



**Independent Insurance Agents of Texas (IIAT)
2006 Legislator Perception Study Report**

**Submitted by
PetersGroup Public Relations
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I. Executive Overview

Situation

The Independent Insurance Agents of Texas (IIAT) is focused on raising visibility of its organization and overall offering. The organization believes there may be confusion or a lack of knowledge among legislators and their staffs about the difference between an independent insurance agent and a salaried agent (i.e. State Farm, etc.).

Objective

This legislator perception study was conducted in an effort to better understand how legislators and their staffs perceive IIAT and independent insurance agents and to determine if suspicions regarding the lack of knowledge about independent insurance agents are valid. Responses from this study will help build/refine overall messaging to be incorporated into external communications. The study will help identify legislators and their staffs' perceptions of IIAT, the offering, the competition, key relevant legislative issues, the concerns of legislators' constituents, views on the independent insurance industry and what they know/don't know about emerging industry and consumer-related issues, etc.

Observations

- Legislative staffers are much more knowledgeable about the insurance carriers that work through independent agents than media.
- In a direct comparison, it does appear senatorial staff are slightly more knowledgeable regarding which companies work through independent agents.
- 75 percent of those responding listed IIAT as one of the top insurance organizations. However, responses to this question may be slightly skewed as respondents were aware the survey was being conducted on behalf of IIAT.
- High and increasing insurance rates are seen as a key trend, legislative issue and common complaint received from constituents. As independent agents cannot dictate rates, it is critical IIAT represent this fact to legislators and legislative staff and educate them on the position of independent agents.
- The majority of respondents rated the information provided to them by IIAT very well, demonstrating the perceived high value of the information among legislators and their staffs.

II. Methodology

The perception study was conducted from July through August, 2006. The following methodology was used to gain responses from participants.

1. Obtained detailed lists of Texas House and Senate chiefs of staff and legislative directors
2. Developed series of interview questions focused on achieving IIAT objectives
3. Provided survey using an online form
4. Conducted outreach to survey targets via:
 - e-mail pushes with survey questionnaire
 - phone follow up to direct potential participants to survey
 - phone follow up to conduct interviews
5. Gathered data from all sources
6. Compiled and analyzed participant responses
7. Developed recommendations for IIAT based on feedback secured

Sample size and responses

- Target lists included chiefs of staff and/or legislative directors from all 147 representatives' offices and 43 senators' offices
- Outreach via e-mail and phone resulted in 19 total responses, an overall 10% response rate.
 - House staff responses – 12 (8% response rate)
 - Senatorial staff responses – 7 (16% response rate)
- Overall actual response rate doubled target response rate of 5%

III. Questionnaire

1. What is an independent insurance agent?

2. Which companies do you believe work through independent insurance agents? Please check all that apply.

Allstate

Geico

The Hartford

Chubb

Nationwide

Travelers

CNA

Progressive

USAA

Farmer's Insurance

State Farm

Zurich

3. Please name the top three independent insurance agent organizations.

4. Please name the top three sources you turn to when developing your opinions about legislation affecting the insurance industry.

5. What publications (either print or online) do you read on a daily basis?

6. What are three to five trends or issues you believe made the greatest impact on the insurance industry in 2005?

7. What three to five trends or issues do you foresee significantly impacting the insurance industry over the next 3 to 5 years?

8. What are the most important legislative issues affecting the insurance industry?

9. What are the most common complaints you hear from constituents about the insurance industry?

10. Have you ever heard of the Independent Insurance Agents of Texas (IIAT)? If yes, what is its primary reason for its existence?

11. Please rate the accuracy of information you receive from IIAT on a scale of 1 to 5, with 1 being the best.

Additional comments:

IV. Analysis

1) What is an independent insurance agent?

17/19 or 89 percent of respondents provided a definition of what they believed an independent insurance agent was.

Responses to this question varied. Some respondents defined independent insurance agents with multiple details, while others listed only one differentiator.

Overall

- 11 respondents described an independent agent as one who sold insurance from multiple carriers
- Seven respondents described an independent agent as someone who is not affiliated with a major carrier
- Six respondents defined an independent agent as one who offered various lines of product
- One respondent considered independent agents insurance advisors on the best options for clients
- Only one respondent gave an incorrect definition, defining an independent agent as one who worked for an insurance company and sold insurance

Definitions of Independent Insurance Agents			
	Overall	House	Senate
Number of Responses	19	12	7
Sells Insurance for Multiple Carriers	11 (92%)	6 (50%)	5 (71%)
Not Affiliated with a Major Carrier	7 (37%)	5 (42%)	2 (29%)
Offers Various Lines of Product	6 (32%)	4 (33%)	2 (29%)
Insurance Advisors	1 (5%)	1 (14%)	0
Represents a Company and sells insurance	1 (5%)	0	1(14%)
No Response/Do not know	2 (11%)	2 (29%)	0

The majority of respondents were able to define independent agents. Respondents from both the House and Senate side provided accurate characteristics of independent agents.

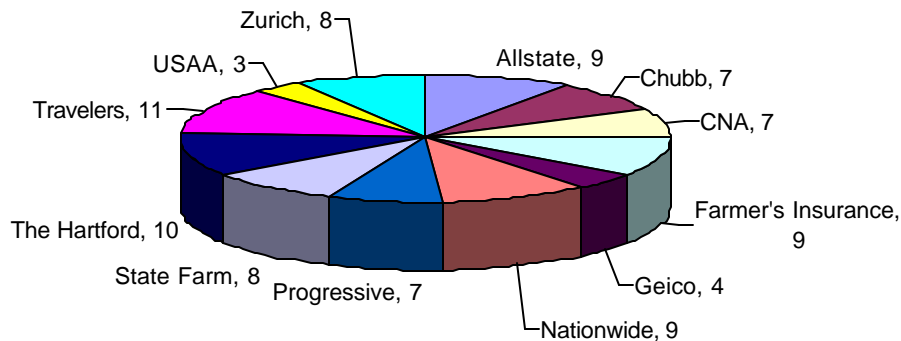
2) Which companies do you believe work through independent insurance agents?

From the responses to this question it is apparent, legislative staffs are more knowledgeable about the insurance carriers that work through independent agents than media. However, many still incorrectly listed companies that are off-limits to independent agents as working through them. Overall, respondents listed Travelers (11 mentions) and The Hartford (10 mentions) the most as companies that work through independent agents. Zurich ranked high as well with eight mentions. All three are available through independent agents. Allstate, generally regarded as a direct writer, but which is available to independent agents, received nine mentions. Nationwide and Farmer's Insurance also each received nine mentions. Neither is available through independent agents.

In a direct comparison it does appear senatorial staff are slightly more knowledgeable regarding which companies work through independent agents with typically lower percentages listing the incorrect companies and higher percentages naming the accurate ones. For instance, 58 percent of House staff listed Allstate as being available through independent agents, while 29 percent of Senate staff did and only 25 percent of House staff named Chubb, while 57 percent of Senate staff listed the company.

Companies that Work Through Independent Agents			
	Overall	House	Senate
Number of Responses	19	12	7
Allstate	9 (47%)	7 (58%)	2 (29%)
Chubb	7 (37%)	3 (25%)	4 (57%)
CNA	7 (37%)	4 (33%)	3 (43%)
Farmer's Insurance	9 (47%)	7 (58%)	2 (29%)
Geico	4 (21%)	2 (16%)	2 (16%)
Nationwide	9 (47%)	5 (42%)	4 (57%)
Progressive	7 (37%)	3 (25%)	4 (57%)
State Farm	8 (42%)	7 (58%)	1 (14%)
The Hartford	10 (53%)	6 (50%)	4 (57%)
Travelers	11 (59%)	6 (50%)	5 (71%)
USAA	3 (16%)	3 (25%)	0
Zurich	8 (42%)	3 (25%)	5 (71%)

Legislative Perception of What Companies Work Through Independent Agents



3) Name the top three independent insurance agent organizations.

Only 12 or 63 percent of respondents offered a response to this question. However, of the 12 participants that responded nine listed IIAT. Responses to this question may be skewed in IIAT's favor as those taking the survey were aware it was being conducted on behalf of IIAT. The Texas Association of Health Underwriters was listed twice and the National Association of Independent Insurers and the Texas Association of Insurance and Financial Advisors were both listed once. Other respondents listed major companies as opposed to organizations.

Organization	Number of Mentions
IIAT	9
Texas Assoc. of Health Underwriters	2
Farmer's Insurance	2
National Assoc. of Independent Insurers	1
Texas Assoc. Insurance and Financial Advisors	1
State Farm	1
Allstate	1
The Hartford	1
Travelers	1

4) Please name the top three sources you turn to when developing your opinions about legislation affecting the insurance industry.

Responses to this question varied greatly. The Texas Department of Insurance was listed the most as a resource with seven mentions. Lobbyists and/or consumer groups were named six times and IIAT was specifically listed four times. IIAT, Public Citizen, Texas Trial Lawyers Association and other groups specifically named could be added into the lobbyist category bringing that number of mentions to 16.

This number of mentions communicates lobbying efforts are effective and therefore the importance of IIAT’s legislative initiatives are reinforced.

Organization	Number of Mentions
Texas Dept of Insurance and Government Agencies	7
Lobbyists/Other Consumer Groups	6
IIAT	4
Local Agents (personal relationships)	3
House Committee on Insurance members and staff	2
Constituents/Consumers	2
Public Citizen	1
Office of Public Insurance Counsel (OPIC)	1
Research Groups	1
Texas Watch	1
Written materials	1
Consumers Union	1
Texas Trial Lawyers Assoc.	1
Texas Assoc. of Insurance and Financial Advisors	1
Texas Assoc. of Health Underwriters	1
Texas Insurance Commission	1
FIG	1

5) What publications (either print or online) do you read on a daily basis?

The majority of those who responded look to major market dailies as an information resource. Major market dailies as a general category or specific major market newspapers were listed 24 times. The Quorum Report received the second most mentions with 9 mentions, while smaller market dailies and weeklies were listed 4 times.

The large number of respondents listing major market dailies as a key publication they read on a daily basis edifies the IIAT public relations strategy to target these publications through a media tour, targeted briefings and contributed information as a method to reach out not only to the public, but to legislators and decision-makers.

Publications	Number of Mentions
Major Market Dailies Listed by name: Dallas Morning News 3 New York Times 3 Washington Post 1 Wall Street Journal 1 Austin-American Statesman 7 San Antonio Express-News 2 El Paso Times 1	24
Quorum Report	9
Smaller Market Dailies & Weeklies (District papers) Listed by name: Denton Record Chronicle 1 Rio Grande Guardian 1 Amarillo Globe News 1	4
Drudge Report	3
Political Blogs	2
Capitol Insider	2
Texas Weekly	2
Texas Legislative Clipping Svs	2
Fox News	2
Insurance groups/companies	2
Political Reviews	1
Lone Star Report	1
Time Magazine	1
Kizer Foundation	1
No response	1
CNN	1
IIAT	1
Lobbyists	1
Agents	1
Consumers	1
National Conference of State Legislature	1

6. What are three to five trends or issues you believe made the greatest impact on the insurance industry in 2005?

As could be expected, hurricanes was listed the most number of times as the trend having the greatest impact on the insurance industry in 2005 with seven mentions. Six of the survey participants provided no response or did not know and tort reform was listed five times. As natural disasters remain top of mind for legislators and legislative staff, the publication of the IIAT Catastrophe Plan demonstrates to them IIAT's responsiveness and support for their constituents.

Trends	Number of Mentions
Hurricanes (Katrina, Rita, etc)	7
No response/I don't know	6
Tort reform	5
Workers compensation	3
Windstorm Insurance	2
Mainstream media and how they portray insurance companies	1
Lack of insurance among Texans	1
More flexibility in products from carriers to employers and consumers	1
Proposition 12 in 2003	1
SB 1738	1
Medical Malpractice	1
Insurance companies refusing to pay claims or paying very little	1
Citizen outrage at rising premiums	1
Record profits for insurance companies	1
Rising homeowners insurance costs	1
Asbestos	1
Building standards	1
No fault insurance	1
Mold issues	1
Credit scoring	1
Business tax structure	1
Healthcare costs	1

7) What three to five trends or issues do you foresee significantly impacting the insurance industry over the next 3 to 5 years?

Responses to the question varied greatly. Attempts by insurance companies to raise rates, while decreasing benefits was listed more than other trends with four mentions. Growth of HSAs, mold, windstorm insurance and rising healthcare costs were each listed twice. As there were no trends singled-out by a large margin, it can be assumed most of the trends listed may prove important in the coming years.

Trends	Number of Mentions
No response	4
Attempts to raise rates while cutting benefits	4
Growth of Healthcare Savings Accounts (HSA)	2
Mold	2
Windstorm insurance	2
Rising healthcare costs	2
Carriers pulling out of writing on the coast or non-renewing coastal policies	1
Healthcare Transparency	1
Tort reform	1
Consumer-driven healthcare	1
Genetic privacy and its impact on health insurance	1
No fault insurance	1
Natural disasters	1
Access to quality healthcare	1
Rate regulation/regulation of the market	1
Mandated coverage of certain procedures and diseases	1
Insurance company investment performance	1
Bad publicity for insurance carriers	1
Questions with regard to the propriety of the use of credit history	1

8) What are the most important legislative issues affecting the insurance industry?

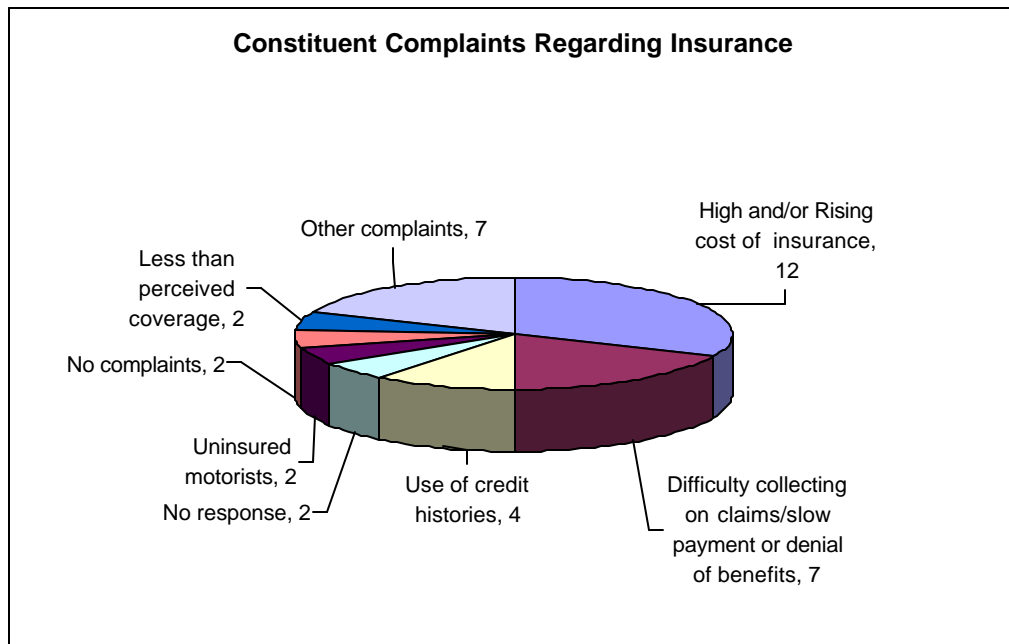
Eight of the respondents did not provide an answer or felt they had already addressed this question with previous responses. Of those responding to the question, five highlighted the cost of insurance, lowering it or high rates, as key issues. Three respondents noted changes in the regulatory structure and credit scoring as important upcoming issues.

Issues	Number of Mentions
Previous answers/don't know/no response	8
Lowering costs to consumers/high rates	5
Credit scoring	3
Regulatory structure	3
Uninsured motorists	2
Windstorm	1
Lack of healthcare	1
Perceived lack of responsiveness among agents (both independent and captive)	1
Perception Lobbyists for insurance industry are concerned only about the needs of carriers	1
Limiting liability on certain issues	1
Weather issues concerning homeowners insurance	1
Stock market effect on insurance industry overall	1
Redlining	1
Availability of coverage	1

9) What are the most common complaints you hear from constituents about the insurance industry?

High and rising cost of insurance was listed the most by a large margin as the common complaint from constituents with 12 mentions. Difficulties associated with collecting on claims, slow payment or denial of benefits was listed seven times. Use of credit histories or credit scoring was named four times. As independent agents are unable to dictate rates and high rates are a key concern, it is necessary for IIAT to educate legislators and legislative staff as to the position of independent agents regarding this issue.

Complaints	Number of Mentions
High and/or rising cost of insurance	12
Difficulty collecting on claims/slow payment or denial of benefits	7
Use of credit histories	4
No response	2
Uninsured motorists	2
No complaints	2
Less than perceived coverage	2
Lack of market for wind policies	1
Failure to provide service	1
Poor disclosure	1
Lack of rate reductions ordered by TDI	1
Getting dropped after making a claim	1
Lack of availability	1
Confusing policies	1



10) Have you ever heard of the Independent Insurance Agents of Texas (IIAT)? If yes, what is its primary reason for its existing?

17 of the 19 respondents or 89 percent knew of IIAT. Of those, 14 provided a definition of IIAT's primary reason for existing. 12 of the 14 providing a definition noted representing the interests of independent agents was the primary reason for the existence of IIAT. One respondent stated IIAT's primary reason for existence is to educate legislators and member agents on the key issues affecting the insurance industry and one other respondent listed the primary reason is to "serve agents that sell products from different companies".

11) Please rate the accuracy of information you receive from IIAT on a scale of 1 to 5 with 1 being the best.

Only ten of the 19 respondents provided a rating. However, of those ten, 50 percent (five) gave the information provided by IIAT a rating of 1. Three respondents rated the information a two, while one rated it a three and one a four. Eight out of ten or 80 percent of respondents gave the information from IIAT a two or above. This high rating demonstrates the information provided by IIAT is seen as valuable and accurate to those using it. IIAT follow-up with the legislative staffer giving the rating a four is recommended to determine any past issues or if he/she misunderstood the rating scale. Four of those surveyed provided no response to this question, while five responded they did not know or did not remember receiving any information from IIAT.

Additional Comments:

"The IIAT 'day at the capital' or whatever it's called is good. The most effective thing to do is to have independent agents out of our district (Weslaco) come speak directly to our representative.

When we see not just the paid hire guns, but having actual independent agents from the district speak to the rep, this approach tends to be more effective. For written material, I would say a one pager with bullet points about what's most important would be very helpful."

Scott Jenkins
Office of Representative Armando Martinez

V. Recommendations

1) Legislative Outreach Program: The majority of respondents provided a correct definition for an independent insurance agent and demonstrated they are more knowledgeable about the companies that provide insurance through independent agents than the previously surveyed media, however many still listed companies off-limits to independent agents as ones providing insurance through them. In addition, many were unaware of key issues affecting the insurance industry and how they will impact their constituents and did not list IIAT as a resource they turn to when looking for information. This information reinforces our plan to roll-out a legislative outreach program to educate legislators and their staffs on IIAT, how IIAT can serve as a resource on important issues. A regular and consistent communications program that parallels the PR program will support the goal of educating this important audience and IIAT speaking with “one voice”

2) Educate Role of Independent Agent: The key concern of constituents listed by legislative staff was rising and high insurance rates. As independent agents are unable to control rates set by companies it is critical to include this message in communications with legislators and to emphasize the position of independent agents on this issue. State the position and the message. We need to more aggressively compare/contrast independent agents versus insurance companies and emphasize the benefit IIAT agents bring. A direct communications outreach through email campaigns and direct mail will help drive this home and supplement the media relations program.

3) Educate on Role of IIAT/Emphasize Leadership Position with Catastrophe Planning: Natural disasters proved to be top-of-mind for legislative staff when asked to list trends impacting the insurance industry in 2005. This validates the IIAT objective to provide information and support regarding natural disasters through the Agency Catastrophe Plan. We recommend providing an overview (one-page document) of this plan to legislators to educate them and communicate IIAT's dedication to customers and the desire to support them with the best service possible during critical times.

4) Increase Frequency of External Communications: Based on the findings, there is more education needed among the audiences IIAT wants to influence. Commit to specific monthly news and other reasons to communicate to help keep the IIAT story and agent roles in front of industry influencers. An integrated mix of programs is necessary to attract and retain industry support and customers. Leveraging and training members in key Texas regions to serve as IIAT evangelist/spokespeople, is critical to increasing IIAT's reach across Texas.

5) Community Partnering: To help raise community visibility and gain traction with target influencers and decision-makers, we propose identifying key community programs to support and duplicate across the state. Set the model in Austin and rollout across each of the key IIAT areas to demonstrate IIAT's desire to integrate and support communities across Texas.