Critical Capabilities for Life Insurance Policy Administration Systems, Europe

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Initiatives: Financial Services Technology Modernization and Transformation

Rearchitecture to the cloud and conversion of services to RESTful APIs dominate R&D of life insurance policy administration vendors. Insurance CIOs should use this Critical Capabilities document to examine the capabilities and maturity of these offerings alongside other core competencies.

This Critical Capabilities is related to other research:
Magic Quadrant for Life Insurance Policy Administration Systems, Europe
View All Magic Quadrants and Critical Capabilities

Overview

Key Findings

- Technical architecture to increase openness and support for cloud dominates current R&D spending and future roadmaps of all vendors in this research.

- Vendors have made a step change in their out-of-the-box (OOTB) content for configuration. Improvements have included on-screen help and user experience (UX) improvements, but more significantly, leading vendors are now packaging products, processes, rules and calculation routines for a set of baseline products. In some cases, they are creating visualizations into these configuration baselines.

- Data and analytics capabilities are beginning to move to the next level, too. Leading vendors are looking to operationalize data insights to augment user decision making and invoke next best actions.

Recommendations

European life insurance CIOs confronting financial services technology modernization and transformation should:
What You Need to Know

European life insurance CIOs typically make a decision on core system replacement once every 10 to 15 years. Those doing so today are challenged to identify the right solution partner from functional, technical and cultural perspectives, and decide between vendors that have local implementations versus those that may require additional localization. Getting this decision wrong can be catastrophic to the organization and the CIO’s career, with a significant proportion of these projects ending in failure. This Gartner research aids IT and business leaders in the European life insurance industry to effectively assess the full functional and technical scopes of life insurance policy administration systems (PASs) during different stages of core system selection. The core and noncore critical capabilities highlighted in this research will serve as the business use cases for the RFP and POC stages, whether or not the vendor included in this report forms part of the insurer’s shortlist.
For incumbent policy administration vendors, the functional richness and capabilities needed to support a full range of life insurance products and features are becoming increasingly commoditized. However, insurance CIOs should be mindful about more recent entrants to the market that position their offerings as being established in the cloud, no-code/low-code product development and newer technology. In most cases, these solutions are limited in their functional coverage, making them suitable for some business lines but not for others, and often lacking the functionality needed to support a historic book of business. Insurance CIOs considering newer entrants should stick to the vendor’s core competencies and product sets or be mindful that considerable development will be needed to facilitate the required functional needs of the insurer. Even with incumbent vendors, specialist focus still exists among some vendors included in this research, with some vendor solutions’ client base and enhancements focused on selected business lines or markets. Some vendor portfolios are heavily skewed toward either individual or group life insurance business line offerings, or within specific lines of business (life, pensions or annuities).

A modern life insurance policy administration is much more than a back-office, record-keeping solution. Vendors within this space have extended beyond these core competencies to offer a range of supporting capabilities. Most vendors include the following:

- **Multichannel portals**: These vary in flexibility and agility and user experience, but in leading cases, enable complete flexibility to construct engaging processes aligned to different user roles, channels and devices.

- **Workflow and process management**: Incorporated capabilities to support work queues and generate manual and automated tasks. Some vendors have built adaptable business process management capabilities to control and adapt processes, linking into product rules and embedding internal and external components to tailor and streamline processes to insurance company needs.

- **Data and analytics**: Business intelligence (BI) and analytics have shifted from raw data extracts from the policy administration to data marts with accelerators of prebuilt dashboards and reports. Some vendors have moved to the next stage by driving greater value from the data. For instance, creating greater automation through next best action determination or enabling augmentation of user roles with wider insights, including predictive modeling, such as churn prediction or propensity to claim.
Insurers CIOs will find that most vendors are now favoring cloud deployments and will position private or public clouds typically using Microsoft Azure or Amazon Web Services (AWS). However, it is important to realize that many vendors are on a multiyear path to completing their cloud competencies.

Insurance CIOs can use these critical capabilities to compare and contrast the competencies of the vendors within the report and as a framework for evaluating the wider vendor portfolio they take forward into any RFI, RFP and POC process.
## Analysis

### Critical Capabilities Use-Case Graphics

#### Vendors' Product Scores for Product Configuration Use Case

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As of 9 August 2021

Source: Gartner (September 2021)

#### Vendors' Product Scores for Straight-Through Processing of Applications Use Case

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As of 9 August 2021

Source: Gartner (September 2021)
Vendors’ Product Scores for Contract Changes and Claims Support Use Case

Product or Service Scores for Contract Changes and Claims Support

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As of 9 August 2021

Source: Gartner (September 2021)

Vendors’ Product Scores for Group Business Support Use Case

Product or Service Scores for Group Business Support

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As of 9 August 2021

Source: Gartner (September 2021)
Vendors' Product Scores for Adaptability of the System Use Case

Product or Service Scores for Adaptability of the System

- Fadata: 3.98
- Sapiens: 3.94
- Tata Consultancy Services: 3.54
- msg life: 3.47
- DXC Technology: 3.43
- Lumera: 2.78
- Agito: 2.20

As of 9 August 2021

Source: Gartner (September 2021)

Vendors' Product Scores for Digital Business Support Use Case

Product or Service Scores for Digital Business Support

- Sapiens: 4.08
- Tata Consultancy Services: 3.77
- msg life: 3.66
- DXC Technology: 3.56
- Fadata: 3.56
- Lumera: 2.89
- Agito: 2.62

As of 9 August 2021

Source: Gartner (September 2021)
Vendors’ Product Scores for Decision Support Use Case

Product or Service Scores for Decision Support

- Tata Consultancy Services: 4.15
- Sapiens: 4.00
- DXC Technology: 3.46
- Agito: 3.32
- Lumera: 3.19
- msg life: 2.99
- Fadata: 2.37

As of 9 August 2021

Source: Gartner (September 2021)
Vendors

**Agito**

Life4You provides a full range of group and individual life and pension products, proven in the Turkey and Cyprus markets. Agito's largest implementation in Europe is 18 million active policies, and they have more than 20 migrations. Life4You provides full life cycle support as well as BI analytics and an advisor portal.

Life4You's capability of differentiation is its reporting offering, which provides an extensive range of 340 operational reports, eight BI dashboards and 40 BI reports out of the box for customization. This out-of-the-box content is supported with an additional "report wizard" tool to create customized reports. Agito has improved its portal capabilities with the addition of a new advisor portal, while its group capabilities have benefited with improvements to the handling of bulk files. Life4You provides the required functional richness to support a range of investment and risk products, and provides functional support for group life and pension product sets.

Life4You's architecture still needs improvement to extend the system's openness and modularization to enable certain components to be deployed as stand-alone. Agito has completed its conversion from SOAP to RESTful APIs. The lack of a workflow, business process management (BPM) or task management capability requires insurance companies to implement stand-alone solutions outside of the system. The internal process controls of Life4You are limited to status changes for multistage processes, such as new business and claims. Portal capabilities, although improved, still do not provide multichannel support. Automated underwriting integration with flexible medical questionnaires would improve the straight-through processing.

Since last year, Agito has made improvements in bulk processing to allow more flexible formats and support for error corrections. Built digital help manuals into each screen enhanced its multicompany capabilities and developed a new agency portal. Technical enhancements have included completing the conversion of SOAP to RESTful on APIs and improvements to SSO security.

Life4You achieved a good score in the decision support use case, and fair scores in the remaining use cases.
DXC Technology

DXC Technology's (DXC's) life insurance PAS, recently renamed DXC Assure Policy for Europe (formerly DXC GraphTalk), supports a full range of both group and individual life and pension products. Production experience across its 75 clients in Europe is heavily weighted toward individual life. DXC's typical deployment method is via a SaaS offering with AWS as its preferred partner; however, DXC Assure can be readily deployed on-premises.

DXC Assure Policy's strength comes from its functional richness, driven by its longevity in the market and associated deployments in a wide number of European countries. The fully digital experience offered through its portal — supplemented with chatbots, U.S. Fair and Accurate Credit Transactions Act (FACTA) checks, e-signature and automated underwriting — helps to drive self-service support and straight-through processing. The product engine segregates the configuration between technical and marketing product configuration parameters and rules, which eases setup. Robust task management capabilities are more akin to a dedicated workflow solution and have been given a UX refresh. The UX provides users with extended information on the task, related clients and policies, and received documents as well as providing an autonavigation function to address the workflow task.

DXC's support for group business administration has some limitations. It offers no online screen support for bulk servicing. This includes limitations to support updates for a subset of plan members, including changes, such as salary updates and contribution changes. All such transactions are reliant on file submissions. DXC Assure Policy's technology still warrants improvement, with the codebase of the solution still predominantly written in a proprietary language. The system is reliant on a four- to six-hour batch window, with processes diverted to an asynchronous batch.

In addition, the system lacks modularity, with a lack of deployment of stand-alone modules. DXC Assure Policy for Europe is not equipped with a graphical BPM capability, and all process rules are driven by configuration tables. Claims could also be improved, with system steps rather long-winded and a highly manual approach to claims processing.

DXC has developed new products and functionality for Belgium and France, improved its workflow and case management capabilities, and developed more reporting e-cubes and dashboards. Technical enhancements include changes to containerize the system to enable multicloud support, but closer alignment to AWS for cloud-native capabilities.
DXC Assure Policy for Europe achieved good scores across all use cases.

**Fadata**

INSIS has been deployed for a range of life and pension products quite broadly across Europe, with deployments in 19 European countries. Outside of the core value chain modules, Fadata also includes a BPM capability, stand-alone multichannel portal and a machine learning module that provides predictive analytics functions.

INSIS’s differentiation is created from its internal architecture, all controlled by its highly adaptable and powerful BPM tool. The INSIS BPM component provides a graphical and highly flexible process component that controls processes, incorporates product configuration rules, and controls the system modules used and third-party modules in an end-to-end business process. INSIS exposes 100% of its functionality, products and rules, with over 4,500 web services that control the internal communications of Fadata’s software-defined architecture (SDA) and externalize capabilities to insurance companies and third-party systems. However, only 25% of these are RESTful APIs, and converting these will be a significant part of the vendor’s R&D over the coming years.

INSIS’s BI and reporting capabilities remains rudimentary at best and is limited to extracts into the insurer’s own data mart or schema. The UX of the back office fails to fully utilize the BPM strength of INSIS. The UX requires updating to be more streamlined, adaptable to product and process needs, and engaging for the user, and to guide the user through field-level capture within transactional steps.

Fadata’s functional improvements include enabling coverages to be paid for by premium deduction, support for partial payments and enhancement to what-if calculations. The company has constructed an “INSIS Baseline,” a set of preconfigured products, processes and rules for insurers to copy and tailor. Technical focus has been on containerizing INSIS for use on AWS.

INSIS achieved excellent ratings for product configuration, adaptability of the system and straight-through processing of applications use cases, and a fair rating for the decision support use case.

**Lumera**

Lumera’s (formerly Itello) life insurance PAS, also named Lumera (formerly Inca), has been deployed across three European countries — Sweden, Denmark and Norway. Outside of its core offering, it provides three separate portals for advisors, end customers, and group employers and administrators. In addition, it provides a BI reporting capability.
Lumera’s reporting capabilities provide a variety of self-service options and out-of-the-box content for business users. With 25 dashboards built on its data mart, insurers gain accelerators into data insights, which they can extend by building their own reports. Lumera has also been architected with a well-built hierarchical structure for rules, which inherits down to the group and policy records to minimize data input. This approach not only provides control for product rules but also speeds up data entry by enabling prefilled data to be applied.

Lumera provides an adaptable framework and flexible rules to establish and maintain group life and pension contracts with demonstrable experience aligned to the needs of the Nordic market. Lumera is able to prove system modularization with production experience. A number of its clients have utilized only certain modules of the system, such as fund management and payment processing. In these circumstances, Lumera is deployed in its entirety, but only the relevant business nodes are configured to operate. For its off-premises offering, it is enabling elasticity and scalability in Azure, using Docker and Kubernetes.

Lumera’s product engine exhibits a high degree of complexity. This complexity has resulted in a low level of self-sufficiency among its clients. Usability improvements are needed to increase the level of guidance, help or widgets to assist the user. Configuration is extended through rules written in Groovy script for any complex or advanced configurations not covered by parameters. The vendor has enhanced the ability to add additional data items into process flows and rules.

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

Lumera achieved good ratings for decision support and contract changes and claims support use cases, while in the remaining areas, it achieved fair ratings.

**msg life**

Msg.Life Factory is deployed extensively for a full range of life and pension products across the DACH region (Germany, Austria and Switzerland), with additional clients in Ireland and the Netherlands. Msg life demonstrates particular strength in group life and pensions, where they have the most implementations in Europe. Its core policy administration capabilities are extended with a multichannel portal called msg.Sales and a customer self-service portal called msg.Online Insure. Msg life has extended its multichannel portal capabilities further to integrate with Salesforce CRM.
Msg.Life Factory's highly adaptable and configurable portal sets it apart from the market. The portal provides an extensive set of templates and widgets to tailor processes for different channels and devices. New business and service transactions can be configured to operate in a tailored way across different front ends, to enable common messaging and a seamless user experience across different applications and different devices. In addition, the portals offer extra capabilities that support lead generation, underwriting dashboard, e-signatures, e-documents, and case management and tracking.

With a large client base and broad product coverage and migration experience, msg.Life Factory has demonstrable functional richness. Msg.Life Factory includes comprehensive support for group life and pension business. The system offers a flexible group structure that enables users to apply different group rules and attributes to subgroups of membership within the scheme or plan.

Msg life's provision for reporting is to provide the foundation, but leave the actual report generation to its clients. The vendor provides the baseline data mart and data cubes for its insurance clients, but does not provide any dashboards or reports, which is deficient compared with other vendor offerings. The workflow capabilities of msg life are relatively weak and are more akin to task management. BPM capabilities remain unproven, with a lack of production deployment or formal inclusion of a BPM tool as part of its package offering.

Msg life's functional enhancements have included improvements to fund management capabilities, automated redo of transactions and annuity enhancements. Technical focus has included enhancements for cloud and support for continuous delivery.

Msg.Life Factory achieved excellent or good ratings in all use cases.

**Sapiens**

Sapiens CoreSuite for Life & Annuities supports a full range of individual and group life and pension products, although implementations are predominantly for individual businesses. It has been deployed in six countries in Europe, with a major part of the portfolio in the U.K.
Sapiens CoreSuite for Life & Annuities product engine sets it apart from other vendors. New product development is accelerated through preconfigured templates called “smart packs,” which not only define a baseline for product parameters, rules and calculations but also set out process flows. These “smart packs” have been further advanced to provide a comprehensive baseline for an array of products with visualizations that show the relationships between all product and process elements. Navigation is eased using a product hub. The product hub uses graphics to help users visualize the parameters and drill into specific domain areas to maintain or alter the setup. All of this is supported by an automated testing tool Selenium to regression-test products and find errors.

The back-office UI is also a differentiating capability. The UI provides administrators with lots of support and guidance when going about their tasks. For example, icons show that there is additional information, actionable items or navigation options available. Menu options are contextualized by the data being viewed at the time, easing the path for the user and removing redundant menu options. An engaging portal complements the back-office capabilities with adaptable and configurable screens that move engagement away from form filling to more intuitive and end-user-focused navigation.

The PAS’s claims capabilities require some improvement, as processes are long-winded and utilize several pop-ups during the process steps. Component-based deployment experience could be improved, with the vendor typically deploying the system monolithically.

Sapiens’ functional enhancements have included improving corporate actions and investment management for group pensions and enhanced multicountry and multilingual support. Further improvements to configuration of “smart packs” have been made, while technical focus has been on integration capabilities and cloud.

Sapiens CoreSuite for Life & Annuities achieved excellent or good ratings in all use cases.

**Tata Consultancy Services**

TCS BaNCS is deployed for insurance in the U.K., Hungary and the Netherlands, for a range of life and pension products. Outside of the core system capabilities, it provides three separate portals for advisors, customers and groups, a BI capability and a data lake.
TCS offers a comprehensive suite of reporting capabilities, with a large portfolio of canned reports. A report editor tool facilitates the customization of these operational reports. In addition, it provides a data mart for BI reporting, with 15 prebuilt dashboards and a data lake for wider unstructured data analytics. The vendor is starting to utilize its data to augment decision making, with its advanced analytics able to drive greater insights, including churn prediction, claim prediction and loss ratio forecasting. The portal screens provide benefits for the insurer in terms of simplified data capture, a shopping basket approach to enable multiple quotes for different products and guidance to ease user navigation. TCS BaNCS provides strong workflow capabilities and flexibility to customize screens for both front-office and back-office user interfaces.

Front-office flexibility is not matched by the back office of TCS BaNCS. The back-office tree structure and navigation rely on a degree of expertise to navigate to the correct menu or action. Enhancements to control and guide for the user could make this a lot more intuitive. Product configuration would benefit from usability improvements. Validation is generally at a screen level rather than field level, meaning that corrections or missing data are not realized immediately until a user proceeds beyond the screen. The UX displays a lot of short codes, and navigation can be convoluted at times.

TCS’s functional and technical developments include a new application front end called Smart Ops and a new product and interface definition tool called Erudite. They also developed a data lake and new contact center application. However, none of these developments are in production at time of writing.

TCS BaNCS achieved an excellent rating for the decision support use case, and good ratings for all other use cases.

**Context**

Historically, policy administration vendor offerings were purely focused on back-office processing and internal operations of the insurance organizations. Although these solutions have not completely disappeared from the market, European life insurance CIOs need to realize that the footprint of the leading life insurance vendors has extended to include:

- Multichannel portal capabilities, with improved user experience and adaptability to different distribution channels and devices.
- Business process management capabilities that enable flexible adaptation of business processes, linking in product rules and calculations to automate outcomes and drive different process paths.

- Improved data capabilities in the form of data repositories and BI and analytics solutions with prebuilt dashboards and reports, which are developing beyond static reporting toward more advanced analytics that provide insights to augment and drive decision making.

- Improved support for integration, with increased investment in APIs and integration accelerators with third-party solutions.

- Cloud capabilities that are expanding, and in some cases, utilizing the cloud-native features and functionality of AWS and Azure.

These additional capabilities have become part of this Critical Capabilities assessment of core systems, alongside the product configuration and end-to-end processing capabilities that are essential to any life and pension PAS. Insurance CIOs need to evaluate these wider capabilities and align them to their future needs and requirements, to avoid purchasing shelfware or capabilities that are misaligned to their future needs. This is where the importance of modularity comes to the forefront. CIOs need to determine their appetite to adopt vendor end-to-end offerings versus only taking a proportion of the solution and choosing their own or third-party components to complement the core PAS.

Through this assessment, the following overarching themes become apparent:

- The European PAS market is fractured into local or regional sets of vendors. The choice is, therefore, often limited — particularly if the focus is on migrating a legacy portfolio with localized nuances and regulatory requirements. Vendors have been challenged by low demand in recent years, and are using mergers and acquisitions and partnerships to try to grow their product offerings and extend their geographical reach.

- Cloud, although still in its infancy, is growing in importance in life insurance policy administration, with growing adoption. All told, 67.5% of new deals were cloud deployments in 2020, up from 46% of new deals in 2019. Many of the vendors remain on a multiyear journey to fully convert their core systems to SaaS offerings. Vendors seem unsure whether to embrace a particular cloud provider or remain agnostic. This general lack of alignment to a specific cloud provider is making it more difficult to benefit from cloud-native features.
Product engines remain complex, with most vendors looking to compensate for a high degree of complexity by providing a variety of preconfigured products and reusable business components (for example, types of coverages, contributions, funds and claims definitions). In 2020, these OOTB deliverables extended beyond product configuration to include calculation routines, rule sets and process definitions. POCs should be used to scrutinize the ease to configure and maintain products and quantify the level of self-sufficiency that is possible.

BPM capabilities and workflow are generally deficient among life insurance PAS vendors. Vendors have a differentiating capability if they provide solutions with highly adaptable processes that can be tailored to the insurance company’s needs. Likewise, most vendors’ workflow capabilities are akin to basic task management at best. Insurance CIOs will need to weigh the importance of being able to adapt processes and required workflow capabilities. They will need to decide whether their chosen vendor’s offering is sufficient or if an additional third-party, stand-alone or integrated offering is needed.

Claims capability is another area of the PAS that has been largely underinvested. Claims functionality is typically acceptable, but often lacks support for client-level claims, chaser process support, and in many cases, automation or decision support, making the administration highly manual.

The need to integrate the PAS with an ever-growing set of supporting systems and external partners has led to significant improvements by vendors in their integration capabilities. Subsequently, many vendors have completed or are in progress of converting their SOAP APIs to RESTful APIs for additional integration flexibility. Insurance CIOs need to be wary of direct conversions from SOAP to RESTful without a rethink to make their integration capabilities simpler and more usable. CIOs should carefully assess the functionality and granularity of vendor’s API catalogs, and scrutinize the vendor’s API orchestration capabilities and support to customize integrations. CIOs should also inquire about their ability to control designing and testing new APIs to manage processes where APIs are not provided out of the box.
Product/Service Class Definition

PASs enable life insurers or pension providers to manage the entire life cycle of life insurance policies or pension products, including new product development, quotations and application management, assessment, and underwriting of risks or policy issuance. In this research, we use “life insurance policy administration systems” to cover life insurance and pension products. Some systems will focus on specific insurance segments only, such as individual life or group pensions, or might be applicable only for insurers of a certain size. Other systems are more scalable or can be used to manage different lines of business.

Core functions of life insurance PASs in Europe have matured during the past three to five years. As a result, some software packages will include additional noncore functions, such as analytical capabilities, mobile apps or portals for different user groups, such as customers, agents and employers.

Access to, and externalization of, a denormalized data mart to support operational reporting and decision making has become staples that most vendors now offer. However, some vendors are now realizing the opportunity to extend these capabilities to support decision making by:

- Exposing process performance via operational dashboards.
- Embedding insights into agent screens to provide insights.
- Using machine learning to provide underwriters with predictive analytics about claims risks.

Creating an ecosystem of business, technology and service partners is increasingly a focus area for vendors. Many vendors are working with insurtechs and other third-party technology providers to build or acquire additional digital capabilities. This represents vendors’ realization that partnerships with third parties is a better approach than building out these capabilities themselves. These partnerships are especially used 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 robotic process automation (RPA) partnerships being formed. However, insurance CIOs should check production experience of these offerings, as in most cases, these capabilities remain as shelfware.
Critical Capabilities Definition

**New Product Development/Maintenance**

This is the ability to define new life insurance products or copy existing products. The approach should be intuitive for actuaries or other business users as well as highly flexible to introduce and maintain products.

The highest weighted capabilities are:

- Functional richness of the product capabilities (range of products supported and features that can be controlled via configuration).
- Availability and product and functional coverage of the base configuration, which is maintained in system upgrades.
- Product and feature copy capabilities.
- Hierarchy of rules and products.
- Depth of configuration and flexibility to change the behavior of coverages, contributions, tariffs, funds and so on.
- Ability to tailor products to different distribution channels.
- Usability of the product configuration interface (ease of navigation, business-oriented structure, guidance or support to users, and separate technical versus marketing configuration).
- Ability to manage products over time and avoid product proliferation.
- Reusable product templates.
- Alert sent to the user at the earliest possible point if configuration has been completed incorrectly or fields are missed.

**New Business Management**

This is the ability to support agents, customers, underwriters and other internal users during the processing of new applications, including illustrations, data capture, data validation and automatic policy issuance.

The highest weighted capabilities are:
Workflow and Process Management

This is the ability to route and escalate workflow items during business processes, such as application handling or underwriting, including the provision of role-based access controls and interfaces to external BPM applications.

The highest weighted capabilities are:

- Ability and ease to define and manage processes, adapting them based on business rules.
- Support for Business Process Model and Notation (BPMN) and Business Process Execution Language (BPEL).
- Extent of support for business process automation of steps within end-to-end processes.
- Ability to provide full workflow capabilities.
Component-Based Architecture
This is the ability to deploy the system in a modular way, potentially using only some components of the PAS. The approach will also support organizations in a gradual implementation that would enable integrating the PAS or functional parts of it in an existing IT landscape.

In addition, this is the capability to connect with other already existing core and noncore insurance applications, such as BPM, billing and accounting systems, via a service-oriented architecture.

The highest weighted capabilities are:

- Coverage of the value chain with web services, microservices or APIs.
- Ease with which new APIs can be created.
- API management platform capabilities to manage, manipulate and create new APIs.
- Out-of-the-box certified integrations with third-party applications (for example, CRM, document management, data warehouse, chatbots, BPM and portals).
- Capability and experience at switching off components in the value chain and seamlessly integrating third-party components.
- Support and experience of modular deployment of the system so that only a subset of the PAS is deployed.
- Support and experience for gradual modular system deployment, with the insurer’s value chain components being replaced over time.
Ongoing Policy Administration

This is the ability to manage the entire life cycle of a life insurance policy, including contract changes, such as face amount or beneficiary changes.

The highest weighted capabilities are:

- Ability to control access and servicing functions available to internal and external users.
- Ease of support for multiple changes in one transaction.
- Capability to support straight-through processing of backdated transactions.
- Capability to support straight-through processing of forward-dated transactions.
- Support for changes to coverages, including adding increments, and adding or removing coverages or riders.
- Ability to increase or decrease contribution amounts and add contribution types paid for by different payers.
- Capability to manage increments of coverages or contributions with different rules for underwriting, charges, funds and so on.
- Support for investment servicing around fund switches, surrenders and withdrawals.
- Extent and flexibility of self-service support for different user types to administer the policy via online screens.

Group Servicing Functionality

This is the ability to support all the new business and servicing functions required to support group contracts, including new business, servicing, and billing and collections.

The highest weighted capabilities are:

- Flexible approach to set up the group/plan and enable personalization of products and features.
- Maintenance of rules at a group/plan level.
Support for the management of different rules for groups of members or employees (which can be either using rigid categories of members or more dynamic groups where different rules can be applied to different subgroups).

Support for an initial upload of bulk members via an online file.

Ability to upload and automatically process plan joiners and leavers via a file, including support for exception processing.

Support for manual addition and removal of joiners and leavers.

Capability to support multiple payroll files provided electronically by the plan administrator.

Ability to apply bulk servicing to a subset of the plan members to update contributions, funds, salaries and so on.

Support for individual personal contributions or benefits chosen by the individual employee or member.

Support for plan renewal processing.

Extent and flexibility of self-service support for different user types to administer the plan and individual contracts via online screens and files.

### Reporting and Analytics

This is the ability to provide operational reports, data extracts, denormalized data mart, and BI dashboards and reports to enable insights into the PAS data.

The highest weighted capabilities are:

- Range of operational reports offered within the policy administration screens.
- Support for an enterprise-wide data warehouse via extracts from the system.
- Inclusion of a denormalized data mart.
- Extent of BI dashboards and reports.
- Ease at which client-personalized operational reports can be generated.
- Range of reporting capabilities to support different business roles.
- Integration support for leading BI tools.
Claims Management

This is the ability to manage the claims process for a wide range of life and pension products, including death, income protection, waiver, maturity and retirement.

The highest weighted capabilities are:

- Ease of processing the claim via the UI of the system.
- Support for chaser processing of the required documentation.
- Enablement of a claim at the coverage, policy and client levels.
- Support for investment, risk, and dual investment and risk claims.
- Management of waiting periods.
- Ability to backdate and forward-date the claim.
- Support for beneficiary payments.
- Ability to pay out single or ongoing payments.
- Utilization of the rule engine to incorporate taxes, charges and rules that dictate the claim.
- Support for third-party data streams for assessment (for example, consortium and risk data providers).
- Degree of automation at the process or task level.

Use Cases

Product Configuration

This use case is focused on the ease of use to set up and maintain a broad range of life and pension insurance products.

This use case focuses on how the system supports business users to develop and manage life and pension products. It evaluates the level of reuse of configuration, the functional richness, and product coverage of the parameters and rules. Focusing on how users can change is not just on initial setup but also over time as users maintain products. It is how users can change attributes to tailor products to market conditions and allow the product to evolve without the need to launch a new product version.
**Straight-Through Processing of Applications**

This use case focuses on the system's new business capabilities and the seamless integration of portals and front ends with the back-office PAS.

The key issue is to enable the processing of new applications in the front office or from channel partners, such as agents, without having to reenter data or having a lot of manual intervention in the back office. Another key consideration is the setup of flexible business rules in the workflow and process management to determine, for example, the right processor.

**Contract Changes and Claims Support**

This use case focuses on the ongoing administration claims capabilities of the PAS.

The focus is on the product's ability to easily support servicing for internal and external users when they have to enter multiple or backdated contract changes, plus the ability to facilitate and assist the management of the claims process. Examples are face amount changes, coverage inclusions or exclusions, and fund switches. For claims, examples include death, waiver, retirement and disability claims.

**Group Business Support**

This use case is focused on the new business, billing and collections, and servicing support for group contracts.

The coverage will include managing the plan, managing group-level and individual changes, and supporting the ongoing servicing and renewal functions.

**Adaptability of the System**

This use case is primarily relevant for the component-based architecture, digital insurance and process management capabilities of the system.

It enables insurers to adapt the business processes, UI and screen flows to their organizations' needs, or even allow individual users to personalize some of these features.

**Digital Business Support**

This use case focuses on the support for different distribution channels' user types and devices. Emphasis is also placed on the capability to support new business models.
This use case examines the digital support capabilities in providing mobile and online access of different user groups to policy administration transactions, including the provision of interactive and personalized content. This is also the ability to adjust pricing and products based on incorporating external factors, such as to support pay-as-you-live insurance with data collected from wearables and other individual activity. Finally, it looks at the ability to externalize processes to support insurers that are building ecosystems and business platforms.

**Decision Support**

This use case focuses on the system capabilities to provide greater insights into the data held within the PAS.

The coverage here will include the ability of the PAS to export data into a denormalized data mart or provide extracts that can be consumed by an enterprisewide data warehouse solution. Additional capabilities will enable greater data understanding, such as operational reports, data cubes and BI dashboards. Insights will also enable better decision making for various business units, including operations, actuarial, marketing and agencies or brokers.

**Vendors Added and Dropped**

**Added**

None

**Dropped**

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

- Equiniti
- Vermeg

**Inclusion Criteria**

This Critical Capabilities report uses the same inclusion criteria as Magic Quadrant for Life Insurance Policy Administration Systems, Europe. To be included in this research, vendors of life insurance PASs 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 PAS as of 31 December 2020. Out of the 12 customers, at least 50% have to live 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 PAS 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 of 31 December 2020.

- Vendors must offer within their PASs 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 actually provided by third-party vendors. “Full end-to-end policy administration support capability” means that the vendor must include all of the 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 the following eight modules as part of the standard implementation and license fee:

- Automated underwriting
- Workflow
- BPM
- BI/reporting
- Data warehouse
- Customer portal
- Agent/broker portal
- Group portal
This methodology requires analysts to identify the critical capabilities for a class of products/services. Each capability is then weighted in terms of its relative importance for specific product/service use cases.
Critical Capabilities Rating

Each of the products/services that meet our inclusion criteria has been evaluated on the critical capabilities on a scale from 1.0 to 5.0.

Table 2: Product/Service Rating on Critical Capabilities
(Enlarged table in Appendix)

<table>
<thead>
<tr>
<th>Critical Capabilities</th>
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<tr>
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<td>3.9</td>
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</table>

As of 9 August 2021

Source: Gartner (September 2021)

Table 3 shows the product/service scores for each use case. The scores, which are generated by multiplying the use-case weightings by the product/service ratings, summarize how well the critical capabilities are met for each use case.
### Critical Capabilities Methodology

This methodology requires analysts to identify the critical capabilities for a class of products or services. Each capability is then weighted in terms of its relative importance for specific product or service use cases. Next, products/services are rated in terms of how well they achieve each of the critical capabilities. A score that summarizes how well they meet the critical capabilities for each use case is then calculated for each product/service.

"Critical capabilities" are attributes that differentiate products/services in a class in terms of their quality and performance. Gartner recommends that users consider the set of critical capabilities as some of the most important criteria for acquisition decisions.

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#### Table 3: Product Score in Use Cases

(Enlarged table in Appendix)

<table>
<thead>
<tr>
<th>Use Cases</th>
<th>Agito</th>
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<th>Fadata</th>
<th>Lumera</th>
<th>msg life</th>
<th>Sapiens</th>
<th>Tata Consultancy Services</th>
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<td>Straight-Through Processing of Applications</td>
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<td>3.82</td>
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<tr>
<td>Contract Changes and Claims Support</td>
<td>2.71</td>
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<td>Group Business Support</td>
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</tbody>
</table>

As of 9 August 2021

Source: Gartner (September 2021)

To determine an overall score for each product/service in the use cases, multiply the ratings in Table 2 by the weightings shown in Table 1.
In defining the product/service category for evaluation, the analyst first identifies the leading uses for the products/services in this market. What needs are end-users looking to fulfill, when considering products/services in this market? Use cases should match common client deployment scenarios. These distinct client scenarios define the Use Cases.

The analyst then identifies the critical capabilities. These capabilities are generalized groups of features commonly required by this class of products/services. Each capability is assigned a level of importance in fulfilling that particular need; some sets of features are more important than others, depending on the use case being evaluated.

Each vendor’s product or service is evaluated in terms of how well it delivers each capability, on a five-point scale. These ratings are displayed side-by-side for all vendors, allowing easy comparisons between the different sets of features.

Ratings and summary scores range from 1.0 to 5.0:

1 = Poor or Absent: most or all defined requirements for a capability are not achieved

2 = Fair: some requirements are not achieved

3 = Good: meets requirements

4 = Excellent: meets or exceeds some requirements

5 = Outstanding: significantly exceeds requirements

To determine an overall score for each product in the use cases, the product ratings are multiplied by the weightings to come up with the product score in use cases.

The critical capabilities Gartner has selected do not represent all capabilities for any product; therefore, may not represent those most important for a specific use situation or business objective. Clients should use a critical capabilities analysis as one of several sources of input about a product before making a product/service decision.

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**Document Revision History**

Critical Capabilities for Life Insurance Policy Administration Systems, Europe - 29 September 2020
Critical Capabilities for Life Insurance Policy Administration Systems, Europe - 23 October 2019

Critical Capabilities for Life Insurance Policy Administration Systems, Europe - 17 October 2018


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**Recommended by the Authors**

Some documents may not be available as part of your current Gartner subscription.

*How Products and Services Are Evaluated in Gartner Critical Capabilities*

*Use This Readiness Assessment to Avoid Insurance Core System Modernization Failure*

*A CIO’s Guide to Navigating the SaaS Trend for Insurance Core Systems for 2021*

*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*
### Table 1: Weighting for Critical Capabilities in Use Cases

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## Table 3: Product Score in Use Cases

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