

Advice on Purchasing Insurance

“COOKIE CUTTER” DOESN’T CUT IT

Over the years I have been an agent, several people have asked my advice on purchasing insurance for their various needs. You might think my answer was “well just buy from me,” however the reality is I cannot offer insurance for every scenario. For example, I may not have a license in a given state or I may not have expertise in a given area. While some agents would “wing it” and offer whatever might benefit themselves, our focus has always been in the best interest of the client. With that introduction, we are happy to provide this advice.

First, insurance is not a commodity and should not be purchased that way. Many people approach insurance the same way the might buy a television or shop for a home maintenance specialist. By not understanding the product or depth of a given scenario, we assume that all the providers, in general, offer the same thing leaving the price as the determining factor. This approach might work when buying a tube of toothpaste. If I genuinely understood toothpaste, I would not use it as an example. You see we all fall into this trap when we do not allow proper consideration of the item in view. This misunderstanding is exacerbated in the insurance world because the price is determined by a high number of factors the consumer must understand. And as you become more successful, the risk of being without proper insurance increases exponentially.

Next, when shopping for insurance take a long-term approach. I understand insurance is one of the most substantial expenses for many people and businesses. Since the cost is determined by so many variables, it is hard to decide on the company that offers the best price. Additionally, each company’s rates fluctuate so when one prices the market it is impossible to determine which one is offering the lowest premium. Today’s lowest price may be tomorrow’s highest. Only a long-term view (like over a decade or more) would begin to provide that information. Obviously, one should look for discounts, association plans and so forth when shopping for coverage and best rate, however, finding a company that is competitive while offering excellent service should be a priority. Remember, if you do have a claim you want it covered and dispensed with accurately.

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Finally, remember it's all about relationships. Knowing your risk and understanding your options is essential when dealing with your insurance program. An insurance agent/broker can guide you to a policy that fits your needs or the needs of your business. Since they receive a commission for placing a client's business they only get paid when they make the sale, so it's essential that you find an agent you can trust. It's best to use an agent that represents and offers policies from a variety of companies, not just one. By taking the time to educate your agent on your specific situation, they will be fully prepared to help you shop for the best coverage at the most reasonable price, in most cases.

The bottom line is whether is it personal, business or even an organization that you are part of, you are connected to an investment that insurance is designed to protect. No matter what the scenario every investment contains a certain degree of risk. Whatever you do you will never be able to eliminate all risk from the equation. But by buying the right insurance at the right price, you can moderate the financial risk associated with unexpected events. Nothing is as precious as peace of mind, so plan well, and protect well.

Richard Aardsma
Aardsma Agency