

The Shape of Things to Come

2023 Agent Perspectives Report

The dynamics of the property and casualty marketplace are increasingly volatile. In this report, the agent community provides first-hand perspective on key issues shaping the future of insurance.

American Modern surveyed independent insurance agents across the United States over a 10-day period in August 2023. These agents shared unfiltered views about forces impacting today's marketplace, including economic issues, consumer demand, new technologies, and generational trends in purchasing behavior.

These valuable insights, from the professionals on the front lines of our industry, form the basis of American Modern's 2023 Agent Perspectives Report.

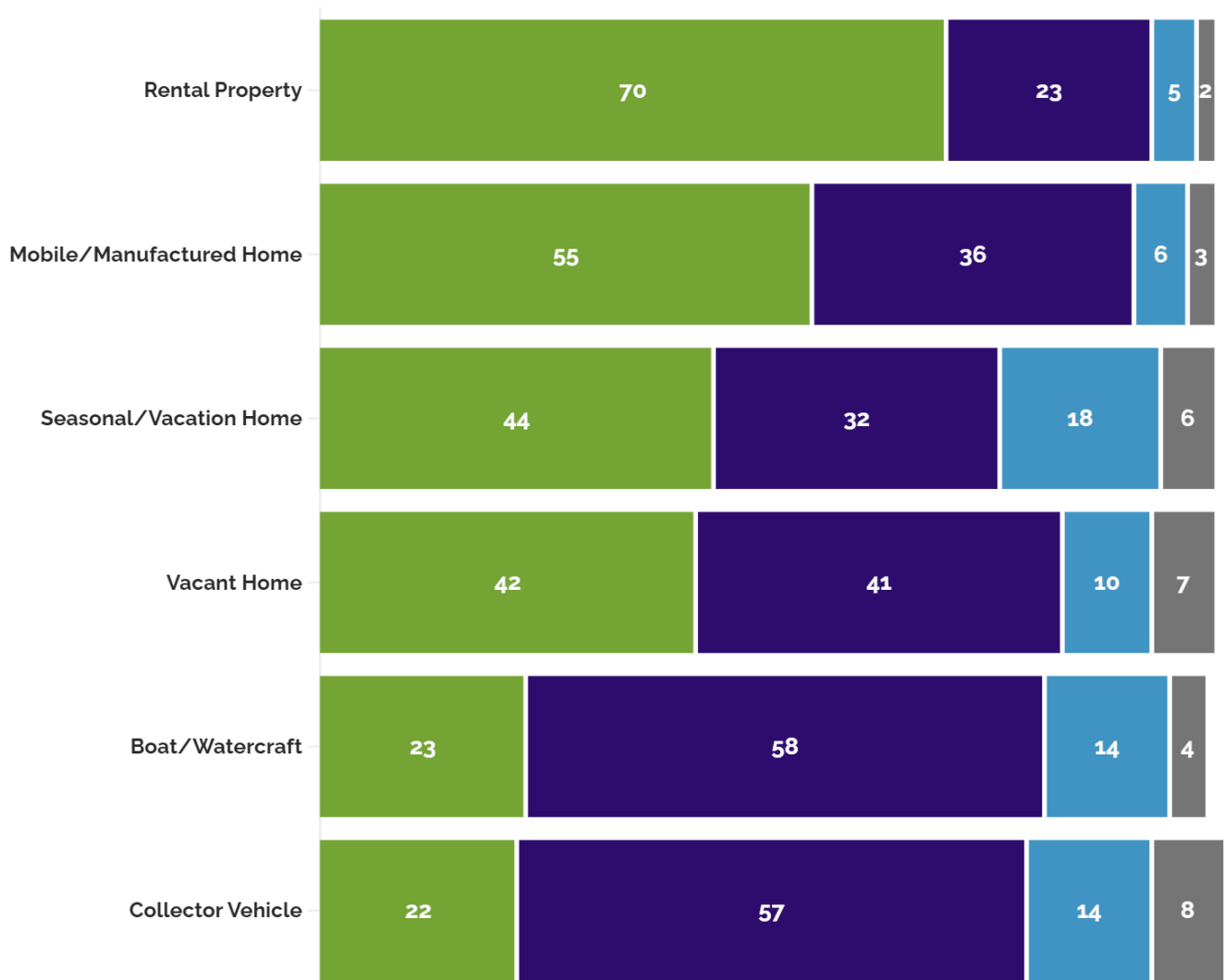
Market Outlook: Mixed

Insurance coverage for rental properties and manufactured homes seen as growth opportunities. Demand for collector vehicle and watercraft coverage expected to hold steady.

Over the next 5 years, do you expect consumer demand for each of the following types of insurance coverage to increase, decrease or stay the same?

Note: Values represent percentage of respondents. Results may not sum to 100% due to rounding.

■ Increase ■ Stay the same ■ Decrease ■ Don't know



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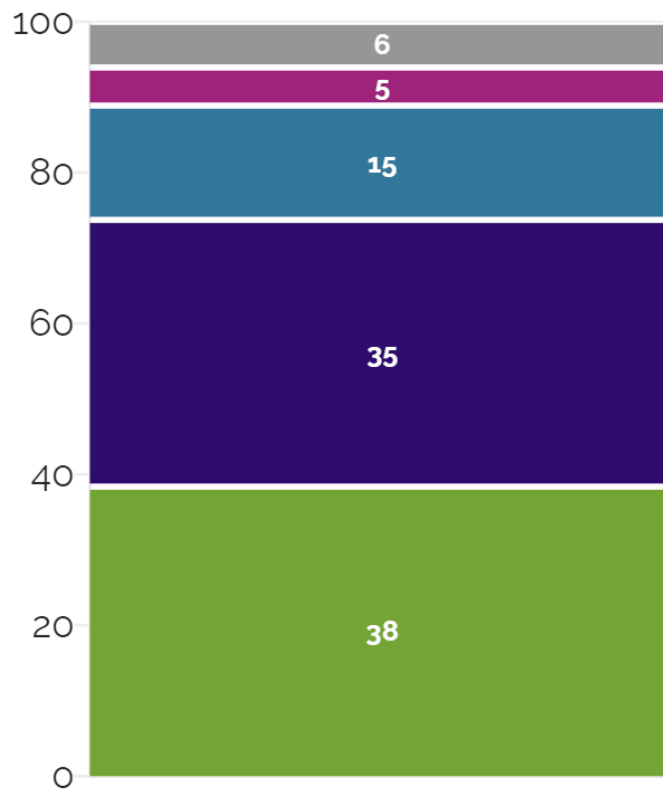
Market Outlook: Mixed

Nearly 3 in 4 agents believe an economic downturn is on the way.

How likely do you think it is that the U.S. economy will go into a recession in the next 12 months?

Note: Values represent percentage of respondents. Results may not sum to 100% due to rounding.

Very likely Somewhat likely Somewhat unlikely Very unlikely Don't know



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Market Outlook: Mixed

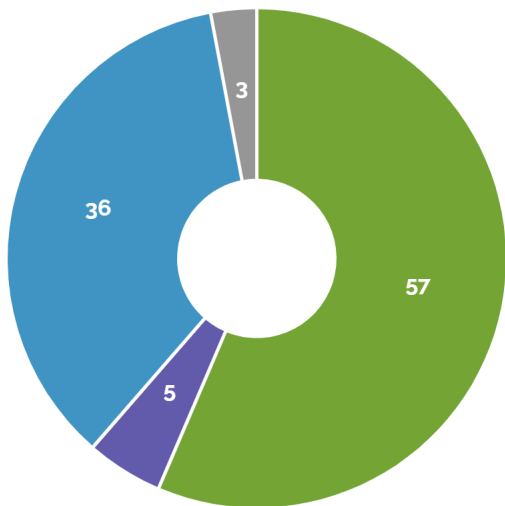
If a recession happens, agents are most concerned about consumer price sensitivity.

How concerned are you that the following might happen if the economy were to slow down?

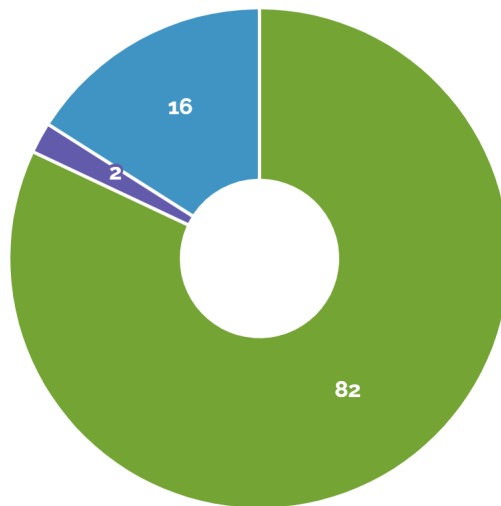
Note: Values represent percentage of respondents. Results may not sum to 100% due to rounding.

Concerned Not concerned Neutral Don't know

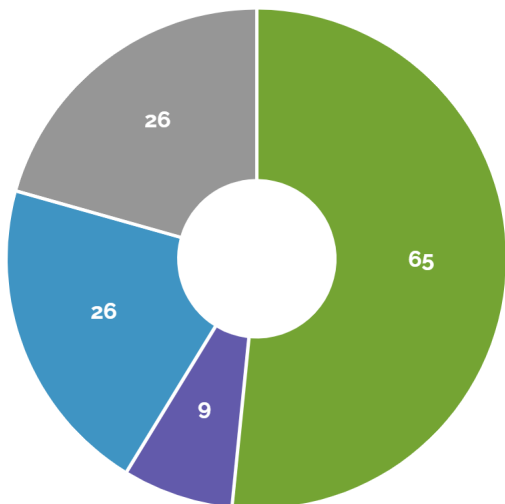
Consumers might purchase fewer insurable assets



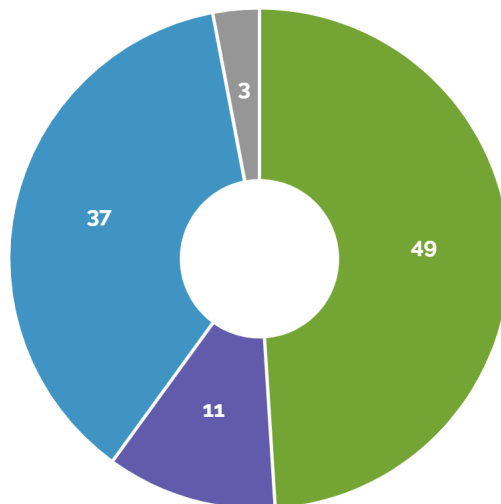
Consumers might be more price sensitive to premiums



Consumers might be more willing to go without insurance



Insurers might experience a rise in fraudulent claims



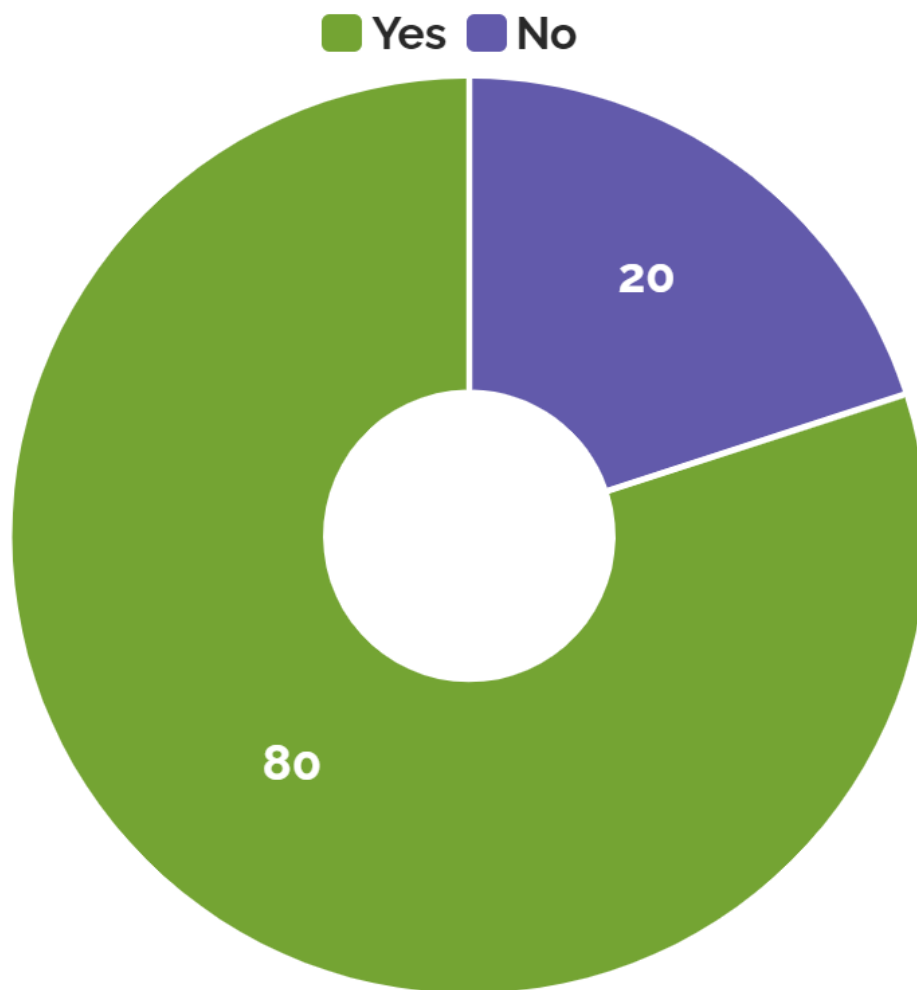
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Client Behavior: Changing

Younger clients are doing things very differently than previous generations.

Do you see generational differences with regard to insurance purchasing behavior across your clients that are relevant to your business?

Note: Values represent percentage of respondents.



“Older customers seem to care more about coverages where younger generations care more about price.”
- Agent Insight

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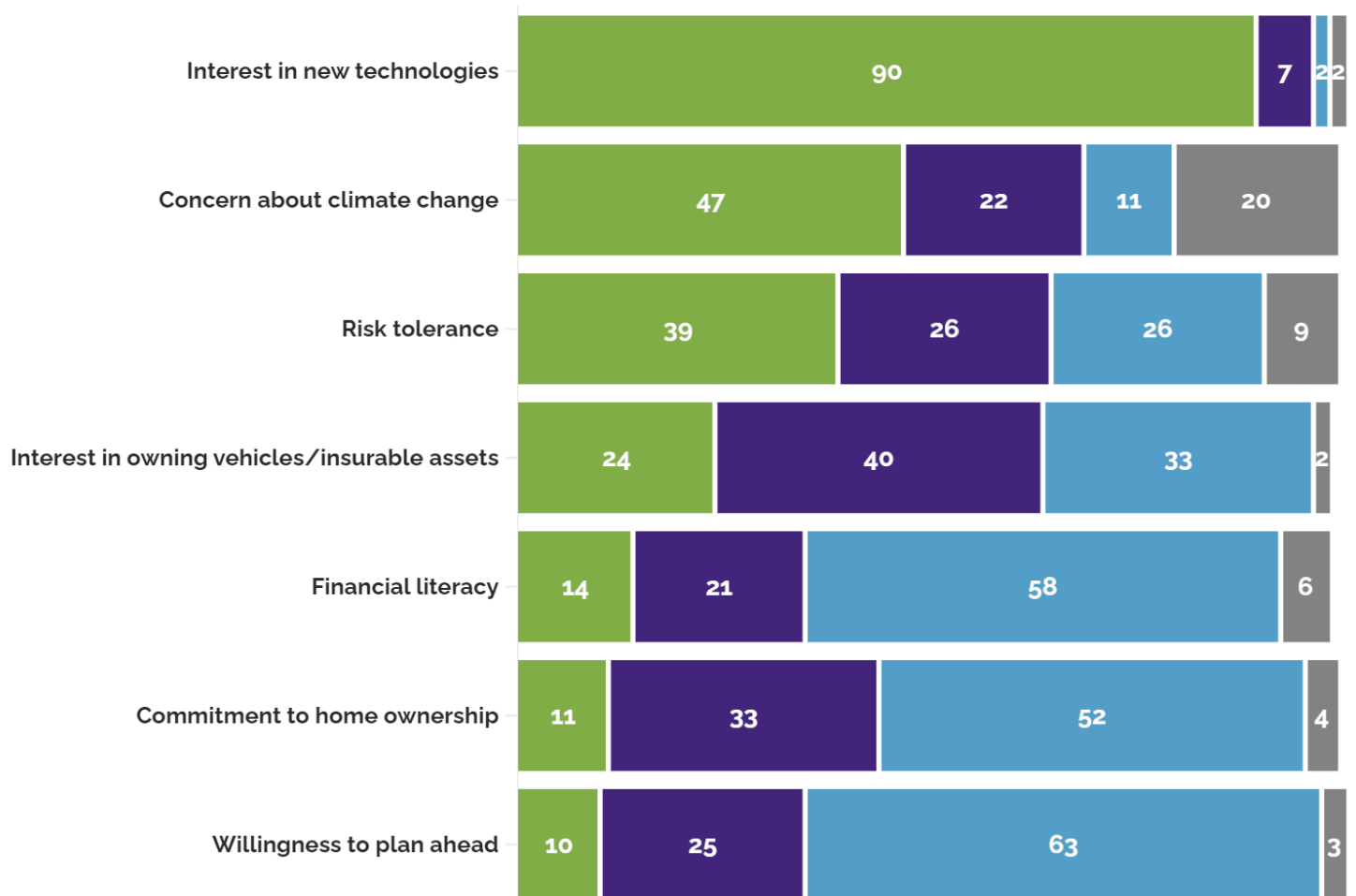
Client Behavior: Changing

Typically, older clients are planners committed to home ownership, while younger clients are interested in tech and have a higher risk tolerance.

Compared to your older clients, do your younger clients tend to have higher or lower levels of each of the following?

Values represent percentage of respondents. Results may not sum to 100% due to rounding.

■ Higher ■ No difference ■ Lower ■ Don't know



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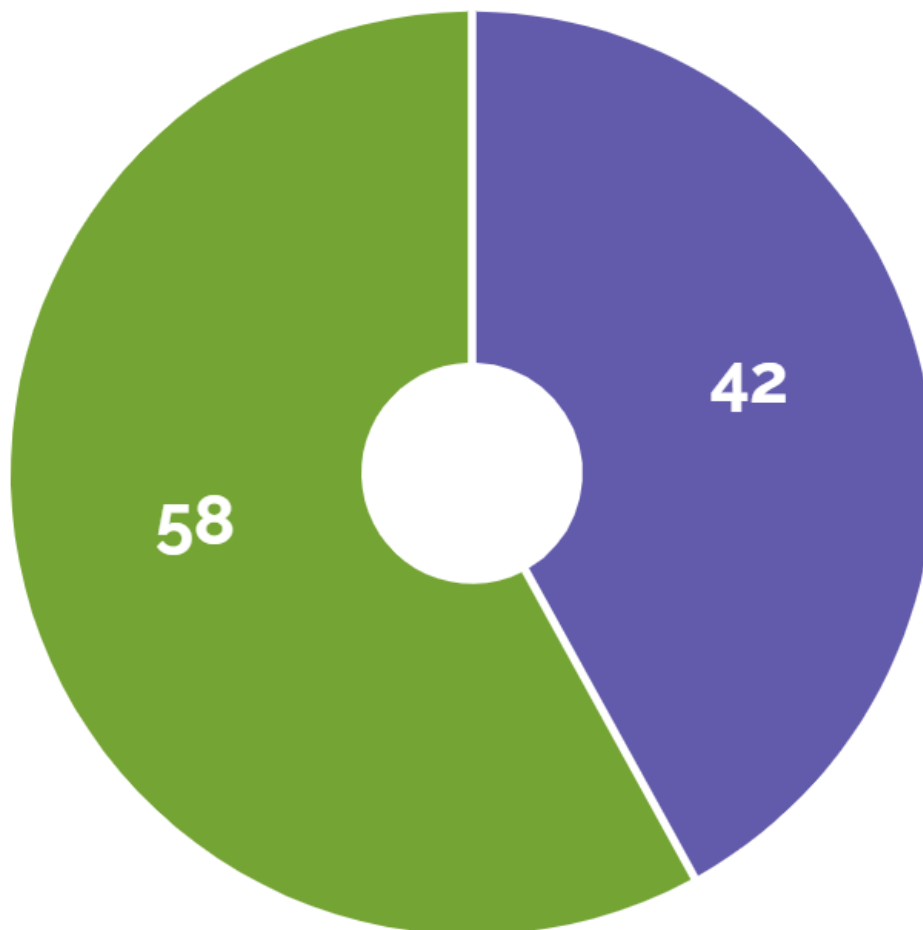
Client Behavior: Changing

Most agents expect these differences to persist; the younger generation won't "become their parents."

Which of the following two statements do you agree with more?

Note: Values represent percentage of respondents.

-  My younger clients are different from my older clients in ways that will persist even as they age.
-  As my younger clients age, they will become like my older clients in terms of attitudes and behaviors.



“ I think technology is a bit difficult for my older clients where the younger ones are really good at it. ”
- Agent Insight

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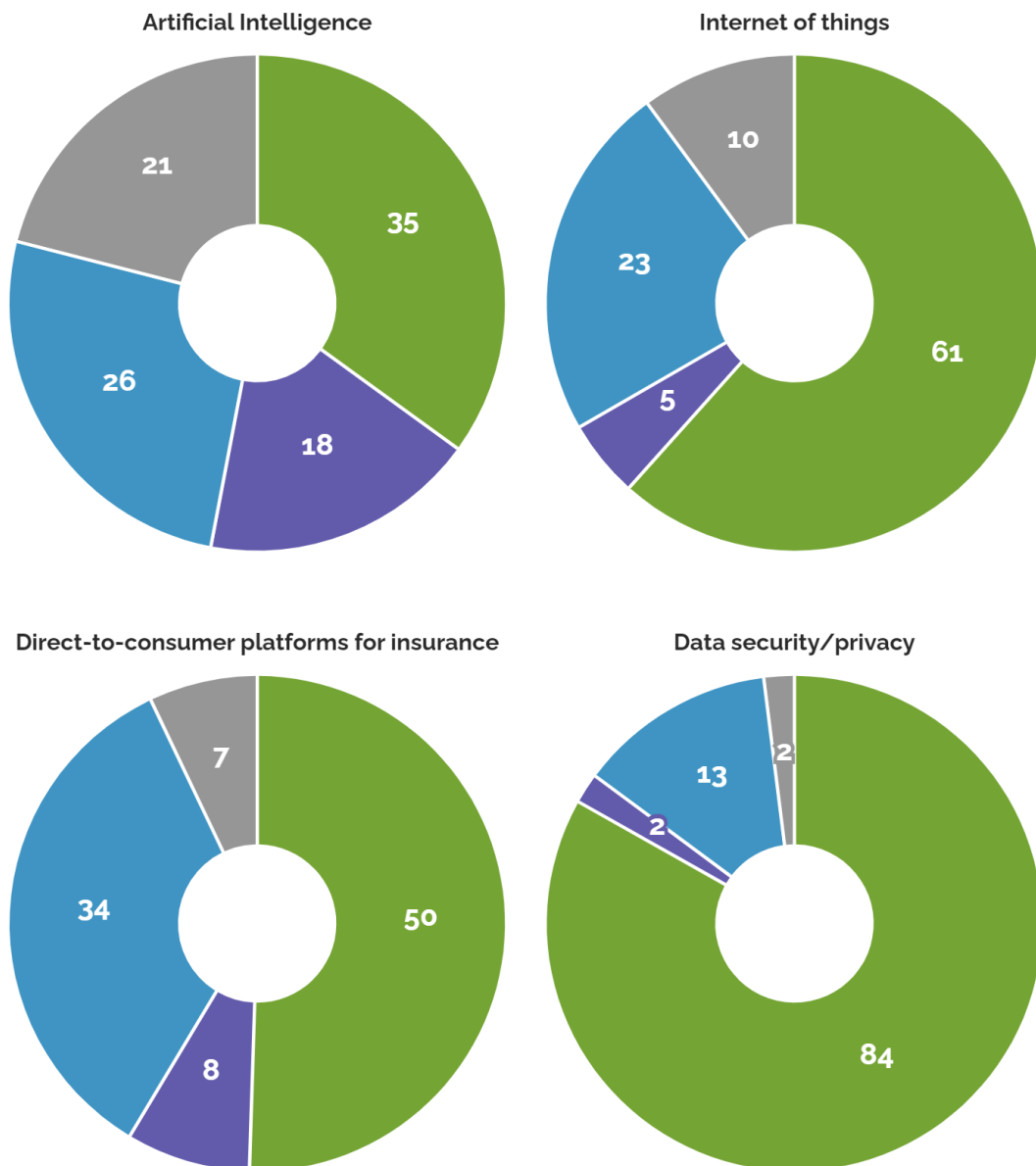
Technology Concerns: Widespread

Agents believe technology innovations and issues will take center stage going forward.

How important do you think each of the following technology issues will be to the future of your business?

Note: Values represent percentage of respondents. Results may not sum to 100% due to rounding.

■ Important ■ Not important ■ Neutral ■ Don't know



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Technology Concerns: Widespread

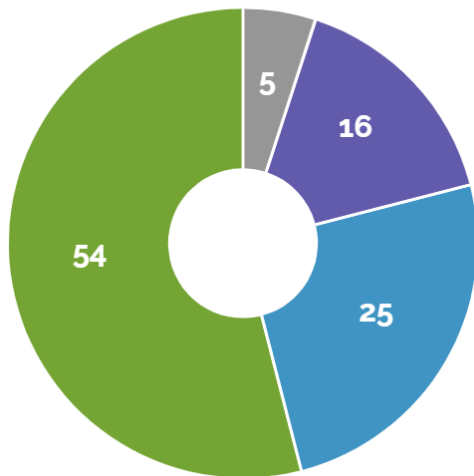
Concern is especially high when it comes to data and security.

How concerned are you about the costs and risks to your business of the following data security/privacy issues?

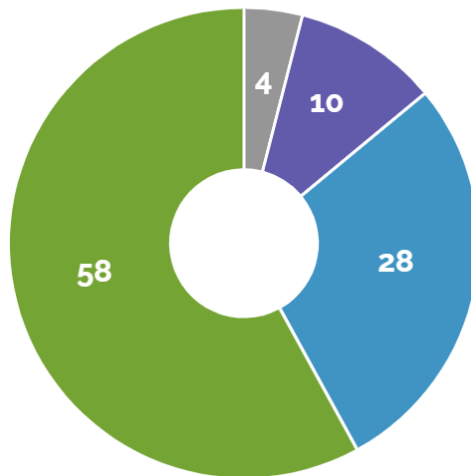
Note: Values represent percentage of respondents. Results may not sum to 100% due to rounding.

■ Concerned ■ Not concerned ■ Neutral ■ Don't know

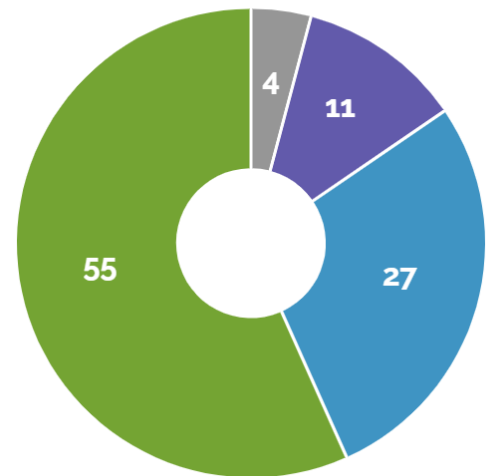
Compliance with laws and regulations



Phishing and other security breaches



Ransomware attacks



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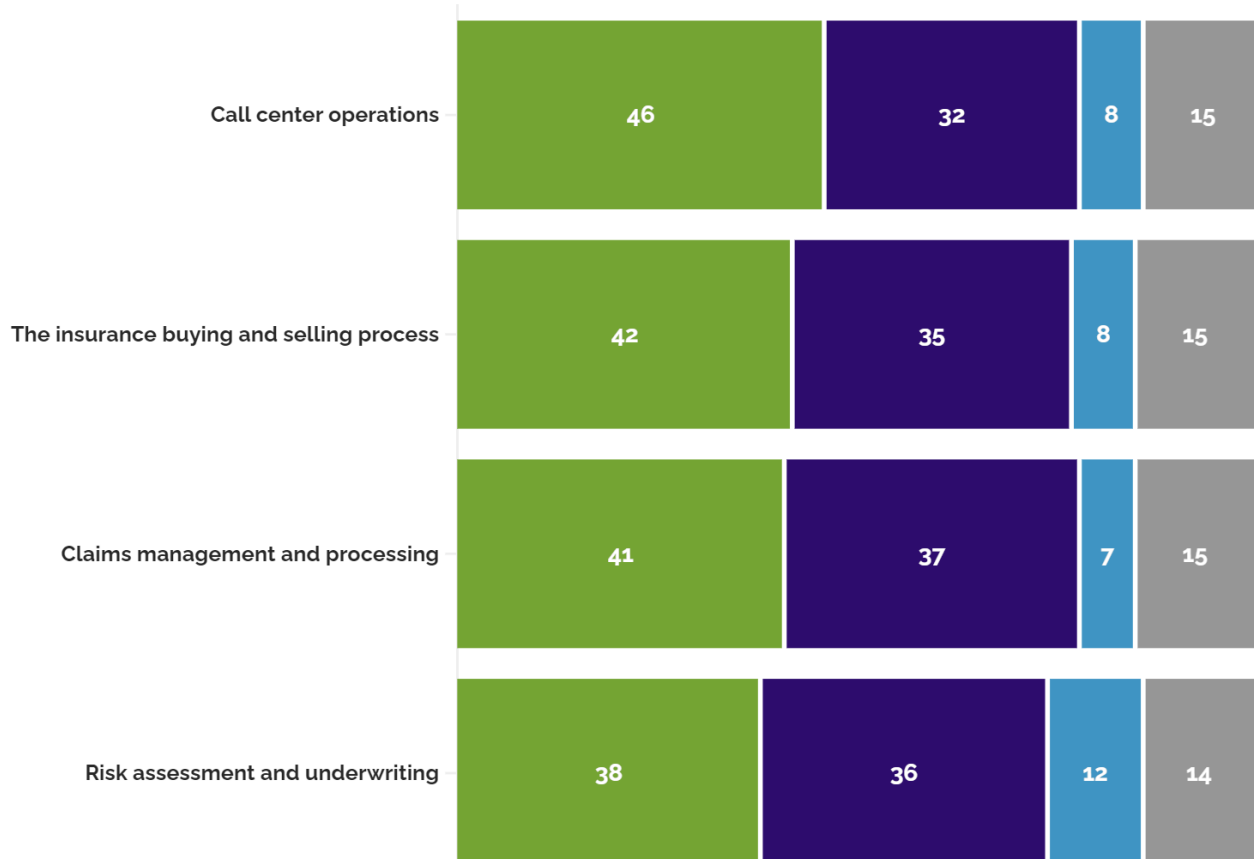
Technology Concerns: Widespread

Agents believe Artificial Intelligence will majorly disrupt several areas of the industry in the near future.

How disruptive do you think Artificial Intelligence (AI) will be to the following aspects of the insurance industry over the next 5 years?

Note: Note: Values represent percentage of respondents. Results may not sum to 100% due to rounding

Very disruptive Somewhat disruptive Not at all disruptive Don't know



“ I'm concerned that the more technology is used, the more we lose the personal touch. ”

- Agent Insight

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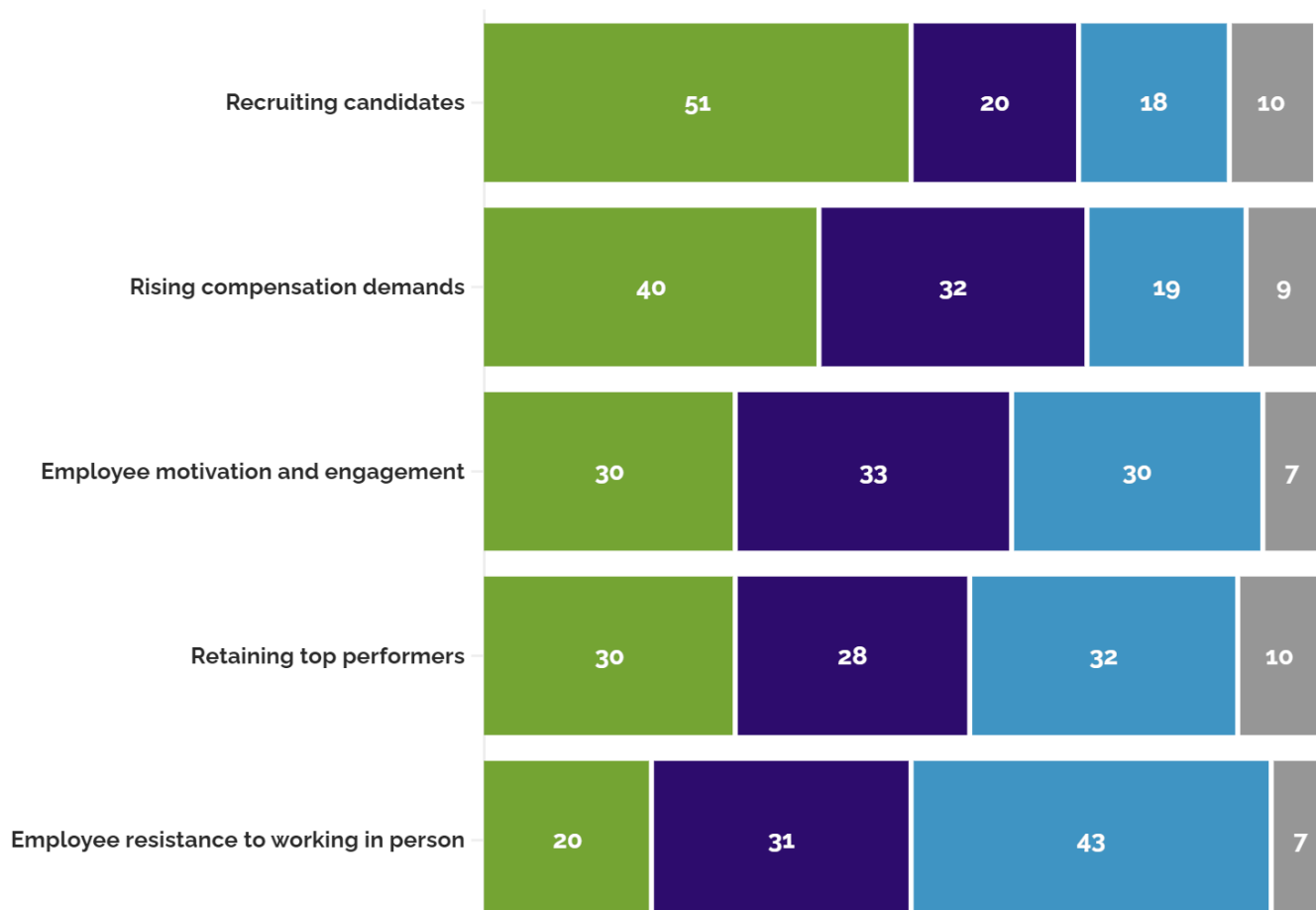
Talent Competition: Nonstop

Recruiting talent is the #1 employment challenge insurance agencies will face.

How much of a challenge are the following employee/talent issues for your business?

Note: Values represent percentage of respondents. Results may not sum to 100% due to rounding.

■ A major challenge ■ A minor challenge ■ Not a challenge ■ Don't know



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