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XCELENT
Awards 2024

This authorized reprint contains material excerpted from two recent Celent reports. One profiles and evaluates 20 different life insurance new business and underwriting systems marketed in North America. The full report is 203 pages long. The second discussions technology and functionality trends in the life insurance automated underwriting market. That full report is 32 pages long. This report was not sponsored by Sapiens any way.

This reprint was prepared specifically for Sapiens, but the analysis presented has not been changed from that presented in the full reports. The full report descriptiosn can be found at. New Business and Underwriting Systems: North America Life Insurance Edition and So You Want to Buy a Life Insurance New Business and Underwriting System. For more information on the full report, please contact Celent at info@celent.com.

NEW BUSINESS AND UNDERWRITING SYSTEMS: NORTH AMERICA LIFE INSURANCE EDITION

2024 XCELENT AWARDS, POWERED BY VENDORMATCH

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November 20, 2024

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INTRODUCTION

Life insurers are now working in a post-pandemic world. Many, if not most, insurers made major digital investments in reaction to COVID-19. Celent saw significant investment in automated underwriting tools and technologies. We also saw a shift away from paramedical exams (parameds) to *fluidless* underwriting in North America and a move to more direct-to-consumer sales globally. That is not to say that all life insurers have made this journey—and many that did it early, pre-pandemic, may be looking at more modern technology and tools that are available today.

A side effect of the pandemic, in a good way, was that insurers began looking more closely at their entire underwriting process. While the traction of accelerated or automated underwriting programs is not universal, it increased dramatically during the pandemic. Still some insurers are taking a cautious, incremental approach to scaling automated decision-making, opting to make small improvements to their risk frameworks and processes rather than considering the potential to rebuild and take a more modern approach to underwriting.

It is true that many accelerated pathways today are limited to simple products like term and final-expense insurance policies, but this has been expanding to include whole life and other products. "Fluidless" has expanded beyond customers who fit narrow age and face-value requirements. Insurers are implementing technology that enables end-to-end digital processes that provide instant decisions across many, if not all, of their products. The goal is to reduce the chance of a customer getting pushed from the accelerated journey into the traditional underwriting process, a move that is often caused by the inability to digitally evaluate medical data using rules and models or rules that are too restrictive.

Insurers are looking for consistency in their underwriting decisions and the ability to look at more data as part of the risk evaluation. Technology therefore becomes very important; it can help underwriters make more informed decisions quickly. Technology can help optimize what data is collected and where to minimize costs and risks. Most important, it can integrate data, rules, and predictive or AI modeling tools to help optimize their process and reduce inefficiencies.

As mentioned in Celent's 2022 new business and underwriting (NBUW) system report[1], implementing technology that automates new business and underwriting

[1] **New Business and Underwriting Systems: North America Life Insurance Edition**, 2022 xCelent Awards, Powered by VendorMatch

functions helps insurers digitize their new business and underwriting, reduce unit costs, and improve margins. Automated underwriting processes significantly improve the client experience because they enable a faster, digital purchase experience—an expectation that grew exponentially during the pandemic.

Some companies completely redesigned their process to simplify risk assessment, incorporate new data sources, and increase deployment of AI-driven techniques. By reducing the length of the application and making it rules driven, removing invasive requirements for more applicants, and creating different products and pricing, these insurers have realized benefits.

Using technology and products that allow for automated underwriting, insurers can improve the buying experience and attract new insurance customers. This is especially true as insurers try to attract younger buyers that are not yet convinced of their own mortality. More and more insurers have been developing products that allow for data-driven analyses of risk because the technology and tools that support these products are in reach of even the smallest insurers. These systems also integrate with a growing list of data providers that expand underwriting analysis beyond the historical risk evaluation. Underwriting algorithms increasingly are relying on artificial intelligence (AI) and machine learning to improve underwriting outcomes.

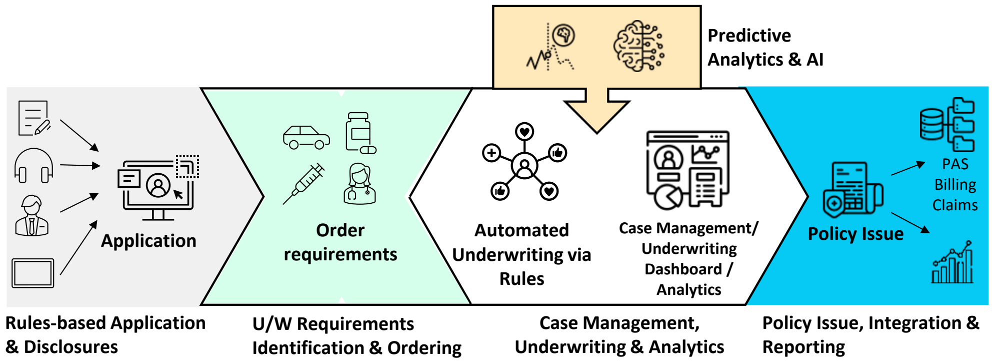
The new variable is the increased use of both traditional AI and generative AI (GenAI). GenAI is particularly powerful to review and summarize large volumes of unstructured data. One of the best examples of such a document is the attending physician statement (APS), the backbone of life insurance. That said, the goal is to move away from the APS for all but the least healthy applicants to other forms of public data that are more timely and often less expensive.

All these changes are streamlining the underwriting process, using data and technology to make the life insurance sales process more appealing to consumers.

What Is Meant by Automated Underwriting Today?

Automated underwriting is generally known as a technology-driven underwriting process that provides a rules-generated life insurance risk decision. The life insurance industry is broadly migrating to the use of technology-driven life insurance underwriting platforms that also incorporate predictive analytics, AI, and now GenAI to improve the cost, processing time, and risk decisions for an increasing variety of life insurance products. A conceptual diagram of the process is shown in Figure 1.

Figure 1: Automated Underwriting Process



Source: Celent

WHAT IS AN AUTOMATED NEW BUSINESS AND UNDERWRITING SYSTEM?

Automated or electronic new business and underwriting systems allow life insurers to automate the processing and underwriting of new insurance policies. The systems combine evidence data such as laboratory reports, doctors' records, medical information bureau reports, medication and medical histories, motor vehicle reports, and financial and personal backgrounds, along with other underwriting requirements—and help evaluate the information to assess the appropriate rate class for an applicant.

The systems include underwriting rules, automated interfaces with underwriting evidence providers, and user interfaces for human underwriters, case managers, and, in most systems, agents or brokers. Automated new business and underwriting systems are an essential part of a life insurance company's strategy to digitize their new business and underwriting processes.

Predictive analytics-based and public data-based scoring systems have become more prevalent and are being integrated into the underwriting rules engines. These tools help identify patterns and use data points to connect information provided from various sources to make risk-based evaluations. Artificial intelligence can help identify these patterns accurately and almost instantaneously, providing underwriters insights into which data points are relevant and which are not. Additionally, underwriting AI allows insurers to assess applicants with the appropriate level of risk management, using only the questions that are needed to assess that risk. This improves the customer experience by requiring fewer responses and reduces costs by collecting only the essential external data required to make quicker and more informed decisions.

The new addition to the toolkit is GenAI. While GenAI is still in its infancy, the simple case of using the tool to summarize complex information is already in place with several vendors. As the strength and even understanding of large language models grows, the use of GenAI throughout the life and annuity insurance value chain will continue to grow.

New sources of external data such as electronic health records and lifestyle scores are replacing the need for invasive testing such as collection of blood and urine. Electronic evidence is available within minutes, provides data that can be assessed by the underwriting rules engine, and decreases the time necessary to underwrite most cases. Shorter underwriting timeframes improve the customer experience, increase placement rates, and reduce underwriting costs. It is an interesting time in life insurance underwriting as new, powerful tools combine with new sources of information and the ability to process unstructured data like never before.

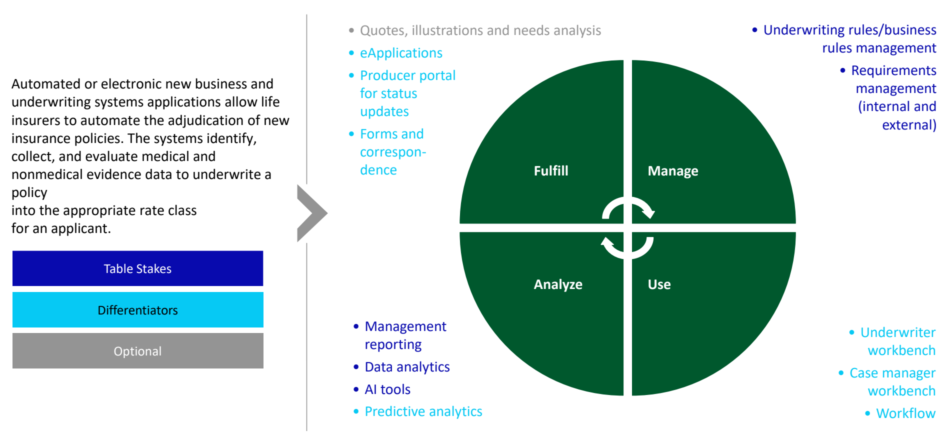
Functionality

Today's new business and underwriting systems can be defined as a four-stage process:

- Collecting data at the front end as structured data in or from an electronic application that has been adapted for distribution channels and products, and from evidence providers such as MIB, MVR, and Rx. The application process continues to improve and, with the use of well-designed reflexive questions, can serve as a tool for field underwriting and give a preliminary estimate of rates class at the completion of the application.
- Triaging risk in new business and underwriting rules engines that identify and order underwriting requirements, provide exceptions to predefined rules, and provide an underwriting decision, decreasing the level of human underwriting intervention. Even when complex cases are kicked out of automated underwriting, these tools provide insights into the data that required underwriters to do the heavy lifting in the past.
- Fulfilling the various back office functions needed for processing, such as evidence ordering, tracking and routing, correspondence, etc. This includes keeping the agent informed on the status of the policy and what the next steps will be.
- Analyzing the resulting data for actuarial, underwriting, pricing, and marketing purposes. While this report focuses on the underwriting process, the expanded access and use of data allows for potentially improved pricing models and can drive new channels.

Figure 2 presents the basic functionality of a new business and automated underwriting system. The systems profiled in this report differ in the degrees to which they have this functionality.

Figure 2: Four Main Roles of a New Business and Underwriting System



Source: Celent

Functionally, these systems deliver:

- Integration with e-applications on the front end and the relevant policy administration systems on the back end to enable electronic receipt of application data and ultimate issuance of policies. Some of the systems include an e-application tool.
- Real time ordering, receipt, and matching of underwriting requirements from third party vendors with application data. The sources of this data continue to expand, and a tool can come with dozens of pre-integrations.
- Conversion of internal and third party data and information necessary for underwriting, which is often in unstructured formats, into standardized data formats. This process is often in conjunction with third party tools and now may leverage AI tools, including GenAI.
- Workflow functionality that manages the interaction between the producer, electronic underwriter, human underwriter, and new business staff. This can include approval authority levels and routing to the appropriate underwriter.
- Analytical tools that assess process flows and underwriting results to predict and test future underwriting rules and processes.
- Rule engine capability for the creation, maintenance, and effective execution of underwriting and business rules. In many systems, both the workflow and the rules engine can be displayed and built graphically.
- Testing capabilities to see immediate impact of rules changes. Some systems have integrated test harnesses that can exercise rules across large volumes of cases to test outcomes.
- Communication with portals (internal and external) to provide case status.
- Automated audit capability to review cases based on criteria such as face amount, impairment, or occupation.

Core Processes

- **Automated Underwriting Engine/Business Rules Management:** The repository of underwriting and business rules. The rules evaluate the risk of the applicant using data collected from the application, third party data providers, and other internal and external data sources as needed. Business rules management functionality supports the design, management, and execution of business rules attached to products, requirements, processes, and workflow.
- **Underwriter Workbench:** Provides an interface for users to manage new business applications as cases progress through the underwriting process. The focus of an underwriter workbench is on new business submissions, giving underwriters the tools to evaluate, review, track, and make decisions on policy applications.

- **Case Management Workbench:** Like an underwriter workbench, it enables tracking of requirements and allocation of work to underwriters and other new business personnel.
- **Requirements Management:** A specialized process that provides a case-level view of underwriting requirements and the ability to order, receive, and process requirements. Typically, this includes integration with many data sources, such as MIB, paramedical providers, credit bureaus, labs, and other sources, and increasingly, integration with tele-underwriting systems or e-applications via APIs.
- **Workflow:** The basic process management function that allows the creation of functional paths for users to follow and route the work within the underwriting process. This is not to be confused with more robust workflow or business process management systems, which are typically third party systems. Some vendors provide visual tools for creating and editing system workflow, while many others require writing custom code.
- **Communication Management:** The process through which the agents and customers are advised of the status of a case via email or a transaction on an agent or customer portal.

Supporting Processes

- **Agent Portal:** Not all systems offer this functionality, but those that do include agent-facing web functionality. This supporting process allows an agent to access the case status of submitted applications. Although an agent portal is not a necessary component within a new business and underwriting system, the system's ability to push data from the NBUW system to an insurance company portal is important as it allows the case manager or underwriter to proactively communicate with the agent to provide application status or follow up on requirements. Agent portals often include e-application functionality. Some also include agent licensing, contracting, and appointment status.
- **Electronic Applications:** The primary vehicle to capture data about the applicant. It usually includes validations that are configurable for multiple distribution channels and products. They provide reflexive questioning capability. Electronic data capture guarantees structured data and reduces errors. If electronic applications are not provided at point of sale (POS), easy-to-use data entry screens for back office staff are a must-have.
- **Product Design and Rating:** Product design and the ability to set some rating rules and variables are often core processes in a policy administration system. An underwriting system will add to the product rules and allow for specific underwriting rules to be associated with certain products. Some systems require custom code to make changes, while others provide visual or script-based modeling tools for users. For some full-suite systems, a common rules engine defines the product rules for the policy administration and new business and underwriting systems.

- **Quoting and Illustrations:** When linked to a new business and underwriting system, the producer may use the quotes and illustrations to prescreen applicants for certain products before beginning the application process.

Commonly Integrated Solutions

Insurers will find that several solutions are commonly integrated with a new business and underwriting system. These solutions are provided by vendors either bundled with or in addition to their NBUW offering.

- **Data Mining and Reporting**: A business intelligence and data warehousing function which is typically external to a new business and underwriting system. While many systems provide basic reporting functionality, most systems provide a standard data feed to integrate with third party reporting, dashboarding, and analytic databases. Some underwriting systems can use application data and case experience to help in developing new underwriting rules (e.g., reinsurance data).
- **Predictive Analytics:** Predictive analytics uses statistical modeling and AI methods to complement actuarial underwriting rules, offering a more forward-looking view to underwriting. This technology analyzes internal and external data sources to identify patterns and connections that are not discoverable by human cognition alone.
- **Forms and Correspondence:** Document and content automation systems which allow template-based generation of official policies, underwriting rejection letters, email updates, amendments, endorsements, and any other documentation that needs to be stored or sent.
- **Third Party Underwriting Rules:** Underwriting rules written by reinsurers can act as the foundation for a vendor's rules templates.
- **Generative AI:** While it might not yet qualify as a common function, use of GenAI copilots and other tools to summarize data and provide underwriter guidance is increasing.

Not all systems reviewed by Celent provide each of these functions. And many of the systems reviewed offer the various components individually. It is critical for an insurer to determine their specific needs as part of their selection project.

CELENT'S TECHNICAL CAPABILITY MATRIX AND XCELENT AWARDS

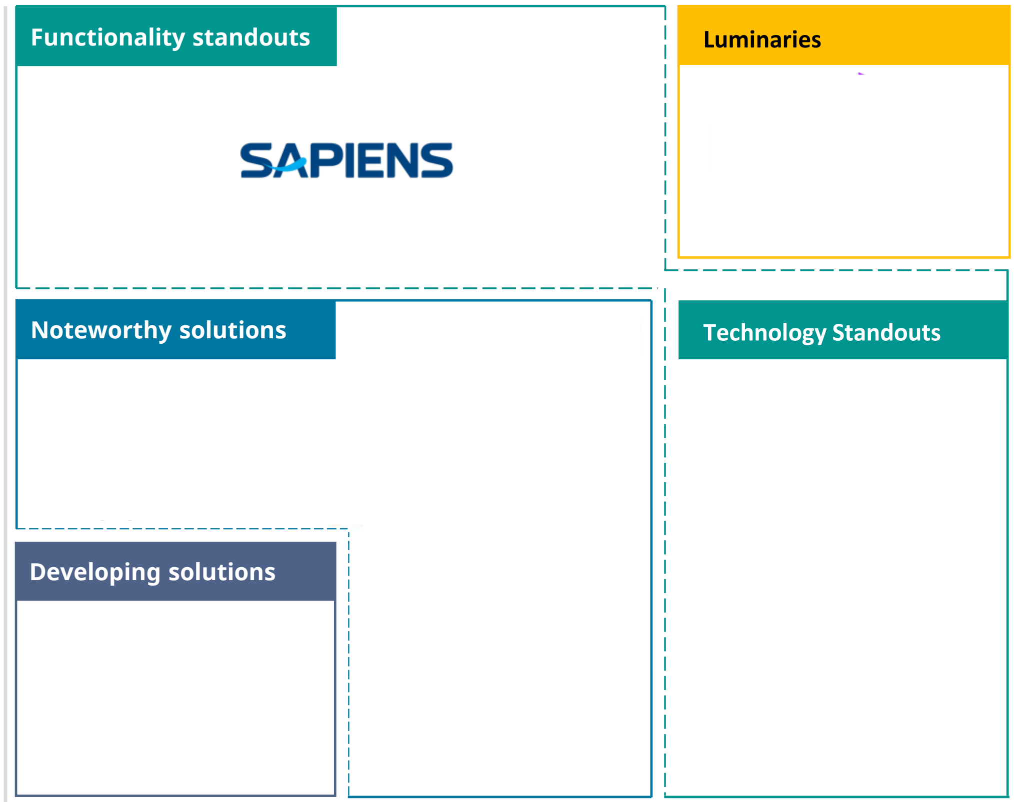
The Celent Technical Capability Matrix

Celent ranks vendors using a Technical Capability Matrix. We've placed each solution into one of five categories based on the sophistication and breadth of its technology and functionality (i.e., plotting the A and B dimensions). Solutions are not ranked within the assigned category; they are listed alphabetically.

The five categories are:

- **Luminary:** Excels in solution capabilities; generally, has a leading market presence.
- **Technology Standout:** Excels in technology modernity, although often without the same depth of features as leading competitors. Frequently newer, these solutions have chosen a focused set of functions with which to begin their journey.
- **Functionality Standout:** Excels in functionality and likely to have a large installed base. Often more established, these solutions have built out a robust set of features over many years.
- **Noteworthy Solution:** Potential challengers to the more established competition. They may occupy a niche place in the market, whether by targeted use case, sector-leading features, client size, or geography.
- **Developing Solution:** Typically, new to the market. They may have the potential to mature into a market challenger.

Figure 3: Celent Technical Capability Matrix



Source: Celent

XCelent Award Winners

For the best of the best, taking into account not only their prowess in technology or functionality, but also their customer base and the Celent analyst opinion drawn from their live demo, we once again are awarding the XCelent award. The XCelent award is presented to the top performers in Advanced Technology and the top performers in Breadth of Functionality.

The winners of the XCelent 2024 Awards for New Business and Underwriting Systems for the North American region are:

X CELENT

Customer Base and Support 2024

This year's XCelent award winners for Customer Base and Support for North America are:

- Sapiens

CELENT

Customer Base and Support 2024

SAPIENS: SAPIENS UNDERWRITINGPRO FOR L&A

Company and Product Snapshot

Table 1: Company Snapshot

Year Founded	1982
Headquarters	Holon, Israel
Number of Employees	5,300
Revenues (USD)	$514.6 million (2023)
Financial Structure	Public - NASDAQ: SPNS
VendorMatch Link	Sapiens VendorMatch Link

Source: Vendor RFI

Table 2: Product Snapshot

Name	Sapiens UnderwritingPro for L&A
Year Originally Released	1995
Current Release and Date of Release	The current GA release is Sapiens UnderwritingPro version 13 with version 14 expected in Q1 2025
Revenue Derived from Product	As a public company, Sapiens does not disclose revenue breakdown by product. However, all financials are available as public information via SEC Filings and can be found in published financial statements at https://www.sapiens.com/investor-relations/
R&D Expense (last two years)	Approximately 15% of total revenue attributed to this solution
FTEs Providing Professional Services for Product	110
Notable Clients	Due to contractual limitations, Sapiens has elected not to publicly name clients at this time.

Source: Vendor RFI

Celent Opinion

Sapiens' investment in UnderwritingPro has concentrated on improving system usability for insurers. It continues to rely on its very active user group to guide the system's enhancements. Since we last saw the system, Sapiens has moderninzed the UI across all modules, improved the rules engine capabilities, changed the application/interview flow to allow for immediate requirements gathering and point-of-sale straight-through processing, and added AI insights and an agent communication portal. The data and analytics capabilities within the system have been enhanced greatly.

The system is currently in use by 26 insurers in North America as a stand-alone system. Five new deals were made in the last two years. Seven insurers are on the system's most current version.

The rules engine was revised to provide search capability, and the UI across all rules engine components makes configuration much simpler. Most Sapiens clients are self-sufficient and manage their rules with non-technical staff. While reinsurance rules engines are still heavily used, some insurers are working with Sapiens to bring their rules into UnderwritingPro and are asking for more user-friendly ways to manage their rules. A new feature this year is the ability to re-underwrite the pending cases when there are rule changes. Also new are a workflow for immediate requirement ordering and a significant architecture change to improve the process at the point of sale.

Two years ago, Sapiens updated the underwriter desktop and the rules engine UI to HTML 5 and Angular. The latest version brings the rest of the modules including security, reporting, screen configuration, and others on the same technology. All have a search capability that didn't exist before, including within the rules engine. The new UI is a definite improvement.

A new feature is direct messaging with agents within the UnderwritingPro system, where underwriters can add case notes and request specific documents from agents, which are then visible in the agent's portal.

UndewritingPro is integrated with Formotiv for application behavior analytics. With signals set on certain application questions, Formotiv notifies the underwriter if the question is flagged due to applicant activity on that question.

The system's case management and underwriting features provide end-to-end functionality for the full underwriting process. Because UnderwritingPro provides exception-based underwriting, only cases that fail automated underwriting are displayed on the underwriter workbench. Each case displays the exceptions or risks at the top of the page, making it easy for an underwriter to see what must be done to move the case to the next stage.

Sapiens enhanced its Data Suite self-service capabilities and the ability to provide insights into bottlenecks and predict future performance. Upcoming features in V14 include a rules impact analysis feature and a "what if" scenario analysis. Sapiens UnderwritingPro can be implemented with Sapiens Data Suite to provide out-of-the-box business analytics across the entire data set at no additional cost.

UnderwritingPro's client base has helped this become a strong new business and underwriting solution targeted at making the underwriting process more effective and efficient for any line of business. Celent believes it should be on an insurer's short list if they are looking for a new business and underwriting system.

Functionality

Table 3: Functionality

Legend

- ● = Available out of the box
- ● = Configurable using simple tools for business user
- ● = Configurable using simple tools for IT user
- ● = Configurable through a scripting language/coding
- ● = Available with integration to a third party solution
- ● = Available with integration to a separate module provided by this vendor
- ● = Under development / on road map
- ● = Could develop, would be considered customization
- ● = Not available / not applicable

Function	In Production	Supported but Not in Production	Not Supported
Desktop			
eApplication—web-based	●		
eApplication—mobile	●		
Dynamic interviewing	●		
Industry standard application form (such as ACORD) import or upload	●		
Data validation during application data capture	●		
Electronic signature capability	●		
External data systems or services integration for data prefill	●		
Product Rules Management			
Product and rate rules maintained separately from underwriting rule definition and management	●		
Reinsurer underwriting manual integration	●		
Product dictionary/repository support	●		
Premium calculations based on underwriting class	●		
Rule validation during add/update based on local regulations and regional restrictions.	●		
Testing, modeling, and product analysis tools	●		
Underwriting Rules Management			
Underwriting-specific rules design/management	●		
Rule-based underwriting for less complex / low face amount cases (no touch)	●		

Function	In Production	Supported but Not in Production	Not Supported
Complex rule processing based on internal rules capabilities for medically underwritten products including underwriting decision (no touch)	●		
Complex rule processing via 3rd party rules engines	●		
Underwriter desktop	●		
Underwriting rules changes monitored and audited by date	●		
Global, regional, and local underwriting rules support	●		
Manual underwriting decision audit and update support	●		
Multiple product and multiple lives simultaneous underwriting support	●		
System underwriting decision overwrite support	●		
Automatic creation of algorithmic scores from selected data	●		
Underwriter authorization limit management	●		
Rules change "what-if" scenario analysis	●		
Post Issue Underwriting			
Continuous underwriting support using ongoing fitness tracker or other biometric data		●	
Case Management			
Correspondence tools between underwriter and agents/producers	●		
New business status for agents (APIs to portal)	●		
Demand and capacity management capabilities	●		
Case management correspondence capabilities including expiry, follow-up actions, dates	●		
Automated communication to agents on outstanding requirements via email	●		
Case management workflow-specific rules design and management	●		
Requirements Management			
Identification of medical underwriting requirements	●		
Medical underwriting requirements ordering	●		
Non-medical underwriting requirements ordering	●		
Requirement rules changes monitoring/audit	●		

Function	In Production	Supported but Not in Production	Not Supported
Internal underwriting requirements management	●		
Forms and evidence access from within the NBUW system	●		
Requirements-specific rule design and management	●		
Non-medical underwriting requirements identification	●		
3rd party data management (receipt, tracking, and follow-up)	●		
Reporting and Analytics			
Predictive analytics	●		
Ability to create customized reports and run analytics on captured data	●		
GenAI tools		●	

Legend

- ● = Available out of the box
- ● = Configurable through a scripting language/coding
- ● = Under development / on road map
- ● = Configurable using simple tools for business user
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- ● = Not available / not applicable

Source: Vendor RFI

Lines of Business Supported

Table 4: Lines of Business Supported

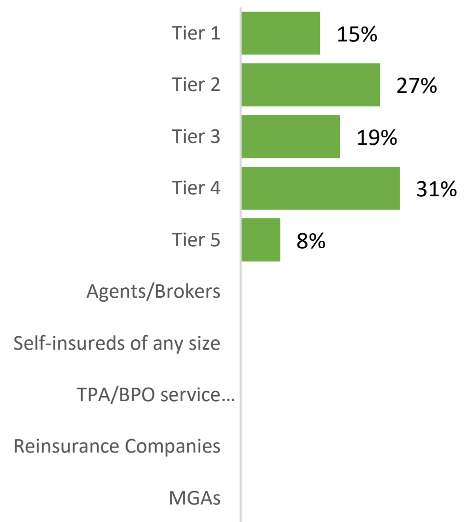
Line of Business	NA	EMEA	APAC	LATAM
Life	✔	✕	✕	✕
Annuity	✔	☐	☐	☐
Health	✔	✔	✕	✕
Other	☐	☐	☐	☐

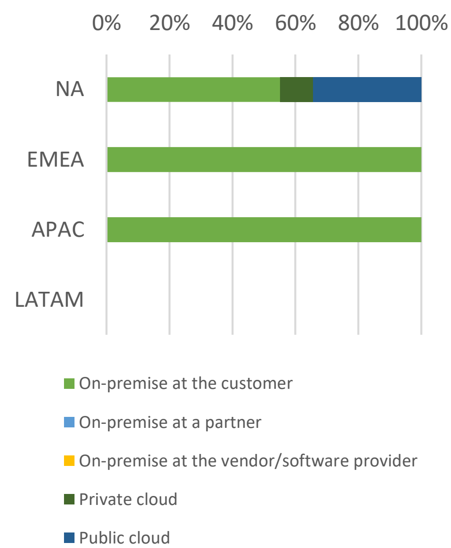
Legend: ✔ = In production; ☐ = Supported but not in production; ✕ = Not supported

Source: Vendor RFI

Customer Base

Table 5: Client Base by Size and Deployment Option (North America)





Source: Vendor RFI

Table 6: Implementations by Country

Region	Countries
North America	Canada, United States
Europe	
Middle East	
Africa	
Asia-Pacific	
Central America	
South America	
Caribbean	Trinidad and Tobago

Source: Vendor RFI

Technology

Table 7: Technology Options

Technology Options	Responses
Code Base	C#: 60%; Angular: 40%

Technology Options	Responses	
Integration Methods	Web services; XML (not through web services); HTML; HTTP; RESTful HTTP style services; JSON format; Custom APIs; and Flat files	
API Details	✔	The API is documented.
	✔	External systems can trigger an event in the system, which can be responded to by a workflow or business rules system.
	✔	API management supports local or global standards, such as ACORD application creation and rendering.
	✔	API sample codes are available to clients.
	✔	API developer portal is available for support and descriptions.
	✔	API testing portal and the ability to use scripts on website is available.
	✔	System allows API publishing in SOAP, REST, JSON, and XML style services as APIs.
	✔	API version management is available.
	✔	Access to the APIs is managed, and use of APIs tracked by developers.
	✔	Training in extending the system is offered.

Legend: ✔ = Available; ✕ = Not available

Source: Vendor RFI

Table 8: SaaS Capabilities

Elements	Availability
Supports a multi-tenant architecture	✕
Type of effort required to update the solution	Other
Cadence of upgrades for multi-tenant deployments	n/a
Deployment approach supports elasticity	Yes, automatically
Current APIs-related strategy	Enabled by consumable APIs
Ability of the deployment model to leverage a serverless approach	✕
Ability to enable independent services (microservices)	✔
Proportion of the system architected as microservices	25% to 50%
Supports automation of development and deployment processes (DevOps)	✔
Ability to run and deploy under containers to improve the application deployment	✔
Need for containerization to run in a cloud	✕

Elements	Availability
Ability of the system's functions and capabilities to be distributed between a private cloud and a public cloud	✔

Legend: ✔ = Yes ✕ = No

Source: Vendor RFI

Table 9: Change Tooling and Upgrades

Types of Changes	Availability
Business Rule Definition	✔
Data Definition	●
Table Maintenance, List of Values, etc.	✔
Interface Definition	☐
Product Definition	✔
Role-Based Security, Access Control, and Authorizations	✔
Screen Definition	✔
Workflow Definition	✔

Legend: ✔ = Configurable via tools for business users; ☐ = Configurable via tools for IT users; ■ = Configurable via the vendor; ⊖ = Configurable via scripting; ● = Coding required; ✕ = Not available

Source: Vendor RFI

Table 10: Public Cloud Options

Providers	NA	EMEA	APAC	LATAM
Microsoft Azure	✔	☐	☐	☐
Amazon AWS	☐	☐	☐	☐
Google Cloud Platform (GCP)	✕	✕	✕	✕
Alibaba Cloud	✕	✕	✕	✕
IBM Cloud / Bluemix	✕	✕	✕	✕
Oracle Cloud	✕	✕	✕	✕
Salesforce Cloud, Force.com, AppExchange	✕	✕	✕	✕
Other	✕	✕	✕	✕

Legend: ✔ = In production; ☐ = Supported but not in production; ✕ = Not supported

Source: Vendor RFI

Partnership

Table 11: Implementation and Support

Type of Partnership	Partner Vendor
System Integrators	Deloitte, PWC

Type of Partnership	Partner Vendor
Fintech Partners	Sapiens Digital Ecosystem helps carriers integrate quickly with innovative partners that improve customer experience and create operational efficiencies. Sapiens has partnerships with LifeScore Labs, DigitalOwl, HealthGorilla, Binah.ai, Atidot, and ForMotiv

Source: Vendor RFI

Implementation, Support, and Pricing

Table 12: Implementation, Support, and Pricing

Typical Implementation Team Size	11 to 15
Resource Breakdown	Vendor: 50%; Client: 50%
Location of Employees	Sapiens has 72 employees in North America, 5 employees in EMEA, and 33 employees in Asia Pacific
Average Time to Implementation	Initial implementation: 4 to 6 months 2nd and subsequent lines of business: 1 to 3 months 2nd and subsequent states/jurisdictions: 1 to 3 months
Pricing Models	Term license, Perpetual license, Enterprise license, Subscription-based license, and Other

Source: Vendor RFI

PATH FORWARD

As insurers continue to digitize their operations, it is not surprising that the underwriting process will be one of the major transformations they will undertake. Understanding the automated underwriting solutions available from vendors is very important. Insurers have choices in the market. The systems presented in this report enable an insurer to rely on a reinsurer for underwriting rules, build their own rules and processes in a vended solution, or use a hybrid of the two. We believe these vendors offer options that insurers need to transform their underwriting processes.

The market for new business and underwriting systems remains strong in North America. Today's NBUW system can perform many repetitive risk scoring activities for simple cases with minimal human support. The NBUW systems can help bring forth more "fluidless" underwriting and a better experience for the applicant.

While there are risks associated with a more streamlined, standardized, digitized underwriting process—such as mortality experience due to less evidence being used, and persistency issues or lack of growth if competitor's processes are also improved—not transforming the process is a bigger risk in Celent's opinion. The market is moving forward with simplified products underwritten via automated solutions. In addition to staying competitive, Celent's research has shown that, once the system is implemented, insurers can expect reductions in key metrics like cost per per policy issued, cycle time, and case manager / underwriter productivity.

For Insurers

There is no single best new business and underwriting system for all insurers. There are several good choices to meet almost any set of insurer requirements. An insurer seeking an automated underwriting system should begin the process by looking both inward and outward. Every insurer has its own mix of products, existing channels, underwriting processes, staff capabilities, business objectives, and financial resources. This unique combination of factors, along with the organization's risk appetite, will influence the list of vendors meriting consideration.

Some vendors are a better fit for an insurance company with a large IT group that is deeply proficient with the most modern platforms and tools. Other vendors are a better fit for a company that has a small IT group and wants a vendor to take a leading role in maintaining and supporting its applications.

We recommend that insurers looking for a new business and underwriting system narrow their choices by focusing on four areas:

- *The art of the possible:* What can be done with advanced tools? Look at whether functionalities that the business needs are available out of the box for the lines of business and states desired. Check to see what is actually in production.
- *The technology:* Consider both the overall architecture and the configuration tools and environment. Perform proof-of-concept exercises with shortlisted vendors. This is a chance for providers to show what they can do.
- *The vendor's stability, knowledge, and investment in the solution:* Consider the partnership dimension carefully. Key functional gaps are quickly closed by leading vendors.
- *Implementation and support capabilities and experience:* The relationship between an insurer and its underwriting system vendor will likely last years. Celent can help with selection projects; we know the vendors and the markets well.

For Vendors

As a group, new business and underwriting systems are expanding their capabilities rapidly through significant investments. The solutions are delivering a great deal of customer acquisition functionality with improved configuration tools. They're also more connected, with APIs and RESTful web services becoming the de facto standard. Although these trends are all excellent news for insurers, they make the competitive challenges facing vendors that much more daunting.

Celent recommends vendors differentiate themselves by:

- Focusing on improving usability for both new and experienced users and managers.
- Continuing to build out configuration environments to put change controls in the hands of the insurers. Configuration tools that business analysts can use get high scores from insurers assessing these solutions.
- Making implementation faster and less expensive.
- Continuing to expand functionality—especially in different lines of business and in the use of AI and analytics capabilities.
- Embedding cloud-native capabilities into the product.

Was this report useful to you? Please send any comments, questions, or suggestions for upcoming research topics to info@celent.com.

LEVERAGING CELENT'S EXPERTISE

If you found this report valuable, you might consider engaging with Celent for custom analysis and research. Our collective experience and the knowledge we gained while working on this report can help you streamline the creation, refinement, or execution of your strategies.

Support for Financial Institutions

Typical projects we support include:

Vendor short listing and selection. We perform discovery specific to you and your business to better understand your unique needs. We then create and administer a custom RFI to selected vendors to assist you in making rapid and accurate vendor choices.

Business practice evaluations. We spend time evaluating your business processes and requirements. Based on our knowledge of the market, we identify potential process or technology constraints and provide clear insights that will help you implement industry best practices.

IT and business strategy creation. We collect perspectives from your executive team, your front line business and IT staff, and your customers. We then analyze your current position, institutional capabilities, and technology against your goals. If necessary, we help you reformulate your technology and business plans to address short-term and long-term needs.

Support for Vendors

We provide services that help you refine your product and service offerings. Examples include:

Product and service strategy evaluation. We help you assess your market position in terms of functionality, technology, and services. Our strategy workshops will help you target the right customers and map your offerings to their needs.

Market messaging and collateral review. Based on our extensive experience with your potential clients, we assess your marketing and sales materials—including your website and any collateral.

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