Mike Grushon vividly remembers the day it happened. It was Sept. 1, 1982, and he’d been working at his father’s insurance agency in Bellbrook, Ohio, for about two years. Still very much learning the ropes at the small agency outside Dayton, Grushon thought nothing of it when his father’s 57-year-old partner felt ill that day.

“Mr. Thomas said something he ate at lunch upset his stomach,” said Grushon. “He went home and felt better that night. He and his wife even went out to eat with my parents, something they did every night.”

Although in seemingly good health, the agency partner died in his sleep. It was a monumental loss for the agency from both a business and a personal perspective. For decades, Charles Thomas and Jim Grushon had been the best of friends. They’d co-founded the agency in 1960, at first running the firm in the evenings when they got home from their day jobs and eventually becoming successful enough to make the insurance firm a full-time enterprise.

The two men bought homes next to each other. The families took joint vacations, and Grushon and Thomas played golf together almost every day during the summer. “The Thomases didn’t have any children and they treated my siblings and me like their own,” said Mike Grushon. “I can’t think of a birthday or a Christmas where they weren’t there for the celebration. I still eat lunch with Mrs. Thomas a few times a month.”

Agency disaster planning needs to cover more than just natural disasters like hurricanes, floods, and tornadoes. An act of terrorism, chemical spill, identity theft, violence in the workplace, and sudden death of an agency owner can be as devastating as any natural disaster. The following story shows one agency that was not fully prepared for the disaster that befell them, but to their credit, they persevered under trying circumstances. This story is intended to underscore the very real need for agencies of all sizes and in all locations to formulate a disaster plan.
Grushon’s father was devastated by the loss of his close friend. “My father called me about 7:30 in the morning and told me what had happened,” said Mike Grushon. “I had to go in and tell the employees (who thought it was going to be another normal day) that Mr. Thomas had died.”

At the time of Thomas’s death, the agency had no written buy/sell agreement, no contingency plan in force, not even any kind of written agency procedures. “These were old-time handshake people,” said Grushon. “He did certain things in the management of the agency, and my dad did certain things, and to this day there are some things we have never found. Mr. Thomas left with a stack of work on his desk. The next day it was all mine and I knew nothing. When this happened, we did not have any idea of the things Mr. Thomas did at the office. There were things he did that we didn’t know he did, and there were things that we knew he did but we didn’t know how he did them.”

The task of telling the employees was even more difficult because the small staff at the Ohio firm was very much a part of the family, too.

“My parents and their partners were all very friendly, personable people,” explained Grushon. “One staff member my father had hired out of high school—she and my sister had roomed together before they each got married. That lady is 55 years old and still works for us. My sister eventually joined our firm, too. The staff was close to Mr. Thomas and had worked there for many years.”

Although the agency opened the morning of Mr. Thomas’s death, no one was able to do any work. “We had a steady train of people coming in, not to do business, but to express their condolences as the word spread through the community.”

All those who knew Thomas were shocked that a man so physically active and vibrant could have died so suddenly. “If you’d asked us in the 1970s who was going to have to deal with whose widow, everybody would have said Jim Grushon was a heart attack waiting to happen, not Mr. Thomas. The idea that a 50-something-year-old man, active and in the midst of good health, could be struck down was something we wouldn’t have believed.”

When the tragedy hit the firm, Mike Grushon was in his 30s and had served as a minister for many years in another city. Two years prior, his father had encouraged him to return to Bellbrook and join the family business. “I felt a responsibility to my father,” Grushon said. “He had raised me and helped put me through school. He said he could use my help. It felt natural to come back. I immediately associated with a small church. I thought that this would make it possible for them to retire. They’d bought a place in Florida.”

Fortunately, the young Grushons weren’t afraid to ask for help and there were seasoned industry people ready to act as mentors. “Our two major carriers then and now are Grange and Auto Owners,” said Grushon. “Both had field men who made a point to come into our agency more frequently. They knew I had not done much commercial work and had renewals coming up. I didn’t even know all the terminology. They went over the paperwork with me, and they’d say, ‘We have a garage risk we need to go out to. Here are the questions we need to ask and here’s why. They had a vested interest in our agency succeeding, and they made their people more available.’

The agency also received help from other agents. Grushon had recently attended his first CIC institute and met George Haenszel of the Ohio Professional Insurance Agents. “I called George and told him the situation. He said to come to some functions and he’d introduce us to some experienced agents who’d help us with the problems we had. He also told us to get involved in the CIC Program because they would tell us about agency management and the coverages we needed to know how to deal with.”

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One of the agents who helped the Grushon brothers was Marv Pearce, Sr., a past president of PIA’s national organization. Other Ohio agents closer in age to the Grushons also mentored them. "Rick Meyers was in a family agency like ours but had 10 years of experience. These guys stepped in and told us you need to know about this, you need to know about that."

After his partner’s death, Jim Grushon granted the widow a continuation of her husband’s salary for one year to give her time to get past her immediate financial concerns. A formal buyout was negotiated 10 months after the death, and the papers were signed and finalized about a year after that. With no documents or agreements to guide them, setting a value on the agency was a difficult process that strained the relationship between the close-knit parties, particularly once other people began to get involved.

An additional hurdle was funding the buyout. “There was no buy/sell insurance,” said Grushon. “We paid Mrs. Thomas out over 15 years and it came out of the cash flow of the agency. It really restricted what we could do.”

The agency survived through the brothers’ hard work and eventually prospered. Its annual revenue is now just under $1 million, and nine employees work there on either a part-time or full-time basis.

Thirty years later, Mike Grushon says the experience of dealing with the agency partner’s death was much more difficult than any natural catastrophe the agency has faced during its many years in business.

“Of all the things we’ve ever had to deal with, that was the most traumatic and it has probably been the motivation for why we have a business plan and why we do what we do,” he said. "And that type of thing we do address. It was not a natural disaster but very much a business disaster. The two tornadoes and the catastrophic hailstorm that hit our area all caused issues, but they didn’t cause near the number of challenges as that unplanned death. It was a major accomplishment for my brother and me to manage that transition and grow that agency in the midst of all of that.”

Learn More, Earn More

This story is an excerpt from The Academy’s Agency Disaster Planning study, which includes 15 stories describing disasters and how agencies overcame these scenarios to help their clients when they most needed their assistance. The book also includes comments from an expert panel and survey results from agencies about their disaster planning preparedness. To order Agency Disaster Planning, go to www.TheNationalAlliance.com.

The CRM Control of Risk course includes a session on crisis management and disaster planning. Learn and implement these risk control procedures in your agency or company to prepare for the unexpected!