

FIRST▶CONNECT

2025

First Connect

State of the Industry Report

2025

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Message from CEO

The Agency Distribution Channel at an **Inflection Point**

Fellow industry leaders,

As a marketplace that connects agents and carriers daily, First Connect occupies a unique vantage point to observe how both distribution partners are navigating substantial industry changes.

After conducting our State of the Industry survey in July of this year and analyzing responses from **344 First Connect insurance agencies** and **32 of our carrier partners**, we have unprecedented visibility into both sides of the distribution relationship – revealing not just the challenges facing our industry, but the remarkable opportunities emerging from this period of transformation.



Aviad Pinkovezky

CEO, First Connect

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The Current State: Challenges Creating Opportunities

The data reveals an industry experiencing dynamic transformation that's driving remarkable innovation. While 86% of agents report product availability challenges, they're actively adapting by developing specialized expertise and using new technologies to build stronger carrier relationships. Some agencies are already exploring automation and AI to enhance productivity, and many others are actively seeking digital transformation partnerships with tech-savvy carriers.

Our carrier respondents – comprised of 47% MGAs/MGUs, 26% regional carriers, and 25% national carriers – are actively investing in solutions that directly address agent pain points. Three-quarters report that recessionary concerns have had minimal impact on their growth plans, providing the financial foundation for strategic distribution investments.

More importantly, 56% now provide real-time appetite updates, 75% complete agent appointments within one week, and 35% are prioritizing technology investments focused on operational efficiency.

The Convergence: Where Agent Needs Meet Carrier Innovation

What emerges from this dual-perspective analysis is a clear convergence between what agents need and what forward-thinking carriers are building. Agents' top improvement priorities center on digital transformation—streamlined processes, instant quotes, online binding capabilities, and integrated systems. These requests align precisely with carrier investment strategies, where 35% prioritize technology solutions and 38% already provide automated underwriting guidance.



This alignment extends beyond technology. While 71% of agents struggle to understand carrier appetites, leading carriers are implementing real-time communication systems and dedicated support structures. The 50% of carriers now using live webinars and/or dedicated onboarding support represent a new model of distribution partnership—one built on transparency and operational excellence rather than traditional transactional relationships.

Market Dynamics: Competition Driving Innovation

The competitive landscape is reshaping distribution relationships in productive ways. Rather than viewing direct-to-consumer growth as a zero-sum threat, our data reveals how it's driving innovation that benefits the entire ecosystem. Carriers maintain diversified distribution strategies—34% of volume through independent agents, 24% through digital platforms—suggesting successful companies view channels as complementary rather than competitive.

This evolution is particularly evident in customer expectations. Out of 344 First Connect agent respondents surveyed, 202 indicated that more than half of their clients expect same-day quotes and policy issuance. This marks not just the changing nature of agent operations, but also new opportunities for carriers who can provide the technology infrastructure that makes such speed possible. The agents who align with these technology-forward carriers are discovering competitive advantages that neither traditional nor direct channels can match independently.

Economic Foundation for Growth

Perhaps most encouraging is the economic foundation supporting strategic investment. When asked how the current economic environment is affecting their business, carriers report strong resilience across key metrics—50% show minimal claims cost impact, 72% say interest rates are of low concern, and 63% face minimal staffing cost pressures.



This financial strength, combined with 75% reporting minimal recession concern impact, creates the capacity for meaningful investment in distribution relationships.

The market fundamentals suggest we're not in a period of contraction requiring defensive strategies, but rather an expansion phase where strategic partnerships can capture significant growth opportunities.

The Partnership Imperative

What this research reveals is an industry where the most successful participants are those building true partnerships rather than traditional vendor relationships. The carriers investing in agent technology platforms, communication systems, and operational support are creating mutual competitive advantages.

The agents embracing available technology and aligning with innovative carriers are finding growth opportunities despite market complexities.

The path forward requires moving beyond the traditional view of distribution as a simple transaction to embrace it as a strategic partnership. This means carriers viewing agent success as directly linked to their own growth, and agents selecting partners based on technological capabilities and communication excellence rather than just product availability.

The companies that invest in integrated technology platforms, transparent communication systems, and operational excellence—will not merely adapt to industry changes but will define the future of insurance distribution. The data shows this future belongs to partnerships that seamlessly blend technological efficiency with human expertise, creating value propositions that individual market participants cannot achieve alone.



Section 2

Insurance Agent Results Summary

[About Survey](#)

This comprehensive survey of **344 First Connect insurance agencies** reveals valuable insights into the current state of the agent distribution channel.

The data highlights both areas where agents are successfully adapting to **market changes and opportunities** where additional support and innovation could strengthen the traditional distribution model.

Key Market Dynamics and Opportunities

Market Access and Capacity Challenges

The survey reveals significant market evolution that is reshaping agent operations.

Current Challenges

86%

of agents report challenges with product availability in their area as carriers adjust their market strategies.

64%

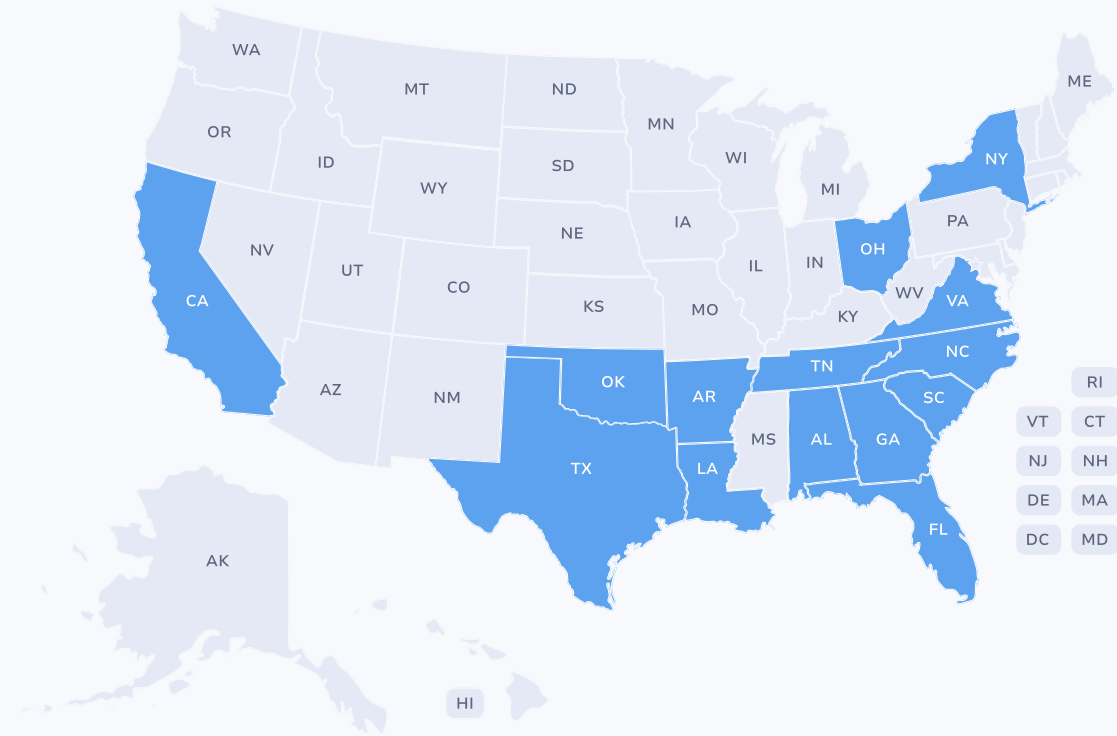
experience quote decline rates between 10–50% due to appetite alignment issues.

34%

identify market access as having the biggest impact on their business.

Geographic Impact

Agents across multiple states including those listed below, are seeking expanded carrier options, particularly for homeowners coverage, commercial auto, and specialty lines.



The Opportunity

The clear demand for digital transformation presents opportunities for technology-forward carriers to differentiate themselves and capture market share.

Technology and Operational Efficiency Needs

Modern customer expectations are driving demand for enhanced operational capabilities.

“I am building an insurance technology agency. My specialty is in excess and surplus lines and that process is just old and antiquated. I’m constantly trying to find new ways to make it easier.”

Current State

81%	of agents report increased customer expectations for speed in quoting and binding.
70%	of agents face challenges getting timely quotes that meet their customers expectations.
59%	indicated that more than half of their clients expect same-day quotes and policy issuance.

Agent Innovation Priorities

Agents have identified specific technology-driven solutions that would enhance their ability to better serve their customers.

 Streamlined application processes	 Instant, bindable quotes with data prefill
 Integrated quoting across multiple carriers	 Online binding capabilities

Market Opportunity

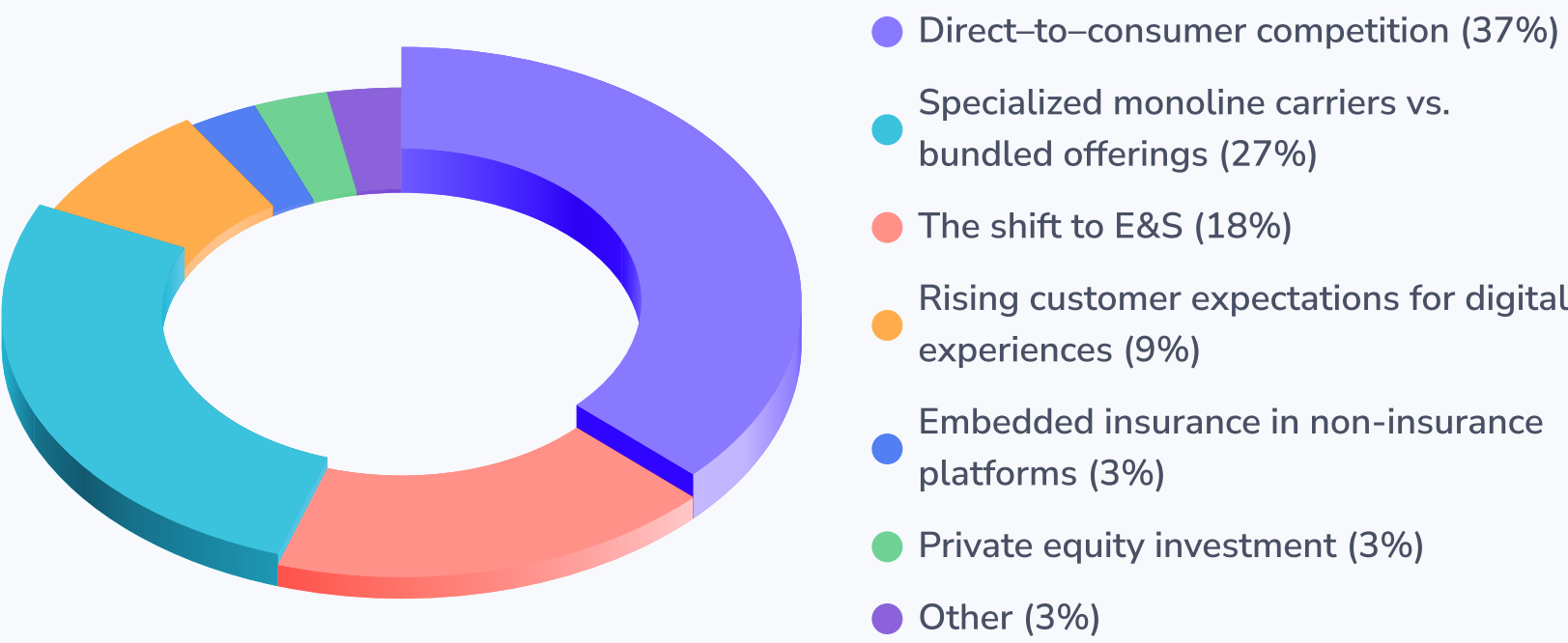
The clear demand for digital transformation presents opportunities for technology-forward carriers to differentiate themselves and capture market share.

Distribution Channel Evolution

The competitive landscape continues to evolve with direct-to-consumer channels serving different market segments.



Which of the following market trends do you believe is having the most significant impact on the agent distribution channel?



Market Dynamics

37%

of survey responses identify direct-to-consumer as a significant competitive factor.

Agents are seeking ways to differentiate their value proposition in an increasingly digital marketplace.

Traditional relationship-based advantages remain important for complex risks and local market expertise.

Adaptation Strategies

Successful agents are focusing on specialized knowledge, personalized service, and comprehensive risk management to maintain competitive positioning.

Workforce Development Opportunities

The industry faces common challenges in talent acquisition and development.

“There's a noticeable difficulty in promoting the insurance industry as an appealing and rewarding one.”

Current Landscape

24%

of respondents said that compensation expectations were a top challenge.

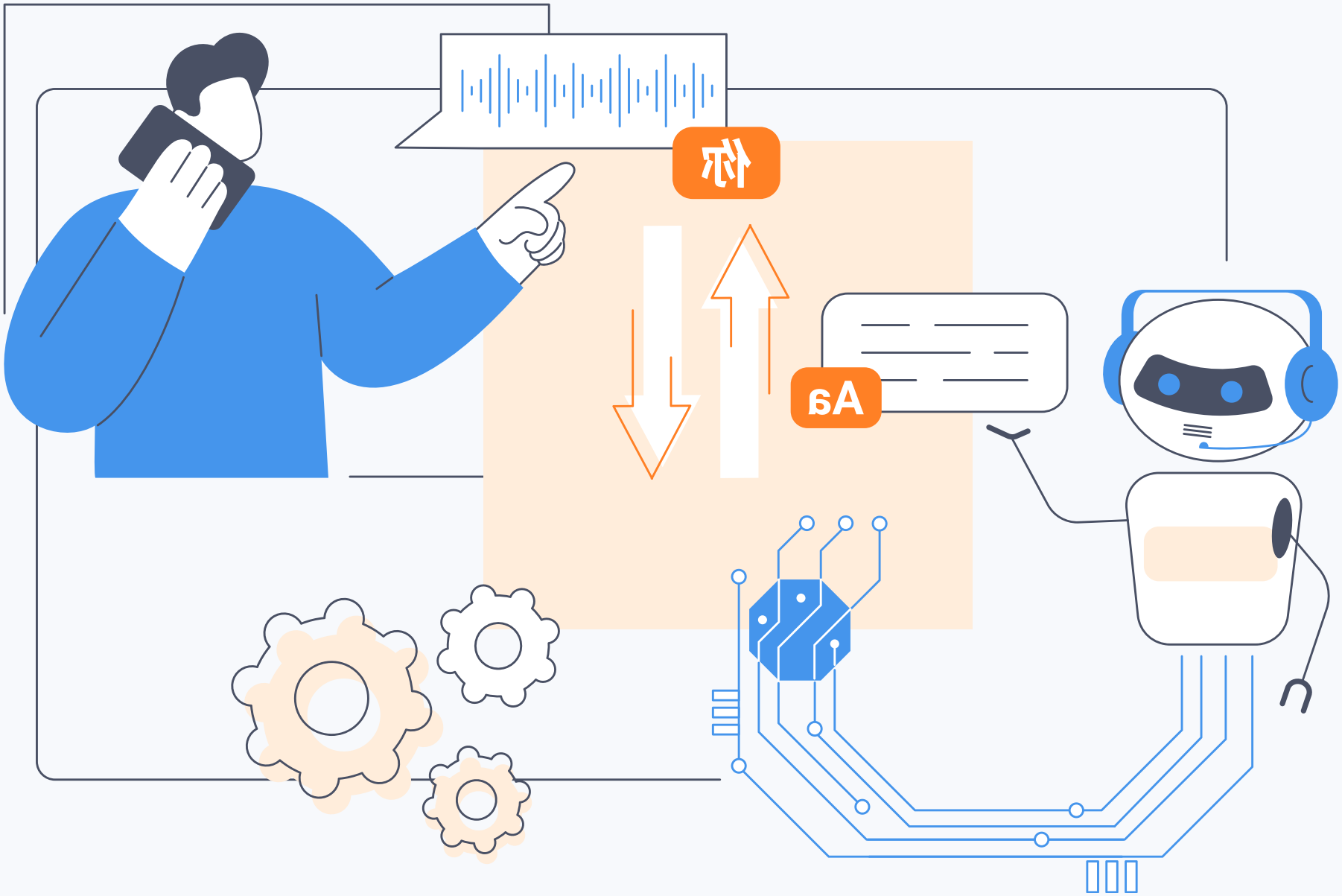
20%

identified difficulty attracting younger talent as a significant workforce related challenge.

Skills gaps with new technologies, followed by remote work expectations, and the aging workforce/pending retirements were ranked as the next three top challenges.

Innovation Response

Some agencies (5%) are exploring automation and AI solutions to enhance productivity, while others are developing specialized niches to attract dedicated professionals.



Strategic Partnership Priorities and Market Opportunities

Based on comprehensive feedback from 344 agencies, three strategic partnership areas emerge as critical for immediate action, representing significant opportunities for carriers to differentiate themselves and capture market share.

Digital Transformation Leadership (50% of Improvement Requests)

Agents prioritize online binding capabilities, instant quote generation with automated data prefill, and streamlined application processes to better serve clients who now expect same-day service.

For carriers, this represents a substantial competitive opportunity—those who deliver comprehensive digital platforms will enable agents to compete effectively against direct channels while maintaining relationship advantages.

Market Access and Appetite Transparency (25% of Improvement Requests)

The market access challenge affecting 86% of agents creates enormous opportunities for carriers who can provide consistent capacity and clear appetite communication. Improved appetite transparency could significantly reduce the quote decline rates many agents experience, directly improving writing opportunities and premium growth for both parties.

Technology Integration and Seamless Data Sharing (10% of Improvement Requests)

Requests for improved agency management system integration, public database prefill capabilities, and automated form completion represent the final piece of the digital transformation puzzle.

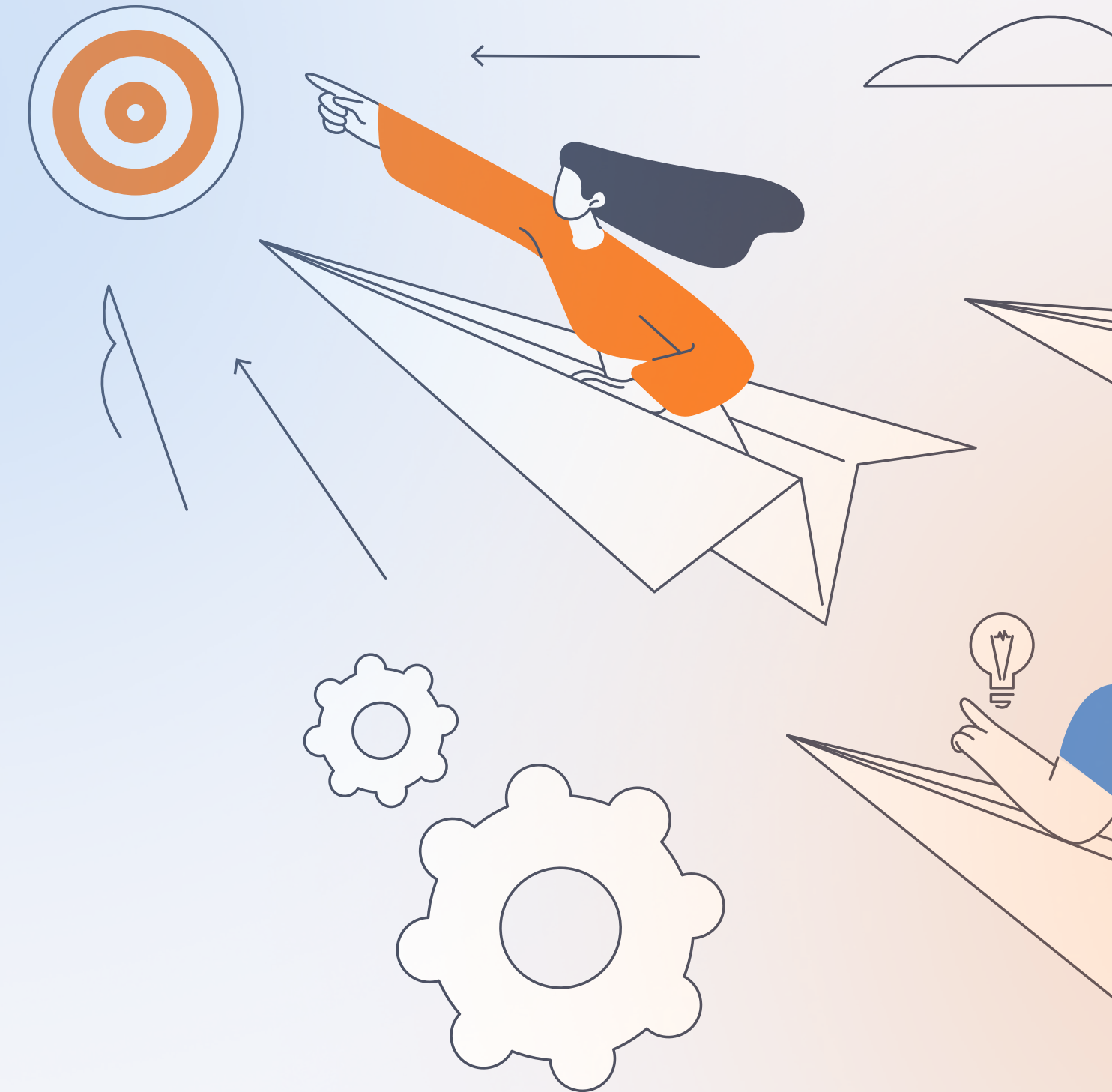
Carriers delivering seamless integration experiences enable agent partners to move faster, write more business, and achieve sustainable competitive advantages through enhanced operational velocity.

The Path Forward

The survey findings reveal that success in the evolving marketplace belongs to strategic partnerships rather than individual company strategies.

Technology integration, communication excellence, market access improvements, and operational efficiency gains represent the foundational elements of competitive advantage in modern insurance distribution.

The transformation occurring in insurance distribution represents an evolution toward more effective, technology-enabled partnerships that serve modern customer expectations while preserving the irreplaceable human elements of trust, local expertise, and personalized guidance that define successful insurance relationships.



Section 3

Insurance Carrier Results Summary

[About Survey](#)

This survey of **32 of our partner carriers** provides valuable insights into how carriers are adapting to evolving market conditions and agent partnership dynamics.

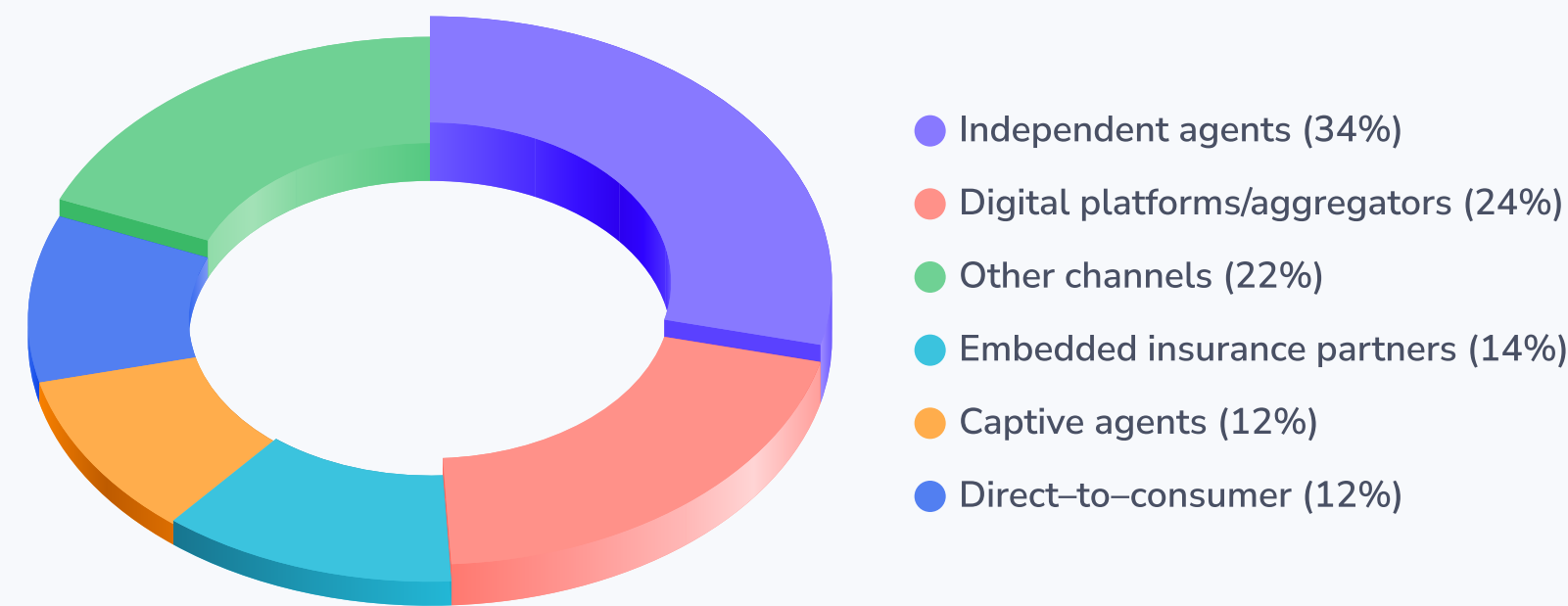
The respondents represent a diverse cross-section of the industry, including MGAs/MGUs (47%), regional carriers (26%), national carriers (25%), and specialty carriers (19%), offering perspectives on distribution strategies, technology investments, and market approaches.

Key Market Dynamics and Opportunities

Distribution Channel Strategy and Evolution

While independent agents continue to be a key channel, carriers are adopting diversified distribution approaches to serve different market segments.

Current Distribution Allocation
(90 Total Responses)



Top Market Trends

38%	customer expectations for digital experiences.
19%	shift to E&S markets.
13%	direct-to-consumer competition.

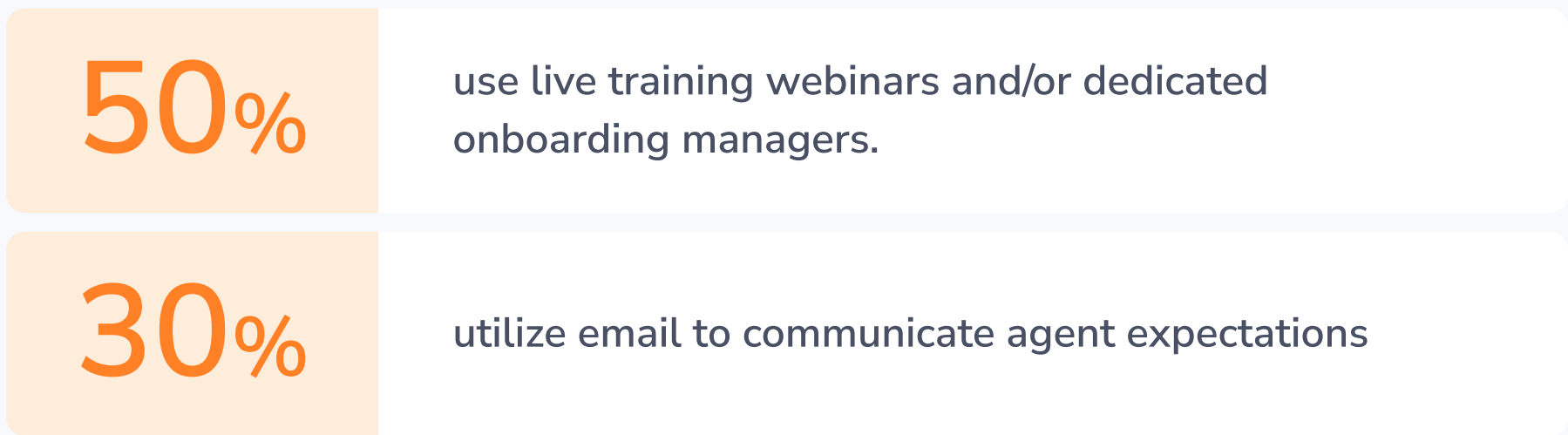
Strategic Opportunity

Rather than abandoning traditional channels, leading carriers are optimizing multiple distribution pathways to serve diverse customer preferences and market segments.

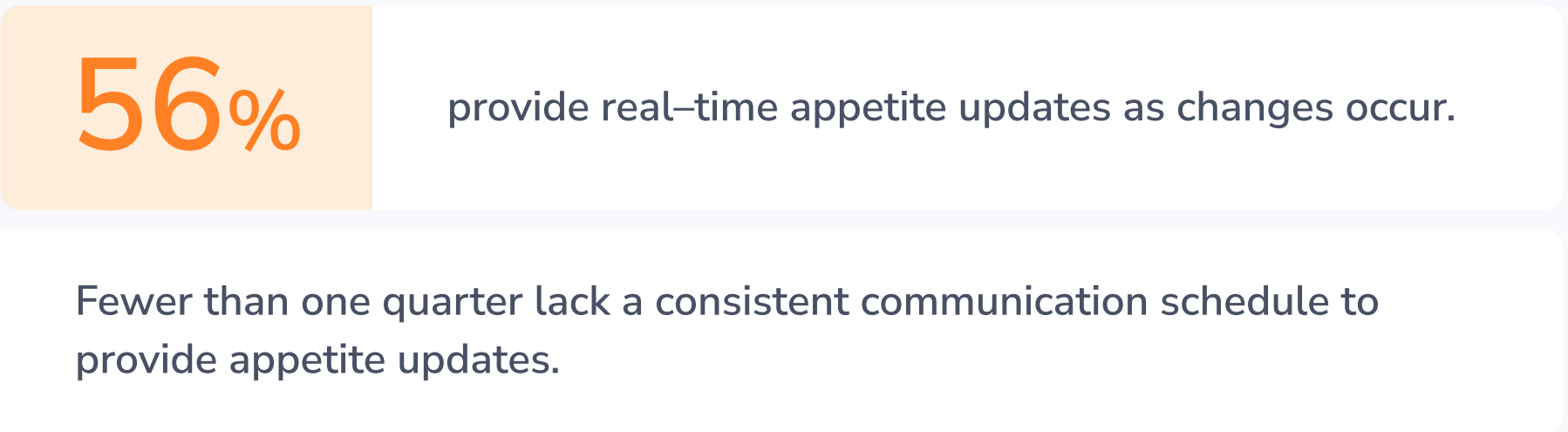
Agent Partnership and Communication Excellence

Dynamic carriers are investing in stronger agent relationships through improved communication, training and speed. They are also dedicated to ensuring they are partnering with agents who align with their product and business goals, and many are using data and insights to help with finding agencies that are aligned to their needs.

Agent Onboarding Training



Communication Surrounding Appetite



Streamlined Appointments



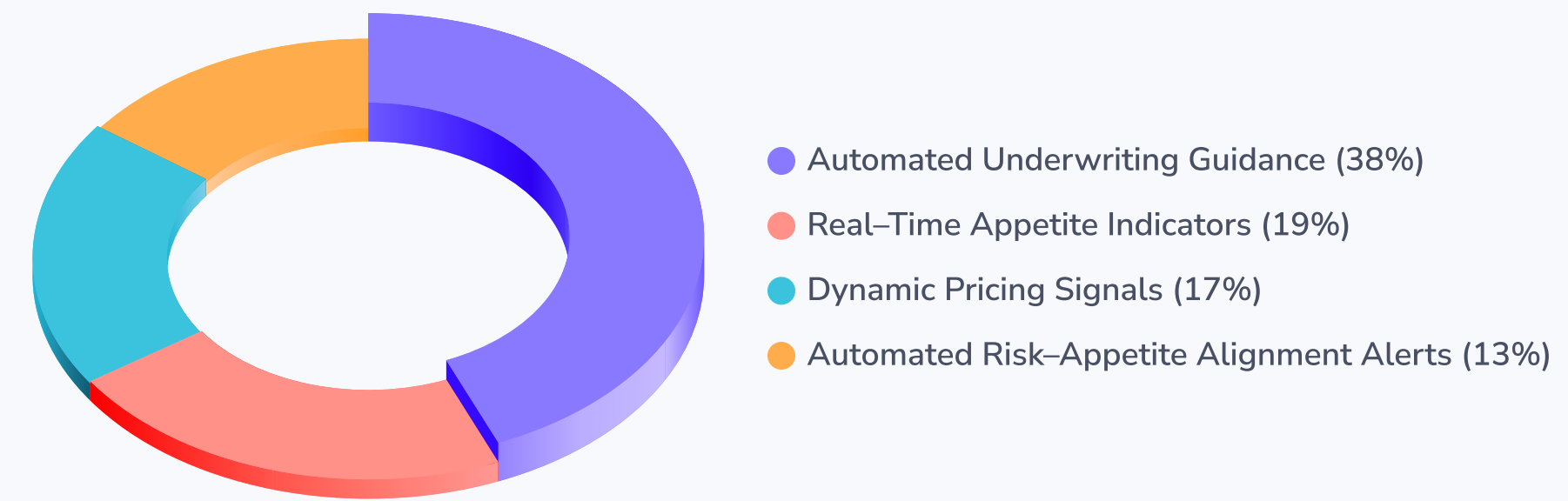
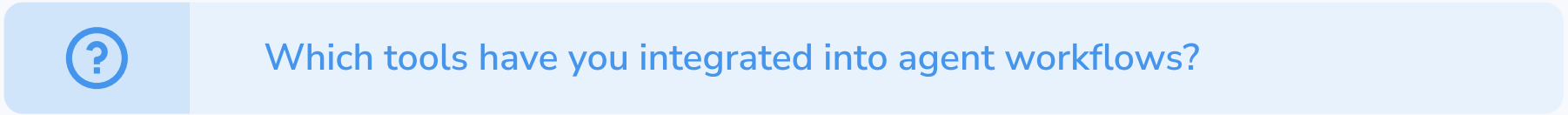
Ensuring Agent Alignment



Technology Investment and Innovation

While some carriers are prioritizing technology solutions that enhance agent productivity and operational efficiency, less than 40% have implemented automated underwriting tools and only one-third are making efficiency-focused investments rather than relying primarily on premium increases.

Technology Integration in Agent Workflows



Economic Resilience and Growth Planning

Despite market challenges, carriers demonstrate strong financial positioning for strategic investments.

Economic Impact Assessment

75%	Recession Concerns – report low to no impact on growth plans.
72%	Claims Costs – report low to no impact, with only 13% experiencing high impact.
72%	Interest Rates – report low to no impact on investments and financing.
63%	Staffing Costs – report low to no impact from labor cost pressures.

Strategic Investment Capacity

The strong economic resilience across multiple metrics suggests carriers have the financial foundation to invest in agent partnerships, technology improvements, and market expansion.

Cost Management Through Innovation

35%	are making efficiency-focused technology investments.
25%	focus on updated risk selection and underwriting guidelines.
17%	are leveraging premium increases.

Digital Transformation Leadership

Forward-thinking carriers are developing comprehensive platforms that address agent needs for speed, accuracy, and integration.

Strategic Distribution Priorities: Where Agent Needs Meet Carrier Innovation

The convergence between agent challenges and carrier responses reveals four strategic areas where successful partnerships are already emerging, demonstrating how leading carriers are directly addressing the pain points identified by 344 surveyed First Connect agencies.

Digital Transformation Partnership: Meeting the Speed Imperative

With 81% of agents reporting increased customer expectations for speed and 70% facing challenges getting timely quotes, the industry is just beginning to respond with some strategic technology investments.

Thirty-five percent now prioritize technology platforms for efficiency, while 38% provide automated underwriting guidance and 19% offer real-time appetite indicators.

Carrier investments in straight-through processing and dynamic portals will enable agent partners to deliver the instant quotes and binding capabilities their clients demand, allowing agents to compete effectively against direct channels by matching digital speed while maintaining relationship advantages.

Communication Excellence: Solving the Appetite Clarity Challenge

The critical challenge facing 71% of agents who struggle to understand carrier appetites—leading to 64% experiencing quote decline rates between 10-50%—is being addressed by carriers who recognize this as a competitive opportunity.

Fifty-six percent now provide real-time appetite updates, 75% complete appointments within one week, and 50% use proactive communication methods including live webinars and/or dedicated onboarding support.

This communication excellence creates meaningful differentiation, enabling agents working with transparent carriers to quote more accurately, waste less time on declined submissions, and deliver better client experiences while carriers receive better-aligned submissions.

Market Access Solutions: Turning Availability Challenges into Competitive Advantage

While 86% of agents report product availability challenges, with 34% identifying market access as having the biggest impact on their business, leading carriers are using strategic approaches to create competitive advantages for their agent partners. Rather than retreating from challenging markets, 32% maintain consistent market presence while 27% each employ selective underwriting with adjusted pricing and invest in predictive modeling for smarter risk selection.

Carriers who maintain strategic market presence while others withdraw create significant competitive advantages for their agent partners, capturing market share and building loyalty through consistent availability.

Operational Efficiency: Streamlining the Partnership Experience

Agents' top improvement priority—streamlined processes (50% of responses), including instant, bindable quotes with data prefill and integrated quoting across multiple carriers—is being met by sophisticated carriers implementing comprehensive solutions.

Forty-one percent now offer online application portals, 31% use targeted agent recruitment strategies, and many provide simplified processes and automated systems that directly address operational friction.

These efficiency improvements reduce processing costs for carriers while enabling agents to write more business faster, creating mutual benefits that strengthen the partnership foundation.

The Integration Advantage

This analysis reveals that the most successful distribution relationships aren't traditional vendor–client arrangements but true partnerships where carrier investments directly solve agent challenges.

The 35% of carriers prioritizing technology investments are responding precisely to the 50% of agents requesting digital transformation capabilities. Similarly, the 56% providing real-time appetite updates are solving the appetite clarity issues affecting 71% of agents.

This alignment creates competitive advantages that neither traditional agency models nor direct-to-consumer channels can match independently—technology-enabled efficiency combined with relationship-based expertise and local market knowledge.

Section 4

Conclusion

The Partnership Advantage

Conclusion

The Partnership Advantage

Our analysis reveals an industry at a pivotal moment—not one defined by crisis, but by unprecedented opportunity for strategic partnerships.

The most successful relationships in our marketplace are between agents who embrace digital transformation and carriers who invest in distribution excellence.

The data reveals a natural alignment between agent needs and progressive carrier capabilities. Half of agent improvement requests focus on digital capabilities, while more than a third of carriers are actively prioritizing technology investments.

Meanwhile, carriers are addressing communication challenges through real-time appetite updates and proactive outreach, directly solving the appetite clarity issues that affect most agents.

This convergence creates immediate opportunities for both sides. Agents equipped with carrier-provided digital tools can compete effectively against direct channels while maintaining relationship advantages that direct channels cannot replicate.



Carriers who achieve instant quote-to-binding capabilities will fundamentally alter competitive dynamics, making their agent partners more competitive than direct channels. Most importantly, improved communication translates directly to operational efficiency—better appetite alignment reduces wasted time on declined quotes while improving client satisfaction across the board.

The future belongs to distribution partnerships that seamlessly blend technological efficiency with human expertise. These hybrid partnerships create entirely new value propositions that neither traditional agency models nor direct-to-consumer channels can match independently.

We are witnessing the emergence of a new distribution model where technology amplifies rather than replaces human relationships, where digital efficiency enhances rather than diminishes personal service.

The window for strategic action remains wide open. The stakeholders who recognize this convergence opportunity and commit to building next-generation partnerships will not merely survive the industry's evolution—they will define it.



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First Connect is a modern digital marketplace that gives independent agents the tools they need to help grow their agencies and write the coverage their clients need.

We are transforming the insurance distribution landscape by connecting insurance carriers with independent agents through truly innovative solutions. Our platform streamlines carrier-agent relationships, reducing traditional onboarding times from weeks to minutes and enabling independent agencies to compete more effectively in the market.

Our comprehensive technology suite offers agents instant access to multiple carriers, streamlined operational processes, and leading edge tools that level the playing field against larger competitors. By combining technological innovation with personalized customer service, we are revolutionizing insurance distribution while empowering independent agencies to better serve policyholders with improved pricing, more choices, and faster responses.

For more information, visit www.firstconnectinsurance.com.

