



RESEARCH REPORT

The Future of Independent Agents and Brokers

HOW WILL DRAMATIC SHIFTS SHAKE UP
THE DISTRIBUTION LANDSCAPE?

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A photograph of three people in an office environment. A man in a light-colored button-down shirt stands in the center, looking towards the camera. To his left, a woman with blonde hair and glasses sits at a desk, smiling and holding a white mug. To his right, a man with dark hair is partially visible, looking off-camera. The background shows office furniture and large windows. A large, stylized graphic of overlapping blue and teal circles is overlaid on the left and top portions of the image.

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ReSource Pro Insights offers a broad range of research and observations on the insurance industry. We provide substantial studies, analysis and perspectives on business and technology strategies and plans across the P&C ecosystem, covering retail agencies and brokers, MGA/wholesalers, carriers, and tech vendors. Our coverage includes distribution, underwriting, policy servicing, billing/payments, and claims business areas, as well as cross-enterprise areas such as strategic initiatives, digital transformation, innovation, customer experience, and talent.

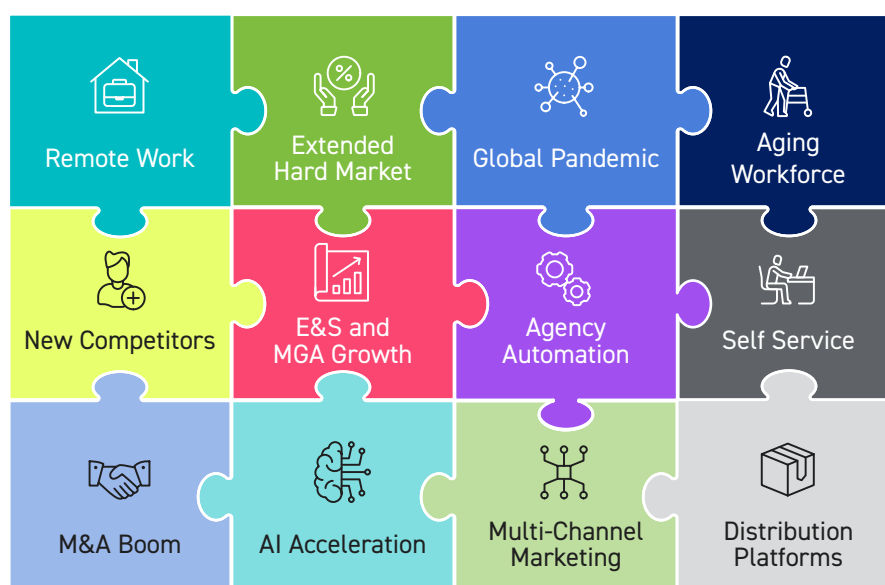
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Introduction

The insurance industry has undergone a decade of significant transformation, forcing independent agencies and brokers to navigate a landscape shaped by rapid technological advancements, evolving customer expectations, increasing risk exposures, and notable societal shifts. From the rise of insurtech startups disrupting traditional models to the profound impact of the COVID-19 pandemic, agencies were compelled to adapt and innovate at an accelerated pace. This period has witnessed significant challenges and remarkable resilience as agencies have sought to survive and thrive amid these dynamic forces. Figure 1 below illustrates many key technological, economic, and demographic forces that have reshaped agencies since 2015.

Figure 1. Shifts impacting independent agencies/brokers since 2015



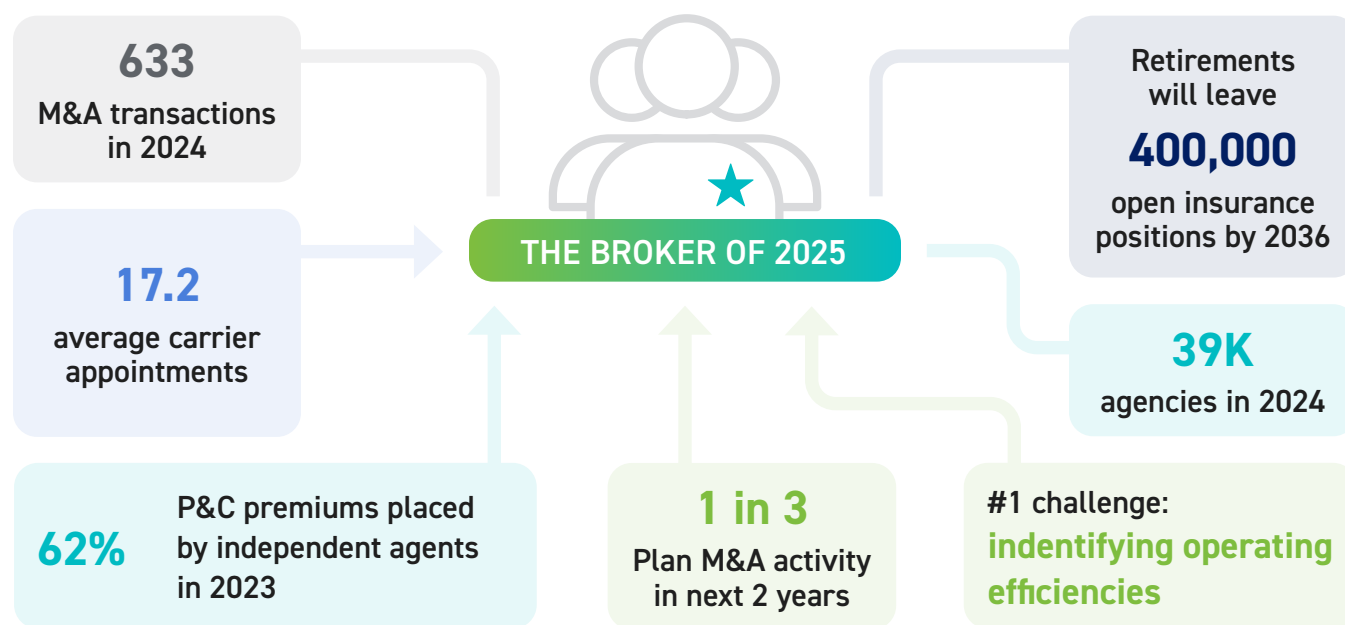
To start, the largest agencies/brokers have grown rapidly through M&A and organic growth. At the same time, industry demographics have changed significantly due to an aging workforce and the entry of Gen Z. The pandemic also fueled a rise in remote and hybrid work models, impacting agency operations nationwide, while advancing technology has enabled improvements to distribution, including self-service capabilities for agents/brokers and policyholders, comparative rating, and agency automation. More recently, generative AI has taken the industry by storm, with many agencies exploring potential applications across marketing, sales, servicing, and operations. AI acceleration could not come at a better time as many agencies and brokerages, particularly those that have participated in the M&A boom, are looking to optimize their processes, increase productivity, and ensure they are well-positioned for success over the next decade.

Amid this transformation, however, one thing has remained constant: the fundamental role and importance of agents/brokers in the P&C insurance industry. The independent agent remains instrumental in helping insureds assess risk, obtain coverage, and manage their insurance needs. Looking ahead to 2035, a new era is on the horizon as agencies/brokers seek to optimize their operations, further leverage shared platforms and service partners, and gain a competitive edge through automation and AI. This report aims to dive more deeply into the transformation underway, and while we can't predict the future, we make informed predictions about the nature of the industry ten years out.

The agency landscape of the future

Independent agencies in 2025 look notably different from those in 2015, and the next decade promises even more substantial changes. To understand the trajectory toward 2035, Figure 2 provides an overview of the current agency/broker landscape. This will help us explore the critical shifts that will redefine this segment over the next ten years.

Figure 2. A snapshot of independent agencies in 2025



Sources: MarshBerry, Big "I" 2024 Agency Universe Study, US Bureau of Labor Statistics, Big "I" 2024 Market Share Report

In 2025, agencies face numerous challenges, including an ongoing hard market, a loss of institutional knowledge, talent recruitment and retention difficulties, and increased competition from other agencies and distribution models. Despite these challenges, agencies and brokers remain the dominant distribution channel, placing 62% of all property and casualty (P&C) premiums in 2023.¹ Moreover, they are well-positioned to succeed in the coming decade if they keep up with upcoming industry shifts, which include the rise of AI-driven automation, the growing importance of data analytics, and the need for agencies to provide personalized, holistic risk management solutions. Below, we explore these key predictions and more for the decade ahead.

¹ "Big 'I' 2024 Market Share Report." Independent Insurance Agents & Brokers of America (Big "I"). June 2024. Retrieved from <https://www.independentagent.com/media/Pages/2024/big-releases-2024-market-share-report.aspx>

Prediction #1: After the frenetic pace of M&A activity in recent years, we anticipate that activity will slow down over the next five years as agencies seek to integrate and optimize recent acquisitions. Subsequently, in 2030-2035, the industry will likely enter a new phase of increased consolidation.

The flurry of M&A activity in recent years has ushered in a new era of optimization, with acquiring agencies focused on integration and optimization, improving efficiency, and leveraging their brand. Additionally, as greater tech sophistication and efficiency are achieved industry-wide, it will become increasingly difficult for micro and small agencies to survive alone, particularly those in the personal and small commercial lines space (segments well-positioned for direct placement). As a result, some of these agencies may choose to merge or seek to survive through scale or specialization.

Prediction #2: Revenue per producer and employee will rise significantly.

Over the next ten years, productivity is expected to at least double, driven by AI-powered operations, the automation of basic servicing tasks, and outsourcing. Thus, producers and servicing staff alike will have greater capacity to handle larger books of business. Moreover, increasing rates and more complex risk exposures will drive higher premiums, resulting in more agency commission. Increases in productivity, capacity, and commissions will subsequently result in higher revenue generated per producer and employee.

"The role of the independent agent is evolving, not disappearing. In fact, agents are poised to become even more indispensable as trusted advisors in an increasingly complex insurance landscape. Those who strategically invest in automation and AI, while retaining the deep human expertise clients rely on, will undoubtedly lead the way."

-Saima Shaukat, ReSource Pro

Prediction #3: While alternative approaches to distribution, such as direct and embedded, will continue to increase, the independent agent (IA) channel will remain dominant overall, with the largest distributors growing in size and influence as the balance of power continues to shift from carriers to large distributors.

Fueled by technological advancements and changing buyer behavior, the scope of direct placement and embedded insurance will expand significantly, particularly within the personal lines and small commercial segments. In 2023, 39% of personal lines and 87% of commercial lines were placed by independent agents.² By 2035, we expect these percentages to decline to approximately 33% and 75%, respectively. Notably, the decline within commercial lines will be primarily driven by small commercial risks as direct and embedded insurance is unlikely to impact the mid-market and large commercial segments significantly. Independent agents will continue to be needed for larger, more complex risks that require greater guidance and risk management. Additionally, as M&A activity continues among distributors, the influence of the largest agencies/brokers and networks will be paramount in bargaining power and scale, impacting everything from commissions to tech capabilities and service expectations.

² "Big 'I' 2024 Market Share Report." Independent Insurance Agents & Brokers of America (Big "I"). June 2024. Retrieved from <https://www.independentagent.com/media/Pages/2024/big-i-releases-2024-market-share-report.aspx>

Prediction #4: Independent agencies/brokers will benefit from the democratization of data, technology, and automation solutions, with ecosystems/marketplaces emerging to provide greater access.

In the next decade, independent agencies of all sizes will benefit from democratizing data, technology, and automation solutions. Tools currently only accessible to agencies with significant resources will become more readily available to small and mid-sized agencies. The emergence of ecosystems and specialized solution marketplaces will further accelerate this trend, providing agencies with easy access to a wide array of pre-built solutions and customizable tools. Furthermore, many AI and data solutions will increasingly be foundational and embedded into key agency solutions, in some cases, becoming transparent. This increased accessibility will empower agencies/brokers to streamline operations, enhance customer experiences, and compete more effectively in the evolving insurance landscape, regardless of their size or resources.

Prediction #5: The customer profile will change significantly, impacting how they shop for and purchase insurance and forcing independent agencies to transform how they connect with prospective customers.

The insurance customer profile is profoundly evolving, driven by the increasing economic power and influence of digitally native generations like millennials and Gen Z. These tech-savvy buyers will fundamentally reshape the insurance purchasing journey, demanding a seamless, personalized, digital-first experience. Agencies must prepare for a significant shift in customer priorities, where brand reputation, specialized expertise, and robust digital accessibility are of critical importance. Across all industry segments, customers' reliance on online research, social media influence, and a preference for self-service options will require a complete transformation in how agencies connect with and attract prospects.

As you navigate the changing distribution landscape, we recommend considering the following:

1. Evaluate the mix of your book of business and create a plan to transition away from the lines of business most at risk from new models and approaches to distribution.
2. Smaller agencies/brokers should actively tap into shared service platforms or agency networks to achieve greater economies of scale.
3. Stay abreast of customer trends and how your customers' buying journey is evolving and adapt accordingly. While customers will increasingly have a digital-first mindset, creating an optimum balance between human and tech interactions will be critical.

Future of sales and marketing in 2035

Driven by changing customer expectations and advanced technological solutions, the marketing and sales landscape is poised for significant transformation. As mentioned earlier, the way agencies/brokers connect with prospective customers and conduct sales will be radically different by 2035. Figure 3 illustrates how AI-powered data and insights, hyper-personalization, and social selling will replace traditional, long-held marketing and sales approaches.

Figure 3. The new era of marketing and sales



In this section, we will explore five predictions for how marketing and sales will evolve over the next decade, including the implications for independent agencies and key points to consider.

Prediction #1: AI-powered data, insights, lead gen, and lead scoring will power hyper-personalized approaches to prospecting and sales.

First-and third-party data sources, combined with AI-enabled sales analytics solutions, will allow agents/brokers to generate detailed individual and business prospect profiles that drive all customer communications. Traditional sales techniques such as cold calling will likely become obsolete, with omnichannel communication strategies such as email, texting, and social media taking priority. The shift also means agencies will need to proactively partner with new digital on-ramps to funnel leads to their agents that can subsequently be analyzed and scored. The key to success for independent agencies and brokerages will be adapting sales and marketing techniques to meet customers where they are and tailoring messaging based on detailed buyer profiles.

“How consumers find, research, and select an agent/broker is going to change. Agencies will need to respond to shifting buyer dynamics by pushing out content, becoming more specialized, and broadening their reach.”

-Amber Brethouwer, ReSource Pro

Prediction #2: As technology enables broader reach and changes customer behavior, the importance of local presence for agencies will decline.

Except for rural areas where a higher value is likely placed on personal relationships and face-to-face interactions, an agency's location will be less of a consideration for customers when selecting their insurance agent or broker. Instead, digital-first policyholders will prioritize niche expertise, access to information, speed, and convenience. As a result, agencies will need to leverage digital marketing, social media, and content marketing to reach their target customers and deliver a data-driven, personalized customer experience. Additionally, AI-centric technology for loss control, inspections, and claims will enable agents/brokers to effectively serve their customers regardless of location.

Prediction #3: Parametric, embedded, and on-demand insurance models will grow significantly across P&C, but the impact on agents/brokers will vary considerably by industry segment/line of business.

The areas to watch for independent agencies will vary based on the business model and industry segment. Currently, parametric insurance is gaining traction with climate and environmental risks, which will likely expand over the next decade. The impact on agencies will be mixed as parametric programs could become part of larger, more complex insurance programs and be available on a direct, standalone basis. Embedded insurance will see more significant in-roads with less complex risks within both personal and small commercial lines, being paired with an adjacent product/service or through niche marketplaces. An example of the latter is a small business marketplace that connects business owners with key service providers such as legal, insurance, marketing, etc. In most cases, embedded is likely to bypass agents and brokers. Lastly, on-demand insurance is a growing business model that will expand its reach over the next decade, broadly foregoing agent involvement. What all of these models have in common, however, is that they will expand insurance access into new areas, including micro-risks that agencies typically don't want to handle.

Prediction #4: Agencies will expand their value proposition to respond to the changing insurance landscape and, as a result, have the opportunity to build significant revenue streams from fee-based services.

As automation and AI streamline key servicing tasks and policy placement, agencies must critically evaluate their value proposition and associated revenue streams. Merely securing coverage, processing policy changes, and issuing certificates of insurance will no longer suffice. The question arises: what will prevent policyholders from going direct or from obtaining competing quotes via insurance marketplaces? This concern is particularly relevant for smaller, less complex risks; however, mid-market and large commercial agencies are not immune from this question. As customer expectations continue to evolve and staff capacity increases, agencies have a distinct opportunity to redefine the role of an insurance agent. By broadening their service offerings to encompass more comprehensive risk management and insurance strategies, agencies can cultivate new revenue sources aimed at advising high-net-worth individuals and mid-to-large commercial enterprises.

Prediction #5: Independent agencies will become more well-versed in innovative approaches to insurance, risk transfer, and risk management, serving as advisors to insureds seeking guidance and solutions to ensure they are adequately protected.

As risk becomes more complex and coverage access declines, agencies must become increasingly knowledgeable about innovative approaches to insurance, risk transfer, and risk management. While positioning themselves as advisors to insureds seeking insurance solutions and guidance has always been at the crux of the agent/broker role, the depth of knowledge required to effectively advise insureds will quickly expand. The forthcoming adoption of wearables, smart technology, and the Internet of Things (IoT) is expected to drive the development of new insurance products. Additionally, the industry will likely see new alternative risk transfer mechanisms as it responds to evolving threats such as climate and cyber, rising costs, and declining market access. By growing their expertise in these areas, agencies will continue to play a critical role in helping clients understand and mitigate their risks.

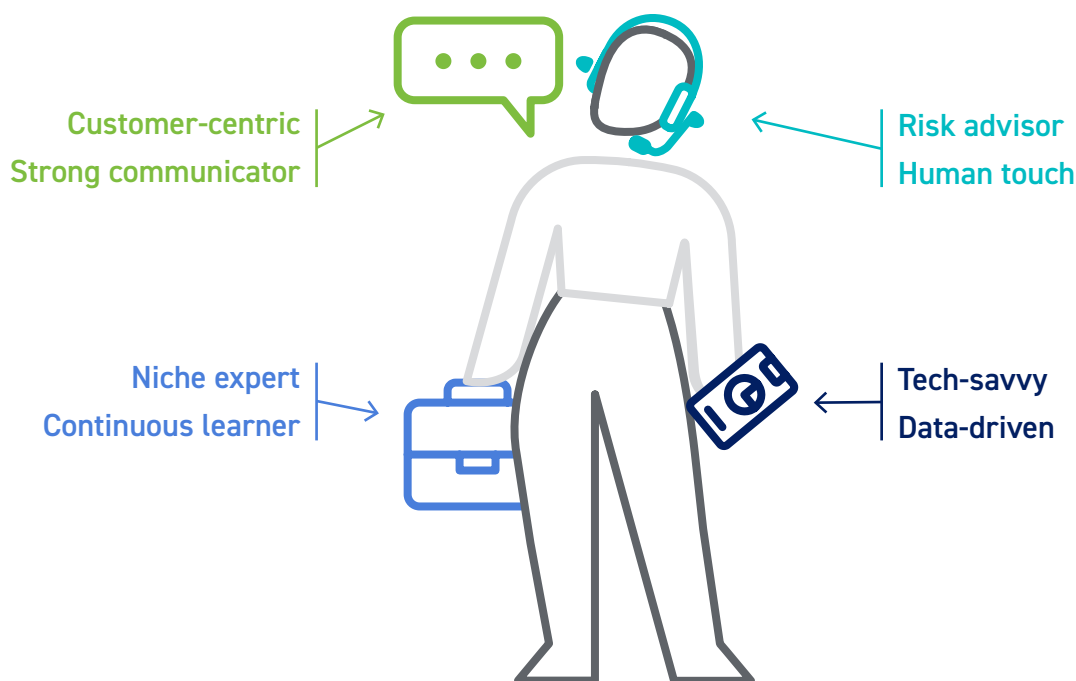
For agencies and brokers looking to assess their current sales strategies and position themselves for future success, we recommend the following:

1. Proactively develop or leverage advanced technology platforms, including data analytics and artificial intelligence.
2. Continuously monitor innovative developments in products, coverage, and distribution to effectively advise your customers and adjust your value proposition as needed.
3. As technology increasingly shapes the customer journey and key sales processes, reconsider how you recruit and train your sales staff. Ensure they possess a strong combination of insurance knowledge, technological proficiency, and sales acumen.
4. Seek partnerships with new organizations that will funnel qualified leads to your agents/brokers.

Future of servicing and operations in 2035

As with marketing and sales, the servicing and operations landscape will undergo significant transformation over the next decade, especially as agencies and brokerages incorporate automation and AI solutions across their organizations. Currently, many CSR and account manager roles are process- and transaction-oriented. However, by 2035, account servicers will require a unique blend of skills encompassing customer experience, insurance, and technology.

Figure 4. The account servicer of the future



As illustrated in Figure 4 above, service staff will need to be strong communicators and risk advisors, continuous learners, tech-savvy, and data-driven. Furthermore, the transformation of servicing and operations will impact all aspects of agency operations, not just staff skills. This section will discuss five key predictions highlighting how servicing and operations will evolve over the next ten years.

Prediction #1: Automation, AI, and tech-enabled BPO will handle a high percentage of transactions, reducing the need for CSR roles and freeing up service staff to forge stronger customer relationships.

Integrating automation, AI, and tech-enabled BPO will dramatically reduce the amount of processing- and transaction-based work for independent agencies, leading to a sizeable reduction in traditional CSR roles by 2035. Instead of focusing on data entry, processing policy changes, and issuing certificates of insurance, CSRs and account managers alike will focus on relationship building and advising customers. However, a notable challenge agencies will face is how to cultivate and develop the next generation of talent. With the automation of more straightforward tasks, agencies must find innovative ways to equip entry-level employees with the knowledge and skills to service their customers effectively.

Prediction #2: Digital co-workers/agents will become commonplace within independent agencies, revolutionizing customer support and operational efficiency, fostering 24/7 customer support, and increasing staff productivity and capacity.

AI-powered assistants and agentic AI solutions will enable agencies and brokers to provide 24/7 customer support while significantly reducing the manual workload of CSRs and account managers. Rather than handling routine inquiries and transactional tasks, service staff will focus on more complex, high-value interactions while also providing oversight of the work completed by digital agents. Beyond automating key tasks, digital agents will be powerful tools for enhancing staff knowledge and capabilities by providing access to on-demand information and support. Furthermore, they will expedite staff onboarding and training by delivering interactive learning experiences and readily available resources to empower new hires to become proficient and productive quickly.

Prediction #3: Agencies will build a multi-disciplinary workforce with cross-functional skills and expertise capable of navigating the interconnected worlds of insurance, technology, and customer experience.

The rapidly evolving technology and insurance landscape and changing customer expectations will undoubtedly shake up the world of talent, including the necessary skills and competencies employees need to succeed. Technology and insurance are quickly becoming intertwined, creating the need for a multi-disciplinary workforce spanning insurance, technology, and customer experience. This shift will require an agency-wide commitment to continuous learning and agile talent strategies to bridge current and future skill gaps. The type of roles within independent agencies will also expand to include professionals in data analytics, artificial intelligence, and niche areas such as climate, cyber, and alternative risk. As AI transforms agency operations and how they serve customers, agency leaders must invest significantly in upskilling and reskilling employees. Key focus areas will include data literacy, technology proficiency, customer experience, and social selling.

Prediction #4: While data, AI, and niche expertise will increasingly shape the agent/underwriter relationship, fostering trust and collaboration will remain integral to mutual success.

Underwriters will increasingly rely on AI-driven risk assessment solutions, reducing the amount of subjectivity in underwriting decisions. Over the next decade, agents and brokers will need to become data-savvy to understand and interpret these insights, negotiate with carriers, and advocate for their clients. Despite these shifts, the agent/underwriter relationship will remain just as critical as it is today, maybe even more so as risks become increasingly complex and challenging to place. Lastly, advancing technology will foster greater real-time data sharing and collaboration among agents, underwriters, and policyholders, leading to more dynamic insurance and risk management approaches.

Prediction #5: Customer experience will become hyper-personalized, allowing agencies to anticipate individual needs, tailor interactions across customer touchpoints, and deliver customized insurance solutions.

The future success of agencies and brokerages depends on moving beyond generalized customer service to delivering a hyper-personalized customer experience that anticipates and addresses each client's unique needs and preferences. By leveraging advanced data analytics and insights, agencies can create detailed customer profiles, gaining a deeper understanding of each customer's preferences, servicing requirements, and risk profiles. With these insights, agencies can offer a hyper-personalized customer experience, from initial contact to claims handling. Moreover, by anticipating customer needs and providing tailored solutions, agency leaders have the opportunity to establish themselves not only as trusted advisors but also as providers of an exceptional customer experience.

When developing your future servicing and operations strategies, consider the following:

1. Leverage analytics to proactively monitor key customer touchpoints, enabling you to identify potential challenges and opportunities in advance, anticipate potential issues, and enhance the customer experience.
2. Collaborate with BPO (Business Process Outsourcing) partners to pinpoint tasks and workflows for automation and determine where human expertise is most vital.
3. Foster the development of niche expertise within your organization by actively gathering intelligence on your key industry segments, products, and services. Design targeted training programs to equip your CSRs and account managers with the knowledge and skills to serve their customers successfully.

Call to action

Imagine a world where independent agencies and brokerages are dynamic and data-driven, providing clients with a hyper-personalized experience tailored to their unique needs and preferences. The days when CSRs and account managers spend excessive time on transaction-based tasks are behind us. Instead, AI seamlessly enhances their expertise, allowing them to focus on building strong relationships with clients and underwriters while serving as trusted advisors. Additionally, agency operations are streamlined and efficient, thanks to automation and BPO. Employees are agile learners with expertise in insurance, technology, data analytics, and customer experience.

Is this future merely a dream? No, it may be closer than you think. However, to remain at the forefront of an ever-changing landscape, agency leaders must embrace ongoing innovation, respond to changing customer expectations, and cultivate a culture of adaptability and continuous learning.

For agency leaders who resonate with this vision, we recommend taking the following steps to align your agency for future success.

1. Invest in data and AI capabilities

Data analytics and AI are already well on their way to becoming foundational to agency/broker success. By 2035, agencies won't be able to compete without them. Agency leaders must invest strategically in data analytics and AI technologies to streamline workflows, increase efficiency, and drive customer engagement.

2. Monitor industry trends across innovation, technology, and distribution

Staying abreast of emerging industry trends is critical in an era of rapid change and technological advancements. By proactively tracking new insurtechs, shifting customer behavior, new distribution channels, and more, agency leaders can preemptively adapt their strategies and capitalize on new opportunities.

3. Optimize agency/broker operations

To remain competitive, agencies and brokers must maximize efficiency and productivity across their organizations. This includes developing strategies to automate or outsource routine tasks, streamlining workflows, and freeing up staff capacity to focus on high-value client touchpoints.

4. Redefine your value proposition and customer experience

With automation and AI streamlining many client transactions and touchpoints, agencies must redefine how they deliver value and foster customer loyalty. This requires a holistic approach, moving beyond transactional interactions to providing a personalized customer experience, proactive risk management, and a seamless omnichannel experience. Agencies should also prioritize building trust and demonstrating expertise, making themselves indispensable advisors who deliver tailored insurance solutions.

5. Cultivate a culture of continuous learning

The next ten years are all but guaranteed to be transformative for the insurance industry, including agencies and brokerages. In times of rapid change, continuous learning and agility are paramount for individual and organizational success. Agency leaders must ensure employees are adequately trained on new technologies, changing market demands, and emerging risks.

Lastly, don't let the scope of anticipated industry-wide change deter you. The future of independent agencies and brokerages is bright and filled with opportunities for those who embrace innovation and remain agile. Ultimately, your success will be defined by your ability to not only respond to shifting dynamics but also proactively anticipate and leverage them. By embracing data-driven decision-making, creating hyper-personalized customer experiences, and fostering a culture of learning and growth, you will have the competitive advantage.



ABOUT RESOURCE PRO

Focused exclusively on the insurance industry, ReSource Pro is a trusted strategic operations partner to insurance organizations seeking to increase their productivity and profitability. With a global team of more than 10,000 employees, ReSource Pro operates at the critical intersection of people, process, technology, and data to serve more than 1,800 clients across the carrier, broker, and MGA segments – consistently earning a +96% client retention rate for over a decade. It offers expert advisory services, proven business process management optimization and transformative data and technology solutions. It was recognized in 2024 by Inc. 5000 as one of the fastest growing companies in the US.

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