Types of Insurance Agents by Customer

Insurance agents can also be broken down by who their customers are. If you look at it this way, there are two major categories. Personal and Commercial customers.

Personal Lines

A personal line insurance agent is someone who helps individuals find coverage for multiple personal items such as their car, their home, and their life insurance.

Commercial Lines

A commercial lines insurance Agent is someone who helps businesses find coverage options for their buildings, worker's compensations, and liability insurance.

What Does an Insurance Agent Do? >>

Step By Step Guide to Becoming an Insurance Agent

Below are five broad steps to becoming an insurance agent.

Step 1: Decide What Kind of Insurance You Want to Sell

The first thing you want to do is decide what type or types of insurance you'd like to specialize in. In the industry, these are referred to as "lines of authority." Here's a rundown of the most common:

- **Life insurance**: Selling policies and annuities related to providing for a beneficiary upon the death of the insured.
- **Health insurance:** Selling medical, disability, Medicare supplement, and long-term care policies.
- **Property insurance:** Selling homeowner, commercial property, and inland marine policies.
- **Casualty insurance:** Selling auto, workers compensation, crime coverage, and professional liability policies.

- **Surplus line insurance:** Selling coverage for unique or unusual situations with risks that aren't covered by standard insurance, such as daycare insurance, oil drilling rigs insurance, and special events like state fairs, car races, and outdoor amusement parks.
- **Variable products insurance:** Selling insurance products with an investment element. To sell this kind of insurance, you need certain **securities licenses**.
- **Personal lines insurance:** Selling products like auto insurance, homeowners insurance, renters insurance, and policies for boats, motorcycles, and snowmobiles to individual consumers only.

Another option is becoming an insurance adjuster, which is the business of investigating and adjusting claims on an insurance policy. Insurance adjusters also solicit for the adjustment business.

Often you don't have to pick just one line of authority. Individuals can combine certain lines, such as property and casualty insurance.

Step 2: Understand the General Requirements

After you've decided what kind of insurance agent you want to be, the next step is to understand the basic requirements:

- You need to be at least 18 years old to become an insurance agent.
- You need to complete prelicensing education for your line of authority, which is determined by each state. The number of hours you'll have to complete and the cost also varies by state.
- You need to pass the state insurance licensing exam for your line or lines of authority. An **insurance exam preparation package** can help.
- You need to pass a background check. The process varies by state and, in some cases, includes fingerprinting.
- You need continuing education to keep or renew your license.

Try Today's Insurance License Practice Question

Step 3: Pick a State and Find Out Its Requirements

Now that you have a basic idea of what you need to do, it's time to decide whether you want to sell insurance in your home state or some other state. (You can also sell in more than one state, but you also must abide by the rules for each.) As you saw in Step 2, each state regulates its own insurance licensing process, and each state's regulations or rules are slightly different, so this is why deciding on where is so important.

After you've made your decision, check with the department of insurance in that state for the rules. The state bodies of government that regulate insurance have different names, so a good way to find out the name of the state's insurance body is to go to the official website of the state and search for the insurance licensing rules.

Most state insurance web pages are quite helpful and often have handbooks you can download and read to get all the information you need to become an insurance agent in that state.

You'll find out exactly how many hours of education (if any) you need, how to register for the exam, where to go for the exam, how you'll get your score, and—if you pass—how you'll get your license.

Each state website will also tell you what kind of continuing education you need to keep or renew your license.

Step 4: Research Agencies

Now is also the time to research any agencies for which you want to work. Many have additional requirements

for candidates or agents to follow that you'll need to be aware of if you want to work there. Also, some agencies will hire you before you have a license, and they might have specific processes you need to follow.

Step 5: Pass Your State Exam and Apply at Insurance Agencies

You've done your research and know what you want to do. So, it's time to get out there, get the insurance agent education required by the state and agency of your choice, take the exam, and pass it.

Armed with your license and your knowledge, you're ready for an exciting and rewarding career as an insurance agent. Good luck, and don't forget about keeping up with your continuing education (CE credits).