

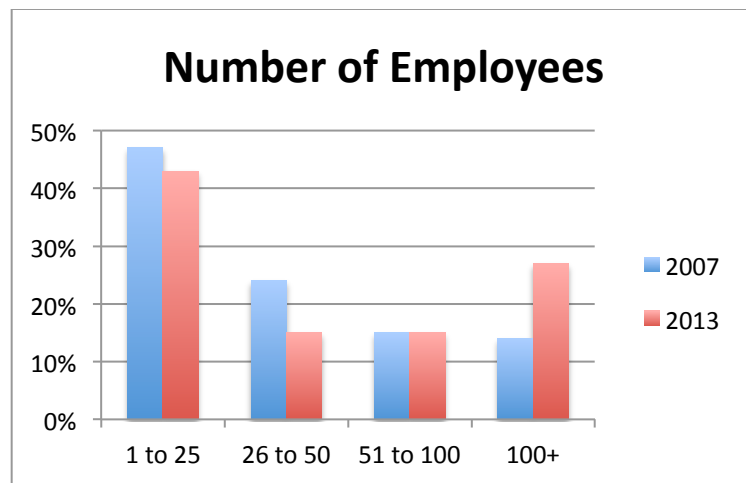


## 2013 NAPSLO Technology Survey Results Summary

In September 2013 NAPSLO surveyed its approximately 500 Wholesale Broker/MGA and Company/Underwriting Manager member main offices regarding current uses of technology. An update to the 2007 survey conducted by the Association, the survey sought answers to questions about general business and operations practices of NAPSLO members as well information about recovery and security and technology work environments.

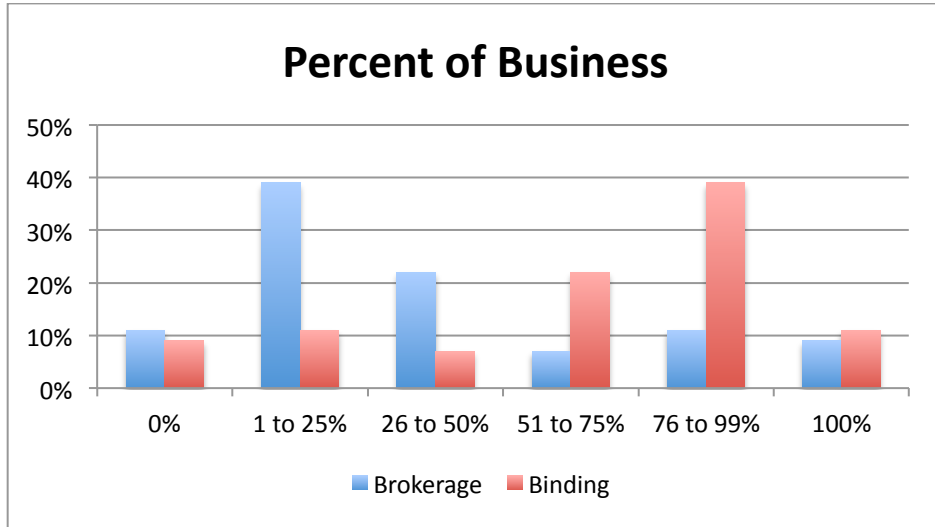
The survey was sent to help inform the work of NAPSLO's Communications and Technology Committee as that group set goals for 2014 at the recent NAPSLO Committee Day. Members who participated in the survey will receive the full results of the study. Highlights of key findings include:

- 101 firms responded to the survey, representing 87 Brokers/MGAs and 14 Carriers.
- 70% of respondents represented firms with three or fewer offices. Of the responding firms, 43% employed fewer than 25 people, while 27% reported more than 100 employees.



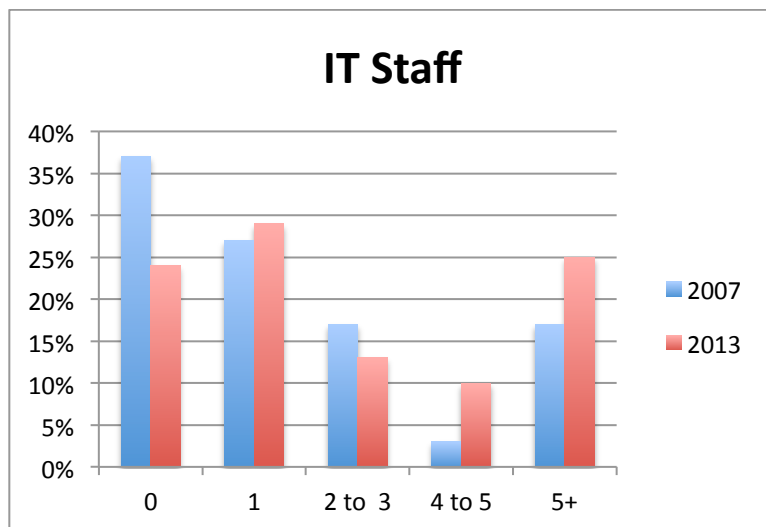
- Most Broker/MGAs firms reported doing a combination of brokerage and binding business with only 11% reporting 100% brokerage and no binding business and 9% reporting 100% binding and no brokerage business.
- Asked what percent of their business was brokerage,
  - 40% reported less than 25% of business was brokerage,
  - 22% reported 26-50% was brokerage,
  - 7% reported 51-75% was brokerage,
  - 11% reported more than 75% was brokerage.

- Asked what percent of their business was binding,
  - 11% reported 25% of less of business was binding,
  - 7% reported 26-50% was binding,
  - 22% reported 51-75% was binding,
  - 40% reported more than 75% was brokerage.



On technology areas of interest, more than 50% said areas of most interest were Policy Issuance, Security, Paperless, and Rating, followed by Data Transfer and Management Systems.

Compared to the 2007 results there has been an increase in the number of firms reporting more than 100 employees and a decline in firms reporting less than 50 employees. In addition firms reported an increased number of IT staff with 35% reporting four or more IT staff, compared to 20% in 2007.

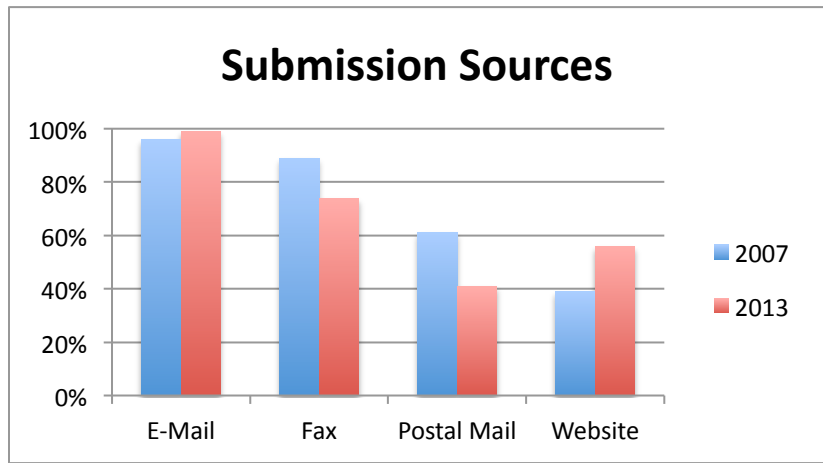


Regarding budgets, 36% of firms said their technology budget was between 0 to 3% of gross written premiums (carriers) or net retained premiums (brokers/MGAs), while 41% reported it was between 3-5% and 18% answered 5 to 10%.

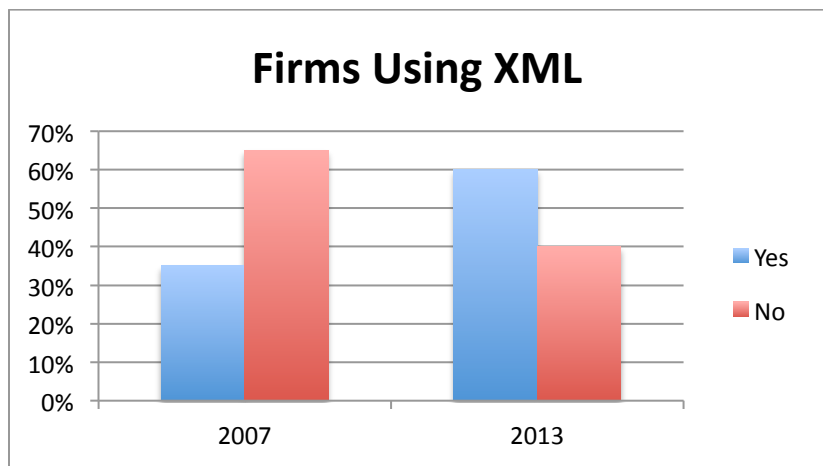
**Operations**

Nearly 60% of respondents said risks could be submitted through their website and approximately 50% said retailers could obtain indications on specific risks and bindable quotes. However only 20% or fewer respondents said retailers could download from their websites policies, certificates of insurance, or information such as number of submissions, hit ratios, and premiums written. Approximately 17% said they were looking to add each of these features in the future.

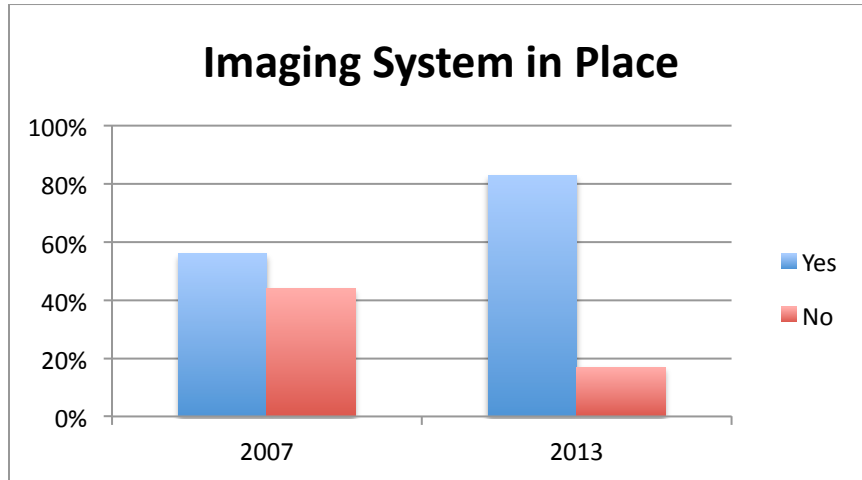
Compared to the 2007 results there has been a growth in submissions via e-mail and websites and a decline in submissions via fax and postal mail.



Nearly 60% of respondents said they were using XML/web services with business partners and that Rates, Policy, Forms, and Underwriting rules were the top areas involved. A quarter of firms said they rely on ACORD standards, while 56% said they use both ACORD and in-house standards. In the 2007 survey 35% of firms reported using XML.



More than 90% of firms said risk data was accepted via email, with all respondents said they supported PDFs, followed by most accepting TIFs and DOCs. More than 80% of firms reported having a formal imaging system in place and the system most reported used was ImageRight. In 2007 only 56% of firms survey reported having an imaging system in place.



For Brokers and MGAs, AIM was reported as the most used agency management system.

- 31% reported using AIM
- 16% reported using in-house systems
- 14% reported using Omni
- 11% reported using Epic-Premier

Nearly two-thirds of carriers reported using an in-house system. Firms were split on plans for changing their system with 40 saying they would keep the current system, 28% were looking to upgrade, and 32% were looking at other systems.

Approximately 45% of firms said they use a comparative rater and about half said the current raters available met their expectations. However most respondents said neither retailers nor insureds could reach their comparative rating environment. In addition, firms reported that only a limited amount of business flows through the firm’s comparative rating environments, as half of firms reported that zero or one market participated in the comparative rating environment.

### **Recovery & Security**

A strong majority of firms reported having alternate internet, phone, hardware and work sites in case of a major outage or disaster and full server backups were the primary backup method, followed by backups to external drives. Almost all firms reported having disaster recovery and contingency planning and only about one-third reported having downtime during to virus or other security issues. A majority of firms reported using cloud-based systems for email and backup.

### **Work Environment**

More than 80% of firms said they provide laptops and smart phones to employees, with most firms having multiple types of smart phones in use.

Phones and tablets were reported as being primarily used for email, however a third of firms said their employees review risks on the devices. More than 90% of firms reported employees working from their homes.

Approximately two-thirds of respondents said the firm's primary desktop platform was Windows 7, while 11% had moved to Windows 8, and 23% remained on Windows XP. More than 50% said they had one or zero in-house technology employees, 44% said the majority of IT services were outsourced, and approximately 50% said no custom programming was performed in-house.

The NAPSLO Communications & Technology Committee will continue to review these results and monitor emerging technology issues in the marketplace during the coming year.