

Choosing An Insurance Agent

compliments - about the agents you're considering.

- Financial Strength of the Company - When evaluating a company, you also want to check its company financial rating. There are five major rating services. Each has their own criteria for rating that uses a combination of qualitative and quantitative numbers to assess the company. Generally, a letter rating from A to F is assigned to the company. Be sure to review how the rating agency assesses the company and understand the rating system.
- References - When you're applying for a job, you provide references, so don't be afraid to ask a prospective agent for the same.
- Ask Questions - If you've had a particularly interesting insurance experience, or have heard of one, ask the agent how they and the company they represent would have dealt with the situation.
- When in Doubt - If you're not sure what questions to ask or you would like more guidance on how to evaluate a potential agent, contact the Arkansas Insurance Department **Consumer Services Division at: (800) 852-5494.**

What to Expect

Now that you have a short list of potential agents, what should you expect when you go to the office to purchase coverage?

- Answers to Your Questions - If you have any questions about the quote or coverages you need, this is the time to ask. If the agent can't

answer the question, they should offer to find out the answer. An agent should never leave a question unanswered prior to your purchase.

- Choices - If you're using an independent agent, you'll have choices of companies and coverages. Evaluate the options with the agent to make sure you're choosing the policy best suited to your situation.
- Company Explanation - If the agent doesn't tell you about the company he/she is placing your coverage with and why that company has the best coverage for you, ask why he/she chose that company.
- Honest Sales - You shouldn't feel pressured to choose an agent, a company or a quote. If an offer seems too good to be true, it probably is.

Protect Yourself

Insurance fraud can happen to anyone, anywhere. Protect yourself during the purchasing process.

- Don't give out any personal information like your Social Security Numbers or bank information over the phone until you have verified the legitimacy of the insurance company and agent.
- Ask for copies of all of the paperwork you sign and keep a copy of the payment receipt or check for the initial premium payment you gave the agent for the policy.
- Call the insurance company if you don't receive a copy of the insurance policy outlining your coverage and its limitations within 30 days of your purchase.

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Independent Agent, Captive Agent, Insurance Broker - What's the difference?

When you start your search for an agent, you'll have a couple of different types to choose from. You can pick an independent agent or a captive (sometimes called direct) agent. An independent agent may have contracts with several different insurance companies. A captive agent writes exclusively with one company. Independent and captive agents represent the insurance company and receive a commission from the insurance company.

For more complicated insurance transactions, such as those involving insurance coverage for a small business, owners may choose to utilize an insurance broker. An insurance broker represents your company in a search of the local insurance market to find the maximum coverage for the best possible cost. Because the broker represents you, brokers generally charge a fee for their services.

How to Start

Developing your knowledge of insurance will help you make informed decisions about the coverages you and your family need. Understanding the terms and coverages used in the different types of insurance will help you work with an agent or broker selecting the most appropriate policy. Before searching for an agent, brush up on your insurance knowledge at the National Association of Insurance Commissioners (NAIC) **Insure U** website: www.InsureUonline.org

Finding an Agent

So, how do you go about finding the right agent for your needs? Once you have a better understanding of your insurance needs, here are a few places to start:

- Referrals from Family, Friends, Neighbors, Colleagues - In a recent NAIC survey, 79% of consumers questioned indicated they asked family and friends for insurance advice; 65% said they also asked colleagues and social acquaintances. When you ask around, find out why they like the agent. Is it the customer service? Is the agent friendly and knowledgeable? Did the company they represent do a particularly good job handling a claim? Have their rates for a particular coverage increased or decreased over the past three years? Does the agent review their policy annually to make sure they're getting the best coverage at the best price?
- Internet - Search for the line of coverage on the Internet. The largest companies writing that line will typically be the first listings you find. Many companies also post lists of its licensed agents online.
- Trade Associations or Other Business Owners - Small business owners can talk with local trade associations or other similar business owners, which might have related insurance needs.

Not all insurance companies use agents to sell their products. You can choose to do business directly with many companies. Purchasing coverage directly online from the company, for instance, could be cheaper because the company doesn't have to pay an agent a commission. If you choose to buy directly from the company, be sure

to check that it is licensed in your state and research the financial stability of the company and complaints filed against it.

Selecting an Agent

Whether you're looking for your first agent or thinking about switching agents or companies, it's a good idea to have several to choose from. When evaluating your list, consider these things:

- Personality - Have conversations with prospective agents. Explain your situation and ask for a quote. Simply asking does not mean you have to work with them. This is a chance for you to get a feel for how they work and if you're comfortable with them.
- Credentials - Many agents and brokers will have letters behind their names on their business cards. These represent designations or credentials they have earned from various insurance groups or associations. Ask them what these letters mean and what they had to accomplish to earn the credential.
- Licensing - Make sure the agent and the company they are writing your policy with are licensed in Arkansas. You can check company and agent licensing information on our website at: www.insurance.arkansas.gov
- Complaints - While you're checking whether the agent and the company are licensed, also check to see if they've had complaints filed against them. For the company, you can check the NAIC's Consumer Information Source (CIS) http://content.naic.org/cis_consumer_information.htm or call the Arkansas Insurance Department **Consumer Services Division at (800) 852-5494**. You also might check with the Better Business Bureau to see if any consumers have filed complaints.