



Insuring against good luck

Rob Sabo, 8/3/2009

Mark Gilmartin's team provides comfort to golf tournament sponsors that a golfer's lucky shot won't break the bank.

His Hole in One International of Reno built a thriving business insuring the million-dollar hole challenges in golf tournaments, and it's finding additional growth in high-stakes giveaways far from the putting green. Gilmartin, president of Hole In One International, formed the company in 1991 with Kevin Hall and minority partner Kirk Triplett, a professional golfer. The three met as members of the golf team at the University of Nevada, Reno.

Hole In One International insures promotions such as a million-dollar payout for a hole-in-one or a putting challenge.

Rather than face the financial risk of a huge payout, clients pay a fee to Hole In One International to back challenge holes. The company's fees are determined by the length of the hole, number of players in the golf tournament and cash value of the prize. Insurance for putting contests typically costs more because of the increased odds of sinking a putt.

For instance, Drew Yardley, membership director at Arrowcreek Country Club, paid \$14,000 to Hole In One International to cover Arrowcreek's summer-long "Shot At A Million" challenge, which culminates Oct. 4 with 100 amateur players teeing off on the 165-yard par-3 fifth hole at the Legend Course for a chance to win \$1 million. An additional \$1 million will be donated to the Juvenile Diabetes Research Foundation and Big Brothers Big Sisters.

"For \$14,000 I couldn't hope more than for someone to knock one in. That would be a great day," Yardley says.

During its early days Hole in One International fielded enough calls to insure payouts on half-court basketball shots, field goal kicks and direct-mail contests that it spun off sister company, Odds On Promotions, in 1997. Odds On Promotions handles everything not related to golf, such as auto giveaways and gaming promotions. The two companies employ 40 people, with three out-of-office salesmen, from its 12,000-square-foot office in south Reno.

"We give our clients the opportunity to offer a large prize during any marketing or advertising campaign, any promotion, game or contest at a fraction of the price, so it is affordable and fits within their budget," says Gilmartin, 46. "Nobody wants a budget where they have a chance at losing a million dollars. They pay us and that chance goes away."

All payouts are completely underwritten by Praetorian Specialty Insurance, which is a subsidiary of reinsurance giant QBE Insurance Group Limited. If someone wins a million dollar golf shot, the typical payout is for a \$25,000 annuity for 40 years. Often, winners negotiate an upfront cash settlement.

There have been several million-dollar winners in Hole In One's 18-year history. The company also has participated in several \$10 million golf holes, splitting the insurance risk with rival companies.

"Nobody wants to go down with one swing," Gilmartin says.

Hole In One International still accounts for nearly 70 percent of the Reno companies' total revenue, but Gilmartin sees Odds On Promotions taking a larger role in the future.

"It has a lot more potential for growth because of the diversity," he says.

While they attended UNR in the mid 1980s, Hall and Gilmartin started a golf club repair business and later began supplying tournaments with golf clothing and accessories. They founded Hole In One International with three offices that totaled 600 square feet. Zak Woodhead, risk manager for Odds On Promotion and the company's first employee, is still with the company.

Although business increased through the years, like the general economy it flattened in 2008 as corporations and businesses scaled back spending. And the tournaments that still are out there draw fewer players, resulting in lower insurance fees for Hole In One International.

"Everything is just less right now across the board," Gilmartin says. "Auto dealers generally will be big sponsors of golf tournaments, and obviously their business is down, so they are spending less money." Gilmartin says Odds On Promotions would like to broaden its' coverage base to create new business opportunities, such as Internet-based promotions. Other areas where it might see a spike are with professional sports organizations. The company has contracted with Major League Baseball for promotions such as "Hit It Here" zones in the Home Run Derby.

But large-scale growth may come from acquisition.

"We have pretty much reached our growth peak, so the next decision is, 'Do you want to try and acquire a competitor?' It has been approached both ways," Hall says.

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