Insurtech Global Outlook 2024

NTT DATA

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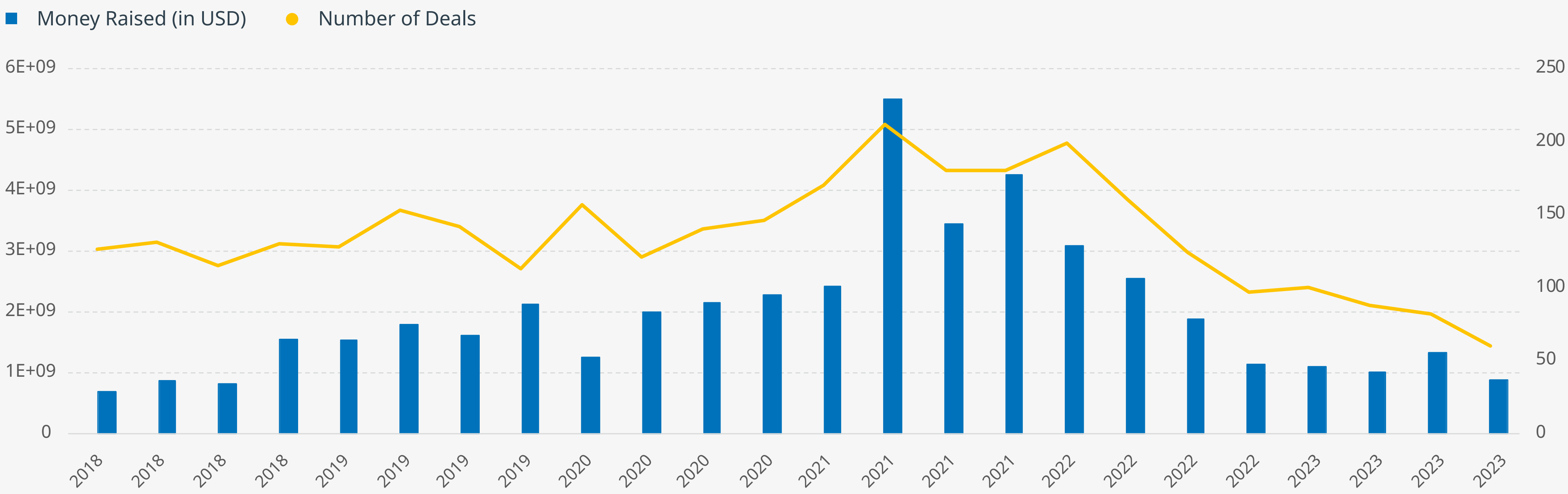
Insurtech Funding

Insurtech funding has decreased for the second consecutive year. The decreasing in money raised by Insurtech is not necessarily a negative signal. There is an adjustment in the investors' expectations given the challenging new economic and political landscape and internal insurance changing variables.

The overall analysis can tell us a little about what is happening inside the Insurtech market. This decrease was somehow expected, as the alignment with macroeconomic trends and the capital markets shows that the Insurtech market opportunities are not perceived as special compared to other sectors.

INSURTECH MONEY RAISED AND NUMBER OF DEALS



Made by the authors. Graph 1

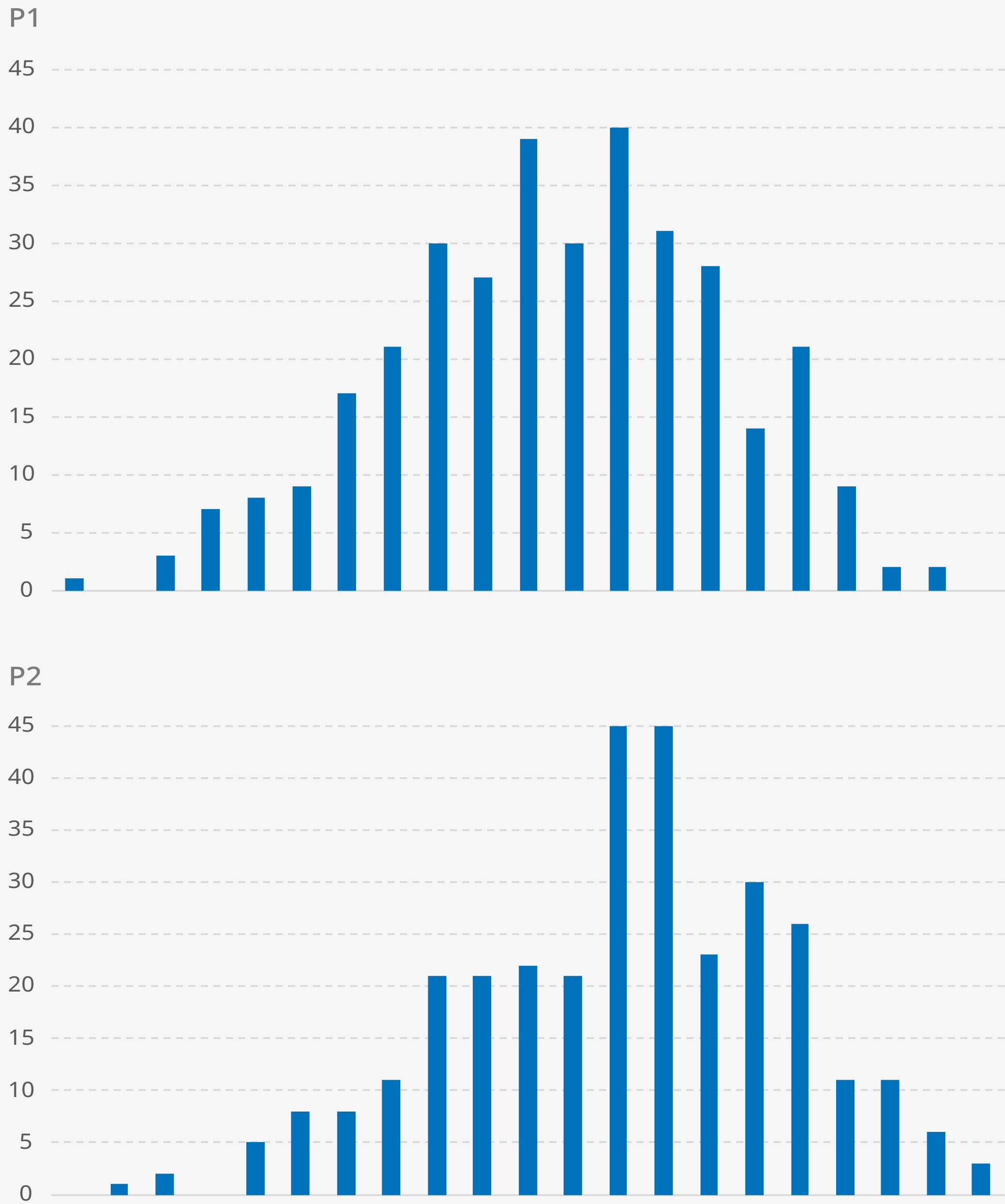
Despite a decline in Insurtech investments for the second consecutive year amid a turbulent economic, political, and social landscape, industry experts view this as an opportunity for a new wave of innovation. The emergence of new companies with altered business models, target customer bases, and technologies, strengthens this argument. The ongoing shift in Insurtech models, especially towards addressing new risks like climate change and mental health, reinforces the perception of a fresh wave of innovation.

To assess this, we will examine two main periods:

- **Period 1 (2018-2023):** A promising period with full-stack B2C Insurtechs such as LMND, HIPO, and OSCAR making significant promises, along with disruptive themes like usage-based insurance, genomics, telematics, and smart homes. The COVID-19 peak, marked by leading Insurtechs going public, put health and life insurance in the spotlight. Promising models face challenges in delivering health metrics due to the pandemic's expansion.

- **Period 2 (2021-2023):** These years were charaterised by an innovation-forced window pushed by a fast rise in the cost of capital and investors' austerity, witnessing the rise of Insurtechs that address new risks like climate change and mental health. Struggling B2C models pave the way for embedded insurance, employee benefits, and discussions on increasing insurance demand.

PERIOD COMPARISON. MONEY RAISED PER TOPIC

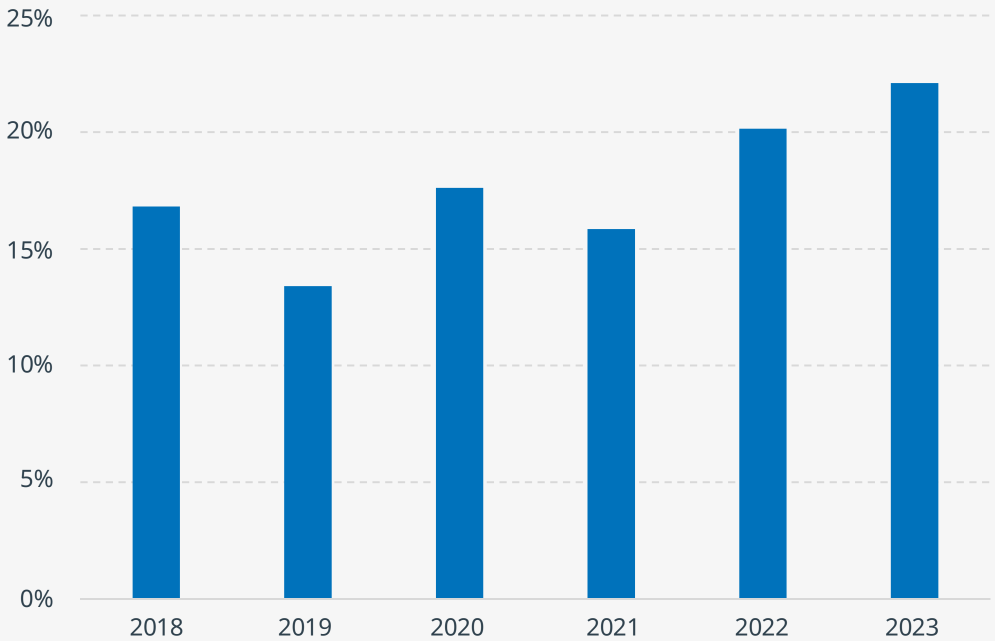


Made by the authors. Graph 2

When comparing the two periods we can observe that P2 counts with a larger distribution of funds when compared to P1, which serve as evidence that from 2021 to 2023, Insurtechs funds were well distributed among more business models, technologies, or line of businesses.

A higher distribution is a signal of a new wave of innovation, in which possibilities to choose a playfield widen. The weakening focus on full-stack B2C Insurtechs gives space for new business. Insurtechs on the top-tier concentrated less funding, but there is the same absolute number of companies in the top 2023 and 2019.

PERCENTAGE OF INSURTECH TO REACH 80% OF FUNDS



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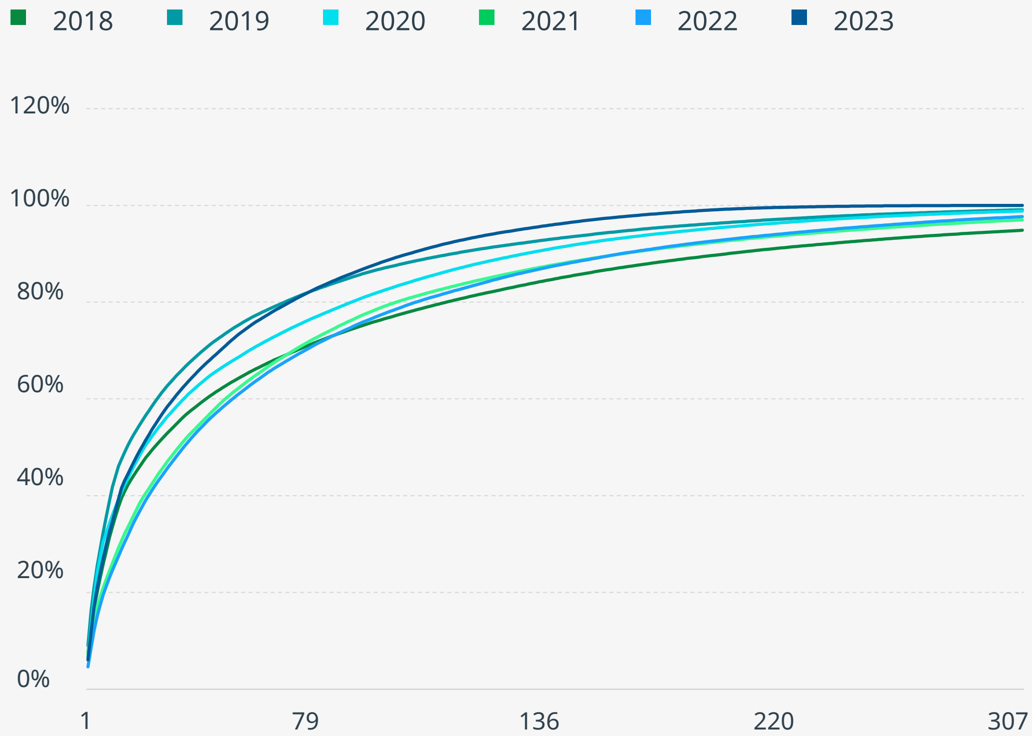
ACCUMULATION OF FUNDING BY NUMBER OF COMPANIES (ORDERED BY $)



Made by the authors. Graph 4

In 2023, the market focused on metrics such as loss ratio, customer acquisition cost and profits. Insurtechs prioritise profitability over hypergrowth, aligning their business with market expectations. The correction in public Insurtech multiples indicates a shift towards business sustainability. The emphasis on bottom-up growth targets smaller, niche markets, with outcomes yet to be determined.

Venture capitalists, discussing an old-school approach, support early-stage companies as dry powder grows, valuations rise, and interest rates increase.

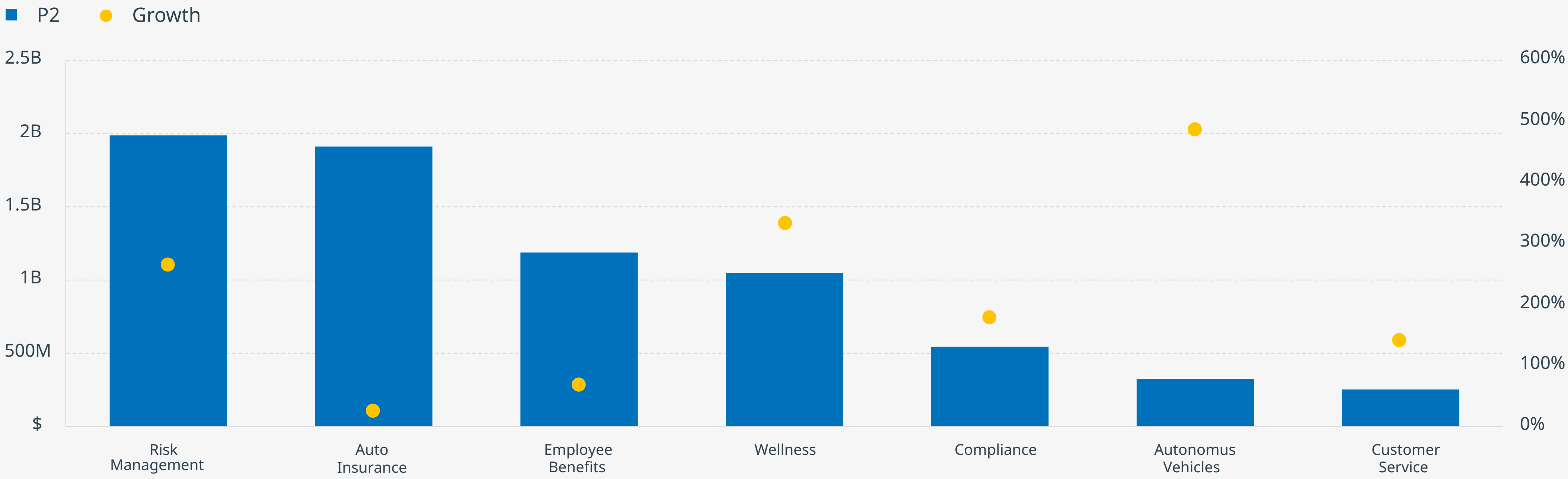
While insurers no longer fear Insurtech, they recognise the value of collaboration to address low customer engagement. The winning strategy for insurance companies involves partnering with external resources to improve business aspects.

In the insurance world, the supply side evolves by addressing protection gaps, targeting younger customers and enhancing distribution channels. The unlimited potential of insurance supply, contingent on pricing and risk model improvements, dictates the expansion of insurance offerings. The demand side aligns with market needs through customer data, product development, and customer-centric business approaches, mirroring successful strategies employed by tech giants like Apple and Tesla.

Top funded Insurtechs in the second period can recall winning models that, in unfavorable market conditions, could signalise better performance insurance business or a higher expected market size.

The difference in top-tier between P1 and P2 will illustrate the differences on the type Insurtechs that are closer to exit and give us an idea on the type of leading Insurtechs that push a New Insurtech Wave. Growth in certain lines of business and technologies in terms of funding–keeping in mind that by default the growth of P1 to P2 is 50% the absolute money raised in P2–can give us an idea of the scale and attention of investors.

MAIN GROWING BUSINESS ON TOP-TIER



Made by the authors. Graph 5

Analysing top-tier Insurtechs allows us to see the current main trends and pain points the insurance industry is trying to solve. This is not a comprehensive overview of the insurance industry but a relevant part of the ecosystem where investors and entrepreneurs raise large amounts of funds. The austerity and high cost of capital strengthen the positive relationship of money and traction.

The clear difference in Insurtech waves will not sound surprising. While on the past period there were fundamental insurance pain points like lack of transparency and poor customer experience, the following top-tier companies started to change the insurance industry:

HEALTH	HOME	AUTO	LIFE	CROSS
Bright Health	Hippo Insurance	Prima.it	Ladder	Policy Bazaar
Clover Health	Luko	Root Insurance	Ethos	Lemonade
Oscar		Metromile	Bestow	Simplesurance

This wave, considered by many a failure given its poor performance, opened the doors to a new wave and was a catalyst of insurance digitalisation. Moreover, it is still not clear if the failure comes from investors' impatience or adjustments of over-optimism in a favorable macroeconomic environment.

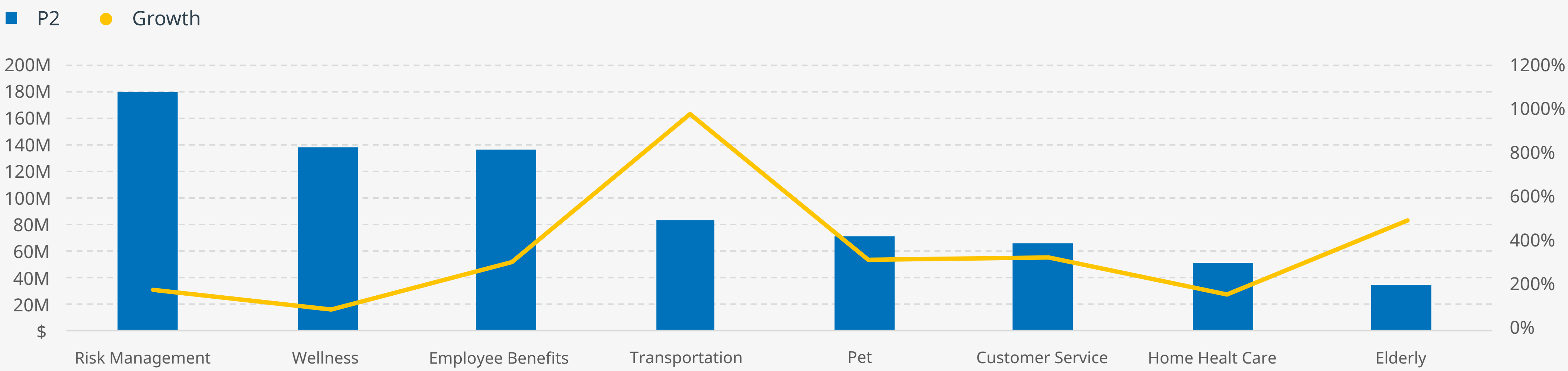
Even though top-tier Insurtechs from P1 fail to deliver good performance in the short term, it paved the way for the following waves to be more focused on technology and insurance.

The second wave, instead of trying to solve fundamental pain points, utilises technology to disrupt specific parts of the insurance value chain, line of business and business models. Hence, insurance is closer to having a holistic transformation with B2C traditional lines, as Insurtech is changing the fundamentals and companies are covering emerging risks with B2B2X using technology to expand insurance horizons and enhance performance.

And the third wave, marked by the Bottom Tiers in earlier stages and the exponential growth, will show the most growing businesses and technologies. Keeping in mind that overall funding grew 50% from P1 to P2 we will also consider the absolute money amount in P2.

Main Growing Business by Keyword

BOTTOM TIER – GROWING BUSINESS



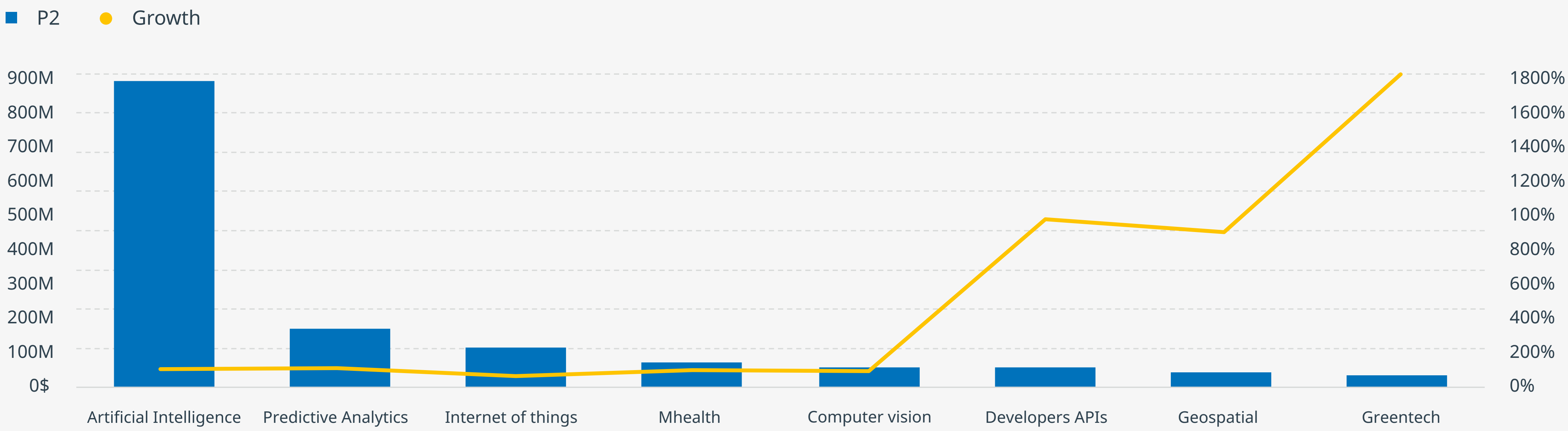
Made by the authors. Graph 6

The emerging businesses in the lower tier share similarities with their top-tier counterparts. While a thorough examination of keyword limitations is necessary for a nuanced analysis, it is valuable to explore both commonalities and distinctions between the two tiers. Key areas such as Risk Management, Wellness, Employee Benefits, and Customer Services provide clear indicators of the prevailing challenges influencing both tiers simultaneously.

The primary divergence between the two lies in the realm of technology. Emerging Insurtechs harness cutting-edge technologies to address specific challenges across various business sectors, with Artificial Intelligence (AI) playing a pivotal role.

Main Growing Technologies by Keyword

BOTTOM TIER – GROWING TECHNOLOGIES



Made by the authors. Graph 7

In conclusion, the Insurtech industry is experiencing dynamic shifts, with different waves building upon the lessons and challenges of the previous one. The current focus on sustainability, profitability, and innovative technologies suggests a maturing industry that continues to adapt to evolving market conditions.

Pioneering Insurtechs paved the way for subsequent waves to focus more on technology and insurance integration. Analysing top-tier Insurtechs reveals current trends and pain points in the insurance industry, particularly in areas such as Risk Management, Wellness, Employee Benefits, and Customer Services. The emerging businesses in the lower tier share that primary divergence lies in technology, where emerging Insurtechs leverage cutting-edge technologies, notably AI, to handle specific challenges across various business sectors and disrupt specific parts of the insurance value chain.

Mergers and Acquisitions Activities

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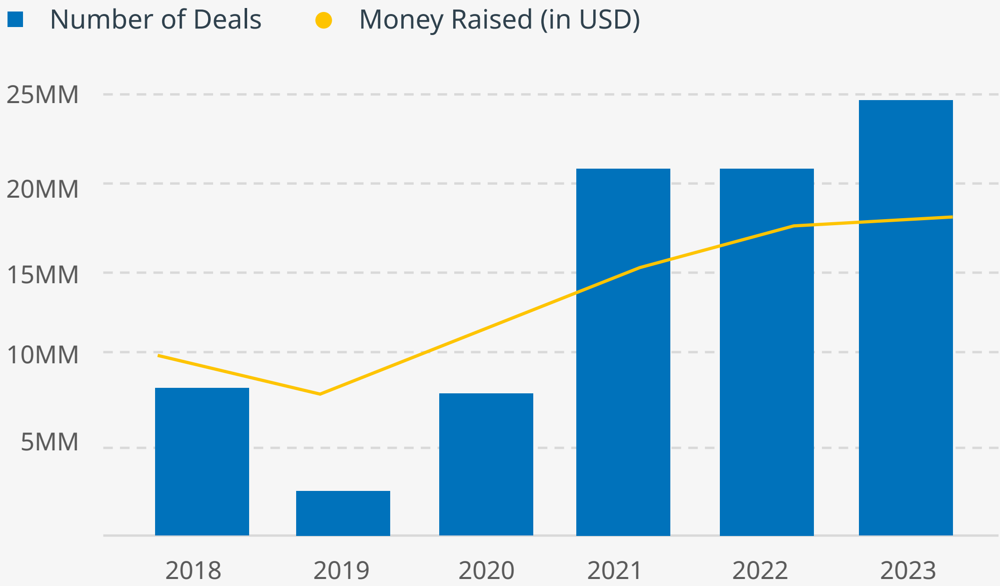
M&A brings strategic move for companies to enter the new stage of development

The downturn in valuations among publicly traded Insurtech firms has created conditions conducive to increased M&A activity. The overall decline in tech company valuations has affected the Insurtech sector, potentially leading to strategic acquisitions. Insurtech companies, facing challenges, might become attractive targets for corporate entities, particularly insurance carriers seeking to acquire Insurtech capabilities at more favorable prices. This situation could prompt a wave of M&A deals as companies look to strengthen their positions and portfolios in the evolving insurance technology landscape.

The merger between insurance and Insurtech has evolved and strengthened significantly over the past several years. This partnership has reached a pinnacle by developing a new, scalable integration technology, which is not limited to digital sales but extends its capabilities to traditionally robust offline distribution channels, particularly in the underwriting and risk segmentation sectors.

Evolution Insurtech M&A Activity



Made by the authors. Graph 8

The successful fulfillment of this collaboration is evidenced by the initial achievements in leveraging the synergies. One notable success is implementing an embedded motor insurance solution for the quality used car platform. This achievement underscores the practical application of the collaborative efforts, showcasing the ability to integrate insurance seamlessly into diverse platforms and distribution channels.

The scalable integration technology developed through this collaboration reflects a commitment to innovation and adaptability. By extending beyond digital sales and encompassing offline channels like automotive, the partnership is positioned to redefine how insurance is distributed and experienced in various markets.

This successful collaboration sets the stage for continued advancements and the exploration of new opportunities within the insurance landscape.

Getsafe Acquires Luko's German Portfolio

Getsafe's acquisition of Luko Insurance's entire German customer base in October 2023 marks a strategic move to expand its market presence. This acquisition enriches Getsafe's customer count to over 550,000, solidifying its position across four European markets.

Getsafe's strategic decision to maintain a Direct-to-Consumer (D2C) model, in contrast to other Insurtechs shifting towards traditional brokers, has proven to be a successful and profitable approach. By concentrating on a fully digital proposition tailored to a younger customer segment aged 20-40 years old, Getsafe has achieved strong and sustainable growth.

The success of Getsafe's D2C and multi-product strategy is evident in its financial performance. The company has achieved remarkable results, doubling its revenue following a fivefold increase in the previous year. This growth trajectory is a testament to Getsafe's effective business model and ability to capitalise on market opportunities.

Allianz X Acquires simplesurance

Simplesurance has positioned itself as a market leader in technology for embedded insurance, specializing in integrating insurance solutions into digital distribution partners within rapidly expanding ecosystems. This approach reflects the company's commitment to innovation and adapting to the evolving landscape of digital distribution. And there is substantial potential and prospects within embedded insurance, a sector expected to grow significantly and reach a value of USD 700 billion by 2030—nine times its current valuation.

The dynamic growth experienced by Simplesurance is attributed to its extensive presence in 31 European countries and Japan. The strategic decision to invest in growth has proven fruitful, contributing to the company's success in diverse and expanding markets. The recent full acquisition by Allianz X signifies a culmination of a successful partnership between simplesurance and Allianz Partners. This acquisition underscores the recognition of simplesurance's value and its role in enhancing Allianz's position in the insurance ecosystem.

Overall, simplesurance's market-leading technology, global presence, and strategic partnerships have positioned it as a key player in the embedded insurance space, making it an asset within the Insurtech industry.

2023 marked an impactful inaugural year for simplesurance under the Allianz Partners umbrella. The strategic collaboration between Allianz and simplesurance yielded significant accomplishments, exemplified by high-profile engagements throughout the year with sectors that span from automotive Original Equipment Manufacturer (OEMs) to banks.

Notable initiatives included the introduction of the 'My Trips' embedded insurance offering in partnership with BBVA in Italy and the successful launch of the 'Simply Drive' embedded insurance program in collaboration with Jaguar Land Rover (JLR) in Germany.

In October 2023, simplesurance announced that its subsidiary simplesurance Broker GmbH (trading as Schutzklick Makler) will be transferred to fellow Allianz-backed Insurtech Clark, a move that further strengthens Simplesurance's core competencies in embedded insurance.

Zinnia Acquire Policygenius

Zinnia brings together a wealth of insurance expertise and product capabilities to pioneer simplified and digitised outcomes. With a focus on delivering enhanced value, the company strives to create seamless, secure, and efficient experiences for various stakeholders, including carriers, advisors, consumers, and reinsurers.

Zinnia's vision revolves around the concept of Open Insurance, where intuitive technology solutions empower clients. These solutions are designed to reduce processing time, stimulate product innovation, and expedite the introduction of new products to the market. Through this vision, Zinnia aims to broaden access to insurance, enabling more individuals to safeguard and enhance their financial futures.

The company manages an impressive portfolio with over $173.7 billion in assets under administration across 40+ clients. This substantial asset base reflects the trust and confidence placed in Zinnia's capabilities by a diverse range of clients.

The recent acquisition of Policygenius by Zinnia signifies a strategic expansion into digital distribution, enhancing their presence in the insurance technology landscape. Announced on April 25, 2023, this move allows Zinnia to broaden its offerings, merging Policygenius's established online insurance marketplace with its technology and services. The partnership aims to deliver a comprehensive selection of insurance products, including life and annuities, disability, and property & casualty insurance. This integration is designed to improve the insurance value chain, creating a platform that offers innovative solutions to carriers and distribution partners. Through this collaboration, Zinnia and Policygenius are poised to redefine the distribution and accessibility of insurance products, meeting a diverse range of customer needs and preferences.

Policygenius is a platform that simplifies the insurance purchasing process for consumers. Coupled with an extensive data analytics capability, this platform, integrated with Zinnia's growing technological capabilities and well-established third-party administrator (TPA) infrastructure, lays the foundation for exceptional experiences across the spectrum—from those buying and selling insurance to those involved in its manufacturing or administration. This strategic collaboration positions Zinnia and Policygenius at the forefront of delivering innovative and streamlined insurance solutions. By combining digital distribution solutions, consumer-centric platforms, and advanced data analytics, the partnership aims to enhance the overall landscape of insurance, providing superior experiences for all stakeholders involved in the insurance process.

Insurer's Bets

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Overview

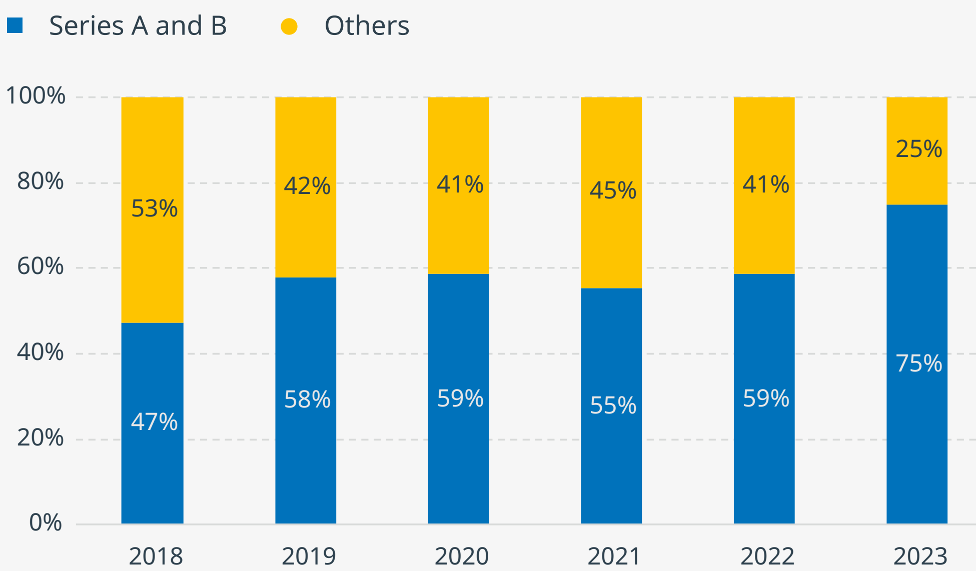
Insurance bets historically have created Insurtech leading companies. Insurance companies and their investment arms both follow and create the market trends.

Regardless of their financial performance, there is a strong alignment in current insurance trends with insurance bets. There are multiple similarities between top-tier Insurtech andminsurance bets, from the type of business solution to the focused technology these young insurance companies leverage.

There is a limitation on what the funding can give us regarding insights, details of the observed trends and how the market is solving main insurance challenges. Thus, it is imperative to consider current insurance cases of a specific market, business practices and technology usage.

Insurers' investments are highly concentrated in series A and series B by number of deals (75% of the deals are in these two stages in 2023).

INSURERS INVESTMENTS BY FUNDING TYPE



Made by the authors. Graph 9

The top 3 lines of business that secure the most funding are embedded insurance, employee benefits, and cyber risks.

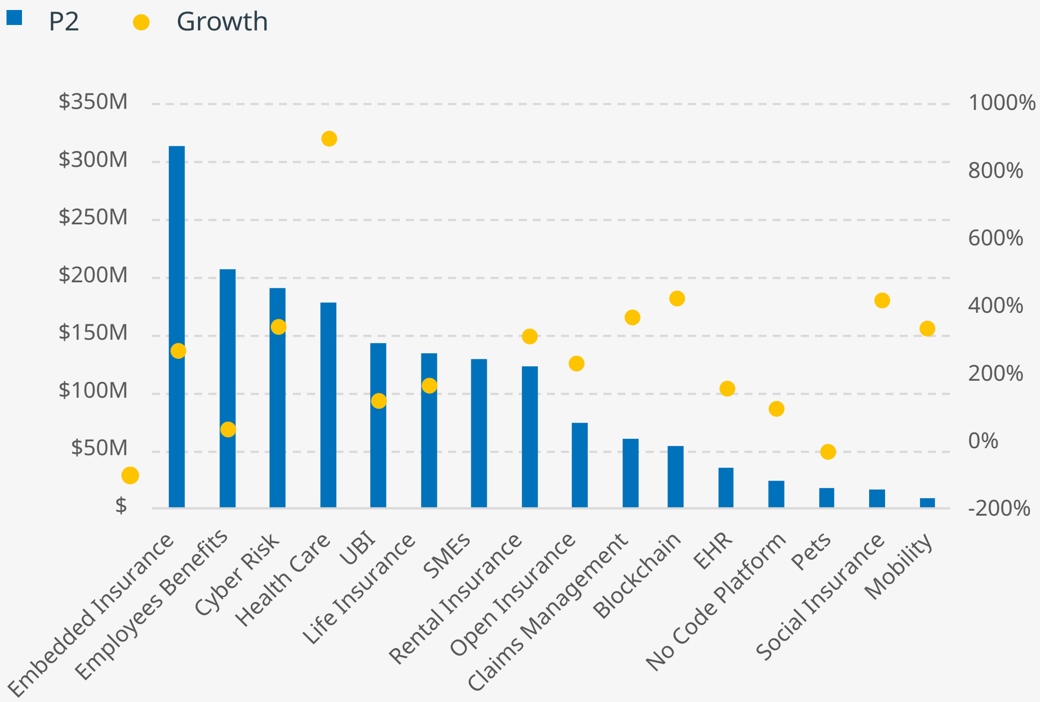
During Period 2 (2021-2023), the top 3 lines of business that secure the most funding are embedded insurance, employee benefits, and cyber risks, while health care is the line that grew the most compared to Period 1 (2018-2020).

Fundraising is sometimes used as a proxy for performance. This method to illustrate traction has been challenged by the profitability race seen in the public market, which will be explored in later sections.

There is a limitation on what the funding can give us in terms of insights, details of the observed trends and how the market is solving main insurance challenges. For this reason, it is imperative to consider the quality of a specific market or business. Also, commonalities or coincidences can signalise possible opportunities for the insurance industry.

The starting point of our qualitative analysis will be high growth or invested business and follow-on investments by insurers.

INSURERS' INVESTMENT IN BUSINESS LINES ($) AND GROWTH RATE (%)



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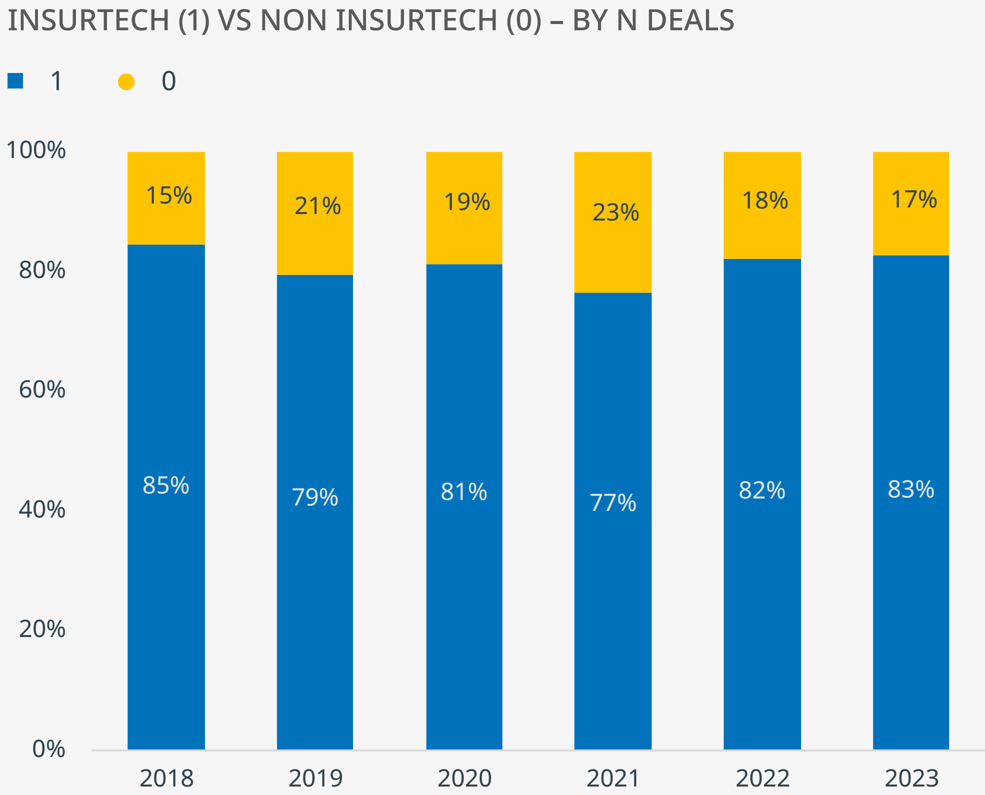
Top Insurers Investors

On average, 19% of the organisations that insurance companies have invested in are Insurtech

Insurer's investment into Insurtech and non-Insurtechs



Made by the authors. Graph 11

There are several insurers that stand out for stronger interest into Insurtech, as listed in the table.

INVESTOR NAME	NUMBER OF DEALS IN INSURTECHS/ TOTAL NUMBER OF DEALS	INSURTECH%
Allianz	34/101	34%
Munich Re	34/72	47%
Mapfre	32/90	36%
MassMutual	25/118	21%
AXA	23/136	17%
Liberty Mutual	17/43	40%
MS&AD	10/20	50%
Tokio Marine	5/17	29%
Swiss RE	5/11	45%
Chubb	4/6	67%
Beazley	4/4	100%

Common Investment Interests

In our Insurtech GO 2023, we mapped out the Insurtech Ecosystem of several insurance leaders. This year, we went one step further, studying the follow-on investments, also known as subsequent funding rounds, in our insurers' bets.

We consider this integral to gaining a comprehensive understanding of the dynamics within the Insurtech investment ecosystem.

The industry leaders are making strategic investments that ride the wave of changing trends and tech breakthroughs. Our study identifies four main areas where these investments are concentrated, showcasing a shift towards innovation and customer-centric approaches.

- **Distribution:** The first focus area, Distribution, witnesses investments flowing into contemporary channels such as Embedded Insurance, Digital Insurance, Brokers & MGAs, and Aggregators/Marketplaces.

  This strategic move aims to modernise how insurance products are accessed and distributed, aligning with consumers' changing preferences and behaviours in an increasingly digital world.

- **Operational Efficiency:** Key areas include Data Extraction & Integration, Artificial Intelligence & Machine Learning, Algorithmic Underwriting, Claims Management/No Claims, and No Code Insurance.

  These investments seek to enhance the efficiency of insurance operations, leveraging cutting-edge technologies to optimise various aspects of the insurance value chain.

- **Beyond Life & Health Insurance:** Moving beyond traditional Life and Health Insurance, investments are branching into diverse areas such as Health Data & MedTech, Wearables, Electronic Health Records (EHR), Real-Time Data, Employee Benefits, Insurance Inclusion, and Financial Planning. This expansion reflects a broader vision of insurance, integrating health technologies, data analytics, and inclusive financial planning into the industry's fabric.

- **New Horizons:** The final focus area, New Horizons, encapsulates a spectrum of innovative investments. This includes coverage for Small and Medium Enterprises (SMEs), Advanced Connectivity like Home Care and Fleet Management, Pet Insurance, Renters Insurance, Fraud Detection, Emerging Risk Coverage such as Cyber Insurance, and the concept of Open Insurance.

These investments reflect a forward-thinking approach, addressing emerging risks, connectivity needs, and new market opportunities.

In the following section, we will delve into the follow-on investments of those insurers that have made above-average amounts of investments into Insurtech. This exploration will uncover the strategic decisions shaping the insurance landscape, propelling the industry into an era marked by profound innovation, heightened adaptability, and an unwavering dedication to addressing the ever-evolving needs of consumers.

Follow-on Investments

Allianz

Allianz Life Ventures[1] is the corporate venture arm of Allianz Life Insurance Company of North America (Allianz Life). The investment philosophy is simple: making investments in companies with market traction and a demonstrated ability to drive innovation. The focus areas are core business needs, emerging markets and technologies, and opportunities that support their growth strategies–including life insurance, employer markets, advisory channels, and retiree services.

In the current portfolio companies, we see Covr, Ladder, and Tomorrow, for instance. On the other hand, Allianz X, the digital investments arm of Allianz Group, focuses on Insurtech and fintech scale-ups that have great growth potential and complementary business models to Allianz companies. Examples include Coalition, GT Motive, Halodoc, Lemonade, Next Insurance, Pie Insurance, and simplesurance.

As mentioned before, the deal between Simplesurance and Allianz marked a significant milestone in the insurance technology landscape in 2023. This collaboration brought to light Simplesurance's inaugural year under the Allianz Partners umbrella, a period filled with noteworthy achievements. Throughout the year, the partnership was characterized by high-profile engagements across various sectors, including automotive OEMs and banks, showcasing the strategic depth and reach of this alliance. Further strengthening this relationship, in October 2023, Simplesurance announced that its subsidiary, simplesurance Broker GmbH (trading as Schutzklick Makler), would be transferred to Clark, another Allianz-backed Insurtech.

1 https://www.allianzlife.com/about/ventures

This move not only emphasized the strategic realignment within the Allianz ecosystem but also reinforced Simplesurance's core competencies in embedded insurance, highlighting the dynamic and evolving nature of the insurance technology sector.

Covr[2] is a multi-carrier, digital life insurance platform that is white-labeled and distributed through financial institutions. In January 2023, Covr Financial Technologies partnered with Smart Choice to bring its digital insurance platform for independent agents, Covr Pro, to 9,500 Smart Choice agencies, allowing even more independent advisors to use Covr's leading digital solution.

Seyna[3] is an insurance platform that builds a modern insurance ecosystem for brokers. The company partners with reinsurers, technology partners, consulting firms and claims handlers to build an ecosystem. During 2023, Seyna launched a new product called Seyna Claims which empowers insurance brokers so they can handle claims themselves.

Quantemplate[4] offers insurance data integration, automation and analytics. It enables business users to take raw data sources, cleanse and harmonise them with tools powered by machine learning, and then perform analysis to develop competitive advantage through proprietary insights.

Ladder[5] provides an online platform that enables consumers to purchase term policies in minutes from highly rated insurers. In 2023, Ladder partnered with direct-to-consumer mortgage lender AmeriSave, offering mortgage borrowers the choice to protect that investment with life insurance.

Halodoc[6] is a health app that offers telemedicine, laboratory and prescription services. The company secured US$100 million in series D money in July 2023.

BIMA provides insurance to low-income consumers across the globe via mobile phone technology. Allianz X bought a $96.6 million stake in BIMA from LeapFrog in 2017, becoming BIMA's largest strategic shareholder and supporting its transformation from a basic Insurtech to a comprehensive healthtech with an insurance backbone. Then, in 2022, Allianz X backed BIMA again to launch its Health Wallet in Asia. In October 2023, BIMA MILVIK announced its acquisition by CapitalSG.

[2] https://covrtech.com/
[3] https://www.seyna.eu/
[4] https://www.quantemplate.com/
[5] https://www.ladderlife.com/
[6] https://www.halodoc.com/

Tomorrow Ideas develops applications that help protect a family's financial future. Ethos Life acquired them in 2022 to allow consumers to create legal wills and trusts free of charge.

Pie Insurance[7] has become a leading digital provider of workers' comp insurance for small businesses. Allianz X led Pie's series D financing in 2022, one of the two largest U.S. Insurtech rounds (USD 315 million) of the year. During 2023, Pie Insurance has made the strategic move to bolster its leadership team with industry experts to help Pie capitalise on the steady growth and become the number one preferred small business insurance provider on the market.

In November 2023, Allianz X announced an investment in NEXT Insurance, another SME Insurtech. Insurer Allstate was also investing, bringing the strategic round to a total of USD 265 million. Funding will be used to accelerate NEXT's path to profitability and expand its market reach.

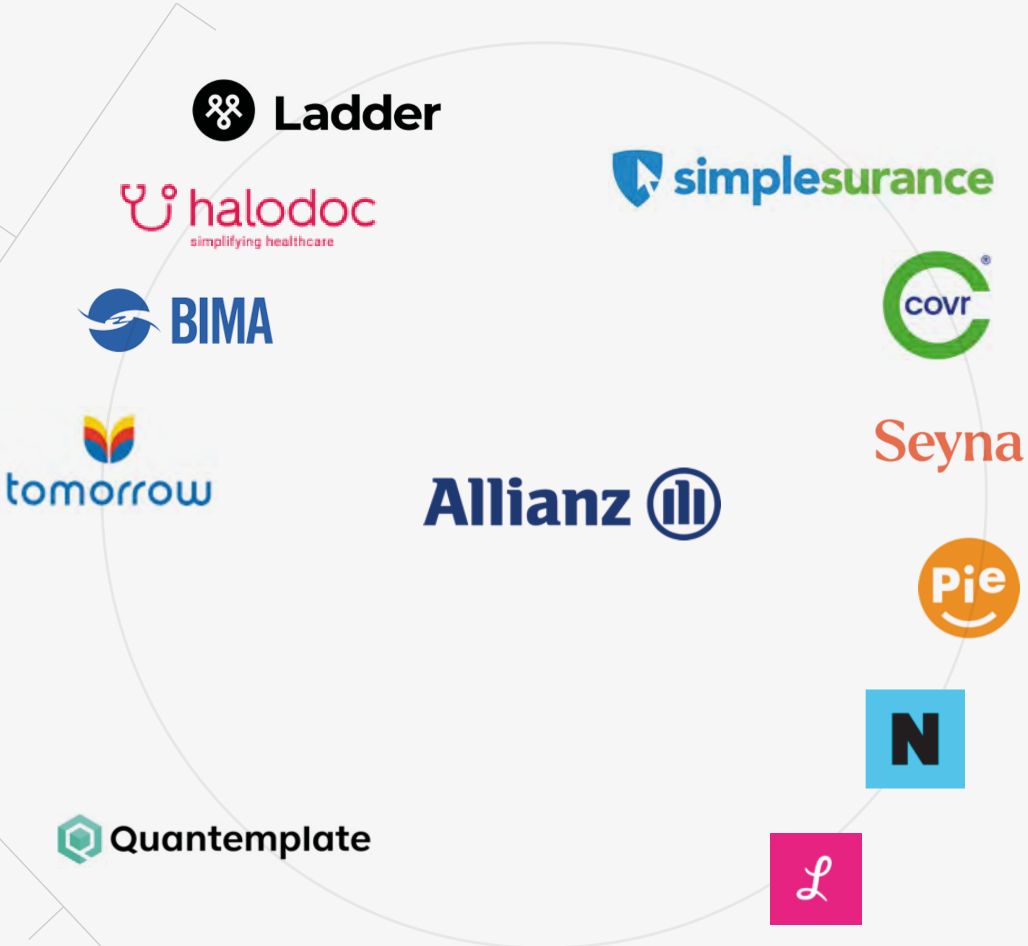
Lemonade is a licensed insurance carrier offering insurance powered by artificial intelligence and behavioural economics to homeowners and renters.

7 https://www.pieinsurance.com/

Allianz Follow-on Investments

Beyond Insurance

- Beyond L&H
- Term Life
- Healthcare Ecosystem
- Insurance Inclusion
- Emerging Markets Healthcare Financial Planning



Distribution

- Embedded Insurance
- Digital Insurance
- Bancassurance
- Brokers & MGAs
- SMEs

Operational Efficiency

- Data Integration
- Machine Learning

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Munich Re

As strategic investors, Munich Re Ventures[1] (MRV) provides capital and guidance to current and future Munich Re partners. MRV is focused on investing in early-stage, innovative companies in the insurance, health, and technology industries. Its experienced investors are financially driven while focused on the strategic interests of Munich Re and the broader insurance industry.

The investment strategy of Munich Re Ventures (MRV) involves providing capital and guidance to innovative companies in the mobility, health, and technology sectors. MRV focuses on early-stage investments and aims to support partners aligned with Munich Re's strategic interests. Here's a breakdown of Munich Re's involvement with specific Insurtech companies:

ACKO[2] is a general insurance company that offers insurance products for people working in the transportation and healthcare sectors. In a short span since its inception, Acko has partnered with major tech companies like Amazon and Ola. In 2023, ACKO acquired Parentlane, a digital health platform in the maternity and child health space, and it has raised undisclosed amount in the Series E and Private Equity round.

Slice[3] is a technology company with the first on-demand insurance platform and products to protect small businesses. Over the years, Slice has developed and launched products such as homeshare, cyber, travel, vendor, tenant, item share, and gig worker with partners like AXA XL, Lenovo, Microsoft, and Progressive.

HDVI[4] is a technology-first commercial auto insurance provider. During 2023, HDVI launched new usage-base, data-driven, and proprietary telematics-based insurance products, as well as added capability that accelerates the claims resolution process.

Dayforward[5], the first digital life insurance company built for modern families, acquired Commercial Travelers Life Insurance Company in 2023. The company also announced

1 https://www.munichre.com/mrv/en.html
2 https://www.acko.com/
3 https://slice.is/
4 https://hdvi.com/
5 https://www.dayforward.com/

a $25M round of funding. As a full stack carrier, Dayforward manufactures and distributes financial security products that are easier to understand and buy. The company was founded in 2020 with investment backing from AXA Venture Partners, HSCM Ventures, Juxtapose and Munich Re Ventures; all policies sold by Dayforward are reinsured by Munich Re Life US.

In April 2023, INSHUR[6] made a strategic acquisition of American Business Insurance Services (ABI) to expand and scale its operation across the United States immediately. The company also announced the completion of additional Series B funding of USD 26 million which is an up-round to INSHUR's series B in June 2021, supported by existing investors including Munich Re Ventures. In September 2023, INSHUR further expanded its strategic partnership with Uber to launch its insurance products to on demand insurance services to drivers in Arizona.

Super[7] is a subscription service that covers home appliance breakdown and maintenance. Investors include Aquiline Technology Growth, Liberty Mutual Insurance, Moderne Ventures, and the HSB Fund of Munich Re Ventures. In 2023, it acquired assets of the U.S. home warranty businesses of Nations Home Warranty, American Home Guardian, and TotalHome Warranty and expanded its footprint to 35 states throughout the US. Super focuses on creating an "own like a renter" approach for homeowners, and by leveraging technologies including AI, machine learning capabilities and IoT, Super aims to detect and address problems before they occur, in addition to streamlining the repair process.

Munich Re Ventures co-led Series B financing of the cyber insurance company At-Bay[8] in 2020 and then participated in the rounds C and D later on. In November 2023, At-Bay achieved the Amazon Web Services (AWS) Cyber Insurance Competency, which recognises At-Bay as an AWS Partner that helps AWS customers improve their security posture and find affordable cyber insurance policies through a new, simplified customer experience. Earlier in January 2023, At-Bay acquired At-Bay Specialty Insurance Company, a licensed P&C Insurance Carrier, and became a full stack carrier.

ManyPets started in London in 2012 with a very simple idea: Making pet insurance better for everyone. It then expanded to Sweden in 2019. Since July 1, 2023, ManyPets no longer offers new subscriptions or renewals of pet insurance in Sweden. Instead, the owners have chosen to grow in the U.S. and the U.K.

6 https://inshur.com/
7 https://www.hellosuper.com/
8 https://www.at-bay.com/

Munich Re Follow-on Investments

Beyond Insurance

- Beyond L&H
- Term Life
- Financial Planning

- Beyond P&C
- Fleet Management
- Commercial Auto Insurance

Distribution

- Digital Insurance
- Marketplace
- SMEs

New Horizons

- Home Care
- Cybersecurity
- Pet

Made by the authors.

MAPFRE

Alma Mundi Ventures is a venture capital firm that funds primarily technology-based companies with B2B and B2B2C business models. It has MAPFRE as the main investor and operates under Mundi Ventures. The fund backs Insurtechs, including wefox, bolttech, Betterfly, Descartes Underwriting, Agentero, Artificial Labs, Kinsu, Element, and more.

With the arrival of Kinsu[9] in Mexico, the objective is to rehabilitate the insurance industry, allowing anyone to generate income by offering insurance products. To achieve this change, Kinsu is developing a cutting-edge mobile platform validated by the most important insurers in the country (Qualitas and Mapfre), which will allow both applicants and clients to have direct access to the main insurance companies. In 2023, Kinsu raised seed capital from Plug and Play.

Agentero[10] helps independent insurance agents grow their business by providing them with access to modern carriers and a technology platform to identify the needs of their customers, but also quote and bind. The company partners with Cowbell, Ethos, Ladder, Next Insurance, Openly, Pie Insurance, Thimble, and more.

The vision of Element[11] is to become the go-to B2B2X partner in seamlessly delivering insurance solutions across Europe for intermediaries, insurers and enterprises. It offers a range of property and casualty products, from covers such as household and private liability over innovative mobility solutions to parametric cloud outage insurance. Their latest funding was raised in July 2022 from a Series B round (€ 21.4 Million), adding up to a total investment amount of € 88 Million.

Wefox[12] sells insurance plans online at its core. The platform uses AI, data analytics, and automation to streamline insurance processes, improve risk assessment, and enhance customer experiences. In November 2023, the company raised $55 million in debt financing from Deutsche Bank and Unicredit,

[9] https://kinsu.mx/home
[10] https://agentero.com/
[11] https://www.element.in/
[12] https://www.wefox.com/en-de

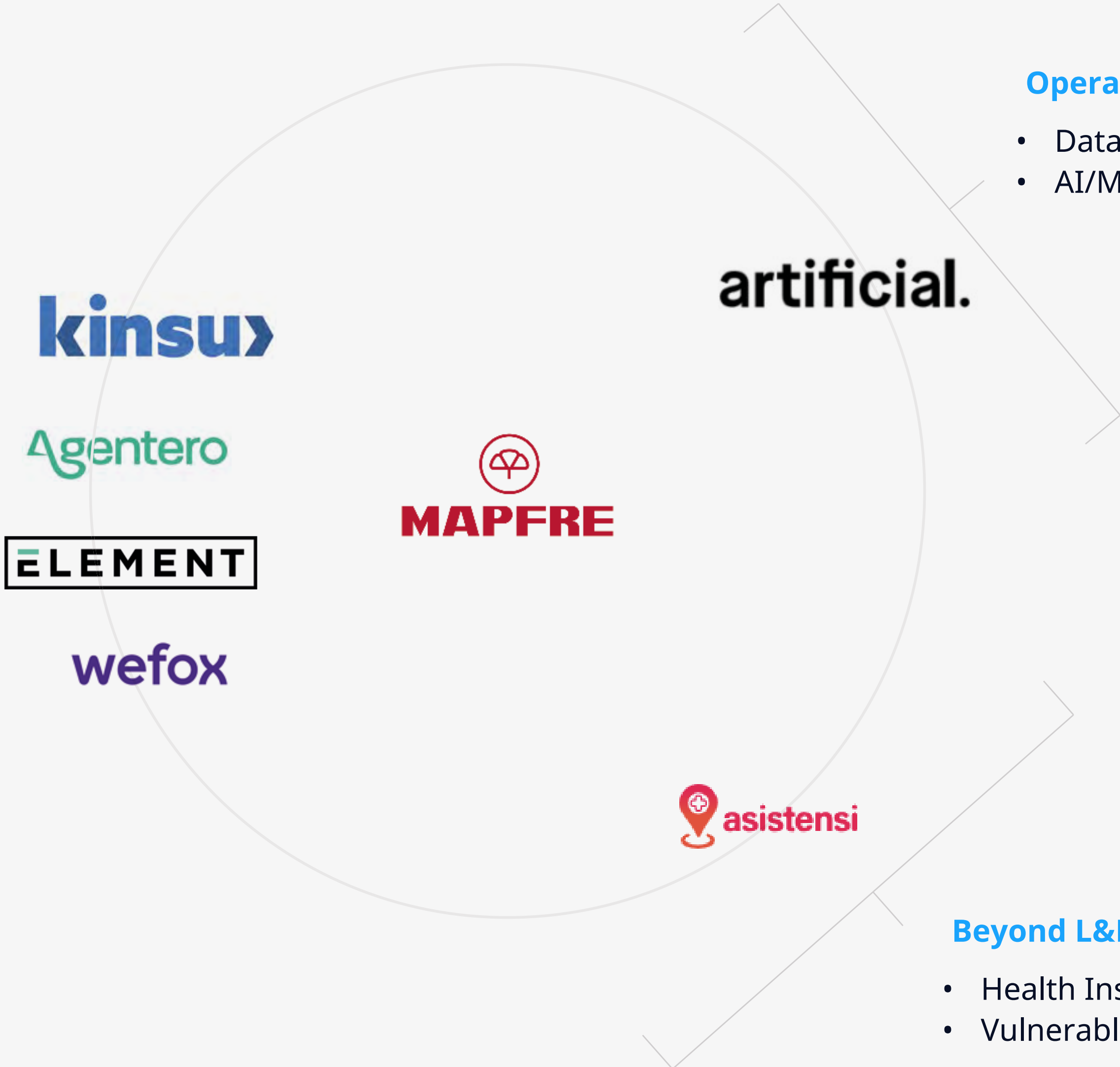
and its valuation remains unchanged at $4.5 billion. Wefox is also pushing into a new model of selling insurance called "affinity" distribution. This is where the company sells its insurance software to other businesses for a subscription fee.

Artificial[13] is building the next generation of insurance technology to empower commercial insurers to write better risks faster. In 2023, Artificial's most potent broker product yet went live in the London market–Contract Builder–and announced a strategic partnership with broker Lockton to adopt the new product. Artificial's Data Team also developed a virtual underwriting assistant (nicknamed Ava) using Large Language Models to answer in-depth questions an underwriter may have about their incoming submissions. The company also announced the collaboration with Apollo across several lines of business.[14]

Assistensi[15] is mainly focused on supporting those who have emigrated so that they can continue caring for their loved ones in their countries of origin regardless of the distances. The global headquarters is in Venezuela, and the company has operations in Latin America, from where they care for the families of migrants who reside around the world.

[13] https://artificial.io/
[14] https://artificial.io/company/blog/platform-progress-partnerships-artificials-2023-in-review
[15] https://asistensi.com/

MAPRRE Follow-on Investments



Distribution

- Marketplace
- Agents
- Embedded Insurance

Operational Efficiency

- Data Extraction
- AI/ML

Beyond L&H Insurance

- Health Insurance Remittance
- Vulnerable Audience

Made by the authors.

Mass Mutual

MassMutual Ventures' (MMV) connection to MassMutual gives MMV invaluable access to executives and teams across the company with deep expertise in fintech, cybersecurity, data science, healthtech, and technology infrastructure.

Insurify[16] is an insurance agency that offers auto, home, and life insurance services. During 2023, Insurify acquired Compare.com for an undisclosed amount, partnered with embedded insurance startup Fletch to bring pet insurance to its platform, and secured a multi-year agreement with auto finance company Santander Consumer USA to provide Santander customers with access to Insurify's auto and home insurance comparison and shopping experience.

PolicyGenius[17] is an online insurance marketplace that allows to retrieve insurance quotes using a 3-minute questionnaire and get help from certified insurance experts. The startup covers level-term life insurance, disability insurance, renter's insurance, and even pet insurance. PolicyGenius closed its last funding round in March 2022 from a Series E round. Existing investors included AXA Venture Partners and MassMutual Ventures, and new investors included several of the largest annuity and life insurance carriers in North America, like Brighthouse Financial, Global Atlantic Financial Group, iA Financial Group, Lincoln Financial, and Pacific Life. During 2023, PolicyGenius announced several partnerships to improve advisor and client experience by leveraging Policygenius Pro's, a term life insurance fulfilment platform. In May 2023, Zinnia acquired PolicyGenius.

Gradient AI[18] serves mid-market and large insurers in the workers' compensation, group health, and property and casualty markets. Its customers include primary carriers, third-party administrators, self-insured entities, brokers, captives, excess and surplus carriers, managing general agents and underwriters, professional employers' organisations, reinsurers, and risk pools across all major lines of insurance. Gradient's software-as-a-service (SaaS) platform leverages a vast dataset comprising tens of millions of insurance policies, as

16 https://insurify.com/
17 https://www.policygenius.com/
18 https://www.gradientai.com/

well as claims and numerous other features, including economic, health, geographic, and demographic information. Gradient AI is backed by blue-chip insurance industry investors, including MassMutual Ventures, Sandbox Insurtech Ventures, BSC Capital, American Family Ventures, Forté Ventures, and Stone Point Capital.

Limelight[19] has been invested by world leading insurers, including Aflac Global Ventures, Principal Financial Group, AXA Venture Partners and MassMutual Ventures…. MassMutual Ventures led its series A funding in 2015 and series B funding in 2017, with additional participation from AXA Strategic Ventures (rebranded later in 2018 as AXA Venture Partners, "AVP"). In August 2020, AVP announced the successful exit of Limelight. After only 4.5 years, close to 50% of the fund has been recycled or returned to the investors. Founded in 2013 to deliver better data integration and sales efficiency for insurance carriers, PEOs, brokers and others in the employee benefits sales ecosystem, Limelight Health paved the journey towards becoming a strong candidate to be eventually acquired by FINEOS.

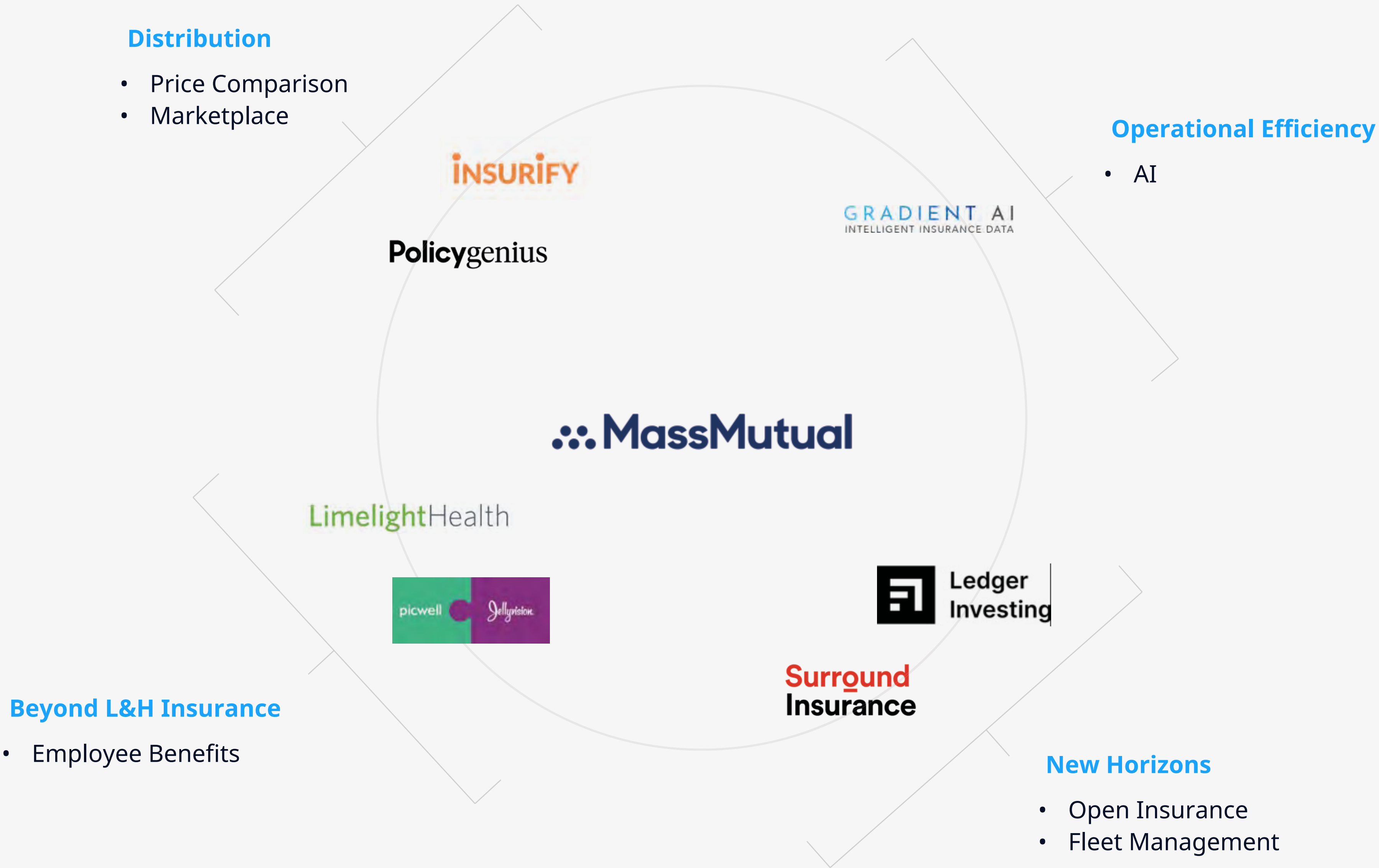
Picwell[20] is a healthcare benefit startup. It was acquired by Jellyvision for an undisclosed amount in January 2023, with the goal of powering a highly personalised employee benefits experience.

Ledger Investing[21] is an online marketplace powering interactions between investors and insurance carriers. It was formed in 2016 to enable insurers to create substantial value by securitising insurance risk while providing investors with an opportunity to invest directly in a new and growing asset class.

Surround Insurance[22] provides auto insurance and claims services. The last founding round was in 2022–$2.5M in Seed funding–led by MassMutual through the MM Catalyst Fund.

19 https://www.axavp.com/exit-of-limelight/
20 https://www.jellyvision.com/
21 https://www.ledgerinvesting.com/
22 https://www.surroundinsurance.com/

MassMutual Follow-on Investments



Made by the authors.

AXA

AXA Venture Partners[23] (AVP) investment scope covers a wide range of sectors, including enterprise software, fintech/Insurtech, digital health, and consumer tech, as well as other relevant technologies. During 2023, investments have been in existing portfolios, including Thimble and Policygenius, and AVP co-led a financing round in Dayforward, a full stack life insurance start-up.

AXA Seed Factory, the group's seed fund that targets startups in insurance and banking, invested 350,000 euros in year 2014 in Particeep[24], a computer program dedicated to developing white-labelled crowdfunding platforms. It later became one of AXA Seed Factory's two most notable exits. Particeep Plug solution helps to digitise insurance products and subscription paths and expand the distribution channels with a simple copy and paste of a line of code. The products range from Life & Health insurance to Car insurance. Insurers using Particeep solutions include Swiss Re, MetLife, and some French insurance leaders. Particeep is experiencing growth, as demonstrated by the acquisition of a majority stake by Kereis in December 2022. The acquisition typically signifies a high level of confidence in Particeep's digital distribution capability to improve operating efficiency.

In May 2021, AVP led the Series D round for Gravie[25] and supported the company's mission to heal the broken U.S. healthcare system. AXA started discussions with Gravie in 2017 as part of their proactive sourcing initiative in digital health and has been building a relationship for years. Gravie's defined contribution platform offers small businesses an affordable and predictable way to pay for their employees' health benefits while enabling employees to select a plan that best suits their needs and risk characteristics. Their latest funding was raised in March 2023 from a Private Equity round from General Atlantic, FirstMark Capital and AXA Venture Partners.

23 https://www.axavp.com/
24 https://www.particeep.com/en/
25 https://www.gravie.com/

Troy Medicare[26] forms another part of AXA's broader investment thesis in digital health. It is an independent pharmacy with a health plan and platform tailored to its most vulnerable patients. Silicon Valley Bank and AXA Venture Partners are the most recent leading investors. Troy Medicare and NirvanaHealth announced their partnership to implement Nirvana Health's Medicare Advantage Platform-in-a-Box enterprise solution, which operated on Microsoft Azure in 2023.

Thimble[27] is an insurance company that covers commercial property, cyber, and general liability insurance services. Thimble facilitates swift insurance coverage for small businesses through its acclaimed app, website, or phone services. Slow Ventures and AXA Venture Partners are the most recent investors. Arch Insurance Company acquired Thimble for an undisclosed amount in 2023. The acquisition broadens Arch's array of digital solutions catering to small business customers and brokers. Having issued over 170,000 policies to small businesses across the United States since May 2018, Thimble collaborates with various carriers, including Markel and Employers.

26 https://www.troymedicare.com/
27 https://www.thimble.com/

AXA Follow-on Investments

Operational Efficiency

- No Code

particeep
Opening financial products

Beyond Insurance

- Beyond L&H
- Employee Benefits
- MedTech
- Vulnerable Audience

LimelightHealth

gravie

Troy MEDICARE

AXA

Policygenius

Thimble

Distribution

- Marketplace
- SMEs

Made by the authors.

MS&AD

MS&AD Ventures[28] is an early-stage (usually Seed to Series B) venture fund looking broadly at technology companies in Fintech, Insurtech, Digital Health, AI and Analytics, Sustainability, IOT, Big Data, Cybersecurity, Future of Work, and Future of Transportation. The fund is backed by MS&AD Insurance Group Holdings, the 7th largest insurance conglomerate in the world. MS&AD Ventures especially like companies that have the appetite to go global in the next 3-5 years.

While there is no discernible trend of follow-on investments in the fund's portfolio, the significant leadership position of the insurance group in the Asian market prompts a meaningful exploration of its Insurtech ecosystem. MS&AD Ventures' most notable exits include Hippo Insurance, Tomorrow Ideas, and Thimble. During 2023, the fund has invested in the following Insurtechs:

- Mulberri, a business insurance solution built for PEOs and brokers.
- Meanwhile, a BTC-denominated private credit fund and life insurance.
- Coverflex, compensation management platform that offers employee benefits, insurance, meal allowance, and discounts.

28 http://msad.vc

M&AD Insurtech Ecosystem 2023

MS&AD

Distribution

- Embedded Insurance

ELEMENT

Operational Efficiency

- Data Extraction
- AI/ML
- Cloud-based Platform
- Core Modernization

artificial.

socotra

Beyond L&H Insurance

- Employee Benefits
- Bitcoin Life Insurance

Anzen

coverflex

mulberri

meanwhile

New Horizons

- SMEs
- Clean Energy
- Parametric Insurance

FloodFlash

ENERGETIC INSURANCE

Thimble

N

Made by the authors.

Digital, Connected, Generative: Three Waves Shaping the Insurtech Sector

NTT DATA

Wave 1.0:
Digital Insurance

Pioneering Public Insurtechs

The first wave of innovation in the insurance industry was catalysed by the widespread adoption of digital technologies. As smartphones became ubiquitous, insurers leveraged digital platforms to transition from traditional paper-based processes to online services. This marked a shift towards a more digital and accessible insurance ecosystem.

- **Challenge:** In an industry marked by traditional processes and channels and high risk aversion, transitioning traditional and paper-based processes to digital platforms was the main challenge for insurers and policyholders. Overcoming legacy systems, testing new technologies, and ensuring data security and return on investments were probably the most significant obstacles.

- **Promise:** Streamlined processes, improved customer experiences through online platforms, and enhanced operational efficiency for insurers. New Insurtech entrants like Lemonade, Oscar or Hippo introduced new technologies and business models to impact the customer experience and solve the main unsatisfactory moments of truth to make insurance products more attractive.

- **Insurtech Role:** Disruptors.

- **Reality:** Public Insurtechs have demonstrated considerable success in reshaping the insurance landscape with the ability to attract investments and address main pain points by offering innovative solutions but with a limited “disruption” mainly because of a poor market share and still poor sustainability indicators. Incumbents started to embrace these technologies and realise that teaming up with Insurtech and new entrants was essential to accelerate digitalisation and innovation and expand their business and profits.

- **Result:** The market fr Insurtechs focused on sustainability and profitability, monitoring if these companies can maintain growth, attract sustainable database and achieve profitability proven their financial performance and profitability.

- **Key Success Indicator:** Profitability & Sustainability.

Public Insurtech on test

In 2023, an opportunity appeared to see how, in fact, these companies dealt with a different macroeconomic scenario, some prioritising growth while others profit. The high cost of capital and the pressure for better financial metrics put public Insurtechs to the test.

In 2023, the profitability of public Insurtechs was on the mind of insurance experts and investors. These young companies, indeed, tested several hypotheses regarding the insurance pain points and are an illustration of Insurtech actual impact on the insurance market.

The love and hate for public Insurtechs depends on the expectations one may have. It seems that if we expected these companies to be disruptors of insurance, then their performance would be disappointing. However, if we come from more realistic anticipation, we may feel more optimistic about the future of Insurtech 1.0.

The Insurtech Wave 1.0 refers to leading young insurance companies born around 2012-2015 to solve fundamental pain points in the insurance sector. The intention of these companies was to make insurance an appealing product with different strategies, changing how customers and clients perceive insurance.

These companies raised the bar of insurance customer experience, transparency, and simplicity in a leap of faith that it would complete the insurance puzzle and delight customers. This hypothesis has not yet been confirmed and probably will not be clear in the short term.

Led by Lemonade, Oscar, Hippo, and Root Insurance, Wave 1.0 is nowadays considered a failure by many. The performance of these companies, indeed, was much lower than expected. In a hypergrowth environment pre covid, Insurtechs were positioned to grow as much and as fast as possible, and expectations were at their peak, although companies do not have incentives to prioritise profitability.

While many innovation waves in different industries had the luxury of showing growth and losses for several years, Insurtechs 1.0 were unfortunate not to enjoy the same patience and support from investors in one of the most challenging industries to disrupt. Hence, it is soon to conclude this history.

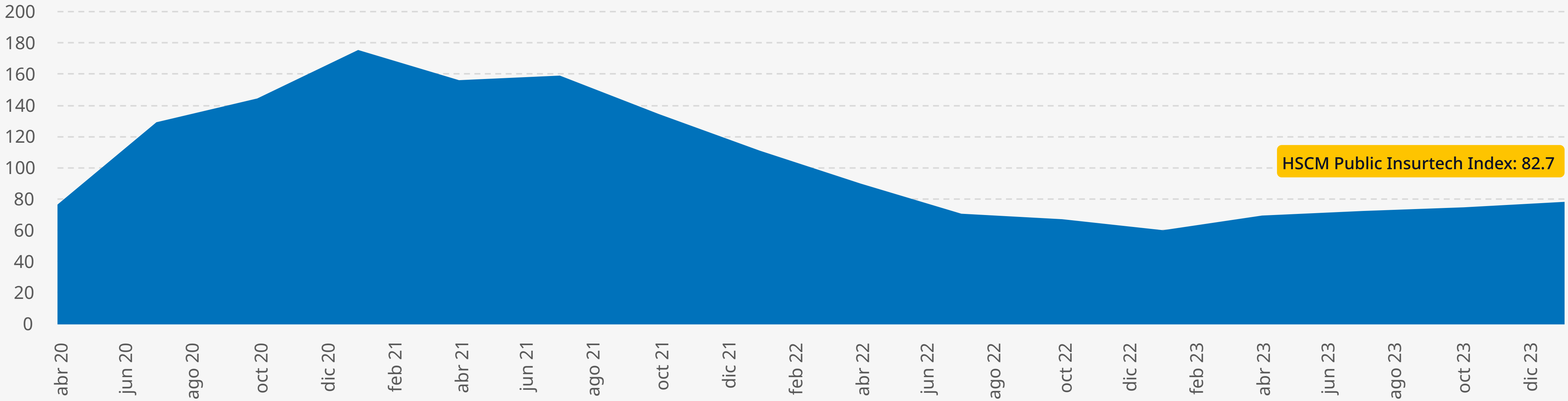
There is evidence to suggest both worlds.
Here, we consider that the Wave 1.0 is still happening
and is both a success and a failure, depending on
the perspective and previous expectations.
The goal of this analysis is to understand different
winning models based on strategic moves and financial analysis.

Path to Profitability

Hypergrowth was the priority in thriving capital markets and lower cost of capital. Nowadays, investors and young companies are prioritising sustainable and profitable businesses given the current challenges in the world with economic, political, and environmental instability.

Following their initial public offering, companies underwent initial growth during the first wave of the insurance sector. There are expectations for enhanced financial performance as businesses expand post-2021. Notably, the Index Insurtech reached an all-time high in Feb 2021.

PUBLIC INSURTECH INDEX



Made by the authors. Graph 12

In our fast-paced tech world, VC fuels tech growth. However, when companies gradually expand to maturity stage, it shows an end of the era of hypergrowth. The public market, driven by rational investors who value the profitability and sustainability of the business, is slowing its pace and adjusting its expectations. Stock prices remain very conservative for public Insurtech companies after 2021. Our team believes this is a sign that the market expectations are under a significant correction after the hypergrowth.

The downturn in valuations among publicly traded Insurtech firms has created conditions conducive to increased M&A activity. The overall decline in tech company valuations has affected the Insurtech sector, potentially leading to strategic acquisitions.

Insights to financial and business performance: Transitioning towards profitability.

Public Insurtech companies expand their capacity of earning in 2023, due to a tech-centric business model to attract more users. With the advancement of technology, they also provide many value-added services for clients. These companies remain unprofitable but with increasing gross margins. With growing numbers of customers for Insurtech products, companies have increased their ability to reduce cost expenditure. We see room for both Insurtech startups and public insurance to expand their marketplaces.

Improving Profitability

These listed companies encountered the first insurance wave in their initial stages of development, demonstrating consistent and promising growth before going public. As their businesses continue to grow, there are heightened expectations for improved financial performances. These companies are trying to expand their business landscape as they remain a strong power for revenue growth.

Despite these advancements, some companies face difficulties in hitting profitability. The stock prices for public Insurtech companies are currently conservative, signalling a shift in market expectations back to rational levels. However, various significant indicators can signal that markets are transitioning towards profitability.

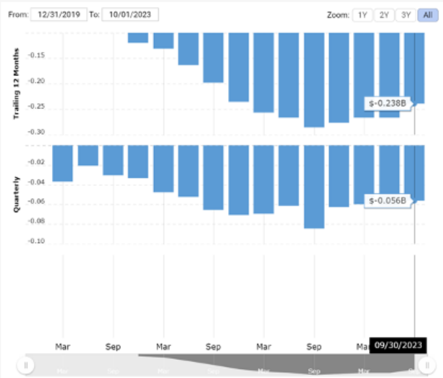
NTT DATA

Lemonade

PRE-PROFITABLE

Lemonade

Market Cap: $1,2B, Revenue: $460M



LMND

Signals of improved EBITDA indicators and shortened profitability indicators.

Annual EBITDA:

2022: $-276M

2021: $-234M

2020: $-120M

Customers: 2M (+21% previous year)

- Revenue Growth 55% YOY.
- In force Premiums: $720M.
- In Gross Earned Premium: $178M (+27%from $118M).
- Average Premium $360 (+24%).

metromile

Acquisition (July 2022)

Improvements:

- Q3 Loss Ratio: 83% (73% ex-CAT) lowest since Q3.
- ’21. Gross Combined Ratio remains at 129%.
- Health Loss Ratio in Renters Insurance 50% incl. CAT.
- Adjusted EBITDA: $-238M.

On Pending improvements:

- 51% increase of their car insurance product in California (metromile) representing half of its car book. Expected reduction of loss ratio and managed churn rate.

Promises:

- Expectations for turning to cash-flow positive late 2025.

Made by the authors. Lemonade card. Data from https://stockanalysis.com/stocks/lmnd/

Lemonade, a leading Insurtech company, has shown steady revenue growth and gross margins improvement since it went public. Customer numbers increased by 2M (+21% than previous year), and Revenue Growth was 55% YOY. We see a very steady increase in its profitability. The full stack business line and B2C business model equipped Lemonade with a great ability to gain a higher customer base and boost revenue.

In the past year, Lemonade customer base has expanded significantly, experiencing a remarkable 21% increase, reaching a total of 2 million customers. This growth has not only elevated the customer reach but has also translated into substantial revenue growth, showing a remarkable year-over-year increase of 55%. Its Inforce has reached an impressive $720 million, reflecting the strength and stability of the insurance offerings.

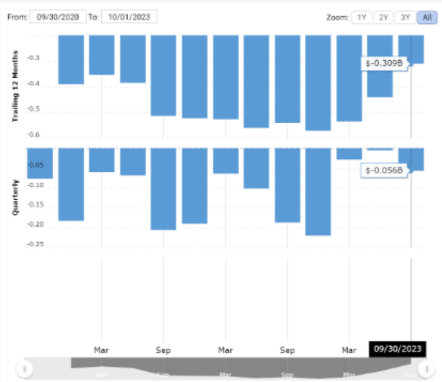
Furthermore, Gross Earned Premium has demonstrated substantial growth, rising by 27% from $118 million to $178 million. This surge underscores the increasing trust and demand for insurance products. The average premium has also seen a noteworthy uptick, experiencing a 24% increase to $360. These positive trends across customer acquisition, revenue, and premium metrics illustrate the commitment to providing valuable and competitive insurance solutions to an ever-expanding client.

Oscar

PRE-PROFITABLE

oscar

Market Cap: $1,9B, Revenue: $5,5B



OSCR

Signals of improved EBITDA indicators and probability to be profitable end 2023

Annual EBITDA:

2022: $-571M

2021: $-522M

2020: $-388M

Customers: 1M (+1% previous year 100%

- In Gross Earned Premium: $1,5B (+48%).
- $155M insurance business profits.
- +60 NPS score from +45 in 2022 (avg industry 3).

Improvements:

- New CEO Mario Bertolini (ex-CEO Aetna).
- Oscar Health pauses +Oscar full-service tech deals for implementation wows to focus on profitability targets ($60M losses in 2022 in administrative services).
- Medical Loss Ratio: 79,9% (last quarter).
- Combined Ratio 96,7% from 105%.
- Adjusted EBITDA: $-309M.

+Oscar technology platform to ease the integration with Health First Health Plans

On Pending Improvements:

- Expansion + Retention Program: Breath Easy for most respiratory disease (COPD, Asthma..), Diabetes Care Plan low-cost high-impact and unlimited testing supplies, wellbeing coaching. Inmersive HolaOscar for Spanish-Latino communinties.

Promises:

- Expectations for turning to cash-flow positive late 2024 faster than investors expected.

Made by the authors. Oscar Card. data from https://stockanalysis.com/stocks/oscr/

Oscar, a H&L Insurtech company, has not yet turned a profit. However, it implies an attractive runway for growth. Based on their latest financial report, we see signs of optimism, with increasing gross margins. Besides, we maintain confidence in the H&L line of business as a catalyst for achieving a more favourable financial position. In recent years, we have seen many insurance companies start to simplify their insurance products to put customers at the core.

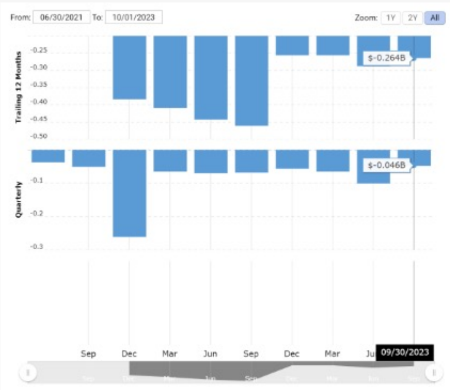
Over the past year, Oscar's customer base has seen a modest but steady increase of 1%, reaching a total of 1 million customers. Despite the slight growth, the noteworthy achievement lies in the substantial uptick in Gross Earned Premium, which has surged by an impressive 48%, totalling USD 1.5 billion. This significant increase underscores the expanding popularity and demand for our insurance offerings.

Additionally, Insurtech business has demonstrated robust financial performance, recording profits of $155 million. This success reflects the effectiveness of business strategies and the overall health of the operations. Moreover, their Net Promoter Score (NPS) has shown remarkable improvement, climbing from 45 in 2022 to an outstanding 60. This score significantly surpasses the industry average of 3, indicating a high level of customer satisfaction and loyalty to the brand. These combined metrics illustrate the commitment to growth, financial strength, and customer-centric business practices.

Hippo

PRE-PROFITABLE

Market Cap: $220M, Revenue: $195M



HIPO

Signals of improved EBITDA indicators but still an important $-38M last Q3 quarter.

Annual EBITDA:

2022: $-252M

2021: $-582M

2020: $-163M

Customers: 1M (+1% previous year 100%)

- Revenue Growth: $190-195M (+56%).
- $155M insurance business profits.
- +60 NPS score from +45 in 2022 (avg industry 3).

Improvements:

- Significant expense reduction ($50M-$70M).
- Loss Ratio: around 60% (moving from 75%).
- Premium Retention 93%.
- Improved Portfolio (ability to react): New business shutdown and non-renewals on problematic areas. Turning back with selective areas where they are priced adequately.

New business Shutdown and Non-Renewal in problematic areas (California)

On Pending Improvements:

- Diversify the top line in areas they are comfortable with (less concentration in a concrete are).
- Generate Better Customers using home care services to impact in better loss ratios.

Promises:

- Expectations for turning to cash-flow positive late 2024.

Made by the authors. Oscar Card. Data from https://stockanalysis.com/stocks/hi/

Hippo, a P&C insurance company, has shown steady growth in revenue and an increase in profitability. Despite some volatility in the gross margin, the company is actively developing new distribution channels to expand its client base. Notably, the financial performance has experienced substantial improvement, with a remarkable revenue growth of $190-195 million, reflecting an impressive 56% increase. Hence, the surge in revenue underscores the effectiveness of Hippo's business strategies and the growing demand for their products and services.

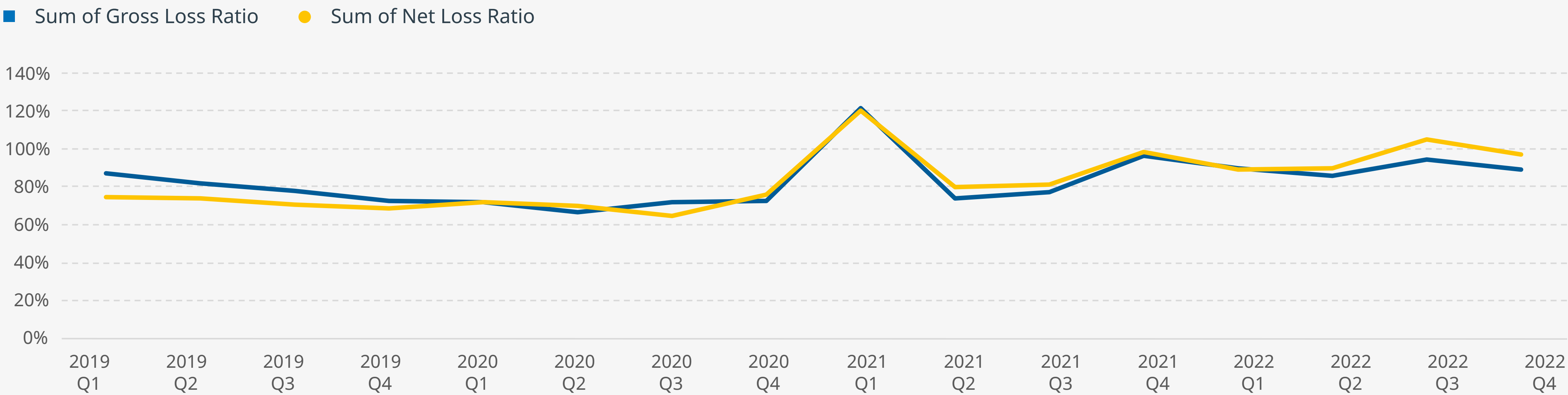
Recent financial strategies have successfully implemented a substantial expense reduction, realising savings in the range of $50 million to $70 million. This achievement signifies a proactive approach to improving operational efficiency and optimising cost structures within the organisation.

Improving Loss Ratio

The improvement of the loss ratio also shows a significant impact on maintaining business sustainability. A lower loss ratio means that a smaller percentage of premium revenue is being paid out as claims. This contributes to financial stability by increasing the funds available for covering operating expenses, investing in growth initiatives, and generating profits. Besides, a lower loss ratio also reflects effective risk management and underwriting practices.

Lemonade

Lemonade loss ratio has been a focal point of its financial performance, standing at 83%, a notable increase from the previous figure of 73%, excluding catastrophe (CAT) events.



Made by the authors. Graph 13. Lemonade loss ratio

Oscar

As for Oscar, the medical loss ratio (MLR) stands at 79.9% for the last quarter. A lower MLR generally suggests effective control over healthcare costs relative to premium income. Furthermore, a positive trend is observed in the combined ratio, which has improved from 105% to 96.7%.

Hippo

In a positive turn of events, the loss ratio of Hippo has experienced a significant improvement, decreasing from 75% to around 60%. This decline indicates more effective risk management and a reduction in the proportion of premiums paid out as losses. Additionally, the premium retention rate stands at a robust 93%.

EBITDA Analysis

The Insurtech landscape has witnessed a notable correction in valuations, compounded by a reputational impact stemming from financial policy changes. Despite Lemonade, Oscar, and Hippo each boasting over 1 billion in revenue, a concerning aspect emerges with negative EBITDA hovering around USD 300 million for these companies.

This negative EBITDA suggests a financial landscape where operational costs exceed earnings, potentially indicating challenges in achieving profitability. The correction in valuations and reputational impact further accentuate the complexities these Insurtech companies are navigating in an evolving financial climate. Companies are also making strategic moves to tackle these challenges.

Lemonade

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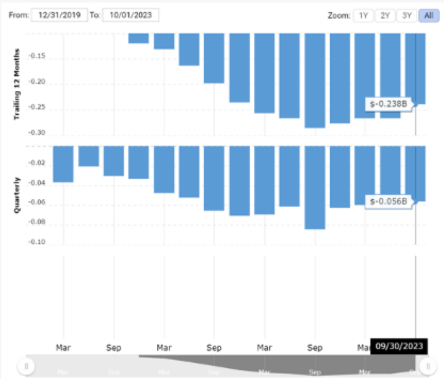

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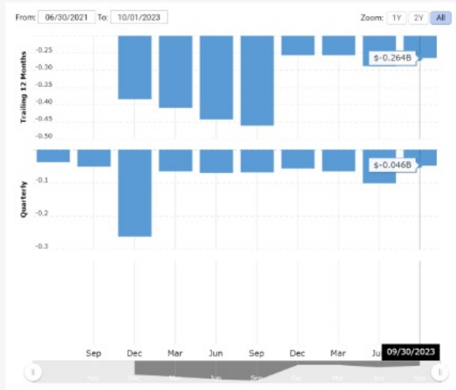

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Made by the authors. Ebitda. Data from https://stockanalysis.com/stocks/hi/

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Despite these advancements, some companies face difficulties in hitting profitability. The stock prices for public Insurtech companies are currently conservative, signalling a shift in market expectations back to rational levels.

However, various significant indicators can signal that markets are transitioning towards profitability. The ambiguous signals are not only restricted to internal indicators. Different perspectives are also a must to recognise the overall impact of these companies considering the whole insurance market. Some learnings are expected to be incorporated in the next innovation waves, in incumbent business models and in investors' practices.

DIFFERENT PERSPECTIVES	ADJUSTMENT OF EXPECTATION	CHANGES IN THE LANDSCAPE	LONG TERM DISRUPTION
Investors	▪ Recognize significant market opportunities in the Insurtech sector prioritize later stage evaluate the performance of investment in the sector.	▪ Advanced economies prioritize later-stage investment opportunities in their focus.	▪ Private equality (PE) and venture capital (VC) firms will evaluate the performance of Insurtech companies during the IPO stage.
Insurtech	▪ Successful players in the market have the advantage of exerting greater control and attracting more funding from investors.	▪ Succesful players in the industry accumulate more market power ▪ Creating barriers that make It challenging for new entrants to penetrate the sector.	▪ The objective is to evolve towards a profitable and sustainable business model to attract more clients and broaden the scope of the business.
Insurance	▪ There is a significant potential for collaboration rather than competition within the Insurtech sector.	▪ Companies perceiveInsurtech either as a threat or an opportunity within their business lines.	▪ Explore opportunities to collaborate with Insurtech companies and undergo digital transformation beyond traditional insurance practices.

Made by the authors. Business Insights Summary.

Strategic Moves, Rising Cash and Assets Turnover

The improvement of some metrics is the result of strategic movements by these players. The exceptional economic environment in the second period made public Insurtech prioritise profitable and sustainable projects instead of marketing and growth efforts.

Accumulating cash and assets serves as a strategic pillar for bolstering the business, guaranteeing sustainability, and securing a formidable position in the market. A closer examination reveals that these companies are in a financially advantageous position.

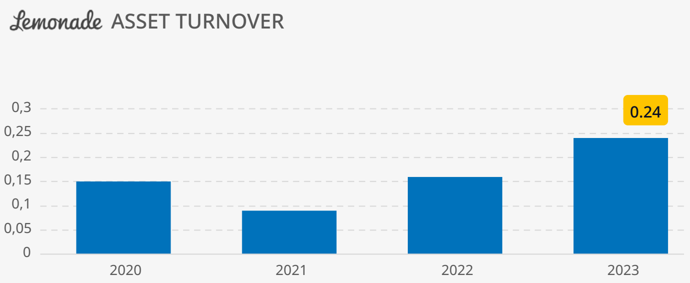
Among the three companies, Oscar stands out with the largest cash reserves, consistently accumulating cash over the years. This abundance of liquidity provides them a competitive advantage in expanding their business operations and fostering collaborations with strategic partners.

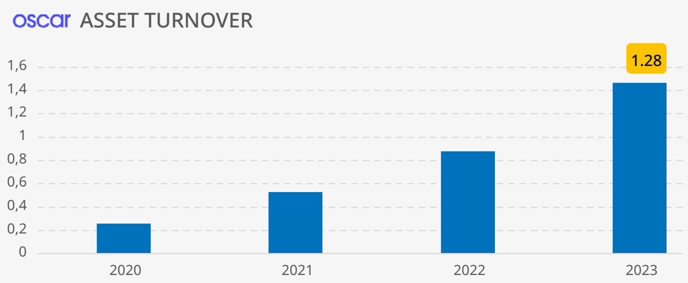
Both Lemonade and Oscar exhibit an upward trajectory in their assets turnover rate, showcasing steady growth over time. This consistent improvement contributes to establishing a sustained financial foundation, positioning them favourably for profitability.

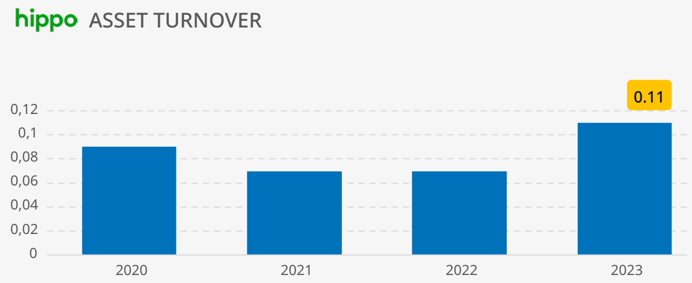
Pre_profit Insurtech: Lemonade, Oscar, Hippo

Sustainability Stable assets turnover rates contribute to a more sustainable business model.

This positive trend not only fortifies their financial standing but also places them in a sound leverage position, further enhancing their capacity to achieve and sustain profitability in the market.







Made by the authors. Asset Turnover. Data from https://stockanalysis.com/stocks/hi/

Lemonade's Strategic Moves: M&A & R&D Investments

Lemonade has positioned itself as a provider of comprehensive solutions and insurance options for renters, homeowners, cars, pets, and life. Differentiating themselves from traditional brokers and bureaucratic processes, Lemonade has embraced advanced chatbots and machine learning technologies. The integration of AI enables Lemonade to offer a seamless and instant service, eliminating the paperwork.

The trajectory of Lemonade since its initial public offering (IPO) in June 2020 has been marked by both growth and strategic moves. While the company went public with a market valuation of 3 billion, its market capitalisation has experienced a notable change, currently hovering around 1 billion. This shift coincides with a broader trend in the industry, where the initial excitement and valuation "bubble" have undergone a correction.

Upon analysing Lemonade's financial performance post-IPO, a turning point emerges, signifying a crucial juncture in the company's journey. These turning points have had a substantial impact on Lemonade's profitability and overall performance, influencing the dynamics of the Insurtech industry.

One standout success contributing to Lemonade's performance is its merger and acquisition with Metromile. This strategic move has been particularly successful, positioning Lemonade as one of the best-performing public Insurtech companies.

The M&A lead to a 51% increase in their car insurance product in California and an expected reduction in the loss ratio.

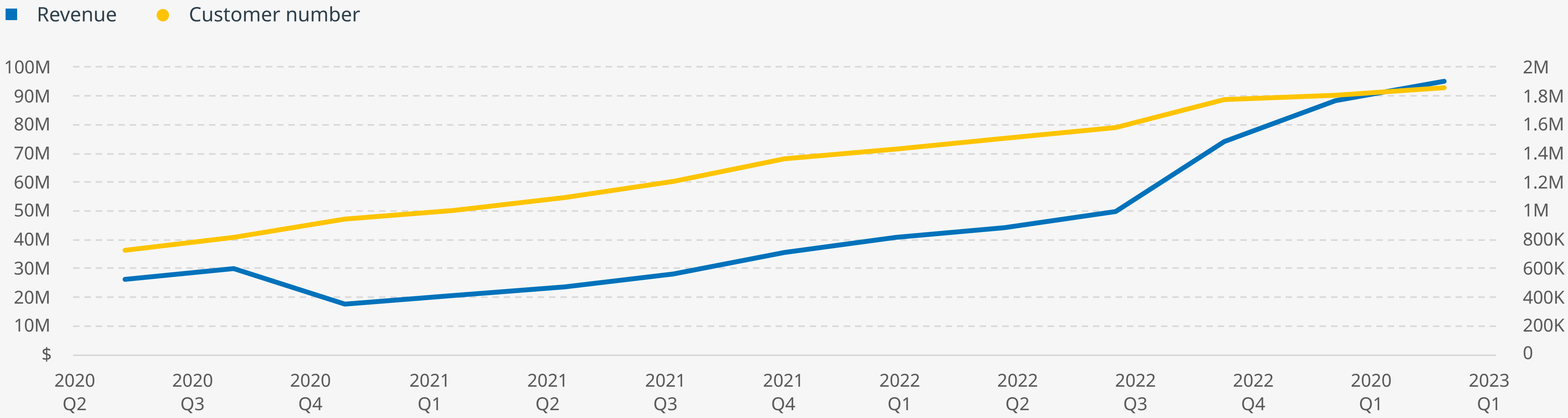
Synergies created through this merger have played a vital role in reshaping the company's trajectory, enhancing its competitive advantage, and contributing to its overall success.

The move resulted in an aggressive expansion of asset size, leading to an increase in the overall value of tangible assets and total debt.

Lemonade's customer base has experienced consistent growth, showcasing a positive trend in its market presence. However, the revenue trajectory has exhibited a U-shaped curve, suggesting fluctuations over the specified period. This U-shaped pattern implies a potential dip in revenue followed by a subsequent recovery or upward movement.

TARGET	METROMILE
Deal size	$145 million all stock deal
Lemonade Gains	Over $155 million in cash
	Over $110 million in car premiums
	An insurance entity with 49 state licences
	Precision data from 500 million car trips

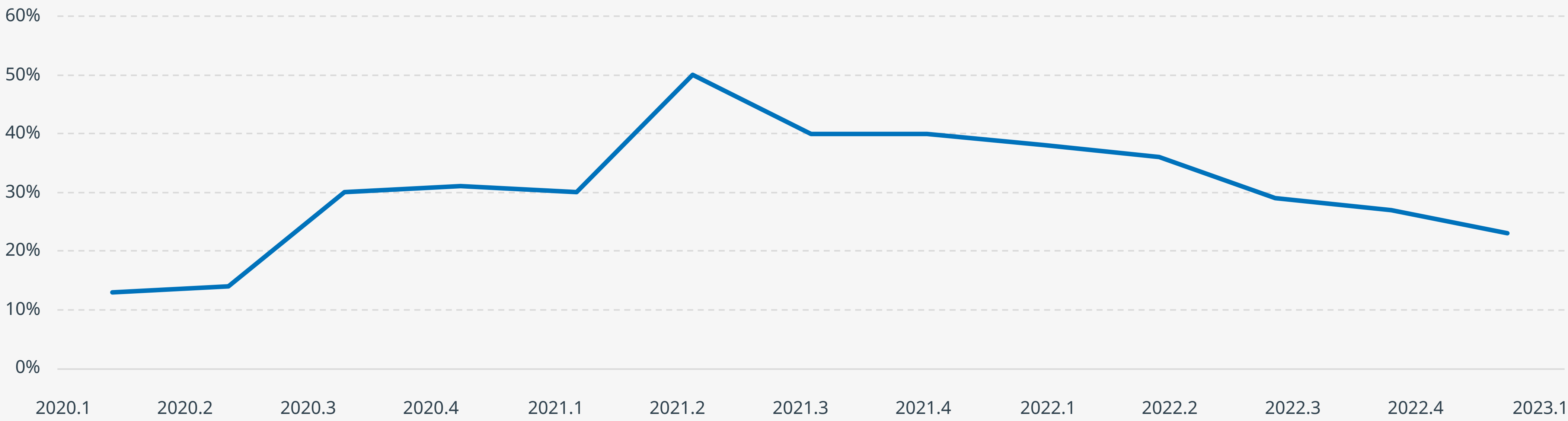
Lemonade Customer & Revenue Growth



Made by the authors. Graph 14

Notably, research and development (R&D) expenses have demonstrated a relative increase between 2021 and 2022. This uptick in R&D investment indicates a strategic focus on innovation and product development during these periods, aligning with Lemonade's commitment to staying at the forefront of technology and enhancing its offerings to meet evolving market demands.

Lemonade R&D Expenses



Made by the authors. Graph 15

Oscar's Strategic Moves: Strengthen its Management Team

The appointment of Mario Bertolini as Oscar's new CEO, with his prior experience as the ex-CEO of Aetna, marks a significant leadership change for the company. This move suggests a strategic decision to bring in a leader with a proven track record in the health insurance industry, potentially to drive transformation and navigate the evolving healthcare landscape.

This leadership change implies a deliberate and calculated move by Oscar to leverage Bertolini's proven achievements. By bringing in a seasoned executive with a wealth of experience, the company aims to enhance its transactional capabilities and explore new avenues within the health insurance sector. The strategic decision to appoint Bertolini reflects Oscar's commitment to innovation, operational excellence, and strategic growth in an ever-changing market environment.

Hippo's Strategic Moves: Enhanced Portfolio and Test of New Products

Hippo has strategically fortified its portfolio, showcasing a heightened ability to respond to market dynamics. The company has implemented measures such as the suspension of new business ventures and non-renewals in challenging areas. This deliberate retreat has been followed by a calculated return to selective regions where pricing aligns with risk considerations. A key facet of Hippo's strategic approach involves diversifying its top line. Notably, the company is leveraging home care services as a strategic avenue to attract and retain high-value customers.

Hippo's proactive steps in optimising its portfolio, combined with a strategic focus on diversification and home care services, underscore the company's commitment to bolstering its market position and ensuring long-term sustainability. These initiatives reflect a dynamic response to industry challenges and a forward-thinking approach to maintaining a competitive edge.

Companies that are adept at learning quickly and adapting to market changes often employ strategic moves that contribute to their success. Companies in the pre-public stage are fast learners who also concentrate on similar strategies.

The love and Hate for the Insurtech Wave 1.0.

The first wave of Insurtechs, known as “Wave 1.0,” has elicited a range of reactions within the insurance industry, characterised by both enthusiastic endorsement and scepticism. These trailblazers have introduced groundbreaking, tech-driven solutions to revolutionise traditional insurance practices, emphasisings customer satisfaction, transparency, and strategic growth. Despite these advancements, they have also encountered significant hurdles, including increased competition, customer acquisition and retention challenges, pressure from investors, and a reliance on continuous funding. This contrasting view underscores the dynamic nature of the Insurtech sector, highlighting its potential to innovate while also drawing attention to the obstacles these companies face.

ASPECTS	LOVE	HATE
Innovation & Approach	Pioneering with a tech-driven approach fostering industry evolution.	Encountering stiff competition from incumbents and new Insurtech players.
Customer Experience	Delivering user-friendly services and quick claims processes, enhancing satisfaction.	Battling with high churn and retention is-sues impacting long-term value.
Transparency & Trust	Building trust through programs like Give Back, superior marketing and clear communication.	
Product & Market Growth	Expanding offerings to diversify revenue streams and attract more customers.	Facing challenges in becoming profitable due to high acquisition costs and investor pressures on growth.
Strategic & Financial Health	Demonstrating the potential for profitability with focused growth strategies.	Relying on external funding, which raises questions about long-term sustainability without consistent profitability.

Made by the authors. Insurtech Wave 1: Opportunities and Challenges

Wave 2.0:
Connected Insurance

NTT DATA

Fast Learners Insurtechs

The rapid adoption of the Internet of Things (IoT) and the transformative capabilities of artificial intelligence, harnessing and actioning real-time data connectivity, marked the second wave of innovation. Insurers began finding the proper models from telematics devices and IoT sensors to traction real-time information about policyholders. This shift allowed for a more granular understanding of complex risks and enabled personalised policies and dynamic pricing based on actual behaviour and circumstances.

- **Challenge:** Gathering, managing and interpreting vast amounts of real-time data implies building a win-to-win ecosystem beyond the insurance landscape with the key stakeholders, attracting and retaining tech and insurance talent, convincing customers to share data for monitoring purposes and dealing with privacy concerns.

- **Promise:** Personalised policies based on real-time behaviour, more accurate risk assessment, less fraud and a quicker response to changing circumstances with the aim of creating better customers and sustaining portfolios.

- **Insurtech Role:** Enablers.

- **Reality:** Established players began to actively participate in the different mobility, life and health, business or home ecosystems leveraging digital and connected platforms either as orchestrators or participants. Insurtechs and Tech Titans seized the opportunity to contribute essential infrastructures, advanced data analytics or API platform systems, facilitating insurers' transition toward more preventive and service-oriented offerings beyond traditional insurance products.

- **Result:** Collaboration between insurers, Insurtechs, tech players and Tech Titans is crucial for creating comprehensive and effective solutions. The success of usage-based insurance (UBI) models depends on factors such as customer engagement, data accuracy, frictionless operations, and claims management and regulatory considerations.

Traditional insurers exemplified by Progressive or Ping An have successfully adapted to the usage-based insurance model, showcasing that the integration of third-party technology to obtain a competitive edge is surpassing the rest of incumbents and new entrants like Tesla, Root or Metromile.

Tech Titans persist in their pursuit, with significant resilience, as they strive to emerge as crucial players, if not leaders, within ecosystems. Notable examples include Amazon and Google venturing into sectors like Health and AI.

Insurtechs, positioned as enablers, actively seek to enhance and complement insurers' capabilities, particularly in API integration systems and data analytics. These agile entities demonstrate a rapid learning curve and important positive outcomes.

Connected Insurance Market Overview

Emerging technologies and data sources opened new horizons for the insurance sector. Connected cars, smart homes, and the overall development of edge computing invite new entrants and players to deliver innovative insurance solutions.

The Connected Vehicle Market is set to grow significantly, estimated at USD 74.39 billion in 2024, expected to reach USD 165.53 billion by 2029, with a 17.35% CAGR. An increasing number of customers (70.6%) are willing to share information with insurers, allowing for greater personalisation of insurance products[1].

This trend enables cheaper motor insurance by sharing driving data and incentives for active policyholders in health insurance. Consumer driving data not only helps them understand their habits but also benefits insurers through fewer claims and improved road safety.

The Smart Home sector–with a +50% growth rate in home devices–and the Connected Health market, which is expected to be worth USD 520.6 billion by 2032, show significant potential for insurers.

The adoption of IoT in insurance, known as Connected Insurance, is enabled by technologies that directly connect customers, insurers, and other industry players. In the motor field, insurers can achieve benefits like a -20% reduction in MTPL claims frequency and a potential -40% loss reduction in Connected Home insurance.

Factors like technology advances, changing customer expectations, and regulatory reforms are driving this shift, with Insurtech startups pushing traditional insurers to adapt. The rise of connected technologies in homes, cars, and health is reshaping the insurance industry, creating more resilient and sustainable urban environments. The shift towards connected cars, driven by technologies like AI and 5G connectivity, promises enhanced safety and reduced accidents in the automotive industry.

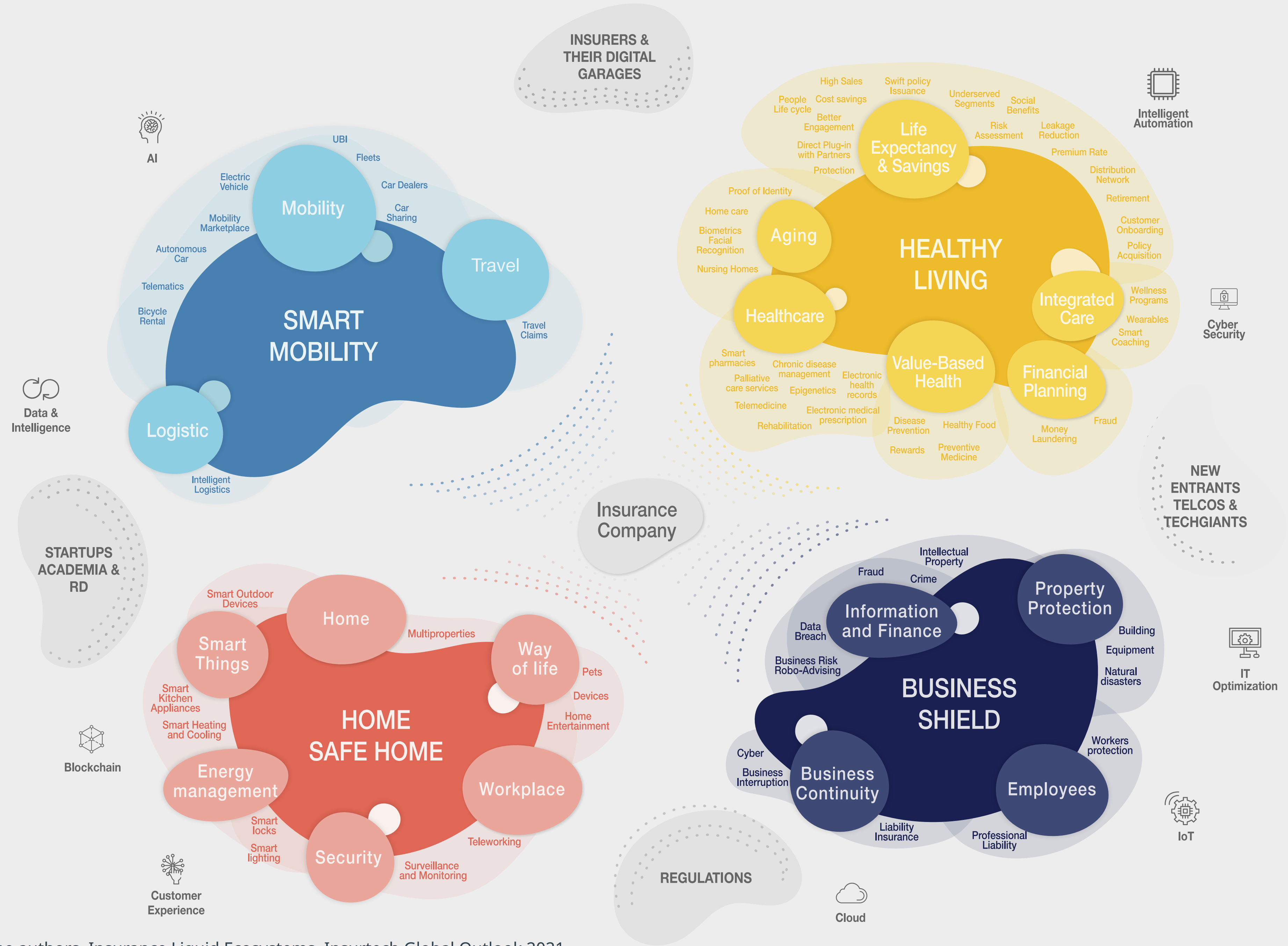
To illustrate what connected insurance means, we do not have to go far. Identifying what Insurtechs, insurance, new entrants and Tech Titans are doing is the best way to find evidence of how the insurance landscape is evolving.

1 https://www.mordorintelligence.com/industry-reports/connected-vehicle-market

Connected Insurance

From Risk Protection to Risk Prevention

The Insurtech ecosystem is evolving at great speed thanks to the existing challenges and the 4 acceleration forces (Insurance Companies, New Big Entrants, Startups & Academia and Regulation) resulting on a new transformation wave marked by the Connectiviy, Tech Integration Systems and the use of Data and AI. This Connected Insurance Wave is moving the industry from the Risk Protection to a Risk Prevention models.



Made by the authors. Insurance Liquid Ecosystems. Insurtech Global Outlook 2021

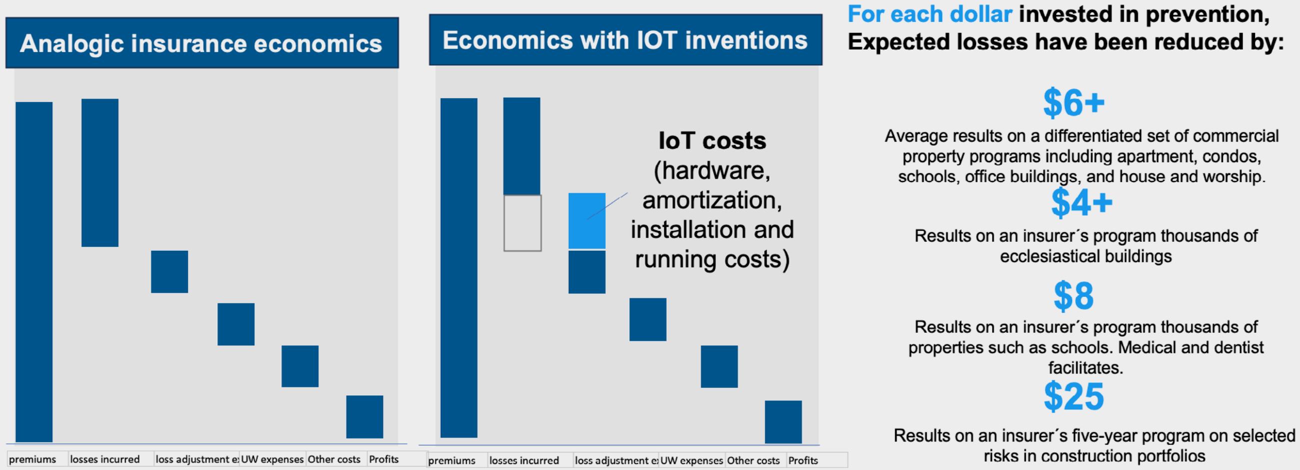
NTT DATA

Telematics Crossing the Chasm

The emergence of telematics capabilities in the insurance industry signifies a transformative phase for all the stakeholders. Telematics is proven to improve the customer journey, offering tailored coverage, improved communication, and transparency. It also contributes to risk analysis, sales strategies, and claims management, leading to a profound impact on the overall insurance landscape.

As Matteo Carbone explains, getting into telematics is not easy. "[...] It's not just as simple as adding a new rating variable. It takes broader and sustained effort, new capabilities, and investments. Having a driving score generated by the connected cars is nice, but many of the telematics opportunities require continuous monitoring and can be addressed better with the insurer's mobile app."

Wrapping risk prevention services around the insurance contract is an extraordinary opportunity to impact the bottom line for any insurer



US carriers have already achieved unbelievable ROI by implementing their risk prevention and mitigation programs

Source: IoT Observatory Matteo Carbone

Incumbent Winners: Progressive

Telematics has already been recognised as a necessary capability in personal auto insurance. 30% of the new business for many of the top U.S. auto insurers is telematics-based. It is the way to improve profitability and customer engagement.

Progressive, a leading car insurer in the United States, has been at the forefront of innovation in the insurance industry, particularly with its focus on usage-based insurance (UBI). In 2008, the company launched MyRate, a pioneering UBI program that allowed drivers to receive personalised insurance rates based on their unique driving habits. While “MyRate” was a discount-only model, Progressive’s Snapshot program has included the possibility of a surcharge since 2014—a key aspect of the program that increases profitability and distinguishes Progressive from competitors. In 2016, Progressive launched the Snapshot app, allowing customers to use a mobile phone app instead of having to plug in a Snapshot device. The move to continuous monitoring to be able to continuously price policies more accurately, starting in 2022, is another feature that distinguishes Progressive’s UBI program from competitors. With the continuous version of Snapshot:

- Policy rate is adjusted at each renewal to reflect customers’ more recent driving.
- Participation discount is larger, at 15% instead of 10%, which encourages more people to participate in the program.
- The size of the maximum potential discount increased to 45%, and the maximum potential surcharge to 60%.
- 75% of customers receive a discount, 20% receive a surcharge.
- UBI adoption is at or near historical highs– take rate up 40%–currently around 15%.
- Renewal rates for the safest drivers who are earning the biggest discounts are about 6% higher than average, while they’re about 16% lower for the riskiest drivers who aren’t receiving a discount.[2]

[2] https://www.fool.com/earnings/call-transcripts/2023/02/28/progressive-pgr-q4-2022-earnings-call-transcript/

The program systematically helps retain lower-risk drivers and shed highe-risk ones. And because of the changes Progressive made to the Snapshot pricing over the years, they're more accurately priced than ever before on those customers that do stay with them.

Moreover, Progressive included accident response services in the policy at no additional cost using data from the sensors on the phone, which adds value to the customer's relationship and can become another reason to choose and stay with Progressive. The company will reach out to the customer to confirm the accident and to see if they need help, and help customers notify their family members. Knowing that one of the consumer's top concerns is how to get their medical bills paid and how to get their car back on the road, a live agent from Progressive would contact the customer, dispatch an ambulance and a tow truck to the scene, and file the claim, which takes only 10 minutes in total from the time of the accident.

Like many other competitors in the industry, Progressive partners with Cambridge Mobile Telematics, who provide both data and the data collection mechanism embedded in the app. To maintain a competitive advantage, Progressive has developed its algorithm to make the most out of the data in the way it wants to. Interestingly, in the entire industry, most algorithms for UBI are filed confidentially in the United States, which means Progressive can maintain that advantage. Lastly, because of Progressive's long experience with the UBI and working with both OBD and mobile data, in addition to the fact that they attract so many insurance shoppers every year, the company can calibrate the data and achieve more accuracy and advantage.

Tech Provider Winners: Cambridge Mobile Telematics

Cambridge Mobile Telematics (CMT) has been invested by Softbank in a USD 500M private equity round. CMT successfully acquired True Motion and AMODO, two other telematics companies, and has worked with several leading insurers, such as Unipol and Admiral. CMT has been advocating the advantages of telematics and showing promising data.

TELEMATICS BENEFIT	DRIVEWELL PERFORMANCE
Customer NPS for Crash Assistance	80
Pricing	3x Better match rate to risk
	20-60% Lower loss costs
	2-9pt Higher retention
Engagement	3x More retention on rewarded drivers
	24% Lower frequency of accidents with better drivers

Made by the authors

CMT has introduced a new feature on its DriveWell SDK, allowing users to engage with customers automatically. The opt-in technology, embedded in mobile apps or additional apps, sends push alerts or texts about driving habits. It notifies drivers about speeding, hard braking, distracted driving, and more, offering tips to improve habits. In the event of a crash, it collects real-time claims process data and assists in routing vehicles to the right repair facilities. CMT aims to enhance feedback mechanisms to reduce risks over time.

The DriveWell SDK offers several features for telematics and driving behaviour analysis:

- **Automatic Trip Recording:** The SDK automatically records trips without user intervention, providing a seamless experience.
- **Identifying Driver versus Passenger:** It can distinguish between the driver and the passenger, ensuring accurate data on driving behaviour.
- **Identifying Car Trips versus Other Transport Modes:** The SDK recognises when the user is in a car and records relevant data for driving analysis.
- **Measuring Risky Events:** It can detect risky events such as phone distraction, offering insights into unsafe driving behaviours.
- **Displaying Trip Details in the App:** Trip details, including driving behaviour metrics, can be displayed for user review.

DriveWell platform within smartphone app

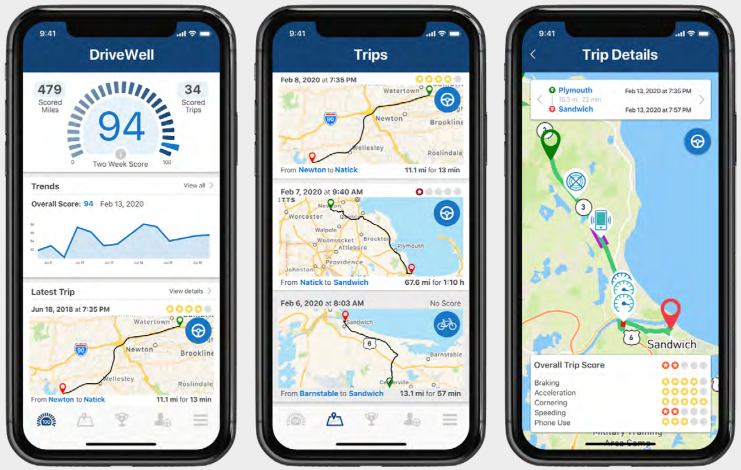


Image from https://www.cmtelematics.com/cmt-mobile-sdk/

By providing an excellent user experience, the SDK ensures that apps start and stop trips automatically with minimal impact on the device's battery. This seamless experience increases driver confidence, user retention, and long-term adoption growth. The trustworthiness of the results further encourages users to actively improve their driving behaviour.

Tech Titans Resilience: Tesla Insurance & BYD

From an insurance industry perspective, the telematics scheme is nothing new. However, evidence shows that a new battle of new energy car insurance has begun among automakers, who have an inherent advantage in data and technology. As a Tech Titan, Tesla is disrupting the landscape by leveraging their incredibly rich data set, and this pioneering use of advanced telematics is expected to significantly improve the risk pricing and bring down the insurance premiums for policyholders.

In August 2019, Tesla launched Tesla Insurance[3], a competitively priced insurance offering designed to provide Tesla owners with up to 20% lower rates and, in some cases, as much as 30%. But nearly four years since it launched, Tesla Insurance is now facing questions over its viability due to the high repair costs of electric vehicles (EVs), shortage of EV-qualified mechanics and insurance experts, and miscalculation of safety scores, among other reasons.

It is claimed that the average annual repair and maintenance cost of a Tesla is a bit higher than that of the average car. However, this doesn't take into consideration the higher cost of the vehicle in the first place. In addition, recent price drops have put both the Model 3 and Model Y below the national average price for new vehicles. The Model 3 currently starts at about $40,000, while the top-selling Model Y starts at just under $48,000 (both before incentives). Even the Model S recently got a price drop, with the entry-level model now starting at under $75,000, and the Model X SUV is now down under $80,000. Lower list prices mean lower replacement costs, and this (eventually) will translate to lower premiums.

A Chinese EV manufacturer has also recently entered the spotlight. BYD has overtaken Tesla as the world's biggest seller of EVs in 2023's fourth quarter, selling about 530,000, beating Tesla's 485,000. Moreover, it is poised to enter the car insurance sector with its 100% acquisition of an insolvent online insurer as the foundation for its auto insurance unit. As the first automaker to own an insurance firm in China, it can now directly design auto insurance products and sell its own.

[3] https://www.tesla.com/en_eu/blog/introducing-tesla-insurance

While BYD is now known as an electric car giant, it has also positioned itself as a highly innovative and adaptive tech company that incorporates advanced technologies, such as electric drivetrains and battery systems, into its vehicles. Wang Chuanfu, the CEO of BYD, has been committed to building an ecosystem centered on electric vehicles, with insurance being part of it. On one hand, affordable EV insurance is expected to become an important growth point of the auto insurance industry as well as the adoption rate of EVs. On the other hand, with the accelerated expansion of the EV market, there is a huge demand for the EV insurance market to be developed. As this type of insurance helps to give full play to the advantages of companies such as Tesla and BYD, it is undeniable that the entry of these companies is forcing traditional insurance companies to speed up innovation.

Hot 2023 Deals: Inshur + ABI

INSHUR offers insurance for the commercial auto industry. Its unique processing of proprietary data and use of embedded technology in underwriting means better performance for capacity partners, as well as competitive and comprehensive on-demand insurance policies to match driver lifestyles and driving habits. In April 2023, INSHUR made a strategic acquisition of American Business Insurance Services (ABI), one of the largest and most established producers of commercial transportation insurance in the U.S., to expand and scale its operation across the United States immediately. The company also announced the completion of additional Series B funding of $26 million, which is an up-round to INSHUR's Series B in June 2021, supported by existing investors, including Munich Re Ventures.

In September 2023, INSHUR further expanded its strategic partnership with Uber to launch its insurance products to on-demand livery drivers in Arizona. These strategic milestones cement the company's position as the leading global embedded insurance platform serving the on-demand driver economy across the U.S., U.K. and the Netherlands.

Liberty Mutual Autonomous Vehicle Coverage

As autonomous mobility is progressing rapidly, earlier in 2019, Liberty Mutual participated in the seed financing of Edge Case Research as part of its ongoing efforts to help brokers, businesses, and consumers better manage risks from emerging autonomous vehicle technologies. In partnership with primary insurance carriers, reinsurers, and brokers, Edge Case is establishing Edge Case Risk Management, a managing general agent (MGA) that would be dedicated to underwriting autonomous vehicle developers and their customers. The two companies then participated in the underwriters' Laboratories Standards Technical Panel (STP), developing the industry standard for evaluating the safety of autonomous products (UL standard 4600).

Developers API

Developers API has grown 8x in the bottom-tier but did not make it to the top-tier most growing technologies. API is a must in today's insurance business, and several players already have in place this technology, making only bottom-tier Insurtechs highlight this technology.

On the bottom tier, API developers focus on three main areas: blockchain, ID verification, and data connectors. Settlement believes that blockchain-based insurance is the next step of digitalisation. The company improves insurance processes and prevents fraud through smart contracts.

Data connectors and ID verification Insurtechs use different data sources to enhance insurance infrastructure. For instance, Herald connects brokers and carriers with ease through a unified Platform.

New Tech Titans in 2023: IKEA

IKEA, known for its home furnishings, collaborates with insurance providers Mapfre and Adeslas to offer connected insurance services. This partnership combines the expertise of IKEA in home-related products with the insurance offerings from Mapfre and Adeslas. The collaboration provides connected insurance services for homeowners.

Given IKEA's focus on home-related products, the collaboration explores connected home solutions that enhance the overall insurance experience. This could include technologies such as smart home devices that contribute to home security and risk prevention.

The collaboration aims to provide a convenient and seamless experience for customers. Homeowners can access and manage their insurance products through channels facilitated by IKEA, leveraging the brand's customer reach and digital platforms. The collaboration may include initiatives for customer education, helping homeowners understand the importance of insurance coverage and the specific benefits offered through the connected insurance services.

The partnership provides an opportunity for market expansion as IKEA, Mapfre, and Adeslas bring together their respective customer bases. This collaboration allows the insurance providers to tap into IKEA's existing customer network. The collaboration also reflects a trend of innovation in the insurance industry, where partnerships with non-traditional players aim to create unique and customer-centric solutions. The involvement of IKEA adds a layer of lifestyle and home-related considerations to the insurance offerings.

Amazon sees healthcare as an experience that needs reinvention, emphasising the challenges such as appointment scheduling, long waiting times, and the overall time-consuming nature of traditional healthcare processes. Amazon has entered into a definitive merger agreement to acquire One Medical. The acquisition is an all-cash transaction valued at approximately $3.9 billion, including One Medical's net debt.

The collaboration aims to improve access to quality healthcare services, making the healthcare experience more accessible and affordable. The connected business model emphasises the opportunity to innovate and expand access to healthcare services, driven by the combination of One Medical's human-centered and technology-powered model with Amazon's customer-centric approach.

Embedded Insurance Market Overview

Distribution has been a challenge for the insurance sector in all Insurtech waves. While direct-to-customer Insurance was the promising model in wave 1.0 with aggregators, MGAs and marketplaces, current players are testing different B2B2C distribution methods and relying on brokers for more complex insurance products.

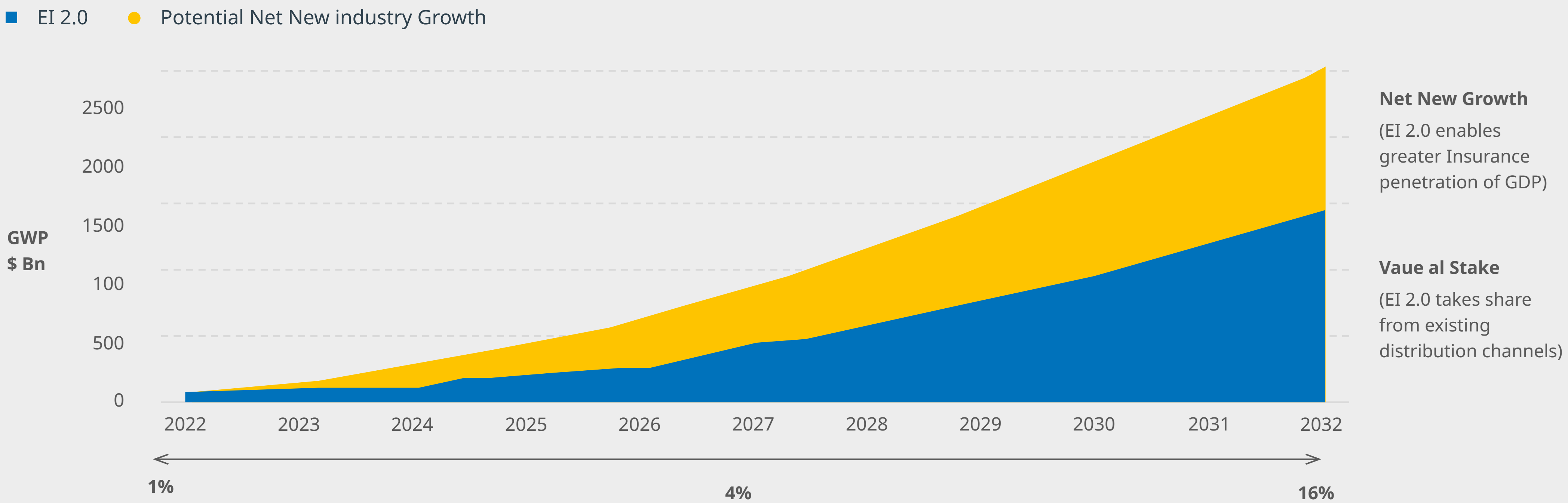
Embedded Insurance (EI) is a hot insurance topic thanks to the attention of all stakeholders. EI is a promising distribution method that can place insurance products in an enhanced customer journey with higher levels of convenience and conversion. According to the latest reports, embedded insurance will be the highest-growing distribution channel in insurance, with over $700 Billion in Gross Written Premiums by 2030, or 25% of the total market worldwide (Simon Torrance).

Embedded Insurance, also known as “Insurance 2.0”, integrates insurance products into non-insurance services, allowing customers to access coverage in everyday interactions. EI can bridge the gap between consumers’ digital lifestyles and current insurance capabilities and offerings. The potential market size of Embedded Insurance is increasing every year. Given the trends, we can estimate that by 2032, embedded insurance could account for 16% of total global insurance distribution or $1.5 trillion of Gross Written Premiums.

In addition, we believe that Embedded Insurance has the potential to increase the size of the overall insurance market (as a percentage of global GDP), potentially adding an extra $1 trillion of net new GWP to the industry by the end of the decade, mostly by leveraging the reach of digital platforms in emerging markets.

Embedded insurance is the perfect balance between creating a global safety net with protection for all, reducing the insurance gap, and offering insurance when the risk is top of mind–and, of course, the name of the game in insurance is distribution. Once an insurance program is implemented, the acquisition cost is close to zero. After all, it’s attached to the sale of a third-party partner. Plus, if integrated well, the solution is very sticky. In short, it’s a long-term partnership.

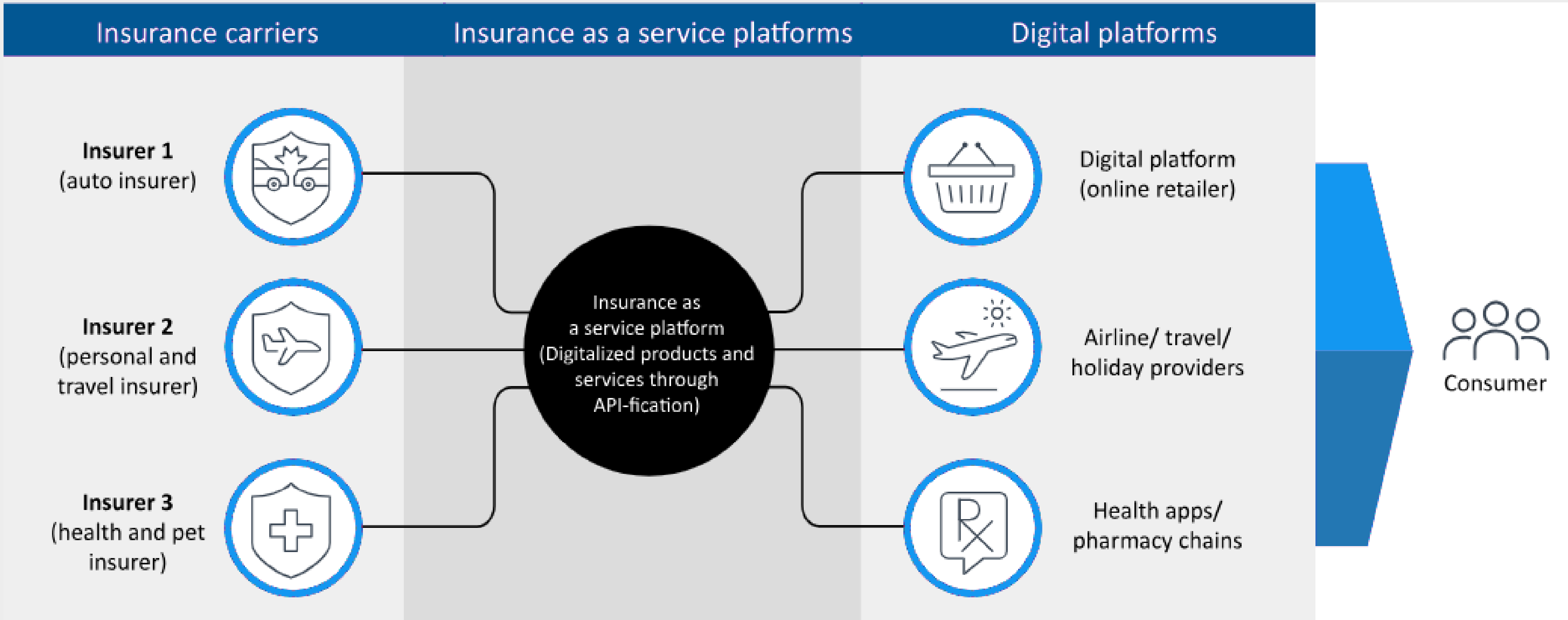
POTENTIAL SIZE OF THE EI 2.0 PRIZE (WORLDWIDE, NON-LIFE AND LIFE INSURANCE)



Source: Simon Torrance, 2022

Modern consumers seek innovative products integrated with advanced technology. The preference is for seamless, fast, and personalised solutions that can effortlessly blend into their daily lives. Rather than opting for standalone insurance purchases, customers look for easily accessible coverage that caters to their specific needs and preferences.

As the gig economy grows, such as Uber and Bolt, so do the unique needs of gig workers, who often require flexible and highly customized insurance solutions that they struggle to access with the traditional models. Technology and embedded insurance together are a life-changing model.



Source: Tata Consultancy Services, Navigating the embedded insurance opportunity, White Paper

The key to successfully deploying embedded insurance lies in the ecosystem. Digital ecosystems bring together various entities who work together as orchestrators, co-creators, and participants to enhance the customer experience in a mutually beneficial model. To offer embedded insurance, insurers must partner with insurance-as-a-service platforms that integrate seamlessly with digital platforms.

Embedded Insurance Orchestration

The ideal embedded insurance orchestration platform can support any product, country and insurer. The fact that it's highly flexible means that it is inherently scalable and global.

This also enables multiple types of partnerships; insurers, brokers and business distributors can pick and choose the elements they want the Insurtech to handle–whether that's simply the tech or a combination of claims, data.... To sum up, it can accommodate partners who are building an insurance program from scratch or want to modernize one already in place.

The 2024 vision for embedded insurance aims to establish enhanced and inclusive models, ensuring widespread utility and protection. It aspires to engage various stakeholders, including Brands, Insurers, Individuals, Businesses, Government, and Civil society. The realization of this vision hinges on the fusion of expertise in risk assessment, management, and transfer with adept utilization of digital technology, data science, digital marketing, and user experience design.

This collaborative approach seeks to innovate within insurance companies (risk assessment and management) and beyond (digital technology and user experience design), fostering novel underwriting models and enriched customer experiences.

Embedded insurance has the potential to transform the insurance industry significantly in the coming years. At the convergence point of technology, incumbent insurers, and a new generation of customers, the stage is set for a new embedded insurance approach—one that provides a win-win, low-cost distribution to an unlimited number of customers in real-time and at scale. Insurers must take action to build the requisite insurance-as-a-service platform and digital capabilities to capitalise on this opportunity.

Embedded insurance orchestration

POS / native app

White-label website

Ecomm / external embedded experience

API endoint

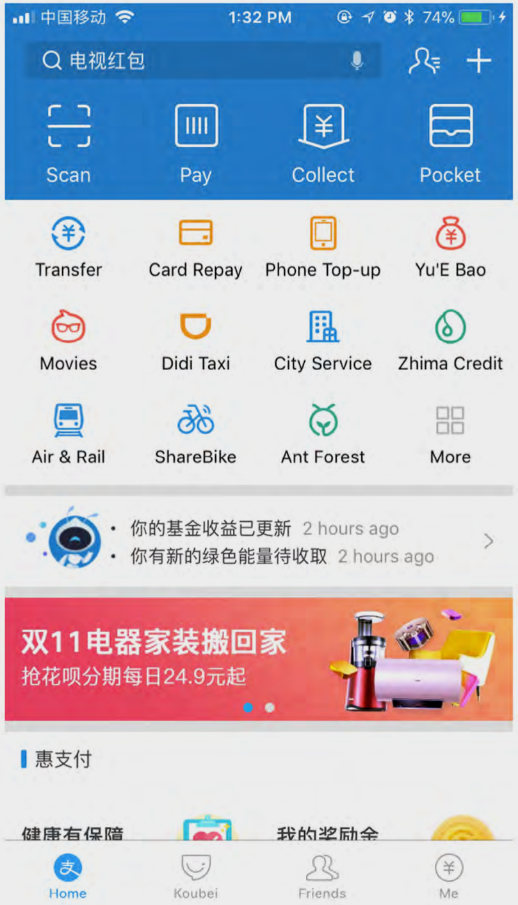
ORCHESTRATION LAYER

Configuration layer				
Commissions	Claims	Customers	Documents	Technical premium
Taxes	Compliance	Invoice	Webhooks	Bordereau report generation
Discount	Payments	PDF	White label	Product-specific connections
Life cycle	Email	Terms	Referral	

Source: Qover's platform uses APIs to connect a partner's user experience to their orchestration layer

Remarkable instances of embedded insurance in action can be found globally, with Alipay serving as a standout example. As a Chinese 'super app' under Ant Group, Alipay has innovatively developed its own Operating System. This system effectively coordinates with more than 90 insurance companies, collaborating to craft personalised protection products. These offerings are specifically designed for a demographic that previously lacked any form of insurance coverage.

Alipay: Embedded Insurance 2.0 global best practice



Alipay orchestrates 90 insurance partners to create 2000 affordable products, life and non-life, protecting 100M rural Chinese for the first time. It added $8bn+ of high margin revenue in 2020.

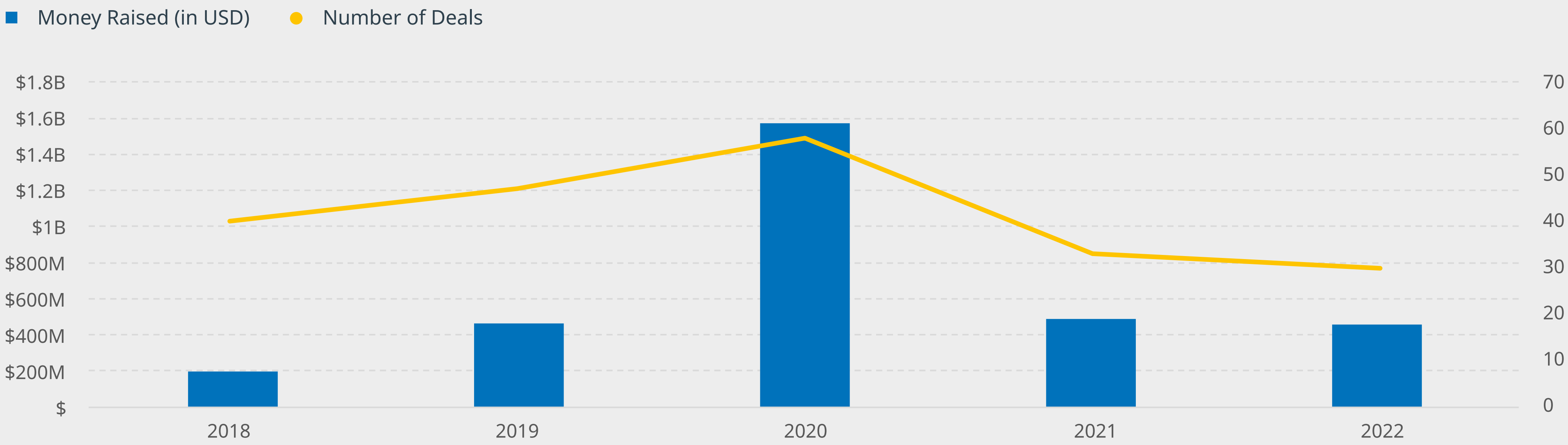
Source: Simon Torrance, 2022, EMBEDDED INSURANCE PEER GROUP REPORT

Insurtech Focus on Hybrid Distribution

Embedded insurance is being explored by many insurance players, from large incumbents to young insurance companies. Insurtechs related to embedded insurance are still receiving large funding amounts, keeping the money raised above USD 400M in the past four years.

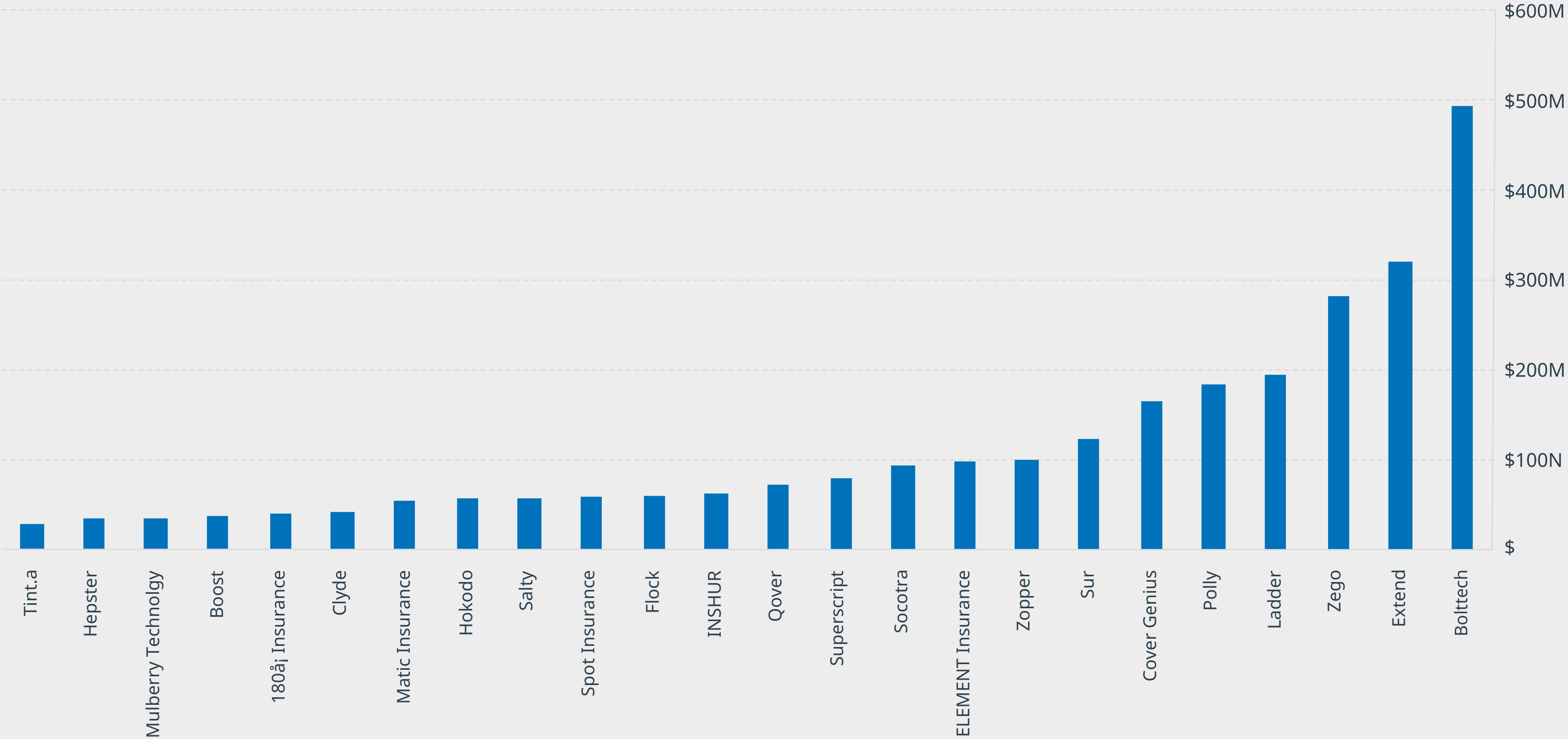
In 2021, the peak of EI leader players resulted in 1.5B in funding for startups. The largest deals in SURE, bolttech, Polly, Extend, Zego, and Cover Genius ladder were made in that year. In 2023, bolttech still led the block with 500M, covering mainly smart devices with a growing number of partners, including Samsung, LG and Back Market.

MONEY RAISED AND N DEALS – EMBEDDED INSURANCE



Made by the authors. Graph 16

TOTAL FUNDING AMOUNT CURRENCY (IN USD)



Made by the authors. Graph 17

Easy integration, partner relationships, enhanced customer journey and simple insurance products are the keys to bolttech's growth. However, bolttech is not alone in trying to succeed in the embedded insurance segment. Extend, Ladder, Zego, Polly, Spot Insurance, and Cover Genius also work with EI in different Lines of Business, operating in unique ways.

Oscar Plus Integration Platform

Oscar's innovative technology platform plays a pivotal role in healthcare integration, particularly with Health First. The Member Engagement Engine of Oscar Health stands out for its significant impact on trust-building, efficient data collection, care delivery improvement, cost reduction, and collaborative partnerships. Oscar employs prevention strategies that not only enhance healthcare quality but also contribute to overall cost reduction and efficiency. The focus on preventive measures showcases Oscar's commitment to holistic healthcare.

The Member Engagement Engine is a cornerstone of Oscar's success, with impressive metrics such as a ninefold increase in mobile app downloads, a remarkable 90% member retention rate, 47% monthly active users, and a substantial 71% contact rate with the Care Team. These metrics underscore Oscar's dedication to member satisfaction and engagement.

The engine utilises data to trigger targeted interventions, leading to a noteworthy 13% reduction in emergency room visits, a 15% increase in annual wellness visits, and an impressive 20% reduction in virtual no-show rates. This highlights Oscar's commitment to leveraging data for positive health outcomes.

The Member Engagement Engine facilitates care routing, with 75% of members utilising Care Router and two-thirds choosing a recommended provider. This results in approximately 7% cost savings, emphasising the platform's role in optimising the healthcare journey for members and achieving cost efficiencies.

Oscar's efficiency is evident in auto-adjudicating 96% of claims under $30k with an impressive 98.5% claims payment accuracy. Moreover, there is a 20% reduction in administrative costs for Oscar's partners, showcasing the platform's significant contribution to driving efficiency and lowering overall costs in the healthcare ecosystem.

Wefox Affinity Business

Wefox brought embedded insurance's emergence to the next level, which represents a transformative shift in the insurance industry, offering a more customer-centric approach and digital-friendly experiences. As wefox explores and adopts embedded insurance, they have the potential to stay ahead of the wave.

The traditional insurance model has struggled to adapt to evolving customer expectations, creating a demand for more digital solutions. Embedded insurance has emerged as a transformative approach to address this challenge, providing a seamless experience by integrating insurance products into existing transactions and services.

Wefox's strategy aligns with the growing preference for integrated and convenient experiences among consumers. Embedded insurance benefits all stakeholders involved—the insurance provider gains access to a new market through partners; partners can effortlessly offer native insurance within their ecosystem, enhancing customer loyalty; and customers enjoy a frictionless experience, obtaining insurance from a trusted provider without unnecessary hurdles. This model represents a paradigm shift in insurance, meeting customers where they are and aligning with the contemporary emphasis on user-centric and integrated solutions.

Forge strategic partnerships with businesses in diverse industries. Collaborate with companies that align with your target market to embed insurance seamlessly into their offerings. For example, partnerships with fintech, e-commerce, or travel platforms can enhance the reach of embedded insurance.

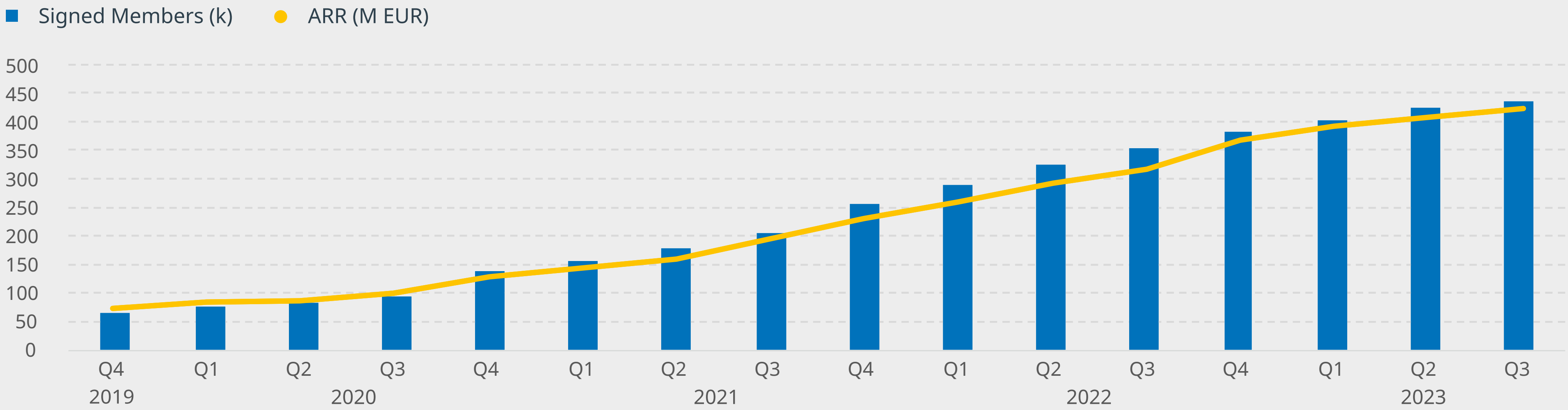
Prioritise data security and privacy. With the integration of insurance into various digital platforms, it's crucial to implement robust cybersecurity measures to protect sensitive customer information.

Alan Employee Benefits Platform

Insurtech companies focused on employee benefits are transforming how insurance products are distributed, leading to notable improvements in client satisfaction and employee welfare. These firms serve both large corporations and small to medium-sized enterprises (SMEs), with a strategic emphasis on the latter as a pivotal go-to-market strategy. They provide flexible benefits packages, including health and life insurance, catering to the varied needs of their clients. This strategy expands their reach across the market and underscores the significance of customized insurance solutions in creating a satisfied and committed workforce.

Alan, a leading European Insurtech, counts 436,000 members, an approval rate of 98%, according to the company, and a 65 NPS score. The number of customers had increased 5x, showing strong traction. Lemonade, on the other hand, had a 2x customer increase in the same period.

ALAN



Made by the authors. Graph 18

Policygenius shifting from B2C to B2B

PolicyGenius is an online insurance marketplace that allows you to retrieve insurance quotes using a three-minute questionnaire and get help from certified insurance experts. The startup covers term life insurance, disability insurance, renters' insurance, home & auto insurance, and even pet insurance. PolicyGenius closed its last funding round in March 2022 from a Series E round. Existing investors included AXA Venture Partners and MassMutual Ventures, and new investors included several of the largest annuity and life insurance carriers in North America, like Brighthouse Financial, Global Atlantic Financial Group, iA Financial Group, Lincoln Financial, and Pacific Life.

In February 2022, PolicyGenius announced the launch of PolicyGenius Pro, a new B2B solution for financial advisors and independent agents, community banks, credit unions, and more, to accelerate and streamline life insurance sales. During 2023, PolicyGenius announced several partnerships to improve advisor and client experience by leveraging the fulfilment platform for Policygenius Pro's term life insurance. Partners receive access to a wide variety of insurers, coverage types, and policy options, including accelerated underwriting offerings exclusively available on the Policygenius platform. Partners also receive support from an expert staff of 300+ dedicated specialists for case management, underwriting, and product support.

80-90% time-savings

helping clinets get covered compared to other approaches

NPS of 79

is double the industry average

60 seconds =

the amount of time it takes to recommend coverage through Pg Pro

5x more production

for agents using Pg Pro

Source: https://pro.policygenius.com/

In May 2023, Zinnia acquired PolicyGenius to expand the reach of their carrier and distribution partners further and develop the Open Insurance architecture. The acquisition opens growth opportunities for Zinnia's and Policygenius' combined 60+ carrier clients, 350 distributors and partners, and 2M+ policyholders.

The Claim(less) Insurance Market Overview

As the value proposition of Insurance companies catches up with customers' demands, products and services are evolving to prevent claims. Prevention and other services that add value to clients and customers are key to the new insurance value proposition and reducing costs.

There is a low financial incentive for companies to pursue a zero claims scenario. Regulatory rules set a minimum premium-losses ratio to prevent exploration of end customers. For instance, the Affordable Care Act requires at least 80 to 85% of premiums to be spent on medical care.

Insurance premium regulations vary by country, with the goal of balancing financial stability for insurers and protecting consumers from unfair pricing. In some places, like the United States, health insurance premium increases often need approval from state insurance departments to ensure they are reasonable. This prevents insurers from burdening policyholders with excessively high costs. In the United Kingdom, the Financial Conduct Authority oversees fair treatment of customers and emphasises transparent communication. While there may not be pre-approval requirements for premium changes, insurers are expected to provide clear information, giving customers the chance to make informed decisions.

Regulators aim to prevent unjust practices and maintain a fair insurance market. They may intervene to ensure that premium increases are justified and that insurers communicate changes transparently. While insurers have some flexibility in adjusting premiums based on factors like market conditions and claims experience, regulations help protect consumers and keep insurance accessible and affordable. Ultimately, regulatory oversight ensures fairness in the insurance industry, benefiting both insurers and policyholders.

The idea of a claimless solution is to delight customers while pursuing a healthy balance sheet by lowering the claims and costs with technology and prevention models. A cycle in which an insurer can help customers prevent property losses, health, and financial issues whilst keeping a sustainable and scalable business. In the claimless solutions, some models are opening opportunities for insurance that are worth exploring.

Strategic Solutions on Claimless

Accelerating the claims process is incentivised by a dual-benefit approach, aiming to both delight customers and mitigate costs to avoid inflation within the insurance industry. Firstly, a swift claims experience is a key driver of customer satisfaction. Timely and efficient resolution of claims meets and exceeds customer expectations, fostering a positive perception of the insurance provider. Delighted customers are more likely to renew policies, recommend the insurer to others, and contribute to a positive brand image. In an era where customer experience is paramount, expedited claims handling enhances the overall value proposition for policyholders, leading to increased loyalty and positive word-of-mouth referrals.

Secondly, speeding up the claims cycle serves as a cost-containment strategy. A prompt claims process reduces administrative overheads, such as investigation costs, legal expenses, and claims management expenditures. By leveraging technology and streamlining internal processes, insurers can lower operational costs associated with prolonged claim handling. This not only contributes to operational efficiency but also helps insurers navigate the challenges of cost inflation, ensuring that the overall cost structure remains sustainable. In essence, the incentive to expedite claims lies not only in customer satisfaction but also in maintaining financial prudence and competitiveness within the dynamic insurance landscape.

YEAR	CPI(%)
2019	2.068906
2020	1.346857
2021	3.987142
2022	9.549362

Source: https://data.oecd.org/price/inflation-cpi.htm

Wellness or Wellbeing: Path Mental Health and SonderMind

Wellness was one of the top-growing businesses in the Insurtech landscape. The top-tier companies focused on Mental Health and Vulnerable audiences, while bottom-tier companies focused on health data to promote a healthy lifestyle.

Top-tier companies Path Mental Health and SonderMind raised USD 240M in the second period. Both companies connect insurer carriers, patients, and mental health professionals. They partner with major health insurers such as Oscar, UnitedHealth and Cigna.

On the bottom tier, Avibra provides affordable insurance and wellness advice to gig workers, while Optimity and Growfitter promote corporate wellness through physical activities and rewards. Aktivolabs works with insurers to reduce chronic disease risk with health monitoring biomarkers.

Subscription Care for Home: Super

Super is a subscription service that covers home appliance breakdown and maintenance. Investors include Aquiline Technology Growth, Liberty Mutual Insurance, Moderne Ventures, and the HSB Fund of Munich Re Ventures. In 2023, it acquired assets of the U.S. home warranty businesses, the Nations Home Warranty, American Home Guardian, and Total Home Warranty, and expanded its footprint to 35 states throughout the U.S.

Traditional warranties only cover breakdowns and provide minimal coverage and service. Super, on the other hand, focuses on creating an “own like a renter” approach for homeowners. By leveraging technologies including AI, machine learning capabilities and IoT, Super aims to detect and address problems before they occur, in addition to streamlining the repair process.

Health Benefits: Gravie

In May 2021, AXA Venture Partners led the Series D round for Gravie and supported the company's mission to heal the broken U.S. healthcare system. AXA started discussions with Gravie in 2017 as part of their proactive sourcing initiative in digital health and has been building a relationship for years.

Gravie's defined contribution platform offers small businesses an affordable and predictable way to pay for their employees' health benefits while enabling employees to select a plan that best suits their needs and risk characteristics. Their latest funding was raised in March 2023 from a private equity round from General Atlantic, FirstMark Capital, and AXA Venture Partners.

Unlike traditional health plans, which are designed to provide coverage when things go wrong, Comfort was designed to offer benefits that help keep people healthy all year round. They achieve this by providing no-cost coverage on most common healthcare services, no copay, no deductible. That means their members are more likely to get preventive care and less likely to visit the ER.

Moreover, Gravie is partnering with other health and wellness innovators to reimagine what great health coverage looks like, with virtual musculoskeletal care and virtual mental health treatment being seamlessly included in the plan.

No-cost services

These non-hospital services are available at no cost to members.

- Preventive care
- Specialist visit
- Urgent care visit
- Generic prescriptions
- Online care
- Mental health care
- Physical therapy
- Occupational therapy
- Speech therapy
- And more

Other services

Costs vary by plan type.

- **Emergency room**
- **Brand name prescriptions**
- **Labs & imaging**
- **Non-preferred brand-name prescriptions**
- **Specialty prescriptions**
- **Hospital surgery / procedure**

Source: https://www.gravie.com/

Computer Vision and AI for P&C: Tractable

Computer vision is on an accelerated growth with 75% increase on top-tier Insurtechs investments and 83% on the bottom tier. The main application of this technology is P&C to improve risk assessment and claims management.

Computer vision speed claims processes for the auto sector. Top-tier companies like Tractable and omni:us accelerate claims processing for insurer clients with AI and computer vision tools to analyse and interpret customer-provided images, enabling rapid and accurate damage appraisal.

The importance of settling claims fast is highlighted by James Spears, head of auto and property at Tractable. He mentions that speed in claims processing is crucial due to various factors contributing to rising insurance costs. The impact of the COVID-19 pandemic on the auto insurance industry highlights a significant drop in accident claims during the period of reduced driving. While insurers provided rebates in response to fewer claims, costs across the broader auto industry continued to rise with inflation. As industries recovered, increased demand and supply chain disruptions led to higher prices, including soaring used car prices and a surge in the frequency and severity of auto accidents in 2021.

Apple and Apple Watch

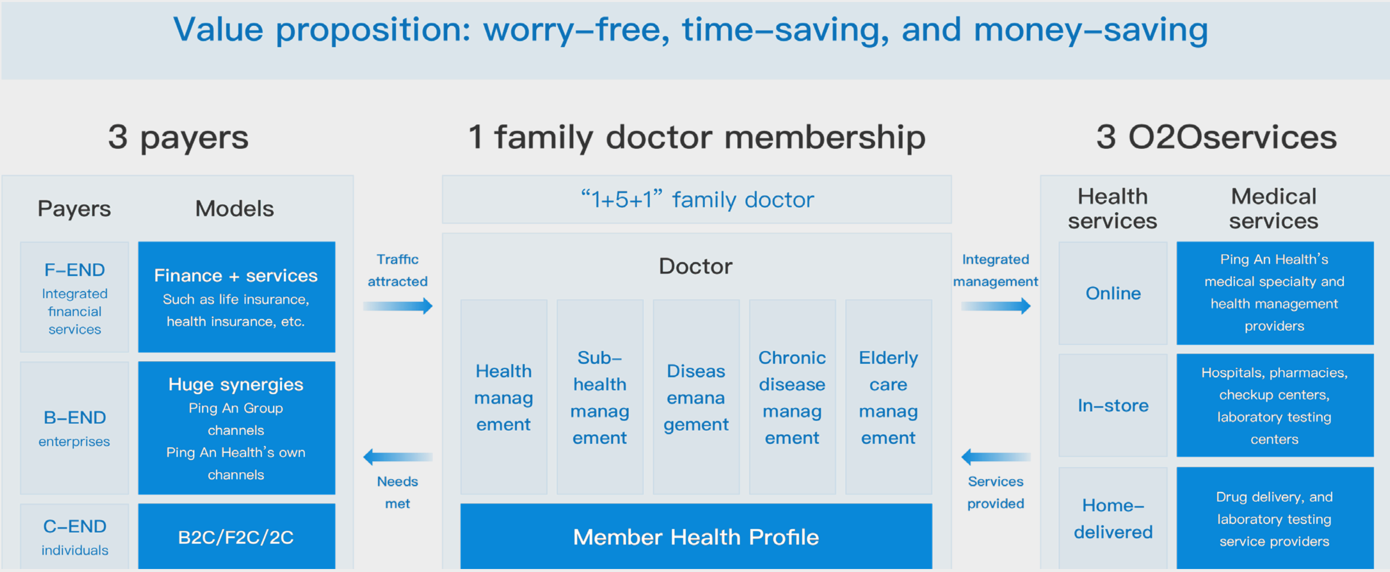
Apple has been collecting a range of health data through the Apple Watch, including blood pressure, blood oxygen levels, ECG readings, body temperature, and more. With the integration of additional devices, such as iPhones, Apple's ecosystem is used for monitoring chronic conditions like diabetes, showcasing the potential for comprehensive health data. It suggests that Apple's access to rich health data gives the company a competitive edge in the health insurance market, allowing it to differentiate itself from other insurers.

First Movers Winning Models

Insurtech Ecosystem: Ping An

Ping An, deriving its name from the Chinese term for safety, announced an insurance contract premium income of 800.695 billion yuan in 2023, continuing to rank first in the industry in China, with a year-on-year increase of 4.1%, a growth rate far exceeding that of 2022 (1.16 per cent). Among different Lines of Business, Ping An Life Insurance's cumulative premium income in 2023 was RMB 466.54 billion, an increase of 6.21% year-on-year. Ping An Insurance has achieved notable profitability in recent years, and a significant factor contributing to this success is its innovative claimless insurance model.

Unlike traditional insurance models that primarily focus on providing financial compensation for covered events, Ping An has shifted its approach. Instead of solely offering payments for insurance services, Ping An emphasises proactive healthcare services and substantial support for disease prevention and wellness. This distinctive model aligns with a preventive healthcare strategy, aiming to reduce the occurrence of health issues and the frequency of insurance claims. This approach not only benefits policyholders by promoting healthier lifestyles but also contributes to Ping An's profitability through reduced claim payouts and improved overall community well-being.



Source: Ping An Business Model Based on "Managed Care + Family Doctor Membership + O2O Healthcare Services

The company launched an internet healthcare platform focused on providing primary care services. This initiative aimed to address unwarranted demand at overcrowded large hospitals by offering online consultations through a full-time, in-house team of highly qualified doctors available 24/7. Ping An Good Doctor built a "closed-loop" system in collaboration with other healthcare players. This system included fast delivery of medicines to patients' doorsteps and convenient access to partnered clinics and labs.

The closed-loop system ensures a seamless and integrated healthcare experience for users.

A compact and technology-equipped clinical consulting booth where individuals can have brief consultations with healthcare professionals. These booths could be strategically located in high-traffic areas such as malls, airports, or busy urban centres. Offer 1-minute clinical consultations on minor health concerns, prescription refills, or general health advice. It uses telemedicine technologies like video calls to connect individuals with licensed healthcare providers.

Ping An integrates a medicine vending machine within the same facility. Upon receiving an electronic prescription, individuals can directly access the vending machine to collect their prescribed medications. The medicine vending machine uses automation and secure verification methods (such as QR codes or biometrics) to dispense the prescribed medications efficiently. The process ensures accuracy and reduces waiting times.

Ping An leverages technology to streamline operations and enhance the customer experience. Implement digital solutions that cater to the preferences of different customer segments, whether through mobile apps, online platforms, or offline delivery channels.

The company partnered with various healthcare players, including hospitals, grassroots healthcare institutions, pharmacies, and independent clinics and labs. This collaborative approach aimed at creating a win-win situation for all stakeholders involved.

As of 30 June 2023, Ping An Health had around 50,000 in-house doctors and contracted external doctors in 22 specialities, connected to a network encompassing nearly 4,000 hospitals, 226,000 pharmacies, about 103,000 health service institutions, and over 2,000 health checkup institutions.

Doctors are organised into different “families” to manage the health profiles of members. These profiles comprehensively document the health conditions of entire families, including potential genetic diseases that can be mitigated through regular monitoring and behavioural interventions. Through regular health check-ups, the company assesses risk levels and tailors personalised insurance products for individuals. Insurtech plays a crucial role in this ecosystem, acting as a facilitator between doctors and patients. The seamless products and customer experiences are strategically designed to minimise claims payments and maximise profitability.

Instead of causing displacement and disruption in the existing healthcare industry, Ping An Good Doctor’s strategy focused on aligning medical resources with market demand more effectively. By providing high-quality basic care and health management services, the company addressed the needs of a vast population seeking accessible healthcare solutions.

The company has creatively embraced the concept of a family doctor to tackle the substantial healthcare demands in China.

The scarcity of accessible doctors has emerged as a significant challenge in the country, particularly with the difficulty in finding a good doctor. Addressing the healthcare needs of a large population is an intricate task for public sectors. While the government and early pioneers in the Internet healthcare market attempted to boost the supply of medical resources within the existing hospital-centred system, Ping An took a different approach. It focused on alleviating the burden on overcrowded large hospitals by launching an Internet healthcare platform dedicated to providing primary care services.

This strategy aimed to address unwarranted demand and improve the efficiency of healthcare services by leveraging online platforms for primary care needs. Patients in less developed areas can now connect with proficient doctors in major cities like Beijing and Shanghai. Ping An Good Doctor has established a platform to bridge the gap in medical service equality, striving to achieve improved outcomes for those in need.

Tech Titan’s Resilience: Amazon

Amazon’s collaboration with One Medical aims to address challenges in the U.S. health insurance landscape by providing Prime members with streamlined access to primary care services. One Medical was founded in 2007, with over 800,000 members and over 220 offices in 2022. Membership offers unlimited 24/7 on-demand virtual care, allowing members to engage in quick video chats with licensed providers.

Virtual care services are accessible nationwide, with no additional costs for on-demand services covered under the membership. Besides medical insurance, Amazon also launched other types of insurance products to cater to the various demands of the digital market.

Affordable healthcare services for Prime members

Amazon allows Prime subscribers to access healthcare services like virtual care or in-person visits across the U.S. for just $9 per month or $99 annually, and members can also add up to five additional memberships, each priced at $6 per month.

This membership also includes One Medical’s app, which has a variety of useful functionalities such as prescription management, appointment reminders or the “Treat me now”, immediate care for common concerns, such as cold and flu, skin issues, allergies, and urinary tract infections available through the in-app. This marked the first time the e-commerce giant offered discounted healthcare for its subscribers. These common concerns have been attended to by Amazon Clinic, but there is an important difference: Amazon Clinic doesn’t accept health insurance, and One Medical does.

This strategy can help Amazon to open the healthcare scope to its more than 200 million Prime members with these important discounts, adding current discounts of $5 prescription subscription through Amazon Pharmacy’s RXPass that helps Prime members to take multiple medications that treat more than 80 common health conditions saving time and money.

In-person and Remote Primary Medical Care

For Prime members residing near a One Medical location, same- and next-day remote or in-person appointments can be scheduled. One Medical's primary care offices offer a stress-free environment with on-site labs, punctual appointments, and extended visits. Amazon, a tech-focused company, has a profound influence on digital marketing and online services. It has a competitive advantage over online distribution channels to reach the target audiences. Members can use their insurance or pay out of pocket for in-office visits, with One Medical accepting health plans from most insurance carriers. The collaboration aims to address challenges in the U.S. health insurance space, including rising healthcare costs, complexity and fragmentation of the healthcare system, and disparities in healthcare access.

Increasing virtual appointments helps maximise the productivity of in-person One Medical clinics at a moment when the One Medical telehealth business has been picking up steadily.

Insurance products covering e-commerce industry

Amazon is expanding its A-to-z Guarantee to protect customers in the event a defective product sold through Amazon.com causes property damage or personal injury, regardless of who sells it. This guarantee provides customers with a hassle-free return process for products sold and fulfilled by third-party sellers. The expanded guarantee will now facilitate the resolution of property damage and personal injury claims for products sold through Amazon.com, with the company directly paying customers for claims under $1,000. Amazon is also launching the Amazon Insurance Accelerator to help sellers buy insurance at competitive rates from trusted providers. The move aims to create a more trustworthy shopping and selling experience for customers and sellers on the platform.[4]

4 https://www.aboutamazon.com/news/how-amazon-works/new-a-to-z-guarantee-better-protects-amazon-customers-and-sellers

Business Innovation though data

Amazon Web Services (AWS) has helped insurers of all sizes to transform their businesses and bring innovation by investing in optimal solutions. Nowadays, insurance companies are seeking sustainable growth while dealing with technological legacies. In response to this, many institutions are investing in transforming their data centers, migrating their applications to AWS, and freeing up IT budgets for business. Making cloud services available to architects and developers enables faster delivery of innovative solutions. It will also provide more agile core systems and access to data for new ways of identifying risks. The data integration will help to develop more personalized insurance and faster responses to regulatory changes.

Fast Learners Insurtechs

Companies that are adept at learning quickly and adapting to market changes often employ strategic moves that contribute to their success.

The disruption of insurance at the peak of expectations seems unlikely to occur in the short term. However, efforts are being made to achieve profitability, which is slowly being shown in the financial results.
These efforts show that a tech insurance company with appealing products, frictionless processes, amazing customer service and immediate claims alone are not enough–or better, not fast enough to bring customers. The impatience of the market is creating fast innovation cycles in which players in the insurance ecosystem adapt fast and learn from each other.

Fast learner Insurtechs are entering a new phase marked by changes in valuation and investor preferences. These companies, known for achieving rapid growth, are now expanding their business.

The presence of these leading companies and unicorns is not only a testament to their success but also raises the entry barriers for new players in the industry. This dynamic environment encourages other enterprises to innovate, differentiate, and embrace emerging technologies.

Significant players like wefox, Next Insurance and bolttech are leading the way in different business segments within Insurtech. These companies have attracted substantial funding from prominent investors in 2023, positioning themselves for potential initial public offerings (IPOs) soon. With high valuations and cutting-edge technology, these firms stand out in a fiercely competitive market. Each of these leading companies has adopted distinct strategies, as discussed in the following part.

qumata

Qumata is one of the startups helping to transform life insurance products and enhance underwriting through technology, with the aim of improving the attractiveness of life insurance products. Qumata recently received USD 25 million in funding backed by tech giant Tencent. Qumata's solutions are designed to improve clients' underwriting and end-customer experience by calculating personal risk. The company claims that it can predict the current and future state of one's health accurately without any questionnaires or medical exams. Instead, Qumata uses customer smartphone data and integrates it with health-tracking apps, wearables, and other data provided by partners.

wefox

Focuses on customer expansion and integrates with distribution channels, particularly with small businesses.

Wefox raised USD 160 million in funding in a recent debt financing round, further solidifying its position in the Insurtech sector. This injection of capital, totalling USD 160 million for 2023, underscores robust confidence in wefox's future development. The newly acquired funds steer wefox's global expansion initiatives.

They secured $55 million earlier this year from existing investors JP Morgan and Barclays. This funding injection, coupled with another $55 million in a subsequent second close of its Series D funding round, contributed to a substantial $400 million round. Notably, this successful funding round resulted in a significant uptick in wefox's valuation, soaring from $3 billion to $4.5 billion in 2022.

Operating through a network of brokers, encompassing both in-house and external entities, for the distribution of its insurance products, wefox launched the new global affinity business program, where the company sells its insurance software to other small businesses through a subscription model. This might involve collaborating with an online car dealer to seamlessly integrate car insurance offerings at the point of sale.

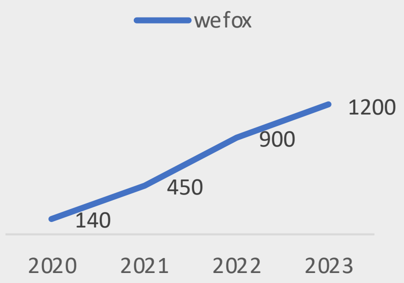
Historically, businesses have faced barriers in obtaining comprehensive insurance coverage due to cost constraints or a lack of insurance knowledge. Embedded solutions have the potential to transform the insurance process for these customers by offering tailored coverage within the business's existing operations through trusted channels. Wefox has the potential to disrupt deep-rooted distribution channels and increase partnerships with nonfinancial companies, fostering a more resilient small business ecosystem and allowing entrepreneurs to focus on growth.

PRE-PUBLIC

wefox

Valuation: $4,5B, Revenue: $1,2B

Est. Revenue (in millions)



WEFOX

Signals of constant growth but alternative finance for valuation gap & market expectations

Estimated Revenue Growth:

2022: $900M

2021: $450M

2020: $140M

Customers: 2M-3M

- Global Insurance Platform Market is 13% CAGR. Global Insurance Market is 10% CAGR.
- Wefox is above 50% CAGR.
- $800M revenue, same valuation at $4,5B.

Improvements:

- New Fundings from New Revolving Credits suppose financial discipline and more founder's control before going Public and less pressure on high growth.

On Pending Improvements:

- Launching of New Global Affinity Business program related to embedded insurance selling its insurance software to other businesses for a subscription fee — for example, an online car dealer adding car insurance at the point of sale.
- Loss Ratio in car insurance 172% forces to stop renewing car insurance program and shrinking its carrier activities and accelerate distribution capabilities.

New Affinity Business Program launched in 2023 to accelerate embedded insurance and distribution focus

Promises:

- Expectations for turning to cash-flow positive late 2024 faster than investors expected, with new growth strategies and keeping founders control over company.

Made by the authors. Wefox card.

Next

Expands its business through mergers and acquisitions (M&A) while building partnerships with companies possessing large client bases.

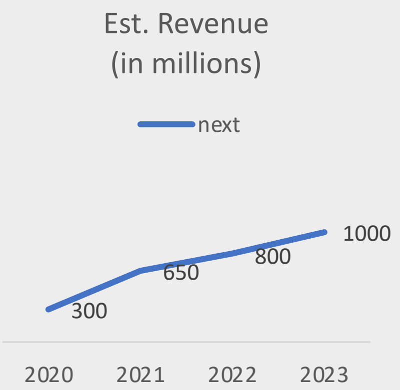
Next Insurance is having a strategic partnership with Allstate to collaboratively develop products, including commercial auto policies. This move is accompanied by an extension of Next Insurance's existing reinsurance relationship with Allianz. As part of this strategic alignment, both Allstate and Allianz are making a substantial $265 million strategic investment in Next Insurance. This investment represents the most significant funding deal in Next Insurance's history and stands out as the largest Insurtech equity round of 2023.

Despite approaching $1 billion in premium revenue, Next Insurance has yet to achieve profitability. However, this strategic collaboration with insurance giants like Allstate and Allianz positions Next Insurance to leverage its strengths in the insurance sector. With a focus on the vast potential represented by approximately 33 million small businesses in the U.S. and a premium market exceeding $140 billion, Next Insurance aims to capitalise on this partnership to drive growth and solidify its position in the competitive landscape.

PRE-PUBLIC

NEXT

Valuation: $4B, Revenue: $1B (25%)



NEXT

New fundings to accelerate path to profitability and market expansion.

Estimated Revenue Growth:

2022: $800M

2021: $650M

2020: $300M

Customers: Milestone of 500.000 active SMEs (33M in US)

- Next is above 120% CAGR (110% YOY Growth F&B, 80% YOY Growth Insurance Professionals & Financial Services).
- $1B revenue, same valuation at $4B.

Improvements:

- Proprietary machine learning algorithms that make it possible to get a quote in just a few clicks, has both simplified the buying process and provided more affordable, customized coverage.
- Embedded Insurance in QuickBooks or Amazon Business over for their retail activities through the Amazon platform in 2021
- Reduced worforce by 17% pursuing profitability.

On Pending Improvements:

- Launching Umbrella Insurance for Commercial excesss/additional coverage for SMEs.

Promises:

- Expectations for turning to cash-flow positive late 2024 faster than investors expected, with new growth strategies and keeping founders control over company.

amazon business

Next ♥ AP Intego

With the acquisition of AP Intego in 2021 they doubled the revenue to $400M

Made by the authors. Next Insurance card.

bolttech

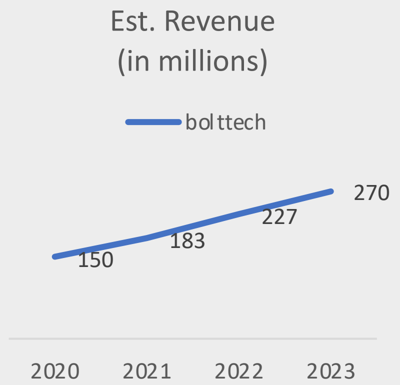
Positioned as an insurance exchange company, it emphasises information integration and ecosystem building through application programming interfaces (APIs).

Bolttech is reportedly exploring the possibility of an initial public offering (IPO) in the U.S., with ambitions to raise between $250 million and $300 million, according to reports from Bloomberg. The discussions are ongoing, and details regarding the size and timing of the IPO are still in flux. The company has garnered significant funding, securing $493 million across six rounds since July 2021. Notable investors include Japan's Tokio Marine, global life insurance giant MetLife, and Malaysia's sovereign wealth fund Khazanah Nasional.

Standing out from the crowd of Insurtechs to redefine the future of insurance is Singapore-based bolttech—a fast-growing unicorn offering on the B2B2C market. The company used the power of connection, aiming to be a world-leading insurance exchange and a dynamic digital marketplace, offering businesses the ability to add insurance to their customer journeys. Bolttech acquired Digital Care in 2023, a leading embedded protection for devices out of Poland, including Croatia, Lithuania, and South Africa, for business expansion and growth acceleration, particularly in the telecommunication industry.

PRE-PUBLIC

Valuation: $1,6B, Revenue: $270M (16%)



BOLTTECH

New fundings to accelerate growht and signals of path to profitability

Estimated Revenue Growth:

2022: $227M

2021: $183M

2020: $150M

Customers: 700 distribution partners with 230 insurance providers in more than 5 markets handling $60 billion quoted premiums

- Bolttech is above 33% CAGR (110% YOY Growth F&B, 80% YOY Growth Insurance Professionals & Financial Services).
- $270M revenue, valuation at $1,6B. 1.500 employees.

Improvements:

- Recent partnerships in APAC with Lotte Himart one of the largest electronic goods retailers in South Korea, or Globe Partners in Phillipines or Taiwan Mobile for its device protection expansion.
- Acquisition of Digital Care (leading embedded protection for devices out of Poland including Croatia, Lithuania and South Africa) for expansion and growth acceleration particularly with telco industry.
- Marketplace in the US Homeowners best choice insurance (28 insurance quote by minute).

On Pending Improvements:

- New product heroes not only low ticket products protection? Insurance exchange expansion?

Promises:

- Financial Path to profitability.

Management Philosophy: Organical via Partnerships and Inorganical via acquisitions seems to be the strategy for the quick market expansion aligned with regulation particularities with special focus on APAC emerging territories and Telcos with its product hero "Device Protection"

Made by the authors. Bolttech card.

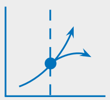
Key Drivers and Winning Strategies in the Connected Insurance Ecosystem

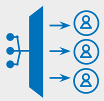
In connected insurance ecosystem, the interplay between economic development, competitive saturation, and technological advancement has set the stage for transformative business strategies. The drive towards minimising market margins has prompted businesses, including insurers, to adopt innovative approaches such as product innovation and ecosystem models, aimed at reducing costs and diversifying revenue streams. This environment has encouraged the emergence of new entrants, blurring traditional industry boundaries and intensifying the need for insurers to lower customer acquisition costs (CAC) effectively. The embedded insurance model emerges as a potent solution, intuitively minimising CAC and integrating seamlessly into customers' digital lives.

Advancements in technologies such as APIs, Cloud computing, IoT, and AI are not only enabling the creation of open data platforms but also fostering new business models like Usage-Based Insurance (UBI) and parametric insurance, which are natural extensions of the embedded insurance model. These innovations are critical in transitioning from product-centric to customer-centric models, placing the customer at the heart of the insurance ecosystem. The digitalisation of the customer journey, driven by digital-native generations like millennials, Gen X, and Gen Z, further underscores the shift towards a more accessible, personalised, and customer-focused insurance landscape.

As insurers navigate this evolving ecosystem, a winning strategy hinges on embracing these drivers—leveraging technological advancements, adopting customer-oriented approaches, and integrating innovative models like embedded insurance. Therefore, players in the connected insurance space can not only meet the current demands of the market but also position themselves strategically for future growth and success in an increasingly digital and customer-centric world.


Shrunk market margin


New Entrants are everywhere


New business model oriented by data and AI


Emerging Risks & Digital Born generations journeys

Connected Insurance Ecosystem Strategy

For a winning ecosystem strategy in the connected insurance sector, focusing on innovation, operational excellence, and customer-centricity is crucial. Integrating strategic elements, players in the connected insurance ecosystem can not only address current market demands but also position themselves for sustained growth and success in a digitally-driven, customer-centric landscape.A simplified overview is presented below:

- **Next-Generation Products:** Develop products that offer unique value by combining insurance coverage with additional services to address new or previously uncovered risks. This approach ensures that offerings are not just competitive but also tailored to evolving customer needs.

- **Commercial Operations Excellence:** Enhance the acquisition of new policies and customer loyalty through refined commercial methodologies. Operational excellence in commercial activities supports growth and customer retention.

- **Readiness for New Business Models:** Clearly define the company's role within broader ecosystems and establish new distribution partnerships. This flexibility allows for rapid adaptation to market changes and exploration of innovative distribution channels.

- **Renewed Acquisition Strategy & Trusted Advice:** Emphasize transparency in policy terms and pricing while offering added services such as risk management and prevention advice. This strategy builds trust and positions the company as a reliable advisor beyond just a provider.

- **Leverage Technology & Data:** Utilize advanced technology and data analytics to improve distribution channels and customer experience (CX), thereby maximizing customer value. Technology enables personalized experiences and efficient service delivery.

- **Advanced Pricing Models:** Incorporate new data sources for more accurate and dynamic pricing, allowing fast adaptation to new risk behaviors and market conditions. This approach ensures competitiveness and financial sustainability.

- **Excellent Digital & Omnichannel Experience:** Provide an efficient quote and purchase process, a seamless experience across all channels, and consistent excellence in policy and claims management. An outstanding digital and omnichannel presence meets modern consumer expectations for convenience and accessibility.

Wave 3.0:
Generative Insurance

NTT DATA

Emerging AI Models

The third wave, marked by the integration of generative AI, is still in its early stages. The success of generative AI in insurance will likely depend on its ethical implementation, customer acceptance, and the ability to demonstrate tangible benefits.

- **Challenge:** The market is likely to be intrigued by the potential of Gen AI. Investors may evaluate these companies based on their ability to create innovative solutions, open new markets and differentiate themselves. The market will also scrutinise those companies that can navigate ethical considerations, gain customer trust and demonstrate transparency and competitiveness. All players are at the same starting point.

- **Promise:** There are numerous use cases impacting every part of the value chain, from AI-powered systems that streamline the claims process by automating claims filing, processing, and settlement–reducing the time taken for resolution–to data analytics and AI tools that enable insurers to assess and underwrite policies more efficiently. This leads to more accurate pricing and reduces the potential for underwriting risk, and AI algorithms also help detect and prevent fraudulent activities by analysing large sets of data, identifying suspicious patterns, and enhancing overall security measures. AI has been identified as the technology to solve the most challenging topics in society, like precision medicine, climate change and cyber security.

- **Insurtech Role:** Catalysts.

- **Reality:** Foundation Models, Gen AI Applications, and NLP Tools emerged as the most heavily funded industries in 2023, surpassing $50 billion in investments. Gen AI implementation may require investments in high-performance computing infrastructure and specialised software tools, plus acquiring high-quality, diverse datasets for training and refining Gen AI models.

- **Result:** Business and IT leaders recognise the transformative impact of AI on job requirements, with 98% of respondents affirming the highly challenging need to acquire new skills to navigate both existing and forthcoming roles effectively and balancing tech growth with ethical considerations is crucial for creating and advanced but a responsible and inclusive world.

Emerging Insurance Business and Technology

Bottom Tier Insurtechs are usually younger companies engaging with emerging technologies and risks. These standard companies represent most players with no clear winner, and they will illustrate new insurance opportunities.

The current and the next wave have similarities that seem to corroborate the idea of insurance plus technology in a more literal way when compared to previous waves. Three ideas become clear when analysing the last wave:

- **Insurance Technology Democratisation:** Computer Vision and Satellite Imaging technologies seem to be more democratised, with several players in both tiers.
- **Fragments of businesses:** Tech Insurance companies are addressing specific risks. Compared to the top tier, the main divergence relies on the addressable market size. Markets such as Chronic Diseases, Web 3, and Health Screening are fragments of some insurance lines of business.
- **Tech Providers:** Insurtechs are more oriented to B2B technology. In the second period, young insurance companies are much closer to providers supporting the insurance industry than closer to disruptors, with a few exceptions.

The connection of the insurance ecosystem with other sectors and technology usage to attend to emerging demands can be illustrated when standard Insurtechs are split into lines of business.

The bottom-tier growing business has similarities with the top-tier Insurtechs: Risk Management, Wellness, Employee Benefits, and Customer Services coincide with the top-ranked categories.

Emerging Insurtechs leverage technology to attend to specific challenges in different lines of business. Some of the highlights are presented below:

AI AND PREDICITVE ANALYTICS	Underwriting	Artificial Labs
	Claims Automation	Sprout.ai, Zelros, Claim Genius
	Safety	Orca ai, Sfara, Talem AI
	Property Analytics	Arturo, Tensorflight
	Health Score	XUND, Lydia ai, Sift Healthcare, MX Labs
	Operational Efficiency	Paretos, cortical oi
	ID Verification	inari
	Climate Risk	Delos, Sensible Weather,Ororatech
MHEALTH	Chronical Diseases, Affordable Care	Knokcare, MX Labs
	Mental Health	Sympatient
	Health diagnostics	Aktivo Labs
COMPUTER VISION	Health diagnostics	EyeGage
	UBI and Safety	Artificient, Compscience
	Damage Assessment	MotionsCloud
DEVELOPER APIS	Blockchain	SettleMint
	ID Verification	Cannopy Connect
	Data Connectors	Briza,Herald, Axle, Plaid
GEOSPATIAL	Climate Risk, Property Analytics	Geosite, GeoX, Geosure, Terra Cover
GREENTECH	Sustainability	Kita, Claimscarbon, caravel, Yokahu

Source: Made by the authors

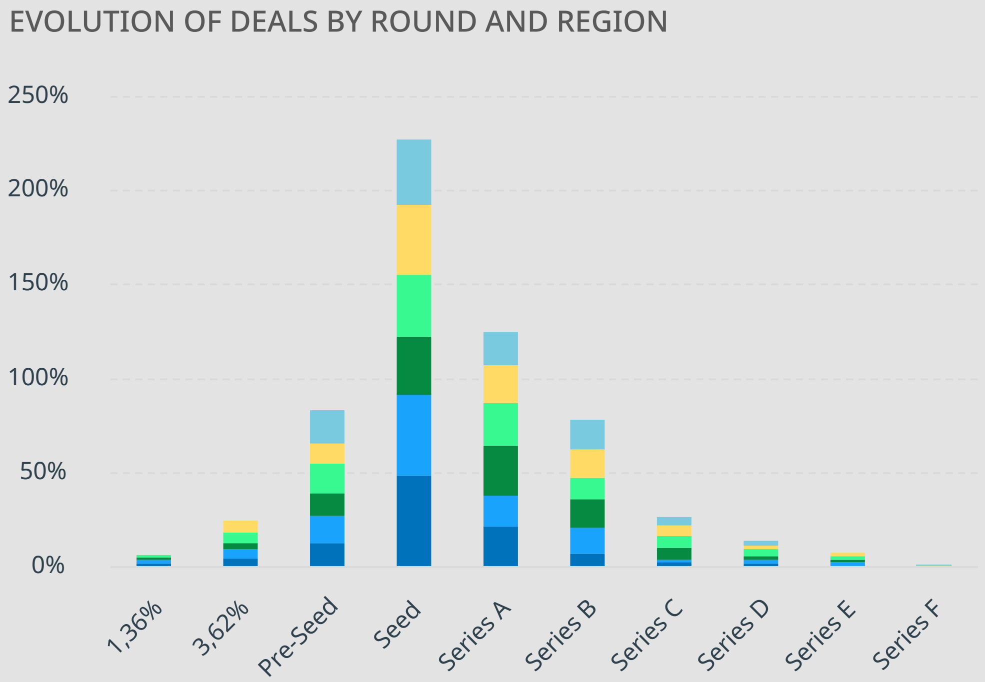
Regional Highlights

Regional Differences can illustrate local emerging trends. The early-stage type of Insurtech varies according to focus areas. This section will explore the main funding stage per region to highlight interesting rising topics.

North America, Asia and Europe represent the vast majority of Insurtech deals and money raised. These three regions have unique characteristics in terms of regulation, investment philosophy and customer demands. Consequently, different types of Insurtechs from different stages assume the protagonism in the ecosystem.

The challenge period for the Insurtech sector created in the last year a significant change in terms of the stage of funding investors are focusing on. In North America, excluding Mexico, the largest increase was in pre-seed stages, coming from 11% of the total number of deals in 2022 to 17% in 2023.

Evolution of Deals by Round and Region



Made by the authors. Graph 19

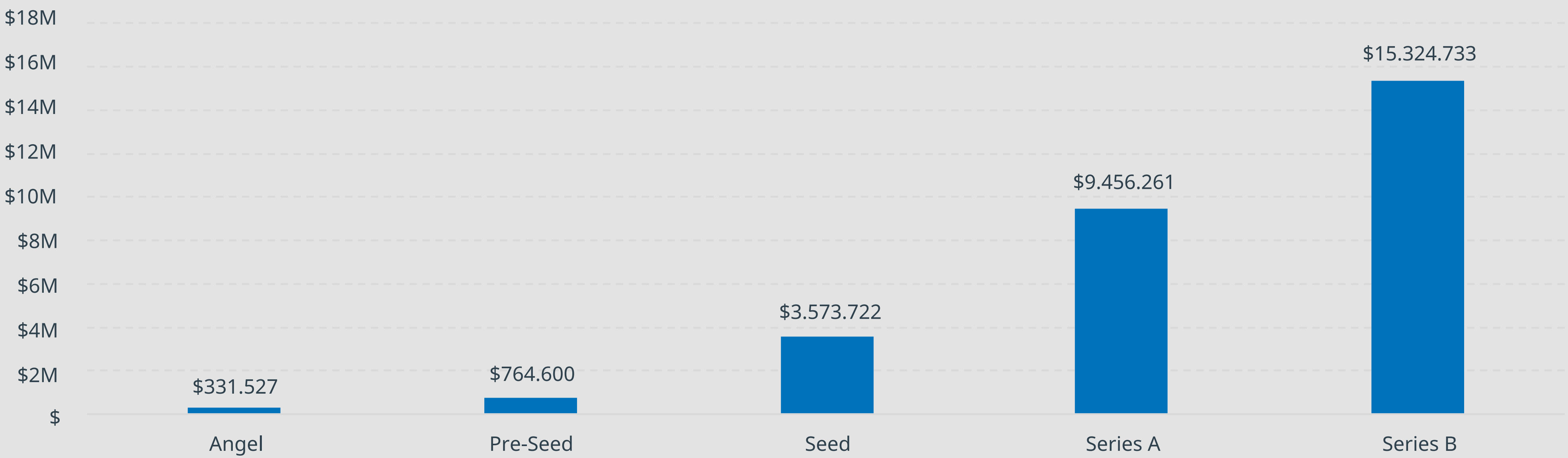
In the initial stages of the U.S., three categories are dominant. The Claims, Climate and Cyber are the main invested companies in the initial stages in the U.S. Below are the highlights of 2023 initial stage Insurtechs:

In the initial stage, American Insurtechs are aligned with bottom-tier global trends. Moreover, standard U.S. Insurtechs face the largest jump in funding (5x) from pre-seed to seed on a standard path.

CLAIMS	Qumis, SquareDash, SnapReFund
CLIMATE	National Flood, rethought Insurance, Raincoat, Pover Parametrics, Ric, True Flood Risk, Geo Sure
CYBER	1Fort, ForceField IO, ENGAIZ

U.S. Average Deal Size

STANDARD NORTH AMERICA AVERAGE DEAL SIZE



Made by the authors. Graph 20

While in North America, initial-stage companies increased their share, in Europe, Series B funding rounds went from 4% in 2022 to 16% in 2023. There is a more divergence of business types in series B European Insurtechs:

CLAIMS	BDEO
Cyber	Superscript, CyberSmart
Applied AI	Mind Foundry
Fleet	Flock
Climate	Risilience
Crypto	Coincover

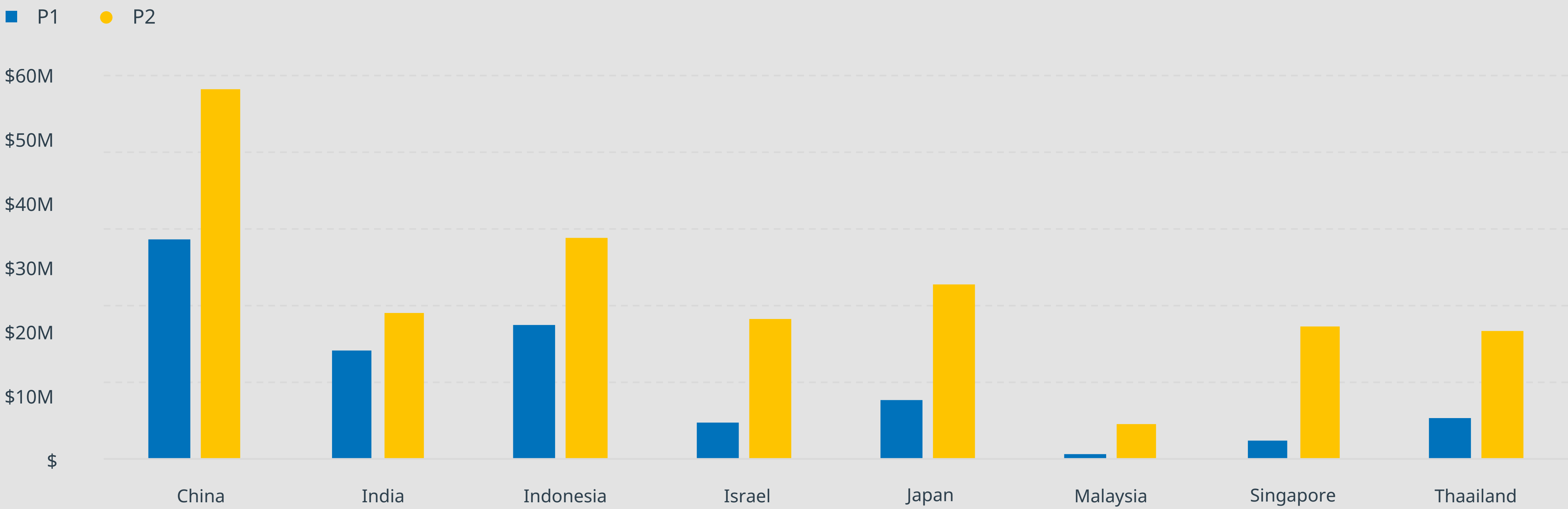
One topic arises from the European series B Insurtechs: mobile-focused insurance. After the scepticism of public Insurtech performance, young insurance companies still bet on D2C multiline insurance with a focus on mobile insurance.

The European Insurtech GetSafe and Hedvig focus on all-in-one app insurance from quote to claims, becoming more appealing for the next generation of insurance customers. Getsafe is a German Insurtech carrier that distributes its products directly to customers. Hedvig is a Swedish insurance distributor with student-focused coverage and pet insurance.

Asia was the only main region where the average deal size increased in 2023. The vast region counts on emerging and advanced markets with heterogeneous economic and political environments. The following countries were responsible for the increase in the average deal size. Leader Insurtech in these countries can give a glimpse into some of their particularities.

Asia Average Deal Size

AVERAGE DEAL SIZE BY COUNTRY



Made by the authors. Graph 21

Top Emerging Risks

Emerging technologies and the world landscape are creating new risks that will be among the main challenges and opportunities for the insurance sector in the future. Climate change, Cyber Risk and Gen AI impose the need for new insurance models and products.

Cyber security, Climate Risk and Misinformation are the three main insurance challenges. Despite the lower investments in Insurtech-related companies in 2023 compared to the peak in 2021, there is a relevant movement by leading players.

Climate change poses a conundrum for the insurance industry. Extreme weather events have been occurring with heightened frequency, severity and unpredictability in recent years, upending the climate models and risk management strategies used by insurers throughout the globe.

Climate perils have been increasingly threatening economies and societies globally, causing record-shattering heatwaves in Europe, which is leading to an increase in temperature by 2º, unprecedented flooding in South Asia, Japan's recent earthquake and tsunami and unseasonably early Canadian wildfires, which cast a dystopian hue over much of the northeastern United States.

Extended bouts of severe drought and low humidity are increasing the length of the wildfire season at a significantly faster rate than initially predicted by climate models. Since the 1980s, wildfire season has extended by 27% globally, with particularly pronounced increases in the Amazon, Mediterranean, and the Western Forests of North America. With new research showing the world could reach 2.7ºC of warming by the end of this century, climate change is leading to larger and more frequent wildfires in much of the world.

The wildfire crisis is becoming an insurance crisis. In recent times, two of the largest insurers in the U.S., the state of California, decided to stop offering new homeowners insurance policies. State Farm and Allstate, which represent more than 20% of the market share in the U.S.'s most populous state, will no longer offer coverage for both residential and commercial real estate. According to these companies, growing catastrophe exposure, historic increases in construction costs outpacing inflation, and a challenging reinsurance market have made offering policies financially untenable.

The world has suffered more than $1 trillion in damages from more than 1,000 extreme weather events in recent years. In 2023, the global insurance industry saw claims for natural catastrophes soar by 54% compared with the most recent 10-year average and by 115% compared with the most recent 30-year average. For a combination of reasons, coverage in some locations is becoming hard—even impossible—to obtain. Multiple major insurers have stopped writing new homeowners' policies in two of the most populous U.S. states, California and Florida.

Conditions are only expected to get worse. By 2040, according to Swiss Re, losses from weather-related events are likely to spike by 35% to 120% in Australia, Canada, France, Germany, Japan, the U.K., and the U.S., driven by big surges in floods, hurricanes and cyclones, and wildfires.

Premiums for primary insurance coverage are rising quickly, with climate change fueling projected increases of 30% to 60% by 2040 (excluding inflation). The share of catastrophe risk in property premiums is projected to rise from 20% to around 30% over this period.

Solutions to Overcome Climate Risk

While a volatile climate risk landscape brings significant challenges to the insurance market, there are solutions that can be leveraged to manage these cascading risks, like improved early warning systems. New technologies such as AI are improving prediction and mitigation, while investments in adaptation infrastructure are also critical to protect communities and economies from climate perils.

Another popular way to mitigate this risk is through Parametric Insurance. There are many things to be done in prevention, but parametric is the promising one. It's a good way to optimise the economics, pay faster, and have more transparency in the price and claims paying. There are upcoming technologies which help insurers understand the risk, like satellite imagery, sensors, and AI techniques to understand different data sets.

Climate Adaptation Requires Changes to the Business Model Through Initiatives Across the Risk Value Chain

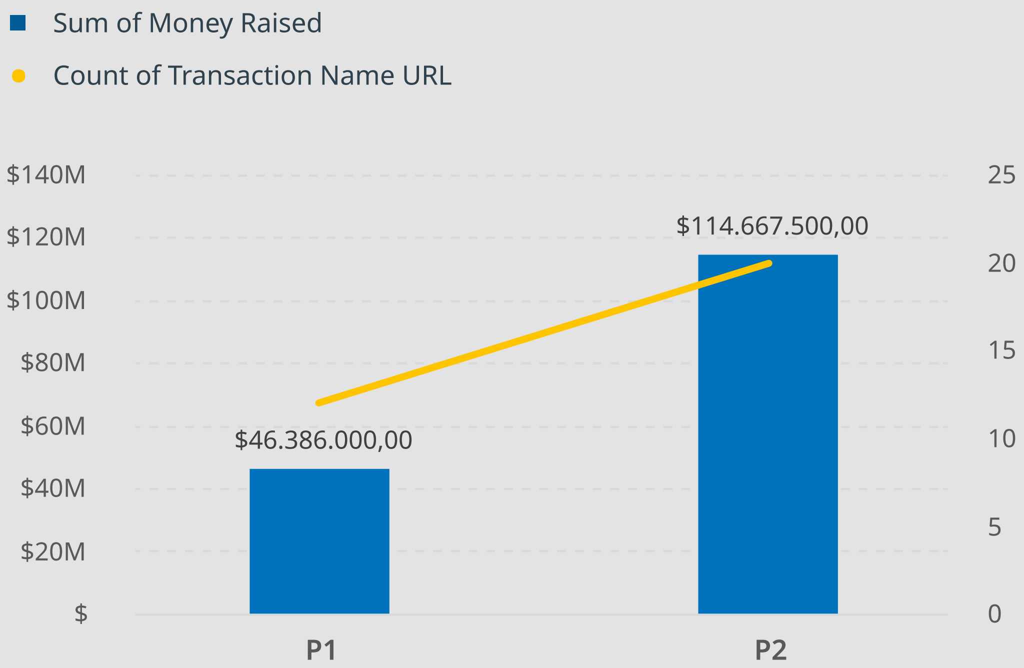
	Risk: Before underwriting	Risk: In force (before claim)	Risk: Realization (during/after claim)
Insurers' capabilities	• Risk assessment improvement: modeling capabilities, client segmentation (home versus commercial) • Product innovation (e.g., transition coverage, parametric insurance, commercial-like re-engineering) • Assessment of affordability of insurance policy by customers • Withdraw coverage in some areas	• (Alternative) risk transfer (e.g., reinsurance, insurance pools, insurance-linked securities) • Research and pilots on prevention measure effectiveness and impact on risk profile	• Postdisaster claims settlement cost optimization
Client service	• Risk consulting services/tools for corporate on physical risks • Risk awareness promotion for individuals	• Risk awareness promotion for distributors • Risk awareness promotion for individuals • Risk reduction incentivization	• Real-time alerts with measures to implement (e.g., mobile app including action plans) • Real-time assistance services (including private fire crew) • Postdisaster build back with more resilience
Ecosystem building	• Investment and underwriting adaptation infrastructure projects • Engagement with the insurance industry (data sharing, catastrophe model) • Engagement with other private players (e.g., consortia)	• Public reinsurance, government subsidy, national risk pooling • Engagement with public authorities on adaptation plans • Engagement with insurance regulators	• Engagement with peers on shared- services platforms (e.g., assistance, build back with more resilience)

Source: BCG Report, An Insurance Risk Framework for Climate Adaptation A Climate Adaptive Insurance Risk Framework | BCG

In the second period (P2), cyber security and climate risk are the main areas of risk management for top and bottom-tier Insurtechs, signalling the ambiguous maturity of these businesses. Other areas of risk management in P2 include Web3, crypto and fraud detection, making risk management investments grow the highest Insurtech business from P1 to P2.

Descartes Underwriting

Climate-related Insurtechs increased around 2.5x in terms of Investments and number of deals. It is important to note that Descartes Underwriting counts USD 140M (20M in P1 and 140M in P2). Excluding Descartes, we still have a 2x growth with a 5.7 M money raised per deal, an average that indicates low maturity of the segment.



Made by the authors. Graph 22. Parametric Insurance investment evolution P1-P2.

Descartes Underwriting, one of the leading climate risk Insurtechs, use satellites, sensors and radars to offer parametric solutions. Around Descartes, other Insurtechs try to solve the rising challenge of diminishing the protection gap from climate risk. These Insurtechs offer different solutions, from weather risk forecasting through AI to full-stack Insurtech. Descartes uses Parametric insurance and climate risk based on scientific weather forecasts and complex models, which is a good example of an Insurtech that utilises brokers to support clients in defining coverage details, as pointed out in the Descartes interview.

For instance, Mitiga, a Spanish spin-off company from the Barcelona Supercomputing Center, has released a product to scan property risks from simple location data.

Safehub, an American Insurtech, works with Liberty Mutual Reinsurance to provide parametric insurance. Safehub developed an IoT device that can trigger claims payout, collect damage information and send earthquake alerts.

Reask specialises in AI-driven extreme weather risk analysis for sectors like insurance, finance, and government. They offer Global Catastrophe Risk Mapping, providing hazard maps and historical data for comprehensive risk assessment worldwide. Their globally connected AI models analyse correlations across regions and perils.

Google and Give Directly

The collaboration between a tech giant like Google and a nonprofit organisation reflects the potential for public-private partnerships in addressing humanitarian challenges. Tech companies can bring expertise, technology, and resources to enhance the effectiveness of nonprofit initiatives. The collaboration is an innovative approach to disaster relief. By leveraging AI, Google and GiveDirectly aim to identify the communities and individuals who are most vulnerable and in need of immediate assistance and take ESG responsibility.

Traditional methods of disaster relief often involve general aid distribution, which may take time to reach those in urgent need. Using AI to quickly assess and identify high-need areas allows for a more efficient and timely delivery of emergency cash payments for Insurtech products.

Providing cash directly to affected families allows for a level of customisation in addressing their immediate needs. Direct cash assistance empowers affected families by giving them the flexibility to prioritise their most pressing needs. This approach recognises the agency of individuals in deciding how to best allocate resources for their recovery.

Technology companies are significantly amplifying their investments in AI technology. This strategic move reflects a broader industry trend where organisations seek to harness the transformative power of AI to enhance innovation, efficiency, and competitive advantage.

The use of AI in disaster response is becoming more prominent. It allows data analysis, early detection, and efficient resource allocation. These align with the broader trend of leveraging technology for humanitarian efforts. However, the use of AI in humanitarian efforts raises ethical considerations, including data privacy, transparency, and accuracy. It's important for initiatives to prioritise ethical and safety guidelines and ensure responsible use of technology.

Where did Big Tech Invest?

25 Gen AI Deals

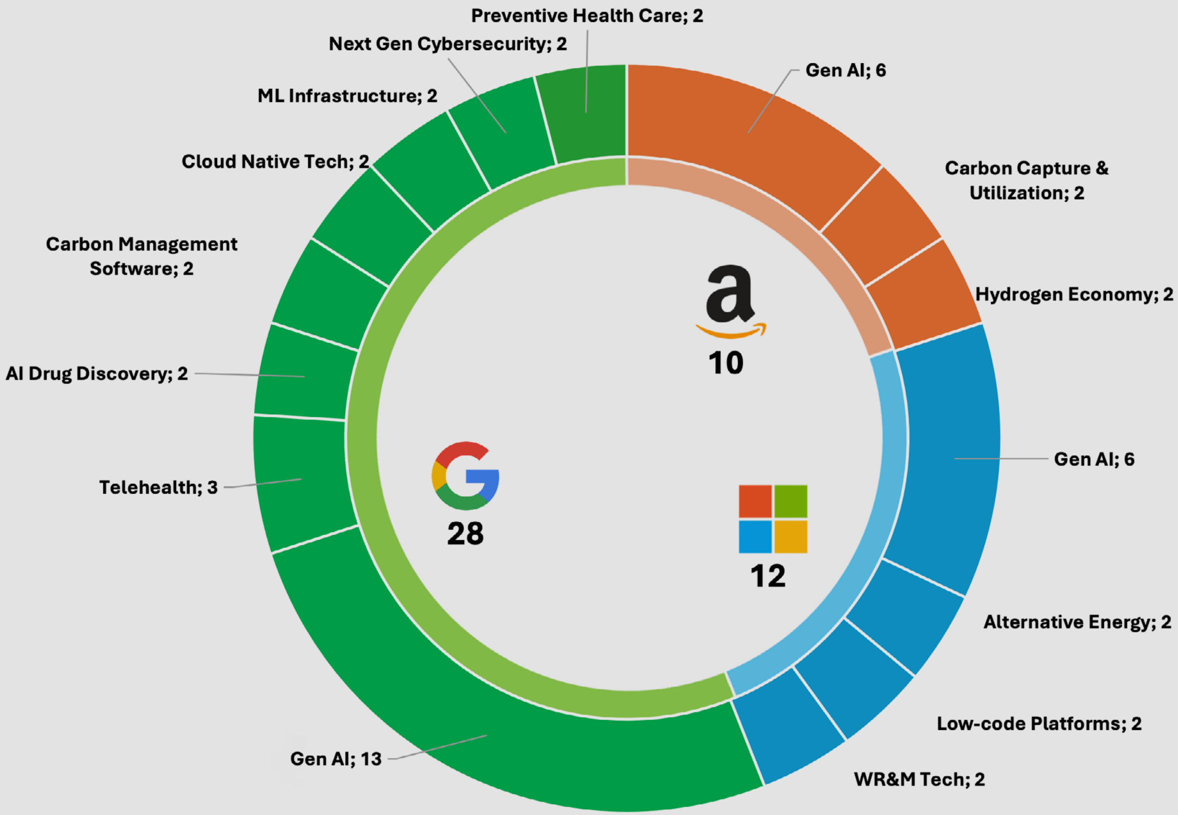
Big Tech investments in GenAI soared, accounting for ~40% of total deals. Google had 2x more GenAI deals as Microsoft and Amazon, presumably trying to catch up with Microsoft's early success with OpenAI.

$16 + Billions

Notable GenAI deals included Microsoft's $10 billion investment in OpenAI and Amazon's and Google's $6 billion investment in Anthropic. All three companies also invested in data and AI infrastructure provider Databricks.

Climate and Health

Outside of GenAI, sustainability was a recurring theme, with investments across the board from energy to carbon capture. Google's interest in healthcare industries was also noteworthy.



Source: Speeda Edge Funding Analysis 2023

Complications for Cyber Risk

The global cyber insurance market size is projected to grow from USD 16.66 billion in 2023 to USD 84.62 billion by 2030. Cyber risk has risen to 2nd in the experts' overall ranking, up from 3rd last year. Concern is shared across regions, as the risk ranks 2nd in Asia and America, and 3rd in both Europe and Africa. In Europe, the second placed risk geopolitical instability is also highly interconnected with the risk of cyberattacks. Cyber warfare, data breaches, and identity theft all threaten to disrupt economies, essential services, and international stability.

Leaders recognize the cybersecurity risks associated with generative AI. According to a survey done by KPMG, 85% of CEO's accept its dual nature, acknowledging its potential in detecting cyber-attacks but also highlighting the risk of providing new attack strategies for adversaries. Existing platforms use generative AI to craft sophisticated attack content, malware, and phishing materials, posing challenges for defense. Despite insurance firms investing significant efforts in fortifying their cyber defenses, CEOs express concerns about the growing sophistication of cyber threats. The survey reveals that cybercrime and insecurity rank as the top CEO concerns in 2023.

While there's an overall increase in confidence regarding preparedness—with 67% of CEOs stating their organisations are well-prepared for cyber-attacks, up from 59% in 2022—32% remain uneasy about the escalating cyber threat and its sophistication. Additionally, 24% express apprehension about vulnerable legacy systems or infrastructure.

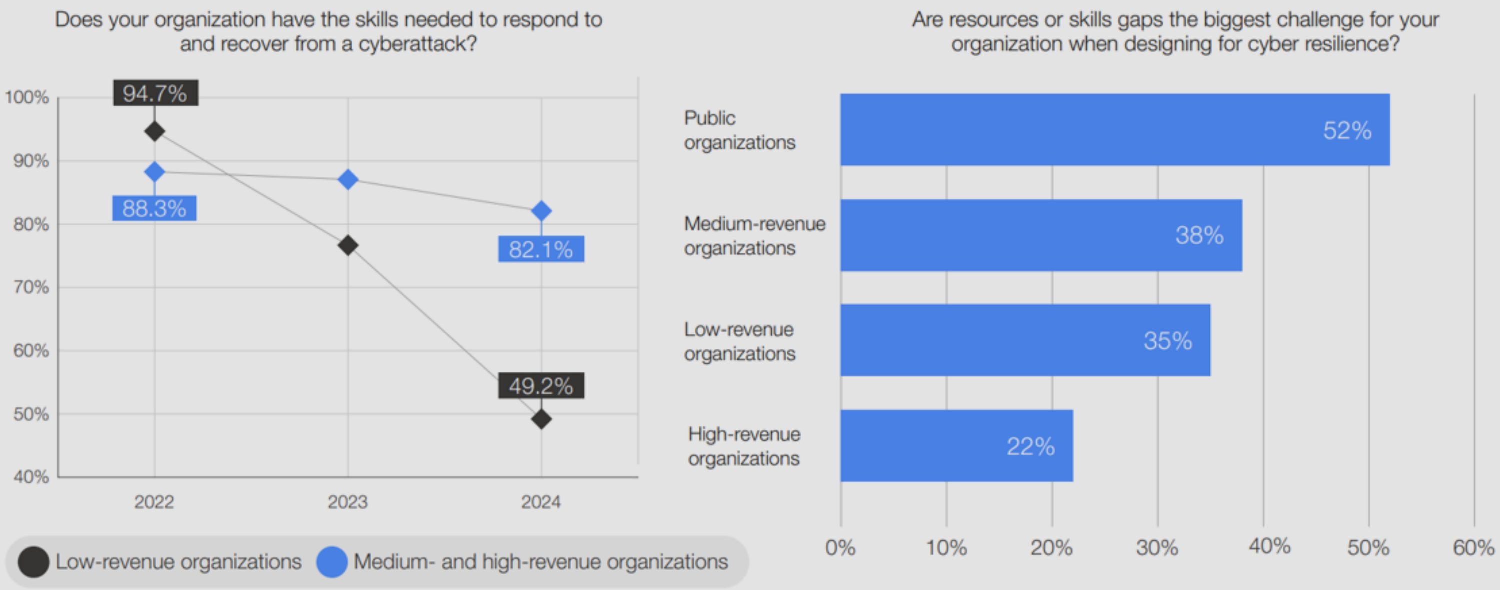
Ransomware, in terms of threats for businesses and individuals, will remain the primary loss driver in 2024. According to Cybersecurity Ventures, ransomware will cost its victims approximately USD 265 billion annually by 2031.

Fraudulent Fund Transfer (FFT). Reports are now showing that FFT has overtaken ransomware as the most common type of cyber-incident that results in a cyber-insurance claim. FFT accounted for 28% of cyber claims in 2022, and ransomware accounted for 23% of claims. The growth in FFT incidents doesn't seem to be slowing anytime soon, with FFT accounting for a whopping 36% of all cyber-insurance claims in Q3 2022.

PRIMARY REASON CEO FEELS UNDERPREPARED FOR A CYBER-ATTACK	
Increasing cyber threat and attack sophistication	**32%**
Vulnerable legacy systems or infrastructure	**24%**
Lack of investment in cyber defenses	**16%**
Shortage of skilled personnel	**16%**
Cybersecurity not regarded as business priority	**12%**

Source: KMPG CEO Outlook

The cyber skills and talent shortage continues to widen at an alarming rate



Source: https://www3.weforum.org/docs/WEF_Global_Cybersecurity_Outlook_2024.pdf

Cybersecurity in Insurtech

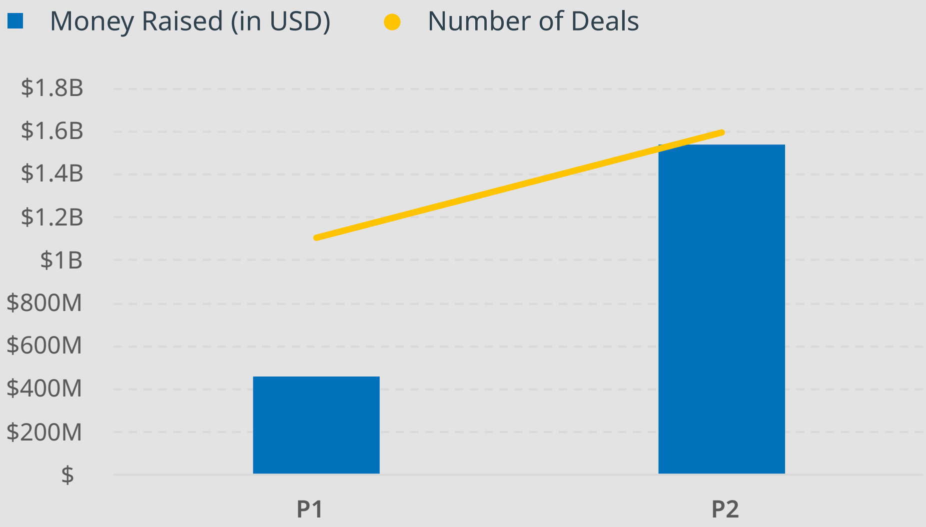
Cyber Insurtechs received 3x more funding from P1 to P2. This segment has peaked at 2021 with almost 1 billion in funding directed to few companies: At-Bay, Coalition and Corvus Insurance alone received USD 665M. In 2023, Corvus was acquired by Travelers insurance in a USD 435M deal making 2023 cyber Insurtech collect around USD 640M in money raised and Deals.

Moreover, in 2023, there was an increase in earlier-stage Cyber Insurtechs. The average per deal decreased from 37M to 13M USD compared to 2021. These early-stage Cyber Insurtechs were founded mainly in the U.S., which forms one of the main American Initial Stage Insurtech clusters, as mentioned before.

ForceField IO combats fake evidence for claims by analysing pictures and snapshots. The company has a geospatial verification to tag trusted claims submissions and speed up overall claims processing.

1Fort and Engaiz find cyber risk protection and utilise multiple data sources from partners to identify and quantify cyber risk for clients. These companies monitor real-time cyber risk, helping clients define security strategies.

CYBER



Made by the authors. Graph 23

Tech Titans: AWS with SwissRe and Cowbell to tackle Cyber Attack

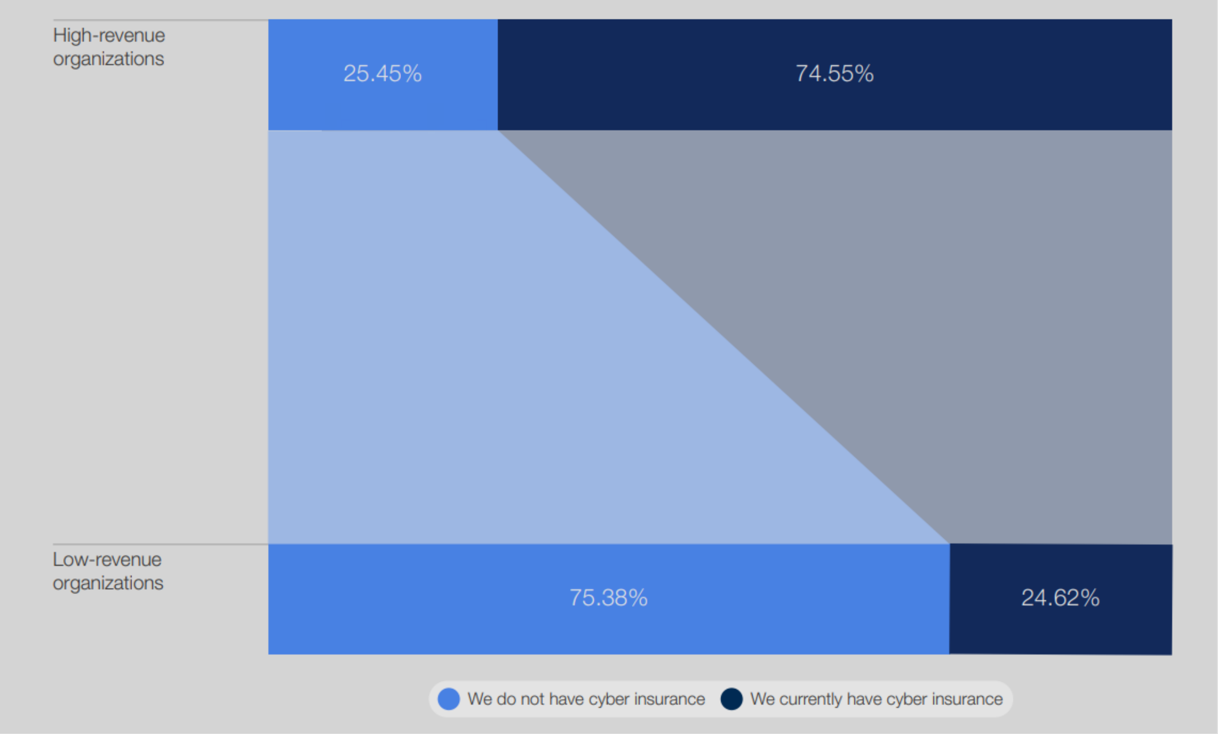
AWS (Amazon Web Services) expanded its partnership with insurer Swiss Re to introduce cyber insurance coverage for AWS workloads. The collaboration aims to provide cyber risk insurance options tailored extensively for organisations using the AWS cloud. The cyber insurance policy introduced by AWS and Swiss Re is designed to cover the usage of AWS services. This specialisation makes it particularly suitable for customers heavily relying on AWS cloud infrastructure.

The program utilises Cowbell Cyber's underwriting platform, known as Cowbell Factors. This platform assesses a business's security risk relative to peers in the industry, considering factors such as configuration, vulnerabilities, and compliance measures. A notable feature of the program is its 100% automation. The entire insurance process is completed based on data analysis performed by Cowbell Cyber's software. This automated approach streamlines the underwriting process and enhances precision.

In terms of cyber insurance, precision underwriting is crucial. Traditional rating factors, such as industry and size, may not adequately capture the nuances of cyber risk. Automating the underwriting process based on detailed data analysis allows for a more precise evaluation of a business's cyber risk profile.

Cowbell Factors' solution is used to determine premiums and coverage limits. Businesses that score higher on security measures receive lower premiums and higher coverage limits. This data-driven approach aims to align insurance pricing with the specific cyber risk profile of each customer.

Organizations that report having cyber insurance by revenue



Source: WEF_Global_Cybersecurity_Outlook_2024.pdf (weforum.org)

As per the Global Cybersecurity Outlook for 2024, there is a discernible trend where larger companies exhibit a greater propensity to adopt cyber insurance. This underscores a strategic response to the evolving landscape of cyber threats, emphasising the increasing importance of insurance coverage in mitigating cybersecurity risks for sizable enterprises.

Hyperscalers, including AWS, are participating in the cyber insurance market. Their extensive data and visibility into cloud environments can provide insurers with the information needed to assess and mitigate cyber risks effectively. The hyperscalers' ability to provide visibility and data to insurers is seen as a key factor in helping the cyber insurance market scale. The data-driven approach allows insurers to break through limitations and better understand and price cyber risks.

Tech Titans: Cyber Risk Protection with At-Bay + Microsoft

In January 2023, At-Bay acquired At-Bay Specialty Insurance Company, a licensed P&C Insurance Carrier, and has become a full-stack carrier. It has begun issuing Cyber and Tech E&O policies under its Delaware-based Excess and Surplus (E&S) carrier, At-Bay Specialty Insurance Company, finalising its transition to a full-stack carrier.

Rotem Iram, CEO and co-founder of AT-BAY and Chairman of At-Bay specialty insurance company stated, "In a rapidly changing cyber insurance market, brokers and customers need tech-enabled agility and financial stability. Until today, they could only get one or the other. With this latest milestone, they no longer have to choose. We have demonstrated our continued commitment to building the next generation of insurance for our customers and valued partners for the long term."

At-Bay has already reduced the number of ransomware attacks against its 30,000 policyholders by as much as 80%, compared to the industry average, by using proprietary security scans and active risk monitoring. At-Bay Stance, announced in May 2023, combines insurance and security to close the SMB security gap by centralising and prioritising risks for SMBs and providing expert support to mitigate threats. In October 2023, At-Bay officially launched a new managed detection and response (MDR) cybersecurity solution for small and mid-sized businesses, and the company estimates that more than 50% of its customers' cyber insurance claims could have been mitigated with an effective MDR solution. In November 2023, cyber insurance company At-Bay achieved the Amazon Web Services (AWS) Cyber Insurance Competency, which recognises At-Bay as an AWS Partner that helps AWS customers improve their security posture and find affordable cyber insurance policies through a new, simplified customer experience.

To date, the company has achieved fully automated underwriting and bindable quotes in seconds, being Cyber, Technology Errors & Omissions (Tech E&O) or Miscellaneous Professional.

Liability (MPL) insurance, with digital platforms, brokerage platforms, as well as professional associations and affinity groups, over API or through other distribution channels.

PREVENTION

Exposure Management helps you avoid major security gaps

MITIGATION

MDR monitors 24x7 and rapidly responds to threats

DETECTION

EDR identifies and logs potential security threats

PROTECTION

Insurance provides financial layer of protection & feeds back breach

Insurance + security is better together. Source: https://www.at-bay.com/security/mdr/

The Microsoft cyber insurance program with At-Bay, announced in September 2021, focuses specifically on Microsoft 365, offering coverage for key applications often targeted by cyber attackers. Here are key points regarding this cyber insurance program. The cyber insurance program, developed in collaboration with At-Bay, initially centres on Microsoft 365. This includes applications within Microsoft 365, such as Outlook and Word, which are commonly exploited by cyber attackers for spreading ransomware and other malware.

Microsoft and At-Bay are offering businesses the opportunity to save on their cyber insurance premiums by implementing specific security controls. The level of savings is dependent on the loss history and individual risk profile of each business.

Customers implementing specific security controls for Microsoft 365, such as multifactor authentication (MFA) and Microsoft Defender for Office 365, can benefit from cost savings on their cyber insurance policy. Savings can be as high as 15% compared to At-Bay's regular pricing. Ensuring cyber-resilience success hinges on the critical factor of affordability. It is imperative to craft cybersecurity architectures tailored to the risk profile, affordable, and suitable for use by large multinationals and SMEs.

Target Customers & Data Transparency Act. While the primary focus is on Microsoft 365, the cyber insurance policy extends coverage to other parts of a customer's IT environment. This recognises the interconnected nature of IT infrastructure and the importance of providing comprehensive coverage. The program is targeted toward midmarket companies, emphasising a specific segment within the business landscape. There is no revenue limit for participation, making it accessible to midsize enterprises regardless of their annual revenue.

There have been calls for greater transparency in the insurance industry, especially regarding rate-setting methods and incentivising cyber behaviours through reduced premiums. Collaboration both within the industry and with civil society counterparts will be needed to address skyrocketing costs. Either way, the collaboration between the industry's policy consumers and its providers to increase ecosystem resilience would benefit the market and contribute to the baseline cyber-resilience capability in the ecosystem.

Advanced Health & Precision Medicine

Aktivolabs

Founded in 2017 by medical doctors and data scientists, Aktivolabs is on a mission to prevent chronic diseases globally. It secured a $10 million capital injection for a Series A round led by Mitsui & Co., Ltd., Adaptive Capital Partners and SEEDS.

Capital in 2022. Now the company serves 350,000+ end-users across APAC, and global clients and partners include Marsh Mercer, AXA, Sunlife, and Dai-ichi. There are multiple ways Aktivolabs collaborates with Life and Health insurers globally:

- Helping them to engage and create proximity with their policyholders.
- Helping them understand the moving risks on their books.
- Identifying product or service innovation opportunities.

Aktivolabs' Aktivo platform is a real-time digital health data platform that helps people understand the risks of various chronic conditions and what they can do to prevent them or improve their health situation. The Aktivo platform uses customer-generated data, across mind, body, and nutrition, captured from IoT devices and smartphones on an ongoing basis. Based on this data and a range of other factors, such as someone's age and sex at birth, the platform calculates their Aktivo Score for each individual, a digital biomarker for health and longevity. Aktivo can then indicate to each individual what their personal health risk looks like and give guidance on different lifestyle choices to improve their overall health and well-being, lowering their risk. According to Gourab Mukherjee, CEO of Aktivo, the platform is not just about maintaining a healthy population healthy, but also how to incentivise a certain population with early diseases like pre-diabetes, diabetes or hypertension to manage the situation and provide them with financial incentives.

The current product portfolio of Aktivolabs includes[1]:

- Aktivo Score®, a digital biomarker for health and longevity.
- Aktivo® Mind, a personalised guide to enhanced mental well-being & resilience.
- Aktivo Glucolife ™, a self-care and management guide for pre-diabetes and diabetes.
- Aktivo Heart, a guide to healthy living with hypertension and dyslipidemia.
- Aktivo Fibre, a guide to making smarter nutrition choices.
- Aktivo Predict, a risk analytics engine for predicting mortality & morbidity.
- Aktivo Weight Loss, a personalised program for healthy weight loss.
- Goodbiome, genetic analysis of gut microbiome for Precision Nutrition guidance.

[1] https://aktivolabs.com/

Babylon

Babylon, a platform combining human expertise with technology, particularly AI, provides affordable and accessible health services to clients. The use of AI sets Babylon apart from others. AI tools are designed to efficiently read, comprehend and learn from aggregated medical datasets with patient consent. The use of AI has had significant contributions, including over 20 papers and the development of 30 groups of patents.

The company has achieved various positive changes:

- 96% of the new behavioural health appointments can be booked within 5 days.
- 50% of member interactions are digital-only, and 45% of members in behavioural health programs show less anxiety and depression.
- 81% of primary care consultations are done entirely virtually.
- 55% of contacted members with chronic conditions are enrolled in care programs.
- 38% of high-risk members in one group requiring the most care are effectively engaged

Frontwave

Frontwave Imaging is a spin-off of the Barcelona Supercomputing Center and Imperial College London. It is a startup specializing in the development of supercomputing software for the early diagnosis of breast cancer based on data obtained by 3D Ultrasound or USCT (Ultrasound Computer Tomography).

It raised € 750,000 in its first financing round through a crowdfunding campaign on the Capital Cell platform. Frontwave Imaging will allocate the resources to finalize the development of its software and obtain clinical validation.

To support its project, the company received € 75,000 from the Startup Capital line of ACCIÓ. This funding will be used to finance activities related to the execution of the initial business plan. The entity supports the startup's commitment to transforming the current breast cancer detection and screening system through the generation of very high-resolution ultrasound images.

Frontwave Imaging has been working on its first prototype and obtaining the necessary certifications to enter the market in 2023. The company proposes a Software as a Service (SaaS) business model, through which any hospital worldwide with machines capable of acquiring data compatible with that software can use its technology.

[2] https://www.frontwave.io/

BIMA

BIMA, the global digital health and insurance company, provides insurance via mobile phone technology to low-income consumers across the globe. BIMA operates in a range of countries across Africa, South Asia and Southeast Asia, with low financial services penetration but high mobile phone usage. Three-quarters of its customers are buying insurance for the first time, and in Ghana and Bangladesh, BIMA has doubled insurance penetration.

In October 2023, BIMA MILVIK announced its acquisition by CapitalSG, Alphabet's independent growth fund, and the completion of a successful restructuring and recapitalisation.

The company's digital health and insurance products already provide essential protection for 5 million subscribers and 20 million beneficiaries. Its proprietary tech platform enables sales, customer management, billing, health provider management and advanced analytics all on a single platform and has provided more than 3 million GP consultations to customers to date.

Through innovative partnerships with mobile money providers, mobile operators and leading insurance underwriters such as Allianz, Prudential, or Alfalah Insurance, BIMA is accessing emerging markets where affordable healthcare and insurance are severely underpenetrated, and thus erasing healthcare access disparity.

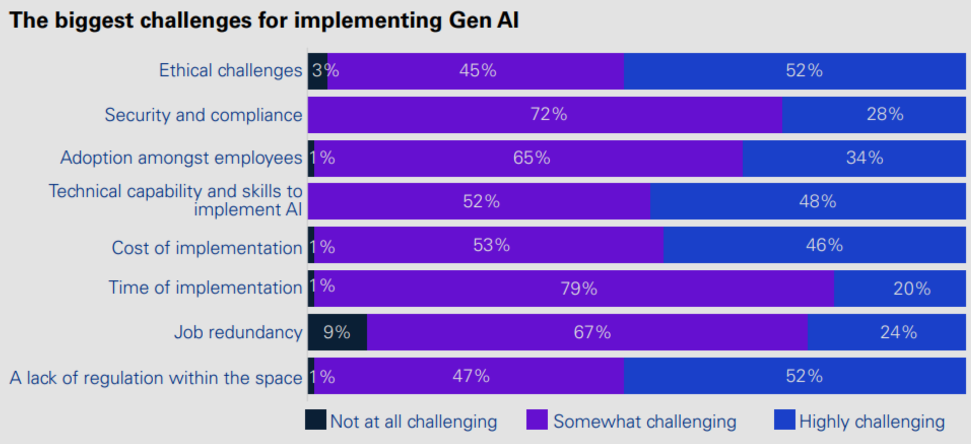
NTT DATA

Balancing Tech Growth & Ethical Considerations with Gen AI

Global Generative AI in insurance market size is expected to be worth around USD 5,543.1 million by 2032, from USD 346.3 Mn in 2022, growing at a CAGR of 32.9% during the forecast period from 2023 to 2032. Even with the increasing demand for GenAI, AI is likely to become the next big issue to increase earnings volatility for companies across the globe and has become a top risk in the last year.

Innovation in the insurance industry is not just important; it is essential. A more dynamic market has meant insurers are venturing into non-traditional sectors as well as looking for more advanced ways of serving existing markets. The industry must ramp up its innovation efforts if it is to tackle increasingly threatening risks, such as climate events and cyber-attacks.

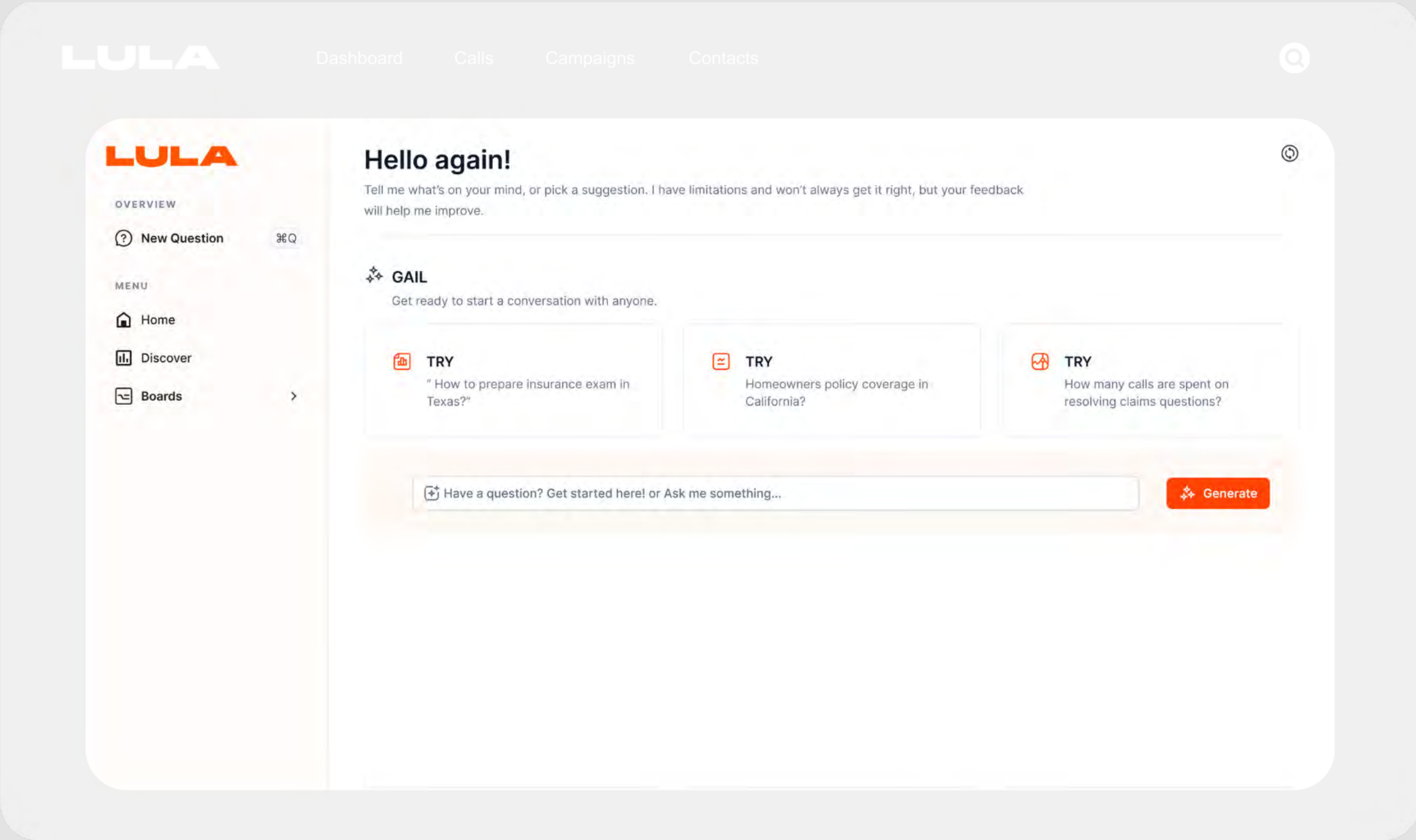
The industry's favourite topic in 2023 was undoubtedly Generative AI (GenAI) and its application in the insurance sector. Insurtechs are exploring ways to take advantage of Gen AI in different ways. Lula, Huma and Six Fold illustrate some Gen AI potential applications.



Source: KPMG CEO Outlook 2023

Lula

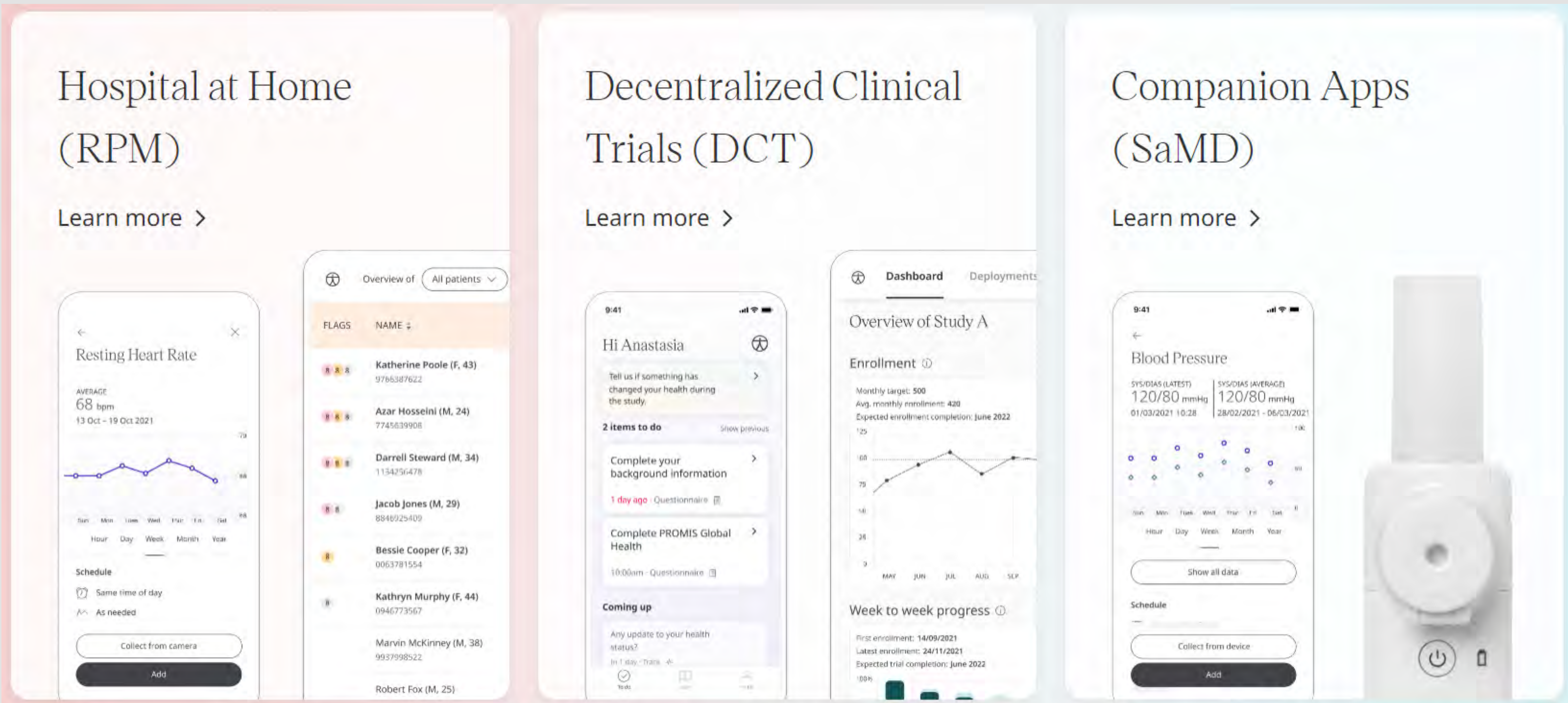
Lula, for instance, provides a suite of solutions with insurance management tools that improve auto claims, policy management and customer experience. The company leverages AI to enhance the match between the policyholder and the insurance provider. GAIL is the GenAI-supported customer service providing human-like conversations, improving customer acquisition costs.



Source: Lula

Huma

Huma Therapeutics has teamed up with Google Cloud to improve healthcare using generative AI (GenAI). They're enhancing their disease management platform by automating tasks like generating clinical reports and improving documentation processes using GenAI tools. Huma's platform collects patient data, aiding healthcare professionals in remote care. GenAI helps uncover important insights from this data, improving disease analysis and personalised care. It also streamlines communication between patients and providers, offering tailored care plans. Importantly, Huma ensures that qualified healthcare professionals validate and adjust the AI outputs, prioritising safe and responsible integration. The collaboration aims to make healthcare more accessible and equitable globally.

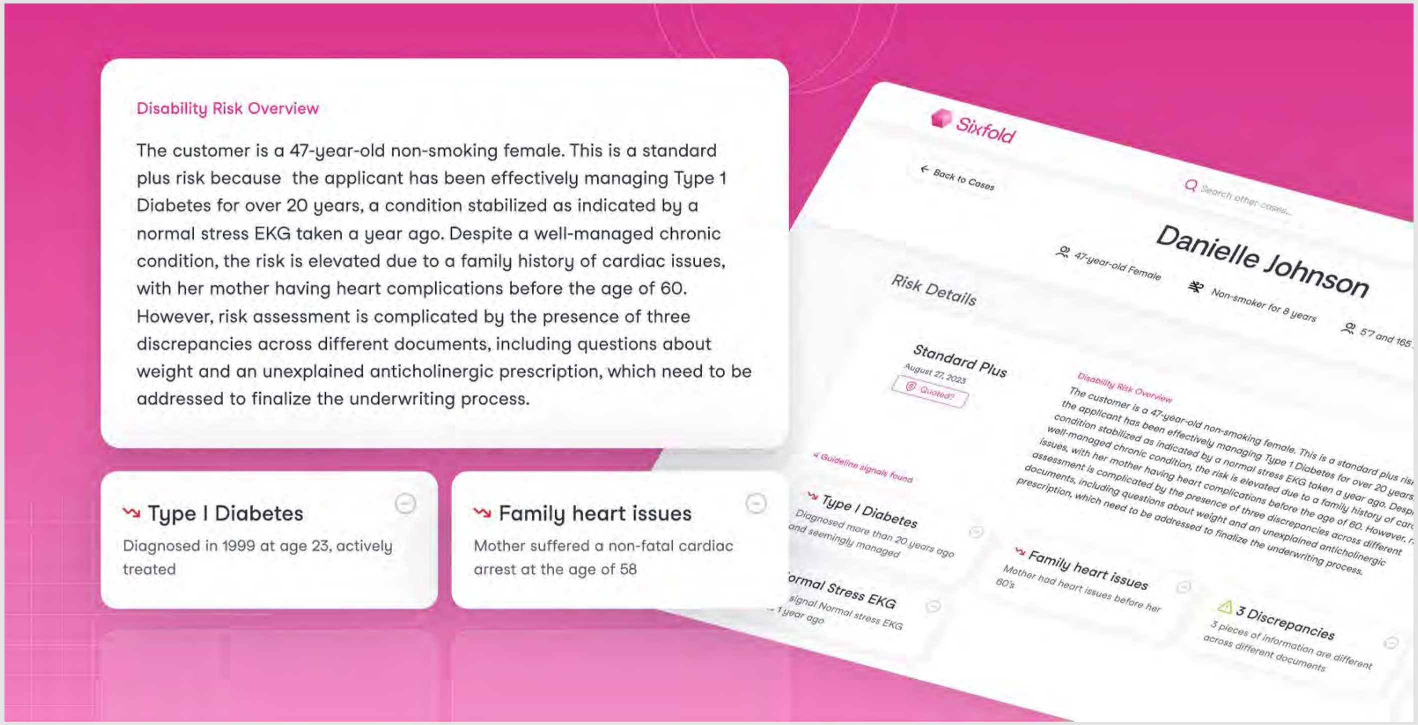


Source: Huma

Sixfold

Sixfold uses generative artificial intelligence designed to address the toughest challenges in insurance underwriting. The company recognises that the hard parts of insurance remain unautomated due to a lack of standards and risk aversion. Sixfold's approach involves using generative AI to spot patterns, summarise risk in the insurer's underwriting format, and provide traceability of all underwriting decisions with transparency—eliminating the black box. This not only enhances accuracy, pattern recognition, safety, and scale but also increases the gross written premiums per underwriter.

Other emerging technologies such as blockchain and web 3 are also a growing segment in the Insurance business.



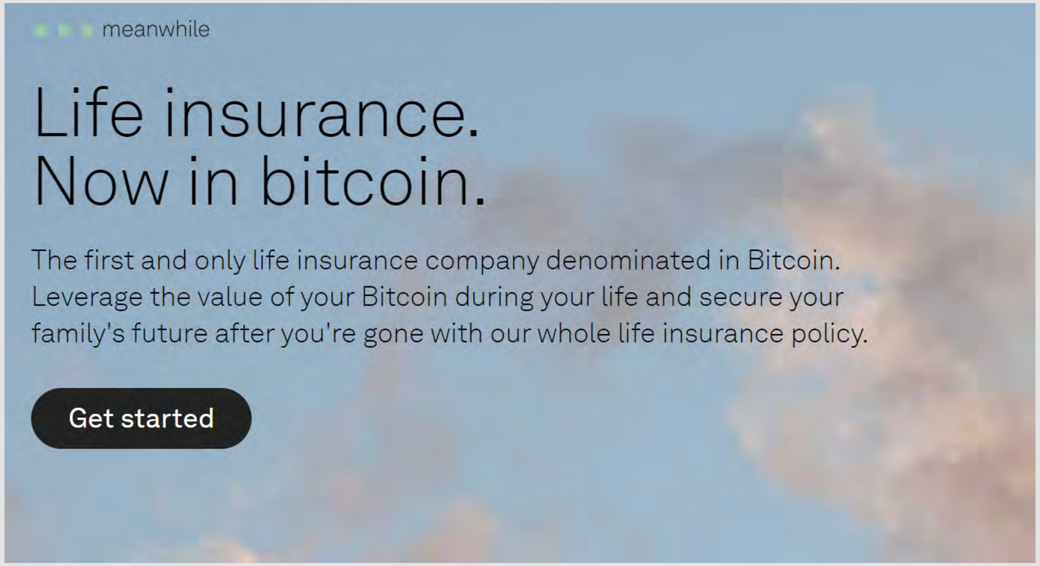
Source: Sixfold

Meanwhile

Meanwhile is positioned as the first and only life insurer operating exclusively with cryptocurrency, particularly Bitcoin. The company has successfully raised approximately $19 million across two seed funding rounds, providing it with substantial financial backing. Meanwhile's financial backing has positioned it as a pioneering player in the insurance industry, focusing on cryptocurrency-based life insurance services.

Meanwhile has obtained licensing and regulation from the Bermuda Monetary Authority, a leading global insurance regulator. This regulatory approval adds credibility to its operations. Meanwhile aims to reach over a billion people globally by combining Bitcoin with artificial intelligence, creating an innovative full-stack life insurance company. The company is set to launch Bitcoin-denominated whole life insurance products, catering particularly to long-term Bitcoin holders.

In response to Web3, some Insurtechs, like Superscript, are leveraging brokers for distribution. Superscript, as a Lloyd's authorised broker, specialises in covering emerging technologies and regulatory changes. Their focus extends to providing specialised coverages such as PSD2 Insurance, Crypto Insurance, IoT Insurance, and Web3 Insurance. This approach allows them to navigate the complexities of new segments with the support of experienced brokers.



Source: Meanwhile

The Next Big Thing Strategy. Exploit-Explore Continuous Model

The next wave of Insurtech demands a strategic, dual-focused "explore-exploit" approach, essential for maintaining competitiveness and driving innovation. This model emphasises the need to balance the pursuit of new opportunities with the optimisation of existing strengths. It aims to position insurance players at the forefront of innovation, customer satisfaction, and market growth. Through a careful mix of exploring uncharted territories and capitalising on known capabilities, insurance players are set to navigate future challenges with agility and achieve lasting success.

Staying Ahead All The Time

- **Continuous Reinvention:** Insurtechs need to consistently reinvent their approaches, technologies, and business models to maintain a competitive edge. This includes leveraging both technological innovations and deep industry-specific knowledge across various fields such as insurance, climate change, and biomedicine.
- **Transcending Industry Boundaries:** Adopting ecosystem-ready strategies that blur traditional industry lines, enabling Insurtechs to offer more integrated, comprehensive solutions that meet a broader range of customer needs.

Idea and Solution Generation:

- **Identify "Gold" Use Cases:** Focus on discovering and developing use cases that represent significant opportunities for impact and value creation.
- **Good Project Killers:** Cultivate the ability to efficiently terminate projects that do not show promise, thus conserving resources for more viable ventures.

Operational Approach Based on Uncertainty Levels:

- **High Uncertainty Environment:** Emphasize a test-and-iterate approach, making decisions based on solid evidence and fostering a culture of continuous learning. This methodology is crucial for navigating areas of high innovation and risk.
- **Lower Uncertainty Environment:** In more predictable contexts, adopt a more traditional plan-and-execute strategy with clear expectations for results, timelines, and budget management. This approach ensures efficiency and effectiveness in stable, known markets.

NEXT BIG THING STRATEGY
EXPLORE-EXPLOIT CONTINUUM MODEL

Staying Ahead All The Time
- Constantly reinvents itself
- Superior Business Models both tech & industry specific knowledge (insurance, climate, biomedicine…)
- Transcend industries boundaries (ecosystem ready strategies)

HOW?

We don't have data from the past!

Higher — **Uncertainty** — **Lower**

Test & Iterate
Evidence Based
Continuous Learning

Aspirations you hope to achieve

Aspiration Key Indicators (AKIs)] Key Insights (achievable or not?)

Kill ← → Regularly review the evidence

Plan & Execute
Plan Results
Time & Budget

Objectives you plan to achieve

Objectives Key Results (OKRs)

Everything starts with an idea or a solution
- Identify "Gold" Use Cases
- Good Project Killers

Source: Made by the author inspired in Alex Osterwalder The Invincible Company