



**National Association of
Surety Bond Producers**

Information Technology Survey Results

2007

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Introduction

The Automation and Technology Committee of the National Association of Surety Bond Producers (NASBP) designed the *Information Technology Survey* with a goal of examining the current use of technology by NASBP members. NASBP is an international organization of professional surety bond producers and brokers, representing over 5,000 personnel who specialize in surety bonding, issuing bid, performance, and payment bonds for the Nation's construction projects and other types of surety bonds for guaranteeing performance, such as license and permit bonds.

The following survey results provide valuable insight into the technology and business practices of NASBP members.

Methodology and Definitions

Methodology

The 2007 *Information Technology Survey* is the first information technology survey conducted by the National Association of Surety Bond Producers (NASBP).

The online survey was distributed to key contacts at NASBP Member agencies. For purposes of this study, agency size is determined by annual premium volume. There were a total of 79 responses, or a 17.6% response rate. Twenty percent of the respondents have annual surety premiums of less than \$1,000,000; thirty six percent had annual surety premiums of between \$1,000,000 and \$3,000,000; and forty-four percent had annual surety premiums of over \$3,000,000.

For more information on NASBP's *Information Technology Survey* and the Committee's work, please contact Dave Golden, Technology Manager, at dgolden@nasbp.org.

Definitions

E-mail Privacy: Without some security precautions, e-mail communications can be compromised, because e-mail messages are generally not encrypted and go through intermediate computers before reaching their destination. When no precautions are taken, others may easily intercept and read these e-mail messages.

Document Management System: A computer system (or set of computer programs) that tracks and stores electronic documents and/or images of paper documents.

Optical Character Reorganization (OCR): Computer software designed to translate text images into editable text, to organize the information and to make the text searchable.

Paperless Office: Refers to the concept that office automation makes paper redundant for routine tasks, such as record-keeping and bookkeeping.

Integrated/Unified Messaging: The integration of different streams of messages (e-mail, facsimile, voice-mail, etc.) into a single "In Box", accessible from the users' messaging software.

Executive Summary

- The majority of respondents have in-house capability to address their information technology needs. Of the respondents, only 19% outsource all their services.
- Microsoft Outlook® is used by 92% of the respondents for their e-mail systems with nearly 90% providing access to e-mail outside the office.
- Only 43% of the respondents use in-house encryption technology or rely on a third party.
- Twenty-nine percent of the respondents indicated that customers can apply, purchase or pay for bonds from their website.
- Over two-thirds (68%) said they produce almost all bonds (over 90%) using their primary bond production system.
- The “paperless office” movement is gaining popularity with 85% of the respondents indicating they are moving in that direction.
- The respondents indicated that most common information technology issues facing them included:
 - Paperless office solutions (keeping documents in digital format and translating this to their software and hardware)
 - Secure e-mail (authentication of digital identity of sender, digital signatures, transfer of text or attachments privately)
 - Application integration (document management system and bond production system, standards)
 - Web sites (building and maintaining, outsourcing, e-commerce, functionality)
 - Multiple data entry (the need for standards)
 - Remote access (hardware, software, security)
 - Integrated messaging (convergence of voice-mail, data entry, facsimile)
 - Resistance to technology (adoption)

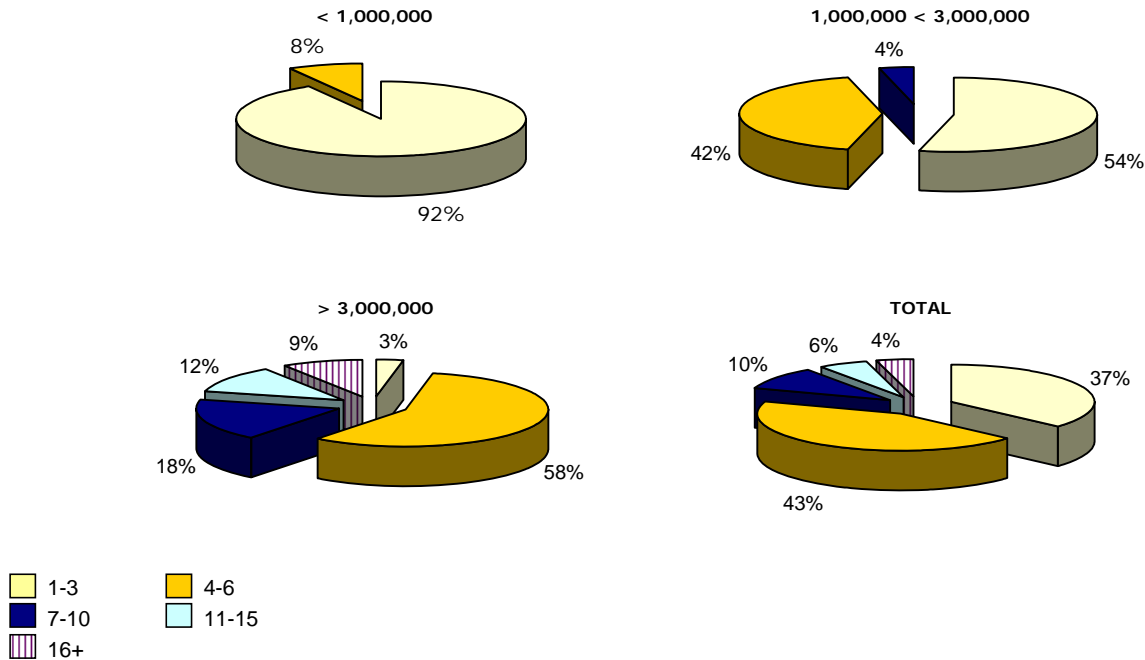
Technology is becoming a more important and integral part of the day-to-day activities of surety bond producers and their agencies. NASBP will continue to develop tools and resources for members to assist them in addressing their automation and technology challenges.

Survey Findings

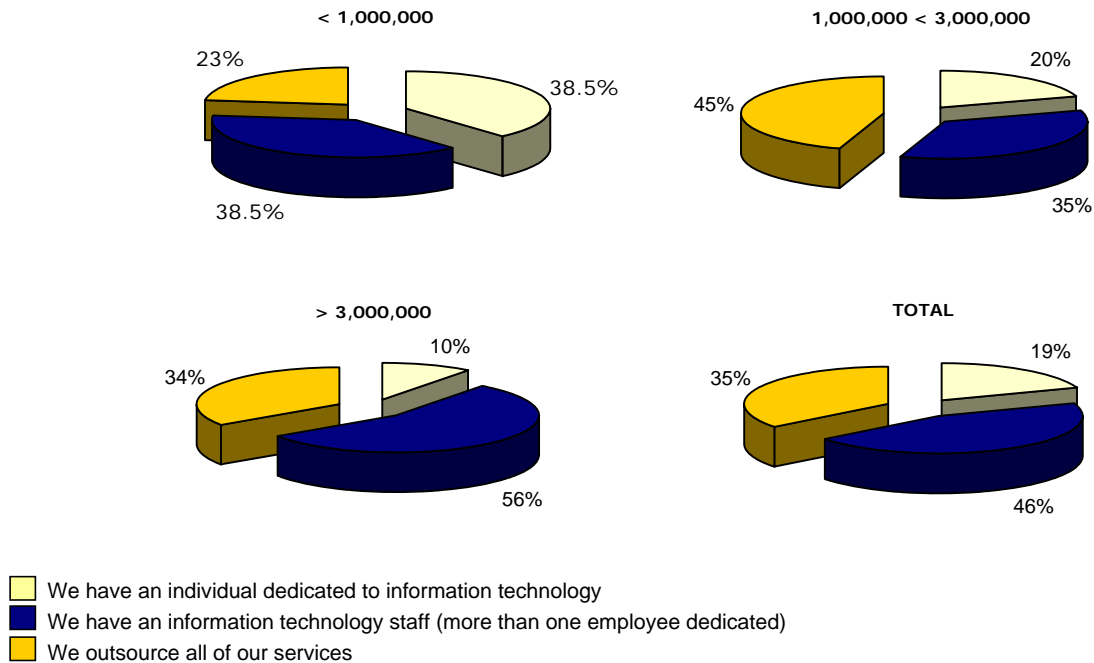
The survey results have been categorized by annual surety premiums: < 1,000,000; 1,000,000 < 3,000,000; and >3,000,000.

Agency Profile

Number of Surety Personnel



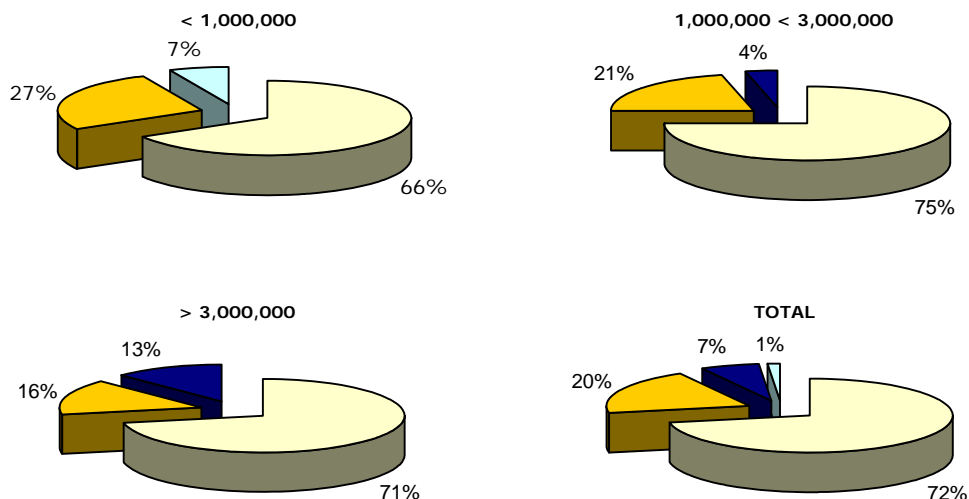
How does your company handle your information technology needs?



Over 65% of respondents have at least one person on staff dedicated to information technology. Mid-size agencies outsource nearly half (45%) of their information technology needs.

E-mail Systems and Security

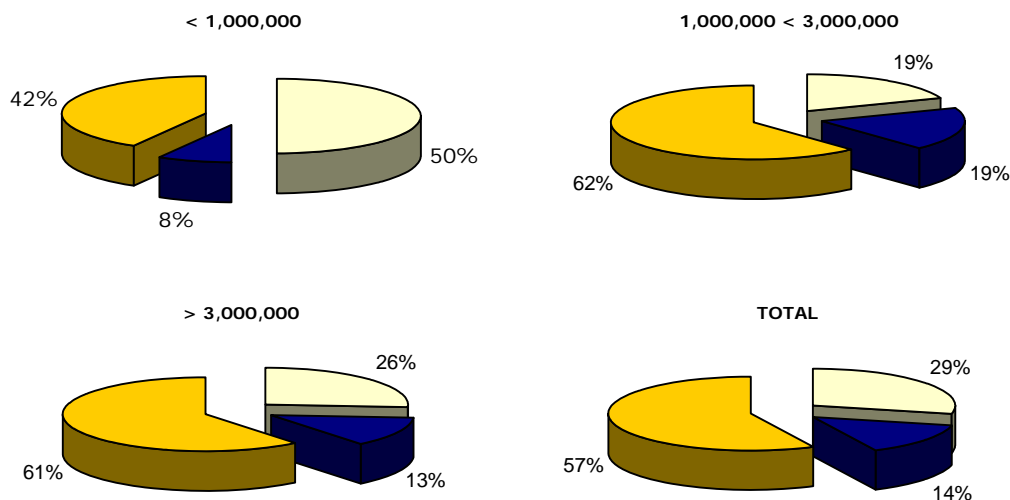
Which e-mail system(s) do you use?



- Outlook w/ Exchange server
- Outlook Express
- Lotus Notes
- Other internal corporate solution

In summary, 92% of the respondents use Microsoft Outlook® for their e-mail system and 72% of the respondents use Microsoft Outlook® with an Exchange® server.

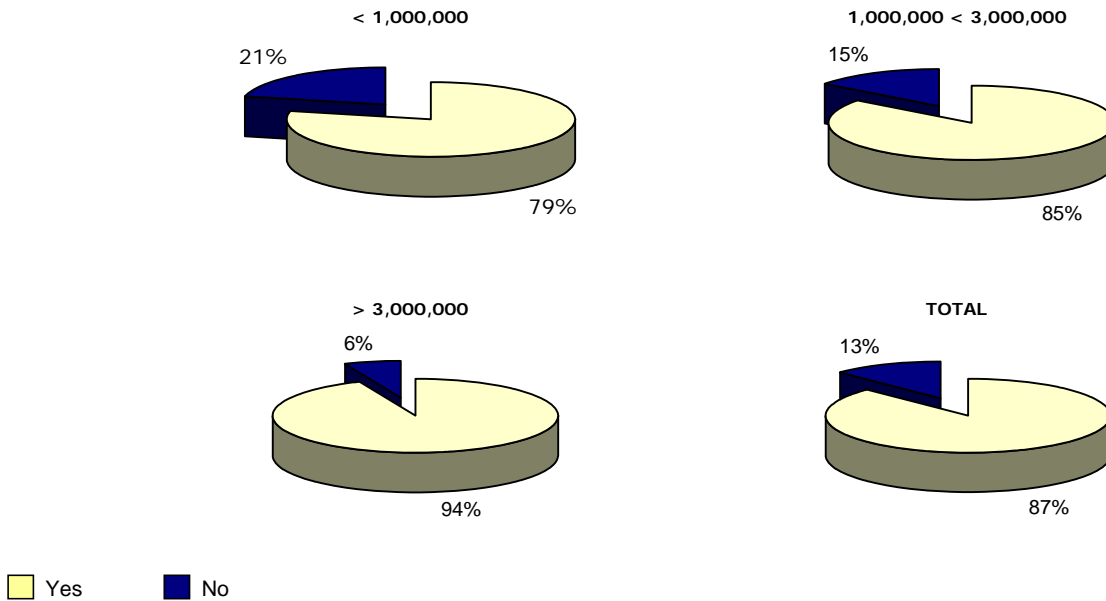
Does your agency make any effort to enhance e-mail privacy when sending confidential information (such as financial statements and social security numbers) via e-mail?



- Yes, we use encryption to secure our e-mail.
- Yes, we outsource/use web site services to secure our e-mail.
- No, our e-mails are not secure.

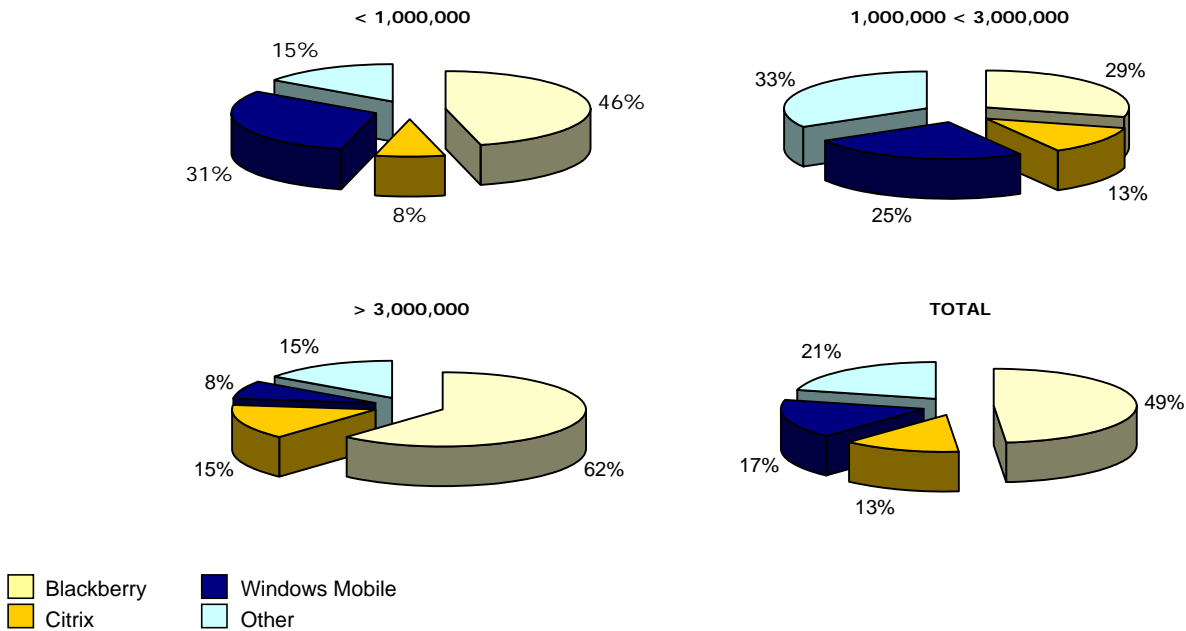
The majority (57%) of agencies (even the larger agencies) do not have a secure method to send e-mail. This creates a liability for clients and producers. Note that 43% of respondents use in-house encryption technology or rely on a third-party provider. Third-party web applications/services include solutions to verify the identity of the sender and recipient.

Do your producers have access to e-mail outside their office?



Nearly 90% of the agencies provide access to e-mail outside their offices. Without the use of encryption technology, sending e-mail outside their office increases the vulnerability of transmitting confidential data in a non-secure environment.

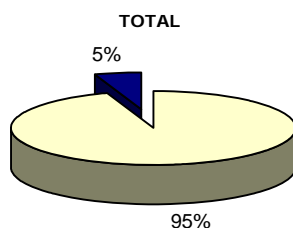
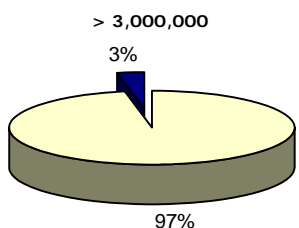
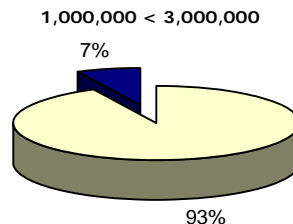
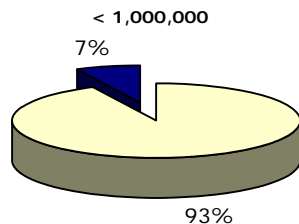
What system do your producers use to access e-mail outside their office?



Nearly half (49%) of the NASBP producers surveyed use a Blackberry® to access e-mails outside their office. Other systems identified included: Terminal Server, Remote Desktop, LogMeIn®.

Agency Web Sites and Maintenance

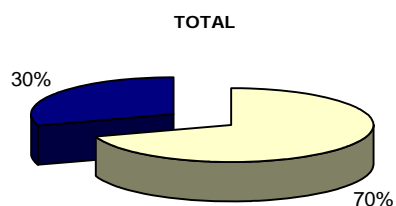
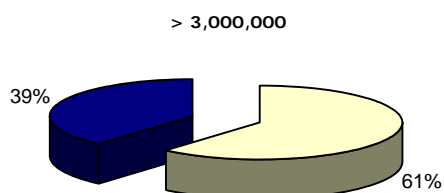
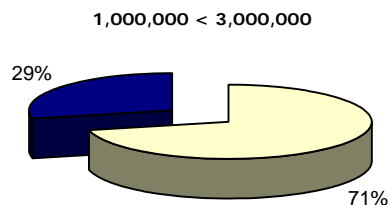
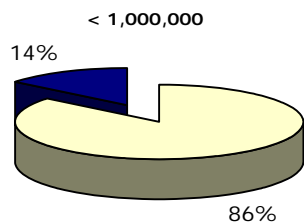
Does your agency have an external web site (one that the public can see)?



Yes No

Nearly all (95%) of the survey respondents have a web site.

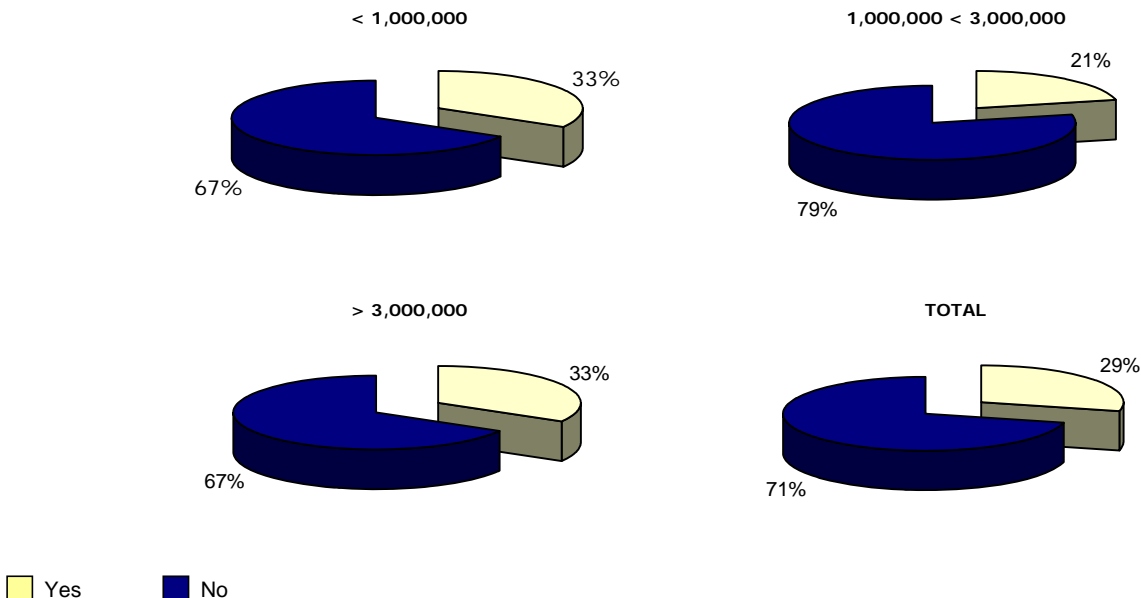
Who maintains the site?



Internal resources within the agency
External resources procured by the agency

About 86% of producers with premiums of less than \$1,000,000 have internal staff that maintain their web site. As the agency size increases, the more likely its web site is maintained using external resources.

Can customers actually apply for, purchase, or pay for bonds via your web site?



Most survey respondents (71%) do not offer online services where clients can apply or pay for bonds from their agency's web site.

Agency Management and Bond Production Systems

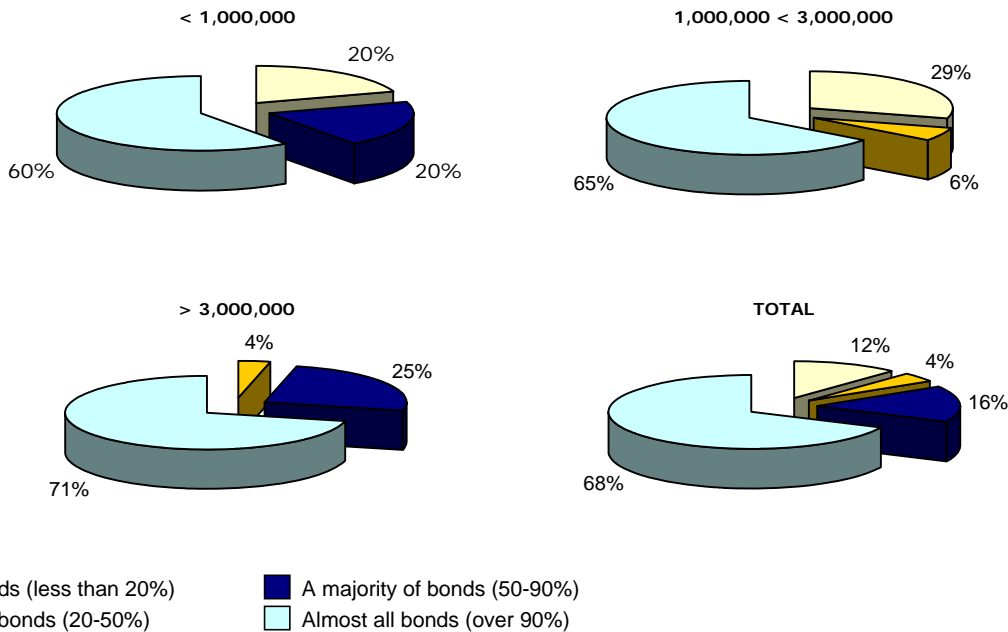
Which agency management system do you use?

The most prominently used systems include AMS AfW®, AMS Sagitta®, Applied (TAM)®, and Applied WinTAM®. Other agency management systems included NexSure® and AS/400. Approximately 12% of the respondents do not use an agency management system.

Which bond production system(s) do you use?

Most smaller agencies do not use a bond production system. Almost half (48%) of the agencies that indicated they are using a bond production system are using SurePath™. Approximately 10% of the respondents use iAutomate®, followed by BondPro® at 4%. The balance of the respondents use a variety of bond production systems.

Regarding the primary bond production system selected, what percentage of bonds are prepared using that system?



Over two thirds (68%) of the respondents indicated almost all bonds (over 90%) are prepared using a bond production system. See the list of bond production systems in the previous question.

Does your agency use any surety web-enabled bond systems?

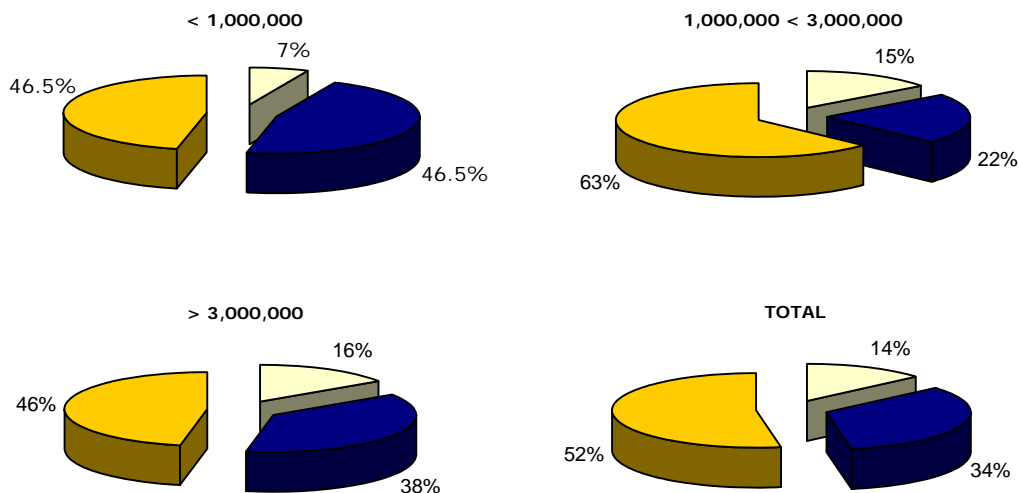
The most frequently mentioned bond systems were CNA Surety's bONDLINE™, Hartford 1Step®, Zurich SuretyExpress™, Safeco Surety Online®, and Merchants™. As the size of the agency increases, the number of web-enabled bond systems would increase. Other systems identified included Cincinnati Insurance and IFIC.

Does your agency participate/use any of the following bond-related systems?

Only half (50%) of the respondents participate/use bond-related systems. Of those using a bond-related system, almost three quarters (74%) of those use Surety 2000®. The other types of bond-related systems include SurePath™, TX-DOT, and ECMS.

Document Management Systems and Scanning

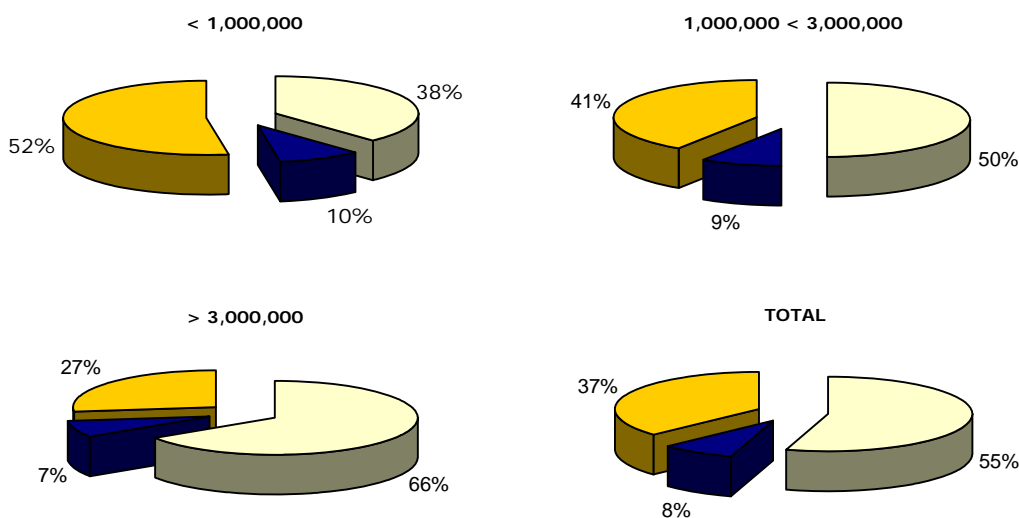
Does your agency use any document management system? If so, is it integrated with your bond production system?



- Yes, We use a document management system and it is integrated with our bond production system.
- Yes, We use a document management system but it's not integrated with our bond production system.
- No, We do not use a document management system.

Slightly less than half (48%) of survey respondents indicated they are using a document management system. Only 14% have integrated their document management system with their bond production system. Over half of the respondents do not use a document management system.

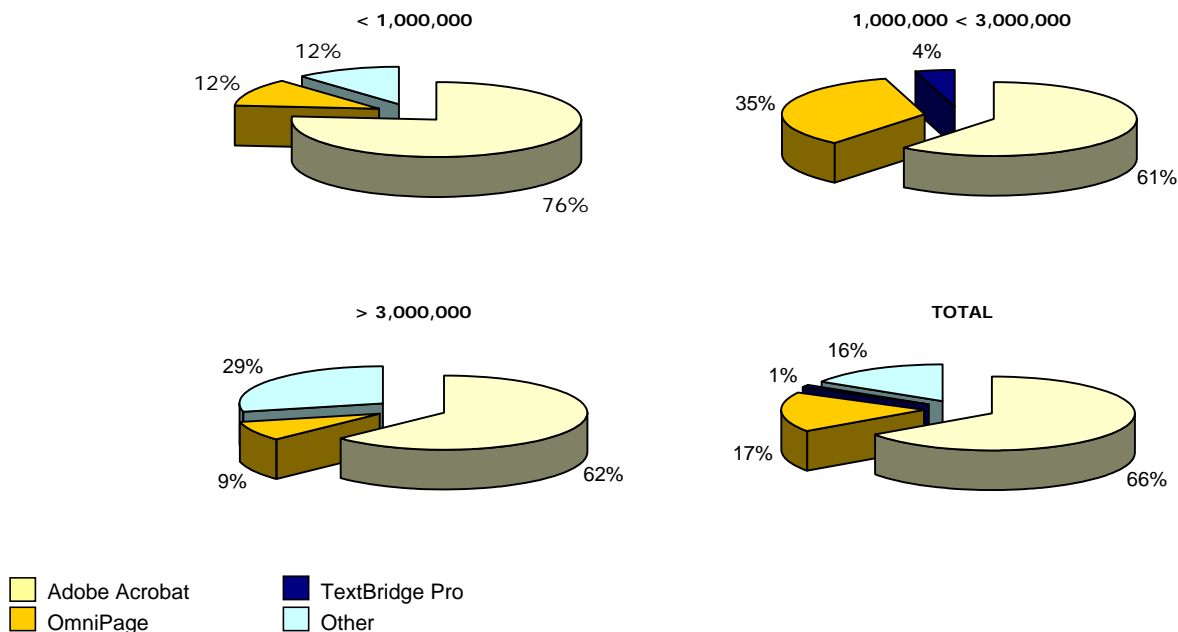
Does your agency do any scanning? If so, what type of scanners do you use?



- Yes, copier with scanning capability
- Yes, flatbed scanner
- Yes, sheet-fed scanner

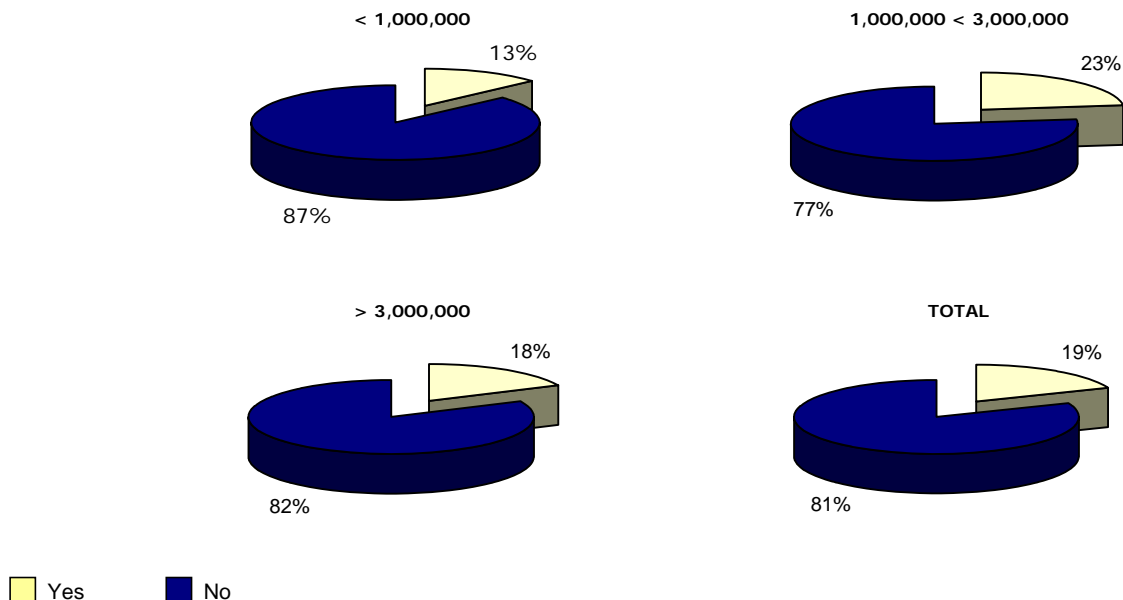
Note that 100% of survey respondents are scanning documents in their office. More than half indicated they are using a copier with scanning capability.

What type of scanning software do you use?



Nearly two thirds (66%) of the respondents use Adobe Acrobat® for their scanning software. The other types of software included Paperport®, Kodak Viewer®, AccuImage, Paperwise, ScanAll, Fujitsu ScanSnap and eCopy.

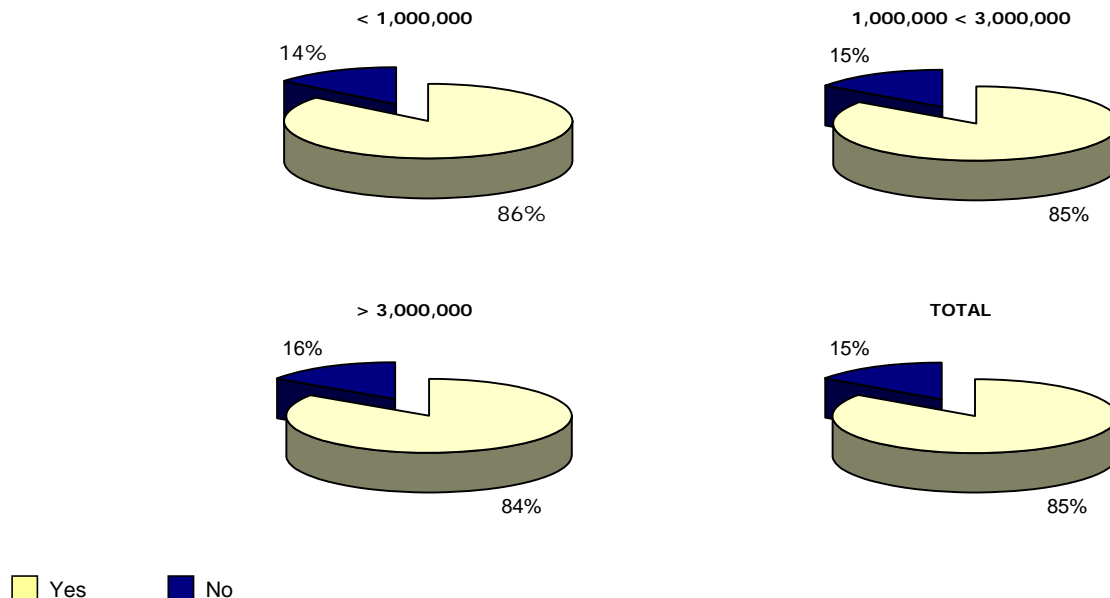
Does your agency use any optical character recognition (OCR) software?



Optical character recognition (OCR) is only used by 19% of those that responded. Most respondents are scanning their documents, but are not indexing them and making them keyword-searchable. Agencies not utilizing OCR technology are missing important storage, archiving, and searching capabilities.

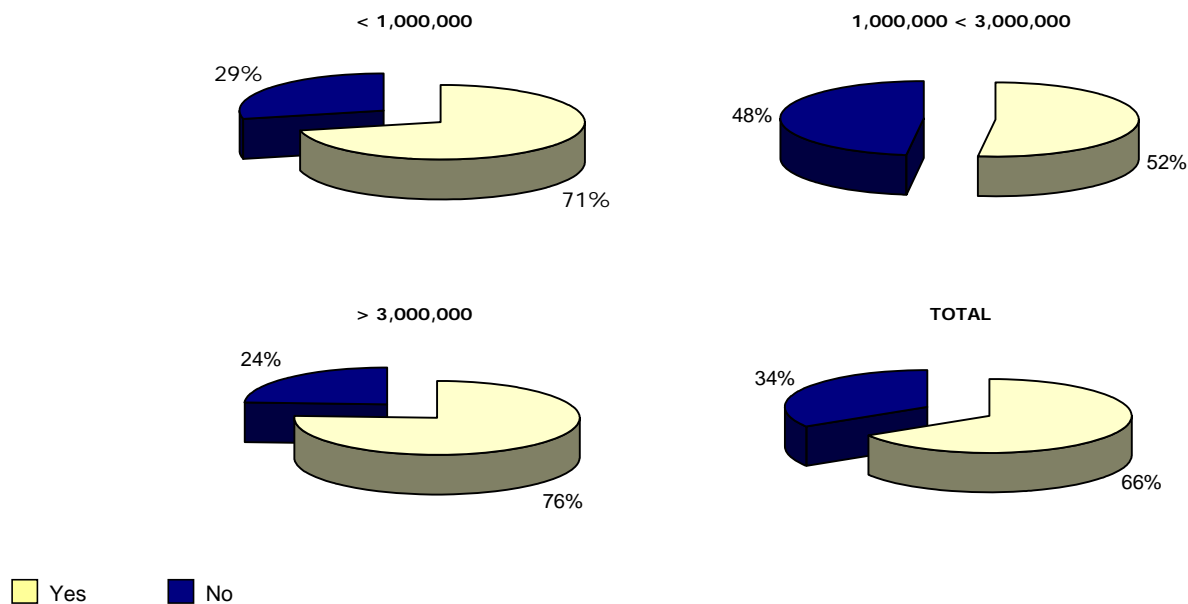
Paperless Office

Is your agency moving towards a "paperless" environment?



There is consistency among agencies of moving to a paperless environment. In summary, 85% of the survey respondents reported they have or are moving towards converting their agency to a paperless office.

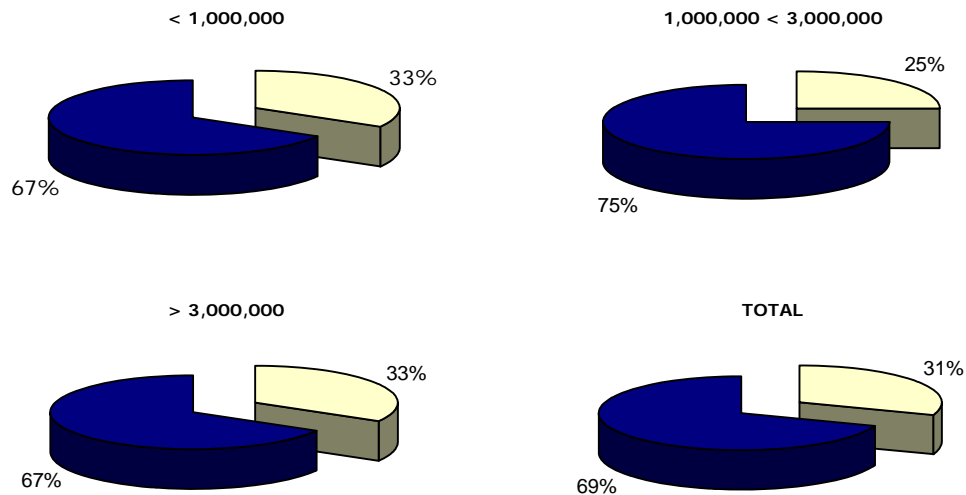
Does your agency use any electronic forms (Word, Excel, PDF) that are "fillable" that clients can use to submit information?



Nearly two thirds (66%) of the agencies use "fillable" forms for their clients. Most of the responses included forms available in the NASBP Producer's Tool Kit, available at <http://www.nasbp.org/toolkit>. The Tool Kit includes Microsoft® Word® and Excel®-based documents, such as NASBP's Contractors Questionnaire, Personal Financial Statement, Performance and Payment Bond Request Form, Service/Supply Contractor Questionnaire, Contract Bond Request Form, Bid Bond Request Form, Financial Statement Analysis, Status Inquiry Form and Work in Progress forms.

Integrated Messaging

Is your agency doing any "integrated messaging" (integration of e-mail, facsimile and voice-mail, etc.)?



Yes No

Integrated Messaging solutions included: NetSatisFAXtion®, CBD.doc, Solve 360, Sagifax®, Lotus Notes®, Avaya 8500 with Intuity™ Audix®. Many agencies stated they had simple solutions in place, such as receiving faxes electronically and scanning directly to e-mail.

Information Technology Tools and Solutions

Which credit reporting or risk measurement tools does your agency use?

Two-thirds of the respondents use Dun and Bradstreet reports or a credit and risk management tool. Other tools mentioned included Equifax®, Experian®, and TransUnion®. Respondents felt the following web sites and applications were considered important to their bond operations: NASBP (www.nasbp.org), SIO (www.sio.org), iSqFt.® (www.isqft.com), SBA (www.sba.gov), and F.W. Dodge (dodge.construction.com). Other web sites mentioned were those of construction trade associations, contractor clients, the U.S. Secretary of State, state contractor licensing boards and state DOT's.