

A Valued Partner

An Interview with James W. Crystal, Vice Chairman, Alliant Insurance

EDITORS' NOTE After joining his father, Frank Crystal, at Crystal & Company in 1961, James Crystal was named President in 1963. Crystal serves as Vice Chairman and Member of the Board of Alliant Insurance, Vice Chairman, Trustee, and Member of the Executive Committee and Co-Chairman of the Audit Committee of Mount Sinai Medical Center, along with serving on the board of K2 Intelligence.



James W. Crystal

COMPANY BRIEF Crystal & Company (crystalco.com) is known as a leading strategic risk and insurance adviser, addressing clients' risk management, insurance brokerage and employee benefits consulting needs. Founded in 1933, Crystal & Company was comprised of more than 400 colleagues in 11 regional offices across the United States and placed more than \$1 billion in premiums in the global marketplace annually. Prior to its acquisition by Alliant Insurance Services, Crystal & Company was a family enterprise spanning three generations of Crystal family ownership and management.

Will you discuss the strength that Crystal & Company's relationship with Alliant has brought to both organizations and has this relationship progressed the way you had hoped?

The strengths of each organization were basically the challenges of the other.

For example, Alliant is the biggest construction broker in the U.S. We had almost no construction business, and what we had, they could easily build upon.

On the flip side, they had a limited amount of financial institutions and high net-worth personal business, which we are now in the process of expanding upon.

Once we identified strengths and areas to improve, we're now morphing into a bridge hand where we each play our strengths.

Is this a time for growth in the industry and will you discuss your views on growth opportunities for Alliant?

This isn't a growth industry, but I believe a good deal of the growth will come through consolidation. As an industry, we don't need a large number of fringe players who try to siphon off the best and contribute nothing more to the business that another company is already doing. All

they're doing is trying to get pieces of an account or pay more to get that account, neither of which is helpful to the client.

There is growth for companies that are creative in finding new products. There are also growth opportunities because the world is in such turmoil that we need to look at inventive solutions to solve situations that we have never had to face before.

Is there an appreciation and understanding in regard to providing value as opposed to just the best price for clients and how do you build client loyalty today?

I believe there is, but it has to be earned. For those that are selling only on price, no loyalty is created because someone else will always come in cheaper. But if one is interested in establishing relationships with the client as well as the insurer, that can grow over time based on mutual respect and quality delivery of products and services.

I believe more people are looking for loyalty than one would assume, but loyalty has to be earned by deed, not just by word of mouth or price.

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How critical are personal relationships when you look at the impact technology is having on the delivery of services in the insurance industry?

Personal relationships are just as important today as ever, but they will only get someone as far as their ability to deliver a product that meets the needs of the client, and technology will help increase the product and service capabilities.

Technology cannot completely replace personality or the intellect of underwriting, so there has to be some space for personal relationships. We have clients that go back 40 years through numerous owners. I don't think we're totally unique in that respect, but one has to continue to earn this relationship. You can't acquire the business of a client and never have any touching points except for renewal or an occasional claim.

Most people need a little TLC and not just a reminder that it's time to pay their bill and renew the policy even though they haven't seen us in a year. That relationship isn't going to last.

Can more be done to build a better understanding of the need for insurance and the critical role that the industry places in providing financial security?

There is a fundamental problem in that the insurance industry is not one that generates great love from its clients.

If one goes to a cocktail party and says they're in the insurance business, someone will say, either on a personal or corporate basis, why they hate insurance. This has to be overcome. The industry has to understand that the client, if they had a substitute for insurance or a big enough cash flow, would probably not buy insurance or would buy it at a level where they would never expect to have a claim paid.

This gets back to insurance having to acquire the respect of the client as a valued partner.

Insurance can be no different than banking, corporate finance, or law. One has to know what the client does, what their needs are and what is frightening them about their business and what they don't want on their balance sheet.

At that point, we can bring technology to bear and give them equations that make sense from a financial and coverage point of view.

Too much of the industry is constructed on a transactional basis without being backed by personal service and an understanding of the client's needs and wants. Ultimately, clients expect someone who will do research and provide a value of more than a cold call or a thin string of a relationship. One wants to have a relationship and a quality intellect for a long time.

If business gets transferred from one broker to another or one insurer to another, it's generally based on dissatisfaction of the client either with a product or service, or with the pricing.

We can't always sell on price. There are plenty of people who still don't buy online. They may look online, but they want advice and brain power. ●