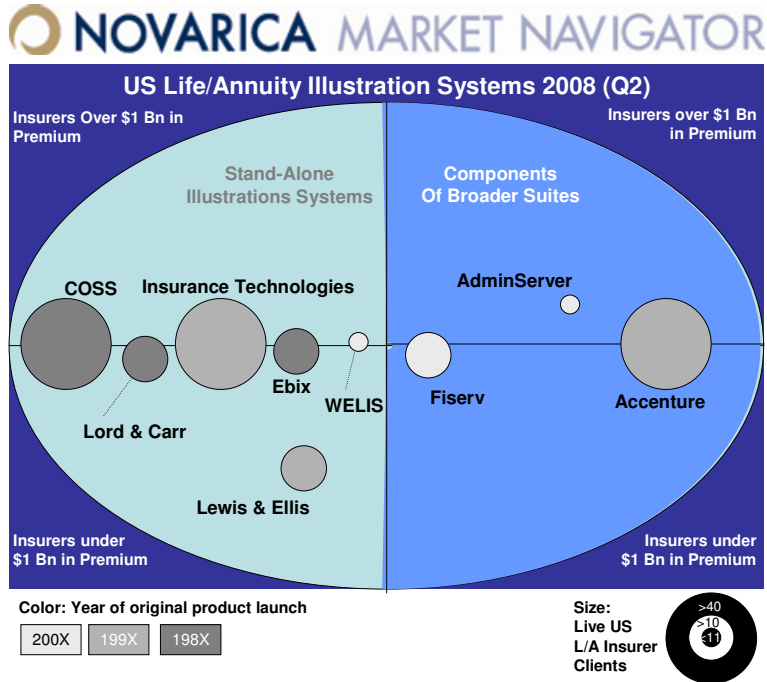


**NOVARICA MARKET NAVIGATOR™**  
**US Life/Annuities Illustrations Systems 2008 (Q2)**  
Research Report  
May 2008



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**SUMMARY**

This report provides an overview of the available illustration software solutions for US life/annuity insurers. The information in this report was collected directly from the solution providers using Novarica's proprietary universal RFI. The report contains brief profiles of each of the 8 vendor solutions listed in the Contents (opposite).

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**INTRODUCTION**

**Purpose**

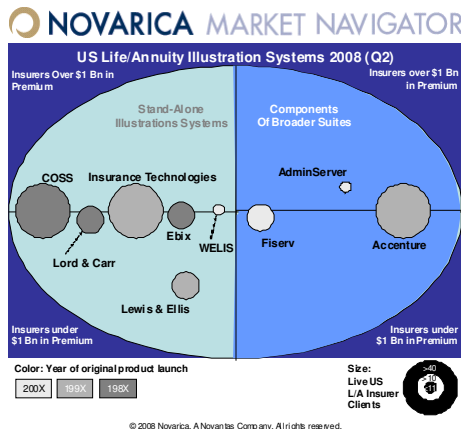
This report is designed to provide an overview of the current solution provider marketplace for life/annuity illustration systems, and to assist life/annuity insurers in drawing up their shortlists of potential providers based on vendor market position and offering details.

**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 by whether they are components of broader suites or stand-alone solutions (right or left, respectively), whether their clients are large or midsize insurers and shows the relative number of each vendor's live US insurer customers (size of circle) and the length of time the product has been on the market (color).

## MARKET OVERVIEW

### More Integrated

While many insurers still use disconnected or stand-alone homegrown illustration solutions, market demands are increasingly moving towards integrated solutions that are seamlessly linked to an agent portal and electronic application submission capability on the front-end and a policy issuance and administration system on the back end.

Integrated illustrations systems (whether parts of a suite or stand-alone packages that share data and logic effectively with other systems) can offer significant advantages in time-to-market for new products and time-to-issue for applications that can flow straight through in electronic form.

### More Rules-Based

In addition, the old code-based model of integration systems where product logic and calculations were instantiated deep in computer code is giving way to a more rules-based model where product logic is managed through a rules-engine-like interface, which allows expert users to make, and more importantly to test, changes without burdening IT.

### Changing Provider Marketplace

The illustrations market has been relatively quiet compared to other sectors of insurance IT. The two biggest changes in recent years have been in 2006 when Accenture acquired Navisys and AdminServer launched IllustrationServer (Oracle announced its intention to acquire AdminServer earlier this month). At present, the market is mixed between solutions that are components of broader suites and those that are stand-alone components.

More than half the market by number of companies is still made up of smaller, independent firms. Given the level of consolidation in the insurance software space in recent years and the movement of several new players into the life and annuity new business area, we expect that several of these companies will no longer be independent within 12-18 months.

Insurers should make sure that their contracts include appropriate guarantees for change of control, including access to source code and documentation, as well as continued availability of key resources. For more on this topic, see Novarica's recent executive brief *What to Expect When You're Expecting (Your Software Provider to be Acquired)*.