The growth lever carriers have been overlooking

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Distribution is riddled with friction—and that's taking a big toll on the independent agents who place roughly 60% of all P&C premium in the U.S.

Traditionally, an agent could service nearly all of their customers with three or four direct carrier relationships. Today, carrier appetite constantly shifts and without a way to check appetite in real time, agents do substantial work upfront, go through the full quoting process, and get declined.

Your best-matched agents find a solution to a difficult process: They just stop trying. The result is a diminished pool full of sub-par submissions that couldn't find a home anywhere else.

Aviad Pinkovezky, CEO of First Connect calls this dynamic "the adverse selection trap hidden inside a fragmented distribution system."

The solution, he argues, is to stop viewing distribution as individual transactions and treat it as a system with identifiable friction points. "Fixing distribution is not a tactical problem," Pinkovezky says. "It is the growth strategy, yet it is the most undercapitalized growth lever in the industry."

Broader view of distribution creates a competitive advantage

One of the most underappreciated problems costing carriers on both sides of the P&L is a lack of visibility into the market beyond their own book of business. Most carriers are heavily focused on measuring their own performance through metrics like conversion rates, loss ratios, and premium growth. Those numbers matter, but they only tell half the story. They don't show where agents are placing business elsewhere, how competitive dynamics are shifting across distribution channels, or where new growth opportunities are emerging.

First Connect's 2026 State of the Industry Report highlights the scope of the lack of visibility. Three-quarters **(75%)** of carriers don't use a third-party intelligence platform and 22% rate their visibility as poor or very poor. Blind spots include agent specialization **(29%)**, historical performance data across other carriers **(24%),** and line-of-business splits **(22%)**.

When carriers are unable to trace which distribution sources are performing poorly, the reaction is often to pull back broadly across all agents, including those delivering profitable business. “The carriers that pull ahead will be the ones that combine strong internal performance data with a broader view of agent behavior, competitive activity and emerging opportunities across the ecosystem,” says Pinkovezky.

From volume to value: why curated distribution wins

The traditional aggregator distribution model collects submissions from agents and passes them to carriers without vetting or optimization. Since aggregators make money on volume, there’s little incentive to ensure quality submissions.

A marketplace model changes that dynamic. By actively matching agents and carriers based on fit, value creation shifts from volumes to outcomes. Agents instantly see which carriers want their business and carriers are connected to agents aligned with their distribution goals.

It’s the difference between an open channel and a curated one. In a fit-based model carriers aren’t competing for attention in an undifferentiated agent pool but are only visible to agents whose books are better aligned to their appetite when those agents have a risk to place.

“The result is quality business at scale and a distribution model built to drive carrier profitably rather than just volume,” notes Pinkovezky.

Precision matching, instant access, profitable growth

A great match that takes weeks to act on is a lost opportunity. Instead, a marketplace removes friction at every stage of the agent’s journey, starting with discovery. Agents see carriers that are the right fit for their book of business, customer base, geography, identifying appetite nuances like exclusions and eligibility and begin writing quickly or even instantly.

The same efficiency occurs during placement. Agents identify which carriers have appetite for a specific risk, and quote and bind policies without having to manually login to a carrier’s portal.

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> CEO, First Connect

AI is driving the next wave of insurance growth

AI is changing distribution speed and precision, and agents are embracing those changes. More than half (53%) of agents are optimistic about AI and 35% are using AI in day-to-day operations.

In addition to connecting carriers with appetite-matched agents who deliver profitable business, AI also allows carriers to scale up or down overnight to manage cyclical surges and declines in demand.

AI can even create demand by empowering a wave of entrepreneurship in every corner of the market, and all those new businesses need insurance. “AI does not make insurance irrelevant,” says Pinkovezky. “AI expands the insurance market.”

Changing the value prop

The insurance industry has spent decades optimizing underwriting and claims while leaving distribution largely unchanged. But in a market where carrier appetite shifts constantly and agents have more options than ever, distribution has become a strategic differentiator.

The winners won't be the carriers with the largest distribution footprints. They will be the carriers that create the least friction, connect with the right agents at the right moment, and make it easy for agents to do business with them. In this new model, appetite finds the agent—not the other way around.

To download a copy of First Connect's 2026 State of the Industry Report, click here or visit firstconnectinsurance.com.

About First Connect

First Connect is a modern digital marketplace connecting independent agents with more than 150 insurance carriers through a platform that turns weeks of onboarding into minutes. Agents get immediate access to the markets they need and the tools to compete on a level playing field. Carriers get distribution that's profitable, scalable, and appetite-matched from day one. The administrative overhead that slows both sides of the relationship simply disappears.

For independent agencies, that means competing on talent and relationships instead of paperwork. For carriers, it means a distribution channel that performs. For policyholders, it means better pricing, more options, and faster service. It's insurance that works better for everyone.