

BUSINESS INSURANCE

WHAT'S NEW IN SPECIALTY LINES?

Chris Sekine, the new president and CEO of Trisura Guarantee Insurance Company, reveals the hottest of the hot opportunities in commercial insurance lines right now.

By Jason Contant, Online Editor





“I don’t think the surety market is hardening. It might not be softening, but I don’t think it’s hardening. In my view, the surety market is relatively stable.”

cu | Before we hear your thoughts about business insurance, let’s first talk about your new role. You recently took over the helm at Trisura Guarantee Insurance Company from Mike George. How is it going so far?

It’s been going very well, and I’m excited to be in the role of CEO. Last year was one of Trisura’s best years ever and we are well-positioned for the future. Over the past couple of weeks, Mike and I have been travelling together and attending a few industry conventions. The timing has been good because we were able to have fun, connect with many of our brokers and highlight together that it’s business as usual for Trisura. Mike has been my friend and mentor for many years and he has been instrumental in helping me with the transition into my new role.

I’ve been with Trisura since the beginning and plan to build on the strategy and formula that has made us successful. A critical part of that is our great team of people who create exceptional experiences for our brokers and their clients. We will continuously work to improve our service levels and product offerings.

cu | Okay, let’s talk about commercial lines. What would you say are the key trends in this area?

Commercial lines is a broad area with different trends. Since Trisura is a specialty lines company, I’ll speak more to our specific lines of business — namely D&O, E&O, fidelity, media, cyber and surety — as opposed to commercial insurance in general.

From a D&O perspective, boards and directors need to be aware of a lot of emerging risks — including climate change. How much information a company discloses about its climate change risks and opportunities, as well as how it discloses the information, can each have a material impact on share price and valuation of the corporation.

Another developing risk is the #MeToo movement. This is a unique exposure that hits all parts of our D&O book of business, including non-profits, private companies and public companies. It continues to be a relevant consideration for company board members and it continues to affect claims activity.

The health of the Canadian economy over the next 12 to 14 months is one of the bigger emerging exposures we are watching. I’m sure you could speak to many different

economists and they will all have varying opinions. Certainly, a large risk would be for the economy to head into a downturn over the next couple of years. Companies will need to be ready, especially if there is tightening of credit. A potential catalyst is a change in government and the effect on government spending. The risk is particularly relevant to the construction

sector, for example.

There are a lot of political unknowns that could affect the economy. For example, there was a change in government in Alberta recently; there's a federal election coming up later this year; and there will be a U.S. election next year. A lot is going on globally that could potentially affect Canada and the commercial insurance business.

cu | What advice do you have for brokers selling commercial lines?

Not surprisingly, I think one of the biggest opportunities is cyber liability. It's an often-misunderstood exposure in terms of what exactly the exposures are and what the policies cover. Many brokers say to us: "My client doesn't have a cyber exposure." But I think the word 'cyber' doesn't do the product justice. Everybody associates cyber with the internet; we see it as a potential data breach that can come in various forms, putting every company at risk. For example, let's say a file with private information is left in a person's vehicle. If the vehicle gets stolen with that file in the car, that is a data breach that doesn't involve the internet.

If brokers can give their clients a complete picture of the various 'cyber' exposures, and if they can help clients choose from among all of the coverages available for those exposures, that's a big opportunity for brokers to set themselves apart. They can win clients by being a trusted advisor.

cu | What trends are you seeing in cyber?

We are starting to see a bit of a shift in the types of claims. Over the past one to two years, we've been seeing a lot more in terms of ransomware demands. For example, a company with 200 employees experiences a system shutdown; they can't do anything until they pay bitcoin to get the system unlocked.

Having the proper coverage with the right carrier can address that. Depending on the coverage, the carrier could pay for the ransomware demand, the system restoration costs and first-party expenses. Brokers will know what coverages are available to their clients.

cu | How does cyber coverage mix or not mix with CGL policies?

A CGL policy is a commercial general liability policy, not a cyber general liability policy. The CGL policy is not designed to pick up cyber exposures. If

STEAMATIC.CA

**BUSINESS OPPORTUNITIES
FOR NEW FRANCHISES !**

YOUR NEW BUSINESS STARTS HERE

FRANCHISE.STEAMATIC.CA

you have cyber exposures, you should buy a cyber liability policy. It provides third-party coverage for liability in addition to first-party coverage for expenses related to ransomware, system restoration costs and business interruption.

Our advice is that if a broker's client has a specific concern, buy a policy that's designed for that specific exposure rather than just crossing your fingers and hoping the CGL policy will respond. The CGL won't provide the same breadth of coverage that you can get in a standalone cyber product.

cu | We've heard the surety line is hardening. What's happening there?

Actually, I don't think the surety market is hardening. It might not be softening, but I don't think it's hardening. In my view, the surety market is relatively stable. If anything might lead some to believe there's a hardening, it's because of some fairly notable, large construction failures over the last little while. However, I don't think that's really had a significant impact on terms and conditions offered in the industry. Certainly, I don't think it's been that influential here in Canada in terms of behaviour of surety underwriters.

cu | Are you looking at moving into any new lines of business?

As we move forward, it's really about looking for ways to expand our capacity and appetite within our existing lines of business. If we look at new lines of business, they will be adjacent to lines of business where we are already. Over time, we're hoping to leverage the capabilities of Trisura Group Ltd., our parent company, which went public two years ago and is trading on the TSX. Trisura Group Ltd. has two other subsidiaries: 1) Trisura Specialty is our U.S. affiliate, focused on excess and surplus business, which resembles our risk solutions business; and 2) Trisura International is a reinsurance arm in Barbados. cu

PROFILE

CHRIS SEKINE

Title: President and CEO,
Trisura Guarantee Insurance Company
Education: Honours B.A. in Economics
from Carleton University.

Experience: Chris Sekine has been with Trisura since its inception in 2006; he previously served as the company's senior vice president of surety. Sekine has more than 27 years of experience in the insurance industry and has held senior executive roles with two large international insurers. He also serves on the board of directors for the Surety Association of Canada (SAC).



TALK TO YOUR CLIENTS ABOUT MAKING CYBER PART OF THEIR BUSINESS PLAN

Organizations insure their property, liability and automobiles. Why haven't they insured their valuable data from threats of ransomware, viruses or human error? Often it's because cyber insurance is thought of as an extra, not a necessity. But times have changed and we're here to help.

Engage with our dedicated cyber team and utilize our expertise. We'll walk you through the exposures, our product and the application process. We can even provide education and risk management services to demonstrate the importance of cyber protection. frankcowan.com | cyber@frankcowan.com | 1-800-265-4000

Built with integrity, leading through innovation.

