Insurance Agency Business Plan and Operations Starter Kit

A working kit for independent insurance agencies. It turns account-years, average premiums and producer splits into agency commission retained, carries the producer split as its own line in every month, tracks conversations to bound accounts by lead source, finds cash break-even through a slow renewal month, and scores the plan on six pass-or-fail tests.

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BY KAMYAR SHAH · WORLD CONSULTING GROUP

PAGE 2

Start here

An agency can bind forty accounts in June and still miss payroll in January. Rent, the two account managers and the software go out every month, the carrier pays commission after the policy takes effect, and the producer keeps a share of it. This kit writes those numbers down and tests them before a lender asks.

WHAT IS INSIDE

3	Business plan, part one: services, coverages and lead sources, market area, producer splits
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15-17	An AI prompt that turns this kit into your own plan
18	The worked example's twelve-month cash forecast, filled in

HOW TO USE IT

1. Build account-year and fee sales on page 6 and costs on pages 5 and 8. Run the cash forecast on page 10, then score the plan on page 4. Draft pages 3 and 4 last.
2. Use pencil. Premiums, commission rates and splits move before a policy takes effect, and every worksheet expects your own figures.
3. Once you open, use the page 13 checklists on every renewal and the numbers review every week. Run the page 7 lapse check every month and update the page 9 pipeline after every quarter.

HOW THIS KIT WAS BUILT

- **AI tools helped create this kit.** Example figures are illustrative, not benchmarks.
- **The owner question** on page 3 is one of the insurance agency questions published at businessconsultant.services; the answer is general guidance, not a research finding.
- **The six questions** on page 13 were drafted by AI models from World Consulting Group desk research and challenged by a second AI model. None was measured in the field, so treat them as hypotheses to test, not findings.

SCOPE

This kit gives general operational information. It is not legal, tax, accounting, employment, premium handling or financial advice. Requirements vary by location. Review them with qualified professionals before you commit money.

PAGE 3

Business plan, part one

A lender will ask whether agency commission retained, after the producers are paid, covers the office, the two account managers and the loan through a slow renewal month. Answer in plain sentences here and draft full sections on separate sheets.

1. Executive summary (write it last)

Describe the agency, the market you serve, the money you need and what it buys, fit-out to first payroll; then give the month the page 6 forecast first clears cash break-even from page 8, and the page 4 result.

2. Services and coverages

Set out who you serve, households, small businesses or both, in which premium band, and what the client values beyond a policy: an agency that answers a claim call, a renewal review that happens before the date, a certificate issued the same day. Say it as your clients would, and list where the accounts come from.

3. Market area and book capacity

Map the area and premium bands you work. Count the accounts in force, the account-years each producer services a year and the account-years a month the book supports; the two account managers cap it.

4. Splits, fees and agency commission retained

List each producer split plan, the fee that goes with it and the agency commission retained per account-year it leaves. A split copied from another agency, with no retained commission behind it, is a guess.

SPLIT PLAN	SPLIT TO PRODUCER	FEE PER ACCOUNT-YEAR	AGENCY COMMISSION RETAINED PER ACCOUNT-YEAR

> *Owner question: how many accounts in force must the agency hold before renewal commission alone covers payroll, the loan payment and my market wage, and what happens to that number if the carrier cuts the rate by one point?*
>
> The first half: annual cash break-even of $561,828 ($46,819 a month times 12) divided by $577 of commission and fee sales an account-year is 974 accounts in force, 87.3 percent of the 1,116-account book. The second half: the carrier rate row on page 12, where the same $561,828 over the $529 an account then carries needs about 1,062 accounts at 10.5 percent.

PAGE 4

Business plan, part two

5. Operations

Describe an account from first conversation to renewal: the file, the application, the checklist and the commission statement. Name who handles a claim call when you are away. Requirements vary by location; review with a qualified professional.

6. Team

List every role, its hours and its pay, including a market wage for your own hours, and every producer's split plan. Name who can bind a policy without you; the first question on page 13 checks that dependency.

7. Marketing and sales

Explain where accounts come from, how a conversation becomes a bound account, and why clients stay.

8. Financials and funding

Attach pages 5, 6, 8 and 10 and the result below, with the money needed, its sources and runway.

DOES THE PLAN PASS? SCORE IT BEFORE ANYONE ELSE READS IT

TEST	PASS?
Gate 0. Draft producer agreements with split plans, insurance quotes, the lease, agency management and network costs, and the requirements that apply to an independent agency are in writing, reviewed by a qualified professional where needed.	
1. In the expected case, sales reach cash break-even at the month-12 run rate (page 8) and closing cash, payment timing included, holds your floor for 24 months (page 10).	
2. Slow start (tested share of sales, page 10): closing cash holds at or above your floor every month (if not, note the reserve that would hold it).	
3. Planning debt service coverage at full-run sales and at the month-12 run rate (page 8) meets your lender's ratio, on your lender's definition.	
4. Planned account-years fit what the book can service in the busiest month (page 6) and reach break-even (page 8).	
5. The renewal log backs the account count and the pipeline backs new accounts; conversations do not prove bound accounts.	
6. The full-run steady-state year (seasons in; not the forecast year) leaves net cash above zero after principal, before income tax set-aside, replacements and stock build-up; set aside its largest fall in running net cash, the year run twice.	

Not ready: Gate 0 fails. **Green:** Gate 0 and all six tests pass. **Amber:** Tests 1 and 3 pass, but Test 2, 4, 5 or 6 fails; fix the plan before you commit. **Red:** Test 1 or 3 fails, so change the plan before you commit money. Tests 1 and 3 score the plan as written; Test 2 is the slow start, and the page 12 what-ifs stress-test Tests 1, 3 and 6. Count a test without evidence as a fail. Result: _____

PAGE 5

Startup budget worksheet

Complete the estimate column first, then name the source for each line: a written quote from the carrier, the software vendor or the landlord, or a documented calculation. Agency budgets break on rent, software and network fees before the first account is bound, so leave no line blank without a reason.

LINE ITEM	INITIAL ESTIMATE	QUOTE OR SOURCE	APPROVED BUDGET	ACTUAL OR COMMITTED
OFFICE AND TECHNOLOGY				
Computers, phones, signage and workstations				
Agency management and rating software setup				
Brand, website and marketing templates				
SETUP AND OPENING COSTS				
Entity setup and onboarding				
Insurance down payment				
Office deposit and first month				
PRE-OPENING				
Recruiting events and pre-opening payroll				
Launch marketing and client events				
Office fit-out				
WORKING CAPITAL				
Working capital reserve (cash you open with)				
Contingency for overruns on the lines above				
Total				

Size the reserve in two passes: run the page 10 expected case with opening cash of zero (no reserve, no other cash), set the reserve to your floor, plus one more month of fixed costs and principal as a buffer, plus how far its lowest closing cash falls below zero (zero if it never does), rounded up to the next $100, then rerun. If the Test 6 cushion (page 4) is larger than that buffer, add the difference. If the setup runs over, the contingency pays first and the reserve second; then rerun page 11.

PAGE 6

Sales forecast builder

Every other number depends on sales, so build them from the book you can service and the conversations your lead sources produce, not from the overhead you need to cover. Count the accounts each producer services now; add your own book at the volume your relationships support.

```
Monthly sales for a line = units times average gross commission per account-year times days open in the month (or times 1 for units counted per month)
Days open in a month = days open per week times 52, divided by 12
```

SALES LINE	UNIT	UNITS PER DAY OR MONTH	AVERAGE GROSS COMMISSION PER ACCOUNT-YEAR	DAYS OPEN PER MONTH (OR 1 FOR MONTHLY UNITS)	MONTHLY SALES
Producer-serviced commission	account-years				
Owner-serviced commission	account-years				
Policy fees	account-years				

Full-run month

RAMP AND SEASONS

MONTH	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12
Ramp, % of full run												
Season, % of full-run month (M1 = opening month)												
Expected sales												

Expected sales for each month = full-run commission and fees times ramp (the share of full-run volume the book and the pipeline have reached) times season. Use 100 percent where a factor does not apply. Ramp and season are your assumptions; write down the evidence for each, such as accounts bound and renewals by month in your market; a policy that takes effect replaces its ramped figure that month.

CAPACITY CHECK

```
Account-years the book can service in a month = accounts in force divided by 12; producer account-years a month = accounts in force per producer times producers, divided by 12
```

Write how many accounts are in force, how many each producer services and how many account-years a month the two account managers can process for renewals, certificates and claims intake. Compare the account-years the plan needs in its busiest month with what the book can service. If the plan needs more account-years than the book holds, the plan is wrong, whatever the conversation count says. The /12 figure is the average monthly recognition. For Test 4, compare the busiest month's need, average account-years times the season percentage, with the annual book capacity; the plan passes if the year's total account-years does not exceed accounts in force.

PAGE 7

Commission and producer splits

Gross commission is what the carrier pays. Plan on what the producer split leaves.

```
Gross commission per account-year = average account premium times the carrier rate
Retained per account-year = gross commission times (1 minus the producer split)
Monthly retained = producer account-years times retained, plus owner at full gross, plus fees
```

WORKED EXAMPLE: ONE MONTH OF PLACEMENTS (ILLUSTRATIVE)

FIGURE	VALUE	HOW
Average account premium	$4,800	Stated
Carrier commission rate	11.5%	Stated
Gross commission per account-year	$552	Price times commission
Producer split	38%	Paid to the producer on producer account-years
Retained per account-year	$342	Gross commission times (1 minus split)
Policy fee per account-year	$25	Charged to the client
The agency keeps per account-year	$367	Agency commission retained plus the fee
Per-account reports passed through	$12	Per-account reports and certificate fees per account-year
Owner account-years a month	8	Full commission, no split
Producer account-years a month	85	1020 a year

The producer split is paid when the carrier pays and sits on page 8 line 17 as the producer line's own share: 38 percent of producer account-years, 0 on owner account-years and fees, with the sales blend (33.2 percent) printed in the page 11 worked example, and charged on page 10. Commission rates vary by carrier and market. Rules differ by state and locality; have a qualified professional review them. The page 11 example runs 85 producer account-years and 8 owner account-years a month at $552 each.

YOUR SPLITS AND AGENCY COMMISSION RETAINED

PRODUCER TIER OR PLAN	SPLIT TO PRODUCER	OTHER PRODUCER COST	POLICY FEE	UNITS A YEAR	RETAINED PER UNIT	RETAINED A YEAR

PAYMENT TERMS AND THE COLLECTION PATTERN

INCOME LINE	PAYMENT	SHARE OF BILLING	COLLECTED
Producer-serviced commission	The month after the policy takes effect	100%	the next month
Owner-serviced commission	The month after the policy takes effect	100%	the next month
Policy fees	The month after the policy takes effect	100%	the next month

For every $100 billed in a month, the example collects $100 the next month. Page 10 applies this pattern to every line.

LAPSE AND RENEWAL CHECK

An account-year is a promise, not income. Compare what stays in force with what is at risk, and log every lapse.

```
Expected placements = policies quoted times your issue rate; commission at risk = lapses times retained
per account-year. Count an account-year as income only when the carrier pays.
```

PAGE 8

Break-even and coverage

Use this one numbered cost list everywhere in the kit. Loan interest is a fixed cost here. Loan principal is not an operating cost: it enters cash break-even below and the cash forecast on page 10, so interest and principal are each counted once. A line that starts or steps up during year 1 goes in at its amount once in place; page 11 uses each month's amount. Payroll taxes on line 3 and every carrier or commission statement depend on where the agency operates. Requirements vary by location; review with a qualified professional.

FIXED COSTS PER MONTH	PER MONTH
1. Office rent	
2. Errors and omissions, business owners, workers compensation and cyber insurance	
3. Two account managers, salaried, with payroll taxes (the minimum staff)	
4. Owner's market wage (management, carrier and producer oversight)	
5. Loan interest (fit-out, technology and launch loan)	
6. Phones, internet, carrier download lines and memberships	
7. Marketing, website, content and bought leads	
8. Agency management system, rating, CRM and accounting software	
9. Bookkeeping, commission reconciliation and payroll service	
10. Producer recruiting, onboarding and training	
11. Office supplies, printing and client events	
12. Network or cluster fee, market access and rating subscriptions	
Total fixed costs	

VARIABLE COSTS AS A SHARE OF NET SALES	SHARE
13. Per-account reports and fees passed through (reports, certificates, postage)	
14. Variable support labor above the salaried account managers (overflow service and claim help)	
15. Payment and platform fees	
16. Client entertainment and carrier co-op per account	
17. Producer split on producer account-years (blended share of all sales)	
Total variable cost share	

```
Contribution margin ratio = 1 minus variable cost share; contribution = sales times the line's ratio
Operating break-even sales = fixed costs divided by contribution margin ratio
Cash break-even sales = (fixed costs with line 4 even if undrawn, plus principal and other recurring
cash out) divided by contribution margin ratio; page 12 covers a result with no usable number
Break-even producer account-years = (fixed costs, principal and other recurring cash out minus owner-
serviced and fee contribution) divided by one producer account-year's net contribution
Month-12 run rate = average monthly sales over a year at month 12's ramp and bookings, seasons applied
Planning debt service coverage (before income tax and replacements) = (full-run sales times contribution
margin ratio, minus fixed costs other than line 5) divided by (line 5 + principal)
```

RESULT	PER MONTH	PER WEEK	PER DAY OPEN
Operating break-even sales			
Cash break-even sales			
Break-even producer account-years (use cash break-even)	one figure per month		
Office share and debt service coverage at full-run sales		ratios, monthly only	

Weekly = monthly times 12 over 52; per day open = weekly over days open a week. Office share = line 1 over sales.

PAGE 9

Conversations, bind rates and renewals

One market, several kinds of lead. A referral from a client, a portal inquiry and a commercial introduction bind at very different rates, so track each source from first conversation to bound account, and track producer departures, because they decide whether the book's service capacity holds.

```
Review rate = reviews held divided by conversations; bind rate = accounts bound divided by reviews held
Conversations needed = new accounts you need divided by (review rate times bind rate)
Monthly lapse = (accounts lost in the quarter divided by 3) divided by accounts in force at the start of the quarter
```

If conversations, reviews held or accounts bound are zero, mark the affected rate and conversations needed as N/A; collect more records before using a rate.

WORKED EXAMPLE: ONE QUARTER OF CONVERSATIONS, BY LEAD SOURCE (ILLUSTRATIVE)

LEAD SOURCE	CONVERSATIONS	REVIEWS	ACCOUNTS BOUND	REVIEW RATE	BIND RATE	DAYS TO BIND	CONVERSATIONS FOR 32 ACCOUNTS FROM THIS SOURCE ALONE
Referral and center of influence	60	30	12	50%	40%	14 days	160
Online and carrier-quoted leads	240	48	12	20%	25%	30 days	640
Commercial referrals	40	20	8	50%	40%	40 days	160

The counts are illustrative and say nothing about why a referral binds when a portal lead does not; a quarter this small gives a direction, not a rate. These three sources bind 32 accounts a quarter, about 11 a month, against 1,116 accounts in force and 32 accounts lost a quarter, so the pipeline replaces what it loses before it adds growth. The worked example's ramp follows policy effective dates, not signatures, and reaches full run in month 12. In this example, losing 32 of 1,116 accounts over a quarter comes to about 1.0 percent a month, measured against the accounts in force at the start of the quarter, before any new accounts.

YOUR PIPELINE, BY LEAD SOURCE

LEAD SOURCE	CONVERSATIONS	REVIEWS	ACCOUNTS BOUND	REVIEW RATE	BIND RATE	DAYS TO BIND	CONVERSATIONS NEEDED

LAPSE AND RENEWAL LOG

CLIENT	RENEWAL MONTH	PREMIUM CHANGE	RENEWED OR LOST	REASON FOR ANY LAPSE, IN THE CLIENT'S WORDS

PAGE 10

Twelve-month cash forecast

Enter $000 (51.25 means $51,250), commission as the carrier pays it; anything the carrier withholds stays out of closing cash.

EXPECTED CASE ($000)	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12
Opening cash												
In: commission receipts, in the month each carrier payment lands												
Memo, not cash: billed this month (page 6)												
In: owner money and loans received												
Out: per-account costs, fees and carrier co-op (lines 13, 15, 16)												
Out: payroll, line 4 if drawn in cash (lines 3, 4, 14)												
Out: office rent (line 1)												
Out: producer split paid when the carrier pays (line 17)												
Out: other costs, with loan interest (lines 2, 5 to 12)												
Out: income tax set-aside, equipment replacement, stock build-up												
Out: loan principal												
Out: startup bills still to pay												
Net cash flow (in minus out)												
Closing cash, expected (your floor: _____)												
Actual closing cash, once open												
Memo: sales tax collected (not in closing cash)												
Memo: sales tax remitted												
Memo: tax owed = last month's + collected minus remitted												
Memo: receivables = last month's + billed minus collected												
SLOW-START CASE												
Sales receipts, slow start												
Out: variable costs, slow start (lines 13 to 17)												
Out: fixed, principal, bills, less funding												
Net cash flow, slow start												
Closing cash, slow start												

Month 1 opening cash is cash on day one, after startup spending is paid; each closing balance opens the next month; the slow start opens with the same cash. Your floor is your own figure, stated in the plan; the reserve adds one month of fixed costs and principal above it. The producer split is paid when the carrier pays; the account managers are paid in the month. For the slow start, test 70 percent of expected sales every month (a stress assumption, not a benchmark); fixed costs, principal and funding stay as expected, and variable lines fall with sales; line 14 holds only hours you would cut. The month either case first falls below the floor is your deadline. Then run a second year at the month-12 run rate and check the floor holds.

PAGE 11

Runway, and what a slow renewal month costs

Runway measures the months ahead in an unbroken run, from the last closed month (before opening, from the first day the office opens), until the first month whose closing cash passes below your floor

Worked example: a hypothetical agency

Figures for illustration only, not market benchmarks. Commission pays the month after the policy takes effect; the two account managers are on line 3 from the first month and the producer split is paid when the carrier pays. Cash floor $14,000. Commission lands in the month after the policy takes effect and the producer split goes out on the same schedule (page 7); per-account costs go out with each account-year; the owner takes the wage in cash; no new money comes in. The model prices commission income only and excludes premium collection and remittance; a real agency may hold premium in trust and remit it to carriers, which changes working capital and its timing. Requirements vary by location; review with a qualified professional.

Page 5, budget	Total startup budget $137,950, funded by a $68,000 loan (10.5 percent over 5 years) and $69,950 of owner money, including a $60,000 working capital reserve the forecast draws down as the book builds.
Page 8, costs	Fixed costs $28,352 a month, including $2,150 for office and $552 of loan interest; principal $910 a month (both year 1 averages); variable share 37.5 percent, so the contribution margin ratio is 0.625. Lines 13 to 17 take 2.1, 0.8, 0.4, 1 and 33.2 percent of sales. Lines 1 to 12 run $2,150, $250, $10,200, $8,700, $552, $850, $2,400, $850, $650, $600, $450 and $700 a month.
Page 8, break-even	Operating break-even about $45,363 a month. Cash break-even (fixed $28,352 plus principal $910, divided by 0.625) is about $46,819 a month: 71.6 account-years a month from producer-serviced commission after the other lines' contribution, so 72, against the 85 the plan assumes.
Page 6, sales	Producer-serviced commission: 85 account-years a month at $552. Owner-serviced commission: 8 account-years a month at $552. Policy fees: 93 account-years a month at $25. Full-run month about $53,661; policies ramp 15, 24, 34, 44, 54, 63, 71, 78, 85, 91, 96 percent in months 1 to 11, then 100 percent; season 92, 94, 99, 101, 104, 106, 104, 101, 100, 101, 97, 100 percent across months 1 to 12, applied to regular sales only.
Page 18, expected case	Month 1 gross commission and fees of $7,405; month 1 closes at $30,420, month 12 at minus $72,083. Cash falls below the floor in month 2 (closing $5,584) and below zero in month 3 (closing minus $16,368), so runway from opening is 1 month.
Page 18, slow start	At 70 percent of the planned account-years, month 1 gross commission and fees of $5,184; month 1 closes at $30,515, month 12 at minus $137,801. Cash falls below the floor in month 2 (closing $4,351) and below zero in month 3 (closing minus $19,794), so runway from opening is 1 month.
Page 8, coverage	At full-run gross commission and fees of $53,661, planning coverage before income tax and equipment replacement is 3.92 against the 1.25 the example lender asks for; at the month-12 run rate it is 3.91, and Test 3 needs both. Office share is about 4.0 percent.

THE PAGE 4 GRADE FOR THIS EXAMPLE: RED

Gate 0 is assumed met for the example. Test 1 fails: sales reach cash break-even in month 10, but cash falls below the floor in month 2. Test 2 fails: the slow start falls below the floor in month 2; about $151,900 of extra reserve would pass it. Test 3 passes on the planning formula, though your lender's definition controls. Test 4 passes: in the busiest full-run month (month 6, season 106 percent, scored at full ramp) the plan asks for about 99 account-years against the 1,116 accounts in force, which is 93 account-years a month at even recognition and about 99 at the seasonal peak, so the book carries it; the 93 planned account-years a month pass the break-even count. Test 5 fails for want of evidence. Test 6 passes: a full year at full run leaves about $50,978 after principal, with no full-run month below zero, so no cushion is needed. The steady state lies past year one, not in the forecast: page 18's first year loses about $132,083 in cash because policies bind through the year and carrier commissions arrive after the work. No income tax set-aside, equipment replacement or stock build-up enters this case (page 18); score a real agency on its own figures. Break-even takes most of the account-years in the plan, and a slow renewal month tests the reserve every year.

PAGE 12

What moves the result

Line 13 is a per-account cost; the printed percentage is only the base-case conversion, so hold the per-account amount fixed in what-ifs unless the owner says it changes.

Each row changes one input of the page 11 example and reruns the forecast, except where a row says its deadlines are not rerun. A row names Test 1, 3 or 6 when the change would newly fail or pass it; a test the example already fails stays failed. The last column also gives the slow start, which is Test 2.

WHAT MOVES THE RESULT (FULL-RUN MONTHLY CHANGES; DEADLINES RERUN; SLOW-START LOSSES SCALE WITH SALES)

CHANGE	MONTHLY CASH	CASH BREAK-EVEN AND DEADLINE
Account-years 10 percent lower (variable costs fall; fixed stay)	minus $3,354	Expected case deadline unchanged (month 2)
Producer-serviced commission: average gross commission per account-year 10 percent higher, same volume (only sales-linked fees rise)	plus $2,843	Break-even account-years fall from 71.6 to 64.8 a month, so from 72 to 65: per-unit costs stay the same, so the ratio falls from 0.625 to 0.623 on the new sales (sales-linked fees, lines 15, 16 and 17, take 39.4 percent of each added dollar); deadlines not rerun for this row
Fixed costs $1,000 lower	plus $1,000	Cash break-even falls to about $45,219
Carrier commission rate falls one point to 10.5 percent, same accounts (gross commission $552 to $504 an account-year; $4,464 a month less), from month 1 onward	minus $2,851	Expected case deadline unchanged (month 2); slow start deadline unchanged (month 2)
Carrier payment moves to two months (the split is paid when commission arrives; the bills still paid on time)	no change	Expected case deadline unchanged (month 2); slow start deadline unchanged (month 2)
Producer split rises 7 points (38 to 45 percent on producer account-years; about $3,284 a month at full run)	minus $3,284	Cash break-even rises to about $51,901; expected case deadline unchanged (month 2); slow start deadline unchanged (month 2)
The owner takes no wage for six months ($52,200 less fixed cost)	no change	Expected case below the floor in month 3 (closing $9,732), below zero in month 5; slow start below the floor in month 3 (closing $6,306)
Setup overrun of $10,000 beyond the contingency, taken from the reserve	no change	Expected case deadline unchanged (month 2); slow start deadline unchanged (month 2)
Opening 3 months late (office, insurance, loan interest and principal, $3,862 a month, paid while closed; no sales; the ramp starts at the new opening, and seasons stay on the calendar)	no change	Expected case below the floor in month 5 from the planned opening, below zero in month 5; slow start below the floor in month 5 from the planned opening (month 2 on time); about $30,700 more opening cash holds the expected case at the floor

WHEN A PAGE 8 FORMULA GIVES NO USABLE NUMBER

```
Contribution margin ratio zero or below: break-even is N/A; score Tests 1 and 6 as failed
One unit's contribution, or the count it is multiplied by, zero or below: break-even units are N/A;
score Test 4 as failed
Other lines already cover fixed costs and principal: break-even units are 0, never a negative number
No loan: coverage is N/A; score Test 3 as passed
```

PAGE 13

Renewal checklists, weekly review, six questions

Operations checklists only. Requirements vary by location, review them with a qualified professional before you adopt them.

WHEN A POLICY IS QUOTED

- ☐ Confirm the application, the coverage limits and the producer's split plan.
- ☐ Confirm the effective date, the carrier and any condition on the quote.
- ☐ Open the service checklist and assign an account manager.
- ☐ Record the account in the pipeline with its expected commission.
- ☐ Confirm every signed document is in the file.
- ☐ Note the client's contact preference and who handles a claim call.

BINDING, RENEWAL AND MONTH END

- ☐ Record the bound account and the retained commission on the effective date.
- ☐ Compare accounts bound with last quarter's pipeline and log every account lost.
- ☐ Review every file for the signed documents before the policy is issued.
- ☐ Update each producer's account-years, renewals and plan on the page 9 pipeline.
- ☐ Log the lead source, the reviews held and the accounts bound for the month.
- ☐ Ask every renewed client for a review and a referral within a week.

WEEKLY NUMBERS REVIEW

MEASURE	TARGET	THIS WEEK	LAST WEEK	VARIANCE TO TARGET
Account-years bound, gross commission, split paid and agency commission retained				
Renewals due, accounts lost and the reasons in the client's words				
Account-years bound by producer against each producer's yearly pace				
Producers joined, producers left and open recruiting conversations				
Conversations, reviews and accounts bound by lead source				
Agency commission expected to fund within 30 days				
Owner-serviced account-years and owner hours on carrier and producer oversight				

SIX QUESTIONS TO INVESTIGATE

1. **Founder dependency.** Does every new account wait on the owner to quote it, and do clients hold a claim question until the owner is free?
2. **Reactive operations.** Count the client messages in a week that say nobody called me back, my certificate is missing or when does my renewal arrive, and the renewals that slipped a month.
3. **Growth without structure.** How many renewals a month go out without a review, and how many accounts leave without anyone recording the reason?
4. **Talent and retention.** How much of the agency commission retained comes from two producers, and what happens to the plan if they take their books elsewhere?
5. **Revenue plateau.** How long does a new producer take to a first bound account, and what share of producers ever reach the pace the plan assumes?
6. **Strategic confusion.** Do producers on one split plan produce very different retained commission, and does the plan the producer is on still match the support the producer uses?

AI-assisted desk research, page 2. Check each against a record: the call log, the renewal register or the producer log.

PAGE 14

Your first 30 days

WHEN	DO THIS
Week 1	Start the weekly numbers review and log every account in force with its renewal month. Log the owner's own book.
Week 2	Fill the page 7 split table and mark any plan whose retained commission per account-year falls below the per-account costs.
Week 3	Set up the lead table on page 9 by source and record reviews held and accounts bound.
Week 4	Enter actual cash on page 10 and recalculate runway. Write the decisions an account manager may make without calling you.
After month 1	Run the lapse check on the renewal log and update the page 9 pipeline with the quarter's accounts bound.

BEFORE YOU SIGN A LEASE, GET WRITTEN ANSWERS TO THESE

- ☐ Will you have to sign a personal guarantee, how much does it cover, and when does it end?
- ☐ Which charges sit on top of base rent, such as common area, property tax and insurance, and how are they settled each year?
- ☐ What does the space need before you can open, and who pays to add or upgrade it?
- ☐ Does the landlord contribute to the build-out, when is that money paid, and must any of it be repaid if you leave early?
- ☐ When does rent start, at signing, at approval or at opening?
- ☐ Are there limits on operating hours, signage, parking, deliveries or the uses allowed in the space?
- ☐ What happens to the lease and the fixtures if you sell the business?

Have a qualified professional review the lease before you sign. These questions prepare you for that conversation; they do not replace it.

WHAT THE FULL KIT ADDS

The full Insurance Agency Business Plan and Operations Kit adds an editable business plan, a three-year financial model with profit and loss, cash flow and a debt schedule, a split-plan calculator from average premium and commission to agency commission retained per account-year, a renewal register and loss tracker, editable lead, producer and book trackers, renewal checklists and onboarding checklists. Release status is on the kit page.

SOURCES

Public sources. Agentero, 27 May 2026, and Smart Choice, undated agency guide, for the 30 to 90 percent producer split band; Agentero for statements paid the month after policies are written; Sales Cookie, for commission released by the collection event, not the booking. All accessed 2026-11-05.

World Consulting Group material. Origin of the questions: AI-assisted World Consulting Group desk research on independent insurance agencies, 2026, an internal working file that is not published, described on page 2; the questions are hypotheses and no figure in this kit comes from it. Insurance agencies owner questions, businessconsultant.services, 2026.

SCOPE AND DISCLAIMER

General information only. Not legal, tax, accounting, employment, premium handling or financial advice. Provided as is, without warranty. © 2026 World Consulting Group. Free diagnostic tool at businessconsultant.services. The site's privacy page explains what the diagnostic tool sends to an AI provider for analysis and the third-party analytics on the site.

About the author. Kamyar Shah is the founder of World Consulting Group and works as a fractional COO and CMO. He has more than 25 years of experience and more than 650 engagements across more than a dozen industries. Contact and the latest version: businessconsultant.services.

PAGE 15

Customize this kit with AI

Attach this PDF to ChatGPT, Claude or Gemini, paste the prompt below, and answer with your own numbers.

BEFORE YOU RELY ON THE ANSWER

Check every total with a calculator. An AI assistant can misread a file or slip on arithmetic, even when it runs code, so rerun every figure you will act on with the page formulas. Check your AI provider's data settings first, and never paste personal data, account numbers, passwords, customer-level records or anything an agreement restricts, such as client names, policy numbers or claim details, renewal terms, producer agreements or bank account details. Totals and rounded figures serve the arithmetic, though rounding does not make a record anonymous, and you can run the arithmetic on your own computer.

I am opening (or running) an independent insurance agency. I have attached the Insurance Agency Business Plan and Operations Starter Kit from businessconsultant.services. Help me turn it into my own plan for my accounts, account-years and producer splits, using my numbers only.

Follow these rules for the whole conversation:
1. Use only numbers I give you, or numbers you calculate from mine with the formulas below. Never invent a premium, a commission rate, a split, an account count, percentage or benchmark, and never state a rule about premium handling or producer agreements.
2. The numbers printed in the kit are worked examples. Never use them as my numbers, not even as a placeholder.
3. If a number you need is missing, ask me for it. If I ask you to estimate or use typical figures, write [NEED: ...] instead and tell me which quote, record or calculation will give me the real number. If I give you my own estimate, label it MY ESTIMATE.
4. Use these formulas exactly, and show your arithmetic for every number you calculate:
- Monthly sales for a sales line = account-years times gross commission per account-year (fees = account-years times the fee). Each month's expected sales = full-run commission and fees times ramp times season; a policy that takes effect replaces its ramped figure that month, never both; before opening, count expected accounts by month, each marked MY ESTIMATE until confirmed.
- Net sales exclude sales tax. Labor covers wages, payroll taxes and benefits, and a market wage for the owner's management time (line 4); the hours the owner puts in go in line 14 at a market wage, entered as those hours times that wage over full-run net sales. The cost of owner and staff labor hours counts as cash even if I skip my own pay, so the plan still holds when I step back from the work; only line 4 may go undrawn, and Tests 1 and 6 count it anyway.
- Contribution margin ratio = 1 minus variable cost share; a line's contribution = its sales times its own ratio. Operating break-even sales = fixed costs divided by contribution margin ratio. Cash break-even sales = (fixed costs with line 4 even if I do not draw it, plus monthly loan principal and any recurring other cash out) divided by contribution margin ratio; only the cash forecast drops an undrawn wage. A blended ratio holds only at its own sales mix: name that mix beside each break-even, and recompute from each line's own contribution when a what-if changes one line. Loan interest is fixed; principal is not an operating cost, so it never enters operating break-even or operating profit.
- Weekly = monthly times 12, divided by 52. Daily = weekly divided by days open per week.
- Break-even producer account-years = (fixed costs, principal and other recurring cash out minus owner-serviced and fee contribution) divided by one producer account-year's net contribution. If the other lines already cover fixed costs and principal, report 0 and say so; never report a negative break-even count. Account-years the book can service in a month = accounts in force divided by 12; producer account-years a month = accounts in force per producer times producers, divided by 12. The /12 figure is the average monthly recognition; for Test 4 compare average account-years times the season percentage with annual capacity, and pass only if the year's total does not exceed accounts in force.
- Office share = line 1 divided by net sales. Planning debt service coverage, before income tax and equipment replacement = (full-run sales times contribution margin ratio, minus fixed costs other than loan interest) divided by (loan interest + loan principal).
- Month-12 run rate = average monthly sales over a year at month 12's ramp and bookings, seasons applied (not month 12's own sales). Test 1 needs that rate at or above cash break-even and my floor held 24 months; Test 3, coverage at full run and at that rate.
- Test 6 = 12 months of (full-run sales minus their variable costs, minus full-run fixed costs, line 4 included, minus principal), seasons applied to every sales line but booked lines, which run in their own months, and seasonal fixed lines at each month's amount. The cushion to set aside = the largest fall in running net cash from a high to any later low, the year run twice so a dip can cross into month 1 (zero if it never falls).
- Full-run figures (break-even, coverage, floor) take a late-starting fixed line at its full amount, and a seasonal fixed line at its year average.
- For pages 7 and 9, use the formulas printed on those pages of the attached kit, exactly as written, with my own figures.
- Cash forecast: closing cash = opening cash + cash in minus cash out. Month 1 opening cash = cash on hand the first day the office opens, after startup spending. Place every receipt and payment (deposits, supplier invoices, startup bills, funding) in the month the cash moves. Income tax set-aside, equipment replacement and stock build-up go in their own row. Open month 1 with the cash I give. Enter commission in the month after the policy takes effect, pay the producer split on that same schedule, and pay the account managers, rent and fees in the month. A policy that is quoted is not income until it is bound and the carrier pays. In the slow-start case, every month's sales, policies bound included, are the tested share of expected sales; fixed costs, other cash out, principal, bills and funding stay as planned; all variable lines fall with sales, each figured from that month's slow-start sales, on the same payment timing as the expected case (line 14 holds only hours I would cut). Runway = the number of future months, from the latest closed month (before opening, from the first day the office opens), before closing cash falls below my cash floor.
(Continued on page 16.)

PAGE 16

The prompt, continued

Paste this part directly after the rules on page 15, as one message.

5. Do not give legal, tax, permit, disclosure, premium handling, employment, wage or lease advice. Do not name laws, permit types, agencies, government fees or wage rates for insurance work, even as examples. When my question touches these, write only "Review this with a qualified professional" and continue with the rest. You may record and use figures I give from my own records, such as my sales tax rate and when I remit it, without checking, interpreting or advising on them.
6. Do not quote statistics, studies or sources that are not in the kit. For the market and marketing sections, use only what I tell you, and list the local facts I should gather.
7. Work every total step by step and recheck it a second way. In the cash forecast, show the arithmetic for month 1, one later month and the year total; give plain numbers for the other months.
8. If a formula would divide by zero or a contribution margin is zero or below, write N/A, say why, and do not continue that calculation. If my lender defines coverage differently, show both results and label each. If cash never falls below my floor in the forecast, write the runway as more than 24 months; otherwise give the runway in months and, separately, the first month below it, counting year 2. With no loan, Test 3 passes. On page 9, if conversations, reviews held or accounts bound are zero, mark the affected rate and conversations needed as N/A and ask for more records.
9. Use business figures only, with anonymous client IDs. Do not ask for names, policy numbers, claim details, bank account or tax ID numbers.
10. Mark every output: Draft for my own planning. Not for a lender or investor until a qualified accountant has reviewed it.
11. If your full answer would be very long, deliver outputs 1 to 4 first, then stop and ask me to type "continue" for the rest.
12. Build the cash forecast month by month from the sales build, the cost lines, my payment terms and my opening cash; it does not need the inputs for pages 7 and 9. Each month: cash in = sales receipts plus money arriving; cash out = each variable cost, calculated from the sales that created it and placed in the month it is paid under my terms, plus fixed costs (lines 1 to 12, with line 4 only if I draw it in cash), plus loan principal, startup bills and other cash out. Loan interest is already in line 5; never add it again. Supplier payments follow the cost of what I sold plus any stock build-up I give; if I buy ahead or carry supplier balances, ask me for purchases and payments by month instead. If you can run code, do every calculation in code.

Step 1. Before you write anything else, ask me for the inputs below in three rounds, one message per round. Ask round A as one numbered list, then wait for my answers. When I answer, ask round B and wait; then round C and wait. Start Step 2 only after I answer round C.
Round A, sales, capacity and evidence:
a. Services, coverages and lead sources, market area and premium bands, the accounts in force and the account-years each producer services in a year, the accounts the two account managers carry, and days open per week.
b. Sales build: for producer account-years, the accounts in force, account-years each producer services a year, average account premium, the carrier commission rate and the split paid to producers; for owner account-years, the owner's own account-years a month; the policy fee per account-year; a ramp percentage of full-run volume for every month from 1 to 12 (ask me to confirm any month I leave out); a seasonal percentage for each month from accounts bound and renewals by month in my market; and the slow-start percentage I want to test (this kit sets a 70 percent stress test, a kit rule rather than my estimate; use it unless I give evidence for a higher share). Give counts at full run, with month 1 as my opening month. Give the evidence behind each count (site counts, comparables, signed orders or my history).
c. For the commission page (premium, commission rate, split, fee and account-years are in b above): any other cost in my producer plan, per-account pass-through costs, and my historic issue rate on bound policies.
Then wait for my answers.
Round B, costs, the startup budget and my lender:
d. Startup budget: an amount and its source (vendor quote, insurer quote, landlord quote or calculation) for each line on page 5, from computers to the working capital reserve and contingency.
e. Monthly fixed costs for lines 1 to 12 on page 8, including the two account managers, agency management and network fees, loan interest and my market wage; whether I draw that wage in cash; and my monthly loan principal. Give interest and principal as year 1 monthly averages for break-even and coverage, and, for the cash forecast, any payment, fixed line or other cash line that changes in months 1 to 24 (a payment holiday, a balloon payment, a rent step) with its month. My market wage pays for management time (line 4), and my own hours go in line 14 at a market wage; enter line 14 as those hours times that wage divided by full-run net sales.
f. Variable cost shares of net sales for lines 13 to 17: line 13, per-account reports and fees passed through (reports, certificates, postage), as the per-account cost and the base-case share of net sales; line 14, variable support labor above the salaried account managers (overflow service and claim help); line 15, payment and platform fees; line 16, client entertainment and carrier co-op per account; line 17, producer split on producer account-years (blended share of all sales); and any sales line whose own shares differ, given for that line.
g. For each lead source: conversations, reviews and accounts bound last quarter, and days from the first conversation to the policy date; accounts in force at the start of the quarter and accounts lost; the number of new accounts I need.
h. The debt service coverage ratio my lender requires and how the lender calculates it, if I know them.
Then wait for my answers.
(Continued on page 17.)

PAGE 17

The prompt, last part

Paste this part directly after the text on page 16, still as one message.

Round C, cash timing, sales tax, deposits and Gate 0:
i. Payment terms: when commission reaches the agency (the month after the policy takes effect, or later), when the producer split is paid out, and when the account managers, rent and fees are paid.
j. For every other cash line (payroll, card settlements, insurance, loan payments, rent and fixed bills), when it is paid, or confirm it is paid in the month it is incurred.
k. Monthly cash out beyond operating costs: income tax set-aside, equipment replacement, stock build-up and any recruiting bonus or draw.
l. Cash on hand on the first working day after all startup spending, startup bills still to pay by month, owner money or loans still to arrive by month, and my minimum cash floor.
m. If I am already open: what customers owe me and what I owe suppliers and staff, each by the month it will be paid, deposits I already hold, and sales tax already owed with its payment month.
n. Sales tax: the rate I collect on taxable sales, from the sales-tax number the agency holds, which sales lines (or what share of each) are taxable, and when I remit what I collect (each month, each quarter or another schedule), so the forecast holds collected tax apart until it is paid.
o. Gate 0: which agreements, quotes and approval requirements I already have in writing.
Then wait for my answers.

Step 2. When I answer, produce these as plain tables I can copy back into the kit:
1. Business plan sections 1 to 8 for my agency, drafted from my answers, with gaps marked [NEED: ...].
2. The sales build by producer account-years, owner account-years, fees and month, with annual sales and the capacity check from page 6.
3. The completed startup budget, line by line as on page 5, with the total. Size the reserve by the page 5 rule; if I gave another, show both and the result for each.
4. Operating and cash break-even per month, per week and per day open; break-even producer account-years (use cash break-even); office share and planning debt service coverage at full-run sales, labeled before income tax and equipment replacement, and on my lender's definition too if I gave it.
5. The 12-month cash forecast for the expected and slow-start cases, in thousands of dollars to two decimals (51.25 means $51,250) to match the kit, with, for each case, the first month below my cash floor and the first month below zero, and the runway; the second year's lowest closing cash (month 12's ramp and bookings held, each month with its own season, not a flat average); any extra reserve the slow start needs; and the Test 6 cushion, with whether the page 5 buffer covers it (add any excess to the reserve). Add memo rows for each month, kept out of closing cash: sales tax collected, remitted and owed at month end (last month's owed + collected minus remitted), and receivables (last month's + billed minus collected).
6. Agency commission retained per account-year and per month by producer plan, with the lapse exposure on bound policies.
7. Pipeline by lead source with conversations needed and monthly lapses.
8. The kit's page 4 check: Gate 0 and pass or fail for each of the six tests with the reason (if Gate 0 fails, the result is not ready), and the overall result: not ready if Gate 0 fails, with no color; otherwise green, amber or red under the page 4 rules.
9. A final checklist: every MY ESTIMATE figure, every [NEED: ...] gap, every account count, split or payment term I should verify, and every question that needs a qualified professional.

WHEN THE ANSWER COMES BACK

Copy each table into the matching kit page in pencil. Check every [NEED: ...] gap and MY ESTIMATE figure, starting with account-years by month, splits and book production, before anyone sees the plan, and recheck the page 4 result with a calculator.

The worked example's twelve-month forecast, filled in

The page 11 example entered on the page 10 form, month by month, in dollars. Parentheses mean minus. Each column adds up as printed, so a row can move by a dollar between months with the same sales; each closing balance becomes the next month's opening cash. Cash floor $14,000.

LINE ($)	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12
EXPECTED CASE												
Opening cash	**60,000**	**30,420**	**5,584**	**(16,368)**	**(34,590)**	**(49,218)**	**(59,890)**	**(66,918)**	**(71,530)**	**(74,514)**	**(75,428)**	**(73,893)**
In: sales receipts	0	7,405	12,106	18,062	23,847	30,136	35,835	39,623	42,274	45,612	49,320	49,969
In: owner money and loans received	0	0	0	0	0	0	0	0	0	0	0	0
Out: per-account costs, fees and carrier co-op (lines 13, 15, 16)	259	424	632	835	1,055	1,254	1,387	1,480	1,596	1,726	1,749	1,878
Out: payroll, line 4 if drawn in cash (lines 3, 4, 14)	18,959	18,996	19,045	19,090	19,141	19,187	19,217	19,238	19,265	19,295	19,300	19,329
Out: office rent (line 1)	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150
Out: producer split paid when the carrier pays (line 17)	0	2,459	4,019	5,997	7,917	10,005	11,897	13,155	14,035	15,143	16,374	16,590
Out: other costs, with loan interest (lines 2, 5 to 12)	7,302	7,302	7,302	7,302	7,302	7,302	7,302	7,302	7,302	7,302	7,302	7,302
Out: income tax set-aside, equipment replacement, stock build-up (none in the example; see below)	0	0	0	0	0	0	0	0	0	0	0	0
Out: loan principal	910	910	910	910	910	910	910	910	910	910	910	910
Out: startup bills still to pay	0	0	0	0	0	0	0	0	0	0	0	0
Net cash flow (in minus out)	**(29,580)**	**(24,836)**	**(21,952)**	**(18,222)**	**(14,628)**	**(10,672)**	**(7,028)**	**(4,612)**	**(2,984)**	**(914)**	**1,535**	**1,810**
Closing cash, expected	**30,420**	**5,584**	**(16,368)**	**(34,590)**	**(49,218)**	**(59,890)**	**(66,918)**	**(71,530)**	**(74,514)**	**(75,428)**	**(73,893)**	**(72,083)**
SLOW-START CASE (70 PERCENT OF EXPECTED SALES IN EVERY MONTH)												
Opening cash, slow start	**60,000**	**30,515**	**4,351**	**(19,794)**	**(41,327)**	**(60,346)**	**(76,595)**	**(90,293)**	**(102,300)**	**(113,167)**	**(122,586)**	**(130,290)**
Sales receipts, slow start	0	5,184	8,474	12,644	16,693	21,095	25,084	27,736	29,592	31,928	34,524	34,978
Out: variable costs, slow start (lines 13 to 17)	223	2,086	3,357	4,915	6,450	8,082	9,520	10,481	11,197	12,085	12,966	13,227
Out: fixed costs (lines 1 to 12), principal, bills, less funding	29,262	29,262	29,262	29,262	29,262	29,262	29,262	29,262	29,262	29,262	29,262	29,262
Net cash flow, slow start	**(29,485)**	**(26,164)**	**(24,145)**	**(21,533)**	**(19,019)**	**(16,249)**	**(13,698)**	**(12,007)**	**(10,867)**	**(9,419)**	**(7,704)**	**(7,511)**
Closing cash, slow start	**30,515**	**4,351**	**(19,794)**	**(41,327)**	**(60,346)**	**(76,595)**	**(90,293)**	**(102,300)**	**(113,167)**	**(122,586)**	**(130,290)**	**(137,801)**
STEADY-STATE YEAR FOR TEST 6 (RAMP DONE, SEASONS IN; NOT THE FORECAST YEAR)												
Net cash flow, steady-state year	**1,593**	**2,264**	**3,941**	**4,612**	**5,618**	**6,288**	**5,618**	**4,612**	**4,276**	**4,612**	**3,270**	**4,276**

Reading this forecast. It is in whole dollars, rounded so each column adds up, so a row can differ by $1 between like months; the page 10 form uses thousands. The floor is cash you never plan to spend. The page 5 buffer holds one more month of fixed costs and principal above it, so a small miss spends the buffer, not the floor. The example uses a $60,000 opening reserve, which is not large enough to satisfy the page 5 two-pass rule; that is why the expected case breaches the floor in month 2. The example sets aside no income tax (it depends on the owner's whole return, so take the figure from your accountant), replaces no equipment in its first two years and builds no stock beyond the opening stock in the startup budget; enter your own amounts. Second year at the month-12 run rate (about $53,616 a month, against month 12's own $53,661): closing cash runs minus $67,622 in month 1 and minus $21,105 in month 12, lowest minus $67,622 in month 1, below the floor. Sales are net of sales tax, and the example pays each month's tax in the month it is collected, so it owes none at any month end; enter your own rate and payment timing in the page 10 memo rows. If you borrow the reserve, add its interest and principal to the forecast and run both passes again. The slow start lets variable costs fall with sales, which is fair only because hours you cannot cut sit in line 3; waste or purchases you cannot cut make a real slow start worse.