

Insurance Times: Mass. approves Safety buyout
October 30, 2001, Vol. XX No. 22

Safety Insurance's seven top managers and other investors gained Massachusetts regulatory approval earlier this month to buy the company.

Division of Insurance Commissioner Linda Ruthardt and Hearing Officer Richard Cody issued their decision on Oct. 12, eight days after the public hearing held on the \$112.8 million sale.

In the decision, Ruthardt and Cody said state law required the DOI to approve the sale unless the transaction hurt competition, jeopardized Safety's financial stability or hurt policyholders or potential consumers.

David Brussard, Safety Insurance's president and CEO, is one of seven top corporate managers buying the company along with individuals from The Jordan Co., a New York investment firm, and JZ Equity partners.

Simches and his family owned 70 percent of the company. Employees owned the remaining 30 percent through an employee stock ownership plan.

Safety's founder, the late Richard Simches, announced plans to sell his company in July 2000. He died of cancer 13 months later before the sale could be completed.

Annual debt servicing for the sale is expected to be \$15 million. Ruthardt, in her decision, cited Safety management testimony that the company's "net annual income will be more than adequate to meet such debt service obligation, without the need for the payment of extraordinary dividends."

Brussard, in his testimony, said the debt was not much greater than that taken on by Safety's parent company – the Thomas Black Company – to finance the ESOP in 1995.