

BENEFITS CORNER



Choosing Your Insurance Advisor

Every so often, you may be faced with the need to find someone to assist you with your insurance needs. Your previous insurance advisor may have retired, moved, or left the business. Possibly, you may have made your insurance purchase Online, but would like the assistance that a local voice can provide. Whatever the reason may be as to why you need to find a new advisor, what are some of the things you should look for in choosing someone to assist you?

The role of a professional insurance advisor is increasingly important with the many changes that have occurred in the insurance marketplace. I would recommend that you may need more than one advisor to assist you with various aspects of your insurance needs. Look for an advisor that specializes in a given area of insurance. Three broad categories are Life and Health, Property/Casualty, and Financial Services.

Your insurance advisor needs to be a professional in his or her chosen area of expertise. There are a few ways to determine an advisor's commitment to the profession. Many career insurance advisors have completed a sequence of college-level courses leading to a professional designation. Some of the common designations include Chartered Life Underwriter (CLU), Certified Financial Planner (CFP), Registered Health Underwriter (RHU), Registered Employee Benefits Consultant (REBC), and Chartered Property and Casualty Underwriter (CPCU). Holding these types of designations is an indication that an insurance

professional has advanced training and education to guide you through the complex task of choosing appropriate coverages.

Additionally, the State of Colorado requires all persons selling insurance products to be licensed. There are different types of licenses based upon the different areas of insurance. Testing is required to obtain these licenses. Additionally, continuing education must be completed to maintain the license. To maintain a Life and Health license requires a minimum of 24 hours of continuing education courses every two years.

A further item that a professional insurance advisor should have is Errors and Omissions protection. Even the best professional might make a mistake. Errors and Omissions coverage is designed to protect you if a licensed insurance professional makes an error. Do not be hesitant to ask your chosen advisor to see a copy of their E and O policy.

Another way to determine an advisor's commitment to the profession is whether they are a member of their specialty's professional association. Every area of insurance has an association of insurance professionals. These associations are means to disseminate important industry trends, information on new legislative changes, and new products coming to the market. I would suggest that if your advisor is not a member of his association, then he is not committed to his profession. It would be even better if he is an active member.

You should also consider if an insurance advisor applies some level of due diligence requirements to the insurance companies he represents. Does your advisor represent solid well-established carriers, or is he willing to represent carriers with fewer credentials? Do not hesitate to inquire what it takes for an insurance company to make it to his list of represented carriers.

Insurance advisors have strong financial and professional incentives to give their clients a lifetime of quality products and services. Advisors seldom are salaried employees of the insurance companies they represent. Usually they are independent agents who represent many companies. Most advisors are compensated on a commission basis—a percentage of the premiums you pay your insurance company. Advisors should place consumers with strong, financially stable carriers and provide superior service on an ongoing basis. Further, a professional advisor should not hesitate sharing a product's compensation when asked by you.

What should you expect from a professional insurance advisor? Use the following list to evaluate an advisor. Your insurance professional should:

- Work with you to evaluate your needs for insurance coverage.
- Explain the details of different insurance plans.
- Make specific recommendations and tailor plans to suit your specific needs and budgets.
- Review your plans periodically to update coverage and limit costs.
- Serve as your advocate and advisor in dealing with insurance companies involving claims, services, and regulations.
- Help you as a business owner communicate benefits packages to employees and demonstrate how various provisions can complement personal and government financial plans.

After evaluating your current or prospective advisor with these guidelines, there is still one thing you should take into consideration. Do you trust this individual? Do you believe that the advice given is thorough and well considered? No relationship can survive if there is not trust. If you feel that your advisor is trustworthy in protecting you, your business, your possessions, and, most importantly, your loved ones, you have made an excellent choice in your insurance professional!

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