

Inside the Intermediary 2.0: A LIMRA-NAILBA Study

BGA and IMO Survey Results



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BGA and IMO Survey Results

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ABOUT THE STUDY

LIMRA and NAILBA collaborated for a second consecutive year on a multicomponent research study to learn more about brokerage general agencies (BGAs) and independent marketing organizations (IMOs) in the United States. The goal was to gain a better understanding of the BGA/IMO (intermediary) marketplace, its composition, challenges, and opportunities.

This report focuses on BGAs and IMOs and builds from the prior version of the study.

In September – November 2022, the following studies were conducted:

- A survey of over 70 BGAs and IMOs
- A survey of 240 independent life insurance, health, and investment producers
- A survey of carriers with brokerage distribution

This combination of research allowed us to compare and contrast the perspectives of key stakeholders regarding the current state and future outlook of brokerage distribution.

This report is designed for ease of reading and use. The format is primarily graphs and charts to allow simple navigation throughout the report. It is divided into five sections:

1. Organization Profile
2. Producer Network
3. Products
4. Service and Support
5. Future Outlook



10 Key Takeaways

- 1 More intermediaries reported **larger** revenues in 2022 compared to 2021
- 2 Year-over-year sales growth expectations **remain strong** with 68 percent of intermediaries expecting an average of 16 percent growth in 2022 over 2021
- 3 63 percent of intermediaries **do not currently offer** financial planning/wealth management products and services, but 73 percent **expect they will** in the next three years
- 4 69 percent of intermediaries expect their **producer network to grow** in the next three years, up from 57 percent in 2021
- 5 Over half of producers are **above age 55**
- 6 Intermediaries are **most bullish** on indexed universal life products and **most bearish** on fixed universal life
- 7 Overall, intermediaries **remain bullish** on annuity sales over next three years
- 8 Product pricing **remains key** in why intermediaries place business with a carrier, but product line has become significantly **more important** in 2022 compared to 2021
- 9 96 percent of intermediaries are **making technology investments** lead by investments in back office and marketing
- 10 More than half of intermediaries expect intermediary M&A activity to **increase** in next three years driven by private equity money and succession planning

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Section 1: Organizational Profile

Description of Organization

79% — Brokerage general agency that provides access to multiple carriers and offers technical expertise and back office support to individual, independent producers, and agencies

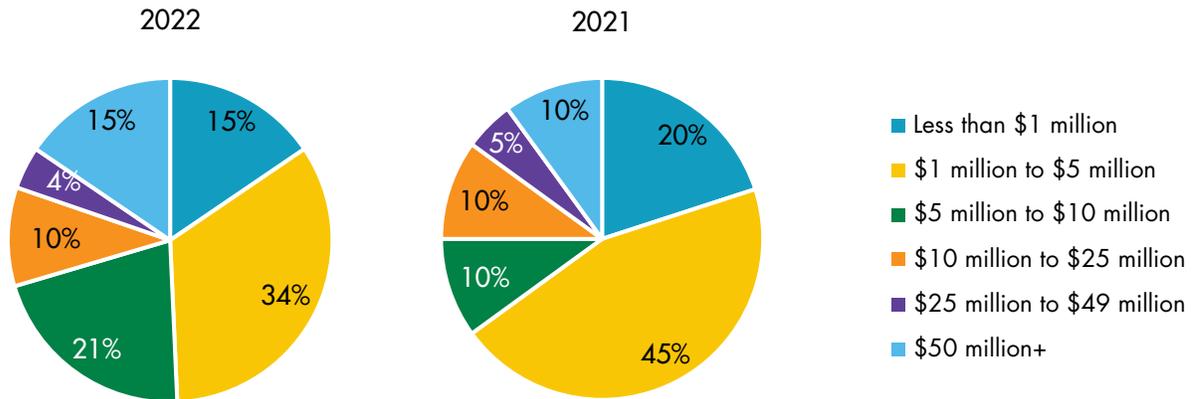
17% — Independent marketing organization that provides services directly to individual, independent producers, and agencies

4% — Independent marketing organization that provides services to brokerage general agencies

Number of States Organization Licensed

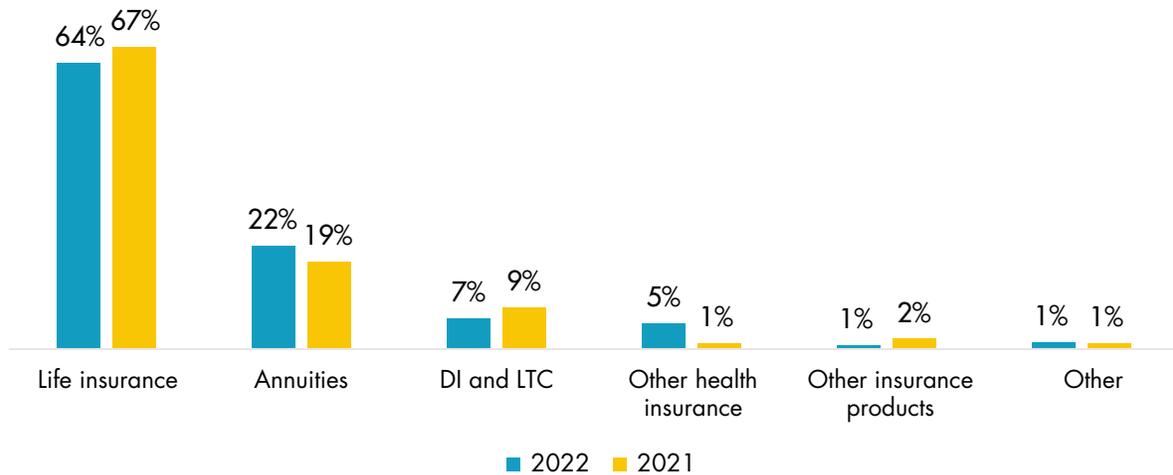
Minimum	2
Median	48
Average	39
Maximum	50

Organization Size in Terms of Revenue

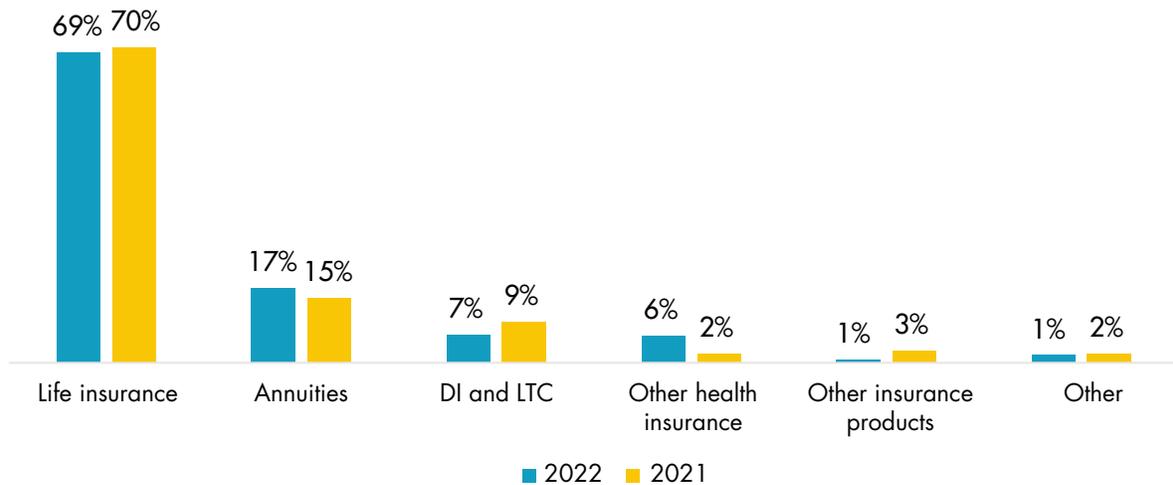


Totals might not add to 100% due to rounding

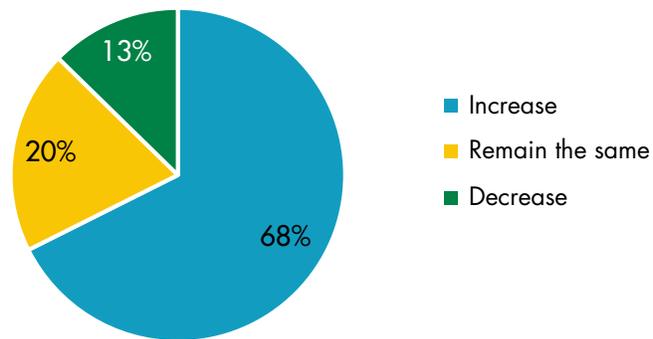
Business Mix — Sales



Business Mix — Revenue



Expected Change in Sales for 2022 over 2021



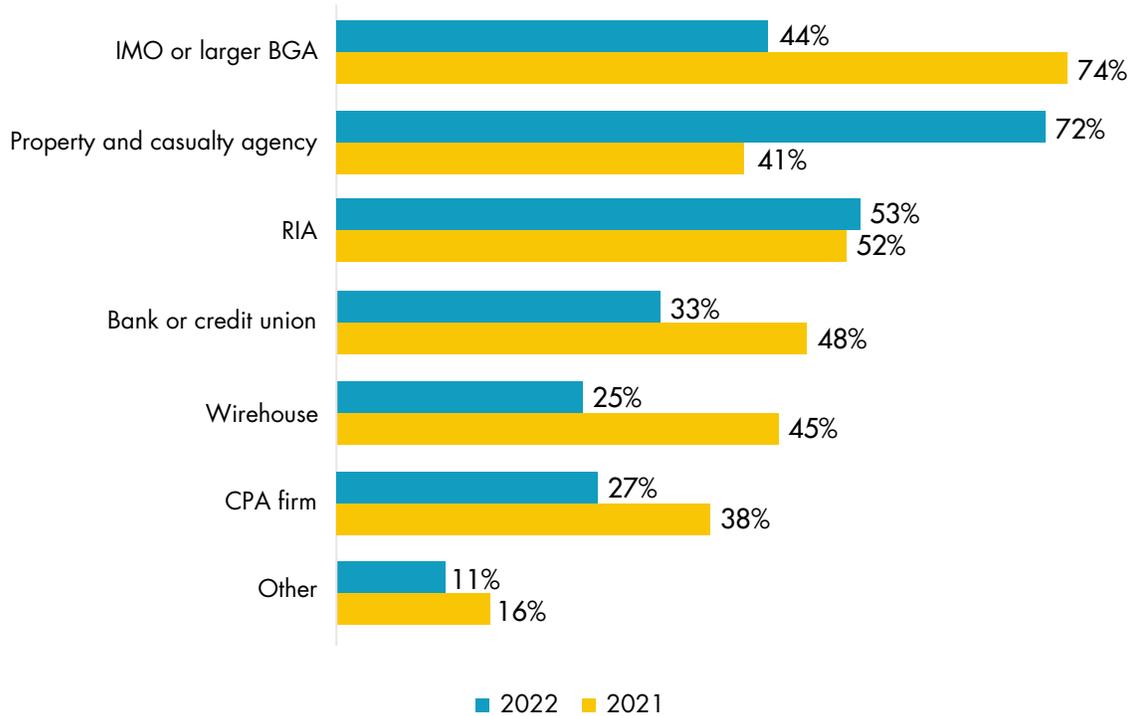
Totals might not add to 100% due to rounding

Expected Percent Change in Sales for Full Year 2022

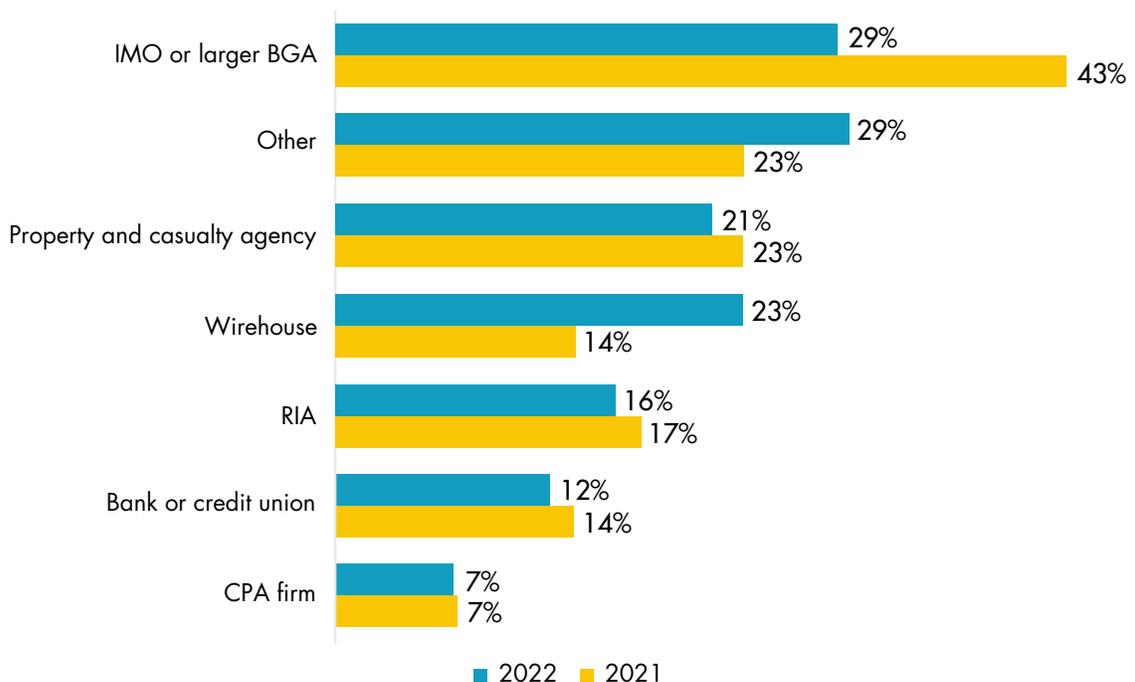
	Expected Sales Increase	Expected Sales Decrease
Minimum	3%	5%
Median	10%	12%
Average	16%	16%
Maximum	100%	30%

Other Distribution Partners

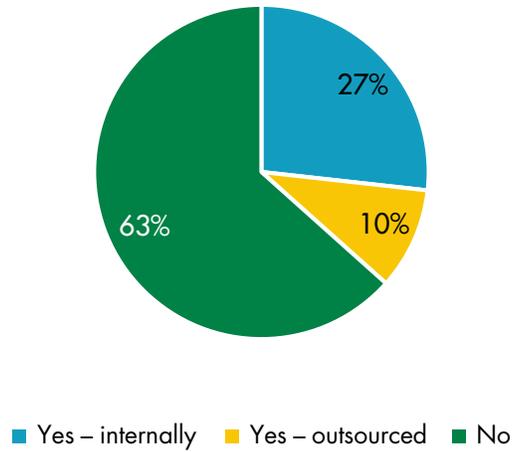
Percent of BGAs Partnering With Other Types of Distribution Partners/Firms in Addition to Contracted Producers



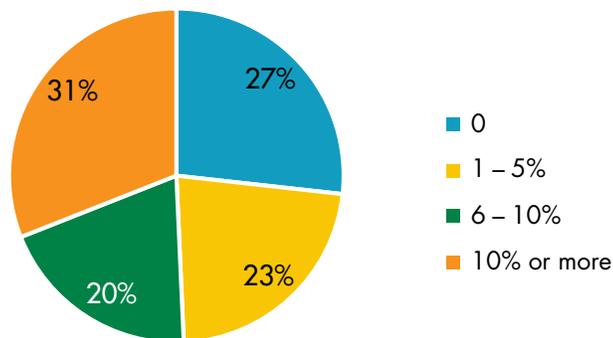
Percentage of Your Overall Business Attributed to Those Distribution Partners



Financial Planning/Wealth Management Services Offered to Associated Producers



Three-year Expected Revenues From Financial Planning/Wealth Management Products and Services



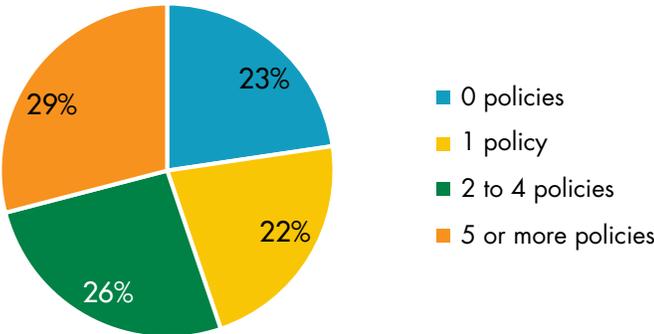
Totals might not add to 100% due to rounding

Section 2: Producer Network

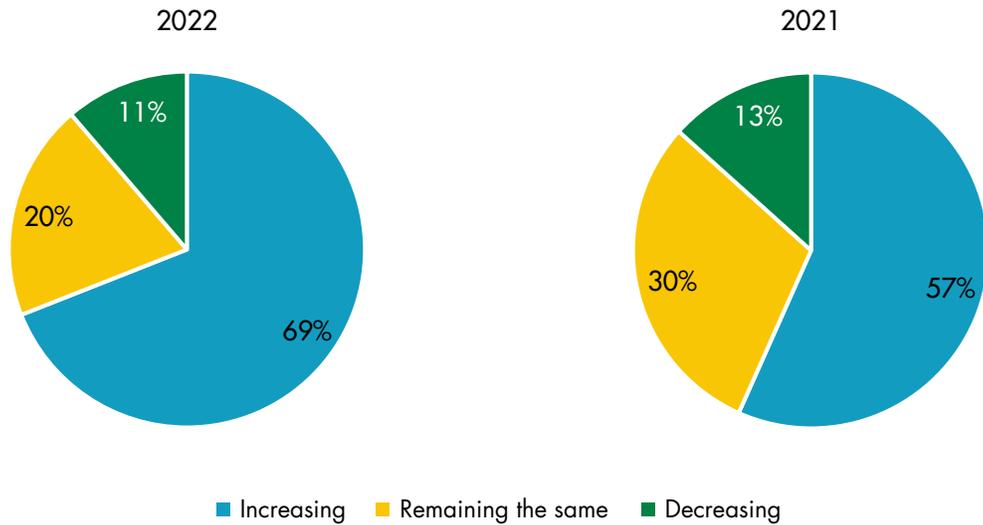
Number of Contracted Producers in Network

	2022	2021
Minimum	4	9
Median	500	775
Average	5,216	6,085
Maximum	100,000	80,000

Number of Life Insurance Policies Written Per Producer



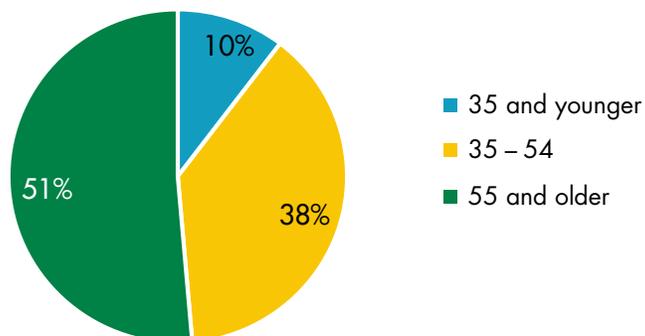
Three-year Expected Change in Size of Producer Network



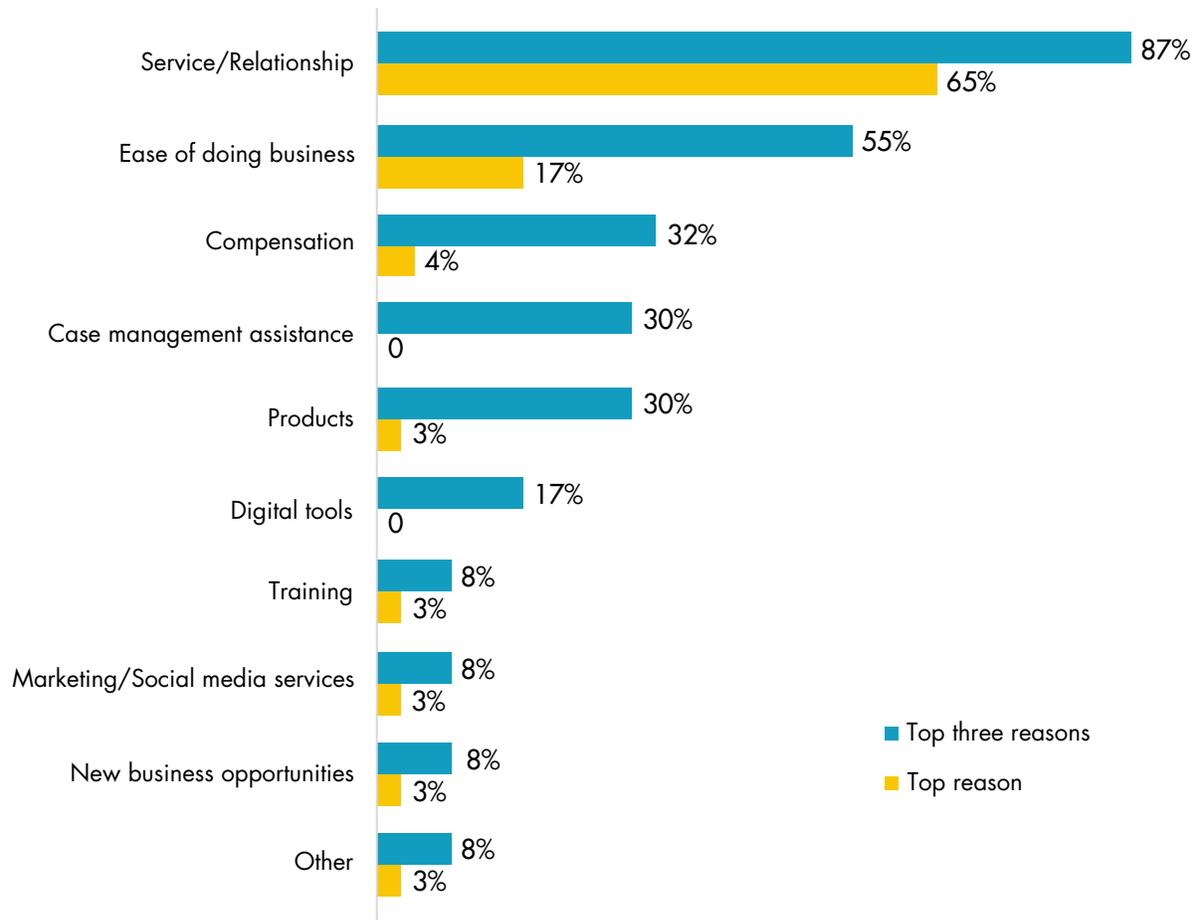
Three-Year Percent Increase in Size of Producer Network

	2022	2021
Minimum	3%	5%
Median	15%	15%
Average	22%	27%
Maximum	100%	100%

Associated Producers' Ages

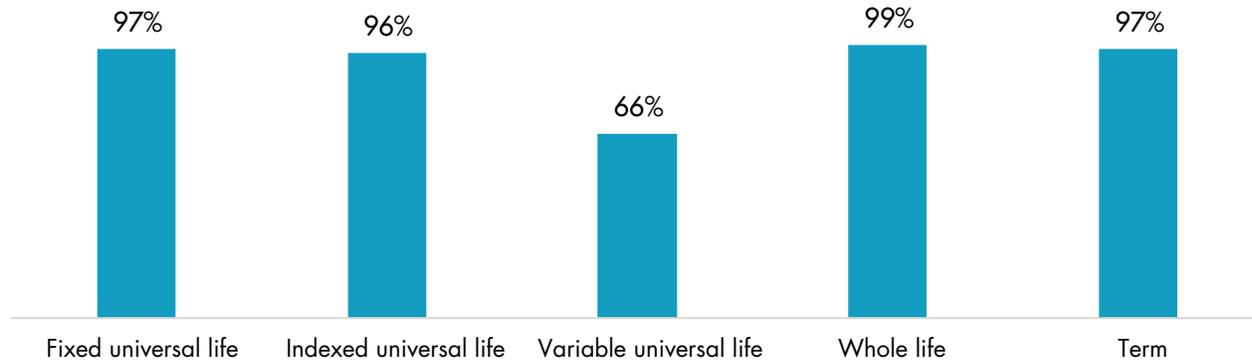


Top Reasons Intermediaries Think Producers Work With Their Organizations

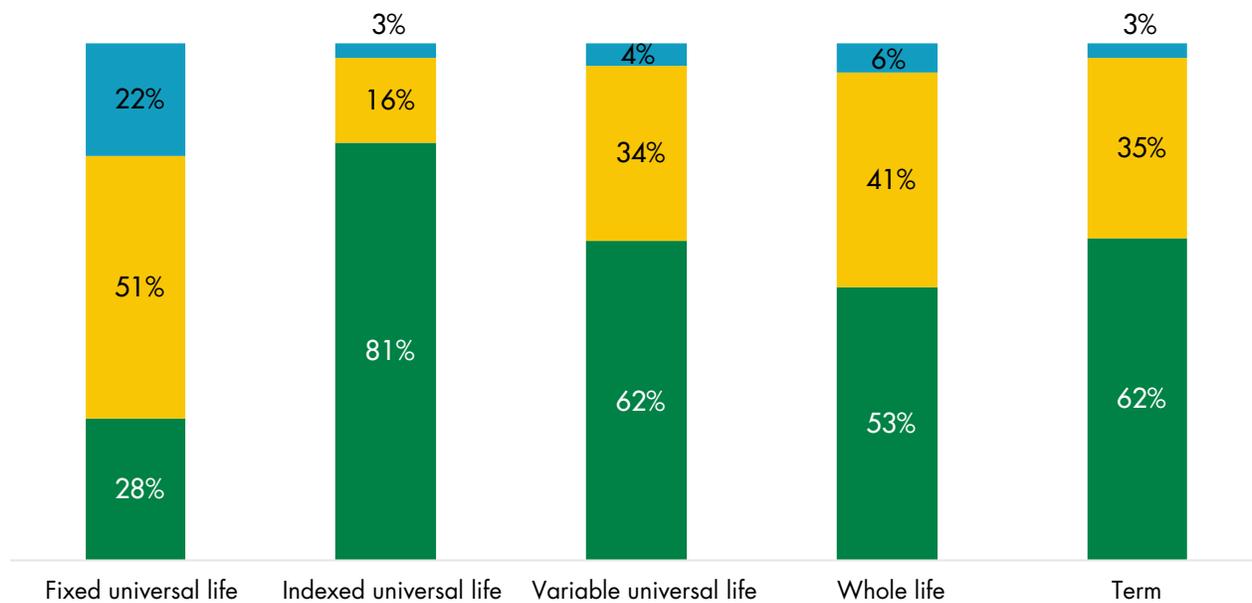


Section 3: Products

Percent of BGAs/IMOs Selling Life Insurance Products



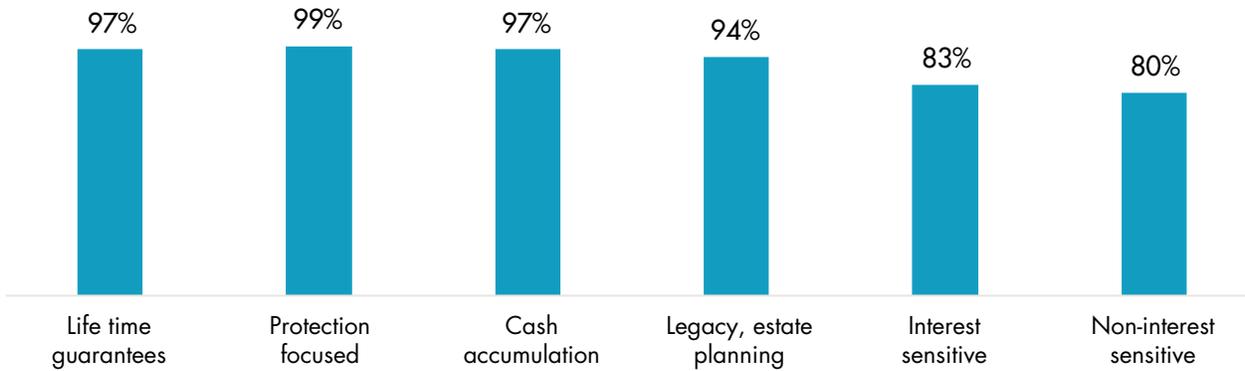
Three-Year Sales Outlook for BGAs/IMOs Selling Life Insurance Products*



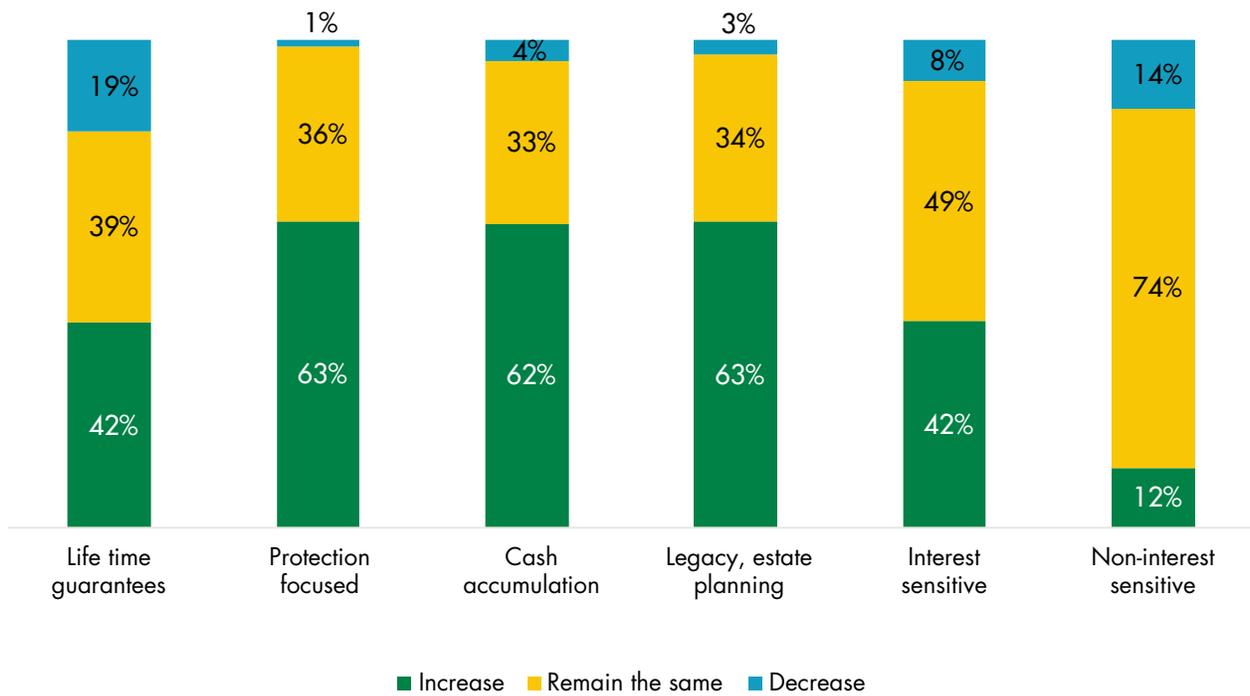
■ Increase ■ Remain the same ■ Decrease

*Sales outlook based only on intermediaries offering/selling

Percent of BGAs/IMOs Selling Life Insurance Product Features

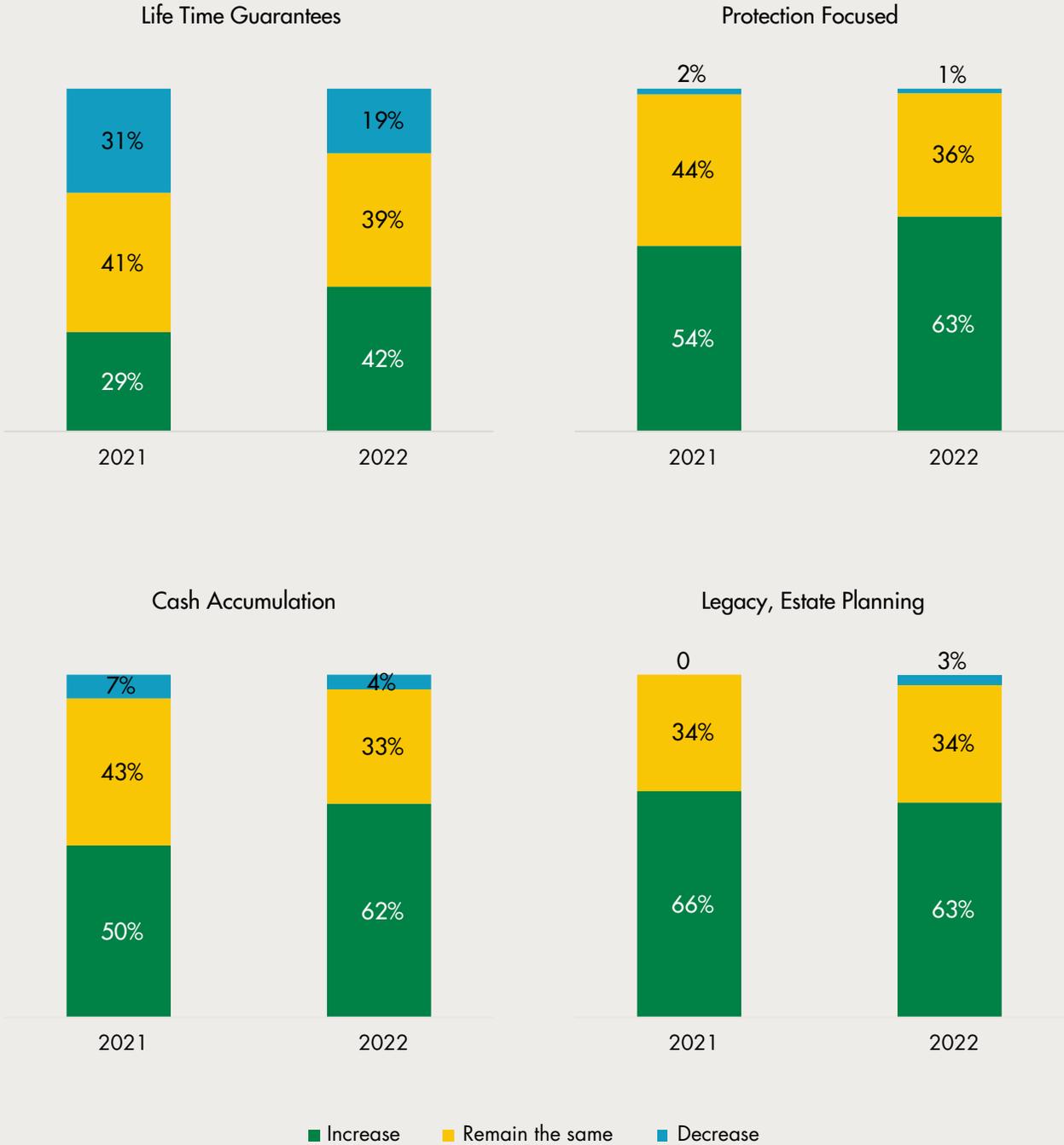


Three-Year Sales Outlook for BGAs/IMOs Selling Life Insurance Product Features*



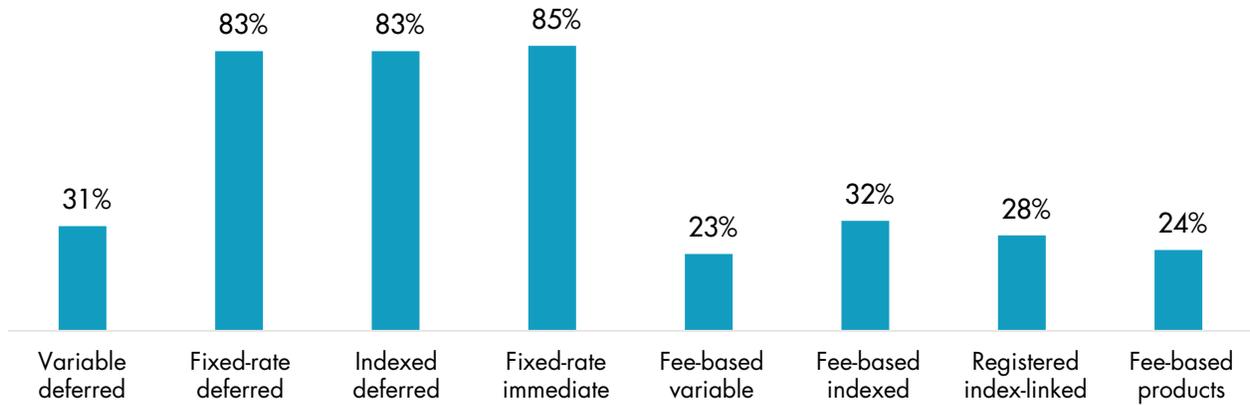
*Sales outlook based on only intermediaries offering/selling

Comparison From 2021 Study to 2022 Study for Select Product Features*

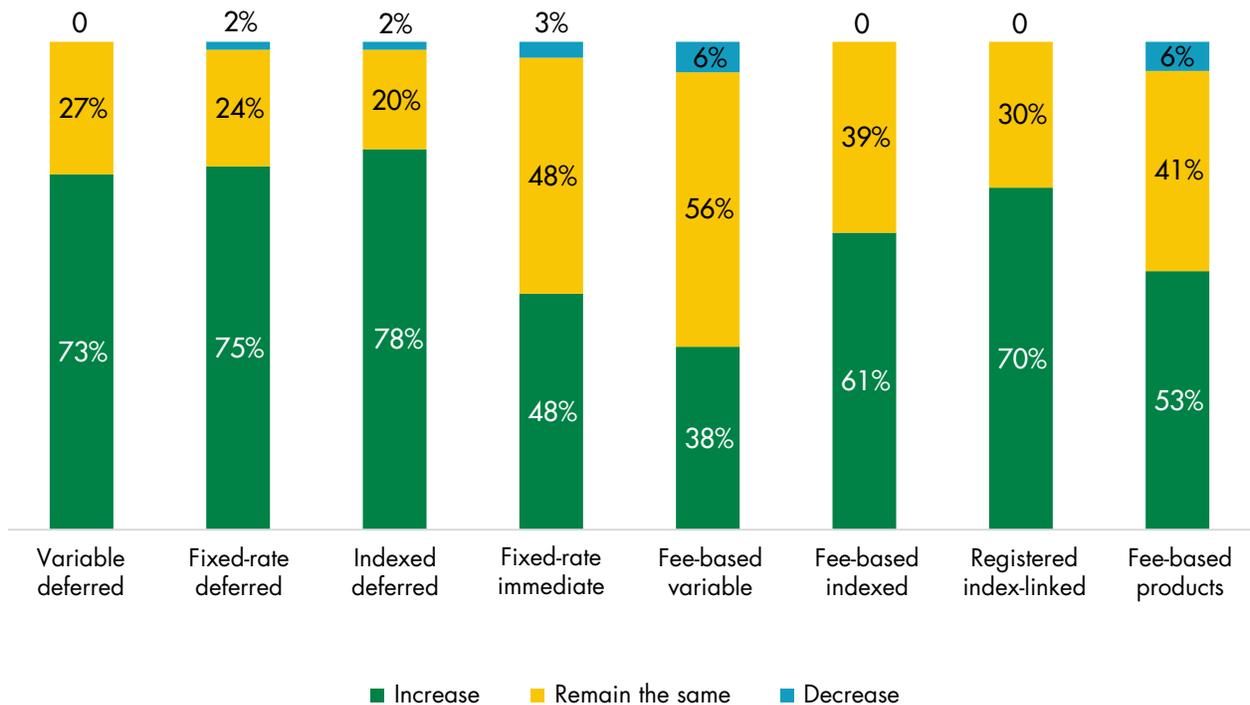


*Sales outlook based on only intermediaries offering/selling

Percent of BGAs/IMOs Selling Annuity Products



Three-year Sales Outlook for BGAs/IMOs Selling Annuity Products*



*Sales outlook based on only intermediaries offering/selling

Number of Contracted Life Insurance Carriers

	2022	2021
Minimum	4	4
Median	25	22
Average	29	25
Maximum	70	80

Business Placed YTD* With Contracted Carriers

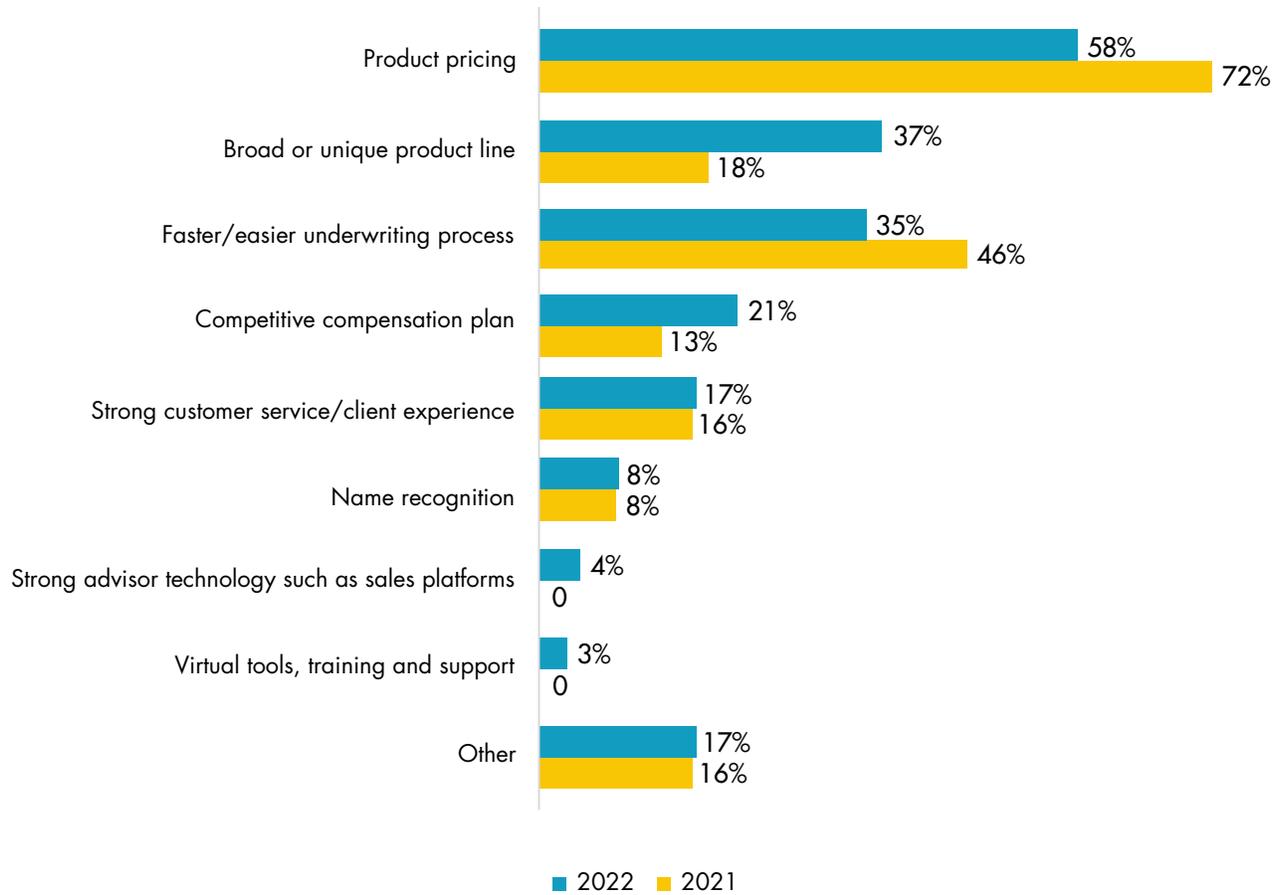
	2022	2021
Minimum	4	4
Median	18	17
Average	22	17
Maximum	60	56

Largest Percentage Placed With Any One Carrier YTD*

	2022	2021
Minimum	4%	10%
Median	18%	25%
Average	22%	29%
Maximum	60%	75%

*YTD figures were collected throughout third quarter of 2021 and 2022

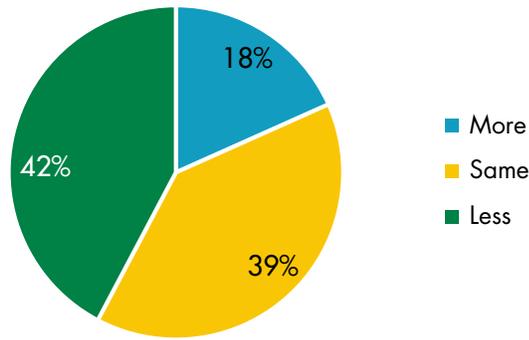
Leading Reasons to Place With Top Carrier*



*Other reasons given in both 2022 and 2021 include better quality and consistent underwriting, relationship with carrier, and producer preference

Section 4: Service and Support

Two-year Change in Number of Services Received From Contracted Carriers

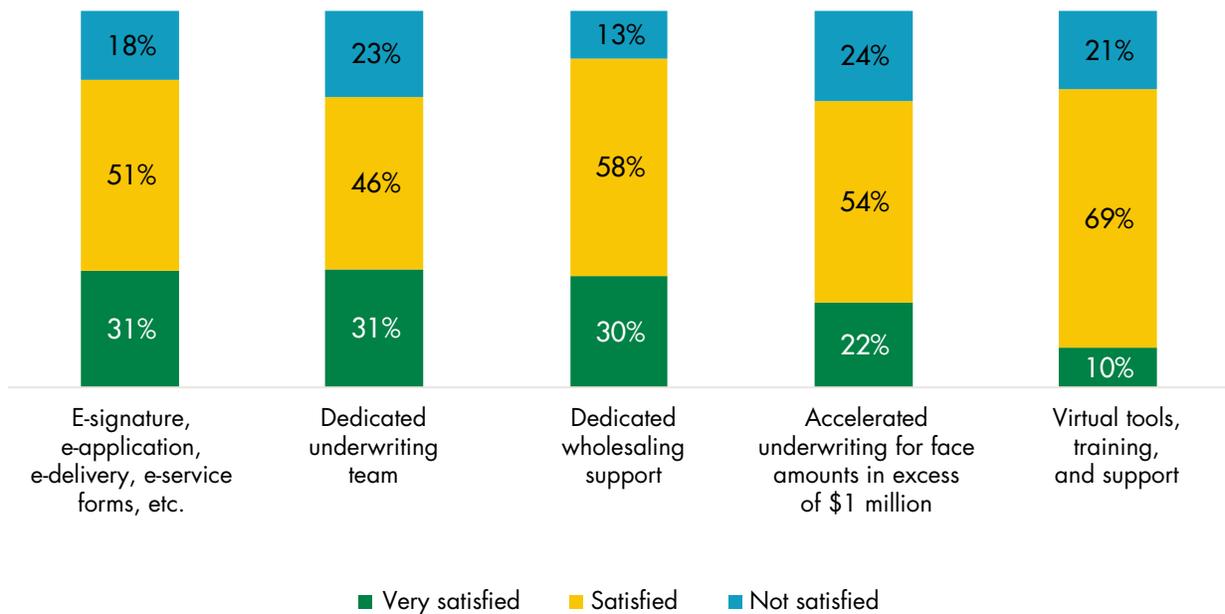


Totals might not add to 100% due to rounding

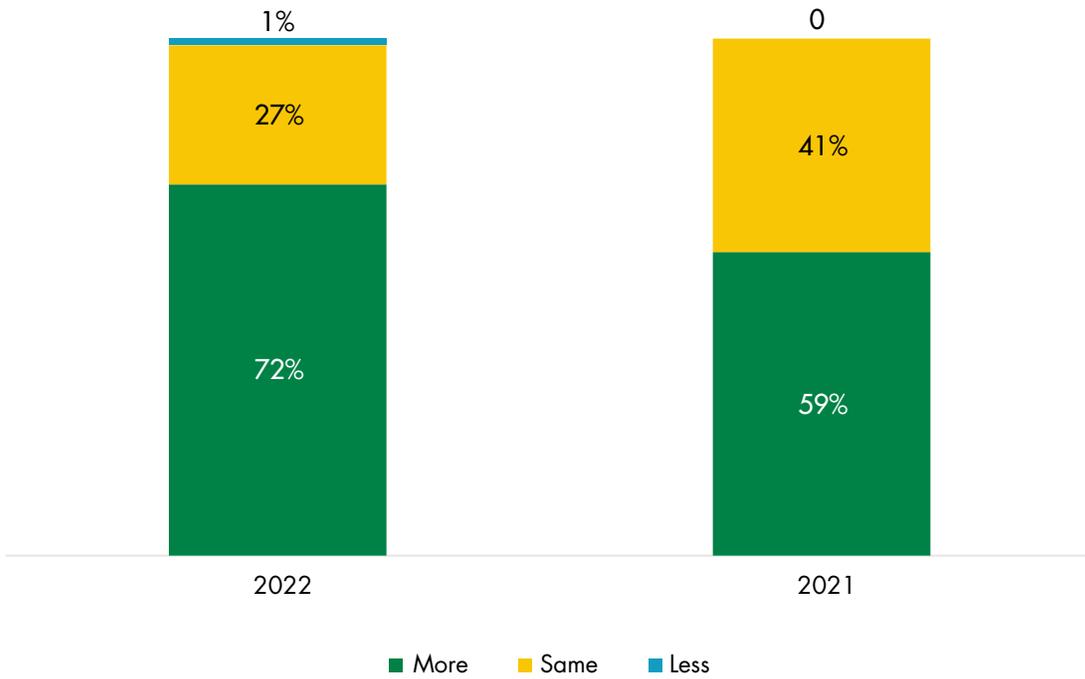
Satisfaction With Services Provided By Carriers

Percent using

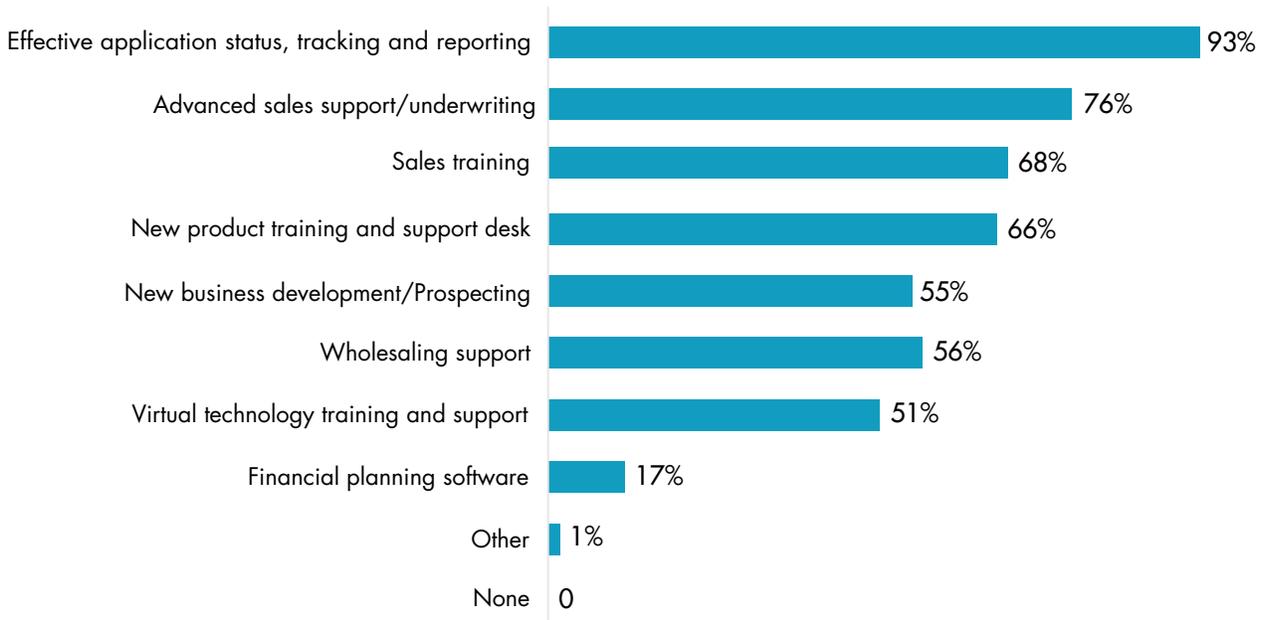
- 100% — E-signature, e-application, e-delivery, e-service forms, etc.
- 99% — Dedicated underwriting team
- 100% — Dedicated wholesaling support
- 94% — Accelerated underwriting for face amounts in excess of \$1 million
- 94% — Virtual tools, training and support



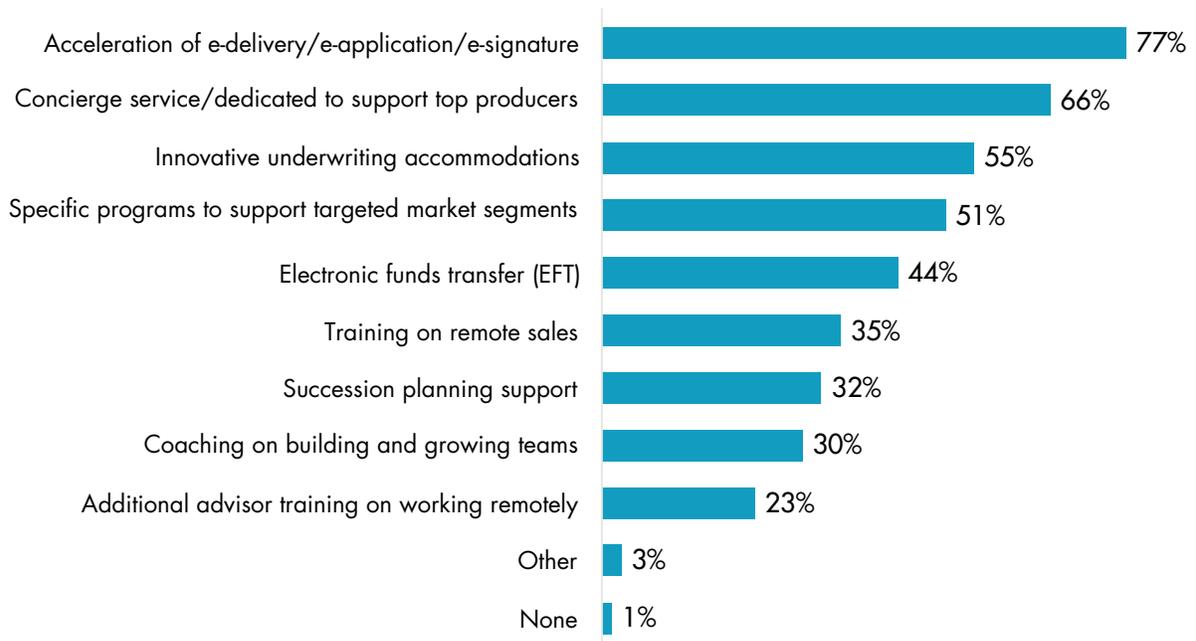
Two-year Change in Number of Services Provided to Associated Producers



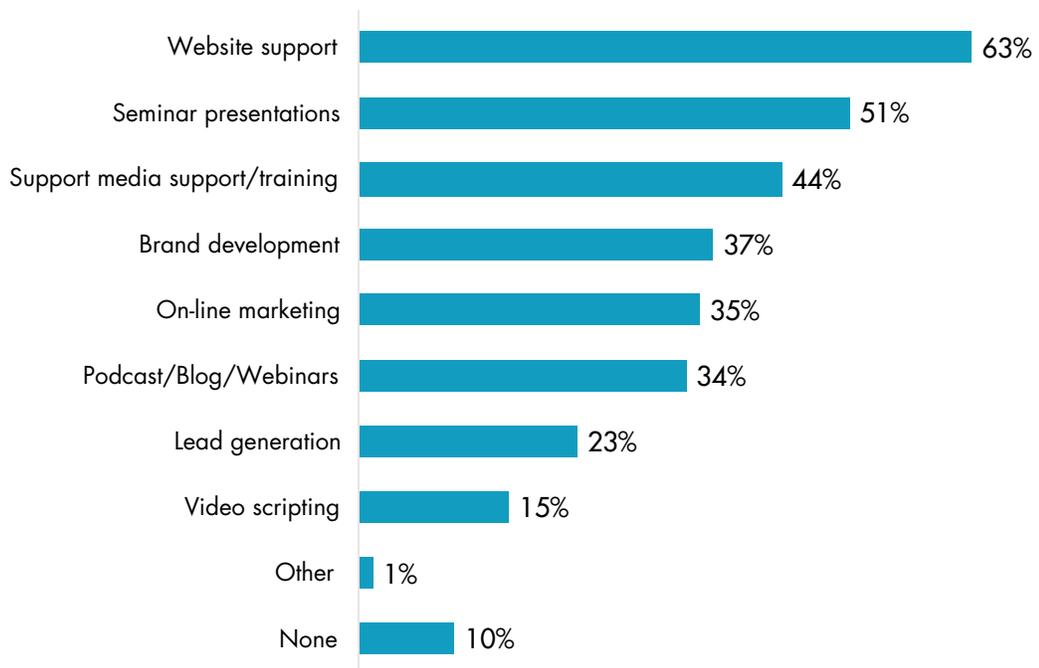
Sales Support Regularly Provided to Associated Producers



Practice Support Regularly Provided to Associated Producers

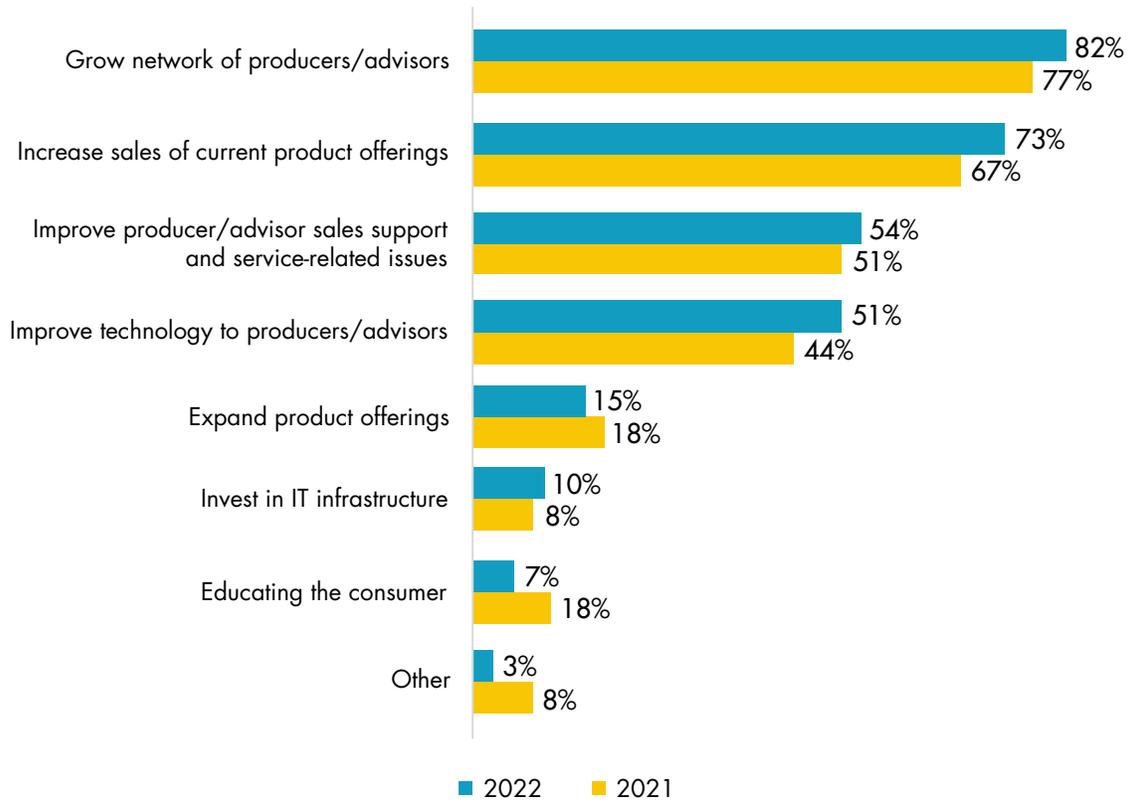


Marketing Support Regularly Provided to Associated Producers

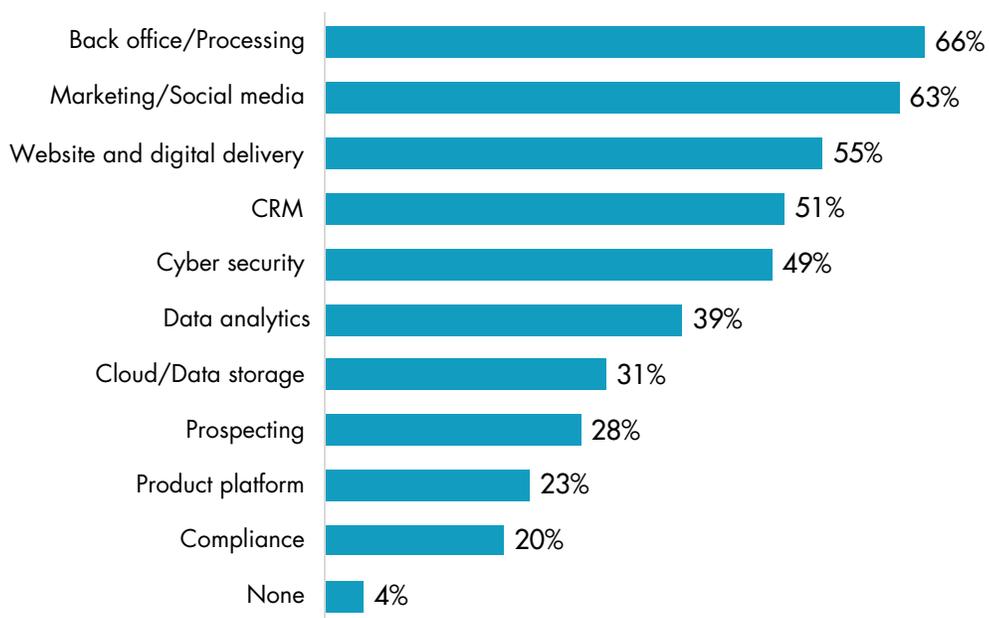


Section 5: Future Outlook

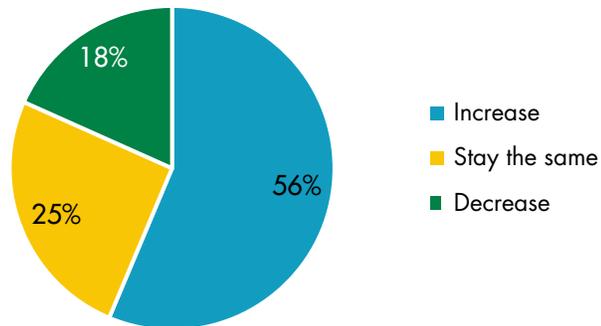
Top Three Business Priorities



Current Technology Investments



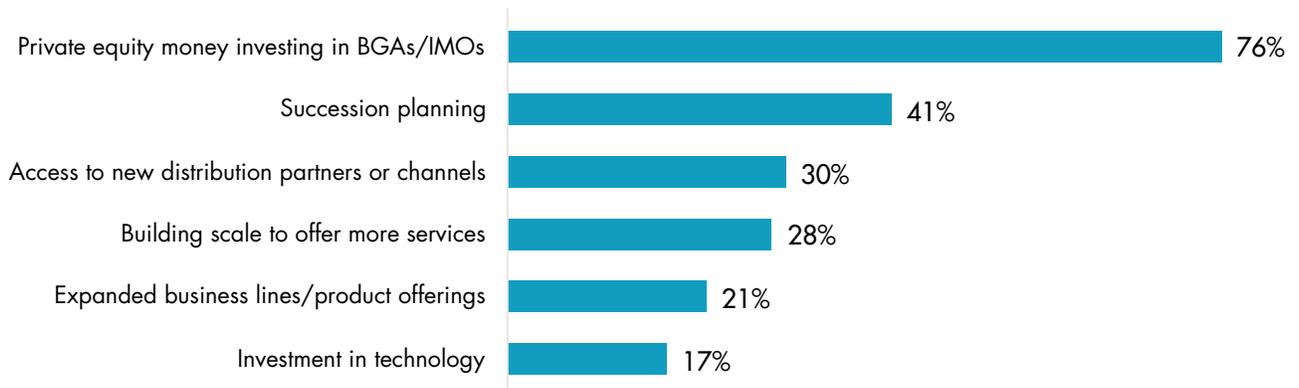
Three-Year M&A Activity Outlook



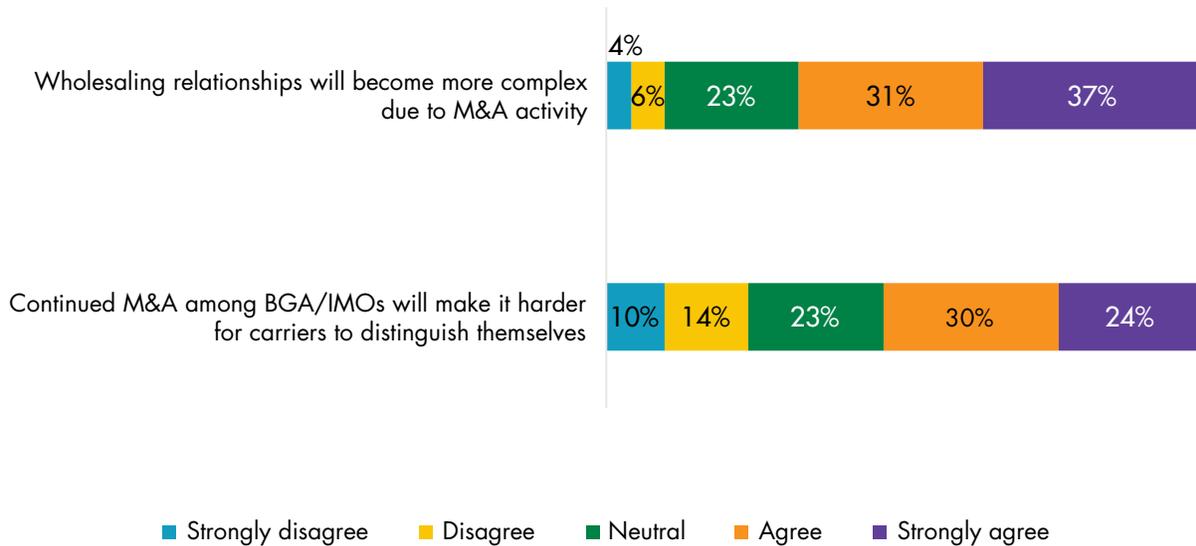
Totals might not add to 100% due to rounding

Drivers of M&A Activity

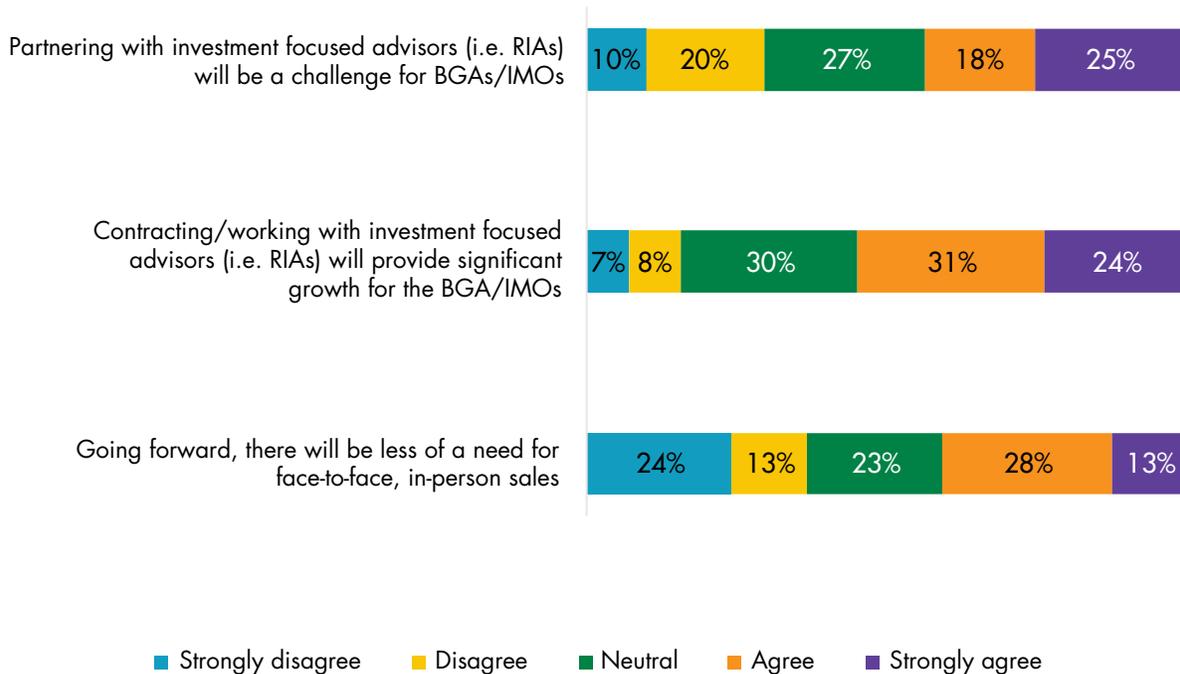
Intermediaries selected all of the reasons they felt were driving M&A activity



Intermediary Views on the Impact of M&A Activity



Intermediary Views on the Future of Doing Business



Totals might not add to 100% due to rounding

ABOUT LIMRA

Serving the industry since 1916, LIMRA offers industry knowledge, insights, connections, and solutions to help more than 700 member organizations navigate change with confidence.

Visit LIMRA at www.limra.com

ABOUT NAILBA, A FINSECA COMMUNITY

The National Association of Independent Life Brokerage Agencies, better known across the insurance industry as NAILBA, is the trade association representing independent brokers and brokerage general agencies (BGAs) committed to providing American consumers with various financial and retirement security products such as life and health insurance, annuities, and other supplemental benefits. In August 2022, NAILBA announced that it had merged with Finseca in pursuit of stronger brokerage distribution and accelerated efforts to reunify the financial services profession and had become NAILBA, a Finseca Community.

Visit NAILBA at www.nailba.org



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