

The Arizona President's Advisory Council for SECURA Insurance met on Nov. 17, 2021.

SECURA Representatives:

Dave Gross, President & CEO; **Tim Heyroth**, SVP and Chief Sales Officer; **Larry Wright**, VP and Chief Claims Officer; **Garth Wicinsky**, SVP and Chief Administrative Officer; **Brett Purcell**, Regional Vice President - Sales

Agent Representatives:

Damon Breinholt, Breinholt Anderson Insurance; **Milo LeBaron**, LeBaron & Carroll, LLC; **JB Shockey**, Crest Insurance Group, LLC; **Marty Uhlhorn**, Strong Tower Insurance Group; **Steven Sivik**, BizSmart Insurance Group; **Garrett Hatch**, Hatch Insurance Agency

Comments from Dave Gross

SECURA is up 11.4% – we are having a great year. We expect to end the year at approximately \$900 million and end 2023 exceeding \$1 billion. Effective 1/1/21, Mutual Holding company was formed. All policyholders will now have mutuality rights – which is staggered as policies renew. This gives us the ability to look at acquisitions and investments differently. Our combined is in the mid-90s.

Personnel Update – a new CFO has been hired. Christine Cousineau started Oct. 18. VP of Personal Lines, Diana Buechel, will be retiring and her replacement from within has been announced – Jenny VanDeHei

I will be retiring in 2022, and am excited to introduce Garth Wicinsky as our next President & CEO. He was selected by our Board of Directors to be only the sixth company leader in 121 years. Garth will transition to COO on Jan. 3, 2022, and he will become President & CEO effective April 26, 2022. At that time, I will become CEO Emeritus and Senior Executive Advisor to support Garth and SECURA until my retirement in September 2022. We will keep you informed with more details along the way.

Garth joined SECURA's Human Resources division in 1996 and was promoted to Vice President-Human Resources in 2002, responsible for talent management, compensation and benefits, learning and development, facilities, purchasing, and distribution. With his promotion to SVP and Chief Administrative Officer in 2017, in addition to his HR leadership function, he also oversees Marketing, Research & Development, and Agency Training.

Brett Purcell

We continue to see strong production in Arizona with growth at 12% YTD versus our plan of just 5%. All lines are ahead of plan except for Personal Lines, with Specialty Lines growing the fastest. Our growth is being supported with both rate and premium retention exceeding plan at 5% and 91.3% respectively while new business is also exceeding plan with \$8m on the books YTD. Our YTD loss ratio is at 68%, as we have seen an uptick in large auto and property losses. We feel confident that our book is healthy and will return to profitability very soon. Our rate goal for 2022 is 4.3%. Our five-year combined ratio is at 97%. We will finish 2021 with over \$46 million in DWP in Arizona after 15 years in the state. Our mix of business is 61% commercial, 25% specialty, 12% personal, and 2% agribusiness. BizLink continues to be a

great success with Arizona as our #1 usage state and over \$1m in new business booked through the rating portal. Thank you!

For 2022, we expect to see continued growth with a plan of 10.9% and a rate target of 4.3% across all lines of business. We expect Specialty Lines to continue to grow the fastest as we launch an initiative to increase our Specialty Lines writings. Watch for announcements and look to hear from Shannon about ways in which we can help your agency grow its Specialty Lines book with SECURA.

Tim Heyroth

Year-to-date companywide growth of 11.4%, which is exceptional (new/retention/rate – all three are solid). Retention outperforms plan (premium in low 90s and policy retention around 90). Our rate plan was 3% and we are at 3.2/3.3 and planning for less than 3% next year. We've had over \$115 million in new business this year. All lines of business are doing well in all states – all exceeding plan except Personal Lines – positive growth but not at plan. BizLink continues to evolve, more classes later this month, and we will develop more customer experience (Straight Through Processing as well as other enhancements). We are looking into agency integration pilot (API's).

Top Initiatives: Modernization initiative on back end. SL300 (Specialty Lines 300) – how to grow this segment. We may hit \$100 million this year. We plan to take Specialty Lines to \$300 million (through current states and state expansion). We went live in with Specialty Lines in PA on 10/1 (our first new state since 2006). Commercial Lines will follow in PA in 2022. We are building out an additional state expansion plan – more to come; no time frame at this point, and it may be segment specific by state. Service Center for Commercial Lines is also a top initiative.

Garth Wicinsky:

I've been blessed to have a 25+ year career with SECURA, and our strength today is the result of our associates and agents showing dedication and belief in each other and our organization. I'm excited to continue to deepen the relationships with our agency partners as President & CEO, and I'll be partnering closely with Dave through the transition.

With 900+ associates we had approximately 150 working remote before the pandemic and approximately 250 working remote now (we've had over 130 hires since start of COVID). The week of July 4th we started a transition for all home office associates to return to the office at least three days a week with no travel restrictions. We feel our culture and work ethic is best when we work together in our new building. We will continue to monitor and manage this to be certain our culture and service remains the same.

Larry Wright

Arizona had \$1.3 million in weather losses; \$64 million companywide with five major storms, with one reaching Cat limits. It's been an excellent year.

Tony Suriano is the Field Supervisor – he was promoted in January 2020. Matt Lynch lives in Scottsdale as well as three others living in the state: Chay Miller, Sandra Avalos, and Robin Gardner.

Jean Timm, Manager – Claims Customer Service, retired at the end of 2020, and Heidi Christensen has replaced her (she is also responsible for Roadside Rescuer). Tony Brecunier will be retiring at the end of 2021, and John Oehler has been selected as his replacement – we will try to schedule travel for John.

Specialty Lines

(Agent comments with SECURA responses)

1. **Comment:** What is West Bend doing? This seems to be the carrier you follow.
Response: It looks as if West Bend has filed to start writing on 2-1-22. We are very familiar with them, and we feel our product offering, although similar, still varies positively depending on the class. Also, we pride ourselves on our service and relationships and we look for that to continue even with another competitor entering the marketplace.
2. **Comment:** Have you considered writing the following:
 - a. In-home health care with competitive forms/companion care
Response: We already write this today. At this time, we do not write any risks that offer skilled nursing care. However, we are looking to broaden our appetite in this area in the future.
 - b. Foster care agencies (families)
Response: This is a class of business we do not write today. We do not have any plans to offer it into the future either.
3. **Comment:** How is the alarm in construction class working out? Any more potential?
Response: We have written several Commercial Alarm Contractors in Arizona, but we are working currently to improve our form to include some low voltage wiring work that would not conflict with any of our residential construction exclusions. We are hoping to have this new form available in 2022.
4. **Comment:** How can we make it easier to do business with SECURA Specialty Lines?
Response: We try to be easy to do business with. One area that would help is if you submit a completed supplemental application with your accords for some of our programs. We accept other companies' supplemental apps for most risks.
5. **Comment:** Your Special Events program is too limited.
Response: Thank you for this feedback. We are going to try and expand this program in 2022. If you have any suggested changes, please let your underwriter or sales managers know.
6. **Comment:** You need a direct client to rater.
Response: We love this idea, but at this current time, we do not have the technological infrastructure to make this happen. We do have this on our radar, so I am glad to hear we are aligned on the need.
7. **Comment:** Will Special Events be handled by the Service Center? Will you assign to an agency?
Response: As of today, Specialty Lines will not be included in the initial phase of the Service Center we are building for Commercial Lines. It will be added in the future phases.
8. **Comment:** Barb and Courtney are great.
Response: Thank you for this awesome feedback. We appreciate the fact you recognize their hard work!
9. **Comment:** We would like a broader appetite on book rolls.

Response: Every book roll is unique, thus going against the very definition of a book roll. However, we try our best to take every risk, but there are just some risks we are not willing to take.

10. **Comment:** You are so restrictive within the classes you write.

Response: Thank you for this feedback. We realize that we can't write every risk that you would like us to. We continue to encourage you to challenge our underwriters to write really good accounts that may be on the border of our appetite.

11. **Comment:** We would like to see more flexibility on agency controlled accounts.

Response: We would like to learn more about what is meant by this. I assume this would be new business that is controlled by your agency that may not be in our appetite or on the fringe of our appetite. If that is the case, please feel free to contact your underwriter or sales manager to discuss these specific accounts.

12. **Comment:** Data mining doesn't seem to be that successful (take the best/leave the rest).

Response: Data Mining is just that...mining! Our approach to look at risks that may be placed with a wholesale broker or another carrier that may offer an inferior product or lower commission. We agree that we would love more of that business, however we accept the fact we are only going to get a potential of the fraction of what you may have in your office. We thank you for every opportunity.

Commercial Lines

(Agent comments with SECURA responses)

1. **Comment:** We don't think of you for manufacturing business (we think of Travelers; Chubb; CNA Liberty; EMC). Everybody wants this. If you want manufacturing business, you need to be more aggressive on pricing. What is your appetite?

Response: We realize there are many markets willing to write manufacturers, but we have a great product and coverages available at a competitive price for your insureds. We've also recently made enhancements to our Product Recall coverage to help us be more competitive. We've seen a lot of success with classes like beverage manufacturing, metal fabrication, food products, wood products, and plastics. We would not be a market for any critical products or component parts for products such as aircraft, ammunition or explosives, motorized vehicles or mobile equipment, or invasive medical products. If you have any questions on a specific risk, please discuss with your underwriter or sales manager.

2. **Comment:** We would like you to broaden your appetite. Carriers get too selective.

Response: We consider ourselves generalists and we write a wide variety of risks. At times, there may be accounts that are beyond our appetite or ability to write but we look to be as flexible as possible while helping our agents to build long-term, profitable books of business. Our underwriters have many great resources that are used when qualifying an account and are always willing to listen to the details that you can provide to help us get a clear understanding of the risk. We also continue to look at our appetite and have added classes of business, such as plumbers, to our contracting appetite allowing for work on custom homes. Please continue to challenge the team if you feel that you have an opportunity to write a risk that may fall outside of our perceived appetite.

3. **Comment:** What are your service center plans?

Response: At this time, we are targeting accounts less than \$10,000 in premium and all Commercial Lines classes except trucking. The agency can pick and choose which accounts they want placed into our service center, and our services would start any time after a new business is written with us. We currently have a team dedicated to developing our Service Center, and we will share more information as we get closer to launching.

4. **Comment:** What are your plans for Telematics? Can it be used against insured?

Response: We currently are not using any telematics, but we continue to monitor what is available in the market. We did test one product a few years ago but did not find the value in that particular vendor at that time, but we understand this technology continues to improve. If an insured is using telematics, please discuss with your underwriter as we can include this in our pricing and risk selection decisions.

5. **Comment:** Residential construction appetite – number of homes. It seems like you’ve been working on this for a long time (5 now – expanding to 20?). What is your completion time frame (15 & under – thought?)?

Response: Thank you for the feedback. You are correct, we have had this identified as one of our needed revisions but we’re waiting for the resources to work through these changes. The research for this work, combined with the next three issues below for the contractors wrap, CG 2037 completed operations, and the apartment work appetite has been started so we can make all of these changes at the same time.

6. **Comment:** Contractors WRAP – one wrap with all together. What is your completion date?

Response: Please see our response to number 5 above.

7. **Comment:** We would like a completed operations form in WRAP (don’t have to add 2037 form). 2037 has issue – incorrect verbiage (blanket). It addresses residential but not commercial.

Response: Please see our response to number 5 above.

8. **Comment:** Apartments – residential exclusion is needed in AZ.

Response: Please see our response to number 5 above.

9. **Comment:** Work Comp commission (can’t negotiate on every account) (Adverse risk selection).

Response: We know that our Work Comp commissions may be lower than some competitors, but when comparing our total agency compensation, including profit sharing, we believe we offer a very competitive package.

10. **Comment:** Audit issues? Should there be separate audit billing?

Response: We understand that audits can be stressful for your insureds especially if it results in a large, unexpected premium owed. Our underwriters and billing team can help with setting up alternative payment plans if necessary. Please reach out to your underwriter for any specific questions.

11. **Comment:** Cannabis form/exclusion? (LRO) What is the intent?

Response: When writing a lessor’s risk, there are some higher hazard tenant exposures that we want to clarify our intent of coverage. We view this as additional protection for the insured as we have seen cases where the building owner is brought in to a claim that was the fault of the tenant. There are some tenant exposures that we are not a market for, including those involved with cannabis, but we will continue to monitor the market as this evolves. We have flexibility on the use of the tenant exclusion and are not adding it to every lessor’s risk; please contact your underwriter if you have any questions.

12. **Comment:** How are you doing in Work Comp with the rates decreasing?

Response: The Work Comp rate decreases continue to be challenging to navigate, however we have remained both competitive and profitable on this line of business. We believe with your help on risk selection and adequate pricing, our nurse hotline services, and risk management capabilities; we will continue to do well with Work Comp going forward.

13. **Comment:** Some carriers don't put residential exclusions on contractors – depending on class (CL). Can/will SECURA do that?

Response: Thank you for the feedback. We have a team in place that regularly reviews the construction market, and we've identified changes that we would like to make to our existing residential forms as mentioned above. We realize that some carriers are willing to write contractors without the residential exclusion, and we are gathering more information on the risk characteristics and coverages, like additional insured forms, that they are willing to provide for such exposures. Please continue to provide feedback to your underwriter and sales manager to help us stay competitive in the market.

14. **Comment:** We feel BizLink is still very limited with the number of classes (unaware of what is included, and if it doesn't fit, we need accord apps). Could have class put into BizLink and auto refer to underwriter, which would give you more looks.

Response: Thank you for the feedback! At this time, we only display classes that are available to quote in BizLink to not overwhelm our users with an extensive list of classes to pick through. However, we can definitely consider this as we continually work to improve the experience for our BizLink users.

15. **Comment:** Can you service accounts in Bizlink? Do you have endorsements in BizLink? (Pekin does; Liberty does some.)

Response: At this time, we don't have the ability to service accounts in BizLink after they have been issued. However, we have considered the possibility of allowing endorsements in BizLink and have this as an item on our backlog, though we do not currently have a timeframe as to when this might be available.

Personal Lines

(Agent comments with SECURA responses)

1. **Comment:** Are you considering writing Equipment Breakdown?

Response: Thus far, most agents do not feel this is a necessary endorsement and therefore is not a highly ranked project. If this is costing us new and/or renewal business, please communicate this to your Sales Manager or the Personal Lines Underwriting Supervisor for AZ: Matt Dufek.

2. **Comment:** What are your thoughts on adding Cyber?

Response: We have framework for Personal Lines Cyber, and we will begin work on this important product endorsement in 2022.

3. **Comment:** Do you offer service line coverage?

Response: Yes, Underground Service Line coverage rolled out in 2019 and is available at either a \$10,000 or \$15,000 limit.

4. **Comment:** It is hard to figure out where you compete.

Response: Arizona has new rates effective Jan. 1, 2022. We encourage you to continue to rate the MILE-STONE package since our rate change is not pushing much rate at all compared to competitors. See our answer to number 6 below.

5. **Comment:** We feel like you are struggling/haven't written anything.
Response: Arizona, like many SECURA states, has not met its Personal Lines new business goals. Many carriers significantly dropped rates in response to the pandemic (we provided a dividend) making it difficult to compete on price. More carriers now are taking rate and we expect our competitive position to improve. Quote activity remains similar to 2020 – thank you!
6. **Comment:** It is so price driven. You need to be in the ballpark.
Response: Arizona's annual Personal Lines rate change is in January, and the new rates are in your rating systems. At a statewide level, combined home and auto rates changed +1%: flat on auto and +3% on home. This compares favorably to the Arizona Personal Lines rate average recent filings of +2.8% in auto and +4.7% in home. Two larger Policy Transfer Discount amounts are also available 1-1-2022 for book rollovers: 13% or 15%.
7. **Comment:** We want credit score earlier/reports.
Response: The credit-based insurance score is automatically ordered on the first two named insureds on every quote regardless of which quote tool is used. The best of the two insurance scores is used to determine the Financial Stability Discount. We're currently building the automation of MVR ordering/interpretation at quote with a potential 2022 launch.
8. **Comment:** We would like monoline home availability.
Response: A monoline home pilot is currently underway in several SECURA states. A decision to expand to other states will be made soon.
9. **Comment:** If a home has a pool, it kicks us out of the rater.
Response: If the pool has a slide and/or diving board AND has a depth less than nine feet, the account is ineligible and won't rate. Similarly if the in-ground pool is unfenced, the account is ineligible and won't rate.

Agribusiness Lines

(Agent comments with SECURA responses)

1. **Comment:** Is the Arizona form different from other states?
Response: Aside from the Arizona amendatory, there should be no differences.
2. **Comment:** We are not familiar with SECURA Ag. What is your appetite?
Response: You will find our Hit List on AgentLink that is updated with latest information. Our top five categories of risk fall into Contractors, Food Manufacturing, Retail, Trucking, and Growers. Ag Contractors would include custom farming, irrigation/drainage, and robotic milking systems. Food manufacturing includes Dairy Product Manufacturing, packaging with labeling, and importing. Retail includes country store, seed merchants, and chemical dealers. Growers include hydroponics, aquaponics, hemp seed, and other risks that don't fit well on a farm form.

Claims

(Agent comments with SECURA responses)

1. **Comment:** We have no issues.
Response: It is great to hear that you are not currently experiencing any claims issues.
2. **Comment:** There are reserve issues. We feel there are changes late in year/profit share time.
Response: Please give me (Larry Wright) a call at 920-830-4467 if you have any questions on late in year/profit share time reserve changes, and I will do my best to read the notes and help you

better understand our reserve position and justification. We attempt to adjust reserves within 30 days of new information being received.

3. **Comment:** Matt does good job.

Response: Thank you for the positive feedback on Matt Lynch.

4. **Comment:** You are more than fair.

Response: Thank you for the compliment.

5. **Comment:** Can you please share contact information and job role information for Jessica Schmidt in Work Comp?

Response: Jessica Schmidt is our Work Comp Claim Account Coordinator. You can reach her at jschmidt@secura.net or 920-830-4310. She is a fantastic resource for our larger accounts. She can also help relay what services SECURA Work Comp can provide. Jessica's position works directly with our insureds and agents to help promote use of our cost containment programs, Nurse Hotline, and identify problem claim areas where our insureds can help themselves to improve their loss experience. Jessica can also assist in coordinating claim reviews as requested.

Risk Management

(Agent comments with SECURA responses)

1. **Comment:** Jason has been great. We like that you are accessible.

Response: Thanks for the kind words about Jason, we think so too! SECURA's Risk Management philosophy is to be readily accessible and available to our insureds and agencies Thanks for noticing!

2. **Comment:** What training and/or materials do you have available to insureds and/or agencies?
NOTE: Can we attach the RM sell sheet to the response? Do we know which agent made this comment?

Response: We have a full library of written materials as well as hundreds of titles available through our on-demand video training library. They can be accessed through our website at <https://www.secura.net/my-policy/risk-management-resources>. [Download the Risk Management sell sheet](#) for more information on what Risk Management resources are available. If you have something specific in mind, please contact Jason.

Miscellaneous

(Agent comments with SECURA responses)

1. **Comment:** Training is good. We like the on demand options.

Response: We are glad that you enjoy our training. Here is some additional information for you on what SECURA Academy can offer you. If you have any questions, you can reach out to your sales manager or Angela Kain, Manager of Agency Training, at akain@secura.net

- Classes in your state – Please watch for our monthly calendar of events email, check out AgentLink, or speak with your sales manager to learn more
- Live Webinars (also get CE credit) – a variety of topics
 - <https://secura-academy.adobeconnect.com/admin/show-event-catalog?folder-id=1082995370>
- Learning Library (no CE) – a library of videos on a variety of topics

- <https://secura-academy.adobeconnect.com/admin/show-event-catalog?folder-id=1082995386>
 - Commercial Lines Essentials - Sales Path – a web-based, 12-week series that is hosted each year.
 - Commercial Lines Essentials - Service Path – a web-based, 9-week series that is hosted each year.
 - 3-Day long training programs at SECURA’s home office
2. **Comment:** Shannon is great/awesome
Response: Thank you! We appreciate the comment, and we could not agree more. Shannon is one of the best in the business!
 3. **Comment:** With your 2022 goals – do you plan on appointing a lot of new agencies?
Response: As we would in any year, we will look to add quality partnerships in 2022 to help reach our goals but we do not blanket our contract to any and all willing agencies. Our goal is to be Top 3 in every agency we do business with and #1 from a relationship perspective. Agency appointments are part of the strategy in the pursuit of profitable growth, but going deeper with our existing partnerships is equally, if not more critical.
 4. **Comment:** AgentLink is good/adequate compared to other carriers.
Response: Thank you for this feedback. Our goal is to make AgentLink easy for you to navigate so you can quickly find the information and resources you need.
 5. **Comment:** State Expansion – we like Utah being the next state. Our wish list: California, Nevada, Texas, and New Mexico. Is it possible to write in a state when needed but not have agency appointments?
Response: Thank you for your thoughts. We have a short list of states that we are considering for state expansion. Some of those listed above are on the list. At this time, agents would only be able to write SECURA accounts within our existing footprint, but we are considering all options as the state expansion conversation grows.
 6. **Comment:** For mySECURA – billing is necessary (bill and endorsement sent separately), claims info, auto ID cards, etc. are all essential for a policyholder portal. This is important for both personal and commercial insureds.
Response: These features are on our list for mySECURA, our policyholder website. We are starting with functionality for Personal Lines policyholders, with long-term goals to expand this for other lines of business.