

The Kansas/Missouri President's Advisory Council for SECURA Insurance met Nov. 3 via Zoom.

Agent Representatives

Doug Clift, Midwest Risk Partners; **Joel Karsten**, Charles L. Crane Agency; **Tracy Stewart**, Daniel & Henry Company; **Jeff Roberts**, DeWitt Insurance; **Aaron Sharpe**, Nixon & Lindstrom Insurance; **Kurt Wallace**, Cornerstone Kansas City

SECURA Representatives

Dave Gross, President & CEO; **Larry Wright**, Vice President and Chief Claims Officer; **Marty Arnold**, SVP and Chief Underwriting Officer; **Tim Heyroth**, Vice President and Chief Sales Officer; **Garth Wicinsky**, SVP & Chief Administrative Officer; **Amy DeHart**, Vice President and Chief Actuarial Officer; **Brett Purcell**, Regional Sales Director

We kicked off our meeting with showing the updated brand video:

https://www.youtube.com/watch?v=qMeS5GfOyoE&feature=emb_logo

SECURA Overview

Comments from Dave Gross

Even though we would love to meet in person, we are excited to connect over Zoom. The goal for this meeting is to be interactive. We want to walk away with a few ideas/takeaways. We moved into the Home Office in October 2019 – now we just have a skeleton crew working in the office with the rest of associates working from home. The building is paid for, and our previous building is sold. Companywide, we are up 8.5% with a 93.5% combined ratio (through September) – even with the Iowa derecho storm. The company conversion to a Mutual Holding Company is effective Jan. 1, 2021. It will be a seamless transition for agents and policyholders and give us greater future flexibility.

Comments from Marty Arnold

8.5% growth is 2 points more than plan

- Commercial Lines is growing faster than expected (nearly 10% YTD)
- Personal Lines retention is strong, new business suffering a bit since the shut down
- Specialty Lines is growing double digits for the 10th consecutive year
- Farm-Ag Lines is growing double digits for the 11th consecutive year

You've seen the stats in industry trades, so I won't get into detail, but Commercial Auto rate increases continue, Commercial Property accelerating, parts of the Farm market are firming, and as interest rates stay at all-time-low levels, companies are going to need to price their products in the low-to-mid 90s to make a decent return, whereas many were aiming for the high 90s when interest rates were higher a few years ago. This is a time when regionals tend to outperform nationals and stock carriers.

Comments from Tim Heyroth

We started 2020 strong. Up 8.5% in DWP; ahead of new business writing almost \$100 million year to date; retention is strong; ahead of premium retention and at goal for policy retention. I feel we didn't miss a beat converting to work from home. Rate to date is +1.9% versus a plan of 1.4%. 7% growth planned for 2021 including \$130 million new. 2% rate right now on entire book; 2021 planning for approximately 3% (all lines).

Update from last year. Personal Lines– our approach is to be steady/continue. Commercial – manufacturing appetite. We continue to grow/work on this – incremental. Property Limits – have increased our appetite (250 or more accounts with more than \$20 million in TIV – Reinsurance after \$50 million); Beverage manufacturing rolled out. Cyber product roll out (HSB Cyber 1); Cannabis/CBD – will look at some Hemp. WRAPs updated; BizLink rollout – rating portal.

Comments from Garth Wicinsky

Garth works with our Agency Training, Marketing, and R&D teams. Agency training has really pivoted from in person training and has conducted more virtual sessions than ever before to ensure they continue to bring value to our agency partners. The R&D team is super excited that our policy admin system is now in place, as they can begin working on new products. There's no shortage of ideas, and we will continue to seek agent feedback as we create new products.

Comments from Amy DeHart

We are in the process of negotiating our 2021 Reinsurance program. Reinsurers have had a rough couple of years due to a number of large events, low interest rates, and social inflation. Events this year include seven named hurricanes in 2020, wildfires, Beirut explosion, Iowa derecho, and COVID – event cancellations. Those market dynamics as well as our own experience will result in a rate increase for SECURA, but we will still be able to put a strong program in place. We will take a rate increase on property, less on casualty. Cat retentions will increase from \$8.5M to \$10M. Bottom Line: We will keep more risk and pay more for our reinsurance program.

Comments from Larry Wright

We've had \$76.9 million in storm related losses to date, which is close to last year. Prior to the Iowa derecho, we were experiencing a very good weather year. Iowa derecho is at approximately \$33.6 million with 971 claims. It was a significant weather event for SECURA and the industry. Covid claims – 802 reported (Business Income) (KS/MO 53). We investigate all claims and have not paid on any. Civil Unrest = \$1.8 million total with Kenosha at \$480,000; Illinois at \$250,000, and the remainder in the Minneapolis area. We've had 43 Work Comp COVID claims – 90% of those were for record only. We have not paid any yet, but we investigate all. We have one claim in litigation for Illinois and one Minnesota Work Comp claim in litigation.

Kansas and Missouri weather is at \$2.5 million. It has been a really good weather year; March 27 hail event - \$1.6 million event (100 claims). Tony S. is a new supervisor – he will visit when he is able.

Rich Conti is no longer with SECURA. The new supervisor is Bill Beikes. He comes from Hanover and lives in Indianapolis. He will visit once he can. We've had a few upcoming/recent changes.

Comments from Brett Purcell

Entering 2020, we set our Missouri/Kansas growth expectation at around 6%. I'm happy to report that, through October, we are up 8.5% with strong contributions from new business, retention and rate, though our overall loss ratio is higher than expected, at a 66%, driven primarily by a large commercial auto loss. Missouri on its own is exceeding plan with growth of 6.5% and currently has a loss ratio of 68%. While new business in Missouri is down -7%, we've been able to absorb a good amount of rate

along with strong premium and policy retentions, coming in at 93% and 89% respectively, which is driving the state to show overall positive growth. Kansas has been a success story for us in 2020. We had planned growth of 5.1%. Through October, Kansas DWP is up over 17% along with a profitable 53% loss ratio. Similar to Missouri, Kansas is also absorbing targeted rate and delivering strong premium and policy retentions of 96% and 90% respectively while new business soars, up over 113%! Combined, our Missouri/Kansas territory will finish the year with over \$44 million in direct written premium. Overall we feel that we have a solid book of business in Missouri and Kansas and are excited about the strides that we've made despite the challenges of 2020. Efforts to return to profitability will be focused on targeted rate, and an increased focus on strategic initiatives to diversify our book by growing Specialty faster, driving small business through BizLink utilization, going deeper within our existing agencies across all lines of business and continuing to pursue geographic diversity across the MO/KS region. Our growth plans in 2021 are 5.6% in Missouri and 5.7% in Kansas.

Personal Lines

(Agent comments with SECURA responses)

1. **Comment:** You have a siding match endorsement – have you looked into the same for roofs?
Response: We continue to review the marketplace and agency feedback and at this point, we don't hear a high demand for roof match coverage, nor see many carriers offering. Rather we're in the process of developing a highly requested endorsement for cosmetic loss coverage on metal roofs. Missouri will have this new endorsement available April 1, 2021.

Commercial Lines

(Agent comments with SECURA responses)

1. **Comment:** Getting ahead of renewals is pivotal.
Response: We appreciate the feedback and will continue to coach our underwriters to provide renewals in a timely manner.
2. **Comment:** Underwriters are excellent to work with.
Response: We are glad to hear this. We appreciate the feedback.
3. **Comment:** We would like if BizLink was more intuitive (prefilling more with less information).
Response: Thank you. We are continually looking for ways to improve BizLink and hope to make additional enhancements as we develop future versions.
4. **Comment:** Good BizLink feedback so far! Easy to use.
Response: We appreciate the feedback on BizLink. Please continue to provide us additional feedback as you utilize the system in order for us to adapt where possible.
5. **Comment:** What are your plans for commercial download? (working with Ivans)
Response: We currently offer download to Agency Management Systems for the following transaction types: Personal Lines, Commercial Lines (Auto and Work Comp only), Claims, Billing, and eDocs. We will soon be adding all remaining lines of business within Commercial Lines (Package, GL, Umbrella, BOP, etc.) with an anticipated live date of Q1 2021.
6. **Comment:** It takes too much time to get policy numbers on newly bound accounts? We wait 2-3 days.
Response: Thank you for the candid feedback. We will aim to deliver policy numbers in a timelier manner.
7. **Comment:** When a lienholder or other interest is present on a policy, and SECURA sends notice of intent to cancel, the premium amount is disclosed to all parties. Should it be?
Response: SECURA has taken the position of being transparent on the dollar amount and delinquency. Disclosing the amount minimizes questions and concerns for the lienholder, while allowing the option for the lienholder to pay on behalf of the insured to protect their investment.

8. **Comment:** When will BizLink be expanded to retail classes?
Response: We are currently working on BizLink Release 3 which includes the addition of retail, office, and service BOP classes to the existing Target Contractor classes. We are also working on some user experience enhancements based on direct feedback from our agency partners and also straight through processing for some Specialty Lines classes. In addition, the team will continue to address feedback concerns and suggestions and implement changes/updates accordingly
9. **Comment:** What are your thoughts on a Service Center?
Response: We've approved the concept of a Commercial Lines Service Center and are in the early planning stages. We plan on rolling out in a crawl, walk, run method starting with about four staff members and a very small group of agencies. The addition of Specialty Lines in that model is under consideration.

Our main objective is to have flexible, thorough, knowledgeable staff members who can provide our insureds excellent customer service and maintain open communication with our agents. Our rollout would start with commercial classes, account size \$10,000 and under. We're aiming to provide full service including endorsements, certificate of insurance, renewals, upselling/cross-selling and all other insured inquiries. We do not have an estimate live date established at this time, but are working on resource allocation and project mobilization in early 2021.

Specialty Lines

(Agent comments with SECURA responses)

1. **Comment:** Barb is great to work with.
Response: Thank you for that great compliment about Barb! She really has a lens on what the agents need and she tries to deliver that every day. Thanks again!

Risk Management

(Agent comments with SECURA responses)

1. **Comment:** We would like to see reports quicker.
Response: SECURA does not publish our survey reports. Each Risk Management Consultant has up to 7 days to complete a report after the visit (current team average is less than 3 days). If there are recommendations, when the report is completed and closed out within our system, the rec letters are automatically emailed to the insured and agent at that time. If we don't have your email address, it is mailed to you within 3 business days.
2. **Comment:** Have you considered offering OSHA classes?
Response: We offer a multitude of both online and in-person training opportunities. Please connect with your RMC to talk about your particular needs.
3. **Comment:** We would like to see better communication and/or service plan coordination.
Response: Service plans are devised and decided upon by the insured and RMC during the first survey visit. Agents are notified of and invited to service visits as they are any other type of visit. We will review to see if there is a better way to keep you updated.
4. **Comment:** They do a great job! Dina is great.
Response: Thanks for the kind words, we think so too!
5. **Comment:** Are you allowing in-person visits?
Response: Our visit strategy puts the personal safety of our Risk Managers, you, and your insureds first. If anyone feels uncomfortable with an in-person visit, we accomplish a phone survey and in some instances ask the insured forward photos/documentation to us. We also review the online resources available to the insured with them. If an in-person visit does occur, the Risk Manager will be wearing PPE, maintaining social distancing, and keep a contact tracing log in the event an illness occurs after the visit. Currently, there is no timeframe as to when we will be able to stop operating like this.

Claims

(Agent comments with SECURA responses)

1. **Comment:** No complaints.
Response: Great to hear you are not currently experiencing any claims issues.
2. **Comment:** Do you have a communication strategy based on size of loss?
Response: Work comp best practices call for the claim rep to contact the agent on reserve changes of \$25,000 up or down. If an agency has a claims person on staff, most of the time we communicate with that individual, who may or may not always communicate further within the agency. If there is something we should do differently to communicate better with your agency, please let us know.

Best practices for our Property area is to contact the agent on a reserve change of \$50,000 or more and to communicate with you on denials.

Best practices for our Casualty and Claims Legal area is to contact the agent on a reserve change of \$25,000 or more.

3. **Comment:** We would like you to update more frequently on larger claims.
Response: We have found that the agency expectation around the amount of communication on larger claims varies greatly. On a work comp claim for example, we tend to be in regular communication with the actual insured. Some agents do want to be in the loop and others not so much, unless it is bad news. If you wish to be communicated with more often on specific large claims, please reach out to the claims file handler or their supervisor and we will do our best to meet your expectations.
4. **Comment:** We like available claims notes – the more the better.
Response: Thank you for the compliment. We are glad to hear that our claims notes available on AgentLink are meeting your needs.

Miscellaneous

(Agent comments with SECURA responses)

1. **Comment:** SECURA's communication was very good – no issues during the pandemic. Some carriers were not prepared and others over-communicated.
Response: Thank you for this feedback. We focus our communication to make sure you get the information you need while not sending too many messages. You can confirm whether you or others from your agency are set up to receive SECURA emails in AgentLink under My Agency > Agency Information > Email Addresses.
2. **Comment:** Responsiveness from SECURA around COVID-19 has been amazing.
Response: Thank you! We appreciate that you've found our efforts to address COVID in an informative but not overwhelming manner.
3. **Comment:** Have you thought about 1-hour video courses (Acuity does an outstanding job here).
Response: We actually do offer video self-study CE courses. We have 17 general courses available and 3 ethics courses available. As always, these are free for our SECURA agents. You can find the available courses by going to AgentLink, SECURA Academy, Register for Courses. If you have any topic ideas, or any questions on our CE programs, feel free to reach out to Angela Kain – Manager of Agency Training at angela_kain@secura.net.
4. **Comment:** We would like to see selling skills course for younger producers.
Response: We do offer a variety of selling skills training for newer producers. We offer a 12-week new producer training program twice per year, we have live webinars scheduled periodically on different selling techniques, and we also have recorded videos on selling tips and tricks. For

additional information, please contact Angela Kain – Manager of Agency Training at angela_kain@secura.net.

5. **Comment:** Do you have a niche selling webinar? CE?
Response: We are offering a Niche Selling webinar on Dec. 3, 2020. For this webinar, due to state regulations, we cannot offer CE. We do have many other CE webinars scheduled for 2020 and 2021. All of our webinars can be found by going to AgentLink, SECURA Academy, Register for Courses.
2. **Comment:** Do you have a work from home update for SECURA?
Response: We have approximately 100 associates working in the office per day on a voluntary basis. We are expecting that until summer 2021.
3. **Comment:** What are your state expansion plans?
Response: We are looking at it, but it is probably still a few years from rollout. Prioritized and moving forward with.
4. **Comment:** Marla is great. Regular contact/communication – going well.
Response: Thank you! We feel Marla is providing great value to her territory and our agency partners as well!