



SENIOR MARKETING
SPECIALISTS

AN INTEGRITY  COMPANY

SUCCESSION PLANNING: PREPARING FOR THE PROCESS OF A BUSINESS TRANSFER OR SALE



Schedule a
Consultation Today!

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Succession Planning for Your Agency

There are many unique pieces to the puzzle of business transfers. While each sale or transfer is different, there are some key items that usually are important to plan ahead for in every instance.

TOTAL COST OF YOUR BUSINESS

This should be revised regularly, including any outstanding debt.

IMPACT ON EMPLOYEES

Are there staff that will be leaving when you do? Staff you want to stay? You may want to “bonus out” the first group and provide a “stay bonus” (i.e. 50% more than a usual bonus) for the second.

CLIENT CARE PLAN

Think about how to inform clients of your departure. This should include a transition plan for introducing clients to your successor. It’s important to have little to no interruption in client care. Letters general work well for this.

MENTORSHIP FOR SUCCESSORS

It’s best to have two successors for each principal owner. Look for younger agents so they have a longer potential tenure at your agency. Be intentional about mentoring these successors, including bridging the relationships you’ve built over the years and passing them on.

YOUR GOALS

These will differ by owner and, with multiple owners, may involve some compromise. Be clear about what you want whether it be a certain amount of cash intake, continued involvement in agency decision making, or a distinct perpetuation of agency culture.





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Contracting With Carriers During a Book of Business Transfer

Now that the decision has been made to sell or transfer your business it's time to start working with each individual carrier to initiate the transfer. The biggest thing that many people don't know in advance is that depending on the carrier, level of preparedness, and the time of year, moving carrier contracts to a new owner or successor can take 6 months to 1.5 years.

Here are some other key items to note when working with carriers during a business transfer

- Every carrier's transfer process is different and regularly changes.
- Carrier business transfers happen immediately. You cannot preemptively appoint someone for the future with the carriers. It is important that your attorney, estate owner, and successor knows your plans.
- Incorporating your business makes this process easier. Some carriers may not have a succession process for agents contracted as an individual, meaning the agent is bound to the client/commissions for the life of the policy or agent and the block of business is not transferable.
- Having a successor who is licensed and appointed at time of death is necessary for some carriers.
- Most carriers that do not require certification will pay to the estate, so it is vital that you define who is the estate owner is in your will.
- Regardless of if you are selling or keeping your business until death, legal documentation is needed for any transfer. It's imperative to talk with your attorney about your plans.
- Not all carriers allow Agent of Record changes and/or commission assignment.



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Documents Needed When Selling a Book of Business

While each sale or transfer could be unique, in general the following forms and documents are required to complete the deal.

- A Bill of Sale signed by both the buyer and the seller.
- The buyer of the block of business must be an authorized signer on the checking account
- Complete and accurate client data, including carrier the current policy is active with
- A Letter of Intent Written for Each Individual Carrier
 - Must address downlines, commission renewals, and if you as an agent will continue to sell or if you are stepping away completely.
 - Be specific on the new principal and their current writing number with each carrier.
 - Include both yours and the successors signatures.
 - Some carriers may need a list of your clients to make the transfer.
- Specific documents and forms required by each individual carrier. Contact Senior Marketing Specialists for what is required by each carrier.



I am totally pleased with the process of the sale. The evaluation and actuarial assessment of the book of business was done very accurately and expertly by seasoned veterans of the insurance industry.

-Rich Carl

ARE YOU READY TO TAKE THE NEXT STEP AND TRANSITION OUT OF THE INDUSTRY?

By choosing to sell a business through our Acquisition Pathways program, you can feel confident that your clients are taken care of. Feel at ease that we'll manage your book of business with the same integrity you would and feel relaxed knowing you can enjoy retirement while we do the work.

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