

WHY FINDING THE RIGHT INSURANCE ADVISOR IS SO **CRUCIAL**

It's hard to believe that only a year and a half ago I ended an 11-year career in publishing. If anyone would have told me I'd trade an exciting profession interviewing and organizing photo shoots for such notable figures as the late General Norman Schwarzkopf, former professional ice hockey player, Vincent Lecavalier, and Dancing with the Stars host, Erin Andrews, among dozens of others, for a career in insurance, I would have bet money they were wrong. And if they tried to tell me I'd actually love advising people about all-things-insurance, I would have called them crazy.

I'm sharing this information because despite my title of Private Risk advisor, I was very much like yourself: a long-time cynic of the ever-changing and complex insurance industry.

Less than two years ago, I trusted the characters from those witty, big-name-insurance company commercials, trying to sway me regarding which home and auto limits were sufficient for myself and my family. If I needed to make a change or add a policy, I would have to call an 800 number, wait on hold, speak to the next available agent, repeat my story to the new agent every time I had to call ... you know the drill. It always seemed as though the agent on the other end of the line was reading responses directly from a script, and often times, it seemed to be written in Swahili. To be completely honest, I didn't understand the coverage I had, versus the coverage I needed to buy, and I usually hung up the phone even more perplexed. If this all sounds familiar and you can relate to the frustrating and confusing task of managing your own insurance, then my advice should speak to you. Let's explore a couple of options, because you do have them.

There are multiple ways to obtain insurance coverage these days. The two most common methods are through utilizing an independent insurance agent/advisor, or going directly to an insurance company and speaking to one of its captive agents or visiting the company's website.

For the sake of brevity and clarity, let's take going online and setting your own insurance limits out of the discussion. The multitude of reasons why that's a horrible idea will add pages to this document and dilute my central theme. If anything, please remember that insurance policies are legally binding contracts. Just as you hire a lawyer to represent you in a court of law or consult with a medical professional should you experience a health ailment, you should seek the guidance and advice of a knowledgeable insurance professional to advise you for all things insurance.

WHICH TYPE OF INSURANCE AGENT IS RIGHT FOR YOU?

An important distinction to make regarding the individual you entrust with the details of your insurance program: does he or she work directly for one company, or independently, representing multiple companies?

There are pros and cons to both options, however if you want access to the best specialty insurers and you're looking for customized insurance coverage tailored to your unique lifestyle needs, the value of a good insurance advisor is irrefutable.

Before we delve into the advisor advantage, let's explore the alternative of using a captive insurance agent. Captive agents are directly employed by the insurance company (and its subsidiaries), are true experts on their company's policy details, and have considerable knowledge about the products they offer. The large insurance conglomerate known for its phrase "Like a good neighbor" is an example of a company that employs captive agents. Unfortunately for the consumer, captives sell insurance products exclusively offered by their employer and lack viable alternatives when their company cannot offer competitive solutions. Ultimately, these agents are biased and have a sole focus on pushing their company's product. They are constrained by their employer's rates, coverage limits, and guidelines, among other restrictions. Most important to note, all clients receive the same solution(s), regardless of their individualized needs.

On the contrary, independent insurance agents work for YOU, the insured, as your advocate and advisor. They represent a variety of insurance companies, offer multiple products and have the direct access and resources to research dozens of companies on your behalf. They take a consultative approach to understanding you and your families' insurance needs. They know coverage varies from state to state, standard provisions differ from company to company, and no one insurer or policy is the same. These are true advisors who possess a broader understanding of the volatile insurance marketplace, company offerings, key benefits and special endorsements. This insight, coupled with their insurer relationships, better enables independent agents to comparison-shop and research the best coverage and pricing options for each client's unique needs - whether it's a new teenage driver on the road, a recently employed nanny driving your car or your new position on the board.

ELEVEN REASONS WHY YOU SHOULD PARTNER WITH AN EXPERIENCED INDEPENDENT INSURANCE AGENT

TRUST

Independent agents are licensed to offer expert advice and counsel that is independent of any one insurance company. Their recommendations are impartial and focused on your best interest, not on selling a standardized policy that may not be suitable for your needs.

EXPERTISE

Insurance is a complex and complicated world. Independent agents are skilled experts in risk assessment and proficient in all aspects of insurance, risk mitigation and emergency preparedness. They complete on-going educational courses throughout their career and this training is applied daily through the myriad of client circumstances they continually provide counsel for, always with the objective to properly protect clients, their families and their assets.

PARTNER

The dreaded claims process is one of those times in life when you need the guidance of a trained, experienced professional. Independent insurance agents are your partner and advocate in the unfortunate event you find yourself navigating a catastrophic claims situation. Because they work for you versus the insurance company, there's a different motivation and ultimate goal that is centered around a successful end result in your favor. Among other obligations, a good advisor assists with insurance company negotiation, disaster recovery, crisis management, litigation, and expediting the claims process on your behalf.

ADVOCACY

There's peace of mind in knowing an industry expert is available whenever needed, even on a Friday night. Personally speaking, it's not uncommon for my clients to call or text me during evenings and weekends, and if I cannot answer the phone, I get back to them as soon as I'm able, usually within the hour. Independent agents work for YOU, which means they don't leave the office at 5 pm and forward all calls to an answering service. They work around the clock, and are typically reachable at all times, because accidents and loss don't always occur between the hours of 9 to 5. Should you need guidance through the claims process, your advisor guides you every step of the way and is a safeguard to ensure a speedy and just settlement. And it's not uncommon for your trusted independent advisor to be the first to act in the event of a catastrophe.

RESOURCEFUL

Beyond providing insurance solutions, your advisor is a helpful resource. Not only are they creative in how they can structure one's insurance program, he or she also offers educational information regarding safety tips, regulation updates, crime prevention, evacuation planning, and risk mitigation strategies, among others.

UNBIASED COUNSEL

Understanding the nuances of the insurance marketplace, industry jargon, company rules, state regulations, policy exclusions, special endorsements, and coverage limits, among other responsibilities, is your advisor's business. It's also his or her job to clarify and communicate everything in a way that makes sense and empowers you to make an informed decision. Where a captive agent can only sell you their company products, an independent insurance advisor reviews what you have in place, provides unbiased counsel on what you need, and presents various program options that ensure you're fully covered.

TRANSPARENCY

There's no financial incentive for an independent agent to choose one insurance company they're appointed with over the other, and no additional expense or hidden fee for you to utilize the services of an independent agent. Agents are paid a commission that is built into the price of a policy by the insurance companies they write business with and this percentage is disclosed to the client on the front-end before coverage is bound. And contrary to popular belief, independent agents can usually get a better rate for their clients because of the plethora of relationships and resources they have access to at all times.

CONSOLIDATION

It's not uncommon to have insurance policies with various agents, companies and renewal dates for your primary residence, boat, rental properties, jet skis, jewelry collection and excess liability, for example. One advisor can consolidate and simplify your entire personal insurance portfolio, at no extra expense to you for their services. Bear in mind that without someone overseeing and managing your insurance policies and overall program, you run the risk of being underinsured or over insured or having gaps and overlaps in coverage, among hundreds of other problematic scenarios.

RELATIONSHIPS

Independent agents have access to a vast array of insurer partners, and many are among the best in the world. These companies are not available to the public and boast extraordinary coverage features not found within a standardized policy. A handful provide sophisticated programs designed for high-net-worth (and ultra-wealthy) individuals and their families. Most important, brokers have an established rapport with their insurance company underwriters. These professionals work behind-the-scenes analyzing risk factors, developing premium rates and ultimately deciding which risks to insure. Your broker can pick up the phone and speak directly to an underwriter on your behalf if further negotiation or discussion is necessary.

CREATIVE

Independent agents can structure even the most sophisticated insurance programs with a little creativity, because they have the means to do so. It is also extremely common for this creative and thorough approach to uncover errors the client had no idea existed within the structure of their insurance program.

STEWARDSHIP

It's what happens after your policy is put into effect that truly differentiates independent insurance advisors from captive insurance agents. It's an unfortunate, yet all-too-common scenario, for an insurance agent to disappear after binding coverage. However, a good advisor knows the job is never done. Have you purchased more jewelry, renovated the kitchen, hired a nanny? These are among hundreds of life scenarios that affect your policy and coverage needs on a daily basis. Advisors periodically check in throughout the year and conduct an annual review of your policies to ensure they are keeping pace with your lifestyle.

Whether you choose to purchase insurance directly through an insurance company or an independent agent/advisor, ensure both are licensed in your state, research any complaints filed and confirm the company's financial stability rating before moving forward. Each state catalogs the insurance companies, agents and brokers conducting business within the state. For more information about your state insurance department's website, visit WWW.NAIC.ORG.



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ABOUT BALDWIN KRYSTYN SHERMAN PARTNERS

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