

The Wisconsin President's Advisory Council for SECURA Insurance met on Oct. 13, 2021.

SECURA Representatives:

Dave Gross, President & CEO; **Tim Heyroth**, SVP and Chief Sales Officer; **Marty Arnold**, SVP and Chief Underwriting Officer; **Larry Wright**, VP and Chief Claims Officer; **Garth Wicinsky**, SVP & Chief Administrative Officer; **Amy DeHart**, SVP and Chief Actuary; **Shane Roh**, Regional Vice President - Sales

Agent Representatives:

Doug Dittmann, The Neckerman Agency; **Jeff Ascher**, Coverra Insurance Services Inc; **Jason Braatz**, The Brehmer Agency, Inc.; **Steve Albinger**, Couri Insurance Agency; **Eric DeBruin**, Family Insurance Center LLC

Comments from Dave Gross

SECURA is up 11.0% – 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 look at acquisitions and investments differently. Our combined is around 95-96 through September.

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-19). 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 can work together in our new building.

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

Tim Heyroth:

Year-to-date companywide growth of 11.1%, 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 \$100 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.

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 (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. Grow Minnesota – a 5-year plan to double premium writings and we are in year 4.

Marty Arnold

All four business units are in good shape and profitable; 3 of 4 business units are growing in the double digits. All four are planned to grow next year; all profitable; by size (premium volume): Commercial; Personal/Farm-Ag/Specialty Lines. Specialty Lines may hit \$100 million by year-end.

Investment in staffing: We are onboarding more underwriters so we can get to all good opportunities, and we are expanding the Risk Management team as well. Commercial accounts for 48% of our premium and we are hoping for a Service Center sometime in quarter four of 2022; Farm/Ag is 19% of our writings; and Specialty Lines is the smallest unit, but growing the fastest and hope to be at \$100 million by year end.

Diana Buechel, VP Personal Lines, has announced her retirement. We are just starting the interview process.

Larry Wright

Wisconsin had \$12.3 million in weather losses; \$50.2 million companywide with five major storms, but none that have reached Cat limits. It's been an excellent year. We hired Field Claims Representative Ross Freeman who has started to travel/introduce himself to agencies.

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.

Shane Roh

Wisconsin is SECURA's largest state, and we are doing well. We've heard that Personal Lines rates are not competitive and our new business is down due to that. Retention is approximately 91.7%. Plan was +4.5%, and we are flat. Commercial Lines plan is +1.5%, and year-to-date we are at +9.5% – new business is slightly lower than plan, but premium retention is strong. We have been pushing rate, but that is leveling off. Specialty Lines plan is +5.5% and at +25.5% – some of this is premium growth due to exposures that fell off last year and are now added back on. Farm-Ag plan is +8.9% and we are at +5.5% – we feel things are back on the upswing and we are firm/solid and rate is sticking. The state overall plan is +3.9% and we are at +6.9%. We will finish close to \$270 million, and we are currently at a 45% loss ratio.

Reminder – continue to use SECURA BizLinkSM. We now have 200+ classes included.

Garth Wicinsky

We have five major initiatives for 2023 with state expansion being one of them that I will be leading. We continue to make large investments in our people. Work from home may continue next year with the current model. We will continue to monitor the marketplace and adjust if necessary.

Amy Dehart

Marty and I attended NAMIC and had a number of meetings with reinsurers. We were not allowed to attend meetings in London due to travel restrictions, so those were held via Zoom. We met with all major players. SECURA had a good year with not a lot of weather, so we aren't expecting our renewal to

remain as is with same limits but we may purchase additional coverage. Multi-year are allowed by some reinsurers, but we don't see this offered often.

SECURA BizLink: 75% of eligible business is received through BizLink, with an 89% satisfaction rate; BizLink continues to evolve and will develop more customer experience enhancements (straight through processing as well as other enhancements). \$8 million booked with 150+ classes. We are looking into an agency integration pilot (API's)/pilot Tarmika.

Specialty Lines

(Agent comments with SECURA responses)

- Comment:** This area is doing great!
Response: Thank you for this feedback. We are striving to be a great market for all of our independent agency partners.
- Comment:** Have you considered writing miscellaneous professional (like Philly)? It's a small premium, but we currently have to write separate policy.
Response: Yes, we actually are looking at how we can do this today and how we may do more of this into the future. Stay tuned for progress on this product.
- Comment:** Will you be a part of the Service Center project?
Response: The tentative plan is to be part of this eventually, but we may not be part of it out of the gate.
- Comment:** We would like to see you write for profit D&O.
Response: For-Profit D&O is a very different animal from the NFP D&O we do today. We will add this to our list of potential products we could get into, but we would not expect any movement on this in the near term.
- Comment:** Fiduciary – full management liability portfolio. Cyber is probably too difficult? Could you wrap them together?
Response: This is a product we are looking into more as we have received this same request from other agency partners. We do some of this today like Cyber, EPLI, and Workplace Violence. However, we are not able to package all of these together today. Thank you for this feedback.
- Comment:** We would like to see broader opportunities on vacant buildings.
Response: We are a market for vacant buildings, but if you would like that appetite expanded please let us know what you would like us to consider. Please contact your underwriter or sales manager to get the conversation started.
- Comment:** Have you thought about writing VRBO/home rental? These are not going away anytime soon.
Response: We have considered this, but we have not made it a priority at this point.
- Comment:** We would like to see you broaden your appetite – not just growing larger, but broader.

Response: This is one of our main goals: to go deeper for our agency partners. We are looking at many different classes today and will be rolling out some “newness” in 2022. Stay tuned for more information coming down the road on that.

9. **Comment:** What are you writing? We mentioned the hit lists – can we email these?

Response: Fortunately, we have a very balanced book of business, which is largely made up of Human Service Risks, Specialty Contractors, and Sports/Recreation operations. If you look at pure premium, Human Service and Specialty Contracting are our largest segments. From a hit ratio perspective, our Sports/ Recreation segment has the highest hit ratio. We definitely appreciate any opportunity you can provide us in these segments. In regards to the email question, please contact your sales manager for more information on how these can be used.

10. **Comment:** Do you write sportsman’s clubs?

Response: Yes, this is a very profitable class for us. Please contact your underwriter or sales manager for more details.

11. **Comment:** We would like you to consider a volunteer accident policy.

Response: Thank you for this suggestion. We are actually in the process of doing our due diligence on this product as we speak. We feel this is a coverage that is very complimentary of what we do today.

Commercial Lines

(Agent comments with SECURA responses)

1. **Comment:** Your current tiered approach to the Communicable Disease exclusion is fine.

Response: Thank you. We strived to take a balanced, sensible approach to this exposure.

2. **Comment:** You play well in your space for Manufacturing. We don’t have any complaints.

Response: We appreciate hearing this. Manufacturing is certainly a class we would like to write more of.

3. **Comment:** We feel Manufacturing is property driven.

Response: We agree property can often be a large piece of the puzzle when writing manufacturing risks. Our comfort level for larger property has grown over the years. We can now write \$50 million in property coverage per location with our current facultative reinsurance arrangement, and can approach the fac markets for even larger properties on the right risks.

4. **Comment:** What changes have recently been made to your manufacturing products form?

Response: In November of 2020, we brought our Product Recall Expense coverage up to par with the market by adding Travel Cost Expense, removing the 80%/20% loss participation clause, adding options for Customer Loss Of Profit and Costs To Repurchase, Repair, Or Replace A Recalled Product, and other improvements. Another enhancement to our coverage offerings for manufacturers we are currently considering is providing an option on our Manufacturers E&O form to provide coverage for Work In Progress.

5. **Comment:** We would like you to make underwriting forms editable and user friendly (i.e., drivers lists requests) for insured and/or agent.
6. **Comment:** You should send non-editable statement of values so the agent receives it ready to send to the insured.
Response: Thank you for these suggestions (in comments 5 and 6). We will forward this to our Commercial Lines Lean/R&D teams to further evaluate.
7. **Comment:** We would like simplified BI form.
Response: We are currently evaluating our Business Income ALS form, including on what size risks we will require a more in-depth worksheet to be completed.
8. **Comment:** Do you have the ability to have standards by agency (i.e., include WRAPs, minimum coverages, etc.)?
Response: We do not currently have the ability to program the automatic addition of individual coverages by agency.
9. **Comment:** We don't want EPL and Cyber. We feel most insureds need better Cyber coverage – we use a standalone policy/carrier.
Response: We have a big announcement coming out in the very near future on our new cyber liability product – Cyber Suite. Look for more news on this very soon!
10. **Comment:** Your service is good.
Response: This is wonderful to hear. A high level of service is one of the most important aspects to our identity as a department and company.
11. **Comment:** What are your Service Center plans? Will there be a size of account expectation? It needs to be revenue neutral. Can you pick and choose accounts to be included? One carrier assigns a specific individual for the agency business, and that seems to work well.
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.
12. **Comment:** Please continue to expand BizLink classes.
Response: We now have over 160 Commercial Lines classes of business live in BizLink, and approximately 200 total when Farm-Ag and Specialty Lines are included. Our focus in 2022 will be on user enhancement upgrades to BizLink based on feedback from our agency force, with an eye toward adding some additional Commercial Lines classes in 2023.

13. **Comment:** We don't like that you require \$10,000 minimum property coverage for TC to quote in BizLink.
Response: We require this small amount of property coverage as it allows us to offer our Contractor WRAP which includes dozens of extra coverages, including for Tools, Employee's Tools, Installation Floater, and Theft of Clients Property. However, we also know that very small contracting accounts can be price sensitive, so in March we lowered our minimum premiums to make these small accounts more competitive.
14. **Comment:** BizLink is great.
Response: Thank you! We made a huge investment into BizLink because we knew our agents needed an easy to use solution for rating small business in their agencies. We're so glad to hear you like the product so far, and we'll continue to add functionality and make improvements in the future.
15. **Comment:** We feel that using a company like Tarmika will make BizLink classes more price driven with easy access to all carrier pricing, etc. Why are you following this path?
Response: Tarmika, Dais, and other Agency Integration vendors are working to simplify and gain efficiencies around the submission and quoting process. SECURA has acknowledged that feedback from some agency partners, and we are looking at building our capabilities to interact with these vendors. This will allow us to write business we may not have access to. SECURA will continue to work with our agency partners who are submitting business through email and other channels.
16. **Comment:** How much of your growth is auditable premium?
Response: Through the end of September, we have booked \$1,648,978 in net positive audit premium in Wisconsin Commercial Lines.
17. **Comment:** We have concerns with work from home and the number of associates you will be hiring. We feel much learning is work environment collaboration.
Response: Like so many other companies, we are trying to balance associate health and safety with our belief in the mantra of "Better Together." Starting on July 1 of this year, we decided to require home office employees to work at least 3 days per week in the office. After spikes in numbers based on the Delta variant, we allowed those associates who felt safer working from home to do so. We will continue to monitor and adjust as new data and information becomes available.

Personal Lines

(Agent comments with SECURA responses)

1. **Comment:** You need to write wood shake shingles.
Response: Homes with wood shake shingles are eligible in Wisconsin subject to a small surcharge.
2. **Comment:** We would like to see you write motorcycles – ease issue.
Response: This is a large project and is currently not scheduled. SECURA writes umbrella coverage over other carriers' underlying motorcycle policy. We understand this is an ease of doing business issue.

3. **Comment:** Cyber is becoming more relevant.
Response: We agree and have a tentative framework developed on how cyber coverage would work in the MILE-STONE package policy. We consider this our number one product enhancement and will ideally roll this out sometime in 2022.
4. **Comment:** With electric/autonomous vehicles, more cyber may be necessary.
Response: We agree that this is an emerging issue likely needing high limits.
5. **Comment:** We would like to see you expand into Florida to write seasonals for current insureds.
Response: We currently have no plans to write seasonal properties on a primary basis in Florida.

Farm-Ag Lines

(Agent comments with SECURA responses)

1. **Comment:** This area is doing well.
Response: Thank you for that feedback! We will continue to do our best to support our independent agent partners!
2. **Comment:** News of West Bend and Integrity dabbling in this area. We feel Farm-Ag has been a huge strategic advantage for SECURA.
Response: We are aware of their entry into this space, and we are monitoring their efforts. We are not concerned by additional competition in this space.
3. **Comment:** We like your stability.
Response: Thank you for that feedback! One of our goals is to provide the stability that our independent agents are seeking!
4. **Comment:** You need widen the “farm” definition (different animals – one offs). Many farms are diversifying to make ends meet.
Response: We regularly evaluate product and appetite and are open for discussion on different risks. If you have a specific suggestion, please contact your sales manager or underwriter and pass it along! We appreciate suggestions and feedback as we use this when making product upgrades and appetite adjustments.
5. **Comment:** We would like to see EPLI.
Response: This coverage is available today, but it requires an additional policy in order to obtain coverage. We are very interested in providing coverage on the Farm Protector policy. This is something we are exploring, but we do not have a definitive date at this time.
6. **Comment:** Continue to enhance coverages as needed.
Response: You can count on us continuing to look for opportunities to improve coverage!
7. **Comment:** Your rec vehicle pricing is high.

Response: We haven't touched rec vehicle rates in several years other than a slight reduction to liability rates in the last couple of years. If you have specific cases, please contact your underwriter.

8. **Comment:** We like that the departments communicate well and you transfer between if something is submitted to the incorrect area.

Response: Thank you for that feedback as all underwriting divisions strive to be as clear and transparent in communication and try to avoid making our agents jump through hoops to write business with SECURA.

9. **Comment:** We would like to see you expand into Kansas and Missouri. You already do Ag and Commercial there, and this just seems to make sense to expand.

Response: State expansion has been something we are interested in pursuing. Kansas would be on our radar, but we have no immediate plans at this time. Missouri is a state we are watching, but it is dominated by captive agency companies and results have been poor historically. Missouri is not currently in our immediate plans for expansion.

Claims

(Agent comments with SECURA responses.)

1. **Comment:** Claims have been great – all good/very proactive.

Response: Thank you for the compliment. We appreciate it very much.

2. **Comment:** We love that you are proactive with claims.

Response: Thank you for the positive feedback.

3. **Comment:** We have heard there are coverage exclusions on auto policies if in autonomous mode.

Response: We have not heard of any policies that have added an exclusion for an accident occurring in autonomous mode. We have heard that there will be a debate about any attempt to subrogate the manufacturer and a question around liability – can you really be at fault/negligent for an accident on autonomous mode? We would expect that the courts are going to have to weigh in at some point.

4. **Comment:** Are there costs/repair concerns with electric and autonomous vehicles?

Response: Electric vehicle cost drivers are around damage to the batteries or wiring if the vehicle has a hard hit. The body of the vehicle is similar to fueled vehicles so that is not really a concern from a claims perspective. We continue to monitor the industry around electric and autonomous vehicles. Tesla continues to be a concern because there are only a few certified repair centers so often times we have to pay a larger tow to get the insured's vehicle to a Tesla-certified repair facility and we work with the shop to confirm they can do the necessary repair before we get the vehicle to the repair shop.

5. **Comment:** Nurse Hotline seems to have staffing issues recently.

Response: We agree and are aware of it. Thank you for raising up this concern. We apologize for any service delays and frustration that this is causing you and your customers. We have been in constant communication with Medcor regarding service level standards. This is a unique time and there is a

high demand for healthcare professionals. We will continue to have discussions with Medcor and impress upon them our sense of urgency to get this solved for all of our customers. We also have heard from you that they are a best in class vendor and despite their short-term staffing issues, you recommend that we not look for a new vendor but work with them to get this resolved as soon as possible.

Jessica Schmidt is our 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.

Risk Management

(Agent comments with SECURA responses)

1. **Comment:** We are seeing more accessibility. All good.
Response: We're happy to hear you feel the Risk Management Consultants are more accessible to you. Now that we're getting into the field more often, you should see that continue to grow. Don't hesitate to contact your RMC, sales manager, or underwriters if you or your insureds need Risk Management assistance.

Miscellaneous

(Agent comments with SECURA responses)

1. **Comment:** We use and like your sell sheets, but we don't like that we have to go to your site for them.
Response: Thank you for this feedback. We are looking into other ways to incorporate the sell sheets into our processes. Currently, you can select sell sheets in FarmLink and MILE-STONE Link, in addition to accessing them via AgentLink. We also have an enhancement planned in BizLink to allow you to attach sell sheets.
2. **Comment:** Your Sales Managers are great – now more than ever you need to stay in front of your agencies. They are a true extension of SECURA.
3. **Comment:** We love that all of your associates seem to be accessible.
Response: We are a company of divide and conquer. We welcome a wide variety of entry points to help deepen our relationships.
4. **Comment:** With work from home, is there concern on how you keep your culture, which is crucial, with associates who haven't been there/lived it, etc.?
Response: Our hybrid approach allows associates to be inside the home office to live and feel our culture.
5. **Comment:** Your people are great!
Response: Thanks for this comment. The atmosphere and culture at SECURA allows each associate to shine with the service they provide.
6. **Comment:** Most marketing efforts have been moved to digital.

Response: Let us know how we can assist! Our [blog](#) is a great resource for content, and you also have access to our marketing materials in the Sales Resource Center via AgentLink.

7. **Comment:** Using DocuSign – is there an opportunity for better pricing? Is this something SECURA could negotiate for better pricing?

Response: Thanks for this comment. We can investigate further.

8. **Comment:** What are your state expansion plans? We would like to see Nebraska, South Dakota, and Ohio.

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.

9. **Comment:** What are your plans for an insured portal? These are becoming more common and an expectation. Billing, claims, and making payments are crucial.

Response: We are kicking off a project to refresh mySECURA, our current Personal Lines policyholder portal, to make it easier for our policyholders to use. The first phase will focus on Personal Lines functionality, including billing, claims, and payments, and we are planning out future phases to expand the functionality for other policyholders.

10. **Comment:** We Like the policyholder claims information in AgentLink.

Response: Thanks for your feedback.

