



# Seibels

Columbia, South Carolina

SOC 3 Report on the Insurance Servicing Operations and Supporting Control System relevant to Security, Processing Integrity, Confidentiality, and Privacy

For the period January 1, 2018 to November 30, 2018

**DHG**  
DIXON HUGHES GOODMAN LLP

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Section One  
Independent Service Auditor's Report

## Independent Service Auditor's Report

To the Management of Seibels

### Scope

We have examined Seibels' accompanying assertion titled "Management's Assertion" (assertion) that the controls within the Insurance Servicing Operations and Supporting Technology General Control System (system) were effective throughout the period January 1, 2018, to November 30, 2018, to provide reasonable assurance that Seibels' service commitments and system requirements were achieved based on the trust services criteria relevant to security, processing integrity, confidentiality, and privacy (applicable trust services criteria) set forth in TSP section 100A, *Trust Services Principles and Criteria for Security, Availability, Processing Integrity, Confidentiality, and Privacy (2016)* (AICPA, *Trust Services Criteria*).

### Service Organization's Responsibilities

Seibels is responsible for its service commitments and system requirements and for designing, implementing, and operating effective controls within the system to provide reasonable assurance that Seibels' service commitments and system requirements were achieved. Seibels has also provided the accompanying assertion about the effectiveness of controls within the system. When preparing its assertion, Seibels is responsible for selecting, and identifying in its assertion, the applicable trust service criteria and for having a reasonable basis for its assertion by performing an assessment of the effectiveness of the controls within the system.

### Service Auditor's Responsibilities

Our responsibility is to express an opinion, based on our examination, on whether management's assertion that controls within the system were effective throughout the period to provide reasonable assurance that the service organization's service commitments and system requirements were achieved based on the applicable trust services criteria. Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform our examination to obtain reasonable assurance about whether management's assertion is fairly stated, in all material respects. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination included:

- Obtaining an understanding of the system and the service organization's service commitments and system requirements
- Assessing the risks that controls were not effective to achieve Seibels service commitments and system requirements based on the applicable trust services criteria
- Performing procedures to obtain evidence about whether controls within the system were effective to achieve Seibels service commitments and system requirements based the applicable trust services criteria

Our examination also included performing such other procedures as we considered necessary in the circumstances.

Inherent Limitations

There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention of controls.

Because of their nature, controls may not always operate effectively to provide reasonable assurance that the service organization's service commitments and system requirements were achieved based on the applicable trust services criteria. Also, the projection to the future of any conclusions about the effectiveness of controls is subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, management's assertion that the controls within Seibels Insurance Services Operations and Supporting Information Technology General Control System (system) were effective throughout the period January 1, 2018, to November 30, 2018, to provide reasonable assurance that Seibels service commitments and system requirements were achieved based on the applicable trust services criteria is fairly stated, in all material respects.

*Dixon Hughes Goodman LLP*

Charlotte, North Carolina  
February 4, 2019

## Section Two Management's Assertion



### Management's Assertion

We are responsible for designing, implementing, operating, and maintaining effective controls within Seibels' Insurance Servicing Operations and Supporting Information Technology General Control System (system) throughout the period January 1, 2018, to November 30, 2018, to provide reasonable assurance that Seibels' service commitments and system requirements relevant to security, processing integrity, confidentiality, and privacy were achieved. Our description of the boundaries of the system is presented in Section Three and identifies the aspects of the system covered by our assertion.

We have performed an evaluation of the effectiveness of the controls within the system throughout the period January 1, 2018, to November 30, 2018, to provide reasonable assurance that Seibels' service commitments and system requirements were achieved based on the trust services criteria relevant to security, processing integrity, confidentiality, and privacy (applicable trust services criteria) set forth in TSP section 100, *Trust Services Principles and Criteria for Security, Availability, Processing Integrity, Confidentiality, and Privacy (2016) (AICPA, Trust Services Criteria)*. Seibels' objectives for the system in applying the applicable trust services criteria are embodied in its service commitments and system requirements relevant to the applicable trust services criteria. The principal service commitments and system requirements related to the applicable trust services criteria are presented in Section Three.

There are inherent limitations in any system of internal control, including the possibility of human error and the circumvention of controls. Because of these inherent limitations, a service organization may achieve reasonable, but not absolute, assurance that its service commitments and system requirements are achieved.

We assert that the controls within the system were effective throughout the period January 1, 2018, to November 30, 2018, to provide reasonable assurance that Seibels service commitments and system requirements were achieved based on the applicable trust services criteria.

**Seibels**

Section Three  
Description of Seibels' System

## Overview of Operations

### Profile

Seibels (or the “Company”) is a provider of processing, technology, and claims solutions to the property and casualty insurance industry. Tracing its roots to 1869, Seibels understands the value of insurance management services. Bolstered by its heritage, stability, innovative technologies, experienced insurance professionals, and customer focus, Seibels strives to meet and exceed clients’ expectations.

### Products and Services

Seibels is a leading insurance services provider of managed processing solutions, including Business Process Outsourcing, Information Technology Outsourcing, Claims Services, and Professional Services. Through its subsidiaries, Seibels conducts its operations from service centers located in Columbia, South Carolina and Altamonte Springs, Florida.

### Seibels Processing Solutions, Inc.

With decades of experience in providing Business Process Outsourcing and application services, Seibels has developed specialized knowledge and skills that enable the identification and implementation of new ideas and technologies specifically suited to clients’ needs. Seibels is committed to fostering a culture of partnership and flexibility in client relationships. With a combination of insurance experience and technology expertise, Seibels provides the following tailored Business Process Outsourcing solutions:

- Policy Administration
- Rating and Underwriting
- Billing and Collections
- Accounting and Reporting
- Financial Services
- Marketing Assistance
- Customer Service Centers with bilingual English and Spanish speaking staff available 24/7

### Seibels Technology Solutions, Inc.

Seibels’ information technology outsourcing instantly raises a company’s IT level, helps reduce costs, and provides access to new technology. Seibels provides Managed Application Hosting, Corporate Web Hosting, and delivers Remote Application Support, all of which are hosted in a secure data center. Managed systems include web-based policy and claims administration, First Notice of Loss (FNOL) reporting, and claims management.

Seibels develops web-based, scalable systems based on modern technology platforms. Systems are engineered in compliance with industry standards and supported by a secure infrastructure. Seibels Technology Solutions provides full policy-life-cycle support, efficient installation capabilities, and a base system complete with Policy Administration, Billing, Claims Management, Agent Portal, and Reporting. Systems include: IPX Enterprise Insurance Suite, iSeries SIPS, UnderwritingXpert, CPX Claims Management System, Guidewire Claims Center, GWLive, and FNOL software.

From comprehensive product maintenance and support to assistance in managing processing environments, Seibels also offers an array of Professional Services designed to meet customer’s needs. Founded on proven methodologies, Seibels’ Professional Services include:

- Planning
- Integration
- Installation
- Testing
- Modification
- Training

### **Seibels Claims Solutions, Inc.**

Seibels' full-service claims organization offers the property and casualty insurance industry total claims administration. Seibels Claims Solutions works to simplify the claims handling experience, improve loss ratios and customer service, and decrease loss adjusting expenses. Seibels Claims Solutions provides the following services:

- Business Process Outsourcing
- Third Party Administration
- First Notice of Loss Call Center Services
- Catastrophe (CAT) Management
- SIU/Subro/Salvage Services
- Litigation Services
- Re-inspection Services

Seibels' Claims Administration Services are customizable based on a company's needs. From First Notice of Loss to full claims administration, Seibels provides companies with a tailored solution. Claims Administration Services include centralized claim intake twenty-four hours a day, seven days a week. Upon notification by phone, fax, or email, claim assignments are quickly processed and electronically routed to the appropriate adjuster or mitigation service. The total claim management program coordinates call intake and claim triage, field assignment and management of the claim process, and review of field work. Claims services also provides complete tracking, review and reporting of reserves, payments, expenses, salvage, and subrogation activities. In the case of a catastrophe, Seibels also provides CAT Management services including planning and preparation, First Notice of Loss services, file examination, and a network of CAT adjusting companies.

### **Organizational Structure**

Seibels operates under the direction of its President and Chief Executive Officer, along with senior executives that serve as heads of the business units described above. All areas are led by capable, experienced and well-qualified individuals with years of experience applicable to their respective job responsibilities. Executives provide oversight of business units and are directly involved in the Company's operations.

The Accounting Department is comprised of four primary units: Payment Processing, Receivable Accounting, Client Accounting and Seibels Accounting Services. While each of these units has its own specific functions, there are several duties that are shared between them.

The Premium Processing department is responsible for processing all cash received into the systems, reviewing premium refunds prior to mailing, preparing deposits for delivery to the bank and ensuring that corresponding journal entry sheets are submitted for general ledger entry in a timely manner. The unit is also responsible for daily cash balancing routines, as well as, the processing of NSF checks, voids and stop payment requests. In addition, the unit performs a significant amount of customer service type duties that involve periodic communication with agents, and insureds.

The Receivable Accounting department manages the reconciliation of and controls over premium receivables, including maintenance and management of bad debt reserves, and the monthly agent commission reporting process. These duties also extend to include certain customer service functions, requiring direct communication with insureds and agents. This unit also serves as the Company's subrogation and related collections department and assists SCS with adjuster invoice entry in CPX and the systems, along with the associated reconciliation of adjuster expense with contractual catastrophe override commissions.

The Client Accounting Services department (“CAS”) is responsible for the accounting and reporting of its customers, in accordance with both Statutory Accounting Principles and Generally Accepted Accounting Principles. This includes the accounting and reporting for the statistical operations of the insurance companies, accounting for and reporting on the provisions of inforce and runoff reinsurance treaties and preparing quarterly and annual financial statements. This unit prepares all premium tax and municipal returns, as well as a variety of state and industry reports for the NAIC and state departments of insurance.

This unit is also responsible for the maintenance of a relational database general ledger system, preparation of monthly account reconciliation notebooks, and monthly consolidating internal financial statements. Additional responsibilities include the administration of accounts payable, bank reconciliations, fixed asset accounting, and certain treasury processes, as requested.