

Cover-All Technologies Inc.
Corporate Update – Moore Stephens Business Solutions Acquisition
April 12, 2010

Operator: Good afternoon, ladies and gentlemen. Thank you for standing by, and welcome to the Cover-All Technologies Inc. Acquisition Conference Call. During today's presentation, all parties will be in a listen-only mode. Following the presentation, the conference will be opened for questions. If you have a question, please press the star followed by the one on your touchtone phone. Please press star zero for operator assistance at any time. For participants using speaker equipment, it may be necessary to pick up the handset before making your selection. This conference is being recorded today, April 12th, 2010.

I would now like to turn the conference over to Brett Maas of Hayden IR. Please go ahead, sir.

Brett Maas: Thank you, and good afternoon. I would like to point out that during the course of this conference call, there may be statements made related to future results of the Company that are forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. Actual results, performance, or achievements could differ materially from those anticipated in such forward-looking statements as a result of certain factors, including those set forth in the Company's filings with the Securities and Exchange Commission. It should also be noted, the webcast of today's conference call may be found on the Internet by visiting the Company's corporate website, www.cover-all.com. An archived version of the webcast can be available shortly for at least the next 12 months pursuant to SEC guidelines. In addition, in today's press release, there are instructions for accessing the archived version of the conference call via the Internet.

At this time, I'd like to introduce John Roblin, Chairman of the Board of Directors and Chief Executive Officer of the Company. Mr. Roblin, congratulations on the acquisition. The floor is yours.

John Roblin: Thank you, Brett, and thanks to everyone joining us today. With me are Manish Shah, our President; Maryanne Gallagher, our Chief Operating Officer; Ann Massey, our CFO; and Seth Rachlin, CEO of Moore Stephens Business Solutions.

Earlier today, we announced that Cover-All had acquired Moore Stephens Business Solutions LLC, or MSBS, a provider of business intelligence and advanced analytics solutions to the insurance industry. This is a milestone event for Cover-All, enabling us to expand into the business intelligence marketplace. This acquisition does more than essentially double our

total market opportunity. This acquisition also fuels organic growth. We view this as a one plus one equals at least three scenario for Cover-All. As a result of this acquisition, we have grown from approximately 35 customers to more than 55. There is virtually no overlap between Cover-All and Moore Stephens Business Solution [sic] in terms of customer base, so we will immediately focus on cross-selling our combined and integrated solution allowing access to the best features from both Cover-All's My Insurance Center™ solution and Moore Stephens' business intelligence and analytics solution to a newly expanded customer base.

MSBS is based in New York City, exclusively serving the insurance industry. They provide business intelligence and advanced analytic solutions with their flagship solution called the Insurance Analytic Framework, or IAF. This solution delivers accurate, available, and actionable key metrics and dimensions specific to the insurance industry, helping customers determine which products, segments, and divisions are profitable, which might not be, and helping managers to identify additional business opportunities. MSBS has established a dominant position in an otherwise underserved market, and we see this as a unique parallel and an ideal complement to our My Insurance Center™ offering. We are extremely excited to offer our now-expanded customer base an integrated solution that merges highly focused insurance business analytic—analytics with our revolutionary Policy Life Cycle Management solution, My Insurance Center™. We believe the combined Company will be well positioned to deliver additional value to existing customers of both companies. In addition, we will benefit from an unrivaled and unique competitive advantage in our combined offerings. Additionally, we will focus on leveraging our proven business model of generating recurring revenue with a flexible cost structure, and believe this will drive further improvements to MSBS margins in the coming months.

We are also pleased to welcome Seth Rachlin, CEO of Moore Stephens Business Solutions, who will be joining Cover-All's management as an Executive Vice President and serve as Managing Director of our new Business Intelligence unit. In addition, Seth's team in New York City will remain with this new combined Cover-All. We believe there is substantial opportunity to grow this business, which generated approximately 6 million in revenue in the last 12 months. And while there are synergies and cost savings available to improve the profitability, we plan to retain the entire MSBS team. I was excited to meet with this organization earlier today, and I wish to welcome all of these new partners to our team. We're very excited to have you all on board.

The acquisition of Moore Stephens Business Solutions represents an additional pillar of our broader growth strategy. We now have significant low-hanging fruit in terms of existing customers to cross-sell. We expect also to add profound new capabilities to My Insurance Center™ during 2010 to expand our opportunity and increase our value add. We will look to identify areas of potential expansion for MSBS' IAF tool as well. And as we look

into the future, our strategy includes a continued focus on identifying immediately accretive opportunities that fit within our strategic vision. I believe that Cover-All has reached the point where we're ready for breakout growth, and this acquisition is the biggest step to date for achieving this goal. Due to our strong balance sheet, including more than 4 million in cash as of December 31st of '09, we are now able to shift our focus from stabilization to cultivation and execute on the second part of our carefully planned growth strategy. This strategy includes identifying and pursuing immediately accretive acquisitions which, in turn, serve to fuel our organic growth and expanded offering. That is an important point that I really want to reiterate. This acquisition doesn't just help us grow through acquisition. We specifically targeted MSBS because we believe this acquisition fuels our organic growth as we focus, first, on cross-selling to established customer bases.

We acquired MSBS through our wholly-owned subsidiary, Cover-All Systems, Inc., for approximately 2.45 million in cash with no working capital, 4% of which was paid in common stock to Mr. Rachlin at a market price of \$1.19, \$600,000 in a short-term note, and the remainder was paid in cash. The terms of this transaction state that we acquired substantially all of MSBS' assets, including—excluding working capital, and assume no indebtedness. We expect this transaction to be accretive to Cover-All's 2010 earnings, and we anticipate this new line of business will generate an operating margin comparable to our recent historical operating margin. We were able to execute this important acquisition, one that we believe will change the face of Cover-All and catapult us to new heights because our strong—because of our strong financial performance in the last three years and the proven focused team we have assembled. We recently reported our third consecutive record year in terms of revenue and operating income. We ended 2009 with approximately 7.1 million in contractual ongoing revenue, which carries into 2010 and positioned us for predictable profitability. We have significantly bolstered our balance sheet, giving us the capital necessary to make this acquisition. And we have solidified our position in the marketplace, generating industry acclaim and increased attention from potential customers, giving us confidence in our ability to effectively cross-sell these unique solutions and also grow organically by expanding our customer base with the new capabilities being announced for My Insurance Center™ later this year.

In summary, we see this as an exciting new day for Cover-All. We continue to expand our reputation as a leader in developing innovative solutions for the insurance industry by focusing on the value of information. Following our philosophy of an information-centric technology, our My Insurance Center™ has been built around the concept of leveraging the availability of data to drive business value. Similarly, MSBS has established an equally dominant position in their niche, focusing on a remarkably similar information-centric philosophy, developing the tools and know-how to assimilate data into powerful business intelligence. Both Cover-All and MSBS have

established meaningful relationships within a similar market segment but without very much overlap, which represents a wealth of cross-selling opportunities for this new integrated solution.

Before I move on to QA, let me briefly touch on an additional organic growth opportunity that Cover-All is focused on. Cover-All's My Insurance Center™ is a world class insurance platform built around information focused on business acquisition and servicing. As I mentioned, we are looking to expand our capabilities, both functionally and geographically, while leveraging demonstrated capabilities with My Insurance Center™. Our flexible staffing models and our technology expertise, combined with our management discipline, demonstrate our ability to execute. The new capabilities we are working on will enable us to expand our revenue opportunity with existing customers as they embrace and adopt these exciting new features. In addition, as we further enhance our solution, our value proposition to new and potential customers continues to increase. We are very excited about the opportunities to grow our business organically with these added capabilities. While I can't go into more specifics at this time, for competitive reasons, we are eager to share the news on these expansion plans as we complete development and launch new capabilities. Again, I expect these announcements late this year.

With that, and be—on behalf of the entire Cover-All team and the Board of Directors, and also our new partners in New York City at Cover-All's new Business Intelligence unit, I would like to thank you for your continued support. I'll be happy to answer any questions you may have.

Operator: Thank you—

John Roblin: Operator?

Operator: Thank you, sir. We will now begin the question and answer session. As a reminder, if you have a question, please press the star followed by the one on your touchtone phone. If you'd like to withdraw your question, press the star followed by the two. And if you are using speaker equipment, you will need to lift the handset before making your selection.

And our first question comes from the line of Anthony Marchese of Monarch Capital. Please go ahead.

Anthony Marchese: Hi. Good afternoon, guys. Congratulations, looks like an excellent fit. By my calculations, it sounds like you should add at least—excuse me—a nickel a share to earnings, would that be—could you comment on that?

John Roblin: Well, it depends, Tony. My statement said that it would certainly be accretive to our 2010 earnings. I don't know exactly the timing

of those, I don't know how much it will hit in Q2, Q3, and Q4. I do know this, that taking a look at this overall product, we do expect that we will be able to achieve, by the end of the year, our operating margins, which are somewhere in the neighborhood of 18 to 20% on a going forward basis, so it will depend on what the revenues are and the timing, but it's a very positive thing. I just can't comment on the timing—

Anthony Marchese: Right.

John Roblin: For a nickel this year, or whatever.

Anthony Marchese: Okay. Question—a second question is, you know, I think, as I said, great acquisition. I'm not sure at this point that a lot of investors are focused on Cover-All. Do you plan on—if you can just comment, what your plans are for in, you know, investor relations in terms of getting the story out? Do you plan on perhaps, you know, pressing the flesh, your viewpoint throughout this year?

John Roblin: Yes, the answer to your question is absolutely, Tony. We've been—we are actually working with Hayden and some of the other folks. We've done some pressing of the flesh, as you say, during the past year. I think there were a couple of things during those discussions. First of all, I think that there was a general investor positive response on our business model that, in fact, it did appear to be consistent and demonstrated value. I think that there was some interest about potential upside, but I think there was a focus on growth and whether, in fact, we could, in fact, expand our model and become a larger Company. And we said, at that point in time, that we did have some ideas, not only with organic growth that continues as we keep focusing on this and obviously adding to sales and marketing like we did with Miguel Edwards, and some of the other things, but we were also looking for breakout opportunities, and this is the first step in several of those. So, now, we feel like we have not only a demonstrated track record and a very good current process, but also a very strong story to tell about how we're going to expand and have a much larger presence in the industry. So, we are going to accelerate those discussion points, not only with investors but also in the industry as well, Tony.

Anthony Marchese: Right. Okay, thank you. And a final question, and I'll feed (sp?) the floor. Could you comment on the balance of your business? Is it meeting expectations to date? I mean, we're already, I guess, in the middle of April.

John Roblin: Yes, sir, it is. It's been—I'm trying to think of the right adjective, Tony. It's been very positive, certainly well within expectations, but we set our expectations high. And now, the issue is how quickly can things be delivered and how to recognize that as the numbers come on board. But we are seeing strength. Our three consecutive years and our customers' expansion,

using the My Insurance Center™ platform is a big deal. I would also say to you this, that in addition to what I would consider good strength this year, the products that we're going to complete later in the year will also give us a big lift depending on when they actually hit and when I can recognize the revenue, either late this year, but it will certainly be a very, very, very strong 2011.

Anthony Marchese: Great. Thank you very much.

John Roblin: Yes, sir.

Operator: Thank you. Ladies and gentlemen, if there are any additional questions at this time, please press the star followed by the one on your touchtone phone. As a reminder, if you are using speaker equipment today, it will be necessary to lift the handset before making your selection.

And our next question comes from the line of Bill Chapman with Morgan Stanley. Please go ahead.

Bill Chapman: John, congratulations on this acquisition. Looks like a fine addition for us.

John Roblin: Well, thank you, Bill. It really is, and we're really genuinely excited to have another innovative company. This—you know, I said in the press release that one plus one should equal three, and this is not the new math, this is, really, the potential around this. The other thing that I didn't really emphasize, just to build on that point, is this moves us squarely into the whole information and data mining arena in addition to the policy admin capabilities. And then, if you take it beyond that and say, now they have these tools to understand what they could do with their business, My Insurance Center™ gives them the tools to execute on that plan, so we get the full loop in terms of business results, and that should be very, very exciting.

Bill Chapman: Okay, good. And let me ask you about your—on the—on your new capabilities you were referring to, are you already discussing this with customers that you're trying to line up when it's available?

John Roblin: Yes, we—

Bill Chapman: That I thought that's what you were saying a while ago.

John Roblin: We already have a couple of customers that have committed and, in fact, they're doing some testing and some of the other things around these products. This is not a pipe dream, this is real, and it's just a matter of getting it all done.

Bill Chapman: Okay. Well, the interesting thing about the more and more we can smooth out the quarters as we—as someone had mentioned last quarter, that the lumpiness, and that those three contracts that you closed last year, if each of the three were closed in one quarter each, the stock would be way above here because then it looks like you've got a very dynamic growth story and, you know, the same results, but it looks like it's growing more steadily. So, it looks like is going to be able to hopefully even things out as best we can, and that'll expand the PE multiple on this, it appears to me.

John Roblin: Well, yes, you know, I—I've heard that comment before, Bill, and I understand it. On the other hand, it's the nature of our business—

Bill Chapman: Yes.

John Roblin: In terms of these things. You're always going to get a lumpiness situation when people decide to commit multi-millions of dollars—

Bill Chapman: Yes.

John Roblin: To a five-year technology solution. So, the dilemma is, and you may remember in 2009, in the early part of the year, the economy was totally wiped out, and so part of the reason it all hit in the year was that all the businesspeople pulled back and decided not to really make decisions. And I was, frankly, amazed and gratified that we were able to turn it around and take those 12-month decisions and get it done in eight months, you know, and then hit all those things in December—

Bill Chapman: Yes.

John Roblin: And not to have the market reward us was a little bit disappointing.

Bill Chapman: Yes. Yes, I'm with you on that. And, well, as you and Brett keep building more and more aware—more and more investor awareness, and it's going to come. Well, thank you so much.

John Roblin: Thank you, Bill.

Operator: Thank you. Once again, ladies and gentlemen, if there are additional questions at this time, please press the star followed by the one on your touchtone phone.

And our next question comes from Morgan Duke with Kinderhook Partners. Please go ahead.

Morgan Duke: Hey, John.

John Roblin: Hey, Morgan.

Morgan Duke: So, what does this business actually do? Business intelligence?

John Roblin: Well, you know, actually, I'll take it, and if I mess it up, Seth can jump in and—

Morgan Duke: Yes, great.

John Roblin: And talk for me. Insurance, as you're aware, runs on a tremendous amount of information. We've talked about the complexity of insurance and the amount of pieces of data that they capture. And all that information is pumped in through a bunch of legacy systems, and those legacy systems, each one of them has their own pocket of that information. So, a business leader that's looking for information, it's very difficult for them to get through that pocket, all those pockets. They got to go to 10 or 12 different, or 112 or 212 different things. What Seth's team does, they go in and they take a look at those insurance companies. They take a look at the availability of information across all those legacy platforms, they extract all that information, they cleanse that information, and they put it into a central repository or a data warehouse. And then, they utilize real exciting leading-edge technologies to really mine that data to allow the customer to be able to access in multidimension and say, "Show me the growth for this time period in this line of business." So, they make that information accessible to the analysts and the other folks. So, it's a combination. It is identify, it is consolidate, it is cleanse, and then it is giving them the tools to really access that information. Seth, did I mess up?

Seth Rachlin: I think that's absolutely perfect. I mean, I guess the best way to look at it, if you want a kind of crude analogy, is that, you know, I remember the first time I ever worked with any of like the Quicken tools, and you get a kind of report that looked like any other report you would normally get. It tells' you what's doing well and what's doing badly. But then, the exciting thing is that you can click on any number there and you can get more information. So, what we're really about is repackaging the information such that you can look at it in a multidimensional way, and you can understand where things are going well, where things are going poorly, and then, ultimately, you can take action because you have a far more granular understanding of what's happening in the business than people who run insurance companies typically have.

Morgan Duke: Thanks. So, is this something that would typically be custom built? I mean, is this something that's happening now, or is this, you know, a bunch of tech guys that go in and pull data out of various systems and

assemble it in some way to, you know, for the businesspeople to look at and that sort of helps to automate that process, or how does this fit in?

John Roblin: Well, that's very astute, that's a very good question. Because every company is different and they have their own legacy topography in there, much of the work that's been done around this has been custom work inside each individual company. One of the things that we're really excited about this combination is Seth and his team have now done this with a number of different customers, and while they understand the uniqueness and value that uniqueness, they also have identified patterns of things that could be done and reused across the entire product set. So, we take that and we combine it with some of the capabilities Cover-All has done about creating products and services, where you take that commonality, we build out those capabilities. It's a real product set, and then we can use that as, if you will, a pump primer or a starter position to get that whole thing. You could envision a common data structure, you can envision a common set of tools, starter set, and other things. And so then, the real sets of issues, how can we link their legacy, which is kind of a custom thing, to get it into the model that's already built? So, we think it's a beautiful combination of a product orientation and then the overall custom service.

Now, if you take a look and extrapolate that back to Cover-All, you may remember, our My Insurance Center™ platform, every one of our customer [*sic*] uses the same database. So, if we were able to build the bridge, the customization from the My Insurance Center™ database into Seth's—Moore Stephens' data warehouse, and other things, we have an offering that could be presented to any user of Cover-All, and vice versa, you know, if some of Seth's customers decide they need policy admin, we already have that linkage. So, it's a really exciting thing as we expand out on this platform.

Morgan Duke: And so, what's the nature of the revenue, what's the revenue model in terms of—?

John Roblin: There—

Morgan Duke: You know, is it license sales, or—?

John Roblin: It's some license sales, not much because it's an emerging product, and that's really where we're working on. A lot of it is professional services and consulting, and it was a little bit more than 6 million in the previous 12 months. We're seeing some significant interest. We hope that that expands. We're going to do everything we can to try to help.

Morgan Duke: Is there a tail that does—you know, with those 22 customers with, I mean, you know, will you expect them to be continuing to spend money this year, or is it—?

John Roblin: It ebbs and flows. Some will be accelerating, some will be winding down, some others showing up even after a press release like today.

Morgan Duke: Yes.

John Roblin: You know, it's that type of a thing that emerges. The other interesting thing is Seth has a very interesting process where he's able to start small and grow and expand quickly based on, you know, what the people need. So, they've done a really, really good job in building some very strong relationships.

Morgan Duke: Okay, great. Thanks.

John Roblin: Thank you.

Operator: Thank you. I show no further questions at this time.

I would like to turn the call back to management for closing remarks.

John Roblin: Thank you, Alicia. And, thanks, everybody, for taking the time to participate. I would just add this. Cover-All, for the last three years, has demonstrated the ability to generate record profits and record revenues. We have also demonstrated margins that are industry leading. We also, during the same time, have self-funded a bunch of new products and services that we think are really making a difference in the marketplace, and I would point you to the Celent report that was issued last May. Because of that, we have been able to generate some cash and some of the other things. And when we take a look around and we see opportunities like was available with the Moore Stephens Business Solutions, where you have a company that has revenue, that has outstanding human resources, that has some forward-thinking people in terms of where they want to take the business, and where we can combine those two and have the wonderful synergy where you have an acquisition that's accretive in the current year, where it can be done in a way that didn't dilute our shareholders, and we can hit the ground running, this is an absolute home run. We are still working—and I mentioned it, on organic growth, and that will continue to be strong and expand. We are looking, and continue to look, at partnering with people in the offshore global arena. We are very excited about expanding into the whole Business Intelligence unit, and we will continue to look for those areas where either partnering or acquisition makes sense to allow us to grow. But in this entire process, we will keep our eye clearly on the ball, that we are designed and we are here to generate profits for our shareholders and value for our customers.

So, again, we thank you. I couldn't be happier. We said in January that we would be announcing a growth strategy that would move us out of the straight line, and I think we've done that with this. And I look forward to the upcoming conference calls. Thank you very much.

Operator: Ladies and gentlemen, this concludes the Cover-All Technologies Inc. Acquisition Conference Call. Thank you for your participation. You may now disconnect.