

# HOW TO SELECT THE BEST BENEFITS / INSURANCE BROKER FOR YOU

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## HOW TO SELECT THE BEST BENEFITS/INSURANCE BROKER

Insurance brokers (sales people) run the gamut. Insurance licensing is not a rigorous process and many times its personality more than knowledge that makes an insurance sales person successful. Insurance companies depend upon the back office to answer most questions and its all too common to find a sales person that wants to close the sale, collect the commission, and live off a growing cache of trailing commissions than to actually service your account. Or so has been my experience.

When selecting an insurance broker I use the following criteria to ensure a successful choice and I communicate the criteria right up front during the interview process to see which sales people are comfortable and which ones dodge the examination.



1. I make it clear that what I am looking for is a virtual employee relationship. There will be no living off of trailing commissions without an associated commitment to my needs.
2. I want good open dialog in the development of a benefits plan. The last thing I want is a bobbing head agreeing with whatever mistake I might be making. If my broker and I always agree, then I have the wrong broker.
3. When it's time to renew, I want the broker to have researched the market and compare my current plan to other plans. I want them to expect push-back from me and a long series of questions and I want this information a good 4 weeks before the renewal date so that I have time to research the proposed ideas myself.
4. I don't want my sales person to fall in love with every new contraption the insurance industry (many times with government collusion) invents. My business is paying the brokers commissions and I want a commitment to keep my business.
5. I want the broker to understand two things about doing business with me. I stress both strongly right up front in the interview phase so there will be no surprises later on.
  - a. I will defend our relationship with the same vigor I expect to receive. That means I won't be inviting every phone caller to quote and create constant chaos for the broker to keep my business. This has

a purpose. One sided commitment is one sided trust. One sided trust breeds stress and lowers moral for everyone involved.

- b. I may entertain an array of quotes from other sources every four or five years. If I am concerned about the level of pricing I am getting, I will validate it with another competition. BUT, I will keep the existing broker fully in the loop. If the sales person has been slacking (or lying) along the way, they will likely be replaced. (Yes, I say this.) If the difference is that new news exists they didn't know about (which happens), then I keep my word by keeping the relationship. I accept human error, but not laziness or deceit.



6. I expect my broker to have other relationships so he/she can introduce other prospective sales people to me who fit my criteria. I want to be a tough customer, but a loyal customer. I make it clear that I don't care who gets the commission, I want a tireless set of eyes and ears for my money.

7. I let them know I am an educated buyer. I understand that insurance commissions are typically beyond the control of the broker. Either the insurance company, which handles many brokers, or the government sets commission rates. I understand that negotiating commissions is a failing process (and sometimes illegal for a broker to do), so I make sure that I get my money's worth in the company I work with rather than worry about commission rates. (For instance, Blue Cross Blue Shield pays all brokers on the same commission schedule. It's true that a broker who places high dollars in premium gets a better commission than one who doesn't, but this is usually assessed at the corporate level and individual sales people have little/no control that you can leverage. They are as much the pawn of the insurance giant as you are. Besides, if you have the financial muscle to do this, it's time to talk about self-insuring—that's a whole different beast.)

- 8. I let them know over the phone that I'm soliciting quotes from seven or eight sources. When they assure me that it won't make much difference in price (and they are right), I tell them price isn't what I'm looking for at the onset, it's the individuals I'm evaluating. That is usually a deal breaker—or not—depending on the work ethic of the person I'm dealing with. I review the quotes and do an initial round of interviews to get a good read on the people I'm dealing with and then select the final three for a second (and

final) round of interviews. I let them know all of this before they begin all the work of quoting. If they are a lazy broker, my savvy at recruiting usually discourages them and they eliminate themselves with a no bid.

9. During the final round of interviews I change my strategy. The finalists are well prepared for me by now, so it's time to throw some curve balls. I will have gone over all the proposals and I let the finalists view them all (in



my office). I let them know who the competition is and see what pricing I'm looking at to get their response. I want them to explain why they are being beaten on price, or why they are undercutting their competition. With regulated commissions, this is a red flag until it's explained to my satisfaction.

10. Now it's time to make the selection. As in any relationship, pick the personality that you work best with and trust the most. Go with your instincts here. It may be the high bidder, or the low bidder. By now, you've educated yourself on their dime and are as much of an expert as is required. With the caveat of re-qualifying the broker periodically (not more often than every 4 years and not then if you're satisfied—you've got a business to run), you've made the best choice available to you.