

# HOW TO CHOOSE INSURANCE

## *Helpful Hints from the Experts*

### Price Is Not Always The First Issue

by Richard Berman

(NAPSA)—If you need a plumber, an electrician, or someone to paint your house, what is the first thing you do?

If you don't personally know any of these specialists, chances



are you will ask someone you trust for a recommendation. But when it comes to insurance, that may not be as simple as it seems.

Your neighbor, Joe, might think he is happy with his insurance, but actually know very little about what's really in his policy or how his company will respond in an emergency.

Or you may decide to shop solely on price, figuring all insurance is the same. The problem with this approach is that you may not know if you made a bad decision until you really need your insurance company to stand behind you.

The practical solution, of course, is to get references for insurance coverage as you would for any other service or investment.

If reliable personal references are not available, why not check credible published references available in the library or on the Internet? For example, check to see which is the highest rated company in consumer magazines, such as *Consumer Reports*...and which companies have won major industry awards such as the J.D. Power Award for Highest Customer Satisfaction ([www.jdpower.com](http://www.jdpower.com)).

Once you have narrowed your decision, insurance experts say there are many other factors you should take into account.

1. Does the company offer you the most appropriate insurance... or the most expensive version?

2. What is the company's policyholder retention rate? The good companies will tell you. It's obvi-

ously a good sign if people keep renewing their policies. Some industry-leading companies, like Amica Insurance (Lincoln, Rhode Island), have a retention rate as high as 95 percent.

3. Who owns the company? A mutual insurance company, for example, is owned by its policyholders...not by stockholders. The incentive then, is to please the policyholder every time.

4. Does the company help you "manage" an emergency? Your insurance company may provide needed funds, but do they go the extra mile for you in an emergency situation? That might mean expediting funds, recommending reliable contractors, and so on. Quality service should be a part of the approach you expect.

5. If an insurance company is rigorous in questioning you as a prospective policyholder, that's a good sign. Being thorough helps you to understand your risks and how best to cover them, so when it comes time to make a claim, you'll be covered.

6. How knowledgeable is the agent on the phone? If the first company representative you encounter can't answer your questions, imagine how difficult it will be to collect on a claim.

7. What is the ratio of employees to claims? An insurance company that cares about its policyholders will have hired enough efficient representatives to answer your calls promptly. If you are left listening to a recording at great length—obviously that's a bad sign.

In short, the choice of an insurance company comes down to a commonsense decision. The bottom line is, do your homework. In the long run, it will more than pay for itself in savings and peace of mind.

*Richard Berman is a writer specializing in insurance issues. He consulted with Amica Insurance (1-800-24-Amica) regarding information and content for this column.*