



2006 Membership Survey Report

Prepared by:

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Introduction

As a new SIR member benefit, the SIR decided to conduct periodic member surveys on industry hot topics and research applications/techniques/activities. The objective in conducting such research is to allow members to hear from peers in the industry and to learn best practices. As a first endeavor, SIR distributed its first survey in April and May of 2006. SIR members were invited to participate in an online survey focusing on the how market research and competitive intelligence is conducted and distributed within their company, as well as focus on what participants view as the major challenges for the insurance industry in 2006. In total, over 80 research and competitive intelligence professionals participated in the survey, representing over 65 different companies.

While the majority of individuals participating reported working in the P&C industry, 22% of the participants stated their focus is on Life/Health products. (Exhibit A)

In addition, of the SIR members that participated in this survey, the majority focus much of their time and effort in gathering competitive intelligence (CI) for their company.

The following definitions were used in describing job functions for this survey.

Market Research (MR) - Considered primary (survey research, or customized research done with consumers), or secondary research.

Competitive intelligence (CI) - The collection and analysis of information regarding business competitors. CI may include information on your competitors' business practices, their strengths and weaknesses, sales results, etc. utilizing secondary and/or primary sources.

Risk Assessment (RA) - The use of primarily internal databases to test changes in business such as claims, pricing, amount of risk, etc.

In total, the most frequently mentioned job focus of the participants was gathering competitive intelligence. Seven out of 10 participants stated they have some responsibility for CI, whether it is just CI or combined with another function. (Exhibit B)

Exhibit A: Participant Product Focus

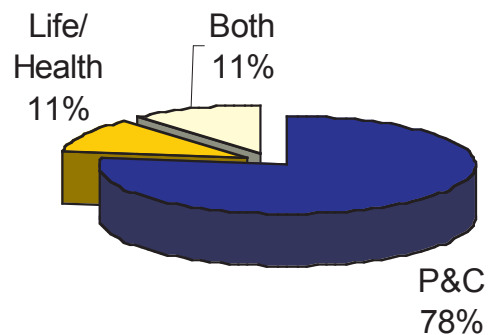
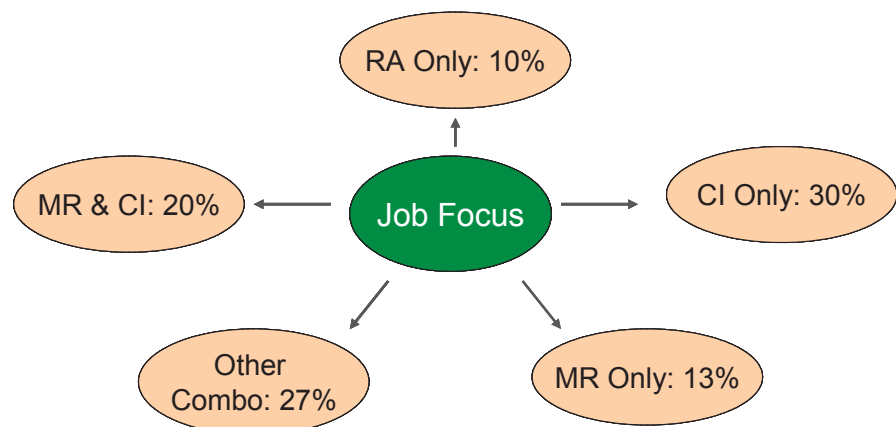


Exhibit B: Participant Job Focus



Market Research Members

In total, about 46% of the participants reported having some responsibility for conducting Market Research within their company. Over three fourths of these members have six or more years of experience.

Survey Methods:

In 2005, the members reported spending most of their time conducting primary research. (Exhibit C) Traditional focus groups, phone surveys and online quantitative research are the primary research methods used most often. Members reported spending 19% of their time conducting online quantitative research, while the time spent conducting focus groups (14%) and phone surveys (13%) was fairly equal. (Exhibit D)

It is interesting to note that online focus groups have yet to catch on. Currently only 1% of the members time is spent using this method.

Exhibit C: Time Spent Conducting Different Kinds of Market Research

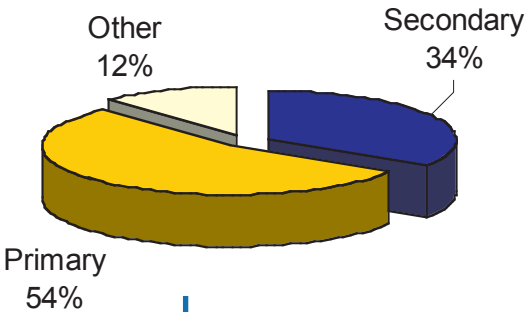


Exhibit D: Time Spent Conducting by Primary Research Methods

Primary Research Method	Average Time Spent Using
Online Quantitative	19%
Focus Groups (Traditional)	14%
Phone Surveys	13%
Mail	6%
Online Focus Groups	1%

When asked how they expect the use of the various methods to change, for nearly all the methods listed above, the majority of the participants felt they would continue to use the methods as frequently as they are currently. Online quantitative had the greatest percentage of participants say they would increase the use compared to the other survey methods. In fact, 22% of SIR members stated they felt this method would be used more frequently in the future.

Types of Research, Communicating Results and Outsourcing:

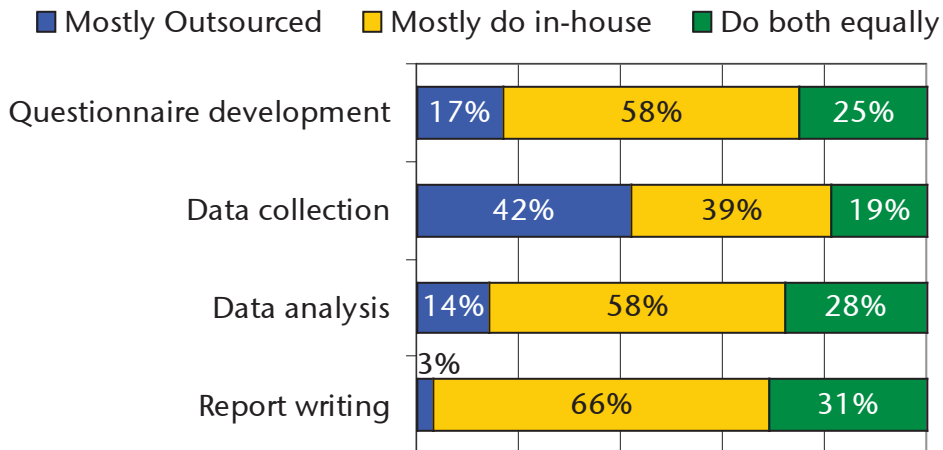
SIR members were asked what types of research they will be focusing on in the near future. In looking at the results, it appears that responses were fairly mixed. While 38% of the participants stated they will focus on gathering competitive intelligence, nearly as many stated they will be conducting product development research and/or market/customer segmentation research. (Exhibit E)

In looking at the different research steps, it appears as though the SIR members typically do most of the work in-house. Outsourcing is saved, primarily, for data collection while questionnaire development, data analysis and report writing is typically handled by internal resources. (Exhibit F)

Exhibit E: Types of Research Focusing on in 2006

	% of SIR Members
Competitive intelligence	38%
Consumer Attitudes	24%
Market/Customer Segmentation	32%
Customer Satisfaction	25%
Image/Brand Enhancement	16%
Product Development	32%
Other	7%

Exhibit F: Outsourcing Levels



As shown above, about two-thirds of the participants stated report writing is primarily done in-house. The two most frequent means of sharing the results internally includes conducting a formal presentation/meeting or emailing a summary report. (Exhibit G)

Exhibit G: Sharing Results Internally

	% of SIR Members
Formal presentation and/or meeting	40%
Email/distribute a summary of the report	36%
Email/distribute entire/full report	25%
Email/distribute a newsletter with key findings	11%
Other	6%

While most of the members expect the amount of outsourcing to remain the same, participants also acknowledge that one of their greatest challenges is trying to work with limited resources and a limited budget. (Exhibit H)

Exhibit H: Greatest Challenges

	% of SIR Members
Limited resources	30%
Limited budget	26%
Translating results into action plans	21%
Communicating findings with internal customers	11%
Staying current on different and new technology available for research	10%

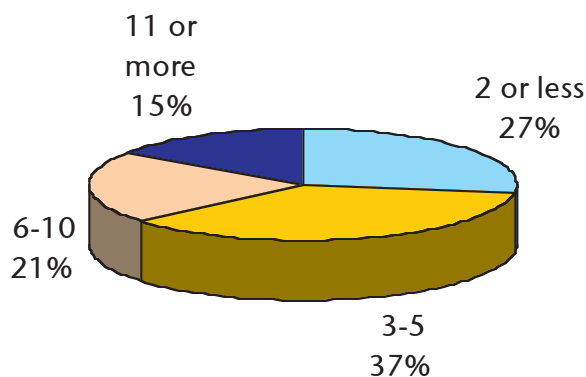
Research Department Structure (By participating company):

For most of the companies (56%) represented in this survey, the market research department reports to the Marketing department. A smaller percentage of companies (19% and 17% respectively) report to the product development department and to Senior/Executive Management.

While the smallest research department consists of one individual, the largest reported having 100 employees. (Exhibit I) For this company, the employees in their department focus on market research and risk assessment. Just over half of the companies represented in the survey stated they expect their staffing level to increase in 2006 but no company expected the number of staff to decrease.

As shown in Exhibit H, 26% of the respondents feel that one of their greatest challenges is completing the necessary research projects with a limited budget. For just over half of the companies represented in the survey, their research budget remained the same in 2006. Fortunately for 35% of the companies, their research budget increased in 2006.

Exhibit I: Market Research Department Staffing Levels



Competitive intelligence Members

In total, about 73% of the participants reported having some responsibility for gathering competitive intelligence for their company. Just over half of these members have six or more years of experience.

Sources of Data:

It is not surprising that the most frequently mentioned source of competitive intelligence (CI) is the Internet. In fact, about 65% of the participants stated the Internet is their main source of obtaining CI, followed by state insurance departments. (Exhibit J) The sales force and product management teams are also a critical component for information with about 56% of respondents listing these teams as a main source. "Other" sources mentioned include CI professionals from peer companies.

It is interesting to note that a companies' own media announcements are being used against them for CI as 32% of participants said they track such information through email news alerts.

Exhibit J: Main Sources of Data

	% of SIR Members
Internet	65%
State insurance departments	60%
Company sales force and/or product development team	56%
Trade publications	53%
Trade associations	37%
Email news alerts	32%
Primary research vendors	20%
Reinsurance company	14%
Other	14%

Reporting and Challenges:

Unlike with market research participants, the primary method of sharing CI data is by emailing/distributing a summary report. (Exhibit K) Slightly fewer (35%) share results by conducting a formal presentation and/or meeting in their company.

Exhibit K: Sharing Results Internally

	% of SIR Members
Email/distribute a summary of the report	48%
Formal presentation and/or meeting	35%
Email/distribute entire/full report	33%
Email/distribute a newsletter with key findings	27%
Other	10%

When CI professionals were asked about their biggest challenges, working with a limited number of resources was mentioned by nearly half of the respondents. (Exhibit L) Obtaining useful intelligence and translating the data into useful action plans were also mentioned as key challenges.

Exhibit L: Greatest Challenges

	% of SIR Members
Limited resources	48%
Obtaining useful intelligence	37%
Translating findings into action plans	33%
Limited budget	31%
Limited tools	26%

CI Department Structure (By participating company):

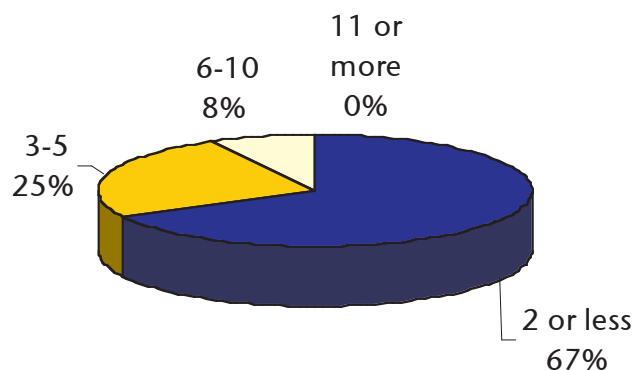
Unlike market research departments, the CI department is more diverse regarding who they report to. About a quarter of the companies represented in the survey stated their CI department reports directly to Senior/Executive Management. The next most frequently mentioned was the product department at 19%.

CI departments typically consist of a smaller staff than market research departments. None of the companies represented stated they have 11 or more staff members responsible for CI. (Exhibit M) In fact, the largest number of CI staff was 10.

While nearly three fourths of the companies represented do not plan to make changes to staffing levels this year, just over 20% stated they expect to add staff.

As with staffing, budgets remained the same in 2006 for most (71%) of the companies. Once again, however, there is a select few that are fortunate enough to get an increase in their budget, if only slightly. Approximately 26% of the companies represented stated their CI budgets have increased this year.

Exhibit M: CI Department Staffing Levels



The SIR would like to thank the following individuals for their assistance in completing the SIR's first Membership Survey..

SIR Research Committee Members

Peter Hooper of Guideline

Roz Metzger of UnumProvident

Denese Ross of AAA Insurance

SIR would also like to extend a special thank you to Robin Manoukian and Guideline for their web survey services. Without their assistance this project would not have been possible.



About SIR.....

The Society of Insurance Research was founded in 1970 to provide a forum for the free exchange of ideas in all areas of insurance research. It has expanded to marketing and planning, as well as research. The Society has since grown to include representation from many different organizations; insurance and non-insurance companies, government agencies, institutions of higher education, and trade associations. Members come from equally divergent areas: actuarial, agency, claims, consumer relations, corporate planning, education, financial planning, government relations, management consulting, information services, marketing and sales, modeling, operations, product development and analysis, reinsurance, risk management, statistical research and underwriting. Providing regular and valuable communications between these individuals and organizations is a major purpose of the Society.



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