

What's the difference between a broker and an agent?

Brokers are independent – they're not appointed by insurers. They work with you on your application and submit it to the insurer on your behalf. You will buy the insurance only when the insurer agrees to initiate the policy.

Agents represent insurers – either a single insurer or many. They also work with you on your application, but unlike brokers, agents have the authority to initiate a policy on the insurer's behalf.

Who do they work for and how are they paid?

Unlike agents, brokers works for *you* rather than an insurance company. Keep in mind that brokers are paid commission by the insurer, out of the premium you pay.

- If you buy any insurance through an agent or broker, ask how they are paid and whether the way they're paid creates a potential conflict of interest between you and the agent / broker.
- For example, if they get higher commission the more business they do with an insurer, they may be motivated to sell that insurer's policies – perhaps even if another insurer's policy was a better fit for you.