

EBIX INC
Form DEF 14A
September 22, 2006
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant x
Filed by a Party other than the Registrant o
Check the appropriate box:

- o Preliminary Proxy Statement
- o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- x Definitive Proxy Statement
- o Definitive Additional Materials
- o Soliciting Material Pursuant to §240.14a-12

Ebix, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- x No fee required.
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Ebix, Inc.
1900 E. GOLF ROAD, SUITE 1050
SCHAUMBURG, ILLINOIS 60173

September 22, 2006

Dear Stockholder:

On behalf of our Board of Directors, I cordially invite you to the Annual Meeting of Stockholders of Ebix, Inc. to be held at 10:00 a.m., Central Standard Time, on October 20, 2006, at our Schaumburg office, located at 1900 E. Golf Road, Suite 1050 in Schaumburg, Illinois.

The business of the meeting is described in detail in the attached notice of meeting and proxy statement. Also included is a proxy card and postage paid return envelope.

It is important that your shares are represented and voted at the Annual Meeting, regardless of the size of your holdings. Whether or not you plan to attend, please complete and return the enclosed proxy to ensure that your shares will be represented at the Annual Meeting. If you attend the meeting, you may withdraw your proxy by voting in person.

Sincerely,

Robin Raina
*Chairman of the Board and
Chief Executive Officer*

Ebix, Inc.

1900 E. GOLF ROAD, SUITE 1050
SCHAUMBURG, ILLINOIS 60173

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON OCTOBER 20, 2006**

Notice is hereby given that the Annual Meeting of Stockholders of Ebix, Inc. will be held at our Schaumburg office, located at 1900 E. Golf Road, Suite 1050 in Schaumburg, Illinois, at 10:00 a.m., Central Standard Time, on October 20, 2006, and at any adjournments or postponements thereof, for the following purposes:

1. To elect six directors to serve until the 2007 Annual Meeting or until their respective successors are elected and qualified.
2. To transact such other business as may properly come before the Annual Meeting and any adjournments or postponements thereof.

Our Board of Directors has fixed the close of business on August 21, 2006 as the record date for the determination of stockholders entitled to notice of, and to vote at, the Annual Meeting and any adjournments or postponements thereof.

Whether or not you plan to attend the meeting, please complete, sign, date and return the enclosed proxy in the envelope provided.

By Order of the Board of Directors

Richard J. Baum
*Executive Vice President Finance and Administration, Chief
Financial Officer,
Secretary and Director*

Dated: September 22, 2006

Ebix, Inc.
1900 E. GOLF ROAD, SUITE 1050
SCHAUMBURG, ILLINOIS 60173

(847) 789-3047

PROXY STATEMENT

FOR

**ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON OCTOBER 20, 2006**

GENERAL INFORMATION

We are providing these proxy materials to you in connection with the solicitation of proxies by the Board of Directors of Ebix, Inc. for the 2006 Annual Meeting (the "Annual Meeting") of our stockholders to be held on October 20, 2006, and any adjournment or postponement of the Annual Meeting. In this proxy statement, we refer to Ebix, Inc., as "Ebix," the "Company," "we," or "us."

We are holding our Annual Meeting at the Company's Schaumburg, Illinois office located at 1900 E. Golf Road, Suite 1050, Schaumburg, Illinois, on Friday, October 20, 2006, at 10:00 a.m. Central Standard Time. We intend to mail this proxy statement and accompanying proxy card to our stockholders starting on or about September 22, 2006. Our annual report for the year ended December 31, 2005, is being sent to each stockholder of record along with this proxy statement.

ABOUT THE MEETING

At our Annual Meeting, our stockholders will act upon the matters outlined in the accompanying notice of meeting, including the election of directors. In addition, our management will report on our performance during the 2005 year and respond to questions from stockholders.

VOTING INFORMATION

All shares represented by properly executed proxies received by the Board of Directors pursuant to this solicitation will be voted in accordance with the holder's directions specified on the proxy. If no directions have been specified by marking the appropriate places on the accompanying proxy card, the shares will be voted in accordance with the Board's recommendations which are:

- **FOR** the election of Robin Raina, Hans U. Benz, Neil D. Eckert, Pavan Bhalla, Rolf Herter and Hans Ueli Keller to our Board of Directors for a term of one year.

A stockholder signing and returning the accompanying proxy has power to revoke it at any time prior to its exercise by delivering to the Company a later dated proxy or by giving notice to the Company in writing or at the meeting, but without affecting any vote previously taken.

Record Date

You may vote all shares that you owned as of August 21, 2006, which is the record date for the Annual Meeting. On August 21, 2006, we had 2,759,488 shares of common stock outstanding. Each share of common stock is entitled to one vote on each matter properly brought before the meeting.

Ownership Of Shares

If your shares are registered directly in your name, you are the holder of record of these shares, and we are sending these proxy materials directly to you. As the holder of record, you have the right to give your proxy directly to us or vote in person at the Annual Meeting. If you hold your shares in a brokerage

account or through a bank or other holder of record, you hold the shares in street name, and your broker, bank or other holder of record is sending these proxy materials to you. As a holder in street name, you have the right to direct your broker, bank or other holder of record how to vote by filling out a voting instruction form that accompanies your proxy materials. Regardless of how you hold your shares, we invite you to attend the Annual Meeting.

How To Vote

Your Vote Is Important. We encourage you to vote promptly. You may vote in the following way:

By Mail: If you are a holder of record, you can vote by marking, dating, and signing your proxy card and returning it by mail in the enclosed postage-paid envelope. If you hold your shares in street name, please complete and mail the voting instruction card.

At The Annual Meeting: If you vote your shares now it will not limit your right to change your vote at the Annual Meeting if you attend in person. If you hold your shares in street name, you must obtain a proxy, executed in your favor, from the holder of record if you wish to vote your shares at the Annual Meeting.

All shares that have been properly voted and not revoked will be voted at the meeting. If you sign and return your proxy card without any voting instructions, your shares will be voted as the Board of Directors recommends.

Revocation Of Proxies: You can revoke your proxy at any time before your shares are voted if you: (1) send a written notice to our Secretary indicating that you want to revoke your proxy; or (2) deliver to our Secretary a duly executed proxy (or voting instructions if you hold your shares in street name) bearing a later date, which revokes all previous proxies; or (3) attend the meeting in person, give written notice of revocation to the secretary of the meeting prior to the voting of your proxy and vote your shares in person, although your attendance at the meeting will not by itself revoke your proxy.

Quorum And Required Vote

Quorum: We will have a quorum and will be able to conduct the business of the Annual Meeting if the holders of a majority of the votes that shareholders are entitled to cast are present at the meeting, either in person or by proxy.

Vote Required for Proposals: Directors are elected by a plurality of the shares of common stock that are present in person or represented by proxy.

Routine And Non-Routine Proposals: NASDAQ rules determine whether proposals presented at the shareholder meetings are routine or not routine. If a proposal is routine, a broker or other entity holding shares for an owner in street name may vote for the proposal without voting instructions from the owner.

If a proposal is not routine, the broker or other entity may vote on the proposal only if the owner has provided voting instructions. A broker non-vote occurs when the broker or other entity is unable to vote on a proposal because the proposal is not routine and the owner does not provide any instructions.

Under NASDAQ rules, the election of directors is a routine item.

How We Count Votes: In determining whether we have a quorum, we count abstentions and broker non-votes as present and entitled to vote.

In counting votes on the proposals:

- We do not count abstentions or broker non-votes, if any, as votes cast for the election of directors, but we do count votes withheld for one or more nominees as votes cast.
- Because directors are elected by a plurality, this means that the seven nominees receiving the highest number of FOR votes will be elected. Neither abstentions nor broker non-votes will have any effect in determining the outcome of the election of directors.

INFORMATION CONCERNING THE BOARD OF DIRECTORS AND COMMITTEES AND CORPORATE GOVERNANCE OF THE COMPANY

Our business is managed by the Company's employees under the direction and oversight of the Board of Directors. Except for Mr. Raina and Mr. Baum, none of our current Board members is an employee of the Company. We keep Board members informed of our business through discussions with management, materials we provide to them, visits to our offices, and facilities, and their participation in Board and Board committee meetings. The Board has three standing committees: the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee. The Board limits membership of the Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee to independent non-management directors.

The Audit Committee exercises oversight responsibility regarding the quality and integrity of our auditing and financial reporting practices. In discharging this responsibility, the Audit Committee, among other things, selects the independent registered public accounting firm, pre-approves the audit and any non-audit services to be provided by the auditors and reviews the results and scope of the annual audit performed by the auditors. The Audit Committee currently consists of Messrs. Bhalla (Chairman), Keller and Benz. After reviewing the qualifications of the current members of the committee, and any relationships they may have with the Company that might affect their independence from the Company, our Board of Directors has determined that (1) all current members of the Audit Committee are independent as that concept is defined in Section 10A of the Securities Exchange Act of 1934, (2) all current members of the Audit Committee are independent as that concept is defined in the NASDAQ listing standards, (3) all current members of the Audit Committee are financially literate, and (4) Mr. Bhalla qualifies as an audit committee financial expert as defined under SEC rules promulgated under the Sarbanes-Oxley Act of 2002. The Audit Committee met 6 times during 2005. The Audit Committee exercises its authority pursuant to a written charter that was adopted in October 2004 and is attached to this proxy statement as **Exhibit A**.

The Compensation Committee is responsible for approving compensation of officers and directors and administration of our various employee benefit plans. The Compensation Committee operates pursuant to a written charter that is posted on our website at www.ebix.com. The Compensation Committee currently consists of Messrs. Benz and Keller (Chairman), each of whom is independent as that concept is defined in the NASDAQ listing standards. The Compensation Committee met 5 times during 2005. The Compensation Committee exercises its authority pursuant to a written charter that was adopted in October 2004 and attached to this proxy statement as **Exhibit B**.

The Corporate Governance and Nominating Committee has responsibility for recommending to the Board of Directors the persons to be nominated for election as directors by stockholders and recommending the persons to be elected by the Board of Directors to fill any vacancies. It also makes recommendations to the Board of Directors concerning the qualifications of members of the Board of Directors' committees, committee member appointment and removal and appointment of committee chairs. In addition, the Corporate Governance and Nominating Committee considers matters of corporate governance generally and reviews and recommends to the Board of Directors, periodically, our Corporate Governance Guidelines. The Corporate Governance and Nominating Committee currently consists of

Messrs. Eckert (Chairman) and Herter, each of whom is independent as that concept is defined in the NASDAQ listing standards. The Corporate Governance and Nominating Committee met four times in 2005. See Nominating Procedures. The Corporate Governance and Nominating Committee exercises its authority pursuant to a written charter which was adopted in October 2004. Its charter, along with the Audit and Compensation Committee charters and our Corporate Governance Guidelines posted on our website at www.ebix.com.

The Board of Directors held 9 meetings during 2005. All but one of these meetings was conducted via teleconference. All directors attended at least 75% or more of the meetings.

Corporate Governance Practices And Policies

Our Board of Directors has been carefully following the corporate governance developments that have been taking place as a result of the adoption of the Sarbanes-Oxley Act of 2002, the rules adopted thereunder by the Securities and Exchange Commission (SEC), new NASDAQ listing standards and other corporate governance recommendations. In October 2004, our Board designated a new committee, the Corporate Governance and Nominating Committee, and also adopted new charters for the Audit Committee and the Compensation Committee, as well as our Corporate Governance Guidelines.

Our Corporate Governance Guidelines address, among other things, the Board's composition, qualifications and responsibilities, director education and stockholder communication with directors. These Corporate Governance Guidelines provide that directors are expected to attend our annual meeting of stockholders.

Our Board of Directors also has adopted a Code of Ethics for Senior Financial Officers, which is applicable to our Chief Executive Officer, Chief Operating Officer, Corporate Controller and any other persons designated as senior financial officers. Our Board of Directors also has adopted a Code of Conduct, articulating standards of business and professional ethics, which is applicable to all of our directors, officers and employees. The full texts of the Code of Ethics for Senior Financial Officers and Code of Conduct are available on our website.

Nominating Procedures

The Corporate Governance and Nominating Committee will consider candidates for the Board of Directors from any reasonable source, including stockholder recommendations. The Corporate Governance and Nominating Committee will not evaluate candidates differently based on who has made the proposal. The Corporate Governance and Nominating Committee has the authority under its charter to hire and pay a fee to consultants or search firms to assist in the process of identifying and evaluating candidates. No such consultants or search firms have been used to date and, accordingly, no fees have been paid to consultants or search firms in the past fiscal year. The Corporate Governance and Nominating Committee will consider many factors when considering candidates for election to the Board of Directors, including that the proper skills and experiences are represented on the Board of Directors and its committees and that the composition of the Board of Directors and each such committee satisfies applicable legal requirements and the NASDAQ listing standards. Depending upon the current needs of the Board of Directors, certain factors may be weighed more or less heavily by the Corporate Governance and Nominating Committee.

Stockholders who wish to suggest qualified candidates should write to the Secretary, Ebix, Inc., 1900 E. Golf Road, Suite 1050, Schaumburg, Illinois 60173, specifying the name of the candidates and stating in detail the qualifications of such persons for consideration by the Corporate Governance and Nominating Committee. A written statement from the candidate consenting to be named as a candidate and, if nominated and elected, to serve as a director should accompany any such recommendation.

Stockholder Communications

The Board of Directors has provided a means by which stockholders may send communications to the Board or to individual members of the Board. Such communications, whether by letter, e-mail or telephone, should be directed to the Corporate Compliance Officer of the Company who will forward them to the intended recipients. However, unsolicited advertisements or invitations to conferences or promotional material, in the discretion of the Corporate Compliance Officer or his designee, may not be forwarded to the directors.

If a stockholder wishes to communicate to the Chairman of the Audit Committee about a concern relating to the Company's financial statements, accounting practices or internal controls, the concern should be submitted in writing to the Chairman of the Audit Committee in care of the Company's Corporate Compliance Officer at the Company's headquarters address. If the concern relates to the Company's governance practices, business ethics or corporate conduct, the concern likewise should be submitted in writing to the Chairman of the Audit Committee in care of the Company's Corporate Compliance Officer at the Company's headquarters address. If the shareholder is unsure as to which category his or her concern relates, he or she may communicate it to any one of the independent directors in care of the Company's Secretary. The Company's whistleblower policy prohibits the Company or any of its employees from retaliating or taking any adverse action against anyone for raising a concern. If a shareholder or employee nonetheless prefers to raise his or her concern in a confidential or anonymous manner, the concern may be directed to the Corporate Compliance Officer at the Company's headquarters or by telephone at (847) 789-3047.

Independence

We require that a majority of the Board of Directors consist of independent, non-management directors, who also meet the criteria for independence required by the NASDAQ. Under such rules, a director is independent if he or she does not have a material relationship with the Company. Our Board annually evaluates each member's independence status.

The Board of Directors has determined that as of August 21, 2006, 5 of the Company's 7 incumbent directors are independent, including under NASDAQ guidelines: Messrs. Bhalla, Keller, Benz, Eckert and Herter. Mr. Raina and Mr. Baum, as management directors, participate in the Board's activities and provide valuable insights and advice.

Non-management directors have access to individual members of management or to other employees of the Company on a confidential basis. Directors also have access to Company records and files and directors may contact other directors without informing Company management of the purpose or even the fact of such contact.

Director Compensation

Under the Non-Employee Directors Stock Option Plan (the 1998 Director Option Plan), each non-employee director, upon initial election or appointment to serve on the Board of Directors, receives a grant of an option to purchase 1,500 shares of Common Stock at an exercise price per share of 100% of the fair market value of a share on the date of the grant. Of the 1,500 shares of Common Stock subject to such an option, the option becomes exercisable with respect to (a) 500 shares on the day prior to the first anniversary of the date of the grant and (b) 125 shares on the last day of each of the eight calendar quarters commencing on the last day of the calendar quarter ending on or after the first anniversary of the date of the grant. Each option has a term of ten years beginning on the date of the grant.

In addition, the 1998 Director Option Plan provides for each non-employee director, immediately following each Annual Meeting of our stockholders, to be granted an option to purchase 450 shares of Common Stock at an exercise price per share of 100% of the fair market value of a share of Common Stock on the date of the grant. Of the 450 shares of Common Stock subject to each such option, the option becomes exercisable with respect to 112.5 shares on the last day of each of the four calendar quarters beginning with the calendar quarter ending on or after the date of the grant. Each option has a term of ten years beginning on the date of grant.

In December 2004, our Board of Directors adopted a new compensation program for our non-employee directors, which commenced in 2005. Pursuant to this program, each non-employee director is to receive an annual cash retainer of \$14,000. The Chairman of the Audit Committee is to receive an additional annual fee of \$5,000 and each other member of the Audit Committee and each member of the Compensation Committee is to receive an additional annual fee of \$2,500. Also, each non-employee director is to receive an initial grant on his election to the Board of an option to purchase 1,500 shares, vesting over three years, and an annual grant thereafter of an option to purchase 1,500 shares, including the options automatically awarded under the 1998 Director Option Plan. These options will be granted immediately following each Annual Meeting of stockholders at an exercise price per share of 100% of the fair market value of a share of common stock on the date of grant. These options will become exercisable on the last day of each of the four calendar quarters beginning with the first calendar quarter ending on or after the date of the grant and will have a term of ten years beginning on the date of the grant.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Name of Beneficial Owner (1)	Common Stock Ownership	Percent of Class
BRiT Insurance Holdings PLC (2)	930,163	33.7 %
Rennes Foundation (3)	347,123	12.6 %
CF Epic Insurance and General Fund (4)	222,223	8.1 %
Robin Raina (5)	462,298	16.8 %
Richard J. Baum (6)	94,088	3.4 %
Pavan Bhalla (7)	4,625	* %
Hans Ueli Keller (8)	4,275	* %
Hans U. Benz (9)		* %
Neil D. Eckert (10)		* %
Rolf Herter (11)		* %
All directors, executive officers and nominees as a group (7 persons)		17.1 %

* Less than 1%.

(1) The following table sets forth, as of August 21, 2006, the ownership of our Common Stock by each of our directors, by each of our Named Executive Officers (as defined on page 12), by all of our current executive officers and directors as a group, and by all persons known to us to be beneficial owners of more than five percent of our Common Stock. The information set forth in the table as to the current directors, executive officers and principal stockholders is based, except as otherwise indicated, upon information provided to us by such persons. Unless otherwise indicated, each person has sole investment and voting power with respect to the shares shown below as beneficially owned by such person.

(2) The address of BRiT Insurance Holdings PLC is 55 Bishopsgate, London, EC2N 3AS, United Kingdom. The address and information set forth in the table as to this stockholder are based on a

Schedule 13D/A filed by this stockholder on October 21, 2002. As of August 21, 2006, BRiT Insurance Holdings PLC owned approximately 78% of the equity interests of CF Epic Insurance and General Fund, but did not have voting or dispositive control over the shares of our Common Stock owned by CF Epic Insurance and General Fund.

- (3) The address of the Rennes Foundation is Aeulestrasse 38, FL 9490 Vaduz, Principality of Liechtenstein. The address and information set forth in the table as to this stockholder are based on a Schedule 13G/A filed by this stockholder on February 12, 2004.
- (4) The address of CF Epic Insurance and General Fund is c/o Simon Shaw, Investment Manager, 55 Bishopsgate, London, EC2N 3AS, United Kingdom.
- (5) Mr. Raina's ownership includes 18,112 shares of restricted stock as well as options to purchase 443,751 shares of our common stock which are exercisable as of August 21, 2006, or that will become exercisable within 60 days after that date. The address of Mr. Raina is 5 Concourse Parkway, Suite 3200, Atlanta, Georgia 30328.
- (6) Mr. Baum's ownership includes 6,888 shares of restricted stock as well as options to purchase 87,200 shares of our common stock which are exercisable as of August 21, 2006, or that will become exercisable within 60 days after that date.
- (7) Mr. Bhalla's ownership includes options to purchase 4,625 shares of our common stock which are exercisable as of August 21, 2006, or that will become exercisable within 60 days after that date.
- (8) Mr. Keller's ownership includes options to purchase 4,275 shares of our common stock which are exercisable as of August 21, 2006, or that will become exercisable within 60 days after that date.
- (9) Mr. Benz's ownership includes options to purchase 0 shares of our common stock which are exercisable as of August 21, 2006, or that will become exercisable within 60 days after that date.
- (10) Mr. Eckert's ownership includes options to purchase 0 shares of our common stock which are exercisable as of August 21, 2006, or that will become exercisable within 60 days after that date.
- (11) Mr. Herter's ownership includes options to purchase 0 shares of our common stock which are exercisable as of August 21, 2006, or that will become exercisable within 60 days after that date.

PROPOSAL 1. ELECTION OF DIRECTORS

Our bylaws provide for a Board of Directors consisting of not less than four, nor more than eight, directors. The number of directors has been set as six (6), each of which will be elected at the Annual Meeting. The directors elected will hold office until their successors are elected (which should occur at the next Annual Meeting) and qualified, unless they die, resign or are removed from office prior to that time. In the absence of specific instructions, executed proxies which do not indicate for whom votes should be cast will be voted FOR the election of the nominees named below as directors. In the event that any nominee is unable or declines to serve as a director (which is not anticipated), the proxyholders will vote for such substitute nominee as the Board of Directors recommends or vote to allow the vacancy to remain open until filled by the Board of Directors, as the Board of Directors recommends.

Set forth below is information as to each nominee for director, including age, principal occupation and employment during the past five years, directorships with other publicly-held companies, and period of service as a member of our Board of Directors. Our Board of Directors has determined that all of our non-employee directors and nominees (all of the directors and nominees other than Robin Raina, our Chairman, President and Chief Executive Officer and Richard J. Baum, our Executive Vice President Finance & Administration, Chief Financial Officer and Secretary to Ebix, Inc.) are independent as that concept is defined in the NASDAQ listing standards.

ROBIN RAINA, 40, has been a director at Ebix since February 2000. Mr. Raina joined Ebix, Inc. in October 1997 as our Vice President Professional Services and was promoted to Senior Vice President Sales and Marketing in February 1998. Mr. Raina was promoted to Executive Vice President, Chief Operating Officer in December 1998. Mr. Raina was appointed President effective August 2, 1999, Chief Executive Officer effective September 23, 1999 and Chairman in May 2002. Prior to joining us, from 1990 to 1997, Mr. Raina held senior management positions for Mindware, an international technology consulting firm, serving in Asia and North America. While employed by Mindware, Mr. Raina was responsible for managing projects for multinational corporations, including setting up offshore laboratories, building intranets, managing service bureaus and support centers, providing custom programming, and year 2000 conversions. Mr. Raina holds an Industrial Engineering degree from Thapar University in Punjab, India.

HANS U. BENZ, 60, has for the last five years been President of the holding group BISON, a Swiss corporation with approximately five hundred employees which develops and implements business solution software in German-speaking parts of Europe. Prior to this position, he was president of a banking software company named BOSS Lab. His business experience extends from wholesale and retail trading to the Swiss private insurance industry. Mr. Benz is currently also a principal investor in HuB Venture Capital Projects. He has been a director since 2005.

PAVAN BHALLA, 43, has been a director since June 2004. Mr. Bhalla currently serves as Corporate Controller of Hewitt Associates, Inc. He has served in this position since July 2006. Mr. Bhalla served as Senior Vice President Finance of MCI Inc., a global telecommunications company, and oversaw financial management of MCI's domestic retail business units from August 2003 until joining Hewitt Associates, Inc. Before joining MCI in August 2003, Mr. Bhalla spent over seven years with BellSouth Corporation, a telecommunications company, serving in a variety of executive positions, including Chief Financial Officer of BellSouth Long Distance Inc. from 1999 to 2002, Corporate Controller of BellSouth Cellular Corp. from 1997 to 1999, and Regional Director of Finance of BellSouth Cellular Corp. from 1996 to 1997.

NEIL D. ECKERT, 44, is currently a director of BRiT Insurance Holdings, plc. Until April 2005, he served as Chief Executive Officer of BRiT and had been such since 1999. In 1995, he co-founded BRiT as a listed investment trust. Mr. Eckert is also Non-Executive Chairman of Design Technology and Innovation Limited, a patenting and intellectual property company, as well as a director of Ri3K, an

internet hub for reinsurance. He was a member of the Board of Directors of the Benfield Group from 1991 to 2000. He has been a director since 2005.

ROLF HERTER, 43, is the managing partner of Streichenberg, Attorneys at Law in Zurich, Switzerland. Streichenberg is a mid-sized commercial law firm, and Mr. Herter has been managing partner since 2004. Mr. Herter's practice consists primarily of representation of information technology companies, both private and publicly traded. He has served on the Board of Directors of several companies and is currently serving as a member of the Board of Directors of IC Company's Switzerland AG and Roccam Rocca Asset Management AG. He also serves as a supervisor of investments for several Swiss and German companies. He has been a director since 2005.

HANS UELI KELLER, 55, has been a director since July 2004. Mr. Keller most recently spent over 20 years with Zurich-based Credit Suisse, a global financial services company, serving as Executive Board Member from 1997 to 2000, Head of Retail Banking from 1993 to 1996, and Head of Marketing from 1985 to 1992. He is presently also serving as Chairman of the Board of Swisscontent Corp. AG.

Required Vote

The six nominees receiving the highest number of votes will be elected to the Board of Directors. Stockholders do not have the right to cumulate their votes in the election of directors.

Board Recommendation

Our Board of Directors recommends that you vote **FOR** the election of the nominees for director listed above.

EXECUTIVE OFFICERS

We have two executive officers, Mr. Raina and Richard J. Baum. Information as to Mr. Raina is provided above.

RICHARD J. BAUM, 67, has been Executive Vice President Finance & Administration, Chief Financial Officer, and Secretary of Ebix, Inc. since July 21, 1999, having joined us as Senior Controller in June 1999. He has served on the Board of Directors since 2005. Since 1988, he has been President of Consulting Capabilities Corp., a general business consulting firm specializing in turnaround and crisis management. His prior executive level posts include Chief Financial Officer of General American Equities (1983-1987), Vice President of American Invesco Corp (1979-1983), Chief Financial Officer of Norlin Music, Inc. (1977-1979), and Chief Financial Officer and member of the Board of Midas International Corp. (1972-1977). He is a CPA and holds an MBA from the University of Chicago.

EXECUTIVE COMPENSATION

Compensation Committee Report On Executive Compensation

The Compensation Committee of the Board of Directors reviews and makes recommendations to the Board of Directors regarding salaries, compensation and benefits of officers and other key employees and grants options to purchase Common Stock.

During 2005, the members of the Compensation Committee were Messrs. Benz and Keller.

COMPENSATION PHILOSOPHY. Our goals are to reward executives consistent with our company's performance and to encourage the executives to increase stockholder value. To achieve these goals, the Compensation Committee has adopted the following objectives as guidelines:

- Display a willingness to pay executives compensation necessary to attract and retain highly qualified executives.
- Be willing to compensate executives for superior performance or for assuming new responsibilities or new positions within our company.
- Take into account historical levels of executive compensation and compensation structures competitive with other companies of a similar size.
- Implement a balance between short and long-term compensation to complement our annual and long-term business objectives and strategies.
- Provide compensation opportunities based on our performance, encourage stock ownership by executives and align executive compensation with the interests of stockholders.

COMPENSATION PROGRAM COMPONENTS. The Compensation Committee reviews our compensation program to ensure that pay levels and incentive opportunities are competitive with the market and reflect our performance. The particular elements of the compensation program for executive officers are further explained below.

BASE SALARY. Base pay levels are largely determined by evaluating the responsibilities of the position held and the experience of the individual and by comparing the salary scale with companies of similar size and complexity with which the members of the Compensation Committee are familiar. Actual base salaries are kept within a competitive salary range for each position that is established through job evaluation and market comparisons.

ANNUAL INCENTIVES. We have historically awarded cash bonuses to certain of our salaried employees (including the Named Executive Officers). Bonuses are based on various factors, including profitability, revenue growth, management development and other specific performance criteria.

STOCK OPTIONS AND RESTRICTED STOCK. The Compensation Committee strongly believes that by providing those persons who have substantial responsibility for our management and growth with an opportunity to increase their ownership of our stock, the interests of stockholders and executives will be closely aligned. Therefore, our officers (including the Named Executive Officers) and other key employees are eligible to receive either incentive stock options or nonqualified stock options as the Compensation Committee may determine from time to time, giving them the right to purchase shares of our Common Stock at an exercise price equal to 100 percent of the fair market value of the Common Stock at the date of grant. The number of stock options granted to officers is based on several factors, including options held as a percentage of total outstanding shares, exercise price of existing options, retention considerations and competitive practices. In the future, the Compensation Committee also intends to make awards of restricted stock to our executive officers.

On June 1, 2005, the Compensation Committee of the Board of Directors of the Company gave final approval to awards of 9,758 shares of restricted stock to Robin Raina, the Company's Chairman, Chief Executive Officer and President, and 4,382 shares of restricted stock to Richard J. Baum, the Company's Executive Vice President, Chief Financial Officer and Secretary, under the Company's 1996 Incentive Plan. The awards were made pursuant to a 2004 incentive compensation program (the "2004 Program") approved by the Company's Board of Directors on December 4, 2004 and were subject to a determination by the Compensation Committee and the Board, after the Company's release of its 2004 operating results, that such operating results were substantially consistent with the operating results of the Company for the first nine months of 2004, as they compared to those for the same period of the prior year (excluding

executive incentive compensation). The Compensation Committee and the Board made such determination in April 2005, at which time the grants of the restricted stock (along with 2004 cash bonus compensation) were approved, subject to the Compensation Committee's approval of certain terms of the restricted stock awards and of the forms of restricted stock agreements to represent such awards.

On June 1, 2005, the Compensation Committee approved such terms and forms of restricted stock agreements, and the shares of restricted stock were issued to each of Messrs. Raina and Baum on such date. In accordance with the 2004 Program, the number of shares of restricted stock issued to each of Messrs. Raina and Baum represents 10% of the aggregate of the total salary and cash bonus compensation earned by such officer for 2004 (such aggregate compensation being \$1,012,848 in the case of Mr. Raina and \$454,889 in the case of Mr. Baum), divided by the market price of the Company's stock on April 11, 2005, the date the Board approved the restricted stock grants. The Company recognized compensation expense of approximately \$20,000 and \$45,000 related to these shares in 2005 for grants to Mr. Raina and Mr. Baum respectively.

On February 3, 2006, the Compensation Committee of the Board of Directors of the Company gave final approval to awards of 8,354 shares of restricted stock to Robin Raina, the Company's Chairman, Chief Executive Officer and President, and 2,506 shares of restricted stock to Richard J. Baum, the Company's Executive Vice President, Chief Financial Officer, Secretary and Director, under the Company's 1996 Incentive Plan. The awards were made pursuant to a 2005 incentive compensation program (the 2005 Program) approved by the company's Board of Directors. In accordance with the 2005 Program, the number of shares of restricted stock issued to each of Messrs. Raina and Baum represents 15% of the aggregate of the total salary and cash bonus compensation earned by him for 2005 (such aggregate compensation being \$1,100,000 in the case of Mr. Raina and \$330,000 in the case of Mr. Baum), divided by the market price of the Company's stock on February 3, 2006, the date the Board approved the restricted stock grants. The Company recognized compensation expense of approximately \$14,000 and \$73,000 related to these shares for the three and six months ended June 30, 2006. There was no compensation expense related to this restricted stock for the three and six months ended June 30, 2005.

CHIEF EXECUTIVE OFFICER COMPENSATION. Mr. Raina's base salary as Chief Executive Officer during 2004 was based on his compensation level in 2003 and the Compensation Committee's assessment of the value to us of continuity and stability in our management. The Compensation Committee also compared Mr. Raina's compensation to compensation levels in the marketplace for chief executive officers of companies of comparable size with which the members are familiar.

In 2004, Mr. Raina was granted a base salary of \$378,540. Also, in 2004, Mr. Raina received options to purchase 50,000 shares of our Common Stock, based on our subjective analysis of his performance and the performance of our Company, and considering the Common Stock and stock options already held by him. Mr. Raina also received a bonus of \$634,270, based on success in achieving profit goals of our Company. In addition, on May 9, 2003, our Board of Directors established a supplemental executive bonus plan. The plan provided that bonuses would be paid based on the extent to which operating cash flow exceeded a target amount, with depreciation and amortization being held constant. A bonus pool consisting of a maximum of 25% of any such excess would be established and the pool would be divided as follows: 68% of the pool to Mr. Raina, 20% of the pool to Mr. Baum and 12% of the pool to certain other key employees. Under this plan, a supplemental bonus was paid to Mr. Raina for 2004 of \$449,000 which was part of his \$634,700 total bonus.

In 2005, Mr. Raina was granted a base salary of \$380,000. Also, in 2005, Mr. Raina received a grant of 101,285 shares of restricted stock, based on our subjective analysis of his performance and the performance of our Company, and considering the Common Stock and stock options already held by him. Mr. Raina also received a bonus of \$700,000, based on success in achieving profit goals of our Company.

In July 2006, the Board of Directors approved a 2006 compensation package for Mr. Raina recommended by the Compensation Committee. Under this package, Mr. Raina is to receive a base salary of \$400,000 for 2006 as well as an additional bonus of up to \$700,000 assuming certain earnings criteria are met by the Company. Further, the Board of Directors resolved that it could in 2006 grant, at its discretion, Company restricted stock valued at an amount of up to 25% percent of Mr. Raina's base salary and bonus for 2006.

COMPENSATION COMMITTEE CHARTER. This charter sets forth the duties and responsibilities of the Compensation Committee, a copy of which is attached to this proxy statement as **Exhibit B**.

COMPLIANCE WITH INTERNAL REVENUE CODE SECTION 162(m). It is the Compensation Committee's general policy to qualify stock option awards for deductibility under applicable tax laws. With respect to other forms of compensation, the Compensation Committee does not currently consider the impact of Section 162(m) of the Internal Revenue Code, due to the Company's significant net operating loss carryforwards.

Respectfully submitted,

Hans U. Benz
Hans Ueli Keller

Other Executive Compensation Information

The following sections of this proxy statement set forth compensation information relating to the Chief Executive Officer and the Chief Financial Officer for the fiscal year ended December 31, 2005.

The table below contains information regarding the annual and long-term compensation for the years ended December 31, 2005, December 31, 2004 and December 31, 2003 for our Chief Executive Officer and Chief Financial Officer (collectively, the Named Executive Officers).

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Annual Compensation		Other Annual Compensation (\$)	Long Term Compensation Awards		All Other Compensation (\$)(1)
		Salary (\$)	Bonus (\$)		Restricted Stock Awards (\$)	Securities Underlying Options (#)	
Robin Raina	2005	\$ 380,731	\$ 700,000 (2)	\$	\$ 101,285		\$ 3,150
President, Chief Executive Officer and Chairman of the Board	2004	\$ 378,540	\$ 634,270 (3)	\$	\$	50,000	\$ 3,075
	2003	\$ 350,000	\$ 624,310 (4)	\$	\$	110,000	\$ 2,105
Richard J. Baum	2005	\$ 214,862	\$ 110,000 (2)	\$	\$ 45,489		\$ 3,150
Executive Vice President	2004	\$ 216,739	\$ 238,150 (3)	\$	\$	10,000	\$ 3,075
Chief Financial Officer and Secretary	2003	\$ 200,000	\$ 232,150 (4)	\$	\$	12,000	\$ 3,000

(1) Represents matching contributions pursuant to our 401(k) plan.

(2) The 2005 bonuses include supplemental bonuses of \$500,000 for Mr. Raina that was based upon the achievement of operating cash flow goals.

(3) On December 4, 2004 the Board of Directors of the Company, upon recommendation of the Compensation Committee approved the 2004 incentive compensation program for the Company's two Named Executive Officers. Pursuant to this program, each Messrs. Raina and Baum is to receive (1) cash bonus compensation in the same percentage of base salary as the total bonus compensation received by him for 2003 and (2) shares of restricted Common Stock of the Company having a grant date value equal to 10% of the aggregate of the total salary and cash bonus compensation to be earned by him for 2004. The cash bonus is comprised of a regular bonus and a supplemental bonus. The regular bonus is calculated at 50% of the officer's annual base salary and the supplemental bonus is \$449,000 for Mr. Raina and \$132,000 for Mr. Baum. The payment of cash bonuses and issuance of restricted stock is subject to the determination by the Compensation Committee and the Board, after the Company's release of its 2004 operating results, that such operating results are substantially consistent with the operating results of the Company for the first nine months of 2004, as they compare to those for the same period of the prior year (excluding incentive compensation). The restricted stock awards will be made pursuant to the Company's 1996 Stock Incentive Plan.

(4) The 2003 bonuses include supplemental bonuses of \$449,000 for Mr. Raina and \$132,000 for Mr. Baum that were based upon the achievement of operating cash flow goals.

Option Grants for the Year Ended December 31, 2005

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The table below contains information regarding individual grants of options to purchase shares of Common Stock made during the year ended December 31, 2005 to each of the Named Executive Officers. We did not award any stock appreciation rights in 2005.

OPTION GRANTS IN LAST FISCAL YEAR

Name	Number of Securities Underlying Options Granted (#)	Individual Grants (1) % of Total Options Granted to Employees in Fiscal Year	Exercise Price Per Share (\$/Sh)	Expiration Date	Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation For Option Term (2)	
					5% (\$)	10% (\$)
Robin Raina		%	\$		\$	\$
Richard J. Baum		%	\$		\$	\$

(1) All options were granted under our 1996 Stock Incentive Plan.

(2) Potential realizable value is presented net of the option exercise price but before any federal or state income taxes associated with exercise. These amounts represent certain assumed rates of appreciation prescribed by the SEC. Actual gains are dependent on the future performance of the Common Stock and the option holders' continued employment over the vesting period. The potential realizable values do not reflect our prediction of our stock price performance. The amounts reflected in the table may not be achieved.

December 31, 2005 Option Values

The table below contains information regarding unexercised options to purchase Common Stock held by the Named Executive Officers as of December 31, 2005. No stock options were exercised by the Named Executive Officers during 2005.

FISCAL YEAR-END OPTION VALUES

Name	Number of Securities Underlying Unexercised Options at Year-End (#)		Value of Unexercised In-the-Money Options at Year-End (\$) (1)	
	Exercisable	Unexercisable	Exercisable	Unexercisable
Robin Raina	443,751	11,250	\$ 5,216,713	\$
Richard J. Baum	90,750	7,500	\$ 1,070,640	\$

(1) The value per option is calculated by subtracting the exercise price per share from the closing price of our Common Stock on the NASDAQ Smallcap Market on December 31, 2005, which was \$19.77.

Equity Compensation Plan Information

As of December 31, 2005, we maintained the 1996 Stock Incentive Plan and our 1998 Non-Employee Directors Stock Option Plan, each of which was approved by our stockholders. We also maintained the 2001 Stock Incentive Plan, which was not approved by our stockholders. As discussed below, our Board of Directors has terminated the 2001 Stock Incentive Plan. The table below provides information as of December 31, 2005 related to these plans.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans
Equity Compensation Plans Approved by Security Holders	660,912	\$	