

The Advantages of Employing an Independent Agent

GOTCHA COVERED

By Greg Knuffke of Tamarack Insurance

"For the times they are a-changin' "

- Bob Dylan

Twelve years ago I took an interesting class on insurance (I know, it's an oxymoron) and learned that there are two industries within the US with the highest amount of companies: insurance with 5977 companies and wineries with over 100,000 representatives.



While we may readily distinguish between red, white and zinfandel, can we discern the difference between a \$10 bottle of red wine from a \$100 bottle? In a similar fashion, can we differentiate a homeowners policy that grants replacement cost, all-risk coverage from one that only offers depreciated recovery for basic coverage? In either example, it is the nuance that makes the difference and that difference can cost you dearly.

It is virtually impossible to get on the Internet, the radio or television without being confronted with some insurance spiel from a lizard, a caveman or a neurotic

lady dressed in white. While some of the commercials are entertaining, it makes me wonder when it became normal to minimize the importance of financial security for a chuckle. To be sure, the times are a-changing.

In the old days, insurance companies did not sell through the internet or over the phone. Instead, they sold through "agents"; licensed insurance professionals. Consumers paid the agent nothing because the insurance company paid the agent a commission out of the premium charged. Today these new commercial-heavy companies (aka Direct Insurance Companies) charge about the same amount in premiums, but pocket the money that used to be paid to the agent. The problem with these direct companies is the consumer no longer has a qualified counselor on his side. They have nobody to represent their interests from: searching for the best choices in coverage, seeking out the best price year-over-year, helping explain the best value for need, or help maneuver the intricacy of a claim.

So what can an independent agent do for you?

Agents have at their disposal the ability to quickly check prices and coverages with several different insurance companies. Since rates vary widely an independent agent can very likely get you a better deal than you can get for yourself. They can even shop insurance from a 'direct writer' just like you could get for yourself - but you benefit because you have a 'hired' representative to explain all the complexities.

Independent agents are a one-stop-shop for all of your insurance needs. An agent typically doesn't sell just auto



insurance. They also sell homeowners, renters, life insurance, business insurance etc. This is definitely the case with Tamarack Insurance.

Insurance is a complicated subject. It's an agent's business to understand it, and communicate it to you so you understand it as well. In almost all cases an ordinary consumer will benefit from having someone who deals with this subject for a living advise them on a 50+ page contract. If there are any hidden surprises, a licensed agent is the one equipped to know where they are. Even if you understand insurance thoroughly you can get tripped up; the industry is regulated on a state-by-state basis. Move from one state to another and you'll find that the coverages may look the same at first glance, but on closer examination things work differently.

Coverages also vary from company to company within the same state. Many companies differentiate their coverage to attract a certain niche market. Agents know these differences and help you take advantage of them while avoiding others that may be a bit more stringent in applying eligibility or pricing.

In a recent study, it was revealed that most consumers failed to recognize that they were surrendering the role of a professional agent who was on their side when they purchased products over the internet - they simply were seeking and easier way to purchase insurance. That same study revealed that while over 80% of consumers were comfortable with shopping for insurance online, 72% preferred to have an agent represent their interests.

In an attempt to give the people what they want, many agencies, like Tamarack Insurance, offer online quoting where the consumer only enters their information once and receives several quotes from reputable insurance companies. In this model, the benefit is that the consumer is able to do their shopping online and still complete the sale with an agent to receive long-term advice from an insurance professional. MW

Greg Knuffke is a former insurance executive with over 30 years of experience in all facets of insurance. Greg worked for some of the largest companies before retiring to the Flathead Valley to open Tamarack Insurance, a family business that is licensed to sell all lines of personal and business insurance. When Greg isn't working, you can find him outdoors; skiing, boating or playing street football with his ten children.