

Value of An Agent

In recent years insurance Agents have been the subject of criticism and attack. However, this is not a new concept for the Agent community. In fact history does repeat itself. In the 1800's there was an outgrowth of an antagonism on the part of the insurance industry toward Agents. With the need to reduce rates, there was resentment toward Agents for receiving compensation to place business.

Consequently, many insurance companies took the position that they would not pay Agents for the production of business. They found, shortly thereafter, that without the service of Agents, companies were forced to rely upon the business that they could place through their home offices and through salaried solicitors, which backfired resulting in catastrophic losses to the companies.

Fast forward to today, in the search for lower costs, it has been pointed out that Agent commissions are one of the important contributing factors to the cost of insurance. It is speculated that if the purchaser of insurance were allowed to approach companies directly, the cost of the Agent would ultimately reflect to the buyer of insurance.

Insurance today is a highly complicated subject. Without Agents, individuals and businesses would have to secure advice of competent insurance counsel from another source. It has long been demonstrated that it is impossible to get anything worthwhile for nothing, and in the long run the compensation now paid to Agents would have to be paid to someone else performing the same function, perhaps with less desire, knowledge and understanding of the clients needs.

So what functions do Agents in today's market perform?

- Asking questions, finding out the needs of the client.
- Educating the client about what is available to them and steering them clear of potential pitfalls.
- Shopping the market for the best available plans that match the clients needs and presenting those options in an easily understandable manner.
- Advocating on their clients behalf for claims or other issues.
- Advising at renewal as to what options are available.
- Educating, acting as a resource and problem solving.
- Providing valuable insight to carriers related to the needs of consumers and sharing competitive information playing a key role in keeping the market in check.