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REMEMBER THE BROWSER WARS? SURETY CARRIERS ARE IN PLATFORM WARS.

INDUSTRY VIEW

The connect the silos is one of the most important skills a surety senior management team can have.

In the early days of the internet in the late 1990s, Netscape Navigator, Microsoft's Internet Explorer and other Internet browsers tried to grab market share in an emerging market.

The choice of a browser in those days had technological, cultural and even political implications for their users. Consumers and businesses placed values on browsers that went beyond technology.

Today, 25 years later, the surety business has a similar choice in the area of technology. Surety carriers have their choice of surety tech systems — technology that promises to disrupt the industry as much as streamline it.

The status quo is powerful in surety business.

Yet, unlike the warring browser companies, the surety business has been languishing in a paper-based environment for decades. As much as the industry has insurtech and business improvements to make its own leap ahead, the status quo of paper-based processing is pervasive. Surety carriers are fighting to create and implement the right workflow and technology solutions.

They can no longer point to regulations as a barrier. Surety regulation specialists from the Surety & Fidelity Association of America (SFAA), writing in Construction Executive magazine, recently pointed out that "In most jurisdictions, in practice, a surety bond is accepted as fully executed by most governmental authorities when it includes a wet signature, a raised corporate seal and notarization."

Surety practices 'Unworkable and Imprudent'

The authors called these practices (required by most public owners) to execute physical copies of bonds… "unworkable and imprudent" especially in light of social distancing orders, closed offices and stay-at-home dictates. All of these paper-based practices require person-to-person contact, and are highly inefficient today for themselves, their bond producers and their contractors and other customers.

By contrast, technologies and legal authority now make it clear that ***"execution and delivery of electronic bonds with digital signatures and seals is here and equally enforceable"*** as traditional paper processes, the SFAA experts wrote.

The surety execution process is ripe for change and improvement. The question is: Which are the best ways for sureties to reimagine and rebuild from their paper-based foundations?

Whether using a build or buy technology solution, surety carriers must include in their decision process prospects for upgrades such as:

- Project management and completion
- Digitalization of surety coverage forms and processes
- Streamlined agent and customer experience
- Workflow improvement
- Real of cost savings

Highly important too is how carriers' technology offerings affect agent relationships and customer satisfaction.

Customer Experience: Making its way in the surety business.

Carriers offering credit and surety products face pressure to transform customer experience for agents and customers. This can help them hold insurtech and direct competitors at bay.

Making the build-or-buy choice involves a surety's accepting the quality of its own work in building a surety tech platform. Further, any surety carrier must grapple with issues such as the state of the market, the state of play in surety technology systems, and what advances are being made in them.

Lack of tech, workflow upgrades drags down competitiveness.

Surety systems are not a set-it-and-forget-it proposition. Whatever surety tech they choose, carriers must continually upgrade their surety technology system and how it interacts with bond producers. Looking in the rear-view mirror of the surety business, a lack of technology and workflow upgrades over time has been a marked drag on competitiveness.

Whatever tech a surety chooses, it needs upgrades of systems and forms in future years. That can make or break the surety's success.

These systems must be substantive, as well as flexible, to take on needed changes at the surety carrier, the marketplace, regulators, and customers. Over the course of a year and beyond, every surety technology solution will change. This is a key rationale for why long-term contracts are the norm in surety systems.

Unlike in the days of the browser wars, I do not think there will ever be one single winner — there is and will be competition in this technology marketplace.

Focus on core competency is a long-term win.

The more a surety carrier relies on its core competency, the better it's going to compete in the marketplace. If a surety spends more time on core competencies and critical focus areas (and less on other priorities), that's a long-term win.

On the other hand, the more the surety does things outside of a core competency, the more risk there is of struggle. Surety carriers generally have just one core competency, whether it's underwriting, claims or something else.

"Outsourcing" to cut costs became a bad word for employees because of job losses and other disruptions from prior experiences among insurance firms. Today's partnership arrangements, by contrast, tend to avoid those drastic widespread effects since they might not be as cost-driven as previous outsourcing practices.

When specialists in business technology systems leave alone things like communication systems, IT security and other workforce and office efficiency, that tends to reduce the threat that management/employees might typically perceive when third-party providers appear on the scene.

Two critical obstacles within carriers tend to slow progress in implementing business tech systems:

- Silos between departments such as underwriting, finance, sales, and distribution channels lead to inefficiency. Carriers tend to silo people, information and decisions based on specific tasks. Not all surety carriers have optimized interactions within their organization.
- Surety decision-makers aren't necessarily lacking in information about the business, market and partners. Rather, they aren't able to see and digest the right information at the right time. Having information in different places in different forums limits the ability to use business intelligence (again due to silo effects).

The ability to connect the silos is one of the most important skills a senior management team can have or learn in the surety business.

One single platform to maximize efficiencies.

Having one platform allows for the entire life cycle of the surety transaction (quoting, underwriting policy document and issuance, and reporting). It gives carriers the tools to maximize efficiencies and take best advantage of the information that they have already.

As the U.S. economy grows, the surety market grows along with it. So it's vital and opportune for surety carriers and their clients for this marketplace to develop and become more essential to all the players.

Throughout the surety market, many participants — whether sureties, agents or industry groups — are locked into a repetitive cycle, a familiar county road rutted with painful potholes and delayed by detours.

As Newton's first law of motion, the law of inertia, points out: An object at rest tends to stay at rest. Surety leaders are realizing that the status quo is no longer where they want to be.

About Tinubu

Tinubu is the business facilitator and exchange enabler that delivers fluidity and simplicity to the insurance industry by using the strength of collective performance.

Our company is an alliance of technology software and insurance expertise offering the best combination to its clients. It covers the entire value chain of credit insurance & surety with one end-to-end platform, connecting every part of your business with one digital highway.

Established in 2000 and headquartered in Paris, France, Tinubu is an independent software provider and employs 170 people, located in Paris, London, New York, Orlando, Singapore, and Montreal. Its clients represent 30 of the top 60 Credit & Surety underwriters worldwide.

Contact Us

contact@tinubu.com

+33 (0)1 74 31 20 70 (EMEA)

+1 (213) 290-9628 (USA)

tinubu.com

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