



Industry Case Studies

Insurance Industry General Agents

Challenge: A mutually owned financial protection, accumulation, and income management company sought to improve their selection process for General Agents. General Agents are the primary decision makers for their own agency and include chief executive officers, business owners, and managing partners. They are responsible for new agent recruiting, marketing, training and development, and agency financial management.

Solution: Hogan conducted a criterion-related validation study to identify high performing General Agents. Hogan administered the Hogan Personality Inventory (HPI) to 50 General Agent job incumbents. The HPI is the industry standard in measuring key personality characteristics essential for job success. Hogan obtained objective performance data for each incumbent (e.g., Life, Annuities, and Disabilities data (LAD), and First Year Commission data). Hogan used this data to evaluate validity evidence from various sources in order to determine if personality measures are associated with effective General Agent job performance.

Result: Results revealed that successful General Agents remain calm under stress and pressure (moderate Adjustment); take initiative and are competitive (high Ambition); seem perceptive and considerate (high Interpersonal Sensitivity); are planful and organized (moderate Prudence); and appear outgoing and dynamic (high Sociability).

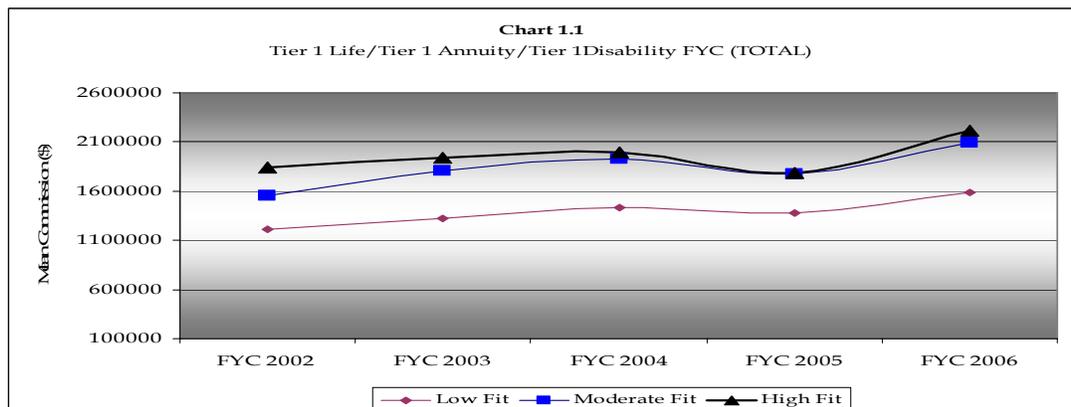
Hogan's review of LAD sales performance data showed a positive trend, where increases in performance occurred as profile fit improved. Specifically:

General Agents not fitting the profile averaged \$459,812 LAD

General Agents meeting the Moderate fit profile averaged \$595,724 LAD (\$135,000 more)

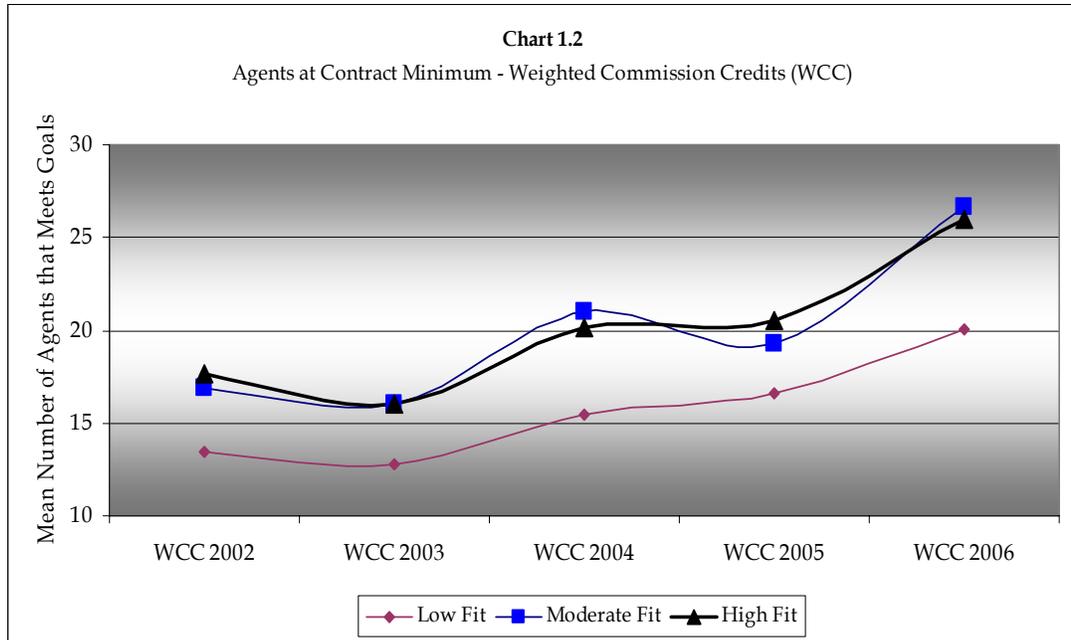
General Agents meeting the High Fit profile averaged \$671,364 LAD (\$75,000 more)

As seen in Chart 1.1 below, General Agents meeting the profile had higher total first year commissions compared to those in the low fit group. This trend was consistent across all five years worth of data provided.

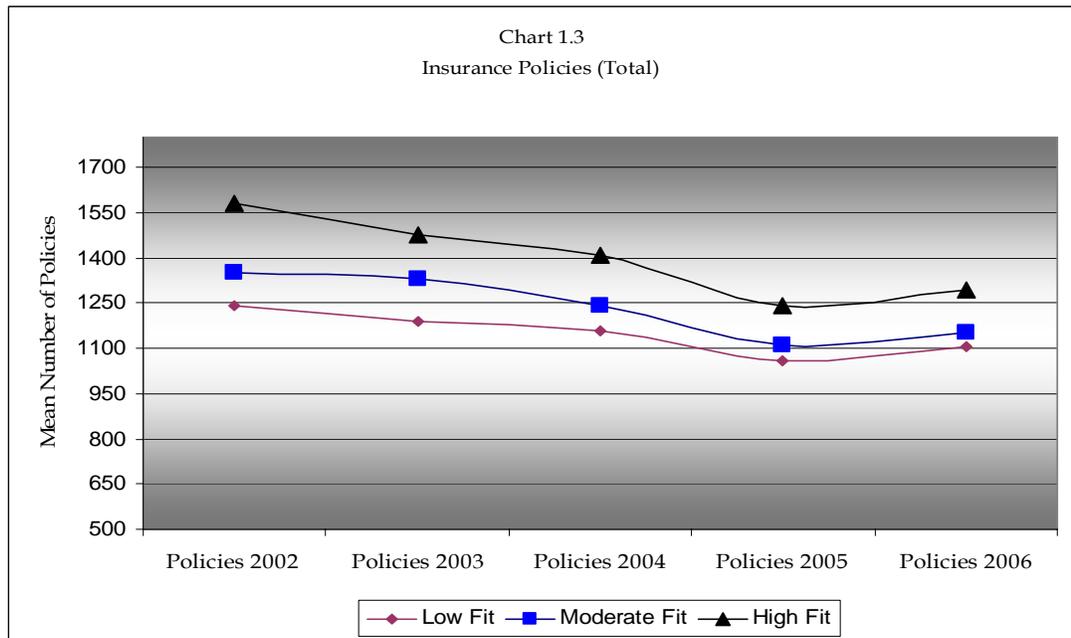




Hogan also examined goal achievement, which revealed that a larger number of General Agents in the high and moderate fit groups consistently met their goals compared to those in the low fit group, as seen in Chart 1.2.



As seen in Chart 1.3, General Agents who met the profile produced a higher number of total policies compared to the low fit group. This trend was consistent across all five years worth of data provided. The profiles show strong differences between the moderate and high fit groups.





Findings also showed incumbents who met the Hogan profile were higher performers in several areas including:

- Hogan examined first year commissions with the Life component broken out separately. We found that General Agents in the high and moderate fit groups continued to average higher first year commissions compared to those in the low fit group. This trend was consistent across all five years worth of data provided.
- Both the high and moderate fit groups employed a larger number of producers in their agencies compared to those in the low fit group.
- When Hogan examined retention, General Agents in the high and moderate fit groups were retaining employees for at least 1 year and doing so at a higher rate than the low fit group. Across four years, each group had turnover rates that were consistent with the industry standard (10-12%).
- When examining the number of agents employed during the first four years, there has been limited growth for the high and moderate groups, yet both maintained a larger number of agents compared to the low fit group.
- When looking at total LAD for the agency in the first 12 months, those in the high fit and moderate fit groups earned more LAD than General Agents in the low fit group from 2002 - 2005; more recently, the high fit group has been substantially higher on average than the other two groups.