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This quarter’s review of global InsurTech investments
Foreword
This quarter we are announcing an unprecedented level of global funding into InsurTech businesses — both in terms of total U.S. dollar amount and transaction volume. With the huge amount of capital being deployed, and the rate at which it is being deployed, one can quite easily see this quarter as clear validation of investors (industry and non-industry) being prepared to put their money where their mouths are as it relates to the pursuit of digital operations — both for pure investment returns and also for securing digital capabilities. What is particularly interesting is that a handful of well-established InsurTechs have raised an enormous amount of capital (for example, Bright Health raised a seismic US$500 million this quarter), and brand new entrants with very limited track records have also been successful in raising capital: 73% of those InsurTechs that raised seed capital this quarter, were raising any form of capital for the very first time. Over half of those InsurTechs that raised Series A capital were similarly raising capital for the very first time.

What is clear is that there is no shortage of capital to support nascent businesses in the less expensive, earlier rounds — and certainly no shortage of capital to support well-established InsurTechs that are demonstrating their ability to deliver and who are in need of later-stage capital to support scale-up/growth mode. What we are also seeing, however, are the clearest examples of a (relative) drying up of Series B and C funding. In its crudest terms, InsurTechs struggled to secure funding in the US$20 million to US$50 million range, relative to the number of InsurTechs looking to raise this amount of money. This is a very natural evolution of any burgeoning space that requires investment. The novelty and promise of a new firm meets the reality of commercial success criteria. With so many fantastic InsurTechs in our midst, investors can be pickier and hold the knowledge that the winners will be relatively few. Similarly, with so much clear reliance on technology, less risky bets are being fiercely sought after. This particular phenomenon is a version of the barbell strategy in InsurTech (a reluctance to support the intermediate growth of InsurTechs with additional investment). While we try not to overinterpret any particular quarter and ascribe a theory as to why something might be happening in the short term, this particular issue is something we have been observing for a while; for want of a better description, we are seeing clear evidence of a widening funding gap.

As a result of these investment evolutions, relatively well-known but not particularly well-established InsurTechs across the board could be about to face their toughest moment to date. With global markets preparing for one of the largest forecasted recessions in a generation, most insurers and reinsurers will look either to accelerate, conclude or temporarily slow down their ancillary technological endeavors to focus on ensuring that their core business functions are able to operate in this new digital and remote environment. Consequently, (re)insurers’ appetite to support well-established InsurTechs will be much greater than that of InsurTechs that still have things to prove. Traditional investors, the principle drivers of the earliest stages of investment, are pushing extremely hard to make sure that they make the most of the digital revolution that our industry is undergoing at scale. This is creating an investment norm no man’s land in between.

The toughest challenge that less well-established InsurTechs will face pertaining to this expected slowdown of investment (and most likely partnership) activity is its duration. While this gap is undoubtedly a natural feature of investing, it is also a symptom of the current COVID-19-induced recession. This impending recession could be with us for a good while. Incumbent technology strategies will be clear: surviving this brave new world. The impact of an economic slowdown, coupled with a surge in remote operations, presents less well-established InsurTechs with a cruel irony. Never has the true value of technology been more real and manifest in our industry, as (re)insurers grapple with the challenges of remote environments. As such, we will most likely see a growth of organic projects; this could well squeeze certain InsurTechs that have, until now, enjoyed a lack of competition in certain areas. We also anticipate that (re)insurers and end consumers will continue to be increasingly better informed and better experienced with regards to judging successful engagements with technology.

Arguably we are on the brink of a very healthy milestone, and this next step should be celebrated by those InsurTechs that have a clear digital strategy and those that have been successful in building solutions for our industry. If nothing else, there will be greater scrutiny on what is out there and how technology can be leveraged most effectively. For both incumbents and established InsurTechs alike, we expect that the more successful initiatives will be those that can react quickly to the changing environment and those that show a true appreciation for the direction in which our industry is headed.

Q3 data highlights
In Q3 2020, InsurTech companies globally raised a whopping US$2.5 billion across 104 deals. This represents notable increases in both funding and deal count. Compared with the prior quarter, funding and deals increased by 63% and 41%, respectively.

The strong get stronger...
Six mega-rounds drove 69% of total funding. These companies include Bright Health (US$500 million), K1 (US$500 million), Next Insurance (US$250 million), Waterdrop (US$230 million), Hippo (US$150 million) and PolicyBazaar (US$130 million). Overall, the number of mega-round deals grew by 50% compared with Q2 2020.

...but investors still see opportunity in early-stage companies
Q2 2020 was a very difficult quarter for InsurTech broadly as investors pulled back activity. Early-stage companies (Seed/Angel and Series A) were hit especially hard with their share of deals falling to a record low of 42%. This quarter, however, early-stage deal share grew to 57% — a 15 percentage point increase from the prior quarter — returning to pre-COVID-19 levels. The activity was bolstered specifically by property & casualty (P&C) start-ups, which represented over 70% of early-stage deals.

Looking to the future, we also expect to observe in-house technological initiatives ramping up as technology and technologists become increasingly pervasive and synonymous with our industry, as (re)insurers grapple with the challenges of remote environments. As such, we will most likely see a growth of organic projects; this could well squeeze certain InsurTechs that have, until now, enjoyed a lack of competition in certain areas. We also anticipate that (re)insurers and end consumers will continue to be increasingly better informed and better experienced with regards to judging successful engagements with technology.
“Never has the true value of technology been more real and manifest in our industry, and yet the lifeblood of budding InsurTechs that rely on Series B and Series C rounds to scale is, relatively speaking, drying up.”

It is worth noting that this quarter also saw four Series A rounds in excess of US$20 million — Buckle, Drover, Branch and Sana Benefits. Over half of all InsurTechs that raised a Series A round this quarter were raising any form of capital for the first time. Including those InsurTechs that raised over US$20 million, the average Series A round size was US$19.3 million. Excluding them, the average round size shrinks to US$7.9 million.

As we previously mentioned, the cohort most adversely affected this quarter were those companies looking to cross “the chasm” — Series B and C deals — which saw deal share shrink by almost 9 percentage points. In particular, securing capital between US$20 and US$50 million proved to be extremely difficult for InsurTechs that raised over US$20 million, the average Series A round size shrinks to US$7.9 million.

India overtakes China for the first time since 2017

For the first time since Q4 2017, InsurTech start-ups based in India raised more funding rounds than those based in China. This quarter, six companies from India, including PolicyBazaar and Acko General Insurance raised capital compared with China’s five companies. U.S.-based companies continue to capture the most deals representing close to 42% of funding rounds, followed by the U.K. at approximately 9%.

L&H companies represent a disproportionate number of the quarter’s largest rounds

Life & health (L&H) InsurTechs’ share of deals continues to trail behind that of P&C, however it grew to approximately 30%, up from 27% in Q2 2020. Notably, of the largest deals this quarter, a disproportionate amount of L&H start-ups raised large rounds. Of the six mega-rounds of Q3 2020, 50% went to L&H companies, and L&H start-ups were responsible for 49% of the mega-rounds’ funding. Start-ups in this cohort include Bright Health, Waterdrop, PolicyBazaar, BMi and Eden Health.

Commercial InsurTech builds funding momentum

This quarter, several companies focused on offering or facilitating commercial coverage attracted significant funding. Usual suspects Next Insurance secured a US$250 million Series D as it continues to build out small- to mid-size business coverage. In addition, in the top-25 largest deals, companies including Buckle, Growers Edge and High Definition Vehicle Insurance have all landed funding for their commercial-focused offerings. This particular briefing will focus on commercial insurance in great detail.

Mind the gap

In addition to observing the increased issues associated with securing Series B and C funding as technological arenas evolve, we are also observing an increased polarization of the types of investors that operate in the earlier rounds, and those in the later rounds — compound further the already issues associated with raising amounts between US$20 million and US$50 million. Investments at the “lower” and “upper” ends are beginning to split between non-industry investors (e.g., venture capital (VC) and private equity (PE) firms) and industry investors (e.g., corporate venture capital firms (CVCs)), respectively. Non-industry investors typically write a lot of smaller checks to hedge their bets, whereas industry investors tend to back fewer investments that typically represent less of an operational risk, as they generally invest in later-stage InsurTechs — and industry investors are prepared to pay to play in these later, more expensive rounds. Graph 2 is a crude interpretation of what is (arguably) happening in the global InsurTech space right now as the barbell strategy of investors, coupled with a continued separation of investor types, becomes manifest. While seed, venture and growth (per the x axis) are better defined by U.S. dollar amount, we can broadly interpret seed as Seed/Series A, venture as Series B and Series C, and lastly growth as Series D plus.

While this particular quarter very strongly supports the theory that crossing the investment chasm from Series B and Series C to Series D (where true growth capital is invested) has become increasingly challenging for InsurTechs, Graph 3 is a clear indication that this phenomenon has been growing over time.

If we take 2017 as the proxy for the beginning of mass interest in InsurTech from our industry and work forward to the present day, it is clear that the average round size in Series D (growth phases) has been growing in size relative to the seed and venture phases. One could easily argue that it is natural that growth rounds would increase as InsurTechs become increasingly pervasive and valuable, and they would rise, but the same increased valuations (and round sizes) have not been occurring in seed and venture rounds of funding. In fact, they have stayed relatively static. This supports the theory that those InsurTechs that are seen to be clear winners in our industry will not struggle to raise significant amounts of capital, and the gap of success is widening.

Graph 2: Expanding funding gap

Graph 3: Average round size year-on-year

For further analysis and data, please visit willistowerswatson.com
In particular, the global gig economy is set to expand exponentially as many people look to bolster their daily income — in some cases using personal assets for commercial purposes. The rise of the gig economy will undoubtedly create a greater demand for on-demand/ episodic/ usage-based products that can seamlessly shift between personal and commercial coverage (and price appropriately), as behavior is changing. Enriched blending of demographic and behavioral data targeting a risk vector in flux will be the lifeblood of an InsurTech initiative that can bring products and services to the market to match this demand.

Will it ultimately be big tech firms that technologically revolutionize our industry?

In July of this year, Amazon announced that it would start offering motor/auto insurance products and services in combination with Acko General Insurance. The products and services are offered through Amazon Pay and will cover motorcycles and cars; existing members of Amazon Prime will be entitled to discounts and other benefits. The quote-to-bind process takes less than two minutes and supposedly includes zero paperwork (all policy-related communication is stored on the incumbent Amazon platform).

In the same month, Tesla’s Elon Musk called for actuaries to join him in making a “revolutionary” insurance company. According to a press release, Tesla wants to harness the data from its telematics.

Despite a difficult start to the year, in particular a tough Q1 2020 has already recorded the second largest investment amount and deal count. This is still with Q4 to come.
on its cars and drivers to build a new insurance operation that goes beyond California. It would use the car’s data and telemetry to assess probabilities of crashing and then offer a live assessment of premium on a monthly basis to the driver/owner of the car. The plan is to have this insurance initiative rolled out nationwide in the U.S. by the end of 2020. Note, this will not be Tesla’s first attempt at launching an insurance proposition.

Google has also joined the insurance party through a number of initiatives. One, in conjunction with Brit called Ki, is discussed later in this briefing in the Incumbent Corner section (page 50). Another is through Google’s sister company, Verily. Backed by Swiss Re Corporate Solutions, Verily is offering self-funded employers stop-loss coverage through its subsidiary, Coefficient Insurance Co. Verily — itself a subsidiary of Google Alphabet, focusing on life sciences and health care — develops tools and devices to collect, organize and activate health data. Coefficient plans to integrate Verily’s suite of health devices and tech-driven interventions for workers and dependents into its product, to be available in 30 U.S. states by the end of this year.

As an industry, have we been naive to believe that contemporary innovation could only come from self-identifying InsurTechs and in-house incumbent technology initiatives? Has this naivety potentially left us exposed to firms that, despite not being (re)insurance experts, as controllers of business in their own domains wielding state-of-the-art technology, are in fact a much bigger threat? Could Amazon, Tesla and Google (or some version thereof) effectively come in and disrupt an entire swath of our industry? Similarly, could they provide the technological innovation that the industry could benefit from in one fell swoop? It is unclear at this stage, but it is worth reminding ourselves that our industry is seen as a big prize by large firms currently operating outside our industry; access to technology has never been the difficult part in bringing successful innovations to bear fruit. Digitally savvy incumbents and maturing InsurTechs that can successful forge relationships with these large technology/Healthcare firms could be very well positioned to take advantage of the changes our market is experiencing.

IPO arms race

In the slipstream of Lemonade’s IPO in the second quarter of this year, we have observed a handful of InsurTechs looking to follow suit. Duck Creek completed an IPO this quarter as its software-as-a-service (SaaS) model continues to take hold in our industry. There are also clear signs that InsurTechs Hippo, Root, Oscar and Next might similarly look to float publicly in the near term. While it is likely that these kinds of firms would have looked to complete this trajectory at some point in their future anyway, the impending recession-like waves that will soon be hitting our shores could be playing a role in speeding this process up. Similarly, if the Lemonade IPO does not provide the expected returns to its new public investors, the fuse on bullish public investment sentiment into InsurTech could be relatively short-lived. Consequently, we expect to see an acceleration to go public this year for some InsurTechs to still take advantage of that time frame.

This Quarterly’s contents

This quarter as previously mentioned we will be focusing on commercial insurance. In particular, we will be featuring the following InsurTechs:

- GWI Insight, a UK-based company targeting property data analytics in the commercial property space
- Next Insurance, a U.S.-based InsurTech unicorn that provides insurance to small businesses
- Bold Penguin, a U.S-based company that operates a commercial insurance API that streamlines quoting, payment collection and policy issuance
- eBaoTech, a China-based digital insurance solutions provider

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Introduction
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The global commercial InsurTech world

This edition of the Quarterly InsurTech Briefing focuses on commercial insurance, the third-most bought and sold line of property & casualty (P&C) insurance globally. Specifically, we will be assessing the various ways in which technology and InsurTech are attempting to revolutionize this major line of (re)insurance business, the extent to which they have been successful and the expectations for the future.

Broadly speaking, commercial insurance relates to all products and services that help to ensure a business’s success through protection against risks, which can severely impact its (and its employees’) ability to function. It is fair to say that robust, well-established economies rely heavily on effective commercial insurance. It keeps businesses going, running and operating. Nothing is built, flies or floats without it.

History of commercial insurance

It could be argued that the first formalized insurance agreements were commercial. The agreements were predominantly coverages for marine and damages at sea. European merchants looked to protect their investments against inclement weather and piracy, and the birth of the insurance community (as we know it today) and the practice of insurance underwriting began. It is said that the first formal marine insurance policy that we would recognize and the practice of insurance underwriting began. It is said that the first formal marine insurance policy that we would recognize and the practice of insurance underwriting began. It is said that the first formal marine insurance policy that we would recognize and the practice of insurance underwriting began. It is said that the first formal marine insurance policy that we would recognize and the practice of insurance underwriting began.

Despite the increasing diversification and specialization of individual businesses, certain insurers began offering more “generic” commercial insurance products — such as business owners policies (BOPs), which combine general liability insurance and commercial property insurance — as a bundle of goods and services to cater to a number of risks that many smaller businesses (in particular) face. This particular bundled product was aimed at a certain size and complexity of business — typically smaller, with few exotic issues. In addition to standardized BOP-type bundle products, most smaller businesses also required professional liability insurances to provide them with what is generally referred to as “business insurance,” and the market evolved to provide this ancillary bolt-on accordingly.

There came thereafter a demand from larger firms also to be able to buy a basket of insurance goods that would provide “business” coverages — albeit taking into account the difference in size and possibility for greater risk complexity. Thus, the commercial package policies (CPPs) were born. CPPs are more comprehensive than BOPs and are designed to provide “business insurances” into one product for larger firms but is generally available for a much wider/broader range of businesses — and generally has much bigger limits. It typically does not cover directors’ and officers’ (D&O) liability, health and disability, life insurance and workers compensation. Most businesses today now have the option to buy a basket of commercial insurance goods — whether it is a bundle or a variety of individual products together.

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The advancement of the digital age has once again put pressure on our industry to evolve. The rise of the service and digital economies as well as the dawn of the gig economy worker, digital freelancer and remote contractor have forced (re)insurers to rethink their offerings. Recent innovations around products include seamless episodic coverage, pay-as-you-go coverage and products that cover assets that are used both personally and commercially.

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Introduction continued

Globally in 2019 the most sold commercial insurance products were:

- Commercial auto
- Cyber liability
- Commercial property
- Workers’ compensation
- Business owners policies (BOPs)
- Habitational
- Business interruption

Pegging commercial insurance

Traditional commercial insurance can largely be broken down into three distinctive pillars: commercial property (damages to business property), liability (damages to third parties) and workers compensation (on-the-job injuries to employees). Underneath each pillar, we have listed the major associated insurance products.
The rest of this introduction will focus on the innovations, technological initiatives and InsurTechs that are looking to add real value to the world of commercial insurance.

Underwriting innovations

In our previous two briefings, we focused on the main technological drivers and applications in personal lines. However, the role of technology is therefore different; its role is to help advise, highlight and flag. Black box decision making and instantaneous pricing are far less effective in commercial insurance than in other lines of business.

Commercial insurance underwriting is not simply an improved blend of behavioral and demographic data, but a much more nuanced unraveling of the risk and human support. Generally speaking, pricing in personal lines is complicated, but the product and risk classes are largely understood and highly commoditized. Commercial lines, however, are very different; it is viewed through a temporal lens that is increasingly 4D. This is in part because of the tail lengths embedded in the sold products associated with liability and high-severity risks. Commercial lines is also highly tailored; and so readily available public data are not necessarily as applicable to the written risk. Commercial products are altogether far more complex, as are the vast number of products sold. Any InsurTech wanting to get into commercial lines insurance is well advised to understand these key differences.

As Figure 1 lays out, in personal lines, a consumer will see only the price in most cases, as he or she may have little to no knowledge of the true cost of the underlying risk and little expertise and interest in understanding the nuances of coverage clauses, which are largely standardized across providers. In commercial, however, the insured may in fact have a very good understanding of his or her own specific risk and the product requirements but almost certainly not the broader context of the insurer’s portfolio or wider market considerations. As such, the final calculation, judgment and presentation of a price to an end consumer is fundamentally different. Supporting technology should be empathetic to the expectations of the insured.

Underwriters, however, will see what is both visible to the insured and below the waterline. In the world of commercial, therefore, the underwriter (or its representative) will work more closely with the insured to be insured of large enterprises. Any technology that is going to have a significant positive impact in the commercial world of underwriting needs to understand this key distinction.

For InsurTechs in commercial insurance to really add value to incumbent underwriters, or hope to originate business themselves, they must be able to unpack products and risks and make them transparent. It is not advisable to conceal the complexity of commercial risk in a ‘black box’ as clients are invariably very aware of the peril they are looking to have covered (i.e., they know their risks well). In some, but not all cases, the vendor of technology should consider the underwriter as their end consumer. Consequently the technology being created should fit the requirements of the underwriter and not necessarily the requirements of the end insured.
Introduction continued

Figure 2: Personal and commercial lines technological inputs and outputs

Inputs
- Smart sensors
- Internet of things (IoT)
- Cyber intelligence
- Drones
- High-resolution photography
- Better data
- Improved stochastic models
- Pricing transparency tools
- AI decision support protocol
- Automated rules toggles
- Robo advisory
- Augmented reality

Personal lines
Focus is more 2D, on property and things in situ

Commercial lines
Focus is more 3D, or even 4D, as time and context setting (e.g., the broader market/supply chain) are factored in far more.

Outputs
- Improved products
- Price competitiveness
- Cross-selling opportunities
- Risk commoditization/specialization
- Consumer stickiness
- Distribution model support
- Better understanding of underlying risk drivers
- Refeeding data quality
- Better portfolio management
- Improved risk appetite
- Differentiation improvements
- New geographic entry
- Responsiveness
- Client relations
- Segmenting commercial more effectively
- Reducing channel conflict
- Improved education

The rise of the digital business

Fundamental changes in behavior have meant that smaller business requirements are increasingly aligning with personal lines insurance. An appropriate use of technology by incumbents and InsurTech alike is to reconsider going direct to consumer, online omnichannel distribution and increasing user engagement touchpoints. As consumers are becoming smarter and more accustomed to online purchasing, insurers should be responding with transparency and online sales and service support.

For larger, more niche businesses, underwriters now have a fantastic opportunity to better data access, which can allow them to have a much better understanding of risks. Better access to data and better use of online distribution technology can also allow underwriters to have a much improved relationship with agents and brokers who distribute and communicate their products and prices to their end consumer base. Analytics and automated rules can offer underwriters unprecedented access into the mechanics of pricing relative to the underlying risk. Decision making support technology can ultimately help underwriters understand which risks they should and should not write.

Figure 3: The digital evolution of an underwriter's ability to distribute

InsurTech businesses are putting a lot of pressure on the commercial segment to improve its distribution channels. Small business owners now have digital avenues and options that make it easier for them to conduct their own research and compare multiple options and purchase policies. In some cases, this is the result of their experiences with personal lines, so they expect similar capabilities from their commercial lines carrier (sometimes their personal lines and small-business policies are with the same carrier). Owners of small businesses are now more willing to engage directly with their carriers through digital and other channels, such as call centers, aggregator websites and digital brokers.

Changing risk vectors

New risks are being brought to the forefront every day, whether the result of the growth of the gig economy or the rise of IoT. This not only places pressure on insurers to respond but also presents an opportunity if insurers can make the most of available data and price these risks accordingly. In general, traditional carriers have shown relatively little interest in writing a slew of new “digital” risks, which leaves InsurTechs with a huge opportunity if they can price these newer risks appropriately. Incumbents have shied away because of the significant reliance on external data for underwriting, pricing and claims, plus the absence of historical data to develop actuarial models. InsurTechs can see this as an opportunity to go toe to toe with incumbents not only to compete but to excel if their access to data is superior. As an example, cyber is a newer risk class where InsurTechs arguably have an edge, and incumbents have almost zero legacy/historical advantage given that it is a new risk class. Gig economy products are the same.

Along with technology disruptions, customer behaviors are changing (e.g., the emergence of the digital customer). Businesses are entering a new era, and data are being used as a competitive weapon to gather important insights and foresights. Newer data sources — such as sensory data, drone images and videos, augmented reality, social media and smart devices — enable carriers to leverage this information to mitigate loss; improve underwriting, pricing, product and service personalization; and enrich customers’ digital experiences. With the enormous amount of data available, customers are looking to carriers to offer innovative services and better pricing.
Specific use cases of technology in commercial insurance

Artificial intelligence (AI) and machine learning (ML)

- AI can read and extract data from unstructured insurance documents hundreds of times faster than a human.
- Commercial insurers that harness the power of AI to extract, interpret, contextually understand and resolve hundreds of data points in seconds give their underwriting teams access to a lot more data from a variety of sources, enabling them to make better informed decisions and accelerate the underwriting process.
- AI and ML can help create a faster, more accurate automated underwriting process. By being able to scan documents quickly in multiple formats and extract the necessary information for underwriting, automated underwriting with AI takes minutes rather than hours or days.

Data extraction through application programming interfaces (APIs) to data sources

- Data APIs can automatically augment submissions with property, company and address data, dramatically reducing the time it takes to assess a risk.
- Data APIs provide quick access to relevant company risk data to speed up and complete submissions, including information about registered companies and the trade in which the company operates.

Augmentation through natural language processing (NLP)

- NLP can pull out relevant pieces of information, assign meaning to those words, and intelligently analyze structured and unstructured text.
- NLP can check errors, mitigating associated risk.
- NLP can recognize insurance-specific named entities, such as limits, premiums, deductibles, types of coverage, exclusions, endorsements, territories of coverage, outstanding conditions, statements of value and loss run reports. Named entities are categorized instantly during data extraction.

If we consider the specifics of technology, where can it have the greatest impact in the here and now for underwriters? Where we see the greatest impact is the use of workflow enhancing artificial intelligence tools that can facilitate decision-support tools for human underwriters while concurrently removing the labor-intensive but low-value-adding tasks, such as looking for generic outliers. This then frees up underwriters to focus on complex risk judgment and relationship development.
**InsurTech labeling in commercial insurance**

Given the vast complexity, high limits and long tails in a lot of commercial insurance business, most InsurTechs that operate in this particular area of (re)insurance have actually focused on a relatively small part of the overall spectrum of commercial (re)insurance. To properly reflect what we are observing in commercial InsurTech globally, we are going to relabel the traditional core pillars slightly to give a truer indication of the buckets into which most InsurTechs fall. These are:

- **Property**
  - Buildings umbrella (BOP/CPP)
  - Boiler/machinery
  - Debris removal
  - Builders risk
  - Glass
  - Inland marine
  - Business interruption
  - Ordinance/Law
  - Tenants
  - Crime
  - Fidelity bonds
- **Liability**
  - Buildings umbrella (BOP/CPP)
  - Liability
  - E&O
  - Malpractice
  - Commercial auto
  - D&O
  - Cyber
  - Habitacional
  - Business interruption

**The evolution of InsurTech**

- Workers’ compensation—focused
- Multiline commercial—focused
- Specialty liability—focused

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**Figure 4: Percentage funding for commercial InsurTech activity by stage, 2015—2020 YTD**

The vast majority of investment activity for commercial InsurTechs occurs in early-stage rounds (Seed/Angel and Series A). 62% of all commercial deals from 2015 have been in the Seed/Angel or Series A rounds. Specialty liability InsurTechs lead Seed/Angel, Series A and Series B, however these companies have then struggled to raise in Series C onwards.

**Figure 5: Investment volume in the three major commercial lines focus of InsurTech focus (2015—2020 YTD)**

- Multiline commercial
- Specialty liability
- Workers’ compensation

Multi-line commercial InsurTechs have dominated funding volumes. This is largely driven by notable InsurTechs, e.g. Next Insurance and States Title, that have both raised US$100 million plus rounds in both 2019 and 2020. Of the largest 15 deals in U.S. dollar amount recorded in this space, 12 were multiline commercial, 2 were workers’ compensation and the remaining 1 was a specialty liability-focused company.
Some noteworthy commercial InsurTech partnerships, deals and funding from Q3 2020:

1. **Next Insurance raises US$250 million.**
   - Next Insurance has raised US$250 million in a Series D round, which takes the company’s valuation to over US$2 billion. Next Insurance leverages the latest techniques in AI and machine learning to make data-driven decisions to provide more tailored products, coverage and risk-based accurate pricing using proprietary predictive scoring.

2. **Ki Insurance raises US$500 million from Blackstone and Fairfax Financial.**
   - Ki is the first fully digital and algorithmically driven Lloyd’s of London syndicate that aims to reduce the amount of time taken for brokers to place their follow capacity.

3. **Munich Re North America will provide reinsurance support to Cowbell.**
   - Cowbell will use the new capacity to write cyber cover for businesses with revenue of up to US$250 million in 33 U.S. states.

4. **MS Amlin has partnered with InsurTech Alphins.**
   - The partnership will see MS Amlin’s marine and energy reinsurance division use the Alphins platform to digitalize existing exposure data and access its specialist data sets and analysis tools.

5. **Chubb has launched a new digital distribution platform.**
   - Chubb Studio℠ is a new platform that will streamline the distribution of the company’s insurance products through its partners’ digital channels around the world. It is expected to benefit Chubb’s partners in retail, e-commerce, banking, fintech, airline and telecommunications by adding a digital insurance option to their own product offerings.

6. **AXIS Insurance has partnered with AllDigital Specialty.**
   - Through the partnership the two companies will develop and launch a new insurance platform designed to address the service void in the U.S. small private company management liability market.

7. **Appulate has partnered with Am Trust.**
   - Appulate, a digital technology platform for insurance companies, has partnered with AmTrust to offer agents and brokers the ability to rate, quote and bind workers’ compensation policies in real time.

8. **Cyberwrite and HSB renew their partnership.**
   - HSB has announced it is renewing its subscription to Cyberwrite’s cyber risk financial quantification platform. This will enable HSB to offer tailored cyber insurance policies to business across the U.S.

9. **Lloyd’s has launched a parametric policy for business interruption.**
   - The new product, called Parametrix Insurance, provides business interruption insurance using a parametric trigger to protect against IT disruption or downtime.

10. **AXA XL has launched an insurance product for highly protected construction projects.**
    - AXA XL’s North America Construction insurance business is building tailored insurance programs and services for construction projects that qualify as a “highly protected project” (HPP) because of their implementation of technologies designed to reduce project risk.

11. **Hiscox has partnered with Thimble.**
    - Hiscox has partnered with Thimble, a short-term liability insurance provider for small businesses, to offer coverage available by the hour, day or month. The partnership will allow Hiscox to give businesses flexibility, with customers having control of their policy via Thimble’s insurance app.

12. **Farmers’ Edge and Munich Re form a strategic partnership.**
    - Farmers Edge, a leader in digital agriculture, announced a strategic partnership with Munich Re to implement large-scale parametric weather insurance solutions.

A snapshot of some global InsurTechs operating in the commercial space:
Challenges and opportunities

The commercial lines insurance environment is often served by fragmented processes driven by legacy systems; it faces operational challenges that make deployment difficult and often interrupt the opportunity to take advantage of meaningful data. Experts within the insurance value chain operate in disparate functionally focused environments that make data sharing problematic and leave the business open to inefficiency, error and inconsistency. Consolidating data, undertaking timely and relevant analysis, making accurate decisions at pace and deploying them will be the keys to success.

Where the specific commercial risk is not appropriate for automatic underwriting rules, expert judgement is required. In these cases, the key is to harness a complete suite of data assets and make them available in real time to support expert decisions. Radar Workbench is designed to support experts in making timely, informed and confident decisions. While insurdev at a number of points in the value chain, the first target audience for Radar Workbench is the commercial underwriting community.

Individual risk underwriters

Radar Workbench offers a range of support across the underwriting process, including:

- **Prioritization support:** Triaging new and renewal risks to assist with prioritizing tasks and providing the biggest return on time invested
- **Contextual portfolio insights:** Using past portfolio performance to inform current risk underwriting decisions
- **Decision support:** Using propensity modeling, for example, to help predict how likely the underwriter is to secure or renew a given risk, which can help in making key underwriting decisions; providing the underwriter with ongoing insight into its personal performance metrics and company risk appetite to aid in decision making
- **Underwriting decision support:** Improving decision making by providing insight based on internal and external sources of data relevant to the individual risk, including propensity modeling and appetite scoring
- **Pricing transparency:** Using granular-level pricing (transparency of technical price versus commercial price)
- **Data science models:** Intuitively deploying data science models and external data into the underwriting process

**Portfolio manager**

The Radar portfolio tools facilitate the analysis and management of underwriting performance at a portfolio (rather than at an individual risk) level, providing:

- **A platform for performance analysis:** Segment and analyze the portfolio performance to a granular level using multiple data points
- **Scenario testing:** Test revisions to underwriting and pricing strategies prior to implementation to assist decision making
- **Deploy:** Push highly specific and complex portfolio strategies to individual risk underwriters within Workbench for immediate and simple adoption

Pricing specialists and data scientists

Radar Workbench can be used to ingest, build, manage and deploy pricing, underwriting and operational models/rules. The tool allows analysts to be used to:

- Build, test and deploy models within a self-sufficient low-code environment
- Manage alignment across the application. The user interface (i.e., where the underwriter executes decisions), the underlying pricing and underwriting models, and database are all automatically aligned, so changes need only be made once within the modeling environment
- **Simplicity complex pricing:** Sophisticated, complex pricing algorithms can be produced easily within a no-code environment and pushed out to individual risk underwriters. Radar caters for advanced pricing techniques. It is easy to cater for multivariate rating factors and experience-based pricing.
- **Enable the development and deployment of modular products.**

Dynamic products and pricing

Dynamic pricing, the ability to flex pricing parameters and models in hours rather than weeks, has been a core capability in leading-edge small business insurers for several years. In recent years, we have seen a number of insurers adopt similar capabilities in larger and specialty insurance. Most recently we have been looking at ways to make complex products more dynamic and modular to both facilitate electronic trading of complex risk and help insurers break the hard link between products and legacy platforms. Often described as product simplification, this foundational activity is vital for electronic trading but also improves the insurer’s ability to deal with client and broker coverage requests.

Within Radar Workbench, it is possible to configure products in a modular basis allowing a more dynamic approach. Having a range of product components that are linked to their respective rating algorithms, data requirements, underwriting rules and question sets means that creating bespoke products becomes a self-service activity. Products can be focused on traditional line of business, alternatively, they can be aggregated into trade or distribution-based propositions.

An integrated technology environment

One of the critical success factors in supporting underwriters is the ability to integrate with the wider technology environment. Underwriters and analysts need access to a common source of transactional and reference data. Radar Workbench uses a range of standard approaches and API technology to access data either in real time or in batches depending on the tasks being undertaken. Radar Workbench’s foundations within the wider Radar Suite mean that data access and analytics are core (and low code). Radar Workbench’s capability to integrate with other platforms and policy admin systems (PAS) solutions means that operational efficiency is an out-of-the-box consideration. Lifting data from agency systems, PAS and other functional platforms reduces rekeying and cost.

In short, Radar Workbench sets a new standard for underwriting execution and decision support.

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*Radar Workbench is an agile technology platform that allows underwriters to work on an individual risk while having useful insight pushed toward them. The components of the tool facilitate the development and deployment of underwriting and pricing strategies for both new business and renewals. This supports underwriters, portfolio leadership and pricing/data science teams to collaborate in an appropriately granular and segmented way.*

*Radar Workbench, when configured for commercial underwriting, delivers real-time, context-sensitive insight to the underwriters. Allowing underwriters, portfolio managers and analysts or data scientists to collaborate on the development and execution of pricing and underwriting strategies.*

**Flexible insights dashboard**

**Prioritized task list**

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*willistowreswatson.com*

Quarterly InsurTech Briefing Q3 2020
GWTI provides risk managers, underwriters and claims handlers with the platform to identify commercial property risks in real time, allowing insights and decisions to mitigate or remove risk before they could become loss events. Partnering with leading insurance companies like AXA XL and Zurich Insurance to augment their service propositions, GWTI is leading the way enabling innovative and far-reaching change in the industry.”

Iain Wilcox, CEO and co-founder, GWTI

Business model

GWTI Insight works with partners in the insurance industry helping them develop additional service-based propositions to augment their existing insurance and risk engineering propositions. Examples of partners include AXA XL and Zurich Insurance.

GWTI’s partners in the insurance sector have started collaborating with built asset consultancies and technology providers to build on the value of the data across combined propositions where shared corporate client relationships can be combined and developed.

Case Studies: GWTI Insight

GWTI Insight (GWTI) is a U.K.-based InsurTech/PropTech company specializing in creating real-time data-driven insights on how commercial buildings are performing. The company develops and employs patented technologies to deliver a reduction in risk, cost and carbon emissions and to support the development of innovative products and solutions for its clients.

GWTI’s story

Established in 2017 GWTI Insight has its origins in seeking improved risk management of commercial buildings for insurance companies through the use of IoT and telematics. The solution has been known for some time. A black box in motor vehicles collecting and sending information changed fleet and young driver insurance.

The challenge is much more complex for commercial buildings. Each building is the result of a fragmented construction industry and a multitude of data protocols for building systems. The challenge to capture, classify and standardize data in real time needs a combination of technologies. While IoT, telematics, big data, cloud, wireless technology, sensor technology and, machine learning are now more available, it requires a unique set of knowledge and skill to assemble the solution.

The solution is made up of two products: the GWTI Observer and the GWTI Insight Maker.

The GWTI solution overview

The GWTI Observer was first introduced in 2018 using patented technology. It listens to and captures data produced by systems, sensors and control equipment in commercial buildings. The Observer provides a highly secure environment capturing and transferring data to the Cloud.

Working with insurance companies and built environment consultants, GWTI deployed the device across a range of building types. This exposed a number of issues not seen before including low pressure in fire protection systems, rendering them useless, dangerously high moisture content in critical computer rooms caused by heating, cooling and ventilation systems competing with each other, food production safety systems disengaging whilst production continued and energy wasted in non-value adding out of hours operation of systems.

The GWTI Insight Maker provides the user interface, a dashboard that converts data to value. The data captured by the Observer is standardised and classified to facilitate consistent and comparable data across buildings and on an ongoing basis. The GWTI Insight Maker turns the data into insights in the form of graphs, data, charts and plain English. It presents a cockpit for a range of roles within the Insurer and the client company.

The Insight Maker can be configured to meet the specific areas of focus for different clients. It allows users to define algorithmic-based rules and calculations for multiple dimensions or factors. For example, an insurance company may focus on the areas it considers present greatest risk, in say, the pharmaceutical sector. As data are processed in real time, Insight Maker detects triggers on key thresholds and communicates through the dashboard, via SMS or email.

The challenge and the opportunity

Insurers and their clients want to understand, detect and potentially stop or mitigate loss events in their commercial properties. Unless there is access to a large team of risk engineers, achieving this across large commercial property portfolios with tens or tens of buildings is impossible.

A risk consultant can efficiently visit six to eight locations per day in a portfolio. Selecting the high-priority locations to visit is difficult enough when travel is possible; current COVID-19 restrictions are making this an even more difficult task. Proactive risk management is therefore key in identifying the client sites to visit and help manage risk.

In COVID-19 restricted operations, monitoring the performance and effectiveness of empty or partially occupied locations is now an important requirement as building behavior has changed with less use. Insurance providers need to strike a balance to deliver an integrated risk engineering and insurance service for commercial property, focused on the reduction of risk, cost and carbon emissions.

“GWTI provides risk managers, underwriters and claims handlers with the platform to identify commercial property risks in real time, allowing insights and decisions to mitigate or remove risk before they could become loss events. Partnering with leading insurance companies like AXA XL and Zurich Insurance to augment their service propositions, GWTI is leading the way enabling innovative and far-reaching change in the industry.”

Iain Wilcox, CEO and co-founder, GWTI
Founded in 2016, Next Insurance is a technology-led full-stack small business insurance provider working across the entire insurance value chain. This includes writing policies, carrier status, claims handling, servicing, distribution, pricing and underwriting, as well as distribution, developing/pricing/underwriting proprietary products, servicing, and claims handling. Next Insurance also operates as a carrier in 25 states.

About Next Insurance

A member of the InsurTech unicorn club — denoting a company that has a valuation over US$1 billion (which Next Insurance achieved in 2016) — the Silicon Valley-based company aims to be a one-stop shop for small business insurance. Next Insurance currently offers general liability, professional liability, commercial auto and workers’ compensation. Additionally, Next Insurance offers tools and equipment, as an add-on to the company’s general liability policies, and hired and non-owned auto (HNOA) as an add-on to Commercial Auto policies.

Next Insurance operates in 49 U.S. states and is a licensed carrier in 25 of them.

Small businesses and Next Insurance

Small businesses have historically been an underserved part of the insurance market. The businesses in the market are not homogenous, which means building a robust pricing matrix to underwrite the companies is difficult. Yet it is estimated that the U.S. SME insurance is a US$140 billion industry with no clear leader. With Next Insurance, small business owners can get a quote and buy a policy in 10 minutes or less, at up to a 30% savings compared with traditional policies. Next Insurance provides simple, digital and affordable coverage that is tailored specifically to the self-employed. Insurdos can make annual or monthly payments and, have access to U.S.-based licensed insurance advisors, tools and services, such as 24/7 access to certificates of insurance from a mobile device or computer and in-house claims filings where a decision is often made within 48 hours. Importantly, Next Insurance does not charge its customers fees for generating proof of insurance, for paying monthly or for canceling.

Next Insurance leverages the latest techniques in AI and machine learning to make data-driven decisions to provide more tailored policies, coverage and risk-based accurate pricing using proprietary predictive scoring. These techniques are also used during the servicing/claims process to provide a faster and more efficient experience, which helps boost overall customer satisfaction. The company now has over 100,000 customers in the U.S. and offers a wide range of insurance coverage to more than 1,000 unique types of business, including accountants, construction workers, general contractors, fitness professionals, cleaners, entertainers, teachers and beauty professionals.

Next Insurance funding

To date, Next Insurance has raised US$631 million. The company achieved unicorn status in 2018 following a US$250 million Series C investment from Munich Re. In September 2020, the company doubled its valuation to over US$2 billion when Next Insurance secured a US$250 million Series D investment led by CapitalG and with participation from Munich Re Group and Fintly.

The ASEAN start-up ecosystem

ASEAN’s digital economy is growing rapidly and is expected to hit US$300 billion by 2025. This is being driven by a growing middle class, young population and massive demand for services. Start-ups are leading the digital revolution and are attracting world-class venture capital firms (VCs) to the region. Next Insurance is at the forefront of providing essential insurance bundled to protect start-ups and investors in a seamless and digital manner.

Anapi’s Venture Program is targeted toward VCs and their portfolio companies to ensure they have the right in insurance in place to protect the founders, executive teams and investors. This includes a bundle of director’s and officers’, professional indemnity and cyber liability insurance. Portfolio View allows VCs to see insurance coverage across the full portfolio of companies to ensure sufficient protection of their investments.

Partner insurance

An increasing share of start-ups look to add insurance as a way to monetize their platforms. Insurance is also becoming an important prerequisite for the new sharing economy models where insurance becomes embedded within products and services. Anapi collaborates with start-ups to co-design and launch the desired insurance covers with forward-thinking insurers.

Cyber insurance solution

Anapi launched a cyber insurance solution for small to medium-sized enterprise businesses in July. The online purchase of cyber insurance is the first in Southeast Asia and takes less than five minutes to issue. The policy is underwritten by Delta Insurance, a managing general agent operating in Lloyd’s. The solution combines a number of essential services, including public relations crisis management, legal services and forensic investigation. The solution has also been bundled into a number of cyber security and cloud providers’ own propositions.

Founded in 2018 in Singapore, Anapi is a digital platform that provides insurance solutions built for start-ups in Asia. The company operates as a corporate agency in Singapore to provide start-ups with the essential insurance coverages as well as custom insurance programs that fit innovative models. Beyond Singapore, Anapi’s cloud-based distribution solution is white-labeled for brokers, managing general underwriters (MGAs) and insurers in the region.

Case Studies: Next

Case Studies: Anapi

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**Case Studies: Foresight**

Foresight insures safety-critical businesses with a technology-based workers’ compensation program. An InsurTech managing general underwriter specializing in the middle market and based in San Francisco, Foresight wraps its proprietary risk management software into every policy, improving safety engagement and reducing workplace incident frequency by up to 57%. With a digital submission process and in-app claim management and reporting, Foresight is able to provide value for brokers and businesses that are seeking safety and savings through technology.

**Safety plus workers’ compensation**

Currently there are very few-known initiatives where real-time and effective safety programs and workers’ compensation rates correlate. Insureds that develop effective safety plans do not experience an immediate benefit in their premium bills. In fact, it can take up to three years for a claims-free business to see a reduction in its premium. This leaves a costly gap during which employers must invest a significant amount of money into both safety and premiums.

Foresight has adopted a safety-first model to drive client engagement and ultimately wants to develop a plan that keeps people safe and costs down. Modern risk management technology presents a new opportunity to examine this model and improve it.

Foresight has developed its proposition on the confidence that workers’ compensation plans that reward safety behavior are the future of effective loss control programs.

**Real-time risk management technology**

Developed over six years and with the help of multimillion-dollar private investment funds, Foresight’s proprietary technology streamlines risk management for brokers and insureds. All safety data captured using the software are private to the insured except for the safety score, a machine learning-based metric that measures overall safety engagement against industry best practices and company history. Foresight uses the safety score to credit the insured and lower its premiums faster.

“Foresight technology has been evaluated by leading insurance actuaries and found to reliably reduce incidents, so our rates are competitive in hundreds of class codes spanning the construction, manufacturing, logistics, light industrial and agriculture verticals.”

Emilio Figueroa, Chief Insurance Officer, Foresight

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**Case Studies: Briza**

Briza is a commercial insurance application programming interface (API) that streamlines small commercial quoting, payment collection and policy issuance. Founded in 2017 by a team with decades of experience on the commercial carrier side, Briza sought to address the deeply underserved small commercial market. The Austin and Toronto-based InsurTech provides software solutions to commercial insurance carriers, retail insurance agencies and small-to-midsized business (SMB) seeking to enable in-platform insurance transactions.

**Briza tackles carrier API distribution**

Businesses are increasingly demanding insurance transactions that are instant, without lengthy approval times, additional underwriting questions, or cumbersome back and forth. For carriers, however, a huge time and resource investment is required to build out a small commercial API, as well as decisions on how to then distribute the API. Briza handles relationships with commercial retailers, wholesalers and SMB platforms, giving the insurer instant access to multiple distribution channels through a single integration.

**Briza for retailers**

For many retail insurance agencies, small commercial policies remain unprofitable due to steep time investment required to write them. Briza solves this with the Briza Smart Portal, a white-label, agency-branded, quote-bind-issue engine that allows agents or clients to complete an application, generate quotes, pay online and have the policy issued in minutes. Agencies can launch their own Briza Smart Portal in under an hour.

“Briza handles relationships with commercial retailers, wholesalers and SMB platforms, giving the insurer instant access to multiple distribution channels through a single integration.”

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**Briza for SMB platforms**

Online SMB platforms are always looking for better ways to help their customers’ businesses, build greater loyalty, create value and return revenue. There is rising interest in insurance transactions on small business software platforms, such as payroll, banking and bookkeeping apps. When these platforms try to build their own insurance solutions, they inevitably discover that no single carrier has appetite for all of their customers’ needs, and that the work involved in integrating multiple carriers is formidable. Briza enables branded, multi-carrier, in-platform insurance transactions with its commercial insurance API, with the same ease as a platform would add a payment processor API.

**Briza’s partnerships**

Briza launched its API with insurer Hiscox. Since then, its appetite has grown to business owner policies, general liability, professional liability, workers’ compensation and cyber liability from industry leaders Liberty Mutual, Berkshire Hathaway Guard, CNA, Markel, EMPLOYERS and Crum & Forster as well as tech-enabled providers such as Coalition.
Case Studies: eBaoTech

Founded in 2000, eBaoTech is a leading digital insurance solutions provider that operates across more than 30 countries globally and counts over 200 insurers as customers. The company originally pioneered the use of 3G technology (java-based) and is now leading in 4G technology (cloud-native and microservices architecture). eBaoTech’s two main solutions are eBaoCloud and eBao Software.

- **eBaoCloud** is a group of products that deploy 4G technology to cover insurance platform-as-a-service (PaaS)/middleware, ecosystem/platform software-as-a-service for insurers and managing general agents.
- **eBao Software** is a java-based traditional core system suite for general, life and group life insurance companies, as well as the related services around implementation, maintenance and enhancements. Their platforms support the entire life cycle operation of business, including new business, endorsement, claims, reinsurance, finance and compensation.

This platform can seamlessly integrate with external applications and services such as optical character recognition (OCR), voice recognition and payment. InsureMO also supports third parties to develop APIs and register on InsureMO. Currently, over 3,000 products from over 120 insurance companies across more than 10 countries have been configured on eBaoCloud’s InsureMO.

**eBaoCloud case study: Insurance distribution platform**

eBaoCloud’s distribution platform in Thailand is an insurance industry hub for all channels and general insurance products in the Thailand market. The online platform generates real-time rating, quotation, payment and issuance processes, and the average turn over time is four minutes.

The platform connects insurance carriers and brokers and significantly improves their transaction efficiency. Currently nine insurers and hundreds of insurance channels, including brokers, banks and travel agencies, are connected to eBaoCloud’s distribution platform. All mainstream general insurance products — auto, home, accident, travel, health, liability — and small to medium-size enterprises commercial products are covered, with 30,000 policies transacted every day.

For the broker, it enables them to triage, quote and bind commercial insurance from a range of participating and digitally integrated carriers, for a faster, more accurate, more transparent and more efficient risk assessment process. Information on a small to midsize business is entered through a single application; carriers can be ranked, coverage can be organized, and quotes can be bound or routed in an elegant multicarrier, multiproduct flow.

**Bold Penguin**

Founded in 2016 in Columbus, Ohio, Bold Penguin rapidly increases quote-to-bind for commercial insurance. The company’s software helps accurately match agents, brokers and carriers with small business owners, to make quoting and binding faster, simpler and more profitable via a single, intelligent, rules-based platform.

**What Bold Penguin does**

Bold Penguin’s platform is a tailored software solution that interacts with existing systems to power consumer-facing storefronts and producer-facing portals through an API-first approach. It connects businesses, agents and carriers to the right quote quickly.

- **Bold Penguin exchange platform**: This is the largest commercial insurance exchange and has a two-step approach that ingests applications from a sending partner and delivers a verified and vetted customer on the other side to the receiving party. It connects businesses, agents and carriers to the right quote quickly.
- **Bold Penguin terminal**: This powers the digital storefronts of carriers such as Nationwide and Progressive. It enables carriers and agencies to provide multiple quotes to a small business owner in minutes versus hours or days. It can interact with existing systems to power consumer-facing storefronts and producer-facing portals through an API-first approach.

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**Bold Penguin funding**

Bold Penguin has raised US$50 million across four funding rounds. Its most recent round was a US$32 million Series B round, with participation from Guggenheim Partners, Lightstone Ventures, Lockton and Hudson Structured Capital Management.
Gen Tsuchikawa heads up all venture investing activity for Sony globally through its Sony Innovation Fund. He is also CEO and CIO of Innovation Growth Ventures, a joint venture between Daïwa Capital Holdings and Sony that invests in middle-to-later-stage companies. Seed and Early-Stage investments are made using Sony’s balance sheet.

Gen has spent 15 years at Sony. Prior to his current position, he headed Corporate Development and M&A, Business Development and Investor Relations at Sony Headquarters. Before coming to Sony, he spent 20 years in the finance industry in companies such as Merrill Lynch. He holds a B.A. from Hitotsubashi University in Japan and an M.B.A. from Stanford Graduate School of Business.

Sony Innovation Fund and its investment mandate

1. Tsuchikawa-san, most of our readers will be very familiar with the brand name Sony, but perhaps not as a technology investor. Can you please give us a brief history on the fund and how it came to be?

Sony Innovation Fund (SIF) was established in July 2016 to help Sony get closer to the world’s creators and vice versa by broadly investing in innovative start-ups, new ideas and the technologies of tomorrow. We started with US$90 million to invest in Seed and Early-Stage companies that are adjacent to Sony’s business units or in new or emerging markets that would foster business creation. We are the start-up community’s gateway to Sony – offering technical and business expertise, intellectual property (IP) co-creation, research and development, and access to our global network to help companies scale, reach new markets and create global businesses.

Four years since the debut of our first fund, we’ve made nearly 70 investments across North America, Japan, Europe, Israel and India covering life insurance (Sony Life Insurance), P&C insurance (Sony General Insurance), nursing care (Sony Lifecare), financial management expertise. (Investing in InsurTech) and much more.

2. Why has the Sony Innovation Fund focused on InsurTech as an investment opportunity? When did you start looking at InsurTech to invest?

Sony, well known for its electronics and entertainment businesses, has been in the insurance space in Japan for over 40 years. Initially established in 1979 as a joint venture between Sony and The Prudential Insurance Company of America, Sony’s financial services unit has grown to be the third largest business segment covering life insurance (Sony Life Insurance), P&C insurance (Sony Asturance), banking (Sony Bank) – the first “challenger bank” in Japan) and nursing care (Sony Lifecare).

In building out the financial services business, we’ve been able to keep a close eye on what new technologies and business models are disrupting traditional finance models. This made InsurTech, and fintech more broadly, a natural fit for SIF as we can bring real value to start-ups in the space not only in Japan but North America, Europe and around the world.

3. What is your approach to InsurTech investment? Do you focus on particular strands of insurance? Or is the focus more about the technology supporting the insurance proposition?

As the pace of digitalization accelerates across insurance domains, the need for modern data infrastructure throughout the value chain has significantly grown more prominent. At SIF, we’re particularly interested in start-ups harnessing disruptive technologies to redefine back-end and middleware layers of the insurance stack.

Specifically, we see tremendous potential in redefining “trust” in the insurance ecosystem, including new Know Your Client, identification/authentication, credit scoring schemes or start-ups leveraging new data signals, removing friction from the customer experience journey or bringing more transparency to insurance policies. We’re also interested in the optimization, automation (and in some cases disintermediation) of complex insurance workflows along with the “API-ization” of financial services that first made waves in the banking and payments world and is now beginning to reshape insurance.

4. The venture fund itself represents interests from an entire community of investors. Are you looking to make investments into InsurTechs that benefit this community from a strategic partnership/growth perspective, or are you more focused on speculative exit potential?

At SIF, we’re always looking for companies that are aligned with existing or future areas of interest for Sony, and many of the InsurTech areas of interest I mentioned above already have potential synergies. At the same time, we strive to look at the growth potential and exit scenarios of the start-ups we back with a stand-alone financial, venture capital (VC) lens.

We have clear goals to generate financial returns for our LPs, particularly with our investments through IGV, and we actively work with our portfolio companies to support them in their growth trajectory. This includes orchestrating connections and potential collaborations not only within Sony but with our LPs and other partners as well.

5. What parameters do you consider when deciding on whether or not to invest? What do you look for when investing?

We primarily invest in newer horizons for Sony, so our primary decision factors lean toward the continued differentiation and sustained business potential of start-ups rather than an immediate or short-term synergy. For instance, we take a substantial effort to sharpen our deep understanding of the competitive landscape — not just today’s direct competitors, but how the company can solidify its moat (or create a new one) in light of rapid competitive shifts from incumbents or other venture-backed players.

While there have always been some unknowns, the economic environment under COVID-19 has placed a greater emphasis on the importance of in-depth analysis of sales pipelines, gauging realistic (yet ambitious) growth plans and the capital requirements, if need be, associated with it. From a fundraising standpoint, the dynamics of the investors’ syndicate (i.e., are there new investors or purely insiders?) as well as the overall amount sought (i.e., how much runway will this bring to the company, even in a conservative scenario?) are also taken into account during investment decisions.

6. One of Sony Innovation Fund’s key partners is Daïwa Capital Holdings. What makes your partnership unique and powerful within the VC space?

Our partnership with Daïwa Capital Holdings and the creation of IGV represents a distinctive form of venture, where we can fully leverage the expertise, capabilities and highly renowned technological resources of Sony through SIF as well as Daïwa’s wealth of financial management expertise.

While SIF primarily invests in Seed or Early-Stage start-ups, IGV has enabled us to broaden our investments to middle- and later-stage start-ups. In addition, the new fund includes investment from outside LPs, such as Sumitomo Mitsui Banking Corporation, Mitsubishi UFJ Lease, Bank of Yokohama and several other major Japanese financial institutions, which can provide an even more powerful support platform for start-ups in the InsurTech and fintech space.

“Our primary decision factors lean toward the continued differentiation and sustained business potential of start-ups rather than an immediate or short-term synergy.”
Future of work

7. This particular Quarterly Briefing is focused on commercial insurance. One consideration in this area of insurance is how technology has and will continue to impact the manner in which we work. Could you comment on how the investments that Sony Innovation Fund has made are driving these new ways of working, and how you see the future of work playing out?

When considering the future of work, there is a natural convergence between the physical world (an office, industrial or remote-work setting) and its digital world (data and decision-making layers for workers, their employers and insurance policies). In particular, we see great potential in start-ups taking an innovative approach to sensing or gathering data from the workplace and building an intelligent stack for companies, insurers or reinsurers to act in a more decisive and quantifiable manner.

For instance, our portfolio company StrongArm Technologies has developed a solution, combining a lightweight, chest-worn ruggedized wearable and AI platform, to quantify factory and warehouse workers’ motions and their surrounding environment. Already being used by the likes of Walmart, Toyota and Geodis, StrongArm centralizes workplace safety data and specifically enables insurers to leverage more quantitative and finer-grained data than the typical actuarial table. More recently, StrongArm has further expanded its platform to provide social distancing monitoring and contact tracing capabilities in response to COVID-19.

Another example is our portfolio company, Delos, which is leveraging years of academic research on indoor wellness and established building certification initiatives for the commercial, hospitality and residential estate spaces to improve human health in the built environment. Delos, in collaboration with the Mayo Clinic, launched the WELL Health-Safety Rating, an evidence-based, third-party verified rating that validates operational policies, maintenance protocols, emergency plans and stakeholder engagement strategies to help organizations operate their workspaces in a post-COVID-19 environment.

8. How do you think the effects of COVID-19 will impact the future of InsurTech and investments into insurance-related technology?

The business opportunity for InsurTech start-ups, along with investment in insurance-related technologies, will only accelerate with COVID-19 and the big push toward digitalization. However, before we double down on certain areas, we need to take a good look at how the industry dynamics are changing, especially how incumbents are positioning themselves in the space. I wouldn’t be surprised if some incumbents come out with organic solutions in areas currently occupied by start-ups, in a very aggressive way.

9. Leaning on your own experience, how have things changed compared with five years ago regarding technological innovation? Are people more engaged with technological developments?

In the past few years, there has been a significant increase in large insurers and reinsurers setting up their own corporate venture groups, which is a clear and positive sign that the industry’s engagement with technology-driven change is accelerating. We’ve seen insurers become increasingly agile in running proofs of concept and articulating learnings toward commercial deployments.

As innovations such as AI, drones and IoT become more prevalent enablers for insurers, they also become less of a “novelty,” and start-ups need to be increasingly mindful of the pragmatic integration of their solutions into established workflows. This also creates opportunities for start-ups to craft new types of partnerships with insurers, which is already happening across industries within our portfolio, such as mobility (e.g., Ridecell working with insurers for its shared mobility platform) and industrial (e.g., StrongArm bundling its solution into workers’ compensation insurers’ offerings) among others.

10. If you were to make any predictions for InsurTech and the future of work, what do you forecast we might see over the next 10 years?

Looking forward, more precise risk quantification can only truly exist with more astute sensing of the physical world, whether in terms of workplace environment or employees’ activities. In order to empower these emerging InsurTech use cases, harnessing autonomous capture and edge processing will be important driving forces to ensure the real-time nature of the data while safeguarding the privacy considerations around them. This will create a fertile ground to cross-pollinate innovation between InsurTech and several deep tech domains, such as AI and robotics. As SIF is an active investor across these ecosystems, we look forward to supporting entrepreneurs taking unchartered routes to invent the future(s) of insurance at work.
Ki is a first mover on the future of digital trading in the Lloyd’s market. It allows insurers to automatically analyze risk, offer market quotes and underwrite each risk to make faster decisions while maintaining Lloyd’s underwriting standards. Ki is also built on a data-first and greenfield basis, meaning every process has been redesigned to reduce friction and waste.

Ki is incubated by Brit and built in partnership with Google and University College London. The project was initiated in early 2019 with a significant investment of executive time, dedicated staff and secondments from Brit as well as the partner resource. Ki was approved by Lloyd’s in May, and we recently announced the completion of our fundraising of US$500 million from Blackstone and Fairfax. The platform will be finalized in Q4 2020, ready for policies to bind from January 1, 2021.

In the background, Ki seamlessly uses a proprietary algorithm to underwrite each risk to make faster decisions while maintaining Lloyd’s underwriting standards. Ki is an algorithm that can be used to offer an insurance line to any risk in a matter of milliseconds. The key for this approach to truly add value lies in combining this level of risk understanding with the algorithms with deep underwriting expertise.

However, for lead underwriting, there are many additional layers of complexity and data requirements that go beyond today’s capabilities. In addition, the complex evaluation and innovation of solutions for lead business, often unique to an individual placement, mean there is still significant value in the lead underwriting process. We believe that many of the new technologies we have developed for Ki could be valuable to our lead underwriters at Brit, as part of an enhanced leadership model. This will take some time to develop but is an area in which Brit is progressing in collaboration with Ki.

Ki is the first fully digital and algorithmically driven Lloyd’s of London syndicate. A follow-only syndicate, Ki offers instant capacity that can be accessed through an easy-to-use online platform, providing unprecedented service to brokers and clients.

Ki has been designed for brokers and their clients. We wanted to take the friction and cost out of placing risk at Lloyd’s by allowing brokers access to an instant underwriting decision, anytime, every time, from anywhere.

Ki’s broker platform offers real-time capacity to brokers, a true step-change from the current manual and time-consuming process available in the market.

1. For our readers who might be unfamiliar with Ki, can you please briefly explain the functionality of the initiative, offer a little insight into its development/historical timeline, and explain what the role of the underlying technology is?

2. How does Ki actually work?

Our vision is to simplify risk, so Ki provides a market that is accessible instantly, anytime, everywhere. Ki uses a data-driven approach to offer an individual risk-based quote in a matter of milliseconds. The key for this approach to truly add value lies in combining this level of risk understanding with the algorithms with deep underwriting expertise.

3. What was the motivation for Brit to launch Ki? What market conditions triggered its creation?

Brit was closely involved in the development of the Future at Lloyd’s strategy and fully aligned with the vision John Neal, CEO of Lloyd’s, set out. As a result, we realized that a data-driven digital market was inevitable given progress made with PPL and the structural disadvantages of the current operating model. We recognized that it was time to “digitize or die” and started investigating various approaches.

We decided to set up our own new operation building on the success of Syndicate 2988 over the past few years and take the bold step of creating a digital-first platform. We brought in innovators, entrepreneurs and digital experts to drive the initiative and bring fresh thinking to the organization, while working closely with our experts in Lloyd’s and underwriting.

4. Why was it important to explicitly develop technology for the follow market?

Lloyd’s is home to some of the world’s best technical underwriting capabilities and is arguably unique in its ability to price and insure complex risk. However, much of these skills lie in the “lead” part of the process; enabling follow capacity to more efficiently support this is where we saw the most significant opportunity to do things differently.

While it would be possible to be more efficient with a non-digital solution, the scalability and speed of a digital model are fundamental advantages. Given the direction of travel for the market, we also believe this will be a requirement within five years, so developing these skills now will help Brit succeed in the future.

5. Do you think that the appropriate technology exists to create a sophisticated lead market initiative powered (significantly) by technology?

Ki leverages an algorithmically driven approach to underwriting, evaluating risk in real time to automatically provide a quote to brokers instantly. Algorithmic trading is a relatively new concept for insurance, but it is something that has been applied successfully in financial markets many times before.

Algorithmic trading is a huge opportunity for the insurance market. It allows insurers to automatically analyze risk, offer more personalized products and serve a large number of customers globally, in a matter of milliseconds. The key for this approach to truly add value lies in combining this level of risk understanding with the algorithms with deep underwriting expertise.

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6. How does Ki support brokers’ clients?

Ki immediately gives clients certainty about placing business in Lloyd’s, through providing simplicity, security and a sustainable business model.

Simplicity

- Ki’s platform is very simple and quick to use, delivering follow capacity seamlessly.
- Ki’s line has been determined in advance, so it can be counted on by the broker/client.
- The Ki platform is available 24/7, anywhere, anywhere.

Security

- Ki has a significant capital base following our US$500 million capital raise from leading global investors Blackstone and Fairfax, as well as benefitting from the Lloyd’s chain of security.
- Ki has no legacy liabilities to worry about and the full support of Lloyd’s given its alignment to the Future at Lloyd’s strategy.

Sustainability

- Ki’s digital business model is efficient and sustainable.
- Ki has grown significantly backed up by its capital raise that provides opportunity for significant growth.
- Ki is a first mover on the future of digital trading in the Lloyd’s of London market. Built to be the future of the market, it exemplifies a more efficient and future-proofed business model.

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- Ki is a first mover on the future of digital trading in the Lloyd’s of London market. Built to be the future of the market, it exemplifies a more efficient and future-proofed business model.
7. What has been the reception of Ki in the Lloyd’s market? And perhaps beyond the London market? Do you see other syndicates adopting a similar use case of innovative technology?

We have had fantastic engagement from Lloyd’s throughout building the business. We fully back the Future at Lloyd’s vision and believe that Ki will be further enabled by the various technology, services and processes to come from the program, as the market becomes “fully digital.” Hopefully Ki can be an illustrative case study for other market participants to the advantages of embracing advanced technologies and enabling digital trading of risk.

Lloyd’s CEO John Neal said: “Ki truly embraces all that is represented in the Future at Lloyd’s by bringing data, technology, innovation and artificial intelligence to the fore. It is an exciting first for Lloyd’s and we hope others follow.”

8. Why did Brit choose to partner with two established institutions — UCL and Google Cloud? And more specifically, why Google as opposed to one of its competitors?

We decided early on to focus on developing a best-in-breed proposition. At Brit, we aim to excel in underwriting leadership and the management of our insurance vehicles, including our partnership capital. We appreciate that in other areas there are specialists with vast experience that can complement our market knowledge, so we decided to partner in these areas.

Google brings fantastic data and AI capabilities and is widely recognized as the most innovative technology company in the world. It has big ambitions and wants to tackle the world’s biggest problems. It was an alignment of interests, culture and vision from the start.

9. Ki is one of the projects to come out of Brit’s innovation function. Are there any more exciting innovations in the pipeline?

Ki was a fantastic first incubation by the BritX team. However, there are still a number of other complex problems and inefficiencies that exist within the current business and wider market. Many of these are anchored in data quality and control at the start of the value chain. The Lloyd’s innovation program, the Future at Lloyd’s, is focusing on how to move from a document-led market to a data-led one. We will be continuing to work with Google and looking closely at this problem. If we can crack the data problem, then all participants — from brokers, Brit, Ki and Lloyd’s itself — will gain.

10. This particular briefing is focused on technological innovations in the commercial sector. Can you please give us your view on where you see the adoption of technology adding value to the global commercial insurance market as it relates to the core functionalities of (re)insurance?

For us there are three core problems that need to be tackled by any player in the market: 1) a cost base that is too high, 2) duplication of manual tasks, and 3) being document-led.

All three of these can be solved through embracing a data-led approach to underwriting.

Insurance has always had data at its heart, yet it remains the root cause of operational issues experienced by insurers, across all lines of business. Insurers struggle to obtain the required data, in terms of volume and quality, to easily provide a quote to brokers and ultimately the client. Data ingestion and verification is even harder in a heavily intermediated commercial insurance market, where data entry is error prone. Being able to independently source and verify data on a particular risk remains the holy grail of commercial insurance, reducing multiple external dependencies as a consequence.

11. Do you think that 2020 has accelerated or slowed down the likely adoption of technology into our industry?

I believe that we went through about five years’ worth of digital transformation in the first five weeks of lockdown. This is clear not only anecdotally but also in the increased usage of digital platforms such as PPL in the Lloyd’s market, with usage increasing by around 50% in the month of April.

Lloyd’s has been an inherently traditional and manual marketplace historically, due to the nature and complexity of the transaction itself. However, recent months have illustrated that the transaction of specialty risk can be carried out virtually or digitally. Over the past 10 years the inertia has been slowly eroded away, and now that the final and hardest force of human behavior has been overcome, we will see significant embracing of new advanced technologies by all players.

12. And finally, for any budding technology initiative/InsurTech, what advice would you give?

I personally always look to the industries around me for inspiration or advice. We’ve referenced banking many times, and I’ve called on prior experience in different sectors many times for inspiration.

However, what you really need is a compelling idea that catches the imagination and genuinely provides a solution to a major problem. Then you just have to keep going and stay true to your vision until it becomes a reality.

“We fully expect others to deploy new technologies in the market and wish them every success. Our market has a long history of innovation, and we hope this will be the start of the next reinvention of Lloyd’s.”
Technological alchemy paves way for new commercial insurance business models

Conditions are ripe for innovative trading models in the London commercial insurance market, as personified in the growing opportunities for algorithmic follower underwriting at Lloyd’s.

One thing we have learned from lockdown during the COVID-19 outbreak is how far we can take technology that has been around for a long time. Just look at the relative ease with which the industry ramped up secure network connectivity for employees and has moved to remote working this year. And so it is with the opportunities for “algorithmic follow disruptors.”

These are the organizations that use technology and analytics to take a share of business offered under the terms and rates of a lead underwriter. As they stake their claim to a bigger slice of the market using automated processes.

A prime example is the application programming interfaces (APIs) that can enable them to enhance data from an ever-growing array of vendors or third parties and use those same APIs to connect with their distributors. FOLD in the use of calculation and decision engines, such as Willis Towers Watson’s Radar, inside which algorithms can be developed, and suddenly a lot of the tools needed can be at a company’s fingertips.

The drive for speed and flexibility

The broader market implications are that trading will become faster and more responsive — and also open up potential new attractive avenues for alternative capital. At Willis Towers Watson, we see the rise of the “algorithmic follower” as part of a wider trend toward greater digitalization of commercial insurance, one that is linked to the adoption of calculation engines to pull in more information quickly, to find new intersections in the data quickly and easily, and to use that to drive portfolio strategies.

Notably, exactly the same phenomenon is starting in the delegated authority space as insurers look to “quasi-verticalize” the value chain, making it more dynamic, and where there is a clear shift to portfolio trading. Indeed, it will be interesting to see just how far portfolio decision making of this nature goes — and the extent to which the decision making at the point of writing becomes primarily a matter of validation and course correction.

The key is that plugging calculation engines into APIs — and potentially connecting with brokers, consortia (and line slip arrangements by extension), cover holders and exchanges — makes the trading instantly more dynamic. And with that comes opportunities for outperformance advantages: tail risk, capital requirements and risk accumulation, or gauging position in the business cycle. The data sources are already many and varied and growing all the time — an important point, because the quality and depth of data is normally the key determinant in how well models perform.

That’s why we regularly consult to help firms build data footprints for low-claims or otherwise heterogeneous classes. There is plenty to bring in — not to mention often a lot more valuable internal data already existing, but hidden away or inaccessible, than companies imagine.

Perhaps the broader challenge is how to become a learning organization — to constantly test and optimize these data sets and refine algorithms. The technologies are largely there for those willing to take those steps, and there appears to be an emerging and eager band of “follower” commercial underwriters ready to exploit them.

Mysterious and mathematical as they sound, these algorithms are (more simply put) a series of calculations pulling in data from various sources and applied through a series of models, be they for applications such as pricing, assessing risk appetite compatibility, counterparty track record, tail risk, capital requirements and risk allocation, or gauging position in the business cycle. The data sources are already many and varied and growing all the time — an important point, because the quality and depth of data is normally the key determinant in how well models perform.

One of the key takeaways from lockdown is that the world has become far more comfortable with automated processes and eager to try them. So it’s probably not surprising that the business model, Blueprint One (see feature box), many are looking around realizing just how many of the component parts required for success have actually been around for a while.

Blueprint One

On September 30, 2019, Lloyd’s of London launched Blueprint One as part of its Future at Lloyd’s project. This is its ambitious strategy to create the world’s most advanced insurance marketplace, providing customers with the support and protection they need to grow and prosper.

Blueprint One will support this new way of working by continuing the digitalization of the market, whether through designing a virtual room, enhancing electronic placement, introducing more remotely accessible services or helping data flow through the market using automated processes.

We see the rise of the “algorithmic follower” as part of a wider trend toward greater digitalization of commercial insurance, one that is linked to the adoption of calculation engines to pull in more information quickly, to find new intersections in the data quickly and easily, and to use that to drive portfolio strategies.
Transaction Spotlight
In August 2020, Indonesian-based B2B2C insurance provider PasarPolis completed a US$54 million Series B funding round. The round is the largest InsurTech Series B recorded in Southeast Asia (and one of the largest recorded at any investment stage for an InsurTech in Southeast Asia.)

The Series B round

The round included participation from LeapFrog Investments, SBI Investment, AlphaJWC, Intudo Ventures, Go-Ventures and Xiaomi and will be used to support the company’s growth plan. This includes advancing its artificial intelligence (AI) technology to segment risks in real time, leveraging big data to build tailor-made insurance products for the digital ecosystem and expanding penetration in operating countries.

About PasarPolis

Initially launched in 2015 as an insurance aggregator, PasarPolis has evolved to be a leading provider of unique and affordable insurance products that are designed specifically for each of its ecosystem partners under a B2B2C model. Through PasarPolis’ platform, partners have access to a highly scalable AI-powered ecosystem partners under a B2B2C model. Through PasarPolis’ network of 26 partners or offered through PasarPolis’ app.

In 2019, PasarPolis issued more than 650 million episodic policies to ride-hailing drivers, delivery couriers, online SME merchants and the general public who previously had limited access to appropriate insurance policies. In June 2020, the company served 4 million new customers. PasarPolis now boasts more than 30 insurance partners across Indonesia, Thailand and Vietnam, which enables the company to continue to develop innovative and tailor-made products for different consumers.

PasarPolis’ agent network: PasarPolis Mitra

In May 2020, PasarPolis soft launched PasarPolis’ ‘Mitra,’ a PasarPolis agent partner. PasarPolis Mitra is an onboarding platform for agents and the company’s first venture into the offline-to-online business in Indonesia. The platform enables any agents to scale their insurance business digitally by becoming a PasarPolis Mitra.

Within four months, the platform has secured over 10,000 agents in Indonesia, Vietnam and Thailand from various backgrounds, including Gojek drivers, those working from home, professional insurance agents and those affected by COVID-19. Mitra users can earn additional income through PasarPolis Mitra with just a smartphone.

“PasarPolis has become the bridge for the uninsured towards insurance protection, and we will continue this mission in Indonesia, Thailand and Vietnam. As we move forward into a more digital world, the presence of InsurTech has become an essential aspect of the industry. The COVID-19 pandemic has increased awareness and demand of insurance, but consumers’ online purchasing lifestyle has resulted in InsurTech becoming indispensable. In the future, not only will we create the right insurance products for today’s more digital-savvy consumers, but we will build an industry-leading insurance brand that will endure for generations: an organization built on technology, enabling faster, more efficient operations.”

Cleosent Randing, CEO and Founder, PasarPolis
Global InsurTech funding in Q3 2020 records an immense rebound from the prior quarter — the largest number of deals and the highest amount of funding since data recording into InsurTech began.

In Q3 2020, InsurTech companies raised US$2.5 billion across 104 deals — a respective 63% and 44% increase from Q2 2020.

Six mega-rounds were responsible for 69% of total funding. These companies were Bright Health (US$500 million), Ki (US$500 million), Next Insurance (US$250 million), Waterdrop (US$230 million), Hippo (US$150 million) and PolicyBazaar (US$130 million). Overall, the number of mega-round deals grew by 50% compared with Q2 2020.

Q3 2020 overview

- For the first time since Q4 2017, start-ups based in India raised more funding rounds than those based in China. This quarter, six companies from India — including PolicyBazaar and Acko General Insurance — raised capital compared with China’s five. U.S.-based companies continue to capture the most deals representing 42% of funding rounds, followed by the U.K. at 9%.
- In Q3 2020, deals were completed in 26 countries, overtaking the record of 25 from Q2 2020. Of these 26 deals, Argentina recorded its first deal since Q4 2017 with a corporate minority stake by Thinkseg in Comparaencasa, and Denmark recorded its first investment since Q3 2018 with a corporate minority investment by Tryg in Undo.
- This quarter early-stage deals grew to 57% — a 15-percentage-point increase from the prior quarter — returning to pre-COVID-19 levels. The activity was bolstered specifically by property & casualty (P&C) start-ups, which represented 77% of early-stage deals. The cohort most adversely affected this quarter were those companies looking to cross “the chasm” — Series B and C deals — which saw deal share shrink by almost nine percentage points. Series D and E+ had a five-percentage-point increase in Q3 2020 from Q2 2020.

L&Hs represent a disproportionate number of the quarter’s largest rounds.

- L&Hs far share of deals continues to trail behind that of P&C, though it grew to 29%, up from 27% in Q2 2020. P&C deals continue to comprise the majority of the funding, but L&H represents 41% this quarter — up by nine percentage points from Q2 2020 and up three percentage points from Q3 2019.
- Of the six mega-rounds of Q3 2020, 50% went to L&H companies, and L&H start-ups were responsible for 49% of the mega-rounds’ funding. Compared with Q2 2020, this is a 25-percentage-point increase in the number of deals and a 17-percentage-point increase in the amount of investment.
- Seventy-four percent of L&H funding was focused at the late stage, up 29 percentage points from Q2 2020. Sixty-six percent of P&C funding was at the late stage; 10% of L&H funding was at the early stage, and 16% of P&C investment was at the early stage.

B2B start-ups sustain their growth and establish their dominance.

- B2B start-ups secured 47% of the deals this quarter, while distribution-focused start-ups received 43% of deals. While a small difference, this reflects a shift in investment focus first witnessed in Q1 2020. Since 2016 and prior to Q2 2020, there was only one quarter where B2B start-ups were the focus of more deals (Q2 2018). Since 2016, direct insurers have only been responsible for more than 10% of the deal total three times. Direct insurers’ deal count average is 6% of deals.
- Insurers in Q3 2020, however, were responsible for 40% of funding — supported by three insurer mega-rounds. Distribution-focused start-ups were responsible for 49% of investment — again due to three mega-rounds — and B2B start-ups were responsible for 19% of investment.
- For P&C investments in Q3 2020, 49% of deals were to B2B-focused companies, 10% went to insurers, and 41% went to distribution-focused companies. Compared with Q2 2020, this marks a three-percentage-point increase in B2B deals, a five percentage-point drop in distribution-focused deals and a two-percentage-point increase in the number of deals to insurers.
- For L&H deals in Q3 2020, 43% of deals were to B2B-focused companies, 10% went to insurers and 47% went to distribution-focused companies. From Q2 2020, this marks a two-percentage-point drop in B2B funding and a five-percentage-point drop in deals to insurers. It marks a seven-percentage-point increase in deals to distribution-focused companies.

Q3 2020 recorded 10 deals over US$40 million, a 9% decrease from Q2 2020

- 50% of the US$40 million plus deals were recorded in the US and 20% were recorded in India. The remaining deals were evenly spread across the U.K., China and Indonesia. The 10 deals accounted for 77% of the quarter’s total funding.

The two largest deals of the quarter were both US$500 million investments.

- A US$500 million investment was a private equity stake by Blackstone in Ki. Ki offers the first fully digital and algorithmically driven syndicate. It will underwrite using an algorithm-driven approach and offer instant follow capacity through its proprietary digital platform.
- The other US$500 million investment was a Series E round in Bright Health, a company that offers affordable, benefit-driven Individual and Family as well as Medicare Advantage health insurance plans. The round had participation from Bessemer Venture Partners, Blackstone, Greenspring Associates, New Enterprise Associates, T.Rowe Price and Tiger Global Management. Bright Health has now raised US$1.575 billion.

The subsequent largest investment rounds were:

- A US$250 million Series D investment in Next Insurance, a provider of small and midsize business insurance. The round had participation from CapitalQ, FintuV and Munich Re Ventures. The company has now raised US$631 million.
- A US$230 million Series D investment in Waterdrop (also known as Shuidi Huzhu), an insurance platform that plans to solve the problem of high medical fees faced by most patients. The round had participation from Dianliang Capital, IDG Capital, Meituan Dianping, Swiss Reinsurance Company and Tencent Holdings. Waterdrop has now raised US$480 million.

Q3 2020 saw 32 (re)insurer partnerships, down two from last quarter’s record high.

Select partnerships included:

- Hiscox has partnered with Thimble, a short-term liability insurance provider for small businesses, to offer coverage available by the hour, day or month. The partnership will allow Hiscox to give businesses flexibility, with customers having control of their policy via Thimble’s insurance app.
- Verily, Alphabet Inc’s life sciences division, has partnered with Swiss Re to launch a unit to provide stop-loss insurance, a financial product purchased by employers to cover unexpected and large employee health care costs.
- Farmers Edge, a leader in digital agriculture, announced a strategic partnership with Munich Re to implement large-scale parametric weather insurance solutions.

Strategic tech investments by (re)insurers increase slightly from Q2 2020 by 12%.

- Strategic tech investments have not rebounded to Q3 2019 levels (the highest recorded), but they are slowly recovering and have increased every quarter since dropping in Q4 2019 by 44%.
- U.S.-based technology dominated this quarter, receiving 72% of investments. This is a 26-percentage-point increase from Q2 2020.
- Canada, China, France, Germany, Hong Kong, India, Singapore and Sweden all recorded one strategic tech investment by (re)insurers.
Quarterly InsurTech transactions by target country

- **2012 – Q3 2020**
  - P&C: 982
  - L&H: 74

- **Q3 2020**
  - P&C: 74
  - L&H: 17

Quarterly InsurTech transactions by investment stage

- **2012 – Q3 2020**
  - Seed/Angel: 14%
  - Series A: 24%
  - Series B: 13%
  - Series C: 3%
  - Series D: 7%
  - Series E+: 1%
  - Other: 20%

- **Q3 2020**
  - Seed/Angel: 25%
  - Series A: 13%
  - Series B: 3%
  - Series C: 7%
  - Series D: 1%
  - Series E+: 6%
  - Other: 31%

Quarterly InsurTech funding volume – all stages

- **Property & casualty**
  - $376
  - $331
  - $304
  - $263
  - $224
  - $197
  - $155
  - $123
  - $92
  - $54
  - $25

- **Life & health**
  - $95
  - $83
  - $82
  - $79
  - $73
  - $66
  - $57
  - $42
  - $30
  - $20

Quarterly InsurTech funding volume – early stage

- **Property & casualty**
  - $185
  - $155
  - $137
  - $116
  - $92
  - $66

- **Life & health**
  - $56
  - $53
  - $41
  - $30
  - $20
  - $13

P&C InsurTech transactions by subsector

- **2012 – Q3 2020**
  - Carrier: 62%
  - B2B: 10%
  - Distribution: 28%

- **Q3 2020**
  - Carrier: 53%
  - B2B: 20%
  - Distribution: 17%

L&H InsurTech transactions by subsector

- **2012 – Q3 2020**
  - Carrier: 33%
  - B2B: 6%
  - Distribution: 22%

- **Q3 2020**
  - Carrier: 47%
  - B2B: 10%
  - Distribution: 43%
### Q3 2020 InsurTech transactions – P&C

<table>
<thead>
<tr>
<th>Date</th>
<th>Company</th>
<th>Funding (US$M)</th>
<th>Investor(s)</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>7/7/2020</td>
<td>Just Auto Insurance</td>
<td>5.7</td>
<td>CreataCt Ventures, Manchester/Story Group, Plug and Play Ventures, Robert Smith, Undisclosed Investors</td>
<td>Just Auto Insurance provides pre-paid, pay-per-mile car insurance.</td>
</tr>
<tr>
<td>7/7/2020</td>
<td>Layr</td>
<td>5.5</td>
<td>Flyover Capital, Libby's, LibbyLab, Machtmeyer Group Ventures, Sandbox Insurtech Ventures</td>
<td>Layr enables companies to get the layer of protection they need to succeed and pay for monthly software credit card. Layr’s online insurance management portal automates many of the tasks traditionally handled by an agent line generating certificates of insurance, initiating claims, and more.</td>
</tr>
<tr>
<td>7/7/2020</td>
<td>Canopy</td>
<td>2.5</td>
<td>Catherine Hardman, Charles Burgess, Christopher Raymond McManus, Direct Line Group, Envision Ventures, FinTech Innovation Lab, Nesta Open Up Challenge, Nick Martin, Round Hill Capital, VertuMuse, Vision Blue Solutions, West Hill Capital</td>
<td>Canopy offers a product that allows renters to boost credit scores, all by paying rent on time to their landlord. The platform enables users to automatically add rents to credit history.</td>
</tr>
<tr>
<td>7/7/2020</td>
<td>Koala</td>
<td>1.8</td>
<td>InsurTech Gateway, Playfair Capital, Techxela, Techxela Ventures</td>
<td>Koala is a French InsurTech reinventing travel insurance. The company’s data-driven products proactively alert travelers to any disruptions and pay out instantly.</td>
</tr>
<tr>
<td>7/7/2020</td>
<td>Felix</td>
<td>0.8</td>
<td>Oman Technology Fund, Techxela</td>
<td>Felix is an insurance e-commerce and automation platform for insurance brokers. Felix allows brokers to sell motor insurance by automating processes and leveraging the internet for sales and distribution.</td>
</tr>
<tr>
<td>7/7/2020</td>
<td>Undo</td>
<td>5.3</td>
<td>trg</td>
<td>Undo has developed an app, which will let you get a custom-made insurance in just a few minutes.</td>
</tr>
<tr>
<td>7/7/2020</td>
<td>MonEmpirnt</td>
<td>1.2</td>
<td>Splitfin, Go Capital, Le Savage, Regenstift</td>
<td>MonEmpirnt.com is a platform for comparison of real estate rates and brokerage for loans and real estate insurance.</td>
</tr>
<tr>
<td>7/7/2020</td>
<td>Inspektlabs</td>
<td>0.6</td>
<td>Barclays Accelerator, Better Capital, BNP Paribas, Citi, Creltek, Fintech, Finlay, FSA, Greenwich Capital, LenderTech, Life Insurance Partners, S2G Ventures, Softbank, Titan Capital, Undisclosed Angel Investors</td>
<td>Inspektlabs uses inspection-as-a-service software to automate photo or video-based inspection of any asset, creating a digital twin for reinsurance, banking and insurance companies. Its software enables companies to perform damage detection, damage assessment, asset valuation, claim assessment and fraud detection.</td>
</tr>
<tr>
<td>7/7/2020</td>
<td>Floatplan</td>
<td>0.47</td>
<td>Seven Financial Service</td>
<td>Floatplan develops and operates float, a comprehensive financial risk-velocity service that provides fair and neutral advice to consumers for insurance and asset management.</td>
</tr>
<tr>
<td>7/7/2020</td>
<td>Concima</td>
<td>6.1</td>
<td>AllianzVC, CommerceVentures, Eco Venture Partners, Imperial Innovations, IQ Capital Partners, Touchstone Innovations</td>
<td>Concima is a London-based InsurTech company that aims to transform businesses by using technology to collect, manage and organize information from a range of products and machines connected in the Internet. Its secure and scalable cloud platform enables users to connect any data source or device, draw any data type and issue commands as required.</td>
</tr>
<tr>
<td>7/7/2020</td>
<td>M3I Analytics</td>
<td>5.77</td>
<td>Archana, ENGIE, Paycheck Protection Program, Powerhouse, Undisclosed Investors</td>
<td>M3I Analytics specializes in solar risk management. By leveraging performance databases of solar assets in the United States (95% of the U.S. asset class) and the strength of the global insurance markets, M3I Analytics customers are able to minimize risk and increase equity returns of their solar portfolios.</td>
</tr>
</tbody>
</table>

Note: Blue font denotes current round investors.
Quarterly InsurTech Briefing Q3 2020

### Q3 2020 InsurTech transactions – P&C

#### Date Company Funding (US$M) Investor(s) Description

7/22/2020 Hippo 150 359 1. Hippo offers intuitive and proactive home insurance by using data, such as municipal building records, and technology, such as satellite imagery and smart home devices, to streamline the quoting and underwriting experience, for such products as protection for possessions like appliances, consumer electronics and home offices.

#### Q3 2020 InsurTech transactions – P&C

**Note:** Bold font denotes current round investors.

**Note:** Italic font denotes new investors.

7/29/2020 Jupiter Intelligence – 34.53 1. Jupiter Intelligence provides data and analytics services to better predict and manage risks from weather and temperature changes, sea-level rise and storm intensification caused by severe weather and medium-to-long term climate change. The company’s first two products, Precisio and Resilience, are focused on climate-related risk assessment and management.

7/29/2020 One Concern – 87.46 1. One Concern is a resilience-as-a-service solution that brings disaster science together with machine learning for better decision making. With operations in the US and Japan, the company quantifies resilience from catastrophic perils, empowering leaders to measure, mitigate and monetize risk as catastrophes aren’t so disastrous.

7/30/2020 ARCA 1.2 1. ARCA is an online service that allows users to search for and compare auto insurance quotes.

7/31/2020 WeGroup 3.55 230 1. WeGroup is a Belgian InsurTech start-up that helps insurance providers all over the world to better connect with their digital customers.

8/1/2020 Vestido – – 1. Vestido is a risk-hedging and alternative reinsurance platform for the Longevity Risk Market. Vestido focuses on one of the industry’s most acute issues, working closely with insurers, reinsurers and pension providers to manage their longevity risk using the capital markets, providing the capital and risk management they need while reducing risk to policyholders.

8/5/2020 Buckle 31 31 1. Buckle provides riskdata and auto insurance policies.

8/5/2020 Synchronore 2.6 2.6 1. Synchronore is a start-up that provides insurance companies with a comprehensive view of the digital footprint of their policyholders, helping to reduce fraud and improve customer experience.

8/10/2020 Open 2.24 2.24 1. Open is a financial services company building the most powerful platform for insurance today.

8/11/2020 The Demer Group 4.2 4.2 1. The Demer Group leverages experience across tech, risk management, capital markets, commodities, insurance, climate science, financial management and energy to develop technology and customized financial solutions for localized challenges.

8/12/2020 High Definition Vehicle Insurance 15 15 1. HDVI brings high-quality telematics and an integrated suite of software and support to fleets included within the cost of a competitive insurance policy.

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**Note:** Bold font denotes current round investors.
### Q3 2020 InsurTech transactions – P&C

<table>
<thead>
<tr>
<th>Date</th>
<th>Company</th>
<th>Funding (US$M)</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>8/13/2020</td>
<td>Kin Insurance</td>
<td>35</td>
<td>Kin Insurance creates homeowners insurance for digital natives, providing a way to buy homeowners insurance in minutes on a phone without having to sit at a desk. Kin uses the internet to automatically gather all necessary data before asking the user for confirmation, saving the user time and hassle.</td>
</tr>
<tr>
<td>8/13/2020</td>
<td>Bambi Dynamic</td>
<td>6</td>
<td>Bambi Dynamic operates an end-to-end insurance data-driven platform for the transportation sector. The platform offers underwriting pricing, policy administration, claim processes, and more.</td>
</tr>
<tr>
<td>8/16/2020</td>
<td>Credz</td>
<td>8.35</td>
<td>Credz is a B2B-based technology platform that uses AI and machine learning to provide insurance and third-party administrators with an end-to-end claim management platform that is more time-efficient, price accurate, and customer-focused than legacy claim systems.</td>
</tr>
<tr>
<td>8/16/2020</td>
<td>ELEMENT Insurance</td>
<td>1104</td>
<td>ELEMENT is a B2B2C tech company with a focus of the German Federal Financial Supervisory Authority (BaFin). It is a fully digital risk carrier offering private property and casualty insurance that enables a large portfolio of retail protection products through various platforms.</td>
</tr>
<tr>
<td>8/16/2020</td>
<td>Ignatica</td>
<td>–</td>
<td>Ignatica empowers multinational, regional and digital insurers to define their future success with speed, agility, and intelligence. By removing the product launch and policy administration barriers, Ignatica enables clients to create more richer and cost-effective products, to shift their resources to acquiring new customers and, most importantly, to make sure all their customers are satisfied.</td>
</tr>
<tr>
<td>8/20/2020</td>
<td>Credzlab</td>
<td>7</td>
<td>CredzLab provides real-time customized credit scoring (SaX) solution for the underwriting of unsecured loans and insurance products, based on anonymous mobile behavioral data.</td>
</tr>
<tr>
<td>8/21/2020</td>
<td>Zensurance</td>
<td>102</td>
<td>Zensurance is a curated insurance package provider for start-ups and small businesses. The entire process can be managed through an online platform.</td>
</tr>
</tbody>
</table>

**Note:** Blue font denotes current round investors.
### Q3 2020 InsurTech transactions – P&C

<table>
<thead>
<tr>
<th>Date</th>
<th>Company</th>
<th>Funding (US$M)</th>
<th>Investor(s)</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>9/2/2020</td>
<td>ProNavigator</td>
<td>4.29</td>
<td>6.66</td>
<td>BDC Capital</td>
</tr>
<tr>
<td>9/3/2020</td>
<td>Go Insurance</td>
<td>7.41</td>
<td>27.79</td>
<td>Khola Ventures</td>
</tr>
<tr>
<td>9/3/2020</td>
<td>Urban Jungle</td>
<td>2.33</td>
<td>10.02</td>
<td>Elve Ventures</td>
</tr>
<tr>
<td>9/3/2020</td>
<td>Cachet</td>
<td>1.3</td>
<td>1.3</td>
<td>Barclays Accelerator</td>
</tr>
<tr>
<td>9/3/2020</td>
<td>Allied</td>
<td>–</td>
<td>21</td>
<td>Bondex Capital</td>
</tr>
<tr>
<td>9/3/2020</td>
<td>uexos Group</td>
<td>274.31</td>
<td></td>
<td>AngelList</td>
</tr>
<tr>
<td>9/7/2020</td>
<td>GetSafe</td>
<td>27.66</td>
<td></td>
<td>Acton Capital Partners</td>
</tr>
</tbody>
</table>

**Note:** Blue font denotes current round investors.
### 2020 InsurTech Transactions – P&C

<table>
<thead>
<tr>
<th>Date</th>
<th>Company</th>
<th>Funding (US$M)</th>
<th>Round</th>
<th>Total</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>9/25/2020</td>
<td>Acko General Insurance</td>
<td>52.55</td>
<td>5</td>
<td>50</td>
<td>Pypestream is a conversational AI built for scale. The firm aims to elevate the customer experience with a full-stack platform, end-to-end security and a patented B2C messaging carrier purpose-built to handle any volume.</td>
</tr>
<tr>
<td>9/25/2020</td>
<td>Pypestream</td>
<td>52.55</td>
<td>5</td>
<td>50</td>
<td>Acko General Insurance is a digital insurance company that provides a variety of insurance policies ranging from car insurance to two-wheeler insurance (scooters), motorcycle to mobile phone insurance to Ola Insurance. Ola insurance is a passenger insurance for Ola taxi-hailing services and covers items like minor accidents investigating riders as well as insurance against missing flights due to traffic delays. This insurance claim system is built into the Ola app, allowing for easy claims filing for Ola users.</td>
</tr>
<tr>
<td>9/22/2020</td>
<td>EasySend</td>
<td>2.2</td>
<td>2</td>
<td>2.2</td>
<td>EasySend is a ro-code SaaS platform that enables brokers and underwriters to transform the way specialty insurance and reinsurance is transacted. EasySend uses cloud and cryptography technologies to reduce the distance between corporate-risk and insurance buyers.</td>
</tr>
<tr>
<td>9/22/2020</td>
<td>CloudMargin</td>
<td>5</td>
<td>25</td>
<td>52.55</td>
<td>CloudMargin is a cloud-based collateral management workflow tool. The firm’s software-as-a-service model helps financial institutions including exchanges, brokerage firms, banks, asset management firms and insurance companies meet regulatory deadlines and reduce costs associated with collateral requirements that are growing. CloudMargin enables clients to experience rapid implementation and access to robust and secure collateral management workflow software.</td>
</tr>
<tr>
<td>9/22/2020</td>
<td>Next Insurance</td>
<td>350</td>
<td>631</td>
<td>350</td>
<td>Next Insurance is transforming small business insurance with a simple, affordable coverage tailored to the needs of each class of business. Next Insurance offers policies that are easy to buy with instant online access to services such as automatic certificate of insurance, additional insured and more with no extra fees. Revolutionizing traditional insurance processes, Next Insurance is utilizing advanced technology to further small businesses insurance policies tailored to their specific needs.</td>
</tr>
<tr>
<td>9/22/2020</td>
<td>AUTHADA</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>AUTHADA is a German cybersecurity company that offers online identification solutions for financial services providers, insurers and telecommunication providers.</td>
</tr>
</tbody>
</table>

Note: Blue font denotes current round investors.
### Q3 2020 InsurTech transactions – L&H

#### Funding (US$M)

<table>
<thead>
<tr>
<th>Date</th>
<th>Company</th>
<th>Funding</th>
<th>Round</th>
<th>Total</th>
<th>Investor(s)</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>7/28/2020</td>
<td>Asian Technology</td>
<td>2.9</td>
<td></td>
<td></td>
<td>Inventure</td>
<td>Asian Technology is a third-party technology platform that provides big data analytics, actuarial model, prediction and visualization in the application of finance and insurance.</td>
</tr>
<tr>
<td>8/7/2020</td>
<td>Q-HCARE</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>G-HCARE is a brand of Pingfuyan Healthtech that provides S2B health insurance data and management platform for insurance companies.</td>
</tr>
<tr>
<td>8/1/2020</td>
<td>Covr Financial</td>
<td>21.0</td>
<td></td>
<td></td>
<td>Undisclosed Investors</td>
<td>Cover Financial Technologies is a digital life insurance company that aims to make it easier to research, quote and purchase life insurance.</td>
</tr>
<tr>
<td>8/1/2020</td>
<td>Balcon Assurance</td>
<td>2.08</td>
<td></td>
<td>2.08</td>
<td>Undisclosed Investors</td>
<td>Balcon Assurance is an insurance company intended for the African continent that allows people to subscribe to car and health insurance using a smartphone.</td>
</tr>
<tr>
<td>8/10/2020</td>
<td>Sift Medical Data</td>
<td>2.8</td>
<td></td>
<td>61</td>
<td>Undisclosed Investors</td>
<td>Sift Medical Data is a health care data platform that holistically leverages data sources, both structured and unstructured, to reduce claim denials, increase patient collection rates and capture insights.</td>
</tr>
<tr>
<td>8/10/2020</td>
<td>Brella</td>
<td>15</td>
<td></td>
<td>7</td>
<td>Digital Ventures</td>
<td>Brella (aka Clara or Clara Insurance) is a supplemental health insurance company that aims to complement a user's health insurance and pays cash if they are diagnosed with any of 13,000 covered conditions.</td>
</tr>
<tr>
<td>8/12/2020</td>
<td>Eden Health</td>
<td>25</td>
<td></td>
<td>39</td>
<td>Undisclosed Investors</td>
<td>Eden Health is a health care startup combining private primary care, telemedicine and personalized insurance navigation in a mobile app.</td>
</tr>
<tr>
<td>8/20/2020</td>
<td>Wadrop</td>
<td>230</td>
<td></td>
<td>480.25</td>
<td>BlueRun Ventures</td>
<td>Wadrop also, also, hadicums is an insurance platform that plans to solve the problem of high medical fees faced by most patients, especially those with a critical illness. When a user is diagnosed with a serious disease like cancer, the platform will crowdfund the medical fees from all its users.</td>
</tr>
</tbody>
</table>

#### Note:
- Blue font denotes current round investors.
### Q3 2020 InsurTech transactions – L&H

<table>
<thead>
<tr>
<th>Date</th>
<th>Company</th>
<th>Funding (US$M)</th>
<th>Investor(s)</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>8/21/2020</td>
<td>BeneFix</td>
<td>3.85</td>
<td></td>
<td>Brokers can create and send tenders with just a few clicks and instant notifications to tender directly from their CRM. They can use the API’s database and the conditions comparison as a technical supplement to the other comparison. There are no restrictions on the choice of providers.</td>
</tr>
<tr>
<td>8/25/2020</td>
<td>Ledger Investing</td>
<td>15.8</td>
<td></td>
<td>Ledger Investing provides an exciting opportunity for asset managers, pension funds, hedge funds, family offices and other institutions interested in earning a great return through insurance investing.</td>
</tr>
<tr>
<td>9/3/2020</td>
<td>Breathe Life</td>
<td>4.93</td>
<td></td>
<td>Breathe Life protects families transforming the way personal insurance is bought and sold today. The API allows Breathe Life Insurers. Consumers can access a single view of the customer and dispatch leads to the right channel with the right insurance product at the right time. Using the Breathe Life platform, carriers can set more policies through advisors, direct or anywhere in between.</td>
</tr>
<tr>
<td>9/3/2020</td>
<td>Subrado</td>
<td>–</td>
<td></td>
<td>Subrado is an insurance platform for brokers and insurers. Brokers can create and send tenders with just a few clicks and instant notifications to tender directly from their CRM. They can use the API’s database and the conditions comparison as a technical supplement to the other comparison. There are no restrictions on the choice of providers.</td>
</tr>
<tr>
<td>9/3/2020</td>
<td>Justpoint</td>
<td>1</td>
<td></td>
<td>Justpoint uses artificial intelligence for faster analysis of individual medical negligence claims.</td>
</tr>
<tr>
<td>9/4/2020</td>
<td>Human API</td>
<td>17.33</td>
<td></td>
<td>Human API is a consumer-centric health data network. Human API offers providers an infrastructure they can use to create a health platform that enables a group of patients to share data with their caregivers.</td>
</tr>
<tr>
<td>9/10/2020</td>
<td>BIMA</td>
<td>30</td>
<td></td>
<td>BIMA provides mobile-delivered insurance to mobile operators and insurance companies. The company also provides product development expertise, subscriber distribution tools, efficient customer service with rapid claims payment and a mobile insurance platform.</td>
</tr>
<tr>
<td>9/19/2020</td>
<td>Sara Benefits</td>
<td>20.8</td>
<td></td>
<td>Sara Benefits offers as a service (SaaS) platform provides small-to-medium size businesses access to benefit plans for their employees.</td>
</tr>
</tbody>
</table>

**Note:** Blue font denotes current round investors.
### Private technology investments by (re)insurers

#### Private technology investments by (re)insurers by target country

<table>
<thead>
<tr>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>France</td>
<td>China</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>Germany</td>
<td>Canada</td>
<td>Israel</td>
<td>Other</td>
</tr>
</tbody>
</table>

#### Private technology investments by (re)insurers by investment stage

<table>
<thead>
<tr>
<th>Seeded/Angel</th>
<th>Series A</th>
<th>Series B</th>
<th>Series C</th>
<th>Series D</th>
<th>Series E+</th>
<th>Other</th>
</tr>
</thead>
</table>

#### Private technology investments by (re)insurers transactions – L&H

<table>
<thead>
<tr>
<th>Date</th>
<th>Company</th>
<th>Funding (US$M)</th>
<th>Investor(s)</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>9/18/2020</td>
<td>Prenetics</td>
<td>67.65</td>
<td>67.65</td>
<td>Prenetics is a genetic testing/digital health company in Southeast Asia. With a simple saliva sample, individuals can discover how their genes affect their diet, drug response, disease and cancer risk.</td>
</tr>
<tr>
<td>9/22/2020</td>
<td>Bright Health</td>
<td>1575</td>
<td>1575</td>
<td>Bright Health offers affordable, benefit-driven Individual &amp; Family and Medicare Advantage health insurance plans. Through exclusive partnerships with health systems; affordable health insurance plans; and a simple, friendly approach to technology, the company seeks to improve the way people and physicians achieve better health together.</td>
</tr>
<tr>
<td>9/25/2020</td>
<td>Sobrado</td>
<td>–</td>
<td>–</td>
<td>Sobrado is an insurance platform for brokers and insurers. Brokers can create and send tenders with just a few clicks and start invitations to tender directly from their CRM. They can use the AVB database and the condition comparison as a technical supplement to the offer comparison. There are no restrictions on the choice of providers.</td>
</tr>
<tr>
<td>9/28/2020</td>
<td>Noyo</td>
<td>12</td>
<td>12</td>
<td>Noyo transforms connections between benefit software and insurance carriers. Noyo offers an API platform for improving the speed and accuracy of health insurance data exchanges.</td>
</tr>
</tbody>
</table>
Private technology investments by (re)insurers

<table>
<thead>
<tr>
<th>Date</th>
<th>Company</th>
<th>Round Total (US$M)</th>
<th>(Re)insurer Investor(s)</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>7/25/2020</td>
<td>Unicharm</td>
<td>4.54 5.84</td>
<td>AXA Ventures Partners</td>
<td>Unicharm allows property developers and real estate brokers to digitize and standardize their oftentimes manual real estate processes.</td>
</tr>
<tr>
<td>7/17/2020</td>
<td>Meriwest</td>
<td>1.5 1.52</td>
<td>American Family Ventures</td>
<td>Meriwest empowers providers, children and families by integrating mental health therapy into daily life. The company’s app asks, tracks and reminds about engagement goals, providing continuous support for children in therapy.</td>
</tr>
<tr>
<td>7/29/2020</td>
<td>TalkTel</td>
<td>60 220.95</td>
<td>Ping An Ventures</td>
<td>TalkTel provides a SaaS platform and network for supplier financing, e-invoicing and supplier portals.</td>
</tr>
<tr>
<td>7/21/2020</td>
<td>Mountain</td>
<td>16 172</td>
<td>Northwestern Mutual</td>
<td>Mountain provides primary care for a fixed monthly price. The members of its primary care doctor, unlimited virtual visits, a health navigator and free prescription discounts.</td>
</tr>
<tr>
<td>7/22/2020</td>
<td>Branch</td>
<td>24 24</td>
<td>American Family Ventures</td>
<td>Branch provides bundled home and auto insurance. With only two options, Branch can provide a competitive price to a client bundling to receive within seconds.</td>
</tr>
<tr>
<td>7/24/2020</td>
<td>Wyze</td>
<td>5 35</td>
<td></td>
<td>Wyze develops smart home products. Its first product is a smart home camera that allows connected and offers 1080p full HD, night vision and two-way audio.</td>
</tr>
<tr>
<td>7/28/2020</td>
<td>Dialogue</td>
<td>24.5 67.23</td>
<td>SunLife Financial</td>
<td>Dialogue is a virtual platform offering a range of integrated health care services for employers to give employees the opportunity to access on-demand to primary care, mental health therapy and professional coaching.</td>
</tr>
<tr>
<td>7/29/2020</td>
<td>Jupiter Intelligence</td>
<td>– 34.53</td>
<td>Liberty/Mutual Strategic Ventures</td>
<td>Jupiter provides data and analytics services to better predict and manage risks from weather and temperature changes, sea level rise and storm intensification caused by severe weather and medium- to long-term climate change. The company’s first two products, FloodScore and Floodline, are focused on climate-related risk assessment and management.</td>
</tr>
<tr>
<td>7/29/2020</td>
<td>Solovia</td>
<td>– 9.17</td>
<td>American Family Ventures</td>
<td>Solovia is a company that aims to expand access to clean energy by providing community solar power to Americans who cannot install a system on their rooftops.</td>
</tr>
<tr>
<td>7/29/2020</td>
<td>BlocPower</td>
<td>– 0.13</td>
<td>American Family Ventures</td>
<td>BlocPower connects investors to energy efficient projects in financially underserved communities through its online platform. Smart Glass.</td>
</tr>
<tr>
<td>7/29/2020</td>
<td>BoutNoupe</td>
<td>– 3.87</td>
<td>American Family Ventures</td>
<td>BoutNoupe is an Oakland, California-based edtech education technology company whose goal is to ensure every child has access to a world-class reading teacher. It offers a platform for its students to accelerate their reading skills in English and Spanish.</td>
</tr>
<tr>
<td>7/29/2020</td>
<td>Paladin</td>
<td>– 9.52</td>
<td>American Family Ventures</td>
<td>Paladin creates an easy way for buyers to find cases that they’re passionate about and to capture impact data for the benefit of all. Paladin enables service providers to deliver personalized care and engage with patients at scale.</td>
</tr>
<tr>
<td>7/29/2020</td>
<td>StormSensor</td>
<td>– 8.88</td>
<td>American Family Ventures</td>
<td>StormSensor sells wireless sensors and accompanying software to municipalities, government agencies and industrial facilities that want to track and prevent atmospheric pollution or flooding. It’s meant to replace manual stormwater quality reporting with a fully digital solution that uses predictive algorithms.</td>
</tr>
<tr>
<td>7/29/2020</td>
<td>XAG</td>
<td>– –</td>
<td>American Family Ventures</td>
<td>XAG offers a full suite of digital solutions to help municipalities, government agencies and industrial facilities that want to track and prevent atmospheric pollution or flooding. It’s meant to replace manual stormwater quality reporting with a fully digital solution that uses predictive algorithms.</td>
</tr>
<tr>
<td>8/5/2020</td>
<td>M rundas Health</td>
<td>27.3 31.05</td>
<td>AXA Ventures Partners</td>
<td>Mundus is a population health management company that scales the human connection through technology to address mind, body and life challenges. Mundus identifies, engages and serves populations that might otherwise be overlooked or left behind, and delivers tech-enabled, team-based, 24/7 support across the continuum care.</td>
</tr>
<tr>
<td>8/10/2020</td>
<td>Brella</td>
<td>1.5 7</td>
<td>RGAs</td>
<td>Brella (fka Clara or Clara Insurance) is a supplemental health insurance company. It aims to complement a user’s health insurance and pays cash if the user is diagnosed with any of 13,000+ covered conditions.</td>
</tr>
<tr>
<td>8/12/2020</td>
<td>High Definition</td>
<td>16 16</td>
<td>Munich Re Ventures</td>
<td>High Definition offers high quality telematics and an integrated suite of software and support to fleets included within the cost of a competitive insurance policy.</td>
</tr>
</tbody>
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Private technology investments by (re)insurers

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<tbody>
<tr>
<td>8/14/2020</td>
<td>Neat Capital</td>
<td>3.08 13.32</td>
<td>American Family Ventures</td>
<td>Neat Capital created a process and technology that allows it to eliminate many of the inefficiencies associated with home lending. The company’s blockchain approach allows it to work with clients facing special situations such as new to the jumbo loans, or in refinancing with borrowers that are self-employed, corporate owners or invest in real estate.</td>
</tr>
<tr>
<td>8/14/2020</td>
<td>Yield Protocol</td>
<td>1.45 1.45</td>
<td>Liberty/Mutual Strategic Ventures</td>
<td>Yield Protocol develops a decentralized lending protocol to bring fixed-term, fixed-rate lending to decentralized finance.</td>
</tr>
<tr>
<td>8/20/2020</td>
<td>Dayforward</td>
<td>20.01 20.01</td>
<td>Munich Re Ventures</td>
<td>Dayforward is a financial services platform for firms in stealth.</td>
</tr>
<tr>
<td>8/19/2020</td>
<td>Neat</td>
<td>– 20.03</td>
<td>MassMutual Ventures</td>
<td>Neat is an AI powered mobile personal financial assistant for millennials. The Neat Business dashboard gives users an overview of the state of all finances and features reminders for receiving payments, payroll and expense management.</td>
</tr>
<tr>
<td>8/19/2020</td>
<td>See-Mode Technologies</td>
<td>7 8</td>
<td>MassMutual Ventures</td>
<td>See-Mode Technologies is a medical imaging start-up that provides stroke prediction and treatment planning.</td>
</tr>
<tr>
<td>8/20/2020</td>
<td>Waterdrop</td>
<td>230 480.25</td>
<td>Swiss Reinsurance Company</td>
<td>Waterdrop, also Shell Health is an insurance platform that provides the problem of high medical fees faced by most patients, especially those with a critical illness. When a user is diagnosed with a serious disease like cancer, the platform will crowd fund the medical fees from all of its users.</td>
</tr>
<tr>
<td>8/21/2020</td>
<td>Ledger Investing</td>
<td>15.8 20.52</td>
<td>MassMutual Ventures</td>
<td>Ledger Investing provides an exciting opportunity for asset managers, pension funds, hedge funds, family offices and other institutions interested in earning a great return through insurance investing.</td>
</tr>
<tr>
<td>9/2/2020</td>
<td>Biofourmis</td>
<td>100 141.85</td>
<td>MassMutual Ventures</td>
<td>Biofourmis discovers, develops and delivers clinically validated software-based therapeutic solutions to provide better outcomes for patients, advanced tools for clinicians to deliver personalized care technology for pharmaceutical companies to demonstrate value and cost-effective solution for payers. Biofourmis has built Biovitals, a personalized AI powered health anxiety platform that provides clinical intervention in patients as they experience symptoms of anxiety, depression and acute care. Biofourmis is developing a product platform across multiple therapeutic areas including heart failure, oncology, acute coronary syndromes, COPD and chronic pain.</td>
</tr>
<tr>
<td>9/17/2020</td>
<td>BIMA</td>
<td>30 144.2</td>
<td>AllianzX</td>
<td>BIMA provides mobile-delivered insurance to mobile operators and insurance companies. The company also provides product development expertise, a dedicated distribution force, affluent customer service with rapid claim payment and mobile insurance platform.</td>
</tr>
<tr>
<td>9/17/2020</td>
<td>GetSafe</td>
<td>– 27.06</td>
<td>Swiss Reinsurance Company</td>
<td>GetSafe is an InsurTech start-up from Heidelberg using technology and AI to help people identify, organize and protect what they care most about in life. With a few clicks, customers can learn about, buy and manage insurance on their smartphones.</td>
</tr>
<tr>
<td>9/15/2020</td>
<td>Actio General Insurance</td>
<td>60 203</td>
<td>Munich Re Ventures</td>
<td>Actio General Insurance is a digital insurance company that provides a variety of insurance products ranging from car insurance to two-wheeler insurance (scooters, motorcycles) to mobile phone insurance to Ola Insurance. Ola Insurance is a passenger insurance for Ola drivers and covers vehicle like minor accidents involving riders as well as insurance against mixing traffic due to traffic delays. The insurance claim system is built into the Ola app, per Actio, to simplify the process for users.</td>
</tr>
<tr>
<td>9/23/2020</td>
<td>Next Insurance</td>
<td>250 631</td>
<td>Munich Re Ventures</td>
<td>Next Insurance is a small business insurance company.</td>
</tr>
</tbody>
</table>
Q3 2020 strategic.repaint insurer partnerships

<table>
<thead>
<tr>
<th>Date</th>
<th>Company</th>
<th>(Re)insurer partner(s)</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>7/14/2020</td>
<td>Thimble</td>
<td>Hiscox</td>
<td>Hiscox has partnered with Thimble, a short-term liability insurance provider for small businesses, to offer coverage available by the hour, day, or month. The partnership will allow Hiscox to grow its business flexibility.</td>
</tr>
<tr>
<td>7/14/2020</td>
<td>Socrata</td>
<td>MS Amlin Underwriting</td>
<td>MS Amlin has partnered with insurance platform Socrata to provide the core back-end system for MS Amlin's new digital SME insurance initiative.</td>
</tr>
<tr>
<td>7/15/2020</td>
<td>Generali Indonesia</td>
<td>Munich Re Automation Solutions</td>
<td>Munich Re Insurance Solutions, an InsurTech subsidiary of Munich Re, has partnered with the insurer Generali Indonesia to help build the Generali’s underwriting process and streamline the risk assessment process.</td>
</tr>
<tr>
<td>7/22/2020</td>
<td>Nexar</td>
<td>Lemonade</td>
<td>Nexar Technologies has partnered with Lemonade to streamline the process of homeowners' insurance verification.</td>
</tr>
<tr>
<td>8/4/2020</td>
<td>Carpe Data</td>
<td>The Hartford</td>
<td>The Hartford has partnered with Carpe Data, a provider of emerging and alternative data, to add new sources of data to The Hartford's market-leading commercial platform. The platform will help reduce small business application processing time.</td>
</tr>
<tr>
<td>8/4/2020</td>
<td>ASH Technology</td>
<td>k-Auto and Home Insurance</td>
<td>SHI Technology, a provider of AI-native fraud detection and claim automation solutions, has partnered with k-Auto and Home Insurance (kAHI). The company has used SHI Technology to support its fraud detection models for kAHI's line of business. The company will deploy SHI's technology to help reduce claim costs related to policyholder biases.</td>
</tr>
<tr>
<td>8/6/2020</td>
<td>Samsara</td>
<td>Nationwide</td>
<td>Nationwide has partnered with Samsara to offer video telemedicine to its E&amp;S customers with 1 or more commercial lines. Samsara provides instant e/insurance quotes that provide drivers with in-car feedback on their driving.</td>
</tr>
<tr>
<td>8/10/2020</td>
<td>Rental Beast</td>
<td>Liberty Mutual</td>
<td>Rental Beast, a SaaS platform for rental insurance, has partnered with Liberty Mutual. The partnership will automate the insurer's offering. Rental Beast provides rental insurance policies. The partnership currently covers rental insurance that is sold as an add-on.</td>
</tr>
<tr>
<td>8/13/2020</td>
<td>Procore</td>
<td>AXA XL</td>
<td>AXA XL's North America Construction sub-division has added Procore, a provider of project management software, to its integrated digital platform in order to help clients manage risks on their job sites and across their organizations.</td>
</tr>
<tr>
<td>8/17/2020</td>
<td>Thimble</td>
<td>Lloyd's Lab</td>
<td>Lloyd's Lab has selected Thimble to develop Pandemic Business Interruption Insurance for SMBs. The Thimble Tech start-up, known for its instant, scalable insurance policies, will build in new types of coverage to protect small businesses from COVID-19 and future pandemics.</td>
</tr>
<tr>
<td>8/25/2020</td>
<td>Flyreel</td>
<td>Mercury Insurance</td>
<td>Mercury Insurance is offering New York and New Jersey homeowners insurance policyholders a DIY inspection service using an advanced artificial intelligence (AI) assistant. Created by Flyreel, the app guides homeowners through a self-inspection of their property and gives them the option for a contactless experience, helping policyholders maintain a safe distance from those outside of the household during the COVID-19 pandemic.</td>
</tr>
<tr>
<td>8/25/2020</td>
<td>Verily</td>
<td>Swiss Re</td>
<td>Verily has partnered with Swiss Re to launch a platform to provide stop-loss insurance, an alternative product purchased by employers to cover unexpected and large employee health care costs.</td>
</tr>
<tr>
<td>8/31/2020</td>
<td>AllDigital Specialty</td>
<td>AXIS Insurance</td>
<td>AXIS Insurance and AllDigital Specialty will launch an insurance platform designed for the U.S. small and medium business management liability market. AXIS will utilize AllDigital's technology to quote, bind and issue policies in the U.S.</td>
</tr>
<tr>
<td>9/1/2020</td>
<td>Intelisys</td>
<td>Liberty Mutual</td>
<td>Liberty Mutual has partnered with California-based Insurtech InsurTech to provide stop-loss insurance to businesses, to offer customers a flexible and instant quote to protect businesses from the COVID-19 pandemic.</td>
</tr>
<tr>
<td>9/2/2020</td>
<td>Farmers Edge</td>
<td>Munich Re</td>
<td>Farmers Edge is a leader in agriculture technology and has partnered with Munich Re to integrate its digital platform designed to help customers manage risks on their job sites and across their organizations.</td>
</tr>
<tr>
<td>9/2/2020</td>
<td>Policygenius</td>
<td>Lincoln Financial Group</td>
<td>Policygenius is an online insurance marketplace, offering insurance products from Lincoln Financial Group, and has announced that it will link to Policygenius’s digital insurance platform for its online personal insurance product. The partnership will provide clients with a means of assessing their cyber exposure at scale, while generating risk insights designed to support a greater understanding of cyber threats at an experienced level.</td>
</tr>
<tr>
<td>9/4/2020</td>
<td>SecureButter</td>
<td>Liberty Mutual</td>
<td>SecureButter has partnered with Liberty Mutual to provide flexible, cyber liability insurance. The partnership will provide clients a means of assessing their cyber exposure at scale, while generating risk insights designed to support a greater understanding of cyber threats at an experienced level.</td>
</tr>
<tr>
<td>9/7/2020</td>
<td>LeaseLock</td>
<td>QBE North America</td>
<td>LeaseLock and QBE North America have announced a strategic partnership that combines LeaseLock’s Zero Deposit product with QBE’s insurance solutions.</td>
</tr>
<tr>
<td>9/11/2020</td>
<td>Neurotrack</td>
<td>Hannover Re</td>
<td>Neurotrack has announced a partnership with Hannover Re to offer Neurotrack’s clinically validated cognitive health program to the life insurance market forvax policyholders.</td>
</tr>
<tr>
<td>9/13/2020</td>
<td>Cybernetic</td>
<td>HSB Insurance</td>
<td>Cybernetic is a cyber risk analytics firm and HSB has announced that HSB is renewing its subscription to Cybernetic’s cyber risk financial quantification platform to off-tailored cyber insurance policies to businesses across the U.S.</td>
</tr>
<tr>
<td>9/17/2020</td>
<td>Reinsurance</td>
<td>Liberty Mutual</td>
<td>Liberty Mutual has partnered with Cyberwrite to provide cyber insurance to businesses, to offer customers a flexible and instant quote to protect businesses from the COVID-19 pandemic.</td>
</tr>
<tr>
<td>9/21/2020</td>
<td>Nationale</td>
<td>GMS Amlin</td>
<td>GMS Amlin has entered into a service agreement with One Concern to provide its exposure management capabilities. The agreement will assist GMS Amlin in marine and energy reinsurance in the U.S. and Europe, and is part of a strategy to digitize existing exposure data and access live specialist data sets and analysis tools.</td>
</tr>
<tr>
<td>9/28/2020</td>
<td>Yoga</td>
<td>Humana, Ameritas</td>
<td>Yoga has announced new partnerships with insurance carriers Humana and Ameritas. The partnerships are part of an initiative to improve the customer experience by enabling seamless and secure data connections to email members faster and eliminate coverage-impacting errors.</td>
</tr>
<tr>
<td>9/30/2020</td>
<td>SHI Technology</td>
<td>Tokio Marine Insurance</td>
<td>SHI Technology, a provider of AI-native fraud detection and claim automation solutions for the global risk insurance industry, announced that Tokio Marine Insurance has deployed SHI Technology’s claim automation solutions in its claims operations.</td>
</tr>
<tr>
<td>10/2/2020</td>
<td>HONK Technologies</td>
<td>Waveness Insurance</td>
<td>HONK Technologies, the platform connecting drivers, towing professionals and insurers, has announced that it will begin managing one of Waveness Insurance’s roadside assistance programs.</td>
</tr>
</tbody>
</table>
The Quarterly InsurTech Briefing is a collaboration between Willis Re, Willis Towers Watson’s Insurance Consulting and Technology and CB Insights. Production is led by the following individuals. For more information, or to discuss the results of this report, please direct inquiries to InsurTech@willistowerswatson.com.

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