

## ***Top Ten Questions*** to Ask Your Insurance Agent *Before* Answering Theirs

With the recent scandals involving securities fraud, manipulation of funds, and unsavory practices by insurance agents, it is imperative that today's consumer make sure that their interests are fully protected. When it comes to buying insurance, how do you know if you are dealing with a licensed, reputable agent? What are some of the things you need to know before deciding to work with an agent?

Following are the ***Top Ten Questions*** you should ask your agent before giving him or her your business.

### **1. Are you or your firm currently licensed in my state for insurance and securities and how long have you had your license?**

Each state requires that an agent be licensed in the state for which an agent sells insurance/securities and in turn the agent must be appointed to sell products by the insurance company and/or investment firm. All states have a Department of Insurance that is government regulated. To find out if an agent is licensed in your state, go to your local state government web site. In Ohio visit: [www.ohioinsurance.gov](http://www.ohioinsurance.gov).

**2. Is your business located in the United States, and do you reside in the United States?**

Most states require that an insurance agent reside in the United States and have a business address within the United States. Make sure you verify the agent's business address, as this will also indicate whether the agent maintains a full-time business (see next question).

**3. Are you a full time agent?**

With agent commissions being reduced and expenses rising, it is becoming increasingly more difficult for agents to maintain a business office and overhead expenses. Some agents are forced to operate out of their "spare bedroom" and work a second job to make ends meet. You wouldn't want to go to a part-time doctor so why would you use a part-time agent? Make sure the agent you are speaking with is stable and not "desperate" to make a sale. You deserve a competent, well-established agent.

**4. Have you ever been convicted of a felony or misdemeanor?**

As a consumer, you will be required to answer this question on your insurance application. So why not find out the same information about the agent? You have a right to know what kind of person you will be dealing with.

**5. How many companies do you represent and who are they?**

A “captive” agent represents one and only one company. They are required to sell only products offered by the company they represent. An “independent” agent may represent several companies and may offer many different products. Insurance needs differ from person to person and not everyone requires the same product, or has the same budget. An independent agent is able to offer many different products and services that can be specifically tailored to your needs.

**6. Will I be provided with financial information for all of the insurance companies you recommend?**

All insurance companies have financial ratings given to them by several different rating services, such as A.M. Best, Standard & Poor’s and Moody’s. The ratings are based upon the insurance company’s financial stability, diversification of funds, performance, claims paid, as well as many other factors. The ratings are updated on a regular basis so be sure to ask for the most recent rating.

**7. What professional designations do you hold?**

The insurance industry requires agents to complete a specific number of continuing education courses in order to keep their license active. Some agents choose to go above and beyond the basic requirements, and complete a set core curriculum to become a specialist within the industry. Some agents complete additional courses to become a specialist in a specific area. Designations to look for within the insurance industry are: Chartered Life Underwriter (CLU), Chartered Financial Consultant (ChFC), Certified

Senior Advisor (CSA), Registered Health Underwriter (RHA), Life Underwriter Training Council Fellow (LUTCF), Certified in Long-Term Care (CLTC) and Certified Financial Planner™ (CFP®).\*

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**8. Do you have errors and omission insurance?**

Reputable insurance agents carry errors and omission insurance that will help protect them and the client in the event of a wrongful act or misrepresentation by the agent.

**9. Do you have life insurance coverage yourself?**

We've all heard the old adage, "practice what you preach." Why would you buy life insurance from someone who hasn't purchased coverage for him/herself? Your agent should care enough about his/her own family to want to protect them properly.

**10. What area of life insurance is your specialty?**

There are many products an insurance agent can offer other than standard life insurance. These products include disability income protection, long term care insurance, and fixed annuities. Make sure the agent you are speaking with fully understands the products and how they relate to your needs.