

# Multiple choice

How independent insurance agents help you choose the best business insurance **Interviewed by Elizabeth Grace Saunders**

**D**o you know your options? When business owners make purchasing decisions, they want to have a comprehensive knowledge of their options and the benefits of each one. But companies often don't have the resources to do this research. And to make the situation more confusing, expert salespeople can make it very challenging to tell whether their product or service is really the best fit.

That's why businesses benefit when complex services, like insurance, are offered via multiple distribution methods, including the independent agency. When customers work with independent insurance agents, they know that they have an expert advocate who can help them sort through the alternatives and decide on the best solution.

"Customers receive greater satisfaction when the agent places insurance with the company that best meets their needs," says Kevin Wermer, executive, P&C marketing at Westfield Insurance.

*Smart Business* spoke with Wermer about the benefits of working with an independent insurance agent.

## What are the different types of insurance distribution systems?

There are a variety of ways to purchase insurance, including:

- **Direct** — With this method, the customer works without an agent and interacts directly with the insurance company. This type of distribution is most common in personal lines, and the customer usually interacts with the company via the Internet, mail or telephone.

- **Captive** — In this system, the customer works with an agent who represents only one company.

- **Independent agency system** — With this mode of distribution, the customer works with an agent who represents multiple insurance companies.

## Why is the method of distribution significant to policyholders?

The direct and captive distribution channels bring value to their customers by pro-



**Kevin Wermer**  
Executive  
Westfield Insurance

viding a way for people and businesses to purchase insurance. But in both of these situations, the company, or agent representing a single company, has a vested interest in customers choosing their insurance product.

Independent agents provide one-stop shopping because they can more effectively align businesses' needs with one of the many insurance companies they represent. They provide customers with the greatest number of choices — often representing 10 to 20 companies. The independent agent can be more open to where the customer's business is placed and find the best value proposition for the customer.

## What are the benefits of independent distribution systems?

Not only can independent insurance agents present more insurance options, but also they can customize insurance programs to fit the complex needs of individual customers. Because these agents operate independently of a particular insurance company, they can act as trusted counselors who help customers regularly evaluate whether their insurance still meets their needs. As businesspeople, independent agents are always competing in the

marketplace and therefore have to keep up to date on all the insurance products and services available.

In addition to working for the best interest of the customers that are purchasing insurance, independent insurance agents also act as advocates for customers in the event of an incident, such as a claim. Since independent agents are not employees of the insurance company, they can act as skilled ombudsmen in controversial situations.

## How can businesses find an insurance distributor that best meets their criteria?

Businesses can choose from approximately 30,000 independent agencies countrywide. The best way to find an insurance distributor that meets your needs is to talk to other people who are currently satisfied with their insurance program. Beyond that, customers can do their own research and pull up all kinds of information on the Internet, as well as consult their local yellow pages for an agent nearest them.

If you know of a company you would like to have handle your insurance needs, you can pull up its company Web site and find out how to access a local agent. It also doesn't hurt to review insurance advertisements and formulate an opinion about the products and services that are most important to you. By talking to an independent agent, you can obtain information on a vast array of insurance companies with a single phone call.

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