October Update - A Month of Thanksgiving

“Be thankful for what you have; you’ll end up having more. If you concentrate on what you don’t have, you’ll never, ever have enough.”  Oprah Winfrey

Fall is a wonderful time of year here in Canada, when the sun shines, and, of course, October is our time of Thanksgiving and reflection. Looking back over the past four and a half years of our existence, I believe we at Trisura have a great deal to be thankful for.

As I write this, the last of the Chilean miners have recently been released from their near death experience and what seemed at one time not so long ago to be a permanent tomb. The entire rescue effort was a victory of action, cooperation and ingenuity. They cheated death, through the efforts of a determined and committed team, including some intrepid Canadians. I can only imagine how thankful each and every one of the miners and their loved ones feel today.

This makes me think about my own circumstance, and thankful I toil in the insurance industry. Our world is one in which we evaluate, measure, protect against and accept financial risk, but seldom are exposed to any real physical threat or harm. Indeed the riskiest part of my day normally involves getting in and out of the Go Train parking lot!

I can support my family in the safe, comfortable, air-controlled environment of a Toronto office tower. Yes, sometimes it gets a little warm when the sun is shining too brightly, but generally I can handle the discomfort. And I find it incredibly challenging the industry is so “soft” right now, with product coverage too broad, pricing too low and all of these annoying new competitors none of us really need which keep popping up. But you know what? The Canadian Insurance Industry is a wonderful place to work, and I am thankful I stumbled upon it over 20 years ago.

Ok, so we did take on some element of risk when we started Trisura nearly 5 years ago from a monetary and reputational standpoint. However, those risks quickly faded due to the tremendous support we enjoyed from our brokers, our reinsurers, Brookfield, and those talented and dedicated individuals who left “safe” jobs and chose to join our team which at the time was nothing more than a dream. We are eternally thankful for all of your support.

You may recall Trisura delivered a water-shed year in 2009 with an underwriting income of $2.5 million and an after tax profit of $6.8 million on revenues of some $37 million. This strong trend has continued in 2010 and to Sept 30 we have reported an underwriting profit of $3.9 million, and an after tax profit of $4.8 million on revenues in excess of $35 million. We are growing at over 25% and expect to finish the year in the $45 plus million revenue range, despite the challenging environment.

We started the company with an initial capital of $25 million and as at Sept 30, 2010, our shareholders equity now stands at $38 million. Our minimum capital test (MCT) as measured by OSFI remains around 550% which is more than twice the industry average.
As many of you know, we applied to AM Best in the summer on the strength of these results and obtained our initial rating of B++ earlier this month. The response from our brokers has been encouraging and positive. We are pleased with this assessment and, although we could have been a little disappointed in not receiving the A- we were hoping for, we have decided to take Oprah’s advice and be thankful for what we actually do have.

The most immediate benefit of the rating came to us last week when Hydro Quebec, the only “owner” in Canada that would not allow us on their list of acceptable sureties added us. We are now accepted by every obligee in the country, and this is an extremely positive development for our surety team in Quebec. My hat goes off to Jean-Francois Therrien, Frederic Beauregard and Liette Desrosiers for their excellent effort and results in spite of this limitation in the past. Now we can look forward to even greater accomplishments in the future.

Our team continues to grow and evolve and we are now 55 strong in our 4 offices of Vancouver, Calgary, Toronto and Montreal.

Please join me in welcoming Cindy Grant to Trisura as Director of Human Resources. Cindy joins us with extensive leadership skills and experience in the financial services sector and most recently as the HR leader of Citibank Canada. She will lead us in the areas of recruitment, retention, education and training as we grow our company to $100 million in revenues and beyond. Cindy is based in Toronto and can be reached at cindy.grant@trisura.com.

Ken Chow has joined us in our Calgary office as a surety Underwriter. Ken has extensive experience in banking, finance and real estate sectors and was most recently working with the Credit Union Deposit Guarantee Corporation. He has his CFA charter and is a Commerce grad from UBC. We are pleased that Ken is bringing his experience and knowledge to the surety team in Calgary. You can reach Ken at ken.chow@trisura.com.

Our Corporate Risk team in Toronto feels like it has grown again as Karen Traynor has rejoined us following her maternity leave to look after her now 1 year old son. It’s great to have Karen back. We look forward to the eventual return of both Micheline Saliba, Montreal branch, and Carmel Byrne, Toronto, from their current maternity leaves. And Toronto’s Chris Kucman is a recent first time dad. Trisura is growing in more ways than one…..

We are also growing in scope as we enter the Developer Surety business here in Ontario, providing bonds to Tarion on behalf of proven track-record developers. Please contact Jamie Collum at jamie.collum@trisura.com if you have any inquiries or opportunities.

We are continuing to invest in our broker relationships and are striving to be more strategic in finding ways of growing our business with our supporting brokers. Should you have any ideas or opportunities you would like to discuss please give one of us a call.

Again, October is a time of reflection and thanksgiving. We at Trisura are grateful for the support you have given us, and for the confidence you have placed in our team. We are thrilled with our results and thankful for what we have.
Canada is a wonderful place to live and work, and, from a social and economic standpoint, is unique in many ways on the global stage. Our industry demonstrates many positives as well and, while the sun may not shine every day, the Canadian insurance marketplace offers careers that are challenging, rewarding and safe. I suggest you heed Oprah’s advice, and be thankful for what you have. Maybe we’ll all end up having more…..

Best personal regards

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