

# ***Burand's Insurance Agency Adviser***

Resources and Information for the P&C Insurance Industry

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## **Valuable Topics. Great Discussions.**

We just wrapped up our fifth year of the Insurance Banter Podcast! We've had the privilege of speaking with some of the greatest minds in the insurance world, and what a fantastic experience it's been!

We even ranked in the top 50% of all Buzzsprout podcasts in 2025! Not too shabby for discussions on insurance!

A few of our recent topics include:

- "Insurance Can't Win Without a Real Fight: The Lobbying Mistake Costing Everyone," with guest Jeff Albright.



A sample of our older topics include:

- "Insurance Market Madness: Creative Solutions Reign Supreme,"

- "Why Most Insurance Producers Fail — and How the Right “Car” Creates Rainmakers," with guest Jim Caragher.
- "Jeff Mango from AM Best discusses Delegated Underwriting Authority Ratings."

with guest Skylar Romines.

We have a lot more in store for 2026! You can find all our future and previous podcasts here: [burand-associates.com/insurance-banter](https://burand-associates.com/insurance-banter) or wherever you listen to podcasts.

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**Chris Burand**  
**Certified Business Appraiser (CBA)**  
**Certified E&O Auditor and Instructor**  
**Burand & Associates, LLC**  
HC 66 Box 605  
Mountainair, NM 87036  
719/485-3868  
[chris@burand-associates.com](mailto:chris@burand-associates.com)  
Visit us at: [burand-associates.com](https://burand-associates.com)



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## Insurance Applications and Data Analytics

I'll be blunt: Most insurance applications stink. I don't know who designs them, but whoever it is should be fired – unless you are a conspiracy theorist. If so, then you know insurance applications are written poorly on purpose so insurance companies can later deny claims when insureds provide incorrect answers.

This is an important point. For example, a large portion of cyber applications are warranty applications, and yet the questions asked are somewhere between nonsensical, obvious trickery, and most commonly, asked in a manner by which no honest applicant could ever state they are in complete compliance. These questions are often asked in an absolute manner. By this, I mean that to answer them positively, the applicant would need to be 100% sure that at all times and in all places they are in complete compliance with every law, every regulation, and even every standard operating procedure. Most applicants do not understand the implications of answering incorrectly, nor do they likely even understand the full question.

Another issue is when questions are asked so obliquely that it is impossible to decipher their meaning. I saw an app recently that included a question about carrying fuel specific to construction companies. Construction companies are always carrying fuel for their generators and heavy machinery. The question did not specify whether it was referring to the insured's main purpose as fuel transportation or to fuel transportation for their local machinery.

Agents know the issues better than carrier people. I think one factor here is that these applications are old and were designed for knowledgeable human underwriters to review. By and large, knowledgeable human underwriters who actually review these applications are fairly rare these days, but the applications have not been updated. Another factor is the people writing the applications are simply clueless.

These poorly designed applications create unnecessary friction and costs.

First, if no one understands the question, litigation will ensue. The only ones benefiting are attorneys, and in this case, I hope the trial attorneys win. There is no good reason application questions cannot be written more intelligently. This is not rocket science.

Second, if no one understands the question, the answers will be wrong. How can a carrier legitimately claim underwriting prowess based on bad data? That's just luck if the results are good. If results are poor, I have never seen a carrier review applications to determine how their results would have changed had they had better data with which to underwrite and price the risks. It seems like a no-brainer place to start.

Third, if the data is poor, exactly how is AI going to solve the problem? If a construction company has 50% of its vehicles transporting fuel at some point, but the application says no one transports fuel because the person completing the application sees the question as a business focus, rather than ancillary, including hauling five-gallon gasoline containers which just happened to explode due to a rear-end accident. When asked, the underwriter also didn't know what the question meant. But the adjuster will inform the insured that their answer was not a legitimate response after a claim.

How is AI going to solve the problem when everyone interprets the answers to poorly written questions differently? The standard deviation is too high, which means there is too much variance in answers to make any reasonable conclusion whatsoever, other than the application question is horribly written.

The list of poor questions is nearly infinite. Even simple questions like, "Are you in a flood zone?" is poorly written. First, define flood zone. Which flood zone? By whose measure of a flood zone? And why should an applicant know all these nuances?

These questions are jokes, and carriers need to clean up their acts. They are only injuring their own attempts to harness AI and data analytics by collecting inaccurate data. Sure, it takes energy to write questions correctly, and budgets rarely exist for writing questions well versus spending big dollars on AI systems that will analyze poor data.

Insurance success is rarely determined by strategy. This industry is too sloppy for strategy to matter much, and much of what is called strategy is more appropriately titled a wish list.

Success is based on execution. Success comes to those who execute methodically, and because data collection begins with applications, methodical execution begins with well-written application questions. Given the dearth of quality applications, I assume carriers do

not have anyone employed who knows how to write these questions. Let me know if you need advice on writing questions well. I am very happy to help.

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## Easy Marks

I was speaking to a group of agents and offering serious advice requiring hard decisions. These agents represented an organization in trouble. One agent approached me and advised that my recommendations were solid, insightful, and correct. However, her self-awareness enabled her to advise me that my recommendations would not work because neither she nor the other agents possessed the self-discipline required to save the organization, let alone to change course to achieve success. They all wanted the Easy Button.

While her self-awareness was much greater than usual, what she was really admitting was that the agents were easy marks for con jobs. They were willing to pay for solutions that would fail, provided the “solution” was easy and required zero self-discipline.

Plenty of firms stand ready and willing to sell Easy Buttons. Easy Buttons, boiled down, are simply inadequate solutions based on not needing to apply self-discipline. Take a pill to become more educated. Get a degree without having to study. Get paid to do nothing.

Agents are often even easier marks. Tamar Frankel, of Boston University, studied hundreds of financial cons. The study found that a key to a successful con is identifying the traits common to people easily conned. In other words, the con artist shouldn't focus so much on their skills, but on identifying people easily conned. The traits possessed by a good mark, a person easily conned, are someone who is especially trusting, possesses a high risk tolerance, and has a need to be part of a special group. A bonus trait is if the mark is trying hard to make as much money, or more, than their peers.

To be a good producer, customers must trust the person. Aside from cons, people who are trusted are often trusting of others. To be good in sales, a person must have a high risk tolerance. And do producers ever strive to be part of a special group? Absolutely! I know of a long-running con in the insurance industry based solely on this one characteristic. Are producers competitive, striving to outdo their peers? The good ones usually are.

So much money has been spent on easy button sales solutions and giving out badges of being in the top X% with zero correlation to actual success. Strategy without the discipline and accountability to execute is a waste of time and money. Strategic planning without discipline and accountability is nothing more than a different form of going through the motions, hitting the easy button, and declaring success. It's just that the executives get paid more to press the button.

The insurance industry creates a prime environment because it rewards ineptitude well. For example, consider the national insurance company, whose total pretax operating profit over the last ten years is -\$4 billion. For context, carriers have made enormous profits over the previous ten years, have been profitable every single year, and collectively are averaging about \$60 billion in profits annually. The CEO's compensation, in the most recent year I can find, exceeded \$3 million. I will charge less than that to help them lose less than \$4 billion.

Why pay producers who have poor hit ratios, low retention, and small book sizes? Why pay producers full compensation to gather application data inadequately? Why pay someone to offer clients inadequate coverage? Much less, why laud them for selling inadequate coverage where the account manager had to request the data five times? And yet, they are paid well. Where else does someone get paid well for sloppy work, achieving poor metrics, and offering clients inadequate solutions? This environment fosters an inflated ego, making it easier to be conned. Seriously, how hard is it to convince someone doing a lousy job that they are geniuses and con them into buying some service?

Producers like flashy new things (otherwise called lures in fishing and con circles). They are always looking for some new trick, and there is always someone willing to sell it to them.

Recently, the number of cons targeting agents has increased materially, with some markets offering illusory coverages. In some cases, the markets are purely fake. They don't actually have paper. They don't have a license. And agents are placing millions with them.

Insurance agents are easily and regularly conned into buying poor advice and tools. They possess the traits con artists seek in their marks. My question to agents is this: Do you like being the mark? Do you truly want to rise above and be part of an elite unit that is truly elite? It's in the discipline, not the flashy lures (or is this a con I'm promoting?).

Here is free advice, so you know I'm not promoting a con:

Sales discipline is more important than sleek tools. The very best sales book I've ever read, one that many a sales consultant has used to promote their "proprietary" models, is "How I Raised Myself from Failure to Success by Selling" by Frank Bettger. It is about 75 years old, still in print, and the discipline he shares is invaluable. (Tip: modernize his advice using Excel rather than handwritten charts.)

Next, truly learn coverages and risk. Do not just pretend to learn, but learn. Take real courses, not the CE programs that are Easy Buttons.

Third, learn to use Coverage Checklists without fear. You need coverage knowledge to do this, so part of the self-discipline is doing this in order.

And then analyze each sale for yourself. Why did it work and why did it not work? Frank Bettger's book will help you do this.

After you've done the work, look for small additions to support your sales and agency around the edges. But quit being the easy mark.

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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 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.

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