BUSINESS STARTUP GUIDE AND WORKBOOK

Insurance Agent

A start guide for getting your own business off the ground.

Veteran's Strategic Solutions LLC — Business Model Series

Before You Read This

This guide works anywhere in the United States. Dollar figures are estimates from public sources, not quotes. Insurance licensing is state by state and the rules change — verify yours with your state department of insurance. Wherever there is a blank line, write in your own answer.

What this business actually is

You help somebody buy protection they hope never to use, and you get paid a percentage of it every year for as long as they keep it.

That last part is the whole business. A policy you write this year pays you again next year, and the year after, without you doing anything further. You are not selling a product. You are building an income stream that compounds.

What this is not: a job with a paycheck. The first six months are close to unpaid, and Part 5 is about surviving them.

READ THIS FIRST

Read This First — the Two Hurdles Are Not What People Think

Getting licensed is the easy part. Twenty to forty hours of pre-licensing education in most states, an exam costing $40 to $150, and a background check. No state requires a college degree. You can be licensed in weeks for a few hundred dollars.

Getting appointed is the hard part.

A licence makes you eligible to sell insurance. It does not let you sell anything. Each insurance company must separately appoint you — review you, contract with you, and authorise you to write their policies and earn commission.

A new agent with no track record and no volume is not attractive to a carrier. That is the real barrier to this business, and Part 3 is about the standard way around it.

Honest gut check

- Can you go six months on savings? See Part 5. This is the question that decides it.
- Can you ask people for their business, repeatedly, and be told no? That is most of year one.
- Are you interested in the detail? Coverage, exclusions and limits are where you earn trust or lose it.
- Can you deliver bad news well? Your reputation is made at claim time, not at quote time.

What the odds actually are

About three out of four new businesses make it through their first year. About half are still running at five years. About one in three make it to ten.

Two honest caveats. Those numbers barely move by trade, and they count businesses with employees on a payroll, so a man working alone is largely not in them.

What is unusual about this business, in your favour: renewal income. Most businesses in this series start from zero every January. Here, if you keep your clients, you start each year with the previous year’s book already producing.

What is against you: the first year is the hardest of any business in this series, because you are doing full-time work for delayed and partial pay.

What separates the ones who last

- Surviving the cash gap. Most who quit, quit here.
- Owning your book. See Part 1. It is the difference between building an asset and building somebody else’s.
- Retention. Writing a policy is work. Keeping it is profit.
- Picking carriers on claims, not commission.

SNAPSHOT

Snapshot

Money to start	$1,200 to $3,800 via an aggregator · $25,000 to $60,000 fully independent with an office
Storefront needed	No. Many agents work from home
Skill gate	Licensing exam, then sales ability
Licence	State producer licence, plus carrier appointments
Time to first dollar	Licence in weeks. First commission 30 to 60 days after the first policy
Ongoing	Continuing education, E&O insurance

PART 1

Part 1 — Captive or Independent, and the Question Underneath It

Captive

You represent one insurance company.

- They provide training, marketing, brand recognition and often leads
- Compensation is usually a base salary or stipend plus commission
- Commission rates are lower, because the carrier is providing support
- Often a non-compete agreement
- The carrier typically owns the policies. If you leave, you usually cannot take your clients with you

Independent

You are appointed by multiple carriers and shop the market for each client.

- Higher commission rates
- You choose the carriers and the products
- No base salary. Nothing until you write business
- You own the “expirations” — your client list

The question underneath, and it is the one that matters

Who owns the book?

This is the biggest financial difference between the two models and most people entering the industry do not think about it until it is too late.

An independent agent’s book of business is a sellable asset, changing hands at roughly 2.0 to 3.5 times annual revenue in the current market. Ten years of writing policies produces something you can sell when you retire.

A captive agent who leaves after ten years may walk away with nothing but experience.

Ask the ownership question before you sign anything, and get the answer in the contract, not in conversation.

The other honest comparison

Captive is genuinely better for some people. If you have never sold anything, a base salary, real training and a recognised brand while you learn is worth a great deal — and plenty of successful independents started captive.

But there is a risk worth naming. During the hard insurance market of 2024 and 2025, many captive agents struggled because their single carrier stopped writing new business in certain states. When your one carrier pulls out of your market, a captive agent has nothing to sell. An independent moves the business to another carrier.

A reasonable path: start captive to learn, go independent to build. Just understand you will likely leave the book behind when you do.

My choice: captive / independent · Book ownership confirmed in writing: yes / no

PART 2

Part 2 — Getting Licensed

Step 1. Choose your lines

Line	What it is	Character
Property and casualty (P&C)	Auto, home, business	Faster sales cycle, high volume, strong renewals
Life and health	Life, health, Medicare, disability	Larger single commissions, longer cycle
Commercial lines	Business insurance	Larger commissions, more technical, longer relationships

Many agents eventually hold more than one, because representing multiple carriers usually means multiple product lines.

Where to start: personal lines P&C. Fast cycles, everybody needs it, and you learn the trade on small policies rather than on somebody's business.

Note: selling variable life insurance or variable annuities also requires securities licensing — typically the Securities Industry Essentials exam plus a Series 6 or Series 7 — because those products are regulated as securities as well as insurance.

Step 2. Pre-licensing education

Many states require 20 to 40 hours per line, usually available online and self-paced. $200 to $500.

Check licensing, zoning, and tax rules for your own city and state before starting.

Check your own state's current requirement rather than assuming. Even where it is not required, the course is good exam preparation.

Step 3. Pass the state exam

$40 to $150 per attempt — Pennsylvania around $53, New Jersey around $38 as published examples.

Step 4. Background check and fingerprinting

Step 5. Apply for the licence

$50 to $200. Expect anywhere from a few days to several weeks for issue.

Step 6. Continuing education

Ongoing requirement in every state. Budget for it annually, and budget more if you hold licences in multiple states.

Total licensing cost: roughly $300 to $850 for one line.

PART 3

Part 3 — The Appointment Problem, and Aggregators

You are licensed. You still cannot sell anything.

Carriers appoint agents individually, and they generally want production volume, experience, and sometimes an office. A brand-new solo agent is not what they are looking for.

State appointment fees run from nothing to more than $100 per appointment. Some carriers charge upfront; others deduct it from your commission.

The two routes to carrier access

Direct appointments. You contract with each carrier yourself. Works if you already know which carriers you want and can meet their production requirements alone. For a new agent, that is a high bar.

An aggregator, cluster or network. You join a group that already holds appointments with many carriers, and you write through them.

How aggregators work

- Often free to join — no franchise fee, no monthly payment, in some cases
- You get immediate access to carriers you could not get appointed with alone
- They eliminate appointment fees and reduce minimum premium pressure
- Often discounted technology and a management system
- The trade-off is a commission split, typically 80/20 to 90/10 in your favour

The recommendation

For a first-year agent, an aggregator is almost always the right answer.

Giving up 10 to 20 percent of commission on business you could not otherwise have written at all is not a cost. It is the price of being in business two years earlier.

The lower startup cost and faster market access usually more than compensate for the split in the first two to three years.

What to check in the agreement before signing

- Do you own your book? Ask it plainly and get it in writing. This is the whole question
- What happens if you leave? Can you take your clients, and on what terms
- What is the split, and does it improve with volume?
- Are there production minimums? Some have none; some do
- What technology is included and what costs extra?
- Are there exclusivity requirements?

If an aggregator will not put book ownership in writing, that answers the question.

PART 4

Part 4 — What It Actually Costs to Start

The lean route, via an aggregator

Pre-licensing course	$200 to $500
Exam	$40 to $150
Licence application	$50 to $200
E&O insurance	$400 to $1,500 a year
Aggregator	Often free
Basic technology, phone, website	$500 to $1,500
Total	Roughly $1,200 to $3,800

The full-independent route

$25,000 to $60,000 for an agency with a physical office, direct carrier appointments and a complete technology stack.

Both figures are real and they describe different businesses. If you see a startup number for this industry, check which one it means.

Errors and omissions insurance is not optional

E&O covers you when a client says you failed to advise them properly or placed the wrong coverage. In this business that is the claim that actually happens.

Most carriers and aggregators will require proof of it before appointing you.

Other setup

Sole proprietor or LLC. Filing fees $35 to $500 by state, about $132 average. Form the LLC.

EIN — free at irs.gov, five minutes.

Business bank account, separate from personal.

Taxes. Self-employment tax of 15.3% on net plus income tax. Quarterly if you expect to owe $1,000 or more federally — April 15, June 15, September 15, January 15. Set aside 25 to 30 percent of net.

One thing specific to commission income: nothing is withheld. Every dollar arrives gross. Move the tax portion into a separate account the day the commission lands or you will spend it.

PART 5

Part 5 — The Cash Flow Gap, Which Is the Real Test

This is the section that decides whether you make it, and most guides skip it.

The arithmetic

Your first commission cheque arrives 30 to 60 days after you write your first policy.

Your expenses start immediately.

And your first policy is not written on day one. Licensing takes weeks. Appointment takes weeks. Then you have to find somebody who will buy.

Realistically, three to five months between starting and meaningful money.

What experienced people in the industry say

The agents who succeed had six to twelve months of living expenses saved before they started prospecting.

That is not conservative advice. That is the observed difference between the ones who last and the ones who go back to a job in month five — usually not because they were bad at it, but because they ran out of runway before the renewals started.

My monthly living costs: $______ × 6 = $______ · What I have saved: $______

The part-time bridge, which is the sensible answer

You do not have to quit anything to start this.

- Get licensed while employed. Evenings and weekends, a few hundred dollars
- Join an aggregator with no production minimums. No quota pressure
- Write business on nights and weekends. Friends, family, referrals, your own renewals
- Let the book build
- Go full time when the side income covers 50 to 70 percent of your salary

This is the single best piece of advice in this guide. It removes the reason most new agents fail, and the renewal structure means the book keeps paying while you build it.

Why year two is different

Everything you wrote in year one renews in year two.

Year one you earn only what you write. Year two you earn what you write plus the renewals on last year’s book. Year three, plus two years of renewals.

That is why this business is brutal early and good later — and why quitting in month five wastes the entire investment.

PART 6

Part 6 — Choosing Carriers, and the Trap

A warning from inside the industry that new agents consistently get wrong:

> *Unusually high commission rates often indicate a carrier with poor customer service or bad claims handling.*

The reason is simple. A carrier that pays badly at claim time has to pay well at sale time, because otherwise nobody would place business with them.

And your reputation in this business is made at claim time.

You can quote beautifully, explain coverage perfectly and be the nicest person in town. If the carrier denies the claim or drags it out for four months, that client tells everybody about you — not about the carrier.

What to check before writing with a carrier

- Financial strength ratings from the independent rating agencies
- Customer satisfaction and complaint data. Your state department of insurance publishes complaint ratios
- Claims handling reputation. Ask other agents. They will tell you
- How they treat agents — commission timing, support, underwriting responsiveness
- Their appetite — what they actually want to write, so you stop wasting time submitting business they will decline

Place business with carriers you would put your own family with. It is a slower way to build and it is the only way the book survives.

PART 7

Part 7 — Finding Clients

Where new agents actually start

Your existing network. Everyone you know already buys insurance from somebody. You are not asking them to buy something new — you are asking to quote what they already pay for. That framing is the whole difference.

Referrals from existing clients. Ask at the point of sale, when they are happiest.

Referral partners who see the trigger events: realtors — every home purchase needs a policy · mortgage brokers · car dealers · contractors · accountants and financial advisers · attorneys handling estates and business formation.

Life events are the buying triggers: buying a home, having a child, starting a business, buying a vehicle, getting married, turning 65, a rate increase from their current carrier.

Small businesses in your town for commercial lines. Most are underinsured and were never properly reviewed.

The veteran angle

Military families move constantly, and every move is an insurance event — new state, new policies, sometimes a new carrier entirely. You understand PCS timelines, storage, vehicle shipment and what a household goods claim looks like.

Veterans, reservists, National Guard and military families are a real book, and one that most agents serve badly because they do not understand the life.

PART 8

Part 8 — Money Help for Veterans

VR&E, Chapter 31 — what is actually true.

The self-employment track is widely advertised as VA funding to start a business. The regulation requires that your service-connected disabilities be severe enough that self-employment is the only reasonably feasible career path for you. It is not a track you simply choose. In 2021, 162 veterans were in it out of more than 80,000 using VR&E overall.

The long-term services track is different and far more commonly used. It covers vocational school, technical certificates and trade programs with no tuition cap, and can cover certification exam fees.

The catch: VR&E is an employment program, not an education program. If a counselor determines you can reasonably obtain suitable work with the training you already have, it gets denied. Anything funded must sit inside an approved individualised employment plan developed with your counselor.

Apply with VA Form 28-1900 and put the question to your counselor. Do not plan around a yes.

Insurance licensing is a short vocational credential with a clear occupational outcome — a few hundred dollars and a few weeks. That profile fits the long-term services track well and it is worth asking about specifically. Ask about the exam fee too.

Free and reliable to everyone, no rating required: Small Business Development Centers, SCORE mentoring, Veterans Business Outreach Centers.

PART 9

Part 9 — The Three Places People Get Stuck, and How to Get Past Them

1. Running out of money in month five

You get licensed, you get appointed, you start writing — and the first commission arrives two months after the first policy, the volume is small, and the savings run out before the renewals begin.

Most people who leave this business leave here, and it is almost never because they were bad at it.

The fix: six to twelve months of living expenses before you start, or start part-time while employed and go full time when the side income covers half your salary. The part-time route removes the failure mode entirely.

2. Signing a contract without knowing who owns the book

The offer looks good — training, leads, a brand, maybe a base salary. Ten years later you leave and discover the clients were never yours.

The fix: ask “do I own my book of business?” before signing anything, and get the answer in the contract. An independent book sells for 2 to 3.5 times annual revenue. That is your retirement, and it is decided by a clause you sign in week one.

3. Chasing commission instead of claims performance

A carrier offering well above market commission looks like an easy decision, especially when money is tight in year one.

Then a client’s house burns down, the claim goes badly, and the person you have known for fifteen years tells everyone in town that you sold them the policy.

The fix: check financial ratings and your state’s complaint data before writing with anyone. Place business with carriers you would put your own family with.

None of these are reasons not to start. They are the three potholes in the road, and every one of them is avoidable if you know it is coming.

PART 10

Part 10 — Your First 90 Days

Days	What you do
1 to 10	Check your state’s current pre-licensing requirement. Decide P&C or life and health. Enrol.
11 to 35	Complete pre-licensing. Sit the exam. Fingerprints and background check.
36 to 45	Apply for the licence. Meanwhile, interview three aggregators. Ask each one who owns the book.
46 to 55	LLC, EIN, bank account, E&O insurance.
56 to 70	Join the aggregator. Get appointed. Learn the carriers’ appetites.
71 to 90	Quote everybody you know. Ask two realtors and one mortgage broker for a referral relationship.

The one number to track

Policies in force.

Not commission this month, not quotes issued, not revenue. How many active policies you have on the books.

It is the only number that measures the asset you are building, and it is the one that pays you next year whether or not you sell anything.

Track it monthly and never let it fall. A month where you wrote six policies and lost seven was a month you went backwards, no matter what the commission looked like.

Month 3: ______ · Month 6: ______ · Month 12: ______

After year one, add: retention rate. The percentage of policies that renew. Writing is work; keeping is profit, and a book with poor retention is a treadmill regardless of how much you sell.

Where this goes if it works

A solo book you run from home. A few hundred policies, renewing annually, no employees and no office. Genuinely good income for the hours once the book matures.

A niche. Military families, contractors, restaurants, trucking, one trade you know cold. Specialists get referred and get better retention.

Commercial lines focus. Larger accounts, larger commissions, deeper relationships, fewer clients.

An agency with producers. You stop selling and start recruiting and managing. Different business.

Sell the book. The endgame most agents never plan for and should. At 2 to 3.5 times annual revenue, a mature book is a retirement — but only if you owned it.

The one-page version, if you read nothing else

- The licence is easy. The carrier appointment is the real barrier.
- Licensing costs $300 to $850 and takes weeks. No degree required anywhere.
- Check your state’s current pre-licensing rule — several are changing.
- Ask “who owns the book?” before signing anything, and get it in writing. An owned book sells at 2 to 3.5 times annual revenue.
- Join an aggregator for your first years. Giving up 10 to 20 percent of commission beats not being appointed at all.
- E&O insurance $400 to $1,500 a year, and carriers will require it.
- First commission arrives 30 to 60 days after the first policy. Expenses start immediately.
- Have six to twelve months of living expenses — or start part-time and go full time at 50 to 70 percent replacement.
- High commission often signals bad claims handling. Check financial ratings and your state’s complaint data.
- Track policies in force, then retention. Writing is work; keeping is profit.

A last word

This is the only business in this series where the work you do in year one keeps paying you in year six. That is worth a great deal, and it is why the first year is as hard as it is.

Get licensed cheaply, join an aggregator, own your book, and build it part-time until it can carry you. Then let the renewals do the work you already did.

Startup Checklist

Use this checklist to turn the guide into a sequence of actions for your own market and circumstances.

Done	Startup action	Owner	Target date
■	Choose the business structure you will use.		
■	Get an EIN and open a separate business bank account.		
■	Check licensing, zoning, and tax rules for your own city and state before starting.		
■	Confirm insurance needs before accepting work or inventory.		
■	Complete the local market test described in the core guide.		
■	Build the startup budget and record actual costs.		
■	Set pricing using your own costs and required margin.		
■	Prepare customer terms, estimate and invoice forms.		
■	Launch outreach and record every lead and result.		

Equipment and Budget Worksheet

List only the tools, equipment, supplies, software and services required for the version of the business you plan to launch.

Item	Required or optional	Estimated cost	Actual cost	Supplier or source

Budget summary	Amount
Startup total	
Monthly fixed costs	
Working cash reserve	
Total funding needed	

Client Intake & Quote Comparison Template

Complete the fields with your own numbers for each prospective client. This replaces a generic materials-and-labor estimate sheet with the fields an insurance sale and its commission actually turn on.

Field	Details or calculation	Amount / value
Client name and contact		
Current or expiring carrier and policy		
Line(s) of business needed	Auto, home, life, health, commercial, etc.	
Coverage limits and deductibles requested		
Carriers and coverage compared	List each carrier quoted and its terms	
Recommended carrier and policy		
Annual premium quoted		
Commission rate and estimated first-year commission		
Estimated renewal commission (recurring)		
Policy effective date		
Renewal or review date		
Status	Quoted / bound / declined	

Invoice / Commission Statement Template

Use this for fee-based work or to record a commission statement received from a carrier or aggregator.

Business information	Customer / policyholder information
Business name:	Client name:
Address:	Carrier / aggregator:
Phone:	Policy or billing address:
Email:	Phone:
Tax ID:	Email:

Statement number	Statement date	Period covered	Policy / line of business

Description	Policy / quantity	Rate / commission %	Amount
Subtotal			
Adjustments / chargebacks			
Payments or advances			
Balance due			

Payment method and terms:

CLIENT / LEAD LOG

Client / Lead Log

Record every inquiry, quote, policy written and follow-up so the business can be managed from actual results.

Date	Lead or client	Source	Coverage need	Quoted	Status	Next action

Period	Leads	Quotes sent	Policies written	Commission	Follow-ups due

Compliance & CE-Credit Tracker

Check licensing, zoning, and tax rules for your own city and state before starting.

Review	Requirement or safety point from the core guide
■	This guide works anywhere in the United States. Dollar figures are estimates from public sources, not quotes. Insurance licensing is state by state and the rules change — verify yours with your state department of insurance. Wherever there is a blank line, write in your own answer.
■	A licence makes you eligible to sell insurance. It does not let you sell anything. Each insurance company must separately appoint you — review you, contract with you, and authorise you to write their policies and earn commission.
■	A new agent with no track record and no volume is not attractive to a carrier. That is the real barrier to this business, and Part 3 is about the standard way around it.
■	You represent one insurance company.
■	But there is a risk worth naming. During the hard insurance market of 2024 and 2025, many captive agents struggled because their single carrier stopped writing new business in certain states. When your one carrier pulls out of your market, a captive agent has nothing to sell. An independent moves the business to another carrier.
■	Note: selling variable life insurance or variable annuities also requires securities licensing — typically the Securities Industry Essentials exam plus a Series 6 or Series 7 — because those products are regulated as securities as well as insurance.
■	Check licensing, zoning, and tax rules for your own city and state before starting.
■	Taxes. Self-employment tax of 15.3% on net plus income tax. Quarterly if you expect to owe $1,000 or more federally — April 15, June 15, September 15, January 15. Set aside 25 to 30 percent of net.
■	One thing specific to commission income: nothing is withheld. Every dollar arrives gross. Move the tax portion into a separate account the day the commission lands or you will spend it.
■	Customer satisfaction and complaint data. Your state department of insurance publishes complaint ratios.
■	CE credits completed this cycle: ______ / ______ required. Cycle renewal date: ______
■	Agency or authority contacted: ____
■	Written confirmation or permit saved at: _____________________________________
■	Review date: __________________ Renewal or recheck date: __________________

Launch Readiness

Insurance Agent Guide

PLAN	**SET UP**	**PRICE**	**SELL**	**TRACK**

Use the worksheets in this guide to record your own numbers, decisions and results.