

The covenant preparation guide.

For insurance brokers planning to start their own business.

If you are thinking about starting your own brokerage, speak to Momentum early. You do not need a resignation date or a finished business plan. Bring your questions about the covenant and we can begin working through what the move could look like.

We have helped many experienced brokers make this transition. Understanding the scope and timing of your restrictions helps you see where the opportunities are and put a realistic plan together.

**A covenant deserves attention, but it does not need to
dominate the decision.**

This guide covers preparation before launch, building the business through year one and planning for existing clients to follow when the relevant restrictions end.

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01 OUR EXPERIENCE

Start with our experience.

We have seen a wide range of covenants and the practical questions they create for brokers.

We can help you make sense of the issues to explore, spot opportunities you may have overlooked and understand how different restrictions could affect your plans.

That first conversation can cover the timing of your move, the business you want to build, the relationships you hope to develop and the income you need. We can then help you identify the points that require a solicitor's advice.

PLEASE NOTE

We are not solicitors, and legal interpretation of your agreements should be confirmed independently before you act.

Have the relevant agreements to hand.

Start with your employment contract and any later changes. Bring any bonus, share, LTIP or settlement agreements that could affect your departure too. Having the wording available makes the conversation more useful.

We can help you organise the questions around your notice period, garden leave, the activities and relationships covered by any restrictions, and the dates that matter. You do not need to arrive with all the answers.

02 BEFORE LAUNCH

Prepare the business before launch.

Preparation belongs in the period before the brokerage starts trading.

This is when you work through the practical arrangements so you are ready to serve clients and write business when you go live. Alongside understanding your contractual position, the work includes:

Defining your proposition, the clients you want to serve and the markets you need.

Building a financial plan around your personal income needs and business costs.

Planning authorisation, systems, compliance and the support around the brokerage.

Getting your brand, website and approach to winning new business ready.

Momentum can help you plan this work in an appropriate sequence around your current employment obligations. Put the important dates on one timeline.

DATE TO MAP

YOUR DATE

End of employment

Any relevant restrictions

Business setup

Onboarding

Proposed launch

Notice, garden leave and post-employment restrictions can cover different periods. Garden leave may form part of your notice while you remain employed. Confirm how the dates fit together in your own agreements before settling on a launch date.

03 YEAR ONE

Make year one about building the business.

Once you are trading, year one is about doing what you do best.

Many experienced brokers already have a consistent record of winning new business. You bring that ability, your knowledge of the market and your experience of looking after clients into your own business.

Where your restrictions allow, use that experience to build or re-establish your wider network, develop introducer relationships and pursue new business. Be clear about which relationships and opportunities you are free to approach, including contacts you think of as part of your personal network.

START WITH WHAT HAS WORKED FOR YOU BEFORE

- Where has your new business come from?
- Which sectors do you understand well?
- Which referral relationships could you develop further?

Build those activities into your week and review the enquiries and business they produce.

As that work builds, you develop a client base, income and a pipeline of opportunities.

The aim is to have a business already making progress when the relevant covenants expire, with the capacity to welcome existing clients alongside the new business you have won.

04 EXISTING CLIENTS

Plan for existing clients to follow.

We have seen time and again that clients follow brokers they trust when the relevant restrictions have expired.

Years of good service and a strong working relationship give clients a reason to choose you again. That experience should give you confidence. Existing relationships can be a substantial part of the business you build.

The financial plan still needs to allow for individual client decisions, policy renewal dates and the point at which income reaches the brokerage.

WORK THROUGH THOSE ASSUMPTIONS WITH US

- What proportion of the eligible business is realistic to expect to follow?
- When can those relationships be approached or serviced, given your agreements?
- When do the policies renew, and when would the associated income arrive?
- How will you continue winning new business while supporting clients who choose to move?

A client moving to your brokerage and that relationship producing income may happen at different times.

FOR EXAMPLE

A client may appoint you before renewal, with the income arriving when the renewal is placed. Reflect that timing in the forecast.

05 PLANNING TOOLS

Use the tools to make the numbers realistic.

Momentum has planning tools to help you put figures around new business, clients following and the timing of income.

We can help you work through the assumptions and see what they mean for your monthly cash flow.

Start with your record of winning new business, then add a realistic view of eligible clients following once restrictions end. Keep those sources visible separately so you can see how each contributes to the plan.

CASE ONE

Expected

The assumptions you believe are most realistic.

CASE TWO

Conservative

Fewer clients move, new business builds more slowly or income arrives later.

CASE THREE

Stronger start

Decide in advance how you would use the additional cash.

Budgeting conservatively gives you room for those timings to vary. You can be positive about the relationships you have built while leaving enough financial breathing room for the business to develop.

06 SUPPORT AND FUNDING

Agree the **support** your plan needs.

Work out what you need to draw from the business each month to cover your household commitments.

Add the brokerage's setup and running costs, allowing for a cash reserve. We can help clarify which costs sit with you and what is included in Momentum's support.

Compare that requirement with the monthly income forecast. This shows where a temporary gap may sit and how long it might last. Discuss it during planning so you can consider the timing of the move, available reserves and any funding requirement together.

FUNDING

Momentum can provide funding in appropriate circumstances to support the transition from a salary to sustainable brokerage income.

We consider that as part of the business plan, alongside the practical support you need to get established and grow.

A workable plan lets you spend your time building relationships and serving clients. Review the numbers as the business develops, using what is actually happening to adjust the next few months.

07 GETTING STARTED

What to bring to your first conversation.

You can make a start with:

- ☐ Your employment contract and any relevant additional agreements.
- ☐ A rough idea of when you would like to make the move.
- ☐ An outline of your new-business track record and the brokerage you want to build.
- ☐ A broad view of your monthly income needs and any funding questions.

If some of this is still unclear, we can help you work through it. You can speak to us while you are still exploring the idea, well before you intend to resign.

TALK TO MOMENTUM

Talk through your plans with Momentum.

We can help you understand the practical route from where you are now to running your own brokerage. Start with a confidential conversation about your circumstances and what you would like to achieve.

[Start a confidential conversation ↗](#)

momentumsolutions.co.uk/lets-talk

IMPORTANT

This guide provides practical and commercial guidance, not legal advice. Your obligations depend on your agreements and circumstances. Obtain independent legal advice before acting on matters that could affect your employment or contractual obligations.

General background: [Acas on restrictive covenants](#) and [GOV.UK on garden leave](#).