

6 Questions to Ask Before Choosing an Insurance Agent

Susan Johnston

Whether you're in the market for insurance to cover your home, your car or your life, it can be a confusing process filled with jargon and exclusions. Perhaps that's why many consumers enlist the help of an insurance agent to help them compare options and explain how each product works.

"The value of hiring an agent or broker is having them guide you on the best fit for your needs," says Amy Bach, executive director of United Policyholders, a nonprofit that provides insurance information to consumers. "You want to get somebody who takes time to explain things so you can make an informed decision and doesn't rush you into buying something quickly."

But how do you know whom to trust? Here's a look at questions to ask before you choose an agent or broker.

How many companies' products can you offer me?

Some captive insurance agents only sell products for one company, while independent agents have access to a wider range of insurance products. This question will help you determine whether the person is a captive or independent agent. "That's not to say that you're always better off with an independent but you should at least know what you're dealing with," Bach says.

How long have you been in the business?

Years in the business won't guarantee that an agent is the right fit, but it can help give you peace of mind. "Regardless of what type of insurance you're looking for," Bach says, "you want to find an insurance professional that has at least three to five years in the business and that seems to have a pretty good working knowledge of the marketplace."

Can I speak to a current client?

The agent may say he or she can't refer you to a current client due to privacy issues, but their handling of this question can speak volumes. "If they get defensive and brush it off, or if they can give you a reference or explain why they can't," Bach says, "that will be helpful in figuring out whether they're the right agent for you."

What happens if ...?

Ask a claims-related question to see how they respond. In the case of homeowners' insurance, a scenario related to water damage can be telling. "If there's a rainstorm and a leak develops in my roof, will this policy protect me?" Bach says. "One of the main differences currently between home insurance sold by competing companies is how they pay for water damage claims. If they gloss over and say 'of course a water damage claim will be covered,' that teaches you a lot. Almost every policy you can buy today has all kinds of exclusions." If they take the time to explain those exclusions instead of glossing over them, that's a positive sign.

What size deductible would you recommend?

A higher deductible means lower premiums, but also more out-of-pocket costs if you need to file a claim. "One way to gauge whether you're interviewing a consumer-oriented agent or a company-oriented agent is whether they suggest that you take a higher deductible," Bach says. "An agent who suggests a higher deductible is likely to be more consumer oriented." That's not to say that a high deductible is right for every consumer. If you need to file a claim but can't afford to pay the higher deductible, then it does you no good.

Are there any discounts that might apply to my situation?

Another sign of a consumer-oriented agent is one who suggests ways you could qualify for discounts or trim unnecessary coverage. "If they give you suggestions for avoiding paying for coverage you don't need or increasing the more important types of coverage, that's a good sign," Bach says.

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