
Insurance Sales Agents

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Significant Points

- In addition to offering insurance policies, agents increasingly sell mutual funds, annuities, and securities and offer comprehensive financial planning services, including retirement and estate planning.
- Agents must obtain a license in the States where they sell.
- Job opportunities should be good for college graduates who have sales ability, excellent interpersonal skills, and expertise in a wide range of insurance and financial services.

Nature of the Work

Most people have their first contact with an insurance company through an insurance sales agent. These workers help individuals, families, and businesses select insurance policies that provide the best protection for their lives, health, and property.

Insurance sales agents, commonly referred to as “producers” in the insurance industry, sell one or more types of insurance, such as property and casualty, life, health, disability, and long-term care. Property and casualty insurance agents sell policies that protect individuals and businesses from financial loss resulting from automobile accidents, fire, theft, storms, and other events that can damage property. For businesses, property and casualty insurance can also cover injured workers’ compensation, product liability claims, or medical malpractice claims.

Life insurance agents specialize in selling policies that pay beneficiaries when a policyholder dies. Depending on the policyholder’s circumstances, a cash-value policy can be designed to provide retirement income, funds for the education of children, or other benefits as well. Life insurance agents also sell annuities that promise a retirement income. Health insurance agents sell health insurance policies that cover the costs of medical care and loss of income due to illness or injury. They also may sell dental insurance and short-term and long-term-disability insurance policies. Agents may specialize in any one of these product areas, or function as generalists, providing multiple products to a single customer.

An increasing number of insurance sales agents are offering comprehensive financial planning services to their clients. These services include retirement planning, estate planning, and assistance in setting up pension plans for businesses. As a result, many insurance agents are involved in “cross-selling” or “total account development”. Besides offering insurance, these agents may become licensed to sell mutual funds, variable annuities, and other securities. This practice is most common with life insurance agents who already sell annuities, but many property and casualty agents also sell financial products. (See the statement on securities, commodities, and financial services sales agents elsewhere in the *Handbook*.)

Insurance sales agents also prepare reports, maintain records, and seek out new clients. In the event that policy holders experience a loss, agents help them settle their insurance claims. In-

creasingly, some agents are also offering their clients financial analysis or advice on how to minimize risk.

Insurance sales agents working exclusively for one insurance company are referred to as captive agents. Independent insurance agents, or brokers, represent several companies and match insurance policies for their clients with the company that offers the best rate and coverage.

Technology has greatly affected the insurance business, making it much more efficient and giving the agent the ability to take on more clients. Agents’ computers are now linked directly to insurance carriers via the Internet, making the tasks of obtaining price quotes and processing applications and service requests faster and easier. Computers also allow agents to be better informed about new products that the insurance carriers may be offering.

The growing use of the Internet in the insurance industry has altered the relationship between agent and client. Agents formerly used to devote much of their time to marketing and selling products to new clients. Now, clients are increasingly obtaining insurance quotes from a company’s Web site and then contacting the company directly to purchase policies. This interaction gives the client a more active role in selecting their policy, while reducing the amount of time agents spend actively seeking new clients. Insurance sales agents also obtain many new accounts through referrals, so it is important that they maintain regular contact with their clients to ensure that the clients’ financial needs are being met. Developing a satisfied clientele that will recommend an agent’s services to other potential customers is a key to success for agents.

Increasing competition in the insurance industry has spurred carriers and agents to find new ways to keep their clients satisfied. One solution is to increase the use of call centers, which usually are accessible to clients 24 hours a day, 7 days a week. Insurance carriers and sales agents also are hiring customer service representatives to handle routine tasks such as answering



Insurance sales agents carefully review the terms of a new policy with their clients.

questions, making changes in policies, processing claims, and selling more products to clients. The opportunity to cross-sell new products to clients will help agents' businesses grow. The use of call centers also allows agents to concentrate their efforts on seeking out new clients and maintaining relationships with old ones. (See elsewhere in the *Handbook* the statements on customer service representatives and claims adjusters, appraisers, examiners, and investigators.)

Work environment. Insurance sales agents working as captive agents are usually based in small offices, from which they contact clients and provide information on the policies they sell. Independent insurance agents, or brokers, may work in offices of varying sizes, depending on the size of the agency. However, much of their time may be spent outside their offices, traveling locally to meet with clients, close sales, or investigate claims. Agents usually determine their own hours of work and often schedule evening and weekend appointments for the convenience of clients. Some sales agents may meet with clients during business hours and then spend evenings doing paperwork and preparing presentations to prospective clients. Although most agents work a 40-hour week, some work 60 hours a week or longer.

Training, Other Qualifications, and Advancement

Every sales agent involved in the solicitation, selling, or negotiation of insurance must have a State issued license. Licensure requirements vary by State but typically require some insurance-related coursework and the passing of several exams. Although some agents are hired right out of college, many are hired by insurance companies as customer service representatives and are later promoted to sales agent.

Education and training. For insurance sales agent jobs, many companies and independent agencies prefer to hire college graduates—especially those who have majored in business or economics. High school graduates may be hired if they have proven sales ability or have been successful in other types of work.

College training can help agents grasp the technical aspects of insurance policies as well as the industry fundamentals and operational procedures of selling insurance. Many colleges and universities offer courses in insurance, and a few schools offer a bachelor's degree in the field. College courses in finance, mathematics, accounting, economics, business law, marketing, and business administration enable insurance sales agents to understand how social and economic conditions relate to the insurance industry. Courses in psychology, sociology, and public speaking can prove useful in improving sales techniques. In addition, familiarity with computers and popular software packages has become very important because computers provide instantaneous information on a wide variety of financial products and greatly improve agents' efficiency.

Agents learn many of their job duties on the job from other agents. Many employers have their new agents shadow an experienced agent for a period of time. This allows the agent to learn how to conduct their business, how the agency interacts with clients, and how to write policies.

Employers also are placing greater emphasis on continuing professional education as the diversity of financial products

sold by insurance agents increases. It is important for insurance agents to keep up to date on issues concerning clients. Changes in tax laws, government benefits programs, and other State and Federal regulations can affect the insurance needs of clients and the way in which agents conduct business. Agents can enhance their selling skills and broaden their knowledge of insurance and other financial services by taking courses at colleges and universities and by attending institutes, conferences, and seminars sponsored by insurance organizations.

Licensure. Insurance sales agents must obtain a license in the States where they plan to work. Separate licenses are required for agents to sell life and health insurance and property and casualty insurance. In most States, licenses are issued only to applicants who complete specified prelicensing courses and who pass State examinations covering insurance fundamentals and State insurance laws. The insurance industry is increasingly moving toward uniform State licensing standards and reciprocal licensing, allowing agents who earn a license in one State to become licensed in other States more easily. Most State licensing authorities also have mandatory continuing education requirements focusing on insurance laws, consumer protection, ethics, and the technical details of various insurance policies.

As the demand for financial products and financial planning increases, many insurance agents, especially those involved in life insurance, are choosing to gain the proper licensing and certification to sell securities and other financial products. Doing so, however, requires substantial study and passing an additional examination—either the Series 6 or Series 7 licensing exam, both of which are administered by the National Association of Securities Dealers (NASD). The Series 6 exam is for individuals who wish to sell only mutual funds and variable annuities, whereas the Series 7 exam is the main NASD series license that qualifies agents as general securities sales representatives.

Other qualifications. Previous experience in sales or insurance jobs can be very useful in becoming an insurance sales agent. In fact, many entrants to insurance sales agent jobs transfer from other sales related occupations, such as customer service representative positions. In selling commercial insurance, technical experience in a particular field can help sell policies to those in the same profession. As a result, new agents tend to be older than entrants in many other occupations.

Insurance sales agents should be flexible, enthusiastic, confident, disciplined, hard working, and willing to solve problems. They should communicate effectively and inspire customer confidence. Because they usually work without supervision, sales agents must be able to plan their time well and have the initiative to locate new clients.

Certification and advancement. A number of organizations offer professional designation programs that certify agents' expertise in specialties such as life, health, and property and casualty insurance, as well as financial consulting. For example, The National Alliance for Education and Research offers a wide variety of courses in health, life and property, and casualty insurance for independent insurance agents. Although voluntary, such programs assure clients and employers that an agent has a thorough understanding of the relevant specialty. Agents are usually required to complete a specified number of hours of continuing education to retain their designation.

Projections data from the National Employment Matrix

Occupational Title	SOC Code	Employment, 2006	Projected employment, 2016	Change, 2006-16	
				Number	Percent
Insurance sales agents	41-3021	436,000	492,000	56,000	13

NOTE: Data in this table are rounded. See the discussion of the employment projections table in the *Handbook* introductory chapter on *Occupational Information Included in the Handbook*.

In the area of financial planning, many agents find it worthwhile to demonstrate competency by earning the certified financial planner or chartered financial consultant designation. The Certified Financial Planner credential, issued by the Certified Financial Planner Board of Standards, requires relevant experience, completion of education requirements, passing a comprehensive examination, and adherence to an enforceable code of ethics. The exam tests the candidate's knowledge of the financial planning process, insurance and risk management, employee benefits planning, taxes and retirement planning, and investment and estate planning.

The Chartered Financial Consultant (ChFC) and the Chartered Life Underwriter (CLU) designations, issued by the American College in Bryn Mawr, Pennsylvania, typically require professional experience and the completion of an eight-course program of study. Many property and casualty insurance agents obtain the Chartered Property Casualty Underwriter (CPCU) designation, offered by the American Institute for Chartered Property Casualty Underwriter. The majority of professional designations in insurance have continuing education requirements.

An insurance sales agent who shows ability and leadership may become a sales manager in a local office. A few advance to agency managerial or executive positions. However, many who have built up a good clientele prefer to remain in sales work. Some—particularly in the property and casualty field—establish their own independent agencies or brokerage firms.

Employment

Insurance sales agents held about 436,000 jobs in 2006. Almost 50 percent of insurance sales agents work for insurance agencies and brokerages. About 23 percent work directly for insurance carriers. Although most insurance agents specialize in life and health insurance or property and casualty insurance, a growing number of “multiline” agents sell all lines of insurance. A small number of agents work for banks and securities brokerages as a result of the increasing integration of the finance and insurance industries. Approximately 26 percent of insurance sales agents are self employed.

Insurance sales agents are employed throughout the country, but most work in or near large urban centers. Some are employed in the headquarters of insurance companies, but the majority work out of local offices or independent agencies.

Job Outlook

Employment of insurance sales agents is expected to grow about average for all occupations through 2016, and opportunities will be favorable for persons who are college graduates and who have sales ability, excellent interpersonal skills, and expertise in a wide range of insurance and financial services.

Employment change. Employment of insurance sales agents is expected to increase by 13 percent over the 2006-16 period,

which is about as fast as average for all occupations. Future demand for insurance sales agents depends largely on the volume of sales of insurance and other financial products. Sales of health insurance and long-term-care insurance are expected to rise sharply as the population ages. In addition, a growing population will increase demand for insurance for automobiles, homes, and high-priced valuables and equipment. As new businesses emerge and existing firms expand their insurance coverage, sales of commercial insurance also should increase, including coverage such as product liability, workers' compensation, employee benefits, and pollution liability insurance.

Employment of agents will not keep up with the rising level of insurance sales, however. Many insurance carriers are trying to contain costs and are shedding their captive agents—those agents working directly for insurance carriers. Instead carriers are relying more on independent agents or direct marketing through the mail, by phone, or on the Internet.

In many ways, the Internet should not greatly threaten agents' jobs as was widely thought. The automation of policy and claims processing is allowing insurance agents to take on more clients. Most clients value their relationship with their agent and still prefer discussing their policies directly with their agents, rather than through a computer.

Insurance and investments are becoming more complex, and many people and businesses lack the time and expertise to buy insurance without the advice of an agent.

Job prospects. Multilingual agents should have good job prospects because they can serve a wider range of customers. Additionally, insurance language tends to be quite technical, so agents who have a firm understanding of relevant technical and legal terms will also be desirable to employers. Many beginning agents fail to earn enough from commissions to meet their income goals and eventually transfer to other careers. Many job openings are likely to result from the need to replace agents who leave the occupation or retire, as a large number of agents are expected to retire over the next decade.

Agents may face increased competition from traditional securities brokers and bankers as they begin to sell insurance policies. Insurance sales agents will need to expand the products and services they offer as consolidation increases among insurance companies, banks, and brokerage firms and as demands increase from clients for more comprehensive financial planning.

Independent agents who incorporate new technology into their existing businesses will remain competitive. Agents who use the Internet to market their products will reach a broader client base and expand their business. Agents who offer better customer service also will remain competitive. Carriers and agencies are increasingly using call centers in an effort to offer better service to customers because they provide greater access to clients' policies and more prompt services.

Most individuals and businesses consider insurance a necessity, regardless of economic conditions, so agents are not likely to face unemployment because of a recession.

Earnings

The median annual earnings of wage and salary insurance sales agents were \$43,870 in May 2006. The middle 50 percent earned between \$31,640 and \$69,180. The lowest 10 percent had earnings of \$24,600 or less, while the highest 10 percent earned more than \$115,090. Median annual earnings in May 2006 in the two industries employing the largest number of insurance sales agents were \$46,210 for insurance carriers, and \$42,950 for agencies, brokerages, and other insurance related activities.

Many independent agents are paid by commission only, whereas sales workers who are employees of an agency or an insurance carrier may be paid in one of three ways: salary only, salary plus commission, or salary plus bonus. In general, commissions are the most common form of compensation, especially for experienced agents. The amount of the commission depends on the type and amount of insurance sold and on whether the transaction is a new policy or a renewal. Bonuses usually are awarded when agents meet their sales goals or when an agency meets its profit goals. Some agents involved with financial planning receive a fee for their services, rather than a commission.

Company-paid benefits to insurance sales agents usually include continuing education, training to qualify for licensing, group insurance plans, office space, and clerical support services. Some companies also may pay for automobile and transportation expenses, attendance at conventions and meetings, promotion and marketing expenses, and retirement plans. Independent agents working for insurance agencies receive fewer benefits, but their commissions may be higher to help them pay for marketing and other expenses.

Related Occupations

Other workers who provide or sell financial products or services include real estate brokers and sales agents; securities, commodities, and financial services sales agents; financial analysts

and personal financial advisors; and financial managers. Occupations with similar sales duties include sales representatives, wholesale and manufacturing; customer service representatives, and advertising sales agents. Other occupations in the insurance industry include insurance underwriters and claims adjusters, examiners, and investigators.

Sources of Additional Information

Occupational information about insurance sales agents is available from the home office of many insurance companies. Information on State licensing requirements may be obtained from the department of insurance at any State capital.

For information about insurance sales careers and training, contact:

► Independent Insurance Agents and Brokers of America, 127 S. Peyton St., Alexandria, VA 22314.

Internet: <http://www.iiaba.org>

► Insurance Vocational Education Student Training (InVEST), 127 S. Peyton St., Alexandria, VA 22314.

Internet: <http://www.investprogram.org>

► National Association of Professional Insurance Agents, 400 N. Washington Street, Alexandria, VA 22314.

Internet: <http://www.pianet.org>

For information about health insurance sales careers, contact:

► National Association of Health Underwriters, 2000 N. 14th St., Suite 450, Arlington, VA 22201.

Internet: <http://www.nahu.org>

For general information on the property and casualty field, contact:

► Insurance Information Institute, 110 William St., New York, NY 10038. Internet: <http://www.iii.org>

For information about professional designation programs, contact:

► The American Institute for Chartered Property and Casualty Underwriters/Insurance Institute of America, 720 Providence Rd., P.O. Box 3016, Malvern, PA 19355-0716.

Internet: <http://www.aicpcu.org>

► The American College, 270 Bryn Mawr Ave., Bryn Mawr, PA 19010-2195. Internet: <http://www.theamericancollege.edu>