



Naveen Anand

EDITORS' NOTE Naveen Anand was named President and Chief Executive Officer of Hallmark Financial Services in September 2014. He has over 25 years of experience in the property/casualty insurance industry with significant underwriting experience in specialty commercial lines.

COMPANY BRIEF Headquartered in Dallas, Texas, Hallmark Financial Services, Inc. (hallmarkgrp.com) is a specialty property and casualty insurance company with a diversified portfolio of insurance products written on a national platform. With six insurance subsidiaries and offices in Dallas-Fort Worth, San Antonio, Chicago, Jersey City and Atlanta, Hallmark Financial underwrites and services more than \$700 million annually in commercial and personal insurance premiums in select markets.

What is the history and heritage of Hallmark Financial and how has the company evolved?

The company was formed in 1987, and in 1990, it began in the insurance business around nonstandard automobile insurance, focusing on high-risk drivers. From 2002 to 2006, the company evolved, grew much larger, and underwent a public offering and was listed on Nasdaq in 2006. From 2007 to 2013, the company grew from approximately \$250 million in gross premiums to roughly \$460 million. However, the company had some underwriting and management challenges and, in 2014, I was brought on by the board to focus the company on improving the trajectory of the company's results as well as developing a national specialty business, and that's the course we've been on since that time.

What have been the keys to Hallmark Financial's continued growth?

Hallmark Financial today is a national specialty writer. Since my arrival, the company's gross premiums have increased from about \$460 million to a current run rate of over \$740 million, and we are well positioned as a national specialty writer in the excess and surplus lines markets, primarily focused on small and medium specialty risks.

Specialty Insurance

An Interview with Naveen Anand,
President and Chief Executive Officer, Hallmark Financial Services, Inc.

How critical has it been to attract and retain talent as Hallmark Financial has grown?

As a specialty company, our talent is the most important part of our organization. We need to hire experts in the industry to lead the various product lines. Hallmark Financial has gone through a broad and deep transformation over the course of the last four years, and we've retooled every aspect of the organization, including the talent level in the organization.

On the process improvement side, we've implemented processes such as back office with offshore operations, and robotics process automation. Today, almost 70 percent of our renewal business in our standard commercial segment is processed by bots, or robotic process automation. That has allowed our people to focus on higher value activities, and therefore continue to build capability in the organization.

On the infrastructure side, today we have a hybrid architecture. We're in the cloud, and we've launched three new modern underwriting platforms and transitioned most of our businesses to these platforms.

It has really been a comprehensive roadmap, from a technology perspective, to address and improve the capabilities in the organization in order to be scalable and grow the business.

Where is innovation taking place for Hallmark Financial?

Innovation is important for an organization like Hallmark Financial because we are a relatively smaller company competing in a landscape of very large companies. We have used innovation to address the cost equation and also to improve the experience when people interact with Hallmark Financial.

When our customers, agents, brokers, or claimants interact with us, we want to make that process as seamless and easy as possible in order to create a positive experience. We have to continue to drive innovation.

From a product standpoint, being a specialty excess and surplus writer, we are always thoughtful about what new risk exposures there are, and what opportunities there are for us to create products around those new risk exposures. Thus, we are continuing to drive innovation on the product side as well.

When you look back to when you joined Hallmark Financial, has it been what you expected?

No matter how much due diligence and research you do on an organization, it's not until you are a part of the organization that you see more clearly the challenges and potential gaps that exist. While there were some surprises, they certainly weren't insurmountable. Some issues were perhaps bigger than I originally expected, but even with these challenges, we've been able to execute our vision and strategy effectively, positioning our organization for sustained success. ●

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Will you discuss Hallmark Financial's investment in technology and how technology is impacting the business?

Technology has been a key part of our success in terms of building capability in the organization. For perspective, in 2014, the organization had separate systems with limited aggregation. All of our processes were manually done, and from an infrastructure standpoint, we had 25 or more legacy platforms, and 100 percent of our business was hosted on premises. Over the course of the last five years, we've invested heavily in three legs of the technology sector – underwriting support and service, process improvement, and infrastructure.

Regarding underwriting support and service, we've built up better capabilities, better platforms and more ease of use. As a result, it better informs underwriting decisions and it enhances our service levels with our customers.