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Trusting Research and Capital, a New Broker Targets Hispanics and Aims for Success

(BestWire Services Via Thomson Dialog NewsEdge) With two years of research and planning completed and about a quarter of a billion dollars in financing, a new broker targeting the Hispanic community in Western and Southern states jump started life recently.

New York-based Confie Seguros acquired two California companies, Westline Corp. and Oasis Insurance, with a combined 34 retail offices in Hispanic communities early in January. Its officials say that within three years, they expect the company to be operating 250 to 300 offices and posting \$300 million in revenue.

"We believe that the companies we've acquired and our pipeline of potential acquisitions, coupled with our strategy of opening new stores in densely populated Hispanic communities, will enable us to reach that target," said Chief Executive Officer John Addeo, a brokerage veteran who came out of retirement to head up the new company.

Confie Seguros means "trusted adviser," company officials said, and is rooted in the research that led the company's management team to develop a business plan based on storefront operations in Hispanic neighborhoods.

"Hispanics need face-to-face, comfortable places to buy insurance," said Mordy Rothberg, founder and president of Confie Seguros. "That's what our research has pointed out."

Rothberg spent two years researching insurance in the Hispanic market.

"That's one of the problems people face," he said. "They think about Hispanics as just one group. The only thing they have in common is that they speak a similar language, with differences nuances, different dialects. There definitely are differences between Mexicans, for examples, and Cubans, Puerto Ricans or Columbians. We studied that. We researched this heavily.

"Where there are similarities is in their approach to purchasing insurance

products. They're all buying primarily the same way: at convenient retail locations.?

Addeo, who came into the project a year after Rothberg began doing his due diligence and research, said providing the comfort level their research shows Hispanic customers prefer can also give the company a ready means to 'up-sell' other products and services.

'We believe the Hispanic buyer is more receptive to entering into insurance transactions on a face-to-face basis, and obviously, the retail store provides that,' he said. 'We also think that having the Hispanic customer visit our shops enables us to offer him additional insurance products at a reasonable cost level to us.'

Part of their preparation was identifying, for future acquisition, agencies and brokers that are already successful in Hispanic communities ' what Addeo and Rothberg call 'the pipeline.'

'Obviously, we're going to focus on the Hispanic, densely populated areas,' said Addeo. 'So we're looking at California, Arizona, Texas, Florida, the Atlanta area, South and North Carolina and Nevada. But we're going to be opportunistic, and if there are going to be areas (of interest) outside of those targets, I'm going to establish a foothold.'

Rothberg said part of the research was literally a door-to-door review of agencies serving Hispanic communities.

'We've traveled and visited over 250 agencies around the country, in the key demographic areas we want to enter,' he said.

The size of the Hispanic population in the United States in 2003 was 39.9 million, and they are now the largest and fastest-growing minority in the country. The Hispanic population is growing about four times faster than the general population. It grew 57.9% from 1990 to 2000, compared with a 13.2% jump in the overall U.S. population, according to the U.S. Census. Hispanics -- the term the U.S. Census uses -- in 2000 accounted for 13% of the total U.S. population, compared with African-Americans at 12.7% and Asians at 3.9% (Best's Review, September, 2004).

Confie Seguros has partnered with Genstar Capital LLC, a San Francisco-based private equity firm, to provide financing for the company. Future acquisitions will be funded by a commitment from Genstar and company management of \$75 million and a bank facility with expected capacity in excess of \$200 million, according to a statement from the two companies.

Addeo has employed a similar strategy before, as founder of Alliant Resources Group, which specialized in middle-market clients. He launched Alliant in March 2000 with the purchase of two companies, and in two years built it into a company with \$100 million in revenues (BestWire, May 31, 2002). Addeo was previously with USI Insurance Services, where he rose to

president.

Rothberg, who heads business development and strategy for the company, worked in those areas as an executive with IDT Corp and Net2phone.

(Listen to the interview with Addeo in its entirety at www.bestdayaudio.com)

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