

Independents' Day:

Alliant National's growth fueled by independent agents

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LONGMONT TIMES-CALL

LONGMONT — Dave Ginger has been in the land title insurance business since 1974, having started in a small, independent agency and later spending time working for large national companies. The difference in the two approaches is what led him and two others to launch Longmont-based



Alliant National Title Insurance Co. in 2005, whose business model is reliant upon independent agents.

Ginger

"I had been involved with an agent-owned company in my earlier career and the biggest thing I saw was the feeling toward the independent agent versus: what I saw at the national companies," said Ginger, adding that he felt the independents had more of a commitment to the marketplace and their communities.

Independent agents have been the key in Alliant's growth from



Richard M. Hackett / Times-Call

Bob Grubb, left, and Scott Hendrickson of Alliant National Title Insurance, two of the company's three co-founders, are shown last week at the company's headquarters at 2101 Ken Pratt Blvd., Suite 102 in Longmont. The company has continued to grow despite the struggles of the real estate market.

about \$132,000 in revenue the first year to just shy of \$50 million in 2010.

"There's only about three or four growth companies in our industry, and we're one of them," said CEO Bob Grubb.

Ginger, Alliant's president, continues to make his home in Austin, Texas, which is where he lived when the company started. The other two founders, Grubb and chief financial officer Scott Hendrickson, still live in the Longmont

area, as they have since the company started. When Alliant was incorporated in Colorado in 2005, it was decided that Longmont would be the company's headquarters.

"Longmont's a fabulous location because we're on the edge of the metro area, we have the benefits of the metro area, but without the costs," said Grubb.

The company started when Ginger approached Grubb, who he knew through a mutual friend, about an idea he had for a new kind of title insurance company. Grubb brought Hendrickson, who he had known about eight years and shared a background in high-tech manufacturing with, to examine the financials of the business plan.

At the time the company was launched, Grubb said, two-thirds of all land title insurance premiums were being written by independent agents, but 90 percent of those premiums flowed through the top five companies in the industry. The problem for the independent agents was, these large companies would often have what are called direct operations — essentially storefronts where the large compa-

Please see **ALLIANT**, on D3

ALLIANT from page D1

nies would sometimes compete directly with the independent agents who were carrying their products.

“Our model was, we’re not going to compete against you, period,” said Grubb. “We’re going to have no direct operations, no Alliant stores.” Alliant today has 35 agents who are part owners of the company, and another 200 representing their products, Ginger said. Alliant agents are free to still represent other companies’ products as well.

That business model is what attracted Carol Mastrofina, who was recently hired as Alliant’s chief operations officer. She previously oversaw direct operations for two regions for a national insurance carrier, and was recruited to join Alliant.

She said the biggest things that impressed her were Alliant’s management team and its business model.

“I was impressed by the fact the company is agent-owned,” Mastrofina said. “I was impressed by how they don’t compete against their agents, and I was impressed by all the services they have for the agents — all the things they do to help their agents improve their business.”

Growth for Alliant has come at a time of great turmoil in the real estate industry. Ginger said that when the company launched in 2005, no one could have foreseen the depths of how badly things would become. Even though his company is behind the business plan projections of six years ago,

he feels the company has done a good job considering how badly the downturn was. When the recovery finally takes hold the company should be poised for even stronger growth, he said.

The land title industry as a whole did about \$17.8 billion in revenue in 2007, Grubb said. Last year, that was down to \$9.5 billion in 2010.

“Our premiums are based on valuations, so we got hit when valuations went down and we got hit when the number of transactions went down,” said Grubb.

Alliant employs about 25 people full-time — about a third of those in Longmont. But it also employs contract employees, about 10 of them locally, and also uses local vendors such as accountants and attorneys. In all, Alliant

pumps about \$1 million into the local economy in payroll alone, Hendrickson said.

The company operates in nine states and eventually plans on nationwide expansion, Ginger said. Those plans are partly why Mastrofina, who will be based in the Longmont office, chose to join the company, she said.

“I think it’s a very powerful business model,” she said. “I think it’s a very strong sell to independent agents, and independent agents are still a powerhouse in the title industry. If you can marshal their resources, I think that’s very powerful and I don’t think anybody has ever done that.”

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