

A man in a dark suit and light blue shirt stands on a large, glowing blue computer keyboard. He is smiling and has his right fist clenched in a celebratory gesture. The background is a solid red color.

With Digital Insurance,
Adam Bruckman
restructured
a failed business
concept and
emerged a
winner.

BY LOUISE LAGUE

REBOOT!

In 2000, at the end of the dot-com era, when computers were already running the world and people were learning to shop via the Internet, the idea of trying to sell insurance online seemed like a natural.

Carrier sales veteran Adam Bruckman, along with partners Mike Sullivan and Chuck Ristau, designed “a kind of Travelocity model” to broker health insurance to small businesses. They called the company Digital Insurance.

“The idea was that a small business could go online and receive information and health insurance quotes in real time,” Bruckman says. “Ironically, this is the same concept of exchanges currently proposed as a major component of healthcare reform.”

But small businesses found the notion a trifle cold and valued the relationship and services provided by the traditional broker and agent model.

“As with everything, you’ve got to make a few mistakes before you get things right,” he says. “The first few years were a bit of a struggle, a lot of hard work with only modest results.”

The trouble? Health insurance is complicated.

“It may not be hard to sell auto insurance online, but with health insurance, there’s a lot more to understand about plan features and physician networks,” Bruckman explains. “Small businesses want someone to help them and encourage them. They want their hands held.”

After two years of struggle, Atlanta-based Digital Insurance began to tweak its model. It focused more on the people side of the business, working with clients in a more personalized way. The company’s great technology was then “focused internally,” Bruckman says, and customers got the kind of warm and fuzzy service they wanted from their insurance broker.

So maybe the digital thing was a little before its time, but the company took two important steps to turn the business around: focusing on America’s burgeoning small businesses while understanding that many big agencies didn’t want to. It was a perfect market opening.

“We noticed more and more that small businesses were incredibly underserved,” Bruckman says. “We identified this hole in distribution and knew we could fill this void.”

But large insurance agencies “could not afford to spend time and attention on small businesses; although, they didn’t want to lose them,” he says. “So early on, we discovered we could grow faster if we provided services to agencies as well. We partner with these agencies to deliver our platform and service model to our joint small-business clients.”

Aon signed on as Digital’s first national partner in 2005, serving as a catalyst for other large deals that followed and an overall partnership base that today stands at 225 agencies.

Still, Bruckman spends half his life explaining the no-longer-quite-accurate name of the company, which is often shortened to DI. “We don’t really want people to think of us as a technology company,” he says. “We looked into the possibility of changing the name, but it wasn’t worth doing.” Instead, they added another name—INcompass—to label the suite of services DI provides to clients. These include consulting, a benefits resource center, an online wellness tool and a toll-free number that employees could call for answers to questions about their coverage.

Bruckman was just 32 when he arrived at Digital as its COO with the kind of swagger that lacrosse players seem to wear like grass stains. Born in Glen Cove, N.Y., the son of a CPA, Bruckman grew up playing lacrosse and kept playing at Tufts University near Boston, where he earned a degree in economics.

“I knew I wanted to be in some type of financial services business, but I had no clear industry in mind,” he says. “I thought of law school, but I was eager to get into the working world.”

Recruited into a management-training program with Travelers Insurance in Hartford, Conn., Bruckman spent three years in training, underwriting and handling claims.

“A year or two into it, I fell in love with the business,” he says, “and I had no desire to go back to school. The more you get into it, the more you know, and it began to feel like something I was doing well. I was enjoying the people and the challenge.”

After being sent to Dallas in sales, he moved to United Healthcare when Travelers spun off its healthcare business, then went to Prudential HealthCare as sales director in Dallas.

Then came a life-changing sidestep. Bruckman took a regional sales director job at the now defunct ChannelPoint, which was building a Web-based central data repository of insurance quotes, ratings and business logic plus an Internet interface that brokers could use at a time when clients, brokers and carriers were communicating largely by phone and fax.

At ChannelPoint, Bruckman received an education in technology. Two years later, he was an obvious choice to be tapped by Steve Shulman, whose venture capital fund, Internet Healthcare Group, was investing in a new company that would become Digital Insurance.

“Steve called me and asked if I could come meet with him and Tom Usilton (the first Digital Insurance CEO) to talk about a company that would sell insurance to small businesses online,” Bruckman says. “I thought it was a great concept, but the move was a little frightening. It meant a major pay cut, and it was a bit of a gamble. But by then I had worked for 10 years on the big insurance company side. I enjoyed it, had learned a lot, but didn’t have much control over what happened.

“The opposite was intriguing—to be able to wake up every day with some ideas in mind and implement them quickly with a group of smart people,” he says. “I was very interested in moving to a small company and working from the ground up.”

Bruckman took the COO post as the company was forming in 2000.

“The story of this company should be a Harvard Business School case study,” says Shulman, who is still chairman of the board. “One of the first things I learned in venture capital is that you invest in an A management team even if they have a B or C business plan, as opposed to the reverse. An A management team will always improve the business plan.”

FAST FOCUS

► Digital Insurance turned its business around by focusing on America’s small businesses.

► Aon signed on as Digital’s first national partner in 2005, a catalyst for a partnership base that today stands at 225 agencies.

► Today, Digital is the nation’s fastest-growing employee benefits agency in the small-group market.

GOOD, BETTER, BETTER YET

Shulman says Digital went through three stages. The first plan was to sell health insurance directly to employers online, via portals aimed at small businesses. The idea was that the computer would do 85% of the work, with only a bit of conversation. "But we found out this segment was a lot stickier than we thought, meaning they like their brokers and they like to have some human being assist them," Shulman says.

He credits Bruckman and his partners with the stage-two idea, which was to change the model. "In doing our market research," Bruckman says, "we found that there are a lot of large agencies that feel like they don't do a good job or that their efforts would be best spent on larger clients." Thus, Digital's new customers became the broker and their small employer clients. "Very large agencies often want to stay associated with their small customers, so they partner with us and split the commissions," says Bruckman.

"When it comes to small business, we can do it faster and cheaper than they can, while providing additional services," Shulman says. "We hired licensed brokers for the service center, and they were the ones using all the highly evolved Internet tools. So now the telephone work is 85% of the deal." When Bruckman was promoted to CEO in 2004, Shulman says, he wanted "to actually buy brokers or their book of business and own it all, top to bottom." Bruckman discovered, "as we talked more and more, that some agencies just wanted to get out of that segment of the business altogether. Or maybe you're a large property-casualty

broker with a small benefits department. Some people wanted to retire. Some wanted to stay in business but have someone else handle small-business benefits. So whether we partner with a company or acquire their small-business block, it's the same level of service," he says. In the last seven years, Digital has picked up 200 agency partners and acquired 45 blocks of business from small agencies. As a result, Digital is the nation's fastest-growing employee benefits agency in the small group market, with an annual growth rate of 50% over the past five years. Digital is one of only six insurance industry firms that have made Inc. magazine's list of the 5,000 fastest-growing private companies in America three years in a row, starting in 2006. The company now manages 18,000 small groups representing more than 350,000 employees nationwide, comprising the largest share of U.S. small-group insurance business. "I'm proud of Adam and his people," Shulman says, "because when things got rough, they didn't close up shop and sail. They listened to the market and made the company grow."

Several years ago, Bruckman also instituted a program to focus on retaining Digital's 160 employees. (The turnover rate is about 10% annually.) "We've spent a lot of time developing a culture," he says. "We have a set of principles, and the first one is to approach each day with a great attitude and enthusiasm." Achievements are celebrated with letters, postcards and a monthly event, including ice cream socials, holiday parties and bring-your-child-to-work days. "Goofy stuff, too, like bobble heads," Bruckman says. "We like to keep it fun."

Bruckman wants his people to feel "like they're part of something and to be excited about it." Whiners are bumped out. "We don't keep people who are not promoting that enthusiasm," he says. "We have a very low tolerance for bad attitudes. People like that can drag others down, so it's best to remove the instigators."

John Short, Digital's vice president of human resources, calls it "that feeling that the grass is greener on this side. We even have employees who have left and come back. That's a sign of what a great organization we have."

With 160 employees, Digital Insurance is not really small anymore. "But we still try to act like a small company," Bruckman says. "We encourage ideas and decisions. We give good benefits. We want to keep that small company, family atmosphere."

Short credits Bruckman for his openness. "There's no ivory tower attitude," he says. "He talks to the receptionist and the mailroom people the same as he does the board of directors."

"It's been delightful for me to watch his evolution," Shulman says. "He's matured and grown. He had unlimited potential, and now he is realizing it."

"Adam has exceptional communication skills, he's very strategic, and he's a great leader. If I were building a CEO from scratch, he or she would have exactly those sort of skills."

A big priority for Bruckman is balancing his work and family life.

FAMILY: Adrienne, Ryan, 11, and Eric, 8

HOMETOWN: Marietta, Ga.

GETAWAY: Home on Keowee Lake, S.C.

RIDE: Infiniti FX I, and "an older Mercedes convertible CLK 99 for weekends"

TOYS: Lake boat and jet ski

SPORTS: Coaching boys' lacrosse and "reliving my glory days through my boys"

FANDOM: Yankees and Giants ("I haven't been able to shake my New York roots.") Plus the Braves and Falcons, "a few games a year"

DO-GOODING: Digital sponsors an annual 5K run—the DI Dash—to benefit Children's Healthcare of Atlanta. Last August, the run raised \$20,000. Also, private donations to cancer research.

BUSINESS GROUPS: The Council, CEBE, and The Young Presidents' Organization, with 100 CEOs in the Atlanta Chapter. "A group of eight of us meets monthly. We focus on life balance and family."

