

WHITE PAPER

WHY GROWING AN INSURANCE AGENCY FEELS SO HARD

The three predictable growth ceilings every agency hits
and how top-performing agencies break through them

The Growth Paradox No One Talks About

Independent insurance agencies don't usually fail at growing. They stall.

Revenue keeps moving up just not the way it used to. Producers stay busy. Service teams stay full. The owner's calendar stays packed. And yet, the agency seems to hit invisible walls at predictable revenue points.

Around \$2.5M. Around \$10M. And again around \$25M.

Each ceiling looks different from the inside, but the underlying cause is the same: the way the agency runs at one size stops working at the next. The structure that got you here is the same structure quietly capping you now.

The 2025 Best Practices Study by the Big "I" and Reagan Consulting tracked over 1,100 nominated agencies. The data tells a clear story. Agencies in the \$10M–\$25M range posted the lowest organic growth at 8.7%, down from 10.4% the year before the steepest decline of any tier. Meanwhile, the \$5M–\$10M tier led the field at 11.3%.

Growth feels hard not because demand is gone, but because output flattens. Service teams get stretched. Producers cap out. And the owner's calendar fills with everything except sales.

This white paper breaks down the three structural ceilings agencies hit, why each one feels personal even though it isn't, and what the top-performing agencies are doing differently to break through.

The pattern is structural, not personal.

Most agency owners experience the ceiling as a personal problem before they recognize it as a structural one. The instinct is to push harder. Pushing produces diminishing returns when the structure, not the effort, is capped.

What Is a Growth Ceiling?

A growth ceiling is the point where an agency's current structure can't support the next stage of revenue without something changing.

It's not a single number. The exact point varies based on the agency's mix of personal and commercial lines, how many producers are on the bench, and how mature the operations are. But the pattern is remarkably consistent across the industry.

Here's how the 2025 Best Practices Study breaks growth down by agency size:

Agency Revenue	2025 Organic Growth	2024 Organic Growth
\$2.5M – \$5M	10.4%	11.7%
\$5M – \$10M	11.3%	11.3%
\$10M – \$25M	8.7%	10.4%

Source: 2025 Best Practices Study, Big "I" and Reagan Consulting

The tier that stands out: \$10M – \$25M

That's where growth slows the most. It's also the size where most agencies make the transition from owner-led to manager-led and where operational drag tends to show up for the first time as something you can actually measure on the income statement.

The next three sections break down each of the three ceilings, why they happen, and what they feel like from inside the agency.

CEILING 1

When the Owner Is the Agency

Revenue under ~\$2.5M

Under about \$2.5M in revenue, the ceiling is usually the owner.

They're still the top producer. They're also handling operations, backing up service, and managing carrier relationships in their head. Revenue scales with how many hours they can give the business. When those hours run out, growth stalls even when demand is still there.

Agencies at this stage often describe a feeling of running flat out without actually moving forward. The revenue is real. The margin is thin. And any time spent on growth has to be carved out of an already-full week.

What This Ceiling Feels Like

- ✓ The owner is the highest-billing producer and the de facto operations manager.
- ✓ Revenue is tied directly to the owner's available hours.
- ✓ Strategic work gets pushed to nights and weekends.
- ✓ Hiring feels risky because there's no time to train or supervise.
- ✓ Growth conversations end with "we need to hire someone" and then stall.

How Agencies Break Through

Breaking through Ceiling 1 means separating the owner from the daily operating engine of the agency. That usually starts by offloading the predictable, repeatable work first, quoting support, COI processing, renewal prep, CRM updates, so the owner reclaims hours for selling and building. The hire doesn't have to be a senior leader. It has to be the right work moved off the owner's plate.

CEILING 2

When the Producers Fill Up

Revenue \$2.5M – \$10M

Between \$2.5M and \$10M, the ceiling shifts to the producers.

The agency has hired one, two, maybe three producers beyond the owner. Each one eventually reaches a book size where they can't take on more without service starting to slip. The 2025 Best Practices Study put revenue per employee at top agencies at \$228,321, a useful benchmark, but one that hides a lot of variation in how that number actually shakes out across roles.

This is also where NUPP starts to matter.

NUPP: Net Unvalidated Producer Payroll

NUPP is the share of total payroll going to producers who haven't yet validated their pay. The Best Practices Study calls 1.5%–2.0% a healthy investment. Agencies stuck at this ceiling tend to under-invest here, which means there's no pipeline of new producers ready to absorb the growth coming through the door.

The Math Gets Stuck

Existing producers are full. New producers haven't been hired or trained. And the owner ends up back in the producer seat, picking up the swing capacity that the agency has outgrown.

Hiring another producer feels expensive. Not hiring feels safer, until the next quarter shows flat growth, and the cycle repeats. Agencies in this tier often spend two or three years stuck in the loop before something gives.

CEILING 3

When Operations Stop Keeping Up

Revenue \$10M – \$25M

Between \$10M and \$25M, the ceiling becomes operational.

This is the size where the systems that worked before start to crack. Workflows that ran on memory now have gaps. Roles that used to flex have started to overlap or fall through the middle. Communication that used to happen in passing now needs structure, and when it doesn't get it, things slip.

The Best Practices data shows the pattern clearly. The \$10M–\$25M tier saw organic growth drop from 10.4% to 8.7% in a single year the largest decline in any tier. These agencies aren't losing market position. They're losing internal efficiency.

56%

of independent agents name operational efficiency as their most important focus area

Source: Big "I" Agency Universe Study

What's Actually Breaking

At this stage, the agency has the producers and the pipeline. What it doesn't have is the operational structure to scale without burning the team out. Renewal prep slips. COI processing piles up. Carrier follow-ups fall behind. Producers get pulled into admin work instead of selling. The agency feels busier than ever and grows slower than ever.

Workflow Gaps

Processes that ran on memory now have visible cracks across teams.

Role Overlap

Responsibilities collide or fall through the middle as the team grows.

Producer Drag

Top producers spend more time on admin and less on revenue.

Why It Feels Personal

Most agency owners experience the ceiling as a personal problem before they recognize it as a structural one. The pattern is consistent across the industry:

The owner works harder. The team works harder. The agency adds another producer, another CSR, another seat. And things ease for a few months before settling back at the same level.

That's what makes growth feel hard. The instinct is to push. Pushing produces diminishing returns because the structure is what's capped.

What Growing Agencies Are Doing Differently

The Best Practices agencies posted record 10.7% organic growth in 2025. Looking at what they share, four patterns stand out:

\$228K

REVENUE PER EMPLOYEE

Top-performing agencies generate \$228,321 per employee, well above industry average. Producers and CSRs spend more time on revenue work.

2.0%

HEALTHY NUPP INVESTMENT

Top agencies invest around 2.0% of payroll in unvalidated producers, building the next generation of capacity before it's needed.

12%+

SALES VELOCITY

New business as a percentage of prior-year commission. Above 12–13% means the agency is producing, not just renewing.

Scaled

OPERATIONS SUPPORT

Predictable work, quoting, COIs, renewal prep, CRM updates, is handled consistently. Internal team, automation, or extended team.

The pattern across all four: offload predictable, repeatable work so producers and principals can spend their time on what only they can do.

What Breaking Through Looks Like

An illustrative scenario — the typical pattern when an agency breaks through Ceiling 3

Before: Stuck at the Ceiling

Picture a commercial-focused agency approaching the \$10M–\$25M range. Producers are full. The pipeline is strong. New business is coming in. But organic growth has flattened, and renewals are starting to slip. Producers find themselves spending hours each week on admin work that should never have hit their desks.

Common Symptoms:

- Renewal prep consistently runs late
- Producers spend 10%+ of week on admin
- Adding CSRs hasn't moved the needle
- Owner gets pulled back into producing

The underlying shift:

These agencies don't have a growth problem. They have a structure problem. Once the predictable work moves off the producers' plates, the producers go back to producing and growth follows.

After: The Structural Shift

Instead of adding more in-house seats, the agency builds extended-team capacity to absorb the predictable, repeatable operational work. Over the following months, the pattern is typically:

- ✓ Renewal prep returns to schedule
- ✓ Producer admin time drops substantially
- ✓ Organic growth begins recovering
- ✓ Hiring overhead grows more slowly

Illustrative scenario describing a common pattern observed across agencies hitting Ceiling 3. Not based on any single client.

Which Ceiling Are You Approaching?

Use this quick self-assessment to identify where your agency is in the growth structure cycle. Honest answers point to honest solutions.

Signs You're Approaching Ceiling 1

Under ~\$2.5M

- The owner is still the top producer
- Strategic work happens after hours
- Hiring feels too risky to commit to
- Operations live in the owner's head

Signs You're Approaching Ceiling 2

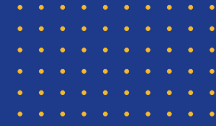
\$2.5M – \$10M

- Producers are at or near full books
- No clear producer development pipeline
- NUPP investment is below 1.5%
- Owner is back in a producer seat

Signs You're Approaching Ceiling 3

\$10M – \$25M

- Workflows feel inconsistent across the team
- Producers spend 10%+ on admin work
- Renewal prep regularly runs late
- Recent growth has flattened or declined



Growth Gets Easier When the Work Is Structured to Support It.

For agencies running into the operational ceiling, building extended team capacity is often what makes the next stage of growth possible without proportional hiring overhead.

Extend Your Team works with insurance agencies and MGAs on exactly this: taking the predictable, repeatable operational work off your team's plate so producers and principals can spend their time on the work that grows the agency.

What We Handle for Insurance Agencies

- ✔ Virtual assistants for quoting support
- ✔ Renewal preparation and follow-up
- ✔ CRM and AMS updates
- ✔ COI processing and endorsements
- ✔ Carrier follow-ups and submissions
- ✔ Managed operational services

Ready to break through your next ceiling?

Book a 30-minute call to map where your agency is and what would change with operational support designed for insurance agencies.

[BOOK A DISCOVERY CALL](#)

Sources & Methodology

This white paper draws on industry data and patterns observed across Extend Your Team's work with independent insurance agencies and MGAs.

Primary Sources

2025 Best Practices Study

Published annually by the Independent Insurance Agents & Brokers of America (Big "I") in partnership with Reagan Consulting. The 2025 edition tracked over 1,100 nominated agencies across revenue tiers, with benchmark data on organic growth, revenue per employee, NUPP, and sales velocity.

Big "I" Agency Universe Study

Biennial study from the Big "I" examining the state of the independent insurance agency channel, including operational priorities, technology adoption, and workforce trends.

A Note on Methodology

The revenue tiers used in this paper (~\$2.5M, \$10M, \$25M) reflect common ceilings observed in industry data and field experience, not strict mathematical cutoffs. Individual agencies will hit structural transitions at points specific to their mix of personal vs. commercial lines, geography, and producer roster. The framework is intended as a diagnostic lens, not a precise prediction.