Motorists hurriedly driving up and down Northwestern Highway rarely have time to notice some of the architecturally attractive office buildings along the way.

But a peek inside one of them, a huge red brick building on the west side of Northwestern just south of 13 Mile in Farmington Hills, reveals a gigantic international insurance business, Burns & Wilcox, that generated gross revenue of $166 million in 2008 — and continues to “hold its own” this year despite the sagging economy.

The building, with three floors and 80,000 square feet, is the home of the H.W. Kaufman Financial Group, the parent company of Burns & Wilcox. It also houses the Kaufman, Payton & Chapa law firm.

The driving force behind the successful enterprise is Jewish sales entrepreneur Alan Jay Kaufman, the company’s chairman, president and CEO. The former Fuller Brush salesman has turned Burns & Wilcox into one of the world’s largest specialty insurance firms — and, along the way, has become one of the Detroit Jewish community’s most ardent philanthropists.

No one is quite sure who “Burns” and “Wilcox” were, except that their names were included in the titles of companies acquired by Kaufman’s father, after he launched the Herbert W. Kaufman Insurance Agency in Detroit in 1969. Expanding the business to several larger locations in Detroit and Southfield included switching to a catchy, “insurance-sounding” name.

And Kaufman took the business public along the way, settling in the big red edifice in 1994.
Messrs. Burns and Wilcox weren't there to celebrate, but Alan Kaufman and his organization marked 40 years in the insurance business in November. Now, from a huge portrait in the lobby of the building, Herbert Kaufman looks down approvingly as his son carries on the family insurance business tradition. The father died at age 77 in 2001.

Up To The Challenge

The four decades have been punctuated by a number of market expansions, technology improvements and strategic mergers and acquisitions "that have strengthened our position in the marketplace," Kaufman declared. "During these challenging times, we are pleased to have the infrastructure and solid resources to continue our growth path."

Kaufman showed an inclination of his future sales entrepreneurship while growing up in northwest Detroit and attending Henry Ford High School. He sold lemonade and Kool-Aid, "but only at the major street intersections with a lot of pedestrian traffic where I could make more sales," he mused.

"After that came Fuller brushes, magazines, lawn cutting services, group trips for a travel bureau and, finally, life insurance when I worked in my father's agency. I guess sales entrepreneurship has always been in my blood."

Kaufman received a Bachelor of Science degree in finance and insurance from Michigan State University and a Juris Doctor degree from Notre Dame University's law school in Indiana. He also studied international law at the University of London, England's school of economics, then practiced law with a Detroit firm before opening his own law firm in 1976.

"By the mid 1990s, my law practice was going well, but so was my father's insurance business," said Alan Kaufman. "He wanted to wind down and we talked about succession and what would happen to this long-time, highly successful insurance business. I had a big decision to make, and the 'R' word — risk — played an important role."

Taking A Chance

This wasn't a typical case of a father just turning over the business to the next generation. Because Kaufman insurance was a public company, no gift was allowed; Alan Kaufman had to bid on the business like anyone else; his father pretty much had to sell to the highest bidder.

"I borrowed a lot of money, bought the business and took it private. It was pretty risky, but I felt I could do more with the business as a private company and make it worth a lot more eventually," he reasoned.

"It was an enormous risk — Alan really bet the ranch on the deal," observed Mark Shaevsky of Bloomfield Hills, the attorney who handled much of the legal work at the time. "He bought out 800 shareholders, who owned varying amounts of stock, at 98.20 a share. But it was worth it. When he bought the business, he had a strategic vision for it and he has implemented that vision by expanding the business many times since. He's a unique businessman."

Shaevsky now serves on the Kaufman Financial Group's six-member board of directors, which includes Kaufman's brother, Steven D. Kaufman of South Lyon, who also is a consultant to the company.

Around the time that Kaufman completed the "going private" transaction, the Burns & Wilcox insurance premium volume was $250 million a year; in 2008, it was almost $660 million. "When my father started this company, he was part of an insurance innovation," Alan Kaufman pointed out. "He saw the potential for growth in the specialty insurance market and built a strong foundation. We're been capitalizing on that ever since."

"Risk" continued to be an important factor in the company's operation as it developed into a broad-based specialty wholesale insurance services firm. Kaufman acquired various insurance companies that underwrite high risks in specialty lines and professional, personal and commercial liability.

He now oversees more than 800 employees in 39 offices in 24 states averaging about 35 employees per office, dealing with about 26,000 agents in North America. "We specialize in complicated insurance placements and difficult-to-write policies; we're sort of unique in this sector," he said.

Coverage includes such places as golf courses, day care centers, alcohol/drug abuse clinics, gun and hunting clubs, auto repair garages, nursing homes, logging and lumbering operations, cemeteries, and such people as ambulance drivers, estate executors, financial planners, lawyers, real estate agents, architects, mortgage loan brokers, travel agents and others.

Added Kaufman: "We arrange for all types of environmental insurance, such as insurance for construction contractors and dry cleaners against pollution, golfers getting holes-in-one at golf outings, fireworks going haywire at a party or bad weather ruining a social event, a pianist's fingers and promotional stunts by the auto manufacturers.

"Even more risky insurance is for earthquakes, mud slides and fires in California and hurricanes in Florida and Louisiana. We settled many claims after Hurricane Katrina in New Orleans and our own office was flooded out."

Moving Forward

If insurance policy holders have a difficult time making premium payments, Burns & Wilcox even has a subsidiary, Royal Premium, which arranges financing for them. "There are no bounds to the depth and breath of our services," said Kaufman.

The company also publishes a quarterly magazine for insurance professionals.

Burns & Wilcox has not completely escaped the effects of the nation's economic downturn. "The insurance business volume is higher and more policies are being written, but the premium totals are down," Kaufman lamented. "The insureds are cutting back in some way. But we're keeping ahead of the game with better planning, more acquisitions and maintaining strong relations with all of the companies we do business with."

He said Burns & Wilcox finished "flat" for 2009 — "but that's a lot better than a
Employee headcount has remained steady, but Kaufman says one of his biggest challenges is finding experienced people when hiring is necessary. This is where his “consistent and personalized” training initiatives come in handy. The company is the first in the industry to have a 24/7, Web-based corporate university for employees, which they can use at the office or at home. Called the Kaufman Institute, the computer-based university includes 140 courses, 300 books and 100 videos covering business skills, marketing and sales, management, customer service and leadership.

Kaufman divides his time between the insurance offices and the law office, which has 40 employees. He travels about 100 days a year visiting Burns & Wilcox offices. “Our law clients often are impressed by our practical experience in also running a huge insurance operation — and the two businesses are very much related,” he said.

On The Service Side

Kaufman finds time to serve on the boards of Walsh College in Troy, Hillel Day School of Metropolitan Detroit and Adat Shalom Synagogue, both in Farmington Hills, and the American Technion Society, which has a local office in Farmington Hills.

“Alan is a very active board member; he participates in everything,” said Steve Freedman, Hillel’s head of school. “He’s a great strategic thinker and I can see why he’s such a successful businessman.”

Kaufman and his wife, Sue Ellen — they have three children — have established endowment funds at Hillel, the Hillel Student Center at Michigan State, the University of Michigan, Farmington Hills-based JARC, the Jewish Federation of Metropolitan Detroit, the Jewish Community Center of Metropolitan Detroit (Childhood Educational Fund), Bar-Ilan University in Ramat Gan, Israel, and the Cranbrook-Kingswood Schools in Bloomfield Hills. His father had set up funds at Adat Shalom and the Jewish Theological Seminary in New York.

“Alan is one of Hillel’s top five donors,” added Freedman. “He’s very committed to Jewish education, especially athletics. Our varsity and intramural athletic programs are driven by his commitment. Through the Kaufman Family Athletic and Enrichment Fund, he supports the theory that sound mind, body and spirit, and overall physical fitness and sportsmanship, reach the very core of Jewish values.”

This article first appeared in the Jewish News, February 11, 2010 edition.

The JN has gathered more than 100 press awards in just the last seven years including the 2004, 2005, 2006 and 2007 MPA Newspaper of the Year in its circulation class and continues to be voted the best Jewish newspaper in the nation, 67 years and running.

Of the 72,000 Jews living in Metro Detroit, 88% read the JN regularly.