

## **SOUTH SHORE INSIDER: Remembering roots: Insurance broker partial to education**

*By ALYSA LANDRY  
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QUINCY - When David Solomon ended a 14-year stint as a public school teacher in 1982 to pursue a career in the insurance industry, he kept one foot in education.

Solomon, 60, is president and chief executive officer of Amity Insurance, a Quincy-based insurance brokerage that grossed \$1 million in revenue last year from charter schools and educational institutions and \$45 million overall.

The Braintree resident spearheaded the charter school division at his brokerage in 1996 - the same year the state approved charter schools. He hopes to quadruple the company's business in the education sector in the next three years.

Solomon earned bachelor's and master's degrees in education from the former State College at Boston. He taught science in public elementary, junior high and high schools from 1968 to 1982.

He earned his insurance license in 1978 and started Amity Insurance the same year from his home. Now the brokerage employs 35 people at its Marina Bay headquarters and three at its second office on Blue Hill Avenue in Roxbury.

In addition to writing policies for charter schools, Amity Insurance specializes in affordable housing, legal malpractice, benefits services and auto, home and commercial insurance. The brokerage has more than 9,000 policies in force and serves 5,000 policyholders in 40 states.

### **Do you think more competition is needed in the Massachusetts auto insurance industry?**

I don't think it's competition as (much) as it is the structure of how insurance is priced. My personal feeling is that we should have a flat rate in Massachusetts. It doesn't matter if you live in East Boston or Becket. The rate should be the same for all drivers, and whether you pay more or less should be determined by your driving record.

When the (state Division of Insurance) determines the rates for the inner city, many times it's (based on) the number of accidents. Many of the accidents are caused by people coming into the city, and yet the accident is charged against the city or town where the accident happens.

### **Why are the home insurance rates for coastal properties going up so fast, and what can be done about it?**

The rates for coastal properties have been driven primarily by re-insurers. A re-insurer is an insurance company that provides insurance to a standard company.

Let's say ... your policy is for \$300,000. The company isn't going to absorb the entire loss. They would pay the client, but behind the scenes is another insurance company called the re-insurer. The first company may take the first \$150,000 of any loss, and then they ensure with another carrier the difference.

The number of re-insurers has been reduced dramatically from 10 years ago, and they use a number of different models to determine whether or not there are going to be any major disasters. The models have indicated that ... for the next two or three years, that the area around here is due for a catastrophic loss.

To prepare for that, the re-insurers have increased their costs to insurance companies and, in some instances, actually dictate that they get off properties within certain counties or territories.

Consequently, the insurance companies have pulled off the Cape. Even in areas like Quincy or Hingham, some of them won't write risks that are less than a mile to two miles from the coast. Obviously, in a town like Hull, everything falls within that.

For the average homeowner, unfortunately at this time, they have to go into ... the FAIR Plan. The FAIR Plan works very much for home insurance like the involuntary market works for auto insurance in that all the companies that participate subsidize the risks in the pool.

The solution is that we need to increase insurance and premium capacity in the marketplace, and the insurers have to feel more comfortable that they won't be hit with a major disaster. A lot of that is beyond our control.

**Why should consumers buy insurance through a broker as opposed to buying directly from an insurance company?**

Most direct writers are order takers. The people who respond to your calls generally are not well informed. They ask you what coverage you would like, but if someone doesn't really understand the coverage, they don't know what to ask for.

Our job here is to educate them as to what each coverage means and why we recommend certain coverage. We ask them if they own a home, if they have a business, because maybe they also need an umbrella policy, which is an excess liability policy that would go over their auto and homeowner insurance.

We're always here to act as a consultant when they have an insurance question. We have a number of executives from large corporations or educational institutions where the business or the institution has a program through a direct writer, yet the executives come with us even though they're paying more money because they value the knowledge that we have.

**How do you market for the company, and what are your plans for expansion?**

As an agency, we look for classes of insurance that the average agent isn't familiar with, such as the affordable housing, the professional liability markets and charter schools.

We're always looking for another agency that is well-run that doesn't have a perpetuation plan in place, or an agency that specializes in an area like we do, and we acquire them.

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