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Some Tips for Making Life Easier for Your Heirs

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estates are probated which may make life easier, or harder. What follows are just some ideas that may make your heirs' lives easier, meaning taking less of their time chasing mundane issues.

1. Create an inventory of your accounts. By this I mean all your financial accounts including checking accounts, savings accounts, retirement accounts, life insurance policies, medical accounts including medical savings accounts, old Christmas savings accounts, and so on and so forth. Odds are extremely high you are the only person other than maybe your spouse that knows all these accounts exist. Do not count on your heirs easily finding paperwork to identify those accounts either. Your heirs likely will have to deal with so much paperwork that even if evidence was easily available, they will not see it right away.
2. Verify that a beneficiary is listed on each account. I have found some people are confused with the word "Beneficiary." In this capacity, it is not the person who inherits the account. Instead, it is the person who has access to the account and this is extremely important. In my experience, if an account has a beneficiary, the financial institution will deal with that person to disperse the monies and otherwise address whatever issues exist. If the account does not have a beneficiary, one seems to have to pay attorneys more money to prove the obvious on even the smallest accounts or beat your head against mind numbing red tape.

Maybe some people hesitate to list a beneficiary because they think that person will inherit the entire account, so they leave the line blank. The will determines who gets what, not a line on a bank account application.
3. Understand that the Power of Attorney (POA) expires at death. So if you are handling your parents' affairs, you lose the power to handle your parents' affairs upon death unless you have the next set of powers ready to go. This is not fun because then you have to provide many of the same firms a new set of documents and meanwhile, nothing much gets done. If those other documents are not ready, especially if no beneficiaries are listed on key accounts, nothing but frustration and delays result.
4. Cause your kids to work out a communication plan upon your demise. Death can be a unifier for children or a divider. Kids will have to communicate whether they want to or not and just trusting they'll figure it out, especially if they don't talk regularly anyway, is not usually a good plan.
5. Tell your kids what you want done upon your demise. This is a tough topic but leaving your kids guessing is not a great legacy to leave.

I am not an attorney. I am not a CPA. I am not offering any kind of professional advice. I am just sharing my experiences of what I have seen personally and professionally, and what I wish people had told me.

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17 Blockages to Being a Great Executive, by Don Phin

"First remove the beam out of your own eye, and then you can see clearly to remove the speck out of your brother's eye." Matthew 7:5

All humans have their baggage, blind spots and blockages. Unless we recognize and work on them, they can sabotage our careers and relationships. Having been an employment lawyer, investigator and executive coach I've experienced...and been guilty of...some of the following.

1. Acting out of integrity - It is difficult to salvage an executive who acts out of integrity. I usually advise employers to fire those executives. Because you cannot trust them. Trust is a delicate fabric. When you act out of integrity, you lose it.
2. Inability to motivate and engage employees - This has become a hot topic. Data shows two-thirds of employees are disengaged. My experience is that leaders and managers do more to disengage employees than engage them.
3. Not communicating the big picture - I'll never forget an employee stating one time in a survey "How should I know what the vision is? I'm treated like a mushroom." Do employees know the long-term vision and goals? Are you assuming they do?
4. Inability to develop talent - I remember a Jim Collins discussion where they asked him what he considered the most important thing for building great companies. His answer was to make sure your managers hire great people. As a leader and manager, do you understand the most important

thing you'll ever do is hire great employees and then develop that talent?

5. Handling pressure/stress/emotions - When we run 75 mph, it becomes all about our doingness. Our beingness gets left behind. We lose the emotional capacity to manage with grace and instead overreact, micromanage, criticize and even yell. What are you doing as a manager to steady yourself under this pressure?
6. Inability to delegate functions and authority - I've coached many executives who claimed they are on "overwhelm." It was their resistance to being coached. "I don't have time for this they would tell me." Then when I worked with them, I realized that they were six-figure executives doing \$30/hr work. When you build a good team around you, constantly be delegating - not just functions but authority. Ask yourself this question - how well would my team run if I was absent for a month? Would my people have the confidence to step up and take over the functions and authorities I cannot address?
7. Inability to stay focused - Many of us have so much on the plate we become scatter-brained. When scattered, our energy is dispersed. However when focused our energy is like a laser beam and powerful. The easiest way to stay focused is to plan activities and not get distracted by those "squirrels" running by.
8. Non-inclusive - If you are a "my way or the highway" executive you will eventually get kicked to the curb. You are leading or managing adults, and they want to be included in decisions that affect their work or career. Remember - none of us is as smart as all of us. How are you including others in your decision making?
9. Lack of transparency - Many leaders and managers still don't like to share information. "None of your business, just do what I tell you to do" is their mantra. That might have worked 30 years ago before the explosion of transparency, but it won't work now. When you are not transparent, your employees will think you're hiding things from them. And they won't give you their best.
10. Poor listening skills - Are you a good listener? Can you listen to somebody for five minutes straight without judging them, nit-picking them, providing your comments, or do anything other than ask clarifying questions? Try it sometime; they'll wonder what happened to you.
11. No sense of humor - Who wants to work for deadbeat? Do people enjoy being around you? Are you a fun guy or fun gal, or has life become so serious for you that you haven't laughed with anyone at work in ages? If you are no fun, I suggest you try to bring an appropriate sense of humor to the workplace.
12. Out of alignment with the company vision, mission, value or goals - Are you aligned with the company vision, mission, value, and goals? If I sat you down in front of your CEO and asked both of you "what's the most important work being done here?" ...would your answers be in alignment? In my experience when people are not aligned they tend to vector off, and it gets worse. It's the job of leadership and management to continually bring both themselves and the people they manage into alignment.
13. Plays favorites - When I managed, I had my favorite employees. Those got their jobs done on time and without drama. However, I have met plenty of leaders and managers with favorites, and they are not necessarily the best employees, but perhaps their best friends. When you play favorites, and it's not related to results, you cause dissension. You can also find yourself accused of discrimination.
14. Failure to recognize and reward - Again, when we run 75 mph we can forget the importance of stopping to recognize and reward when people do good work. Sooner or later if you don't provide recognition and reward, your top performers will leave for a job where they appreciated. Note: I will be recording training for Lynda.com on Rewarding Employee Performance. Should be out by the Spring of 2018.
15. Won't or can't think strategically - Many managers are great tacticians. They are often elevated to their roles because they did their jobs better than anyone else. This does not mean they are strategic thinkers. When we think strategically, we work on our business and not just in the business.
16. Unwillingness to take responsibility - This is big. The buck stops with you. The beauty of taking responsibility in a situation is it does not open you up to guilt, remorse, and regret. That's what happens when we know we've been less than responsible. While responsibility feels like a burden, (since we were teenagers) it is liberation.
17. Doesn't value diversity - While many companies talk about valuing diversity, many of their executives do not. Many would rather work with people in their own image. It makes them feel safer. They feel they can trust these people more. A lack of diversity can lead to myopia. We can get caught up in our little safe world without realizing the greater one outside.

There are other factors that influence the ability to be great leaders and managers including physical or mental health problems, personal relationship problems, financial problems, and upset with company leadership.

As I state in my workshops *"If it doesn't make sense, don't try to make sense out of it."*

These are not logical problems leaders, and managers face, they are emotional ones. One reason executive coaching has become so popular.

My invitation to you is to look at this as a checklist and see which of these factors may be a weakness in your game. Then just focus on improving one item at a time. Perhaps you can spend the week showing employees how you care about them. Or think of what five hours of low-value work you can delegate. Or even better...get a coach to support you in the process!

Interested in learning more about coaching? Contact me to experience it first hand as my gift to you!

PS what follows is a doc you can use to check your head!

17 Virtues of the Great Executive

Every one of these virtues matters. Focus on one or two at a time you want to improve on. You'll become a better and more desirable executive when you do!

1. Act with integrity -- is there any place you feel uncertain about the "right" thing to do?
2. Motivate and engage employees -- control won't cut it.
3. Be transparent -- don't make people intentions.
4. Communicate the big picture -- share vision, mission, values, BHAGs, reports.
5. Delegate tasks and authority -- let them do it 80% you.
6. Develop talent -- hire and keep great employees.
7. Don't play favorites -- except based on performance and attitude.
8. Find the value in diversity -- and the commonality in all of us.
9. Get aligned -- are your actions in alignment with the mission, goals?
10. Handle pressure/stress/emotions with grace -- any drama only makes things worse.
11. Have a laugh -- life's too short to work for a stick in the mud.
12. Listen, be present -- it's the best way to show care!
13. Be inclusive -- none of us is as smart as all of us!
14. Recognize and reward performance -- or they will take their performance elsewhere.
15. Stay focused -- like a beam. Avoid "gotta minutes."
16. Take 100% responsibility -- and avoid guilt.
17. Think strategically, not just tactically -- be creative.

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Marie Laveau

An old country/novelty song is based on Marie Laveau, a noted Voodoo practitioner (she was real). The song was popularized by Bobby Bare. In the song, she is infamous for disappearing men she does not like. When she disliked a man and he disappeared, locals would say, "Another man done gone." In the song, a very handsome man, Handsome Jack, promises to marry Marie if she'll make him a millionaire. Marie makes Jack a millionaire. With the \$1,000,000, Jack reneges on his marital promise because Marie is so ugly. Handsome Jack forgets her Voodoo powers and soon disappears. Another man done gone.

This chorus line popped into my head when I saw another agency was sold. Another agency done gone. This agency was an amateur shop, to be nice. The owner did not see himself as an amateur, but he was. Another amateur agent done gone.

To be sure, some truly professional agents have sold but these sales are limited. Amateur agents are selling faster because they have more to fear. They also know buyers are paying high prices for amateur shops. This may be the only time an amateur is so valuable.

At this point, I've probably ruffled more than a few readers' feathers. To be more explicit, my definition of an amateur agent is one who does not truly know their coverages and in some cases where they do, they fail to sell coverages. They sell price. Lots of big shops sell price, and although they gussy the sale up, the sale is still ugly. The sale does not involve really getting to know the client's needs. I was in an agency the

other day where the staff persistently insisted the client's only need was a GL policy regardless of the fact the insured had a commercial vehicle exposure, a worker's compensation exposure, an umbrella exposure, and ten other exposures. They were selling what they knew they could sell. The job of an amateur is to do nothing more. The job of a professional is to sell clients the coverages they truly need. A snake oil salesman vs a quality doctor.

Some amateurism is learned, often courtesy of well-meaning E&O instructors. These instructors advise agencies to not advertise they are professional. The opposite of professional is amateur. The choice is binary.

Sometimes amateurism is purposeful because people make choices to not learn coverages. I see this all the time. When a person is in business to build policies to protect policyholders but chooses to not learn coverages, then they are an amateur -- a pure and simple conclusion and the only conclusion possible about cognizant ignorance. When I meet a producer with years of experience and ask them to explain business income and they can't, this means they do not sell it well if at all. They have had plenty of time to become educated, but they have chosen ignorance.

A more benevolent situation is when a person simply does not know what they do not know. The best coverage people in the industry do not know it all, but they know what they do not know. For those people willing to aspire to this point and understand the power of it, my firm has built the best education system in the industry.

The reality painted in another agency done gone is that insurance distribution has always had its amateurs and its professionals. Insurance distribution is one of the few industries where amateurs have been able to make such a good living into the 21st Century. One interesting reason for this is that insurance companies have insisted on paying amateurs and professionals the same commission percentages. But now many companies, due to market pressures and the opportunities created by technology, see the possibility to cut amateur agents out of the distribution channel and in some cases, to even take ownership of their expiration lists.

This is reality and even if amateurs cannot articulate it, they feel it. They sell or join aggregators/clusters for protection. Their strategy makes perfect sense if the companies allow amateurs to survive provided they are surrounded by a lot of other amateurs, which seems to be the case. Being able to join with other amateurs probably will buy many of them enough time to reach retirement and sell.

So far this is a depressing article for amateur agents. However, these factors create the perfect storm for fantastic success for professional agents. Just think about these facts:

1. When buying or aggregating amateurs, just how many assimilation problems exist? The answer: A huge number.
2. Education and rising to a professional bar is not on their agenda.

A bigger pool of amateurs busy merging and fitting in creates a phenomenal opportunity for professional agents. Consumers' needs are not getting simpler. They need professional advice more than ever. The difference between a professional and an amateur is easier to paint than ever. Run toward the opportunity being a professional presents rather than running away from the E&O exposure that exists for amateurs.

My three-dimensional holistic training for professional agents is the only training that simultaneously provides coverage knowledge, sales and E&O protection.

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Have insurance companies lost track of their purpose as risk transfer agents?

Insurance is risk transfer. A consumer has a risk. They want to eliminate or minimize the financial impact if that risk is unfortunately realized. Therefore, they purchase an insurance policy. The insurance company takes the vast majority of the financial risk in return for a relatively small payment. The consumer eliminates the larger risk, however minimal the chances of realizing a loss, for a cost.

For example, the consumer possesses the risk that his or her house will burn down. The homeowner wants (or just as likely, their mortgage company wants) to transfer the financial burden they would have if their house burned down to a third party. Let's assume the financial risk is \$300,000. An insurance company accepts the risk of losing \$300,000 in return for a \$1,000 premium. If the insurance company has

priced the risk correctly, then on average the company will make about \$2.00 based on the last ten years of results for homeowners insurance. That is quite a transfer of risk! (It may also qualify as a psychological study in madness because is it really worth \$2 to go to all this effort and risk?)

Some, maybe even most, people might argue that insurance companies have absolutely lost track that they are in the business of risk transfer. Some companies clearly have taken the attitude they are not in the business of incurring claims. Everyone of course claims they understand this but actions speak louder than words, especially when internally their words echo their actions. They only want to write risks that have an incredibly tiny probability of a claim. **As a reminder to all insurance company people, the world does not need you if there are no claims. This is your purpose, your reason for existing.**

Insurance company people are saying, upon reading this, "What does this author think claims people do all day? Of course we have claims!" But what do claims people do all day is a valid question. On a broad scale, people do not have claims at nearly the frequency they had prior to 2001 according to A.M. Best data adjusted for more population, more cars, more homes, more businesses, and more drivers. All else being equal then, some claims employees may be twiddling their thumbs.

One reason I suspect claims frequency has decreased so much is because agents are continually telling clients to not turn in claims. They do this because companies have conniption fits if they even think an insured has had a claim. Some underwriting is so tight, I am not going to be surprised to see a nonrenewal for an insured that even utters "claim" in a conversation. Again, no one needs companies if no reasonable chance of a claim exists.

I understand the underwriting philosophy that once a person has incurred a claim they are more likely to have another claim. That philosophy is as old as Lloyds. I am not doubting a high quality statistical study has been completed that uses an entire universe to prove this point. (I'm sure someone has actually completed this study and it just is not public because I have not seen one in thirty years.)

I doubt correlations are universal across lines. I doubt too that opportunity does not exist differentiating between types of first claims and types of insureds. Insurance companies though seem to throw the baby out with the bathwater. Underwriters and underwriting managers are too scared of a large, second claim occurring. More precisely, they are scared their boss will tear into them for not nonrenewing the account after the first claim, no matter how unrelated the first claim was to the second. So they go scorched earth and nonrenew everyone. Agents know this so they tell insureds to not turn in claims.

Underwriting behavior like this is highly problematic:

1. Agencies are damaged. Companies want their agents to survive and thrive but they damage those agencies with their underwriting and claims actions.
 - a. When agencies tell clients to not turn in claims, the agents are creating huge E&O exposures for themselves.
 - b. Reputations are dulled and even damaged especially relative to the new disrupters because they have clean and better branding with no history.
2. The data used is questionable.
 - a. How good is a particular company's one-loss regression analysis leading to a second loss? What is the true correlation and is it really a simple regression? I doubt that. I imagine a quality statistical study would discover the correlation is a multi-factor relationship and therefore, simple underwriting rules should not be applied.
 - b. If a large percentage of claims, even small claims, are not being turned in, then the database used to draw the correlation is inherently and materially biased.
3. I am not doubting a relationship does not exist between some small claims and future larger claims. One of my first underwriting lessons is that an old man backing out of the driveway and hitting a bike only had a small claim due to luck. It could have been a kid. The nature of the claim though dictates the probability of the future claim, not that a claim may have occurred. The industry's reputation is damaged when companies are so tight. If the reader does not see this, I am not going to explain.
4. Premium growth is impaired. One of the reasons premium growth has been so sluggish is that in the last fifteen years tort reform, among other reforms, have arguably been too successful. I am not arguing such reforms should be relaxed because in my opinion, such reforms have been good for society.

However, if fewer claims are filed and/or claims are settled for less, premiums decline. The fewer claims dollars paid, the lower premiums will be. The price for the risk transfer decreases because the risk decreases. When claims are not turned in, rates do not increase. When claims (not even claims, I'll call them "incidents") result in automatic nonrenewals or large rate increases that force insureds to find more reasonable companies, rates do not increase.

What is the definition of a claim anyway? When does a client's inquiry become a claim?

Reputation damage, lower premium growth, and increased litigation potential against agents should be enough to open eyes, if not at least slightly modify underwriting behaviors.

Some companies wonder why agents do not sell more of their product. The policies are good, the rates are good, and yet sales are minimal. What the agents do not say is they do not trust the company to be fair. The last thing agents want is having to deal with a client who has had a claim and is not being dealt with by the carrier fairly. The best solution is to not sell policies of those companies who have this reputation. Please believe me, most companies that have this reputation do not know they do. But look at growth rates office by office.

Another bad situation for agents is to rewrite policies unnecessarily. Rewriting policies is a lot of work and they do not get paid extra. So when companies take unnecessarily harsh underwriting positions, agents have to rewrite more policies. It is easier to just not write new business with those companies.

For example: A young driver is backing out of a packed parking lot during the holidays. A careless driver is screaming through the rows trying to find a parking space. The two cars touch, but the young driver stops quickly enough to avoid any damage. The dust on both cars is wiped off but the paint is not even scratched.

At first, the simple and novice conclusion is the young driver should be more careful. But I suggest no one is going to see the speeding driver driving any more expediently than the young driver did. Yet, the insurance company cancelled the young driver's policy simply for reporting the possibility the other driver might file a claim. The young driver did the responsible thing. The insurance company did the irresponsible thing. This is a true story.

An insurance company should at least think these "claims" through or build better algorithms. Otherwise, no one really needs insurance companies, or at least ones that do not think. At the very least, just get rid of the underwriters by 5:00 pm because human underwriting without thinking is pointless and useless.

Nothing good comes of increasing rates or nonrenewing accounts for incidents. Nothing good comes from agents telling clients to not turn in claims because insurance companies are taking ridiculous positions regarding incidents. Insurance companies are in the business of risk transfer, not writing risks that are absolutely perfect. If you run an insurance company or underwrite for one and cannot stand the pressure, sell the company or find a different job because absolutely no one needs an insurance company afraid of claims.

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Chris Burand is president and owner of Burand & Associates, LLC, a management consulting firm that has been specializing in the property/casualty insurance industry since 1992. Burand is recognized as a leading consultant for agency valuations, helping agents increase profits and reduce the cost of sales. His services include: agency valuations/due diligence, producer compensation plans, expert witness services, E&O carrier approved E&O procedure reviews, and agency operation enhancement reviews. He also provides the acclaimed Contingency Contract Analysis[®] Service and has the largest database and knowledge of contingency contracts in the insurance industry.

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Burand & Associates, LLC is an advocate of agencies which constructively manage and improve their contingency contracts by learning how to negotiate and use their contingency contracts more effectively. We maintain that agents can achieve considerably better results without *ever* taking actions that are detrimental or disadvantageous to the insureds. We have ***never*** and would not ever recommend an agent or agency implement a policy or otherwise advocate increasing its contingency income ahead of the insureds' interests.

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