



Big I Connecticut Policy Statement Concerning the Compensation And Appointments of Independent Insurance Agents

Adopted by Big I Connecticut Board of Directors on February 7th, 2024

1. The independent agency channel represents the most effective and efficient distribution system of insurance and risk management solutions to consumers. Independent insurance agents handle nearly \$1 trillion in direct written premiums annually. They educate and assist consumers before coverage is obtained and continue to be their advisors through the insurance lifecycle. The independent agent is typically the first and last resource for the consumer in both hard and soft markets.
2. In addition to the many vitally important services they provide to consumers, independent insurance agencies also provide valuable services to the insurers they represent. These include services related to:
 - Marketing and sales,
 - Risk analysis and management,
 - Communicating sometimes difficult rate and policy underwriting decisions to clients,
 - Post-sale service and assistance,
 - Policy administration,
 - Claims processing, and
 - Many other aspects and elements of the insurance lifecycle.

While insurers may perform some of these functions to an extent, the services would require much more expense and time, and be less effective, for insurers if agents did not perform this work.

3. We are deeply concerned that some insurers have recently reduced agency compensation in an extreme manner and have terminated relationships with agencies altogether. These actions come in the midst of a tumultuous hard market in which consumers are relying more heavily than ever on their agents and as agents too often struggle to find insurers willing to write business and provide customers with much-needed insurance coverages.
4. While we acknowledge the challenges that insurers are facing in the current market (including the manner in which state regulators consider rate filings), we also believe the practice of reducing agent compensation and terminating agency appointments is rash and misguided. Agency compensation should always be determined on an individual basis between agencies and insurers and should fairly reflect the value that agents provide.
5. The long-term health of the independent agency system depends on insurers compensating agents fairly and adequately and in a manner that reflects the value of the functions and responsibilities performed by agents. In addition, insurers should not delegate new responsibilities to agents without commensurate increases in compensation.



6. The ability of agents to serve the needs of consumers is hindered when insurers inappropriately terminate agency appointments. State policymakers should ensure that there are sufficient guardrails and statutory protections in place that apply if insurers elect to pursue actions of this nature, and agents should communicate any issues they may have directly with companies.
7. Insurers also have a responsibility to discuss significant actions in advance with their agents. Both agencies and insurers should communicate candidly and respectfully with each other about how best to navigate market challenges.

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