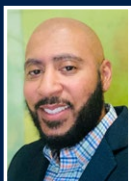


# BEST'S REVIEW® ISSUES & ANSWERS:

- Specialty Coverage
- Data
- Artificial Intelligence
- Agent/Broker
- Standing the Test of Time

## Interviewed Inside:



**Nick Colletta**  
Philadelphia  
Insurance  
Companies



**David Nelson**  
Nationwide E&S  
Wholesale



**Carrie Brodzinski**  
MSIG USA



**Joe Griffin**  
Pinnacle  
Actuarial  
Resources



**Aman Gour**  
FurtherAI



**John Hele**  
Portage AI



**Ingrid Flores**  
Elara Spatial



**Bryan Salvatore**  
The Hanover  
Insurance  
Group



**Elisabeth Sandersfeld**  
Merchants  
Bonding  
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# PHLY Gets Religious Organizations

Nick Colletta is VP of Underwriting – Human Services, Philadelphia Insurance Companies. The following are excerpts from his interview.



**PHILADELPHIA**  
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## How would you describe the insurance marketplace for religious organizations in 2026?

The insurance market is softening, creating more competition among carriers and agents. Religious organizations are seeing more options and more competitive pricing, but focusing on price alone misses the bigger picture. Many synagogues, churches, mosques and temples operate on limited budgets and donations without dedicated risk, facilities or legal staff. That makes access to professional risk management resources especially valuable. PHLY differentiates itself by providing tools designed to prevent losses at no additional charge. For example, PHLY's policyholders have access to **PHLYSense**, which uses sensors to detect leaks, freezing conditions and moisture issues before they become major claims.

## Nick Colletta

VP Underwriting for Human Services,  
Philadelphia Insurance Companies

**“When a loss occurs, religious organizations need confidence that their carrier understands their mission, their operation and the unique sensitivity of the claim.”**



Scan or click to watch an interview with Nick Colletta.

## What types of risk management services and resources would be best practices for religious organizations?

Religious organizations should take a proactive approach to property, transportation, abuse prevention and contractual risk transfer. Many houses of worship occupy older or historic buildings, making proactive property management important. Transportation is another major exposure. Churches and other organizations may operate vans or buses for youth groups, schools, camps and seniors. **PHLYTrac** GPS monitoring can identify risky driving, maintenance needs and unauthorized vehicle use; in some cases, it can also help recover stolen vehicles. When religious organizations share their facilities with outside groups, proper risk transfer measures are essential to avoid unintended liability. PHLY's risk management services can help with those best practices. When evaluating carriers, religious organizations should ask three questions: Can the carrier's risk management resources help us avoid losses? Does it offer coverages specifically designed for religious organizations? And, when a claim occurs, does it have the expertise to respond effectively? At PHLY, we believe the answer to all three is yes.

## What types of coverages or forms should religious organizations look for that are specific to their unique exposures and risks?

Religious organizations should look beyond a basic commercial policy and seek coverage tailored to their buildings, activities and unique exposures. PHLY offers enhancements for stained glass,

historic construction, religious artifacts, fine arts and musical equipment. Pastoral counseling creates a unique liability exposure for religious organizations. Abuse coverage is also important, particularly for organizations serving children and other vulnerable individuals. PHLY provides coverage for these exposures.

## When it comes to claims handling, what should religious organizations look for?

Claims handling is just as important as risk management and coverage. Insurance is ultimately a promise. When a loss occurs, religious organizations need confidence that their carrier understands their mission, operations and the unique sensitivity of the claim. PHLY has served religious organizations for more than 20 years and developed significant expertise handling complex property losses, pastoral counseling allegations, abuse-related matters and other unique claims. PHLY has handled significant damage to historic houses of worship, losses involving religious artifacts and highly sensitive abuse claims requiring technical expertise and compassion. These claims cannot always be approached like those involving typical commercial businesses. Religious organizations need specialized expertise. Organizations should also consider claims satisfaction, financial strength and stability. PHLY maintains a 96.7% claims satisfaction rating and an A++ Superior rating from AM Best.

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<sup>3</sup> Based on revenue, FORTUNE magazine (June 2, 2025).

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# Navigating E&S Complexity

David Nelson, Executive Vice President, Nationwide E&S Wholesale, said disciplined underwriting, smarter data and technology are key to navigating complexity and capturing opportunity in E&S. Following are excerpts from an interview.



**Nationwide®**

## What are the key factors shaping underwriting, pricing and capacity today?

Several forces are shaping underwriting, pricing and capacity today. Loss-cost inflation and casualty severity, particularly social inflation, outsized verdicts and litigation funding, continue to keep pricing firm. Catastrophe volatility and tighter capacity in challenging classes and geographies are driving more selective underwriting and more constrained terms. As risks become more complex, data quality, modeling and underwriting judgment matter more than ever. Reinsurance conditions, capital availability and portfolio discipline also play an important role in deployment of capacity. While technology and analytics are increasingly central to risk selection, pricing precision and speed to quote.

## Where do you see the greatest opportunity for E&S?

The greatest opportunities in E&S are emerging where risk is changing faster than the standard market can respond, and where specialization, speed and disciplined underwriting can create real value. That includes risks that admitted markets may struggle to absorb, particularly climate volatility, legal and social inflation, and technology-driven liability. The industry is seeing durable demand in construction, energy, healthcare, and select niche casualty and property segments. Technology-enabled underwriting is creating additional opportunity through faster quote flow, better data and more precise risk selection.

## How is Nationwide using data and underwriting insight to respond to emerging risks?

Data and analytics should strengthen underwriting judgment, not replace it. We are using them to make underwriting more informed, targeted and responsive, while sharpening risk selection and clarifying our appetite across industries, geographies, market segments and lines of business. We bring policy, claims, financial, catastrophe and industry data together through dashboards. We then translate those insights into practical guidance, underwriting requirements and product decisions that help us respond to emerging risks. We are also exploring generative AI to summarize complex submissions and improve efficiency. However, underwriters remain accountable for interpreting the nuance of each risk and making the final decision.

## David Nelson

Executive Vice President,  
Nationwide E&S Wholesale

**“Our goal isn’t to automate the judgment of the process. It’s to give underwriters better insight and more time to solve complex risks for our wholesale partners.”**



Scan or click to watch an interview with David Nelson.

## What does it take to be a long-term leader in the E&S market, and what do wholesale partners need most from carriers today?

Long-term leadership in E&S is earned through consistency across market cycles, not simply by growing when pricing is attractive. It requires underwriting discipline, active management of volatility and concentration, and the willingness to shrink or exit when the risk-reward trade-offs deteriorate. It also requires financial strength and dependable capacity, particularly in stressed markets when commitments matter most. At Nationwide, we continue to invest in specialized talent, communicate a clear appetite and pair deep expertise with solution-oriented underwriting. We are also building technology, data and analytics capabilities that improve the experience for our partners, making decisions more precise and the business easier to transact. What wholesale partners need most is clarity, responsiveness and reliability: a carrier that knows what it wants to write, responds quickly, explains its decisions, offers creative solutions and remains consistent as market conditions change. Most importantly, they need a partner who stands behind its commitments when the market gets difficult. Our goal at Nationwide is to combine better insight, faster decisions and smarter risk selection so underwriters can help wholesale partners navigate increasingly complex risks.



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# Underwriting the Future

Carrie Brodzinski, Chief Underwriting Officer at MSIG USA, said as underwriting becomes more data- and AI-enabled, the role of the underwriter becomes more sophisticated. Following are excerpts from an interview.



**Across specialty insurance, where are you seeing the greatest changes in the underlying risks businesses face, and what do those changes mean for underwriting strategy?**

The pace of change is significant. Technology, supply chains, infrastructure investment and evolving business models are changing exposures across industries, often in ways that cut across traditional insurance categories. At the same time, risks we understand well are taking on new dimensions as businesses become more connected and dependent on technology. For underwriters, that means looking beyond what has happened historically and developing a deeper understanding of how a business operates today and where its exposures may be heading. Underwriting strategy has to evolve with the risk, supported by better data, strong technical expertise and an ongoing dialogue with brokers and clients.

**Businesses and their risks are evolving faster than meaningful loss history can develop. How should underwriters evaluate emerging exposures when historical experience only tells part of the story?**

Historical experience remains incredibly valuable, but there are increasingly situations where it cannot be the only input. When businesses are adopting new technologies or changing how they manufacture, distribute or operate, there may simply not be enough relevant loss history to tell us what comes next. That requires underwriters to bring together forward-looking data, scenario analysis, technical expertise and a strong understanding of the underlying business. It also requires us to challenge assumptions about whether historical experience is still relevant. The goal is not to predict the future perfectly, but to understand what is changing, analyze potential outcomes, and make decisions combining the information available with an informed view of likely potential risks.

**MSIG USA has set a goal of becoming a market-leading, data-driven specialty insurer. What does data-driven underwriting mean in practice, and how does it change the way underwriters evaluate risk?**

For us, data-driven underwriting means giving underwriters a more complete and timely view of risk. We are bringing together our own

## Carrie Brodzinski

Chief Underwriting Officer,  
MSIG USA

**“Underwriting strategy has to evolve with the risk, supported by better data, strong technical expertise and an ongoing dialogue with brokers and clients.”**



Scan or click to watch an interview with Carrie Brodzinski.

underwriting and claims experience with third-party data and broader portfolio insights so our teams can identify patterns, better understand exposures and evaluate opportunities more consistently. It is not about replacing underwriting judgment with an algorithm. Data gives experienced underwriters another lens through which to evaluate risk and helps them ask better questions and develop better solutions for our insureds. The real value comes from combining those insights with technical expertise, industry knowledge and judgment.

**As risks become more interconnected, how important is it for insurers to look beyond individual policies or product lines and develop a broader view of a client's exposures?**

It is increasingly important because businesses do not experience risk in individual product silos, particularly when change happens at a rapid pace. A change in technology, supply chain, operations or geographic footprint can have implications across multiple areas of risk. Bringing together expertise across specialties helps us better understand those connections and see an organization more holistically. It can also create more meaningful conversations with brokers and clients about how their exposures are changing. From an underwriting perspective, that broader view helps us understand not only the individual account, but how risks are developing across the portfolio.



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# Ratemaking With Dynamic Data

Joe Griffin, Senior Consulting Actuary with Pinnacle Actuarial Resources, said that dynamic data is changing the game for territorial ratemaking. Following are excerpts from an interview.



## What is changing about territorial ratemaking as insurers gain access to dynamic datasets?

Dynamic datasets have been a breakthrough for insurers. They allow deeper and more accurate analysis, which can be applied directly to more refined and effective territorial ratemaking. Historically, inputs to most territorial analyses have been derived from data up to 15 years old, and the analyses were performed after other traditional modeling exercises. With more dynamic datasets, it's possible to incorporate territorial analyses earlier in the modeling process. And because inputs essentially change in "real time," the models are more accurate and the inputs update automatically, eliminating the need for teams to manually input new data.

## Joe Griffin

Senior Consulting Actuary,  
Pinnacle Actuarial Resources

**"Combining traffic-based contextual data with telematics-based scoring could be step-change improvement in personal auto ratemaking."**



Scan or click to watch an interview with Joe Griffin.

## How can data on changing traffic patterns help actuaries develop more accurate views of risk?

As automobile traffic in communities develops or changes, traffic pattern data can reflect the risk profile of a specific geographic location more quickly and accurately than demographic data, which has historically been used to determine geographic risk. Traffic pattern data in a specific territory reflects common demographic shifts like population density, of course, but also changes in road design and speed data that add context to driving risk and reflect changes in driving patterns more quickly. If a four-way stop is changed to a roundabout intersection, for example, demographic data would not likely provide appropriate context for the new risk landscape. The traffic pattern dataset detailing the roundabout's effects on vehicle speed and crash frequency, however, will provide better insight into the intersection's new risk profile.

## What are some of the most promising applications you're seeing for dynamic data in personal auto ratemaking?

Telematics-based scoring is at the forefront of how dynamic data is being used in personal auto ratemaking. As vehicles become increasingly connected, insurers have access to data beyond traditional telematics. Information such as the utilization of advanced driver assistance systems features, such as emergency braking, and in-cabin context such as seat belt usage provide a more complete picture of the driving experience. By placing greater emphasis on driver behavior, insurers can obtain a more accurate representation of individual risk while reducing potential for unintended bias associated with traditional variables like age and gender.

## How do you determine which data points are truly predictive of loss?

As with any analytics project, there are several variables to consider. Some data elements may primarily reflect crash frequency, while others may be more predictive of severity. One of the key challenges in evaluating these new datasets is determining whether they provide meaningful lift beyond what is already captured in traditional modeling approaches. A fundamental question is whether the new datasets are intended to simply supplement existing models, replace them entirely or fall somewhere in between. Robust validation exercises are critical to understanding whether existing models already capture the effects of the new data elements and, ultimately, whether incorporating them provides meaningful predictive value.

## Looking ahead, could dynamic data fundamentally change how insurers define territories?

Yes, traffic-based dynamic data is captured at the individual road segment level, providing a level of geographic granularity that is far more precise than traditional territory definitions in the market. While this offers an opportunity to better understand the driving environment associated with defined territories, we also have an opportunity as an industry to reflect this information much more frequently. Dynamic datasets can be leveraged to update an individual's territory rating more frequently, reflecting the new risk profile of the defined territory. These changes could be incorporated at every policy renewal, if desired.

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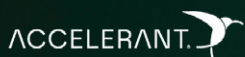
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# AI: From Assistant to Teammate

Aman Gour, Co-Founder and CEO of FurtherAI, said the insurance industry's AI opportunity goes well beyond automating individual tasks, arguing that AI can fundamentally reshape operating models while keeping human judgment at the center. Following are excerpts from an interview.



## Insurance has invested in digitization for decades. What changed technologically that made this the right moment for AI?

I disagree with the idea that insurance is slow to adopt technology. Over 250 years, insurance has often been an early technology adopter, from computers in the '80s to the cloud. Adoption moved slowly when the technology wasn't ready to solve a core industry need or the business case wasn't there. AI is different. It can process unstructured data and automate work that was previously manual, repetitive and nobody's highlight of the day.

## Can you walk us through one real insurance workflow before and after FurtherAI?

There are two categories. The first is work that already existed but can now be done faster and more efficiently. Submission processing is a good example. A commercial submission might arrive by email and previously require a human team member to process it. Now AI can read and analyze the submission, check it against guidelines, bring in additional data, call the company's rating capabilities and generate a quote. AI has moved from being an assistant to being a teammate that can perform the work end-to-end. The second category involves work that wasn't previously possible at scale. Consider underwriting audits. A carrier might audit a portion of its policies because reviewing everything manually wasn't practical. With AI, it can examine the entire book. That can reduce errors and improve efficiency.

## What separates an impressive demonstration from an AI system an insurer can actually trust and scale?

There are two approaches. One is simply applying AI to existing processes. That creates efficiencies but can become a patchwork rather than a transformation. The real winners will fundamentally rethink their operating model with AI at its core and humans at the center of judgment. Previously, humans did the work, with technology assisting. Now the transition is toward AI doing the work, with humans brought in when judgment is required. Organizations that make that transition will be the winners. Those that treat AI as an add-on will struggle to generate meaningful ROI.

## Aman Gour

Co-Founder and CEO of FurtherAI

"AI plus human is the story, not AI versus human."



Scan or click to watch an interview with Aman Gour.

## How does AI change the role of the underwriter, broker or claims professional?

The role of underwriters, claims professionals and brokers will become more human. Nobody joins insurance because they want to convert one Excel sheet into another format. Those are the kinds of repetitive tasks that AI can take over, allowing people to focus on judgment, relationships and decisions that add business value. Roles such as underwriting assistants will change significantly. Today, they often spend much of their time on manual processing and administrative work. As AI takes over those tasks, the underwriting assistant can move toward work that requires more judgment and contributes more directly to the enterprise. The same principle applies across insurance: AI handles the work, while humans increasingly focus on where their expertise matters most.

## If generative AI works at scale, what changes beyond labor costs and response times?

In the short run, most insurers will see value through better expense ratios because many processes can be automated and completed at a fraction of the cost. In the medium-term, I expect improvements in loss ratios as AI helps insurers make better decisions at scale. But what really excites me is the long-term opportunity. AI could enable insurers to build products that previously weren't practical because every process was human-driven and limited by human capacity.



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# Aim AI Investment at the Loss Ratio

John Hele, Executive Chair of Portage AI, said the first wave of insurance AI improved the expense ratio, and the next wave—built on data carriers already own—should improve the loss ratio. Following are excerpts from an interview.



## **Carriers have several years of AI spending behind them. Where are the results?**

Mostly in the expense ratio, and I do not want to be dismissive about that—taking cost out of a business is real work. But it is the smaller portion of the opportunity. The loss ratio is the number underwriters get paid to manage, and almost none of that first wave of spending targeted it. That is the gap I care about, and closing it starts with the data.

## **Which milestone in AI has the most impact on insurance to date?**

I start with the board game Go—an ancient strategy game, far more complex than chess, and until 2016 no computer had beaten a top professional. That March, against world champion Lee Sedol, [Google] DeepMind's AlphaGo played a move classical theory considered inefficient. Commentators assumed a malfunction. Its own network rated it at roughly 1 in 10,000 odds of being played by a human. It won, and we now remember the move simply as Move 37. Underwriting is not a board game, but Move 37 is the best example I know of what AI can do with enough clean, structured data. It finds the pattern that was always there, and that nobody could see. Insurance holds exactly that kind of history—more of it, in more detail, than almost any other industry. The question is whether the data is usable.

## **If carriers already hold this data, why haven't they put it to work?**

Three reasons come up in almost every conversation I have with carrier leadership. First, the data is genuinely messy: submissions and claims arrive in Excel, PDF and scanned form, from many brokers, coverholders and cedents, each describing the same data element differently. Second, cleansing projects rarely finish, because the hard part is not infrastructure but building a common ontology that maps every variant to the correct element. Third, even a carrier that gets through the archive once cannot keep it clean without an army of people. It does not scale. Personal lines carriers, digital from day one, have shown the payoff: measurable improvement in both expense and loss ratio.

## **John Hele**

Executive Chair, Portage AI

**“The loss ratio is the number underwriters get paid to manage, and almost none of that first wave of spending targeted it.”**



Scan or click to watch an interview with John Hele.

## **How does Portage make AI-extracted data something a board and a regulator can rely on?**

By giving the same answer from the same document every time. We built the extraction on purpose-trained models rather than a general-purpose generative one, so it flags anything it cannot resolve for a human reviewer instead of producing a plausible but wrong answer. Every figure traces back to its source document, which is exactly what a regulator, reinsurer or rating agency will ask to see. And we stand behind it commercially: We front the investment in our solution, and our fees are tied to the accuracy goals we agreed—typically around 95%. The remainder is not a black box: we flag exactly what requires review.

## **What is the path from a digitized data archive to a better loss ratio?**

Start with one line of business. Delegated authority and bordereaux are where we usually begin, because that archive is the largest and least usable today. Once it is digitized and mapped to a common ontology, you point predictive models at it—inside your own secure environment—and they find patterns across policies, customers and claims that nobody could see before. It shows up in three places. Claim leakage and fraud get caught earlier, with evidence a special investigations unit can act on. Underwriting requirements get tightened or relaxed against actual loss experience rather than rules of thumb. And pricing reflects your own book rather than an industry-average proxy. The advantage compounds as the model learns with every policy and claim you add. Improve your loss ratio, not just your expense ratio.

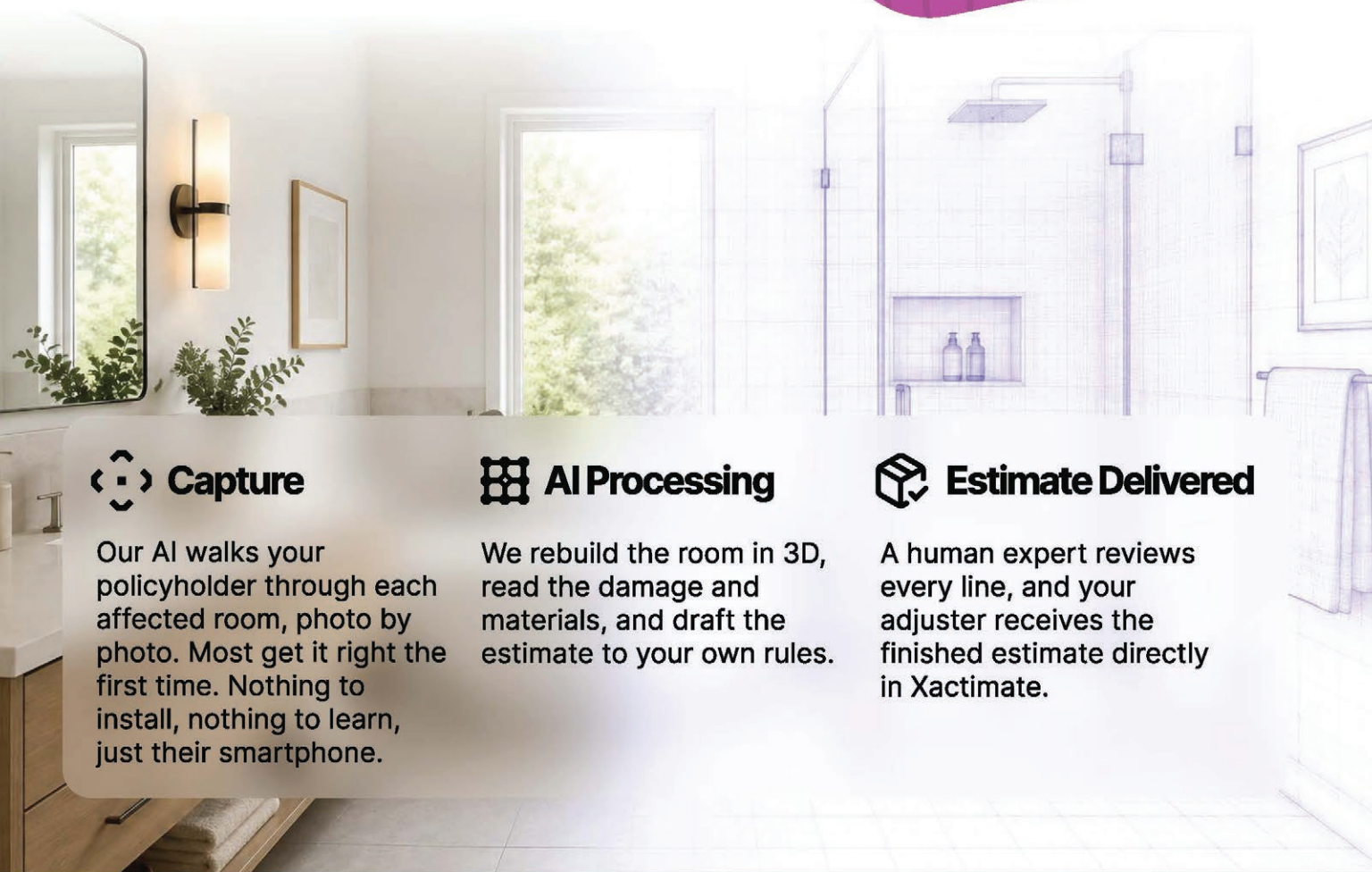


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# Using AI To Speed Up Claims

Ingrid Flores, CEO, Elara Spatial, said AI and computer vision can help insurers resolve property claims faster while giving adjusters more time to focus on the human side of the claims process. Following are excerpts from an interview.



**elara**spatial

## What problem did you see in property claims that led you to create Elara Spatial?

A couple of Christmases ago, I lost my iPhone. After dinner, I went online, filed a claim in less than five minutes and had it approved within 10 minutes. I received my replacement phone on Boxing Day [the next day], fully charged and ready to go. I thought, "Wow, that's what insurance should be like." Then, when I started working at Elara, I learned that when something happens in your house, it can take at least 30 days to get it resolved. I thought, "That's just not possible with the technology we have today." I wanted to accelerate claims resolution and bring that same peace of mind to homeowners.

## How can faster claims improve the policyholder experience?

If we reduce the time it takes to resolve a claim, we can help reduce the stress that comes with a property loss. Imagine coming home from a holiday to find that a burst pipe has flooded your basement. Normally, you call the insurance company, wait for someone to come to your house, have the damage evaluated and then wait for the claim to be resolved. With Elara, the carrier can send you a link by text or email. You click it on your phone and we're going to guide you through taking the right pictures. That takes only a few minutes. We process everything, send a proposal to the carrier for a guidelines check, and they contact you in 24 hours or less with a response.

## How does Elara support adjusters rather than replace them?

Adjusters have a really tough job. Insurance companies need people with strong technical skills who understand construction and can estimate damage, but they also need empathy and communication skills to put policyholders at ease. When adjusters are dealing with a large number of claims, spending their mental energy on estimating can take away from their ability to be present for the policyholder. We're trying to make that part of the job easier so adjusters have more availability for the things machines can't do. You want to talk to a human when you're going through something stressful.

## Ingrid Flores

CEO, Elara Spatial

"My hope is that we can provide peace of mind for homeowners much faster."



Scan or click to watch an interview with Ingrid Flores.

## How do you make the technology transparent?

Think about our platform as an assembly line. We take the client's images and process them through different algorithms, with each one performing a specific job. But what passes from one step to the next is regular software, not AI. That's important because when everything is connected through AI, it can be difficult to understand how a decision was made. We purposely designed our system to isolate each algorithm and track what it does on every job. If we need to answer a question, we can go back to the logs, see what happened and explain how even a single line item was decided.

## Where do you see the greatest opportunities for the technology?

I would love the customer experience to eventually look exactly like it did for my iPhone, at least for simple claims. For more complex claims, I hope the experience becomes much simpler and faster, with a more human touch than we have today. I think the biggest opportunity for us is in catastrophes. We have already supported several big storms, but we haven't yet helped carriers during a major catastrophe. My dream is that when a catastrophe hits, people can use our platform and start solving claims in a matter of days instead of months and months. That would be my dream.

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# The Agency Ties That Bind

Bryan Salvatore, Executive Vice President, President, Specialty at The Hanover Insurance Group, said agency consolidation requires carriers to think beyond the transaction. Following are excerpts from an interview.

The  
**Hanover**  
Insurance Group®

## What impact is agency consolidation having on carrier relationships?

Agency consolidation has shifted from a period of rapid acquisitions, when agencies often remained largely independent, toward more integrated enterprises. Consolidators are increasingly driving efficiency, scale and consistency by sharing technology, using placement hubs, developing verticals and rationalizing carrier and wholesale relationships. That means carriers need to be prepared to engage with consolidating agents as strategic partners. These integrated models can benefit both sides, but carriers also need to recognize that significant business and relationships remain local.

## How are carriers adapting to this evolving change?

The carriers adapting best recognize the value of enterprise-wide engagement. They take time to understand a consolidator's long-term strategy, operational challenges and evolving needs, then engage as a single carrier partner rather than as fragmented business units focused primarily on individual transactions. The strongest carrier relationships also bring insight into operating models and efficient placement strategies that support agents and their customers. Technology and data insight tools can help carriers understand where friction exists, improve workflows and make it easier for agents to deliver consistent service across a larger organization.

## What should consolidated agencies be looking for in their carrier partners?

Consolidated agencies should look for carrier partners that can handle both complexity and speed. As agencies grow, they find themselves handling more complex customers with broader needs, so carriers should provide dedicated underwriting, claims and risk engineering professionals who understand those risks. At the same time, agencies need carriers that can execute with speed and accuracy, particularly for small commercial accounts. These businesses represent a significant volume of customers, and agencies need to deliver quality products at fair prices while keeping the process economical. That means carriers must improve efficiency without sacrificing service. For smaller accounts, the ability to turn around quotes in hours rather than days can make a difference.

## Bryan Salvatore

Executive Vice President, President, Specialty at  
The Hanover Insurance Group

**"Carriers have to understand what these larger, consolidated agents and brokers increasingly need."**



Scan or click to watch an interview with Bryan Salvatore.

## As agencies become larger through M&A, how is The Hanover adjusting its approach to building and maintaining those distribution relationships?

The Hanover has been working on this for several years, with a consistent focus on the changing needs of larger, consolidating firms. That includes adapting operating models and refining processes to support placement hubs, consolidation efforts and panels designed to create greater consistency and efficiency. We have also invested heavily in technology and efficient placement capabilities, while thoughtfully expanding our products, appetite and capabilities to address increasingly complex risks. That includes comprehensive solutions for agency verticals, such as technology and healthcare, where agents need carriers that can bring a complete solution tailored to those industries. Another important area is data. As agencies bring together more businesses, they need tools that help them understand how their placement strategies support customers, improve efficiency and affect their own bottom lines. The Hanover has invested in those capabilities for years and works closely with agencies to help them get greater value from their data. Ultimately, our approach is about being a strategic partner as agencies evolve. We want to understand their operating models and long-term objectives, provide the products and expertise they need, and use technology and data to help them operate more effectively. We believe The Hanover is well positioned to support these firms, and we will continue investing in the capabilities and relationships necessary to do so.

# Standing the Test of Time

*Common Sense Surety Since 1933*



**Let's Build  
Together**

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Merchants Bonding Company™ (Mutual), Merchants National Bonding, Inc. (dba Merchants National Indemnity Company in California), and affiliated companies. 6700 Westown Parkway, West Des Moines, IA 50266.

# Strength Built To Last

Merchants Bonding has maintained an AM Best rating of A or better since 1958. Elisabeth Sandersfeld, Chief Financial Officer for Merchants Bonding Company, said that disciplined underwriting is the most important part of being an insurance company. “For us, we call it common sense underwriting. That’s our hallmark.” Following are excerpts from an interview.



**Merchants Bonding has been in business since 1933. How does Merchants Bonding Company remain successful and relevant through more than 90 years of changes in the insurance and surety markets?**

Primarily through our relationships. We’re focused on our customers, agents and the principals who buy our bonds. Those relationships span decades and are often multigenerational. The other way we stay relevant is through innovation. We’ve invested heavily in innovation through technology, surety expertise and optimizing processes. Because we’re the only surety-only company in the top 10, we can rely on that industry leadership to really serve us and keep us relevant.

**How do you characterize the company’s approach to business?**

Our approach to risk is common sense underwriting. We focus on a spread of risk, writing smaller and middle-market bonds. We have great geographic diversity and diversity in our customer base, with our agents and principals. We also have a conservative investment portfolio, which helps us withstand market volatility. And we’re under-leveraged when it comes to premium. We write at a premium-to-surplus ratio below one, and that helps us grow our balance sheet faster than our risk. We’ve actually doubled our balance sheet in just five years, and this enables us to reinvest and grow to serve our customer base over time.

**What do you see as the biggest opportunities and challenges for Merchants and the broader surety industry?**

There are a lot of market forces at work right now—geographic and geopolitical tensions and conflicts across the world.

## Elisabeth Sandersfeld

CFO, CRO, Corporate Secretary & Treasurer,  
Merchants Bonding Company

“Our relationships with our agency base are important because they know us and they know what we’re looking for.”



Scan or click to watch an interview with Elisabeth Sandersfeld.

Because Merchants Bonding serves the construction industry, I think our biggest challenge over the next several years will be labor constraints. The skilled trades are declining, and capacity is challenging. We have a declining birth rate in the U.S. and negative population growth. So we’re struggling to find people to do skilled labor and build construction, which makes bonding really challenging. Conversely, I think that with any challenge comes opportunity. So investing in technology presents amazing opportunities on the forefront of AI, as does the consolidation of distribution. Our relationships with smaller and local agencies really are different from those with national brokers. So we’re focusing on tailoring our approach to each type of agency. While distribution consolidation could be viewed as a challenge, we think it’s a great opportunity to leverage those relationships in a different way, but focused on our core competencies. This is our competitive advantage: relationship focus and common sense underwriting. We are the only surety-only company, so we’re the experts.

Note: Rating as of Sept. 15, 2026.

