



Managing insurance
premiums in a high
premium world

TRIDENT
INSURANCE GROUP

ABOUT TRIDENT



Long Standing Recognized Industry Leader

- Founded in 1994
- 25 staff
- \$30m of premiums managed

The Strength You Need

- Australia's largest insurance broker network – Steadfast
- Provides significant leverage
- Cherry picked the best technical experts in each field

Connection to the Country

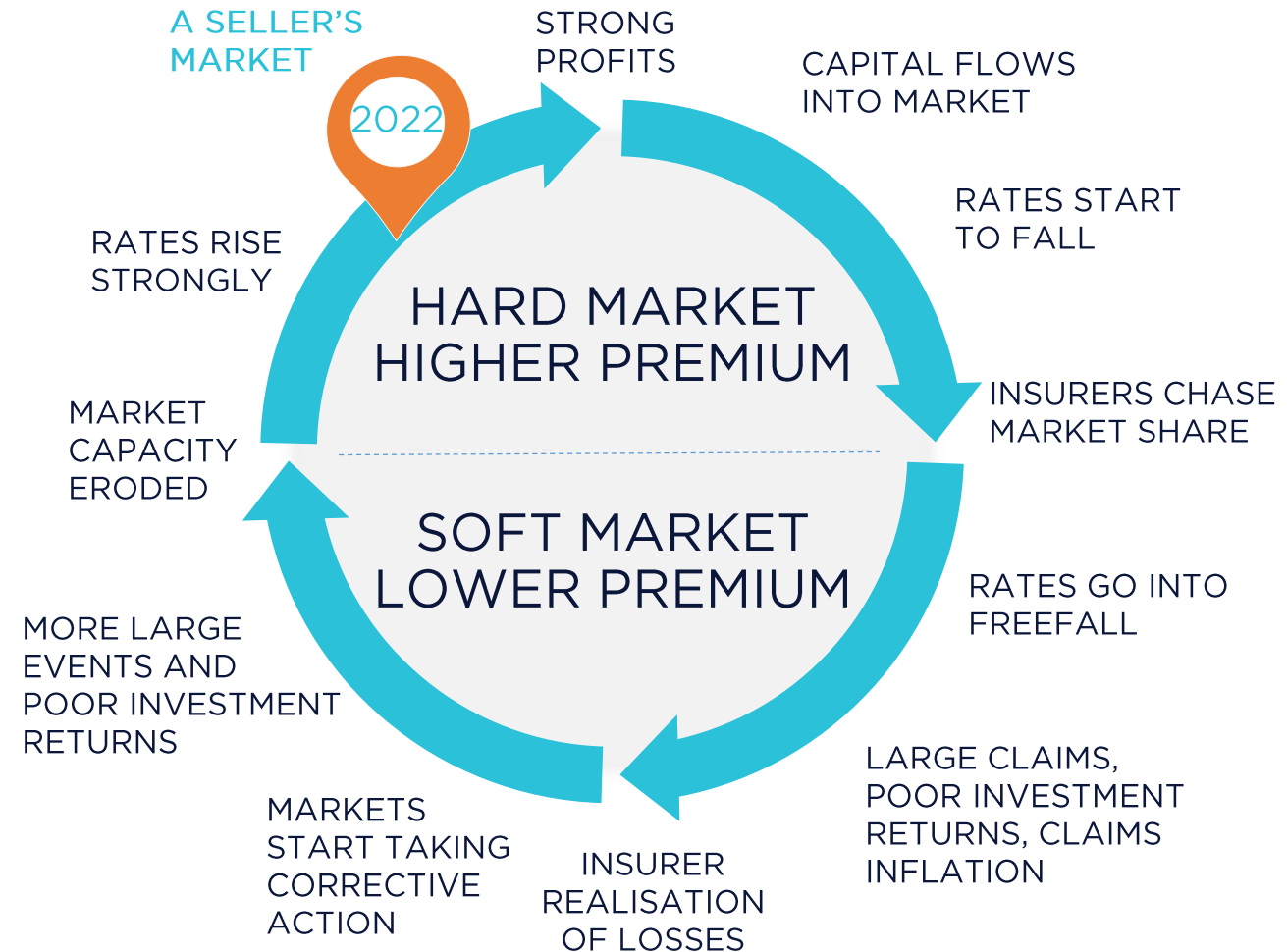
- Strong understanding of the risks faced in the agriculture sector
- Service model designed to see our regional Clients

Insurance Market Update – Australia



The global insurance market cycle is continuous, historically it averages 10-year cycles...

- Why are we seeing a hardening market?
 - Reinsurance costs for insurance companies have increased significantly
 - Natural disasters are now higher than the 10 year average e.g. Australian bushfires (\$75B)
 - Rising claims due to increased regulatory scrutiny e.g. litigation funders, Privacy Act, WHS Breaches
- As a result, loss ratios are increasing, leading to several insurers pulling back from the Australian market (e.g. Lloyds)
- Insurance carriers that do remain are increasing their prices to offset losses. As an example, in 2019 the Australian Professional Indemnity market suffered an estimated 300% loss ratio.
- Insurers are seeking rate increases, higher deductibles and also limiting their exposure for clients that have 'hard to place' risks or for clients that have suffered multiple or significant losses



Farm Insurance - Market Update



- W.A. Farm Insurance premiums will be impacted by QLD floods.
- Crop Insurance market becoming quite restrictive. Insurers are now reluctant to provide bushfire cover in Shires such as, Esperance, Dalwallinu, Kondinin, Kent, Denmark.
- Insurers focused on bottom line profitability, rather than market share growth. Farms with poorly performing loss histories are simply unable to obtain insurance.
- Greater levels of underwriting information requested, as well as risk management requirements.
- Workers Compensation rates continue to rise for the Agriculture sector. As an example, Sheep Farming is 7% compared to Gold Mining 2%.

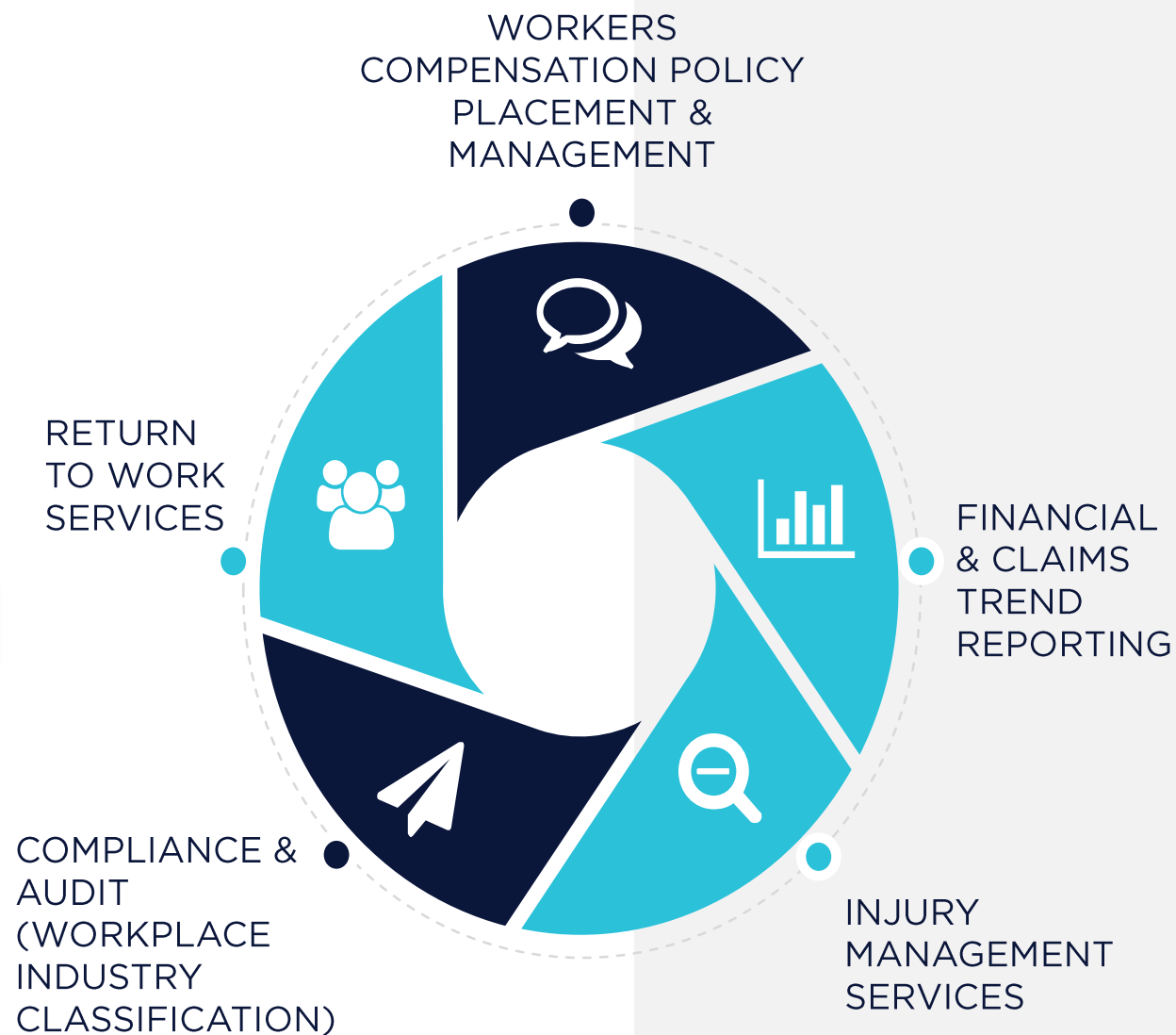




INJURY MANAGEMENT

Workers Compensation premiums on average, make up 40% of each client's overall cost of insurance. It is therefore important that we help minimise this cost through the following actions:

- Introduce pre-employment medicals & fitness for work assessments. We have affiliate clinics in most major regional towns.
- Review injury prevention measures.
- Introduce manual handling training.
- Early injury intervention, with pre-agreed medical centres.
- Assist with workplace rehabilitation, have alternate light duties readily available.





CROP INSURANCE

Parametric Insurance - Bushfire



Challenges in a hardening insurance market:

- Climate change intensifying
- No sign of insurance premiums reducing
- Crop insurers now reducing cover. E.g. \$1m per farm.
- Parametric insurance is a welcomed alternative, which was first utilized for Cyclone cover in NE QLD.

Parametric insurance (also called index-based insurance) is a non-traditional insurance product that offers pre-specified payouts based upon a trigger event, such as Fire, Frost, Hail.

How does it work?

Bushfire Example:

Insured area: 10,000ha

Value per ha: 1,000 AUD

Payout in case of a fire :

Burnt area : 2,000 ha (via satellite imagery)

Indemnity : 2,000 ha x 1,000 AUD per ha = 2m AUD



Benefits:

Payout is pre-agreed and immediate, no need for loss adjustors or yield analysis.

Cover can be tailored to include business interruption costs, such as carbon credits.

Frost cover also available.

Parametric Insurance



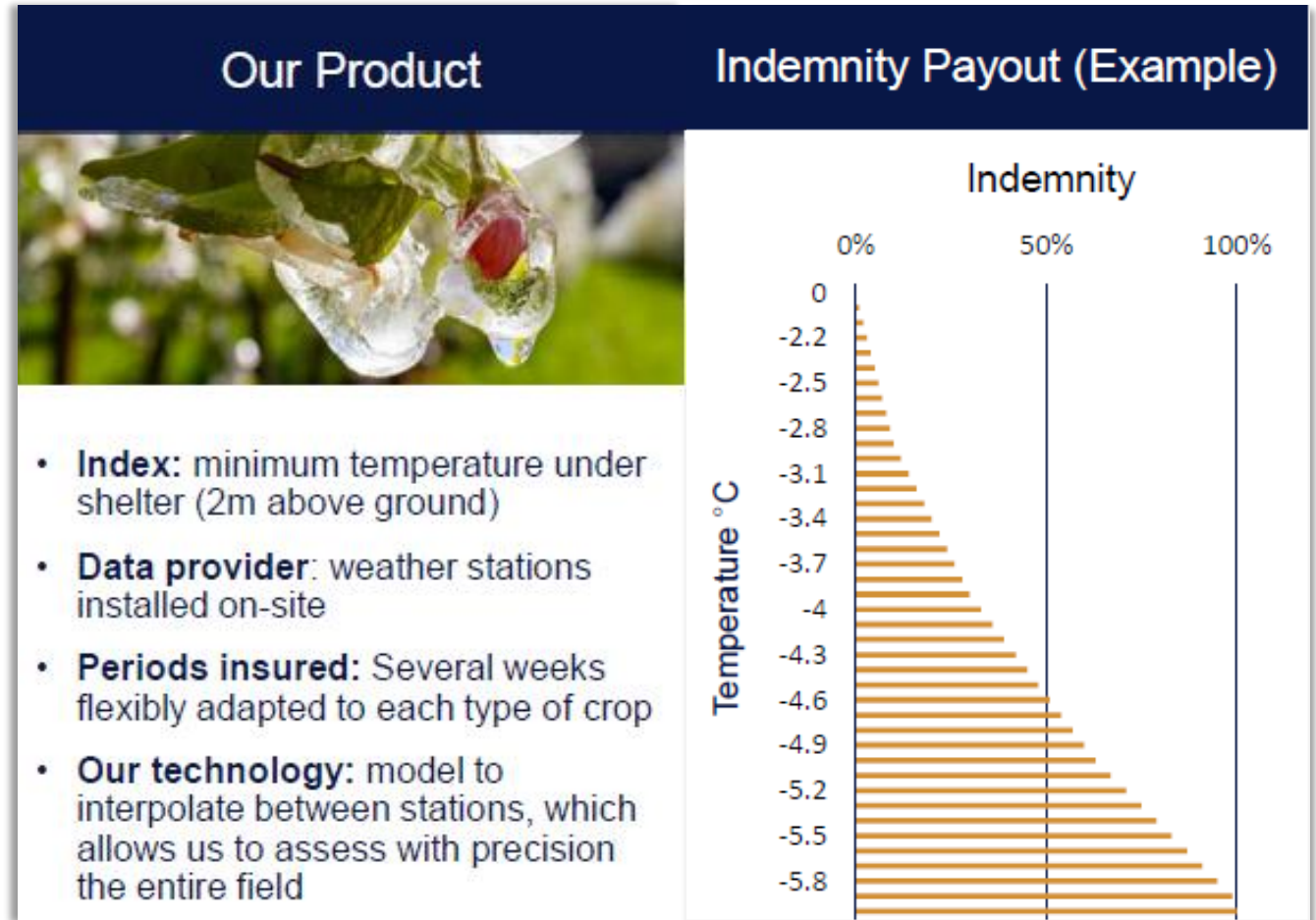
Premiums are expensive:

- Rates range from 2-5%
- For example, \$10m bushfire cover for crop = \$300,000



With traditional crop insurance premiums rapidly increasing and their coverage restricting, we believe Parametric Insurance will soon become a viable insurance alternative.

Frost Example





A RECAP OF OUR CONVERSATION

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