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Program Administrators Association
"Where Program Business Gets Done"

State of Program Management Business 2019 - Administrators

Introduction

Welcome to the Target Markets Program Administrators Assn. (TMPAA) State of Program Business survey 2019. Your assistance with the survey will allow us to provide insights into the size, characteristics, and growth prospects for the program administration market.

We define Program Administrators as providing insurance products targeted to a particular niche market or class that are placed with one carrier. Program Administrator responsibilities include underwriting selection, binding, issuing, and may also include marketing, billing, premium collections, data gathering, claims management/loss control and possibly risk sharing.

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Please enter any numeric amounts without "$" or ","!

* 1. Provide the name of your firm: (We request this to avoid duplicate survey entries and to be sure you receive the full study results)

[   ]

2. Provide the name of your ultimate parent firm, if different:

[   ]

3. Which of the following best describes your firm?

◯ Program Administrator

◯ Wholesale brokerage

◯ Retail brokerage/agency

◯ Contract binding authority

Other (please specify)

[   ]

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Size of the Program Administration Market

On this page we are asking a series of questions which will help us to gauge the overall size and growth of the program administration market.

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1. Within which range do your organization's gross written premiums for programs administered fall?

◯ < $5 Million	◯ $100 to $150 Million
◯ $5 to $10 Million	◯ $150 to $200 Million
◯ $10 to $20 Million	◯ $200 to $250 Million
◯ $20 to $30 Million	◯ $250 to $500 Million
◯ $30 to $50 Million	◯ $500 to $1 Billion
◯ $50 to $75 Million	◯ $1 Billion to $2 Billion
◯ $75 to $100 Million	◯ >$2 Billion

2. By what percentage did your premiums administered (gross written) change in 2018?

◯ Down more than 30%	◯ Up 1% to 3%
◯ Down 21% to 30%	◯ Up 4% to 10%
◯ Down 11% to 20%	◯ Up 11% to 20%
◯ Down 4% to 10%	◯ Up 21% to 30%
◯ Down 1% to 3%	◯ Up more than 30%
◯ Unchanged	

3. What percentage of policy count renewed last year?

Policy Count Renewal %	⬍

4. What has been your general experience with Rate (up or down) over the past year?

	Increasing	Decreasing	N/A
Automobile	○	○	○
Cyber	○	○	○
Excess/Umbrella	○	○	○
Fidelity, Surety & Crime	○	○	○
Financial & Political Risk	○	○	○
Liability	○	○	○
Management Liability	○	○	○
Marine & Aviation	○	○	○
Medical Malpractice	○	○	○
Package	○	○	○
Professional Liability	○	○	○
Property	○	○	○
Workers Compensation	○	○	○

5. What is your average commission by line of business (LOB)?

	Average Gross Commission (% of premium)	Average Net commission (% of premium)
Automobile	⬍	⬍
Cyber	⬍	⬍
Excess/Umbrella	⬍	⬍
Fidelity, Surety & Crime	⬍	⬍
Financial & Political Risk	⬍	⬍
Liability	⬍	⬍
Management Liability	⬍	⬍
Marine & Aviation	⬍	⬍
Medical Malpractice	⬍	⬍
Package	⬍	⬍
Professional Liability	⬍	⬍
Property	⬍	⬍
Workers Compensation	⬍	⬍

6. Within what range was your Program Administration revenues (not premiums) in 2018? (Revenue is defined as Total Commission income less External Producer Expense plus Contingent Income (e.g. Profit Share))

○ < $100,000

○ $100,000 to $500,000

○ $500,000 to $1 Million

○ $1 to $2 Million

○ $2 to $5 Million

○ $5 to $10 Million

○ $10 to $15 Million

○ $15 to $20 Million

○ $20 to $30 Million

○ $30 to $50 Million

○ $50 to $100 Million

○ $100 to $150 Million

○ $150 to $250 Million

○ > $250 Million

7. By what percentage did your Program Administration revenues change in 2018?

○ Down more than 30%   ○ Up 1% to 3%

○ Down 21% to 30%   ○ Up 4% to 10%

○ Down 11% to 20%   ○ Up 11% to 20%

○ Down 4% to 10%   ○ Up 21% to 30%

○ Down 1% to 3%   ○ Up 31% to 40%

○ Unchanged   ○ Up more than 40%

8. What is your three year average contingent/profit sharing payment as a percentage of premium for those lines that you receive a contingent commissions? (example: $1.2M in total contingents against $30M of contingent eligible premium would equal 4% annual average payment)

[   ]

9. How many distinct programs does your firm administer?

[   ]

10. How many new programs are you planning to introduce in the next 24 months?

[   ]

11. Do you plan on changing program carriers sometime in the next 12 months?

○ Yes

○ No

○ Don't know

12. What is your average premium per account?

[   ]

* 13. Have you changed your program carrier in the past three years?

○ Yes

○ No

○ Don't know

14. Do you use a Lloyd's syndicate for any of your program business?

○ Yes

○ No

○ Don't know

If yes, what was the reason for choosing the Lloyd's syndicate?

[   ]

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Size of the Program Administration Market Continued

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1. For what reason did you change program carriers in the past 3 years?

○ Company rating downgrade or financial difficulties

○ Differences with underwriting guidelines and pricing

○ Territorial expansion

○ Company non renewed program

○ Other (please specify)

[   ]

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Revenue and Expense Details

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1. As a Program Administrator, how do you deliver each of these services?

	Inhouse capability	Outsourced to a 3rd party (e.g. TPA or Actuarial firm)	Provided by carrier	A combination	Not Provided
Underwriting	○	○	○	○	○
Policy Issuance	○	○	○	○	○
Claims Administration	○	○	○	○	○
Safety & Loss Prevention	○	○	○	○	○
Rating & Issuing Software	○	○	○	○	○
Online Platform (broker portal)	○	○	○	○	○
Data Analytics	○	○	○	○	○
Marketing	○	○	○	○	○
Actuarial	○	○	○	○	○

Other (please specify)

2. What is the approximate split of your firm's overall gross revenues in 2018 (in %):

	% of Revenue
Program Administration	⬍
Wholesale Brokerage	⬍
Retail Brokerage	⬍
Binding Contract Business	⬍
Claims Administration	⬍
Safety & Loss Prevention	⬍
Technology Services	⬍
Marketing Services	⬍
Actuarial	⬍
Premium Financing	⬍
Contingent Income (e.g. Profit Sharing)	⬍
Investment Income	⬍
Other	⬍

Other (please specify)

3. On average over the past three years, what is your program administration profit margin? (Profit margin is defined as net income as a percentage of revenue after agents commissions)

- ◯ Less than 5%
- ◯ 5% to 10%
- ◯ 11% to 15%
- ◯ 16% to 20%
- ◯ 21% to 25%
- ◯ 26% to 30%
- ◯ 31% to 35%
- ◯ 36% to 40%
- ◯ Greater than 40%

4. Approximately what percentage of your net income is contingent income?

◯ Less than 5%	◯ 31% to 35%
◯ 5% to 10%	◯ 36% to 40%
◯ 11% to 15%	◯ 41% to 45%
◯ 16% to 20%	◯ 46% to 50%
◯ 21% to 25%	◯ Greater than 50%
◯ 26% to 30%	

5. What was the approximate split of your firm's 2018 overall expenses (in %):

	% of Budget
Commission paid to retail agents/brokers	⬍
Compensation and Benefits of Employees	⬍
Compensation and Benefits of Outsourced Employees	⬍
Marketing & Sales Promotion	⬍
Underwriting/Issuance/Agency MGMT Platforms & Supporting Systems	⬍
All other IT	⬍
Other	⬍

Other (please specify)

[   ]

6. Do you "risk share" in your programs? (Risk share is defined as participating in both the underwriting gain and loss)

◯ Yes

◯ No

◯ Don't Know

7. If yes, do you use any of the following risk sharing methods? (Select all that apply)

☐ Profit Sharing

☐ Sliding Scale Commissions

☐ Captives

☐ Risk Retention Groups (RRG)

☐ N/A

☐ Other (please specify)

[   ]

8. Do you have any programs that do not include a profit sharing component?

○ Yes

○ No

○ Don't Know

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Cyber

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1. Do you offer a standalone cyber policy?

○ Yes

○ No

○ Don't know

2. Are you including cyber as part of your standard policy?

◯ Yes - as part of the base form at no charge

◯ Yes - as an endorsement

◯ No

◯ Don't know

3. Where it's optional, approximately what percentage of your insureds purchase cyber insurance?

◯ 1% to 5%   ◯ 41% to 50%

◯ 6% to 10%   ◯ 51% to 60%

◯ 11% to 20%   ◯ Greater than 60%

◯ 21% to 30%   ◯ N/A

◯ 31% to 40%

4. What markets are you using for cyber insurance?

[ ]

5. What other, if any, emerging risks (e.g. drones, autonomous vehicles etc.) do you believe are suitable for program business and why?

[ ]

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Insurance Technology

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1. Insurance technology, frequently referred to as InsurTech, is increasingly changing aspects of the insurance space. How involved has your company been with this technology? (InsureTech covers technology advances in everything from how insurance products are delivered, how claims are managed, how regulation is managed, and even insurance products themselves.)

○ Involved heavily

○ Somewhat involved

○ Not at all involved

○ Don't know

2. How are you involved with insurance technology? (Select all that applies)

☐ Licensing from a 3rd party

☐ Developing own technology

☐ Provided by carrier partners

☐ Beta testing (co-development)

☐ N/A

3. What part of your business is utilizing insurance technology? (Select all that applies)

☐ Claims	☐ Communication Platforms
☐ Underwriting	☐ Mobile Platforms
☐ Policy Delivery	☐ Billing
☐ Data Collection	☐ Reserving
☐ Other (please specify)	

[   ]

4. Do you view the current influence of insurance technology as:

○ More Disruptive

○ More Enabling

○ No Influence

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Program Administrator Information

The following questions ask for information about your firm.

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1. List method of distribution allocated by portion of premium?

Underwriting Focus (%)

Retail - Individual	⬍
Retail - Aggregators	⬍
Wholesale	⬍
Direct	⬍
Other	⬍

Other (please specify)

2. Is insurance technology causing you to consider a change in distribution?

◯ Yes

◯ No

◯ Don't know

If yes, please explain:

3. Approximately what percentage of your firm's senior management is female?

◯ Less than 5% ◯ 51% to 60%

◯ 5% to 10% ◯ 61% to 70%

◯ 11% to 20% ◯ 71% to 80%

◯ 21% to 30% ◯ 81% to 90%

◯ 31% to 40% ◯ 91% to 99%

◯ 41% to 50% ◯ 100%

4. Approximately what percentage of your firm's senior management are minorities?

○ Less than 5%   ○ 51% to 60%

○ 5% to 10%   ○ 61% to 70%

○ 11% to 20%   ○ 71% to 80%

○ 21% to 30%   ○ 81% to 90%

○ 31% to 40%   ○ 91% to 99%

○ 41% to 50%   ○ 100%

Please provide any comments you may have on your company's effort to diversify the employee population.

[ ]

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Final Thoughts

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1. What in your view are strengths of the program business today?

[ ]

2. What in your view are weaknesses of the program business today?

[ ]

3. What opportunities do you see for the program business in the next five years?

4. What threats do you see for the program business in the next five years?

5. Please provide any final thoughts regarding the future prospects of the program administration business.

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Thank You!

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