



STARTING AN **INDEPENDENT INSURANCE AGENCY**

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While starting an insurance agency has its rewards, it also presents a significant struggle if you have little to no prior business experience. Building an insurance agency is similar to creating just about any other type of company; some steps must be followed. Agent Pipeline has put together a guide to help you get off on the right foot in starting your independent insurance agency.

Make sure to complete each step to its fullest to best position your business for success.

Build a Business Plan

The first step in starting an agency is to create a solid business plan. This will be your roadmap that guides every decision you make for your agency. This is where you will set goals, evaluate your available resources, and assess risks and any roadblocks you may encounter. Having a business plan also works to help you provide a clear image of what your company is to potential partners, employees, and banks when securing financing.

Determine Your Legal Structure

Choosing the legal structure for your business is one of the first decisions you'll make when you start your insurance agency. It is a crucial step that determines your liability as an owner. You may set your business up as a corporation or LLC; this protects your personal assets if the business cannot pay its debts because it would be considered a separate entity. If you set it up as a sole proprietorship, the owner is responsible for all the company's liabilities. There are several more legal structures and factors to consider, so we recommend talking to a lawyer or legal consultant to help you decide the legal structure that fits your needs.

Register Your Agency's Name

Your agency's name acts as the first impression for people discovering your business. You can get creative when choosing it, but you'll want to be memorable. Generally, something easy to remember, pronounce, and spell are best. Registering your agency's name reserves it so other businesses cannot claim and use it. Another benefit to registering your agency name is that it will let you know if your chosen name is already taken or not, allowing you to choose something else. You'll want to register with the state government, at the very least. If you want the best protection, you may consider a trademark on the name. If you are a sole proprietor, you can apply for a trade name or a "doing business as" name instead of your own name.



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Register Your Business for a Tax ID Number

As with most businesses, you'll need to pay taxes to the government in order to operate. To do so, you must apply for a federal employer identification number (FEIN). This is sort of like a social security number, but for businesses. You apply for this tax ID number with the IRS, and the only things you should need when applying are the name of your business, address, and SSN of the owner.

Register With Your State's Insurance Commissioner's Office

After procuring your tax ID number, you will need to register with your state's insurance commissioner's office. Along with your tax ID, the requirements for registering include signing a checklist that goes over your operating state's insurance regulations and a small fee.

Licensing and Permits

Depending on your location, you may be required to obtain some permits or licenses in order to operate legally. These permits and licenses can vary significantly between states and locations, so be sure to consult with any local agencies or a business expert to see what your requirements may be.

Purchase Insurance for Your Business

Knowing the importance of insurance, you should be sure to insure your own business. Even basic general liability insurance and errors and omissions insurance (E&O) are beneficial. These cover business-related risks like property damage and legal costs for negligence and error lawsuits. Anything more depends on your individual needs. If you use a company vehicle, you'll probably need auto insurance, and if you are renting or own a physical office, you'll want commercial property insurance.



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Build A Website

The digital age is in full swing, and most people look online to shop. This is no different when purchasing insurance. You'll need to have an online presence, starting with a website. Building a website yourself tends to be costly and time-consuming, so we recommend looking for a service that will make it for you. Using such a service often results in a more user-friendly website and less frustration on your side. With a website, your prospects can better understand your offerings no matter your operating hours and can be pre-screened with questions of your choosing, freeing up your agent's time to focus on closing deals instead of screening.

Develop a Marketing Plan

The digital age has also affected how we market to prospects. Social media marketing and content marketing have been highly effective in bringing in results. The reach can be several times that of traditional cold-call tactics while taking less time to execute. A digital marketing plan has become a necessary part in the success of modern insurance agencies.

Build Your Customer Base

The last step may seem obvious but must not be overlooked. A business must have customers to operate! Developing your lead generation strategy is essential. So, how do you attract and retain clients? The best thing you can do is communicate the value your agency has to offer them. What makes your business stand out, or how will you make their lives easier? Be helpful and educational, don't focus too heavily on the sale, or you'll come off as disingenuous. This develops trust and will ultimately build your book of business.

Still not sure how to start your independent insurance agency?

Contact the experts at Agent Pipeline for more guidance on how you can go about starting your agency. Call [800.962.4693](tel:800.962.4693) or visit us at agentpipeline.com today.

