



**NASBP  
Diamond  
Anniversary  
Celebrating  
75 Years**

# National Association of Surety Bond Producers IT Survey Results

## 2016



## Introduction

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The Automation and Technology Committee of the National Association of Surety Bond Producers (NASBP) designed the first *Information Technology Survey* in 2007 with the objective of examining technology trends by NASBP members. In this fifth edition, the 2016 Automation Survey compares results and discovers trends among our respondents. In addition, the Survey seeks to compare results with the previous survey results produced in our last survey sent to the industry in 2013. NASBP is an international trade organization of professional surety bond producers and allied professionals who specialize in providing surety bonds for construction contracts and other purposes to companies and individuals needing the assurance offered by surety bonds. NASBP producers engage in contract and commercial surety production throughout the United States, Puerto Rico, Guam, and a number of countries.

The following survey results provide valuable insight into the technology and business practices of surety bond producers across the country. You will find that any technical terms defined under the summary for each question.

## Methodology

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The 2016 IT (*formerly Automation*) Survey is the fifth automation and technology survey conducted by the National Association of Surety Bond Producers (NASBP) and the NASBP Automation and Technology Committee. For the first time, ACORD partnered with NASBP and distributed the survey as part of their larger “ACORD Insurance Digital Transformation Study.” ACORD (Association for Cooperative Operations Research and Development) “is a global, nonprofit insurance association whose mission is to facilitate the development and use of standards for the insurance, reinsurance and related financial services industries.

This ACORD Insurance Digital Transformation Study was conducted between March 9 and April 27, 2016 and received over 6,000 survey responses. The respondents consisted of:

- Retail Agents: 70%
- Broker/MGAs: 10%
- Carriers: 7%
- Client: 4%
- Solution Providers: 4%
- Other: 5%

Of all respondents, 106 indicated surety is a significant part of their agency. For purposes of this study, agency size is determined by annual premium volume. Fifty-four percent of the respondents have projected annual surety premiums of less than \$1,000,000; nineteen percent had projected annual surety premiums of between \$1,000,000 and \$3,000,000; and twenty-seven percent had projected annual surety premiums of over \$3,000,000.

The response rate has doubled since our last IT Survey was conducted in 2013, where 53 responses were analyzed.

For more information on NASBP's *IT Survey* or the Automation and Technology Committee, please contact Dave Golden, Director, Technology, at [dgolden@nasbp.org](mailto:dgolden@nasbp.org).

## Executive Summary

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- **Nearly three-quarters (72%) of respondents indicated they have a form of cyber liability insurance coverage.**
  - This is a dramatic increase over the NASBP IT Survey conducted in 2013 where only 48% of total respondents indicated they had cyber liability insurance coverage.
  - The difference was most dramatic for agencies with less than \$1,000,000 in annual surety premium, as only 38% had coverage compared to this year's responses indicating nearly 71% have coverage.
- **More than half (58%) of respondents indicated it would be either useful or very useful if their bond processing product or service offered the ability to import documents using data standards.**
  - More than three quarters of respondents (75%) indicated using data standards would save them up to 5 hours per month.
  - Respondents with more than \$3,000,000 recognize the need for data standards, with nearly two-thirds (64%) indicating it would be useful or very useful.
- **Nearly three-quarters (72%) of survey respondents have not issued an electronic only Performance/Payment bond to a client.**
  - Survey respondents with less than \$1,000,000 in annual surety premium were less likely (82%) to have issued an electronic only Performance/Payment Bond to a client than respondents with greater than \$3,000,000 in annual surety premium.
- **When asked which Agency Base Surety System they use, nearly half (42%) said they were not using one. Nearly one quarter of respondents (21%) indicated they are using the surety company systems.**
- **More than two-thirds (69%) of respondents indicated they have been involved in processing an electronic (i.e. does not have a printed bond) surety transaction.**
  - Compared with the NASBP IT Survey conducted in 2013, the results have not changed. Respondents in the last survey indicated 66% had been involved in processing an electronic surety transaction.
- **Almost half (48%) of respondents have a shared/combined platform with P&C for their billing.**
  - More than three-quarters (77%) have a shared / combined platform with P&C for underwriting.
  - Nearly two-thirds of respondents indicated "Other" regarding their surety platform for claims.

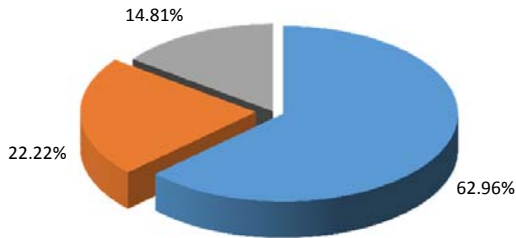


# National Association of Surety Bond Producers 2016 IT Survey Results

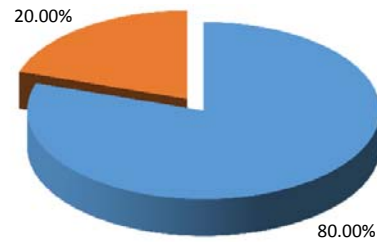


How much do you anticipate spending on IT in 2016 compared to 2015?

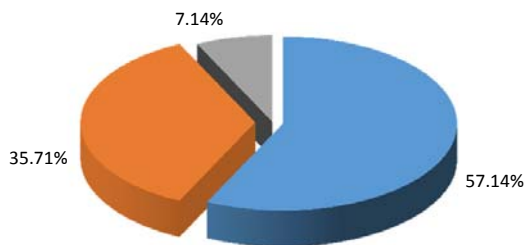
Annual Surety Premium < \$1,000,000



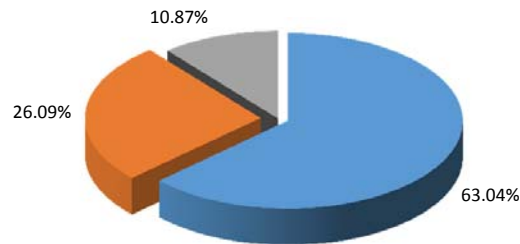
Annual Surety Premium \$1,000,000-\$3,000,000



Annual Surety Premium > \$3,000,000



Total



- About the same
- Our agency will spend more in 2016
- Our agency will spend less in 2016

**Nearly two-thirds (63%) of respondents indicated they plan to spend about the same on IT in 2016 compared to 2015.**

*The number of respondents who indicated they will spend about the same on IT rose 8% (from 55%) since NASBP last conducted an IT Survey in 2013. All respondents with surety premium between \$1,000,000-\$3,000,000 indicated they will spend the same or more on IT. More than one quarter of respondents indicate spending more on IT in 2016 than they did in 2015.*

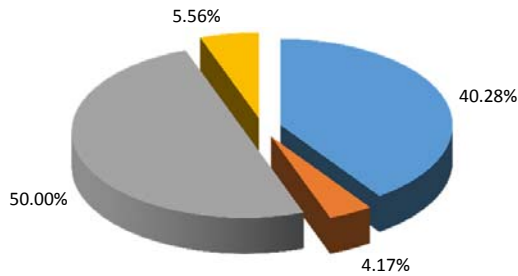


# National Association of Surety Bond Producers 2016 IT Survey Results

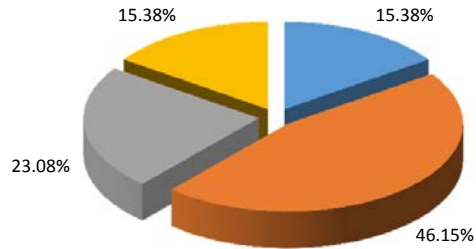


## How many full time employees are supporting the Bond Department from other departments or from a central resource IT pool?

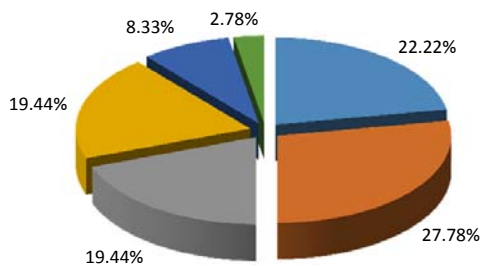
Annual Surety Premium < \$1,000,000



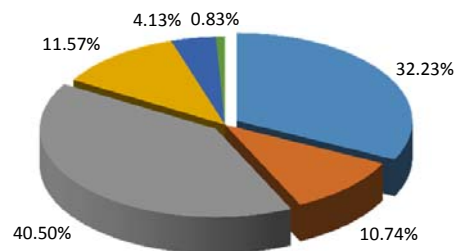
Annual Surety Premium \$1,000,000-\$3,000,000



Annual Surety Premium > \$3,000,000



Total



**Two-thirds of all respondents indicated they have at least one full time employee supporting the Bond Department from other company departments or from a central resource IT pool.**

*Compared to the NASBP IT Survey conducted in 2013, the number has increased overall. The 2013 survey indicated that, "Most agencies (41%) do not have any full-time employees supporting the Bond Department. Respondents indicated that 41% of agencies with annual surety premiums of greater than \$3,000,000 indicated they had 1-2 full-time employees supporting the Bond Department."*



# National Association of Surety Bond Producers 2016 IT Survey Results

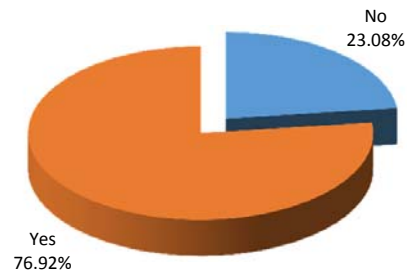


## Do you have any form of cyber liability insurance coverage?

Annual Surety Premium < \$1,000,000



Annual Surety Premium \$1,000,000-\$3,000,000



Annual Surety Premium > \$3,000,000



Total



**Nearly three-quarters (72%) of respondents indicated they have a form of cyber liability insurance coverage.**

*This is a dramatic increase over the NASBP IT Survey conducted in 2013 where only 48% of total respondents indicated they had cyber liability insurance coverage.*

*The difference was most dramatic for agencies with less than \$1,000,000 in annual surety premium, as only 38% had coverage compared to this year's responses indicating nearly 71% have coverage.*

**Cyber liability insurance** is an insurance product used to protect businesses and individual users from Internet-based risks, and more generally from risks relating to information technology infrastructure and activities. Risks of this nature are typically excluded from traditional commercial general liability policies or at least are not specifically defined in traditional insurance products. Coverage provided by cyber-insurance policies may include first-party coverage against losses such as data destruction, extortion, theft, hacking, and denial of service attacks; liability coverage indemnifying companies for losses to others caused, for example, by errors and omissions, failure to safeguard data, or defamation; and other benefits including regular security-audit, post-incident public relations and investigative expenses, and criminal reward funds.

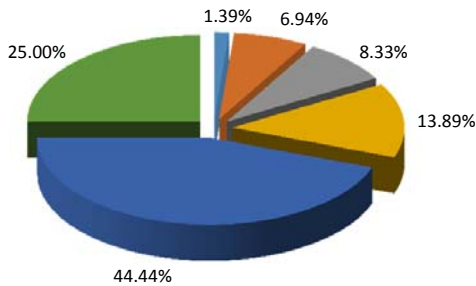


# National Association of Surety Bond Producers 2016 IT Survey Results

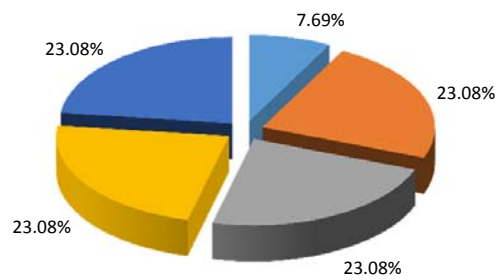


On a scale of 1 - 5, how useful would it be if you were able to input information using data standards for an industry form in one location, then import that data into other applications and web sites rather than rekeying it?

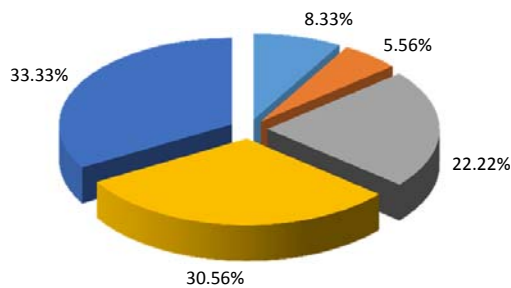
Annual Surety Premium < \$1,000,000



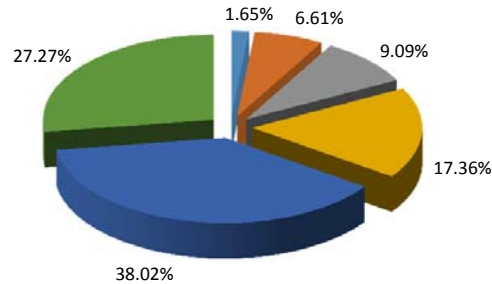
Annual Surety Premium \$1,000,000-\$3,000,000



Annual Surety Premium > \$3,000,000



Total



- |  |  |
|--|--|
| <span style="color: #4F81BD;">■</span> 1 - Not at all useful | <span style="color: #FFC300;">■</span> 4 -Useful     |
| <span style="color: #E67E22;">■</span> 2 - Not very useful   | <span style="color: #3498DB;">■</span> 5 Very useful |
| <span style="color: #A6A6A6;">■</span> 3 - Somewhat useful   | <span style="color: #2ECC71;">■</span> I don't know  |

**More than half (58%) of respondents indicated it would be either useful or very useful if their bond processing product or service offered the ability to import documents using data standards.**

*More than three quarters of respondents (75%) indicated using data standards would save them up to 5 hours per month.*

*Respondents with more than \$3,000,000 recognize the need for data standards, with nearly two-thirds (64%) indicating it would be useful or very useful.*

**Data standards** are definition or formats that have been approved by a recognized standards organization or is accepted as a de facto standard by an industry. They are the rules by which data are described and recorded. In order to share, exchange, and understand data, we must standardize the format as well as the meaning.

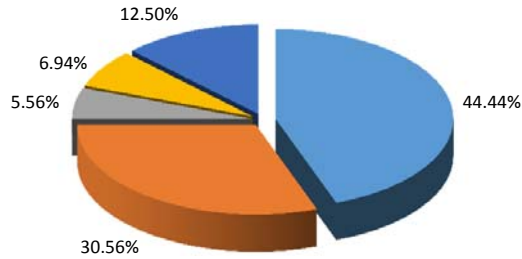


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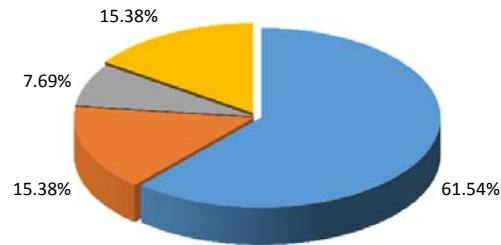


Approximately how much time per month would this save you?

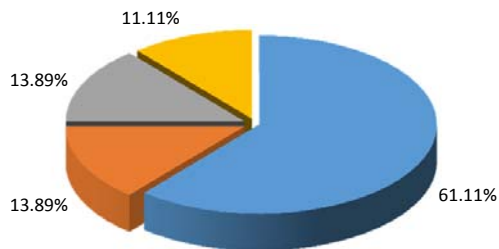
Annual Surety Premium < \$1,000,000



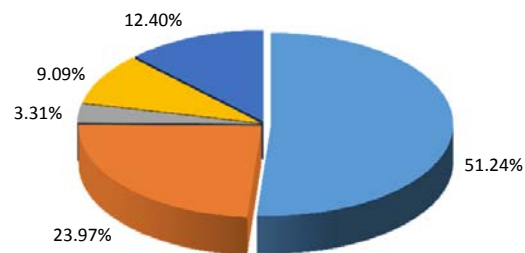
Annual Surety Premium \$1,000,000-\$3,000,000



Annual Surety Premium > \$3,000,000



Total



**More than three quarters of respondents (75%) indicated using data standards would save them up to 5 hours per month.**

*Over 15% of the respondents with surety premiums between \$1,000,000 and \$3,000,000 indicated the use of data standards would save them more than 15 hours per month.*



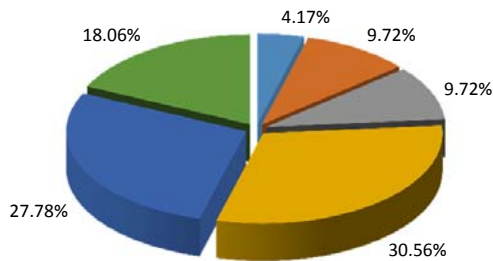


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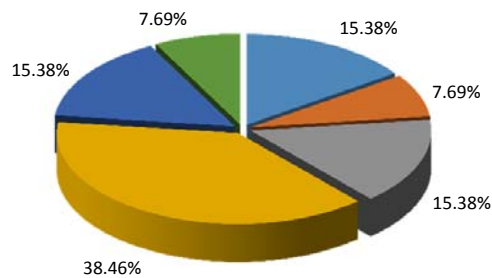


On a scale of 1 - 5, how useful would it be if your bond processing product or service offered the ability to import these documents easily into your applications/systems – as well as export the data into carriers’ systems?

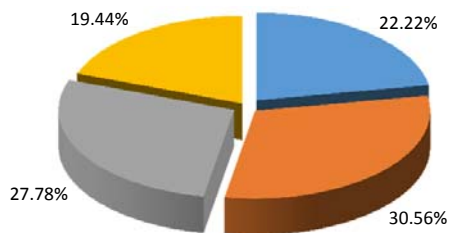
Annual Surety Premium < \$1,000,000



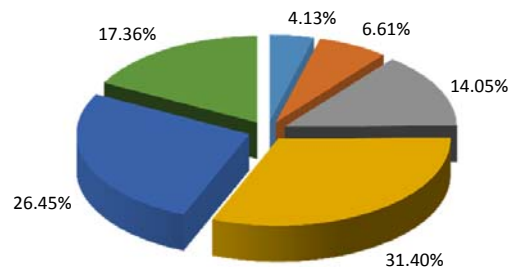
Annual Surety Premium \$1,000,000-\$3,000,000



Annual Surety Premium > \$3,000,000



Total



- 1 - Not at all useful
- 4 - Useful
- 2 - Not very useful
- 5 - Very useful
- 3 - Somewhat useful
- I don't know

**More than half (58%) of respondents indicated it would be either useful or very useful if their bond processing product or service offered the ability to import these documents easily into their applications/systems - as well as export the data into carriers' systems.**

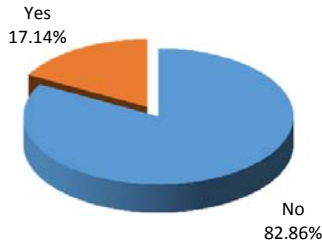


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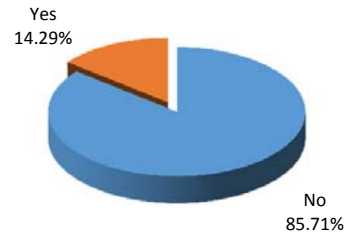


## Are you doing ACORD Business to Business?

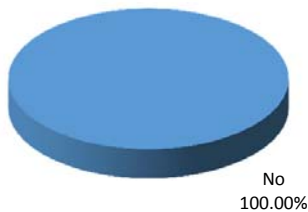
Annual Surety Premium < \$1,000,000



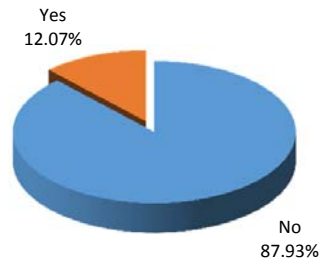
Annual Surety Premium \$1,000,000 - \$3,000,000



Annual Surety Premium > \$3,000,000

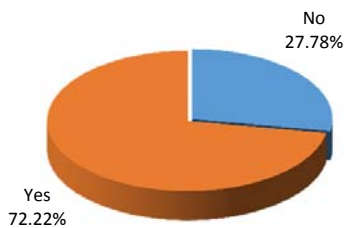


Total



**Nearly 9 out of 10 (88%) respondents are not doing ACORD Business to Business.**

## Have you issued any electronic only Performance/Payment Bonds for a client? (i.e. NO hard copy/paper bonds)



	Annual Surety Premium		
	< \$1,000,000	\$1,000,000- \$3,000,000	> \$3,000,000
Yes	18.06%	23.08%	36.11%
No	81.94%	76.92%	63.89%

**Nearly three-quarters (72%) of survey respondents have not issued an electronic only Performance/Payment bond to a client.**

*Survey respondents with less than \$1,000,000 in annual surety premium were less likely (82%) to have issued an electronic only Performance/Payment Bond to a client than respondents with greater than \$3,000,000 in annual surety premium.*



# National Association of Surety Bond Producers 2016 IT Survey Results



## Which Agency Base Surety System(s) do you use?

Agency Base Surety System	Annual Surety Premium			Totals
	< \$1,000,000	\$1,000,000 - \$3,000,000	> \$3,000,000	
InSure Vision: SurePath®	18	0	7	26
surety company system	12	3	7	22
iAutomate: Erlon®	4	0	2	6
proprietary system	2	0	3	5
Blair Business Systems: TABS®	2	1	1	4
Applied Systems Epic	1	1	1	3
Applied Systems TAM	2	0	0	2
Vertafore ImageRight®	1	0	1	2
BondPro®	1	0	0	1
Nexsure®	1	0	0	1
Paperwise®	1	0	0	1
Sagitta	1	0	0	1
Surety 2000	1	0	0	1
Vertafore AMS 360	0	0	1	1
None	25	7	13	44

Nearly half of all respondents (42%) indicated they were not using an Agency Base Surety System. Nearly one quarter of respondents (21%) indicated they are using the surety company systems.

## Has your agency been involved in processing an electronic (i.e. does not have a printed bond) surety transaction?



	Annual Surety Premium		
	< \$1,000,000	\$1,000,000- \$3,000,000	> \$3,000,000
Yes	59.72%	69.23%	86.11%
No	40.28%	30.77%	13.89%

More than two-thirds (69%) of respondents indicated they have been involved in processing an electronic surety transaction.

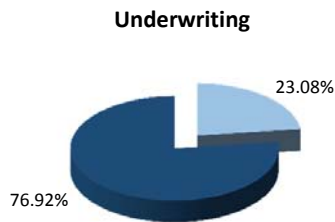
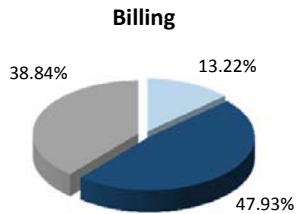
Compared with the NASBP IT Survey conducted in 2013, the results have not changed. Respondents in the last survey indicated 66% had been involved in processing an electronic surety transaction.



# National Association of Surety Bond Producers 2016 IT Survey Results



What kind of surety platform does your organization have for each of the following?



- Dedicated surety only platform
- Shared / combined platform with P&C
- Other

	Annual Surety Premium			Totals
	< \$1,000,000	\$1,000,000- \$3,000,000	> \$3,000,000	
Dedicated surety only platform	8	0	8	16
Shared platform with P&C	32	7	19	58
Other	32	6	9	47
<b>Totals</b>	<b>72</b>	<b>13</b>	<b>36</b>	<b>121</b>

	Annual Surety Premium			Totals
	< \$1,000,000	\$1,000,000- \$3,000,000	> \$3,000,000	
Dedicated surety only platform	3	0	13	16
Shared platform with P&C	27	3	6	36
Other	37	10	17	64
<b>Totals</b>	<b>67</b>	<b>13</b>	<b>36</b>	<b>116</b>

	Annual Surety Premium			Totals
	< \$1,000,000	\$1,000,000- \$3,000,000	> \$3,000,000	
Dedicated surety only platform	6	0	4	10
Shared platform with P&C	26	4	8	38
Other	40	9	24	73
<b>Totals</b>	<b>72</b>	<b>13</b>	<b>36</b>	<b>121</b>

**Almost half (48%) of respondents have a shared/combined platform with P&C for their billing.**

*More than three-quarters (77%) have a shared / combined platform with P&C for underwriting.*

*Nearly two-thirds of respondents indicated "Other" regarding their surety platform for claims.*



# National Association of Surety Bond Producers 2016 IT Survey Results



## Which credit reporting or risk measurement tools does your Agency use for business reporting?

	Annual Surety Premium			Totals
	< \$1,000,000	\$1,000,000 - \$3,000,000	> \$3,000,000	
None of these	38	7	12	57
Dun & Bradstreet®	14	5	14	33
Other	9	0	2	11
Experian®	3	1	5	9
Equifax®	2	0	3	5
TransUnion®	2	0	1	3
Moody's KMV®	1	0	1	2

Other reporting or risk measurement
Contractors Adjustment Company
Sureties pull credit reports
Done by bond carrier
LexisNexis
Markets use CBA typically

## Which credit reporting or risk measurement tools does your Agency use for personal reporting?

	Annual Surety Premium			Totals
	< \$1,000,000	\$1,000,000 - \$3,000,000	> \$3,000,000	
None of these	42	9	16	67
Equifax®	5	2	6	13
Experian®	3	1	6	10
Dun & Bradstreet®	2	1	2	5
Other	8	0	0	8
TransUnion®	2	0	2	4
Moody's KMV®	0	1	0	1

Other reporting or risk measurement
Carrier tools
LexisNexis
We do not do personal lines. Only commercial



# National Association of Surety Bond Producers 2016 IT Survey Results



Please rank the most useful surety forms used by your agency. (1 being the most useful - 13 being the least useful)

Form (ranked by most useful)	Average Score
Bid Bond Request Form	2.98
Contractor Questionnaire	3.9
Contract Bond Request Form	4.22
Commercial Bond Request Form	5.32
Performance and Payment Bond Request Form	5.7
Personal Financial Statement	6.05
Financial Statement Analysis	6.33
Work in Progress	6.47
Bank / Credit Reference Form	7.49
Credit Report Authorization and Privacy Disclosure Form	7.52
Small Business Contractor Questionnaire	8.43
Service/Supply Contractor Questionnaire	9.66
Status Inquiry Form	9.94