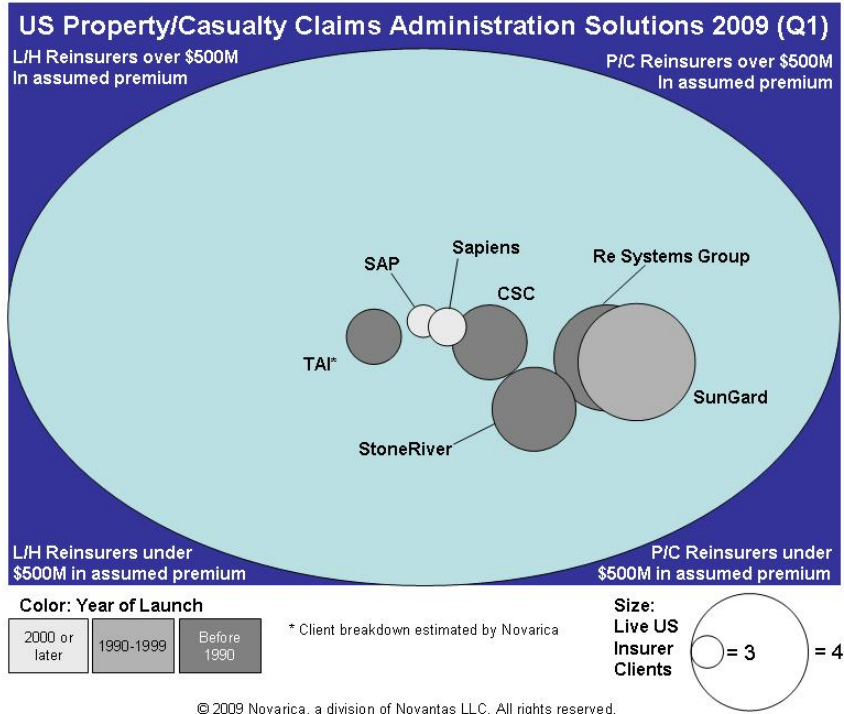




NOVARICA MARKET NAVIGATOR™
Assumed Reinsurance Solutions 2009 (Q1)
 March 2009 – Authorized Excerpt

NOVARICA MARKET NAVIGATOR



SUMMARY

This is an authorized excerpt of a report that provides an overview of the available assumed reinsurance solutions. The information in this report was collected directly from the solution providers using Novarica’s proprietary universal RFI. The excerpt contains the introduction from the original report and a profile of the SunGard assumed reinsurance management solution.

AUTHORS

Karlyn Carnahan
 Principal Analyst
 Novarica
 kcarnahan@novarica.com
 +1.415.720.8753

Tse Wei Lim
 Analyst, Insurance
 Novarica
 twlim@novarica.com
 +1.212.419.2520

CONTENTS

- Introduction...2
- SunGard...3
- Conclusions...4
- About Novarica...5

INTRODUCTION

Purpose

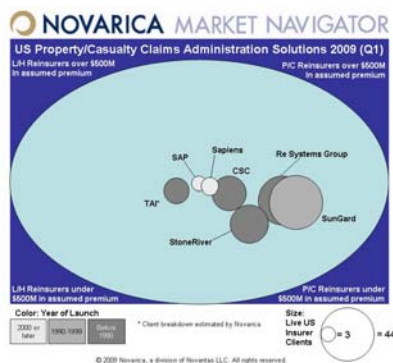
The report from which this excerpt is taken is designed to provide an overview of the current solution provider marketplace for assumed reinsurance systems, and to assist insurers in drawing up their shortlists of potential providers based on vendor market position and offering details.

About this Report

Novarica Market Navigator™ reports do not provide subjective analysis or render judgment on each vendor's solution. They are based on factual responses to a universal RFI distributed by Novarica, and subsequent conversations with the vendors to validate and confirm responses. The RFI covers details of organization, technology stack, client base, and key functionality. In cases where vendors chose not to respond to our RFI, we summarized the publicly-available information about the solution.

Novarica ACE Ranking™ reports provide information on Average Customer Experience of insurers using specific technology solutions, and *Novarica Vendor Solution Reviews™* evaluate offerings from individual vendors, based on validated responses to targeted RFIs, in-person product demonstrations, and in-depth client reference interviews. Novarica ACE Rankings or Novarica Vendor Solution Reviews may be published on some of the vendors included in this report in the coming months, based on client demand.

About the Novarica Market Navigator Graphic



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

The graphic for this report plots vendors by age of solution (color), number of live clients (circle size) and composition of client base (position).

The position of each circle relative to the four corners of the field represents the **average** client for that solution. Solutions are plotted by the number of customers in each sector, resulting in an average market position that represents their **typical** customer. Thus SunGard, for instance, has a client base composed of a mix of large and small property/casualty reinsurers. More detailed information about each solution's customer base is available in the profiles themselves.

SUNGARD

SunGard is a privately held company headquartered in Wayne, Pennsylvania, with over US\$5 billion in revenue and over 20,000 employees in more than 200 offices in 30 countries.

The iWORKS Reinsurance solution administers assumed and ceded reinsurance for property and casualty lines only. It manages both facultative and treaty business and can handle both proportional and non-proportional reinsurance. The solution handles exposure management, recovery tracking, cession of premiums and losses, tracking receivables and payables, and management and regulatory reporting. iWORKS Reinsurance was launched in 1993 and last re-architected in 1996. All functionality surveyed by Novarica is provided as integral to the system, and the regulatory reporting module can be used as a stand-alone.

SunGard cites their scale and deep reinsurance experience, and the solution's long track record as key differentiators.

iWORKS Reinsurance is written in Powerbuilder and COBOL and runs on Windows with a Microsoft SQL Server database. A windows client is used for all functions.

There are currently 35 property/casualty reinsurers live on the solution, 14 with over US\$500Mn in assumed premium.

Approximately 35 SunGard staff support the solution, 17 in customer facing roles, and the support team averages between 5 and 10 years of industry experience.

SunGard cites an average time to initial go live of under 9 months, with up to an additional 9 months required for full deployment thereafter. The company declined to disclose average deployment costs.

CONCLUSIONS

Reinsurance systems have much to offer, particularly for reinsurers who are still using manual processes and spread sheets to manage their contracts. Increased productivity, reduced leakage and improved decision making, are but a few of the benefits reinsurers experience. And with increased regulatory scrutiny between SOX and Solvency II, improving the processing environment should be a major concern for reinsurers.

We recommend that reinsurers who are looking at these systems narrow the overall market to a short-list of three or four by focusing on four main areas: **staff**, **organization**, **functionality**, and **technology**, easily remembered by the acronym **SOFT**.

- *Staff*
 - Does the vendor's staff have the right skills and experience?
 - How well are they likely to understand your needs?
 - What resources are available for implementation and support?
 - What assurances will you have that the staff you meet during the sales process will really be the staff that you work with?

- *Organization*
 - How stable is the organization?
 - Is it big enough for your company to do business with?
 - Who are their other clients?
 - How much of a role do clients have in product development?

- *Functionality*
 - Does the solution support the lines of business, states, and high-level functionality that you need?
 - Which functions are actually live at reference clients?

- *Technology*
 - Is the solution's technical architecture compatible with your enterprise standards?
 - Does your IT staff have the skills to support it?

Using a handful of questions in each of these categories, insurers should be able to narrow their range of potential suppliers to a handful of candidates. This approach is also much faster and more effective than distributing a large RFP, which can be saved for the final one or two potential suppliers after all the other evaluations have been completed.

ABOUT NOVARICA

About the Company

Novarica provides information, insights, and perspective on markets, operations, and technology to financial services and insurance executives. The company delivers its service through published research, retained advisory services, and project-based consulting. Novarica's research includes market and trend analyses, best practices research, case studies, and independent analyses of insurance software vendors. Novarica draws its knowledge from the personal experience of its principals, the ongoing information gathering initiatives of dedicated research staff, and regular communication with insurer executives through informal networks and through the Novarica Insurance Technology Research Council.

Novarica's recently published reports include:

- *Using Online Insurance Aggregators to Drive Revenue*
- *Novarica Insurance Technology Research Council Winter 2009 Meeting Report*
- *Novarica Market Navigator™: US Property/Casualty Claims Solutions 2009(Q1)*
- *Novarica Market Navigator™: US Agency Connectivity Solutions 2009(Q1)*
- *Online Self-Service in Small Business Insurance*
- *Online Customer Service at Top US Life/Annuity Insurers*
- *US Policy Administration Systems Outlook 2009-*
- *Innovation and Agility in Insurance IT*
- *Driving Traffic to Insurer Websites: Search Engine Marketing and Other Tools*
- *Insurance IT Unit Costing: the Wrong Question?*
- *Technology Strategies for Reinsurers in Uncertain Times*

About the Authors



Karlyn Carnahan is a principal in Novarica's insurance practice, focused on e-business, claims, and IT planning. Karlyn recently served as Vice President of Marketing for Fireman's Fund commercial lines division, where she successfully launched several programs, expanded online customer self-service capabilities, and took a leading position in formulating IT strategy. She also served as Global Industry Manager for Sun Microsystems and Senior Vice President of Product Development for InsWeb. Earlier in her career, she held a variety of marketing and underwriting positions at NORCAL and Fireman's Fund. She holds an MBA from Stanford Business School, and a Certified Property Casualty Underwriter (CPCU) designation. She can be reached directly at kcarnahan@novarica.com.

Tse Wei Lim is an analyst in Novarica's insurance practice. He holds a B.A. *cum laude* from Harvard University and has held several positions in global market and consumer research, including two years of service as an analyst at the Singapore Ministry of Defense. He can be reached directly at twlim@novarica.com.