By: Daniel Gleich

AIU AMALGAMATED Insurance Underwriters

Fate, Friendship, and Chocolate Pudding

The story of how fate, friendship, and chocolate pudding helped launch a national habitational program and catapult it to success.

Although it was formally launched in May 2015, Amalgamated Insurance Underwriters' story begins back in 1985 when young Marvin Klein joined his father's real estate business. At that time, Marvin's dad was doing business with Harry Helmsley and Al Schwartz of the Helmsley Spear Organization. Harry and Al took a liking to Marvin's dad and allowed him to insure his real estate portfolio through Helmsley Spear's insurance pool, which was at a savings in excess of 20%. The power of the pool left an indelible impression on young Marvin, and he resolved to someday create a pool of his own.

Fast forward to 1995. Young Daniel Gleich, acting in the capacity of a commercial real estate broker started doing business with Marvin and his dad. Two years later, Marvin and Daniel joined forces and launched a real estate development company that focused on industrial and commercial developments. It was in the early days of their partnership that Marvin shared his dream of creating an insurance pool with Daniel. At the time, they were very focused on building their business, so the pool had to wait.

In 2008, Daniel's mom passed away. Since she had been managing the family's investment portfolio, Daniel's dad asked him to step-in and fill that role. Daniel had always believed that true diversification means dividing one's portfolio into a minimum of three asset classes, so Daniel began to diversify his family's portfolio into real estate and other asset classes. When it came to his dad's IRA, Daniel was told that he could not divest it from Wall Street – but this didn't sit very well with Daniel. He was determined to find a way to invest his dad's IRA directly into real estate, and not merely into REITs that own real estate.

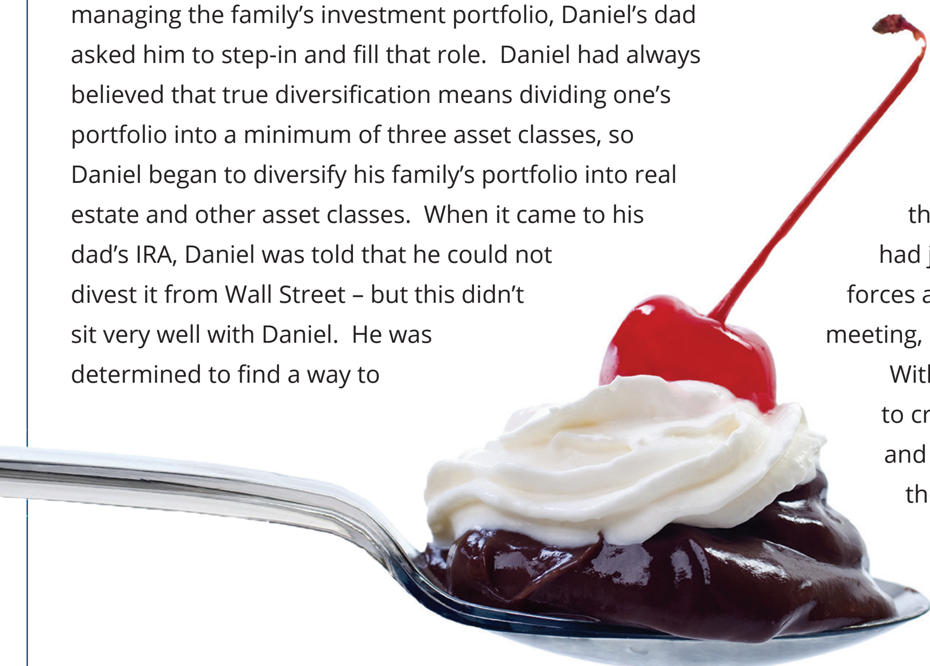
After speaking with several top retirement law attorneys, Daniel discovered that he could in fact convert his dad's IRA into a Self-Directed IRA and purchase real estate directly. Furthermore, by properly investing the Self Directed IRA into a newly formed LLC, he could have what is now known in the retirement industry as "checkbook control". When sharing this insight with friends and family, they all asked the same question, "Can you help us self-direct our IRAs?" Why only help friends and family, Daniel thought, let's help all American taxpayers, so in the Spring of 2009 Daniel and Marvin launched Broad Financial.

Broad's successful launch confirmed their hunch that Americans do want to diversify their retirement savings beyond Wall Street. Their success encouraged them to expand Broad's offerings by creating several alternative asset funds. It was on an early summer evening in 2010 that the duo decided to create its first fund. Considering that many of Broad's clients were using their Self-Directed IRAs to purchase tax liens, they decided to create a tax lien fund for clients that had neither the time nor the expertise to participate in tax lien auctions.

The next morning, Brian Finkelstein, an old friend of Marvin, stopped by the office and asked the duo if they'd like to invest in the tax lien fund he had just launched. "Why recreate the wheel, let's join forces and move forward together" was the sentiment of that meeting, so the duo quickly became a trio.

With the success of the tax lien fund, the trio decided to create a second fund which would focus on acquiring and managing garden-style apartment complexes across the US.

In December 2013, the trio decided that it was time for a third fund but was unsure what the



focus of the fund should be. A brainstorming session was scheduled for the following Wednesday afternoon. In the meantime, Ben Goldberg, a second-generation insurance veteran and good friend of Marvin and Daniel, requested a meeting for noon on Wednesday but hadn't mentioned the purpose of the meeting. During that meeting Ben got right to the point, he wanted to create a fund that would acquire and manage retail P&C insurance agencies along the East Coast. Ben's timing could not have been better, the brainstorming session was canceled, and the trio quickly became a quartet.

As conservative businessmen, the quartet decided to test-the-waters by first purchasing and managing an initial retail agency with their own capital prior to launching the fund. In May 2014, the quartet purchased Hartselle Insurance, a mid-sized retail operation based in Seminole, Florida. In the meantime, the real estate portfolio was growing at a steady pace and had already amassed over 5,000 units. And as you can imagine, all new properties were insured through Hartselle.

Then came the *"aha moment."*

Leveraging Ben's extensive background and contacts in the insurance world, the 5,000+ units in the portfolio, and Hartselle's multi-family book-of-business, it was now time to fulfil Marvin's promise from 30-years ago. So in May 2015, under the banner of Amalgamated Insurance Underwriters, the quartet launched its first insurance program – a national habitational program – with a proactive loss control twist.

Here's the twist. First, Amalgamated seeks out and accepts garden style apartment complexes that were built between 1970 and 2000 that have above average upkeep. Then to enhance the performance of the program, Amalgamated provides annual loss control management services to all of its properties. The combination of these two factors – good properties and loss control management – leads to a better than average risk which leads to lower rates for responsible property owners and managers.

The marketplace's response to the program vastly exceeded Amalgamated's expectations.

The quartet attributes their success to two main factors: Firstly, because Amalgamated has pre-set discounted rates, agents are able to obtain instant, below-market quotes using Amalgamated's online instant quote wizard. Secondly, Amalgamated's marketing campaign, which proudly proclaims, "Our national multi-family insurance program is like chocolate pudding, one taste and you'll be back for more!" has really been resonating with the retail marketplace. Not only is chocolate pudding the center of its tag line, it's also front and center of everything Amalgamated does. It's on their homepage, on their brochures, on their banners, in their magazine ads, it's even their giveaway at trade shows, and sent out in their promotion mailings!

It is interesting to note that this campaign was created internally by Amalgamated's sales team which always encourages retail agents to start small. "Please don't bring us a large multi-property portfolio to start", can often be heard on the sales floor, "let's get one property into the program. Then once you see how it works, you can bring us more. We like to crawl, then walk, and then run." That's the Amalgamated way.

The moral of the Amalgamated story is that we are not in control of our destiny. Rather, we each need to do our share by working hard and smart along with uncompromising honesty and integrity. We need to trust in our friends, always allow fate to lead the way, and – in the case of Amalgamated – add in a healthy dose of chocolate pudding!

Postscript: Numerous retail agents that experienced the speed, ease, and below market pricing of our program all asked the same question, "Can you create a hotel program for 2-star and 3-star hotels?" Well, we all know that necessity-is-the-mother-of-invention, so our answer was a resounding YES! Thus in January of this year, we successfully launched our (2-star and 3-star) Hotel Program.

Daniel Gleich is a partner at Amalgamated Insurance Underwriters LLC and can be reached at dg@aiu-usa.com or (800) 613-2600.