

# SECTION 1: Formation Fundamentals

A successful business begins with a defined direction and identity. In this section of the *PIA Blueprint for Agency Success*, you will consider and draft your vision and mission statements and define your core values. These fundamental components will then guide you to selecting a name for your business and determining the most appropriate legal structure.

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## Your Vision Statement

Your vision statement should describe what your company wants to be in the next three to five years. It concentrates on the future; it is a source of inspiration and energy; it provides a clear foundation for decision-making. Vision is related to some form of achievement if successful.

### **An effective vision statement:**

- Paints a vivid and clear picture of the future
- Is memorable and engaging
- Outlines realistic aspirations
- Aligns with organizational values and culture

To be effective, a vision statement must embody the agency's culture. Leaders have the responsibility of communicating the vision regularly, creating narratives that illustrate the vision, acting as role-models by living the vision, creating short-term objectives compatible with the vision, and hiring employees with values that align with the vision.

### **Examples:**

- Since 1922, USAA has served the military community and their families. We were here yesterday and we'll be here tomorrow. (USAA)
- A hunger-free America. (Feeding America)

# Your Mission Statement

A mission statement defines your cause and declares who you are, what you do, and why you do it.

## **To get started, consider these key questions:**

- Why are you in business?
- Who are your customers?
- What makes you stand out from the competition?

## **To craft your mission statement:**

- Define the purpose of your organization
- Identify your target audience – who your business serves
- Describe how you stand out from your competitors
- Finalize a short, targeted statement that is concise, outcome-oriented, and inclusive

## **Examples:**

- We're Ready to Serve. (USAA)
- Our mission is to feed America's hungry through a nationwide network of member food banks and engage our country in the fight to end hunger. (Feeding America)

# Your Core Values

Core values are beliefs your business follows in all aspects of operations. They guide decision-making and define what your business stands for. Business values can heavily influence your brand identity, or how outsiders view your company. Values form the foundation of a business' management style. Values provide the justification of behavior and, therefore, exert significant influence on business decisions.

To create your core values, think about your personal core values, your business's purpose, and your star performers (if you already have employees). You can even involve employees in coming up with core values.

Things like integrity, self-discipline, and commitment are all examples of core values. Of course, you want to tailor core values to fit your business.

## **Example:**

- Service. Loyalty. Honesty. Integrity. (USAA)



# Company Name and Logo Considerations

Consider your vision statement. Brainstorm descriptive words that portray the image you wish your business to project to the public. Incorporate these into a name and ultimately your brand. A good name will reflect your business's identity and goals, will help you market your products/services, and won't get you into legal trouble.

## **Key considerations:**

- **Follow your state's naming guidelines.** State laws may require the use of certain terms in a business name to indicate the entity type or industry/specialization. You can find your state's naming guidelines on the state government website, typically in conjunction with business filing information.
- **Ensure your name is unique.** Generic or geographical names can't get trademark protection. It is imperative to thoroughly research the name you wish to use to be sure it's available and unencumbered. This includes a search at both the state level and federal trademark records.
- **Choose a name that people can pronounce and spell correctly.** Names that are too long, hard to pronounce, or difficult to spell will detract from your business image.
- **Choose a name that is consistent with your brand.** Before choosing a name, define what you wish to be known for, and choose a name that reflects those qualities.
- **Make your name web-friendly.** You will want to take advantage of a robust web presence and social media platforms. Ensure you can secure your business's domain (.com is preferred) and social media handles.
- **Do not be too specific.** Choosing a name that includes a specific location or description of services can be limiting as your business grows and expands.

As part of establishing the legal entity for your business, discuss name requirements with legal counsel.

## **Resources:**

If you need assistance on crafting a logo or brand persona, consult with PIA's Design & Print team – email [design.print@pia.org](mailto:design.print@pia.org) or call 800-424-4244.

LegalZoom offers a free [entity name check](#) service. You can find out in 5-10 minutes if your business name is available in your state (typical time during regular business hours). If the name is available, you can [reserve it](#), or if you plan to [register a trademark](#), you can conduct a more [comprehensive trademark search](#) of federal trademarks, corporate names in all 50 states, common law trademarks, Internet domain names, and more.



# Legal Considerations and Business Registration

The legal structure of your business determines what needs to be done in terms of registration paperwork and expense, tax treatment, etc. Understanding the pros and cons of various legal structures is critical to making appropriate choices in your business setup. A Tax Attorney and/or Certified Public Accountant should be consulted regarding tax issues.

## **What type of legal structure will you select for your business?**

- **Sole Proprietorship** – known as a “disregarded entity” for tax purposes. The owners of these businesses report business income and expenses on their personal tax returns, and pay tax on any profit.
- **Corporation** – There are two entity types and they have different tax implications
  - **C corporation** - profits are taxed and are reported on the corporation tax return. Any after-tax profits distributed to shareholders as dividends are taxed again and are reported by the shareholders on their personal tax returns.
  - **S corporation** - Profits (or losses) are passed through the S corporation to the shareholders and are only taxed to the shareholders and reported on their personal tax returns.
- **LLC** - Automatically taxed in the same way as a sole proprietor (if there is one owner) or a partnership (if there are multiple owners). An LLC also can choose to be taxed as a C corporation or an S corporation. Sometimes, corporate tax status allows an LLC’s owners to minimize self-employment taxes or to deduct expenses that would not otherwise be deductible.

Once you’ve considered the tax implications, you will need to prepare documents such as Articles of Organization or Incorporation, Operating Agreements, Partnership Agreements, Bylaws, etc. You will want to check your [State Government Website](#) to access formation documents, procedures, and fees.

## **Business Registration – There are several components to registering your business:**

- **Business Name** - Once you have decided on a name and business entity type, you need to register your business name with your state. If you plan to use a fictitious business name, a “doing business as” name or “DBA”, you may also need to register the DBA with the state agency responsible for business filings, usually your secretary of state.
- **Federal Tax ID** – Unless you are a sole proprietor with no employees, you will need to get a [federal tax ID](#), also known as an Employer Identification Number (EIN).
- **State Tax ID** – The process to get a state tax ID number is similar to getting a federal tax ID number but it will vary by state. Check with your [state government](#) for specific steps.
- **Business License or Permit** – Check your local government website to determine whether you need to file for a business license or permit from the county or city you will be operating in.

**Agent/Agency Licensing** – Insurance Agents and Agencies are governed by state laws, regulations, and requirements. It is imperative that agents stay current with these regulations. Typically, you can sign up to receive updates on any legislative or regulatory action as well as licensing requirements.

Insurance agents or brokers, often called “producers” in state licensing requirements, are individuals who are licensed by a state’s insurance department to sell insurance within that state. Each state has its own set of procedures for applying for a producer’s license.



**Who needs to be licensed?** If a person is going to “sell”, “solicit”, or “negotiate” insurance they must be licensed. The type of license and jurisdiction (resident/non-resident) requirements vary by state. To review specific licensing requirements, please visit the state insurance department websites for each state that you plan to operate in.

Alabama	<a href="https://www.aldoi.gov/">https://www.aldoi.gov/</a>
Alaska	<a href="https://www.commerce.alaska.gov/web/ins/Producers.aspx">https://www.commerce.alaska.gov/web/ins/Producers.aspx</a>
Arizona	<a href="https://insurance.az.gov/producers">https://insurance.az.gov/producers</a>
Arkansas	<a href="https://insurance.arkansas.gov/pages/industry-regulation/">https://insurance.arkansas.gov/pages/industry-regulation/</a>
California	<a href="http://www.insurance.ca.gov/0200-industry/">licensing/http://www.insurance.ca.gov/0200-industry/</a>
Colorado	<a href="https://www.colorado.gov/dora/node/90661">https://www.colorado.gov/dora/node/90661</a>
Connecticut	<a href="https://portal.ct.gov/CID/Licensing/Licensing-General-Information">https://portal.ct.gov/CID/Licensing/Licensing-General-Information</a>
Delaware	<a href="https://insurance.delaware.gov/">https://insurance.delaware.gov/</a>
District of Columbia	<a href="https://disb.dc.gov/page/insurance-producers-agents">https://disb.dc.gov/page/insurance-producers-agents</a> <a href="https://www.myfloridacfo.com/Division/Agents/">https://</a>
Florida	<a href="http://www.myfloridacfo.com/Division/Agents/">www.myfloridacfo.com/Division/Agents/</a>
Georgia	<a href="https://www.oci.ga.gov/Agencies/Home.aspx">https://www.oci.ga.gov/Agencies/Home.aspx</a>
Hawaii	<a href="http://cca.hawaii.gov/ins/">http://cca.hawaii.gov/ins/</a>
Idaho	<a href="https://doi.idaho.gov/licensing/">https://doi.idaho.gov/licensing/</a>
Illinois	<a href="https://insurance.illinois.gov/producer/producerMain.html">https://insurance.illinois.gov/producer/producerMain.html</a>
Indiana	<a href="https://www.in.gov/idoi/2446.htm">https://www.in.gov/idoi/2446.htm</a>
Iowa	<a href="https://iid.iowa.gov/regulated-individuals">https://iid.iowa.gov/regulated-individuals</a>
Kansas	<a href="https://insurance.kansas.gov/">https://insurance.kansas.gov/</a>
Kentucky	<a href="http://insurance.ky.gov/ppc/submenu.aspx?menuid=16">http://insurance.ky.gov/ppc/submenu.aspx?menuid=16</a>
Louisiana	<a href="http://www.lidi.la.gov/home">http://www.lidi.la.gov/home</a>
Maine	<a href="https://www.maine.gov/pfr/insurance/regulated/index.html">https://www.maine.gov/pfr/insurance/regulated/index.html</a>
Maryland	<a href="https://insurance.maryland.gov/Producer/Pages/default.aspx">https://insurance.maryland.gov/Producer/Pages/default.aspx</a>
Massachusetts	<a href="https://www.mass.gov/insurance-licensing">https://www.mass.gov/insurance-licensing</a>
Michigan	<a href="https://www.michigan.gov/difs/0,5269,7-303-22535---,00.html">https://www.michigan.gov/difs/0,5269,7-303-22535---,00.html</a>
Minnesota	<a href="https://mn.gov/commerce/licensees/">https://mn.gov/commerce/licensees/</a>
Mississippi	<a href="http://www.mid.ms.gov/licensing/licensing.aspx">http://www.mid.ms.gov/licensing/licensing.aspx</a>
Missouri	<a href="https://insurance.mo.gov/agents/">https://insurance.mo.gov/agents/</a>
Montana	<a href="https://csimt.gov/insurance/licensing/">https://csimt.gov/insurance/licensing/</a>
Nebraska	<a href="https://doi.nebraska.gov/producers/producer-licensing">https://doi.nebraska.gov/producers/producer-licensing</a>
Nevada	<a href="http://doi.nv.gov/Licensing/">http://doi.nv.gov/Licensing/</a>
New Hampshire	<a href="https://www.nh.gov/insurance/producers/index.htm">https://www.nh.gov/insurance/producers/index.htm</a>
New Jersey	<a href="https://www.nj.gov/dobi/inslic.htm">https://www.nj.gov/dobi/inslic.htm</a>
New Mexico	<a href="https://www.osi.state.nm.us/index.php/for-producers/">https://www.osi.state.nm.us/index.php/for-producers/</a>



New York	<a href="https://www.dfs.ny.gov/apps_and_licensing/agents_and_brokers/home">https://www.dfs.ny.gov/apps_and_licensing/agents_and_brokers/home</a>
North Carolina	<a href="https://www.ncdoi.gov/">https://www.ncdoi.gov/</a>
North Dakota	<a href="https://www.insurance.nd.gov/producers">https://www.insurance.nd.gov/producers</a>
Ohio	<a href="https://insurance.ohio.gov/wps/portal/gov/odi/agent-and-agencies">https://insurance.ohio.gov/wps/portal/gov/odi/agent-and-agencies</a>
Oklahoma	<a href="https://www.oid.ok.gov/licensing-and-education/">https://www.oid.ok.gov/licensing-and-education/</a>
Oregon	<a href="https://dfr.oregon.gov/business/licensing/insurance/Pages/index.aspx">https://dfr.oregon.gov/business/licensing/insurance/Pages/index.aspx</a>
Pennsylvania	<a href="https://www.insurance.pa.gov/Licensees/Pages/default.aspx">https://www.insurance.pa.gov/Licensees/Pages/default.aspx</a>
Puerto Rico	<a href="http://ocs.gobierno.pr/enocspr/index.php/regulados/licencias-expedidas">http://ocs.gobierno.pr/enocspr/index.php/regulados/licencias-expedidas</a>
Rhode Island	<a href="https://dbr.ri.gov/divisions/insurance/">https://dbr.ri.gov/divisions/insurance/</a>
South Carolina	<a href="https://www.doi.sc.gov/354/Licensing-CE">https://www.doi.sc.gov/354/Licensing-CE</a>
South Dakota	<a href="https://dlr.sd.gov/insurance/producers.aspx">https://dlr.sd.gov/insurance/producers.aspx</a>
Tennessee	<a href="https://www.tn.gov/commerce/licensing-regulations.html">https://www.tn.gov/commerce/licensing-regulations.html</a>
Texas	<a href="https://www.tdi.texas.gov/agent/index.html">https://www.tdi.texas.gov/agent/index.html</a>
Utah	<a href="https://insurance.utah.gov/licensee">https://insurance.utah.gov/licensee</a>
Vermont	<a href="https://dfr.vermont.gov/industry/insurance/producer-and-individual-licensing">https://dfr.vermont.gov/industry/insurance/producer-and-individual-licensing</a>
Virginia	<a href="https://scc.virginia.gov/pages/Bureau-of-Insurance">https://scc.virginia.gov/pages/Bureau-of-Insurance</a>
Washington	<a href="https://www.insurance.wa.gov/producers">https://www.insurance.wa.gov/producers</a>
West Virginia	<a href="https://www.wvinsurance.gov/Divisions/Licensing">https://www.wvinsurance.gov/Divisions/Licensing</a>
Wisconsin	<a href="https://oci.wi.gov/Pages/AgentsHome.aspx">https://oci.wi.gov/Pages/AgentsHome.aspx</a>
Wyoming	<a href="https://sites.google.com/a/wyo.gov/doi/licensing">https://sites.google.com/a/wyo.gov/doi/licensing</a>

If you do business in multiple states, keeping up with insurance licensing can be tedious. PIA Members enjoy discounts on licensing services with Central Licensing Bureau. CLB takes the hassle out of licensing so agents can focus on sales and client service. For details, visit the [CLB website](#).

## Insuring Your Agency

In addition to [standard business](#) insurance for Workers Compensation, Property, and Liability – including Directors & Officers and Cyber, your agency will need to secure Errors & Omissions Insurance. PIA has E&O professionals on staff. With access to numerous E&O insurance programs, they can provide affordable options for your firm.

Visit [www.pianet.com/eando](http://www.pianet.com/eando) for details.