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Where Have All the Agents Gone?

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In 2004, there were 161,955 independent agents in the United States, according to LIMRA International. But just three years later, that number had dropped by more than 11,000. With fewer agents, that means fewer policies being sold, not to mention less help for consumers who want to talk with a financial expert.

So, what's going on? And, more importantly, what can you do?

Agent population in peril

John Greene, president of agency distribution at Prudential, said the shrinking agent force is definitely of concern.

"There are less producers associated with our industry today than five years ago, or, frankly, any point in time," he said. "It's been shrinking for many years, and the theme is that this industry has an aging workforce that has not been offset by new agents."

Chad Nehring, a certified financial planner with Conceptual Financial Planning, has seen the lack of new talent firsthand. Nehring is in his late 30s, and when he goes to industry conferences, he said, he's often the youngest person there by at least a decade.

Nehring thinks a lot of the industry's retention problems -- the four-year retention rate hovers around 10 percent -- come from the lack of a definable career track for young agents.

"We don't say to new agents, 'For the first couple of years, you're going to learn the inside details from the ground up, then we'll pair you with an older agent, and then a couple years after that, we'll let you loose on your own,' " he said. "The expectation right now for a young agent right out of college is they'll start out on their own. We give them no training, and we expect them to be a super producer right away. I think that's unfair to that young agent."

But Nehring doesn't put the blame fully on the current population.

"The generation coming out has their expectations set way too high," he said. "They're told they're going to be a six-figure producer, and they don't understand the concept of taking it slow. They get frustrated after about 18 months and they leave. They're not making the money they thought they were going to make, they're realizing that this isn't a 40-hour a week career, and frankly I think a lot of them just don't want to work that hard."

Carriers stepping up to the challenge

After reviewing the trends in the producer workforce, the team at American General Life and Accident Insurance Company (AGLA) knew they had to make some changes to their recruitment efforts. They started by hosting a hiring drive, a cross-country tour designed to attract new recruits.

Traveling in a branded bus that carried many of the company's executives, the team visited 15 major cities in search of motivated individuals, said Scott German, AGLA's senior vice president and chief distribution officer. They strategically chose such high-traffic locations as the state fair, restaurants, and AGLA's local offices -- locations that allowed for plenty of social interaction.

"We're letting people get a glimpse into our company by putting a grassroots spin on it," German said.

To draw people to the hiring events, AGLA's team set up an independent website, and continues to advertise on local job boards and through their community offices.

Prudential has also ramped up its recruiting efforts; Greene said the company has focused more on diversity recruiting, Internet sources, and college visits.

They've also implemented a program through which new agents can try on an insurance career, working on a part-time basis to see if it's a good fit. The nearly 2-year-old Career Development Program seeks to increase the company's new-recruit retention rate -- which, like the industry average, is in the low teens.

"One of the reasons that producers fail is that they didn't have a rich enough job sampling prior to transitioning," Greene said. "You can tell them they'll have to make 200 calls before success, but until you pick up the phone, you don't know what that's like."

Prudential rolled out the part-time program as a way for candidates to "job sample" without leaving their current positions. Recruits are licensed as agents and given the chance to prospect and make sales -- all under supervision. And it's worked: Over the last year and nine months, Greene said, the company has seen a higher retention percentage among agents who came in through the program than those who entered the company through a more traditional route.

"It's only been [two years], so we're not claiming outright victory yet, but we're pretty excited about the outcome to date," he said.

An emphasis on mentoring

One of the things that frustrates Nehring most about the lack of a knowledgeable new-agent population is that, with few younger agents to pass the business on to, those in the older generation must prolong their careers. Ultimately, he said, they end up selling to a larger agency or a banking house because with such high turnover among the younger ranks, the more seasoned agents simply don't trust their successors.

"We need to get back into a role focused on mentoring just as much as sales," Nehring said. "We need to take some of these younger producers under our wing. We need to say, 'Yes, here's what you learned in school, and here's how to apply that to the customer.' "

Fortunately, many carriers agree.

AGLA's agent referral program has been quite successful, according to Terry Keiper, the carrier's senior vice president of consumer solutions and corporate communications.

"When an agent maintains high performance in their market, we offer them the opportunity to mentor new agents to assist us with that growth," Keiper said. "Every one of our local offices recruits heavily through specific plans, and our independent markets have some customized plans. Our field force is always very actively engaged."

Prudential's mentoring program, Gemini, allows an agent to bring in a mentee and develop them into a successor.

And even if agents aren't affiliated with a carrier that has a mentor program in place, they should be working with associations or on their own to develop relationships with young agents (See sidebar, "So You Want to be a Mentor?" for more information on how to get involved.)

"Agents have a wealth of knowledge, and they need to pass that on," Greene said.

In the carriers' court

Thanks to the individual companies' recruitment efforts, both AGLA and Prudential have seen higher numbers of new agents. According to Jim Mallon, president and CEO at AGLA, the life sales force at the company is up 20 percent. And Prudential's emphasis on growth has rewarded the company with slight bump in the last few years.

Nehring thinks many of the issues could be solved if carriers in general were more aware of what was really going on.

"It really is an agent mentoring issue, but I think the companies need to recognize that and need to provide a focus on mentoring agents," he said. "Unfortunately, I don't think they're focused on that as much as writing more business. But I can't really fault them for that; I just think they need to have a more street-level perception of what's happening out there."

So, You Want to Be a Mentor?

Mentoring is one of the best things you can do to help strengthen the agent population. You can pass on your years of knowledge, teach a new agent the tricks of the trade -- and you might even end up with a successor.

If you're interested in becoming a mentor but not sure where to start, you may want to take part in MDRT/GAMA International's mentoring program. You have to qualify for MDRT membership, but if you do, you'll have access to mentorship tools and the chance to develop a new agent's career to MDRT-level success.

You can also meet potential mentees at conferences, association events, or through insurance-industry groups on such social media sites as LinkedIn. And the National Association of Insurance and Financial Advisors has a Young Advisors Team (YAT), with local chapters that frequently seek out experienced advisors to pair with new agents in a mentoring relationship.

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