Considerations for Agencies Contemplating an Aggregator Relationship

1. Management
    a. Who is managing the aggregator?
    b. Does the management philosophy align with yours?
    c. How much involvement or assistance will you receive from your new partners and how much do you desire?
    d. How independent do you want to remain, and how independent will you be able to be in your agency operations?
2. Insurance Carriers
    a. Do their markets fit your geographic footprint?
    b. What additional markets do you want to access? What additional opportunities do they present?
    c. What relationships would you be required to give up?
    d. What do the aggregator's carrier relationships look like?
    e. Is there stability with the carriers the aggregator has chosen? (Or are there book rolls, for example, that occur frequently?)
3. Financial Considerations
    a. Does the aggregator have a deferred interest in the value of your book or your agency?
    b. Does the aggregator's participation impact your ability to retire or perpetuate your agency?
    c. How will your incentive compensation be impacted by participation in the group?
4. Ownership of expirations
    a. Who owns all or part of your book?
    b. How does that ownership align with any contracts you may have with producers, managers or owners?
    c. What is the impact on business already written as well as future business?
    d. Is ownership of your book left intact but your actual realization of value compromised in some other way, such as the aggregator having a stated "economic interest" if you sell or leave the aggregator?
5. Exit strategy
    a. Is there a plan for termination of the agreement?
    b. How does the deal impact future mergers and acquisition that may come your way?
    c. How expensive is termination if you elect to pursue it, and how long will it take?
    d. How are your existing markets affected at termination of the aggregator agreement?
    e. Can you retain access to the markets you acquired through the aggregator if you or the aggregator elects to terminate?
    f. What has been the experience of others who have terminated?
    g. Is there a "first refusal" clause that may impair agency sale opportunities or value?
    h. What happens to incentive compensation on termination before the end of the year?
6. Perpetuation
    a. Does the agreement provide mandatory or optional perpetuation plans?
    b. Does it affect your plans for internal or external perpetuation?
    c. Does the aggregator have any rights at the time of sale or perpetuation of your agency?
    d. Is there a "first refusal" clause?
7. E&O considerations
    a. Do you carry your own errors and omissions coverage or is E&O carried on a group basis?

   b. How will your agency as well as producers be protected—in coverage, pricing and loss experience—when you are part of a larger group of agencies?
   c. Are you protected from potential liability of other agencies participating in the aggregator model?
8. Volume and quality commitments
   a. What are your volume commitments to carriers now, and under the aggregator deal?
   b. How will your loss ratios be impacted, currently and long term?
   c. Will you be penalized by the group if you have a higher-than-normal loss ratio with a carrier?
   d. If so, are you rewarded if you have an excellent loss ratio?
9. Compensation
   a. What will your firm ultimately receive in compensation, after commission splits and any other fees required to be paid?
   b. How does that relate to what you would get on your own? Can you sustain your business without it?
   c. What other support is provided, such as technology assistance, marketing support, and sales assistance?
10. Growth potential
    a. Will the aggregator model provide your firm more rapid growth?
    b. Do you have alternatives to growing, even if some present slower growth options? (Options could include independence, independence, online markets, wholesale/surplus lines markets, merger, etc.)
11. Customer service
    a. How will the aggregator arrangement impact client service?
    b. How will it impact your image in the community?
12. Brand
    a. Will you continue to operate under the current name of your agency?
    b. Are there any restrictions on your participation in Trusted Choice?
    c. In what ways, if any, can you leverage the model to your benefit in promoting your agency?
    d. Can the aggregator use your name (and that of your agency) to promote itself and attract others?
13. Employees
    a. How will the deal affect staff morale?
    b. Will your sales folks fit the profile of what the aggregator seeks?
    c. Will your education initiatives be impacted?
    d. How will compensation, policies and procedures change?
14. Services
    a. What services do you get for any fees you pay?
    b. Are you required to use aggregator services or is that ever optional?
15. Other Terms
    a. Are the "boilerplate" contract terms satisfactory? This can include a wide array of issues, such as dispute resolution, confidential treatment of proprietary information, notice clauses, governing law, indemnifications, procedures for amendments, assignment rights, etc.
    b. Are all rights and responsibilities clearly stated in the contract?
    c. Are you free to talk with others participating in the model for information about their experience?
16. Objectivity
    a. Overall, are you doing this for the right reason(s)?
    b. Are you being objective? Are you doing it for subjective reasons (e.g., it simply "feels good")? Or is your decision objective and supported by some professional advice?

Adapted from IIABA's Aggregator Guidebook Available IIABA's Virtual University