Life insurance policy administration adoption has begun the transition from on-premises to cloud deployments. Insurance CIOs should scrutinize vendor SaaS and cloud credentials alongside wider functional and technical support aligned to their business needs.

This Magic Quadrant is related to other research:
View All Magic Quadrants and Critical Capabilities

Market Definition/Description
Gartner defines a life insurance policy administration system (PAS) as one that enables insurers to manage a range of group and individual life and pension products. A PAS supports the entire life insurance value chain, from product and business configuration through new business processing, policy issuance, ongoing policy administration and claims.

The functional richness and capabilities needed to support a full range of life insurance products and core policy administration features are becoming increasingly commoditized. However, vendors generally are localized in their country or regional capabilities, lacking the proven tax and regulatory frameworks and deployments for more than two or three countries. Specialist focus still exists among some vendors included in this Magic Quadrant, with some vendor solutions built for selected business lines or markets. Some vendor portfolios are heavily skewed toward either individual or group life insurance business line offerings, or even aligned to niche product types, such as credit and disability insurance. With product line coverage not considered a differentiator, most vendors focus on alternative capabilities to differentiate their offerings; for instance, analytics capabilities and front-end portals. Some have even embedded engagement tools, such as chatbots and communication management tools.
Key development focus is on the technology of solutions as vendors switch their deployments to cloud, with a focus on developing SaaS offerings. In addition, many vendors are rearchitecting their integration capabilities to move from SOAP to RESTful APIs and embarking on a movement toward microservices. This movement toward cloud and improved system architecture is, in most cases, a multiyear project, and European CIOs should not expect the solutions to be fully ready. Despite this lack of maturity in cloud-based delivery and microservices, European CIOs will find most vendors marketing their SaaS and hosted offerings more aggressively than for on-premises.

This Magic Quadrant evaluates European life insurance policy administration systems that support end-to-end policy administration transactions, including:

- New product development and ongoing product maintenance
- Quotations/illustrations and new business management
- Assessment and underwriting of risks
- Policy issuance
- Collections and disbursements
- Technical subledger accounting
- Ongoing contract administration and endorsements
- Benefits and claims management

The European life insurance policy administration market remains highly fragmented and localized, and vendor competition is heightened, forcing them to increasingly target additional markets in Europe in search of new clients. The overall market remains highly competitive, with around 50 vendors operating and winning — at best — one deal, per vendor, per year. The vendors contained within this report have fared better, with each vendor adding two new clients on average. For the purposes of this Magic Quadrant, the definition of the European market is not limited to the European Union (EU), but includes more than 46 countries, including Turkey, Israel and Russia. (It does not include any other non-European countries or regions. Several of the vendors evaluated are, however, headquartered outside Europe.) Gartner tracks more than 50 vendors that offer life insurance policy administration systems in Europe. The 2021 Magic Quadrant represents a snapshot of the market for a subset of those vendors that:

- Are present with client implementations in at least two European countries.
- Have built up a significant portfolio of clients (at least 12 clients).
- Continue to add to their portfolio (at least two wins in the past three full calendar years).
- Support both risk and investment product sets.
Magic Quadrant

Magic Quadrant for Life Insurance Policy Administration Systems, Europe

Source: Gartner (September 2021)
Vendor Strengths and Cautions

Agito

Agito is a Niche Player in this Magic Quadrant. Agito has 236 employees and annual revenue of about €7 million. Its Life4You policy administration system (PAS), written in Java and PL/SQL and supporting Oracle Database, is available for on-premises and off-premises deployment. It has 13 clients in Turkey and Cyprus, two of which are in the vendor's private cloud. Agito added no additional clients in 2020 and none in 2021, as of July. Agito has made improvements in bulk processing to allow more flexible formats and support error correction. Agito also built digital help manuals into each screen, enhanced its multicompany capabilities and developed a new agency portal. Technical enhancements include the conversion of SOAP to RESTful on APIs and improvements to SSO security.

**Strengths**

- **API enhancements:** Agito has completed its conversion of SOAP to RESTful APIs and enabled greater self-service through a RESTful API generator tool.

- **Partner ecosystem expansion:** Agito continues to demonstrate tangible relationships with technology partners leading to in-production implementations, including roboadvisor, chatbots and RPA. The company continues to look for partnerships with its ongoing participation in a cross-country consortium on artificial intelligence (AI).

- **Strong reporting capabilities:** Agito provides 340 prebuilt operational reports for core processes, and integration to Microsoft Power BI for data visualization and ad hoc reporting. As a market standard, Agito offers a stand-alone, denormalized data mart, which can be used with a third-party business intelligence (BI) tool.

- **Low-cost option:** Agito may offer a low-cost implementation option with its cited typical cost for implementation and additional services lower than other vendors. However, the cost may vary according to scope and complexity of the project.

**Cautions**

- **Confined geographical presence:** Life4You has not been deployed outside of Turkey and Cyprus. CIOs in other European countries will need to bear the cost of system localization to configure and maintain tax, regulation and specific product rules.
DXC Technology

DXC Technology is a Visionary in this Magic Quadrant. DXC Technology has over €15 billion in annual revenue and 17,000 resources in its insurance division. Its policy administration solution DXC Assure Policy for Europe is written mostly in proprietary language and is available for on-premises and off-premises implementation. Its cloud offering is provided with an optional managed service on Amazon Web Services (AWS). DXC has 79 clients across 20 European countries, adding two clients in 2020 and three in 2021, as of July. There was one discontinuation in 2020.

DXC’s functional enhancements include improved localized functionality for Belgium and France. DXC also improved its workflow and case management capabilities and developed more reporting e-cubes and dashboards.

Strengths

- **Territorial expansion**: DXC has demonstrated its ability to build a new portfolio of clients in targeted countries, having won in recent years four clients in Belgium and three clients in Spain. Insurance CIOs in this region will benefit from an established user community.

- **Workflow capabilities**: DXC has given its already comprehensive workflow capabilities a user experience (UX) overhaul. This enhancement enables an insurer’s tasks to be controlled with all key information at the user’s fingertips. In addition, the user can click and be autonavigated to a tailored servicing screen, thus streamlining servicing functions.

- **Lack of business process management (BPM) and workflow capabilities**: Life4You lacks workflow, BPM and task management capabilities. Process definitions and steps within the system are rigid and without any user guidance. CIOs would need a stand-alone BPM or workflow tool to manage their processes effectively.

- **Limited process and screen adaptations**: The ability to adapt screens or add additional data items into back-end and front-office portals is rather limited. CIOs will need to engage the vendor to develop any specific screen adaptations or include additional data items in business processes.

- **Complex product configuration**: Product configuration in Life4You’s product engine is complex, as the user is required to use a combination of short codes and a proprietary scripting language. This increases training requirements for expert users and reduces self-sufficiency.
Adaptable multichannel portal: DXC offers DXC Assure Digital Platform, which can be configured for different business roles and users. DXC Assure Policy exhibits high straight-through processing (STP) for processes like new business using automated underwriting, digital signatures and claims first notice of loss (FNOL) with chatbots.

Incorporated regulatory compliance: DXC’s license fee includes ongoing support for compliance and regulations. DXC has five full-time equivalents (FTEs) and other business experts who have invested 5,000 workdays in system compliance.

Cautions

Immature system integration (SI) partnership network: DXC’s partnership network is in its infancy and currently lacks a partnership certification program. DXC is in transition to switch from sole implementer to a partnership network, and CIOs should carefully examine the knowledge and experience of any proposed partners.

Brand masking: DXC is utilizing a generic brand name of DXC Assure across the globe to standardize marketing of its offering, which includes multiple core systems. CIOs should scrutinize features demonstrated to ensure they have been implemented in their region.

Low product governance: DXC has lacked a strong product discipline, with only 22 clients on common codebase (version 4 or higher) and 5% on the latest release, with 53 clients on version 3 and below, staring at migration to move to the latest version. CIOs need to assess the ease, costs and benefits of upgrading, and to not risk future inability to upgrade.

Architectural limitations: DXC Assure Policy is written mostly in proprietary programming language. DXC plans to rewrite it in Java in a phased manner, but not as a priority. Also, the system still relies on a batch window of four to six hours for some processes.

Fadata

Fadata is a Leader in this Magic Quadrant. Fadata has over 200 employees and estimated annual revenue of more than €17 million. Its INSIS policy administration system, written in Java and Oracle Application Development Framework (ADF), supporting Oracle Database, is available as on-premises and off-premises offerings. Fadata provides an option for managed services through its partners. INSIS has 27 life insurer clients in 19 European countries, with one win in 2020 and no additional wins through July 2021.
Fadata’s functional improvements include enabling covers to be paid for by premium deduction, support for partial payments and enhancement to “what-if” calculations.

**Strengths**

- **Modern platform architecture:** INSIS has a highly evolved, service-oriented architecture (SOA) with entire functionality exposed through a combination of RESTful and SOAP APIs.

- **Advanced process flexibility:** The system’s highly flexible BPM tool provides preconfigured options to accelerate process configuration. It offers drag-drop controls to modify processes for different business lines, products and users.

- **Extensive implementation partners:** Fadata continues to invest in its extensive SI partner network onboarding two new partners. It has provided structured training to more than 300 external resources under its partner enablement program. Implementations are bolstered with Fadata resources colocating with its SI partners.

- **Global presence:** Fadata has built a sizable portfolio of 50 life insurance clients on its INSIS platform in Europe, Africa and Latin America (Latam), with implementations in 36 different countries, which may appeal to an insurer looking for a more global package solution.

**Cautions**

- **Fragmented client base:** Fadata’s sales strategy has resulted in single implementations in several European countries. Insurance CIOs will struggle to find life insurance cohorts of clients to share the cost of localization of INSIS.

- **UX modernization required:** The INSIS back-office UX is in major need of an overhaul. The navigation is not always intuitive; operating panes are reduced with its tree structure occupying a large part of the screen and processes can be long-winded.

- **Project team skill set:** Fadata uses a mixture of internal and external consulting and professional services resources, which may result in varied project delivery experience and knowledge of the INSIS system and processes. CIOs should evaluate the skill set of the proposed project team to validate the competencies for migration, integration and configuration.
Lumera

Lumera is a Niche Player in this Magic Quadrant. Lumera (formerly Itello) has 220 employees and estimated annual revenue of €43.5 million. Lumera is written in Java and supports SQL databases available for on-premises and off-premises deployment. All 13 Lumera PAS clients are located in Denmark, Norway and Sweden, with 12 implemented clients on-premises and one in a public cloud. Lumera added one new client in 2020 and one further client as of July 2021. A merger of two of its clients led to a reduction in its client count.

Lumera’s functional developments included UX improvements, enhanced underwriting and local and regional regulatory improvements. Technical focus was on cloud deployment and continued movement to RESTful APIs.

**Strengths**

- **Migration experience:** Lumera has proven migration methodology and experience with 17 migrations completed in 2020 and 2021, and a further 12 scheduled for later in 2021.

- **Solid product governance:** Lumera’s client base is on a common codebase, with 100% of clients on the latest release. With a disciplined approach to system upgrades, clients benefit from six releases annually.

- **Proven system scalability:** Lumera has proven its scalability, with a production implementation of 8.7 million policies on Lumera’s largest instance, and a migration of 5.3 million policies in its largest migration project. These figures represent the second-highest volumes among the Magic Quadrant vendors.

- **Expanded delivery capabilities:** Lumera has increased staffing by about 30% and has developed a SI partnership, implementing Lumera with Future Core Cloud. Future prospects will benefit from these extended delivery capabilities.

**Cautions**
Confined geographical experience: Lumera remains unproven outside of the constructs of the three pillar system found in the Nordic countries. CIOs will need to evaluate the flexibility of the solution to support products and functionality in their country.

Cloud immaturity: With only one client currently implemented on Microsoft Azure, and the vendor positioning cloud as its main implementation option, CIOs and future prospects should analyze the vendor readiness in areas such as containerization, operational support and upgrades.

Immature training approach: Lumera lacks a formal approach for training for configuration, end users and testers and does not have an established certification program for SIs. CIOs will need to place extra emphasis on training to support the implementation and production use of the system.

Complex product configuration: Product configuration is highly complex, with minimal guidance, help or widgets to assist the user, leading to low levels of self-sufficiency. Configuration complexity is increased for advanced and intricate products, requiring Groovy script writing rather than parameterization.

**msg life**

Msg life is a Leader in this Magic Quadrant. Msg life has more than 1,251 employees, with €187.5 million in annual revenue, and is a part of msg group. Msg.Life Factory is its policy administration system, which is written in Java and supports Oracle and Db2 databases. It has 47 clients across five European countries, with over 90% in German-speaking nations. Msg life added one new client in 2020, but no further additions in 2021, as of July. The system is available on-premises or can be hosted in a partner data center, with an option for managed services provided by IBM.

Msg life’s functional enhancements have included improvements to fund management capabilities, automated redo of transactions and annuity enhancements.

**Strengths**

- **Flexible multichannel portal:** The msg.Sales portal provides a highly configurable front end for different product, process and user types, with different screen layout for different channels and devices. It allows bundling of existing products into marketable offerings, and handles customer drop-offs by directing them to an advisor.
Vendor viability: Continued financial performance from client implementation success and ongoing revenue from existing clients resulted in a 30.9% increase in revenue and earnings before interest, taxes, depreciation and amortization (EBITDA) of 14.7% when comparing 2020 to 2019.

European leader in group life: With a broad range of group functionality, including self-service options to maintain membership, msg life has built the largest portfolio of group life and pension customers in Europe. All told, 21 clients have implemented group life and 27 clients have implemented group pensions.

Continuous delivery experience: Msg has proven experience of continuous delivery, with one of its clients moving from development to production every two weeks. This may appeal to insurers looking for more rapid rollout of change.

Cautions

Limited third-party integrations: Msg life has limited experience integrating with third-party solutions (outside of SAP) across the value chain. Insurance CIOs should expect to need custom-made integrations built to integrate with chosen third parties.

SaaS model maturity: Msg life does not offer managed services by itself. Msg's SaaS model is based on IBM undertaking the infrastructure and application support. With its first SaaS client in implementation, CIOs will need to closely assess the effectiveness of this relationship and impact on service-level agreements (SLAs) for the offering.

Complex product engine: The vendor’s product workbench remains highly complex and technical, reducing self-sufficiency for the clients. It uses Java coding for formula adaptations and short codes for adding fields, such as strings or integers.

Large implementation size suitability: Msg life’s largest implementation size is 2.5 million policies, which is considerably lower than the Magic Quadrant average of 6.6 million. Tier 1 insurance CIOs and others with large policy portfolios should evaluate the scalability of the solution.
Sapiens

Sapiens is a Leader in this Magic Quadrant. Sapiens has 2,900 insurance employees and a total estimated annual revenue of €325 million. Sapiens CoreSuite for Life, Pension and Annuities core system is written in Java and C++, supporting SQL, Oracle and Db2 databases. It has 15 clients across nine European countries, including the U.K. and France. The system is available for on-premises and cloud deployment, with three clients on its SaaS deployment. Sapiens won one new client in 2020 and no further clients as of July 2021.

Sapiens’ functional enhancements have included improving corporate actions and investment management for group pensions, and enhanced multicountry and multilingual support.

**Strengths**

- **Flexible multichannel portal**: Sapiens portal is highly configurable to tailor user journeys and create different engagement paths that are well-guided and interactive.

- **Configuration accelerators**: Sapiens has prepackaged product and process configurations called smart packs to accelerate new product creation. Sapiens also supplies an automated regression testing framework for the smart packs. The smart packs have been built with product and process building block interrelationship visualizations and intuitive navigation to help users to understand and tailor them to their needs.

- **Proof of concept (POC) emphasis**: Sapiens embraces a POC or blueprint study as part of its presale process, which enables insurance CIOs the opportunity to evaluate the vendor functionally and technically. It also allows them to build out a foundational scope document while examining their project governance and cultural fit to their organization.

- **Knowledge transfer**: Sapiens offers an online knowledge base, providing end-user and configuration training as well as wider technical skills, such as training focused on agile and automation testing.

**Cautions**

- **Low product governance**: With 60% on common codebase, the remaining clients face a costly and time-consuming task to upgrade, and at least 30% will require migration. CIOs should assess the frequency and ease of upgrades as part of their system assessment.
Tata Consultancy Services

Tata Consultancy Services (TCS) is a Niche Player in this Magic Quadrant. TCS had approximately €19.4 billion in annual revenue and a staff of 500,000, a subset of which are dedicated to insurance. TCS BaNCS for Insurance is its policy system that is written in Java, supporting Oracle and Db2 databases, and it is available for on-premises and SaaS. TCS has 12 clients in Europe, with one each in Hungary and the Netherlands, and the rest in the U.K. TCS added no new clients in Europe in 2020 and no additional wins by July 2021.

TCS’s functional and technical developments included a new application front end called Smart Ops and a new product and interface definition tool called Erudite.

Strengths

- **Sizable delivery capacity**: TCS has delivery centers across 21 locations in the U.K. and Ireland, with considerable presence in 16 European countries, including in France, Germany and the Netherlands.

- **Embedded analytics**: TCS has moved beyond reporting data to use artificial intelligence and advanced analytics to provide operational insights around areas such as churn prediction, loss ratio forecasting, fraud analytics and claims prediction.

- **Limited group life production experience**: Sapiens solution is deployed with only one group life and pensions client. CIOs will need to extensively test the system functionality in absence of multiple references for group business.

- **Shelfware insurtech partnerships**: All of Sapiens’ partnerships and integrations with insurtechs are in prototype stage and have not been adopted by its client base. Insurance CIOs should be wary of overselling of wider capabilities from third-party vendors in Sapiens demos that lack proven production experience.

- **Alternative deployment architecture**: Operational maturity of the SaaS model of Sapiens’ platform is still low, with production deployments into both AWS and Azure. Insurance CIOs interested in the vendor’s SaaS offering will need to evaluate the technical roadmap as the vendor intends to maintain alignment to multiple cloud providers.
**Proven scalability:** TCS is the only vendor to have more than 10 million policies in production, with four Tier 1 clients (see Note 1). This vendor's PAS is proven in production for large-tier implementations, and the vendor is experienced at system migrations, having migrated over 25 million policies onto the BaNCS platform.

**Research and innovation approach:** TCS is very active in R&D, driven by an in-house innovation center, venture capitalist arm and involvement in incubators. The result is a large quantity of initiatives, including refreshing its front end, building new configuration tools and contact center solutions, and partnering with 12 insurtech partners.

**Cautions**

- **SI partnership maturity:** TCS historically has implemented TCS BaNCS itself or used internal SI partners. Its external partners have varying experience of live implementations. Insurance CIOs should evaluate the required solution knowledge of any positioned external SI partner resources.

- **Unproven go-to-market strategy:** TCS has adjusted its broad focus in its approach to marketing TCS BaNCS. However, despite refining its market strategy to become more focused, this has yet to materialize with new European client wins. With 90% of its clients in the U.K., CIOs need to assess TCS’s approach to localization support and be prepared for a lack of cohorts of clients to share the cost.

- **Limited group life production experience:** TCS BaNCS has a limited client base for the group life business, with only three clients in production in Europe. Group life insurance CIOs should incorporate local nuances alongside comprehensive product and functional breadth when evaluating vendor fit.

- **Shelfware insurtech partnerships:** TCS has 12 partnerships and integrations with insurtechs that are in prototype stage and have not been adopted by its client base. Insurance CIOs should be conscious that any insurtechs incorporated into TCS demos may lack the proven production experience.

**Vendors Added and Dropped**

We review and adjust our inclusion criteria for Magic Quadrants as markets change. As a result of these adjustments, the mix of vendors in any Magic Quadrant may change over time. A vendor's appearance in a Magic Quadrant one year and not the next does not necessarily indicate that we have changed our opinion of that vendor. It may be a reflection of a change in the market and, therefore, changed evaluation criteria, or of a change of focus by that vendor.
Added
None

Dropped
The following vendors were dropped, as they no longer meet the entry criteria:

- Vermeg
- Equiniti

**Inclusion and Exclusion Criteria**

This Magic Quadrant report uses the same inclusion criteria as Critical Capabilities for Life Insurance Policy Administration Systems, Europe. To be included in this research, vendors of life insurance policy administration systems need to meet all of the following inclusion criteria:

- Solution providers have at least 12 direct customers in Europe who have purchased the vendor's life and pension policy administration system as of 31 December 2020. Out of the 12 customers, at least 50% must be in a production environment.

- Vendors signed contract terms (not a letter of intent) with at least two new European insurance clients to implement a life and pension policy administration system during the past three full calendar years (between 2018 and 2020).

- The policy administration must be proven in multiple countries via production implementations in at least two different countries within Europe as of 31 December 2020.

- The vendor must also have production implementations with insurance clients of both risk and investment-based products as on 31 December 2020.
Vendors must offer within their PAS a full end-to-end policy administration support capability, with all modules provided as part of the standard implementation or license fee, even if modules are provided by third-party vendors. “Full end-to-end policy administration support capability” means that the vendor must include all following items:

- New product development and ongoing product maintenance
- Quotations/illustrations and application management
- Assessment and underwriting of risks
- Policy issuance
- Technical subledger accounting
- Collections and disbursements
- Ongoing contract administration and endorsements
- Benefits and claims management

The vendor must also support at least four out of eight of the following modules as part of the standard implementation and license fee:

- Automated underwriting
- Workflow
- Business process management
- BI/reporting
- Data warehouse
- Customer portal
- Agent/broker portal
- Group portal
Evaluation Criteria

Ability to Execute

This axis evaluates life insurance policy administration software vendors on the quality and efficiency of the processes, systems, methods or procedures that enable their performance to be competitive, efficient and effective, and to positively affect revenue, retention and reputation. Ultimately, these software application providers are judged on their ability and success in capitalizing on their vision. Our evaluation of a vendor's Ability to Execute is based on these criteria:

- **Product or Service**: This is the breadth and availability of the vendor's products that compete in and serve the life and pension policy administration market. Criteria include the quality of the UI, BPM and SOA capabilities, analytical and reporting capabilities, and product configuration options.

- **Overall Viability**: This is product quality and consistency, as well as the vendor's financial strength and viability, including the likelihood of continued investment in life insurance policy products. Criteria include the number of resources that are devoted to the solution, revenue and profitability, and diversification into other markets.

- **Sales Execution/Pricing**: These are the capabilities of presales structures and management activities, including pricing and negotiation, as well as the overall effectiveness of sales channels. Criteria include deal management capabilities, sales capabilities and the vendor's channel partners for indirect sales.

- **Market Responsiveness/Record**: This is the ability and responsiveness required to meet changing market dynamics. Criteria include the quality of the response to Gartner's RFI, the number of new customer deals in the past two years and the overall competitive positioning of the vendor.

- **Marketing Execution**: This is the clarity, quality, creativity and efficiency of programs designed to influence the market and promote the brand and business. Criteria include the public presence of the vendor.

- **Customer Experience**: This is the ability to provide technical and relationship support and services that drive customer satisfaction. Criteria include the existence of an influential user group, the maturity of the vendor's project management capabilities, the quality of system upgrades, the knowledge about the availability of vendor resources, training and self-sufficiency support, and maintenance and support services.
Operations: This is the ability to meet objectives and commitments as part of a vendor’s operational market activity. Criteria include the number of trained vendor and partner consultants, the percentage of clients that have already upgraded to the vendor's latest software release, largest implementation size, and migration experience.

<table>
<thead>
<tr>
<th>Evaluation Criteria</th>
<th>Weighting</th>
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<tbody>
<tr>
<td>Product or Service</td>
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<tr>
<td>Overall Viability</td>
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<tr>
<td>Sales Execution/Pricing</td>
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<td>Market Responsiveness/Record</td>
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<td>Marketing Execution</td>
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<td>Customer Experience</td>
<td>High</td>
</tr>
<tr>
<td>Operations</td>
<td>High</td>
</tr>
</tbody>
</table>

Source: Gartner (September 2021)

Completeness of Vision

This axis evaluates life insurance policy administration software vendors on their ability to convincingly articulate logical statements about current and future market direction, innovation, customer needs and competitive forces, and how well these statements map to the Gartner position. Ultimately, these application providers are rated on their understanding of how market forces can be exploited to create opportunities for them. Our evaluation of a vendor’s Completeness of Vision is based on these criteria:
Market Understanding: This is competitive position, market knowledge and mechanisms for customer feedback. Criteria include the existence of an influential Europe-wide user group, the completeness of the vendor’s offering, the vendor’s awareness of market trends, and the association of the vendor offering and roadmap to the market trends.

Marketing Strategy: This is the ability to provide various professional services. Criteria include the quality of the vendor’s website and sales collateral.

Sales Strategy: This is the ability to work with clients through the vendor’s sales force and sales tools. Criteria include the number of dedicated salespeople and the number of new sales in the past two years. In the wake of the COVID-19 pandemic, Gartner decided against conducting a customer reference survey.

Offering (Product) Strategy: This is the vendor’s strength of R&D, its capability in product design and its ability to respond to market requirements. Criteria include the transparency of the vendor’s product roadmap and the system platform strategy, including the ability to extend the platform with additional capabilities developed themselves or through partnerships, and the scalability of the product to serve different client segments.

Business Model: This is the soundness and logic of the underlying business proposition. Criteria include partnerships with system integrators, the overall market growth strategy of the vendor, and the vendor’s service portfolio for supporting alternative deployment options, including SaaS and third-party integration experience.

Vertical/Industry Strategy: This is the ability to provide a vertical-specific product and service portfolio. Criteria include the vendor’s overall focus on the insurance strategy and the coverage of different market subsegments, such as individual and group business.

Innovation: This is the ability to focus financial and human resources on the development of new system and service capabilities in order to maintain a competitive edge. Criteria include the vendor’s technologies and architecture uses, digital capabilities, and the overall spending on research and development. This also looks at how it is using partnerships to develop into a platform vendor.

Geographic Strategy: This is the ability to provide products and services across a wide range of European markets. Criteria include the vendor’s number of clients and its presence in different European markets via its own resources or via sales and service partners.
Table 2: Completeness of Vision Evaluation Criteria

<table>
<thead>
<tr>
<th>Evaluation Criteria</th>
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<tr>
<td>Market Understanding</td>
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<tr>
<td>Marketing Strategy</td>
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<tr>
<td>Innovation</td>
<td>Medium</td>
</tr>
<tr>
<td>Geographic Strategy</td>
<td>Medium</td>
</tr>
</tbody>
</table>

Source: Gartner (September 2021)

Quadrant Descriptions

Leaders

Leaders have the highest combined scores for Ability to Execute and Completeness of Vision. They have a thorough market understanding, a strong insurance industry focus, and a clearly articulated vision for the future of the market and their products. Leaders are able to express the unique selling points of their life insurance policy administration systems, offering technically solid and functionally complete software products. They have proven implementation track records with an adequate installed base; they constantly expand their portfolio of innovative system capabilities (e.g., decision support) through leadership reflected in their roadmap and are able to expand relationships with the existing client base. Leaders are present in multiple European countries, and they have the necessary human and financial resources to further penetrate their market. They also have robust organizational structures and professional services resources. We have placed the largest emphasis on product strategy, customer experience and product offering.
Challengers

Challengers offer excellent functionality and have a substantial number of installations, but they lack the market presence, the clarity of unique selling points, the innovation portfolio and the vision of Leaders. They do not yet address all market segments (such as individual and group business) or business models (such as different deployment options) with their life insurance policy administration systems. Challengers are often in the process of expanding their market penetration by enhancing their sales and marketing strategies, and by improving customer experience through enhanced support and professional services, as well as through partnerships with other companies.

Visionaries

Visionaries typically show a strong understanding of the market and anticipate shifting demands. They may lead efforts relating to standards, new technologies or alternative delivery models, but they demonstrate less Ability to Execute than the Leaders. They continue to deliver innovation to their client base, but often have difficulty entering new markets or convincing clients to upgrade from earlier release versions of their software, or they continue to have functional product gaps. Visionaries often pioneer innovative product and service offerings or test enhanced business models to extend their market penetration or geographical reach.

Niche Players

Niche Players typically focus on specific market segments or geographies with their life insurance policy administration offerings. One example is emerging markets, such as Eastern Europe, where life insurers and pension providers want to establish “greenfield” operations. Niche Players lack the Completeness of Vision or Ability to Execute across a wider range of evaluation criteria. They tend to be smaller companies with limited geographical reach, a smaller functional scope, or restricted human and financial resources. Niche Players have typically not been able to compensate for some of these disadvantages by establishing more mature relationships with system integration partners. This category may also include vendors that are still ramping up their overall life insurance policy administration offerings as well as vendors that generally have no strategic intention to break out of the Niche Players quadrant.

Context

Through this assessment, the following overarching themes become apparent on vendors’ visions of their solutions and Ability to Execute:
European life insurance policy administration vendor R&D budgets are being heavily consumed by architectural changes needed to support cloud and SaaS deployments and to improve their integration capabilities. In most cases, vendors have ongoing work to move their services from SOAP to RESTful. Some vendors are on the path toward microservices developments.

Product configuration engines remain overly complex in nature with a level of expertise needed to navigate the table-driven structures that are reflective of the underlying database constructs of the solution. Most vendors’ answer to this is to produce more out-of-the-box (OOTB), preconfigured templates which insurers can copy. Leading vendors are beginning to see the need to create visualizations into these product constructs to ease understanding and are also connecting product templates to wider baseline configuration needs, adding in processes, rules and calculations.

Portal offerings are now a standard feature of European policy administration systems, with all nine of the vendors featured offering portal capabilities. However, the multichannel support, adaptability, embedded technologies and user experience vary significantly.

BPM capabilities and workflow are generally deficient among life insurance policy administration vendors. Those vendors who provide solutions with highly adaptable processes that can be tailored to the insurance company’s needs have a differentiating capability. Likewise, most vendors’ workflow capabilities are akin to basic task management at best.

Access and externalization of a denormalized data mart to support operational reporting and decision making have become staples that most vendors now offer. Vendors are now moving their analytics capabilities to the next level to reveal insights and start to augment decision making by:

- Exposing process performance via operational dashboards.
- Embedding insights into agent screens to support decision making and help agents support their clients.
- Alter process paths and next best actions for processes, such as arrears based on people’s propensity to pay.
- Using machine learning (ML) to provide users with predictive analytics about claims risks and churn rates (although, only a couple of vendors have been able to provide OOTB use cases right now).
Vendors are continuing to use merger and acquisitions (M&As) and partnerships to try and grow their product offerings, enhance local expertise and extend their geographical reach.

More than acquiring technology companies, the core system vendors are creating an ecosystem of technology partners, including insurtechs to integrate additional digital capabilities. This allows the vendors to roll out improvements to their clients much faster than before. These partnerships are especially true for new business processing for e-signatures, chatbots, digital advisors and document management being added. Evolving developments are happening and are becoming tangible to streamline processes, with BPM and RPA partnerships being formed. Some of these integrations are provided as a part of the license or can be requested by CIOs as plug-ins. However, in many cases, these partnerships are shelfware that have yet to be implemented by any insurer.

Many vendors are moving toward DevOps and continuous releases, and although in the majority of cases vendors are using this for their internal processes, there are now instances where continuous delivery is being adopted by insurers using the PAS packages.

Migration experience rose rapidly with Magic Quadrant vendors during 2020, with some vendors performing greater than 10 migrations to move legacy books of business onto their target policy administration systems.

Lack of face to face has accelerated vendor e-learning capabilities, with some vendors having invested significantly in online training programs and courses to build up end user, testing, configuration and technical training. In some cases, full certification programs have been established.

**Market Overview**

Many European life insurance CIOs are typically living with legacy, with numerous core and supporting systems. The rise in adoption of automation tools and low-code/no-code applications is alleviating some of the process and user-experience challenges, but does not fundamentally address the underlying limitations of these legacy systems. In fact, the use of such approaches risks degrading the business case for the system replacement project, elongating the life of these systems. The critical point will arise when the risks and costs of administering such systems are no longer fit for purpose. This happens through regulatory projects, and hardware and software updates, or the shift to develop net new products, services and business models creates that moment.
The vendors are responding, trying to increase relevance and drive demand from the insurance companies by offering capabilities that go beyond management of business in the back office. This covers e-commerce, customer engagement, and data and analytics. These additional capabilities have become a part of a standard life and pension policy administration system offered by most vendors included in this report, but with varying degrees of maturity:

- Multichannel mobile and portal capabilities with improved user experience and adaptability to different distribution channels and devices.
- Improved data capabilities in the form of data repositories and BI and analytics solutions with prebuilt dashboards and reports.
- Improved support for integration with increased investment in REST APIs, movement to microservices and integration accelerators with third-party solutions.
- Improved underlying architecture for efficient cloud deployment, and offering end-to-end management of the software and services for the clients by themselves or through partners.
- The use of ML to augment processes is starting to become a reality with vendors beginning to incorporate ML into fraud detection and underwriting, or driving new insights to augment user decision making.

In early 2021, Gartner surveyed more than 45 vendors operating in the European life policy administration system market.¹ We found that this saturated market is highly fragmented and crowded, characterized by many smaller (and often privately held) software providers that have no (or a very limited) client base outside of their home market. No one vendor dominates the Pan-European market; many of the leading vendors are regional software providers, with their entire client base concentrated in only one or two European countries. Therefore, choice is often limited, particularly if the focus is on migrating a legacy portfolio with localized nuances and regulatory requirements.

Some of the key market highlights that emerged during the assessment of vendors in this report include:

- New client deals were difficult to achieve in 2020, with lack of face-to-face interactions and insurers prioritizing existing operational support to deal with COVID-19. A total of 40 deals were achieved in the whole of Europe, based on responses from over 45 vendors operating in the market.
MQ vendors adding on average just one additional client, down from two deals in 2019. The Magic Quadrant vendors fared slightly better than the market, where on average vendors achieved 0.89 new clients. In fact, 58% of vendors operating in the market achieved no wins at all in 2020.

The seven vendors in this year's Magic Quadrant collectively have 204 clients (as of the end of 2020), which constitutes greater than one-third of the total European client base for policy administration systems.

The demand for packaged life insurance policy administration systems varies considerably by country, line of business (LOB) and size of organization. Major highlights of the life insurance PAS market are: The three largest European insurance markets — France, Germany and the U.K. — have the widest adoption of packages. They also constitute greater than 40% of the combined client base of more than 240 life insurers for the vendors in this report. Life insurance companies are finally preferring cloud, with new wins for cloud deployment exceeding on-premises for the first time. Cloud purchases made up 67.5% of new deals in 2020. However, around 75% of total life insurance vendor policy administration implementations are still on-premises. Individual life and pensions still remain the focus of vendor installations, with around 68% of the total installations incorporating individual lines, leaving just 32%, including group life and pensions. Implementation sizes are generally small-scale implementations, with 63% of implementations sub-1 million policies. This is a reflection of the fact that many vendor purchases are for greenfield operations, and even when migrations are involved, they do not typically result in the full decommissioning of legacy systems. One could assume that this small scale is reflective of the main purchasers of core systems being smaller tier insurers. This is not the case, with around 25% of implementations having been conducted with Tier 1 or Tier 2 insurers with greater $5 billion revenue.

The vendors included in this Magic Quadrant continue to use a wide set of technologies for their packaged applications, including Java, C#, C++ and proprietary programming languages, such as GraphTalk. In most cases, vendors also use different sets of technologies for their front-office and back-office functions, or a different technology for the UI layer. The most common programming environments are Java, JavaScript and C#.

Some vendors in this report have big technology providers as their parent organizations or as major investors. Thus, while looking to extend footprints into new insurance markets and business lines, vendors are relying on the wider group organization to offer additional resources and solutions for reduced time to market.
It is inevitable that, in reviewing this Magic Quadrant, some buyers will fixate on a leading vendor or the Leaders quadrant, but this could be a potentially serious mistake. Each vendor in this Magic Quadrant is fielding competitive offerings and securing new customers, and each has strengths in certain market segments, tiers and specific LOBs. European life insurance CIOs should help their IT and business stakeholders guard against a fixation on a particular quadrant and, instead, develop an understanding of the strengths and particular specializations of each vendor. For insurers, it is also fundamentally important to extend their search and discussion to include local champions that are not included in this report. Depending on the specific market segment and business requirements, any of these life insurance platform vendors or local champions could be the best candidate.

Evidence

1 Gartner survey for the Life, Pension, Annuity and Property and Casualty core system vendors

Gartner conducted its market survey of over 100 life and P&C core system vendors to understand the developments in the life and P&C core system markets. The research was conducted via a survey from February through March 2021, among 85 respondents and 45 provided solutions for the European life insurance policy administration market.

Note 1: Vendor Implementation Sizes

Gartner segments vendor implementation sizes at European life insurers and pension providers as follows:

- Tier 1: Large-tier implementations with more than 10 million policies under management.
- Tier 2: Midsize tier implementations with portfolios of 1 million to 10 million policies.
- Tier 3: Small-tier implementations with portfolios of 200,000 to 1 million policies.
- Tier 4: Very-small-tier implementations with portfolios less than 200,000 policies.

Gartner segments insurer sizes as follows:

- Tier 1 insurers with revenue $12 billion
- Tier 2 insurers with revenue $5 billion to $11.99 billion
All financials in this report have been converted to Euros to enable a like for like comparison

**Evaluation Criteria Definitions**

**Ability to Execute**

**Product/Service:** Core goods and services offered by the vendor for the defined market. This includes current product/service capabilities, quality, feature sets, skills and so on, whether offered natively or through OEM agreements/partnerships as defined in the market definition and detailed in the subcriteria.

**Overall Viability:** Viability includes an assessment of the overall organization's financial health, the financial and practical success of the business unit, and the likelihood that the individual business unit will continue investing in the product, will continue offering the product and will advance the state of the art within the organization's portfolio of products.

**Sales Execution/Pricing:** The vendor's capabilities in all presales activities and the structure that supports them. This includes deal management, pricing and negotiation, presales support, and the overall effectiveness of the sales channel.

**Market Responsiveness/Record:** Ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. This criterion also considers the vendor's history of responsiveness.

**Marketing Execution:** The clarity, quality, creativity and efficacy of programs designed to deliver the organization's message to influence the market, promote the brand and business, increase awareness of the products, and establish a positive identification with the product/brand and organization in the minds of buyers. This "mind share" can be driven by a combination of publicity, promotional initiatives, thought leadership, word of mouth and sales activities.

- Tier 3 insurers with revenue $1 billion to $4.99 billion
- Tier 4 insurers with revenue $250 million to $1 billion
- Tier 5 insurers with revenue <$250 million
**Customer Experience**: Relationships, products and services/programs that enable clients to be successful with the products evaluated. Specifically, this includes the ways customers receive technical support or account support. This can also include ancillary tools, customer support programs (and the quality thereof), availability of user groups, service-level agreements and so on.

**Operations**: The ability of the organization to meet its goals and commitments. Factors include the quality of the organizational structure, including skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis.

**Completeness of Vision**

**Market Understanding**: Ability of the vendor to understand buyers’ wants and needs and to translate those into products and services. Vendors that show the highest degree of vision listen to and understand buyers’ wants and needs, and can shape or enhance those with their added vision.

**Marketing Strategy**: A clear, differentiated set of messages consistently communicated throughout the organization and externalized through the website, advertising, customer programs and positioning statements.

**Sales Strategy**: The strategy for selling products that uses the appropriate network of direct and indirect sales, marketing, service, and communication affiliates that extend the scope and depth of market reach, skills, expertise, technologies, services and the customer base.

**Offering (Product) Strategy**: The vendor’s approach to product development and delivery that emphasizes differentiation, functionality, methodology and feature sets as they map to current and future requirements.

**Business Model**: The soundness and logic of the vendor’s underlying business proposition.

**Vertical/Industry Strategy**: The vendor’s strategy to direct resources, skills and offerings to meet the specific needs of individual market segments, including vertical markets.

**Innovation**: Direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, defensive or pre-emptive purposes.
Geographic Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of geographies outside the "home" or native geography, either directly or through partners, channels and subsidiaries as appropriate for that geography and market.

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Magic Quadrant for Life Insurance Policy Administration Systems, Europe - 8 December 2015


Magic Quadrant for European Life Insurance Policy Administration Systems - 6 August 2013

Magic Quadrant for European Life Insurance Policy Administration Systems - 9 August 2012

Magic Quadrant for European Life Insurance Policy Administration Systems - 15 September 2011

Magic Quadrant for European Life Insurance Policy Administration Systems - 21 September 2010

Recommended by the Authors

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Use This Readiness Assessment to Avoid Insurance Core System Modernization Failure

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Tool: Evaluate Insurance Core System Modernization Options With Gartner’s TIME and Decision Models

Insurance CIOs Must Prepare for Core System Vendor Mergers and Acquisitions

Insurance CIO’s Guide to Core System Replacement

What Life Insurance CIOs Must Do to Avoid a Core System Data Migration Disaster

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Table 1: Ability to Execute Evaluation Criteria

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<td>Operations</td>
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Source: Gartner (September 2021)
Table 2: Completeness of Vision Evaluation Criteria

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