

# Executive Summary.

# Introduction.

## **From Insurtechs to the Four Forces of Acceleration: An In Depth Review of the Players that Speed Up and Evolve the Insurance Liquid Ecosystems**

For this year's Insurtech Global Outlook Report, we have broadened our investigation to delve deep into the other three Forces of Acceleration of the Insurance Liquid Ecosystems.

After a complicated year due to the pandemic, 2021 was a very positive year for the sector. The Insurtech landscape put up impressive figures, with a 38% increase in global investment when compared to 2020. Insurers and their Digital Garages' role in this ecosystem deserve special mention, both in terms of partnerships and in terms of funding, which reached almost \$18B.

In this edition, we also looked into the role played by New Entrants in Insurance, especially Tech Giants, which invested a total of \$460 billion in 2021, and showed their leadership when compared to other Industry Giants. We also provide evidence on what their main objectives are, their goals when participating in the ecosystem and how these players are getting closer to Insurance companies in the race for dominance of the industry.

Lastly, we explored the impact of Regulation on the Liquid Ecosystems and reviewed how different legislators worldwide are promoting innovation through Regulatory Sandboxes. Examples of the investment growth in Regtech companies are also presented, and we analyze the role they play in the era of Open Insurance.

In this Executive Summary, we present the most relevant insights of our four papers for insurance executives, according to our vision and exhaustive analysis of the Forces of Acceleration. This provides an overview of our knowledge and expertise in the matter, and we trust it serves as a guide to you, as leaders, aiding strategic and thoughtful decision-making.



# The Top 21 Insights from 2021.

01. ●

**2021: The Insurtech Market Boom**

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Insurtechs.

02. ●

**Hype or Disruption?**

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Insurtechs.

03. ●

**The End of the First Wave of Innovation**

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Insurtechs.

04. ●

**New Segments to Keep an Eye On**

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Insurtechs.

05. ▲

**Insurers Increase their Participation in Startups x3 and Prove to Believe in Insurtechs**

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Insurers and their Digital Garages

06. ▲

**Growth Stage Insurtechs Preferred, but not as Lead Investors**

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Insurers and their Digital Garages

07. ▲

**European, Young and Value Chain Disruptors are the Top Invested Insurtechs by Insurers**

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Insurers and their Digital Garages

08. ▲

**Distribution and Commercial, the Golden Insurance Innovation Opportunity**

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Insurers and their Digital Garages

09. ◐

**2021: Tech Giants Reach a New Maximum Investment in Startups**

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New Entrants and Tech Giants

10. ◐

**Tech Giants Still Behind Insurers as Insurtech Investors, but Gap Closing Quickly**

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New Entrants and Tech Giants



11.

**Tech Giants' and Insurers Have Backed 2021's Top Funded Insurtechs**

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New Entrants and Tech Giants

16.

**Top players in Ecosystems | Home Safe Home**  
Ikea Smart Home and Hemsäker

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New Entrants and Tech Giants

17.

**Top players in Ecosystems | Business Shield**  
Amazon Prime Business

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New Entrants and Tech Giants

12.

**Tech Giants focused on Distribution and SMEs**

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New Entrants and Tech Giants

13.

**Insurance Liquid Ecosystem Harvesting the Pandemic's Recovery**

---

New Entrants and Tech Giants

18.

**The Expansion of Regulatory Sandboxes in All Geographies Confirms the Value of Security and Protection for the New Open Insurance Era**

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Regulations

19.

**Taking a "Step Back" to Accelerate Insurance Transformation**

---

Regulations

14.

**Top players in Ecosystems | Smart Mobility**  
Insure My Tesla

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New Entrants and Tech Giants

15.

**Top players in Ecosystems | Healthy Living**  
Ping An's Good Doctor

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New Entrants and Tech Giants

20.

**DORA, the New Cybersecurity Regulatory Framework for Financial Services**

---

Regulations

21.

**Technology as an Ally. Regtech Companies Can Help Insurers Comply With Regulation More Efficiently**

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Regulations

01. Insurtechs

# 2021: The Insurtech Market Boom

Overall funding amount: 2021 was a great year for the Insurtech ecosystem, with global investment reaching \$10B. This represents a 38% increase when compared to 2020. If we consider the money raised through IPOs, this growth was even greater in the past two years. However, the number of deals has decreased again in 2021, signaling a consolidation in the industry.

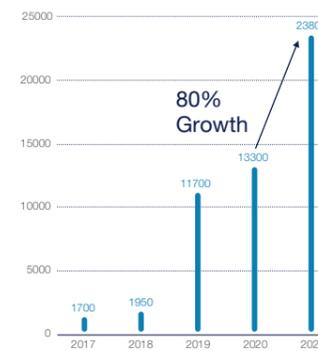
Global Insurtech Investment, 2010-2021



02. Insurtechs

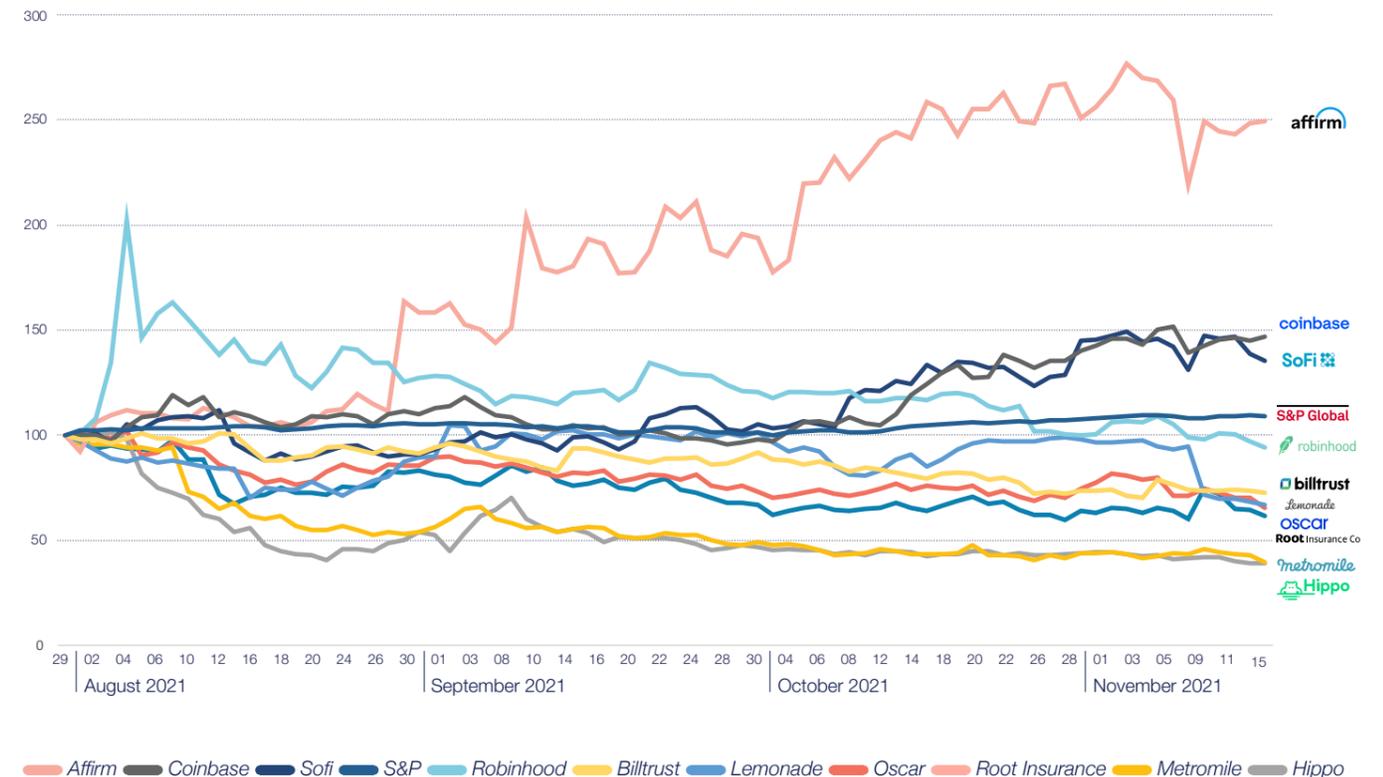
# Hype or Disruption?

Valuation Growth



IPOs & value creation: The number of companies that went public has increased since 2018. Furthermore, the number of Insurtechs with more than \$100M in funding has increased exponentially. Part of this can be explained by the greater presence of VCs in some regions, which put an emphasis on growth and rapidly conquering market share. However, some evidence indicates that Insurtechs have grown too fast and have poor stock price performance after their IPOs when compared to Fintechs, which signals a relatively low value creation in the market or lower value perception of the market.

The Disruption Dilemma: Insurtech vs Fintech



03. Insurtechs

# The End of the First Wave of Innovation

Innovation space: The money available in capital markets has been directed to known and robust Insurtechs, discouraging the generation of new startups and indicating some inherent barriers for low capital companies in this sector. The number of new startups has decreased sharply since 2018. This slow down might be related to the end of the first wave of innovation in some regions, which was headed by Oscar Health, Lemonade, Hippo Insurance, Next Insurance, Root and Metromile, all of which have exited in the past two years.

Number of Insurtechs Founded by Year



**U-Turn**

U Turn since 2017.  
Accelerated in 2020 because of COVID19.

— N Companies Founded

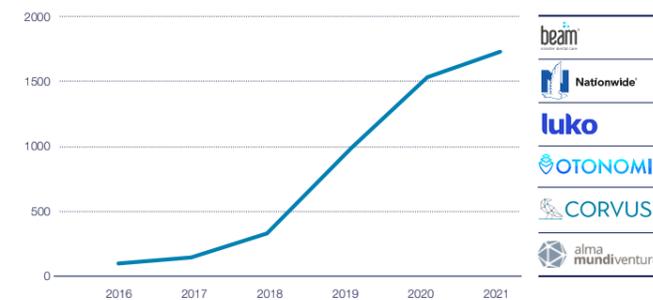
Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Number of Insurtechs Founded	139	177	193	276	321	435	446	442	331	246	141	44

04. Insurtechs

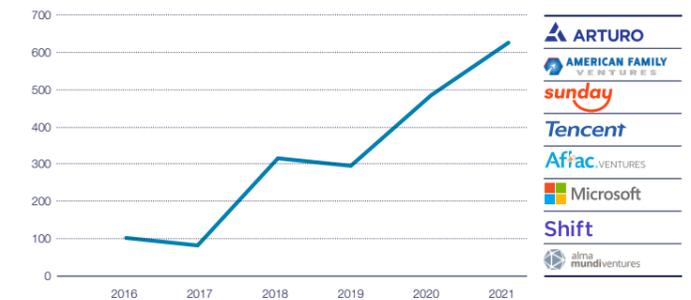
# New Segments to Keep an Eye On

New trends: Lastly, new product segments and applications for emerging technologies seem to be leading the innovation in the sector. Fueled by customer behavior change and the acceleration of digitalization, technologies such as IoT, Freelancer, Cybersecurity and Wellness, appear to have grown more than average within the insurance market. Regarding the higher growth of Wellness, companies such as Betterfly, Yulife, Anthemis and RGAX were relevant players in this field. This new framework showed that full stack Insurtech foundation has created space for specialized and complementary businesses that can widen the innovation space.

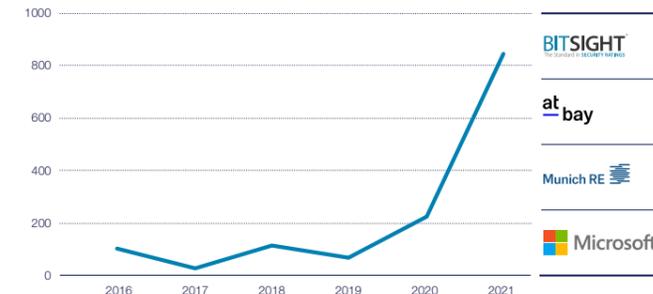
**IoT**



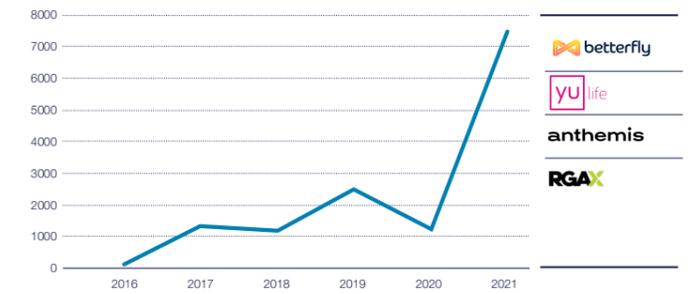
**Predictive Analytics**



**Cyber**



**Life + Wellness**



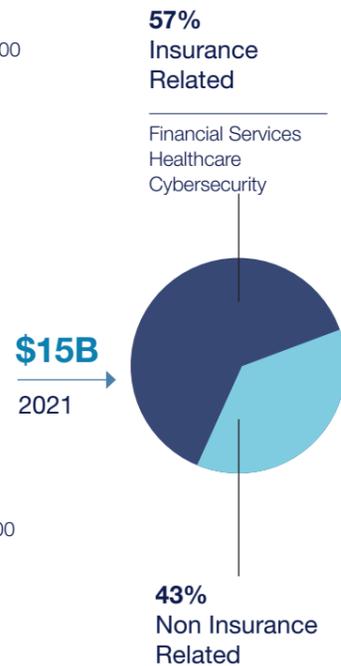
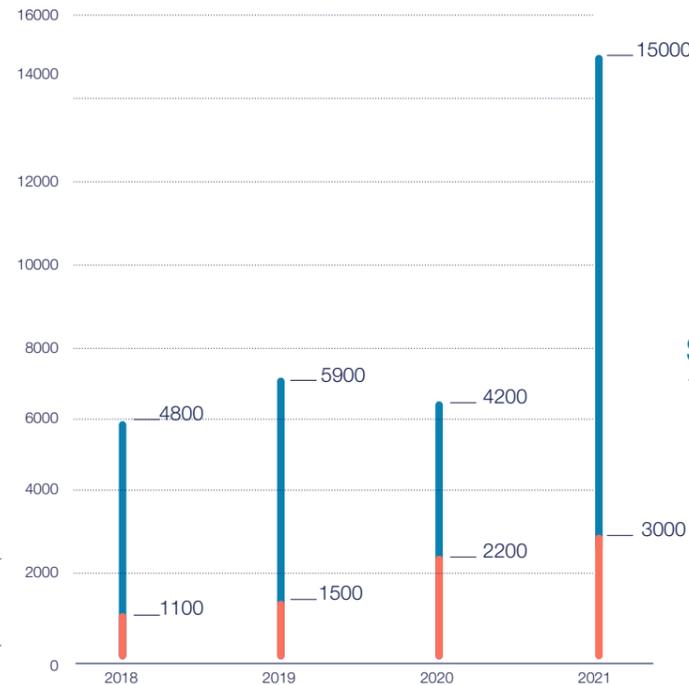
05. Insurers and their Digital Garages

# Insurers Increase their Participation in Startups x3 and Prove to Believe in Insurtechs

The increase in the number of investments by insurers and the money raised in 2021 has been exponential, with a 175% jump from 2020 levels. In the Insurtech field, they've been growing investment constantly in the last three years, becoming one of the most relevant investors behind VCs. If we look at the nature of Non Insurtech startups that insurers invested in, around 60% of them are related to the Insurance industry, signaling their inclination to look beyond Insurtechs to startups with a capacity of disruption and business expansion.

### Insurers' Investments in Startups in 2021

Insurtech investment grows at a constant rate whilst Non Insurtech experienced explosive growth in 2021



Insurtech (M USD)  
Non Insurtech (M USD)

Initial Stage  
Growth Stage  
Exit Stage  
Early Stage

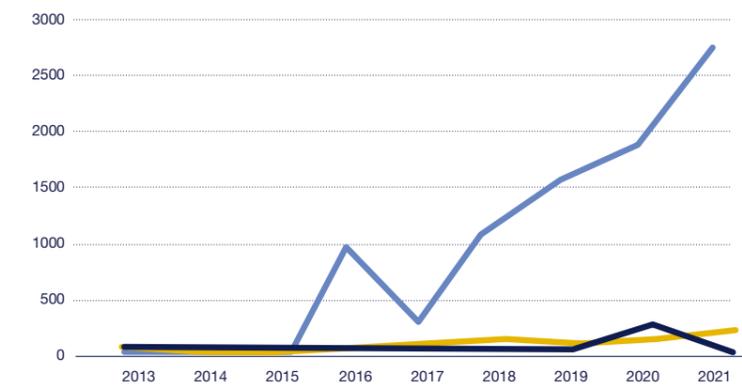
06. Insurers and their Digital Garages

# Growth Stage Insurtechs Preferred, but not as Lead Investors

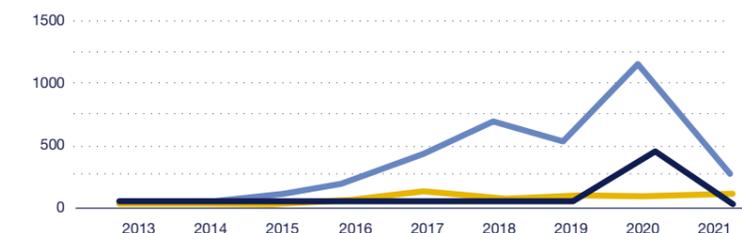
When it comes to funding stages in both Insurtechs and Non Insurtechs, we see a great predominance of Growth Stages. This shows that insurers prefer to make their larger deals in businesses with a longer track record and market capture models.

However, as Lead Investors in Insurtechs, investment in Growth and Initial Stages has plummeted drastically. As for initial stages, there has been a significant reduction in the number of new Insurtechs in the last years, limiting opportunities for investment. In growth stages, they prefer to focus on Insurance-related startups, finding opportunities to address broad issues in the cybersecurity, logistics, retail or healthcare spaces, which increases their total addressable market and adds to the Insurers' current value propositions.

### Insurers' Investment in Insurtechs by Funding Round as Investors



### Insurers' Investment in Insurtechs by Funding Round as Lead Investors



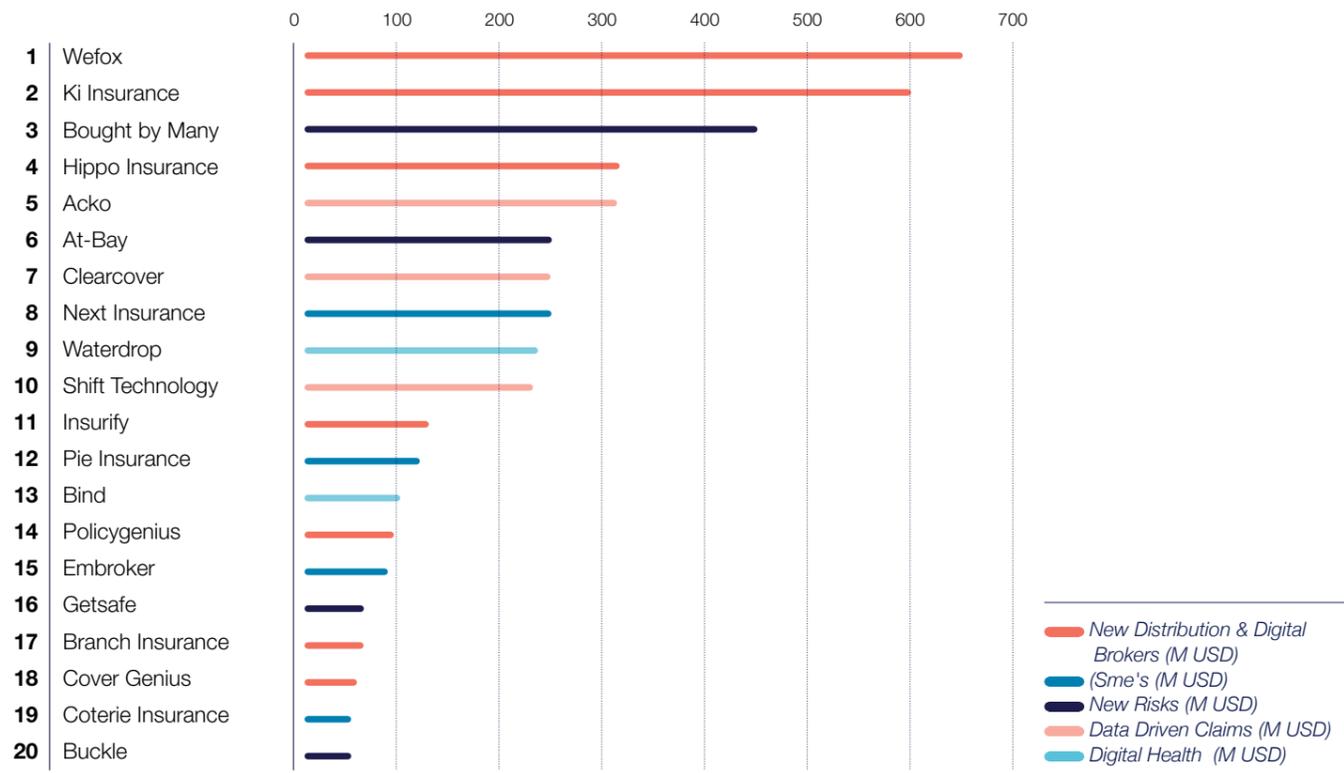


07. Insurers and their Digital Garages

# European, Young and Value Chain Disruptors are the Top Invested Insurtechs by Insurers

North America is still the overall leader, but the top 3 Insurtechs invested by Insurers in 2021 are European. Another important fact is that 15 out of the 20 top Insurtechs were born just 5 years ago, which shows investors are betting on younger businesses. In terms of domains, we see that many Insurtechs that received the most investment cover the whole value chain, creating new products that are aligned with new customer demands and behaviors, improving distribution channels, and implementing technologies that lead to greater efficiency and a better customer experience in claims.

Top 20 Insurtechs invested by insurers in Million USD, 2020-2021

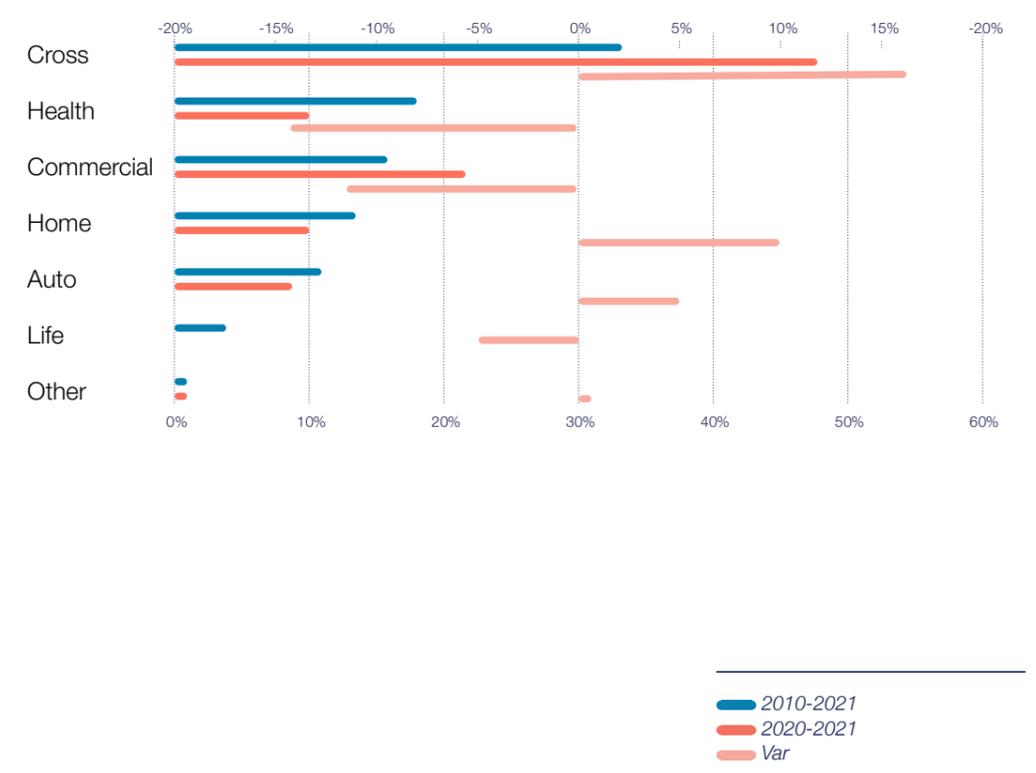


08. Insurers and their Digital Garages

# Distribution and Commercial, the Golden Insurance Innovation Opportunity

Given the pandemic, health is a top concern for consumers. It is ready to be transformed and there are certainly numerous technologies enabling change in the space. However, Health is no longer the number one priority for insurers when investing, as focus has shifted towards Commercial and Cross lines. This includes investments in new distribution platforms (such as the case of Cover Genius), that insurers can leverage as spaces in which to embed their products and expand their reach.

Insurers' Investment Preferences by Line of Business 2020-2021



09. New Entrants and Tech Giants

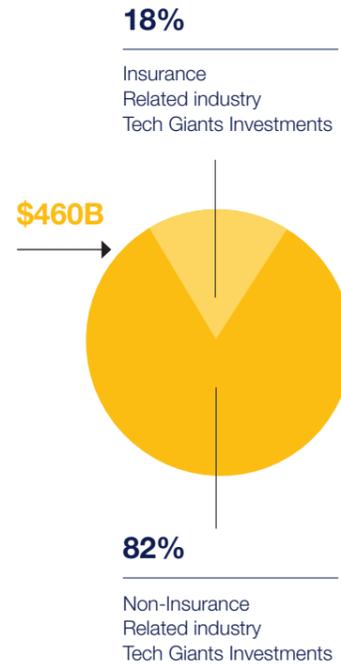
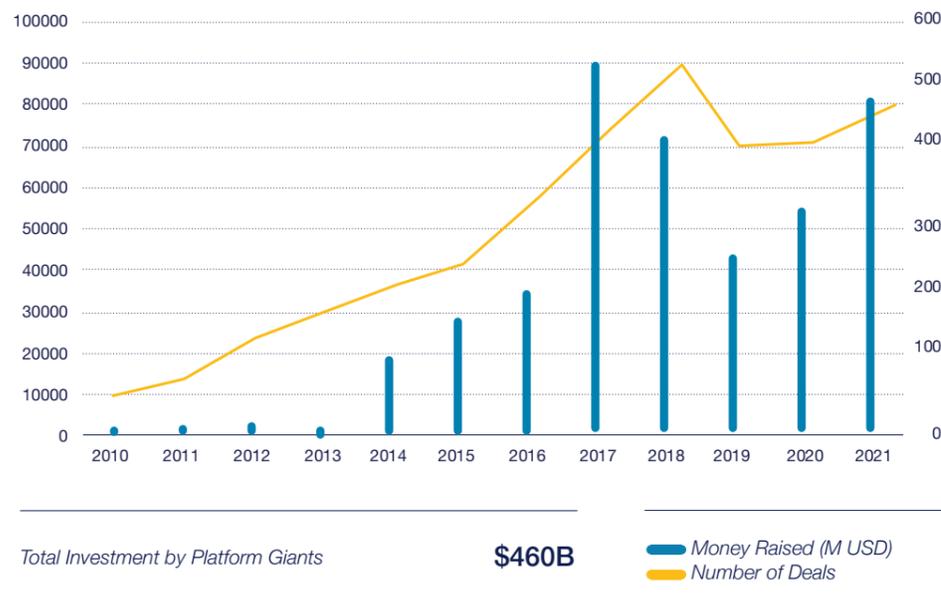
# 2021: Tech Giants Reach a New Maximum Investment in Startups

Tech (or Platform) Giants have resumed their intense startup investments in the wake of the pandemic, reaching new highs in 2021, finding opportunities to address new contexts and demands.

When looking at the nature of the startups they have funded, we find investment is concentrated in the industries that were most impacted during the pandemic. First is healthcare, with some interesting investments in Insurtechs such as Oscar or Insurance related startups such as WeDoctor or 23&me. Next is mobility (transport and logistics), with important investments in startups like Deliveroo, Rivian, Xpeng or Deeproute. Finally, we have Financial Services, including Insurtechs such as At-Bay, Wefox, Unqork or Clark.

In their areas of interest, Tech Giants are becoming important players as investors. For instance, over the past 10 years, they've invested 22 billion dollars in healthcare, double of what has been invested by the top 10 pharma Industry Giants combined (11 billion dollars).

Tech Giants investment evolution



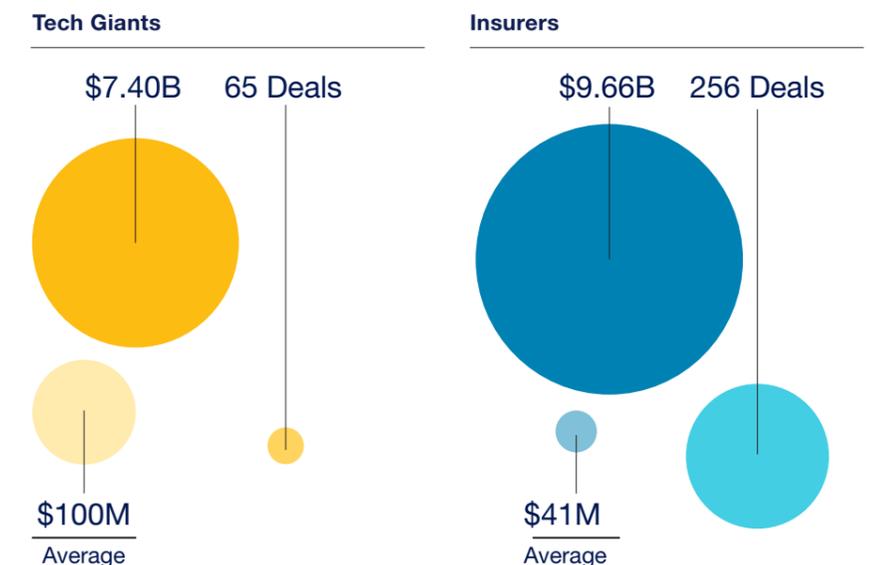
10. New Entrants and Tech Giants

# Tech Giants Still Behind Insurers as Insurtech Investors, but Gap Closing Quickly

In the last 10 years, insurers have invested more than 9 billion while Tech Giants' investment stood at around 7 billion. However, the gap between Tech Giants and insurers is getting smaller as the years go by, which suggests that Tech Giants may soon surpass insurers' investment in Insurtechs. In the last 2 years insurers invested \$2.9B in 43 deals, whilst Tech Giants invested \$7B in 20 deals.

Comparing their investment patterns, Tech Giants make more concentrated bets, with an average invested amount of 100M per company. Insurers on the other hand, diversify their investments across many more Insurtechs: the average money raised per deal by insurers is 41 million.

Tech Giants have very limited investments in European Insurtechs, representing just 3% of all investments. In 2021, we've seen 2 European Insurtechs in their Top Investments (Wefox and Clark), which partly caused the significant growth in European investment in 2021. This limited investment in Europe, is probably related to the complexity of the region in terms of standardization and scalability in comparison with the US, China or Indian markets.

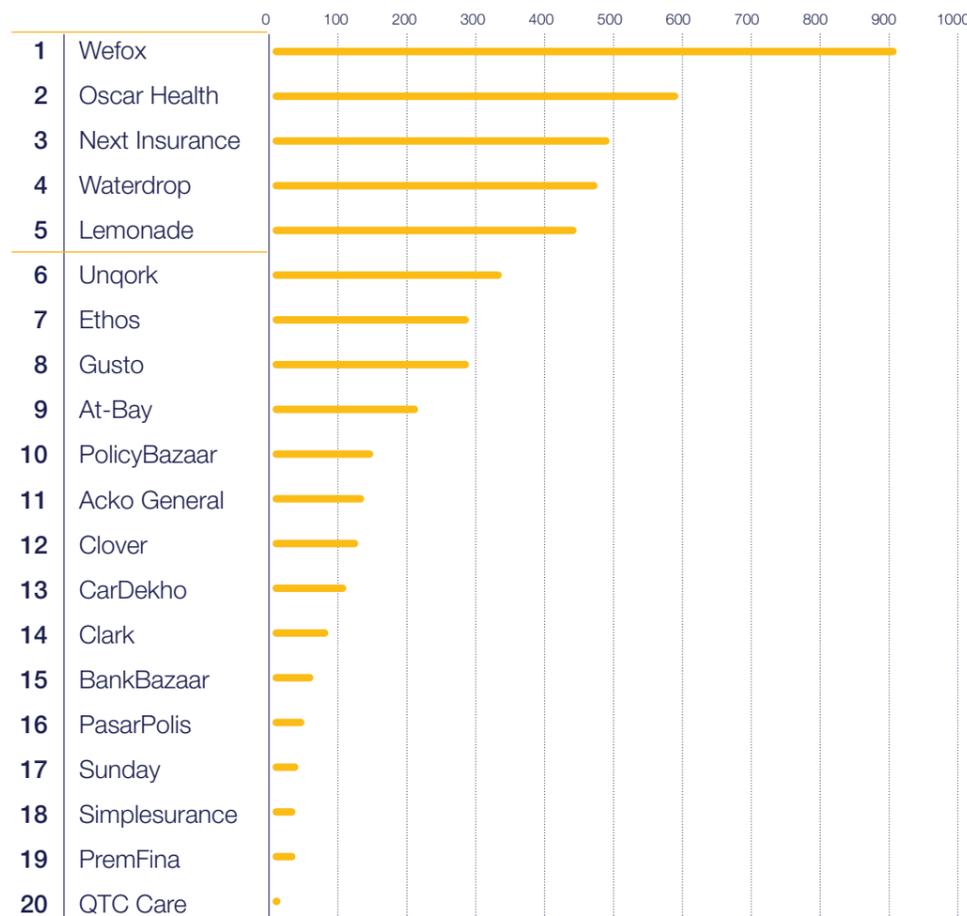


11. New Entrants and Tech Giants

# Tech Giants' and Insurers Have Backed 2021's Top Funded Insurtechs

Tech Giants and insurers have stakes in many of the same promising Insurtechs. In fact, both Tech Giants and insurers have stakes in the top funded Insurtechs, including, Wefox, Oscar Health, Lemonade, Next Insurance, or Waterdrop to name a few.

Top Insurtech invested in 2021



## wefox

Wefox is a digital insurance company aiming to make people safe and prevent risk by reinventing insurance at scale through technology.

## at bay

At-Bay is a cybersecurity insurance company that helps businesses meet digital risk head-on.

## sunday

Sunday is an Insurtech group adopting data models and technology to offer insurance products and services to the entire customer journey.

Money Raised (M USD)

12. New Entrants and Tech Giants

# Tech Giants focused on Distribution and SMEs

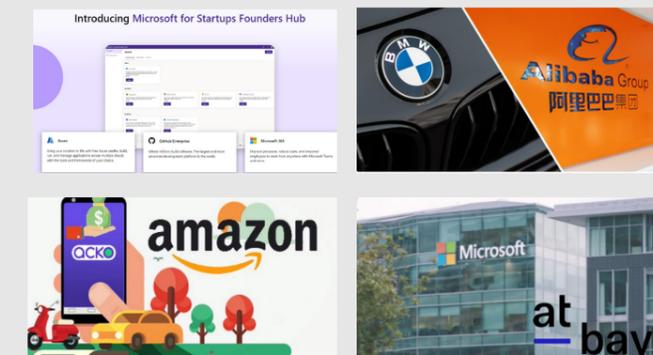
When investing, Tech Giants also consider their potential role as providers of the Insurtech's needs in terms of big data analytics, Cloud services, Analytics SaaS or AI computing platforms. In other words, Tech Giants are looking for the monetization of their in-house technologies by investing in or partnering with startups. Furthermore, Tech Giants are complementing their tech/service/product ecosystem and enhancing their innovation power, by including more startups into their Ecosystems.

SMB insurance and comparison and aggregator platforms are two models that can reach a big scale in terms of consumer volume. Full-stack insurance services make it easier to be in the whole ecosystem. Tech Giants have more synergies with embedded insurance which can be integrated with their own platforms, services and products, especially in emerging markets. In the SME's space, the digitalization of brokers and the rise of cybersecurity are big opportunities to address.

To exemplify one of these points, consider how a startup can benefit from Google's tools, including Google Trends, Google Analytics, Google Ads, Google Tensorflow or Google Workspace, when it comes to capturing users, measuring their business, or data analytics.

Tech Giants are participating in the insurance ecosystem to complement their own ecosystems (insurance as a complement).

Instead, Insurers are building and leading a full value chain insurance ecosystem.



Hot deals Insurtech & Tech Giants in 2021

13. New Entrants and Tech Giants

# Insurance Liquid Ecosystem Harvesting the Pandemic's Recovery

Insurance has lagged behind in terms of digital transformation. However, in 2019 we started to introduce the Insurance Liquid Ecosystems concept, highlighting how Insurance incumbents have taken steps to actively be transformed and more open to collaborate and explore new boundaries, building ecosystems through fusion and collaboration with others, obtaining full coverage, and innovating new insurance products and services.

In 2020, with the impact of the Covid-19, those ecosystems were able to adapt to this uncertainty and in 2021, the pandemic recovery is starting to show how these new demands and behaviours have created huge opportunities and new markets to service.

When looking at ecosystems growth in the last couple of years, we see 3x growth in Mobility, Health and Home and 4.5x growth in Business Shield. A deeper analysis reveals certain differences between each ecosystem's development:

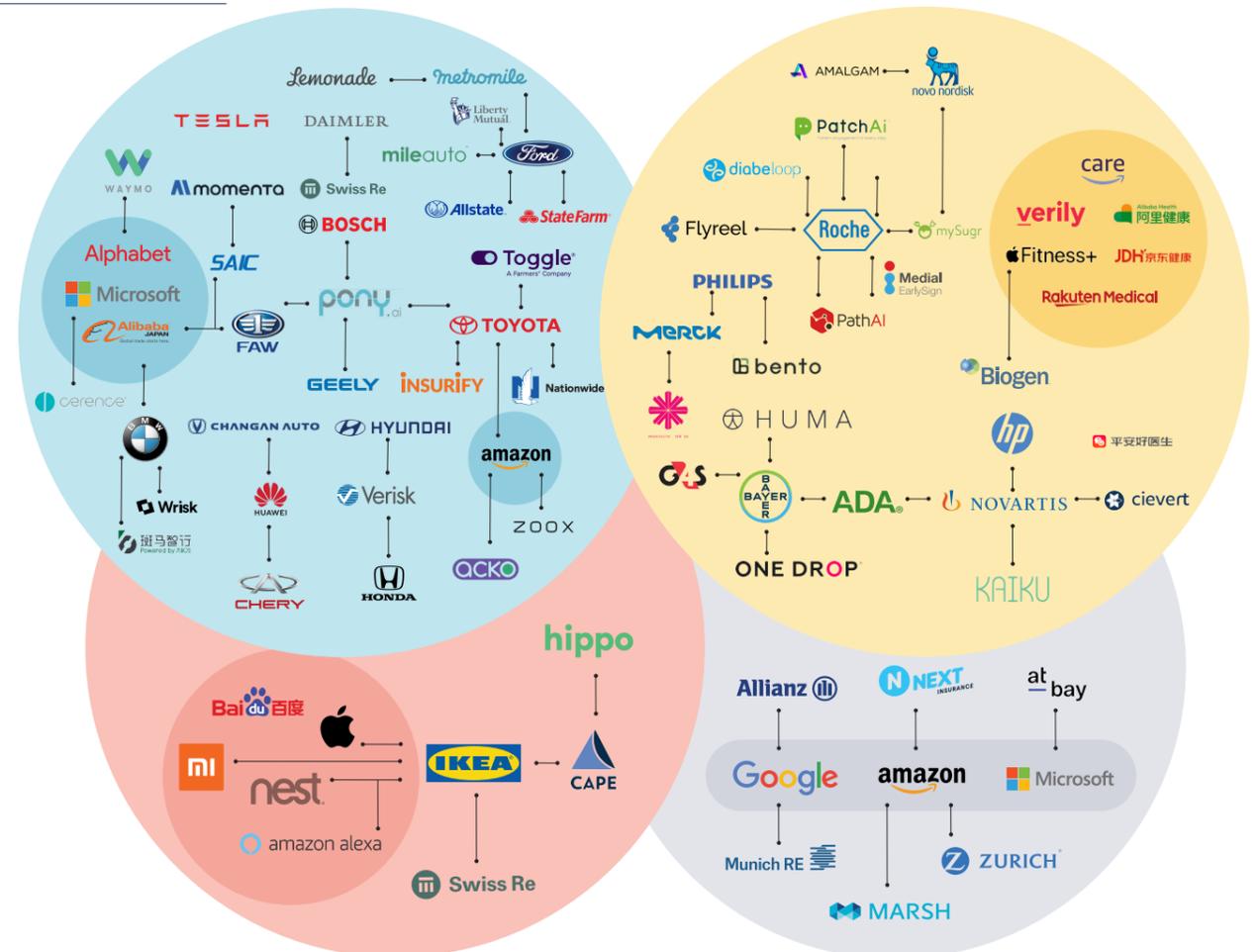
Investments in the mobility ecosystem have grown 200% in 2021. There has been a huge concentration of investments in the new usage-based Insurance policies in a moment where the pandemic forced many of us to have our cars in the garage. We also see growth in micro-insurance based on the surge of micromobility and delivery services in a moment where we can't travel or even go to restaurants. Those insurtechs, Tech Giants and Insurers that understood these new needs early and found ways to enable these new Insurance models are now reaping the benefits.

Following Mobility, we see the Business Shield ecosystem had >148% growth! In absolute numbers, this ecosystem has reached the maximum concentration of funding, with more than \$2.9B dollars invested. The rise of cyber attacks and the digitalization of the brokering and trading activities has shifted these activities into the digital/direct channels. In turn, providing the necessary tools to agents and brokers to help them serve their customers in digital channels has been a huge opportunity during the last couple of years. Another important technology that helped to increase growth is IoT, which gained more and more relevance in Industry and Logistics for prevention, efficiency, or even new parametric insurance products that are growing exponentially.

Healthy Living, despite the huge growth in the last years, also shows 47% growth in 2021 and shares the top rank of ecosystem investing with \$2.9B dollars. Prevention has been the hot topic, and this is applied not only in health but in life too. There is a proliferation of reward programs in life Insurance based on healthy habits in all markets. In emerging areas with low insurance penetration, there are more combined health and life Insurance products, addressing the interest in both products. In developed countries, new personalized medicine is growing quickly. This leverages new technologies which address chronic disease, in-home treatments, or genomics, which shape the future of personalized health.

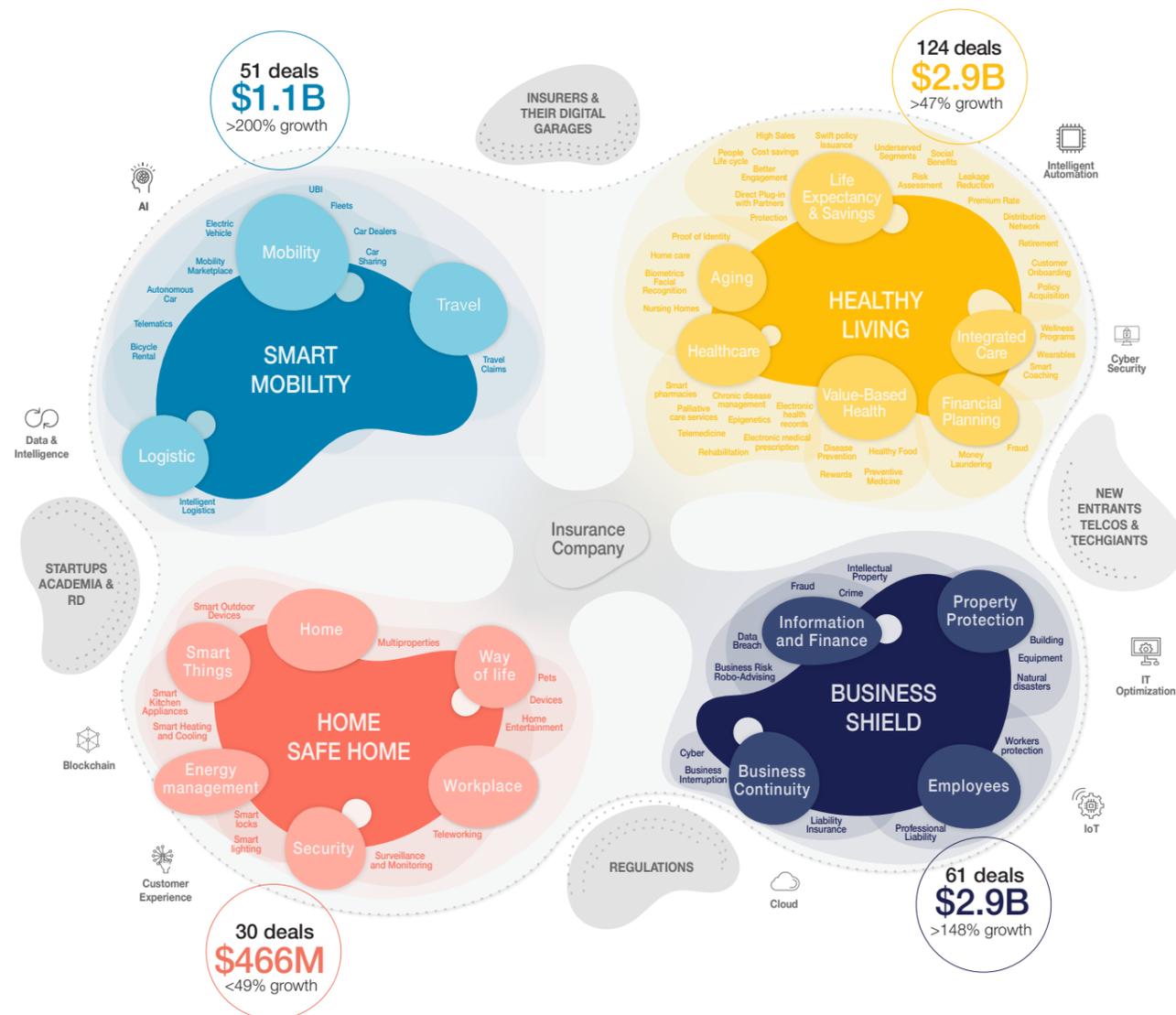
Home Safe Home has been the ecosystem with the worst results, with a decrease of 49% because of the exceptional results in 2020, which saw the spread of devices that allow home care to evolve towards greater prevention and interaction with customers. This was driven by sensors capable of detecting flooding, water leaks or fire, smart rentals, consumption control or underwriting based on information captured through computer vision. However, the growth rate has proved unsustainable in 2021.

Ecosystem Map



13. New Entrants and Tech Giants

# Insurance Liquid Ecosystem Harvesting the Pandemic's Recovery



14. New Entrants and Tech Giants

# Top players in Ecosystems | Smart Mobility Insure My Tesla

Behaviour-based insurance

- Real-time driving behaviour data
- No additional device
- Safety Score
- Dynamic Premium

“Much better feedback loop”: Driving behaviour data

- Decrease in Premium
- To customize auto production

Strategic Alliances

- Quover associated with Helvetia and Van Ameyde for providing Insure MyTesla end2end digital insurance program for all Tesla owners in Europe

Profitability

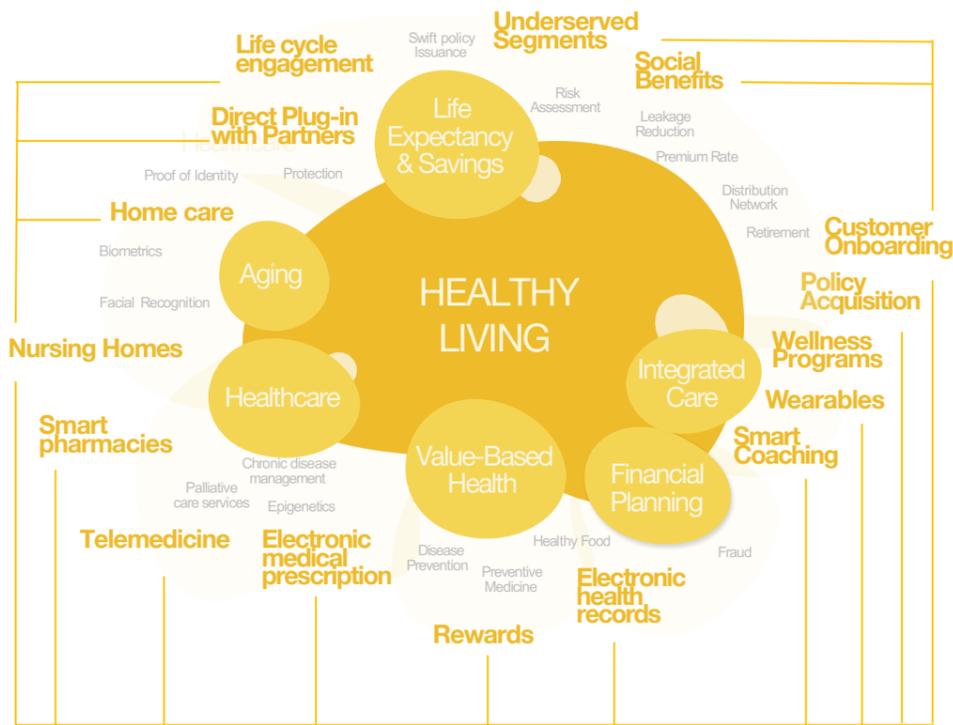
- Tesla’s vertically integrated chain may provide it with a long-term advantage in insurance

**Insurance**

quover Tech Enabler    helvetia Underwriter    Van Ameyde Claims Mgmt

15. New Entrants and Tech Giants

# Top players in Ecosystems | Healthy Living | Ping An's Good Doctor



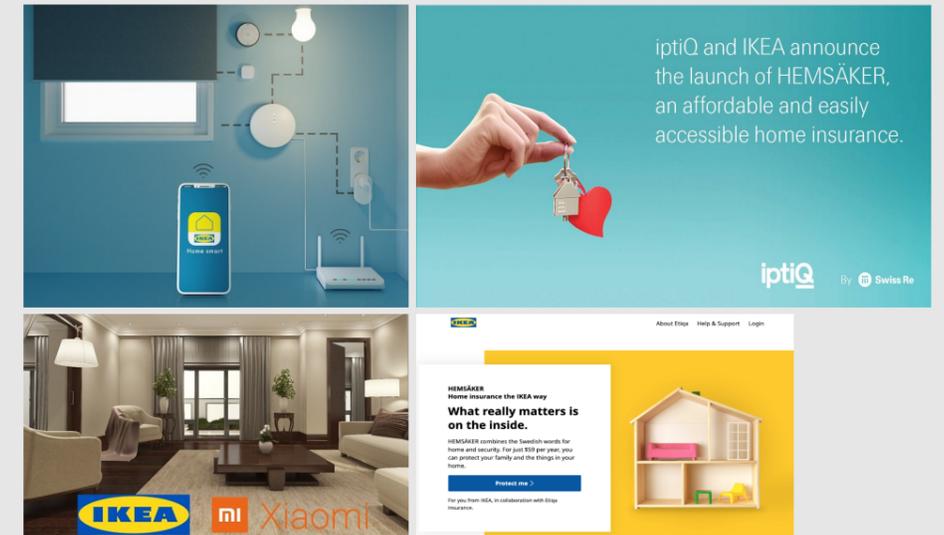
China's largest one/stop healthcare portal

16. New Entrants and Tech Giants

# Top players in Ecosystems | Home Safe Home | Ikea Smart Home and Hemsäker

Ikea Partners with Xiaomi, Amazon, Google and Apple on Smart Lighting. Ikea also has its own IKEA Home smart app connected with its smart lighting, smart speaker, smart blind and smart chargers, etc.

Ikea Partners with SwissRe IptiQ to launch first digital affordable and easily accessible home insurance.



17. New Entrants and Tech Giants

# Top players in Ecosystems | Business Shield Amazon Prime Business

**Amazon complements the insurance offering to its business prime members**

Amazon partners with Next Insurance to offer insurance to Amazon business prime members.



Marsh Partners with Amazon on Product Liability Insurance Network.



Partner with Zurich through APS to provide payment services in the Middle East.



Amazon partners Superscript to offer insurance to UK SMEs.



18. Regulations

# The Expansion of Regulatory Sandboxes in All Geographies Confirms the Value of Security and Protection for the New Open Insurance Era

The new Open Insurance model must go hand in hand with regulatory compliance, as open and interconnected models, which lead to new products and services, come with greater risks attached. Complying means protecting consumers and enterprises while adapting to new regulatory changes to offer new products and services that fit new customer demands. In recent years, a multitude of regulatory Sandboxes have been created to mitigate these risks, and Insurance has been gaining presence in them.

**The evolution of Regulatory Sandboxes**







## 21. Regulations

# Technology as an Ally. Regtech Companies Can Help Insurers Comply With Regulation More Efficiently

Even though investment in this type of startup or Insurtech is not very high in the 2015-2021 period; in 2021, investment grew significantly more than in previous years. Two companies stand out, especially in 2021. The first is Agent Sync, a US company that received a \$100M investment and offers a compliance as a service solution, which integrates regulatory agency databases with central business systems (Salesforce) to ensure that companies meet compliance requirements. The second is FRISS, a Dutch company, which received \$64M in financing and which is specialized in automatic risk and fraud detection (through AI solutions) for general insurance companies.



