
CapSpecialty: A Community of Insurance Specialists

CapSpecialty is a Wisconsin-based national underwriter of specialty insurance products in niche areas of the commercial property/casualty, professional liability and fidelity and surety markets. In addition to offering high-quality products and services tailored to customer needs, CapSpecialty is committed to being the easiest company for agents to do business within its market segments.



Competitive Advantage

In 2005, CapSpecialty realized that its current infrastructure was leaving them at a competitive disadvantage in the market. The company developed three primary goals:

- Convert 20 years' of bond data, functionality and workflow processing from its two legacy fidelity and surety administration systems into one modern processing system.
- Automate processes to cost effectively grow their business.
- Improve customer service by enabling agents to support their customer demands in real-time.

CapSpecialty selected OneShield Policy to help it meet these objectives. Chief Information Officer Bob Asensio explains, "CapSpecialty needed to move its legacy surety business to a new platform and provide straight-through processing to our agents – no small task. The OneShield Policy framework provided the flexibility to develop the feature set we needed,

and facilitated the conversion of 20 years' of bond data from two systems.”

Asensio added, “The company had business, technology, and regulatory drivers behind our implementation of OneShield Policy. As a result of M&A activities, we had two legacy bond administration systems that needed consolidation. We had also become a subsidiary of a publicly traded company, so tight controls for compliance with Sarbanes-Oxley were imperative. Most importantly, we needed a system that would allow us to rapidly bring enhancements and new products to market. And now several years later we still feel that OneShield gives us the ability to respond to changes in the business.”

Service in Real-time Makes a Difference

“Every insurance company wants ‘ease of business’ for their agents. Our book of fidelity and surety business represents close to one-fifth of our total written premium, so it is crucial for us to make it easy to place bonds with CapSpecialty,” says Asensio. One of the primary goals for implementing a new policy management system was to extend the system to the agents.

“In our implementation of OneShield Policy, it starts with a ‘quick quote’ process to arrive at a premium quote with the minimum information entered. With the entry of only a few details, an agent gets automated bond underwriting and issuance for over 900 bond types so far, with more added each month – trending

towards an additional 3,000 per month. Even the renewals are automated.”

It was important for CapSpecialty to implement a system that could administer bonds cost effectively. Using OneShield Policy’s flexible architecture and extensive content, CapSpecialty developed Capitol Express (CapEx); a surety underwriting portal used by both retail and general agents to automate the underwriting and distribution processes. The initial launch of CapEx included 20 different bonds. Today, the system supports 830 bonds with new ones being added monthly and quite easily.



Results

- Successful conversion of a huge amount of legacy system data – 20 years of data from 2 different systems.
- Delivered self-service agent portal with quick quote process.
- Agent-facing bond system is easy-to-use and popular with agents.
- Achieved straight-through processing (STP) for agents, reducing underwriting costs.

The key functions of CapEx are real-time bond issuance (both new and renewal) based on a standardized underwriting approach without underwriter intervention, and a referral process for bonds falling outside of the underwriting template. CapSpecialty worked collaboratively with OneShield's project team to ensure the depth and subtlety of each product.

This allowed for approvals and issuances, declinations, and referrals when additional underwriting was required to be completed in real-time.

"CapSpecialty has a solid reputation and position in the market as a company that is easy to do business with, yet one that maintains underwriting discipline," notes Asensio. "Our management and IT teams sought a policy administration solution that allowed us to configure rules to specific bond types, bond limits, underwriting characteristics and user roles."

He adds, "OneShield Policy has allowed us to automate the underwriting and distribution processes while improving the agent experience." In the past agents would call, email, or fax their underwriter and request everything – quotes, bond issuance, underwriting guidelines, renewals, claims, reports, etc. Today all that is available 24 hours a day in CapEx. OneShield Policy's intuitive interface helped create a bond system which was popular with agents and provided real-time service and

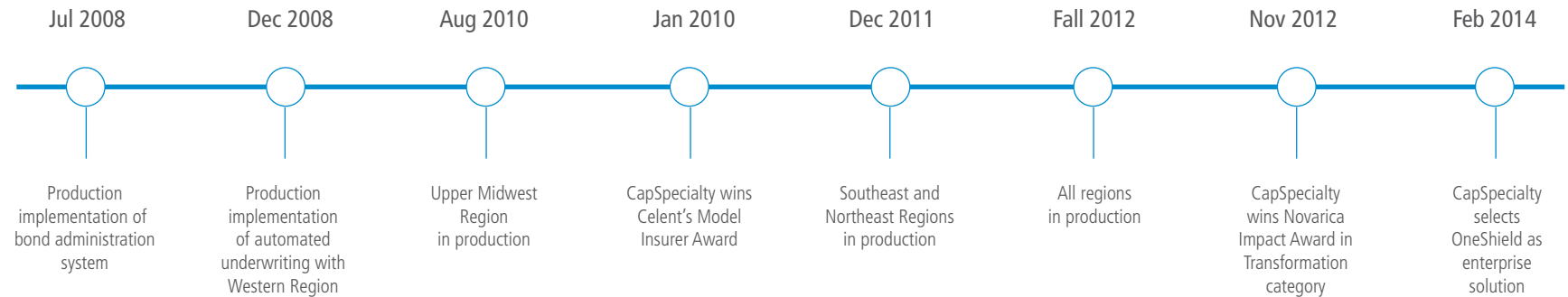


"OneShield always delivers on what they promise, and that's important in helping CapSpecialty fulfill our commitment to growth within the U.S. wholesale insurance community."

*Stephen Sills,
Chairman & Chief Executive Officer
CapSpecialty*

straight-through processing. Even an agent whose bond was rejected emailed CapSpecialty and provided feedback about how they had enjoyed the experience because it was easy to use and they received a quick answer.

After the first implementation of OneShield Policy, the evolution of innovation at CapSpecialty continues:



The Right Fit for Adding Flexibility and New Capability

For a smaller company like CapSpecialty, big projects like this require an attentive vendor who can help with resources. Not only was OneShield able to provide needed project management and business analysis capabilities, Asensio says the management team was confident the company had OneShield's full attention throughout.

"Vendors can only take on so many implementations at a time, and OneShield was better than other vendors out there in terms of measured growth," he says. "CapSpecialty ultimately chose OneShield because we felt the OneShield Policy platform would allow us to quickly adapt our bond administration system in response to changing market and customer needs," adds Asensio. "It is the perfect blend of an 'off-the-shelf' system

with major functionality in place, and a rapid development environment for us to mold it into 'CapSpecialty's system'. OneShield also had – and maintains – a stellar record of project success with their clients. The fact that they had staff with deep fidelity and surety experience was the clincher."

One of capabilities CapSpecialty had to have in its new surety system was rapid and easy product configuration. In the past, all changes either had to be completed by the vendor or the programmers in CapSpecialty's IT organization. Today most changes can be handled by the business analysts by simply changing data in OneShield Policy data tables. This enables programmers to focus on developing new functionality.

Implementing OneShield Policy allowed CapSpecialty to consolidate the surety business onto one system, which dramatically streamlined operations for the surety offices and for

the IS department. “The company was also able to consolidate all back-office processing from four branch offices to one. This freed up more staff to focus on sales and underwriting.”

With an upturn in economic activity in the construction industry, CapSpecialty saw an opportunity to re-enter the contract surety market. “We recently added contract surety, which we hadn’t written for quite some time,” said Courtney Larsen, Systems and Marketing Analyst for CapSpecialty. “We completely configured it on our own and went from concept to production in just over 6 months. This kind of flexibility was one of the drivers for partnering with OneShield.”

In January 2012, CapSpecialty added a new line of business with a unique suite of underwriting analytical functionality in a

remarkably short time frame. And as of June 2012, CapSpecialty has been in production with OneShield Policy for five years and looks forward to the future. “The capabilities we have today are only the starting point – we have to continue to respond to changes in the way agents work, and changes in the market,” says Asensio. “We feel the OneShield Policy platform will allow us to adapt and keep ahead of other carriers in terms of ease of doing business.”

In February 2014, CapSpecialty selected OneShield as their enterprise core systems solution. CapSpecialty launched a new Professional Liability division based on OneShield Policy and handled the implementation completely self-sufficient of OneShield. CapSpecialty is now working on converting all other existing lines of business to OneShield Policy.

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