Oxbow Partners

NAVIGATING THE DIGITAL DECADE: 25 EMERGING TECHNOLOGY-LED BUSINESSES WELL PLACED TO HELP INSURERS SUCCEED

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Curated Search allows executives and investors to find technology solutions perfectly suited to their needs. To find out more, please visit www.oxbowpartners.com/magellan or contact magellan@oxbowpartners.com

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Impartiality and objectivity

Impartial and objective analysis is central to the Oxbow Partners InsurTech Impact 25.

All Members of the Impact 25 were selected on their own merits. No Member has paid a fee or offered any other financial incentive, directly or indirectly, to be included. The criteria and methodology that we used to choose Members is described later in the report.

Welcome

We are happy to present the fourth Oxbow Partners InsurTech Impact 25.

Since 2015 – the year we mark as the start of this incarnation of InsurTech – there has been a proliferation of insurance technology startups and broad experimentation by insurers. The market is now maturing, and we are calling the end of the beginning. Winning themes are emerging and corporates are able to be more strategic in their investment choices.

In last year's InsurTech Impact 25 we predicted that the 2020s would be the "digital decade". We speculated that the winners in 2030 would be "those companies who were able to build digital propositions that attracted the millions of millennials who became first-time insurance buyers in the 2020s, who innovated their use of data and applications, and who built the scalable infrastructure that enabled the next wave of consolidation."

One could be forgiven for thinking that the digital decade is off to a flying start. Covid has transformed companies into virtual enterprises overnight, invisible digital webs connecting people through technology.

But whilst 2020 undoubtedly represents a great leap forward, our view (explained in Section 1) is that it was an exceptional year where the relative risk of not changing and the risk of moving fast and making some mistakes reversed temporarily. Furthermore, we argue that change has been focused on the current business model but has not challenged it. Read-across from 2020 to the industry's ability to adapt and thrive in the "digital decade" is, in our view, limited.

Innovation in the industry continues at pace. The 'big 4' reinsurers' 2020 investor days showcased their innovation activities. Insurers continue to push digitisation and innovation and are working closely with InsurTechs. Several Impact 25 companies are emerging as 'reference providers' in their category. Willis Towers Watson's data shows that investment in InsurTech hit an all-time high of US$7.1bn in 2020.[1] And, of course, several InsurTechs have completed IPOs, demonstrating an appetite from public markets.

But change in insurance is slow. Even Lemonade – the posterchild InsurTech – had only US$213m of in-force premiums at the end of 2020 despite having raised US$480m of investment. And this is exactly what should worry shareholders and management teams with a 5+ year horizon: change will creep up on the industry.

President Eisenhower noted that "urgent [issues] are not important, and important [ones] are never urgent." As the Covid crisis passes into history, the imperative for change might become weaker, but preparing for the future of insurance has never been more important.

We have once again spent the best part of six months analysing the InsurTech landscape to identify 25 technology-led businesses that we believe are well placed to have an impact on the industry and help insurers succeed. We hope that you find the report valuable.

Christopher Sandilands
Partner

Greg Brown
Partner

[1] https://www.willistowerswatson.com/en-GB/Insights/2021/01/quarterly-insurtech-briefing-q4-2020

Our 2021 Advisory Board

This year's report has benefited from the support and insight of our Advisory Board. These industry leaders have helped us with both the selection of Members and analysis of 2021 themes. We are grateful to them for giving their time generously.

Mark Allan
Commercial Director, Bupa UK Insurance

Paolo Cuomo
Director of Operations, Brit Insurance

Stefaan de Kezel
Director of Innovation and Business Development, Ageas Group

Anna Maria D'Hulster
Non-Executive Director, UNIQA, CNA Europe & Hardy, and Athora Holdings Ltd.

Gary Duggan
Senior Advisor, Oxbow Partners. Former CEO of Saga

Kamran Hossain
Director, Equity Research, Insurance, RBC Capital Markets

Matt Jones
Managing Director, Anthemis

Debbie O'Hare
Managing Director, Hannover Re UK Life Branch and L&H Digital Business Accelerator

Andy Rear
Former CEO, Munich Re Digital Partners

Additional thanks
Oxbow Partners would like to thank the InsurTechs who applied for inclusion in the Impact 25, successfully or not, for their considerable efforts providing information about their businesses.

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2020: An exceptional year for digital acceleration

2020 was the year of many things, including the cliché. One that turned out not too far from the truth was "five years of digitisation in five weeks". Executives swapped the board room for Zoom - catapulting a previously obscure company from a steady $200m of quarterly revenue in Q4 2019 to nearly $700m in Q2 2020. Restaurants swapped tables for delivery services and retailers had to move to digital platforms.

Data in the UK shows that ecommerce jumped 11 percentage points in 2020 to 32% of overall retail sales, having grown 12ppts in the previous 10 years. Similar spikes were visible in France and Germany.

Insurance innovation has continued to gather pace. Swiss Re's B2B2C platform, iptiQ, broadened its strategy to offer both capacity and investment to InsurTechs and led Getsafe's + Series B round in Germany[2]. Munich Re in the meantime moved its Digital Partners busines into Swiss Re's backyard by taking on the John Lewis partnership with a promise to "re-imagine" the home insurance proposition for the UK department store.[3] Allianz launched its new Open Banking proposition called Heymoney in Germany and Zurich poached a Ping An executive to lead its technology and digital initiatives.

Willis Towers Watson found that InsurTech investment hit record highs in 2020, reaching US$7.1bn raised in 377 deals.[4] Lemonade led a wave of listings with Root, Metromile and Oscar following and several more slated for 2021 demonstrating investor appetite for "disruptive" insurance propositions.

So was Covid the spark that catalysed the re-invention of insurance? We believe not, for two reasons.

First, 2020 experienced an exceptional risk profile, where the risk of not changing exceeded the risk of moving fast and making some mistakes. Management teams had to race to implement new ways of working and technologies just so that they could continue to meet their regulatory obligations and customer promises. These risks have now reverted to their long-term norm and the pace and urgency of transformation has followed

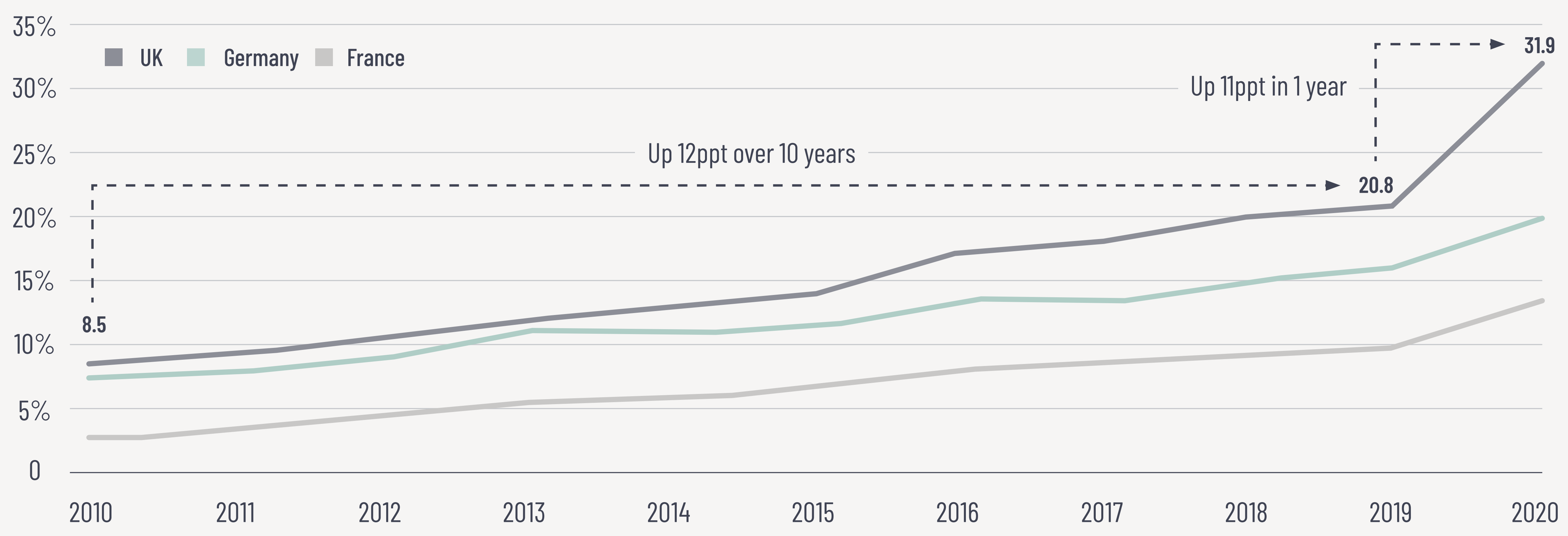
Second, we question to what extent real change has occurred in 2020. Steve Hearn, CEO of broker Corant

Data in the UK suggests that ecommerce jumped 11 percentage points in FY 2020 to 32% of overall retail sales, having grown 12ppts in the previous 10 years

[2] https://www.reinsurancene.ws/swiss-res-iptiq-leads-investment-round-for-insurtech-getsafe/
[3] https://www.insurancebusinessmag.com/uk/news/home-property/john-lewis-creates-home-insurance-partnership-236504.aspx
[4] https://www.willistowerswatson.com/en-GB/Insights/2021/01/quarterly-insurtech-briefing-q4-2020

Fig. 01

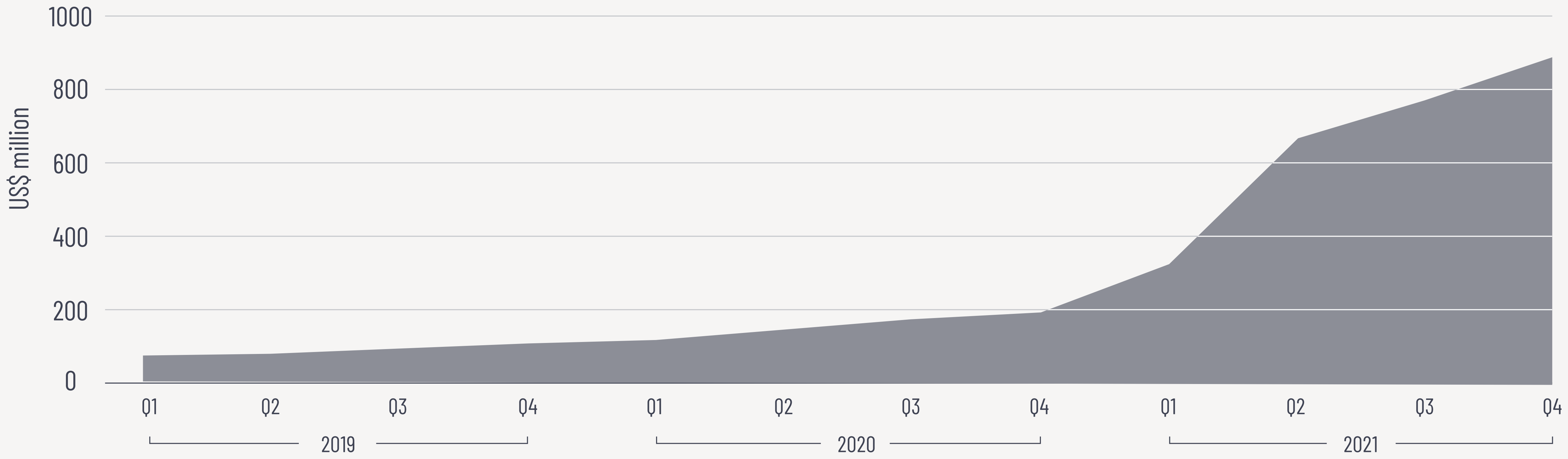
Ecommerce sales as % of total retail sales



Sources: *For UK - Office for National Statistics: http://bit.ly/3s4fdSv; For France 2014-2020 - Statista: http://bit.ly/2OCDYH7; For Germany 2014-2020 - Statista: http://bit.ly/38RuFK; For France and Germany, 2010-2014: Marketplace Pulse: http://bit.ly/3ls0dLC*

Fig. 02

Zoom quarterly sales revenue



Sources: *https://www.macrotrends.net/stocks/charts/SHOP/shopify/revenue*

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"It's amazing how much money has gone into preventing serious injury on car crashes compared to preventing fires and leaks in the home."

Global, maybe put it best recently when he said that the insurance industry has so far "digitised its existing business model", but not challenged it. [5]

He was speaking more broadly than Covid but the point was certainly true for 2020. Back in March, digitisation was often as simple as COOs racing out to local shops to buy as many laptops for their staff as possible. CIOs implemented software to facilitate remote working. Operating models and processes were updated and polices rethought.

But the business model did not change. In the UK, product sourcing has remained largely unaffected as price comparison websites already accounted for around 60% of home new business and 80% of motor. Most brokers operate remotely from their clients meaning that nobody noticed that they were now speaking to someone at home rather than in an office. In Europe, where agents continue to dominate, the change is likely to be more significant based on our interviews with management teams. An executive in Germany told us it was too early for data to tell a true and rounded story, but that it seemed clear that companies would need to accelerate their digital distribution initiatives. In Austria, a digital broker reported that their "ambitious targets" were all achieved in 2020.

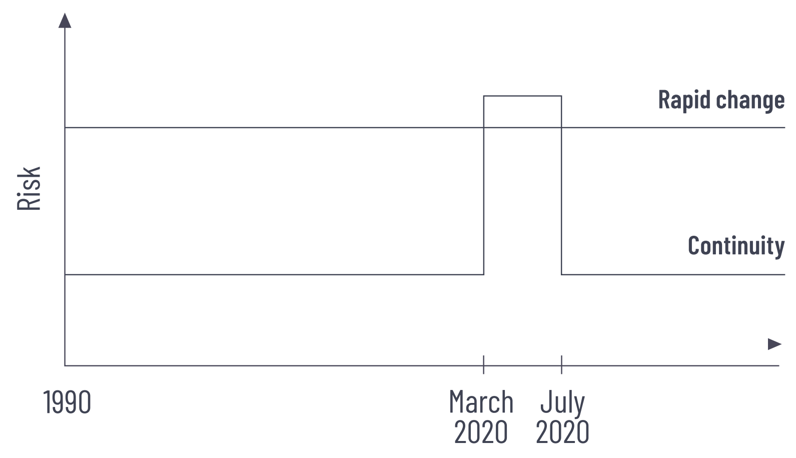
The same observations can be made about products. An innovation optimist might say that it is too early for Covid-driven product trends to have played out, but it is certainly true that little has changed for the customer. Propositions like usage-based motor and smart home for the work-from-home era, remain niche.

As Gary Duggan, Senior Advisor at Oxbow Partners, noted: "it's amazing how much money has gone into preventing serious injury on car crashes compared to preventing fires and leaks in the home."

So what does this mean for the industry?
But whilst 2020 undoubtedly represents a great leap forward, our view is that it was an exceptional year. Read-across from 2020 to the industry's ability to adapt and thrive in the "digital decade" is, in our view, limited.

Indeed, as the Covid crisis passes into history, the imperative for change might become weaker for corporates. After all, if the pandemic has proven one thing it is the insurance industry's resilience to

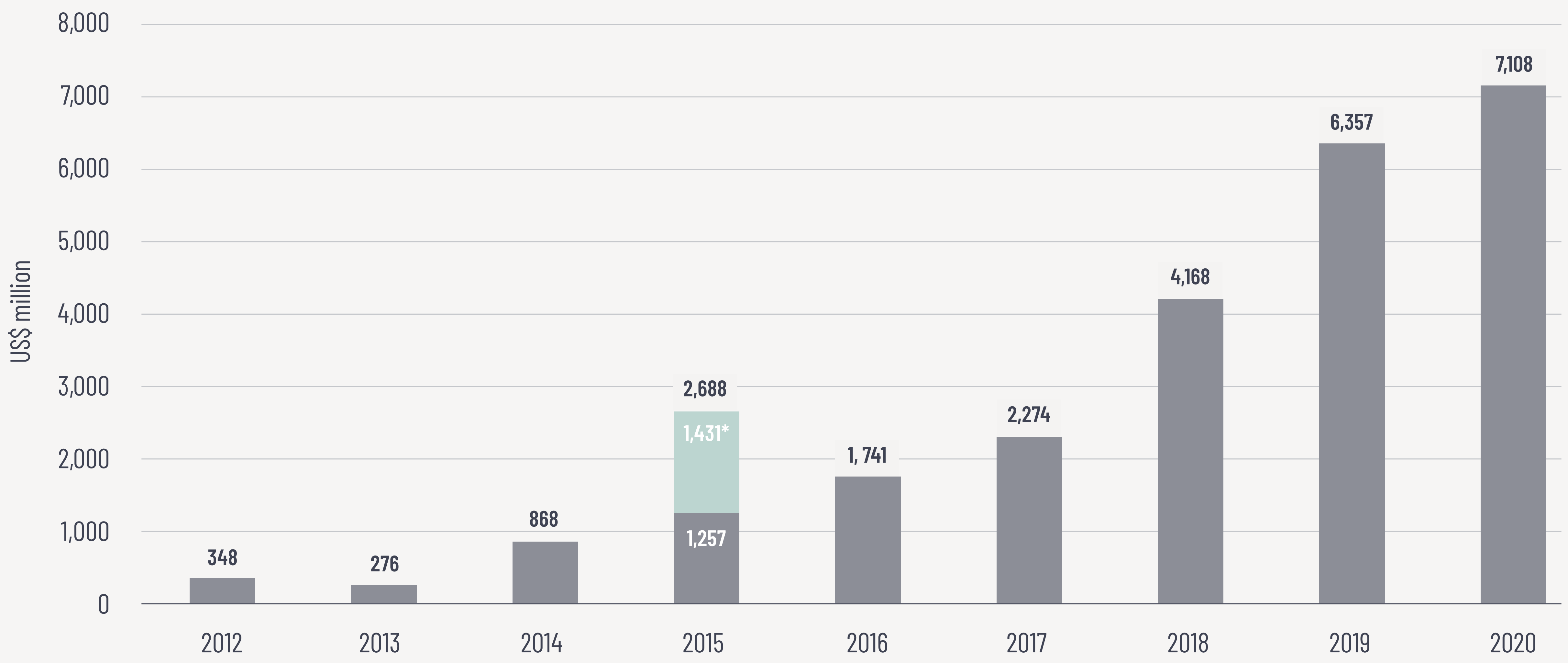
Fig. 03 Relative risk of continuity vs. rapid change for insurers



[5] https://thevoiceofinsurance.podbean.com/e/ep-68-steve-hearn-ceo-corant-global-one-broker-many-brands/

Fig. 04

InsurTech funding data



**2015 is distorted by Zhong An and Zenefits rounds ($931m and $500m respectively, light green portion)*
***Sources:** Time series of insurtech funding from Willis Towers Watson and Oxbow Partners analysis.*

Lemonade: Challenging the business model

Whilst there is a lot of hype around Lemonade's strategy and proposition, it is their global operating model that, in our opinion, should be watched most closely (a theme we discussed in our 2019 Impact 25 report and on our blog).

The current industry consensus is that markets are sufficiently diverse that they merit functions like distribution, product and compliance being replicated in each country. But Lemonade is challenging this consensus: the proof point will be if it manages to scale into core products (e.g. home, motor) in multiple countries without building large operations in each of them. In that case it is likely to have huge cost ratio advantage over traditional global carriers.

Arguably reinsurers agree given the strategies of their 'direct' businesses like Munich Re's Digital Partners and Swiss Re's iptiQ.

Executives should challenge themselves about what their global target operating model looks like. Are end-to-end operations in each country really needed? Is a single technology core feasible and efficient? Should the global target cost ratio be a fraction of what it is today? The clock could be ticking on the traditional business model.

extreme pressures: one would have preferred to be the CEO of an insurer than of a retailer in 2020.

This would be extremely dangerous. Change is slow in the insurance industry. Even Lemonade – the posterchild InsurTech – had only US$213m of in-force premiums at the end of 2020 despite having raised US$480m of investment in four rounds from December 2015 to April 2019.

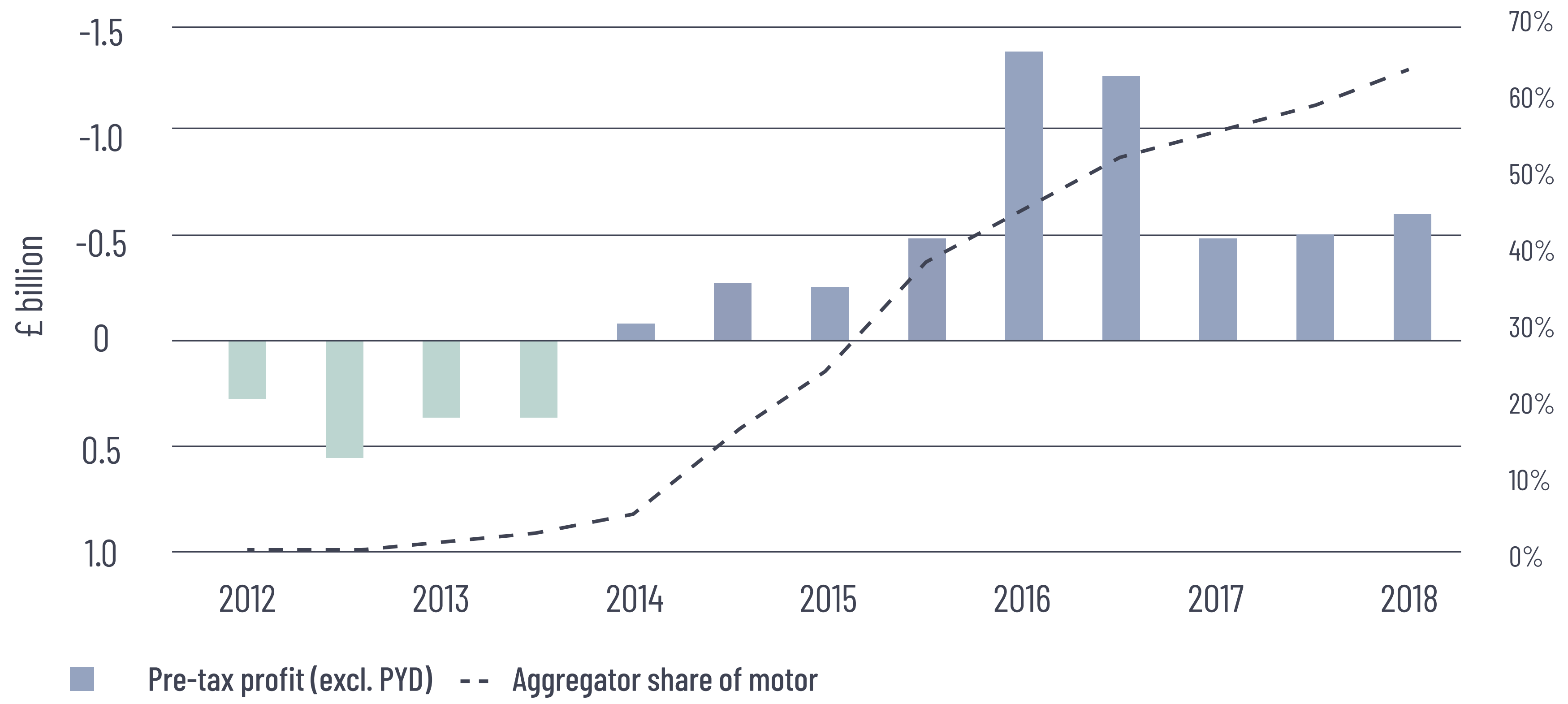
But the forces for change are strong. Covid has undoubtedly created some vectors which innovative players – old and new – will exploit. For example, in the UK we see Vitality's entry into the motor market as a landmark move given the South African insurer's track record of product innovation and partnership at scale (see box). Continental Europe might soon start to feel the impact of Lemonade's next-generation business model (see box).

In other words, we predict slow but sustained change, and this is something that should worry shareholders and management teams. The arrival of price comparison websites in the UK motor market shows why.

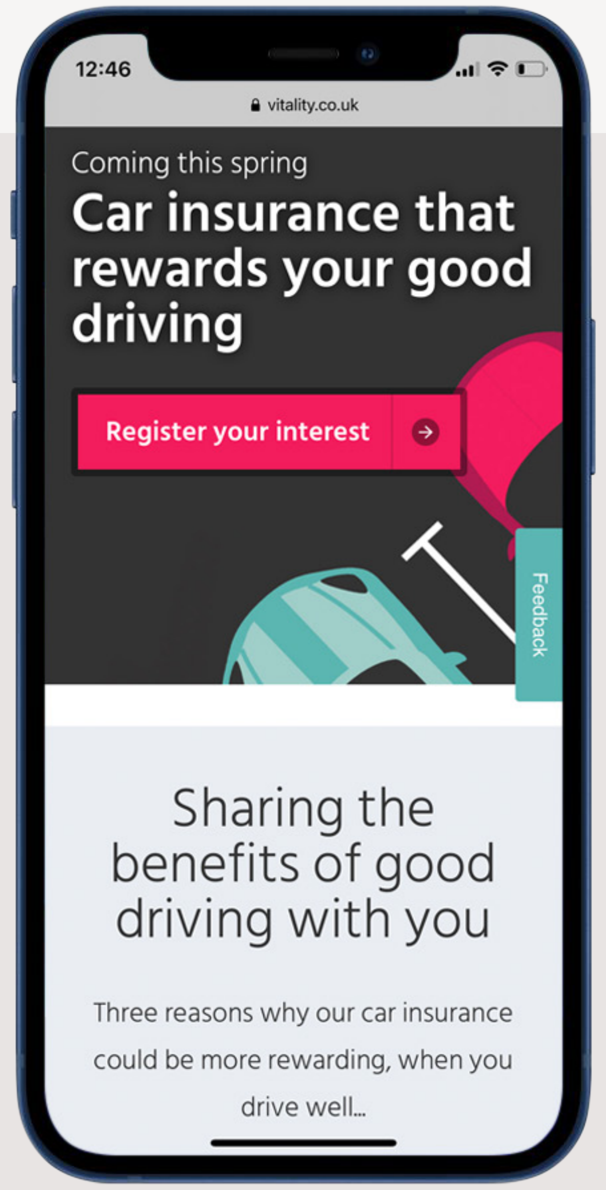
In 2001, a website called Confused.com was launched by Admiral, then a challenger motor insurer. In the mid-2000s the comparison proposition captured the public's imagination and the model grew rapidly. It took several years before insurers realised what was happening: they were winning business only where they were cheapest but lacked the data or capabilities to control where they wanted to be cheapest. It took them years to get on top of the situation. Industry losses during this period accounted to many billions.

In the next chapter we outline three trends that are shaping in the industry. In Chapter 3 we outline three actions that executives should take to prevent the same predicament as UK motor insurers.

Fig. 05 Impact of price comparison website growth on UK motor market profitability



Sources: *Milliman, Driving For Profit 2016; RBC Capital Markets, UK price comparison websites Feb 2018, Oxbow Partners analysis*



Injecting some Vitality into motor insurance

Vitality has partnered with Covéa to launch a new motor insurance product in the UK. We believe that this is a proposition that the industry should be watching closely.

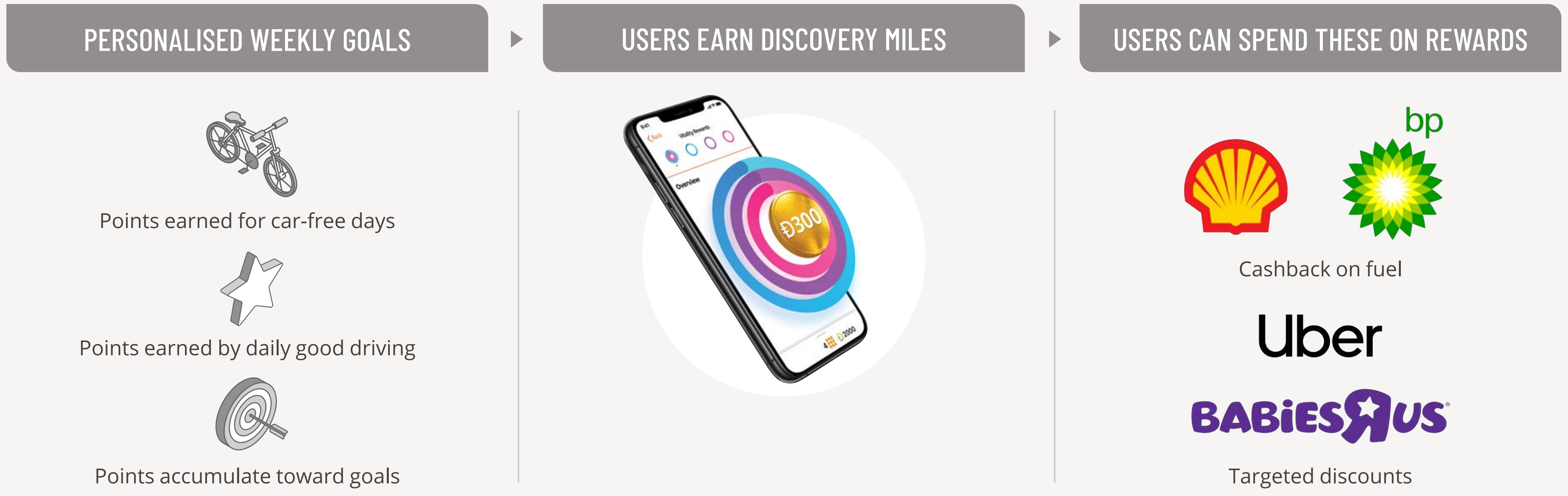
What is the proposition?
The company has not yet revealed the details of its proposition other than that it will be telematics-based and will provide rewards for things like "car free days".

However, Vitality's parent, Discovery, already has a motor proposition in South Africa and this likely provides more clues. Customers can collect "Miles" which can be spent on things like 50% cash back on fuel, 25% off Uber trips and 20% off car servicing. This scheme acts as a useful hook for attracting new business and getting customers actively engaged with their insurance product. The added benefit for the insurer is customer self-selection, as only those who think they are good drivers are likely to apply.

Should incumbents be worried?
It is easy to find reasons to dismiss the potential impact of Vitality entering the UK motor market. However, we believe that this would be short-sighted. Vitality has a proven track record of proposition innovation, and of partnering at scale (several of its international health businesses are franchises with local incumbents, like the UK motor proposition).

If the UK proposition takes off, Vitality could soon challenge the status quo in other international motor markets. Incumbents will then need to decide whether to partner or go head-to-head with this increasingly meaningful brand..

Fig. 06
Vitality Drive rewards proposition



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Three themes to watch

1. Distribution and product: From affinity to embedded insurance and ecosystems

Embedded insurance was one of the first themes to emerge in InsurTech. In 2018 we covered Qover, which now covers nearly one million people through partnerships with companies like Deliveroo and Revolut, and Zego, which recently became the first UK InsurTech "unicorn" when it raised its Series C round.

We are bullish on this model for three main reasons.

First, societal trends such as the gig and sharing economies and ecommerce are creating huge demand for embedded products at scale. Sometimes these products are microscopically small, for example the product return insurance sold by Chinese insurer Zhong An which has an average premium of $0.28. But even higher premium products such as the insurance-backed B2B 'buy now pay later' product sold by Hokodo is only viable when embedded, as distribution costs are otherwise too high.

Second, embedded insurance is critical to accessing new customer pools. We introduced last year the concept of 'super gatekeepers' – a new generation of companies like Samsung, cloud accounting platform Intuit Quickbooks, and Apple that control access to literally millions (if not billions) of customers. These companies are always considering how to further monetise their customer base or enhance their proposition. For example, Samsung has developed a health management proposition with Hannover Re to enable users to benefit from the data being generated by Samsung wearables, and Intuit has recently embedded an earthquake insurance product delivered by CoverGenius, underwritten by Swiss Re.

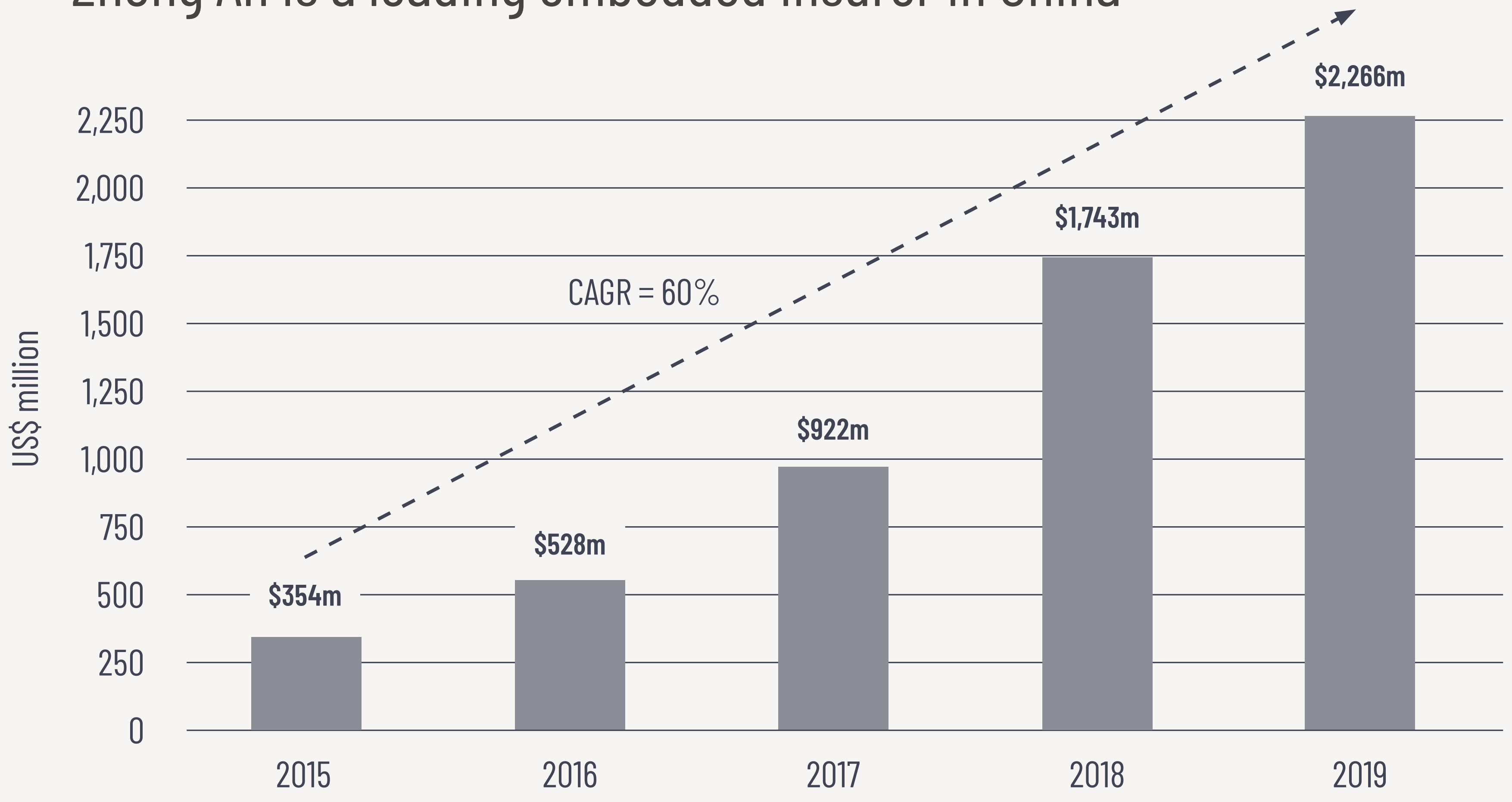
Third, embedded insurance is often required to enable innovation in other areas. This is the case in most mobility propositions: Drover ("flexible car subscriptions"), Outdoorsy (a "trusted motorhome rental marketplace") and Car & Away ("AirBnB for your car") only work because insurance providers take the liabilities – in these cases Munich Re, Aviva, and QBE. Sometimes the insurance is offered as an ancillary sale on the platform (B2B2C) and sometimes it is embedded into the proposition (B2B). Embedded insurance could be the future of motor insurance.

So when will ecosystems become a reality for insurers?

In our opinion, they already have. We define ecosystems as a "network of digitally interconnected entities which, through one or two way data sharing, conveniently provides a range of products and services to customers, allowing each ecosystem participant to generate value they would not

Fig. 07

Zhong An is a leading embedded insurer in China



Sources: Zhong An Interim Report 2020: https://bit.ly/3qX4E2d

Over 300 partners with 5 distribution ecosystems, e.g. PING AN, Tencent 腾讯, Alibaba

Low premium, high-volume business

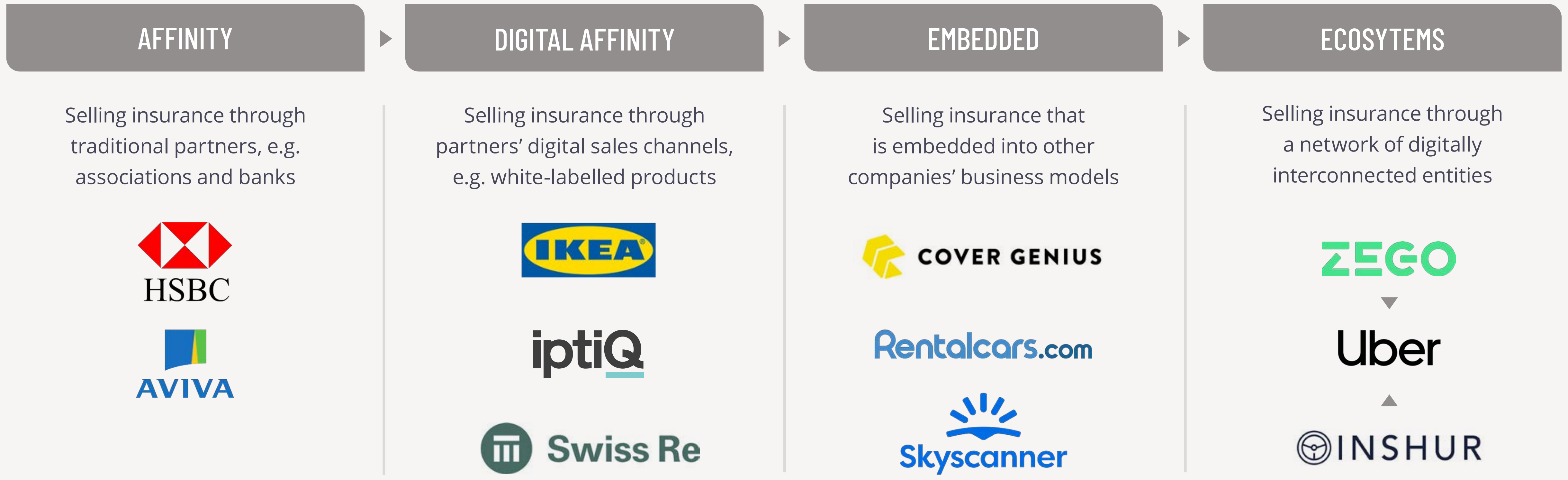
10bn+ policies underwritten

486m users

$0.28 Average premium per policy sold

Fig. 08

Evolution of affinity distribution to ecosystems



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have been able to realise outside the ecosystem." Ecosystems are enabled by digital platforms which allow the orchestrator to hold and share data, and connect to the systems of ecosystem participants.

We see ecosystems as a small evolutionary step from embedded insurance. Indeed, whilst many insurers continue to talk about ecosystems, many of the companies mentioned in this report – and many more – are already playing in them.

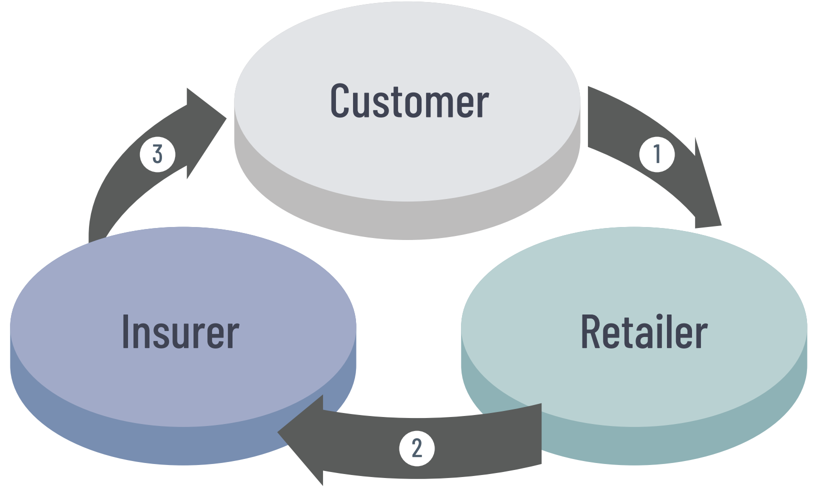
Indeed, there are also examples of insurers playing the role of ecosystem orchestrator – the holy grail to many strategy and innovation leaders. HDI, the German insurer, has achieved just this through its partnership with Impact 25 Member OptioPay +. The Berlin-based scale-up provides its B2B partners with a white label Open Banking platform. Partners (in this case HDI) ask their own customers to permission the platform to access their banking information in return for customised offers. These can be simple retail vouchers (e.g. "10% off at Amazon because you love buying gadgets") or tailored offers from partners (e.g. "because you buy baby milk, perhaps it's time to buy life insurance").

What does this mean for insurers?

Embedded insurance is no longer an innovation experiment but, in our opinion, a necessary investment to stay relevant for a large part of the future insurance premium pool. Equally, it turns out that ecosystems are not like teenage sex – "lots of people talking about it, but nobody doing it" – because, just like in life, the cool kids are already at it.

Embedded insurance and ecosystem participation require insurers to develop a whole new set of capabilities to succeed – digital connectivity to distribution partners, rapid product development often with little or no historic data for pricing, and claims settlement at unprecedented scale for example. Some of these are well outside the traditional skill set of an insurer.

Fig. 09 Example Open Banking ecosystem orchestrated by an insurer



1. Retailers can make bespoke offers to target customers
This can even be SME retailers in the insurer's portfolio – turning the cost of insurance into a revenue stream

2. Sometimes the insurer has a strategic relationship with a retailer, for example an affinity or a bancassurance deal

The insurer can offer their partner access to their customer base to strengthen the relationship

3. The insurer offers customers the platform as part of the proposition
The customer values the insurer's proposition and permissions their banking data
Insurers can provide tailored offers

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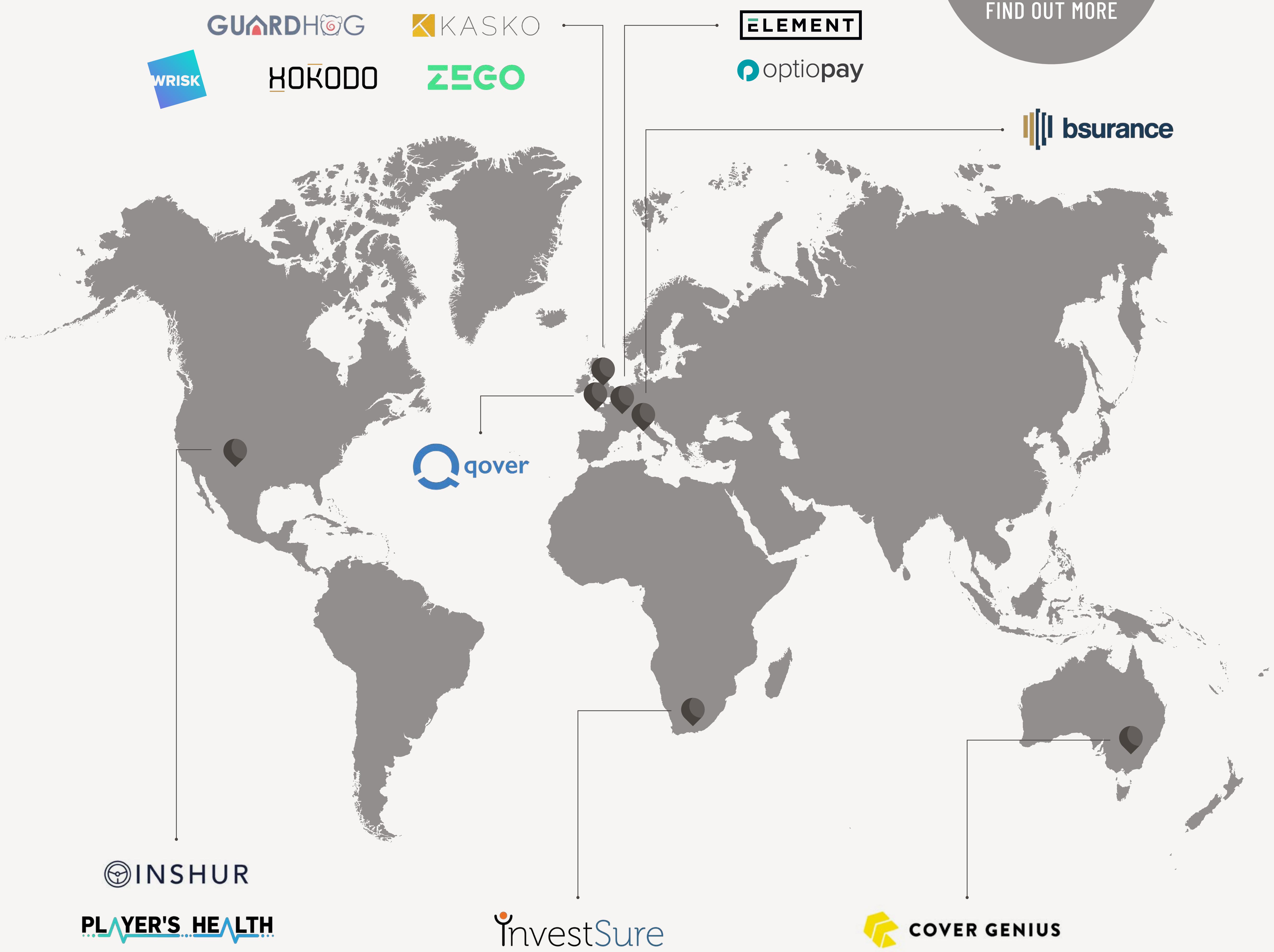


We believe that insurers will need to develop new go-to-market strategies and Munich Re's 2020 partnership with John Lewis, a large British department store, might be a window to the future.[6] The reinsurer created an 'ecosystem' of capabilities by partnering with three other providers to win the deal. Not only does this require a clear understanding of the 'best of breed' players around the market – something our insurance technology navigator, Magellan™ can help with – but it also requires a new operating model whereby colleagues from different parts of the business quickly 'swarm' around an opportunity.

2. The Underwriter of the Future: Modularity and Machines

The maturity of data and analytics in insurance is hard to describe. Insurers have world-class expertise in some areas such as motor and hurricane risk modelling; in other areas such as specialty underwriting or casualty aggregation capabilities are still evolving. When it comes to optimising underwriting and claims processes many corporate and specialty underwriters are flying on instinct.

Data and analytics has been the most popular category in our last four InsurTech Impact 25 reports: around one quarter of Members have been in this category. Many of these companies are getting real traction, and some are even becoming the 'reference provider' in their niches – for example CyberCube for cyber risk in the US and Concirrus for marine in the London Market.

Propositions are varied. Percayso helps insurers access third party data sources, a kind of data supermarket. Pharm3r is going deep in one industry and transforming insight into drug and medical device risk. Cytora uses AI to "stream profitable risks to your underwriters" – a workflow platform that blurs the distinction between underwriting insight and process optimisation. Omni:us is helping insurers underst and claims and improve the handling process.

The direction of travel is from data that describes particular risks ("what happened?") through to better predictive insight ("what could happen?") and ultimately cognitive insight ("work it out for me").

Insurers need to develop their capabilities at all levels of this maturity framework.

What does this mean for insurers?

Companies need to rethink how they make use of these new sources and techniques and succeed in the digital decade. They will move from large internal databases to ecosystems of interconnected data sources and analytics platforms. The impact will be a transformation in the underwriting and claims functions.

First, companies will need to rethink their underwriting submission and claims notification triage process. The level of maturity varies across the industry with volume lines underwriting being relatively advanced but specialty underwriting and all claims lagging behind. For example, many claims triage processes are still a basic queuing system. Technologies like AI and Natural Language Processing can create transformational change here.

Second, companies need to automate as much of the underwriting and claims handling process as possible. The ambition should be a no-touch model across the business – recognising that for some risk classes or types this is likely to remain an unattainable goal.

[6] https://www.insurancebusinessmag.com/uk/news/home-property/john-lewis-creates-home-insurance-partnership-236504.aspx

Fig. 10

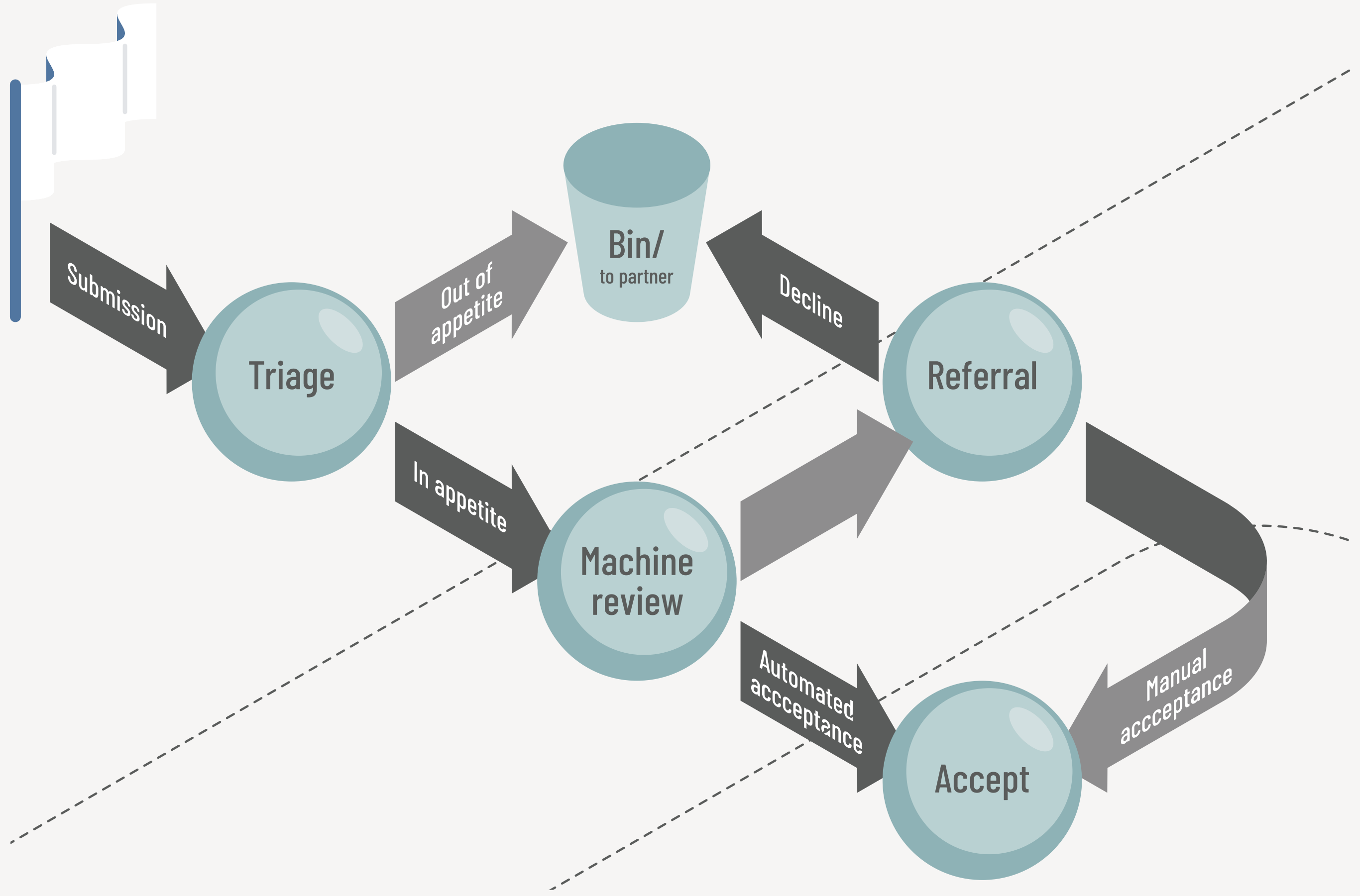
Data maturity framework and examples of Impact 25 companies

DESCRIPTIVE	DIAGNOSTIC	PREDICTIVE	PRESCRIPTIVE	COGNITIVE
What happened? Describe, summarise and analyse historical data	**Why it happened?** Identify causes of trends and outcomes	**What could happen?** Predict future outcomes based on facts from the past and simulations of the future	**What should be done?** Recommend right or optimal actions or decisions	**How do we adapt to change?** Monitor, decide, and act autonomously or semi-autonomously
Many lines of business still based on basic GLMs	Significant research into large risk classes like motor and home	Modelling of US hurricanes provides highly sophisticated view of exposure	Real time analysis of markets enabling improved insight and a faster, more flexible response to market trends	Still emerging
			Sophisticated exposure modelling provides risk limits for different types of risk	
Example Percayso's base module allows insurers to enrich their data by tapping into third party sources	Pharm3r provides granular analytics about pharmaceutical and medical device risks to (re)insurers	Concirrus is a platform that allows underwriters to combine their historic data with real-time and behavioural data to provide predictive insights to marine insurers	Cytora reviews underwriting submissions and prioritises them for underwriters based on their predicted attractiveness	Avantia is a UK home insurance MGA which prices risks using a series of "live" machine learning models looking at different elements of the risk, including anticipated market behaviour

Sophistication

Fig. 11

Structuring the underwriting and claims process of the future



Underwriters should push themselves to automate as much of the underwriting and claims process as possible using data & analytics

Process data, e.g. where do we have inefficient referrals (e.g. 100% acceptance)?

Performance data, e.g. where is automatic underwriting as effective as manual investigation?

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For complex risks and claims the starting point is collecting robust data about the process and outcomes. For example: how are we applying discounts, how does our conversion rate vary depending on which policy sections are included; where are our claims handling costs high? Companies like Optalitix + help in this area by moving the underwriting and pricing process from Excel spreadsheets to web-based models, allowing a wide range of data to be collected for future analysis.

Over time this should lead to a higher rate of automation. This will bring with it a shift of power from experienced underwriters or claims handlers to data-driven portfolio managers and technologists. And rightly so – it is surprising how many underwriters and claims handlers have escalation processes with near 100% acceptance rates – the sort of finding where a data-driven manager will quickly spot and eliminate.

Finally, insurers need to determine which capabilities they build in-house and what they outsource. For example, data-driven MGAs are well placed to develop underwriting and claims processes in niches requiring only portfolio oversight by the carrier. Hokodo + allows merchants to offer a 'buy now – pay later' payment terms to SMEs. It conducts its own credit risk assessment and is backed by a credit insurance policy from SCOR. Flock + develops rating schemes for novel risk classes and is currently focused on drone and fleet risk.

Whilst delegating underwriting is nothing new to the market, the landscape is evolving fast and insurers are faced with a complex array of decisions to become the underwriters of the future.

3. Private health insurance: Disruption ahead?

Commentary about insurance innovation and InsurTech frequently uses the word disruption. We have always argued that this is overused and have pointed out in previous articles that the insurance industry has some formidable barriers to disruption. These include the fact that customers buy insurance reluctantly only once a year, and that the industry is unique in always requiring an institutional balance sheet to sit behind any product.

But the private health insurance market is different – largely because private health insurance is (in Europe, at least) not really an insurance product so much as a voluntary financing solution for a premium service. The product is not compulsory and uninsured people can generally access treatment via public systems.

Insurers therefore need to prove value through their propositions. Historically they have invested in everything from hospitals to local dental practices, but digital trends broaden the opportunities open to them.

Covid has been a genuine catalyst of lasting change. Most obviously, insurers have had to accelerate their adoption of telemedicine during the pandemic. This has quickly gone from peripheral proposition to the primary access route for consultations for many people: in the UK, 75% of general practice consultations were done remotely at the peak of the pandemic.[7] In the US consumer adoption of telemedicine shot up from 11% in 2019 to 46% in May 2020.[8]

[7] Royal College of General Practitioners

[8] https://www.mckinsey.com/industries/healthcare-systems-and-services/our-insights/telehealth-a-quarter-trillion-dollar-post-covid-19-reality

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Advanced modelling and parametric insurance

INFORMATION COLLECTORS	PERIL & INDUSTRY INSIGHTS	ANALYTICS PLATFORMS	EFFICIENCY GENERATORS	NEXT GENERATION CLAIMS
CARPE DATA	CAPE ANALYTICS	AKUR8	Comply Advantage	360Globalnet
percayso inform	CyberCube	Atidot	Cytora	Bdeo Visual intelligence
PLANCK	DEMEX	Concirrus	Groundspeed	EvolutionIQ
	kettle	DQPro	OPTALITIX	FRISS
	KOVRR Cyber Risk Modeling	FLOCK	Re:infer	MIS McKENZIE INTELLIGENCE SERVICES
	pharm3r	hyperexponential	riskgenius	omni:us
	Praedicat			snapsheet
				TRACTABLE

Magellan by Oxbow Partners

CLICK HERE TO FIND OUT MORE

But what is telemedicine? A broader definition might include preventative propositions. Mental health is topical and being addressed by apps such as Headspace and Calm which had a combined 2019 revenue of US$250m.[9] Whilst insurers must innovate their propositions, they are competing against many big beasts with narrow focuses. What is the role of the insurer in prevention?

Diagnostics are also developing fast. For example, some blood tests can now be conducted by individuals at home with cheap single-use kits. Insurers must establish whether their customers want to interact with their healthcare provider in person or remotely – a new layer of complexity – and deliver tailored propositions. How is the difference in the cost to serve treated in pricing? The complexity quickly builds up.

Finally, data provides huge opportunities for innovation in the health market. HumanAP aggregates US consumers' health data from thousands of sources and allows them to permission insurers to access this data. This avoids the hassle of long questionnaires and allows (re)insurers to increase their rate of digital underwriting. Queath has a partnership with RGA to help integrate lifestyle factors into health underwriting.

We think this market will radically evolve in the digital decade.

What does this mean for insurers?
A market in flux, with untapped technological and data opportunities, and well-funded players with customer access is ripe for change, perhaps even disruption. Executives in this market should feel the classic capitalist emotions of both fear and greed. The opportunity is huge, especially post-Covid. Populations are engaged with their health and, almost uniquely in insurance, are prepared to engage with their insurer for the right rewards as Vitality has demonstrated. Public systems will feel the strain for years in many countries.

But equally the threat is huge too. Digital players like telemedicine could bundle an insurance product into their offering which they source directly from the reinsurance market. Amazon could completely transform the drugs supply chain. A leading insurer or MGA could find transformational insight in better use of data and outperform in terms of both growth and profitability. Last year we profiled Dansk Sundhedssikring, a Danish data-driven health insurance MGA, which became the market leader in under ten years and also claims the lowest loss ratio in the market.

Executives must take a broad view of their marketplace – which goes much beyond the confines of insurance – and develop hypotheses about how it will evolve over the next decade. They must then make complex decisions concerning their distribution, proposition, technology, operations and supply chain.

[9]https://www.businessofapps.com/data/calm-statistics/

Magellan by Oxbow Partners
CLICK HERE TO FIND OUT MORE

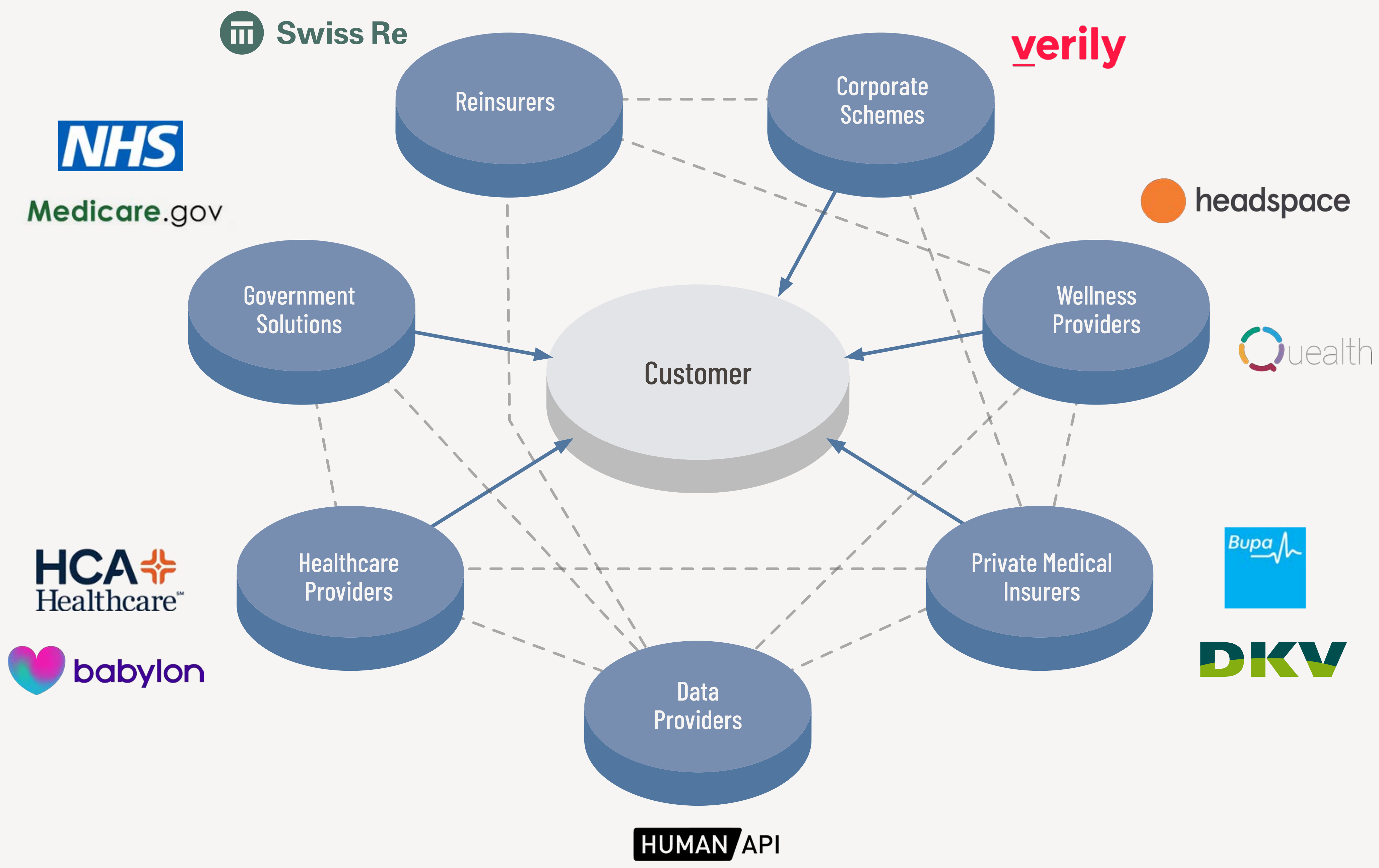
Magellan™ Collection: Health

The Impact 25 reports have focused on tech-led businesses whose primary focus is insurance. Many other relevant businesses can be found in Magellan™.

RISK ANALYSIS	PROPOSITIONS	DIGITAL PROVIDERS
pharm3r	HUMAN API	ottonova
Prenetics Health. Reimagined.	Quealth	DANSK SUNDHEDSSIKRING

Fig. 12

Example health insurance ecosystem



Three imperatives for executives in the digital decade

1. Being data-led is table stakes

Digital and data are often mentioned in the same breath, and often interchangeably. This is unfortunate because they are two distinct topics. Without a robust data foundation, digitalisation cannot occur.

Most insurers still have a long way to go to become truly data-led. All too often we still hear executive discussions being supported by anecdotal evidence or disputed data. Most companies still require finance teams to conduct bespoke analysis to understand drivers of value such as retention by segment or cohort, or margin by channel.

Data needs to be at the heart of the organisation, culturally and operationally. Meetings must be supported by dashboards with real data.

2. Traditional operating model structures must be broken down

Opportunities will present themselves in the "digital decade" that no longer fall neatly into the structures of a traditional insurance company. Partner distribution deals no longer require just a tweak of the product and a negotiation of the commission. Perhaps an entirely new product needs to be developed for which there is no historic claims data, perhaps partners are required to deliver some of the capability.

The distinction between what is a department and what is a project must disappear. Companies must create the ability to 'swarm' around promising opportunities, which implies having an effective process for identifying and triaging them in the first place. For short-term opportunities the established concept of "popup teams" or "multi-functional teams" might be sufficient; for longer-term opportunities companies must be willing to commit funding to a larger team for a reasonable amount of time.

3. Think of technology vendors as accelerators and enhancers in any function, not just innovation

InsurTech has been met with both scepticism and enthusiasm by industry executives. We have always had a balanced view; InsurTech will not turn the insurance industry on its head, but it could fundamentally change the fortunes of any one company.

Industry executives should consider how InsurTech could accelerate and enhance their corporate objectives and pick 'best of breed' partners where possible. This is true not only for innovation projects, but also for back office activities such as regulatory compliance.

Insights from Magellan™, our insurance technology navigator

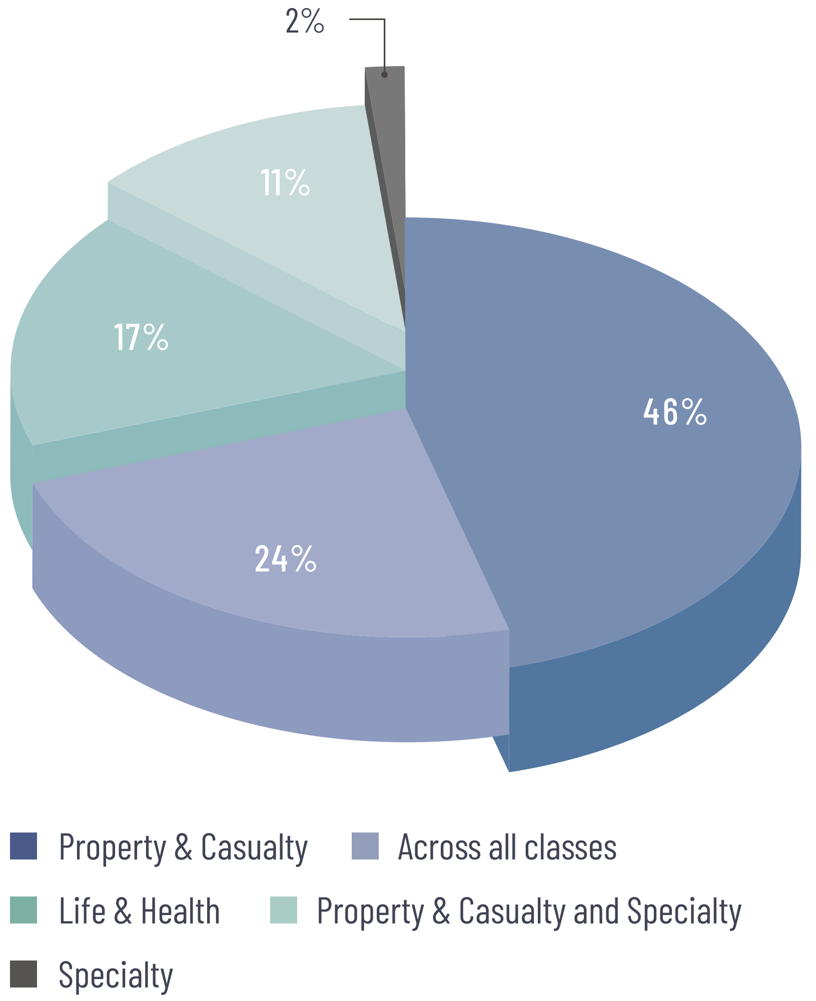
Magellan™, Oxbow Partners' insurance technology navigator, is designed to help insurance executives and investors find suitable vendors in a highly fragmented and complex landscape.

Our platform contains in-depth information about more than 2,000 insurance technology vendors. These span startups through to established companies, distributors as well as service providers, and draws companies from 64 countries. We believe that our data is some of the deepest available in the market.

Almost half of the vendors on Magellan™ have built solutions and products for the Property & Casualty market specifically. This dominant share is expected given Willis Towers Watson's InsurTech investment data and the activity we observe in the market. Vendors in this category are a near-even split between suppliers (55%) and distributors (45%), but there is a strong skew to North America.

Whilst Life & Health represents just 17% of Magellan™ vendors, it has seen a large uptake in recent years. 63% of all L&H vendors on Magellan™ have been founded since 2015,

Fig. 13 Class of business targeted



Our platform contains in-depth information about more than 2,000 insurance technology vendors. We believe that our data is some of the deepest available in the market.

Fig. 14

Number of companies as a percentage of the total in Magellan™

	DISTRIBUTION, UNDERWRITING & PRICING	POLICY ADMIN	DATA & ANALYTICS	OPERATIONS & CLAIMS
P&C – 576	17%	10%	42%	31%
L&H – 212	44%	9%	31%	16%
TOTAL* – 2,000+	27%	13%	31%	29%

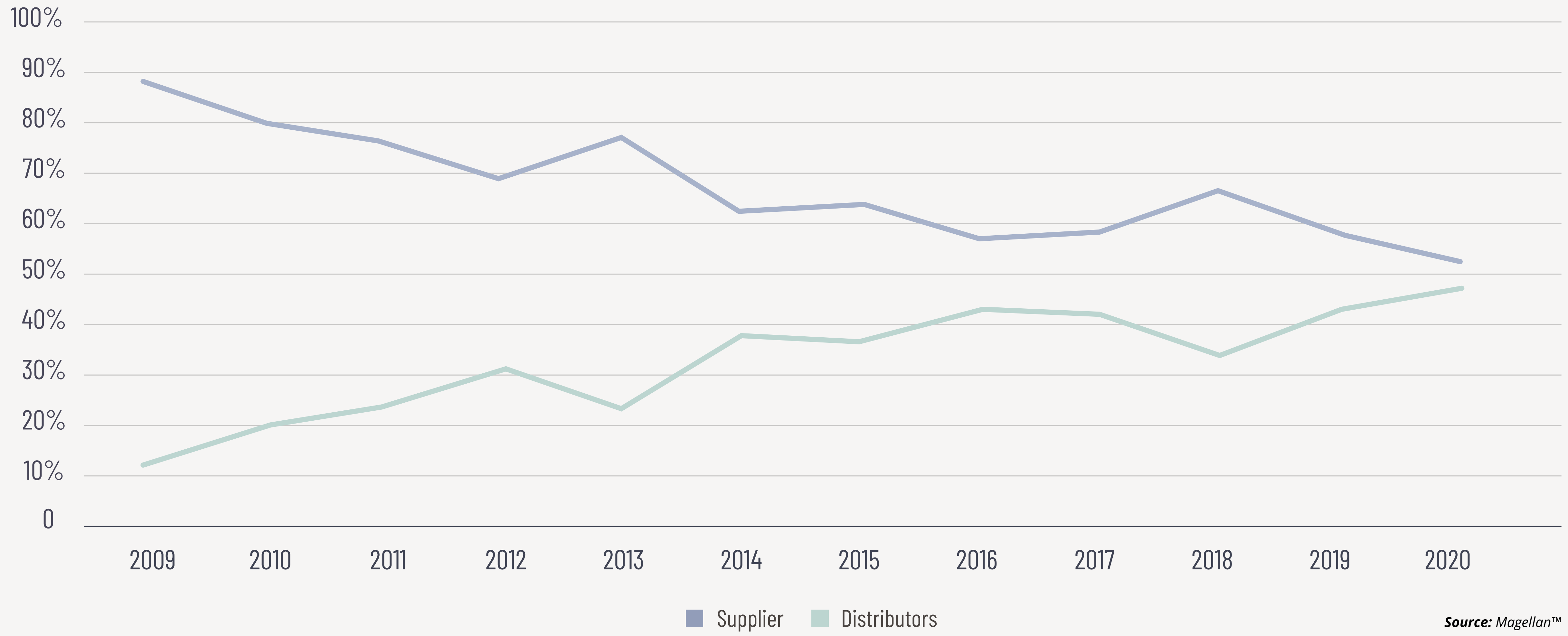
*Total company count includes vendors that have solutions across classes

< 20% 20-30% 30% +

Source: *Magellan™*

Fig. 15

Share of vendors that are distributors vs suppliers split by year founded



Source: *Magellan™*

Whilst 64% of all Magellan™ vendors are suppliers, distributors have slowly been increasing their share, representing 47% of all Magellan™ vendors founded in 2020

possibly encouraged by the growth in wellness and rehabilitation propositions. Having been dominated by P&C, L&H now represents 32% of global InsurTech funding and we have argued in this report that health could be the next big frontier for insurance innovation.

Across all classes, Data & Analytics is the dominant primary function amongst Magellan™ vendors, which is no surprise given that it provides (re)insurers the basis for understanding their current and future customers. P&C vendors on Magellan™ are also heavily focused on Operations & Claims. Magellan™ L&H vendors instead have a greater concentration on Distribution, Underwriting and Pricing.

Whilst 64% of all Magellan™ vendors are suppliers, distributors have slowly been increasing their share, representing 47% of all Magellan™ vendors founded in 2020.

2021 is the fourth edition of the Oxbow Partners Impact 25, and in this edition we welcome our hundredth member. As figure 16 shows, the average total investment raised for each member has been rising since the first edition showing how the market is maturing. In 2021 our members have on average received £18m in funding, more than double the average of £8m in 2018.

Readers of this report can see information about this year's and previous years' Impact 25 Members on Magellan™ by clicking on the plus symbols next to the company names, throughout this report.

Fig. 16

Average investment raised and FTE of members when selected

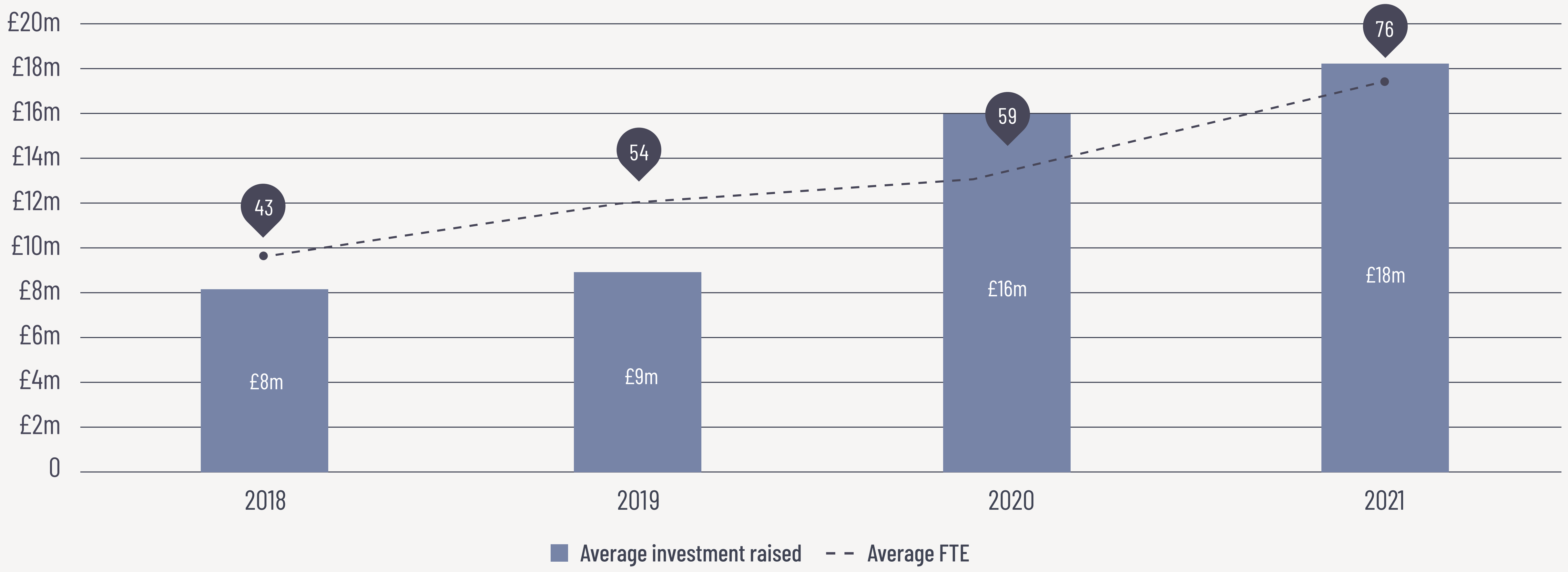
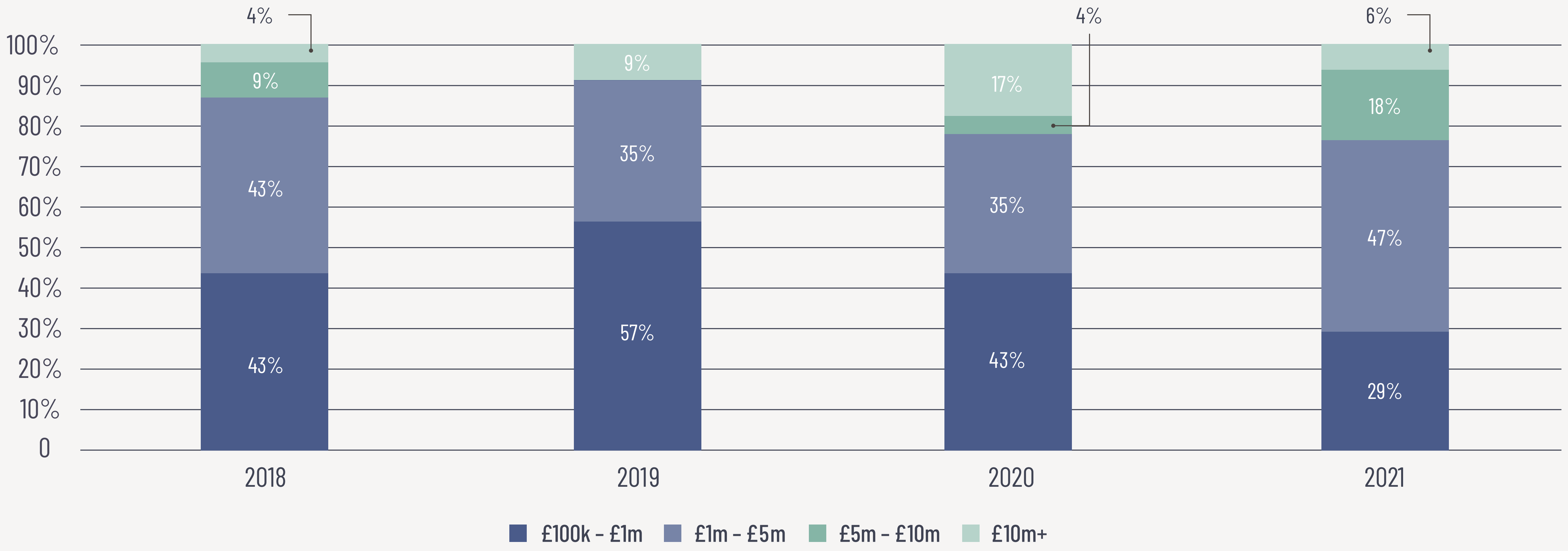


Fig. 17

Impact 25 Members by revenue brands when selected



The InsurTech Impact 25

Along with our Advisory Board, we spent six months reviewing over 150 companies to select this year's Impact 25 Members. Members span the value chain and cover non-life, health and life insurance, personal lines and commercial. We believe that our rigorous review process – along with the fact that there is no direct or indirect fee for Membership – distinguishes the InsurTech Impact 25 from other InsurTech lists.

We have deliberately chosen companies at different stages of their life and some have proven business models whilst others are still exploring.

These players are at different levels of maturity but we are excited about all of them. Some have highly 'visible' propositions, whilst others are deeply technical. All have the potential to drive significant value in the industry.

Detailed profiles are provided in the next section as well as on Magellan™.

A note on the selection of Members

As the InsurTech landscape matures, we hope to move to an objective measure such as a measure of traction on our Magellan™ platform. However, we do not feel like this is the best selection criterion at present: should we favour a company with £1m of revenue and 1,000% y-o-y growth or a company with £5m of revenue and 300% growth? Who is performing better: a Distribution InsurTech with 100,000 £10 policies or a Supplier InsurTech with two £500k clients? Instead, we have assessed eligible companies based on detailed submissions covering revenue and revenue growth, business model and strategy, clients and investors. A high weighting was placed on revenue and the small number of Members who did not disclose it had to meet a much higher bar on the other criteria than companies that did.

To be eligible as a Member, companies needed to meet most of the following criteria:

- A proposition that is technology-led and somehow innovative
- Min £100k annual revenue from insurance clients in 2020
- Max £20m forecast revenue from insurance clients in 2021
- The company should not have a single, large corporate shareholder with more than 50% of its shares

The objective of our report is to highlight companies that have traction and potential for incumbents, but are not household names. We also seek to get a broad spread of businesses, covering all elements of the value chain, customer types and products. There is no fee or other financial incentive for Membership: all Members are selected on their own merits.

Fig. 18

Mapping of InsurTech Impact 25 2021 companies based on part of value chain and class of insurance addressed

	DISTRIBUTION	PRODUCT	DATA & ANALYTICS	OPERATIONS
P&C RETAIL	COVER GENIUS kin. OneDegree	The Floow optiopay WRISK	percayso inform	Cloud Insurance EvolutionIQ fintech OS iotatech omni:us Re:infer
P&C COMMERCIAL		HAILIOS DEMEX STABLE TrustLayer	PLANCK OPTALITIX kettle	clausematch Vitesse
LIFE & HEALTH	DEADHAPPY		HUMAN API	
ALL				Comply Advantage

What has happened to previous years' Members?

360Globalnet

360Globalnet helps insurers deliver an optimal claims experience

- Helped several new major clients respond to lockdown by deploying state of the art digital claims processes
- Partnered with HUGHUB to deliver full end-to-end policy administration capability

AKUR8

Akur8 is transforming insurance pricing with Transparent AI, automating the rating process while retaining control over the models created

- Increased its revenues 5x by signing over 20 clients globally
- Raising a Series B round in H2 2021 to sustain geographicalexpansion and product development

anorak

Anorak enables financial services companies to offer personalised life insurance advice and product recommendations

- Grew its revenue 5x by the integration of new distribution partners such as Clearscore, Snoop and Trussle
- Doubled the team size in 2020 with an accelerated hiring plan in 2021

artificial.

artificialOS is a platform of modular applications that empower brokers and insurers to quote, bind and issue policies

- Onboarded several new clients onto the artificialOS platform
- Developing solutions for commercial insurers, brokers and MGAs

Atidot

Atidot is a cloud-based provider of AI, machine learning, and predictive analytics for life insurers

- Grew its customer base significantly, including industry leaders, Pacific Life and Guardian Life
- Expanding its partnerships with Unqork, Sapiens, Infosys, and Atos strengthening its EU presence

AVANTIA

Avantia is a UK-based non-standard home insurance MGA

- Used its Cortex machine learning platform to start pricing risk, increasing EBITDA by more than 40% and base revenue by c.20%
- Will integrate Cortex into its freshly insourced claims operation to enable instant claims decisioning

battleface

battleface uses experience, innovation, data science and technology to create the first end-to-end global travel insurance platform

- battleface raised US$12m in a Series A Round with Drive Capital to fund growth, invest in market expansion and establish global HQ in Columbus, Ohio
- Launching global products for travellers worldwide through its digital distribution platform and new partnerships

Bdeo Visual intelligence

Bdeo is a visual intelligence InsurTech active in central and southern Europe and Latin America

- Grew its customer base up to 35 insurers in 20 different countries, tripling its revenue in 2020
- Expanding to the main European markets with local sales team after having closed a €5m round of funding in 2020

BIKMO

Bikmo is a digital insurance broker for European cyclists and adventure sports enthusiasts

- Grew new customers by 90% in European territories following the Series A investment round of £1.8m in May 2020
- Expanding their consumer-focused technology platform ready for commercial launch in late 2021

BOUGHT BY MANY

Bought By Many creates and distributes insurance policies designed around customer needs

- Doubled the number of pets insured to over 300,000 while maintaining average review score of 4.7 out of 5
- Recruited 100 people since March 2020

BROKER INSIGHTS

Broker Insights combines broker customer data and insurer risk appetite data to better connect insurers and brokers

- Grew revenues by 100% in 2020 as platform and capability gained traction with business partners in second year of trading
- £1bn of commercial GWP visible in the platform during 2021 with additional products and services also being launched

bsurance

bsurance enables companies to embed insurance products into their point of sale

- Raised a convertible finance round in the middle of the covid-19 crisis, giving them room for expansion right after the reopening
- Continued growth in 2021

CAPE ANALYTICS

Cape Analytics uses advanced computer vision to analyse geospatial imagery at scale and identify property features that are predictive of loss

- Grew to over 40 customers in production
- Proprietary geospatial property attributes such as Roof Condition Rating have been filed and approved for rate in 15 states

{CARPE DATA

Carpe Data unlocks automation and drives operational efficiency across the policy lifecycle through unique and predictive data

- Launched the Minerva business data suite, which now provides small commercial insurers like The Hartford and Farmers with advanced classification, risk characteristics, and predictive scores for more than 40 million business records across the US
- Garnered industry-wide recognition for technology and leadership

Concirrus

Concirrus' Quest platform provides proprietary behavioural data and predictive models for underwriting

- Raised a Series B round in H1 2020 to fund expansion into new product lines and geographies
- Expanded commercial offering into Europe, US and Asia Pacific

CyberCube

CyberCube provides analytics to (re)insurers to understand and manage the cyber threat landscape

- Developed its suite of products including the launch of Broking Manager to provide deeper insights on cyber risk transfers
- Developed its suite of products including the launch of Broking Manager to provide deeper insights on cyber risk transfers

Cytora

Cytora transforms commercial insurance to improve underwriting productivity, reduce frictional costs and drive strategy-aligned growth

- Launched Underwriting Productivity Suite
- Growing customer base of commercial insurers focused on digitising risk and closing the gap between underwriting strategy and execution

Dansk Sundhedssikring

Dansk Sundhedssikring is a data-driven Danish health insurance MGA

- Entered Swedish market

Descartes

Descartes Underwriting builds innovative parametric insurance products for extreme weather events and natural catastrophes

- Raised US$18.5m Series A round with support from Serena, Cathay Innovation, and Blackfin Capital Partners
- Launching offices in the US and APAC to foster collaboration with brokers and clients internationally

Digital Insurance Group

DIG helps insurers and banks to build digital insurance propositions, either independently of legacy systems or on top of them

- Launched a Life & Health insurance wellbeing ecosystem together with a top-3 US insurer and Vitality
- Launched a fully digital bancassurance solution for a Deutsche Bank subsidiary including a data-driven advisory tool

DQPro

DQPro helps specialty insurers to monitor, control and improve their data

- Increased revenue by 40% with both new and existing customers and enjoyed 100% customer retention
- Launched DQPro Market Standard for data confidence, collaborating with 10 global specialty carriers

ELEMENT

ELEMENT is a 'full-stack' InsurTech distributing through partners

- Increased from 12 to 19 product lines with c.25 partners
- Emphasising pet protection, bike insurance and leasing covers

Energetic Insurance

Energetic Insurance has developed a first-of-its-kind credit insurance product for the renewable energy sector

- Maintained 0% loss ratio in 2020 with no claims despite multiple small business lockdowns
- Raising a Series A round in H2 2021 to fund expansion into new project structures and geographies

Enterprise Bot

Enterprise Bot provides multilingual chatbots

- Revolutionised the AI industry with the launch of an end-to-end Hyperautomtion platform
- Crossed US$2m ARR

FINABRO

FINABRO is the distribution platform for occupational pension

- Started collaborations with 4 of Austria's top 5 insurances (Allianz, Zurich, Vienna Insurance Group, UNIQA) and Austria's top broker (GrECo)
- Entered the German market

FLOCK

Flock helps insurers instantly understand and insure against specialty risks, such as drone cover, in real-time

- Launched its commercial motor division using real-time data to accurately insure fleets of connected vehicles
- Grew revenues by 5x in 2020 and is raising a Series A to fuel rapid global expansion

FloodFlash

FloodFlash uses computer models and IoT tech to bring parametric catastrophe insurance to the mass market

- Paid its fastest claim ever with just 9 hours and 44 mins between the flood and the full payout
- Expanded its distribution network to include partnerships with Marsh, Aon, Willis, Lockton and Gallagher

FRISS

FRISS is an AI-powered solution for P&C insurers to detect and prevent fraud

- Realised 58% revenue growth
- 16 new carriers added to the FRISS family

GETSAFE

Getsafe allows European millennials to purchase and manage insurance on their smartphones

- Secured a US$30m funding round led by Swiss Re, making it one of Europe's best funded insurance startups
- Expanding to another European market besides the UK

GUARDHOG

Global AI-driven insurance, trust and safety marketplace for the short-term rentals sector

- Expanded to 12 new markets including the US, Canada, South Africa and Israel
- Exploring raising a Series A round in H2 2021

HOKODO

Hokodo modernises the B2B payment experience and enables merchants to extend credit terms to their business customers instantly

- Launched Trade Credit as a Service solution and expanded European footprint, partnering with 9 clients including German Bank Sparkasse Bremen, marketplaces ManoMano, Ankorstore and Hectare
- Raising a Series A in 2021 to fund growth into the rest of the EU and continue developing the next generation of B2B payment solutions

hx

hx has developed a platform for insurers to build and deploy web-hosted pricing models

- Tripled revenue again, signing some of the largest insurers in the world as well as some of the 'Class of 2020'
- Seeking InsurTech partners to join its growing Renew Connect ecosystem

inforcehub

Inforcehub enables scalable customer activity for insurers to support growth and retention of the existing customer base, using a combination of advanced analytics and a platform of dedicated technology solutions

- Embedded core solutions with key clients, creating client and commercial value from campaigns using our CAFE software
- Drive the growth of a new AI-driven IDP proposition for insurance customer process optimisation beyond robotics

INSTANDA

INSTANDA is a digital end-to end insurance platform enabling clients to design, build and distribute any type of insurance product to multiple audiences

- Launched first cyber insurance product with Standard Bank (South Africa) within weeks
- Global launch of digital group health and digital claims by Q2 2021

KASKO

KASKO allows insurers to design, distribute, manage and scale digital insurance products

- Continued its client growth to now over 40 insurers on more than 100 products, with over 290k policies bound over the platform
- Will soon engage with investors for its Series A funding round

konsileo

Konsileo is a technology-driven broker focused on the UK SME market

- Grew premium by 174%, doubled clients and increased premium per client by 62% during 2020 whilst adding advisors through lockdown
- Continuing growth in 2021 and raising a Series A round mid-year

KOVRR Cyber Risk Modeling

Kovrr enables insurers to understand, quantify and manage cyber risk

- Grew its revenues by more than 400%
- Offering clients the ability to independently adjust simulation parameters to quickly validate their loss assumptions

laka

Laka is a 'digital mutual' that provides collective-led insurance with a focus on personal mobility

- Secured a European license and launched in The Netherlands
- Expanded from bike enthusiasts to serve the wider personal mobility segment

MIS McKenzie Intelligence Services

McKenzie Intelligence Services provides time-critical geospatial intelligence for claims and exposure management and validation

- Completed the £2m European Space Agency backed Global Events Observer, an exposure and claims management system for insurers
- Added 53 new insurers and scaled the business to accommodate clients in Asia Pacific, Latin America and North America; currently fundraising

METABIOTA

Metabiota provides analytics tools and advisory solutions to mitigate and transfer epidemic risk

- Won catastrophe risk modelling solution of the year from Insurance ERM and selected for Lloyd's Lab to support the response to COVID-19 and future pandemics
- Fundraising to meet market demand and build a new early warning surveillance system for pandemics

OnSiteIQ

OnSiteIQ provides 360° photo documentation services to property owners and developers

- Grew its revenues by threefold in 2020 in the US and expanded to Canada
- Trained the AI engine on over 50 objects with 91% confidence level across the board

ottonova

ottonova is a German 'full stack' digital private health insurer

- Grew its number of clients significantly despite the pandemic
- Will focus on expanding partnerships throughout the market

pharm3r

Pharm3r is an AI-driven risk assessment company

- Continued its high double-digit growth for the sixth straight year
- New clients include CNA, asset managers and law firms; new products include supply chain and business interruption software

phinsys

Phinsys automates insurers' finance functions

- Gained 6 new clients in 2020 in the UK, Bermuda and through expansion into the US carrier and broker markets
- Grew revenue by more than 40% and launched a new analytics product, Inform

PLAYER'S HEALTH

Player's Health uses digital tools to help sports organisations manage their risks

- Grew the number of sports organisation clients by 500% and the number of athletes by 200%
- Closed Series B Round in January 2021, to fund expansion into new product lines and sports types

Policy Expert

Policy Expert is a digital MGA for home and motor insurance

- Grew customer book in home and car insurance market by 21% and is on track to hit 1 million customers in 2021
- Continue development of proprietary technology to further cement its position as one of the UK's leading InsurTechs

Praedicat

Praedicat allows users to identify, model and mitigate known and emerging casualty liability risks

- Developed general liability and D&O cross class clash scenarios relating to take-home COVID-19 liabilities
- Facilitating forward-looking exposure-based casualty risk management through its emerging liability risk framework

Quealth

Quealth is a digital wellness and engagement platform

- Launched a new solution with a leading UK insurer, involving mainframe integration and a bespoke wellness and engagement product
- Scaling the business and rolling out global and multi-lingual solutions throughout 2021

reask

Reask is a nat cat risk modelling company currently focused on tropical cyclones

- Maintained 100% retention and doubled its client count, growing gross revenues by 60%
- Launched parametric tropical cyclone risk assessment and calculation agent service HindCyc for 2021

RIGHTINDEM

RightIndem provides a front-end digital claims platform

- Deployed its platform across 5 countries spanning Personal and Commercial lines, driving > 150% YoY revenue growth.
- Launching its new platform in early Q2 to deepen its capability in claims automation and third-party orchestration.

riskgenius

RiskGenius was acquired by Bold Penguin in October 2020; Bold Penguin was subsequently acquired by American Family Insurance in February 2021

SHEPHERD

Shepherd's analytical insight into property performance aids compliance, manages risk and enhances sustainability

- Secured £1.1m follow-on funding in March 2020 after initial £2m investment in March 2019
- Won two Insurance Times Technology and Innovation Awards and an Insurance Choice Award for second year running

Shift Technology

A provider of AI-driven decision automation and optimisation solutions for the global insurance industry

- Grew UK customer and partner base by more than 300% adding notable companies including First Central and Sedgwick
- Expanding UK presence to support the rollout of the Shift Insurance Suite

snapsheet

Snapsheet provides an international P&C SaaS claims management and automation platform

- Enabled the fastest auto damage claims process in the market through the Snapsheet Claims platform
- Launched an automated, fully digitised end-to-end claims management process for home and property insurance claims

socotra

Socotra enables insurers to rapidly develop and deploy innovative products

- Grew its team to 44 and added several new customers including MS Amlin, TONI, Symetra, and Sigo
- Made Aite Group history as the first to receive a perfect score for client service in the 2020 P&C Core Systems Evaluation Report

TRACTABLE

Tractable helps the world recover faster from accidents and disasters

- Grew revenues and customer numbers 3x in key markets (North America, Europe, Middle East, Africa, and Asia-Pacific)
- Accelerated accident recovery with AI, now applying solutions across more of the auto repair journey (e.g. parts recycling) and new opportunities, including property

TRADEIX

A blockchain technology company for trade finance and the network operator of the Marco Polo Network

- One of the largest trade finance networks, Marco Polo has expanded rapidly with solutions that include Payment Commitment and Receivables Finance
- Continual recognition with a portfolio of more than 30 awards to date

tremor

Tremor is a programmatic insurance and reinsurance marketplace

- Tripled limit placed to US$1bn
- Launched Panorama, Tremor's next-gen marketplace

Whitespace is a global placement platform which will extend to address the full lifecycle of digital risks

- Increased its customer base to 140 customers on 3 continents
- Extended its digital structures to support Future at Lloyd's Blueprint 2
- In March 2021, signed an investment and acquisition agreement with Verisk business Sequel to accelerate growth

Zego is a 'new mobility' insurance provider, powering opportunities for people and businesses

- Increased premium growth 20x in two years
- Expanding its product offering in the new mobility sector while continuing to scale geographically across Europe
- 'Secured an additional US$150m funding, giving the company a US$1.1bn valuation and Unicorn status'

Zeguro offers holistic risk management solutions including cyber insurance and a cybersecurity platform

- Grew its revenues by 600% after launching its Cyber Safety solution
- Expanding its team by 3x in 2021 to support growth

Impact 25 2021 Member profiles

Impartiality and objectivity
Impartial and objective analysis is central to the Oxbow Partners InsurTech Impact 25.

All Members of the Impact 25 were selected on their own merits. No Member has paid a fee or offered any other financial incentive, directly or indirectly, to be included. The criteria and methodology that we used to choose Members is described later in the report

Oxbow Partners

DISTRIBUTION | PRODUCT INNOVATION | DATA & ANALYTICS | **OPERATIONS**

FIND OUT MORE CLAUSEMATCH

ClauseMatch

ClauseMatch helps companies create and manage their compliance policies

Company summary

Year founded 2012

2020 revenue £1m-£5m

Total investment £9.3m

Offices UK; USA; Singapore

FTEs 50

Key investors
Silicon Valley Bank (SVB), Index Ventures, Talis Capital, Speed Invest

Key clients
Atrium Underwriters, Managing Agency Partners (MAP), Direct Line, Cincinnati Insurance

Key executives
Evgeny Likhoded, Founder & CEO: Legal background at Morgan Stanley and Gazprom UK

Andrey Dokuchaev, Co-Founder & COO: Former Finance Director with accounting and audit background at PwC and KPMG

Bitesize Profile

ClauseMatch is an AI-powered smart document management and collaboration platform. It applies a deep understanding of regulatory lifecycle to help compliance, legal, finance, operations and risk departments automate impact assessments and collaborate effectively. Ancillary cost benefits arise from reduced duplication of activity and the elimination of administrative activities such as maintaining separate audit logs.

The software disaggregates policy documents into their constituent paragraphs (structured clauses), which can then be reassembled into documents which automatically update when individual components are updated. This facilitates collaboration, as individuals within client organisations have authorship and ownership to update and approve individual clauses, as well as demonstrating compliance, as regulators can see automatically created audit logs of policy drafting, approval, dissemination and reading.

The company was initially focused on the banking sector, but moved into insurance in 2018. In 2019 it was part of the second cohort of the Lloyd's Lab programme mentored by Barbican Insurance Group, AXA XL, Argo and QBE. Insurance now makes up almost half its revenues, with clients in Europe, North America, Asia, and as of June 2020, the US.

The Oxbow Partners view

Every year we cover a number of companies in the Impact 25 whose propositions are, arguably, not exciting but extremely valuable. ClauseMatch is such an example and it is clear that its product has huge potential.

Insurance companies are coming under ever more regulatory scrutiny, for example the 2018 Senior Managers and Certification Regime 2018, and are having to keep up with changing requirements, such as the implications of trading internationally post-Brexit in the case of UK companies.

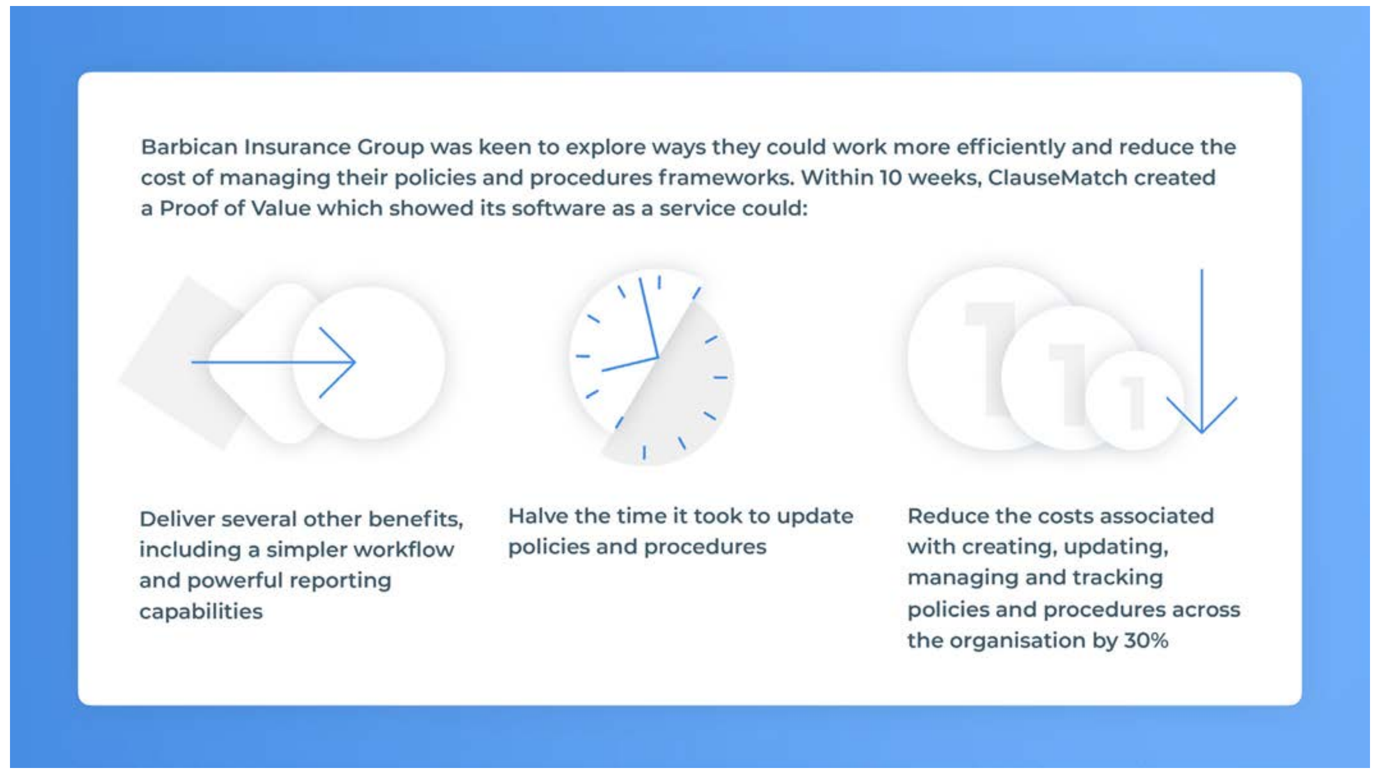
For many firms, this has led to ballooning compliance budgets over the last decade but relatively little attention to smarter ways to ensure compliance. We believe this will change over the next five years as more software solutions come 'on stream' and companies look for efficiencies in their back office operations more broadly.

Case Study

Client situation
Barbican Insurance, a London market player, wanted to automate their largely manual compliance processes to reduce cost and improve corporate governance and oversight.

What they did
The ClauseMatch platform was implemented to refresh corporate policies and procedures and ensure documentation was up-to date. The system used machine learning to improve readability and policy adherence. Documentation publication, readership, attestation and adherence were tracked across the business and clear ownership was assigned. In addition, real-time market intelligence reporting was generated for management, auditors and regulators.

What impact it had
Three quarters of documents were standardised and handover of policies and historic audit trails became instant, previously taking at least 30 days. Senior management accountability on documents for policy refresh lifecycle were reduced from 11 stages down to five.



ClauseMatch in action

ClauseMatch's Proof of Value identified opportunities to optimise Barbican's policy management at group and entity level that would create significant cost savings.

"As we were looking for a framework around which we could centralise and rationalise the existing documentation, it became clear that ClauseMatch offered significant additional capabilities above and beyond our original brief."

Paul Langridge, Director of Risk and Assurance, MAP

Plans for 2021

- Reach an annual recurring revenue of £5m
- Transition from scaling up to a more mature business
- Complete a Series B investment round in 2021
- Expand the US sales team in 2021

Who should speak to them

Insurance carriers, MGAs, brokers, London market companies.

Oxbow Partners

FIND OUT MORE
CLOUD INSURANCE

DISTRIBUTION | PRODUCT INNOVATION | DATA & ANALYTICS | **OPERATIONS**

Cloud Insurance

Cloud Insurance provides web-based policy and claims software solutions to small-to-medium-sized insurers

Company summary

Year founded 2016

2020 revenue £100k-£1m

Total investment £1.7m

Offices Oslo, Norway; London, UK

FTEs 19

Key investors
MP Pensjon, private angel investors

Key clients
Maiden Life & General, Compass Benefits Group, iNext, Insr Insurance Croup, Nordic Benefits

Key executives
Axel Sjøstedt, CEO & Co-Founder: Background in coding and business technology

Håvard Landrø Nilsen, CTO & Co-Founder: Background in quantitative finance and engineering

Tim Nguyen, CCO: Background in commercial strategy and insurance IT sales

Bitesize Profile

Cloud insurance is a software-as-a-service platform for policy handling, product design, distribution and reporting, all under one user interface, which clients pay a subscription and activity-based price for.

The platform uses a standard open API that enables easy integrations and bespoke customer journeys. The company is also developing its own artificial intelligence (AI) to further boost automation for claims and underwriting. For example, an "AI actuary" pricing engine assesses risks to price premium in real-time to match a changing risk profile.

Starting as a university project whereby its Norwegian founders worked on digitising claims forms for an insurance company reliant on paper processes, Cloud Insurance quickly developed into an end-to-end solution with multiple clients. It has now extended its original Scandinavian focus to serve the UK market, whilst also attracting some US customers.

Growth will likely continue to come from small and mid-size entities, but the business is in the process of scaling itself up, going from 7 to 19 full-time employees in a single year. The company closed a seed funding round of $1m in January 2020, and was granted an additional $1m from Innovation Norway in June.

The Oxbow Partners view

Cloud Insurance is one of nearly 400 policy admin systems in Magellan. This is a congested and highly competitive market. However, company requirements are always subtly different – their geographic focus, product set or distribution channels, for example – meaning that there are opportunities for niche systems to thrive.

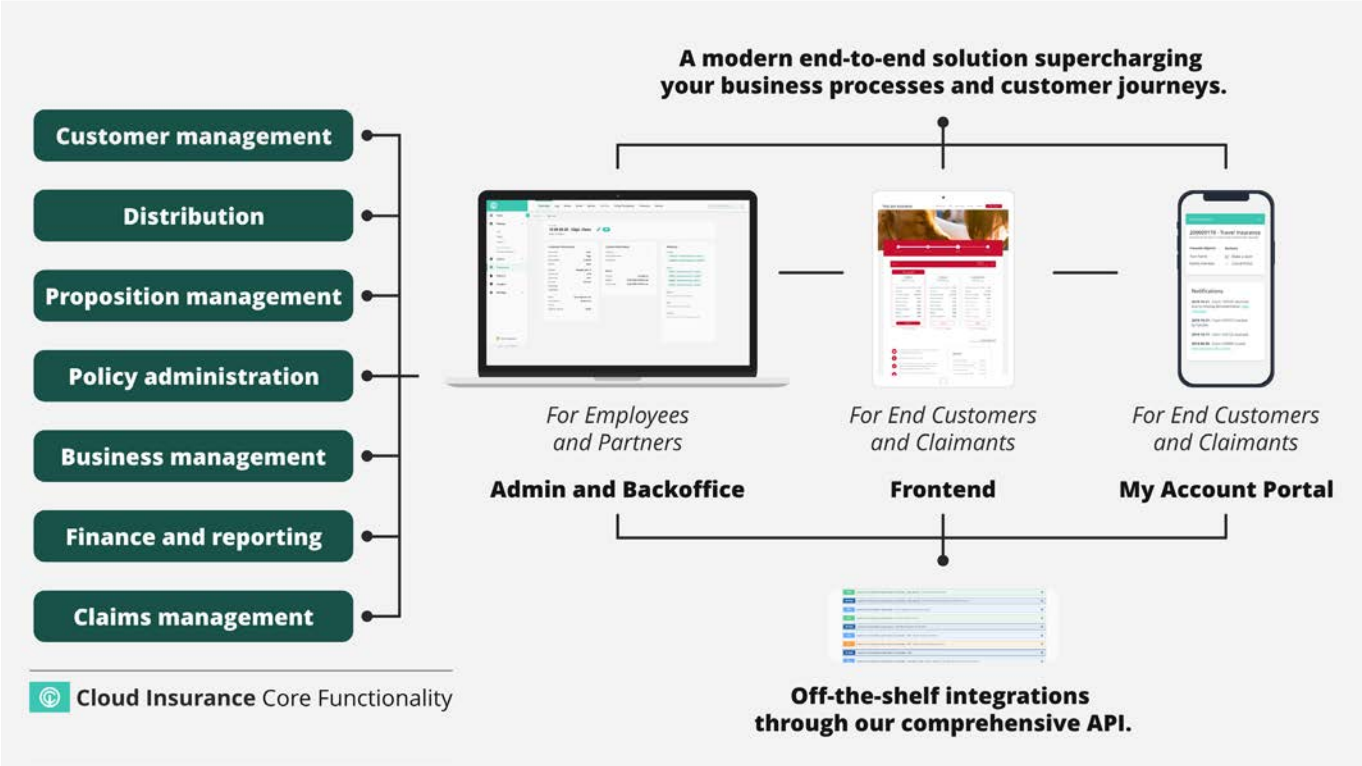
Cloud Insurance's strategy differentiates it from many of its competitors by focusing on SME companies. However, its design means that it also integrates easily with other modules, for example IoT data or affinity partnerships. It is built to support new types of dynamically priced insurance products and distribution models. This makes Cloud Insurance a quick and cost-efficient route for any insurer to test and develop new propositions.

Case Study

Client situation
Maiden Life & General (MLG) works with distribution partners across Scandinavia, the Baltic states, the UK and Ireland. The company had struggled to find IT resources to build the necessary software architecture to rapidly develop and deploy new products.

What they did
Cloud Insurance created a platform that supports end-to-end customer journeys and policy administration. It enabled MLG to offer a diverse catalogue of insurance products, and tailor online offers to the needs of each distribution partner. The next phase will be to integrate a claims handling module.

What impact it had
MLG's time-to-market improved by 50%, and the more processes iterated, the faster the implementation of new programs, making it simpler for MLG's partners.



Cloud Insurance in action

Cloud Insurance's core functionality enables policy handling, proposition management, claims, distribution and reporting, all in one place.

"It was the system's flexibility and the high level of professionalism in the team that convinced us. They know what they're doing, not only on the technical side but also on the insurance business side."

Daniel Deckers, Managing Director, MLG

Plans for 2021

- Close a Series A funding round at a minimum of £12m in late 2021 or early 2022
- Expand to 40+ full-time employees
- Full-scale launch of AI-actuary

Who should speak to them

Small-to-medium-sized European, US personal, commercial, specialty lines carriers, MGAs, brokers.

FIND OUT MORE COMPLYADVANTAGE

DISTRIBUTION | PRODUCT INNOVATION | DATA & ANALYTICS | **OPERATIONS**

ComplyAdvantage

ComplyAdvantage automates anti-money laundering and financial crime screening and monitoring

Company summary

Year founded 2014

2020 revenue £20m-£30m

Total investment £89m

Offices London, UK; New York, US; Singapore, Cluj-Napoca & Romania

FTEs 300+

Key investors
Ontario Teachers, Index Ventures, Balderton Capital

Key clients
Munich Re, Hyperion, Lloyd's, MetLife, Willis Towers Watson, Bought By Many, GetSafe, Qover, Marshmallow, Lorega, PolicyPal, Singapore Life

Key executives
Charlie Delingpole, Founder, CEO: Serial entrepreneur after JP Morgan TMT

Vatsa Narasimha, CCO & CFO: Background including management consultancy and tech, including crypto currency AML provider CipherTrace and FX data firm Oanda

Bitesize Profile

ComplyAdvantage is the financial industry's leading source of AI-driven financial crime risk data and detection technology. ComplyAdvantage integrates its solution into clients' existing systems and processes to provide real-time automated financial crime compliance. Their solutions are fully automated, allowing compliance teams to uncover compliance risk and fraudsters in real-time when performing onboarding checks of new clients or monitoring for changes in customer risk profile.

One third of the company's clients come from the insurance industry, including insurers, brokers and managing agents, the bulk of which are European. In July 2020 the company secured Series C funding of $50m to power further growth, with the ambition of in 2021 expanding the product portfolio to serve life insurance around transaction monitoring, combining facets of its prior experience working with both fintechs, banks and non-life insurance clients.

The Oxbow Partners view

The insurance industry is under increased scrutiny as regulators around the globe tighten standards for AML and financial crime screening compliance.

Financial institutions are also expected to look deeper into their clients and expect insurers and banks not only to tick boxes in their processes but to pursue any reasonably possible risks like sanctions or non-compliance by the client's related parties. Absence of knowledge is no longer a defence.

Case Study

Client situation
Startup insurer Luko's compliance team was having to conduct hundreds of manual checks each day, which slowed onboarding time for customers.

What they did
The ComplyAdvantage two-way Rest API was integrated in under 2 weeks, allowing automated screening of entities in near real-time against thousands of sanction lists, watchlists, politically exposed persons lists and adverse media. The 'ComplyAdvantage App', allows Luko's compliance team to easily conduct checks and keep track of which accounts require attention and remediation.

What impact it had
Working with ComplyAdvantage has allowed Luko to improve their knowledge of financial crime risks. Their team can now easily customise their parameters, change match statuses and escalate alerts to other team members and the clear audit trail provided by the tool ensures compliance obligations are met without increasing headcount or operational cost.

ComplyAdvantage in action

ComplyAdvantage integrates its solution into clients' existing systems and processes to provide real-time automated financial crime compliance.

"ComplyAdvantage's customisable matching parameters allowed a significant reduction in false positives and incorrect hits, freeing up valuable time for our team. With the API integrated in under two weeks, we were able to quickly reduce our onboarding time."

Marion Beaufrère, Head of Product, Luko

Plans for 2021

- Release new "Know Your Business" product in Q2 2021

Who should speak to them

London market insurers, reinsurers, global life and non-life insurance carriers, large brokers, InsurTechs and MGAs.

FIND OUT MORE
COVER GENIUS

DISTRIBUTION | PRODUCT INNOVATION | DATA & ANALYTICS | OPERATIONS

Cover Genius

Cover Genius allows digital merchants to distribute insurance at the point of sale

Company summary

Year founded 2014

2020 revenue Not disclosed

Total investment £16m

Offices Auckland; Sydney; New York, US; San Francisco, US; London, UK; Amsterdam; Munich; Tokyo; Singapore; Mumbai; Seoul; Kuala Lumpur; Manila, Bangkok

FTEs 150

Key investors
King River Capital, private investors

Key clients Intuit, eBay, Shopee, Wayfair, Booking Holdings, Skyscanner, Despegar, AXS, Descartes ShipRush, ShipStation, Automatrix

Key executives

Angus McDonald, Co-Founder & CEO: Previously responsible for building partnership teams at Yahoo and iClick

Chris Bayley, Co-Founder & Chief Innovation Officer: One of the first employees in Google's Sydney office where he managed the insurance team

Jim Sutcliffe, Chairman: Former CEO of Old Mutual and Chairman of Sun Life.

Bitesize Profile

Cover Genius is a technology platform which allows digital businesses to distribute insurance to their customers. Its B2B partners include eBay, Skyscanner, Wayfair, Shopee and Intuit Quickbooks. Its MGA capacity comes from a panel of carriers including Lloyd's syndicates, Sompo Japan, Starr, Munich Re and Swiss Re. The company is active across North America, Europe, Asia and Oceania.

Cover Genius was set up by two former Google and Yahoo employees. Its starting point was embedded travel insurance with a focus on covers related to car rentals, and it quickly signed Booking Holdings, owner of Booking.com, as a partner. It has since added over nine additional classes across personal and commercial lines.

The business delivers its products through two main platforms: RentalCover for the car rental market and XCover for everything else. Most partners select RentalCover.com and XCover.com to perform the post-sale consumer journey activities such as policy administration, upselling, modification and claims.

After four years of bootstrapping, consecutive investment rounds brought in $21m in 2019 and 2020. The company has expanded to around 150 employees, one third of whom are solution engineers based in Sydney and regional offices.

The Oxbow Partners view

Embedded insurance is one of the models that has survived the current burst of InsurTech activity. Several platforms have emerged in this space, including Impact 25 Members bsurance, Element, Guardhog, Hokodo, Kasko, Qover and Zego. (The list is, as ever, partly a question of definition.)

We believe this model has significant potential, and Cover Genius is one of the more established platforms in this area. We like the Cover Genius model for a few reasons. First, they are focusing on established products where there is proven demand and volume. In other words, the company is focusing innovation on the delivery mechanism rather than the proposition, which we think is a faster route to growth. Second, Cover Genius's rapid geographic expansion allows it to deliver an insurance solution to multi-national partners, who otherwise struggle doing deals with fragmented insurers.

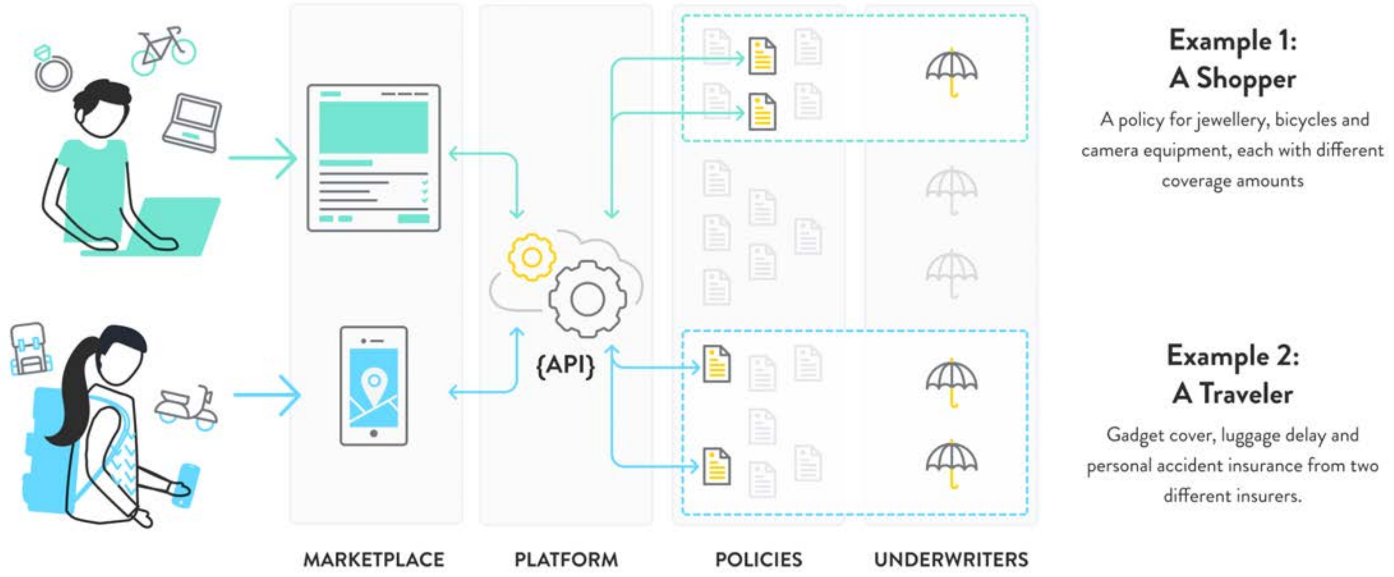
The challenge with embedded insurance is continuing to find demand. We have seen with other InsurTechs in this space that what seems like a logical adjacency does not always translate into real demand.

Case Study

Client situation
eBay's experience with traditional insurers had been underwhelming. Coverage gaps had led to dissatisfied customers, leading to reputational damage for eBay itself.

What they did
XCover was integrated into eBay's purchase journey to provide customers with insurance and warranties across a variety of product categories.

What impact it had
eBay achieved 513% warranty insurance revenue growth almost immediately after launch. With the previous provider these had been an average of circa $4,000 per week, rising to nearly $20,000 per week by week four.



Cover Genius in action

Cover Genius makes it simple for companies to offer tailored insurance policies directly to their customers in any country and language.

"Cover Genius's superior technology and customer-first approach align well with our overall strategy to deliver the right tools and services to help small businesses succeed and offer peace of mind to our customers. Businesses are looking for products that can help protect them when things go wrong."

Mauricio Comi, Head of SMB Insurance, Intuit

Plans for 2021

- Expand global capability
- Continue work with the biggest distribution partners

Who should speak to them

Digital companies, personal lines insurers and reinsurers.

FIND OUT MORE
DEAD HAPPY

DISTRIBUTION | PRODUCT INNOVATION | DATA & ANALYTICS | OPERATIONS

Dead Happy

Dead Happy has cleverly refreshed the life insurance product

Company summary

Year founded 2017

2020 revenue £100k-£1m

Total investment £8.2m

Offices Leicester, UK

FTEs 27

Key investors
Octopus, e.Ventures, VentureFounders and Channel 4 Ventures

Key partners
Brightside Insurance, BeWiser Insurance

Key executives
Phil Zeidler, Co-Founder: Previously formed Junction, a white label insurance partnership business since sold to BGL

Andy Knott, Co-Founder: Previously in online gaming and co-founded an interactive marketing agency

Dominic Holton, COO: Data scientist and statistician with life and insurance comparison experience

Bitesize Profile

Dead Happy is a life insurance MGA that is challenging the traditional life insurance market. The founders – comprising insurance and marketing professionals – have designed their proposition as an irreverent take on the UK life insurance market after deciding that traditional products are unfit to serve modern consumers.

Aimed at tech-savvy 30-40-year-olds, the proposition has rebranded traditional "policy benefits" as "deathwishes". These are shown on the company's website and range from sending your ashes to the edge of space and having a bronze statue of yourself made to more traditional benefits such as paying off your funeral costs or mortgage. (Browse their site in an idle moment.)

This is in stark contrast to the traditional product where benefits are technical, often complex and certainly boring. Dead Happy provides annually-renewed ten-year cover to ensure policies remain relevant and prices are updated. 80% of customers buy through their smartphone; founders believe this is the only life product that can be bought entirely from a mobile phone.

So far 10,000 policies and 140,000 deathwishes have been created, for £1bn overall insured value. Reinsurer Gen Re underwrite 90% of the risk, with fronting from Covea who provide the remainder.

The Oxbow Partners view

Dead Happy has achieved a unique feat amongst the one hundred Impact 25 profiles that have been written over the last four years: the author called his wife over to show her the company's website and shared a chuckle about the death benefits available.

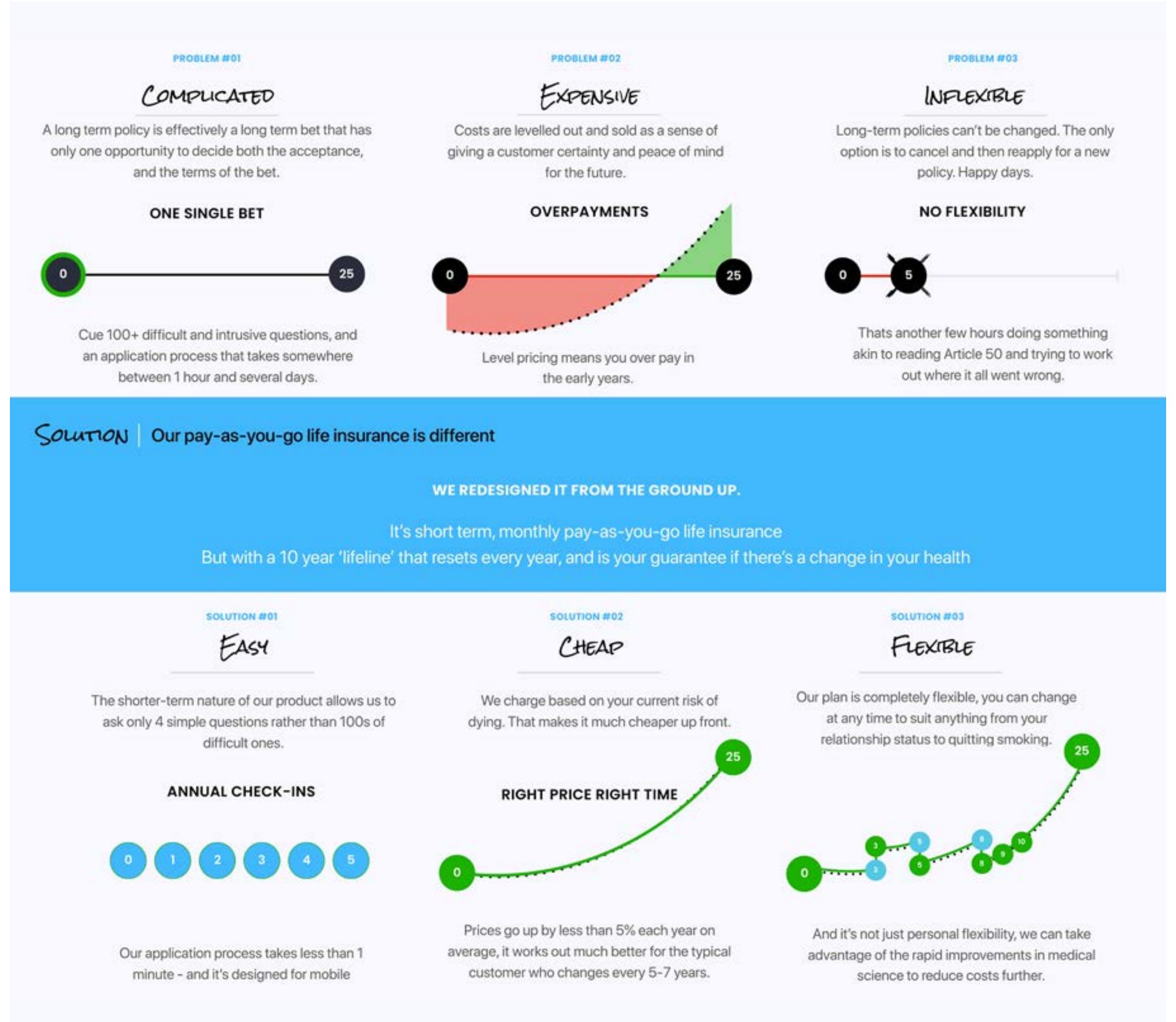
Based on this anecdotal datapoint, the company is achieving its objective to completely refresh the life insurance proposition. Not only is it removing taboos and delivering a great marketing story, but the "deathwish" concept is, in our view, simplifying the concept of "death benefits". No longer do customers need to estimate how much cover they want but they can select the outcome they want to achieve.

Case Study

Client situation
Brightside Insurance Services is an insurance broker looking to offer a simple, easy-access COVID-19 inclusive term life insurance product to its customers to better meet their needs.

What they did
Dead Happy developed a simple co-branded proposition for Brightside's customers with bespoke incentives to test customers' appetite to buy life insurance via their website. Dead Happy developed a campaign, landing pages, co-branded user experience, contracts and reporting, and were ready to launch in six weeks, with no tech resource required from Brightside.

What impact it had
The product went live in record time. It remains too early to share premium volume but Brightside has committed further marketing budget to the test in its new year budget to continue supporting the product, which is already profitable.



Dead Happy in action

Dead Happy is refreshing the traditional UK life insurance market by developing a proposition aimed at modern customers.

"The Dead Happy team have developed a truly unique proposition and are at the forefront of disrupting the UK life insurance market. They challenge traditional constraints and limitations to deliver innovative and engaging digital products to an underserved demographic."

Matthew Jones, Senior Life Proposition & Distribution Manager, Covéa Insurance

Plans for 2021

- Reach one million "deathwishes"
- Full launch of our digital wills
- Launch into Continental Europe

Who should speak to them

Life insurance B2B2C partnerships, fronting insurers and reinsurers.

FIND OUT MORE EVOLUTIONIQ

DISTRIBUTION | PRODUCT INNOVATION | **DATA & ANALYTICS** | OPERATIONS

EvolutionIQ

EvolutionIQ lowers claims costs by applying machine learning to unstructured data sets

Company summary

Year founded 2019

2020 revenue £1m-£5m

Total investment £3.9m

Offices New York, US

FTEs 15

Key investors
FirstRound Capital, FirstMark Capital, Foundation Capital, Plug and Play Ventures

Key clients
Five top 10 and several top 25 US P&C and Group Benefits insurers

Key executives
Tom Vykruta, Co-Founder and CEO: Leader at Google's early machine learning transformation

Mike Saltzman, Co-Founder and COO: Previously quant investor at Bridgewater Associates

Rooney Gleason, Chief Insurance Officer: 35-year insurance industry veteran, formerly Head of Digital and a Senior Exec at Argo Insurance

Bitesize Profile

EvolutionIQ was formed only in 2019 to unlock the predictive power of unstructured historical claims data through deep machine learning. It has made rapid progress, exceeding £2m in revenue in its first year – impressive even for the two founders, one of whom was formerly a leader of Google's machine learning transformation and the other a Bridgewater quant.

The company's first pilot was with a top ten multinational insurance carrier, this has now developed into a full implementation. The platform's focus on unstructured data means that a wide range of sources can be integrated. For example, it can read handlers' call notes and serve these up at appropriate points in the process. Benefits include better customer service, efficiency savings, and a reduction in the cost of fraud.

One of the platform's use cases (IQInvestigate) is to identify and address "malingering" claims. These claims can be escalated directly to more experienced handlers who can, for example, follow up for specific information or investigate issues with the claimant's working environment. Another use case (IQPriority) is to triage complex disability claims by their likely litigiousness, cost and time to settlement.

The Oxbow Partners view

EvolutionIQ's founders were attracted to the insurance business because of its abundance of unstructured data and relative unsophistication in using it. Focusing on the most litigious jurisdiction in the world means that there is plenty of upside from understanding potential outcomes better, and indeed a rich dataset of litigation and its outcomes to train the algorithm.

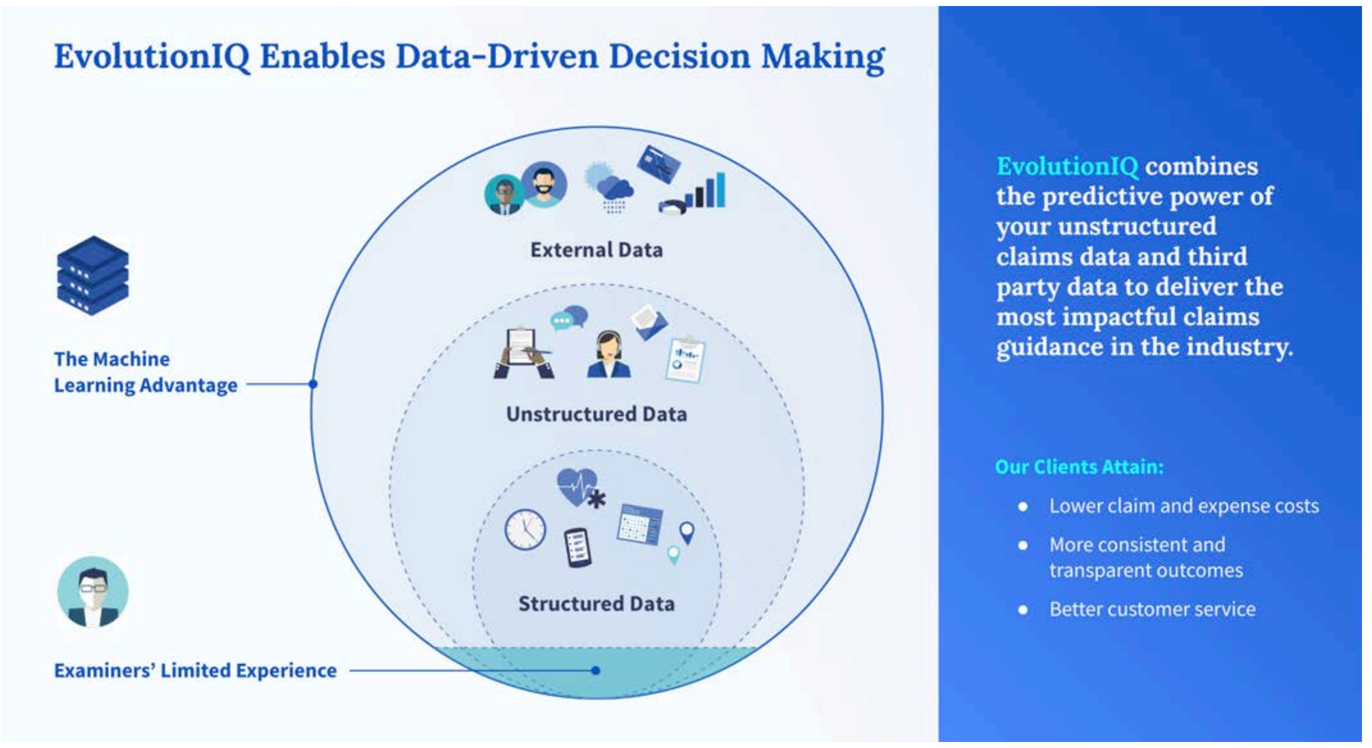
We recognise the company's central hypothesis. Claims has historically lagged other parts of the business in terms of digital investment. Operating models can still be unsophisticated; for example, it is not unheard of to see claims being allocated by criteria such as surname of the claimant to particular teams or handlers. In other words, for many organisations, technology is only part of the answer.

Case Study

Client situation
A top-tier general liability carrier was lacking predictive analytics when assigning claims to handlers, often mis-using their handler's skill and experiences. They also had no pro-active analytics around cost and litigation risk on given claims, relying exclusively on the gut instinct of their adjusters.

What they did
IQPriority ingested hundreds of thousands of historical claims and terabytes of external data. The resulting system offered detailed and accurate analytics on each claim, forecasting the likely cost interval, handling complexity and propensity for and cost of potential litigation. This data allowed the client to intelligently assign claims to adjusters and equip them to make data-driven decisions.

What impact it had
This client is now able to ensure that 80% of total annual claims costs are covered by top adjusters and litigation propensity is known ahead of time, enabling proactive claim handling and certainty. Overall claim costs are targeted for a 4-6% reduction over two years.



EvolutionIQ in action

EvolutionIQ combines the predictive power of companies' unstructured claims data and third party data to deliver the most impactful claims guidance in the industry.

"IQInvestigate has significantly exceeded my expectations. We're broadening its use and look to leveraging the technology to assess other types of claims across our portfolio of products and share with our affiliate companies to achieve similar operational and financial improvements."

Scott Boutin, Chief Claims Officer, Reliance Standard Life, A Tokio Marine Company

Plans for 2021

- Complete five operational deployments with top ten US carriers for General Liability and Group Benefits
- Deploy version 2.0 of IQInvestigate which includes medical trajectory analysis, enhanced visualisation of external data and enhanced workflow
- Exceed $5m in annual revenue

Who should speak to them

P&C insurers, group benefits carriers and claims handlers.

fintech OS

FIND OUT MORE
FINTECH OS

DISTRIBUTION | PRODUCT INNOVATION | DATA & ANALYTICS | **OPERATIONS**

Fintech OS

Fintech OS is an end-to-end digital platform for insurance

Company summary

Year founded 2017

2020 revenue £5m-£10m

Total investment £14m

Offices London, UK; Bucharest, Romania & Amsterdam, Netherlands

FTEs 170

Key investors
Earlybird Venture Capital, Gapminder VC, LAUNCHup Ventures, OTB Ventures, Founders

Key clients
Hyperion, NN Group, Vienna Insurance Group, Société Générale

Key executives
Teo Bildarus, Co-Founder & CEO: Previously co-founded Softelligence, a software specialist focused on banks and insurance companies

Sergiu Negut, Co-Founder & CFO: Previously co-founded Softelligence, management experience across industries, focused on growth

Bitesize Profile

Fintech OS helps banks and insurers offer digital experiences to their customers with a low-code to no-code platform. The platform allows insurers to launch products faster, provide an omni-channel customer experience, implement automated data-driven underwriting and provide claims servicing.

Fintech OS has data at the core of its platform, the so-called Evolutive Data layer that integrates data from both the client's systems and third-party data sources AI is built in to support tasks such as document processing and power chatbot interactions.

The company has picked up close to 40 banking and insurance clients in the past two years, many of which previously worked with its two founders on their previous start-up, Softelligence. Insurance clients include London Market broker/MGA Hyperion and European carriers, such NN Group in The Netherlands and Vienna Insurance Group and UNIQA in Austria.

A modular approach means clients can continuously extend the range of services they source from Fintech OS. Clients typically use the platform to launch a new product, before broadening the deployment. The system works alongside or on top of existing technology infrastructure to maximise change flexibility.

The Oxbow Partners view

It's sometimes hard to get excited about insurance platforms, of which there are 400 in our Magellan vendor navigator. However, Fintech OS appear to be onto something, having picked up 40 clients and £5m of revenue in the four years since launch.

It is clear what the secret is: an end-to-end system that requires little technical knowhow to implement or customise and gives clients access to the latest technologies and features. One of the challenges of InsurTech over the years has been the limited range of propositions, for example supporting only a narrow part of the value chain or a specific product. Fintech OS has gone big early, helped of course by its founders' track record and ability to raise a large funding round early.

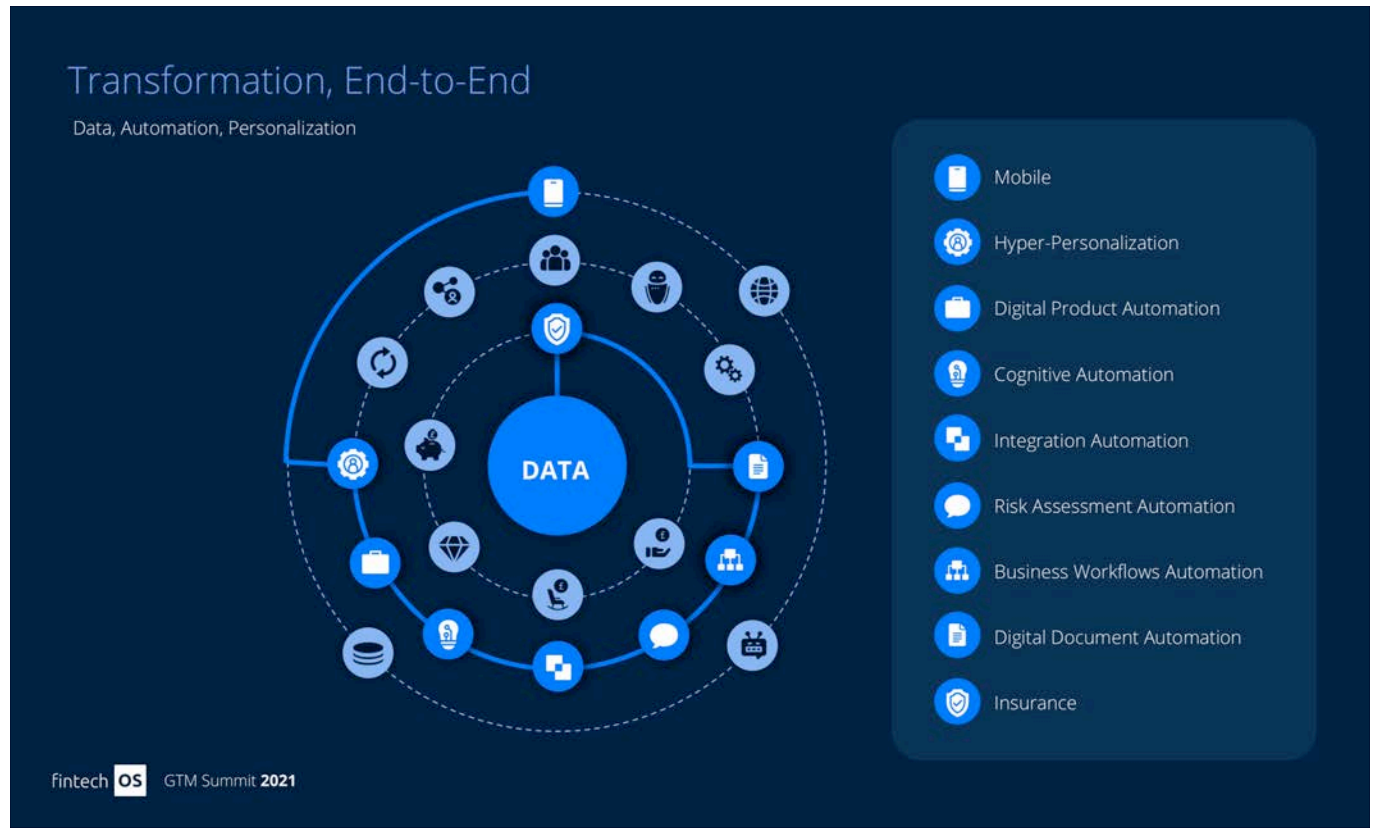
We advise our clients to look carefully at systems like this when making decisions about new platforms. Whilst Fintech OS is not yet a household name for policy admin systems, it has proved in early deployments that it has the capabilities to be a viable alternative.

Case Study

Client situation
Vienna Insurance Group wanted a partner to develop its OMNI+ health insurance platform for a new line of business. The partner needed to be able to handle distribution, underwriting, an extensive healthcare provider network and claims.

What they did
A multi-layered solution was deployed enabling VIG to deliver tailored group health insurance coverage. This encompassed digital AI-enabled quote and bind, self-service or assisted first notice of loss journey, chatbot features with 24/7customer service and policy administration. The solution acted as an interface between legacy systems, siloed data, other third-party solutions, and Fintech OS's products.

What impact it had
Fintech OS provided AI-enabled digital claims management, instant premium calculation and policy subscription; an 80% reduction in the estimated total cost of build and management during the first three years; and an 80% reduction in the claims processing time.



Fintech OS in action

FintechOS's layered architecture enables insurers to build and scale products and personalise their customer journeys, speeding up their digital transformation process.

"Fintech OS gave UNIQA a solution that combines product factory business rules and risk management modules that ensure real-time validation of product features, pricing and underwriting rules as well as an instant update of core system and performance analytics."

Lidia Dragan, Underwriting Director, UNIQA

Plans for 2021

- Raise Series B investment of at least $30m
- Achieve an ARR of at least $16m by end 2021; at least ARR of $25m by end 2022
- Launch in the US and SE Asia

Who should speak to them

Property and casualty, specialty, life and health insurance carriers, large brokers, MGAs, aggregators.

Oxbow Partners

FIND OUT MORE HAILIOS

DISTRIBUTION | **PRODUCT INNOVATION** | DATA & ANALYTICS | OPERATIONS

Hailios

Hailios provides insurers with live hailstorm data and analytics through a network of sensors

Company summary

Year founded 2017

2020 revenue £100k-£1m

Total investment £1.4m

Offices Colorado Springs, US; Switzerland; Austria; Canada & Portugal

FTEs 10+

Key investors Angel/Seed

Key clients
Berkshire Hathaway, Descartes Underwriting, AXA Climate, Swiss Re, Munich Re, SCOR, HailSure Underwriting Managers, Generali

Key executives
Lucas Schiff, Co-Founder & CEO: Colorado-based serial inventor and entrepreneur

Carsten Neufing, Co-Founder & Chief Technology Officer: Tech and engineering background

Rob McMullan, VP Business & Corporate Development: Technology sales, Fintech, Investment background

Bitesize Profile

Hailios is an Internet of Things (IoT) company which provides real-time hail data to its insurance partners, MGAs and claims adjusters. The company places its proprietary, solar-powered 18-inch-square sensors on relevant properties or assets and uses these to measure the impact energy of each hailstone as well as recording the time and duration of any storm.

The company points out that hail has caused over $19bn of property and crop damage per year in the last 12 years. For example, an intense hailstorm in Germany in June 2019 caused over €1bn of damage in the Munich area alone. Hailstones were the size of golf balls damaging cars and property.

The technology is particularly suited for parametric products offered by insurers in high-risk areas. Policyholders range from car dealerships or multi-family homes to farms, solar energy plants and golf courses, and policies include property and crop insurance.

The Colorado Springs-based company was recently a part of Lloyd's Lab Cohort 5. Hailios is working on a project with London Market insurers to create grids of sensors that could be used as a market-data solution.

The Oxbow Partners view

Depending on where you live, the Hailios proposition will seem either niche or critical. Either way, industry loss data clearly shows that hail can cause large losses – not least because there is little that can be done to avoid the peril.

The Hailios model is currently only suitable for larger risks and it will be interesting to see how the Hailios proposition develops over the next few years. The case study outlined in this profile demonstrates the significant operational effort required to implement some parametric solutions.

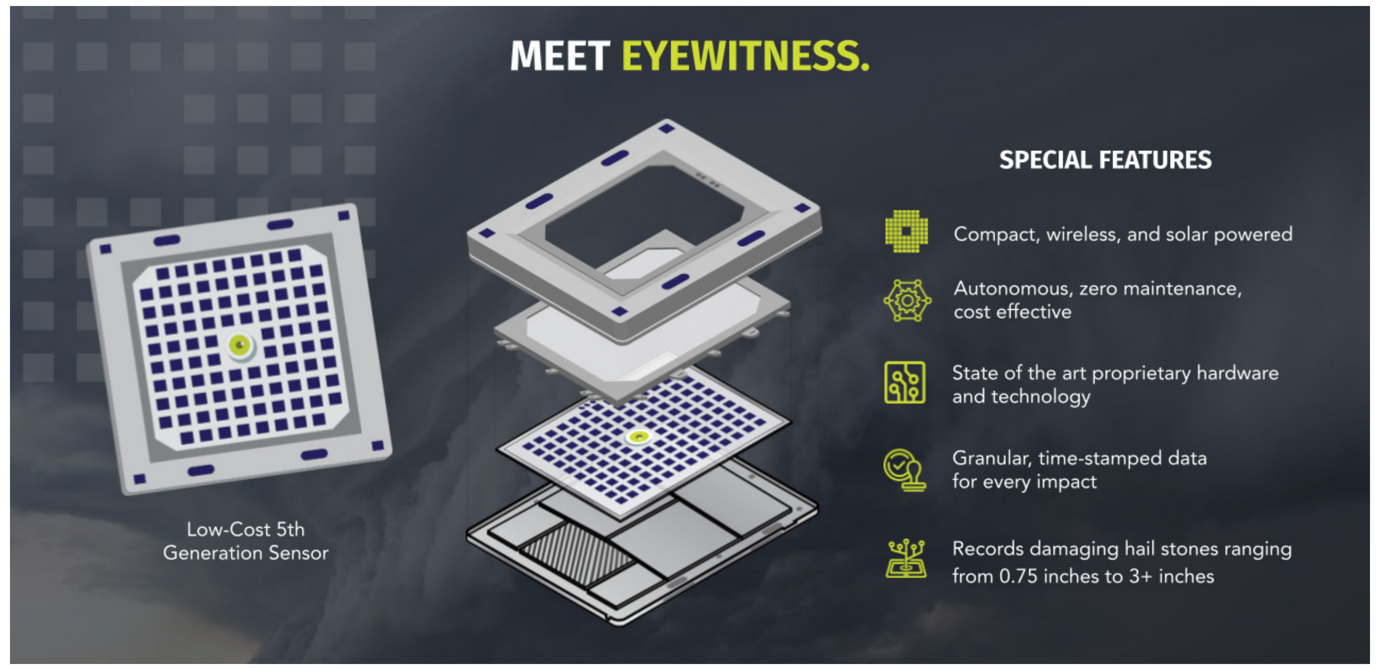
Their current initiative to build an urban network of sensors will be an exciting development.
If successful, Hailios could make parametric hail solution available to retail customers, such as the residents of Munich as an extension to standard home or motor policies, opening up a huge market with established distribution channels.

Case Study

Client situation
A 1,600 acre industrial hemp farm in rural Nevada was unable to buy coverage for hail risk. Hemp crops have a very high value per acre planted (upwards of $20-30k per acre).

What they did
Hailios placed its sensor technology around the farm, augmenting their hail sensors with radar analysis due to the farm's large size.

What impact it had
The hemp grower was able to access hail cover through Impact 25 2020 Member, Descartes Underwriting.



Hailios in action

Eyewitness, Hailios's hail sensor, collects real-time, ground-truth, accurate weather data that enables a more efficient claims process after a hail event.

"Hailios is critical to the HailSure parametric insurance program. Over the past summer, Hailios's sensors provided data on three auto dealerships involved in a significant hailstorm. The granularity of the data allowed the dealers to collect a 25% greater payout than using radar alone"

Richard Duer, CEO, Hailsure

Plans for 2021

- Reach £3.5m revenue in 2021
- Execute a full global launch of product
- Deploy first sensor grids for residential use as a proof of concept via Lloyd's Lab Cohort 5
- Secure five carriers to participate in the residential proof of concept

Who should speak to them

P&C insurance carriers, crop insurers, specialty carriers, MGAs, reinsurers, parametric insurance providers.

FIND OUT MORE HUMAN API

DISTRIBUTION | PRODUCT INNOVATION | **DATA & ANALYTICS** | OPERATIONS

Human API

Human API connects health insurers with medical data

Company summary

Year founded 2014

2020 revenue Not disclosed

Total investment £26m

Offices San Mateo, US

FTEs 70+

Key investors
Samsung Ventures, CNO Financial Group, Allianz Life Ventures, Moneta VC, BlueRun Ventures, SCOR Life and Health Ventures and Guardian Life Insurance Company

Key clients
AAA Life, Principal, Guardian Life, Allstate, Prudential, Ethos, Ladder, SCOR

Key executives
Andrei Pop, CEO: Serial entrepreneur, data and product development specialist

Christian Wieland, Senior Vice President of Growth: Background in software products for large health and telecoms clients

Richard Dufty, Chief Commercial Officer: Focused on delivering frictionless customer journeys for technology companies

Bitesize Profile

Human API provides health insurers with permissioned data on over 260 million US lives by aggregating more than 40,000 unique sources. These sources include US hospitals, clinics, patient portals, pharmacies, labs, health information exchanges (HIEs), electronic health records (EHRs) networks, offline records retrieval partners, wearable devices, and fitness apps.

The platform uses advanced technology to extract and normalise data required for either business processes (e.g. insurance underwriting) or customer experiences (e.g. lifestyle rewards).

Human API's founders stress that consumer permission is at the heart of the product; they provide an 'on demand' patient insight. For example, customers can choose which sources to access and share with their insurer. The "value exchange" is that customers receive a more personalised proposition or higher quality of service in return for sharing more data. For a new customer this could be the difference between the buying journey taking a day or several weeks because the need for medical underwriting is eliminated.

Whilst the company serves several markets, insurance carriers and brokers deliver 50% of revenues. Human API has been venture funded and recently raised a $20m Series C round.

The Oxbow Partners view

We believe that health insurance is the market most likely to be significantly impacted by technology-led innovation (including InsurTech) in the next few years. This is for three main reasons.

First, the health 'ecosystem' has many different innovative participants, besides insurers, engaging with consumers (e.g., telehealth providers, digital pharmacies, etc.). Any one of these ecosystem participants could innovate the customer proposition in a way that disrupts insurers. Second, our experience suggests that more consumers are willing to engage deeply on the topic of health than for other lines of business. That means that they are likely to notice and respond to new propositions (as Vitality has successfully demonstrated). Third, the volume of data in the health ecosystem is enormous, and arguably much greater than in any other line of business. This provides huge potential to innovate.

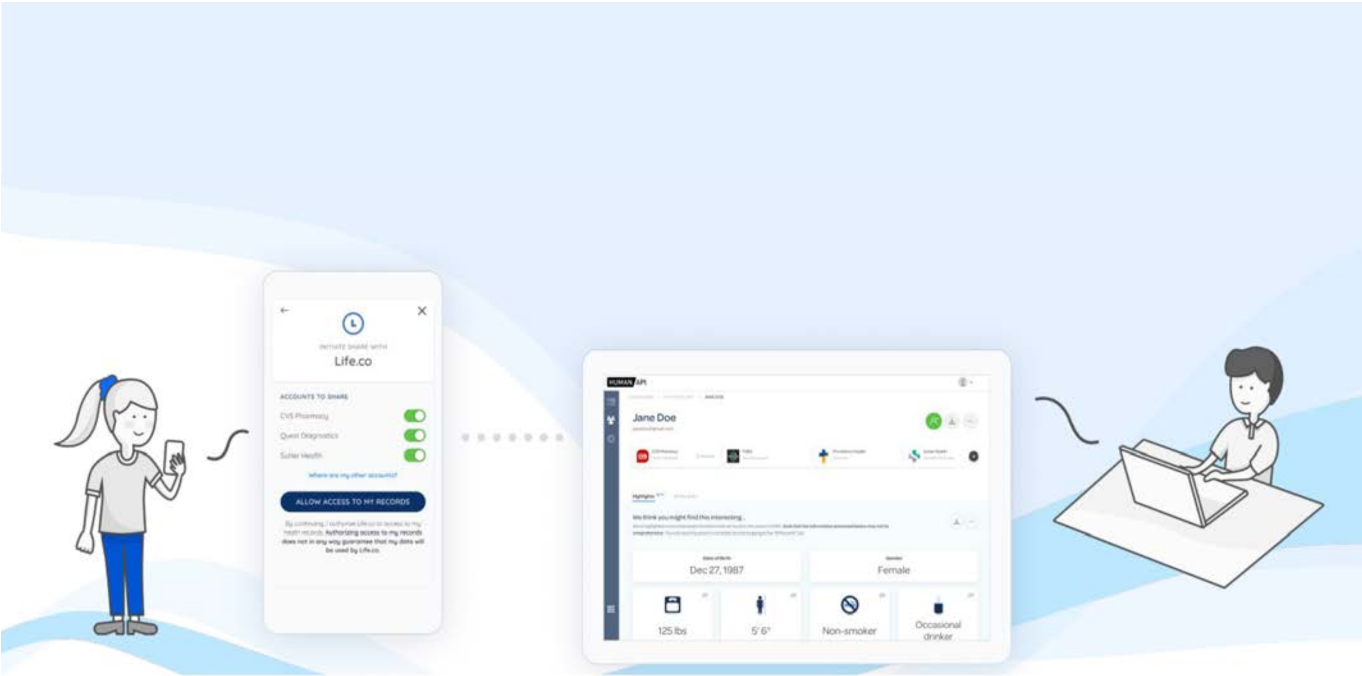
Human API's model as a 'supermarket' of structured health data means it is well positioned to facilitate innovation in the market.

Case Study

Client situation
AAA Life Insurance planned to use electronic health records (EHRs) data to enable innovation across its business, from automated rules engine to policyholder engagement. However, AAA relied on high cost, time-consuming workflows, such as manually requesting Attending Physician Statements (APS) for underwriting paramedical exams and lab tests.

What they did
AAA used Human API's EHR data platform, which ingests and normalises fragmented and unstructured customer health data, and delivers it in a structured, actionable format. Direct access to EHRs is a pivotal component of AAA's innovation strategy to reduce costs, increase policy placements, and fully digitize policy quoting, underwriting and distribution processes.

What impact it had
Using Human API's EHR data platform resulted in a 12.7% improvement in AAA's placement ratio, and in a 75% replacement rate for APS.



Human API in action

Human API's platform connects to hospitals, patient portals, pharmacies and fitness apps to enable companies to build new technologies and deliver better customer experiences.

"Human API gives us the data sets we need in a digital format, helping us achieve our ultimate goal of rapid, digital underwriting for both life and disability."

Nick Volpe, Chief Information Officer for Life and Wealth Management, Guardian

Plans for 2021

- Continue to develop AI with new data sources
- Expand to APAC markets

Who should speak to them

Life, disability, and supplemental insurance carriers, distribution partners, reinsurers, InsurTech companies.

FIND OUT MORE
IOTATECH

DISTRIBUTION | PRODUCT INNOVATION | DATA & ANALYTICS | **OPERATIONS**

Iotatech

A Software as a Service, cloud-native policy and claims management platform provider

Company summary

Year founded 2016

2020 revenue £2m-5m

Total investment £1m-2m

Offices London, UK

FTEs 11 plus 65 FTEs via outsourcing partners

Key investors
Founders and HNW individuals

Key clients
Commercial & General, Evolution, large top-tier insurer (announcement coming)

Key executives
Michael Sargeant, CEO: Previously Founder and CEO of IT-Freedom (now part of Acturis), as well as various other executive roles at technology and insurance companies

Robert Thomson, Chief Revenue Officer: Extensive prior experience across sales, marketing and legal executive roles in multiple industries

Dr Ahmad Mosa, CTO: Over 20 years of experience designing and implementing enterprise systems, including insurance solutions across the UK market

Bitesize Profile

Iotatech was founded in London by experienced insurance and technology professionals and provides a pay-per-use SaaS insurance platform for risk carriers and third party administrators.

Iotatech currently has two enterprise clients (Commercial & General and Evolution) live for motor and household products and it took less than three months to fully implement the solutions for those clients. Initially focused on claims, Iotatech released a policy administration solution in February this year, signing an agreement with a large top-tier Insurer.

From the outset, Iotatech's mission has been to "disrupt the traditional technology model for insurers". The team designed a solution that would require minimal capital expenditure for its clients, be customer configurable, have a transparent charging model, and have full insurance functionality for claims and policy administration. This allows their customers to quickly launch products that can be serviced anywhere in the world.

As the system is "no code", customers can configure the solution themselves without dependencies on their IT departments. Customers are only paid for what they use meaning that IT costs become an operating expense rather than the consuming capital like legacy systems.

The Oxbow Partners view

We have known about Iotatech for nearly two years and have been interested in their offering since we first saw it. Our interest is based on two "boring but important" aspects of their proposition – features which are often seen individually in insurance technology vendors but rarely together.

First, Iotatech has a track-record in insurance technology. Michael and Ahmad in the management team have built platforms before as part of the team behind IT-Freedom (now ICE InsurTech, part of Acturis, and a highly respected player in the market). Many InsurTech platforms have been started by technologists with experience outside of insurance which can mean the individuals are tackling many of the specific industry complexities for the first time.

Second, Iotatech has a modern technology architecture comprising the latest principles, tools and techniques. Most vendors often have legacy hidden away in the code.

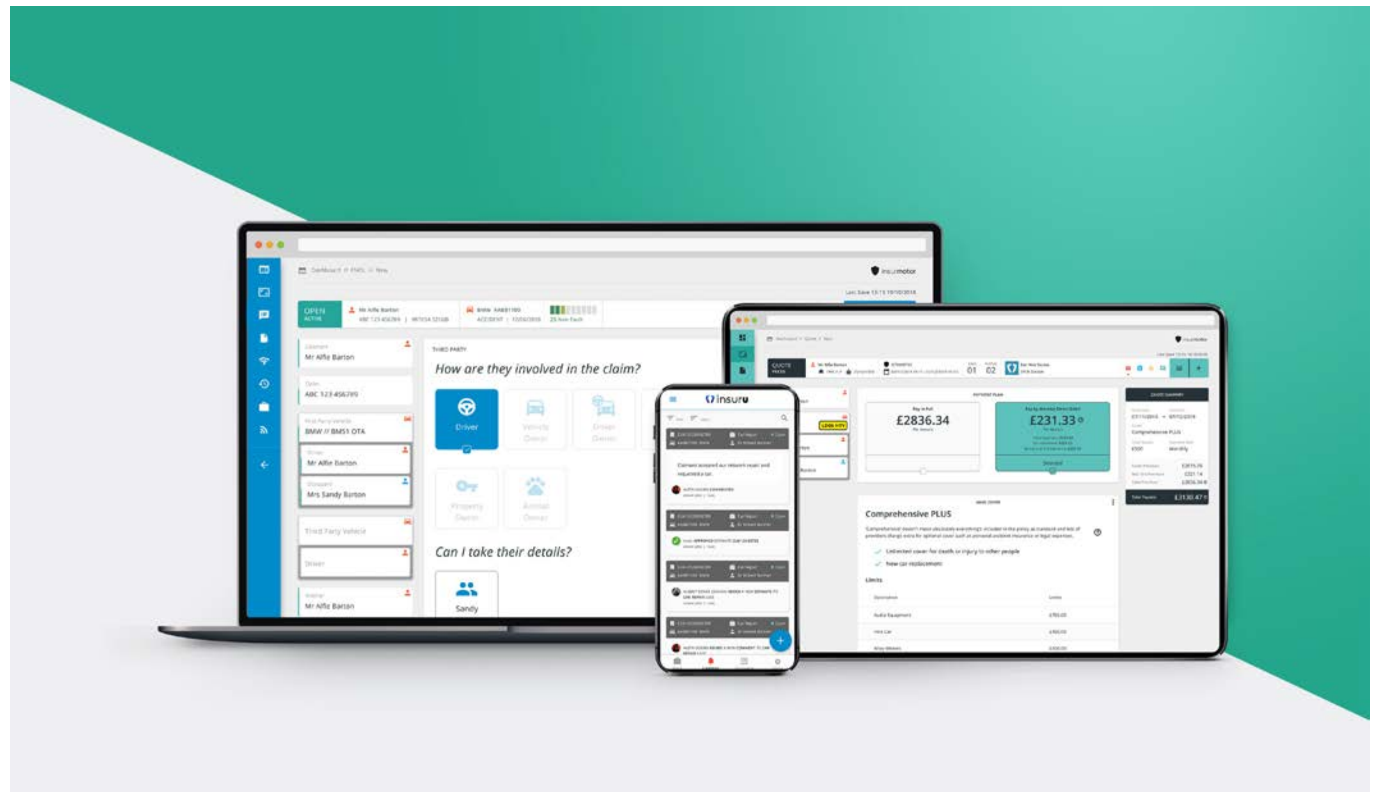
This combination means they should be very well set up to take on much bigger players.

Case Study

Client situation
As a third party administrator, Evolution needed a sophisticated technology solution to manage claims on behalf of their clients, providing them with end-to-end claims management, complete audit history, instant Business Intelligence and portal access.

What they did
Iotatech delivered their claims solution with SaaS features and educated Evolution on how to configure their products and workflow to ensure that the management of their system was self-sufficient. As the solution is cloud-native, there were no hardware or other capital costs to the customer.

What impact it had
As Evolution now had a significantly more modern technology solution compared to their customers, they were able to attract new insurers for their household claims offering.



Iotatech in action

Iotatech's SaaS platform is fully configurable and has been architected to be multi-lingual and to work across all devices anywhere in the world.

"Evolution selected Iotatech Claims as the right platform to take our business forward. Their pay-as-you-use model fits perfectly with our commercial offering and the IOT connectivity and cloud solution means we have future-proof IT."

Darren Cooper, CEO, Evolution Claims Management

Plans for 2021

- Go-live and roll out of policy system
- Future deals to be announced
- On-going product development including AI

Who should speak to them

Risk carriers including insurers, MGAs, brokers and local authorities, and claims administrators seeking a SaaS solution to support policy or claims administration.

FIND OUT MORE
KETTLE

DISTRIBUTION | PRODUCT INNOVATION | **DATA & ANALYTICS** | OPERATIONS

Kettle

Kettle is a reinsurance MGA with proprietary risk models for climate-linked exposures

Company summary

Year founded 2019

2020 revenue n/a (pre-revenue)

Total investment $4.7m

Offices Bermuda; UK; New York, US; Berkley, US

FTEs 14

Key investors
True Ventures, Homebrew, Accrue Capital, Anthemis and Inspired

Key clients n/a

Key executives
Andrew Engler, CEO & Co-Founder: 10+ years of (re)insurance experience, most recently as the VP of digital at Argo Group

Nathaniel Manning, COO & Co-Founder: Data expert as CEO of Ushahidi, an open-source software platform for community crisis response and the first chief data officer of USAID

Nigel Mortimore, Executive Chairman: 30 years of insurance experience in London and Bermuda, as founder and President of Argo's Bermuda Insurance

Bitesize Profile

Kettle is a rare type of InsurTech – a reinsurance MGA. The company helps primary carriers "surgically remove" challenging risks off their balance sheets and write them in a separate facility. Kettle has implemented advanced technology and risk analytics to gain a more accurate and sophisticated view of these risks, ultimately making them attractive to reinsurance capital providers and driving down reinsurance costs for primary carriers. Kettle's mission is to make more "uninsurable" climate-related risks insurable.

Kettle's first product uses a proprietary deep-learning technology called Swarm Neural Network to predict the probability and location of wildfires in California. This algorithm manages seven billion lines of geospatial data collected from 47 different sources ranging from LIDAR sensors to National Oceanic and Atmospheric Administration (NOAA) weather satellites. Kettle's 32 separate networks run upward of 140 million model parameters and can dynamically and individually change each of the coefficients driving the wildfire event.

This volume of data and modelling sophistication – 3 tredecillion ($3x10^{42}$) calculations per run – allows Kettle to calculate probabilities of fire damage at half square mile resolution across California. In 2020, the model very accurately predicted the path of the fourteen largest wildfires in California.

The Oxbow Partners view

Kettle is in some respects in a sparsely populated corner of the InsurTech market – there are very few reinsurance InsurTechs – but in other respects pushing some common themes. For example, climate resilience is a growing theme (addressed also by this year's Member Demex) and the technical capability being developed by Kettle is not dissimilar to the work being done by the many parametric players.

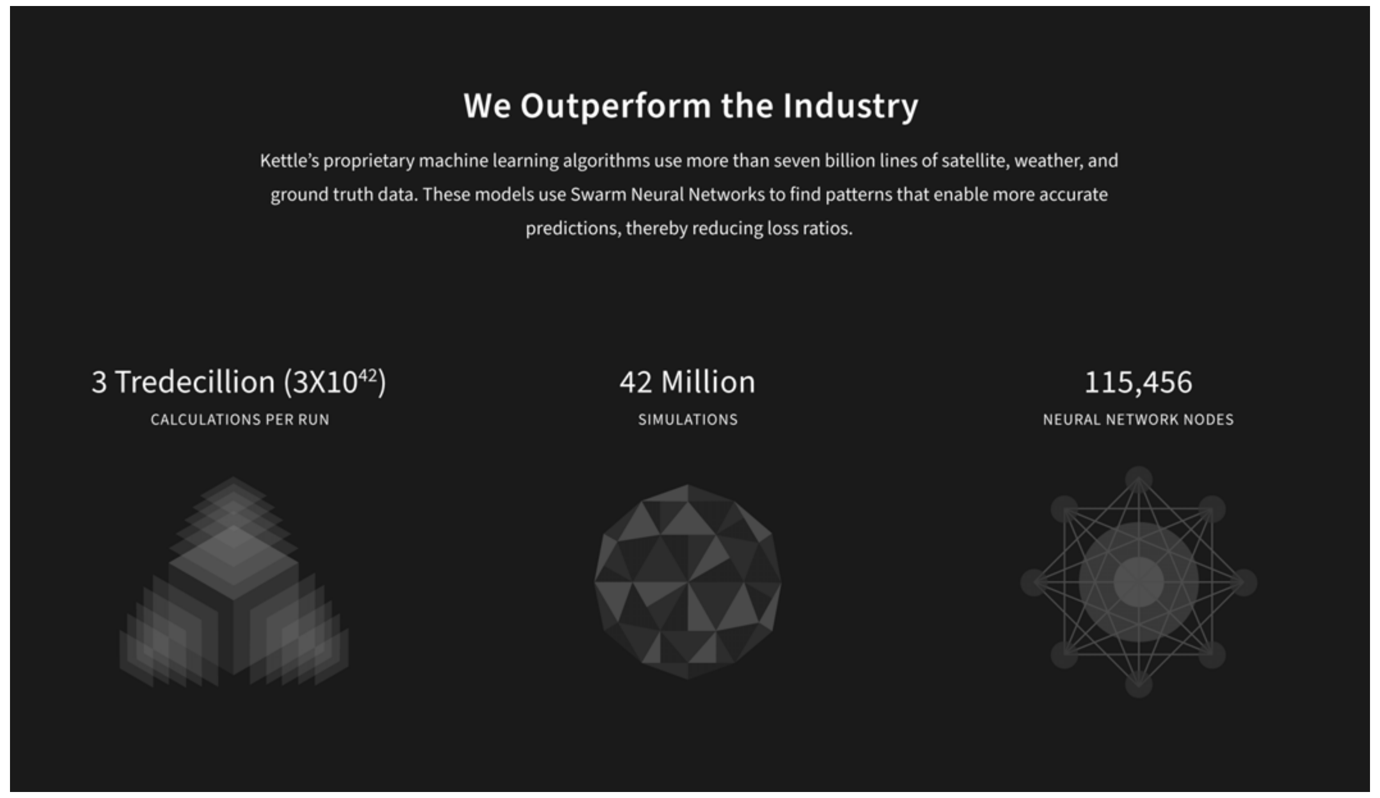
Kettle also serves as a regular reminder of the analytics 'arms race' in the industry. As these analytical technologies mature, insurers who have fallen behind will be susceptible to anti-selection.

Case Study

Client situation
The 2020 Californian wildfires was the most deleterious that the Golden State has seen, displacing 250,000 people from their homes, and causing a death toll of over 30. They were responsible for four of the five million acres of total land burned across the US in 2020.

What they did
Kettle used machine learning to map out the predicted wildfires in half-square-mile resolution across the state. A superior method to current outdated prediction models, which do not take into account the nonlinear increase in the severity and the frequency of climate events.

What impact it had
Of the 14 largest fires in California in 2020, Kettle predicted the location of 11 of these to be in the top 10% chance areas of burning and predicted all 14 of them to be in the top 20% chance areas.



Kettle in action

Kettle's machine learning algorithms use more than seven billion lines of satellite, weather, and ground truth data.

"In working closely with Kettle Re, we believe their technology and talent will be transformational in our joint efforts to design and deliver exclusive products to our retail distribution in the underserved California Wildfire Market."

Barbara Bufkin, Senior Advisor, Amwins Access Insurance Services

Plans for 2021

- Grow to 35 FTE in 2021
- Raise $25m in our series A round this year
- Raise $100-200m risk capital

Who should speak to them

P&C insurers, crop insurers, specialty carriers, MGAs, reinsurers, parametric insurance providers, energy providers, fire departments, legislators.

FIND OUT MORE
KIN INSURANCE

DISTRIBUTION | PRODUCT INNOVATION | DATA & ANALYTICS | OPERATIONS

Kin Insurance

A property insurer focused on middle income US homeowners in catastrophe-prone areas

Company summary

Year founded 2016

2020 revenue £1m-£5m

Total investment £67m

Offices Chicago, IL & St. Petersburg, Florida, US

FTEs 269

Key investors
Commerce Ventures, Hudson Structured Capital Management, Flourish Ventures, QED, Alpha Edison, Allegis NL Capital, Avanta Ventures, August Capital, the University of Chicago via its Startup Investment Program, Guggenheim Partner

Key clients
Cape Analytics, HazardHub, Snapsheet (partners)

Key executives
Sean Harper, Co-Founder & CEO: Serial entrepreneur and former consultant who founded TSS-Radio and FeeFighters

Lucas Ward, Co-Founder & CTO: Inventor of the Spring Batch framework, formerly CTO at fraud detection start-up Fundspire

Angel Conlin, Chief Insurance Officer: Experience in compliance and general counsel roles at several Florida property insurers

Bitesize Profile

Kin is a 'full stack' property insurer. Since 2019, capacity is provided by its own 'reciprocal exchange' carrier, a particular kind of mutual insurance company conceived in 1881 when New York dry-good merchants got fed up overpaying on their property insurance. This structure means that Kin's management team has full operational control over the insurer, but policyholders benefit in any outperformance of the carrier through dividends or premium reductions.

US underwriters are still relatively unsophisticated in their property rating, often using ZIP codes as the primary data point for catastrophe models, particularly in government programmes like the Florida National Flood Insurance Program.

This allows data-rich players like Kin to cherry pick against competitors and deliver superior underwriting performance. The 'technology first' business uses thousands of data sources to fine tune its pricing models. They are assisted in their efforts by their panel of around 30 reinsurers, which includes both Munich Re and Swiss Re.

Interestingly, several Impact 25 Members are service providers to Kin, including Cape Analytics for geospatial insight and Snapsheet for claims.

The Oxbow Partners view

Kin is one of several full stack property InsurTechs looking to disrupt the $100bn+ US market. It has spent the last four years developing its pricing capabilities and one of our Advisory Board members described it as "the real deal" full stack InsurTech.

We find its 'reciprocal exchange' model interesting. Readers of our blog will be aware of Lemonade's "Giveback" scheme, whereby a proportion of underwriting profit is paid to good causes as a mechanism to incentivise good claims citizenship.

We pointed out in a 2020 infographic that Lemonade was at the time paying only 75 cents into its Giveback scheme for every $100 of premium. Kin's model takes a slightly different approach, dumping the charity element and focusing on the community vibe instead. We have previously seen other InsurTechs such as Laka and Friendsurance (an early peer to peer insurance innovator) take similar approaches.

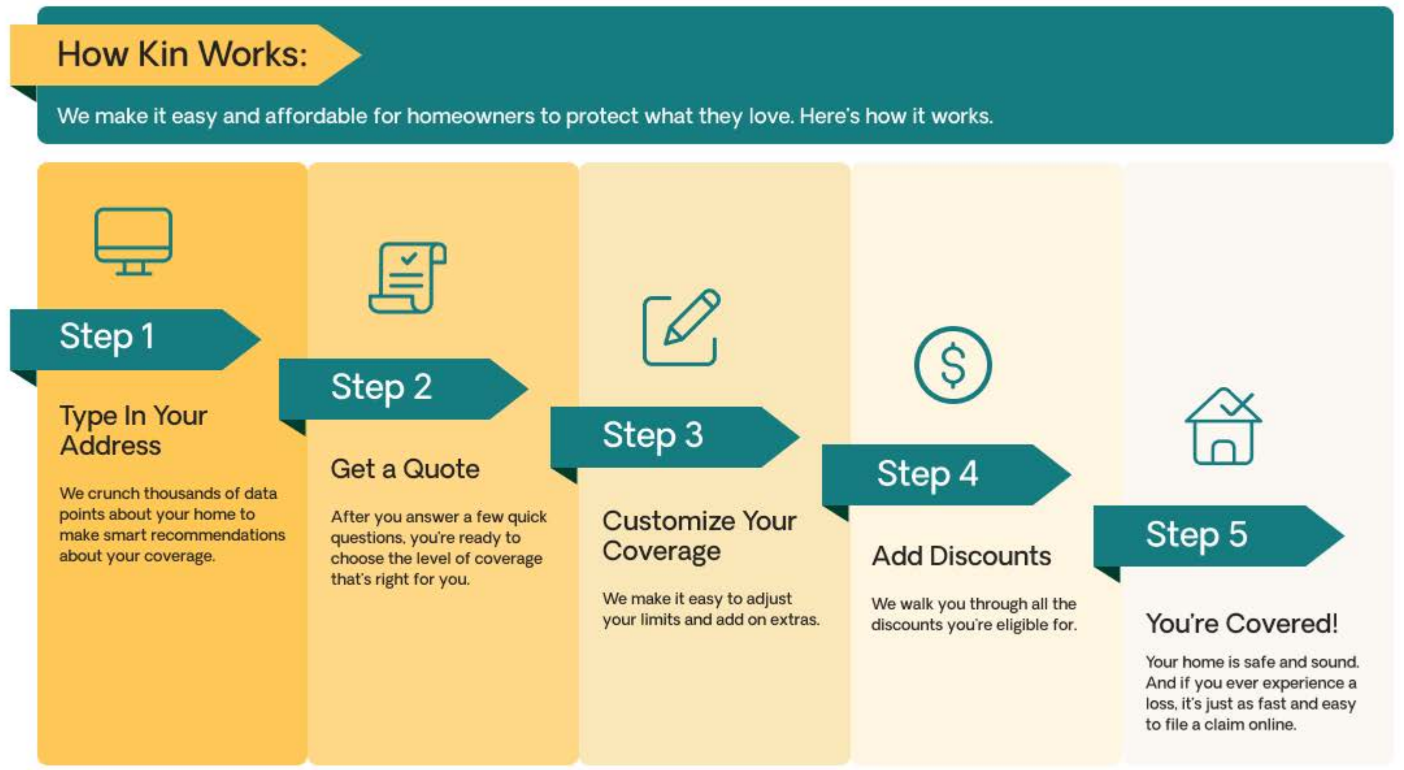
The key to success will however be customer acquisition. Lemonade – having reached 1m customers in the first week of 2021 – has demonstrated that this is possible, but our infographic also pointed out the deep pockets required. With $90m of total funding from some high quality investors we see big potential for Kin.

Case Study

Client situation
In Florida, homeowners can qualify for premium discounts if their homes are less susceptible to hurricane damage. To qualify they must often commission a wind mitigation inspection. Kin tries to target homeowners when they are researching such inspections on the web.

What they did
Kin followed up with one such customer about her homeowners insurance needs. Kin was able to connect them with one of their partners to inspect the home the next day.

What impact it had
With the wind mitigation inspection, Kin was able to quote half the price the customer had previously paid for homeowners insurance and secure additional coverage.



Kin Insurance in action

Kin has simplified the process for homeowners to get a quote online, using public record data points that will generate a quote within minutes.

"Digital Partners is excited to partner with Kin who are innovating data utilisation and digitalising the insurance value chain. Our goal is to provide support through a comprehensive, go-to-market partnership combining the financial strength and expertise of Munich Re with the ingenuity of Kin."

Dave Brune, North American CEO, Digital Partners, a Munich Re company

Plans for 2021

- Launch homeowners product in five new states
- Launch mobile home product nationwide

Who should speak to them

Reinsurers, data providers, catastrophe risk modellers.

FIND OUT MORE
OMNI:US

omni:us

omni:us automates claims management for insurers

Company summary

Year founded 2015

2020 revenue Not disclosed

Total investment £29.6m

Offices Berlin (HQ); UK; France; USA

FTEs 70

Key investors
Target Global, Viola Fintech, CommerzVentures, Uniqa Ventures, MMC, Anthemis

Key clients
Allianz (DE), Baloise (Switzerland), UNIQA and VIG (Austria), Amtrust (USA)

Key executives
Sofie Quidenus, Co-Founder & CEO: One of Forbes' "Top 50 Women in Tech", entrepreneur and startup leader

Stephan Dorfmeister, Co-Founder & CFO: Background in IT, previously a consultant at Deloitte and IBM

Martin Micko, Co-Founder & Chief Commercial Officer: Former marketing director who has worked for IBM and Sony in Austria

Bitesize Profile

Berlin-based InsurTech omni:us was founded by five Austrian technologists and entrepreneurs. The business uses natural language processing and computer vision (AI replicating human vision to process images and videos). After extracting and classifying data, its AI modules assume cognitive tasks such as coverage and completeness checks, correlating this information against underlying policies, risks and coverages.

The resulting structured, 'clean' data can be used to improve operational efficiency and loss adjustment costs. Manual processes can be eliminated, decisions can be automated and information can be fed to handlers at the point of need either in omni:us' own portals or in other systems. A Rest API means it can hook into existing infrastructure. Data can also be fed other systems, such as Impact 25 Member FRISS, for fraud checks.

The increased automation allows claims handlers to focus on more complex cases, further improving efficiency and claims outcomes, which offers clients 25-30% savings, according to the company. The product is geared to high-frequency business, such as motor, workers' compensation and other property, casualty and health insurance lines. Claims management is the main focus, but use cases for its technology include automated underwriting through digital case submissions.

The Oxbow Partners view

The benefits of structured, 'clean' claims data are obvious and will be a standard feature of any claims system in the future. We therefore expect that startups that can prove both technological superiority and commercial product-market fit will be bought out by the big technology firms over the next five years and claims data extraction and preparation will disappear as a stand-alone business model except for niches.

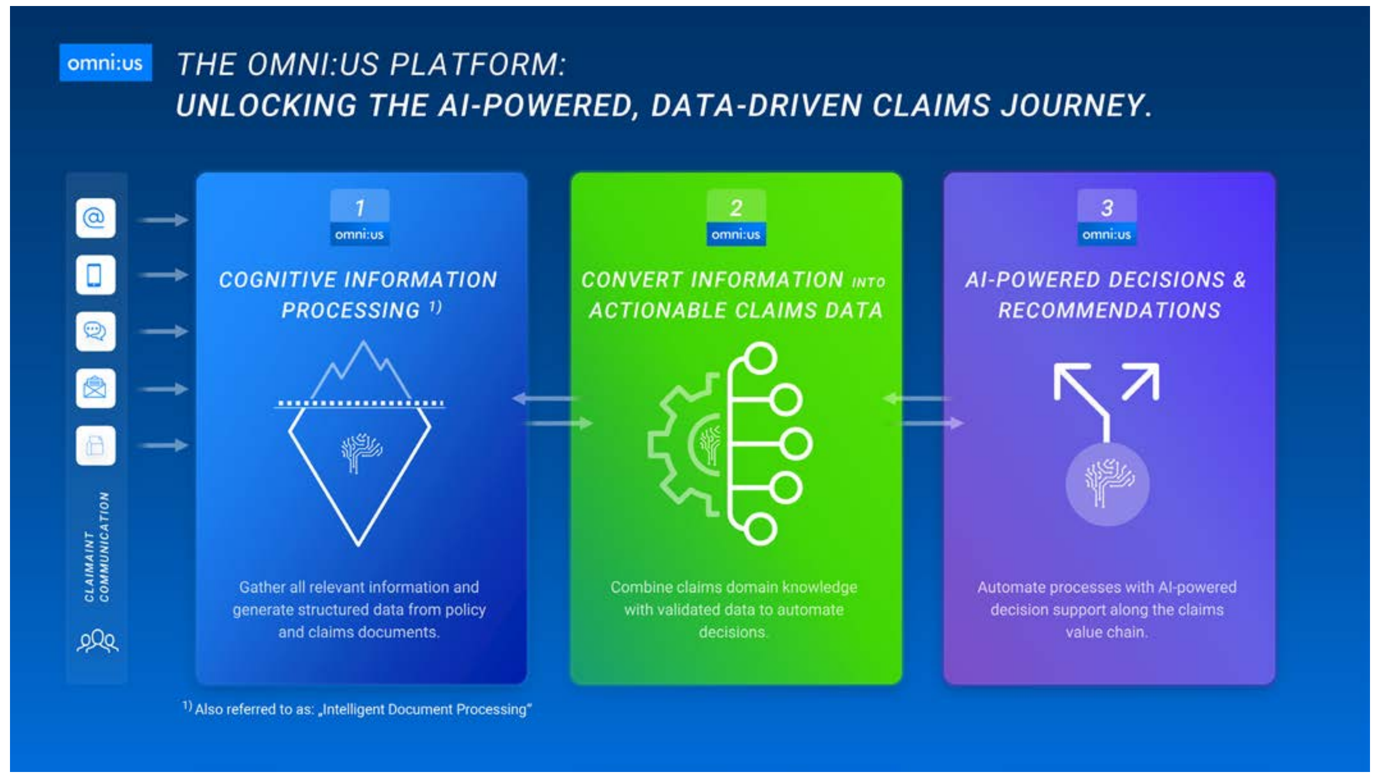
Our hypothesis would imply that speed is of the essence for InsurTechs in this area and omni:us is making rapid progress, not least thanks to the €33m it has raised to date, including its Series A which closed in February 2020.

Case Study

Client situation
An insurer was manually conducting the classification of claims and data extraction on claims files, amounting to more than 100,000 documents per day.

What they did
omni:us provided the client with standardised document classification guidelines and redefined the relevant data extraction points. It trained the AI to automatically classify incoming documents correctly and extract data relevant to the overall claims handling process. It also automated filing and assignment of claims files directly into underlying claims handling systems.

What impact it had
Savings were equivalent to 25 full-time employees in the claims file creation, document misclassifications were reduced by 90%, and filing processing time was decreased by 40%.



omni:us in action

omni:us unlocks an AI-powered, data driven claims journey by creating a broad and deep data basis and automating processes to simplify the claims handling life cycles.

"We deployed an omni:us NLP model which reads a form eliminating the need to retype it. Usually it takes agents just a few seconds to submit forms to us and we already produce millions of dollars of new business GWP through this technology."

Ariel Gorelik, CIO & COO, AmTrust Financial Services

Plans for 2021

- Expand partnerships with leading consultancy firms and system integrators
- Increase average annual recurring revenue per account

Who should speak to them

European and US personal lines, motor, health, P&C and workers' compensation carriers.

Oxbow Partners

FIND OUT MORE ONEDEGREE

OneDegree

A cloud insurance enterprise results platform and operates a licensed insurer in Hong Kong

Company summary

Year founded 2016

2020 revenue £1m-£5m

Total investment £30m

Offices Hong Kong; Taiwan & China

FTEs 100

Key investors
BitRock Capital, Cyberport Macro Fund, Cathay Venture, Alibaba Entrepreneurs Fund

Key clients
Cigna

Key executives

Alvin Kwock, Co-Founder: Hong Kong-based former JP Morgan executive, actuary and technology advisor

Alex Leung, Co-Founder: Global health actuary leader and serial entrepreneur with insurance market experience

Arthur Lee, CEO: Health insurance industry veteran and former CEO of Mercer Hong Kong

Bitesize Profile

OneDegree is a Hong Kong-based technology company that has built a cloud insurance core platform (IXT), which it licences to third party insurers, and uses for its own virtual insurer. OneDegree has partnered with several insurers and ecommerce businesses in China, Taiwan, Thailand and Hong Kong including Cigna, while others remain private.

The business received its licence to operate as a "virtual insurer" from the Hong Kong regulator in April 2020. It launched with a pet insurance product and reached more than 20% market share within six months – faster, it points out, than any of the other three virtual insurers licenced in the territory to date. It is now expanding into health insurance, cyber insurance and ecommerce liability, with an aim of adding a new product every quarter in 2021.

The technology-led approach leads to a rapid underwriting cycle time for customers. The business aims to complete pet underwriting in under three minutes, and cyber in under an hour. The target claims payment time is 2 days – not, perhaps, too bold a claim for an InsurTech but much faster than the average for the markets in which it competes.

OneDegree has had three rounds of funding, most recently in March 2020, with US$30m raised in total to date.

The Oxbow Partners view

While many Asian countries have high smartphone penetration rates and adoption of digital propositions, insurance is still far behind. A small minority of insurance is sold online in Hong Kong and the bulk of claims are also handled manually. Insurance is also poorly perceived by customers in Asia with reports in recent years revealing low customer satisfaction rates across the region.

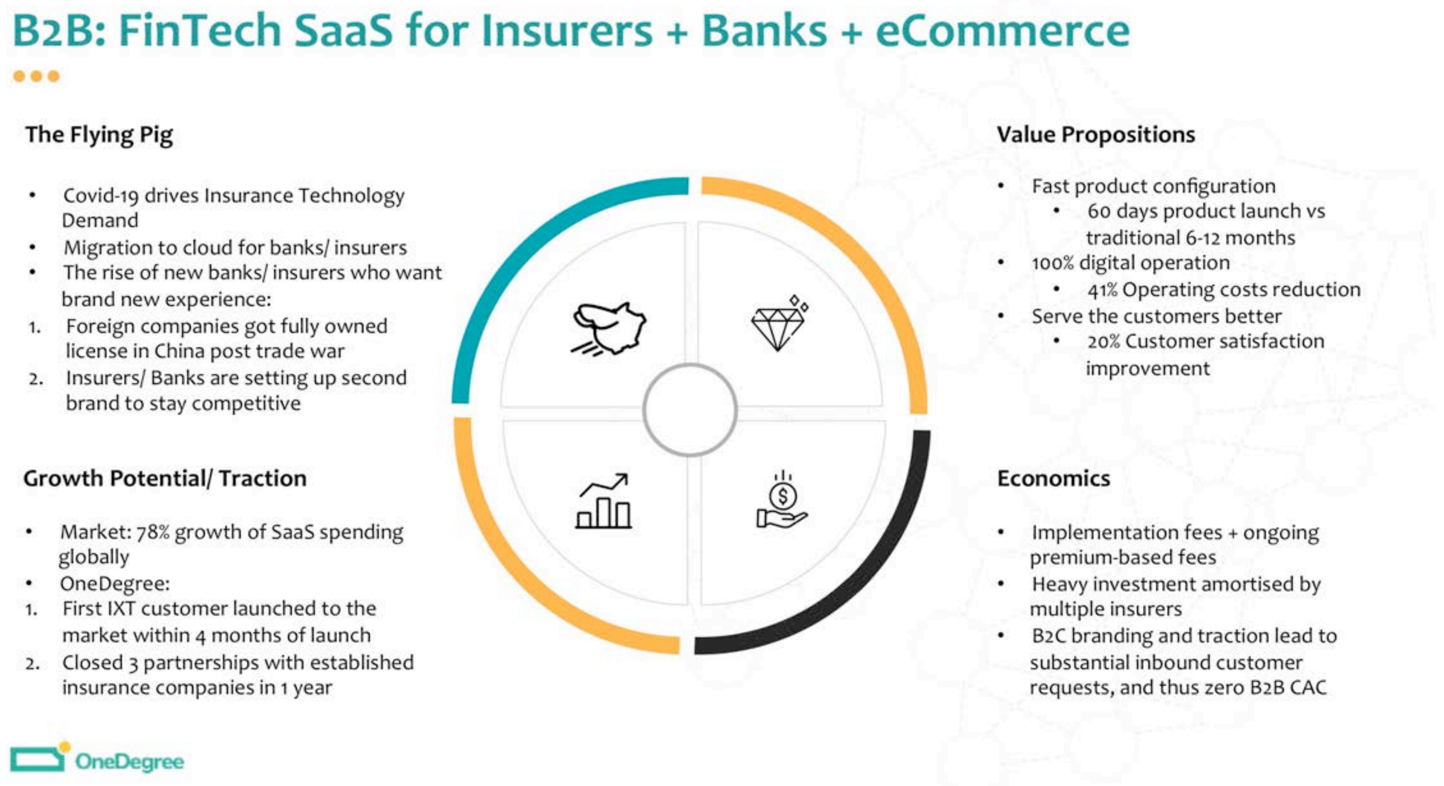
Of course, no inferences can be made onto the importance of digital propositions in raising customer satisfaction – Austria and the US being countries where satisfaction is relatively high but agents still dominate sales. However, digtial platforms can enhance a range of proceses, whether agents, phone or direct digital. It is clear that there is an opportunity for OneDegree to support carriers and distributors in the region, and the virtual insurer strategy provides a helpful demonstration of the potential of the proposition.

Case Study

Client situation
Pet insurance has been available in Hong Kong for the past decade, but is still reliant on paper forms for underwriting and claims, wasting time and creating inefficiencies.

What they did
OneDegree launched its online pet insurance product with faster e-claims as a competitive differentiator. As another differentiator, the company continued to amend its product since launch, for example after a social data listening exercise suggested common problems for pet owners.

What impact it had
The conversion rate has since then jumped 10 times for cat owners, achieving brand recognition and customer satisfaction. OneDegree acquired more than 20% market share within 6 months of launch.



OneDegree in action

OneDegree helps insurers modernise the future of their business by supporting product configuration, underwriting automation, policy administration, as well as campaign and claims management.

"Cigna is dedicated to making healthcare accessible to everyone via digital innovation. Working with OneDegree underscores our commitment to 'making it easy for our customers' by delivering another digital solution to provide convenient access to medical protection."

Yuman Chan, CEO, Country Manager, Cigna Hong Kong

Plans for 2021

- Raise $30-50m in additional capital
- Expand geographically and expand into new channels

Who should speak to them

P&C insurers, health carriers, ecommerce, brokers and insurance market platforms.

FIND OUT MORE
OPTALITIX

DISTRIBUTION | PRODUCT INNOVATION | **DATA & ANALYTICS** | OPERATIONS

Optalitix

Optalitix allows insurers to convert spreadsheet data into cloud-based models

Company summary

Year founded 2013

2020 revenue £1m-£5m

Total investment Undisclosed

Offices UK (HQ) & India

FTEs 30

Key investors
United Trust Bank

Key clients
Vitality Health, GoCompare, GenRe, Dale Underwriting, Lloyd's of London, Simplyhealth, Barclays (insurance)

Key executives
Dani Katz, Co-Founder, Director: Previously an actuary at Vitality and in consulting roles

Jonathan Shapiro, Co-Founder: Technical and engineering background, with experience in software consultancy, banking technology and startups

Bitesize Profile

Insurance innovators talk about artificial intelligence and cloud computing, but the reality is that many insurance day-to-day operations still use spreadsheets. This means insurers struggle to analyse and develop their data for sophisticated pricing models using machine learning or to deploy robotic process automation.

Acumen is Optalitix's flagship solution. It converts insurers' spreadsheets to cloud-based models, aiming to provide value in four ways:

1. "Liberate" calculations stored in Excel spreadsheets, allowing them to be accessed by other systems
2. Make spreadsheets available to multiple users
3. Automate and populate models currently run in spreadsheets with live data feeds
4. Improve the governance on Excel spreadsheets, for example change control

Acumen's 'no code' interface allows spreadsheets to be uploaded into the cloud, at which point webforms and APIs are automatically created. These can be easily and quickly integrated with databases and cloud-based AI tools such as AWS AI, Azure ML and Google Cloud AI. At Lloyd's, Acumen has been able to convert spreadsheets into real time, AI-augmented models that integrate with legacy systems.

The Oxbow Partners view

The insurance industry is one of many reliant on Excel spreadsheets. However, this is changing. In 2018, Verisk announced it had agreed to purchase Rulebook, a pricing tool incubated by accounting firm Moore Stephens, for $87m. Previous InsurTech Impact 25 member hyperexponential has secured contracts with specialty insurers such as Convex for cloud-based pricing software.

Underwriters like spreadsheets due to the widespread understanding of Excel, but those who continue to price using spreadsheets in their current form could be selected against for a number of reasons: version control issues on pricing spreadsheets can lead to errors, or even using a version where a cell was accidentally not deleted after previous use; they cannot analyse the conversion rates of different quote types, for example they might lose business when quoting a policy section relating to a particular industry; or they will struggle to match claims data against granular pricing data.

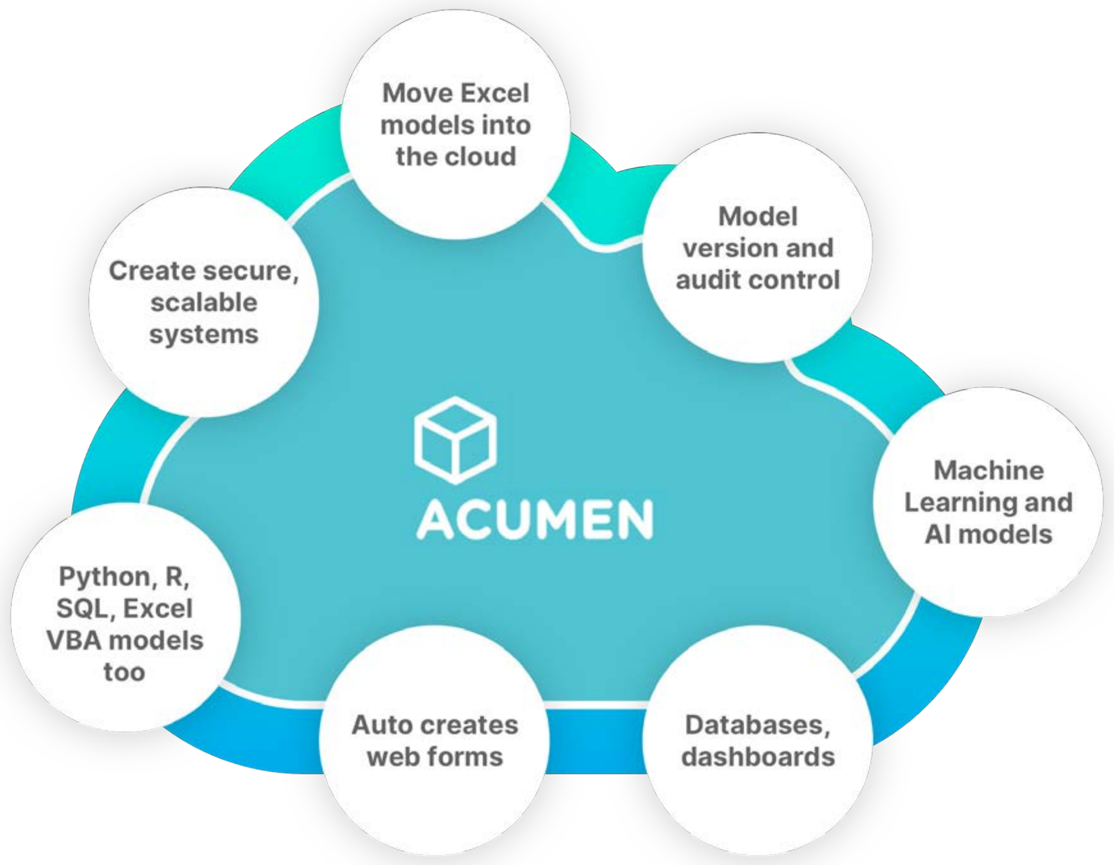
We like these kinds of businesses because they are mission-critical to insurers' operations but also sufficiently accessible to be managed by underwriters and actuaries directly, in a controlled and transparent environment.

Case Study

Client situation
Vitality Health used to run several of its pricing models on complex spreadsheets, but wanted to allow brokers to get prices for health insurance direct. Building a bespoke model would have been difficult and expensive.

What they did
Optalitix converted Vitality's spreadsheet model into an API using Acumen in a fraction of the time and cost expected. Vitality was able to offer the API to multiple brokers using standard integration documents, going live within a short time.

What impact it had
This resulted in a large number of quotes being issued with high conversion rates, increasing sales and driving significant value for the business. Brokers were impressed with the quick turnaround.



Optalitix in action

Acumen, Optalitix's flagship real-time cloud modelling solution, converts insurers' spreadsheets to cloud-based models.

"Optalitix implemented AI into the Vitality Health customer journey, ensuring the application process is efficient and intuitive. This has optimised our direct to customer acquisition performance resulting in a significant uplift in direct sales."

Dave Priestley, Chief Digital Officer, Vitality Health

Plans for 2021

- Launch Acumen publicly as a SaaS product for insurers and banks
- Expand sales channels
- Grow revenue by 50% per annum
- Launch additional products to complement and enhance Acumen (e.g. AI product, insurance model templates)
- Grow staff to expand expertise and provide additional client services

Who should speak to them

Personal lines insurers, commercial lines insurers, reinsurers, insurance aggregators.

FIND OUT MORE
OPTIOPAY

OptioPay

OptioPay allows insurers to access Open Banking data to create rewarding propositions for customers

Company summary

Year founded 2014

2020 revenue £5m-£10m

Total investment €15m

Offices Berlin, Germany

FTEs 55

Key investors
NN Group, Commerzbank (Comdirect), Metro, DvH, Avaloq

Key clients
HDI, Gothaer, NN Group, Fonds Finanz, blau direkt, DZ Bank, Commerzbank

Key executives
Marcus Börner, CEO & Co-Founder: Former Founder & CEO of rebuy.com

Oliver Oster, COO & Co-Founder: Lawyer turned serial entrepreneur

Nicola Breyer, CCO, Transformation expert and former Head of Growth & Transformation at PayPal

Bitesize Profile

OptioPay is a B2B2C platform that makes use of Open Banking to help insurers create an adapted customer rewards platform; customers are invited to permission the platform to access their banking data and in return they receive tailored offers.

The platform can be customised by each B2B partner but normally revolves around a social media style 'newsfeed' , which could include:

- Offers from over 120 merchants
- Cashback from merchants, which could be credited to a customer's life insurance policy
- Financial services and insurance offers
- News relevant to the customer, for example how to mitigate storm damage

OptioPay's powerful profiling engine enables these tailored offers, by looking at individuals' spending patterns to identify key data such as their approximate home insurance renewal date, thereby helping insurers provide the relevant offers at 'moments of truth'.

Interestingly, this can be done either centrally or by agents or brokers for their local portfolios. There is the potential for a virtuous circle – some might call it an ecosystem – whereby, say, a restaurant in the insurer's portfolio provides an offer to other insureds in the portfolio, thereby creating a revenue stream out of the restaurant's insurance premium.

The Oxbow Partners view

OptioPay excites us for a number of reasons.

First, we love the idea of turning insurance portfolios into mini 'ecosystems' whereby service providers can build revenue streams from their insurance premium. Whilst many insurers are thinking theoretically about ecosystems, OptioPay provides the practical tools to create one.

Second, we see opportunities for insurers to build closer partnerships with distributors. For example, insurers could move beyond one-way bancassurance relationships to creating an additional, personalised sales channel for the bank into the insurer's portfolio. This could give insurers a huge propositional and financial advantage in these cut-throat bidding processes.

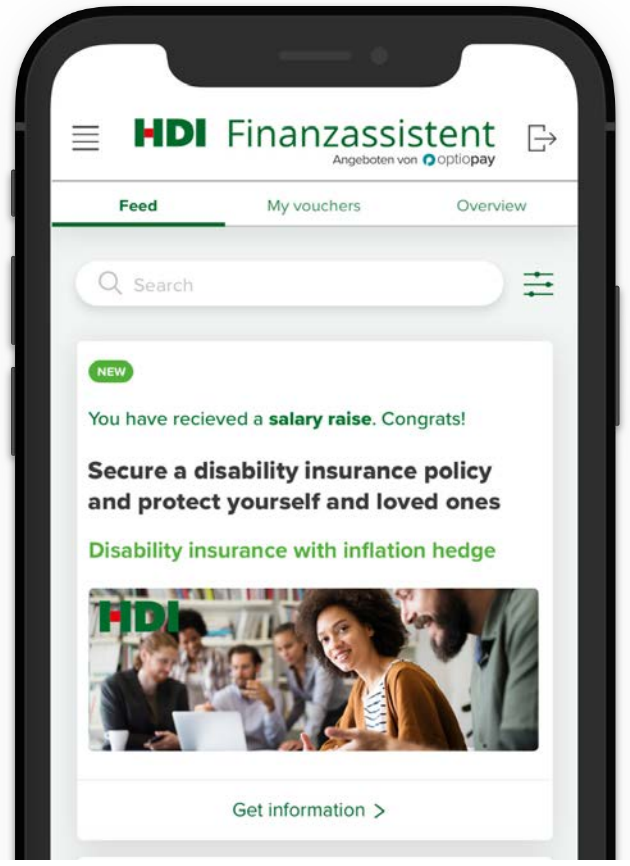
Third, we see huge potential for this proposition in the UK where insurers are being forced to rapidly innovate their proposition due to the recent FCA Pricing Fairness review.

Case Study

Client situation
HDI (part of the Talanx Group) were looking for an Open Banking platform to engage with their customers and build new revenue streams that did not require heavy IT integration.

What they did
HDI and OptioPay collaboratively established "HDI Finanzassistent" in Germany, a platform for HDI customers to receive value-added services based on their banking data. These services include cashback and vouchers from both established retailers and HDI's SME customers.

What impact it had
The successful launch has built stronger relationships with all stakeholders: customers, SME customers (or third parties) and HDI.



OptioPay in action

Optiopay builds a white labelled platform for their clients which requires minimal integration effort, or instead can integrate via APIs into their clients existing interface.

"At blau direkt we are committed to finding the best insurance products for our clients. In collaboration with OptioPay we launched an Open Banking platform to support brokers in providing bank data-driven advice and tailored insurance products while also offering added value to our customers."

Oliver Pradetto, COO & MD, blau direkt

Plans for 2021

- Strategy: Internationalisation
- Relaunch Product: Mobile version and new interface for higher customer engagement
- Update campaign manager: To create utmost targeted campaigns
- Data Insights Portal: To visualise all bank data of customers and platform data

Who should speak to them

Insurers and brokers in Europe.

FIND OUT MORE
PERCAYSO INFORM

DISTRIBUTION | PRODUCT INNOVATION | **DATA & ANALYTICS** | OPERATIONS

Percayso Inform

Providing data intelligence to insurers to price high volume personal lines risks

Company summary

Year founded 2018

2020 revenue £100k-£1m

Total investment £4.5m

Offices Nottingham, UK

FTEs 16

Key investors
Management team

Key clients
Arma Karma, Wrapper, Connect Insurance, Zego

Key executives
Simon James, Co-Founder & Chairman: Serial entrepreneur in credit and anti-fraud analytics; sold previous start-up IIL to LexisNexis.

Richard Tomlinson, Managing Director: Data and analytics expert with background in credit data bureaus

Alexandra Bailey, Director: A colleague of James's from IIL who joined from LexisNexis, with a background in accounting

Bitesize Profile

Percayso allows insurers and brokers in high-volume lines of business, such as motor, home and SME, to access many times more data sources to inform decisions across the insurance value chain. Use cases include risk selection, pricing and fraud control.

The business has two main modules: Enrich and Inform.

Enrich aggregates all Percayso's data sources in one 'hub'. The raw data can be accessed through an API at speeds that allow for the data to be used in aggregator quotes, i.e. in milliseconds. The data sources include credit bureaus and Companies House amongst others. Clients can switch different partners on and off and add their own proprietary data.

Inform extracts and manipulates data from the hub. For example, overlapping sources can be merged into a single master record, or names can be standardised and validated to make matching more precise. While many insurers could do this themselves, it is an intensive and commoditised activity, which makes outsourcing a sensible option for many, in turn allowing in-house data scientists to focus on differentiating uses of the data.

The Oxbow Partners view

Percayso makes sense to us for two reasons. First, pricing sophistication is arguably the most important success factor in the UK general insurance market, where around 70% of motor new business and 50% of home new business is sold via aggregators. Any proposition that can give insurers or brokers an 'edge' will find an engaged audience.

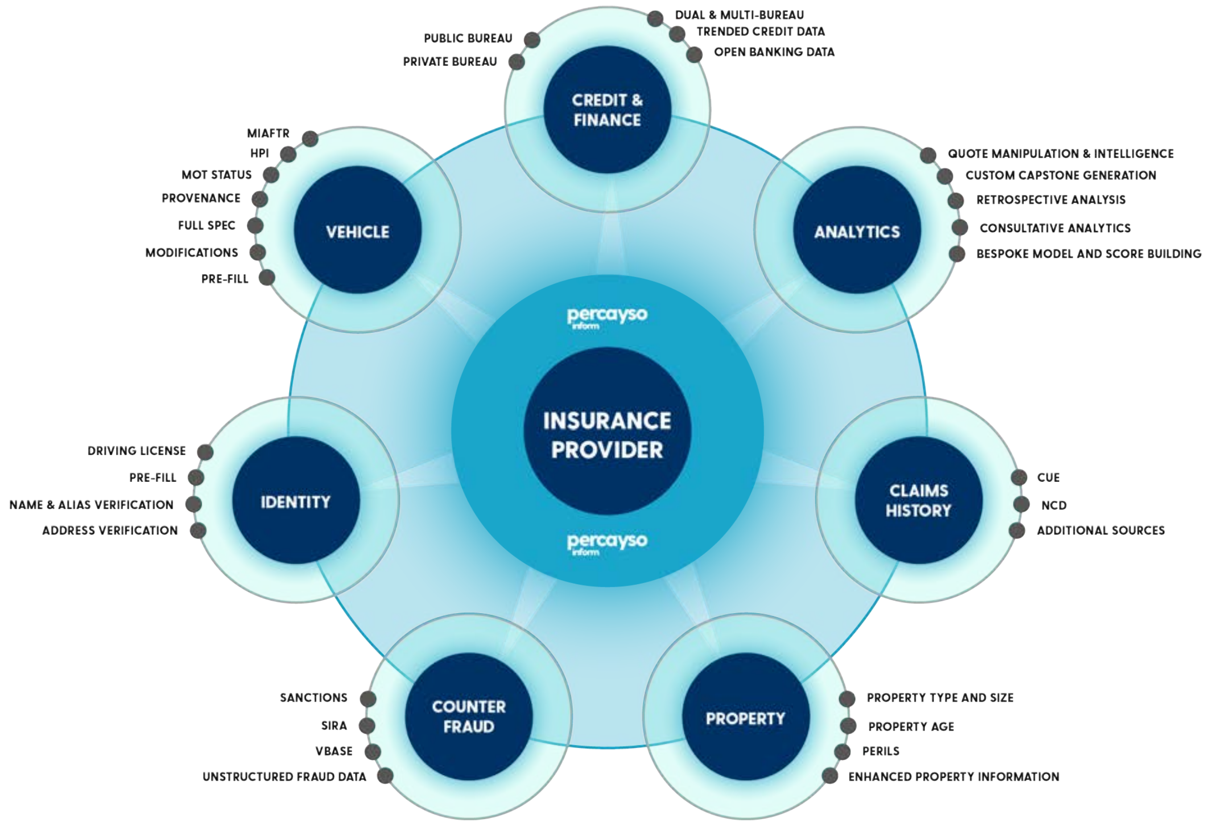
Second, it is unclear how much data and analytical sophistication insurers can actually bring in-house. Some big insurers have invested heavily in building their own data and analytics teams, but often these teams are focused on internal challenges like building single customer views from disparate admin systems. Medium and small sized operations simply do not have the budgets or capabilities to invest in advanced insight capabilities. Any "insight-as-a-service" model will be attractive. Percayso's modular approach means both customer groups can be served.

Case Study

Client situation
A motor insurance MGA used credit bureau and other data enrichment providers but was unhappy with the service and the results.

What they did
Percayso took a three year data sample from the motor MGA and then built a predictive model with overlay data from two credit bureaus. The model was looking to accurately predict the relationship between a wide variety of financial credit data variables and a policyholder's likelihood to claim and/or commit fraud. Implementation is currently underway.

What impact it had
By applying the model outputs into existing pricing models and running various new business and claims scenarios the MGA was able to estimate the likely impact as an improvement of up to 6% in the loss ratio and as much as 12% increase in underwriting profit.



Percayso Inform in action

Percayso's data intelligence solutions enable insurance providers to access previously unused data sources to inform decisions across all stages of the insurance lifecycle.

"We couldn't recommend Percayso highly enough. You get a level of service, attention and collaboration that would be impossible for the bigger providers to deliver. We look forward to transforming the world of insurance with them."

Ben Smyth, CEO, ArmaKarma

Plans for 2021

- Gain at least ten live insurance clients delivering over £1m ARR
- Integrate with the top 15 data partners on our current target list
- Integrate with all insurance software houses
- Scale the platform to process over 50 million transactions per day
- Achieve phase 2 product roadmap including quote intelligence, pre-fill, open banking, and trend analytics

Who should speak to them

Personal lines insurers, brokers, MGAs, VC/PE firms.

FIND OUT MORE
PLANCK

DISTRIBUTION | PRODUCT INNOVATION | **DATA & ANALYTICS** | OPERATIONS

Planck

Planck generates underwriting, risk and pricing data and insights for commercial insurance

Company summary

Year founded 2016

2020 revenue Undisclosed

Total investment £22m

Offices NYC, US; R&D office in Tel Aviv, Israel

FTEs 70

Key investors
Team8 Capital, Viola FinTech, Arbor Ventures, Eight Roads, Nationwide Ventures, HDI Group

Key clients
Chubb, Great American Insurance Group's Republic Indemnity, AIG's Attune

Key executives
Elad Tsur, Co-Founder & CEO: Previously founded Bluetail, a data mining startup acquired by Salesforce in 2012

Leandro Dallemule, General Manager, North America: Formerly AIG's Chief Data Officer and Head of Information Management

David Schapiro, Co-Founder: Previously led Earnix as the company's CEO for over a decade and serves as a non-exec director at Bought By Many

Bitesize Profile

Planck is one of several companies launched in the last five years promising to generate reliable, real-time intelligence to select and price risks. Its business aims at assessing high volume small business risks, such as property and casualty policies for major commercial business lines across dozens of sectors including the hospitality and retail sectors. According to one of our Advisory Board members, the company's claims were not as eye-catching as some of its competitors', but unlike several rivals Planck delivered what it promised.

Planck started with a focus on life insurance but moved to commercial non-life in 2017. The company has since then developed a platform that uses machine learning to source and interpret open web data. Data can then be parsed either into models or into portals for manual interpretation. Benefits include a greater range of data in models and less time spent on Googling and guesswork in manual processes.

Use cases focus on increasing new business conversion and retention rates. For example, the algorithms can 'learn' which questions new customers need to be asked, and which can be skipped or auto-filled by the algorithm. Analysis can be run on existing businesses to determine whether their risk profile has changed since previously underwritten – a common feature of the COVID era.

The Oxbow Partners view

Planck is addressing arguably the holy grail of insurance underwriting: SME. Insurers in many markets have spent years developing and optimising their personal lines rating models as distribution has become more cut-throat and given the abundance of data for big and relatively homogenous markets like motor and home.

As SME evolves, its characteristics are becoming increasingly similar to personal lines. For example, digital distribution is growing, requiring insurers to be more comfortable with auto-rating. SME is also generally considered to be an opportunity for major cost reduction, reflected in insurers' relatively frequent restructuring of their operations.

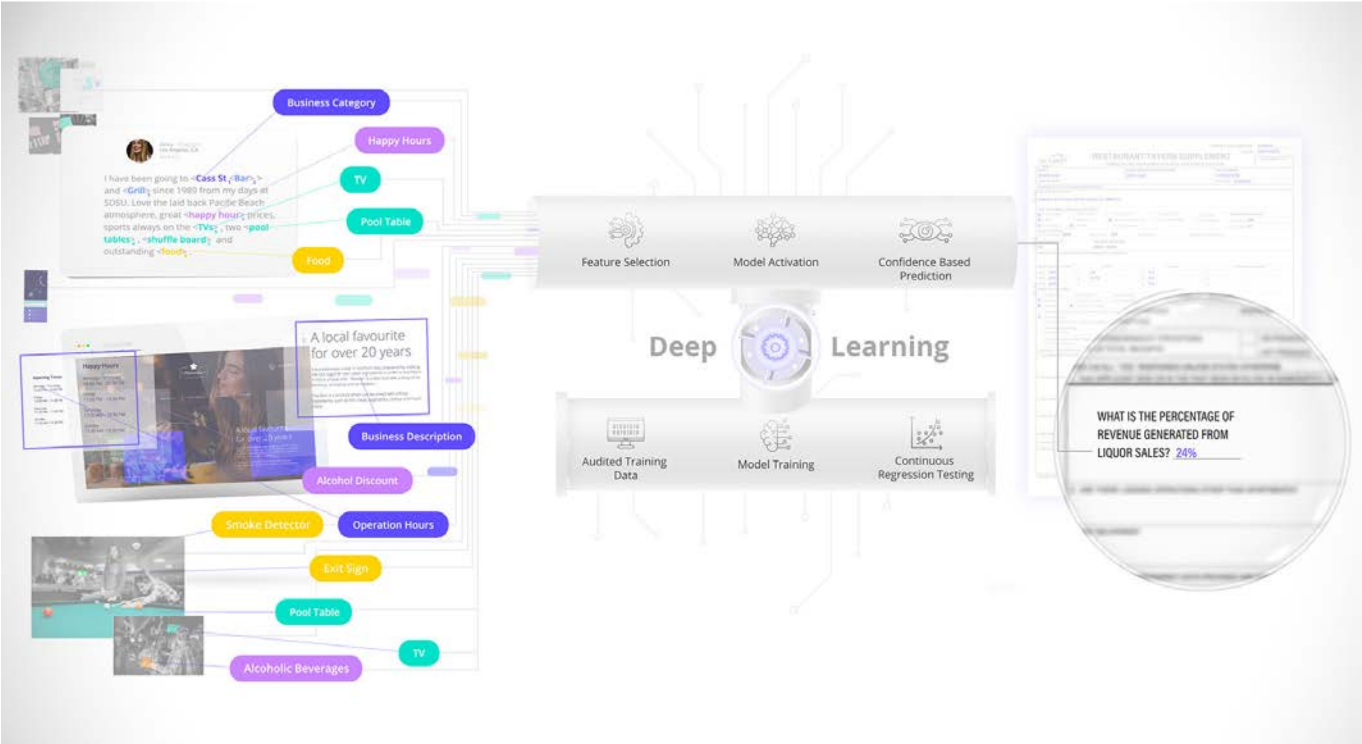
Planck is therefore pursuing a promising niche and its credible team is making progress bringing on board blue-chip clients.

Case Study

Client situation
A US commercial lines carrier wanted to grow its share of wallet with agents by providing the most streamlined submission-to-quote process and tailored products.

What they did
Insights provided by Planck allowed underwriters to focus on quoting and underwriting target risks, rather than wasting time on low value business or wasting time collecting and organising data. This meant that the carrier was more responsive to agents' requirements.

What impact it had
Underwriting efficiency was dramatically improved; the average process duration was reduced from about 25 minutes to less than eight minutes. The proportion of policies requiring multiple back-and-forth between the underwriter and agent to complete the data needed for underwriting, quoting and binding was reduced from more than 30% to less than 14%.



Planck in action

Planck applies deep-learning algorithms to create underwriting, risk and pricing insights for insurers.

"Nationwide recognizes the potential of Planck's insights to help carriers and agents keep up with customer demands for efficiency and accuracy."

Tony Fenton, Nationwide's VP of Commercial Underwriting and New Product Development

Plans for 2021

- Achieve a 3x growth trajectory

Who should speak to them

US and European commercial lines, mid-market and SME insurers.

[FIND OUT MORE RE:INFER](#)

DISTRIBUTION | PRODUCT INNOVATION | DATA & ANALYTICS | **OPERATIONS**

Re:infer

Re:infer uses machine learning and natural language processing to optimise client correspondence processes

Company summary

Year founded 2015

2020 revenue £1m-£5m

Total investment £5.7m

Offices London, UK

FTEs 25

Key investors
Crane Venture Partners, IP Group, Dr Jason Kingdon

Key clients
Hiscox, UBS, NatWest

Key executives
Edward Challis, Co-Founder & CEO: Machine learning engineer and researcher at UCL

Marius Cobzarenco, Co-Founder & CTO: UCL machine learning specialist previously in data science and graduate teaching roles

Stephen Mackintosh, Chief Commercial Officer: Started an electric car sharing programme before working in business development and advisory roles for tech start-ups

Bitesize Profile

Re:infer emerged in 2015 from the University College London (UCL) Centre for Deep Learning which also spawned Deep Mind, an AI business eventually acquired by Google. The IP is based on the team's years of research in the UCL lab, building technology to understand and mimic human language.

Re:infer uses machine learning, specifically natural language processing (NLP), to gain insights from and drive automation in communications, including emails, phone calls, claims adjusters' notes, customer website tickets and so on. These communications are interpreted in real time to convert unstructured data (including policy numbers, names and dates) into structured, machine-readable data. This can then be ingested by an insurer's IT infrastructure such as underwriting or content management systems for further processing.

The platform promises efficiency benefits and consequent revenue growth. Dashboard insights can show, for example, how much inbox traffic leads to certain repetitive tasks. The technology can then find ways to automate these actions, freeing up human intelligence to focus on other tasks.

Non-life insurers represent around half of the company's clients, and the business sees opportunities in both retail and commercial insurance lines.

The Oxbow Partners view

Re:infer is making inroads with its financial services clients in ways that were barely imaginable a generation ago. "Imagine having Alexa inside all of your client conversations," explains Stephen Mackintosh, the company's Chief Commercial Officer.

Over the past few years many clients have increased their focus on robotic process automation as other more speculative innovation opportunities have taken longer than expected to mature. Lloyd's will also be a fertile hunting ground as the market's digitisation efforts progress. Furthermore, institutions in the UK – Re:infer's home market – are likely to face considerably more bureaucracy following the end of the Brexit transition period, where motorists could be calling in on issues such as green cards.

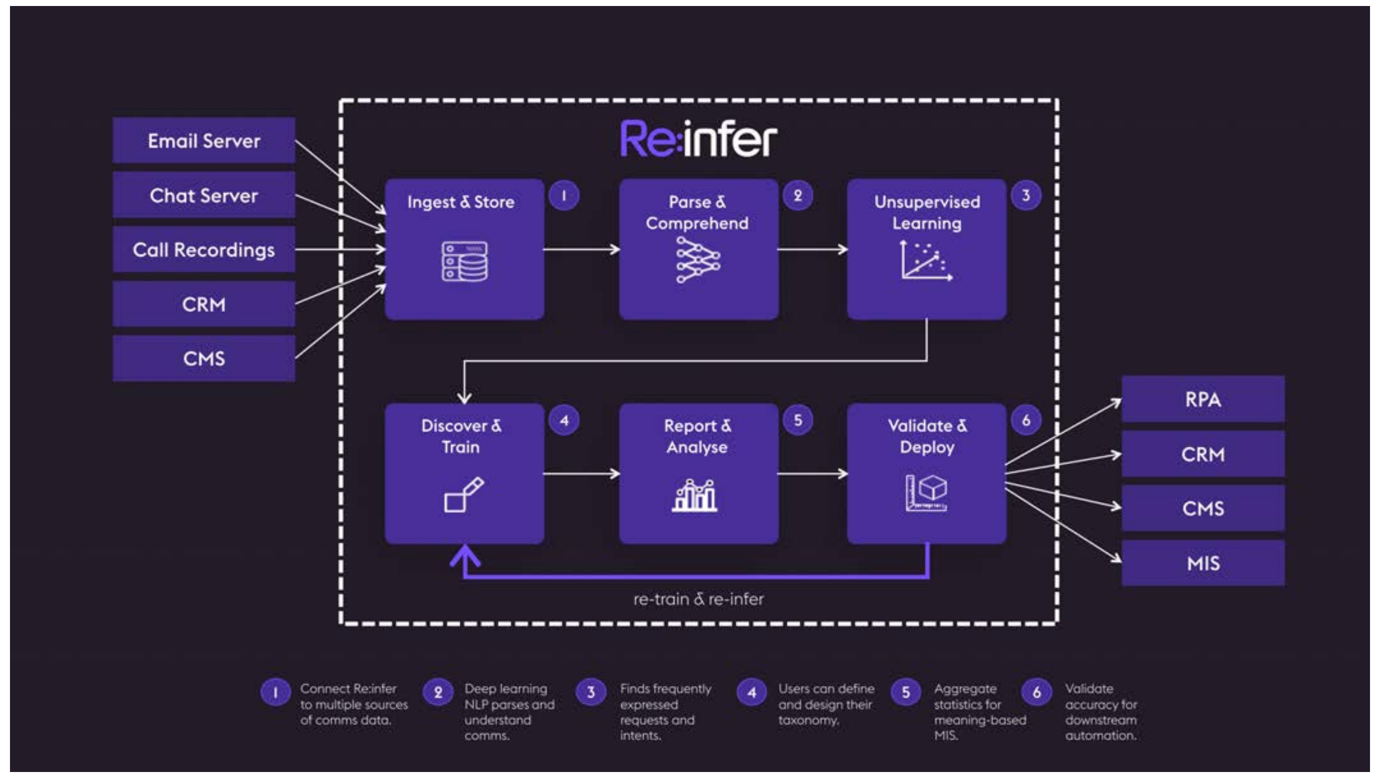
The company appears to be having greater impact than many of its peers and we therefore think its ambition to triple revenues in 2021 is realistic. The team's strong academic background, including its Chief Scientific Officer, David Barber, director of the UCL Centre for Artificial Intelligence, also represents a strong intellectual asset.

Case Study

Client situation
Hiscox receives over 11,000 requests from brokers each day across 75 communications channels. Requests can be overlooked or forgotten causing slow service and poor client experience, while employees waste time on repetitive manual tasks.

What they did
Incoming communications data from all channels were connected to the Re:infer platform. Re:infer's technology was used to detect and remove duplicate messages, automatically create tickets, and trigger end-to-end automation of repetitive tasks. Hiscox was able to make more informed decisions about improving the broker experience as a result.

What impact it had
Hiscox was able to reallocate employees' time creating more than £500k of annual efficiency gains, equivalent to 13 full time employees. Re:infer's automation cut response times from 10-15 days to a few hours in many cases.



Re:infer in action

Re:infer uses machine learning and natural language processing, to gain insights from, and drive automation in communications.

"We now understand the power that having absolute visibility into our processes and incoming demand gives us. People used to think that productivity was defined by how many tasks they completed in a day. Now they see it as how much value they add."

Sarah Leach, Head of Broker Operations, Hiscox

Plans for 2021

- Raise additional funding in Q2 2021
- Expand into US – open first office and build team
- Continue revenue growth – aim to triple year on year

Who should speak to them

Chief Operating Officers and service leaders at insurers and brokers covering both personal and commercial lines.

FIND OUT MORE STABLE

Stable

A parametric insurer, protecting food and agri businesses from untraded commodity price volatility

Company summary

Year founded 2019

2020 revenue £100k-£1m

Total investment £5m

Offices London, UK; Bermuda; USA; The Netherlands

FTEs 30

Key investors
Anthemis, Ascot Re, Notion Capital, Syngenta

Key clients
150+ large food and agri businesses

Key executives
Richard Counsell, Founder & CEO: Technology entrepreneur with a background in currency trading and farming

Dr Simon Wang, Chief Data Officer: Mathematician and former Aspen Re actuary with a focus on price predictions

Julia Henderson, Director: CUO at Peak Re Bermuda, previous senior roles at Brit, PartnerRe and RenaissanceRe

Bitesize Profile

The company works with publishers of independent commodity indices that allow it to provide parametric insurance products to US and European food buyers and agricultural cooperatives.

Founder Richard Counsell was managing a software business in Chicago when the price of milk collapsed in 2015, putting many UK dairy farmers out of business. This was the inspiration for a business that allows risks that are not traded through existing instruments or underwritten with traditional insurance products to be transferred.

The business recently gained a licence as a regulated insurance carrier in Bermuda, using the company as a fronting carrier with the risk transferred to the reinsurance market.

Stables's indices need to be highly specific, for example for German dairy, or Peruvian sesame seeds. Luckily, local laws generally require food price data be captured, meaning there is a plethora of raw but reliable historical data to construct such indices and build forward-looking predictions.

The company has so far amassed more than 3,200 indices from 70 countries. Its portfolio algorithms are also used to hedge these risks in its book, freeing up capacity as risks are taken on and rebalanced.

The Oxbow Partners view

Only around 8% of the world's food and agricultural commodities – a $5tn industry – are traded on an exchange, according to Stable's own research estimate using UN Food and Agriculture Organisation data.

With financial services products, including insurance, still being a scarce commodity themselves, there is a huge protection gap for producers and buyers alike.

It is notable that Stable has chosen to set up its own insurance carrier. As we discuss in the main part of this year's report, this is a theme for InsurTech at the moment and a theme which should perhaps lead to some reflection in the specialty market. We find it surprising that a company like Stable should find it so hard to obtain capacity in the traditional market that it is cost effective to set up its own carrier, whilst producing business of a sufficient quality or potential that reinsurers are willing to underwrite it.

If Stable becomes a material vehicle for accessing the food and agri business protection gap, then the primary market could find that business passes it by, direct from tech-driven producer to reinsurance or capital markets.

Case Study

Client situation
A hypothetical burger restaurant chain needs a simple but targeted insurance solution for its exposure to the cost of buying ground chuck beef. Live cattle futures do not work well in this example because the chain only uses particular cuts, rather than the whole animal.

What they did
The client wanted to protect itself from the risk of the price of ground chuck beef going up. A targeted solution was put in place which provides a policy with a monthly premium quote to protect against the price of the USDA ground chuck index rising above $2 per pound of meat, at which point the client's business is unprofitable.

What impact it had
The policyholder was effectively protected for a previously uninsured risk.

Stable in action

Businesses exposed to a specific commodity that is not traded on an exchange can receive customisable protection from the Stable team.

"In a world of traditional risk management offerings, Stable brings an innovative approach to managing price risk to multiple sectors across many different commodities. A complete 180 to the conventional price risk management model that just makes sense."

Galen Williams, Beef Procurement Director, HEB

Plans for 2021

- Close Series A in Q1 2021
- Build out US and European sales teams

Who should speak to them

Farming cooperatives, food manufacturers, corporate-sized food and agri clients.

FIND OUT MORE
DEMEX

DISTRIBUTION | **PRODUCT INNOVATION** | DATA & ANALYTICS | OPERATIONS

Demex

Demex is a technology company which allows clients to transfer climate related risks

Company summary

Year founded 2019

2020 revenue £1-1.9m

Total investment £3.2m

Offices Washington DC, US; New York NY, US; Raleigh NC, US

FTEs c.20

Key investors
Nephila Capital, Anthemis and IA Capital Group

Key clients
Nephila, Munich Re, Cushman Wakefield, Brookfield Properties, Park'N Fly Canada

Key executives
Edward Byrns Jr, President & CEO: Spent nearly 10 years at Munich Re, including seven as the Chief Technology and Innovation Officer

Bruce Gaerner, Chief Revenue Officer: Over 30 years' experience working in global finance with a focus on commodity markets

Stephen Bennett, Chief Product Officer & Co-Founder: 25 years' of climate and weather experience in various roles across the public and private sector

Bitesize Profile

Demex brings together risk management and climate science to analyse, price and transfer non-catastrophe climate-linked risks at scale. Its parametric solution operates at the intersection of insurance and capital markets.

Demex estimates that US businesses currently hold c.$70bn in unprotected climate-linked risks on their own balance sheets. These risks could include loss in revenue due to fluctuations in commodity prices or additional operational costs like snow removal. Public and private sector enterprises currently do not have an established set of solutions to measure, manage and transfer these risks.

Demex helps these enterprises to understand and transfer these risks to pre-certified carriers; clients see it as a 'shock absorber' for non-catastrophe weather risks emerging from climate change.

Spun out of Munich Re, Demex launched in late 2019 with a team of seasoned risk advisors, data analysts, climate specialists and technology experts. Munich Re remains a partner and risk carrier, along with Nephila Capital. Since raising their $4.2m seed round in 2020, Demex has built out their core technology platform and facilitated risk transfer in commodities, snow removal and weather derivative markets.

The Oxbow Partners view

Demex is riding two key trends in insurance: solutions to the effects of climate change and parametric solutions. This is an active space which really started to gain momentum in the last 24 months. Last year we included Descartes Underwriting in our Impact 25, a company with a similar proposition and in 2019 we considered FloodFlash and discussed how parametric solutions broaden the span of insurable risks by requiring an understanding only of frequency and not severity.

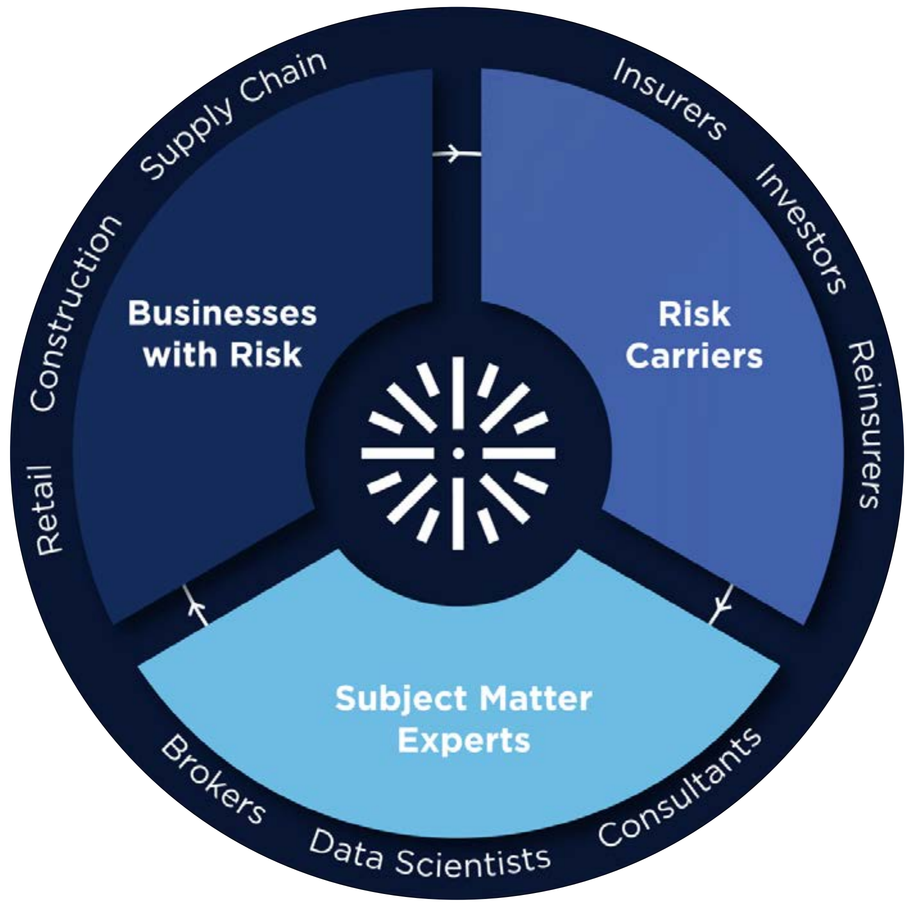
Demex is also an example of the confluence of insurance and other financial services. We discuss this in this year's report with regard to credit risk and commodity price risk, where solutions could be both insurance products and other financial products. Insurers thinking narrowly about the existing product definitions and structures could get left behind in a market where leaders are thinking about customers' risk management requirements and exploiting a range of structures to solve them.

Case Study

Client situation
Canadian airport parking operator, Park'N Fly faces highly volatile and entirely unpredictable snow removal expenses year-to-year at the seven airports they operate in. Varying well over 100% from one year to the next.

What they did
Using weather, climate and local geographic data Demex assessed the likelihood that snow removal costs would exceed what is budgeted in any given year. Building a cost protection financial program that caps Park'N Fly's spend through a risk-transfer mechanism with Munich Re and Nephila.

What impact it had
Provided predictability of snow removal costs year-to-year, capping each year's total expenses.



Demex in action

The platform gives stakeholders a high level of transparency that enables informed business decision-making at all stages of the transaction lifecycle.

"Demex allows Park'N Fly to mitigate its risk associated with the variability and unpredictability of snow removal costs. The innovative cost protection solution has brought cost certainty and has positively impacted snow removal expenses, while delivering fixed costs and better fiscal management."

Carlo Marrello, CEO – Park'N Fly

Plans for 2021

- Raise a Series A in 2021 to scale across the insurance market and support additional growth
- On-demand custom products that offer standalone protection
- Partner with insurance carriers to embed Demex solutions into existing products
- Customised parametric modelling for nuanced financial exposure
- Plan to make key operations and insurance hires

Who should speak to them

P&C insurance brokers, direct carriers and reinsurers.

FIND OUT MORE
THE FLOOW

DISTRIBUTION | **PRODUCT INNOVATION** | DATA & ANALYTICS | OPERATIONS

The Floow

A telematics provider working with motor insurers to positively change the risk levels of individual drivers

Company summary

Year founded 2012

2020 revenue £5m-£10m

Total investment £15.65m

Offices Sheffield, UK; Walnut Creek, US

FTEs 120

Key investors
Direct Line Group, Fosun and United Electronics Co

Key clients
Direct Line Group, Fidelidade, Plymouth Rock, ACG, Ergo, Munich RE, Caribu

Key executives
Aldo Monteforte, Co-Founder & CEO: Background in investment banking and automotive telematics, focused on analytics and business growth

Sam Chapman, Co-Founder & Chief Innovation Officer: An IOT specialist with papers published on mobility, telematics, pollution and traffic management

David James, COO: Previously led development and delivery of insurance products at GE Capital

Bitesize Profile

The Floow transmits driver risk data directly from the mobility of a policyholder's car to their motor insurer, allowing insurers to better understand the risk profile of individual drivers and encouraging safer driving behaviour.

Although the company is one of several telematics providers in the market today, it was an early innovator launching in the UK with a partnership with Direct Line Group, the UK's first direct car insurance company. Data can come from a range of devices including so-called "black boxes" and smartphone applications.

The firm has branched out from its UK personal lines origins. For example, it is active in the US commercial lines insurance business as well as Asian markets. It generally works on a white label basis with multinational insurance providers. Its experience has allowed it to get involved in public policy topics and it is advising on future laws in Europe for autonomous vehicles.

While attracting minority share investors including China's Fosun, The Floow remains a management-owned company.

The Oxbow Partners view

The Floow is an 'established InsurTech' with significant traction in the market. It has a track record of innovation since it was founded, reflected in the fact that two thirds of the staff are data scientists or technology specialists.

One manifestation of this is its device-agnostic approach. This provides an important advantage for two reasons: first because telematics currently in use in different markets is at varied levels of sophistication, allowing The Floow to engage with a range of clients; and second because it positions the company well for the future as data gathering transitions from hardware that had to be plugged into vehicles to smartphones to integrated on-board software.

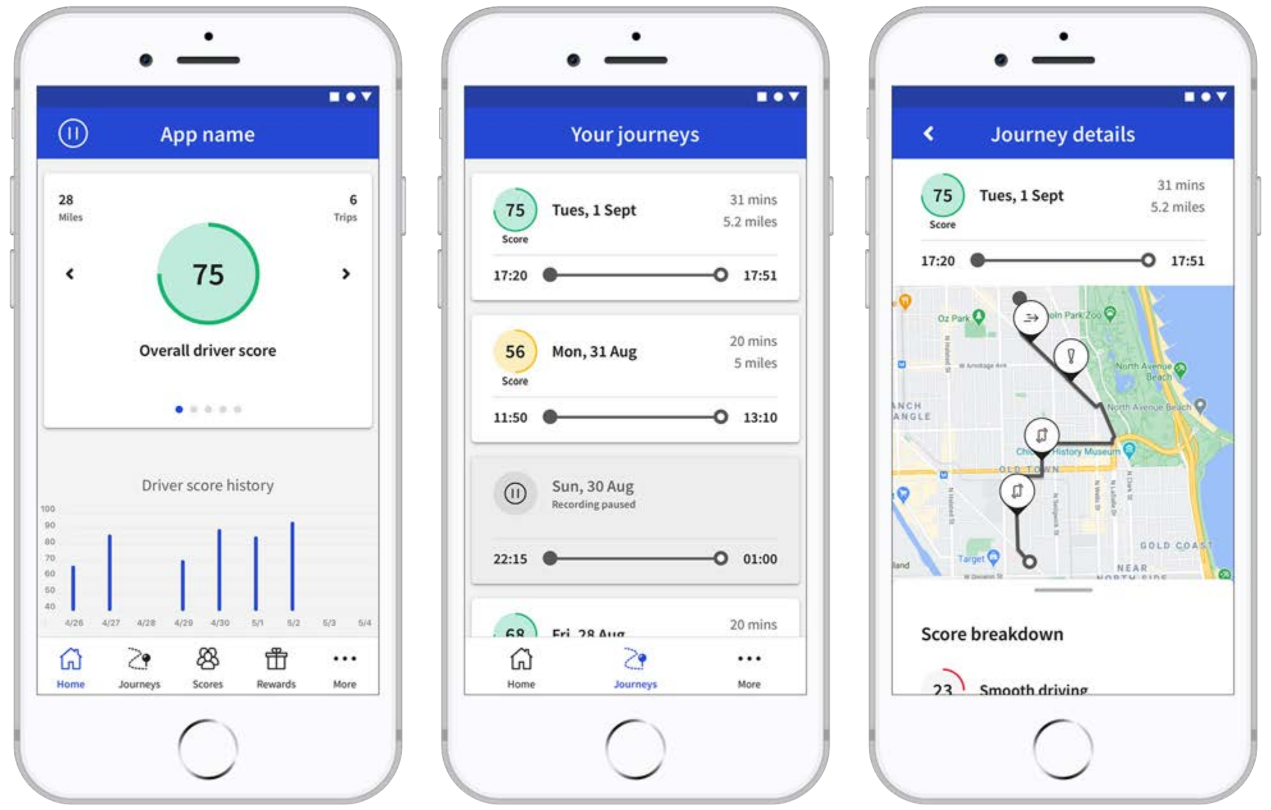
We also think that The Floow will benefit from product trends. We noted in some of our articles in 2020 that turn-on/turn-off products are likely to become more popular as people question the value of cars that are being used much less frequently. Our experience suggests that many insurers will look to partners to provide the IP on the product design and pricing of these products.

Case Study

Client situation
COVID-19 meant that UK car-sharing company Car & Away had to pivot their business model. Rather than renting out people's vehicles at airports, they wanted to help frontline workers access vehicles safely and free of charge to get to work.

What they did
The Floow was approached to help create an app, branded Karmate, which would monitor driving behaviour, giving peace of mind to those who had donated their cars to others.

What impact it had
By the fourth quarter of 2020, 9,000 days of use had been arranged on Karmate. The app has supported safer driving through feedback delivered back to drivers, while building trust with those donating vehicles.



The Floow in action

The Floow altered conventional telematics wisdom by spearheading the use of smartphones not only to store each journeys data, but also as the sensors to record it.

"By working closely with The Floow we have been able to utilise their telematics technology through their FloowKit solution to create a proposition which fulfils what we set out to achieve and we're delighted with the outcomes of our partnership."

Rafael Rebollar, General Manager, MyCaribu

Plans for 2021

- Continue to develop product portfolio
- Help insurers deal with changes to mobility brought about by COVID-19, and further utilise smartphones to create engaging pay-as-you-drive propositions
- Grow into further geographical markets by enhancing commercial activities and continuing to make telematics technology accessible for all

Who should speak to them

Personal lines insurers, commercial lines insurers, automotive manufacturers, fleet operators, road operators, governments and local authorities.

FIND OUT MORE
TRUSTLAYER

DISTRIBUTION | **PRODUCT INNOVATION** | DATA & ANALYTICS | OPERATIONS

TrustLayer

TrustLayer helps verify that business partners have the right insurance coverage in place

Company summary

Year founded 2018

2020 revenue £100k-£1m

Total investment £5m

Offices San Francisco, US; Italy

FTEs 16

Key investors
Propel.VC, Precursor Ventures, BrokerTech Ventures, angels from the insurance industry

Key clients
Holmes Murphy, NFP, Hub, CSDZ, Graham Company, IMA Financial Group, PayneWest Insurance, Conner Strong & Buckelew

Key executives
John Fohr, Co-Founder & CEO: Serial entrepreneur with an investment background

Vincenzo Acinapura, Co-Founder & CTO: Web developer and engineer focused on usability, information architecture and product design

Sharon Fox, Business Development Director: Former broker, risk adjuster and insurance consultant, focused on building partnerships

Bitesize Profile

TrustLayer is a risk management tool, offered to customers via partnerships with insurers and brokers, for verifying that business partners have the right insurance and compliance documentation in place. The company uses robotic process automation (RPA) to ensure that coverage is in force, has the right limits and no problematic exclusions.

Partners include several top fifty US brokers and underwriters. A classic use case is an insurer offering the TrustLayer tool as part of its SME policy for customers in the building trade, where insurance cover is a critical concern. The tool's dashboard can keep users up-to-date about any expiring terms.

TrustLayer is now working to extend its tool to provide automated, real-time digital proof of insurance for processes like mortgage and loan applications. By working with industry standards bodies such as The Institutes, TrustLayer hopes to create a market solution that covers validation. It is also in pilot with Liberty Mutual and Nationwide.

TrustLayer secured investment from several of its own customers in an oversubscribed $6.6m investment round in late 2020 that included 20 of the top 100 US insurance brokers. The company was also accepted into BrokerTech Ventures, an accelerator run by a group of large independent brokers in the US.

The Oxbow Partners view

TrustLayer is a good example of a proposition that solves a niche but important problem for various stakeholders. It is easy to think of applications, whether that is evidencing buildings insurance for ongoing mortgages or ensuring that subcontractors on a construction or professional services project have the right cover in place. Benefits over a manual process include auditability, elimination of human error and automated processes for ensuring coverage has been renewed.

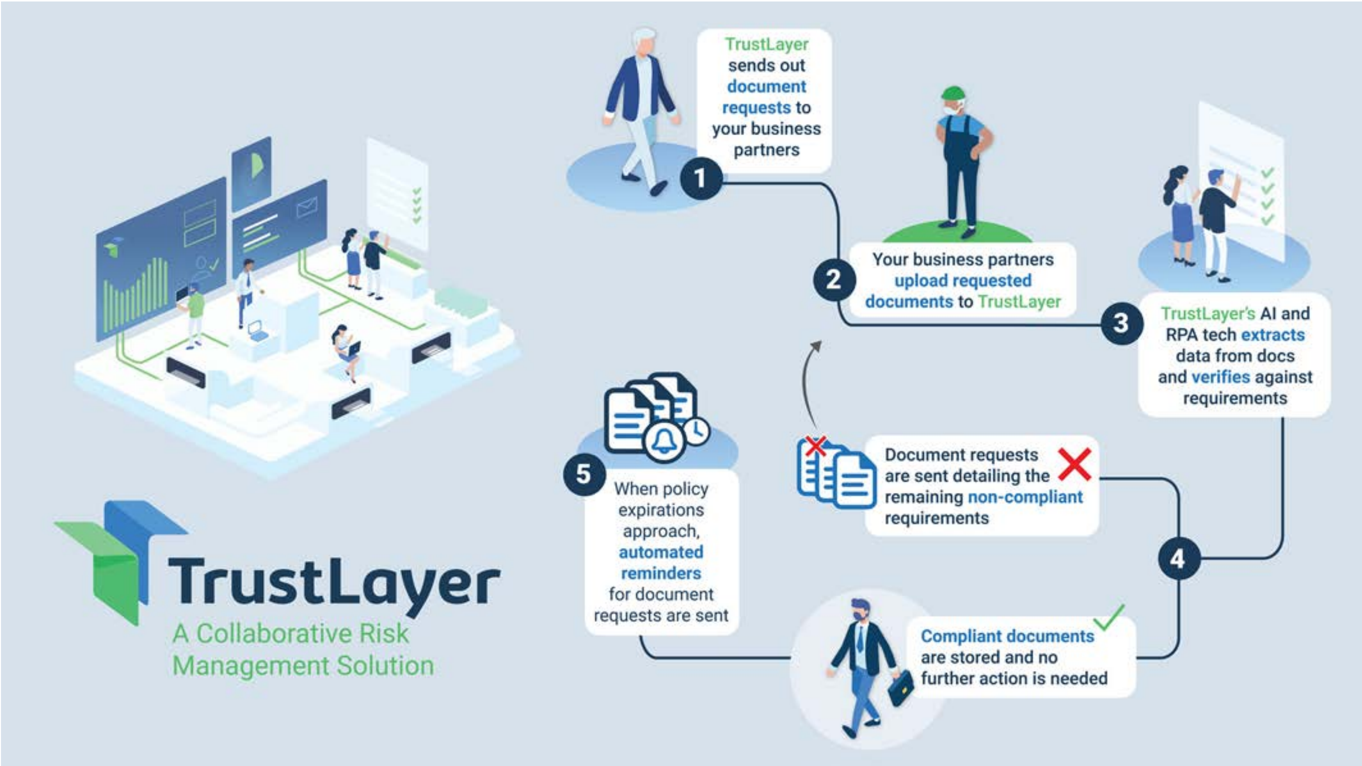
The challenge with any proposition of this nature is whether it can get high enough up its partners' agendas to be pursued. There are many examples of InsurTechs with a smart but niche idea which just don't get high enough on the agendas of corporate executives. We think it is therefore wise to have sought investment from partners and join an industry accelerator in an effort to capture the attention of its potential customers. The fact that 20 of the top 100 U.S. insurance brokers participated in TrustLayer's recent funding indicates strong industry support.

Case Study

Client situation
A producer at a top 10 broker offered TrustLayer to a franchisor with 2,000 franchisees. The franchisor previously had difficulty collecting proof of coverage and other non-insurance documents from its franchisees.

What they did
TrustLayer's risk management platform helped to automate current paper and PDF-based workflows surrounding collecting and tracking insurance documentation of a company's vendors, tenants and borrowers. The franchisor opted to use TrustLayer and have its broker assist with the collection and analysis of these documents. The company was onboarded onto the TrustLayer platform in just a few weeks.

What impact it had
The broker built a closer relationship with their customer, added an extra $36,000 in additional annual revenue. The broker also gained hundreds of new business leads because many franchisees lacked the correct coverage.



TrustLayer in action

TrustLayer's processes and technology helps businesses verify that their business partners have the right insurance coverage and compliance documentation in place.

"I have been impressed with the dedication and focus of the TrustLayer team in their commitment to their clients. I am always looking for ways to improve service and drive the business forward. The unique value that TrustLayer delivers has the ability to significantly impact how business is accomplished in the insurance industry."

Lauren Karagozian, Contractual Risk Practice Leader, IMA Financial Group

Plans for 2021

- Launch digital proof of insurance solution with carrier and broker partners
- Grow annual recurring revenue 10x with current broker customers in 2021

Who should speak to them

P&C, personal and commercial lines brokers and carriers.

FIND OUT MORE
VITESSE PSP

DISTRIBUTION | PRODUCT INNOVATION | DATA & ANALYTICS | **OPERATIONS**

Vitesse PSP

A global payments provider that enables improved treasury management and claims settlement

Company summary

Year founded 2015

2020 revenue £1m-£5m

Total investment £17.1m

Offices London, UK; Rotterdam, Netherlands

FTEs 50

Key investors
Octopus Ventures

Key clients
Brit, Atrium, AXA, DXC, Sedgwick

Key executives
Phillip McGriskin, Co-Founder, CEO: Previously Worldpay's Chief Product Officer following the acquisition of a previous payments business, Envoy Services, that he had founded

Paul Townsend, Co-Founder, non-executive director: Co-founded previous venture with McGriskin before selling to Worldpay, where he was Chief Strategy Officer for ecommerce

Bitesize Profile

Vitesse is a specialised cross-border payments business focussed on the insurance industry. Vitesse has now processed more than £3bn in payments and works with more than 60% of the London market.

Standard cross-border payments go into the global SWIFT network. Delays and fees can build up as money goes from bank to bank, and the balance can change adversely due to FX movements. Vitesse has built a global domestic settlement network to make cheaper and near-real-time payments across borders. The company has formed relationships with local networks across the globe.

This can save institutions huge amounts in fees – but a conversation with London market insurer Brit identified a greater prize. Like most multinational insurers, Brit works with loss funds, which are pools of money that insurers allocate to third parties such as claims managers and brokers to pay for claims. These funds are typically held by a third party in an unregulated environment, which can result in poor management, slow claims payments and non-standard reporting.

Vitesse's platform can hold loss funds centrally, increasing transparency and control for insurers. Payments can be sent quickly and cheaply through its own payments infrastructure, reducing the balance that insurers need to hold in aggregate.

The Oxbow Partners view

Vitesse's proposition shows how many niche but material inefficiencies remain to be solved in the insurance industry.

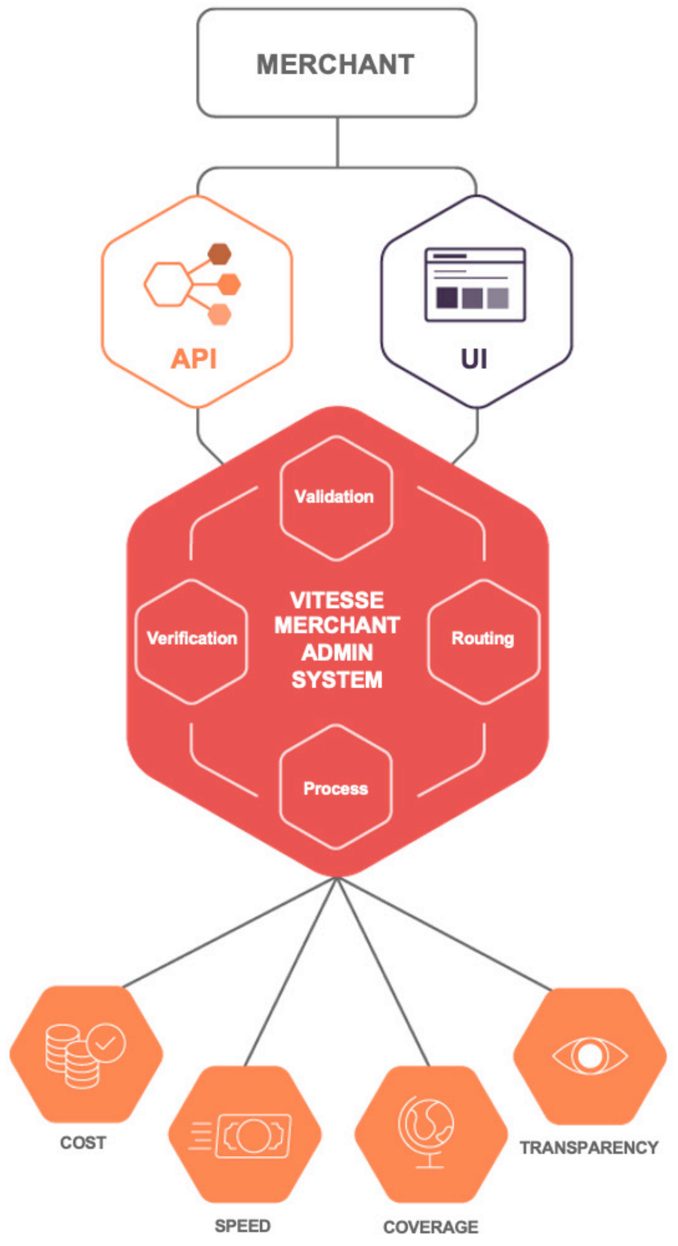
We like the Vitesse proposition because it provides a solution to a real problem that can drive material value for insurers. The company now aims to cement its position as a leading payment and treasury provider to the insurance market. Insurers writing international business or multinational programmes should take note.

Case Study

Client situation
Brit operated a global network of loss funds in multiple currencies. The company could not obtain a real-time view over these and lacked any real control over their use. This led to inefficiencies, costs and disputes. Topping up funds was also slow, leading to a slow claims payment process.

What they did
As an FCA-regulated e-money provider, Vitesse provided Brit with a configurable ledger, reporting capabilities, a management portal and access to a global network of banks. This allowed Brit to consolidate its disparate loss funds and send money to where it was needed quickly.

What impact it had
Brit was able to benefit from reduced costs, greater transparency, improved control of funds and increased claims payment speeds.



Vitesse PSP in action

Vitesse enables near-real-time, cost efficient and transparent cross-border payments through their Merchant Admin System.

"Vitesse gives Brit a clear operational advantage by allowing us to simplify how we pay our customers quickly and makes the most effective use of the balances set aside to pay future claims."

Sheel Sawhney, Group Head of Claims, Brit Insurance

Plans for 2021

- Increase the proportion of payments made in real time (currently over 60%)
- Reduce excess claims funding in the market and return it to Insurers
- Continue to launch innovate product extensions such as Direct Pay, which enables faster claims settlement securely to a customer's bank card

Who should speak to them

Insurers, insurance brokers, claims handlers, MGAs, TPAs.

FIND OUT MORE
WRISK

DISTRIBUTION | PRODUCT INNOVATION | DATA & ANALYTICS | OPERATIONS

Wrisk

Wrisk allows non-insurance brands to offer flexible and embedded insurance products

Company summary

Year founded 2016

2020 revenue £8.2m

Total investment £17.1m

Offices London, UK

FTEs 30

Key investors
Seedrs, RAC, Oxford Capital, Hiscox, QIC

Key clients
BMW (UK), MINI (UK), RAC LV=, Allianz Automotive, Munich Re Digital Partners

Key executives
Nimeshh Patel, CEO: Background in technology businesses with data at their core, first joined Wrisk in January 2018 as Chief Operating Officer and became CEO in July 2019

Niall Barton, Executive Chairman & Co-Founder: More than three decades' worth of experience in the insurance business as a broker and an underwriter

Darius Kumana, Chief Product Officer & Co-Founder: Having held previous leadership roles in firms ranging from big corporates to small avant-garde startups, Kumana is focused on the user experience aspect of Wrisk

Bitesize Profile

Wrisk white labels insurance for non-insurance retail brands, such as BMW. It provides the technology platform and embedded insurance capabilities, designing products and sourcing capacity, to offer 'frictionless' insurance to partners without insurance expertise and their customers.

Currently focused on motor insurance products, Wrisk has partnerships with brands such as BMW and RAC. Products are relatively simple but tailored to the retail partner and its customers. Features include allowing the buyer to quickly add multiple drivers to a policy or to switch it on or off whenever they want and providing usage-based products.

For the insurers underwriting this business, benefits of staying behind the scenes can include lower costs and distribution savings because these products do not require traditional infrastructure, instead relying on the strength of retail brands.

In its first five years, the company has secured some big partnerships in the mobility space. It is the sole provider of car insurance services to BMW Group Financial Services in the UK, and its subscription-based car insurance launched as MINI Flex Car Insurance. Wrisk has signed a strategic partnership with Allianz Automotive Partners, which provides insurance services across 30 countries. The company has also built a usage-based motor insurance proposition with RAC.

The Oxbow Partners view

You might expect a company working with household names to have more of a profile for itself.

Wrisk is enjoying success precisely because it remains relatively invisible, relying instead on the brand strength of big retail partners who lack the combination of insurance and tech that its platform provides.

Its business model is based on creating a 'seamless' user experience to instill trust. That means the customer never leaves the comfort of a big brand's website, rather than linking to an insurer's site or a tech platform with an obscure name nobody knows.

While Wrisk's white labelling approach means it is no Lemonade in terms of developing its own brand recognition, its products are highly innovative. Flexible, embedded and usage-based insurance products are a rich seam to mine.

The concept emerged from a disconnect between what consumers want and what established insurers were providing. Focusing on user experience is something too few insurance businesses can claim to do.

Case Study

Client situation
MINI came to Wrisk in early 2018 with a brief to create a next-generation insurance experience for the growing customer base of the MINI Car Insurance brand. Known for its great customer experience, MINI wanted to provide a similar experience for insurance.

What they did
With a focus on flexibility, Wrisk pioneered a new insurance experience called MINI Flex Car Insurance. MINI had been offering seven-day complimentary drive-away insurance at the point of sale, before giving customers the option to take an annual policy. This approach involved a high-cost to serve yet resulted in a low uptake of annual policies.

What impact it had
The MINI Flex campaign tripled customer participation rates to 11% up from a historical 3.7% achieved through standard drive-away programmes.

Wrisk in action

Wrisk's B2B2C Platform helps insurers delight their customers with simplified insurance experiences that drive customer loyalty.

"The Wrisk team is remarkably resourceful and agile. They have developed a flexible platform which is ready to deliver on a market need via a straightforward, easily scalable, app-based user experience."

Mark Godfrey, Insurance and financial services Managing Director, RAC

Plans for 2021

- Deliver the 'Flex product' across BMW in the UK and improve participation rates
- Launch an innovative programme with RAC to deliver usage-based motor insurance
- Launch programmes for three or more Auto OEMs in the UK
- Develop products for a new vertical (Online Retail, Banks or Telco)
- Extend existing partnerships into new markets for international expansion

Who should speak to them

Large retail brands, personal lines insurance carriers.

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