

Long Term Profitability Improvement

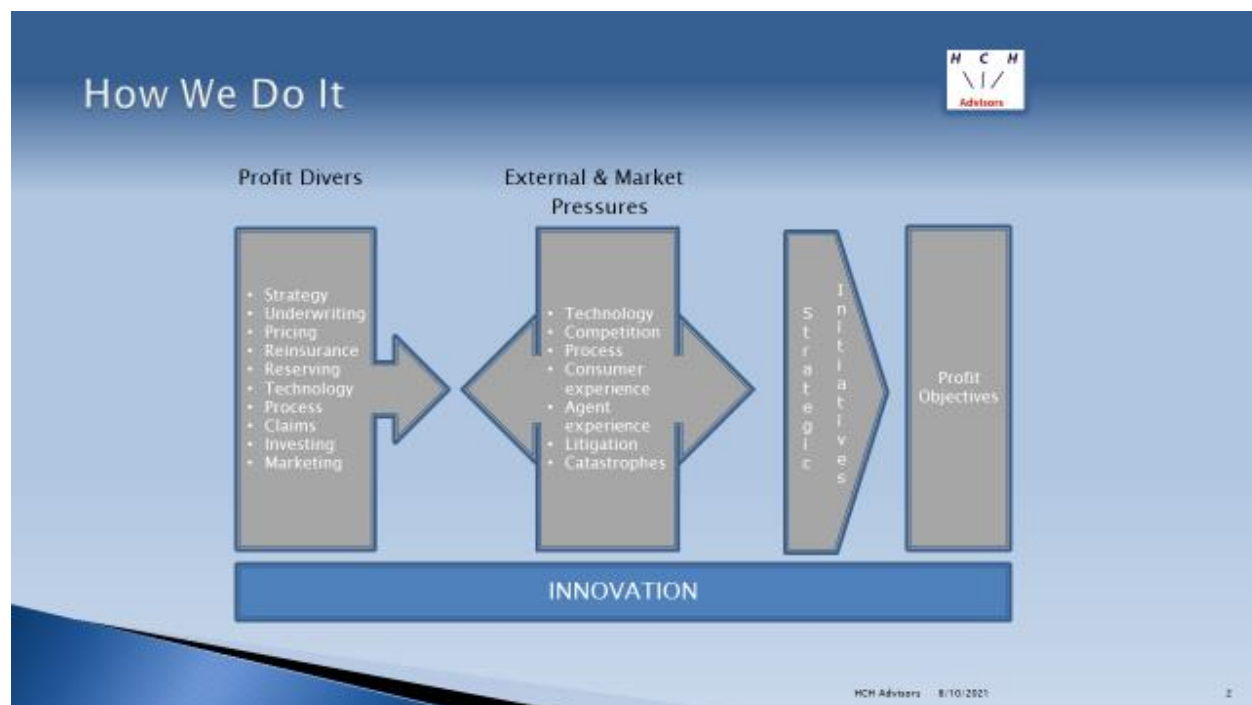
At HCH Advisors, we are building our firm to become the trusted advisor to leaders in the insurance industry. We look to establish long term relationships with clients by providing objective advice on issues of strategy, profitability, operational change and execution.

Our proprietary framework is designed to deliver the flexibility needed to address issues at the enterprise level, but more specifically to provide clear focus on the needs and issues of individual business segments.

We do this by analyzing a company's operations and identifying their impact on profit drivers. We then consider external and market forces in relation to profit drivers and the impact on results. Finally, we look at where innovation fits and its effect on profitability.

This process enables us to determine how operations are aligned with profit objectives and whether strategic initiatives are delivering the desired result.

Below is a diagram illustrating our approach at the enterprise level.



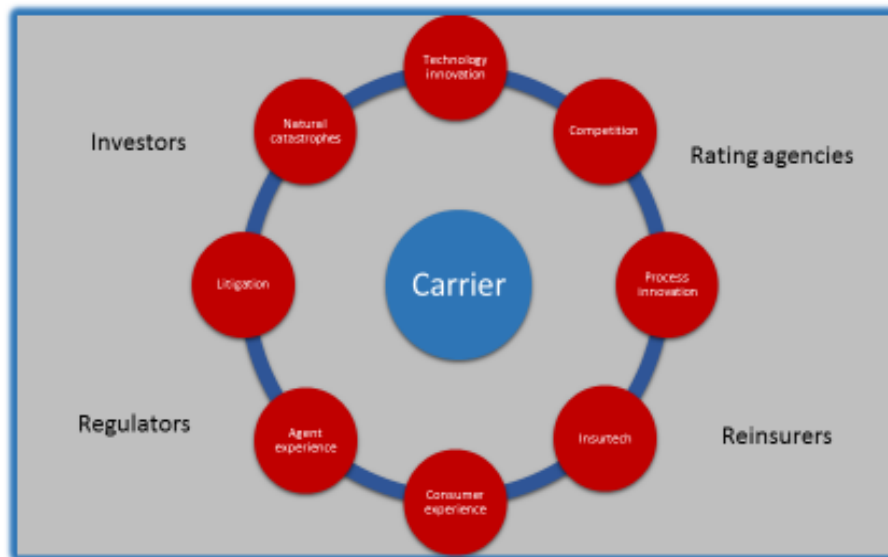
As indicated in the figure above, innovation can be applied to all components across the enterprise and includes both technology and non-technology driven aspects of business. In a recent article published in the Insurance Journal, A.M. Best stated that many companies, mostly small and medium sized, are not

generating optimum results from innovation initiatives. HCH Advisors believes that the benefits from innovation are best achieved when the initiative is targeted to operations that drive financial results.

Understanding the inter-relationship of these components is key to effectively implementing the appropriate operational change to drive improvement. This, together with recognizing who is watching such as investors, regulators, rating agencies and reinsurers, can create an effective framework for a better dialogue with these stakeholders. The figure below provides an example of external forces and interested stakeholders.



External pressure on carriers and who is watching

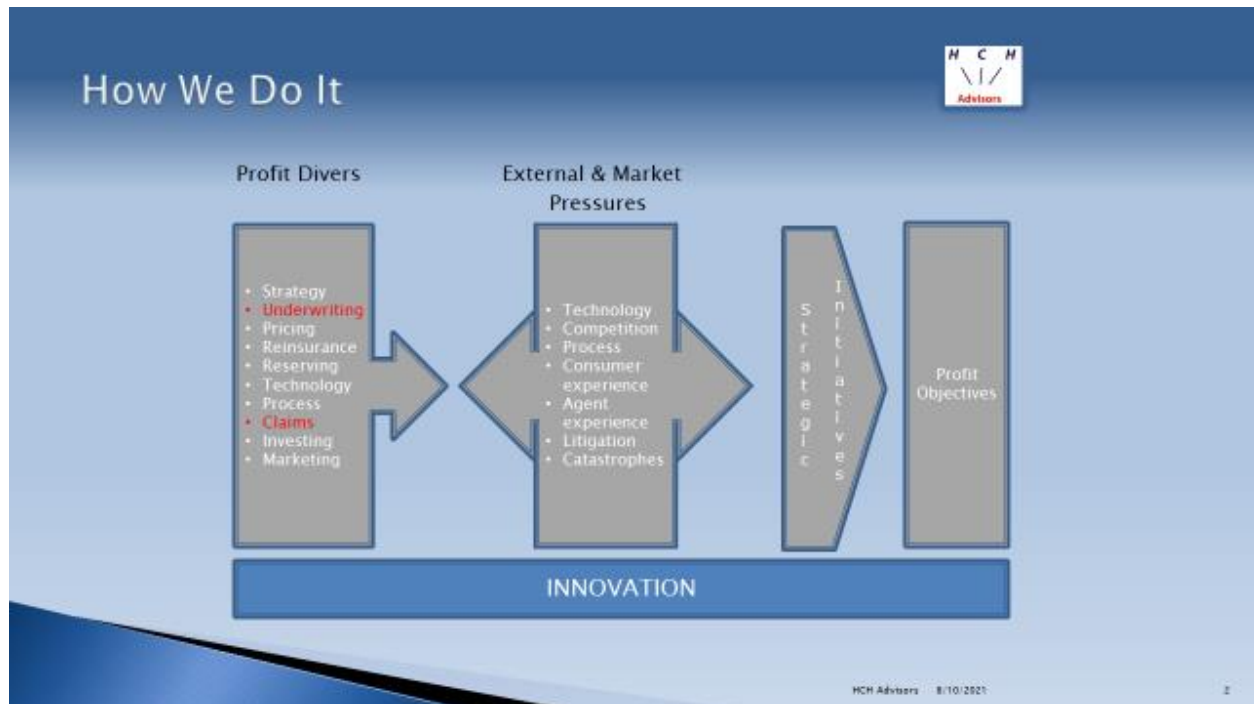


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As previously stated, our flexible framework can be applied to specific segments of the company. While the process is essentially the same, the figure below demonstrates how we can apply our approach to specific areas. In this example, those areas are underwriting and claims. By designing our approach in this manner, we can help management focus on areas of greatest need and thereby deliver greater value to the company.



Please contact HCH Advisors at the phone number or e-mail below.

Also, visit our website at www.hchadvisors.com

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