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This authorized reprint contains material excerpted from a recent Celent report profiling and evaluating 10 different new business and illustration system vendors in North America. The full report is more than 160 pages long. This report was not sponsored by Equisoft in any way.

This reprint was prepared specifically for Equisoft, but the analysis presented has not been changed from that presented in the full report. For more information on the full report, please contact Celent at info@celent.com.

LIFE INSURANCE ILLUSTRATION SYSTEMS: NORTH AMERICAN EDITION

2020 XCelent Awards, Powered by VendorMatch

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EXECUTIVE SUMMARY

2020 has not been an ordinary year for life insurance companies. The pandemic adds a significant new wrinkle to why insurers are looking to enhance their sales tool belt, a virtual work force, and a virtual prospective customer base. Celent expects this immediate need for digital acceleration will move many digitally sales–oriented investments to the top of a life insurer's investment list. When considering the combination of this new, highly virtualized world with the continued downward trend of direct written premium sales, life insurance investments in any new sales technology (such as illustrations) need to be smart, with a goal of optimizing efficiency and opportunity for maximizing value.

Celent last reviewed vendor illustration systems for life insurance products in 2016. In our 2020 review, Celent sees the following trends in North American illustration systems:

- Improved user interfaces, including responsive design for mobile channels and prefilled data, fewer forms, and easy-to-use data entry fields.
- Omnidevice support for phone, tablet, laptop, and desktop. An agent can start the quote or illustration on one device and complete it on another.
- Increased security with role-based authentication and single sign-on capability.
- Improved application programming interfaces (APIs) to external systems including portals, e-Applications, and policy administration systems.
- Expanded graphical output and charts in addition to tabular data.

This report profiles 10 illustration systems in use by, or being marketed for, North American life, health, and annuities products. There are eight vendors that qualified for Celent's ABCD rankings and another two that are profiled but not included in the ABCD analysis. Vendors that qualified are ranked in the ABCD Vendor View grids.

INTRODUCTION

A life illustration system is a core piece of the sales process in life insurance. Life insurance illustrations present how a life insurance policy should perform under the circumstances outlined in the illustration. It factors in key details like the applicant or insured's age, gender, and underwriting class (the risk level used to determine premiums). What an illustration presents can differ based on the complexity of the policy, but in general there are similarities across most illustration reports. Items common to all life insurance policy illustrations include the policy benefits, the premiums required to maintain the benefits, the expenses related to issuing and maintaining the policy, and the benefit and premium periods.

Illustrations features and functions reviewed in each system include:

- Line of business (LoB) support
- Product configuration capabilities
- Calculation engine
- Illustration options (solves and advanced sales concepts)
- Illustration outputs
- Reporting
- e-Application integration
- Other capabilities (user interfaces, channel availability, integration, and maintenance tools)

The North American life insurance market consists of hundreds of life insurers selling thousands of different protection and annuity products. Almost all are required to be illustrated at the time of sale. Life insurers rely on software dedicated to capturing the inputs and producing illustration outputs.

Most, if not all, of the solutions from our last review in 2016 are represented in this report. There have been some changes along the way; for instance, StoneRiver's illustration solution is now a part of the Sapiens family of products.

This report compares the current day systems to the versions we saw four years ago. Like anything else that's technology based, time does not stand still, and these illustration tools continue to evolve with the advances in technology. The customer and digital experience have been heavily accentuated since our last report, and it shows in a number of the solutions that have focused on enhancing user interface (UI) and customer experience (CX) capabilities and extending digital ones. Other new or improved functions and features also go well beyond the interface. Improved integration across other point- of-sales tools—such as needs analysis, advanced sales support, e-Applications, and, in some cases, underwriting systems—is now the norm.

Insurers also have the choice in the level of system development and maintenance in which they want to partake. Across these vendor platforms, an insurer can find a full spectrum of

configuration offerings—from full vendor maintenance to user-level tools—for the insurer to maintain its own systems.

Although homegrown illustration systems are still being developed and used, we believe that most carriers looking to invest in a new illustration system should consider vendor systems for core functionality and tools that can help them produce illustration systems more quickly and at a lower cost.

This report begins with a brief overview of the business drivers and marketplace for illustration systems. In the next section, 10 North American illustration vendors are profiled. A companion report profiles another nine vendors that actively sell in EMEA, LATAM, and APAC. Some of the vendors that appear in this report will also be in the companion report. Detailed profiles contain company background information, specific product information and functionality, key technical specifications (including programming languages and platforms supported), and feedback from reference clients.

In the final section, the system technologies and vendor market activity are compared, and Celent offers key questions that carriers need to answer before they can begin evaluating illustration vendor offerings.

MARKET OVERVIEW

Life insurance has seen policy count growth rates in 2020 that were unanticipated prior to the global pandemic. Applications and policy purchases are up for the year compared to 2019, and total annual premium will likely remain consistent with 2019. These are good indicators for an industry that has seen slow growth over the past few decades. The pandemic has made both the young and old look at their mortality and the need for financial support in case of death. It also has moved many insurers to find ways to make the sales process more digital. The necessity of social distancing means that consumers are demanding digital interactions in lieu of face-to-face ones.

This growth will force insurers to rethink many of their front-end systems, including illustration systems. If the illustration system is not capable of easily integrating with other front-end, point-of-sale tools, the ability to provide a digital sales process is impeded. Many of the illustration systems reviewed are offering improved APIs and integrations with front- and back-end systems, as well as better usability on digital channels. This gives a producer more options beyond face-to-face interactions and the paper-based process of the past.

Along with the integration needs, producers expect life policy illustrations to provide them and consumers an easy-to-use system with strong visual impacts and up-to-date and accurate product information to help make the sale. At a time when prospective clients are worried about the financial well-being of their families, policy illustrations can show the benefits of a policy in terms of what-if life events—such as college education, retirement, or purchasing a home—to show how life insurance can be used to plan for the future events. Today's illustration systems are still targeted toward a producer selling the product. While direct to consumer (D2C) illustrations are not the norm, Celent expects that this will be a feature available to insurers in the future.

Illustration Regulations

Insurance illustrations are what the life insurance industry gives clients to help them understand a policy. They are simply hypothetical representations that reflect the critical assumptions the insurance company used to compute the policy results. Insurance illustrations often contain 20 pages of densely packed numbers and legal disclaimers. Life insurance illustrations are subject to the National Association of

Insurance Commissioners' (NAIC) Life Insurance Illustration Model Regulation, which states that its purpose is "to provide rules for life insurance policy illustrations that will protect consumers and foster consumer education." The regulation provides illustration formats, prescribes standards to be followed when illustrations are used, and specifies the disclosures that are required in connection with illustrations. The goals of this regulation are to (1) ensure that illustrations do not mislead purchasers of life insurance, and (2) make illustrations more understandable. The regulation is applicable to all group and individual life insurance policies and certificates with illustrated death benefits exceeding $10,000. Exceptions to this include variable life insurance, credit life insurance contracts, and annuities.

The model defines three types of illustrations: a basic illustration, a supplemental illustration and an in-force illustration.

Table 1: Illustration Types

Illustration Type	Elements Shown
Basic illustration	*Guaranteed elements:* Policy benefits, premiums, values, credits, and charges determined at issue *Nonguaranteed elements:* Each of the above elements may have a nonguaranteed counterpart, or something that is not guaranteed, at issue, e.g., for universal life (UL) policy current death benefits, current fund accumulation, and the cash value and premiums related to the current benefits are all subject to minimum values provided by policy guarantees.
Supplemental illustration	Nonguaranteed elements permitted in the basic illustration. The format can differ from the basic illustration. Must refer the policy owner to the basic illustration for guaranteed elements and other important information.
In-force illustration	Same elements as basic illustration, but for in-force policies any time after one-year anniversary. Shows periodic updates on the policy's performance. All aspects of the in-force illustration are similar to the basic illustration, including the listing of the age of the insured as the issue age, plus the number of years the policy has been in force.

Source: NIAC, Celent

The rule states that when selling a policy, the policy application must include an illustration and the policy must be applied for as illustrated. The agent and the policyholder must sign the illustration and the agent must submit that illustration to the insurer at the time of policy application. Illustrations can be revised if an illustration is presented prior to application and is later revised before the policy is issued. In all cases where an illustration is required, the policy applied for or issued must have an illustration accurately representing the policy and appropriately signed by the applicant or policy owner and the authorized company representative. The illustration must be provided prior to or simultaneously with the policy delivery.

Updates to the rules help create uniformity across illustrations so that clients can more easily compare the policies of different companies.

Illustration System Functionality

Illustration systems can vary greatly in terms of scope and complexity. On the low end, illustration systems provide a simple snapshot of projected policy or account values for simple products. On the high end, they allow complex solutions for complicated products while providing producers with an array of sales and presentation functionality. The ability to compare products and see side-by-side scenarios of values over time is becoming the norm. Increasingly, these systems are fully integrated with other point-of-sale tools like needs analysis, contact management, e-Applications, and new business systems. The ability to import data from a policy administration system and recalculate the projected values based on new assumptions is a common feature of an illustration system.

Today's illustration systems provide compliant sales outputs, user-level rating maintenance tools, support for mobile and tablet computing, and back-end linkage to both e-Application, underwriting, and policy administration systems for straight-through processing. Broad product support, single point of entry, and APIs or extensible markup language (XML) data interchange are also key elements of a present-day vendor illustration system.

When considering a new illustration system, life insurers carriers are looking to increase their market opportunities as the market leans toward more customizable products. They are also looking for a great UI, responsive design, high level of configurability and integration capabilities, and new and creative ways to illustrate policy benefits for the customer. Lastly, there is a new generation of tech- savvy agents and advisors entering the workforce, making technology expectation revolving around illustration capabilities high. The life insurance illustration is a critical point in the sales process and a highly impactful tool for the agent.

What functionality trends are seen in life insurance illustration systems?

Complex calculations, advanced sales concepts, ease of API integration, and digital design have been key points of emphasis in product evolution.

Table 2 lists some of the major trends seen in illustration system functionality today.

Table 2: Trends in Illustration System Functionality in 2020

Trend	Description
Regulatory changes	NAIC model regulations continue to drive product level changes. Vendors take some of the responsibility off the insurer to ensure that all NAIC regulations are represented in the illustration systems.
Improved user experience	Updated UIs with role-based landing pages, user specific forms, and improved views of data and results are replacing older, bland UIs.
Responsive design for use with mobile applications	Responsive design was a key UI feature added to systems. This is highly important for an increased digital and remote sales process.
Increased security and role-based authentication	Single sign-on, with authentication based on the role of the user, is now available from all vendors.
Expanded advanced sales concepts	Most vendors offer a variety of advanced sales concepts. We saw an increase in the number of vendors offering them and the number offered.
Standardization of third party interfaces	Use of Web services, APIs, XML, and ACORD XML standards are now commonplace and quite often components of out-of-the-box connectivity.
Availability of Software as a Service (SaaS) deployment models	More vendors are offering the systems as SaaS. As insurers look to find ways to reduce costs, SaaS models meet this need.
Flexibility to use vendor or third party calculation engines	Vendors offer common calculation engines to provide values for product pricing and development; however, the ability to integrate to existing calculation engines via standard interfaces is also an option.
Configuration tools	While some configuration tools exist for adding rates and forms, system configuration is still highly geared toward the vendor. Configuration has replaced coding, but most configuration requires vendor IT expertise or IT staff by the insurer.

Source: Celent

REPORT METHODOLOGY

This report uses Celent's ABCD Vendor View, which is our standard representation of a vendor marketplace, designed to show at a glance the relative positions of each vendor in four categories: Advanced Technology, Breadth of Functionality, Customer Base, and Depth of Client Services. Celent grants XCelent Awards in each of the four categories. The XCelent Award winners received the highest ratings in Celent's analysis for each category, but insurers should consider which factors in breadth, technology, experience, and client service are most important to them and review the detailed profiles in this report to assess vendor suitability.

Criteria for Inclusion

Celent's objective is to include as many of the leading life/annuity/pension/health illustration systems being used or actively sold to insurers in North America as possible in this report. Celent actively reviews vendor systems in the insurance software market and invites the vendors to participate in reports like these. A companion report will be published for systems available to insurers in regions outside of North America.

Celent's ABCD Vendor View analysis is used to highlight vendors that have attained success selling their systems in a market—in this case, North America. Even if a vendor is not included in the ABCD Vendor Views presented on pages 13 and 14, Celent also profiles all vendors who are new or emerging entrants to the market, as well as those with rearchitected products.

The three key criteria for inclusion in Celent's ABCD analysis are:

- At least three customers in production with the current version of the system
- At least one new sale to one new customer within the past 24 months
- Participation by at least three reference customers

This report contains 10 profiles. Each of the profiles presents information about the vendor and solution; available professional services and support capabilities in the region; customer base; functionality and lines of business deployed; technology and partnerships; and implementations and cost. The vendors included in Celent's ABCD Vendor View analysis have two additional sections: reference customer feedback and some summary comments by Celent analysts.

Evaluation Process

More than 70 vendors across the globe were invited to participate in this research. Sixteen consented to participate. Each participating vendor completed an online RFI

in Celent's VendorMatch/RFX platform. After Celent received completed RFIs, each vendor was evaluated for meeting the criteria for inclusion in the ABCD Vendor View analysis. Vendors with at least three clients in production using the platform as a stand-alone system were eligible to be in the ABCD Vendor View.

Every vendor was given the opportunity to give Celent a briefing and demo of their system. The demo concentrated on usability and functionality for agents; capabilities associated with basic illustration and advanced sales support; product and calculation rules configuration; reporting, dashboards, and analytics; and other features as requested by Celent. Celent provided a demonstration agenda to ensure all demonstrations covered similar material.

Celent also asked at least three vendor-provided references to complete an online survey in order to obtain their feedback of the system's business and technology value. These references were obtained for any vendor eligible for inclusion in the ABCD view, but some chose to provide references even if they were not in the ABCD view. The RFIs, demos/briefings, and reference surveys provided quantitative and qualitative data that was used in the ABCD analysis of the qualified vendors. This process is described in the Celent's ABCD Vendor View section.

Finally, Celent created profiles based on the data provided in the online RFIs received. Each vendor had an opportunity to review its profile for factual accuracy, but they could not influence the overall evaluation of the system or the vendor's placement in the ABCD Vendor View charts. The profiles are presented later in this report.

Celent has retained final authority over the content of the published profiles. Some of the vendors profiled in this report are Celent clients, and some are not. No preference is ever given to Celent clients either for inclusion in a report or for the subsequent evaluation.

Not all data gathered from the detailed RFIs, vendor briefings and demos, and reference surveys/interviews has been included in the profiles. Celent has attempted to capture key points and values about each vendor at an appropriate level. Unpublished information remains in the Celent knowledge base and is available to Celent's subscription or consulting clients. Celent recommends that our insurer clients schedule calls with the authors if they are in the market for a new system. These calls are included in your subscription.

CELENT'S ABCD VENDOR VIEW

Celent's framework for evaluating vendors is called the Celent ABCD Vendor View. This is a standard representation of a vendor marketplace designed to show at a glance the relative positions of each vendor in four categories: **A**dvanced technology, **B**readth of functionality, **C**ustomer base, and **D**epth of client services. The Celent ABCD Vendor View shows the relative positions of each solution evaluated. Each vendor solution is judged relative to the others in the group.

While this is a standard tool that Celent uses across vendor reports in many different areas, each report defines each category slightly differently. For this report, some of the factors used to evaluate each vendor are listed in Table 3.

Table 3: Examples of Factors Used in Celent's Illustration System ABCD

ABCD Categories	Possible Factors
Advanced Technology	Customer feedback on technology, integration, and APIs
	Configurability and upgrades
	Code, databases, operating systems detail
	Integration
	Methods, services, and APIs
	Deployment options
	UI modernity
	Mobile capabilities
	Internationalization and localization
	Change tooling
	Upgrade automation
	Application security

ABCD Categories	Possible Factors
Breadth of Functionality	Customer feedback on features and functions Overall support of features: • Portals and mode of use • Data collection process • Illustration types available • Quotes and illustration capabilities • Solve for and advanced sales concept availability • Calculation and product rules management • Output options • Reporting and analytics Product support and products in production: • Protection products • Annuities • Health, disability, and long-term care (LTC) • Savings, pensions, and investments
Customer Base	Number of insurers running any release of the system New insurance clients in the past two years
Depth of Client Services	Client feedback on implementation and post-implementation services Types of training offered User conferences Service-level agreement (SLA) scope Mechanism to obtain and track service tickets SLA features available

Source: Celent

The XCelent Awards

XCelent within this framework, the top performers in each of the ABCD dimensions receive a corresponding XCelent Award:

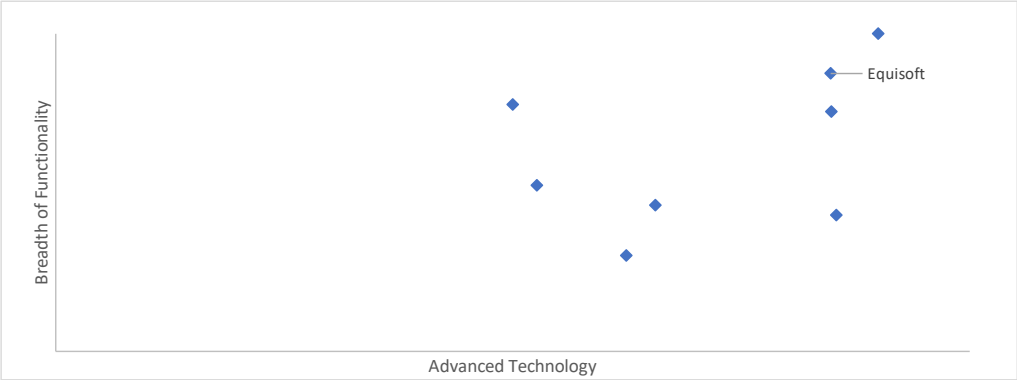
- XCelent Technology for the leading Advanced Technology score
- XCelent Functionality for the leading Breadth of Functionality score
- XCelent Customer Base for the leading Customer Base score
- XCelent Service for the Depth of Service score

The ABCD Vendor view provides an easy-to-understand picture of a complex marketplace. Unlike a simple "four-quadrant" map, there is no one "best" for all cases. Insurers should consider which factors in breadth, technology, experience, and client service are most important to them and use this report to generate their own shortlists.

Results: XCelent Technology and XCelent Functionality

Figure 1 positions each vendor along two dimensions: the horizontal axis displaying the relative level of Advanced Technology and the vertical axis displaying the relative Breadth of Functionality.

Figure 1: Advanced Technology and Breadth of Functionality



Source: Celent

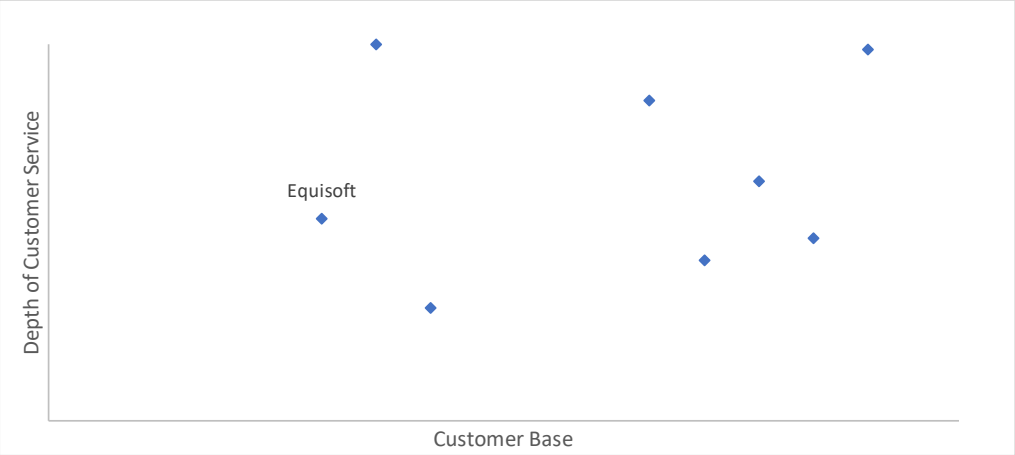
As shown in the 2020 Advanced Technology and Breadth of Functionality figure, illustration systems offered by most vendors offer strong functionality. Custom systems built specifically for each insurer lag a bit in functionality, because the functions are not out of the box, but instead must be developed anew for each client. These vendors offer strong actuarial knowledge and experience.

Every system with the exception of one in the ABCD analysis offers a .Net code base. Web-based interfaces for end users and Web services/API integration are commonplace, meaning that the commitment to advanced technology is very evident. Vendor- provided product and rules configuration is the norm for all systems, but a few are moving toward allowing increased configuration by the insurer. Cloud-based or SaaS deployments are now available across most systems. While Sapiens has come out on top, it should be noted that the investments by Equisoft, Calcfocus, and Insurance Technologies are actively improving their systems and sit very close to Sapiens in terms of both technology and functionality.

Results: XCelent Customer Base and XCelent Service

Figure 2 positions each vendor along two dimensions: the vertical axis displaying the relative level of depth of customer service and the horizontal axis displaying the relative customer base. Other companies were awarded the XCelent Customer Base award and XCelent Service award.

Figure 2: Customer Base and Depth of Customer Service



Source: Celent

As shown in the 2020 Customer Base and Depth of Customer Service figure, the illustration solutions can vary dramatically in their customer base size which can translate in part to length of tenure in the industry. Depth of Customer Service shows that highly customized client solutions like WELIS, tend to garner the highest customer satisfaction rating due to the specificity of their design.

Each solution has a variety of carrier tiers in their respective portfolios. A few have seen a significant amount of new client growth over the last 2 years. Each provider had strong customer references with specific topics to address for areas to bring customer satisfaction scores up even higher than they are today. All have some sort of client advisory process to solicit input and for some this replaces an annual user conference. All offer training and a seasoned staff, but only some have deep actuarial knowledge.

Celent Advice

This is the first time Celent has evaluated illustration vendors with the ABCD analysis. Celent's results do not consider the individual needs of an insurer, but instead use a rubric that we apply to all system types. Celent advises insurers to consider their own needs and not rely on the above results to place vendors on a short list. We provide a list of questions to consider in the last section, Path Forward.

EQUISOFT: EQUISOFT/ILLUSTRATE

Company

Founded in 1994, Equisoft is a global provider of digital solutions in life insurance and wealth management. Equisoft works with over 50 financial institutions in 15 countries. Equisoft offers front-end applications, back-office services and data migration expertise. The firm's products include CRM, financial needs analysis, asset allocation, quotes and illustrations, electronic application, agency management systems, as well as customer, agent and broker portals. Equisoft has a team of over 400 resources based in the USA, Canada, Latin America, South Africa and India.

Equisoft's quoting and illustration solution, Equisoft/illustrate, supports all life, annuity and health products, enabling each to have its specific flow between illustration and e-app depending on need. It offers a digital sales experience when combines with Equisoft's other products including needs analysis, sales strategies, e-app, underwriting and in-force servicing.

The vendor's spend on research and development expense over the past two years has been 10% of total revenue attributed to this solution.

Table 4: Company Snapshot

Year Founded	1994
Number of Employees	450
Revenues (USD)	Not disclosed
Financial Structure	Privately held
Headquarters Location	Montréal, Québec

Source: Equisoft

Table 5: Product Snapshot

Name	Equisoft/illustrate
Year originally Released	2010
Current Release and Date of Release	v2.9 / 2020

Upgrades	Client can skip multiple versions, e.g. go directly from version 4.0 to version 7.0. They support current versions and up to two prior.
Target Market	Insurance carriers looking to distribute and offer compliant and modern illustrations systems to their distribution staff and partners.
Installed Base	6 Globally / 6 in North America
Notable Clients	Sun Life, Desjardins, Union-Vie; Hellenic Life
Revenue from product/service	Not disclosed
FTEs providing professional services for product	50 out of 450
User Conferences/Product working groups	The vendor offers an annual user conference or customer event.
Future Plans	Short term: self-service labels, accessibility added support, and version3 advanced integration. Medium term: building more mobile feature capabilities such as improved responsive support and automated phone save and full illustration historical snapshots. Additionally, they are exploring building a customer version portal which would enable the customers to access the quotes directly from their phone.

Source: Equisoft

Celent Opinion

Equisoft/illustrate has been rebranded and rearchitected as a SaaS based solution since our last review in 2016. The changes have been very positive and in terms of user experience. Equisoft/illustrate provide the best experience we saw across all illustration systems this year. The UI provides the unique capability of real time calculation refreshes on the illustration input page. As the inputs change, the advisor and the prospective policyholder can see the impact on premium and cash values immediately via an illustration summary in the side panel of the input screen. The system also allows advisors to build combined proposals with optional products and reflexive questioning, compare product options, compare product types and run sales strategies for cash value products. To aid in building initial sales strategies for

some products Equisoft has created a series of templated scenarios. These help an advisor show outcomes quickly.

Since our last review, more advanced and complex products and sales concepts/strategies are available for illustrating. It also added error messaging to the input screen side panel, letting the advisor know when options selected don't meet the product rules or create a non-compliant illustration. Information buttons have been added to the input screen as well by Equisoft giving the advisor help when needed; a carrier can tailor the text to their needs if desired. The system also has the ability for questions to be more interview based (like TaxAct) for some products which was not seen in other illustration systems. Inforce illustrations, which was on the roadmap in 2016, are now available.

Also new is the output which shows not only the compliant illustration for a product but also can show comparisons of two scenarios using sales strategies. The diagrams show the difference of using and not using the strategy.

The system uses the Oracle Insurance Calculation Engine (OICE) or can be integrated to the insurer's calculation engine of choice. The OICE module is part of an OEM agreement and does not have to be licensed separately.

The out of the box reporting from the illustration system offers a good variety of reports, graphs and charts.

Configuration of products, product rules, rate tables, portals, solves, output, and content is done via XML, and based on Celent's review, IT knowledge is essential. The system is configured using XML transactions and does not provide wizards or a user interface to guide a business user through the process. Equisoft typically provides the configuration and system maintenance for their clients, but there a few that do configuration themselves. Rate changes can be made via Excel uploads which is the norm for most vendor.

Based on customer feedback and Celent's review of the product, Equisoft/Illustrate should be on an insurers short list when considering a new illustration system.

Suite Components

Table 6: Point of Sale Component Functionality

Component	Availability
Needs analysis	Yes - Integrated into the module, not available stand-alone
Product modeling tools	No
e-Application	Yes - Separate module, can be sold stand-alone

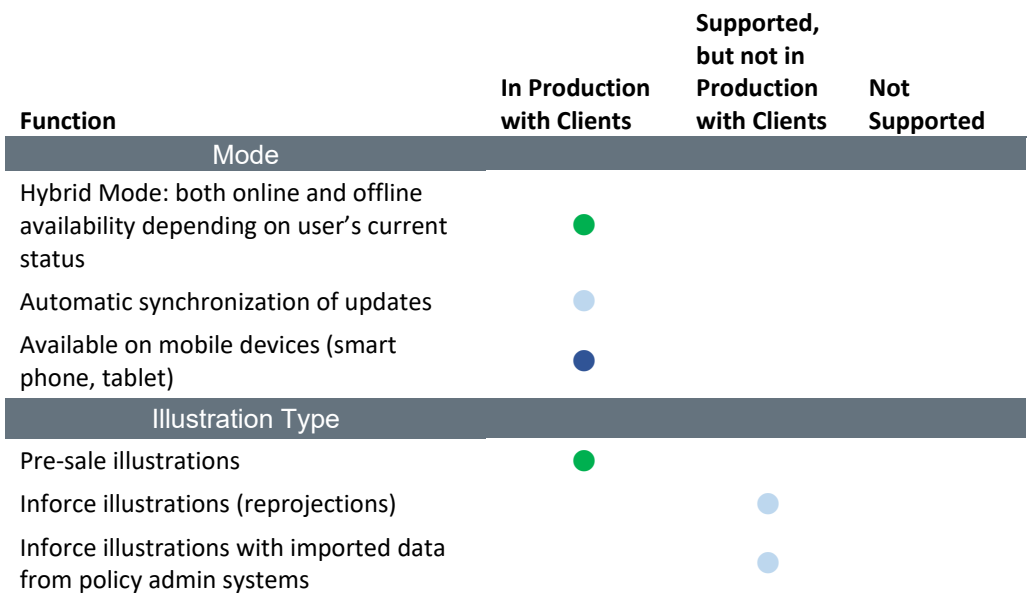
Component	Availability
Business intelligence / analytics	Yes - through a formal partnership with another vendor
CRM	Yes - Separate module, can be sold stand-alone
Content management	Yes - through a formal partnership with another vendor
Prospective customer portal (quick quote, illustration, bind, and issue)	Yes - Separate module, can be sold stand-alone
Policyholder portal (inquiries and transactions for in-force policies)	Yes - Separate module, can be sold stand-alone
Producer portal (quick quote, illustration, bind, and issue)	Yes - Integrated into the module, not available stand-alone

Source: Equisoft

Overall Functionality

The figure below shows Equisoft's functionality and production status of key features for illustration systems.

Figure 3: Key Functionality



Function	In Production with Clients	Supported, but not in Production with Clients	Not Supported
Quote / Illustrations			
Performs basic illustration calculations, such as policy values and premium amounts	●		
Performs complex illustration calculations, such as solves for different variables	●		
Performs basic solve for calculations	●		
Performs complex solve for calculations	●		
Calculation and side by side display of multiple quotes	●		
Set Up			
Enables company to create custom solves	●		
Provides basic templates for common products	●		
Product rules with field-level validation (e.g., “for Product A, the maximum face amount is $X”)	●		
Rate table management by insurer	●		
Provides both solve for face or solve for premium capabilities	●		
Data Collection			
Ability to upload or import ACORD transactions to avoid data entry		●	
Form-based data entry interface	●		
Interview-style data entry interface		●	
Electronic signature		●	
Integration and prefill with data from external data services	●		
Calculations			
Includes an actuarial calculation engine	●		
Rating rules and formulas externalized from programming code	●		
Rate table design and update management tools	●		
Ability to import data from PAS for calculating inforce illustrations		●	
Ability to access outside rules engine for premium calculations	●		

Function	In Production with Clients	Supported, but not in Production with Clients	Not Supported
Solve for Calculations/Advanced Sales Concepts			
Minimum annual deposit to avoid lapse	●		
Minimum annual deposit to reach target CSV	●		
Required premium to achieve desired income results	●		
Split – dollar		●	
Buy/Sell		●	
Multi-Life/Second to Die	●		
Output			
Excel	●		
ACORD XML	●		
Standard XML	●		
Graphical illustrations	●		
Link to email from illustration system	●		
Automatic form filling (application, policy, etc.)	●		

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

Source: Equisoft

Reporting Features

Equisoft provides basic canned reports, leveraging charting components and document generation modules to provide access to illustration specific reports and analytics via PDF reports. In addition, and most often, they teach carriers how to harvest the illustration data in order to include it within a more enterprise-level reporting solution, through a data warehouse or a BI tool.

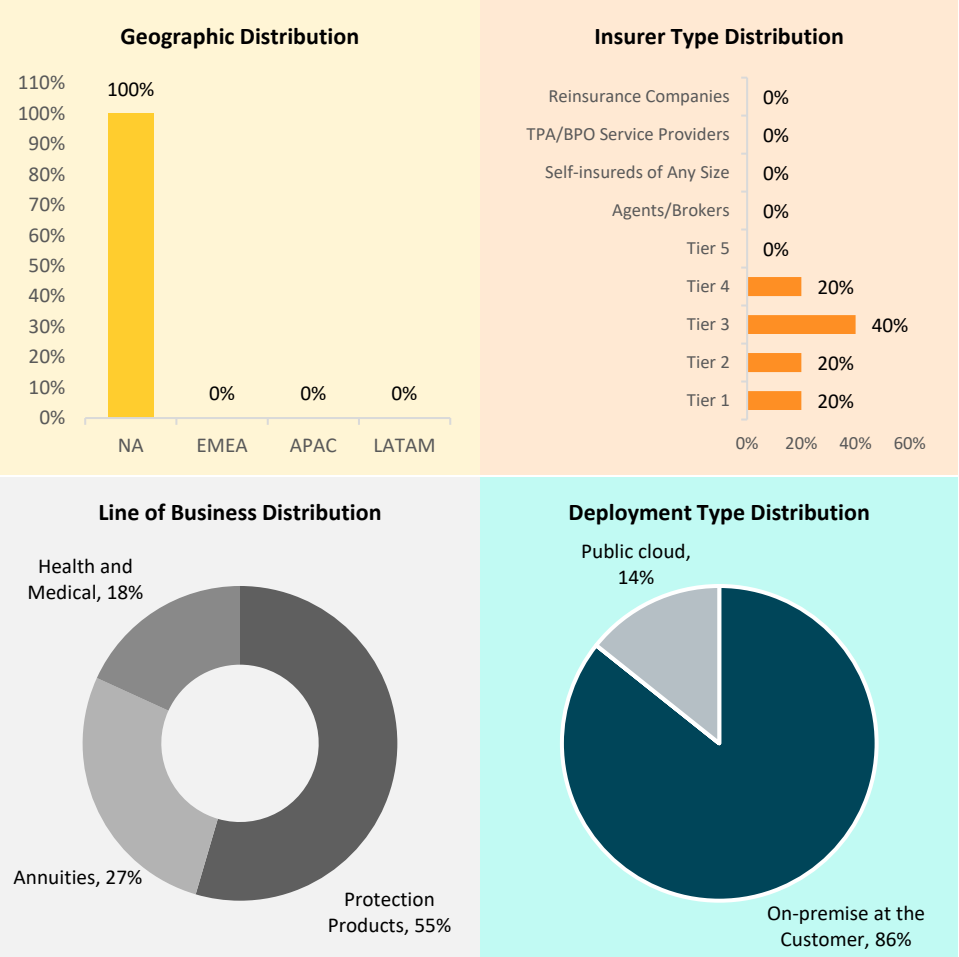
Internationalization

Equisoft can support multiple currencies with CAD and USD currently in production and multiple languages with French and English currently in production.

Customer Base

Equisoft has 6 total customers, all of whom are in North America.

Figure 4: Equisoft Client Base by Geography, and Line of Business, Institution Type, and Deployment Mode in North America



Source: Equisoft

Customer Feedback

Three clients provided feedback on Equisoft. These clients are based in North America. Two systems are deployed on-premise at the client's company and for the last system it is deployed public cloud. The length of time using the system ranges from less than one year to six years.

Clients rated Equisoft favorably overall. For functionality, respondents appreciated the what-if scenarios features; while graphical illustration outputs were not rated as favorably. Within technology, ease of system maintenance was scored the highest

and flexibility of the data model considered weaker. All integration aspects were rated equally.

Regarding their implementation experience, responsiveness (handling of issue resolution) received the highest marks while implementation completed on budget received the lowest score. Finally, in the area of ongoing system support, consistently meeting SLAS received the highest score while roadmap delivery was seen as an area of relative weakness.

Customer perception of vendor and product strengths

Strengths

The ease of use, the wonderful partnership and collaboration with the vendor, and the adaptability and responsiveness of the vendor.

The illustration solution comes with a module that can be deployed on the agent's laptop so they can use the application even when they are not connected to the network. The module synchronizes with the application server when the agent gets back at the office.

The illustration system is highly customizable which allowed an insurer to implement our business rules in the application. The illustration is connected to the electronic proposition which in turn feeds the administrative system. It's very useful to have a fully integrated system.

The vendor is very flexible and always open to communication. They are also very supportive in any type of initiative that the insurer wants to address.

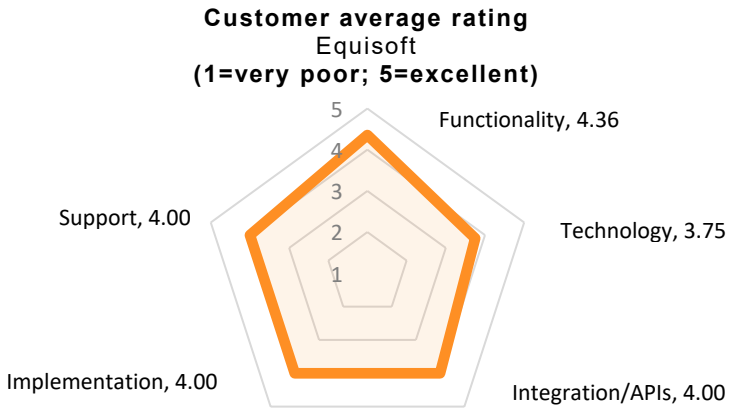
Opportunities

More proactive recommendations from the vendor on ways to improve their system from one client to the next.

Provide the insurer with better understanding of the features included in the application car as well as a better understanding of the configuration and extension possibilities of the illustration system. The insurer had to greatly modify the application data model to support our requirements. They would also like to have a better understanding of the calculation engine architecture.

The application is very demanding with regards to computing power required in order to support its functions and an acceptable user experience. The client thinks this is partly because the application is based on older software architecture.

Figure 5: Customer Feedback



Source: Celent 2020 Illustrations Customer Feedback Survey

Lines of Business Supported

Table 7: Line of Business Support

Life Lines of Business	Availability in North America
Term Life	✔
Whole Life	✔
Variable Life	✔
Universal Life	✔
Variable Universal Life	✔
Indexed Universal Life	✔
Unit Linked	⊖
Senior or Pre-need / Final Expense	✔
Fixed Annuity	✔
Variable Annuity	✔
Indexed Annuities	✔
Enhanced/Impaired Annuities	⊖

Life Lines of Business	Availability in North America
Short Term Care	⊖
Accidental Death or Dismemberment	✔
Critical Illness	✔
Long Term Disability (LTD)	✔
Short Term Disability (STD)	✔
Long Term Care (LTC)	✔
Income Protection	⊖
Pension (Individual, Group Defined Contribution, etc)	✘
Group Pension (Defined Benefit)	✘
Wrap	✘
Savings (Bonds, Mutual Funds, etc)	✘
Drawdown	✘

Legend: ✓= Supported and in production; ⊖ = Supported but not in production; ✘ = Not supported

Source: Equisoft

Technology

The technical architecture is a CQS architecture with a mediator to manage communication between the different components. Each component allows replacement or extensibility via injection.

Technology details for Equisoft/illustrate are provided in the table below.

Table 8: Technology Options

Technology Option	Responses
Code base	Core technology: .Net: 80%; JavaScript: 20%
Operating systems	The system is implemented in .NET .NET version support: They use .NET framework 4.7, will upgrade soon to 4.8 and their next major version to .Net Standard. Available operating systems: Windows

Technology Option	Responses
Databases	Databases available: SQL
Integration methods	Available Integration Methods: Web services, XML (not through web services), HTML, HTTP, RESTful HTTP style services, JSON format, MQSeries, JMS or similar queue technology, custom APIs, and flat files Public API integrations: only private APIs (i.e. MIB, DocuSign) The vendor provides training for API integrations
Mobility	The system uses responsive design and is tested on mobile devices. It supports mobile friendly HTML5 applications. UI and process flows have been designed to be device independent
Access to core code provided to client	Yes, they have a carrier customization layer that enables carrier-based code. Those are typically handled by their Equisoft services team. Some customers want to have complete autonomy and receive technical training to perform it themselves. Two out of eight clients do it themselves.
Core code modification	Core modifications are normal and happens often. 13%: Percent of total cost from core code/development modifications in recent implementations. Recent core code modifications depend on the level of gaps to fulfil. Their latest implementations had very little to no core required modification.

Technology Option	Responses
Scalability	15,000 users and 23 products at their largest deployment. Max number of illustrations is about 1,500 illustrations per hour. System performance: The new system architecture has been built to support full multiple server load balancing and scalability. Since the session is in the database, the webserver instances are stateless and do not rely on each other. All load test executed have shown that the software maximizes the usage of the machine resources and does not contain any software bottlenecks.
Deployment models	On-premise at the customer, private and public cloud They provide two levels of cloud support: Full SAAS where they handle everything from deployment, configuration, testing, product support, and training. PAAS where they handle the base system install of services and client can control their timing and business configuration. Managed services: The Equisoft/Illustrate solution provides support for six typical environments (production, DR, development, test, performance and conversion), second level support services, application monitoring and performance, data backup and retention, investigation and analysis of any cycle related issues including integration and deployment services (initial software install, rules promotion across environments and upgrades) are provided. Additionally, annual DR testing is provided. 1. Production Environments (including DR) 2. Development and Test Environments 3. Network, Security, IP Addresses, VPN 4. DevOps, DBA and technical infrastructure support
Hosting Locations	North America, EMEA

Technology Option	Responses
Hosting Details	Number of instances: 0 Maximum number of clients running on one instance: 1
Public Cloud Options	Public cloud options supported: Microsoft Azure, Amazon AWS, and Oracle Cloud

Source: Equisoft

Data

Equisoft's data model is proprietary and supports the ACORD data model. Clients can change the data model by extending it through their product definition modeler which is ACORD based (ACORD 201). Additional data model elements can be added through code using injection software principles.

The data model can be extended either from client customization or from the core system. It's the system analyst that works closely with the carrier that is responsible to oversee the right decision at the implementation phase. When a core model change is required, the developers initially extend on the carrier side to avoid implementations and subsequently bring back into the core in the next release.

Integrations

The table below shows available products pre-integrated with Equisoft/illustrate.

Table 9: Insurance Pre-Integrations

	Pre-Integrated Systems
Agent portal software	Equisoft/apply, Equisoft servicing portal
Agent/broker management systems	Equisoft/centralize
Analytics solutions	Tableau, Microsoft Power BI
Business Intelligence systems	Microsoft Power BI
Chatbots	Glia
Comparative raters	Lifeguide
CRM solutions	Equisoft/connect, Oracles Sales Cloud, Microsoft Dynamics, Sales Force
Data warehouse	Microsoft SQL Server, Oracle Database, Attunity, Hadoop

Distribution management systems (e.g. commissions and licensing)	Equisoft, VUE (CSSI or Vertafore)
Document creation systems	Alt-Soft, Ecrion, Oracle Documaker, XpertDoc
Document management systems	ECRION, Oracle Documaker, Microsoft Sharepoint
eApplications	Equisoft/apply, PEGA
eSignature systems	DocuSign, OneSpan, Equisoft e-signature
External rules engines	Oracle OIPA
Illustrations	Older versions of our own Equisoft/illustrate
IOT analysis platforms	Dacadoo
Policy administration systems	Oracle OIPA
Price comparison websites or aggregators	Lifeguide
Product configurator	Oracle OIPA
Reinsurance systems	TAI
Underwriting workbench / new business underwriting systems	Oracle OIPA
Workflow / BPM systems	Oracle BPM
Credit / finance databases	AML -- Actimize
Demographic / consumer databases	LexisNexis, BriteVerify (E-mail)

Source: Equisoft

Configuration

Equisoft's approach to change tooling is that they version the code and the product configuration separately. Both versions use a semantic versioning convention. Upgrades are typically handled by scripts doing the majority of the upgrade task or with tools (theirs or 3rd party tools) that help identify use of deprecated or old services / APIs to assist with upgrades.

Table 10: Approach to System Changes

Approach to System Changes	Availability
Business rule definition	Configurable using simple tools targeted for a business user
Data definition	Configurable by the vendor
Table maintenance, list of values, etc.	Configurable through a scripting language
Interface definition	Configurable through a scripting language
Product definition (Insurance or Banking Products)	Configurable using simple tools targeted for a business user
Role-based security, access control, and authorizations	Configurable through a scripting language
Screen definition	Configurable through a scripting language
Workflow definition	Not applicable

Source: Equisoft

Security

Equisoft maintains SSAE 2018 SOC 2 certification for its entire enterprise, which covers application & infrastructure security, as well as internal employee and access compliance. A full copy of this report can be provided, as needed. Flexible user permissioning, multi-factor authentication, and federated identity support are available as authentication factors for internal and external users.

For cyber security arrangements, Equisoft has a corporate mandate to cover static and dynamic security testing. It is aligned with the release process. They have penetration tests done on their system and security audits done by Hitachi with supervision from Fortica security firm.

Partnerships

Table 11: Partnerships

Type of Partnership	Partner Vendor
System integrators	None
FinTech partners	Dacadoo

Source: Equisoft

Implementation, and Support

Table 12: Implementation and Support

Function	Approach
Employees available /average experience level (years)	Equisoft has 450 staff with 8 average years of experience providing professional services / client support for this solution. The average number of customers per professional services / client support staff is eight.
Locations of employees	Equisoft has 330 employees in North America, 15 in EMEA, 10 in APAC, and 10 in LATAM. If implementation resources need to be sourced from different countries, the vendor applies specific rates by location
Resource breakdown (vendor, client, and system integrator)	Typical implementation team size: 6 to 10 Vendor: 80% Client: 20% SI: 0%
Use of third parties	The vendor never works with third-party system integrators. Conversion options: The vendor completes data conversions themselves.
Average time to implementation	Initial implementation: four to six 6 months Second and subsequent LOBs: one to three months Second and subsequent states/jurisdictions: one to three months
Preferred implementation approach	Equisoft created a hybrid-agile mix of waterfall and agile methodologies specific for their implementations. The Equisoft implementation methodology is agile scrum-derived, with an in-depth discovery phase allowing for a deeper dive into functionality and requirements. Typical projects are planned around 3 week sprints that allow their clients to view progress early on and have deliverables sooner than later allowing stakeholders to identify issues while they can still be addressed easily and the ability to readjust priorities more often with each delivered iteration to maximize success. As required, Equisoft also adapts the methodology to accommodate changes to the process as proposed by their clients.

Source: Equisoft

Training

Equisoft's approach to training includes several communication and training tools. They use an internal Wiki Confluence to document procedures. They have multiple video recording for both internal staff and clients. They also have dedicated trainers which perform monthly training. New training modules are periodically added, and online video training is available.

For business users, they have trainers coming from insurance carriers that educate their internal staff from the business side. They also leverage LOMA (the Life insurance association) for more generic insurance training as needed.

Pricing

Table 13: Pricing Models

Pricing models available	Subscription based license, perpetual license, enterprise license, and other pricing model not listed
Factors used to determine pricing	Usage-based factors: number of concurrent users, per functional components/modules used, policy or account volume, and annual premium volumes/revenues. Tiered-based factors: other tiered pricing factors not listed and functional components/modules Other: Flat pricing

Source: Equisoft

Table 14: Five Year Pricing Estimates

Insurer scenario	Licensing	Implementation	All Other
Average Year 1 costs	US$100,001 to US$250,000	US$250,001 to US$500,00	US$250,001 to US$500,000
Average Year 2 and beyond remaining costs	US$100,001 to US$250,000	Under US$100,000	US$100,001 to US$250,000

Source: Equisoft

PATH FORWARD

Based on solid overall functionality of these systems and recent improvements, Celent urges carriers to consider investigating vendor-offered illustration systems rather than building custom in-house solutions. Vendor solutions have the benefit of experience in developing calculation engines and can now more easily interface with back-office policy administration systems, front-end portals, and other systems needed to make the sale. We continue to believe that the vendor software profiled in this report can improve a producer's efficiency at the point of sale and, for the investment, will also deliver significant long-term savings for the insurer.

Celent recommends that insurers look deeply at their own needs before they begin the process of evaluating illustration vendors. We believe there are key questions that carriers must be able to answer:

- What specific business problems are we looking to solve? Do we have a narrow focus, such as stand-alone new business illustrations, or are we looking to implement a broader, more integrated new business vision that includes in-force illustrations, suitability, needs analysis, and electronic applications?
- How involved do we want to be in the development and ongoing maintenance of our illustration systems? Do we have the resources to build and maintain systems that are constantly in flux, or are we looking for a full-service provider?
- What are our short- and long-term visions for new business? Can we afford to limp along with existing systems, or should we make the necessary investments to transition to next-generation illustration technology?
- What do our channel partners expect from us? Are there opportunities for us to differentiate our products and services via aggressive use of better technology?

With the answers to these questions in hand, a thoughtful evaluation process can be initiated—one that gives service and overall vendor relationship value equal play with technology and functionality.

LEVERAGING CELENT'S EXPERTISE

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

Support for Financial Institutions

Typical projects we support related to illustration systems include:

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

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

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

Support for Vendors

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

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

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

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