

WHITE PAPER

How to Value Your Life, Health & Medicare Practice

What buyers pay, what drives the multiple, and how to get your numbers ready for a sale.

October 2026

agencycomp.com

AgencyComp

Executive summary

A life, health and Medicare practice is worth the cash its renewal commissions will reliably produce for a new owner — not a rule-of-thumb multiple. Published 2026 ranges put pure book sales at roughly 1.0x–2.5x annual commissions and Medicare/senior books at about 2.5x–3.5x, but the real number depends on policy age, retention, carrier mix and whether the commissions can legally move to a buyer at all.

That last point is what separates this market from property and casualty. Medicare Supplement commissions step down after about six years, many Medicare Advantage carriers will not honor an agent-of-record change, overrides stay with the original hierarchy, and carriers cut commissions or exited over 800 counties going into 2026. Agents who can prove exactly what each carrier pays them — policy by policy — get valued higher and sell faster.

Three ways buyers value a practice

Most offers use one of three methods, and sophisticated buyers often run all three and negotiate toward the lowest.

1. **Revenue (commission) multiple.** Annual commission revenue × a multiple. A $200,000 book at 1.5x sells for $300,000 (Sonant). Quick and common for small books, but it ignores profitability and policy age.
2. **EBITDA or SDE multiple.** Used when a buyer acquires the whole agency as a going concern. Small agencies under $1M revenue trade around 4x–5x EBITDA, while deals with $1M+ EBITDA averaged 11.8x in the first half of 2025 per Sica | Fletcher (QuoteSweep; Ad Astra).
3. **Policy-by-policy cash flow.** Project each policy's remaining commissions, apply expected lapse rates, and discount to today. Senior-market buyers such as New Horizons say their "multiple" is the *result* of this actuarial analysis, not the starting point (New Horizons). For Medicare and life books, this is the method that best reflects reality.

A related segment approach applies a different quality-adjusted multiple to each product line and sums the results (Sofer Advisors).

What multiples look like today

Published 2026 ranges are a starting point only; forum reports from agents who actually sold Medicare books cluster lower, around 2.0x–2.5x, and some buyers pay just one year of renewals.

Book type	Typical multiple (annual commissions)	Main value driver	Source
Medicare / senior	2.5x – 3.5x	Aging demographics; 82–86% retention	Sonant
Medicare (MAPD) actual offers	1.0x – 2.5x	Average policy age; carrier transferability	Insurance Forums, Insurance Forums

Book type	Typical multiple (annual commissions)	Main value driver	Source
Life (whole / universal)	1.5x – 2.2x	Persistency; 88–91% retention	Sonant
Life (term)	0.5x – 1.0x	Limited renewal stream	Sonant
Health / benefits	1.5x – 2.5x	Group and renewal stickiness	Sonant
Pure book sale (any line)	1.0x – 2.0x	Retention and line mix	QuoteSweep, Iconic
Whole agency (going concern)	1.5x – 3.5x revenue	Profit margin, growth, management depth	Iconic, Agency Height

Selling the whole agency — with staff, carrier contracts and new-business flow — is generally worth more than selling only the renewals, because the buyer gets a growing business rather than a declining stream.

Medicare-specific factors

Five features of Medicare commissions move value more than any headline multiple.

- **Renewal economics are capped by CMS.** The 2026 national maximum is $694 for a new Medicare Advantage enrollment and $347 per renewal year; for 2027 it rises to $725 and $363 (Open Exam Prep; Benefits Life). Higher caps apply in CA, NJ, CT, PA and DC (Ritter; Ritter 2027; InsuranceNewsNet). Renewal value is predictable per member, which makes the cash-flow method work well.
- **Medicare Supplement tiers and policy age.** Many supplement schedules drop sharply around year 6, 7 or 11. A book mostly in years 5–6 is worth far less, and buyers adjust the multiple to the years remaining (AgencyBloc / New Horizons; Insurance Forums).
- **Transferability.** Some carriers will not recognize a new agent of record on Medicare business, so a buyer may only earn by rewriting clients. Others, such as UnitedHealthcare, offer a successor-agent form to move members and commissions (Insurance Forums; UHC Jarvis). Buyers commonly hold back 20% or pay in two installments until carriers confirm the transfer (Insurance Forums; Insurance Forums).
- **Overrides stay with the original hierarchy.** Upline override income generally does not transfer with the agent's commission, so it should be valued separately or excluded (Insurance Forums).
- **Carrier exits and commission cuts.** Top carriers left Medicare Advantage in over 850 counties from 2025 to 2026, and plan count fell from 3,719 to 3,373 (Leader's Edge; Oliver Wyman). Humana's 2027 exits affect about 600,000 members, and Aetna will pay no commission on 123 plans for 2027 (Insurance Business; Benefits Life). Renewals on existing members have generally continued, but buyers now discount books concentrated in exposed carriers or counties (InsuranceNewsNet; InsuranceNewsNet; Leadgen Economy).

What raises and lowers value

Retention is the single biggest lever: a 10-point difference in retention can move agency value by 20% or more (Sofer Advisors).

Raises value	Lowers value
Retention above 90%	Retention in the low 80s or below
Young policies with years of renewals left	Med Supp policies near the year-6 step-down
Diversified carriers, states and product lines	One carrier, one state, or one product dominates
Cross-sold households (life, final expense, ancillary)	Single-policy clients
Steady new-business flow	Book in run-off
Staff or systems that serve clients without the owner	Owner holds 70%+ of relationships (-10% to -30%)
Clean, reconciled commission records by policy	Unreconciled statements and unknown shortfalls
Healthy EBITDA margin	Thin margins or owner pay mixed into expenses

Sources: Sofer Advisors, AgencyBloc / New Horizons, Complete Markets, Ad Astra, Sonant agency valuation guide, Insurance Forums.

Illustrative example

A hypothetical book earning $218,800 a year values at about $565,000 (2.6x) on a policy-by-policy basis — roughly $90,000 less than a flat 3.0x "senior market" multiple would suggest.

Segment	Annual commissions	Assumptions	Estimated value
Medicare Advantage	$138,800 (400 members × $347)	85% annual retention, 5 years, 10% discount rate	$402,000
Medicare Supplement	$60,000 (200 policies × $300)	3 years left before step-down, 88% retention, 10% discount	$133,000
Whole life renewals	$20,000	1.5x segment multiple	$30,000
Total	**$218,800**		**$565,000 (2.6x)**

The gap comes from the Med Supp policies nearing their step-down and from expected MA lapses — exactly the details a buyer will find in due diligence. Figures are illustrative only, not an appraisal.

Getting your numbers ready

The agents who get the best price can answer a buyer's questions from records, not memory. Start 12 months before any sale.

1. **Reconcile every commission statement to every policy.** Catch missing and shorted payments now; a buyer will discount any revenue you cannot prove.
2. **Report revenue by carrier, product and state.** Show concentration honestly and diversify where you can.
3. **Know each policy's age and renewal schedule.** Flag Med Supp policies approaching their step-down and review them with clients.
4. **Separate overrides from base commissions.** Value them on their own, since they usually do not transfer.
5. **Project renewals forward.** A multi-year revenue projection with retention assumptions is the core of a cash-flow valuation.
6. **Confirm carrier transfer rules.** List which carriers accept a change of agent of record and which do not.
7. **Cross-sell and keep writing.** Additional policies per household and steady new business both raise the multiple (AgencyBloc / New Horizons).

> Commission tracking software such as AgencyComp produces most of this — missing-commission, projected-vs-actual, revenue projection and analytics-by-carrier reports — from the statements an agency already receives.

Sources

Valuation methods and multiples

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Commission rules and market changes

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