Abstract

Insurers and brokers are struggling with older surety bond systems and processes. With today’s technology moving increasingly toward cloud-based services, surety bond systems must conform to today’s digital environment. More flexibility and adaptability are required by any broker looking to find a profit, which in turn requires bond management platforms to respond to changing demands. Economic factors and an increase in construction activity also point to a need for surety solutions to be nimble and effective. Through all of this, today’s brokers need a way to optimize workflow in systems that function in intuitive ways.
Increasing Construction Projects Impact Surety Bonding

The U.S. construction industry continues to experience substantial growth. With continued growth expected, business complexity increases, and this requires more agility by the sureties in response. Opportunities for the sureties and their distribution channels to address challenges abound. More advanced systems are needed to:

Automate workflows so systems intuitively function
The construction industry is short on labor to meet the increasing demand. Sureties and their intermediaries lack staff to keep pace with the increase in bond demands, particularly when they are dealing with more manual systems. Reducing or eliminating manual workflows will allow the workforce to focus on other value-adding activities.

Create collaborative project delivery methods
In addition to understanding new workflows in project management, stakeholders will need to expedite communications to process bonds more effectively.

Keep pace with the new construction methods and materials, such as offsite and modular construction
This will affect bond pricing, risk management, project schedules, and the cost of construction.

Embrace data and analytics
Insurance companies and brokers have invested heavily in data analytics. Surety underwriters need to learn how to use analytics to evaluate their contractor risks to determine underwriting policies and rates. Agile surety systems must have the ability to analyze traditional data sources as well as integrate predictive analytics and the Internet of Things (IoT).

Effectively evaluate contractor character
As construction firms face increased scrutiny and prosecution of safety and fraud incidents, character evaluation is an escalating underwriting focus. As the pace of business increases and face-to-face relationships are replaced or reduced by technology, modern surety systems must fill the gap left in the underwriting process, especially if a contractor is a new client of both the bond producer and the surety.

Manage Digital Convergence with “Surety as a Service”
With the forecasted continued increase of construction projects, the greater complexity of construction technologies and methods, and the shortage of surety professionals, most current surety systems are not sufficient. However, sureties and brokers must execute workflow processes in a timely and quality manner to meet market demands. By leveraging newer digital technologies, they can keep pace with market changes at a reduced operating cost. A Software as a Service (SaaS) solution for the surety industry offers improved workflow processes, better risk evaluation capabilities, and reduced costs.
Reduce Costs and Grow Capacity with Enhanced Workflow Processes

New SaaS surety solutions enable companies to configure the requirements of their workflow, improving the workflow processes between the sureties and their distribution channels, ultimately escalating flexibility and reducing expenses. Greater software flexibility results in greater budgetary flexibility, such as reducing or even outright eliminating the infrastructure and resource allocation costs of supporting existing surety systems.

Moving from manual to automated workflows, which seamlessly integrate dependent systems, is key to succeeding in a digital environment. This means companies have the additional capacity to grow bond sureties without worrying about compound costs.

Enhance Underwriting Functionality to Decrease Risk

Along with upgrading technology, nimble organizations must be able to quickly adapt to the higher standards of the changing underwriting environment. Information and analytics are easier to access than ever. However, an adept system must be in place to give companies the ability to utilize this data.

Upgrading to a SaaS solution will provide a new, sensible infrastructure to allow information to flow better between sureties and their distribution channels.
Companies can streamline their surety management with sensible pricing models. These solutions ensure greater flexibility for companies working with sureties without sending costs out of proportion to the project. This scalable model also leaves room for growth.

Increase Flexibility with a Subscription Approach

With a subscription approach, the cost is variable depending on the number of bonds under management. Paying per-bond-per-year (PBPY) subscription fees without separate licensing fees will have a positive impact on an organization’s expense ratio over traditional licensing models. There is tremendous budgetary flexibility thanks to the real savings gained by replacing older surety systems by leveraging N-Surety’s SaaS platform that self-contains the infrastructure and software needed by the surety or brokerage. The elimination or reduction of these costs further validates the decision to become more operationally efficient in managing bond processing and improving the bottom line.

Excel with a Subscription-based Surety Solution

N-Surety by NIIT Technologies is a cloud-based SaaS surety bond processing solution for commercial surety and contract surety, as well as all fidelity and financial institution bonds. This subscription-based technology solution can improve profitability and optimize processes. Companies that adopt N-Surety can avoid typical CapEx software acquisition costs, improve workflow processes, and reduce underwriting risks.

Expense Management Focus

Most companies that implement N-Surety realize a software expense ratio less than 1.5 percent on a total cost of ownership (TCO) basis. The system is designed to greatly advance work process and enhance technology optimizations. N-Surety is designated to be fully configurable, flexible, scalable, and adaptable—driving current competitiveness and allowing companies to respond to market changes in the future.
N-Surety is architected on a multi-tenant platform. Upgrades and releases are seamless to companies on the platform with the exception of those companies that have asked for customizations outside of customer configuration differentiations.

In addition, a fast implementation cycle further reduces costs. SaaS software systems enable companies to become quickly operational with the new software as significant functionality is available “out-of-the-box.” N-Surety is configured to reduce or completely eliminate the need for customizations. Once the workflow and values are configured to the company’s requirements and systems integration needs are met, the new software is generally available in a “go live” state in a 90 to 120-day delivery schedule.

**Transaction Volume-Based Pricing**
N-Surety is architected to reduce the cost of operations and takes a subscription basis for pricing, which enables sureties and brokers to only pay for those bonds under management and not a percentage of premium, which so often erodes profitability.

NIIT Technologies offers three- and five-year subscription agreements for N-Surety. Subscriptions leverage a variable pricing methodology based on the volume of bonds under management. In other words, this pricing methodology provides senior management with a more predictable year-over-year forecast in annual expenses based on increases and decreases in the bond count.

The N-Surety solution prices contract and commercial bonds separately to provide a price break for commercial bonds that have low premium thresholds on a PBPY basis.

In addition, with N-Surety, acquiring a new surety book of businesses is as simple as adding new bonds into the system. Plus, system integrations, customizations, omni-channel portal deployment, extensive bond libraries, and data migration can enhance the core solution.

**Higher Standards for Surety Underwriting**
N-Surety’s open and highly configurable architecture supports all types of surety-specific workflows, rating plans, underwriting rules, and internal and external user types (underwriter, agent, principal, obligee, and more). Its comprehensive technology platform supports participants across the entire business.

The omni-channel portal provides greater interactions with all stakeholders with access to real-time bond rating and the issuance system with detailed reporting and business intelligence capabilities. Because the platform is designed to be 24/7 self-service for surety stakeholders, manual processing is reduced, quality is improved, speed to value is increased, and current client infrastructure systems and assets are efficiently integrated. This greatly reduces or even eliminates the infrastructure and resource allocation costs of supporting existing surety systems and can result in an additional half percent or greater annual savings. N-Surety’s enhanced capabilities and infrastructure, along with its evolving predictive analytics capabilities, are also key to reducing underwriting risks.
The NIIT Technologies Thought Board:
The Digital Dawn of Surety Bonding

What makes a SaaS surety solution superior?

- Self-contained infrastructure software
- Automated workflows
- Better risk evaluation capabilities
- Integrated data and analytics

Why is a subscription-based solution the most cost effective?

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<th>Typical Surety Software Pricing</th>
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<tr>
<td>Annual license fee, tied to premium</td>
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<td>+ Maintenance fee, usually 20% of licensing fee</td>
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<td>+ Software implementation fee, typically 6 times or more than the license fee</td>
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<td>+ Continued costs for required changes and upgrades</td>
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<td>Exorbitant costs and reduced profits</td>
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<td>Budget flexibility and predictability</td>
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<td>Improved expense ratio</td>
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<td>Significantly reduced costs</td>
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What is N-Surety?

N-Surety is a cloud-based SaaS bond processing solution. It is a fully configurable platform with self-contained infrastructure and software. This subscription-based PBPY solution optimizes processes and improves profitability.

Why choose N-Surety?

- Scalable
- Cloud-based
- Fully configurable
- Adaptable
- Cost-effective
- Fast implementation
Respond to Evolving Demands for Optimized Profitability

Embracing the SaaS model ensures that surety bond systems conform with today’s digital environment. More flexibility, agility, and adaptability are critical as the construction industry continues to evolve. N-Surety allows companies to automate workflows, process bonds more effectively, enhance risk management, and optimize data analytics. Its quick implementation cycle, seamless upgrades and releases, and pricing model are designed to reduce costs. Nimble organizations must implement SaaS solutions to optimize profitability and succeed in this ever-changing industry.