



# A Growing International Specialty Insurer

February 2022

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## Diversified Specialty Insurance Platform

- Anchored by Canadian specialty lines franchise operating for 15 years
- Fee-based U.S. hybrid fronting platform with strong premium growth and profitability
- Reinsurance subsidiary provides flexibility, capital support and internal reinsurance

## Strong Balance Sheet and Credit Profile

- Conservative debt-to-capital<sup>1</sup> of 17.3% and capital in excess of regulatory requirements in subsidiaries
- Issuer rating of BBB (DBRS); Financial Strength ratings of A (low) (DBRS) and A- (AM Best) at operating subsidiaries
- Consistent profitability: 19% consolidated LTM Q4/21 ROE<sup>1</sup>; 5-year average 86% combined ratio<sup>1,2</sup> in Canada and 30% LTM Q4/21 ROE; increasing profitability from U.S. subsidiary reaching a 14% LTM Q4/21 ROE
- Conservative approach to reserving; consistent history of favourable prior year claims development

## Well-Funded Growth Opportunities Across the Platform

- 5-year average 39%<sup>2</sup> growth in GPW & Fee Income in Canada
- U.S. platform launched in 2018, is the largest contributor to premiums and demonstrating increased profitability
- Proven access to capital (raised \$126 million in equity and \$75 million in debt) and reinsurance relationships to support growth

## Conservative and Disciplined Approach to Risk Management

- High quality investment portfolio comprised primarily of cash (35%), government bonds (11%), and corporate fixed income (34%); and conservative allocation to alternatives
- Conservative underwriting culture; limited retention in U.S. and 5-year average loss ratio of 23%<sup>1,2</sup> in Canada
- Disciplined reinsurance strategy; deep relationships with high-quality counterparties
- Strong enterprise risk management infrastructure in place

## Globally Experienced Management Team & Board of Directors

- Management team with a diversity of skills, and strong relationships with regulators and distribution partners; senior management directly owns ~6% of shares outstanding
- Board of Directors comprised of seasoned executives with strong experience across financial services

## International Specialty Insurer Targeting Mid-teens ROEs and Growth in Book Value

*Note: All figures in C\$ million unless otherwise stated.*

<sup>1</sup> This is a supplementary financial measure. Refer to Q4 2021 MD&A, Section 10, Operating Metrics table for its composition. To access MD&A, see Trisura's website or SEDAR at [www.sedar.com](http://www.sedar.com).

<sup>2</sup> As of December 31<sup>st</sup>, 2021.

# Company Overview

- Trisura Group Ltd. (TSX: TSU) is a publicly traded international specialty insurer operating in the surety, risk solutions, corporate insurance, fronting and reinsurance market segments
- Trisura operates in niche segments, relying on focused underwriting knowledge and structuring expertise to offer commercial products and services not provided by most insurers
- Components of Trisura were founded and incubated within Brookfield Asset Management; reinsurance subsidiary capitalized in 2001, Canadian specialty insurance in 2006 and U.S. fronting in 2017 prior to spin-out

## Canada

- 15-year operating history in surety, risk solutions and corporate insurance segments; strong track record of profitable underwriting
- FY 2021 GPW: \$564 million
- FY 2021 Net Income: \$41 million, 30% ROE
- DBRS Rating: A (Low)
- A.M. Best Rating: A- (Excellent) Size 9

## U.S.

- Hybrid fronting business that works with distribution partners and cedes majority of risk to reinsurance markets
- FY 2021 GPW: \$1 billion
- FY 2021 Net Income: \$27 million, 14% ROE
- DBRS Rating: A (Low)
- A.M. Best Rating: A- (Excellent) Size 9

## International

- P&C reinsurance platform; legacy policies have been in run-off since 2008
- Provides flexibility, capital support and internal captive reinsurance
- Q4/21 reserves: \$13 million

## Key Performance Metrics

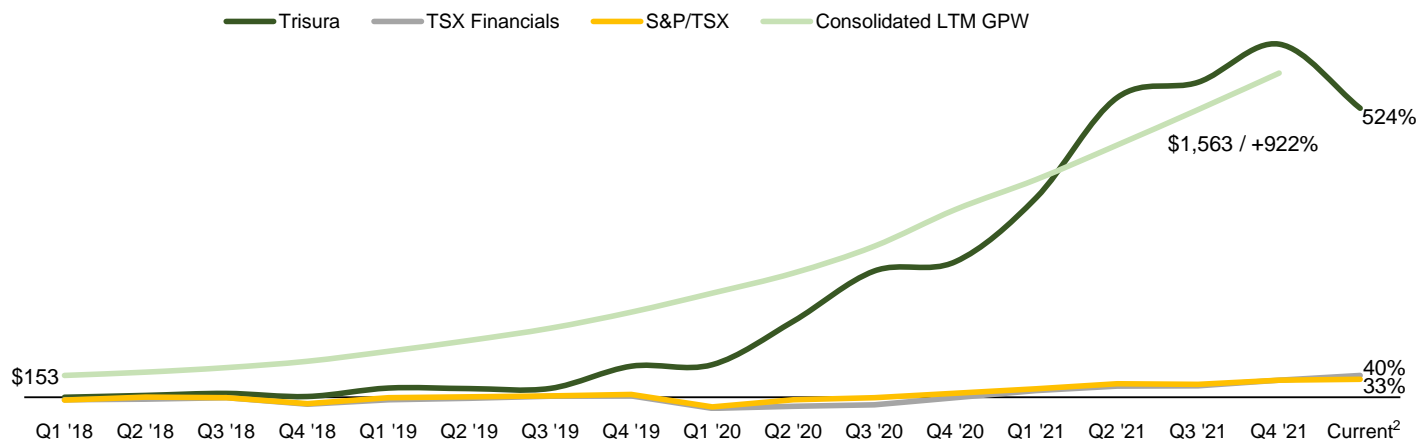
<b>\$2.0 billion</b> Q4/21 Market Cap	<b>\$359 million</b> Q4/21 Book Value	<b>\$1.6 billion</b> FY 2021 GPW	<b>\$63 million</b> FY 2021 Net Income	<b>19%</b> Return on Equity	<b>17.3%</b> Q4/21 Debt-to-Capital
+115% Y/Y	+24% Y/Y	+69% Y/Y	+93% Y/Y	+6pts Y/Y	+9pts Y/Y

**Established Canadian Specialty Platform and Growing U.S. Fronting Business**

*Note: All figures in C\$ million unless otherwise stated.*

# Track Record of Growth

## Cumulative Share Price Performance<sup>1</sup> and GPW Growth (\$ millions)



## Key Achievements

- ✓ **June - December 2017:** Completed spin-off from Brookfield, developed public company infrastructure and U.S. capabilities
- ✓ **May - December 2018:** Enhanced corporate governance and risk management functions through dedicated board committees and personnel
- ✓ **December 2018:** Completed internalization of investment function across all three subsidiaries
- ✓ **September 2019:** Completed inaugural equity raise of \$58 million
- ✓ **November 2019:** Completed the acquisition of 21<sup>st</sup> Century Preferred Insurance Company, providing access to admitted markets in the U.S.
- ✓ **May 2020:** Completed \$68 million equity raise and increased capacity on revolving credit facility to \$50 million
- ✓ **January - December 2021:** Grew consolidated gross premiums written by 69%, net income by 93%, with a 19% ROE
  - ▶ **Canada:** Grew gross premiums written by 102%, with an 81% combined ratio and 30% ROE
  - ▶ **U.S.:** Grew gross premiums written by 54%, fee income by 77%, with a 14% ROE
- ✓ **June - July 2021:** Completed \$75 million senior unsecured notes offering and executed a four-for-one common share split

# Strategic Priorities

## Near Term

## Long Term

### Growth

- Gain Admitted state licenses and scale Admitted business
  - Support trajectory of growth and profitability in Canada
  - Evaluate strategic partnerships and inorganic growth
- Build fronting model of scale in U.S. Admitted markets
  - Expand North American insurance market share
  - Expand distribution and capacity relationships

### Profitability

- Maintain underwriting focus and product expertise to continue track record of strong loss ratio performance
  - Leverage technology infrastructure to drive scalability and enhance partnerships with capacity providers
- Demonstrate value of specialty focus through underwriting margin outperformance
  - Diversify earnings to reduce volatility
  - Gain scale, demonstrating sustainable mid-teens ROE

### Risk & Capital Management

- Synchronize risk management through regional platforms
  - Integrate captive reinsurance, optimize retention
- Maintain and improve ratings and appropriate regulatory capital
  - Optimize capital allocation, reflecting appropriate capitalization for investment, reinsurance and underwriting risks

### Investments / Capital Markets

- Increase allocation to alternatives, including commercial real estate, private loans and infrastructure debt
  - Develop track record of execution, expand shareholder base and distribution partners
- Enhance yield while maintaining stable risk profile and improving diversification
  - Strengthen access to capital

**Centralized Corporate Function Providing Support for Operating Subsidiaries to Grow**

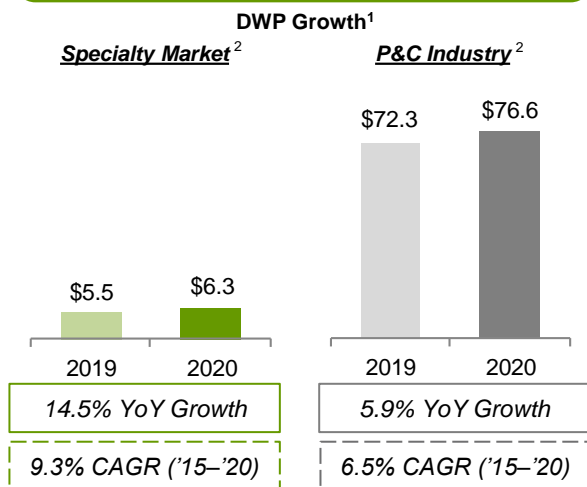
# North American Specialty Insurance Market

- Commercial products/services not provided by most insurers
- Focused underwriting knowledge, financial and structuring expertise
- Claims are less frequent but can be higher in severity
  - Severity can be mitigated through strategic use of reinsurance
- Improved pricing power relative to standard insurance, supporting strong underwriting performance and operational ROEs
- Outsized growth relative to P&C industry over the past 5 years
- Trisura has a 15 year history of profitable underwriting in Canada and 3 year history in the U.S.

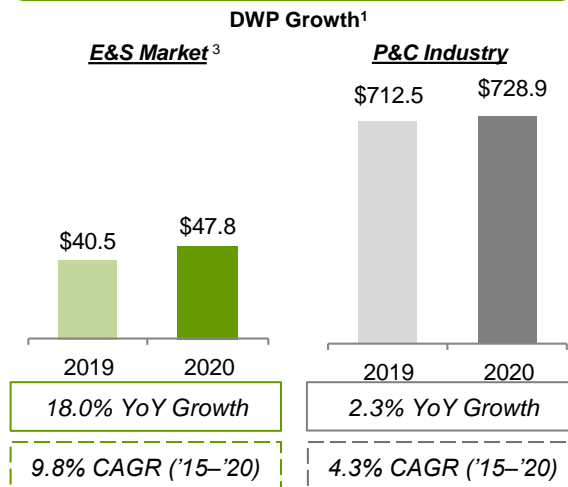
## U.S. – Admitted vs. E&S

	Admitted	E&S (Non-Admitted)
<b>Pricing</b>	Rates and form need to be approved	Freedom of rate and form
<b>Product</b>	Well developed risks (standard auto, etc.)	Unique and emerging risks
<b>Licensing</b>	Carrier needs approval from each state to conduct business	U.S. carrier only needs a license in one state
<b>Trisura Footprint</b>	48 states	All U.S. jurisdictions

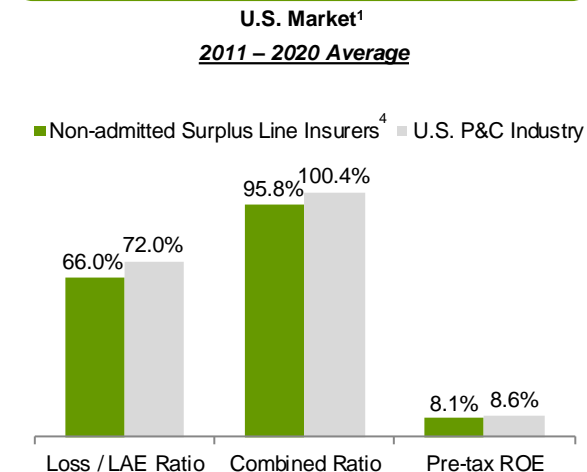
## Canadian Market (\$ billions)



## U.S. Market (US\$ billions)



## Favorable Profitability



**Trisura's North American Specialty Lines Business has Attractive Profitability with Growth Capacity**

Note: All figures in C\$ million unless otherwise stated.

<sup>1</sup> Source: MSA Research, SNL Financial, A.M. Best.

<sup>2</sup> Excludes premium written by Canadian entities outside of Canada.

<sup>3</sup> Excludes E&S premiums written at Lloyd's.

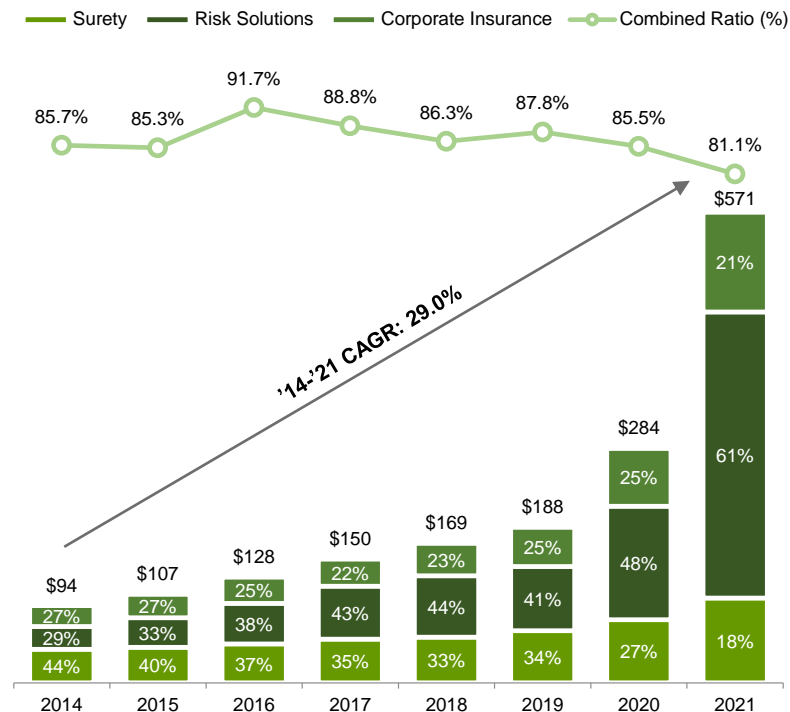
<sup>4</sup> Represents U.S. domiciled insurers that primarily write surplus and / or specialty admitted business as defined by A.M. Best.

# Overview – Trisura Canada

## Business Description

- 15-year operating history in surety, risk solutions and corporate insurance segments, with strong track record of profitable underwriting
- **Surety:** Contract surety bonds, commercial surety bonds, developer surety bonds and new home warranty insurance
  - #4 in Canadian Surety Market<sup>1</sup>
  - Launched surety platform in U.S. in 2021 (licensed in 48 states to date<sup>2</sup>); geographic expansion of existing surety business will replicate Canadian strategy and leverage existing infrastructure
- **Risk Solutions:** Warranty programs and fronting solutions
  - Customized structures catering to a diverse client base
- **Corporate Insurance:** D&O liability, professional liability, technology & cyber liability, multimedia liability, fidelity, and comprehensive general liability and property
  - Top 15 in Canadian D&O, E&O and Fidelity Markets
- Distribution via third-party brokers, with a focus on those in Canada specializing in our target segments
- Reinsurance protects balance sheet with diversified and highly-rated reinsurers

## Total GPW & Fee Income (\$ millions)



## Return on Equity and Book Value (\$ millions)

	2014	2015	2016	2017	2018	2019	2020	2021
<b>ROE</b>	14%	15%	8%	14%	19%	19%	20%	30%
<b>BV</b>	\$61	\$63	\$68	\$73	\$75	\$90	\$110	\$166

**Well Diversified Platform With Strong Track-Record of Growth, Underwriting Profitability and Robust ROEs**

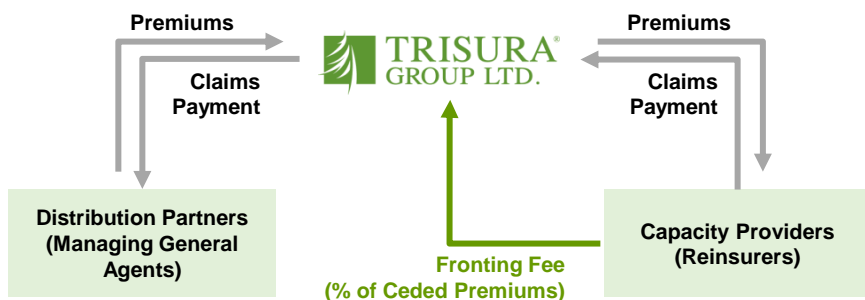
Source: Internal information, MSA Research  
 Note: All figures in C\$ million unless otherwise stated.  
<sup>1</sup> As at September 30<sup>th</sup>, 2021.  
<sup>2</sup> As at December 31<sup>st</sup>, 2021.

# Overview – Trisura U.S.

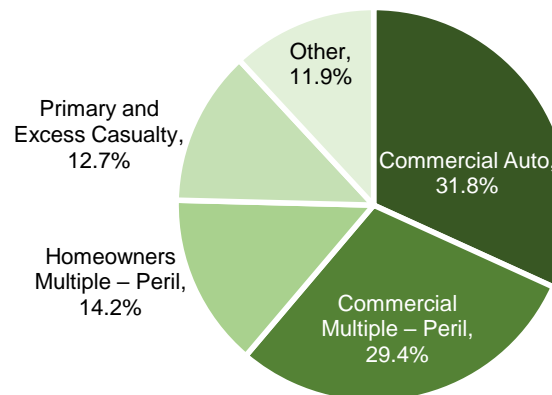
## Business Description

- Fee-based hybrid fronting model originates premiums and cedes majority of underwriting risk to reinsurance partners for a fee
- Distribution through program administrators and Managing General Agents (MGAs)
- Participate in Excess and Surplus (50 state licenses) and Admitted (48 state licenses with intention to reach 50) markets
- Premiums to capital<sup>1</sup> leverage of ~4-6x at current retention
- Programs have bespoke, dedicated reinsurance capacity; counterparties are generally highly rated or collateralized and concentration is carefully managed

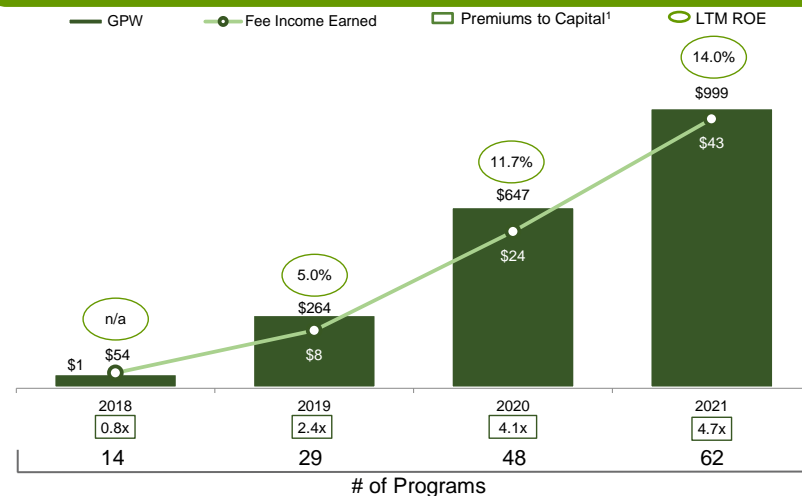
## Illustration of Hybrid Fronting Model



## Q4/21 GPW Breakdown by Lines



## GPW and Fee Income<sup>2</sup> (\$ millions)



**Fee-Based Platform with Significant Growth Potential; Limited Exposure to Insurance Risks**

Note: All figures in C\$ million unless otherwise stated.

<sup>1</sup> This is a supplementary financial measure, composition: GPW / end of period capital.

<sup>2</sup> U.S. began writing business in February 2018.



# Balance Sheet

## Balance Sheet<sup>1</sup> (\$ millions)

<b>Assets</b>	
Cash and Cash Equivalents	341.3
Investments	641.1
Recoverable from Reinsurers	1,375.4
Other Assets	642.6
<b>Total Assets</b>	<b>3,000.4</b>

<b>Liabilities &amp; Shareholders' Equity</b>	
Unearned Premiums	965.2
Unpaid Claims & Loss Adjustment Expenses	897.0
Other Liabilities	779.4
<b>Total Liabilities</b>	<b>2,641.6</b>
Shareholders' Equity	358.8
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>3,000.4</b>

Shares Outstanding (millions)	41.2
<b>Book Value Per Share</b>	<b>8.70</b>

Debt-to-Capital (20% Target) 17.3%

Segmented Book Value

	Trisura Canada	Trisura US	Trisura International	Corporate	Total
Assets <sup>2</sup>	1,096.0	1,795.1	111.0	(1.7)	3,000.4
Liabilities <sup>2</sup>	929.9	1,582.3	99.4	30.0	2,641.6
Book Value <sup>2</sup>	166.1	212.8	11.6	(31.7)	358.8
<b>Book Value Per Share</b>	<b>4.03</b>	<b>5.16</b>	<b>0.28</b>	<b>(0.77)</b>	<b>8.70</b>

## Conservative Balance Sheet Supported by Investment Grade Rating

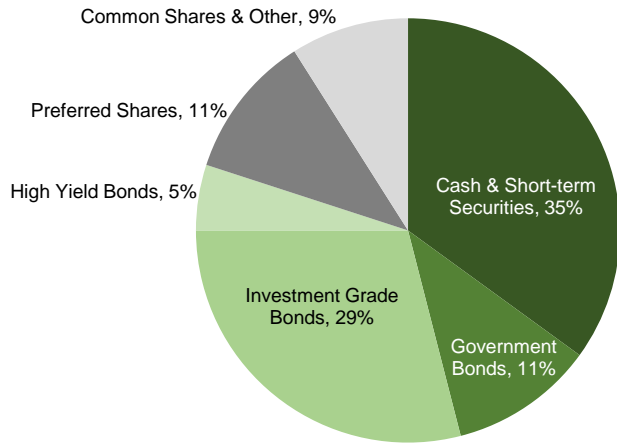
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<sup>1</sup> As at December 31<sup>st</sup>, 2021.

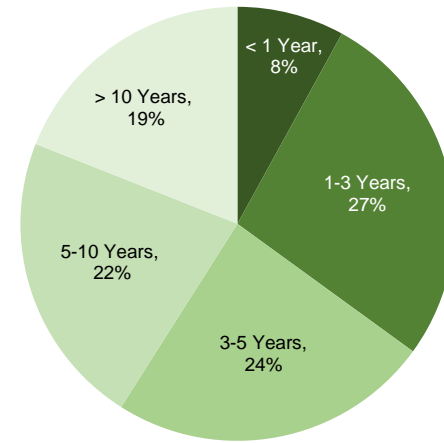
<sup>2</sup> Individual segmented amounts are supplementary financial measures. The total amount is presented in the consolidated financial statements.

# Investments

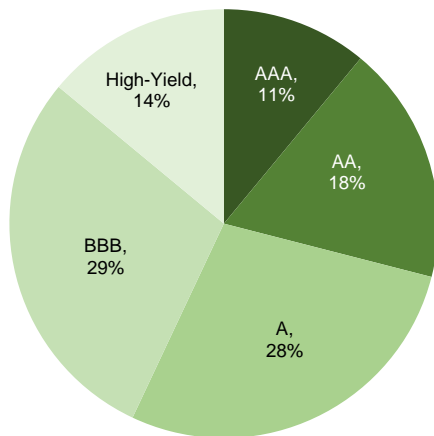
## Portfolio by Asset Class<sup>1</sup>



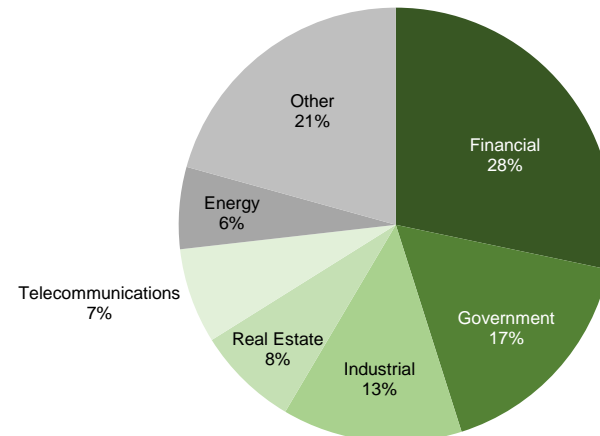
## Fixed Income Portfolio by Term<sup>1,2,3</sup>



## Fixed Income Portfolio by Rating<sup>1,2,4</sup>



## Portfolio by Industry<sup>1,2</sup>



<sup>1</sup>Investment portfolio categorization as at December 31<sup>st</sup>, 2021. U.S. and International portfolios converted to CAD at quarter-end exchange rate.

<sup>2</sup>Cash excluded from Rating, Term and Industry segmentation.

<sup>3</sup>This is a supplementary financial measure. Composition: balance for each term, divided by total balance for fixed income investments.

<sup>4</sup>This is a supplementary financial measure. Composition: balance for each credit rating, divided by total balance for fixed income investments.

# Board of Directors & Management

- Trisura Group has a robust management team and board of directors consisting of insurance executives with significant Canadian, U.S. and International experience

## Board of Directors

<b>George Myhal</b>	President and CEO, Windermere Investment Corporation; former CEO, Partners Value Investments LP (TSX-V: PVF-U) and former Senior Managing Partner at Brookfield Asset Management (NYSE: BAM)
<b>Paul Gallagher</b>	Vice President, Investments, Carfin Inc., former CFO, Wittington Investments
<b>Barton Hedges</b>	Former CEO, Greenlight Re (NASDAQ: GLRE)
<b>Greg Morrison</b>	Former CEO, Trisura Group; former CEO, Platinum Underwriters (NYSE: PTP <sup>1</sup> )
<b>Robert Taylor</b>	Former CEO, Trisura Guarantee Insurance Company
<b>David Clare</b>	CEO, Trisura Group

## Management

<b>David Clare</b>	CEO, Trisura Group
<b>David Scotland</b>	CFO, Trisura Group
<b>Jimmy Doyle</b>	CRO, Trisura Group, CEO, Reinsurance
<b>Chris Sekine</b>	CEO, Canada
<b>Michael Beasley</b>	CEO, United States

<sup>1</sup>Prior to the acquisition of Platinum Underwriters by Renaissance Holdings Ltd. on March 3<sup>rd</sup>, 2015.

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