



HOSPITALITY®
Insurance Company

Taking the Risk Out of Hospitality

A Study in Flexible Constructiveness

A Conversation with Hospitality Insurance Group

A good way to gauge your success is to talk with your customers. A better way is to have a third party talk to your customers. We asked O'Brien Communications Group (OCG) to talk with Dick Welch, president and CEO of Hospitality Insurance Group, and to record the conversation. The following Q&A derives from that conversation and has been edited for brevity and clarity:

OCG: How did you come across Finys, and why were you even in the market?

Dick: I met Scott Hinz at a NAMIC conference back in my days at Concord Mutual. It was a very casual conversation. We were looking at five or six systems at the time. Concord Mutual didn't end up selecting Finys. But I was impressed with what they had and kept them in mind. When I arrived here at Hospitality, it quickly became clear that if we wanted to fulfill our vision for the future, we needed a system that could make the trip with us. We didn't have the speed to market and everything else we needed to do to be successful in the long run. The rest, as they say

OCG: What made Finys attractive to you?

Dick: Some of the systems we looked at were too costly and cumbersome. And they had so many implementation options, we realized getting them up and running was going to be a lengthy process. Finys fit into a nice middle

ground. It has everything we need, and we knew from their implementation approach that it wouldn't get really slow and bogged down or expensive.

OCG: Finys shared with us that yours may have been one of the smoothest launches they'd ever been involved in. Is he just trying to make us feel good, or is there some truth to that?

Dick: [laughs] Yes. The implementation was remarkably smooth. I've been through lots of system implementations in my career. Some of them were relatively good. Some of them went quite poorly. This was probably the best as far as smoothness is concerned. We really didn't have many truly critical issues. And it was particularly remarkable given the fact that we moved all of our core functions over to Finys. It was remarkably smooth.

OCG: That's a two-way street. That smoothness had to reflect on your team, as well.

Dick: Thank you. I spent a lot of time coaching my team on expectations, helping them anticipate problems. We might come in one morning and find the system's not working. We'll be sweating all day wondering when it will come back up. That's kind of normal course of business. We didn't actually experience, any of that. The system was stable from the get-go. And our people have been able to process on it with confidence.

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OCG: Helping people negotiate the new and unexpected is what people mean by change management.

Dick: The other thing I told our people is that implementing new systems means your workflows and everything you're used to is taken away. So, even if it's the best system in the world, you're probably going to hate it for six months. But the day will come when you're used to it enough, and you've broken yourself away from the way you used to do things enough, that you're actually more efficient on this system and it works better than the old one. Now our people say Finys is intuitive, works well for them, and they're feeling comfortable and confident with it. That's happened quicker than I thought it would.

OCG: Can you say a little more about that efficiency?

Dick: When we were designing the system with the Finys Design Studio, we were mindful of the fact that processing had been a burden in the old system. The underwriters had to do a lot of work off-system in spreadsheets to derive codes, calculate numbers, and those kinds of things. Finys is what a modern system should be. It has a rules engine. Underwriters don't have to bother with spreadsheets. We're able to get data smoothly into and out of the system to see the numbers on the other side.

OCG: Did Finys make any special accommodations for you?

Dick: I asked if there was a way to bring up the quoting function in Finys before the rest of the system. They made that work, so our underwriting team was quoting with the system almost a year ahead of the full implementation. That let us get familiar with the screens, which helped quite a bit with that change management, as you describe it.

OCG: Speaking of the full implementation, how long did that take?

Dick: It was just about 18 months from signing the agreement to full implementation of Commercial Property, GL, and Liquor Liability in seven states. We might have gotten it done sooner if we hadn't spent the time on quoting first. But we feel good about that decision because we got value out of it right away. It made us more ready for the system at full implementation. And given how smoothly things went, we didn't want to rush things.

OCG: We understand you also worked with Marias Technology during the implementation. What role did Marias play?

Dick: I can't say enough good things about Marias. They're a major reason why we were able to do what we did. Since we're a small company, our technical staff is one person. So, we relied on Marias a lot for defining requirements and testing. They're a remarkable group. They have a really good relationship with Finys. They know the system. They know how to get things done. And they know our business really well. We had no communication difficulties. They turned our business needs into system specs Finys could work with. They were a huge part of the success we had.

OCG: We understand you were able to launch states and lines of business simultaneously. Is that true?

Dick: It is. We decided it would be best to launch the whole thing at once. We brought up all seven of our states and all our lines of business together. That makes it even more remarkable that the implementation went so smoothly. It made things easier for our agents and our business partners who didn't have to deal with a patchwork of processes and procedures. We just switched over, and they were able to get what they needed.

OCG: There's some efficiency for you.

Dick: There's another aspect to that. In Finys, we're able to write multiple lines of business on the same form. We'd been writing separate forms for each of our lines of business before. A single form made it much smoother than it would have been if we'd broken it up at all.

OCG: In addition to Design Studio, what other modules of the Finys Suite are you using?

Dick: We're using policy admin, claims, and billing.

OCG: What's on the horizon?

Dick: We're looking at the module for portals and mobile access. But the next big step is to introduce a business owner's policy (BOP). That will be a big shift for us business-wise because up until now, most of our businesses tends to compete more with the excess and surplus (E&S) than with the standard markets. But when we bring on BOP,

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we'll be going head-to-head with the standard markets. So, we'll be required to do business the way the standard markets do. In the E&S market, ease of doing business isn't a real priority. As long as you can get a quote out, you'll get the business. But in the standard market, ease of doing business is very important. So, once we get BOP on the street, we'll need portals and mobile access so agents can quote and issue that product themselves and get all the policy documents on their own.

OCG: Since entering the standard markets constitutes a growth opportunity, was that part of your thinking when you selected Finys?

Dick: Absolutely. One of our key business issues has been that we operate in a very narrow niche. We write restaurants, particularly for liquor liability. We do well from an experience point of view. But when we go up against something like BOP, we can't compete on the product. We have opportunities to write it for restaurants every day. So, there's a growth opportunity with the agents we already have. Beyond that, BOP will allow us to reach critical mass with more agencies, particularly the agencies that write the restaurant business more than the bar business. And I think

more penetration in the retail agencies is another big growth opportunity for us.

OCG: Is there anything else that you would like to share with us about Finys, about your experience with them that we may not have thought to ask about?

Dick: I like the approach Finys takes to the client relationship and the business. I've felt from the beginning that they're here to serve us. We like the idea that we have a relatively fixed cost with them, and it's a percentage of premium. Which means as we grow, they're paid commensurately. As long as we're asking for reasonable things, they get those things done. They really want to be a business partner with us instead of just an IT provider that charges fees and provides services. For a company that's small like us and looking to expand, that's a good way to do business. We want to grow the business. They want us to grow the business. We both gain when that happens. And they're willing to make the investment to do the things we need to do so our business will continue to grow.

OCG: Would that be the proverbial win/win?

Dick: It would, indeed.

