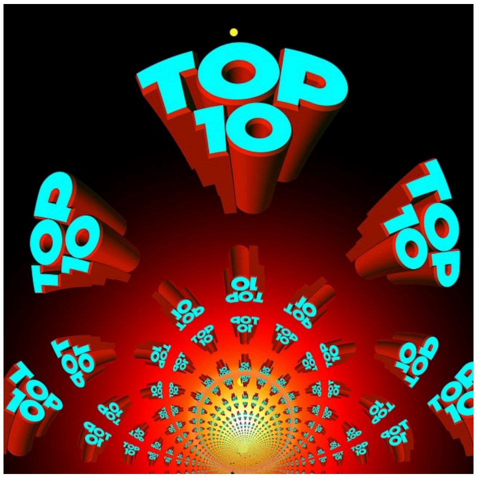
# Burand's Insurance Agency Adviser

**Resources and Information for the P&C Insurance Industry**

**Vol 30, No 4** **March 26, 2025**



## In This Issue...




### Paying to be Listed as Great

When I was a high school senior, I received an invitation to be listed in the *Who's Who of American High School Students*. I was excited. My ego was growing exponentially by the minute. And then I read that to be listed, all I had to do was pay $29.99. Read more.

### Homeowners insurance? It's not so bad.

I read an article by an amateur data analyst who only seemed able to discover data that matches his hoped-for outcome, which was the need to reduce carbon emissions and by doing so, the ancillary benefit is to save homeowners insurance.
Read more...

---

## The Missing Element for Carriers

Who goes into a game with a plan that does not consider the opponent?

My new metrics for assessing key competitors is a tool I personally cannot imagine doing without if I were a carrier executive. As I noted to a carrier client last week, most carriers create strategic plans without any aspect addressing what their competition will do. This lack of strategic planning provides a fantastic competitive advantage for those who do assess their competitors. My analytics truly elevate strategic planning.

Wouldn't you prefer a future with improved competitive advantages and greater growth opportunities? Contact Chris today to learn more at: chris@burand-associates.com.

---

## Why do Agents need a Burand MD®: Carrier Stability Analysis?

- To create a competitive advantage by selling stronger, more stable carriers (from an agency's perspective).
- To minimize the cost of rolling books when companies pull out.
- To increase profits because while the competition scrambles to move business, you'll be writing new business!
- To minimize the chance of being blind-sided by unstable carriers (at the agency level).
- To reduce stress by taking the mystery out of managing your carrier relationships.
- To help you better understand the important difference between stability and a claims paying rating. The insurance company ratings with which agencies are most familiar are primarily solvency ratings. They are NOT stability ratings and they do not necessarily indicate future problems from an agency's perspective. This difference is extremely critical.
- Recent data suggest the industry, from an agency's perspective, has its share of carriers that do not have the financial flexibility to maximize agencies' sales in a hard market! And the best way to learn the stability of your carriers is with a Carrier Stability Analysis.

To get the information you need to make educated decisions about your carriers, contact Chris at chris@burand-associates.com today for an Insurance Carrier Stability Analysis of the carriers of your choice.

---

**Chris Burand**
**Certified Business Appraiser (CBA)**
**Certified E&O Auditor and Instructor**
**Burand & Associates, LLC**
215 S. Victoria Ave., Suite E
Pueblo, CO 81003
719/485-3868
chris@burand-associates.com
Visit us at: burand-associates.com

---

# Paying to be Listed as Great

When I was a high school senior, I received an invitation to be listed in the *Who's Who of American High School Students*. I was excited. My ego was growing exponentially by the minute. And then I read that to be listed, all I had to do was pay $29.99.

I thought, “What a joke! My ego hasn’t inflated enough to pay so that my ego can be further inflated!”

What's the goal here? Obviously, the publication’s goal is to make money off people who need some kind of stamp giving them legitimacy, a type of affirmation of their status. Other customers might be people who are signaling status. They already believe they are great but need to send a public signal to others. These situations may be completely egocentric or extremely strategic. It depends on how egocentric the person is because that determines whether they use the opportunity strategically.

Corporations regularly pay to be listed as great on the Top 10, Top 50 or Top 100 lists. To be fair, most of these listing companies require the listees to achieve something AND pay. Payment might be disguised as data submission, for example, but that’s kind of joke with insurance companies because all the data is public. Most of the time, the public data is readily available and easily accessible. (Please note: A.M. Best processes this public data and analyzes it in ways that are a great service, and they are not publishing these kinds of lists, so I don’t consider them one of these publications.)

Because I regularly review this public data, I often have people ask me why so and so is not on this or that list of top companies or top brokers. Some excellent insurance firms tend to want to operate strategically rather than signaling their status, so they are not listed in these lists.

Pay attention to those entities operating strategically rather than signaling. Those signaling often have different agendas, quite often shallow agendas that suggest a weakness that may be taken advantage of.

But more importantly, the metrics behind being listed are sometimes flawed. The metrics are often simple and might signal success without correlating to success. In fact, I’ve recently noticed a few rather financially weak insurance entities showing up on "top" lists when they are mostly incompetent. A company that hasn’t grown in 10 years is not great. A company that loses $1 billion annually is not great. They’re not good. They’re not even middling. In this industry where carriers made record profits in 2023 and 2024, losing another billion might actually require effort.

And especially at the agency level, people are excessively competitive so then they want to be on the list too! They then start chasing the wrong rabbit.

Few true strategic thinkers exist in this industry. But the ones that do exist have the upper hand. I believe we’ll see those carriers with the best strategic thinkers cause a tsunami of changes in the next 24 months. Rather than reading the lists, most of which are useless, think strategically and pay for true data insights rather than to be listed – unless you need an ego boost.

[Back to top]

# Homeowners insurance? It's not so bad.

I read an article by an amateur data analyst who only seemed able to discover data that matches his hoped-for outcome, which was the need to reduce carbon emissions and by doing so, the ancillary benefit is to save homeowners insurance. What an absolutely inane analysis. I don't like being so direct, but this lack of brain usage needs to stop. And it's not just climate wishers but many insurance company CEOs that need better brains too.

If climate change is the driver of homeowners losses, then consider for a moment the momentum involved with climate. The climate is huge. It makes slowing a semi going 100 mph look like child's play. To slow climate change in time to save homeowners insurance, assuming the proposition has any merit, is proof of stupidity. By the time the climate is "fixed" so as to save homeowners insurance, all the homeowners insurance companies will be dead, as will be all current homeowners.

But some insurance company CEOs don't think. I read quote from one who said the new homeowners captive models can't work because their concentration of risk is too high. He may have a point, assuming the homes are underwritten according to the way carriers have traditionally underwritten homes. But some of these new markets are not underwriting homes the same way and the forms are different. Therefore, the concentration of risk calculation is materially different and it's not the risk that used to be, assuming the new markets execute their models correctly. My point is that people need to think through the problems.

Moreover, it is not as though traditional carriers don't have a concentration of risk issue. I suspect one reason for so much upheaval in the homeowners market is carriers, greedy for growth, wrote too much property in specific geographic areas and now they've realized they have a problem. But they would much prefer to blame the problem on regulators and climate change. And I know some carriers have committed this mistake. For example, one carrier who historically has never made an underwriting profit decided to load up on Florida homeowners a couple of years ago. They're now losing even more money.

Another example of why it's not climate change causing most of the homeowners losses: it is people moving from bucolic weather states to better states with worse weather. North Texas has always had bad weather. Hail, tornados, wind, heat and humidity and yet, the population keeps expanding at an amazing pace. Previously, the hail hit prairies and cows. Now it devastates McMansions. The simple fact that it's impossible to get the data on how much of these losses are due to climate versus population changes is unacceptable. The NAIC should be providing this data, or at least their analysts should be able to figure it out.

And it is not that homeowners insurance cannot be fixed. If insurance companies would offer legitimate discounts for hail proof roofs and change their underwriting to focus on loss mitigation, homeowners loss ratios would improve significantly. I have many agency clients who can identify house after house whose owners have spent the money to reduce their exposure to loss and yet the carriers continue blanket underwriting. Blanket underwriting is another example of not using brains. It's another reason the new markets possess a competitive advantage over the traditional markets because they're thinking through the problems. No one needs an insurance company underwriter that won't use their brain to underwrite the risk individually.

When I was a homeowners underwriter writing multi-million dollar homes in wildfire zones, underwriting homes individually made us a fortune. It was easy pickings too because the other carriers were lazy then too, though the blanket underwriting today surpasses all levels of lazy thinking I've ever seen.

And it is not a reinsurance issue. Relying on the "reinsurance" is the cause of all our problems is lazy thinking too. How can reinsurance be the issue when the carriers mostly buy reinsurance from themselves?

Problems are never solved with bad analytics driven by emotions. The homeowners loss ratios are not, with just a handful of state exceptions, major problems. The loss ratios are problems around the edges with fairly simple and cost-effective solutions. But this requires taking the time to truly study the data and quit talking about unimportant factors that cannot be controlled or addressed before everyone dies. Climate change, how new markets can't possibly succeed, and all homeowners is bad are red herrings designed to avoid taking responsibility for solving the problem at hand.

In states with propensities for catastrophic weather, the solutions are more difficult, but completely surmountable. The forms likely need to be changed. A number of DIC options exist that offer flexibility to fill the gaps. Better management of concentration of risks and risk mitigation is required. These two points are common sense, use your brain opportunities. No one needs AI to solve these points. Good human, old-fashioned underwriting will work.

The real question is whether any carriers want to seize the opportunity.

Chris is an insurance industry consultant known for creating highly accurate forecasts of carriers' future actions and the industry's overall future course.

Back to top

---

**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 and 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.

Burand has more than 35 years' experience in the insurance industry. He is a featured speaker across the continent at more than 300 conventions and educational programs. He has written for numerous industry publications including the Insurance Journal, American Agent & Broker, and National Underwriter. He also publishes Burand's Insurance Agency Adviser for independent insurance agents.

Burand is a member of NACVA, a department head for the Independent Insurance Agents and Brokers of America's Virtual University, an instructor for Insurance Journal's Academy of Insurance, and a volunteer counselor for the Small Business Administration's SCORE program. Chris Burand is also a Certified Business Appraiser and certified E&O Auditor.

---



---