

## Watkins buys competitor, eyes more deals

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Patrick Watkins (left), president of Watkins Insurance, reviews details of a recent expansion plan with Vice President Mike Mosley.

An independent insurance group in Austin has made its second acquisition of the year and sees more on the horizon.

Watkins Insurance Group acquired local insurance company Matz Insurance Agency LLC on Aug. 1. Financial terms were not disclosed.

Patrick Watkins, president of Watkins Insurance, says Matz's client roster, which comprises mostly personal insurance clients and some commercial clients, made the company an appealing buyout target. Watkins says the deal will grow his company's revenue by 15 percent and bring its annual premiums to about \$68 million.

"The owners [of Matz Insurance] were off to their next thing in life, and they have a fantastic roster of clients," Watkins says. "[The deal] will grow our personal insurance department significantly."

According to the Austin Business Journal's 2007 Book of Lists, Watkins recorded about \$27 million in premiums in 2005. Watkins has 90 employees in its nine Texas offices, with 45 in Austin, and about 14,000 customers.

Matz, founded in Austin in 2002, has about 1,000 customers and four employees.

Matz's owners, Jeff Zamiska and Jennifer Matz-Zamiska, and Matz's employees will not join Watkins.

Watkins says over the last 13 years his growth strategy has been both organic and acquisition-based. Since 1998 the company has completed 14 acquisitions.

Earlier this year, Watkins Insurance acquired AIC-Sun Belt Group Inc. for an undisclosed amount, a deal Watkins says grew his company by 25 percent. AIC-Sun Belt had 11 employees and about 3,000 customers at the time of the acquisition, and brought in about \$12 million a year in premiums in 2006.

Watkins, which is the sixth-largest independent insurance agency in Austin when ranked by premium volume, says his company has about three or four more acquisitions in the works.

Although none are imminent, he expects the company to potentially close another acquisition this year -- possibly in its East Texas market. The company will likely focus on growing its current offices rather than establishing new locations, he adds.

"In 1994 we embarked on a growth mode, and it's been quite a ride," Watkins says. "We expect about 10 percent internal growth and about 10 percent growth in acquisitions [over the next year]."

Watkins Insurance Group was founded in 1949 and has grown more than 20 percent annually since 1994, Watkins says. The company has more than 14,000 customers and provides business and personal insurance along with employee benefit programs.

Michael Whorton, vice president of the Independent Insurance Agents of Austin, says the independent insurance industry like many other industries, is seeing a lot of consolidation.

"We're seeing a lot of larger independent businesses purchasing like-kind, from electrical contractors to plumbers," Whorton says.

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