

Service, People, Product

An Interview with James W. Crystal,
Chairman and Chief Executive Officer, Crystal & Company

EDITORS' NOTE After joining his father, Frank Crystal, at the firm in 1961, James Crystal was named President in 1963. Under his leadership, Crystal & Company has grown far beyond its original roots on Wall Street to serve a global clientele. An insurance industry leader, Crystal is widely recognized for his tenacious advocacy of his clients and innovative approach to solving his client's business problems. Active in the community, Crystal serves as a Vice



James W. Crystal

Chairman, Trustee and Member of the Executive Committee, and Co-Chairman of the Audit Committee of The Mount Sinai Medical Center. He continues to advise a wide range of corporations through his service on the boards of directors of Stewart & Stevenson LLC, ENNIA Caribe Holding, Global Indemnity plc, and K2 Global Consulting.

COMPANY BRIEF Headquartered in New York with 10 offices across the U.S., Crystal & Company (www.crystalco.com) is one of the world's leading strategic risk and insurance advisors, serving the full range of clients' risk management, insurance brokerage, and employee benefits consulting needs. A national firm serving a global clientele, Crystal & Company is a founding member of Brokerslink, a global alliance of leading independent insurance brokerages. The firm is comprised of more than 400 talented individuals distinguished by their technical expertise and industry-specific knowledge, and united by their common passion for serving their clients. Established in 1933, the company has sustained its independence through 80 years and three generations of Crystal family ownership and management.

How has the range of services evolved over the years?

The firm started as a financial service broker and it has evolved into many client businesses today, either dragged there by our clients or because we felt it was opportunistic.

We provide the full range of brokerage services, but we differentiate our company with a very high-touch service platform. There is a real need for service because insurance has become mechanized. Our high-touch personal service gives us entrée to clients. The most interesting thing to me as a manager is the percentage of

new business Crystal & Company receives via recommendations from existing clients.

Is it critical to differentiate on the product side or are other elements of higher priority?

The product to me is the third leg of the stool – the first leg is the service and the second leg is our people, who are more financially astute than many of our peers. Our clients expect someone who gives them advice that matches their needs.

Also, because of the service, we integrate all of our branches as one model, which is not something any of our peers do – they set the branches up as profit centers.

How broad is your range of clientele?

We handle a number of companies from the Fortune 25 to relatively small mid-market clients, and we have a large high-net-worth personal client business.

There is a point below which we can't service somebody unless it's connected with another client. But we can compete with anybody – our hit ratio is much higher than one might suspect.

How does your technology platform compare to those of your peers?

We have an outstanding technology platform. We have now taken it to where our clients can interface with us through technology at no additional cost to them.

Is the U.S. economy in a true recovery at this point?

I don't think 1.7 percent growth is a recovery nor does playing with fractional numbers in unemployment reflect a recovery.

The recovery will come about when government doesn't try to tell people what to do and when businesses themselves are running at optimum levels.

The banks are starting to put money back into the system. This creates an opportunity for growth for more financially astute people in any service industry. If they understand the clients' balance sheet and needs, they can assist them in their needs with their product or service based on what they can afford and what risks they can self-insure.

Do we need a different view of unemployment moving forward?

You have to understand what unemployment is and to realize that many people who

have given up trying to find jobs are disappearing from the percentage. You have to see the totality of the numbers.

The country has changed; business has changed. They're making do. Technology has eliminated some jobs and there has been some outsourcing to other countries. Some of that has stopped because the quality that has been performed outside of this country is not equivalent to the quality here.

But I don't think you will get down below 5 percent and businesses will never let a boom economy run amuck and pile on people again.

Is it more complex to manage risk today?

It's more complex. There are different risks. There are greater socioeconomic risks, as well as risks of those manufacturing abroad and political risks, and issues like terrorism.

Why is corporate responsibility so important to your firm?

In addition to our personal endeavors, Crystal & Company has developed a large not-for-profit insurance practice based on the understanding of that type of clientele, as a result of the expertise we have developed from our own community involvement.

We also give our employees assistance with time for community service as well as financial backing.

Is it fair to say that many view insurance as a cost and don't understand its value until they experience a problem?

People see it as a cost of doing business. Lenders require it. Some understand the risks they have, but not necessarily as an insurable solution.

As an industry, we do a great deal of institutional advertising, which is useless; redirecting that on an educational basis would be far better. If insurance companies want to advertise, they are better off doing it for a product line – not just advertising the same rote product they always have.

We need to educate corporate and individuals better as to the value of insurance.

How do you maintain the family culture within the firm?

This is a deliberate driver. It's a tone set from the top and it reflects how the family treats our colleagues.

We maintain an open-door policy and I like to walk the floors to ensure that our colleagues have the opportunity to interact directly with me. ●