

Picking a good insurance agent or broker

In today's world, you can buy insurance through a professional middle man/woman (agent or broker), or by calling a toll-free number or going online. If your insurance needs are simple; just a car, for example, you can safely buy a policy on your own, as long as you understand the choices that matter: Adequate liability and UM/UIM limits. Collision and rental car coverage, yes or no?

But if you're buying life, long term care or disability insurance, or if you're insuring a home, business, or anything that's unique - you're generally better off finding a good agent or broker to advise you and help you find the right coverage. For more information on properly insuring a home, visit the [Buying Tips library](#).

There are different kinds of agents. Some are "captive" which means they can only offer you one insurance company's products. State Farm, Allstate and other companies use captive agents. Other companies use "independent" agents and brokers to sell their products. Independent agents and brokers can offer you a wider range of options.

The policy you buy through an agent or broker will include a commission ranging from 7-15% of the total premium on whatever policy you buy. If you use a broker, you will pay a commission plus a fee. Because insurance is a product where quality matters but it's very hard to shop and compare insurance policies on your own, it's often worth paying an experienced professional a reasonable commission and/or fee to find you the right policy and company to suit your specific or specialized needs. Don't be shy about asking questions to make sure the commission and/or fee you'll be charged isn't out of line.

Here are tips on picking a good insurance agent or broker:

Personal Recommendations: Ask co-workers. Ask friends. Asking a perfect stranger is better than relying on ads or the yellow pages. People tend to refer people with whom they have had a positive experience. Ask what their experience was in dealing with the agent or broker. Was s/he responsive; was s/he able to answer questions clearly? If the person had to file a claim, was the agent or broker helpful?

Testimonials: Yelp, LinkedIn, Facebook and other social media tools can help you gauge good service

and quality businesses. These sites can be helpful, but a face-to-face with an agent or broker is one of the best ways of figuring out if they will take good care of you.

Your state insurance regulator's website: Every state has an agency (or “department”) that keeps track of insurance companies, agents and brokers doing business in the state.

You'll find your state's insurance department website link in the State by State Assistance section of www.uphelp.org. Use your state insurance regulator to check an agent or broker's license status, inquire about any complaints or disciplinary action, see how long the agent or broker has been in business, etc.

Commercial versus Personal: Agents and brokers generally specialize in either commercial or personal insurance – not both. Ask questions to make sure s/he has experience in the type of insurance you need.

Specialized needs: If you have a unique situation or your property or business is considered high risk – you'll want to find an agent or broker who has the expertise and connections to help you.

Personalized advice: A good agent or broker will be familiar with the products they're selling and explain ways you can tailor your coverage to your specific needs, maximize protection and minimize cost. For example, a good agent will suggest ways you can adjust your coverage to take advantage of discounts (or credits) that insurers give for packaged policies.

Instinct and caution: Consumers occasionally get scammed by people posing as agents who advertise, offer a policy and collect a premium but don't actually procure a valid insurance policy. Asking good questions, following your instincts and checking license status will help you avoid being scammed.

Questions to ask:

1) How long have you been in business?

2) Are you a “captive” agent? If not, how many companies do you represent?

Independent agents and brokers have “appointments” with insurance companies that authorize them to sell their products.

3) (Brokers only) Will you be earning a broker fee plus a commission and if so how much will the commission and fee be?

You can negotiate with a broker over their fees. You generally cannot negotiate a commission – they are generally set by the insurance company.

4) If I cancel the policy mid-term, will there be an “earned minimum premium?”

It varies by insurance company. Most policies have a “25% earned minimum premium” which means the insurance company will keep the first three months of premium even if you cancel a week or two into the policy. Some companies will also charge a cancellation fee on top of retaining a “minimum” premium.

5) If I have a loss and need to file a claim, how will you assist me?

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This article is intended for educational purposes and should not be taken as legal advice. United Policyholders thanks and acknowledges the following members of our Agent/Broker Advisory Board for assistance in preparing this publication: Ambere St. Denis, Ice Ins. Agency, S.F., CA, Shirley Brown, David Shaffer Ins. Agency, Lafayette, CA, Kathy Berkman, Calendar-Robinson Ins. Agency, S.F., CA.