

The Kentucky President's Advisory Council for SECURA Insurance met on Oct. 27, 2021.

SECURA Representatives:

Dave Gross, President & CEO; **Tim Heyroth**, SVP and Chief Sales Officer; **Larry Wright**, VP and Chief Claims Officer; **Marty Arnold**, SVP and Chief Underwriting Officer; **Tripp Humston**, Regional Vice President - Sales

Agent Representatives:

Terry Hyland, Hyland, Block & Hyland; **Paul Allison**, Insuramax, Inc.; **Brian Crawford**, Sterling G. Thompson Company; **Keith Riley**, Peel & Holland, Inc.; **Neel Ford**, EM Ford & Company, LLC; **Andy Bennett**, Assured Partners; **Ray Robertson**, Limestone Agency

SECURA Overview

Comments from Dave Gross

SECURA is up 11.1% – 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.

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. In our recent workplace strength survey, we had a 98.5% positive response rate from associates.

Our A.M. Best rating meeting is in a few weeks. SECURA is a steady "A".

Personnel Update – a new CFO has been hired. Christine Cousineau started Oct. 18.

Tripp Humston

Kentucky is up 10.5% this year compared to a plan of 6%; Commercial Lines is up 11.8% compared to a plan of 4%; Specialty Lines is up 14.5% compared to a plan of 16.9%. The plan for 2022 is to grow by 9.2%. This is our sixth consecutive growth year! The loss ratio is 38% with premium retention at 93.9% and rate at +5.2%. Kentucky is outperforming expectations – thank you! The plan for 2022 is to grow by 9.2%.

The state is a high BizLink usage state. Please continue to promote the use.

Paige Schultz is part of the team as an Internal Sales Manager.

Tim Heyroth

Year-to-date companywide growth of 11.0%, which is exceptional; (new/retention/rate – all 3 solid). Retention outperforms plan (premium in low 90s policy retention around 90). Our rate plan was 3% and we are at 3.3% and planning for less than 3% next year. We've had over \$100 million in new business this year. All lines of business are doing well in all states. All are exceeding plan except Personal Lines, which has positive growth, but not at plan (all states exceeding plan except KS).

BizLink: 75% of eligible business is received through BizLink, with an 89% satisfaction rate; BizLink continues to evolve and will develop more customer experience (straight through processing, as well as other enhancements). \$8 million booked with 200+ classes. We are looking into an agency integration pilot (API's)/pilot Tarmika.

Top Initiatives: Modernization initiative to allow us to implement new technology for the future. SL300 (Specialty Lines 300) is focused on how to grow this segment. We are projected to hit \$100 million this year. We plan to take Specialty Lines to \$300 million (current states and state expansion). We went live with Specialty Lines in PA 10/1 (our first new state since 2006). Commercial Lines will follow in PA in 2022. We are building out additional state expansion plan – more to come; no time frame at this point, and it may be segmented by product segments for a specific state.

We identified that we have not been able to offer competitive pricing for Personal Lines in the Kentucky market for a prolonged period of time. After many detailed and difficult conversations, as well as in response to feedback we have received from many Kentucky agents, we have decided to remove ourselves from the Personal Lines market in Kentucky. Moving forward, we will continue to focus on providing exceptional service to the other three business segments we currently write in Kentucky – Commercial Lines, Specialty Lines and Agribusiness. These business segments continue to grow quickly, thanks to your dedication. We intend to withdraw Personal Lines authority in Kentucky as of, but no earlier than, 1/1/2022, subject to regulatory approval. Effective 1/1/2023, we will begin non-renewing existing Kentucky Personal Lines policies, based on their renewal date.

Marty Arnold

All four business units are in good shape and profitable; three of four business units are growing in the double digits. All four planned to grow next year; all profitable. By size (premium volume) – Commercial; Personal/Farm-Ag/Specialty Lines. Specialty Lines is projected to hit \$100 million by year-end. Premium make up is Commercial Lines 48%; Personal Lines 20%; Farm Lines/Agribusiness 19%; Specialty Lines 13% - but Specialty Lines is the most rapid growing line of business.

Service Center: No firm date yet, but we have a centralized service team created. It will be live some time in 2022 with \$10,000 and under premium to start. It will not be mandatory.

Loss trends include severity trends, property going up, and more rate sticking; supply and demand/longevity, etc.

For Commercial Lines Auto/Trucking we are seeing larger increases and also sticking – retaining 96% of accounts (high single digits) accounts on their own merits though; the model is only a tool.

Diana Buechel, VP Personal Lines, has announced her retirement and the interview process has begun.

Larry Wright

Kentucky had 1% of our weather losses/\$553,000; \$50.2 million companywide in weather losses with five major storms but none that have reached Cat limits. Bill Biekes is the Field Supervisor. Bill joined SECURA in June of 2020 from Hanover. Our field adjusters for the state are Penny Shewmaker, based in Borden, IN, and Tony Rogers, based in Louisville.

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 Breconier (VP of Workers Compensation) 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:** Have you thought about writing:
 - a. Cannabis/CBD Retail/Hemp Farms?
Response: As a company, we are not currently writing anything in the Cannabis/CBD retail space. We will consider the hemp farms in our Farm-Ag underwriting unit.
 - b. Drug Rehabilitation Facilities
Response: We currently write AODA facilities on an outpatient basis only; please contact your Specialty Lines underwriter for more information on this program.
 - c. Professional Lines? (broadening market)
Response: We currently write some Professional Lines coverages that are in conjunction with business we write the General Liability on today. We currently have a project in place to look at the professional lines market place to see how we can entertain some risks in this space. If you have any suggestions please contact your sales manager.
 - d. Churches D&O, Daycare – Non-Profit space
Response: We currently write NFP on many classes of business, including daycares. However, we do not offer any D&O coverage on churches or houses of worship at this time.
 - e. Cyber (use caution)
Response: Cyber is a risk on which we can offer some coverage through our Cyber Security product. We will write this on most package business; however, we do not offer this on a stand-alone basis.
2. **Comment:** Ease – length of supplemental applications (long, then short and now getting longer again).
Response: Thank you for this feedback. We are constantly working to improve on our questionnaires where we are only asking the questions we NEED to have and not questions that are only NICE to have.
3. **Comment:** Please continue to add/expand lines to BizLink. How many SIC codes/lines do you offer here currently?
Response: Currently, we write around 10 classes of business in BizLink, and we are looking to

double that offering by the end of the year. We are also working on offering STP (Straight Through Processing) for this business some time in 2022.

4. **Comment:** Prompt response time is critical.
Response: We agree. We pride ourselves on trying to get back to our agents as soon as possible. We feel this helps us separate ourselves from our competition.
5. **Comment:** Download would be helpful.
Response: Commercial package, commercial auto, work comp and all of those lines of business (including CP) are now live with download.
6. **Comment:** A single application (Accord, supplemental, etc.) would be helpful (GL).
Response: We are always looking at ways to make our apps easier to work with. In lieu of asking a lot of questions, we focus on asking the “right” questions. Thank you for this feedback. We will definitely take this under consideration.
7. **Comment:** Have you audited recently to see how much/what you use? (use vs. need/want)
Response: We are undertaking a process to look at all of our questionnaires to make sure we are only asking the questions that we need to have versus asking questions that are just nice to know.
8. **Comment:** The human services questionnaire is long.
Response: We agree that this questionnaire is our longest one no doubt, however this is due to the broad nature of the class, and many human service risks do a myriad of things so we need to ask a lot of questions at times to make sure we are aware of all an insured is doing. That being said, we will look into the questions as mentioned above to make sure we are only asking the necessary questions to underwrite the risk.
9. **Comment:** Have you considered internet based apps (selecting yes vs. no)?
Response: As some of our business transitions are transacted online, we need to make the process is easy for our agency partners. As we build out these digital questions, we will keep ease of doing business at the forefront of our thought process.
10. **Comment:** Specialty Lines is a nice growth area.
Response: Thank you for the compliment. We think that the Specialty Lines unit is a great offering for SECURA to have for our great agency force.
11. **Comment:** Your service has improved.
Response: Thank you. We know this has been an issue in the recent past and we are trying our best to be more consistent in this area. We appreciate your patience.

Commercial Lines

(Agent comments with SECURA responses)

1. **Comment:** We are starting to see communicable disease exclusion on hospitality/retail accounts, but some carriers are willing to remove but getting more specific (i.e., food poisoning, etc.). Not a huge issue, but open to listen case-by-case basis.
Response: This is valuable feedback, and we will continue to evaluate our position with respect to the communicable disease exclusion usage.
2. **Comment:** What is your definition of “high risk” for manufacturing appetite? You need to broaden and/or define your appetite.
Response: At a high level we would define high risks as a critical part in a critical industry, such as aviation for example. Our appetite for manufacturing focuses on pursuing risk which

manufactures component parts or finished products for others. If you have a specific account to discuss, would like further details on what we deem high risk, or items within our appetite, please reach out to your Commercial Lines underwriter or an individual from Commercial Lines leadership.

3. **Comment:** Loss Control is key with manufacturing.
Response: We have a quality risk manager in Josh Dahl locally in Kentucky, and we will be sure to utilize his availability to assist in providing additional service within the manufacturing space.
4. **Comment:** Be willing to listen/entertain best in class for manufacturing.
Response: Thank you for this comment. We strive to hear the story of an account and will continue to encourage more of this to take place on manufacturing accounts.
5. **Comment:** Do you have large property concerns with manufacturing?
Response: Our property approach for manufacturing would be similar to that of other classes of business and we would evaluate on a risk-by-risk basis, reviewing type of manufacturing, building controls, total insurance to value and additional items.
6. **Comment:** Do you have a manufacturing E&O?
Response: We do have Manufacturing E&O as a coverage option.
7. **Comment:** Are you writing Workers' Comp?
Response: We are writing Work Comp, and we will to continue to expand our footprint.
8. **Comment:** We have concerns with mentoring/training with underwriters pulling them away from their desks.
Response: We appreciate the feedback and as we utilize underwriters to assist in mentoring new associates we will ensure they have a workload balance.
9. **Comment:** Your underwriting seems to be strict/tougher this year.
Response: Thank you for the feedback. We will work with our underwriter team to ensure we maintain a flexible approach to each account with a willing approach to partner together on risks.
10. **Comment:** We enjoy working with Kelly. She does a great job.
11. **Comment:** Melissa is great to work with.
Response: It's great to hear with respect to both underwriters.
12. **Comment:** You are consistent and sound. Relationship and consistency is key.
Response: We are happy to hear our relationship focus and model of consistent underwriting is valued.
13. **Comment:** With loss ratio – does that mean you're losing opportunities?
 - a. Broaden appetite
Response: With our growth at +10% and a target for 2022 above 10%, we will continue to challenge ourselves to find more business which fits SECURA, as we partner with our agents.
14. **Comment:** Do you offer more than one EPLI product, and what are the requirements/employee counts?
Response: We do provide EPLI, with Small Business and Mid-Market Coverage options being available. For additional details regarding EPLI on a specific account, please contact your Commercial Lines underwriter.
15. **Comment:** What are your Service Center plans? Will there be a size of account expectation? It needs to be revenue neutral. Can you choose accounts to be included? One carrier assigns a

specific individual for the agency business, and that seems to work well. Cobranding and effective communication is key. It is difficult without writing Work Comp (all lines or no lines).

Response: At this time, we are looking to target 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 have not yet made any final decisions about commissions on business placed in the service center. Based on our staffing plans when we launch, we feel the best method of providing fast, efficient service will be to use a pool approach, but are open to reconsidering this model based on the expectations of our agents. We currently have a team dedicated to developing our service center, and we will share more information as we get closer to launching.

16. **Comment:** BizLink is a nice system. Please continue to grow/expand. We would like to see Straight Through Processing.

Response: Thank you. We appreciate the feedback. The good news is that we will be starting down the Straight Through Processing path very soon, with an estimated completion in 2022.

17. **Comment:** What have you been doing with regards to commercial rating platforms?

Response: We will conduct proof of concept in 2022.

18. **Comment:** We like that you underwrite instead of strictly using the model.

Response: We appreciate the feedback, and we will continue to use predictive model as an underwriter tool.

Agribusiness Lines

1. **Comment:** We would like you to expand into Farm. The lack of farm product puts you on bottom of list for Ag.

Response: SECURA is excited about state expansion, and we are putting together a team. This group will determine resources, state order, and lines of business. We will share information with our agency partners as the process progresses.

2. **Comment:** We don't use SECURA for Ag because you don't write farm in Kentucky.

Response: Please see our response to comment one.

3. **Comment:** There is a significant opportunity with larger farms in Kentucky.

Response: Thank you for that feedback. We are aware of opportunities in Kentucky. Please see our response in comment number one relating to state expansion plans.

Claims

(Agent comments with SECURA responses)

1. **Comment:** What is your claims comfort level for writing manufacturing?

Response: From a workers' compensation viewpoint, we are very comfortable writing manufacturing. We like risk in more controlled environments for safety and supervision. Manufacturing also tends to get many benefits from our Nurse Hotline program.

From a property/casualty claims viewpoint, we don't have any concerns in our ability to handle these types of claims. There are things to be mindful of when writing manufacturing: cost of defense

can be higher than average bodily injury/property damage claims due to unfamiliar venues and expensive experts. Claims can arise from products manufactured prior to our policy periods. Claims can arise from products manufactured prior to our policy periods.

2. **Comment:** All good.

Response: Thank you for the compliment. It is great to hear that you are not currently experiencing any claims issues.

3. **Comment:** Who are the local adjusters?

Response: Your local property claims adjusters are: Penny Shewmaker, who has been with us 10+ years and lives in Borden, IN and Tony Rogers, who has been with us 3+ years and lives in Louisville, KY. The field property supervisor is Bill Biekas, who has been with us about a year and a half and lives in Indianapolis, IN. If you would like any of them to stop in for an agency visit to meet everyone, please reach out to your sales manager, Lisa Switzer.

4. **Comment:** What is the work comp Nurse Hotline usage and expectations?

Response: Nurse Hotline continues to be an important value added service. We have received 77% of claims in 2021 through the Nurse Hotline. We have also had over 300 telemedicine visits referred through the Nurse Hotline. 44.7% of those telemedicine visits saw the injured worker returned to work without losing time. 38% of callers to our Nurse Hotline return to work without making a claim. Our expectation continues to be that we prefer claims to be called into the Nurse Hotline, unless it is an obvious emergency or a claim for record only.

Risk Management

(Agent comments with SECURA responses)

1. **Comment:** What is your risk management/claims comfort level with those carriers that write higher risk?

Response: Excellent question! We continue to look for opportunities to increase our knowledge and experience level with all types of risk, and we do this through individualized and team training. We are well positioned to handle any type of risks that underwriting wishes to consider.

2. **Comment:** Josh does a great job on front end, but is he spread too thin?

Response: Thanks for the nice comment on Josh, we thinks he does a great job too! As far as being spread too thin, the RM management team regularly reviews workloads and recommends use of our vendor or other risk managers if assistance is needed. We also do reviews on when the best time to add another risk manager to a territory.

3. **Comment:** Was there a telematics pilot?

Response: There was, quite a while ago. While we feel strongly that this is a great tool for insurers, we determined they didn't want their insurance company running their program for them.

4. **Comment:** Your on demand materials and training are good.

Response: Thanks very much. We strive to give you and your insureds access to the best materials to enhance their risk posture.

5. **Comment:** It seems like ISO inspects after Risk Management visits – this doesn't happen with any other carrier.

Response: It is very difficult for SECURA RMCs to coordinate visits with ISO inspectors. ISO only visits properties both when a risk is bound and when there are no specific property rates

available or the rates are deemed out of date. Thank you for this feedback, we will relook at the timing of these visits.

Miscellaneous

(Agent comments with SECURA responses)

1. **Comment:** What are your plans for state expansion? We would like Tennessee, West Virginia, or Ohio (TN ranked first/top).
Response: It is our desire to enter more states in the very near future. We just launched Pennsylvania with Specialty Lines, and we will be following with Commercial Lines in 2022. We are working on identifying our next state as we research the best opportunities and fit for SECURA and our agency partners.
2. **Comment:** AgentLink is functional and more user friendly than 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.
3. **Comment:** Your sell sheets are very good.
Response: Thank you! We strive to provide a variety of materials that are easy for you to download, order, and use with your clients. You can access them via the Sales Resource Center in AgentLink.
4. **Comment:** Relationships are key. We encourage you to continue underwriting and claims visits.
Response: Thank you! We agree visibility is key for establishing and maintaining our relationships. Our plan is to continue asking/allowing our associates to travel in their territories for this reason.
5. **Comment:** We don't see the need for an insured portal for Commercial Lines (more Personal Lines driven).
Response: Thank you for this feedback. Personal Lines is our initial focus with our project to refresh mySECURA, our policyholder website. We are exploring expanding functionality to other business units in future phases of this project.
6. **Comment:** Your training/Signature Service is fantastic. What else do you offer?
Response: I'm excited to hear that our Signature Service program was well received. Here are some additional things that the SECURA Academy team has to offer:
 - 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.
 - 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>

If you have any questions about how SECURA Academy can assist with your training needs, please reach out to Angela Kain at akain@secura.net

7. **Comment:** Lisa Switzer is very helpful

Response: Thank you! Lisa is a valuable asset to our KY agencies, Team KY, our broader Sales team and SECURA as a whole. We appreciate this positive feedback!