

The New Age of FMOs

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Field Marketing Organizations (FMOs) are one of the most misunderstood entities in the insurance industry. Many agents have a lot of questions about FMOs, especially regarding what they can do for them, what they do in general besides send contracting, and why they deserve to make money from their hard work. FMOs operate their businesses according to a range of different philosophies, so the answers to these questions vary. In this article, we will discuss the FMOs that have adopted a newer, more forward-thinking philosophy than most. These select FMOs believe in the importance of developing stronger partnerships with their agents.

Traditional FMOs contact agents to get them contracted with a new carrier and then seem to disappear until the next contracting opportunity presents itself. In these types of relationship, the FMOs accomplish contracting, but they don't really support their agents or provide the services necessary to help them grow their businesses. In contrast, the modern partnership philosophy is about much more than just getting agents contracted.

FMOs that view their relationships with their agents as true partnerships want to provide tools and services to assist them with all aspects of their businesses, including contracting, prospecting, commissions, and education. Many FMOs spend the majority of their resources on recruiting new agents and very few on helping their existing agents grow their businesses. The new paradigm is a complete reversal of resource allocation.

FMOs that believe in partnering with their agents are more likely to devote the majority of their resources to supporting existing agents and less to recruiting new ones. When choosing an FMO, you should look for those that invest 75% of their resources into their tools and services and 25% into recruiting new agents. If you've already chosen an FMO, a good question to ask yourself is, "What are they doing to help me grow my business?" There are many alternatives out there, and you may be missing out on huge opportunities!



To help you gain a better understanding of how FMOs partner with their agents, here are some frequently asked questions and answers.

1. ***If I use an FMO, will my commissions be reduced?***

No, FMOs use a hierarchy system. It allows them to offer the same commission level to general agents that they would receive directly from the carrier.

2. ***How does an FMO make money?***

FMOs receive compensation above the general agent level to perform a variety of functions, including recruiting, training, commission payments, application submission, etc.

3. ***Do I have to assign my commissions to an FMO if I go through them?***

In most cases, you would sign a direct contract with the carrier and get paid through them. There are some situations in which an FMO would want you to assign your commissions to them (for example, if they provided you with an office, leads, or appointments).

4. ***What happens to my commissions if I choose to leave my current FMO and go through another FMO or direct through a carrier?***

Since most contracts are between you and the carrier, you would continue to receive renewal commissions from the business you issued through the previous FMO. If you were contracted with a carrier that pays your commissions through the FMO, the contract between you and the FMO would be vested and you would continue to be paid your renewal commissions.

5. ***If the commissions are the same, why should I use an FMO and not go direct through a carrier?***

FMOs offer additional value that you may not receive from a carrier.

6. ***What services do FMOs offer agents?***

FMOs offer a wide range of benefits and services, including online tools, lead opportunities, training, and education.

7. ***How would an FMO describe the relationship between itself and its agents?***

The answer should be a partnership. An FMO's existence is dependent upon its agents, so it should provide more than a contract to an agent in order for it to be a true partnership.

8. ***Do I have to place all of my business through one FMO?***

No, you can contract with multiple FMOs for different products. Certainly, most FMOs would want you to contract with all carriers through them and some may offer additional benefits for doing so, but it is not required.