

CELENT

This authorized reprint contains material excerpted from a Celent report. The full report is 25 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. The full report description can be found at [Latin America Deal Trends for Life Policy Administration Systems](#). For more information on the full report, please contact Celent at info@celent.com.

LATIN AMERICA LIFE POLICY ADMINISTRATION SYSTEMS DEAL TRENDS

2023 Edition

Fabio Sarrico

December 11, 2023

CONTENTS

About this Report	3
Historical Data	3
Report Approach	3
Report Limitations	4
Latin American Life Insurance PAS Market Overview and Trends	5
Insurers' Investment Plans	5
Preference for Cloud-Ready and Cloud-Native Systems	6
Market Dynamics	7
Recent PAS Deals	9
PAS Deals in the Last Two Years	9
Leveraging Celent's Expertise	11
Support for Financial Institutions	11
Support for Vendors	11
Related Celent Research	12

ABOUT THIS REPORT

Every two years, Celent reviews and profiles LATAM's life insurance policy administration systems. Our latest report was published in July 2023: [Policy Administration Systems: Latin American Life Insurance Edition](#). As part of our review of the systems and vendors, we gather specific data about their client base. This report provides a view on the evolution of the installed base of these systems for the period of 2019–2023 (covering the 2021 and 2023 editions of our LATAM life PAS vendor reports).

Historical Data

Our life policy administration system data collection involves a Request for Information (RFI) exercise leveraging our VendorMatch platform, where we ask various questions about vendors' installed base and new clients wins.

As our vendor report is updated every two years, the new client momentum data is based on a two-year cycle. It is also important to mention that a different set of vendors participates in each life policy administration system vendor report. Table 1 provides more information on the number of systems profiled.

Table 1: Data Background

Report Year	Sample Life Policy Administration	Total Implementations	New Client Momentum
2021	18 systems	103	17 (2019–2021)
2023	22 systems	117	28 (2021–2023)

Sources: Celent, Vendor RFIs

Report Approach

Data in this report was gathered as part of Celent's research prepared for its recent [Policy Administration Systems: Latin American Life Insurance Edition](#) report. Twenty-two life insurance PAS vendors completed a detailed RFI, powered by Celent's VendorMatch, to be included in the report. The RFI included multiple questions about the vendors' client base and recent deals. This subset of the RFI forms the basis for the projections in this report. This report also uses similar data from RFIs collected for the [2021 edition](#) of Celent's LATAM PAS report and draws on conversations Celent analysts have had with both vendors and insurers.

Report Limitations

Celent believes that the information on the RFIs from vendors provides an adequate basis for the analysis in this report. However, not all PAS vendors completed RFIs for the 2021 and 2023 Celent LATAM Life PAS reports. Some vendors provided data for one report, but not both, and some vendors known to be active in the market did not complete RFIs. Finally, this report contains various estimates by Celent.

The next sections provide our findings, starting with an overview of the LATAM life policy administration system market.

LATIN AMERICAN LIFE INSURANCE PAS MARKET OVERVIEW AND TRENDS

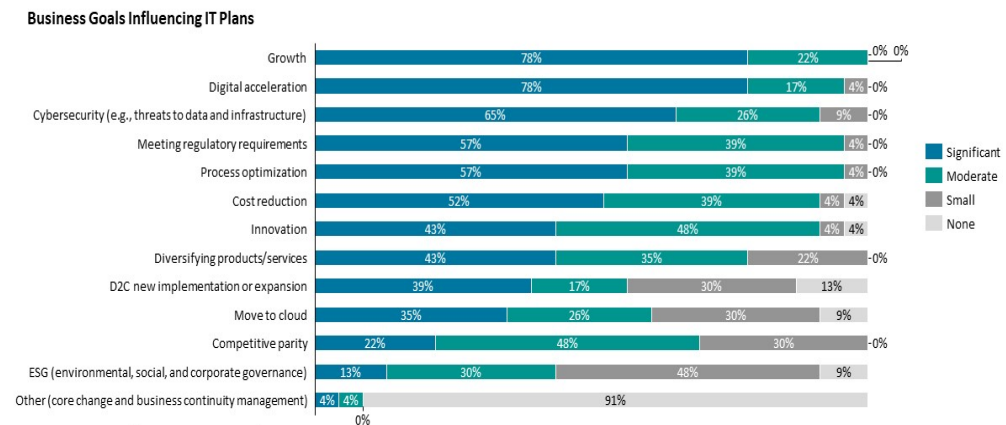
Numerous insurance companies in Latin America continue to operate outdated back end systems. Although some view the replacement of a policy administration system (PAS) as a risky, expensive, and labor-intensive endeavor, they also acknowledge the importance of enhancing automation and efficiency to lower operational expenses. Additionally, they recognize the significance of improving integration capabilities to tap into the rapidly expanding digital landscape and deliver the same level of customer experience seen in other industries. Consequently, there is a growing interest and necessity among these insurers to modernize their legacy back office systems.

A life insurance policy administration system provides end-to-end lifecycle management of individual, group life, and pension products—it is software that helps insurers manage life and annuity insurance policies. With a PAS, organizations can maintain a record of policies issued to clients, calculate policy costs, and configure or set up new policies. A life insurance PAS should provide the flexibility to build and administer different types of insurance policies. They can be implemented as a part of an integrated insurance suite or as a standalone solution. Historically, they were implemented on the premises. More recently, insurers have been deploying their PAS as software-as-a-service (SaaS), taking advantage of cloud-based services.

Insurers' Investment Plans

Celent conducts an annual survey with CIOs from different LATAM countries to understand their technology investment priorities. Our most recent survey, conducted in 2023, focused on CIOs from life insurance companies in the region. The survey results indicate a strong emphasis on growth and digital acceleration, as shown in Figure 1.

Comparing the 2023 results to those of 2022, we can see that growth remains the top business priority. However, digital acceleration has surpassed cybersecurity and now holds the second position. Additionally, there has been a notable increase in the focus on meeting regulatory requirements, which has risen from sixth place in 2022 to become the fourth main business priority in 2023.

Figure 1: Business Priorities Driving Investments


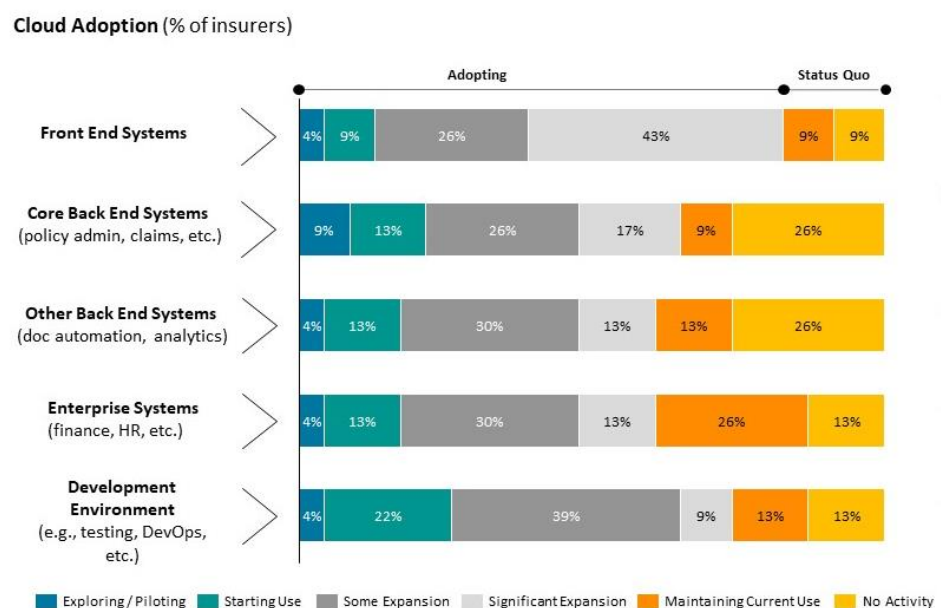
Source: Celent IT Priorities in LATAM Insurance – 2023 report



Preference for Cloud-Ready and Cloud-Native Systems

Even though Figure 1 shows that moving to the cloud was not among insurers' top priorities in terms of significant investments in 2023, as cloud technology has proven to offer much more than a possible reduction in IT infrastructure costs—especially when leveraging it in “as-a-service” models (IaaS, PaaS, and SaaS)—Celent has also observed that there has been a gradual positive change in terms of insurers' perspective on the cloud. As we can see in Figure 1, 91% of insurers indicated that they planned to invest in moving to the cloud.

Figure 2 looks at which areas LATAM life insurers are focusing their investments regarding cloud adoption.

Figure 2: Business Priorities in Terms of Cloud Adoption


Source: Celent IT Priorities in LATAM Insurance – 2023 report

The survey shows that portals are at the top of the investment portfolio for 2023. Most life insurers (87%) are actively investing in cloud models, with 22% of insurers in early stages of adoption. Investments in development environments involving testing and DevOps, which are good targets for the cloud, shows up in second place. Overall, most insurers already use a cloud environment for development.

In addition, insurers are looking at ways to leverage the cloud for core systems—such as policy administration, claims, underwriting, etc.—meaning cloud-ready and cloud-native systems are gaining interest, along with ways to modernize legacy systems by moving them to the cloud.

Nine out of ten LATAM life insurance companies surveyed by Celent declared that they had plans to invest in moving to the cloud in 2023.

Celent Report: IT Priorities in LATAM
Insurance – 2023

Market Dynamics

Table 2 highlights some of the factors impacting the Latin American life insurance core systems market.

Table 2: Factors Impacting the LATAM Life Insurance Core Systems Market

Major trend	Trend	Description
Insurers are focused on growth	Margin pressure	Celent's 2023 survey showed that LATAM life insurers had the same top business priority as in 2021 and 2022: growth.
New partner ecosystems	CX/ecosystem approach	Increased focus on differentiation through customer experience, self-service capabilities, and pricing competitiveness requires a variety of digital capabilities not found in older core solutions. LATAM life insurers understand the value of a partnership with insurtech and technology startups, for example, especially in sales and claims handling. On the other hand, they find insurtech less relevant for core back office processes such as underwriting and reinsurance.
Faster, cheaper, better	Margin pressure	Most insurers are looking into process automation for increased efficiency as they work to support their digital transformation, enabling their existing business and channels.
Need to become digital quickly	Growth of portals	While investment in front end components has slightly decreased compared to 2022, investments in portals are at a high 87%. Area of emphasis is agent and customer portals to accelerate the digitization of

sales and servicing processes and provide a better experience for distribution partners and customers.

Patience with “old technology” is wearing thin	Barriers of legacy technology	Many LATAM insurers are still running old systems. In general, they consider the replacement of old systems risky and cost- and effort-intensive. However, we see sustained investments in back end components, mostly in the PAS, which often includes various core components such as claims and billing.
	Cloud deployments are king	Insurers are much more willing to deploy core systems in the cloud, as it allows for easier upgrades and potentially lower costs. When comparing the deployment option data of the in-production client base provided by vendors for our 2021 and 2023 LATAM life PAS reports, we see a 10% increase in the deployment of Life PAS in the cloud (private and public) in LATAM.
	Growing data demand	Increasing usage of data (to better set rates/pricing, for example) has led insurers to look for easier ways to access and use data. Vended solutions can be more efficient than homegrown ones for this.
	De-risk conversion tools	Conversion technology is accelerating for analytic tools to mitigate conversions. New AI-enhanced and life insurance-specific calculators provide more conversion automation and better mitigate risks.
Source: Celent		

To meet their digital and competitive needs, many insurers are investing in PAS that utilize emerging technologies such as cloud deployment, greenfield delivery, DevOps techniques, and application programming interfaces (APIs). Celent sees the following trends in the systems being offered:

- Cloud-native technology stacks.
- SaaS, cloud-hosted, and usage-based offerings, including automated upgrades.
- Seamless, end-to-end experiences with clearly articulated and integrated architecture that efficiently enables those experiences via API integrations and microservices.
- Flexible product, workflow, geographical, and regulatory/tax configuration.
- Speed-to-implementation and lower up-front implementation costs, including low- or no-code and client self-sufficiency.

The Latin American PAS market is segmented on the basis of components available and deployment methods. The componentization of solutions has been an ongoing trend in the market. Gone are the days when policy administration systems were monolithic solutions and all functionalities came under one umbrella. While a few systems are still considered monolithic, most have decoupled the components into separate modules or are currently in the process of doing so. The various modules are typically offered as microservices and integrated via APIs. Modules now include product and business rule configuration, new business, claims, portals, billing, and reporting and analytics. This modularization enables the insurer to implement their PAS in smaller bits. It also increases the ability to open the PAS up to new channels, partners, and customers.

RECENT PAS DEALS

Deal volumes in the LATAM PAS market increased over the previous two years. PAS replacements are traditionally triggered by issues and challenges faced by insurers due to the limitations of their legacy systems. Investing in new policy administration systems has often been seen as key to the creation of a digital platform's capabilities.

Life insurance companies often have multiple policy administration systems covering their needs across their various businesses (e.g., individual life, annuities, group benefits, or group annuity). They rely on these systems for various functions across each business including quoting, commission, enrollment, underwriting, policy administration, billing, CRM, claims, and disbursements. Often, due to inherited siloed business units, the systems may require complex integrations.

When an insurer decides to buy a new system, they may consider three scenarios, as shown in Table 6.

Table 3: Three Scenarios to Rationalize Core System Technology

1	Industrial	Build a new insurance IT system on a fresh stack or buy a new platform, then migrate existing portfolio of customers (either big bang or piecemeal) including their portfolio and history.
2	Greenfield	Build a new greenfield insurer on a fresh stack with new architecture (modular, microservices, cloud). Grow the new insurer and commercially migrate customers at renewal.
3	Wave-by-Wave (Modular)	Encapsulate legacy estate via a customer-centric digital platform, re-wire omnichannel customer journeys on new API, reservice or replace back-end components block by block (product by product).

Source: Oliver Wyman

We have seen all three approaches in the most recent PAS deals in LATAM, but the industrial scenario continues to be the most prevalent.

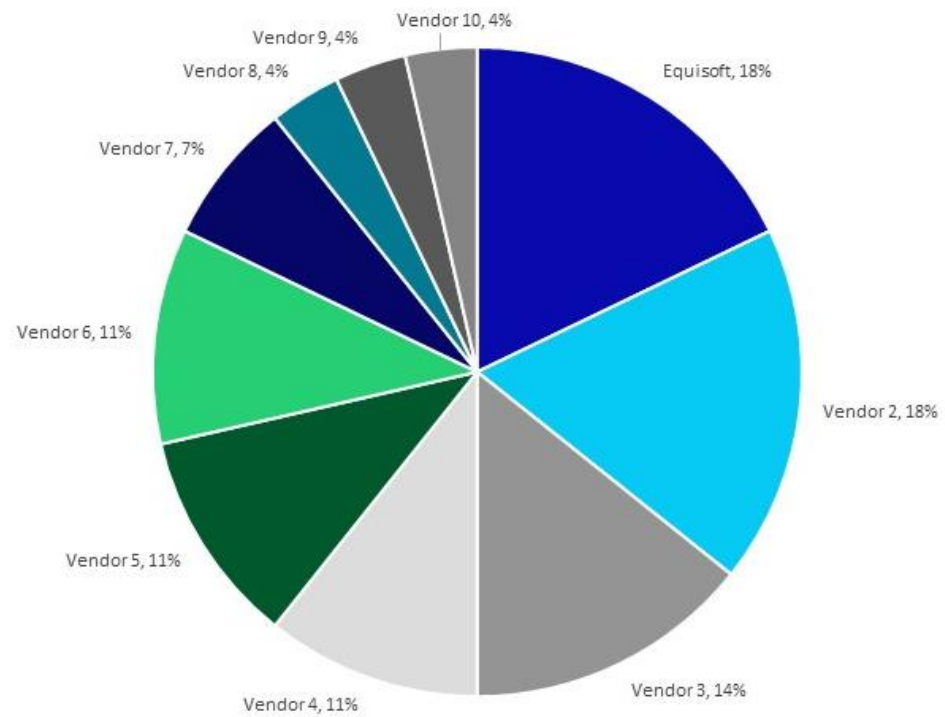
PAS Deals in the Last Two Years

There were 28 new deals associated with the 22 Life PAS solutions that are considered in this report.

Out of the 22 vendors that were analyzed, 10 have reported new deals in the region over the past 2 years. The three vendors that have secured the highest number of deals collectively account for almost half (48%) of all reported deals in LATAM. Additionally, it is worth noting that vendors originating from the region

have won 69% of the new deals, indicating a preference for local vendors in the market.

Figure 3: Vendor Momentum in LATAM – Reported New Deals from 2021 to 2023



Sources: Celent, Vendor RFIs

LEVERAGING CELENT'S EXPERTISE

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

Support for Financial Institutions

Typical projects we support include:

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

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

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

Support for Vendors

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

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

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

RELATED CELENT RESEARCH

[Technology Trends Previsory: Life Insurance, 2024 Edition](#)

November 2023

[Digitizing the Agent: How Life and Annuity Insurers View Their Current and Future State](#)

October 2023

[How SaaS Are Life Policy Administration Systems?: Fact Checking the Ambiguity of SaaS Dimensions](#)

August 2023

[Creating a Modern Insurance Enterprise](#)

August 2023

[Policy Administration Systems: Latin American Life Insurance Edition](#)

July 2023

[LATAM Life & Health Insurance: 2023 IT Priorities and Pressures](#)

July 2023

[Generative AI - Mitigating Risk to Realize Success in Life Insurance](#)

July 2023

[Legacy Modernisation: How Can Insurers Achieve Success?](#)

July 2023

[Digitizing the Agent - How Life Insurers Can Support Their Distribution Channels](#)

June 2023

[Is Moving to Cloud Worth It?](#)

June 2024

[Automating For High Value - The Power Of Process Mining](#)

May 2023

[Data-First Transformation for Value Realization in Insurance](#)

April 2023

[Deal Trends for Life Policy Administration Systems: Latin American Edition](#)

December 2022

[Best Practices in Cloud Adoption in Insurance](#)

December 2022

COPYRIGHT NOTICE

Copyright 2024 Celent, a division of Oliver Wyman, Inc., which is a wholly owned subsidiary of Marsh & McLennan Companies [NYSE: MMC]. All rights reserved. This report may not be reproduced, copied or redistributed, in whole or in part, in any form or by any means, without the written permission of Celent, a division of Oliver Wyman ("Celent") and Celent accepts no liability whatsoever for the actions of third parties in this respect. Celent and any third party content providers whose content is included in this report are the sole copyright owners of the content in this report. Any third party content in this report has been included by Celent with the permission of the relevant content owner. Any use of this report by any third party is strictly prohibited without a license expressly granted by Celent. Any use of third party content included in this report is strictly prohibited without the express permission of the relevant content owner. This report is not intended for general circulation, nor is it to be used, reproduced, copied, quoted or distributed by third parties for any purpose other than those that may be set forth herein without the prior written permission of Celent. Neither all nor any part of the contents of this report, or any opinions expressed herein, shall be disseminated to the public through advertising media, public relations, news media, sales media, mail, direct transmittal, or any other public means of communications, without the prior written consent of Celent. Any violation of Celent's rights in this report will be enforced to the fullest extent of the law, including the pursuit of monetary damages and injunctive relief in the event of any breach of the foregoing restrictions.

This report is not a substitute for tailored professional advice on how a specific financial institution should execute its strategy. This report is not investment advice and should not be relied on for such advice or as a substitute for consultation with professional accountants, tax, legal or financial advisers. Celent has made every effort to use reliable, up-to-date and comprehensive information and analysis, but all information is provided without warranty of any kind, express or implied. Information furnished by others, upon which all or portions of this report are based, is believed to be reliable but has not been verified, and no warranty is given as to the accuracy of such information. Public information and industry and statistical data, are from sources we deem to be reliable; however, we make no representation as to the accuracy or completeness of such information and have accepted the information without further verification.

Celent disclaims any responsibility to update the information or conclusions in this report. Celent accepts no liability for any loss arising from any action taken or refrained from as a result of information contained in this report or any reports or sources of information referred to herein, or for any consequential, special or similar damages even if advised of the possibility of such damages.

There are no third party beneficiaries with respect to this report, and we accept no liability to any third party. The opinions expressed herein are valid only for the purpose stated herein and as of the date of this report.

No responsibility is taken for changes in market conditions or laws or regulations and no obligation is assumed to revise this report to reflect changes, events or conditions, which occur subsequent to the date hereof.

For more information, please contact info@celent.com or:

Fabio Sarrico

fsarrico@celent.com

Americas

USA

99 High Street, 32nd Floor
Boston, MA 02110-2320

[+1.617.424.3200](tel:+1.617.424.3200)

USA

1166 Avenue of the Americas
New York, NY 10036

[+1.212.345.8000](tel:+1.212.345.8000)

USA

Four Embarcadero Center
Suite 1100
San Francisco, CA 94111

[+1.415.743.7800](tel:+1.415.743.7800)

Brazil

Rua Arquiteto Olavo Redig
de Campos, 105
Edifício EZ Tower – Torre B – 26ª andar
04711-904 – São Paulo

[+55 11 3878 2000](tel:+55.11.3878.2000)

EMEA

Switzerland

Tessinerplatz 5
Zurich 8027

[+41.44.5533.333](tel:+41.44.5533.333)

France

1 Rue Euler
Paris 75008

[+33 1 45 02 30 00](tel:+33.1.45.02.30.00)

Italy

Galleria San Babila 4B
Milan 20122

[+39.02.305.771](tel:+39.02.305.771)

United Kingdom

55 Baker Street
London W1U 8EW

[+44.20.7333.8333](tel:+44.20.7333.8333)

Asia-Pacific

Japan

Midtown Tower 16F
9-7-1, Akasaka
Minato-ku, Tokyo 107-6216

[+81.3.6871.7008](tel:+81.3.6871.7008)

Hong Kong

Unit 04, 9th Floor
Central Plaza
18 Harbour Road
Wanchai

[+852 2301 7500](tel:+852.2301.7500)

Singapore

8 Marina View
Asia Square Tower 1
#09-07
Singapore 018960

[+65 6510 9700](tel:+65.6510.9700)