



## Rogue Executive

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September 5, 2005

MarketScout Chairman and CEO Richard Kerr recently "lamented" the apparent demise of the rogue underwriter. In his comments accompanying his May 2005 Market Barometer, the industry leader recalled the "good old days" early in a softening market when a handful of insurers would be sure to begin deeply discounting rates. "These companies were almost always staffed by a senior rogue underwriter who would try to make a name for themselves by becoming known as 'the hottest hand,'" Kerr wrote.

Kerr noted that many of these rogue underwriters were "colorful characters" whom clever brokers knew to approach when they were "hottest," which was often early afternoon after lunch.

Now, Kerr observed, the rogue underwriters appear to have gone into hibernation in this age of fiscal discipline and new financial requirements. Not that that is a bad thing; as Kerr says it is good because it eliminates some of the extremes in pricing: "Absent the rogue underwriter, the market will soften, but at a very slow, measured pace. Maybe, just maybe, underwriters are proving to be smarter in this soft market cycle."

With that, Kerr gives credit to today's underwriters for being smart and actually underwriting wisely. Kerr is smart and wise, too, and has also shown himself to be a bit of a rogue. This is not just because he is willing to say nice things about underwriters in the early afternoon. Kerr also has nice things to say about independent agents, any time of day, even at the expense of those in insurance technology, which is where he makes his living. He has been speaking out about how independent agents outfoxed those who poured up to a billion dollars into 84 different Internet models that were designed to eliminate agents. (See page N27.) "Well, it didn't work," Kerr told agents recently. Instead, the Internet "made everyone realize how valuable you are."

It was only about five years ago that agents were wringing their hands that buyers would hop on the Internet to buy their insurance. It turns out that has been the case for a handful of consumers but mostly for commodity style policies. It also turns out that Kerr was smarter than some of the other hi-tech gurus. His own model, MarketScout, is designed to work with, not against, independent agents.

Maybe Kerr stays smart by keeping an open mind and regularly entertaining new ideas. His latest hot idea involves what he thinks could be a revolution in insurance distribution, a new insurance company partnership called an insurance exchange that could make the independent agency system even stronger than it is today. (See page N40.)

The insurance exchange idea may not be entirely new really, as it seems to borrow from successful agency networks like Satellite Agency Network, from aggregators like Kerr's own MarketScout, and even from agency clusters, the main thrust of these innovations being to provide agents with access to multiple markets and companies access to quality agents. The insurance exchange idea is still a work in progress and bears watching. Just like Kerr.