

What is an Independent Insurance Agent?

Most buyers realize that an insurance agent can be a great resource when they are shopping for the right insurance coverage as well as when they encounter an insurable event. What many customers don't recognize is that there are two distinct types of agents; captive and independent agents. Below are some ways you can recognize each type of agent:

- Captive agents represent only one insurance company. If the captive company has subsidiaries, the agent is able to write coverage for the subsidiaries as well, but they are not able to write policies for any insurer outside their organization.
- Independent agents work with many insurance carriers. This flexibility gives agents the capability to provide you a much broader selection of insurance choices than a captive agent is able to. This versatility is not only important when you're initially shopping for insurance; it also comes into play annually, during your policy renewals.

Though an independent agent has greater freedoms than captives, that does not mean that they can easily write policies for any insurer. The agent needs to be appointed with a carrier before they can write their products. Insurers have distinct and strict guidelines agents must follow in order to be appointed with their company. This means, if you see a product advertised on television or online, you should go to the carriers website to find an appointed agent in your area. You can't assume all independent agents write business with all carriers.

Independent Agents also have the resources to customize policy riders and premiums by combining different coverages to create an insurance package suited to all of your needs. Below are a few examples of the customized options:

- Underwriting standards vary by insurers which make certain companies a better match for your needs. These underwriting variances not only impact your premiums, but they also decide whether or not a policy can be approved.
- Captive agents must write for their company no matter their financial stability or AM rating. Independent Agents have the option to only write policies with A rated carriers, ensuring your assets will always be protected in the event of an insurable event.

When selecting the agent you want to acquire coverage through, be sure to think about the distinctions between captive and independent agents. Choosing the right policy is an important decision; choosing the agent you buy your coverage through should be just as important.