

New Business Production – Setting Expectations

In the July 2007 Issue of For the Record, we showed 2006 new business comparables for various producer groups and talked about the importance of executive accountability in leading new business production.

The updated table below illustrates the average annual new business production by producer for the full year of 2007. These statistics are taken from over 1,000 producers in various geographic markets selling various insurance products. We have also included a new category, Million-Dollar Producers.

New Business Comparables (Agency Commissions and Fees)					
Percentile Group (Productivity Ranking)	All Producers	Million-Dollar Producers	Executive Producers (> three years experience and > \$500k book)	Senior Producers (> three years experience and < \$500k book)	New Producers (< three years experience)
80% to 100%	\$196,028	\$262,157	\$258,086	\$134,499	\$195,500
60% to 80%	\$100,770	\$182,008	\$142,083	\$71,211	\$89,016
40% to 60%	\$63,760	\$113,511	\$91,487	\$47,580	\$52,214
20% to 40%	\$40,719	\$94,622	\$52,490	\$34,976	\$34,690
0% to 20%	\$23,441	\$55,299	\$34,869	\$19,843	\$15,612

Source: Marsh, Berry & Company, Inc.

The new data shows that both Million-Dollar and Executive producers are writing less new business commissions than they did a year ago. Our analysis suggests that although they are writing the same number of large accounts, the decreased premium levels are having an impact.

The average Senior and New producers realized an increase in the amount of new business commissions written. This can be largely attributed to an increase in focus, clarity, and expectations set forth by agency management, as well as reinvigorated sales professionals.

We encourage agency executives to set new business goals for your producers entering 2009 and to leverage the statistics above as a guideline for setting goals and establishing expectations.

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