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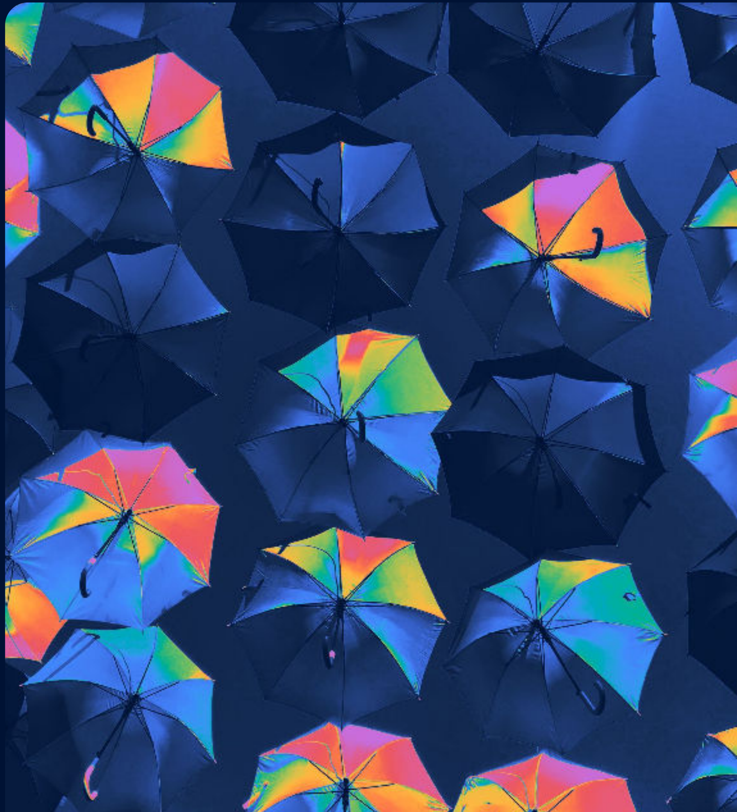
The State of Global Insurtech 2023



June 29th 2023

mundi ventures

European early-stage venture capital firm investing in B2B technology companies.

Mundi Ventures is a global venture capital firm with €500M AUM that invests in the leading Insurtech innovation, with a clear, but not limited, European focus.

The Mundi Insurtech Fund has built a truly unique value proposition for Insurtech startups: it is indeed a fully independent VC Fund, backed by several international insurers, mutual funds, and family offices investors from USA, France, Spain, The Netherlands Switzerland, Middle East, and Luxembourg. Mundi is invested in 6 unicorns, including Wefox (Berlin), Bolttech (Singapore), Betterfly (Santiago, or Shift Technology (Paris).

MAPFRE

Benchmark insurer in the Spanish market and largest Spanish multinational insurance group in the world

MAPFRE is a global insurance company. It is the benchmark insurer in the Spanish market and the largest Spanish multinational insurance group in the world.

MAPFRE is committed to boosting customer-centered digital transformation, via MAPFRE Open Innovation (MOi), and creating a positive impact on the business and society.

Since its inception, more than 1.6million customers have benefited from solutions originating from this model.

Please, click here for more information about MOi

NN

NN Group is an international financial services company

NN Group is active in 11 countries, with a strong presence in a number of European countries and Japan.

With all its employees, the Group provides retirement services, pensions, insurance, banking and investments to approximately 18 million customers.

NN Group includes Nationale-Nederlanden, NN, ABN AMRO Insurance, Movir, AZL, BeFrank, OHRA and Woonnu.
NN Group is listed on Euronext Amsterdam (NN).

GENERALI

Generali is one of the largest global insurance and asset management providers.

Established in 1831, it is present in over 50 countries in the world, with a total premium income of € 81.5 billion in 2022. With 82,000 employees serving 68 million customers, the Group has a leading position in Europe and a growing presence in Asia and Latin America. At the heart of Generali's strategy is its Lifetime Partner commitment to customers, achieved through innovative and personalised solutions, best-in-class customer experience and its digitalised global distribution capabilities. The Group has fully embedded sustainability into all strategic choices, with the aim to create value for all stakeholders while building a fairer and more resilient society.

dealroom.co

Global startup & venture capital intelligence platform

Dealroom.co is the foremost data provider on startup, early-stage and growth company ecosystems in Europe and around the globe.

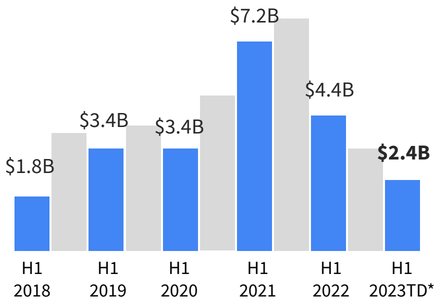
Founded in Amsterdam in 2013, we now work with many of the world's most prominent investors, entrepreneurs and government organizations to provide transparency, analysis and insights on venture capital activity.

Key Takeaways

The funding environment has toughened, but early stage funding and some leading private players show that opportunities still exist for quality startups.

VC investment pulled back over 50% in H1 2023 YTD compared to H1 2022 and nearly 4x from peak. Insurtech funding is now back to 2018-2019 levels.
The pullback has been mostly at late stage which is down over 60% from peak, while early stage has stabilized at a nearly 30% drop.
While public insurtech valuations have plummeted, several leading private insurtechs have been able to confirm or even increase their valuation in recent months.

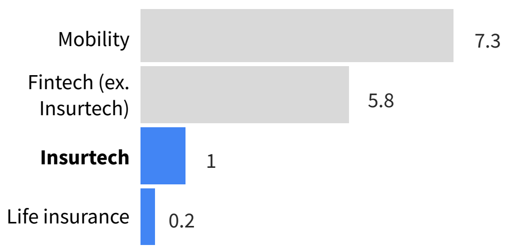
Global insurtech VC funding



Insurance is still a strongly underfunded market, especially in areas such as life insurance.

Insurtech represents a massive $7 trillion opportunity, larger than the Mobility market which received though 5x more funding in 2022-2023. Also Financial Services represents a less than double market size, but received nearly 10x the funding.
Insurtech has also largely focused on the P&C market which attracted over 60% of the funding in the latest years. Life insurance has been particularly underinvested and still awaiting for much needed change.

Global VC funding/market size (2022-2023YTD)
Indexed at 1 for insurtech



Operational efficiency is now a must for insurtechs and insurers. Insurtech startups are enabling operational efficiency through the whole value chain.

Insurance was never a growth at all cost market, but the recent financial tightening has stressed this again. Distribution is still attracting the most funding, but new approaches from hybrid distribution to embedded insurance are still opening new avenues there.
AI was already heavily used by insurance, with variable impact across the value chain, such as in claims automation. Now GenAI opens new possibilities, but it is still to be fully understood which processes will be more impacted.

Key insurance processes

Distribution	Product & underwriting	Claims & fraud management	Payments

Whole value chain enhancers

- AI (inc. GenAI)
- Back-office industrialization
- Open Insurance

Source: Dealroom.co. *Data up to 2nd June 2023.

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Why this report?

The insurtech industry has been on a roller coaster in the last two years. Insurtech came firmly into the venture capital scene in 2020-2021 before falling into a disillusionment phase due to the poor performances of a few notable players and a broader market downturn.

The so-called “death of Insurtech 1.0” has cast the whole insurtech space away from the spotlight, but the insurance industry is still a massive market undergoing major transformations.
Insurtech is still a massively underfunded area. We believe in its medium and long-term success when moving away from growth-at-all cost and focusing on operational efficiency and profitability, guided by deep insurance expertise and tech.

With this report, we want to bring transparency through data and qualitative insights on the current state and trends of global insurtech.

The report has been developed by Dealroom.co, Generali, Mundi Ventures, MAPFRE, and NN Group, drawing on the partners’ collective insurance innovation expertise and insights from insurtech innovators and leaders.

A big thanks

Contributions and insights from conversations with:

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Source:

Looking back to our past two editions of the insurtech report.

The rise of insurtech First edition (2021)

In our first edition, we looked at the emerging VC market of insurtech, highlighting the massive underinvestment with respect to the market size at stake. But also pointing out incumbents' strong defensive moats, from regulation and capital requirements to trust and brand.

Much of the attention at the time was still on "challenger insurtech", mainly focused on personal lines, especially car and home, but were already calling out the importance of augmenting insurers and not just challenging them.

We also highlighted key trends such as embedded insurance, parametric insurance and climate risk, and cyber insurance, which we still regard as some of the most significant areas of insurtech. Finally, we called the future of insurance to be ecosystems and prevention, beyond risk capacity to risk prevention and ancillary services.

Insurtech 1.0 death Second edition (2022)

A broad market downturn, coupled with clear specific challenges of notable insurtech to reach profitability, signal a new and challenging environment for insurtech funding.

Late-stage funding crunch, public listings coming to a halt.

In addition to embedded insurance, climate risk and cyber, we spotlighted the silver economy as a key segment for life and health.

Previous edition

Recap on the **second edition** — Read more

Recap on the **first edition** — Read more

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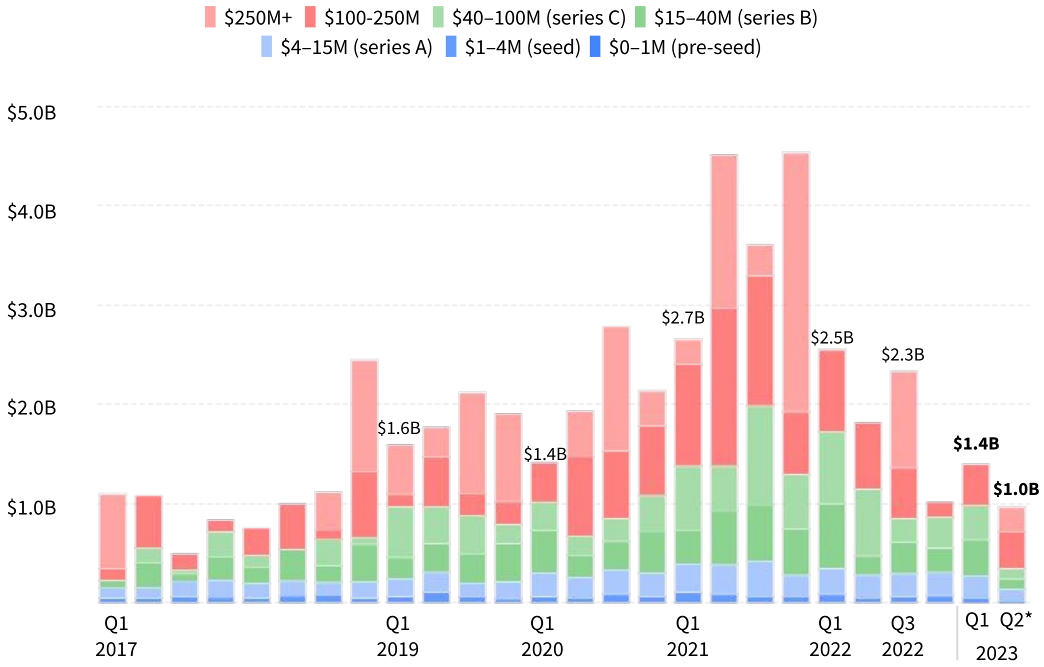
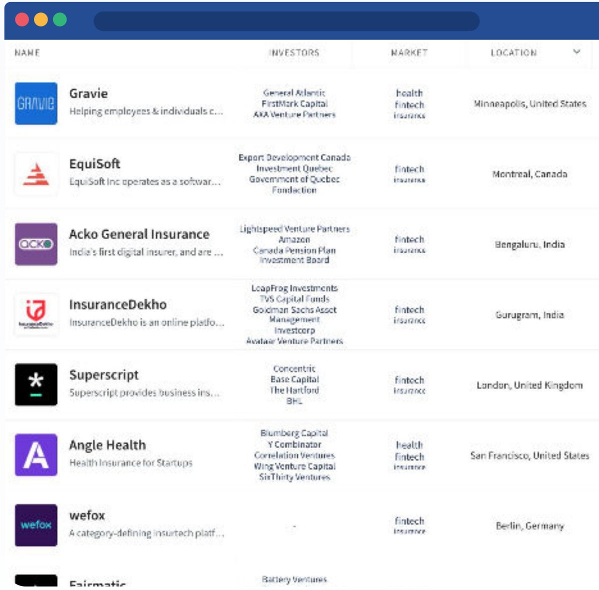
1. The status of global insurtech

VC investment pulled back over 50% in H1 2023 YTD compared to H1 2022.
Insurtech funding is now back to 2018-2019 levels.

Global venture capital investment in insurtech startups [» view online]



The biggest rounds of 2023 [» view online]



Source: Dealroom.co. *Data up to 2nd June 2023.

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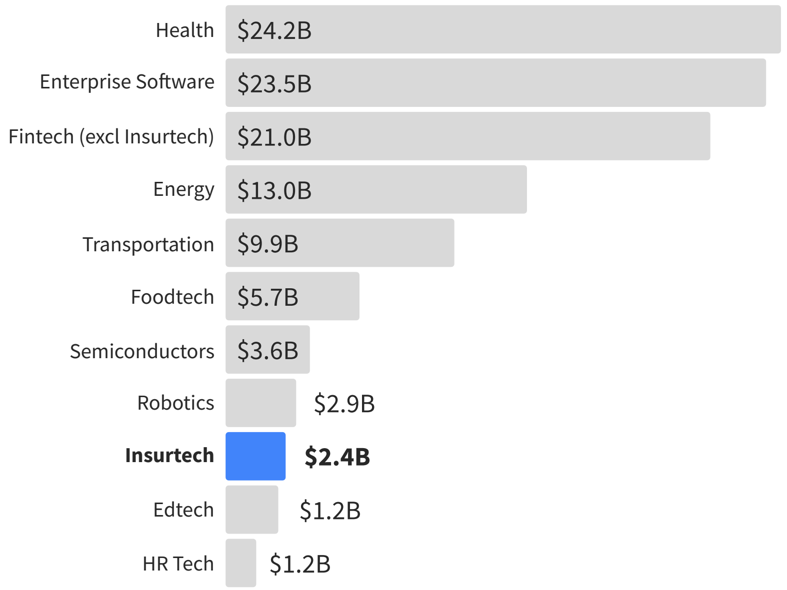
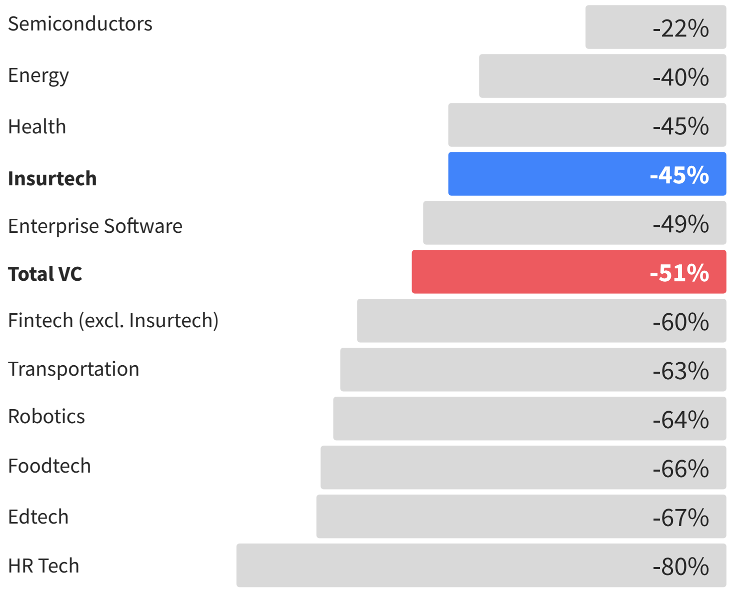
Insurtech VC activity in 2023 has slowed down 45% from last year, performing a bit better than the global VC average. Over $2.4B have been invested in insurtech in 2023 so far.

Global VC funding by industry in H1 2023 YTD*

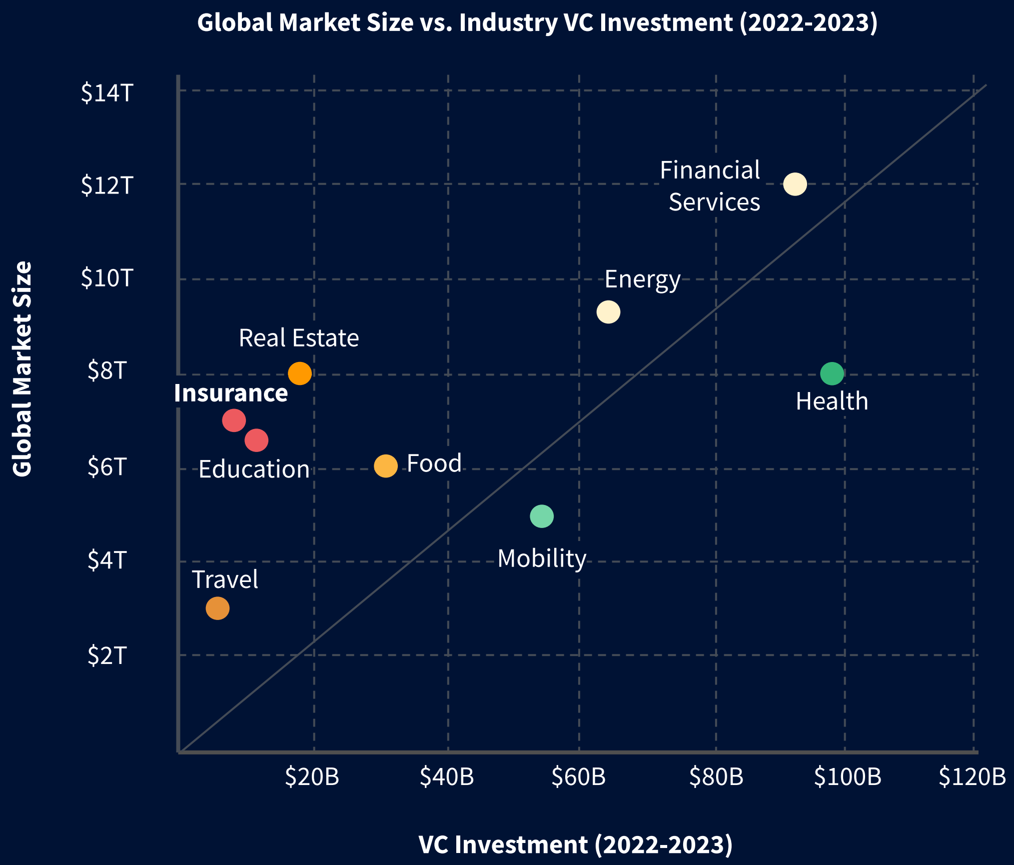


VC funding growth by Industry, H1 2023 YTD* vs H1 2022



Source: Dealroom.co | Created with Datawrapper.de. *Data up to 6th June 2023.

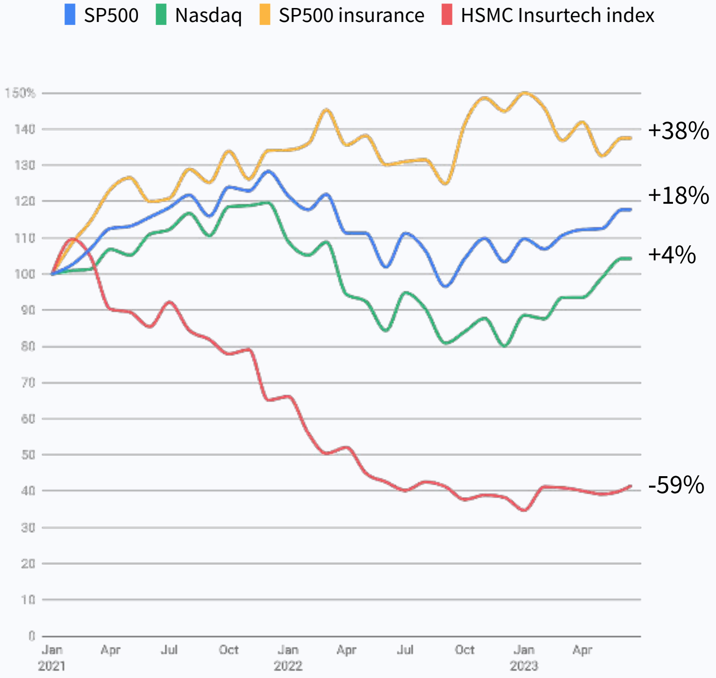
Insurtech is still heavily underinvested compared with other industries of similar size, such as Mobility, Food and Health.



 Source: Dealroom.co Insurance market size based on GWP

Insurtech valuations have plummeted much more than broader tech markets and traditional insurers. Their revenue multiples are now lower than insurers.

Stock price evolution, indexed to 100 Jan 2021



Financial performances of selected insurtech and insurers
(sorted by increasing EV/revenue multiple)

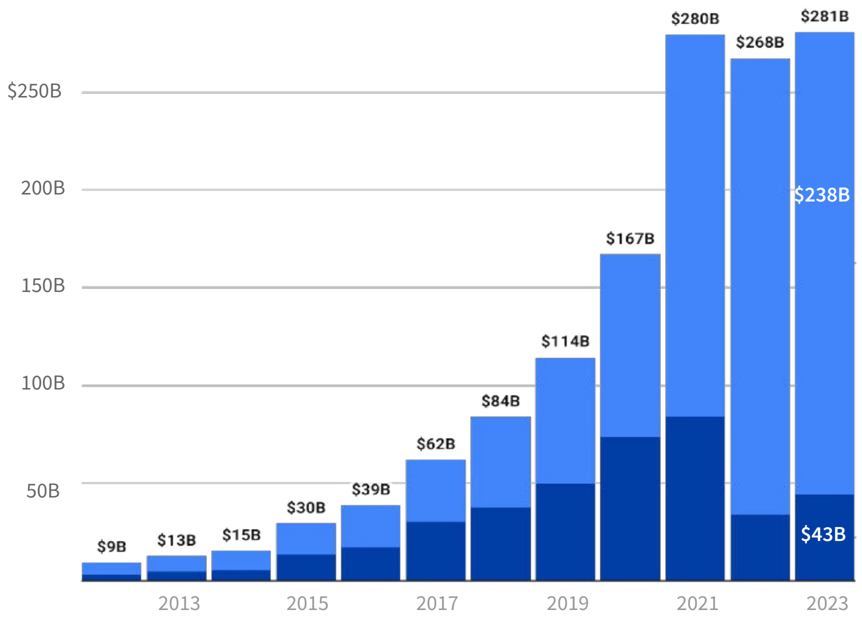
Company	EV/revenue (2022)	EV/EBITDA (2022)	Rev/CAGR +2y	EBITDA % (2022)	Gross loss ratio (2022 or Q1 2023)
Root insurance	n/a	n/a	**-5.1%**	**-63.9%**	77%
Oscar	0.0x	n/a	**+46.6%**	**-11.7%**	85%
Clover Health	0.0x	n/a	**+53.7%**	**-10.3%**	93%
Bright Health	0.4x	n/a	**-22.6%**	**-14.9%**	95%
Admiral	1.0x	3.0x	**+8.9%**	**+32.6%**	72%
Unitedhealth Group	1.4x	14.1x	**+6.3%**	**+10.0%**	82%
Progressive	1.5x	40.2x	**+2.0%**	**+3.81%**	97%
Hippo	1.8x	n/a	**+14.6%**	**-279%**	76%
Lemonade	4.6x	n/a	**+41.6%**	**-116%**	87%

Source: Dealroom.co | Created with Datawrapper.de

Valuations have dropped sharply in the public market in 2021-2022 and recently slightly recovered, while private market have not readjusted substantially.

Combined enterprise value of global insurtech companies

private companies » view online   public companies » view online



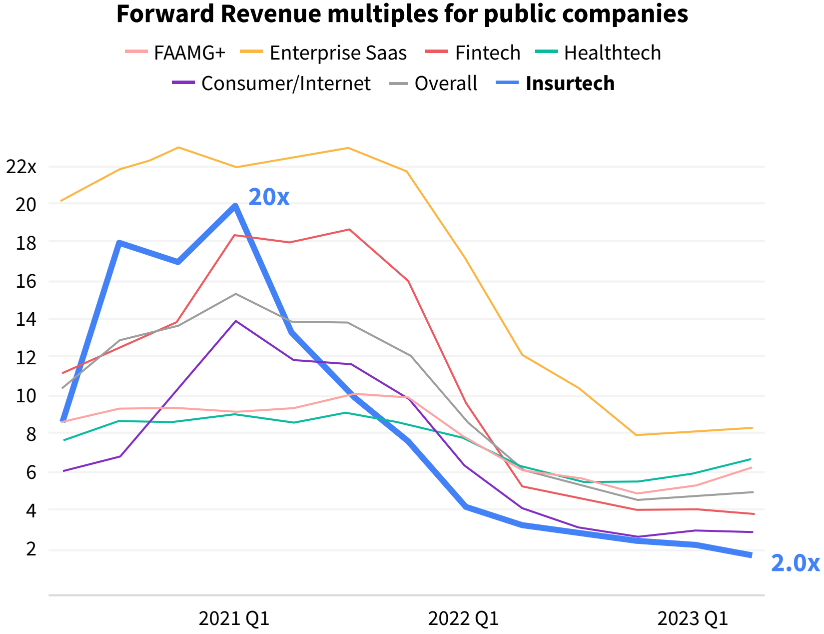
Insurtech startups are now worth $281B, with private companies representing 85% of the overall sector.

The value of private companies takes longer to adjust. While private companies grew significantly from 2021 to 2022 (+19%), since then the growth has slowed down in the first quarter of 2023 (+1% YoY).

In contrast, the value of public insurtech valuations dropped significantly from 2021 to 2022 (-59%).

Source: Dealroom.co | Created with Datawrapper.de *Data as of 6th June 2023

Insurtech valuations continue to be disproportionately affected by an earlier correction compared to other industries.



In the midst of a global market rationalization, insurtech innovation emerges as a beacon of opportunity for investors

"There is indeed a significant opportunity to find amazing innovation in the insurance industry that is being mistakenly compared to the first big wave of disruptive insurtechs. We have witnessed a significant market rationalization, including periods of negative interest rates, which has now led to a correction in the tech markets. The current environment is much more favorable for investors, with valuations returning to normal levels and sufficient time available for conducting DDs. Furthermore, with technology-focused private equity funds holding over $300 billion in dry powder, we anticipate a resurgence of ultra-liquidity. This influx of capital will not only enhance market dynamics but also unlock a multitude of additional investment opportunities."

Javier Santiso
CEO & General Partner at **Mundi Ventures**

Source: Mundi Ventures, Pitchbook

However several leading private insurtechs have been able to confirm or even increase their valuation in recent months.

Notable examples of leading insurtech maintaining or increasing their valuation despite market downturn

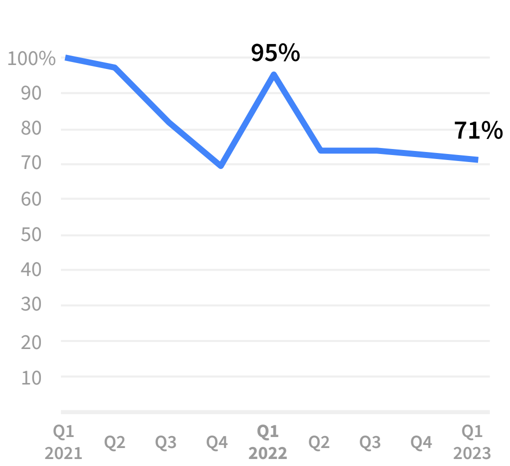
Company	Segment	Past valuation	Most recent valuation	Growth
wefox	Challenger	**$4.5B** Jul 2022	**$4.5B** May 2023	0%
acko	Challenger	**$1.1B** Oct 2021	**$1.5B** Apr 2023	+36%
clearcover	Challenger	**$1.0B** Apr 2021	**$1.0B** Nov 2022	0%
kin.	Challenger	**$1.0B** Mar 2022	**$1.0B** Dec 2022 & Mar 2023	0%
bolttech	Embedded insurance	**$1.0B** Dec 2021	**$1.6B** May 2023	+60%
VESTTOO	Risk-transfer marketplace	**$1.0B** Oct 2022	**$1.75B** May 2023*	+75%

Source: Dealroom.co *Vesttoo reportedly raising, not yet officially disclosed

Late-stage is down the most, 62% from peak, even if with a partial rebound in respect to Q4 2022. Early-stage is down 29% from peak but is holding on well since Q2 2022.

Number of rounds evolution by stage

Early-stage (Seed to Series A)* $1-15M



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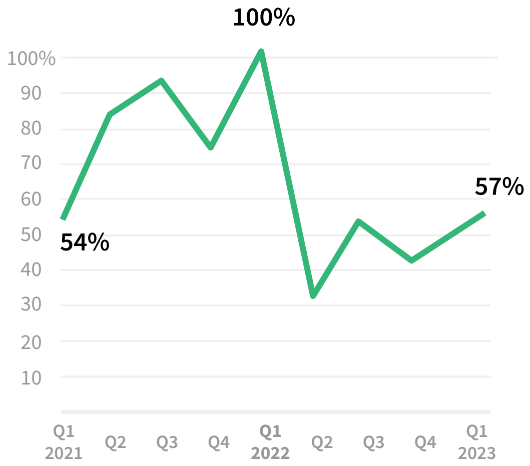
Series B $15-40M



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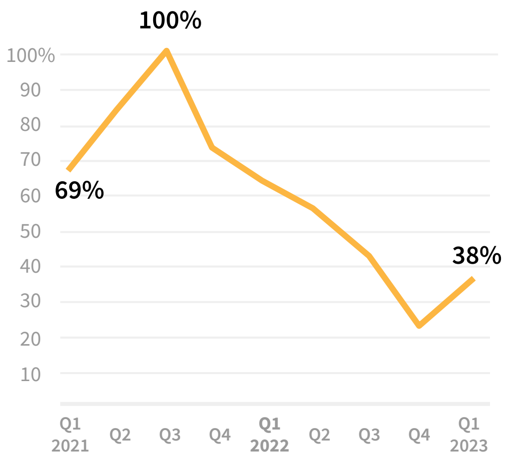
Late-stage (Series C+) $40M+



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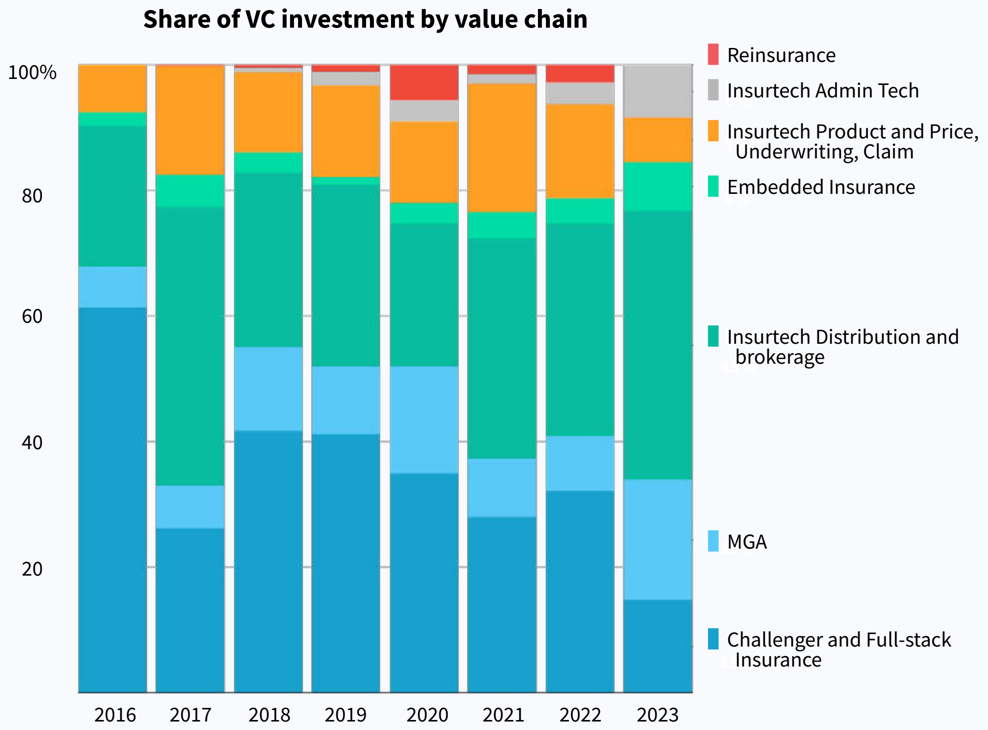
Source: Dealroom.co. *The round count for early-stage is likely to be underestimated due to reporting lag in the last 12 months.

Distribution still attracts most of the funding, while challengers and MGAs are at a minimum in recent years.



Challenger, full stack & MGA share of funding lowest ever in 2023.

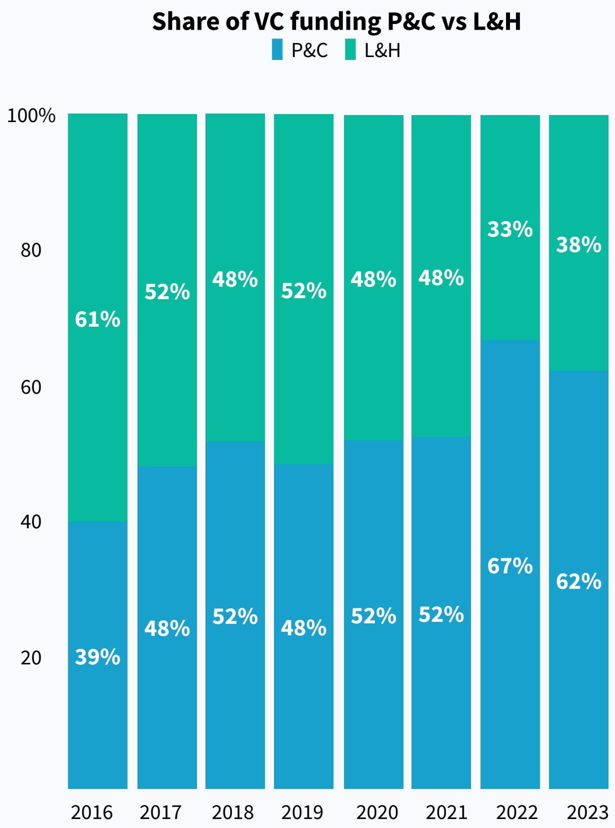
Distribution is still attracting the most funding.

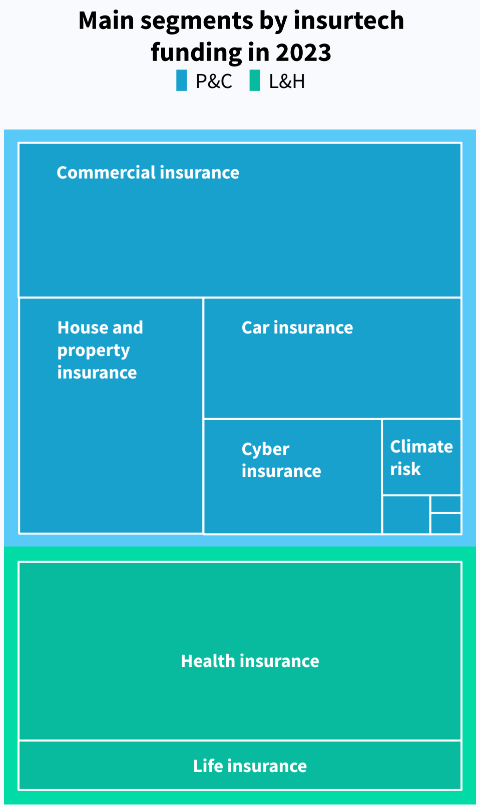
Key insurtech function (product and price, underwriting and claim) are still not attracting a large share of funding.

Admin tech platforms have attracted a few big rounds.

Source: Dealroom.co | Created with Datawrapper. Data up to 12th June 2023.

P&C is still attracting over 60% of insurtech VC funding. Mainly driven by commercial and cyber insurance, as well as home and car. Life insurance is still widely underinvested compared to Health and P&C.





Source: Dealroom.co | Created with Datawrapper.de *Data up to 12th June 2023.

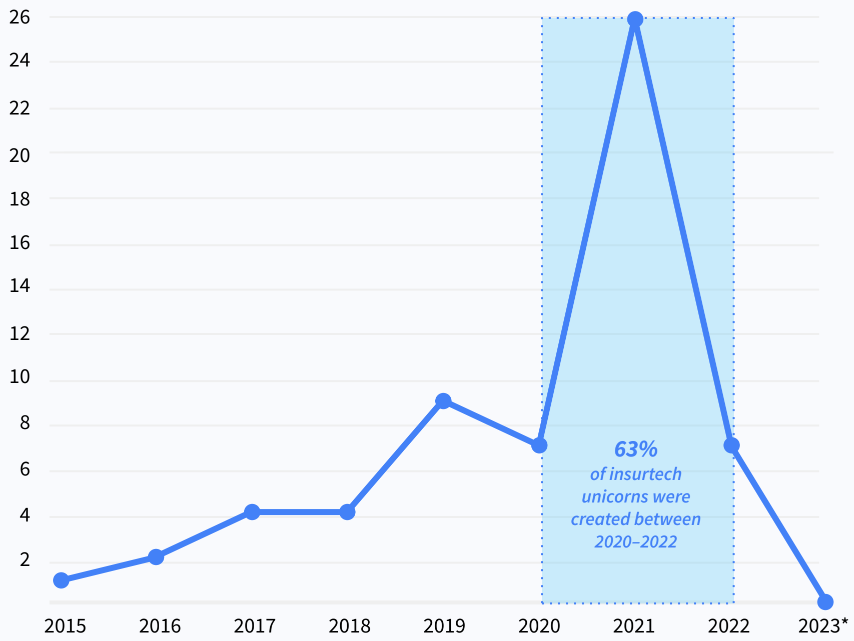
Notable global insurtech investors.

	Sector agnostic funds	Insurtech funds	Strategic investors (Insurers, reinsurers, financial sector)*	Fintech specialists
Series B+	GENERAL CATALYST, DST GLOBAL, EURAZEO, Battery, TEMASEK HOLDINGS, OMERS, MUBADALA, Bessemer Venture Partners		HUDSON STRUCTURED, SCOR, Nationwide, CommerzVentures	Ribbit Capital, PRUVEN CAPITAL
Series A	G SQUARED, TARGET GLOBAL, Index Ventures, FIRSTMARK, Accel, octopus ventures, AlbionVC, foundation capital, Lightspeed, Acrew, pitango, KASZEK	mundi ventures, MTECH CAPITAL, Eos Venture Partners	AMERICAN FAMILY, MassMutual, MS&AD VENTURES, UNIQA Ventures, Munich RE, AXA Venture Partners, Guardian, HANNOVER DIGITAL INVESTMENTS, ZURICH, Swiss Re	FinTLV, QED INVESTORS, MANCHESTER STORY, BREWER LANE VENTURES, IA capital group
(Pre) Seed	partech, GFC, TITAN CAPITAL, Seedcamp, PLUGANDPLAY, LocalGlobe, bpifrance, ANTLER, Goodwater, Speedinvest, kima ventures, SUSA VENTURES	InsurTech.vc, INSURTECH GATEWAY, anthemis, astorya.vc	Baloise Group, EMC INSURANCE, GREENLIGHT RE, RGAX	PORTAGE, HCS CAPITAL, SixThirty, CLOCKTOWER TECHNOLOGY VENTURES, AV8

Source: Dealroom.co. Funds hand-picked based on number of investments in Insurtech.
*Only considers direct investment from corporate or CVC arm, not LP participations in VC funds.

So far no new insurtech unicorns have been minted in 2023.

New insurtech unicorns and $1B+ exits » view online



Many insurtech unicorns have fallen from grace

- After reach an all-time peak in 2021, with 26 new unicorn minted, in 2022 new unicorn creation went back to 2020 levels.
- So far there haven't been new unicorns created in 2023.
- **13% of all insurtech unicorns** lost their unicorn stats.

Former insurtech unicorns

Unicorn	HQ	Description
Root Insurance Co	US	Car insurance
Metromile (Acquired in 2021)	US	Car insurance
hippo	US	House and property insurance
doma	US	House and property insurance
水滴 Waterdrop	China	Life and health insurance
oscar	US	Life and health insurance
Clover Health	US	Life and health insurance
eHealth Medicare	US	Life and health insurance

Explore **all insurtech companies that drop below the $1B valuation** »

» Explore

Source: Dealroom.co | Created with Datawrapper.de *Data up to 12th June 2023.

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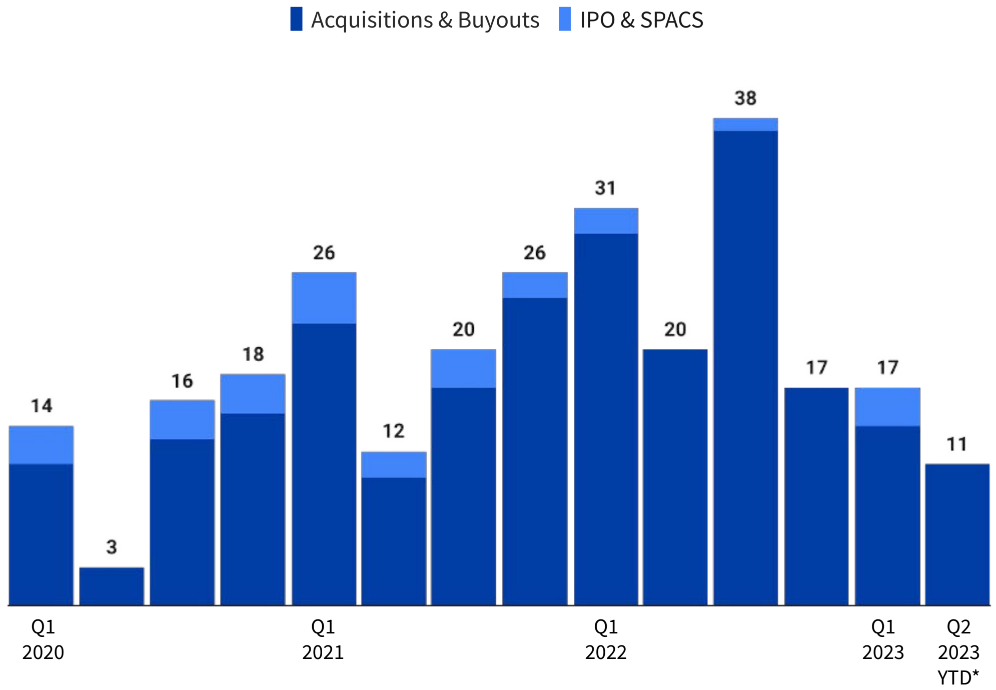
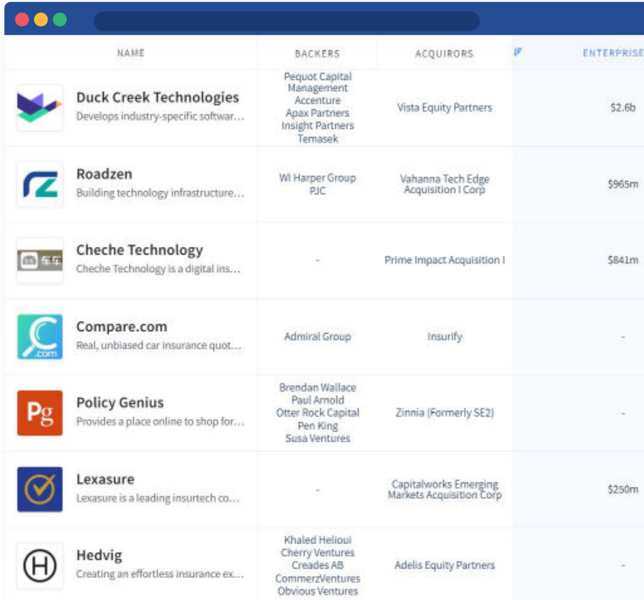
After reaching an all-time high in 2022, insurtech M&As are back to 2020 levels. A few public listings have reappeared in Q1.

Global number of insurtech exits » view online



Biggest insurtech exits in Q1 & Q2 2023
» view online



NAME		BACKERS	ACQUIRORS	ENTERPRISE
Duck Creek Technologies	Develops industry-specific softwar...	Pequot Capital Management, Accenture, Apax Partners, Insight Partners, Temasek	Vista Equity Partners	$2.6b
Roadzen	Building technology infrastructure...	WI Harper Group, PJC	Vahanna Tech Edge Acquisition I Corp	$965m
Cheche Technology	Cheche Technology is a digital ins...	-	Prime Impact Acquisition I	$841m
Compare.com	Real, unbiased car insurance quot...	Admiral Group	Insurify	-
Policy Genius	Provides a place online to shop for...	Brendan Wallace, Paul Arnold, Otter Rock Capital, Pen King, Susa Ventures	Zinnia (Formerly SE2)	-
Lexasure	Lexasure is a leading insurtech co...	-	Capitalworks Emerging Markets Acquisition Corp	$250m
Hedvig	Creating an effortless insurance ex...	Khaled Helioui, Cherry Ventures, Creades AB, CommerzVentures, Obvious Ventures	Adelis Equity Partners	-

Source: Dealroom.co | Created with Datawrapper.de. *Data up to June 6th 2023.

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M&A commentary: PE and leading insurtechs are being active acquirers, insurance incumbents mostly not.

Different shades of M&A exist in the market

What's happening a lot in the market: market consolidation

Insurtech x insurtech acquisition

expanding into new markets or consolidating their lead by acquiring peers

Other examples

PE buyouts

taking advantage of discounted public/private market valuations.

Other examples

The two trends are also interconnected. When PE take ownership of insurtech startups, the startup often uses the war chest to make acquisitions.

What's not (yet) seen widely in the market

Acquisitions by insurers

A lot of dry powder is available from insurers and falling private valuations might be entering value zone for some of them. We expect to see some acquisitions, but not from all insurance players.

Bankruptcies & fire sales

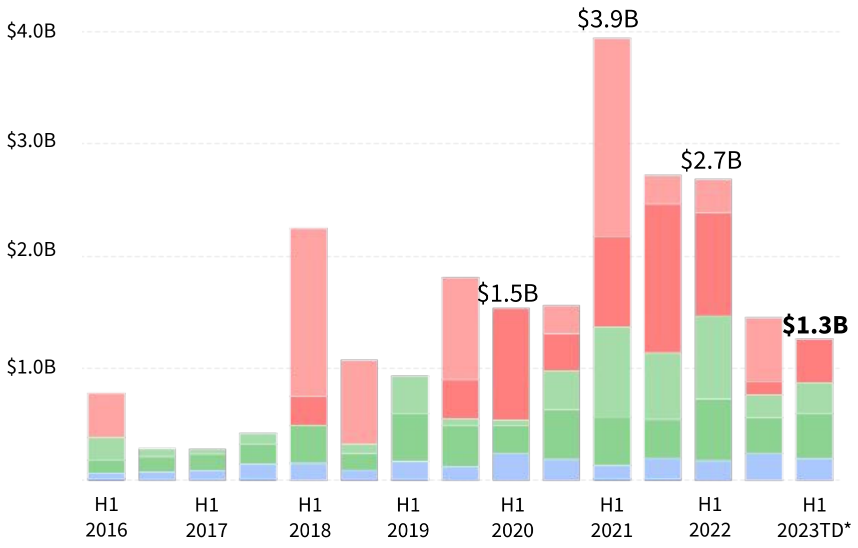
Insurance funding peaked nearly 2 years ago which is around the average runway for private startups. The need of cash, inflated valuation in previous rounds and tough financial market will mean several of these insurtech might not be able to raise again and end up declaring bankruptcy or going through a fire sale.
We expected this to start happening soon.

 Source: Dealroom.co

(re)insurers have also slowed down their investment activity back to pre-pandemic numbers.

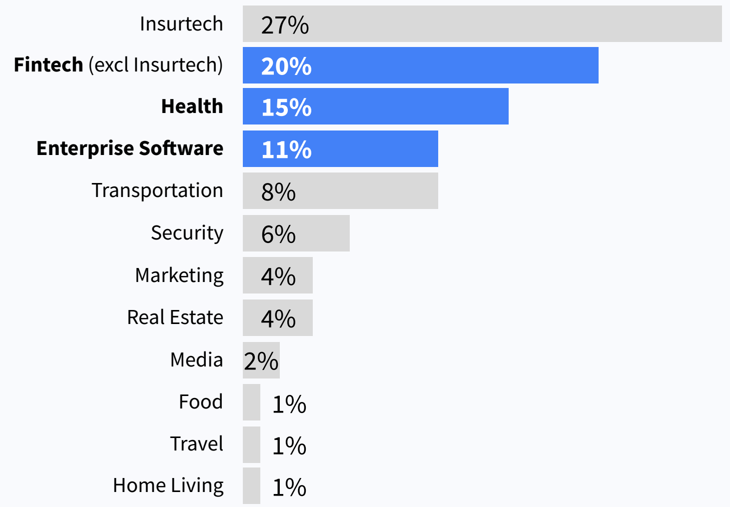
VC investment by (re)insurer* » view online

$250M+ | $100-250M | $40–100M (series C) | $15–40M (series B) | $4–15M (series A) | $1–4M (seed) | $0–1M (pre-seed)



Beyond insurtech, the majority of their investments went to Fintech, Health and Enterprise Software.

(%) Share of (re)insurers' investment by industry (2022-23YTD)



Source: Dealroom.co | Created with Datawrapper.de *2023 data up to 12th June 2023
*Only considers direct investment from corporate or CVC arm, not LP participations in VC funds.

Insurers view on the insurtech market.

"The persistently high uncertainty is jeopardizing trust, a fundamental element for any investment with a medium-long term horizon – and Venture Capital is no exception."

All KPIs are pointing towards the fact that it's been a harsh run so far, and we are far away from the end.
Unless a sharp change in the scenario happens soon, as startups will start running out of cash, downrounds will become more frequent and, in most cases, inevitable; M&A deals will start happening in a visible way, and there's going to be good opportunities to acquire unique technologies and talents for incumbent (re-/)insurers .

Stefano Bison
Group Head of Business Development & Innovation
Generali

"Although investment has cooled across the VC landscape in general, "good" startups are continuing to close significant fundraising rounds."

It should also be noted that insurers still have a lot of room to adopt insurtech solutions that are ready to be deployed at scale.
This creates a huge opportunity up to grab for insurtech startups providing solutions from claims automation and payments to underwriting and pricing.
The only way is up - the transformation of the industry is unstoppable.

Joan Cuscó
Global Head of Transformation
MAPFRE

"Funding was too easy. In some cases money was raised without a solid customer proposition and business case."

Now there has been a reset and the players who do not have a solid foundation are getting squeezed. In the end it is a good thing and we will end with a more healthy market.

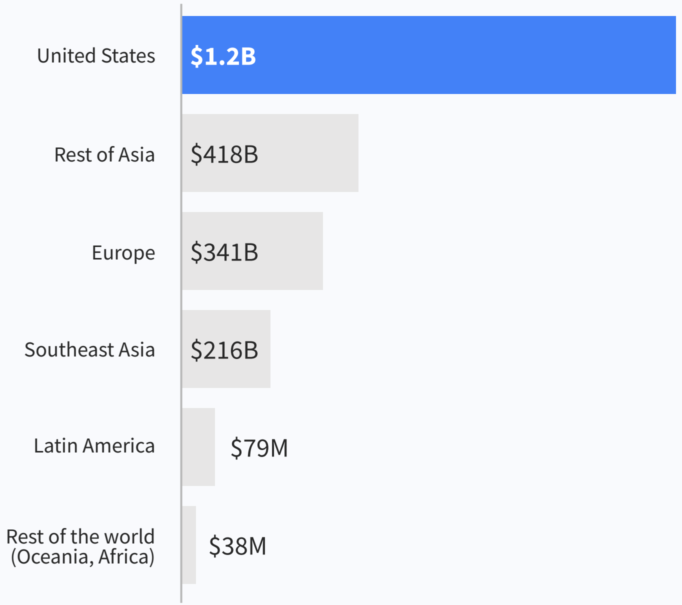
There is still a lot of unspent capital and we will see M&A kicking off, but not from all insurers. Some insurers will not acquire anymore, after having seen the failure to deliver on promises of some insurtech 1.0 players. Others will instead see this as an opportunity.

Jeroen Meijers
Head of NN Ventures
NN Group

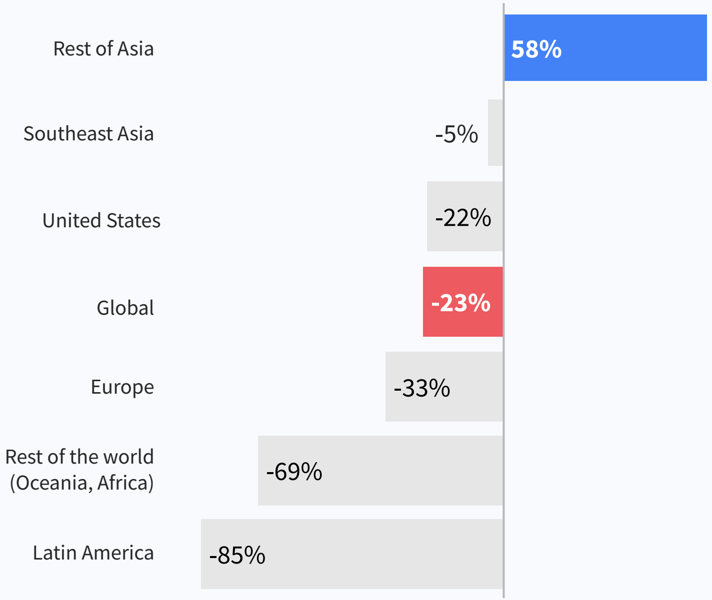
2. Geographical deep dives

US is still the leading geography for insurtech investments in 2023. However, Asia is the region growing the most.

VC investment in insurtech by region in 2023 YTD



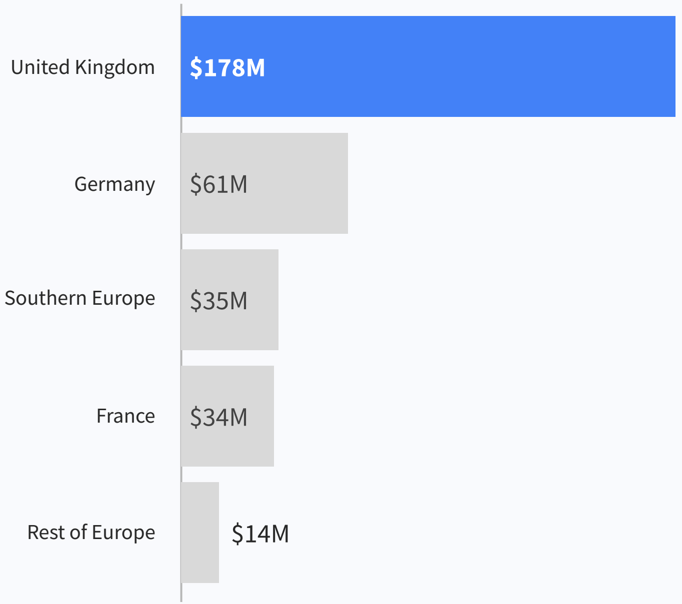
Growth in VC investment by region, H1 2023 vs H1 2022*



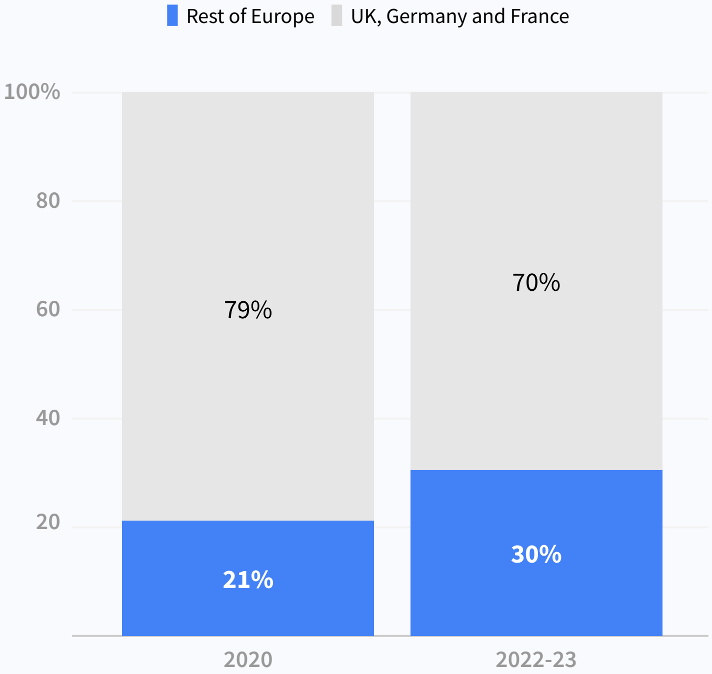
Source: Dealroom.co Data up to June 12th 2023.

UK, Germany and France are still attracting over 4/5 of the funding in Europe, but other markets are attracting an increasingly high share of early-stage funding.

VC investment in insurtech by region in 2023 YTD



Growth in VC investment by region, H1 2023 vs H1 2022*



Source: Dealroom.co Data up to June 12th 2023.

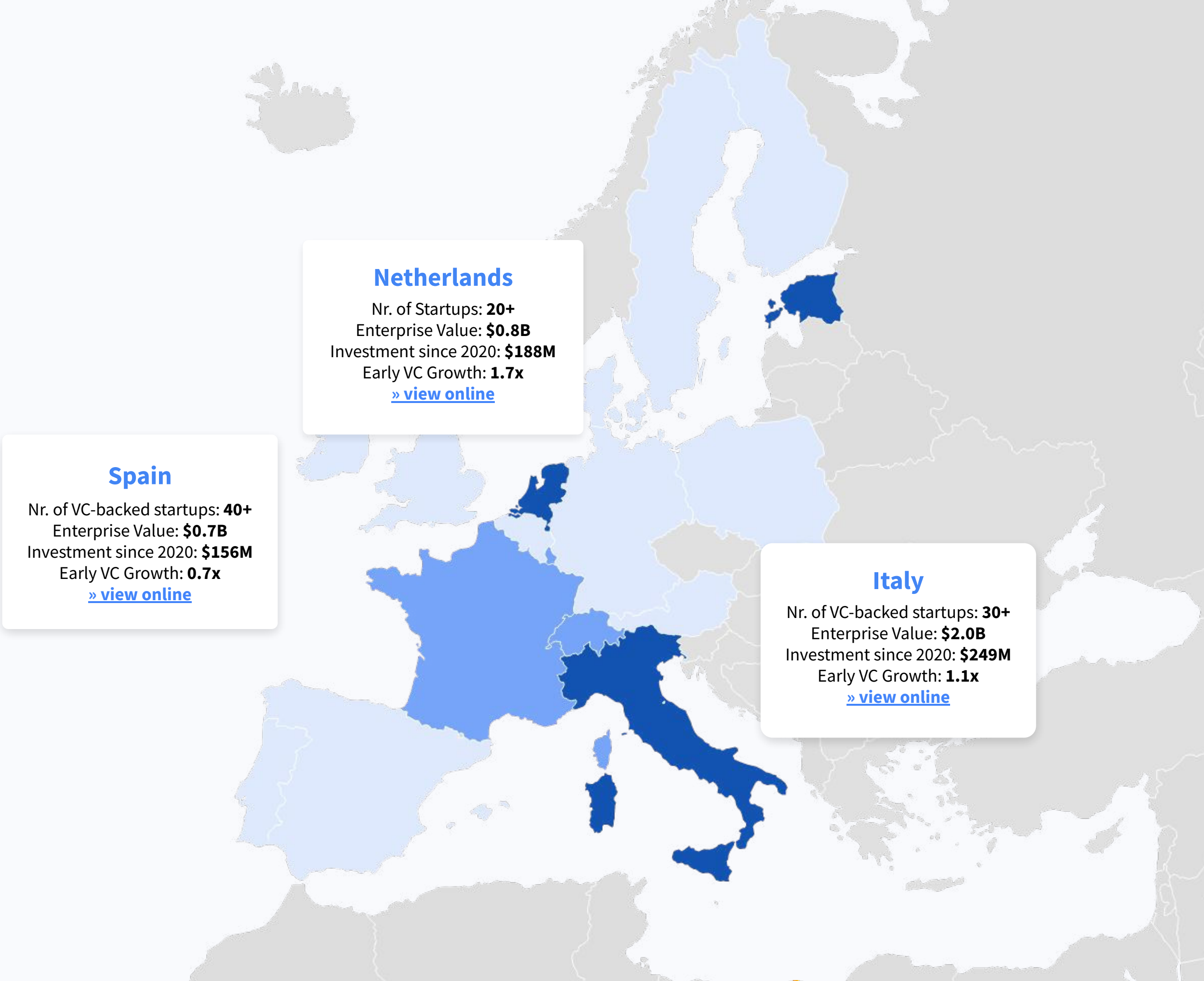
Italy, Netherlands and Estonia are showing the strongest early-stage growth.

France is the only major market which is showing early-stage growth.

After a slow 2022, Spain is showing strong activity this year.

Early-stage funding growth by country in Europe 2022-2023 vs 2020

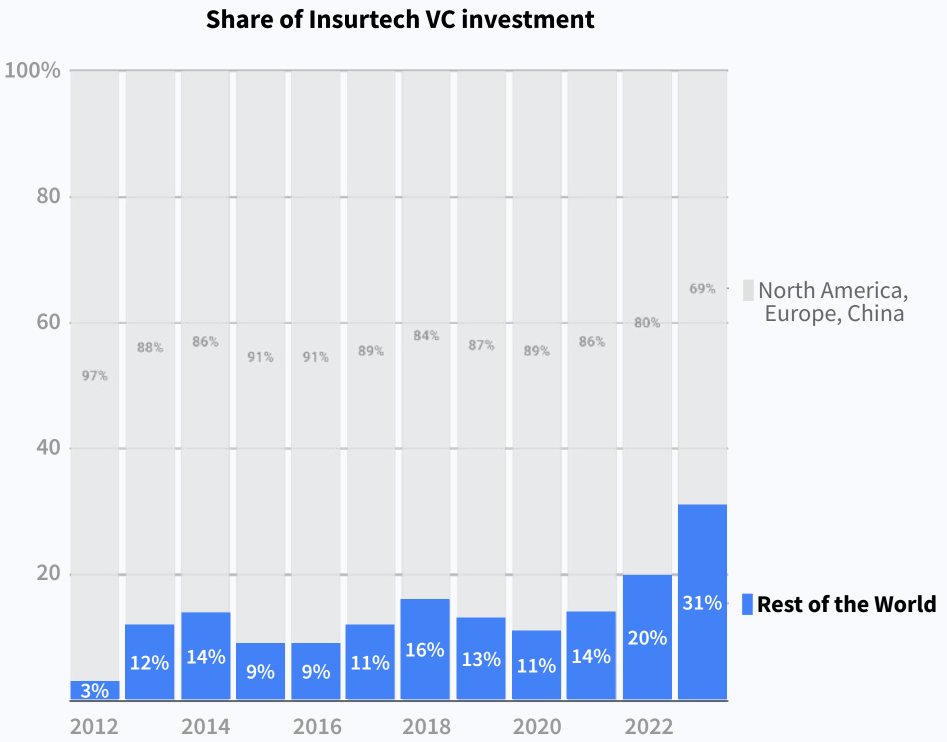
High Growth | Medium Growth
No Growth | Not Enough to compute

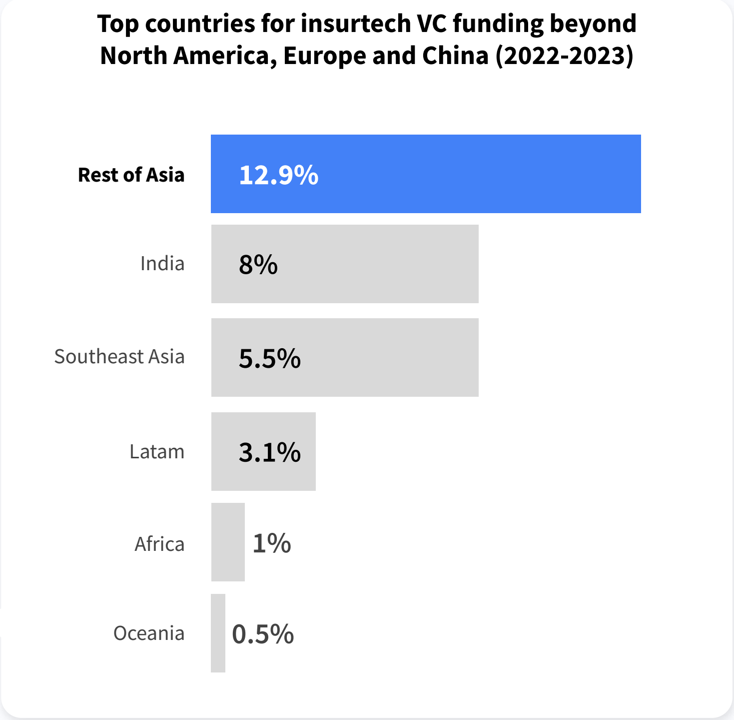


High growth: 2x+ funding amount, 1x+ round count;
Medium growth: 1x+ funding amount, 0.7x+ round count

Source: Dealroom.co | Created with Datawrapper
Data as of 12th June 2023.

Insurtech is now more global than ever. The share of funding flowing outside of North America, Europe and China has now reached 31% in 2023, mostly led by Asia.



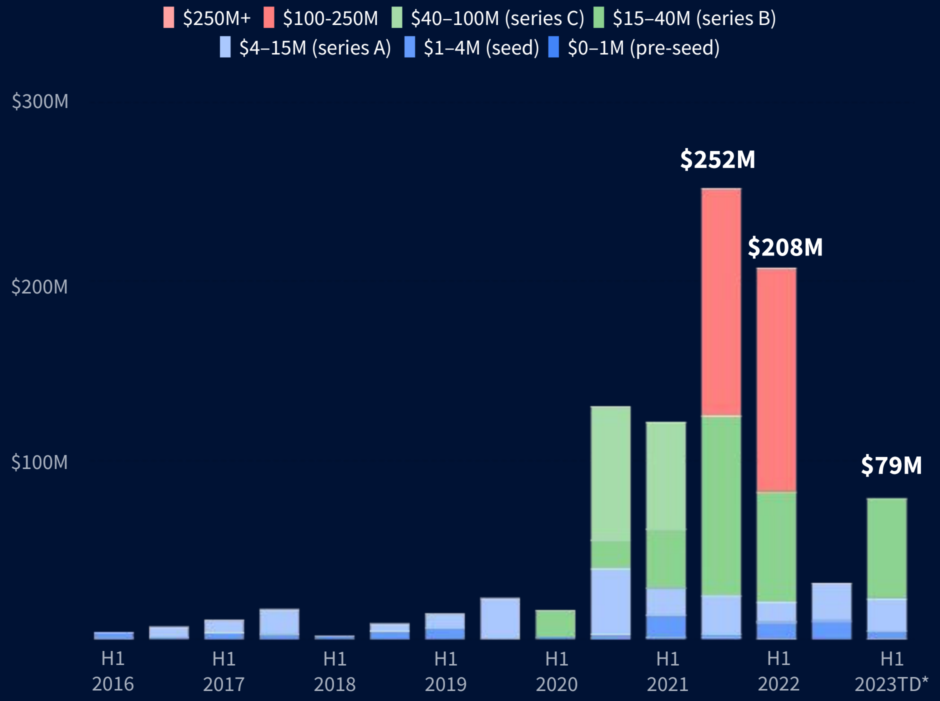


Source: Dealroom.co | Created with Datawrapper.de
Data as of 2nd June 2023.

FOCUS ON LATM

Latam insurtech ecosystem has started to emerge strongly in the latest years. H1 2023 is showing a partial rebound in funding, even if quite far from peak one year ago.

Insurtech VC funding in Latin America [» view online]



60+
Vc-backed startups

60+ [VC-backed startups] with a combined enterprise value of **$4.4B, up 5x since 2020**.

$239M
VC investment raised in 2022

Latam insurtech startups **$239M** in 2022, nearly 50% less than in 2021. 2023 is projected to fall shorter, but still rebound from the low in H2 2022.

Most funded Latam insurtech startups
by total of VC investment raised

Betterfly, alice, sami, 180°, justos, PIER.

» Explore all **Latam insurtech** startups

Explore list

Source: Dealroom.co *Data as 2nd June 2023

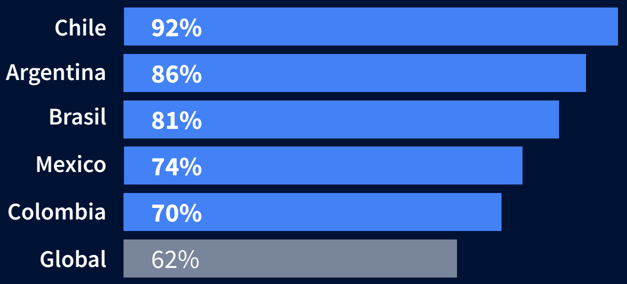
Customer in Latam expect an highly digital customer experience, but also attention to human touch.

Financial inclusion and sustainability as pillar of insurance developments.

Key Latam market characteristics:

- Highly digital users, reachable through alternative channels such as fintech and e-commerce platforms, as well as Facebook and WhatsApp.
- Distinct local cultures in each region and country, leading to resistance from traditional intermediaries. However, these intermediaries can add value by humanizing the digital journey.

Internet penetration rate (2021)*



"Latam is a primed geography for insurance innovation, thanks to a strongly underserved population and high digital adoption.

"The traditional financial sector has underserved Latam customers, with less than 50% having access to banking services. The most impactful inclusive solution that have emerged are neo-banks like Nubank, serving 75 million customers, and digital wallets like MercadoPago, which has 38 million users.
We think insurtech startups in Latam have the opportunity to replicate this to close the protection gap. Additionally, Latam Customer are very sensitive to sustainable aspect and we observe a move from the traditional model into the triple impact model, including not only profitability but social and ambiental impacts."

Hugues Bertin
Partner at HCS Capital and
CEO at Digital Insurance LatAm

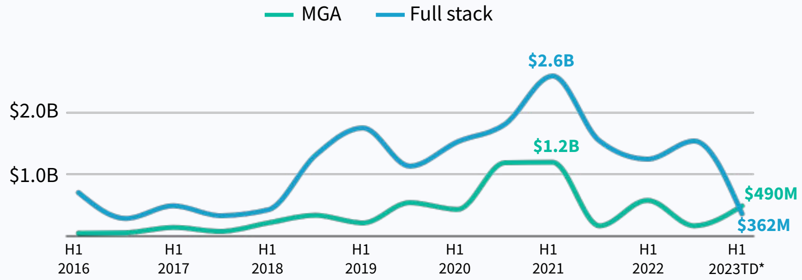
3. The shift to operational efficiency in insurance

While both full-stack and MGAs have both suffered a strong funding decrease, the MGA model is showing more resilience and attracted more funding so far this year.

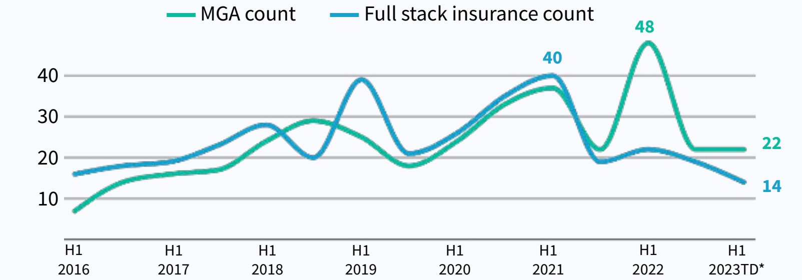
Comparison of full-stack and MGA models for insurtechs

	Full stack Insurtech	MGA
Funding to market	Upfront capital required to operate	Minimal capital required
Product & UW	Full control of the product	Discretion on product within criteria set by carrier
Unit economics	Retains the entire profit (and loss) pool	Profit-sharing with the (re)insurer
License	Fully licensed insurance company, regulated by supervisory authority	Partners with a third-party risk carrier who becomes the contractual counterpart
Capacity	More security and control of capacity but requires availability of regulatory capital	Capacity dependent on risk appetite of (re)insurer
Exit	Maximizing longer term exit value (IPO or insurer acquisition)	Strategic & financial acquirers

VC funding full stack vs MGA



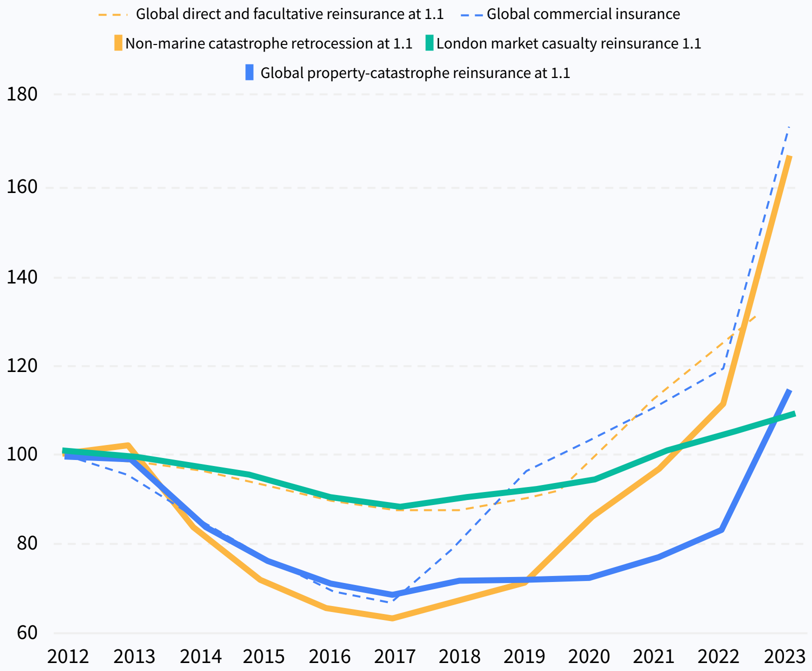
VC funding full stack vs MGA



Source: Mundi Ventures, Dealroom.co *2023 data up to 14th June 2023

Challengers and MGA - Availability of capacity is crucial for the success of an MGA.

Howden pricing index for primary, reinsurance and retrocession markets – 2012 to 2023 (Source: NOVA)



The reinsurance market is influenced by various factors, and the *Reinsurance Pricing Index* is a valuable tool for monitoring and understanding these dynamics.

When (re)insurers provide capacity to insurtech MGAs, their primary objective is to gain a comprehensive understanding of the offered product. As MGAs generate significant GWP, their production directly affects the insurer's P&L. Consequently, (re)insurers may review the provided capacity and assess product eligibility limits. Main problems that MGAs are facing:

1. The landscape of MGA insurtechs is rapidly evolving, and simply providing technology for product distribution is no longer sufficient for achieving success
2. Reinsurers will prioritize allocating their capacity to entities that can showcase a proven track record of profitability

“Reinsurance capacity is becoming more expensive, directly impacting insurtechs aiming to achieve rapid growth through new products.”

Javier Sánchez
Investment Associate at **Mundi Ventures**

 Source: Mundi Ventures

mundi ventures MAPFRE NN GENERALI dealroom.co

Insurtech startups are tackling operational efficiency through the whole value chain.

Distribution

Embedded insurance
COVER GENIUS
zopper
neat

Hybrid distribution / P2P distribution
Qoala
turtlemint
kinsu

Enabling agents
Agentero
ZELROS
AgentSync

Claims automation & fraud management

Claims management
360Globalnet
omni:us
sprout.ai

Virtual claims assessment
Tractable
SHIFT
MotionsCloud

Fraud management
FRISS
CODOXO
OSIGU

Product & underwriting

Underwriting
CyberCube
artificial.
archipelago

Pricing and modelling
AKUR8
Quantemplate
SLOPE

Payments

Payment processing
CONNEXPAY
DIESTA
ascend

Health payments
VIM
MSP RECOVERY
SIFT

Source: Dealroom.co. Logos are exemplificative and not exhaustive.
Visit https://insurtech.dealroom.co/intro-curated-content for more details.

Claims as center of customer interaction

Automation and human touch in claims management

Full-automation possible (Straight-Through-Processing)

Vehicle appraisal

Small house damages

Today is already possible to automate a vehicle appraisal with minor damage to over **98% accuracy**, meaning the customer can get a diagnosis and repair quote in **less than 3 minutes**.

For instance MAPFRE is already automating **thousands** of pre-inspections to determine a vehicle's condition, assess loss damage appraisals and process home insurance claims in **Spain, Brazil, and Colombia**.

Human touch is key, automation not in the picture

Injury

House loss

"Thanks to AI, today you can get a vehicle appraisal in less than 3 minutes.

We've envisioned AI-powered operating models that are 10x more efficient, leveraging what we call Straight-Through-Processing, which is the ability to execute tasks like end-to-end claim handling without human intervention.
But we don't intend to automate everything. Not just because insurance is a complex business with a million different situations, but also because in our business, the human touch and empathy are essential. Before implementing any solution, we sit down with customers and ask them what they think the process and each related interaction should look like."

José Antonio Arias
Group Chief Innovation Officer
at **MAPFRE**

Operational efficiency, payments

Payments optimization in insurance

Achieving true payment integration in insurance

Inefficient processing of payments incurs unnecessary expenses across the entire value chain. Key focal points include:

1. **Premium payment**: Emphasizing a seamless and effortless process that leverages the wealth of customer information available.

2. **Claims Handling:** Acknowledging the potential stress involved and highlighting the necessity of a smooth payments experience.

Having an integrated payment system will help insurers with lowering expenses and providing better data management.

Opportunity focus

Customer experience
Deliver an exceptional and seamless payment experience

Reporting & Reconciliation
Instantly reconcile accounts, detect discrepancies, and analyze payment activity.

Digital engagement
Proactively engage policyholders in payments experiences.

Security & Compliance
Simplify compliance and secure payments by removing sensitive data.

"The premium handling process in the insurance industry is hugely inefficient. $22B are wasted every year by the P&C insurance industry globally in this process.

"Insurance policies are sold through several intermediaries creating a complex placement route with high operational costs and funds being held up for months at every step.

Our vision is to reduce the time spent on payment processing in the insurance industry to zero. We are achieving this by building a connected payment ledger with actors across the whole insurance value chain linked to it."

Julian Schoemig
Co Founder & CEO
at **Diesta**

Operational efficiency, distribution

A digital future ready infrastructure is a key enablers for effective distribution.

Putting the foundation for success in distribution across all channels

Back-office industrialization

- Customer experience
- Merged data cloud
- Unified approach to managing APIs
- In-house payments

Unlocks value for every distribution channel.

Indirect (B2B2C)

- Agents
- Brokers
- Bancassurance
- Embedded Insurance

Direct (B2C/B2B)

> ***"Even if you use the latest GenAI chatbot to answer all sorts of customer questions, if things in the backend systems are not connected, that will just not work.***

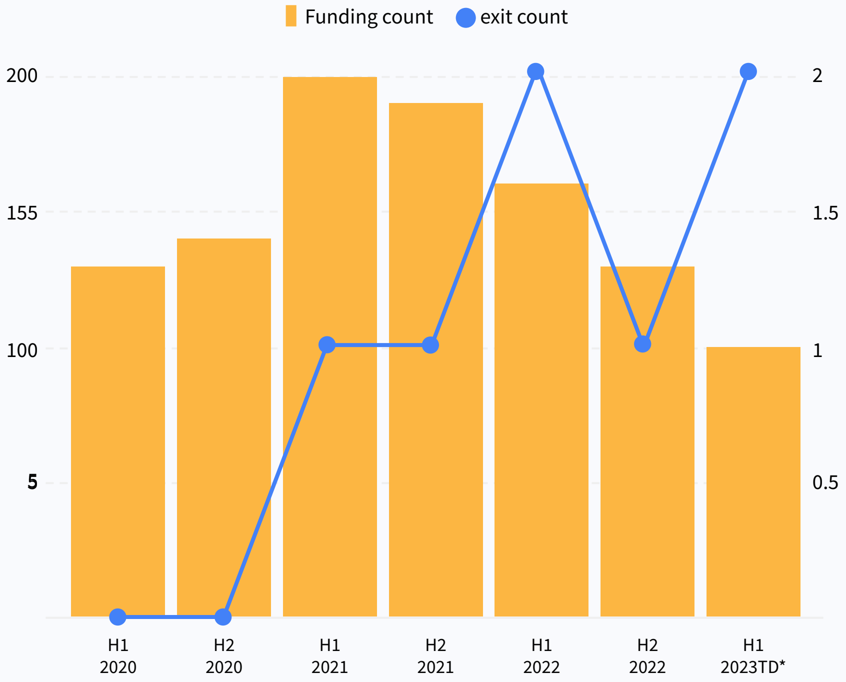
"At NN Group, we are very focused on the efficiency element. We have been working for many years to become ready for a digital future. But to achieve this we had to overcome the different silos in data and processes.
So, on the one hand, we focus first on improving customer experience in distribution (from AI in chatbot use, efficiency in call centres, but also efficiency in document management). On the other hand, we worked to make our processes more industrialized with a single data architecture, one data cloud and a unified approach to managing APIs.

Jeroen Meijers
Head of Strategic Transformation Office at **NN Group**

Source: NN Group

Embedded insurance is now entering in the consolidation phase.

Funding and M&A count for embedded insurance startups



VC funding peaked in 2021 both as funding amount, with nearly $900M, and round count.

Coupled with the large number of infrastructure providers, this open has opened a market consolidation with M&A on track for its most active year in 2023.

Most acquirers are either:

Other leading embedded insurtech

COVER GENIUS Clyde anorak CLARK

Other leading embedded insurtech

Allianz simplesurance TRAVELERS trōv

 Source: Dealroom.co *2023 data as 12th June

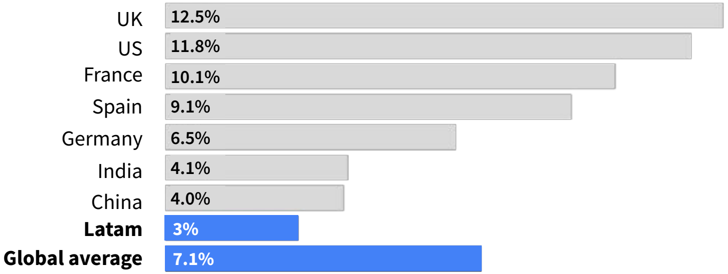
Distribution, hybrid distribution

Closing the protection gap requires a mix of digital technology and traditional distribution.

Lowering CAC but keeping the human touch.

Latin America is, on average, the less insured region among major markets.

Insurance penetration by region (2021)*



In recent years insurance penetration in Latam has increased from 2.5% to 3% on average. The remaining protection gap amounts to approximately $250B*. The expanding middle class drives insurance demand and represents a significant market at risk. Insurance plays a vital role in preventing individuals from falling into poverty due to adverse events, thereby supporting middle-class growth and sustainability.

We believe that despite the efforts, distribution is still holding back the proper growth of the industry.

"We are still not seeing significant changes in insurance penetration in our core market, Latam.
We found a space of opportunity between traditional distribution and insurtech challengers, developing a new distribution model focused on closing the protection gap, reducing acquisition costs, and providing financial inclusion.
We use local community members we call Kinsurers, to empower the reach of traditional distribution through digital quote-bind-issue technology.
This approach not only reduces the CAC, but has a higher possibility of changing consumption habits of insurance products in LATAM."

Agostina Luzzi
COO & Co-founder
at **Kinsu**

Source: Kinsu *MAPFRE Economics

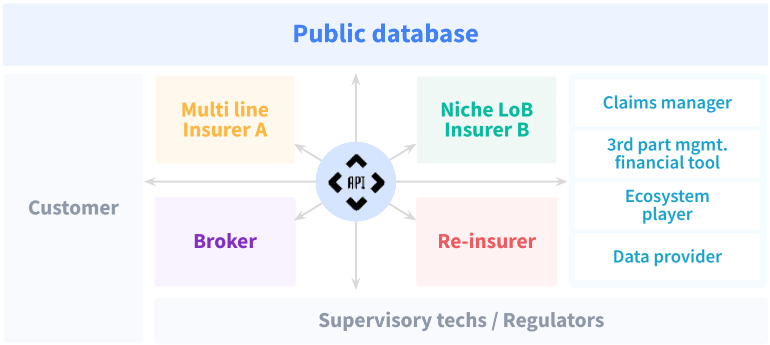
Open insurance can bring huge value to consumers and insurers, especially if standardization is achieved.

Creating standardized data flows for a more transparent insurance industry

Open insurance lacks the standardized data structures and semantics which spurred the development of open banking in the last decade. *There are still differences across countries, classes of insurance, and lines of business.*

Benefits for **consumers**: informed decisions; switching services; tailored products. Benefits for **insurance**: streamlined products and consumer offers; improved customer relationships; operational efficiency.

Open insurance ecosystem



> ***Overall, open insurance leads to more empowered and educated consumers, a level playing field, and a more transparent insurance industry.***

"Insurely's main focus is on improved data sharing between insurance companies and third parties to enable precise targeting, segmentation, and personalization based on consumers' current insurance holdings, needs, and expiration dates. Additionally, our products enable consumers to leverage their own data to benchmark themselves versus their peers, track price increases, and monitor expiration dates to create greater awareness about their insurance situation. This fosters consumer empowerment and leads to higher loyalty and better relationships with the insurance providers.

Lotta Rauséus
COO & Co-founder
at **Insurely**

Source: Insurely, Mundi Ventures, EIOPA

AI will not have the same impact across the insurance value chain. Narrow-AI is already widely used in insurance processes such as claims.

AI impact across insurance value chain

Low impact · Medium impact · Significant impact

Product management
- Product definition
- Product configuration
- Product Maintenance
- Product filing
- Product testing
- Product design
- Actuarial process
- Product pricing

Marketing
- Market development
- Product branding
- Channel support
- Market research & analysis
- Market promotion

Sales & Distribution
- Acquisition & sales mgmt.
- Sales tracking & monitoring
- Distribution Channel mgmt.
- Commission mgmt.
- Sales planning
- Direct sales
- Sales Execution
- Account & contract management

Underwriting & risk mgmt.
- Risk acceptance
- Policy validation
- Quotation val.
- Referrals and neg.
- Rating mgmt.
- Reinsurance facility
- Loss control
- Risk inspection
- Risk analysis
- Risk monitoring

Policy acquisition & Servicing
- In-force business admin.
- Rewrite, reissue, cancellation
- Policy Endt.
- Policy Reinst.
- Policy Renewal
- Issue Quote
- Issue Policy
- Quick Quote
- Contracts & Portfolio mgmt.

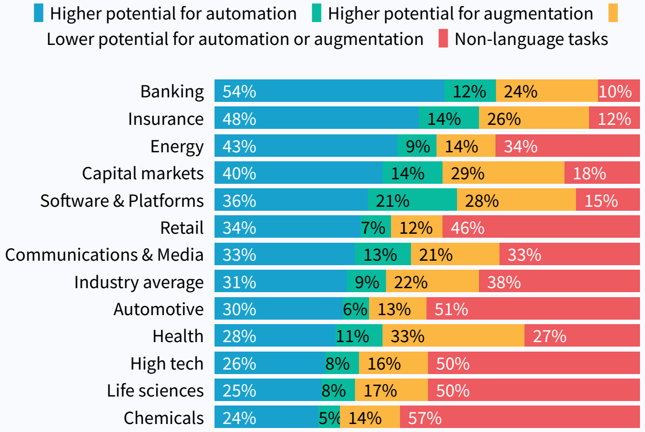
Claims Management
- Loss Reserve Creation
- Claims Litigation
- Claims Financials
- Claims Reg.
- Claims Validation
- Claims Assessment
- Claims Adjudication
- Fraud mgmt.
- Claims Subro.

Finance & Accounts
- A/C Receivable & Payable
- Collections Proc.
- Asset mgmt.
- Financial Acctg.
- Costing, Budg. & Taxation
- Payroll Acctg.
- Book Keeping
- Audit
- Commission processing
- Statement Preparation
- Remittance Processing

Now, insurance is the expected to be the 2nd most impacted industry by Generative AI.

Nearly 50% of insurance tasks are identified at high potential for automation and only 12% have no potential to see Generative AI applications.**

Generative AI impact on processes by industry**



Insurance has been identified as 2nd industry with the most exposure to LLMs by human labelers and 4th by GPT-4 assessment in a recent paper by OpenAI***

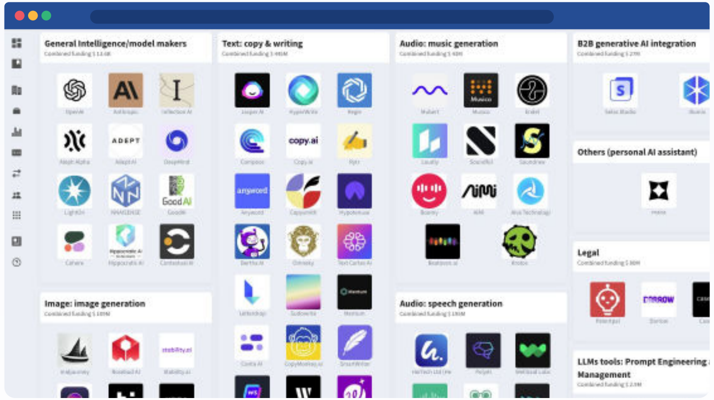
Source: *Swiss Re, Antonio Grasso
**Accenture research
***GPTs are GPTs: An Early Look at the Labor Market Impact Potential of Large Language Models (working paper)

GenAI exact impact on insurance is still to be fully understood, but expected to start from customer-facing processes.

The most immediate GenAI use cases are customer-facing processes such as lead generation opportunities, enhanced agents and customer portals.
Other applications can include claim automation and fraud detection.

So far, we have not seen been many insurtech-specific GenAI startups developing applications or foundational models. More activities is seen in the B2B language model training space.

Discover 600+ GenAI startups on Dealroom



“The real priority now in GenAI is to go beyond the hype and be able to understand what is really new, what is only incremental, and what instead could be already done with “old” AI models.

"Independently from the result of such analysis, industry decision makers will need to keep in mind that this is nowadays almost a mainstream tech, already, and it’s shaping customer expectations. I fear it will be a must to progressively -but quickly- align all our customer interactions to the CX allowed by GenAI tools, as this will become a must and old chatbots performances unacceptable.

Danilo Raponi
Group Head of Innovation
at **Generali**

Source: Generali, Dealroom.co
For more insights on Generative AI funding trends see dealroom.co/guides/generative-ai

4. Deep dives

Insurance plays a key role in both climate mitigation and adaptation, the most severe global risks.

Long term (10 years) most severe global risks*

Environmental | Societal | Economic | Technological | Geopolitical

1. **Climate mitigation failure** (Environmental)
2. **Climate adaptation failure** (Environmental)
3. **Natural disasters and extreme weather events** (Environmental)
4. **Biodiversity loss and ecosystem collapse** (Environmental)
5. Large-scale involuntary migration (Societal)
6. **Natural resources crises** (Environmental)
7. Erosion of social cohesion and societal polarization (Societal)
8. Widespread cybercrime and cyber insecurity (Technological)
9. Geoeconomic confrontation (Geopolitical)
10. **Large-scale environmental damage incidents** (Environmental)

Examples of insurtech x climate tech startups

Accelerating/protecting deployment of mitigation action

Carbon insurance

Kita, Oka, XILVA

Renewable energy insurance

kWh analytics, ENERGETIC INSURANCE

Protecting and adapting from the effects of climate change

Parametric insurance for weather/climate events

FLOODBASE, Mitiga, APOLLO, Raincoat, DESCARTES

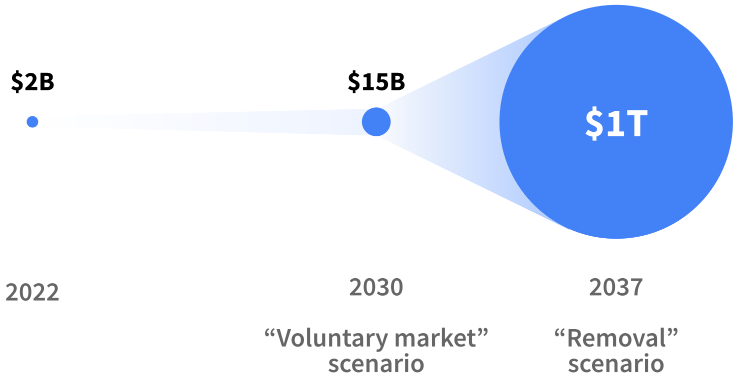
Explore the full list » Explore list

Source: Dealroom.co *The Global Risks Report - 2023 WEF

The carbon market is set to grow massively, heightening the need for high-quality projects.

Bringing trust to the carbon markets.

According to BNEF scenario modelling*, the voluntary carbon market could grow **7.5x** in the **most conservative scenario** and up to **70x** in the **most ambitious “carbon removal”** focused scenario.



“Scale will come from trust for the carbon removal market. Insurance can play a key role here acting as a stamp of confidence for buyers.

"There are multiple pain points in carbon removal transactions, both around core ‘carbon’ factors, such as methodologies, monitoring and reporting, and permanence, as well as more transaction specific risks around counterparties, countries, and financing mechanisms.
The key challenge that Kita chose to tackle for our flagship insurance product is delivery risk in forward purchasing carbon credits. Kita's mission is being a catalyst to scale financing into high quality carbon projects, at the speed needed to tackle the climate crisis

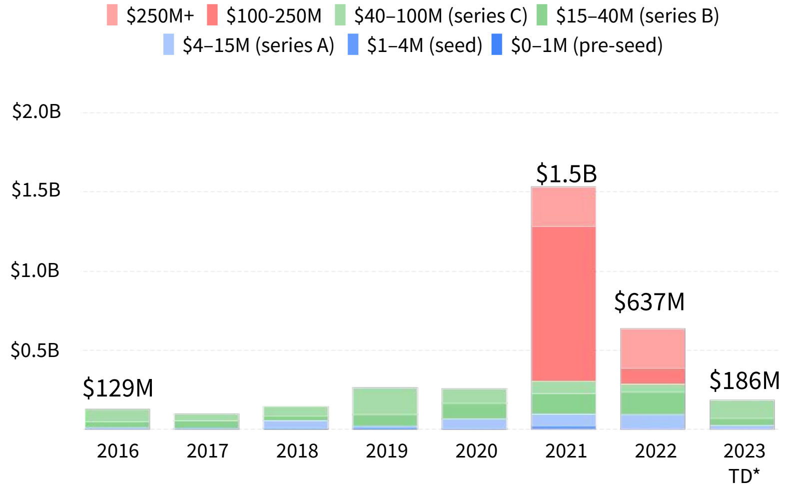
Natalia Dorfman
CEO & Co-Founder
at **Kita**

Source: Kita
*https://about.bnef.com/blog/carbon-offset-market-could-reach-1-trillion-with-right-rules/

Cyber insurance is just one piece in the much broader cyber security ecosystem

Cyber insurance has attracted just **4.5%** of the $72B in **cyber security investments since 2016.**
Cyber insurance funding grew over 10x from 2016 to its peak in 2021, reaching over $1.5B in VC funding. Funding has since then slow down, but 2023 is already higher than 2016-2018 with more than half-year still to go.

VC funding in cyber insurance startups » view online



More than 60% of European SMBs received an attempt of a cyber attack last year, whilst penetration of cyber insurance is still below 20% in the space.

"Although people tend to believe that cyber attacks only target large corporations, SMBs accounted for nearly half of the cyber breaches last year. Still, many owners and managers in the SMB space find it hard to understand cyber insurance and gauge the real risk they are facing, resulting in a penetration of cyber insurance across SMBs of 17%. On the other side, beyond the demand for coverage, the capacity providers face a real challenge to follow up with real-time and reliable cyber risk assessments thus finding it hard to keep with market needs and underwriting massive volumes. These challenges, among others, set the ground for a massive opportunity for insurtech companies targeting to positively transform the space, specially in improving underwriting or reaching and distributing cyber insurance for SMBs at scale.

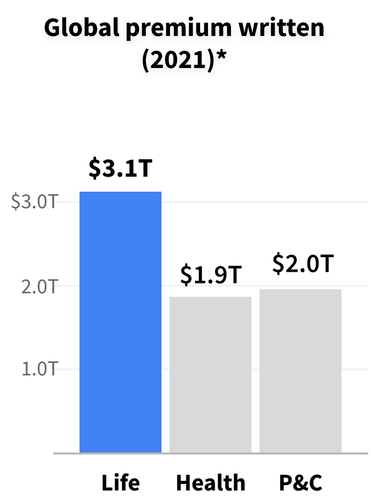
Lluis Viñas
Investment Director
at **Mundi Ventures**

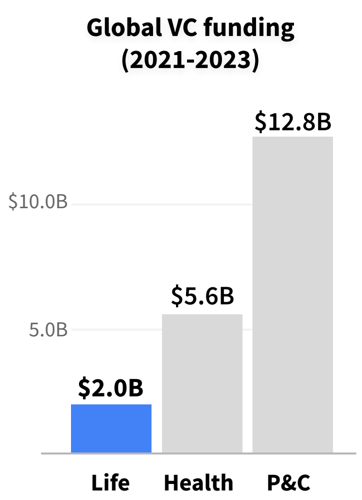
Source: Dealroom.co, Mundi Ventures

Life insurance is still mostly an untapped market for insurtech.

Making life insurance easy to buy and closing the protection gap.

Despite being the largest insurance market, life insurance startups have been widely underinvested compared to health and P&C peers.





“Life insurance hasn't changed in the past 50-60 years. In Latam, the turnaround time is still 4-6 weeks and requires paper documents and lab exams.

"This is also in stark contrast with health insurance, where in Latam you can do everything online in few minutes, and get up to $5M coverage. But a 24-25 yrs old can’t get life insurance of $300k without lab exams, creating a huge market gap.This broken customer experience is prime for disruption, thanks to Latam high digital mobile usage and its “emerging” middle class. That said Latam is a melting pot of cultures where insurance offerings must be localized to the single market.”

Michael Carricarte
Co-founder & CEO
at **Olé Insurance Group**

Source: Olé insurance
*SwissRe (swiss-re-institute-sigma-4-2022.pdf)

A few words on our methodology.

What is a startup?
Companies designed to grow fast. Generally, such companies are VC-investable businesses. Sometimes they can become very big (e.g. $1B+ valuation). When startups are successful, they develop into scaleups (>50 people), grownups (>500 people) and result in big companies. Only companies founded since 1990 are included in this report.

What is a startup?

What is a Unicorn?
Unicorns are (former) startups that reached $1B valuation or exit at one point in time.

What is a Unicorn?

Insurtech definition
Insurtech is the intersection between insurance and technology. Insurance as an industry touches many other sectors, e.g. mobility and real estate (car and home insurance), health (health insurance).
This does not mean that every startup into telemedicine that works with an insurance company or a generic enterprise software solution also used by insurers is considered insurtech. Insurtech need to have a predominant part of their business strictly related to insurance, also just offering insurance as part of a marketplace with many other offerings does not make them insurtechs.

Geographic methodology
Startups are assigned to the location of their current HQ. In case a startup moves its HQ location the change is applied in Dealroom, while the first HQ is regarded as founding location. The location of most of the employees or the founder nationality are not taken into account.

Underlying data
Dealroom's proprietary database and software aggregate data from multiple sources: harvesting public information, user-submitted data verified by Dealroom, data engineering. Data is verified and curated with an extensive manual process.
The data on which this report builds is available via app.dealroom.co. For more info please visit dealroom.co or contact support@dealroom.co.

Venture capital definition
Investment are referred to by their round labels such as Seed, Series A, B, C, … late stage, and growth equity.
VC investments excludes debt or other non-equity funding, lending capital, grants and ICOs.

Buyouts, M&A, secondary rounds, and IPOs are treated as exits: excluded from funding data, but included in exit data.

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