

The right connections

Lee Mashore talks to *Captive Review* about CHSI's Connections software solution for managing captives and self-insured products

IN AN industry primed for regulatory clamp downs, product evolution – developments with an eye on meeting the increasing burdens under which captives find themselves – is vital. Such times, therefore, give Nevada-based insurance manager CHSI, whose name stands for Commitment, Honesty, Service and Innovation, the opportunity to cement key aspects of its moniker. Here, Lee Mashore, vice-president of the company's information technology team, discusses the company's innovative Connections software solution product; highlighting the benefits it can afford today's captive programs. The niche it has been developed to serve not only offers insight into the current state of the market but gives some authority to Nevada's own reputation for innovation.

Captive Review (CR): Which trends would you identify as characterizing the development of Nevada's captive insurance industry in recent years?

Lee Mashore (LM): Nevada has carved out a niche as an attractive domicile for association captives and Risk Retention Groups (RRGs). Unlike some other captive domiciles, our state regulator warmly accepts such captives as long as they have a good business plan, are well-managed and maintain compliance with the Nevada statutes. Policy administration via our Connections software solution is a key component of good management and regulatory compliance. Also, as a web-based system,

Connections provides association captives and RRGs with the look and feel of a real insurance company – thus providing growth opportunities with the captive's potential market.

CR: What developments in the insurance market prompted the creation of your Connections software solutions? Can you describe its premise?

LM: It was, in fact, the lack of developments in the insurance market that prompted the creation of Connections. While investigating policy and agency administration systems to manage our own lines of business, we discovered that there are very few systems available to captive companies that combine policy administration with third-party application integration, such as claims and financial data, at a price that we could afford.

Initially, we set out to solve a few problems, like client-relationship management, underwriting and billing. And, before we knew it, we had a highly configurative, yet easily customizable, solution that we feel can help make other captive programs successful while not costing them a small fortune.

CR: What problems in the captive management arena is your Connections software solution designed to address?

LM: The biggest problem we are able to address is that of the integration of



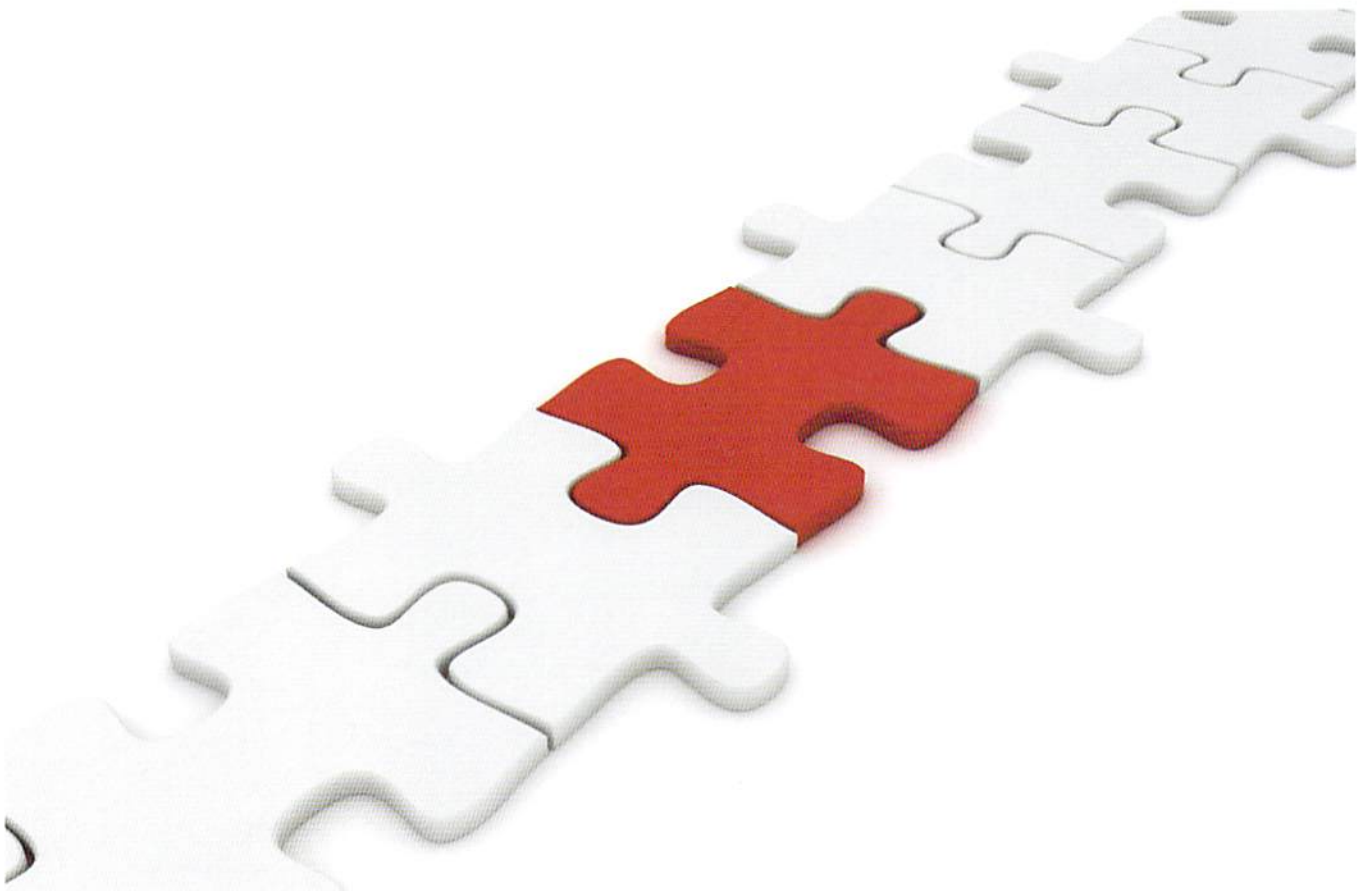
Lee Mashore served as a senior partner and principal for Networks Inc. before he joined CHSI of Nevada in 2000 as the vice president of information technologies. He now leads a team of IT professionals in providing CHSI with technology solutions.

dissimilar systems. Connections provides captive managers a single interface with which to manage policies, third-party administrators, reinsurer's and banking institutions. We're able to take data from virtually any source and integrate it with other data elements to produce reports, dashboards and analytics to help manage successful programs.

Not necessarily a technical problem, but one that we feel many alternative risk managers face, is that of perception. Connections will help create the perception that the captive program is sophisticated and robust to its clients.

CR: What practical benefits can captive managers expect to see within the first 12 months of using the program?

LM: In the first 12 months of use, captives should see a dramatic improvement in productivity from their current staff. In fact, use of the system could help to reduce future staffing costs as existing employees



will be able to accomplish many more tasks in the same amount of time. Also, the time needed to generate reports from different data sources is vastly reduced as financial and claims data exists within the same database and from which reports can be easily created.

Connections also provides a web portal for use by the insured. This technology allows for captives to provide their insureds with a single interface for submitting claims, paying premiums, requesting endorsements and reviewing policy documents. These tools are especially helpful to group captives where direct or agent-driven sales and marketing programs are important to their long-term growth, as they give potential insureds the feeling that they are being insured by a mature licensed carrier.

CR: What challenges do the increased regulatory demands present the captive industry in terms of technology? In what way is the Connections program suited to these new pressures?

LM: RRGs formed as Nevada captives are required to be in full compliance with the requirements of the Nevada regulators and with the regulators in all other states where the RRGs conduct business operations. Accordingly, RRGs are required to maintain full compliance with the National Association of Insurance Commissioners financial statement filing requirements.

Connections' accounts receivable module can be fully integrated into most general ledger reporting systems, providing required multi-state reporting of premiums written and collected. In addition, Connections' underwriting module includes a rating engine that fully complies with the policy rating requirements of the various states. Connections also offers policy issuance functionality in which required policy terms and disclosures are fully incorporated into each and every policy issued by the system.

CR: With technology prone to such rapid development, how have you ensured that Connections will remain relevant in the face of future advancements?

LM: Connections was developed with the future in mind. As a web-native application, we are able to leverage the internet as a viable conduit for conducting business. The application itself can be securely accessed anywhere the customer has an internet connection and a web browser. Utilizing web services and XML file transfers we are also able to communicate efficiently with many different data and file systems, which facilitates seamless data integration. And, customer data is safely stored in our data center and replicated to our high-availability facility, ensuring constant and consistent application and data availability.

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