



2007 Australia and New Zealand Insurance Industry Awards

Entry for the Technological Innovation of the Year

April 3, 2007

Product Description

In-depth knowledge and understanding of the market through research and Responsiveness to customer needs

SAVANT® Virtual Insurer is a fully web-enabled insurance system developed by insurance professionals for the insurance business. Unlike generic IT solutions, SAVANT® Virtual Insurer was developed with the input of insurance executives with in-depth knowledge and a thorough understanding of the insurance market.

Smart-Insurer (Australia) Pty Ltd has been formed with the specific purpose of developing together with SAVANT® Systems International a system responding to the specific needs of the insurance industry and to distribute the product.

Insurance Experts with a broad range of professional experience have provided practical input into the creation of SAVANT® Virtual Insurer.

It is a complete but modular Property and Casualty Insurance System built on the novel, innovative and proprietary SAVANT® artificial intelligence engine that has been ported to IBM Lotus Domino®, specifically chosen for its unsurpassed security features. The artificial intelligence engine delivers unprecedented power, versatility and flexibility to the entire system that can be interfaced with existing insurers' and/or re-insurers' legacy systems, brokers' and/or agents' operational systems as well as external service providers' information to manage insurance processes.

The point of differentiation from other systems is its unique function in enabling business managers to have full and immediate control over the insurance portfolio performance and to make necessary adjustments immediately with little or no IT programming required. SAVANT® Virtual Insurer automatically enforces the business rules and underwriting guidelines in all aspects of the insurance operations and throughout the base of all internal and external users.

The ideals of SAVANT® Virtual Insurer and its reason for being developed

The vision for SAVANT® Virtual Insurer has always been to achieve an IT solution to provide management of an insurance operation with end to end administration system that allows distribution of suitable insurance product via the web in an efficient and cost effective manner, change product definition, underwriting rules, business rules fast and without "hard coding" and obtain management information on the performance of the insurance portfolio in a timely manner, allowing to take corrective action during the underwriting year and not – based on financial results – in retrospect.

It is therefore responsiveness to the customer needs that represents a core competence of SAVANT® Virtual Insurer. Changes can be done largely by the client's staff in minutes, hours and days rather than weeks and month since no or very little hard coding is necessary. This core ability of the system can be easily demonstrated.

Recognising the industry's business needs, we created a suite of integrated insurance modules that leverage existing IT assets to cost-effectively modernise business processes with the following key features:

- Fast front end solution – Great speed to market - quick ROI
- Easy integration/interface with other systems – no need for replacement of existing legacy systems
- Immediate analytical reports on business without programming need
- In-built Risk Control System
- Low development costs and low total cost of ownership
- Proven stability, security and scalability
- Built on practical logic of insurance experts

The modular structure of the system allows SAVANT® Virtual Insurer to be either taken as a complete stand-alone insurance solution or as modules of choice:

- Policy Administration
- Client Administration
- Broker & Agent Administration
- Fronting Partner & Reinsurer Administration
- Debtors Control
- Claims Administration
- Reporting and Risk Control
- Interface with Brokers' and Insurers' systems

SAVANT® Virtual Insurer is extremely user driven in its design. The solution is easy and cost effective to install and manage.

Innovation and Originality of SAVANT® Virtual Insurer

SAVANT® Virtual Insurer is particularly innovative compared to other insurance systems in the following aspects of the application:

- Fast front end solution – Great speed to market - quick ROI:
The SAVANT® artificial intelligence reduces the build time of insurance products (e.g. Home & Contents, Motor Vehicle, Business Pack, or any other insurance product.) to a few working days each and almost no hard code is required. This represents substantial savings in costs to the customer.
- Easy Integration/Interfacing with other systems – no need for replacement of legacy systems:
The innovative SAVANT® Smart Interface technology permits to establish an affordable and reliable connectivity with the most complex systems. SAVANT® Virtual Insurer has been made compatible with the Sunrise® Exchange interface platform (a product from Telstra e-Business) in record time. It therefore provides connectivity to 900 broker companies in Australia including 7,200 registered users.
- Immediate analytical reports on business without programming need:
The SAVANT® artificial intelligence allows the build of any report with a few mouse clicks. No hard coding required. Totally dynamic, efficient, innovative.
- A tool to control risk selection:
The Insurers' Business Rules including underwriting guidelines are fully driven by the SAVANT® artificial intelligence.
As a result, Referrals or Declinations of Risks are dynamically controlled by the Underwriters without reprogramming needs.
- Low development costs and low total cost of ownership:
A complete Policy and Claims administration system or certain modules if applicable can now be built and interfaced with existing systems within a number of working weeks (conventional systems require many months or years) per line of business and at a cost of a few hundred thousand AUD (conventional systems costs several million AUD).

SAVANT® Virtual Insurer is a unique offering in Australia's Insurance IT solution landscape since it easily interfaces with all sorts of back- and front-end systems. The solution lends itself to insurance companies with a wide array of legacy IT

systems. These legacy systems represent substantial investments that are not likely to be written off easily. SAVANT® Virtual Insurer can be easily configured to serve as a web enabled platform in between existing back-end systems and front end systems, or – alternatively – SAVANT® Virtual Insurer can act as the front end system and interface to the back-end system (s) of choice.

Performance

- Stability and Scalability:
The entire system and its interfaces have been designed to deliver ACORD compliant B2B as well as B2C capabilities and Single-Entry Multiple Company Interface (SEMCI). In addition, all modules can be interfaced with IBM DB2 (or other similar relational databases) back ends for unlimited scalability. SAVANT® Virtual Insurer has also been ported to LINUX and all configurations, Windows and LINUX based, have been tested in an IBM Innovation Centre.
- Security and Speed:
The application has been ported to the IBM Lotus Domino® platform, specifically chosen for its unsurpassed security and unique web enabling features.
As a result, it delivers the highest level of security and high speed of operation which is a pre-requisite for a successful B2B application.
- High Professional Experience at all levels:
Founders and owners and staff employed by SAVANT® and Smart-Insurer accumulate the highest level of qualification and experience in their respective field of activity:

Directors – background and qualifications

Rodo Ehrat - SAVANT® Systems International Pty Ltd.
Managing Director and co-founder of SAVANT® Systems International Pty Ltd.
Director and co-founder of Smart-Insurer Pty Ltd. Rodo has 36 years experience in a broad range of IT disciplines and has been in senior executive management positions for over 25 years. He holds Master's Degrees in Chemical Engineering, Computer Science and Business Administration. Rodo was CEO of Sulzer Australia, a large multi-national group, prior to starting SAVANT® Systems International Pty Ltd in 1997.

Dr. Paul Guignard - SAVANT® Systems International Pty Ltd.
Co-founder of SAVANT® Systems International Pty Ltd. Director of Savant Systems (Aust) Pty Ltd. Co-founder of Cloverworxs Inc., a company in the distance learning space with activities in the US, China and Japan. Paul has over 25 years experience in research, development, consulting and management; most of them in the IT area.
He holds a Ph.D from the University of Melbourne.

Daniel R Nikles - Smart-Insurer (Australia) and Smart-Insurer AG (Switzerland)
Managing Director and co-founder of Smart-Insurer Pty Ltd. Daniel has 34 years of experience in the insurance industry. In his last position he was CEO of XL Winterthur International Australia. Prior to this he was a member of senior management at Winterthur Insurance Group's Head Office in Winterthur, Switzerland. Daniel has worked as an expatriate executive in the UK, US and Australia for 19 years

Thor Vo - *Director and CFO* - Smart-Insurer (Australia) and Smart-Insurer AG (Switzerland)
Thor has 18 years of experience in insurance accounting and financial reporting. Prior to joining Smart-Insurer he was CFO of XL Winterthur International Australia. Thor was with HIH Insurance Group until 1999 when he was approached by XL Winterthur International Australia to fill the position of CFO. Thor has particular expertise in the area of reporting and regulatory compliance.

Success of SAVANT® Virtual Insurer in the market

- First commercial use of initial modules of SAVANT® Virtual Insurer with Winterthur International Australia Pty Ltd in 1998-2000.
- Field application for complex agricultural products with Cranston Australia Pty Ltd from 1999-2002.
- Deployment of a full scale multi-product insurance system with Landline Financial Services Pty Ltd from 2002 to 2005. SAVANT® Virtual Insurer was used by some 400 registered users of 78 broker companies.
- SAVANT® Virtual Insurer is currently used by Lumley General as its EDI solution and the connectivity to the Sunrise Exchange platform (Telstra e-business) has become available for use in February 2007. The application is also interfaced with Lumley's legacy system providing a fully integrated end to end solution.

Existing contracts with the "big end of town" have helped to bring the solution to commercial success and terms of the existing contracts (configuration costs, licence fee and ongoing ASP fee as percentage of GWP) provide the basis for a highly profitable financial performance.

Potential

Applicability of SAVANT® Virtual Insurer to the wider industry market, as opposed to meeting the needs of a specific company

- Identified potential markets:
The international insurance industry as a whole. SAVANT® Virtual Insurer can be configured for the P&C as well as for the life market. SAVANT® Virtual Insurer is of particular interest to smaller and medium sized Australian Insurer's that are interested to distribute their products through Sunrise® Exchange but seek a cost effective and fast solution to connect their system with Sunrise® Exchange. Since the IP of the interface is owned by the SAVANT® Systems International and Smart-Insurer the applicability of SAVANT® Virtual Insurer to a wider industry market is guaranteed.
- Designed for international use:
SAVANT® Virtual Insurer is designed for multiple currencies and multiple languages. It is easily configurable to any taxation system in the world. As an example, the full complexity of the Terrorism Insurance Act was implemented in a total of 3 working days in September 2003.
- International partner or distributors:
Smart-Insurer has created a dedicated distribution network. It has today partners in Australia and various countries in Europe and is growing rapidly. It offers the platform to embrace SAVANT® Virtual Insurer's unprecedented powerful technology, adjust the solution to the needs of the market and to offer to clients a unique product.

Industry leadership

SAVANT® Systems International and Smart-Insurer (Australia) are continuously working towards higher recognition within the Australian and the New Zealand insurance industry.

We entered our product SAVANT® Virtual Insurer in the prestigious national competition: The Consensus Software Awards 2007 and we are one of the 24 finalists.

Professional standards

On the technical side, SAVANT[®] works in cooperation with Industry Leader IBM for the selection of both hardware and software development and production platforms as well as for the technical training of its own staff and the testing of its solution. SAVANT[®] has been an IBM Advanced Business Partner since 1998 and qualified in the IBM Insurance Industry Network in July 2005.

More information on

<http://www.savant-systems.com>,

<http://www.smart-insurer.com>

and IBM with a specific section on SAVANT[®] Virtual insurer at :

<http://www-304.ibm.com/jct09002c/gsdod/solutiondetails.do?solutionId=13141&lc=en>

SAVANT[®] Virtual Insurer has full audit trail functionality

References

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