



Program Administrators Association

*"Where Program Business Gets Done"*

## State of Program Management Business 2021 - Administrators

### Introduction

**Welcome to the Target Markets Program Administrators Assn. (TMPAA) State of Program Business survey 2021. 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.**

**The survey is being distributed by Advisen, a Zywave company to assure the confidentiality and anonymity of the responses. Advisen will not be externally publishing the results; TMPAA will receive our analysis and the responses to the survey, but without any individual identifying email addresses, respondent names, or company names.**

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

**If you are a program aggregator please respond on average, or in general, across all your programs.**

**Lastly, as you know the world has changed dramatically in the two years since we released the last survey in 2019. For this reason you will notice there are some questions we needed ask twice. Thank you for understanding.**

**\* 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? (Select all that apply)

- Program Administrator
- Wholesale brokerage
- Retail brokerage/agency
- Contract binding authority
- Other (please specify)



Program Administrators Association

"Where Program Business Gets Done"

## State of Program Management Business 2021 - Administrators

### Size of the Program Administration Market

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

- |   |  |
|---|--|
| <input type="radio"/> < \$5 Million         | <input type="radio"/> \$100 to \$150 Million     |
| <input type="radio"/> \$5 to \$10 Million   | <input type="radio"/> \$150 to \$200 Million     |
| <input type="radio"/> \$10 to \$20 Million  | <input type="radio"/> \$200 to \$250 Million     |
| <input type="radio"/> \$20 to \$30 Million  | <input type="radio"/> \$250 to \$500 Million     |
| <input type="radio"/> \$30 to \$50 Million  | <input type="radio"/> \$500 to \$1 Billion       |
| <input type="radio"/> \$50 to \$75 Million  | <input type="radio"/> \$1 Billion to \$2 Billion |
| <input type="radio"/> \$75 to \$100 Million | <input type="radio"/> >\$2 Billion               |

2. By what percentage did your premiums administered (gross written) change in 2020?

- |  |  |
|--|--|
| <input type="radio"/> Down more than 30% | <input type="radio"/> Up 1% to 3%      |
| <input type="radio"/> Down 21% to 30%    | <input type="radio"/> Up 4% to 10%     |
| <input type="radio"/> Down 11% to 20%    | <input type="radio"/> Up 11% to 20%    |
| <input type="radio"/> Down 4% to 10%     | <input type="radio"/> Up 21% to 30%    |
| <input type="radio"/> Down 1% to 3%      | <input type="radio"/> Up more than 30% |
| <input type="radio"/> Unchanged          |  |

3. What percentage of policy count renewed last year?

Policy Count Renewal %

4. On average, how much have rates changed in your book of business over the past two years?

	Down more than 10%	Down 1 - 10%	Stayed the same	Up 1 - 10%	Up 11 - 25%	Up 26 - 50%	Up more than 50%	N/A
Automobile	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cyber (standalone)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Employment Practices Liability (EPLI)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Excess/Umbrella	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Fidelity, Surety & Crime	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Financial & Political Risk	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Liability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Management Liability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Marine & Aviation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Medical Malpractice	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Package	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Professional Liability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Property	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Workers Compensation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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

	Average Gross Commission (% of premium)	Average Net commission (% of premium)
Automobile	<input type="text"/>	<input type="text"/>
Cyber (standalone)	<input type="text"/>	<input type="text"/>
Employment Practices Liability (EPLI)	<input type="text"/>	<input type="text"/>
Excess/Umbrella	<input type="text"/>	<input type="text"/>
Fidelity, Surety & Crime	<input type="text"/>	<input type="text"/>
Financial & Political Risk	<input type="text"/>	<input type="text"/>
Liability	<input type="text"/>	<input type="text"/>
Management Liability	<input type="text"/>	<input type="text"/>
Marine & Aviation	<input type="text"/>	<input type="text"/>
Medical Malpractice	<input type="text"/>	<input type="text"/>
Package	<input type="text"/>	<input type="text"/>
Professional Liability	<input type="text"/>	<input type="text"/>
Property	<input type="text"/>	<input type="text"/>
Workers Compensation	<input type="text"/>	<input type="text"/>

6. Within what range was your Program Administration revenues (not premiums) in 2020? (Revenue is defined as Total Commission income less External Producer Expense plus Contingent Income (e.g. Profit Share))

- |  |  |
|--|--|
| <input type="radio"/> < \$100,000              | <input type="radio"/> \$15 to \$20 Million   |
| <input type="radio"/> \$100,000 to \$500,000   | <input type="radio"/> \$20 to \$30 Million   |
| <input type="radio"/> \$500,000 to \$1 Million | <input type="radio"/> \$30 to \$50 Million   |
| <input type="radio"/> \$1 to \$2 Million       | <input type="radio"/> \$50 to \$100 Million  |
| <input type="radio"/> \$2 to \$5 Million       | <input type="radio"/> \$100 to \$150 Million |
| <input type="radio"/> \$5 to \$10 Million      | <input type="radio"/> \$150 to \$250 Million |
| <input type="radio"/> \$10 to \$15 Million     | <input type="radio"/> > \$250 Million        |

7. By what percentage did your Program Administration revenues change in 2019? (This question will be repeated for 2020 due to the unique circumstances of that year)

- |  |  |
|--|--|
| <input type="radio"/> Down more than 30% | <input type="radio"/> Up 1% to 3%      |
| <input type="radio"/> Down 21% to 30%    | <input type="radio"/> Up 4% to 10%     |
| <input type="radio"/> Down 11% to 20%    | <input type="radio"/> Up 11% to 20%    |
| <input type="radio"/> Down 4% to 10%     | <input type="radio"/> Up 21% to 30%    |
| <input type="radio"/> Down 1% to 3%      | <input type="radio"/> Up 31% to 40%    |
| <input type="radio"/> Unchanged          | <input type="radio"/> Up more than 40% |

8. By what percentage did your Program Administration revenues change in 2020?

- |  |  |
|--|--|
| <input type="radio"/> Down more than 30% | <input type="radio"/> Up 1% to 3%      |
| <input type="radio"/> Down 21% to 30%    | <input type="radio"/> Up 4% to 10%     |
| <input type="radio"/> Down 11% to 20%    | <input type="radio"/> Up 11% to 20%    |
| <input type="radio"/> Down 4% to 10%     | <input type="radio"/> Up 21% to 30%    |
| <input type="radio"/> Down 1% to 3%      | <input type="radio"/> Up 31% to 40%    |
| <input type="radio"/> Unchanged          | <input type="radio"/> Up more than 40% |

9. 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)

10. How many separately branded program administrator agencies are you providing information on?

11. How many distinct programs does your firm administer?

12. In the aggregate, how many programs are you responding to the survey for?

13. How many new programs did you introduce in the previous 24 months?

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

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

- Yes
- No
- Don't know

16. What is your average premium per account?

17. 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?

18. Do you utilize fronting, participatory fronting or alternative capital markets for your program business?

- Frequently
- Occasionally
- Rarely
- Never, I prefer traditional carrier relationships
- Don't know

Please explain why or why not:

\* 19. Have you changed your program carrier in the past three years?

- Yes
- No
- Don't know



Program Administrators Association

*"Where Program Business Gets Done"*

## State of Program Management Business 2021 - Administrators

### Size of the Program Administration Market Continued

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
- Transitioned to fronting, participatory fronting, or alternative capital markets
- Other (please specify)





Program Administrators Association

"Where Program Business Gets Done"

## State of Program Management Business 2021 - Administrators

### Revenue and Expense Details

The survey is being distributed by Advisen to assure the confidentiality and anonymity of the responses. Advisen will not be externally publishing the results; TMPAA will receive our analysis and the responses to the survey, but without any individual identifying email addresses, respondent names, or company names.

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	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Policy Issuance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Claims Administration	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Safety & Loss Prevention	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Rating & Issuing Software	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Online Platform (broker portal)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Data Analytics	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Marketing	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Actuarial	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Other (please specify)

2. What was the approximate split of your firm's overall gross revenues in 2020 (in %):

	% of Revenue
Program Administration	<input type="text"/>
Wholesale Brokerage	<input type="text"/>
Retail Brokerage	<input type="text"/>
Binding Contract Business	<input type="text"/>
Claims Administration	<input type="text"/>
Safety & Loss Prevention	<input type="text"/>
Technology Services	<input type="text"/>
Marketing Services	<input type="text"/>
Actuarial	<input type="text"/>
Premium Financing	<input type="text"/>
Contingent Income (e.g. Profit Sharing)	<input type="text"/>
Investment Income	<input type="text"/>
Other	<input type="text"/>

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)

- |                                    |  |
|------------------------------------|--|
| <input type="radio"/> Less than 5% | <input type="radio"/> 26% to 30%       |
| <input type="radio"/> 5% to 10%    | <input type="radio"/> 31% to 35%       |
| <input type="radio"/> 11% to 15%   | <input type="radio"/> 36% to 40%       |
| <input type="radio"/> 16% to 20%   | <input type="radio"/> Greater than 40% |
| <input type="radio"/> 21% to 25%   |  |

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

- |                                    |  |
|------------------------------------|--|
| <input type="radio"/> Less than 5% | <input type="radio"/> 31% to 35%       |
| <input type="radio"/> 5% to 10%    | <input type="radio"/> 36% to 40%       |
| <input type="radio"/> 11% to 15%   | <input type="radio"/> 41% to 45%       |
| <input type="radio"/> 16% to 20%   | <input type="radio"/> 46% to 50%       |
| <input type="radio"/> 21% to 25%   | <input type="radio"/> Greater than 50% |
| <input type="radio"/> 26% to 30%   |  |

5. What was the approximate split of your firm's 2020 overall expenses (in %):

	% of Budget
Commission paid to retail agents/brokers	<input type="text"/>
Compensation and Benefits of Employees	<input type="text"/>
Compensation and Benefits of Outsourced Employees	<input type="text"/>
Marketing & Sales Promotion	<input type="text"/>
Underwriting/Issuance/Agency MGMT Platforms & Supporting Systems	<input type="text"/>
All other IT	<input type="text"/>
Other	<input type="text"/>

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

9. Approximately what percent of your programs are admitted vs. non-admitted? (Responses should add up to roughly 100%)

Admitted only %

Non-admitted only %

Mix of admitted & non-admitted %

10. Approximately what percent of your program premiums are admitted vs. non-admitted? (Responses should add up to roughly 100%)

Admitted premiums %

Non-admitted premiums %

State of Program Management Business 2021 - Administrators

Program Administrator Market and the Year 2020

1. Did your company have a remote working infrastructure prior to the pandemic?

- Yes, we were fully set up for remote working
- Yes, we were partially set up for remote working
- No
- Don't know

2. How challenging was it to transition to a fully remote workforce?

- Very easy
- Easy
- Somewhat easy
- Neither easy nor difficult
- Somewhat difficult
- Difficult
- Very difficult
- N/A

Please explain:

3. After the pandemic will your workforce remain remote?

- Yes, all employees
- Yes, some employees
- Yes, a hybrid/flexible model is planned
- No
- Don't know

Please explain

4. On a scale from 1 to 10, how has employee productivity changed in the remote working environment?

1 - Significantly Decreased                      No change                      10 - Significantly Increased

5. Has the pandemic impacted employee recruitment?

- Yes, favorably
- Yes, unfavorably
- No
- Don't know

Please explain

6. Have you been able to meet all the needs of your brokers/insureds virtually?

- Always
- Usually
- Sometimes
- Rarely
- Never
- N/A

Please explain:

7. Did the pandemic impact your customer retention levels?

- Yes, we lost a substantial amount of customers due to the pandemic
- Yes, we lost a moderate amount of customers due to the pandemic
- Yes, we lost a small amount of customers due to the pandemic
- No, our retention levels remained steady
- No, our retention levels improved
- Don't know

8. Did the civil unrest in 2020 impact the your program(s) loss ratios?

- Significantly
- Moderately
- Slightly
- No
- Don't know

9. Did the natural catastrophes in 2020 (hurricanes/wildfires etc.) impact your program(s) loss ratios?

- Significantly
- Moderately
- Slightly
- No
- Don't know

10. Did your insureds receive mid-term premium refunds in 2020?

- Yes, to all insureds
- Yes, to some insureds
- No
- Don't know

If yes, what line(s) of business?

11. Which program(s) were most impacted by the pandemic and why?

12. Which program(s) were least impacted by the pandemic and why?



## State of Program Management Business 2021 - Administrators

### Hard Market

1. Overall, how has the hardening insurance market changed your book of business?

	Decreased significantly	Decreased slightly	Stayed the same	Increased slightly	Increased significantly
Pricing	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Capacity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Terms and conditions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Reinsurance availability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Other (please specify)

2. Have any of your programs experienced a reduction in capacity?

- Yes
- No
- Don't Know

Please explain:

3. Do you believe social inflation (increased frequency of big \$ losses) is impacting rates?

- A great deal
- A lot
- A moderate amount
- A little
- None at all

Please explain

4. How do you expect rates will change over the next two years?

	Down more than 10%	Down 1 - 10%	Stayed the same	Up 1 - 10%	Up 11 - 25%	Up 26 - 50%	Up more than 50%	N/A
Automobile	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cyber (standalone)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Employment Practices Liability (EPLI)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Excess/Umbrella	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Fidelity, Surety & Crime	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Financial & Political Risk	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Liability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Management Liability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Marine & Aviation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Medical Malpractice	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Package	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Professional Liability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Property	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Workers Compensation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



Program Administrators Association

"Where Program Business Gets Done"

## State of Program Management Business 2021 - Administrators

### Emerging Risks & Processes

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

- |                                  |  |
|----------------------------------|--|
| <input type="radio"/> 1% to 5%   | <input type="radio"/> 41% to 50%       |
| <input type="radio"/> 6% to 10%  | <input type="radio"/> 51% to 60%       |
| <input type="radio"/> 11% to 20% | <input type="radio"/> Greater than 60% |
| <input type="radio"/> 21% to 30% | <input type="radio"/> N/A              |
| <input type="radio"/> 31% to 40% |  |

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

- Yes  
 No  
 Don't know

If yes, please explain:

3. In what areas is your firm utilizing artificial intelligence and/or machine learning?

- Underwriting  
 Claims  
 Administration  
 Loss Control  
 We are not utilizing artificial intelligence  
 Other (please specify)

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

State of Program Management Business 2021 - Administrators

Final Thoughts

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.

6. What characteristics do you look for in a potential acquirer to determine if they are a good match?



Program Administrators Association

*"Where Program Business Gets Done"*

State of Program Management Business 2021 - Administrators

Thank You!