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## European Claims Vendors in 2010

This authorized reprint contains material excerpted from a recent Celent report profiling and evaluating over 21 different claims systems. The full report is 112 pages long. This report was not sponsored by IDIT I.D.I. Technologies Ltd in any way.

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## Executive Summary

Core claims technology continues to be an area that insurers are upgrading, and vendors are offering enhanced solutions. Following on from a trend in North America, there are an increasing number of stand-alone claims solutions available to European insurers. Today, more than any other time before, insurers in this region are able to take on large system replacement projects by focusing on a single core area such as claims.

There is no single best claim solution for all insurers. There are a number of good choices for an insurer with almost any set of requirements.

An insurer seeking a new core claims system should begin the process by looking inward. Every insurer has its own unique mix of lines of business, geography, staff capabilities, business objectives, and financial resources. It is this set of unique requirements, along with the company's risk appetite, that will inform the long list of vendors for consideration.

Celent recommends vendors differentiate themselves by focusing on improving usability, making implementation faster and less expensive, and documenting their value propositions.

This report features Celent's ABCD Vendor View. The ABCD Vendor View presents a comparative view of the vendor marketplace that visually represents four elements: Advanced technology and technical flexibility, Breadth of functionality, Customer base, and Depth of client services.

# Report Methodology

## Eligibility for Inclusion

In order to have a full profile and be included in the ABCD Vendor View described below, a core claims solution had to have:

- At least one deployed European insurer.
- A minimum of one but preferably two or three reference clients available to discuss the system.

These criteria were designed to maximize the number of systems that can be reasonably expected to remain available (and viable) based on vendor size and strength, maturity of each product and its client base, and other important factors. Based on these criteria, this report includes full profiles on 11 vendors as well as 10 limited profiles.

## Evaluation Process

Celent sent a detailed RFI to a broad set of core claim system vendors. After receiving completed RFIs, each vendor provided a briefing and demo for Celent concentrating on usability and functionality for everyday users, and rules, tools, and connectivity issues for IT or administrative users.

Celent also asked references provided by each vendor to complete a survey and/or an interview in order to obtain their view of the system's business and technology value. In some cases, the vendor was not able to provide a second reference, and this has been noted in the profile.

Both the RFIs and the reference surveys provided quantitative and qualitative data, much of which is included in this report. Vendors had an opportunity to review their profiles for factual accuracy but were not permitted to influence the evaluation. Some of the vendors profiled in this report are Celent clients, and some are not. No preference was given to Celent clients for either inclusion or the subsequent evaluation.

## About the Profiles

Each of the profiles presents information about the vendor and its claim solution, the professional services and support staff it offers, customers (European and elsewhere), the basic, enhanced, and additional functionality (see pages 4–6 for definitions) it offers, usability, reports and analytic capability, technology, implementation process, and costs. Comments from reference insurers using the solution are reported in the appropriate sections.

Concerning fees, Celent asked vendors to provide first year license and other first year implementation costs (work by the insurer, vendor, or third parties) for two hypothetical insurance companies:

- Regional Insurance Company A has eight lines of business, producing annual premium of €250 million.
- Insurance Holding Company B, with four general insurance companies, writing business in two countries, for 24 personal, commercial, and specialty lines of business, with a total combined GWP of €2.1 billion.

When discussing insurance customers of the various solutions, the profiles use the terms very small, small, medium, large, and very large insurers. Very small insurers (Tier 5) have under €100 million in annual premium; small (Tier 4) have €100 million to €500 million; medium (Tier 3) have €500 million to €1 billion; large (Tier 2) have €1 billion to €5 billion; and very large (Tier 1) have over €5 billion.

# IDIT I.D.I. Technologies Ltd.: IDIT Claims

## Company and Product Background

Founded in 1998, IDIT I.D.I. Technologies Ltd. is headquartered in Israel and is privately owned with outside investors. The core offering, the IDIT software suite, was most recently rearchitected in 2003 to a full SOA-compliant solution on the JAVA/J2EE platform. The latest version, 7.1, was released in November 2009. This core solution is an end-to-end package, and the claims component, IDIT claims, can be implemented on a stand-alone basis.

In terms of distinguishing factors, IDIT notes the following: the solution is a single end-to-end SOA-based integrated solution that manages all insurance claims; the claims area is component-based, with Core/Country/Customer layers; the solution supports multicompany, multibranding, multicurrency, and multilingual capabilities; and the claims workbench includes out-of-the-box predefined best practice straight-through processing workflows designed to facilitate effective and efficient processing.

## Professional Services and Support

Of its 165 employees, 50 provide professional services support for its claims solution. A large number of them have worked on projects related to the IDIT solution in the last year, and the average number of years of experience of the staff is between four and five years.

Two customer references provided feedback for this report. One uses the system for personal lines, the other for commercial lines. While feedback was positive overall, customer references noted improvements could be made to the user interface and workflow features. References rated features and functions as good. Experiences of integration to external data sources and policy admin systems were very good. Similarly, feedback on project management and responsiveness was very good. One project had some challenges to meet project budget, but this feedback is mitigated by the same reference rating overall project success as very good. References were pleased with the significant improvement that the solution had brought to the business and also highlighted the openness of IDIT in discussions.

## Customer Base

The latest version of the full IDIT suite is being used by 16 European insurers, five of which are currently in implementation. Two of them are in Belgium, and two are in the Netherlands, with the remainder in different locations throughout Europe. The solution suite has gained nine European clients since January 2008. There is a range of premiums, with one customer over €5 billion in GWP; however, the majority have premium size of under €100 million. Outside Europe, the solution has six customers. All these clients are using the claims functionality in the solution. IDIT Claims has one customer that is currently in implementation.

Three of its best known European clients are IAK Verzekeringen (member of AEGON group), Polis Direct BV, and Eureka B.V (a pan-European insurance group, created a merger between Achmea [NL] and Interpolis, the insurance subsidiary of Rabobank). All these clients use the full end-to-end suite including the claims functionality.

## Functionality and Lines of Business

IDIT Claims supports all the basic functionality as per Celent definition. The CRM component is embedded in the claims module and can integrate with third party CRM systems and telephony systems which provide the call routing and load balancing of the calls. The rules engine supports assignment to multiple adjusters. The document includes the abilities to dynamically design claim document templates (using MS Word technology), which during runtime embeds variables (tags) from the claim records into the documents.

**Table 1: Feature Availability**

Feature	Status
First notice of loss (FNOL) and coverage verification	Available as part of the core solution
Customer relationship management (CRM) functionality	Available as part of the core solution
Automated assignment of new claims to adjusters	Available as part of the core solution
Assignment of a single claim to multiple adjusters	Available as part of the core solution
Workload balancing and reassignment (for claims managers)	Available as part of the core solution
Claims adjuster desktop (digital claim folder, diaries/tasks, notes, access to claims functions such as reserving, estimating, payments, etc.)	Available as part of the core solution

Source: Vendor RFI

**Table 1: Feature Availability**

Image management	Available as part of the core solution
Document management	Available as part of the core solution
Correspondence and forms	Available as part of the core solution
Ability for adjuster to sort and search for claims	Available as part of the core solution
Automated scores for potential fraud	Available as part of the core solution
Automated recovery scores	Available as part of the core solution.
Reserving with multiple detail levels	Available as part of the core solution
Ability to specify default initial reserves	Available as part of the core solution

Source: Vendor RFI

The workflow component allows the design, execution, and monitoring of workflows without changing core code. It has also been integrated with third party workflow design tools supporting BPEL XML protocols to provide the graphical design interface.

IDIT has its own internal rules engine. Rules are structured using constants, variables, system attributes, coefficients, and other rules, externalized and independent from code. A Rule Simulator to simulate rules before they are executed in the system is used to verify that rules output the intended values.

Any process that occurs during claim creation and management including screen/field flows and data entered are assessed by the IDIT rule engine to determine the appropriate screen flow and workflow follow up activities by multiple departments as appropriate.

Basic litigation management is supported, tracking in workflow while the rule engine is configured to initiate workflows for subrogation and salvage processes based on fault determination and possible recoveries.

Portals for claimants, brokers, and supply chain are possible through use of web services in third party portals. A standard portal available with the core solution will be in a future release. Other features available in the claims module include claims against multiple policies, fast tracking claims, bulk claim uploads, dynamic questionnaires, and Google Maps integration.

IDIT Claims is in production and being used for claims in personal lines and a variety of commercial lines, including reinsurance for assumed business, term life, agriculture, travel, yachts, expatriate, and mortgage insurance. More details are provided in Table 2.

**Table 2: Supported Lines of Business**

<b>Product</b>	<b>Description</b>	<b>Number of Insurers Using System for This Line</b>
Personal Motor	In production today	12
Homeowners/Renters	In production today	7
Commercial Motor	In production today	4
Commercial Property	In production today	4
Commercial Liability	In production today	3
Workers Compensation	In production today	2
Other Professional Liability	In production today	3
Commercial Packages	In production today	3
Surety	In production today	1
Excess & Surplus	Supported but not in production	2
Specialty	Supported but not in production	2

Source: Vendor

## Usability, Reporting, and Analytics

This current release has an improved user interface for internal users and maintains a portfolio navigation pane and tabs to support access to the vast quantity of data associated with a claim. An interesting addition is the use of pictures in a motor damage report, allowing for easy recording of where the motor was damaged by clicking on a picture of a car. Similarly, icons are used to indicate accident scene details. Integration with Google Maps allows a user to view the accident location on a map.

A graphical interface for workflow is supported with BPEL XML protocols allowing for the graphical design external to IDIT followed by an upload to IDIT workflow tables and vice versa.

The solution comes with a variety of standard reports on the broad process areas covered by the solution. For reporting, IDIT offers a tightly coupled business intelligence solution, JasperServer, that provides a high level of analytical capability. This includes dashboards and dynamic manipulation of report layout fields to suit the user.

## Technology

The IDIT solution is 100% Java code base. In terms of operating systems, Windows, Linux (Red Hat, SUSE, Oracle, zLinux), and Unix are preferred, with OS/390 and IBMi as additional options. The primary interface of internal business users is 100% browser-based (HTML with AJAX).

Oracle, DB2/UDB, and Microsoft SQL Server are the preferred databases. WebSphere (IBM) and Oracle Weblogic are the preferred application servers.

The integration options are broad and include SOA/web services, XML (not ACORD standard), MQSeries, flat files, and JMS. Further to these, integration is possible with ESB (multiple vendors), security systems (LDAP directories, Tivoli access manager, identity manager, and others), and the business process manager.

IDIT is scalable, and this is done by adding application server instances and DB resources. High availability is gained by clustering the middleware. This is demonstrated at the largest deployment, where 3,200 users run 26 million policies.

The data model is proprietary and the most common data model changes are possible using IDIT GUI-based setup tools. Other modifications are possible by coding, in the customisation layer of IDIT, where customer requirements are implemented. Most recent implementations have not required core changes, but in one case, the extended functionality was a flexible reinsurance mechanism which was embedded into the policy and claim processes. This type of core code modification was 3% of the total cost.

The product supports any currency, on a single policy record. Exchange rate tables are maintained by the customer or updated by an external interface. In terms of multiple languages, any language is supported, and currently English, French, Dutch, Greek, Chinese, Russian, Polish, and Hebrew are in production. Adding further languages does not require any technical support/programming. The solution also supports double byte character set, and multilanguage/multicurrency is supported on a single instance.

## Implementation and Costs

A typical claims project takes four to six months from initiation until the first line of insurance is live, with subsequent lines taking one to three months. The average time to get another country up and running with similar products is again one to three months. The size of the team depends on the scope of the project and client, and varies between 3 and 15 people. Third parties such as local system integrators (e.g., BSB in Benelux) are used in areas which are not related directly to the core solution. This may include, among others, interfaces, migration, LOB replication, training, and testing.

The bulk of the first year costs typically goes towards the installation and customisation (60%), with 30% going towards the software licence and the remainder split equally between the annual maintenance and training.

For the most part, the licence model is a one-time fee, which can be based on multiple parameters including the number of functional components/modules, the number of lines of business, the number of concurrent users, the number of total users, and the policy or premium volume.

For a small insurer as outlined in the RFI, the typical total first year implementation costs vary between €1 million and €2 million, with the initial license costing (a once-off cost for IDIT) between €100 000 and €500 000. For a large insurer, the typical total implementation costs for the first year are similar to that of the small insurer, and the licence cost is approximately €500 000 to €1 million.

## Summary

IDIT has a solid base of customers using the full product suite including claims, and this evaluation highlights the strength of the solution as a stand-alone claims component. As the European market starts to search for viable claims components, Celent continues to support the view that IDIT is an excellent option for all insurers wanting to adopt proven modern technologies for a componentised approach to legacy modernisation.

## Related Celent Research

[Policy Administration Systems for General Insurers in Europe 2009](#)

June 2009

[European Policy Administration Systems 2009: Life and Pension ABCD Vendor View](#)

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