



Jamie, Jim, Sandy, and Jonathan Crystal

# The Integrity of Independence

An Interview with Jim Crystal, Chairman and Chief Executive Officer, and Jamie Crystal, Sandy Crystal, and Jonathan Crystal, Executive Vice Presidents, Crystal & Company

**EDITORS' NOTE** After joining his father, Frank Crystal, at the firm in 1961, Jim 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, Jim is widely recognized for his tenacious advocacy of his clients and innovative approach to solving their business problems. Active in the community, Jim serves as a Vice 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.

Jamie Crystal serves as a member of the Executive Committee and leads the firm's Client & Strategic Relations. An industry veteran of 25 years, he worked as a senior property and casualty underwriter and assistant manager with the Chubb Group of Insurance Companies. Jamie received his Bachelor of Arts in Economics from Princeton University. He is Vice Chairman of BrokersLink, a global insurance alliance based in Switzerland, and a past-Governor and member of the John Street Insurance Association for leadership in the Insurance Industry. He also serves on the Board of Trustees for The Education Alliance and the Primary Care Development Corporation.

Sandy Crystal is a member of the Executive Committee and leads the company's Financial Institutions Group and Management and Professional Risks Group. He has 21 years of industry experience, beginning in London as a Lloyd's broker with Crawley Warren & Co. Subsequently, he was an underwriter in the Financial Institutions division of National Union Fire Insurance Company, a subsidiary of AIG. He received his Bachelor of Arts in Political Science from Princeton University and is a member of the Board of Trustees for the Museum of American Finance in New York City.

Jonathan Crystal also serves as a member of the Executive Committee and is the company's Chief Financial Officer. He has served in a number of capacities, most recently leading the firm's national Private Client Services group. Prior to joining the firm, he was a consultant and project manager with Oliver, Wyman & Co., a strategic management consultancy focused on the financial services industry. He graduated cum laude with a Bachelor of Arts from the Woodrow Wilson School

of Public & International Affairs at Princeton University and with a certificate from the Program in Latin American Studies.

**COMPANY BRIEF** Headquartered in New York with 10 offices across the U.S., Crystal & Company ([crystalco.com](http://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, the company is a proud equity owner of BrokersLink, a global alliance of leading independent insurance brokerages and risk management services providers. 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, Crystal & Company has sustained its independence through 80 years and three generations of Crystal family ownership and management.

## How do you define what makes this company special, and how do you focus your efforts within the organization?

**Sandy:** What differentiates us is expertise and service. There is a whole spectrum of what happens in the insurance brokerage world in terms of the way the brokers operate. For us, it's about the expertise we bring to our clients, understanding their business, and being able to talk to them about their risks and exposures. However, this is a service business, so being a high-touch, high-service company is important and has been incorporated within our culture. It's also having the expertise to advise and be consultative brokers to our clients as opposed to just transactional brokers.

**Jamie:** One of the defining characteristics of our company is that we're not only an independent broker, but we're also a family-owned company, which means we're not beholden to external shareholders or pressures. We don't have to manage our results for short-term interests. This enables us to make investments where it makes sense for our company and, ultimately, for our clients.

It enables us as stewards of this business to guide the company in a more sustainable way. Sustainability is more than just an environmental focus; it means having a sustainable enterprise that is going to be there on a long-term basis.

We have already been here for 80 years and our full expectation is to be here for another 80 years, and then some.

As a third-generation family business, we are building ourselves out for the next generation and the next generation after that, and that is really important for employees and colleagues. They know we're not going to sell the company at the first opportunity, so they can build careers here.

## How has Crystal & Company evolved over the years?

**Jim:** We focused many years ago on the financial services industry and we have been a dominant player in that space. More importantly, this often leads to other relationships based on their involvements.

**Sandy:** We are among the largest financial institution brokers in the country, but we have a very large commercial insurance practice as well. We have expertise in energy, retail, hospitality, health care, and not-for-profit. We also have a very large private client services and employee benefits practice.

One of the things that makes this company different from others is that it doesn't operate within strict silos. Many of our clients will be handled by a number of our different areas.

We may have a financial institution client where we're also handling the benefits and the personal needs of the executives there. It may cross three of our four units. You see a lot of that in our firm.

## Is your main focus large, global institutions?

**Jim:** No, they're nice, but we don't collect logos – we try to maintain client relationships. We have public companies that have been with us 30 and 40 years. Global clients can pay a lot of bills, but their loyalty can be somewhat suspect, not only in terms of their willingness to make changes from an insurance point of view but also as a result of changes in their own management. So about two cuts below the giant global monoliths fit far better in our wheel house.

**Sandy:** Our clients have complex needs and don't have the internal resources necessary to address them.

You could have a very large company with very simple needs or a smaller company that has very complicated needs, and the resources to pay to have them addressed.

Our client evaluation is centered on where we can add value.

**What type of international initiatives have you launched?**

*Jamie:* International is a very important part of our business. Our target clientele are predominantly global companies, so we've invested directly in an organization called BrokersLink, which is a global insurance alliance of 7,000 insurance professionals operating in 85 countries around the world. I serve as Vice Chairman of the global board.

It's critically important for us to provide local service to our clients wherever they are in the world. BrokersLink is that last mile of highly personal service that we provide to our clients for their operations around the world.

**Has the insurance industry changed or evolved? Is there a lot of innovation taking place on the service side?**

*Jamie:* It has changed from an industry that was driven predominantly by products into an industry that is being driven more by the services around that. At its core, Crystal & Company is an insurance broker; yet, when people ask me what we do, I say that we are a strategic risk advisor, and we're here to advise our clients on their risk management needs and how to address them. One of our key products to address those risks is insurance.

But our abilities to help our clients assess the risks, mitigate the risks, and ultimately transfer those risks are all equally critical, as is our ability to bring value to our clients through insurance solutions.

*Jonathan:* There is a recognition that we're operating in a data- and technology-driven environment. Our clients are exposed to mobile and Web-based technologies every day, whether they're addressing their needs at a corporate level or an individual level. I wouldn't normally describe the insurance industry as the most innovative, but we are thinking deeply about how to address our clients' needs long term.

Advice will never go out of style, nor will service, but there is the sense that having access to technology to facilitate service, accessibility, and interactions beyond normal business hours is imperative.

We have addressed this with our core technology systems where our corporate clients always have access to their policy and other basic information.

**How do you offer that technology while maintaining the human interaction that is so valuable?**

*Jonathan:* One of the common messages you will hear within Crystal & Company is the need for face-to-face communication. Our younger colleagues coming straight out of school are less accustomed to having telephone-based interactions or face-to-face interactions, so we have invested heavily in training programs that encourage younger professionals to feel comfortable meeting with more senior clients in a face-to-face environment. This comes through constant

reinforcement that e-mails are a great way to exchange data, but when it comes to being there for clients, it's not sufficient.

*Jamie:* The art of brokering is in a face-to-face transaction. You can't be successful any other way.

The reason we're in the Wall Street area is because we're a five-minute walk to most of the major insurance companies in the world.

**Is it tough to get past price as a differentiator?**

*Sandy:* We need to be able to demonstrate value to our clients. If we're not doing that, we're not doing our jobs.

Price is always going to be important, but we demonstrate to our clients the expertise, the value of the advice and service, the value of handling the claims, as well as the value of loss control services we bring to bear. It's not just placing the insurance policy – it's advising what your risks are, the best way to structure your program; how you mitigate your loss. Your cost of risk is not your insurance premium; your cost of risk is your insurance premium plus the losses that you pay plus your deductibles.

The issue is more than just price. Are there going to be buyers who just focus on price? Yes. However, our client base does appreciate the additional value.

*Jamie:* Our experience has shown that our buyers are going to be much happier purchasing their insurance from a high-value-add broker like Crystal rather than a transactional broker.

They're going to get all of the value-add services in addition to the insurance product, and this is how we position ourselves in the marketplace. It also manifests itself in an incredibly high client retention rate – in the mid-90s – which is magnitudes higher than the rest of the industry. The way we do that is by providing additional services.

*Jonathan:* Since we don't manufacture the product we offer – the insurance companies do – the hardest element to get people to understand is that they might get much better value and service, and actually spend less, with us because of our analytical process. We sit down and understand what their exposures are and make sure they're only addressing exposures of the risks they're looking to address. For businesses, we can also look at their employee benefits program and tie it back into what their business objectives are.

Very few of our competitors take the time to get into the nuts and bolts of how a company is structured or what a family is looking to accomplish. We start with that foundation and build an insurance program around it. This often leads to a less expensive and more efficient program, or certainly one with more value in terms of better coverage.

**Is true economic recovery taking place today and is it sustainable?**

*Jim:* I don't think so. It's inching along at a slightly faster pace than it was a year ago, but I don't think we should be challenged in our thought process by the stock market ups and downs.

We should be looking at earnings and the ability of our country's various industries to compete on a global level. For many years, we took the global business world as a given and it no longer is.

The good thing about the insurance business is that we don't have labor issues in terms of good, bad, or cheap – there is only brain power at the end of the day.

**Is the value of insurance well understood?**

*Jim:* It's only understood if you make it understood. It's important to truly grasp what your client is all about, what their business is about, and what you perceive their risks are. It's very hard to marry first-class service to low price, but some of our competitors are trying to do that. You have to recognize that there comes a time when it's not worth it from a profit perspective. Knowing when to walk away is a difficult decision for a salesman.

**Do you need to be entrepreneurial to be a successful broker?**

*Jamie:* The defining factors in our success is a combination of the insurance expertise and the experience that each of our colleagues bring to the table. They need to have business acumen. However, it's also about an emotional commitment to the client. This is what I look for when we hire professionals.

Our brokers have to prove they care and invest in our clients, which ultimately gets a much better and stronger result.

*Jonathan:* It's about creating an environment where professionals can focus on taking care of their clients and where good ideas for creative solutions to problems that can address the needs of our clients are embraced. But "entrepreneurial" in terms of someone just doing what they want on their own is not part of the environment here.

**There are often challenges in family businesses. Crystal & Company works exceptionally well. What is your secret?**

*Jonathan:* We have a lot of good fortune here, in that we're all aligned in the way we look at the business we're in, and we're complementary in certain respects.

For this to be sustainable, there has to be an alignment of our values, and that comes through our grandfather, our father, and us. This is a business where by focusing on doing right by our clients, taking care of our colleagues, working closely with our partners, and keeping that focus clear, we can accomplish our objectives and not get distracted by internal family dynamics.

One of the core aspects of our business is advising other families, and this gives us the full range of functionality and dysfunctionality out there.

*Jamie:* Our family has always stressed education. We worked hard to prepare ourselves to work at Crystal. We worked elsewhere in order to develop ourselves before coming here.

We also each developed in different areas of expertise, which allows us to leverage off each other.

Ultimately, we are all in as a family so it takes the politics out. ●