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# Measurement of Success

Planning, People and Dedication Equal Success for  
Top 100 Agency Bollinger Insurance

INSURANCE JOURNAL

**TOP 100**  
AGENCIES

Jack A. Windolf, chairman & CEO

# Measurement of Success

Planning, People and Dedication Equal Success for Top 100 Agency Bollinger Insurance

By Charles E. Boyle

**W**hy do some independent insurance agencies stand out from others? As *Insurance Journal's* "Top 100" series shows, good management, hard work, the right people, dedication and the satisfaction of performing valuable services well all seem to be part of the picture. Short Hills, N.J.-based Bollinger Insurance Inc. is an example of just how those precepts can build a successful agency.

## Two Eras of Growth

Charles W. Bollinger founded the agency in 1933 in Newark. His brother James M. Bollinger joined him in 1942. Early on, the fledgling agency developed a specialist reputation with a focus on accident insurance for students and athletes. It has since expanded across the country.

John A. (Jack) Windolf, Jim Bollinger's son-in-law, joined the agency in 1963 after four years in the U.S. Marine Corps and a stint at Wharton. Bollinger then had seven employees and generated total commission revenues of \$200,000. Windolf eventually took over Bollinger's daily operations, and continues to serve as chairman and CEO. He and his wife, Muriel Bollinger Windolf, purchased full ownership of Bollinger in 1969 and continued to build the agency, primarily through organic growth. Since 1963, Bollinger has on average doubled its top line revenues every five years.

The pace of growth accelerated in 1992. "There are really two eras [in Bollinger's growth]," said Windolf. Until 1992, "almost all of our growth had been organic." Commission revenues had risen to \$6.54 million (2009 estimated commission revenues are around \$110 million). "We owned 100 percent of the stock and we decided to expand."

The plan called for augmenting organic growth with mergers and acquisitions. Windolf's first step was to set up an employee stock option plan (ESOP) to enable key employees to obtain a stake in the business. This was a sea change. "It created an atmosphere that 'we're all in this together,' and we're all pulling in the same direction."

Many agencies have well educated, experienced leaders who sometimes give their employees a stake in the business. What sets Bollinger apart is the unqualified enthusiasm of its CEO. "It's a great business," Windolf said, and it's evident that he means it.

Windolf explained that many agency owners seem content to pull in \$200,000 to \$300,000 a year, and "aren't really interested in building their business further. They strip out the profits and show no incentive to grow."

He doesn't really denigrate them; it's just not his idea of how he wants his company to be run. "An 'S' corp.\* is fine for some people, he

continued; "if you set up a 'C' corp.\*, you have to make sacrifices, but you have to make those sacrifices, if you are to achieve growth." (\*Taxation is the main difference between the two. A 'C' corp. is taxable at the corporate level, while an 'S' corp. can elect to "pass through" income to its shareholders.)

Windolf and his management team run Bollinger along strict business lines — budgets, financial discipline, advance planning and, at the top of the list, "good employees." This disciplined focus has produced the desired result. In 1990, Bollinger's annual premium volume was around \$51 million. Premium volume in 2008 was well over \$800 million, with \$1 billion in sight. The acquisition of other agencies accelerated. Prior to 1992, Bollinger had acquired just two — in

1976 and 1985. Since then it has acquired 38 more — more than two a year, on average. In 2006, it acquired seven agencies and another four in 2007. "We made four more acquisitions in the fourth quarter of 2008," said Windolf, and "we have others in the pipeline."

While Bollinger is very much a national agency for many of its lines, primarily commercial and group coverage, it has kept geographical expansion pretty close to home. "Our key branch office locations are within a car ride from Short Hills," said Windolf. "Although we have customers all over the country [golf and country clubs, schools, employee benefits] our retail and personal lines business is localized." The majority of Bollinger's offices are in New Jersey, with branch offices in New York City, Connecticut and Philadelphia.

The expansion, combined with an acknowledged reputation as a leader in certain areas of coverage, has put Bollinger in the top 20 of U.S. independent agents. While it looks towards future growth, it hasn't moved away from past successes.

## A Schools and Sports Legacy

Specializing in "niche products" is a two-way street. An agency gains a reputation, but may find it hard to break into new fields. Bollinger has avoided this trap. Its early school and sports coverage has been a springboard for its success.

"Our sports division goes back to the 1940s,"

explained Lori Windolf Crispo, senior executive vice president - sports division. "We were first approached by the New Jersey State Interscholastic Athletic Association about accident coverage for student athletes. There wasn't much coverage in the '40s for this type of program." As a result, Bollinger developed the first catastrophic accident plan for students in New Jersey with a cat limit of \$10,000, and the firm has remained a major player in the field.

The program for educational institutions is also part of Bollinger's

### Top 100 Agency Profile

#### Ranking No. 14

#### Agency Name:

Bollinger Insurance Inc.

#### Headquarters:

Short Hills, N.J.

#### Year Founded:

1933

#### Additional Locations:

Princeton, Moorestown, Vineland, N.J.; New York City, N.Y.; Philadelphia, Pa.; Greenwich, Conn.

#### 2008 Premium Volume:

\$830 million

#### Property/Casualty:

\$470 million

#### Other than P/C:

\$360 million

#### % Commercial:

70%

#### % Personal:

30%

#### 2007 Premium Volume:

\$840 million

#### Principals [management]:

Jack A. Windolf, president/CEO; Matt Gardner, managing director; Doug Cook, managing director; Lori Windolf Crispo, senior executive vice president.

#### Principal Ownership:

Jack A. Windolf, Evercore Capital Partners

#### Number of employees:

435

group benefits division, which now writes coverage in 40 states. The sports program has expanded into other areas, as well, notably risk management. “Part of our success comes from the fact that we don’t look at them [sports programs] as just another property/casualty line,” said Crispo. “Our focus is on expertise, and to be as helpful as we can be for our clients.”

The coverage includes individuals, small groups and large groups — “from the local Little League to the Olympics,” as Crispo put it. She also explained that, while the types of accidents and liability coverage are fairly common to all sports and sporting venues, there are additional issues that have to be considered.

“We issue Safety Bulletins, and we have a whole library on risk management best practices they should adopt,” she explained.

Providing that kind of advice has become increasingly complex, as the potential liabilities related to sports have grown exponentially over the years. “We’re now giving guidance on how to prevent sex abuse, what can go wrong with golf carts at sports tournaments, or how club treasurers should properly handle funds. We give workshops on all kinds of topics, mainly to advise our sports clients on how to ‘bullet proof’ themselves from liability.”

She also indicated that the current economic situation may prompt people to make more claims, “and they are more likely to see an attorney. It’s really important to minimize exposures.”

These risk management services go beyond placing insurance coverage. In the sports division, “it’s all done in house,” and “there’s no charge for these services.” Bollinger helps sports clients set up their own safety committees and is constantly assessing the need for new products to cover emerging risks. This hands-on approach has helped the agency maintain and grow its leadership position in the field.

### Primacy on Commercial Lines

While Bollinger’s sports sector is a niche business with deep roots, commercial lines are the agency’s bread and butter, producing 70 per-

cent of top line revenues. The unit’s 165 employees “primarily operate out of our seven main offices,” said Matt Gardner, managing director - commercial lines. “We cover from the upper middle-market down to small Main Street type businesses.”

Gardner spent 14 years at Aon before joining Bollinger and the strategies are different. Bollinger develops “a relatively small team of highly qualified professionals,” who cultivate unique access to their clients. “It’s sort of a boutique approach. Clients are serviced by the same team that sold them originally. We bring them best in class services and resources at all times,” Gardner said.

Bollinger has positioned its commercial presence firmly in the “second tier” of large brokers. “We really don’t compete with Aon or Marsh or Willis; we’re interested in the mid-market, rather than huge multinationals,” he explained.

This sector typically has both a need for coverage and for a good deal of risk management. However, “they [Bollinger’s mid-market

**‘[Y]ou have to make sacrifices, but you have to make those sacrifices, if you are to achieve growth.’**

clients] don’t usually have a risk management staff, so they’re looking for someone who can help them do the job,” Gardner added. Some of Bollinger’s risk management services are performed “in house,” but Bollinger’s commercial lines business is spread over most of the U.S., so it maintains “a network of risk management consultants all over the U.S. and in other parts of the world too,” Gardner said.

### The Technical Revolution

While technology has created an efficiency revolution in the agency business, often the cost has been the loss of personal contacts, which are a vital part of the insurance industry.

Bollinger faced the problem head on, but with a major caveat. As Gardner put it: “All the technology in the world can’t replace personal relationships.”

By contrast Bollinger employees work in a “paperless environment.” Everything that “comes in the front end is scanned immediately, which gives all of our employees electronic access to all of the policy information and claims files. This speeds our service delivery to our clients,” he said.

Using this technology has created a “quantum leap” in employee efficiency (measured by revenue per employee), but it has also given them more time to create value, both for their clients and for the 200 or so carriers with which Bollinger writes business.

“The interaction with the carriers is unrecognizable to what it was five years ago,” Gardner said. “It has opened up the market and given us the possibility of doing business on a much wider scale.” It’s true, however, that in dealings with the carriers some of the “personal touch” has been lost.

Bollinger has also resisted the trend to outsourcing. “We’ve looked at it for a range of non-client-facing functions, but we decided against it,” Gardner said.

One consideration is the “politically charged” nature of the practice. But Bollinger is also concerned with the effect outsourcing could have on its highly valued employees. “We think the way we work should be protected, that’s how we retain customers. It cuts across the entire company, and I think it gives us a competitive advantage,” Gardner said. Basically, “we’ve got the ‘A’ team on call all the time.”



*Bollinger Executive Committee*

*Seated L to R: Doug Cook — managing director, benefits division, Lori Windolf Crispo — senior executive vice president, sports division, Jack Windolf — chairman & CEO*

*Standing L to R: David Hatlem — senior executive vice president, club programs division, G. Alex Crispo — chief administrative officer and general counsel, Chris Wetzel — chief financial officer, Rhonda Linnett Graber — managing director, personal lines, Matthew Gardner — managing director, commercial lines*

### The Benefits Boom

That spirit carries over into another major sector for Bollinger — employee benefits.

“Our division has about 20 percent of the employees,” said Doug Cook, managing director - benefits. “We also produce around 40 percent of the revenues and are responsible for about 50 percent of the new business.” Group insurance plans are the main focus, with a smaller life insurance operation, as well.

“Our division is split between traditional group employee benefits and specialty group programs such as our K through 12 Student Accident Insurance program and our College Student Health Insurance program, both of which are national programs where we act as managing general underwriters,” Cook explained. “On the employee benefits side we also act as general agents for group health insurance and as managing general underwriters for group dental and stand alone prescription drug card plans.

Bollinger’s employee benefit brokers frequently work from referrals, often from the P/C side of the agency. The carriers, many of whom Bollinger has worked with for years, supply policy forms approved by state regulators. Bollinger issues the policy, pays claims from funds set up by the carriers, and performs the other administrative functions inherent in managing any particular plan. The structure of any given plan varies from state to state, making local contacts a necessity.

This holds true for Bollinger’s student accident coverage as well. “The farther away we get from our home base, the more we need local brokers,” Cook said.

**‘It’s sort of a boutique approach. Clients are serviced by the same team that sold them originally. We bring them best in class services and resources at all times.’**

### The Economy and a Bonus Payment

A slowing U.S. economy has affected Bollinger’s commercial lines the most. Gardner explained that some client companies have gone out of business, while others were closing down operating sites, laying off employees and reducing operating expenses such as vehicle fleets. Crispo, meanwhile, said the economic situation may result in fewer sports teams, but she doesn’t think it will be “as serious as it is on the commercial side.” The benefits business is also less impacted.

The slowdown seems only to have reinforced Bollinger’s commitment to its core principles. As CEO and Chairman Windolf indicat-



*Craig Johnston, vice president — benefits division,*

*Rhonda Linnett Graber — managing director, personal lines*

ed, “more acquisitions are in the pipeline.” For well capitalized agencies like Bollinger there may be some very good opportunities. There are also a lot of highly qualified people looking for new positions.

Any new employees should consider themselves lucky. At a time when “bonus” has become a dirty word, Bollinger’s bonus payment to its employees deserves special mention. Last year Evercore Capital

Partners, a private equity fund, bought 51 percent of Bollinger’s shares. The remaining 49 percent are owned by the employees.

As part of that transaction, “a deferred payment of \$500,000 was to be made to Jack Windolf in 2009,” as noted in a private e-mail from the company. Windolf insisted that a clause be inserted in the agreement that he could direct that payment to Bollinger employees. On March 17, he announced that the entire amount would be paid to them.

The reasons for that decision sum up his business philosophy: “1) It would be appreciated by the employees; 2) The employees would spend the money to help the economy; 3) Employees are in a lower tax bracket than Jack, and 4) It is the right thing to do.” That gesture also pretty much sums up why Bollinger has achieved the success it has. ■

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# Bollinger

Insurance Solutions

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