

# THE TMPAA STATE OF PROGRAM BUSINESS STUDY 2019

RESEARCH AND ANALYSIS BY:



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# About the Program Business Study

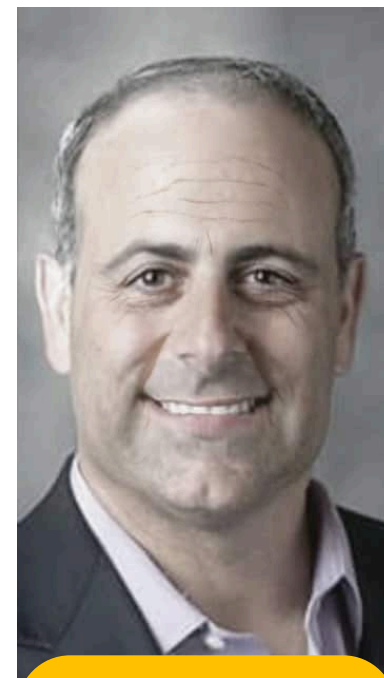


- TMPAA launched the study in 2011 to gain key insights into:
  - The size and scale of the program business market
  - Program Administrator (PA) sentiment and outlook toward the market
  - PA and Carrier alignment on key issues such as Recruitment, Training, Compensation and Marketing, and Data collection
  - Create a baseline for watching and analyzing trends in our industry
  - The survey later evolved to include topics such as cyber cover, insurtech, and a host of other key issues.

# Today's Host



**THEN  
AND  
NOW**



**After a few  
more  
surveys....**

**Chris Pesce**  
President,  
Maritime Program Group

# Today's Panelists



**Jim Blinn**

EVP, Client Solutions  
Advisen



**Tyler Hamilton**

VP, Director of Program Development  
Alliant Specialty



**Kris Hill**

President, Alternative Markets  
QBE North America



**Amy Malanaphy**

NA Regional Head of  
Midcorp Programs &  
Facilities  
Allianz Global Corporate  
& Specialty



**Yiana Stavrakis**

Chief Sales Officer  
Specialty Program Group

# Message of Appreciation to Participants



**194 program administrators and  
61 carriers participated in the 2019 poll**

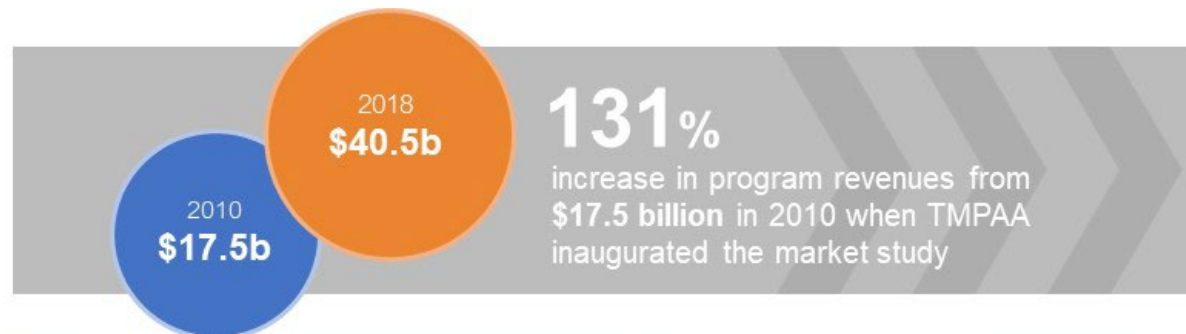
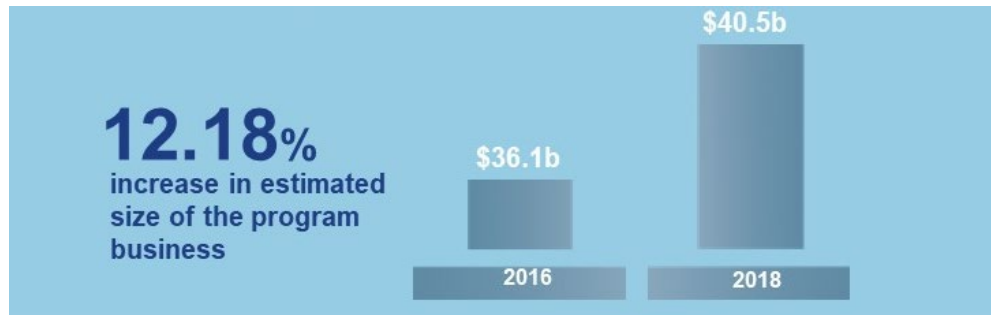




## Key Findings

# We're still growing!

2018 Program revenues exceeded  
**\$40,000,000,000.**





## Key Findings

We're outpacing the market!



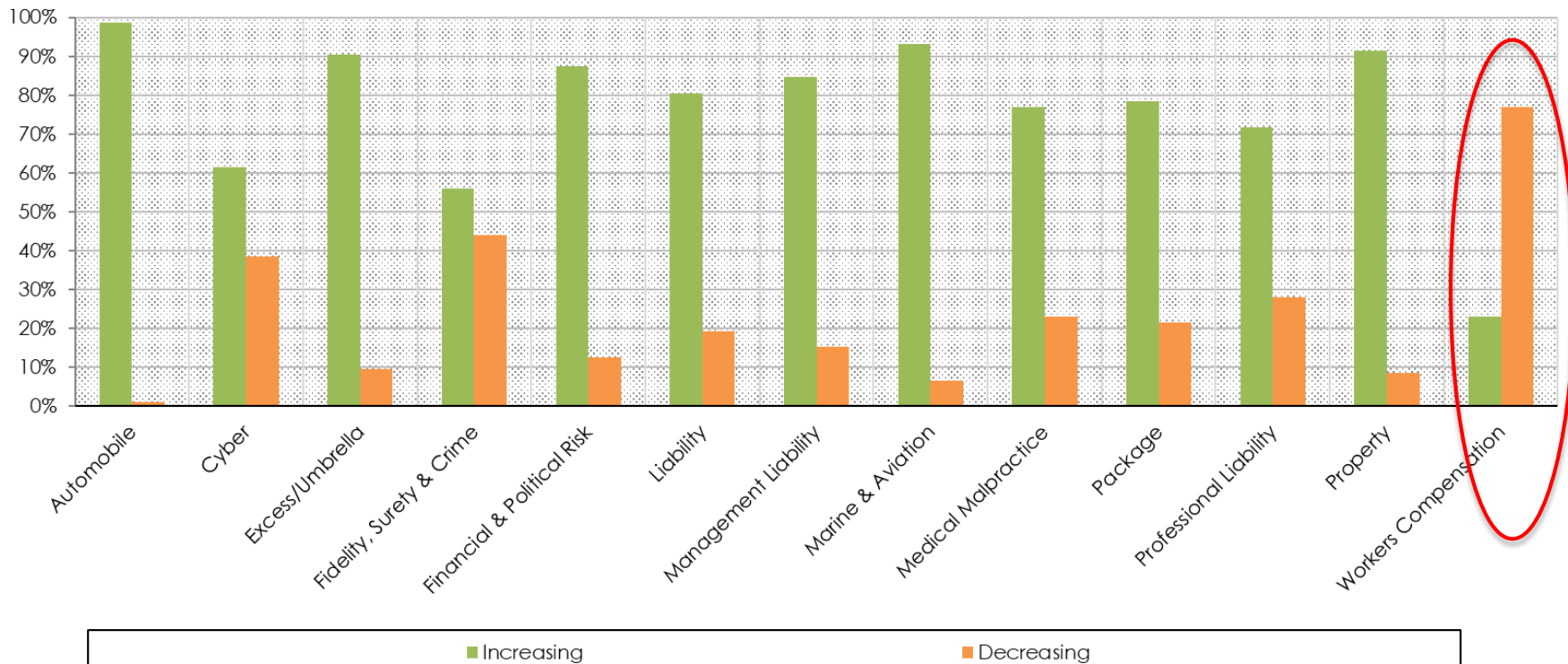
**Program business continues to outpace the overall commercial insurance marketplace.**

While the size of program business rose 10.36% in 2018, the growth in direct premiums written for commercial lines increased by only 9.97% in 2018.

# Key Findings

## We're still getting rate

Share of Rate Increases/Decreases by Line of Business (2018)

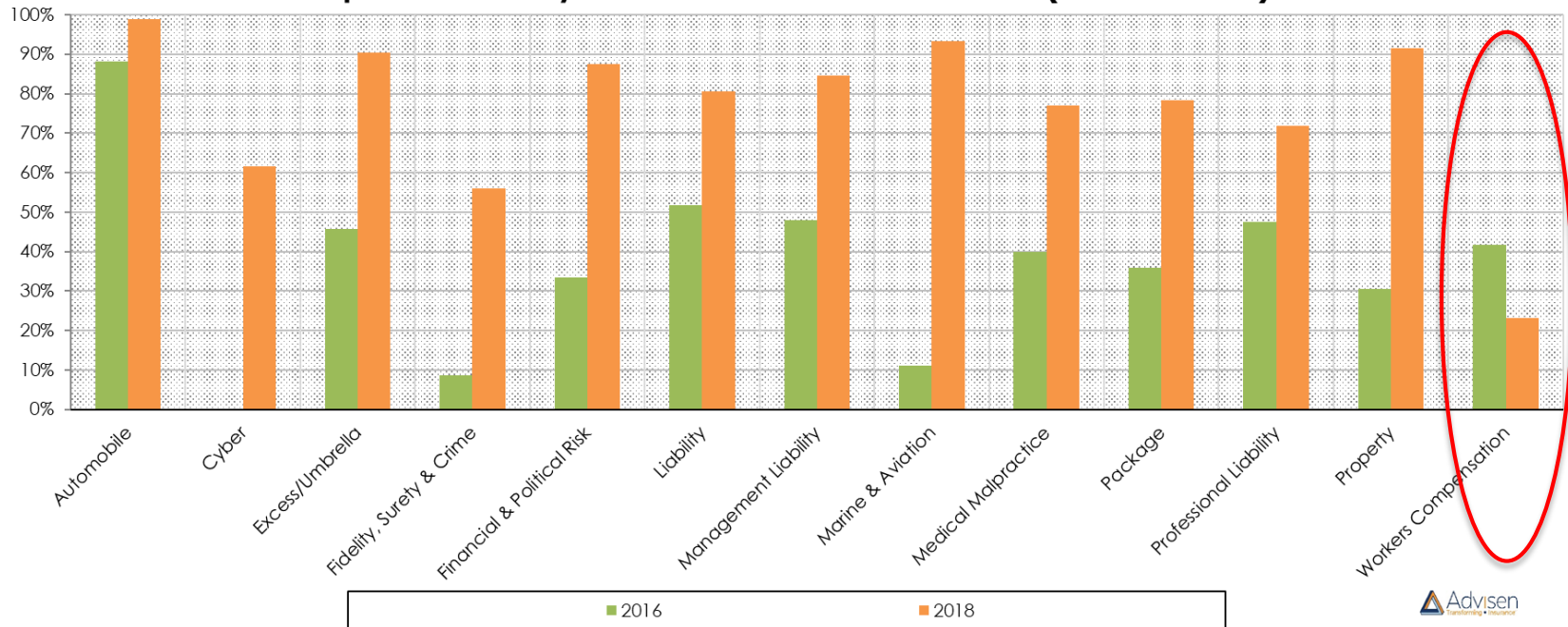




# Key Findings

## We're still getting rate

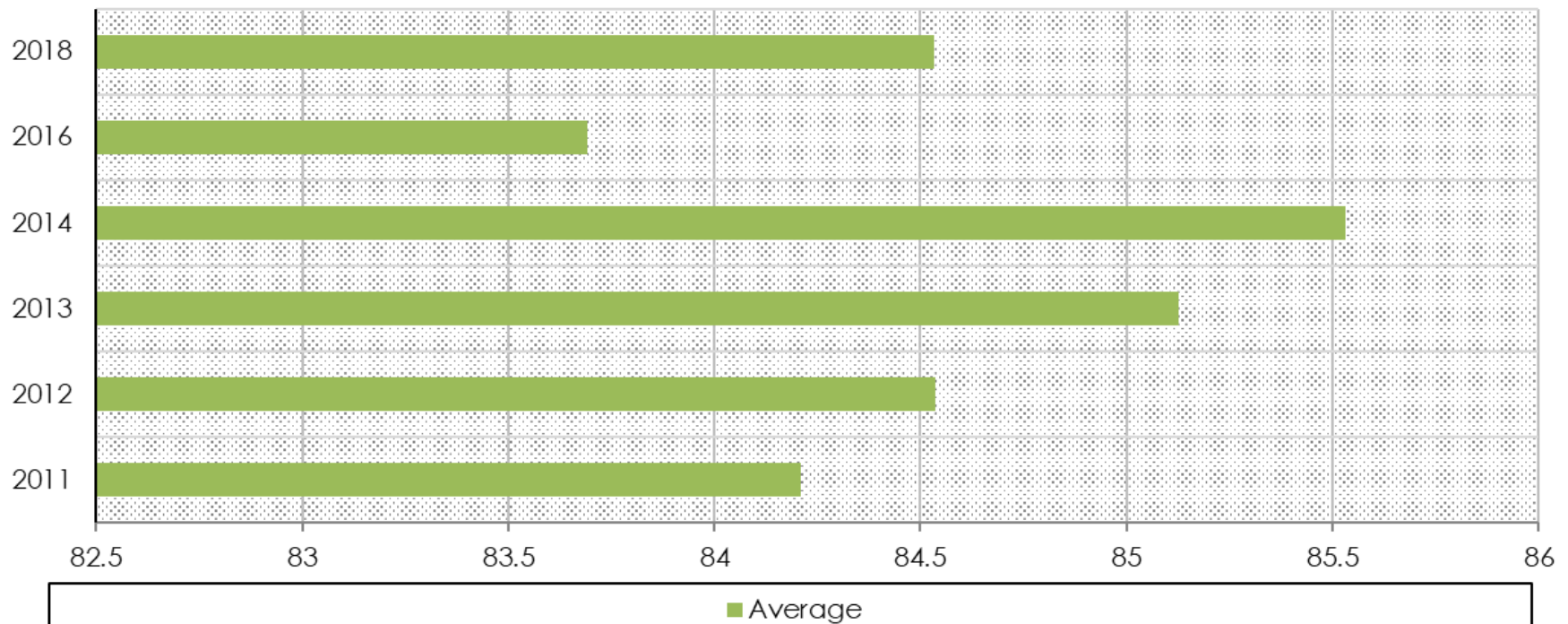
Comparative Analysis of Share of Rate Increases (2016 vs 2018)



## Key Findings

## Renewal rate increased in 2018

**Average Renewal Rate by Year**

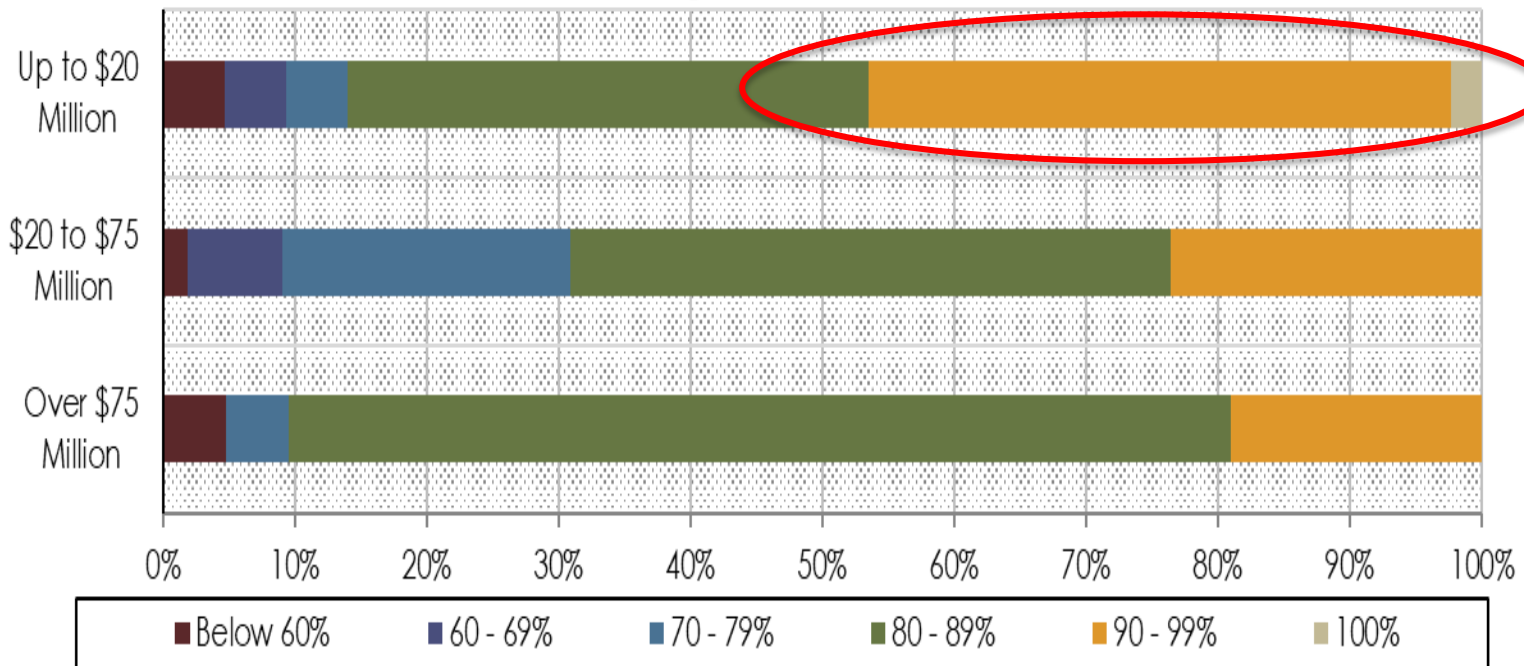


# Key Findings

## Smaller remains better?



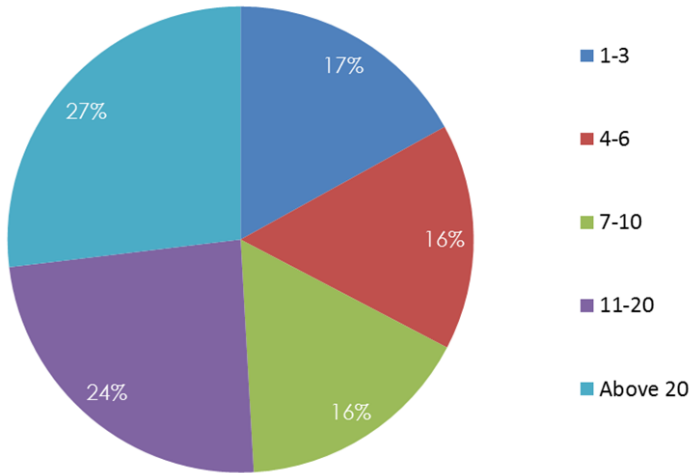
Renewal Rate by Size of Administrator



# Key Findings

## # of Programs

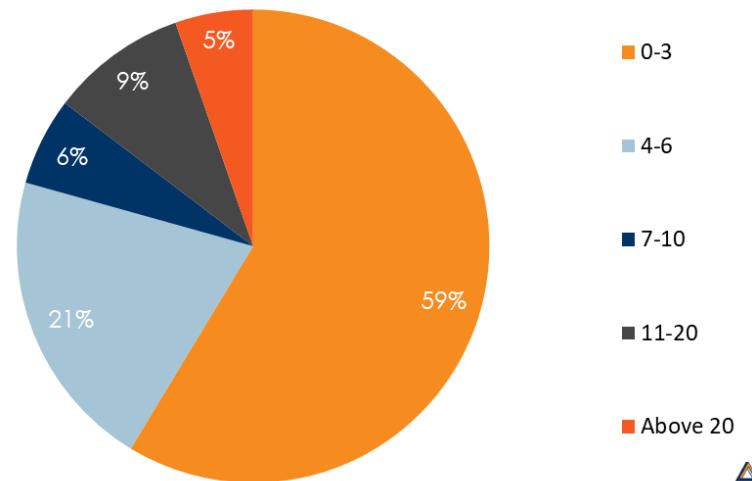
Number of Distinct Programs Administered



2016

2018

Number of Distinct Programs Administered



## Key Findings

Holding Steady on the # of PA's...

The estimated number  
of program administrators  
in the U.S. held steady at

**1,000**

despite active  
M&A activity





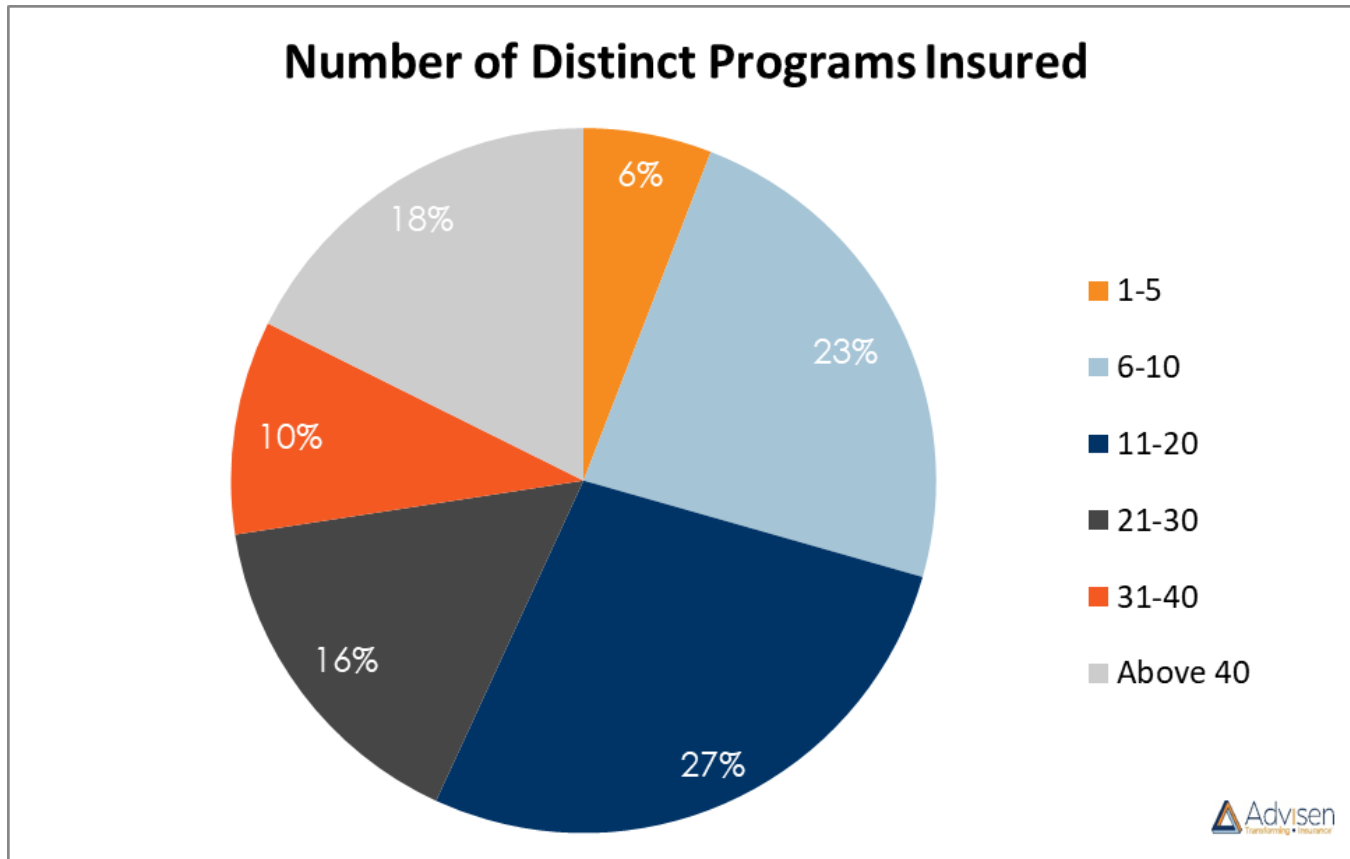
# Key Findings: About the Carriers



## Key Findings

## About the Carriers

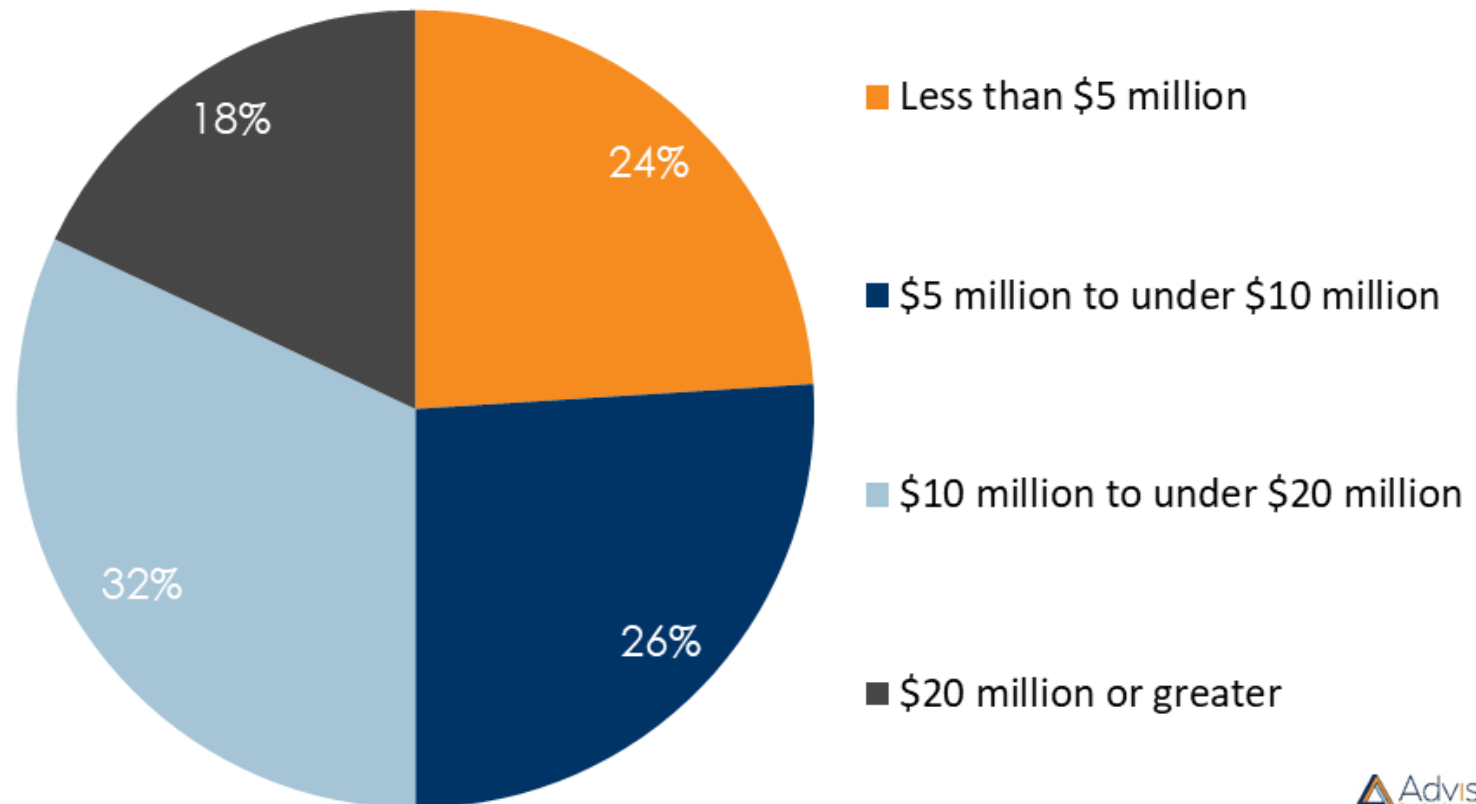
56% of the carriers have 20 or less programs



# Key Findings

About 1/4 of carriers have programs with average premium of \$5-\$10M  
About 1/3 of carriers have programs with average premium of \$10-\$20M  
The balance being less than \$5M or Greater than \$20M.

**Average Premium Per Program**

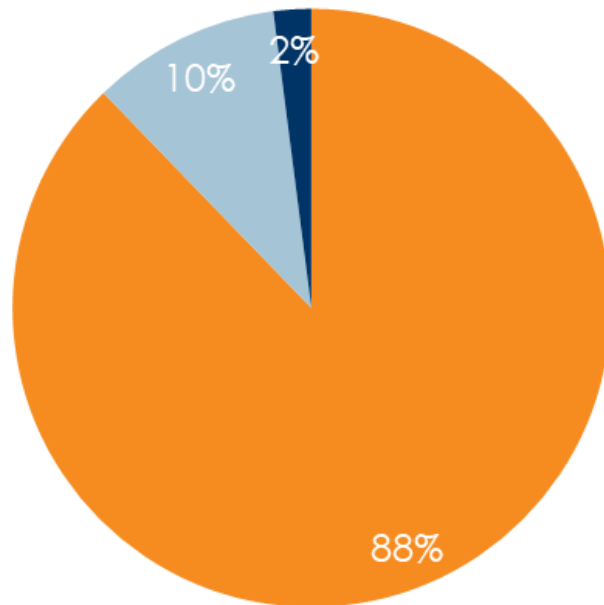


# Key Findings

88% of carriers polled dropped programs in the past two years!



**Have you dropped programs in the previous two years?**



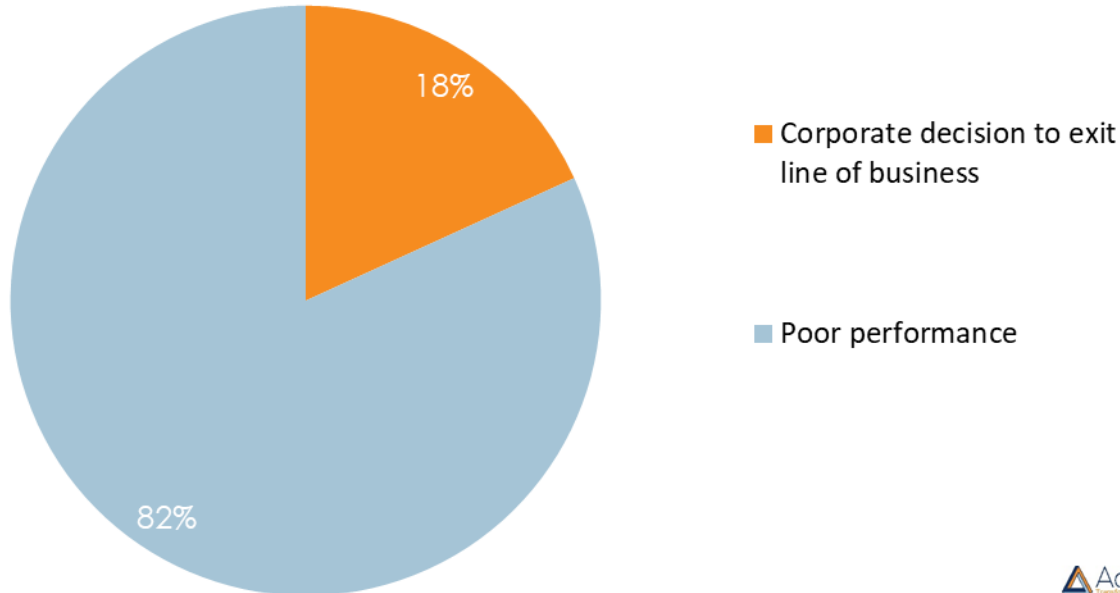
- Yes
- No
- Don't know

# Key Findings

Many programs were dropped owing to poor performance



## Reasons for Dropping Programs in the Past Two Years

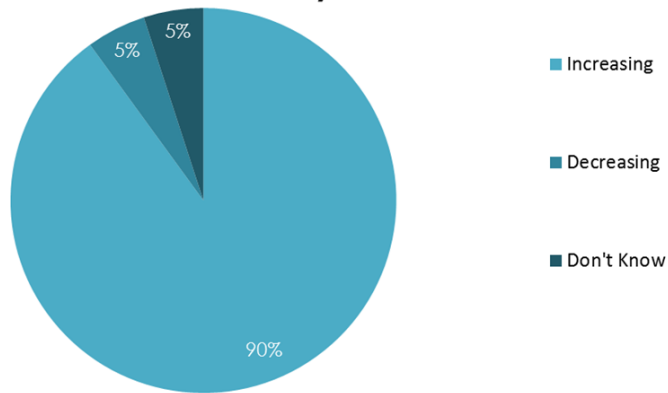




# Key Findings

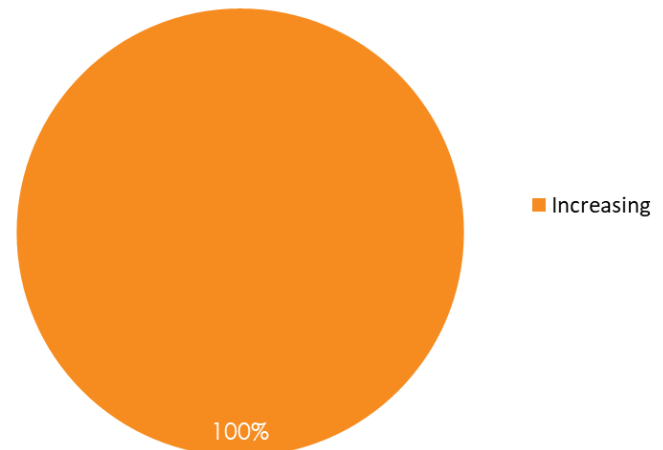
**Carriers overwhelmingly say they will be growing in the next 3 years!**

Do you anticipate increasing or decreasing premium written in the next 3 years?



**2016**

Do you anticipate increasing or decreasing premium written in the next three years?



**2018**

**I SEE CYBER RISKS**

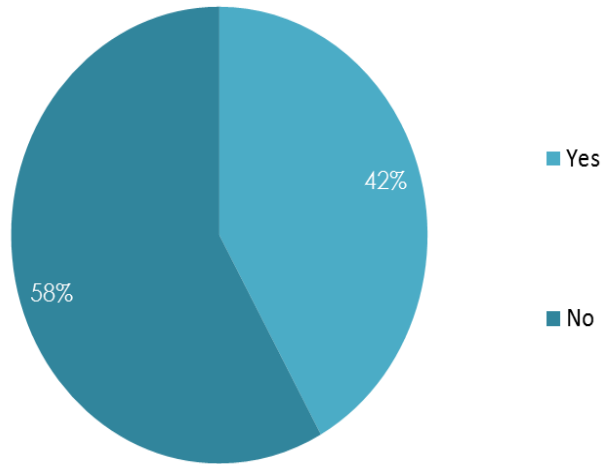
**EVERYWHERE**

## Key Findings

# Are the PA's offering cyber?

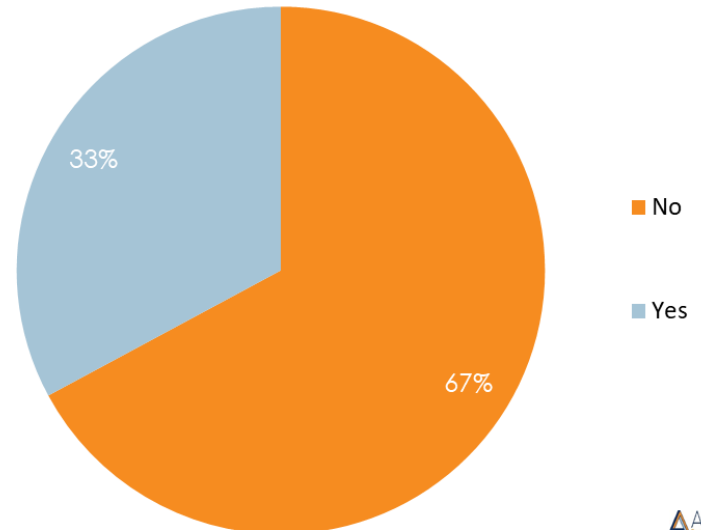
Percentage of PA's that do not offer Cyber coverage increased from 58% to 67%

Do you offer a standalone cyber policy?



2016

Do you offer a standalone cyber policy?



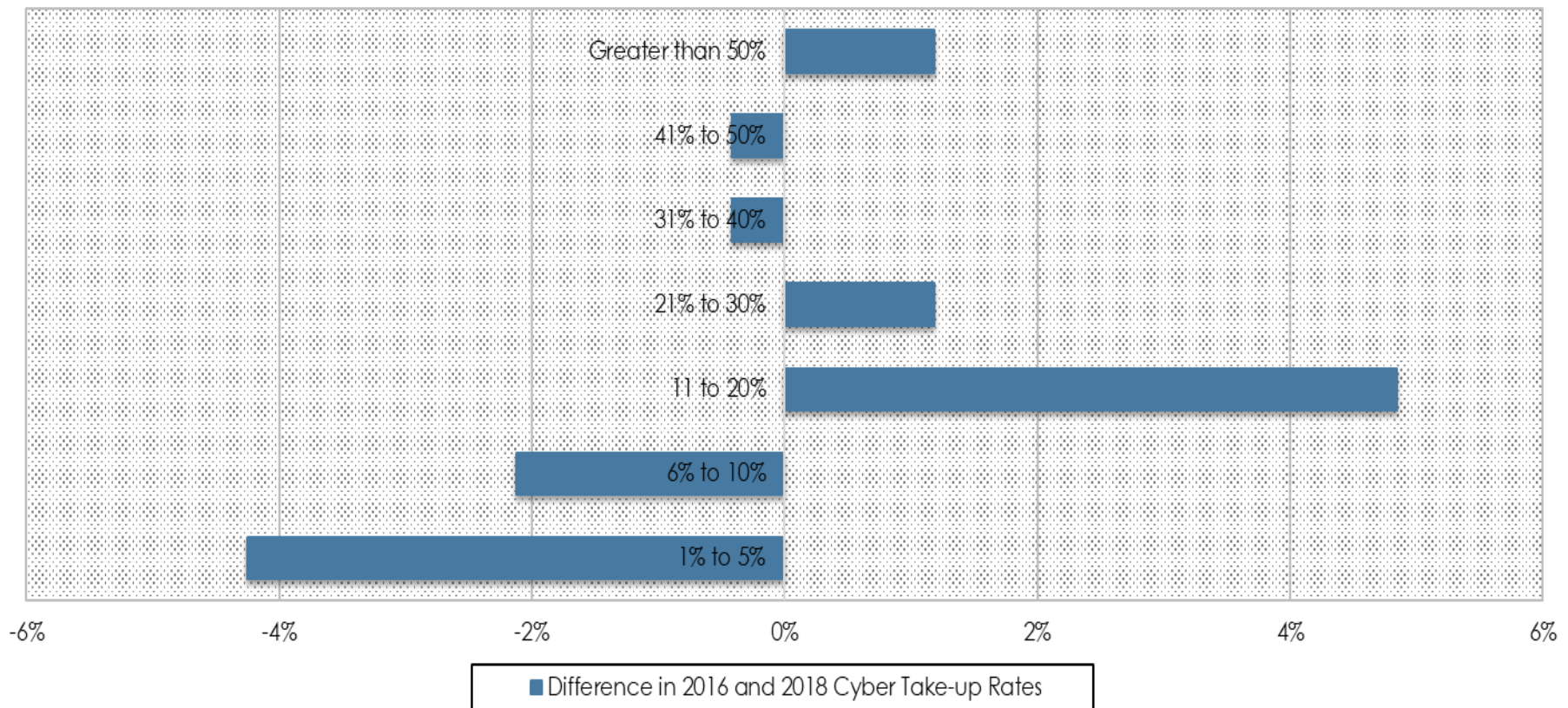
2018

Administrators reported  
marginal increase in  
cyber take-up rates in 2018



Still, there is room to grow  
for cyber insurance.

## Difference in 2016 and 2018 Cyber Take-up Rates



## Key Findings

# Are the carriers offering cyber?



**56%**

of carriers surveyed offer their program administrators optional cyber cover to add to their program packages for a charge.





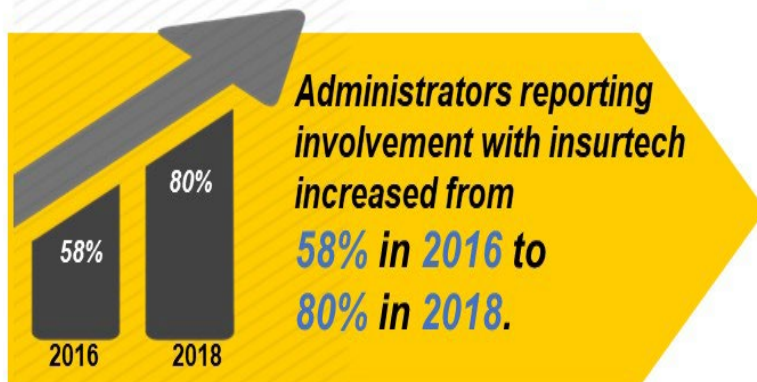
# Insurtech: Good or Evil?



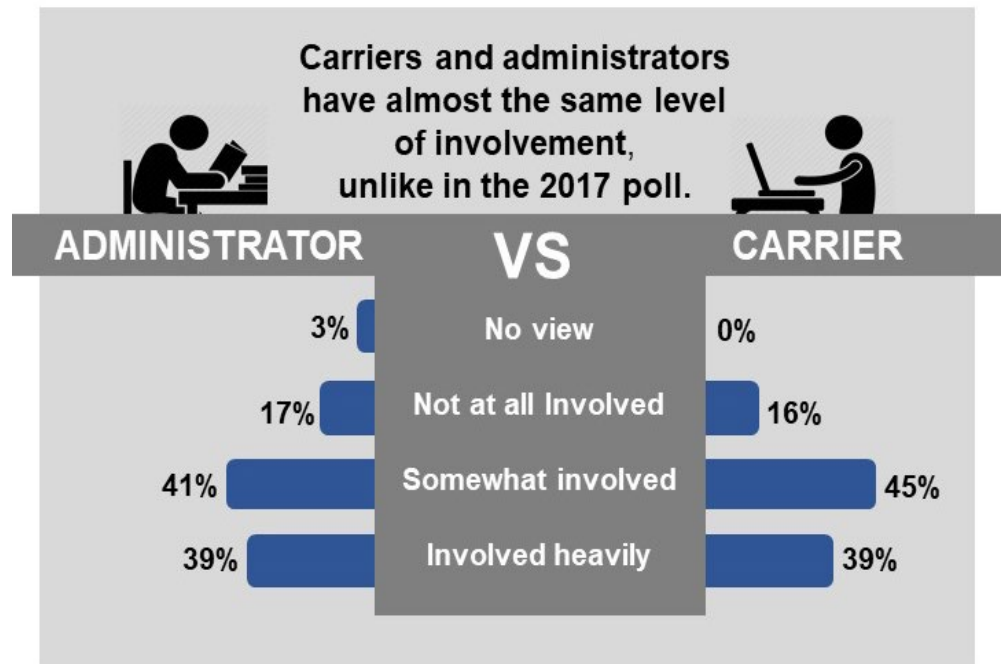
# Key Findings

Program administrators' involvement with insurtech

increased dramatically between 2016 and 2018

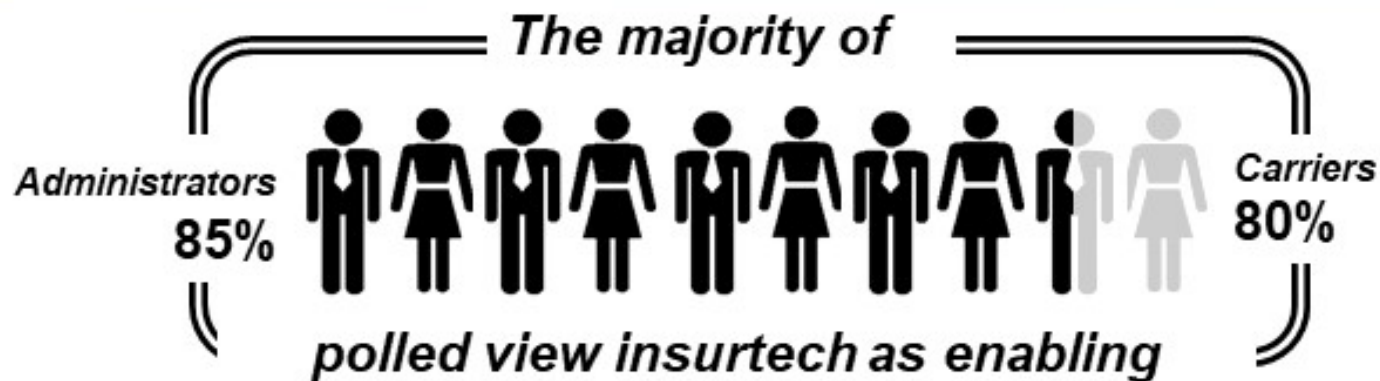


Administrators reporting involvement with insurtech increased from **58% in 2016** to **80% in 2018**.

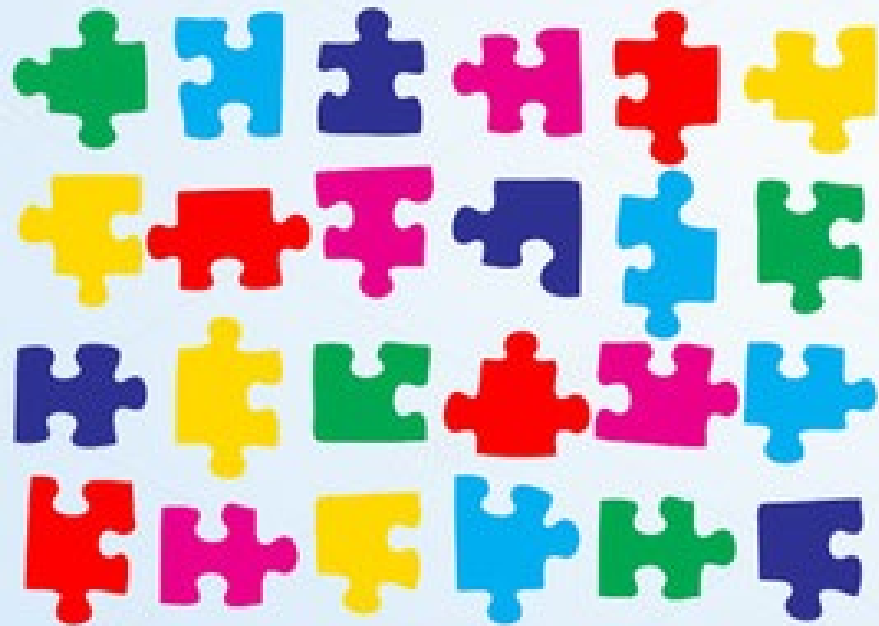


## Key Findings

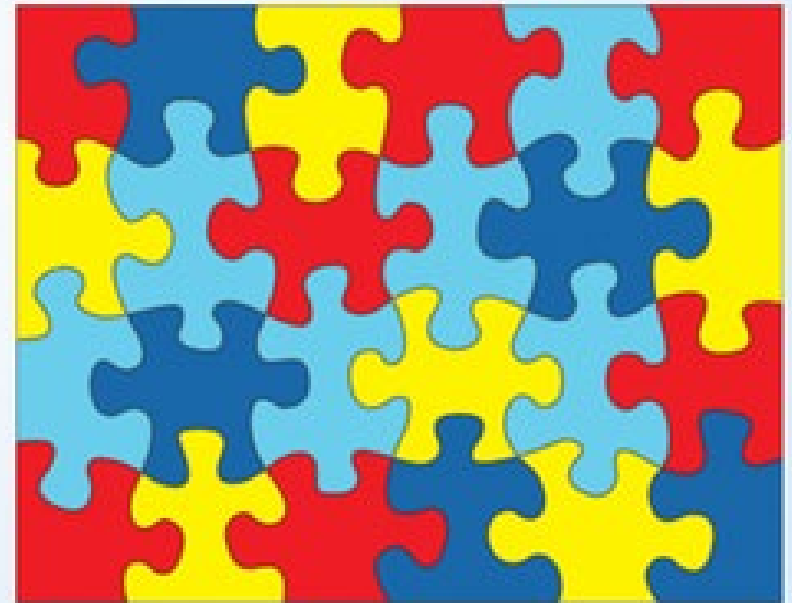
Administrators and carriers  
view insurtech as  
**ENABLING**



# DIVERSITY



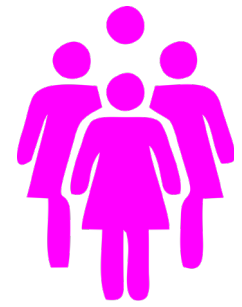
# INCLUSION



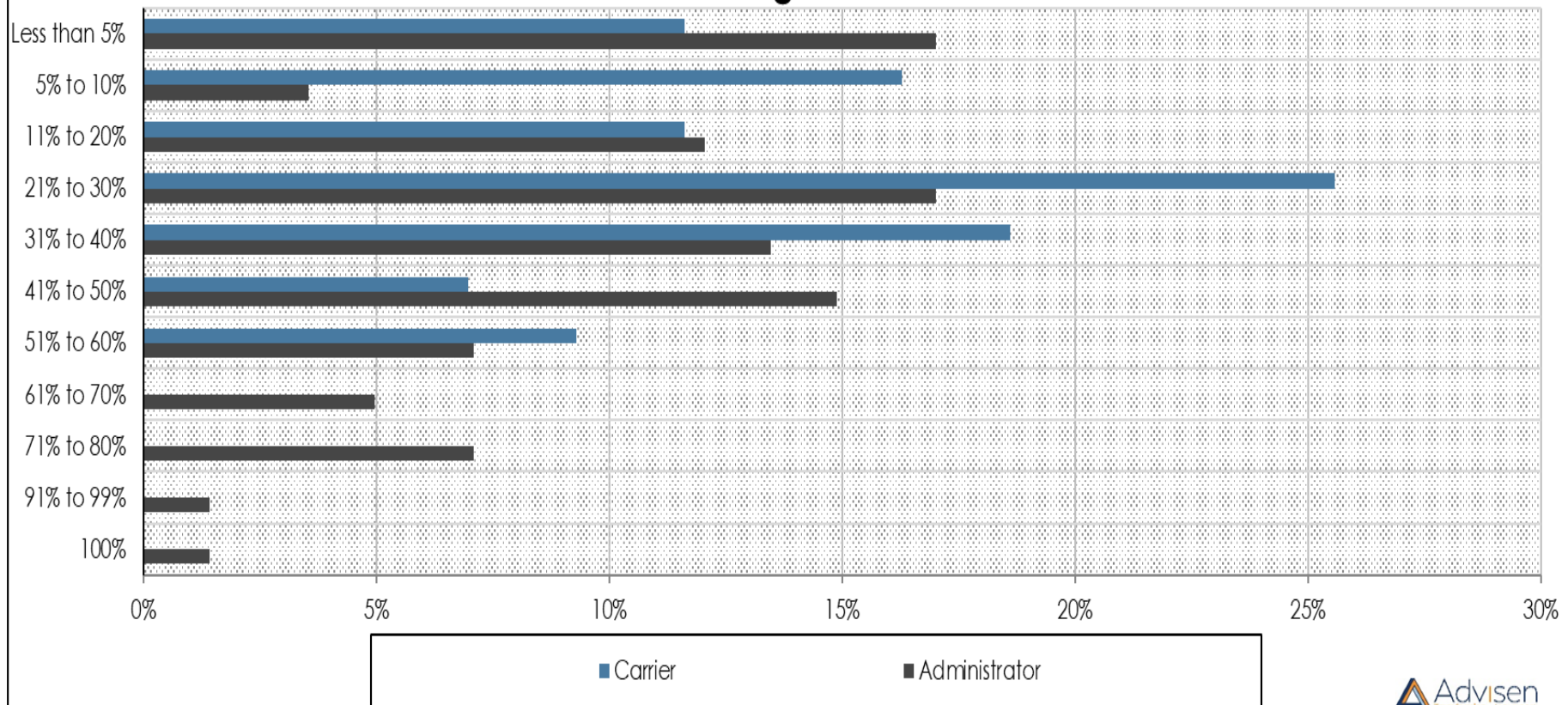


## Key Findings

PAs appear to have greater success in including women in their senior management



### Comparative Analysis of Percentage of Females in Firms' Senior Management

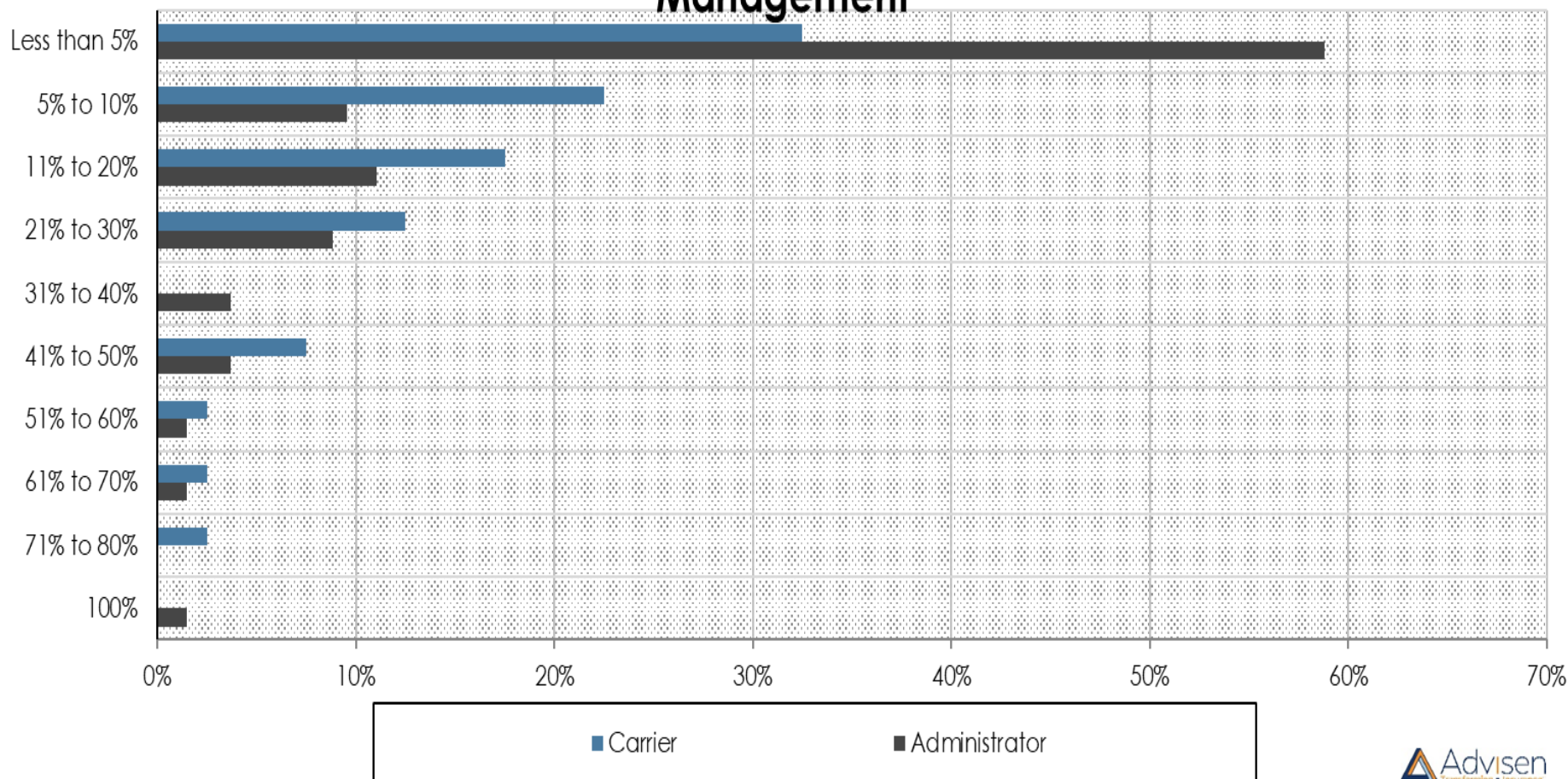


## Key Findings

Carriers appear to have greater success in including minorities in their senior management



### Comparative Analysis of Percentage of Minorities in Firms' Senior Management



**The future is  
so bright for  
program  
business. I  
gotta wear  
shades!**

