept of a distribution of firms in the industry inside a bell curve, which is often the normal composition of professional services industries.

For more information about Goldline Research or this research findings report, please visit our website at www.goldlineresearch.com.

Key Research Findings¹

Median Years of Experience: **20.0 years**

Median # of Clients: **950**

Median Client Retention Rate: **90%**

Median # of Total Staff: **11**

Median # of Professional Staff: **9**

Median # of Insurance Cos. Represented: **30**

Median Premiums Sold/Year: **\$15.0M**

¹Source: Goldline Research