

Protector Group thrives at 75

Insurance agency to expand

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WORCESTER- At the Protector Group Insurance Agency Inc., the past is honored, but the focus is on the future.

The company, which ranks among the top five largest independent insurance agencies in Massachusetts, is celebrating its 75th anniversary this year, paying homage to its Central Massachusetts roots even as it explores branching into other parts of New England.

"We're not much for fanfare," said Robert J. Vaudreuil, president and chief executive officer. "We're proud of where we've been, but we're looking ahead in hopes of being a significant player in New England."

That plan, which seeks to extend the Protector Group into New Hampshire, Rhode Island and Connecticut, has the company remaining an independent agency, charting its own course without becoming a subsidiary of a bank or financial services company, said Mr. Vaudreuil, who, along with Executive Vice President John J. Cahill, are majority owners of the agency.

New customers from other parts of New England would diversify the Protector Group's stream of revenues, which have risen from \$4 million in 1995 to a projected \$13.5 million for 2003, officials said.

Mr. Vaudreuil, who has led the Protector Group since 1994 when he and Mr. Cahill acquired majority ownership from David R. Grenon, the son-in-law of founder H. Louis Rocheleau, said a spate of new addresses over the past 20 years hasn't been a problem for a company in the risk management business.

Founded in Millbury in 1928, the Protector Group has had a Worcester presence since the 1930s, when it opened an office at 16 Norwich St. In 1986, the agency moved to 20 Washington Square, a site the company was forced to vacate in 1997 after the Worcester Redevelopment Authority took title to the Protector Group's buildings for the construction of Worcester Medical Center.

For the next five years, the Protector Group operated at 5 Neponset St., leasing space it outgrew in 2002. Last year, it relocated downtown to the eighth floor of 100 Front St., leasing 14,500 square feet that is almost fully used.

"I think we have three cubicles and one office still available," Mr. Vaudreuil said. "We're already looking around the building for some more room."

New commercial customers have fueled the need for more staff and space.

Since 1995, the Protector Group has grown from 500 commercial customers to about 1,400 in 2003, writing more policies by acquiring other agencies and boosting efforts in the employee benefits market, which includes health, life, short- and long-term disability



Robert J. Vaudreuil, left, president and chief executive officer, and John J. Cahill, executive vice president, are majority owners of the Protector Group Insurance Agency, which marks its 75th anniversary this year. (T&G Staff / BETTY JENEWIN)

insurance and the management of 401(k) programs, said Mr. Cahill, who joined the company in 1973.

Employee benefits account for 30 percent of business, up from 10 percent in 1995. Another 20 percent comes from personal automobile and homeowners insurance. The majority of revenues, about 50 percent, is still derived from commercial property and casualty policies across a cross section of businesses, including manufacturers, high-tech companies, nonprofits, the service industry, and wholesalers and retailers.

The news is the same no matter what type of insurance policy is being renewed or written for the first time: Costs are going up.

In some commercial lines of insurance, costs are rising between 30 percent and 70 percent, a sharp reversal from a soft insurance market in the 1990s that had companies cutting premiums yearly to gain market share.

In that era of a booming stock market, insurance companies counted on investment gains to generate income, Mr. Cahill said.

"Most businesses in those years could transfer more risk to the insurance company and still see their costs go down," he said. "It was a tough time for agencies," which make their money on commissions.

But risk management is back on the front burner for many commercial customers, Mr. Vaudreuil said. Higher premiums have prompted clients to boost deductibles, raise co-payments and implement loss-control techniques that attracted little interest in years when premiums fell, he said.

Many customers are reducing their policy limits but still seeing their overall premiums increase in cost, Mr. Cahill said.

"Now, they have to take risk management seriously because they are taking on more of the exposure," said Mr. Vaudreuil, who will become president in January of the 1,700-member Massachusetts Association of Insurance Agents. "Everybody's getting more conscience about safety and liability."

Publicly traded companies are dealing with more complex accounting and oversight rules, which in turn are boosting prices for directors and officers' insurance, Mr. Cahill said. An increasingly litigious society and an aging baby boomer population are driving up the cost of professional liability insurance for nursing homes. Retailers, small-business owners and homeowners are confronting higher prices for umbrella liability policies, homeowners insurance and workers' compensation.

Such an environment means customers are eager to talk with a risk management specialist at Protector, someone who can evaluate their needs against the company's more than 40 insurance carriers, including Worcester-based Hanover Insurance Co. and Fallon Community Health Plan, UnumProvident Corp., which has operations in Worcester, Commerce Group Inc. of Webster, and several other Massachusetts-based insurers.

"We've always been a trusted adviser," said Mr. Vaudreuil. "We're not just peddling policies. Everyone's products are good. What's important is how you match up the product with the person or business."