

Insurance Cycles and You

by Paul Breslau

Insurance premiums have a cyclical component that varies by year and by decade; just like interest rates and energy prices. With all cyclical phenomena the pendulum can swing against you or with you. Better understanding and managing insurance cycles can help tremendously since insurance is a large budget component for both businesses and individuals.

The Company You Keep

For all lines of coverage you can save big with the right insurance company. Choose one that specializes in the product line and target market that you need. For example companies that specialize in automobile and homeowners insurance also successfully market life insurance. Families purchase needed protection this is good for all parties involved. However, if you want the best life insurance at the lowest cost you might consider shopping with life insurance companies not your auto or homeowners insurance company.

Even life insurance companies specialize. Those with dedicated full time agents usually focus on whole life or other cash value policies. There is a second array of companies that specialize in low cost term life insurance. Each side insists their view of life insurance protection is correct. Successfully navigating the agents, the companies, and the products requires your attention and patience *but it can save you a lot of money.*

Furthermore, even companies operating within their specialty will have cycles when faced with

competitive pressures, regulatory limitations, management egos, and environmental change. The list of health insurance companies that have pulled out of Arizona is long. They range from A+ rated Pacific Life to home grown Premier Health. Having an insurance company that is in a bad cycle correcting for prior mismanagement is not good. Some business and individual clients ride out the cycles but loyalty to an insurance company most often is not recommended.

Long Cycles

Insurance cycles can last up to a decade and longer. In my opinion health insurance took a 20 year detour into HMO managed care. The initial low costs and comprehensive coverage raised expectations but were based on several flawed fundamentals. This resulted in many recent years of double digit rate increases, reduced benefit levels, and extreme frustration by all. Again, in my opinion the beginning of a new long cycle is here with the new Health Savings Accounts and other consumer directed care strategies. It is too early to determine what their success will be.

The concepts in this article apply to all lines of insurance coverage but I use life and health insurance examples because that is what I know best.

Agents and Brokers

Your insurance agent or broker plays a valuable role in helping you. Some agents are captive and only represent one company. This is okay as long as it is disclosed



PAUL BRESLAU, Registered Health Underwriter (RHU), Registered Employee Benefit Consultant (REBC), Chartered Life Underwriter (CLU), Chartered Financial Consultant (ChFC), works at Breslau Insurance & Benefits. You may reach him by calling (602) 692-6832, visiting www.HealthQuoteAZ.com or by e-mail at Paul@HealthQuoteAZ.com.

to you and that you shop around to make sure you are getting a good deal. On the other hand, I represented 41 different insurance companies in 2005 helping my clients find the best medical, dental, life, disability and other insurance coverage for their situation. Most of my associates from the Life & Health as well as the Property & Casualty sides of the insurance business are independent agents and brokers representing many insurance companies.

The agent or brokers job is to understand the cycles and all of the other innuendos of insurance. I often recommend that your first step is to find a knowledgeable and experienced agent or broker that you trust. Then work together in the second step of finding the insurance company and product that is right for your business or personal situation. If you need help finding an agent or broker for a given product specialty please feel free to contact me as I have many friends in the business and I enjoy helping people. ©