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Fred Loya

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THE UNIVERSITY OF TEXAS AT EL PASO INSTITUTE OF ORAL HISTORY

Interviewee: Fred Loya

Interviewer: Homero Galicia

Project: Hispanic Entrepreneurs Oral History Project

Location: El Paso, Texas

Date of Interview: n/a

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Transcript No.: 1540

Transcriber / Summary: Vanessa Pantoja

Fred Loya was born to immigrant parents in Santa, California. His mother had a well-established family and his father worked different jobs through his life until he financed his own grocery store. Loya worked on his family ranch right out of college, he was able to do book keeping and started buying cattle for the ranch. Through buying cattle, he met Bill Bur who became Loya's employer. Bur later lost his business and became an insurance agent with Farmers Insurance. He influenced Loya to become an agent as well, despite objection from his wife. Loya became one of the most successful Farmer's Insurance agents in El Paso in the 1970's and decided to create his own business. After insurance became mandatory, Loya saw how unfair it was to sign minorities and low-income people because of high insurance rate. Loya saw his strength in auto insurance and enlisted his children in growing his business. He began Fred Loya Insurance in 1985 with liability insurance. It was an undersold business in El Paso because the majority of insurance agencies did not want to work with low-income people. Loya says life changed in 1995 when he began to issue his own policies. Loya turned his company over to his children in the early 2000's. Loya faced discrimination when he was rejected by the insurance board in New York who doubted the company. Through changes in legislation, Fred Loya Insurance went through different policies in order to maintain a profit. He stuck to underserved communities throughout the southwest. Loya created a relationship with Frost Bank in San Antonio, Texas, which opened up opportunities for them. Loya implemented more training and offices for his team. His son also took on claims and the financial backing of claims. He plans on opening up a claims headquarters in San Antonio and keep El Paso as their main headquarters. Fred Loya Insurance employs around 2,200 people. His vision is to see the company continue to grow and to continue to employ El Pasoans.

Length of interview 99 minutes

Length of Transcript 52 pages

Name of Interviewee: Fred Loya
Date of Interview:
Name of Interviewer: Homero Galicia

This is Homero Galicia on Thursday afternoon with Mr. Fred Loya and Mrs. Loya, chairman of Fred Loya Insurance. I appreciate you taking time.

FL: Thank you.

HG: If you don't mind sharing your story, where you were born, where you grew up, and how you grew up, start there if you don't mind.

FL: My full time is Alfredo Joseph Loya Mares(??). If you were in Mexico, we use the both last names. The paternal surname and a maternal surname to do honor to both our parents for having brought us here and I think that's fair. I was born in Santa Ana, California on July 28, 1939. At that time, we were coming out of the depression. My father and mother had come separately from Mexico to here. They met in California. My mother's family was fairly well established. My father was just working day jobs. He worked various jobs. He would tell stories that he was a chauffeur to some movie stars. He delivered flowers to them. My mother's brother had a business already established in nearby Wilmington, California, almost a suburb of Long Beach and finally a deal came up or a store came up for sale. A grocery store came up for sale in Santa Ana, California and my mother's brother helped my father finance this store. From there they started the La Chiquita grocery store, and then they added a little corn tortilla making "factory" that they called it, in the back of the grocery store, La Chiquita tortillas. They had a fairly stable business for that time. Through that business my father acquired some rental property. So by the time I came along, they weren't wealthy or rich by any means but, certainly, we didn't just live hand to mouth.

HG: Was this in a dominantly Hispanic neighborhood?

FL: Yes, very Hispanic neighborhood. A Hispanic neighborhood made famous in a book titled *The Logan Barrio of Santa Ana, California*. It's in print and available bookstores. I have a copy somewhere. Logan Street is just one street removed from Washington and Custer where this grocery store, La Chiquita, is located. It still exists. It still has the same name. And this Logan Barrio was one street over, so La Chiquita is mentioned in the book and my parents are mentioned as the owners. As having purchased the store around that time, in the thirties.

HG: So you grew up in the store?

FL: Yes. I really grew up in that damn tortilla factory. They used to wake me up around—my parents would get up at some—I don't remember. I could say two in the morning, but it could have been four [o'clock in the morning]. I mean, it was the same for me, a kid growing up at that time. They would grind the meal and make the tortillas. As soon as they started rolling out of the tortilla machines, that you can see today in any *tortillería*, it's still the same thing, then they would come and wake me up to go count the dozens. That's how we sold them. We sold them by the dozen so I became very adept at counting from one to twelve. That's what I'd do until it was time to go to school, at which time I would go to the local Catholic elementary school. Saint Joseph's was the name of that school.

HG: How old were you when you were counting tortillas?

FL: I was in grade school, so it was probably from six to when I was twelve [years old]. We sold the store in 1954, so it would have been from maybe nine or eight years that I counted tortillas. Before the machines, they were made in a different way by hand. On these huge, on these, I don't know, like you make hot cakes today on a big griddle—this big old commercial deal. Anyway, that was the story of my growing up there. Eventually, I think around 1954 they sold the tortilla factory and we moved to another part of town that was not a minority dominated area of Santa Ana. Santa Ana was not then what it is now. Now it's become

heavily populated by Hispanics, a lot of Central Americans, Mexicans, and Vietnamese. That was not the case then. We moved to a white area near the high school that I eventually graduated from called Modern Day High School. It's the biggest Catholic high school west of the Mississippi. It's very renowned for its accomplishments academically, athletically, and currently their basketball team is ranked number one in the country in US Today. They're usually one or two in all the sports, nationally. Then I went to Long Beach. For a year I went to Saint Mary's College in Moraga, California. That's in northern California. Then I went to Long Beach State and finished there.

HG: What year did you finish high school?

FL: I finished high school in 1957.

HG: What did you study first at Saint Mary's?

FL: It was just general studies. It was a liberal arts college. I had the intention of finishing as a business administration, but there it was just general classes. I think my only business class was economics—Economics 101.

HG: So you did a year there?

FL: Yes.

HG: And then where did you go?

FL: Then I went to Long Beach State.

HG: Did you stay there until you finished?

FL: Yeah, I say I graduated from Long Beach State, but technically that's not correct because I just went three years. I graduated later on through correspondence courses. That's how, I think. I joined the army in 1960. Around 1960 a group of us had decided that we would volunteer for the draft, so to speak. That way our two years would be done and we could continue with the rest of our lives because service was mandatory. We had to go. We figured, let's just go now, on our terms, we'll get it done and then come back. Then my father died. He was killed in an accident in Mexico. So they all went, and I got left behind, so to speak. Finally, when it was my turn to go, I was there by myself. We went down to sign up and all this, and I said, "I'd like to go to Europe." They said, No, you can't ask for anything as a draftee. If you go regular army for three years then you can ask for where you want to go. One year, more or less, isn't going to kill me, so I'll take another year. I want to go to Europe. They said, Fine. For three years, we'll guarantee Europe. Of course, after you sign on the dotted line, they said, Well, we didn't say when. We'll take you whenever we want. But I went to Europe right away. By the end of 1960, I was in Germany. I stayed until my tour of duty was up in June of '63.

HG: What was your MOS?

FL: My MOS was a payroll clerk. So that's what I did. I paid a battalion. We had a battalion and I was in charge of paying them, along with four other people. During the Cuban Missile Crisis they attached a tank battalion to us, so essentially I was paying about two thousand men.

HG: So you already had three years of college when you went into the army, and you were strong in finance or accounting?

FL: No, just business administration. Whatever I had in college didn't apply because it was just a matter of typing vouchers at the time. Paying vouchers, making sure

they're accurate, the spelling's correct, all the Xs are in the right boxes and that type of thing.

HG: When your parents sold the store, La Chiquita, what did they do then?

FL: My father had bought a ranch in Mexico somewhere along the way, here. I don't remember exactly when he would have bought it, but he would spend a lot of time in Mexico at this particular ranch.

HG: How many brothers and sisters do you have?

FL: None. I'm an only child, yes.

HG: Where was this ranch?

FL: The ranch was in Chihuahua. It's two hundred and fifty miles south of here.

HG: You would go from Los Angeles to the ranch?

FL: In the summer we would go. And when I saw that things just weren't going to work out for me in Southern California, I figured, Well, I'll join the army and then I'll go run the ranch. This was a decision that was also made somewhere along the way. When my father died in 1960, that's when I met Maria, my wife. By then I was going to go for two or three years to the military. The commitment was there, and I had no intention of breaking that commitment. I figured that this way I would have done my duty to my country. I'm free to do whatever I want. I can go live in Mexico and come back whenever I want.

HG: Did you grow up speaking Spanish?

FL: I grew up speaking both languages.

HG: Tell me about your father. What was he like?

FL: He was a very resourceful individual. He was brave. He was born in San Francisco de Borja, which is also in Chihuahua. It's only about three hundred miles from here. There's a paved highway all the way to that town from here now. But he would never tell me these stories, but others told me the stories about him fighting hand to hand against the Apache Indians when they would raid the town.

HG: In Chihuahua.

FL: In this town of San Francisco de Borja. San Borja, we'd call it, for short. So, I mean, he was a warrior. There's no doubt about that. He was a warrior.

HG: What did you learn from your father?

FL: What I learned from my father was perseverance, discipline. That's a word that you use, and I hate to use it back because you anticipate it perhaps. Saying some of these words would trigger them again in this presentation. He was a disciplinarian. He was very tough with me. He didn't show a lot of affection, he wasn't prone to showing a lot of affection, but he would tell me, "This is what you have to do." If you want to do it, then that's fine, if you don't, then there is no telling what will happen. But if you want to succeed, you've got to keep at it, keep working hard. He would tell me the things that most Mexican parents, first generation, here, would tell their children who are born here. I think it's more or less the values of the old country. They say, This is the way it's done. We had no amenities. Everything was a struggle. You have to save things. You have to be frugal in what you do, including your strength, even. Be frugal with that because if you spend all your strength on one activity, something else might come up that's going to be critical to your physical survival, you've got to be ready for it.

These types of things, I think, are what he taught me. Mostly my mother was very calm. She was very talented. She could sing opera, quality.

HG: Was she born in the US?

FL: No, she was born in southern Mexico. My father was born here in northern Mexico and my mother was born in southern Mexico. That family had all come together, as I told you earlier, to Wilmington. I don't remember the years.

HG: Had they met in Mexico?

FL: No, they met here.

HG: So when you go to Chihuahua after the military, is that—you went back to Chihuahua?

FL: Yes, I was discharged in New York and I had a little car that I bought in Germany that I had it shipped over here. I drove it to Chihuahua.

HG: How long were you there at the ranch?

FL: I was there until 1975.

HG: What kind of ranch was it?

FL: It's a cattle ranch. It's about ten thousand acres.

HG: How many head?

FL: We had about five hundred cows.

HG: That's when you met your wife.

FL: I met her in 1960 when my dad died and we had to go down there to start processing the estate and all that that entails. We got married when I came back in the middle of 1963. I was discharged on June thirtieth, and then we married a year later in 1964. My daughter was born in 1965 and my son in 1966, in Chihuahua.

HG: The cattle that you raised, did you sell them to the US?

FL: Yes, we sold here. We sold our steers, here, to a cattle buyer (who was quite famous)?? at that time by the name of Jess Burner, who has since passed away.

HG: What did you learn in the ranching business?

FL: You know, there's a poem called Guadalupe La Chinaca, and it talks about that she's off to find her husband, *Pantaleón*. It says: *El Pantaleón es el marido, el gañán más atrevido con las bestias y en la lid: faz trigueña, ojos de moro, y unos músculos de toro y unos ímpetus de Cid. Cuando mozo fue vaquero, y en el monte y el potrero la fatiga lo templó para todos los reveses, y es terror de los franceses, y cien veces lo probó.* That's just an awesome poem that talks about The Revolution. What it does, I think, that that hard life, tempers you. It prepares you not just physically, but psychologically, for other hurdles that are there, that usually are bound to come, as you go through life. They certainly, I think, are the only thing that prepared me, probably, in looking back, for the hurdles that I encountered here.

HG: So when you went back to the ranch, your father had passed away.

FL: Yes.

HG: And your mother, was she still—

FL: Yeah, she was still alive.

HG: And was she at the ranch?

FL: She had been the caretaker of the ranch for those three years that I was gone. Then she moved back to California. She spent the rest of her years in California until she became ill and we brought her to Chihuahua to stay with us, and then she passed away in 1972.

HG: The skills that you learned in school for business, did they help you run the ranch, or was it just what your father taught you, too?

FL: No, my father didn't teach me anything about the ranch because I would go down there just on vacations just to screw around, like anybody else that's off for summer vacation. No, what helped down on the ranch was what I learned in college, it was just the accounting part. Of course, this [inaudible]. I remember I encountered things where I didn't know anything about ranching. I realized quickly that I didn't know anything about ranching because I'd wasted those summers down there instead of applying myself. And most of what I could learn from those around me were based on superstitions. Where it was just difficult to find out what really was the situation that I was seeing, what was being explained to me, what they meant by what they said, and things like this because it was all wrapped up in different superstitions, fact, and fiction. So, I just started reading a lot about cattle. The accounting disciplines that I brought from college, from undergraduate school, also helped me to keep the books at the ranch.

HG: So you kept the ranch until when, or you ran it until when?

FL: Well, until we came up here. Also, when Maria and I got married, she said she wanted to do something. So we set up some general stores. We had set up some general stores down there and then we would deliver merchandise and trucks to outlying towns around in that county and in adjacent counties down there. So we had the ranch and the stores. But they were just barely making it. Maybe right now, it's that was a blessing in disguise that they weren't really, really successful with a big S, with a capital S, because then maybe I wouldn't have taken the chance. What happened was that in around 1972, '73, '74, the cattle prices started going way down. In '74 they plummeted. In addition to the cattle ranch and the store that Maria was running, we also bought cattle for an American cattle company based here in El Paso through Central Mexico. By Central Mexico I mean Durango, Zacatecas, Coahuila, that area down there. And he was the representative. He lived in Chihuahua and when things collapsed he came back to El Paso. Everything came to a stop. This man by the name of Bill Burr, who had been a friend of mine, who we met down there in America(?). He had originally gone as a missionary, but his father, too, Ed Burr was a cattle buyer here in El Paso. He goes back to the thirties and forties, as far as cattle buying in El Paso. When his son was down there as a missionary he said, "Why don't you start buying cattle for me?" One thing led to another and I ended up working for Bill Burr. When things collapsed, Bill Burr came back to El Paso, and he joined a church here. In that church there were two Farmers agents who talked him into being a Farmers agent, insurance agent. So one day I called him and said, "What are you doing, Bill?" He said, "I want to be a Farmers agent." Oh, my God. That's the worst thing, well, that's the second worst thing. The worst thing is a used car salesman. This was in the polls taken of college students when I was in school this was what it was. The worst thing you could be, the job that was the most degrading, was used car salesman. The second worst was insurance agent. So, I had that prejudice. I remember when I went from Saint Mary's to Long Beach State and they gave me the entrance exam. At Saint Mary's, it had been the California entrance exam. It was just all writing. For one day we just sat in the classroom and wrote on different subjects. I was sitting over here, and it was

a bunch of practical applications almost more suited to a trade school. I remember one of the questions was, “Where does a boat sit lower in the water, fresh water or salt water?” Oh my God, what difference does it make? We live in the desert. Well, no, in California we weren’t in the desert. Otherwise(other ones??) they had a lot of pulleys drawn. It said, “If you pull a rope over here, which way are these pulleys going to go?” So when I went to get those results, I noticed the counselor, and this is ingrained in my mind, still, all these years, half a century later. I said, “My name is Alfredo Loya. I’m here for my results.” And she says, “Oh, yeah. Come on back.” She had her back to me as we went from the front office, from the reception area, to her private office. And I said, “Well, how’d I do?” She said, “Well, let’s put it this way. If your father wants you to work with your hands, you’re going to starve to death.” And I thought, Oh, my God. I said, “He wants me to be a civil engineer.” I could see this was going downhill. He said, “What are your math skills?” I said, “I can count to twelve.”(laughing) She said, “I have a suggestion. You should either be a used car salesman or an insurance agent.” But I wonder now, if I would’ve have taken her up then, in 1958 let’s say that this was, what would have happened, instead of waiting until 1975. Maybe it would have been a different trajectory, who knows?

HG: Going back between Los Angeles and Chihuahua, were there identity issues for you?

FL: No, never.

HG: It was very clear.

FL: Yes. As I knew, I was a *pocho*. (laughter) I had no problem with it.

HG: At Long Beach State there weren’t any issues there or at Saint Mary’s?

FL: No. The discrimination was subtle, if that’s what you’re referring to.

HG: It never hit you in the face.

FL: No.

HG: So as the cattle prices then plummeted—

FL: I call Bill and then I said, “I’m going to go visit you.” I came up here to visit him. And they had caught me in Mexico, they being one of the federal bureaucracies down there, somebody caught me with a truck. Mrs. Loya, actually, was driving my pickup that had Texas plates. And a vehicle with Texas plates can only be driven by a Texas resident or a US resident, and not a Mexican citizen, which Maria was at the time. Since, she has obtained her US citizenship. But then she was a Mexican resident, a Mexican citizen. So they impounded the truck and they told me to get rid of the truck. And I said, “Well, the truck has a permit until January of 1975.” He says, “But I’m going to come looking for you on the day after this permit expires and I’m going to throw you out of the country, you and the pickup.” I said, “Don’t worry. I’ll go sell it tomorrow.” So that next day I came up here and I sold the pickup. I remember that I sold it at Casa Ford and at that time, Bill lived over here on Yarborough and Birthstone. I was so depressed that I walked from Casa Ford to Yarborough and Birthstone. When I got there, Bill said, “Why didn’t you call me?” I said, “Nah, I just wanted to walk [Inaudible]. My great pickup, it was really fantastic.” He says, “I’m going to have to go back on the bus.” To Chihuahua. I said, “Will you take me back on the bus, tomorrow?” And he said, “Sure, I’ll take you to Juárez.” And then I said, “Take me to Juárez so I can catch the bus.” So the next morning we got up to go to Juárez to catch the bus. So we said, Let’s have breakfast over here at some restaurant along the way. We stopped and we had breakfast. It was around eight in the morning, and we didn’t get up until about twelve o’clock. And in those four hours he convinced me to be a Farmers agent. Later on I found out that he was getting twenty-five dollars for every referral. That’s why he worked so

hard at it.(both laugh) So he talked me into it. That afternoon he said we'd set up an appointment with the district manager, John Bowden. A fine gentlemen, a man who helped me along, and a large part of the success I had as a Farmers agent, certainly, I would have no hesitation in attributing it to him and his council, his guidance and his support that he gave me during those years. But, he talked me into going there, so I said, "Okay." . So we went, Bowden says, "Okay, here's the little book, start reading up for the test." I said, "I've got to talk to my wife and convince her. She has no idea what I'm doing." He says, "Do that. Fine. Come up. Read this. When you're ready to take the test, let me know." So that night we didn't go home. I went back to Bill's office and saw what it was. He had some partners in there. One of them has since passed away. Another one moved out of town. I got to see how they worked and what was an insurance agent going to be all about. I was shocked that I had accepted this, but like I told Bill, "There's nothing to do. We'll see, I expect the most I'll stay up here is two years. By then cattle prices should turn around and I'll go back." So Maria calls me that night and she says, "Where are you? I was expecting you on the bus. When are you coming back?" I said, "I'm not coming back. I'm going to be an insurance agent." She says, "You're crazy. We're going to starve to death." And the reason she said that is because she worked as a secretary for a life insurance agent in Mexico [Mr. Loya asks his wife for the name of the agent, and she answers]

2nd: Francisco Valdez [inaudible]

FL: Mr. Francisco Valdez, who is the most successful and biggest life agent in the state. A gentleman, cultured, well mannered. Everything I wasn't. She says, "No, we're going to starve to death. I know it." Anyway, I said, "I'll be back tomorrow." She said, "Yes, get back here tomorrow!" Really, she was sort of against it because she had her concerns of how I could do, after dealing for all these years with cattle and not dealing with people. It wasn't going to be the

same. You can't yell at them, you can't cuss at them the way you do cattle. You can't—anyway.

HG: How old were you at the time?

FL: I was thirty-five. Maria's cousin is the one who really gave me the most encouragement and he convinced Maria that we should give it a shot. Nothing to do here. The ranch is completely stagnant. You can't sell the cattle you have on them, and we had a lot of cattle on the ranch at the time. So I came up here.

HG: Did you leave the ranch in charge of someone?

FL: Maria. Maria kept the ranch. She turned out to be a much better cattle person than I was. Much better.

HG: So you came up alone.

FL: I came up alone. Maria was named as director of the cattleman's union in Chihuahua, which is the largest cattleman's union in the country. She's the only woman to date who has ever served on the board of directors. That was quite an accomplishment because it was such a macho world. It is, still, as we all know Mexico to be, but yet she contributed greatly to that, and in everything she was asked to do. She stayed down there until, probably, you know, we didn't sell those cattle until around the end of 1976. It was October and November when we sold off the majority and at that time that Maria could come up and stay for prolonged periods of time, my children came up in the summer of '75, though. My license states to December 17, 1974, so that is the date, which we attribute the founding of the agency, but really, I didn't start selling insurance until the first working day of '75. They came up when they finished school that summer. I think Schuster school had English classes up there on Will Ruth, which was near my office. My office was at 5256 Rushing on the west side of Dyer and this

school was on the east side of Dyer. Right next to the school was a YMCA. So they would spend the morning at the Schuster school and they would give them lunch there, learning English, and then they would go to the YMCA and I'd, "You stay here until I come and get you." [They would ask,] "What do you mean?" I'd say, "Well, at six or seven, I'll come and get you. They close at nine, so I have to be here before then. Don't worry about it." So in that period of time, is what they had to learn English. And come the school year of the fall of '75, then I enrolled them in Terrace Hills. It was a struggle for them. They had come up here without knowing a single word of English. It was in a matter of months and they got into it. And that was that. Let's go. Maria was able to come up a year later. My daughter was only eleven, I think, and my son was ten. They were remarkable in care of themselves, take care of the house. I never had problems that you would associate, normally, with children that age.

HG: So you had them for a year there, where you're raising them.

FL: Almost a year.

HG: And the agency, how did it go?

FL: The agency—there was a period toward the end of 1976, I think it was, I split the office with another agent, and something happened where he just left. He abandoned his files and I knew that was a chance that I could make them mine. There were a lot of requirement to making somebody else's "customer" your customer, that I had to go through. John Bowden told me, he says, "You know, those that you can make your customers by selling them additional insurance and having them add to their policy, this, this and this." There was very specific requirements, that that entailed, the process of converting a customer. He says, "I'm going to get other new agent working on this, as soon as they're on board and ready to sell insurance, I am to give them those policies, whatever is left So you can convert whatever you can between now and then." That was when I

started working day and night. I had to go through the files, put them in order, and start converting them. Calling [them] during normal calling hours. But it was a time, Homero, when I was working until ten or eleven o'clock, go home, go to bed, and I woke up at two [o'clock], then I just got up, took a shower, and came to work. And then, if I needed to take a nap anytime, sometime, around noon or one or two [o'clock], I'd go take a nap, but I'd come back. It was twenty-four hours a day.

HG: So you were hungry.

FL: Yeah, I knew that that was a golden opportunity for me to rise above the rest of all the agents, the Farmers agents, and I did.

HG: Tell me about that drive that you had to do that. What got into you to do that?

FL: I just always had a distaste for mediocrity. Maybe this is something my father instilled in me. Everybody pays lip service to being the best that we can be and striving and all this. I felt it deep down that I just didn't want to be mediocrity. That's just not what I was born for. I saw this as an opportunity and if it required me to work day and night, that's what I'm going to do. That's what I did. Of course, after this conversion period was over, when Bowden finally sent somebody to take the rest of the policies, there wasn't much left. As of that day, as of that timeframe, I was the biggest agent in Farmers and remained so until I left in 1995. There was never anybody close to me.

HG: What period of time did that take you to?

FL: That happened in 1976, the fall, maybe, of 1976. So it took me until February of '77. [Mr. Loya asks his wife,] That's when we got the big check, huh?

2nd: Um-hum.

HG: So in about six months. So you got busy.

FL: I got busy.

HG: So you were the top agent and you stayed there.

FL: Yes.

HG: So you really liked insurance. You got to where you liked it.

FL: Yeah. There was a point in there when I realized that I'd never go back. And I think that point came when at one point, I don't remember, it would have been in those early years, it certainly would have been in the seventies between '75 and, let's say, '79, that Bill asked me to quote and receive some cattle for him. Actually, he always stayed with one foot in both businesses on both sides of the border, the one that got me in. He says, "Why don't you go down there? I'll pay you \$100 a day." Oh, man, that was a lot then. That was going to be a lot of money. And I said, "No, Bill. I'm just not in the cattle business anymore. I'm an insurance agent. I'm here and I'm not going back." And I think that was one decision. Another one came, maybe in the early eighties, when we asked our children, "Where do you guys think you're from?" They said, Well, from here. The kids looked at each other. [They said,] We're here from El Paso. I looked at Maria, and I said, "Maria, we're from El Paso. We're not from Mexico anymore. We're from here; this is where we are going to stay. This is home. We're El Pasoans." But then around 1985, what happened at that time, this is when insurance was made mandatory, Farmers was—and not just farmers, but big companies at the time. The so-called big three: Farmers, State Farm, and Allstate. They had a lot of underwriting requirements that made it difficult to sell the people who didn't have prior insurance, certainly to sell to the lower income people, it was just difficult to give them a good price. They were automatically

high risk. So what I told Farmers, and they sent the Texas manager out to talk to me because I voiced my dissatisfaction locally, that I wanted to be able to write everybody that came in the door. We had a discussion and I said, "Look, I'm not asking to shop a customer. If a company over here is cheaper than Farmers, I'll put him over here. I'm saying that if you don't want him, if he doesn't qualify for Farmers, then I'll put him over here. I'm not gonna shop him. If you qualify for Farmers, regardless of how much higher it is here than here, Farmers is, than the other company, I'll insure him at Farmers." He said, "No, you've got to let them go out the door." So then I decided I wasn't going to do that because, by that time, I knew that my strength was in auto insurance. For whatever reason, as self-serving it may seem, I knew I was good at selling auto insurance and that I could sell auto insurance at any price. Customers by that time were coming to me from the lower valley from Clint, from Fabens, all the way to northeast [El Paso]. And I would ask them, "What are you doing here?" They'd say, *Asemos un día de campo*. It's just a day in the country for us. It's a day off. We brought our kids, [and] we travelled around because we know that you're going to take care of us. [I would say,] "Well, I will take care of you. That I will do. And thank you for coming all this way." So I knew that these were people that I was destined to serve.

HG: You didn't have family in El Paso.

FL: No, I didn't know anybody there.

HG: When you came, you just had a friend here. You had done some business here before.

FL: No, what happened was that when he took me to Farmers on that fateful day to meet John Bowden and they were talking about it and John, after he talked to me and interviewed me, he said that he'd give me an opportunity to be one of his agents, he happened to mention to Bill Burr that two agents had left up there in

northeast [El Paso] and abandoned the files. And would we want them? I didn't know where northeast was. It didn't matter, but I remembered that. He said, "It'll give you a good start, Bill." He said, "No." He said that Roberta, his wife, she didn't want to live in the northeast. She wanted to live on the eastside. But that stayed in mind, so when I came back and I passed my test and all this stuff and was ready to go, I said, "John, you mentioned to Bill that there were some files in northeast that had been abandoned. Do you think that maybe if they're still there that I could have them?" He said, "Well, you know, my brothers up there." Jerry, who is, currently, still a Farmers agent and John is the district manager, still. And he said, "And this other guy," he says, "you'll have to go meet them and if they take you in, that'll be okay with me. I'll give you the files." Well, I was staying at Bill Burr's house on this house over by Birthstone, over by Yarborough. And I said, "Draw me a map, I've got to get there. You've got to loan me a car because I don't have a car." By this time, I'm riding a bus. When I went to sign with John, Maria and I took a bus from Chihuahua to here and went across the border and then we got on one of the city buses and went up Mesa to where John's office was, at the bank up there, at Coronado Tower. We didn't have a car.

HG: Your pickup was your vehicle.

FL: Yeah, it had been my vehicle until then and now we didn't have one. So she drew me a map and told me how to get to this office on 5256 Rushing. I went up there and met the guys, and they said, Fine, we'll take you. Later on I found out, I'd like to think it's because they thought we'd get along, which we did, but they needed someone else to split the rent with. After all, the rent was \$250 a month and they were still looking for someone to split it. The phone bill was less than \$100 but every penny counted.

HG: Did you have a salary when you began?

FL: No. I started working, like I tell you, the first working day of 1975. My first paycheck came in around March, middle of March is when I got paid. We got paid the middle of every month for the preceding month. But I didn't get paid anything in February because really whatever little, I don't remember if I wrote anything in January or not, but it wouldn't have gotten issued. The way it was set up, I didn't get my first paycheck until the middle of March, and it was \$16.38.

HG: Tell me a little bit about Mr. Bowden. He helped you.

FL: He encouraged me, sometimes, because I would get discouraged. Now you start running into a little bit of racism. You start running into these little stumbling blocks that everybody talks about. I really don't like to focus on them because they weren't that much of a stumbling block, and over all, they were more damaging psychologically than practically because I overcame them. There was no problem in overcoming them. We just had to work a little harder. But every time I would get depressed he would tell me, for instance, these other agents, including his brother and this other guy, they were very good. They were just very good. And Jerry, to this day I consider him an outstanding agent, an ideal agent, whose proximity to me in that office was instrumental in my success as well as John's support from his position. He would call me over there and he would tell me, "You're not my brother and you're not this other guy. You're you. You do your thing. You will succeed. You do your thing. Don't try to be them. You're not them. Don't give up." I said, "No, I'm not going to give up." When I came to sign up, though, because you asked me, if my name is Alfredo Loya, I went by Fred. At that time he says, "You are an independent contractor, so your agency has to have your name. You've got to give it a name." I said, "Well, what name do they usually give it?" [He said,] "Well, usually they give it the last name like Loya Insurance Agency, but in your case you can't use Loya because we already have a Loya. Mario Loya is one of my agents. His is Loya Insurance Agency." So what's next? He said, "Usually we'll use the first and last name, so, Alfredo Loya Insurance Agency." I said, "Okay, we'll make it Alfredo Loya

Insurance Agency.” He said, “Okay, let me ask you this. What did you come here to do?” I said, “Well.” I was really at a loss. I didn’t know what he meant or where he was coming from. He said, “You came here to sell insurance, right?” I said, “Yes. That’s what I came to do.” He said, “Let me just tell you. Fred Loya is going to sell a lot more insurance than Alfredo Loya.” I said, “Who?”(laughing) Fred Loya was born right then and there.

HG: As a kid they never called you Fred?

FL: They may have [called me] Al, or Fredo. If they did, that part of my life had been gone, and now I was coming from Mexico, where I was known as Alfredo.

HG: So now you’re the outstanding agent for Farmers, and your family is here now. Your children and your wife are here and you have a home in the northeast, at the time?

FL: No. I never bought a home up there. I rented up there. Finally, in 1979 we built a house here on Tommy Aaron, very close to this office. That was finished around October of 1979. I remember that Bill Burr lived over here and my kids lived with him from the time school started Hanks [High School]. Hanks was in its infancy at the time. I think it was only in the second or third year of its existence. That’s where they were going to go to school because of me living on Tommy Aaron. And they stayed with them. So we would come over just about every night to say hi to the kids and make sure everything was okay and they weren’t causing any problems, which they weren’t. Roberta helped me, and Bill helped me out by keeping them until our house was finished sometime in October.

HG: So how long did you stay with Farmers?

FL: Ten years. Until August 15, 1985. I gave them notice in February to give them six months to prepare to compete against me and do whatever they wanted. That

was a big decision because by now my kids are in high school. We're going to lose a sure stream of revenue, which was the renewals that I had. We're going to go out there and tell the customer now I'm selling for myself. Maria and I, more or less, calculated that we would keep a third of our customers. That we would lose a third to competition, and a third would stay with Farmers. And that's about how it worked out.

HG: What brought you to that decision?

FL: The fact that by this time there had been a proliferation of other companies that sold auto insurance at more competitive rates. I knew that this was my niche. I knew that auto insurance was my niche.

HG: So you broke out because you had a vision for something.

FL: Yes.

HG: What was that vision?

FL: It was a modest vision at first. It was to have an insurer in every block of the city. On every single street, every block of every street in the city, I wanted to have one insurer, at least.

HG: And this was auto insurance.

FL: Auto insurance.

HG: So how did you start, then, when you went on your own?

FL: We signed up with several insurance companies or managing general agencies that sold insurance. And then we just went after it. We would make a lot of

phone calls. We'd ask for referrals. We gave out flyers. I think I read something about an upcoming seminar that they're giving about how to advertise your business without any funds. (laughing) I wanted to just go out there and stand on the corner and tell them. You tell people with flyers. You make-up lousy flyers. Anything you can. It doesn't matter how well printed they are. If they have your name and phone number and what you sell, that's it. That's what we did. Mrs. Loya was out there. Fred and Flower were out there and some of their friends they had that we had brought into the agency to work for us at minimum wage, or less. We'd help them out a little bit. Everybody stood on the corner and gave out flyers.

HG: Your children were in high school when you started your agency, or they were already out?

FL: By 1985 they were out. I think one graduated and one of them graduated in '86. They were old enough to know what was happening.

HG: So you had two children.

FL: Yes.

HG: Did they go on to college?

FL: No. Flower went for a year to New Mexico Military Institute, but then I needed her. To this day I regret not letting her finish. I really regret that, but we just desperately needed all the help we could get here.

HG: In growing your business.

FL: In growing the business. So I look back at it as something selfish on my part that I'm ashamed of, but nevertheless she came back and helped me.

HG: So your children were part of growing your business, at the beginning?

FL: Yes, they were a part from the very beginning.

HG: Your son, too?

FL: Yes. They knew what was at stake. They never caused any problems, or the troubles of children growing up. They were disciplined. They knew what they had to do. They had to support me and the only way they could was by taking care of the house, by themselves.

HG: When you started your own agency, were there other people around to help you, or you did this all on your own?

FL: You mean the Farmers or, over here, when I went independent?

HG: When you went independent.

FL: No, there was no one.

HG: Did you have to borrow money to start the agency?

FL: No.

HG: You just started?

FL: Well, I think Pete Payan, who was president of this bank here across the street, which is now International, but it wasn't International at the time. I don't remember what it was. State National [Bank]? He loaned me \$10,000.

HG: To start your business. And you knew him and he knew you.

FL: No, we just walked in and told him, This is who we are. We're going to do this. Help us out. [He said,] "Yeah, I'll help you out."

HG: So you started your business. What did you call it when you started?

FL: By now it's Fred Loya Insurance Agency.

HG: And you started as that. What year was that?

FL: Okay, this independent was 1985. But we're all struggling here. What happened, though, was we went from independent selling over forty companies representing you, then over fifty companies representing you, is what our Yellow Page ad read. This was it, because we sold for everybody. We'll place your business. We sold all lines of insurance, of casualty, through these different companies but we knew that auto was just the backbone of the agency.

HG: Was it a niche, or you just liked the liability side?

FL: It was a niche that we saw that nobody else was feeling because they said, No, we don't like the business. They didn't like the people. They didn't want to sell to people who had no income. They didn't want to sell to people who cancel their policy every two months, or every three months or let it lapse at the slightest economic problem at home of which they had many. This is what characterized them. This is what I knew and we could deal with this. We had no problem with it.

HG: So you took it on.

FL: Yeah. I said, "We will thrive here."

HG: So tell me about the growth, then, how did that happen?

FL: My paycheck doubled right away from whatever it was with Farmers at the time. We were doing pretty well. And then around 1990, five years into this, I said, “Why don’t we start opening—” Our second office was right here across from Hanks High School and then we started opening other offices around the city, little by little. I remember the third office was out in the Lower Valley, which is still there, now, on Zaragoza at Las Plazas(??) Shopping Center. Flower ran that office and Mrs. Loya ran that office. I think one of the first days, Flower said, “I want to go to lunch.” She [Mrs. Loya] said, “You stay here.” She [Flower] said, “Oh, no, no, no.” [Mrs. Loya said,] “I don’t speak any English.” She [Flower] said, “No, everybody down here is Mexican.” The first one who walks in is an African American. No Spanish whatsoever. So there is Mrs. Loya, she’s like, “I knew it.” No cell phones. We didn’t have cell phones at the time. But she managed to make herself understood and he was Mrs. Loya’s first customer.(laughter)

HG: So your whole family was in the insurance, your wife and children.

FL: Yeah, like I said, they were all giving out flyers. When they couldn’t sell, they were giving out flyers. Or they were writing down serial numbers. Everybody helped. They were taking pictures of cars. Whatever needed to be done. They were always ready to help. This is a family effort in the true sense of the word. It’s not just a saying or a lip service to that concept. It was fundamentally a family enterprise from day one. So we stayed an independent agency because this was a period of life that kind of blurs for me, those ten years. In 1995 is when things really got interesting for me.

HG: So you were in the trenches for ten years building your business.

FL: Oh, yeah. No, for more than ten years, it was for twenty years.

HG: Including the Farmers.

FL: Yeah, because that was ten years with Farmers from '75 to '85, Independent agent from '85 to '95, and then it wasn't, maybe, until around '96 or '97 when I stopped selling in an office. Until then I had a desk, out there, like you see down there coming in. I had a desk out there like any other CSR.

HG: And what happened?

FL: Okay, you come 1995, by that time somebody comes along and says, "You could be your own general agent." He says, "You could issue your own policies." And Fred and some of the collaborators that we had were really, really excited about this prospect. I was kind of leery and I held off for a month or so thinking about it. "Oh, man, this is all the money we're going to make." Then I remember that I confided with Maria's cousin. This cousin is the same guy who supported me in the very beginning, twenty years before. He and his sister came over, and I said, "You know, I have a chance. I've been given a chance here, a change of business." He said, "Yeah, what is it?" I said, "I can either get very rich, I could make a lot of money, or I could lose a lot of money real quick and end up worse than when I got here. I'll lose everything that I've got." He said, "Oh, that's a good risk." He said, "I guess you're really thinking about it." [I said,] "Yeah, I'm thinking about it. Everybody wants to do it, the family. Fred wants to do it, Flower, and Mrs. Loya, Flower, my daughter, my son, we refer to him as Fred Jr., his name is also Alfredo, he wants to do it. So, we finally went into this new venture. What happened was, then, that the biggest company that we wrote with up until then cancelled us right away. They said, No, you're going to write for a competitor. You're going to be our competitor now. You can't write for us anymore. That was a blow because that really caught us off guard. We had several thousand policies with them. So right away the struggle started. This new venture as a Managing General Agency—that's the official title in the insurance code of Texas, and it entails paying your own losses. You have to issue your policies and pay your losses. We didn't have any experience in paying losses.

There's always somebody setting things up for you. They could do everything for you, but eventually, the bottom line was that you started out with an 82-cent dollar. Every dollar that came in was only 82 cents because, automatically, the other 18 cents were going some place else, so it made it tough. You really had to be frugal. You really had to watch what you were doing. Well, we didn't have claims experience, they brought claims people in, that they said were experts, and they almost brought us to the brink of ruin, quickly. As we progressed into 1996, in October, that I think the Japanese fittingly, back in the days of the Tai Pans, they appropriately called October the month without Gods. We found out that this third party claims administrator had stopped paying claims in April. Six months, they hadn't been paying claims. And, of course, people, we wonder, How come there's all these people mad down there in the claims office? They say, It's one disgruntled person. Well, that's a disgruntled person every day. Well, no, it was just chaos. When we found out, we were deep in the hole. I threw him out. I literally went down there and said, "Get out of the office right now." I changed the locks on him. And I said, "We'll start doing it now." We brought in independents. We didn't have any money to pay because by that time, like I say, all this money had gone to different things. We thought we were operating very profitably. Well, you are if you sell insurance for six months and don't pay claims and keep the premium then you're doing great. But then it was really bad. That threw the company and the family into a period that we call The Time of the Troubles. Like the Irish in Northern Ireland period, their troubles with the British. I refer to that period in the agency, and it lasted until mid-1998, as The Time of the Troubles, in which we really suffered. The re-insurers that we had, backing the policies that we were issuing, since now they were incurring losses that they had previously shown as profits, they really punished us with our commission rate. It was cut in half. We were now operating for less commission than we were (gaining?? getting??) as simple agent, when we didn't have any responsibilities and here we had the responsibility of issuing the policy, and paying claims, and all the costs entailed therein at less commission that we had before without doing these things. Plus, we were paying to have all these policies, everything. It was a terrible time for us. We don't refer to it a lot except for, maybe in this case, historical purposes to show people. This is why I do it now is to show that if they see us as very successful, it wasn't always the case. There

were times to get here, on the road to getting here that tested our souls. There (they??) were terrible times.

HG: What was that like, when you say ‘terrible’, what does that mean?

FL: First of all, I had four cars and Flower, my daughter, sold all of them. She said, “You can walk to the office. From Tommy Aaron to Lee Trevino, it’s less than a mile. Just walk to the office. Go to work on foot.”(laughing) And I said, “Okay, all right.” So, I didn’t have any car. All of a sudden, I didn’t have any cars anymore. Maria and I, in those years, never went to the Westside once to go eat some place or go to a store. I don’t think the mall was there yet. Sunland Park wasn’t there yet. Now and then we’d go to Cielo Vista. We never went to the movies. I don’t think we ate out, unless maybe it was a hamburger or something during all of those years. We surely didn’t go any place. There’s a story I told about *Don Cacahuate*, a butt of jokes in Mexico, in the Mexican culture, that says, you know, somebody meets him and he says, “Hey, *Don Cacahuate*, what’s going on? What are you doing?” He says, “Everything is going fine.” He says, “You know, I’m working on creating a new breed of horse.” He says, “Really? What kind of breed is that?” He says, “This is going to be a horse that doesn’t need to eat to live.” He says, “Oh, wow. Good luck.” So, about six months later the guy meets *Don Cacahuate* and says, “*Don Cacahuate*, how did it go with that horse?” He says, “Man, let me tell you. I was almost successful. I was that close.” He says, “I was really close.” He said, “What happened?” He said, “The horse starved to death.”(both laughing) With us, we may not have learned how to live without eating, but we certainly learned to live without sleeping. From October of 1996 to June of 1998, the lights in our house were on twenty-four hours a day. Either I was awake, Mrs. Loya was awake, my daughter was awake, or my son was awake. Each of us planning, contemplating and mapping out the strategy to open the office the next day. Those lights didn’t go off for a year and a half. There was a time here we had an accountant at the time. She was just a (??) She came in and said, “Mr. Loya, we’re out of money.” She said, “There’s

no more money in the banks.” I said, “Okay, let’s call the offices that we have.” We had about twenty offices at the time. [I said,] “Let’s tell them that every single payment that comes in the office, go deposit it. That’s how we’re going to get through the day.” I said, “We’ll get through the day that way.” And we did. It was by every cent. You sell a policy, go deposit it. If somebody comes in to make a thirty dollar payment, go deposit it.

HG: Never crossed your mind to close it off.

FL: No, that wouldn’t be accurate, I don’t think. I think it would be true to say I never would have done it. Did it cross your mind? Yeah.

HG: But you were determined.

FL: Oh, yeah, we were. And then the next day she said, “Look, I broke out.” She broke out in a rash. I said, “Hang in there, hang in there, we’re going to get through this.”

HG: How did you turn it around?

FL: It was awful. The phone company came and it turned out that it was another very close collaborator who still works for us, and she was my first secretary. Her name is Leah Williams. Leah Cox was her maiden name. She graduated from Parkland High School. We hired her in ’75. She still works for us, out of her home. She does statistical work on her computer at home for us. And to protect me, she wasn’t paying the bills. We didn’t have any money. Of course, the phone company came, and was going to cut off the phone. This was the lifeline of the company. So I threw myself at their mercy. She says, “No, you owe us too much money.” I said, “How much are my monthly bills?” [She said,] “It’s twenty thousand [dollars].” [I said,] “Oh, my God. I can never pay that.” I said, “What if I pay you five thousand [dollars] a week?” I said, “I’ll go to Bealls, I’ll

go there to pay the five thousand a week.” He said, “Okay, you won’t fail?” I said, “No, I’ll pay it every Friday. It’ll be late Friday, so that way it’ll still give me until Monday. Two more days to roll the premium.” They said, Okay, that’s fine. They accepted it. And that was really when we really when it came close to doing the business in, without a phone.

HG: So, does that come to an end somehow?

FL: Yes, by this time we had turned everything around. We had gotten control of the claim. We brought in somebody to run the claims for us. Now it’s an in-house deal. Now it’s part of the department of Fred Loya. My son wasn’t that much into claims yet. So there were still leaks, gaps, and things that could be done better that were eventually and are being done better now. We turned it around in such a way that we had a contingency commission coming in June of ’98. A contingency commission, over and above what they were paying me.?? We were still on the limited regular commission schedule. Everything was still on the phase down thing. But now they had a contingency commission, that they were going to reward us. It was close to one million dollars. And I said, “Close?” I said, “Well, it could be a little —because Alfie?? this, Alfie didn’t pay some guy.” That was the accountant. [I thought,] You know what? They want to make a big deal out of this presentation at a company outing that this particular company that had a lot of these arrangements with other individuals to issue policies through this device called managing general agency. This type of a vehicle met there in the summer. They wanted to make a big deal out of giving me this check. I said, “Well, if it’s less than one million dollars then I’m not going to accept it.” I said, “We’ve suffered too much. I know it should be more than a million dollars.” I knew them. They’d been crucifying me. They’d been keeping my commission, what I felt was my commission, all this time. I said, “No, I won’t accept it.” They said, Okay. Then they worked something out so they gave me a check for \$1,019,000. I came back from that thing, I took it down to the bank(er??) right away, and said, “There it is, man. You see, we can do it.”

I remember somebody that knew the problems that we'd been in. There are not too many people who knew how close we had come to extinction. He looked at me. His eyes were fixed on mine. He says, "Does this get you where you want to be?" I said, "Where I break even now." He said, "I thought so. I was hoping that would at least get you there." From there we went on. Now we can, maybe, focus a little bit on discrimination. I workout at the YMCA, every morning, here in El Paso. It's a local branch that I want to put in here, get a plug-in for this, that we are honored, Maria and I, that it bears our family name: the Fred and Maria Loya family YMCA, which is located here on the eastside, near the house, so we can work out every day. There's people my age who work out with me and we can afford to chat. Some of the old people that are native El Pasoans talk about the days of the separate water fountains, even. This particular man tells me that when he was a kid he made the mistake—he was really thirsty, and he went and drank out of a whites-only water fountain. Some guy came along, one of the local security guards, and kicked him right in the butt as hard as he could. He says, "It really hurt. But what hurt more was they told me, this is for white people, and you belong over there where it says coloreds." He said, "That's where you belong." I was telling him that's nothing compared to what we started encountering once you start growing, where people feel that it's not your place to do so. As we started growing, they had always told us—they use an expression. They, being these people that were providing financing for us, the insurance for us, and the ability to write using another company's name which is called a fronting agreement. We issued the policy, but the policy was issued by a company called Home State County Mutual, but we were doing all the work. It was just their name that we rented through this fronting agreement. But we pay interest. We pay percentage of the premium. Everybody gets a percentage of the premium. The people that issue the policy get a percentage of the premium unless you have your own IT department, which we have now. And he says, "You've got to put some skin in the game." In other words, we had to put some of our money at risk and pay for losses. They say that we'd saved our pennies and we can put some skin in the game. We have two million dollars. Well, you can't put

any money in. But that was two million dollars that was going to affect them and we didn't have that much then. Maybe thirty million [dollars] or forty million [dollars]. He says, "You can't put it in. You don't have a company." So now that got us going. Now, they said we can't put it in because we don't have a company. This is now hitting the year 2000, the new millennium. Finally we said, "We're going to go apply for a new company." [He says,] "Yeah, well, good luck." By this time I had turned the company over to my son, officially. I made him the CEO. I just sort of held back because I wanted to be around, still in complete use of my faculties where I could be of service to them through advice or experience that he might need if that were to be the case. So I said, "No, I want him and I want my daughter to be the president of the company so she can start, also, making decisions that determine the destiny of the company, its future, its well-being."

HG: When you did that, were you already a sustainable business, then?

FL: I thought so. We were still struggling. In fact, it was still during the time of the troubles. I said, "Hey, that's enough of this. My son is pretty good at dealing with these people, so I'm going to put him in charge." And they told me, All your re-insurers, the people that back your policies, we're going to walk off if you name him CEO. I said, "I guess that's what's going to happen." They didn't want him CEO.

HG: Why is that?

FL: They didn't want any changes. They would have preferred not to have been dealing with us then because they said we had lost them money. Which we had, but we had paid them back. We paid them back, as opposed to other agencies who lost money, and those losses were just written off by the re-insurers. But they were not minority agencies.

HG: They didn't hold you to that standard.

FL: No, they just said, You will pay it back. And we did. [They said,] And meanwhile, you're going to pay us back with a smaller buck. We're not gonna pay you the same amount of commissions as you lost us the money. I mean, that was a double whammy.

HG: did you see this pattern with minority agencies in town?

FL: There was nobody there competing at that level at the time. No other minorities. I don't think there is any other minority agency in the country that competes at the level that we do, in insurance. Well, then they threatened to walk out if I made Fred CEO. And I said, "I'm going to make him CEO anyway." So that occurred. And then this skin in the game business. I said, "You've got to have your own company." So we went and formed our own company. They said, You can't go to the state like that. You don't know what you're doing. Well, we went to the state. The department of insurance. The Texas Department of Insurance. We had a big meeting. They had a lot of people there. They commented that it was the first time that there were more of us than there was of them. We had my family, and we had another young man who is a collaborator of my son's. His name is Ben Salazar. He's the COO of the companies in El Paso, but he lives in McAllen. His wife is also an El Pasoan who started out with us when she was a junior in high school. They both started out as juniors in high school. He was a sophomore, actually. They met in the agency. They got married. He's almost next to my son in operations. He's the highest-ranking officer. My daughter is administration. The CFO of the administration. They are the two highest-ranking operational officers. He went and then we had a (good chat??). They asked, Do you have this? Do you have that? [We said,] No, no, no, no. He said, "You're going to need these things." He says, "Before we can consider going any further." But they were kind of nice about it. They say, Get these things and then we'll look at it favorably, I'm sure. Then we left that meeting. And I'm surprised

at the attorney that we had because he should have known that we were going to be asked—the thing that they were asking for was a statutory accountant and an actuary. That’s what we went in without. So they viewed us as unprepared. They were writers, so I was surprised the attorney wouldn’t know that, or maybe he had his reasons for not really emphasizing that these two requirements he knew would be asked of us. Well we got the statutory accountant, right away. We got the actuary. There was a period of transition for them to come on. We went back to them and back to the state. Meanwhile these other people tell us, You can’t get a company. Then they told my son, he says, “You shouldn’t even consider a company. This is something that maybe your son can consider when he’s your age. This is something you people—you people— shouldn’t even think about.” There was the slam right there. Now we understood. You know, there’s a lot of color prejudice, too, that we’ve noticed. My son is kind of light skinned and Ben is very light skinned. But Ben came back from one of those meetings and he says, “You know,” a native El Pasoan from Ysleta, “I have never known the full sting of racism until now.”

HG: And this wasn’t the insurance board?

FL: No, this was a re-insurers at the fronting companies. These are New Yorkers. One of them is a subsidiary of AIG, so there’s a certain satisfaction in reading about AIG’s problems.

HG: When you went back to the insurance board, what time lapse was that?

FL: Over a year. We were treated certainly with more respect than these other people thought that they would ever treat us. Whether they tried to undermine us, I don’t know. We wouldn’t speculate because they were so sure that we could not get this done. They were just so sure, that you wonder, why? It went through, finally, and then in typical bureaucratic fashion—you’ve just got to love bureaucrats all over the world. They issued the charter of the company on

December 31, 2001. By issuing it on December 31, 2001 as opposed to January 1, they made us issue statutory reporting for the whole year, for the last quarter and for the whole year. Of course, we did, all zeros, but they wanted to see it. We issued the reports that we needed to, all with zeros on them because they said, This is the format that you have to follow.” There’s something called a Yellow Book and it’s public knowledge so you can go see it. Anybody can call up the records of any company writing business in Texas by asking for this Yellow Book, which derives its name from the covers.

HG: So now this means that you don’t have to depend on New York.

FL: No. What it means is that now we have our own company. That’s all that that meant. I want you to keep the frame of mind, because you’re asking me the price of success. Now we’re in 2002. The problems start with Home State. Now Home State saw that we were going to grow. Home State called my son into a meeting. The Home State owner and president is a man by the name of John Davis, who, up until then, had been a good partner to work with. He had been a good associate. And he called my son to a meeting, which he had, I think, his daughter and his son-in-law there, to see how unruly subordinates are dealt with. They were going to lecture to Fred, they were going to put him down, and tell him what he could do. They were going to stall him off and tell him he couldn’t grow anymore. He was growing too fast and that he should just not grow and continue to use them as a company. [Mr. Loya talking to Mrs. Loya.] Call Joe and ask him what year did we go with Old American. Just ask him, what year did we go with Old American.

HG: What size of company were you, at that time, when you went on your own?

FL: I’ll find out. [Talking to someone other than interviewer.] Tell Joe to come here.

3rd: [A woman answers,] Yes, sir.

FL: It wasn't very big. Meanwhile, when we did get the company, now we have some money. Now we have five million [dollars] and we have a company. It's just not rated. (laughs) It was one obstacle that they'd throw at us where in the end—

2nd: Two thousand three.

FL: *Dele que venga*, because I'm getting asked questions here that I don't know the answer to.

2nd: He's on the phone.

HG: It's okay.

FL: I would say fifty million [dollars].

HG: In 2003, you were at that?

FL: Fifty million [dollars], more or less. Certainly, we could look up the records of the Hispanic 500 for those years and that will tell us exactly because that's taken off of the income tax report.

HG: That's self-reporting, though.

FL: What we reported, yes, but it is based on what we report in case they ever come by and says, Well, let's see it. Then we'll show them that's what we have on that particular line that's called for.

HG: So did this gentleman, then proceed to try to—

FL: Our contracts with them and with everyone ended on March thirty-first. On March twentieth he told us he was not going to renew us. Later Mr. Davis

bragged to some of his—you know how these things get around, that he didn't think he had given us enough time to go elsewhere. He was going to put us under, in other words. His intent was to put us out of business.

HG: Why would that be their intent?

FL: It was just vindictiveness because we didn't accept a period of non-growth or a condition of non-growth. He wanted us to stop growing. He says, "You're going to be bigger than me." He said that. [Mr. Loya begins to talk to someone else] You're going to have to help me here with some of the figures and days that are being asked for.

4th: [A man answers] Okay.

FL: We had this front line with another company. His name [was] Tom McCall from Old America. He says, "You can write with me. We don't need any more than ten days to set this up. It's done now." So, it meant switching everything over to Old American. [Mr. Loya asks the man] What was the re-insurance agreement at the time? What was our premium at the time that we switched? About fifty million [dollars], I told him.

4th: This was in '03, Mr. Loya?

FL: Yeah.

4th: Probably a little bit higher, sir, because I remember between eighty and one hundred twenty from one year to the next. So we were in between those figures. It's just that we grew so fast back in that time. Let me bring something real quick. In case we make reference to other things like that.

HG: I don't necessarily need specifics, but I appreciate just a ball park. When you met this new man that said he would insure you, you had known him before?

FL: We had met periodically.

HG: And he knew you were already looking for—

FL: Yes, and he knew we were going to leave him. He knew that the arrangement with us, he was going to make a lot of money just for a very short time and there would be nothing after that for him.

HG: And that was okay for him?

FL: He took it on.

4th: The first year with Tom McCall we wrote about eighty million.

FL: Yeah, but what was it at the time?

4th: Before that, fifty-two plus fourteen, so about sixty-four or sixty five.

FL: So it sounds close. Then what happened with the re-insurance treaties that we had at the time? How did they change from Home State to Old American?

4th: Once we no longer were doing business with Home State, then obviously those were insurers, at the time, which was—

FL: They all left.

4th: They all left.(both talking at once)

FL: He was a subsidiary of AIG.

4th: The majority was transatlantic at the time. That is correct. Then once we went with Old American, we started taking more, ourselves. Then Dorinco came onboard with a 25 percent. Then we had QBE for 25 percent, and then at the end they decided not to take that, so we ended up with 75 percent.

FL: Well, how much money did we have at that time? I told Hector that we had about five million, but we obviously had more.

4th: Yeah, we were going to write a hundred then we had to have— (both talking at once)

FL: But all this was done in ten days because he didn't give us any time. That was his intent, was not to give us enough time to continue seamless writing, to continue uninterrupted writing of policies.

HG: How many offices did you have at that time?

FL: About twenty-three or twenty-five.

HG: In El Paso?

FL: No, by this time, in 1990 was when we started opening offices in the Rio Grande Valley, in Laredo, and south.

HG: So how long did you stay with this company?

FL: With Tom McCall we stayed until—

4th: Three years. February 1, 2006.

FL: At that time, a law was passed in the legislature. A bill went through the legislature, and it passed, allowing us to write on our own. It just said Fred Loya Insurance.

HG: Were you trying to get that law passed?

FL: Yes.

HG: Did you go to legislature to influence that law?

FL: Yes, we testified before committees.

HG: Did you originate the effort?

FL: Yes.

HG: So that law was really designed to help you in your business growth.

FL: Well, yeah, I guess, when you get down to it, that's why we went there, yes. However, during the testimony phase McCall had the opportunity to testify against it. All the county mutuals were against it because it was going to affect them. Now they were going to have a new player in town. They knew that we were better than they were in writing this type of business. There was no doubt about it. We had already proven that.

4th: May I say something on the law, Mr. Loya? At the time, Junior was very concerned because there was a law that was coming in place at the legislature that said that a county mutual, that it's rates had to be above 30 percent of a benchmark rate, which means we had lower rates, and what Junior was concerned [about] was that all of a sudden we were going to have to increase these rates and we did not want to do that.

FL: Yeah, but that's not the story here. That's true. That's accurate.

4th: I didn't hear the question so, I guess, I apologize for that.

FL: No, that's all right. That's fine, the information you gave us. Yes, this was our instigation. We sponsored and we lobbied for the bill. The county mutuals were adamantly opposed to it because now that would allow us—somebody else benefitted as well. Another company in Texas. So both of us benefitted. There's a requirement that at the time of the final meeting right before the vote is taken that the original bill has to be read from. Well, the house bill was lost. They couldn't find it. There was a very small AP article asking what happened here. This hasn't been investigated. You can't just lose a bill after winding its way through the different committees for six months. Then to say it's lost and nothing is said. Luckily we had initiated two bills, one in the house and one in the senate. The senate bill was brought and then read from, and so it got passed. Otherwise it would not have gotten passed. The senate bill including the other company and the house bill did not include the other company in the language.

HG: You had pretty well carved out the market that you saw that had been under served. At this time, when you getting this law passed, across the state. You brought a service to a community. These other agencies and these other people weren't serving their community.

FL: Yes, that's correct. That's accurate. At the time I testified, I remember that one of the representatives from the Marlinton area, I think, it was Fort Worth and one of its suburbs. He said, "Are you the Fred Loya who started the practice of selling insurance in supermarkets?" I said, "Yes, sir, I am." He said, "Well, I want to commend you." They were all pleased. We had people of that committee, on the insurance committee, who could have been very antagonistic as they had chosen to do so, but were very supportive of this. He didn't win re-election, so I don't

know what his name was. He was an African-American. Another African-American instrumental in our success also was to Senfronia Thompson of Houston. She's still in the house. We have had the support of minorities because minorities are who we serve. It just happens when we serve them because they're the ones that nobody else wants to serve. They're the underserved market.

HG: So you're a trail blazer in the industry as well.

FL: It sounds kind of overblown, but we have gone, it's like Star Trek, where no other man has gone before. Yeah. The timeline now is around 2003. By 2005, Frost Bank comes into the picture.

4th: Frost Bank started in 2002.

FL: So that's where the \$5 million came from.

4th: That's where the first five million [dollars] that got us started.

FL: In 2002, then, Frost Bank was introduced to us or we were introduced to them never having had business with them before.

HG: Frost Bank, San Antonio?

FL: Frost Bank of San Antonio. Through different intermediaries, they were brought to us, and they offered to loan us money. Now, we are also in the time period that, personally, I'm serving on the Federal Reserve board of Dallas through its El Paso branch.

HG: Had you gone to banks here in El Paso?

FL: Yes. They didn't understand the financing involved in this type of situation. I'll explain that a little later after I finish telling you about this Federal Reserve board, the Dallas board, Dick Edmunds, the CEO of Frost Bank, also sat. We got to meet each other. So we knew each other personally, and that created a slight relationship. Nevertheless, we knew each other. That helped in that Frost loaned us the money. It also tightened our belts more and disciplined us more. It required Joe coming on board. It required audited financials. It required more fiscal discipline from the company that Joe has been able to impart and bring to bear here that we didn't have before because we didn't owe anybody any money. We had gone to Chase Bank before. Chase has helped us with a lot of things. We are not to sort of detract from the role of Chase in the development of the agency because it has been prominent. So, having said that, they did not understand the function of this type of a loan because essentially it's a signature loan. The first five million [dollars] with Frost [bank], Maria, Flower, and Fred and I, we signed papers for three hours at Merton Goldman's office, our attorney. Three hours, we signed papers. There was a conference table that's easily fifteen yards long. It had just piles, a stack like that. Then there was another smaller table this size also with stacks. They were all eight, ten (copies??). We had to sign all of them. Fred and I would be signing because most of them were for chairman and CEO, and Flower and Maria would be dating [the papers] and [writing] El Paso [and writing] the date on those things. It went on forever. After it's all said and done because the state requires you to present it with a capital reserve that's unencumbered. That has no liens on it. What does that make of the loan? It makes it a signature loan. They promise to pay. So, they gave us that. That's what it was, then, right?

4th: Yes, sir.

FL: So when was this, 2002?

4th: December 31, 2002. Yes, sir.

FL: What that says, then, is that the growth of this company stems from 2003. And that was the original question that you asked (laughing).

HG: So that allowed you then to invest in more—

FL: That allowed me to do [inaudible] re-insurers. Now the dollar is coming back to one dollar. We don't have a funding company to pay, to use their name, because we now issue Fred Loya policies. We don't pay anybody to handle claims because we handle claims. We don't have to pay re-insurers.

HG: You are paying your own claims.

FL: Yes, but (mainly??) we don't pay for the financing, for the backing, of the policy. But the risk is all ours. However, like my son is prone to say, even when not asked, he says, "The only person that won't provide re-insurance for his policies is one who doesn't have the money or who has no faith in his underwriting." I think that's very true.

HG: How did you grow from there?

FL: Leaps and bounds. Well, of course, now we had a different team in place. The people that we had, I mean, it's like the chrysalises. We had a lot of young people out there who now understood that it was time to grow up, and they did. They were able to go to California and start opening offices on a sustained level which we had asked them to do in the very beginning. Two offices a week, type of deal. They were all coming up with ideas on training methods for creating and dispatching training teams from here to California to start opening the offices there. The underwriting started solidifying and then through the experience of what was profitable and what was not. And my son became much more involved in the claims procedure. His experience grew exponentially from year to year. I

think right, Joe tells me that he and the COO, that other young man I referred to, are doing a walk through in our San Antonio building whose first phase is being completed now that will house fifteen hundred adjusters.

HG: For your business.

FL: Yes.

HG: You're buying the building?

FL: No, it's our building. We built it. They're doing a walk through right now. Final walk through before they deliver [inaudible].

HG: Where is that building?

FL: It's in the northwest side of San Antonio up there when you go off of [interstate] 410 toward SeaWorld.

HG: How large is it?

4th: It's sixty-five thousand?

FL: Sixty-five thousand square feet. That's the first phase. It's made so we can add to it.

HG: But your headquarters is still here in El Paso.

FL: The company's headquarters will be here, but the claims headquarters is there, and we've also just finished a building in McAllen. How big is that, Joe?

4th: That one is several modules, Mr. Loya. We're actually going to lease a bunch of them out, so it's hard for me to say how much exactly we're going to use. You've seen it, I mean—

FL: What I saw, and you guys say that I just saw half, was [inaudible]. That's bigger than this.

4th: This one's probably about twenty thousand square feet. So we'll probably use about forty because we're using two out of five units, I believe. So that might be forty thousand.

FL: So, in McAllen we have our legal headquarters.

HG: How many employees, now, do you have?

FL: About twenty-two hundred.

HG: And you're growing at what rate?

FL: Premium wise or employee wise?

HG: Employee wise.

4th: We ended up with like seventeen hundred one year and twenty-two hundred the next year. So five hundred over seventeen hundred, about 25 or 30 percent.

HG: And your premium growth?

FL: For a while there, from '03 to '06 it went about 30 percent, but now it's about, what, 10 [percent]?

4th: Last year it was about 10 [percent]. It's just a much bigger base, too. It's hard to get (30 percent??) on a much bigger number.

FL: We finished last year, for the Hispanic 500, at three hundred nineteen plus million. And this year it'll be close to three hundred fifty million.

HG: Let me ask you, in all of that, who were your mentors?

FL: That's an easy one. My father, see, he had died, like I told you, in 1960. And then when we went to Chihuahua, we met a cattle buyer by the name of Anastacio Prieto. He comes from a long and distinguished family of citizens of Mexico and the state of Chihuahua, a very prominent cattleman from the turn of the twentieth century. He bought cattle from me, and for some reason, he took Maria and me under his wing. He decided to teach us. He taught us a lot about the cattle business. He taught me a lot about life and discipline and work ethic. He had a tremendous work ethic. His wife told me he would get up when it was still dark. Most of the cattle business is done dawn to dusk. But, I mean, you do need the dawn to go out there and round up cattle or whatever. And he would start pacing the house until the dawn started to break so he could leave and go to work. This was the work ethic that he had. I think it was those years that I attribute towards the work ethic that I brought here. He died a few years ago of cancer. He died in Houston. One of my great regrets is that I was just on the cusp of truly succeeding. This would have been maybe 2002 or 2003 when he passed away. I was there, and I wish that he could have just had a year or two longer so he could see that his faith in me had been justified after all. And that all his teachings had not been in vain.

HG: So when do you call your success effective?

FL: Two thousand three. This is where you could say, Now we've made it.

HG: So the thirty years before that.

FL: It was ground work. (both laugh)

4th: It was what work?

FL: It was ground work.

HG: Let me ask about the role your wife played in all that, I mean, you talk about how she's been a part of your business, but on a personal support side.

FL: First of all, Maria—

4th: Mr. Loya, if you need me, you'll call me?

FL: If I need you, I'll call you. Thanks. [4th exits the room.] Mrs. Loya's father died at Hotel Dieu, the hospital that existed here, in El Paso, until several years ago, he died in 1958 of cancer. She was thirteen [years old]. By the time everything was settled, she had had September, by May when she was fourteen, it was apparent that they would starve to death unless somebody started working. It was her mother, a young widow in her early forties, a brother, a few years younger than her, and a sister quite a few years younger than her, ten or twelve years younger than her. So, the four of them had to have somebody working to support them. There was no help from anybody. He had been an attorney, but he had not left any money because he died young and, I guess, like most young forty year olds, they never expect to die at that age. He wasn't ready. He was extremely talented, extremely intelligent. By talented I mean he was what they call in Mexico, *un (musicólogo)?* he could pick up any instrument and play it whether he'd ever played it before or not. He would just automatically hold the instrument and start playing it. His specialty was the cello. He was [a] concert level cellist. So she started working harder. When I met her she was working for

this insurance agent. When I met her she was still the only one in the family working full time. Her brother had a part time job, but he was still going to school. And her sister was very little, still. Maria was supporting the family. So when we got married and until Oscar, her brother, started working, I helped out a little. I couldn't help out a lot. We helped out. Maria told me, she said, "What do you want me to do? Do you want me to be your wife, your partner, your housewife, which I will be or do you want me to help you in business?" So I said, "Well, I think putting her in the kitchen is going to be the death of her." She'd never been in the kitchen. Let's face it. (To this day??), she doesn't know how to cook, which is okay. (laughter) I've never complained about that because this is our deal. She has helped me ever since. She has been a loyal, steadfast, and constant partner.

HG: And now you have the family, the—

FL: Oh yeah, the Fred and Maria Loya Family YMCA.

HG: What was that about?

FL: I was a YMCA volunteer as you can see from some of the awards around us. I started as a YMCA volunteer here, at this branch, in 1990. Eventually, I progressed through the different levels of YMCA organizations in the country until I became a national volunteer. I sat on the national board of the YMCA. I became chairman of the international committee of the YMCA in the USA. It was in that capacity that we traveled. I'm the only Hispanic to hold that post and I'm the only Texan to hold that post. And in that capacity we travelled the world representing the YMCA and Goodwill (Rescue Missions??) As you can see, these awards are international. That award, on the dish up there, that pewter dish, I'm very proud of. It's in back of you. It's from the YMCA of Brazil. For, what they state are our contributions to the friendship of the two YMCAs. And our contributions also, we can't, I guess, detract from the importance of our monetary

contributions to the YMCA. They decided that they would honor us with that and that it would serve them as well.

HG: Are you serving on any other boards in El Paso?

FL: No, I finished with the Federal Reserve Board. I served here for about fourteen years on the YMCA at one level or another, ending with my national stint up there. I was eight years, on that board. Six years with the Federal Reserve. No, currently I'm not on any board.

HG: And you still have the ranch in Chihuahua?

FL: No, we sold that around 2003.

HG: But you still have a ranch?

FL: Yes, we have two small ranches outside of San Antonio.

HG: You spend a lot of your time there?

FL: Yes.

HG: And your role in the business now?

FL: My role in the business, I guess, would be just as an advisor when called upon. But, no, I still meddle. From intervening, or being hands on, it's called meddling now.

HG: What is your legacy now?

FL: You know, they asked me that one time at the YMCA. I said, “I’d like to be remembered as having been loving, with my family, honest with my employees, and giving to my community.

HG: I’m going to ask a question that I don’t usually ask. I’m going to ask you to define integrity in a circumstance.

FL: I’ve thought of that, as well, and I think when we give classes, because we’re authorizing in classes on ethics and sometimes I’ll step in and make presentations to my managers. And if you ask what I do more than anything else here that’s visible, as a visible member of company ownership, and company administration, it would be to make different motivational presentations. I think integrity, and I’ve define it as such, it’s just doing the right thing when no one is looking, or no one will ever find out what you decided to do.

HG: Your company vision, your company mission?

FL: The company vision was one billion [dollars] by 2011. I don’t know if we’ll be there, but that’s premium wise. The company vision is to see my employees send their children to work for us, seeing officers in the company who are second and third generation family members.

HG: Mr. Loya, I really appreciate your time, and Mrs. Loya, it’s just a wonderful experience for me to sit here and listen to your story. You certainly are a figure in this community, but as the story gets told, it’s with, certainly, a valid reason. I appreciate your time. It’s a wonderful story. With this, I end this interview.

End of Interview