



INDEPENDENT INSURANCE AGENTS
OF NORTH CAROLINA



COVID-19 IMPACT ON IIANC MEMBER AGENCIES

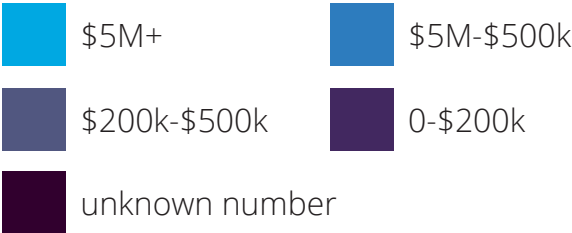
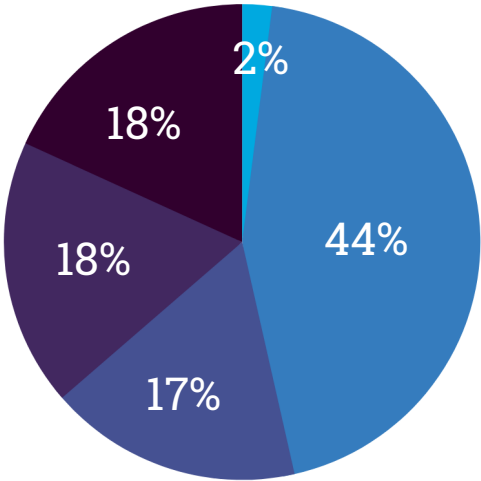
In June-July 2020, the Independent Insurance Agents of North Carolina surveyed its members to find out the impact of COVID-19 on their agency operations, staffing, revenue and more. This information is intended to provide an overview of the current state of independent agencies in North Carolina as well as share insights into their future plans and growth expectations in a post-COVID-19 world.

SUMMER 2020

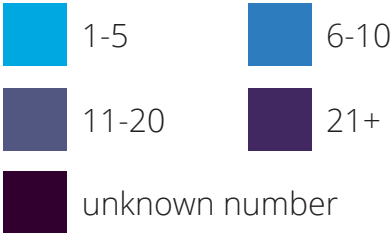
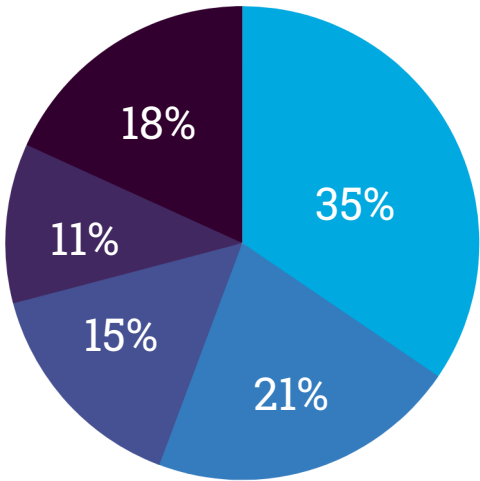
WHO SUBMITTED THE SURVEY? 165 AGENCY MEMBERS

IIANC represents 687 North Carolina independent agencies, plus nearly 300 additional branch locations.

REVENUE SIZE



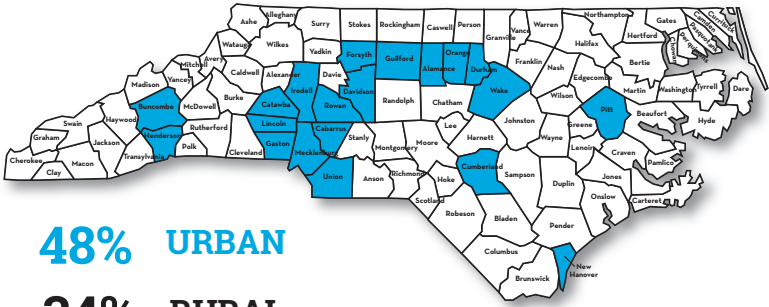
EMPLOYEE SIZE



NUMBER OF LOCATIONS

- 59%** 1 LOCATION ONLY
- 17%** 2-3 LOCATIONS
- 6%** 4+ LOCATIONS
- 18%** UNKNOWN NUMBER

URBAN VS. RURAL



- 48%** URBAN
- 34%** RURAL
- 18%** UNKNOWN LOCATION

Urban is defined as a county with average population density of 250+/square mile per the NC Rural Center (www.ncruralcenter.org).

Results have been rounded for simplicity. Distribution of survey findings requires written permission from IIANC. Contact Natalie Simpson (nsimpson@iianc.com) or Adam Petrey (apetrey@iianc.com).

1 | HOW DID YOUR AGENCY WORKFORCE RESPOND TO STATE AND LOCAL “STAY AT HOME” ORDERS?

A CLOSER LOOK

63% of rural agency offices remained open with all or most employees reporting to the office daily while nearly **69% of urban agencies converted to either a full or hybrid remote work model** for staff.

75% of respondents with revenue of \$5 million+ fully converted staff to remote work as compared to only 11% of those with revenue of \$200k or less.



43%

remained open with all or most employees reporting to the office daily



32%

converted to “work from home” for the majority of employees



25%

operated in a hybrid model with some staff coming in daily and others working remotely

2

IF YOUR AGENCY TRANSITIONED TO REMOTE WORK OR INCREASED THE NUMBER OF EMPLOYEES WORKING FROM HOME DURING THE COVID-19 CRISIS, HOW WOULD YOU DESCRIBE THE LEVEL OF EFFICIENCY THAT YOUR EMPLOYEES WERE ABLE TO ACHIEVE?

- 65%** OUR EMPLOYEES WERE ABLE TO OPERATE AT CLOSE TO THE SAME LEVEL OF EFFICIENCY AS WHEN THEY ARE IN THE OFFICE.
- 19%** OUR EMPLOYEES WERE NOT ABLE TO OPERATE AS EFFICIENTLY AS WHEN THEY ARE IN THE OFFICE.
- 10%** WE DON'T REALLY KNOW HOW EFFICIENTLY OUR EMPLOYEES WERE ABLE TO OPERATE, AS WE ARE UNSURE HOW TO EXACTLY MEASURE THAT.
- 6%** OUR EMPLOYEES WERE ABLE TO OPERATE MORE EFFICIENTLY THAN WHEN THEY ARE IN THE OFFICE.

A CLOSER LOOK

The **majority of both rural (68%) and urban (75%) agencies saw no decline in the productivity of their staff when working remote.** They felt employees were able to work at least as efficiently, if not more so, than when in the office.

An agency's revenue size did not seem to have an impact on the level of productivity their staff maintained while working remote. Nearly all agencies reported that employees were able to maintain the same or a higher level of efficiency with remote work. **Nearly all agencies reported that employees were able to maintain the same or a higher level of efficiency with remote work.**

3

IF YOUR AGENCY INCREASED THE NUMBER OF EMPLOYEES WORKING FROM HOME, WILL YOU CONSIDER EXPANDING YOUR TELEWORK POLICY ONCE THE COVID-19 CRISIS IS OVER?

36%

YES

26%

NO

38%

UNDECIDED

4

DID YOU LAY OFF, FURLOUGH OR REDUCE THE WORKING HOURS OF ANY EMPLOYEES DURING SOME PART OF THE COVID-19 CRISIS?

8%

YES

92%

NO

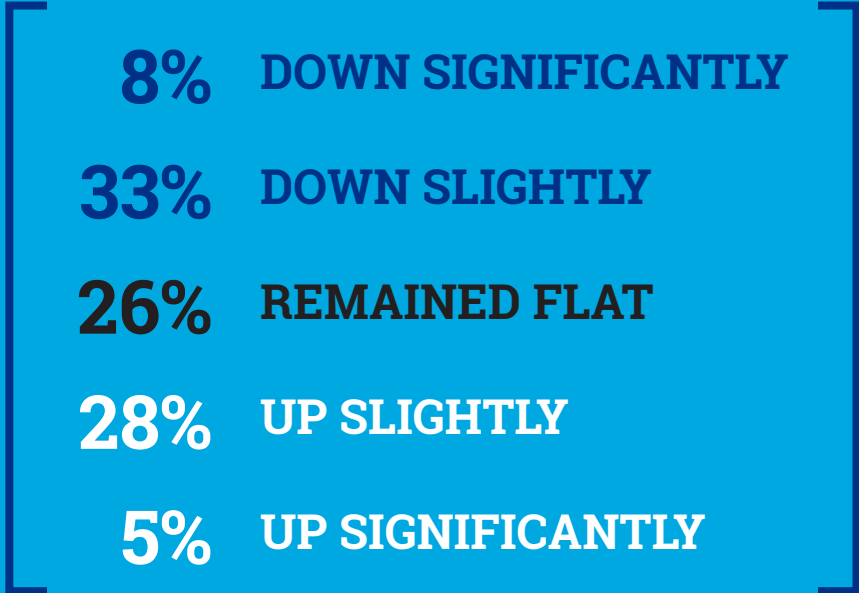
A CLOSER LOOK

The workforce of **only 9% of both rural and urban agencies experienced staff layoffs/ furloughs or reduced work hours.**

The largest percentage of agencies that had to reduce staff was seen in those with revenue of \$200k or less (13%).

5

HOW IS YOUR AGENCY NOW FORECASTING YOUR TOTAL AGENCY REVENUE FOR 2020?



A CLOSER LOOK

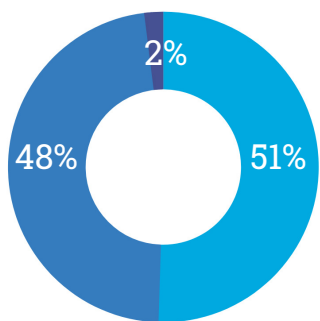
5% of both rural and urban agencies are anticipating their revenues to be up significantly this year. But, the agencies expecting a significant decline in revenue to end 2020 are located more in rural areas (9%) than urban areas (5%).

A favorable outlook on growth is most popular among agencies reporting revenues of \$500k or more, whereas agencies with revenues less than that expect to see a decline.

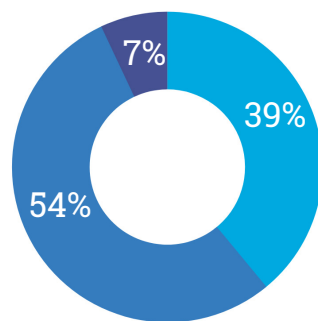
6

HOW MUCH IMPACT ON YOUR REVENUE AS PREVIOUSLY DESCRIBED WOULD YOU ATTRIBUTE TO THE COVID-19 CRISIS?

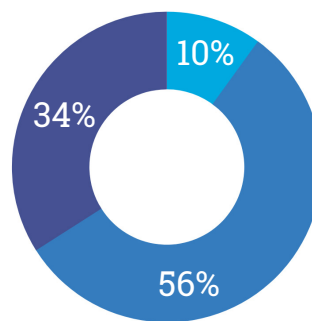
REVENUE DOWN [41%]



REVENUE FLAT [26%]

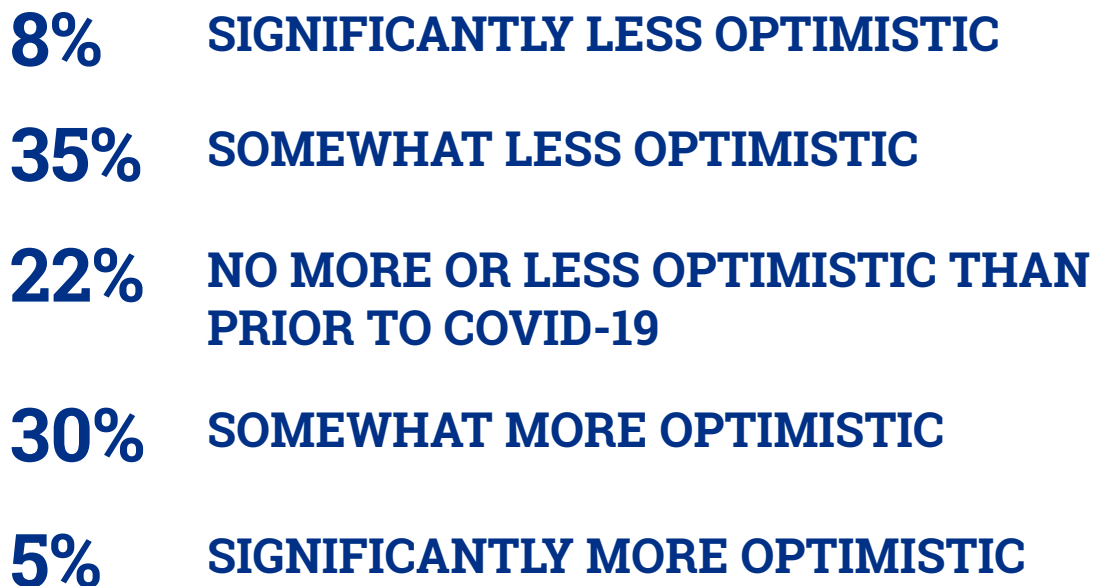


REVENUE UP [33%]



7

HOW DO YOU FEEL ABOUT YOUR AGENCY'S GROWTH OPPORTUNITIES AND REVENUE IN 2021 IN COMPARISON TO YOUR OPINION PRIOR TO THE START OF THE COVID-19 CRISIS?



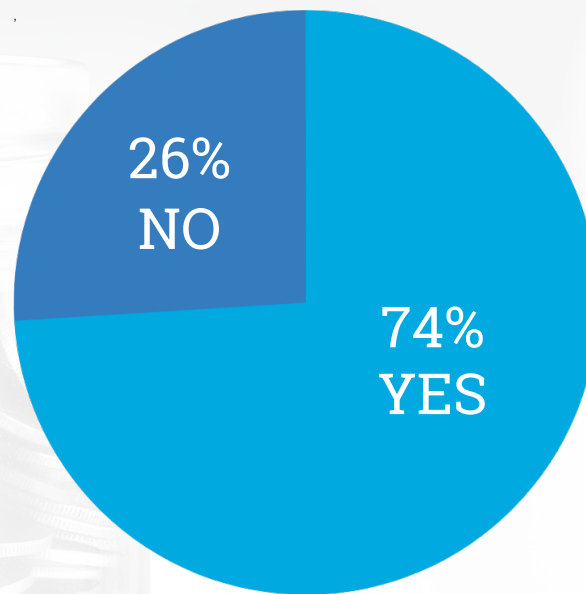
A CLOSER LOOK

The **majority of agencies expecting a downturn in revenue to end in 2020 think that will continue next year** with 58% reporting they are now less optimistic about agency growth and revenue than they were prior to the COVID-19 crisis.

However, 27% of that group still believes there is opportunity for their agency to grow, with the majority of those agencies in the \$500k – \$5 million category.

8

DID YOUR AGENCY RECEIVE ANY RELIEF FUNDS OR GRANTS THAT WERE A RESULT OF THE COVID-19 CRISIS?

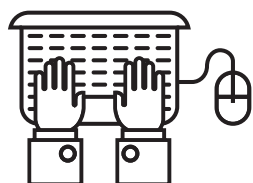


A CLOSER LOOK

While geographic location did not seem to be a factor in agencies receiving relief funds or grants (**73% in rural areas and 75% in urban areas reported getting financial assistance**), there was a discernible difference when looking at agencies by revenue sizes.

Agencies reporting revenues of \$200k or less were split evenly at 50% on getting financial assistance, whereas **75% of agencies with revenue of \$5 million+ did not receive funds**. However, most agencies in between did receive financial assistance - 79% of agencies in the \$200k-500k range and 85% of agencies in the \$500k-\$5 million range.

HOW DO YOU THINK YOUR AGENCY IS LIKELY TO MOVE FORWARD GIVEN LESSONS LEARNED DURING THE COVID-19 CRISIS?



INCREASE/IMPROVE **REMOTE WORK CAPABILITIES**



INCREASE **TECHNOLOGY** INVESTMENT AND USAGE



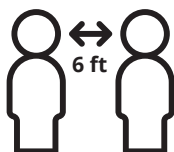
IMPROVE **CUSTOMER EXPERIENCE** TO ALLOW MORE ONLINE SELF-SERVICING AND INTERACTION



INCREASE **DIGITAL MARKETING** AND/OR HAVE A STRONGER **ONLINE PRESENCE**



CHANGE **SALES STRATEGY/DIVERSIFY** BOOK OF BUSINESS



CHANGE AGENCY OFFICE OPERATIONS
(FEWER/NO CASH PAYMENTS, LESS VISITORS, SOCIAL DISTANCING, REDUCE OFFICE HOURS, ETC.)



CONSOLIDATE AND/OR **CLOSE AGENCY LOCATIONS**