



# FACT vs FICTION

## Working with a General Agent

**The truth is:** there are many misconceptions about General Agents and the role they play in our industry. Things as basic as why they exist, who they are, how they operate, how they are paid, or what advantages they offer brokers are unknown or misunderstood. At Flex, we want to set the record straight.



STATEMENT	FACT	FICTION
I will lose my commissions if I end my relationship with a General Agent		✓
If I work with a General Agency, my client relationships will be compromised.		✓
General Agents are an efficient and cost-effective way to represent a Carrier's plan, providing brokers with sales and service support.	✓	
Working with a General Agency costs brokers money in reduced commissions and bonus programs.		✓
The cost for a General Agent's services are passed on to the broker's client in fees and/or rates		✓
Brokerages of all sizes work with General Agencies.	✓	
Doing business with a General Agent results in operational efficiencies and savings in overhead expenses.	✓	
Brokers have a choice to work directly with the carrier or use a General Agency.	✓	
All General Agencies offer the same services		✓
All General Agencies work within all market segments		✓
Using a General Agent will allow me to spend more time and money focusing on marketing, generating additional sales opportunities.	✓	
Carriers are pushing brokers toward self-service models.	✓	
I should investigate how Flex can serve my brokerage as a General Agent role.	✓	



**The purpose of a General Agent:**

- ✓ Allows Carriers a cost-effective way to manage brokers’ sales and service needs.
- ✓ Provide innovative strategies through personalized consultation and client support.
- ✓ Offer simplified access to multiple carriers/products.
- ✓ Reduce brokers’ back-office overhead expenses.
- ✓ Help brokers streamline the management of their book of business.

Remember, the Broker represents the client - the General Agent represents the Carrier. While there are different types of arrangements, a "true" General Agent provides a wide range of services without any expenses to the broker or client. The broker owns their book of business, not the General Agent.

Other arrangements that exist offer a substantially reduced commission in exchange for assuming ownership of your client. To make a more informed decision for your brokerage, let’s review a comparison of the two arrangements:

"True" General Agent	"Revenue Sharing Brokerage" disguised as a General Agent
<p>The General Agent offers several Carrier options and products. The broker chooses what is best for the client and is free to choose which products and with whom they want to do business.</p> <p>The broker receives full compensation and bonus payments directly from the Carrier.</p> <p>If the broker parts ways with the General Agent, the broker remains tied to the client and will continue to receive full commissions.</p>	<p>Revenue Sharing Brokerages offer multiple Carriers and products. They assess the needs of your client and will split the commission with you for their services.</p> <p>The broker is generally paid from the Revenue Sharing Brokerage which allows them to maximize their bonus potential to make up for the split commissions.</p> <p>Earned commissions are split. At the Revenue Sharing Brokerage’s discretion, brokers with higher sales volumes may receive some portion of the bonuses offered by the Carriers.</p> <p>Because the Revenue Sharing Brokerage is the broker of record, you walk away from future commissions should you part ways.</p>
<p>The broker maintains the relationship with their clients. The General Agent’s client is the broker.</p>	<p>The Revenue Sharing Brokerage works directly with the client you’ve worked hard to cultivate. This could also jeopardize other product lines you’ve sold the client.</p>
<p>Using a General Agent does not reduce the broker’s commissions and bonuses, nor is the client’s premium affected by using a General Agent.</p> <p>General Agents have a vested interest in the success of the broker – the General Agent is an extension of the carrier and is compensated in the form of an override payment for the services they provide on behalf of the carrier to the broker. A broker is compensated the same whether writing business through a General Agent or directly with the carrier.</p>	<p>When a case is written with a Revenue Sharing Brokerage, the commissions are split. The Revenue Sharing Brokerage works directly with the client and becomes the owner of the relationship.</p>
<p>General Agents provide an array of services to brokers and brokerages of all sizes at no cost. As carriers are demanding more self-servicing, the natural progression is to rely on a trusted source for back-office support, reducing operating expenses and maximizing profits.</p>	<p>Revenue Sharing Brokerages reduce your income and become the broker of record, regardless of your brokerage’s size. Unlike a "True" General Agent, some of the services provided to the client are funded by the split in revenue.</p>



## Now that we've set the record straight, here are some other things you should know:

Flex is not only a true General Agent, but an aggregator. What is an aggregator?

**AGG-RE-GA-TOR** - a wholesale agency contracted by insurance Carriers to perform acts on behalf of brokers in the normal course of conducting business. An agency who promotes profitability and efficiency through packaging a wide range of products and services for brokers.

- ✓ Flex has been leading the way since 1988
- ✓ Flex delivers Complimentary services:
  - ✓ Easy-to-use quoting tool (ProducerPad) to requests quotes for the plans you feel are best suited to your clients' needs. You no longer need to spend a significant amount of time accessing multiple carrier systems for quotes
  - ✓ Easy-to-access enrollment materials
  - ✓ New business and installation services, creating timely and accurate enrollments
  - ✓ Benefit administration capabilities
  - ✓ Ongoing service support for all cases sold with Flex
  - ✓ Dedicated renewal support including market analyses and comprehensive renewal strategies
  - ✓ Consumer-Driven Account (CDA) offerings:
    - ✓ Flexible Spending Accounts (FSA)
    - ✓ Health Reimbursement Arrangements (HRA)
    - ✓ Health Savings Accounts (HSA) - (integrated partner with BCBS IL, MT, NM, OK, TX)
    - ✓ Commuter Plans
  - ✓ Compliance services:
    - ✓ Premium Only Plans (POP)
    - ✓ ERISA Wrap Documents
    - ✓ COBRA Administration
    - ✓ Compliancedashboard
    - ✓ Non-Discrimination testing
- ✓ FlexUniversity - on demand webinars, videos and Continuing Education (where available)

*The choice is yours. Why not opt for the most profitable, efficient solution for you and your client?*

Reach out to your Flex Sales Consultant to discuss how we can take some of the operational burdens off your shoulders, allowing more time for you to focus on sales opportunities.

## Learn more about what we can do for you at

[flexmarketplace.com](https://flexmarketplace.com)