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Philosophy — Give Customers and Staff What They Need to Succeed



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Left: Mark Miller
President, Ann Arbor Office
Regional Vice President, Michigan & Illinois
Right: Michael Hylant, CEO

*Photos by Eric R. Eggly,
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Private, Independent and Free

Ohio-based The Hylant Group Has 12 Locations But Only One Philosophy — Give Customers and Staff What They Need to Succeed

By Ted Huntington

No — they're not quite one of the giant global insurance brokerage firms. No — they're not a small "Main Street" retail agency, either. The Hylant Group is somewhere in between the two (albeit the firm's resources, revenue and product line more closely resemble that of a giant broker). And, that's just how the Hylant Group's top executives want to keep it: private, independent and free to conduct business the way they desire.

The Hylant Group is a family-run operation founded in 1935. Three generations later, the firm now boasts 12 locations and is ranked No. 7 on *Insurance Journal's* list of the largest privately-held property/casualty insurance agencies in the nation.

Based in Toledo, Ohio, Hylant has expanded to 11 other locations throughout Ohio, Michigan, Indiana, Illinois and Tennessee. One of the keys to the agency's growth and success is making sure each location operates with the same ideals. As CEO Mike Hylant explains, "We have 12 locations — and one philosophy." That basic philosophy is to provide Hylant's customers what they need — and to provide Hylant's staff with the resources they need to serve their customers.

Hylant is one of nine children — most grew up in the family business. And now there's a fourth generation of Hylants learning the ropes. Even though there are now more than 700 Hylant employees, it is still very much a family-run operation.

Hylant's first job out of college was as a casualty underwriter trainee with The Hartford in Pittsburgh. He returned to Toledo to serve as a client executive with the family business. At the time the agency was going through a transition in ownership. Hylant's older brother Patrick had bought the firm back from Dana Corp., which had purchased Hylant in the 1980s. Dana Corp. owned Cherokee Insurance Co., and Hylant served as a major retail insurance agency for Cherokee. In 1985, when Dana Corp.'s financial investments experienced problems, Patrick took

back the firm.

In 1987, Mike Hylant's older brother Steve opened Hylant's Detroit, Mich., office. In 1989, Mike moved to Cleveland to open Hylant's Cleveland office. Launching the Cleveland office from

scratch, Mike was able to grow the Cleveland office to become Hylant's second largest operation — next to the Toledo office. Partially due to his success with the Cleveland operation, Mike Hylant was tapped as the new company CEO.

The Hylant Group's mission is to balance itself between being a world-class brokerage firm and remaining a private retail operation. "We enjoy a pretty good niche in the Midwest as a regional broker with 12 offices. We are now encroaching on other areas — a new Chicago office and we're pushing into Nashville, too. We want to be a world class regional broker that is a viable alternative to the major national brokers."

Hylant calls the firm "a tweener" — somewhere between a firm with national resources and a local independent agency. The company is in a position to challenge major brokers for a share of their business, Hylant says.

One move that put them in this position was the recent hiring of Mark Miller as regional vice president of Hylant's Michigan and Illinois operations and president of the Ann Arbor office. Miller came to Hylant from Marsh & McLennan. Miller, who began his career as a professional hockey player, hip-checked his way into the insurance industry with Marsh & McLennan in 1993. After Marsh's problems surfaced a few years ago, he looked to make a move and found a home with Hylant.

"Hylant was interested in expanding its footprint.

They had seen opportunities in the large account arena, but they wanted to bring in people who had 'been there-done that,'" Miller said. Hylant sees the chance to challenge firms such as Aon and Marsh on some accounts, he says. Maybe not for the *Fortune* 100 or 200

**Insurance Journal
Top 100 Agency Profile
RANKING: No. 7**

Agency Name:

The Hylant Group

Headquarters:

Toledo, Ohio

Year Founded:

1935

Additional Locations:

11 other offices in Michigan, Indiana, Illinois and Tennessee

2007 Property/Casualty

Premium: \$691.1 million

2007 Property/Casualty

Revenue: \$73.4 million

2007 Total Revenue:

\$100 million

Principal:

Mike Hylant, CEO

Number of employees:

700

Products Offered:

Property/casualty insurance services, employee benefits, program administration, loss control, wealth management, health care services

TOP 100 AGENCIES

businesses, but certainly for the *Fortune* 200 to 1,000. Miller brings to Hylant the ability to lead them into that rarified air and provides significant insight and depth regarding such accounts.

Acquisitions and Organic Growth

How did Hylant become one of the largest privately held agencies in the nation? Company executives attribute Hylant's growth to a combination of smart acquisitions and organic growth. Some offices — Chicago, for example — have been totally grown organically. Other offices — Fort Wayne, Ind., for instance — were brought into the Hylant family. When acquiring an office, Hylant looks for an operation that shares its same manner and culture. Once an agency has been acquired, considerable time is spent indoctrinating staff on Hylant's policies and procedures.

Craig Markos, president of Hylant's Columbus, Ohio, operation, explains, "The people we hire and the commitment we make to the employees is a huge reason for our success." According to Markos, who has been with Hylant for 17 years, the firm's employees are trained to understand the agency's goals. From there, they are given free rein to make decisions for themselves. "That flexibility allows us to respond swiftly to clients' needs."

What sets Hylant apart from the competition? Hylant management has spent the last five years meshing its systems in order to deliver one consistent feel to any one customer in any location. The firm has the ability to offer relevant value-added resources to all its clients — no matter what their needs and where clients are located.

"Maybe we will bring in resources from our Detroit office or from Toledo in order to serve our customers' needs," Hylant said. "We bring in relevant resources to the individual needs of the client. We create custom platforms in order to service each customer. If we don't deliver that type of service, then we are providing a disjointed effort."



Mark Miller

president, Ann Arbor Office, regional vice president, Michigan & Illinois

Diversification

Hylant's services stretch way beyond just those of an insurance agency. In addition to insurance programs, Hylant provides employee benefits, program administration services, loss control, wealth management and health care services. Hylant's core business is risk management, property/casualty coverages, 401(k) offerings, managing general agency service and health disease management initiatives.

Hylant has regionalized its business with three regional vice presi-

'We want to be a world class regional broker that is a viable alternative to the major national brokers.'

dents who manage their area. All of Hylant's corporate resources have been allocated back into each region. The regional vice presidents manage their revenue generating operations, and each region has a sales leader and talent managers who oversee personnel training and other necessary functions within each region.

Hylant has the resources and staff to be much more than an insurance agent to its clients. The firm uses a three-pronged approach to its customer service. Markos explains: "We want to know where our clients have been and where they're going in the future so we can help them plan for the future. We want to provide solutions to help our clients reduce costs, reduce risks and improve their overall operating efficiency."

The firm focuses heavily on hiring specialists in the particular fields that it serves. This way, if a client requires the service of someone with a particular specialty — whether it is P&C insurance, health care, 401(k) products or pensions — there is no need to seek that service outside the agency. "We might have a client executive who is the leader on all fronts for an account, but they will not be experts in all the fields. Instead, they bring in experts from within the company when they are needed," Markos said. "Consumers and businesses are more sophisticated now. They require their insurance broker to offer this type of expertise."

Expanding Customer Base

Acquisitions have played a major role in Hylant's growth. In addition, the firm places a high emphasis on cross-selling between product lines.

The firm also uses its existing clients to help generate new clients. "It's called the 'wedge' sales process. To use a football analogy, this is akin to the 'blocking and tackling' of sales. This system helps to identify the ideal customers by understanding Hylant's current customers and their customer relationships," Hylant says.

Another important feature of Hylant's organizational structure is the lack of profit centers. According to Miller, this enables Hylant to be more "nimble, more efficient, and quicker to respond" to clients' needs. "If anyone knew the anguish that goes on with large brokers about revenue sharing and those types of battles, they would be appalled. A lot of the largest clients that are used to doing business with large brokers may not be getting the service they need. Oftentimes, someone along the chain is unresponsive because they aren't getting paid for their role in the process. It's refreshing for me

to see the Hylant model work versus the large broker model.”

Hylant treats its clients as far more than insureds. The Hylant team closely examines the client's operation. When selling insurance coverage, for example, they don't simply tell the customer what coverages they will receive and the premium; they examine their existing policies, critique them and provide a real-world scenario explaining what will happen should a loss occur. “We take the policy contract and explain it to them as if we are their CFO,” Hylant says.

Hylant's focus on customer service is illustrated by its relationship with The Ave Maria Foundation, an Ann Arbor, Michigan-based organization. Ave Maria came to Hylant two years ago when it was trying to purchase a facility in Florida. They found the Florida property market challenging, and looked to Hylant to open some doors for them.

Gordon Leipold, Ave Maria's HR director, says his organization was impressed with Hylant's knowledge of the property market and their ability to secure adequate coverage at competitive prices. Since that time Leipold says their Hylant client executive, Terri Mahakian, has proven to be far more than an insurance agent. “We definitely have a 24-7 relationship with Hylant. I have Terri [Mahakian's] home and cell phone numbers. She is there for me. ... Hylant is the kind of business that works well when relationships work well. The Hylant people go out of their way to build and protect their relationships.”

Distinct Advantage

Hylant's executives believe the firm's status as a privately-held organization gives it several advantages over the publicly-traded national brokers. Mike Hylant notes, “Being private for us is a very distinct advantage. We can invest in the business for the benefit of the customers ... ahead of the sales curve.”

Miller adds, “At Hylant, we provide clients with objective risk management advice and service that is 100 percent client-focused so that we're not conflicted by Wall Street, the analysts or regulators.”

In addition, Hylant's employee retention rate is well into the 90 percent range. This greatly enhances the client-agency relationship.

‘Hylant is the kind of business that works well when relationships work well. The Hylant people go out of their way to build and protect their relationships.’

“Our high employee retention rate equals a high level of confidence, competence and experience,” Hylant says.

Making the entire business process as simple as possible is important. “We have to be cost competitive,” Miller says, “but if we can make the client's life — as far as risk management goes — simple and successful, then that's a pretty good combination.”

Growth for the Future

Currently, Hylant writes about 60 percent of its business in P/C lines but it is striving for more balance with other products such as employee benefits. In order to accomplish this, Hylant will rely on its current clients. “We must listen to our clients and their suggestions. We'd like to get to the point where regardless of the economic conditions, we have the capabilities to grow through any market cycle.”



Michael Hylant, CEO

Over the next five years Hylant would like to double the size of the operation, from \$100 million in revenue to \$200 million. Given the current economic conditions, Hylant realizes it will be challenging to attain these goals organically. “Our rough playbook is to grow by 60 percent organically and 40 percent through acquisitions.”

Hylant is currently in process of expanding into Nashville by acquiring another agency. Miller also predicts that within the next decade Hylant will probably double the number of locations and expand its reach a little more west, south and east.

Even in the midst of the current economic crisis, Hylant's execs see opportunities for growth. Miller notes that a lot of the regional and local brokers are struggling in today's market and some agencies will likely be available for an acquisition. In addition, the national brokers may be in cost-cutting mode.

By contrast, Hylant is currently investing in its business. It is looking for opportunities where clients may not be receiving the level of service they need from their

national broker. Hylant's executives believe their firm may offer the kind of stability these businesses seek.

Three years ago Hylant commissioned a survey to ask clients if they would be willing to refer their representative to anyone else in the business world. The results were astonishing. Ninety-eight percent of the respondents indicated they would be willing to refer prospects to the firm. Hylant comments, “We must be doing something good.”

While optimistic, Hylant knows the future will be challenging. “We have met the enemy and it is us,” Hylant said. In other words, Hylant expects the only challenge that could potentially become an obstacle to reaching their objectives is Hylant — if they let that happen. “We aspire to grow and be profitable, no matter what the market cycle,” Hylant adds. ■