



State of Utah

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Choosing an Insurance Agent:

Company and coverages aren't the only things to evaluate
when selecting an insurance agent

Buying your first car, moving to a new state, losing or changing your job or starting a small business, are just a few of the life changes that should trigger a review of your insurance. Picking the right insurance coverage for you and your family isn't just about understanding your insurance choices and selecting the right policy - it's also about finding the right insurance agent. So, when life throws major changes at you, the Utah Insurance Department offers these tips to help you find the right agent for your insurance needs.

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 or group of companies under one parent 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 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 Commissioner's (NAIC) Insure U website <http://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 your state. You can check company licensing information on Insurance Department's Search Company/Agent web page <https://secure.utah.gov/cas/search?page=searchMenu> or by calling the department at

800-439-3805 or 1-801-538-3855.

- Complaints - While you're checking whether the agent and the company are licensed, also check to see if the Department has taken administrative action them by going to <http://www.insurance.utah.gov/legalresources/enforcement.html>. You also might check with the Better Business Bureau to see if any consumers have filed complaints - or compliments - about the agents you are considering.
- Financial Strength of the Company - When evaluating a company, you also want to check its financial rating. There are five major rating services. For information about and links to the rating services, go to our website at: <http://www.insurance.utah.gov/insuranceoverview/RatingServices.html>.
- 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.
- Additional Questions - If you would like more guidance about an agent, contact the Utah Insurance Department by calling 800-439-3805 or 1-801-538-3855.

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 by going to Search Company/Agent web page at <https://secure.utah.gov/cas/search?page=searchMenu> or by calling the department at 800-439-3805 or 1-801-538-3855.
- 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.

The best way to protect you from insurance fraud is to research the agent and company you're considering. Always: Stop before writing your check or signing the contract. Confirm that both the agent and the company are licensed to write insurance by going to <https://secure.utah.gov/cas/search?page=searchMenu> or by calling the department at 800-439-3805 or 1-801-538-3855.

More Information

For more information about auto, home, life and health insurance options - as well as tips for choosing the coverage that is right for you and your family - visit **InsureU** to get smart about your insurance needs at <http://www.insureuonline.org/>.

You can also go to the department's website to learn how to "Shop for Insurance" and check out company ratings, <http://www.insurance.utah.gov/insuranceoverview/index.html>, or call our toll free in-state number 1-800-439-3805 or local number 801-538-3077 if you have further questions.

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The Utah Insurance Department is a state agency whose mandate is to regulate insurance marketed and sold in Utah. Currently they license over 90,000 agents, agencies and insurers; audit domestic insurers to verify financial stability and compliance with insurance laws; take administrative actions against licensees found to be in violation of the insurance laws; take calls from consumers who have questions or complaints; and educate licensees and consumers regarding insurance. Visit our website at <http://www.insurance.utah.gov/> or call our toll free in-state number 1-800-439-3805 or local number 801-538-3077.

About the NAIC

Formed in 1871, the National Association of Insurance Commissioners (NAIC) is a voluntary organization of the chief insurance regulatory officials of the 50 states, the District of Columbia and five U.S. territories. The NAIC has three offices: Executive Office, Washington, D.C.; Central Office, Kansas City, Mo.; and Securities Valuation Office, New York City. The NAIC serves the needs of consumers and the industry, with an overriding objective of supporting state insurance regulators as they protect consumers and maintain the financial stability of the insurance marketplace. For more information, visit www.naic.org.