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# Policy Administration Systems for General Insurers in Europe 2009

June 2009

This authorized reprint contains material excerpted from a recent Celent report profiling and evaluating over 34 different policy administration systems. The full report is 170 pages long. This report was not sponsored by IDIT Technologies in any way.

This reprint was prepared specifically for IDIT Technologies , but the analysis presented has not been changed from that presented in the full report. For more information on the full report, please contact Celent [www.celent.com](http://www.celent.com), or [info@celent.com](mailto:info@celent.com).

## Executive Summary

This report is part of a series of reports on policy administration systems (PAS) in Europe, the United States, and Asia, and profiles many of the general insurance administration systems available in Europe today. An upcoming report will cover European policy administration systems in the life insurance industry.

This report is the third in Celent's biennial looks at policy administration systems available to insurers in Europe. Since the first report in 2005 and the second in 2007, activity level has remained high among both insurers and policy administration system vendors. In the two years from January 2007 to January 2009, over 70 insurers licensed a new policy administration system. And at the end of 2008, over 25 insurers were in the process of implementation.

This report profiles 34 policy administration systems in use for general insurance, with 16 full profiles and 18 limited profiles. For a full list of vendors in this report, see Table 1 on page 5. The report also includes several comparative charts and tables across a variety of metrics.

About two-thirds of the profiled vendors have issued a major new release since 2007 that: upgraded their technology platform; broadened their range of functionality; or both. Essentially all vendors have made a major investment in enabling their solution to work in an insurer's service-oriented architecture (SOA) environment. Many solutions have also made important advances in usability and personalization—with benefits for new and experienced underwriters and service representatives. System administration capabilities for configuring products, rules, workflow, document management, and user interfaces have also improved—although, overall, these changes have occurred at a more modest pace than improvements for end users.

# Report Methodology

## Criteria for Inclusion

Celent's objective has been to include in this report as many as possible of the leading general insurance policy administration systems being used or actively sold to European insurers. In a few cases, vendors have not been included in this report at their request.

This report contains two types of profiles: full and limited. The topics covered in both types of profiles are broadly similar; however, full profiles are written with more detail and include comments from reference insurers. Additionally vendors with full profile policy administration systems are included in the Celent ABCD vendor view; limited profile vendors are not.

In total, 44 systems from nearly as many vendors were considered, and those vendors were asked to review the inclusion criteria before responding to Celent's request for information (RFI).

The four key criteria were that each system must have:

- At least one new sale to one new European insurance customer within the last 24 months.
- At least two live European general insurance customers, at least one of which must be an insurer.
- Support for and live implementations of at least two lines of business.
- Participation by at least two reference customers.

These criteria were designed to maximise 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.

Some vendors elected not to participate for competitive reasons, and others determined that they could not meet the eligibility criteria after all.

Eighteen profiles are included in the “Limited Profiles” section, since they did not fully meet the criteria for a full evaluation but did provide significant information about their offerings.

## Evaluation Process

Celent sent a detailed RFI to a broad set of policy administration 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 approximately two references provided by each vendor to complete a survey and/or an interview to obtain their view of the system’s business and technology value.

Both the RFIs and the reference surveys provided quantitative and qualitative data. Vendors had an opportunity to review their profiles for factual accuracy but did not influence the overall evaluation or the placement in the ABCD vendor view grid. Celent of course has retained final authority over the content of the published profiles. 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 in the report or for the subsequent evaluation.

Not all data gathered from the detailed RFI, vendor briefing and demo, and reference surveys/interviews has been included in each profile. Rather, Celent has attempted to capture key points and values about each vendor at an appropriate level. Unpublished information remains in the Celent knowledge base and is available to Celent’s subscription or consulting clients.

## About the Profiles

Each of the profiles presents information about the vendor and solution; professional services and support capabilities; customer base; functionality and lines of business deployed; usability, reporting, and analytics, technology, implementations, and cost; and some summary comments.

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

Regional Insurance Company has 8 lines of business, producing annual premium of €250 million.

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.

The profiles also discuss how many of the advanced policy administration features a given solution provides. As discussed in “Policy Administration Systems: Definition and Functionality” on page 6, these features are:

- Out-of-sequence endorsements
- Automated Underwriting (New Business)
- Preconfigured Ordering and Receiving Third Party Data
- Automated Renewals
- Premium and billing accounting
- Statistical reporting

# IDIT I.D.I. Technologies Ltd: IDIT Software Suite

## 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 release is version 6.2, which was released in March 2009. The annual revenue from the product was €8.1 million for 2008.

Version 7.0 is planned to be released in September 2009. Key differences in next major release include an improved user interface (“more Google-like”), a new business intelligence tool, and improved usability in the product configurator. On the technology side, the solution will move to Java v6, support the latest application server versions, and improve scalability and performance.

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 products; IDIT is component-based, with core/country/customer layers; IDIT supports multicompany, multibranding, multicurrency, and multilingual capabilities.

## Professional Services and Support

Of its 103 employees, 50 provide professional services support for its PAS 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.

Customers continue to be very positive about IDIT’s customer-focus throughout the project lifecycle—from sales through implementation and post delivery service. One reference stated that the combination of factors such as price, quality, project delivery, and modern architecture all attributed to the project’s overall success. In rating features and functions, the solution scored “very good” or “excellent.” Customers had several integration points to contend with and rated the ability to integrate with IDIT as “easy.”

## Customer Base

The latest version of the IDIT solution is being used by 15 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. 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 three customers. There have been eight new customers—seven in Europe—that have signed since January 2007. Three of its best known European clients are IAK Verzekeringen (member of AEGON group), Polis Direct BV, and Interamerican Greece (part of Eureko B.V group). IDIT continues to target all sizes of insurers and MGAs within the European general insurance market.

## Functionality and Lines of Business

The IDIT solution provides all the end-to-end components in the RFI. Components for commission, reinsurance, and business intelligence can be licensed and installed as stand-alone components.

**Table 1: Availability of Additional End-to-End Components**

Component	Availability
Product Configuration	Available only bundled with PAS (no additional cost)
Rating	Available only bundled with PAS (no additional cost)
Underwriting	Available only bundled with PAS (no additional cost)
Billing	Can be licensed/installed as stand-alone component (without PAS solution)
Commission Management	Can be licensed/installed as stand-alone component (without PAS solution)
Reinsurance Management	Can be licensed/installed as stand-alone component (without PAS solution)
Business Intelligence/Analytics	Can be licensed/installed as stand-alone component (without PAS solution)
Claims Management	Can be licensed/installed as stand-alone component (without PAS solution)

Source: Vendor RFI

The IDIT solution has all the advanced features in Table 2. An underwriter's desktop or policy service desktop comes integrated in the solution. While the solution does not offer portals out of the box, all the required policy servicing functionality is available to be used in insurer-developed portals through the use of Web services.

**Table 2: Advanced Policy Administration Functions**

Function	Availability
Out-of-Sequence Endorsements	Available as part of PAS base offering
Automated Underwriting (New Business)	Available as part of PAS base offering
Preconfigured Ordering and Receiving Third Party Data	Available as part of PAS base offering
Automated Renewals	Available as part of PAS base offering
Billing and Premium Accounting	Available as part of PAS base offering
Statistical reporting	Available as part of PAS base offering

Source: Vendor RFI

The solution also offers task management and business rules management. Forms and correspondence can be created in the insurer standard tool, and called upon in the solution processes.

The rules, workflow, and content versions are completely auditable, and all IDIT transactions are fully traceable. Tracking of transactions and entries is provided and maintained by user-defined “journals.” All IDIT correspondence (incoming and outgoing) is stored, archived, and indexed and is fully auditable.

The solution has a broad range of personal and commercial products in production today.

**Table 3: Lines of Business**

Function	Availability	Number of European Insurers using the system for this LOB
Personal Motor	In production	12
Homeowners/Renters	In production	7
Commercial Motor	In production	4
Commercial Property	In production	4
Commercial Liability	In production	3
Workers Compensation	In production	2
Medical Malpractice	In production	1
Other Professional Liability	In production	3
Commercial Packages	In production	3
Surety	In production	1
Excess & Surplus	In production	2
Speciality	In production	2
Reinsurance for Assumed Business	In production	1

Source: Vendor RFI

<b>Function</b>	<b>Availability</b>	<b>Number of European Insurers using the system for this LOB</b>
Term Life	In production	2
Agriculture	In production	1
Travel	In production	3
Yachts	In production	2
Expat	In production	1
Mortgage	In production	1

Source: Vendor RFI

## Usability, Reporting, and Analytics

In the current version of IDIT, access to the underwriter desktop is through a browser, the interface looks like a “webified” desktop application. That said, it provides rich functionality with multiple navigation methods. The next interface of the next release (v7.0) is a good improvement on look-and-feel while maintaining the richness in functionality and navigation. The solution does not have a graphical workflow manager, but the interface uses a Windows navigation tree concept to its advantage.

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 that provides a high level of analytical capability.

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 embedded in 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.

## 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.

Oracle, DB2/UDB, and Microsoft SQL Server are the preferred databases, and Sybase is an additional option, which has not yet been implemented. BEA WebLogic Server and IBM WebSphere 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 300 users run 1.5 million policies.

## Implementation and Costs

A typical 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 size of the team depends on the scope of the project and client, and varies between three and 15 people. A typical breakdown of staffing would be one dedicated manager, 45% business analysts, 15% architects, 30% technical staff, and 10% trainers. 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 installation and customisation (60%), with 30% going towards the software licence and the remainder split equally between 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. However, the company notes that this fee depends on a case-by-case basis, depending on the client and the contract.

For a regional insurer as outlined in the RFI, the typical total implementation costs vary between €1 million and €3 million, with the initial licence costing between €500,000 and €1 million. The annual average cost in terms of a maintenance fee is between €100,000 and €250,000.

## Summary

The company's strong customer acquisition in the last two years attests to the market appetite for modern solutions with deep functionality. The solution is becoming the elder statesman of truly modern PAS systems and, in Celent's view, can be viewed as a proven solution. The company continues to invest in improvements and updates to the system. Carefully selected implementation partners will give the company additional bandwidth as it continues to grow. Celent believes that IDIT is an excellent option for all insurers wanting to adopt proven modern technologies.



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