

BUSINESS

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Western Financial Group now full owner of HED

By Martin Cash

WESTERN Financial Group Inc., one of the up-and-comers in the western Canadian financial services industry, has acquired the rest of Winnipeg's HED Insurance and Risk Services.

Founded in 1979, HED has become one of the largest independently owned insurance brokers in the country.

Western Financial Group has owned 49 per cent of HED (Hayhurst Elias Dudek) for three years.

Sources close to the deal said Western Financial Group paid around \$50 million for the remaining 51 per cent of HED.

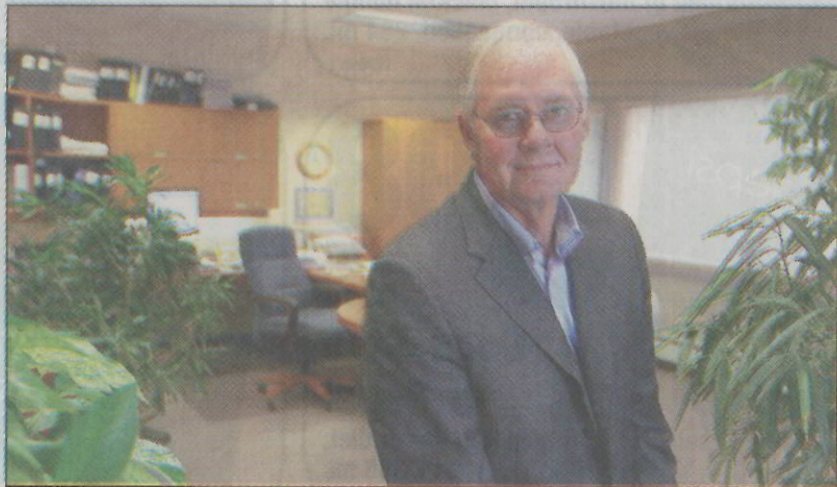
The Winnipeg firm has built up an enviable property and casualty business catering to privately owned hotels and motels, veterinary clinics, school boards and rural municipalities in Manitoba and across the West. It also owns the leading pet insurance underwriting company in Canada, Securican, which generates premiums of around \$30 million a year.

"We do business a little differently," said its CEO and founder, Art Elias. "Unlike a lot of insurance brokers, only about two per cent of our business is from Autopac."

HED has about 245 employees in Winnipeg and Elias said the firm's presence in the city is more likely to expand than contract now that it is owned by Alberta-based Western Financial.

"There will not be any rationalization," said Elias, 63. "If anything, I think this will give our employees even greater opportunities."

In fact, when the deal closes, Winnipeg will boast a greater number of Western Financial Group employees — about 300 — than at its head office in High River, Alta., just south of Calgary where there are about 120 employees.



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In addition to the acquisition of HED, Western Financial Group already owns a Winnipeg farm financing business called Agrifinance and the life insurance business that was formerly part of Federated Insurance.

Scott Tannas, Western Financial's CEO, said plans are to expand the 50-seat call centre HED operates to service its 60,000 pet insurance customers to create a national call centre for Western Financial.

"We are planning to build on what's there now (in Winnipeg) and use it to sell our clients auto and home insurance throughout our network," said Tannas.

While that may be a useful strategic addition to its operations, Tannas made it clear it was HED's successful brokerage operation that Western Financial was particularly interested in.

"HED has a unique, centralized model with a national sales program essentially from one location," Tannas said. "We really like the model. We have already been doing a lot of work together."

HED (Hayhurst Elias Dudek)

Founded — 1979

Employees — 245

Revenue — \$41 million (2007)

Partnerships — Western Financial Group bought a minority share in 2006.

Western Financial Group Inc.

Founded — 1996

Employees — about 1,200

Revenue — \$132.1M (2008)

Public stock listing — 1999

Western Financial's main line of business is its network of 100 retail insurance brokerage stores in small towns across Western Canada.

This summer, it rebranded all the stores — most of them former mom and pop home and auto insurance shops — so that they are now all called Western Financial Group.

In Manitoba, there are locations in Brandon and Thompson.

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