

FMO vs. IMO vs. MGA vs. GA: What's the Difference?

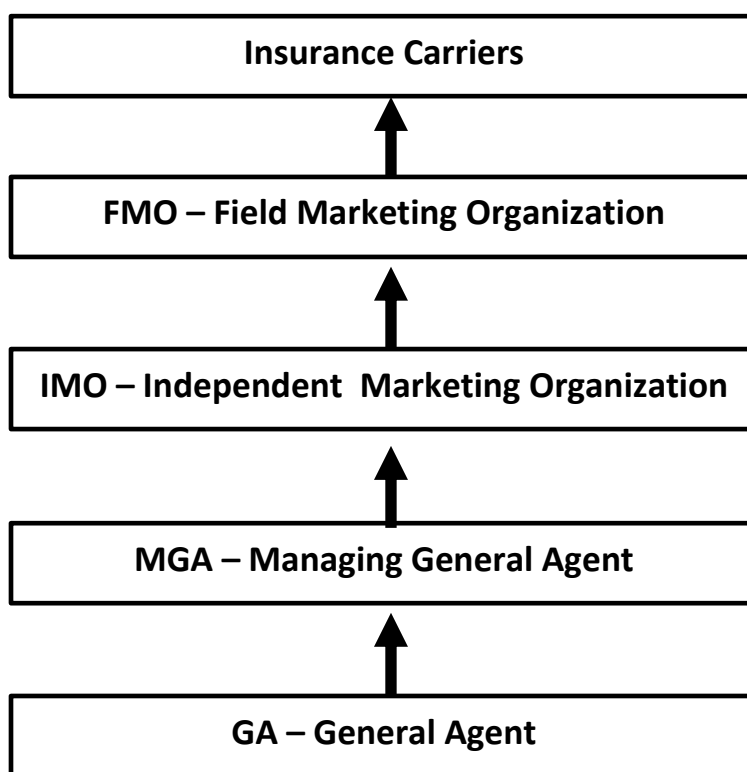
The amount of acronyms in the insurance industry is astounding.

Usually what these abbreviations stand for and mean is straight forward (AEP stands for Annual Enrollment Period, when people can update Medicare plans each year), but this isn't always the case. Specifically, agents may hear and know what FMO, IMO, MGA, and GA stand for, but not know what they mean to the business.

The five aforementioned acronyms all relate to different insurance marketing organizations that independent insurance agents can partner with to do business. Unfortunately, for new agents, there aren't set industry standards that establish what an insurance marketing organization is called, which can make trying to grasp what sets them apart from one another difficult. We want to do our best to provide a resource that rectifies that.

How do FMOs, IMOs, MGAs, and GAs differ from each other?

Hierarchy Chart of Insurance Industry:



FMO — Field Marketing Organizations:

A field marketing organization (FMO) is basically the same as an independent marketing organization (IMO). FMOs are typically top-level organizations that are licensed to sell health insurance products in most, if not all, states. They work with hundreds to thousands of agents and multiple big-name and small-name carriers across the U.S. Almost all of an FMO's contracts are direct with carriers, and FMOs are usually able to offer agents contracts that provide higher than street-level commissions.

In general, FMOs also offer agents a lot of other perks they can't get elsewhere. For example, The Personal Producer Network, the company behind the Agent Survival Guide, is a

national senior market FMO. Organizations like TPPN offer independent agents training and support (e.g., the Agent Survival Guide and Agent Survival Guide Podcast, help with tough cases, quote engines, and other tools) to help them more easily get started in the industry and grow their businesses beyond their expectations.

While FMOs focus on health insurance products, they may also offer contracting for life insurance products or other types of ancillary insurance coverage. Agents who work with an FMO may have production requirements they have to meet to maintain their commission levels. It's also worth noting that agents who partner with an FMO and later wish to leave the organization will have to get a release from the FMO.

IMO — Independent Marketing Organizations:

An independent marketing organization (IMO) is basically the same as an FMO. Some agents believe FMOs tend to focus more on health insurance products while IMOs tend to focus on life insurance products, but this isn't always true. IMOs are sometimes a little smaller than FMOs and may not be able to pay agents as much in commission as some FMOs.

Like FMOs, IMOs tend to be licensed to sell multiple carrier products in multiple states. They work with hundreds to thousands of agents, and also usually offer those agents valuable training and support.

MGA — Managing General Agents:

Managing general agents (MGAs) may partner with FMOs, IMOs, though typically as a downline of those top-of-hierarchy organizations. They also have their own downline agents, who they help with their businesses. MGAs earn more commission than a general agent, but less than an FMO/IMO/. They oftentimes are required to reach and maintain certain production requirements to keep their status as an MGA. These requirements can vary from one FMO, IMO, to another, and even from one carrier to another.

The MGA term is more widely recognized with life agencies. To add to the alphabet soup that we've discussed, some MGAs may call themselves brokerage general agencies (BGAs), which is also a common term on the life side of business. Sometimes, MGA/BGA can be a top-level contract. In fact, the MGA/BGA contract *is* the top contract offered by life insurance carriers.

Good MGAs/BGAs will provide their downline agents training and support, even as much as an FMO/IMO/NMO.

GA — General Agents:

General agents (GAs) may contract under an FMO, IMO, NMO, or MGA. This contract typically allows them to have their own sub-agents and likely has production requirements an agent needs to meet to maintain their status as a GA.

Like good MGAs, good GAs will provide their agents with some training and support, but likely not on the same level as an FMO/IMO. Again, this is simply because they don't have as many resources as the larger organizations (i.e., time, money, staff members, etc.).

While the line between some of the types of the insurance marketing organizations out there may still be blurry, there's a reason for that; there aren't really any set standards for categorizing these marketing organizations. That said, if you haven't noticed, there's definitely a hierarchy to the different marketing organizations/entities out there. This hierarchy tends to go, from top

down, FMOs/IMOs/MGAs/GAs writing Agents. (There may be more sub-levels, but these are the general categories.) Generally speaking, the higher up this ladder you go, the more commissions you tend to get! Do not discount the smaller organizations for that reason alone.

When it comes down to it, picking a marketing organization to partner with should be like picking the bank you do business with. You want someone who you like and trust; someone who can do their part that's needed for both of you to succeed; and someone who you enjoy working with.