

# SAPPHIRE

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S u m m i t

# Contract Binding

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# Discussion Overview

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- Binding Team
- State of the Binding Market
- Priorities
- Appetite
- East
- West
- Contractors Updates
- Risk Tiering
- Partnership

# E&S Binding Underwriting Team



**Lisa M. Thomas**  
AVP, Underwriting (West)



**Ben McDonald**  
VP, Underwriting



**Claire Rinker**  
Senior Underwriter



**Christina Cullen**  
Senior Underwriter



**Catherine Gammicchia**  
Senior Underwriter



**Cassandra Cross**  
Senior Underwriter



**John Ferguson**  
Associate Underwriter



**Caroline Quinn**  
Underwriter



**Chris Ndei**  
Associate Underwriter



# State of the Market

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## Market Conditions

### Property

- Industry has seen very good property results over the past 2 years
- Increased capacity
- Soft market

### Liability

- Industry continues to see adverse liability loss development
- Social inflation
- Litigation funding
- Mixed market but softening

# IAT Binding's Response & Priorities

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## Response

- Adjusting our Property rates to be more competitive in a changing market
  - Removed Rate increases in most states. 5%-15% decrease depending on the state
- Increasing agent credit authority on preferred and standard property risks
  - Property Credit authority within Unity increased to 20% from 10%
- Increased per-account commission
  - 22% for New Business Package
  - 21% for New Business Mono-Line (GL & Property)
  - 21% all Renewals when they renew

# IAT Binding's Response & Priorities

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## Priorities

- Partnership
  - We are in this for the long haul. We want to continue to partner with you to write profitable business
  - We appreciate your help in staying up to date with developments in the market. Rates, terms, and new entrants
  - Please let us know what you need. Conference calls, agency visit, and/or training
- Quality of Risk
  - In an increasingly competitive market, we are focused on risk quality
  - We want to work with you to retain profitable and quality renewals
  - Continue to get rate on risks that have less favorable characteristics
  - We encourage your team to refer accounts to us if you believe it is a quality account. Please give us a target and give our team an opportunity on good business

# Property Appetite

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## Property Approach:

- We want a diverse book. Geographically, occupancy, construction types, and building age
- Leverage the ability to offer Property coverage for distressed geographies to write a package policy with liability
- Comfortable with Mono-Line Property when it makes sense
- Pricing and terms in Unity are dynamic based on risk characteristics. The better risk characteristics, the more authority your team has, and the better terms you will see
- CAT Management - We monitor our wind aggregates by county and by agency, so we can continue to be a long-term property partner. We are in a much better position in 2026 than we were in 2020-2023

# Property Appetite

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## Target:

- Targeting geographic areas of Western US, Midwest, Mid-Atlantic and Northeast
- Focus on quality of risk. Year built, occupancy, construction type, roof condition
- X-Wind business – We are writing a lot of x-wind in coastal areas
- We can handle up to \$10M in TIV per location in Non-CAT-Exposed areas. CAT \$5M per location depending on details
- Wildfire – Target is less than 40, we are not a heavy wildfire market
- Recently Vacant Buildings

# General Liability Appetite

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## General Liability Approach:

- We are looking for a balanced book of business
- Mono-Line and Package
- Limits – No More than \$2M Each Occurrence

## Target:

- Contractors –
  - Artisan & Service Contractors
  - Remodelers
  - Service
  - Bundle Endorsements – Bronze, Silver, Gold
- Distributors, Manufacturing, Products
- Mercantile
- LRO, Office, Warehouse
- Family-style restaurants, target 50% or less alcohol

# Liquor Liability Appetite

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## Liquor Approach:

- On Premises vs Off Premises Consumption
- ISO Liquor Grade determines appetite and limits by state
- Mandatory seller training required on all accounts serving alcohol
- Close by Midnight

## Target:

- Restaurants, Package Stores, Liquor Stores, Convenience Stores
- Risks serving alcohol must be packaged with GL unless in an ISO liquor grade of 1
- Restaurant with 30% or less liquor receipts
- Sublimit preferred for 30%-60% alcohol. >60% not available for most states
- Not a Market for – Nightclubs, College Bars, Security, 2 for 1 drink specials, risks that serve alcohol without documented TIPS training

# West Coast – Target and Priorities

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## California | Pacific Northwest | Midwest

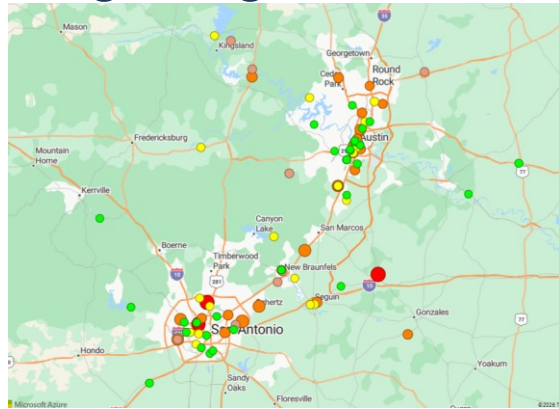
- Push book diversification as we continue to see more opportunities in the marketplace. 30% of West Coast book is comprised of mercantile/LRO
  - Daycares
  - Event venue rentals
  - Products/Mfg
  - Habitational
  - Contractors (West, Midwest, Gulf)
    - CD states: (CA, AZ, CO, NV, TX)
- Growth outside concentrated areas, while remaining engaged on strong LA County Risks
  - Rates are lower outside of Los Angeles city. Competitive in Northern and Southern CA
- Wildfire approach

# West Coast – Target and Priorities

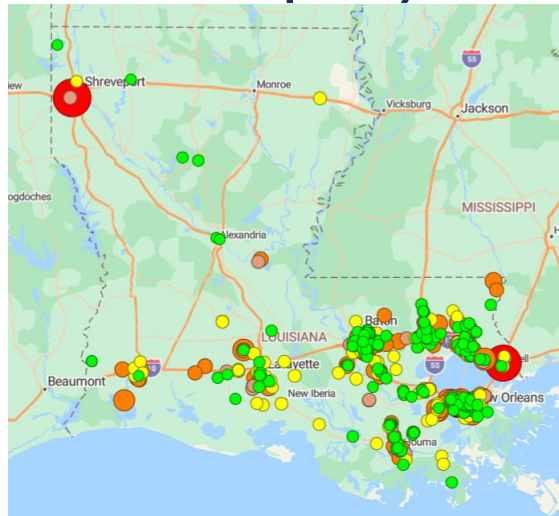
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## Texas | Oklahoma | Louisiana (Gulf)

- Capacity with a focus on spreading property aggregates
- Targeted growth in Austin and San Antonio



- Louisiana capacity



### Top Classes:

- Restaurants
- LRO
- Daycares
- Churches
- C-Stores
- Habitational
  - Apartments, Dwellings, Condos

# East Coast – Target and Priorities –

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## Northeast

- Diversification: Expand presence in CT, MA, NH, RI, VT, ME all classes
- Package Preferred: LRO, Habitational, Mixed Use, Vacant, Warehouse, Mfg (light)
- Lite MFG and Product driven risks: All states
- Contractors: Artisan preferred, Specialty Contractors: Non-Residential
- Tiering– intentionally competitive

## Mid-Atlantic

Exclusive Appointments: Expand presence in entire region – MD, VA, DE, NJ

- CAT and Non-Cat Property: within binding TIV threshold (10M and under)
- LRO, Habitational, Mixed Use, Vacant, Warehouse, Mfg

# East Coast – Target and Priorities

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## Louisiana (The Gulf)

- Focus on quality of risk: Newer construction/updates
- 10 Miles DTC: MNC construction or better
- Hospitality: Family-style restaurants
- Condos & Townhomes
- New Orleans capacity

## Florida

- Property appetite expanded: more aggregate – Wind + X wind-monoline and package
- Contractors, LRO, Hospitality, Habitational, Warehouse, Mfg

# Contractor Update / Appetite

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- **OTHER THAN CD STATES:** New residential is in appetite
- **CD States:**
  - **CA:** No residential exposures, including repair and remodel
    - Attach a Total Residential Exclusion
  - **AZ, CO, FL, NV, TX:** No new residential. Repair & remodel is within appetite
    - Attach a Certified Occupancy Condition form
- Automatic attachment of Bronze contractors bundle endorsement PCG3142:
  - Bronze: Blanket AI, Waiver, PNC, lost key coverage \$10,000/25,000
  - Silver \$100 a/p: adds \$5,000,000 Per Project Aggregate; lost key coverage \$10,000/25,000
  - Gold \$250 a/p: adds Property Damage extension \$5,000/25,000; Increased Med Pay \$10,000;
- Remodelers endorsement PCG1622: additional classes added to the limitation endorsement

# Risk Tiering & Target Classes


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- The model is a “Pricing” model designed to help us get the right price for the risk. Risks with preferred risk characteristics will get better upfront pricing. Risks with more challenging risk characteristics will receive debits
- While the model is not a strict “Appetite” model, generally preferred risks from a pricing perspective will be more likely to be high on our appetite
- Designed not to slow down the underwriting and quoting process and reduce the total number of questions required to get a formal IAT Quote. Only the agent entry field is around losses before being written with IAT

# Risk Analysis and Tiering


## General Liability

### Risk Characteristics

<u>Crime Score</u>	36
<u>Total Number of Claims</u>	0
<u>D&amp;B Paydex</u>	NA
<u>Liens, Suits &amp; Judgements</u>	0
<u>Years of Control</u>	12
 <u>Risk Tier</u>	<b>Standard - 7</b>
Scores as of	3/5/2025 2:58 PM

## Property

### Risk Characteristics

<u>Building Age</u>	12
<u>Crime Score</u>	36
<u>Total Numbers of Claims</u>	0
<u>D&amp;B Credit Score</u>	34
 <u>Risk Tier</u>	<b>Non Standard - 10</b>
Scores as of	3/5/2025 2:58 PM

### 10 Tiers

1-4: Preferred

5-7: Standard

8-10: Non-Standard

# Risk Analysis Criteria

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- **Loss History** – One of the key indicators in future loss potential is prior losses. Risks with prior losses are more likely to have another loss in the future
- **Crime Score** – Higher crime tends to lead to higher loss frequency
- **Credit Score, Liens, Suites, Judgements** – Risks that have a history of being late on payments, past liens, suites, and judgements are more likely to have other issues that may lead to future losses
- **Years of Control** – Risks are more likely to suffer a loss in their first couple of years in business
- **Building Age** – Older buildings have increased claims frequency due to maintenance issues. Buildings with recent FULL updates and/or GUT Rehabs are able to be rated as being built in the rehab year
- **Average Median Age of the Population** - Age of the population and the average cost of a claim correlate

# Let's Work Together

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## Referral Best Practices

- Upload documents within Unity vs emailing
- RUSH? Email your UW as well as upload documents in Unity and referring

## Include a description when you refer in Unity

- Target
- Renewal being offered
- Losses - If so, provide a description and what has been done to help mitigate for the future
- Supplementals if needed

**Endorsements Referrals** – We need a description of what you are changing so we may easily review it. Upload documentation related to the endorsement

**Review the Guides** – Many of your questions are answered in our guide

**Inspection Reviews** – We rely on each other, especially on inspections. Your opportunity to protect our book by verifying the insured's operations and loss control

# Let's Work Together – How can we help?

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Market Feedback?

New Opportunities?

Terms and Conditions?

Technical or IT issues?

Training?

# Thank you!

Questions?