



Independent Insurance Agents & Brokers _____
of New York, Inc.



IIABNY
INDUSTRY
INDEX

Winter 2011
P/L 75.2 ▲ C/L 74.8

Industry Index

Executive Summary

The IIABNY Report on Carrier Performance

Winter 2011



The IIABNY Index

A Carrier Evaluation Program

Overview

Welcome to the seventh edition of the IIABNY Industry Index. To support the collective interests of its membership and the industry at large, IIABNY regularly makes the vast wealth of its members' combined experience with carriers available to all its members, their carriers and the public through the IIABNY Index. While data is collected from members, non-members and all job titles from the independent agency force, only those with responsibility for the relationship with carriers are included in the index. Other data is available on request. More than 264 respondents from 238 different agencies participated in the Winter 2011 Industry Index survey. Agency owners, principals and senior management responsible for agency relations totaled 161 respondents. At a 95% confidence interval, this issue of the Index is projected to have a margin or error of +/- 6.5%.

Index Scores

The overall Index scores as well as the detailed Index categories increased across-the-board. National, regional and super regional carriers all saw increase in scores in nearly every category.

Current Events

In this edition of the IIABNY Index, questions on carrier support were included in the study. Respondents were asked to rate the overall support provided by their carriers. The majority scored their carriers as either "good" or "excellent." The percent of respondents scoring "excellent" increased in this edition of the Index.

Respondents were also asked what should carriers be doing to assist them. Respondents' responses to this open-ended question covered many areas. The advice mentioned most often was that carriers should be as agent focused as much as they are company focused. Improvements to underwriting and systems were mentioned often. Communication continued to receive high scores with some respondents asking for carriers to take time to visit agents to learn about their needs

Comments or Questions

If you have any questions on the IIABNY Index, please contact Jean Vincent at Vincent McCabe, Inc., the program administrators, at 1-800-685-7227 (vincentjg@vincentmccabe.com) or Kathy Weinheimer, Senior Vice President of Industry Relations and Education at IIABNY at 1-800-962-7950 (kweinheimer@iiabny.org).

"Thanks to our members and friends who completed the survey for the seventh IIABNY Index, we are able to bring this information to you. In this Winter 2011 edition, scores are higher across the board. National carriers, super regional carriers and regional carriers all improved in total and in nearly every category. There are many differences among the carriers and we invite all carriers to review their individual scores for the six key factors of the IIABNY Index model in order to better understand how they can strengthen the all important bond between themselves and their independent agents."

*– Richard A. Poppa, CAE / AAI
President and CEO of IIABNY*

The Process

Research Design

The research team worked carefully to build the system that would reflect the concerns and priorities of IIABNY members, fairly evaluate services provided to members and members' customers and be easy to execute and understand. More than simply a tally of survey results, the IIABNY Index uses a scientifically designed model, which weights by relative importance the individual question ratings, to create the IIABNY Index scores.

Methodology

- **Preliminary investigation.** The research team studied index methodologies from other institutions in order to determine best practices.
- **In-depth interviews with members.** In order to determine factors of importance, in-depth telephone interviews were conducted with a broad spectrum of agency principals from the IIABNY roster.
- **Quantitative analysis to develop the model.** An extensive questionnaire was developed that included all the factors from the in-depth interviews. Using the results from the questionnaire, the independent researchers used a type of multivariate analysis to reduce the number of factors for inclusion in the final survey instrument. Only the critical and representative areas for reliably evaluating carriers would remain. Six key areas of importance, representing all the factors studied, were generated. The researchers also used statistical analysis to determine the relative importance measure by which each of these six key factors would be weighted.
- **Data collection for the Winter 2011 IIABNY Index.** During December of 2010, 264 individuals responded to the Index survey (235 IIABNY members and 29 non-members). The index, which is comprised of scores from IIABNY member agency owners, principles and senior managers, included 161 participants. At a 95% confidence interval, this issue of the Index is projected to have a margin or error of +/- 6.5%. Confidence intervals will vary for the individual carrier scores.

The IIABNY Index is composed entirely of ratings from agency principals or leaders responsible for carrier relations in New York State. Other agency personnel are also invited to participate in the survey and their accumulated responses are available to individual carriers; however, the index only includes ratings from agency principals or leaders as the most important evaluator of the agency carrier relationships. Each respondent answered 6 questions for each line of business of the carriers they rated. Respondents only rated carriers with which they had done business in the last twenty-four months. 48 different insurance carriers were included in the questionnaire and respondents were allowed to add and score carriers not included in the defined listing.



The Model

Six Master Factors Determined

From the analysis of all factors uncovered in the initial research, six key factors of importance were determined. To evaluate a carrier, members were asked, "How does your experience with this carrier rate with respect to each of the following ideals? Please use a scale of 1 to 10, where 1 means poor and 10 means excellent." The key factors, or ideals, they rated are listed below.

Underwriters are empowered, responsive and consistent.



Technology and documentation are easy to use.



Keeps its promises, treats me, my agency and my customers with honesty and fairness.



Treats our relationship as a real partnership.



Field and office personnel have a relationship with me and my customers, and they are very responsive.



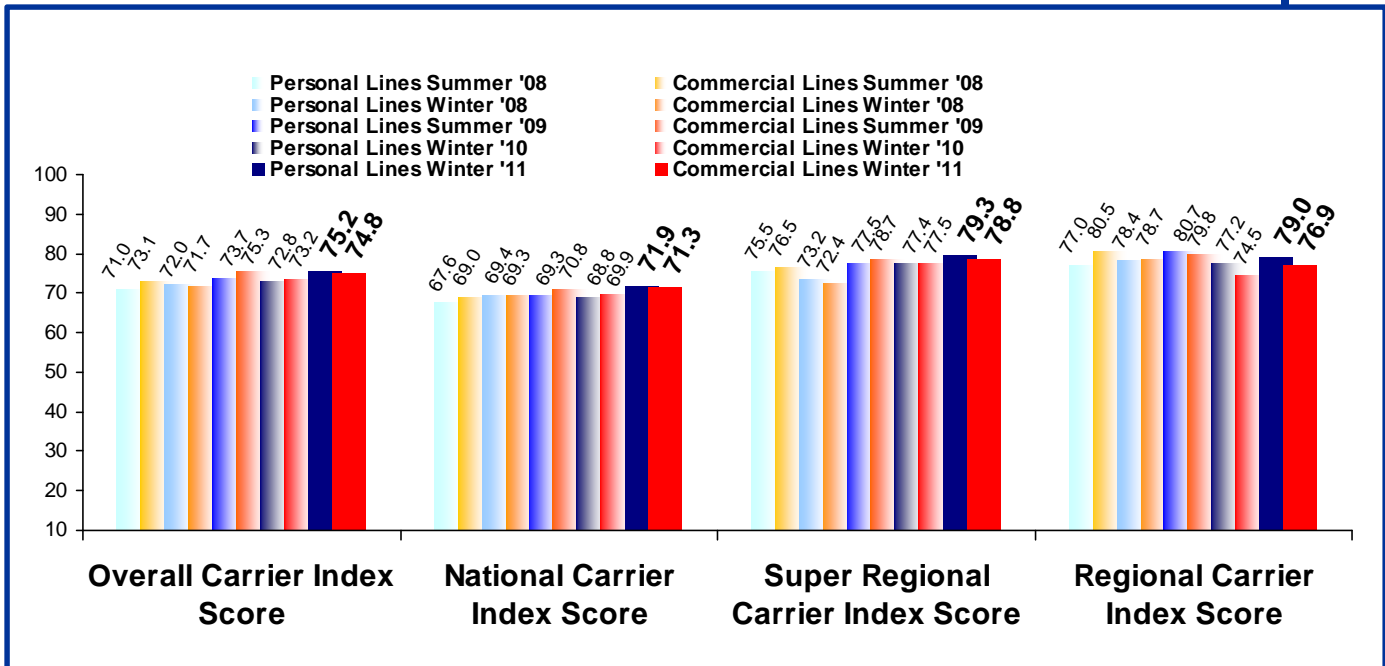
Profit sharing and commission arrangements are fair.



Winter 2011 Scores

The IIABNY Carrier Index

Individual carrier performance index scores were statistically accumulated and used to create eight industry scores – an overall carrier index, a national carrier index, a super regional carrier index and a regional carrier index for both commercial and personal lines. The maximum score possible is 100. The minimum score possible is 10. The Winter 2011 IIABNY Index industry scores are as follows:



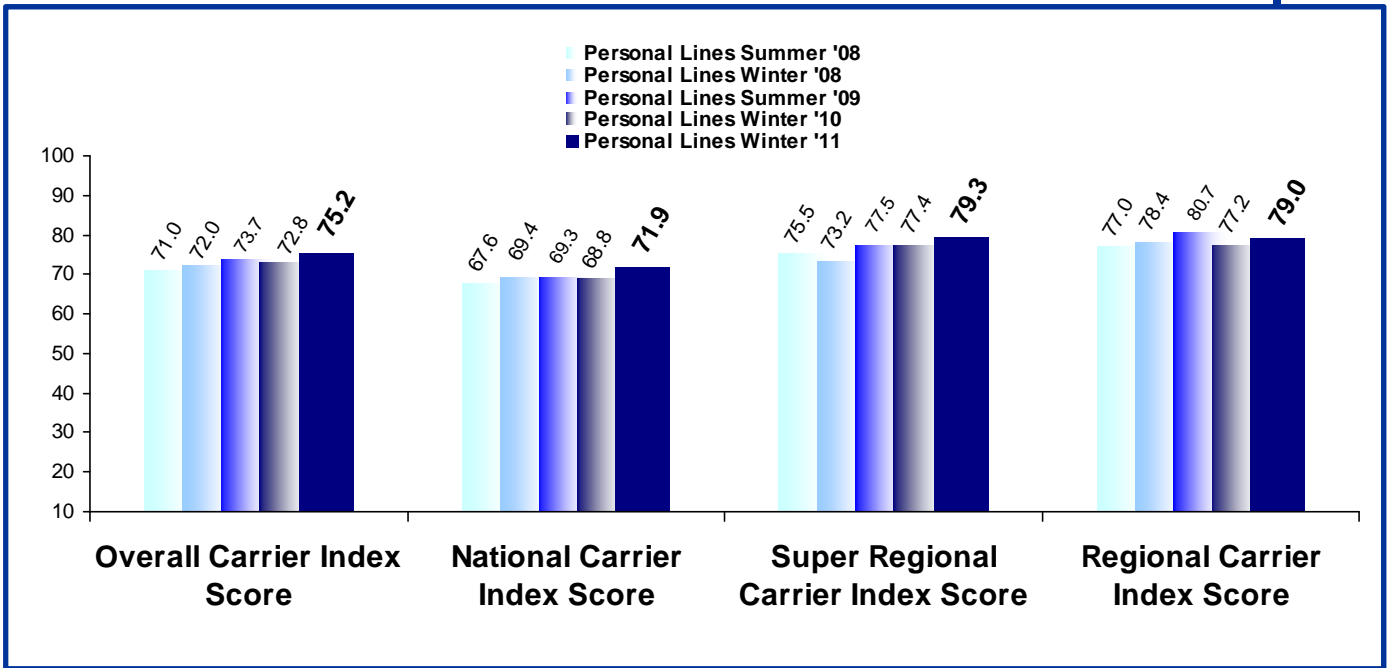
Index Scores

All eight Index industry scores increased when compared to the last IIABNY Index, Winter 2010.

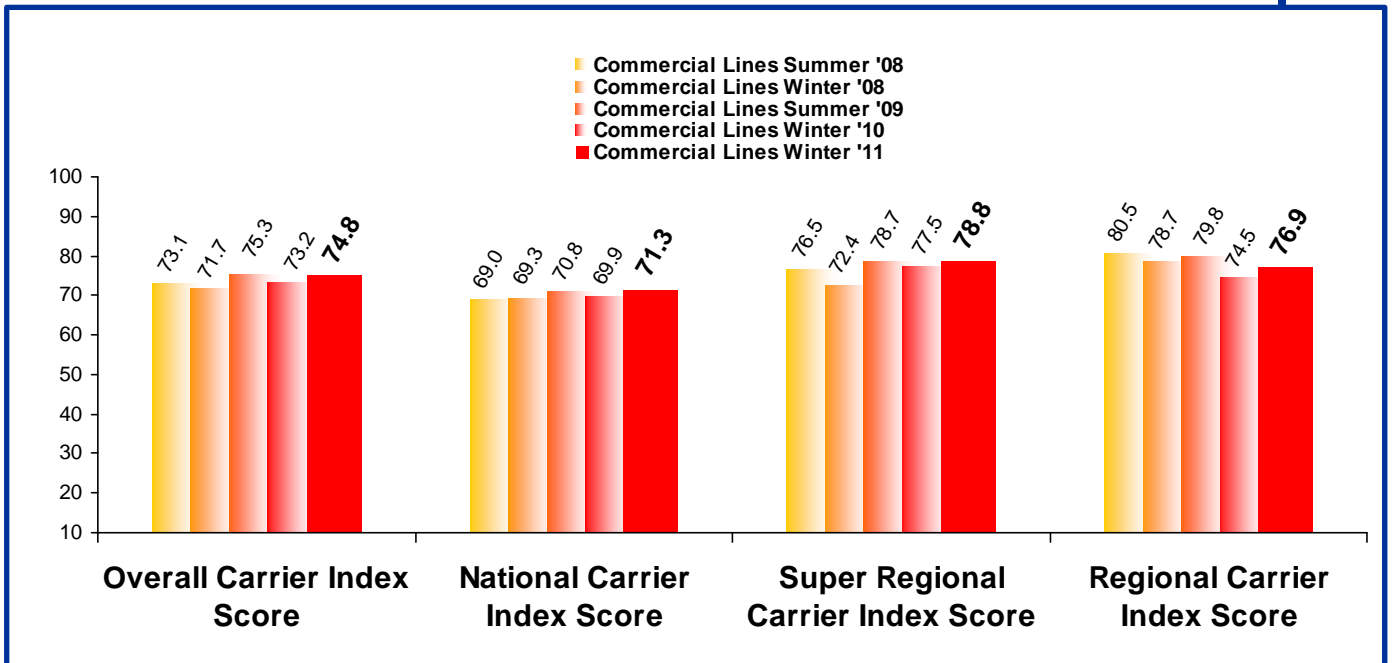
	Summer 2007 Carrier Combined Index Score	Winter 2007 Carrier Combined Index Score	Personal Lines Spring/Summer 2008 Carrier Index Score	Commercial Lines Spring/Summer 2008 Carrier Index Score	Personal Lines Winter 2008 Carrier Index Score	Commercial Lines Winter 2008 Carrier Index Score	Personal Lines Summer 2009 Carrier Index Score	Commercial Lines Summer 2009 Carrier Index Score	Personal Lines Winter 2010 Carrier Index Score	Commercial Lines Winter 2010 Carrier Index Score	Personal Lines Winter 2011 Carrier Index Score	Commercial Lines Winter 2011 Carrier Index Score	CHANGE - Personal Lines Carrier Index Score Change from Winter 2010	CHANGE - Commercial Lines Carrier Index Score Change from Winter 2010
Index Scores														
Overall Carrier Index	70.2	70.4	71.0	73.1	72.0	71.7	73.7	75.3	72.8	73.2	75.2	74.8	2.4	1.6
National Carrier Index	66.5	67.5	67.6	69.0	69.4	69.3	69.3	70.8	68.8	69.9	71.9	71.3	3.1	1.4
Super Regional Carrier Index	74.7	74.2	75.5	76.5	73.2	72.4	77.5	78.7	77.4	77.5	79.3	78.8	1.9	1.3
Regional Carrier Index	77.8	76.0	77.0	80.5	78.4	78.7	80.7	79.8	77.2	74.5	79.0	76.9	1.8	2.4

Winter 2011 Scores

Personal Lines



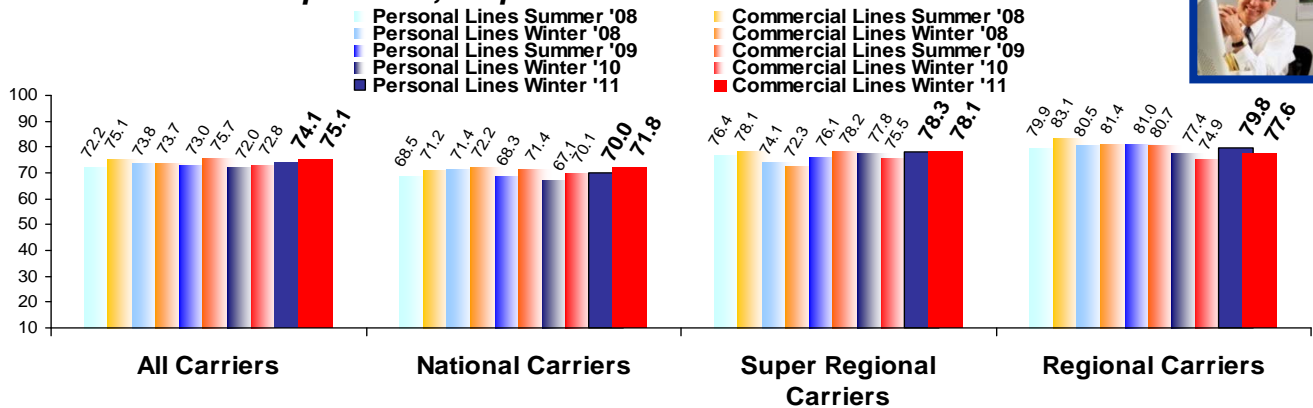
Commercial Lines



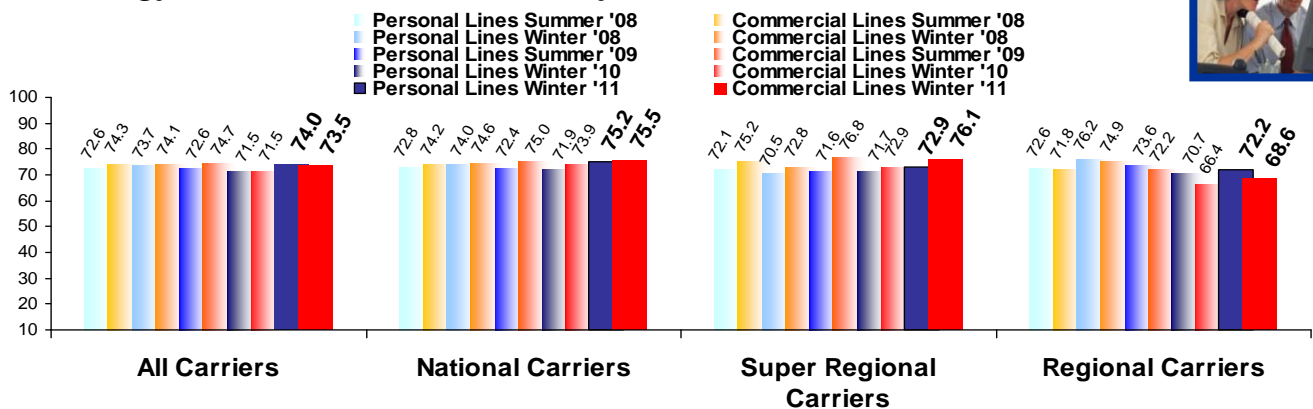
In-depth Factor Scores 2011

The IIABNY Index model combines the scores for six key factors, weighted by relative importance, to create a performance index score. However, the researchers noted that the individual key factor scores also provided significant information. Below are averages for the industry of these factor scores.

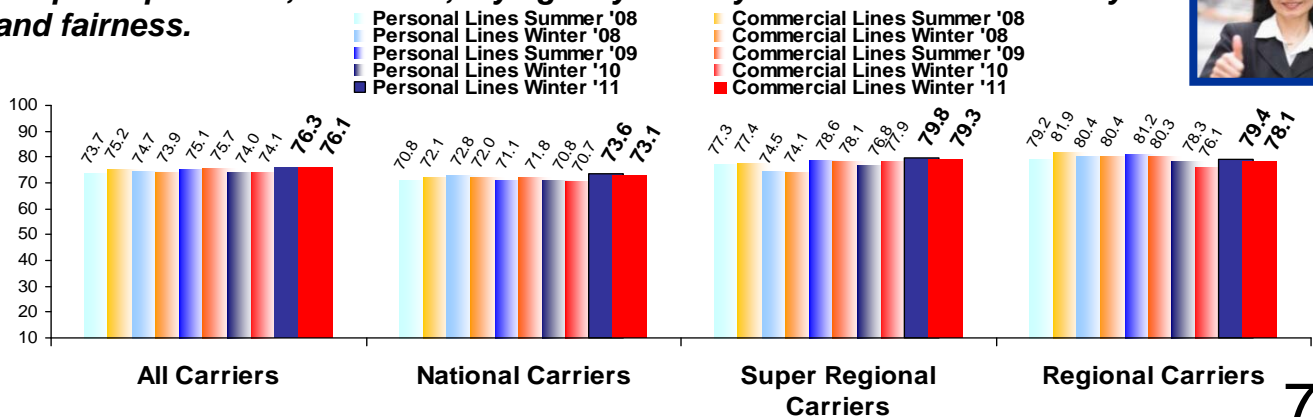
Underwriters are empowered, responsive and consistent.



Technology and documentation are easy to use.

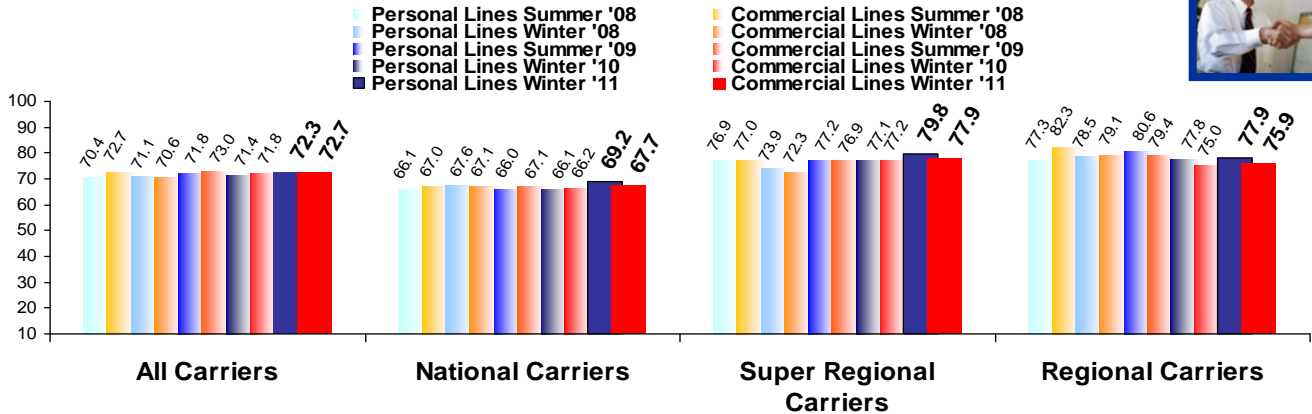


Keeps its promises, treats me, my agency and my customers with honesty and fairness.

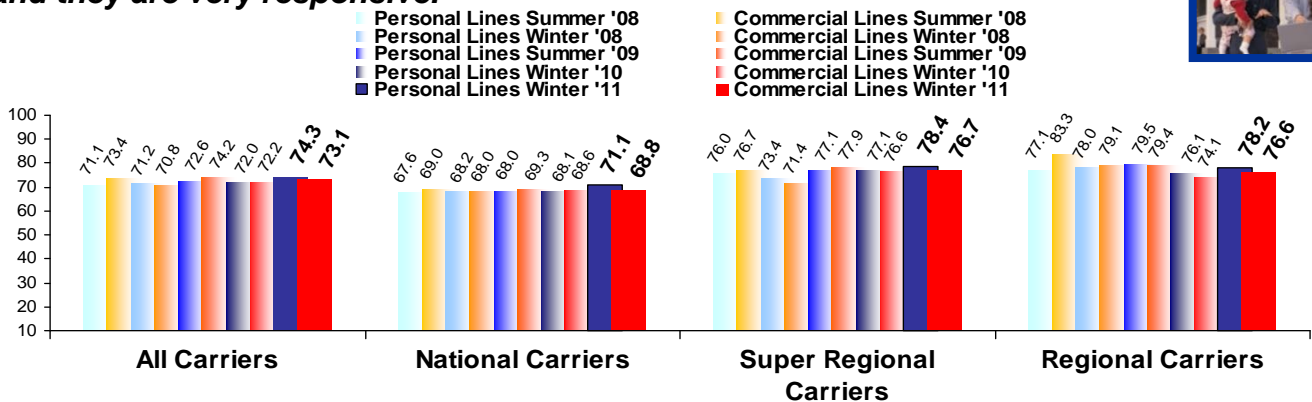


In-depth Factor Scores 2011

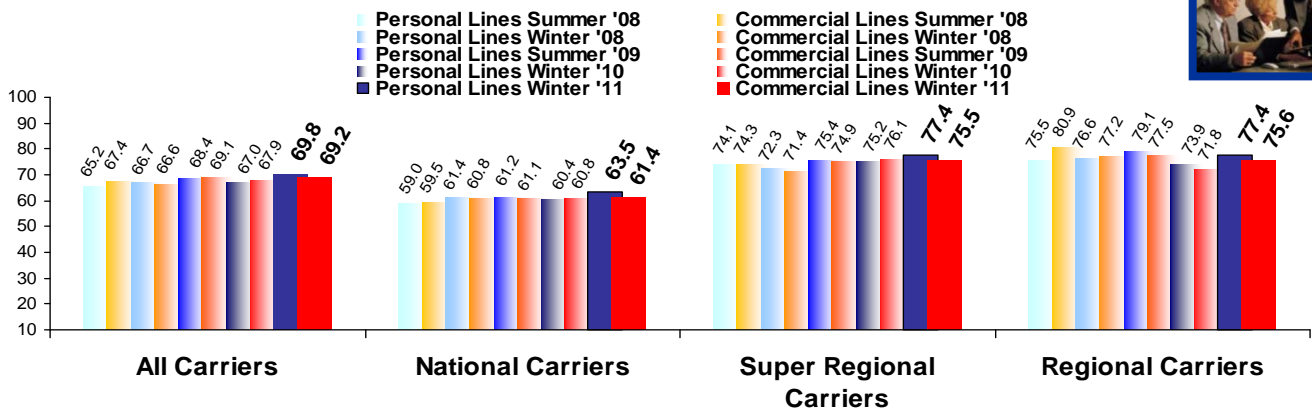
Treats our relationship as a real partnership.



Field and office personnel have a relationship with me and my customers, and they are very responsive.



Profit sharing and commission arrangements are fair.



The six key factor scores for each line of business for an individual carrier are used to create the carrier's performance index scores as part of the IIABNY Index program. Due to the competitive and confidential nature of these individual component factor scores, they will not be released to the public. However, a carrier may review its own personal and commercial lines index and component scores upon request.

Statistics 2011

The following chart outlines the prior IIABNY Index scores, including the individual factor scores, and notes changes between Winter 2011 and Winter 2010.

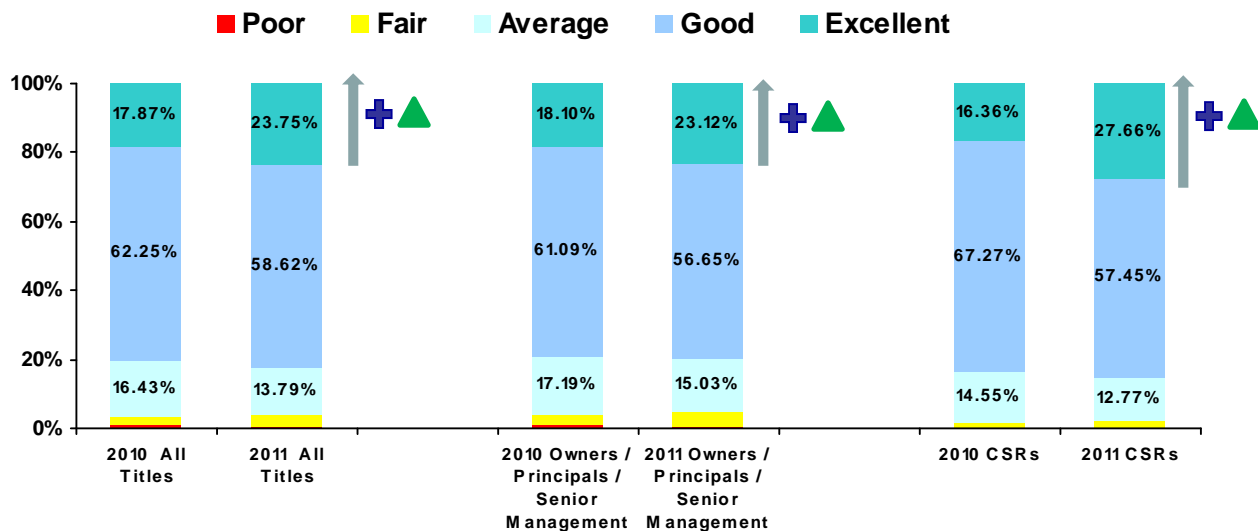
	Summer 2007 Carrier Combined Score	Winter 2007 Carrier Combined Score	Personal Lines Spring/ Summer 2008 Carrier Score	Commercial Lines Spring/ Summer 2008 Carrier Score	Personal Lines Winter 2008 Carrier Score	Commercial Lines Winter 2008 Carrier Score	Personal Lines Summer 2009 Carrier Score	Commercial Lines Summer 2009 Carrier Score	Personal Lines Winter 2010 Carrier Score	Commercial Lines Winter 2010 Carrier Score	Personal Lines Winter 2011 Carrier Score	Commercial Lines Winter 2011 Carrier Score	CHANGE - Personal Lines Winter 2011 Carrier Score Change from Winter 2010	CHANGE - Commercial Lines Winter 2011 Carrier Score Change from Winter 2010
Index Scores														
Overall Carrier Index	70.2	70.4	71.0	73.1	72.0	71.7	73.7	75.3	72.8	73.2	75.2	74.8	2.4	1.6
National Carrier Index	66.5	67.5	67.6	69.0	69.4	69.3	69.3	70.8	68.8	69.9	71.9	71.3	3.1	1.4
Super Regional Carrier Index	74.7	74.2	75.5	76.5	73.2	72.4	77.5	78.7	77.4	77.5	79.3	78.8	1.9	1.3
Regional Carrier Index	77.8	76.0	77.0	80.5	78.4	78.7	80.7	79.8	77.2	74.5	79.0	76.9	1.8	2.4
Factor Scores - Underwriters are empowered, responsive and consistent.														
All Carriers	70.3	71.2	72.2	75.1	73.8	73.7	73.0	75.7	72.0	72.8	74.1	75.1	2.1	2.3
National Carriers	65.8	67.7	68.5	71.2	71.4	72.2	68.3	71.4	67.1	70.1	70.0	71.8	2.9	1.7
Super Regional Carriers	75.9	75.1	76.4	78.1	74.1	72.3	76.1	78.2	77.8	75.5	78.3	78.1	0.5	2.7
Regional Carriers	79.9	78.7	79.9	83.1	80.5	81.4	81.0	80.7	77.4	74.9	79.8	77.6	2.4	2.7
Factor Scores - Technology and documentation are easy to use.														
All Carriers	71.2	71.6	72.6	74.3	73.7	74.1	72.6	74.7	71.5	71.5	74.0	73.5	2.5	2.0
National Carriers	71.7	72.3	72.8	74.2	74.0	74.6	72.4	75.0	71.9	73.9	75.2	75.5	3.3	1.6
Super Regional Carriers	70.8	70.4	72.1	75.2	70.5	72.8	71.6	76.8	71.7	72.9	72.9	76.1	1.2	3.1
Regional Carriers	69.7	70.7	72.6	71.8	76.2	74.9	73.6	72.2	70.7	66.4	72.2	68.6	1.5	2.3
Factor Scores - Keeps its promises, treats me, my agency and my customers with honesty and fairness.														
All Carriers	73.0	73.2	73.7	75.2	74.7	73.9	75.1	75.7	74.0	74.1	76.3	76.1	2.3	2.0
National Carriers	69.8	70.7	70.8	72.1	72.8	72.0	71.1	71.8	70.8	70.7	73.6	73.1	2.8	2.3
Super Regional Carriers	76.5	75.5	77.3	77.4	74.5	74.1	78.6	78.1	76.8	77.9	79.8	79.3	3.0	1.5
Regional Carriers	80.3	79.5	79.2	81.9	80.4	80.4	81.2	80.3	78.3	76.1	79.4	78.1	1.1	2.1
Factor Scores - Treats our relationship as a real partnership.														
All Carriers	69.7	69.9	70.4	72.7	71.1	70.6	71.8	73.0	71.4	71.8	72.3	72.7	0.9	0.9
National Carriers	64.9	65.8	66.1	67.0	67.6	67.1	66.0	67.1	66.1	66.2	69.2	67.7	3.1	1.5
Super Regional Carriers	75.7	75.5	76.9	77.0	73.9	72.3	77.2	76.9	77.1	77.2	79.8	77.9	2.7	0.7
Regional Carriers	79.7	77.3	77.3	82.3	78.5	79.1	80.6	79.4	77.8	75.0	77.9	75.9	0.1	0.9
Factor Scores - Field and office personnel have a relationship with me and my customers, and they are very responsive.														
All Carriers	70.5	71.2	71.1	73.4	71.2	70.8	72.6	74.2	72.0	72.2	74.3	73.1	2.3	0.9
National Carriers	66.3	68.0	67.6	69.0	68.2	68.0	68.0	69.3	68.1	68.6	71.1	68.8	3.0	0.2
Super Regional Carriers	75.7	76.2	76.0	76.7	73.4	71.4	77.1	77.9	77.1	76.6	78.4	76.7	1.3	0.1
Regional Carriers	79.2	76.3	77.1	83.3	78.0	79.1	79.5	79.4	76.1	74.1	78.2	76.6	2.1	2.5
Factor Scores - Profit sharing and commission arrangements are fair.														
All Carriers	65.9	64.8	65.2	67.4	66.7	66.6	68.4	69.1	67.0	67.9	69.8	69.2	2.8	1.3
National Carriers	59.9	59.5	59.0	59.5	61.4	60.8	61.2	61.1	60.4	60.8	63.5	61.4	3.1	0.6
Super Regional Carriers	73.7	72.6	74.1	74.3	72.3	71.4	75.4	74.9	75.2	76.1	77.4	75.5	2.2	-0.6
Regional Carriers	77.9	73.0	75.5	80.9	76.6	77.2	79.1	77.5	73.9	71.8	77.4	75.6	3.5	3.9

Current Events 2011

Environmental Scanning

- In this edition of the IIABNY Index, questions on carrier support were included in the study. Respondents were asked to rate the overall support independent agencies receive from their carriers. The majority scored their carriers as either “good” or “excellent.” Additionally, the percentage of “Excellent” scores rose for significantly.

Carriers’ Overall Support of Independent Agencies



Thoughts for Carriers

- The respondents were also asked what carriers should be doing to assist them. The most-frequently mentioned items included the following:
 - Be as agent focused as company focused.
 - Improve underwriting – offer greater speed and less cookie-cutter approaches
 - Upgrade systems & technology.
 - Improve communication and take time to visit us to learn about our needs
 - Improve advertising and online marketing
 - Help us compete with direct writers
 - Provide coverage options for more buyers
 - Make it easier to do business – be responsive with faster and easier quoting and policy issuance
 - Work with the market and offer stability and consistency
 - Improve commissions, profit sharing and pricing
 - Provide leads and help us grow
 - Help reduce agents’ expense burden



The IIABNY Index

A Carrier Evaluation Program

Other Reports Available

The following reports are prepared as part of each IIABNY Index edition:

1. The IIABNY Index Executive Summary Report – Includes the industry scores segmented by line of business. This report is made available to its members, respondents to the study, carriers and the public through media press releases. (This report is the Summary)

2. The Carrier's Individual IIABNY Index Report – Includes the carrier's individual performance index and component scores. This report is available to respondents to the study and may be purchased by each of the individual carriers. IIABNY provides detailed reports only to the carrier being evaluated.

3. The IIABNY Index Ranking Report – Includes the carrier index scores for the carriers that are rated and lists all carriers showing their rankings. This report is available to respondents to the study and may be purchased by the carriers. Some information concerning the ranking of top-scoring companies may be released to the public through media press releases.

Other reports such as a demographic analysis report, verbatim comment reports, in-depth carrier review reports and consultation on the IIABNY Index are also available upon request.

If you are interested in purchasing IIABNY Index Reports, please contact Jamie Deapo at IIABNY at 1-800-962-7950 or Jean Vincent at Vincent McCabe, Inc., the program administrators, at 1-800-685-7227.



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For More Information

If you have any questions or would like to purchase any of the IIABNY Index reports, please contact Jamie Deapo at IIABNY at 1-800-962-7950 or Jean Vincent at Vincent McCabe, Inc., the program administrators, at 1-800-685-7227.

Independent Insurance Agents and Brokers of New York (IIABNY)

The Independent Insurance Agents & Brokers of New York, Inc., working in the public's best interest, is the unrelenting advocate for independent insurance agencies in New York State. IIABNY exists to fulfill the educational, political and business interests of its members. We represent more than 1,900 members who give consumers a choice of products from more than one insurance company. For more information about IIABNY, contact Kathy Weinheimer, Senior Vice President of Industry Relations and Education at IIABNY at kweinheimer@iiabny.org or toll free 1-800-962-7950.

The Program Administrators

Vincent McCabe, Inc. is an independent, third-party consulting firm that specializes in financial and insurance research. The complete dataset for this research and the index methodology used are archived in secure storage at Vincent McCabe, Inc. headquarters in Skaneateles, NY. For more information on Vincent McCabe, Inc. or this program, contact Jean Vincent, President at Vincent McCabe, at vincentjg@vincentmccabe.com or toll free 1-866-685-7227.

