

A CONVERSATION WITH AMERIND's Employee #1 – Lee Backus

A celebration of AMERIND's 35th anniversary would be incomplete without the perspective of Lee Backus, our first employee and first CEO. Backus' love of the company he helped create shaped every minute of the conversation.

► HOW DID IT ALL BEGIN?

The National American Indian Housing Council interfaced with the federal government and was the logical organization to interact with the U.S. Department of Housing and Urban Development on housing projects.

I was an underwriter for a well-known insurance company, and I was looking for something a little bit more inspiring, maybe even altruistic. My interview with NAIHC was an opportunity to meet the entire board. It was one of the most extraordinary events of my life. I could feel my life changing in that moment even though it was only an interview. I listened to this great, glorious stuff, thinking they were two years out from forming a small insurance company, only to discover the company had been up and running for several months! I hoped no one would notice I was salivating over the prospect of this position.

They needed someone with commercial insurance expertise and invited me to join NAIHC as the program manager for AMERIND. By then, NAIHC and AMERIND each had its own board of directors, but the boards were comprised of same people. Gradually, the AMERIND board realized it would be better to separate the entities. About a year later, I transitioned from NAIHC to become AMERIND's first employee.

► WHAT DID WORKING AT AMERIND MEAN TO YOU?

The AMERIND story is phenomenal. It's important to me. It became the professional endeavor of my lifetime. For years I had worked in insurance, had earned my law degree, and passed the bar and was looking for something, well, different. Little did I know!

In my professional life, I'm especially proud of three things, and AMERIND is at the top. Serving in the Army and wearing the uniform of my country and getting my law degree are the other

two. Both my military service and law school pale in comparison to my association with AMERIND.

To this day, there was everything before AMERIND, my time at AMERIND and everything after AMERIND. Nothing in my professional life has been more fulfilling than making a small contribution to Indian Country.

► WHAT WAS IT LIKE IN THOSE EARLY YEARS?

It was like flying an airplane while you were still attaching the wings. We were starting from scratch.

We had an early version 286 computer. I had done some word processing, but I became an instant Lotus 123 expert. We ran the company on Lotus 123 spreadsheets and floppy discs. We had to figure out a way to bill 186 members and didn't even have a rate structure. And we had to get an accounting system in place since our year end was only six months away.

I was inspired by the Board of Directors every day. It was a joy to work with them. They were so engaged, excited and helpful. I was not aware of it in the beginning, but there were trust issues among the Tribes and there was some distrust of AMERIND. There were questions about who was accountable and how the funds were being used.

In the NAIHC structure, there were nine regions. That is where the nine regions of AMERIND came from. Board members took it upon themselves to respond to member concerns at the regional meetings. I provided them with information, stats, etc., that showed someone was minding the store, and that money wasn't going to disappear. Board members shared with their regions and really turned the distrust issue around.

We did some really neat things early on. Back then, there were no safety programs. Insurance companies did that but obviously not for our members. We were seeing people die in home fires every year. Our chairman and a couple of board members approached



Phil Bush, AMERIND Chairman, John Foehl AMERIND Cell Commission, and Lee Backus AMERIND Cell Commission

me and asked me to start a fire safety program. This was another curveball – while still tightening the bolts on the plane I was building.

The safety program gave us a mission of a higher calling. We were saving lives. We started the program with a poster contest. Each housing authority had its own contest. Regional winners and their parents were invited to the national meeting where the board selected the winning poster. It was a knock-out success.

► **WHAT WERE THE BIGGEST CHALLENGES YOU FACED AS THE FIRST CEO?**

The member confidence issue blind-sided me a bit, but the Board helped to turn that around.

AMERIND was a new entity with no structure, policies, procedures, etc. I always said I'd be happy when we did something for the second time. The Board was so patient while I built the corporate infrastructure. They made sure we made progress but didn't expect it overnight.

Annual audits were another challenge. I knew that nothing would contribute to lack of trust like a failed audit, and we were already six months in. We had to keep the accounting and financials moving forward also develop a billing structure that was fair to everyone. I learned a lot about risk in Indian Country. For example, when a house burned down in northern Alaska, it had to be built in Seattle and barged it to Alaska, and during a specific window of time. The replacement cost was \$300,000 in 1987, when a typical house in the lower 48 cost about \$40,000 to \$45,000 to replace.

Planning for investment funding, legal issues, etc., were also new to us in those early years.

► **WHAT WERE YOUR BIGGEST ACCOMPLISHMENTS AS AMERIND'S FIRST CEO?**

We laid a solid foundation for the future. It was darn hard work getting the pieces in place and making everything work

effectively. That gives me the most satisfaction. Our chairman at the time said, "build us a strong foundation to withstand an earthquake and build it broad, we have a lot to build on it."

The finances had to be as tight as possible. Arthur Anderson did our first audit, and we received an unqualified audit. We also worked very hard to pay claims as quickly as possible. Those things helped build confidence with the member Tribes.

We had outsourced claims handling and took that function in house through a staff of four or five people and all told I ended up with a staff of seven or eight.

I parted company with AMERIND amicably when they moved the headquarters from Washington DC to Albuquerque. Because of family commitments, it wasn't feasible for me to move. I stayed in contact with board members and employees informally for seven or eight years. Then 10 years ago, AMERIND asked me to be a member of the Cell Commission. By that time, I was a regulatory attorney with District of Columbia Department of Insurance, Securities and Banking and the opportunity to take on a different role with AMERIND was amazing since I never expected to be a formal part of the company.

► **IN YOUR OPINION, WHAT ARE THE BIGGEST CHANGES AMERIND EXPERIENCED IN ITS FIRST 35 YEARS?**

The expansion into Tribal coverage is phenomenal. It is something I had wanted to do since my background was in commercial insurance. Expansion is critical to long-term sustainability of the organization. If AMERIND was only working with housing authorities, it would be very, very difficult because you need to spread the risk. The original core or often called the "mothership" would be in great peril because they would need to raise premiums beyond sustainability for members. Adding new lines of insurance enables the company to spread operational costs among the different programs.

Also, AMERIND's Critical Infrastructure broadband effort is one of the greatest things anyone could do for Indian Country.



It is one of those things that no one else has done or would take on. It speaks volumes to the uniqueness of AMERIND and its ability to make a lasting change for Indian Country.

When I look at the organization, the change is phenomenal. I appreciate that Derek Valdo hires competent staff and requires the staff to become educated about the insurance business. He incentivizes staff to give their best by setting goals and rewards for achieving those goals. He is a strong CEO, better than I was in most ways. A Native American CEO was always a goal of the organization, and he brings so much talent and many skillsets to AMERIND. He could run any type of organization. I have been impressed by his leadership.

► **HOW DO YOU BELIEVE AMERIND HAS FULFILLED ITS MISSION OF TRIBES PROTECTING TRIBES?**

AMERIND started out as housing authority only. “Tribes Protecting Tribes” is much broader than our original mission.

Today’s mission provides an opportunity for Indian Country to buy from a 100% Tribal entity. One of the unique aspects of AMERIND is that it opened the door for a Native American company to provide a full array of financial services in Indian Country. The financial services opportunities to keep money in Indian Country is unlimited.

Fulfilling a mission isn’t as easy as it sounds. There are complexities, and it is not easily done. The AMERIND staff understands insurance transactions and what it takes. They are all behind the mission.

Here we are 35 short years later and AMERIND now insures, in addition to its original housing program, workers compensation, all forms of tribal government risk, homeowners and renters’ coverage, commercial auto, and has created its own reinsurance company. Plus, as mentioned before, the AMERIND Critical Infrastructure program.

► **ARE THERE ADDITIONAL MEMORIES OF AMERIND YOU’D LIKE TO SHARE?**

Early on there was discussion about where AMERIND would be chartered. Many thought they could get it done through their Tribe. In the end, the Red Lake Band of Chippewa made it happen. Our lawyer asked them, “What state is the Tribe in?” The board member replied, “We aren’t really from a state, but we are surrounded by Minnesota.”

The essence of that statement showed the organization was going to be Native American through and through – and very proud of it!



A Man of Many Firsts

AMONG OTHER ACCOMPLISHMENTS AS CEO,
LEE BACKUS:

- Developed the first AMERIND policy forms
- Initiated annual fire safety program
- Wrote and implemented first operations policies and procedures
- Achieved unqualified annual financial audits
- Authored and delivered Congressional testimony on risk management related to Indian housing
- Prioritized saving lives in Indian Country
- Created confidence that AMERIND could and would succeed