

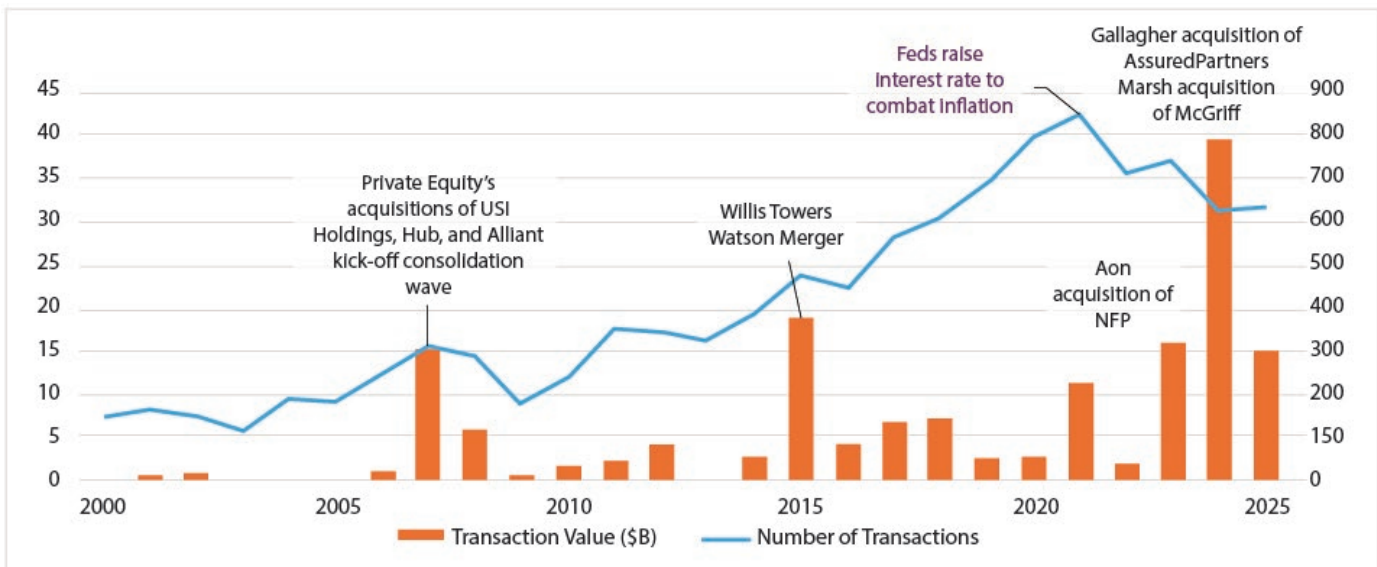


For U.S. mutual property/casualty insurers, distribution strategy is entering a new phase. After several years in which rate adequacy, underwriting actions, and reinsurance adjustments dominated management agendas, the market focus is shifting back toward profitable growth, retention, and efficiency. Craig Welsh, principal and founder of Stance Consulting, LLC, frames the issue clearly:

as rate and premium growth moderate, carriers will need to compete more aggressively for new business, maximize customer retention, and improve operational efficiency; the softening market will reveal which organizations are truly prepared to compete.

This matters acutely for mutual insurers because the independent agency channel, long a core strength for many regional and mutual carriers, is changing quickly. Agency consolidation remains one of the most visible shifts. There were approximately 623 insurance agency mergers in 2025. While down 12 percent from the prior year, it is still significant enough to keep consolidation as a defining structural force in distribution. Private-equity-backed and hybrid buyers accounted for roughly 70 percent to 75 percent of transactions while the number of active acquirers declined to fewer than 100 firms industry-wide.

M&A Activity in the U.S. Insurance Distribution Space

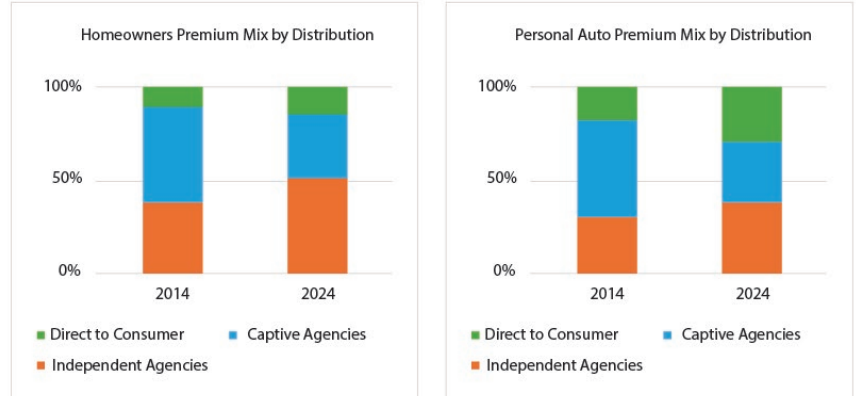


Source: Conning – 2025 Global Mergers & Acquisitions in the Insurance Industry

The result is not that local agencies are disappearing, but that influence is concentrating. The top five public brokers and private-equity-backed brokers increased their share of the U.S. brokerage market from 32 percent in 2014 to 50 percent in 2024. In commercial lines, the shift is even more pronounced; the top five public broker and PE-backed broker market share increased from 51 percent in 2014 to 75 percent in 2024. For mutual carriers, this means more premiums are flowing through fewer, larger, and more sophisticated distribution partners. These partners often have broader product suites, stronger analytics, centralized placement strategies, and greater leverage in conversations around capacity, appetite, service, and compensation.

Personal lines distribution is also shifting. In homeowners, independent agency distribution increased by 13 percent points over a 10-year period. Direct-to-consumer distribution is also increasing. The same trend is happening in personal auto as well.

These changes reinforce that customers are becoming more comfortable with multiple access points; local agency relationships still matter, but digital comparison, direct engagement, and platform-based servicing are gaining relevance.



Source: Conning – 2025 Global Mergers & Acquisitions in the Insurance Industry

The 2025 Mutual Factor commercial buyer survey supports this shift in customer expectations. Forty-one percent of commercial insurance buyers said they prefer purchasing insurance online or via mobile app, 55 percent prefer to purchase directly from an insurance company, and 39 percent prefer a local agent. Yet mutual insurers continue to hold a strong position with buyers; 93 percent of survey respondents said they were likely to consider a mutual insurance company the next time they buy commercial insurance, compared to 84 percent for stock insurance companies. This creates an important strategic opening: mutuals can modernize distribution without abandoning the relationship-based model that has historically differentiated them.

For mutual insurers, the answer is not to choose between technology and relationships. It is to integrate both. Craig Welsh identifies three priorities:

- 1. Define the Distribution Strategy:** Evaluate the resilience of your current distribution force over a three- to five-year horizon. How is your agency force equipped to succeed in a softening market? What defining characteristics will separate successful agencies from the rest?
- 2. Modernize Management Capabilities:** Assess the tools and processes used to monitor the quality and capability of your agency partners. Are these systems capable of identifying the critical partners necessary to drive your long-term growth and operational objectives?
- 3. Quantify Success:** Establish KPIs that measure both immediate performance and long-term health. Leverage data-driven insights to manage the full life cycle of the relationship, ensuring you understand the primary drivers of agency engagement and mutual success.

These priorities are especially relevant in a softening market, where agencies will have more carrier options and where disciplined execution may separate carriers that gain profitable share from those that simply chase premium.

The most successful mutual carriers will likely be those that segment their distribution partners with greater precision. Larger broker platforms may require dedicated engagement models, broader appetite clarity, faster turnaround, and more sophisticated data sharing. Smaller and regional agencies may value consistency, local decision-making, underwriter access, claims responsiveness, and a carrier that remains committed to community-based business. Small and midsize accounts may be an area of particular opportunity, especially as scaled platforms and national carriers focus attention elsewhere. Mutual insurers can stand out by tailoring service models by segment, maintaining strong regional engagement, and delivering value beyond the policy transaction.

Distribution has always been important to mutual insurers, but it is increasingly becoming a strategic capability rather than a relationship management function. In the next phase of the market cycle, mutuals will need to know which agency partners can help them grow profitably, where they are overconcentrated, where they are underrepresented, and how their value proposition compares with larger national and stock competitors. Carriers that pair clear appetite, responsive service, data-driven agency management, and authentic local presence will be better positioned to protect retention, earn profitable new business, and remain relevant as distribution continues to consolidate.