

Seven Things You Must Know Before Hiring an Insurance Agent

Introduction

When it comes to life, change is the only reality. Sometimes, this change happens gradually. We get a little bit older each day. The tree in the yard gets a little taller. There are a few more miles on the car. These slower changes are hard to detect on a day to day basis. This inability to detect gradual change gives us the illusion of security. Many of us assume that because everything seems the same on a daily basis that everything actually is the same. Except that it's not. Security can be like a little white lie. When we believe it, we temporarily feel better. Unfortunately, it is a lie and, like all illusions, it's harmless until proven untrue.

It's only when change happens suddenly that we realize the true nature of security. Sudden change is unsettling. It's full of upset. It can be disorienting and frightening. Unfortunately, it can also be hazardous and life changing. Let's face it, life is hazardous. This may strike you as a simple statement, as well as an obvious one, but take a moment to reflect on what those words really mean. None of us can predict the future. When all is said and done, there's a chance of good events occurring and there's a chance of bad events occurring. This uncertainty is a part of life.

The problem is that being uncertain about what the future holds means that each of us is assuming a risk if the future brings negative events. It makes no sense to simply assume this risk as a "cost of living". It also makes no sense to dream about a happy future, without undertaking positive steps to increase the chances of those dreams coming true. Without any effort on our part, any dream, and this includes the illusion of security, is just another little lie we tell ourselves to keep the fear of uncertainty at bay.

One of the best steps you can take to ensure a better, more secure tomorrow is to purchase insurance. Insurance is designed to protect you from the risk of an uncertain future. Should sudden, negative change occur, insurance will cover the losses you have suffered as a result of that change. When you've hedged your future bets by insuring against the risks that life brings, you are not only protected, you have also purchased piece of mind. In short, when you're insured you can afford to let the winds of change blow.

A reputable insurance agent can easily take a look at your particular situation and recommend insurance coverage for your home, life and/or property. Given the importance of having proper insurance coverage, it's key to choose an insurance agent that is the right fit for your needs. Here are seven things that you must know before hiring an insurance agent. Keep these things in mind when selecting an agent and you will go a long way towards insuring that both your future and your bottom line will both be secure.

1. How To Shop For The Right Insurance Agent For Your Needs

There are many choices when it comes to deciding what type or types of insurance coverage you need. This is because there are many different types of risk which may affect many different areas in your life. A reputable insurance agent will be able to look at these different areas of your life and help you determine the coverage needed to protect you from risk.

In general, the insurance industry offers coverage in two broad areas. There is insurance that protects people and there is insurance that protects property. In general, insurance that protects people includes life and health insurance. Property insurance, again in general, includes homeowners and auto insurance. Additionally, there are numerous subcategories of coverage that are included in within each of these broad areas of coverage. For example, homeowners are able to insure their homes against specific types of risk, such as fire or flood.

In order to get the coverage you need at best possible price, you should have the insurance agent you are considering provide you with a quote for the cost of the suggested insurance. This helps you to determine whether the coverage is within your budget. It allows you to take the quote to other agents in order to compare prices.

2. How To Check The Reputation Of An Insurance Agent

We're fortunate to be living in the information age. The info we need is usually at our fingertips and, as we all know, information is power. When it comes to checking on the reputation of an insurance agent that you may be considering, put that power to you advantage.

One of the easiest ways to do this is by searching for the service in question on a crowd-sourced review service like Yelp, Citysearch or Angieslist. These websites can often give you a very good, but general, idea of how previous customers of the service you're considering felt about the treatment they received. Remember, these sites can only provide you with a general overview, since they are crowd sourced and largely unmoderated. Use them cautiously and only as a jumping off point.

A more direct method of checking on the reputation of an insurance agent is to go directly to that agent's previous customers in your community. You can do this by word of mouth, asking co-workers, friends and family who may have previously purchased insurance from the agent. You can also ask the

agent themselves. A reputable insurance agent will be more than willing to provide you with the contact information of previous satisfied customers.

3. The Importance Of Selecting An Insurance Agent That Works With The Right Carrier

There are hundreds of insurance carriers, or companies, operating in the United States alone. They range from the companies we're familiar with through television and print advertising to smaller regional carriers. The thing to remember is that not all insurance companies are created equal, so to speak. The insurance agent you are considering represents one of these companies. Therefore, it is in your best interest to gather as much information on that particular company before you purchase coverage from the agent.

One thing to remember is that big does not necessarily mean better. The large insurers that we all know have been around a long time. This means that they understand the industry, as well as their customers. While this longevity is a sign of fiscal health and good service, it doesn't mean that you should assume a smaller insurer does not share these characteristics. Many times a smaller carrier is able to meet, or beat, the coverage provided by their larger competitors. However, if you don't exercise due diligence and shop around for the best quote for your needs, you'll never know.

Another thing to keep in mind is that all insurance carriers, big and small, are regulated by the department of insurance of each state they operate in. Consumer complaints against any insurer are lodged with these state regulators and are public record. This means you can check on the number of complaints filed in the state you live in against a carrier you are considering using. This information may provide a useful gauge as to the type of service you may receive should become a customer of this carrier yourself.

4. Learn Why And When Insurance Companies Are Allowed To Drop You

Once you have insurance, it makes sense to want to keep you coverage. After all, the lack of adequate protection against risk is what motivated you to purchase insurance in the first place. However, many people don't realize that, under the law, your insurer is entitled to drop your coverage, sometimes with no advance warning. It's important that you understand why and when this can happen. It is equally important that you specifically question any insurance agent you are considering using about these conditions.

Obviously, your insurance carrier is allowed to drop your coverage if you fail to pay your premiums. However, the specifics of how and when this happens may vary from insurer to insurer, as well as from policy to policy sold by a single insurer. This means that the manner and timing of your potential loss of coverage for non-payment is likely memorialized within your specific policy. As you may not be entitled to any advance notice prior to being dropped, it is vitally important that you closely read any insurance policy prior to making a purchase.

Insurance carriers, again per the terms of the policy, may also, at their discretion, choose to drop your coverage for any number of additional reasons including, but not limited to, making too many claims against the coverage in a given time period or failing to provide information regarding a claim in specified manner. Again, the specifics of these circumstances are in your policy. Make sure you understand the terms of the policy before you buy.

5. Understanding How Choosing The Right Deductible Can Save You Money In The Long Run

A key to understanding insurance is being clear on the concept of a deductible. The deductible is the amount of money you are responsible for in any given claim. This amount is deducted from the total amount of the cost of your injury, leaving your insurer with a smaller balance to deal with. For example, if you have \$3000 in damages with a \$1000 deductible, you must pay \$1000 towards the expense of repair or treatment and your insurer will pay \$2000. In many cases, the deductible must be satisfied before the insurer is required to provide coverage.

In general, the smaller the amount of the deductible, the higher the premium will be. Likewise, the higher the deductible the lower the premium you can obtain. The amount of deductible you choose is entirely up to you. However, when you weigh the cost of the deductible against the cost of the policy containing that deductible, you may find that it is actually less expensive to pay for a lower deductible.

For example, let's say you have a policy with a \$250 deductible. Let's also say that if you raise the deductible to \$500, you will save \$75 per year in premiums. However, if you have to make a claim using the higher deductible, it will take you almost six years to recoup your out of pocket loss. If you happen to have another claim within those six years, the out of pocket expenses rise, as does the time it take you to recoup. So keeping the deductible low, while paying a higher monthly premium, will actually save you money in the long run.

6. Understanding The Hidden Costs With Most Insurance Companies

There are several "hidden" costs in most insurance policies. Understanding these costs can help you save quite a lot of money over the life of the policy. Your insurance agent can also explain these costs, so make sure you ask about them before you purchase any policy.

Every insurer charges you a premium for the policy you choose. We tend to think of this premium in terms of monthly payments. In actuality, the premium is often a lump sum charge of an entire year of coverage. The insurer then breaks this lump sum down into monthly payments and charges you for the convenience of the same. If you can pay the entire premium at once you will save money.

Remember that you get what you pay for. Good coverage costs money. If an insurer is offering a deal whereby they promise to save you a certain percentage off the cost of a particular type of insurance, make sure you take a closer look. Often, 50% savings translates into 50% less coverage. These short term savings can add, over time, to long term loss.

7. Other Vital Questions To Ask Before Hiring An Insurance Agent

You trust your future, as well as the future of your family, home and auto to the insurance agent you choose. Could anything be more important? Therefore, when selecting an insurance agent, make sure you ask the tough, but necessary, questions that will insure that the insurance policy you select is the right one for you. Any insurance agent worth their salt will be more than willing to provide forthright answers to these questions.

First off, ask the service for references. An insurance agent will be able to provide you with the contact information for previous satisfied clients. Get in touch with these people. Ask them about the agent's performance. Ask them whether they would recommend the agent to others. If previous clients have good things to say about the insurance agent, you can be more confident in choosing that agent to meet your insurance needs.

Also ask the agent about their business. How many policies do they sell a year? Are they a full-time insurance agent? If you need to make a claim, will they be there to assist you? Why and how did they

get involved in the insurance business? Again, the answers to these questions will help you select an insurance agent that is the best fit for your needs.

Conclusion

In conclusion, obtaining the right insurance coverage not only helps to secure your future, it also helps you to enjoy the present. It makes sense, when considering the obtaining coverage, to choose an insurance agent that's right for you, your needs and your budget. The time and money you save by making the right choice will provide you with a brighter future.