Today’s Lecture
Buying Insurance

Basic Principles
Insurance Marketing Systems
Selecting an Agent
Selecting a Company
Insurance Ratings
Information on Service and Claims

Basic Insurance Buying Principles
Large Loss Principle
Protect yourself against financially disastrous situations
Liability losses
Loss of home
Loss of income
Avoid First-Dollar Coverage
Trading dollars with insurer

Insurance Marketing Systems
Life-Health
   General Agency System
   Managerial System
Property-Liability
   Independent Agents
   Direct Writers
   Brokers
   Mass Merchandising
   Financial Planners

Selecting an Agent
Designations
   CLU - Chartered Life Underwriter
   ChFC - Chartered Financial Consultant
   CFP - Certified Financial Planner
   CPCU - Chartered Property-Casualty Underwriter
Motivation
   Independent Agent vs. Direct Writer

Selecting a Company
#1 Financial Strength
Prices
Contract Provisions
Service

Recommended Ratings for Conservative Insurance Buyers
A. M. Best  A++ and A+  (29%)
Duff & Phelps  AAA and AA+  (43%)
Moody’s  Aaa, Aa1, Aa2, and Aa3 (70%)
S&P’s  AAA, AA+ and AA  (66%)
Weiss  A+, A, A-, B+, B and B-  (14%)
### Company Ratings Prior to Seizure by Regulators

**Executive Life - April 1991**

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<th>Bests</th>
<th>S&amp;P</th>
<th>Moody’s</th>
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<tr>
<td>2 years</td>
<td>A+</td>
<td>AAA</td>
<td>A1</td>
<td>BBB+</td>
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<td>1 year</td>
<td>A(w)</td>
<td>BBB</td>
<td>Ba2</td>
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<tr>
<td>At seizure</td>
<td>B+</td>
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**Mutual Benefit - July 1991**

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### Compare Insurance Prices

- Obtain quotes from several different insurance companies
- Contact independent agents and direct writers

### Contract Provisions

- Select the coverage you need
- Compare similar policies

### Service

- Convenience
- Quotations
- Binders
- Billing system
- Claim Practices
  - Consumer Reports
- Illinois Complaint Ratios