



Value Stocks: 1 Cheap Insurance Company Set to Outperform

Description

Trisura ([TSX:TSU](#)) is a leading [international specialty insurance provider](#) operating in the surety, risk solutions, corporate insurance, fronting, and reinsurance niche segments of the market. The company's operating subsidiaries include a Canadian specialty insurance company, a United States specialty insurance company, and an international reinsurance company.

Diverse geographic scope

The company's Canadian specialty insurance subsidiary started writing business in 2006 and has a strong underwriting track record over the company's 14 years of operation. Trisura's U.S. specialty insurance company has participated as a hybrid fronting entity in the non-admitted markets since early 2018 and is licensed as an excess and surplus lines insurer in Oklahoma with the ability to write business across 50 states.

Trisura's [international reinsurance business](#) has been in operation in Barbados for more than 18 years and has commenced writing new business in support of the company's U.S. subsidiary. Trisura's Canadian business is headquartered in Toronto and has branches in Vancouver, Calgary, Montreal, and Halifax, and is licensed in all provinces and territories of Canada. The company's distribution network comprises over 150 contracted insurance brokerage firms, and includes major international, national, and regional firms as well as boutique, niche brokers with a focus on specialty lines.

Trisura's U.S. platform is headquartered in Oklahoma City and is licensed as an excess and surplus lines carrier with the ability to write business across 50 states. Following the company's acquisition of 21st Century, Trisura can also write business in most admitted markets, and is licensed in select lines in 46 states. Trisura is also in the process of applying for admitted licences in the remaining states.

One-stop shop for insurance solutions

In 2020, Trisura's gross premiums written were \$926 million, and net premiums written were \$241 million. The majority of products offered by Trisura's surety business line includes contract surety

bonds, commercial surety bonds, and developer surety bonds, comprising of bonds to secure real estate developers' warranty obligations on residential projects.

Trisura's risk solutions segment accounts for approximately 14% of the company's total gross premiums written and 43% of net premium written. Risk solutions includes specialty insurance contracts, which are structured, in some cases through fronting arrangements, to meet the specific requirements of program administrators, captive insurance companies, affinity groups, and reinsurers.

Robust risk services provider

The risk solutions business caters to companies that administer warranty programs, reinsurers that require access to licensed insurance company paper and groups seeking solutions for unique insurance needs. Risk solutions uses four different insurance structures, sometimes in combination, to address clients' insurance requirements. These include surety structure, fronting structure, and retrospectively rated policy structure, where Trisura assumes the insurance risk on a program, and the actual claims experience is used to determine the ultimate premium.

Trisura's specialty segment accounts for approximately 70% of the company's total gross premiums written. Trisura is very selective in partnering with a limited brokerage force. The company works on creating positive experiences for Trisura's brokers by providing exceptional service and strong products through a solutions-oriented underwriting team.

Trisura's stock price has been on a tear recently, and this outperformance looks set to continue.

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