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DEAL TRENDS FOR LIFE POLICY ADMINISTRATION SYSTEMS: LATIN AMERICAN EDITION

2022 Edition

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15 December 2022

CONTENTS

Size of vendor client base3

Recent PAS Deals.....4

PAS Deals in the Last 2 years5

Leveraging Celent’s Expertise8

Support for Financial Institutions.....8

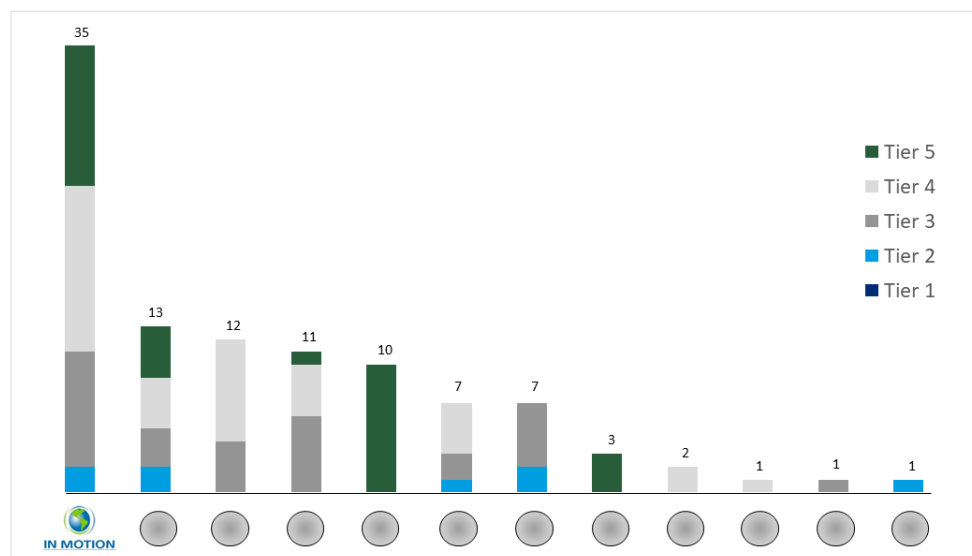
Support for Vendors8

Related Celent Research.....9

SIZE OF VENDOR CLIENT BASE

Figure 1 shows the life insurance PAS vendors by the size of their reported life insurance company client base. This graph depicts vendors who primarily serve insurance companies as clients, and it includes all the vendors profiled with clients in the last Celent Life PAS report, as well as i4pro.

Figure 1: Life PAS Vendor Presence in Latin America, Client Base (n = 103)



Sources: Celent, Vendor RFIs

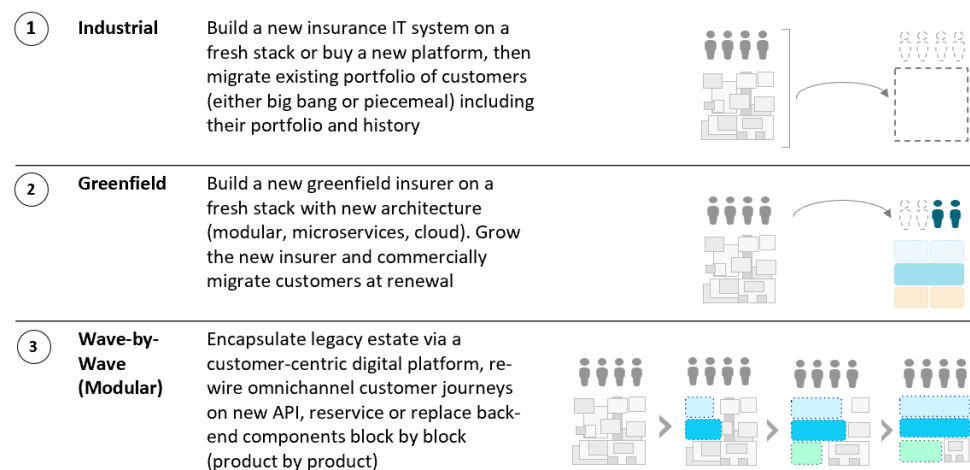
RECENT PAS DEALS

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.

Figure 2: Three Scenarios to Rationalize Core System Technology



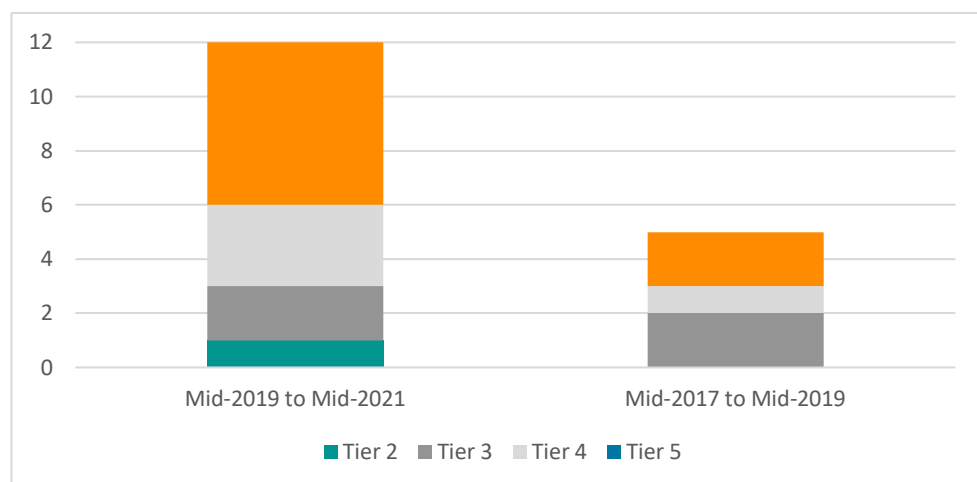
Source: Oliver Wyman

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

PAS Deals in the Last 2 years

There were 12 new deals associated with the 10 solutions that were profiled in Celent's 2021 and 2019 reports. The deals associated with these 10 solutions account for 77% of the LATAM life insurance deals among the 17 solutions featured in Celent's life insurance PAS report. An additional six deals came from new entrants to the 2021 report and i4pro, but not all are new entrants to the market.

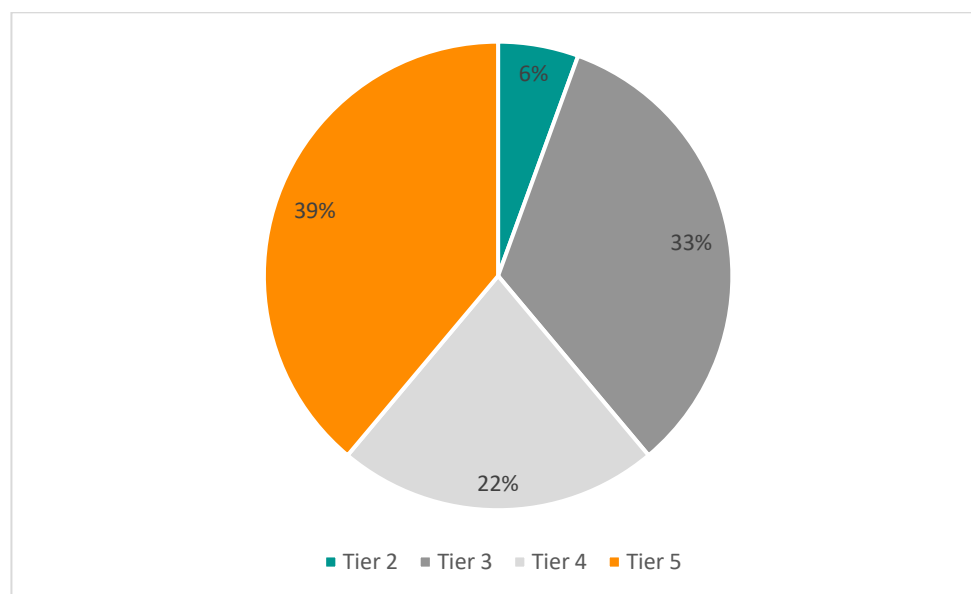
Figure 3: New LATAM Life PAS Sold by Vendors that Provided Data in Celent's Last Two Reports (Insurance Company Sales Only)



Sources: Celent, Vendor RFIs

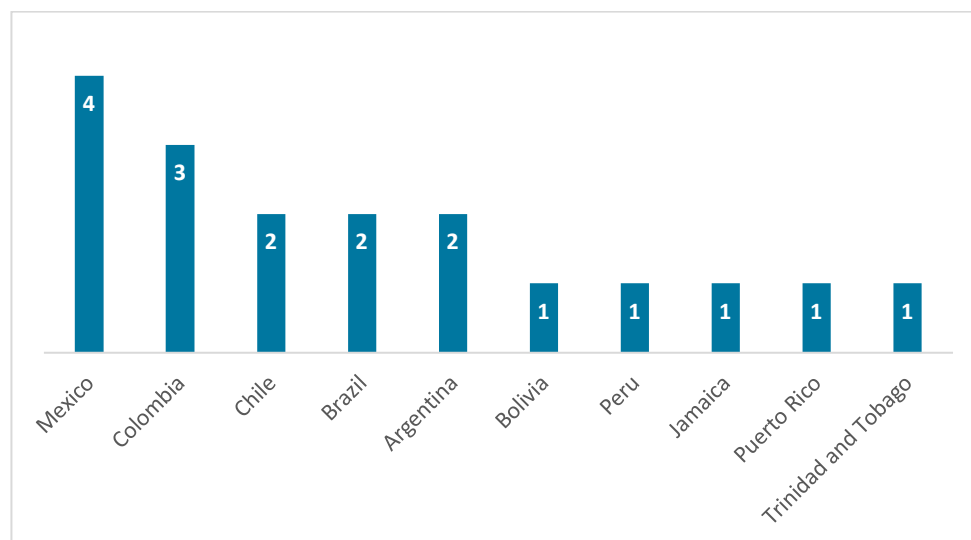
A great deal of caution must be used in interpreting this data. First, vendors that sold systems in the prior two-year period but not in this period have been excluded from this analysis because they did not report data for both two-year periods. Second, some vendors' mix by size of customer shifted from period to period. For example, a given vendor may have sold fewer systems but to larger insurers. Third, some vendors chose not to be in this report for reasons not explained to Celent. Their data is not included in this analysis.

Figure 4 demonstrates the new deal breakdown by tier, considering new deals reported by all 17 vendors that participated in the last Celent [2021 Policy Administration Systems: LATAM Life Insurance Edition](#) plus the data provided by i4pro.

Figure 4: LATAM New Deals by Insurer Tier (from mid-2019 to mid-2021)

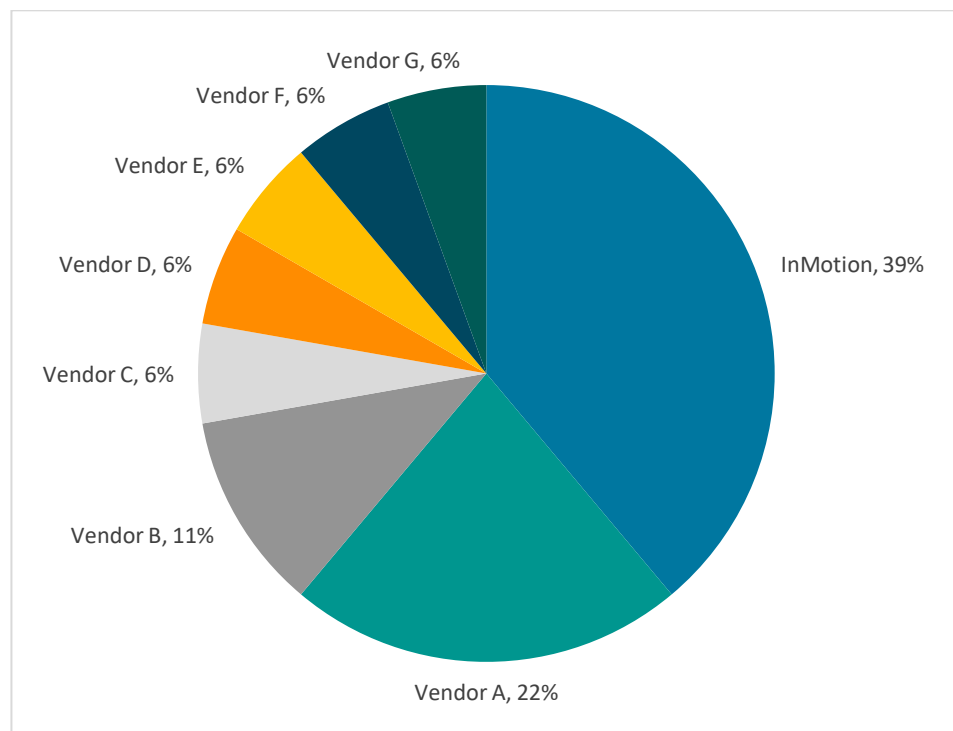
Source: Celent; Vendor RFIs

Most of the reported new deals are concentrated in South American countries. Deals reported in South American countries account for 83% of new reported deals, as can be seen in Figure 5.

Figure 5: LATAM New Deals by Country (n = 18)

Sources: Celent, Vendor RFIs

In Figure 6, we can see that the deals reported by vendors in the past two years show a market concentration, with three vendors concentrating 72% of the reported deals.

Figure 6: Vendor Momentum in LATAM

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 provide you with the data through our VendorMatch¹ platform so you can discover and select the right partner and solution, or we can also 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.¹

¹ VendorMatch is a broader vendor and solution repository. Via VendorMatch Discovery you can use industry-specific filters, you can gain an up-to-date overview of the vendor landscape. Additionally, you can request RFIs, create projects, and manage communications within the platform. Our other tool – VendorMatch Select – helps insurers quickly identify partners that are a match for their technology-based investment needs. Using lines of business/products supported, geographic footprint, and system type criteria, you can compare vendors and access RFIs, while managing all projects and communications directly on Celent's VendorMatch platform.

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