

## SPECIALTY INSURANCE WHOLESALE MAXIMIZES POST-M&A EFFICIENCIES

ACCELERATES BUSINESS PROCESS  
INTEGRATION WITH PATRA

### AT A GLANCE

#### CLIENT PROFILE

- Specialty Wholesaler
- New York
- Full suite of specialty insurance products and services including underwriting, distribution and claims management.

#### CHALLENGES

- Inconsistent accounting processes and policies
- Tight timeline for adopting new process workflows
- Delays in payment posting

#### REQUIREMENTS

- Post-merger integration support
- 24-hour service availability
- Robust Standard Operating Procedures

#### PATRA SOLUTIONS

- Patra OnDemand Commercial Line

#### RESULTS

- Accelerated adoption of new accounting policies
- Improved payment posting efficiency
- Same-day error resolution

### ABOUT

Mergers and acquisitions (M&A) are driven by various factors, from smaller agencies seeking acquisition to larger firms expanding and carriers entering new markets or product lines. While macroeconomic conditions have slowed deal activity in some sectors of the insurance industry, M&A activity in the specialty sector is at an all-time high.

In 2023, the consolidation of specialty firms outpaced retail transactions. While retail M&A saw a 14% decline, with 626 transactions in 2023 compared to 728 in 2022, specialty firm deals headed in the opposite direction. After a slight dip from 179 in 2021 to 175 in 2022, specialty transactions increased by 3% to 181 in 2023, translating to a five-year compound annual growth rate of 18% (Trem, 2024).

"The world of risk is becoming more complex, and customers are looking for specialists to underwrite and distribute insurance solutions," explained a senior accountant at a recently acquired insurance distribution platform operator.

"Our company was acquired by a major wholesale and specialty insurance distributor. Acquiring our platform allowed them to expand their specialty programs division, addressing the growing demand in today's challenging insurance marketplace," said the senior accountant.

The acquisition formed one of the largest specialty program management operations in North America. Today, the newly combined entity serves over 50,000 insureds and writes more than \$3 billion in annual premiums across 65+ programs.

However, not all mergers and acquisitions lead to seamless success. Finance and accounting teams often bear a significant portion of the integration workload, dealing with everything from reconciling complex financial statements to adapting to new systems and processes. Finance leaders must navigate these hurdles to ensure the integration is successful.

"After the merger, we found several differences in our accounting practices," the senior accountant noted.

Financial and operational alignment is critical, as American insurance distributors must adhere to unique regulations in every state. Even small discrepancies can lead to compliance issues down the line.



## CHALLENGE

Under the parent company's accounting policies, team members were required to become subject matter experts focused on one task.

"In the past, my accounting team members performed multiple accounting tasks." The team faced an accelerated timeline to adopt the parent company's operational practices.

"Adapting to the workflow rules and policies was a challenge, because our accounting team was very small," said the senior accountant. Pivoting to new accounting processes requires a significant amount of employee training.

"Given the limited amount of time, we were concerned about our ability to function properly under the new policy guidelines."

The parent company brought in their current offshore provider to help the accounting team transition their processes.

"Our parent company introduced us to one of their offshore providers, but it wasn't a good fit," said the senior accountant. The offshore team worked limited hours in a different time zone. Payment posting delays increased and fixing errors took multiple business days.

## SOLUTION

The parent company's executives made the strategic decision to introduce the accounting team to Patra. "We learned that executives were already collaborating with Patra to develop new workflows for another department," explained the senior accountant.

Upon reviewing the department's Standard Operating Procedures (SOPs), the accounting team decided to create new SOPs to fit the new accounting policies.

"Patra stepped in to assist with payment posting, which freed our team to focus on becoming subject matter experts in other areas," the senior accountant added.

Patra's processing team adhered to the company's guidelines for payment processing schedules.

"In my view, this was a great fit because Patra was able to seamlessly operate within our work hours," said the senior accountant. Patra's processing team worked closely with the company, adhering to the guidelines and ensuring consistent, accurate operations. Their flexible approach, including accommodating the team's work hours, was crucial in maintaining smooth operations.

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## ABOUT PATRA

Patra is a leading provider of technology-enabled insurance outsourcing services and software solutions. Patra powers insurance processes by optimizing the application of people and technology, supporting insurance organizations as they sell, deliver, and manage policies and customers through our PatraOne platform. Patra's global team of over 6,500 process executives in geopolitically stable and democratic countries that protect data allows agencies, MGAs, wholesalers, and carriers to capture the Patra Advantage – profitable growth and organizational value.

## RESULTS

Despite significant complexity, the accounting team met the accelerated deadline and successfully transitioned to the new accounting policies. The senior accountant highlighted three key areas where Patra made a significant impact:

- **Time Zone Friendly Service & Support:** “If I alerted the previous offshore team about an issue with payment posted, it was fixed after my team’s working hours,” said the senior accountant. “Communicating changes or errors identified during the workday is very important,” said the senior accountant. “We have many time constraints and deadlines governing when payments are sent or when stop payments are issued.” Patra's 24-hour service and support helped the accounting team resolve errors and streamline the posting of payments. “The work is done during our current business hours, so that’s the best fit for us,” said the senior accountant. “That’s one of the things I really like.”
- **Lock-Step Communication:** “Patra’s processing executives are very good at alerting me when an accounting team member submits information outside of our SOPs. That was not always the case with our previous provider,” commented the senior accountant. The improved communication dynamic fostered a culture of continuous process improvement. “When new issues come up, we’re able to actively discuss and refine our SOPs to mitigate future errors. “It’s a very good result that has evolved out of our working relationship with Patra,” said the senior accountant.
- **Enhanced Quality Assurance:** Expecting employees to work with speed and agility is unrealistic when they have to memorize and retain information about new workflow processes. “It always takes time for teams to adjust to operational changes, and I’m not the only accountant,” she said. “Patra’s processing experts became adept at finding mistakes I didn’t catch,” said the senior accountant.

## CONCLUSION

Mergers and acquisitions offer insurance organizations valuable opportunities to grow, diversify, and strengthen their market position. However, conflicting business operations can quickly undermine the value of any deal, making post-merger integration a critical measure of success. Outsourcing is an effective strategy to ensure smooth integration. Patra’s on-demand global processing experts provide 24/7 support, helping companies maintain quality and accuracy as they navigate post-merger transitions. With Patra’s expertise, insurance leaders can achieve operational synergies and maximize the ROI from M&A transactions.



## SOURCES

Trem, P. (2024, April 1). “Specialty firm acquisitions hit new high.” Leader’s Edge. Retrieved from: <https://www.leadersedge.com/industry/specialty-firm-acquisitions-hit-new-high>