2021 Property & Casualty Marketplace

July 16, 2021

hfma™
iowa chapter

TRUENORTH®
Insurance and Financial Strategies

BENEFITS & FINANCIAL STRATEGIES | RISK MANAGEMENT | TRANSPORTATION

GROWTH TRENDS

TrueNorth is a risk management & insurance brokerage firm that was established in 2001 by the merger of three companies. Inspired by a vision to create a **legacy company with an entrepreneurial platform**, TrueNorth offers the next generation of insurance professionals an opportunity to grow their business, with support from structured services.

2001
$9M
in Revenue

2021
$108.2M
in Revenue

2001
96
Employees

2021
517
Employees

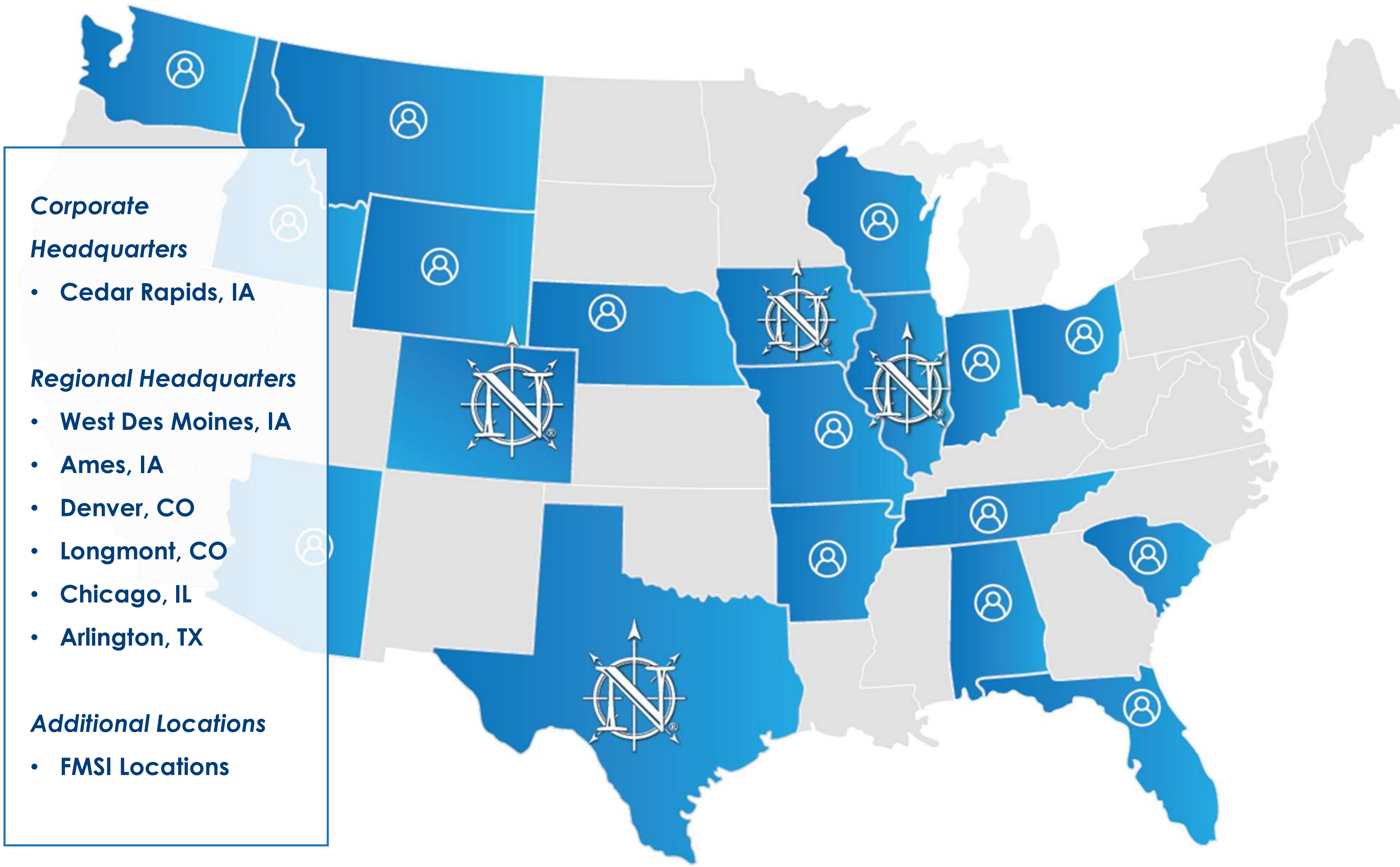
2001
10
Profit Centers

2021
150+
Profit Centers

2001
6
Owners

2021
56
Owners

TRUENORTH LOCATIONS



Corporate Headquarters

- **Cedar Rapids, IA**

Regional Headquarters

- **West Des Moines, IA**
- **Ames, IA**
- **Denver, CO**
- **Longmont, CO**
- **Chicago, IL**
- **Arlington, TX**

Additional Locations

- **FMSI Locations**

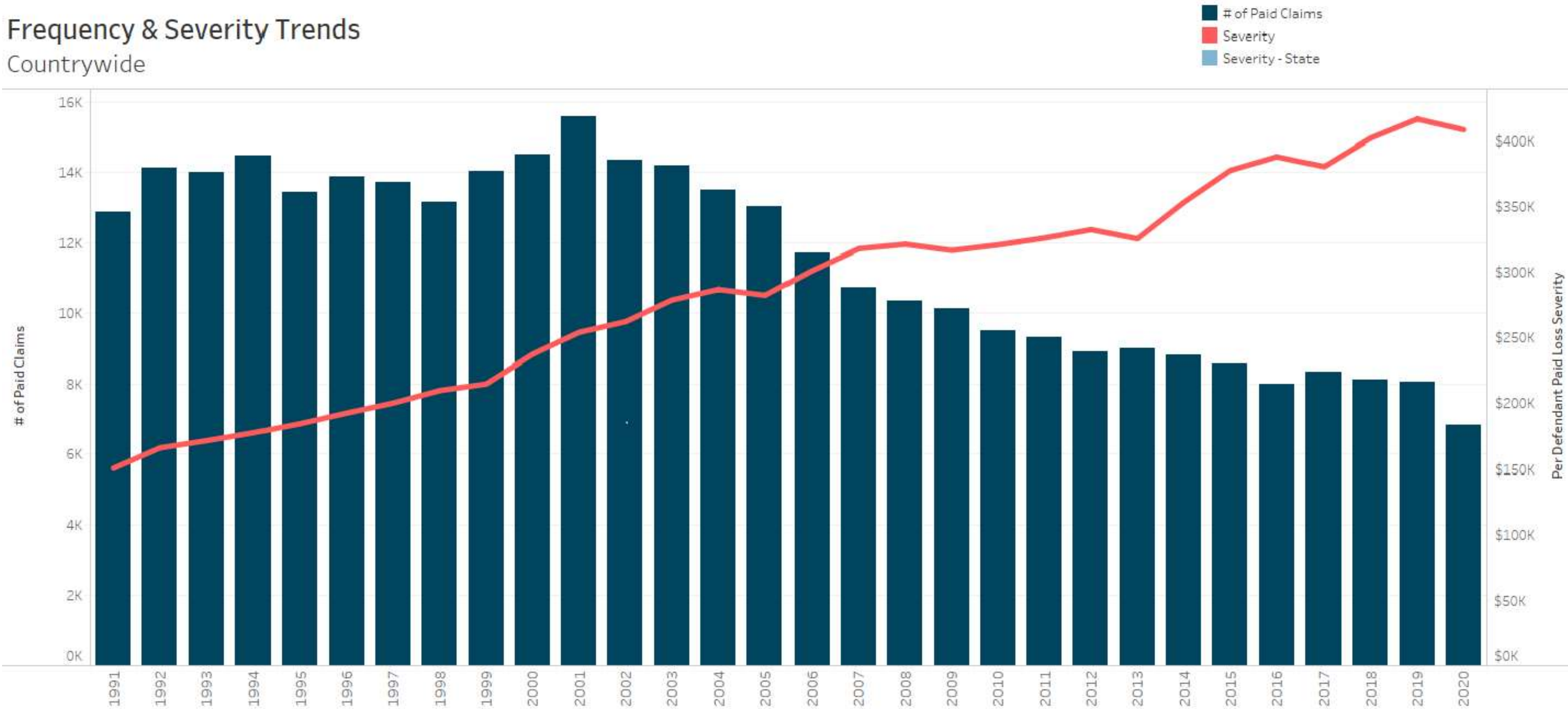
2020 IMPACT

Line of Coverage	Rate Change
Commercial Property	Up 8.6%
Business Interruption	Up 6%
General Liability	Up 6%
Umbrella / Excess	Up 19.7%
Commercial Auto	Up 8.7%
Work Comp	Up 1.7%
Professional Liability	Up 11.3%
Directors & Officers	Up 11.6%
Employment Practice Liability	Up 9.2%
Cyber Liability	Up 18%

What is driving these increases?

MEDICAL MALPRACTICE

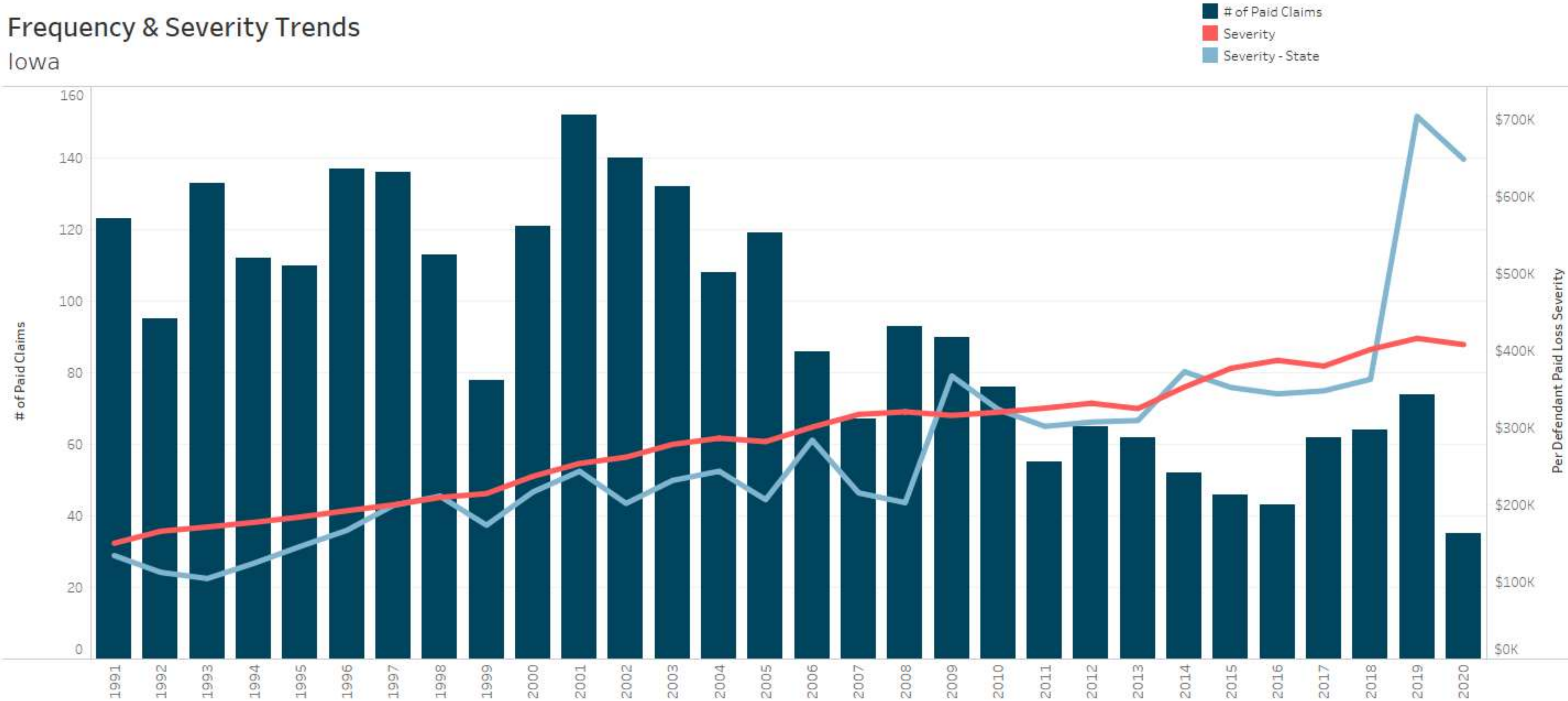
NATIONWIDE



Source: National Practitioner Data Bank Public Use Data File, December 31, 2020, U.S. Department of Health and Human Services, Health Resources and Services Administration, Bureau of Health Workforce, Division of Practitioner Data Bank. Physicians and Surgeon reported claims Only. Chart excludeds any claims reported by State Patient Compensation Funds. We value data integrity: if you believe that any information is incorrect, please contact us.

MEDICAL MALPRACTICE

IOWA



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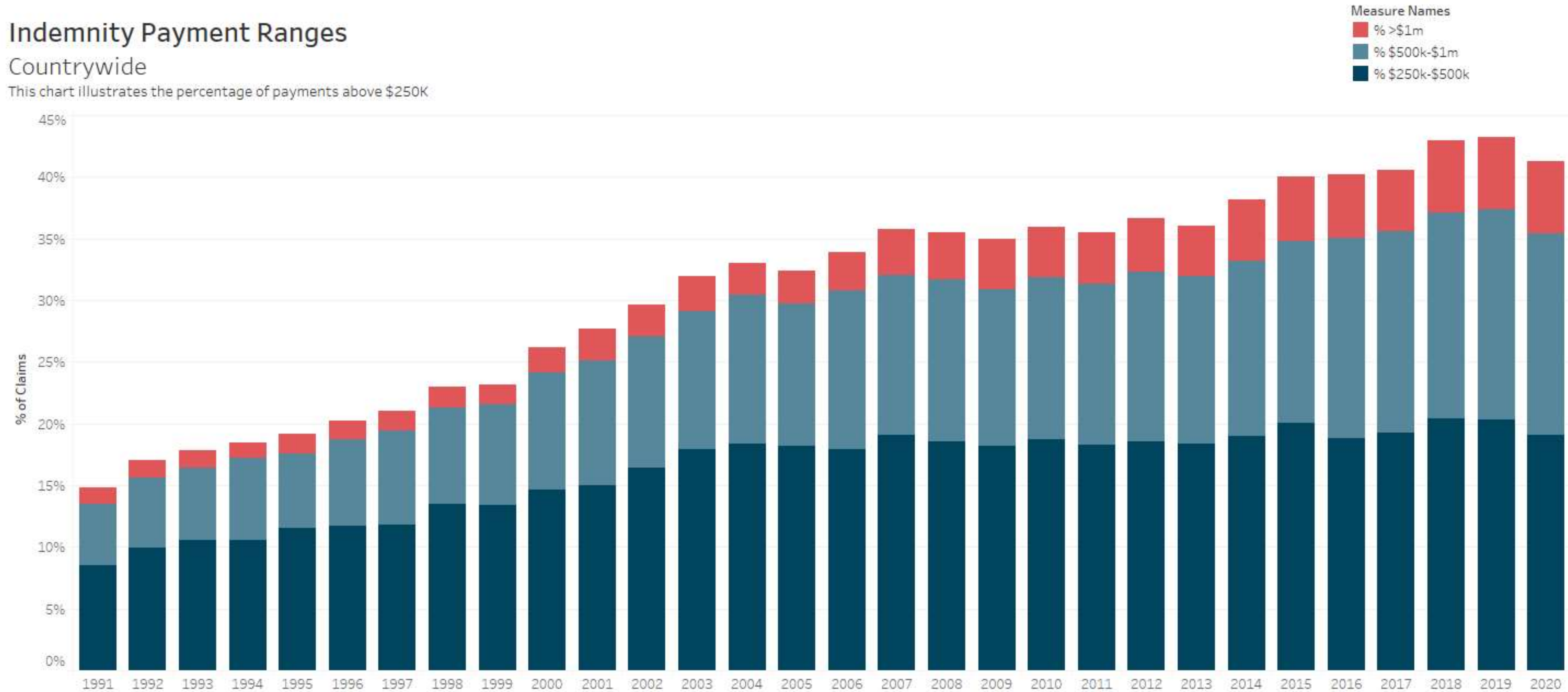

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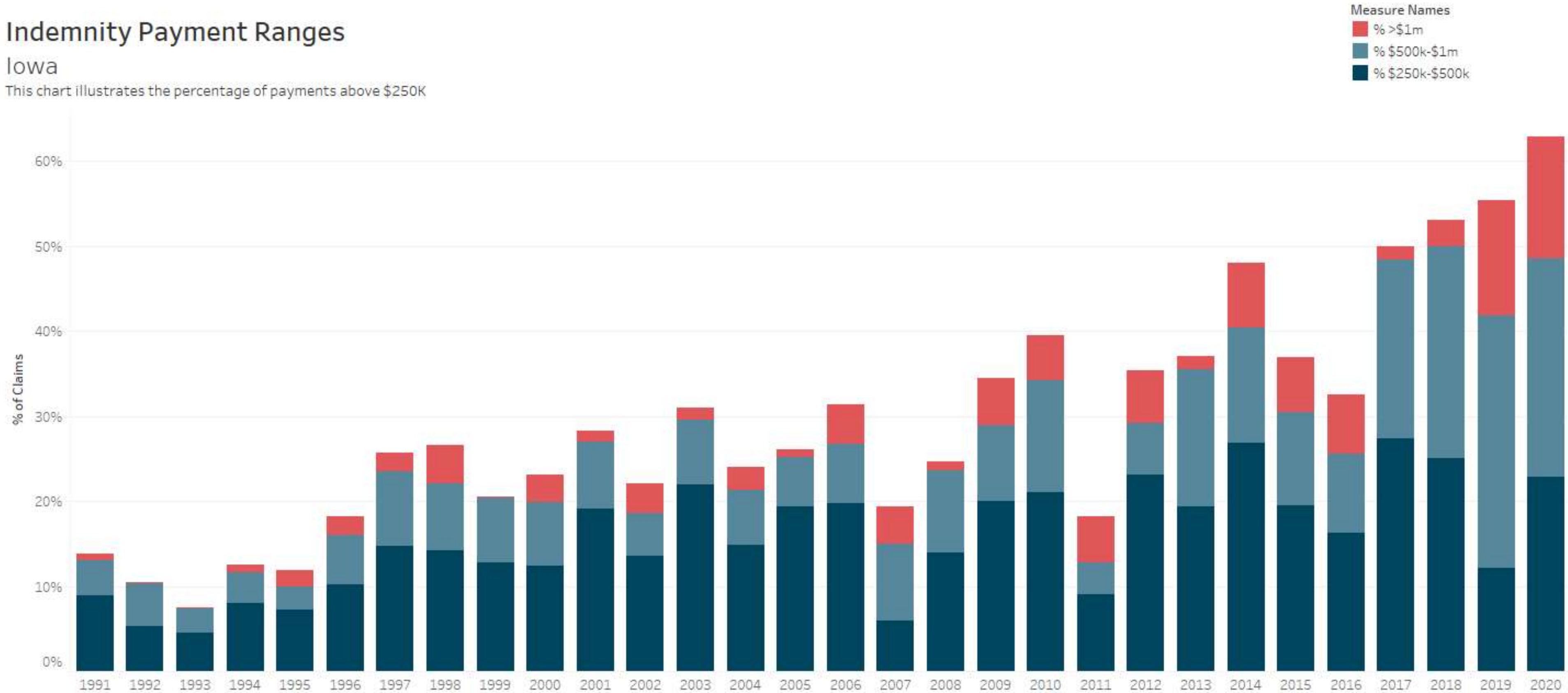

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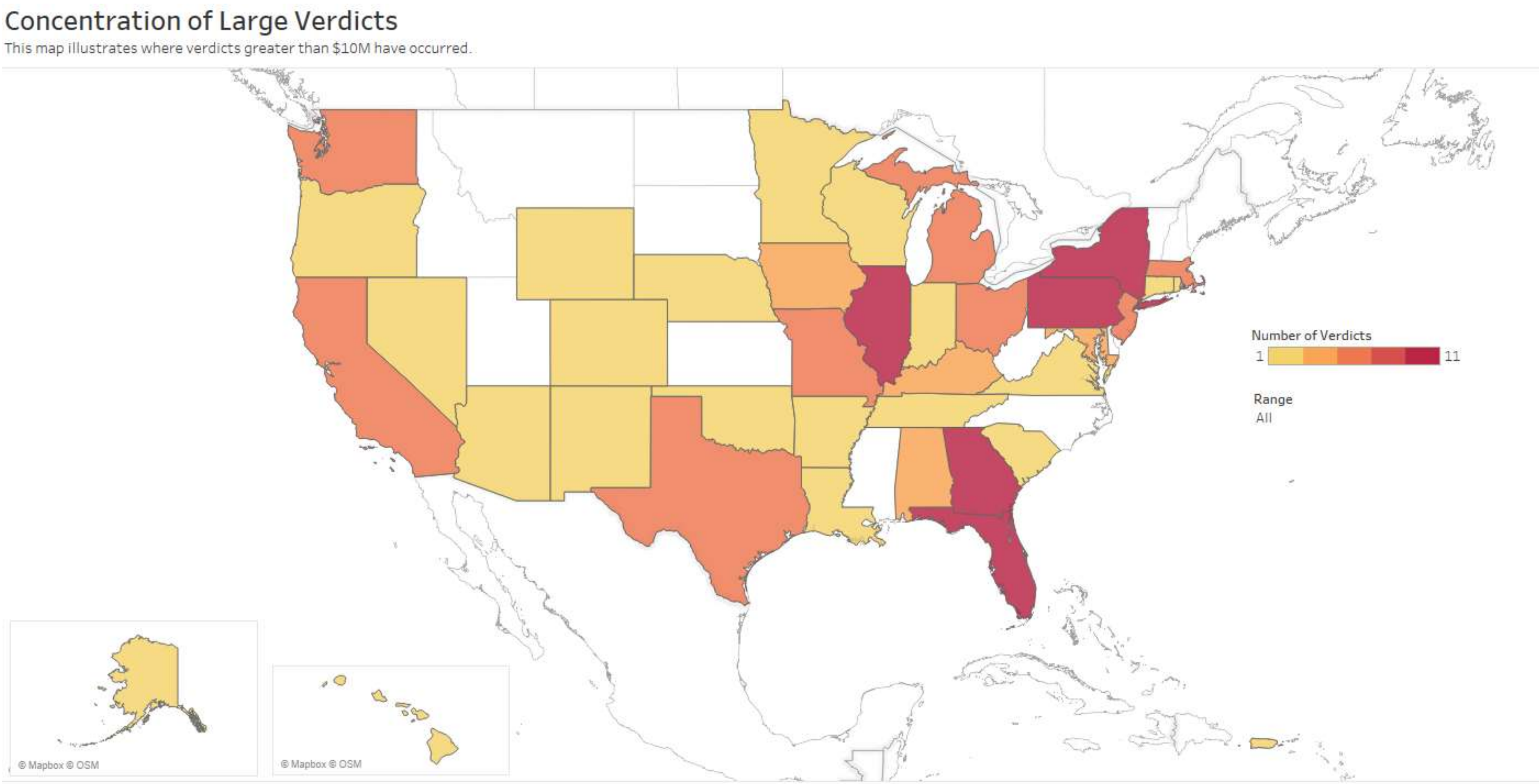
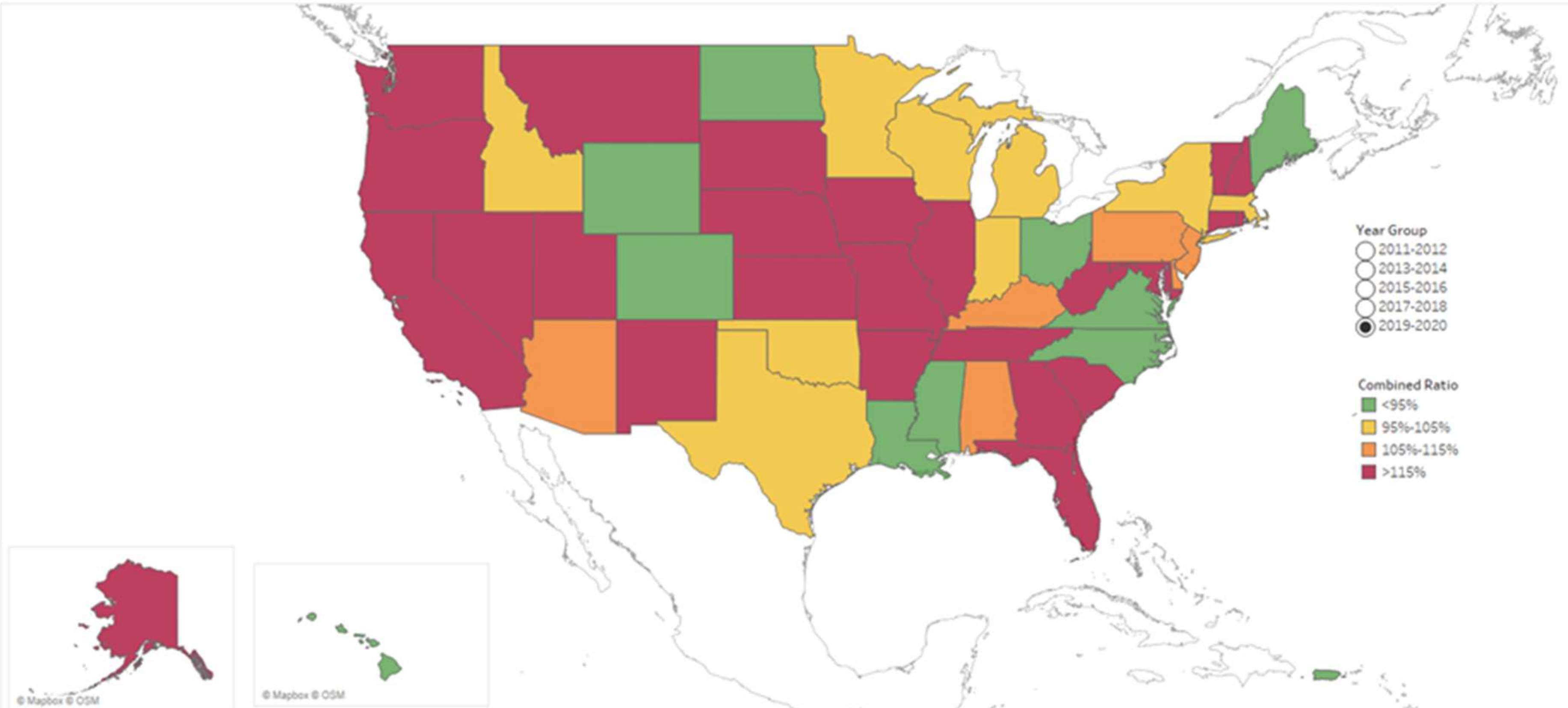


MEDICAL MALPRACTICE

NATIONWIDE

HCL Industry Combined Ratio

This map illustrates changes in combined ratio over the last eight years.



CYBER LIABILITY

TYPICAL DATA BEACH

CYBER LIABILITY

SIGNIFICANT INCREASE IN CLAIMS ACTIVITY TARGETED AT OUR MOST VULNERABLE SOURCE – EMPLOYEES AND COLLEAGUES

Hyperbolic discounting:
"Here's a free coupon"

Authority bias:
"Hey its your CEO"

Halo effect:
"Message from Apple"

Habit:
"Here is your daily delivery report"

Optimism:
"A 30% pay hike"

Loss aversion:
"Act now to save your credit score"

Recency:
"Avoid coronavirus"

Curiosity:
"Here is your secret offer - click here"

Ostrich:
"You have 800 visruses"

CYBER BREACH INDUSTRY LEADERS

Figure 23. **Frequency by industry**

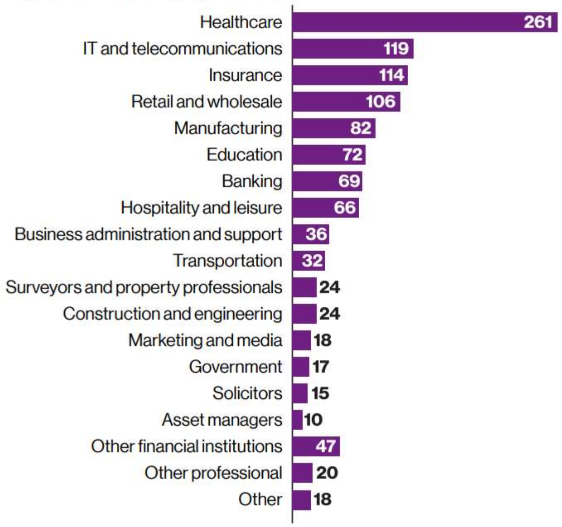
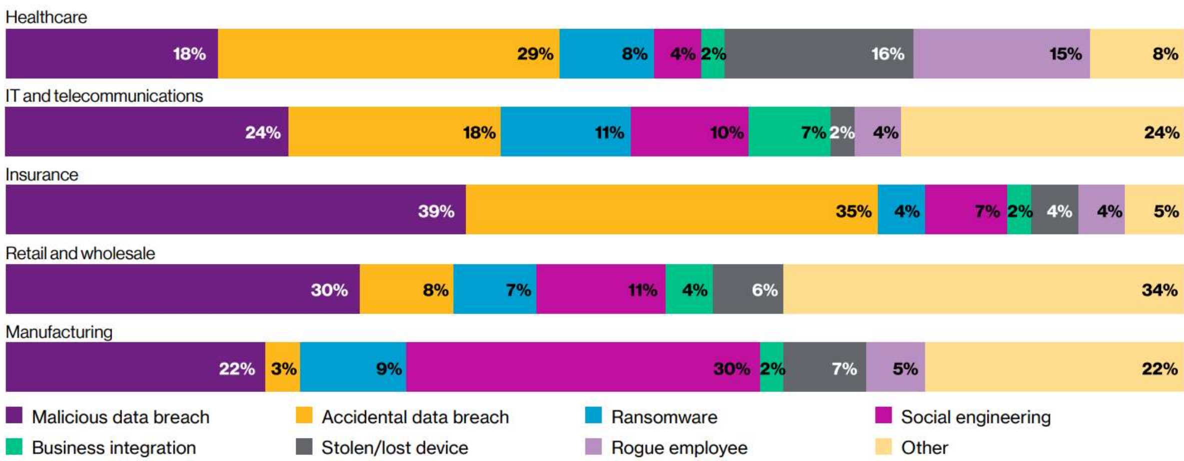


Figure 24. **Loss events**



COMMERCIAL PROPERTY

RATE INCREASES

- 2020 third worst year in natural disaster loss history since 1970
- Rates are up single digits to 15% for clean risks
- Rates are up 25-50% with accounts with large loss
- Increased retentions
  - Wind Hail Deductibles
  - Deductible Buy down programs are becoming too expensive.

HEALTHCARE EXECUTIVE LIABILITY

RATE INCREASES AND CAPACITY

- Fear of Pandemic fall-out
- Wage & Hour claims with male and female Providers
- Significant increase in verdicts
    - Target industry segments
    - Margin compression leads to increased Employment Related claims
- Mergers and Acquisitions continue
- Reduced capacity and carriers

BENEFITS & FINANCIAL STRATEGIES | RISK MANAGEMENT | TRANSPORTATION

TRUENORTH Insurance and Financial Strategies

DIGITAL RISK ASSESSMENT

CYBER SECURITY MATURITY ASSESSMENT TO PREVENT CYBER AND SECURITY INCIDENTS AND DRIVE POLICY PLACEMENT

Phishing & Social Engineering Risk	Response
• Unauthorized access • Disclosure of sensitive information • Fraudulent financial transactions • Initial phase of a more prolonged attack	• Security awareness training • Technical safeguards – MFA, email scanning • Enhanced processes – Wire transfer, check request • Enhanced monitoring –SOC services
Ransomware Risk	**Response**
• System & data access loss • Significant financial impact – Interruption, ransomware • Reputational impact – Breach notifications • Restoration timeline	• Updated backup system – Off-site, immutable backups • Behavior based analysis of system actives • Early detection and response – Involta SOC services
3rd Party & Cloud Risk	**Response**
• Extended system outages • Varying levels of security and functionality • Less control, similar liability • Increased administration and complexity	• Added system redundancy – AWS, Mimecast • 3rd party data security agreement • Contract review and negotiation

ASSESSING DIGITAL RISK IS A NEVER-ENDING BATTLE THAT STARTS WITH ASSESSMENT AND EDUCATION. PLACING THE CORRECT CYBER POLICY IS THE LAST STEP.

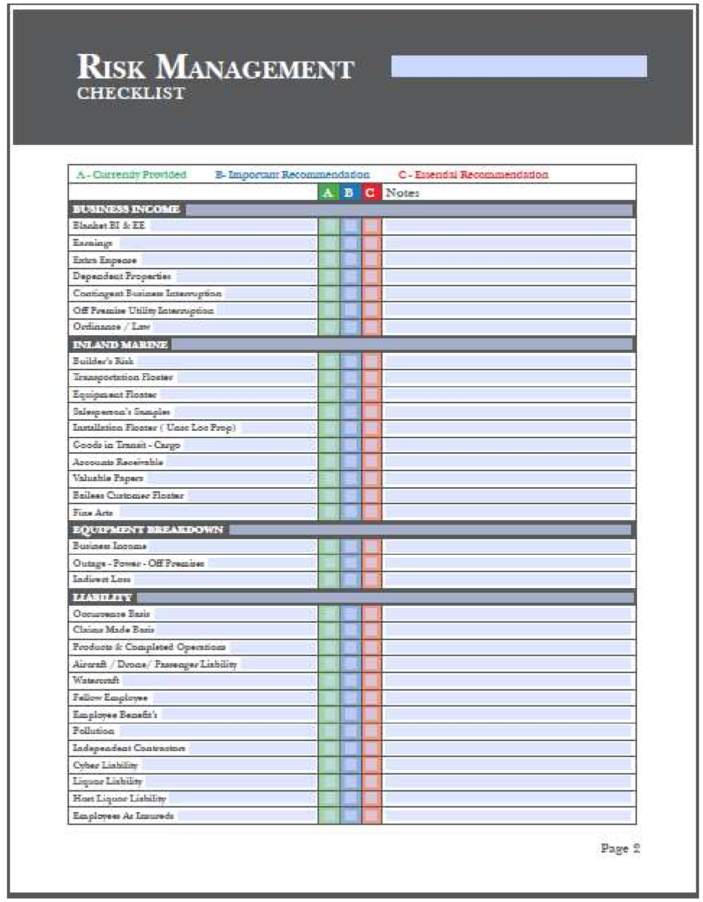
HOSPITAL RISK SOLUTIONS

BUYING INSURANCE – THE NEED FOR A PLAN

ESSENTIAL “Potentially Bankrupting”

IMPORTANT “May Cause Me To Borrow”

OPTIONAL “Easy To Finance From Cash Flow”



RISK MANAGEMENT
CHECKLIST

A - Currently Provided B- Important Recommendation C - Essential Recommendation

	A	B	C	Notes
BUSINESS INCOME				
Blanket BI & EE				
Earnings				
Extra Expense				
Dependent Properties				
Contingent Business Interruption				
Off Premise Utility Interruption				
Ordinance / Law				
INLAND MARINE				
Builder's Risk				
Transportation Floater				
Equipment Floater				
Salesperson's Samples				
Installation Floater (Unsc Loc Prop)				
Goods in Transit - Cargo				
Accounts Receivable				
Valuable Papers				
Bailees Customer Floater				
Fine Arts				
EQUIPMENT BREAKDOWN				
Business Income				
Outage - Power - Off Premises				
Indirect Loss				
LIABILITY				
Occurrence Basis				
Claims Made Basis				
Products & Completed Operations				
Aircraft / Drone/ Passenger Liability				
Watercraft				
Fellow Employee				
Employee Benefit's				
Pollution				
Independent Contractors				
Cyber Liability				
Liquor Liability				
Host Liquor Liability				
Employees As Insureds				

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Questions?

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