

Review of Integration Strategy

A property and casualty insurance company client was considering integrating the operations of subsidiary company into the parent's operation. HCH was asked to review the strategy. At the time, the subsidiary was involved in a system conversion and new product development. HCH reviewed the plan, the timelines and the expected cost savings. HCH concluded that the cost saving were not enough to offset the risks of further disruption of the company's agency distribution channel and recommended that the consolidation be postponed until the system conversion was completed. Company management accepted the recommendation.