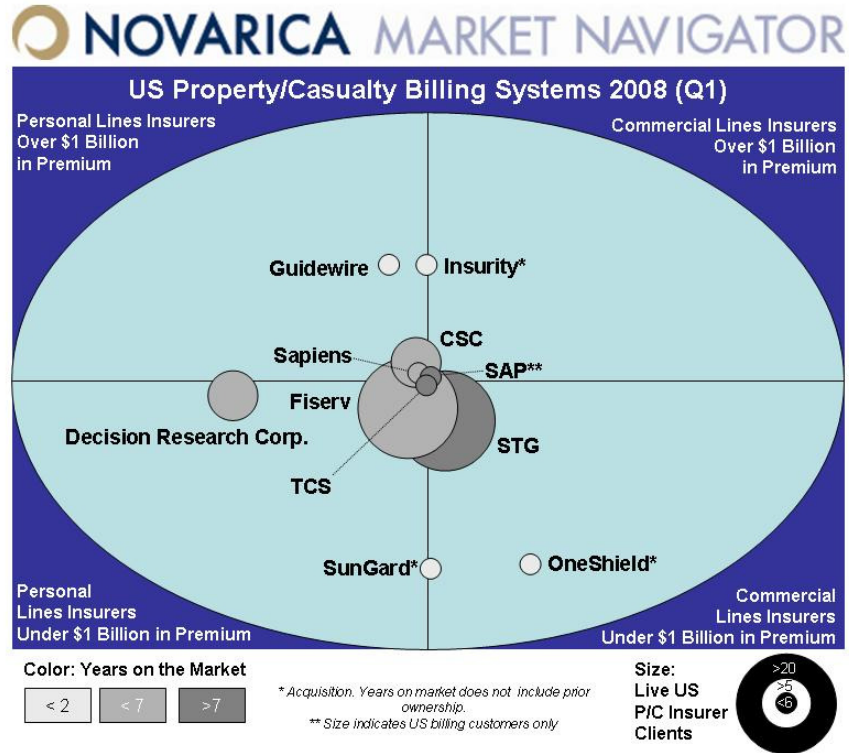


NOVARICA MARKET NAVIGATOR™
US Property/Casualty Billing Systems 2008 (Q1)
Research Report
February 2008



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SUMMARY

This report provides an overview of the available billing software solutions for US property/casualty insurers. The report contains brief profiles of each of the 11 vendor solutions listed in the Contents (opposite), summarizing the vendor organization, client base, technology used, and key functionality.

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INTRODUCTION

Purpose

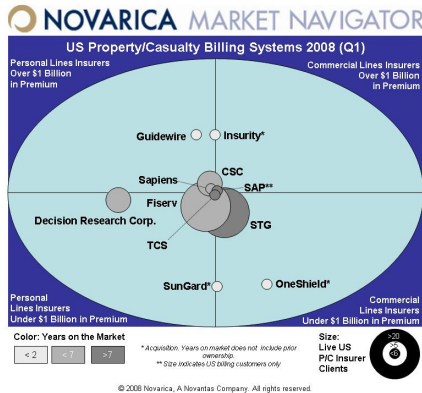
This report is designed to provide an overview of the current solution provider marketplace for property/casualty insurer billing systems, and to assist P/C insurers in drawing up their shortlists of potential providers based on vendor market position and offering details.

About this Report

Novarica Market Navigator™ reports do not provide subjective analysis or render judgment on each vendors' solution. They are based on factual responses to a universal RFI distributed by Novarica, and subsequent conversations with the vendors to validate and confirm responses. The RFI covers details of organization, technology stack, client base, and key functionality.

Novarica Vendor Analysis™ reports evaluate offerings from individual vendors, based on validated responses to targeted RFIs, in-person product demonstrations, and in-depth client reference interviews. Novarica may publish Novarica Vendor Analysis reports on some of the vendors included in this report in the coming months, based on client demand.

About the Novarica Market Navigator Graphic



The Novarica Market Navigator Graphic is designed to show relative market position of multiple solution providers in a single space.

The graphic for this report plots vendors based on markets they serve (personal lines or commercial lines, insurers over \$1 billion in premium or under) and shows the relative size of each vendors live US customer base (size of circle) and the length of time the product has been on the market (color).

MARKET OVERVIEW

Billing is About Service and Time to Market, Not Just Collections

Billing has become an important part of P/C insurers' agent service and customer service strategies over the past few years. The primary factors driving this renewed attention to billing are:

- The increased importance of new payment methods, especially credit cards
- The increased need to communicate real-time billing information via new channels like the web and integration with agency management systems
- The increased need for agility in being able to support new products and new billing plans

In addition, billing is the primary opportunity that insurers have to interact with customers, and errors can be costly. These costs are both direct, as in the cases of mistaken cancellations leading to costly reinstatements or billing errors leading to increased call volume, and indirect, in the impact that poor performance in billing has on customer experience and therefore customer retention.

Inflexible, legacy billing systems can prevent insurers from being able to meet customer and agent expectations, and take advantage of new opportunities.

Provider Market is Evolving and Moving Upstream

The provider market in billing is also very active. Of the 11 major systems on the market, three are recent acquisitions (OneShield, SunGard, and Insurity) and one is a new entrant within the last two years (Guidewire). Others have grown rapidly within the past few years.

Nearly all of the solution providers are componentized parts of broader policy administration suites, although many of these were developed independently and subsequently integrated into the suite, rather than being carved out of an integral whole.

The market for stand-alone packaged billing solutions has historically been strongest in the midsize and smaller ends of the market (under \$1 billion in premium), with most of the larger insurers relying on home-grown or other legacy systems. However, several vendors have recently had greater success moving upstream into the large insurer market. We expect this segment of the market to be increasingly active over the next 12-18 months as the vended solutions demonstrate their track records.