

# Buffet buy aids Guard Group expansion

By MATT HUGHES  
Oct 26

WILKES-BARRE -- Investor Warren Buffet's company has completed its acquisition of Guard Insurance Group Inc., the Wilkes-Barre-based insurer announced Thursday.

Carl Witkowski, Guard's chief operating officer, said the deal will provide Guard with additional capital to expand its national business and potentially increase hiring locally.

Witkowski said Guard, which specializes in small- to medium-sized commercial property and casualty accounts, has doubled the premiums it writes annually over the past three years even as the insurance industry shrank by 15 percent.

But it still lacked surplus profits needed to reinvest in expansion.

"Our number one problem has been not having the surplus to enable even more growth," Witkowski said. "And so this gives us access to that surplus and so we will be pursuing national growth."

Guard is licensed to sell insurance in 46 states and localities but currently writes policies in 28 states and the District of Columbia. Witkowski said the company will look to expand into areas where it isn't working now.

But he also said the company's operations would remain centered on its Wilkes-Barre headquarters, where most of the company's 300 employees work.

"We have about 83 percent of our employees who live and work here," Witkowski said. "In growing we'll continue with that business model and with that platform. Our employees here in Wilkes-Barre are the engine behind that expansion (and) ... the majority of that growth would be reflected here in Wilkes-Barre."

The National Indemnity Co., subsidiary of Buffet's company Berkshire Hathaway Inc., reached an agreement Aug. 16 to purchase Guard from Israel-based Clal Insurance Enterprises Holdings for \$221 million, plus assumption of a \$48 million bank-loan guarantee.

Guard Insurance and associated companies were founded in 1982 by Judd and Susan Shoval, who sold the company to Clal in 2007 for a reported \$135 million.

In 2005 Guard reported having approximately 33,000 small-business clients and 500 agents, and writing \$207 million in premiums. Today it insures close to 65,000 employers and has approximately 700 agents. It wrote more than \$300 million in insurance premiums in 2011, and by its own projections will write \$400 million in premiums in 2012.

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